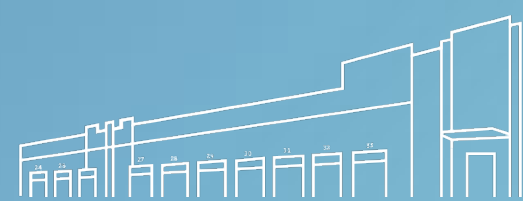


REAL ESTATE OUTLOOK

U.S. MARKET | INDUSTRIAL

FOURTH QUARTER 2018



U.S. TRENDLINES

5-Year Trend

Current Quarter

UNEMPLOYMENT RATE


3.9%

Strongest quarter for job gains in 2018

RETAIL SALES GROWTH


1.3%

Consumers continue to spend money

NET ABSORPTION


88.6 MSF

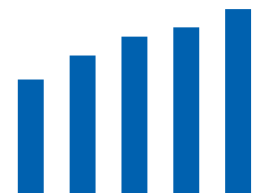
Diminishing options for big-box users

VACANCY


4.7%

Demand outpacing new construction

UNDER CONSTRUCTION


377.8 MSF

Deliveries higher in most markets

ASKING RENT

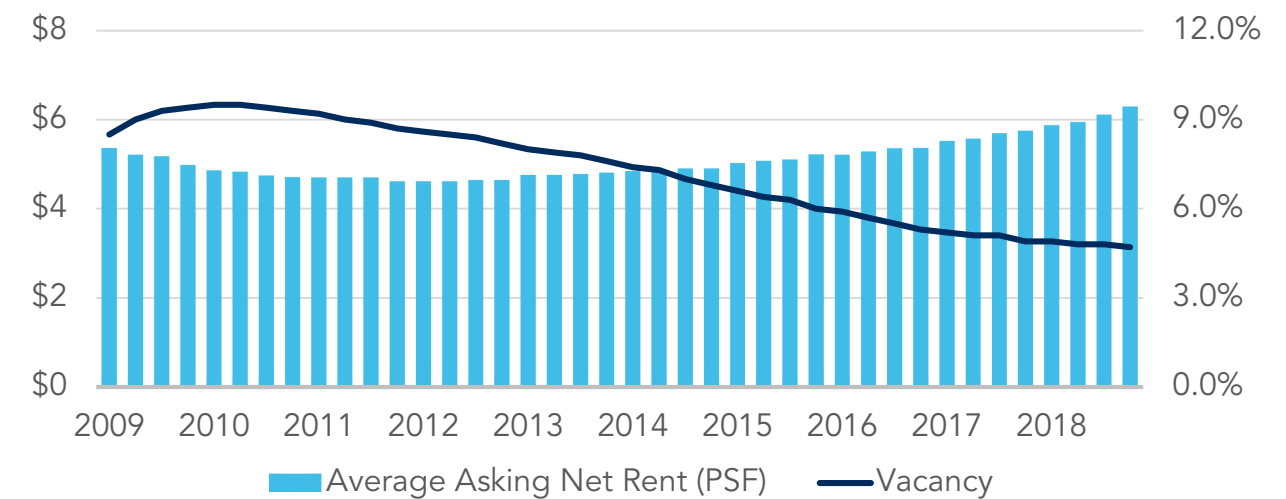

\$6.29 PSF

Highest year of rent growth on record

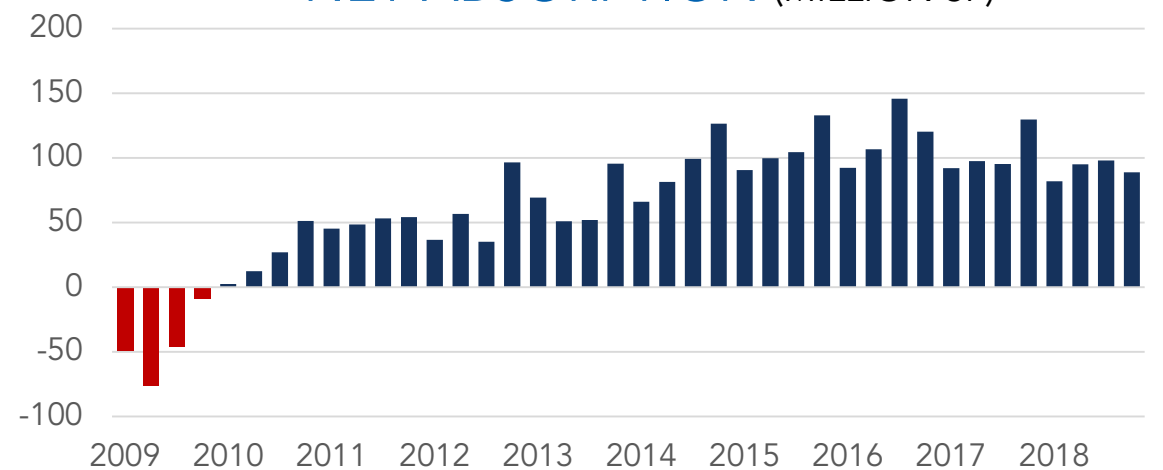
U.S. HIGHLIGHTS

- Job growth in sectors which support the industrial market, including construction, manufacturing and retail trade.
- E-commerce sales during the holiday season were up nearly 20% YOY.
- Already on record-setting pace, container volumes at ports accelerated during Q4 ahead of potential increase on tariffs.
