



Editor's Insights

Lucinda Smedley • published in the June 2019 issue

As TREND report's annual industrial issue demonstrates, Tucson's industrial market is seeing increased activity driven by the Logistics/Distribution, Aerospace/Defense and Mining industries. The issue features informative contributions from industrial experts including Jesse Blum and Susan Moore from CBRE, Diamond Ventures' Bert Dover, David Blanchette from NAI Horizon, Cushman & Wakefield/PICOR's Denisse Angulo, GRE Partners' Randy Emerson and industrial appraiser Gordon Wicker of Quality Valuation Inc. The issue also includes infrastructure updates from Melodee Loyer at Tucson Water and Camila Martins-Bekat at TEP, discussing how the utility companies are working to plan and stay ahead of commercial development and opening up areas for future tenants. Recognizing the need to make itself development ready and take advantage of new and expanding business opportunities, Pima County's Carla Blackwell outlines the significant steps that Development Services has undergone to remove code barriers, increase the supply of industrial land, and shorten review times. The industrial market is projected to continue its momentum this year with approximately 1.35 million square feet of industrial space under construction (900,000 sf for Amazon's two projects alone) and another 1.14 million square feet being planned along the I-10 corridor.

The Tucson region is benefiting from the continued regional collaboration which has paved the way for much of the economic development successes in recent years. In spite of concerns of a recession in the near term, the region's leaders are optimistic. Susan Moore reports in her market study for PCRERC that Sun Corridor has over 60 active projects which is the busiest they have ever been. She further states that if every project in the pipeline comes to fruition, it would represent an estimated 8,000 new jobs over five years.

In a recent article from SIOR Pulse titled *These Industrial Real Estate Trends Will Keep Going Through 2019*, they list the following forward-thinking industry practices for 2019 and beyond:

Coworking Spaces Will Continue to Grow Coworking spaces are more popular than ever before. In fact, the coworking trend is creating a booming demand for industrial real estate. The need for coworking spaces is projected to grow throughout 2019 and exponentially in years to come.

...And E-Commerce Modern shoppers value the convenience of ease of online shopping, which is creating a large demand for e-commerce real estate space. As people expect packages to arrive faster and faster, new developments will be built closer to consumers. The size of these distribution centers will continue to expand as the demand for e-commerce space grows.

Amenities are Attractive Assets To attract tenants and employees, industrial real estate spaces will be upping their amenity game in 2019. Not only will additional features create a desirable space, but extra amenities will also help to retain tenants in the future.

Sustainable Success As sustainable practices continue to be a focus in many sectors, industrial real estate facilities will place a larger emphasis on sustainability in 2019. Even if federal or state regulations don't change, companies and investors are pushing the industrial real estate space toward more effective and efficient practices.

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at 520-603-2175 or lucinda@trendreportaz.com