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CRE in the News

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More Questions on OZ Funds

- › Decreased involvement from last year due to skepticism with the clarity of rules posed by the Department of Treasury, lack of OZ education by investors, and the overall lack of properties worth while to invest in
- › The federal government's initial expectations were to pump \$100 billion into 8,700 OZ's across the country
- › Combined amount raised YTD is roughly 10% of the total target fund size of \$15.46 billion
- › Potential fix to funding could be the opportunity for fundraisers to invest in projects on a case to case basis as opposed to throwing money into a large fund

Apartment Rent Growth Continues to Sky Rocket

- › Metro Atlanta's Apartment Rent growth ranked 3rd of any US city, behind only Phoenix and Las Vegas, during 2019 Q2.
- › From Q1, rents rose by 4.7% to an average of \$1,247/month.
- › Q2 saw 4,200 units rented and 2,700 new units constructed.
- › Possible Explanation:
 - › Decrease in single-family home sales.
 - › School year, whether it be new students moving in or graduated students finding work.
- › Possible Implications:
 - › Rent growth will fall in subsequent years bringing about a potential rise in single-family home sales.

Investors moving toward less risk

- › 47 funds raised \$29 billion from private equity firms towards commercial real estate in 2Q 2019
- › Large decrease from the first quarter of \$46 billion raised as well as a decrease from 2Q 2018 of \$38 billion raised
- › Data is suggesting that investment funds are being shifted to mainly large managers such as Blackstone Group
- › Only 5% of funds are targeting \$1 billion or more, but they account for 33% of the total capital being sought out for from investors

Growth of Coworking in Atlanta

- › The Atlanta Market has more than 1.2 million SF of coworking space and it is predicted to grow even more
- › Midtown makes up 38% of the coworking space
- › Experts say there are 4 types companies that are attracted to coworking: not being able to predict growth past 1-2 years, wanting offices close to employees' homes, value in sharing space to develop business, and those that need temporary space while permanent space is built out
- › Subleasing and direct spec suites are the main competitors of coworking space, leading coworking companies to start providing some more traditional spaces while maintaining the flexibility aspect

Industrial Developers need to start thinking like Retail Developers

- › Demographics and income characteristics are starting to become a crucial role as to where industrial development should be placed
- › With one-day shipping being promised, More infill projects will be needed within big cities
- › Meaning companies have to have strategically pre-positioned locations with all of these products in order to fulfill their promises
- › Retail developers are the best at tracking where people are moving, flying, and retiring
- › Job growth is the single largest leading indicator of valuable last-mile space
- › Quality of life and predictions of where people will want to live is something that industrial developers need to keep in mind now