- Positive net absorption in 43 of 47 markets during 2018, 40 markets for Q4.
- Vacancy rate was less than half of post-recession high of 9.5% during 2010.
- 14 of 47 markets reported vacancy rates below 4.0%.
- Nearly 1 BSF of new inventory delivered during past three years.
- In most markets, more than half of the product under construction is preleased.
- Supply constraints and limited well-located land for new development continued to put pressure on rents.
- Rent higher for sixth consecutive year.
- Year-over-year rent growth in 43 markets.
- Infrastructure improvements will be critical as e-commerce growth has caused traffic congestion in many regions.
- Pace of leasing could slow in 2019 due to political uncertainty, site remediations and lower percentage of large deals.

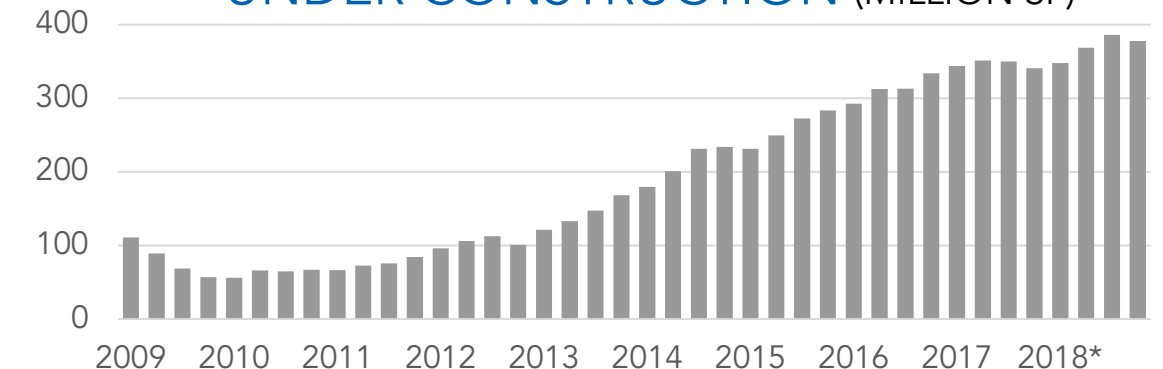
VACANCY VS ASKING RENT



NET ABSORPTION (MILLION SF)



UNDER CONSTRUCTION (MILLION SF)

