

Q4 2019 Market Reports



INDUSTRIAL



REGIONAL OVERVIEWS

**LOCAL EXPERTISE.
INTERNATIONAL
REACH.
WORLD CLASS.**

WEST

CALIFORNIA

City of Industry
 Investment Services Group
 Irvine
 LA North - Antelope Valley
 LA North - Calabasas
 LA North - Sherman Oaks
 LA North - Ventura County
 Long Beach
 Los Angeles - Central
 Los Angeles - Long Beach
 Los Angeles - West
 Los Olivos
 Newport Beach
 Oakland
 Ontario
 Orange
 Palm Desert
 Pasadena
 Pleasanton
 Riverside
 San Diego
 San Diego - North
 San Luis Obispo
 Santa Barbara
 Stockton
 Temecula Valley
 Victorville
 Walnut Creek

COLORADO

Denver

IDAHO

Boise

NEVADA

Reno

WASHINGTON

Seattle
 Tacoma

SOUTHWEST

ARIZONA

Phoenix

TEXAS

Dallas-Fort Worth
 Houston

MIDWEST

ILLINOIS

Chicago
 Chicago Asset Management Group
 Chicago Valuation and Consulting

INDIANA

Greenwood
 Indianapolis

MICHIGAN

Detroit

MINNESOTA

Minneapolis

MISSOURI

St. Louis

OHIO

Cincinnati
 Cleveland
 Columbus

WISCONSIN

Madison

NORTHEAST

MARYLAND

Maryland
 Maryland Lee Chesapeake Property
 Management

NEW JERSEY

New Jersey - North & Central

NEW YORK

Long Island/Queens
 New York

PENNSYLVANIA

Eastern Pennsylvania - Central PA
 Eastern Pennsylvania - Suburban
 Philadelphia

SOUTHEAST

FLORIDA

Miami
 Naples - Ft. Myers
 Orlando

GEORGIA

Atlanta
 Atlanta Valuation and Consulting
 Corporate Solutions - Tenant Advisory

NORTH CAROLINA

Raleigh-Durham

SOUTH CAROLINA

Charleston
 Greenville

CANADA

BRITISH COLUMBIA

Vancouver

ONTARIO

Toronto

Q4 2019 FEATURED MARKETS

INDUSTRIAL

- Stockton/Central Valley
- Los Angeles North
- South Bay
- Inland Empire East
- Inland Empire West
- Orange County
- San Diego North County
- Seattle - Puget Sound
- Metro Phoenix
- Dallas - Fort Worth
- Houston
- Chicago
- Indianapolis
- Detroit

- Cincinnati
- Columbus
- Madison
- Baltimore Metro
- Northern New Jersey
- New York City
- Philadelphia Region
- South Florida
- Atlanta
- Raleigh-Durham
- Charleston
- Greenville-Spartanburg
- Vancouver, BC
- Toronto, Ontario

OFFICE

- Los Angeles North
- LA - San Gabriel Valley
- LA - Tri-Cities
- Orange County
- San Diego North County
- Seattle - Puget Sound
- Metro Phoenix
- Houston
- Minneapolis - St. Paul
- Cincinnati
- Madison
- Columbia South
- Northern New Jersey
- New York

- South Florida
- Atlanta
- Raleigh-Durham
- Charleston
- Greenville-Spartanburg
- Vancouver, BC

RETAIL






- LA - San Gabriel Valley
- LA - Tri-Cities
- San Diego North County
- Seattle
- Chicago
- Cincinnati
- Madison
- South Florida
- Atlanta
- Raleigh-Durham
- Charleston
- Greenville/Spartanburg

Rent Growth, Appreciation Slow; Deliveries Spike in Q4

Consumer purchases online continue to gain share of total spending, and online spending trends in other parts of the world, such as China, the United Kingdom and South Korea, suggest there is further room for growth. Meanwhile, the imposition of tariffs by the U.S. and its largest trading partners might be unsettling to established supply chain operations but have not produced major negative impacts to industrial real estate.

Rent growth has moderated slightly in 2019, expanding by 3% over the past four quarters, compared to 6.4% a year ago. Metros in the west have been posting the strongest rent growth in recent years. California metros, in particular, have benefited from strong economic growth and increased trade with Asia. Rent growth here has decelerated the most in markets like Los Angeles and the East Bay. Midwest metros continue to demonstrate the least rent growth, especially Kansas City, Saint Louis and Cleveland.

Demand for industrial properties has persisted in 2019 with 219 of the nation's 390 metros exhibiting positive net absorption in 2019 through September. Large distribution hubs remain the leaders in net absorption in 2019, including Dallas-Fort Worth (16.7 million SF), the Inland Empire (15.2 million SF), Chicago (12.5 million SF), and Atlanta (7.7 million SF).

 44.9	Q4 NET ABSORPTION Million SF
 5.2%	VACANCY 742.0 Million SF
 (0.1%)	AVG. ASKING RATE \$8.64 PER SF
 72.0	Q4 DELIVERIES Million SF
 323.1	UNDER CONSTRUCTION Million SF

Deliveries are projected to spike in 19Q4, with spec development accounting for more than 60% of space under construction. Absorption may not keep up with the pace of deliveries, and vacancies are forecasted to expand by about 90 basis points over the next two years.

Much of the new supply continues to be larger regional distribution centers. Construction is concentrated in national distribution hubs, including Dallas, the Inland Empire, Chicago and Atlanta. Several smaller industrial markets also are gaining national recognition for their industrial developments, such as Lehigh Valley, Spartanburg and Savannah.

Strong fundamentals and persistent rent growth have helped drive healthy gains in pricing, exhibited by same-store price appreciation of 6.7% year-over-year through September and 8.6% growth the previous year.

MARKETS WITH MOST SF UNDER CONSTRUCTION

Market	SF	Market	SF
Dallas/Ft Worth, TX	30.5 M	Inland Empire, CA	22.0 M
Houston, TX	20.5 M	Atlanta, GA	19.9 M
Chicago, IL	18.4 M	Phoenix, AZ	12.6 M

LOWEST VACANCY RATES AMONG TOP 25 MARKETS

Market	Vacancy Rate	Market	Vacancy Rate
Los Angeles, CA	2.8%	Raleigh, NC	3.2%
Detroit, MI	3.6%	Orange County, CA	3.6%
No. New Jersey, NJ	3.9%	Inland Empire, CA	4.2%

HIGHEST RENTAL RATES

Market	Asking Rent/SF	Market	Asking Rent/SF
South Bay/San Jose, CA	\$23.43	San Francisco, CA	\$22.00
San Diego, CA	\$16.39	East Bay/Oakland, CA	\$14.77
Orange County, CA	\$14.05	New York, NY	\$13.95

MOST 12-MONTH SALES VOLUME & AVERAGE PRICE PER SF

Market	Sales Volume	Avg Price/SF	Market	Sales Volume	Avg Price/SF
Los Angeles, CA	\$5,670,638,218	\$209.00	Inland Empire, CA	\$5,474,044,906	\$143.00
New York, NY	\$4,889,378,035	\$176.00	Chicago, IL	\$4,774,683,070	\$72.00
Atlanta, GA	\$3,014,030,757	\$66.00	Phoenix, AZ	\$2,904,428,340	\$106.00
Orange County, CA	\$2,816,327,043	\$237.00	San Jose, CA	\$2,684,633,403	\$338.00


SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
4733 Newcastle Rd	Stockton	186,944	Katerra
14900 W. Schulte Rd	Tracy	235,000	Melissa & Doug
1624 Army Ct	Stockton	238,500	Rugs.com

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
17700 Shideler Pky Lathrop	\$20,869,500 Investment	\$89.88 6.0%	232,188 Class A	Clarion TM Lathrop Partners LP
4747 Logistics Dr Stockton	\$29,404,440 Owner/User	\$103.00 -	285,480 Class A	Donaghy USAA/Seefried
-	-	-	-	-

LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
Wayfair BTS	Lathrop	1,100,000	Crow Holdings
IPC Bldg 9	Tracy	640,973	Prologis
1447 Mariani Ct	Tracy	155,942	Scannell

LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
9375 West Sugar Rd	Tracy	925,475	Q3 2020
Aviation & Runway Dr	Stockton	419,068	Q1 2020
IPC Bldg 10	Tracy	233,790	Q2 2020


TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates NNN	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	6.30%	\$5.88	1,500,000	184,366,090	4,900,000
Q3 2019	5.50%	\$5.88	1,600,000	183,100,000	6,000,000
Q2 2019	5.10%	\$5.88	1,900,000	181,412,500	4,900,000
Q1 2019	4.90%	\$6.08	1,550,000	179,092,855	5,275,000
Q4 2018	5.20%	\$5.63	1,125,000	175,087,427	5,875,000

 **1,500,000** NET ABSORPTION SF

 **6.30%** VACANCY
11,615,063 SF

 **\$5.88** AVG. ASKING RATE PSF GRS

 **1,700,000** DELIVERIES
4 Buildings

 **4,900,000** UNDER CONSTRUCTION
18 Buildings

JIM MARTIN, Senior Vice President

Large scale spec and build to suit construction continue to dominate the industrial landscape. Overall tenant demand appeared to soften somewhat in the 4th quarter with lease-up times lagging. Smaller spaces - 100,000 SF and below leases and owner/user sales remain very strong.


SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
14000 Arminta St	Panorama City/L.A.	100,010	NEP
635 8th St	San Fernando/L.A.	47,048	Target
9409 Owensmouth Ave	Chatsworth/L.A.	34,349	Axess Productions Corp

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
510 Park Ave San Fernando/L.A.	\$33,700,000 Owner/User	\$200.00 -	168,676 Class A	Monster Beverage Overton Moore Prop.
1225-1265 Los Angeles St Glendale	\$25,500,000 Investment	\$216.00 -	131,050 Class B/C	CPD Los Angeles LLC Pacific States Box Basket
7800 Haskell Ave Van Nuys/L.A.	\$13,450,000 Owner/User	\$241.00 -	55,879 Class C	Skywater-Van Nuys, LLC 7800 Haskell LLC

LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
None to Report	-	-	-
-	-	-	-
-	-	-	-


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
Avion Burbank	Burbank	1,000,000	Q4 2020
28820 Chase Pl	Valencia	155,680	March 2020
Center @ Needham Ranch	Santa Clarita	97,354	Apr 2020

TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates NNN	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	2.20%	\$12.00	(136,329)	134,416,002	2,453,308
Q3 2019	2.20%	\$12.00	139,306	134,500,178	2,260,327
Q2 2019	2.30%	\$11.52	71,190	134,969,219	764,630
Q1 2019	2.10%	\$11.28	316,231	134,556,656	927,500
Q4 2018	2.30%	\$11.40	181,899	134,806,723	927,500


(136,329) **NET ABSORPTION**
SF


2.20% **VACANCY**
2,976,796 SF


\$12.00 **AVG. ASKING RATE**
PSF NNN


0 **DELIVERIES**
0 Buildings


2,453,308 **UNDER CONSTRUCTION**
17 Buildings

SHELLY GARCIA, Director of Marketing

Asking rates remained at an all-time high of \$1.00 per square foot, \$0.26 per square foot more than the peak asking rate during the last real estate cycle. Vacancy rates, in the 2 percent range for five consecutive years now, are severely curtailing options for tenants, and conditions are likely to persist given the level of construction underway.


SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
940, 970, 990 Francisco	Torrance	301,680	Amazon
24760 Main St	Carson	231,008	United States Post Office
20500 Alameda St	Carson	147,390	Quik Pick

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
1325 E. El Segundo Blvd El Segundo	\$31,661,500 Owner/User	\$245.76 -	128,833 Class C	Limo Company Smoky Hollow Industries
14601 S. Broadway St Southbay Unincorp LA	\$12,300,000 Investment	\$200.00 -	61,500 Class C	Real Term Private Ownership
750 W. Manville St Compton	\$11,510,000 Investment	\$192.40 -	59,823 Class B	Rexford Manville Investors LP

LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
15100 S. San Pedro St	Gardena	112,000	Panattoni
-	-	-	-
-	-	-	-


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
13344 S. Main St	Unincorporated LA	290,303	Q3 2020
2100 W. 195th, Bldg 3	Torrance	146,919	Q1 2020
4001 Worsham	Long Beach	138,177	Q1 2020

TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	1.50%	\$12.84	(157,083)	196,247,427	985,257
Q3 2019	1.30%	\$13.08	20,930	196,135,427	961,354
Q2 2019	1.00%	\$12.84	(59,419)	195,764,243	1,352,928
Q1 2019	1.20%	\$12.24	100,143	195,723,114	1,159,549
Q4 2018	1.10%	\$11.88	(101,882)	195,723,114	1,159,549

 **(157,083)** NET ABSORPTION SF

 **1.50%** VACANCY 3,497,883 SF

 **\$12.84** AVG. ASKING RATE PSF GROSS

 **112,000** DELIVERIES 1 Building

 **985,257** UNDER CONSTRUCTION 9 Buildings

DAVID BALES, Principal

In the 4th quarter, vacancy in the South Bay/ Los Angeles increased slightly from 1.3% to 1.5%, however, the area continues to lack supply as vacancy has remained under 2% for almost 4 years. These continuing demands pushed annual rental growth by an additional 8% for the year, even as rates decreased by 2% in the 4th quarter. The Ports of Los Angeles-Long Beach experienced a significant volume drop in the 4th quarter even as yearly volumes were still deemed healthy. While attributed to 2018's year-end tariff avoidance push, this may have created a slight pause in the region's industrial market. As 1st quarter cargo volumes return to 'normal', several large warehouses are posed to execute leases in the first weeks of the new year; starting 2020 on a positive note.


SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
1494 S. Waterman Ave	San Bernardino	1,032,072	Amazon
4375 N. Perris Blvd	Perris	1,008,646	Amazon
2455 S. Riverside Ave	Rialto	525,110	GPR Logistics

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
11260 Cedar Ave Rialto	\$100,500,000 Investment	\$148.00 -	677,373 Class A	ASB Real Estate Inv Crow Holdings
7227 Central Ave Riverside	\$20,500,000 Investment	\$87.00 -	236,000 Class C	Greenlaw Partners Flexsteel Industries
5404 Industrial Pky San Bernardino	\$20,317,500 Investment	\$106.00 -	191,216 Class B	Nuveen Real Estate Blackstone Capital

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
24400 Krameria Ave	Moreno Valley	1,331,763	Prologis
3520 S. Cactus Ave	Rialto	1,264,102	Panattoni
1010 W. 4th St	Beaumont	1,074,628	USAA Real Estate


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
4375 N. Perris Blvd	Perris	1,008,646	Q1 2020
4501 Patterson Ave	Perris	800,218	Q3 2020
2677 Alessandro Blvd	Riverside	709,081	Q3 2020


TOTAL INDUSTRIAL MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates GRS	Gross SF Absorption	SF Inventory	SF Under Construction
Q4 2019	4.42%	\$8.69	4,148,594	240,391,168	9,828,695
Q3 2019	3.73%	\$8.68	3,972,991	238,631,361	16,732,914
Q2 2019	4.10%	\$8.88	9,228,383	235,015,746	16,362,419
Q1 2019	4.71%	\$8.43	3,869,865	234,034,555	18,750,669
Q4 2018	5.50%	\$8.81	8,363,013	229,308,545	15,205,970

 **4,148,594** GROSS ABSORPTION SF

 **4.42%** VACANCY
10,619,785 SF

 **\$8.69** AVG. ASKING RATE PSF GROSS

 **8,627,228** DELIVERIES
16 Buildings

 **9,828,695** UNDER CONSTRUCTION
53 Buildings

TOBY TEWELL, Vice President
CAROLINE PAYAN, Dir. Mktg & Research

Industrial activity was consistently strong in all size ranges throughout 2019. Despite numerous deliveries throughout the year, demand remained strong. Owner-users and investors continued to take advantage of record-low interest rates. Institutional investors continue to buy industrial product despite low cap rates, with the expectation that market values and lease rates will continue their upward trend. Demand for industrial continues to outpace supply as evidenced by vacancy rates remaining under the 5% mark.


SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
12455 Harvest Dr	Mira Loma	565,598	Walmart
10621 6th St	Rancho Cucamonga	344,840	Pixior
Oakmont Santa Anita	Rancho Cucamonga	329,000	O'Neill Logistics

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
Fourth St Distribution Ctr Rancho Cucamonga	\$191,000,000 Investment	\$136.43 4.76%	1,400,000 Class B	Bridge Development West Coast Liquidators
15895 Valley Blvd Fontana	\$58,044,140 Investment	\$154.00 -	376,910 Class A	Black Creek Group Seefried Industrial Prop
Oakmont Santa Anita Rancho Cucamonga	\$56,917,000 Investment	\$173.00 -	329,000 Class A	Black Creek Group Oakmont Industrial Grp

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
15895 Valley Blvd	Fontana	376,910	Seefried Ind Prop
14955 Limonite Ave	Mira Loma	88,500	Summit Dev Corp
16320 Slover Ave	Fontana	8,100	Slover & Oleander LLC


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
10965 Banana Ave	Fontana	297,161	Q1 2021
10320 6th St	Rancho Cucamonga	117,575	July 2020
14128 The Merge St	Mira Loma	63,853	Q3 2020

TOTAL INDUSTRIAL MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	1.30%	\$8.700	109,367	322,446,790	11,875,497
Q3 2019	1.19%	\$8.616	1,337,003	321,877,285	11,768,301
Q2 2019	1.16%	\$8.460	2,357,533	319,632,450	11,969,128
Q1 2019	1.37%	\$8.292	583,120	314,414,452	8,555,446
Q4 2018	1.45%	\$8.160	1,624,090	312,310,181	6,004,339


109,367 NET ABSORPTION
SF


1.30% VACANCY
4,185,974 SF


\$8.700 AVG. ASKING RATE
PSF GROSS


473,510 DELIVERIES
3 Buildings


11,875,497 UNDER
CONSTRUCTION
56 Buildings

ANGELICA GUZMAN, Dir. Mktg & Res

The Inland Empire West market had a positive net absorption for the quarter standing at $\pm 109,367$ square feet due to low vacancy, high rates, and higher renewals among tenants. The Inland Empire West led the way with a strong amount of gross activity this quarter at over ± 10.3 million square feet due to high demand for warehousing and distribution space and an overall ± 44.8 million square feet year-to-date.


SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
6800 Valley View St	Buena Park	1,075,347	UNIS
515 E. Dyer Rd	Santa Ana	414,309	Amazon
25725 Jeronimo Rd	Mission Viejo	322,076	Amazon

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
6400-6500 Katella Ave Cypress	\$57,000,000 Investment	\$158.00 -	361,200 Class A	Greenlaw Partners Mitsubishi Motors
3201 S. Susan St Santa Ana	\$37,195,000 Investment	\$184.00 -	202,522 Class B	CenterPoint The Dixie Group
12752-12822 Monarch St Garden Grove	\$34,000,000 Investment	\$123.00 -	276,585 Class B	Rexford Industrial Realty Western Realco

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
1585 MacArthur Blvd	Santa Ana	100,276	Segerstrom
-	-	-	-
-	-	-	-


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
705 Alton Ave	Santa Ana	166,722	Q2 2020
718-719 Lakeview Loop	Placentia	93,382	Q2 2020
2906 Tech Center	Santa Ana	79,128	Q2 2020

TOTAL INDUSTRIAL MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	3.45%	\$13.44	742,860	301,000,000	1,173,000
Q3 2019	3.30%	\$13.00	77,000	301,000,000	1,180,373
Q2 2019	3.50%	\$13.08	(519,000)	301,000,000	811,943
Q1 2019	3.15%	\$13.08	(1,500,000)	300,550,000	100,276
Q4 2018	3.00%	\$12.88	3,387	299,688,049	1,557,384


742,860 NET ABSORPTION
SF


3.45% VACANCY
10,384,500 SF


\$13.44 AVG. ASKING RATE
PSF GROSS


100,276 DELIVERIES
1 Building


1,173,000 UNDER
CONSTRUCTION
17 Buildings

JACK HALEY, Principal

The Orange County industrial market vacancy edged up slightly to 3.45% this quarter. Lease rates are holding firm due to consistent tenant demand. Amazon leased over 700,000 SF in Central and South Orange County recently and they are actively looking for additional "last mile" space. With the Fed keeping interest rates low into the near future this has allowed Buyers to continue to acquire industrial assets at record price levels.


SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
3250 Business Park Dr	Vista	221,000	Amazon
1291 Rocky Point Dr	Oceanside	79,000	Wayfair
1890 Ord Way	Oceanside	50,851	Hydranautics

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
Copperwood Center Oceanside	\$20,050,000 Multi-Incubator	\$142.00 5.5%	140,945 Class B	So Cal/Phoenix Team Focus Real Estate
1291 & 1322 Rocky Point Oceanside	- Investment	- -	226,691 Class B	EastGroup Properties Black Creek Group
5928 Farnsworth Carlsbad	\$9,200,000 Investment	\$169.00 -	54,154 Class B	Lincoln Property Co. Carlsbad Technology Inc

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
None to Report	-	-	-
-	-	-	-
-	-	-	-


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
2810 Caribou Crt	Carlsbad	50,150	Mar 2020
737 Windy Point Dr	San Marcos	18,624	Dec 2019
245 Trade St	San Marcos	9,000	Dec 2019


TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	6.72%	\$14.04	198,000	57,555,241	77,774
Q3 2019	6.84%	\$14.04	261,000	57,555,241	77,774
Q2 2019	6.90%	\$13.80	(109,636)	57,477,516	105,349
Q1 2019	6.95%	\$13.68	203,680	57,162,284	401,957
Q4 2018	7.05%	\$13.44	241,763	57,019,612	510,626


198,000 NET ABSORPTION
SF


6.72% VACANCY
3,867,000 SF


\$14.04 AVG. ASKING RATE
PSF GROSS


0 DELIVERIES
0 Buildings


77,774 UNDER
CONSTRUCTION
3 Buildings

ISAAC LITTLE, Principal

Leased investment properties continue to be the most highly sought after properties. User deals have slowed due to limited supply. The leasing market remained steady with lease rates remaining the same for the past two quarters.


SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
2800 Center Dr	DuPont	747,788	Kimberly Clark
6050 E. Marginal Way	Georgetown	493,615	Amazon
18340 NE 76th St	Redmond	142,000	Amazon

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
4002 Galvin Rd Centralia	\$195,000,000 Leasehold	\$170.00 -	1,150,000 Class A	Exeter Property Group O'Keefe Development
18795 NE 73rd Redmond	\$81,500,000 Leasehold	\$388.00 -	210,321 Class A	RREEF Property Trust PMF Investments LLC
6607 S. 287th St Auburn	\$49,200,000 Leasehold	\$186.00 -	265,000 Class A	Black Creek Group Panattoni

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
302 33rd St SE	Puyallup	438,000	Michelson R.E. & Dev
3301 Hogum Bay	Lacey	510,040	Bridge Development
-	-	-	-


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
2800 Center Dr Bldg B	DuPont	494,900	June 2020
19804 Canyon Rd	Parkland/Spanaway	300,942	Oct 2020
8th St E	Sumner	268,575	Feb 2020

TOTAL INDUSTRIAL MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates NNN	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	4.7%	\$9.96	831,148	293,936,053	3,637,073
Q3 2019	4.9%	\$9.76	(477,133)	291,790,027	3,355,375
Q2 2019	4.1%	\$9.48	1,242,817	289,597,761	3,650,071
Q1 2019	3.8%	\$9.32	(1,318,090)	289,220,976	5,164,744
Q4 2018	3.2%	\$9.17	1,014,362	287,213,289	4,636,231


831,148 **NET ABSORPTION**
SF


4.7% **VACANCY**
14,913,949 SF


\$9.96 **AVG. ASKING RATE**
PSF NNN


370,410 **DELIVERIES**
3 Buildings


3,637,073 **UNDER CONSTRUCTION**
25 Buildings

ANDREW HULL, Associate

Q4 2019 was very active on the industrial construction front for the Greater Seattle Metropolitan region. Construction starts nearly doubled driven by developer's bullish outlook on our growing employment market. We expect this to slow down for 2020, but remain strong nevertheless. Vacancy dropped for the area due to a brief pause in construction activity in Q3. Many of the deliveries on the horizon are being preleased so we expect vacancy rates to remain flat despite the increase in available square footage. Rents increased slightly over Q3 for the area. This should stay flat through much of Q1 2020, until some of the new product is absorbed.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
3333 S. 59th Ave	Southwest Valley	553,500	Amazon
4747 W. Buckeye Rd	Southwest Valley	376,760	Vital Pharmaceuticals
8175 E. Buckeye Rd	Southwest Valley	359,040	Haywood Pool Products

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
255 S. 143rd Ave Southwest Valley/Goodyear	\$67,002,500 Investment	\$83.75 -	800,000 Class A	Lexington Realty Trust Northpoint Development
3333 S. 7th St Sky Harbor/Phoenix	\$38,750,000 Investment	\$98.48 -	393,484 Class A	CBRE Global Investors Principal Financial
3 Property Portfolio Southeast Valley/Tempe	\$34,150,000 Investment	\$108.02 -	316,136 Class B	Kohlberg Kravis Roberts Prologis

LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
1575 S. Price Rd	Chandler	630,000	Douglas Allred Co.
8701 & 8711 W. Jefferson St	Tolleson	327,808	Majestic Realty Co.
17017 W. Indian School Rd	Goodyear	263,606	Merit Partners


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
NEC Bullard Ave & Yuma Rd	Goodyear	996,238	Q2 2020
305 S. Bullard Ave	Goodyear	790,980	Q1 2020
SWC 91st Ave & Buckeye Rd	Tolleson	728,390	Q2 2020


TOTAL INDUSTRIAL MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates NNN	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	7.10%	\$7.68	1,431,647	317,880,835	13,051,020
Q3 2019	7.20%	\$7.56	2,063,180	316,364,852	9,694,226
Q2 2019	6.80%	\$7.56	1,492,672	313,210,462	9,797,239
Q1 2019	7.20%	\$7.56	672,695	311,916,181	6,933,315
Q4 2018	7.50%	\$7.32	2,419,344	311,459,551	5,424,724

 **1,431,647** NET ABSORPTION SF

 **7.10%** VACANCY 22,739,829 SF

 **\$7.68** AVG. ASKING RATE PSF GROSS

 **1,686,573** DELIVERIES 8 Buildings

 **13,051,020** UNDER CONSTRUCTION 52 Buildings

CHRIS MCCHESENEY, Research Dir.

The Phoenix Industrial market concludes the year with a record amount of space under construction and vacancy rates that have barely hinged throughout 2020. The final quarter of the year had just over 1.4M square feet of positive net absorption and rates stood at \$0.64/SF NNN. Q4 vacancy rates in Phoenix dropped to 7.1% from 7.2%. The largest sale of the quarter came from the Southwest Valley submarket. Chewy Distribution is located at 255 S. 143rd Avenue, which was sold to Lexington Property Trust for \$67,002,500. The second largest sale of the fourth quarter came from Airport Logistics Center, which was sold by Principal Financial in the Airport submarket for \$38,750,000. With just over 13 million square feet of industrial space under construction, Phoenix remains a top target for large industrial users.


SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
8901 Forney Rd	Mesquite	419,626	Amazon
4030-4040 Forest Ln	Garland	555,321	At Home Stores LLC
N. Beach St	Tarrant County	425,000	Stanley Black & Decker

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
2701 W. Bethel Rd Coppell	\$121,433,879 Investment	\$115.00 -	1,053,000 Class A	Blackstone Global Logistics Prop.
777 Freeport Pky Coppell	\$91,380,320 Investment	\$115.00 -	792,394 Class A	Blackstone Global Logistics Prop.
14601 Sovereign Rd Fort Worth	\$39,289,269 Investment	\$79.00 -	494,518 Class A	Blackstone Global Logistics Prop.

LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
4000 E. Scyene Rd	Mesquite	877,230	Ashley Furniture
3201 Capital Blvd	Rockwall	650,000	Karat Packaging Inc
4000 E. Sam Lee Ln	Fort Worth	225,472	Hillwood


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
1301 Chalk Hill Rd	Dallas	2,300,000	May 2020
Westport 11	Fort Worth	1,200,536	Feb 2020
Hwy 80 & Forney Rd	Dallas	1,200,000	Feb 2020


TOTAL INDUSTRIAL MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	6.70%	\$6.59	2,197,453	951,030,291	30,900,995
Q3 2019	6.10%	\$6.84	3,326,802	934,358,395	38,029,101
Q2 2019	6.10%	\$6.60	6,892,273	931,698,974	32,005,218
Q1 2019	6.20%	\$6.59	5,791,604	924,518,686	32,117,275
Q4 2018	6.00%	\$6.44	7,343,201	917,059,314	29,232,756

 **2,197,453** NET ABSORPTION SF

 **6.70%** VACANCY 56,551,740 SF

 **\$6.59** AVG. ASKING RATE PSF GROSS

 **3,662,264** DELIVERIES 56 Buildings

 **30,900,995** UNDER CONSTRUCTION 87 Buildings

TAYLOR STELL, Associate

All signs are still strong for the DFW market. There are still hundreds of people moving to the DFW market every day which is helping to boost the economy. Also, low interest rates are bringing more buyers to the marketplace which in turn is pushing prices on buildings up.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
411 Brisbane St	Sough Hwy 6 Ind	345,100	Eugene B. Smith & Co.
28420 West Ten Blvd	Northwest Outliers Ind	238,000	Amazon.com Services
300 S. Sheldon Rd	East I-10 Outer Loop Ind	180,000	Gerber Plumbing Fixtures

SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
City	Type of Sale	Cap Rate	Class	Seller
235 N. Norood St	-	-	325,000	Lovett Commercial
Downtown Houston Ind	Investment	-	Class C	Farm Brothers Coffee
8620 S. Sam Houston Pky	-	-	310,010	The Blackstone Group
Soughwest Far Ind	Investment	-	Class A	Colony Capital, Inc.
12001 N. Houston Rosslyn	-	-	301,127	-
Hwy 290/Tomball Pky Ind	Investment	-	Class B	Archrock

LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
Hwy 90 Costco Wholesale Dist	Katy	548,519	Jackson Dean Const
8230 Stedman St	Houston	526,094	NorthPoint Dev.
Hwy 99 & Fisher Rd	Baytown	352,559	Clay Dev. & Const.


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
I-10 - Medline	Katy	1,300,000	Dec 2020
Fallbrook Dr - Coca Cola	Houston	1,000,000	Feb 2020
950 Conroe Park West - Five Below	Conroe	860,000	Dec 2020

TOTAL INDUSTRIAL MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	6.80%	\$7.23	2,353,725	645,880,693	19,094,086
Q3 2019	6.50%	\$7.38	935,974	641,042,645	18,511,640
Q2 2019	6.00%	\$7.37	2,309,639	637,193,603	14,338,634
Q1 2019	5.60%	\$7.32	2,395,525	631,555,509	15,397,856
Q4 2018	5.50%	\$7.27	1,937,660	628,233,090	14,413,105

 **2,353,725** NET ABSORPTION SF

 **6.80%** VACANCY
39,599,923 SF

 **\$7.23** AVG. ASKING RATE PSF GROSS

 **4,812,407** DELIVERIES
90 Buildings

 **19,094,086** UNDER CONSTRUCTION
191 Buildings

THOMAS LEGER, SIOR, Principal

Institutional investment in the Houston area continues to grow with over 19 million SF of industrial property currently under construction, the majority of which being large distribution buildings. Overall, roughly 2 million SF of industrial property was absorbed during the fourth quarter 2019, ranking Houston among the nation's top 10 metros. Many investment deals through our office are traded off-market and usually close within a few weeks of a signed lease or completion of a tenant build-out.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
24101 S. Frontage Rd	I-80 Corr/Channahon	1,063,963	Amazon
3501 S. Pulaski Rd	Chicago South	999,900	Target
Pinnacle Bus Ctr XXIV	I-55 Corr/Romeoville	646,380	Crate & Barrel

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
2400 Dralle Rd I-57 Corridor	\$73,150,000 Investment	\$54.18 -	1,350,000 Class A	LBA Realty The Blackstone Group
5445 W 73rd St South Cook/Bedford Park	\$43,586,500 Investment	\$92.70 -	470,160 Class A	Nuveen Real Estate The Blackstone Group
6901 W. 65th St South Cook	\$18,384,000 Individual	\$50.71 -	362,507 Class B	Bay Grove Capital, LLC -

LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
14667 135th Ave	Lockport	750,314	Prologis
2350 Frieder Ln	Aurora	501,696	Sterling Bay
2525 Enterprise Cir	West Chicago	303,601	Midwest Ind Funds


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
Steiner Rd & 143rd St	Plainfield	1,500,000	Q1 2020
3501 S. Pulaski Rd	Chicago	999,900	Q2 2020
SW Highway H & Braun Rd	Sturtevant, WI	993,460	Q1 2021


TOTAL INDUSTRIAL MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	5.98%	\$6.11	385,829	1,308,599,038	18,315,823
Q3 2019	5.80%	\$6.17	6,512,782	1,305,776,037	16,937,511
Q2 2019	5.78%	\$6.10	5,164,359	1,298,546,937	18,098,059
Q1 2019	5.72%	\$6.07	4,291,980	1,301,352,095	18,323,465
Q4 2018	5.86%	\$5.98	3,154,364	1,298,817,068	19,198,878

 **385,829** NET ABSORPTION SF

 **5.98%** VACANCY
78,197,248 SF

 **\$6.11** AVG. ASKING RATE PSF GROSS

 **3,348,452** DELIVERIES
15 Buildings

 **18,315,823** UNDER CONSTRUCTION
72 Buildings

DIANA PEREZ, Director of Research

A key indicator of the health of the metropolitan Chicago market is the notable increase in new construction. New deliveries totaled 21.2 million SF in 2019, a 35% increase from 2018's total. Seventy projects were completed in 2019 with speculative buildings accounting for 72% of the deliveries. Net absorption was positive again in 2019, totaling 15.2 million SF. Although positive, the total is well below the record 26.6 million SF posted in 2016. Over the past four years, net absorption has totaled an impressive 86.8 million SF.


SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
180 Bartram Pky	Franklin	933,825	Energizer
2612 E. 196th St	Westfield	561,400	Gordon Food Supply
5300 Performance Wy	Whitestown	501,120	Home Depot

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
1151 S. Graham Rd Greenwood	\$81,500,000 Investment	\$133.00 -	612,800 Class A	Monmouth REIT Scannell Properties
600 Perry Rd Plainfield	\$66,600,000 Investment	\$59.00 -	1,133,566 Class A	Prologis Clarion Partners
7284 W. 200N Greenfield	\$22,900,000 Sale/Leaseback	\$114.00 -	200,806 Class A	Exeter Brybelly Properties

LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
9247 E CR 100 S	Avon	1,109,121	Duke/Browning
3751 S CR 500 E	Whitestown	1,016,424	CT Realty/Artemis
Edwards Dr	Lebanon	550,000	Scannell Properties


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
I-70 & State Rd 39	Monrovia	1,070,160	Q2 2020
4250 S. State Rd 267	Whitestown	846,720	Q2 2020
Innovation Blvd	Monrovia	700,449	Q3 2020

TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	4.10%	\$4.87	3,926,758	335,320,000	13,047,343
Q3 2019	3.80%	\$4.69	2,717,642	346,240,000	13,400,000
Q2 2019	3.80%	\$4.58	2,400,000	343,530,000	11,700,000
Q1 2019	3.80%	\$4.43	1,900,000	342,427,859	7,372,336
Q4 2018	4.00%	\$4.40	700,629	341,794,283	7,108,939


3,926,758 NET ABSORPTION
SF


4.1% VACANCY
13,753,800 SF


\$4.87 AVG. ASKING RATE
PSF GROSS


4,450,000 DELIVERIES
11 Buildings


13,047,343 UNDER
CONSTRUCTION
36 Buildings

REBECCA WELLS, Principal

The Indianapolis industrial market set a record in 2019 with nearly 11 M SF of total net absorption. Developers don't expect demand to lose any steam heading in to 2020 with 13 M SF currently under construction. At \$63/SF for the quarter, the industrial price per pound is on the rise and capital should continue pursuing industrial product in Indianapolis as they find attractive deals in a healthy market. 2020 should be another historical year for the Indianapolis industrial market as new construction and net absorption are primed to break records again.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
18640 Toledo Rd	Brownstown	78,822	K&M Express, LLC
5900 Brighton Pines Ct	Howell	60,000	Masonite International
6775 Brandt St	Romulus	52,700	Wartech Engineering LLC

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
3300 University Dr Auburn Hills	\$8,350,000 Investment	\$65.23 -	128,000 Class B	Wescast Industries, Inc. Burton-Katzman Dev Co
12707 Eckles Rd Plymouth	\$2,990,000 Investment	\$70.69 -	42,300 Class C	AIC Ventures First Industrial Realty Tr
28055 Wick Rd Romulus	\$2,300,000 Owner/User	\$56.80 -	40,492 Class C	Super Transport Intn'l Ltd Celadon Trucking Service

LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
4400 Giddings Rd	Auburn Hills	100,000	J.B. Donaldson
1420 E. Ten Mile Rd	Hazel Park	651,610	Ashley Capital LLC
8500 Enterprise Dr	Allen Park	160,393	Time Equities Inc.


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
42000 Ecorse Rd	Van Buren Township	659,404	Aug 2020
14200 Haggerty Rd	Plymouth	300,000	Dec 2020
18 1/2 Mile Rd	Sterling Heights	100,000	Sept 2020

TOTAL INDUSTRIAL MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	3.50%	\$6.77	1,598,431	585,793,574	5,417,627
Q3 2019	3.50%	\$6.76	998,443	584,328,551	6,369,621
Q2 2019	3.50%	\$6.70	1,227,849	583,353,827	4,205,439
Q1 2019	3.30%	\$6.62	396,802	583,593,365	4,133,230
Q4 2018	3.50%	\$6.54	4,020,165	584,769,082	4,208,203

 **1,598,431** NET ABSORPTION SF

 **3.50%** VACANCY 20,503,514 SF

 **\$6.77** AVG. ASKING RATE PSF GROSS

 **1,367,707** DELIVERIES 44 Buildings

 **5,417,627** UNDER CONSTRUCTION 51 Buildings

JON SAVOY, President

Southeast Michigan has enjoyed a decade of prosperity surrounding the revitalization of downtown Detroit led by Dan Gilbert. Detroit is projected to add 5 million square feet of inventory by 2021, much of that distribution focused. The GM strike has recently been resolved, a relief to smaller automotive suppliers. High costs of construction, due to the international trade war as well as labor shortages, have resulted in limited inventory, therefore increasing the value of existing facilities. In the fourth quarter of 2019, Amazon announced plans for a five-story, 3,700,000 square foot distribution center on the former Pontiac Silverdome site in Pontiac, a result of the pressure it faces to continue to meet its shipping model. Developers continue to build large distribution centers that can be divided into multiple units.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
9107-9111 Meridian Wy	Tri-County/West Chester	208,120	Fit For Life
3033 Symmes Rd	Tri-County/Hamilton	143,985	Triace
3095 McBride Ct	Tri-County/Hamilton	100,000	Stage Stores

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
251-299 Exploration Monroe/Middletown	\$46,870,000 Investment	\$62.00 -	755,911 Class A	Black Creek Group IDI Logistics
10915 Dixie Hwy Walton/Florence/Richwood	\$3,000,000 Investment	\$56.72 -	52,887 Class C	Americo Real Estate Co. Richwood Flea Market
5564 Alan B Shepard St Trenton/Monroe/Middletown	\$6,200,000 Owner/User	\$25.01 -	247,949 Class B	Ohio Logistics Ltd LeSaint Logistics

LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
201 Richard Knock Way	Walton	896,896	Knock Investments
3401 Salzman Rd	Monroe	755,160	The Kroger Co.
660 Erlanger Rd	Erlanger	575,650	City of Erlanger


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
200 Wendell H Ford Blvd	Erlanger	2,850,000	May 2021
4805 Aero Pky	Florence	1,070,157	Jun 2020
950 Wenstrup Ln	Walton	630,368	Jul 2020

TOTAL INDUSTRIAL MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	5.10%	\$4.39	3,554,255	257,734,302	6,665,350
Q3 2019	5.40%	\$4.38	2,002,836	258,124,158	8,147,615
Q2 2019	4.70%	\$4.37	(192,235)	261,804,416	10,289,471
Q1 2019	4.10%	\$4.20	(313,199)	259,847,598	8,159,507
Q4 2018	3.80%	\$4.14	720,672	259,627,945	7,320,922

 **3,554,255** NET ABSORPTION SF

 **5.10%** VACANCY
257,734,302 SF

 **\$4.39** AVG. ASKING RATE PSF GROSS

 **2,897,500** DELIVERIES
8 Buildings

 **6,665,350** UNDER CONSTRUCTION
15 Buildings

STEWART DEVITT, Sr. Vice President

Cincinnati's industrial market continues with strong demand and growth. Growth in e-commerce has driven a surge in demand for logistics space and led to a wave of new supply around the airport and along Interstates 71 and 75. With 6.7 million SF of space under construction as of first quarter, Cincinnati now ranks among the most active development markets in the U.S.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
9750 Innovation Campus	Licking County	302,400	Hims
2450 Spiegel Dr	Southeast	146,552	Hollingsworth Logistics
3180 Urbancrest Ind Pky	Southwest	137,549	Walmart

SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
Submarket/City	Type of Sale	Cap Rate	Class	Seller
2450 Creekside Pky	\$38,105,000	\$58.43	652,195	DRA Advisors
Southeast	Investment	6.62%	Class A	Sealy & Co
3099 Rohr Rd	\$45,600,000	\$63.53	717,717	LBA Realty
Southeast	Investment	6.17%	Class A	Link Industrial
9570 Logistics Ct	\$67,000,000	\$68.92	972,160	Heitman
Southeast	Investment	5.52%	Class A	Duke Realty / CRAA

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
6001 Green Pointe Dr	Southeast	400,000	Gap, Inc.
870 Claycraft Rd	Northeast	262,500	Trevi Enterprises
4465 Industrial Center Dr	Southeast	135,000	Cheryl's Cookies


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
8591 Mink St	Licking County	1,232,149	Q2 2020
1260 London-Groveport Rd	Southeast	1,059,000	Q2 2020
220 Park West Dr	Madison County	845,280	Q2 2020

TOTAL INDUSTRIAL MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	5.40%	\$4.16	104,734	302,275,438	10,769,399
Q3 2019	4.60%	\$4.07	1,693,456	298,329,738	9,512,622
Q2 2019	3.90%	\$3.92	2,311,139	294,480,134	8,214,900
Q1 2019	3.90%	\$3.99	1,070,478	282,306,044	3,580,900
Q4 2018	4.70%	\$3.98	2,221,356	291,414,390	5,1014,066

 **104,734** NET ABSORPTION SF

 **5.40%** VACANCY
16,263,649 SF

 **\$4.16** AVG. ASKING RATE PSF NET

 **797,500** DELIVERIES
3 Buildings

 **10,769,399** UNDER CONSTRUCTION
28 Buildings

MIKE SPENCER, Principal/Broker

Current demand stems from a combination of economic expansion and an increase in e-commerce. Rising rents have not diminished leasing mainly due to occupiers being more concerned with labor access and proximity to customers than their occupancy costs. The Columbus Region still leads the Midwest in economic growth, but rental rates may soften due to the amount of spec projects to be delivered this year. Occupiers will still pay a premium for extremely efficient distribution centers close to the end user, minimizing last mile delivery routes and capitalizing on our logistical and operating cost advantages.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
4501-4505 Helgesen Dr	Madison	44,800	Badger Metals
817 Plaenert Dr	Madison	27,190	Not Disclosed
5004-5048 Tradewinds Pky	Madison	16,950	Amazon.com Services LLC

SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
Submarket/City	Type of Sale	Cap Rate	Class	Seller
801 W. Commerce St	\$2,500,000	\$14.79	168,979	Seneca Foods
Cambria	Corp/User	-	Class B	Del Monte Corporation
2901 Progress Rd	\$4,452,189	\$57.23	77,801	Yumbutter
Madison	Owner/User	-	Class C	D&K Management
4160 Reardon Rd	\$1,486,250	\$30.56	48,640	Paul Wochinske
DeForest	Owner/User	-	Class C	Bridgestone Americas

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
None to Report	-	-	-
-	-	-	-
-	-	-	-


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
2875 Innovation Way	Sun Prairie	137,000	May 2020
Whalen & Liberty Dr	Verona	48,000	Nov 2020
6361 N. Towne Dr	Windsor	21,000	May 2020

TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	4.20%	\$4.59	(354,321)	55,883,229	206,000
Q3 2019	3.50%	\$4.72	(67,510)	55,883,229	158,000
Q2 2019	3.40%	\$4.57	184,574	55,873,854	9,375
Q1 2019	3.60%	\$4.61	(167,125)	55,780,354	102,875
Q4 2018	3.30%	\$4.61	(44,272)	55,768,354	114,875

 **(354,321)** NET ABSORPTION SF

 **4.20%** VACANCY
2,550,510 SF

 **\$4.59** AVG. ASKING RATE PSF NET

 **0** DELIVERIES
0 Buildings

 **206,000** UNDER CONSTRUCTION
3 Buildings

CAMP PERRET, Associate

The Madison Industrial Market continues to be strong with consistent demand leading to low vacancy rates. The slight increase in vacancy rates and nominal decrease in rental rates in Q4 is a short-term reflection of deliveries made in Q1 and Q2. While deliveries slowed in Q4, the construction pipeline increased. Industrial employment continues to increase, necessitating the need for continued growth in this real estate sector.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
5250 Holabird Ave	Baltimore	254,698	Undisclosed
8700 Robert Fulton Dr	Columbia	183,837	Westar Distribution
350 Old Bay Ln	Havre de Grace	175,200	Undisclosed

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
4608 Appliance Dr Belcamp	\$70,700,000 Investment	\$88.38 -	800,000 Class B	LBA Realty Blackstone Group
200 Rock Glenn Blvd Aberdeen	\$21,700,000 Investment	\$54.30 -	399,600 Class B	Exeter Property Group Medline Industries
300 Belvidere Rd Perryville	\$30,601,133 Investment	\$84.90 -	360,458 Class B	Americold Realty Trust MHW Group

LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
81 Belvidere Rd	Baltimore	754,000	Lidl/Stewart Prop.
2895 Principio Pky E	Baltimore	420,000	Realty Income Corp
7951 Oceano Ave	Baltimore	175,200	MRP Industrial

Address	Submarket/City	SF	Delivery Date
7015 Tradepoint Aave	Baltimore	1,500,400	2020
1500 Woodley Rd	Aberdeen	1,200,000	2020
1225 S. Philadelphia Blvd	Baltimore	860,000	2020

TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates NNN	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	7.10%	\$5.73	576,556	208,268,065	8,308,494
Q3 2019	7.00%	\$4.83	398,622	207,368,709	8,311,094
Q2 2019	7.20%	\$4.75	1,303,162	207,437,862	8,311,094
Q1 2019	7.10%	\$4.80	1,578,689	205,766,857	7,377,875
Q4 2018	7.70%	\$4.69	(88,893)	205,309,464	4,600,845

 **576,556** NET ABSORPTION SF

 **7.10%** VACANCY
14,866,654 SF

 **\$5.73** AVG. ASKING RATE PSF GROSS

 **929,200** DELIVERIES
2 Buildings

 **8,308,494** UNDER CONSTRUCTION
16 Buildings

TOM WHELAN, Principal

Baltimore's industrial market continues to excel. Spurred by the growth of e-commerce and the subsequent supply chain reconfiguration that is taking place, as well as by impressive activity taking place at the Port of Baltimore, demand has soared. More industrial supply is underway in Baltimore than ever before. A significant portion of that-both speculative and build-to-suit construction- has been coming out of the ground or is planned for east and northeast sections of the Baltimore metro.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
50 Veronica Ave	Somerset	926,392	LG Electronics
315 Half Acre Rd	Exit 8A/Cranbury	649,801	-
50 Central Ave	Meadowlands/Kearny	415,533	-

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
18 Van Veghten Dr Somerset/Bridgewater	\$28,000,000 Investment	\$126.74 -	220,929 Class B	Olivia Miller Dist LLC Finderne Associates
One 3rd Ave Suburban Passaic/Haskell	\$10,353,821 Portfolio Sale	\$66.38 -	155,976 Class C	Alexander Property Hldgs AIC Ventures
190 Wood Ave S Perth Amboy / GSP	\$19,350,000 NNN Investment	\$125.01 -	154,788 Class B	LBA Realty AIG Global Asset Mgmt

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
1 Arizona Way	Keasbey	635,086	Arizona Beverage
171 River Rd, Bldg 3	Piscataway	197,200	Rockefeller Group
5 Ethel Blvd	Wood Ridge	194,056	Duke Realty Corp


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
942 Memorial Pkwy Bldg 7	Phillipsburg	975,761	Feb 2020
343 Half Acre Rd	Cranbury	953,595	Oct 2020
3000 Valley Brook Ave Bldg A	Lyndhurst	932,168	Aug 2020

TOTAL INDUSTRIAL MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates NNN	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	3.80%	\$8.91	2,251,626	842,249,847	13,417,186
Q3 2019	4.10%	\$8.75	1,982,480	842,063,575	7,658,120
Q2 2019	4.20%	\$8.60	1,514,701	840,863,739	5,775,528
Q1 2019	4.10%	\$8.61	396,029	838,792,462	7,621,605
Q4 2018	4.00%	\$8.48	2,248,012	837,022,399	7,408,931

 **2,251,626** NET ABSORPTION SF

 **3.80%** VACANCY
32,421,403 SF

 **\$8.91** AVG. ASKING RATE PSF NNN

 **186,272** DELIVERIES
4 Buildings

 **13,417,186** UNDER CONSTRUCTION
52 Buildings

MICHAEL MALMSTONE, R.E. Analyst

The NNJ industrial market remains strong but tempered. About 7.1MM SF was leased, with an average lease size and lease-up time of 24k SF and 5.3 months respectively. At 2.25MM SF, net absorption grew 14%. Vacancy posted an all-time low of 3.8%. The largest signed leases and lowest vacancies continue to be in core markets like the Meadowlands, Exit 8A and Exit 10, the same submarkets attracting the most investor attention for new construction. Investment fundamentals softened, although still strong overall. Cap rates decompressed 90 bps to 7.4% as did pricing, now down 19% to \$88 PSF. Sales volume fell 76% to \$355MM coming off of a record \$1.5B Q3. This marks the lowest quarter in nearly 6 years. Moderate rental growth is expected to continue.


SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
1080 Leggett Ave	Hunts Point (Bronx)	96,100	(Unconfirmed)
47-08 Grand Ave	Maspeth (Queens)	60,000	(Unconfirmed)
49-33 31st Place	Long Island (Queens)	53,000	(Unconfirmed)

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
511 Barry St Hunts Point (Bronx)	\$54,250,000 Fee	\$402.65 -	134,732 Class C	Innovo Property Group Baldor Specialty Foods
325 Exterior St Mott Haven (Bronx)	\$36,000,000 Fee (Redev)	\$1,218.00 -	29,562 Class B	Lightstone Group Exterior Street Associates
1000 Pacific St Crown Heights (Brooklyn)	\$31,000,000 Fee (Redev)	\$1,337.00 -	23,188 Class C	Clipper Realty Avo Construction

LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
57-51 Rust St	Maspeth (Queens)	14,918	Scott Kushnick
-	-	-	-
-	-	-	-


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
566 Gulf Ave	Staten Island	450,000	Q1 2020
63 Flushing Ave	Brooklyn	394,200	Q2 2020
640 Columbia St	Brooklyn	336,500	Q2 2020

TOTAL INDUSTRIAL MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	4.40%	\$22.08	(367,460)	215,345,500	2,304,600
Q3 2019	4.20%	\$21.72	(151,764)	215,281,082	2,319,518
Q2 2019	4.10%	\$21.59	44,565	215,235,983	1,817,517
Q1 2019	4.10%	\$21.61	554,191	215,207,575	1,817,517
Q4 2018	4.40%	\$21.19	571,298	215,181,460	1,097,932

 **(367,460)** NET ABSORPTION SF

 **4.4%** VACANCY 9,444,523 SF

 **\$22.08** AVG. ASKING RATE PSF GROSS

 **14,918** DELIVERIES 1 Building

 **2,304,600** UNDER CONSTRUCTION 13 Buildings

HENRY ABRAMOV, Research Director

New York City's industrial market leasing volume decreased to its lowest since 2016, with the year finishing with less than 900,000 square feet leased. Out of the past 16 consecutive quarters, only five have recorded less than a million square feet leased. Average asking rents continue to edge closer to the mid-\$20s, and finished the quarter at \$22.05/sf. Bronx and Queens continue to have the highest industrial real estate activity, with their proximity to various interstate highways surrounding NYC to the north and east. Industrial buildings continue to be bought for redevelopment objectives throughout the outer boroughs.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
200 Logistics Dr	Lehigh Valley	1,240,000	Kimberly Clark
8783 Congdon Hill Dr	Lehigh Valley	717,600	Knoll
1501 Distribution Dr	Central Pennsylvania	598,474	National Tire & Battery

SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
City	Type of Sale	Cap Rate	Class	Seller
398 Antrim Commons Dr Central PA	\$77,217,000 Investment	\$70.20 -	1,100,005 Class A	Ares Commercial R.E. NorthPoint
2030 Center Square Rd Southern New Jersey	\$33,800,000 Investment	\$92.00 -	369,000 Class A	Deutsche Bank Dermoddy Properties
69 Green Mountain Rd Northeastern, PA	\$35,360,000 Investment	\$60.00 -	590,000 Class B	CenterSquare Inv. Mgmt First Quality Enterprises

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
Tradeport 164, Bldg 1	Wilkes Barre	1,393,080	NorthPoint
3419 Ritner Hwy	Newville	1,215,240	Artemis
200 Logistics Dr	Hamburg	1,240,000	Hillwood


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
200 Corporate Center Dr	Tobyhanna	1,104,000	Q2 2020
1 Walnut Bottom Rd	Shippensburg	1,100,500	Q1 2020
8783 Congdon Hill Dr	Alburtis	1,088,000	Q4 2020

TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	6.30%	\$5.57	4,496,611	1,177,903,876	28,249,889
Q3 2019	5.70%	\$5.51	4,595,168	1,166,128,416	33,913,175
Q2 2019	5.70%	\$5.43	(1,389,406)	1,161,451,306	32,119,835
Q1 2019	5.40%	\$5.42	468,130	1,158,823,82	30,842,155
Q4 2018	5.20%	\$5.12	5,008,134	1,155,215,714	32,117,595

 **4,496,611** NET ABSORPTION SF

 **6.30%** VACANCY
74,058,400 SF

 **\$5.57** AVG. ASKING RATE PSF GROSS

 **12,042,544** DELIVERIES
28 Buildings

 **28,249,889** UNDER CONSTRUCTION
80 Buildings

CONNOR SANBOWER, Research Analyst

Overall, the fourth quarter of 2019 showed strong activity in the Philadelphia Region with 12-month demand forecast exceeding over 33M SF. Vacancy rose 60 basis points on the back of significant delivery of new speculative supply of nearly 12M SF, comprised largely of four sites each over 1M SF. Development and construction activity is expected to continue at recent levels due to the region's critical geographic location and forecasted demand.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
9835 NW 14th St	Miami	147,581	Unavailable
3880 W. 140th St	Hialeah	132,821	Unavailable
8503 NW 80th St	Medley	120,590	Apollo Export

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
1951 N. Powerline Rd Pompano Beach	\$68,950,276 Portfolio	\$147.00 -	467,800 Class A	Prime Property Fund Bridge Development Ptnr
14350 NW 56th Ct Miami	\$64,528,375 Portfolio	\$138.00 -	468,086 Class B	Bentall GreenOak JV CPF Investment Grp
3870 W. 104th St Hialeah	\$39,050,000 Investment	\$162.00 -	241,187 Class A	Duke Realty Flagler Development

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
3980-3880 W. 104th St	Hialeah	412,030	Flagler R.E. Services
3300 NW 31st St	Pompano Beach	262,322	IDI Logistics
2500 Commerce Center Way	Pembroke	222,145	Prologis


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
4310-4350 NW 215th St	Miami Gardens	1,108,566	Q1 2020
20311 Sheridan St	Pembroke Pines	519,772	Q1 2020
2290 NW 119th St	Miami	446,830	Q1 2020

TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	4.20%	\$10.85	196,919	445,619,874	7,900,155
Q3 2019	4.00%	\$10.78	196,257	444,079,200	7,156,489
Q2 2019	3.90%	\$10.74	(19,659)	443,293,060	7,595,581
Q1 2019	3.60%	\$10.56	551,563	441,846,115	7,404,106
Q4 2018	3.40%	\$10.46	1,133,418	440,550,228	6,090,070

 **196,919** NET ABSORPTION SF

 **4.2%** VACANCY
33,617,976 SF

 **\$10.85** AVG. ASKING RATE PSF GROSS

 **1,579,215** DELIVERIES
23 Buildings

 **7,900,155** UNDER CONSTRUCTION
66 Buildings

MATTHEW ROTOLANTE, SIOR,
CCIM President

The South Florida Industrial Market remains hot as 2019 came to a close. Net absorption totaled 196,919 SF with total average rental rates for South Florida increasing to \$10.85/sf up from \$10.78/SF in the previous quarter. During Q4, 23 industrial buildings totaling 1,579,215 SF were reported delivered with about 7,900,155 SF still under construction. Sales volume through 2019 came in at over \$3.3 Billion, up 18% year over year with over 23 million SF trading over the last four quarters throughout South Florida. The average price per square foot remains consistent at about \$131/SF, and cap rates are still averaging at 6% over the last four quarters.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
139 Orchard Busines Pky	South Atlanta	1,514,040	Goodyear Tire & Rubber
1950 N Norcross Tucker Rd	Northeast	500,000	US Cabinet Depot
885 Douglas Hill Rd	I-20 West	486,852	Fulfillment Services Inc

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
440 Interstate West Pky I-20 West	\$57,100,000 Investment	\$73.00 5.0%	781,440 Class A	WPT Ind R.E. Inv. Trust WPT Capital Advisors
429 Toy Wright Rd Bldg 1 Northeast	\$46,052,196 Investment	\$44.00 -	1,053,360 Class A	Property Reserve, Inc. Core5 Industrial Ptnrs
220-230 Greenwood Ct South Atlanta	\$31,800,000 Investment	\$63.00 -	504,000 Class A	James Campbell Co LLC Prologis Inc

LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
2160 Anvil Block Rd	South Atlanta	1,043,418	Robinson Weeks
280 Bridgeport Blvd	South Atlanta	1,002,150	CRG R.E. Solutions
100 International Pky	South Atlanta	769,366	Ashley Capital


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
2100-2200 W. Park Blvd	Snapfinger/Stone Mtn	2,800,000	Q2 2021
Interstate 85 @ GA Hwy 16	South Atlanta	1,500,000	Q3 2020
7055 Campbellton Rd	I-20 West	1,128,400	Q2 2929

TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	6.60%	\$5.04	4,497,998	715,957,676	23,152,938
Q3 2019	6.50%	\$5.28	4,958,808	709,955,846	20,609,209
Q2 2019	6.60%	\$5.28	4,248,885	704,583,461	21,377,513
Q1 2019	6.50%	\$5.19	943,639	699,061,759	17,207,348
Q4 2018	6.10%	\$5.08	3,903,064	695,060,621	17,338,831

 **4,497,998** NET ABSORPTION SF

 **6.6%** VACANCY
47,185,033 SF

 **\$5.04** AVG. ASKING RATE PSF GROSS

 **7,518,160** DELIVERIES
15 Buildings

 **23,152,938** UNDER CONSTRUCTION
49 Buildings

CRAIG VIERGEVER, EVP, Principal

The last quarter of the decade ended with 4.5M SF absorbed, bringing total 2019 net absorption to 15.6M SF. Overall vacancy increased slightly 10 basis points to 6.6%. Development activity dominated in the fourth quarter with 20 new buildings breaking ground, totaling 49 buildings of 23.15M SF under construction. The Goodyear Tire & Rubber Company broke ground on its 1.5M SF built-to-suit in the South Atlanta submarket. At the end of Q4, the Atlanta market delivered 7.4M SF of new industrial product (100,000 SF plus) to the marketplace, bringing 19.9M SF of new industrial inventory to the Atlanta market in 2019.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
550 Hinton Oaks Blvd	Northeast Wake Cnty	120,000	-
501 Innovation Ave	RTP/RDU	80,040	USPS
4205 Global St	Northeast Wake Cnty	66,000	-

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
201 Kitty Hawk Dr RTP/RDU	\$6,650,000 Investment	\$131.00 7.1%	50,656 2 Star Flex	Keystone Park Assoc. LLC Lenin J. Peters
3300 Gateway Centre Blvd RTP/RDU	\$6,200,000 Investment	\$214.00 7.6%	29,000 2 Star Flex R&D	REIT Place, LLC Ticon Properties
3201 Northside Dr Raleigh	\$4,103,556 Owner/User	\$147.00 -	28,000 2 Star Flex	Compass Rose Brewery Southern Comm'l Prop.

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
312 Powhatan Rd	Clayton	900,000	Novo Nordisk, Inc.
3717 Overlook Rd	Raleigh	5,000	Sal Real Estate LLC
-	-	-	-


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
706 Ellis Rd	Durham	1,200,000	Aug 2020
1275 Person St, Bldg 1	Durham	410,000	Oct 2020
805 S. Briggs Ave, Bldg 4	Durham	260,000	Oct 2020

TOTAL INDUSTRIAL MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	3.50%	\$8.01	694,406	129,702,383	5,017,998
Q3 2019	3.40%	\$7.39	293,720	128,944,043	3,020,423
Q2 2019	3.60%	\$7.39	1,190,871	128,864,981	2,474,283
Q1 2019	4.40%	\$7.31	341,240	128,636,820	2,439,944
Q4 2018	4.40%	\$7.41	636,384	128,363,740	2,533,074

 **694,406** NET ABSORPTION SF

 **3.50%** VACANCY 4,985,381 SF

 **\$8.01** AVG. ASKING RATE PSF GROSS

 **777,720** DELIVERIES 6 Buildings

 **5,017,998** UNDER CONSTRUCTION 36 Buildings

SCOTT HADLEY, Senior Director

Raleigh-Durham continues to see limited vacancy with strong demand. While rents have risen steadily, rent growth has slowed in Durham due to speculative product being delivered with no preleasing. Wake County continues to see strong demand and product is keeping up with demand, but not currently outpacing it. Logistics users have driven much demand with the e-commerce growth in the market. Durham has a strong base of biotechnology, life science and pharma companies that continue to grow supported by a strong workforce with life science skills. The market is healthy with continued growth feeding demand throughout the Triangle.


SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
4280 Pace St	North Charleston	157,698	PanaSystem US LLC
4289 Crosspoint Dr	Ladson	156,000	JAS Forwarding (USA)
4597 Apian Way	North Charleston	110,000	Philadelphia Truck Lines

SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
Submarket/City	Type of Sale	Cap Rate	Class	Seller
400 Trade Zone Blvd Summerville	\$73,000,000 Investment	\$66.35 -	1,100,234 Class A	LBA Realty The Blackstone Group
620 Dobbin Rd Charleston	\$2,725,000 Investment	\$39.42 -	69,132 Class B	Prime South Group LLC Home Kim Group Inc
3240 Industry Dr North Charleston	\$1,924,000 Owner/User	\$128.27 -	15,000 Class B	Landmark Construction Tamarack Warehousing

LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
635 Omni Industrial Blvd #2	Summerville	200,000	SAMET
180 Trade Center Pky, #5B	Summerville	144,000	Curtiss Wright
270 Deming Way	North Charleston	120,000	Warehouse Rentals


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
Ladson & Stoney Rd	Ladson	420,888	Q1 2020
4289 Crosspoint Dr	Ladson	364,000	Q1 2020
140 Portside Park Dr	Summerville	190,000	Q2 2020


TOTAL INDUSTRIAL MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	6.90%	\$6.94	1,524,447	85,040,141	4,005,397
Q3 2019	6.20%	\$7.05	2,856,140	84,655,858	3,043,514
Q2 2019	6.10%	\$7.01	3,847,538	83,864,068	3,789,294
Q1 2019	5.90%	\$6.93	7,079,954	83,365,425	4,127,213
Q4 2018	5.90%	\$6.89	7,242,260	82,529,530	3,121,763

 **1,524,447** NET ABSORPTION SF

 **6.9%** VACANCY 5,863,239 SF

 **\$6.94** AVG. ASKING RATE PSF GROSS

 **2,510,611** DELIVERIES Buildings

 **4,005,397** UNDER CONSTRUCTION 20 Buildings

THOMAS BUIST, Broker

Numbers from Q4 2019 indicate that Industrial Development has slowed from its record setting pace in 2018, 2.5M SF vs 6.5M SF per year. However, this is not a sign that developers are regressing from the market. This year, Net Deliveries outpaced Absorption by about 1M SF, a sign that Developers ARE confident in Charleston's ability to absorb space in the future. Demand is being driven by Charleston's explosive population growth, Aerospace and Automotive industries, the ongoing deepening of the Charleston harbor, and the anticipated final construction of the sixth marine terminal. In conclusion, 2018 was the year that the Charleston industrial market boomed and 2019 was the year that the market balanced itself while continuing to grow.

GREENVILLE - SPARTANBURG



SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
805 Victory Trail Rd	Cherokee Cnty/Gaffney	208,000	Suminoe Textile
101 Harrison Bridge Rd	I-385/Simpsonville	204,952	Michelin North America
1301 Perimeter Rd	I-85 So/Donaldson	125,000	Multi-Pack Solutions

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
2010 Nazareth Church Rd Spartanburg	\$19,000,000 Investment	\$69.59 6.10%	273,000 Class A	STAG Industrial Holdings Rooker
231 Apple Valley Rd Duncan	\$16,941,750 Investment	\$86.44 -	196,000 Class A	Lexington Realty Trust Panattoni Development
235 Apple Valley Rd Duncan	\$15,328,250 Investment	\$86.44 -	177,320 Class A	Lexington Realty Trust Panattoni Development

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
3493 Hwy 101	Woodruff	2,200,000	Panattoni Dev.
Fort Prince Rd, Bldg 1	Spartanburg	439,360	Courtland Dev.
1021 Tyger Lake Rd	Spartanburg	213,200	SunCap Property Grp


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
Robinson Rd, Bldg C	Greer	1,341,060	Q1 2020
Genoble Rd, Bldg A	Greer	1,318,680	Q1 2020
Berry Shoals Rd, Bldg II	Duncan	595,000	Q1 2020

TOTAL INDUSTRIAL MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	5.50%	\$4.03	173,798	228,985,796	7,744,157
Q3 2019	5.00%	\$4.08	(320,222)	227,074,119	10,952,966
Q2 2019	4.80%	\$4.04	(572,316)	226,192,198	7,239,508
Q1 2019	4.20%	\$3.81	2,807,342	225,377,090	6,769,743
Q4 2018	4.60%	\$3.75	3,442,116	223,282,279	8,186,182

 **173,798** NET ABSORPTION SF

 **5.50%** VACANCY
12,363,318 SF

 **\$4.03** AVG. ASKING RATE PSF GROSS

 **3,548,219** DELIVERIES
12 Buildings

 **7,744,157** UNDER CONSTRUCTION
27 Buildings

RANDALL BENTLEY, President

The Greenville/Spartanburg market continued in Q4 with a slightly positive net absorption. Vacancy inched upwards as well from 5.0% to 5.5%, still indicative of a very low inventory rate that has continued for the last 10 quarters. Despite the uptick in vacancy, record-setting construction levels have been met with strong absorption. Rents have increased steadily 4% to 5% annually. The recent growth is a testament to the market's positive attributes, including access to ports, proximity to major metros in the southeast and availability of development-ready land. Greenville/Spartanburg also offers easy access to Atlanta, Charlotte, and Port of Charleston.


SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
3261 192nd St	Surrey	160,928	IEM Canada Inc.
12160 103A Ave	Surrey	77,000	Customs Space
12291 Riverside Way	Richmond	74,042	SCI Logistics Ltd.

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
15050 54A Avenue Surrey	\$66,150,000 Investment	\$210.00 3.8%	315,128 -	CanFirst Capital Mgmt Hydro Quebec
18920 36th Ave Surrey	\$29,000,000 Investment	\$260.00 -	111,374 -	PFN Holdings Ltd. Garaventa Lift
365 Railway St Vancouver	\$18,000,000 Investment	\$514.00 -	35,000 -	Allied REIT Bensen (Danet Interiors)

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
7560 Beedie Way	Delta	281,650	Beedie
6311 Graybar Rd	Richmond	121,015	Beedie
1579 Kingsway Ave	Port Coquitlam	115,423	Conwest


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
18890 22nd Ave	Surrey	530,563	Q2 2020
4327 Salish Sea Way	Delta	484,920	Q2 2020
18917 24th Ave	Surrey	360,000	Q1 2021

TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	1.46%	\$13.26	901,093	215,870,834	5,602,336
Q3 2019	1.42%	\$13.10	1,637,414	214,855,677	5,067,201
Q2 2019	1.46%	\$12.89	1,356,107	213,145,441	4,024,055
Q1 2019	1.47%	\$12.89	428,998	214,855,677	3,914,415
Q4 2018	1.46%	\$12.56	907,240	211,339,441	3,805,649


901,093 NET ABSORPTION
SF


1.46% VACANCY
3,159,256 SF


\$13.26 AVG. ASKING RATE
PSF GROSS


1,015,157 DELIVERIES
16 Buildings


5,602,336 UNDER
CONSTRUCTION
50 Buildings

NOINA MATTA, Director of Research

Metro Vancouver's industrial market continues to experience historically low vacancy rates. Despite almost 5 million sq.ft of space coming to market in 2019, most of it had been pre-leased or pre-sold upon completion. Due to high demand and lack of availability, lease rates and sale prices are also continuing to rise. Moreover, a surge of the TV, film and tech industries in Vancouver is driving the demand for industrial space. For instance, companies such as Amazon and Walmart acted as major players in 2019, with Amazon acquiring 450,000 sq.ft of industrial space at Delta iPort and Walmart acquiring 300,000 sq.ft in Surrey's Campbell Height's Business Park. Looking ahead to 2020, the high demand and tight supply for industrial space is projected to continue.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
1555 Wentworth St	Whitby	354,029	Kraft/Heinz
20 Westbridge Dr	Halton Hills	324,708	Amazon
200 Edgeware Rd	Brampton	222,032	Accuristix

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
2200 Yukon Ct Milton	\$180,100,000 Investment	\$164.00 -	1,100,000 Class A	GWL / Canada Life DSV Air & Sea, Inc.
8265 Huntington Rd Vaughan	\$95,900,000 Investment	\$179.83 -	1,066,577 Class A	Crombie Sobey's Inc.
1201 Creidstone Rd Vaughan	\$38,000,000 Owner/User	\$358.49 -	106,000 Class A	TransForce Saputo, Inc.

LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
2200 Yukon Ct	Milton	1,100,000	GWL Realty Advisors
12724 Coleraine Dr	Bolton	1,000,000	Blackwood Partners
12424 Dixie Rd	Caledon	850,000	Prologis


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
10254-10256 Hurontario St	Brampton	1,400,000	Jun 2021
6351 Steeles Ave East	Toronto	1,023,359	Oct 2022
12400 Coleraine Dr	Caledon	775,000	Q2 2020

TOTAL INDUSTRIAL MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	1.50%	\$12.97	3,764,430	828,188,393	13,823,914
Q3 2019	1.30%	\$12.60	461,773	822,871,845	16,147,242
Q2 2019	1.20%	\$12.29	431,310	821,667,680	15,211,968
Q1 2019	1.30%	\$11.93	2,736,639	821,451,775	12,463,386
Q4 2018	1.50%	\$11.58	7,129,146	820,899,838	10,809,624

 **3,764,430** NET ABSORPTION SF

 **1.50%** VACANCY
12,321,187 SF

 **\$12.97** AVG. ASKING RATE PSF GROSS

 **5,113,738** DELIVERIES
16 Buildings

 **13,823,914** UNDER CONSTRUCTION
60 Buildings

DAN SMITH, Vice President, Principal

The Greater Toronto Area market continues to see vacancy erode to record low levels, with not enough development to satisfy demand, and more and more tenants renewing rather than relocating. Construction activity has picked up, but is unlikely to balance the market due to the limited developable land available. All of these factors are expected to strengthen an already robust landlord market and put upward pressure on rental rates over the next 12-18 months and beyond.

New Decade To Open With A Surge In Deliveries

Another year of positive absorption closed out a decade-long stretch of growth that has outpaced deliveries. But that appears likely to change in 2020 as new supply is expected to post its highest total since 2009. While the pace of asking rent growth has moderated, it remains close to the long-term historical average. Though in the 2% range, this is particularly strong considering the U.S. has recorded 35 straight quarters of positive growth. Tech and Sunbelt markets continue to be among the top performers with Austin, Seattle, San Francisco, Charlotte and Tampa leading the nation. Conversely, New York, Washington, D.C., and Boston continue to rank among the weakest rent growth markets.

The elevated amount of new supply in the pipeline is forcing landlords to put a high priority on occupancy. Generous tenant-improvement allowances and other incentives can produce significant cuts in effective rents. The increased competition also is being felt among landlords of second-tier space. As a result, average year-over-year rent growth slowed to 2.4%. The relatively restrained pace of construction has aided in keeping the vacancy rate in single digits for six straight quarters and counting. Even with the expected increase in new deliveries over the next few quarters, the vacancy rate is expected to remain below 10%. The weakening outlook for both job and rent growth does not appear to be having a negative impact on

MARKETS WITH MOST SF UNDER CONSTRUCTION

Market	SF	Market	SF
New York, NY	23.1 M	Washington, DC	12.7 M
Boston, MA	12.1 M	Austin, TX	10.1 M
Seattle, WA	8.9 M	Dallas-Ft Worth, TX	8.2 M

LOWEST VACANCY RATES AMONG TOP 25 MARKETS






Market	Vacancy Rate	Market	Vacancy Rate
San Francisco, CA	5.8%	Seattle, WA	6.1%
Long Island, NY	6.7%	Inland Empire, CA	6.8%
Orlando, FL	6.8%	Columbus, OH	6.8%

HIGHEST RENTAL RATES

Market	Asking Rent/SF	Market	Asking Rent/SF
San Francisco, CA	\$69.33	So. Bay/San Jose, CA	\$58.69
New York, NY	\$58.46	Boston, MA	\$40.79
Los Angeles, CA	\$40.57	East Bay, CA	\$39.42

MOST 12-MONTH SALES VOLUME & AVERAGE PRICE PER SF


Market	Sales Volume	Avg Price/SF	Market	Sales Volume	Avg Price/SF
New York, NY	\$16,125,017,043	\$666.00	Seattle, WA	\$9,751,900,531	\$478.00
San Francisco, CA	\$8,573,174,388	\$856.00	Boston, MA	\$8,503,720,250	\$424.00
Washington, DC	\$8,357,082,180	\$371.00	Los Angeles, CA	\$6,374,307,974	\$438.00
San Jose, CA	\$4,449,305,879	\$662.00	Dallas/Ft Worth, TX	\$3,319,794,094	\$219.00

 14.1	Q4 NET ABSORPTION Million SF
 9.8%	VACANCY 696.8 Million SF
 (0.5%)	AVG. ASKING RATE \$33.84 PER SF
 19.7	Q4 DELIVERIES Million SF
 158.1	UNDER CONSTRUCTION Million SF

investment. Sales volume in 2019 could challenge the record with a year-end surge. Pricing per square foot continues to rise as cap rates remain just below 7%. Cap rates have been steady despite the decline in interest rates, though it is worth monitoring how they will respond should further cuts to the federal funds rate occur. Investors continue to show a clear preference for tech markets, with San Francisco, Seattle, San Jose, and Austin posting deal volume well above typical year-to-date levels. Washington, D.C., and Chicago, on the other hand, saw relatively weaker deal volume. New York stands out, as year-to-date volume is about \$5 billion below the average since 2015. The spread would be even wider if not for the Coca-Cola building trading twice - within about a month - for a combined total of nearly \$2 billion.



304,803 NET ABSORPTION
SF


8.80% VACANCY
6,441,011 SF


\$33.96 AVG. ASKING RATE
PSF GROSS


100,000 DELIVERIES
1 Building


880,820 UNDER
CONSTRUCTION
19 Buildings

SHELLY GARCIA, Dir. of Marketing

A very active quarter for office leasing fueled an eight-fold increase in absorption and drove vacancy rates down 50 basis points. As has been the case for some time, entertainment firms dominated the region's leasing activity, although medical office users were not far behind. Netflix took just over 60,000 square feet in the Burbank submarket and reports indicate the company is close to leasing another 130,000 square feet. The big question is the future of co-working space. WeWork, a significant office user in the region, is said to be looking at renegotiating some of its leases.

SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
15301 Ventura Blvd	Sherman Oaks/L.A.	66,024	The Refinery
3000 W. Alameda St	Burbank	62,085	Netflix
2350 Empire Ave	Burbank	33,075	Undisclosed

SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
City	Type of Sale	Cap Rate	Class	Seller
4640 Lankershim Blvd	\$30,000,000	\$406.00	74,000	Rockwood Cap/Artisan Rlty
North Hollywood	Investment	-	Class A	Swift Real Estate Partners
12444 Victory Blvd	\$15,000,000	\$246.00	60,896	EC365 Investments
North Hollywood	Investment	-	Class A	Barry Weiner LLC
18433 Roscoe Blvd	\$11,650,000	\$384.00	30,353	California Dermatology
Northridge/L.A.	Owner/User	-	Class B	18433 Roscoe Blvd Inc

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
6265 San Fernando Rd	Glendale	100,000	Westbrook Partners
-	-	-	-
-	-	-	-

LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
6150 Laurel Canyon Blvd	North Hollywood	500,000	Feb 2020
Avion Burbank	Burbank	142,250	Q4 2020
18362, 18408, 18412, 18422 Oxnard St	Tarzana/L.A.	107,296	Feb. 2020

TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	8.80%	\$33.96	304,803	73,412,752	880,820
Q3 2019	9.30%	\$33.72	31,695	73,314,784	964,002
Q2 2019	9.40%	\$33.60	109,654	73,306,304	722,567
Q1 2019	9.50%	\$33.72	(215,363)	73,838,044	624,040
Q4 2018	9.20%	\$32.88	453,583	73,612,222	613,107


SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
4910 Rivergrade Rd	Irwindale	159,678	City of Hope
430 S. Garfield Ave	Alhambra	24,120	Undisclosed
222 E. Huntington Dr	Monrovia	23,629	Undisclosed

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
100 Washington Blvd Montebello	\$5,480,000 Investment	\$576.11 5.77%	9,512 Class B	Ji Lie Dan Stein
401 E. Huntington Dr Monrovia	\$4,425,000 Owner/User	\$289.88 -	15,265 Class C	Fellowship Church, Inc. Kolawa Properties LLC
1535 W. Merced Ave West Covina	\$4,200,000 Investment	\$199.49 -	21,054 Class C	Better Health Home Care Unical Enterprises Inc.

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
None to Report	-	-	-
-	-	-	-
-	-	-	-


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
9133 Garvey Ave (Media Ctr)	Rosemead	62,000	Mar 2020
288 N. Santa Anita Ave	Arcadia	31,160	Oct 2020
120 W. Hellman Ave	Monterey Park	26,960	Jul 2020


TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	7.00%	\$25.92	(43,120)	32,929,542	133,256
Q3 2019	6.90%	\$25.80	(7,450)	32,929,542	133,256
Q2 2019	6.70%	\$25.20	28,568	32,896,905	134,733
Q1 2019	6.80%	\$25.20	93,916	32,896,905	107,773
Q4 2018	7.10%	\$24.48	434,158	32,886,905	117,773

 **(43,120)** **NET ABSORPTION**
SF

 **7.0%** **VACANCY**
2,300,778 SF

 **\$25.92** **AVG. ASKING RATE**
PSF GROSS

 **0** **DELIVERIES**
0 Buildings

 **133,256** **UNDER**
CONSTRUCTION
4 Buildings

CHRISTOPHER LARIMORE, President

During a time when the national discussion was the economy heading into a possible recession, the San Gabriel Valley office market proved to be a mature marketplace in Q4 2019. All market indicators remained relatively steady from the previous quarter maintaining the stability in this area. Catering to mostly small to mid-size office occupiers, a total of 12 properties sold ranging from 996 SF to 22,055 SF, at an average psf of \$303, which is a 2.6% increase. Cap rates remained flat at 5.7% with four investments sold. Leasing was strong with 118 direct lease deals closed. Lease vacancy also stayed flat at 7% with a slight rental increase of \$2.16 psf gross. Expectations for next quarter are positive with improved national economic outlook and peak unemployment rates.


SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
3900 W. Alameda Ave	Burbank	116,000	Disney Animation Studios
800 N. Brand	Glendale	100,000	Service Titan
3100 New York Dr	Pasadena	55,000	Gemalto

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
Pasadena Collection	\$193,000,000	\$375.00	520,000	Swift Real Estate Partners
Pasadena (portfolio)	Investment	3.2%	Class A	PGIM
-	-	-	-	-
-	-	-	-	-

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
None to Report	-	-	-
-	-	-	-
-	-	-	-


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
380 E. Union St	Pasadena	82,000	Q1 2020
10 West Walnut	Pasadena	1,000,000	Q2 2021
6265 San Fernando Rd	Burbank	100,000	Q2 2020

TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	11.7%	\$40.20	131,355	19,053,696	400,317
Q3 2019	11.0%	\$39.72	68,478	18,971,696	340,067
Q2 2019	11.4%	\$38.64	106,767	18,971,696	340,067
Q1 2019	12.0%	\$38.64	(11,639)	18,971,696	340,067
Q4 2018	11.9%	\$37.68	109,928	18,971,696	340,067

 **131,355** NET ABSORPTION SF

 **11.7%** VACANCY 2,043,966 SF

 **\$40.20** AVG. ASKING RATE PSF GROSS

 **82,000** DELIVERIES 1 Building

 **400,317** UNDER CONSTRUCTION 3 Buildings

ELLIOTT GALLAHAN, Associate

Vacancy rates in the Tri-Cities office market remained repetitively flat, which was a benefit from low inventory and a strong economy. When two large national retailers, Bank of America and Nestle, moved out of the Tri-cities area, the sub-market experienced a negative impact due to the large vacancy left behind. Overall demand for office space for entertainment use areas was very strong and many mid-size businesses grew and expanded, which promoted occupiers in the market to purchase buildings. SBA financing was a key factor for this success, of which medical office owner-users greatly benefited.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
27 Technology Dr	Irvine	45,362	Biosense Webster
17877 Von Karmen Ave	Irvine	34,840	Westcliff
1231 E. Dyer Rd	Santa Ana	32,467	Mobile Medical Exam

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
2211 Michelson Dr Irvine	\$116,000,000 Investment	\$427.17 5.4%	271,556 Class A	Greenlaw Partners Kilroy Realty Corp.
222 S. Harbor Blvd Anaheim	\$32,750,000 Investment	\$168.04 5.77%	194,892 Class A	Harbor Associates, LLC The Blackstone Group LP
3450 E. Miraloma Ave Anaheim	\$44,000,000 Investment	\$243.23 7.28%	180,902 Class A	Klien Investments Family Hines

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
2722 Michelson Dr	Irvine	155,000	LBA Realty
-	-	-	-
-	-	-	-

LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
None to Report	-	-	-
-	-	-	-
-	-	-	-

TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	10.1%	\$31.32	(171,436)	159,095,851	480,815
Q3 2019	9.9%	\$31.56	36,507	158,973,265	616,815
Q2 2019	9.7%	\$31.68	545,390	158,624,482	584,742
Q1 2019	10.0%	\$31.56	(200,629)	158,567,572	1,048,626
Q4 2018	9.6%	\$31.20	396,863	158,115,250	1,294,980

 **(171,436)** NET ABSORPTION SF

 **10.1%** VACANCY
16,002,987 SF

 **\$31.32** AVG. ASKING RATE PSF GROSS

 **136,000** DELIVERIES
2 Buildings

 **480,815** UNDER CONSTRUCTION
3 Buildings

ROBERT DEGEN, Associate

The overall Orange County Office Market in Q4 2019 continues to grow with steady tenant demand. One of the largest leases in 2019 was signed by co-working space operator WeWork. Rent growth countywide flattened out in 2019 compared to the 6% average annual gain for the previous six years.


SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
1950 Camino Vida Roble	Carlsbad	121,541	Alphatec Spine, Inc.
2200 Faraday Ave	Carlsbad	29,313	CalAmp Corp
12255 El Camino Real	Del Mar	12,829	Eversheds Sutherland

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
2020 Cassia Rd, Bldg 2 Carlsbad	\$4,845,000 Owner/User	\$762.99 -	6,350 Class B	2020 Cassia LLC Midwest Inv Prop, LLC
5962 Priestly Dr, Bldg J Carlsbad	\$1,940,000 Owner/User	\$305.03 -	6,360 Class B	CapForge, Inc. Madrona Real Estate LLC
2032 Corte del Nogal Carlsbad	\$1,880,000 Owner/User	\$267.05 -	7,040 Class B	Coastal Enterprise LLC Oglethorpe Properties

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
None to Report	-	-	-
-	-	-	-
-	-	-	-


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
Ocean Ranch Blvd, Lot 15	Oceanside	100,000	Aug 2020
2097 W. Citracado Pky	Escondido	75,000	Oct 2020
326 Santa Fe Dr	Encinitas	60,000	Jan 2020


TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	10.6%	\$32.76	138,887	19,002,246	282,041
Q3 2019	11.0%	\$32.88	56,266	18,924,246	285,041
Q2 2019	11.3%	\$32.52	355,510	18,924,246	173,869
Q1 2019	12.3%	\$32.28	(64,942)	18,723,246	374,869
Q4 2018	11.6%	\$32.28	223,194	18,669,193	264,569


138,887 NET ABSORPTION
SF


10.6% VACANCY
2,022,166 SF


\$32.76 AVG. ASKING RATE
PSF GROSS


0 DELIVERIES
0 Buildings


282,041 UNDER
CONSTRUCTION
6 Buildings

JAMES BENGALA, Junior Vice Pres.

Rental rates continue to climb along the coast while inland areas experience a compression in base rents. \$/SF on building sales mirrored the same. Vacancy rates continue to decline overall with majority of leasing activity in Class A and B buildings. Under construction projects are currently geared towards biotech, software and medical. The strongest submarkets in Q4: North Beach Cities, North County Central and coastal Carlsbad while inland submarkets' overbuilt status and/or aging inventory negatively impact lease rates. Sales price \$/SF climb while overall sales volume declined. Cap Rates remain steady in the 4.5%-6.0% range.


SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
1288 123rd Ave NE	Bellevue	324,999	Facebook
1110 3rd Ave	Seattle CBD	130,876	FBI
9911 Willows Rd	Redmond	80,980	Facebook

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
801 5th Ave Seattle CBD	\$458,000,000 Investment	\$888.00 4.8%	515,518 Class A	KKR Fifth & Columbia Investors
11025 NE 8th St Bellevue	\$395,309,627 Investment	\$795.00 -	497,000 Class A	Invesco Real Estate Principal/PNC Realty Adv
NE 4th & 108th Bellevue CBD	\$742,000,000 Fee	\$809.00 -	916,576 Class A	KKR Hines

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
1201 2nd Ave	Seattle	686,908	Skanska
1448 NW Market	Seattle	202,000	Martin Selig R.E.
1525 11th Ave	Seattle	85,991	Legacy Comm'l


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
1324 Westlake Ave	Seattle	1,100,000	Feb 2020
2200 7th Ave	Seattle	876,000	Nov 2020
1301 5th Ave	Seattle	801,000	Sept 2020

TOTAL OFFICE MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	5.90%	\$34.22	973,272	207,644,045	8,779,338
Q3 2019	5.90%	\$34.43	1,386,710	206,678,404	8,207,285
Q2 2019	6.30%	\$33.67	1,859,049	205,983,909	8,311,232
Q1 2019	6.60%	\$33.14	(334)	204,738,155	9,227,377
Q4 2018	6.20%	\$32.61	1,287,161	203,936,450	10,010,516


973,272 NET ABSORPTION
SF


5.9% VACANCY
12,211,149 SF


\$34.22 AVG. ASKING RATE
PSF GROSS


987,899 DELIVERIES
5 Buildings


8,779,338 UNDER
CONSTRUCTION
28 Buildings

MACGREGOR MILLER, Principal
TOM BROWN, Principal

The Seattle Office Market continues to be extremely tight with record low vacancies and increasing rents. New leasing in Q4 slowed a bit but only because of exceptional leasing activity through the first part of the year by Amazon, Facebook, Google and other tech companies. 29 Buildings under construction are 74% preleased and there are only a limited number of new office projects in the pipeline much of it in the Bellevue / Eastside markets. Investor interest in the Seattle office market accelerated in the Q4 with over \$6 billion in sales. The impact of WeWork's pull back from earlier commitments is yet to be fully determined but may be helpful in providing a boost to the supply of office space for expanding CBD tenants.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
1033 W. Roosevelt St	Tempe	345,795	DoorDash
101 E. Washington St	Downtown Phoenix	91,524	WeWork
1650 S. Price Rd	Chandler	63,000	Toyota Financial Services

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
Biltmore Financial Center Camelback Corridor (3 Bldgs)	\$212,000,000 Investment	\$333.64 -	635,409 Class A	Partners Group AG Alliance Bernstein LP
1101 W. Washington St Tempe	\$90,000,000 Investment	\$422.48 -	213,026 Class A	Susquehanna Holdings Lincoln Property Co
Phoenix Gateway Center 44th Street Corridor	\$85,750,000 Investment	\$180.63 -	428,555 Class A	Bridge Investment Grp Lowe's Enterprises/Alectra

LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
101 E. Washington St	Phoenix	280,399	Red Development
850 W. Rio Salado Pky	Tempe	185,833	The Boyer Company
2100 E. Rio Salado Pky	Tempe	169,000	The Boyer Company


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
Cavasson Loop 101 & Hayden Rd	Scottsdale	460,000	Q4 2020
410 N. Scottsdale Rd	Tempe	265,000	Q1 2020
850 N. 5th St	Tempe	227,000	Q4 2020


TOTAL OFFICE MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	16.10%	\$25.18	1,192,386	103,169,525	2,003,737
Q3 2019	16.10%	\$25.03	978,399	103,005,142	1,826,969
Q2 2019	16.60%	\$24.69	501,177	101,676,035	2,065,316
Q1 2019	16.90%	\$24.60	1,235,630	101,093,062	2,227,704
Q4 2018	16.60%	\$24.09	(33,135)	99,495,850	2,569,439

 **1,192,386** NET ABSORPTION SF

 **16.1%** VACANCY
16,592,637 SF

 **\$25.18** AVG. ASKING RATE PSF GROSS

 **785,232** DELIVERIES
4 Buildings

 **2,003,737** UNDER CONSTRUCTION
17 Buildings

CHRIS MCCHESENEY, Research Dir.

The Valley's office market closed 2019 with great numbers as it posted key gains in mostly all key metrics. Vacancy rates did not hinge, asking rates rose, and cap rates climbed to 8.1%. Net absorption for the quarter blossomed, as did Q3, and total sales in Q4 topped out at \$930M with 136 total transactions. Vacancy rates did not move in Q4 compared to Q3 at 16.1%. Class A vacancy rates dropped to 15.3% from 15.4%. Average asking rates rose \$0.15 from Q3 to \$25.18 PSF. South Scottsdale saw a huge increase in average asking rates as it went up to \$35.32 PSF, compared to last quarter's number of \$31.56 PSF. DoorDash signed the largest lease of Q4 by taking 345,795 SF at The Grand, Phase II. WeWork took 91,524 SF at Block 23, located in Downtown Phoenix. The 2019 Phoenix office sector is pointing to another strong year and healthy market conditions in 2020.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
700 Milam St-Pennzoil Pl	CBD	122,547	Bank of America
2107 City West Blvd	Westchase	86,718	DCP Midstream
11200 Broadway St	Pearland Town Ctr Soitj	60,000	-

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
600 Travis St	\$535,004,514	\$322.97	1,656,529	Cerberus Capital Mgmt
JP Morgan Chase Twr CBD	Investment	-	Class A	Hariri Interest, Inc.
800 Capitol St	\$373,000,000	\$531.11	780,341	Beacon Capital Partners
Bank of Americ Twr CBD	Investment	-	Class A	Skanska
601 Travis St CBD	\$91,995,486	\$213.41	431,080	Cerberus Capital Mgmt Hariri Interest, Inc.

LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
13105 Wortham Center Dr	Houston	73,000	Welltower Inc.
19002 Park Row	Houston	50,000	Dr. Asif Akhtar
9135 Katy Fwy	Houston	16,931	Crown Properties


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
845 Texas Ave-- Texas Tower	Houston	1,123,699	Oct 2021
4201 Main St - The Iron	Houston	270,000	Dec 2020
US 59 & Kingwood Dr Insperty	Kingwood	207,202	Jun 2020

TOTAL OFFICE MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	16.4%	\$28.04	1,782,296	331,712,161	4,581,753
Q3 2019	16.9%	\$28.29	(492,252)	331,558,820	4,010,083
Q2 2019	16.6%	\$28.26	(991,638)	331,298,268	3,796,355
Q1 2019	16.0%	\$28.17	631,386	329,952,169	3,911,723
Q4 2018	16.1%	\$28.07	1,723,056	329,616,671	3,464,540

 **1,782,296** NET ABSORPTION SF

 **16.4%** VACANCY
55,586,651 SF

 **\$28.04** AVG. ASKING RATE PSF GROSS

 **144,341** DELIVERIES
3 Buildings


 **4,581,753** UNDER CONSTRUCTION
89 Buildings

TRAVIS TAYLOR, Principal

On the street level, demand for new office space is spotty, however, an influx of leasing activity in 2014 and 2015 is resulting in a natural boost in present day activity as five-year leases expire and companies are forced to make office space decisions. Increased leasing activity may not necessarily correspond with positive net absorption as companies are reducing their overall footprint by decreasing the number of square feet per employee and offsetting the smaller personal space with higher quality finish and more common area amenities. With all of that said, being astute in this soft market will earn tenants' perks that they will appreciate for years to come and with matched due diligence, landlords will still see their capital well invested.




282,112 **NET ABSORPTION**
SF


11.6% **VACANCY**
14,901,911 SF


\$25.08 **AVG. ASKING RATE**
PSF GROSS


0 **DELIVERIES**
0 Buildings


2,910,306 **UNDER CONSTRUCTION**
21 Buildings

LAMAR NEWBURN, Vice President

The Minneapolis/St. Paul office market, consisting of more than 125M SF of space in seven counties posted 282,000 SF of positive net absorption for Q4 2019. The overall vacancy sits firmly at 11.6% and carries an average gross rental rate of \$25.08 per SF. Twenty one projects totaling more than 2.9M SF are currently under construction. At year-end 2019, the Twin Cities office market produced a total of 799,180 SF of positive absorption, dominated by the Minneapolis CBD (422,521 SF) and North Loop (265,761 SF) which posted strong positive net absorption.

SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
Flying Cloud Corp Bld C	Southwest	39,862	CH Robinson
Millwright Building	Downtown East	37,048	Probation
Millwright Building	Downtown East	25,573	Rally

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
701 Xenia Ave S Golden Hills, West	\$43,100,000 Investment	\$226.00 7.4%	190,758 Class A	Altus Properties Lone Star Funds
2900 Ames Crossing Rd Boulder Lakes/Southeast	\$41,961,105 Investment	\$250.00 6.5%	167,893 Class A	Artis REIT United Properties
2800 Mount Ridge Rd Calyxt HQ, Northeast	\$19,250,000 Investment	\$439.00 -	43,895 Class B	BayOne Real Estate Inv Capital Real Estate Inc

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
None to Report	-	-	-
-	-	-	-
-	-	-	-

LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
700 Nicollet Mall (Dayton's Proj)	Minneapolis CBD	850,000	Q2 2020
30 3rd St S (GatewayTower)	Minneapolis CBD	532,000	Q4 2021
10 West End	West	343,000	Q1 2021

TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	11.6%	\$25.08	282,112	127,978,186	2,910,306
Q3 2019	11.8%	\$25.02	145,085	125,867,649	2,901,293
Q2 2019	14.9%	\$24.29	175,045	124,050,542	2,789,729
Q1 2019	15.1%	\$23.85	344,205	124,238,409	1,881,985
Q4 2018	15.5%	\$23.88	157,460	123,394,066	2,233,654



SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
525 Vine St	CBD	22,555	SW Ohio Reg Transit Auth.
4555 Lake Forest Dr	Blue Ash	7,329	River City Mortgage
4803 Montgomery Rd	Midtown	4,800	Northpointe Dev.

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
10641-10653 Techwoods Blue Ash	\$3,430,000 Investment	\$119.00 -	28,835 Class B	Tia Holdings Blue Ash LLC Woodtech Circle Ltd
300 Main St Cincinnati	\$1,400,000 Investment	\$56.00 -	25,000 Class B	CLC Main St, LLC 300 Main Ltd
9402-9420 Towne Sq Ave Blue Ash	\$875,000 Investment	\$62.80 6.50%	13,934 Class C	Catch All Properties LLC Kurt & Claudia Fisher

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
Sycamore Executive Center	Kenwood	30,000	Myers Y. Cooper Co.
6730 Ruwes Oak Dr	Cincinnati	15,000	Ruwes Oak LLC
2533 Ritchie St	Crescent Springs	2,600	Seelbach & Trauth


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
5310 Medpace Way-Madison Sq	Cincinnati	268,377	Mar 2020
5801 Madison Rd	Cincinnati	45,000	Feb 2020
Oakley Pointe	Cincinnati	40,000	Oct 2020

TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	14.20%	\$18.20	34,684	61,968,022	392,211
Q3 2019	14.10%	\$18.15	138,649	61,948,522	411,711
Q2 2019	14.10%	\$18.30	86,775	61,895,865	544,311
Q1 2019	14.20%	\$18.23	18,253	61,895,865	527,811
Q4 2018	15.20%	\$17.98	(115,876)	62,783,384	493,377

 **34,684** NET ABSORPTION SF

 **14.20%** VACANCY 9,638,599 SF

 **\$18.20** AVG. ASKING RATE PSF GROSS

 **47,500** DELIVERIES 3 Buildings

 **392,211** UNDER CONSTRUCTION 7 Buildings

DAN MCDONALD, Senior Vice President

Q4 2019 had 34,684 SF of positive absorption, finishing the year with just over 400,000 SF in total positive absorption. The biggest leases this year occurred in the CBD, Western & Southern leased 126,000 SF at Columbia Plaza. In Blue Ash, Belcan Staffing leased 123,000 SF at Hawthorne Center. The biggest notable lease for Q4 was SORTA taking 23,000 SF at 525 Vine street. The move is from the former Gwynne Building at 602 Main Street, soon to be converted into a hotel late 2020. Those remaining tenants will impact 2020 absorption, expected to continue to be strong and the overall vacancy rate should continue to drop.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
1302 Deming Way	Madison	13,291	Multiple Tenants
43-89 East Towne Mall	Madison	7,516	Multiple Tenants
2921 Landmark Pl	Madison	7,047	Physicians Mutual Ins.

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
3001 Deming Way Middleton	\$52,100,000 Institutional	\$206.65 -	252,122 Class A	Harbor Group International Livesey Company
702 E. Washington Ave Madison	\$4,716,086 Owner/User	\$202.84 -	23,250 Class B	Salvation Army, Dane Cty Schlimgen Properties
2300 US Highway 51 & 138 Stoughton	\$3,664,000 Investment	\$166.55 -	22,000 Class B	David A. Baehr Thomas F. Weigand

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
None to Report	-	-	-
-	-	-	-
-	-	-	-


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
1050 E. Washington Ave	Madison	159,000	Sept 2020
5505 Endeavor Ln	Madison	138,000	Feb 2020
601 Rayovac Dr	Madison	115,000	Mar 2020

TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	4.60%	\$15.58	42,014	34,720,084	614,844
Q3 2019	4.70%	\$15.79	37,472	34,615,574	637,844
Q2 2019	4.80%	\$16.39	(126,120)	34,615,574	585,044
Q1 2019	4.40%	\$17.08	37,367	34,595,574	363,044
Q4 2018	4.40%	\$16.55	244,909	34,578,574	325,200

 **42,014** NET ABSORPTION SF

 **4.6%** VACANCY
1,567,170 SF

 **\$15.58** AVG. ASKING RATE PSF

 **23,000** DELIVERIES
1 Building

 **614,844** UNDER CONSTRUCTION
8 Buildings

CAMP PERRET, Associate

The Madison Office Market recorded another quarter of positive net absorption. Already low vacancy rates call for increased deliveries and construction levels and has also resulted in increased average sale prices. Madison's information technology and life sciences industries continue to grow rapidly and push the demand for office space.


SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
9720 Patuxent Woods Dr	Columbia South	34,650	NVR Mortgage
7160 Riverwood Dr	Columbia South	32,391	-
8840 Stanford Blvd	Columbia South	18,549	Tresys Technology

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
5501-104 Twin Knolls Columbia South	\$185,000 -	\$146.82 -	1,260 Class C	- -
-	-	-	-	-
-	-	-	-	-

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
None to report	-	-	-
-	-	-	-
-	-	-	-


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
11100 Johns Hopkins Rd	Columbia South	263,000	2020
-	-	-	-
-	-	-	-

TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	9.3%	\$24.74	330,926	10,319,170	263,000
Q3 2019	9.4%	\$24.84	265,824	10,319,170	263,000
Q2 2019	9.4%	\$25.01	189,175	10,319,170	263,000
Q1 2019	12.3%	\$25.44	(80,819)	10,319,170	263,000
Q4 2018	12.5%	\$25.47	(222,484)	10,319,170	263,000


330,926 NET ABSORPTION
SF


9.3% VACANCY
959,682 SF


\$24.74 AVG. ASKING RATE
PSF GROSS


0 DELIVERIES
0 Buildings


263,000 UNDER
CONSTRUCTION
1 Building

BILL HARRISON, Sr. Vice President

Columbia South is the largest suburban office submarket in the Baltimore metro area and comprises several office parks as well as a growing mixed use, downtown area. Overall, this submarket still has staying power. With a sizable number of modern buildings, a central location between Baltimore and Washington, D.C., and accessibility to the region's highly educated workforce via I-95, Columbia South attracts a diverse tenant base. Many large tech and health services tenants call the area home.


SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
95 Christopher Columbus	Hudson Waterfront	474,659	Pershing LLC
85 Challenger Rd	Teaneck/Ridgefield	235,057	Samsung Electronics America
200 Wood Ave S	No. Edison/Woodbridge	97,500	DSV

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
5 Wood Hollow Rd Parsippany	\$29,250,000 1031 Exchange	\$88.47 6.91%	330,631 Class A	PAG Investments Mack-Cali Realty Corp
77 Corporate Dr, Bldg D Route 78 E/Bridgewater	\$47,500,000 Investment	\$231.21 -	205,439 Class A	Legacy Investing LLC Senior Housing Prop Tr
300 American Metro Blvd Trenton/Hamilton	\$39,309,216 Inv Portfolio	\$195.48 7.21%	201,094 Class A	The Birch Group Meritage Prop/Lincoln Eq

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
78 John Miller Way	Kearny	90,000	Hugo Neu Corp
200 Monmouth St	Red Bank	45,200	Metrovation
-	-	-	-


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
31 Eastern Rd Bldg 100	Kearny	250,000	Dec 2020
1280 Randolph Rd	Plainfield	205,111	Dec 2020
1000 Maxwell Ln	Hoboken	125,000	July 2020

TOTAL OFFICE MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	10.6%	\$26.11	(94,083)	376,502,399	1,616,332
Q3 2019	10.5%	\$26.17	807,035	376,367,139	1,664,475
Q2 2019	10.7%	\$26.03	2,018,231	376,339,139	1,449,764
Q1 2019	11.2%	\$25.70	557,649	375,884,669	1,817,683
Q4 2018	11.2%	\$25.52	815,319	375,597,061	1,830,839

 **(94,083)** **NET ABSORPTION**
SF

 **10.6%** **VACANCY**
39,850,694 SF

 **\$26.11** **AVG. ASKING RATE**
PSF GROSS

 **135,200** **DELIVERIES**
2 Buildings

 **1,616,332** **UNDER CONSTRUCTION**
23 Buildings

MICHAEL MALMSTONE, R.E. Analyst

NNJ Office market remains a tenant's market. Net absorption lowest since Q3 2017 along with the fewest number of leases signed since Q4 2006. The average lease footprint grew by 3.2% to 4,903 SF and up nearly 23% YoY. Lease-up time shrank by 3 weeks on average to 8.5 months, the quickest in 12 years. Available space decreased 10 bps to 13.9%. NJ unemployment stands at 3.3%. In the investment realm, most fundamentals climbed in Q4. Cap rates compressed 60 bps to 7.4%. Sales volume shrank by 32% to \$385MM although pricing appreciated to \$148.50 PSF, up 12.4% QoQ. Q4's strongest sub-markets included Newark, East and West I-287, and the Hudson Waterfront, all finishing with 330k+ SF of net absorption. GW Bridge and the Meadowlands continue to foster the most under-construction product, both at 250k+ SF each.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
1 New York Plaza	Financial District	1,264,954	Morgan Stanley
50 Hudson Yards	Hudson Yards	1,250,000	Facebook, Inc.
66 Hudson Blvd	Hudson Yards	530,854	Debevoise & Plimpton

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
195 Broadway Financial District	\$525,000,000 Leasehold	\$499.00 5.1%	1,052,861 Class A	Samsung Group L&L Holding Company
100 Pearl St Financial District	\$300,000,000 Fee	\$312.00 -	963,045 Class A	Northwind Grp & GFP R.E. Milstein Properties Corp
685 Third Ave Grand Central	\$271,250,000 Leasehold	\$417.00 -	650,995 Class A	BentallGreenOak Safehold, Inc.

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
400 W. 33rd St (One Manhattan W)	Hudson Yards	2,216,609	Brookfield
441 Ninth Ave (Hudson Comm)	Penn Station/Garment	700,000	Cove Property Grp
321 E. 61st St	Midtown East	90,505	Joy Const & MADD


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
50 Hudson Yards	Hudson Yards	2,900,000	Q1 2022
66 Hudson Blvd (The Spiral)	Hudson Yards	2,862,278	Q4 2022
3 Hudson Blvd	Hudson Yards	2,000,000	Q4 2023

TOTAL OFFICE MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	7.40%	\$77.97	216,506	555,415,616	17,130,215
Q3 2019	7.70%	\$77.61	1,073,605	552,408,502	18,433,219
Q2 2019	7.60%	\$76.44	2,703,019	552,378,024	18,195,137
Q1 2019	7.70%	\$74.18	1,539,925	549,649,859	16,973,162
Q4 2018	8.20%	\$73.82	(1,266,196)	547,627,464	18,164,298

 **216,506** NET ABSORPTION SF

 **7.4%** VACANCY
6,308,048 SF

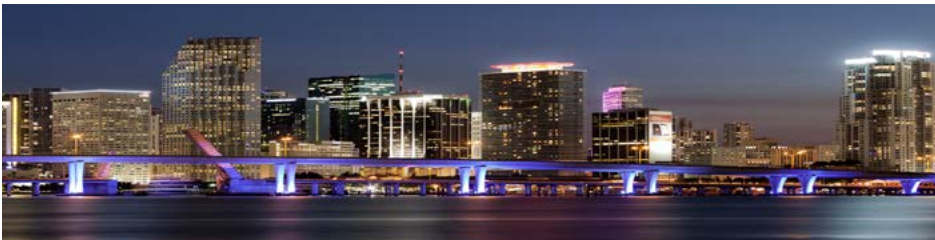
 **\$77.97** AVG. ASKING RATE PSF GROSS

 **3,007,114** DELIVERIES
3 Buildings

 **17,130,215** UNDER CONSTRUCTION
30 Buildings

HENRY ABRAMOV, Research Dir.

Manhattan office average asking rents have ended 2019 with another quarter of record-breaking rents at \$77.97. Year over year, asking rents increased 5.6% or \$4.15 per square foot. We forecast rents to surpass the \$80 per square foot benchmark into 2020 Q1, if leasing volume continues to stay high and above seven million square feet. Despite the immense leasing volume, availability is on an upward trend and finished the year at 11.4%. Not since 2016 has the availability rate been lower than 11%.


SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
181 S. Bryan Rd	Dania Beach	500,000	Spirit Airlines
5900 N. Andrews Ave	Fort Lauderdale	72,571	Hayes Locums
4660 Communication Ave	Boca Raton	30,000	Withheld

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
100 SE 3rd Ave Fort Lauderdale	\$117,000,000 Investment	\$423.00 6.5%	276,572 Class A	Alliance Partnership Walton Street Capital
1550-51, 1560 & 1601 Sawgrass Corp Pk, Sunrise	\$80,269,972 Portfolio	\$233.00 -	344,260 Suburban	Brookdale Group M-M Properties
150 W. Flagler St Miami	\$64,579,476 Renovation	\$276.00 5.5%	234,104 Class A	Bridge Investment Grp Gaedeke Group

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
3825 PGA Blvd	Palm Beach Gardens	111,972	DiVosta Investments
19790 W. Dixie Hwy	Aventura	96,000	Prive Consulting
3310 Mary St	Coconut Grove	95,000	Terra Group

LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
830 Brickell Plaza	Miami	650,000	Q1 2022
100 Jim Moran Blvd	Deerfield Beach	405,000	Q4 2021
5050 N. Quadrille Blvd	West Palm Beach	371,880	Q4 2021

TOTAL OFFICE MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	8.4%	\$34.97	(393,284)	235,279,183	6,672,465
Q3 2019	8.2%	\$34.12	869,633	235,055,531	6,295,275
Q2 2019	8.5%	\$34.08	(71,320)	234,721,970	5,569,542
Q1 2019	8.4%	\$33.78	(47,247)	234,607,411	4,526,728
Q4 2018	8.4%	\$32.76	99,291	234,555,229	3,718,932

 **(393,284)** NET ABSORPTION SF

 **8.4%** VACANCY
19,676,748 SF

 **\$34.97** AVG. ASKING RATE PSF GROSS

 **151,900** DELIVERIES
4 Buildings

 **6,295,275** UNDER CONSTRUCTION
56 Buildings

MATTHEW ROTOLANTE, SIOR, CCIM, President

The South Florida Office Market remains active with vacancies showing around 8.4% across the Tri-County area. Net absorption was reported to have dipped to -393,284 SF with total average rental rates continuing to increase to \$34.97/SF. During Q4, 4 new office buildings totaling 151,900 SF were reported delivered with new construction developments up to 6,672,465 SF still under construction. Sales volume through 2019 exceeded \$2.6 Billion, down almost 6% year over year. The average price per square foot for South Florida was about \$236/SF through 2019, and cap rates averaged at 7.0% over the last four quarters.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
4280 Briarcliff Rd NE	Northlake	224,000	Emory Healthcare
5600 Glenridge Dr NE	Central Perimeter	138,142	AT&T Wireless
6600 Peachtree Dunwoody	Central Perimeter	112,367	The Art Institutes

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
3225 Dumberland Blvd SE Northwest	\$44,500,000 Investment	\$204.00 -	218,519 Class A	Crocker Partners James Campbell Company
621 North Ave Downtown	\$34,500,000 Investment	\$425.00 -	81,153 Class B	Jamestown, LP Smith Dalia Architects
3015 Windward Plaza Dr North Fulton	\$25,192,975 Investment	\$173.00 -	145,917 Class A	Noro Management, Inc. Americas Capital Ptnrs

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
771 Spring St	Midtown	760,000	Portman Holdings
725 Ponce de Leon Ave NE	Buckhead	370,931	New City, LLC
2555 Northwinds Pky	Midtown	267,000	Jackson Healthcare


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
650 W. Peachtree St	Midtown	750,000	Q3 2021
240 Perimeter Ctr Pkwy	Central Perimeter	670,000	Q1 2020
1105 W. Peachtree St	Atlanta	664,184	Q3 2021

TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	15.0%	\$27.26	646,266	222,763,051	6,959,650
Q3 2019	15.1%	\$27.11	(62,679)	222,360,164	6,675,633
Q2 2019	15.0%	\$26.70	492,990	222,093,315	6,761,870
Q1 2019	15.0%	\$25.94	134,988	221,606,668	4,863,417
Q4 2018	14.7%	\$25.88	831,371	220,921,639	5,053,794

 **646,266** NET ABSORPTION SF

 **15.0%** VACANCY 33,423,968 SF

 **\$27.26** AVG. ASKING RATE PSF GROSS

 **491,552** DELIVERIES 8 Buildings

 **6,959,650** UNDER CONSTRUCTION 40 Buildings

JOHN DECOUTO, Sr. Managing Dir.

The beginning of the 2010 decade for Atlanta's office market began with negative annual net absorption and an ever growing vacancy rate. However, as the decade came to a close, the market ended with record climbing rental rates and a rapidly growing development market. Absorption was an impressive 646,266 SF in Q4 2019, bringing total absorption for 2019 to 1.2M SF. Development activity reached 6.9M SF under construction. Midtown continues to control development and market activity, quoting asking rents of \$39.14 PSF.


SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
11000 Weston Pky	Cary	101,960	Xerox
110 N. Concoran St	Downtown Durham	58,602	WeWork
20 TW Alexander Dr	RTP	37,442	-

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
120 S. West St Downtown Raleigh	\$84,750,000 Investment	\$414.00 5.8%	204,808 4-Star	Exan Capital, LLC JMC Holdings, LLC
2608 Erwin Rd Durham	\$34,284,246 Investment	\$342.00 -	100,253 4-Star	Starwood R.E. Income Tr Ram Realty
8041 Arco Corporate Dr Raleigh	\$25,500,000 Investment	\$200.00 7.2%	127,522 4-Star	Southmark Capital LLC Qualcomm Technologies

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
4509 Creedmor Rd	Raleigh	174,000	Crabtree Terrace Hldg
501 Fayetteville St	Raleigh	149,842	501 Fayetteville Ownr
4736 Davis Dr	Morrisville	40,000	Integrated DNA Tech


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
555 S. Mangum St	Durham	252,905	May 2020
5500 Arrington Park Dr	Durham	200,000	Jun 2020
100 Eastowne Dr	Chapel Hill	150,000	Oct 2020

TOTAL OFFICE MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	6.6%	\$25.54	137,998	105,860,756	4,070,912
Q3 2019	6.6%	\$25.28	194,546	105,671,766	3,360,481
Q2 2019	6.6%	\$24.82	141,719	105,424,434	2,878,421
Q1 2019	6.6%	\$24.63	934,595	105,258,328	2,174,691
Q4 2018	6.6%	\$24.25	1,137,564	104,311,882	3,028,494


137,998 NET ABSORPTION
SF


6.6% VACANCY
7,032,495 SF


\$25.54 AVG. ASKING RATE
PSF GROSS


194,605 DELIVERIES
4 Buildings


4,070,912 UNDER
CONSTRUCTION
58 Buildings

BRIAN FARMER, Senior Director

The Raleigh-Durham office market continues to be one of strongest performing markets on the East Coast. In new construction, the Raleigh market has 2.9 million SF underway with 40% preleased and Durham has 1.1 million SF with 70% preleased. The Universities in the Triangle area are all expanding as well as the hospitals, anchoring some of the newest developments. Trends we are seeing are more medical deals in the market and office tenants preferring private offices over open buildouts. We continue to see record investment sales in office buildings. The Citrix Headquarters in Downtown Raleigh ('Warehouse District') traded this quarter \$414 per SF to a foreign investment group.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
3820 Faber Place Dr	North Charleston	8,237	Shelly Leeke
4401 Leeds Ave	North Charleston	7,655	Not Disclosed
3955 Faber Place Dr	North Charleston	7,169	DRB Group

SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
City	Type of Sale	Cap Rate	Class	Seller
1470 Tobias Gadson Blvd Charleston	- -	- -	41,600 Class B	TYJ Investments Mount Holly Assoc. LLC
1180 Sam Rittenburg Dr Charleston	\$5,425,000 Investment	\$150.69 -	36,000 Class B	Thaynes Cap Northwoods Elizabeth Rauch
297 Seven Farms Dr Charleston	\$3,082,950 Investment	\$101.27 -	30,442 Class A	Daniel Island Eye Care SL Shaw

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
1014 St Andrews Blvd	Charleston	33,011	COHN
297 Seven Farms Dr	Charleston	30,442	SL Shaw
1814 Crowne Commons Way	Charleston	15,053	Beach Commercial

LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
22 Westedge St	Charleston	154,998	Q1 2020
Meeting St @ Alonquin Rd	Charleston	110,000	2020
4920 O'Hear Ave	North Charleston	110,000	2020

TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	7.20%	\$26.63	(11,500)	30,970,109	787,898
Q3 2019	6.10%	\$26.75	325,000	30,884,383	866,224
Q2 2019	5.90%	\$26.84	160,000	30,700,895	868,404
Q1 2019	5.10%	\$26.62	652,000	30,544,374	931,925
Q4 2018	5.50%	\$26.48	560,000	30,436,802	855,137

(11,500) **NET ABSORPTION**
SF

7.2% **VACANCY**
2,222,890 SF

\$26.63 **AVG. ASKING RATE**
PSF GROSS

85,726 **DELIVERIES**
4 Buildings

787,898 **UNDER CONSTRUCTION**
14 Buildings

PETE HARPER, CCIM, Principal

The Charleston Office Market continues to benefit from significant population and job growth which has contributed to strong net office absorption, and low vacancy over the years. However, Quarter Four has shown to be one of the weakest quarters, with the lowest Net absorption since 2014. Rent growth is now flat and below the metro's historical norm, absorption has slowed significantly, and only a couple of deals over \$10 million traded in 2019. Vacancies have grown slightly, but are still tight despite the slowdown in absorption, and new deliveries are still finding tenants. Average rents in Charleston are already the highest in South Carolina by quite a margin, so owners are slowing rent increases.


SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
211 Bi-Lo Blvd	Woodruff/I-385 Corr	25,707	Yadkin River Holdings
1 N. Main St	Greenville CBD	14,780	My 102.5 FM
130 Corporate Dr	No Side/Rt 9 Corr Ind	11,500	Spartan Acquisition LLC

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
1506 N. Limestone St Cherokee Cnty/Gaffney	\$1,900,000 Investment	\$163.23 7.8%	11,640 Class C	Limestone Street Partners Limestone Street Partners
1 Halton Green Way Woodruff I-385/Greenville	\$1,830,000 Leasehold	\$285.94 -	6,538 Class A	R Hare Columbia, LLC Md Real Estate Holdings
429 Roper Mountain Rd Pelham Rd/Greenville	\$1,708,386 Leasehold	\$341.68 -	5,000 Class B	GVC Realty Ltd Roper Mtn Mob LLC

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
433 SE Main St	Simpsonville	11,000	Rugwell Hldgs/M. Wells
429 Roper Mountain Rd	Greenville	5,000	GVC Realty Ltd
-	-	-	-


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
Bridges Rd	Greenville	70,000	Dec 2022
423 S. Main St	Greenville	52,300	Nov 2020
900 Pendleton	Greenville	10,351	Mar 2020

TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	6.2%	\$18.17	89,374	39,936,116	234,797
Q3 2019	6.5%	\$17.78	71,561	39,869,959	246,351
Q2 2019	7.6%	\$17.70	(396,728)	40,375,803	188,627
Q1 2019	6.5%	\$17.75	401,445	40,185,832	196,000
Q4 2018	8.0%	\$17.72	(106,847)	40,078,368	96,802


89,374 **NET ABSORPTION**
SF


6.2% **VACANCY**
2,474,508 SF


\$18.17 **AVG. ASKING RATE**
PSF GROSS


16,000 **DELIVERIES**
2 Buildings


234,797 **UNDER CONSTRUCTION**
4 Buildings

DARATH MACKIE, Associate

The overall Upstate SC's year-end vacancy rate was down 30 basis points from the third quarter on net absorption of 89,374 SF. The Class A vacancy rate fell to 8.6% from 9.8% in the fourth quarter. Average asking rents increased for the sixth quarter in a row to \$18.17 per square foot. Two buildings totaling 16,000 SF were delivered in Q4. Two buildings totaling 12,276 SF were delivered in Q3. Four buildings totaling 234,797 SF are under construction with anticipated deliveries in 2020 and early 2022.


SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
349 W. Georgia St	Vancouver	669,304	Amazon
753 Seymour St	Vancouver	45,000	PI Financial
666 Burrard St	Vancouver	17,378	Investors Group

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
1060 W. 8th Ave Vancouver	\$19,736,000 Investment	\$817.00 -	24,148 Class C	Private Investor Vanboeyen Holdings
620 Royal Ave New Westminstser	\$15,500,000 Investment	\$351.00 -	44,150 Class B	YMCA Sagewood Holdings
-	-	-	-	-

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
7350 Edmonds St	Burnaby	77,649	Cressey
-	-	-	-
-	-	-	-


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
349 W George St "The Post"	Vancouver	1,100,000	2023
1133 Melville St "The Stack"	Vancouver	540,000	2022
1090 W Pender St "B6"	Vancouver	525,656	2023

TOTAL OFFICE MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates Net	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	4.5%	\$27.17	10,117	59,807,151	5,662,374
Q3 2019	4.6%	\$27.29	23,249	60,069,311	5,662,374
Q2 2019	4.4%	\$27.53	109,944	59,861,751	5,469,913
Q1 2019	5.0%	\$28.47	(268,992)	59,746,492	3,764,876
Q4 2018	6.2%	\$27.08	889,529	57,648,673	3,250,030


23,249 NET ABSORPTION
SF


4.6% VACANCY
2,690,365 SF


\$27.29 AVG. ASKING RATE
PSF NET


77,649 DELIVERIES
1 Building


5,879,187 UNDER
CONSTRUCTION
41 Buildings

JASON MARRIOTT, Vice President






Metro Vancouver concluded another strong year of positive Office leasing absorption in line with its 5 year average of just under 1 MSF. Correspondingly, the continued leasing and lull in completed product available has resulted in significant rental rate escalation over the last 12 months. Vacancy rates in all but a couple of Metro Vancouver's submarkets are at 2% spurring a building boom with over 41 Office buildings now being under construction. Of the 17 Downtown buildings under construction 75% of the 4 MSF is leased while in the Suburbs and Periphery in 24 buildings approx. 50% of the 1.8 MSF is leased. Office investment sales finished the year below recent years deal \$ volume with a few <50,000 sf buildings trading hands amongst private buyers.

Demand Hits 10-Year Low; Merchants In Retreat

Despite the fact that strong consumer spending has been the top domestic economic headline for the last two years, the frequency of store closures by national and global brands continues to increase. Retreating merchants include smaller floor-plate tenants like Payless Shoes, Pier 1 and Family Dollar to big-box space retailers like Sears, K-Mart and Macy's. While some of these companies blamed sluggish sales this past holiday season for their decision to shutter stores, all have been trimming store counts for years.

Nationally, net absorption last year reached its lowest level since 2009. Southern markets demonstrated the strongest levels of absorption in 2019, including Houston, Jacksonville, Tampa, and Orlando. Images of a retail apocalypse continue to haunt certain markets, especially in rural areas and in areas with population losses. A total of fifty-six of the 139 markets that compose the national index posted negative absorption in 2019.

