



TRANSWESTERN

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

Third Quarter 2021

U.S. TRENDLINES

5-Year Trend Current Quarter

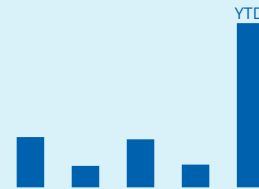
UNEMPLOYMENT RATE



4.8%

Disappointing overall,
solid for industrial

RETAIL SALES GROWTH



0.0%

No quarterly change,
but strong growth YoY

NET ABSORPTION



158.8 MSF

Largest quarterly
growth since 2008

VACANCY



4.7%

Decreased steadily
for past 12 months

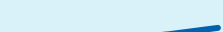
UNDER CONSTRUCTION



636.6 MSF

Shortage remains
despite record level

ASKING RENT



\$7.11 PSF

Accelerated growth
across the country

U.S. HIGHLIGHTS

- September was the weakest month of 2021 for growth with only 194,000 jobs added; however, private sector employment increased by 317,000.
- Industrial-using jobs were consistently added on a monthly basis, including 112,000 in the latest report, but growth is minimal compared to what is needed.
- Ports continued to set cargo records ahead of the anticipated acceleration in e-commerce volume through the holiday season.

INDUSTRIAL MARKET

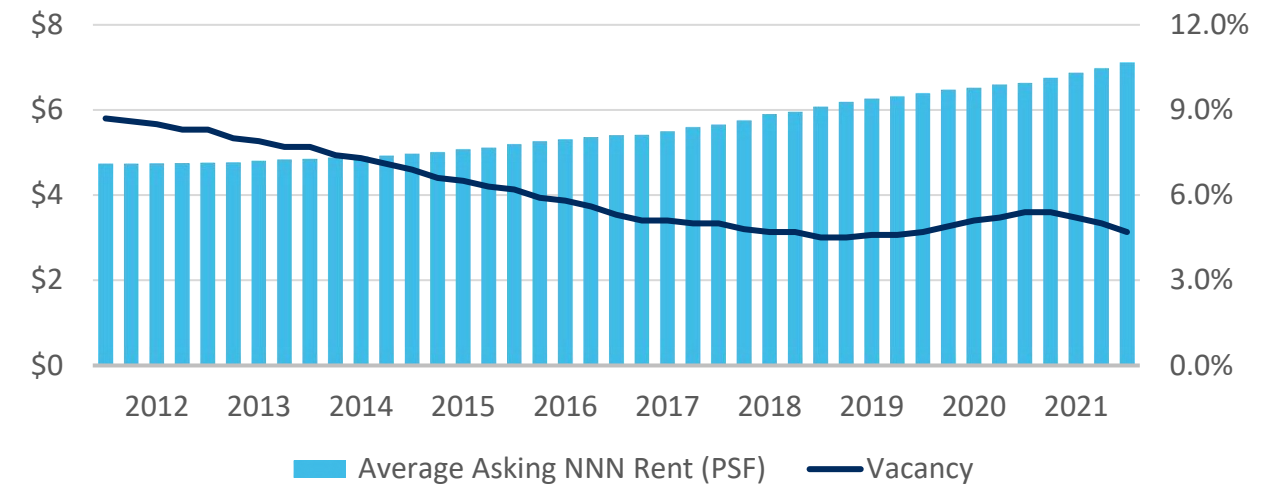
- Records were shattered across just about every key performance indicator.
- Over 540 million SF of net absorption was accumulated during the past four quarters – making it the first time that occupancy increased by more than 500 million SF YoY.
- After an uptick early in the COVID-19 pandemic, the overall vacancy rate improved in four consecutive quarters, a streak not seen in three years.
- New inventory delivered to the market was at its lowest level in two and a half years.
- The volume of product under construction is 35% higher YoY and nearly double that of five years ago.
- Double-digit percentage rent growth occurred in more than one-third of markets YoY; growth exceeded 20% in three markets.

LOOKING AHEAD

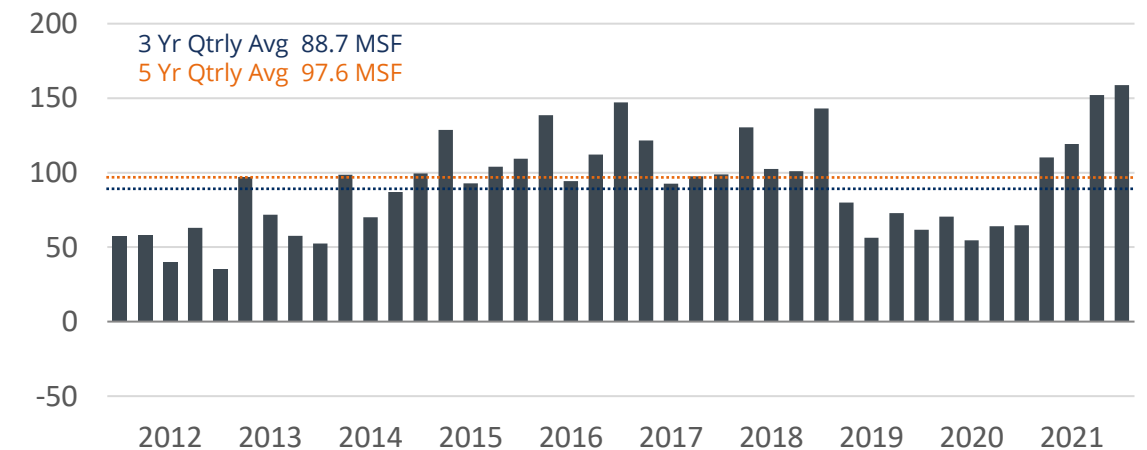
- Continued elevated net absorption is anticipated as pre-leased construction is delivered to the market.
- Builders will continue to be more creative on redevelopment projects as higher rents are helping to offset construction costs.
- Ongoing supply-chain issues will likely collide with a strong holiday spending season, as well as delay new and in-progress industrial real estate projects.

