2008 Industrial Sector

Presented By:
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2008 Industrial Trends Committee

- Marc Barker, CCIM, SIOR, Chairman – NAI Latter & Blum
- Todd Pevey, MPA, Chairman – MIE Properties
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- Brent Garrett, CCIM – Beau Box Commercial Real Estate
- Scot Guidry, CCIM – Sealy & Falgoust
- Jonathan Starns – Donnie Jarreau Real Estate
2007 Review – Industrial Committee (The Good Times)
GENERAL REVIEW -end of 2005 thru end of 2007

- Unprecedented Demand for Industrial Space
- Absorption rates @ record highs
- Vacancy rates @ record lows
- New Construction rampant & costly
- Overly Successful Realtors
2007 Specific Trends

- Lack of Class A Properties
- Lack of Dock-High Spaces
- Bit of a Leasing Slowdown because many former Tenants turning into Building Owners.
- Large amount of Bulk Distribution spaces still available in market.
- Land Values still high
## Industrial Inventory Data

<table>
<thead>
<tr>
<th>Description</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Inventory</strong></td>
<td>21,551,013 s.f.</td>
<td>22,107,015 s.f.</td>
<td>23,478,276 s.f.</td>
</tr>
<tr>
<td><strong>Vacant</strong></td>
<td>1,397,018 s.f.</td>
<td>1,047,394 s.f.</td>
<td>2,032,172 s.f.</td>
</tr>
<tr>
<td><strong>Vacancy Rate</strong></td>
<td>6.48%</td>
<td>4.74%</td>
<td>8.66%</td>
</tr>
<tr>
<td><strong>Under Construction</strong></td>
<td>336,019 s.f.</td>
<td>1,359,712 s.f.</td>
<td>662,371 s.f.</td>
</tr>
<tr>
<td><strong>Net Absorption</strong></td>
<td>2,162,949 s.f.</td>
<td>1,381,015 s.f.</td>
<td>386,483 s.f.</td>
</tr>
</tbody>
</table>
### Majority of Industrial Vacancy

- **Baton Rouge West** – approximately 500,000 SF
- **Wilson Warehouses** – Vacates approximately 500,000 SF
- **Sealy & Company** – approximately 150,000 SF
# Industrial Lease Rates

(NO change from last year)

<table>
<thead>
<tr>
<th>Product Type</th>
<th>Size/Sq. Ft.</th>
<th>Lease Rate /Sq. Ft.</th>
<th>Lease Type</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Flex Space</strong></td>
<td>1,000-15,000</td>
<td>$11.00-$12.00</td>
<td>Net</td>
</tr>
<tr>
<td>(strongest demand)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Office/Warehouse</strong></td>
<td>5,000-10,000</td>
<td>$7.50-$8.00</td>
<td>Net</td>
</tr>
<tr>
<td>(strongest demand)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Warehouse (Older)</strong></td>
<td>50,000-100,000</td>
<td>$3.00-$4.00</td>
<td>Net</td>
</tr>
<tr>
<td><strong>Warehouse (New)</strong></td>
<td>50,000 +</td>
<td>$5.00</td>
<td>Net</td>
</tr>
</tbody>
</table>
Noteworthy Industrial Projects

- Sealy & Company’s 147,000 SF distribution center – Ashland Rd
- Baton Rouge West’s 495,000 SF distribution center – Commerce Drive
- Coca Cola Bottling Plant over 500,000 SF – Hwy 190
- FedEx Distribution Center, 30,000 SF – near I-12 and Sherwood Forest Blvd
- Kenworth of South Louisiana truck dealership – 26 acres in Westport Industrial Park
- NEW & EXPANDING PETRO-CHEMICAL PLANTS: Shintech ($900M, PVC), Shaw (ethanol), Huntsman (Maleic Acid), Marathon (Crude Refinery), Placid (transportation fuels), Criterion (Aluminum), Cemus (Port Distribution)
Baton Rouge West (2008)
Noteworthy Development
2008 Forecast

- Stable market continues for several more years (pending no catastrophes) due to the trickle-down effect of growth in the strong petro-chemical market.
- Slow and Slight Drop off in construction prices as the end of the Go-Zone draws near.
- Baton Rouge Loop - help keep engineering and construction jobs stable & eventually helps to attract more business.
- Not a lot of immediate speculative development due to high Land & Construction prices, which makes necessary rent hard to achieve.
- The post-Katrina effect has come to an end.
RESULTS
Airline Highway South of Interstate 12; Industriplex