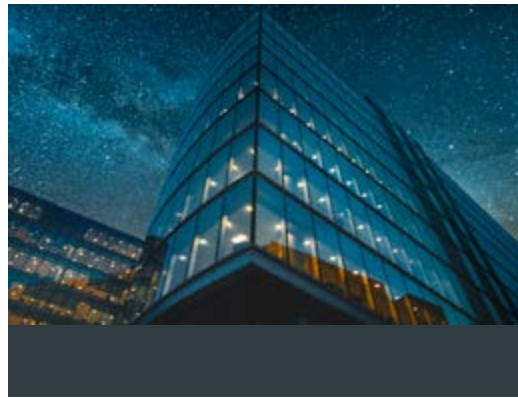


Q1 2018 Market Reports



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

- Arizona

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

- 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

- Naples - Ft. Myers
- Orlando

GEORGIA

- Atlanta
- Atlanta Valuation and Consulting
- Corporate Solutions - Tenant Advisory

SOUTH CAROLINA

- Charleston
- Greenville

CANADA

BRITISH COLOMBIA

- Vancouver

Q1 2018 FEATURED MARKETS

INDUSTRIAL

- [East Bay/Oakland](#)
- [Inland Empire East](#)
- [Inland Empire West](#)
- [Los Angeles-Central](#)
- [Los Angeles-North](#)
- [Orange County](#)
- [San Gabriel Valley](#)
- [South Bay](#)
- [Seattle/Puget Sound](#)
- [Metro Vancouver](#)
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OFFICE:

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New Construction Up, Absorption Slows


Demand for industrial space in the first quarter was off 6.6% from the same period last year, but the amount of space under construction at the end of Q1 was up 18.6% compared to the same period a year ago. Absorption was down 49.6% from Q4.

The first quarter's 54 million SF of positive absorption - the lowest in more than 12 quarters - coupled with the third straight quarterly slowing of new deliveries kept the average vacancy rate unchanged at 4.8% for the first three months of 2018.


Average asking rents rose nearly 2.8% over the previous quarter and were up 9.8% year over year.

Five hundred and fifty-five buildings totaling 58.4 million SF were completed in the first quarter, a 7.7% year-over-year decline in rentable space delivered in Q1 versus a year ago. There were approximately 318 million SF under construction at the end of Q1 compared to 268 million SF under underway a year ago.

Vacant sublease space totaled 45,864,379, up 10% from Q4 2017 and 21.6% in the last four quarters.

 **NET ABSORPTION**
54.0 Million SF

 **VACANCY**
4.8% 1.1 Million SF vacant industrial space

 **AVG. ASKING RATE**
2.8% \$6.56 Avg Asking Rate PSF

 **DELIVERIES**
58.4 Million SF

 **UNDER CONSTRUCTION**
318 Million SF

The Dallas/Ft. Worth market led all metros in product under construction with 24.9 million SF followed by Southern California's Inland Empire region with 21.9 million SF and Philadelphia's 19.4 million SF.

Final sales data for 2017 shows an 8% reduction in the number of trades to 5,574 last year compared to 2016 but a 13.2% increase in total transaction value to \$40.7 billion. Most importantly, the average cost per square foot jumped 6.6% in 2017 to \$77.85 and the average cap rate fell 0.08 basis points to 7.4%





SIGNIFICANT LEASE DEALS

Lease Name	SF	Location
Amazon	855,080	4000 Premier Pkwy, St. Louis, MO
Chewy.com	800,000	143rd Ave, Phoenix, AZ
Vert Logistics	759,300	Liberty Dist Center, Atlanta, GA

LARGEST DELIVERIES

Building Name	City	SF	Developed By
Lambert Farms Log Pk	Atlanta	1.50M	Panattoni
4532 United Dr	Philadelphia	1.20M	-
4532 Newcastle Rd	Stockton	1.12M	CT Realty Investors

LARGEST YTD ABSORPTION GAINS & LOSS

Market	SF	Gain / Loss
Inland Empire, CA	5.6M	
Atlanta, GA	3.5M	
Northern New Jersey	3.3M	
Long Island, NY	1.9M	

SIGNIFICANT BUILDING SALES

Address	Market	SF	Price/SF	Cap Rate	Buyer	Seller
3 Properties - Aurora, IL	Chicago	1.69M	\$88.97	5.75%	Blackstone	Kraft Chicago
9965-9995 Summers Ridge Rd	San Diego	247,168	\$601.41	8.2%	Alexandria RE	-
Pottsville Dist Center	Philadelphia	1.26M	\$74.75	5.78%	Exeter Prop Grp	-



SIGNIFICANT LEASE DEALS

Address	Submarket	SF	Tenant
277 Maritime St	Oakland	256,136	PODS, Inc.
1901-91 Dennison St	Oakland	158,133	Veronica Foods
37137 Hickory St	Newark	252,939	World PAC

SIGNIFICANT BUILDING SALES

Address	Submarket	PPSF	SF	Cap Rate	Buyer
3596 Baumberg Ave	Hayward	\$395.00	236,976	-	Deutsche
5733 San Leandro St	Oakland	\$56.86	150,000	-	Green Sage
8511 Blaine St	Oakland	\$75.27	205,927	-	LBA Realty

LARGEST DELIVERIES

Address	City	SF	Delivery Date
6755 Brisa St	Livermore	128,622	Q1 2018
28345 Industrial Blvd.	Hayward	112,137	Q1 2018
28333 Industrial Blvd.	Hayward	80,854	Q1 2018


LARGEST UNDER CONSTRUCTION

Address	City	SF	Delivery Date
2995 Atlas Rd	Richmond	707,820	Q2 2018
100 Halcyon Dr	San Leandro	550,000	Q3 2018
2000 Marina Blvd.	San Leandro	331,000	Q2 2018

TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2018	3.9%	\$13.94	(186,134)	265,078,803	2,517,819
Q4 2017	3.7%	\$13.70	(312,088)	264,633,547	2,663,195
Q3 2017	3.4%	\$11.77	(328,947)	264,140,355	1,646,268
Q2 2017	3.4%	\$11.53	2,313,730	264,503,439	1,596,038
Q1 2017	4.1%	\$10.84	(218,427)	263,905,518	1,798,933

 **NET ABSORPTION**
(186,134) SF

 **VACANCY**
3.9%
10,378,092 SF

 **AVG. ASKING RATE PSF**
\$13.94

 **DELIVERIES**
445,256
6 Buildings

 **UNDER CONSTRUCTION**
2,517,819 11 BUILDINGS

CRAIG HAGGLUND

Managing Partner

Strong tenant and investor demand along the I-880 Corridor continues driving prices and rents, now hitting 90 cents NNN for Class "A" warehouse facilities. Developers are snapping up infill dirt as well as obsolete buildings for redevelopment. Demand is spilling over from the West Bay/Peninsula market sale prices in Hayward, San Leandro and other East Bay cities are exceeding construction costs. Some cities, however, are favoring manufacturing uses over logistics, aiming for heavier employee counts, increased tax revenue and reduced truck traffic.



SIGNIFICANT LEASE DEALS

Address	Submarket	SF	Tenant
1651 California St	Redlands	1,313,470	Performance Team Freight
1300 California St	Redlands	771,839	DCG Fulfillment
1895 Marigold St	Redlands	699,350	Kimberly Clark

SIGNIFICANT BUILDING SALES

Address	Submarket	PPSF	SF	Cap Rate	Buyer
20801 Krameria Ave	Riverside	\$93.50	1,000,000	-	UPS Supply
1221 Alder Ave	Rialto	\$134.06	702,668	3.76%	Liberty Prop
1568 Linden Ave	Rialto	\$133.94	614,848	-	Gramercy

LARGEST DELIVERIES

Address	City	SF	Delivery Date
490 Columbia, et al	Riverside	1,009,092	Q1 2018
20901 Krameria Ave	Rivrside	1,002,189	Q1 2018
22722 Harley Knox	Perris	75,230	Q1 2018

LARGEST UNDER CONSTRUCTION

Address	City	SF	Delivery Date
24385 Nandina Ave	Moreno Valley	1,387,899	Q2 2018
17300-50 Perris Blvd.	Moreno Valley	1,109,378	Q2 2018
4100 Webster Ave	Perris	1,039,898	Q3 2018

TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Gross SF Absorption	SF Inventory	SF Under Construction
Q1 2018	6.04%	\$8.26	5,849,999	216,182,812	16,460,544
Q4 2017	5.72%	\$8.33	3,599,322	210,908,636	15,457,239
Q3 2017	4.92%	\$8.08	6,436,721	209,825,355	18,697,989
Q2 2017	5.52%	\$7.46	3,951,024	202,832,974	15,158,165
Q1 2017	5.33%	\$7.29	2,902,132	199,446,509	15,586,802

 **GROSS ABSORPTION SF**
5,849,999

 **VACANCY**
13,049,037 SF
6.04%

 **AVG. ASKING RATE PSF**
\$8.26

 **DELIVERIES**
7 Buildings
4,055,618

 **UNDER CONSTRUCTION**
58 BUILDINGS
16,460,544

TOBY TEWELL
Vice President

Strong demand continues for small spaces and big box warehouse facilities for last mile e-commerce growth. But buildings of all sizes are in short supply, while rents and sale prices are soaring with little relief from new development in sight. A conundrum facing users is whether to pay today's record prices or hope for a correction. Meanwhile, many cash-heavy investors are banking on future rent growth to justify high purchase prices at lower cap rates.



SIGNIFICANT LEASE DEALS

Address	Submarket	SF	Tenant
11281 Citrus Ave	Fontana	1,003,567	UPS
11640 Harrel St	Mira Loma	886,052	All-Ways Pacific
13032 Slover Ave	Fontana	303,857	Clutter

SIGNIFICANT BUILDING SALES

Address	Submarket	PPSF	SF	Cap Rate	Buyer
1138 Rincon St	Corona	\$101.40	374,760	-	Shea Prop
11350 Riverside Dr	Mira Loma	\$148.03	212,800	-	Costco
1990 Pomona Rd	Corona	\$105.50	332,139	-	Dart Whse

LARGEST DELIVERIES

Address	City	SF	Delivery Date
4950 Goodman Ave	Mira Loma	1,007,705	Jan 2018
10798 Catawba Ave	Fontana	225,260	Feb 2018
1120 Mission Blvd.	Ontario	98,562	Mar 2018

LARGEST UNDER CONSTRUCTION

Address	City	SF	Delivery Date
12400 Arrow Rt	Rancho Cucamonga	611,573	Jan 2018
Watson Bldg 841	Chino	600,000	Mar 2018
Watson Bldg 839	Chino	500,000	Mar 2018


TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Gross SF Absorption	SF Inventory	SF Under Construction
Q1 2018	1.22%	\$7.656	8,997,264	307,224,537	8,833,887
Q4 2017	2.08%	\$7.248	10,167,154	304,489,275	8,067,276
Q3 2017	1.70%	\$7.152	13,132,901	303,503,315	8,778,657
Q2 2017	1.20%	\$7.020	11,625,973	303,201,782	12,404,923
Q1 2017	1.60%	\$6.852	11,199,130	300,000,787	12,399,821

 **GROSS ABSORPTION**
SF
8,997,264

 **VACANCY**
3,937,122 SF
1.22%

 **AVG. ASKING RATE PSF**
\$7.66

 **DELIVERIES**
14 Buildings
1,859,645

 **UNDER CONSTRUCTION**
45 BUILDINGS
8,833,887

ANGELICA GUZMAN

Director Marketing & Research

The IEW industrial market welcomed 2018 ahead of last year's pace. With the addition of newly completed product, strong leasing activity and tight market conditions, the IEW vacancy decreased from last quarter's 2.1% to 1.2%. The change in vacancy takes into account the ±10.3M SF of completed construction since Q1 of 2017. These factors continue demonstrating that the IEW market is one of the fastest rent growth markets in the U.S.



SIGNIFICANT LEASE DEALS

Address	Submarket	SF	Tenant
4600-20 Santa Fe	Vernon	125,862	Local Roots
2820 S. Soto	Vernon	53,518	Pilot Brands
255 E. 12th St #B	Los Angeles	36,403	Undefeated

SIGNIFICANT BUILDING SALES

Address	Submarket	PPSF	SF	Cap Rate	Buyer
760 Vail Ave, et al	Montebello	\$95.33	78,101	-	Razmer
3155 Leonis Blvd.	Vernon	\$160.00	54,950	-	Chandly Inv
10615 Ruchti Rd	South Gate	\$168.54	44,500	-	Celik Capital

LARGEST DELIVERIES

Address	City	SF	Delivery Date
1420 N. McKinley Ave	Compton	136,685	Jan 2018
4490 Ayers Ave	Vernon	94,769	Jan 2018
902 E. 59th St.	Los Angeles	20,000	Feb 2018

LARGEST UNDER CONSTRUCTION

Address	City	SF	Delivery Date
6901 S. Alameda St	Los Angeles	117,000	Sept 2018
2651 E. 45th St	Vernon	90,000	Aug 2018
2716 E. Vernon Ave	Vernon	30,000	Oct 2018

TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2018	2.79%	\$10.80	(784,036)	240,186,086	237,500
Q4 2017	2.10%	\$10.20	(39,030)	239,934,632	368,954
Q3 2017	2.26%	\$10.30	1,088,997	239,934,632	368,954
Q2 2017	2.04%	\$10.00	(74,208)	240,802,632	382,156
Q1 2017	2.00%	\$9.60	113,651	241,633,753	331,288

 **NET ABSORPTION SF**
(784,036)

 **VACANCY**
2.79% 6,378,789 SF

 **AVG. ASKING RATE PSF**
\$10.80

 **DELIVERIES**
251,454 3 Buildings

 **UNDER CONSTRUCTION**
237,500 4 BUILDINGS

LEJO MAMMEN

Director Technology & Research

Rates continue to rise, particularly in the most active sector of the market: 20,000 SF to 40,000 SF. Vacancy increased for the first time in many quarters, a large number of move-outs led to negative absorption. Demand is high with lack of inventory and very little new product coming to market. Cap rates are low and continue to go lower in the second quarter.



