



ELITE 11

U.S. INDUSTRIAL MARKETS

YEAR-END 2018

ELITE 11 DEFINED

In addition to an analysis of all primary and secondary markets nationwide in its quarterly [National Industrial Market Overview](#), Transwestern tracks 11 growth markets across the U.S. that continue to lure global investors of industrial real estate.

These Elite 11 regions are preferred locations for big-box distribution users and/or areas in high demand by logistics and manufacturing companies.

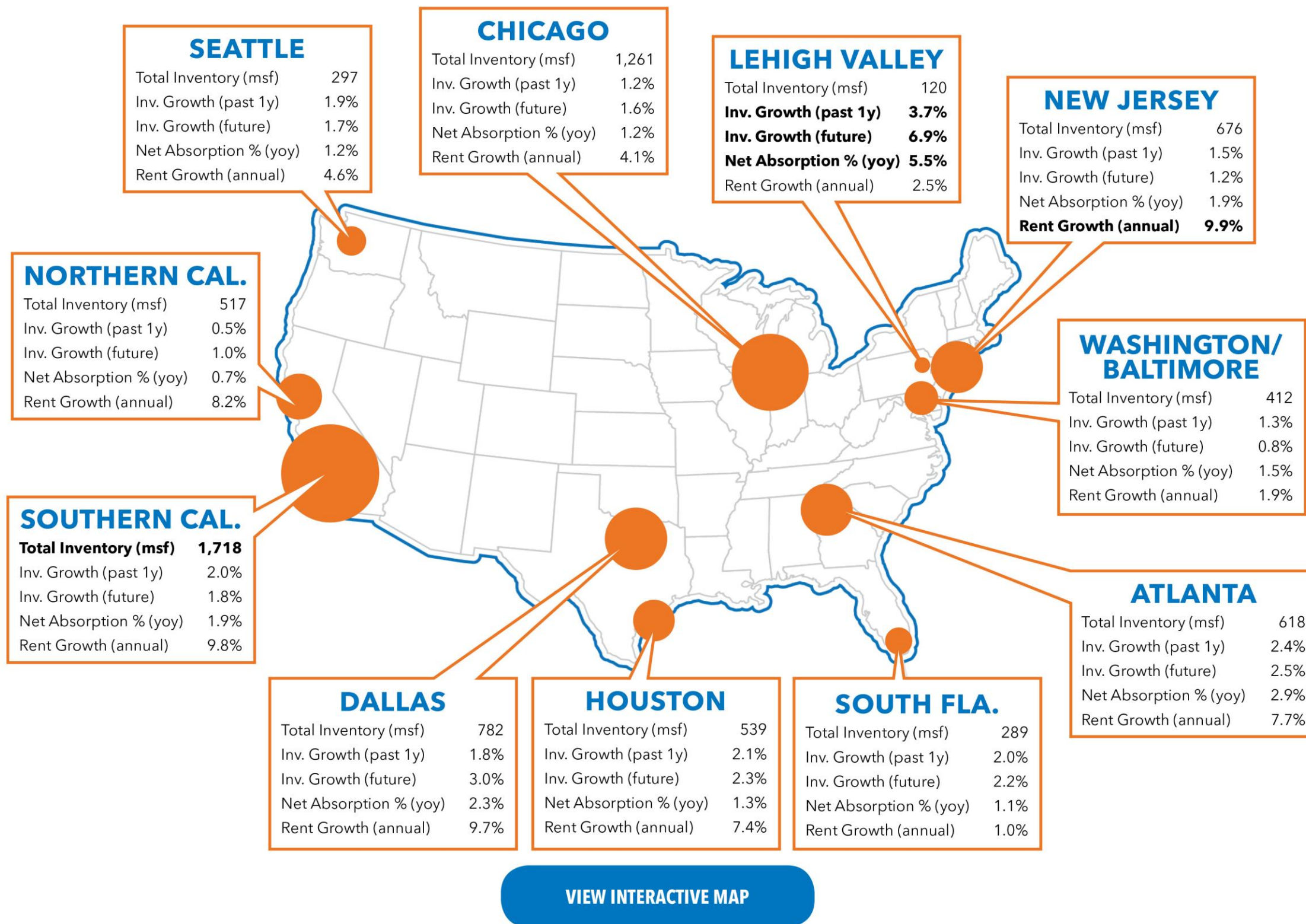
Growth indicators for the Elite 11 are based primarily on rent acceleration, space absorption and pace of development relative to the size of each market.

