Real Estate Investment Council, Inc.
Tampa Bay

Tampa Bay for the Win!

September 20, 2017 Meeting

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REIC September 2017 Meeting
Tampa Bay for the Win – University Club of Tampa, September 20, 2017

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Tampa Measures Up!

The overall metrics are attractive, but one metric raises questions.

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Tampa Ranked Among America's Best Big Cities

Money magazine says it's the best urban area to call home in the Southeast.

By Sherri Lonon (Patch Staff) - Updated August 17, 2015

Tampa @ Mid 2017:

Tampa Measures Up amoung US MSAs re: Population, GDP, Job Growth & CRE Investment					
	MSA	State		MSA	State
Population	3.1 \ 18	21.0 \ 3	Job Growth	46,300 \ 3.6%\18 \ 41	3.1% \ 3
GDP Growth	3.1% \ 73	3.3% \ 4	Home Price Appr. %	+10.5% YoY	> 2X US avg. +4.2%

- ✓ **A Top 20 MSA** in terms of Population (3.1 million)
- ✓ **A Top-75 MSA in GDP growth with +3.1% YoY** (50% > U.S avg.)
- ✓ **More than 3.5% Job Growth** (+46,300 jobs)
- ✓ **>10% HPA YoY** Vs US +4.2%

Top Employers	
Company	Employees
MacDill Air Force Base	19,000
Verizon Communications	14,000
University of South Florida	12,661
Tampa International Airport	7,060
Tampa General Hospital	6,600
Shriners Hospital for Children	5,378
St. Joseph's Hospital	5,242

BUT …

Where are the large Private employers?

Tampa is attractive to Small and Mid-Sized companies, as well as secondary operations for Fortune 500 companies.

Tampa's Shot at Amazon HQ2?

Look at the RFP and Existing HQ1 in Seattle to Answer

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Amazon Seattle HQ

Direct[1]	Number of buildings	33
	Square feet	8.1 million
	Local retail within Amazon headquarters	24 restaurants/cafes + 8 other services
	Amazon Employees	40,000+
	Capital investment (buildings & infrastructure)	$3.7 billion
	Operational expenditures (utilities & maintenance)	$1.4 billion
	Compensation to employees	$25.7 billion
	Number of annual hotel nights by visiting Amazonians and guests	233,000 (2016)
	Amount paid into the city's public transportation system as employees' transportation benefit	$43 million

Indirect[2]	Additional jobs created in the city as a result of Amazon's direct investments	53,000
	Additional investments in the local economy as a result of Amazon's direct investments	$38 billion
	Increase in personal income by non-Amazon employees as a result of Amazon's direct investments	$17 billion
Other	Increase in Fortune 500 companies with engineering/R&D centers in Seattle	From 7 in 2010 to 31 in 2017

[1]From 2010 (when Amazon moved its headquarters to downtown Seattle) to June 2017.
[2]From 2010-2016. Calculated using Input-Output methodology and multipliers developed by the U.S. Bureau of Economic Analysis.

RFP Highlights and Emphasis:

- ✓ **MSAs with at least 1.0 million population** – That cuts list from 360 to 53
- ✓ **Eastern U.S.** – That cuts Phoenix (otherwise a natural) and likely Dallas and all of TX
- ✓ **Ready to go sites of 100+ acres in CBD or proximity to Airport**, Public Transit & University
- ✓ **Low risk to natural disaster risks**, such as seismic, hurricanes and "Tornado Alley." That cuts Houston to CHI, Memphis and Charleston SC and likely all of coastal FL.
- ✓ **Diverse communities inclusive to everything** from LGBT to any non-white male (X-out NC)
- ✓ **Workforce ready to fill 50k highly skilled and paid IT, engineering, etc. positions**
- ✓ **Infrastructure – International airport**, **Mass Transit**, urban university campus, optic fiber
- ✓ Atlanta and DC/NoVa to loose. Pittsburgh, Columbus OH & Orlando are my Final 5 picks

https://images-na.ssl-images-amazon.com/images/G/01/Anything/test/images/usa/RFP_3._V516043504_.pdf

The Economy & CRE Conditions

So how Rootin' & Tootin' are things with the Economy & CRE?

According to Luke,

- **Tip your hat to Q1 & Q2 GDP revisions (Q1 from +0.7% to +1.2% & Q2 from +2.6% to +3%) - solid in Housing & PCE**

- **The So-Atlantic and Logistics are pulling the Jobs to >200k level. Monitor ADP**
  BLS has a tough time with MAY & Aug each year; ADP is not a survey but actual count.

- **Bankers & CRE developers are friendly again partaking in more CRE lending**
  MF Jobs to Permits ratio is healthy; Industrial is a Supply-Chain shift; Retail is tough.

What is K.C.'s view on Eco & R.E. for 2H-2017?

K.C.'s views on the macro economy & CRE

The 2017 U.S. Eco. is *rated "R" for resilient*. Only N.Korea &Trump Twitter can derail it.

- **GDP is on track for hitting or breaking 2% for CY 2017. Q1 was one of best Q1 periods post 2009 >1%. 1st guess at Q2 was 2.6% & was revised up to 3%. CY 2017 will end at or >2%.**
- **Housing and Personal Consumption Spending are still the 2 components buoying the economy.** If the FED gets rates wrong, these could slow quickly. PCE & Housing still the 2 legs.
- **Job growth is holding up at +200k per month.** The pace of job creation is slowing. **Monitor Challenger-Gray monthly Job Cuts** to ID where job growth is slowing. **Not in the SE!**
- **The weakening U.S. Dollar is aiding manufacturing & exports.** Good for SE port MSAs
- Implementation of ELD Truck Logs for Truckers Dec 2017 could be a mess for retailers and it **will distinguish the port winners and losers. Port of Preference will come into focus in 2018.**
- **CRE fundamentals are solid and no "fall-off-the-cliff" scenario appears likely in 2017. Permanent debt capital is back and good for CRE transaction activity in 2H2017. CMBS is booming and Life Companies want more industrial. A big change from a year ago when we had anxiety over HVCRE and Risk Retention Rule implementation**!
- **Among the core CRE property types, housing remains the healthiest followed by Industrial - and both will remain so into 2018.** We are at 35-year lows for housing inventory and early innings of the **remaking of North America's Supply Chain which is shifting from West to East coast. Industrial absorption 2X new Supply and 5.5%-6% rent growth means Cap Rates can compress further for industrial. Atlanta Duracell Building sale <5% Cap rate is an example.**
- **The Fed raises rates in Q4 2017 (WHY?). Harvey & IRMA give the FED Inflation.**

Economic Cycles post WW II – Forget Duration

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The Recovery/Expansion Is Already Fairly Long

Recessions	Duration (Months)	Expansions	Duration (Months)
1945	8	1945-48	37
1948-49	11	1949-53	45
1953-54	10	1954-57	39
1957-58	8	1958-60	24
1960-61	10	1961-69	106
1970	11	1970-73	36
1973-75	16	1975-80	58
1980	6	1980-81	12
1981-82	16	1982-90	92
1990-91	8	1991-2001	120
2001	8	2001-07	73
2008-09	18	2009-?	84 So Far
Averages:		Averages:	
1854-1919	21.6	1854-1919	26.6
1919-45	18.2	1919-45	35.0
1945-2009	11.1	1945-2009	58.4

Aug ‘17
97 mos.

- 3rd longest
- 50% longer than 58 mo avg.

Why can this recovery go on for maybe years? 30/360 >10% Job Gr

Best Job MSAs:

Best Job-Producing MSAs since 2009 (BLS)

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Best Job Producing MSAs post 2009: Note the correlation to the Southeast, Ports & Logistics!

MSA	YE 2009 Empl. (000)	Sept 2016 Empl. (000)	Total Empl # change	2009-Q3'16 Percent %	Best MSAs by % Change	Best MSAs by # Jobs
Austin-Round Rock	771	992.3	230	29.8%	1	
Cape Coral-Fort Myers	200	251.9	50	25.1%	2	
Ocean City	45	50.5	11	23.8%	3	
Nashville	763	949.0	174	22.8%	4	**18**
Charleston SC	284	346.6	62	21.8%	5	**28**
Denver	1,194	1455.9	259	21.7%	6	11
Dallas-Fort Worth	**2,917**	**3545.1**	**607**	**20.8%**	**7**	**3**
Orlando-Kissimmee	994	1216.9	206	20.7%	8	14
Raleigh	499	600.8	102	20.4%	9	23
Charlotte	952	1133.3	187	19.6%	10	16
San Francisco-Oakland	**1,948**	**2334.8**	**377**	**19.3%**	**11**	**7**
San Antonio	850	1004.2	159	18.7%	12	20
Salt Lake City	591	702.1	106	18.0%	13	22
Houston-Sugarland	**2,547**	**3004.4**	**452**	**17.7%**	**14**	**4**
Atlanta	**2,278**	**2668.0**	**381**	**16.7%**	**15**	**6**
Greenville-Anderson	352	410.4	57	16.2%	16	29
Tampa-St. Petersburg	1,110	1283.5	173	15.6%	17	19
San Diego-Carlsbad	1,248	1422.8	179	14.3%	18	17
Jacksonville	583	682.5	83	14.3%	19	25
Miami-FtLaud-WPBch	**2,227**	**2565.9**	**314**	**14.1%**	**20**	**8**
Richmond	593	673.4	83	14.0%	21	26
Spartanburg	128	146.4	18	13.8%	22	
Columbia	347	398.0	46	13.3%	23	
Phoenix-Scottsdale	1,716	1967.4	220	12.8%	24	13
Boston	**2,439**	**2709.0**	**295**	**12.1%**	**25**	**9**
Los Angeles-Long Bch	**5,345**	**5958.8**	**626**	**11.7%**	**26**	**2**
New York-Newark NJ	**8,648**	**9523.3**	**982**	**11.4%**	**27**	**1**
Baltimore MD	1,279	1399.0	133	10.4%	28	21
Chicago-Naperville	**4,264**	**4677.0**	**439**	**10.3%**	**29**	**5**
District of Columbia	**706**	**781.5**	**70**	**9.9%**	**30**	**10**

15 of the top 30 job-producing MSAs post 2009 are located in the South; Houston/Sugarland still surpasses Atlanta despite hit from Energy past 2.5 yrs.

