25TH
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NAI Carolantic Realty
Commercial Real Estate Services, Worldwide.

2010

Welcome to the 25th Annual Triangle Commercial Real Estate Conference

25TH

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Multipurpose

Shopping Centers

Office

Hotel/Motel

Residential

Forecast

Categories

2010 General Economic Outlook

- It's all about time – simply have to wait it out
- Tailspin is over for residential
- Continued minimal job growth slows any chance of robust return
- Unemployment only slightly lower by year-end
- Nationally, commercial property values have dropped 35% and are still falling
- At best, a slow recovery

2010 Forecast

- Office/Industrial
- Retail
- Multifamily/Residential
- Single Family/Residential

Forecast: Office/Industrial
Leasing & Development

2009

Prediction: Minimal new construction and increased vacancy. Markets return in mid-2010.

Actual: Right on here. Dramatic drop in office construction. Minimal in the multipurpose sector. Vacancy increases.

2010

- Another slow construction year
- Vacancy moves very little
- Stability in late 2010
- Don't let a big tenant get away
- Demand will come back, but it will be a while
- New development is dead until 2011/2012

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Forecast: Retail
Leasing & Development

2009

Prediction: Least amount of construction in ten years. This market changes monthly.

Actual: Close. Minimal new construction, but more than expected. Vacancy did climb each month.

2010

- Stores will continue to vacate underperforming centers
- Tighter credit and consumer debt hampers retail return
- Online purchases continue to increase, therefore....
- Retailers need fewer stores and inventory to survive

Forecast: Multifamily/Residential

Leasing & Development

2009

Prediction: Construction down and vacancy to remain stable. National investors looking for apartments.

Actual: Right on here. Construction dropped to its lowest level since 2004. Minimal absorption and vacancy goes up less than 1%. Primary institutional investment transactions were apartment-related.

2010

- All sub-markets seeing new construction
- Total construction in 2010 to exceed previous years
- Continued demand for entry-level product
- Vacancy stays under 10%

Forecast: Single-family & Attached Residential

Sales & Development

2009

Prediction: No early recovery. Low-interest rates create some activity. Market hits bottom and back in business by 1st quarter 2010.

Actual: Correct here. The tailspin is over. Activity is occurring in lower priced housing.

2010

- Lower interest rates and first time buyer incentives drive an increase in housing construction
- High-end home sales struggle into 2011
- Transactions should increase, but total dollar volume will not
- Residential builders begin cranking back up in preparation for 2011

2010 Investor Outlook for Land

- Difficult time if you are a seller
- Up to 35-40% loss in value since the high of 2007
- Tremendous buying opportunities, especially for cash buyers in 2010-2011
- Land prices remain stagnant into 2011and 2012

2010 Investor Outlook for Income Property

- How do we finance this stuff?
- As lenders continue to be tough
- No room for shortcuts for the savvy buyer
- Landlords worry about tenants, and tenants worry about landlords
- Cap rates continue an upward trend

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