MARKET	INVENTORY (MSF)
Atlanta	618.0
Chicago	1261.2
Dallas-Fort Worth	781.7
Houston	539.1
Lehigh Valley	119.6
New Jersey	676.0
Northern California	517.1
Seattle	297.3
South Florida	289.4
Southern California	1717.7
Washington/Baltimore	412.2

NATIONAL OUTLOOK

Despite nearly 1 billion SF of new inventory delivered in the past three years, industrial demand continues to outpace supply. Vacancy ended the year at 4.7%, less than half of 2010's post-recession high of 9.5%. GDP growth should remain modest but steady in the near term, returning to the 2.0%-to-2.5% range. Look for increasing labor participation to allow further job gains while curbing wage growth and inflation.

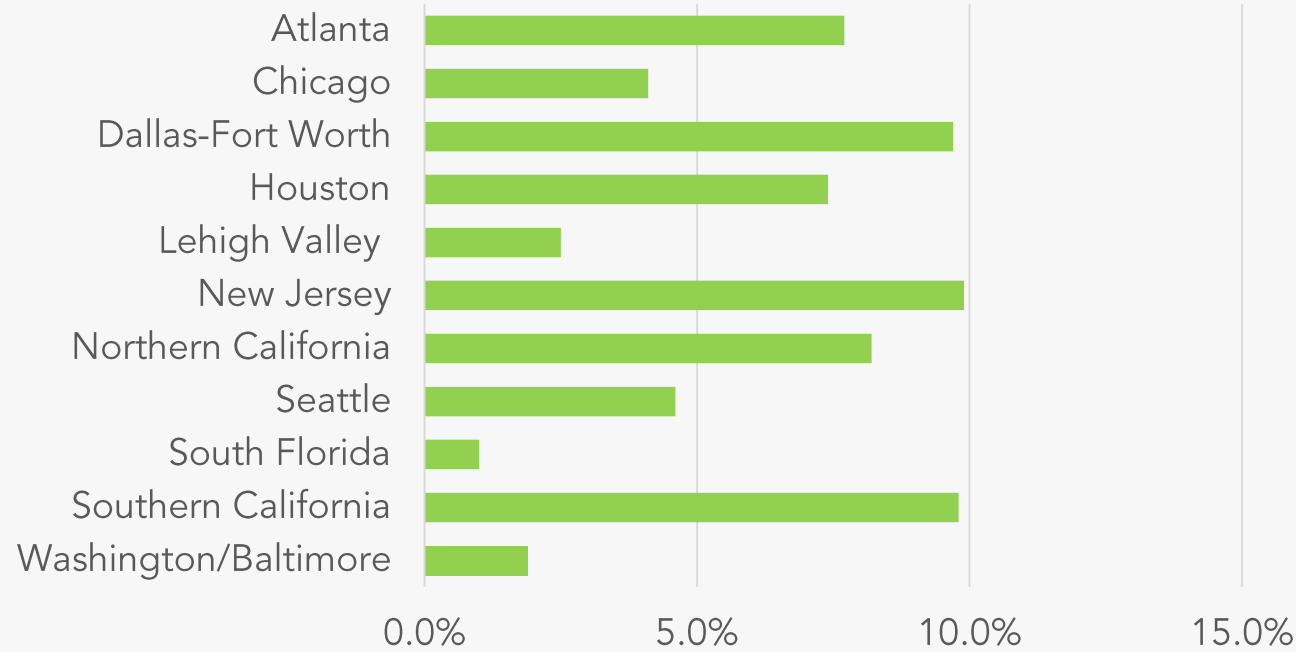
Potential headwinds for the industrial sector include slowing growth in corporate profits and GDP; robust port activity pre-tariffs that could cannibalize 2019 volumes; growing traffic congestion in many regions; and a slower pace of leasing due to political uncertainty, a dip in retail sales, necessary site remediations, and fewer opportunities for large deals.



