

# REAL ESTATE OUTLOOK


U.S. MARKET | INDUSTRIAL

FIRST QUARTER 2018

U.S. TRENDLINES

5-Year Trend

VACANCY



Current Quarter

4.7%

Stable after declining for 18 consecutive quarters

ABSORPTION



62.4 MSF

33 quarters of positive growth

ASKING RENT



\$6.27 PSF

10.5% annual growth

UNDER CONSTRUCTION



305.8 MSF

Construction activity remains elevated

UNEMPLOYMENT RATE



3.9%

19 months below 5%

WHOLESALE TRADE & WAREHOUSING



402.5K

1.2% annual employment growth

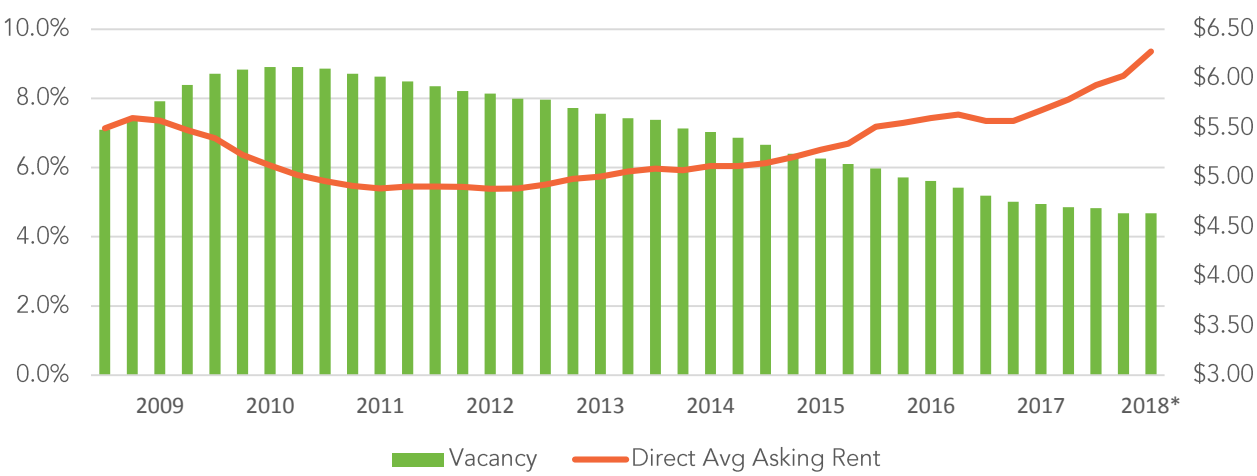
HIGHLIGHTS

The market continued to perform well over the first quarter of 2018, with vacancy rates below 5.0% and annual rent growth topping the 10% mark. Demand for warehouse space in close proximity to households is driving the sector as e-commerce’s growing impact extends well beyond brick and mortar retail. As such, the construction pipeline remains elevated with over 300 MSF nationwide.

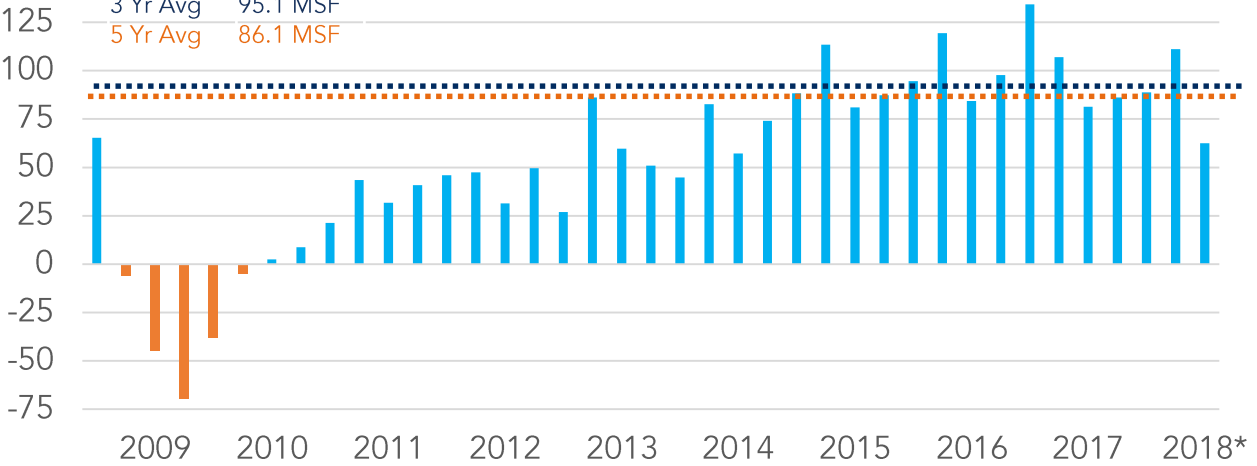
28 of the 48 Transwestern reporting markets registered improvements in vacancy over the quarter as strong absorption continued throughout the nation’s growth markets. Overall, 41 of the 48 markets posted positive quarterly absorption, leading to a total of 62.4 MSF absorbed nationally. Annualized absorption is beginning to trend down as year-over-year numbers have declined by 17.1%. However, the overall outlook for the sector remains bullish.

