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Tech Leads Office While Ports Dominate Industrial

By [Lisa Brown](#) | National

Network with the nation's top CRE dealmakers at [RealShare APARTMENTS](#) in Los Angeles on Oct 21-22, [RealShare INDUSTRIAL](#) in Atlanta on Nov 3-4, [RealShare NEW LEASE WEST](#) in Los Angeles on Nov 11-12 and [RealShare HEALTHCARE REAL ESTATE](#) in Scottsdale, AZ on Dec 2-3.



Scott Savacool

MINNEAPOLIS—The tech domination in office continues. That was one of the messages from **Scott Savacool**, 2015 president of **CORFAC International** and senior associate with **Sansone Group/CORFAC International** of St. Louis. He spoke about market conditions across several sectors and the health of CORFAC International at the recent Fall Summit in Minneapolis.

The technology boom in office was led by San Francisco, Silicon Valley, Phoenix and Austin, where between 30% and 42% of new tech workers were added in the last 24 months. Other cities with surging employment growth in tech workers were Nashville, Indianapolis, Charlotte, Salt Lake City, Raleigh-Durham and Pittsburgh, which added between 12 and 24% of new tech workers in the since 2013. CORFAC has a presence in eight of those 10 markets. The only notable exception in the office markets discussed at CORFAC's conference was

Houston, which has shed about 30,000 office workers because oil has fallen by about 50% in the last year and has caused activity and absorption to soften.

(Look for a video update from Scott Savacool at the end of this story.)

Savacool indicated that port markets and the major industrial distribution centers have been key drivers of industrial development and absorption—but even second-tier cities are reporting strong activity. The South Bay market of Los Angeles and the Long Beach port industrial vacancy is a scant 2%. Atlanta development and construction are absolutely booming with more than seven million square feet of new construction recorded during the second quarter, setting a record for new construction in a single quarter. When looking at the recent four-quarter total of new development, there has been more than 18.8 million square feet of new construction—a level not seen since 1998.

Meanwhile, halfway through 2015, the Dallas industrial market has absorbed 11.8 million square feet—the most since 2000. The energy-driven Houston industrial market slowed a bit in the second quarter, with absorption of 2.7 million square feet, compared with first quarter absorption of 4.3 million square feet. Even a smaller market such as Raleigh, NC is enjoying tightened conditions with industrial space. The vacancy rate there dropped to 7.3% at the end of the second quarter this year—down a full 100 basis points from the third quarter of 2014.

Turning to the Fall Summit, Savacool says, in addition to the record number of sponsors, CORFAC had a solid turnout with more than 100 domestic members and international affiliates from as far away as India and Russia. There were also numerous representatives from Mexico, Canada, Colombia, London and Seoul.

Rebuilding CORFAC's European representation has been the biggest success story since **JLL acquired King Sturge** three years ago, says Savacool. (King Sturge was a 250-year-old company that covered all of Europe and most of Asia for CORFAC). The European contingent of CORFAC now has 10 member firms in 15 markets and CORFAC is looking to add affiliates in the Baltic and Nordic regions as well as Southern Europe. The biggest challenge there is the strength of the US dollar, which is devaluing most international currencies and challenging respective economic conditions.

For the domestic side in Minneapolis, CORFAC announced its new affiliate in Baltimore—**Blue & Obrecht Realty/CORFAC International**, Savacool mentions. Additionally, CORFAC is in membership talks with four firms in various US markets.

A highlight of the conference was the Best Practices session on social media given by **Phill Tomlinson with Phoenix-based Commercial Properties Inc./CORFAC International**. In that session, Tomlinson reviewed social media tools and apps that add efficiency and drives value to commercial real estate professionals by generating new business opportunities, especially among millennials.

There was a lot of talk about the mergers of the big national firms especially the recent one with **DTZ buying Cushman & Wakefield**, and the movement that is causing among the brokerage ranks. CORFAC's clearly biased consensus is that this a good time to be a group of strong and locally owned entrepreneurial companies that are associated with one of longest-running and successful commercial real estate networks that goes back to

the 1980s.



Registration is now open for [RealShare APARTMENTS](#) in Los Angeles on October 21-22. Book your flights and hotel today.

About Our Columnist



Lisa Brown is an editor/reporter for the San Francisco Bay Area region of GlobeSt.com. She has 25-plus years of Bay Area/national real estate experience, with a regional role at Grubb & Ellis and a national communications director position at Marcus & Millichap. Brown also spent 10 years as executive director at NAIOP San Francisco Bay Area chapter, where she led the organization to achieving its first national award honors and recognition on Capitol Hill. She has written extensively on commercial real estate topics and edited numerous pieces on the subject.

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