

COMMERCIAL REAL ESTATE

MARKET OVERVIEW

Presented by: **Randy McMillan, Principal**

NAI 1st Valley

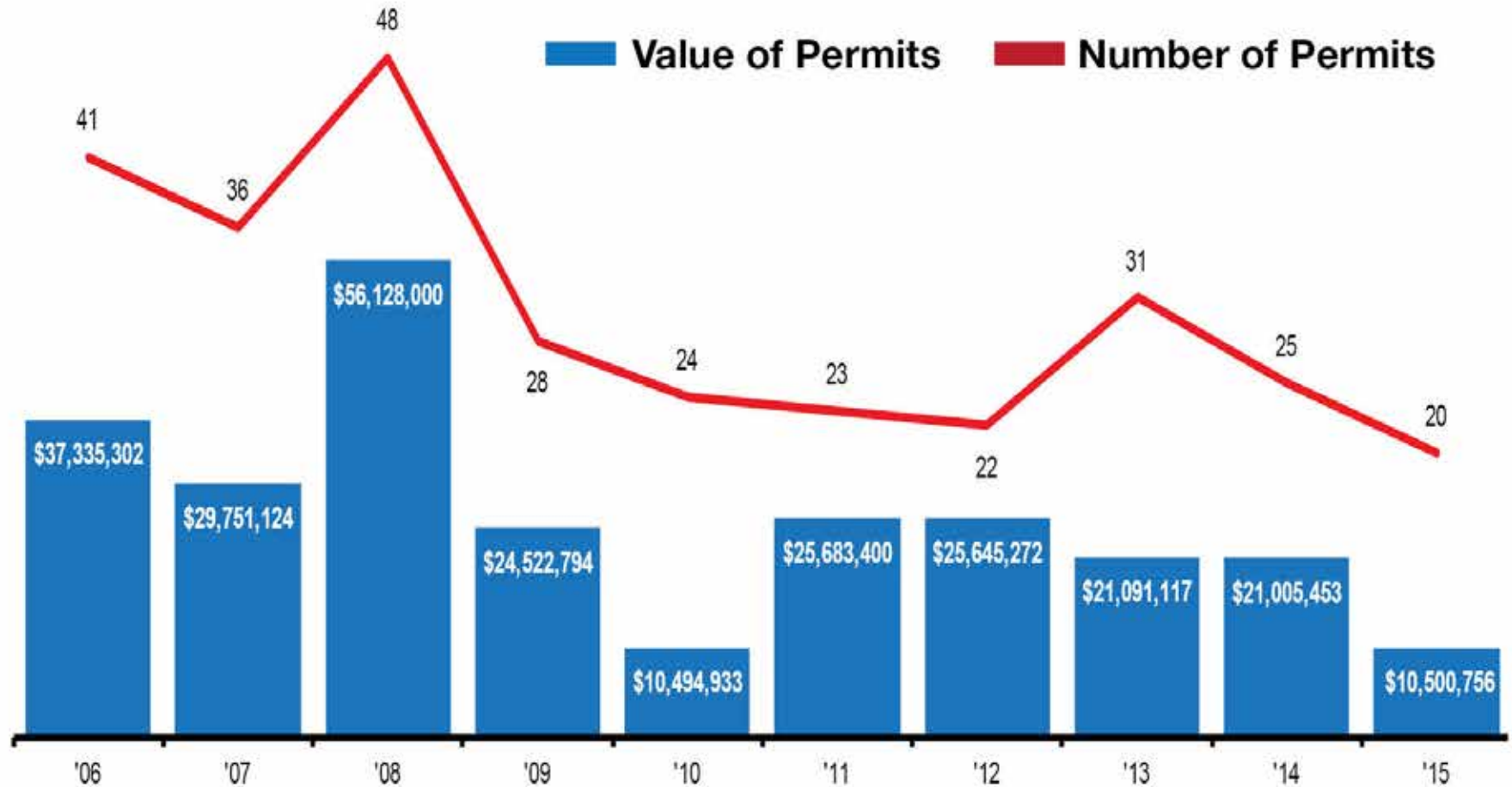
Commercial Real Estate Services, Worldwide.

