

ELITE 11

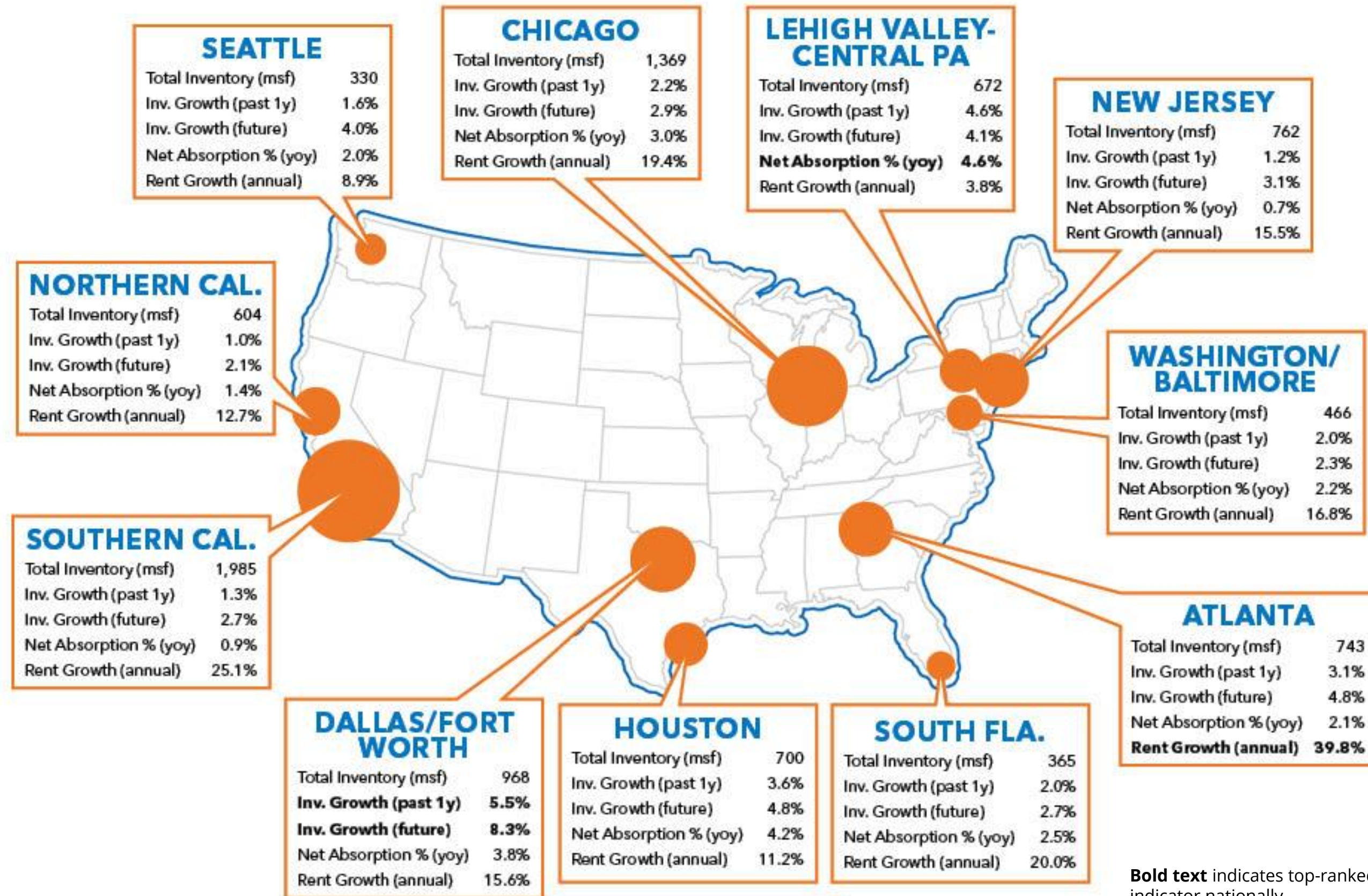
U.S. Industrial Markets

YEAR-END 2022



TRANSWESTERN





Bold text indicates top-ranked indicator nationally.