AND …
15 of Top 30 MSAs in Job Gr. are correlated to Logistics!

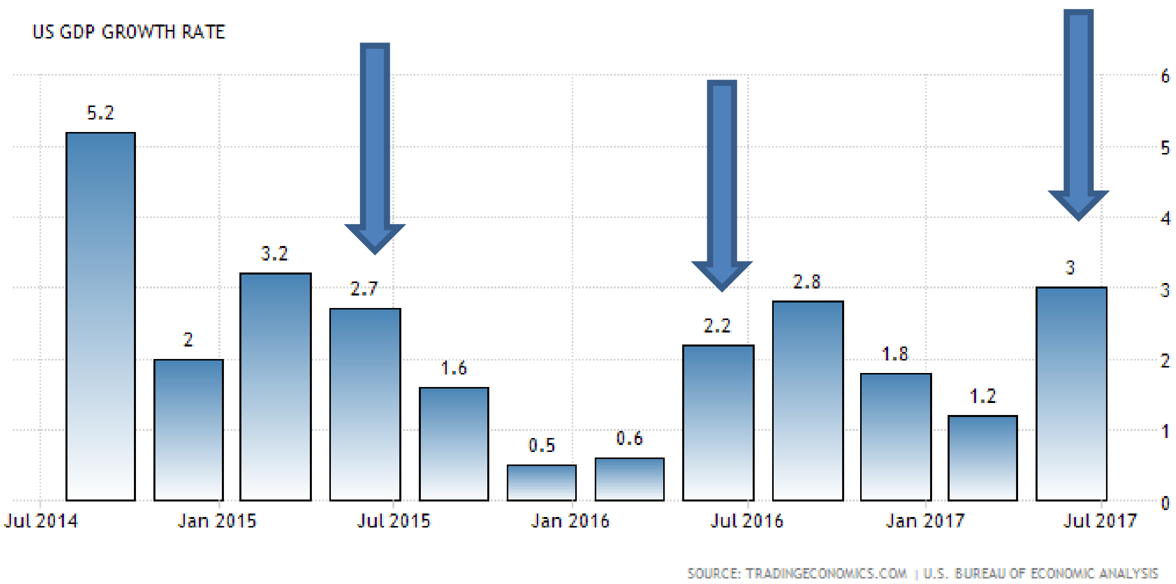
Note:

The correlation of job growth to MSAs with Sea Ports (Green arrows), Inland Ports (Blue arrows), and Supply-Chain strength (land-sea-air/e-commerce). It is not coincidental that the growth is correlated to LOGISTICS!

GDP: Q1 ‘17 was good for a Q1 & Q2 revised up
(Fueled by PCE & Housing)

Bureau of Economic Analysis
U.S. DEPARTMENT OF COMMERCE

Revisions to Q1 GDP: 1.4% from 0.7% -Strength in Housing & PCE



- **CY 2016 at just +1.6% was weakest since 2011**
- **Q1 & Q2 revision both upward. What is impact from Harvey & IRMA?**
- **Strength in residential construction (but only bldg. 1.1 million units), and PCE (1H Vs post Harvey & IRMA)**
- **Both PCE & Housing are “Interest-Rate Sensitive” items so FED rate hikes in 2017 an item to monitor.**

Q1 & Q2 revisions have been higher. Q1 original at just +0.7% revised to +1.2% and Q2 original +2.6% to + 3% and 1 revision to go. The more dynamic aspects of GDP story are: i) Hurricanes; ii) resulting rebuild impact & inflation & iii) PCE resilliance.

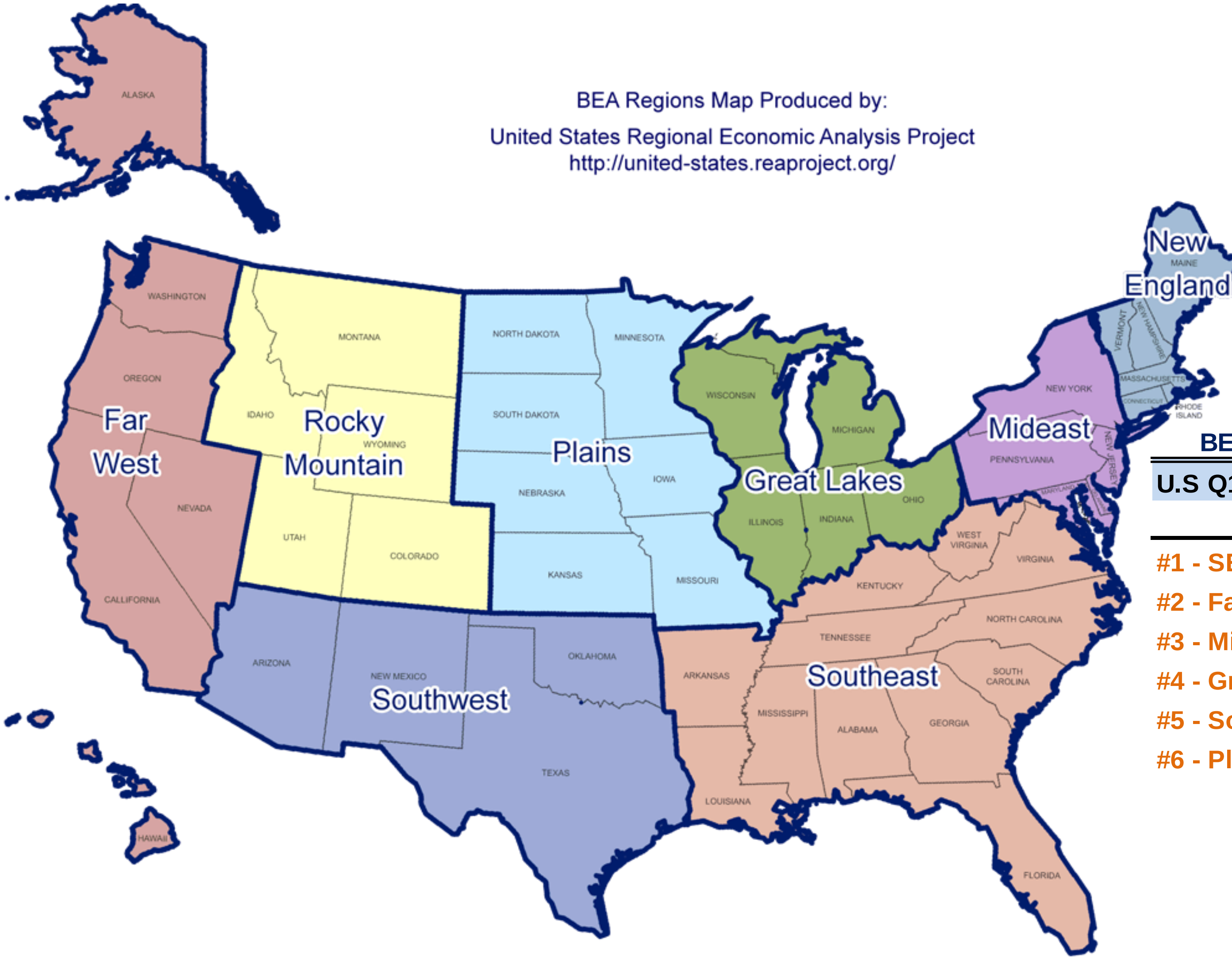
2017 Release Schedule

Released On:	1/27	2/28	3/30	4/28	5/26	6/29	7/28	8/30	9/28	10/27	11/29	12/2
Release For:	Q4a:2016	Q4p:2016	Q4f:2016	Q1a:2017	Q1p:2017	Q1f:2017	Q2a:2017	Q2p:2017	Q2f:2017	Q3a:2017	Q3p:2017	Q3f.

https://tradingeconomics.com/united-states/gdp-growth

GDP: The Untold Story about SE

Why is SE #1? Why is Inland GDP > Coastal GDP?



BEA Regiona GDP Rankings:

U.S Q1'16 GDP	**$18.1Tr**	**100%**
#1 - SE	$ 3.8 Tr	21.5%
#2 - Far-West	$ 3.5	19.1%
#3 - Mid-East	$ 3.3	18.3%
#4 - GrLakes	$ 2.5	14.0%
#5 - SoWest	$ 2.1	11.8%
#6 - Plains	$ 1.2	6.5%

GDP: SE has the Top GDP Growth Destinations!