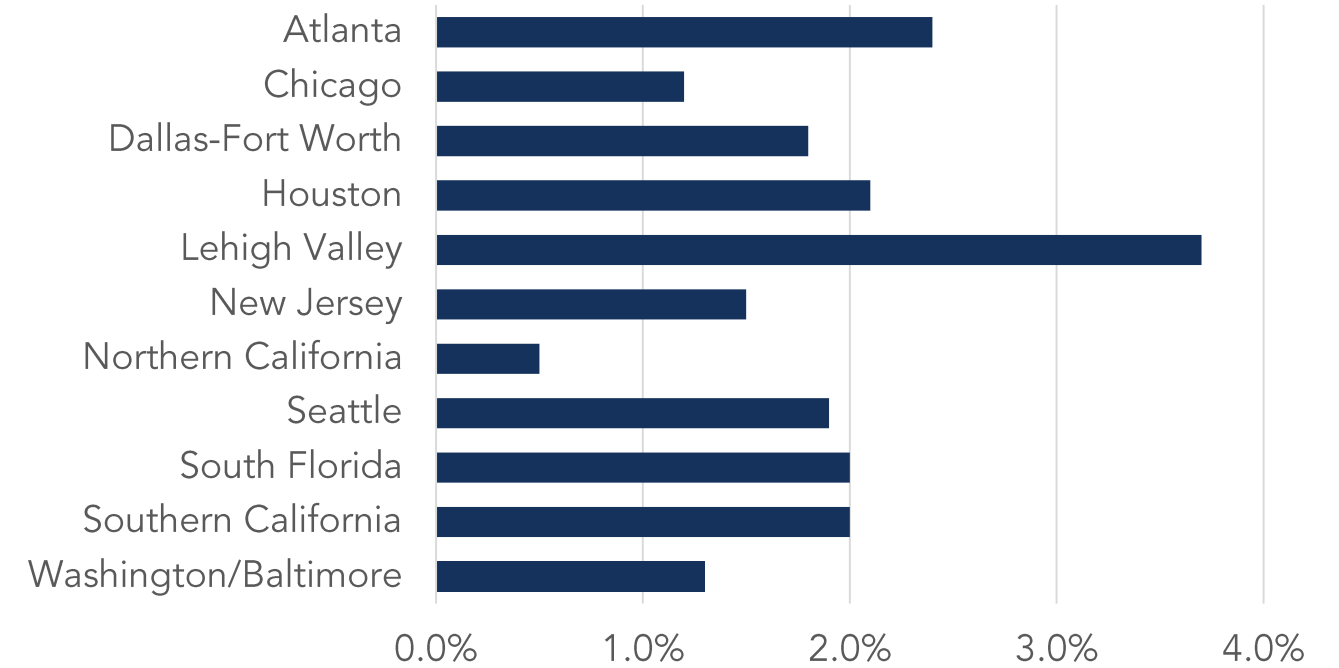
MARKET HIGHLIGHTS

- Growth continues in the Lehigh Valley as tenants continue to absorb space at a faster pace than in any other region.
- Atlanta's development boom is slowing somewhat, with projects still underway in nearly every submarket but the number of new launches subsiding.
- The Chicago market accumulated its highest annual positive net absorption since 2012.
- Record-setting development in New Jersey for 2018 was no match for voracious demand, also pushing rents almost 10% higher.
- Southern California and Dallas also recorded annual rent growth of nearly 10%.

