

# Market Analysis by Property Type

Understanding market dynamics is essential for real estate

This presentation explores how to analyze different property types, from traditional sectors to emerging niches.

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# What Do We Want to Know?

## Expected Rents

Rents drive value. They pay expenses and service

## Vacancy Rates

Current and projected vacancy affects income stability.

## Market Trends

Short-term dynamics and long-term fundamentals shape investment decisions.

## Value Creation

Creative marketing, tenant mix, and efficient management enhance returns.





# When Do We Want to Know It?



## Short Term

Property managers need quarterly forecasts for rent setting and lease negotiations.



## Medium Term

Mortgage lenders focus on rent trends over the course of the loan term.



## Long Term

Investors want projections over the expected holding period.

# Space Market vs. Asset Market

## Space Market

Determines rents based on supply and demand for physical space.

- Local economic factors
- Demographic trends
- Physical constraints

## Asset Market

Sets property values based on investment criteria.

- Yield requirements
- Cost of capital
- Broader geography

# Geographic Market Size

## Housing

Neighborhood within same school district



## Office

Central business district or suburban cluster



## Industrial

Transportation nodes and access points



## Retail

Varies by type: neighborhood to regional



# Everything Matters

Global/Macro Trends	Regional Trends	Local/Micro Trends
Global economic growth	Tax incentives and credits	Demographic shifts
Exchange rates	Regional economic drivers	Employment trends
Trade policies	Transportation systems	Education and skills
Technology breakthroughs	Land supply and availability	Local transit systems





# Market Dynamics Timeline



## Demand Increases

Vacancy reduces, rents rise, returns improve



## Supply Responds

New construction begins, value-add development occurs



## Market Balances

Returns normalize, vacancy returns to equilibrium





# Housing Market Analysis

## Estimate Population Growth

Consider births, deaths, and net migration patterns.

## Calculate Household Formation

Divide by household size, accounting for demographic trends.

## Determine Rental Demand

Subtract owner-occupied portion based on homeownership rates.