SIGNIFICANT LEASE DEALS

Address	Submarket	SF	Tenant
25000 Ave Stanford	Valencia	60,768	
24908 Ave Kearny	Valencia	37,294	
9450 Chivers Ave	Sun Valley	34,571	

SIGNIFICANT BUILDING SALES

Address	Submarket	PPSF	SF	Cap Rate	Buyer
20500 Prairie St	Chatsworth	\$220.00	30,000	-	11907 Wicks
20932-52 Lassen St	Chatsworth	\$175.00	36,208	-	Lassen Hldgs
13401-31 Saticoy St	N.Hollywood	\$184.00	33,505	-	Regent

LARGEST DELIVERIES

Address	City	SF	Delivery Date

LARGEST UNDER CONSTRUCTION

Address	City	SF	Delivery Date
The Center @ Needham Ranch	Santa Clarita	869,000	
Avenue O @ Legacy Ln	Palmdale	166,133	


TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2018	2.10%	\$10.56	197,045	135,023,704	1,094,943
Q4 2017	2.20%	\$10.44	289,205	135,074,842	543,148
Q3 2017	2.20%	\$10.20	151,977	134,680,325	1,230,798
Q2 2017	1.80%	\$10.20	(85,010)	134,191,151	1,104,333
Q1 2017	1.70%	\$9.72	(114,555)	134,105,823	1,104,333

 **197,045** NET ABSORPTION SF

 **2.10%** VACANCY 2,867,827 SF

 **\$10.56** AVG. ASKING RATE PSF

 **0** DELIVERIES Buildings

 **1,094,943** UNDER CONSTRUCTION 2 BUILDINGS

SHELLY GARCIA
Director of Marketing

The severe shortage of available space has pushed asking rates to record levels in the LA-North region. Asking rates climbed 8.6% year-over-year after increasing by 8% in the prior year, and are now nearly 19% higher than they were at the last market peak. Even though vacancy levels have remained just above 2% for the past 3 quarters, rising from 1.8% in mid-2017, the slight uptick has not created more options for tenants and the competition for any available space is stiff.



SIGNIFICANT LEASE DEALS

Address	Submarket	SF	Tenant
1501 E. Cerritos Ave	Anaheim	200,000	Walt Disney Co
601 W. Dyer Rd	Santa Ana	135,731	Shinoda Design Ctr
675 S. Placentia Ave	Fullerton	127,375	Engineered Floors, Inc.

SIGNIFICANT BUILDING SALES

Address	Submarket	PPSF	SF	Cap Rate	Buyer
6800 Valley View St	Buena Park	\$121.02	1,084,963	-	CenterPoint
515 E. Dyer Rd	Santa Ana	\$137.81	414,309	-	Hines
3454 E. Miraloma	Anaheim	\$188.73	300,000	-	DCT Ind Tr

LARGEST DELIVERIES

Address	City	SF	Delivery Date
1730 S. Anaheim Way	Anaheim	170,000	Q1 2018

LARGEST UNDER CONSTRUCTION

Address	City	SF	Delivery Date
210 E. Lambert Rd	Brea	309,439	Q2 2018
4278 N. Harbor Blvd.	Fullerton	212,202	Q2 2018
4260 N. Harbor Blvd	Fullerton	141,616	Q2 2018

TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2018	2.40%	\$12.41	389,029	302,861,691	934,754
Q4 2017	2.50%	\$12.14	337,482	302,705,827	1,104,754
Q3 2017	2.60%	\$11.01	343,055	302,676,293	1,304,754
Q2 2017	2.70%	\$10.82	(389,313)	302,624,843	421,450
Q1 2017	2.50%	\$10.52	(617,440)	302,443,774	432,519

 **NET ABSORPTION SF**
389,029

 **VACANCY**
7,288,361 SF
2.40%

 **AVG. ASKING RATE PSF**
\$12.41

 **DELIVERIES**
1 Building
170,000

 **UNDER CONSTRUCTION**
7 BUILDINGS
934,754

JACK HALEY
Principal

Healthy tenant demand for the third straight quarter - especially in the dominant North County market - drove the vacancy rate to a record low. Asking rents continued climbing in Q1 with year-over-year average increases netting 10.2% for direct-marketed space. First-quarter lease rates in North County spiked 18% compared to Q1 last year after averaging 4.7% annually over the last three years. Countywide available sublease space plunged 44% from Q4 to 553,703 SF.



SIGNIFICANT LEASE DEALS

Address	Submarket	SF	Tenant
14700 Nelson Bldg A	Industry	63,654	Union Logistics
2840 S. Reservoir	Pomona	60,392	Kingston Brass, Inc.
2001 Mission Bdg A	Pomona	38,992	Tianjin Zhongwang

SIGNIFICANT BUILDING SALES

Address	Submarket	PPSF	SF	Cap Rate	Buyer
14505 Proctor Ave	Industry	Not Avail	217,464	-	Undisclosed
20465 W. Walnut Dr	Industry	\$146.58	84,000	-	CST Holding
1111-15 John Reed	Industry	\$147.01	67,000	-	Tran Family

LARGEST DELIVERIES

Address	City	SF	Delivery Date
12339 Lower Azusa Rd	Arcadia	200,387	Jan 2018
14700 Nelson Bldg B	Industry	168,913	Mar 2018
311 Aerojet Ave	Azusa	107,402	Mar 2018

LARGEST UNDER CONSTRUCTION

Address	City	SF	Delivery Date
800 Echelon Ct	Industry	246,543	Apr 2018
5010 Azusa Cyn Rd	Irwindale	186,844	Jan 2020
14750 E. Nelson	Industry	159,140	Jun 2018

TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2018	2.09%	\$10.30	(391,295)	170,640,360	520,011
Q4 2017	2.27%	\$9.90	217,596	170,410,784	706,009
Q3 2017	2.35%	\$8.60	1,707,749	170,257,695	1,095,074
Q2 2017	2.10%	\$8.50	176,685	169,785,745	2,796,459
Q1 2017	1.87%	\$8.20	175,692	168,974,757	1,939,192

 **NET ABSORPTION SF**
(391,295)

 **VACANCY**
2.09% 3,558,046 SF

 **AVG. ASKING RATE PSF**
\$10.30

 **DELIVERIES**
595,954 6 Buildings

 **UNDER CONSTRUCTION**
520,011 3 BUILDINGS

LEJO MAMMEN

Director Technology & Research

We continue to see an increase in demand, vacancy saw a slight increase after several quarters of increases. Lack of inventory continues to hamper transaction volume. Buildings in the 50,000 SF and up category is the most active.



SIGNIFICANT LEASE DEALS

Address	Submarket	SF	Tenant
12588 Florence Ave	Santa Fe Springs	403,635	Fashion Nova
12418-88 Florence	Santa Fe Springs	312,464	RIM Logistics
24700 S. Main St.	Carson	127,496	W8 Shipping

SIGNIFICANT BUILDING SALES

Address	Submarket	PPSF	SF	Cap Rate	Seller
LA Food Center	Los Angeles	\$217.07	266,369	-	LBA Realty
687 N. Eucalyptus	Inglewood	\$375.78	143,436	4.08	Rexford Ind
6000 Gramercy Pl	Los Angeles	\$159.97	39,976	-	Robinson

LARGEST DELIVERIES

Address	City	SF	Delivery Date
Goodman Log Ctr Bldg 1	Santa Fe Springs	403,635	Q1 2018
Goodman Log Ctr Bldg 3	Santa Fe Springs	295,490	Q1 2018
1420 N. McKinley Ave	Compton	136,685	Q1 2018

LARGEST UNDER CONSTRUCTION

Address	City	SF	Delivery Date
20333 Normandie Ave	Torrance	512,490	Q2 2018
200 E. Alondra Ave	Gardena	145,103	Q2 2018
15100 S San Pedro St	Gardena	110,500	Q4 2018

TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2018	1.20%	\$11.04	(212,620)	206,682,514	768,093
Q4 2017	1.20%	\$10.20	353,296	206,513,802	737,718
Q3 2017	0.80%	\$10.92	73,064	207,352,692	1,114,212
Q2 2017	0.70%	\$10.56	836,339	206,484,653	1,886,586
Q1 2017	1.10%	\$9.84	182,677	206,093,533	1,699,749

 **NET ABSORPTION SF**
(212,620)

 **VACANCY**
1.20%
2,402,501 SF

 **AVG. ASKING RATE PSF**
\$11.04

 **DELIVERIES**
168,712
2 Buildings

 **UNDER CONSTRUCTION**
768,093
3 BUILDINGS

DAVID BALES/ANDY GAGE

Principal / Associate

Despite negative Q1 absorption, rents increased 8% to an average of \$0.92 cents per SF from the end of 2017 and show no signs of slowing. The vacancy rate has been less than 1.5% for the last two years and was up slightly from Q4 2017 although still settling at 1.2% at the end of Q1. Eight buildings averaging 50 years old traded in Q1, and therefore brought the weighted sales price average down, averaging \$169 per SF, off from \$187 in the prior quarter. While a statistical decrease, this is almost double the price per SF from 4 years ago.



SIGNIFICANT LEASE DEALS

Address	Submarket	SF	Tenant
14801 Spring St SW A	Lakewood, WA	258,838	Geodis Logistics
14801 Spring St SW B	Lakewood, WA	208,370	Damco Distribution
5200 12th St E	Tacoma, WA	160,000	Tiger Logistics

SIGNIFICANT BUILDING SALES

Address	Submarket	PPSF	SF	Cap Rate	Buyer
47861 1st Ave South	Seattle, WA	\$145.00	235,000	-	Terreno Rlty
4326 86th Ave East	Puyallup, WA	\$113.00	170,592	-	Blackstone
1800 Fryar Ave	Sumner, WA	\$336.00	55,660	-	Bixby Land

LARGEST DELIVERIES

Address	City	SF	Delivery Date
IPT Tacoma Log Ctr A/B	Tacoma, WA	1,124,145	Q1 2018
Des Moines Creek A/B	Des Moines, WA	514,139	Q1 2018
Lakewood-Tacoma Gtwy	Lakewood, WA	467,526	Q1 2018

LARGEST UNDER CONSTRUCTION

Address	City	SF	Delivery Date
DCT Blair Dist Ctr A/B	Tacoma, WA	970,978	Q1 2018
The Viking Building	Des Moines, WA	438,065	Q1 2018
DCT Hudson DC	Auburn, WA	287,832	Q1 2018

TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2018	3.10%	\$10.18	(126,188)	317,751,790	6,419,480
Q4 2017	3.00%	\$9.95	1,879,088	317,530,990	5,600,468
Q3 2017	3.60%	\$9.13	182,582	317,458,958	5,511,637
Q2 2017	3.30%	\$8.82	1,172,711	316,327,349	3,681,376
Q1 2017	3.20%	\$8.42	1,684,733	314,929,002	2,856,674

 **NET ABSORPTION SF**
(126,188)

 **VACANCY**
9,902,913 SF
3.10%

 **AVG. ASKING RATE PSF**
\$10.18

 **DELIVERIES**
1 Building
220,800

 **UNDER CONSTRUCTION**
24 BUILDINGS
6,419,480

SEATTLE INDUSTRIAL GROUP

Industrial land in the South Sound region continues to be snapped up as fast as it is located. Sites previously seen as encumbered geographically, ecologically or topographically are being developed. Developers are continuing to expand the market as tertiary locations appear more economically viable, both from the land price and end-user perspective. Much of the new product is pre-leased as intense competition for distribution buildings continues driving rents to record levels.



SIGNIFICANT LEASE DEALS

Address	Submarket	SF	Tenant
1765 Cst Meridian #C	Port Coquitlam	28,070	Dynamic Structures
20329 Logan Ave	Langley	32,000	Global Mining Prod
4916 275th St	Langley	123,500	Thomson Technology

SIGNIFICANT BUILDING SALES

Address	Submarket	PPSF	SF	Cap Rate	Buyer
7570-90 Conrad St	Burnaby	\$225	30,129	-	CREC Comm
1955 Hastings St E	Vancouver	\$1,000	8,063	-	Reliance
7520-50 Conrad St	Burnaby	\$350	27,200	-	CREC Comm

LARGEST DELIVERIES

Address	City	SF	Delivery Date
2830 188th St	Surrey	214,155	Q1 2018
8340 Fraser Reach Ct	Burnaby	210,282	Q1 2018
8220 Fraser Reach Ct	Burnaby	119,035	Q1 2018

LARGEST UNDER CONSTRUCTION

Address	City	SF	Delivery Date
45640 Kerr Ave	Chilliwack	400,000	Q4 2018
11111 Twigg Place	Richmond	264,000	Q2 2019
18810 24th Ave	Surrey	202,105	Q3 2018

TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2018	1.47%	\$11.59	719,899	208,349,342	2,223,847
Q4 2017	1.48%	\$11.44	956,926	207,659,507	4,148,011
Q3 2017	1.49%	\$11.22	902,824	206,699,965	5,378,873
Q2 2017	1.50%	\$10.76	348,621	205,802,692	1,500,000
Q1 2017	1.64%	\$10.53	458,047	205,333,489	1,500,000

 **NET ABSORPTION SF**
719,899

 **VACANCY**
1.47% 3,053,185 SF

 **AVG. ASKING RATE PSF**
\$11.59

 **DELIVERIES**
689,835 10 Buildings

 **UNDER CONSTRUCTION**
2,223,847 53 BUILDINGS

RYAN WALMSLEY

VP, Marketing & Research

In Q1 2018, vacancy rates dropped slightly to 1.47% representing a decrease by 1 basis point, this is the fourth straight quarter where the vacancy rate has dropped by 1 basis point. This is occurring despite a high rate of new supply coming to market, showing demand is still outstripping supply. This high demand has resulted in another increase for average rental rates and average price per SF surpassing the \$300 mark. Expect these trends to continue as investors move from the competitive residential market to the commercial sector.



SIGNIFICANT LEASE DEALS

Address	Submarket	SF	Tenant
Park Twenty 360 Bld 1	Grand Prairie	722,733	Tellworks Comm
Cardinal Health Dist	Arlington	361,690	Cardinal Health
Wildlife Commerce 5	Grand Prairie	342,426	Dart Warehouse Corp

SIGNIFICANT BUILDING SALES

Address	Submarket	PPSF	SF	Cap Rate	Buyer
Logistics Ctr 1	Coppell	\$63.62	1,053,000	5.1%	Global Log
Provender Log Ctr	Fort Worth	\$45.53	1,142,147	-	Highridge
2305 W. Marshall	Grand Prairie	\$77.89	667,635	-	AFL-CIO

LARGEST DELIVERIES

Address	City	SF	Delivery Date
Crossroads Trade Ctr #3	DeSoto	948,380	Q1 2018
Synergy Crossings #200	Fort Worth	503,500	Q1 2018
Valley View DFW Airport	Dallas	294,795	Q1 2018


LARGEST UNDER CONSTRUCTION

Address	City	SF	Delivery Date
Kohler	DeSoto	1,300,000	Q2 2018
35 Eagle, Bldg A	Fort Worth	1,089,642	Q2 2018
Southlink I	Dallas	1,044,647	Q2 2018


TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2018	6.00%	\$5.82	1,308,927	885,369,637	24,966,366
Q4 2017	6.30%	\$5.62	8,497,200	887,217,355	21,366,793
Q3 2017	6.50%	\$5.29	5,375,999	879,297,914	22,055,319
Q2 2017	6.40%	\$5.35	5,183,920	873,242,356	23,724,801
Q1 2017	6.70%	\$5.32	4,113,347	869,980,361	21,527,624

 **NET ABSORPTION SF**
1,308,927

 **VACANCY**
52,951,559 SF
6.0%

 **AVG. ASKING RATE PSF**
\$5.82

 **DELIVERIES**
28 Buildings
2,982,578

 **UNDER CONSTRUCTION**
105 BUILDINGS
24,966,366

CORBIN BLOUNT

Director

Construction continued to show no signs of stopping in Q1 2018, with average asking rates increasing from those of Q4 2017. Construction is still outpacing absorption, slightly, but has not raised a significant concern within the market.



