

PUC 391 COLD STORAGE FACILITY 2021 EQUITY

R#	PUC	SALE VALIDITY	NBHD	SOURCE	SITUS ADDRESS	Eff Year	VALUE METHOD	Class	NRA	TOTAL VALUE	IMPS PSF (COST)	Land PSF	Total Land Size	Total Acres	Land Value
R374587	391	F1	8131.C	MARTIN-E	890 S TRADE CENTER PARKWAY, CONROE, TX 77302	2018	COST	B	182,340	\$18,052,550	\$74			0.00	\$4,479,640
R433814	391	F1XV	8131.C	EX	1 FOOD FOR LIFE WAY, CONROE, TX 77385	2018	COST	B	52,416	\$3,739,050	\$51	\$4.50	240255.18	5.52	\$1,081,150
R54474	391	F1	8138.C	GOURME	10 S TRADE CENTER PKWY, CONROE, TX 77385	2016	COST	B	84,600	\$6,629,610	\$53	\$10.00	215273.52	4.94	\$2,152,740



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4/13/2021

The Cold Storage Market is Heating Up

Spring 2020 Issue

By: Trey Barrineau

Surging demand for e-commerce grocery deliveries could spark more construction of refrigerated facilities.

In October 2019, Amazon announced that it will begin offering two hour grocery for all prime members to [Amazon Prime members](#). The move could have a dramatic impact on demand for cold storage facilities, which were already poised for strong growth amid changing consumer preferences.

CBRE's "[2019 U.S. Food on Demand Series](#)," which focuses on research about cold storage, notes that owners and operators of U.S. cold-storage warehouses should see annual growth of 4% from now to 2022. Evolving consumer behavior is driving this change. The Food Marketing Institute and Nielsen predict that groceries ordered online will account for 13% of total grocery sales by 2022, up from 3% in 2018. Additionally, the Food Marketing Institute predicts that within the next 10 years, 70% of American households will regularly do some grocery shopping online.

"The real interesting question is what's going on with consumers and how are they changing," said David Egan, senior director and global head of research for CBRE, during a session at NAIOP's CRE.Converge 2019 in Los Angeles in October. "E-Commerce is obviously a huge component of everything we talk about in this business, and it's beginning to find its way through to food."

CBRE estimates that demand for cold storage space will rise by 100 million square feet during the next five years. That's an increase of roughly 47% from the current level of 214 million square feet.

Research from JLL shows that cold-storage facilities can cost between \$250 to \$350 per square foot to build. That's about two to three times more expensive per square foot than traditional warehouses. Because of that, "investors look for opportunities with approximately 15 or more years of lease term to mitigate risk and provide a steady cash flow stream to buy down their basis," according to JLL's 2018 report "Cold Storage: A Real Estate Perspective."

Few sectors of commercial real estate will undergo as much transformation in the coming years as the cold-storage industry due to e-commerce's impact on this previously underpenetrated market," said Matthew Walaszek, CBRE Associate Director of Industrial & Logistics Research, Americas, in a release. "We will see robust demand, further innovation in delivery and automation, and possibly more consolidation among major players."

**Montgomery Central Appraisal District
Cold Storage (PUC 391)
Classification Guidelines
Primary Valuation Method: Cost Approach**

Class B: Cold Storage facility exteriors can be constructed of concrete tilt up wall, steel frame, or concrete block. Interior may consist of chilled and freezer rooms and good office and support areas. The lighting electrical and plumbing are of good quality and equipped with complete HVAC.



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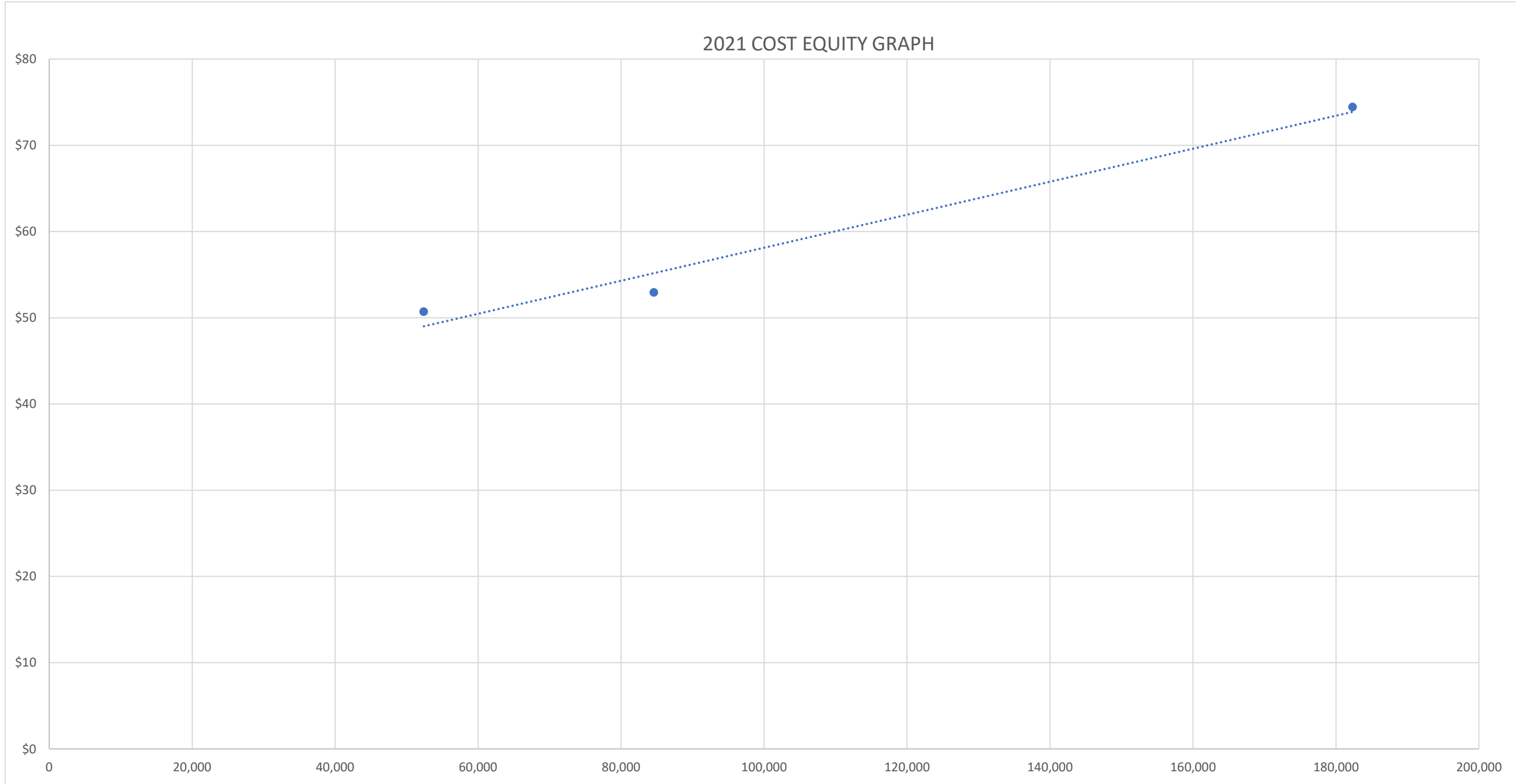
Class C: Cold Storage facility exteriors can be constructed of concrete tilt up wall, steel frame or concrete block. The interior may consist of a cooler or chilled room. Lighting and electrical are adequate with complete HVAC.



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PUC 391 COLD STORAGE FACILITY 2021 COST EQUITY GRAPH



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