



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

Fourth Quarter 2021

U.S. TRENDLINES

5-Year Trend Current Quarter

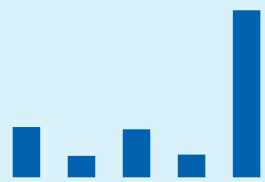
UNEMPLOYMENT RATE



3.9%

Slight hiring gains, wages increased

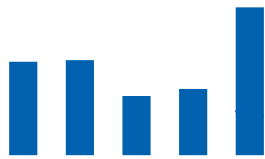
RETAIL SALES GROWTH



0.0%

No quarterly change, but up 17% YoY

NET ABSORPTION



162.9 MSF

Annual absorption annihilates record

VACANCY



4.3%

Lowest level in nearly 25 years

UNDER CONSTRUCTION



713.3 MSF

Record levels across the nation

ASKING RENT



\$7.20 PSF

Growth accelerated across the country

U.S. HIGHLIGHTS

ECONOMY

- The December job report was good overall, though the headline number of 199,000 jobs added was less than half of what was anticipated.
- Nearly 1 million industrial-using jobs were added during the past 12 months.
- As consumers remained flush with savings, retail sales continued higher before cooling in December.
- Ports continued to set cargo volume records as holiday goods were shipped earlier than usual in anticipation of continued backlogs.

INDUSTRIAL MARKET

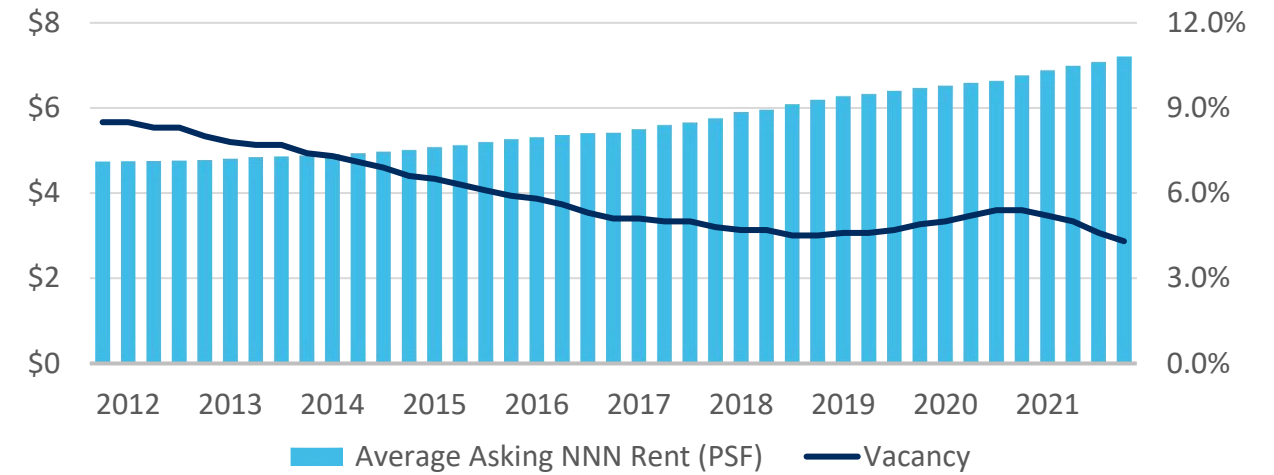
- Records continued to be shattered across just about every key performance indicator.
- Over 650 MSF of net absorption was accumulated during 2021– smashing the record of 431 MSF set in 2018 and more than double 2020.
- Vacancy fell by nearly 100 basis points during 2021, recording its lowest rate in nearly 25 years.
- Less than 100 MSF was delivered to the market for only the second time in the past nine quarters.
- Product under construction increased by 46% during 2021, surpassing 700 MSF just three quarters after breaking the 500 MSF barrier.
- Rents were higher in every market tracked and increased at the highest pace for a calendar year since 2019, boosted by 20% growth in five markets.

LOOKING AHEAD

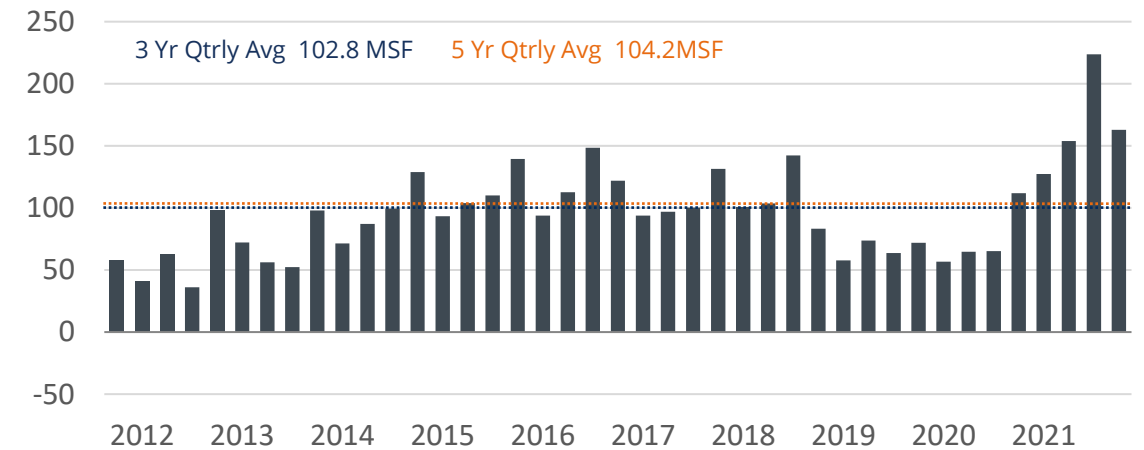
- Supply chain issues will continue to fuel the need for increased storage of goods and empty containers.
- Reshoring/onshoring has accelerated due to COVID and is expected to continue, good news for a manufacturing sector with ample room for growth.
- Industrial real estate could be a strong investment hedge against much-anticipated high inflation.

