



# Commercial Real Estate Industry Observations

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**MVEDA PRESENTATION**

**July 10<sup>th</sup> , 2018**

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**Activity & Deal  
Frequency Seems As  
High As Its Been In a  
Decade!  
BUT WHY?**

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# Biggest Local Issues

- **Office Numbers are Not Improving (500+ Day Average Market Stay)**
- **Industrial Trending Positively (250+ Day Average Stay & Improving)**
- **Land Still Really Tough (1300+ Day Average Market Stay)**
- **Land Selling at 60% of Asking Prices**
- **6% Unemployment Rate (significantly above national average & El Paso)**

# KEY MARKET QUESTIONS



- **Is El Paso Carrying Us in a Big Way?**
- **Is Our Housing Growth For Real & Sustainable?**
- **Are We Really Benefitting From The Positive National Economy?**
- **Are We On the Cusp of Some Major Announcements & Industry Breakthroughs?**

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# KEY EXPANSION



- **Housing is Driving Construction Industry Supplier Growth**
- **Housing is Driving Retail (especially on East Mesa)**
- **Communications & Infrastructure**
- **Hospitals Still Very Active**
- **Larger Regional Medical Groups**
- **Nursing Homes, Continuing Care Retirement, Assisted Living, Memory Care**
- **BUT ARE THESE TRUE ECONOMIC DRIVERS?**

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# EL PASO TO THE RESCUE!



- **Unemployment Basically Zero (4%)**
- **3.3% Annual Job Growth**
- **Up 3 Spots to Being 4<sup>th</sup> Largest Manufacturing Hub in US (barely missed out on being #3)**
- **Larger Manufacturing Hub Than Multiple Larger US Metros**
- **Largest Regional Military Complex in US (7 Billion Impact on EP Economy)**
- **Life Sciences Employment Sector is Emerging Fast (1 in every 6 jobs)**

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## E. Commerce Logistics



- **Just a Matter of Time Before a Major Logistics Announcement Happens**
- **MSA's Over a Million are Major Targets Nationally**
- **Fulfillment Centers**
- **Direct to Door Delivery**
- **Last Mile Distribution Centers**
- **El Paso & Area Census Numbers Should Far Exceed Similar Cities (Tucson, Albuquerque, etc.)**

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# Aerospace & Defense

- **Major Expansion & Focus on US Arm Sales & Other Services**
- **25% Jump in Sales Over last 5 years**
- **Multiple Awards & Contracts by Regional Vendors**
- **Cyber Warfare**
- **Air & Missile Defense**
- **Electronic Warfare**
- **Regional Companies such as Raytheon & General Dynamics are at forefront and Significantly Expanding Real Estate Footprints**
- **Virgin Has Significantly Expanded**
- **Spaceport America Also Expanding**



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# SOUND HOUSING

- **Tight on the Existing Side (700 +/-)**
- **Major Positive Domino Effect on New Home Sales and Lot Demand (Especially at Metro Verde & Sonoma Ranch East)**
- **Double Digit Growth in Year Over Year Sales and Median Price Continues**
- **Main Driver for the Retail Growth at Sonoma & 70 Where Multiple Announcements & Projects are Pending.**
- **East Mesa no Longer Secret to National Names**

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# TAX OPTIMISM & MORE

- **4.1 % Unemployment is the Lowest in a Half Century (forecasting 3.6% by year end)**
- **47% National Increase in Business Investment**
- **44% National Increase in Employee Compensation**
- **25% National Increase in Employment**



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# BEWARE OF

- **National Inflation is at a 6 Year High**
- **Will Fed Rate Increases Slow Inflation Down?**
- **Will Fed Rate Increases Affect our Housing Market Negatively?**
- **Will Fed Rate Increases Affect Construction Commodity Prices Positively?**
- **Impact Fees and Various Admin Costs Account for Almost 40% of Each Commercial Construction Project Per National Averages**
- **We Have Seen a Minimum of \$50,000,000 in Local Projects Not Happen Over Past 5 Years or More!**



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## **BROKERS:**

Grady Oxford  
Kary Bulsterbaum  
Jacob Garland

John Hummer, CCIM,  
Owner/Broker

## **FULL SERVICE COMMERCIAL REAL ESTATE SERVICES:**

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



- **200+ Markets**
- **58 Offices**
- **800+ Professionals**
- **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!!!!***