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Typically a Turtle, Industrial Could Be Real Estate's New Hare

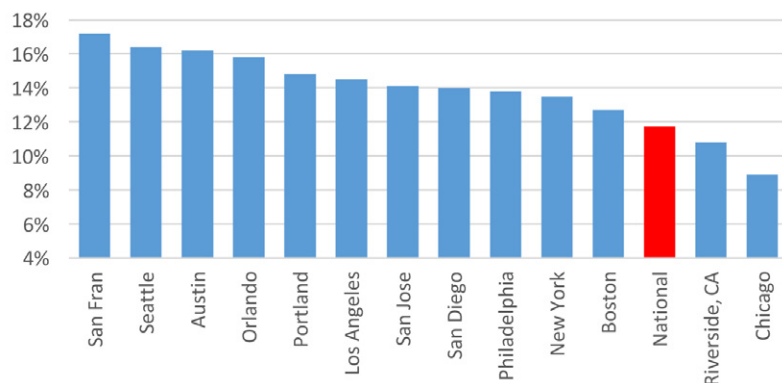
Traditionally seen as unexciting and featuring incremental growth, industrial has become arguably the hottest sector in real estate because of changing consumer and lifestyle trends.

Although the sector's growth has myriad reasons, the chief force behind the burgeoning demand for industrial space is e-commerce. Demand is measured not only in square feet, but also new facilities with modern technology and in locations closer to population centers. That has led to robust development and atypical growth in rents and property values.

The impact of e-commerce on industrial is in its early stages, says James Bohnaker, a senior economist for CBRE. "The structural tailwinds are all very strong and pointing in the right direction," he said.

Industrial property values are rising fast. According to research and analytics firm MSCI, U.S. industrial properties returned 11.7 percent, the highest of any property segment in 2016, and well above the 7.7 percent all-property average. MSCI found that double-digit returns were widespread in metros across the country. As might be expected, industrial property returns were highest in rapidly growing western

2016 Industrial Returns, U.S. Metros



Source: MSCI