



FDRA Trade, Logistics, and Customs Meeting - Boston

Logistics Real Estate Update

Nick Nelson, President
Jeremy Austin, VP of Operations

Logistics Real Estate Update

News Boston Industrial

Land-Strapped Industrial Developers Tearing Down Offices For Distribution Centers

August 12, 2021 | Andrew Martinez, Bisnow Boston

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NEWS

North Long Beach industrial property to be redeveloped into large warehouse

by Brandon Richardson September 21, 2022

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That Big Office Building? It's an E-Commerce Warehouse Now.

More companies are making remote work permanent, forcing developers to convert old office buildings into warehouses, apartments and other uses

Stos Partners Sells LA County Industrial Asset for \$46M

By Scott Baltic September 26, 2022

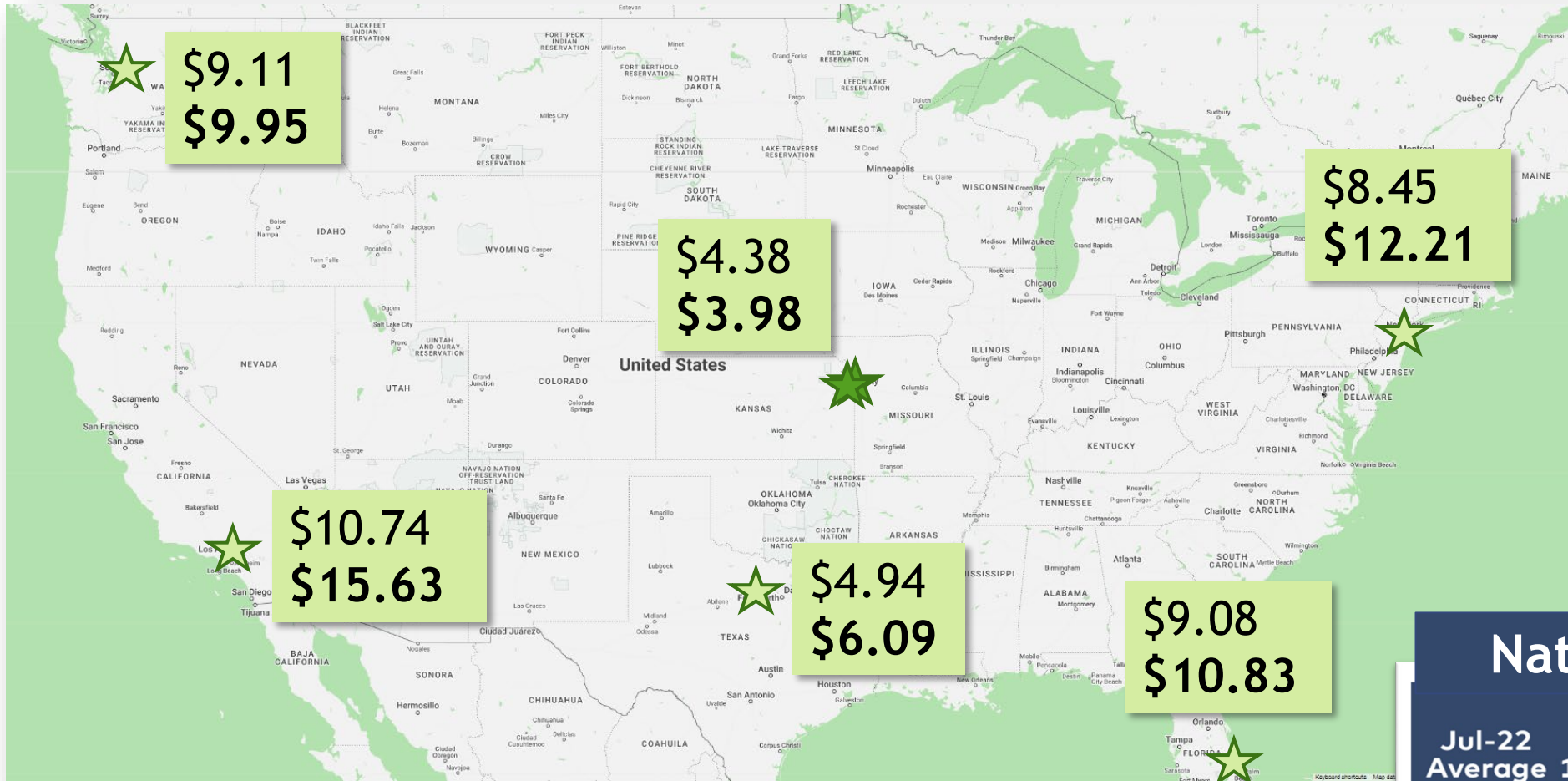
EverWest Advisors, of Denver, has acquired a 182,275-square-foot industrial building in Los Angeles County's San Gabriel Valley for \$45.9 million, Cushman & Wakefield announced on Sept. 23.

