COLLIERS INTERNATIONAL | U.S. RESEARCH REPORT

NORTH AMERICA

BIG-BOX MARKET REPORT

2020 Midyear Review and Outlook

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Big-Box Market Report
NORTH AMERICA

Click a region below to go to section

Introduction

A variety of factors across North America have impacted demand for big-box industrial facilities through the first half of 2020. Core markets including the Inland Empire, Dallas-Fort Worth, Atlanta, Chicago, Northern-Central New Jersey, Southern New Jersey-Eastern Pennsylvania and Toronto continue to be the destination of choice for many occupiers, while emerging secondary markets that are near the fastest-growing population centers and in close proximity to the most utilized logistics hubs in the region continue to grow.

In this unique interactive report, we examine the North American big-box industrial market in the first six months of 2020, which includes the seven core North American big-box markets, as well as nine emerging secondary markets. We will highlight the fundamentals, take a look at demand factors including demographics and logistics capabilities and will assess what lies ahead for 2020 and beyond.

Unless otherwise specified, all report data is through midyear 2020.

Amanda Ortiz
Colliers International
National Director
Industrial Research | USA

Pete Quinn, SIOR
Colliers International
National Director
Industrial Services | USA

Jack Rosenberg, SIOR
Colliers International
National Director
Logistics and Transportation

North America

Overview

- As predicted, the U.S. economy hit a major slump at the start of the second quarter. The COVID-19 pandemic negatively impacted employment, manufacturing production, retail sales and consumer sentiment across the country, however demand for industrial space managed to increase throughout this unique time. The accelerated growth of industrial industries in the U.S. maintained momentum throughout the pandemic, as industrial product – and big-box space, in particular – remained in high demand. Vacancy, transaction volume and product under construction remained relatively flat across the country, while asking rents and net occupancy surged in the first half of 2020.

- Pandemic-induced growing reliance on e-commerce retailers for basic goods, fueled demand for industrial big-box product as supply chains continued to be right-sized, shifting away from “lean” inventory strategies that proved sound in the past. As evidence of the need for warehouse and distribution space, despite the global pandemic slowdown, net occupancy gains for bulk industrial space totaled nearly 79.8 million square feet (MSF) at mid-year, up 51% over the 52.8 MSF transacted at mid-year 2019.

- From grocery items, personal care, home improvement and even outdoor play items – consumers have learned to lean more heavily on shopping from the comfort of their homes. E-commerce has grown the most quarter-over-quarter in the last two months than it ever has. According to the U.S. Department of Commerce, as of Q2 2020, e-commerce accounted for a total of 16.1% of retail sales, up from 11.8% in the previous quarter, a record for online shopping.

- Amazon, by far the largest e-commerce occupier, transacted more than 26.9 MSF during the first half of 2020 – more space than they transacted in all of 2018 or 2019. Over the next three years, Amazon is expected to occupy an additional 161 MSF which would be an explosive growth period for the e-commerce giant. In 2020 alone, Amazon is expected to occupy nearly 98 MSF.

- Third party logistics firms (3PLs) occupied the highest percentage of bulk space during the first half of the year, at 23.0%, totaling 56.1 MSF, followed by general retail and wholesale firms (21.7%), manufacturing companies (19.5%) and e-commerce (14.1%). E-commerce companies encompassed a greater percentage of occupier activity in the first half of 2020, increasing their market share by nearly 50%, followed by manufacturing firms who increased by nearly 39%.

- In terms of occupancy gains and leasing activity, the Inland Empire, Dallas-Fort Worth and Atlanta markets made up the top performing big-box markets in North America. These areas offer preferred locations, high-skilled labor, available land and an abundance of modern big-box warehouse/distribution product. The Inland Empire led North American leasing activity during the first half of 2020, with nearly 19.4 MSF of new leasing activity transacted. The Dallas-Fort Worth market maintained the highest level of occupancy gains and produced more than 14.5 MSF of net absorption.

- Occupiers are expanding warehouse locations to service online consumers and cut transportation costs. While there are some major factors

affecting the broader U.S. economy, the need for stronger omnichannel strategies should keep industrial real estate demand active in the coming year. Overall, 104.5 MSF of occupancy gains was recorded at midyear 2020, with 79.8 MSF in the big-box market, or 76.3% of all net absorption in 2020.

- The Dallas-Fort Worth, Southern New Jersey-Eastern Pennsylvania, Chicago and Northern-Central New Jersey markets all posted occupancy gains greater than 7 MSF, and all big-box markets posted positive net absorption during the first half of 2020. The Inland Empire, historically an extremely strong market for occupancy gains, posted just 772,400 square feet (SF) of positive absorption as the greater Los Angeles basin area posted negative absorption for the first time in 10 years. So, despite the decline in occupancy gains during the first six months of the year, it is favorable news as the Inland Empire was the only market in the greater Los Angeles area to have positive industrial demand, notwithstanding the impacts of the global pandemic.
- On the investment side, capitalization rates (cap rates) held steady at 5.6% at midyear, with only four core markets in this report posting cap rates at or above 6% - Columbus, I-4 Corridor, Cincinnati and Houston. According to Real Capital Analytics, the industrial asset class is the only property type to post positive year-over-year growth at midyear. The demand for industrial space is only likely to increase and capital continues to shift beyond the core markets and into secondary areas.
- Despite the ongoing challenges posed by COVID-19, the big-box market is poised for continued activity. New development remains high as a number of big-box facilities are scheduled to deliver in 2020, with 170.7 MSF under construction at the end of the second quarter of 2020. This will ensure availability to meet the demand of occupiers looking to optimize their supply chains.
- With Amazon's current growth trajectory, big-box fundamentals are expected to remain favorable for the remainder of 2020. The full impact of COVID-19 on U.S. industrial demand is still difficult to determine due to the fluidity of the situation, however, shifting supply chain strategies with an emphasis on omnichannel diversification should keep momentum going for industrial space and increase demand for distribution hubs. The desire to decrease reliance on China is also a positive sign that onshoring or reshoring industrial production will spur further activity in large, big-box industrial space in North America.

Building Inventory

200,000 - 499,999 SF

3,962 Big-Box Buildings | **257** Fully Vacant

500,000 - 749,999 SF

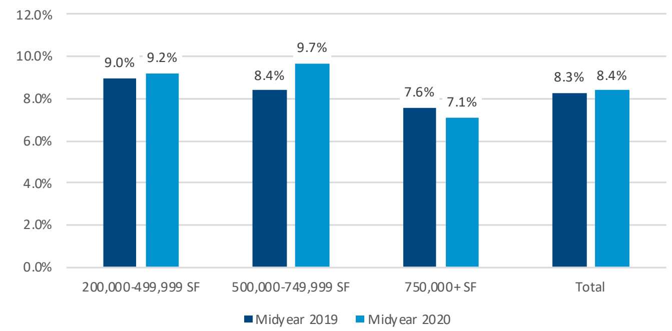
922 Big-Box Buildings | **63** Fully Vacant

> 750,000 SF

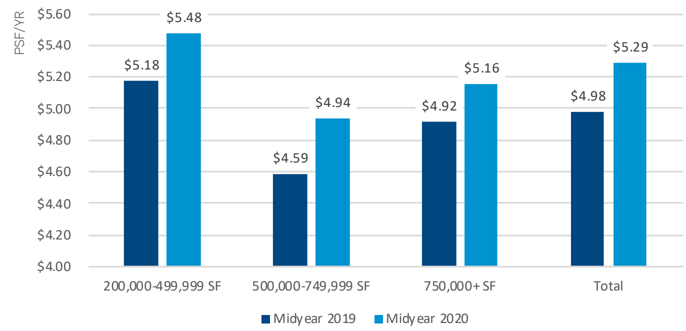
801 Big-Box Buildings | **45** Fully Vacant

Key Statistics | Midyear 2019 and Midyear 2020

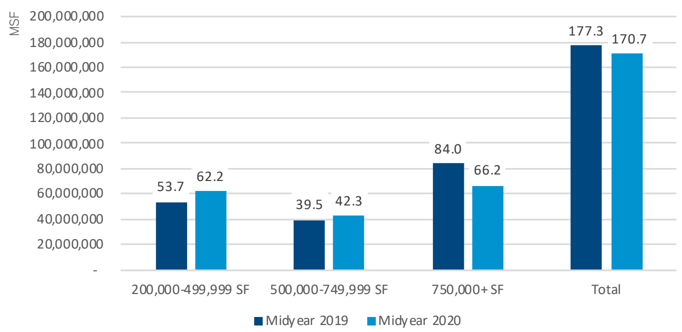
Vacancy Rate



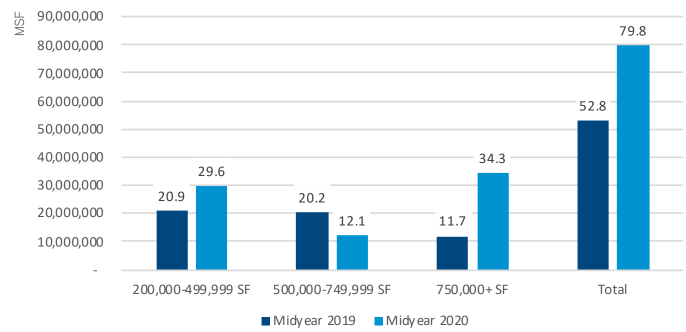
Taking NNN Rent



Under Construction

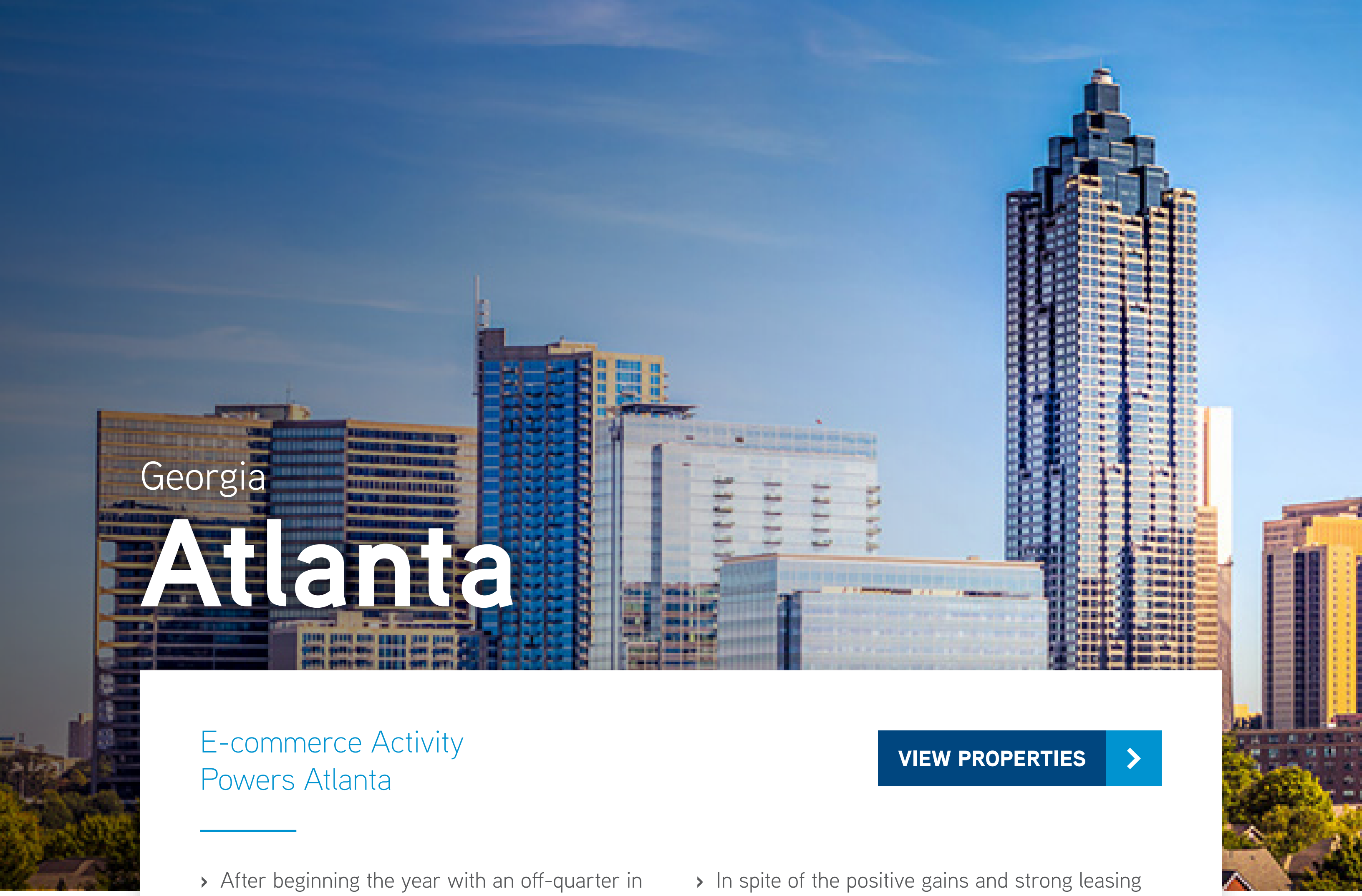


Overall Net Absorption



Historical Data

	# of Bldgs.	Existing Inventory	Vacant Inventory	Vacancy Rate	Leasing Activity	Net Absorption	Taking NNN Rent	Cap Rate	Under Construction	Construction Completions
2010	3,727	1,615,346,560	192,757,265	11.9%	86,815,657	41,521,924	$3.58	7.7%	8,723,202	8,610,043
2011	3,753	1,635,661,988	147,711,580	9.0%	107,934,946	62,129,684	$3.57	7.4%	13,747,187	14,896,284
2012	3,815	1,665,354,067	132,567,492	8.0%	106,975,252	36,507,365	$3.65	7.1%	35,184,002	31,375,859
2013	3,926	1,733,026,243	131,928,223	7.6%	125,709,049	55,557,377	$3.76	6.7%	68,171,313	61,385,179
2014	4,078	1,806,457,017	129,692,932	7.2%	132,567,740	81,105,514	$3.89	6.5%	92,933,985	81,331,353
2015	4,293	1,918,652,260	135,702,449	7.1%	147,511,582	96,231,222	$4.23	6.3%	110,983,762	91,044,177
2016	4,523	2,043,918,127	139,391,394	6.8%	176,713,425	124,963,919	$4.48	5.9%	130,722,178	135,020,155
2017	4,779	2,166,466,308	148,777,317	6.8%	169,308,881	124,278,814	$4.58	5.7%	140,923,903	138,227,092
2018	5,070	2,317,743,162	163,323,627	7.0%	190,769,036	134,357,785	$4.85	5.7%	155,651,469	148,864,681
2019	5,475	2,506,829,718	196,793,424	8.5%	211,352,495	131,309,138	$5.22	5.6%	172,044,307	154,751,755
1H 2020	5,654	2,602,731,923	194,586,543	8.4%	131,674,557	79,786,070	$5.29	5.6%	170,743,317	96,509,209



Georgia

Atlanta

E-commerce Activity Powers Atlanta

VIEW PROPERTIES

- After beginning the year with an off-quarter in the first three months of the year, Atlanta's bulk industrial market roared back during the second quarter, absorbing nearly 4.5 MSF of space, just 8.9% lower than bulk activity one year ago.
- The South Atlanta submarket has seen the majority of new leasing activity in bulk product through midyear 2020. Northeast Atlanta and I-20 West/Fulton Industrial have experienced the highest amount of occupancy gains. In fact, both Amazon and Walmart each occupied million-square-foot buildings at the midyear mark.
- E-commerce is the leading industry taking space in the market, with Amazon at the top of this list. The company has leased 5.9 MSF in 2020; expanding its warehouse and distribution network by 80% in Atlanta. With Amazon's transactions signed during the second quarter, Atlanta's industrial market has reached a new record number of million-square-foot lease transactions ever in one year.
- In spite of the positive gains and strong leasing activity, bulk rental rates have not moved much over the first half of the year. Historically, rental rates have increased on average 3% per year, however, asking rates for bulk space have remained flat year-over-year.
- Development of bulk industrial product remains strong in Atlanta. Developers remain bullish despite the slower than normal permitting process. Nearly 13.4 MSF of new bulk inventory is under construction in the Atlanta area, with major projects for Amazon, Goodyear, Facebook and Home Depot underway.
- The Atlanta bulk market is expected to finish the year strong. Occupancy gains in the back half of the year are expected to top the midyear totals, possibly reaching record levels for Atlanta. The market's fundamentals and location have been the key drivers to its continued growth, even during the pandemic.

DARREN ROSS
Senior Vice President & Principal, Atlanta

"E-commerce continues to be a driving force in the Atlanta market, with approximately 6 MSF of e-commerce space being leased since the beginning of the year. With an estimated $4.13 trillion in total e-commerce sales predicted for 2020, we don't see this trend slowing down anytime soon."

Building Inventory

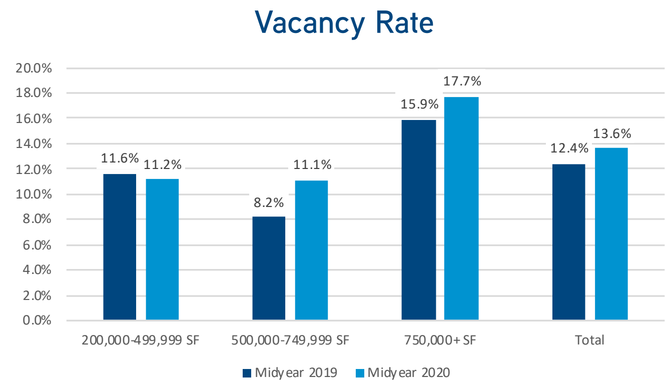
Size	Big-Box Buildings	Fully Vacant
200,000 - 499,999 SF	295	39
500,000 - 749,999 SF	70	6
> 750,000 SF	85	12

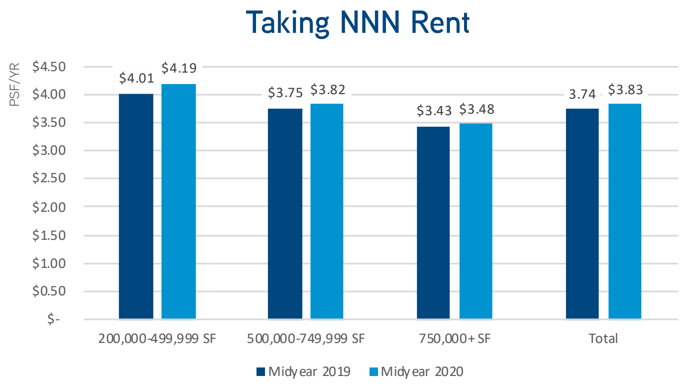
Major Logistics Driver: Port of Savannah

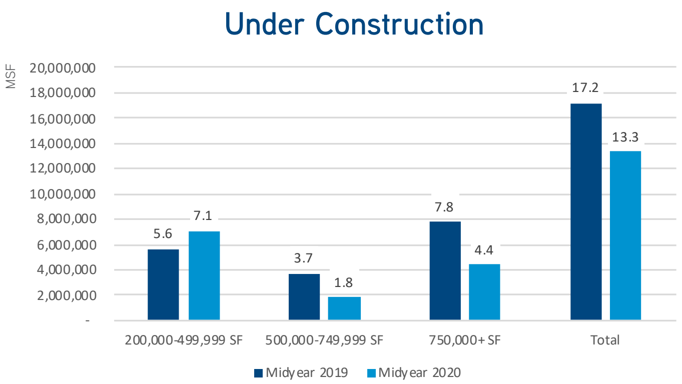
One of Atlanta's many logistics advantages is its close proximity to the Port of Savannah, the fourth-largest seaport in North America and the second-largest on the East Coast. The Port of Savannah is home to the Garden City Terminal — the largest single terminal in the U.S. — which operates two Class I rail yards. Some of the largest industrial markets in the U.S. — including Atlanta — are within just a four-hour drive from the Port of Savannah.

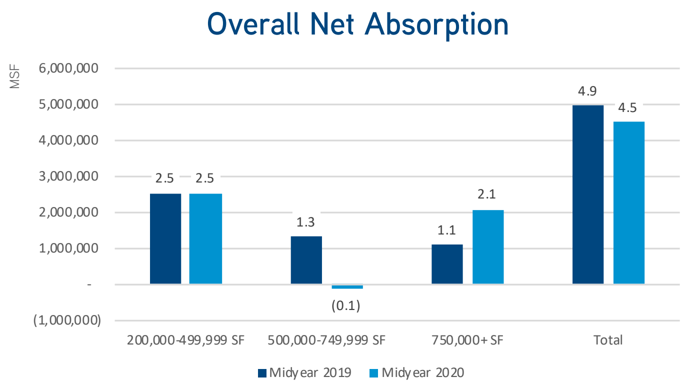
The emergence of various inland ports and intermodal facilities, including the Appalachian Regional Port in Northern Georgia, provide direct rail access to major ports in the southeast. These facilities, and also future plans for truck-only highways throughout northern Georgia, will significantly improve the flow of tractor-trailer traffic in and around the Atlanta area.

Key Statistics | Midyear 2019 and Midyear 2020









Notable Transactions

Big-Box Leases | Midyear 2020

Tenant	Lease Size (SF)	Bldg. Address	City	Lease Type
Amazon	1,128,400	7055 Campbellton Rd.	Atlanta, GA	Direct Lease
Amazon	1,117,529	5000 Lanier Islands Pkwy.	Buford, GA	Direct Lease
Amazon	1,053,360	429 Toy Wright Rd.	Pendergrass, GA	Direct Lease
Walmart	1,021,440	117 Valentine Industrial Pkwy.	Pendergrass, GA	Direct Lease

Big-Box Sales | Midyear 2020

Buyer	Bldg. Size (SF)	Bldg. Address	City	Sale Type	Sale Price (PSF)
Black Creek Group	797,580	3120 Anvil Block Rd.	Ellenwood, GA	Investment	$76
James Campbell Co.	851,349	127 Liberty Industrial Pkwy.	McDonough, GA	Investment	$63
Summit Real Estate Group	538,500	2110-2135 Lawrence Ave.	Atlanta, GA	Investment	$62
MDH Partners	425,300	5300 Kennedy Rd.	Forest Park, GA	Investment	$59

Historical Data

	# of Bldgs.	Existing Inventory	Vacant Inventory	Vacancy Rate	Leasing Activity	Net Absorption	Taking NNN Rent	Cap Rate	Under Construction	Construction Completions
2010	281	124,979,023	22,857,635	18.2%	8,007,777	1,714,789	$2.72	8.5%	2,396,919	2,949,294
2011	284	127,375,942	18,664,800	14.7%	10,562,843	6,539,754	$2.77	7.8%	1,336,120	2,396,919
2012	287	128,997,662	18,436,208	14.3%	16,106,165	1,850,312	$2.74	7.6%	3,042,439	1,621,720
2013	292	132,040,101	17,917,452	13.6%	19,005,643	3,561,195	$2.84	6.9%	2,254,759	3,042,439
2014	299	136,149,150	11,224,702	8.2%	22,088,795	10,801,799	$2.99	6.8%	10,066,437	4,109,049
2015	318	148,487,195	14,163,269	9.5%	13,475,380	7,377,699	$3.23	5.9%	14,077,624	10,316,266
2016	351	166,458,410	20,712,778	12.4%	21,898,806	11,413,706	$3.43	6.1%	14,810,351	17,963,215
2017	377	181,338,200	22,060,664	12.2%	24,279,013	12,903,844	$3.52	6.0%	15,467,898	14,251,730
2018	402	195,990,371	21,930,589	11.2%	22,999,044	14,782,246	$3.63	5.5%	17,202,697	14,652,171
2019	434	214,443,486	26,952,919	12.6%	22,026,200	13,430,785	$3.75	5.0%	13,839,190	18,453,115
1H 2020	450	222,297,751	30,310,603	13.6%	19,338,323	4,496,581	$3.83	5.5%	13,354,660	7,854,265

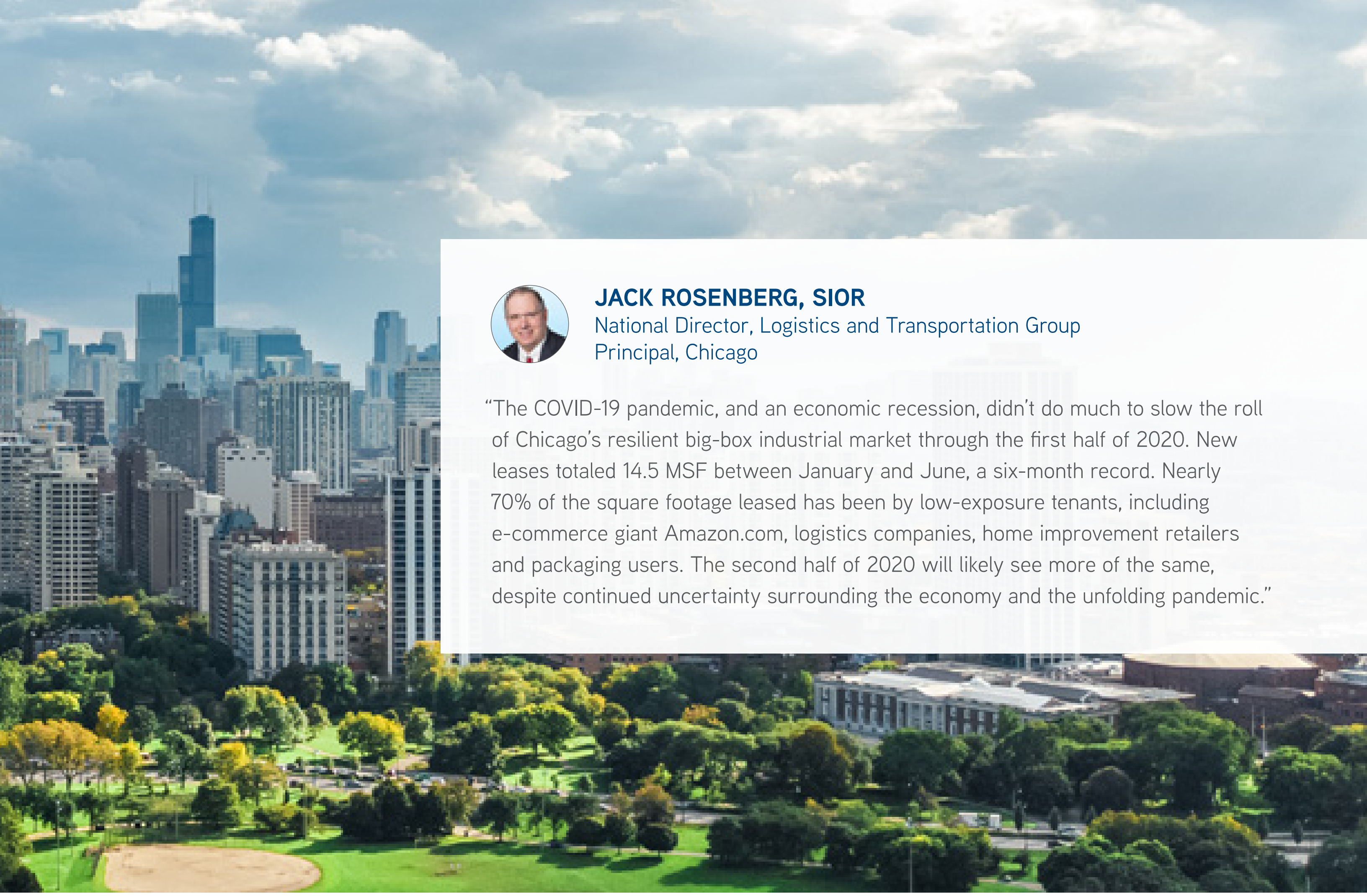
Illinois

Chicago

Big-Box Buildings Defy the Odds Despite Uncertainty

VIEW PROPERTIES

- Chicago's big-box market, a subset of the industrial market's most modern and desirable product, defied the odds between April and June during the height of the pandemic, when it recorded positive net absorption and a vacancy rate decrease in several submarkets, as well as the overall big-box vacancy rate.
- While new leasing activity decreased compared to the record 8.5 MSF recorded during the first quarter of the year, 22 new leases and lease expansions totaling 6 MSF were signed. This figure would stand out during any time period and was particularly impressive given the economic and day-to-day turbulence.
- Some of the leases signed were already in the works prior to the onset of the pandemic, but many – particularly by low-exposure tenants like e-commerce and logistics users – were signed by companies looking to take advantage of the current climate through swift expansion.
- Amazon played an important role in demand during the quarter, signing five leases totaling 2.8 MSF in big-box buildings, accounting for 47% of total new leasing volume recorded. The e-commerce giant committed to an astounding 11 MSF during the period, only a quarter of which took place in the market's big-box buildings.
- Big-box sales volume decreased dramatically during the second quarter of 2020, especially for large investment portfolio sales. The largest sale involved New York-based KKR purchasing a two building 1.5-MSF Amazon campus in Kenosha.



