



TRANSWESTERN

COMMERCIAL REAL ESTATE **U.S. MARKET | INDUSTRIAL**

Second Quarter 2021

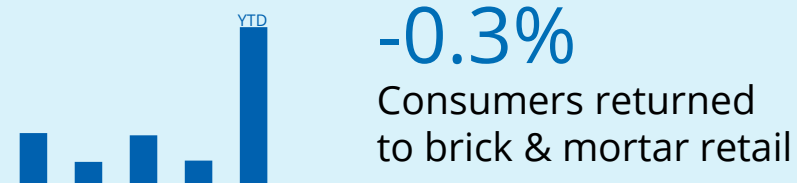
U.S. TRENDLINES

5-Year Trend Current Quarter

UNEMPLOYMENT RATE



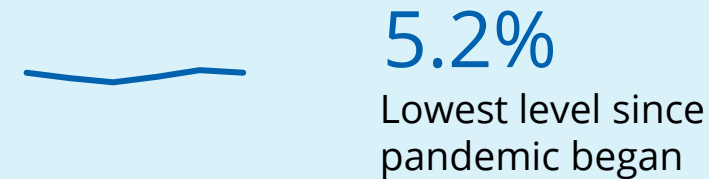
RETAIL SALES GROWTH



NET ABSORPTION



VACANCY



UNDER CONSTRUCTION



ASKING RENT



U.S. HIGHLIGHTS

ECONOMY

- Following disappointing April and May figures, job growth exceeded expectations in June, though the unemployment rate was higher than anticipated.
- Industrial-using employment was virtually unchanged as supply chain challenges adversely affected manufacturing and construction.
- E-commerce's share of overall retail sales cooled as brick-and-mortar stores reopened.

INDUSTRIAL MARKET

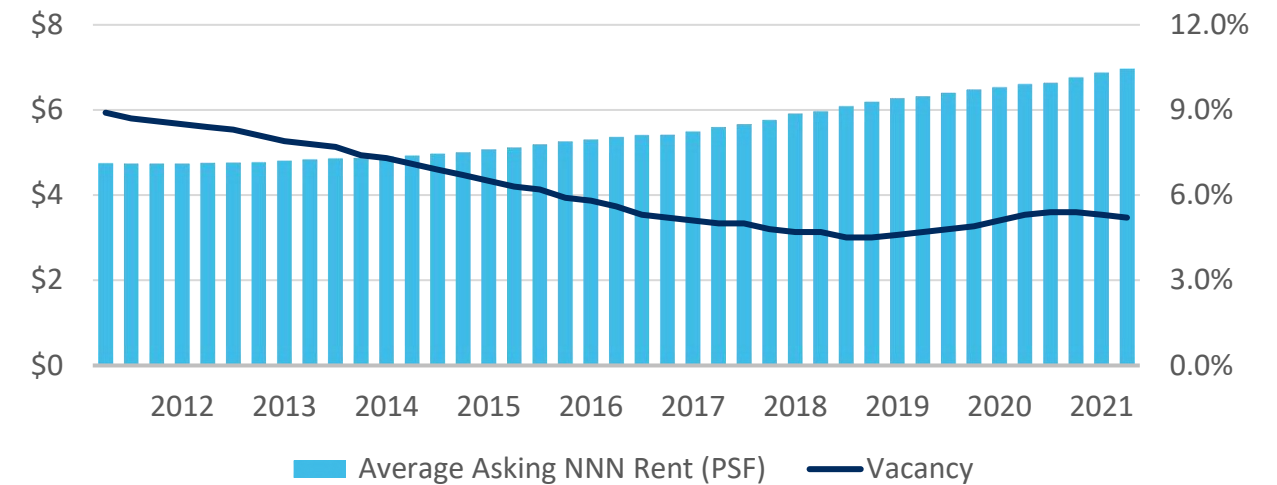
- Q2 marked the third consecutive quarter with over 100 MSF of positive net absorption, which hasn't occurred since the first three quarters of 2018.
- Occupancy levels increased in all but one market in the past 12 months and 40 of 44 markets during Q2.
- The overall vacancy rate improved in consecutive quarters for the first time in three years.
- New inventory delivered to the market was at its lowest level in more than two years.
- The volume of product under construction is 30% higher YoY and double that of year-end 2015.
- After slowing during much of 2020, rent growth acceleration has returned to pre-pandemic levels.

LOOKING AHEAD

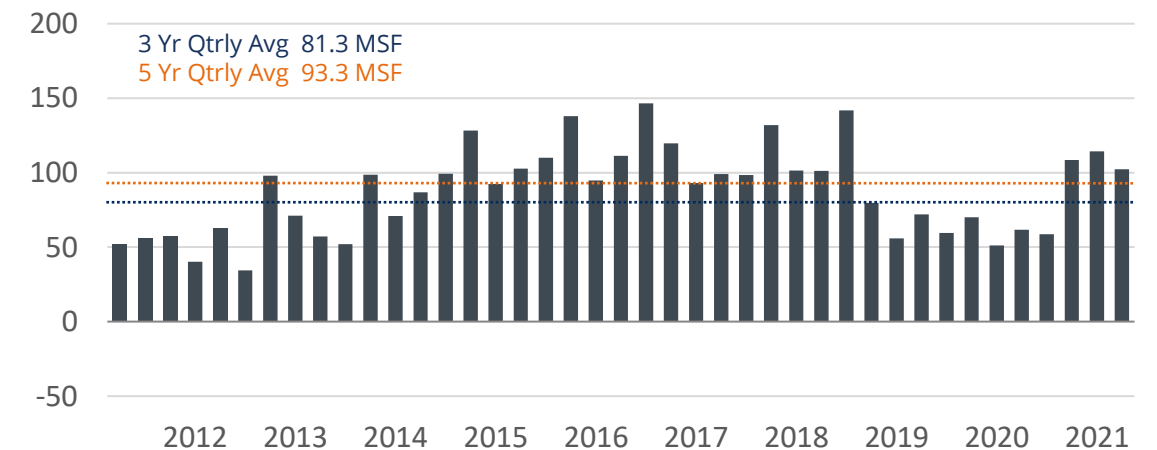
- Most brick & mortar retailers are investing more in e-commerce than on the in-store experience.
- Food/beverage will grow its share of e-commerce.
- As America's ports continued to report record cargo volumes, the supply chain is still congested, and is anticipated to remain so well into 2022.
- Increased warehouse pricing, coupled with supply chain issues, could create opportunities for other transportation hubs in secondary logistics markets.