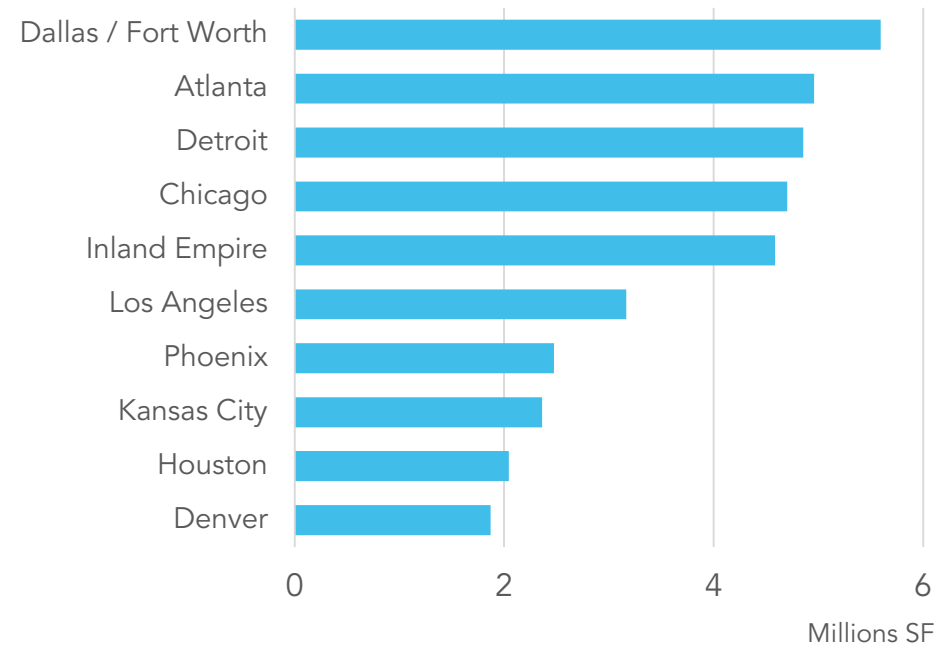


* Denotes through Q4 2018



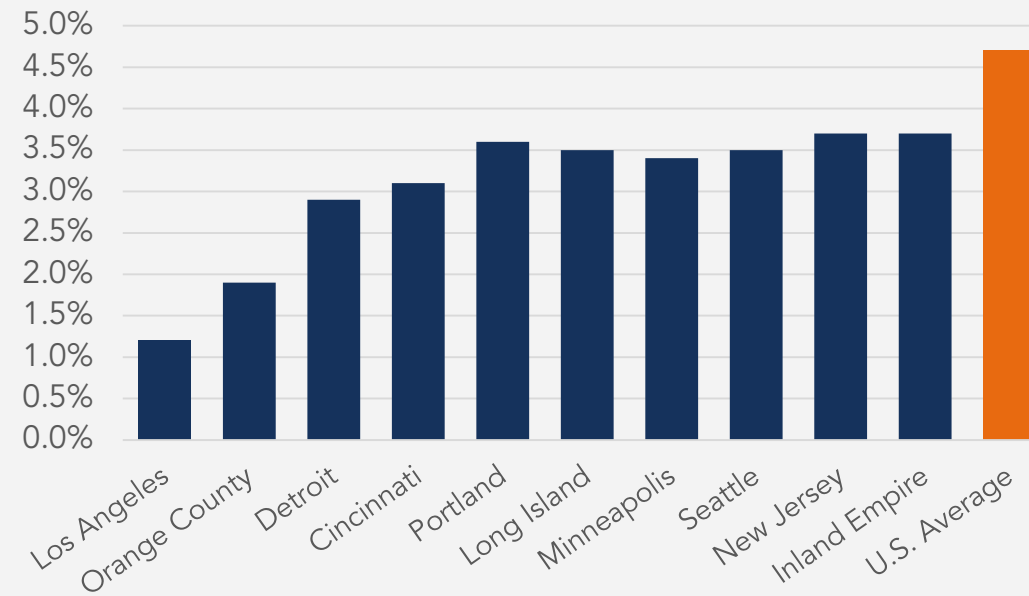
ABSORPTION

Q4 2018 Net Absorption