Asking rental rates maintained their positive direction with 80% of Transwestern reporting markets posting an increase.

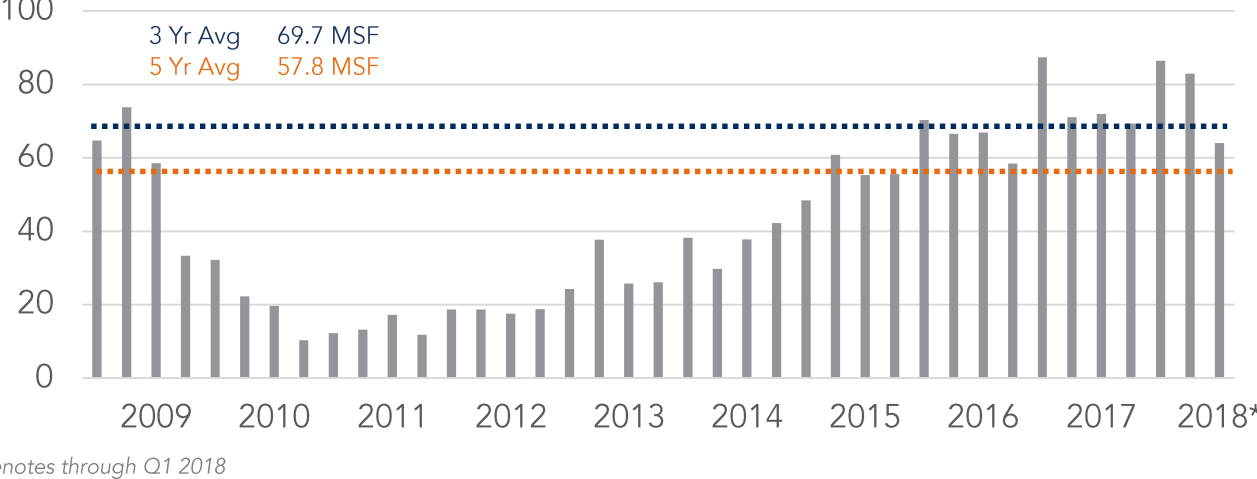
VACANCY VS ASKING RENT



NET ABSORPTION



CONSTRUCTION - DELIVERED



\* Denotes through Q1 2018

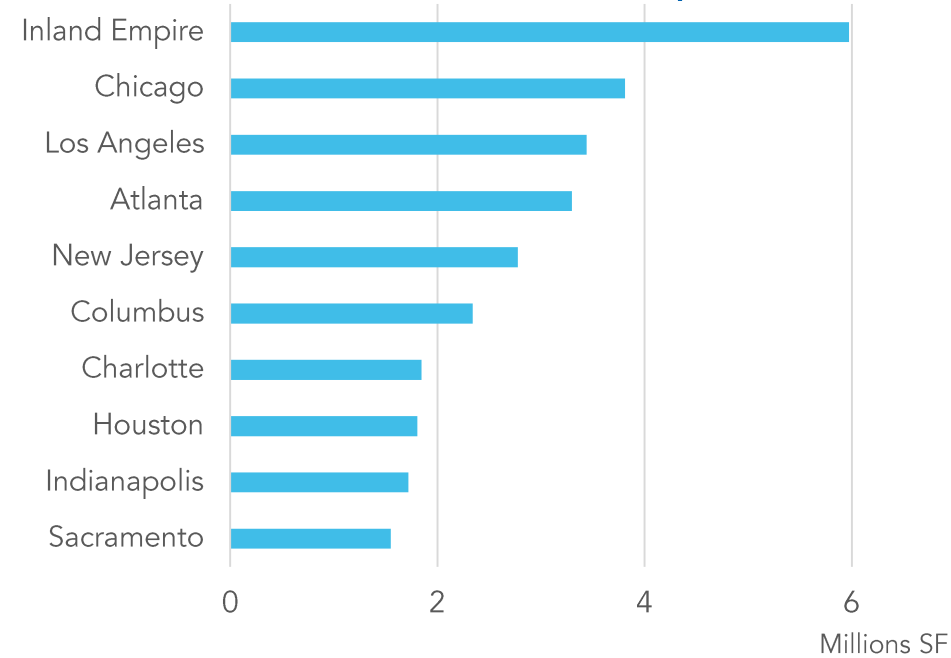


# US MARKET | INDUSTRIAL

## TOP 10 MARKETS

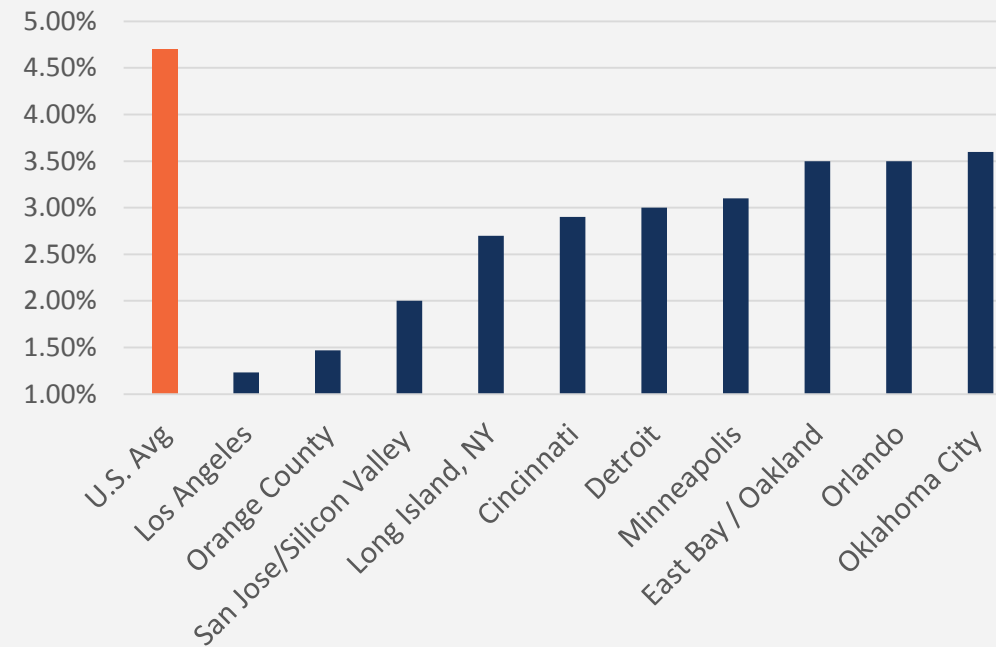
### ABSORPTION

#### Q1 2018 Net Absorption



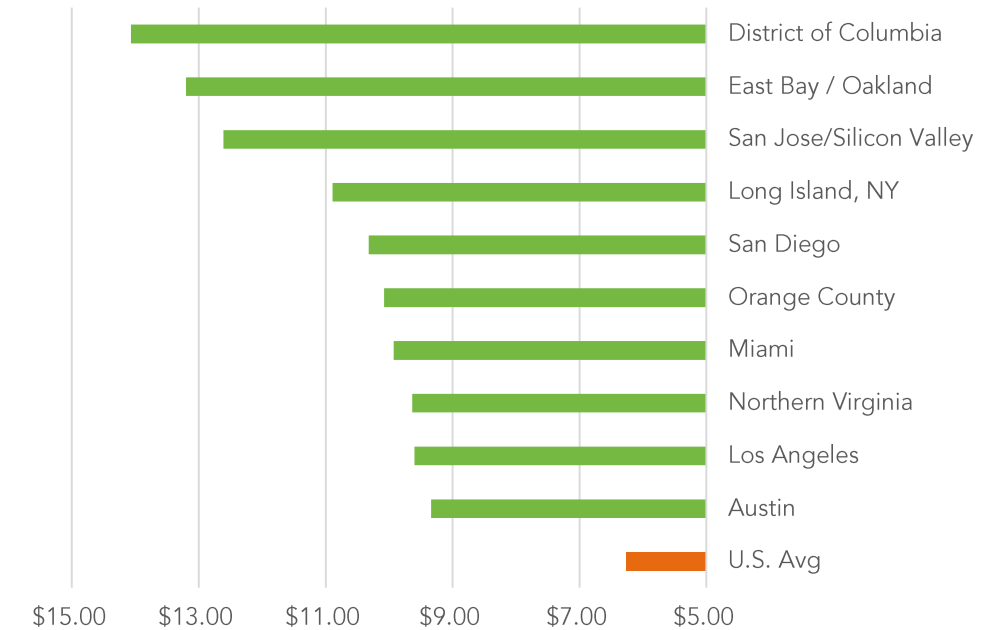
### VACANCY/CONSTRUCTION

#### Q1 2018 Vacancy Rate

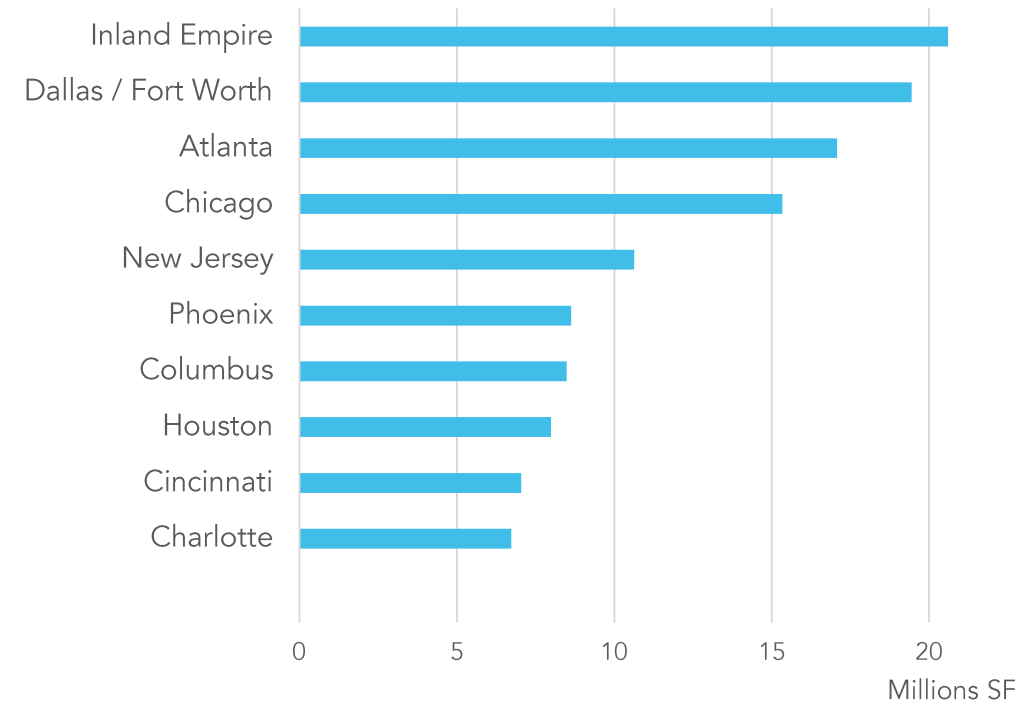


### ASKING RENTS

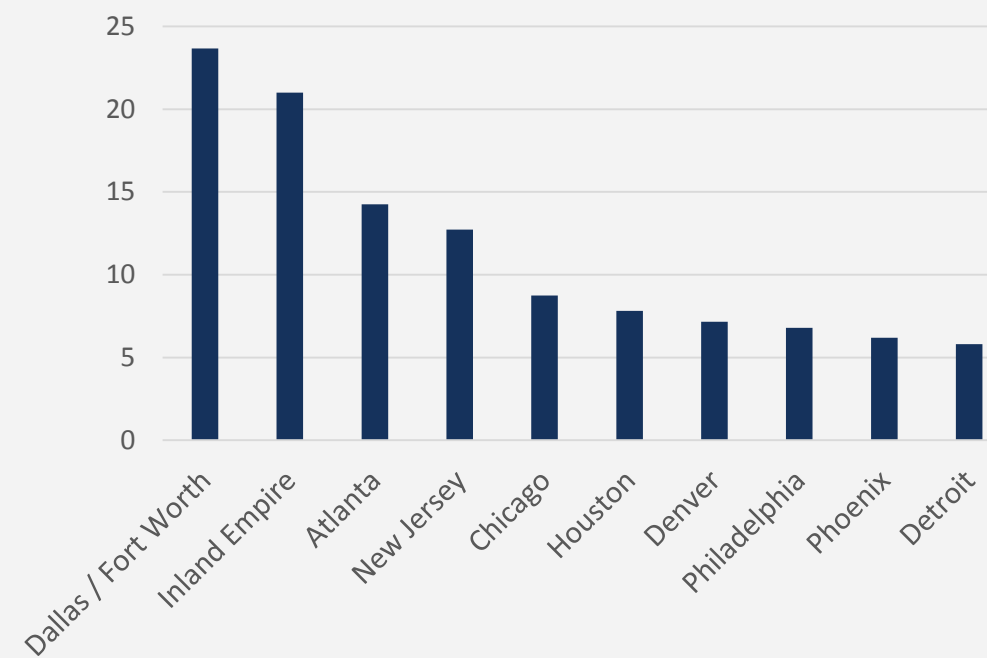
#### Q1 2018 Asking Rate FS



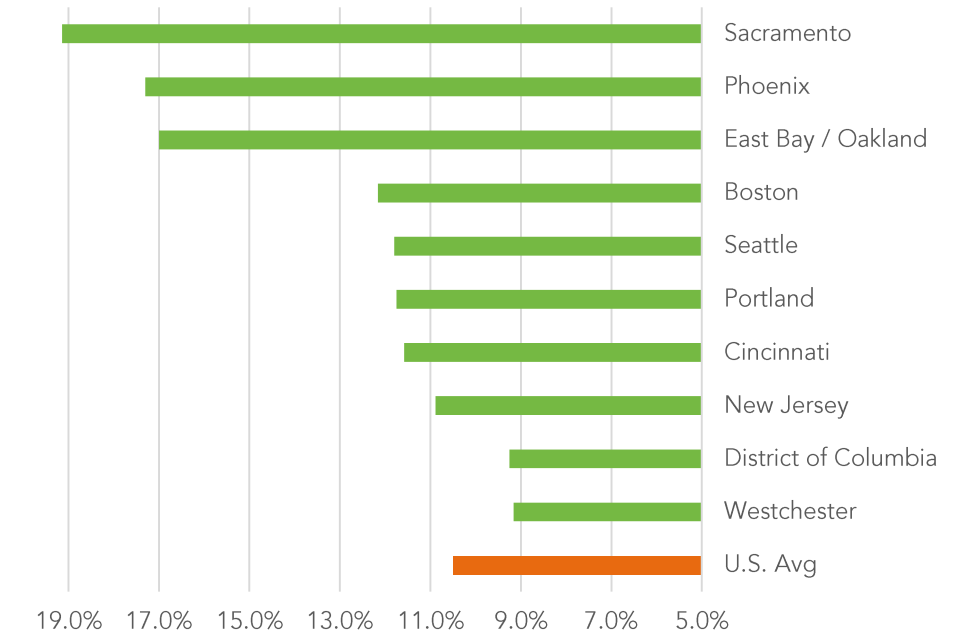