U.S. HISTORICAL

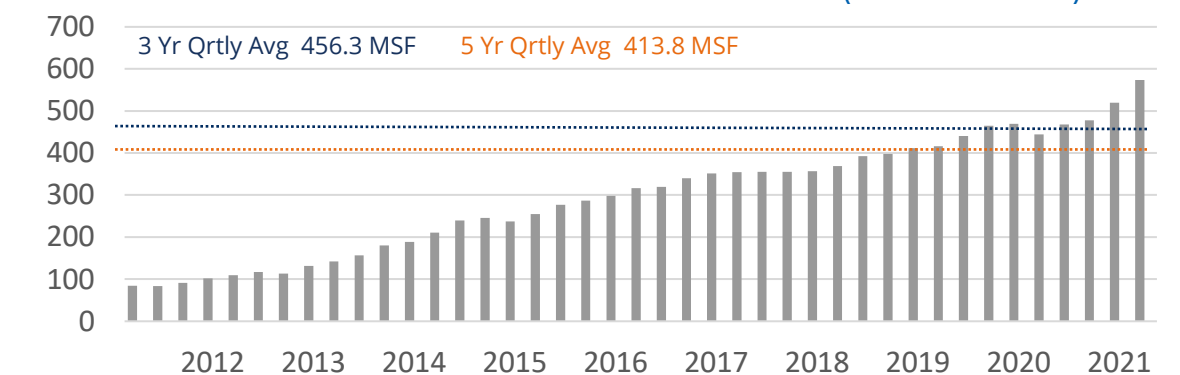
VACANCY VS ASKING RENT



NET ABSORPTION (MILLION SF)

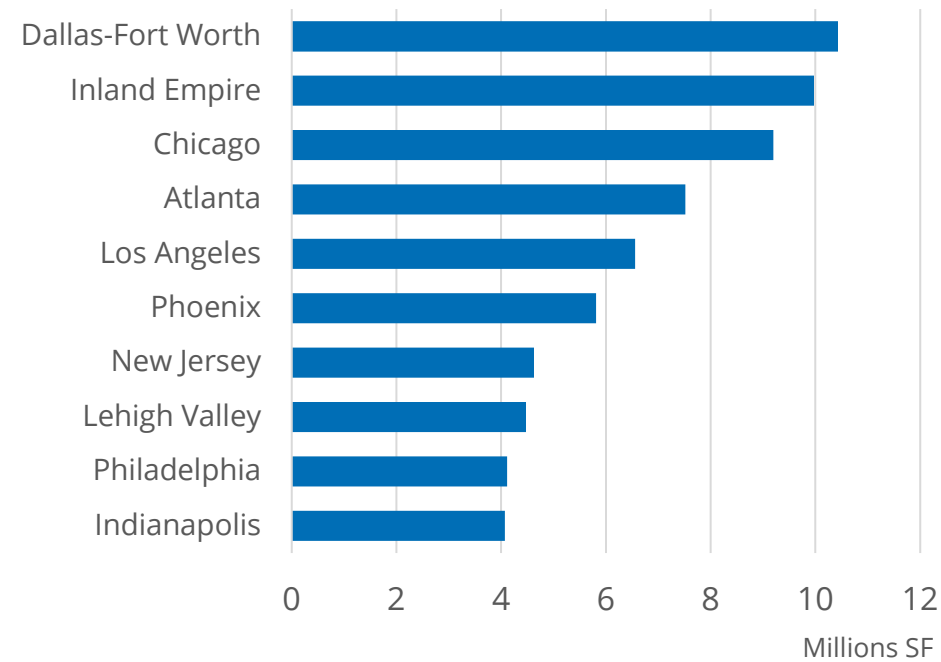


UNDER CONSTRUCTION (MILLION SF)



