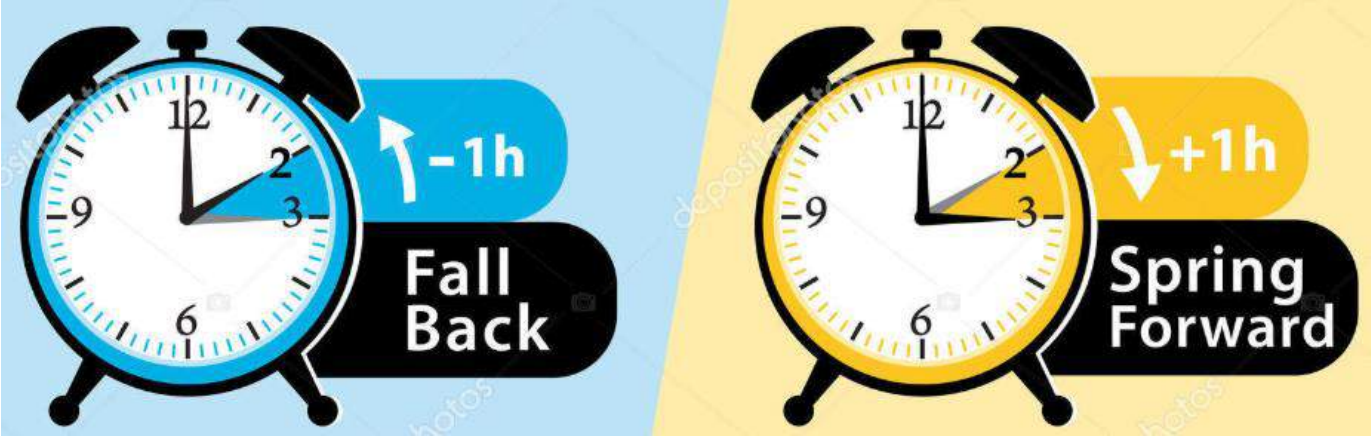

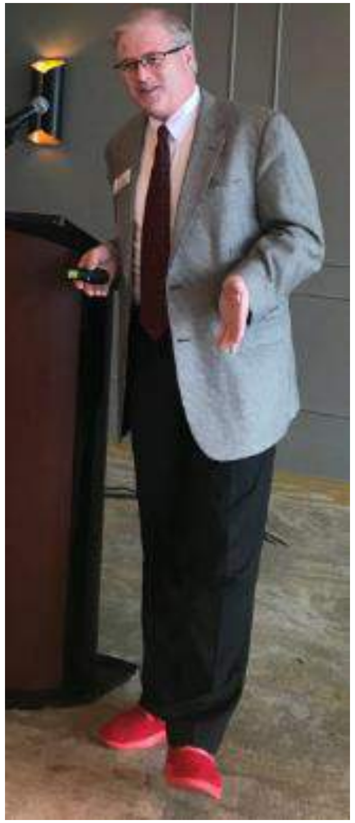

Spring Forward or Fall Back? Economic & C-R.E. Outlook

Put your best Red Shoe Forward which ever way the market goes

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K.C. Conway currently serves as CCIM's Chief Economist and as the Director of Research and Corporate Engagement at the Alabama Center for Real Estate housed with the University of Alabama's Culverhouse College of Commerce.

K.C. is a proud graduate of Emory University. Professionally, he has amassed more than 30 years of experience in commercial real estate as an appraiser, lender, credit officer and economist. He is recognized as a Counselor of Real Estate (CRE) and Member of the Appraisal Instituter (MAI). Conway is also a prolific speaker, addressing more than 750 industry, regulatory and academic bodies in the last decade. Throughout his career, Conway has been recognized for accurately forecasting real estate trends and changing market conditions across the United States.

At the Alabama Center for Real Estate, Conway manages the research division's market trends publications and creates new organic and collaborative research initiatives while also serving as its ambassador to corporate real estate entities. The heart of the center is advancing relationships by providing servant leadership with a passionate, adaptable and humble spirit.

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Disclaimer: Upfront and Not in fine print…

FORT BEND COUNTY

Fort Bend Economic Development Council - FBEDC
Sugarland, TX – April 18, 2019

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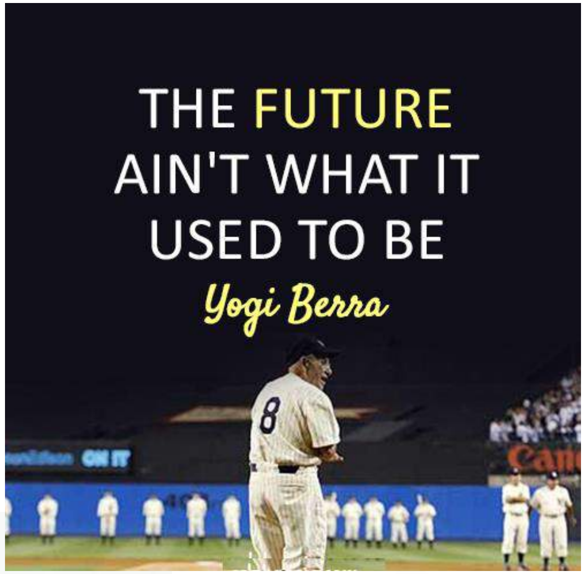
This presentation consists of materials prepared exclusively by **K.C. Conway, MAI, CRE,** and is provided during this event solely for informational purposes of attendees. This presentation is not intended to constitute legal, investment or financial advice or the rendering of legal, consulting, or other professional services of any kind.

ACRE

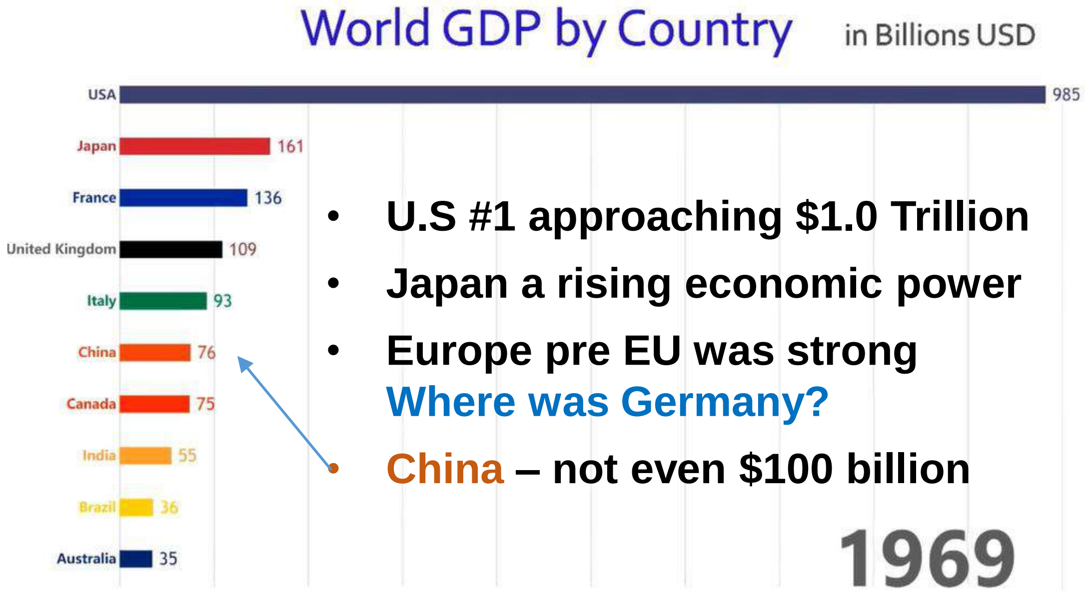
The Best Futurist/Economist Ever!

Yogi Berra had a Quote to put Anything in Perspective.

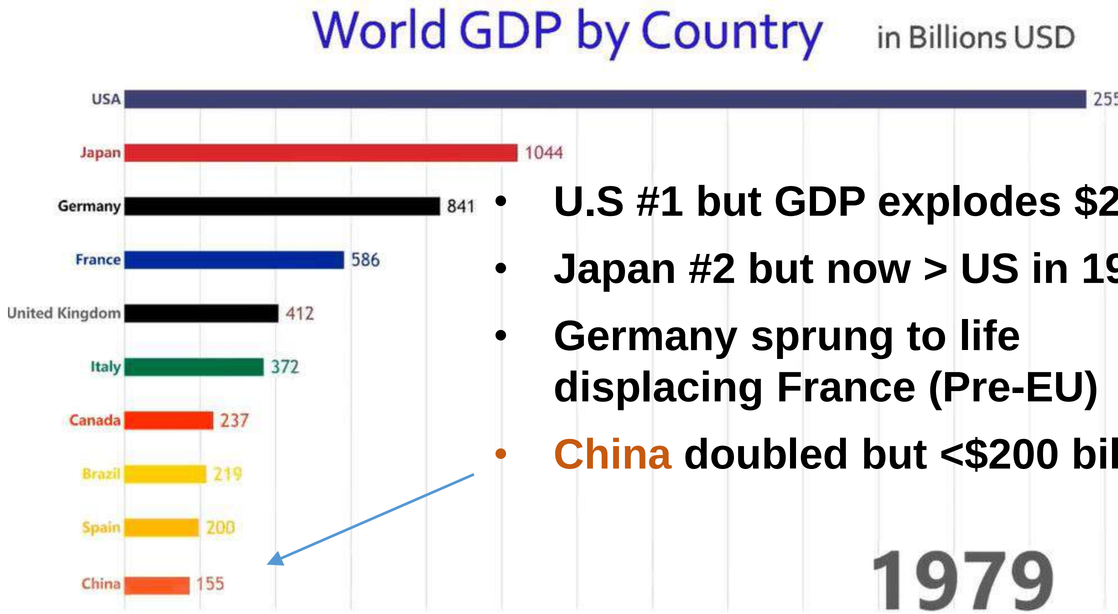


Global GDP Impacts CRE

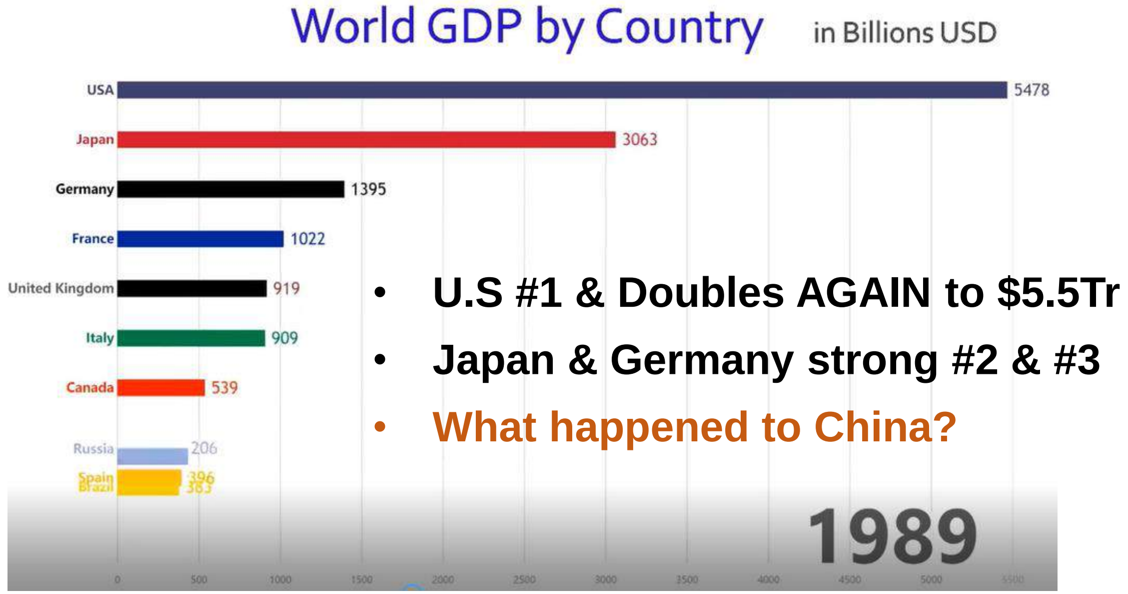
THE FUTURE AIN'T WHAT IT USED TO BE



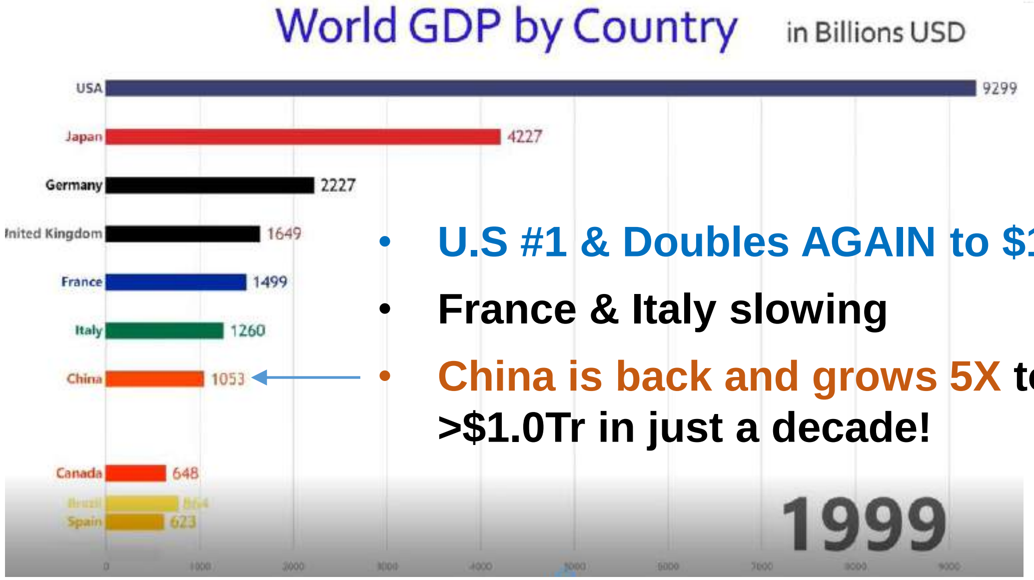
- U.S #1 approaching $1.0 Trillion
- Japan a rising economic power
- Europe pre EU was strong
  Where was Germany?
- China – not even $100 billion



- U.S #1 but GDP explodes $2.6Tr
- Japan #2 but now > US in 1969
- Germany sprung to life displacing France (Pre-EU)
- China doubled but <$200 billion



- U.S #1 & Doubles AGAIN to $5.5Tr
- Japan & Germany strong #2 & #3
- What happened to China?