[VIEW INTERACTIVE MAP](#)



NATIONAL OVERVIEW

Continued Expansion Despite Cooling Demand

Though no match for the record-setting performance of 2021, the U.S. industrial real estate market continued to expand in 2022.

Total occupancy increased over 100 MSF for the ninth consecutive quarter to close out the year. Leasing activity, however, decelerated in the second half, as deliveries outpaced total net absorption in consecutive quarters for the first time since pandemic-ridden 2020. Additionally, available sublet space increased by more than 30% during the second half of 2022.

Investors continued to benefit from demand for new product. Asking rents increased by 11.2% on average during 2022, achieving double-digit, YoY growth for the first time while surpassing the \$8.00 PSF plateau. Rents rose across the nation, with 30% of markets recording increases greater than 20% during the year.

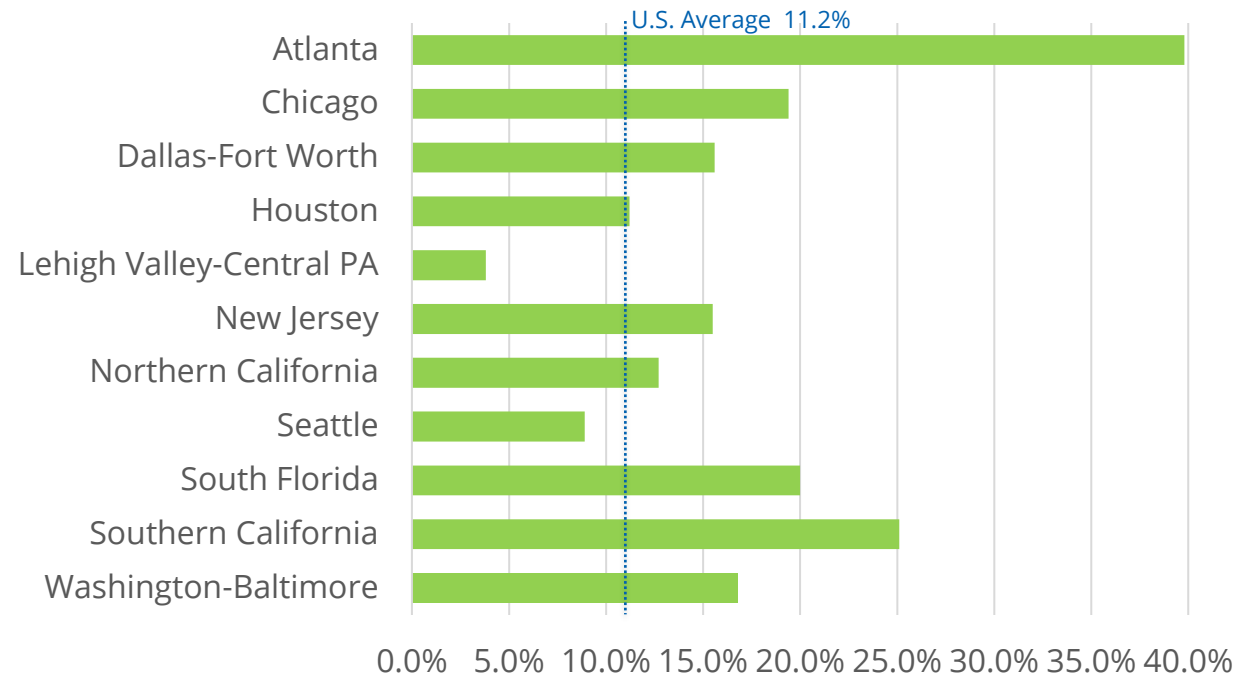
Demand appears to be in balance with a slowing development pipeline, due in part to tighter underwriting standards. While groundbreakings have slowed overall, a combination of East Coast and Gulf Coast port volumes exceeding West Coast totals could be an early indication of longer-term demand shift, triggering added construction starts in these markets, some of which remain underserved.

