



2008 Industrial Sector

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2008 Industrial Trends Committee

- Marc Barker, CCIM, SIOR, Chairman – NAI Latter & Blum
- Todd Pevey, MPA, Chairman – MIE Properties
- Branden Barker, CPM, CCIM – Latter & Blum Property Management
- Brent Garrett, CCIM – Beau Box Commercial Real Estate
- Scot Guidry, CCIM – Sealy & Falgoust
- Jonathan Starns – Donnie Jarreau Real Estate

Post-Katrina Trends Committee



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

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



Majority of Industrial Vacancy

- Baton Rouge West – approximately 500,000 SF
- Wilson Warehouses – Vacates approximately 500,000 SF
- Sealy & Company – approximately 150,000 SF

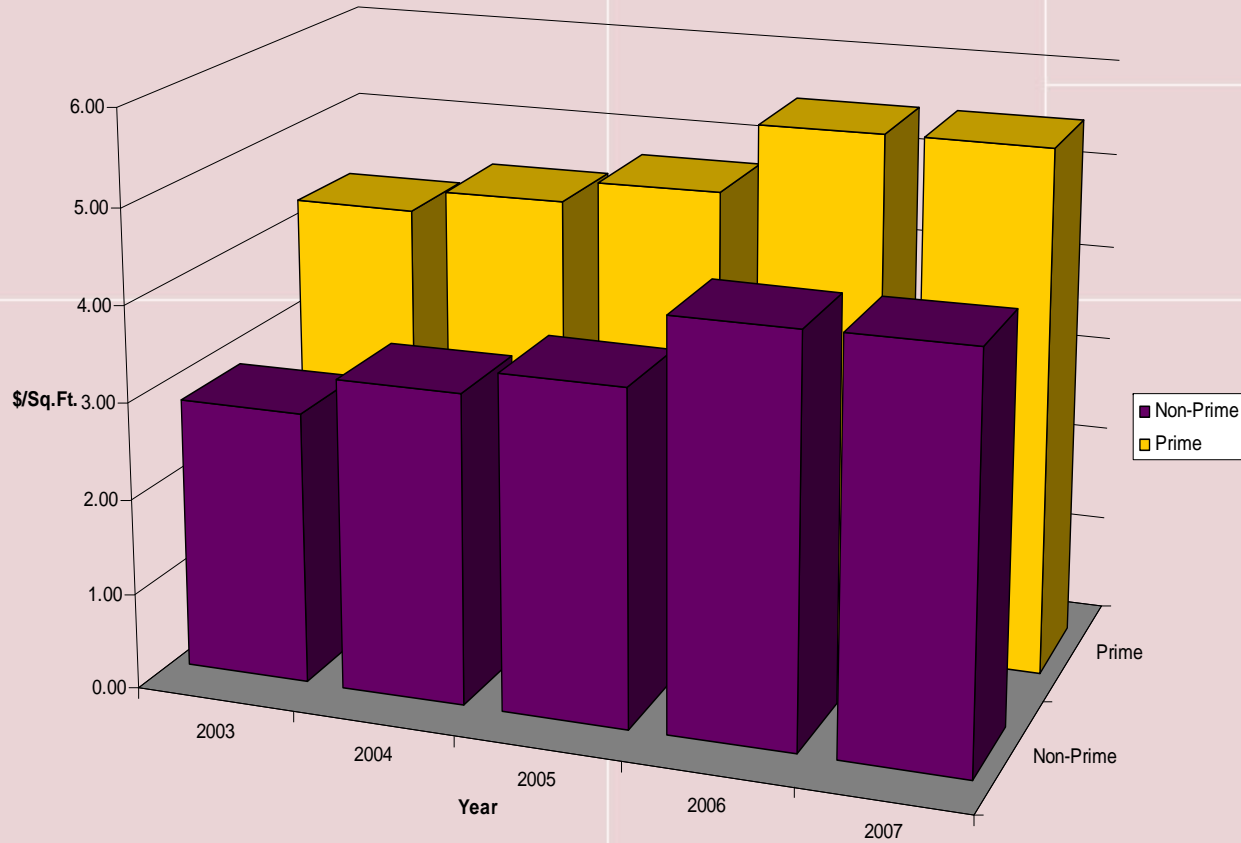


Industrial Lease Rates (NO change from last year)

<u>Product Type</u>	<u>Size/Sq. Ft.</u>	<u>Lease Rate /Sq. Ft.</u>	<u>Lease Type</u>
<u>Flex Space</u> (strongest demand)	1,000-15,000	\$11.00 -\$12.00	Net
<u>Office/Warehouse</u> (strongest demand)	5,000-10,000	\$7.50-\$8.00	Net
<u>Warehouse (Older)</u>	50,000-100,000	\$3.00-\$4.00	Net
<u>Warehouse (New)</u>	50,000 +	\$5.00	Net



Prime & Non-Prime Land Values





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)

Sealy & Company – Ashland Rd.



Baton Rouge West (2007)



Baton Rouge West (2008)



Shintech - PVC



Noteworth 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





THEN

NOW





**Airline Highway South of
Interstate 12; Industriplex**