SIGNIFICANT LEASE DEALS

Address	Submarket	SF	Tenant
5800 W Industrial Dr	Monee	599,397	Kenco
11559 80th Ave	Pleasant Prairie	417,384	Uline
2601 Galvin Dr.	Elgin	385,372	Box Partners, LLC

SIGNIFICANT BUILDING SALES

Address	Submarket	PPSF	SF	Cap Rate	Buyer
2125 Rochester Rd	Montgomery	\$60.18	280,000	-	Carl Budding
1501 Nicholas Blvd	Elk Grove	\$35.55	225,006	-	GHP Grp
5300-20 S Dansher	Countryside	\$39.16	161,591	-	Combined Whs

LARGEST DELIVERIES


Address	City	SF	Delivery Date
30131 Ridgeway Blvd.	Wilmington	1,508,425	Feb 2018
30260 Graaskamp Blvd.	Wilmington	810,900	Jan 2018
11905 Meridiand Dr	Mt. Pleasant	307,850	Jan 2018


LARGEST UNDER CONSTRUCTION

Address	City	SF	Delivery Date
650 Emerald Ave	Joliet	1,250,000	Q2 2018
Houbolt Rd & I-18	Joliet	1,220,140	Q2 2018
24101 S. Frontage Rd	Channahon	1,000,110	Q2 2018


TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2018	6.21%	\$5.49	5,570,360	1,288,824,670	11,039,615
Q4 2017	6.38%	\$5.33	5,551,567	1,285,301,574	12,077,842
Q3 2017	6.55%	\$5.39	4,053,938	1,282,888,170	10,151,117
Q2 2017	6.45%	\$5.49	9,888,399	1,277,302,383	16,192,986
Q1 2017	6.63%	\$5.53	5,746,092	1,269,599,858	17,732,792

 **NET ABSORPTION SF**
5,839,950

 **VACANCY**
52,951,559 SF
6.21%

 **AVG. ASKING RATE PSF**
\$5.49

 **DELIVERIES**
15 Buildings
4,126,735

 **UNDER CONSTRUCTION**
11 BUILDINGS
11,039,615

DIANA PEREZ

Director of Research

First-quarter absorption was a robust 5.8 million SF - a 5% increase over Q4. Q1 deliveries totaled 4.1 million SF, up from the 3.5 million SF completed in the last three months of 2017. There are 10.9 million SF of new construction underway. Leasing activity was heaviest along the I-57 Corridor. Two million SF of space sold in Q1, down 11% from Q4. Most Q1 trades occurred in the I-88 Corridor.



SIGNIFICANT LEASE DEALS

Address	Submarket	SF	Tenant
6299 Dressler Rd NW	North Canton	156,000	Combi Packaging
9855 Solon Rd	Solon	72,160	-
5777 Grant Ave	Brooklyn Hts	50,000	-

SIGNIFICANT BUILDING SALES

Address	Submarket	PPSF	SF	Cap Rate	Buyer
13000 Darice Pkwy	Strongsville	\$72.20	554,037	6.16%	VEREIT Svc
651 Prosper Rd	Stow	\$88.73	219,765	7.69%	Monmouth
30 Foundation Pl	Barberton	\$72.39	138,148	-	AIC Vent

LARGEST DELIVERIES


Address	City	SF	Delivery Date
31100 Diamond Pkwy	Glennillow	133,409	Q1 2018
17450 Eagle Lake Dr	No Data	125,000	Q1 2018
100 Cuyahoga Falls Ind	Peninsula	18,000	Q1 2018


LARGEST UNDER CONSTRUCTION

Address	City	SF	Delivery Date
21201 Miles Rd	Randall Village	855,000	Q1 2019
1200 S. Chillicothe Rd	Aurora	409,495	Q1 2019
Brighton Best Intn'l	-	201,400	Q3 2018

TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2018	3.90%	\$4.31	1,362,173	543,978,584	1,919,120
Q4 2017	4.10%	\$4.21	(137,624)	544,028,575	2,211,529
Q3 2017	4.10%	\$4.26	(1,431,711)	543,925,699	1,022,679
Q2 2017	3.70%	\$4.21	762,903	543,459,951	1,238,087
Q1 2017	3.80%	\$4.21	24,380	543,243,274	913,531

 **NET ABSORPTION SF**
1,362,173

 **VACANCY**
21,061,588 SF
3.90%

 **AVG. ASKING RATE PSF**
\$4.31

 **DELIVERIES**
5 Buildings
300,009


 **UNDER CONSTRUCTION**
12 BUILDINGS
1,919,120

PETER MILLER
Vice President


Strong tenant growth placed Cleveland twelfth among all U.S. metros for the most Q1 absorption, a turnaround from two straight quarters of red numbers. The expansion drove down the vacancy rate to 3.9%, off 20 basis points from Q4. Average asking rents for warehouse space ended Q1 at \$3.98 per SF, up 3.9% year over year. Final sales data 2017 shows a 60% jump in average price per square foot to \$42.39 with cap rates falling 35 basis points to 8.96%.



 **NET ABSORPTION**
2,486,695 SF

 **VACANCY**
3.60% 10,250,014 SF

 **AVG. ASKING RATE PSF**
\$3.97

 **DELIVERIES**
1,754,350 6 Buildings

 **UNDER CONSTRUCTION**
4,124,480 9 BUILDINGS

MIKE SPENCER, SIOR
Principal

Vacancy remains near record lows. The time between move-outs and new tenancies continues to decrease, putting upward pressure on rents. New construction remains strong with VanTrust underway on two spec buildings totaling nearly 1-million SF in the Southeast submarket. Sale prices are hitting \$70 per SF. All indicators are trending positively as the market capitalizes on logistical advantages, diverse economy and a No. 1 ranking in the Midwest for growth in population, jobs and GDP.

SIGNIFICANT LEASE DEALS

Address	Submarket	SF	Tenant
3500 Southwest Blvd	Columbus	527,127	Stonecrop Tech
2235 Spiegel Dr	Southeast Ind	366,796	Whirlpool
Groveport Park II	Southeast Ind	324,493	Crane Worldwide

SIGNIFICANT BUILDING SALES

Address	Submarket	PPSF	SF	Cap Rate	Buyer
3780 Tradeport Ct	Columbus	\$43.00	1,020,255	-	Hillwood
2950 Toy Rd	Groveport	\$74.33	423,810	5.7%	Cabot Prop
3219 Rohr Rd	Groveport	\$51.11	567,350	-	Exeter Prop

LARGEST DELIVERIES

Address	City	SF	Delivery Date
780 Tradeport Ct	Columbus	1,020,255	Q1 2018
1661 Rail Ct N	Columbus	673,920	Q1 2018
671 Cross Pointe Rd	Columbus	24,000	Q1 2018

LARGEST UNDER CONSTRUCTION

Address	City	SF	Delivery Date
5910 US 33	Circleville	1,607,665	Q2 2018
Logistics Ct	Columbus	1,200,000	Q2 2019
1827 Begrow Rd	Columbus	802,390	Q3 2018

TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2018	3.60%	\$3.97	2,486,695	286,091,903	5,584,905
Q4 2017	4.40%	\$3.91	2,098,419	286,031,728	5,645,080
Q3 2017	4.80%	\$3.77	1,665,102	284,790,038	5,491,095
Q2 2017	4.80%	\$3.80	3,291,926	283,265,307	6,462,026
Q1 2017	6.00%	\$3.63	(307,416)	283,146,557	5,804,036



SIGNIFICANT LEASE DEALS

Address	Submarket	SF	Tenant
1000 Brown Rd	Auburn Hills	124,473	ESYS Auto Corp
1681 Harmon Rd	Auburn Hills	89,870	Tectonics Industries
51223 Quadrate Dr	Macomb Twp	69,687	Majestic Industries

SIGNIFICANT BUILDING SALES

Address	Submarket	PPSF	SF	Cap Rate	Buyer
6661 Bunert Rd	Warren	\$180.49	260,15	-	Lexington
1426 Pacific Dr	Auburn Hills	\$81.27	119,964	8.47%	Core Ptnrs

LARGEST DELIVERIES


Address	City	SF	Delivery Date
16440 Leone Dr	Macomb Tnshp	294,000	Q1 2018
42501 Van Dyke Ave	Sterling Heights	115,970	Q1 2018
46890 Magellan Dr	Novi	74,261	Q1 2018


LARGEST UNDER CONSTRUCTION

Address	City	SF	Delivery Date
2238 W. Bristol Rd	Flint	883,000	Q2 2018
32801-33325 Ecorse	Romulus	856,000	Q4 2018
28201 Schoolcraft Rd	Livonia	742,694	Q2 2018


TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2018	3.30%	\$5.84	(1,281,628)	644,548,943	6,449,730
Q4 2017	3.00%	\$5.77	3,431,657	643,705,547	5,735,380
Q3 2017	3.10%	\$5.52	969,133	641,091,084	6,482,625
Q2 2017	3.10%	\$5.45	71,016	640,089,015	6,600,034
Q1 2017	3.10%	\$5.37	(208,794)	639,599,482	5,592,423

 **NET ABSORPTION SF**
(1,281,628)

 **VACANCY**
3.30%
21,245,951 SF

 **AVG. ASKING RATE PSF**
\$5.84

 **DELIVERIES**
790,999
18 Buildings

 **UNDER CONSTRUCTION**
6,449,730
44 BUILDINGS

JON SAVOY, CCIM, SIOR

President

Vacancy increased to 3.3% after hitting an all-time low of 3% at the end of Q4. Despite the 6.5 million SF under construction, the lack of available space has growth-minded companies eyeing build to suits. Vacant space totals about 1.2 million SF. The Grand Central Train Station near downtown is for sale and viewed as a ripe development opportunity. Owners of hard-to-lease buildings see potential tenants in the marijuana business.



SIGNIFICANT LEASE DEALS

Address	Submarket	SF	Tenant
4000 Premier Pkwy	St. Peters	855,080	Amazon
255 Logistics Center	Sauget	202,019	Geodis
3740-80 Rider Trail	Earth City	168,000	Reaction Auto Pts

SIGNIFICANT BUILDING SALES

Address	Submarket	PPSF	SF	Cap Rate	Buyer
1780 Belt Way	Overland	\$31.38	98,000	-	Wellwood
213-217 Cool Springs	O'Fallon	-	95,450	-	Merric Inc
9758 Reavis Park Dr	Affton	-	93,000	-	Surco Inc

LARGEST DELIVERIES

Address	City	SF	Delivery Date

LARGEST UNDER CONSTRUCTION

Address	City	SF	Delivery Date
3919 Lakeview Corp Dr	Sauget	1,000,000	Q3 2018
4000 Premier Pkwy	St. Peters	855,080	Q2 2019
13930 Missouri Bttm	Hazelwood	850,000	Q2 2018

TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2018	4.70%	\$4.68	474,602	297,197,239	5,537,081
Q4 2017	4.90%	\$4.55	495,556	297,183,239	3,864,306
Q3 2017	4.50%	\$4.47	2,698,597	295,537,806	4,978,279
Q2 2017	5.20%	\$4.40	2,277,017	294,836,261	4,004,824
Q1 2017	5.60%	\$4.39	1,044,921	293,764,985	5,483,310

NET ABSORPTION SF
474,602

VACANCY
14,022,303 SF
4.70%

AVG. ASKING RATE PSF
\$4.68

DELIVERIES
0 Buildings
0

UNDER CONSTRUCTION
19 BUILDINGS
5,537,081

THOMAS HOMCO President

First-quarter net absorption, 474,602 SF, nearly equaled tenant growth in Q4 last year but slowed from the more than 2 million SF averaged in the previous three quarters going back to Q1 last year. The vacancy rate ticked downward 20 basis points from Q4, settling at 4.7% and asking rents increased 2.9%. There were no deliveries in Q1 but the 5.5 million SF under construction are the most since the recession.



SIGNIFICANT LEASE DEALS

Address	Submarket	SF	Tenant
590 Coweta Ind Pkwy	Atlanta	1,208,301	Saddle Creek
Anvil Block Rd	Atlanta	1,017,627	HD Supply
250 Declaration Dr	Atlanta	759,300	Vert Logistics

SIGNIFICANT BUILDING SALES

Address	Submarket	PPSF	SF	Cap Rate	Buyer
4400 International Pk	S. Atlanta	\$110.00	292,000	5.6%	Realterm
1665 Broadmoor Bl	Northeast	\$58.00	492,048	-	Buford Lgst
7705 Staples Dr	Douglasville	\$38.00	617,969	-	Lithia Spr

LARGEST DELIVERIES

Address	City	SF	Delivery Date
King Mill Rd	McDonough	1,555,200	Q1 2018
500 Palmetto Log Pk	Fairburn	1,054,500	Q1 2018
Valentine Ind Pk	Pendergrass	1,021,000	Q1 2018


LARGEST UNDER CONSTRUCTION

Address	City	SF	Delivery Date
590 Coweta Ind Pkwy	Newman	1,208,301	Q2 2018
Fulton Ind Blvd	Atlanta	1,200,000	Q2 2018
King Mill Rd	McDonough	1,104,320	Q4 2018

TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2018	6.40%	\$4.86	3,378,277	652,859,269	14,403,354
Q4 2017	6.10%	\$4.79	5,933,100	647,298,315	21,032,913
Q3 2017	6.70%	\$4.50	3,497,835	645,222,966	18,736,900
Q2 2017	6.50%	\$4.49	6,177,727	640,072,428	16,963,258
Q1 2017	7.10%	\$4.49	6,806,569	637,227,507	19,637,162

 **NET ABSORPTION SF**
3,378,277

 **VACANCY**
41,756,992 SF
6.40%

 **AVG. ASKING RATE PSF**
\$4.86

 **DELIVERIES**
19 Buildings
9,742,926

 **UNDER CONSTRUCTION**
31 BUILDINGS
14,403,354

CRAIG VIERGEVER

Executive Vice President

Strong market fundamentals coupled with increasing demand for big box space have made Atlanta an industrial powerhouse. In Q1 of 2018, overall vacancy increased slightly to 6.4% with a net absorption of 3.38 million SF. Today, 74% of all active development is spec. As more e-commerce retailers and 3rd party logistics providers look to expand in the metro area, the supply is not outpacing the increasing demand for big box space in Atlanta.