U.S. HISTORICAL

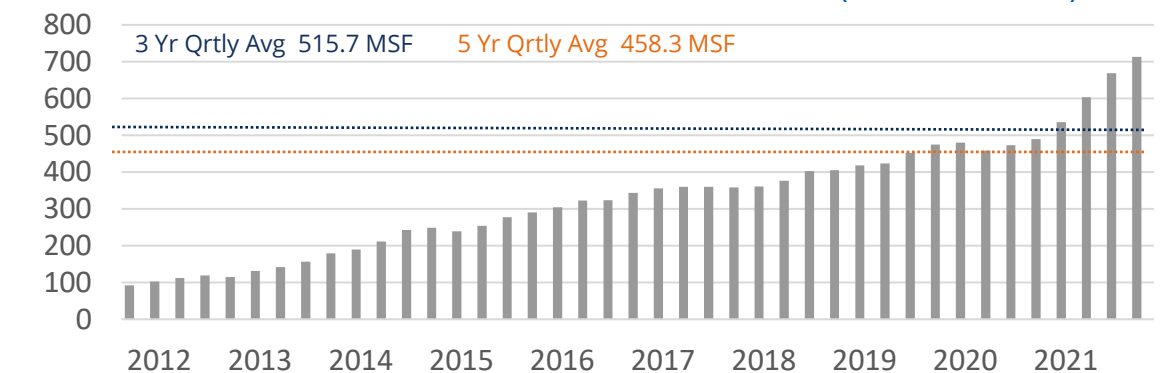
VACANCY VS ASKING RENT



NET ABSORPTION (MILLION SF)

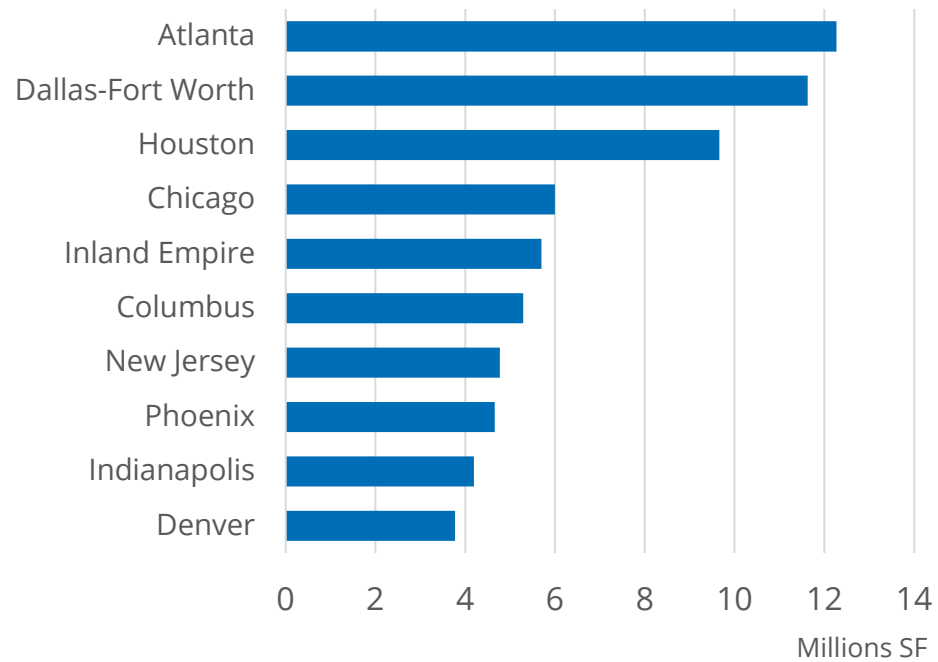


UNDER CONSTRUCTION (MILLION SF)