The seller was Stos Partners, of San Diego, which reportedly paid \$21 million for the asset in July 2021.



159 N. San Antonio Ave. Image courtesy of Stos Partners

Average rent / average rent last 12 months



National Average			
Jul-22 Average Rent	12-Month Change	Avg Rate Signed in Last 12 Months	Vacancy Rate
\$6.60	5.3%	\$8.05	4.4%

Source: CommercialEdge Industrial Report, August 2022, available at <https://www.commercialedge.com/blog/wp-content/uploads/sites/42/securepdfs/2022/08/CommercialEdge-Industrial-Report-August-2022.pdf>

Logistics Real Estate Update

- Largest rent gains in 12 months
 - Inland Empire (8.7%)
 - Boston (8.0%)
 - New Jersey (7.8%)
 - Los Angeles (7.0%)
 - Orange County (6.8%)
- Vacancy rates lowest in port markets
 - Inland Empire (0.8%)
 - Los Angeles (1.9%)
 - New Jersey (2.9%)

Some takeaways:

- Rent continues to rise dramatically along coasts
- Expect new storage rates to reflect underlying rent
- Storage in places like Kansas City and Dallas can be less expensive, but still strategic

Currently on the market

Cost per square foot (class B/C)



Seattle: <https://www.loopnet.com/Listing/5422-Shilshole-Ave-NW-Seattle-WA/24384582/>

Los Angeles: <https://www.loopnet.com/Listing/1731-W-San-Bernardino-Rd-West-Covina-CA/26214092/> <https://www.loopnet.com/Listing/16230-Filbert-St-Sylmar-CA/26329628/>

Dallas: <https://www.loopnet.com/Listing/405-407-113th-St-Arlington-TX/26259401/>

Kansas City: <https://www.loopnet.com/Listing/11510-W-80th-St-Lenexa-KS/21557422/>

New Jersey / New York: <https://www.loopnet.com/Listing/909-Remsen-Ave-Brooklyn-NY/24081502/>

Miami: <https://www.loopnet.com/Listing/7355-NW-41st-St-Miami-FL/25390424/>

Supply pipeline by metro area

Market	Under Construction	Under Construction % Stock	UC Plus Planned % Stock
National	695,705,747	4.0%	7.8%
Phoenix	45,244,626	15.6%	36.7%
Indianapolis	25,179,822	7.8%	12.4%
Dallas	61,410,407	7.3%	11.2%
Columbus	17,943,300	6.5%	9.6%
Inland Empire	35,588,191	5.9%	11.2%
Denver	13,061,907	5.4%	7.4%
Nashville	9,592,436	4.9%	6.1%
Charlotte	13,720,412	4.8%	13.3%
Kansas City	10,948,094	4.3%	18.6%
Memphis	10,566,680	3.8%	5.1%
Seattle	9,930,928	3.6%	6.4%

Some takeaways:

- Almost 700MM square feet under development
- But that's only 4% of total stock
- So, expect more options, but probably not a drop in rent or storage costs