U.S. HISTORICAL

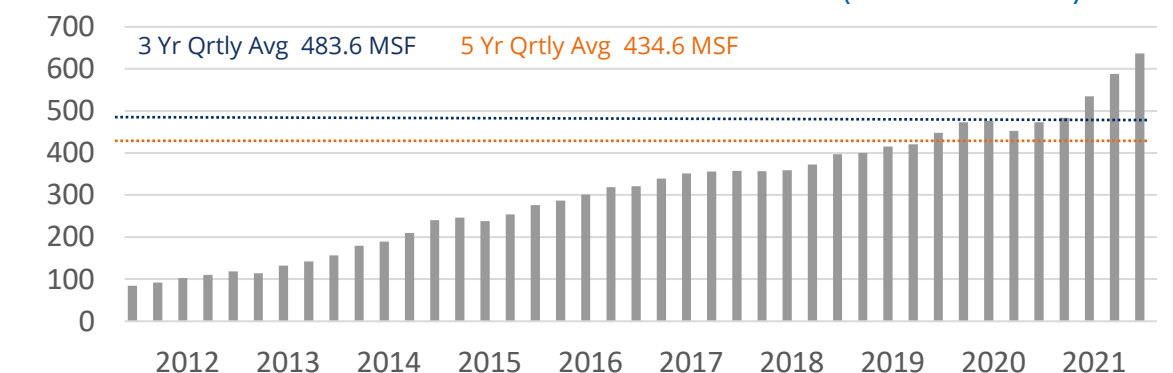
VACANCY VS ASKING RENT



NET ABSORPTION (MILLION SF)

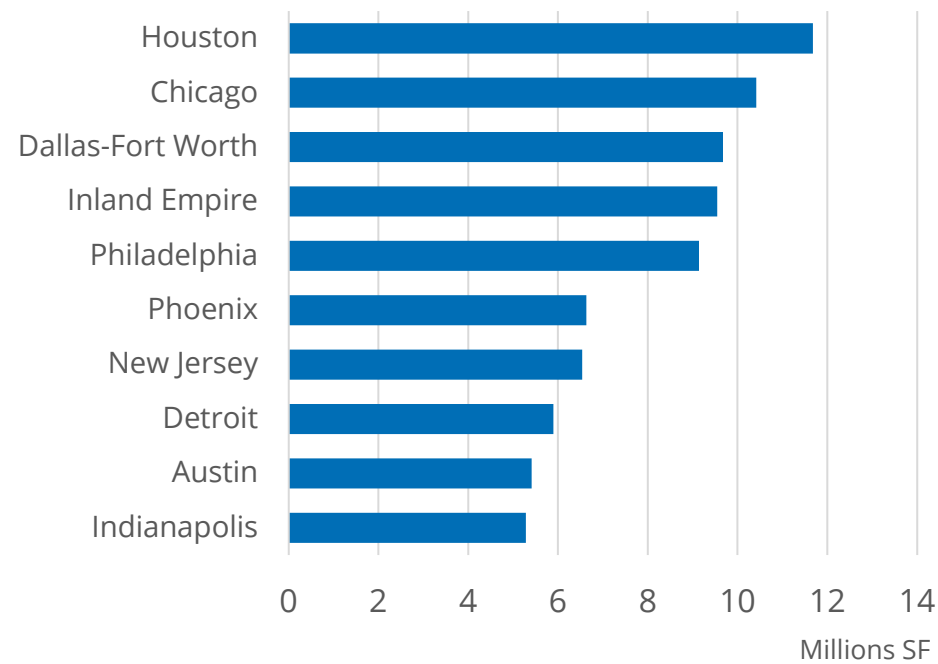


UNDER CONSTRUCTION (MILLION SF)



