

ELITE 11

U.S. INDUSTRIAL MARKETS

YEAR-END 2019

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	635.2
Chicago	1,290.5
Dallas-Fort Worth	708.6
Houston	494.1
Lehigh Valley	123.4
New Jersey	677.3
Northern California	518.5
Seattle	313.3
South Florida	294.3
Southern California	1,742.0
Washington/Baltimore	414.0

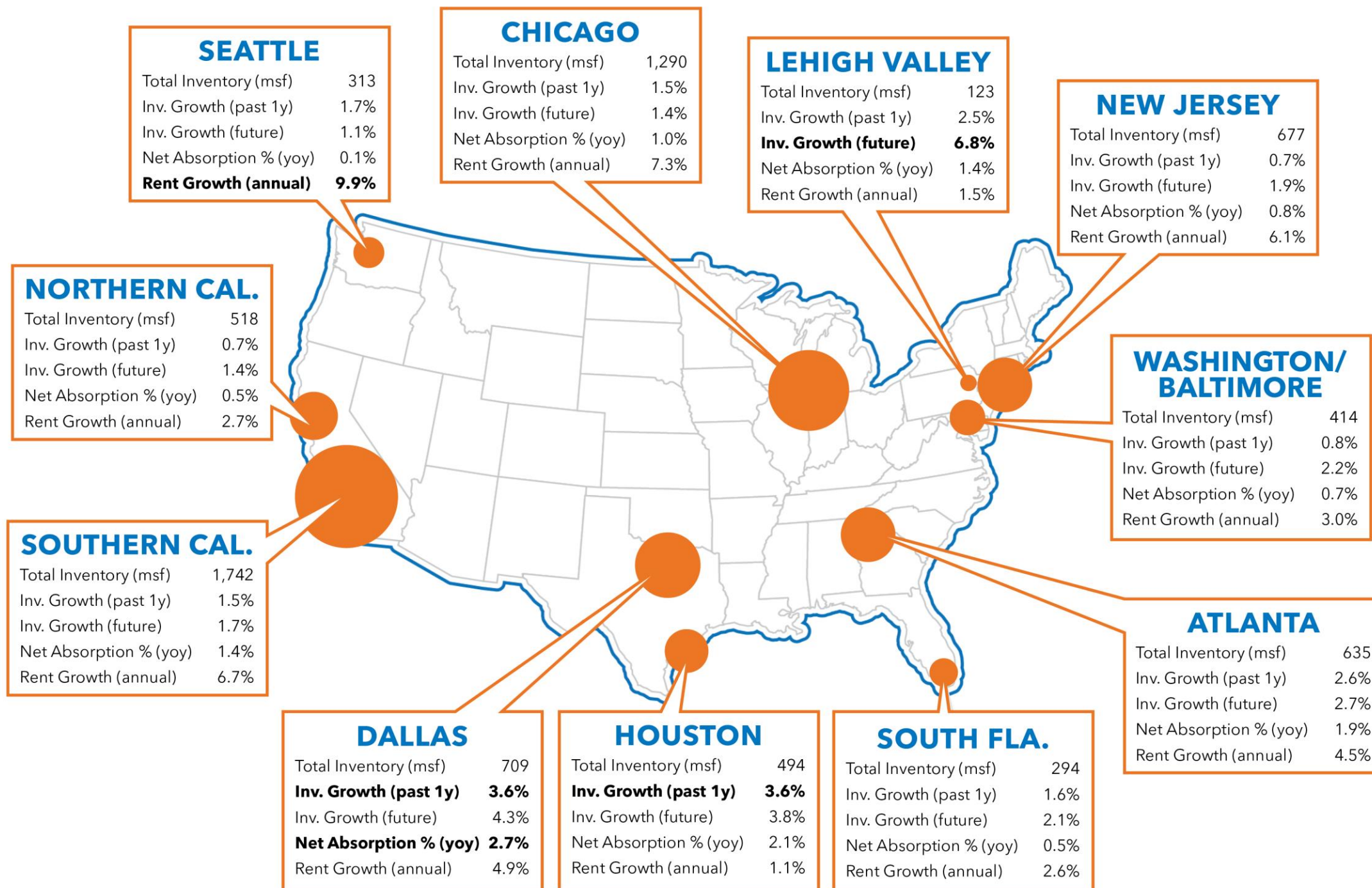
NATIONAL OUTLOOK

Over the past decade, the U.S. industrial market saw occupancy gains of more than 3 billion SF, with 40 straight quarters of positive net absorption. During this time, rents grew more than 26%. Job growth and strong consumer spending continue to drive retail sales, and despite record new deliveries, the construction pipeline remains full. Trends point to another strong year ahead, but there are a few headwinds:

Labor shortages. U.S. e-commerce sales logged the highest annual growth ever in 2019. More workers will be required to keep supply chains moving efficiently.

Construction levels. New product deliveries in Q4 were at the highest level in six quarters, and 450 MSF is underway nationally. More than a third of that total is concentrated in Elite 11 markets.

Current events. The 2020 presidential election and coronavirus crisis may cause deceleration in leasing velocity, as occupiers exhibit more caution when making major business decisions. Port volumes are projected to drop as much as 13% in February due to extended production shutdowns in China.



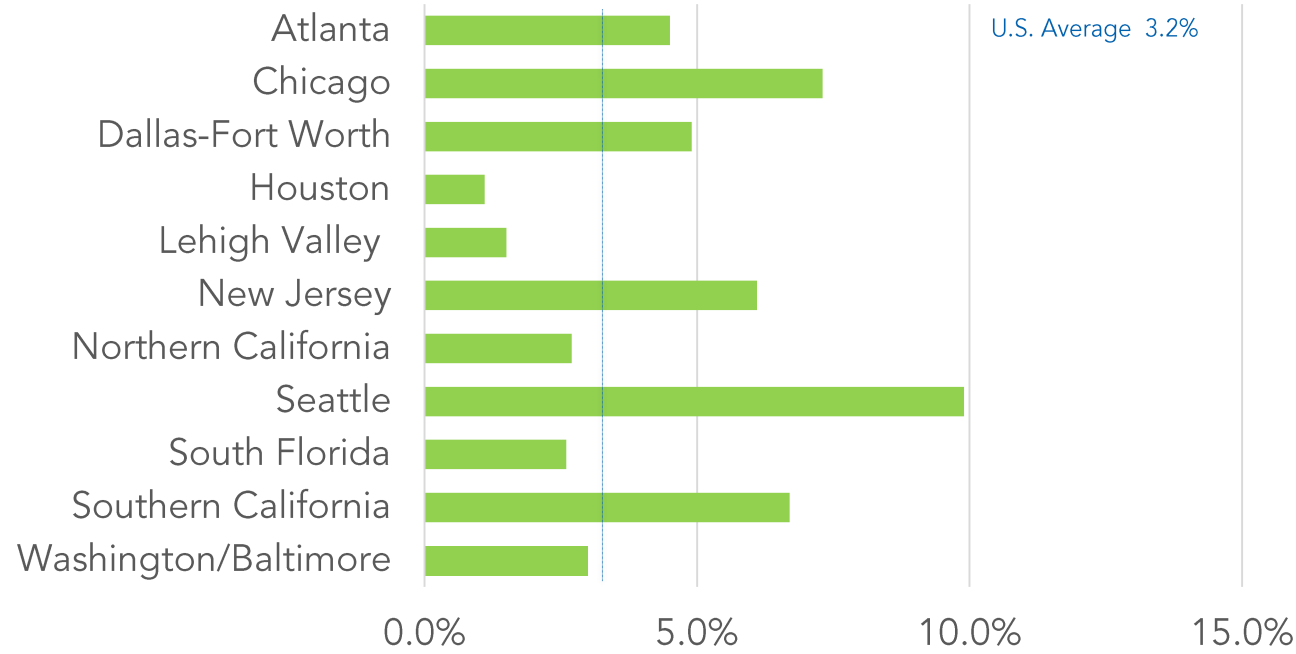
[VIEW INTERACTIVE MAP](#)

Bold text indicates top-ranked indicator nationally.