Overview

- ◇ **Multi-Family, Office, & Retail Market Survey**
- ◇ **2015 Take-Aways**
- ◇ **What's Next?**

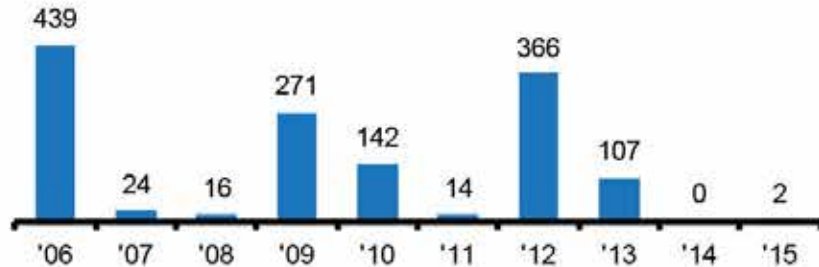


New Commercial Construction

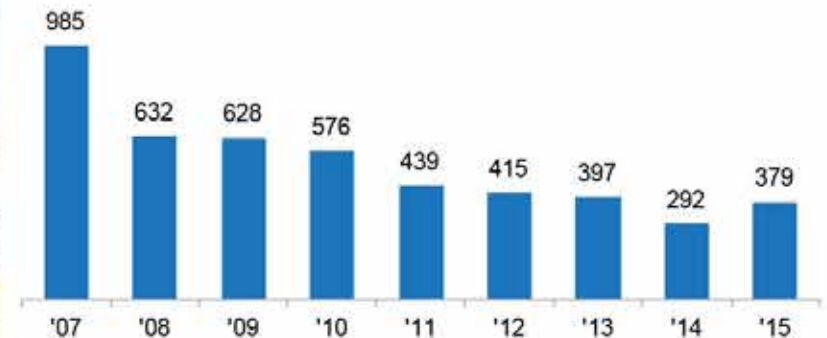


Multi-Family Market Survey

NUMBER OF PERMITTED MULTI-FAMILY UNITS



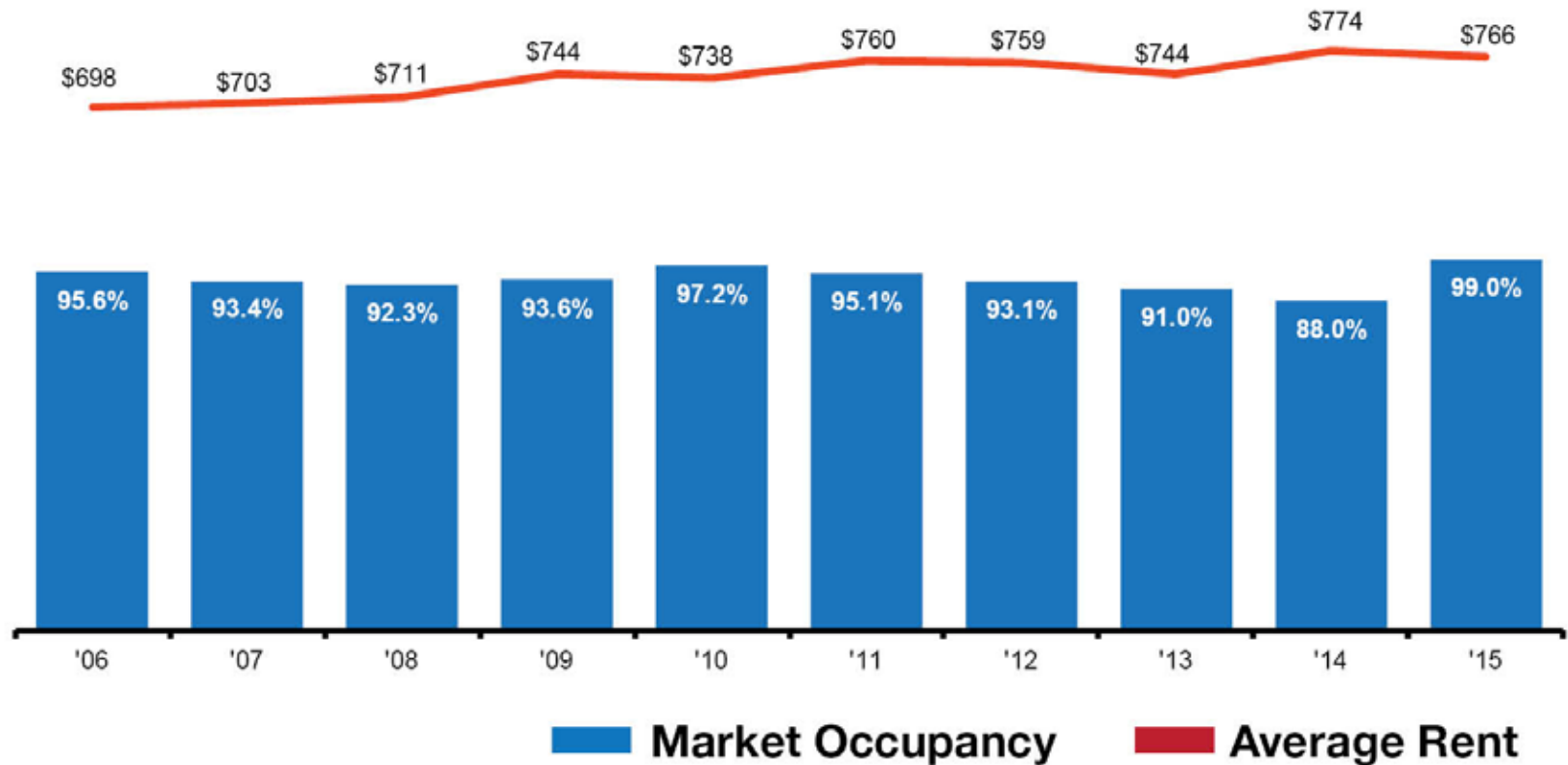
NUMBER OF PERMITTED SINGLE FAMILY UNITS



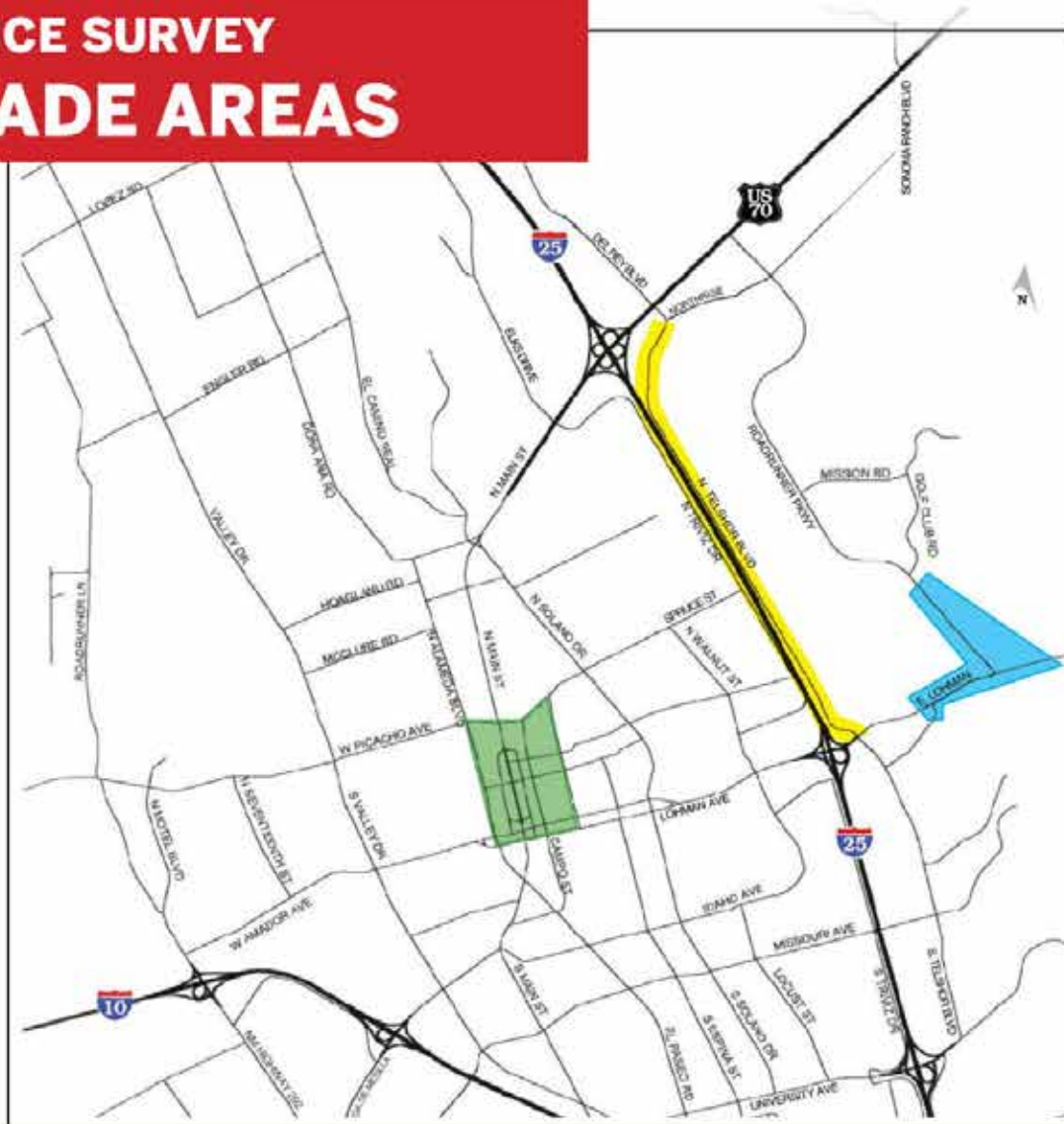