JACK ROSENBERG, SIOR
National Director, Logistics and Transportation Group
Principal, Chicago

"The COVID-19 pandemic, and an economic recession, didn't do much to slow the roll of Chicago's resilient big-box industrial market through the first half of 2020. New leases totaled 14.5 MSF between January and June, a six-month record. Nearly 70% of the square footage leased has been by low-exposure tenants, including e-commerce giant Amazon.com, logistics companies, home improvement retailers and packaging users. The second half of 2020 will likely see more of the same, despite continued uncertainty surrounding the economy and the unfolding pandemic."

Building Inventory

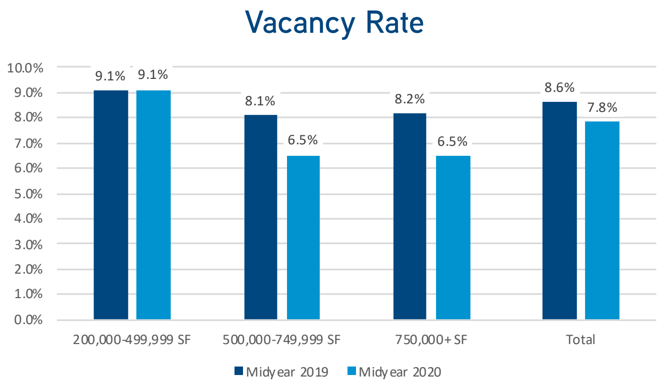
Size	Big-Box Buildings	Fully Vacant
200,000 - 499,999 SF	462	26
500,000 - 749,999 SF	97	3
> 750,000 SF	77	5

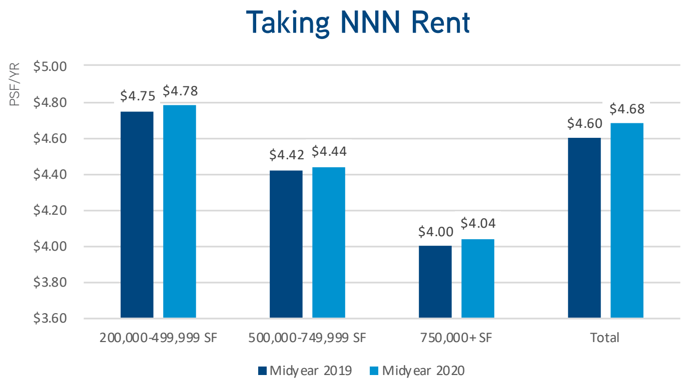
Major Logistics Driver: Rail, Inland Port, Central Location

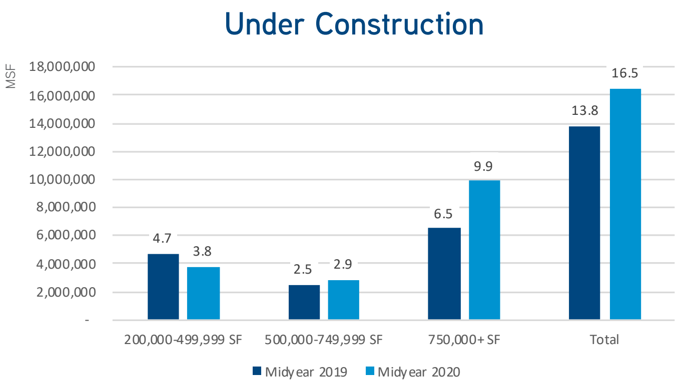
Chicago is the major rail center of the U.S., claiming 70% of the nation's rail and intermodal activity. Six of the seven major rail lines have hubs in the greater Chicago area, a major reason the region is one of the largest big-box industrial markets in the country. Two of these rail lines — the BNSF Railway and Union Pacific Railroad — operate large intermodal centers in Chicago's I-80 Joliet Corridor submarket. Combined, these facilities are considered the largest inland port in North America.

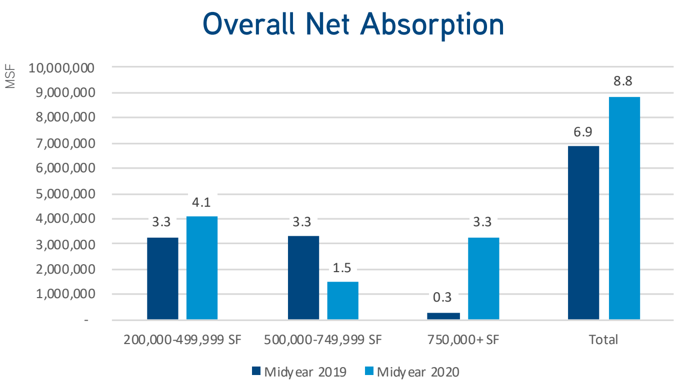
Rail is not the only logistics advantage that the region provides. Three of the nation's busiest transcontinental expressways cross through the region. The Chicago Air Gateway comprises O'Hare International Airport and the Midway International Airport. Consistently recognized as one of the busiest airports in the world, Chicago O'Hare International Airport is not only a national aviation hub, it is also a global air cargo gateway, providing billions of dollars in trade to Chicago's economy.

Key Statistics | Midyear 2019 and Midyear 2020









Notable Transactions

Big-Box Leases | Midyear 2020

Tenant	Lease Size (SF)	Bldg. Address	City	Lease Type
Ferrara	1,660,000	Gurler Road (2 buildings)	DeKalb, IL	Build-to-suit
Harbor Freight Tools	1,646,392	3401 Brandon Rd.	Joliet, IL	Build-to-suit
Lowes Companies	1,380,351	1600 Boudreau Rd.	Manteno, IL	Direct Lease
Amazon	1,300,000	1255 Gateway Blvd.	Beloit, WI	Build-to-suit
Amazon	1,077,602	I-57 & Steger Rd.	University Park, IL	Build-to-suit

Big-Box Sales | Midyear 2020

Buyer	Bldg. Size (SF)	Bldg. Address	City	Sale Type	Sale Price (PSF)
Prologis	6.5+ million	17 Chicago-area big-box buildings	Various	Investment	Part of an acquisition of Liberty Property Trust
Prologis	2.5+ million	8 Chicago-area big-box buildings	Various	Investment	Part of an acquisition of Industrial Property Trust
The Blackstone Group	2.4+ million	5 buildings	Pleasant Prairie & Sturtevant, WI	Investment	Part of a 27-property regional investment portfolio sale
KKR	1,531,878	3501 120th Ave. & 11211 Burlington Rd.	Kenosha, WI	Investment	$176,000,000 - 2-building Amazon.com campus investment sale

Historical Data

	# of Bldgs.	Existing Inventory	Vacant Inventory	Vacancy Rate	Leasing Activity	Net Absorption	Taking NNN Rent	Cap Rate	Under Construction	Construction Completions
2010	406	174,896,238	24,310,577	13.9%	9,876,554	4,022,613	$3.47	6.5%	1,350,000	-
2011	407	176,246,238	17,977,116	10.2%	11,496,182	7,683,461	$3.61	7.0%	627,100	1,350,000
2012	410	177,111,981	15,762,966	8.9%	13,372,315	3,079,893	$3.98	7.0%	4,026,851	865,743
2013	418	183,433,259	15,591,827	8.5%	15,967,560	6,492,417	$4.10	6.5%	4,307,145	6,321,278
2014	437	191,107,885	13,759,768	7.2%	12,902,662	9,506,685	$4.43	5.8%	8,801,182	7,674,626
2015	477	207,187,079	14,710,283	7.1%	16,248,184	15,128,679	$4.46	5.3%	11,037,540	16,079,194
2016	518	224,730,700	16,180,610	7.2%	14,390,831	16,073,293	$4.49	5.0%	19,208,730	17,543,621
2017	554	244,687,531	23,561,292	9.6%	11,266,980	12,576,149	$4.53	5.0%	7,054,698	19,956,831
2018	578	254,916,764	23,132,105	9.1%	16,447,765	10,867,349	$4.58	5.1%	15,650,290	10,235,066
2019	593	261,185,912	23,228,194	8.5%	20,747,392	17,426,927	$4.67	5.2%	12,379,765	17,523,016
1H 2020	636	279,968,856	21,917,243	7.8%	14,512,612	8,840,027	$4.68	5.3%	16,491,255	7,529,076

Ohio

Cincinnati

Leasing Activity in Bulk Space Should Keep Absorption Positive in 2020

VIEW PROPERTIES

- Year-to-date (YTD) occupancy gains for big-box space in the Cincinnati industrial market totaled more than 166,000 SF - by far the lowest total of all 16 markets tracked in this report. This time last year, however, net absorption in this market was negative at -1.1 MSF, so the limited absorption recorded was still an improvement year-over-year.
- Although absorption remains positive, overall vacancy rose to 12.3%, up from 7.8% one year ago. The rise in vacancy can be attributed to large amounts of spec construction delivered in this market. To date, nearly 3.6 MSF of bulk space has delivered, while an additional 3.8 MSF remain in the pipeline. The overwhelming majority of new space added to the market is in the bulk warehouse sector, which, in mid-2018, had reached a historic low vacancy rate of 3.5%.
- Despite the increase in bulk warehouse vacancy, new leasing activity of 2.4 MSF have been recorded YTD and the number of occupiers seeking space greater than 100,000 SF has increased. Tenants including DHL Supply Chain, Proximo Spirits and WestRock all signed leases in excess of 300,000 SF during the first six months of the year.
- New inventory will continue to keep bulk warehouse vacancy levels elevated, but forecasts for sustained demand should provide a consistent flow of leasing activity. Development projects for Amazon, Kroger and Rhinestahl Corp. remain under construction and should all be delivered early in 2021.
- The Cincinnati market continues to record rent growth, but not at the rapid pace seen in the recent past. After posting out-sized rental rate gains over the last 5 years, rent growth has moderated with bulk warehouse rents increasing by just 1.9% year-over-year.

JOHN B. GARTNER III, SIOR
Senior Vice President & Principal, Cincinnati

"After posting record low vacancies in mid-2018, the Cincinnati industrial market has been in a state of transition. During this period, development activity accelerated, delivering much needed new inventory, which along with occupiers downsizing or vacating second generation space resulted in increased vacancy. This year started off robust, but was soon slowed by the state-mandated lockdowns. Activity levels have begun to increase with more inquiries, tours and leases executed later in the second quarter. But to our dismay, Cincinnati was not immediately a beneficiary of the e-commerce growth that surged during lockdowns across the country. As we enter the third quarter, industrial occupiers are scrambling to fulfill rapidly growing online sales, redesign supply chains and boost inventory levels to eliminate the risk of future disruptions. These efforts will produce greater net absorption by year's end than we've seen in the past 18 months, providing a very positive finish to an overall COVID-19 ridden 2020."

Building Inventory

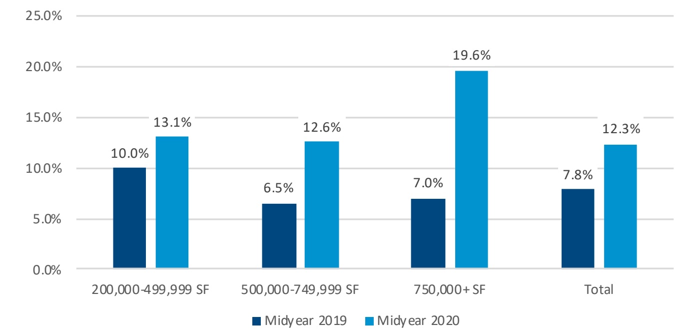
Size	Big-Box Buildings	Fully Vacant
200,000 - 499,999 SF	124	8
500,000 - 749,999 SF	35	4
> 750,000 SF	17	4

Major Logistics Driver: Amazon Prime Air Hub

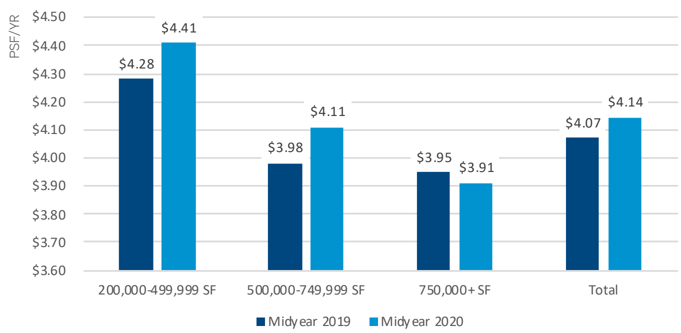
Currently under construction, the first phase of Amazon's Prime Air Hub scheduled to open in early 2021 at the Greater Cincinnati/Northern Kentucky International Airport (CVG) covers a footprint measuring 819,000 SF with multiple mezzanine levels for robotic operations. Upon full completion in 2026, the facility will encompass 3.3 MSF and employ more than 2,000 people. Amazon has been operational at CVG for over a year sharing an air cargo facility with DHL, who operates its North American super hub at the airport. Cargo-related operations have increased significantly and CVG now ranks as the seventh-largest cargo airport by volume in the U.S. The Cincinnati industrial market has been a beneficiary of this growth and development has increased in the area in anticipation of additional demand for warehouse and logistics space from 3PL's and e-commerce occupiers. Anticipating continued rapid growth at CVG, air cargo solutions provider, Atlas Air, has selected northern Kentucky for expansion and is constructing a 100,000 SF headquarters facility within a few miles of the airport.

Key Statistics | Midyear 2019 and Midyear 2020

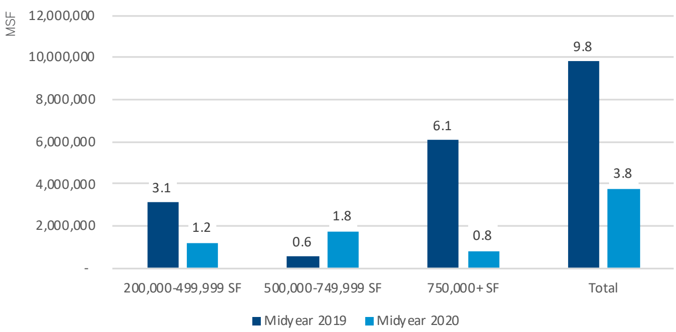
Vacancy Rate



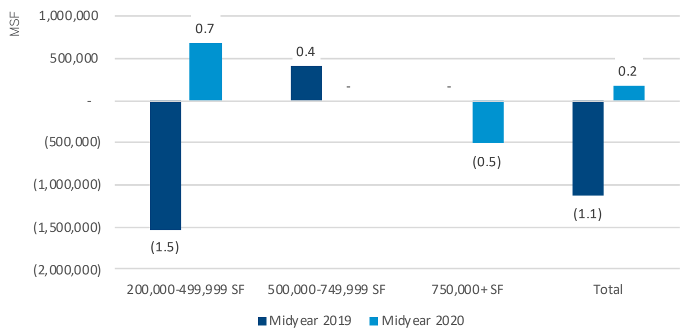
Taking NNN Rent



Under Construction



Overall Net Absorption



Notable Transactions

Big-Box Leases | Midyear 2020

Tenant	Lease Size (SF)	Bldg. Address	City	Lease Type
Proximo	589,200	2365 Litton Ln.	Hebron, KY	Direct Lease
DB Schenker	250,000	61 Logistics Blvd.	Walton, KY	Direct Lease
OIA	200,000	2350 Progress Dr.	Hebron, KY	Direct Lease
PAC National	194,936	575 Gateway Blvd.	Monroe, OH	Direct Lease

Big-Box Sales | Midyear 2020

Buyer	Bldg. Size (SF)	Bldg. Address	City	Sale Type	Sale Price (PSF)
Lightstone Acquistions	580,166	9555 Dry Fork Rd.	Harrison, OH	Investment	$42
Granite REIT	479,512	8754 Trade Point Dr.	Hamilton, OH	Investment	$70
Granite REIT	374,160	8779 Le Saint Dr.	West Chester, OH	Investment	$65
Hillwood	533,720	10900 Kenwood Rd.	Blue Ash, OH	Investment	$58

Historical Data

	# of Bldgs.	Existing Inventory	Vacant Inventory	Vacancy Rate	Leasing Activity	Net Absorption	Taking NNN Rent	Cap Rate	Under Construction	Construction Completions
2010	125	48,106,385	5,641,802	11.7%	-	1,045,520	$2.93	9.0%	366,096	-
2011	126	48,909,185	6,368,636	13.0%	3,013,872	(726,834)	$2.88	8.1%	930,588	802,800
2012	128	49,111,185	5,509,099	11.2%	2,279,043	1,061,537	$2.77	8.0%	1,227,046	1,072,046
2013	131	50,169,056	4,143,516	8.3%	5,358,153	2,423,454	$3.05	7.2%	1,789,500	1,150,000
2014	133	51,394,043	2,662,329	5.2%	3,007,563	3,144,497	$2.81	7.2%	2,156,220	1,808,164
2015	137	53,623,657	3,179,593	5.9%	1,956,168	1,809,123	$3.36	6.9%	2,110,587	2,931,375
2016	143	57,289,504	4,191,432	7.3%	3,444,246	2,654,038	$3.67	7.0%	2,214,973	3,665,877
2017	148	59,363,184	3,335,511	5.6%	5,470,578	2,910,501	$3.88	6.1%	3,663,328	2,073,680
2018	157	66,072,237	2,640,734	4.0%	5,759,419	5,248,250	$4.00	6.0%	7,128,374	4,728,915
2019	169	72,320,061	6,811,435	9.4%	3,219,129	2,076,433	$4.14	5.5%	5,162,853	7,925,540
1H 2020	176	74,901,244	9,227,183	12.3%	2,371,015	166,470	$4.20	6.5%	3,788,256	3,557,620

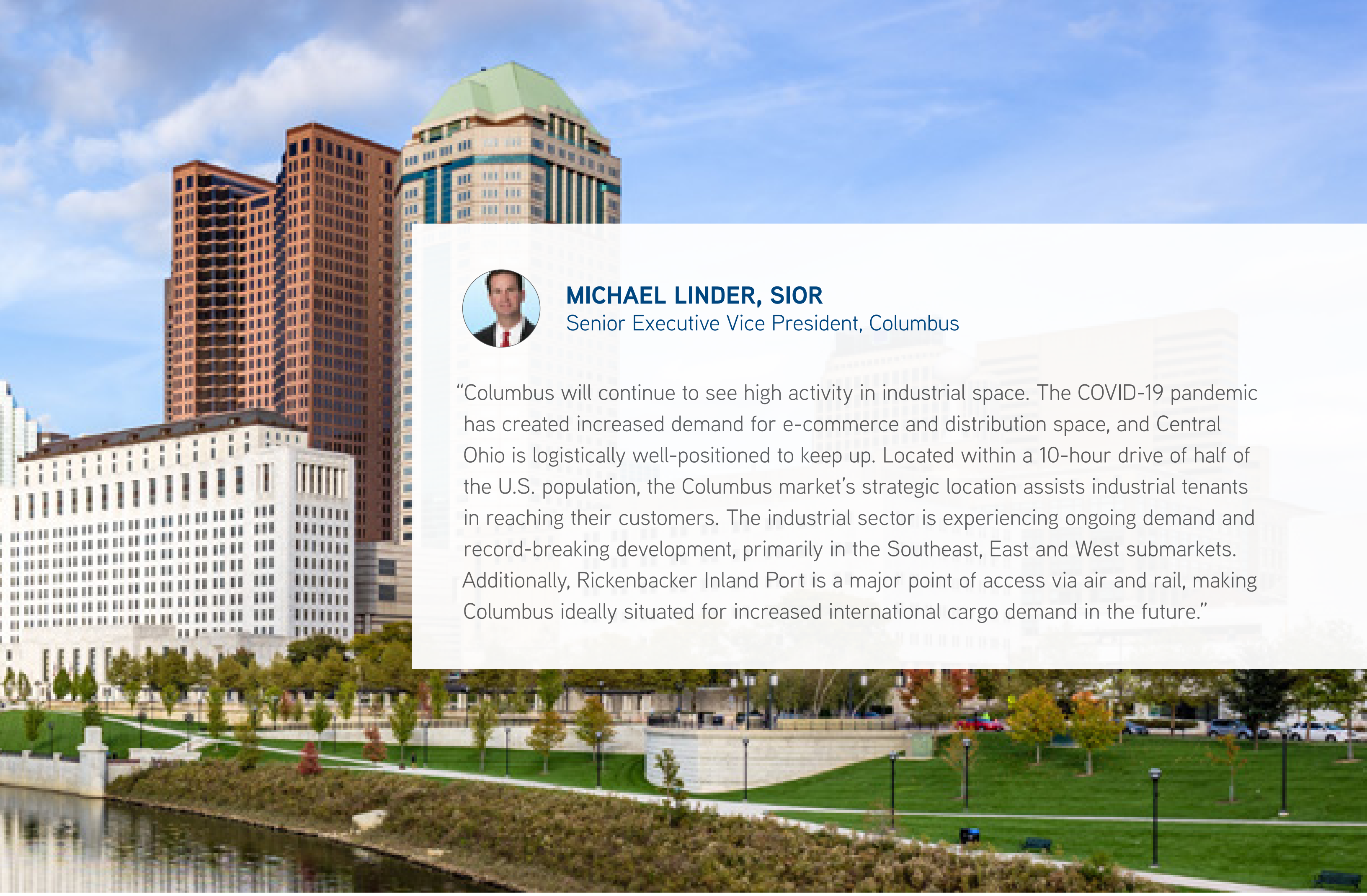
Ohio

Columbus

Columbus Well-positioned for Projected E-commerce Demand Post-COVID-19

VIEW PROPERTIES

- Despite uncertainty regarding the COVID-19 pandemic, the Columbus big-box market experienced a strong start to the year, posting nearly 2.8 MSF of net absorption YTD.
- Vacancy increased slightly to 10.2%, up from 8.1% one year ago, but is expected to decrease in the second half of the year as new product gets leased up. This increase is largely attributed to the speculative development that delivered vacant during the quarter.
- Overall net rents for big-box properties saw an uptick to $3.93 per square foot, an 8.9% increase over 2019 due to an influx of new bulk development. The construction pipeline also remains robust with nearly 6.5 MSF of big-box product currently underway.
- New leasing activity totaled nearly 3.2 MSF YTD, with the largest leases of the year signed by prominent e-commerce and logistics companies, which continue to drive activity throughout the market. Amazon signed a 1.2 MSF lease in Etna and ODW Logistics leased 500,000 SF in Lockbourne.
- Investment activity has slowed slightly due to the COVID-19 pandemic, with five big-box properties totaling 2.9 MSF sold at midyear 2020. Cap rates remain unchanged from 2019 at 7.0%.