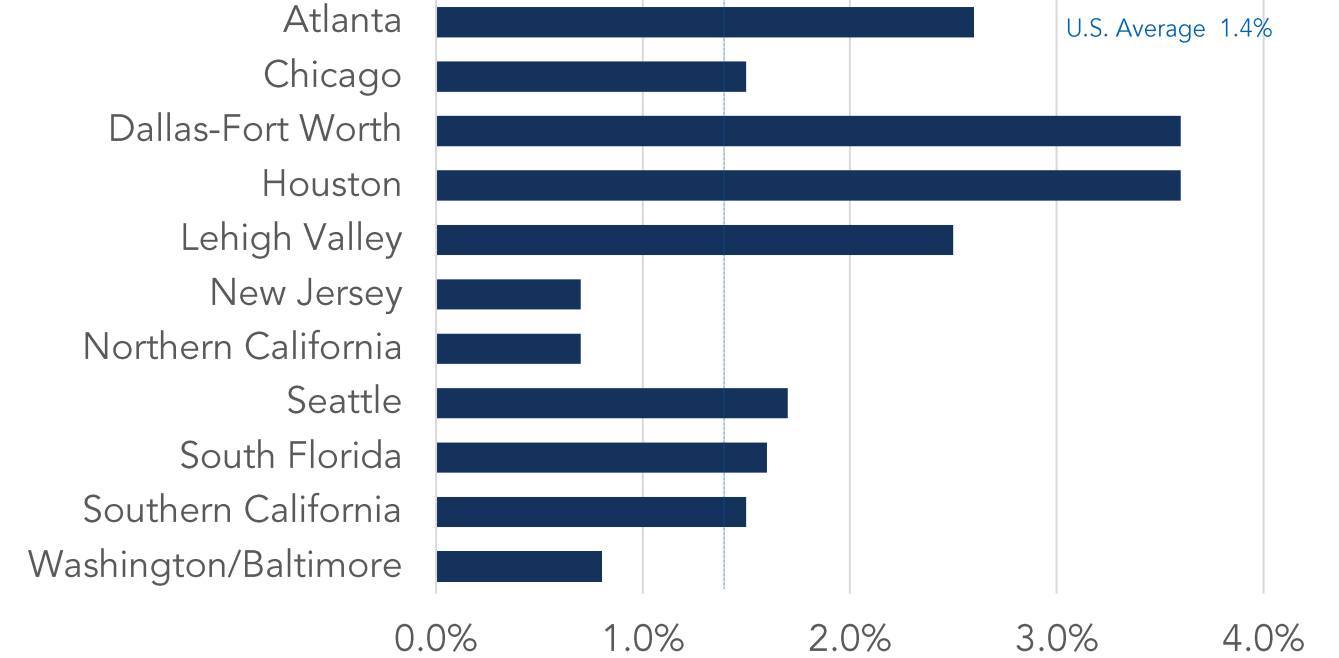
MARKET HIGHLIGHTS

- In addition to Seattle, which recorded near double-digit annual rent growth, seven of 11 markets came in above the 10-year U.S. average of 3%.
- Texas regions led the expansion during 2019, as total inventory increased by 3.6% in Dallas and Houston.
- Houston’s 10.5 MSF of absorption in 2019 was led by warehouse/distribution requirements driven by e-commerce.
- Leasing is at a historic pace in Atlanta; the region has averaged 12.4 MSF of absorption annually in the past decade.
- Following exhaustive searches for land and environmental challenges, New Jersey developers have restocked and doubled volume of new construction.
- In Washington/Baltimore, several very large projects are under construction, with 48% of space pre-leased.
- Despite tax burdens and political/budget challenges, positive business momentum should sustain Chicago’s industrial market in the near term.

