



GreenGate Capital

tREnds

Commercial Real Estate News

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Welcome to tREnds Commercial Real Estate Newsletter. Our goal is to provide a “snapshot” overview of current real estate market conditions that you can read in 5 minutes or less during a coffee break. No graphs, no pie charts just the facts.

WHAT'S HOT?

Industrial buildings for sale throughout North/Central New Jersey. We attribute this to:

- E-commerce has created a high demand for small to mid-size warehouse with locations close to NJ Turnpike and GS Parkway
- Trend is to open midsize warehouses in smaller markets to meet same day delivery demand
- Interest rates remain low which result in mortgage expense equaling rent payments
- Appraisers are being less conservative.....finally!

Newer office space in New York City. We attribute this to:

- Many buildings are over 70 years old. They lack column free space, lower floor to ceiling heights than modern buildings
- Growing tech companies require the above amenities

Retail, specialty foods such as Panera Bread, Chipotle and Whole Foods. We attribute this to:

- We all have less time to prepare meals but still want quality foods!
- Whole Foods has seen a 32% rise over last year's quarterly profits and is looking to increase its footprint from just under 400 stores towards 1,000 stores
- Markets to watch? Latin American has less than 1 SF of retail space per person vs US which has 23 SF per person



RECENT tREnds

- Amazon's ONLINE revenues killing RETAIL real estate. \$12 billion quarterly sales= the same as 128 million square feet of retail=128, 1 million SF regional malls!
- Industrial Investors will gravitate to secondary markets when cap rates fall below 6% in hopes of finding deals in the 7.5% to 8.5% range
- Office space per employee: USA=270 SF; Europe=201 SF; Japan=140 SF; China=50 SF
- Highest and lowest office space per worker by Industry: Law firms=411 SF; Call centers=120 SF
- 40% of all US Imports travel from Asia to Long Branch, California
- Cornell University to develop graduate school on Roosevelt Island, NYC, beat out Stanford University
- NYC just outpaced Boston as the 2nd biggest recipient of Venture capital funding behind Silicon Valley

RECENT ASSIGNMENTS

Assisted a Not for Profit in the purchase of a 62,000 square foot Corporate Headquarters in Central New Jersey. The site selection process took over 2 years to evaluate multiple sale and lease options. We are also handling the management of the property including the leasing of excess space.

Management of a 25,000 square Office/Medical building. The building was 58% occupied which we increased to just under 90%. Coupled with reducing expenses we have created over \$500,000 in value in under 12 months.



Sources include: SIOR Magazine, CCIM Magazine, NNNet Advisors.com, Reis, Real Capital Analytics