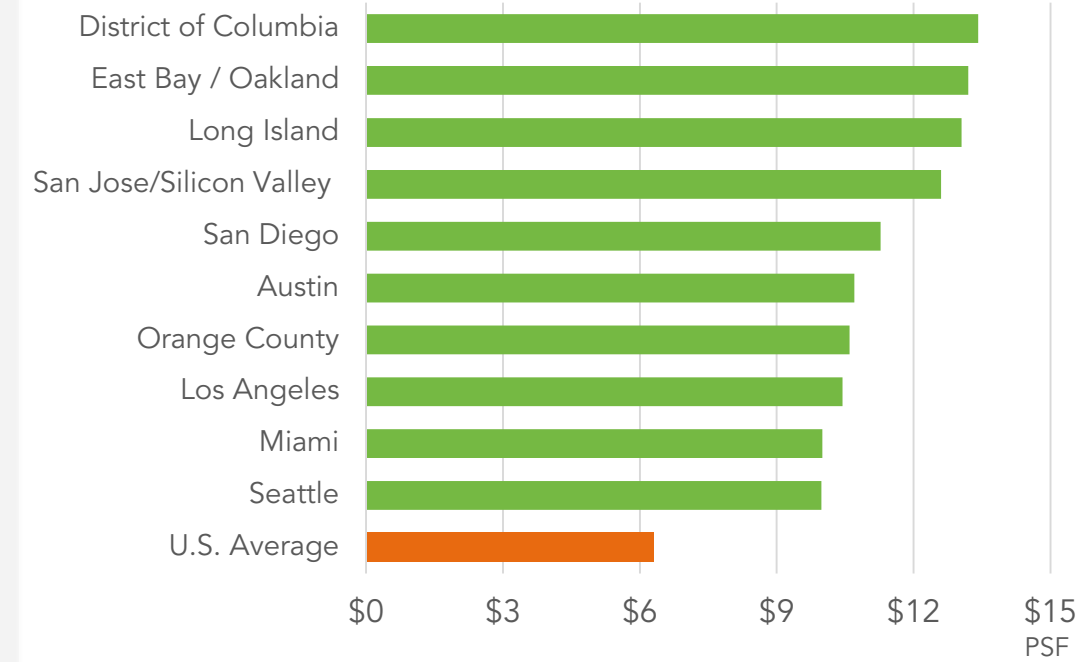
VACANCY/CONSTRUCTION

Q4 2018 Vacancy Rate

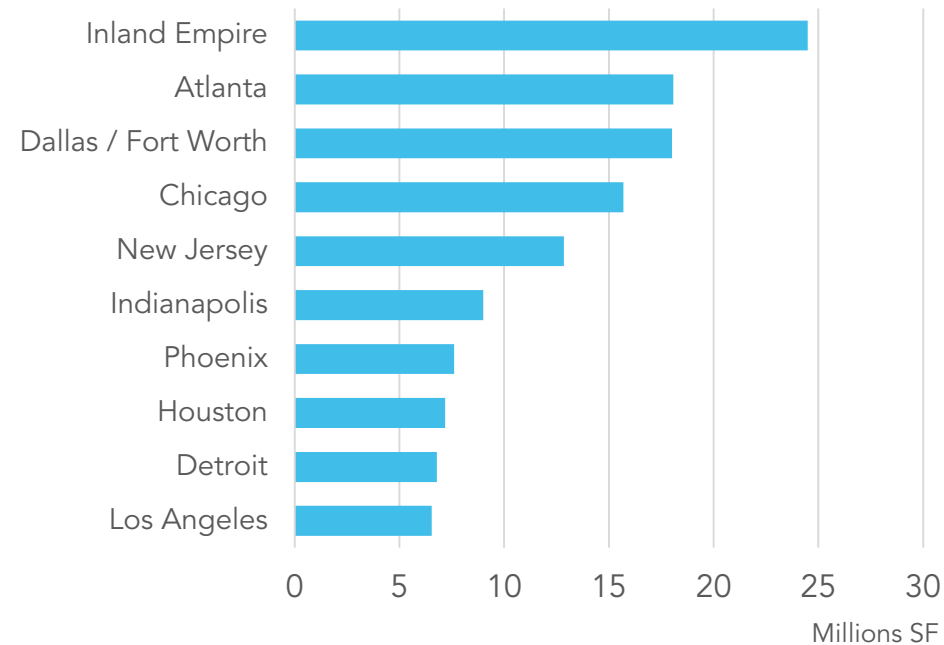


ASKING RENTS

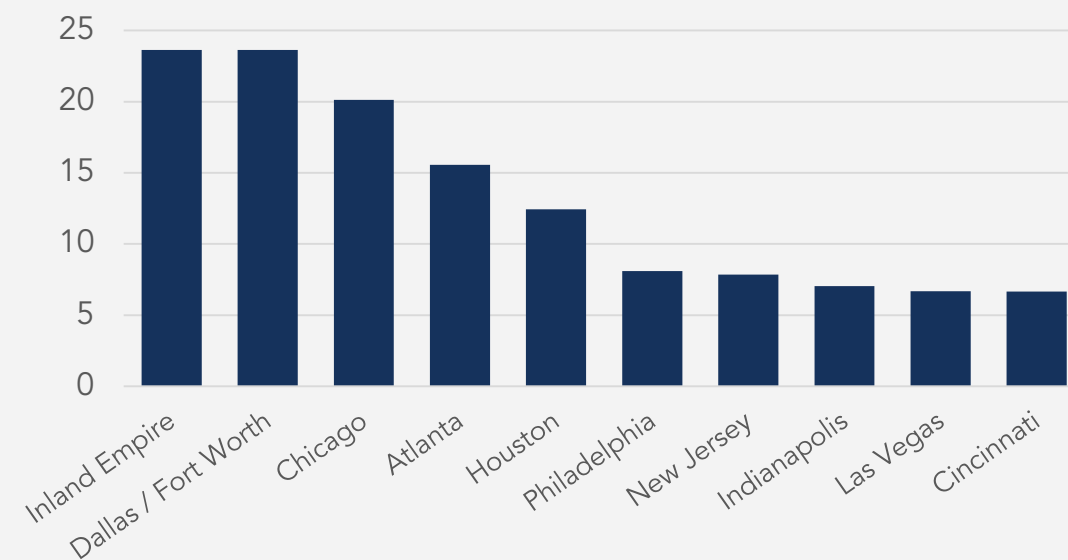