SE produces >21.5% of U.S. $18 Trillion / SE Region #1 followed by Far West & MidEast

At State level within SE, rankings are FL #1, NC #2, GA #3, VA #4, TN #5 & SC is #8

Table 3. Current-Dollar Gross Domestic Product (GDP) by State, 2014:III-2015:III

	Millions of dollars					Percent
	Seasonally adjusted at annual rates					Seasonal
	2014		2015			2015
	III	IV	I	II	III	III
United States[1]	**17,406,306**	**17,499,778**	**17,532,450**	**17,796,276**	**17,942,030**	**100.0**
New England	**920,942**	**931,303**	**931,517**	**946,108**	**956,294**	**5.3**
Massachusetts	458,934	465,231	466,545	473,606	478,941	2.7
Mideast	**3,162,009**	**3,183,722**	**3,191,066**	**3,244,853**	**3,274,101**	**18.2**
District of Columbia	116,528	117,111	120,100	121,798	122,936	0.7
New York	1,411,157	1,423,884	1,418,908	1,444,406	1,455,568	8.1
Great Lakes	**2,391,113**	**2,403,965**	**2,408,263**	**2,443,478**	**2,470,844**	**13.8**
Illinois	742,689	744,507	755,502	764,817	771,896	4.3
Michigan	451,741	454,968	455,035	462,252	468,029	2.6
Ohio	583,564	585,613	583,172	592,899	599,093	3.3
Plains	**1,135,780**	**1,141,339**	**1,127,458**	**1,143,606**	**1,159,771**	**6.5**
Minnesota	320,996	322,515	325,597	330,782	334,780	1.9
Missouri	281,837	283,573	283,285	287,207	290,713	1.6
Southeast	**3,718,421**	**3,749,460**	**3,762,664**	**3,818,227**	**3,853,397**	**21.5**
Alabama	203,235	203,313	205,155	207,303	209,382	1.2
Arkansas	120,711	121,873	120,737	122,492	123,424	0.7
Louisiana	255,577	254,155	249,231	252,965	253,517	1.4
Mississippi	105,194	105,743	105,431	106,880	107,817	0.6
Florida	845,779	856,685	869,147	883,735	893,189	5.0
Georgia	480,166	484,775	489,535	496,180	501,241	2.8
Louisiana	255,577	254,155	249,231	252,965	253,517	1.4
Mississippi	105,194	105,743	105,431	106,880	107,817	0.6
North Carolina	486,846	492,265	495,828	503,745	509,718	2.8
South Carolina	190,946	193,242	194,273	196,887	199,256	1.1
Tennessee	299,371	302,810	302,805	307,125	310,276	1.7
Virginia	465,742	468,784	469,781	476,919	480,876	2.7
Southwest	**2,233,746**	**2,218,989**	**2,191,795**	**2,215,351**	**2,208,115**	**12.3**
Arizona	289,368	290,166	291,614	295,445	298,204	1.7
Texas	1,665,310	1,652,574	1,630,035	1,648,007	1,639,375	9.1
Rocky Mountain	**603,015**	**609,077**	**605,039**	**614,404**	**618,380**	**3.4**
Colorado	309,520	313,504	312,003	316,535	318,600	1.8
Far West	**3,241,277**	**3,261,919**	**3,314,647**	**3,370,249**	**3,401,129**	**19.0**
California	2,330,796	2,341,241	2,386,653	2,424,033	2,448,467	13.6
Washington	425,328	432,333	435,880	446,096	449,404	2.5

GDP Ranking for the 7 BEA Regions of the US:

1. SE with $3.8 Tr & 21.6%
2. Far West: $3.4 Tr & 19.0%
3. Mid-East: $3.3 Tr & 18.2%
4. Gr-Lakes: $2.5Tr & 13.8%

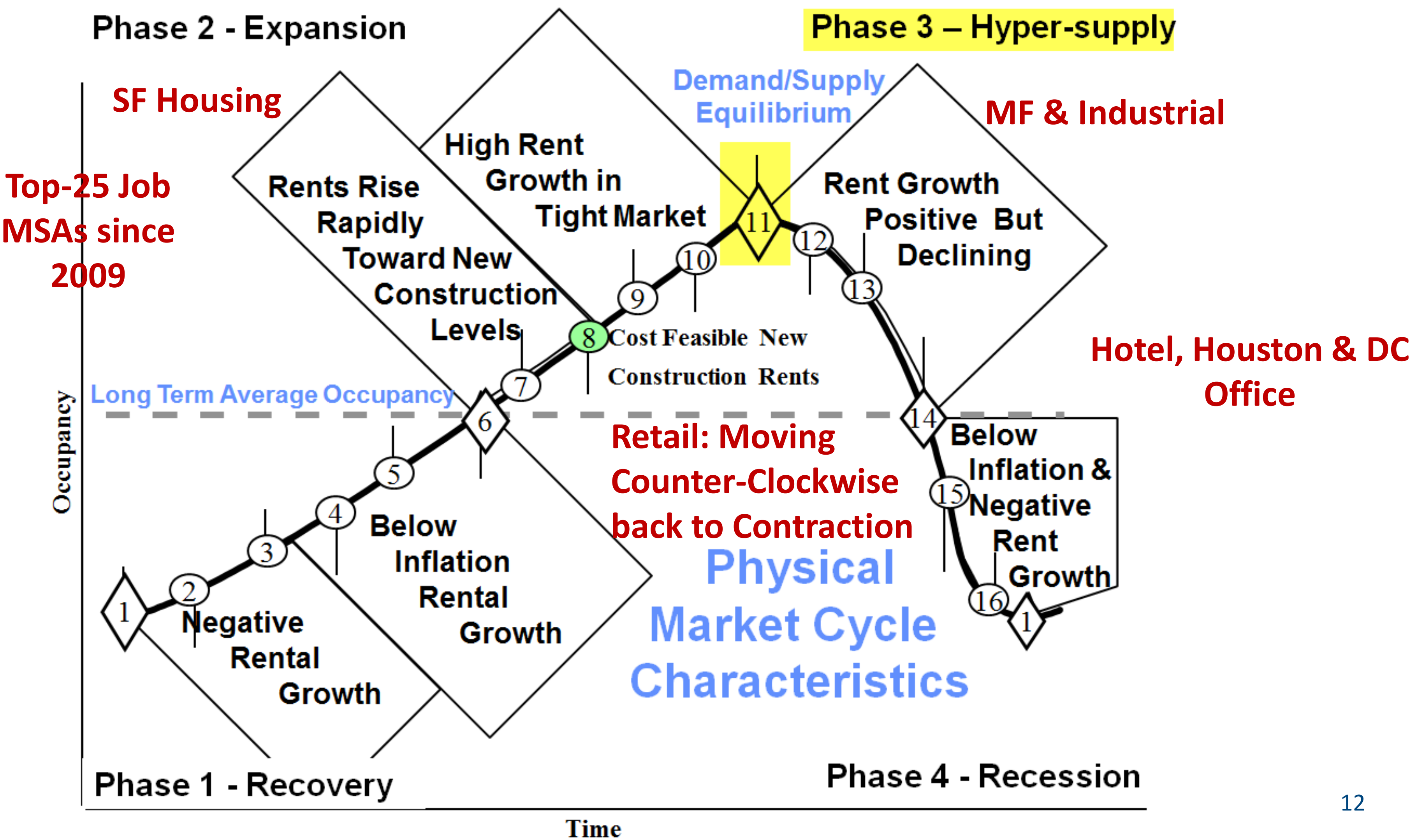
SE Region Rankings by State (NC+SC = 4% of US GDP):

Rank	SE States	2015 GDP	% US GDP
1	Florida	893,189	4.9
2	North Carolina	509,718	2.8
3	Georgia	501,241	2.8
4	Virginia	480,876	2.7
5	Tennessee	310,276	1.7
6	Louisiana	253,517	1.5
7	Alabama	209,382	1.2
8	South Carolina	199,256	1.1
9	Arkansas	123,424	0.7
10	Mississippi	107,817	0.6

"As goes the national economy, the SE and NC/SC economies will go better!"

CRE Outlook: CRE Conditions – Monitor MF Jobs:Permits ratio & Retail ripple

CRE Life Cycle: Retail is actually moving counter-clockwise. Houston is Energy impact.



CRE Conditions: MF, Industrial, Office & Retail

Key Statistics For Major U.S. Property Sectors

2016Q4 Change From Year Ago

	Supply	Demand	Occupancy	Rent	Sales
Office	0.7%	1.1%	0.4%	3.2%	(10%)
Retail	0.6%	1.1%	0.5%	2.6%	(14%)
Apartment	1.9%	1.2%	(0.6%)	2.3%	(5%)
Light Industrial	0.2%	0.8%	0.6%	7.3%	(23%)
Logistics	3.1%	3.6%	0.5%	6.4%	

Source: CoStar Portfolio Strategy
*All Industrial

As of 16Q4

RETAIL CRE
It's all about Store Closings – right?

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These 13 retailers are closing more than 1,500 stores in 2017

Department stores

JCPenney - 130 to 140 stores

Macy's - 68 stores

Sears & Kmart - 150 stores

HHGregg - 88 stores

Mall stores

Abercrombie & Fitch - 60 stores

The Limited - 250 stores

Wet Seal - 171 stores

Crocs - 160 stores

Other retailers

CVS - 70 stores

Family Christian - 240 stores

As usual, the Ratings Agencies are a bit late!

Ratings Firms Issue Downgrades for Mall-Backed Debt

Bond rating companies are looking closer at securities tied to shopping mall debt as concerns intensify about mall owners' ability to repay mortgages amid closures of stores.

The ratings firms in some cases are issuing downgrades on securities backed by malls suffering from an anchor store closure and putting on watch malls with large stores such as Macy's Inc., M +1.98% J.C. Penney Co. JCP +2.58% and Sears Holdings Corp.SHLD +24.83% , even if the places remain open. While anchor stores might not be part of the collateral of the mall loan or contribute much rent to the property owner, fluctuations in occupancy rates raise the probability of losses. Ratings firms also look at clauses that allow tenants to renegotiate for concessions such as early lease termination or rent relief from the landlord.

The moves come amid a rapid pace of store closures this year, more than 3,000 to date

"We are being proactive given the current volatility in the retail sector as well as the fact that there is a possibility of additional store closures in the future," said Keith Kockenmeister, managing director in the CMBS Group of Kroll.