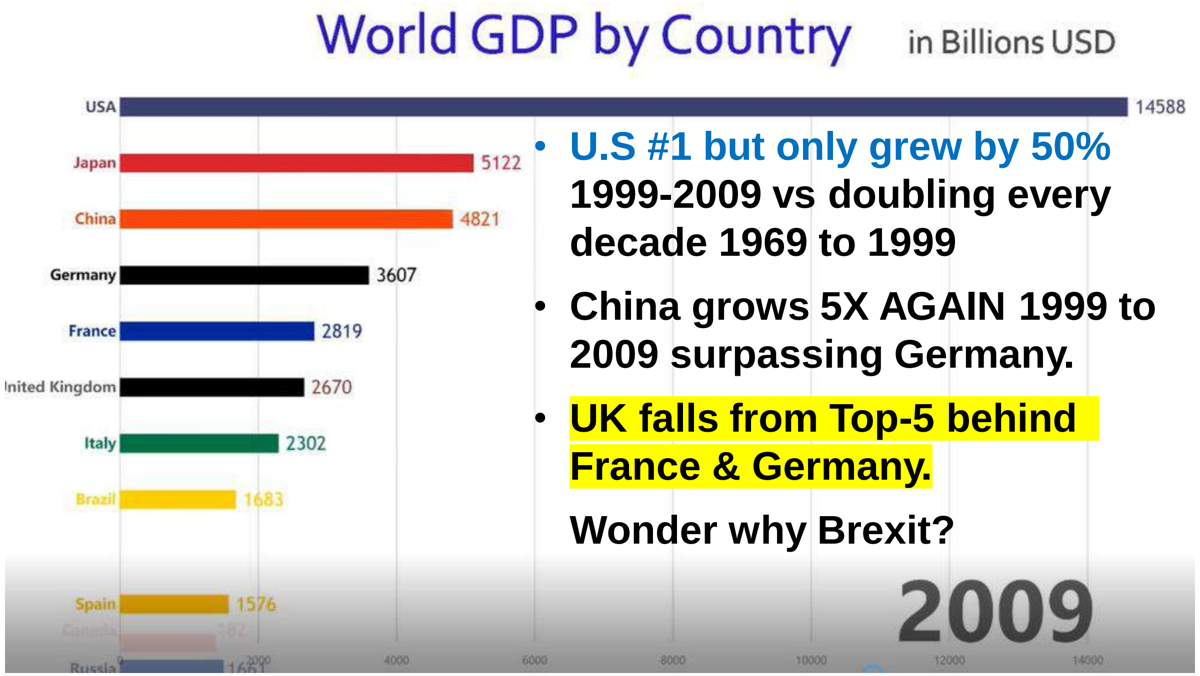


- U.S #1 & Doubles AGAIN to $10Tr
- France & Italy slowing
- China is back and grows 5X to >$1.0Tr in just a decade!

AC RE

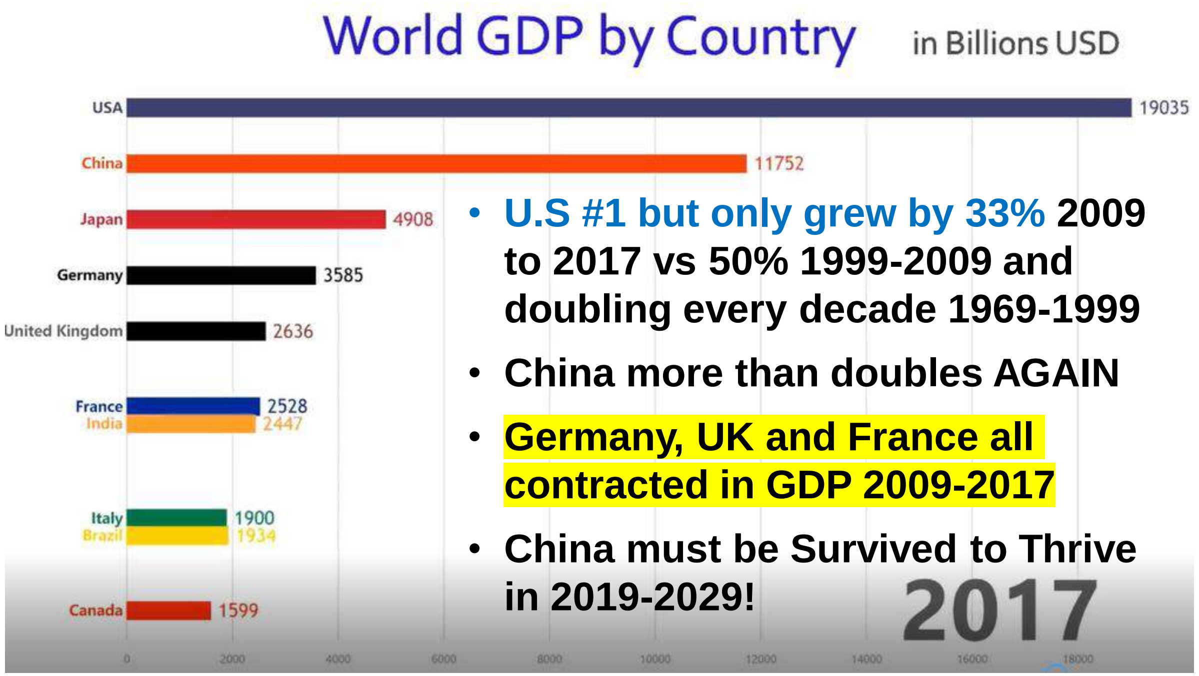
Global GDP Change

THE FUTURE AIN'T WHAT IT USED TO BE



- **U.S #1 but only grew by 50% 1999-2009 vs doubling every decade 1969 to 1999**
- **China grows 5X AGAIN 1999 to 2009 surpassing Germany.**
- **UK falls from Top-5 behind France & Germany.**

Wonder why Brexit?



- **U.S #1 but only grew by 33% 2009 to 2017 vs 50% 1999-2009 and doubling every decade 1969-1999**
- **China more than doubles AGAIN**
- **Germany, UK and France all contracted in GDP 2009-2017**
- **China must be Survived to Thrive in 2019-2029!**

Change in GDP by Country 1962 to present.

https://mail.google.com/mail/u/0?ui=2&ik=2a73eaf0a0&attid=0.1&permmsgid=msg-f:1621388704591664730&th=1680546fb404565a&view=att&disp=safe

https://tradingeconomics.com/

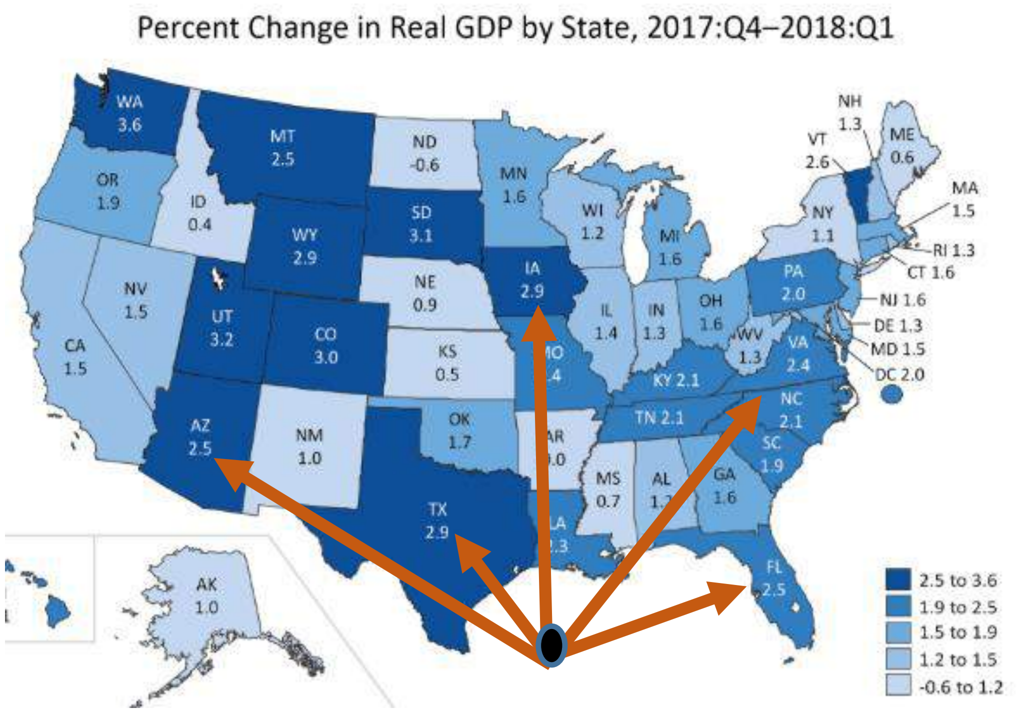
COUNTRIES	GDP	GDP YoY	GDP QoQ
United States	19391	3.00%	3.40%
Euro Area	12590	1.20%	0.20%
China	12238	6.40%	1.50%
Japan	4872	0.00%	-0.60%
Germany	3677	1.10%	-0.20%
United Kingdom	2622	1.50%	0.60%

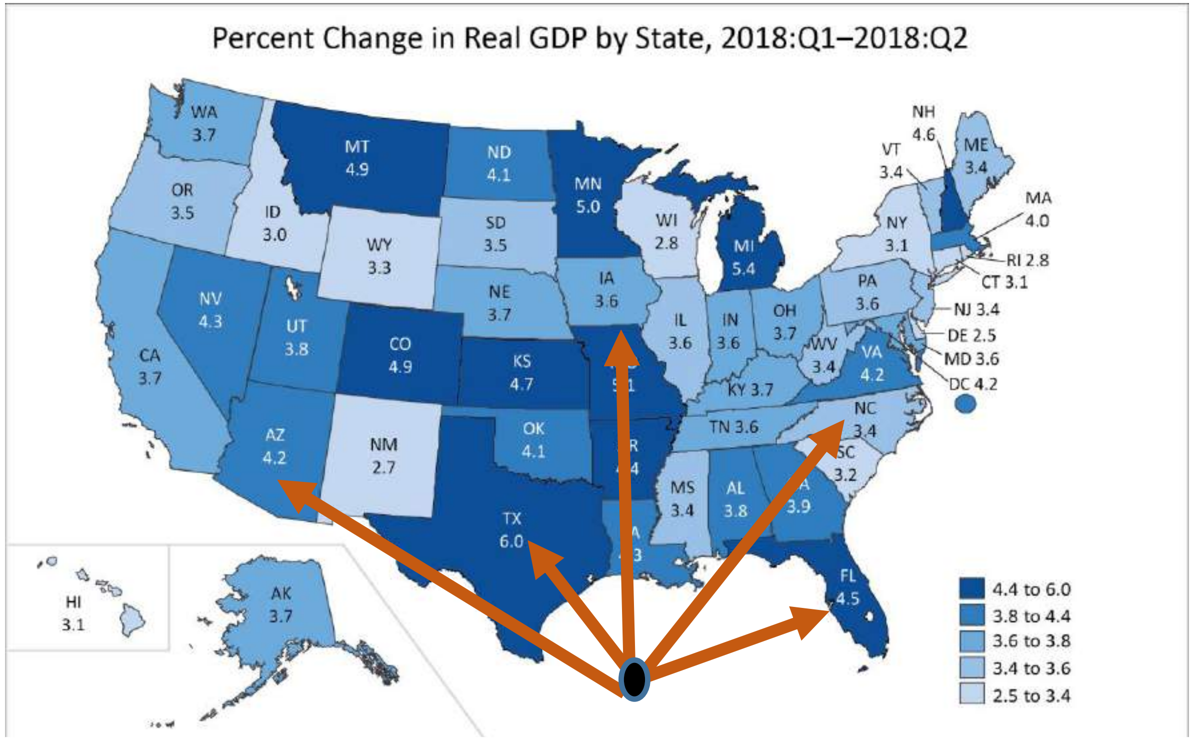
2019 update:

- **China has caught Europe.**
- Japan & Germany are contracting

AC RE

Understand GDP Global, but Translate GDP Local





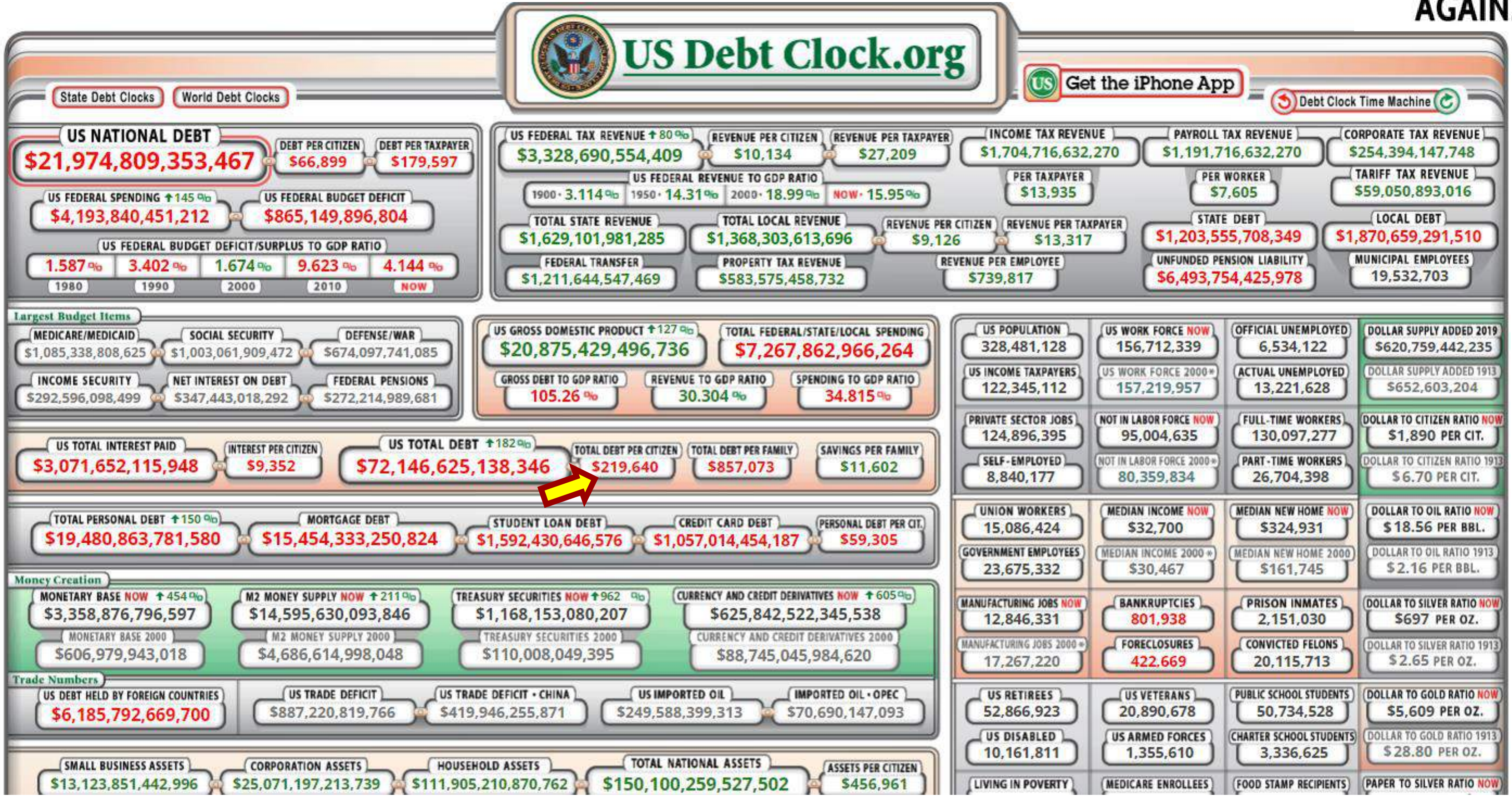
What a difference a Tax Act Made:

- **Southern States GDP grew from +1.5% to +3% since Q1 2017 to 4% to 6% Q1 2018**
  TX from <3% to 6%
- **What happened? Tax Act and EXPORTS boomed … until we see impact of Tariffs in 6 months, or not at all if China deal before Summer, 2019**

ACRE

The Debt Clock – The Elephant in the Room!