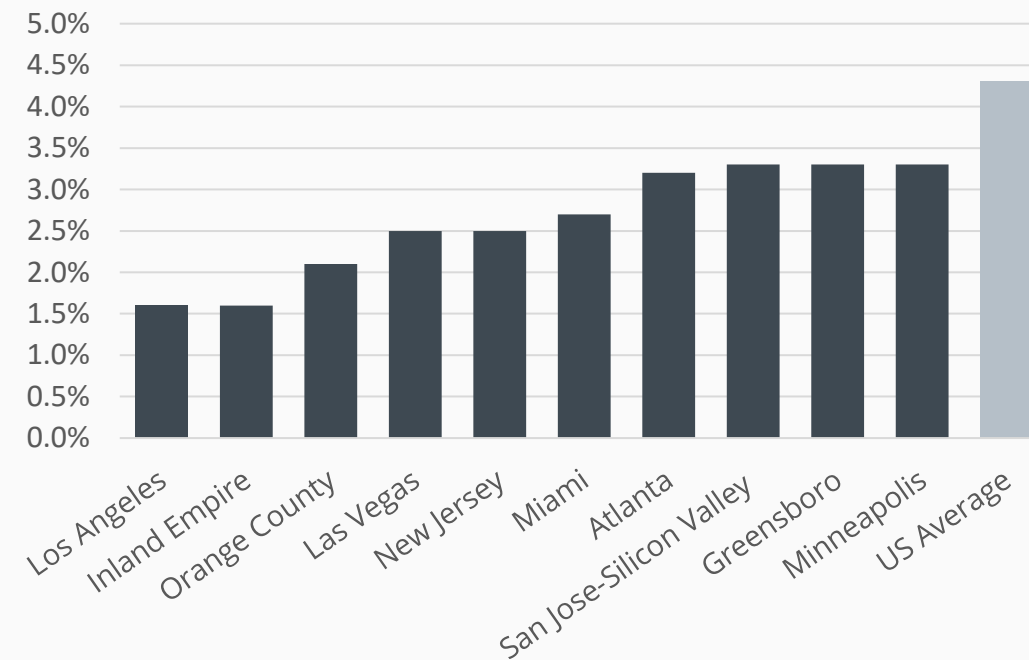
NET ABSORPTION

Q4 2021 Net Absorption



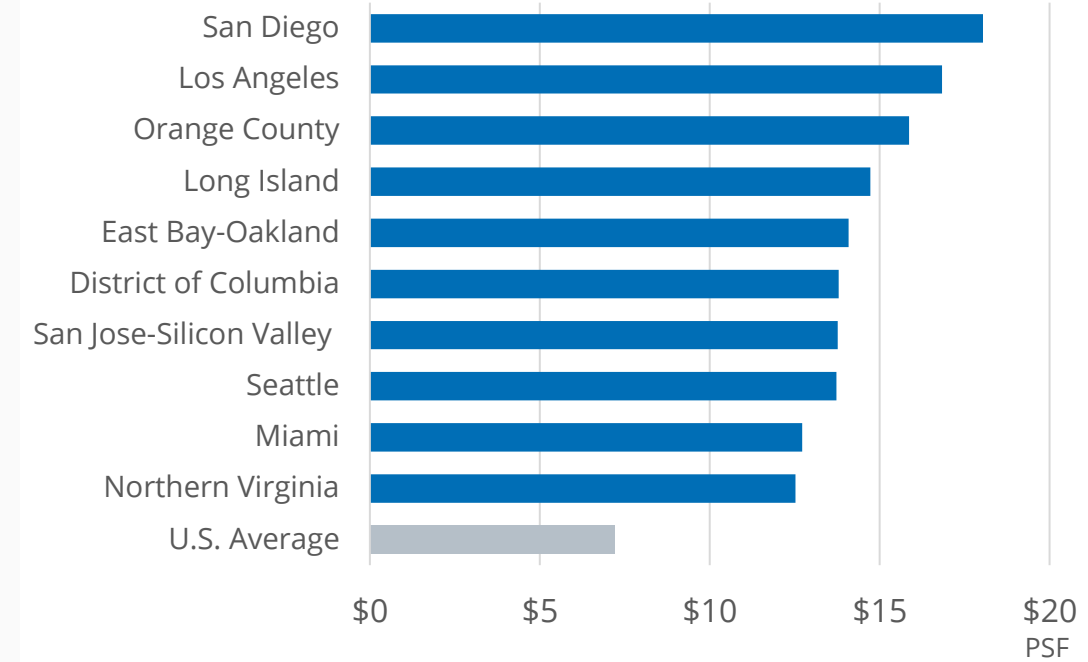
VACANCY/CONSTRUCTION

Q4 2021 Vacancy Rate

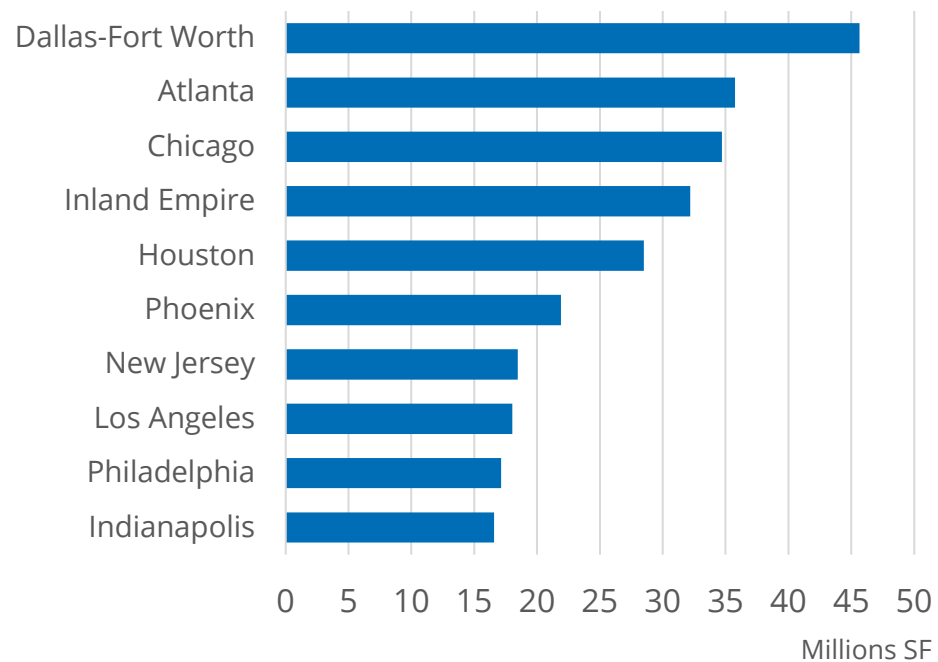


ASKING RENTS

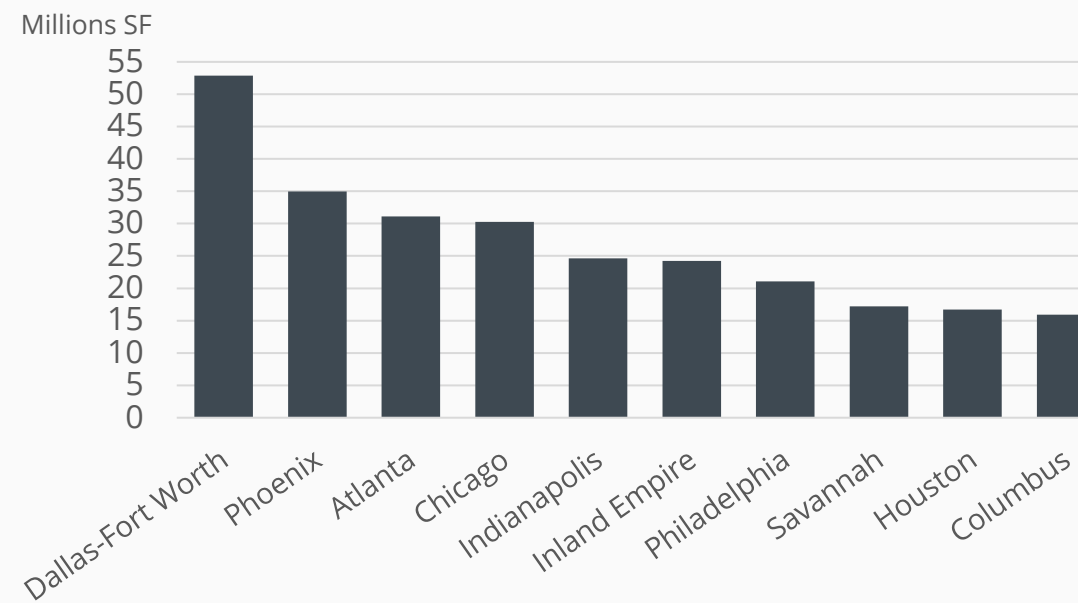
Q4 2021 Asking Rate NNN



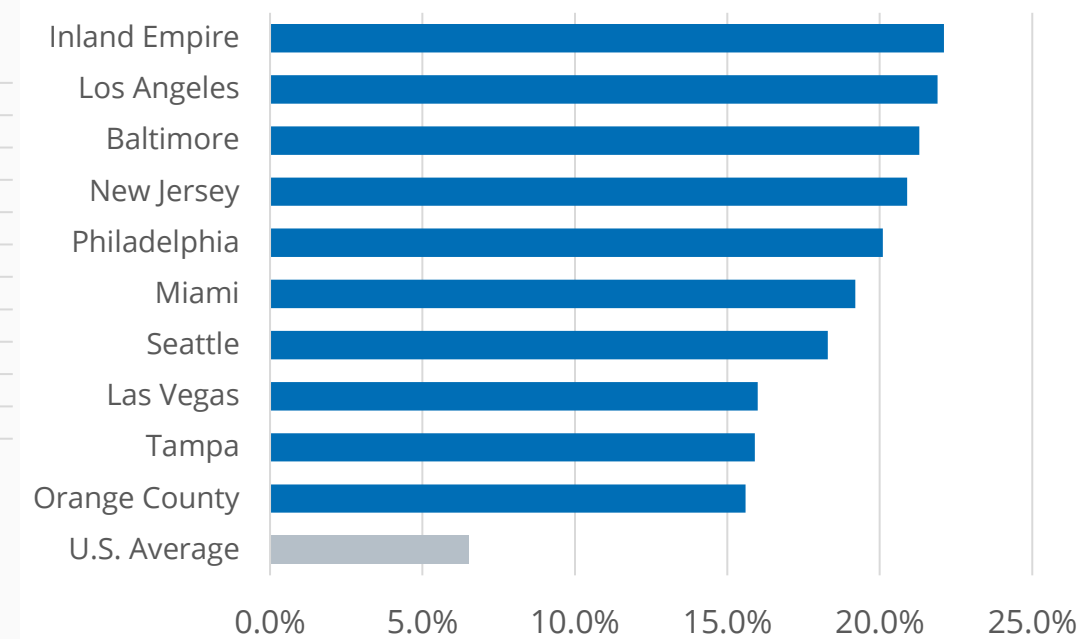
Trailing 4-Qtr Net Absorption



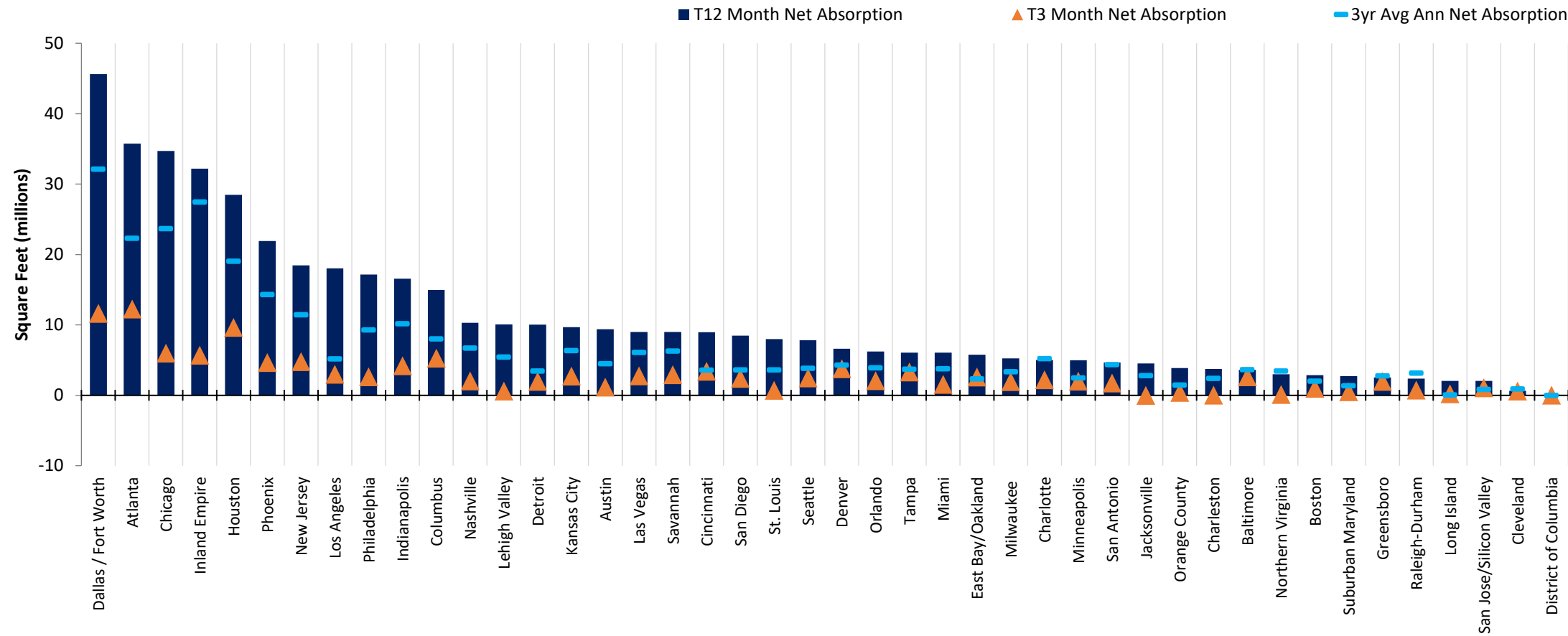
