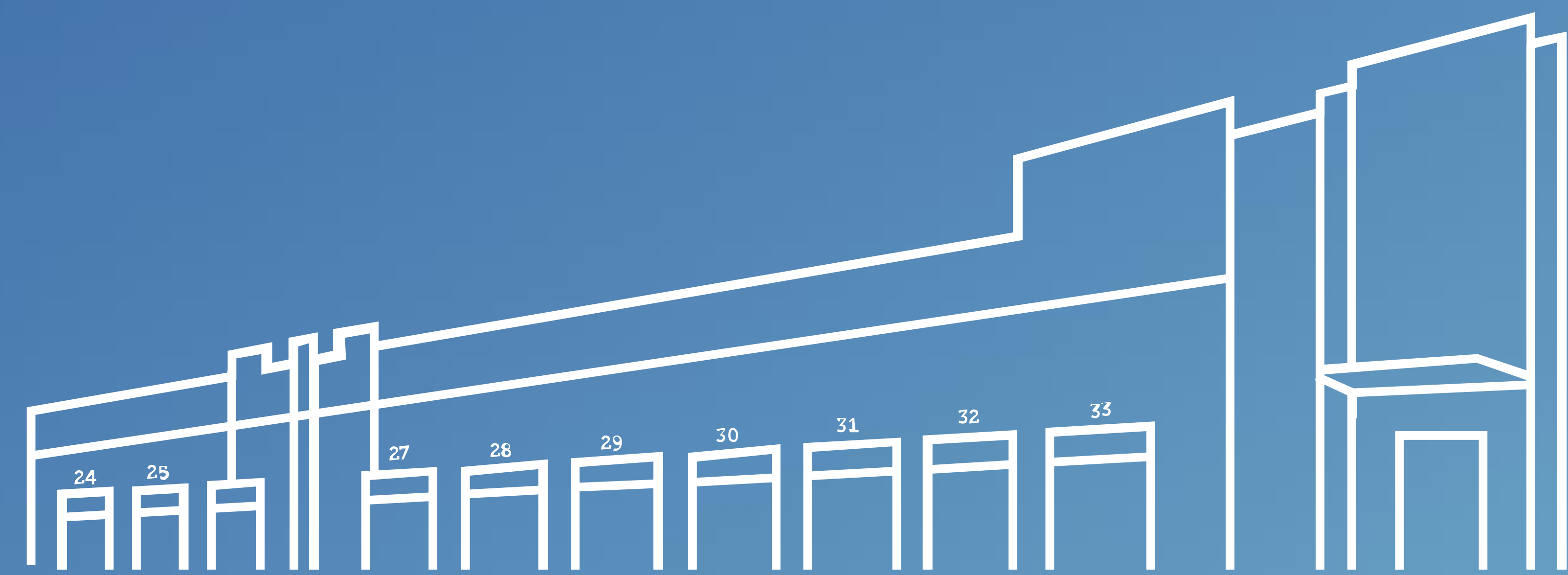
TRANSWESTERN®



REAL ESTATE OUTLOOK

U.S. MARKET | INDUSTRIAL

SECOND QUARTER 2018

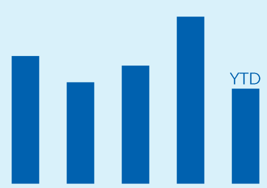
U.S. TRENDLINES

5-Year Trend | Current Quarter

UNEMPLOYMENT RATE

4.2%
Increase in overall labor force

RETAIL SALES GROWTH



2.2%
Second strongest pace in past six years

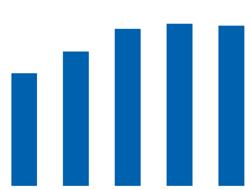
NET ABSORPTION

79.9 MSF
Increased activity in secondary corridors

VACANCY

5.0%
Steady improvement since 2010

UNDER CONSTRUCTION



327.9 MSF
Developers targeting reuse of office, retail

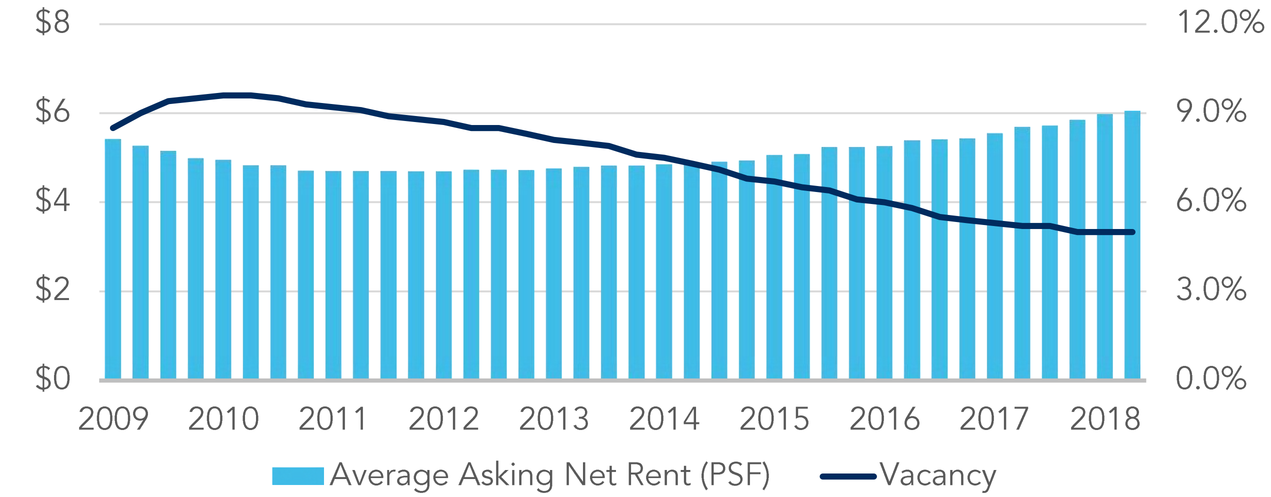
ASKING RENT

$6.05 PSF
29% growth since recessionary low