IT'S LIKE DÉJÀ VU ALL OVER AGAIN.



http://www.usdebtclock.org/?mod=article_inline

Congressional Budget Office

December 10, 2018

IT'S LIKE DÉJÀ VU ALL OVER AGAIN.

Tax Inflows vs Spending – Yr 2018:

The 2017 Tax Act didn't bust the Budget – The FED did!

Receipts up 3.1% / Outlays up 3.9% … BUT Interest on Debt up 8.5% & Total Spending up 3.9%

Receipts, October–November

Billions of Dollars

Major Program or Category	Actual, FY 2018	Preliminary, FY 2019	Estimated Change: Billions of Dollars	Estimated Change: Percent
Individual Income Taxes	227	222	–5	–2.2
Payroll Taxes	174	179	5	2.9
Corporate Income Taxes	1	6	5	353.0
Other Receipts	42	50	9	20.7
Total	**444**	**458**	**14**	**3.1**
Memorandum:				
Combined Individual Income and Payroll Taxes				
Withheld taxes	383	379	–4	–1.0
Other, net of refunds	18	22	4	22.0
Total	**401**	**401**	*****	**0.1**

Sources: Congressional Budget Office; Department of the Treasury.

Outlays, October–November

Billions of Dollars

Major Program or Category	Actual, FY 2018	Preliminary, FY 2019	Estimated Change	Estimated Change With Adjustments for Timing Shifts[a]: Billions of Dollars	Estimated Change With Adjustments for Timing Shifts[a]: Percent
Social Security Benefits	158	167	8	8	5.2
Medicare[b]	81	129	49	*	0.4
Medicaid	63	63	*	*	–0.8
Subtotal, Largest Mandatory Spending Programs	**302**	**359**	**56**	**8**	**2.5**
DoD—Military[c]	102	120	19	9	8.6
Net Interest on the Public Debt	61	66	5	5	8.5
Other	181	216	35	4	2.1
Total	**645**	**761**	**115**	**27**	**3.9**

Sources: Congressional Budget Office; Department of the Treasury.

https://www.cbo.gov/system/files?file=2018-12/54861-MBR.pdf

ACRE

Q1 2018 Vs Q1 2019: Yogi was right, déjà vu!

- **TRUMP -** Trump goes to the World Economic Forum in Davos, Switzerland. **He is praised for being "presidential" …**
- **Tax Act of Dec 2017 – What does it mean?**
- **Amazon HQ2 Search**
  https://www.ccim.com/newscenter/commercial-real-estate-insights-report/amazon-hq2/?gmSsoPc=1
- **The Wall**

- **TRUMP –** Not going to Davos; **Not Praised as being "Presidential"** by Pelosi/Schumer; **Trump still wants a Wall**.
- **Tax Act of Dec 2017** – **Opportunity Zones?**
- **Amazon Divide by 2 Divorce Spouse & HQ2 Spit Decision that now divides by 2 & dumps NY**
- **The Wall – Democrats in Control. It's like Dr. Seuss**

- **Hurricanes** – Harvey, Irma, Maria / **Constr. Costs**
- **The Stock Market** – "Stock Market **up 40%** since the Election." When the market hit a **record high on Aug. 25**, Trump tweeted
- **The FED** – Transitioning from Yellen and maybe 2 interest rate hikes. Who is this Jay Powell?
- **Economic Growth: to "Infinity & Beyond"**
- **Retail – Store Closings (>8,000 in 2018)**

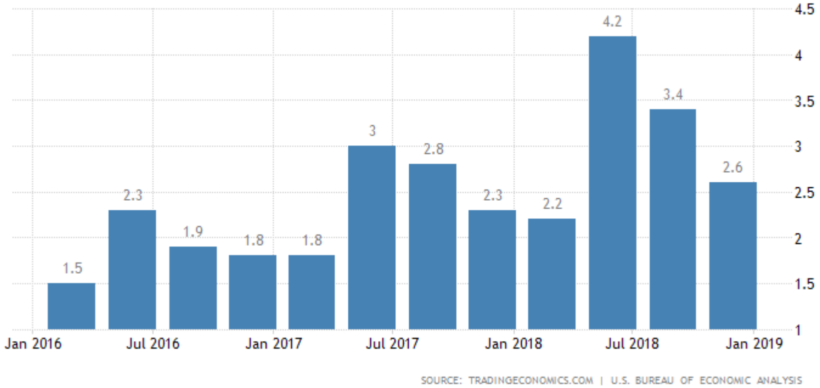
- **Hurricanes** – Florence & Michael / **Constr. Costs**
- **The Stock Market** – Worst year since 2008 and its **worst December since 1931**, during the depths of the Great Depression. **Best January in 30 years.**
- **The FED** – 4 Rate hikes; Invert the Yield Curve. **What's this Balance Sheet reduction thing?**
- **Economic Volatility - the "R" word** (Recession)
- **Retail – Store Closings – 5,000 more just in Q1 2019**

"V" Volatility

Why no “R” in 2019 – but worry about 2020!

What is Still Going Right?

- **Momentum: (GDP, <4% Unempl. JOLTS, etc.)**
- **GDP: Q4’18 was – well – Gosh Darn Perfect at +2.2%** … Q1 will do its normal contraction to 1% to <2% range … **Q2 is >2% due to housing** … **Q3 is typically best Qtr in CY above 3%. Q4 2019 is what I worry about.** Q4 2019/Q1 2020 could contract or <1% **(feels “R”) if no Trade**



- **Employment Metrics:** JOLTS, Employment <4%, <200k Jobs/mo in Q1 – **Monitor ADP & LinkedIn**
- **Corporate Earnings:** The Q4 EPS were good **(WalMart), and Q1 is off to a solid start with Bnaks, Railroads, PepsiCo and J&J. Guidance on Top-Line revenue is what to watch** for both margin erosion/declining $/R from tariffs. **Earnings are your best Eco Outlook gauge!**

What can go WRONG?

- **The FED: It’s not just rate hikes, but Balance Sheet reduction.** Initially, $40-$45 billion a month was hardly noticeable. It now tallies almost $1/2 Trillion - and if left on pace - drops to $3.5 trillion end of 2019. **KC forecasts a rate hike in 2019 if we fet Trade Deals. No rate cuts in 2019. Max 2 hikes in 2019** (1 late Spring/early Summer and 1 Fall or Q4)
- **Ground Hog Day:** Fortunately on a Saturday in 2019 (Feb 2nd) Vs a Friday and Jobs report day as in 2018. Recall “V” started Ground Hog Day 2018 with Jobs report (10-Yr Tr. moved to 3%).
- **Gov. Shutdown:** Unresolved or leads to a Constitutional Crisis over “Declared National Emergency.” **This one was the19th (35 days surpassing 21 days** (Clinton 1995/1996)
- **NAFTA 2.0 / USMCA not passed** in Spring
- **NFIB Business, NAHB Homebuilder, and Consumer confidence tank.** NFIB 108 record Q3 2018. **If <100 (http://www.nfib-sbet.org/)**
- **The Wildcards**:
  1 or more Cat-3/4 **Hurricanes / Lease Accounting**

CRE depends on Jobs & Workforce: ADP & LinkedIn Vs. BLS-L=BS

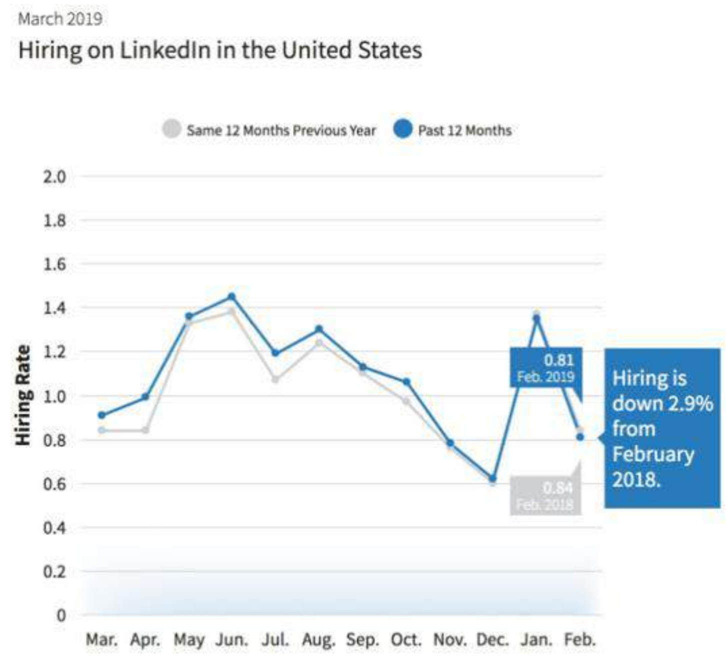
2018 was the 8th consecutive year in which the economy creates over 2 million jobs. Will 2019? If Small Biz can find the Workforce.

ADP		BLS	
January:	+264,000	January:	+312,000 (revised up)
February:	+197,000	February:	+ 33,000 (revised up)
March 2019:	+129,000	March 2019:	+196,000
March 2018	*+213,000*	March 2018:	+223,000
Q1 Monthly Avg:	+196,000	Q1 Monthly Avg	+180,000

What is different between ADP and BLS March jobs reports is:

- ✓ **There is much more volatility to the BLS numbers bouncing around from +312k jobs in January to just +33k in February and then back up to +196k in March.** My take is that a combination of the Government Shutdown along with season gyrations after the holidays and severe Winter weather are playing havoc with Government survey data. **I place more emphasis on ADP private payrolls data as it is not a survey and it reflects what the largest sector of our economy is doing – the private sector.**
- ✓ **Small and Medium sized businesses are still the hiring engine.** 69,000 of the 129,000 private sector jobs created in March were by companies with less than 500 employees. **Large companies – especially in retail and manufacturing – have pulled back due to a combination of factors**

LinkedIn Workforce: 190m / 3m / 50k / Q1 18 hiring 20% > Q1 17



This new **"Skills-Gap"** analysis in LinkedIn Workforce jobs report is a must-use tool!

https://economicgraph.linkedin.com/resources/linkedin-workforce-report-july-2018

Earnings … No Recession with Strong Consumer Spending

Walmart's Q4 smashes expectations: U.S. online sales jump 43%

Walmart (WMT), the world's largest retailer, reported **stronger-than-expected fourth-quarter results** on Tuesday. Fourth-quarter adjusted earnings per share came in at $1.41, surpassing analysts' estimates of $1.33.

One of the main drivers of its e-commerce success has been its **grocery pickup and delivery, which is now available in more than 2,100 and nearly 800 stores**, respectively. By the end of fiscal 2020, Walmart expects to include grocery pickup in 3,100 locations and delivery in 1,600 stores.

Earnings … Q4 2018 look good, but Guidance …

THE WALL STREET JOURNAL.

BUSINESS

Big Railroads Don't See Slowdown on Horizon for U.S. Economy

Union Pacific, CSX chiefs say customers are shipping more grains and chemicals, despite worries over trade policies

https://www.wsj.com/amp/articles/big-railroads-dont-see-slowdown-on-horizon-for-u-s-economy-11548701083

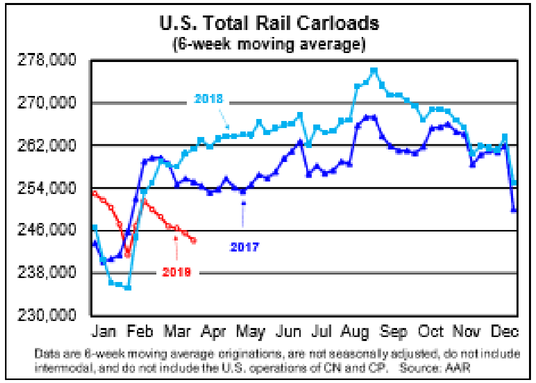
Rail Traffic "No sky is Falling" … It's Weather not Tariffs

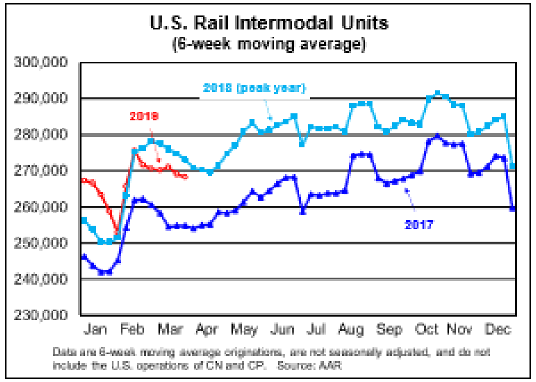
ASSOCIATION OF AMERICAN RAILROADS

Total U.S. rail carloads in March 2019 were down 8.9% (93,616 carloads) from March 2018. That's the biggest percentage decline for total carloads for any month since May 2016. Just 4 of the 20 carload commodity categories the AAR tracks saw carload gains in March, the fewest since July 2016. In addition, **U.S. intermodal originations were down 1.5% (16,387 containers and trailers) in March 2019 from March 2018. Combined with a 0.9% decline in February, this marks the first two-month decline for intermodal since October 2016**.