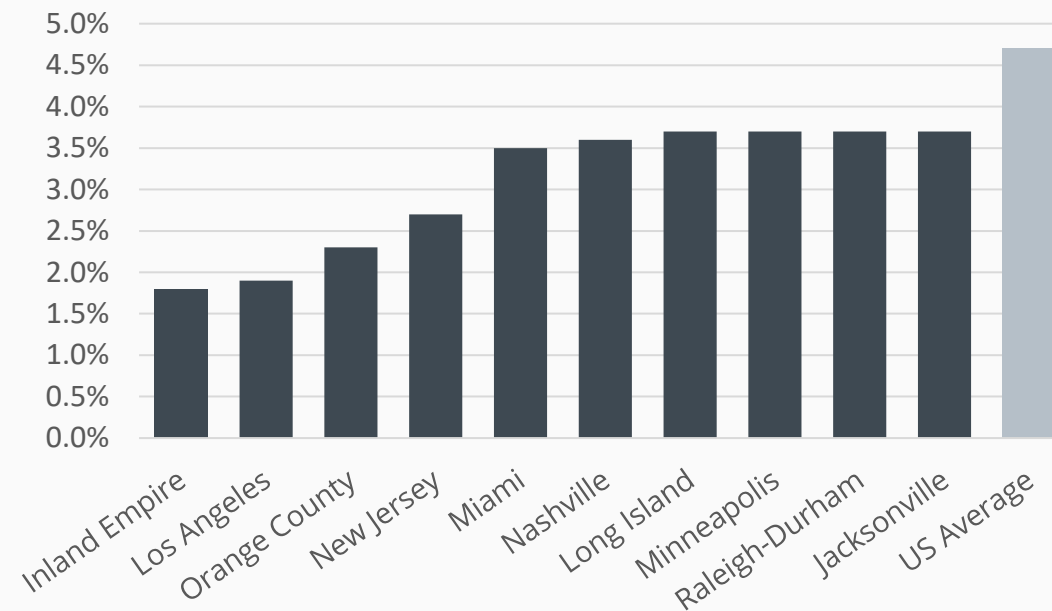
NET ABSORPTION

Q3 2021 Net Absorption



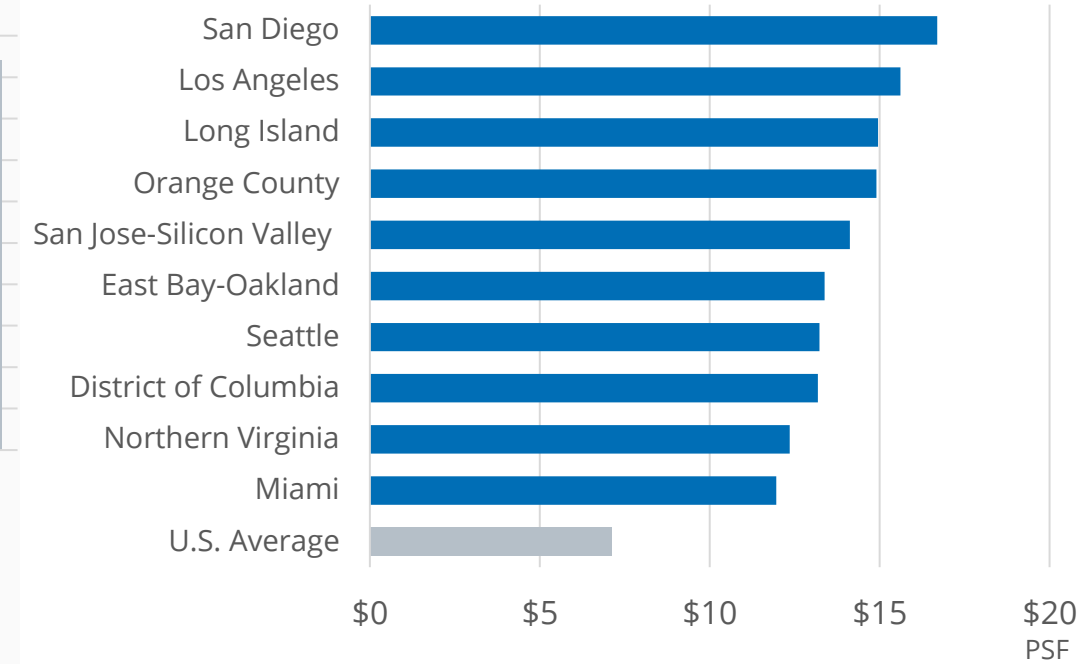
VACANCY/CONSTRUCTION

Q3 2021 Vacancy Rate

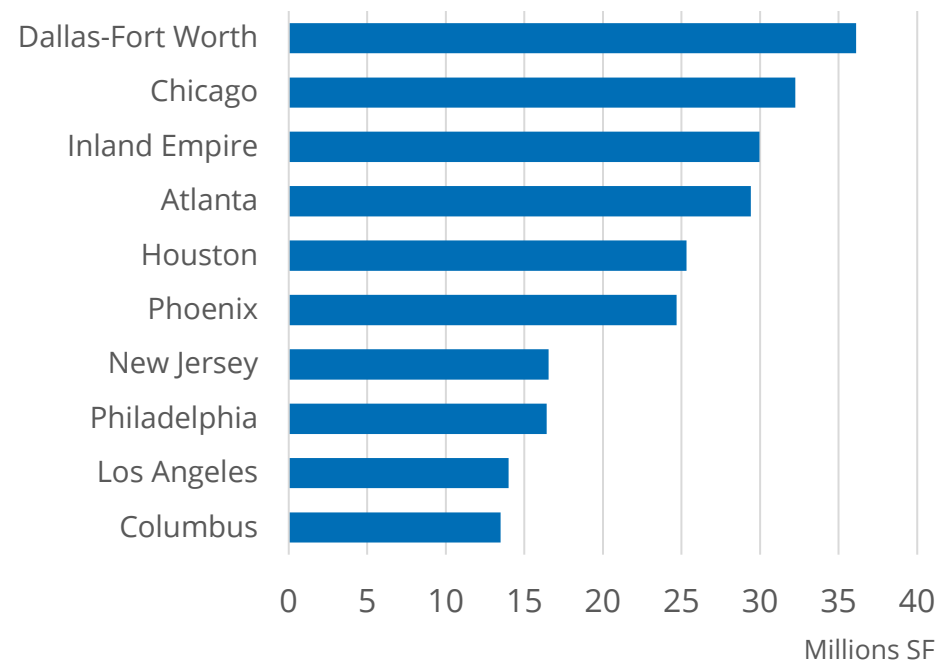


ASKING RENTS

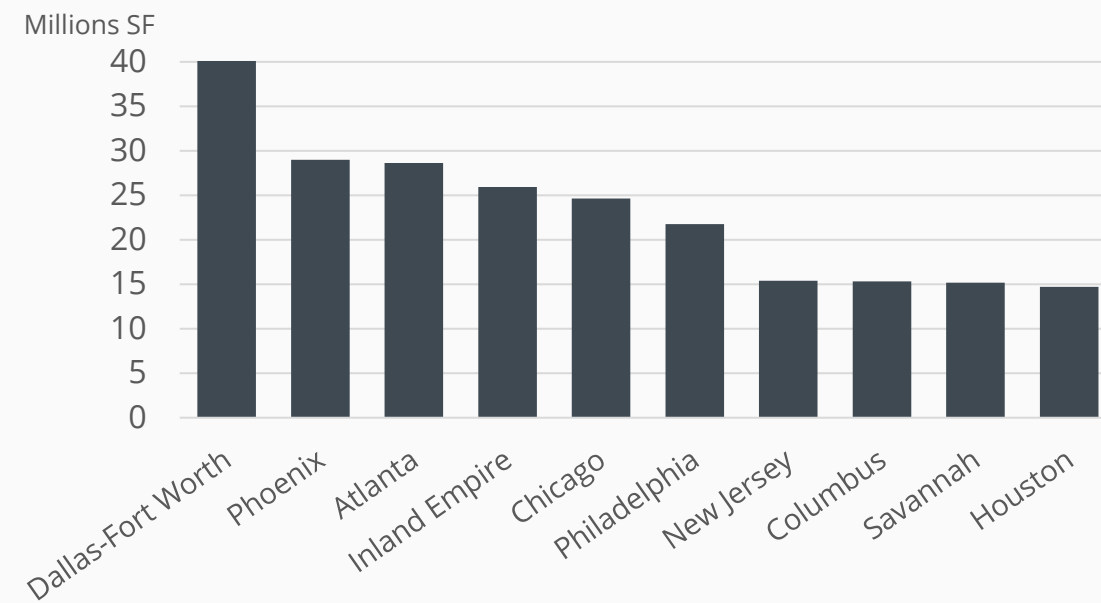
Q3 2021 Asking Rate NNN