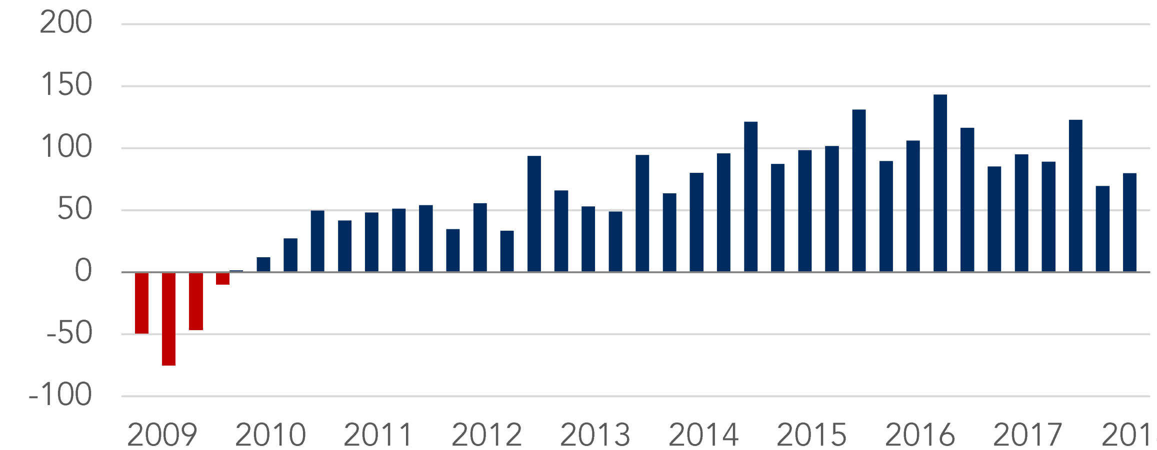
U.S. HIGHLIGHTS

- Job growth remains strong in trade, logistics and transportation.
- Labor shortage continues in warehousing, transportation and construction industries.
- Consumer spending rebounded sharply following a slow first quarter.
- Positive 12-month net absorption in 43 of 47 markets studied.
- Positive Q2 2018 net absorption in 37 markets.
- Net absorption has cooled in several supply constrained markets while tenants await new construction.
- 30 markets recorded vacancy levels at or below the U.S average.
- Several markets at or near record-low vacancy levels.