Q4 2021 Under Construction



Year-Over-Year Rent Growth

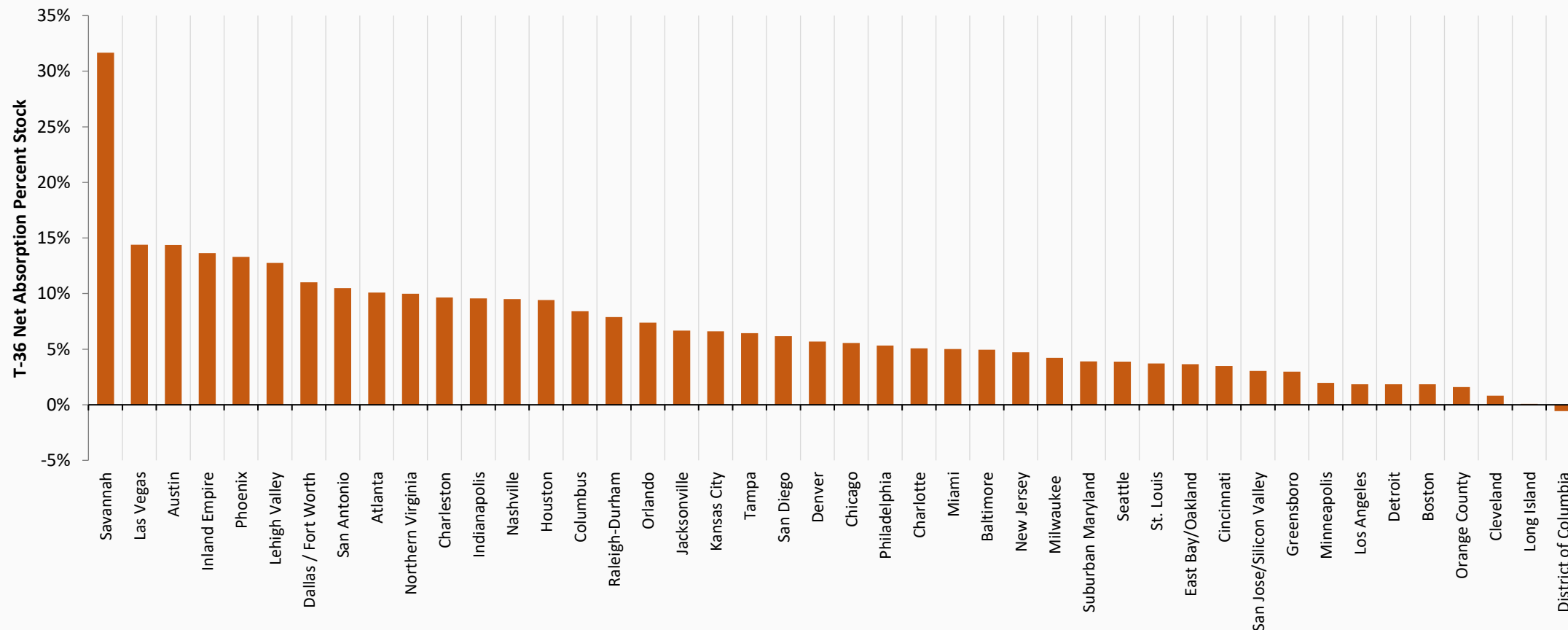


NET ABSORPTION



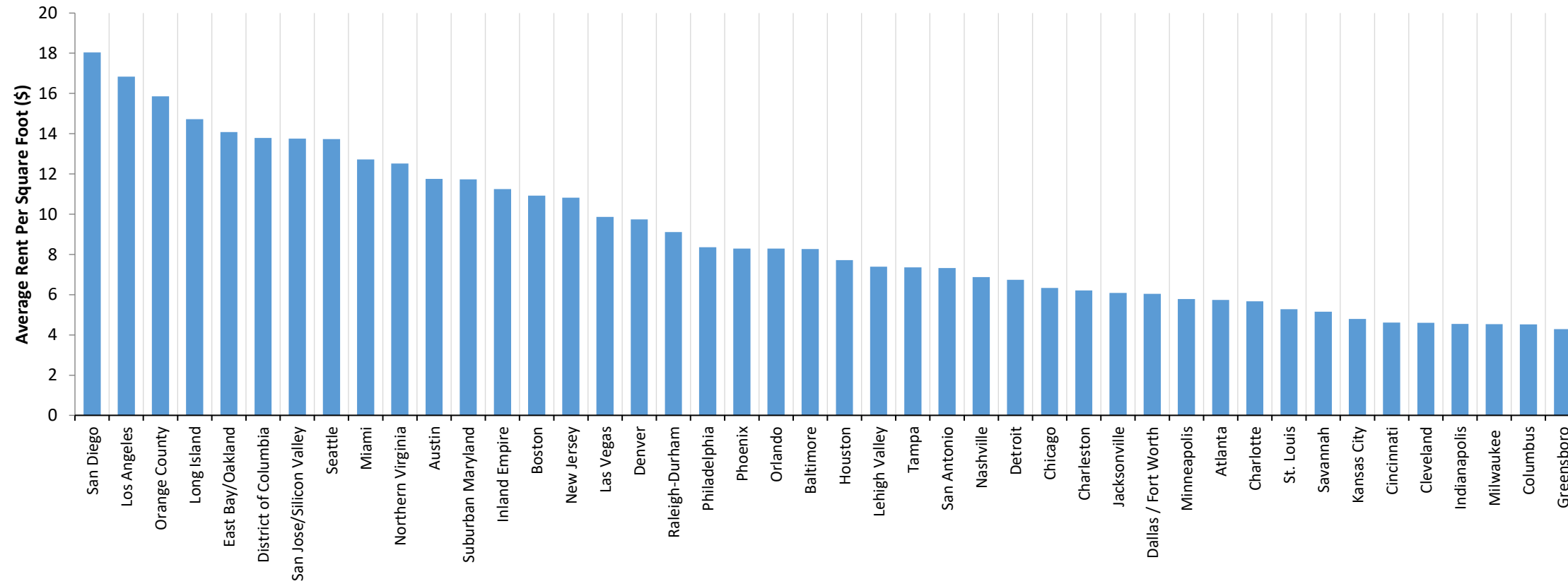
- Positive annual and quarterly net absorption were reported in almost all markets as industrial space needs continued to grow.
- Net absorption was higher in 2021 for over 88% of tracked markets compared to their 3-year average.

MARKET EXPANSION: 3 YEAR NET ABSORPTION % STOCK