MICHAEL LINDER, SIOR
Senior Executive Vice President, Columbus

"Columbus will continue to see high activity in industrial space. The COVID-19 pandemic has created increased demand for e-commerce and distribution space, and Central Ohio is logistically well-positioned to keep up. Located within a 10-hour drive of half of the U.S. population, the Columbus market's strategic location assists industrial tenants in reaching their customers. The industrial sector is experiencing ongoing demand and record-breaking development, primarily in the Southeast, East and West submarkets. Additionally, Rickenbacker Inland Port is a major point of access via air and rail, making Columbus ideally situated for increased international cargo demand in the future."

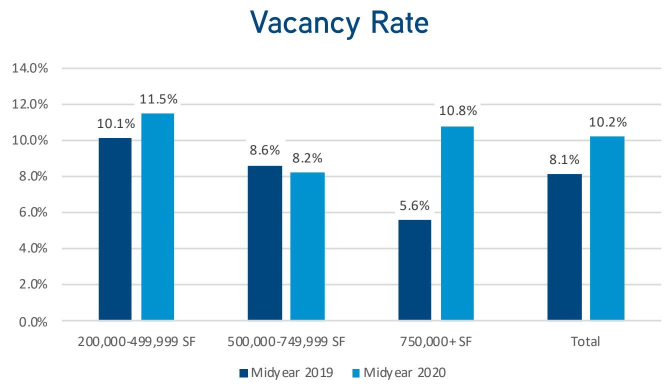
Building Inventory

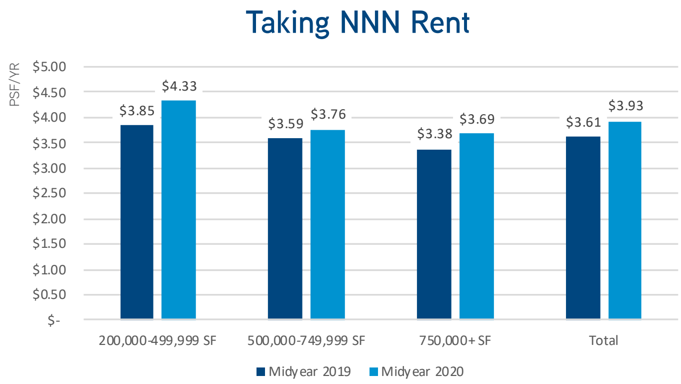
200,000 - 499,999 SF	500,000 - 749,999 SF	> 750,000 SF
124 Big-Box Buildings	27 Big-Box Buildings	34 Big-Box Buildings
7 Fully Vacant	2 Fully Vacant	3 Fully Vacant

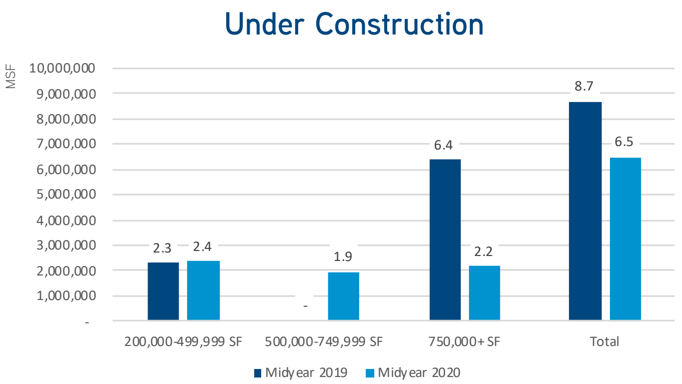
Major Logistics Driver: Rickenbacker Inland Port

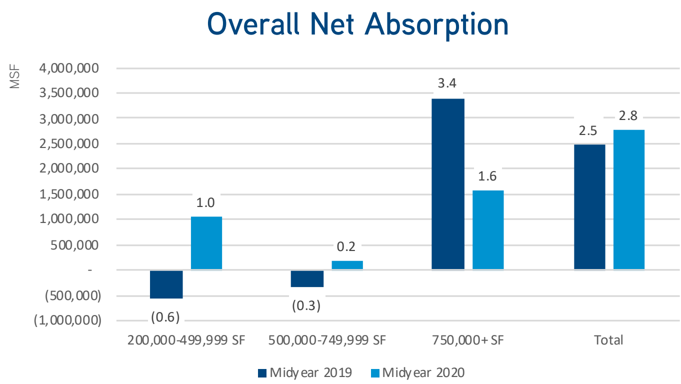
The Columbus industrial market is a leader in global logistics due to the area's prime location and easy access to the rest of the country. Located southeast of downtown Columbus, the Rickenbacker Inland Port is the region's major logistics driver. One of the world's only cargo-specific airports, Rickenbacker has 500,000 SF of air cargo facility space, 130 acres of cargo ramp and handles more than 255 million pounds of cargo every year. Rickenbacker is also home to a Global Logistics Park, currently offering over 70 MSF of first-class distribution space. Directly connecting Columbus to the rest of the world, Rickenbacker Inland Port helps enable industrial occupiers in the area to reach millions of global customers.

Key Statistics | Midyear 2019 and Midyear 2020









Notable Transactions

Big-Box Leases | Midyear 2020

Tenant	Lease Size (SF)	Bldg. Address	City	Lease Type
Confidential	1,232,149	8591 Mink St. SW	Etna, OH	Direct Lease
Confidential	1,059,000	1260 London Groveport Rd.	Columbus, OH	Direct Lease
ODW Logistics	500,000	1450 Commodity Blvd.	Lockbourne, OH	Direct Lease
Shiseido Americas	323,571	5275 Centerpoint Pkwy.	Groveport, OH	Direct Lease

Big-Box Sales | Midyear 2020

Buyer	Bldg. Size (SF)	Bldg. Address	City	Sale Type	Sale Price (PSF)
DHL	1,199,488	2829-2869 Rohr Rd.	Groveport, OH	Investment	$52
Granite REIT	484,216	6201 Green Pointe Dr. S	Groveport, OH	Investment	$67
Exeter	513,760	87-103 Heritage Dr.	Pataskala, OH	Investment	$50
Forward Air	240,000	6700 Port Rd.	Groveport, OH	Owner User	$40

Historical Data

	# of Bldgs.	Existing Inventory	Vacant Inventory	Vacancy Rate	Leasing Activity	Net Absorption	Taking NNN Rent	Cap Rate	Under Construction	Construction Completions
2010	131	68,334,484	9,048,373	12.9%	4,720,497	2,133,886	$2.88	7.8%	-	-
2011	131	68,334,484	10,172,679	14.7%	5,480,145	(1,233,165)	$2.65	7.9%	-	-
2012	131	68,334,484	8,277,577	12.0%	5,216,773	1,895,102	$2.43	7.6%	478,053	-
2013	133	69,406,367	6,596,766	9.3%	6,214,907	2,757,896	$2.32	7.4%	1,221,653	1,071,883
2014	138	71,826,948	5,398,180	7.4%	6,294,946	3,619,167	$2.86	7.1%	1,369,912	2,420,581
2015	142	74,053,660	8,572,251	11.1%	9,518,280	(708,685)	$3.08	6.9%	4,703,145	2,226,712
2016	149	78,756,805	7,313,695	9.0%	4,413,865	5,831,622	$3.08	7.0%	831,350	4,703,145
2017	153	80,146,300	5,751,928	8.0%	6,454,459	2,946,472	$3.34	7.1%	4,995,525	1,389,495
2018	161	84,839,513	6,382,079	7.5%	9,275,480	3,676,077	$3.57	7.1%	465,478	4,759,380
2019	170	90,083,127	7,328,447	8.1%	6,012,418	2,479,249	$3.61	7.0%	8,686,042	3,003,471
1H 2020	185	96,683,902	9,869,466	10.2%	3,188,813	2,769,668	$3.93	7.0%	6,491,198	5,134,664

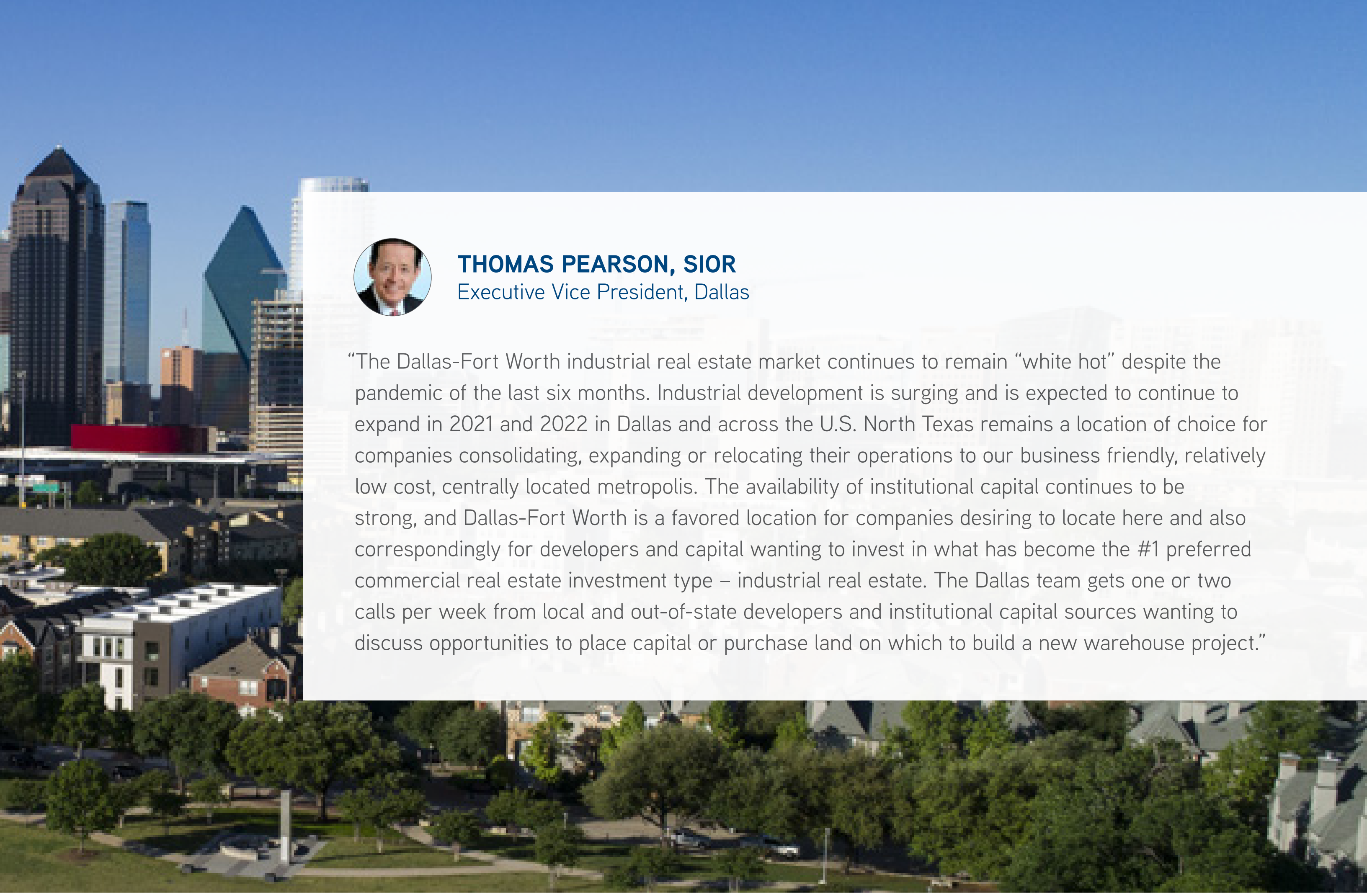
Texas

Dallas-Fort Worth

Dallas-Fort Worth Industrial Market Continues Growth Despite Pandemic

VIEW PROPERTIES

- The Dallas-Fort Worth market has experienced unimaginable success during a time when the COVID-19 pandemic has stricken the country. Companies are continuing to take advantage of Dallas' central location, inexpensive labor rates for a major metropolitan area and an abundance of newly constructed warehouse product.
- Leasing activity through the first half of 2020 is the hottest it has ever been. Tenants signed deals for more than 15.5 MSF in these first two quarters – a record for this market. Occupancy gains also set a record with more space being absorbed, over 14.5 MSF, in the first and second quarters of 2020 than in any other comparative time period. The previous record was in 2019 when 8.8 MSF was absorbed.
- Record absorption and vacancy levels of 10.2% are keeping demand for new, modern space and construction levels high with 19.3 MSF of space set to deliver over the next 12 months. There were four new buildings totaling over 2 MSF that began construction in the second quarter. Much of the product that is currently under construction is being built on a speculative basis, which in turn means that of the 39 buildings under construction, over 25 buildings are without any pre-leasing activity and are being marketed as fully available.
- Rental rates continue their upward trend as rates rose to $4.31 per square foot (PSF). This is the first time in which overall asking rates were over $4.00 PSF. The largest jump in rates occurred in big-box buildings between 200,000 to 499,999 SF with rates increasing more than $0.60 over this time last year.



THOMAS PEARSON, SIOR
Executive Vice President, Dallas

"The Dallas-Fort Worth industrial real estate market continues to remain "white hot" despite the pandemic of the last six months. Industrial development is surging and is expected to continue to expand in 2021 and 2022 in Dallas and across the U.S. North Texas remains a location of choice for companies consolidating, expanding or relocating their operations to our business friendly, relatively low cost, centrally located metropolis. The availability of institutional capital continues to be strong, and Dallas-Fort Worth is a favored location for companies desiring to locate here and also correspondingly for developers and capital wanting to invest in what has become the #1 preferred commercial real estate investment type – industrial real estate. The Dallas team gets one or two calls per week from local and out-of-state developers and institutional capital sources wanting to discuss opportunities to place capital or purchase land on which to build a new warehouse project."

Building Inventory

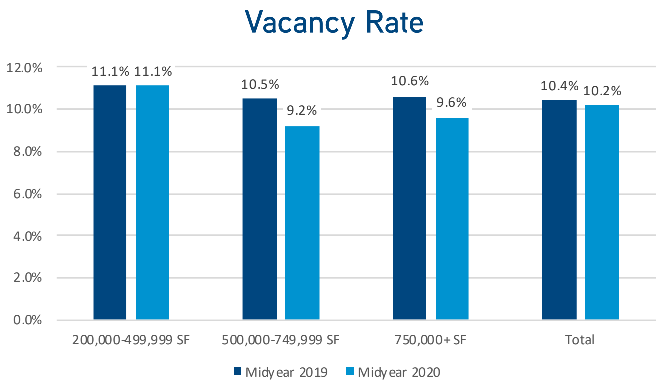
Size	Big-Box Buildings	Fully Vacant
200,000 - 499,999 SF	409	46
500,000 - 749,999 SF	106	11
> 750,000 SF	77	11

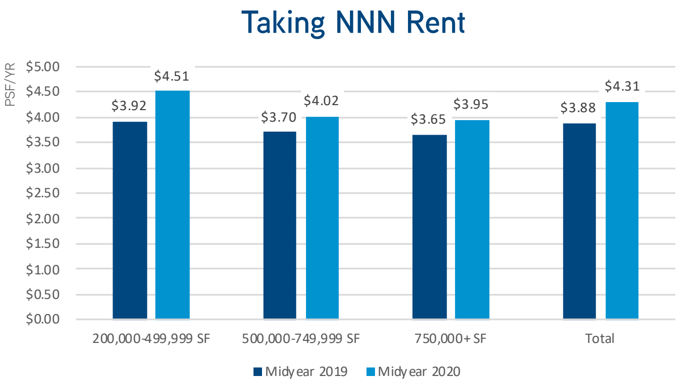
Major Logistics Driver: Alliance Global Logistics Hub and International Inland Port of Dallas

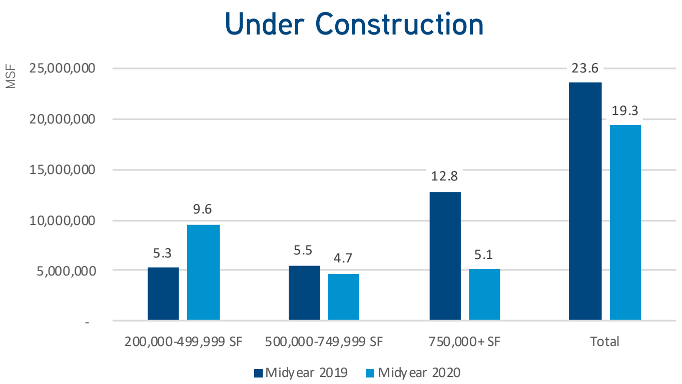
Dallas-Fort Worth's central U.S. location enables the market to act as an advantageous distribution hub, with quick access to rail, air and over-the-ground truck transportation. The region is a global inland port with two locations capable of large-scale cargo operations: Alliance Global Logistics Hub and the International Inland Port of Dallas.

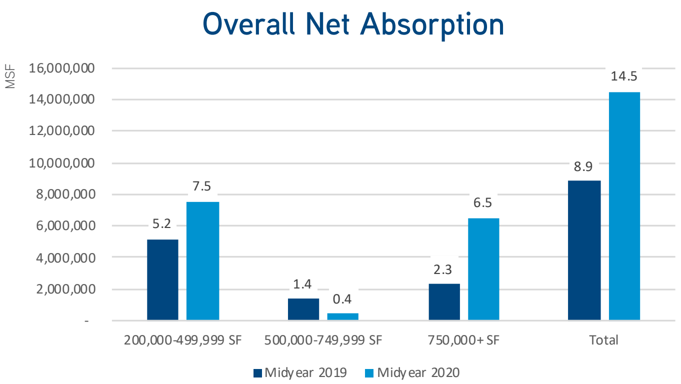
Home to major rail logistics operations for the two primary western U.S. railroads — BNSF Railway Company and Union Pacific Corp. — Dallas-Fort Worth is able to tap into major East-West arteries and provide important links to Mexican markets. By truck, distributors can efficiently move products throughout the central U.S., reaching 93% of the population within 48 hours.

Key Statistics | Midyear 2019 and Midyear 2020









Notable Transactions

Big-Box Leases | Midyear 2020

Tenant	Lease Size (SF)	Bldg. Address	City	Lease Type
Amazon	1,000,584	2601 S Airfield Dr.	Fort Worth, TX	Direct Lease
General Mills	856,278	4901 Henrietta Creek Rd.	Fort Worth, TX	Renewal
Geodis	616,875	3700 Pinnacle Point Dr.	Roanoke, TX	Renewal
Mars Petcare	610,806	2801 N Houston School Rd.	Lewisville, TX	Direct Lease

Big-Box Sales | Midyear 2020

Buyer	Bldg. Size (SF)	Bldg. Address	City	Sale Type	Sale Price (PSF)
Black Creek Group	281,092	1050 Luna Rd.	Dallas, TX	Investment	$112
Suntrust Equity Funding	394,000	770 Gateway Blvd.	Fort Worth, TX	Investment	$95
Longpoint Realty Partners	491,000	1201 & 1301 NE Loop 820	Fort Worth, TX	Investment	$84
Cabot Properties	754,897	1200 W Wintergreen Rd.	Dallas, TX	Investment	$59

Historical Data

	# of Bldgs.	Existing Inventory	Vacant Inventory	Vacancy Rate	Leasing Activity	Net Absorption	Taking NNN Rent	Cap Rate	Under Construction	Construction Completions
2010	340	145,009,269	26,718,863	18.4%	11,220,396	2,671,806	$3.21	7.8%	1,020,000	400,123
2011	342	146,334,269	20,076,380	13.7%	18,681,128	7,967,483	$3.18	8.0%	951,480	1,325,000
2012	343	147,285,749	15,199,568	10.3%	17,110,084	5,828,292	$3.22	8.0%	3,265,722	951,480
2013	355	153,766,811	12,332,085	8.0%	24,325,827	9,348,545	$3.26	7.4%	12,361,705	6,481,062
2014	380	168,385,832	18,446,053	11.0%	22,270,784	8,010,535	$3.51	6.3%	12,875,794	14,124,503
2015	414	183,932,283	20,022,968	10.9%	27,778,017	13,515,128	$3.66	6.8%	14,886,023	15,092,043
2016	451	199,696,266	18,626,953	9.3%	26,030,839	16,665,998	$3.80	7.0%	20,545,209	15,269,983
2017	496	222,763,915	21,912,844	9.8%	25,571,250	18,886,724	$3.81	6.0%	18,515,194	22,067,065
2018	534	240,496,372	26,842,818	11.2%	29,317,820	12,576,553	$3.85	5.6%	22,770,753	17,506,527
2019	568	258,302,262	26,866,745	10.4%	29,612,062	17,781,963	$3.88	5.5%	26,602,307	17,805,890
1H 2020	592	273,833,609	27,895,247	10.2%	15,552,166	14,502,845	$4.31	5.3%	19,349,457	15,531,347

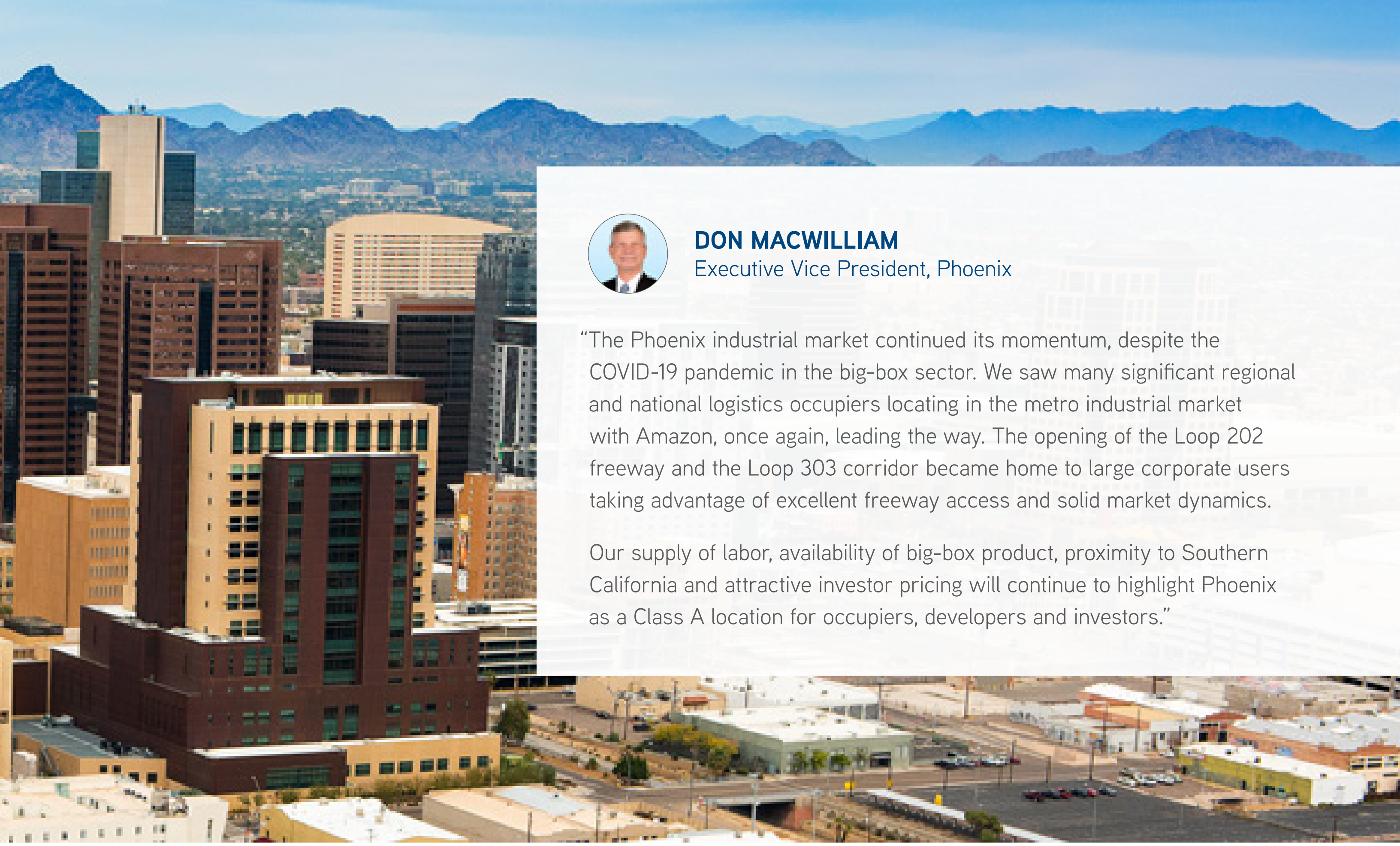
Arizona

Greater Phoenix

COVID-19 Elicits Increased Demand for E-Commerce and Cold Storage Space

VIEW PROPERTIES

- The Phoenix big-box market remains an attractive option for occupiers and investors because of its proximity to a growing population, a strong workforce base, an expanded and modernized highway system and more attractive rental rates compared to markets in Southern California. Although the Phoenix market is the second-smallest big-box market tracked in this report, activity here rivals many of the larger markets, despite the uncertainty surrounding the COVID-19 pandemic.
- Fueled by high demand for e-commerce fulfillment centers, 2020 has the highest inventory of big-box facilities under construction ever in the Phoenix metro. Along with a handful of speculative development, major projects for Amazon, Lucid Motors, RRB Beverage Operations and Red Bull are underway. Projects under construction are moving along as quickly as supply allows, and a slowdown in construction materials seems to be one of the main factors hindering construction.
- Overall big-box vacancy remains high however, and stood at 15.2% at midyear, 40 basis points (bps) higher than the 14.8% recorded a year ago. New supply has continued to put upward pressure on vacancy in this market, although vacancy has not exceeded 20% since Q3 2016. To-date, 3.6 MSF of new big-box development has been added to the Phoenix industrial market. However, experiencing unprecedented times and the impact of COVID-19, Nike pulled out of its facility in Goodyear. Per a development deal with the City of Goodyear, the company was expected to invest $184.5 million into the first phase.
- With demand for modern big-box space reaching all-time highs in this market, occupancy gains totaled nearly 5.3 MSF for the first half of the year. Net absorption in the first half of 2020 is the highest of any half year period over the past 10 years. As anticipated, more consumers are converting their shopping habits to online, creating an increased demand for warehouse space. The increase of online grocery shopping has created a new demand for cold storage warehouses as well, which should continue in the quarters to come.