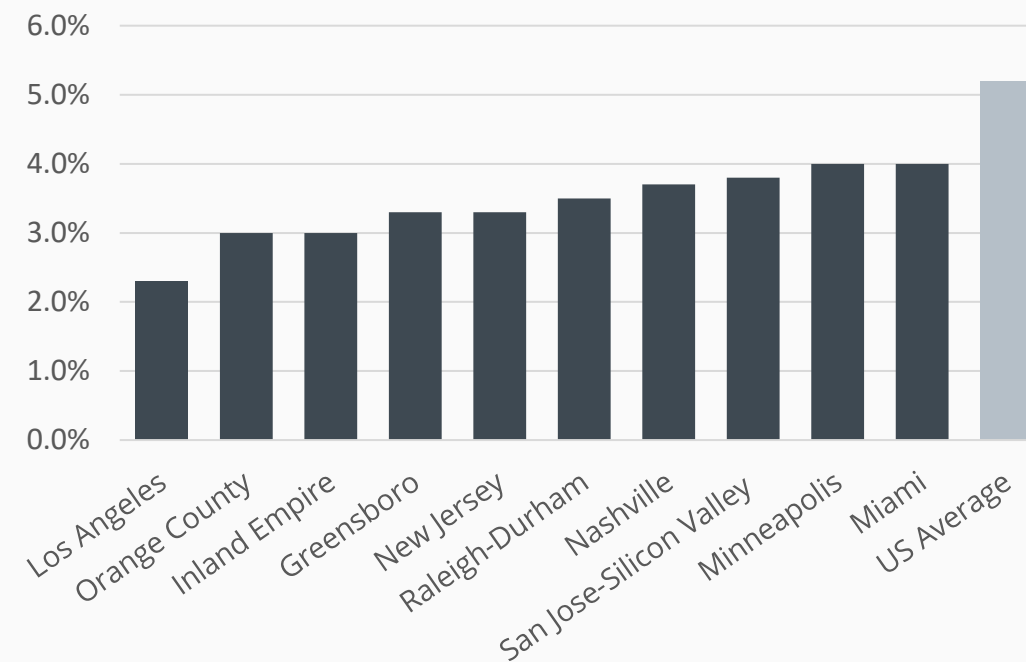
NET ABSORPTION

Q2 2021 Net Absorption



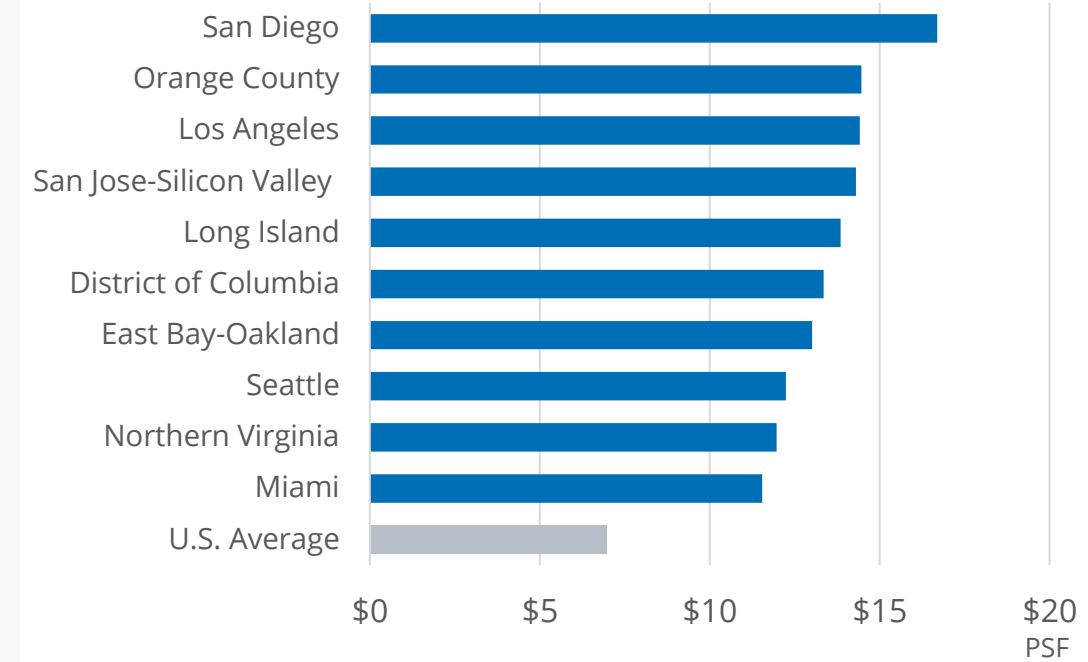
VACANCY/CONSTRUCTION

Q2 2021 Vacancy Rate

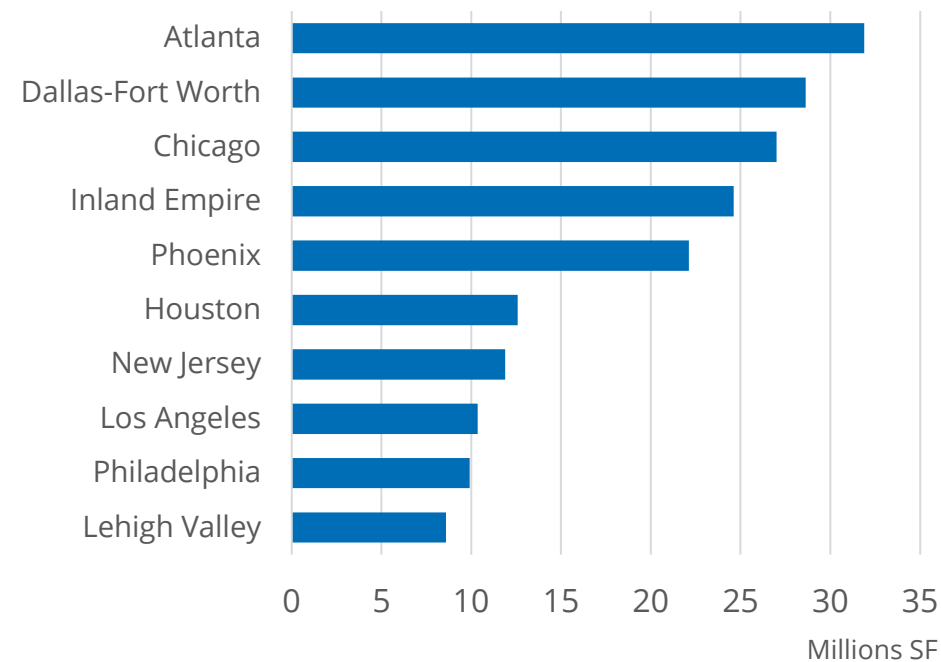


ASKING RENTS

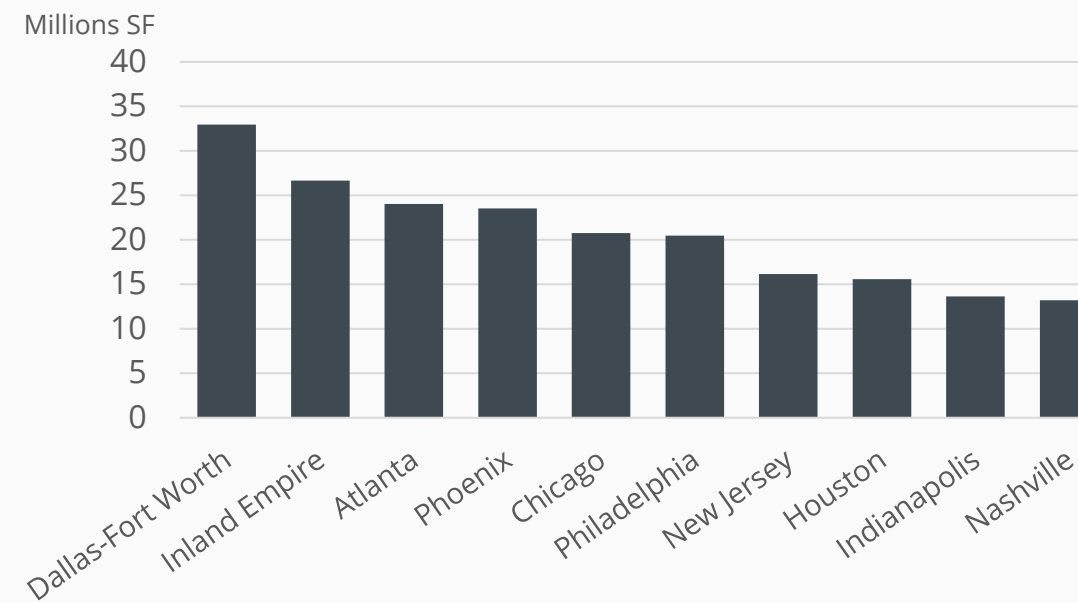
Q2 2021 Asking Rate NNN



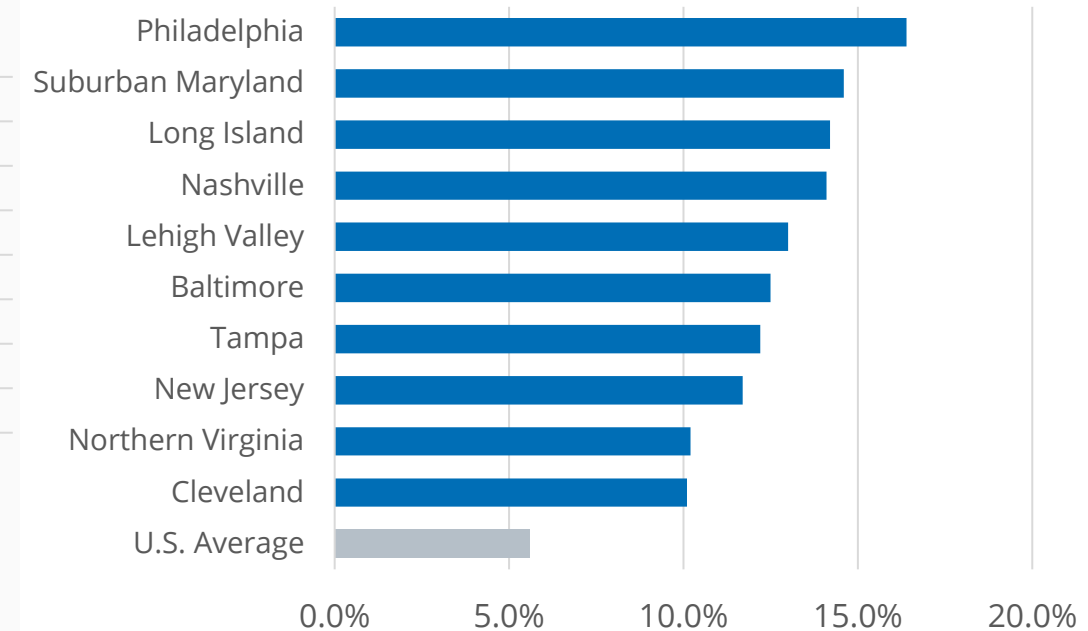
Trailing 4-Qtr Net Absorption



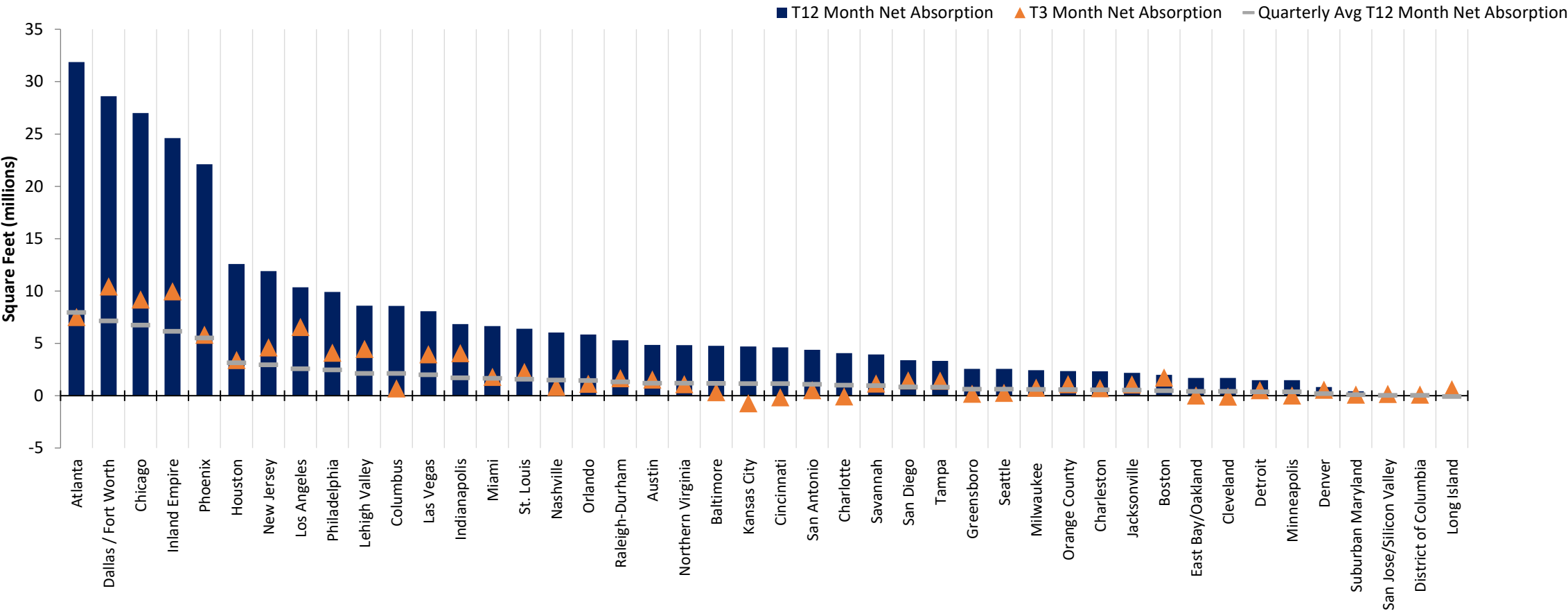