ELITE 11 MARKET HIGHLIGHTS

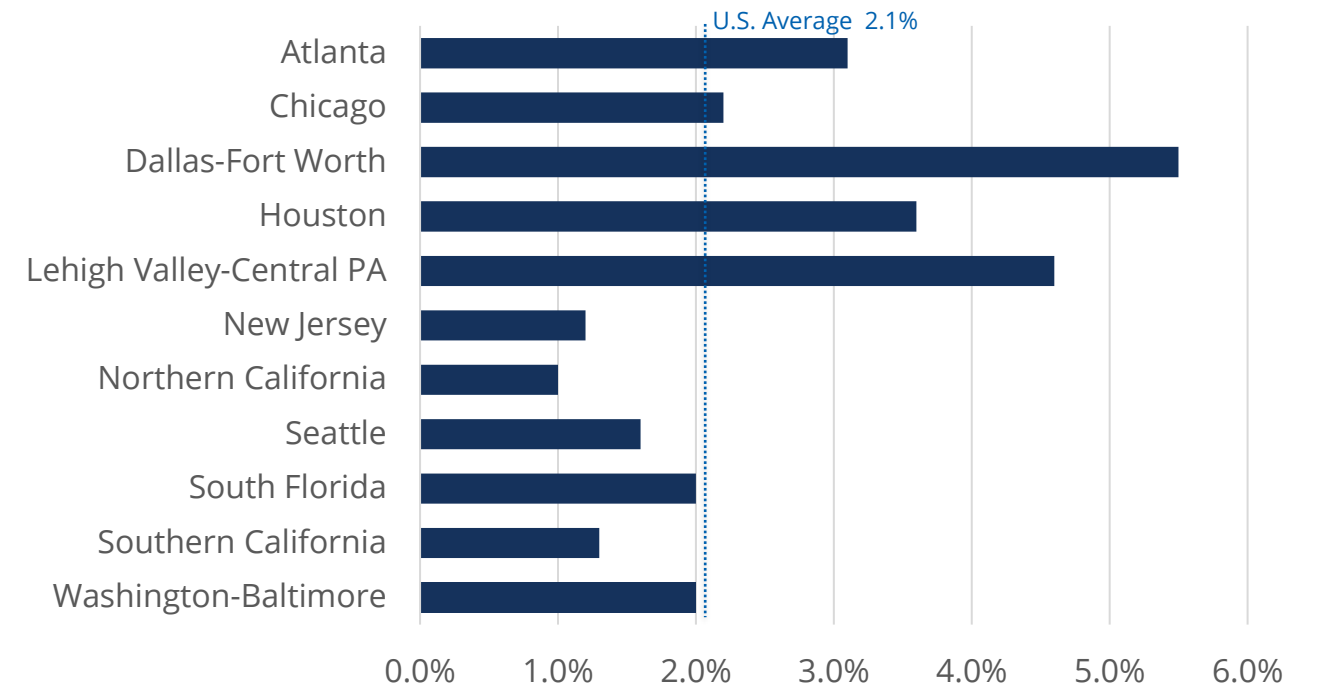
- **Dallas** grew its pipeline by 5.5% in 2022. Concerns about overbuilding are circulating as vacancies rise and the region is projected to expand by another 8.3%.
- Accelerated demand in **Houston** prompted developers to boost the industrial pipeline, which is second only to Dallas in planned inventory growth.
- **Chicago** led the nation in total net occupancy growth as tenants absorbed more than 40 MSF in the past 12 months.
- Supply constraints in **New Jersey** and other areas of the northeast propelled demand in the **Lehigh Valley**, which led Elite markets in YoY net absorption.
- Tenacious demand and new construction has led to tremendous rent growth in **Atlanta**, up nearly 40% from year-end 2021.
- A scarcity of quality available space is pressing developers to find creative ways to add new product in **South Florida**, where rent growth exceeded 20% in 2022.
- **Southern California**, the tightest of the Elite markets, saw asking rents increase by more than 25% during the past 12 months.
- In the past 12 months, 9 of 11 regions experienced double-digit (%) rent growth.