DON MACWILLIAM
Executive Vice President, Phoenix

"The Phoenix industrial market continued its momentum, despite the COVID-19 pandemic in the big-box sector. We saw many significant regional and national logistics occupiers locating in the metro industrial market with Amazon, once again, leading the way. The opening of the Loop 202 freeway and the Loop 303 corridor became home to large corporate users taking advantage of excellent freeway access and solid market dynamics.

Our supply of labor, availability of big-box product, proximity to Southern California and attractive investor pricing will continue to highlight Phoenix as a Class A location for occupiers, developers and investors."

Building Inventory

Size	Big-Box Buildings	Fully Vacant
200,000 - 499,999 SF	105	17
500,000 - 749,999 SF	25	3
> 750,000 SF	16	2

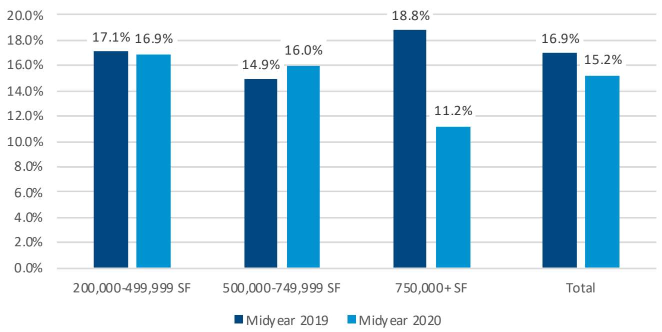
Major Logistics Driver: Loop 303 Construction, Phoenix Sky Harbor Airport

Phoenix expanded its local interstate system, including improvements and expansions to Loop 202 and 303. This, along with its location along I-10, gives the market a significant logistical advantage in reaching the Southwest populace. Rail access is also robust with two transcontinental railroads servicing the area. Approximately 65% of industrial big-box space that is currently under construction is located along west Loop 303. This nine-mile stretch is gaining more and more attractiveness to developers, and land sales have drastically increased in the past 12 months. This corridor has attracted large companies like REI, Dicks Sporting Goods and Sub-Zero. In June, Microsoft completed the first site, a 244,666 SF data center that sits on 279 acres in Goodyear. Historically, big-box facilities have clustered south of I-10 and east of Loop 101, which accounts for 67% of total inventory.

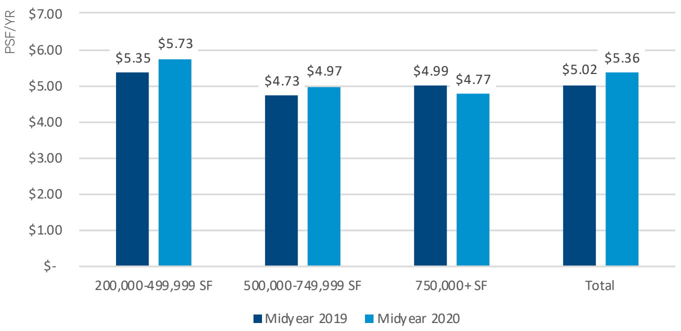
The Phoenix Sky Harbor Airport is a burgeoning air cargo hub utilized by both FedEx and UPS, that recently ranked 18th in the country in total cargo. The Greater Phoenix region's biggest logistics driver is its populace. The region boasts a growing population and the third-largest labor pool for distribution occupations in the Western U.S. Distribution wages are lower than California and Arizona is also a right to work state. With the increased need for labor because of e-commerce, the region will continue to prosper for the foreseeable future.

Key Statistics | Midyear 2019 and Midyear 2020

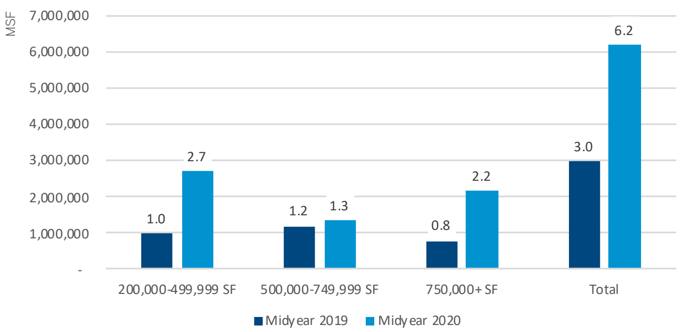
Vacancy Rate



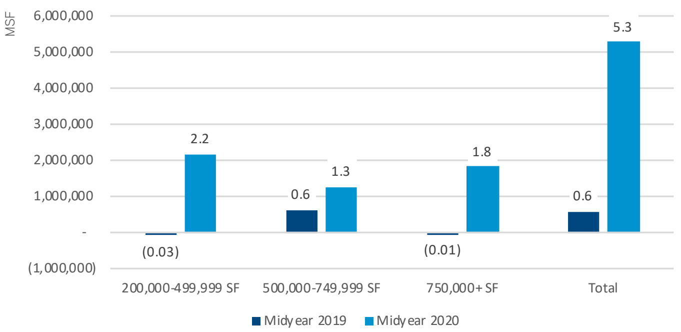
Taking NNN Rent



Under Construction



Overall Net Absorption



Notable Transactions

Big-Box Leases | Midyear 2020

Tenant	Lease Size (SF)	Bldg. Address	City	Lease Type
Amazon	1,100,000	8181 W. Roosevelt St.	Phoenix, AZ	Direct Lease
Dexcom	486,000	8046 E. Ray Rd.	Mesa, AZ	Direct Lease
Lucid Motors	479,207	1115 W. Alameda Dr.	Tempe, AZ	Direct Lease
ABB Electrification	379,828	8001 W. Buckeye Rd.	Tolleson, AZ	Direct Lease

Big-Box Sales | Midyear 2020

Buyer	Bldg. Size (SF)	Bldg. Address	City	Sale Type	Sale Price (PSF)
Cohen Asset Management	554,000	3333 S. 59th Ave.	Phoenix, AZ	Investment	$110
Cohen Asset Management	325,800	7400 W. Buckeye Rd.	Phoenix, AZ	Investment	$94
Industrial Logistics Properties Trust	513,407	16920 W. Commerce Ln.	Goodyear, AZ	Investment	$85
Goldman Sachs	418,651	12000 N. 132nd Ave.	Surprise, AZ	Investment	$78

Historical Data

	# of Bldgs.	Existing Inventory	Vacant Inventory	Vacancy Rate	Leasing Activity	Net Absorption	Taking NNN Rent	Cap Rate	Under Construction	Construction Completions
2010	97	41,237,612	8,467,351	20.5%	5,459,503	3,423,782	$3.96	7.6%	-	1,434,659
2011	97	41,237,612	3,662,073	8.9%	7,043,236	4,693,378	$3.71	5.7%	-	-
2012	97	41,237,612	3,158,223	7.7%	3,018,037	5,535	$4.31	7.2%	2,250,640	-
2013	105	45,080,588	7,365,129	16.3%	1,850,911	(642,091)	$4.23	5.2%	698,853	3,564,815
2014	106	45,779,441	7,983,721	17.4%	1,791,359	80,261	$4.36	5.2%	1,344,038	698,853
2015	111	48,282,891	8,100,084	16.8%	3,098,804	1,765,151	$4.45	5.7%	437,910	1,730,138
2016	115	49,624,149	7,803,916	15.7%	7,462,832	1,193,635	$4.34	6.9%	1,869,645	1,087,910
2017	122	52,404,981	6,547,064	12.5%	4,559,313	4,638,966	$4.56	5.0%	2,930,872	2,780,832
2018	130	56,780,827	9,416,093	16.6%	5,269,355	1,281,943	$4.88	5.3%	1,815,040	4,150,972
2019	137	59,165,659	10,023,554	16.9%	6,981,035	1,062,466	$5.21	5.6%	5,154,124	2,384,832
1H 2020	146	63,088,278	9,573,729	15.2%	4,992,386	5,276,847	$5.36	-	6,204,560	3,557,192

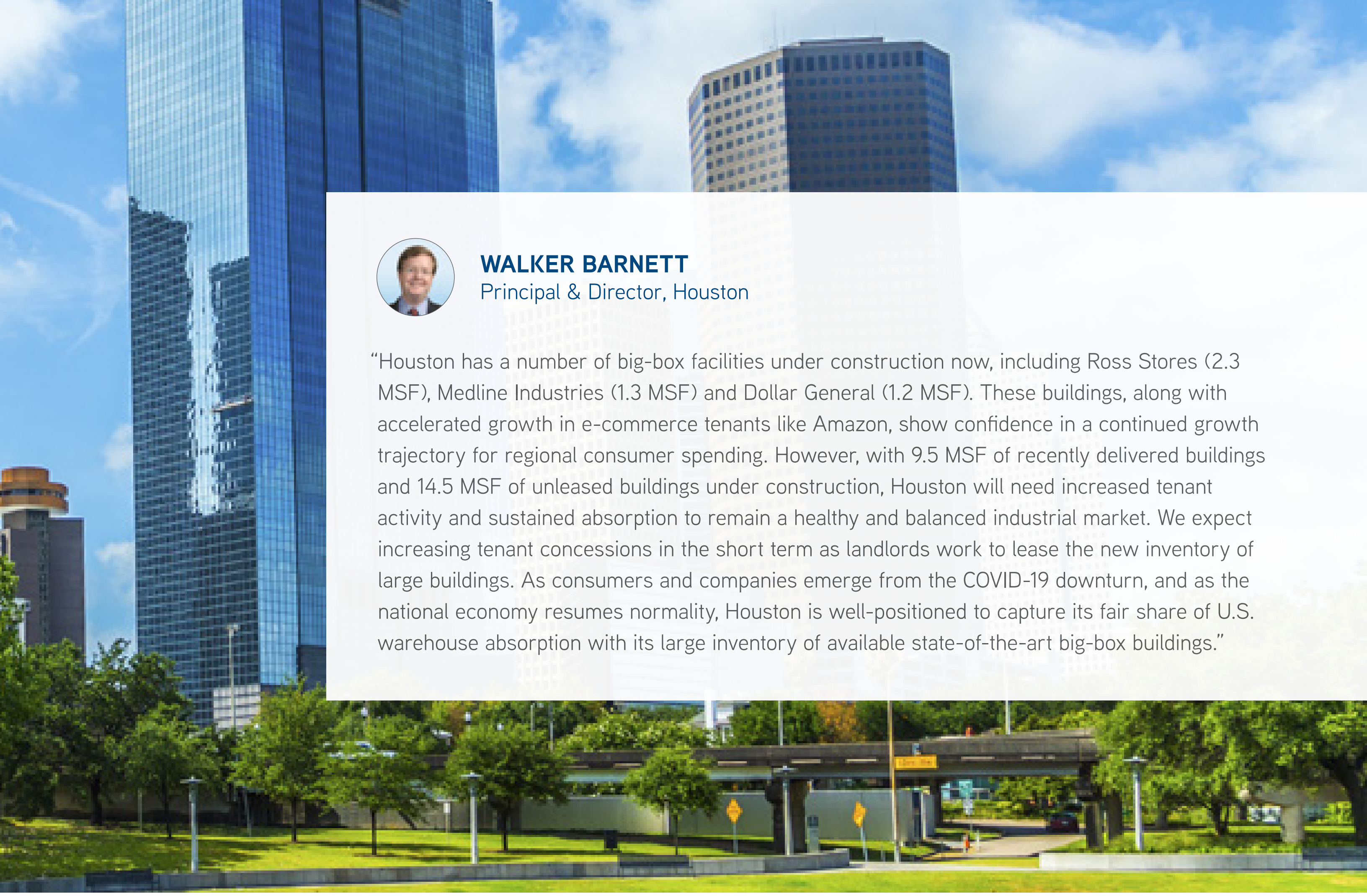
Texas

Houston

Houston Ready for Industrial Rebound

VIEW PROPERTIES

- The Houston big-box market continues to be active, despite the continued uncertainty surrounding COVID-19. YTD overall absorption outpaced this time in 2019 by more than 31% and totaled nearly 6.2 MSF.
- E-Commerce continues to lead industrial market absorption in Houston. Amazon has multiple active construction projects underway in addition to multiple on-going negotiations for additional space needs. Amazon's lease of nearly 450,000 SF at Park 249 in Houston led leasing activity at midyear, followed by a 313,000 SF lease by Goodman Air Conditioning and Heating in Waller.
- In addition to the large leases signed recently, there are two active requirements near Port of Houston for buildings in excess of 500,000 SF. Increased resin output from oil refineries and growing international container traffic are major demand drivers.
- Active on-going construction of 10.1 MSF of big-box industrial buildings, in addition to 9.5 MSF of delivered buildings, have Houston well positioned for post-COVID-19 economic rebound.
- Three build-to-suit facilities greater than 1.0 MSF are underway in Houston for Ross Stores, Medline Industries and Dollar Tree. Amazon's 806,000 SF facility is scheduled to deliver early in 2021. Far-West Houston is emerging as a major big-box logistics destination with 5.5 MSF of construction underway, with 750,000 SF of speculative development under construction.



WALKER BARNETT
Principal & Director, Houston

"Houston has a number of big-box facilities under construction now, including Ross Stores (2.3 MSF), Medline Industries (1.3 MSF) and Dollar General (1.2 MSF). These buildings, along with accelerated growth in e-commerce tenants like Amazon, show confidence in a continued growth trajectory for regional consumer spending. However, with 9.5 MSF of recently delivered buildings and 14.5 MSF of unleased buildings under construction, Houston will need increased tenant activity and sustained absorption to remain a healthy and balanced industrial market. We expect increasing tenant concessions in the short term as landlords work to lease the new inventory of large buildings. As consumers and companies emerge from the COVID-19 downturn, and as the national economy resumes normality, Houston is well-positioned to capture its fair share of U.S. warehouse absorption with its large inventory of available state-of-the-art big-box buildings."

Building Inventory

Size	Big-Box Buildings	Fully Vacant
200,000 - 499,999 SF	237	28
500,000 - 749,999 SF	35	5
> 750,000 SF	16	1

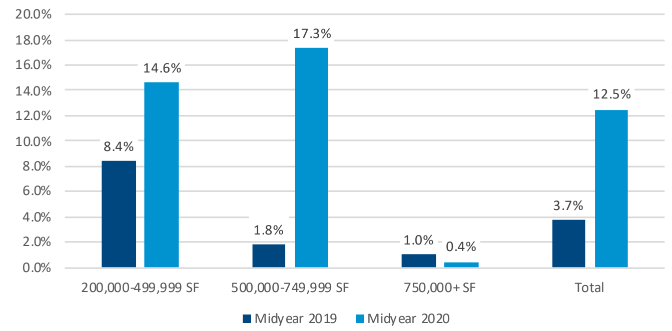
Major Logistics Driver: Port Houston

Port Houston, the largest port on the Gulf Coast and the biggest port in Texas, is a 25-mile long complex of nearly 200 private and public industrial terminals along the 52-mile long Houston Ship Channel. The eight public terminals are owned, operated, managed or leased by the Port of Houston Authority and include the general cargo terminals at the Turning Basin, Care, Jacintoport, Woodhouse and the Barbours Cut and Bayport container terminals.

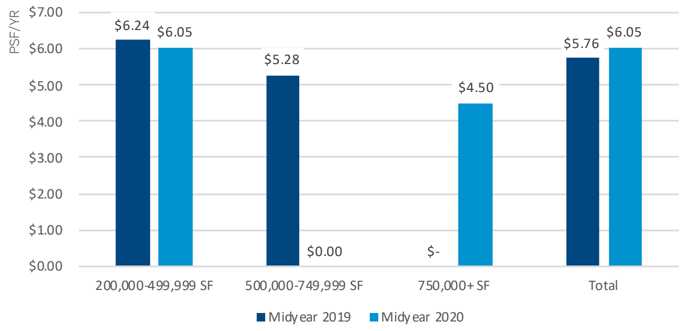
Port Houston is recognized as the No. 1 U.S. port in foreign waterborne tonnage and is the No. 3 ranked U.S. port in terms of total foreign cargo value. Having 69% of the U.S. Gulf Coast container traffic and 96% market share in containers by total TEUs, it is clear that Port Houston is a key player in global trade. The port is the largest Gulf Coast container port, handling 45% of the Texas market share by tonnage, and is now in the top 5 for U.S. container traffic.

Key Statistics | Midyear 2019 and Midyear 2020

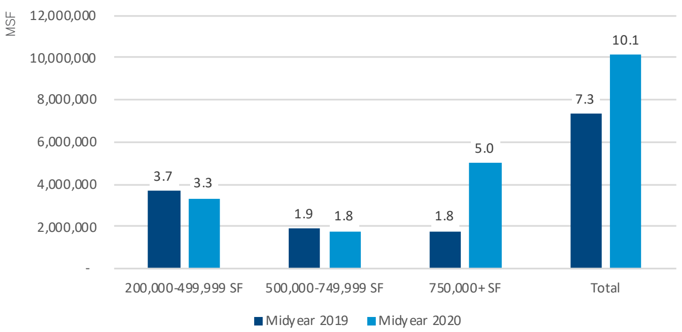
Vacancy Rate



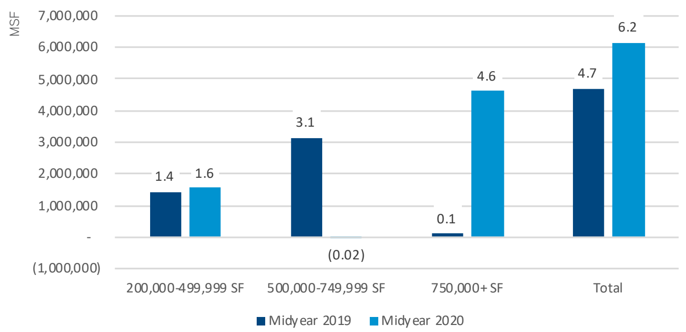
Taking NNN Rent



Under Construction



Overall Net Absorption



Notable Transactions

Big-Box Leases | Midyear 2020

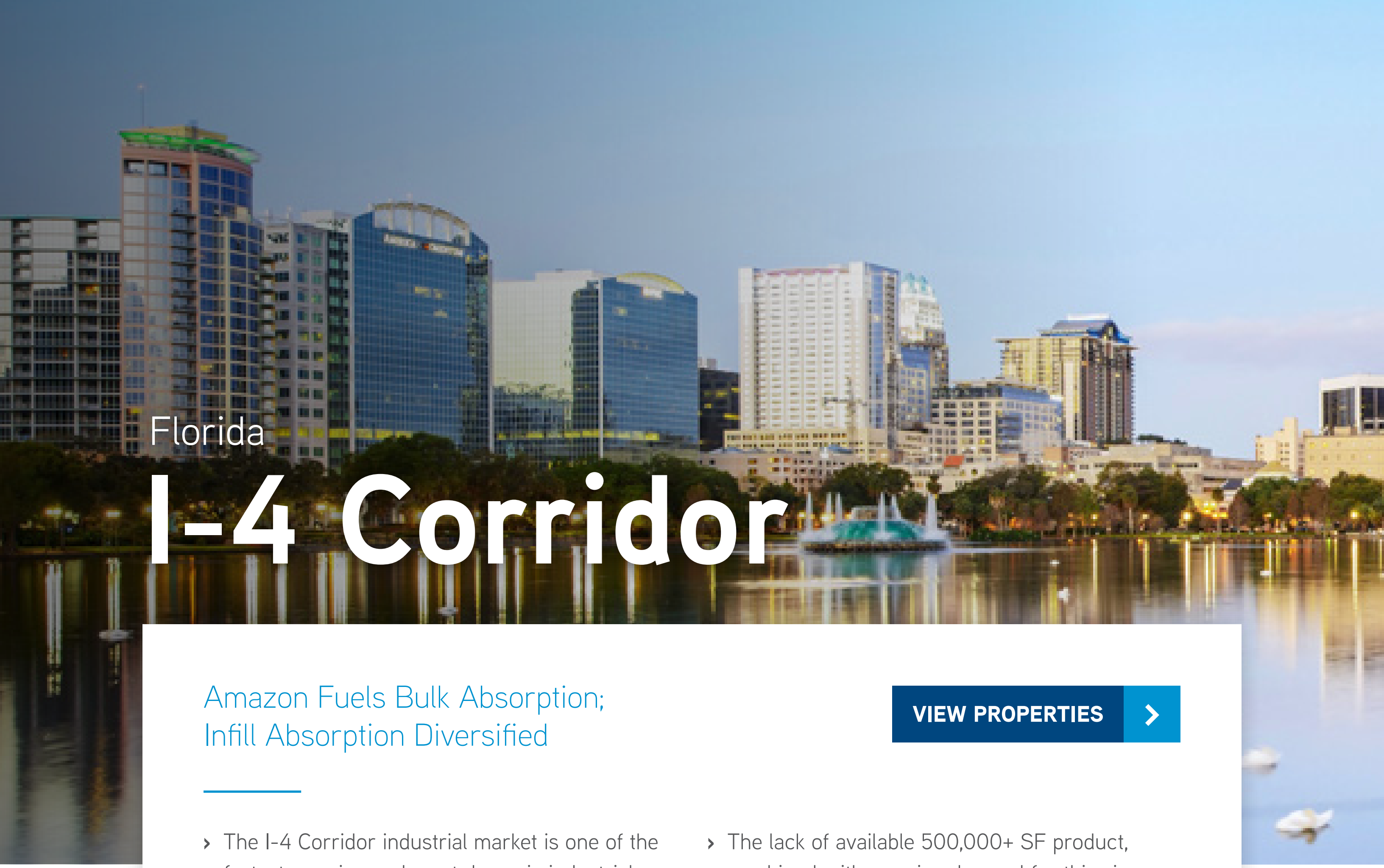
Tenant	Lease Size (SF)	Bldg. Address	City	Lease Type
Michelin North America	663,821	8800 Citypark Loop	Houston, TX	Renewal
Amazon	443,520	16225 Tomball Pky.	Tomball, TX	Direct Lease
H-E-B	401,280	4501 Blalock Rd.	Houston, TX	Direct Lease
Goodman Air Conditioning and Heating	312,640	18140 Kickapoo Rd.	Waller, TX	Direct Lease
China Manufacturers Alliance	183,289	4300 Malone Dr.	Pasadena, TX	Direct Lease

Big-Box Sales | Midyear 2020

Buyer	Bldg. Size (SF)	Bldg. Address	City	Sale Type	Sale Price (PSF)
WPT Industrial REIT	996,482	4762 Borusan Rd.	Baytown, TX	Investment	$94
Prologis	656,658	1401 Rankin Rd.	Houston, TX	Investment	$87
Prologis	600,360	1302 Wharton Weems Blvd.	La Porte, TX	Investment	$87
Exeter Property Group	500,000	501 Commerce Pky.	Katy, TX	Investment	Undisclosed

Historical Data

	# of Bldgs.	Existing Inventory	Vacant Inventory	Vacancy Rate	Leasing Activity	Net Absorption	Taking NNN Rent	Cap Rate	Under Construction	Construction Completions
2010	111	41,961,951	5,604,979	13.4%	4,122,787	3,248,277	$4.66	7.1%	1,037,251	1,706,616
2011	115	42,999,202	4,835,642	11.2%	2,850,498	1,806,588	$4.56	6.8%	1,641,994	1,037,251
2012	120	44,644,420	3,949,235	8.8%	5,143,819	2,531,625	$4.42	6.6%	1,788,163	1,645,218
2013	131	48,265,307	4,364,932	9.0%	3,736,325	3,205,190	$4.48	6.4%	2,426,230	3,620,887
2014	140	51,270,405	4,837,224	9.4%	6,207,030	2,532,806	$4.54	6.3%	5,071,689	3,005,098
2015	162	58,628,799	5,802,480	9.9%	9,054,794	5,825,101	$4.82	6.0%	9,124,848	7,115,634
2016	177	66,974,102	6,095,196	9.1%	7,265,266	7,551,238	$5.20	6.0%	5,975,173	8,345,303
2017	190	72,949,275	3,917,609	5.4%	7,187,995	8,152,760	$4.75	6.0%	7,565,644	5,975,173
2018	220	84,218,461	5,672,311	6.7%	7,934,997	7,512,550	$4.78	6.1%	7,785,658	9,267,252
2019	247	93,785,131	9,964,919	10.6%	5,620,769	5,174,062	$5.09	6.2%	14,479,951	9,566,670
1H 2020	268	104,343,830	13,078,831	12.5%	3,593,201	6,159,069	$6.05	6.2%	10,136,088	9,582,971



Florida

I-4 Corridor

Amazon Fuels Bulk Absorption; Infill Absorption Diversified

VIEW PROPERTIES

- The I-4 Corridor industrial market is one of the fastest growing and most dynamic industrial markets in the country. More than 21 million people live within 250 miles of the market's core, making it an ideal location for retailers, wholesalers and 3PLs to locate. Nearby Orlando is also home to a burgeoning millennial population, making the market extremely popular for distribution facilities. Nearly 32 MSF of newly developed bulk industrial space has been added to the market since Q1 2015, with another 7.1 MSF currently under construction. Build-to-suit activity remains steady in the I-4 Corridor as Ace Hardware recently signed for 710,000 SF. Brennan Investments broke ground on largest spec development in the region this cycle.