Not all mall loans will be slammed with losses. E-commerce has weakened electronics and household goods retailers, resulting in the bankruptcies of HHGregg Inc. and RadioShack Corp. As the retail shakeout continues, "weaker malls will disappear and the remaining malls, offering a mix of retail, restaurants & entertainment, will be stronger as a result," Fitch said

The Retail Opportunity isn't just e-commerce, but …

Restaurant, Value-Retail, Millennial, Grocery & Services

As of September, 2015, **Starbucks topped the 2016 and Beyond Store Openings list, with its plans for opening 1500** new U.S. and global restaurant locations through 2019.

Family Dollar and Wendy's also top the 2016 Retail Store Openings list, with their plans for opening 1,000 stores each through the year 2020.

Many of the largest global retail chains **like ALDI** will be expanding their global retail operations by opening new retail store locations in the U.S. into the year 2020.

1500	Starbucks (China, through 2019)	Note: Food/Experience
1000	Family Dollar (through 2016)	Note: Value retail
1000	**Dollar General (2017)**	
1000	Wendy's (by 2020)	Note: Food again
600	Dollar Tree (through 2016)	Note: Value retail again
600	Forever 21 (through 2018)	Note: Millennial Female
900	**Dollar General (2016)**	
520	ALDI (globally through 2019)	Note: Grocery
400	**T-Mobile**	**Note: Service & Tech**
350	Philly Pretzel Factory (by 2020)	

2016 Store Opening Plans Outpace Major Store Closings

The Retail Opportunity isn’t just e-commerce, but …
Repurposing the Dept. Store w/o Clothes

THE WALL STREET JOURNAL.

BUSINESS

Nordstrom Tries On a New Look: Stores Without Merchandise

New concept comes as retailers wrestle with how to best to use their physical spaces and attract customers

Sept. 10, 2017 8:03 a.m. ET
Nordstrom Inc. is opening a new store next month that is a fraction of the size of its typical locations, where shoppers will be able to enjoy services such as manicures and on-site tailoring.

Something it won’t carry: clothes.

Called Nordstrom Local, the new concept comes as retailers across the U.S. are wrestling with how to best to use their physical spaces and attract customers who are migrating to the web. For department-store chains like Macy’s Inc., J.C. Penney Co. , Kohl’s Corp. and Sears Holdings Corp. , one answer has been to shrink their footprint by closing stores or experimenting with smaller ones.
Nordstrom, with roughly 121 full-line locations, continues to open traditional department stores, including one in Toronto this coming
In addition to manicures, Nordstrom Local shoppers will be able to order wine, beer, coffee or juice from an in-store bar, and those who place orders on Nordstrom.com by 2 p.m. can pick them up there that day. They will also be able to return items at the store that they bought online or from other Nordstrom locations.

MF Outlook: Tampa by the Numbers by Property Type at Mid-2017

Multifamily	Current	Year Ago	U.S. Current
Inventory (units)	169,152	165,020	10,773,349
Vacancy Rate	4.6%	3.7%	4.4%
Completions (last 4 qtrs. Through June, # units)	4,031	3,722	292,235
Inventory Growth (completions/stock)	2.4%	2.3%	2.7%
Net Absorption (previous 4 qtrs.)	2,451	3,039	165,764
Jobs to Units Completed Ratio	11.5 : 1	11.5 : 1	9.8 : 1
Jobs to Permits Issued Ratio	7.5 : 1	6.6 : 1	7.2 : 1
Effective Rent	$999	$957	$1,277
	Final Planning, Bid, Underway		U/C % of Inventory
Development Activity (units)	8,276		4.3%
Office	Current	Year Ago	U.S. Current
Office Employment Growth (Y-O-Y)	4.3%	5.0%	2.4%
Inventory (SF)	41,081,000	41,081,000	4,201,729,900
Vacancy Rate	17.8%	18.8%	16.0%
Completions (last 4 qtrs. Through June, # units)	100,269	721,463	84,569,000
Inventory Growth (completions/stock)	0.2%	1.8%	2.0%
Net Absorption (previous 4 qtrs.)	421,000	658,000	28,006,000
Effective Rent	$18.61	$18.25	$26.14
	Final Planning, Bid, Underway		U/C % of Inventory
Development Activity (SF)	238,061		0.5%

- ✓ **MF vacancy <5%**
- ✓ Jobs to Permits ratio well above 5:1 @ 11.5 : 1
- ✓ Development Pipeline is a concern @ 4X Tr-12 Net Absorption

- ✓ **Office Vacancy >15%**
- ✓ Absorption is 4X Completions (Improving)
- ✓ Development Pipeline is ½ Net Absorption

- ✓ **Retail vacancy in 10% range**
- ✓ Absorption good compared to Development Pipeline
- ✓ Per Capita Income growing

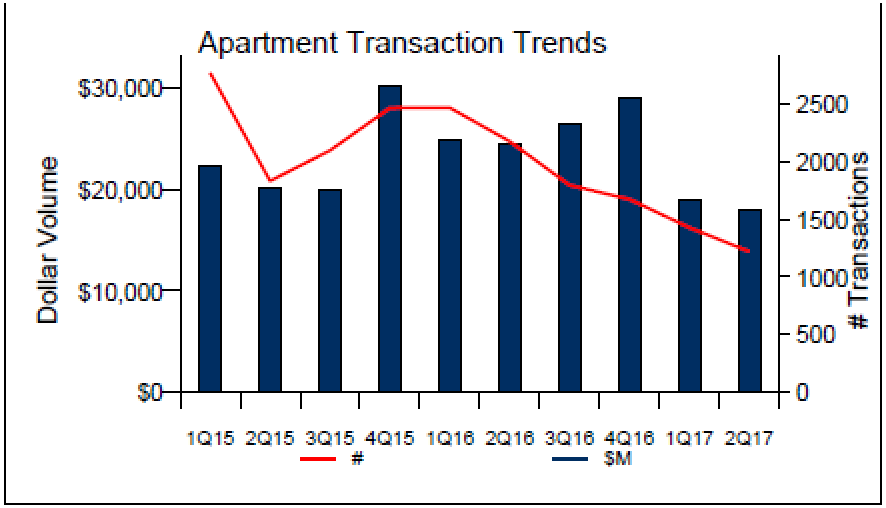
- ✓ **Industrial Warehouse Vacancy <8%**
- ✓ Absorption solid at +500k SF
- ✓ Rents growing 5%-10% range despite a Development Pipeline 2X absorption

Retail	Current	Year Ago	U.S. Current
Real Per Capita Income	$40,227	$39,938	$44,801
Inventory (SF)	40,615,000	40,507,000	2,075,990,000
Real Personal Income Per SF	$3,056	$2,990	$7,020
Vacancy Rate	10.5%	11.0%	10.0%
Completions (last 4 qtrs. Through June, # units)	463,903	492,200	43,260,000
Inventory Growth (completions/stock)	1.1%	1.2%	2.1%
Net Absorption (previous 4 qtrs.)	322,000	281,000	6,766,000
Effective Rent	$13.85	$13.52	$18.05
	Final Planning, Bid, Underway		U/C % of Inventory
Development Activity (SF)	220,268		0.3%
Industrial	Current	Year Ago	U.S. Current
Distribution Employment Growth (Y-O-Y)	0.4%	4.3%	1.9%
Vacancy Rate	7.8%	8.1%	9.7%
Net Absorption (previous 4 qtrs.)	572,000	595,000	116,522,000
Effective Rent	$4.70	$4.57	$4.72
	Final Planning, Bid, Underway		U/C % of Inventory
Development Activity (SF)	1,151,575		1.0%

Key Submarket and Pricing Activity				
	# Transactions	# Units	Dollar Volume (M)	Price Per Units
West Region	2,625	188,555	$35,800	$190,146
South Atlantic Region	1,021	198,399	$23,337	$117,627
Northeast Region	1,159	56,762	$14,850	$263,627
Southwest Region	325	73,365	$6,826	$93,412
Midwest Region	405	47,518	$6,348	$134,583

Based on 12 month averages

	Dollar Volume (M)	# Units	# Transactions
New York Metro	$1,462	3,387	152
Atlanta	$1,278	11,379	41
Los Angeles	$1,207	4,097	160
Phoenix	$1,126	8,774	57
Denver	$959	4,690	38
San Diego	$931	3,685	59
Orlando	$837	5,195	19
Seattle	$730	3,064	48
Fort Lauderdale	$636	2,796	12
Las Vegas	$458	3,593	18
Other United States	$8,416	67,445	614
United States Total	**$18,040**	**118,105**	**1,218**



Key Observations to Note:

1. **The most MF transactions are occurring in the South Atlantic Region** (45% of all sales)
2. 2017 MF Completions (+2.7%) are highest post Fin. Crisis, but then they drop in 2018 and 2019 to +1.5% range
3. The transactions are occurring mostly in 10 MSAs in NY, Atl., So-Cal., SW (Denver I Phx) and Central and So-FL.
4. **Overall transaction activity has slowed not due to less demand but waiting on Completions.**

The Metrics for Industrial are Stellar!