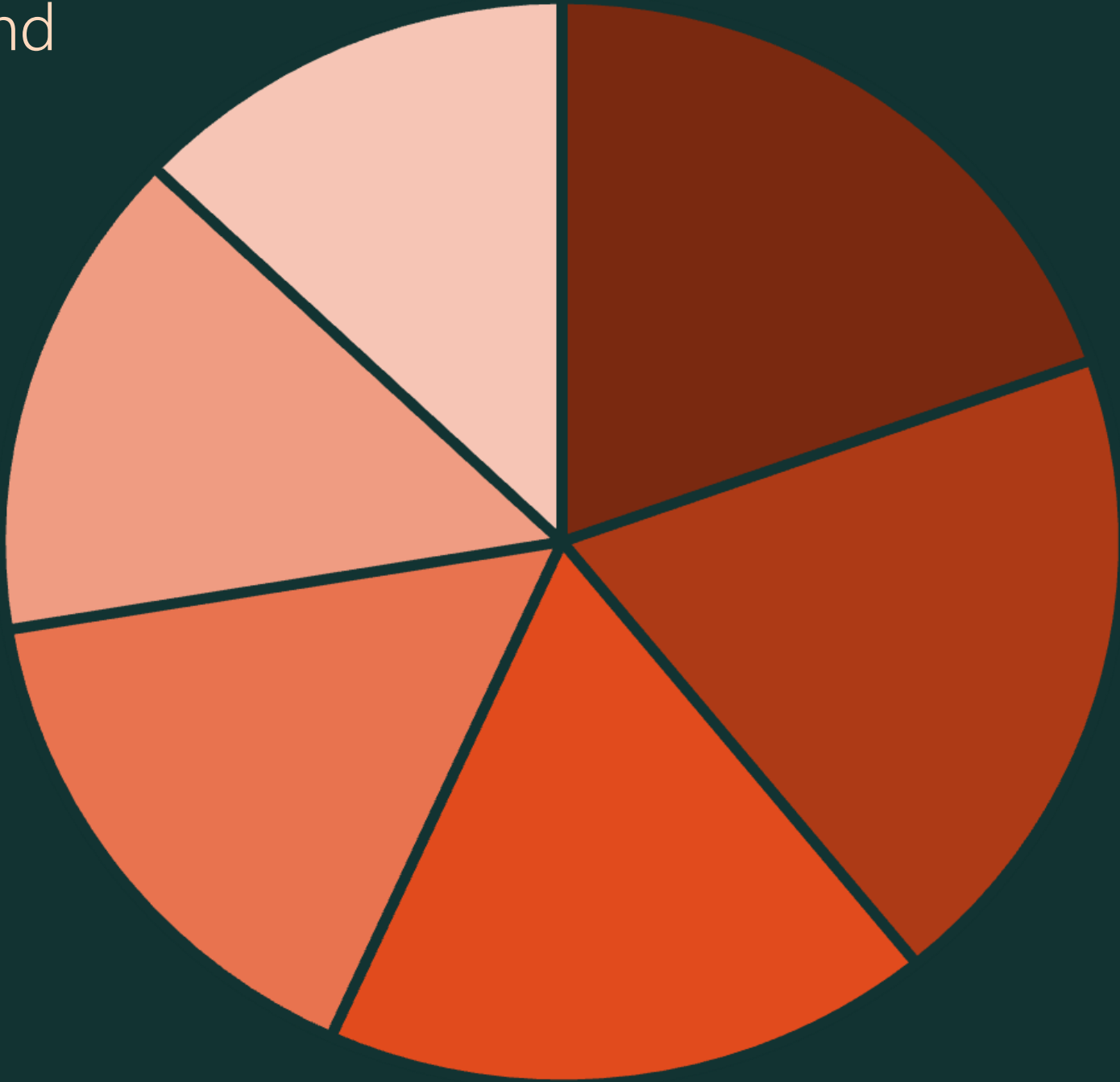
## Adjust for Vacancy

Add units needed for normal market operation.



# Office Space Demand

Office demand is driven by professional employment growth and work patterns. About 50-65% of total employment in industrialized countries consists of office-based jobs.



Information Finance/Insurance Professional Services Healthcare Wholesale Trade Admin Services



# Office Space Calculation Example

2,500

New Employees  
Total projected  
employment growth

55%

Office Workers  
Percentage requiring  
office space

210

Square Feet  
Average space per  
office worker

288,750

Total Demand  
Square feet of new  
office space needed



# Retail Property Types

## Neighborhood Centers

30k-120k sq ft with grocer and drugstore anchors. Drawing distance: 2-5 miles. Most stable retail format.

## Lifestyle Centers

80k-250k sq ft featuring restaurants and clothing stores. Drawing distance: up to 10 miles.

## Regional Malls

0.5-1M sq ft with 1-2 department stores. Drawing distance: up to 10 miles. Evolving to add grocers and restaurants.

## Power Centers

3-6 big box stores at 20k-80k sq ft each. Drawing distance: up to 15 miles. Most vulnerable to e-commerce.



# Retail Rent Potential



## Rent Calculation

Annual Rent = Sales  $\times$  Profit Margin  $\times$  (10-15%)