SIGNIFICANT LEASE DEALS

Address	Submarket	SF	Tenant
1110 Old Stage Rd	Mauldin	121,000	Pratt Industries
1303 S. Batesville Rd	Greer	112,455	Jardin Plastics
65 Brookfield Oaks	Greenville	45,600	KOOP

SIGNIFICANT BUILDING SALES

Address	Submarket	PPSF	SF	Cap Rate	Buyer
201 Forrester Park	Greenville	\$60.72	237,647	-	Suncap
50 Beechtree Blvd.	Greenville	\$33.88	243,500	-	IL Toolwork
625 S. Old Piedmont	Greenville	\$17.00	400,000	-	Reger Hldg

LARGEST DELIVERIES

Address	City	SF	Delivery Date
11 Hwy 417	Spartanburg	432,100	100% Occ
301 Hyatt St	Gaffney	200,000	100% Occ
744 Frontage Rd	Greenville	150,000	60% Occ

LARGEST UNDER CONSTRUCTION

Address	City	SF	Delivery Date
Michelin Dist Ctr #1	Greer	1,100,000	Q1 2019
310 Genoble Rd	Greer	500,000-BTS	Q2 2018
Hillside Ent Pk #4	Duncan	408,000 SF	Q2 2018


TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2018	5.50%	\$3.75	1,116,056	212,009,954	3,414,460
Q4 2017	5.60%	\$3.69	587,376	211,136,469	4,014,945
Q3 2017	5.60%	\$3.68	748,442	210,439,868	4,206,150
Q2 2017	5.60%	\$3.64	698,976	209,643,532	4,729,371
Q1 2017	6.24%	\$3.64	1,101,413	210,218,132	3,992,271

 **NET ABSORPTION SF**
1,116,056

 **VACANCY**
11,621,536 SF
5.50%

 **AVG. ASKING RATE PSF**
\$3.75

 **DELIVERIES**
6 Buildings
873,485

 **UNDER CONSTRUCTION**
17 BUILDINGS
3,414,460

RANDALL BENTLEY

President

Despite large deliveries in Q1, demand is outpacing construction and that is attracting major developers. Many projects are build-to-suits, and much of the 3 million SF under construction is multi-tenant office/warehouse product. Some spec big boxes are underway. Investors are drawn by the market's stable economy, diverse industries and proximity to the Inland Port Greer. Rents for new product start at about \$4.50 per SF, ranging to \$5.50 depending on tenant improvements.



SIGNIFICANT LEASE DEALS

Address	Submarket	SF	Tenant
220 Smith St	Farmingdale	46,161	Atlantic Plywood Cor
1140 Motor Pkwy	Central Islip	42,000	Bobens Trading Co
550 W. John St	Hicksville	40,000	Hercules

SIGNIFICANT BUILDING SALES

Address	Submarket	PPSF	SF	Cap Rate	Buyer
395 Moreland Rd.	Hauppauge	\$115.51	99,556	-	Space/Craft
100 Cantiague Rock	Hicksville	\$137.06	91,200	-	GTE Oper
1765 Expressway Dr N	Hauppauge	\$135.87	51,150	-	Pedowitz

LARGEST DELIVERIES

Address	City	SF	Delivery Date
200 Rogers Way	Westhampton	68,774	Q4 2017
78 Horseblock Rd	Yaphank	29,051	Q3 2017
30 Platinum Crt	Medford	28,500	Q3 2017

LARGEST UNDER CONSTRUCTION

Address	City	SF	Delivery Date
25 Newton Pl	Hauppauge	32,000	Q2 2018
8 Leecon Ct	Southampton	22,345	Q3 2018
130 Carolyn Blvd.	Farmingdale	16,530	Q3 2018


TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2018	3.00%	\$11.51	91,193	172,366,876	102,279
Q4 2017	3.10%	\$11.34	467,748	172,360,296	107,359
Q3 2017	3.30%	\$11.30	(384,399)	172,291,522	157,628
Q2 2017	3.10%	\$11.24	51,449	172,202,960	241,705
Q1 2017	3.10%	\$11.01	(102,971)	172,184,619	260,046

 **NET ABSORPTION SF**
91,193

 **VACANCY**
3.00%
5,184,080 SF

 **AVG. ASKING RATE PSF**
\$11.51

 **DELIVERIES**
182,257
8 Buildings Since 2017

 **UNDER CONSTRUCTION**
102,279
10 BUILDINGS


HENRY ABRAMOV

Research Director

The vacancy rate is 60 basis points below the 3.7% five-year average and is among the nation's lowest. Compared to other large metros, there's been little new construction since the recession, allowing vacancies to compress even without robust demand for space. Rent gains continued but averages only increased 50 cents year over year to \$11.51. Sales largely are driven by local users and investors with average prices hitting \$104 per SF.



 **NET ABSORPTION**
(1,648,768) SF

 **VACANCY**
5.40% 11,999,778 SF

 **AVG. ASKING RATE PSF**
\$20.94

 **DELIVERIES**
579,574 17 Buildings Since 2017

 **UNDER CONSTRUCTION**
2,538,847 17 BUILDINGS

HENRY ABRAMOV

Research Director

Forty-two buildings sold in NYC in Q1, a 31% increase from Q4 and 83% year over year. Available space was up 50 basis points to 8.2% from the end of 2017. Quarterly leasing activity was off 73%, spurring an 80 basis point jump in vacancy to 5.4%, which is up 120 basis points year over year. Overall asking rents were up 2.7% year over year, averaging \$20.94 per SF, \$3.64 above the five-year average.

SIGNIFICANT LEASE DEALS

Address	Submarket	SF	Tenant
1291 Ryawa Ave	Bronx	20,000	Exotic Gourmet
5005 1st Ave	Brooklyn	18,300	Mennonites Med Ctr
19-02 38th St	Queens	18,000	National Floors Direct

SIGNIFICANT BUILDING SALES

Address	Submarket	PPSF	SF	Cap Rate	Buyer
55-15 & 56-19 Grand	Queens	\$232.00	310,728	-	LBA Realty
420 Carroll St	Brooklyn	\$913.00	35,337	-	Domain Prop
202 Coffey St	Brooklyn	\$429.00	86,916	-	UPS

LARGEST DELIVERIES

Address	Submarket	SF	Delivery Date
57-45 Rust St	Queens	33,824	Q1 2018
51-36 35th St	Queens	11,250	Q1 2018
59-27 55th St	Queens	3,452	Q1 2018


LARGEST UNDER CONSTRUCTION


Address	Submarket	SF	Delivery Date
586 Gulf Ave	Staten Island	975,000	Q3 2018
0 Gulf Ave	Staten Island	450,000	Q2 2018
2 St. Ann's Ave	Bronx	423,530	Q3 2018

TOTAL INDUSTRIAL MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2018	5.40%	\$20.94	(1,648,768)	223,356,352	2,538,847
Q4 2017	4.60%	\$20.60	(750,343)	223,319,076	2,566,673
Q3 2017	4.30%	\$20.11	540,927	223,305,776	1,004,973
Q2 2017	4.30%	\$20.03	(208,479)	229,016,645	1,366,352
Q1 2017	4.20%	\$20.05	(783,382)	228,873,670	1,357,027



 **NET ABSORPTION SF**
3,334,843

 **VACANCY**
38,169,629 SF
4.60%

 **AVG. ASKING RATE PSF**
\$8.19

 **DELIVERIES**
11 Buildings
1,666,531

 **UNDER CONSTRUCTION**
48 BUILDINGS
13,966,510

MICHAEL MALMSTONE
Real Estate Analyst

Strong demand for all building sizes, especially from logistics users, has driven rents as high as \$10 per SF NNN and vacancies to record lows. New buildings average more than 300,000 SF. Nearly all are preleased. Most new construction is along the I-95 Turnpike/I-287 corridors and near the ports. Prices average more than \$100 per SF at 6.25% caps and more than \$150 for smaller buildings, driving users westward toward second-tier markets.

SIGNIFICANT LEASE DEALS

Address	Submarket	SF	Tenant
1000 High St, Bldg B	Perth Amboy	354,250	4PX
Park 130 Bldg 3	Exit 8A	294,480	XPO Logistics
100 Performance Dr	NW Bergen	271,195	Snow Joe

SIGNIFICANT BUILDING SALES

Address	Submarket	PPSF	SF	Cap Rate	Buyer
50-52 Fadem Rd	Springfield	\$74.92	206,901	3.78%	APD Equity
191 Blair Rd Bldg B	Avenel	\$180.03	198,854	-	Barings RE
133 Williams Dr	Ramsey	\$117.95	171,542	6.39%	LCN Cap

LARGEST DELIVERIES

Address	City	SF	Delivery Date
2270 US Highway 130	Dayton	305,500	Q1 2018
46 Meadowlands Pkwy	Secaucus	302,727	Q1 2018
100 Performance Dr	Manwah	271,195	Q1 2018

LARGEST UNDER CONSTRUCTION

Address	City	SF	Delivery Date
1 Brick Yard Bldg 1	Cranbury	1,346,088	Q2 2018
942 Memorial Pkwy	Phillipsburg	1,000,200	Q1 2019
173-268 Doremus	Newark	870,640	Q1 2020

TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2018	4.60%	\$8.19	3,334,843	825,457,141	13,966,510
Q4 2017	4.80%	\$7.84	6,874,289	823,819,510	14,227,371
Q3 2017	5.20%	\$7.24	2,939,022	819,664,384	15,767,125
Q2 2017	5.30%	\$7.12	1,695,774	817,747,995	12,220,341
Q1 2017	5.40%	\$7.03	837,856	816,451,793	11,728,204



SIGNIFICANT LEASE DEALS

Address	Submarket	SF	Tenant
6 Logistics Dr	Carlisle	800,000	At Home
9750 Commerce Cir	New Smithville	503,000	Geodis
4863 Hanoverville Rd	Bethlehem	420,428	PAC Global

SIGNIFICANT BUILDING SALES

Address	Submarket	PPSF	SF	Cap Rate	Buyer
25 Keystone Blvd.	Pottsville	\$74.75	1,267,500	5.78%	Exeter
57 Grumbacher Rd	York	\$64.61	278,582	6.39%	STAG
2452 Quakertown Rd	Pennsburg	\$43.32	293,140	6.88%	One Liberty

LARGEST DELIVERIES

Address	City	SF	Delivery Date
4532 United Dr	Shippensburg	1,200,000	Mar 2018
149 Willowbrook Rd	Bethlehem	800,000	Mar 2018
Cardinal LG BTS	Archibald	220,000	Mar 2018


LARGEST UNDER CONSTRUCTION

Address	City	SF	Delivery Date
200 Logistics Dr	Hamburg	1,240,000	Q4 2018
801 Centerville Rd	Newville	1,138,000	Q4 2018
398 Antrim Commons	Greencastle	1,100,000	Q3 2018

TOTAL INDUSTRIAL MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2018	5.54%	\$5.17	2,684,203	1,120,074,077	22,180,647
Q4 2017	5.69%	\$5.05	6,732,699	1,104,866,708	20,365,857
Q3 2017	5.71%	\$4.91	4,275,110	1,097,228,690	22,977,107
Q2 2017	5.85%	\$4.90	4,610,727	1,089,388,733	18,391,927
Q1 2017	5.45%	\$4.83	4,822,696	1,080,366,827	12,848,088

 **NET ABSORPTION SF**
2,684,203

 **VACANCY**
24,471,419 SF
5.54%

 **AVG. ASKING RATE PSF**
\$5.17

 **DELIVERIES**
4 Buildings
2,338,000

 **UNDER CONSTRUCTION**
37 BUILDINGS
22,180,647

MICHAEL HANES
Real Estate Analyst

Vacancy fell for the sixth straight quarter, settling at a record 5.54%. The Lehigh Valley drove positive absorption for the quarter, and eclipsed 2 M SF for the eighth straight quarter. Strong demand continued as the quarter closed with nearly 27 M SF in active requirements across the market.

For the third straight quarter 20+ M SF was under construction. 19 M SF of all construction is speculative, with approximately 3 M SF already released.

Flight to Quality

Healthy demand for premium space lifted first-quarter absorption to 13.3 million SF, a 26% increase over the same period last year but a 30.9% drop from Q4. The total was held down by weakness in the Class B market, which put 1.8 million SF back in available inventory. The overall vacancy rate settled at 9.3%, a 40-basis point decline from a year ago.

Asking rents averaged up half a percentage point from Q4 and 2.4% year over year.

Deliveries in Q1 totaled 22.5 million SF, a 5.9% increase from the same period last year. Total space under construction was off 2.3% year over year.

Tenant growth in Class A space totaled 13.3 million SF, up from 5 million SF compared to the same period last year. Year-over-year deliveries were up 1.7% to 16.4 million SF and new product underway totaled 118.8 million SF, a 3.8% decline from a year ago. The Class A vacancy rate settled at 12.2% at the end of Q1, a 10 basis point decline from a year ago, and rents gained about 1%.

Demand for Class B space swung from 5.9 million SF in Q1 last year to a negative 1.8 million SF in the recent three-month period.




SIGNIFICANT LEASE DEALS

Lease Name	SF	Location
Fannie Mae	850,000	Reston Gateway Ofc, Washington
JP Morgan Chase & Co	418,241	390 Madison Ave, New York City
Apache Corporation	364,272	Post Oak Central One, Houston

LARGEST DELIVERIES


Building Name	City	SF	Developed By
Salesforce Tower	San Francisco	1.40M	Hines
Liberty Mutual Camp	Dallas/Ft Worth	1.1M	KDC Real Estate
222 N. Wolfe Rd	South Bay	777,170	Landbank Inv.

LARGEST YTD ABSORPTION GAINS & LOSS


Market	SF	Gain / Loss
Dallas, TX	1.83M	
San Francisco, CA	1.80M	
Seattle, WA	1.74M	
Houston, TX	1.1M	

SIGNIFICANT BUILDING SALES

Address	Market	SF	Price/SF	Cap Rate	Buyer	Seller
Three Alliance Center	Atlanta	506,647	\$532.92	6.35%	State of Florida	Tishman Speyer
600 W. Chicago Ave	Chicago	1,643,280	\$310.35	5.08%	Sterling Bay	Equity CmwltH
Washington Building	Washington	214,093	\$1,188.74	4.4%	Munich RE	Clarion Partners


13.3
NET ABSORPTION
Million SF


9.3%
VACANCY
1.0 Billion SF vacant office space


0.5%
AVG. ASKING RATE
\$25.03 Avg Asking Rate PSF


22.5
DELIVERIES
Million SF


151
UNDER CONSTRUCTION
Million SF

First-quarter deliveries totaled 6 million SF, a 17.6% increase from a year ago, and 32.1 million SF were underway compared to 30.8 million SF in Q1 2017.