REIC

National Light Industrial

12 Mo. Deliveries in SF (000)	12 Mo. Net Absorption (000)	Vacancy Rate	12 Mo. Rent Growth
16,827	30,999	3.3%	5.6%

MARKET SALES HISTORY

	Volume				Price			Cap Rates
Year	Sales	SF	Volume	Turnover	Median Per SF	Avg Price	Index	Overall
2017	4,618	118,475,773	$7,641,083	2.0%	$95.90	$2,503,632	125	7.3%
2016	10,436	244,349,281	$16,042,137	4.2%	$80.83	$1,874,081	119	7.2%
2015	11,135	259,450,688	$16,730,406	4.5%	$73.37	$1,769,103	114	7.1%
2014	10,664	239,838,625	$14,805,853	4.2%	$65.48	$1,588,781	108	7.1%
2013	10,037	213,958,109	$10,869,528	3.7%	$59.95	$1,263,605	101	7.3%
2012	9,763	214,344,781	$9,707,604	3.7%	$59.11	$1,268,470	93	7.7%
2011	7,838	172,587,094	$7,169,083	3.0%	$56.12	$1,127,392	86	8.0%
2010	6,682	145,136,391	$6,151,386	2.5%	$57.50	$1,068,320	81	8.4%
2009	5,455	106,213,969	$4,961,968	1.9%	$65.60	$1,047,492	85	8.4%
2008	7,413	158,376,344	$10,214,716	2.8%	$80.30	$1,498,418	100	7.9%

CRE Conditions: Office – The good news…

National Office

12 Mo. Deliveries in SF (000)	12 Mo. Net Absorption (000)	Vacancy Rate	12 Mo. Rent Growth
68,612	70,572	10.2%	1.7%

Market Analyst: Walter Page - wpage@costar.com

- **SUN BELT FUELS OFFICE-USING JOB GROWTH**. More than 100,000 office-using jobs were added to the economy in Q4, bringing the 2016 net gain to approximately 426,000—on par with the annual average since 2010. **Office-using employment now stands 9.2% higher than the previous peak in Q3 2007, reflecting the robust rate of job creation during the current expansion.**

- **The SE ranks high with respect to number of top ranking MSAs for office job growth** – DC/GWR not so much (Baltimore exception)

- **Absorption exceeds New Supply**.

- **“Urb-Suburban”** is where the performance is strongest and Capital is pursuing “Value-Add” investment.

Office: “Urb-Suburban”

NATIONAL REAL ESTATE Investor

What’s urb-suburban? It’s one way to describe the mash-up of suburban office locations in walkable settings with easy access to urban-style amenities like transit, housing, restaurants and retail. Owners and developers of suburban offices that fail to embrace the urb-suburban vibe might find it harder to justify new projects or attract new tenants

The Frisco-Plano area in the Dallas-Fort Worth suburbs is one of the places in the U.S. benefiting most from the urb-suburban trend, **notes Andrea Cross, CBRE’s head of office research for the Americas. Among the corporate heavyweights that recently have expanded in or relocated to Frisco-Plano are AmerisourceBergen, Fannie Mae, JP Morgan Chase, Liberty Mutual, McKesson and Toyota.**

Frisco-Plano—which offers an array of urban-like features—exemplifies the desire of office tenants to rent space where in-demand workers already live, according to Scott Marshall at CBRE. “It’s no longer build it, the labor will come. **These tenants are going to where the labor exists,” Marshall says. “Not all of the labor is in an urban setting.”**

The suburban office market notched 29 straight quarters of net positive absorption through the second quarter of 2017, as well as 23 straight quarters of year-over-year rent growth. In Q2 2017, the suburban vacancy was14.3 percent, 430 basis points below the peak during the Great Recession and 50 basis points above the low point during the last development cycle. Considering trends like that, **“the death of the suburbs is definitely not happening,”**

http://www.nreionline.com/office/do-office-tenants-prefer-city-or-suburbs-answer-complicated

Commercial and Multifamily Originations Record Q2 Upswing

Commercial and multifamily mortgage originations during the second quarter experienced a 28 percent spike from the first quarter and a 20 percent boost from one year earlier, according to new data from the Mortgage Bankers Association (MBA).

The industrial and office sectors fueled the second quarter activity, with a 91 percent year-over-year increase in dollar volume of loans for industrial properties and a 33 percent increase for office properties.

Multifamily properties saw a 21 percent annual increase, while hotel properties recorded a 14 percent increase and health care properties enjoyed a seven percent upswing. Retail properties, however, recorded a nine percent decline.

Among investor types, dollar volume of loans originated for commercial mortgage-backed securities loans increased by 168 percent year-over-year. This was far ahead of the 26 percent year-over-year increase for government-sponsored enterprises (Fannie Mae and Freddie Mac) loans. **Life insurance loans saw a two percent decrease, while a 21 percent drop was seen in the dollar volume of commercial bank portfolio loans**.

"Borrowing and lending backed by commercial and multifamily properties has been strong the first half of this year," said MBA Vice President of Commercial Real Estate Research Jamie Woodwell. "Reflecting broad industry trends, **borrowing backed by industrial properties increased by two-thirds compared to the first half of 2016, while borrowing backed by retail properties dropped by one-sixth**.

http://nationalmortgageprofessional.com/news/63897/commercial-multifamily-originations-record-upswing

KC's Top R.E. Investment "Disruptors"

1. Political Stagnation – Nothing on Immigration, Healthcare, Tax Reform, Budget Deficit …
2. North Korea – How are the markets so unaffected by ICBM missile launches?
3. Hurricanes – 2 CAT 4 to make landfall in 1 year – another CAT 5 threatening FL & SE US.
4. The FED – Yellen in or out in 2018? How will FED react to Hurricane related inflation?
5. E-Commerce and merging of Retail and Industrial into 1 property type
6. Supply-Chain shifting from West-coast to East coast. ELD implementation Dec 19, 2017!
7. Driverless Cars, Trucks, Shipping Vessels, etc. Implication on Parking, mass transit, etc.

KC's Top "Disruptors" - Hurricanes

1. **Harvey + IRMA to surpass Katrina by 2X** ($100b V $50b)
2. **Disruptive to R.E. Construction and Costs** (Labor + Materials to give the FED its Inflation).
3. **Not just a TX or FL impact** – reflect on Katrina and Andrew. Years to rebuild and sucked up all the cement, sheetrock and skilled labor.
4. **1.5 million autos destroyed .**
5. **And we are not done**. Maria is a CAT 5 threatening FL and East coast just 2 weeks post IRMA. 2017 1st year ever to have 2 CAT-4 hurricanes make landfall.
6. **Hurricane Season runs to Nov.!**

KC's Top "Disruptors" – Constr. Costs

REIC

CONSTRUCTION ECONOMICS

ENR's 20-city average cost indexes, wages and material prices. Historical data and details for ENR's 20 cities can be found at ENR.com/economics

Construction Cost Index

ANNUAL INFLATION RATE

+4.0% SEPT. 2017

1913=100	INDEX VALUE	MONTH	YEAR
CONSTRUCTION COST	10822.92	+0.0%	+4.0%
COMMON LABOR	22926.95	–0.1%	+3.3%
WAGE $/HR.	43.87	–0.1%	+3.3%

The Construction Cost Index's annual escalation rate fell to 4.0% from 4.0% last month, as the labor cost component increased 0.6%.

Building Cost Index

ANNUAL INFLATION RATE

+3.8% SEPT. 2017

1913=100	INDEX VALUE	MONTH	YEAR
BUILDING COST	5872.80	+0.2%	+3.8%
SKILLED LABOR	10157.89	+0.3%	+2.2%
WAGE $/HR.	55.95	+0.3%	+2.2%

The Building Cost Index's annual escalation rate rose to 3.8% in August from 3.3% in July, as the labor component rose 0.4%.

Material Cost Index

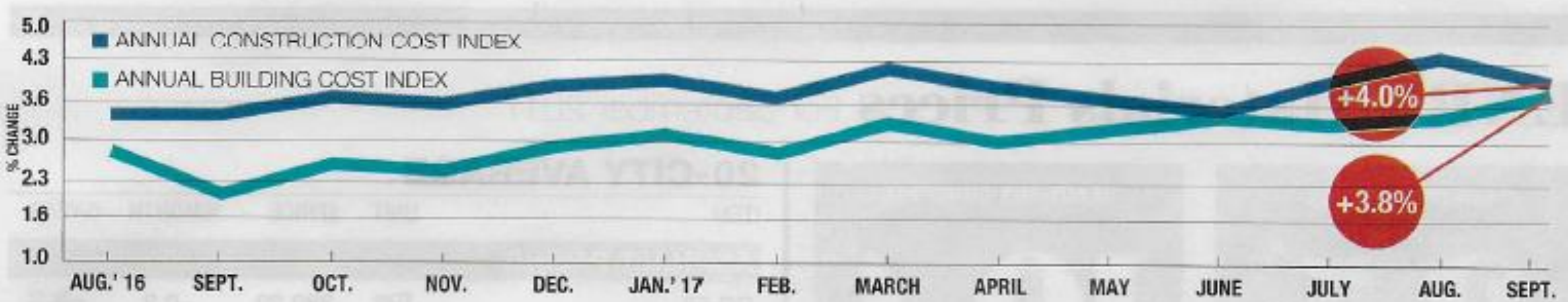
MONTHLY INFLATION RATE

+0.1% SEPT. 2017

1913=100	INDEX VALUE	MONTH	YEAR
MATERIALS COST	3220.04	+0.1%	+6.9%
CEMENT $/TON	114.41	–0.9%	+2.3%
STEEL $/CWT	52.21	–0.2%	+4.7%
LUMBER $/MBF	566.65	+0.8%	+13.2%