Q2 2021 Under Construction



Year-Over-Year Rent Growth

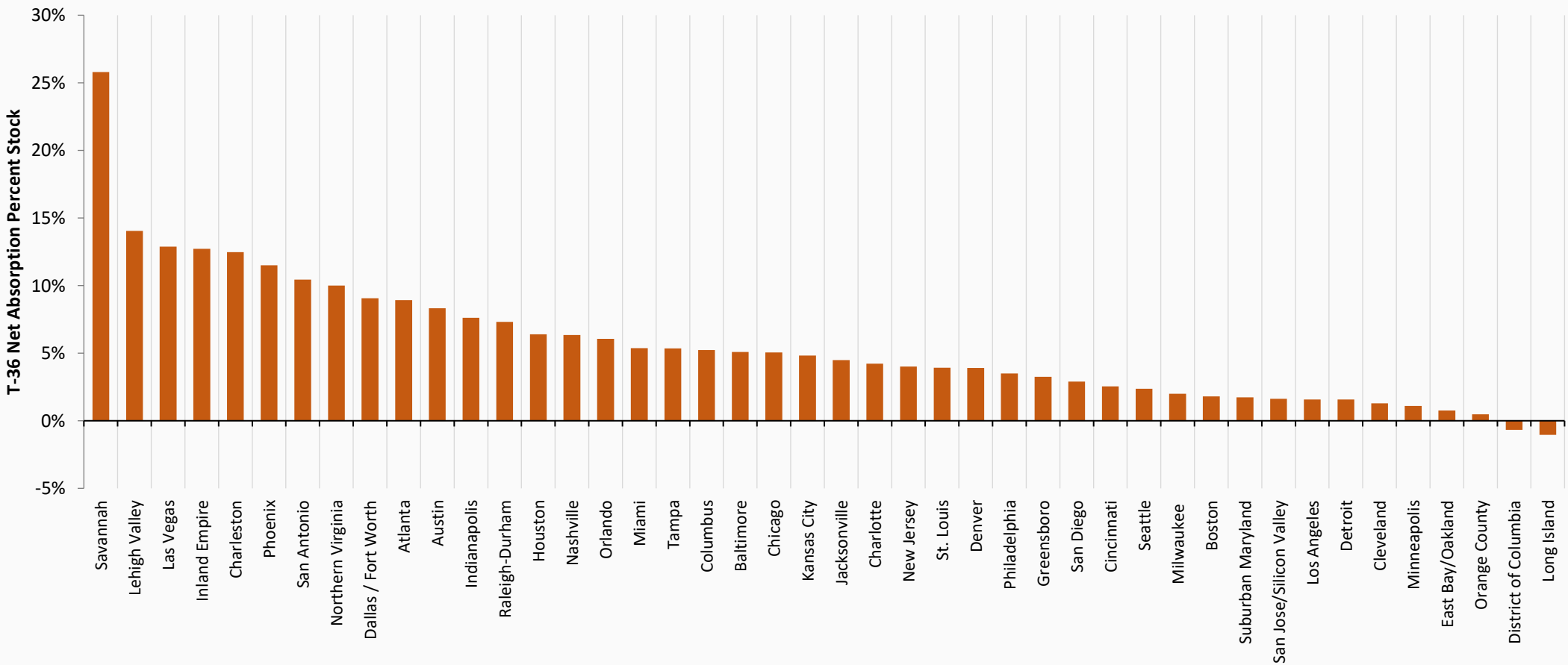


NET ABSORPTION



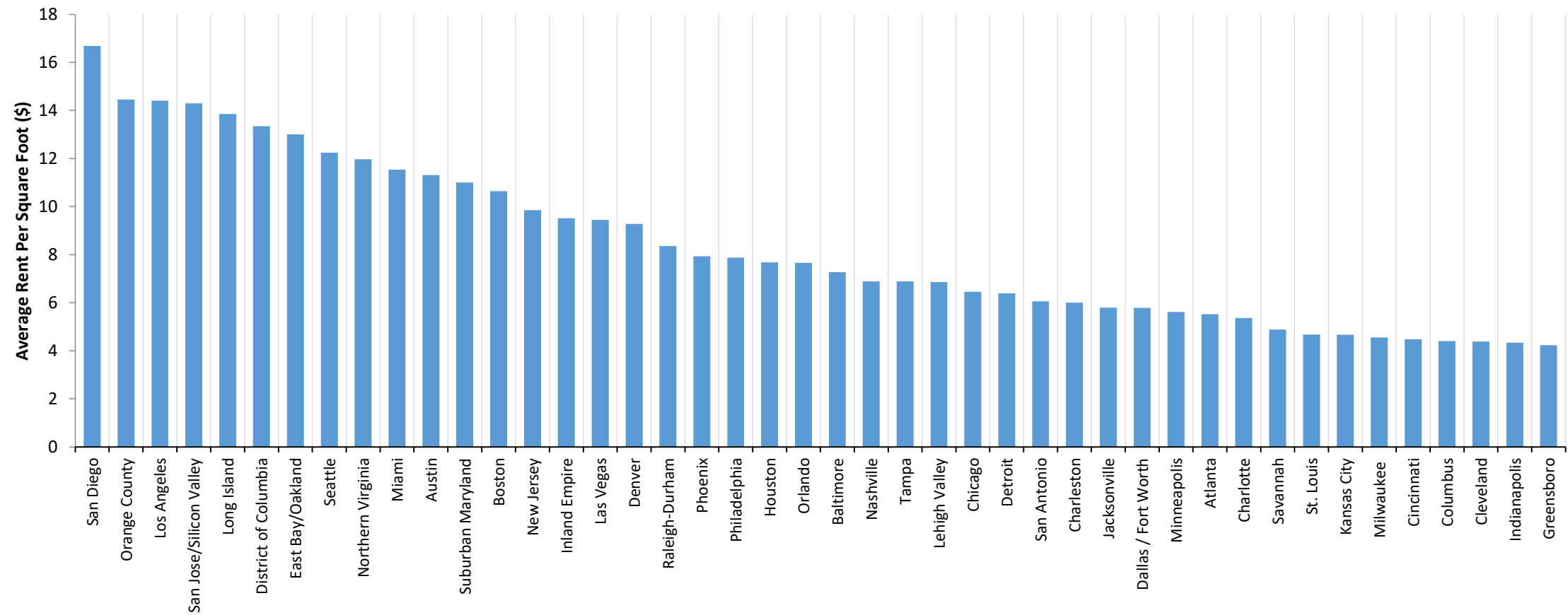
- Positive annual and quarterly net absorption was reported in most markets as industrial space needs continued to grow.
- Further, net absorption accelerated in Q2 for over 60% of tracked markets. This subset experienced higher net absorption in the past