- Big-box activity continues to be extremely active as nearly 5.9 MSF of new leasing activity has been signed YTD. The overall vacancy rate for big-box product finished midyear at 12.7%, up from 10.1% in 2019 with most of this vacant space in buildings smaller than 500,000 SF. The Tampa market has witnessed an extreme shortage of cross-dock availabilities due to I-4 Logistics Center now being leased to Amazon.

- The lack of available 500,000+ SF product, combined with growing demand for this size range from e-commerce and 3PL tenants has created a significant opportunity for speculative development in the region. There are eight facilities in this market under construction greater than 500,000 SF, but only 2 MSF remains available. Nearly 3.2 MSF is already spoken for by Amazon.

- As investment activity in the country wanes in the U.S. due to uncertainty surrounding the COVID-19 pandemic, sales in the I-4 Corridor region remained healthy at midyear, evidenced by a handful of large transactions signed including Tratt Properties' purchase of a 714,000 SF distribution facility occupied by CVS Pharmacy and Prologis' acquisition of a 500,000 SF distribution facility occupied by Amcor Rigid Plastics, both in Orlando. Cap rates in the area remain stable, at 7.0%, a number on par with the national average, although the two most recent Amazon sales traded at record cap rates; both less than 4.75%.

RYAN A. VAUGHT
Executive Managing Director, Tampa

"The Fortune 500 have dominated the bulk leasing market along the I-4 Corridor, indicating a "first mover" mentality in the continued reconfiguration of the southeastern supply chain. Bulk development continues to push further away from full interstate interchanges due to strong occupier demand but a decreasing supply of developable land sites."

Building Inventory

Size	Big-Box Buildings	Fully Vacant
200,000 - 499,999 SF	251	15
500,000 - 749,999 SF	27	4
> 750,000 SF	23	0

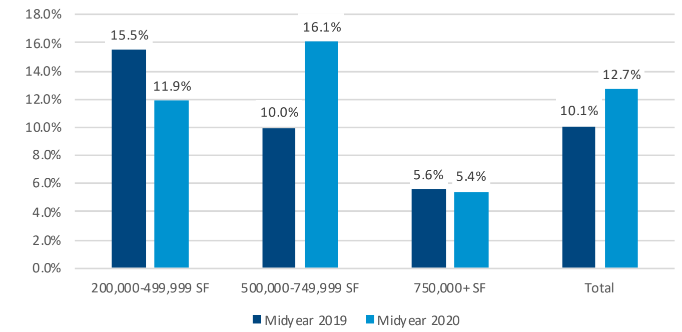
Major Logistics Driver: Arterial Market Focused on Consumer Goods

Due to the geographic constraints on the western side of Tampa and eastern side of Orlando, the two metro areas (located a mere 82 miles apart) are continuing to grow towards each other, along the I-4 Corridor. Moreover, both metropolitan areas are two of the fastest growing MSAs in the entire country. The western side of the I-4 Corridor terminates at Port Tampa Bay, the largest seaport in the state of Florida.

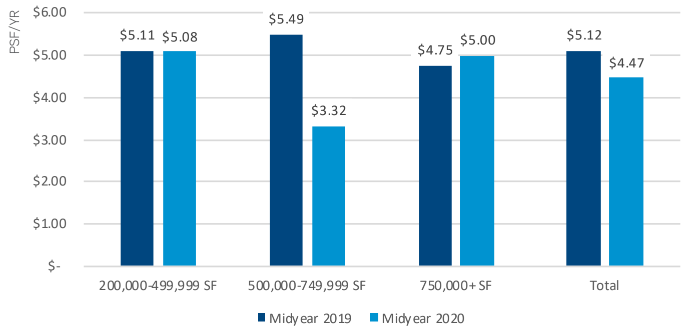
The region is home to strong ground and rail freight capabilities, including the CSX Integrated Logistics Center (ILC) in Winter Haven. The ILC has also been a major boon to Central Florida's logistics and distribution industry. This centralized transportation hub features a 318-acre terminal adjacent to 930 acres of industrial and business park space slated for use by light industrial facilities and warehouse distribution centers. The region is home to two international airports (Orlando and Tampa) — both with growing cargo handling capabilities. The I-4 Ultimate Project is a 21-mile makeover — from west of Kirkman Road in Orange County to east of State Road 434 in Seminole County that will improve truck flow throughout the area.

Key Statistics | Midyear 2019 and Midyear 2020

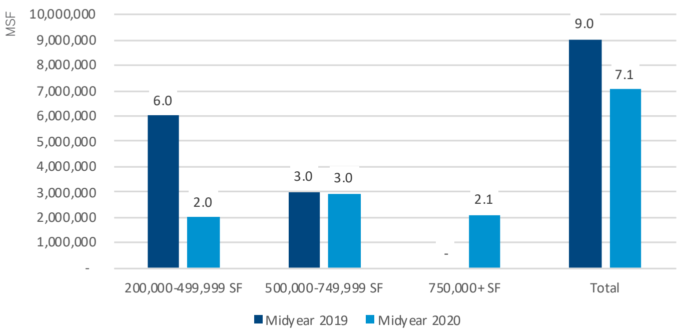
Vacancy Rate



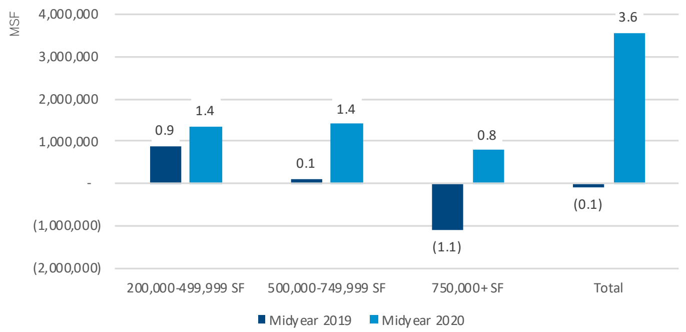
Taking NNN Rent



Under Construction



Overall Net Absorption



Notable Transactions

Big-Box Leases | Midyear 2020

Tenant	Lease Size (SF)	Bldg. Address	City	Lease Type
Amazon	1,086,384	4401 Seaboard Rd.	Orlando, FL	Direct Lease
Amazon	711,000	8100 FL-33	Lakeland, FL	Direct Lease
Amazon	561,750	9775 Air Commerce Pkwy.	Orlando, FL	Direct Lease
Amazon	424,550	1003 N. Taylor Rd.	Seffner, FL	Direct Lease

Big-Box Sales | Midyear 2020

Buyer	Bldg. Size (SF)	Bldg. Address	City	Sale Type	Sale Price (PSF)
Innovative Industrial Properties	373,000	2324 W. Lake Dr.	Wimauma, FL	Investment	$95
Nuveen Real Estate	440,000	8060 SR-33 N	Lakeland, FL	Investment	$94
Bobeck Real Estate	221,875	5275 Drane Field Rd.	Lakeland, FL	Investment	$68
Tratt Properties	713,585	8201 Chancellor Dr.	Orlando, FL	Investment	$58

Historical Data

	# of Bldgs.	Existing Inventory	Vacant Inventory	Vacancy Rate	Leasing Activity	Net Absorption	Taking NNN Rent	Cap Rate	Under Construction	Construction Completions
2010	223	80,319,351	11,913,821	14.8%	2,173,885	(963,691)	$3.77	8.0%	-	-
2011	223	80,319,351	10,306,921	12.8%	5,548,944	1,606,900	$3.85	7.5%	-	-
2012	223	80,319,351	8,399,395	10.5%	3,218,304	1,907,526	$3.55	8.3%	-	-
2013	223	80,319,351	8,812,113	11.0%	4,080,336	(412,718)	$4.05	8.1%	2,403,245	-
2014	227	83,740,289	7,117,704	8.5%	5,519,321	5,115,347	$4.06	7.1%	703,920	3,420,938
2015	231	85,259,009	6,796,270	8.0%	3,705,197	1,840,154	$4.40	6.6%	2,935,004	1,518,720
2016	245	90,983,039	7,458,109	8.2%	7,155,677	5,062,191	$4.49	6.4%	4,021,654	5,724,030
2017	258	96,691,705	10,259,271	10.6%	11,264,467	2,907,504	$4.57	6.3%	5,170,880	5,708,666
2018	269	101,609,177	7,385,989	10.6%	8,559,250	7,851,210	$4.90	6.5%	8,900,279	4,917,472
2019	292	110,730,980	12,493,207	10.1%	7,859,867	4,014,585	$5.05	6.9%	6,688,456	9,121,803
1H 2020	301	114,838,873	13,816,585	12.7%	5,883,430	3,566,390	$5.09	7.0%	7,061,529	4,667,893

Indiana

Indianapolis

Indianapolis Industrial Market Strong Amid Pandemic

VIEW PROPERTIES

- Indianapolis' location affords access to nearly 43 million people within 250 miles. The city also has the advantage of being in a pro-business state with numerous tax and financial incentives. Indiana leads the nation in manufacturing job growth and boasts world class universities and research facilities. The state is home to the second largest automotive industry in the country, with history in the field dating back more than a century. The Indianapolis big-box market is on track to match or exceed the record high 8.4 MSF of net absorption reached in 2019 amidst the global pandemic. At midyear, 4.1 MSF of occupancy gains were recorded in this market.
- With increased demand from e-commerce occupiers, the size of bulk space continues to grow. Another 11.8 MSF of projects are under construction moving into the back half of 2020, as developers hope to capitalize on the central Indiana industrial market's momentum. Thirteen of those projects are larger than 500,000 SF. Despite the completion of 2.8 MSF of speculative construction projects already this year, big-box vacancy dipped to 6.3% – the lowest vacancy rate since 2012. With inventory surpassing 100 MSF, developers are expanding the boundaries of the Indianapolis MSA as they seek new greenfield opportunities for big-box development.
- The Indianapolis market is poised for continued growth in the coming quarters. Asking rents for big-box space remained stable at $3.88 PSF per year, and while this trend looks to continue in the coming quarters, big-box rents in the region will still remain more economical compared with nearby core markets. Asking rental rates are still increasing across all size tranches – up 17.2% overall in the last 30 months.
- Investment activity has generally slowed for the U.S. industrial market, yet investors are seizing on this strong and active sector of the real estate market as capitalization rates are being compressed to record lows. Cap rates for the Indianapolis market stood at 5.6% at midyear.

BRIAN ZURAWSKI
Executive Vice President & Co-Market Leader, Indianapolis

"The Indianapolis big-box industrial market remains very strong despite the global pandemic. Tenants continue to absorb space at record-high levels. Mid-year 2020 net absorption is almost double that of mid-year 2019 and new construction projects are also coming out of the ground at record levels. We expect big-box demand to grow due to the desire to increase domestic inventories, as well as to meet the surge in e-commerce demand. Indianapolis is well suited to accommodate this growth given its strong supply of speculative vacancies, central location, strong labor dynamics and favorable business climates."

Building Inventory

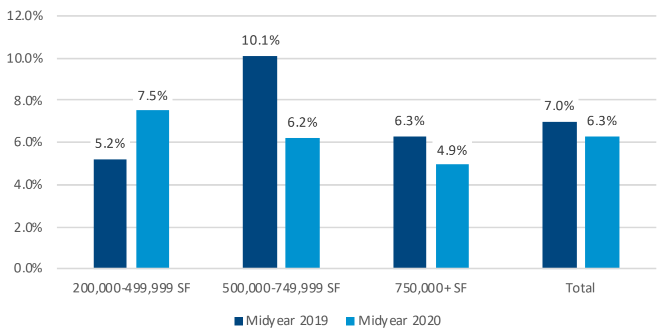
Size	Big-Box Buildings	Fully Vacant
200,000 - 499,999 SF	117	6
500,000 - 749,999 SF	52	3
> 750,000 SF	35	1

Major Logistics Driver: Interstate System/Centrality

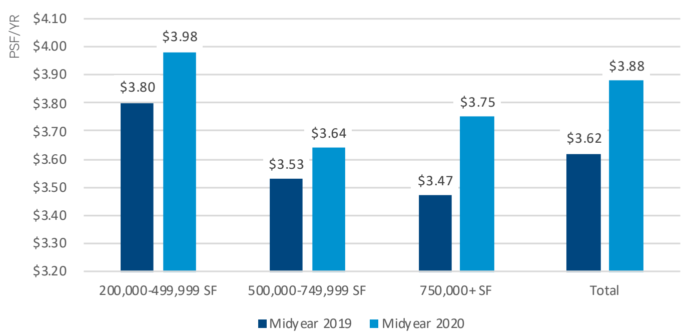
Indiana's reputation as the "Crossroads of America" is a moniker highlighted by the strength of the logistics and transit business through its roads and highways. The state is the national leader in pass-through highways, has the shortest distance in the nation to the median center of U.S. population, and is home to the second-largest FedEx air hub in the world. The state government has allocated more than $12 billion and continues to invest in construction and preservation of this key infrastructure. Logistics operations and developers look to Indiana's centrality, highway infrastructure, greenfield development opportunities and business-friendly environment as reasons to locate operations in the area.

Key Statistics | Midyear 2019 and Midyear 2020

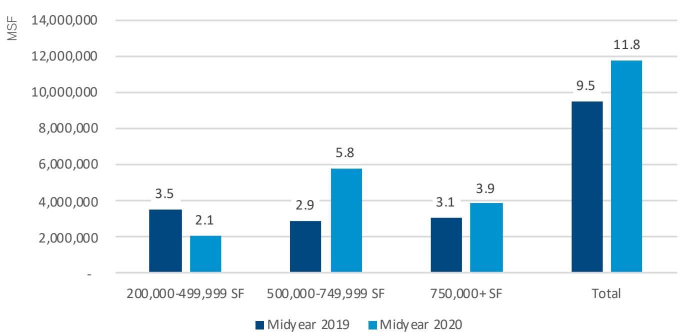
Vacancy Rate



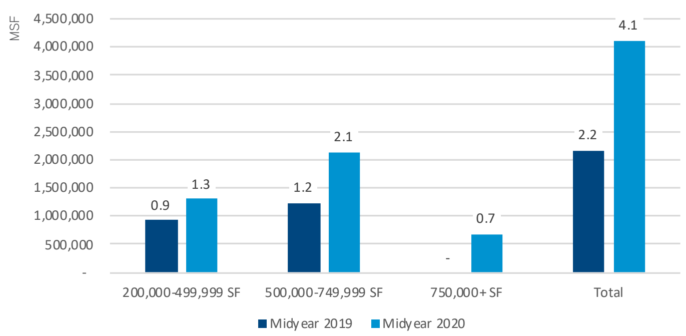
Taking NNN Rent



Under Construction



Overall Net Absorption



Notable Transactions

Big-Box Leases | Midyear 2020

Tenant	Lease Size (SF)	Bldg. Address	City	Lease Type
FedEx	955,844	1450 Collins Rd.	Greenwood, IN	Direct Lease
Geodis Logistics	740,218	1801 Innovation Blvd.	Monrovia, IN	Direct Lease
Stitch Fix	702,000	3124 Plainfield Rd.	Plainfield, IN	Direct Lease
Amazon	660,312	4412 W. 300 N	Greenfield, IN	Direct Lease

Big-Box Sales | Midyear 2020

Buyer	Bldg. Size (SF)	Bldg. Address	City	Sale Type	Sale Price (PSF)
Granite REIT	622,440	445 Airtech Pky.	Plainfield, IN	Investment	$64
MetLife Investment Management	338,520	9400 Bradford Rd.	Plainfield, IN	Investment	$62
Black Creek Group	690,702	1111 E. 56th St.	Brownsburg, IN	Investment	$58
Mainstreet	323,265	4635 W. 84th St.	Indianapolis, IN	Investment	$53

Historical Data

	# of Bldgs.	Existing Inventory	Vacant Inventory	Vacancy Rate	Leasing Activity	Net Absorption	Taking NNN Rent	Cap Rate	Under Construction	Construction Completions
2010	119	61,040,762	7,257,527	11.9%	3,289,528	923,431	$2.48	8.0%	1,049,980	486,624
2011	121	62,746,742	3,569,112	5.7%	4,277,694	5,395,797	$2.68	8.1%	0	1,705,980
2012	123	63,724,446	2,686,876	4.2%	4,398,979	1,859,940	$2.95	8.0%	2,787,558	977,704
2013	129	67,636,134	4,510,426	6.7%	7,679,871	2,088,138	$2.86	7.1%	2,657,271	3,911,688
2014	138	72,665,819	5,801,138	8.0%	5,041,144	3,738,973	$3.38	6.8%	4,155,250	5,029,685
2015	147	78,274,199	10,165,392	13.0%	5,478,249	1,211,196	$3.10	6.2%	1,735,569	5,608,380
2016	154	81,190,652	5,647,176	7.0%	9,149,081	6,632,522	$3.33	6.2%	5,578,939	2,916,453
2017	168	88,571,961	6,820,772	7.7%	6,777,995	6,256,160	$3.31	5.9%	4,174,405	7,384,431
2018	180	94,341,511	7,309,449	7.7%	7,267,201	5,320,503	$3.76	5.6%	7,343,610	5,810,230
2019	194	102,264,797	7,043,457	6.9%	11,644,722	8,382,389	$3.93	5.6%	10,930,987	8,231,245
1H 2020	204	106,018,837	6,682,205	6.3%	5,688,232	4,122,457	$3.88	5.6%	11,822,003	3,576,234

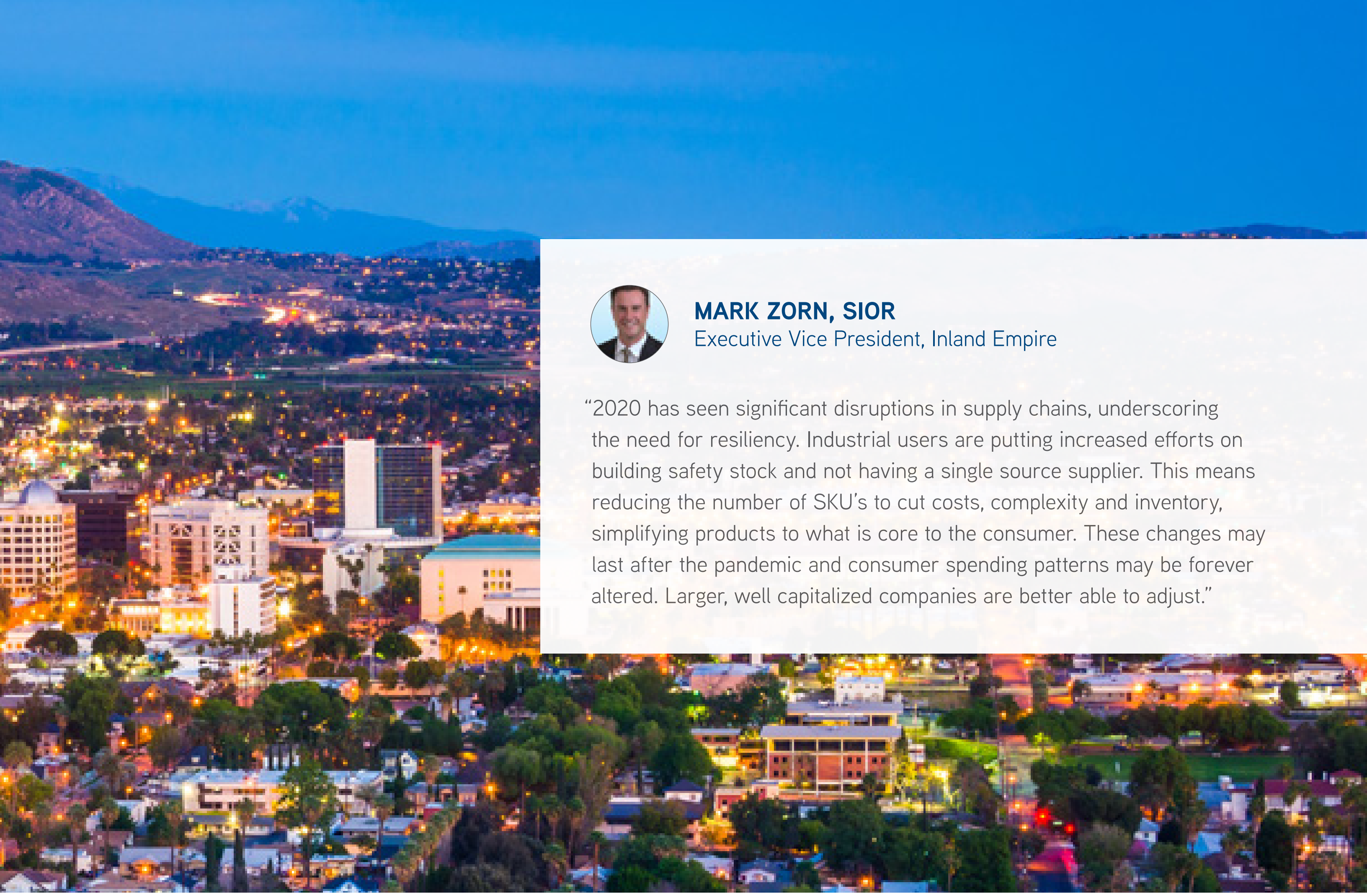
California

Inland Empire

Positive Absorption Pending Pandemic Panic

VIEW PROPERTIES

- The Inland Empire remains the largest big-box market in North America with more than 359 MSF of existing big-box space. Net absorption remained positive in the Inland Empire as the largest e-commerce companies have continued to expand despite weakening economic fundamentals.
- Combined port activity (Port of Los Angeles and Port of Long Beach) is down 12.5% overall for the first half of 2020, as compared with 2019 levels. Port activity has been slowly improving over the past few months, as supply chain disruptions are finally being addressed after the initial shock of COVID-19.
- Speculative development, which was initially put on hold by many developers at the start of the pandemic, has largely resumed as the inventory for very large buildings has become non-existent. The Inland Empire added the second most amount of new big-box facilities in the U.S. YTD, with 10.3 MSF of new supply recorded at midyear. An additional 10.6 MSF remain under construction with projects for Uline and VF Corporation underway.
- While the market is seeing a rise in sublease space, as a whole this activity has been mostly prevalent for smaller buildings. Retailers remain the most at risk, with Pier 1's closing of a 990,000 SF distribution facility and may be the first of several larger vacancies to occur in the near future, although big-box overall vacancy is down to 3.1% in the area.
- State mandated lockdowns caused major disruptions at the start of the year, but economic prospects have improved as public health officials make strides in controlling the spread of the virus. The industrial outlook for the Inland Empire market remains optimistic, however, as e-commerce and third-party logistics companies continue to expand.



MARK ZORN, SIOR
Executive Vice President, Inland Empire

"2020 has seen significant disruptions in supply chains, underscoring the need for resiliency. Industrial users are putting increased efforts on building safety stock and not having a single source supplier. This means reducing the number of SKU's to cut costs, complexity and inventory, simplifying products to what is core to the consumer. These changes may last after the pandemic and consumer spending patterns may be forever altered. Larger, well capitalized companies are better able to adjust."

Building Inventory

200,000 - 499,999 SF

453 Big-Box Buildings | **22** Fully Vacant

500,000 - 749,999 SF

138 Big-Box Buildings | **8** Fully Vacant

> 750,000 SF

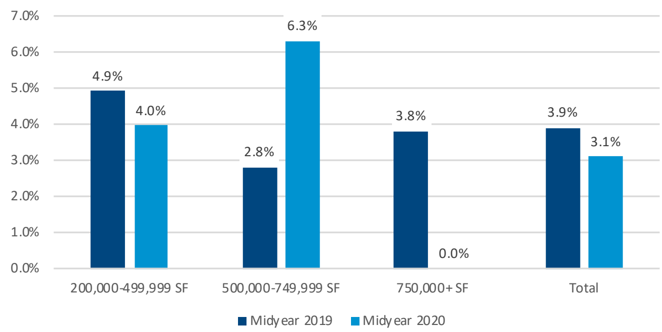
122 Big-Box Buildings | **0** Fully Vacant

Major Logistics Driver: Twin Ports, Population, Trade

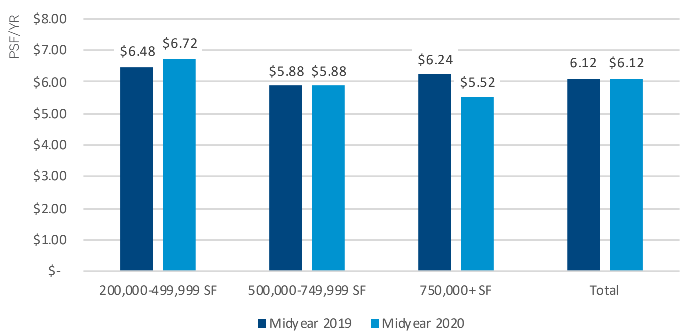
The Inland Empire is a vital link on the global supply chain, connecting the U.S. with the rest of the world via the twin ports of Los Angeles and Long Beach. These ports handle approximately 40% of all inbound cargo into the U.S. In addition, the Inland Empire is located within one of the most heavily populated regions of the U.S., serving as a vital distribution hub for growing e-commerce sales. The region also boasts access to two interstate highways (I-10 and I-15), offering direct transportation across the east and north U.S. In addition, the UPS Regional Air Hub at Ontario International Airport serves customers throughout the western U.S., Hawaii and Canada.

