

# Q1 2019 Market Reports



INDUSTRIAL



REGIONAL OVERVIEWS

LOCAL EXPERTISE.  
INTERNATIONAL  
REACH.  
WORLD CLASS.

## WEST

### CALIFORNIA

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

### COLORADO

Denver

### IDAHO

Boise

### NEVADA

Reno

## WASHINGTON

Seattle  
 Tacoma

## SOUTHWEST

### ARIZONA

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

Cincinnati  
 Cleveland  
 Columbus

### WISCONSIN

Madison

## NORTHEAST

### MARYLAND

Maryland  
 Maryland Lee Chesapeake Property Management

### NEW JERSEY

New Jersey - North & Central

### NEW YORK

Long Island/Queens  
 New York

### PENNSYLVANIA

Eastern Pennsylvania - Central PA  
 Eastern Pennsylvania - Suburban Philadelphia

## SOUTHEAST

### FLORIDA

Miami  
 Naples - Ft. Myers  
 Orlando

### GEORGIA

Atlanta  
 Atlanta Valuation and Consulting  
 Corporate Solutions - Tenant Advisory

### NORTH CAROLINA

Raleigh-Durham

### SOUTH CAROLINA

Charleston  
 Greenville

## CANADA

### BRITISH COLUMBIA

Vancouver

## Q1 2019 FEATURED MARKETS

### INDUSTRIAL

- Inland Empire East
- Inland Empire West
- Los Angeles South Bay
- Los Angeles North
- Orange County
- Stockton - Central Valley
- Seattle - Puget Sound
- Denver
- Metro Vancouver
- Metro Phoenix
- Dallas - Ft Worth
- Houston
- Twin Cities
- Detroit
- Chicago
- Columbus
- Atlanta
- Charleston
- Greenville-Spartanburg
- South Florida
- New York City
- Eastern Pennsylvania
- Baltimore
- Northern New Jersey

### OFFICE:

- Los Angeles San Gabriel Valley
- Los Angeles North
- Orange County
- Seattle - Puget Sound
- Denver
- Metro Vancouver
- Metro Phoenix
- Dallas - Ft Worth
- Houston
- Atlanta
- Charleston
- Greenville - Spartanburg
- South Florida

### RETAIL:

- New York
- Columbia, MD
- Northern New Jersey
- Los Angeles San Gabriel Valley
- Los Angeles Tri-Cities
- Chicago
- Atlanta
- Charleston
- Greenville - Spartanburg
- South Florida


### Demand Eases, Rents Surge, Big Trades Dominate


Tenant demand for industrial space declined in the first quarter, posting the weakest three-month absorption in five years. Meanwhile, rental rates surged, a record volume of space was under construction and portfolio sales continued to dominate transaction activity.


Net absorption in Q1 totaled 31.9 million SF, which was off nearly 41% from the same period last year. The decline was in contrast to 79.9 million SF of net absorption in the fourth-quarter, when strong demand outpaced deliveries. The overall Q1 vacancy rate ticked upward 10 basis points from year-end 2018, settling at 4.6%.


First-quarter deliveries totaled 63.5 million SF, up 8.7% from the same period last year, and 393 million SF were under construction, a 23.6% increase. Year-over-year asking rents gained an average of 8.5%.

Absorption totals typically are lowest in the first quarter. In the previous four years, first-quarter demand averaged 56.2 million SF with the strongest opening quarter coming in 2016, when Q1 tenant growth totaled 63.4 million SF and with absorption hitting nearly 351 million SF for the year, the largest annual gain in the current cycle.

 **31.9**  
Q1 NET  
ABSORPTION  
Million SF

 **4.6%**  
VACANCY  
1.1 Billion SF

 **3.8%**  
AVG. ASKING  
RATE  
\$7.05 PER SF

 **63.6**  
Q1 DELIVERIES  
Million SF

 **393.0**  
UNDER  
CONSTRUCTION  
Million SF

Year-over-year Q1 tenant demand among top industrial metros was uneven. For example, Dallas, Detroit, Philadelphia and Houston markets posted absorption gains but growth slowed in Atlanta, Chicago, Northern New Jersey, Denver and Southern California's Inland Empire. Los Angeles posted 657,000 SF of negative net absorption in Q1 compared to 1.7 million SF of negative growth for the same period last year.

Investment activity continued to accelerate as REITs and private equity groups stepped up acquisitions of industrial assets more than any other group. There was a 34% jump in YOY transaction volume and prices gained 8.2% over the last 12 months midway through the first quarter. But that headline growth masked underlying weakness in single-asset sales, which were down 9% year over year for warehouse properties and 27% for flex buildings.