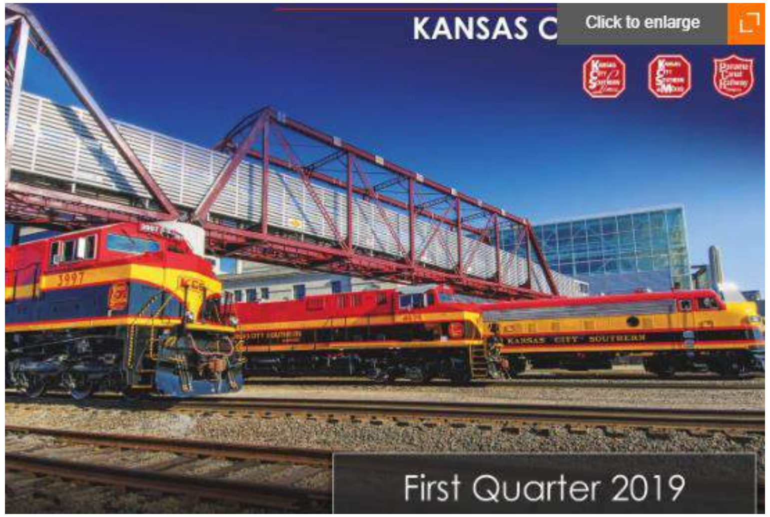
A slowing economy may be having an impact on rail traffic, but bad weather is a more likely culprit. March had bad weather events in many places, but the worst was the horrendous flooding in Nebraska and Iowa caused by melting snow and heavy rain. The western carriers accounted for the vast majority of the decline in carloads in March. **Moreover, more than 80% of the decline in carloads in March were in coal and grain, which are not terribly sensitive to what's going on in the general economy.**

	Oct. '18	Nov. '18	Dec. '18	Jan. '19	Feb. '19	Mar. '19
Total U.S. carloads*						
Average per week	267,607	258,017	255,495	247,697	249,995	239,286
% chg same month prior year	1.0%	-0.2%	2.9%	1.7%	-2.7%	-8.9%
U.S. intermodal						
Average per week	288,783	275,204	274,029	263,234	273,625	266,448
% chg same month prior year	4.2%	2.5%	5.0%	0.5%	-0.9%	-1.5%





Earnings … RailRoads "No sky is Falling" …



First Quarter Results

	Q1 2019	Q1 2018	Variance
Carloads/Units (in thousands)	539.6	547.3	(1%)
Revenues (in millions)	$674.8	$638.6	6%
Operating Ratio	76.2%	65.8%	10.4 points
Adjusted Operating Ratio *	64.2%	65.8%	(1.6) points
Reported Diluted Earnings per Share	$1.02	$1.40	(27%)
Adjusted Diluted Earnings per Share *	$1.54	$1.30	18%

Looking Ahead

	Outlook
Volume Growth	2% - 3% in 2019
Revenue Growth	5% - 7% in 2019
Operating Ratio	60% - 61% by 2021
Earnings per Share	Low to Mid-Teens CAGR 2019 - 2021
Capital Expenditures	$640M - $660M in 2019 <20% of revenue through 2021

Why no "R" in 2019 – but worry about 2020!

What can go WRONG?

- **The FED: It's not just rate hikes, but Balance Sheet reduction**. Initially, $40-$45 billion a month was hardly noticeable. It now tallies almost $1/2 Trillion - and if left on pace - drops to $3.5 trillion end of 2019.
  KC forecasts no rate hikes in Q1 2019. No rate cuts in 2019.
  Max 2 hikes in 2019 (1 late Spring/early Summer and 1 Fall or Q4)

- **NAFTA 2.0 / USMCA not passed** in Spring

- **NFIB Business, NAHB Homebuilder, and Consumer confidence tank** in Spring 2019. NFIB hit 108 record in 2018. **If goes <100 …**

- **The Wildcards**:
  1 or more Cat-3/4 **Hurricanes / Lease Accounting / Bank Merger**

The FED – It isn't your 2018 FED/FOMC

Kansas City Fed's Esther George Says Central Bank Can Pause Rate Increases ***(Jan 15, 2019)***
A chorus of Fed officials have said in recent weeks there is no urgency to raise rates

- One of the Federal Reserve's **most consistent supporters of raising interest rates** said the central bank could refrain from more increases for the time being while it studies the effects of its previous steps to withdraw economic stimulus.
- Fed officials next meet in Washington on **Jan. 29-30.**
- **Ms. George is a voting member** of the interest-rate setting Federal Open Market Committee this year.

https://www.wsj.com/articles/kansas-city-fed-president-esther-george-says-central-bank-can-pause-rate-increases-for-now-11547576132

2019 FOMC Meeting Schedule

January 29-30 (Tuesday-Wednesday)
March 19-20 (Tuesday-Wednesday)
April 30-May 1 (Tuesday-Wednesday)
June 18-19 (Tuesday-Wednesday)
July 30-31 (Tuesday-Wednesday)
September 17-18 (Tuesday-Wednesday)
October 29-30 (Tuesday-Wednesday)
December 10-11 (Tuesday-Wednesday)
January 28-29, 2020 (Tuesday-Wednesday)

Federal Reserve Bank Rotation on the FOMC

Committee membership changes at the first regularly scheduled meeting

	2019	2020	2021
Members	New York	New York	New York
	Chicago	Cleveland	Chicago
	Boston	Philadelphia	Richmond
	St. Louis	Dallas	Atlanta
	Kansas City	Minneapolis	San Francisco

https://www.federalreserve.gov/monetarypolicy/fomc.htm

Historic Spread between 2-Yr and 10-Yr Treasuries:

Widest spread Feb 2010 @ 2.83bps. **What is it in March 2019? Approx. 15bps.** Pay attention to Yield Curve!

The spread between the 10- and 2-year has **averaged about 120 basis points since 1998**, with the 10-year rate typically higher than the 2-year rate as investors are compensated for the higher risk of holding a longer-term bond.

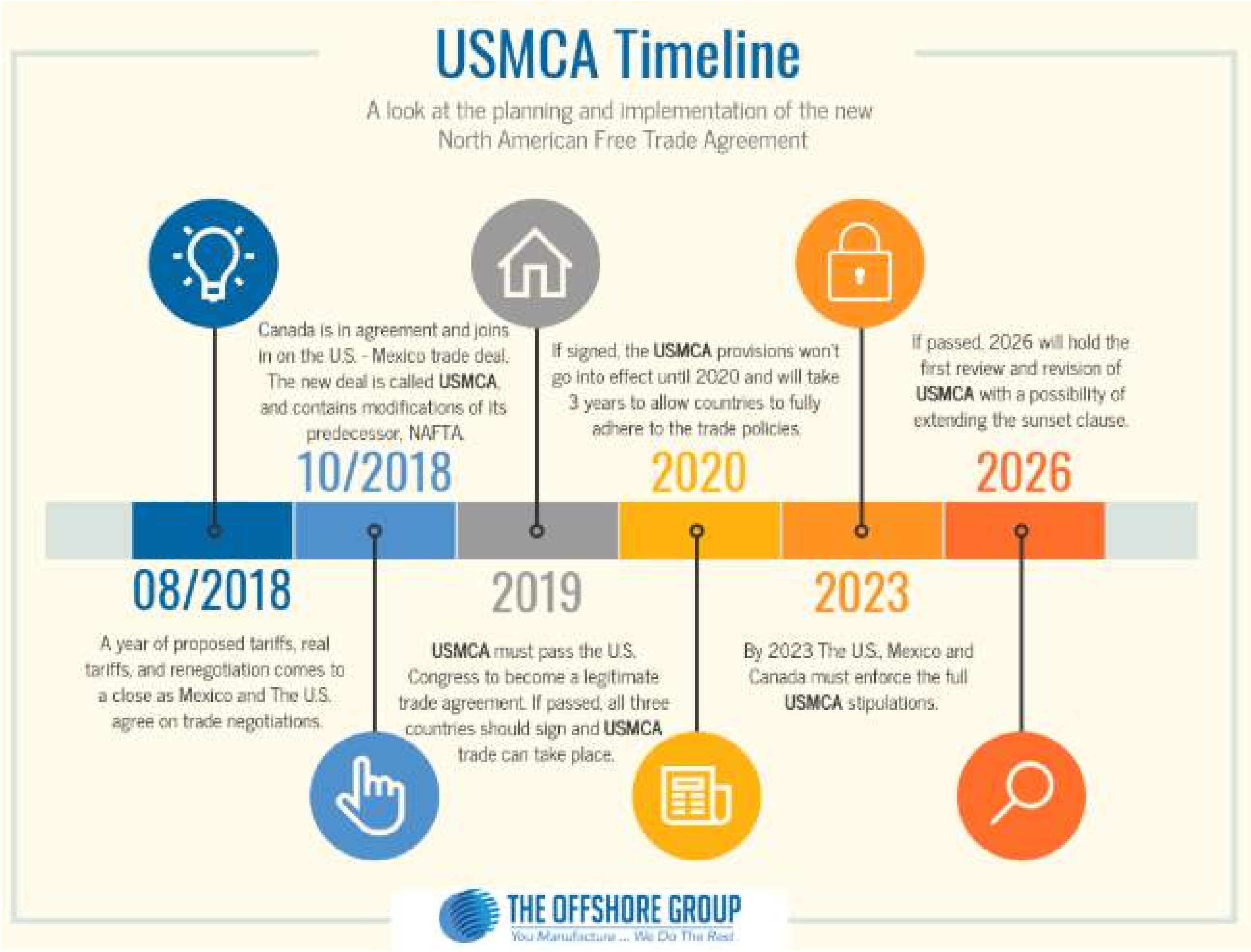
Over the past two years, **this spread has dropped, reaching a mere 15 basis points in December 2018**

Source: Fed Reserve and TREPP

The FED might find Tooth-Fairy Inflation mid-2019

I found the Inflation that the FED has been looking for.
$5.00 for a useless tooth?

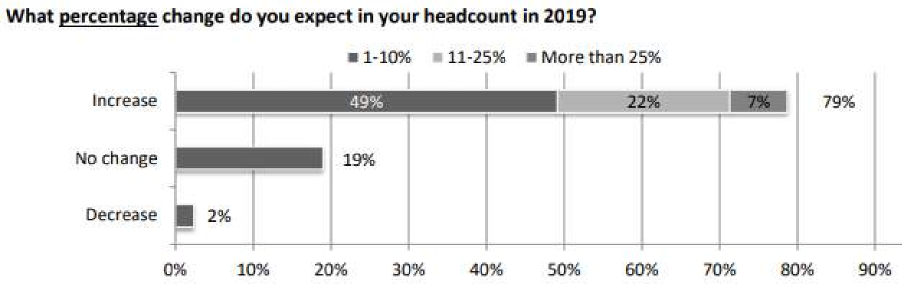
NAR, CCIM and Dean Saunders will agree that an Investment in Real Estate is a much better investment!


USMCA Timeline
A look at the planning and implementation of the new North American Free Trade Agreement
08/2018
A year of proposed tariffs, real tariffs, and renegotiation comes to a close as Mexico and The U.S. agree on trade negotiations.
10/2018
Canada is in agreement and joins in on the U.S. - Mexico trade deal. The new deal is called USMCA, and contains modifications of its predecessor, NAFTA.
2019
USMCA must pass the U.S. Congress to become a legitimate trade agreement. If passed, all three countries should sign and USMCA trade can take place.
2020
If signed, the USMCA provisions won't go into effect until 2020 and will take 3 years to allow countries to fully adhere to the trade policies.
2023
By 2023 The U.S., Mexico and Canada must enforce the full USMCA stipulations.
2026
If passed, 2026 will hold the first review and revision of USMCA with a possibility of extending the sunset clause.
THE OFFSHORE GROUP
You Manufacture ... We Do The Rest

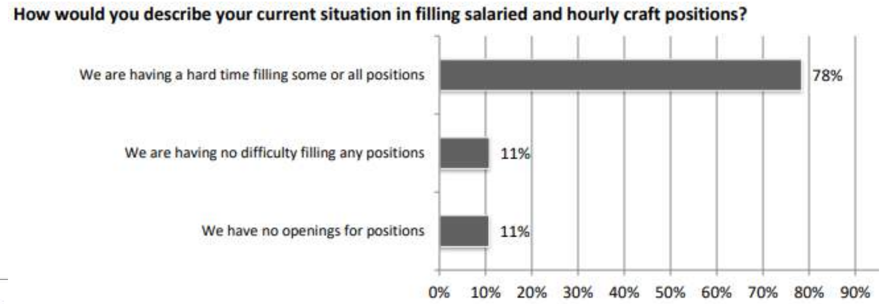
Construction Costs Rising >10%/yr (5 Hurricanes Impacting)

AGC of America
THE ASSOCIATED GENERAL CONTRACTORS OF AMERICA
Quality People. Quality Projects.

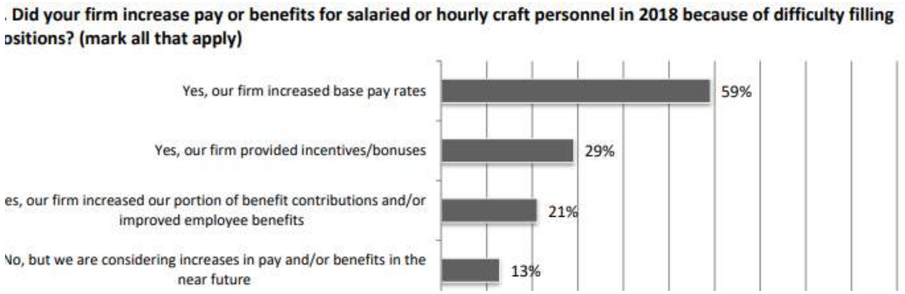
79% of Contractors Expect to Hire in 2019



78% of Contractors say its hard finding labor



59% of Contractors Expect to pay more for labor in 2019



67% of Contractors project costs are higher than budgeted and taking longer

https://www.agc.org/sites/default/files/Files/Communications/2019_Outlook_Survey_National.pdf

AC
RE

Earnings – Hey, Lease Accounting

Verizon sees no increase in 2019 profit, misses fourth-quarter revenue estimate

Verizon Stock: Low Single-Digit Revenue Growth Seen

Verizon forecast low single-digit revenue growth in 2019 and profit similar to last year.

For fiscal 2019, Verizon said it expects: "low single-digit percentage growth" and "adjusted EPS excluding the impact of the new lease accounting standard to be similar to 2018."

A "new lease accounting standard is expected to have an approximately 1 to 2 cent per quarter headwind impact on EPS for full-year 2019," the company added.

https://www.investors.com/news/technology/verizon-stock-vz-earnings-q418/

Lease Accounting & Valuation

New FASB Lease Accounting –CRE Value implications!

Rules for reporting

A change in accounting standards is prompting tenants and appraisers to take a hard look at leases

by Peter Haapaniemi

A decade ago, the Financial Accounting Standards Board started looking into how companies handle leases in their financial reporting, and determined change was in order. After years of deliberation, the board came up with a new standard that takes effect in less than a year — and will dramatically alter the way businesses account for their leases.

By Jan. 1, 2019, the new FASB standard, *Leases* (ASC 842), will require

Shorter leases on the horizon?

Just how this change will affect the real estate valuation process depends on how lessees respond — and at this point, they

However, Andreasen points out that this may not happen as often as one might think because of the FASB standard's language. "It is very prescriptive in the way the asset is calculated," he says. That is, it takes a formulaic approach that may not require the use of a licensed appraiser.

Under the new standard, public companies will need to separately recognize right-of-use assets and corresponding lease obligations. "The goal here is more transparency for investors and greater comparability across firms," says Marius W. Andreasen, MAI, senior managing director and national practice leader of the Valuation & Advisory Financial Reporting Practice at Cushman & Wakefield in Chicago.

"Now, if one company decides to buy a property and finance it, while another one decides to do a long-term operating lease, there will be a degree of balance sheet comparability between those two firms," he explains. "Before, the firm that decided to lease wouldn't have that liability reflected on the face of the balance sheet. All that is going away. Those liabilities won't be lurking in the footnotes anymore."

The FASB standard covers a range of lease types, including equipment leases, but real estate accounts for a significant proportion of the total — and that total is huge. Estimates vary, but Moody's Investors Service projected that the change will add about $1 trillion in liabilities to corporate balance sheets. And existing leases

What to Keep an Eye on – 2019 CRE Influencers?