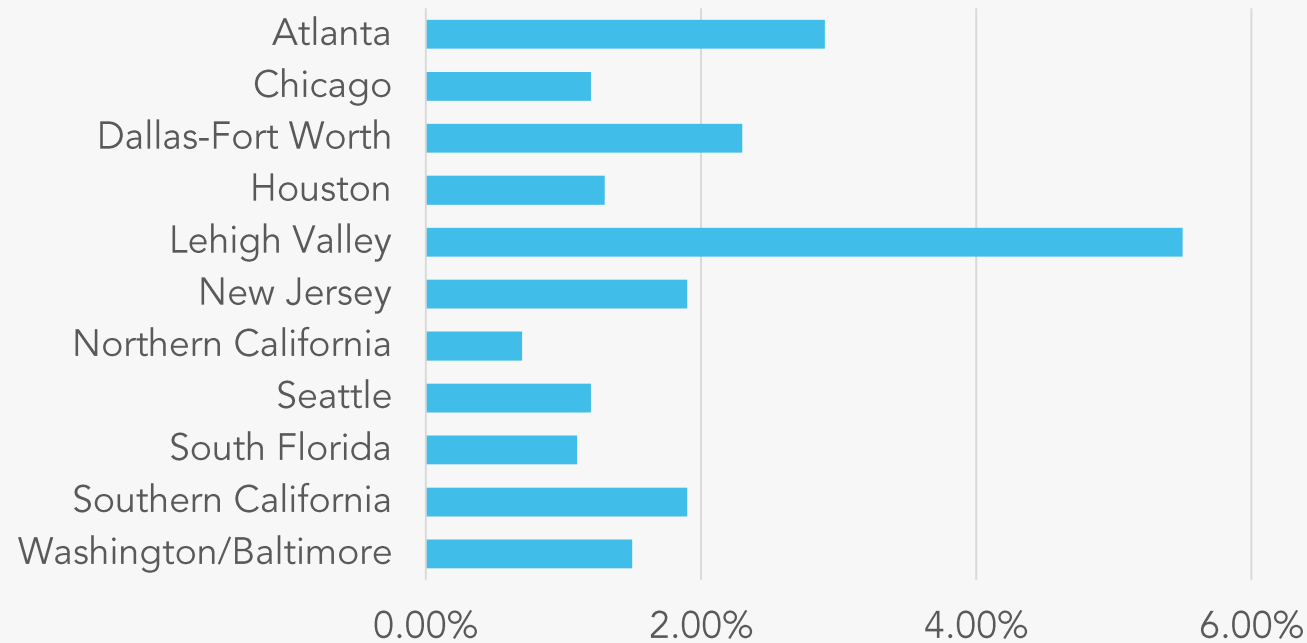
RENT GROWTH
Year-over-Year



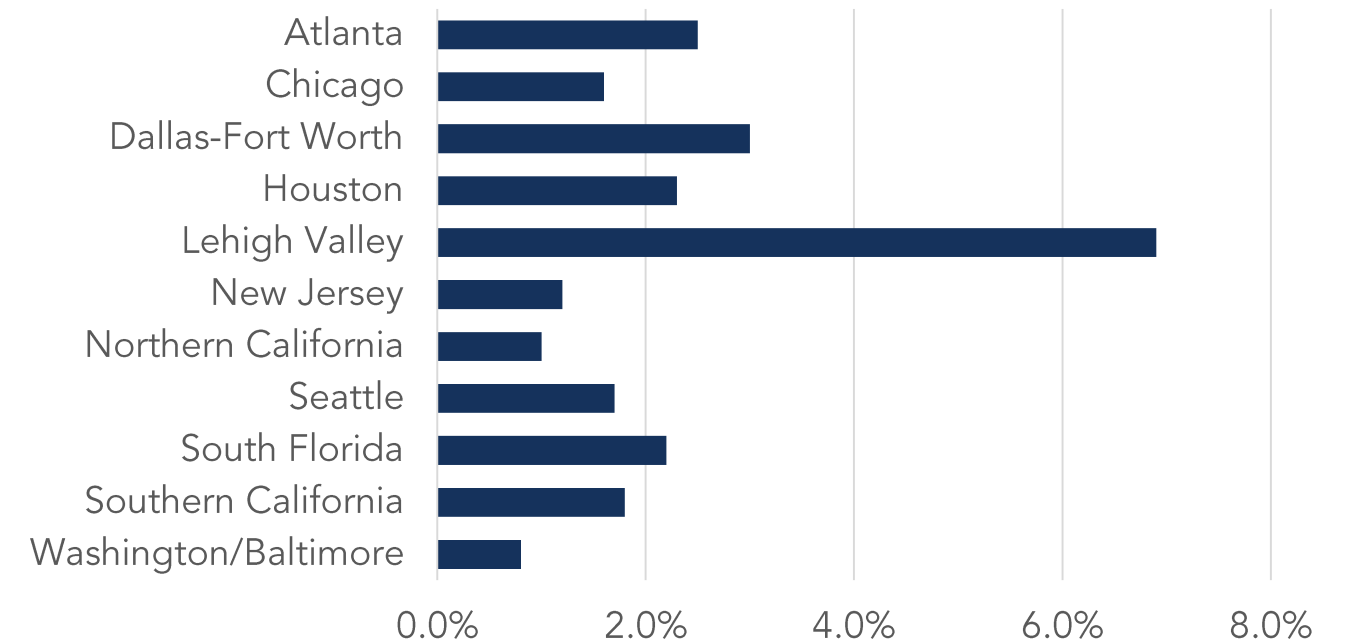
12-MONTH MARKET GROWTH
Percentage of Inventory