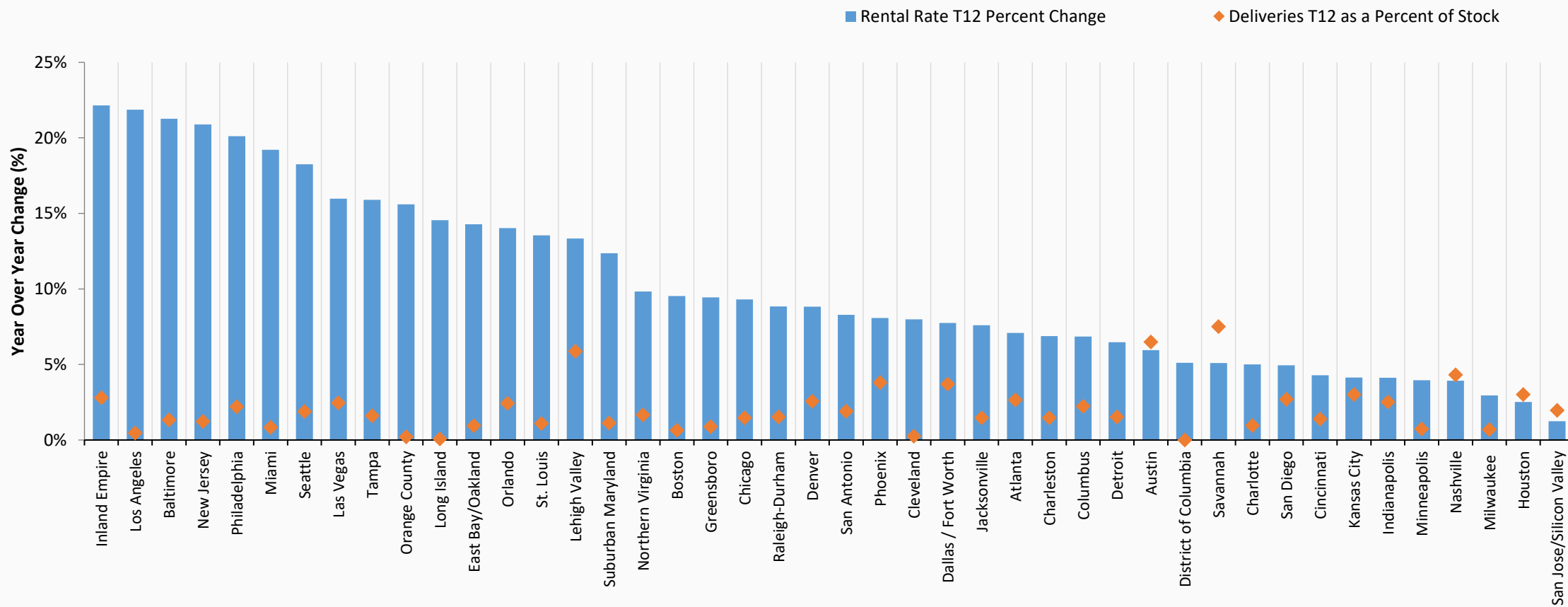
- Here we consider 3-year net absorption as a percent of stock. A higher percentage indicates that a market is more expansionary.
- In addition to the Inland Empire and Lehigh Valley, historically considered preferred locations for industrial users, markets experiencing the strongest growth are located within the Sun Belt, including Savannah, Las Vegas, Austin and Phoenix.