### Trailing 4-Qtr Net Absorption



### Q1 2018 Under Construction



### Year-Over-Year Rent Growth



# US MARKET | INDUSTRIAL

Market	Inventory SF	Overall Vacancy Rate	Direct Vacancy Rate	Net Absorption	12-Month Net Absorption	Asking Rent NNN	Annual Rent Change	Under Construction
Atlanta	606,294,963	6.3%	6.1%	3,299,884	17,078,098	\$4.11	5.4%	14,249,463
Austin	49,345,408	9.7%	9.3%	718,040	472,820	\$9.34	-5.1%	1,728,903
Baltimore*	214,562,805	7.8%	7.7%	(42,000)	3,218,000	\$5.95	-0.9%	1,967,970
Boston	162,275,468	5.7%	5.8%	(1,418,054)	(1,540,234)	\$7.47	12.2%	900,500
Charlotte	268,421,449	5.6%	5.3%	1,846,466	6,731,995	\$4.25	6.0%	4,669,498
Chicago	1,243,969,558	5.7%	n/a	3,809,905	15,342,379	\$5.54	0.18%	8,752,749
Cincinnati	292,701,799	3.0%	2.9%	1,195,657	7,045,485	\$3.95	11.6%	4,394,876
Cleveland	297,474,436	3.8%	3.6%	1,251,012	1,187,168	\$3.79	8.0%	1,385,896
Columbus	263,390,636	3.8%	3.7%	2,340,869	8,490,900	\$3.55	7.9%	5,189,705
Dallas/Fort Worth	761,212,469	6.4%	6.2%	1,255,834	19,448,195	\$5.13	-2.5%	23,669,561
Denver*	239,898,291	4.0%	3.8%	593,798	558,380	\$8.17	8.9%	7,151,044
Detroit	492,550,850	3.1%	3.0%	-1,396,138	2,862,906	\$5.39	6.7%	5,796,242
District of Columbia*	9,829,733	6.1%	6.1%	29,000	(27,000)	\$14.07	9.3%	0
East Bay/Oakland	164,342,528	4.0%	3.5%	(107,318)	(107,318)	\$13.20	17.0%	2,517,819
Hartford	104,030,390	5.8%	5.7%	263,667	1,572,285	\$4.49	0.0%	1,270,000
Houston*	525,546,691	4.9%	4.5%	1,807,000	7,985,000	\$6.62	-4.2%	7,821,194
Indianapolis	278,051,223	5.3%	5.0%	1,720,217	4,183,052	\$3.69	3.4%	4,997,093
Inland Empire	525,946,481	4.0%	3.8%	5,974,248	20,605,846	\$6.84	7.5%	21,002,477
Kansas City	268,311,275	5.7%	5.6%	764,914	5,837,150	\$4.46	-1.1%	2,998,720
Las Vegas	101,655,566	6.9%	6.8%	1,375,119	6,366,956	\$6.51	-3.7%	2,460,469
Long Island	138,587,808	2.8%	2.7%	225,677	188,847	\$10.89	-0.5%	87,319
Los Angeles	833,330,529	1.4%	1.2%	3,441,037	4,301,705	\$9.60	6.7%	3,441,037
Miami	188,366,777	4.8%	4.6%	76,730	964,238	\$9.93	7.1%	3,291,070
Milwaukee	189,948,002	4.1%	4.1%	-274	1,679,657	\$4.11	-3.5%	729,800