- **Economic Metrics:**

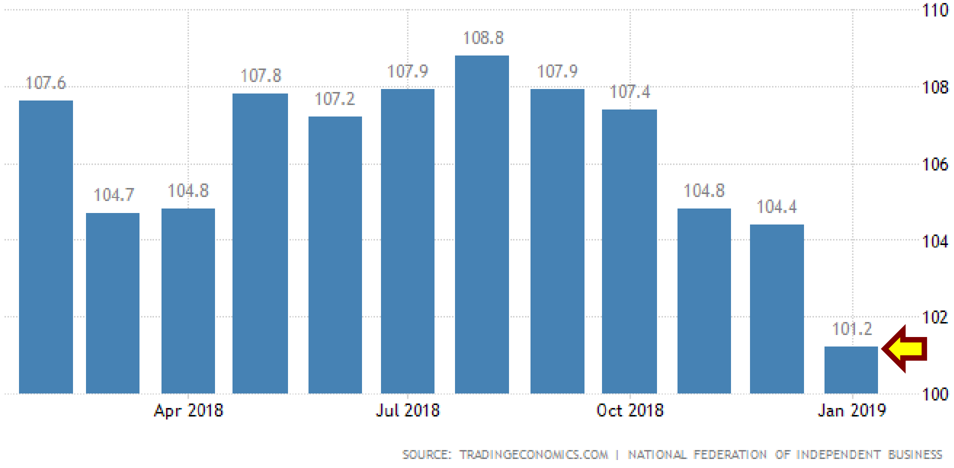
1. **ADP** & LinkedIn Workforce on jobs
2. **NFIB Small Biz Optimism.**

   Still >100, but if drops below 100 …
3. **Earnings:** Read the Guidance!!! **(Verizon)**
4. **Rail Traffic – AAR.org RailTime Indicators**

ASSOCIATION OF AMERICAN RAILROADS

Jan '19 NFIB SBOI for Dec '18

NFIB Small Business Optimism Index dropped to 101.2 in January 2019 from 104.4 in December and compared with market expectations of 103.2. It is the lowest reading since November of 2016, when President Trump was elected. Half of the decrease in the index came from softer expectations for real sales growth and business conditions



- **CRE Industry Metrics:**

1. **MF Starts & Permits rise** over SF Starts/Permits
2. **Absorption:** Industrial is strongest and Hotel ADO and **RevPar are proxy for Bus./Consumer**
3. **Retail** – Get used to more store closings. It's the convergence with Industrial, Logistics, Online $
4. **Opportunity Zones:** Only 5-10% viable of 8,700
5. **Adaptive Reuse**: A CCIM niche! https://www.bisnow.com/south-florida/news/construction-development/citadel-little-river-miami-96510
6. **Construction Costs: >80% LTV Constr. Loans**

2019 CRE Influencers: Small Business Optimism!

SMALL BUSINESS OPTIMISM INDEX COMPONENTS

Index Component	Seasonally Adjusted Level	Change from Last Month	Contribution to Index Change
Plans to Increase Employment	16%	-2	*%
Plans to Make Capital Outlays	27%	2	*%
Plans to Increase Inventories	1%	0	*%
Expect Economy to Improve	11%	5	*%
Expect Real Sales Higher	16%	0	*%
Current Inventory	-2%	1	*%
Current Job Openings	37%	2	*%
Expected Credit Conditions	-5%	0	*%
Now a Good Time to Expand	22%	2	*%
Earnings Trends	-9%	-4	*%
Total Change		5	100%

4 | NFIB Small Business Economic Trends Monthly Report

OPTIMISM INDEX

Based on Ten Survey Indicators

(Seasonally Adjusted 1986=100)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2014	94.0	91.6	94.0	94.8	96.2	95.4	96.0	95.9	95.3	96.0	97.8	100.3
2015	97.7	98.1	95.7	96.5	97.9	94.6	95.7	95.7	96.0	96.0	94.5	95.2
2016	93.9	92.9	92.6	93.6	93.8	94.5	94.6	94.4	94.1	94.9	98.4	105.8
2017	105.9	105.3	104.7	104.5	104.5	103.6	105.2	105.3	103.0	103.8	107.5	104.9
2018	106.9	107.6	104.7	104.8	107.8	107.2	107.9	108.8	107.9	107.4	104.8	104.4
2019	101.2	101.7										

Nov '16 Elections

Gov Shutdown & Tariffs

Summer 2018 Peak

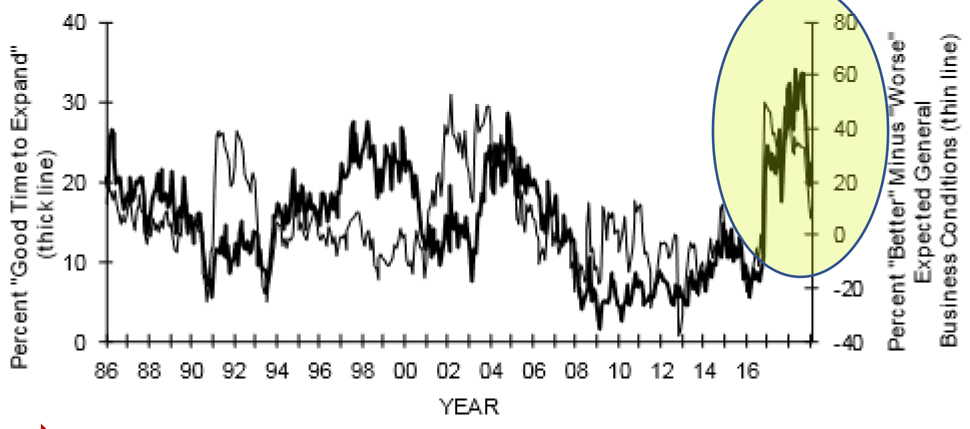
SMALL BUSINESS OUTLOOK

OUTLOOK

Good Time to Expand and Expected General Business Conditions

January 1986 to February 2019

(Seasonally Adjusted)



NCMM – Small Business Indicator

https://www.middlemarketcenter.org/performance-data-on-the-middle-market?utm_term=Get%20the%20key%20findings%20%5Cu2192&utm_campaign=BiWeekly%20Newsletter&utm_content=email&utm_source=Act-On+Software&utm_medium=email

4Q Middle Market Indicator Reports 7.9% Revenue Growth

In the fourth quarter of 2018, middle market companies report a strong annualized revenue growth rate of 7.9%. At 5.4%, year-over-year employment growth remains steady and is similar to the close of 2017 and 2016. While confidence in Global, U.S., and local economies is down slightly, all three metrics remain above the historical average reported by the MMI over the past seven years.

REVENUE GROWTH REMAINS STRONG; EMPLOYMENT GROWTH MODERATES

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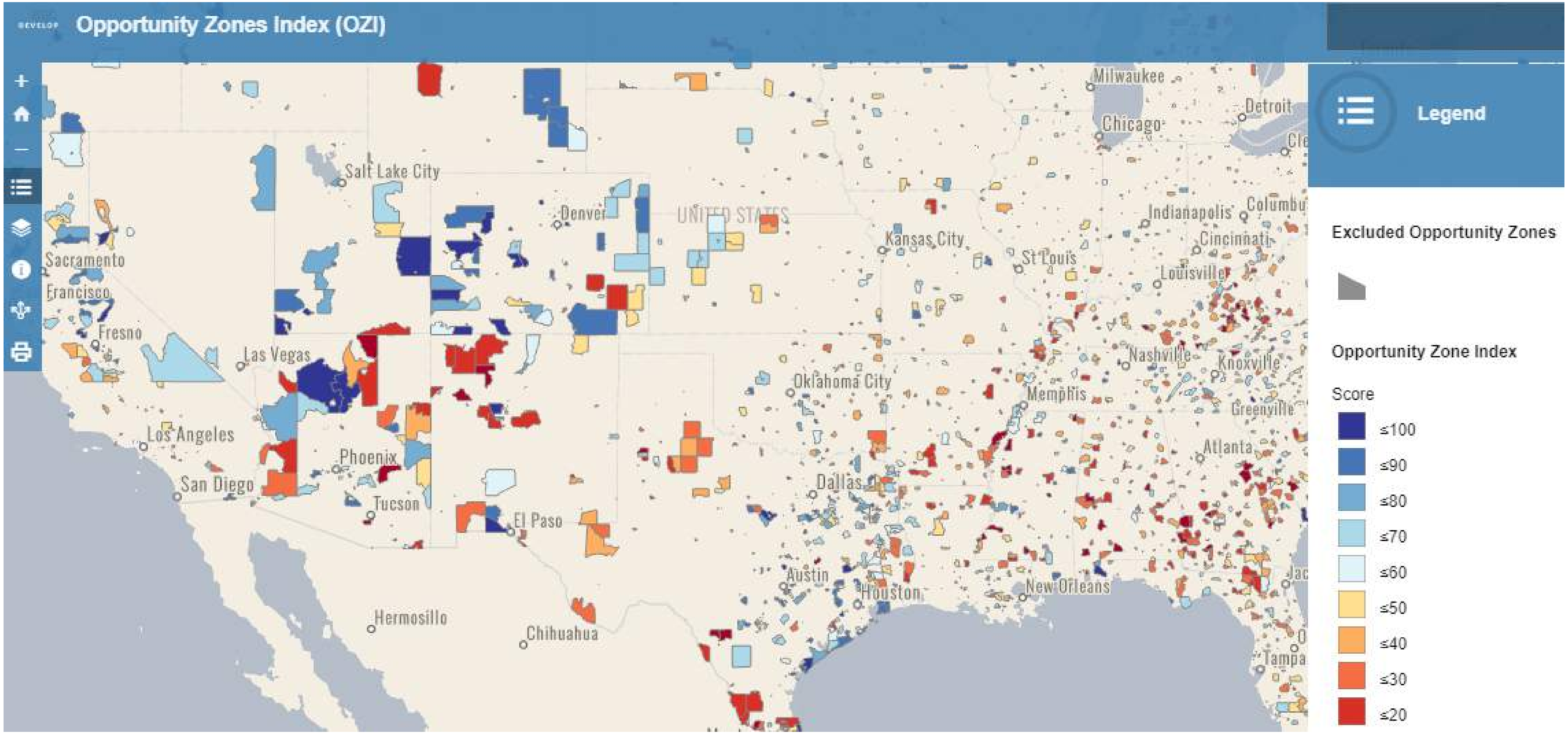
Best Opportunity Zone Resource – OZ Index!

Of the 8,700 Ozs, less than 10% will be viable – Not all are created equal!

http://www.developadvisors.com/opportunity-zones-index/



CMBS Opportunity Zone Properties Exceed $65B, So Far

February 19, 2019

Since the Opportunity Zone program was enacted though the Tax Cuts and Jobs Act of 2017, more than $65 billion in properties have emerged with CMBS backing, according to research by Trepp. Currently, there are 8,700 opportunity zones across the U.S., which were created to encourage investment and thus improve the economic conditions of low-income areas.

Trepp research from January 2019 shows 5,842 properties in opportunity zones are underlying collateral on CMBS loans. The states with the greatest number of CMBS properties in opportunity zones include:

California – 887 properties
New York – 506 properties
Florida – 403 properties
Texas – 372 properties
Illinois – 294 properties

Looking at property sectors, Trepp research analyst Dylan Wall writes, "the multifamily CMBS space will receive the greatest benefits from the new tax law, since the number of apartments in eligible opportunity zones far exceeds all other property types."

https://www.connect.media/cmbs-opportunity-zone-properties-exceed-65b-so-far/?platform=hootsuite

Commercial Real Estate Performance: Green Street CPPI

Property Values Up Modestly in 2018

The Green Street Commercial Property Price Index was unchanged in December. The index increased by 2% during 2018, nearly identical to the gains seen in 2016 and 2017.

Green Street Commercial Property Price Index

	Index Value	Change in Commercial Property Values		
		Past Month	Past 3 Mos	Past 12 Mos
All Property	132.1	0%	0%	2%
Core Sector	129.9	0%	0%	2%
Apartment	144.1	0%	1%	4%
Industrial	145.8	0%	1%	11%
Mall	120.5	0%	-3%	-7%
Office	113.0	0%	0%	-1%
Strip Retail	111.0	0%	1%	-2%
Health Care	140.2	0%	0%	1%
Lodging	109.2	0%	0%	5%
Manufactured Home Park	201.4	0%	5%	16%
Net Lease	98.5	0%	0%	0%
Self Storage	178.7	0%	0%	3%
Student Housing	150.3	0%	1%	7%

Property Price Appreciation is flattening.

Manufactured Housing and Industrial lead CPPI, while **Retail and Office are still contracting.**

How does this data and CPPI trend with appraisals in banks?

NCREIF Cropland & Timber Land Indices

Institutional Capital is bringing more investment, metrics & analysis!

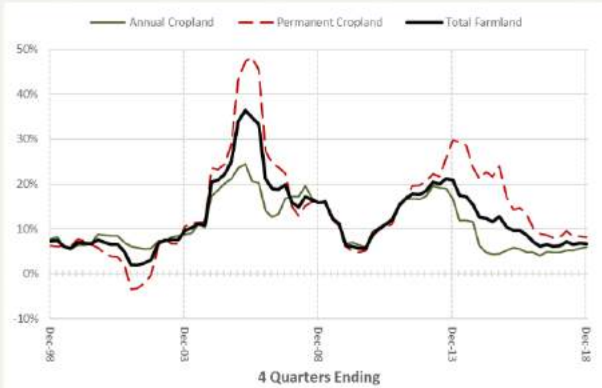
NCREIF

https://www.ncreif.org/data-products/farmland/

NCREIF Farmland Property Index Released

The Fourth Quarter 2018 NCREIF Farmland Property Index was released.

Rolling 4-Quarter Total Returns



4th Quarter 2018

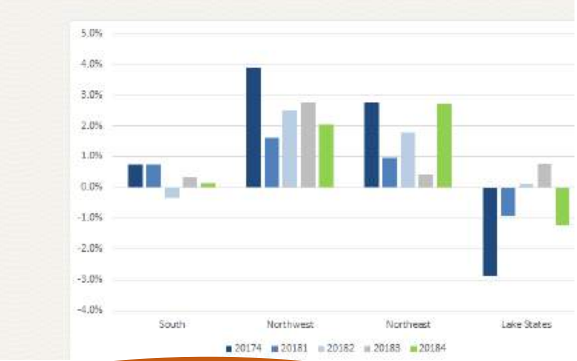
NACREIF Estimate of Mkt Value for all Cropland = 2.5X the Fed's Balance Sheet & 2.5X all CRE debt in Banks

Total Market Value:
$10,169,500,380.00

NCREIF Timberland Property Index Released

The Fourth Quarter 2018 NCREIF Timberland Property Index was released.