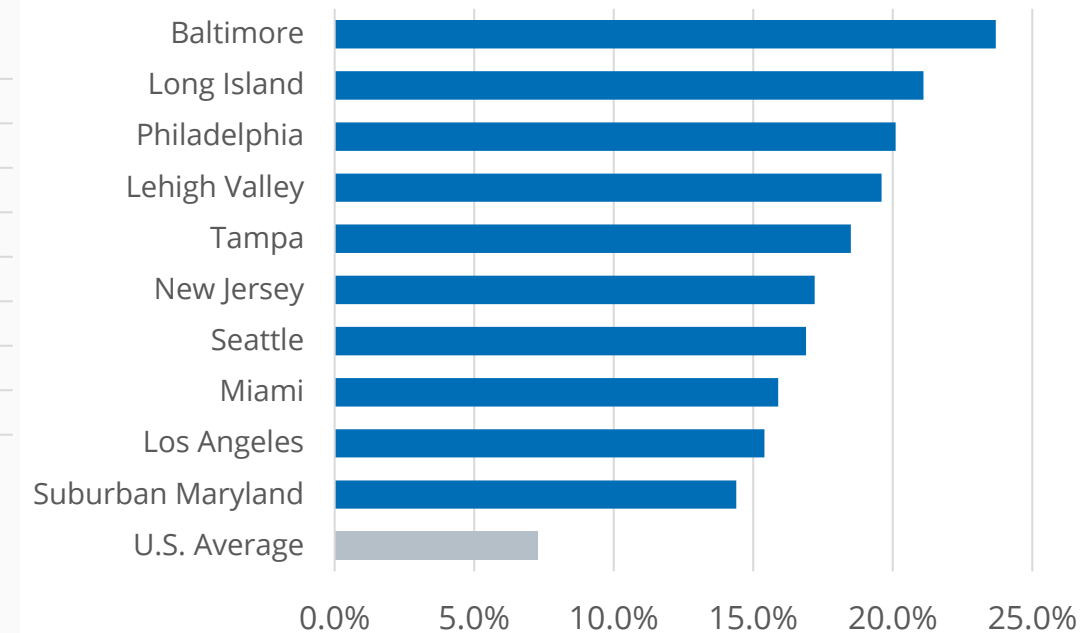
Trailing 4-Qtr Net Absorption



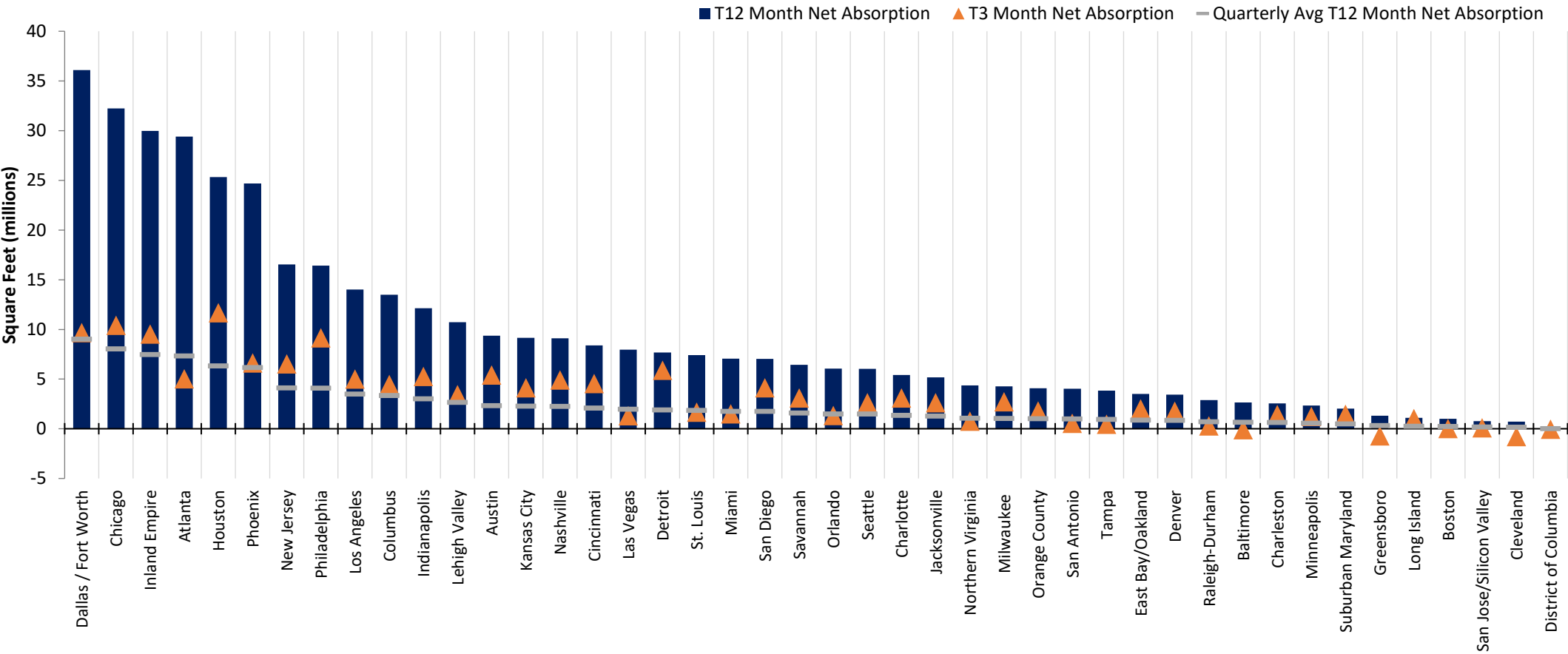
Q3 2021 Under Construction



Year-Over-Year Rent Growth

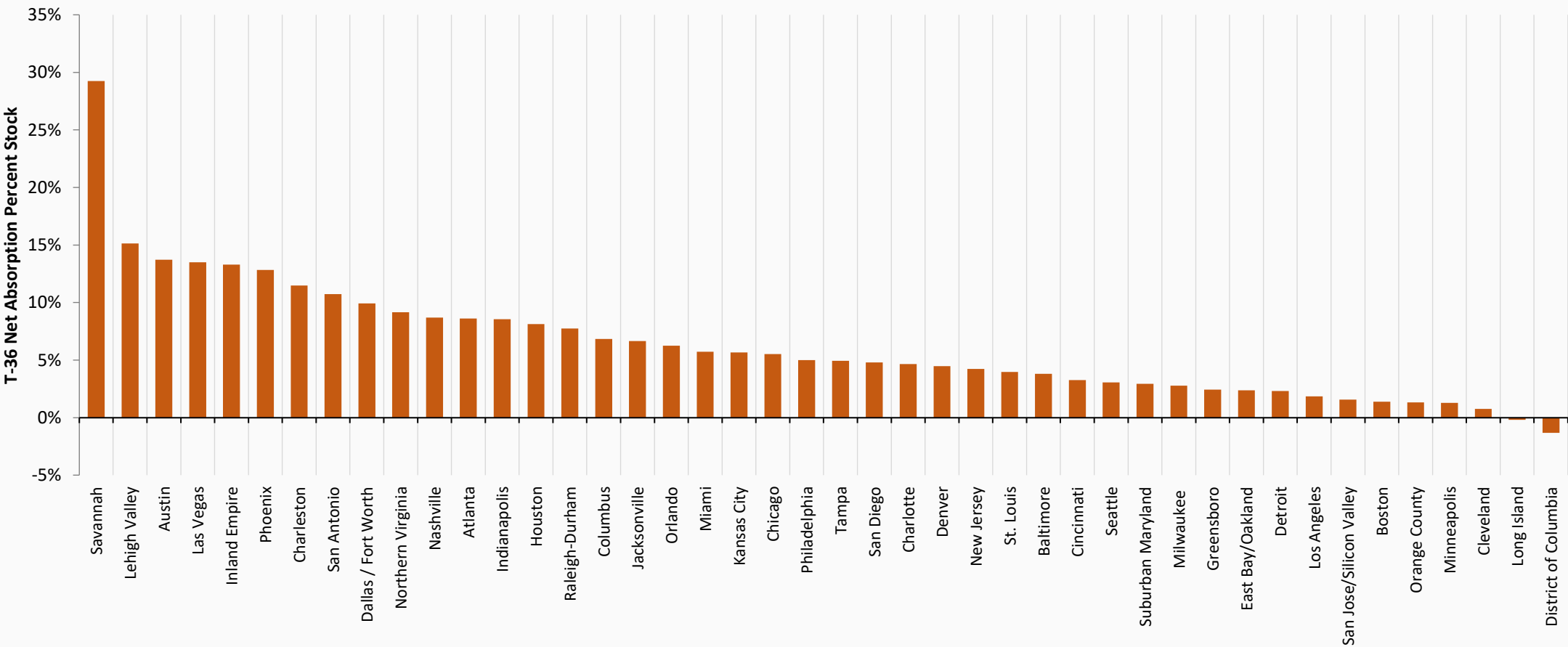


NET ABSORPTION



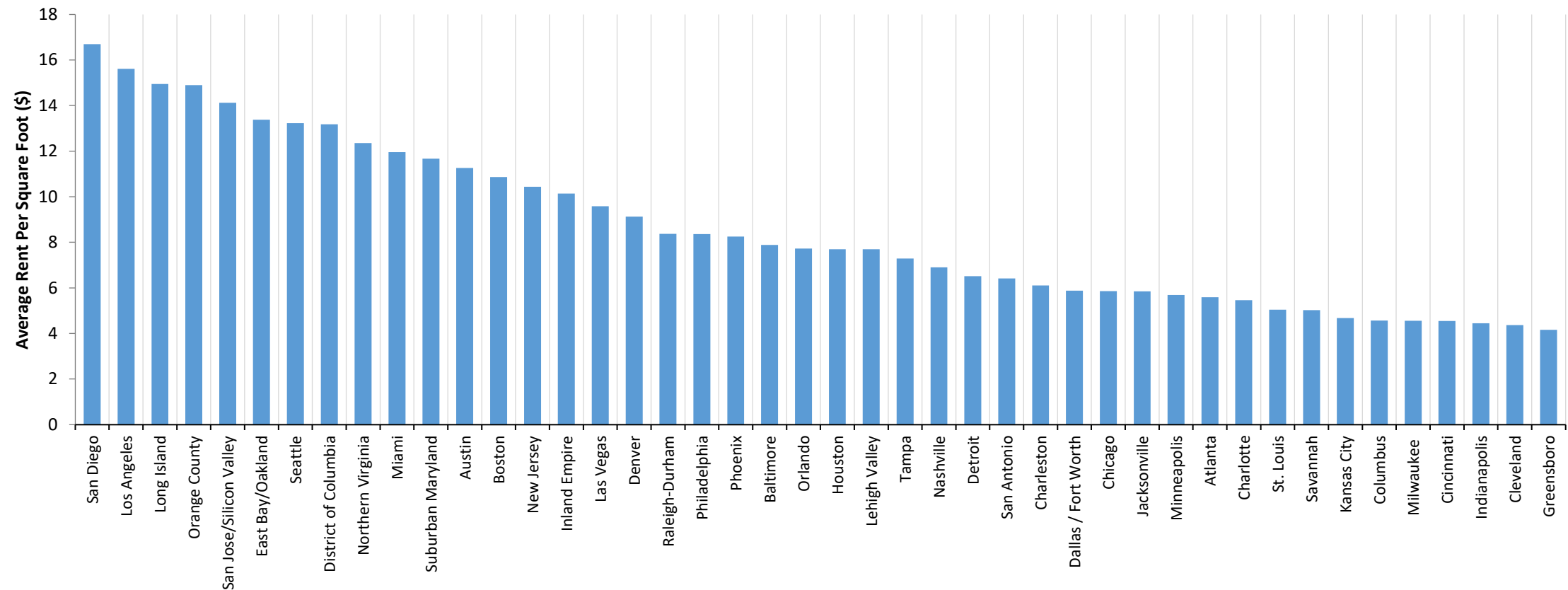
- Positive annual and quarterly net absorption were reported in almost all markets as industrial space needs continued to grow.
- Further, net absorption accelerated in Q3 for over 65% of tracked markets. This subset experienced higher net absorption in the past quarter than the quarterly average over the past 12 months.