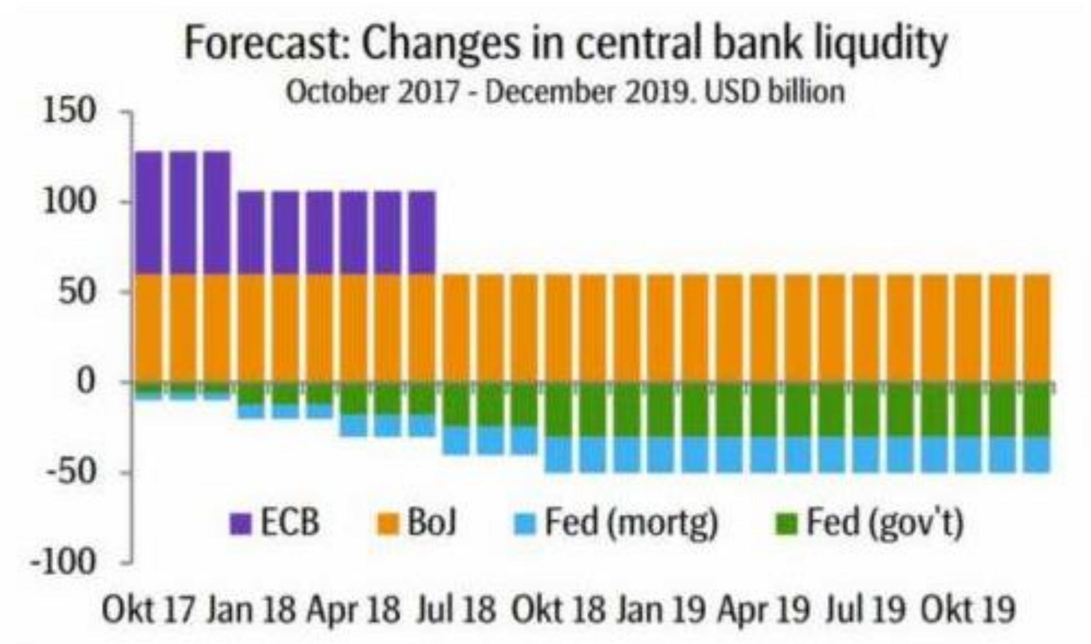
The MCI held at 0.1% this month, showing a 0.8% gain during the previous four months.

Inflation's Pulse Year-to-year and monthly percent changes for ENR's cost indexes



KC's Top "Disruptors" – The FED

Ahead of tomorrow's historic Fed announcement, in which for the first time the Fed is expected to announce the phasing out of bond reinvestment and the shrinking of its balance sheet by roughly $10 billion per month starting in October and November, but fear not the BOJ and ECB will more than offset this decline...



http://news.valubit.cc/ahead-of-tomorrows-historic-fed-meeting-here-is-the-only-cheat-sheet-you-need/

Disruption: The World's most Valuable Cos. 50 Yrs. Ago

GM – Toyota today – Geeley Tomorrow?

April 22, 1967 - GM 100,000,000th US-made car. At the time, GM was the world's largest automaker. In 1911, William Durant founded Chevrolet Motor Company, which by 1918 was part of GM. By the early 1930s, GM had passed the Ford Motor Co.

By its peak in 1962, the 75th-million US-made car rolled off the assembly line. GM produced 51 percent of all the cars in the U.S that year and employed around 740,000 people. The 100 millionth car followed in April 1967. It was a blue Chevy Caprice.

In 2006 GM lost its title as the world's top-selling automaker; that year, GM sold 8.356 million cars and trucks compared with Toyota's 8.972 million. Note re Geeley: Before the Volvo takeover, it made 330,000 cars a year, in 2016, Geely sold some 1.3 million units globally

AT&T – Apple I-phone at 10 > AT&T

May 11, 1967 - AT&T celebrates 100millionth telephone line installed in USA.

The population in the US reached 200 millions in 1967 making it **close to 1 phone for every 2 US residents.**
AT&T planned to celebrate by establishing a teleconference between the U.S. president and governors of all 50 states. Organizing such a teleconference in the days when some phone calls were still connected by switchboard operators, was no easy feat. AT&T worked closely with then-Federal Communications Commission Chairman H.I.Romnes to lay the connections down and even setting a backup: an identical, redundant network.

ID the Disruptors - Unicorns & Decacorns

FINANCIAL TIMES

ft.com/lexicon

Definition of a Unicorn:

Unicorns are companies that quickly achieve a billion-dollar valuation.

The term was coined by **Cowboy Ventures founder Aileen Lee in 2013.**

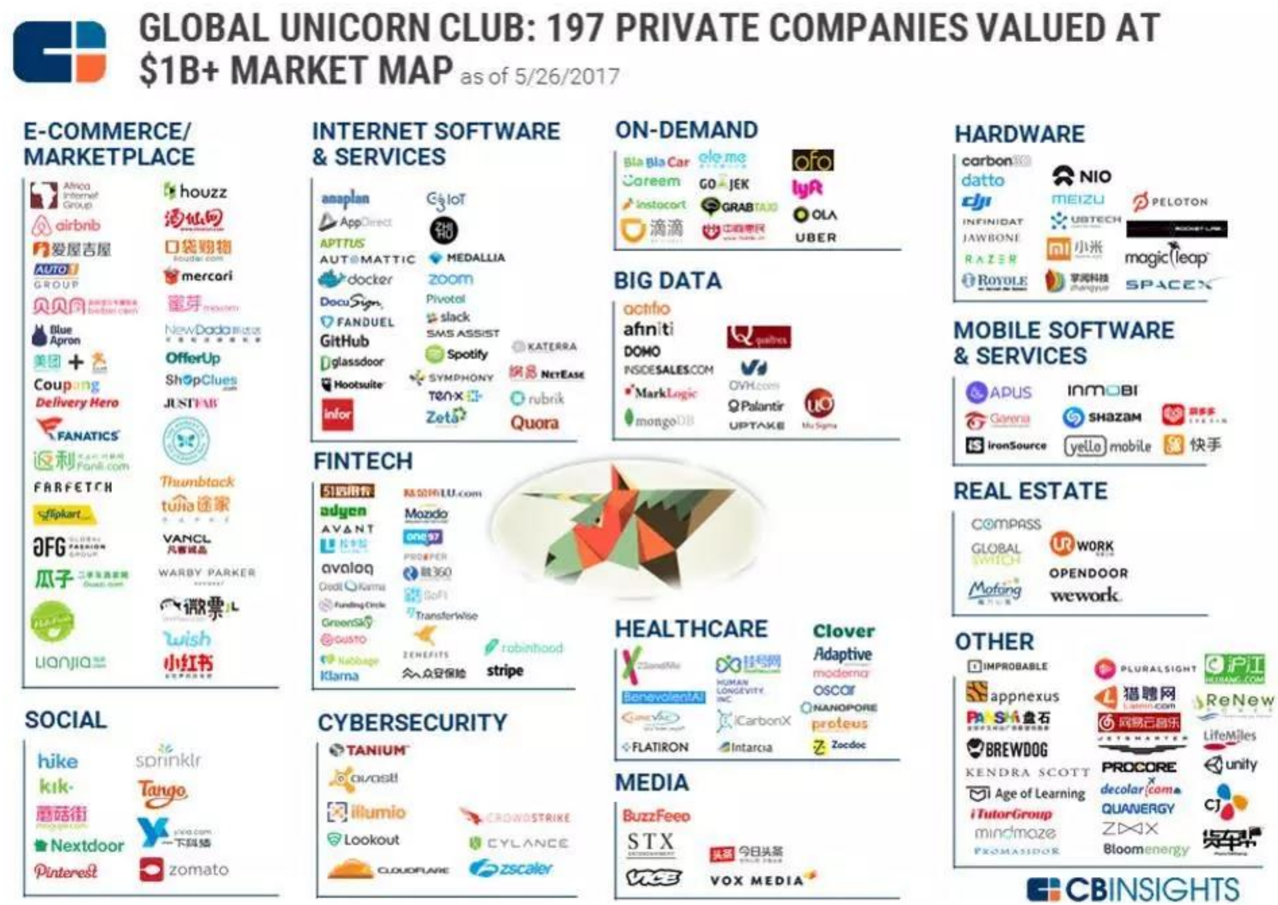
COWBOY VENTURES

Cowboy Ventures helps seed-stage technology companies grow. We seek to back exceptional founders who are building products that “re-imagine” work and personal life in large and growing markets – we call it “Life 2.0″.

Definituon of a Decacorn:

A Decacorn is a company that achieves a $10bn valuation. Because Unicorns are now too common, a new quest has begun to find companies capable of hitting a $10bn valuation – thus the evolution of the new term, Decacorn has entered the vocabulary at tech industry gatherings in San Francisco and London.

Unicorns & Decacorns – World's most Valuable Cos.



The top 5 unicorns in the world are:

1. **Uber** ($68 billion)
2. **Didi Chuxing** ($50 billion)
3. **Xiaomi** ($46 billion)
4. **Airbnb** ($29 billion)
5. **Palantir** Technologies ($20 billion)

Top 3 Sectors For Unicorns are:

i) E-commerce (17%), ii) Internet & Software (14%); & iii) FinTech (11%).

Meet The World's 'Decacorns'.

What is a "decacorn?"

A decacorn is a company with a valuation of at least $10 billion. Fifteen private **companies (7.6% of the global unicorns)** are considered decacorns.

The 15 decacorns are:
Uber ($68 billion), Didi Chuxing ($50 billion), Xiaomi ($46 billion), **Airbnb ($29 billion),** Palantir Technologies ($20 billion), Lu.com ($18.5 billion), China Internet Plus Holdings ($18 billion), WeWork ($16.9 billion), **SpaceX ($12 billion), Pinterest ($11 billion),** Toutiao ($11 billion), Flipkart ($10 billion), DropBox ($10 billion), Infor ($10 billion) and DJI Innovations ($10 billions).

https://www-forbes-com.cdn.ampproject.org/c/s/www.forbes.com/sites/zackfriedman/2017/05/30/tech-unicorns/amp/

Diamler Benz view of the Future

In a recent interview the MD of Daimler Benz (Mercedes Benz) said **their competitors are no longer other car companies but Tesla (obvious), Google, Apple, Amazon 'et al'** There have always been the 3 constants ...   Death, Taxes **and CHANGE!**

Software will disrupt most traditional industries in the next 5-10 years.