Growing e-commerce sales has been the supreme challenge to traditional retailers throughout this cycle. Landlords have responded in various ways, such as slicing up big boxes to accommodate smaller stores and leasing to non-traditional retailers like fitness centers in malls, discount retailers in power centers and medical offices in neighborhood centers. The consequences are evident. Retail rent growth has underperformed other major property

	Q4 NET ABSORPTION Million SF
9.19	
	VACANCY 490.2 Million SF
4.6%	
	AVG. ASKING RATE \$21.36 PER SF
(0.2%)	
	Q4 DELIVERIES Million SF
12.3	
	UNDER CONSTRUCTION Million SF
64.0	

types, recently decelerating to 0.7% year-over-year compared to 2.3% a year ago. The amount of space delivered has also been underwhelming compared to prior cycles. Most development activity is limited to areas with robust population growth or high-income households. Core markets like New York, San Francisco, Los Angeles, Miami and Boston have fallen back to earth following a run of above-trend growth over the past three years. Secondary markets, particularly in the South, have outperformed the national benchmark in recent quarters. Orlando, Raleigh, Charlotte and Atlanta continue to benefit from strong demographic growth coupled with a lack of large-scale retail supply.

In capital markets, investors continued to divest their property holdings in 2019, causing price appreciation to flatten.

MARKETS WITH MOST SF UNDER CONSTRUCTION

Market	SF	Market	SF
New York, NY	5.8 M	Dallas-Ft Worth, TX	5.1 M
Houston, TX	3.4 M	Miami Dade Cnty, FL	3.0 M
Los Angeles, CA	2.8 M	Washington, DC	2.6 M

MOST SF NET ABSORPTION 12-MONTHS

Market	SF	Market	SF
Houston, TX	4.1 M	Dallas/Ft Worth, TX	2.1 M
Jacksonville, FL	1.4 M	Tampa, FL	1.3 M
Atlanta, GA	1.3 M	Seattle, WA	1.2 M

MOST SF DELIVERIES YEAR-TO-DATE

Market	SF	Market	SF
Houston, TX	5.6 M	Dallas/Ft Worth, TX	4.4 M
New York, NY	4.1 M	Atlanta, GA	1.9 M
Chicago, IL	1.8 M	Los Angeles, CA	1.6 M

MOST 12-MONTH SALES VOLUME & AVERAGE PRICE PER SF

Market	Sales Volume	Avg Price/SF	Market	Sales Volume	Avg Price/SF
New York, NY	\$5,920,625,436	\$397.00	Los Angeles, CA	\$4,580,540,144	\$392.00
Chicago, IL	\$2,671,282,862	\$181.00	Atlanta, GA	\$2,231,743,650	\$166.00
Washington, DC	\$2,158,593,214	\$301.00	Phoenix, AZ	\$2,078,276,960	\$188.00
Seattle, WA	\$1,562,402,283	\$283.00	Boston, MA	\$1,464,564,405	\$232.00


SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
17835 E. Gale	City of Industry	116,000	Sam's Club
1340 N. Azusa	Covina	13,000	WSS
2330 N. Azusa	West Covina	14,460	Salvation Army Store

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
112 Plaza Dr (Westfield Mall) West Covina	\$184,750,000 Inv. Portfolio	\$108.10 -	906,842 Class C	DWS BRE DDR BR Eastland CA
10933 Valley Mall El Monte	\$2,100,000 Repurpose	\$79.84 -	26,303 Class C	Goldenrock Investment Inc Donald & Judith Rubin
431 E. Arrow Hwy Glendora (sale-land value)	\$5,250,000 Investment	\$43.83 -	32,000 Class C	Cadence Capital Inv. Palo Plesnik

LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
905 E. Arrow	Glendora	14,950	Shaw Investments
2401 W. Whittier	Montebello	4,148	Spectrum Bank
-	-	-	-

LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
101-111 W. Valley Blvd	San Gabriel	48,126	Q3 2020
550 W. Garvey	Monterey Park	11,081	Q2 2020
888 W. Mission-Family Dollar	Pomona	8,320	Q2 2020

TOTAL RETAIL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	4.80%	\$23.52	(275,564)	65,381,123	64,688
Q3 2019	4.40%	\$23.52	(88,776)	65,369,725	76,086
Q2 2019	4.30%	\$22.80	156,194	65,367,725	76,605
Q1 2019	4.40%	\$23.40	(244,729)	65,313,825	126,005
Q4 2018	4.00%	\$22.44	(35,116)	65,297,258	154,693


(275,564) NET ABSORPTION
SF


4.80% VACANCY
3,166,833 SF


\$23.52 AVG. ASKING RATE
PSF NET


11,398 DELIVERIES
2 Buildings


64,688 UNDER
CONSTRUCTION
3 Buildings

DAN BACANI, Principal

Vacancy rates increased for the second quarter in a row in the San Gabriel Valley submarket. Net absorption also increased; however, average rental rates on a NNN basis held steady.


SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
640 N. Fair Oaks	Pasadena	17,110	Orange Grove Collision
3341 E. Colorado	Pasadena	11,989	Chef's Toy Kitchen Design
203 N. Glendale	Glendale	3,000	Glendale Adventist Childs Ct

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
26 E. Colorado Blvd Pasadena	\$12,550,000 Investment	\$993.73 3.58%	12,630 Class B	Huikang Rlty & Invest LLC Panda 168 Investment
201 N. Brand Blvd Glendale	\$18,095,450 Investment	\$400.43 5.40%	45,190 Class B	Wong Family 1992 Trust Bow Truss Capital LLC
236 N Central & 201 W. California, Glendale	Undisclosed Inv Portfolio	Undisclosed Undisclosed	190,574 Class C	Sears Holding Corp Merlone Geier Partners

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
None to Report	-	-	-
-	-	-	-
-	-	-	-


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
280-400 E. Colorado Blvd	Pasadena	60,000	Q3 2020
3001 Hollywood Wy The Avion	Burbank	15,000 Retail	Q4 2020
-	-	-	-

TOTAL RETAIL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates NNN	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	3.70%	\$36.36	(67,943)	26,090,568	90,000
Q3 2019	3.50%	\$34.32	44,914	26,090,568	60,000
Q2 2019	3.60%	\$34.20	(12,119)	26,085,447	65,121
Q1 2019	3.60%	\$32.76	(61,264)	26,085,447	65,121
Q4 2018	3.30%	\$35.40	71,258	26,080,597	9,971

 **(67,943)** NET ABSORPTION SF

 **3.7%** VACANCY
977,510 SF

 **\$36.36** AVG. ASKING RATE PSF NET

 **0** DELIVERIES
0 Buildings

 **90,000** UNDER CONSTRUCTION
3 Buildings

JODI SHOEMAKE, Principal

The Tri-Cities market of Glendale, Burbank and Pasadena saw vacancy increase slightly to 3.7% and negative absorption of -67,943 square feet in the 4th quarter 2019. The Burbank Avion project, a 1,000,000 square foot mixed-use project broke ground on a 60-acre property adjacent to the Burbank Airport. Average NNN rental rates rose slightly to \$3.03/sf/mo showing signs of a healthy real estate market.


SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
960 Sherman St	San Diego	117,500	Floor & Decor
5601 Grossmont Ctr Dr	La Mesa	33,520	-
3813 Plaza Dr	Oceanside	21,025	Rite Aid

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
109-167 S. Rancho Santa Fe San Marcos	\$15,587,312 Private	\$196.60 -	79,286 Class A	Peckham Properties Inc Kenneth Alameda Trust
315 W. Washington Ave Escondido	\$6,076,000 Owner/User	\$339.23 -	17,908 Class A	Goodwill Industries of SD Hamid Kaikavoosnejad
27406 Valley Center Rd Escondido	\$5,k290,500 -	\$6,942.91 -	762 -	Realty Income 24 Props Arcp Uo Portfolio III LP

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
None to Report	-	-	-
-	-	-	-
-	-	-	-

LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
4575 La Jolla Village Dr	La Jolla	131,000	May 2020
13247 Poway Rd	Poway	39,800	Jul 2020
1360 N. Harbor	San Diego	34,000	Apr 2020

TOTAL RETAIL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	4.50%	\$28.44	119,860	32,812,232	15,512
Q3 2019	4.80%	\$28.32	(35,711)	32,779,007	48,737
Q2 2019	5.0%	\$27.84	(1,855)	32,779,007	33,225
Q1 2019	4.70%	\$27.72	50,275	32,774,423	37,809
Q4 2018	4.70%	\$27.60	159,065	32,741,918	63,705


119,860 NET ABSORPTION
SF


4.50% VACANCY
1,490,391 SF


\$28.44 AVG. ASKING RATE
PSF GROSS


33,225 DELIVERIES
2 Buildings


15,512 UNDER
CONSTRUCTION
2 Buildings

VICTOR AQUILINA, Associate

After 2018 recorded negative net absorption for the first time since 2015, driven by big box closures, San Diego's retail market rebounded in 2019. Occupancies remained near an all-time high, the availability rate settled near an all-time low, and landlords continued having success backfilling vacant big box space with Fitness Users and Bargain retailers in the absence of new construction.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
708 Shaw Rd	Puyallup	50,000	Safeway
3610 S. Edmunds	Seattle CBD	20,000	PCC Market
15th & Market	Ballard/U Dist	36,400	Target

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
106th Ave NE Bellevue	\$116,000,000 Redevelopment	\$1,702.00 -	68,155 -	Omni Group Undisclosed
15230 NE 24th St Redmond	\$41,000,000 Redevelopment	\$450.00 -	91,100 -	Merlone Geier G Group
27027 185th SE Kent	\$37,400,000 Investment	\$202.00 6.0%	185,000 -	Weingarten Clarion Partners

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
Point Ruston	Tacoma	250,000	MC Construction
Pioneer Crossing	Puyallup	100,000	PMF Investments
Olympic Town Center	Gig Harbor	100,000	WWR Properties


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
Totem Lake Mall	Kirkland	400,000	2020
Tacoma Town Center	Tacoma CBD	250,000+	2023
-	-	-	-

TOTAL RETAIL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	2.60%	\$20.70	629,967	178,101,056	720,953
Q3 2019	2.90%	\$20.56	337,897	177,978,553	825,913
Q2 2019	3.00%	\$20.44	301,615	177,827,503	982,185
Q1 2019	3.20%	\$19.98	(120,303)	177,886,934	945,404
Q4 2018	3.10%	\$19.98	283,884	177,850,850	865,447

 **629,967** NET ABSORPTION SF

 **2.6%** VACANCY
4,625,270 SF

 **\$20.70** AVG. ASKING RATE PSF GROSS

 **142,422** DELIVERIES
8 Buildings

 **720,953** UNDER CONSTRUCTION
25 Buildings

KYLE PROSSER, Vice President

Construction prices have stabilized. Cap rates are staying below the National Index. With absorption happening at a steady pace and the pipeline being relatively light, the rents are increasing at a record pace and vacancies are at a record low. With redevelopment happening everywhere, sales prices are up as builds are razed to allow for vertical growth. We can attribute a lot of the growth to the tech companies continuing to expand and pop up in the region. Large mall users continue to go away - JCPenney's, Macy's, Sears and Toys R Us are closing nationwide including here and malls are repurposing their spaces into multi-tenant users or tearing them down to add more compatible space.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
North Park Plaza	Eastern East/West Corr	61,400	Unknown
North Ridge Plaza	Joliet/Central Will	54,000	VASA Fitness
Schaumburg Corners	Schaumburg	43,000	Unknown

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
1130 N. State St Gold Coast/Old Town	\$61,000,000 Investment	\$3,790.47 -	32,770 Class C	Newcastle Lawrence Management
125 E. Stearns Rd Far Northwest/Bartlett	\$17,904,000 Investment	\$425.18 -	42,109 Class B	Sweepstoon Property LLC Fortress Investment Grp
2000 S. Randall Rd Western E/W Corr Geneva	\$15,800,000 Investment	\$186.32 7.75%	84,799 Class C	Mid-America Mgmt Corp The Crown Group

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
2015 W. Ogden Ave	Chicago	76,000	Illinois Medical District
914-916 W. Fulton Market	Chicago	49,089	L3 Capital
3103 Odyssey Ct	Naperville	40,653	The McLain Group


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
6701-6941 Dempster St	Morton Grove	161,000	Jul 2020
4601-4715 W. Foster Ave	Chicago	144,000	Feb 2020
2500 N. Milwaukee Ave	Chicago	130,705	Jan 2020

TOTAL RETAIL MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	6.04%	\$16.28	892,066	564,699,924	1,791,729
Q3 2019	6.18%	\$16.40	494,201	563,268,027	1,536,724
Q2 2019	6.10%	\$16.30	(319,710)	562,644,251	1,782,893
Q1 2019	6.10%	\$16.76	(323,749)	560,883,152	1,826,694
Q4 2018	6.00%	\$16.05	100,909	591,381,877	1,984,856

 **892,066** NET ABSORPTION SF

 **6.04%** VACANCY
34,102,222 SF

 **\$16.28** AVG. ASKING RATE PSF GROSS

 **347,851** DELIVERIES
29 Buildings

 **1,791,729** UNDER CONSTRUCTION
102 Buildings

RYAN REBOT, Analyst

The Chicago retail market witnessed an increase in sales during the fourth quarter 2019. The vacancy rate decreased to 6.04% from the 6.18% seen in the previous quarter. Fourth quarter net absorption measured 892,066 SF, nearly double from the previous quarter. Average rental rates fell to \$16.28 PSF, per year from the previous quarter of \$16.40 PSF per year. Despite an increase in the number of buildings being delivered in the fourth quarter 2019, completed constructions delivered 27.81% less from the prior quarter. There were 29 completed retail buildings delivered for 347,851 SF of retail space to the market. There are currently 102 buildings under construction totaling 1,791,729 SF.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
4951 Houston Rd	Cincinnati Intl. Airport	27,934	Defy Extreme Air Sports
11974 Lebanon Rd	Tri-Cnty I-275/Sharonville	15,000	Dollar Tree
1720-1770 S. Erie Blvd	Butler Cnty/Hamilton	9,426	Dollar Tree

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
9558-9600 S. Mason Mntgy Mason/Montgomery	\$30,100,000 Investment	\$125.31 8.0%	240,200 Class A	Select Strategies Realty Encore Enterprises Inc
3173-3177 Princeton Rd Butler County/Hamilton	\$7,300,000 Investment	\$51.60 -	141,462 Class B	Olympic Property Mgmt Robert A. Whelan
1007-1019 State Route 28 Milford/Wards Corner	\$1,240,000 Investment	\$39.03 10.30%	31,772 Class B	Chun Ya Cheung VME Properties LLC

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
8755 US-42	Florence	2,250	Starbucks
1010 Walnut St	Cincinnati	50,000	Kroger Co
620 Buttermilk Pike	Crescent Springs	11,800	Anchor Associates


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
101 W. 4th St	Cincinnati	240,000	2020
638 Union St	Avondale	20,000	2021
311 Straight St	Clifton Heights	40,000	2021

TOTAL RETAIL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	8.60%	\$13.43	725,090	58,573,609	157,345
Q3 2019	8.50%	\$13.57	138,083	58,571,359	153,200
Q2 2019	8.80%	\$13.68	174,882	58,532,159	207,740
Q1 2019	8.90%	\$13.56	(46,639)	57,989,710	548,863
Q4 2018	8.00%	\$12.41	(16,701)	57,989,710	607,013

 **725,090** NET ABSORPTION SF

 **8.6%** VACANCY
16,755,027 SF

 **\$13.43** AVG. ASKING RATE PSF GROSS

 **64,050** DELIVERIES
3 Buildings

 **157,345** UNDER CONSTRUCTION
3 Buildings

GEORGE FLYNN, Managing Principal

Cincinnati's economy has generally performed in line with the U.S. overall, and has accelerated in recent quarters to surpass the U.S. in job growth. Household income is relatively high, and well above that of other major metros in Ohio and higher than the U.S. median. Similar to the national landscape, malls and department store anchors, continue to close. In many cases, properties are demolished to make way for new uses. Cincinnati's shopping centers are working to find new tenants/uses for the multiple anchors and retailers that have closed locations in the past year.


SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
1753-1773 Thierer Rd	Madison	12,300	Pawn America
2101 W. Beltline Hwy	Madison	10,000	Ver Halen, Inc.
811-815 Stewart St	Madison	9,120	Not Disclosed

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
66 West Towne Mall Madison	\$5,700,000 Investment	\$39.42 -	144,600 Center	CBL & Assoc. Properties Troy S. Detrick
7940-7968 Tree Ln Madison	\$4,615,000 Investment	\$85.12 10.0%	54,216 Center	Friedman, Gregory Raven Property Group
4522 Cottage Grove Rd Madison	\$3,425,000 Investment	\$231.67 -	14,784 Freestndg	Ellis Law Group Flad John F

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
660 Hometown	Verona	67,000	Festival Foods
711 Rethke Ave	Madison	14,000	Twisted Fitness
-	-	-	-

LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
152 W. End Circle	Verona	28,849	Apr 2020
4706 E. Washington	Madison	15,000	Feb 2020
3140 Deming Way	Middleton	13,200	Feb 2020

TOTAL RETAIL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	3.20%	\$13.81	35,765	38,486,705	100,703
Q3 2019	3.10%	\$13.91	252,003	38,399,205	140,280
Q2 2019	3.30%	\$13.20	(18,770)	38,218,251	328,360
Q1 2019	2.90%	\$13.26	31,689	38,078,133	271,140
Q4 2018	3.00%	\$13.84	258,149	38,064,879	261,864

35,765 NET ABSORPTION
SF

3.2% VACANCY
1,191,982 SF

\$13.81 AVG. ASKING RATE
PSF GROSS

87,500 DELIVERIES
3 Buildings

100,703 UNDER
CONSTRUCTION
9 Buildings

CAMP PERRET, Associate

The Madison Metro Market is the fastest growing area in Wisconsin. The Retail Market continues to positively evolve to keep pace with population and median income increase. The favorable demographics of the Madison retail market continue to attract both national and regional tenants. Vacancy rates remain low while new deliverables are rapidly absorbed. New construction has temporarily leveled off but is predicted to increase due to sustained growth.


SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
NW 36th & NW 87th Ave	Doral	37,000	24-Hour Fitness
19505 Biscayne Blvd.	Aventura	30,000	Industrious
2701 N. Federal Hwy	Fort Lauderdale	25,132	Bed Bath & Beyond

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
20 W. Atlantic Ave Delray Beach	\$29,502,000 Investment	\$686.00 -	43,000 Store Front	Pebb Capital Hudson Holdings
4050 US Hwy 1 Jupiter	\$25,900,000 Investment	\$209.00 -	123,917 Class A	Sterling Organization Regency Centers
8821 Southern Blvd West Palm Beach	\$23,550,000 Investment	\$117.00 -	200,888 Class A	Claudio Mekler Garrison Investment Grp

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
100 S. Krome Ave	Homestead	69,059	Axiom Const.
NW 117th Pl & 14th St	Miami	53,043	Stiles Realty
4601 SW 64th Ave	Davie	35,000	Janoura Rlty Mgmt

LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
2300 NE 151st St	North Miami	800,000	Q1 2020
1400 NW North River Dr	Miami	345,000	Q1 2020
9700 Collins Ave	Bal Harbour	340,387	Q1 2024

TOTAL RETAIL MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	4.1%	\$29.47	97,531	320,019,176	5,148,646
Q3 2019	4.0%	\$29.76	762,273	319,695,841	4,647,870
Q2 2019	4.1%	\$28.66	200,755	319,250,165	5,234,873
Q1 2019	4.3%	\$28.37	(255,588)	319,746,637	5,104,364
Q4 2018	4.0%	\$27.22	283,039	318,850,463	4,974,918


97,531 **NET ABSORPTION**
SF


4.1% **VACANCY**
13,039,031 SF


\$29.47 **AVG. ASKING RATE**
PSF GROSS


416,700 **DELIVERIES**
26 Buildings


5,317,665 **UNDER**
CONSTRUCTION
139 Buildings

MATTHEW ROTOLANTE, SIOR,
CCIM, President

The South Florida Retail Market remained steady through Q4. Net absorption totaled 97,531 SF with total average rental rates slightly cooling to \$29.47/SF down from \$29.76/SF last quarter throughout the Tri-County area. During Q4, 26 retail buildings totaling 416,700 SF were reported delivered with about 5,148,646 SF still under construction. Sales volume through 2019 came in at over \$2.5 Billion, down 13% year over year. The average price per square foot for South Florida retail transactions in 2019 was about \$263/SF, and cap rates averaging at 6.5% over the last four quarters.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
7330 North Point Pky	Georgia 400 Ret	51,615	Studio Movie Grill
230 Cleveland Ave	South Atlanta Ret	44,800	Unknown
3200-3212 Northlake Pky	Dekalb Ret	42,640	Unknown

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
7087 Highway 85 South Atlanta Ret	\$1,650,000 Investment	\$358.00 6.63%	4,610 Class B	CRH LLC Desai Holdings, LLC
3750-3780 W. County Line West Metropolitan Ret	\$975,000 Investment	\$59.45 9.0%	16,400 Class B	Bamboo Imports, Inc Virtual Properties Realty
10 E. Washington St Coweta County Ret	\$487,000 Investment	\$141.00 -	3,444 Class C	Unknown Peter Hurler

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
141 Railroad St	North Cobb Ret	161,756	Penn Hodge Prop.
Georgia 400 Hwy @ Dawson Forest	Georgia 400 Ret	97,374	Hendon Properties
3720 Buford Dr	Gwinnett Ret	62,493	SH Flemington LLC


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
3533 Chamblee Tucker Rd	Gwinnett Retail	102,877	Q3 2020
2835 Buford Dr	Gwinnett Ret	100,000	Q1 2021
3462 Peachtree Rd NE	Buckhead Ret	90,000	Q3 2020


TOTAL RETAIL MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	5.00%	\$17.38	432,211	355,989,283	1,550,331
Q3 2019	5.00%	\$17.36	162,484	355,249,353	1,901,668
Q2 2019	4.90%	\$17.15	552,005	354,829,273	2,344,559
Q1 2019	5.00%	\$16.92	290,229	354,734,746	1,908,708
Q4 2018	5.20%	\$16.69	373,567	354,907,070	1,799,012

 **432,211** NET ABSORPTION SF

 **5.0%** VACANCY
17,799,464 SF

 **\$17.38** AVG. ASKING RATE PSF GROSS

 **737,284** DELIVERIES
35 Buildings

 **1,550,331** UNDER CONSTRUCTION
86 Buildings

EDWARD HALES, Director

The Atlanta retail market continues to improve, driven by demographic growth and helped by a lack of large-scale supply. Atlanta has seen some of the strongest job growth and household formation in the nation over the past few years, and those demographic trends are expected to continue. Moreover, a light delivery pipeline has kept supply-side pressures muted, allowing retail fundamentals to improve steadily throughout the expansion. With vacancies hovering around the historical low point, rent growth has outperformed the national average by a significant margin in recent quarters.


SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
Pleasant Valley Promenade	Raleigh	24,477	Ashley Homestore
1008 Darrington Dr	Cary	7,892	Undisclosed
2711-2755 NC 55 Hwy	Cary	7,477	Undisclosed

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
6911 Carpenter Fire Statn Cary (YMCA)	\$22,500,000 Owner/User	\$178.00 -	126,233 3 Star	YMCA of the Triangle Crosspointe Church
230-280 Shenstone Blvd Garner (White Oak)	\$19,682,096 Investment	\$151.00 8.1%	130,100 3 Star	Rivercrest Realty Investors InvenTrust Properties
3901 Capital Blvd Raleigh (Tarrymore Sq)	\$19,050,000 Investment	\$90.00 -	212,236 3 Star	Tony Xie Forge Capital Partners

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
Glen Laurel - NC 42 Hwy	Clayton	106,000	Shoppes @ Glen Laurel
2350 Capital Summit Ct	Raleigh	32,691	Leith, Inc.
Glenwood Ave & Skyland Ridge	Raleigh	22,890	Larry L. Huneycutt


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
Wegmans-Davis Dr & Airport Dr	Cary	103,000	May 2020
FNB Tower-501 Fayetteville St	Raleigh	98,036	Apr 2020
Lidl - Buffalo Rd	Raleigh	36,000	Mar 2020

TOTAL RETAIL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	2.90%	\$17.81	287,427	101,328,814	785,249
Q3 2019	2.90%	\$17.13	516,136	101,063,846	811,418
Q2 2019	3.20%	\$17.02	(88,638)	100,857,429	1,100,366
Q1 2019	2.90%	\$16.63	137,916	100,546,740	1,327,031
Q4 2018	2.90%	\$16.77	125,777	100,448,990	1,077,689


287,427 NET ABSORPTION
SF


2.9% VACANCY
2,943,238 SF


\$17.81 AVG. ASKING RATE
PSF GROSS


265,980 DELIVERIES
19 Buildings


785,249 UNDER
CONSTRUCTION
45 Buildings

HUNTER STEWART, MBA, Broker

The Raleigh-Durham metro continues to attract national retailers in recent quarters, contributing to both construction and leasing in the metro. In prime submarkets with the strongest demographics, retailers are paying higher than average rents. In tertiary/emerging submarkets, retailers are more cautious. While retail rents nationally have flattened, the Raleigh-Durham market rents continue to increase. The region's continuous population growth and high wages have driven demand, which supports the consistent growth in the retail sector.


SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
1475 Long Grove Dr	Mount Pleasant	10,562	Ivybrook Academy
7880 Dorchester Rd	North Charleston	4,750	Willies
10700 Dorchester Rd	Summerville	4,000	Econo Construction

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
1301 Ashley River Rd Charleston	\$2,800,000 Investment	\$154.07 -	18,173 -	Addlestone International Lighthouse Investments
874 Orleans Rd Charleston	\$2,500,000 Owner/User	\$150.55 -	1,606 -	CresCom Bank Lee & Associates
2029 Wambaw Creek Rd Charleston	\$2,100,000 Owner/User	\$131.25 -	16,000 -	Gymnastics Academy Mark Volkmann

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
2467 Savannah Hwy, Bldg 5	Charleston	10,060	Stone Station
4968 Center Pointe Dr	North Charleston	6,000	Caldwell
West Ashley Cir, Bldg D	Charleston	4,788	4968 Center Point

LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
1074 Morrison Dr	Charleston	108,000	2020
320 Broad St	Charleston	106,250	2020
8636 Dorchester Rd	North Charleston	18,200	2020

TOTAL RETAIL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	3.50%	\$20.31	454,711	46,397,186	372,326
Q3 2019	3.40%	\$20.36	267,728	46,195,831	447,562
Q2 2019	3.20%	\$20.39	704,189	46,063,497	553,414
Q1 2019	3.00%	\$20.36	601,257	45,755,100	798,690
Q4 2018	2.50%	\$20.34	802,824	45,446,025	853,144


454,711 **NET ABSORPTION**
SF


3.50% **VACANCY**
1,608,618 SF


\$20.31 **AVG. ASKING RATE**
PSF GROSS


201,355 **DELIVERIES**
12 Buildings


372,326 **UNDER CONSTRUCTION**
20 Buildings

JOHN ORR, Associate

Despite tight vacancies near 3.4%, rent appreciation has been flat, posting roughly -0.1% annual gains. Developers were active in 2019, when more than 920,000 SF delivered in the metro. Investment has also picked up throughout the expansion, averaging more than \$300 million a year since 2014. Cap rates have been flat since 2014 metro wide, hovering around 7%. Rates below 7% are typically only seen on the peninsula, and even then, they are primarily found on King and Meeting Street.


SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
935 S Highway 29	Anderson	21,000	Bin Time
805 W. Wade Hampton	Greer	20,307	Planet Fitness
1653 E. Greenville St	Anderson	5,646	Express Oil Change

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
822 Congaree Rd Greenville	\$14,704,054 Investment	\$282.77 -	52,000 Class A	VEREIT, Inc. GDL Trust
3093 S. Highway 14 Greer	\$6,550,000 Investment	\$114.59 8.0%	57,158 Class B	Access Realty RealOp Investments LLC
1130 Woodruff Rd Greenville	\$4,552,500 Investment	\$411.62 6.54%	11,060 Class A	Flatbush Trust RealtyLink

LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
1320 Garlinton Rd	Greenville	50,000	RealtyLink
1653 E. Greenville St	Anderson	5,646	Carson Dev. Group
80 Krieger Ct	Travelers Rest	4,500	FFC Limited Ptnrshp

LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
Falls St	Greenville	80,000	Q1 2020
Legacy Square	Greenville	50,000	Q1 2020
1404 W. Georgia Rd	Simpsonville	48,000	Q3 2020

TOTAL RETAIL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q4 2019	4.60%	\$11.88	(294,759)	89,056,463	288,138
Q3 2019	4.10%	\$11.82	(119,556)	88,388,528	196,644
Q2 2019	3.90%	\$11.88	(257,765)	88,306,521	269,051
Q1 2019	3.50%	\$11.76	143,229	88,089,261	262,955
Q4 2018	3.60%	\$12.38	292,964	87,998,812	307,849

 **(294,759)** NET ABSORPTION SF

 **4.60%** VACANCY
4,119,132 SF

 **\$11.88** AVG. ASKING RATE PSF GROSS

 **137,446** DELIVERIES
5 Buildings

 **288,138** UNDER CONSTRUCTION
15 Buildings

JAMES MCKAY, Associate

The Greenville/Spartanburg Retail Market experienced its third consecutive quarter of negative net absorption moving retail vacancy rates up to 4.6%. Even with the increased vacancy rate, the rental rates continue an upward trend. We expect retail vacancies to continue to increase slightly again in the first quarter of 2020 but with several large deliveries expected in 2020 the market is expected to stabilize. Over the last two years we have experienced record low vacancy rates and record high rental rates as innovative brick and mortar retail continues to see in-store sales growth along with growing their on-line presence to increase consumer experience. We are looking forward to see more innovations in the ever-changing retail market.

ECONOMIC OVERVIEW



TRENDING IN Q4

The United States' gross domestic product grew at a 2.1% rate in the fourth quarter as a shrinking trade deficit from a steep decline in imports and a resurgent housing market helped boost the nation's economic reading by the Commerce Department.

GDP grew by 2.3% in 2019 compared to 2.9% in 2018. Most economists predict the nation's economy will expand less than 2% in 2020.

Consumer spending, which has been fueling growth in 2019 and which accounts for two-thirds of economic output, expanded at 1.8% in the fourth quarter and 2.2% for the year. That was the weakest annual gain since 2013. Growth in consumer spending in Q4 dropped off from gains of 4.6% last spring and 3.2% in the third quarter.

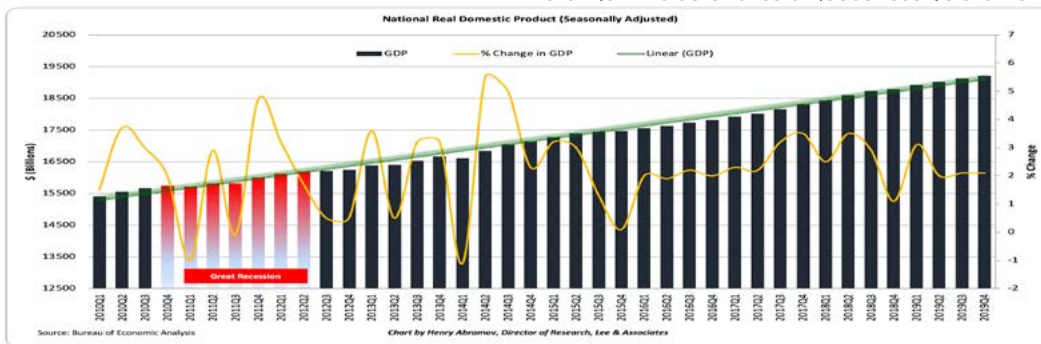
three times in 2019, increasing demand for housing.

Nonresidential fixed investment, which reflects spending on commercial construction, equipment and intellectual property products, declined at a 1.5% rate. This reflects a drop in investment in equipment and structures. The GM strike, trade tensions and Boeing's lingering pain from its troubled 737 Max exacerbated the investment slowdown. Business spending posted a slight year-over-year quarterly decline of 0.1%.

Fourth-quarter government expenditures grew at a 2.7% annual rate in Q4, reflecting an increase in spending on warplanes, ships and missile systems.

The level of inventories was another drag. The change in value of unsold goods rose \$6.5 billion

The nation's housing sector flexed its muscles for the second straight quarter as residential fixed investment rose at a 5.8% rate in Q4.



The fourth-quarter decline in U.S. imports stemmed chiefly from an increase in tariffs on Chinese goods. Net exports added 1.48 percentage points to Q4 GDP growth. It was the largest contribution since the second quarter of 2009. Exports were up at a 1.4% annualized rate and imports fell at an 8.7% pace.

The nation's housing sector flexed its muscles for the second straight quarter as residential fixed investment rose at a 5.8% rate in Q4. This came as a result of the Federal Reserve cutting interest rates

compared to a \$69.4 billion jump in the third quarter.

The GDP slowdown reflects a maturing labor market as the unemployment rate crawls along at 50-year lows.

While spending on services has remained healthy, U.S. manufacturing has weakened. December was the fifth straight month of contraction in that sector.



TRENDING IN Q4

U.S. employers added 145,000 jobs in December and the unemployment rate held steady at 3.5%, signaling that the job market remains strong at the start of 2020 even if hiring and wage gains have slowed somewhat more than a decade into an economic expansion.

The latest report from the Labor Department showed hiring slipped from robust gains of 256,000 in November, which were given a boost by the end of a strike at General Motors. For the year, employers added an average of roughly 175,000 jobs per month, compared with about 223,250 per month in 2018.

Annual wage growth fell in December to 2.9%, down from an annualized average of 3.3% a year

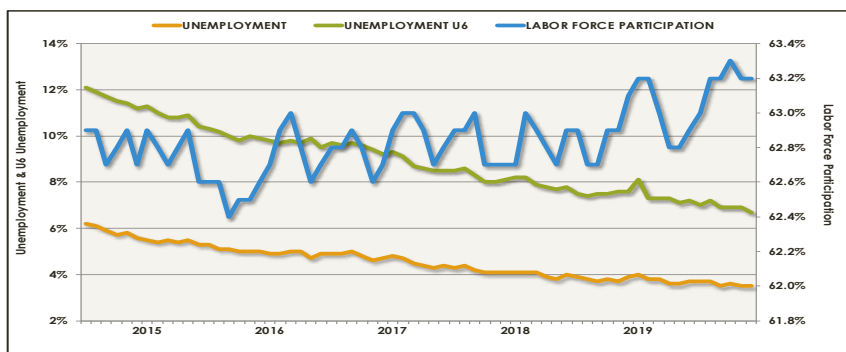
around 2% should be a positive for this year.

Irina Novoselsky, CEO of the jobs site CareerBuilder, said that more employers are offering non-wage benefits such as the chance to work remotely to potential workers and becoming less focused on educational credentials when hiring.

“The major fact that is pushing the trend is the labor shortage in America,” she said. “Companies are being forced to provide that flexibility.”

The U.S. economy added 2.1 million jobs last year, down from gains of nearly 2.7 million in 2018.

The leisure and hospitality sector – which includes restaurants and hotels – added 40,000 jobs. Health care and social assistance accounted for 33,900



earlier, a possible sign that some slack remains in the labor market and that unemployment could fall even further from its current half-century low.

“We’re starting 2020 in very good shape,” said Gus Faucher, chief economist at PNC Financial Services. “We should see continued economic expansion throughout 2020 driven by consumers.”

The prospect of a stable job market, a pick-up in global growth, supportive central banks, an easing of trade tensions and U.S. economic growth of

new jobs. Still, the report suggests a lingering weakness in manufacturing.

Factories shed 12,000 jobs in December, after the end of the GM strike produced gains of 58,000 in November. Manufacturing companies added just 46,000 jobs in all of 2019. Manufacturing struggled last year because of trade tensions between the United States and China coupled with slower global economic growth.

“We should see continued economic expansion throughout 2020 driven by consumers” - Gus Faucher, Chief Economist at PNC Financial Services



TRENDING IN Q4

There is broad sentiment among Federal Reserve officials that the economy is doing fine and there is no need for more rate cuts in 2020.

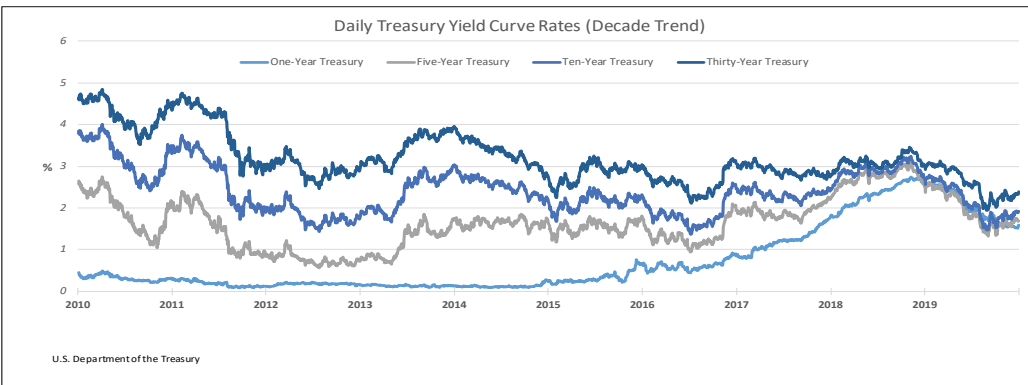
After lowering their target rate range three times last year to between 1.50% and 1.75%, there is a consensus among Fed officials that -barring any unforeseen surprises in the economy's performance - rates should remain unchanged in 2020.

"My outlook for the economy is positive, but let me add that my outlook will continue to be driven by the data as each report is released throughout 2020," Patrick Harker, president of the Philadelphia Federal Reserve Bank, told a New Jersey banking group recently.

"I see the potential risks to inflation and financial stability as somewhat more concerning, overall," said Eric Rosengren, president of the Federal Reserve Bank of Boston. If risks are contained, he said, "We will likely have another year of good economic outcomes."

There are 12 voting members of the Fed's Open Market Committee. Last year, only one other member joined Rosengren in voting against all three rate cuts. Currently a majority of voting Fed officials are signaling they expect no change in rates this year.

Rosengren says his chief concern is that "persistently low interest rates could lead consumers and



"The data show that the labor market is doing incredibly well, and I believe the economy is nearing our target inflation rate of 2%," said Harker, a voting member of the Fed's rate-setting Open Market Committee.

Consumer spending has been the backbone of the economy. Fed officials warn that the biggest risks to the economy are from higher inflation and financial stability problems caused by extremely low borrowing costs.

firms to take on riskier financial investments in search of better returns, increasing asset prices to unsustainable levels."

Although not a voting member, Raphael Bostic, president of the Federal Reserve Bank of Atlanta, said in a recent speech that the Fed should hold the line on rates.

"The economy is doing fine. There is not a lot we have to do really to stimulate or slow down.

"We will likely have another year of good economic outcomes," - Eric Rosengren, President of the Federal Reserve Bank of Boston



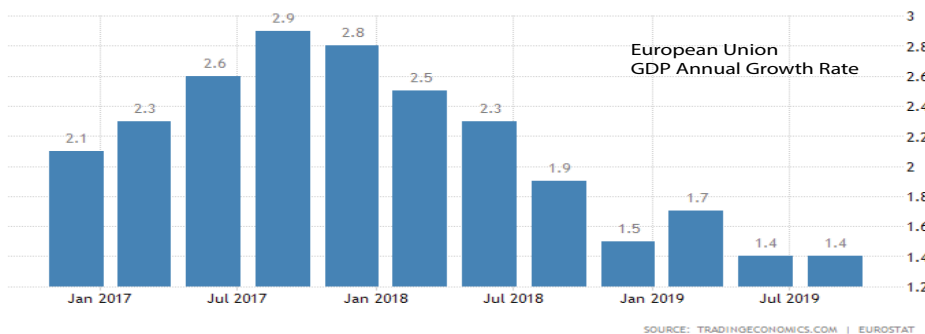
TRENDING IN Q4

The global economy recorded its lowest growth of the decade in 2019, falling to 2.3% as a result of protracted trade disputes and a slowdown in domestic investment, the United Nations said in its just-released annual report.

The United Nations' report, the World Economic Situation and Prospects 2020, forecast a modest acceleration in global growth, reaching 2.5% in 2020 and 2.7% in 2021. But the U.N. also warned that a jump in trade tensions, financial turmoil or an escalation of geopolitical friction could derail a recovery, slowing growth to just 1.8% this year.

The report warned that slower world growth "threatens to undermine progress towards

with growth trending down in virtually all major economies and slowing in all geographic areas except Africa. On the bright side, however, the International Monetary Fund reported that, "Global growth is projected to rise from an estimated 2.9% in 2019 to 3.3% in 2020 and to 3.4% in 2021." IMF analysts also said there are "tentative signs that manufacturing activity and global trade are bottoming out." But the annual U.N. report said that because of "rising tariffs and rapid shifts in trade policies business confidence has deteriorated, dampening investment growth across most regions." In addition, the report said, softening demand has also affected global commodity prices, particularly oil and industrial metals.



eradicating poverty, raising living standards, and creating a sufficient number of decent jobs."

The economic growth projections for the next two years are well below rises of 3.2% in 2017 and 3% in 2018. A year ago, the U.N. forecast that the global economy would grow about 3% in both 2019 and 2020.

The latest U.N. report said 2019 ended up having the slowest global economic expansion since the world financial crisis in 2008-2009,

Secretary-General Antonio Guterres singled out the report's warning "that economic risks remain strong, aggravated by deepening political polarization and increasing skepticism about the benefits of multilateralism."

"These risks could inflict severe and long-lasting damage on development prospects," the U.N. chief warned in the forward to the report. "They also threaten to encourage a further rise in inward-looking policies, at a point when global cooperation is paramount."

"Amid rising tariffs and rapid shifts in trade policies, business confidence has deteriorated, dampening investment growth across most regions" - U. N. Annual Report

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