RENTAL RATES (NNN)



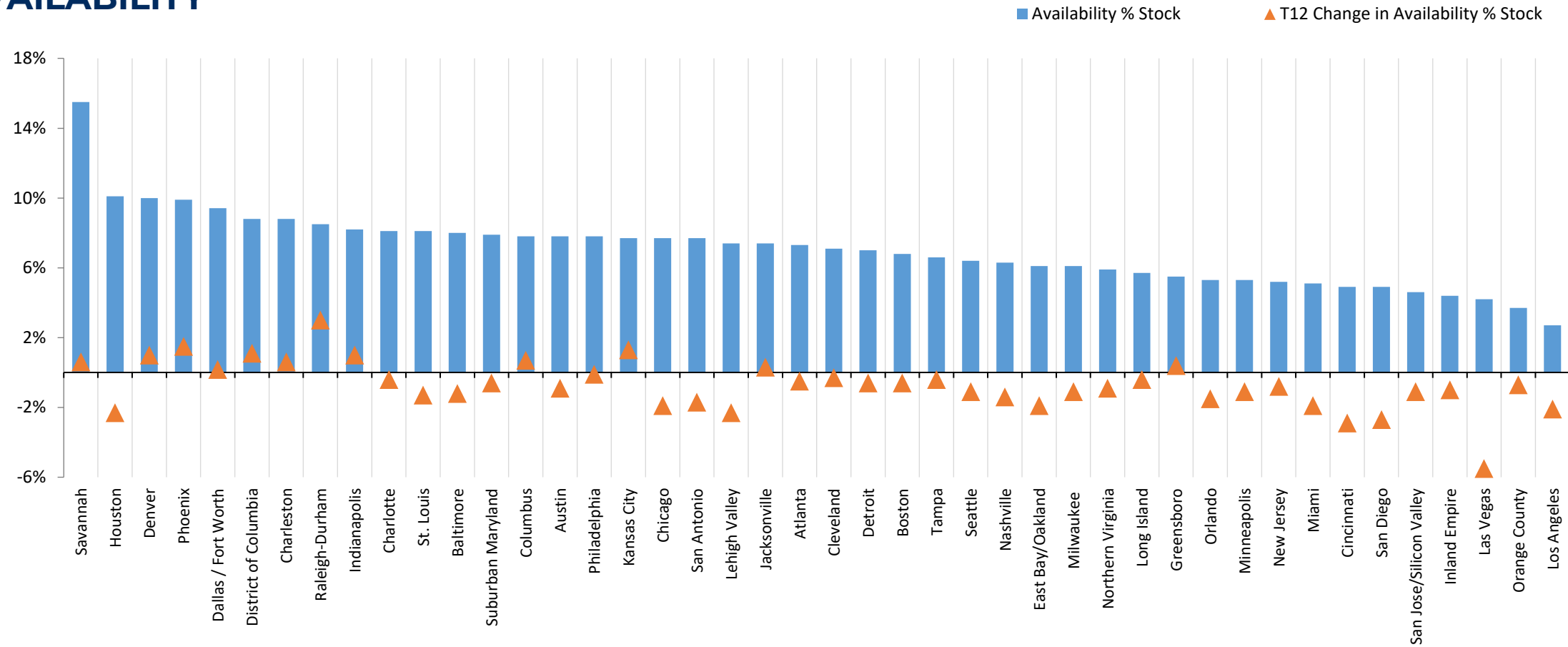
- Markets with the highest rental rates were located on the West Coast, and near Washington, D.C., and New York.
- The Inland Empire and Los Angeles are among the more expensive markets, yet were the top two markets for rent growth, both experiencing growth of approximately 22%.

