



Commercial Real Estate Industry Observations

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MVEDA PRESENTATION

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FULL SERVICE COMMERCIAL REAL ESTATE SERVICES:

- Retail
- Office
- Industrial
- Medical
- Tenant Rep
- Landlord Rep
- Management
- Consulting

Positive National Story



- **The speed of recovery is the slowest in 4 decades, but all trends are positive.**
- Labor market is sound & recovering.
- Jobs translate into space demand.
- Expected to go from a recovery stage to expansion.
- Lack of new product development in 5+ years has led to the need for expansion in all market classes.
- REIT's, Institutional Investors, Pension Funds are all jumping back in heavily.
- Overall Sales Volume is up 31%

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NM'S FED ADDICTION!!!



- **JOBS ARE EVERYTHING TO A REAL ESTATE RECOVERY.**
- Federal State & Local jobs account for 1 of every 4 jobs in New Mexico.
- Entitlement dollars & interest due is limiting the budget to all time lows.
- NM has recovered only 38 % of the Jobs lost from the 2008 Recession
- The Nation overall has recovered 78%
- **ECONOMIC DEVELOPMENT IN THE PRIVATE SECTOR HAS NEVER BEEN MORE CRITICAL!!.. .**

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THE FED'S FUTURE LOCALLY?



- **IT'S CONFUSING**
- El Paso lost 1200 Government Jobs in past 12 months.
- The Military is shrinking. Will our area benefit or be dealt a blow??
- New federal development projects continue to be explored due to expansion needs (BLM, FBI, USAO, Homeland Security).
- **The long term federal expansion outlook does not look good!!!**

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Obamacare Fallout!!



- **AS OF NOW IT'S HARD TO SAY!!**
- Medical activity overall has been limited
- Taking time to understand the law.
- Medical Industry is transforming locally.
- Strategic Partnerships & Alliances appear to be the immediate future.
- Look for expansion in the following areas(Urgent Care, Specialized Dental Services, Pain Management).
- **Decreased Provider Revenues & Tax Increases will be unique to track.**

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Local Office Outlook



- **IT'S GETTING BETTER SLOWLY**
- Still are most vital sector to see recover.
- Positive private sector job growth in 2013.
- Average market stay now below 400+ days. (500+ days last two years).
- High Demand for class “A” product.
- Significant Class A “Shell” availability and associated pricing disconnects.
- Hard to point to a specific sector with substantial growth momentum.

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Housing is Steady



- **Commercial Activity Follows Roof Top Growth.**
- Supply is down. (85% of last years inventory).
- Median sale price increased by 6.8%
- Demand Increased another 6% (up this percentage from 2012's 22% increase)
- Absorption levels continue to increase!!!
- Increases Consumer Confidence.
- Increases Expansion & Growth in several sectors.

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Multifamily is Strong

- **DOES NOT APPEAR TO GOING AWAY!!!**
- A key question is if we are possibly over built for the moment.
- A lot of price compression in the class “A” sectors nationally & locally.
- Rental Increases may be down, but occupancies are up.
- It’s well absorbed in a mediocre economy
- Typically stronger when housing is positive.
- Consumers of all types want housing flexibility.
- Marriages for singles are being pushed out in terms of age.
- Lending capability for certain consumer classes is limited.
- Easiest market segment for investors to get financing.
- Development opportunities in certain price points.



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Retail's Good Local Run



- **U.S Retail Sales continue to be at all time highs.**
- **Our local area mirrors this.**
- Retail employment nationally has declined.
- Our local area retail employment has increased.
- Our population stats & beyond have put the national names on notice.
- Development of big name “Anchors” have helped the local activity.
- Healthy numbers in the proven retail districts have also helped with our retail expansion prospects.
- Proven & established national & regional names continue to expand.
- Auto industry is a segment to follow with the average car on the street being 11+ years in age.

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Key Market Concerns



TCN
WORLDWIDE

- **PRIVATE SECTOR JOBS & ECONOMIC DEVELOPMENT HAVE TO BE OUR SOLE COMMUNITY FOCUS!!!**
- **Developers in all market segments are patient and risk adverse. They avoid areas where they feel the hurdles are multiple in scope.**
- **Our reputation & perception on being “business friendly” is not positive!!!!**
- **Idealistic development expectations or regulations do not help the cause.**
- **Downtown needs to stop being an “arts & culture” conversation solely.**

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Key Opportunities



- **We are seeing multiple examples Virgin’s impact on the CRE market.**
- **The impact of the intermodal rail line may be even more impressive overall.**
- **Tesla is an exciting opportunity and will only enhance our areas potential.**
- **We need the economic development rate for electrical fees to pass.**
- **The legalization of marijuana in Colorado has been an economic “game changer” . New Mexico needs to get on board!!!!**

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- **80,000,000+ SF Under Management**
- **\$27.1 Billion+ Transactions**

CONGRATS TO VIRGIN GALACTIC & ALL OF THEIR RECENT SUCCESS!!!!

THE SANTA TERESA JOB ANNOUNCEMENTS ARE OUTSTANDING!!!

ALWAYS SUPPORT NMSU, WSMR, NASA, & OUR AG BASE!!!!