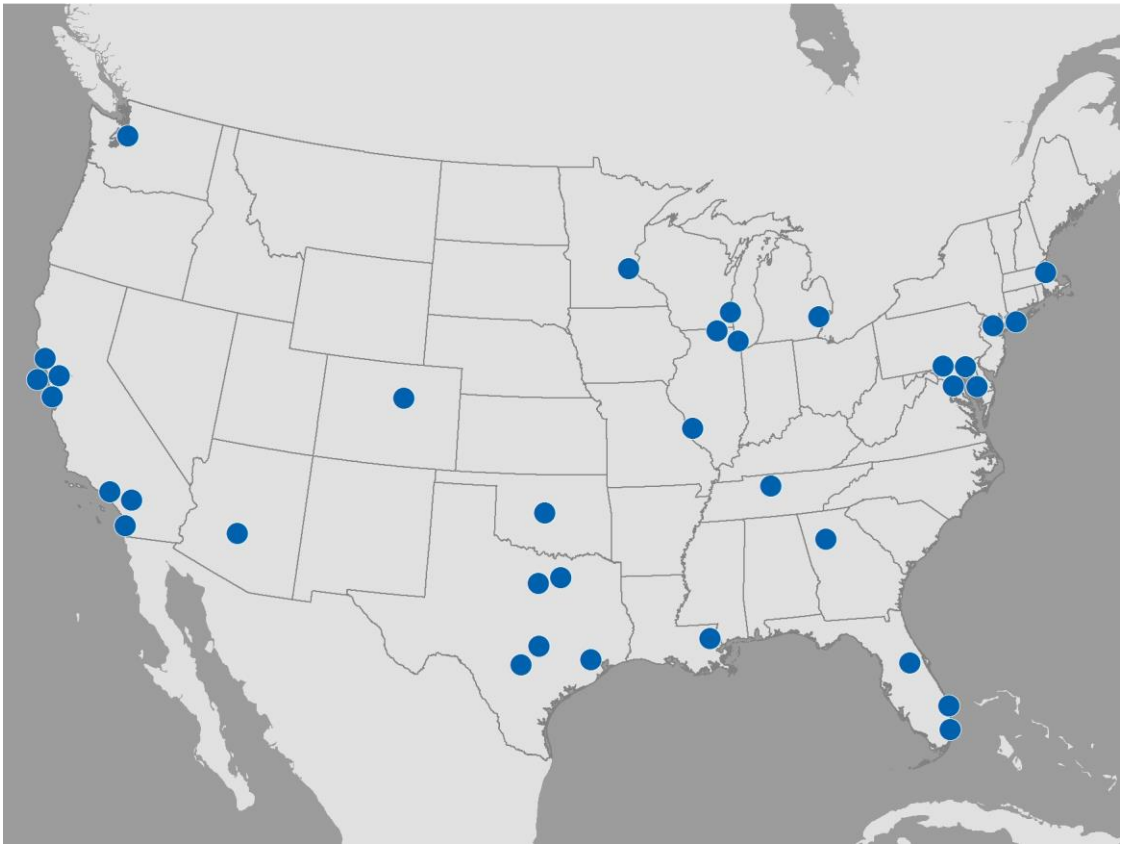
\*Market reports Vacant Available rate

Market	Inventory SF	Overall Vacancy Rate	Direct Vacancy Rate	Net Absorption	12-Month Net Absorption	Asking Rent FSG	Annual Rent Change	Under Construction
Minneapolis	284,987,483	3.3%	3.1%	424,932	2,468,222	\$6.22	4.4%	537,871
Nashville	211,140,140	4.2%	3.9%	570,207	5319226	\$5.20	20.1%	4,462,305
New Jersey	667,664,569	4.1%	3.8%	2,776,304	10,636,669	\$7.74	10.9%	12,725,780
New Orleans	60,819,835	4.2%	4.2%	22,718	(129,751)	\$5.17	-7.7%	0
Northern Virginia*	86,588,538	7.6%	7.5%	92,000	313,000	\$9.64	3.9%	950,865
Oklahoma City	92,309,924	3.7%	3.6%	206,004	900,030	\$4.98	4.8%	1,858,209
Orange County	211,666,712	1.6%	1.5%	447,084	(144,111)	\$10.08	3.7%	934,754
Orlando	128,882,648	3.7%	3.5%	1,139,985	3,321,944	\$5.80	6.8%	2,023,250
Philadelphia	455,434,924	5.7%	5.6%	220,027	6,670,766	\$4.78	1.7%	6,794,877
Phoenix	308,694,519	7.8%	7.5%	1,236,660	8,628,604	\$6.92	17.3%	6,186,113
Pittsburgh	155,541,856	5.4%	5.2%	946,288	634,126	\$5.13	-6.9%	146,996