Q4 2018 Asking Rate NNN



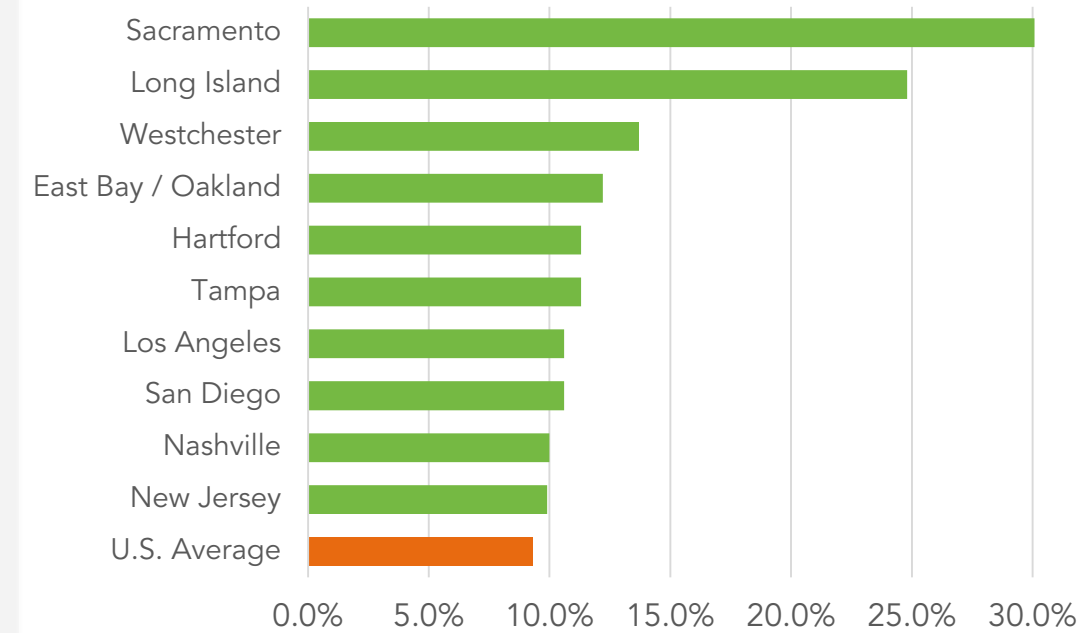
Trailing 4-Qtr Net Absorption



Q4 2018 Under Construction (Million SF)



