

February 2019 Newsletter Articles

Summary

While the current sentiment in the economy has been shifting towards uncertainty, many signs in capital markets, retail, and investment sectors are depicting a very desirable environment for commercial real estate to thrive. Signals such as an excess of available capital are incentivizing new development across the country. Concurrently, many developers and investors are finding innovative ways to repurpose overlooked asset classes. The following articles outline the exciting, innovative ways that commercial real estate is remaining a top industry to invest in for the coming years.

Recent News Articles

Capital Markets

According to the Wall Street Journal, real estate stocks are beating the S&P 500 for the first time since 2015. This could be a sign that real estate markets are not as susceptible to the looming uncertainty in global and local economies.

The Urban Land Institute's Emerging Trends in Real Estate 2019 outlines several reasons why capital markets are in favor of real estate investment. Increased expectations that both debt and equity capital will be oversupplied in 2019, expectations that underwriting standards for investments will ease, and expectations that returns in the real estate sector will outstrip gross domestic product (GDP) growth are just a couple that are mentioned.

Source: <https://ulidigitalmarketing.blob.core.windows.net>

Investment

Banks are currently seeing an increased competition for construction loans, so much that they are calling it a "dog fight" to be the ones to close on construction and small business loans.

Google plans to spend \$13 Billion in 2019 expanding real estate footprint across U.S. While the current sentiment has been that the Internet 2.0 era is dissuading large tech companies from having a real estate presence, companies such as Google are attempting to gain a competitive advantage by having a strong physical presence, not just a strong online presence.

Corporations who were headquartered in suburban campuses are leaving their current headquarters at an increased rate. However, owners are not having a tough time filling in their buildings. Uses such as retirement homes are filling in these vacant suburban campuses, reviving the notion that there is always the opportunity to repurpose in the real estate industry.

Site: <https://www.bisnow.com>

Retail Trends

While most mall owners are struggling to justify owning and buying new malls, Simon Property Group has found an interesting way to revitalize the struggling asset class. This article shows SPG's innovative new way they plan to make the overlooked asset class the next best investment.

This week Payless Shoes announced that it plans to close its 2,300 stores nationwide. While most analysts of the commercial real estate market would see this closure as predictable and indicative of current market trends, many prominent companies see these closures as potential opportunities.

Source: <https://www.bisnow.com>

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Recent Deals

PHOTO

Big Lots & Goodwill
15709 E US Highway 36
Marysville, OH 43040
50,479 SF
Closed

PHOTO

The Shops at Avery Place
6695-6755 Avery-Muirfield Drive,
Dublin, OH 43016
13,801 SF
Under Contract

PHOTO

Scioto Station
214 W. Main Street
Circleville, OH 43113
10,501 SF
Under Contract

Coming Soon

PHOTO

South Pointe
3463 - 3489 South High Street
30,460 SF
\$5,500,000

Relevant Interest Rates

Retail Investment Interest Rates

Life Companies at
65-70% LTV

Term	Rates
5	4.5-4.75%
7	4.75%
10	5%

Banks

5	5-5.25%
10	5.25-5.75%