Net absorption in suburban office markets totaled 8.6 million SF in the first quarter, a 28.5% drop from the same period last year. Tenant demand in central business districts totaled nearly 5 million SF in Q1, the most in the last four quarters and reversal from the 1.2 million SF of negative absorption year over year.

Final sales data for 2017 show a nearly 6% decline in transactions from 2016 and the average price per square foot was down 2.4%. Cap rates averaged 7.39% compared to 7.18% the year before.



SIGNIFICANT LEASE DEALS

Address	Submarket	SF	Tenant
1200 Concord	Concord	65,110	Cerus Corporation
3100 San Pablo Ave	Berkeley	49,429	Premier Nutrition
1900 Powell St	Emeryville	38,830	Adams Pharmac

SIGNIFICANT BUILDING SALES

Address	Submarket	PPSF	SF	Cap Rate	Buyer
1955 Broadway	Oakland	\$473.68	380,000	-	CIM Grp
Oakland City Center	Oakland	\$421.93	367,357	4.7%	KBS REIT II

LARGEST DELIVERIES

Address	City	SF	Delivery Date

LARGEST UNDER CONSTRUCTION

Address	City	SF	Delivery Date
601 City Center	Oakland	596,767	Q2 2019
6002 Stoneridge Mall	Pleasanton	409,998	Q2 2018
1100 Broadway	Oakland	335,600	Q1 2020


TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2018	8.6%	\$36.25	635,281	111,149,848	1,799,931
Q4 2017	8.9%	\$35.57	(334,295)	110,840,786	1,799,331
Q3 2017	8.6%	\$33.74	(265,845)	110,840,786	1,799,331
Q2 2017	8.3%	\$33.42	(462,990)	110,765,786	1,846,918
Q1 2017	7.9%	\$31.11	376,205	110,750,569	1,164,689

 **NET ABSORPTION SF**
635,281

 **VACANCY**
8.6%
9,560,391 SF

 **AVG. ASKING RATE PSF**
\$36.25

 **DELIVERIES**
0
Buildings

 **UNDER CONSTRUCTION**
1,799,931 9 BUILDINGS

NEIL COWPERTHWAIT

Associate

Demand from San Francisco is spilling into Oakland, especially for large blocks of space and creative buildouts near public transit. Value-add investment has driven up Class B rents in Oakland's CBD as high as \$6 per SF. Class A and creative Class B buildings are valued at up to \$500 per SF. In the next two years vacancies will increase as 1.2 million SF of new and renovated space is delivered, including two projects totaling 708,000 SF that are partially preleased.



SIGNIFICANT LEASE DEALS

Address	Submarket	SF	Tenant
330 N. Brand Blvd.	Glendale	34,296	Dignity Health Care
8500 Balboa Blvd.	Northridge	28,702	-
3500 W. Olive Ave	Burbank	25,334	WB Group

SIGNIFICANT BUILDING SALES

Address	Submarket	PPSF	SF	Cap Rate	Buyer
Connexion Burbank	Burbank	\$365	337,904	-	Intercontinental Real Estate Group
The Arbors	Thousand Oaks	\$171	275,481	-	Felton Prop
Westlake Norh Ph 1	Westlake Village	\$240	138,762	-	Onni Group

LARGEST DELIVERIES

Address	City	SF	Delivery Date

LARGEST UNDER CONSTRUCTION

Address	City	SF	Delivery Date
6160 Laurel Cyn Blvd.	North Hollywood	218,267	
5411 Etiwanda Ave	Tarzana	89,158	

TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2018	10.3%	\$30.96	(269,716)	79,436,104	364,604
Q4 2017	10.2%	\$30.60	(170,185)	79,609,228	0
Q3 2017	10.0%	\$30.12	103,989	80,940,347	20,624
Q2 2017	10.0%	\$29.88	74,700	80,560,265	20,624
Q1 2017	10.1%	\$29.64	51,756	80,602,518	20,624

 **NET ABSORPTION SF**
(269,716)

 **VACANCY**
7,600,355 SF
10.3%

 **AVG. ASKING RATE PSF**
\$30.96

 **DELIVERIES**
0 Buildings
0

 **UNDER CONSTRUCTION**
364,604

SHELLY GARCIA
Director of Marketing

Leasing activity continued to trend downward in Q1 to 1,093,788 SF contributing to a slight uptick in vacancies and weaker absorption.

However, it appears that the slowdown is from tenants taking less space rather than the number of companies seeking space. Asking rents, up \$0.04 per SF from Q4 and \$0.11 per SF year over year further supports the idea that slowing leasing velocity is occurring because companies are opting for smaller footprints.



SIGNIFICANT LEASE DEALS

Address	Submarket	SF	Tenant
14101 Myford Rd	Tustin	66,818	GSA
One Pacific Plaza	Huntington Bch	57,100	BJ's Restaurants, Inc.
5291 California Ave	Irvine	41,312	-

SIGNIFICANT BUILDING SALES

Address	Submarket	PPSF	SF	Cap Rate	Buyer
333 City Blvd. W	Orange	\$341.76	431,007	4.9%	KBS REIT
2600 Michelson Dr	Irvine	\$385.95	310,925	5.5%	CBRE Inv
18301 Von Karman	Irvine	\$380.10	225,729	6.0%	Greenlaw Pt

LARGEST DELIVERIES


Address	City	SF	Delivery Date
15101 Alton Pkwy	Irvine	287,726	Q1 2018
15131 Alton Pkwy	Irvine	189,500	Q1 2018
2135 Westcliff Dr	Newport Beach	11,746	Q1 2018


LARGEST UNDER CONSTRUCTION

Address	City	SF	Delivery Date
2722 Michelson Dr	Irvine	155,000	Q4 2018
1700 Flight Way	Tustin	145,400	Q3 2018
500 Technology Dr	Irvine	105,643	Q2 2018

TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2018	9.7%	\$30.90	128,155	157,252,720	1,041,780
Q4 2017	9.5%	\$29.97	437,129	156,747,197	1,547,303
Q3 2017	9.2%	\$29.81	310,487	155,647,898	2,491,602
Q2 2017	8.9%	\$29.15	(97,976)	154,934,202	2,683,473
Q1 2017	8.8%	\$28.77	(24,488)	154,813,874	2,430,906

 **NET ABSORPTION SF**
128,155

 **VACANCY**
15,291,124 SF
9.7%

 **AVG. ASKING RATE PSF**
\$30.90

 **DELIVERIES**
5 Buildings
505,523

 **UNDER CONSTRUCTION**
15 BUILDINGS
1,041,780

ERIC DARNELL

Vice President

Slowing in Airport area leasing and increased demand in South Orange County has occurred since 2015. Net absorption totaled 357,343 SF in the last four quarters in Central County. The 21-story City Tower in Orange sold for a reported \$344 per sq. ft. - the submarket's highest price in a decade. The renovated 428,627-SF building is 76% leased. Class B space rents were up 12.6% YOY while rents for premium space were up 4.3% for the same period.



SIGNIFICANT LEASE DEALS

Address	Submarket	SF	Tenant
301 E. Ocean Blvd.	Downtown LB	39,284	State Lands/Coastal
Pacific Gateway II	190th St Corridor	48,869	Healthcare Partners
Bayer & Cover St	Suburban LB	22,000	Turelk

SIGNIFICANT BUILDING SALES

Address	Submarket	PPSF	SF	Cap Rate	Seller
249 E. Ocean Blvd.	Downtown LB	\$200.50	109,316	-	Adler Realty
Pacific Corp Towers	El Segundo	\$381.25	1,588,089	5.0%	Gen Motors
1501 Hughes Way	Suburban LB	\$172.44	78,286	-	Brookfield

LARGEST DELIVERIES

Address	City	SF	Delivery Date
555 S. Aviation Blvd.	El Segundo	259,106	Feb 2018

LARGEST UNDER CONSTRUCTION

Address	City	SF	Delivery Date
441 W. Ocean Blvd	Long Beach	507,000	Mar 2019
1700 E. Imperial Hwy	El Segundo	97,000	Aug 2018
4225-65 Conant St	Long Beach	50,000	Jun 2018

TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2018	11.9%	\$29.70	(491,232)	66,124,700	828,532
Q4 2017	10.8%	\$29.23	357,129	65,861,249	897,195
Q3 2017	11.2%	\$28.96	127,142	65,787,885	970,559
Q2 2017	11.3%	\$28.66	18,307	65,714,525	1,043,919
Q1 2017	11.3%	\$28.13	284,681	65,658,288	1,047,054

 **NET ABSORPTION SF**
(491,232)

 **VACANCY**
7,868,588 SF
11.9%

 **AVG. ASKING RATE PSF**
\$29.70

 **DELIVERIES**
3 Buildings
263,451

 **UNDER CONSTRUCTION**
10 BUILDINGS
828,532


JEFF COBURN, CCIM, SIOR

Principal


After a strong end to 2017, the Greater Los Angeles South Bay Office Market had a slower start through Q1 2018. Market rents continued a gradual climb to \$2.48 PSF and vacancy jumped just over 1% to 11.9%. New deliveries of office buildings and Molina Medical downsizing fueled a negative absorption of just under 500K SF in Q1 2018 after 4 quarters of positive absorption throughout 2017. Office investment sales were limited during the first 3 months of 2018 but demand for quality owner/user properties remains very strong.



 **NET ABSORPTION SF**
1,838,855

 **VACANCY**
56,228,141 SF
15.0%

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

 **DELIVERIES**
40 Buildings
2,649,296

 **UNDER CONSTRUCTION**
111 BUILDINGS
9,219,540

MIKE EBBITT
Associate

The demand for new office product is strong with a pre-leasing rate of 57.7% for the 20 upcoming projects in the construction pipeline. DFW's job growth rate remained securely towards the top with its 2.7% rate of growth ranking second in the U.S. Expect occupancy costs to rise in the coming quarters with the main driver being higher operating expenses as appraised property values and therefore taxes continue to increase. This will translate into base rental rate growth continuing to subside.

SIGNIFICANT LEASE DEALS

Address	Submarket	SF	Tenant
One Arts Plaza	Dallas CBD	154,022	Thompson & Knight
Pinnacle Tower	E LBJ Fwy	117,720	Guidestone Financial
FAA Blvd	HEB/Mid-Cities	80,000	American Airlines

SIGNIFICANT BUILDING SALES

Address	Submarket	PPSF	SF	Cap Rate	Buyer
Legacy District One	Plano	\$387.03	318,582	4.62	TIER REIT
8750 N Park Central	Dallas	\$237.16	508,102	5.7	CBRE
1737 E. CityLine Dr	Richardson	\$242.64	486,323	-	Property Res

LARGEST DELIVERIES

Address	City	SF	Delivery Date
Liberty Mutual Campus	Dallas	1,100,000	Q1 2018
Hall Park-T2	Dallas	300,000	Q1 2018
1900 Pearl	Dallas	261,400	Q1 2018

LARGEST UNDER CONSTRUCTION

Address	City	SF	Delivery Date
American Airlines	Fort Worth	1,700,000	Q4 2019
Pioneer Natural Res	Irving	1,125,000	Q3 2019
Charles Schwab Camp	Westlake	500,000	Q2 2019

TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2018	15.0%	\$25.18	1,838,855	375,548,818	9,219,540
Q4 2017	14.9%	\$24.99	1,797,127	373,203,621	10,850,599
Q3 2017	14.8%	\$25.02	486,150	370,524,012	12,807,380
Q2 2017	14.6%	\$24.60	2,135,954	369,082,882	10,090,955
Q1 2017	14.6%	\$24.44	691,338	366,521,637	11,970,951



SIGNIFICANT LEASE DEALS

Address	Submarket	SF	Tenant
500 Northwest Plaza	North County	80,000	American Family Ins
3221 McKelvey Rd	North County	27,162	SSM Health

SIGNIFICANT BUILDING SALES

Address	Submarket	PPSF	SF	Cap Rate	Buyer
225 S. Meramec	Clayton	\$53.85	120,702	-	Bamboo

LARGEST DELIVERIES

Address	City	SF	Delivery Date
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LARGEST UNDER CONSTRUCTION

Address	City	SF	Delivery Date
Centene 7700 Forsyth	Clayton	555,000	Nov 2020
1 Cardinal Way	St. Louis City CBD	200,000	Jul 2019
4220 Duncan	St. Louis City	182,068	Apr 2018

TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2018	7.2%	\$18.98	(1,352,315)	138,599,658	1,839,566
Q4 2017	7.0%	\$18.33	848,474	138,597,397	1,776,416
Q3 2017	7.4%	\$18.77	685,239	138,241,273	1,720,472
Q2 2017	7.7%	\$18.28	327,847	134,371,840	1,521,401
Q1 2017	7.8%	\$18.25	274,736	135,271,664	915,481

NET ABSORPTION SF
(1,352,315)

VACANCY
10,248,761 SF
7.3%

AVG. ASKING RATE PSF
\$18.98

DELIVERIES
0 Buildings
0


UNDER CONSTRUCTION
16 BUILDINGS
1,839,566

STUART WISEHEART
Vice President


With less than 10 Class A suburban vacancies over 20,000 square feet, the market remains tight but some vacancy is on the horizon as TD Ameritrade recently announced further layoffs after acquisition of Scottrade. Two of its four buildings remain on the market for sale. Additionally, the Lawrence Group broke ground on City Foundry which will include 124,000 SF of creative office space in its first phase.



 **NET ABSORPTION SF**
1,316,242

 **VACANCY**
14.6%
31,318,008 SF

 **AVG. ASKING RATE PSF**
\$24.86

 **DELIVERIES**
1,170,046
19 Buildings

 **UNDER CONSTRUCTION**
3,841,581
40 BUILDINGS

JOHN DECOUTO, CCIM, MCR.H
Executive Vice President

Consolidation has begun changing the dynamics of office space as companies shrink their footprint to create more efficient layouts. More businesses are announcing corporate relocations or expansions almost daily. Driving Q1 2018, over 1,500 new office jobs were announced in Atlanta with the largest being Northside Hospital creating 400 new jobs and leasing 178,001 SF. Atlanta has been declared the 3rd fastest growing metro in the nation by the US Census Bureau and continues to be one of the most thriving cities for businesses to call home.