Key Statistics | Midyear 2019 and Midyear 2020

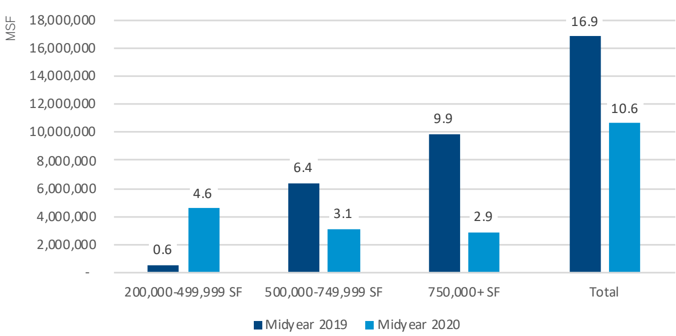
Vacancy Rate



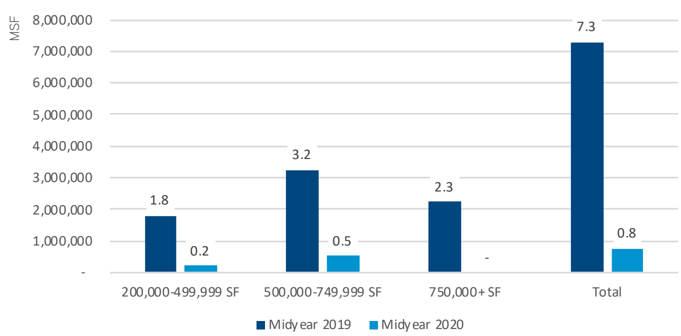
Taking NNN Rent



Under Construction



Overall Net Absorption



Notable Transactions

Big-Box Leases | Midyear 2020

Tenant	Lease Size (SF)	Bldg. Address	City	Lease Type
All Ways Forwading	1,106,124	1110 Merrill Ave.	Rialto, CA	Direct Lease
XPO Logistics	912,338	Patterson Logistics Center	Perris, CA	Direct Lease
Sam's West	753,230	Knox Logistics Center	Perris, CA	Direct Lease
Allied West Paper	611,968	11101 Etiwanda Ave.	Fontana, CA	Direct Lease

Big-Box Sales | Midyear 2020

Buyer	Bldg. Size (SF)	Bldg. Address	City	Sale Type	Sale Price (PSF)
Nuveen Real Estate	200,000	9520 Santa Anita Ave.	Rancho Cucamonga, CA	Investment	$152
TA Realty	1,012,995	6275 Lance Dr.	Riverside, CA	Investment	$127
CoPart, Inc.	253,843	801 Opal Ave.	Mentone, CA	Investment	$75
Perris Industrial	309,278	3407 Perris Blvd.	Perris, CA	Investment	$70

Historical Data

	# of Bldgs.	Existing Inventory	Vacant Inventory	Vacancy Rate	Leasing Activity	Net Absorption	Taking NNN Rent	Cap Rate	Under Construction	Construction Completions
2010	464	210,254,000	16,736,218	8.0%	16,314,000	11,897,000	$3.36	6.8%	-	667,000
2011	467	213,200,000	11,512,800	5.4%	18,136,000	10,678,000	$3.60	6.2%	2,763,000	2,946,000
2012	494	227,645,000	10,319,500	4.5%	15,832,000	3,600,000	$3.72	5.7%	2,100,000	14,445,000
2013	530	249,632,000	12,205,000	4.9%	15,767,000	10,640,000	$3.96	5.2%	16,049,000	21,987,000
2014	551	263,974,000	14,888,134	5.6%	21,468,000	12,168,000	$4.32	5.4%	14,648,000	14,342,000
2015	588	267,612,000	14,986,272	5.6%	27,178,000	17,374,000	$4.56	5.2%	14,717,000	3,638,000
2016	584	284,593,000	15,083,429	5.3%	37,564,000	17,883,400	$4.80	5.0%	15,606,000	16,981,000
2017	609	298,844,000	16,021,701	5.0%	27,244,376	15,706,700	$4.92	4.8%	18,575,203	14,251,000
2018	646	320,088,000	15,628,786	4.8%	34,800,000	21,716,000	$5.23	4.5%	19,235,000	21,244,000
2019	681	339,372,700	13,499,900	4.0%	36,025,000	23,790,000	$5.69	4.3%	13,994,420	19,284,700
1H 2020	713	359,337,943	11,047,973	3.1%	19,382,000	772,400	$6.12	4.2%	10,624,000	10,344,000

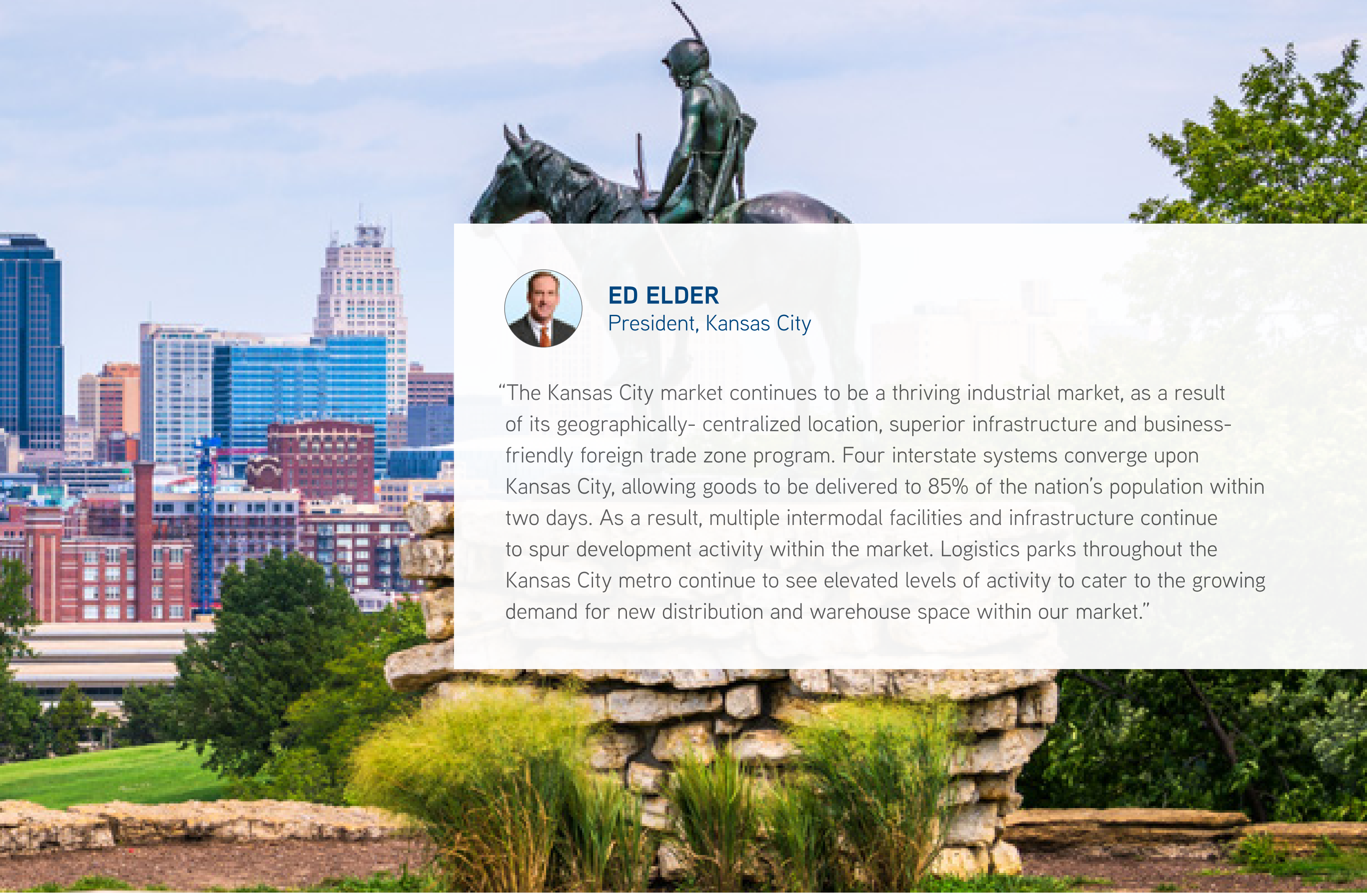
Missouri

Kansas City

Industrial Continues to Perform Well, Despite COVID-19 Pandemic

VIEW PROPERTIES

- With nearly 47 MSF of big-box real estate, Kansas City is the smallest market showcased in this report. While the region is much smaller than the core markets, its logistics advantages provide a wealth of opportunity for both occupiers and developers. Kansas City's geography provides a level of access to consumers that is difficult to match in North America.
- The Kansas City industrial market remained active throughout the first half of 2020 despite the onset of the COVID-19 pandemic. By the end of the second quarter, the vacancy rate for big-box facilities decreased to 7.0%, down from 9.7% one year ago.
- Overall net absorption at midyear totaled 2.3 MSF, up over the 816,000 SF recorded for the first six months of 2019. Absorption totals are expected to increase in the second half of the year based on the timing of several new industrial buildings slated to be delivered in Q3 and Q4 2020.
- A total of 1.3 MSF of big-box space was delivered in this market at midyear and an additional 6 MSF remains under construction. The majority of space currently under construction is scheduled to be delivered by the end of the year. Construction activity is evident across every submarket within the Kansas City metro, with new logistics parks also planned for future development.
- Expect rates on bulk spaces to remain relatively stagnant, as landlords attempt to land new tenants to their industrial developments. Most recent construction has delivered vacant over the last year.
- The upcoming quarters are expected to experience additional demand and positive net absorption as the Kansas City market remains a benefactor because of its ideal geography, infrastructure and steady supply of speculative product, which caters to the needs and timing requirement of 3PL and e-commerce growth across the country.



ED ELDER
President, Kansas City

"The Kansas City market continues to be a thriving industrial market, as a result of its geographically- centralized location, superior infrastructure and business-friendly foreign trade zone program. Four interstate systems converge upon Kansas City, allowing goods to be delivered to 85% of the nation's population within two days. As a result, multiple intermodal facilities and infrastructure continue to spur development activity within the market. Logistics parks throughout the Kansas City metro continue to see elevated levels of activity to cater to the growing demand for new distribution and warehouse space within our market."

Building Inventory

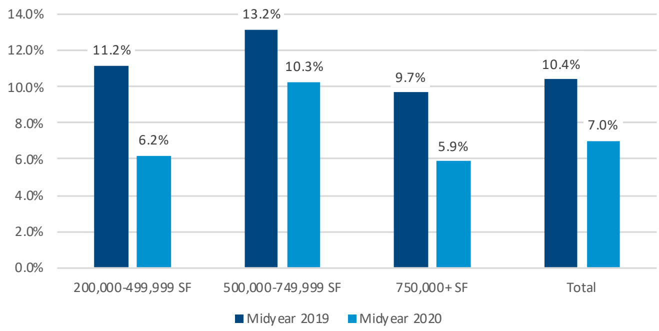
200,000 - 499,999 SF	500,000 - 749,999 SF	> 750,000 SF
78 Big-Box Buildings	17 Big-Box Buildings	11 Big-Box Buildings
3 Fully Vacant	1 Fully Vacant	0 Fully Vacant

Major Logistics Driver: Logistics Park Kansas City

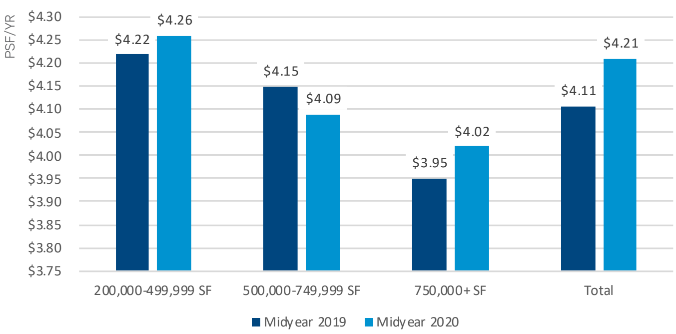
Logistics Park Kansas City (LPKC) — the new BNSF facility located in Edgerton — encompasses 433 acres and has been designed to accommodate the growing demands of freight rail transportation in the Kansas City region. Approximately 1,300 acres of land is currently being developed by NorthPoint, adjacent to the BNSF facility. Since 2013, LPKC delivered more than 12 MSF of industrial product, with additional projects currently under construction. In total, the Kansas City metro area has delivered more than 43 MSF of industrial space since 2012 to cater to the need for modern distribution and warehouse supply chain space.

Key Statistics | Midyear 2019 and Midyear 2020

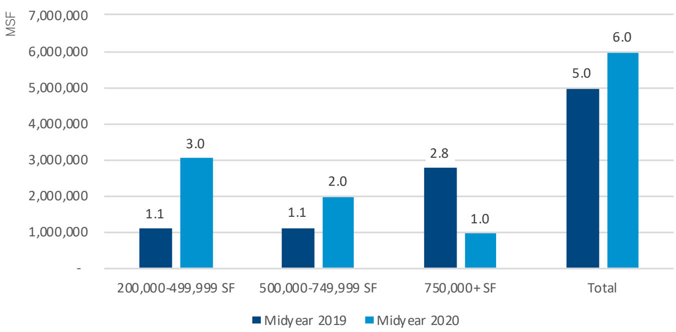
Vacancy Rate



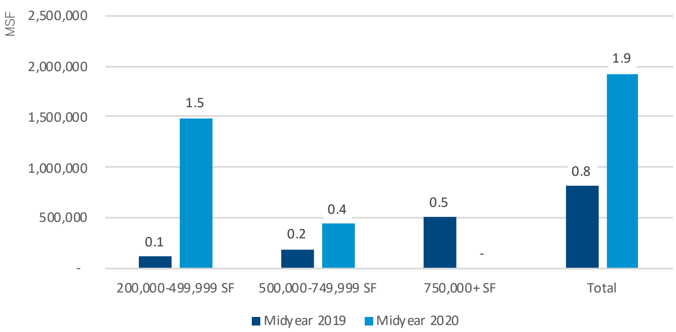
Taking NNN Rent



Under Construction



Overall Net Absorption



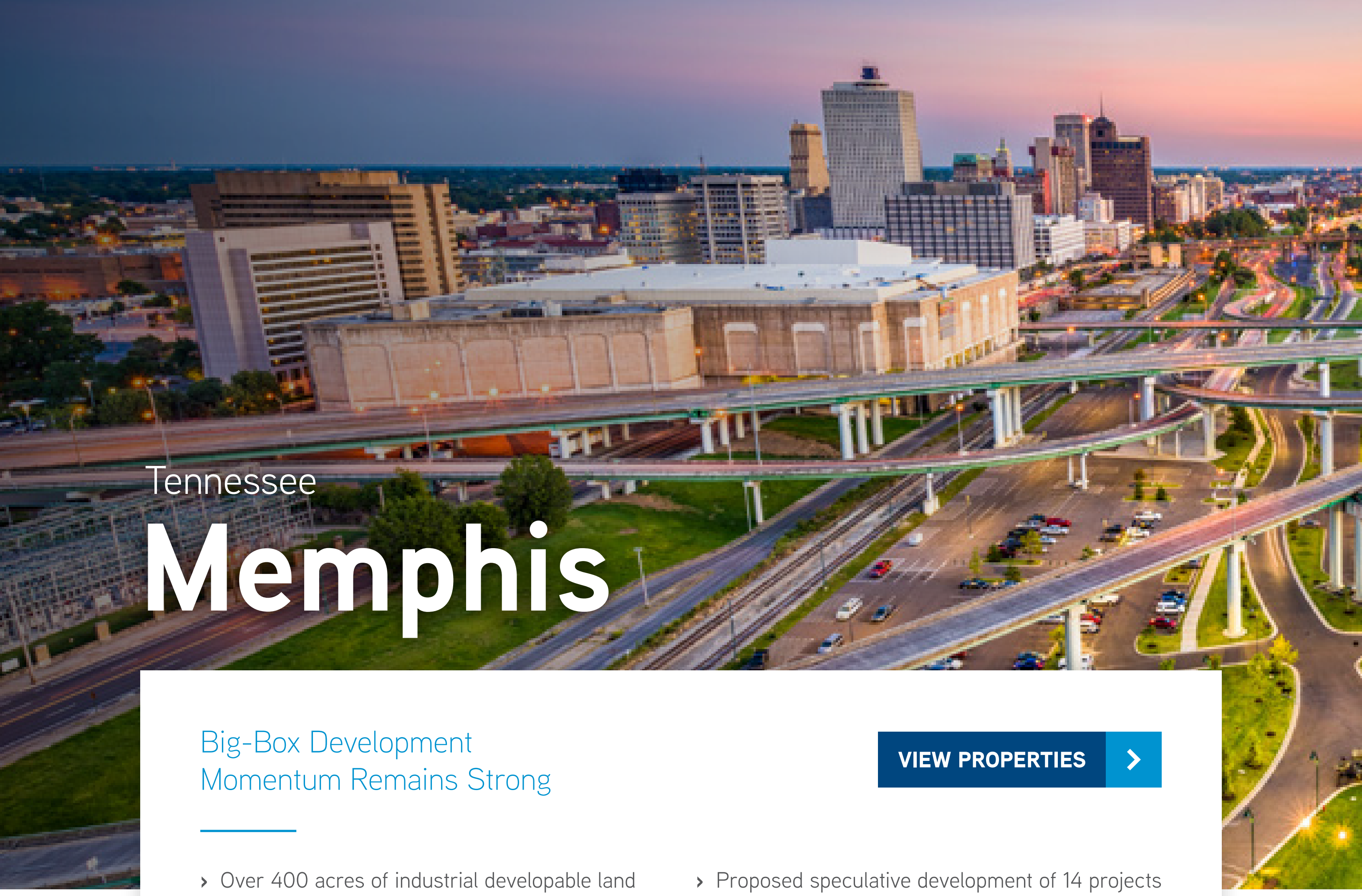
Notable Transactions

Big-Box Leases | Midyear 2020

Tenant	Lease Size (SF)	Bldg. Address	City	Lease Type
Chewy.com	796,000	Southview Commerce	Belton, MO	Build-to-suit
FedEx Ground	548,560	Northland Park	Kansas City, MO	Direct Lease
Harte Hanks	298,000	Turner Logistics	Kansas City, KS	Direct Lease

Historical Data

	# of Bldgs.	Existing Inventory	Vacant Inventory	Vacancy Rate	Leasing Activity	Net Absorption	Taking NNN Rent	Cap Rate	Under Construction	Construction Completions
2010	56	22,978,570	690,228	3.0%	826,146	541,754	$3.85	8.8%	0	0
2011	56	22,978,570	676,466	2.9%	1,435,309	13,762	$3.85	-	350,000	0
2012	57	23,328,570	414,695	1.8%	2,238,385	611,771	$3.71	7.7%	821,663	350,000
2013	58	24,150,233	1,034,054	4.3%	2,022,897	202,304	$4.11	6.9%	1,961,624	821,663
2014	66	27,246,879	2,045,991	7.5%	2,142,327	2,084,709	$4.05	7.0%	2,443,448	3,096,646
2015	70	29,293,448	1,445,305	4.9%	2,258,402	2,647,255	$4.14	7.6%	5,427,032	2,046,569
2016	83	35,558,261	4,723,137	13.3%	3,703,369	2,968,336	$4.24	6.3%	7,891,565	8,655,986
2017	87	39,014,106	4,643,562	11.9%	3,006,569	3,343,712	$4.25	-	3,535,661	4,959,713
2018	96	41,929,018	3,705,804	8.8%	5,251,423	3,672,198	$4.19	6.2%	6,202,004	3,681,233
2019	104	45,432,955	4,424,263	9.7%	1,994,639	3,968,271	$4.16	-	5,760,544	4,095,000
1H 2020	106	46,740,595	1,926,065	7.0%	1,994,937	1,926,065	$4.21	-	5,965,399	1,307,640



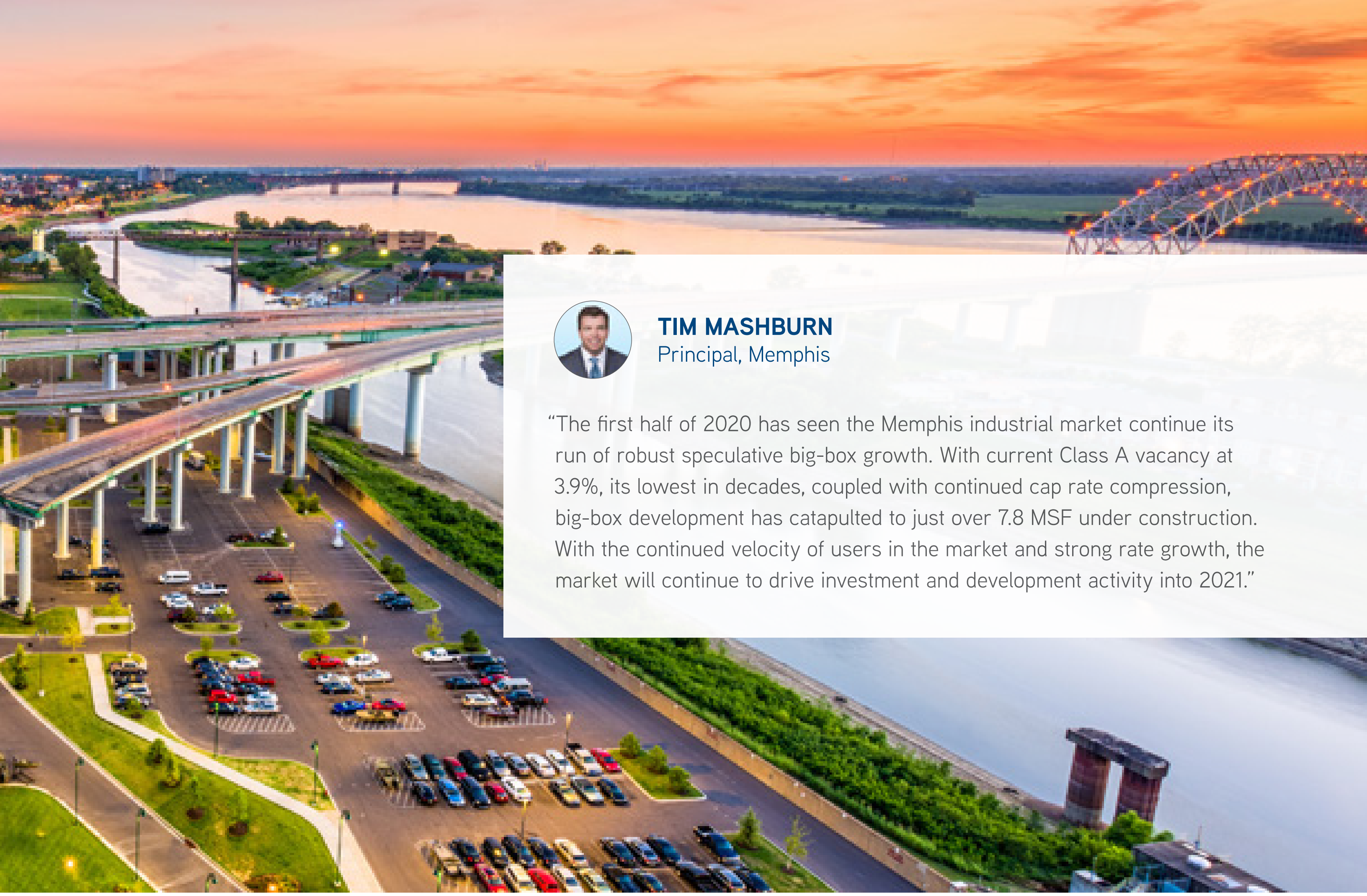
Tennessee

Memphis

Big-Box Development Momentum Remains Strong

VIEW PROPERTIES

- Over 400 acres of industrial developable land was purchased during the first half of 2020, proving that development momentum in the Memphis area remains strong. Construction of Class A inventory is under the leadership of eight developers.
- Third-party logistics firms and e-commerce leasing activity of big-box space remained strong with 3.1 MSF of new deals inked during the first half of 2020, and 3.8 MSF of renewals closed during the same time frame.
- A total of 7.8 MSF of big-box facilities were under construction at midyear, with the majority scheduled for delivery by year-end 2020. Build-to-suit construction leads the pack with 5.7 MSF under development, including e-commerce giant Amazon occupying 3.1 MSF by year-end.
- Proposed speculative development of 14 projects (10.9 MSF) will produce new product in the Desoto County and Marshall County submarkets, 7.6 MSF of which is expected to commence during Q3 2020. Associated Wholesale Grocers and Baxter also have future construction planned, totaling 1.9 MSF that is scheduled to deliver during the second half of 2021.
- Overall vacancy for big-box space measured 5.1%, compared to 4.5% one year ago. Vacancy should remain stable if speculative development leases prior to completion. Class A bulk rates remain healthy at $3.50-$3.60 per square foot NNN for year one rates.



TIM MASHBURN
Principal, Memphis

"The first half of 2020 has seen the Memphis industrial market continue its run of robust speculative big-box growth. With current Class A vacancy at 3.9%, its lowest in decades, coupled with continued cap rate compression, big-box development has catapulted to just over 7.8 MSF under construction. With the continued velocity of users in the market and strong rate growth, the market will continue to drive investment and development activity into 2021."