quarter than their quarterly average over the past 12 months.

MARKET EXPANSION: 3 YEAR NET ABSORPTION % STOCK



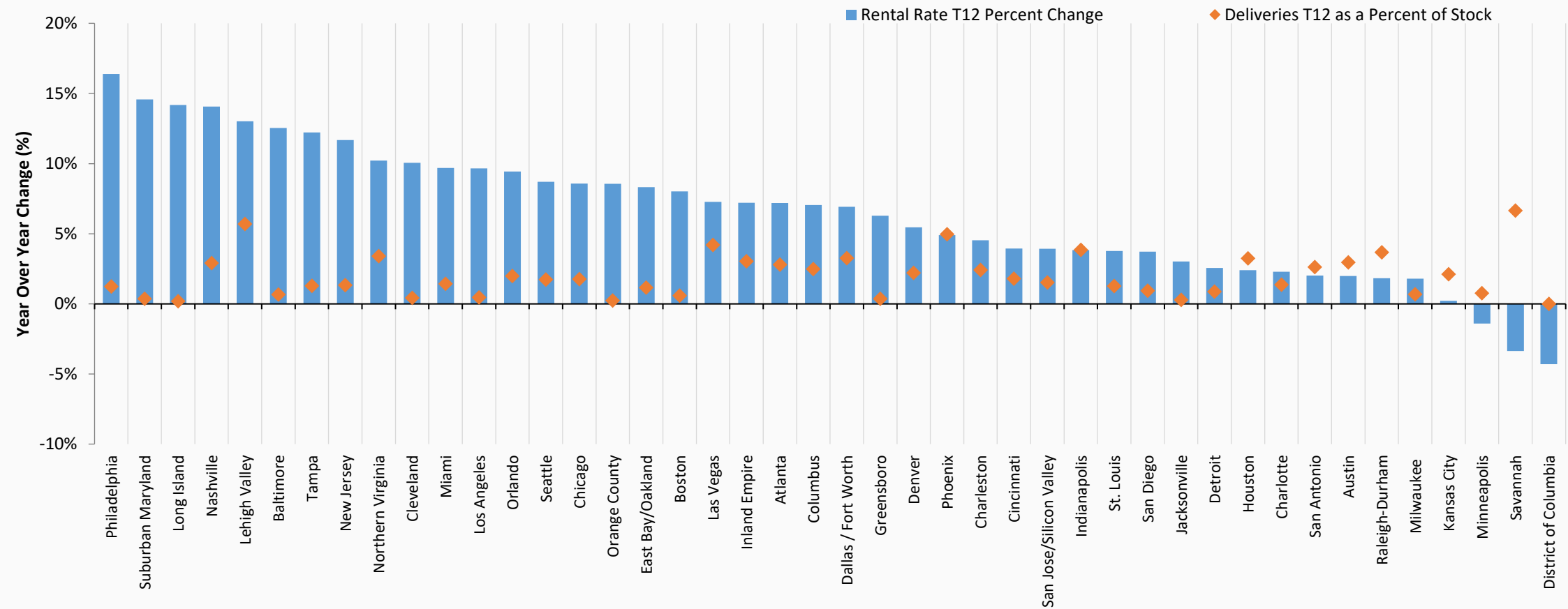
- Here we consider 3-year net absorption as a percent of stock. A higher percentage indicates that a market is more expansionary.
- Markets experiencing the most growth include Savannah, Lehigh Valley, Las Vegas, Inland Empire, Charleston, and Phoenix.