- Tenants are seeking more efficient layouts, adequate truck-court depths.
- As land becomes scarce, developers in constrained markets are willing to explore site remediation as the costs can be recovered through higher rents than in past years.
- Year-over-year rent growth in 39 markets.
- Market fundamentals expected to stay strong through year-end as the overall economy remains robust.

VACANCY VS ASKING RENT



NET ABSORPTION (MILLION SF)



UNDER CONSTRUCTION (MILLION SF)

Denotes through Q2 2018

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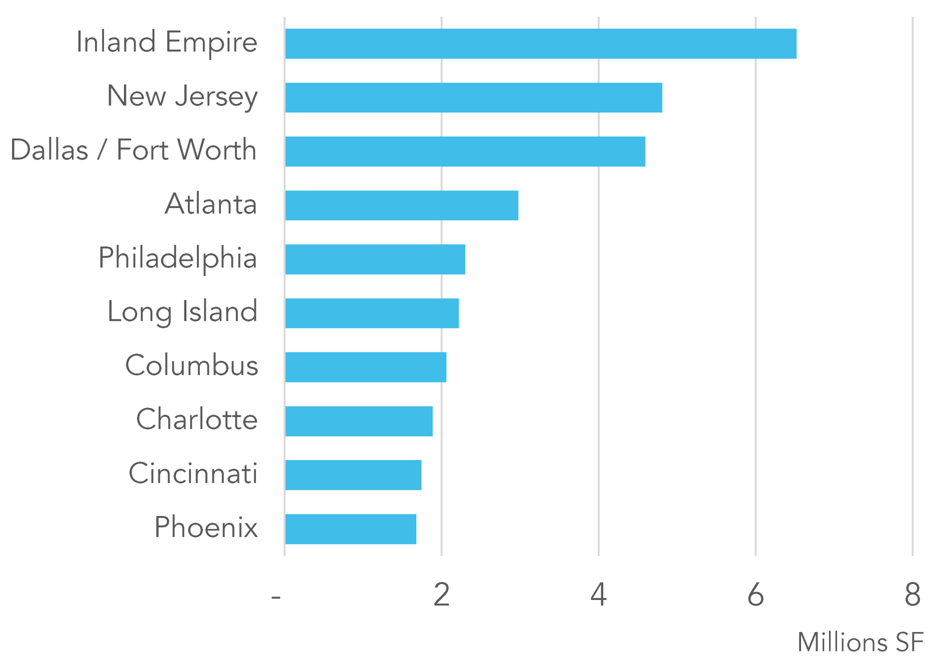
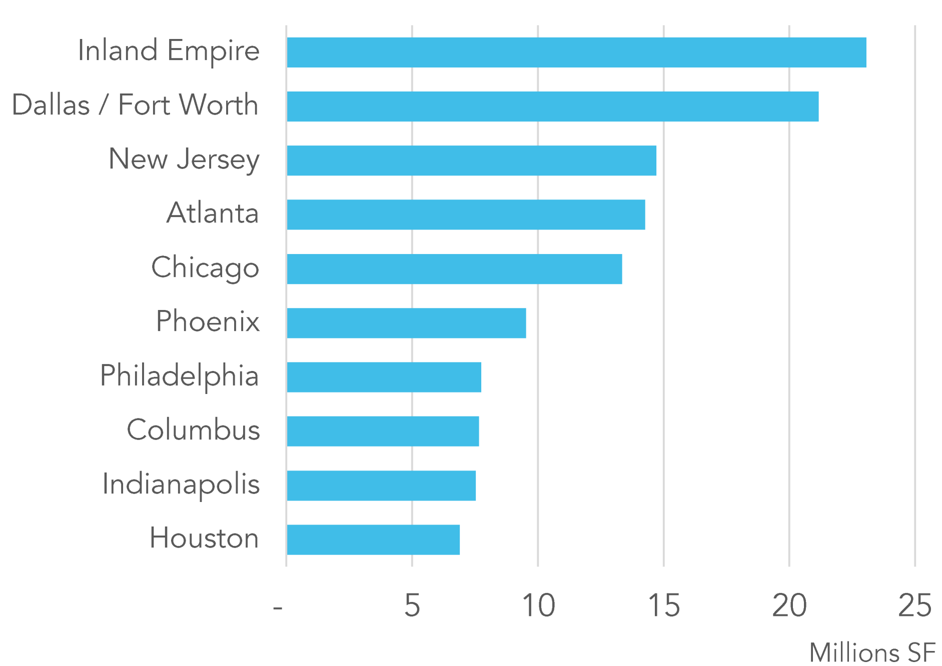
TOP RANKED MARKETS BY INDICATORS