Source: City of Las Cruces

Multi-Family Survey

MARKET PERFORMANCE	2010	2011	2012	2013	2014	2015	14-15 % Change	12-15 % Change	12-15 Per. Ann Avg % Change
Avg Rent	\$760	\$760	\$744	\$774	\$766	\$830	8.38%	12%	5.69%
Avg Rent PSF	\$0.82	\$0.82	\$0.82	\$0.83	\$0.82	\$0.77	-6.67%	-7%	-3.33%
Mkt Occup	97%	95%	93%	91%	88%	99%	12.59%	7%	6.29%



OFFICE SURVEY TRADE AREAS



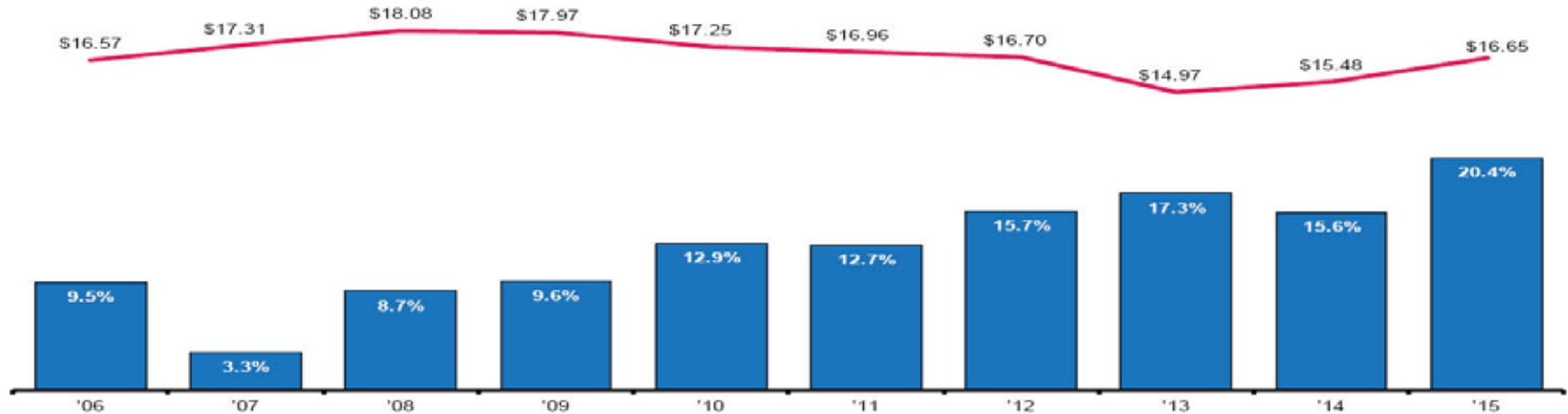
DOWNTOWN
Survey Size: 432,500 SF

TELSHOR
Survey Size: 139,000 SF

E. LOHMAN
Survey Size: 211,700 SF

Office Market Survey

LEASE RATES OF PSF & VACANCY PERCENTAGE BROAD MARKETS



BROAD MARKET	'11	'12	'13	'14	'15	'14-'15 % Change	'12-'15 % Change	'12-'15 Ann Avg % Change	'12-'15 Period Avg
Lease Rate	\$16.96	\$16.70	\$14.97	\$15.48	\$16.65	7.56%	-0.30%	-0.10%	\$15.95
Vacancy Rate	12.7%	15.7%	17.3%	15.6%	20.4%	30.77%	29.94%	17.25%	17.25%