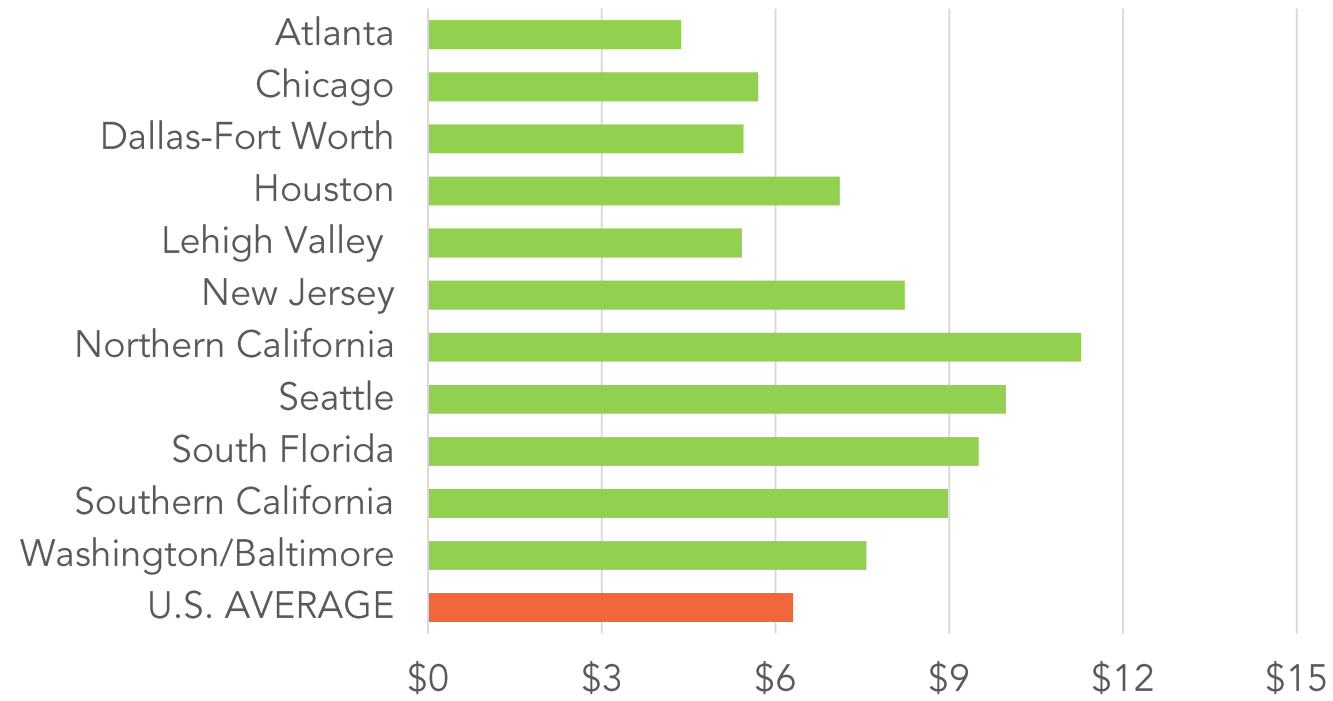
4-QUARTER NET ABSORPTION
Percentage of Inventory



