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Commercial Real Estate Appraisals

NAVAJO NATION REAL ESTATE MARKET UPDATE – 9-2018

The Navajo Nation economy continues to see an uptick in-line with the national economy. There have been several recently completed projects and others that are proposed or currently under construction. The most notable growth is in tourism with new hotels, tour companies, and service stations. However, there is also a new shopping center and another under construction.

Under Construction and Proposed Developments

The Navajo Nation breaks ground on a travel center near the Twin Arrows Casino in September of 2018. The plans include a convenience store, gas station and truck service station. Development funds of about \$10 million come from a 2014 settlement of a lawsuit that alleged the federal government mismanaged the tribe's natural resources.

At Twin Arrows, there are also plans for an entertainment center to be known as Glittering Mountain. The entertainment center will potentially include a movie theatre, laser tag, bowling, arcade, and restaurant.

The Nahata Dziil (New Lands) Shopping Center is currently under construction. The shopping center is at the northwest side of the Interstate 40 and the southbound Highway 191 interchange. The shopping center will be 30,000 square feet and proposed tenants include Bashas' Dine Market, Sandia Oil, and Navajo Arts and Crafts Enterprise.

Long awaited, the Navajo Nation signs agreement to building a hotel and restaurant in Shiprock. Shiprock being one of the largest communities on the nation is in great need of a hotel, possibly two. Currently, the nearest hotels are in Farmington, New Mexico about 28 miles to the east and Cortez, Colorado about 42 miles to the north.

Recently Completed Developments

The Lo k'aah nit eel (Ganado) Shopping Center just north of Burnside Junction is occupied with Lowes, Ace Hardware, Subway, Pizza Edge, and a laundromat. There are still available spaces for lease. KTNN recently completed their new radio station in St. Michaels.

The Shonto Marketplace at the southwest corner of US Highway 160 and State Route 98 was completed in 2017 with Shell Gas Station, convenience store, and laundromat. A Taco Bell was completed in 2017 on a frontage pad at the Kayenta Shopping Center.

In 2016, a new plaza was constructed in Cameron with a Chevron gas station and convenience store with a McAlister's Deli and Burger King restaurant.

Page/LeChee

The Page/LeChee has been expanding since it draws national and international tourism with Lake Powell, Antelope Canyon, Glen Canyon, and Vermillion Cliffs. As a result, there have been several new hotels constructed in the past few years including Hyatt Place, Baymont Inn, Wingate, Country Inn and Suites, La Quinta Inn, and Hampton Inn. There are new tour companies for Antelope Canyon, Glen Canyon, and other sites in the area.

Future Challenges

Energy is one of the most debatable items on the nation. The Navajo Generating Station (NGS) is planned to close at the end of 2019, as the buyer backed out this September of 2018. Another coal plant, Cholla Power Plant in Joseph City is anticipated to close by 2020. The nearby Kayenta Coal Mine provides the NGS and Cholla with much of their coal. However, this may open the door for more renewable energy on the nation. What is not debatable is that there is no shortage of wind and sun throughout the nation.

Infrastructure continues to be a challenge, mostly distributing water and power to the residents. In the larger towns, this is not an issue but in the more rural areas, providing water and power is difficult and expensive.

The development timeline on the nation continues to be an issue. It still takes a long time to get a project through the planning and engineering period to construction. There seems to be improvement, but it is still an arduous process.

Summary

The Navajo Nation is experiencing growth in the tourist areas while other areas are slowly getting improved services. The largest beneficiaries of this growth are Page/LeChee and Twin Arrows. As with any nation, there is room for improvement but the economy appears to be expanding in the meantime.