Timberland Quarterly Total Return Trends by Region



1.32%	1.13%	1.29%	2.85%	6.74%
1Q2018	2Q2018	3Q2018	4Q2018	2018 ANNUAL TOTAL

R.E. Outlook – The Land Piece

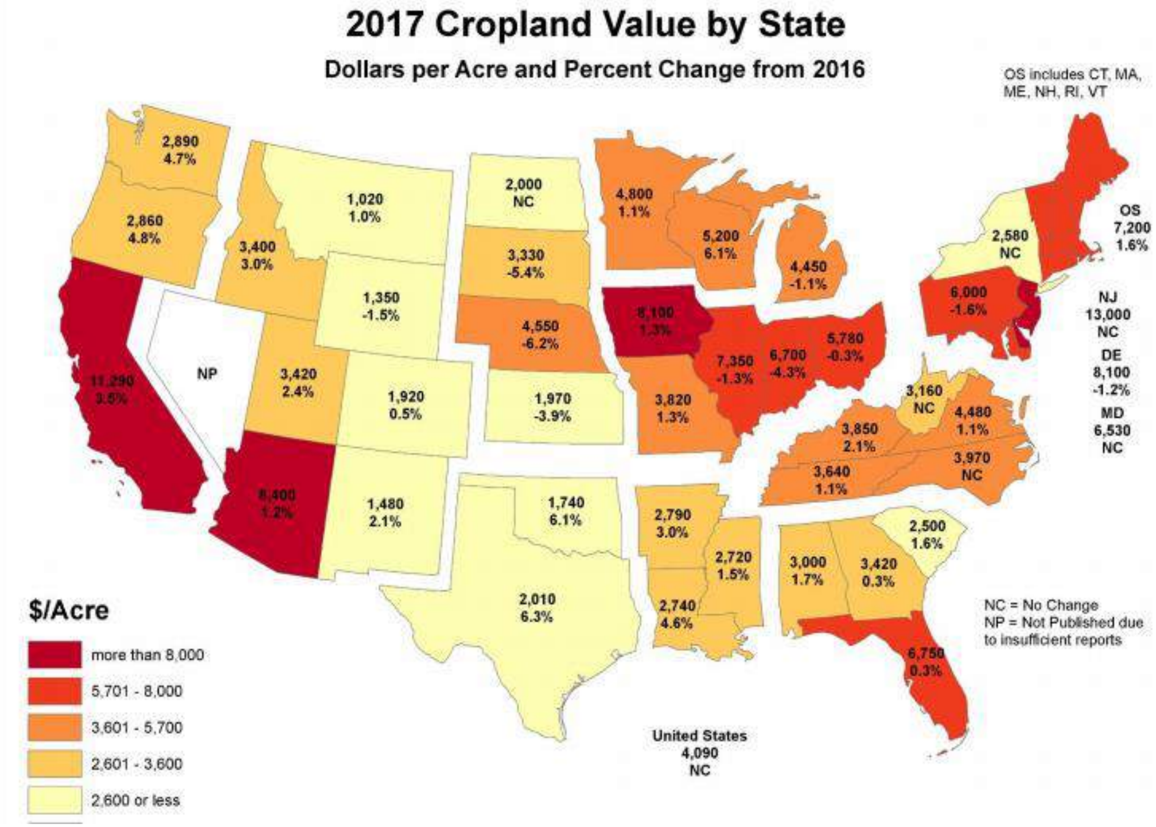
https://www.nass.usda.gov/Charts_and_Maps/Land_Values/

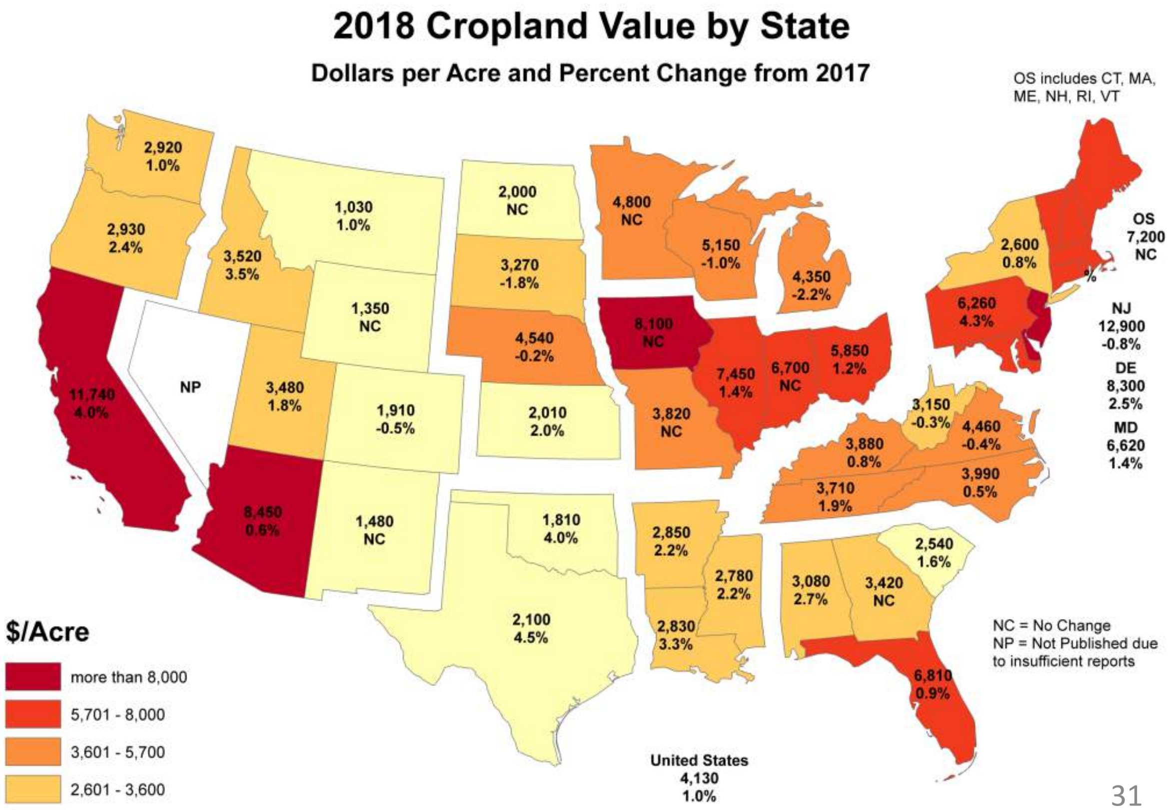
Land Values

- Average Farm Real Estate Value by Year, US PNG | PDF
- Farm Real Estate Value by State, US PNG | PDF
- Average Cropland Value by Year, US PNG | PDF
- Cropland Value by State, US PNG | PDF
- Average Pasture Value by Year, US PNG | PDF
- Pasture Value by State, US PNG | PDF

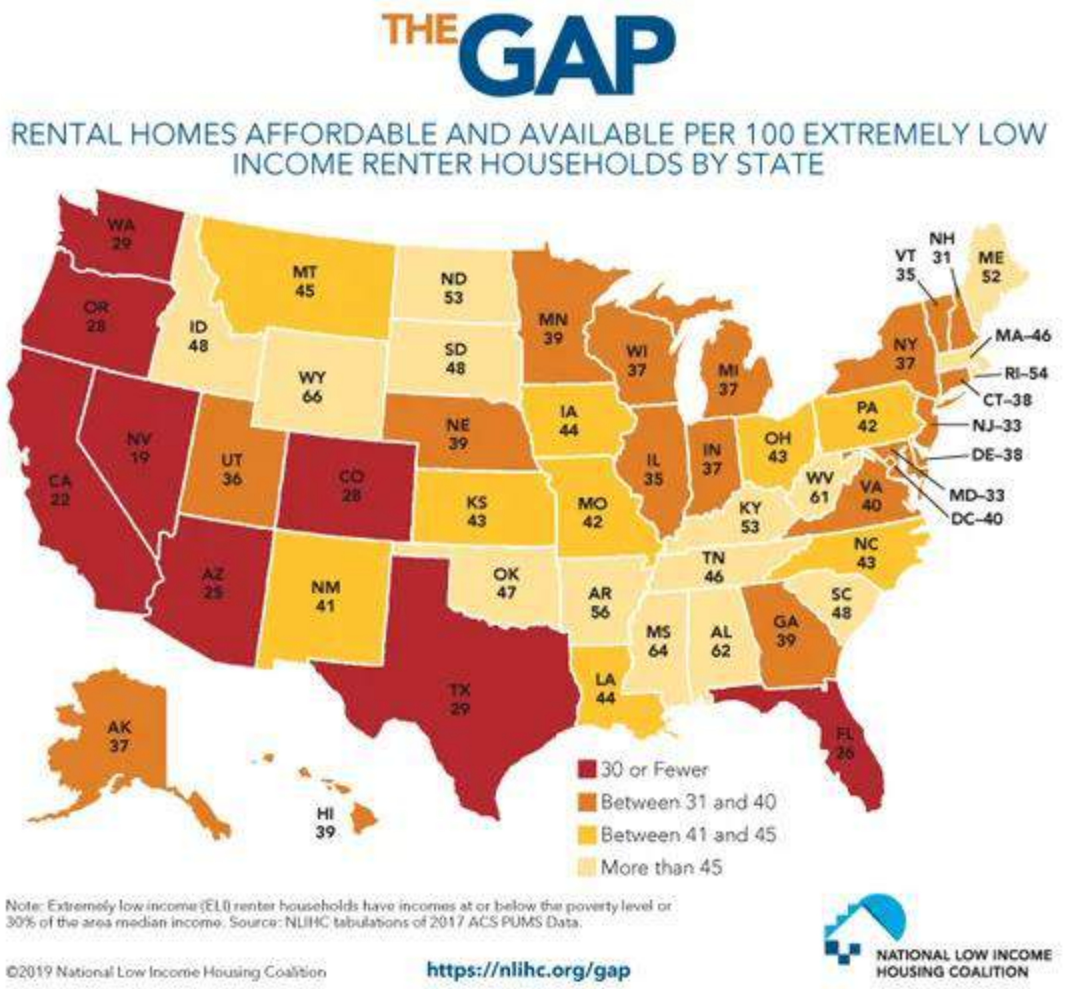
Notes:

- **TX <$3,000** avg/acre is **50%> US avg of $4,100/acre**
- **2018 FL Cropland up 1%** over 2017 avg of $6,700/acre
- **FL Cropland surpassed only by CA, AZ, Iowa & Illinois** at $7,500 - $11,750/acre





TX is among 10-worst in the nation for affordable housing



https://www.azcentral.com/story/news/local/arizona/2019/03/15/arizona-third-worst-nation-affordable-housing/3175202002/

What is Driving Housing?

Affordable, but … NOT quite quality of a Tract-Home

Affordability gone too far, but not far-fetched☺

RETAIL CRE

It's all about Store Closings – right? NO? It's about growth of Online Sales

Year-Over-Year Growth in Traditional Retail and E-Commerce Sales

	In Store	E-Commerce
2017	3.4%	16.0%
2016	1.9%	14.9%
2015	1.1%	14.0%
2014	3.4%	14.5%
2013	3.1%	13.7%
2012	4.3%	14.9%
2011	7.0%	17.5%
2010	5.2%	16.8%

Source: FRED Economic Data

Top U.S. Companies by Percentage of Total E-Commerce Sales

Company	2016	2017
Amazon*	38.10%	43.50%
eBay	7.80%	6.80%
Walmart	2.80%	3.60%
Apple	3.20%	3.60%
Home Depot	1.40%	1.50%

*Amazon accounted for approximately 4 percent of total retail sales in 2017
Source: Digital Commerce 360

Source: April 19, 2017 CNB Feature Think-running-retail-stores-is-more-expensive-than-selling-online-think-again

Alabama Center for Real Estate

http://www.acre.culverhouse.ua.edu/research/logistics-infrastructure-research

American retailers already announced 6,000 store closures this year. That's more than all of last year

By Nathaniel Meyersohn, CNN Business

Updated 1:27 PM ET, Tue April 16, 2019

America has too many stores.

This year, US retailers have announced that 5,994 stores will close. That number already exceeds last year's total of 5,864 closure announcements, according to a recent report from Coresight Research.
Bankruptcies in the retail sector are piling up and chains have aggressively closed under-performing stores.

Payless, Gymboree, Charlotte Russe and Shopko have all filed for bankruptcy this year and will close a combined 3,720 stores, according to the report.
Other retailers, such as Family Dollar, GNC (GNC), Walgreens (WBA), Signet Jewelers (SIG), Victoria's Secret and JCPenney (JCP), are struggling and are shrinking their store footprints to save money.

Online sales make up around 16% of retail sales today, but they will rise to 25% by 2026, UBS analysts estimated in a research report last week.
That could force up to 75,000 stores to close by 2026, including more than 20,000 clothing stores and about 10,000 consumer electronics stores, UBS estimates. **Thousands of home furnishings and sporting goods stores will also need to close as online shopping grows rapidly.**
Some retailers are opening stores, though. The Coresight report noted that this year, **retailers have announced they will open 2,641 stores. The discount sector in particular is growing: Dollar General announced it will open 975 stores this year**.

What is Outlook for Malls going Dark?

Malls go Warehouse – Mesquite TX

The Best Place for a New Warehouse? An Old Mall

With wide-open spaces and central locations, dead malls are coming back to life as logistics centers for online shopping facilities.

The dramatic shift in the retail industry and growth of e-commerce have led **some analysts to estimate that 400 or so of the roughly 1,100 malls in the U.S. will close in the coming years.**

Meanwhile, the appetite for industrial space continues unabated. Roughly 247 million square feet of industrial space is expected to be delivered this year, JLL

In North Randall, Ohio, Amazon.com Inc. is considering the site of the former Randall Park Mall as a fulfillment center, according to Port of Cleveland, a local government agency focused on spurring job creation and economic growth in Cuyahoga County.

In Mesquite, Texas, FedEx Corp. next month will open a 340,000 square-foot distribution facility on what once was the site of the former Big Town Mall. Located along U.S. Highway 80

https://www.wsj.com/articles/the-best-place-for-a-new-warehouse-an-old-mall-1502190001

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What is Outlook for Malls going Dark?

Malls go to Sports & Entertainment Venues
In Atlanta, they go Cricket

Cricket League Owner Agrees To Buy Gwinnett Place Mall For 20,000-Seat Stadium

February 26, 2019 | Jarred Schenke, Bisnow Atlanta

An ailing mall close to Atlanta is on the verge of being repurposed into a stadium to watch one of the world's most popular sports.

A Dallas-based company is under contract to purchase the indoor retail portion of **Gwinnett Place Mall for an undisclosed sum, with plans to transform the 1.2M SF regional mall into a cricket stadium**, Global Sports Ventures Chairman Jignesh "Jay" Pandya confirmed to Bisnow. The current owner of Gwinnett Place Mall's main retail complex, Las Vegas-based Moonbeam Capital Partners, is joining forces with Pandya and Texas-based Thakkar Developers in an organization called CricRealty Co.

https://www.bisnow.com/atlanta/news/mixed-use/gwinnett-place-mall-under-contract-for-future-cricket-stadium-97690?utm_source=CopyShare&utm_medium=Browser

Grocery Stores Remain Solid, But The Amazon Pain Is Coming

January 28, 2019 | Matthew Rothstein, Bisnow East Coast

Among all forms of shopping centers, neighborhood strips anchored by **grocery stores are considered a far safer investment than malls or power centers** anchored by department stores. But they are beginning to feel similar pressures.