ABSORPTION

Q2 2018 Net Absorption

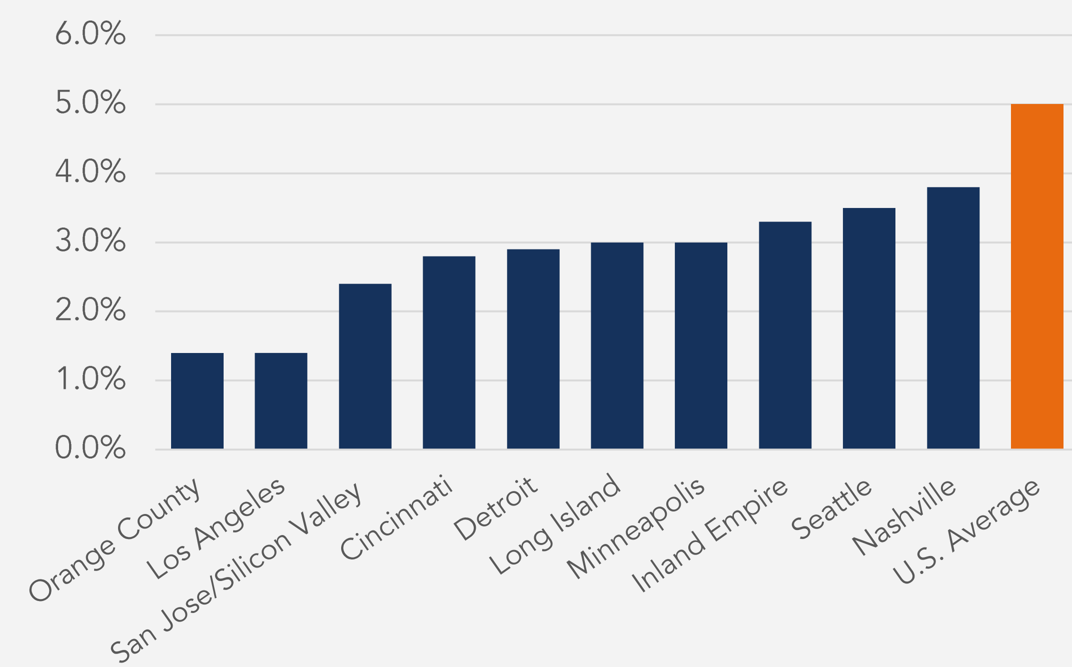


Trailing 4-Qtr Net Absorption

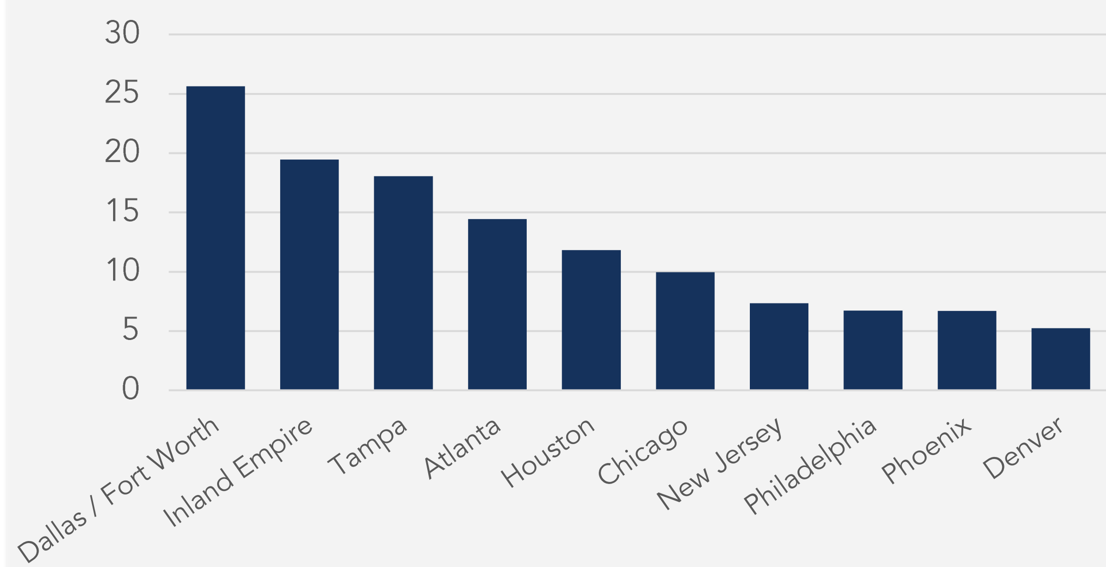