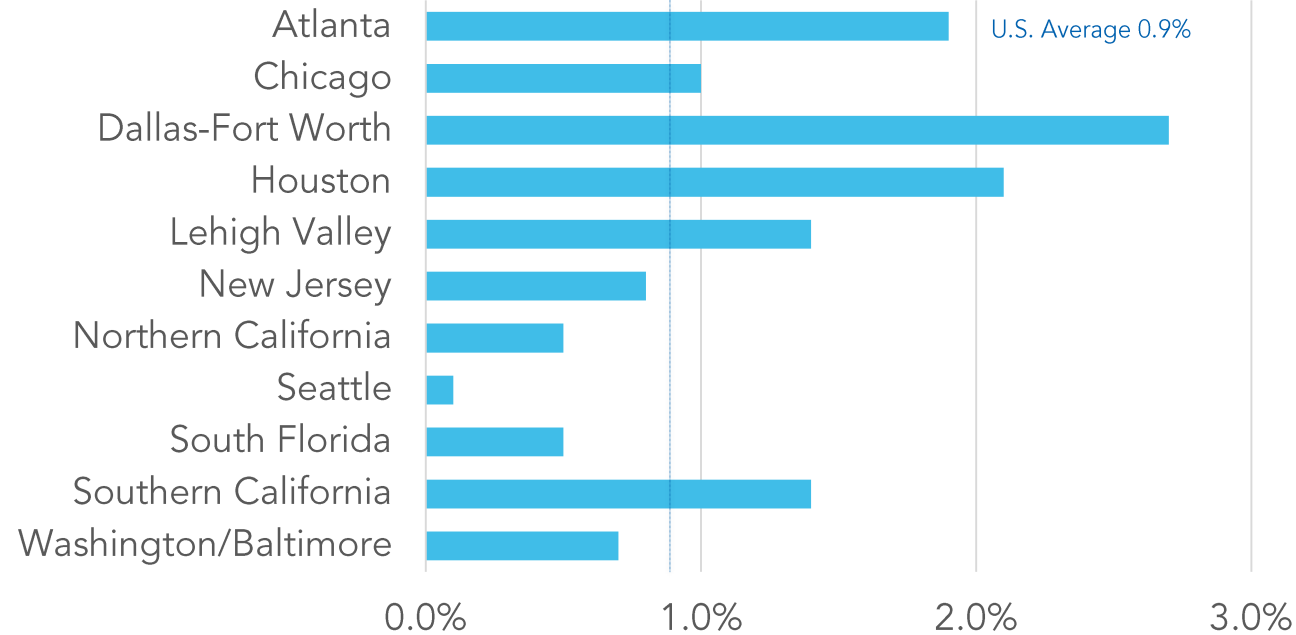
RENT GROWTH Year-over-Year



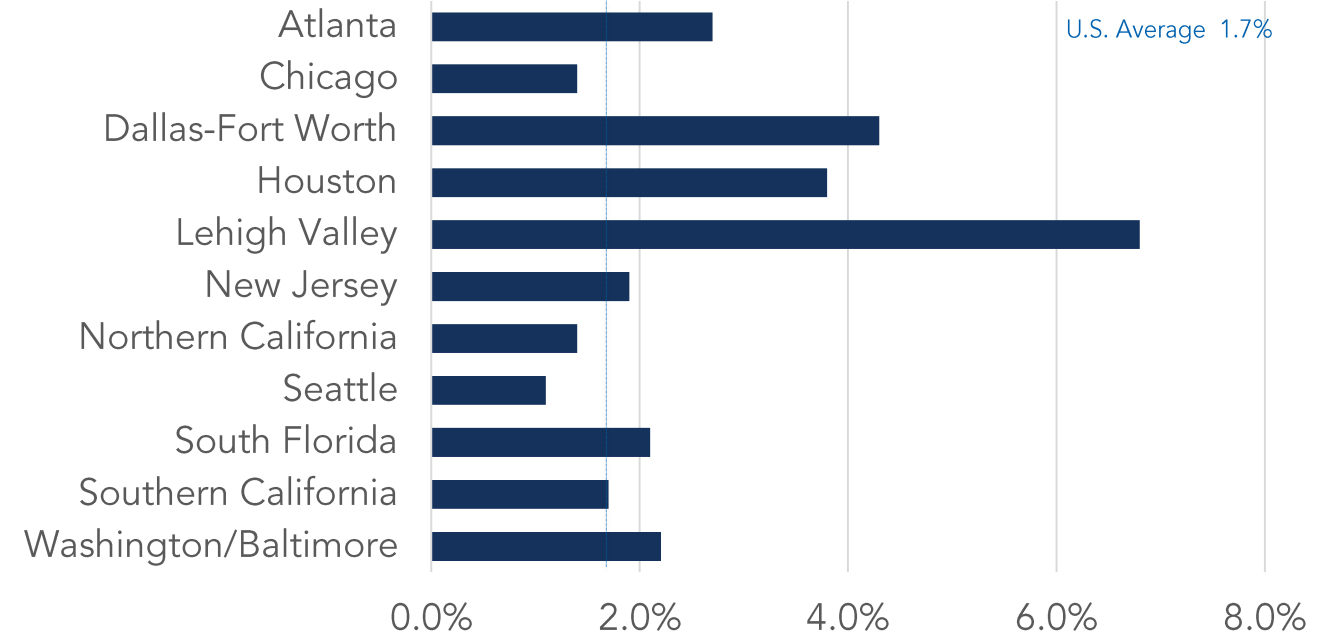
12-MONTH MARKET GROWTH Percentage of Inventory