A few regional brands have already reorganized through bankruptcy and closed stores to stay alive. Southeastern Grocers, the parent company of Southern grocery chain, filed for and subsequently emerged from bankruptcy last year with fewer stores. Catch-all retailer Shopko, which has some grocery elements, filed for Chapter 11 bankruptcy protection earlier this month, and its restructuring plan includes closing over 100 stores to stay viable.

"You're going to see a lot of pressure on grocery-anchored shopping centers with second-tier brands, and that's a concern for a lot of landlords," SRS Real Estate Partners Managing Principal Kyle Stonis said. "If there's a struggling grocery store anchoring your center and it goes out, it kills your shopping center because it can't survive without something in that spot." **Grocery anchors average 50% of neighborhood centers' square footage, according to Green Street's report. If they go dark, even temporarily, it could be devastating**. Green Street estimates that vacant big-boxes take an average of 18 months to go back online. If a box needs to be carved into multiple smaller spaces for the next wave of tenants, that becomes very expensive very quickly

Shipping, storing and packing perishable goods is a much more complex and capital-intensive proposition than it is for apparel and electronics. Large players, especially Kroger and Walmart, are taking proactive steps to address the market's changes, which Sears and its counterparts largely failed to do. Most of all, grocery stores' advantage is that people need their products more frequently than they need soft goods.

https://www.bisnow.com/national/news/retail/grocery-retail-ecommerce-amazon-whole-foods-97072

Grocery Retail: Kroger + Walgreens = Kroger Express

First-of-its-kind Kroger Express location at a Walgreens in Florence, Kentucky. 12 additional locations will follow in the Cincinnati area, opening early 2019, in an effort that is sure to blur the lines between traditional grocery and drug store formats.

This latest shop-in-shop is an **evolution of the partnership between Walgreens and Kroger** which started in October of 2018 with Kroger's ClickList pickup being offered at the same 13 locations. Also announced is a further partnership focused on having Kroger's Home Chef meal kits at 65 Chicago-area Walgreens locations. So, if you like the idea of shopping online for groceries but still want to pick your tomatoes, you have that opportunity. **You can utilize the Kroger app for ordering, select this Walgreens location for pickup, and walk inside to grab your produce while your groceries are loaded in your trunk** [remember: you won't care about picking your tomato in three years, but for now you want it, so here it is].

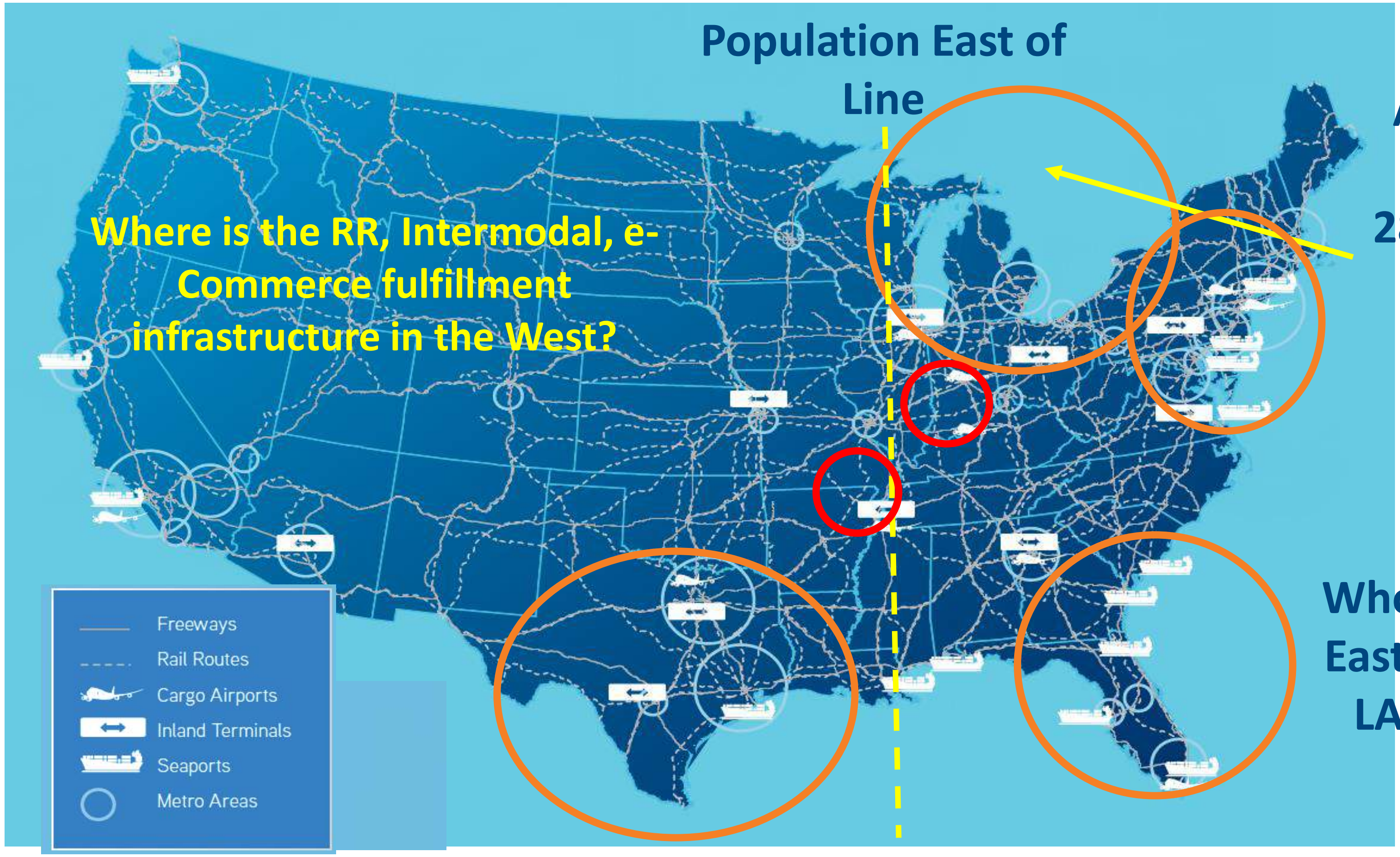
When two of the nation's largest retailers get together, there's a lot of opportunities. With Walgreen's 10,000 locations and Kroger's 2,800 locations, there's much that can be gained with partnerships. It's easy to imagine how Kroger's footprint could expand through infill and quick-trip locations throughout the Walgreens footprint and it's also possible to consider opportunities for Walgreens to impact the Kroger footprint.

https://weinpl.us/2018/12/31/kroger-walgreens/

"FREIGHTWAYS" Define the Eco. Outlook

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

65%-70% of Population East of Line



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

Who will be East Coast's LA & LB?

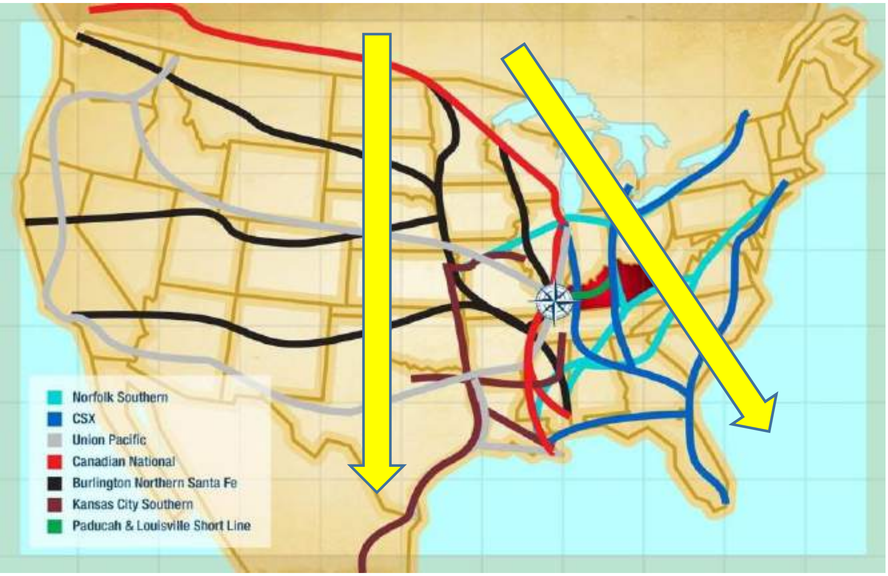
The Gulf Coast: Houston & Mobile

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*

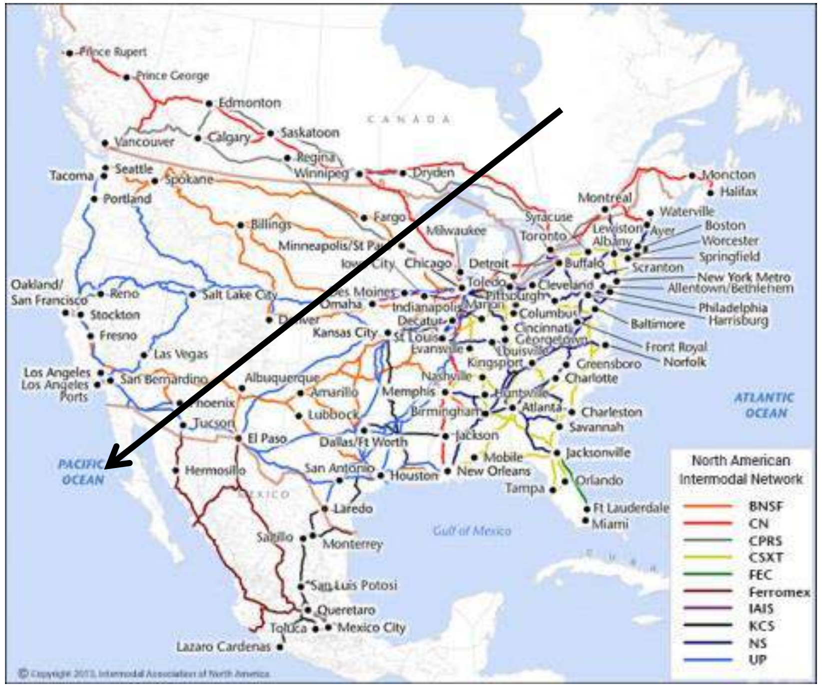
The 7- Class I RRs (Note CN (red) & KCS (brown)



IANA
Intermodal Association of North America

http://www.intermodal.org/

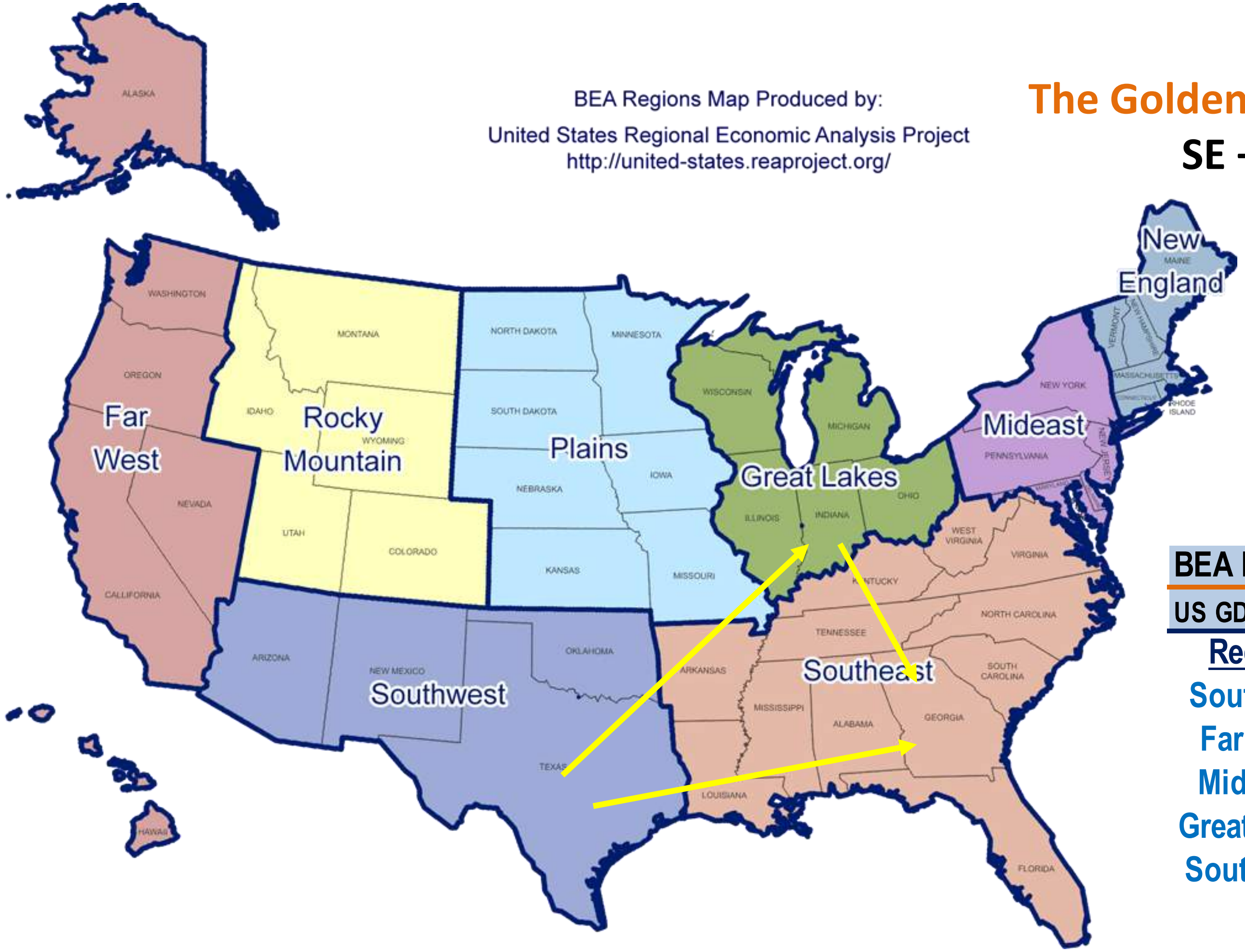
"All that happens on the ports, doesn't stay on the ports" – Rail, Intermodal!