Building Inventory

200,000 - 499,999 SF
94 Big-Box Buildings — **2** Fully Vacant

500,000 - 749,999 SF
50 Big-Box Buildings — **2** Fully Vacant

> 750,000 SF
58 Big-Box Buildings — **1** Fully Vacant

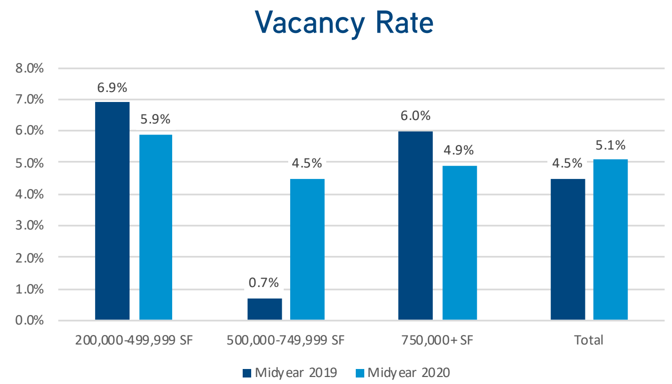
Major Logistics Driver: Memphis International Airport

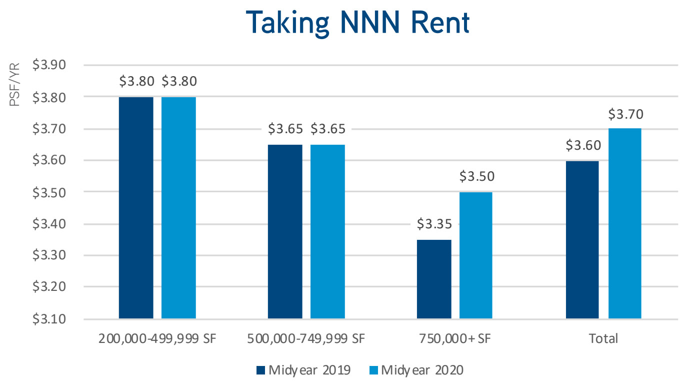
Memphis International Airport is recognized as one of the world's busiest air cargo airports. Due to its popularity among passengers (140,000 each month on average) and logistics professionals alike, the airport has an estimated annual economic impact of $23.3 billion and affects 25% of the city's jobs, according to the University of Memphis.

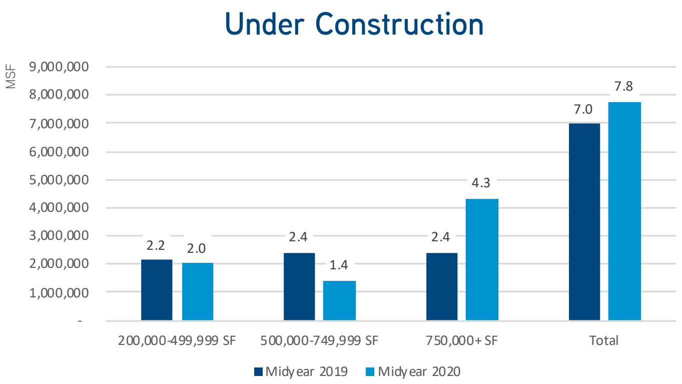
With its headquarters in Memphis, FedEx represents roughly 98% of the airport's total cargo and handles more than 180,000 packages every hour at its World Hub, which is located at the airport. Being near this hub is key for e-commerce distribution and will continue to draw occupiers to the region for the foreseeable future.

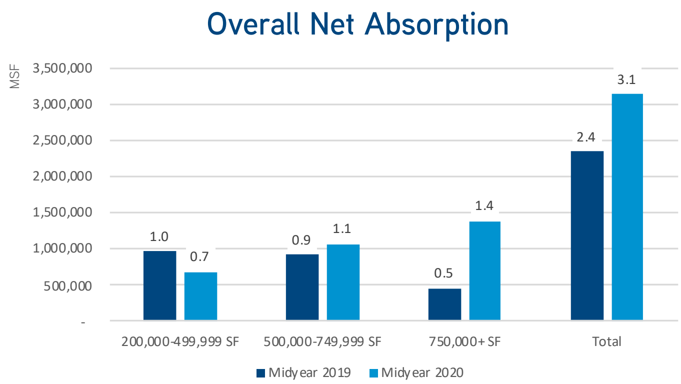
The International Port of Memphis is the second-largest inland port on the shallow draft portion of the Mississippi River and the fifth-largest inland port in the U.S. The Port is key to feeding product to Memphis' large rail network. In fact, Memphis is the third-largest rail center in the U.S. behind Chicago and St. Louis and home to nine fully operational rail yards, with a total current container capacity of more than two million annual lifts.

Key Statistics | Midyear 2019 and Midyear 2020









Notable Transactions

Big-Box Leases | Midyear 2020

Tenant	Lease Size (SF)	Bldg. Address	City	Lease Type
IG Design	892,640	Gateway Global Logistics Center, Bldg IX	Byhalia, TN	Direct Lease
Undisclosed	860,915	1615 Commerce Pky., Desoto55 Logistics Center, Bldg D	Southaven, TN	Direct Lease
Baxter	850,000	I-269 Industrial Park	Hernando, TN	Build-to-suit
Technicolor	789,291	5215 Lamar Ave., Summit Distribution II	Memphis, TN	Renewal

Big-Box Sales | Midyear 2020

Buyer	Bldg. Size (SF)	Bldg. Address	City	Sale Type	Sale Price (PSF)
CBRE Global Investors	815,050	I-22 Logistics Park, 8331 Frontage Rd.	Olive Branch, MS	Investment	$64
CBRE Global Investors	1,015,740	Gateway Global Logistics Center, 291 Norfolk Southern Way	Byhalia, MS	Investment	$53
Granite REIT Holdings	1,663,296	Southaven Distribution Center, Bldg 1 & 2	Southaven, MS	Investment	$53
Granite REIT Holdings	449,600	Southpoint Distribution Center, 4460 E. Holmes	Memphis, TN	Investment	$50

Historical Data

	# of Bldgs.	Existing Inventory	Vacant Inventory	Vacancy Rate	Leasing Activity	Net Absorption	Taking NNN Rent	Cap Rate	Under Construction	Construction Completions
2010	141	77,046,572	8,792,537	11.4%	4,022,773	444,183	$2.65	N/A	-	-
2011	142	77,902,450	7,229,816	9.3%	5,903,450	1,930,260	$2.85	8.6%	879,660	855,878
2012	144	78,782,110	7,556,842	9.6%	6,939,818	(270,974)	$2.95	7.8%	2,453,040	234,600
2013	148	81,281,734	8,171,002	10.1%	3,688,176	1,452,596	$3.10	8.5%	2,322,206	1,369,892
2014	153	84,468,530	8,025,648	9.5%	4,734,192	1,448,854	$2.80	7.5%	3,807,052	2,075,842
2015	158	88,988,423	8,741,081	9.8%	7,112,905	2,560,710	$2.90	7.5%	1,506,113	2,413,241
2016	162	90,769,936	6,093,716	6.7%	8,904,440	2,036,493	$3.10	6.0%	3,734,920	1,781,513
2017	169	95,655,606	5,832,114	6.1%	5,842,702	2,741,927	$3.25	6.0%	4,893,984	2,831,630
2018	174	98,797,625	8,684,311	8.8%	4,728,783	59,945	$3.50	6.0%	3,081,340	3,142,480
2019	181	103,002,120	5,001,009	4.9%	6,956,015	2,351,123	$3.50	5.8%	6,991,584	-
1H 2020	191	108,426,789	5,544,922	5.1%	3,093,582	3,140,441	$3.70	5.3%	7,764,401	4,546,832

Northern California

E-Commerce Continues to Fuel Demand in Northern California

VIEW PROPERTIES

- The Northern California market consists of three distinct areas: East Bay — a mature market near the Port of Oakland, the Stockton/San Joaquin County area — an area with fewer land constraints, and Sacramento — an emerging big-box market.
- E-Commerce fueled demand for bulk product in the Northern California industrial market with Amazon remaining the dominant driver. Amazon has signed leases on more than 6 MSF of product in Northern California in the last nine months and have up to 15 more requirements pending. E-Commerce, last mile 3PL, food & beverage and home furnishing/improvements distribution-related companies are the major tenant classification for big-box product in this market.
- Nearly 8.9 MSF of big-box product is currently under construction throughout the Bay Area and Central Valley with leading developers including Prologis, Overton Moore Properties, Trammel Crow, Blackcreek, American Realty Advisors, Duke Realty, Bridge, Centerpoint and Dermody all have projects that have broken ground in Northern California.
- Nearly all big-box speculative developments were pre-leased prior to completion over the last four years, including projects for e-commerce furniture retailer, Wayfair, as well as Amazon, Medline, Tesla and UPS.
- The greater Northern California area big-box rents finished the first six months of the year at $5.49 PSF. Rents have remained relatively stable in most Northern California markets throughout the pandemic. Demand for larger scale space is still high and as a result rents remain higher for Class A new big-box product and remain steady in the area.

GREIG LAGOMARSINO, SIOR
Executive Vice President, Oakland

"During the COVID-19 pandemic, consumers have relied heavily on the e-commerce delivery model to provide their home good needs during the shelter in place mandate. As a result, the greater Bay Area industrial market continues to benefit from strong demand from the e-commerce and food and beverage industries — many of whom are servicing the local economy and strong businesses expanding their e-commerce platforms. Home improvement, food industries and technology are also major drivers for demand of industrial space in the region. The shift to an e-commerce delivery model continues to be the catalyst for the increasing demand of warehouse properties and the current high levels of construction.

With vacancy rates throughout the region in the low single-digit range, new speculative development is underway in virtually every submarket. Many new projects are being pre-leased prior to completion with other active requirements considering these state-of-the-art options. High costs of construction, relatively tight labor markets and rising land prices continue to put pressure on new development yields throughout the industrial market."

Building Inventory

200,000 - 499,999 SF

180 Big-Box Buildings | **9** Fully Vacant

500,000 - 749,999 SF

45 Big-Box Buildings | **2** Fully Vacant

> 750,000 SF

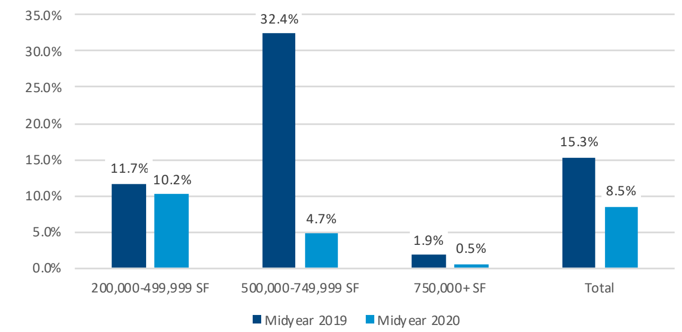
24 Big-Box Buildings | **0** Fully Vacant

Major Logistics Driver: Port of Oakland

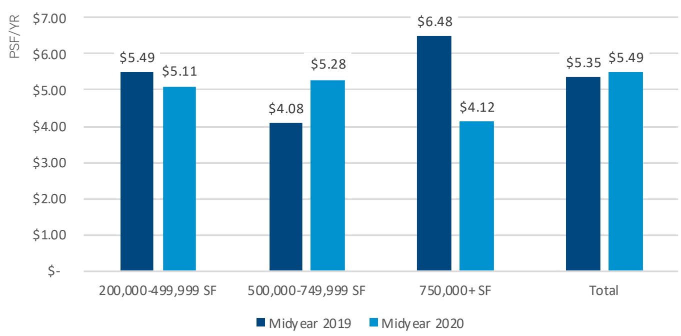
All commercial real estate sectors are expected to face continued headwinds as the unpredictable challenges of COVID-19 continue to unfold in the coming quarters. While all distribution markets will be impacted by COVID-19 to some degree, the Port of Oakland is well insulated due to its strength in the e-commerce and food and beverage industries. The greater Bay Area is home to the Port of Oakland — a world-class international cargo transportation and distribution hub. Located on the mainland shore of San Francisco Bay, Oakland was among the first ports globally to specialize in the intermodal container operations that has revolutionized international trade and stimulated the global economy. It is situated near four major freeways and two transcontinental railroads.

Key Statistics | Midyear 2019 and Midyear 2020

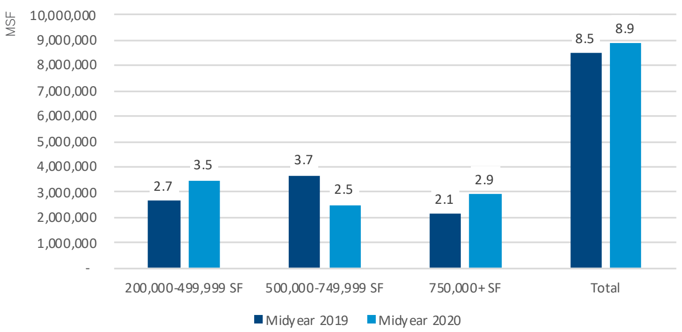
Vacancy Rate



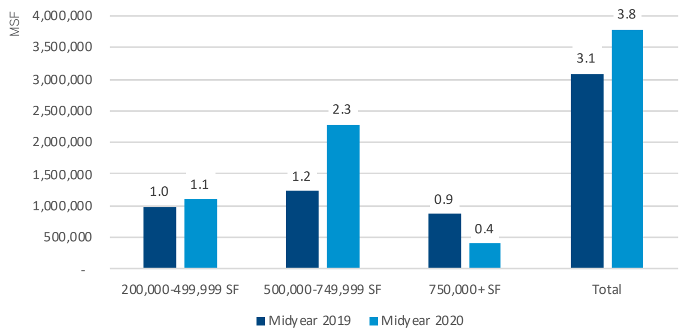
Taking NNN Rent



Under Construction



Overall Net Absorption



Notable Transactions

Big-Box Leases | Midyear 2020

Tenant	Lease Size (SF)	Bldg. Address	City	Lease Type
Confidential	851,200	Promontory Pkwy., Bldg. 14	Tracy, CA	Build-to-suit
Amazon	746,790	3493 N. Airport Way	Manteca, CA	Direct Lease
Home Depot	724,775	Hopkins Rd., Bldg. 19	Tracy, CA	Build-to-suit
Amazon	707,820	2995 Atlas Rd.	Richmond, CA	Direct Lease

Big-Box Sales | Midyear 2020

Buyer	Bldg. Size (SF)	Bldg. Address	City	Sale Type	Sale Price (PSF)
Bentall Kennedy	612,300	400 Longfellow Ct.	Livermore, CA	Investment	$221
Bcore Canal CA LLC	330,750	5191 Fermi Dr.	Fairfield, CA	Investment	$125
B9 Sapphire Icon Way Owner LLC	252,423	2121 Icon Way	Vacaville, CA	Investment	$106
Blackstone	343,832	11980 S. Harlan Rd.	Lathrop, CA	Investment	$103

Historical Data

	# of Bldgs.	Existing Inventory	Vacant Inventory	Vacancy Rate	Leasing Activity	Net Absorption	Taking NNN Rent	Cap Rate	Under Construction	Construction Completions
2010	170	68,784,001	8,706,545	12.7%	3,512,862	302,640	$4.74	5.6%	-	-
2011	171	69,989,276	7,507,925	10.7%	5,750,290	2,403,895	$4.20	5.4%	200,022	-
2012	173	70,531,829	7,262,915	10.3%	4,772,877	787,563	$4.49	5.2%	1,017,353	200,022
2013	174	72,039,278	7,987,237	11.1%	3,621,946	783,127	$4.29	4.5%	1,418,638	1,017,353
2014	178	73,707,916	7,219,271	9.8%	5,601,797	1,645,066	$4.57	4.1%	3,772,861	1,668,638
2015	184	76,810,658	4,783,860	6.2%	7,105,145	4,714,293	$5.02	5.9%	4,394,847	2,780,177
2016	192	81,370,780	4,306,708	5.3%	5,266,954	3,093,067	$4.44	4.4%	6,655,524	4,964,400
2017	206	88,533,773	6,527,131	7.4%	8,748,462	4,635,026	$4.73	4.0%	9,065,336	6,896,404
2018	227	98,054,852	7,376,820	7.5%	10,988,588	9,747,830	$5.26	4.1%	9,234,634	9,521,079
2019	240	101,766,270	9,879,284	9.7%	7,566,714	3,145,934	$7.84	3.7%	7,538,240	6,585,783
1H 2020	249	106,409,985	9,010,874	8.5%	5,815,386	3,789,094	$5.49	4.1%	8,877,419	2,950,910

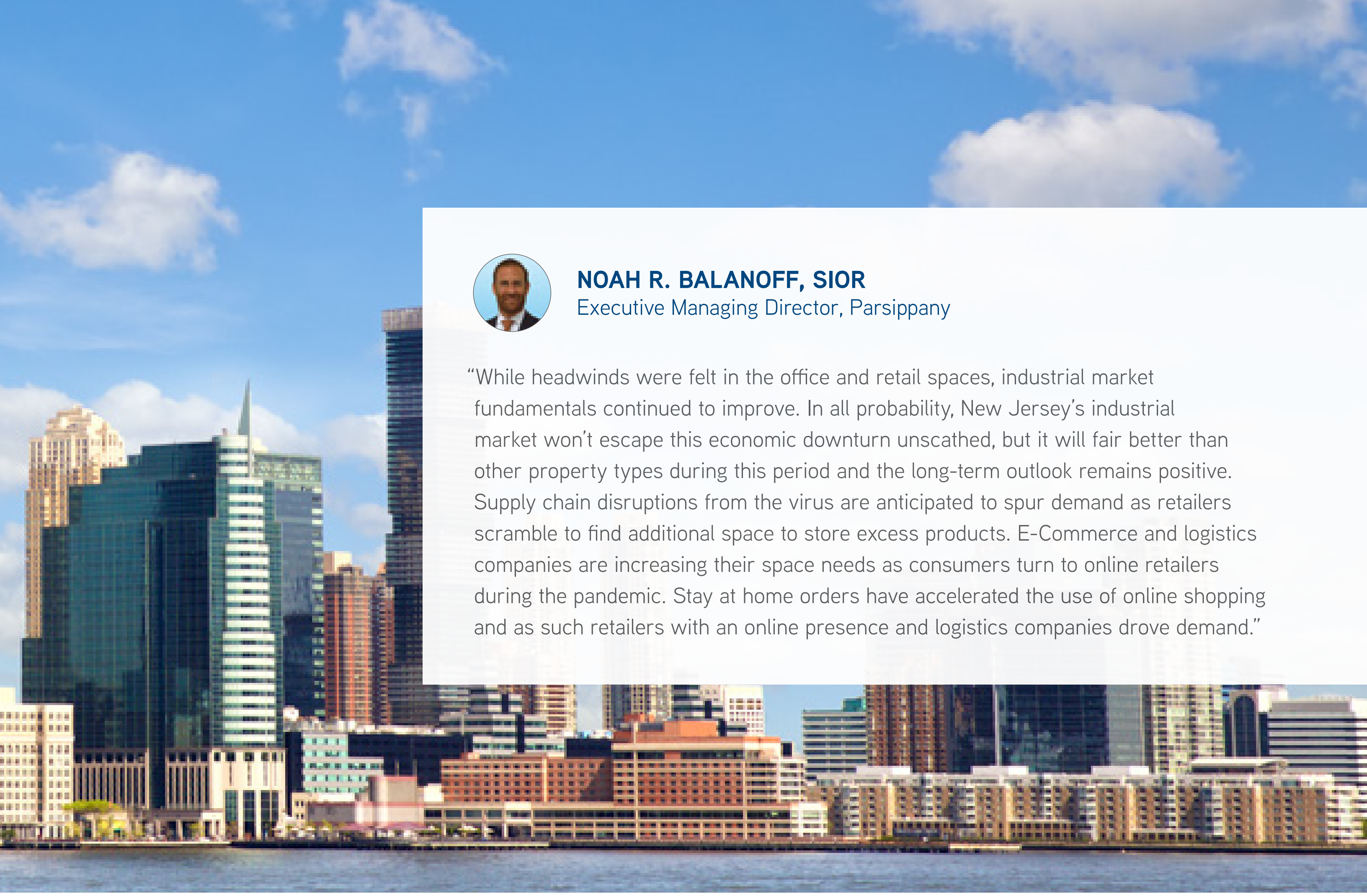
Northern-Central

New Jersey

Industrial Market Unphased Amid COVID-19

VIEW PROPERTIES

- New Jersey's industrial market has been the silver lining for the local commercial real estate industry during the pandemic, as healthy demand for large blocks of space helped keep net absorption positive at 7 MSF.
- In addition, the first half of 2020 recorded 7 MSF of leasing activity, a 54% year-over-year increase. Major companies including Amazon, Geodis Logistics, Bed Bath & Beyond and Anixter International all committed to space in the first six months of the year.
- The improvement in transaction activity can be attributed to the increase of big-box transactions. Overall, there were 12 transactions greater than 200,000 SF during the first two quarters. This dynamic continued to chip away at what little space is available and at 1.8%, the vacancy rate improved 90 BPS since this time last year.
- Constrained availability has resulted in sustained average asking rent growth, which is up 10.6% year-over-year to $9.49 PSF. Big-box warehouse space between 200,000-499,999 SF had the largest increase year-over-year, up 133% to $10.06 PSF.
- Owners and developers continue to be active in response to strong market improvements, racing to break ground on new construction projects. Currently there are 17 buildings under construction totaling 9.0 MSF, while 10 buildings completed construction totaling 6.3 MSF of new product.



NOAH R. BALANOFF, SIOR
Executive Managing Director, Parsippany

"While headwinds were felt in the office and retail spaces, industrial market fundamentals continued to improve. In all probability, New Jersey's industrial market won't escape this economic downturn unscathed, but it will fair better than other property types during this period and the long-term outlook remains positive. Supply chain disruptions from the virus are anticipated to spur demand as retailers scramble to find additional space to store excess products. E-Commerce and logistics companies are increasing their space needs as consumers turn to online retailers during the pandemic. Stay at home orders have accelerated the use of online shopping and as such retailers with an online presence and logistics companies drove demand."

Building Inventory

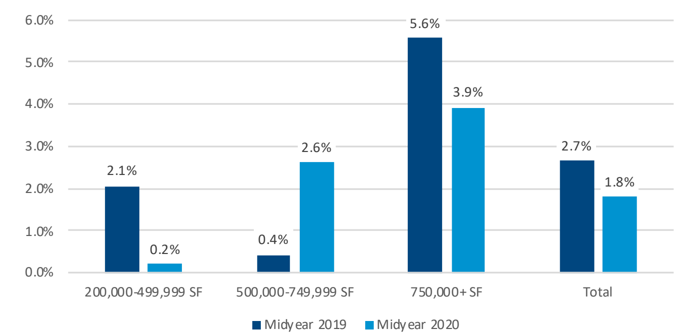
200,000 - 499,999 SF	500,000 - 749,999 SF	> 750,000 SF
191 Big-Box Buildings	45 Big-Box Buildings	36 Big-Box Buildings
4 Fully Vacant	1 Fully Vacant	0 Fully Vacant

Major Logistics Driver: The Port of New York and New Jersey

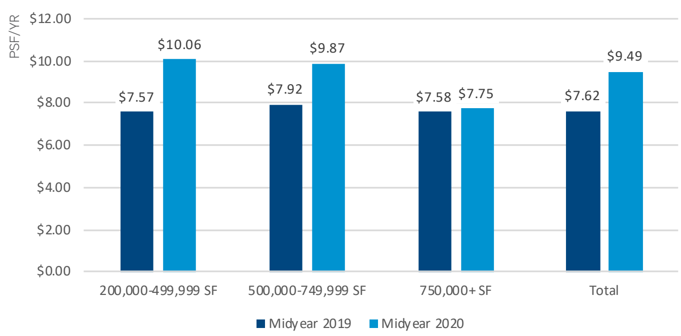
Surrounded by more than 61 million people, within 250 miles of its core, the Northern/Central New Jersey market services the largest population concentration in the country. Because of its location and robust logistics advantages, occupier demand is strong within New Jersey's industrial market. The Northern/Central New Jersey market is home to the busiest seaport on the East Coast of the U.S. — the Port of New York and New Jersey — which remains one of the top demand drivers for industrial real estate in the region. The Port of New York & New Jersey's total cargo volume through April 2020 totaled 2.3 million TEUs, down 3.4% from the same period last year. Despite the lower volume, rail cargo continued to grow this year. YTD rail volume through April 2020 is up 6% from the same period last year to 233,260 total rail lifts. According to the American Association of Port Authorities, volumes through the U.S. ports are anticipated to fall up to 30% from last year amid the COVID-19 pandemic.