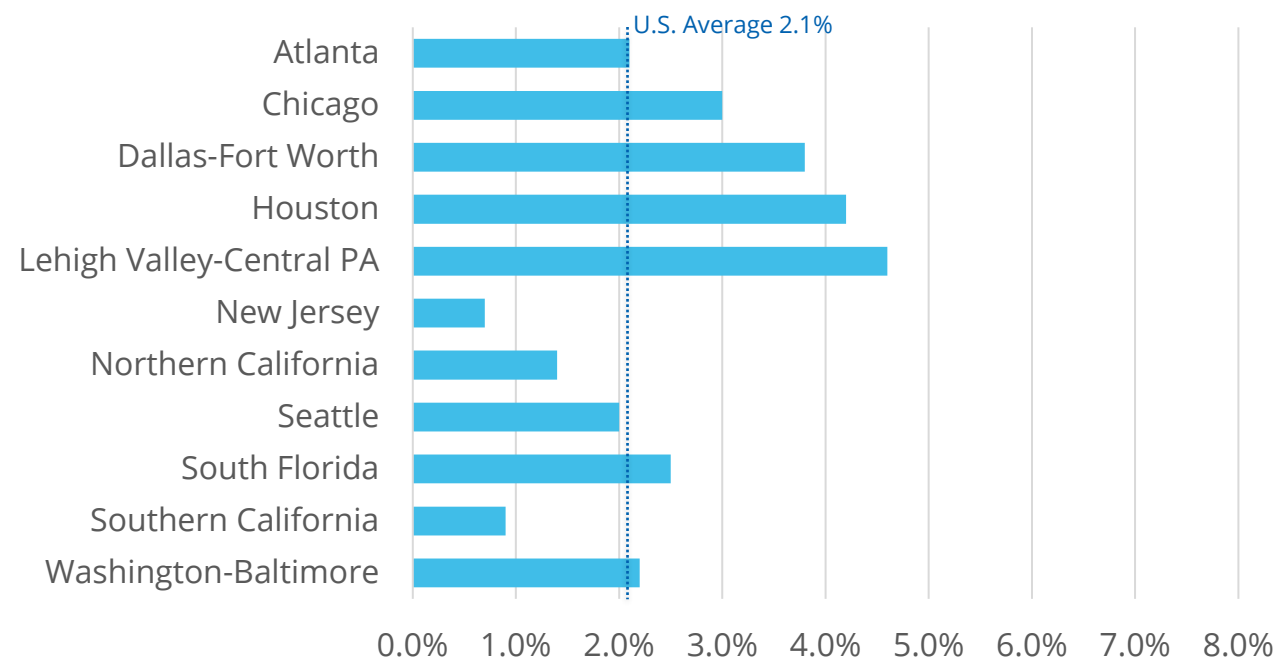
RENT GROWTH Year-over-Year



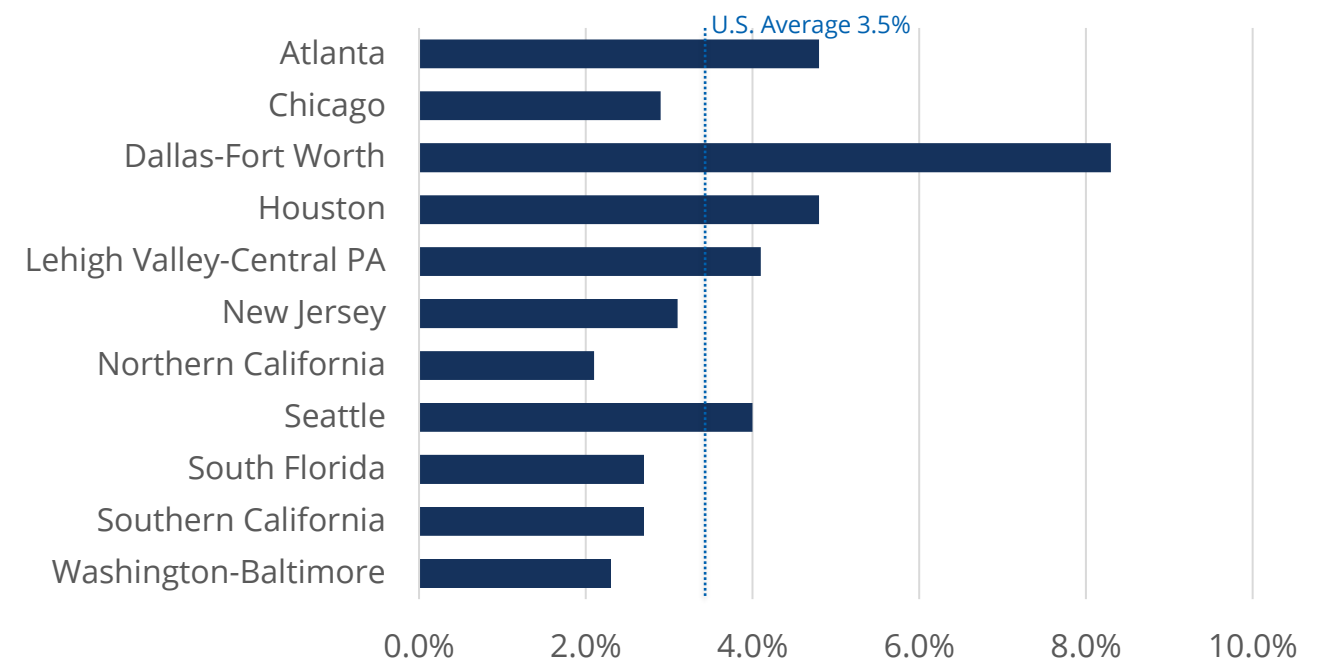
12-MONTH MARKET GROWTH Percentage of Inventory