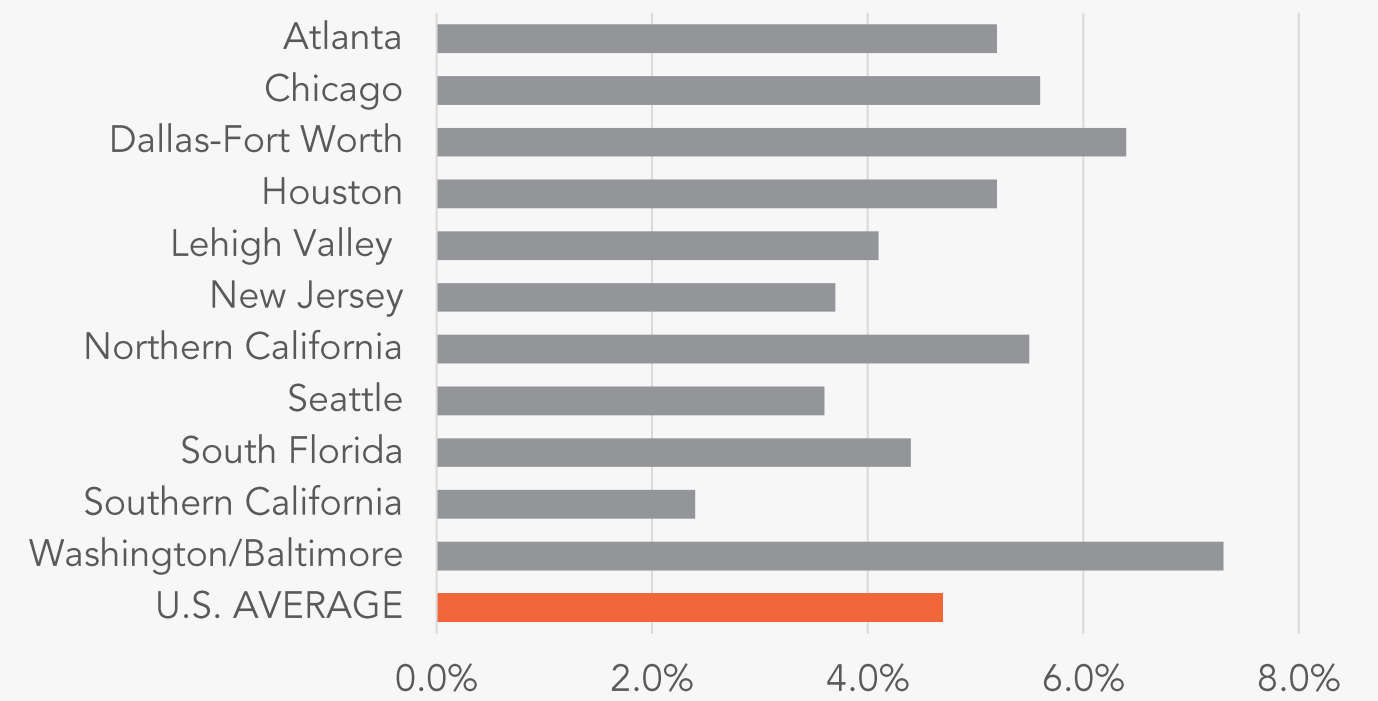
FUTURE DELIVERIES
Percentage of Inventory



