

COMMERCIAL REAL ESTATE

MARKET OVERVIEW

Presented by: **Jake Redfearn, Principal**

NAI 1st Valley

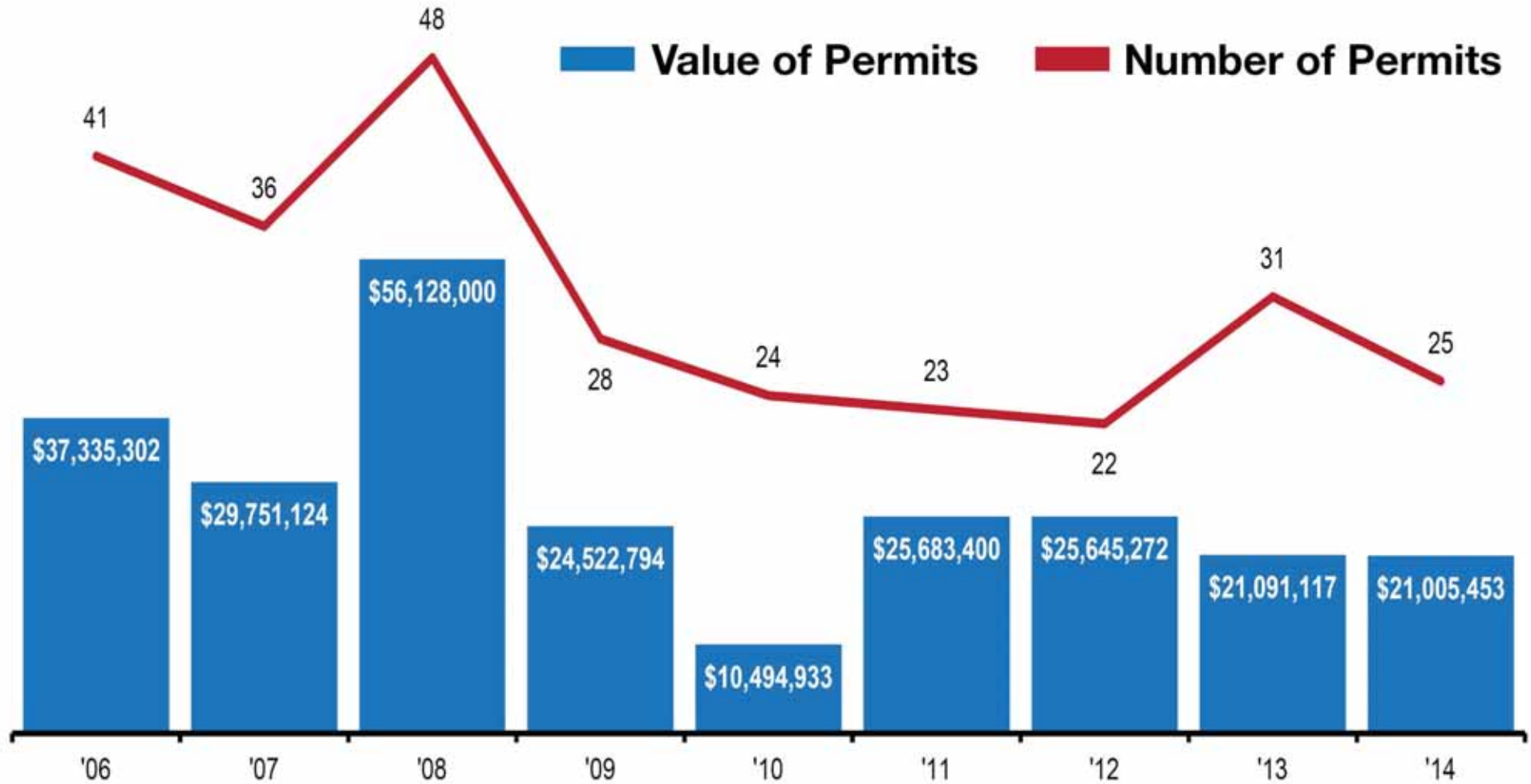
Commercial Real Estate Services, Worldwide.