### MARKETS WITH MOST SF UNDER CONSTRUCTION

Market	SF	Market	SF
Dallas/Ft Worth, TX	31.1M	Atlanta, GA	19.3M
Inland Empire, CA	22.7M	Houston, TX	19.2M
Chicago, IL	20.6M	Phoenix, AZ	9.0M

### LOWEST VACANCY RATES AMONG TOP 25 MARKETS

Market	Vacancy Rate	Market	Vacancy Rate
Los Angeles, CA	2.5%	Orange County, CA	3.4%
Detroit, MI	3.0%	Long Island, NY	3.5%
Minneapolis, MN	3.4%	San Francisco, CA	3.6%

### HIGHEST RENTAL RATES

Market	Asking Rent/SF	Market	Asking Rent/SF
San Jose, CA	\$1.92	East Bay, CA	\$1.19
San Francisco, CA	\$1.79	New York, NY	\$1.13
San Diego, CA	\$1.32	Orange County, CA	\$1.13

### MOST 12-MONTH SALES VOLUME & PRICE PER SF

Market	Sales Volume	Price/SF	Market	Sales Volume	Price/SF
New York, NY	\$5.3B	\$174.00	San Jose, CA	\$3.4B	\$326.00
Los Angeles, CA	\$5.1B	\$203.00	Atlanta, GA	\$3.3B	\$64.00
Inland Empire, CA	\$5.0B	\$140.00	Seattle, WA	\$3.2B	\$168.00
Chicago, IL	\$4.8B	\$70.00	Dallas/Ft Worth, TX	\$2.5B	\$75.00



### SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF / Lease Rate	Tenant
22000 Opportunity Way	Riverside	503,592	Capital Logistics & Whrsng
375 W. Markham St	Perris	456,652	Geodis Logistics
15810 Heacock St	Moreno Valley	500,935	iHerb Vitamin Comapny

### SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
4150 Patterson Ave Perris	\$43,512,000 Investment	\$107.00 -	406,650 Class A	KKR Rockefeller Group
4982 Hallmark Pkwy San Bernardino, CA	\$33,328,000 Investment	\$98.00 -	340,080 Class A	Bixby Land Company Shaw Properties
1898 Marigold St Redlands	\$31,286,000 Investment	\$1078.00 -	289,683 Class B	Liberty Property Trust Kensington Redlands

### LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
4323 Indian Ave	Perris	656,695	Duke Realty Corp
24960 San Michele Rd	Moreno Valley	244,336	Duke Realty Corp
14000-14118 Meridian Pkwy	Riverside - 11 Bldgs	143,033	Silagi Dev & Mgmt


### LARGEST UNDER CONSTRUCTION


Address	Submarket/City	SF	Delivery Date
24400 Krameria Ave	Moreno Valley	1,331,763	Q4 2019
3520 S. Cactus Ave	Rialto	1,264,102	Q4 2019
1010 W. 4th St.	Beaumont	1,074,628	Q3 2019

### TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Gross SF Absorption	SF Inventory	SF Under Construction
Q1 2019	4.71%	\$8.43	3,869,865	234,034,555	18,750,669
Q3 2018	5.50%	\$8.81	8,363,013	229,308,545	15,205,970
Q3 2018	5.29%	\$8.64	6,244,653	224,108,619	14,994,108
Q2 2018	5.09%	\$8.22	6,830,974	220,826,264	17,307,247
Q1 2018	6.04%	\$8.26	5,849,999	216,182,812	16,460,544

 **GROSS ABSORPTION SF**  
3,869,865

 **VACANCY**  
11,019,785 SF  
4.71%

 **AVG. ASKING RATE PSF GRS**  
\$8.43

 **DELIVERIES**  
15 Buildings  
1,072,860

 **UNDER CONSTRUCTION**  
51 Buildings  
18,750,669

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

Gross activity continues at a break-neck pace despite low vacancy. Investor purchases and lease renewals account for much of the activity. There also is a steady stream of owner-user purchases and new leases. Gross absorption in Q1 slowed to 3.4 million SF possibly demonstrating the predicted easing. Distribution space continues to attract companies seeking lower prices and rents compared to areas near the Port of LA/Long Beach. Most new construction is expected in the 200,000+ SF segment. Prices and rents in nearly every submarket continue to break records.



### SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
Arrow Route Dist Center	Rancho Cucamonga	611,573	Steelcase
Watson Industrial Pk Bldg 839	Chino	505,735	Motivational Fulfillment
So Haven Bus Prk Bldg A	Ontario	436,994	Henkel

### SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
City	Type of Sale	Cap Rate	Class	Seller
California Comm Center So Ontario	\$26,575,000 Investment	\$132.63 -	200,370 Class B	Realterm US, Inc. Ledvance, LLC
-	-	-	-	-
-	-	-	-	-

### LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
14874 Jurupa Avenue	Fontana	158,119	IDI Logistics
905 Wineville Ave	Ontario	121,090	Waxie Properties
-	-	-	-