RENTAL RATES (NNN)



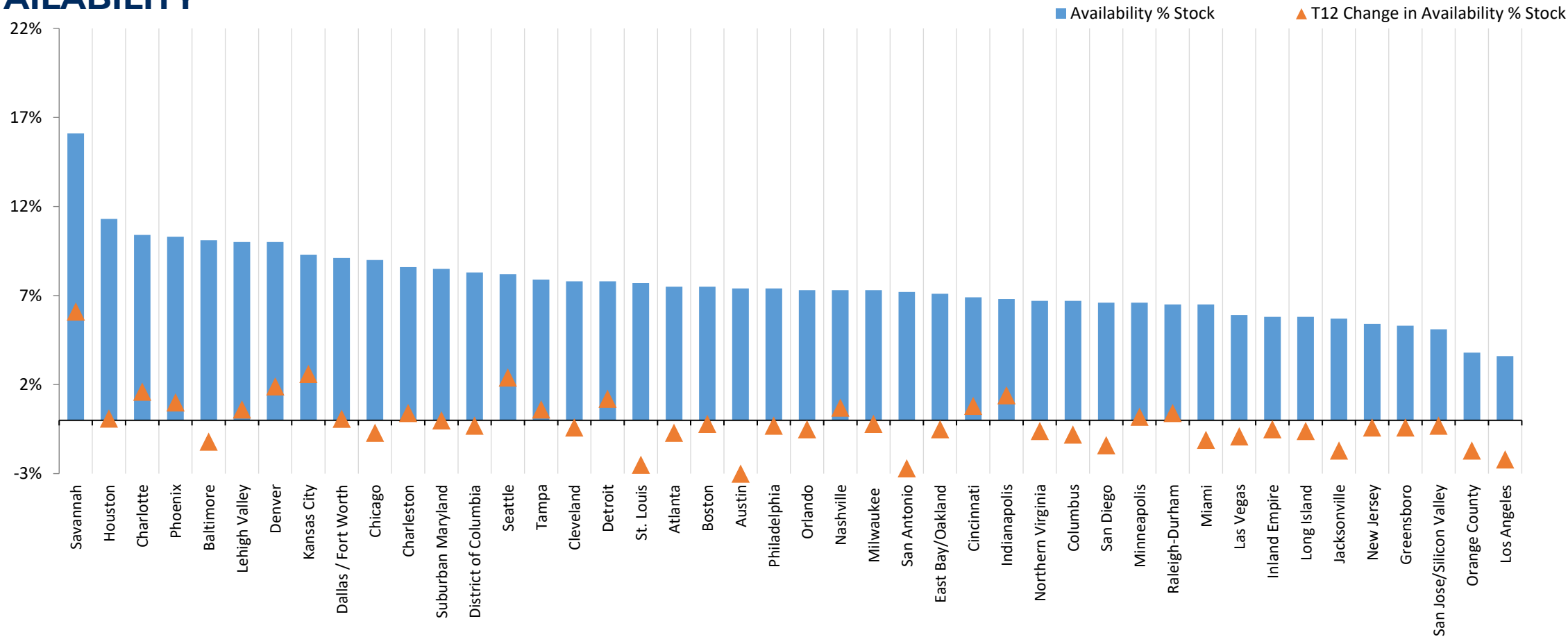
- Markets with the highest rental rates were located on the West coast and near Washington, D.C., and New York.
- Some Midwest markets with low rental rates saw relatively high rent growth over the past year, including Cleveland, Chicago, and Columbus.

RENTAL RATE CHANGE



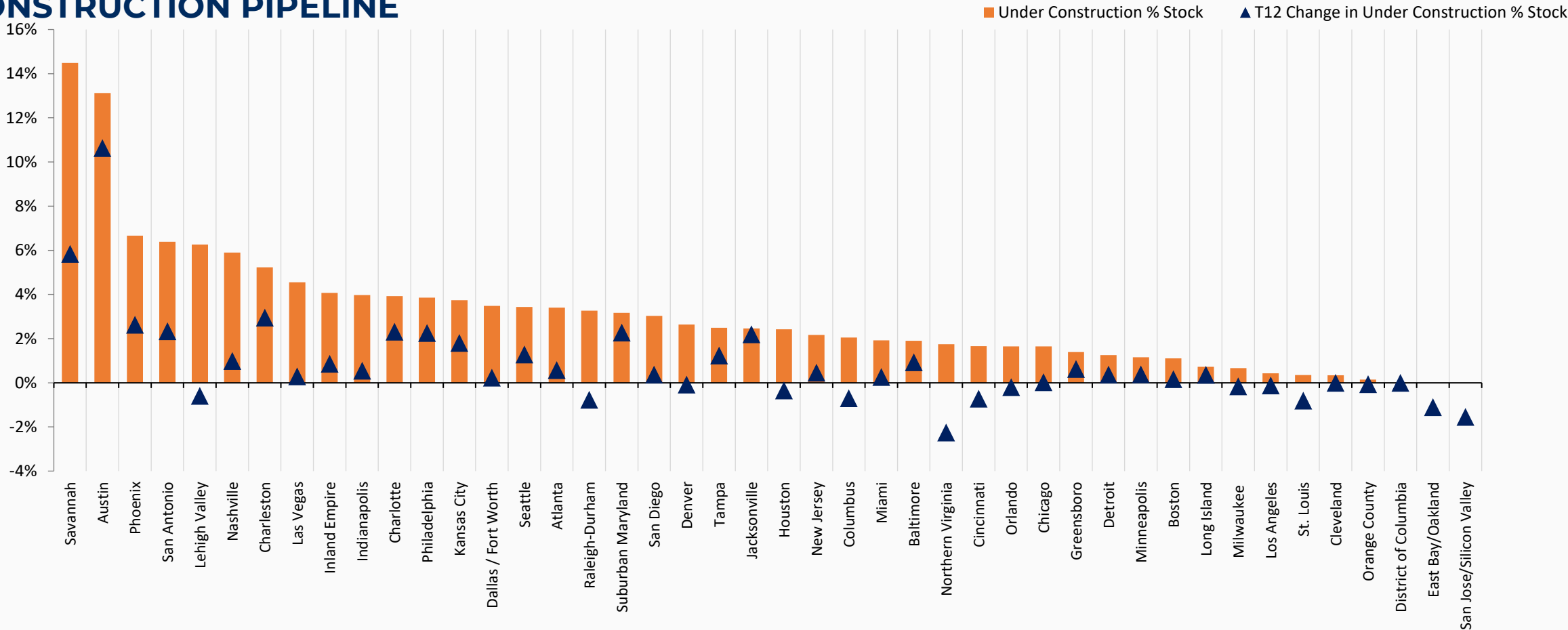
- More than half of the tracked markets saw rental growth for the year surpass 5%, with all but three experiencing increases over the past 12 months.
- While a few of the markets with low or negative rental-rate changes may be reacting to recent strong supply (e.g., Raleigh-Durham, Savannah), others may be adjusting to low or negative net absorption (e.g., Washington, D.C., Minneapolis).