Overview

- ◇ **Multi-Family, Office, & Retail Market Survey**
- ◇ **2014 Take-Aways**
- ◇ **What's Next?**

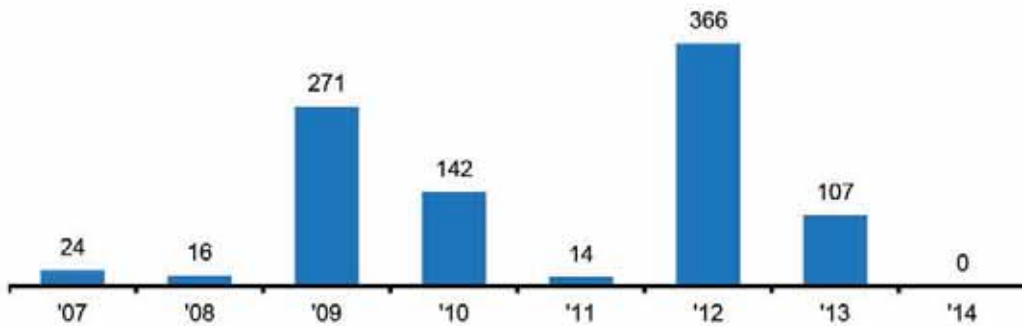


New Commercial Construction

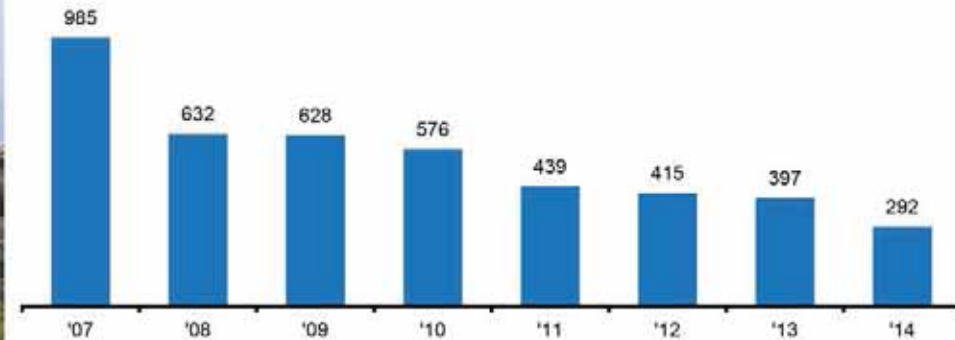


Multi-Family Market Survey

NUMBER OF PERMITTED MULTI-FAMILY UNITS



NUMBER OF PERMITTED SINGLE FAMILY UNITS



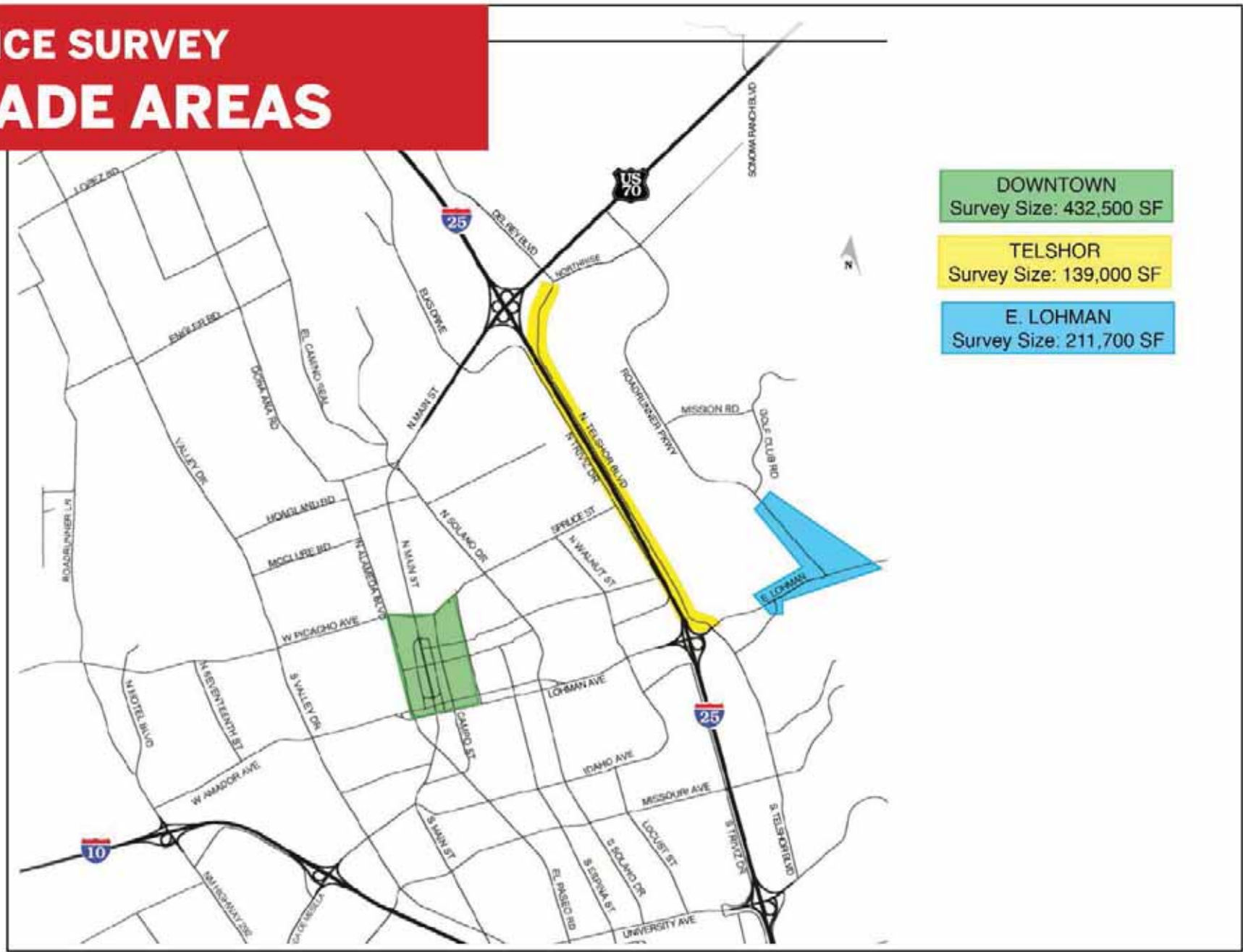
Source: City of Las Cruces

Multi-Family Survey

MARKET PERFORMANCE	2009	2010	2011	2012	2013	2014	13-14 % Change	11-14 % Change	11-14 Per. Ann Avg % Change
Avg Rent	737.65	760.43	759.82	744.14	773.73	766.23	-0.97%	1%	0.47%
Avg Rent PSF	\$0.80	\$0.82	\$0.82	\$0.82	\$0.83	\$0.82	-1.32%	0%	0.21%
Mkt Occup	94%	97%	95%	93%	91%	88%	-3.44%	-8%	-1.72%