RENTAL RATE CHANGE



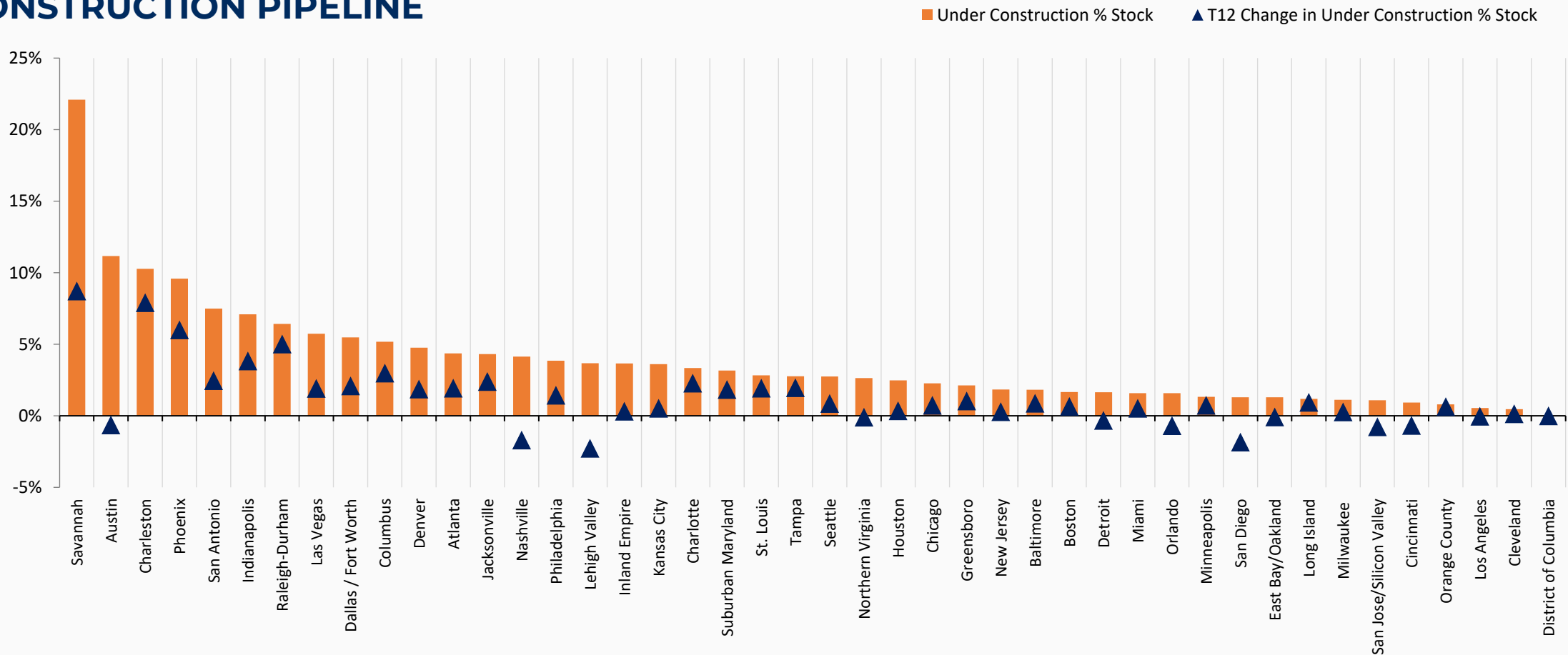
- Over 75% of tracked markets saw rental growth for the year surpass 5%, with all increasing over the past 12 months.
- Five markets saw rental growth exceed 20% over the past year: Inland Empire, Los Angeles, Baltimore, New Jersey and Philadelphia.
- A few of the markets with low rental-rate changes may be reacting to recent strong supply (e.g., Nashville, Savannah).

AVAILABILITY



- Many coastal markets where the busiest U.S. container ports are located reported the lowest availability as a percent of stock.
- Markets seeing the largest increases in availability include Raleigh-Durham and Phoenix – both of which also have higher than average overall availability as a percent of stock.
- Those registering the largest decreases in availability include Las Vegas, Cincinnati and San Diego.

CONSTRUCTION PIPELINE

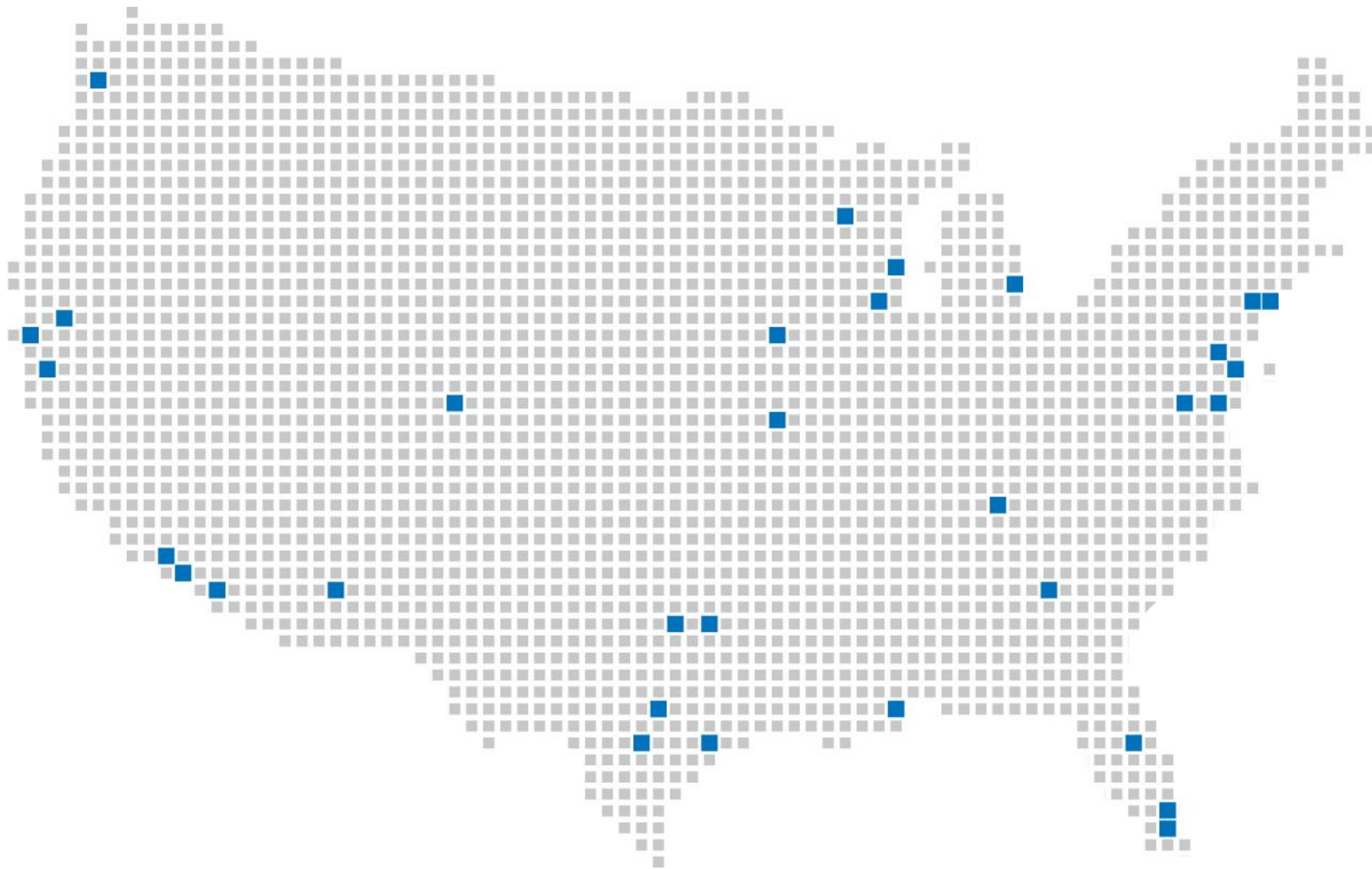


- Under construction stock is indicative of future expansion.
- Savannah and Austin are growing relatively quickly with under construction stock exceeding 10%.
- Growth in the Sun Belt is evidenced here, as Savannah, Charleston, Phoenix and Raleigh-Durham have seen the most acceleration of under construction SF as a percent of stock over the past year.