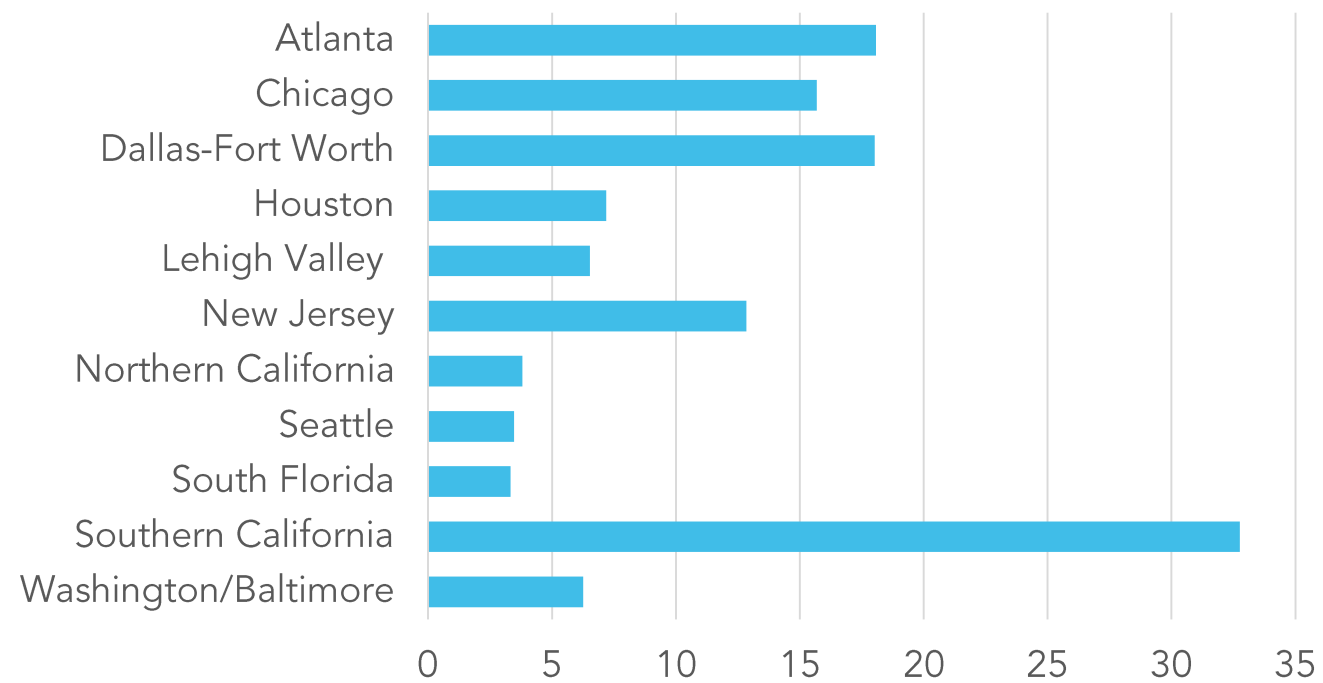
ASKING RENT PSF NNN



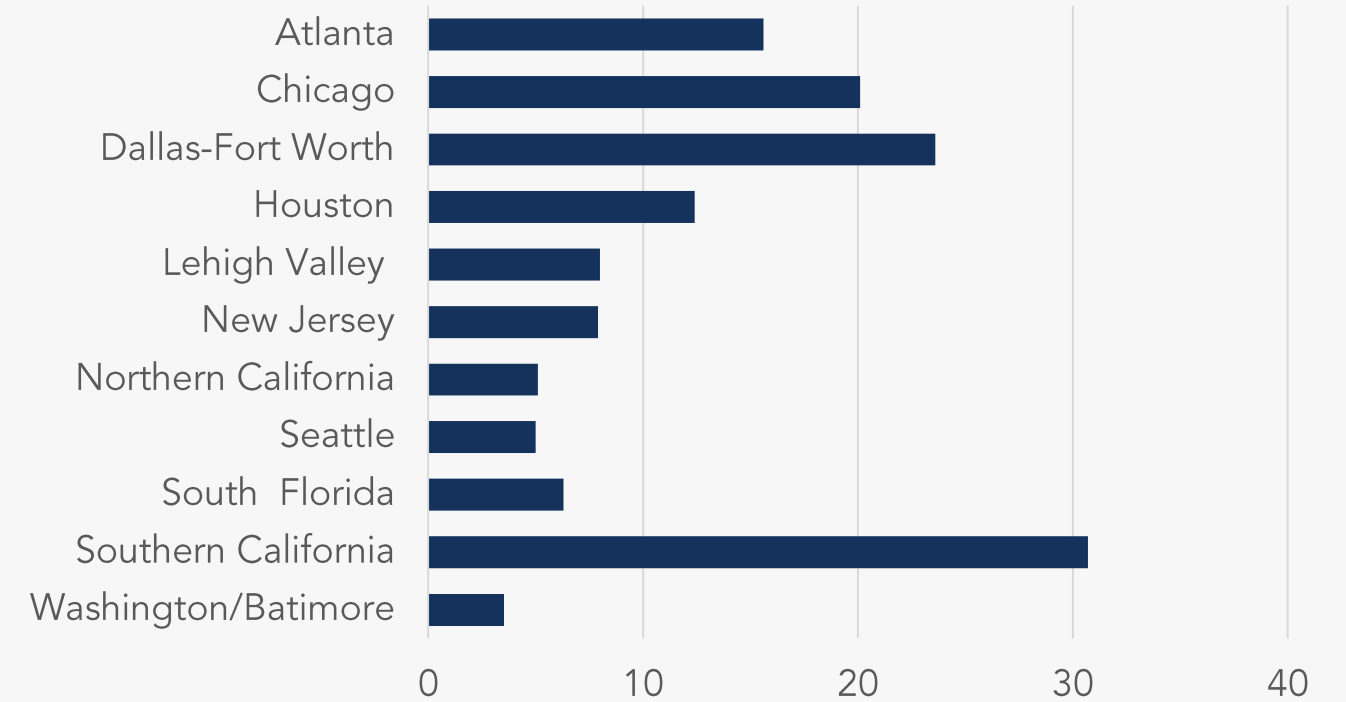
VACANCY RATE



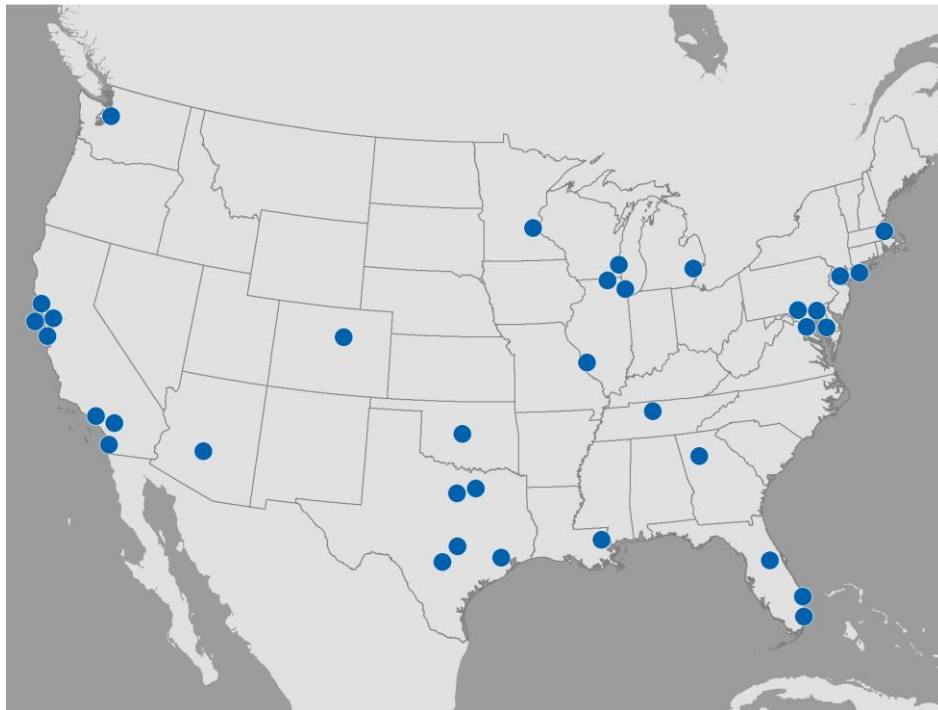
TRAILING 4-QUARTER NET ABSORPTION (MSF)



UNDER CONSTRUCTION (MSF)



TRANSWESTERN LOCATIONS



REPORT METHODOLOGY

The information in this report is a compilation of competitive industrial properties located in select U.S. metropolitan areas.

- Northern California includes East Bay/Oakland, Sacramento and San Jose/Silicon Valley
- Southern California includes Inland Empire, Los Angeles, Orange County and San Diego
- South Florida includes Miami and Broward County
- Washington/Baltimore includes Baltimore, District of Columbia, Northern Virginia and Suburban Maryland

TRANSWESTERN RESEARCH

In markets across the country, our research professionals produce sophisticated data analyses, local market reports and insight on national trends that helps clients make informed real estate decisions.

AUTHOR

Matthew Dolly
matthew.dolly@transwestern.com
973.947.9244

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