SIGNIFICANT LEASE DEALS

Address	Submarket	SF	Tenant
1001 Summit Blvd	Central Perimeter	178,001	Northside Hospital
40 NE Courtland St	Downtown	74,658	United Way
771 Spring St	Midtown	51,719	WeWork

SIGNIFICANT BUILDING SALES

Address	Submarket	PPSF	SF	Cap Rate	Buyer
Three Alliance Center	Buckhead	\$532.00	506,647	4.7%	State of FL
Pershing Point Plaza	Midtown	\$183.00	409,579	-	Dilweg Cos
Royal Center Four	N Fulton	\$192.00	308,101	-	Bridge Inv

LARGEST DELIVERIES

Address	City	SF	% Occupied
864 Spring St	Atlanta	485,000	100%
4004 Perimeter Summit	Atlanta	355,250	0%
Abernathy & Glenridge	Sandy Springs	225,000	100%

LARGEST UNDER CONSTRUCTION

Address	City	SF	Delivery Date
771 Spring St	Atlanta	760,000	Q1 2019
240 Perimeter Ctr Pkwy	Atlanta	670,000	Q1 2020
725 Ponce de Leon	Atlanta	343,270	Q1 2019

TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2018	14.6%	\$24.86	1,316,242	215,167,574	3,841,581
Q4 2017	14.7%	\$24.30	337,892	214,068,528	4,252,492
Q3 2017	14.8%	\$24.06	(31,173)	213,861,099	4,183,951
Q2 2017	14.6%	\$23.86	829,764	213,474,195	4,513,255
Q1 2017	14.4%	\$23.31	(208,591)	212,029,601	5,811,223



SIGNIFICANT LEASE DEALS

Address	Submarket	SF	Tenant
1122 Chuck Dawley	East Islands	20,000	Medical Univ of SC
Bridgeport Center I	East Islands	17,559	Peoplease Corp
3955 Faber Pl Dr	N Charleston	6,025	Weston & Sampson

SIGNIFICANT BUILDING SALES

Address	Submarket	PPSF	SF	Cap Rate	Buyer
4400 Leeds Ave	N Charleston	\$291.20	125,000	-	Hall Capital
222 W. Coleman Blvd.	East Islands	\$259.40	19,681	-	Cobb et al
1200 Two Island Ct	East Islands	\$412.75	16,006	-	EFC Corp

LARGEST DELIVERIES

Address	City	SF	Delivery Date
8571 Rivers Ave	N Charleston	168,000	Q1 2018
4401 Leeds Place W	N Charleston	105,000	Q1 2018
8960 University Blvd.	N Charleston	47,000	Q1 2018

LARGEST UNDER CONSTRUCTION

Address	City	SF	Delivery Date
Blackbaud Campus	Daniel Island	172,000	Q2 2018
75 Port City Landing	Mt. Pleasant	125,000	Q2 2019
5500 Front St	Summerville	100,000	Q2 2018

TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2018	5.4%	\$21.61	78,576	29,395,600	628,154
Q4 2017	4.5%	\$21.47	412,979	29,038,231	848,307
Q3 2017	5.7%	\$22.43	82,024	28,960,598	761,755
Q2 2017	5.4%	\$21.33	262,702	28,798,337	903,523
Q1 2017	5.9%	\$20.84	159,855	28,678,933	836,354

 **78,576** NET ABSORPTION SF

 **5.4%** VACANCY 1,582,066 SF

 **\$21.61** AVG. ASKING RATE PSF

 **360,121** DELIVERIES 9 Buildings

 **628,154** UNDER CONSTRUCTION 11 BUILDINGS

CAMERON YOST

Associate

2018 is off to a vibrant start, strong demand for office space continues to push lease rates up. Development of new office buildings outside of the downtown central business district on the peninsula to the upper peninsula/neck area and over to Mount Pleasant/Daniel Island continues to be a trend. Charleston continues to experience dramatic population and job growth and we expect investment in this market to continue to increase to meet demand.



 **NET ABSORPTION SF**
(21,789)

 **VACANCY**
7.4%
2,939,579 SF

 **AVG. ASKING RATE PSF**
\$17.43

 **DELIVERIES**
23,281
3 Buildings

 **UNDER CONSTRUCTION**
143,057
6 BUILDINGS

SIGNIFICANT LEASE DEALS

Address	Submarket	SF	Tenant
Regions Bank Bldg	Greenville CBD	18,578	NAI Earle Furman
401 Brookfield Pkwy	Woodruff	8,435	-
101 Pine Downtown	Spartanburg	5,810	-

SIGNIFICANT BUILDING SALES

Address	Submarket	PPSF	SF	Cap Rate	Buyer
55 E. Camperdown	Greenville	\$273.20	98,828	-	Centennial
3030 E. Greenville	Anderson	\$432.98	57,740	6.09%	NGP Mgmt
350 Halton Rd	Greenville	\$80.26	228,638	-	Tempus RE

LARGEST DELIVERIES

Address	City	SF	Delivery Date
1030 E. Butler Rd	Greenville	10,500	Q1 2018
1511 Batesville Rd #C	Greenville	8,000	Q1 2018
8318 Augusta Rd	Greenville	4,781	Q1 2018

LARGEST UNDER CONSTRUCTION

Address	City	SF	Delivery Date
Marue Dr	Greenville	60,000	Q4 2018
615 Congaree Rd	Greenville	26,567	Q4 2018
485 N. Main St	Greenville	18,333	Q3 2018

TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2018	7.4%	\$17.43	(21,789)	39,511,942	143,057
Q4 2017	7.4%	\$17.25	216,542	39,507,161	113,054
Q3 2017	7.5%	\$16.33	(17,433)	39,347,432	226,889
Q2 2017	7.5%	\$16.35	205,655	39,348,418	206,775
Q1 2017	8.9%	\$16.14	(240,166)	39,649,787	196,294

DARATH A. MACKIE

Associate


There were 76 office spaces that leased in Q1 at 164,000 SF and 28 properties sold in Q1 2018 for a combined \$26M. The Central Business District (CBD) is continuing the trend of large office users leaving downtown Greenville CBD due to lack of parking availability which is contributing to the slightly negative absorption in Q1 2018. CBD currently has an availability rate of 13.1% and approximately 773,000 SF of available office space.



 **NET ABSORPTION SF**
186,424

 **VACANCY**
6.8%
6,287,287 SF

 **AVG. ASKING RATE PSF**
\$24.92

 **DELIVERIES**
342,228
12 Buildings Since 2017

 **UNDER CONSTRUCTION**
179,845
9 BUILDINGS

SIGNIFICANT LEASE DEALS

Address	Submarket	SF	Tenant
3 Huntington Quad	Melville	35,698	Catholic HS of Long Is
3500 Sunrise Bus Ctr	Great River	17,988	Vitamin World
175 Fulton Ave	Hempstead	11,162	Cnslg Svs of East Dist

SIGNIFICANT BUILDING SALES

Address	Submarket	PPSF	SF	Cap Rate	Buyer
50 Clinton St	Hempstead	\$87.28	134,627	-	Vasco Vent
576 Broadhollow Rd	Melville	\$146.00	50,000	-	G2D Dev
1615 Northern Blvd	Manhasset	\$306.25	40,000	-	Unknown

RECENT DELIVERIES

Address	City	SF	Delivery Date
3400 New Hyde Park	New Hyde Park	233,000	Q3 2017
1500 Jericho Turnpike	Westbury	26,400	Q1 2017
39 Brentwood Rd	Bay Shore	24,635	Q1 2017

LARGEST UNDER CONSTRUCTION

Address	City	SF	Delivery Date
805 Northern Blvd	Great Neck	61,968	Q2 2018
1350 Union Turnpike	New Hyde Park	51,004	Q2 2018
215 Rogers Way	West Hampton	23,141	Q2 2018

TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2018	6.8%	\$24.92	186,424	92,273,124	179,845
Q4 2017	7.0%	\$25.47	42,679	92,269,124	160,704
Q3 2017	7.0%	\$25.44	(2,337)	92,230,791	188,537
Q2 2017	6.8%	\$25.42	65,957	91,996,791	410,537
Q1 2017	6.9%	\$25.16	(57,721)	91,992,622	414,706

HENRY ABRAMOV

Research Director

Asking rents fell from \$25.16 YOY after peaking at \$25.47 in Q4. Among 224 sales last year prices averaged \$181 per SF with an average 7.1% cap rate. The costliest of 10 submarkets were Southwestern Suffolk, averaging \$236 per SF, followed by \$217 per SF in Eastern Suffolk, which jumped 53.9% in sales volume. Notably, the vacancy rate in both markets is less than 5%. Central Nassau and Western Suffolk submarkets had the highest vacancy rates at 8.4% and 8.2% respectively.



986,342 **NET ABSORPTION SF**

7.8% **VACANCY**
37,549,163 SF

\$73.55 **AVG. ASKING RATE PSF**

701,352 **DELIVERIES**
4 Buildings Since 2017

16,441,340 **UNDER CONSTRUCTION**
24 BUILDINGS

HENRY ABRAMOV
Research Director

The vacancy rate fell to 7.8% in Q1 based on 896,342 SF of net absorption compared to negative 1.4 million SF a year ago. More than 100,000 SF of inventory were added in each of the last four quarters, increasing availability 20 basis points to 11.3%. With the technology sector gaining ground, TAMI giants continue to expand footprints, as with Google's \$2,017-per square foot purchase of the 1,188,501-SF Chelsea Market at 75 Ninth Avenue. New construction underway is up 7.5% year over year.

SIGNIFICANT LEASE DEALS

Address	Submarket	SF	Tenant
390 Madison Ave	Grand Central	418,241	JP Morgan Chase
6th Avenue	Rockefeller	400,000	Latham & Watkins
51 W. 52nd St	Plaza District	242,464	Wachtell, Lipton et al

SIGNIFICANT BUILDING SALES

Address	Submarket	PPSF	SF	Cap Rate	Buyer
75 Ninth Ave	Chelsea	\$2,017	1188501	-	Google
1700 Broadway	Mdtn West	\$744	625,000	4.5%	Rockpoint
330 Hudson St	Hudson Sq	\$825	466,738	-	AEW Mgmt

LARGEST DELIVERIES

Address	Submarket	SF	Delivery Date
175 Delancey St	Lower East Side	177,950	Q4 2017
540 W. 26th St	Chelsea	157,409	Q1 2018
412 W. 15th St	Chelsea	144,273	Q3 2017

LARGEST UNDER CONSTRUCTION

Address	Submarket	SF	Delivery Date
3 World Trade Center	World Trade Ctr	2,861,402	Q2 2018
30 Hudson Yards	Hudson Yards	2,600,000	Q3 2019
1 Manhattan West	Hudson Yards	2,216,609	Q4 2019

TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2018	7.8%	\$73.55	986,342	481,931,843	16,441,340
Q4 2017	8.0%	\$74.32	1,592,381	481,774,434	15,403,104
Q3 2017	8.4%	\$74.24	(564,204)	481,596,484	15,291,054
Q2 2017	8.3%	\$72.08	490,605	481,452,211	15,068,377
Q1 2017	8.5%	\$73.81	(1,440,702)	481,230,491	15,290,097



SIGNIFICANT LEASE DEALS

Address	Submarket	SF	Tenant
2 Gateway Center	Newark	46,250	Standard Chartered
530 Chestnut Ridge	Upper Pkwy	45,359	McLaren Eng Corp
400 Connell Dr Ctr 4	Route 78 East	39,603	-

SIGNIFICANT BUILDING SALES

Address	Submarket	PPSF	SF	Cap Rate	Buyer
106/110/150 Allen	Morris	\$141.52	526,784	-	A. Brach
35 Waterview Blvd.	Parsippany	\$163.19	172,498	10.08	YMP RE Mg
350-60 Mount Kemble	Morristown	\$149.57	234,000	-	Vision Prop

LARGEST DELIVERIES

Address	City	SF	Delivery Date
75 Fieldcrest Ave	Edison	100,000	Q1 2018
101 Case Rd	Lakewood	40,000	Q1 2018


LARGEST UNDER CONSTRUCTION

Address	City	SF	Delivery Date
110 Edison Place	Newark	402,352	Q4 2018
111 Sylvan Ave	Englewood Cliffs	360,000	Q3 2018
31 Eastern Rd Bldg 100	Kearny	250,000	Q4 2019

TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2018	12.3%	\$25.16	387,743	372,595,575	1,828,171
Q4 2017	12.4%	\$25.06	(160,162)	372,455,575	1,946,471
Q3 2017	12.3%	\$25.40	100,753	372,313,325	1,958,977
Q2 2017	12.3%	\$25.20	51,553	372,208,282	2,217,870
Q1 2017	12.5%	\$25.01	1,066,100	372,575,127	1,877,280

 **387,743** NET ABSORPTION SF

 **12.3%** VACANCY 45,963,192 SF

 **\$25.16** AVG. ASKING RATE PSF

 **140,000** DELIVERIES 2 Buildings

 **1,828,171** UNDER CONSTRUCTION 26 BUILDINGS

MICHAEL MALMSTONE

Real Estate Analyst

Landlords are facing difficult choices: Make needed improvements to compete for new tenants - tough to pencil with most properties - or spend less and hope to retain existing tenants. Investors see prices as inflated and are more selective. The two most common sell scenarios: Lender-driven sales of high-vacancy properties as value-add opportunities. These usually trade well below \$100 per SF, enabling buyers to undercut market rents. The other is the Class A asset with strong cash flow that's also attracting foreign buyers.

Vacancy Steady, Rents Up

Demand for retail space in the first quarter was off 31% year over year, but absorption slightly outpaced deliveries. The overall vacancy rate held steady at 4.5%, unchanged from Q4 and year over year. Average asking rents were up 3.9% over the last four quarters.

The year-over-year decline was due to weakness in the general retail and shopping center categories, which combine for about 84% of the nation's 14-billion-SF retail inventory. The Q1 general retail vacancy rate was 2.9%, unchanged since 2016, and the vacancy rate for shopping centers settled at 7.3%, down 40 basis points year over year.

Tenant growth in general retail, which accounts for about 52% of all retail space, was off 40% in Q1 from the same period last year. Net absorption in shopping centers - 32% of the retail base - was down 9% from Q1 last year. Demand for mall space, was off 66% from a year ago and absorption in power center gained 31%. Malls and power centers account for 8.2% and 6.7% respectively of total inventory.