MARKET EXPANSION: 3 YEAR NET ABSORPTION % STOCK



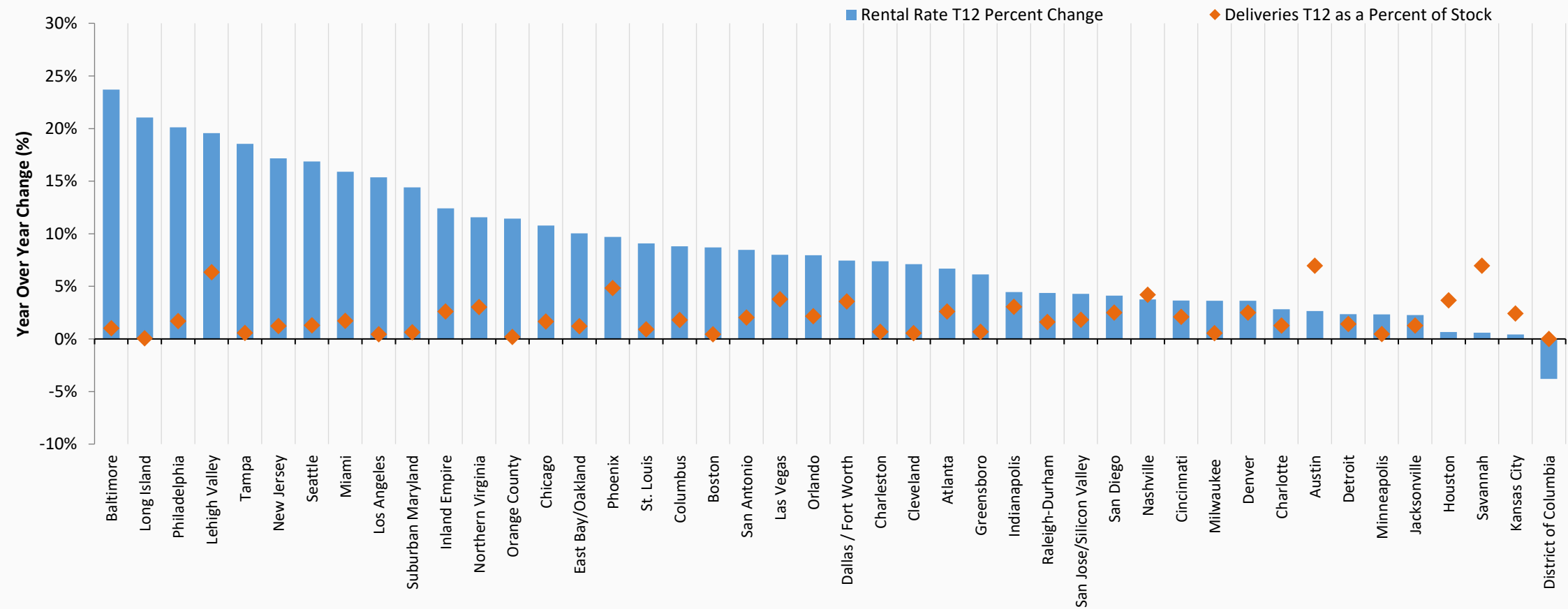
- Here we consider 3-year net absorption as a percent of stock. A higher percentage indicates that a market is more expansionary.
- Markets experiencing the most growth include Savannah, Lehigh Valley, Austin, Las Vegas, Inland Empire, Phoenix and Charleston.

RENTAL RATES (NNN)



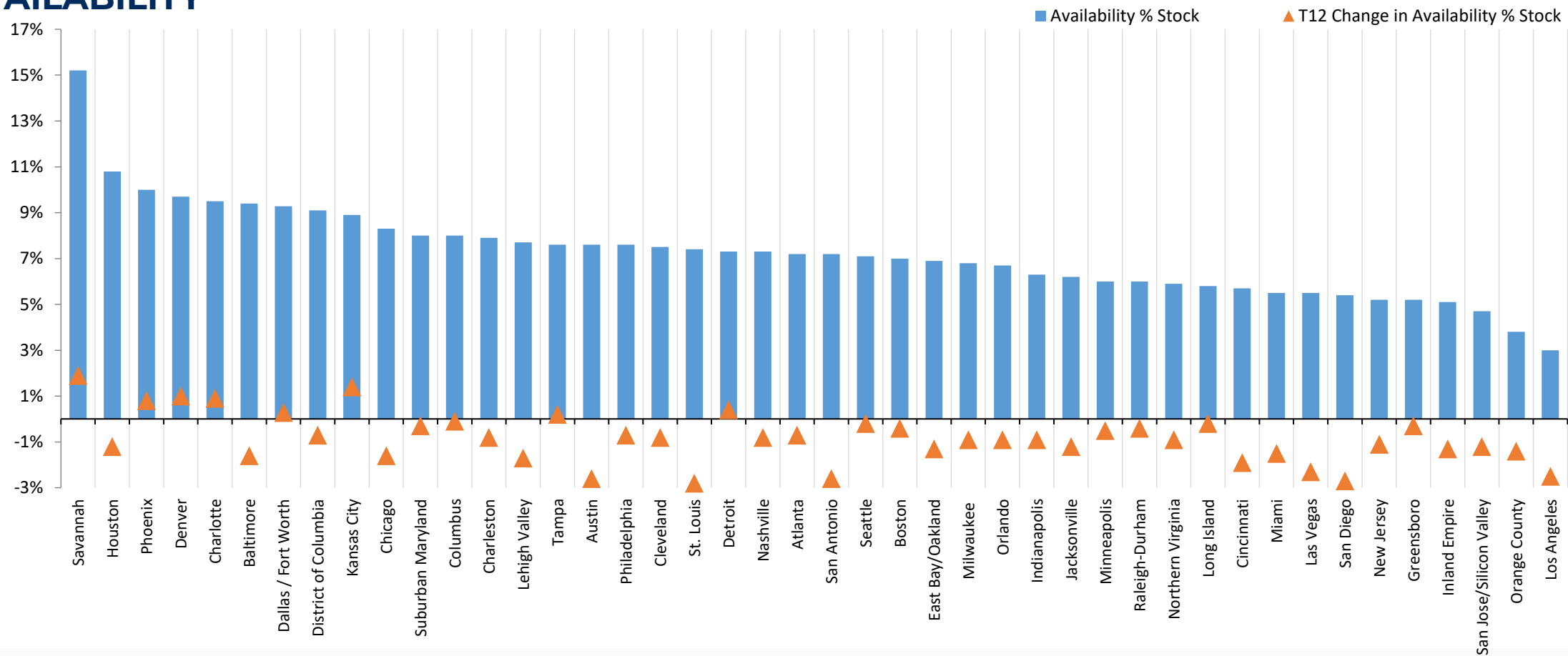
- Markets with the highest rental rates were located on the West Coast, and near Washington, D.C., and New York.
- Some Midwest markets with low rental rates saw relatively high rent growth over the past year, including St. Louis, Chicago, and Columbus.