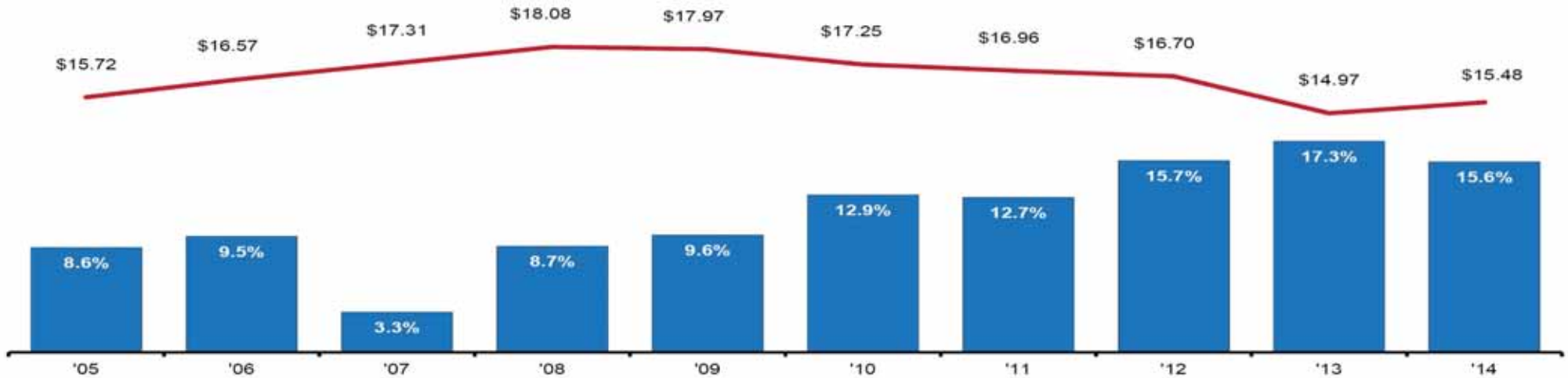


OFFICE SURVEY TRADE AREAS



Office Market Survey

LEASE RATES OF PSF & VACANCY PERCENTAGE BROAD MARKETS



BROAD MARKET	'10	'11	'12	'13	'14	'13-'14 % Change	'11-'14 % Change	'11-'14 Ann Avg % Change	'11-'14 Period Avg
Lease Rate	\$17.25	\$16.96	\$16.70	\$14.97	\$15.48	3.41%	-8.73%	-3.04%	\$16.03
Vacancy Rate	12.9%	12.7%	15.7%	17.3%	15.6%	-9.83%	22.83%	15.33%	15.33%

■ Vacancy Rates

■ Lease Rates

Office Market Survey

LEASE RATES OF PSF & VACANCY PERCENTAGE BROAD MARKETS

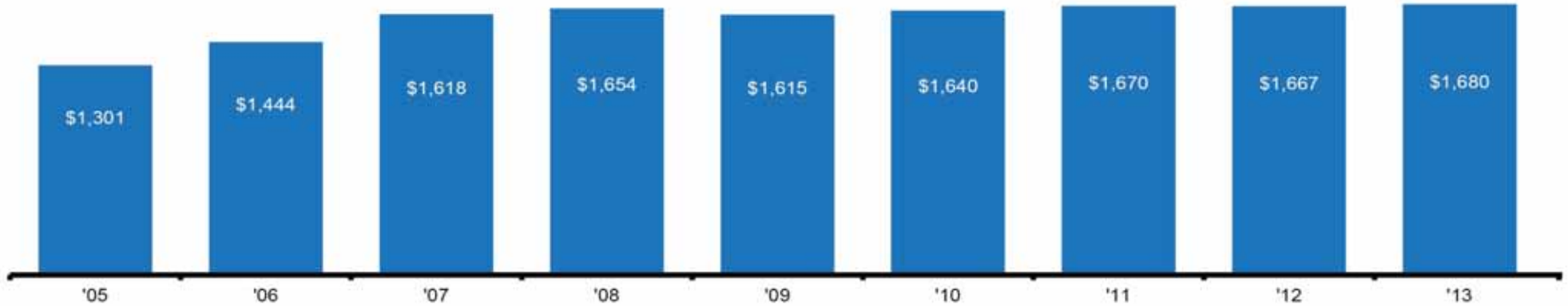
SUB-MARKETS	'10	'11	'12	'13	'14	'13-'14 % Change	'11-'14 % Change	'11-'14 Ann Avg % Change	'11-'14 Period Avg
DOWNTOWN									
Lease Rate	\$14.23	\$14.25	\$14.24	\$14.97	\$15.18	1.44%	6.55%	2.11%	\$14.66
Vacancy Rate	13.86%	12.61%	19.72%	19.25%	15.64%	-2.37%	24%	7.19%	16.81%
TELSHOR									
Lease Rate	\$17.79	\$17.09	\$17.09	\$16.35	\$16.34	-0.03%	-4.39%	-1.50%	\$16.72
Vacancy Rate	18.06%	19.60%	12.28%	15.96%	18.16%	13.76%	-7%	-2.55%	16.50%
E. LOHMAN									
Lease Rate	\$24.02	\$24.16	\$24.68	\$20.74	\$21.11	1.77%	-12.63%	-4.50%	\$22.67
Vacancy Rate	6.78%	7.81%	9.57%	14.32%	13.93%	-2.67%	78%	19.28%	11.41%