Year-Over-Year Rent Growth





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	617,954,832	5.2%	5.0%	4,959,149	18,075,179	\$4.37	7.7%	15,574,803
Austin	51,222,140	7.9%	8.5%	447,380	1,692,133	\$10.70	3.2%	1,663,474
Baltimore*	218,375,194	6.9%	6.8%	685,000	5,477,000	\$5.91	-1.2%	1,564,775
Boston	326,116,046	5.5%	5.3%	(3,849)	1,364,221	\$8.41	8.0%	920,887
Charlotte	301,154,507	6.8%	6.5%	933,631	5,054,816	\$4.97	6.7%	6,621,195
Chicago	1,261,188,320	5.6%	5.6%	4,703,266	15,687,824	\$5.70	4.1%	20,120,435
Cincinnati	306,053,597	3.1%	3.0%	462,290	6,208,640	\$4.23	8.5%	6,666,669
Cleveland	323,130,351	4.3%	4.1%	665,133	2,090,293	\$4.07	-0.5%	2,349,726
Columbus	278,761,512	5.0%	4.8%	720,916	3,818,396	\$3.96	5.3%	4,380,464
Dallas / Fort Worth	781,746,913	6.4%	6.2%	5,595,286	18,020,514	\$5.45	9.7%	23,631,868
Denver*	244,508,074	4.2%	4.0%	1,872,410	3,812,079	\$8.30	3.8%	4,975,542
Detroit	543,012,072	2.9%	2.8%	4,854,182	6,781,077	\$6.12	9.5%	4,094,609
District of Columbia*	9,716,772	5.5%	5.5%	(49,000)	(2,000)	\$13.42	3.3%	91,000
East Bay / Oakland	165,916,575	4.8%	4.4%	138,375	(461,951)	\$13.20	12.2%	1,964,809
Hartford	120,873,628	6.4%	6.4%	273,531	1,363,596	\$5.24	11.3%	522,092
Houston*	539,122,794	5.2%	4.9%	2,045,000	7,190,000	\$7.11	7.4%	12,444,444
Indianapolis	306,719,415	4.1%	3.8%	1,367,988	9,009,811	\$3.84	3.5%	7,033,167
Inland Empire	543,660,589	3.7%	3.5%	4,587,603	24,489,416	\$7.28	8.4%	23,647,081
Kansas City	281,972,488	5.0%	5.0%	2,361,828	5,339,148	\$4.80	3.0%	2,245,152
Las Vegas	123,123,579	4.7%	4.4%	839,316	4,616,273	\$7.41	7.5%	6,680,593
Long Island	154,667,099	3.5%	3.2%	(173,267)	(694,735)	\$13.05	24.8%	633,409
Los Angeles	836,574,506	1.2%	1.1%	3,167,096	6,549,843	\$10.44	10.6%	5,174,049
Miami	191,094,993	4.5%	4.2%	1,275,666	2,044,999	\$10.00	4.0%	3,636,927
Milwaukee	230,092,139	3.7%	3.7%	612,130	1,721,481	\$4.66	4.5%	1,493,214