RENTAL RATE CHANGE



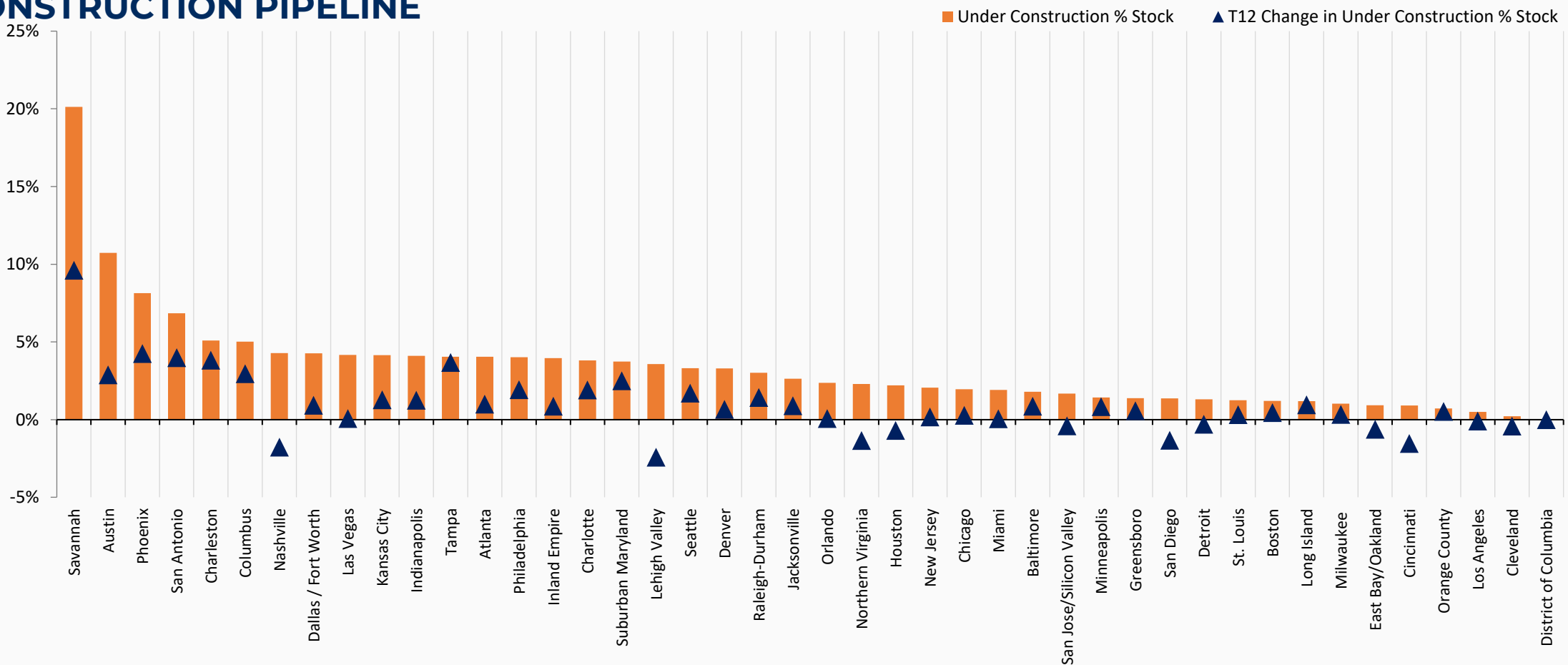
- More than half of the tracked markets saw rental growth for the year surpass 5%, with all but one increasing over the past 12 months.
- While a few of the markets with low or negative rental-rate changes may be reacting to recent strong supply (e.g., Austin, Savannah), others may be adjusting to low 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 and Kansas City – both of which also have higher than average overall availability as a percent of stock.
- Those registering the largest decreases in availability include Austin, St. Louis, San Antonio, Las Vegas, San Diego, and Los Angeles.