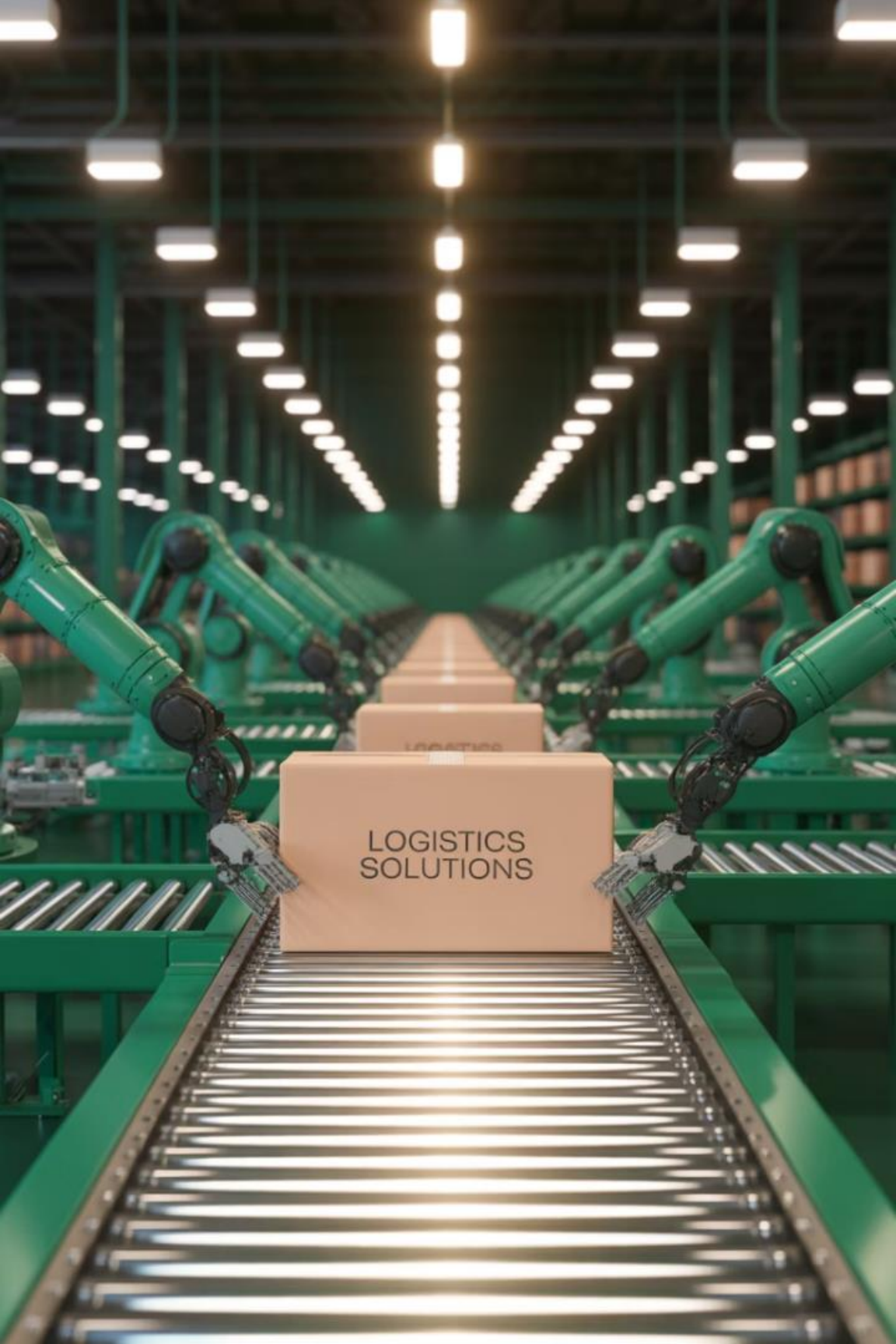
## High Margin Example

Coffee shop: \$2,000/sq ft  $\times$  50%  $\times$  10% = \$100/sq ft



## Low Margin Example

Grocer: \$2,000/sq ft  $\times$  12%  $\times$  10% = \$24/sq ft



# Industrial Warehouse Demand



## Supply Chain

Located near transportation nodes and central highways



## E-Commerce

Growing at 16% annually, driving warehouse demand



## Path of Goods

Distribution markets along flow from manufacturers to consumers



## Space Per Capita

US average: 85 sq ft, ranging from 50-150 sq ft but this may change over time.

# Lodging Market Analysis

60-85% 90%+ 80%

## Occupancy

Normal range for  
hotels

## Supply- Constrained

Occupancy in  
markets like Hawaii

## Break-Even

Typical occupancy  
needed for budget  
hotels

Key metrics include average occupancy levels, average daily room rate ("rack rate"), and revenue per available room ("RevPar"). Travel demand is split between vacation, personal/family, and business/convention segments.





# Self-Storage Centers



The US has over 1.65 billion square feet of self-storage space across 50,000 facilities. One in three Americans use self-storage, storage, paying an average of \$135 monthly for a 10×10 space.

# Self-Storage Market Drivers

Downsizing  
Primary reason for renting storage units

Business Needs  
Document and inventory storage

Relocation  
Temporary storage during moves

Space Constraints  
Insufficient home storage



# Life Science Facilities



## Specialized Features

High ceilings (14- 18ft), flexible ceiling structures, and ultra-clean air filtration systems.



## Growth Potential

Industry projected to reach \$2.4 trillion by 2028, growing at 14% annually.