Portland	187,958,477	4.3%	4.2%	-997,213	1,084,387	\$7.23	11.7%	2,680,058
Raleigh/Durham	89,021,778	4.4%	4.4%	610,458	1,581,480	\$4.57	7.8%	1,983,946
Sacramento	141,871,782	4.6%	4.5%	1,549,478	5,193,395	\$5.54	19.1%	912,270
Salt Lake City	117,365,135	3.9%	3.8%	248,431	4,150,391	\$5.74	7.1%	3,144,399
San Antonio	101,441,601	5.4%	5.1%	180,714	1,435,635	\$5.40	4.2%	2,760,016
San Diego	122,550,528	3.8%	3.7%	322,032	1,203,054	\$10.32	1.2%	2,350,476
San Jose/Silicon Valley	64,843,569	2.1%	2.0%	958,448	568,272	\$12.61	1.8%	450,610
Seattle	175,819,121	4.2%	4.0%	(602,596)	1,670,312	\$8.34	11.8%	4,012,223
St. Louis	267,683,405	4.6%	4.5%	533,882	5,855,881	\$4.41	5.0%	4,614,081
Suburban Maryland*	96,770,333	7.6%	8.1%	323,000	1,494,000	\$8.37	4.0%	322,076
Tampa	146,882,415	5.0%	4.9%	49,456	1,413,606	\$5.28	8.4%	2,841,756
Westchester	172,680,911	4.4%	4.3%	306,888	2,752,587	\$7.39	9.2%	1,367,910

\*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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