■ Vacancy Rates

■ Lease Rates

Office Market Survey

LEASE RATES OF PSF & VACANCY PERCENTAGE BROAD MARKETS

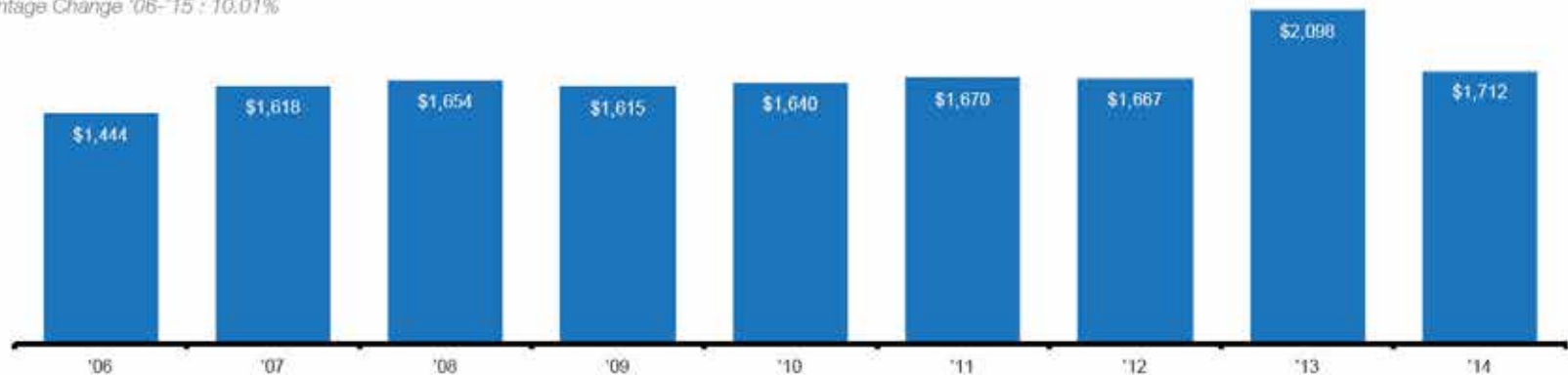
SUB-MARKETS	'11	'12	'13	'14	'15	'14-'15 % Change	'12-'15 % Change	'12-'15 Ann Avg % Change	'12-'15 Period Avg
DOWNTOWN									
Lease Rate	\$14.23	\$14.25	\$14.24	\$14.97	\$15.18	1.44%	6.55%	2.11%	\$14.66
Vacancy Rate	13.86%	12.61%	19.72%	19.25%	15.64%	-2.37%	24%	7.18%	16.80%
TELSHOR									
Lease Rate	\$17.09	\$17.09	\$16.35	\$16.34	\$15.82	-3.17%	-7.42%	-2.57%	\$16.40
Vacancy Rate	19.60%	12.28%	15.96%	18.16%	34.04%	87.45%	177%	33.98%	20.11%
E. LOHMAN									
Lease Rate	\$24.16	\$24.68	\$20.77	\$21.11	\$27.67	31.08%	12.12%	3.81%	\$23.56
Vacancy Rate	7.81%	9.57%	14.40%	13.93%	8.19%	-41.22%	-14%	-5.20%	11.52%

Retail Market Survey

TOTAL REPORTED RETAIL TRADE: (Las Cruces MSA)

Billions

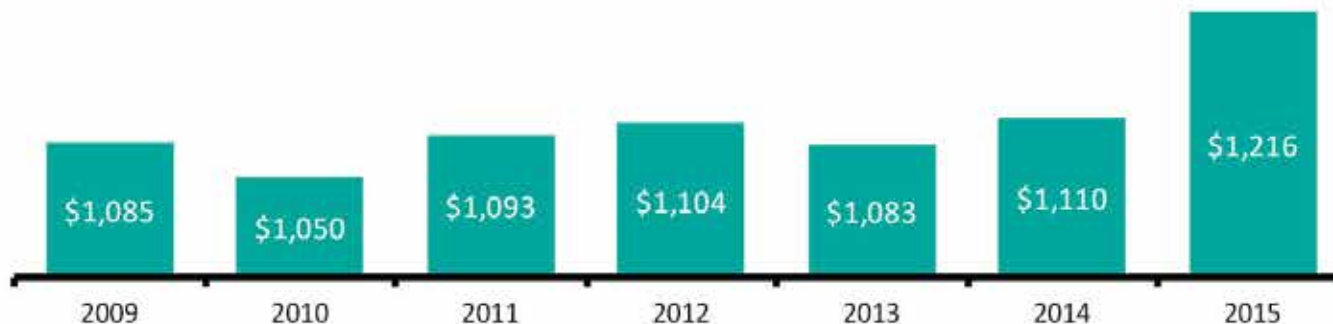
Percentage Change '06-'15 : 10.01%



TOTAL REPORTED RETAIL TRADE: (Las Cruces MSA)