*Market reports Vacant Available rate

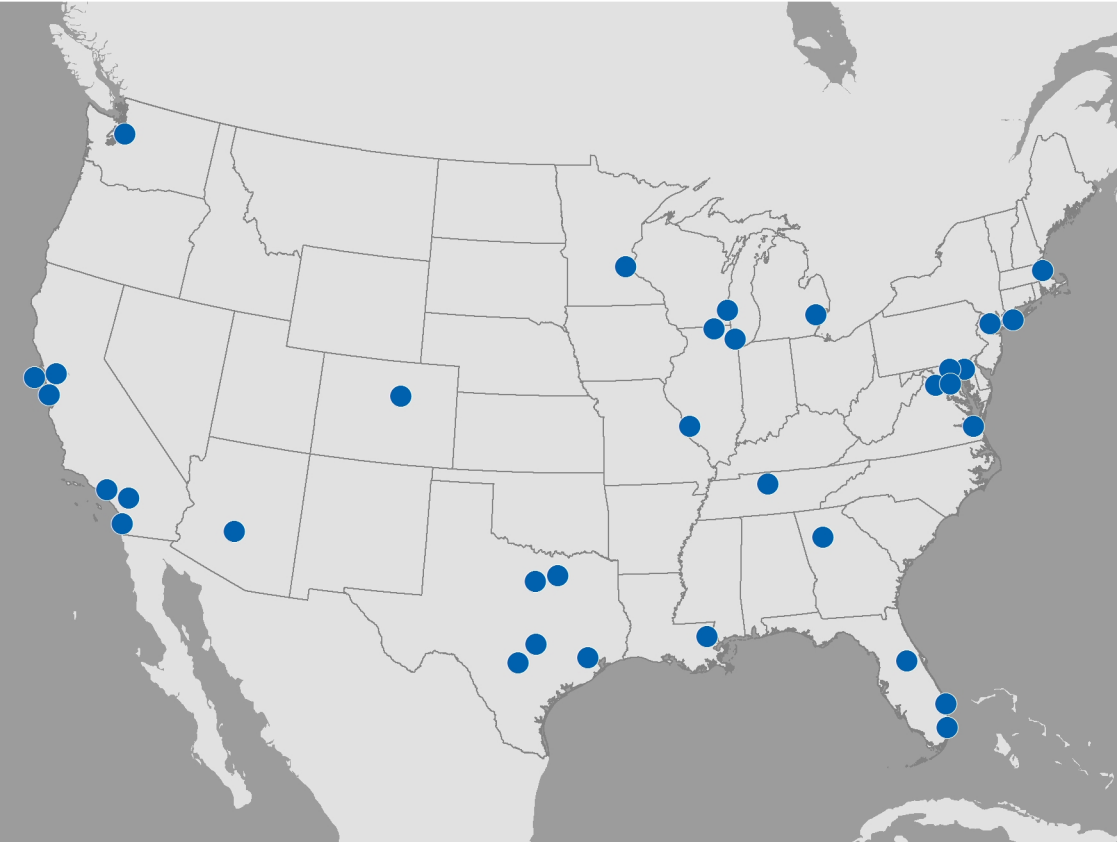


Market	Inventory Square Feet	Overall Vacancy Rate	Direct Vacancy Rate	Net Absorption	12-Month Net Absorption	Asking Rent NNN	Annual Rent Change	Under Construction
Minneapolis	364,586,818	3.5%	3.3%	118,854	2,674,607	\$7.00	6.2%	2,069,038
Nashville	211,070,909	3.7%	3.5%	(29,598)	1,862,670	\$5.93	10.0%	4,224,493
New Jersey	676,009,451	3.7%	3.4%	1,066,989	12,847,156	\$8.23	9.9%	7,858,395
New Orleans	63,990,458	3.8%	3.6%	3,042	81,320	\$5.24	-3.7%	55,000
Northern Virginia*	87,145,066	7.3%	7.2%	200,000	861,000	\$9.80	4.0%	1,594,389
Oklahoma City	103,598,691	4.3%	4.1%	(263,921)	1,226,412	\$5.29	3.5%	263,157
Orange County	212,801,466	1.9%	1.7%	248,529	688,254	\$10.60	6.4%	850,321
Orlando	153,315,282	4.2%	4.2%	582,348	3,411,863	\$6.54	1.7%	3,245,940
Philadelphia	514,210,312	5.2%	5.1%	1,130,910	4,284,297	\$5.60	8.3%	8,090,889
Phoenix	312,986,341	7.5%	7.3%	2,475,601	7,612,079	\$6.98	3.3%	5,539,439
Pittsburgh	178,817,052	5.7%	5.4%	789,012	865,069	\$5.46	-1.1%	511,530
Portland	208,841,173	3.4%	3.3%	1,194,021	4,120,608	\$8.72	6.9%	2,612,968
Raleigh/Durham	116,002,407	5.1%	5.0%	599,046	2,073,115	\$6.91	0.7%	1,478,256
Sacramento	160,121,648	5.2%	5.0%	160,848	3,210,129	\$7.55	32.0%	968,588
Salt Lake City	137,129,171	4.5%	4.2%	(775,226)	1,460,450	\$5.84	2.3%	5,160,171
San Antonio	102,172,864	6.6%	6.5%	701,628	1,017,089	\$5.68	1.0%	2,004,870
San Diego	124,703,233	4.9%	4.5%	140,856	1,031,185	\$11.28	10.6%	989,096
San Jose/Silicon Valley	191,191,072	6.3%	5.8%	694,573	992,654	\$12.60	2.4%	2,144,224
Seattle	297,331,006	3.6%	3.2%	717,587	3,467,422	\$9.98	4.6%	5,102,452
St. Louis	281,524,032	4.5%	4.4%	1,010,745	3,770,934	\$4.79	4.6%	3,999,113
Suburban Maryland*	96,937,126	8.5%	8.2%	(625,000)	(83,000)	\$8.49	2.2%	212,906
Tampa	168,060,902	4.4%	4.1%	768,944	1,779,707	\$6.23	11.3%	2,591,625
Westchester	202,601,268	4.9%	4.8%	573,003	1,249,894	\$9.36	13.7%	1,118,000

*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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