

## **A Logistics Facility Isn't Optional**

There's an opportunity too many businesses are simply missing. When you don't consider a logistics facility or distribution center, it cuts you off from one of your best strategies for growth. It may seem like the warehouse business is a sleepy one—pricing constant, available properties ample—but the numbers say that just isn't the case. Tenants had been delaying their real estate decisions, but they aren't waiting anymore. Occupancy rates gained 60 basis points during the last two quarters—the biggest move in over a decade. But, the good news is that rental numbers point to industrial real estate still being underpriced, according to our latest report, *The Shape of the U.S. Industrial Recovery*.

## **Onward Omnichannel**

There's no question that there's been an absolute retailer shift to the *omnichannel* sector of retailing. Although we're also contracted with the Amazons of the world, I'm really talking to you—the company that needs to be looking for the smaller facility size and shouldn't hesitate. If we were in strictly brick-and-mortar days it would be a different story, but, because of the Internet, the up-and-comer can quickly become *there*.

But the key, as much as anything, is these positive numbers are being seen in more asset types than ever before.

If you're not big on projections, look at the present situation across the pond. Roughly 15-20% of Western Europe rentals are ecommerce-related. Think it's not a trend? 15-20% of all leasing in Japan is coming from that *same business*.

Unfortunately, the misconception is that going with a facility is an arduous process—in fact, build-to-suit operations practically allow for as little or as much of a company's involvement as they would like. You need to remember that planning permission is on the facilitator's end, not yours, and you can hammer out a plan for each crucial step which leads to that magic moment—and it will be magic—when you open up those doors and stake your claim as a business to be reckoned with.

And you don't even have to wrap your head around the 700,000-square-foot facility you may not need (yet). We're finding smaller players are making great strides at home and abroad in facilities which never touch even half that size. With our numbers saying that effective rents should be expected to rise 25% over the next four years, again, it's the right time if you're going to make a move.

Just one last statistic to consider when it comes to the financial consideration of a facility. As the economy continues its significant recovery, a return to prior peak rents would mean 21% growth from current levels. With stocks setting all-time highs, it's not hard to see why these kinds of properties are undervalued.

We're fortunate that the age of technology allows companies to step up their role and connect with customers in ways which didn't always seem possible. You've earned the

right to take your place ahead of your competitors and a logistics facility should be seen as a help, not a headache, when it comes to realizing this goal.