VACANCY/CONSTRUCTION

Q2 2018 Vacancy Rate

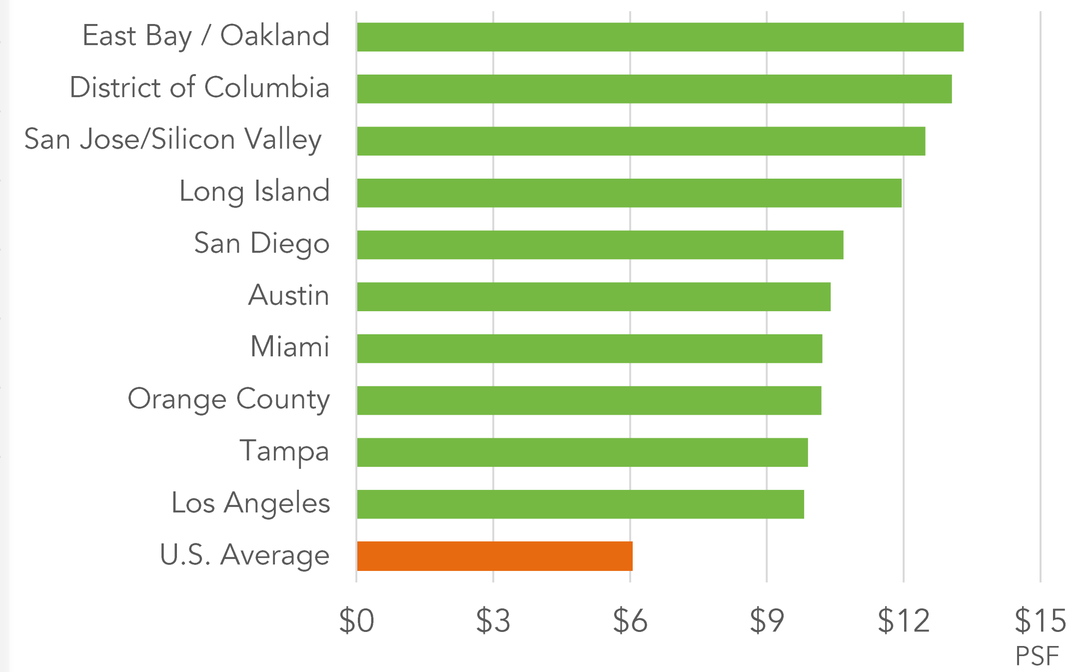


Q2 2018 Under Construction (Million SF)