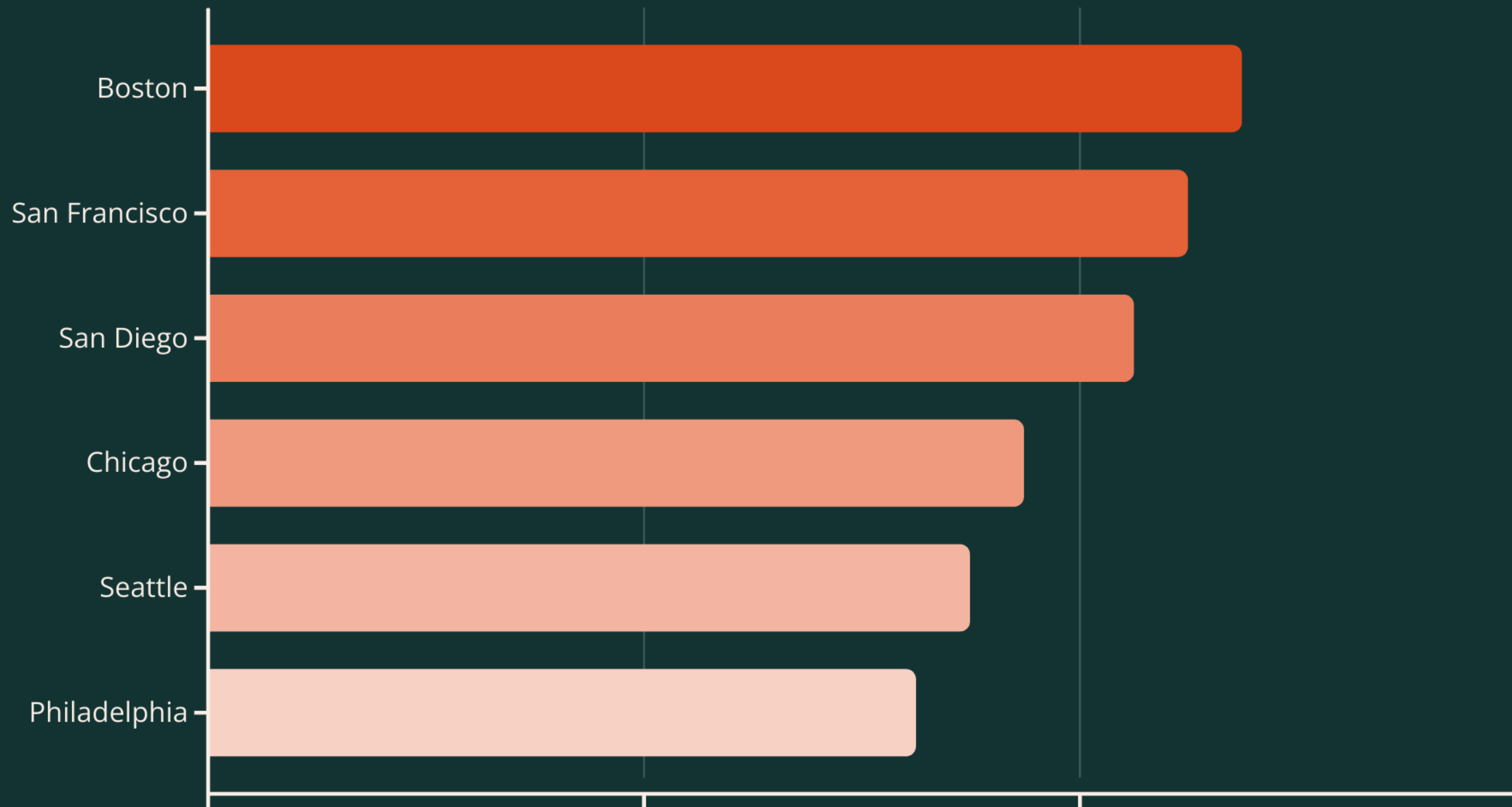


## Robotics Integration

Increasing use of robots for research and manufacturing to maintain clean environments.



# Top Biotech US Locations



# Data Centers or Data Storage Facilities



## Facility Requirements

Power redundancy, temperature control, and security

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## Location Factors

Cheap electricity and cool climates preferred

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## Market Growth

Expected to exceed \$800 billion by 2026

# Surface Parking Lots

## Market Segments

- Workers seeking regular parking
- Short-term business and shopping visitors
- Event attendees

Surface lots are "options that pay dividends" - holding sites while earning cash flow until market conditions warrant development.



Parking lots often sell for low cap rates due to their high option value for future development. Most successful investors focus on sites with high option values.