Uber is just a software tool, they don't own any cars, and are now the biggest taxi company in the world

Airbnb is now the biggest hotel company in the world, although they don't own any properties.

Artificial Intelligence: Computers become exponentially better in understanding the world. **This year, a computer beat the best Go player in the world, 10 years earlier than expected.**

Autonomous cars: In 2018 the first self driving cars will appear for the public. Around 2020, the complete industry will start to be disrupted. You won’t want to own a car anymore. You will call a car with your phone. Our kids will never get a driver's licence and will never own a car.

It will change the cities, because we will need 90-95% less cars. We can transform former parking spaces into parks.

Most car companies will probably become bankrupt. Traditional car companies try the evolutionary approach and just build a better car, while tech companies (Tesla, Apple, Google) will do the revolutionary approach and build a computer on wheels.

Remaking all aspects of Supply-Chain

Amazon, Sears team up on Kenmore appliances, sending Home Depot skidding … *(Bizjournals.com July 2017)*

Sears (NASDAQ: SHLD) revealed Thursday it will sell Kenmore appliances on Amazon (NASDAQ: AMZN), including appliances that will sync with Alexa, Amazon's voice assistant.

Retail Changes Continue To Transform Industrial
(Globe Street & JLL – July 2017)

The proliferation of online retail is creating structural shifts in the industrial sector through a reconsideration of retail space needs and supply chains," the report states. As Ken Szady, national director—office and industrial—at Institutional Property Advisors, a division of Marcus & Millichap, explains, **retailers are increasingly taking advantage of major savings by maintaining inventory off-site, a trend that bodes well for the warehouse/distribution sector**.

AREA DEVELOPMENT

REIC

http://www.areadevelopment.com/logisticsInfrastructure/Q1-2017/why-americas-supply-chain-is-shifting-east-KC-Conway.shtml

In Focus: Why America's Supply Chain Is Shifting East

With a vast rail and intermodal network, East Coast ports are well positioned to support the growing e-commerce trend.

America's supply chain is heading east despite its deep history on the West Coast. Many point to the Panama Canal expansion as the cause of the shift, but a network of ports and distribution centers throughout the East Coast region have been quietly stealing market share from the West Coast long before construction of the canal was complete. To understand how this occurred, let's examine this shift through the lens of a business executive.

East Coast Advantages

One of the greatest advantages of the East is its vast rail and intermodal network. Five of seven Class 1 railroads move through the Southeast and Midwest, and 85 percent of the U.S. intermodal infrastructure resides in the East, Southeast, and Midwest regions. This allows companies to more quickly transport goods to their final destination.

Additionally, electricity is often 25 to 40 percent less expensive on the East Coast. And, businesses can be assured that the supply chain will remain efficient, regardless of external factors, as there is redundancy. If a natural disaster or accident impacts a port or rail system, there are other ports along the East Coast for a retailer, wholesaler, or distributor to access and avoid interrupting operations.

E- Commerce Trends

Looking toward the future, the East Coast is well positioned to support the growing e-commerce trend. The appetite among Americans for online shopping is still in its infancy, but by 2020, Forrester projects e-commerce sales will exceed $500 billion. With an estimated 70 percent of the U.S. population living east of the Ohio and Mississippi rivers, constructing a supply chain along the East Coast to meet e-commerce demand makes good business sense. The modern rail and intermodal network provides a relay system to easily move products from ship to rail to truck to e-commerce fulfillment centers, an infrastructure that does not exist on the West Coast.

Food-Supply Chain Shift too – U.S "reefer" strategy!

Eat Healthy + Organic + Automation = No need for a Wall

The Journal of Commerce
September 27, 2016


K.C. Conway

Southern US ports step up to meet reefer demands

Initiated in 2013, the US Department of Agriculture's pilot program for importing fruits and vegetables from Latin America changed the trajectory of America's perishable food supply chain, **allowing southern ports to have a seat at the table for the first time.**

The perishable food supply chain, traditionally clustered in the north because of regulations meant to safeguard against the problem of fruit flies and other infestations, needed a safety valve to address mounting challenges as consumer demand for fresh produce grew. The delayed distribution from north to south sometimes led to spoilage and days-old produce for consumers, and decreased profitability for exporters and grocers.
Southern ports, which were in the midst of rebuilding their infrastructure, viewed cold storage and food distribution as an untapped opportunity to expand their services and resolve the distribution problems for the region's rapidly expanding population. What started out as a conversation about food distribution and regulatory changes between the USDA and the Florida Perishables Trade Coalition has morphed into a pilot program that encompasses a majority of the South's major ports.

So how did we get here? The Panama Canal expansionwas the impetus for many southern ports to question the region's supply chain and complete the transformation from military seaports to technologically advanced commercial ports. Simultaneously, **Americans were migrating toward a healthier lifestyle marked by an increase in organic food consumption**. Seeing a wider adoption among consumers for chemical-free fruits and vegetables, as well as a need for quicker turnaround times for freight transportation, southern port officials seized upon a chance to invest in refrigerated terminal space. This aided in their efforts to become ports of entry for imported produce.

The new healthy eating trend and Panama Canal expansion, coupled with the ports' technological advancements and a modernized supply chain network, created the perfect storm that helped carve out an opportunity for the South. While the USDA pilot program is still in the early stages, it has the ability to sustain long-term success because of the region's comparatively inexpensive electric grid and extensive intermodal transport system, which includes a superior Class I railroad network.

Looking ahead, the program's success will rely upon the ability of southern ports to continue to add refrigerated capacity, at a rate commensurate with consumer appetite. Currently, refrigerated cargo represents 10 percent of all containerized units in the south. That number could easily double within two to three years. To support this increased activity, ports will need to build more than 1 million square feet of refrigerated space. This will be at great cost, as cold storage is very expensive to build. While many in the financial industry still view cold storage as a niche business and are determining financing risks, it is important for all parties to work together.

Food-Supply Technology!

Think Vertical Indoor to "Plenty" - not Horizontal outdoor

- **Indoor-Vertical Farming to Disrupt land usage** in cities with >1.0 million in population (500 such cities globally)
- **Plenty is likely the CA-based AG company to be the Disruptor** with its $200 million investment from SoftBank (Mideast investors in need of this AG solution & Jeff Basos/Amazon).
- **Indoor Farming produces 350X the yield** of traditional outdoor horizontal farming **with 1% the water usage**.
- Think of the opportunity for use of AG land encompassing cities with a population >1.0 million – **like Atlanta, Houston, Phoenix, Orlando, Chicago, Central California, etc.**

Matt Barnard, Plenty's chief executive officer grew up on a 160-acre apple and cherry orchard in bucolic Door County, Wis., a place that attracts a steady stream of fruit-picking tourists. Now he and his four-year-old startup aim to radically change how we grow and eat produce. **The world's supply of fruits and vegetables falls 22 percent short of global nutritional needs**, according to public-health researchers at Emory University, and that shortfall is expected to worsen.

SoftBank $200 million investment (Japanese telecom giant SoftBank Group) was the largest agriculture technology investment in history.
With the backing of SoftBank CEO Masayoshi Son, Plenty has the capital and connections to accelerate its endgame**: building massive indoor farms on the outskirts of every major city on Earth, some 500 in all. In that world, food could go from farm to table in hours rather than days or weeks**.

The Amazon Story

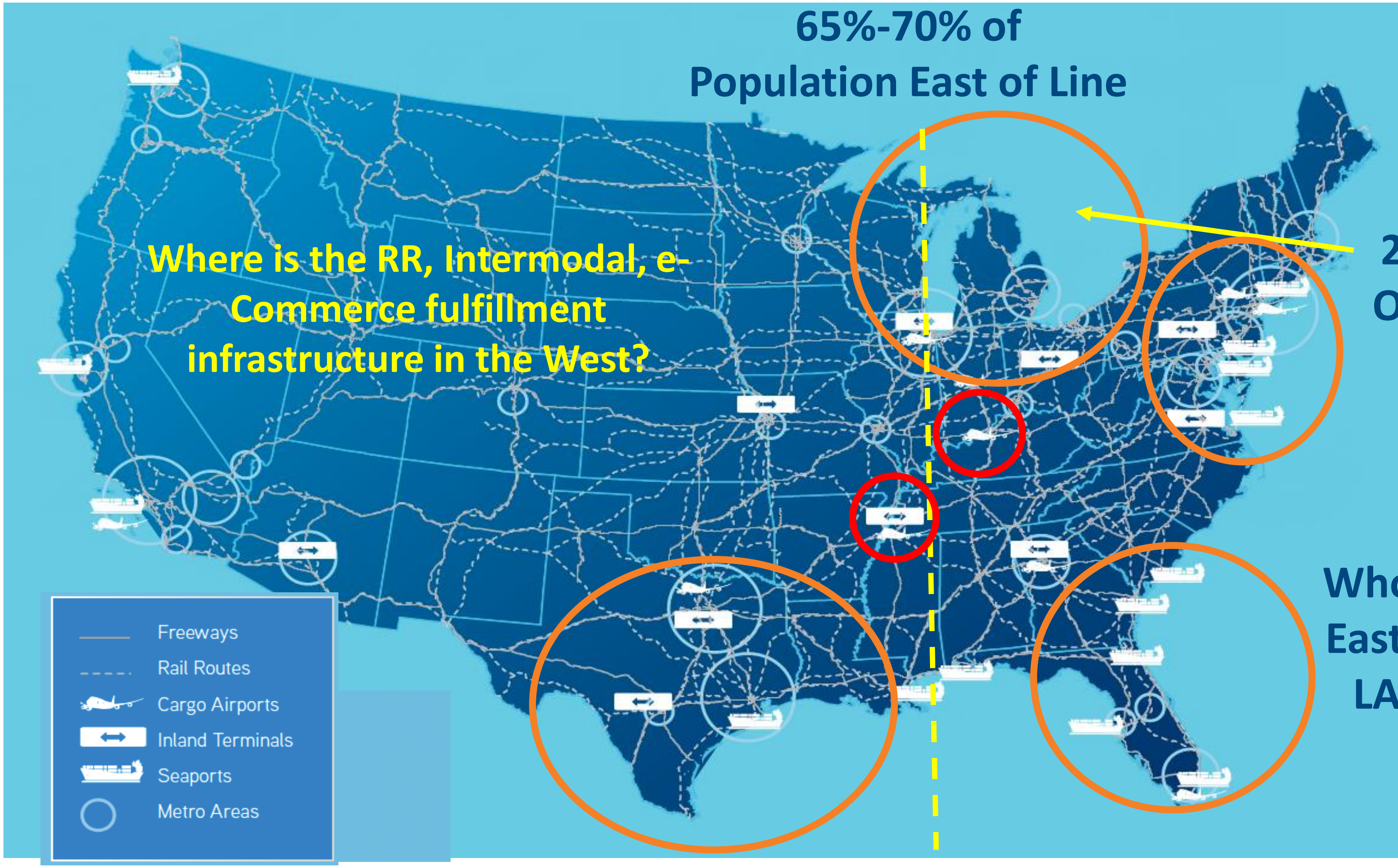
How Amazon Works - "I didn't know that!"