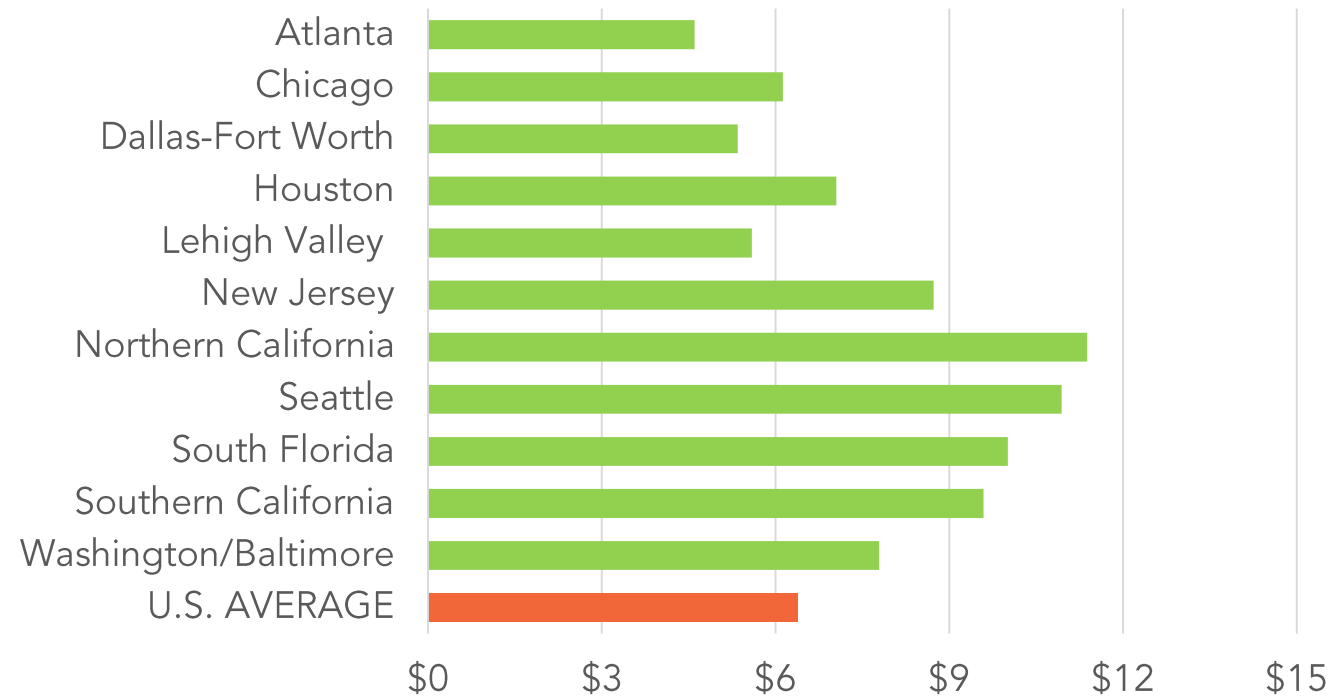
4-QUARTER NET ABSORPTION Percentage of Inventory



