MAXWELL·HENDRY·SIMMONS
real estate appraisers & consultants

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mhsappraisal.com

MARKET SNAPSHOT

QUICK STATS:

Properties for Sale:	3
Avg. Price SF (List):	$67.84
Avg. Unit Size (List):	13,220
Properties Sold (12 Mo.):	8
Avg. Unit Size (sold):	9,487
Avg. Price SF (sold):	$54.68

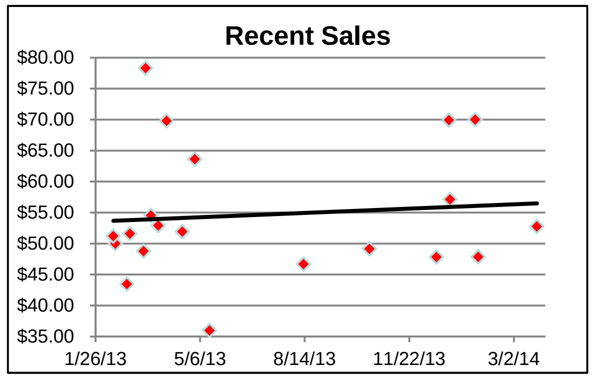
WORTHY OF NOTE:

- **Prices are increasing in anticipation of increased rents**
- **Failed projects are currently being revived**
- **Developed lots in industrial parks are being absorbed**

FOCUS: METRO PARKWAY-INDUSTRIAL CORRIDOR

Hot! Hot! Hot!

No, you're not on a cruise ship, but if you are trying to buy a warehouse in the 6,000 to 15,000 square foot range in the Metro Parkway Corridor, be prepared to stand in line. As a follow-up to our April 2014 Newsletter, we see further confirmation of strength in this submarket. Inventories are down and prices are very definitely up, up, up. As real estate analysts, we have been lulled into a very long period of stability following the real estate collapse of 2007-2012. Values remained rather stagnant over the two or three year period after the bottom was reached. Your typical 8,000 square foot single or double tenant warehouse along or near Metro Parkway was selling (or likely not) at price points between $35 and $45 per square foot. Real estate participants have long recognized this area as being <u>the</u> most sought after location for industrial users. Now that most of the bank sales (or short sales) are nearing their end, the market is firming up quite nicely.



The chart illustrates the most recent sale prices per sf according to their sale date, along the Metro Parkway Corridor as of June 2014.

Recent sales for these "typical" user warehouse properties are now reaching $70+ per square foot. It has been a very long time since we have seen that level. There simply is not enough inventory of quality properties for sale, and the users, now buoyed by a much better national economy, are creating upward demand. However, rental rates have not kept up in a similar manner. Typically, rental rates will lag behind demand. This is creating rather low cap rates in the 6% to 7% range as income levels have not kept equal pace. We forecast that cap rates would increase somewhat (as they should) as income begins to slowly catch up.

The recent strong demand is somewhat reminiscent of the run up of some years ago prior to the collapse, but with much less intensity. A couple of the recent sales are reflective of an imbalance in supply and demand. This should straighten out over the next few months with hopefully more reasonable pricing and price increases, along with slightly increasing rental rates, as the national and local economies continue to improve.

For more information on this market snapshot or other markets, contact us at:

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