

INDUSTRIAL: THE RISING ASSET CLASS

AN ANALYSIS OF THE INDUSTRIAL MARKET

THE INDUSTRIAL MARKET HAS RISEN ABOVE OTHER PROPERTY TYPES AS A DIRECT RESULT OF:



E-COMMERCE



GLOBAL TRADE



CHANGES IN MANUFACTURING



CONSUMER DEMAND



RETAILERS OPTIMIZING THEIR SUPPLY CHAIN

QUICK FACTS:



Warehouse and distribution center demand is growing at 2.1% year-over-year



Industrial outperformed all other property types with a 2% increase in sales & 6.1% increase in rent



Occupancy is heading in the right direction as demand outpaces supply

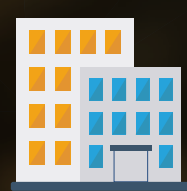


Capital for industrial properties is coming from REITs, private equity firms, and international investors



In 2017, private capital sources made up 400% of the market

THE INDUSTRIAL MARKET IS IN THE EXPANSION PHASE LEADING TO:



LOW VACANCY RATES



MODERATE/HIGH CONSTRUCTION



HIGH ABSORPTION



MODERATE/HIGH UNEMPLOYMENT



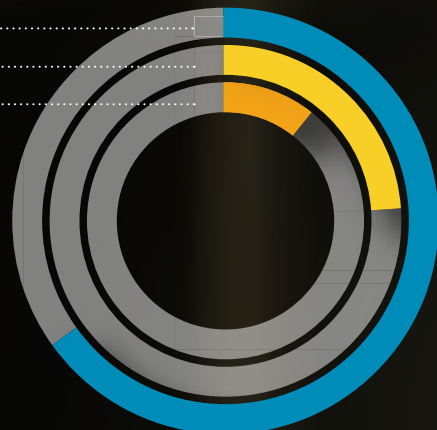
MODERATE/HIGH RENTAL RATE GROWTH

SUPPORTING DATA:

WAREHOUSES & DISTRIBUTION CENTERS MAKE UP TWO THIRDS OF INDUSTRIAL MARKET

Existing Square Feet of U.S. Industrial Building types
Source: CoStar

10.4 Billion SF
3.9 Billion SF
1.8 Billion SF



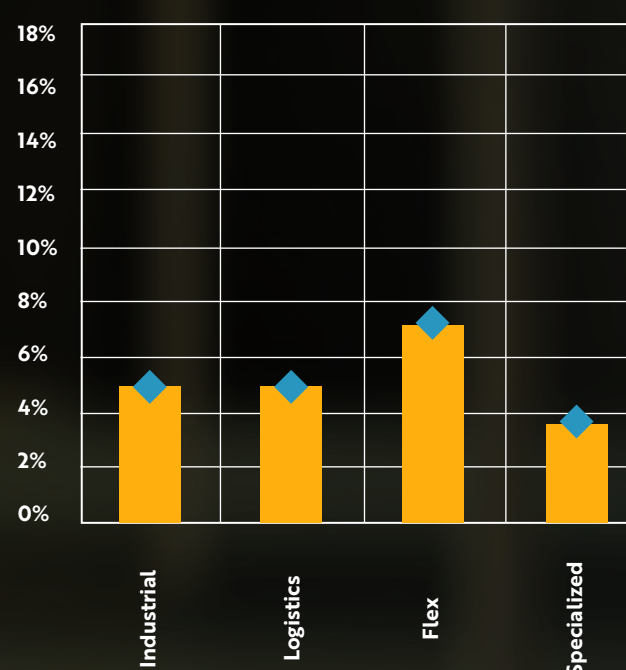
Logistics
Flex
Specialized

INDUSTRIAL PRICES TRENDING UP ACROSS SUBTYPES



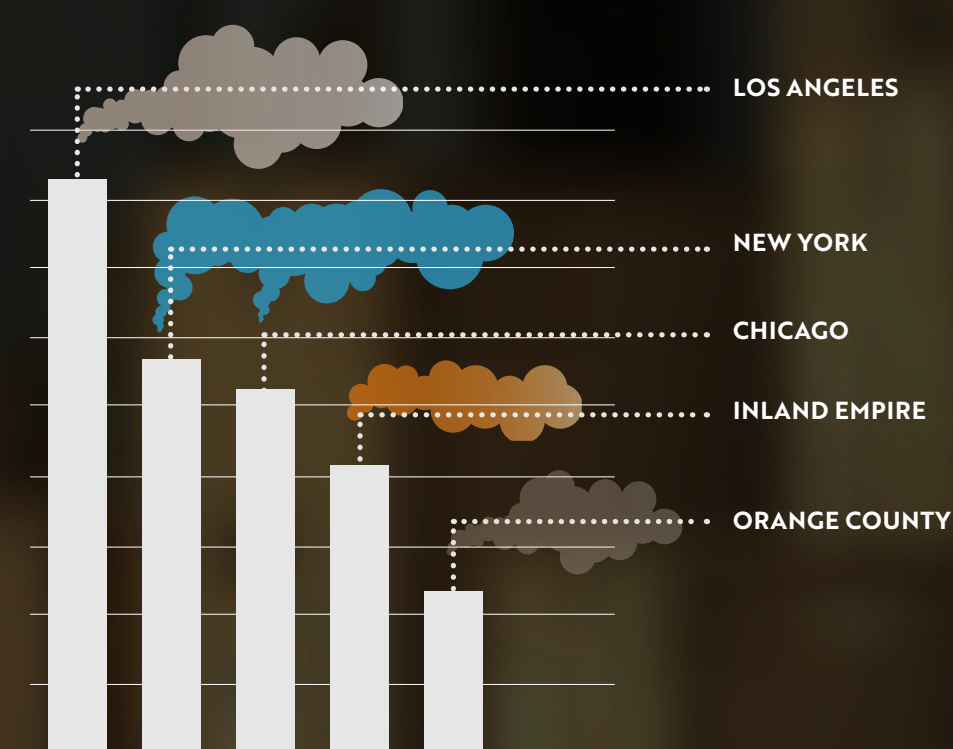
INDUSTRIAL VANCANCY BY BUILDING FUNCTUALITY

Vacancy



TOP MARKETS

Top Five Markets in 2018



MAJOR TRENDS:



LARGE DATA CENTER DEALS



RETAIL MOVING AWAY FROM BRICK-AND-MOTOR



INVENTORY SPACE GOING VERTICAL



HEIGHTENED SECURITY



POLITICAL INFLUENCE ON FOREIGN DIRECT INVESTMENT



CONVERSION OF OLD INDUSTRIAL SPACE



BUILT-TO-SUIT PROPERTIES



INCREASED DEMAND FOR SHALLOW-BAY BUILDINGS



CLUSTERS OF DISTRIBUTION CENTERS



OFFERING HIGH-END PROPERTIES



INCREASED SOPHISTICATION IN TRANSPORTATION MANAGEMENT SYSTEMS



CONTINUED INFRASTRUCTURE ISSUES