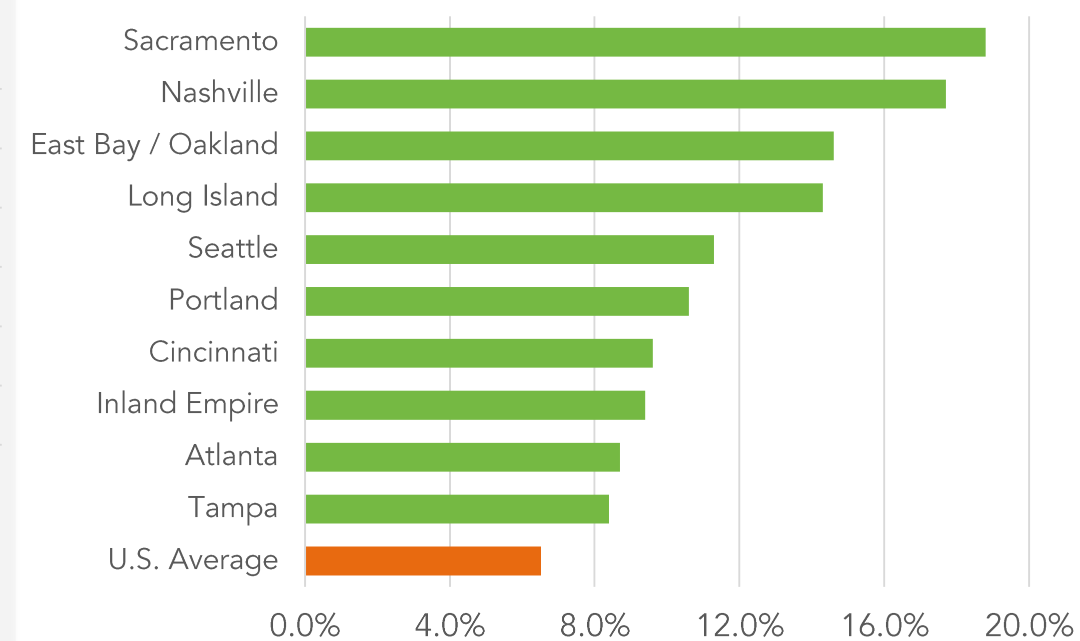


ASKING RENTS

Q2 2018 Asking Rate NNN



Year-Over-Year Rent Growth



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Market	Inventory SF	Overall Vacancy Rate	Direct Vacancy Rate	Net Absorption	12-Month Net Absorption	Asking Rent NNN	Annual Rent Change	Under Construction
Atlanta	610,542,898	6.2%	6.0%	2,978,544	14,272,145	$4.27	8.7%	14,446,285
Austin	48,953,222	9.2%	8.5%	308,261	1,073,013	$10.40	6.9%	2,332,894
Baltimore*	215,872,694	8.1%	7.8%	993,000	3,102,000	$5.87	-2.0%	3,719,244
Boston	230,516,839	4.4%	4.2%	660,591	1,878,027	$7.31	8.3%	1,206,060
Charlotte	270,721,112	5.7%	5.3%	1,889,347	6,741,431	$4.29	4.4%	3,836,629
Chicago	1,249,492,880	5.6%	N/A	729,658	13,346,204	$5.60	0.9%	9,959,638
Cincinnati	293,878,572	2.8%	2.8%	1,745,954	6,057,285	$3.99	9.6%	3,995,190
Cleveland	297,708,168	4.3%	4.1%	1,211,010	1,605,094	$3.76	4.7%	1,580,896
Columbus	267,282,284	4.2%	4.0%	2,063,321	7,659,759	$3.58	1.4%	2,257,881
Dallas / Fort Worth	767,492,084	6.2%	5.8%	4,595,872	21,171,347	$5.21	4.4%	25,636,501
Denver*	193,531,332	5.0%	4.3%	225,827	3,097,500	$7.77	5.7%	5,242,342
Detroit	494,089,846	2.9%	2.8%	1,611,997	4,892,401	$5.45	6.7%	4,070,296
District of Columbia*	9,811,733	6.3%	6.3%	(20,000)	(57,000)	$13.06	0.6%	0
East Bay / Oakland	163,903,240	4.2%	3.8%	(325,618)	(432,936)	$13.32	14.6%	2,626,472
Hartford	105,047,569	6.1%	5.8%	1,219,513	1,493,328	$4.64	0.0%	1,179,092
Houston*	528,315,781	5.0%	4.6%	330,000	6,896,000	$6.95	3.3%	11,834,313
Indianapolis	282,384,903	4.3%	4.1%	1,381,377	7,533,276	$3.73	3.6%	3,707,536
Inland Empire	528,885,748	3.3%	3.1%	6,522,774	23,058,039	$6.96	9.4%	19,468,787
Kansas City	267,731,303	5.6%	5.5%	678,915	4,739,304	$4.45	-0.7%	2,936,598
Las Vegas	101,067,931	5.3%	5.0%	833,713	6,658,544	$6.47	2.1%	2,800,124
Long Island	138,019,178	3.0%	2.7%	2,222,767	(250,897)	$11.96	14.3%	267,319
Los Angeles	834,477,700	1.4%	1.3%	1,034,295	5,076,136	$9.82	6.2%	3,910,461
Miami	188,847,970	4.7%	4.3%	459,701	2,302,456	$10.22	4.5%	3,804,867
Milwaukee	189,853,472	4.1%	4.0%	98,113	1,478,231	$4.11	-4.0%	907,600

