



# Commercial Real Estate Industry Observations

**Kary Bulsterbaum**

**Steinborn TCN Commercial Real Estate**

**MVEDA PRESENTATION**

**June 6<sup>th</sup> , 2017**

**575.532.2345**  
141 Roadrunner Pkwy  
Suite 141  
Las Cruces, NM 88011  
[www.steinborntcn.com](http://www.steinborntcn.com)



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# NATIONAL E. COMMERCE FALLOUT & THE LOCAL AREA CHALLENGES

# CLOSING SHOP



- **80 Million SQFT of Department Store Closures in 2016**
- **300+ Closures Nationally**
- **2017 Looking Similar**
- **18% Drop in Retail REIT Values**
- **Outside of True Class “A” facilities & locations. It is a struggle.**

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# LOCAL WATCH LIST



- **Significant Mesilla Valley Mall Vacancies**
- **Highway 70 Kmart Revenue Issues**
- **Sears & Penny's Closing stores by the Hundred's Nationally.**
- **Hastings**
- **Staples**
- **Major Challenges in C&D Locations (El Paseo, Picacho, South Main, etc.)**
- **Above Average Vacancies Downtown (Retail & Office).**

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# WE DON'T WANDER THE MALL



- **We visit stores with a specific purpose or intent.**
- **Tend to pull up data online prior**
- **Online market place expands our shopping options.**
- **Online retailers trim the overhead costs and pass on the savings.**
- **Foot traffic has been cut in half.**
- **IT IS MORE ABOUT THE EXPERIENCE AND CONVENIENCE!**

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# BRICK & MORTAR RETAIL IS NOT DEAD!

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# VALUE IN A STORE

- **\$119 Billion in 2016 Online Purchases When We Visited Stores First**
- **\$10.2 Billion in Sales Occurred While We Were Actually In the Store**
- **\$81.7 Billion in Goods Got Picked Up at Local Stores upon Online Purchases**
- **Online Retail is Just Growing at a Faster Clip**
- **Online Retail Only Going to be 13% of the Market by 2021**
- **We Just Shop Across Multiple Touch Points!**



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# KEY QUESTIONS?

- **Will Landlord's Embrace Local Retailers?**
- **Can They Offer Competitive Pricing?**
- **Are They Open to Alternative Concepts?**



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# National Retail Growth

- **BIGGEST RETAIL GROWTH SECTORS (2017 to 2021)**
- **Health & Beauty Market 31%**
- **Home Retail & Furnishings 19.8%**
- **Electrical Devices 16.2%**
- **Food & Grocery 15%**
- **Apparel 12.8%**
- **Other 15.6%**
- **Medical & Food Likely Going to Lead the Way Locally**



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# KEEPING EM YOUNG!



- **Hospitals Most Actively Engaged But Multiple Players Apply!**
- **Unique Rehab Centers**
- **Gyms**
- **Skin Care**
- **Weight Loss Centers**
- **Primary Care**
- **Senior Centers**
- **Personal Care Product Industry is Big**
- **Innovative Retailers Catering to this Market**

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# IT'S ABOUT FOOD

- **Not Just Restaurants**
- **Unique Knife to Fork markets**
- **Beer, Beer & More Beer  
(Breweries are Big)**
- **Indoor Event Venues with a Food  
& Beverage Tie In**
- **Kid's Concepts Will Be Big!**
- **Unique Theatres**
- **WE MAY HAVE OUR BEST  
SHOT YET AT THE SPECIALTY  
GROCERS WE CRAVE!**



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# HOUSING & RETAIL



- **Local Supply Keeping up with Demand**
- **Builders are NOT Overbuilding**
- **6.3% 2016 Increase in New Home Starts**
- **8.9% Closings Increase in 2016 over 2015**
- **27% increase in Santa/Teresa Sunland Park**
- **Sonoma & 70 Capturing well over 50% of Cruces Housing Growth**
- **Numerous Class “A” Multi-Family Developments Planned.**
- **UNIQUE FURNITURE & HOME IMPROVEMENT CONCEPTS COULD APPLY!**

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# C&D Space Dilemma



- **Vacancy Rates Almost Double Downtown & El Paseo Extended**
- **Retail is NOT Leading the Way!**
- **If You Want Retail You Have to Have Drivers: (housing, federal offices, medical, corporate site selection, senior living, service oriented community centers, internet fulfillment centers)**

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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!!!!***