Retail Market Survey

TOTAL REPORTED RETAIL TRADE: (Las Cruces MSA)

Billions

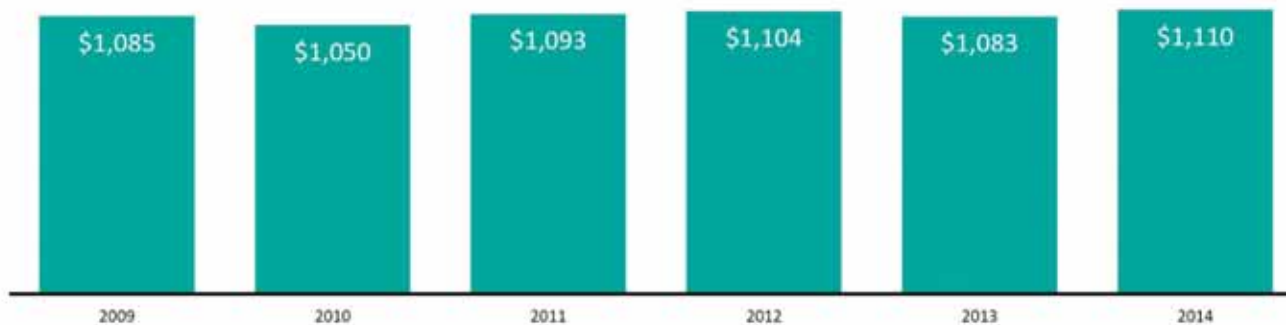
Percentage Change '05-'14 : -12.91%



TOTAL REPORTED RETAIL TRADE: (Las Cruces MSA)