Market	Inventory Square Feet	Overall Vacancy Rate	Direct Vacancy Rate	Net Absorption	12-Month Net Absorption	Asking Rent NNN	Annual Rent Change	Under Construction
Atlanta	714,015,673	3.2%	3.0%	12,269,107	35,759,773	\$5.74	7.1%	31,125,547
Austin	104,449,518	4.1%	3.8%	1,164,429	9,400,411	\$11.75	6.0%	11,667,629
Baltimore	230,577,044	8.0%	7.8%	2,646,521	3,624,130	\$8.27	21.3%	4,200,904
Boston	331,085,172	4.4%	4.3%	993,495	2,871,549	\$10.92	9.5%	5,531,545
Charleston	79,746,181	4.1%	3.6%	35,757	3,726,291	\$6.21	6.9%	8,191,654
Charlotte	324,538,835	6.0%	5.7%	2,198,308	5,011,398	\$5.67	5.0%	10,867,194
Chicago	1,337,007,483	5.4%	5.2%	5,998,067	34,715,494	\$6.34	9.3%	30,281,969
Cincinnati	322,686,460	4.6%	4.4%	3,403,516	8,977,879	\$4.62	4.3%	3,012,933
Cleveland	329,089,739	4.6%	4.2%	604,737	632,505	\$4.60	8.0%	1,518,836
Columbus	307,421,931	3.7%	3.5%	5,289,322	14,973,898	\$4.52	6.9%	15,922,749
Dallas-Fort Worth	964,402,499	5.6%	5.3%	11,626,935	45,649,481	\$6.04	7.7%	52,866,445
Denver	240,944,026	5.8%	5.5%	3,772,016	6,607,372	\$9.74	8.8%	11,476,935
Detroit	571,403,190	4.4%	4.2%	1,995,862	10,035,028	\$6.74	6.5%	9,469,785
District of Columbia	9,136,843	5.2%	5.2%	10,364	81,245	\$13.79	5.1%	0
East Bay-Oakland	196,020,181	3.9%	3.6%	2,595,404	5,775,300	\$14.08	14.3%	2,534,058
Greensboro	285,023,520	3.3%	3.2%	1,966,725	2,525,727	\$4.29	9.4%	6,049,201
Houston	673,554,479	7.0%	6.8%	9,662,265	28,486,862	\$7.72	2.5%	16,702,908
Indianapolis	346,655,204	3.7%	3.4%	4,196,449	16,580,187	\$4.55	4.1%	24,611,703
Inland Empire	663,615,068	1.6%	1.4%	5,700,801	32,195,100	\$11.25	22.1%	24,247,099
Jacksonville	134,599,613	3.7%	3.4%	(21,346)	4,524,924	\$6.09	7.6%	5,803,481
Kansas City	303,710,350	4.8%	4.6%	2,734,004	9,688,250	\$4.79	4.1%	10,982,653
Las Vegas	141,142,221	2.5%	2.3%	2,761,096	8,995,081	\$9.87	16.0%	8,094,469

Market	Inventory Square Feet	Overall Vacancy Rate	Direct Vacancy Rate	Net Absorption	12-Month Net Absorption	Asking Rent NNN	Annual Rent Change	Under Construction
Lehigh Valley	144,899,726	4.5%	4.1%	625,673	10,067,465	\$7.39	13.3%	5,337,574
Long Island	154,499,493	3.5%	3.2%	224,452	2,061,282	\$14.72	14.6%	1,823,472
Los Angeles	852,117,567	1.6%	1.5%	3,005,122	18,029,940	\$16.83	21.9%	4,688,459
Miami	231,808,747	2.7%	2.5%	1,566,529	6,047,479	\$12.72	19.2%	3,682,317
Milwaukee	244,352,094	3.3%	3.3%	1,948,563	5,237,820	\$4.54	2.9%	2,730,908
Minneapolis	380,004,691	3.3%	3.1%	2,011,009	4,989,952	\$5.78	4.0%	5,038,640
Nashville	229,257,250	3.5%	3.1%	2,051,916	10,304,114	\$6.88	3.9%	9,497,443
New Jersey	751,804,929	2.5%	2.3%	4,771,597	18,461,709	\$10.82	20.9%	13,897,757
Northern Virginia	112,454,705	4.1%	3.9%	123,133	2,997,244	\$12.52	9.8%	2,974,678
Orange County	272,145,740	2.1%	1.9%	413,440	3,860,184	\$15.86	15.6%	2,198,746
Orlando	168,171,012	3.7%	3.5%	2,080,404	6,233,468	\$8.29	14.0%	2,669,477
Philadelphia	546,368,519	4.2%	4.0%	2,626,893	17,152,987	\$8.36	20.1%	21,086,301
Phoenix	364,742,781	5.1%	4.9%	4,657,030	21,903,936	\$8.29	8.1%	34,958,844
Raleigh-Durham	127,487,495	3.4%	3.3%	731,034	2,368,819	\$9.11	8.8%	8,182,402
San Antonio	135,880,608	5.3%	5.1%	1,738,961	4,650,143	\$7.32	8.3%	10,174,866
San Diego	181,430,038	3.4%	3.2%	2,397,117	8,462,035	\$18.04	4.9%	2,349,577
San Jose-Silicon Valley	85,171,210	3.3%	3.0%	1,066,946	2,048,355	\$13.76	1.3%	924,471
Savannah	77,866,308	3.5%	2.9%	2,918,795	8,990,448	\$5.15	5.1%	17,193,828
Seattle	311,501,486	4.6%	4.3%	2,467,134	7,836,984	\$13.73	18.3%	8,565,161
St. Louis	299,561,950	4.0%	3.7%	694,154	7,987,525	\$5.28	13.5%	8,486,513
Suburban Maryland	106,365,231	5.3%	5.1%	516,863	2,745,665	\$11.73	12.4%	3,364,403
Tampa	181,564,568	3.7%	3.5%	3,312,277	6,058,491	\$7.36	15.9%	5,016,870

TRANSWESTERN LOCATIONS



ABOUT TRANSWESTERN

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



RESEARCH METHODOLOGY

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

FOR MORE INFORMATION

Elizabeth Norton

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

Matthew Dolly

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

Laura Haltom

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

Copyright © 2022 Transwestern. All rights reserved. No part of this work may be reproduced or distributed to third parties without written permission of the copyright owner. The information contained in this report was gathered by Transwestern from CoStar and other primary and secondary sources believed to be reliable. Transwestern, however, makes no representation concerning the accuracy or completeness of such information and expressly disclaims any responsibility for any inaccuracy contained herein.