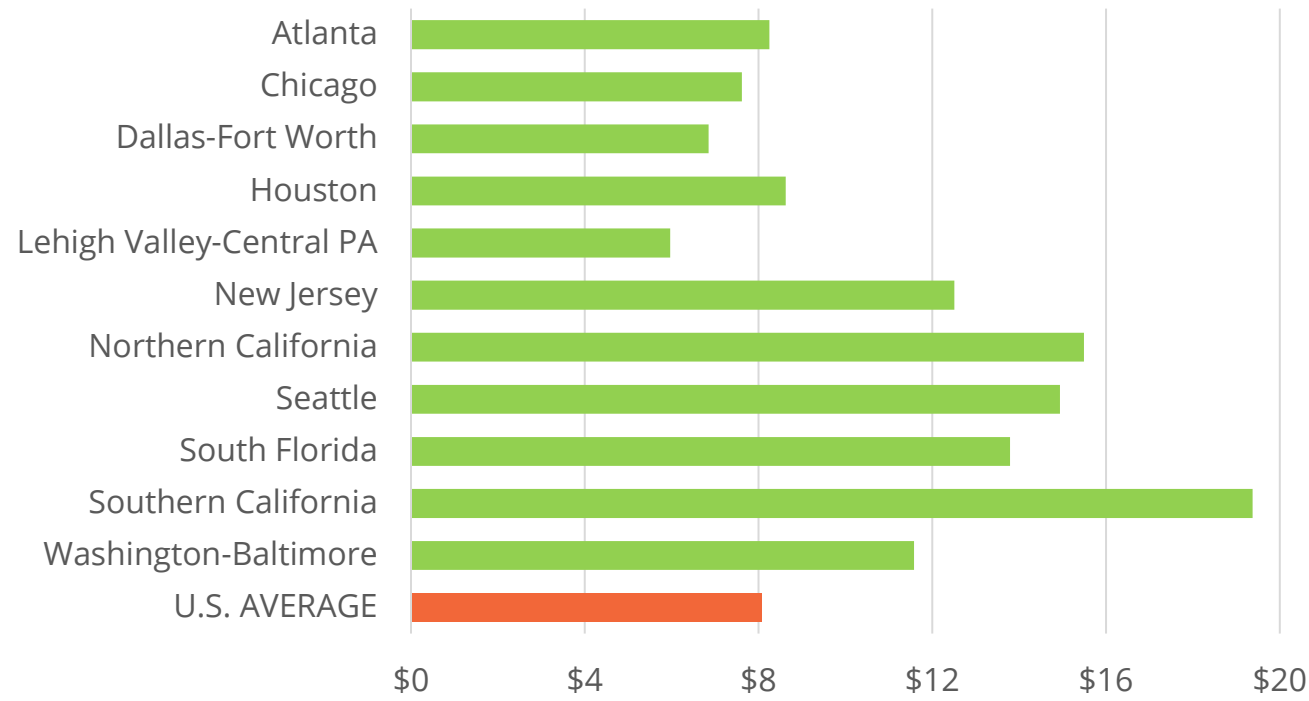
4-QUARTER NET ABSORPTION Percentage of Inventory