Billions

January to August



Retail Market Survey

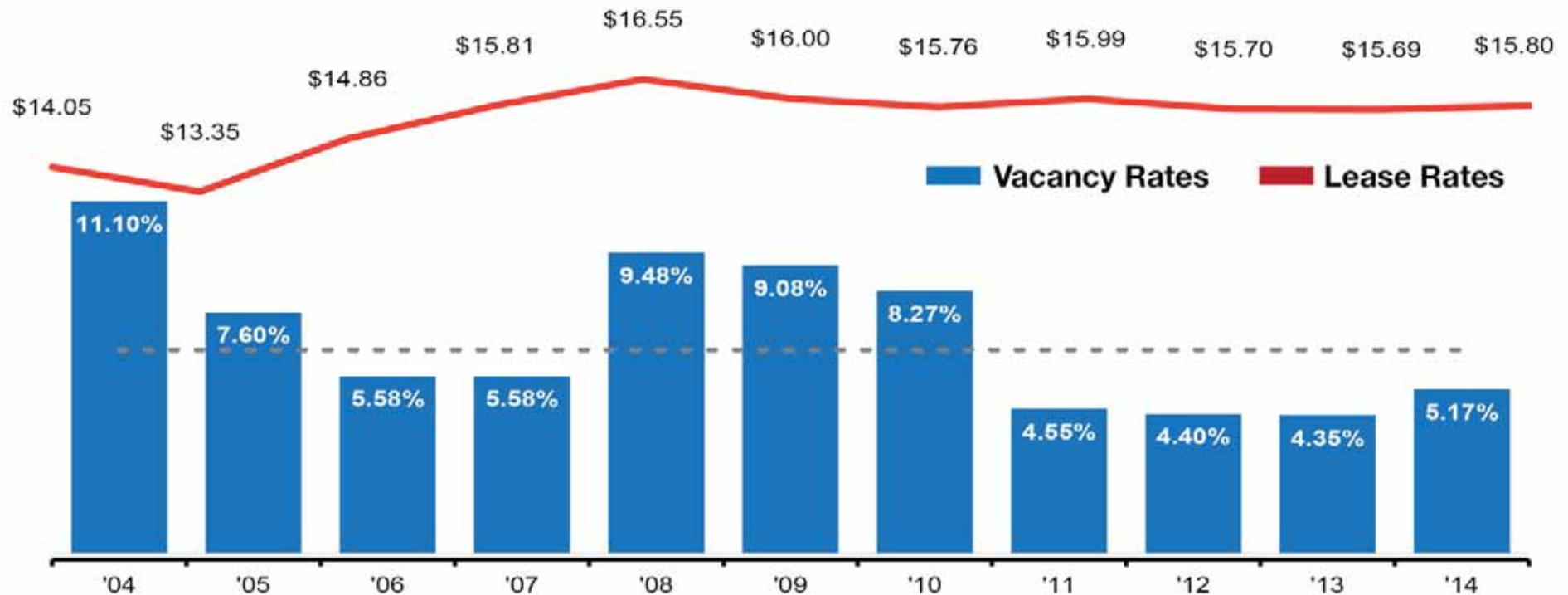
MARKET AVERAGE (ANCHORED CENTERS)

	'10	'11	'12	'13	'14	'13-'14 % Change	'13-'14 % Change	'13-'14 Ann Avg % Change	'11-'14 Period Avg
Lease Rate	\$15.76	\$15.99	\$15.70	\$15.69	\$15.80	0.70%	-1.19%	0.07%	\$15.80
Vacancy Rate	8.27%	4.55%	4.40%	4.35%	5.17%	18.89%	13.67%	-7.63%	4.62%

MARKET AVERAGE (STRIP CENTERS)

	'14
Lease Rate	\$17.55
Vacancy Rate	15.00%

RETAIL MARKET SURVEY AVERAGES: Lease Rates PSF & Vacancy Percentage (Anchored Centers)



2014 Take-Aways

◇ Lohman:

- **Continues to be ground zero for retail development.**
- **Tenants will be required to broaden their site selection playbook due to lack of opportunity.**

East Lohman Ave.



2014 Take-Aways

◇ East Mesa:

- **Minimal new residential development that is occurring is largely in the East Mesa trade area.**
- **Creating demand for services.**

East Mesa



2014 Take-Aways

- ◇ **Medical Continues Robust Expansion:**
 - **Medically related real estate grew aggressively in 2014.**
 - **Trend continuing through the first quarter of 2015.**

Park Ridge



Burrell College



Good Samaritan



2014 Take-Aways

- ◇ **CAP Rates Hitting Historic Lows:**
 - **Single-Tenant NNN deals attracting large REIT activity in small markets.**
 - **Income producing properties are not readily available to buyers.**

CVS Pharmacy



McDonald's



DaVita



What's Next?

- Flat population growth will continue to slow interest from larger users in the Las Cruces market.
- Medically related Real Estate will continue its expansion for the foreseeable future. Market demographics position Las Cruces well to recruit and expand medical services for many years.
- Fast-Food and Sit Down Restaurants continue their aggressive expansion plans.
- GSA deals continue to flow but create vacancy that is not being back-filled.

Thank You!