SIGNIFICANT LEASE DEALS

Lease Name	SF	Location
The Dump	135,855	SWC Lake Cook/Waukegan, Chicago
Lifetime Athletic	120,000	2001 S. Lindbergh Blvd, St Louis
Tommy's	110,000	495 Summit Dr, Detroit

LARGEST DELIVERIES

Building Name	City	SF	% Occupied
Aventura Mall Exp	Miami-Dade	315,000	100% Occupied
500 N. US-77 Hwy	Corpus Christi	311,247	100% Occupied
Music Factory	Dallas/Ft Worth	265,000	100% Occupied

LARGEST YTD ABSORPTION GAINS & LOSS

Market	SF	Gain / Loss
Philadelphia, PA	1.80M	
Houston, TX	1.40M	
Atlanta, GA	1.30M	
Salt Lake City, UT	526,754	

SIGNIFICANT BUILDING SALES

Address	Market	SF	Price/SF	Cap Rate	Buyer	Seller
Best in the West	Las Vegas	464,917	\$187.13	7.85%	Weingarten	Vestar
3810 Richmond Ave	Houston	253,237	\$331.71	5.50%	LaSalle Inv	DDR Corp
2335 New Hyde Park	Long Island	75,225	\$990.36	N/A	Cp&lpers New Hyde LLC	Blackstone

NET ABSORPTION
17.5 Million SF

VACANCY
4.5% 17.4 Million SF vacant office space

AVG. ASKING RATE
1.6% \$16.49 Avg Asking Rate PSF

DELIVERIES
17.2 Million SF

UNDER CONSTRUCTION
76.8 Million SF

The final sales tally for 2017 showed a decline in activity and prices. Transactions for the year totaled \$27.3 billion, averaging \$152.28 per SF, compared to \$32.5 billion in 2016 with a trading average of \$177.17 per SF, a 14% decline. Cap rates increased slightly, averaging 7.12% compared to 7.08% the year before.

First-quarter deliveries totaled 17.2 million SF, compared to 21.7 million SF in Q4 and 18 million SF for the same period last year. The volume of space under construction at the end of Q1 was 76.8 million SF, off 11.4% from the same period last year.



SIGNIFICANT LEASE DEALS

Address	Submarket	SF	Tenant
2710 Crow Cyn Rd	San Ramon	21,930	Staples
4444 Lone Tree Way	Antioch	20,416	dd's Discount
272-74 14th St	Oakland	14,250	-

SIGNIFICANT BUILDING SALES

Address	Submarket	PPSF	SF	Cap Rate	Buyer
3288 Pierce St	Richmond	\$263.45	106,284	9.0%	Bond Mfg
1400 Hilltop Mall Rd	Richmond	\$41.24	575,884	-	LBG Rlty
40500 Albrae St	Fremont	\$160.18	119,866	5.5%	S. Chang

LARGEST DELIVERIES


Address	City	SF	Delivery Date
2840 Dublin Blvd.	Dublin	74,170	Q1 2018
4831 Lone Tree Way	Antioch	19,000	Q1 2018
Seminary Pt-Walgreens	Oakland	14,250	Q1 2018

LARGEST UNDER CONSTRUCTION

Address	City	SF	Delivery Date
City Ctr Phase I	San Ramon	350,000	Q4 2018
New Season's Mkt	Emeryville	105,000	Q2 2018

TOTAL RETAIL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2018	3.2%	\$26.09	187,496	123,864,381	646,554
Q4 2017	3.3%	\$25.36	552,079	123,734,369	768,709
Q3 2017	3.4%	\$25.24	(97,792)	123,374,827	1,150,258
Q2 2017	3.3%	\$25.16	107,595	123,359,924	1,050,707
Q1 2017	3.4%	\$24.88	39,755	123,303,357	1,074,114

 **NET ABSORPTION SF**
187,496

 **VACANCY**
3,990,017 SF
3.2%

 **AVG. ASKING RATE PSF**
\$26.09

 **DELIVERIES**
6 Buildings
130,012

 **UNDER CONSTRUCTION**
15 BUILDINGS
646,554

JESSICA MAUSER

Retail Specialist

Net absorption has run ahead of deliveries in three of the last four quarters and is on track to outpace completions for the ninth straight year. Average asking rents are up 4.8% year over year, increasing 25.6% since 2012. Rents for general retail space, which accounts for about half the market's base, are up nearly 43% since 2010. Sales data now in for last year shows cap rates rose to an average of 5.91% compared to 5.73% in 2016.



SIGNIFICANT LEASE DEALS

Address	Submarket	SF	Tenant
13702 Jamboree	Irvine	41,000	World Plus Consign
2500 Imperial Hwy	Brea	40,536	Bob's Discount Furn
126 Rochester	Costa Mesa	10,400	Billabong

SIGNIFICANT BUILDING SALES

Address	Submarket	PPSF	SF	Cap Rate	Buyer
3333 Bristol	Costa Mesa	\$703.62	265,166	-	Segerstrom
1870 Harbor Blvd.	Costa Mesa	\$272,34	204,523	6.5%	Westbrook Pt
133 S. Yorba St	Orange	\$536.01	59,233	-	Inland RE Gr

LARGEST DELIVERIES


Address	City	SF	Delivery Date

LARGEST UNDER CONSTRUCTION

Address	City	SF	Delivery Date
Laguna Hills Mall Rd	Laguna Hills	173,000	Q3 2018
18431 Yorba Linda	Yorba Linda	49,500	Q2 2018
NEC Imperial/Yorba Lind	Yorba Linda	26,425	Q2 2018

TOTAL RETAIL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2018	3.7%	\$25.75	274,150	144,873,844	376,077
Q4 2017	3.9%	\$25.78	355,498	144,870,439	365,482
Q3 2017	4.0%	\$25.85	64,410	144,697,409	478,182
Q2 2017	4.0%	\$26.01	(101,237)	144,580,666	526,5990
Q1 2017	3.9%	\$26.17	78,644	144,525,918	525,677

 **274,150** NET ABSORPTION SF

 **3.7%** VACANCY 5,377,856 SF

 **\$25.75** AVG. ASKING RATE PSF

 **0** DELIVERIES Buildings

 **376,077** UNDER CONSTRUCTION 20 BUILDINGS

TOM GIOIA
Senior Vice President

The overall Retail Commercial market remains very steady with leasing and sales holding strong. Retail commercial leasing has less than a 3% vacancy rate for Orange County that is holding rates firm. Sales for Retail has strong activity as the CAP rates have increased a small amount which impacts pricing.



SIGNIFICANT LEASE DEALS

Address	Submarket	SF	Tenant
3504 College Blvd.	Oceanside	58,646	Hobby Lobby
3029 University Ave	San Diego	39,450	Target
San Carlos Village	La Mesa	19,134	Aldi

SIGNIFICANT BUILDING SALES

Address	Submarket	PPSF	SF	Cap Rate	Buyer
Scripps Ranch Mktpl	San Diego	\$537.33	128,035	-	Regency Ctr
Campus Marketplace	San Marcos	\$513.40	142,872	5.2%	InvenTrust
Del Mar Plaza	Del Mar	\$609.67	74,631	-	Brixton Cap

LARGEST DELIVERIES

Address	City	SF	Delivery Date
3301 Mission Ave	Oceanside	9,840	Q1 2018
2217 S El Camino Real	Oceanside	8,607	Q1 2018
2251 S. El Camino Real	Oceanside	8,434	Q1, 2018

LARGEST UNDER CONSTRUCTION

Address	City	SF	Delivery Date
Millenia Town Ctr A-D	Chula Vista	80,304	Q3 2018
999 N. Broadway	Escondido	43,500	Q3 2018
555 W. Date St	San Diego	16,057	Q2 2018

TOTAL RETAIL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2018	3.6%	\$22.56	(149,493)	140,890,902	271,284
Q4 2017	3.4%	\$22.79	511,426	140,846,738	296,426
Q3 2017	3.4%	\$23.04	99,172	140,303,753	796,670
Q2 2017	3.6%	\$22.84	101,017	140,208,567	812,408
Q1 2017	3.7%	\$22.28	82,495	140,133,823	748,542

 **NET ABSORPTION SF**
(149,493)

 **VACANCY**
5,043,108 SF
3.6%

 **AVG. ASKING RATE PSF**
\$22.56

 **DELIVERIES**
8 Buildings
50,064

 **UNDER CONSTRUCTION**
24 BUILDINGS
271,284

ERIK FAUCETT
Vice President

Thriving tech and medical sectors and 30 million tourists annually are among the solid fundamentals keeping vacancies near record lows. Rents for Class A space are as high as \$6 per SF NNN. University Town Center, Downtown and Mission Valley are popular with Millennials, and the coastal markets, such as Carlsbad, Del Mar and La Jolla, are the priciest. Developers are looking for mixed-use infill opportunities. Toys 'R' Us and Aaron Brothers are closing 11 stores.



SIGNIFICANT LEASE DEALS

Address	Submarket	SF	Tenant
1125 Robson St	Downtown	14,507	Muji
1030 W. Georgia St	Downtown	12,000	Hermes
Richmond Centre	Downtown	8,010	Uniqlo

SIGNIFICANT BUILDING SALES

Address	Submarket	PPSF	SF	Cap Rate	Buyer
Marine Way Mktplace	Burnaby	\$635.00	174,000	-	GWL Rlty Adv
Starlight Casino	Westminster	\$691.00	149,000	-	Mesirow Fncl
Richmond Centre	Richmond	\$88.00	790,000	-	AIMCo

LARGEST DELIVERIES

Address	City	SF	Delivery Date
CentreView by Onni	No Vancouver	90,000	Q1 2018
River District Town Ctr III	Vancouver	19,000	Q1 2018

LARGEST UNDER CONSTRUCTION

Address	City	SF	Delivery Date
Amazing Brentwood	Burnaby	1,100,000	Q2 2019
Gilmore Place	Burnaby	450,000	Q2 2024
River District	Vancouver	250,000	Q2 2019

TOTAL RETAIL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2018	4.0%	\$39.00	0	19,700,000	4,000,000
Q4 2017	4.0%	\$39.00	0	19,500,000	1,900,000
Q3 2017	4.0%	\$37.00	0	19,500,000	1,900,000
Q2 2017	4.0%	\$36.00	1,440,000	18,700,000	2,000,250
Q1 2017	4.0%	\$34.00	927,250	17,200,000	1,800,000



0

**NET
ABSORPTION
SF**



4.0%

VACANCY



\$39.00

**AVG. ASKING
RATE PSF**



DELIVERIES
Buildings



4,000,000

**UNDER
CONSTRUCTION**
SF

RUSSELL LONG

Associate, Retail Properties

The Vancouver market is experiencing a construction boom comprised primarily of mixed-use residential developments with retail at grade. Fitness uses are becoming increasingly more common and traditional retail is becoming relevant only in distinct shopping nodes. Retail investment reached an all-time high during the first quarter although developers are starting to be cautious as the housing market appears to be in a debt-filled bubble. The increased property taxes resulting from highland values have forced development while rates of older product remain stable.



SIGNIFICANT LEASE DEALS

Address	Submarket	SF	Tenant
College Park Center	Parker County	47,290	Orsheln Farm & Rnch
Highland Village	Lewisville	38,230	-
Dollar Tree Center	N Grand Prairie	33,500	-

SIGNIFICANT BUILDING SALES

Address	Submarket	PPSF	SF	Cap Rate	Buyer
4200 Abrams Rd	Dallas	\$306.55	168,975	-	Northwood
Eldorado Plaza	McKinney	\$210.31	221,577	6.7%	Whitestone
4040 N. MacArthur	Irving	\$263.66	135,020	-	Longpoint

LARGEST DELIVERIES


Address	City	SF	Delivery Date
Music Factory	Dallas	265,000	Q1 2018
Gates of Prosper	Dallas	212,086	Q1 2018
Walmart Supercenter	Fort Worth	183,072	Q1 2018


LARGEST UNDER CONSTRUCTION

Address	City	SF	Delivery Date
Headquarters Drive	Dallas	180,000	Q4 2018
E Northwest Hwy/Abra	Dallas	156,641	Q4 2018
NEC Hardin/US 380	Dallas	150,000	Q3 2018


TOTAL RETAIL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2018	4.8%	\$16.01	625,772	425,373,965	2,981,249
Q4 2017	4.6%	\$16.11	2,040,036	423,914,114	4,027,274
Q3 2017	4.8%	\$15.58	2,022,295	422,285,513	4,545,226
Q2 2017	5.1%	\$15.54	(717,381)	421,827,831	5,963,215
Q1 2017	4.7%	\$15.26	1,061,551	420,288,698	6,425,794

 **NET ABSORPTION SF**
625,772

 **VACANCY**
56,228,141 SF
4.8%

 **AVG. ASKING RATE PSF**
\$16.01

 **DELIVERIES**
79 Buildings
1,728,627

 **UNDER CONSTRUCTION**
143 BUILDINGS
2,981,249

GEORGE TANGHONGS, SIOR

Principal

We are still experiencing new construction as well as positive absorption as a whole. Sublease space has been trending up the last 4 quarters. Vacancy rates are at a historic 10 year low with rental rates being historically high.



SIGNIFICANT LEASE DEALS

Address	Submarket	SF	Tenant
1294 Iris Dr SE	Lithonia	55,000	Hobby Lobby
Roswell Village	Roswell	37,888	-
Snellville Oaks	Lawrenceville	29,000	-

SIGNIFICANT BUILDING SALES

Address	Submarket	PPSF	SF	Cap Rate	Buyer
No Point Market Ctr	Alpharetta	\$254.07	427,053	-	CBRE
Peachtree Station	Chamblee	\$577.39	116,212	-	Sarofim RA
Parkside West Cobb	Marietta	\$322.47	144,510	4.8%	Bentall Ken

LARGEST DELIVERIES

Address	City	SF	% Occupied
The Beacon Bldg A	Atlanta	88,057	Q1 2018
195 Athens Hwy	Loganville	55,000	100% Hobby Lobby
6131 Peachtree Pkwy	Norcross	37,000	100% LA Fitness

LARGEST UNDER CONSTRUCTION

Address	City	SF	Delivery Date
5874-5950 Steeplechs	Cumming	123,552	Q3 2018
Buckner Crossing	Mableton	90,540	Q2 2018
14th Street	Atlanta	72,000	Whole Foods


TOTAL RETAIL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2018	5.2%	\$14.34	1,265,315	369,397,814	1,539,492
Q4 2017	5.3%	\$13.94	766,205	368,615,850	2,102,059
Q3 2017	5.4%	\$13.53	986,423	368,253,313	2,122,564
Q2 2017	5.5%	\$13.21	1,610,642	367,516,366	2,640,016
Q1 2017	5.6%	\$13.16	1,322,079	366,270,202	3,388,747

 **NET ABSORPTION SF**
1,265,315

 **VACANCY**
19,062,082 SF
5.2%

 **AVG. ASKING RATE PSF**
\$14.34

 **DELIVERIES**
27 Buildings
858,829

 **UNDER CONSTRUCTION**
88 BUILDINGS
1,539,492

MICHAEL DAHMER
Senior Director

The Atlanta retail market experienced a strong and steady performance in Q1 2018. The vacancy rate went from 5.3% in the previous quarter to 5.2% in the current quarter. Net absorption was positive 1,265,315 square feet and quoted rental rates increased from fourth quarter 2017 levels, ending at \$14.34 per square foot per year. A total of 27 retail buildings with 858,829 square feet of retail space were delivered to the market in the quarter, with 1,539,492 square feet still under construction at the end of the quarter.