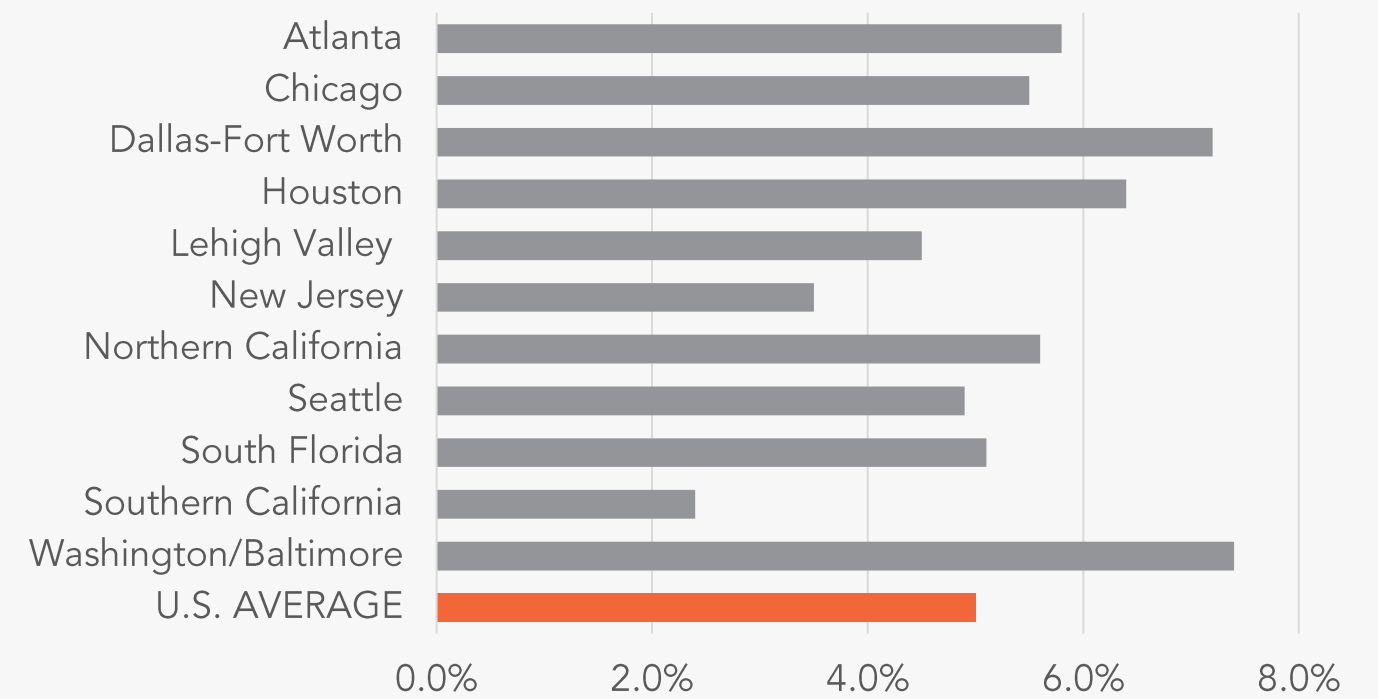
FUTURE DELIVERIES Percentage of Inventory