*Market reports Vacant Available rate

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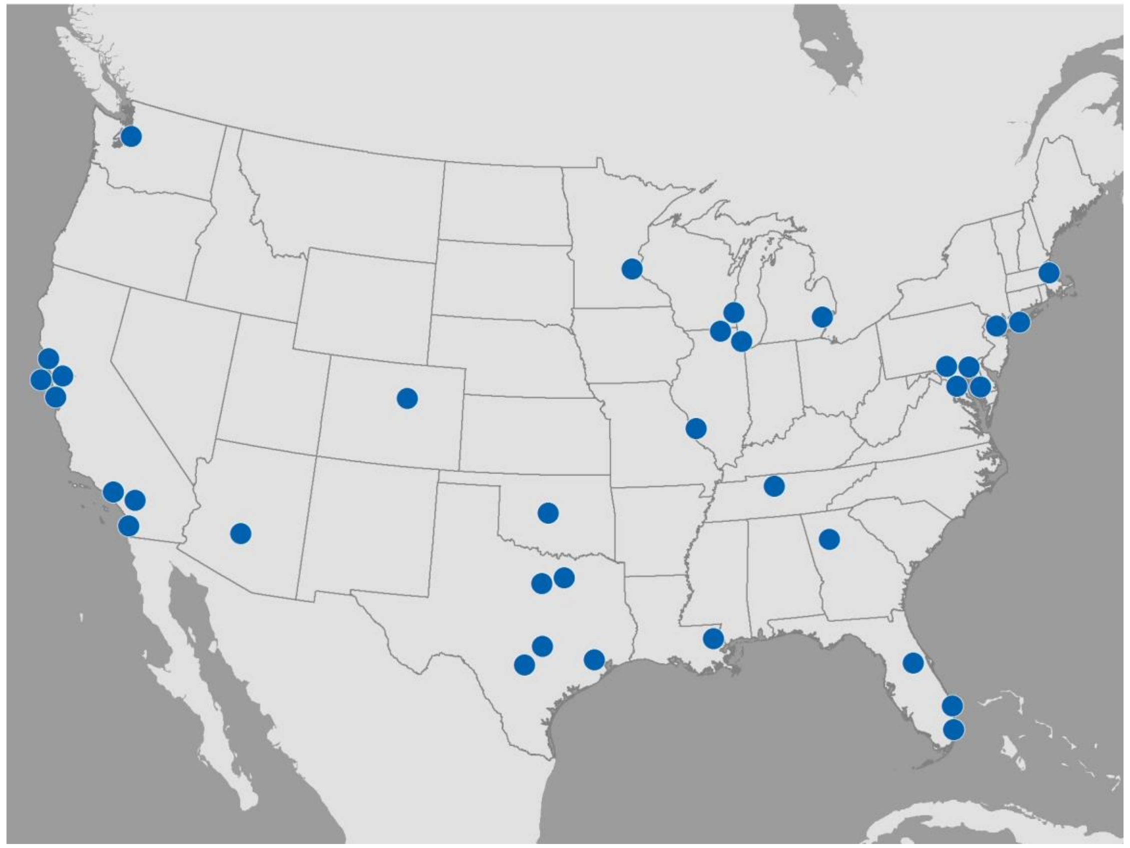
Market	Inventory SF	Overall Vacancy Rate	Direct Vacancy Rate	Net Absorption	12-Month Net Absorption	Asking Rent FSG	Annual Rent Change	Under Construction
Minneapolis	284,501,843	3.0%	2.9%	995,752	3,450,767	$6.09	1.3%	1,116,961
Nashville	191,787,697	3.8%	3.5%	1,476,269	4,294,534	$5.33	17.7%	4,342,092
New Jersey	670,395,474	3.9%	3.6%	4,811,083	14,711,995	$7.80	7.4%	7,337,204
New Orleans	60,894,814	3.8%	3.8%	232,324	1,455,708	$5.22	-6.8%	0
Northern Virginia*	86,800,743	7.5%	7.4%	337,000	641,000	$9.77	5.3%	1,313,060
Oklahoma City	92,864,272	3.8%	3.5%	(96,788)	743,989	$4.94	3.1%	1,200,805
Orange County	211,666,712	1.4%	1.2%	480,344	462,352	$10.20	2.4%	1,546,108
Orlando	131,613,753	4.8%	4.7%	852,389	3,524,142	$5.79	4.3%	2,377,760
Philadelphia	456,506,763	5.3%	5.1%	2,303,588	7,748,414	$4.84	2.1%	6,728,897
Phoenix	310,240,945	7.4%	7.2%	1,678,462	9,536,135	$6.94	2.0%	6,704,451
Pittsburgh	155,763,153	5.6%	5.6%	(720,948)	(847,957)	$4.97	-9.0%	246,996
Portland	187,981,118	3.9%	3.7%	846,894	1,371,808	$7.53	10.6%	3,338,375
Raleigh/Durham	89,542,075	4.6%	4.4%	(28,656)	1,221,561	$4.00	-5.0%	0
Sacramento	149,916,996	4.3%	4.0%	823,675	5,574,576	$5.82	18.8%	94,250