Billions

January to August



Retail Market Survey

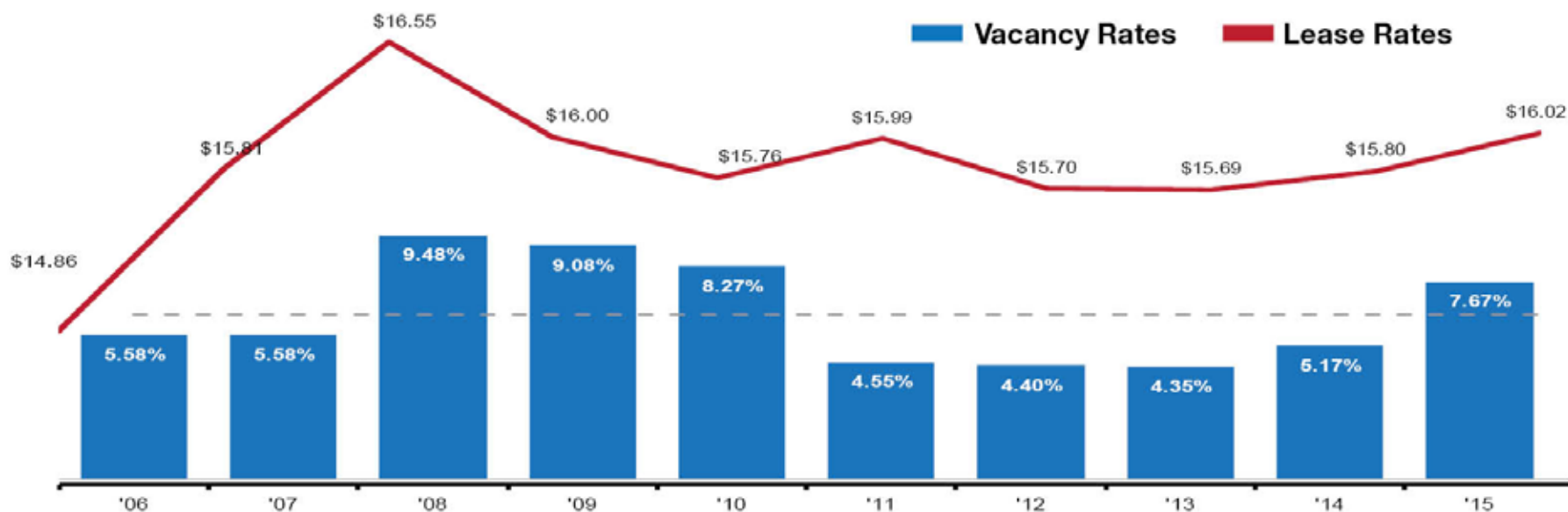
MARKET AVERAGE (ANCHORED CENTERS)

	'11	'12	'13	'14	'15	'14-'15 % Change	'14-'15 % Change	'14-'15 Ann Avg % Change	'11-'15 Period Avg
Lease Rate	\$15.99	\$15.70	\$15.69	\$15.80	\$16.02	1.41%	2.05%	0.06%	\$15.80
Vacancy Rate	4.55%	4.40%	4.35%	5.17%	7.67%	48.45%	74.42%	15.72%	5.40%

MARKET AVERAGE (STRIP CENTERS)

	'14	'15
Lease Rate	\$17.55	\$18.21
Vacancy Rate	15.00%	13.00%

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



2015 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.**

2015 Take-Aways

◇ Lohman:

- **NEW Walmart Neighborhood Market Under Construction**



2015 Take-Aways

◇ East Mesa:

- **The Game II Sports Bar is Under Construction**
- **Sonic has purchased land**
- **Several lots have sold in surrounding area**
- **Dirt work for Good Samaritan and surrounding lots**



East Mesa



2015 Take-Aways

◇ Medical Continues

Robust Expansion:

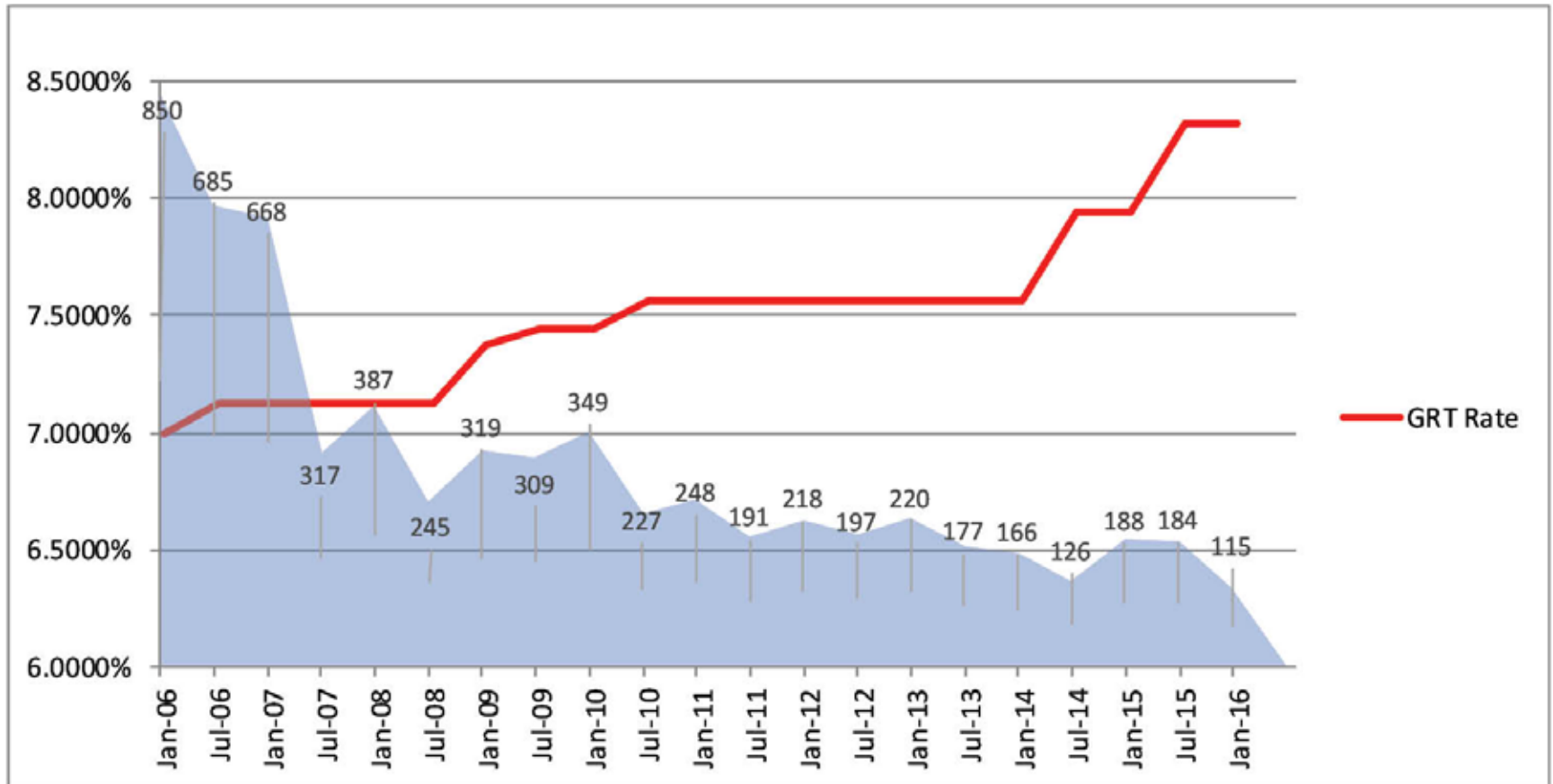
- Medically related real estate grew aggressively in 2015.
- Burrell College is close to completion.
- Dirt work for Parkridge MOB



2015 Take-Aways

- ◇ **CAP Rates Continue to Drop**
- ◇ **Housing is the key to continued expansion**

GRT Rate & Residential Construction Permits



What's Next?

- Flat population growth will continue to slow interest from larger users in the Las Cruces market. - RANKED THE BEST LAS CRUCES
- 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.

Thank You!