As the world's largest online retailer, Amazon needs somewhere to put all of those products. The solution? **Giant warehouses. Eighty to be exact**..
The warehouses themselves are massive, with some over 1.2 million square feet in size (111,484 sq. m). And at the heart of this global operation are people (over 65,000 of them), and **a logistics system known as chaotic storage**.

Chaotic storage is like organized confusion. It's an organic shelving system without permanent areas or sections. That means there is no area just for books, or a place just for televisions (like in a retail store layout). **The product's characteristics and attributes are irrelevant. What's important is the unique barcode**

"FREIGHTWAYS" Define the Eco. Outlook

Freightways are CORRIDORS of Eco Growth - sea-land-air.



America's 4th Coast 28% of GDP Or 33.5% for TrustBelt

Who will be East-coast's LA & LB?

The Gulf-coast: Houston & Mobile

Industrial – Remaking the U.S. Supply-Chain:

The new CORE for Industrial will be in new markets aligned with Rail

Rail Time Indicators *AAR.org – American Assoc. of RRs*

The 7- Class I RRs (Note CN (red) & KCS (brown))

IANA
Intermodal Association of North America

http://www.intermodal.org/

"All that happens on the ports, doesn't stay on the ports" – Rail, Intermodal!

RAIL Traffic:

Rail Traffic: The Common Sense Recession Indicator!

REIC

By the Numbers: Rail Traffic: Intermodal Container traffic YTD for 1H 2017 was"Best Ever.".

SUMMARY OF MOST RECENT DATA

(Note: All railroad carload figures are originations; all percentages are year-over year.)

August 2017 U.S. rail traffic was like a glass that's either half full or half empty, depending on your point of view. Total U.S. rail carloads were down 0.3% (4,571 carloads) from August 2016, thanks mainly to declines in carloads of grain (down 24,565 carloads, or 20.4%), motor vehicles and parts (down 10,321 carloads, or 11.2%), and petroleum and petroleum products (down 8,362 carloads, or 15.8%). Grain is facin tough comps and U.S. farmers are facing tough global competition for export sales; year-over-year new car sales have fallen for eight straight months; and, thanks largely to new pipelines, rail crude oil volumes are disappearing — U.S. Class I railroads originated 32,591 carloads of crude oil in Q2 2017, the fewest for any quarter since Q4 2011 and down from a peak of 132,257 in Q3 2014. On the other hand, carloads of coal w up 25,926 (5.8%) in August, and carloads of crushed stone, gravel, and sand had their best month ever, witl carloads up 14,506, or 12.1%, over last August, thanks mainly to booming frac sand shipments. August 201 was also the best month ever for intermodal: U.S. railroads originated an average of 280,216 containers an trailers per week, more than in any month in history. Year-to-date total U.S. rail carloads were up 4.5% thro August; year-to-date intermodal volume was up 3.4% through August.

	March '17	April '17	May '17	June '17	July '17	Aug. '17
Total U.S. carloads*						
Average per week	256,698	255,825	257,215	266,494	254,810	268,681
% chg same month prior year	7.3%	8.4%	8.4%	4.4%	-0.6%	-0.3%
U.S. carloads excluding coal*						
Average per week	176,690	178,439	178,881	179,917	168,757	173,519
% chg same month prior year	2.7%	2.0%	4.1%	0.7%	-2.8%	-3.4%
U.S. coal carloads*						
Average per week	80,008	77,387	78,334	86,577	86,053	95,162
% chg same month prior year	19.0%	26.7%	19.6%	13.2%	4.0%	5.8%
U.S. intermodal						
Average per week	259,635	263,000	267,883	278,394	264,589	280,216
% chg same month prior year	3.8%	2.3%	4.6%	4.6%	5.6%	5.6%
U.S. carloads + intermodal						
Average per week	516,332	518,825	525,098	544,888	519,398	548,897
% chg same month prior year	5.5%	5.2%	6.4%	4.5%	2.5%	2.6%

August 2017 Intermodal and container traffic was an all-time record month.

The Rail Traffic data has been suggesting that manufacturing and e-commerce have been strong all year

With the Dec 19, 2017 implementation of ELD system for trucker drivers. (Electronic Truck Driver Log) - Rail is increasingly the solution to so many trucking challenges.

Only 53% of Fleet Trucking companies are in compliance and ready for ELD in just 100 days. With the ratio of "Truck Loads" for bid to "Trucks Available" to haul at an all time high and imbalance (Fleet Owner Magazine), "Houston we have a problem for trucking availability.

Q&A

What is your
"Field of Vision"

Culverhouse
College of Commerce
Alabama Center for Real Estate

K.C. Conway, Director of Research & Corporate Engagement
kcconway@culverhouse.ua.edu / 678-458-3477 / acre.culverhouse.ua.edu

K.C. CONWAY, MAI, CRE

ECONOMIST, COUNSELOR OF REAL ESTATE, INDUSTRY SPEAKER

History of accurately forecasting real estate trends and changing market conditions across the U.S. A nationally recognized Subject Matter Expert on commercial real estate matters with specialized expertise in Valuation, Ports & Logistics, housing economics, AG Land, Aging-Services Housing, Bank Regulation and Real Estate Finance.

Risk management, valuation, and market intelligence experience, with progressive roles within the Federal Reserve (CRE Risk Specialty Officer), national brokerage & large bank organizations.

Real Estate Industry Recognized Speaker with presentations to approx. 750 conferences. Published content in media and journals.

PROFESSIONAL EXPERIENCE

Director of Research and Corporate Engagement

Alabama Center for Real Estate, Tuscaloosa, AL , 2017-present

Manages Center's research division existing market trends research content and creates new organic and collaborative research initiatives. Serves as research ambassador to corporate real estate entities. Manages research/consulting opportunities. Works with Culverhouse faculty to foster collaborative research.

Senior Vice President of Credit Risk Management

SunTrust, Atlanta, GA, 2014–2017

Chief Appraiser, Sr. Environmental Risk Manager & Sr. Market Intelligence Officer overseeing 5,000 transactions annually totaling $25 billion in assets. Oversaw appraisal & environmental due diligence nationwide. Developed Market Monitors to track CRE conditions at MSA level. Responsible for FIRREA, IAG and bank regulatory compliance. Industry thought leader for Wholesale Bank on CRE & Economy.

Chief Economist, United States

Colliers International, Atlanta, GA, 2010–2014

Monitored economic and CRE conditions across U.S. and produced the quarterly nationwide Office, Industrial & Ports Outlook reports. R.E. Industry thought-leader and speaker at industry conferences and client advisor.

Commercial Real Estate Subject Matter Expert

The Federal Reserve, Atlanta, GA, 2005–2010

CRE Subject Matter Expert to Atlanta FED 2005-2010 & CRE Risk Specialty Officer to NY FED 2009-2010. Briefed FED Chairman Ben Bernanke and the Board of Governors during Financial Crisis. Key Player in Ask The Fed, Rapid Response & other FED programs 2008-2010.

SKILLS

Macro-Economic, CRE, & Housing conditions forecasting & MSA-level market monitoring.

Counselor of Real Estate (CRE)

Member of Appraisal Institute (MAI)

State Licensed Appraiser

Nationally recognized CRE Industry Speaker

Subject Matter Expert on Ports & Logistics

FIRREA, IAG & Bank Regulatory Compliance

Frequently Interviewed CRE and Economic expert in national media (R.E. Forum, Journal of Commerce, Journal of R.E. Issues, etc.)

Environmental Risk Management

HIGHLIGHTS & AWARDS

Recipient of Appraisal Institute's annual **President's Award 2009.**

Meritorious Service Award from Federal Financial Institutions Examination Council (FFIEC) 2010 for bank examiner training during the Financial Crisis.

Key Player Award – Atlanta FED 2010

Addressed **750+** industry, regulatory and academic bodies in the past decade

10-year proven industry expert, cited in numerous national publications

EDUCATION & TEACHING

BBA, magna cum laude
Emory University, Atlanta, GA

CRE, Counselor of Real Estate

MAI, Member of Appraisal Institute

Instructor: FFIEC (Bank Regulatory Training) for annual "Supervisory Updates" conference series 2008-2017.

Guest Lecturer: Major University R.E. Centers