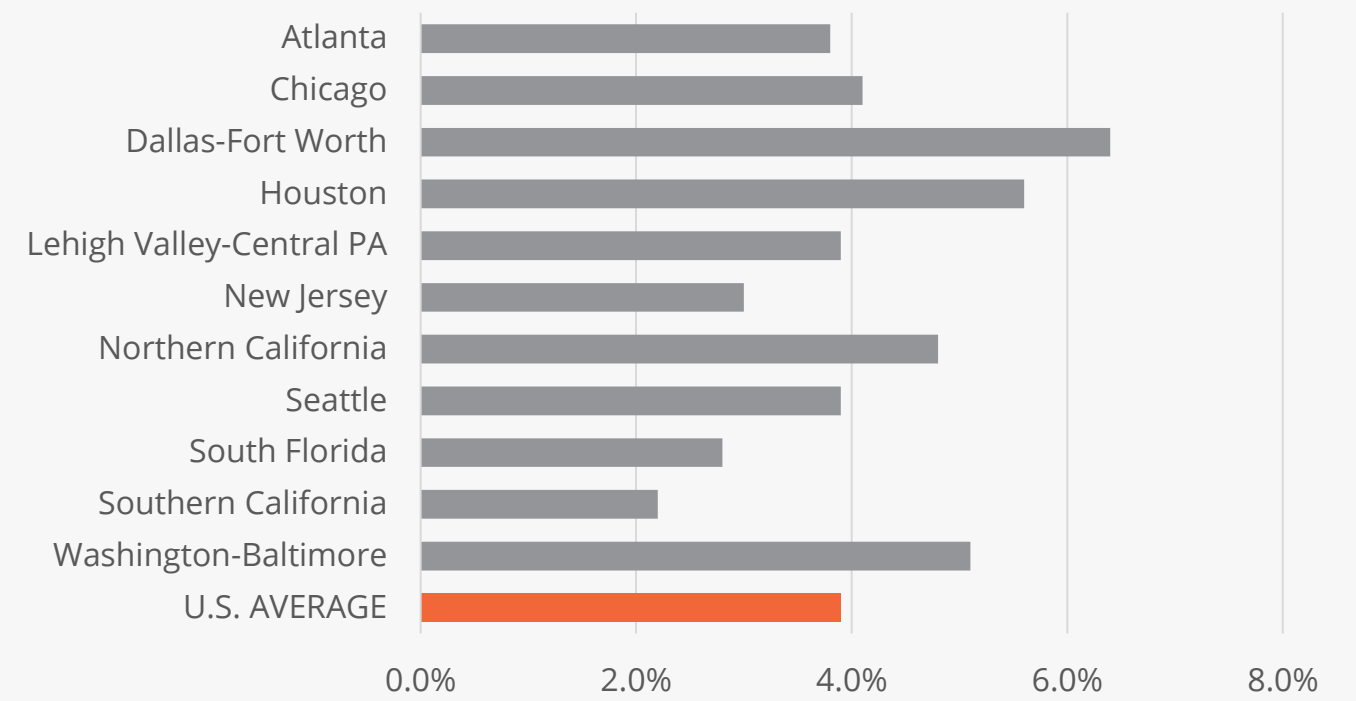
FUTURE DELIVERIES Percentage of Inventory