AC RE

Remaking the Supply-Chain

The GDP Golden Triangle



The Golden Mfg & Logistics Triangle:

SE + SW + Great lakes

47% US GDP

BEA Regional GDP Rankings - Q1 '2-17

US GDP Q1 '17 = $18.9 Tr. Vs. $18.17 Q1 '16)

Region	Ranking	$/Yr
Southeast	#1	$4.05 (Tr)
Far West	#2	3.675
Mid-East	#3	3.40
Great Lakes	#4	2.60
SouthWest	#5	2.30

ACRE

The Big Story 2019 and Beyond will be
Logistics & Convergence of Retail & Industrial R.E.

http://www.acre.culverhouse.ua.edu/research/logistics-infrastructure-research - Feb 8, 2019 Publication

The Big Story 2019 and Beyond will be

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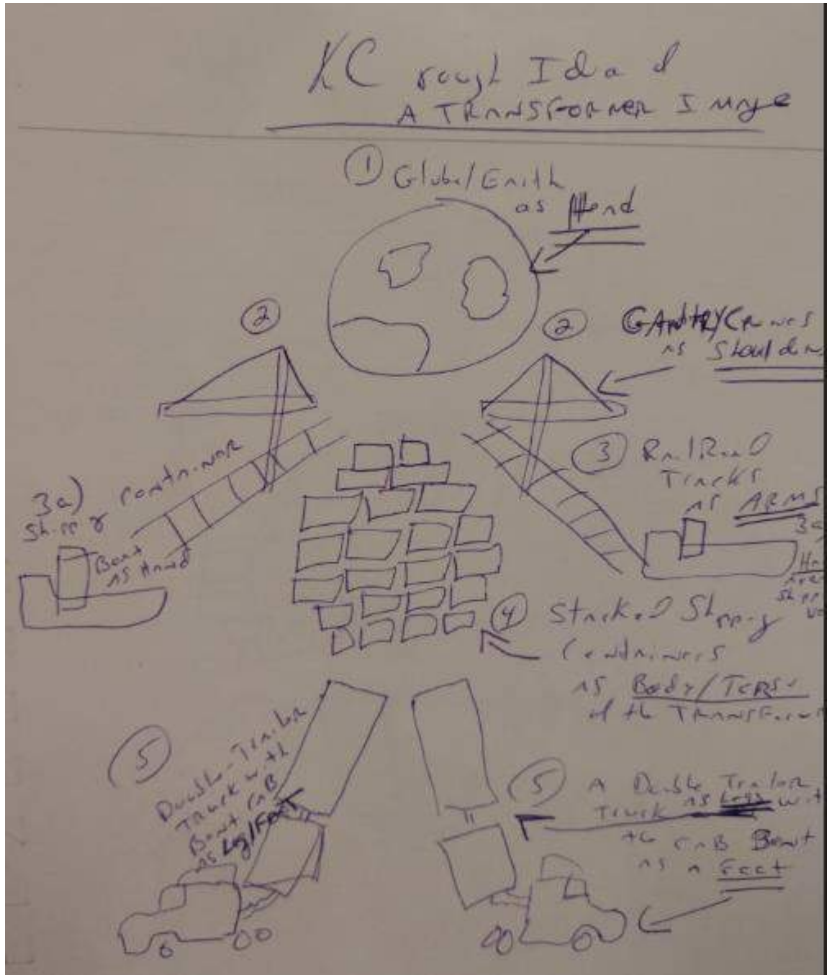

1. **The E-commerce economy will drive on-line retail sales to 20 percent of total sales by 2022.** Using Black Friday 2018 on-line sales of a record $6.2+ billion (up 20% over 2017) as a proxy, the ratio of logistics related leasing will rise from its current level of 20 percent of total industrial leasing to 30-35 percent over the next 3 years. As annual on-line retail activity grows by a mid-teen to twenty percent rate, expands into more merchandise categories - such as grocery, pharmacy, and big-and-bulky

http://www.acre.culverhouse.ua.edu/research/logistics-infrastructure-research - Feb 8, 2019 Publication

ACRE

The Key Takeaways

Key Takeaway #2

A horseless-carriage, supply-chain from the 1950s cannot support a modern E-commerce Supply-Chain that is growing 25-30 percent per year.

According to the Verizon-Tracking-Digital-Commerce-Retail-Index, average e-commerce retail traffic for the Monday before Thanksgiving through Black Friday 2018 period was up nearly one-third (32.6%) over the same period in 2017. The demands on supply-chain infrastructure from a rapidly growing e-commerce economy only increase over the next decade. The pot-hole in our supply-chain is reconciling how the largest economy in the world is so far behind regarding infrastructure. The United States is the largest economy globally at $20 trillion dollars (2nd is Europe and 3rd is China with $12.5 trillion annual GDP), yet the American Society of Civil Engineers gives our Nation's infrastructure a cumulative grade of "D"+ in its latest report covering the 2013-2017 period. The age and state of our vintage infrastructure is not just inhibiting future economic and real estate development, it is forcing existing industry to relocate toward destinations

5 The shift from shop-and-take-home to online-order and deliver will result in less retail store square footage, but the tradeoff will be many new fulfillment centers and warehouses aligned with new LI.

E-commerce fulfillment centers will displace one-third of America's 1,100 malls.

From
"Shop & Take Home"
to
"Order Online and Deliver to me."

6 The development metrics by the major commercial real estate brokerages suggest a boom is ahead for new industrial warehouse development.

Warehouse is the new department store or retail big-box due to E-commerce. Demand/absorption still exceeds supply resulting in another 800msf to 1.0 billion square feet of new development

Source: April 19, 2017 CNB Feature Think-running-retail-stores-is-more-expensive-than-selling-online-think-again

Key Takeaway #7

Today the margins for On-line-Shop-and Deliver do not beat Shop-and-Take-Home, but retailers will not reverse course from E-commerce. Retailers will double-down on technology and LI to get the margins right.

The conventional assumption by manufacturers and retailers alike that on-line retail is more cost effective than traditional brick-and-mortar store retailing is not proven by the numbers. Alix Partners crunched the numbers for CNBC in 2017 and found that for apparel retailers the net margin from merchandise sold at brick-and-mortar stores was 32 percent compared to 30 percent for on-line apparel sales. How can this be? It's because the cost to build the

The consumer isn't going back to traditional retail any more than it is to traditional banking.

retail Omnichannel systems, operate last-mile delivery reliant upon an inefficient 1950s to 1970s infrastructure utilizing congested highways and roadways, and the volume of returned online merchandise (now an estimated 30% of all merchandise sold online), are much more capital intensive than leasing, stocking, and staffing brick & mortar retail stores.

http://www.acre.culverhouse.ua.edu/research/explore-research
Feb 11, 2019 Publication

Top 20 North American Ports Ranked by Total Tonnage (2017)

2017 Rank	Port	Total Tonnage 2017	Total Tonnage 2016	% Change
1.	South Louisiana, LA	275,064,082	261,898,079	5.03%
2.	Houston, TX	260,070,837	247,981,663	4.88%
3.	New York / New Jersey	135,874,693	133,396,832	1.86%
4.	New Orleans, LA	96,341.576	90,270,859	6.73%
5.	Beaumont, TX	89,437,326	84,528,063	5.8%
6.	CorpusChristi, TX	87,322,735	81,981,061	6.52%
7.	Long Beach, CA	85,997,092	77,813,233	10.52%
8.	Baton Rough, LA	77,013,042	72,998,561	5.50%
9.	Virginia, VA	67,251,530	54,047,937	24.43%
10.	Los Angeles, CA	65,826,557	62,615,644	5.13%
11.	Mobile, AL	58,157,248	58,024,317	0.23%
12.	Plaquemines, LA	54,465,907	56,780,632	-4.08%
13.	Lake Charles, LA	54,316,852	56,045,838	-3.08%
14.	Baltimore, MD	45,474,946	38,837,979	17.09%
15.	Cincinnati-Northern, KY	42,676,566	43,050,399	-0.87%
16.	Savannah, GA	39,865,610	36,443,795	9.39%
17.	Port Arthur, TX	39,203,245	35,198,425	11.38%
18.	Texas City, TX	37,751,062	41,260,475	-8.51%
19.	Duluth-Superior, MN andWI	34,783,190	30,277,995	14.88%
20.	Huntington - Tristate	34,151,107	37,401,755	-8.69

Top 20 North American Ports Ranked by Total TEUs (2017)

2017 Rank	Port	Total TEUs 2017	Total TEUs 2016	% Change
1.	Los Angeles, CA	9,343,192	8,856,783	5.5%
2.	Long Beach, CA	7,544,507	6,775,170	11.4%
3.	New York/ New Jersey	6,710,817	6,251,953	7.3%
4.	Savannah, GA	4,046,212	3,644,521	11.0%
5.	Seattle / Tacoma, WA	3,665,329	3,615,752	1.4%
6.	Vancouver, Canada	3,252,223	2,929,585	11.0%
7.	Hampton Roads, VA	2,841,016	2,655,707	7.0%
8.	Manzanillo, Mexico	2,830,370	2,578,822	9.8%
9.	Houston, TX	2,459,107	2,182,894	12.7%
10.	Oakland, CA	2,420,837	2,369,641	2.2%
11.	Charleston, SC	2,177,550	1,996,276	9.1%
12.	Montreal, Canada	1,537,669	1,447,566	6.2%
13.	San Juan, Puerto Rico	1,319,572	1,084,374	21.7%
14.	Honolulu, HI	1,204,568	1,211,997	-0.6%
15.	Lazaro Cardenas, Mexico	1,149,079	1,115,452	3.0%
16.	Veracruz, Mexico	1,117,304	965,294	15.7%
17.	Port Everglades, FL	1,076,893	1,037,226	3.8%
18.	Jacksonville. FL	1,033,068	968,279	6.7%
19.	Miami. FL	1,024,338	1,028,156	-0.4%
20.	Baltimore, MD	962,484	869,485	10.7

Source: American Association of Port Authorities (AAPA)

ACRE

Top 20 North American Ports Ranked by Automobiles Moved (2017)

Port	2017 Total Autos	2016 Total Autos	% Change
1. Veracruz, Mexico	1,041,692	770,729	35.2%
2. Baltimore, MD	807,194	731,750	10.3%
3. Jacksonville, FL	693,248	652,265	6.3%
4. Brunswick, GA	629,420	631,713	-0.4%
5. New York / New Jersey	577,223	505,151	14.3%
6. Lazaro Cardenas, Mexico	442,869	311,774	42.1%
7. Vancouver, Canada	429,875	393,280	9.3%
8. San Diego, CA	371,827	390,954	-4.9%
9. Hueneme, CA	318,576	306,816	3.8%
10. Portland, OR	314,000	291,242	7.8%
11. Long Beach, CA	313,226	263,994	18.7%
12. Houston, TX	276,338	85,499	223.3%
13. Los Angeles, CA	236,956	199,027	19.1%
14. Charleston, SC	234,253	265,017	-11.6%
15. Davisville, RI	222,521	214,189	3.9%
16. Altamira, Mexico	197,032	111,934	76.0%
17. Halifax, Canada	170,000	142,420	19.4%
18. Philadelphia, PA	164,901	138,872	18.7%
19. Tacoma, WA	146,885	165,687	-11.4%
20. Vancouver, WA	87,978	87,600	0.4%

Source: Automotive Logistics: North American Light Vehicle Ports Survey

Top 20 North American Ports Ranked by Gantry Cranes (2017)

Port	Panamax Cranes	Post-Panamax Cranes	Super-Post-Panamax Cranes	Total Cranes
1. Los Angeles, CA	–	38	45	**83**
2. Long Beach, CA	2	25	45	**72**
3. New York / New Jersey	9	44	17	**70**
4. Norfolk, VA	–	6	22	**28**
5. Savannah, GA	–	6	20	**26**
6. Tacoma, WA	5	12	9	**26**
7. Oakland, CA	–	10	15	**25**
8. Houston, TX	5	11	7	**23**
9. Seattle, WA	3	6	13	**22**
10. Jacksonville. FL	–	10	7	**17**
11. Charleston, SC	–	8	8	**16**
12. Baltimore, MD	4	7	4	**15**
13. Miami. FL	–	7	6	**13**
14. Port Everglades, FL	1	8	–	**9**
15. New Orleans, LA	2	4	–	**6**
16. Boston, MA	2	4	–	**6**
17. Wilmington, NC	2	4	–	**6**
18. Philadelphia PA	4	2	–	**6**
19. Tampa, FL	3	2	–	**5**
20. Mobile, AL	–	2	–	**2**

Source: Bureau of Transportation Statistics, Port Performance Profiles

The e-commerce fulfillment warehouses and modern, additive-manufacturing jobs will not locate where Logistics Infrastructure is at risk of failure and disruption of its supply chain. As highlighted in the preceding sections, those states that invest/build Logistics Infrastructure (roads and bridges with embedded markers for autonomous trucking and import/export highways connecting to ports, rail, inland ports) will incubate and grow tomorrow's companies and commercial real estate development needed to replace the mature or declining physical retail and financial services industries in our communities.

Port Freeport, Texas

Photo courtesy of: Port Freeport

Vital Statistics

2017 Total Tonnage: **24,484,399 (24.69%)**
2017 Total TEUs: **85,540 (-6.42%)**
2017 Total Autos: **74,000 (39.62%)**
Total Number of Post Panamax Cranes: **2**
Current Channel Depth: **45**
Number of Class I Railroads: **1**

Summary of Strategic Plan:

Port Freeport has several strategic initiatives in place to facilitate the growth of the port. A $295 million harbor improvement project plans to deepen the channel from 46 to 53 feet, making it the deepest port in Texas once completed. This will allow Port Freeport to accommodate New Panamax ships which require at least 50 feet of water to operate. Other planned improvements include expansion of the port's container handling facilities by purchasing five additional STS Post-Panamax Gantry cranes by 2021. Port Freeport also plans to develop rail-served warehouses and distribution facilities with the ultimate goal of creating a rail and highway transportation corridor linking Freeport to Rosenberg.

Five Facts to Know About the Port Freeport, Texas

- The port plans to install five additional Post-Panamax Gantry cranes by 2021
- It will be the deepest port in Texas (53 feet) after a $295 million harbor improvement project is completed
- Vessel calls are forecasted to increase by approximately 25 percent over the next four years
- It is ranked 26th in international tonnage and occupies approximately 8,000 acres on deep water
- The port's new container terminal is the deepest container berth on the Gulf of Mexico, and the new, deeper main channel of 55 feet will offer the fastest transit time in the U.S. at one hour

The Changing Design for an Industrial Warehouse

Think of an Amazon “Tent Warehouse” pioneered by Iowa Company

Real Estate Design – It is a Changin! Building design is adapting **to meet with the challenges of rising construction costs** while simultaneously evolving to meet e-Commerce’s need for more efficiency.

https://www.memphisdailynews.com/news/2018/aug/2/digest/

Amazon’s development of a warehouse made of a taut fabric supported by steel-tube trusses and cables **with no columns** is underway in Memphis. The design, engineering and construction is not too dissimilar to that used to construct the Denver International airport main terminal. This first-of-its-kind warehouse for Memphis, TN (home to FedEx) and the building’s tenant (Amazon - the world’s largest retailer and likely next trillion dollar company) is going to be a disruptor for industrial warehouse space. **The building design and components are being provided by ClearSpan Fabric Structures HQ in Dyersville, Iowa for a cost of $595,000 - or just under $36 per SF**

Conclusion

Long May You Run – in your career – If you stay Tuned-up!

Top 10 "Long May You Run" Commercial Real Estate Resources

1. Trading Economics
2. Rail Time Indicators by the Association of American Railroads
3. Trading Economics and Rail Time Indicators
4. Calculated Risk
5. LinkedIn Workforce Report with Skills-Gap Analysis
6. NFIB's Small Business Optimism Index
7. Verizon Retail Index
8. Dunnhumby's Retailer Preference Index: Grocery Channel Edition
9. Association of General Contractors and Engineering News-Record
10. Trepp on CMBS and real estate finance trends and knowledge like commercial real estate defaults