CONSTRUCTION PIPELINE

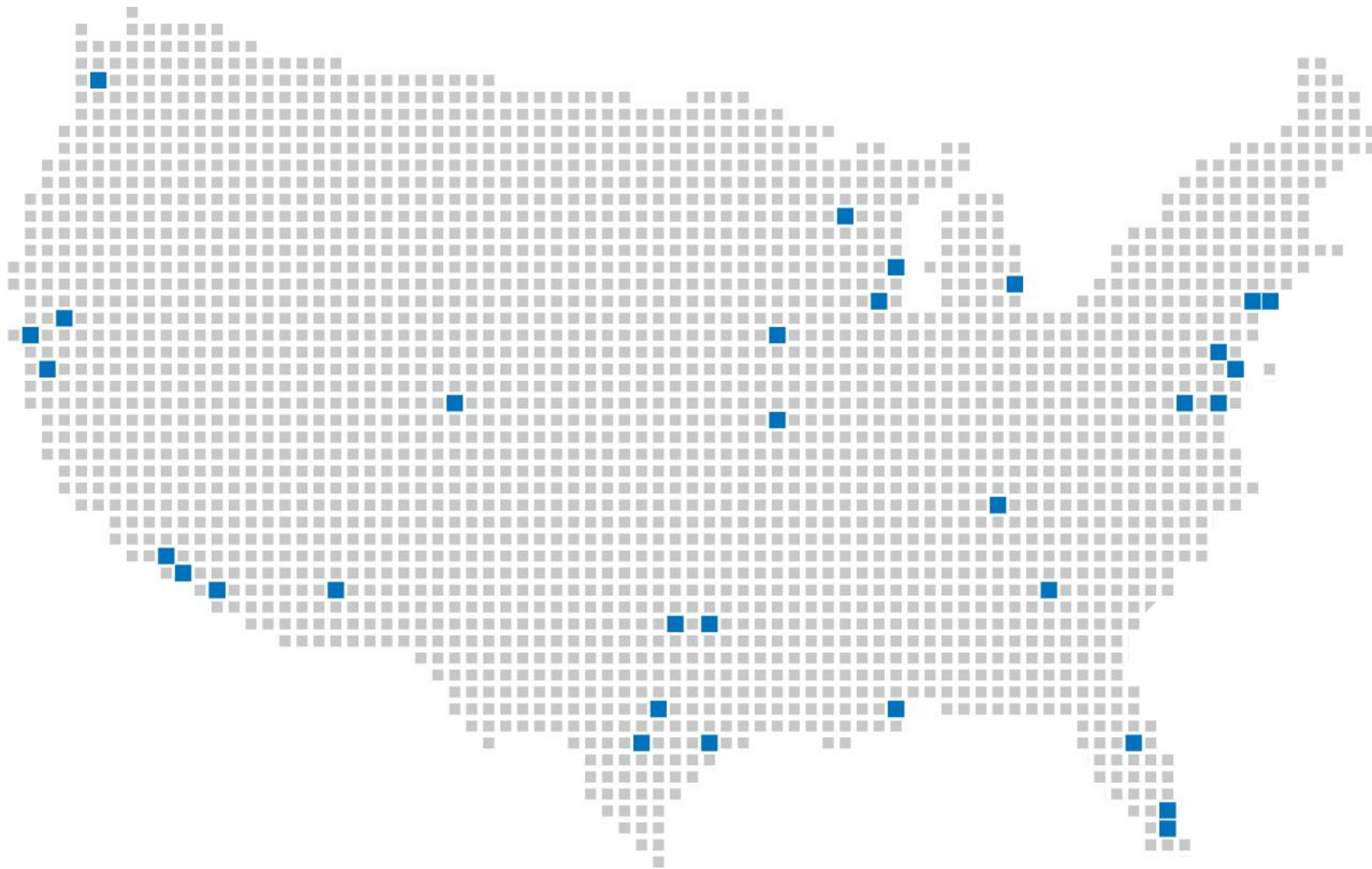


- Under construction stock is indicative of future expansion.
- Savannah and Austin are growing relatively quickly with under construction stock exceeding 10%.
- Growth in the Sunbelt is evidenced here, as Savannah, Phoenix, San Antonio, Charleston, and Tampa have seen the most acceleration of under 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	708,322,762	4.1%	3.9%	5,025,113	29,407,372	\$5.59	6.7%	28,623,183
Austin	103,848,577	4.8%	4.3%	5,412,401	9,373,358	\$11.26	2.6%	11,145,224
Baltimore	229,662,133	8.7%	8.4%	(78,087)	2,659,878	\$7.88	23.7%	4,113,703
Boston	330,496,244	4.6%	4.4%	27,059	999,720	\$10.86	8.7%	3,980,835
Charleston	78,809,046	3.9%	3.6%	1,426,329	2,561,270	\$6.11	7.4%	4,008,837
Charlotte	322,935,939	6.6%	6.2%	3,094,964	5,426,033	\$5.46	2.8%	12,286,794
Chicago	1,258,588,207	5.3%	5.1%	10,415,868	32,242,959	\$5.86	10.8%	24,623,460
Cincinnati	324,225,345	5.3%	5.1%	4,564,956	8,386,839	\$4.55	3.6%	2,966,250
Cleveland	330,553,961	5.3%	5.0%	(786,979)	729,765	\$4.37	7.1%	708,000
Columbus	305,579,786	4.7%	4.5%	4,466,761	13,495,284	\$4.57	8.8%	15,335,285
Dallas-Fort Worth	955,941,193	6.1%	5.7%	9,676,404	36,110,847	\$5.87	7.4%	40,755,788
Denver	239,751,359	6.8%	6.3%	1,773,811	3,443,158	\$9.13	3.6%	7,895,697
Detroit	569,082,826	4.5%	4.3%	5,898,505	7,675,336	\$6.51	2.4%	7,467,724
District of Columbia	9,166,955	5.3%	5.3%	(41,578)	158,036	\$13.18	-3.8%	0
East Bay-Oakland	195,162,676	5.3%	4.7%	2,012,774	3,507,146	\$13.38	10.0%	1,792,984
Greensboro	284,619,552	3.9%	3.9%	(713,781)	1,320,910	\$4.16	6.1%	3,914,101
Houston	666,515,459	7.9%	7.7%	11,681,707	25,330,978	\$7.70	0.7%	14,697,722
Indianapolis	346,376,961	4.7%	4.1%	5,282,777	12,138,743	\$4.45	4.5%	14,230,158
Inland Empire	655,599,622	1.8%	1.8%	9,546,695	29,974,813	\$10.14	12.4%	25,928,839
Jacksonville	133,910,524	3.7%	3.6%	2,616,366	5,185,930	\$5.85	2.3%	3,520,062
Kansas City	299,699,720	4.9%	4.7%	4,118,843	9,146,514	\$4.68	0.4%	12,416,433
Las Vegas	140,705,684	4.1%	3.8%	1,315,260	7,966,764	\$9.58	8.0%	5,858,100

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	144,339,520	4.7%	4.4%	3,448,373	10,725,756	\$7.70	19.6%	5,155,933
Long Island	154,290,995	3.7%	3.4%	1,037,090	1,112,274	\$14.95	21.1%	1,834,602
Los Angeles	851,002,182	1.9%	1.7%	5,008,711	14,003,820	\$15.61	15.4%	4,164,119
Miami	233,214,123	3.5%	3.3%	1,498,445	7,065,869	\$11.96	15.9%	4,452,752
Milwaukee	243,257,750	3.7%	3.7%	2,723,840	4,268,861	\$4.56	3.6%	2,500,652
Minneapolis	378,982,590	3.7%	3.4%	1,256,368	2,331,560	\$5.69	2.3%	5,407,396
Nashville	228,590,713	3.6%	3.2%	4,919,532	9,105,059	\$6.90	3.8%	9,768,018
New Jersey	747,650,850	2.7%	2.5%	6,538,894	16,551,232	\$10.44	17.2%	15,410,387
Northern Virginia	111,413,921	4.2%	4.1%	759,905	4,357,454	\$12.35	11.6%	2,546,588
Orange County	271,733,078	2.3%	2.1%	1,786,136	4,089,977	\$14.90	11.4%	1,927,952
Orlando	167,431,874	4.5%	4.2%	1,337,731	6,067,512	\$7.73	8.0%	3,959,816
Philadelphia	542,057,472	4.1%	3.9%	9,143,561	16,427,263	\$8.36	20.1%	21,768,704
Phoenix	356,570,277	5.6%	5.5%	6,631,597	24,687,323	\$8.25	9.7%	29,006,252
Raleigh-Durham	126,617,366	3.7%	3.6%	290,443	2,898,930	\$8.37	4.4%	3,819,724
San Antonio	117,440,382	5.7%	5.5%	566,260	4,038,122	\$6.41	8.5%	8,043,234
San Diego	180,841,440	4.6%	4.3%	4,119,189	7,034,715	\$16.69	4.1%	2,455,608
San Jose-Silicon Valley	84,643,124	4.0%	3.8%	92,029	764,230	\$14.12	4.3%	1,417,931
Savannah	75,467,832	5.5%	4.5%	3,101,819	6,441,718	\$5.02	0.6%	15,191,599
Seattle	308,808,333	4.9%	4.5%	2,636,453	6,033,743	\$13.23	16.9%	10,220,592
St. Louis	299,045,262	4.0%	3.6%	1,674,489	7,418,591	\$5.04	9.1%	3,704,926
Suburban Maryland	105,419,401	5.4%	5.1%	1,459,417	2,022,356	\$11.67	14.4%	3,931,403
Tampa	179,844,246	4.3%	4.2%	457,440	3,837,994	\$7.29	18.5%	7,281,710

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