AVAILABILITY



- Many coastal markets where the busiest U.S. container ports are located reported the lowest availability as a percent of stock.
- Markets seeing the largest increases in availability include Savannah, Kansas City, and Seattle – all of which also have higher than average overall availability as a percent of stock as well. Those seeing the largest decreases include St. Louis, Austin, San Antonio, and Los Angeles.

CONSTRUCTION PIPELINE

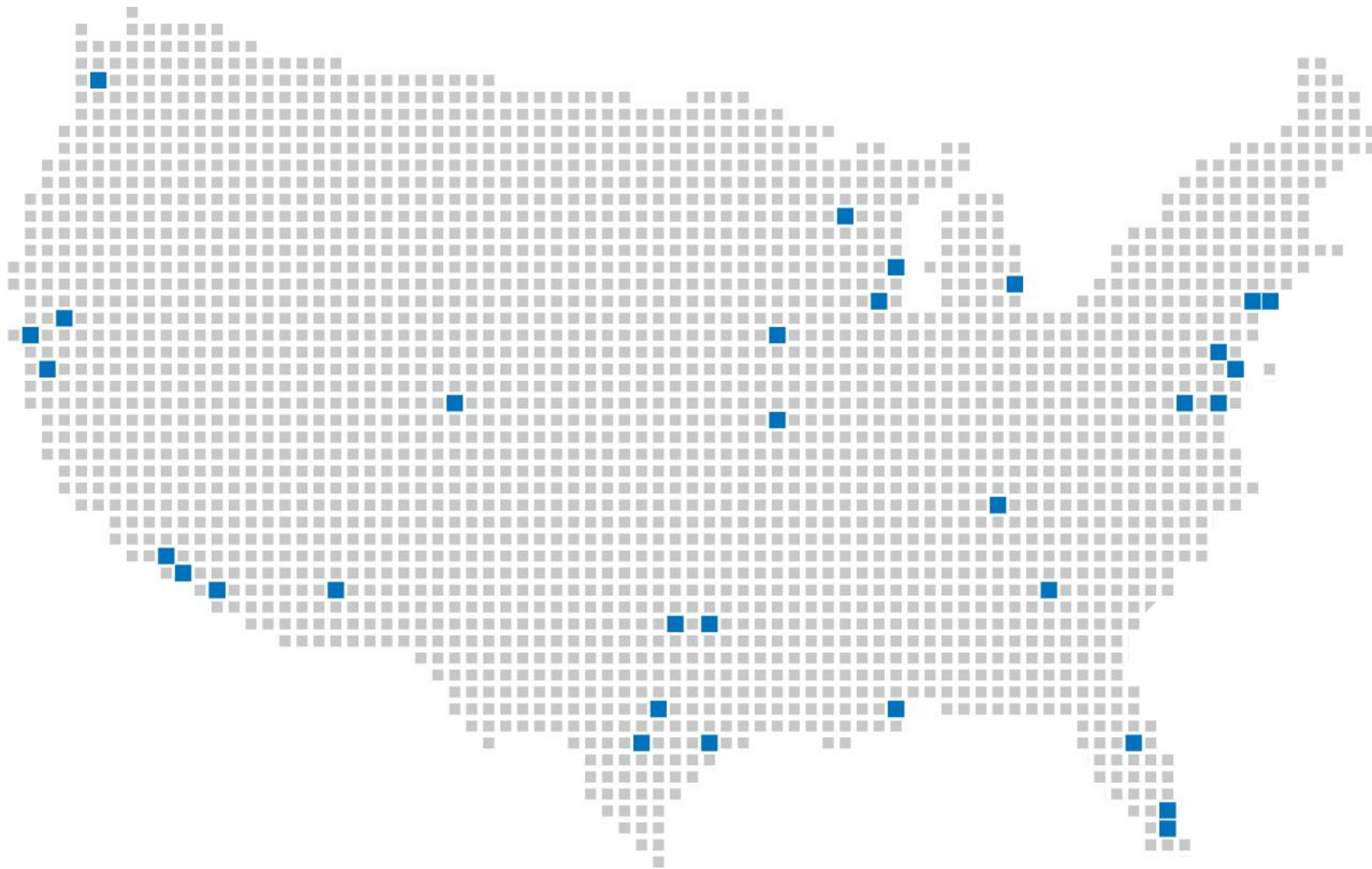


- Under construction stock is indicative of future expansion.
- Savannah and Austin are growing relatively quickly with under construction stock exceeding 12%.
- Growth in the Sun Belt is evidenced here, as Savannah, Austin, Phoenix, San Antonio, Charleston, and Charlotte have seen the most acceleration of under construction SF as a percent of stock over the past year.

