

Big Expectations for the Industrial Boom to Continue



Data from the seventh annual industrial market report by WealthManagement.com Real Estate (WMRE) remains clearly bullish on the industrial sector of commercial real estate (CRE), particularly on the points of sentiment, occupancy and rent growth.

The report is based on an April 2021 survey distributed to readers of Wealth Management Real Estate. Respondents include private investors, financial intermediaries, developers, lenders, occupiers, and service providers, with over 50% of respondents in senior management and ownership roles.

It is in keeping with other market analysis sources. The industrial deal volume was up 18%, in comparison with 2015 to 2019 averages, according to RCA'S most recent U.S. Capital Trends report.

Ecommerce at the Core

The prospects of e-commerce and fulfillment, they write, were strong drivers before Covid-19: "The demand for home delivery of more types of goods and services provided extra fuel for fires that were already burning even before COVID-19... The strong and consistent performance also caught the eyes of new investors looking for a safe haven."

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The report draws from the U.S. Census Bureau information which shows how e-commerce made up 14% of total retail sales in Q4 2020 (up from 11.3% in Q4 2019), and from other sources that suggest e-commerce is to grow to some 21% of global sales by 2025.

Strength Factors

Around the world, top corporations seem to be continuing their acquisitive streak:

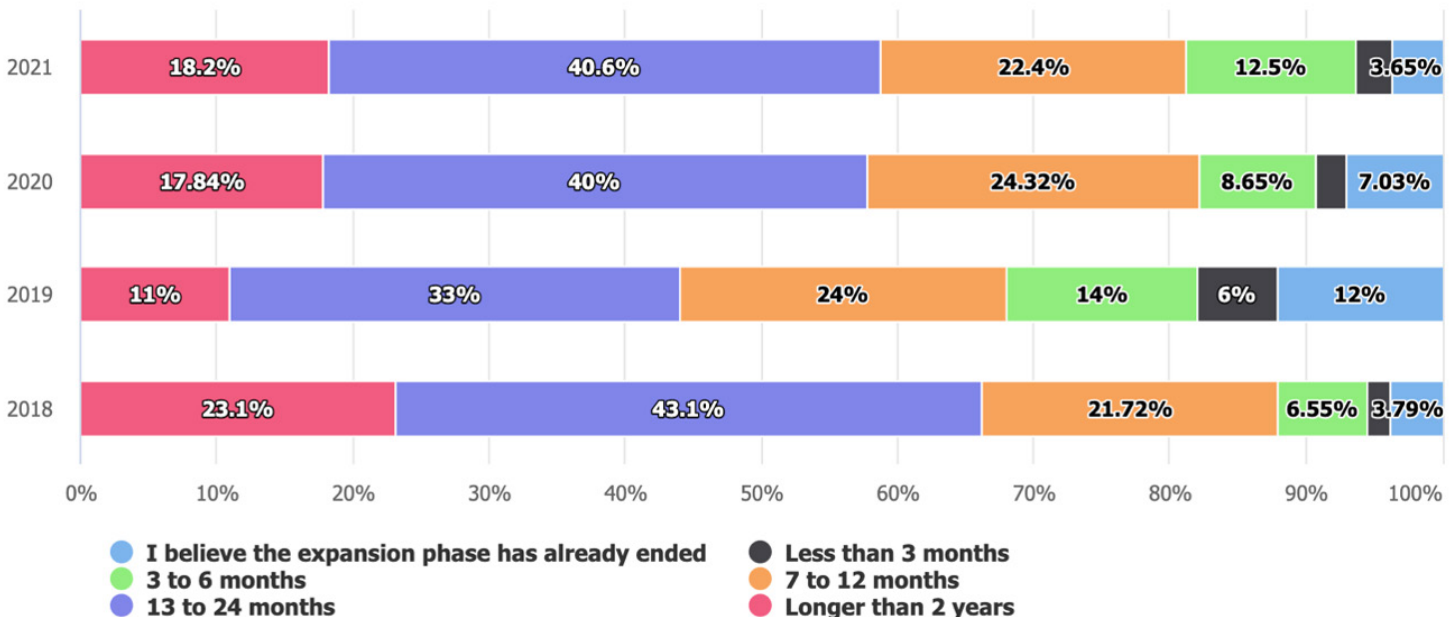
- A mid-August press release from Amazon announced their plans for a robotics fulfillment center and five new delivery stations in Florida.
- American global investment company KKR made a third industrial purchase in Denver this year.
- Australia and the United Kingdom are also seeing news of large industrial deals, as companies seek strategic assets for “e-commerce, on-shore manufacturing and a desire to be positioned close to the end-consumer”.

Expansion is Expected to Last

Even with the need for social distancing measures on the decline, the WMRE report’s respondents show faith in “a lot of runways to go for what’s already been a long run of expansion for the sector”.

Industrial Real Estate Cycle

Respondents were asked how much longer they expect the sector's expansion phase to last.



Source: <https://www.wealthmanagement.com/no-harm-done>