 **211,877** NET ABSORPTION SF

 **2.8%** VACANCY 1,250,391 SF

 **\$23.52** AVG. ASKING RATE PSF

 **126,781** DELIVERIES 6 Buildings

 **524,582** UNDER CONSTRUCTION 36 BUILDINGS

WILLIAM SHERROD, CCIM

Principal

Announced closures of four BI-LO grocery stores created a stir and more may be on the way if the grocer files for bankruptcy. Available space may be backfilled with other grocers and some adaptive re-use is likely. Restaurant and fitness expansions continue and medical office increasingly is attracted to retail-oriented locations. New mixed-use developments with retail components continue to filter into the market. New power center and general retail deliveries are scarce but some are in the pipeline.

SIGNIFICANT LEASE DEALS

Address	Submarket	SF	Tenant
Belle Hall Shopping	Mt. Pleasant	30,000	Crunch Fitness
9313 Medical Plaza	N Charleston	7,575	Palmetto Primary Care

SIGNIFICANT BUILDING SALES

Address	Submarket	PPSF	SF	Cap Rate	Buyer
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LARGEST DELIVERIES

Address	City	SF	% Occupied
3265 N. Highway 17	Mt. Pleasant	100,000	100% Lowe's
Promenade @ Nrthwds	N. Charleston	40,325	100% Gander
414 Remi Trail	Summerville	8,320	100% Family Dollar

LARGEST UNDER CONSTRUCTION

Address	City	SF	Delivery Date
2213 Hwy 17th North	Mt. Pleasant	100,000	Home Depot

TOTAL RETAIL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2018	2.8%	\$23.52	211,877	44,344,299	524,582
Q4 2017	3.0%	\$23.17	396,216	44,230,796	459,812
Q3 2017	3.6%	\$22.25	(114,475)	44,070,413	546,640
Q2 2017	3.2%	\$21.50	185,668	43,990,741	572,992
Q1 2017	3.2%	\$19.67	(17,000)	43,798,623	387,970



 **NET ABSORPTION SF**
186,663

 **VACANCY**
4.4%
3,820,512SF

 **AVG. ASKING RATE PSF**
\$11.82

 **DELIVERIES**
119,837
9 Buildings

 **UNDER CONSTRUCTION**
421,130
20 BUILDINGS

JAMES MCKAY

Associate

The market remains healthy with retail vacancy rates dipping below 4.5% for the first time in more than 10 years. Low vacancy and increasing rental rates are fueling new construction, making Greenville a desirable market for retailers and developers. Greenville continues to garner national attention, including from Jobseekers, Livability and National Geographic Traveler, which ranks Greenville 17th among the nation's top 30 small cities. The national recognition has helped build and maintain a strong retail market.

SIGNIFICANT LEASE DEALS

Address	Submarket	SF	Tenant
2940 Fork Shoals Rd	Greenville	40,000	CubeSmart
345 S. Main St	Spartanburg	23,000	Roses
5991 Calhoun Mem	Pickens Cnty	10,900	Dream Center

SIGNIFICANT BUILDING SALES

Address	Submarket	PPSF	SF	Cap Rate	Buyer
101 Dorman Centre	Spartanburg	\$118.47	388,276	-	Slate Retail
1451 Woodruff Rd	Greenville	\$96.58	200,084	7.58%	Realty Inc
2815 Woodruff Rd	Simpsonville	\$315.44	51,118	-	Eastern Fed

LARGEST DELIVERIES

Address	City	SF	% Occupied
Planet Fitness	Greenville	40,000	100%
Markley Station Bldg 1	Greenville	35,773	29%
Markley Station Bldg 2	Greenville	9,227	48%

LARGEST UNDER CONSTRUCTION

Address	City	SF	Delivery Date
Liberty St Development	Spartanburg	89,500	Q1 2019
10903 Anderson Rd	Anderson	71,973	Q3 2018
Earth Fare Pl Ph 3	Greenville	44,400	Q2 2018

TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2018	4.4%	\$11.82	186,663	87,533,051	421,130
Q4 2017	4.5%	\$11.20	363,204	87,413,873	487,052
Q3 2017	4.7%	\$11.27	(68,111)	87,234,461	500,910
Q2 2017	4.6%	\$10.71	154,380	87,195,961	441,092
Q1 2017	4.5%	\$10.51	240,122	87,005,765	520,135

ECONOMIC OVERVIEW



Trending in Q1

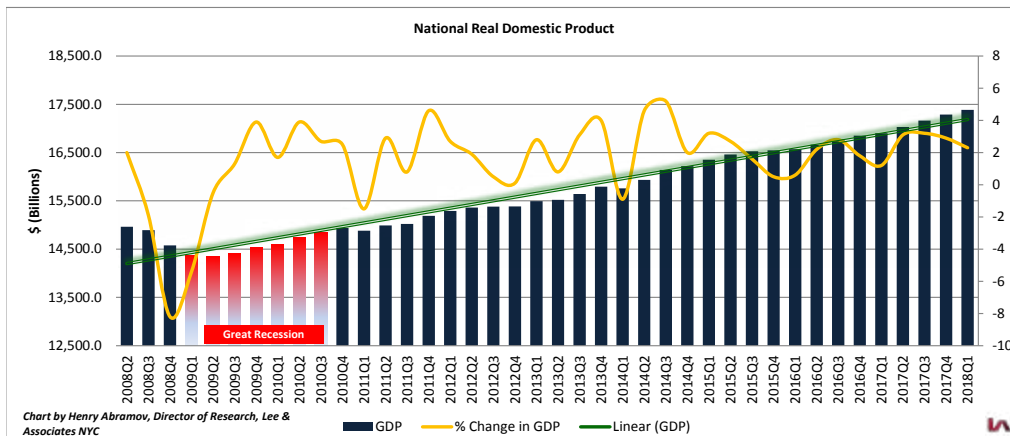
The nation's economy grew at a 2.3% rate in the first quarter as strong business investment offset weakness in consumer spending. The pace of growth, an improvement from the Fed's 1.8% prior estimate, was a slight slowdown from the 2.9% rate posted at the end of last year.

Consumers pulled back on purchases of cars, gasoline, furniture, electronics, health products and groceries. Household outlays increased at a 1.1% rate in Q1 compared to the 4% jump in Q4. Spending on big-ticket

policies had been expected to spur Americans to go shopping, causing factories to ramp up production and lift economic growth.

Economists had expected a bump to come in February when many Americans first saw more take-home pay from the \$1.5 trillion tax cut. Some analysts blamed last fall's extensive hurricane damage in southern states for forcing consumers to open their wallets for the unplanned replacement of vehicles and household goods.

As spending from bigger paychecks likely will



Consumers pulled back on purchases of cars, gasoline, furniture, electronics, health products and groceries.

items like cars and appliances dropped at a 3.3% rate, the steepest decline since 2009.

The Federal Open Market Committee in its latest prediction, which took President Trump's economic policies and tax cut into account, said GDP will rise in 2018 by 2.7%, 2.4% next year and 2% in 2020 - rates that fall short of the Congressional Budget Office's projections of 3.3%, 2.4% and 1.8%. Those

be spread over the course of a year, a report on individual tax-cut provisions by the nonprofit Tax Policy Center said 65% of households will receive an average of \$2,180 in 2018.

Reduced consumer spending hasn't been across the board. After excluding cars and gas, spending was up 0.3% in February. And despite the three-month breather, retail sales have grown 4% over the last year.



Trending in Q1

The employment picture continued to improve in the first quarter that ended with the streak of initial jobless claims below 300,000 for its 163rd consecutive week, the longest stretch going back to 1967.

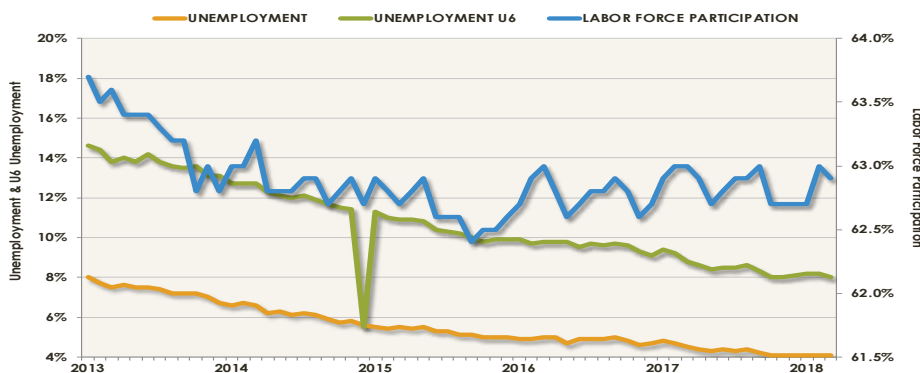
The low level of weekly claims, a proxy for layoffs, is among several signs of health in the labor market. The unemployment rate has been steady at 4.1% since October.

Although the Labor Department reported the U.S. added 103,000 positions in March, below the 178,000 new jobs that were expected,

offshore, added almost 300,000 positions since November 2016, including 22,000 jobs in March. Overtime is up and orders are rising.

The weak March data, in part, is blamed on President Trump's announcements early in the month about slapping tariffs on steel and aluminum. That caused nervousness among manufacturing employers who, until then, had become accustomed to pro-business sentiment coming from the White House.

Farmers also joined a chorus voicing deep



Manufacturing added almost 300,000 positions since November 2016, including 22,000 jobs in March. Overtime is up and orders rising.

analysts expressed confidence the positive trend would continue.

The chief economist of The Conference Board for North America, Gad Levanon, dismissed the disappointing March employment data, calling it "noise in an otherwise fast-growing labor market."

Manufacturing, which for years has been the sick patient in the U.S. economy as multinational companies have moved jobs

concerns about the potential economic damage they believe could occur if tariffs -- which are intended to support domestic producers by raising the cost of imports -- trigger retaliation threatened by China.

Executives of the U.S. aerospace companies also fear their industry, one of the nation's largest exporters, could be hurt badly by the Chinese, who are projected to account nearly 20% of jetliner deliveries in the next few years.



Trending in Q1

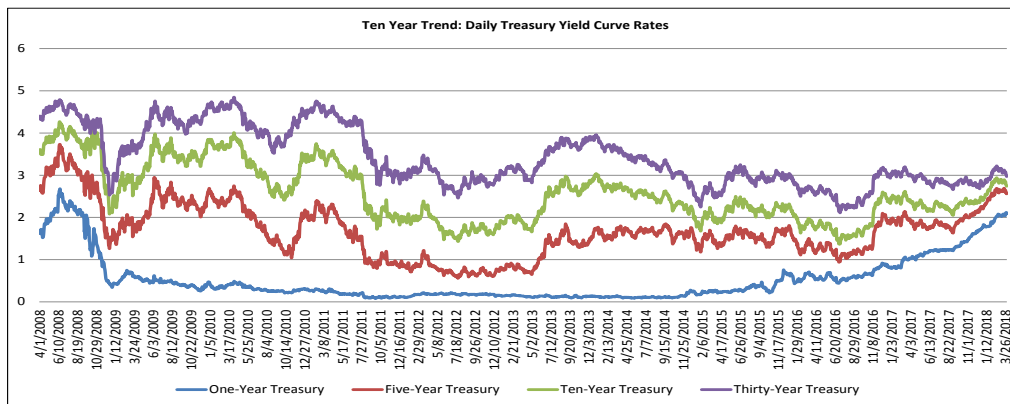
The Federal Reserve has raised its benchmark federal-funds rate in March a quarter percentage point to a range between 1.5% to 1.75%. It was the sixth increase since December 2015, and Fed officials in their March meeting were increasingly unified in their expectation for three more rate bumps this year and possibly a fourth. It was the first meeting led by new Fed Chairman Jerome Powell.

There also were serious concerns raised by the majority about protectionist U.S. moves

orrestraining factor for economic activity.”

Central bankers remain uncertain about the effects of the Trump tax cuts and increased government spending. As minutes of the meeting reported, “There have been few historical examples of expansionary fiscal policy being implemented when the economy was operating at a high level of resource utilization.”

On the issue of trade, minutes of the meeting also reported that retaliatory actions from other countries along with other policy



Fed officials are confident the economy will perform strongly for the rest of the year.

and the potential damage a trade war could have on growth.

Minutes of the Fed’s March meeting show that officials are confident the economy will shrug off Q1’s weak growth to perform strongly for the rest of the year. Additionally, the central bank acknowledged that monetary policy eventually “would likely move from an accommodate stance to being a neutral

uncertainties were seen “as downside risks for the U.S. economy.”

Among those expressing concern was William Dudley, president of the Federal Reserve Bank of New York. In a subsequent speech, Dudley said although he can find no fault with hard negotiations to protect U.S. interests, “A tariff war would be a terrible, terrible outcome. I don’t really think a trade war is a winnable proposition.”



Trending in Q1

Boosted by strong expansion in advanced economies, global growth is set to hit 3.9% in 2018, the fastest pace since 2011, according to the International Monetary Fund. But there is less optimism in some quarters with concerns that cracks may be beginning to appear in the global growth story. The IMF estimates that 40% of growth since 2016 is tied to cyclical rise in demand with the remainder coming from higher potential growth, which was up by 0.4 percentage point to about 1.6% between 2011 and last

got spooked by trade disruption worries. Copper and coal prices are off more than 5% since December. Aluminum prices are down 10% and iron ore is off almost 9% -- weakness which is striking because the dollar's slide over the period usually benefits commodity prices. Weakness likely is also connected to increasing trade tensions. This is leading analysts to speculate that the strong global rebound in manufacturing since 2016 is close to peaking, if it hasn't already. In China, slowing momentum

Global growth is set to hit 3.9% in 2018, the fastest pace since 2011.



year in 10 select advanced economies. That's well below pre-crisis levels of 2% to 2.5%. But lately commodity markets and global industry are flashing warning signs. Even though manufacturing in most large economies are still growing, the pace of the expansion has eased in recent months. And key commodities like copper and aluminum began selling off late last year even before markets

began months ago and the nation's official purchasing managers index peaked at the end of Q3. The new concern is other major indexes are following suit. Although Markit's eurozone PMI is off four points since the end of last year, it remains comfortably above the 50-point mark that separates expansion from contraction. Korean and Japanese PMIs have also dipped.

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