



COMMON GROUND

CONOR COMMERCIAL REAL ESTATE



Southeast Gateway
Savannah, Georgia

Perspectives on the Current Market



David Friedman
President

It seems a perfect time to share market observations. Industrial and multi-family markets remain solid. Multi-family occupancy is near 94 percent. Industrial

sees strong demand, particularly near major ports.

So why the market pause? Strong property-type fundamentals are insufficient for a healthy market. Capital flows are the raw material that keep real estate markets fluid, and with uncertainly—interest rates, inflation, recession, pandemics—equity investors and lenders wait and see.

At best, cap rates are imperfectly correlated to interest rates and inflation. In periods of abnormally large interest rate

movements, real estate values have been shown to fluctuate a lot. Cyclically, debt providers have backed-off in response to swift interest rate increases, few payoffs, and loan risk ratings have worsened, triggering higher reserves. It follows logically that investors would seek to ride out the storm.

There may be a valuation reset underway. A bid-ask spread between buyers and sellers persists. There have been few sales to support “appraised value” declines. Once transactions take place again, the market will reestablish valuation benchmarks, and participants will comfortably transition from spectators to buyers or sellers. Let’s not forget, equity investors remain underweight real estate relative to targeted allocations.

In 1991, the real estate investor Sam Zell said, “survive till ‘95.” Recently, the economist Peter Linneman said, “survive till mid-‘24.” Perhaps he will be right.

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SPRING 2023

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How Industrial Can Be a Good Neighbor



Brian Quigley
Executive Vice President

Bringing industrial properties to residential communities can be a controversial topic. People hear “industrial” and instantly think of smokestacks blocking the sky and semi-trucks rumbling through their neighborhoods. What they don’t understand

is that communities benefit from industrial properties just as much as these facilities benefit from the surrounding communities.

We live in an age where you can order something online and have it arrive on your doorstep in two hours. However, for this to be possible, the last-mile facilities where these items are warehoused must be located near consumers’ homes.

Additionally, proximity to dense communities is key for a company’s workforce. Not only does this provide businesses with a strong labor pool from which to hire, it also provides jobs for community members, from engineers to forklift drivers to accountants.

Industrial facilities also transform vacant, underutilized sites into Class A properties and economic engines for the community, thereby increasing the value of the land,

generating tax revenue for municipalities, and bringing commerce to the community.

With all of this said, you may be wondering what developers can do to integrate an industrial building so that communities can receive these benefits while still respecting the concerns of residents.

For one, industrial facilities are no longer the eyesore they once were. Much more thought is put into the exterior design and layout of these buildings. In addition to landscaping, they often feature prominent curtain wall office entries on the street-facing side and concealed dock doors in the rear.

This configuration also helps minimize noise, light, and traffic. Landscaping, car parking, and office space provide a buffer around the exterior of the building, while an interior truck courtyard keeps truck activity contained and away from the street.

At the end of the day, our goal is to strengthen communities through real estate development while creating opportunity for our brokers, tenants, and partners. By bringing industrial developments to communities, we believe that we can achieve these goals.

To hear more on this topic, watch NAIOP Insight: Industrial Development Near Residential Areas with Brian.



[Watch the Video from NAIOP](#)



Brian Chiga

Brian joined the Conor Commercial Real Estate team in 2021. As Project Accountant, he prepares monthly financial packages for joint venture properties and provides the accounts payables for Conor and their joint venture partners. Brian is also responsible for construction draw preparation, which includes communication with joint venture partners, lenders, and title companies.

Brian graduated from Illinois State University with a Bachelor of Science in Financial Accounting.

PROJECT UPDATE



Central Industrial Center

Construction continues at Central Industrial Center, a three-building, 1.1 million-square-foot industrial development in Stockton, California. Tilt-wall panels have been poured at Buildings 1 and 2, and panel erection, steel, and roofing are well underway at Building 3.

PEOPLE ON THE MOVE

Janet Protas Elected President of Realty Club of Chicago

Janet Protas, SVP – Multi-Family, was elected President of Realty Club of Chicago. Formed over 100 years ago, the organization brings industry professionals together to exchange ideas on trends, projects, and other topics relevant to the industry. Janet has been a member since 2017 and previously served as VP and Membership Chair.



TRANSACTION HIGHLIGHT

Southeast Gateway Fully Leased in Savannah, Georgia

Two full-building leases were executed at Southeast Gateway. Swiss Madison, a manufacturer of bath products, leased the 184,080-square-foot Building 1, while Maersk Warehousing and Distribution Services, an integrated logistics company, leased the 1,004,400-square-foot Building 2.

Southeast Gateway's accessibility to the Port of Savannah and the high throughput design of the campus made it extremely desirable for the tenants. Both companies will use the facilities to warehouse and distribute products transported through the port.



QUICK SHOTS

Executive Vice President Sven Tustin Spoke at NAIOP's I.CON West Conference

The McShane Cos. Named Second Largest Woman-Owned Business in Chicago

Development Manager Mike Fausone Received ULI Chicago's Kahan Fellowship

FEATURED DEVELOPMENTS



Brewster Creek Commerce Center
Bartlett, IL

This 436,500-square-foot speculative cross-dock industrial facility is fully leased to Colony Display. The tenant is using the facility for light manufacturing and warehouse/distribution space.



centralindustrialcenter.com

Central Industrial Center
Stockton, CA

This new speculative industrial development will include three buildings totaling 1,090,160 square feet with proximity to Interstate 5, Highway 99, and Stockton Metropolitan Airport.



Executive Commerce Center
Prospect Heights, IL

This 151,000-square-foot facility is fully leased by Syncreon, a third-party logistics provider for Samsung, and Plitek, a manufacturer of precision die cut components.



Lotus Project Phase II
Chandler, AZ

This three-building speculative development near Phoenix incorporating a total of 292,098 square feet was fully leased and then sold to a Chicago-based institutional investor.



Northwest Pointe III
Elgin, IL

Northwest Pointe III, a two-building, 349,080-square-foot speculative development in the sold-out Northwest Corporate Park, was leased to three tenants and subsequently sold.



southeastgateway.com

Southeast Gateway
Savannah, GA

Construction is nearing completion at this fully-leased two-building industrial development that offers 1.2 million square feet and proximity to I-95, I-16, Savannah/Hilton Head Airport and the Port of Savannah.



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