Market	Inventory Square Feet	Overall Vacancy Rate	Direct Vacancy Rate	Net Absorption	12-Month Net Absorption	Asking Rent NNN	Annual Rent Change	Under Construction
Atlanta	704,864,902	4.4%	4.2%	7,515,554	31,880,070	\$5.52	7.2%	24,011,114
Austin	98,966,853	6.1%	5.6%	1,553,765	4,856,877	\$11.31	2.0%	12,983,907
Baltimore	228,514,124	8.3%	8.0%	332,168	4,757,342	\$7.27	12.5%	4,353,678
Boston	329,865,884	4.6%	4.5%	1,733,599	1,990,550	\$10.64	8.0%	3,637,669
Charleston	78,810,972	5.6%	5.2%	731,431	2,327,568	\$6.00	4.5%	4,118,922
Charlotte	322,315,596	7.2%	6.8%	(69,612)	4,060,160	\$5.36	2.3%	12,632,380
Chicago	1,261,544,582	5.9%	5.6%	9,198,150	27,003,030	\$6.46	8.6%	20,749,058
Cincinnati	321,188,208	5.7%	5.5%	(136,281)	4,623,268	\$4.48	3.9%	5,326,250
Cleveland	329,215,184	5.0%	4.8%	(78,294)	1,694,345	\$4.38	10.1%	1,133,500
Columbus	303,786,062	5.9%	5.6%	690,150	8,574,043	\$4.40	7.1%	6,230,052
Dallas-Fort Worth	947,097,974	6.4%	6.0%	10,430,752	28,619,291	\$5.78	6.9%	32,962,806
Denver	238,529,655	7.4%	6.8%	566,866	832,607	\$9.28	5.5%	6,285,169
Detroit	561,042,775	4.9%	4.6%	540,069	1,490,540	\$6.39	2.6%	7,035,475
District of Columbia	9,736,855	4.6%	4.6%	112,392	134,350	\$13.35	-4.3%	0
East Bay-Oakland	195,932,682	6.3%	5.6%	32,894	1,701,671	\$13.01	8.3%	0
Houston	644,130,900	9.1%	8.8%	3,412,043	12,585,673	\$7.68	2.4%	15,587,937
Greensboro	273,332,165	3.3%	3.2%	186,791	2,559,222	\$4.23	6.3%	3,793,776
Indianapolis	343,117,377	5.9%	5.4%	4,070,229	6,851,150	\$4.34	3.8%	13,635,667
Inland Empire	654,056,308	3.0%	2.8%	9,972,165	24,617,470	\$9.51	7.2%	26,644,859
Jacksonville	132,903,394	4.7%	4.5%	1,077,058	2,178,329	\$5.80	3.0%	3,266,038
Kansas City	296,530,432	5.5%	5.3%	(721,842)	4,697,407	\$4.67	0.2%	11,095,268
Las Vegas	138,334,480	4.4%	4.1%	3,951,534	8,067,956	\$9.45	7.3%	6,298,517

Market	Inventory Square Feet	Overall Vacancy Rate	Direct Vacancy Rate	Net Absorption	12-Month Net Absorption	Asking Rent NNN	Annual Rent Change	Under Construction
Lehigh Valley	141,039,681	5.1%	4.7%	4,475,189	8,602,478	\$6.86	13.0%	8,833,651
Long Island	154,201,542	4.4%	4.1%	625,423	(236,613)	\$13.85	14.2%	1,118,412
Los Angeles	846,394,501	2.3%	2.1%	6,558,529	10,362,847	\$14.41	9.7%	3,594,580
Miami	232,798,777	4.0%	3.8%	1,805,644	6,657,635	\$11.54	9.7%	4,471,180
Milwaukee	242,792,344	4.7%	4.6%	767,629	2,432,352	\$4.55	1.8%	1,608,295
Minneapolis	378,152,004	4.0%	3.7%	26,992	1,488,161	\$5.62	-1.4%	4,358,745
Nashville	223,874,629	3.7%	3.1%	856,549	6,030,053	\$6.89	14.1%	13,196,262
New Jersey	744,299,018	3.3%	3.0%	4,626,136	11,896,114	\$9.85	11.7%	16,137,552
Northern Virginia	111,607,278	5.0%	4.7%	1,095,907	4,829,260	\$11.97	10.2%	1,952,465
Orange County	273,354,015	3.0%	2.5%	1,106,426	2,351,518	\$14.46	8.6%	391,203
Orlando	167,097,956	5.0%	4.7%	1,146,767	5,852,631	\$7.66	9.4%	2,753,264
Philadelphia	531,340,472	4.6%	4.5%	4,111,807	9,911,255	\$7.88	16.4%	20,467,343
Phoenix	353,036,428	6.1%	5.9%	5,814,504	22,114,343	\$7.93	4.9%	23,532,863
Raleigh-Durham	124,281,930	3.5%	3.3%	1,675,298	5,301,116	\$8.36	1.8%	4,065,411
San Antonio	116,579,281	6.1%	5.9%	524,216	4,376,453	\$6.06	2.0%	7,448,358
San Diego	176,827,382	5.0%	4.6%	1,458,244	3,380,452	\$16.69	3.7%	5,358,188
San Jose-Silicon Valley	82,957,183	3.8%	3.4%	172,621	216,366	\$14.30	3.9%	0
Savannah	74,413,721	8.8%	7.9%	1,171,403	3,938,167	\$4.88	-3.4%	10,780,508
Seattle	308,560,910	5.6%	5.1%	284,327	2,556,103	\$12.24	8.7%	10,607,148
St. Louis	298,674,988	4.4%	4.0%	2,267,965	6,399,263	\$4.68	3.8%	1,052,300
Suburban Maryland	105,255,098	6.5%	6.2%	98,121	420,420	\$11.00	14.6%	3,333,523
Tampa	179,240,706	4.5%	4.3%	1,440,745	3,317,423	\$6.89	12.2%	4,471,984

TRANSWESTERN LOCATIONS



ABOUT TRANSWESTERN

The privately held Transwestern companies have been delivering a higher level of personalized service and innovative real estate solutions since 1978. Through an integrated, customized approach that begins with good ideas, the firm drives value for clients across commercial real estate services, development, and investment management. Operating from 33 U.S. offices, Transwestern extends its platform capabilities globally through strategic alliance partners whose unique geographic, cultural, and business expertise fuels creative solutions. Learn more at transwestern.com and [@Transwestern](https://twitter.com/Transwestern).

RESEARCH METHODOLOGY

The information in this report is a compilation of single and multi-tenant industrial and flex properties located in select U.S. metropolitan areas. Government-owned buildings are excluded from analysis. All rents are reported as triple net.

FOR MORE INFORMATION

Elizabeth Norton

Sr. Managing Director | Research Services
Elizabeth.Norton@transwestern.com
202 775 7026

Matthew Dolly

Research Director | Research Services
Matthew.Dolly@transwestern.com
973 947 9244

Laura Haltom

Manager | Data Analytics
Laura.Haltom@transwestern.com
720 889 4087