



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

HOUSING IS BACK ON TRACK!!!!!!

- **HIGHEST PERCENTAGE GAINS SINCE 2008 RECESSION!!!!!!**
- Units Sold
- Sales Volume
- Median Sales Price
- Foreclosures are decreasing.
- Starts have substantially increased.
- Lot inventory & supply is decreasing.

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OTHER GOOD NEWS



- Our population continues to grow (3% or higher by most estimates).
- Retail sales though in a declining trend are well above pre recession peaks.
- The federal sequestration impact may not be as negative as first projected based on recent news.
- Medical growth & expansion not going away.

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POSITIVE HOUSING MEANS



- Increased consumer confidence.
- Industry supplier expansion.
- Industry employment expansion.
- Better Industrial absorption.
- Improved Office absorption.
- Increased construction projects in other sectors & improved land absorption.
- **WILL HOUSING BE OUR SAVING GRACE??**
- **WILL IT OFFSET NEGATIVE EMPLOYMENT ISSUES??**

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OFFICE NEEDS A HUG!!!



- **Office has been a segment hardest hit by the recession.**
- Directly tied in to job growth
- Roughly 750,000 SQFT of competing office space.
- Declining Rental Market
- 600+ day Average Market Stay.
- Absorbed at 83% of asking prices.
- **Early trend indicators of slight improvement.**

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Land Really Needs a Hug!!



- 700+ day average market stay.
- Absorbed at 65% of asking prices.
- **Still a major market focus on absorbing existing facilities.**
- Affordable construction is an issue.
- Major asset liquidation issue for private ownership & financial institutions.
- Largest percentage of market where folks are upside down versus the sale price.

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Industrial Silver Lining



- **OUR POPULATION GROWTH IS SOLID!!!**
- Population growth & storage demand are big indicators for poised industrial growth.
- Industrial inventories in general are back to their pre-peak levels or higher.
- Retail sales dipped 11% at the point of recession & are now back to pre-peak levels.
- **IT ALL POINTS TO BETTER ABSORPTION LEVELS.**

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E. Commerce Trends



- **WE NEED TO FOLLOW E. COMMERCE INDUSTRIAL ABSORPTION CLOSELY**
- Far outpacing traditional retail sales growth!!
- It accounted for 1/3 of all U.S. related industrial build to suits in 2012 and is a rising trend.
- **Our proximity to Mexico, El Paso, the Santa Teresa Intermodal rail line, and the I-10/25 merging point make our area very compelling.**
- Traditional brick & mortar retailers are a growing part of this trend. They may already locally exist.
- It's creating a net new demand for warehouse space.
- Niche Markets are the key!!!!

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Key Retail Points

- Still seeing a much higher focus by retailers to locate to the more “proven” retail districts within our community.
- Telshor & Lohman is still the primary preference.
- Retailers are on notice about Lohman & Roadrunner. This pipeline is filling up quick.
- The University District has had some great retail wins in 2012. This trend should continue.
- Concept retail with national known names on University campuses should continue to be a growing trend.
- Significant “wait & see” approach happening with the pending Wal-Mart opening.
- **MAJOR RETAILER FOCUS ON WANTING TO SEE SAME STORE SALES NUMBERS & YEAR OVER YEAR SALES GROWTH PRIOR TO JUMPING ON BOARD IN CERTAIN AREAS.**

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**ARE WE MISSING
THE DOWNTOWN
POINT???**

Downtown Road Map



- **Target a 35 & under age bracket.**
- Preferably college educated if possible.
- **HOUSING IS A TOP PRIORITY!!!**
- **Don't discriminate on housing types!!**
- Try to provide a sense of community.
- Walking access to retail services.
- Walking access to employment.
- **Leverage existing land & facilities!!**
- **Private sector investment & matching!!**
- **5 to 10 year plus tax abatements**
- **No impact or construction fees!!!**
- **Aggressively pursue jobs!!!**

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KEY FRUSTRATIONS



- 50,000 +/- SQFT Federal Development Demand & Beyond that is there for the taking!!
- Arts & Culture seem to be the only focus!!!
- Key city owned facilities may be sold or donated to organizations that do not represent big picture progress!!!
- The County Courthouse/Annex is a multi-use gold mine & in the wrong hands!!!
- No focus on the sub 35 age demographic!!!
- **HOUSING IS NOT A TOP PRIORITY!!!**
- **WE ARE NOT OFFERING THE ECONOMIC INCENTIVES THAT LURE DEVELOPERS & PRIVATE INVESTMENT!!!**

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- **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!!!!