Key Statistics | Midyear 2019 and Midyear 2020

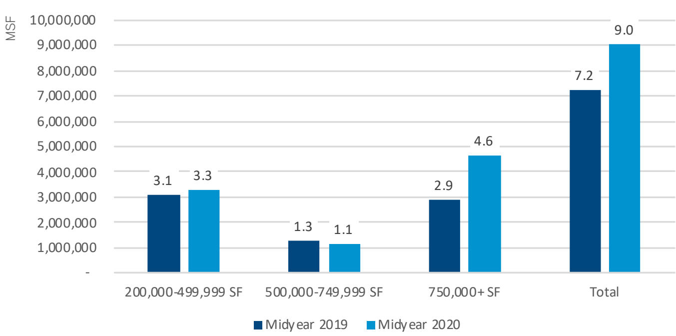
Vacancy Rate



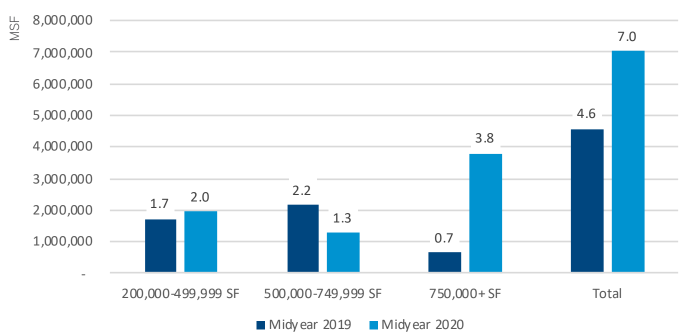
Taking NNN Rent



Under Construction



Overall Net Absorption



Notable Transactions

Big-Box Leases | Midyear 2020

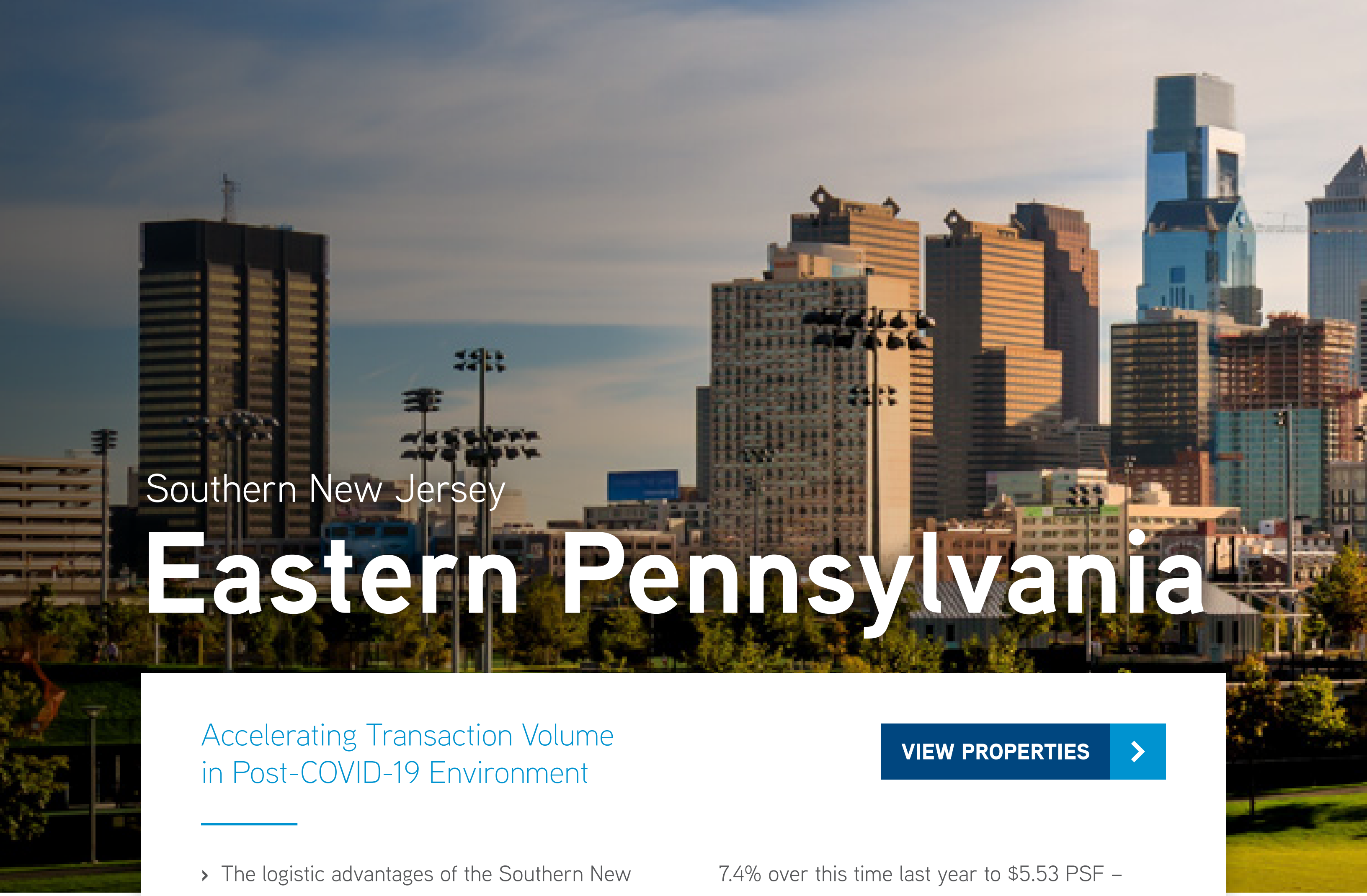
Tenant	Lease Size (SF)	Bldg. Address	City	Lease Type
Amazon	953,595	343 Half Acre Rd.	Cranbury, NJ	Direct Lease
Amazon	661,741	429 Delancy St.	Newark, NJ	Direct Lease
Geodis Logistics	611,320	1 Costco Dr.	Monroe, NJ	Renewal
U.S. Elogistic	570,777	703 Bartley Chester Rd.	Flanders, NJ	Direct Lease

Big-Box Sales | Midyear 2020

Buyer	Bldg. Size (SF)	Bldg. Address	City	Sale Type	Sale Price (PSF)
Prologis	215,000	760 Port Carteret Dr.	Carteret, NJ	Investment	$236
Prologis	215,000	300 Middlesex Ave.	Carteret, NJ	Investment	$177
CalPers	926,392	50 Veronica Ave.	Somerset, NJ	Investment	$177
Prologis	235,000	1000 Port Carteret Dr.	Carteret, NJ	Investment	$169

Historical Data

	# of Bldgs.	Existing Inventory	Vacant Inventory	Vacancy Rate	Leasing Activity	Net Absorption	Taking NNN Rent	Cap Rate	Under Construction	Construction Completions
2010	177	76,306,247	10,223,808	13.4%	8,997,079	3,168,916	$4.62	8.3%	483,175	269,204
2011	179	76,789,422	6,875,435	9.0%	10,355,470	3,831,548	$4.09	6.9%	243,750	483,175
2012	181	77,259,272	4,481,869	5.8%	9,386,313	2,863,416	$4.56	5.1%	1,890,658	469,850
2013	184	78,812,822	4,157,431	5.3%	8,059,956	1,877,988	$4.94	6.5%	5,297,857	1,553,550
2014	198	85,907,606	6,826,835	7.9%	11,021,790	4,425,380	$4.65	7.5%	2,058,621	7,094,784
2015	202	87,650,838	6,655,480	7.6%	11,270,655	1,914,587	$5.02	N/A	3,006,520	1,743,232
2016	210	91,097,705	3,294,054	3.6%	12,891,551	6,808,293	$7.27	5.2%	8,617,360	2,785,637
2017	225	97,709,134	2,302,766	2.4%	11,115,522	7,602,717	$6.52	5.1%	17,484,505	6,611,429
2018	248	108,897,210	3,283,445	3.0%	13,025,351	10,207,397	$8.17	6.1%	8,530,807	11,188,076
2019	261	114,858,025	2,863,825	2.5%	18,777,298	6,380,435	$8.58	6.0%	14,497,627	6,463,770
1H 2020	272	121,228,159	2,211,498	1.8%	6,987,293	7,022,461	$9.49	N/A	9,041,135	6,268,665



Southern New Jersey

Eastern Pennsylvania

Accelerating Transaction Volume in Post-COVID-19 Environment

VIEW PROPERTIES

- The logistic advantages of the Southern New Jersey-Eastern Pennsylvania market continue to support demand in the area. Big-box activity accelerated in the area following a brief slowdown during the pandemic shutdown. This momentum will continue in the second half based on the volume of new requirements scheduled to close by year-end and large retailers continuing to expand in the region.
- New supply totaled nearly 5 MSF at midyear, much lower than deliveries recorded in previous quarters. Some developments were delayed by the stay in construction of non-essential projects, causing a decline in deliveries. A record-high level of projects remained under construction, totaling 21.7 MSF signaling that there is no end in sight of the amount of newly constructed product to hit the market in the coming quarters.
- Rents continued to increase with occupiers showing little sensitivity to pricing for new construction. Overall, big-box rents increased 7.4% over this time last year to $5.53 PSF – a record for Southern New Jersey-Eastern Pennsylvania bulk space.
- New leasing activity was particularly strong in this region and totaled 17.4 MSF at midyear. To put it in perspective, 19.7 MSF was recorded for all of 2019, putting the Southern New Jersey-Eastern Pennsylvania on track to surpass last year's total by the third quarter. Amazon has been extremely active, particularly for new product along the I-95 corridor in Pennsylvania and Northern Delaware. However, activity is not limited to Amazon. Ten new leases were signed in excess of 500,000 SF including companies like Home Depot, Target and Geodis Logistics.
- Investment sales volume was very limited. The majority of sale activity during the first half of the year was multi-building portfolios in infill locations and value-add properties. Oak Street Real Estate Capital, Black Creek and NorthBridge Partners remain active in this area.

MARK CHUBB
Senior Managing Director, Conshohocken

"COVID-19's impact on transaction volume has been relatively small in the Southern New Jersey-Eastern Pennsylvania region. Amazon has been extremely active, and other home improvement and mass merchandiser retailers, such as Target and Home Depot, signed deals for large format buildings.

There is a clear preference for new product, speculative or build-to-suit. Though occupier transactions are up, second or previous generation vacancies have increased. This was a pre-COVID-19 trend resulting from volatility in the retail supply-chain occupiers. Deliveries and construction starts will increase in the second half of the year following a pause in construction during the shutdown of non-essential commercial construction during parts of the first and second quarters. Market-wide, construction activity is most prevalent in the 250,000 to 500,000 SF range.

An uptick in vacancy is expected as this year's speculative deliveries will be concentrated in the second half of 2020. However, the pipeline of requirements indicates a strong potential for a record-breaking level of transactions."

Building Inventory

200,000 - 499,999 SF

313 Big-Box Buildings **24** Fully Vacant

500,000 - 749,999 SF

105 Big-Box Buildings **8** Fully Vacant

> 750,000 SF

118 Big-Box Buildings **5** Fully Vacant

Major Logistics Driver: Intermodal and Population Density

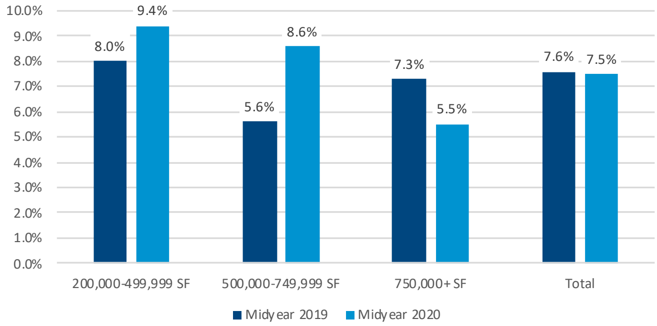
The Eastern Pennsylvania-Southern/New Jersey-Northern Delaware market is one of the most strategically located in the county.

The region is centrally located along the East Coast with access to four seaports: the Port of New York-New Jersey, the Port of Philadelphia-South Jersey, the Port of Wilmington (DE) and the Port of Baltimore. The region is served by two Class I railroads (CSX and Norfolk Southern) and five airports with major cargo handling capabilities.

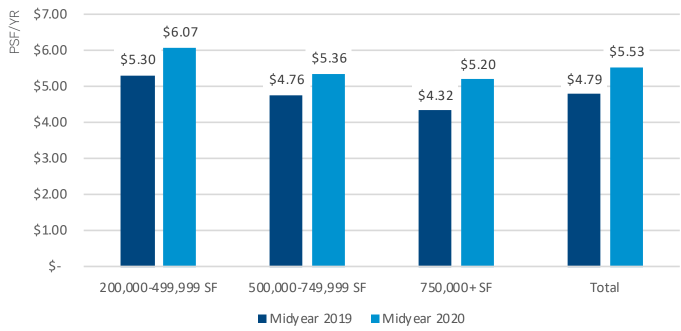
A complex highway network including I-78, I-80, I-81, I-83 and I-95, in addition to the Pennsylvania Turnpike and multiple U.S. highways transverse the region. More than 58 million people are within 250 miles of the market core. Population access has made the I-95 corridor a strategic location for last-mile requirements and has increased developer interest in sites from New Jersey Turnpike (-95) Exit 7 in New Jersey to Northern Delaware.

Key Statistics | Midyear 2019 and Midyear 2020

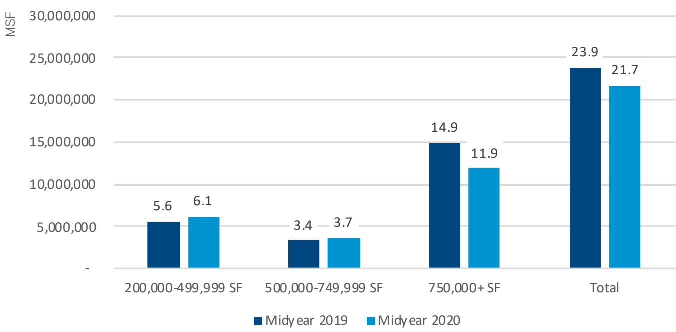
Vacancy Rate



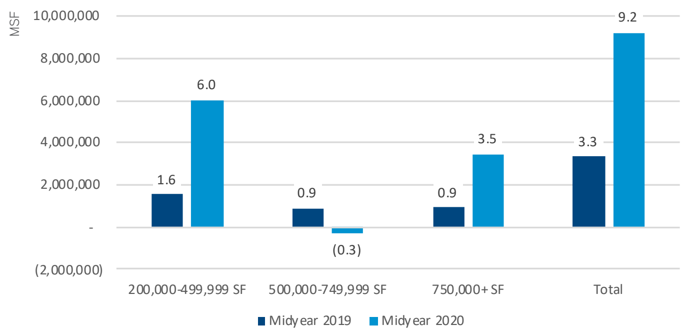
Taking NNN Rent



Under Construction



Overall Net Absorption



Notable Transactions

Big-Box Leases | Midyear 2020

Tenant	Lease Size (SF)	Bldg. Address	City	Lease Type
Target	1,105,000	Logan North	Swedesboro, NJ	Build-to-suit
Geodis	1,031,524	951 Willowbrook Rd.	Northampton, PA	Direct Lease
Home Depot	1,023,000	200 Technology Dr.	Pittston, PA	Direct Lease
Amazon	1,008,867	3563 Mountain Rd.	Hamburg, PA	Direct Lease

Big-Box Sales | Midyear 2020

Buyer	Bldg. Size (SF)	Bldg. Address	City	Sale Type	Sale Price (PSF)
Black Creek Group	475,800	4200 Braden Blvd. East	Easton, PA	Investment	$131
Oak Street Real Estate Capital	1,295,000	50 Rausch Creek Rd.	Tremont, PA	Investment	$100

Historical Data

	# of Bldgs.	Existing Inventory	Vacant Inventory	Vacancy Rate	Leasing Activity	Net Absorption	Taking NNN Rent	Cap Rate	Under Construction	Construction Completions
2010	359	167,732,675	16,871,028	10.1%	9,180,532	5,725,750	$3.63	–	2,659,946	965,900
2011	364	171,415,821	12,680,855	7.4%	8,766,925	7,873,319	$4.01	8.1%	4,211,213	3,683,146
2012	372	177,487,547	16,468,857	9.3%	10,615,898	2,283,724	$4.04	8.4%	5,821,032	6,071,726
2013	382	183,237,013	11,618,980	6.3%	18,923,304	10,599,343	$4.08	7.6%	7,290,746	5,749,466
2014	399	191,769,917	5,732,069	3.0%	15,783,544	14,419,815	$4.15	6.7%	11,662,825	8,532,904
2015	423	204,878,145	9,322,221	4.6%	11,750,016	9,518,076	$5.04	5.9%	11,854,129	13,108,228
2016	457	226,000,578	10,596,569	4.7%	18,462,616	19,848,085	$5.06	5.9%	10,900,193	21,122,433
2017	480	242,134,858	12,951,839	5.3%	20,961,117	13,779,010	$5.11	5.7%	14,639,587	16,134,280
2018	502	258,683,045	16,859,616	6.5%	19,123,964	12,640,410	$5.22	5.5%	20,214,584	16,548,187
2019	528	279,788,729	24,793,741	8.9%	19,691,706	13,171,559	$5.42	4.9%	16,048,171	21,105,684
1H 2020	536	284,286,176	21,393,367	7.5%	17,375,522	9,197,596	$5.53	4.5%	21,728,013	4,497,447

Canada

Toronto

GTA Industrial Market Hold Firm Despite the Effects of COVID-19

VIEW PROPERTIES

- The Greater Toronto Area (GTA) market is the fifth-largest big-box market in North America. The region has become home to many e-commerce fulfillment/distribution centers for companies such as Amazon, Wayfair and IKEA, that are drawn to the region's vast transportation infrastructure.
- Occupancy gains more than doubled in the GTA over 2019 and totaled 4 MSF in 2020. Companies like Amazon, Walmart and Goodfood continue to thrive in the current COVID-19 environment and have all made major announcements to expand their distribution channel in the GTA and across Canada.
- Amazon has almost doubled its GTA footprint in 2020 securing over 3 MSF in Southwestern Ontario. Walmart is investing $3.5 billion over the next five years, including a 550,000-SF distribution center in Vaughan. Goodfood will be adding a new 200,000-SF distribution center in Mississauga.
- GTA's industrial big-box asking net rents have decreased for the first time since 2017. The decrease however was not dramatic, as rates went from $8.64 PSF in 2019 to $8.49 PSF at midyear. New supply outpaced demand at midyear as 5.6 MSF of big-box space was added to the market.
- E-Commerce sales have shown no signs of slowing down, even amidst the pandemic. E-Commerce sales made up 8.3% of total Canadian retail sales in May, compared to 3.1% one year ago.
- Many of Ontario's regions, including those in the GTA, have been able to move into stage 3 of the re-opening process. This will allow for the market to be better positioned for a potential bounce back in the second half of 2020.

COLIN ALVES, SIOR
Executive Vice President, Sales Representative | Toronto West

"The GTA industrial market continues to post record fundamentals, led by expanding e-commerce footprints and new entrants into the market, retailers reshuffling their supply chains, 3PLs and the growing food and beverage sector. Trends indicate the average square footage of requirements are increasing, as demonstrated by a record number of transactions and requirements in excess of 400,000 SF. The remainder of 2020 will see a return to in-fill redevelopment in core GTA markets as market rents justify purchase prices."

Building Inventory

200,000 - 499,999 SF

529 Big-Box Buildings | **1** Fully Vacant

500,000 - 749,999 SF

48 Big-Box Buildings | **0** Fully Vacant

> 750,000 SF

52 Big-Box Buildings | **0** Fully Vacant

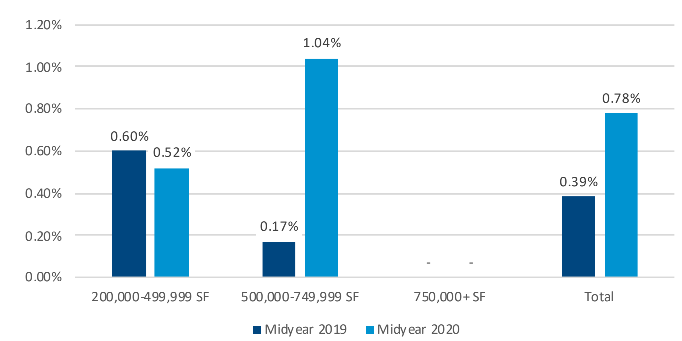
Major Logistics Driver: CN and CP Intermodals, Toronto Pearson International Airport

GTA offers connectivity to two major railroads, the Canadian National Railway (CN) and the Canadian Pacific Railway (CP), with multiple intermodal yards located in Milton, Brampton, Caledon and Vaughan. Canada's largest and busiest airport, Toronto Pearson International Airport, is also centrally located to the GTA markets and processes more than 45% of Canada's air cargo.

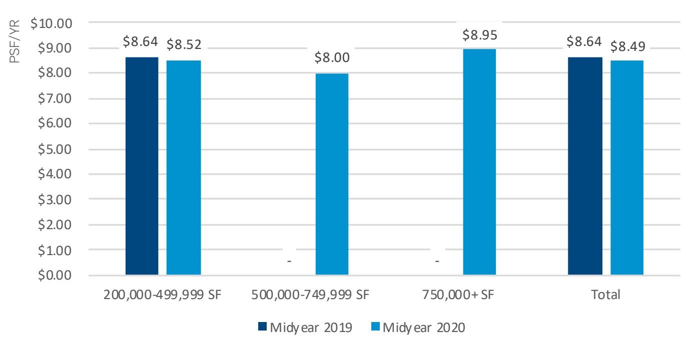
Strong tenant demand for industrial space continues to support the growth of the GTA region. The GTA represents the largest population center in Canada and draws international attention as the market of choice for companies looking to expand into Canada. The e-commerce sector in general is a strong source of demand with continued transition of supply chains to support this increasingly important channel. As the largest industrial market in Canada, the GTA will continue to be a major driver for logistics within the country.

Key Statistics | Midyear 2019 and Midyear 2020

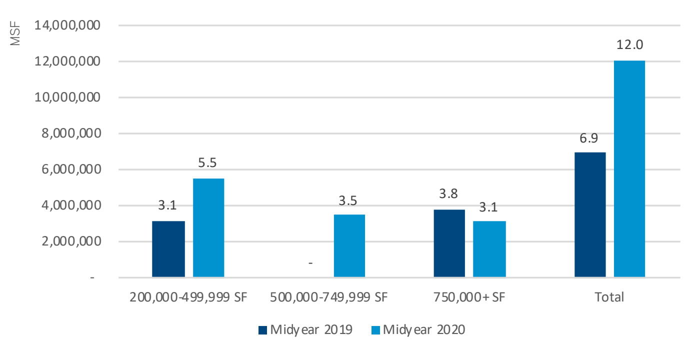
Vacancy Rate



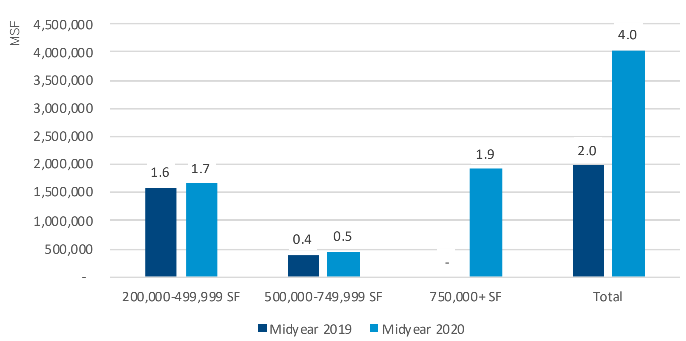
Taking NNN Rent



Under Construction



Overall Net Absorption



Notable Transactions

Big-Box Leases | Midyear 2020

Tenant	Lease Size (SF)	Bldg. Address	City	Lease Type
Lindt & Sprungli Canada	457,448	7090 Kennedy Rd.	Mississauga	Direct Lease
Expeditors	379,427	2450 Hogan Dr.	Mississauga	Direct Lease
Trillium Supply Chain	342,821	205 Speirs Giffen Ave.	Caledon	Direct Lease
RPM Canada	272,767	200 Confederation Pky.	Vaughan	Direct Lease

Big-Box Sales | Midyear 2020

Buyer	Bldg. Size (SF)	Bldg. Address	City	Sale Type	Sale Price (PSF)
Orlando Park	369,471	5855 Terry Fox Way	Mississauga	Investment	$166
Takol Steelton	231,405	2084 Steeles Ave. East	Brampton	Investment	$138
Dream REIT	240,776	1995 Markham Rd.	Toronto	Investment	$137
Dream Industrial	207,700	220 Water St.	Whitby	Investment	$85

Historical Data

	# of Bldgs.	Existing Inventory	Vacant Inventory	Vacancy Rate	Leasing Activity	Net Absorption	Taking NNN Rent	Cap Rate	Under Construction	Construction Completions
2010	580	217,010,213	13,040,032	6.0%	4,184,941	1,547,702	-	-	-	-
2011	582	217,500,775	9,713,940	4.5%	2,332,668	3,816,654	-	-	-	-
2012	585	219,516,783	9,059,724	4.1%	2,354,973	2,670,224	-	6.5%	5,476,747	2,180,723
2013	590	222,203,834	8,870,051	4.0%	5,862,055	2,876,725	-	6.6%	3,769,675	1,386,011
2014	596	224,320,580	8,621,388	3.8%	3,826,678	2,365,409	-	6.8%	7,370,604	2,361,701
2015	600	226,162,325	4,360,858	1.9%	4,819,034	6,102,275	$5.78	6.6%	6,821,355	3,404,213
2016	603	227,352,258	6,433,892	2.8%	6,380,295	1,943,474	$6.01	6.0%	5,862,245	2,878,961
2017	607	230,617,779	3,767,339	1.6%	5,536,250	3,511,477	$6.36	-	1,934,408	5,354,212
2018	615	233,250,145	2,018,222	0.9%	10,557,390	5,280,123	$6.91	-	6,212,706	2,487,908
2019	622	236,425,420	2,703,211	1.1%	2,895,469	1,975,401	$8.64	-	6,915,991	604,295
2020	629	240,327,096	1,080,752	0.78%	1,905,659	4,037,659	$8.76	–	12,043,944	5,602,453

PRINCIPAL CONTACTS

Amanda Ortiz
National Director, Industrial Research | USA
+1 847 698 8222
amanda.ortiz@colliers.com

Pete Quinn, SIOR
National Director, Industrial Services | USA
+1 317 713 2107
pete.quinn@colliers.com

Jack Rosenberg, SIOR
National Director, Logistics and Transportation
+1 847 698 8208
jack.rosenberg@colliers.com

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