Salt Lake City	118,955,642	4.5%	4.4%	812,107	3,524,451	$5.44	-0.9%	4,441,020
San Antonio	101,787,168	5.7%	5.4%	39,522	1,192,075	$5.29	0.4%	3,601,963
San Diego	123,025,683	4.2%	4.0%	(32,491)	839,896	$10.68	2.3%	2,076,938
San Jose/Silicon Valley	83,734,171	2.4%	2.2%	(137,892)	861,647	$12.48	-1.3%	557,097
Seattle	266,528,765	3.5%	3.2%	1,469,291	3,721,940	$8.75	11.3%	4,577,544
St. Louis	263,864,501	4.8%	4.7%	(112,398)	3,535,499	$4.54	6.6%	5,181,374
Suburban Maryland*	96,936,496	8.0%	7.7%	55,000	1,499,000	$8.39	1.0%	267,939
Tampa	742,431,887	5.6%	5.4%	(190,542)	1,546,895	$9.90	8.4%	18,050,014
Westchester	172,944,435	4.7%	4.6%	(331,421)	415,288	$7.51	4.2%	1,448,410

*Market reports Vacant Available rate

TRANSWESTERN LOCATIONS



ABOUT TRANSWESTERN

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RESEARCH METHODOLOGY

The information in this report is the result of a compilation of competitive industrial properties located in select U.S. metropolitan areas. Owner-occupied properties and government-owned buildings are excluded from analysis. All rents are reported as triple net rents. Markets denoted with an asterisk (*) report local vacancy rates as vacant available space.

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