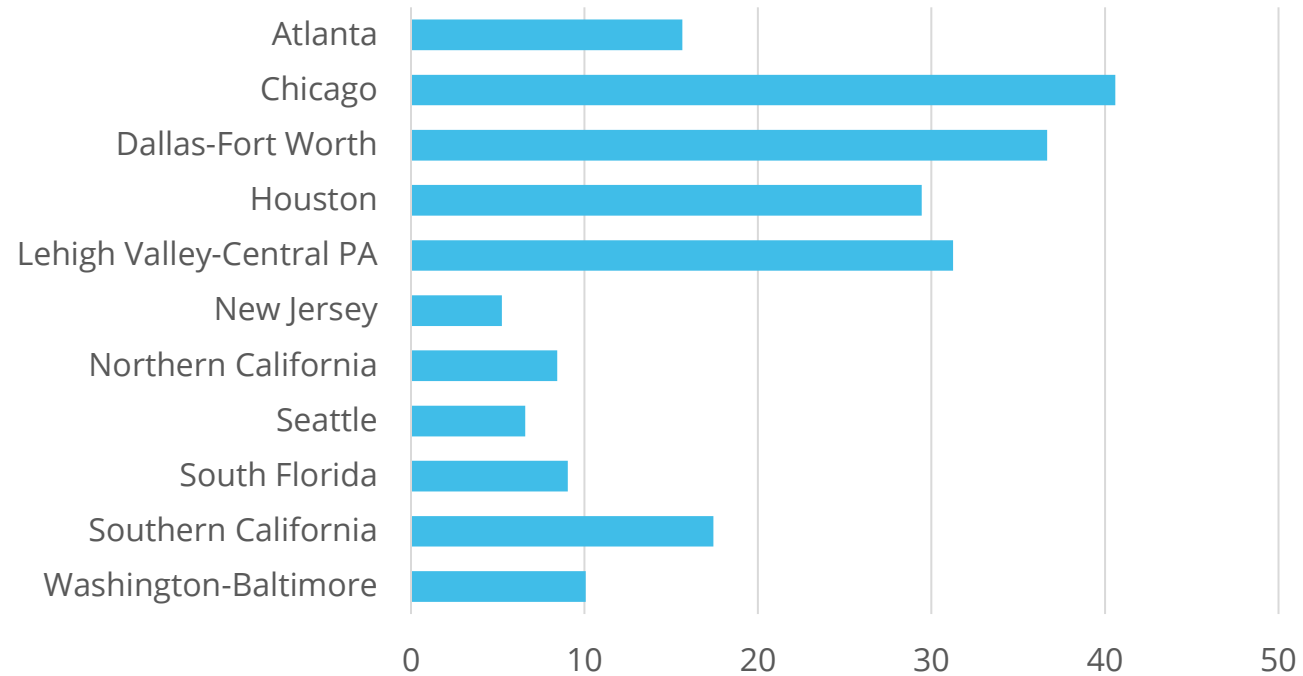
ASKING RENT PSF NNN



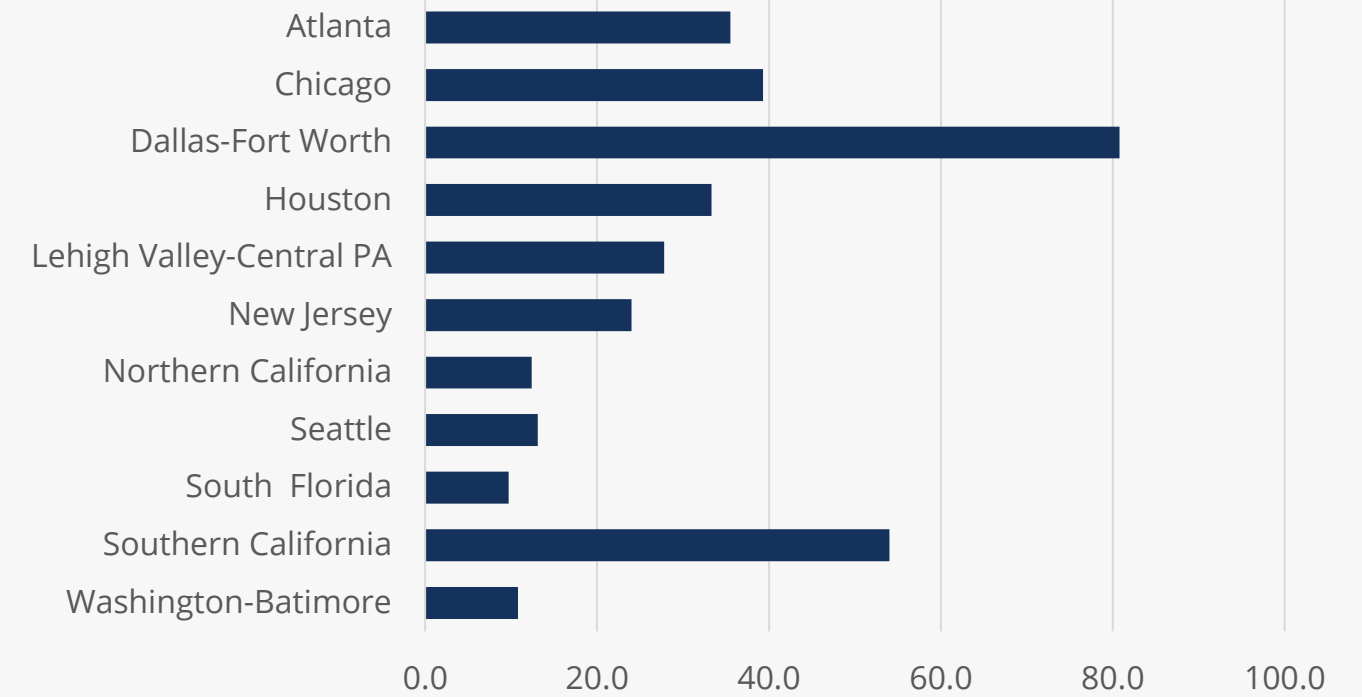
VACANCY RATE



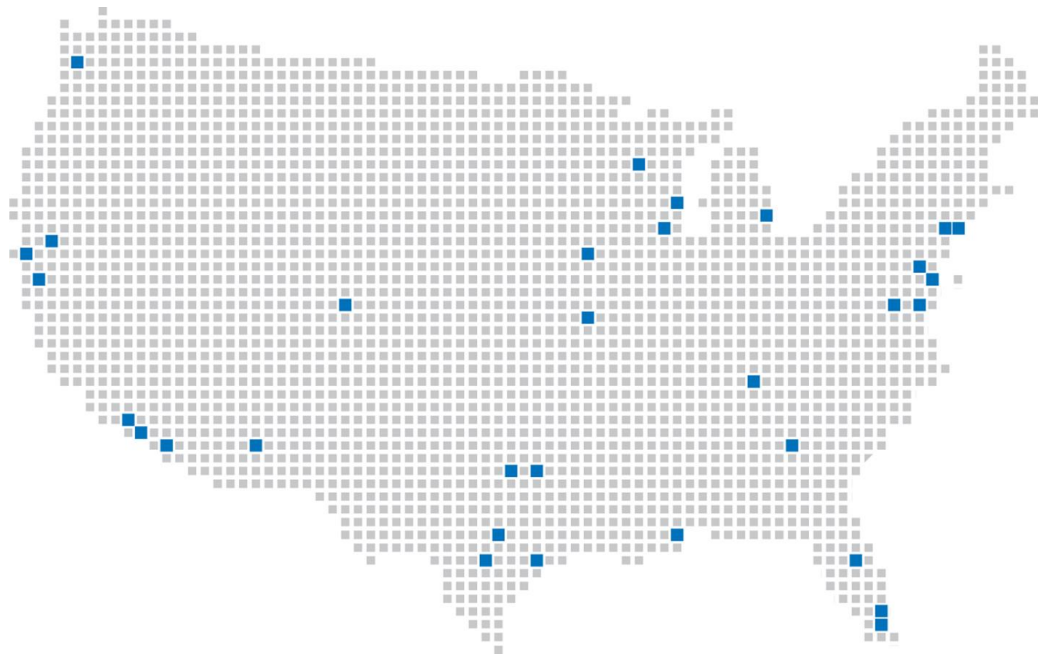
TRAILING 4-QUARTER NET ABSORPTION (MSF)



UNDER CONSTRUCTION (MSF)



TRANSWESTERN LOCATIONS



DEFINITION & METHODOLOGY

Transwestern tracks 11 core and 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. The information in this report is a compilation of competitive industrial and flex properties located in select U.S. metropolitan areas. All rents are reported as triple net.

Lehigh Valley-Central PA includes the Lehigh Valley as well as Northeast and Central Pennsylvania

Northern California includes East Bay/Oakland, Sacramento and San Jose/Silicon Valley

Southern California includes the Inland Empire, Los Angeles, Orange County and San Diego

South Florida includes Miami and Broward County

Washington/Baltimore includes Baltimore, the District of Columbia, Northern Virginia and Suburban Maryland

For further analysis of industrial markets nationwide, view our quarterly [National Industrial Market Overview](#).

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