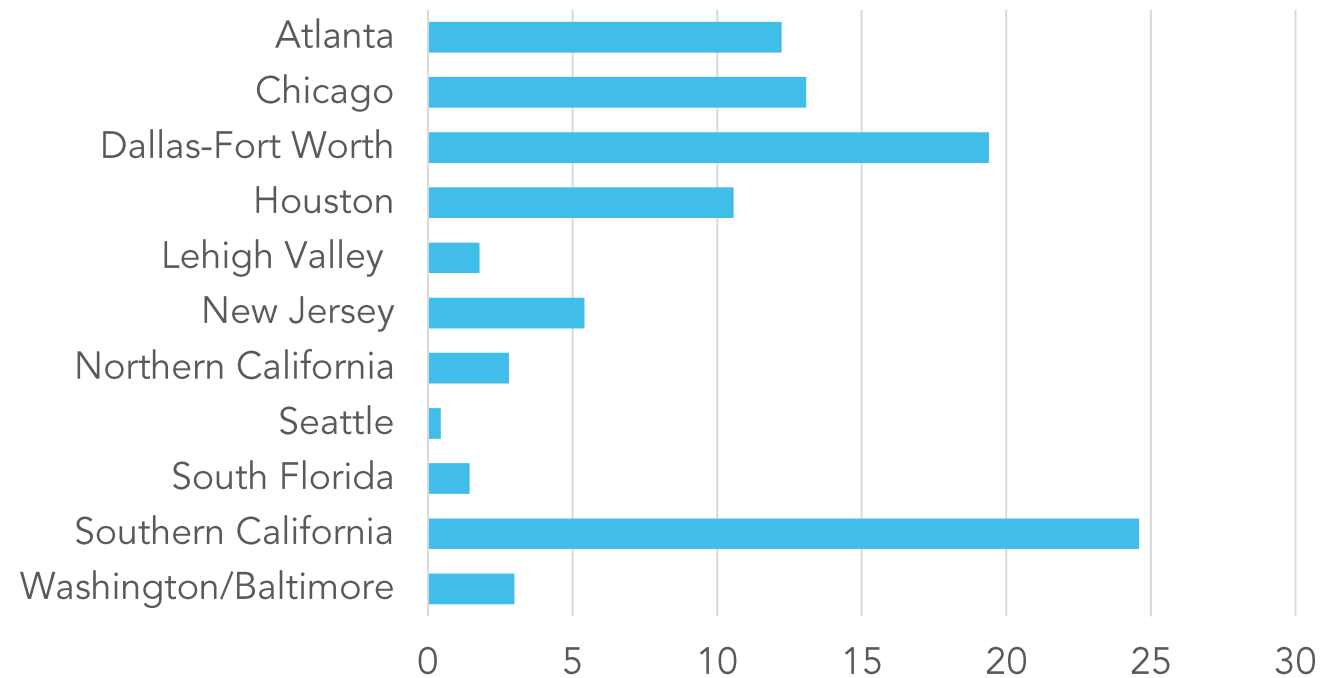
ASKING RENT PSF NNN



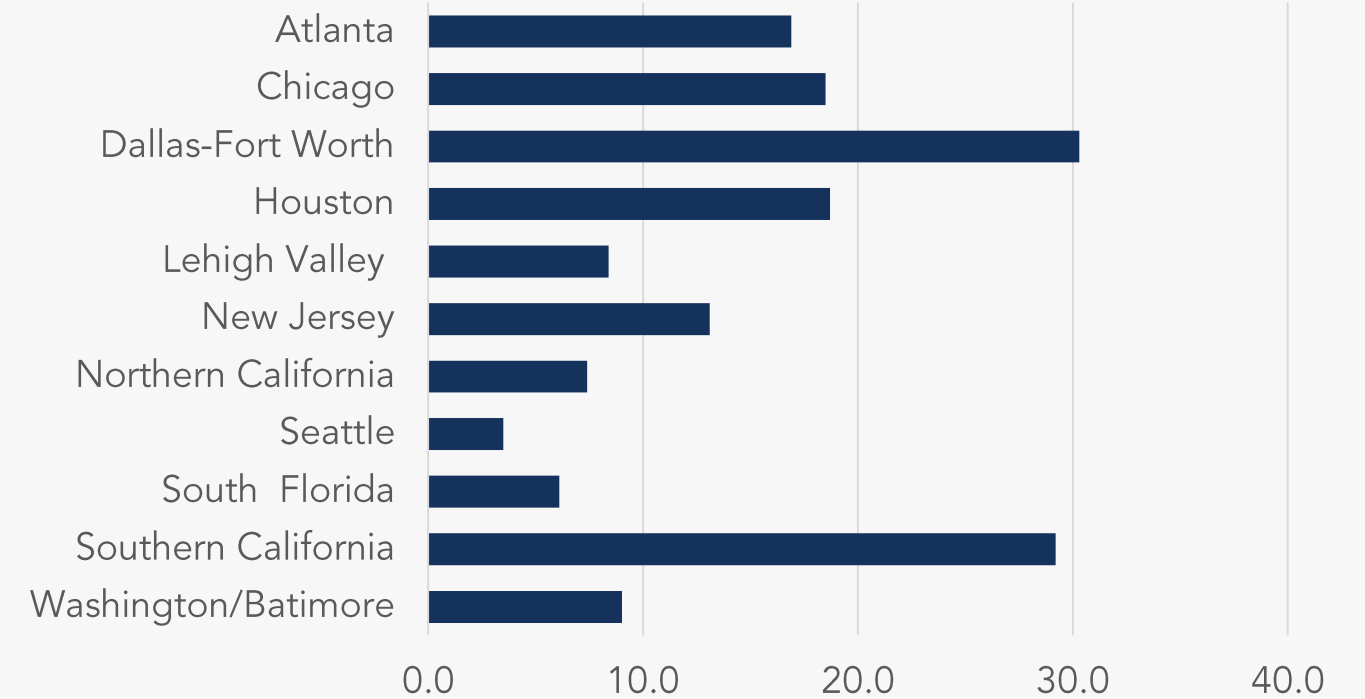
VACANCY RATE



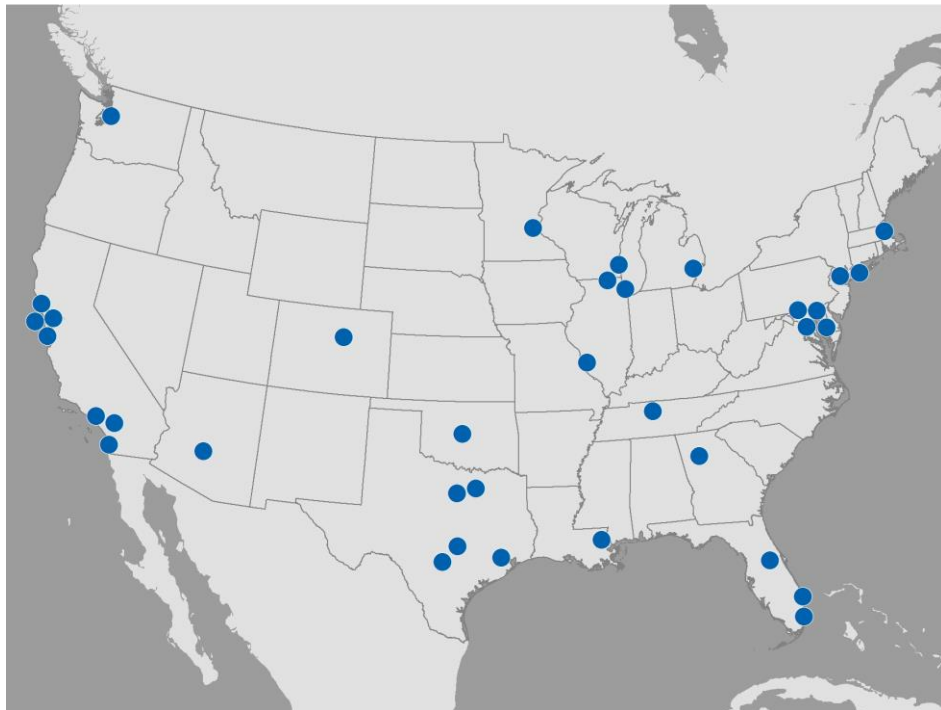
TRAILING 4-QUARTER NET ABSORPTION (MSF)



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.

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