### LARGEST UNDER CONSTRUCTION


Address	Submarket/City	SF	Delivery Date
5051 Carpenter Ave	Ontario	1,197,820	Q4 2019
Goodman Ind Park, Bldg 2	Fontana	611,000	Q3 2019
15097 Van Vilet Ave	Chino	505,735	Q4 2019

### TOTAL INDUSTRIAL MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2019	1.37%	\$8.292	583,120	314,414,452	8,555,446
Q4 2018	1.45%	\$8.160	1,624,090	312,310,181	6,004,339
Q3 2018	1.44%	\$7.884	1,977,152	311,034,499	6,121,130
Q2 2018	1.37%	\$7.764	3,934,735	308,416,088	6,028,198
Q1 2018	1.22%	\$7.656	4,255,287	307,224,537	8,833,887

 **583,120** NET ABSORPTION SF

 **1.37%** VACANCY 4,319,284 SF

 **\$8.292** AVG. ASKING RATE PSF

 **376,395** DELIVERIES 3 Buildings

 **8,555,446** UNDER CONSTRUCTION 42 Buildings

#### ANGELICA GUZMAN

Director Marketing & Research

The IEW lead the way with a strong amount of gross activity this quarter at over ±8.5 million square feet due to the fast-moving market, record low vacancies, and continue growth with e-commerce. Continued demand has pushed asking rates to their highest at \$0.691 NNN, an increase of 8.3% from the 1st quarter of 2018. The West submarket had ±376,395 square feet completed construction this quarter. Another ±8,555,446 square feet are currently under construction.



### SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
303-335 W. Artesia Blvd.	Compton	159,084	R&L Carriers
2910-2960 Pacific Commerce	Rancho Dominguez	150,000	KCC Transport
3600 E. Burnett	Long Beach	105,004	Hydra Facial

### SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
1315 Watson Center Rd Carson	\$17,000,000 Owner/User	\$188.00 -	90,000 Class B	DMF Lighting Studio Molding
14605 S. Main St Gardena	\$6,250,000 Owner/User	\$182.31 -	34,282 Class B	Head West Automotive Undercar Pts
20210 Normandie Ave torrance	\$16,650,000 Investment	\$211.24 -	78,820 Class B	Undisclosed Airport Plaza LLC

### LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
-	-	-	-
-	-	-	-
-	-	-	-

### LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
21900 Wilmington	Carson	412,000	Jul 2019
15100 S. San Pedro St	Gardena	112,000	Aug 2019
-	-	-	-

### TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	1.5%	\$12.24	(122,652)	194,231,014	1,048,875
Q4 2018	1.3%	\$12.00	(248,925)	194,231,014	1,048,875
Q3 2018	1.5%	\$11.28	174,789	194,231,014	653,609
Q2 2018	1.2%	\$11.52	380,975	194,266,004	558,734
Q1 2018	1.2%	\$11.04	(205,124)	193,624,027	845,469

 **(122,652)** NET ABSORPTION SF

 **1.5%** VACANCY 2,843,447 SF

 **\$12.24** AVG. ASKING RATE PSF

 **0** DELIVERIES 0 Buildings

 **1,048,875** UNDER CONSTRUCTION 8 Buildings

#### DAVID BALES Principal

Vacancy has remained around 1% - 1.5% for almost three and a half years. There remains a lot of activity, however, there are very few places to land. Gross absorption in the Q1 slowed slightly to 3.4 Million SF., possibly demonstrating the predicted easing, however, overall South Bay Port volume was up slightly (0.22%) from last year's record breaking year. Distribution space in close proximity to the Ports continue to attract companies seeking value to expediate the speed to market in their supply chain. These rental values experienced a 2% increase just in the last quarter alone. With these increases, prices and rents in nearly every submarket continue to break records.



### SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
20525 Nordhoff St	Chatsworth	181,484	-
25045 Avenue Tibbitts	Valencia	142,392	Triscenic Services
28210 Avenue Stanford	Valencia	109,400	Santa Clarita Studios

### SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
20730 Prairie St Chatsworth	\$37,000,000 Investment	\$123.00 -	300,000 Class B	PGIM/Xebec Rlty Ptnrs Ball Corporation
29125 Avenue Valley View Valencia	\$37,000,000 Investment	\$197.00 -	187,540 Class A	Bay Center Properties SG Witherspoon, LLC
15200 Bledsoe St Sylmar	\$12,000,000 Owner/User	\$279.00 -	43,000 Class B	Bledsoe XC LLC Merle Norman Cosmetics

### LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
-	-	-	-
-	-	-	-
-	-	-	-


### LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
The Center @ Needham Ranch	Santa Clarita	870,163	Q3 2019 - Q1 2020
-	-	-	-
-	-	-	-

### TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2019	2.3%	\$11.28	86,695	134,556,656	927,500
Q4 2018	2.4%	\$11.40	223,044	134,806,723	927,500
Q3 2018	2.5%	\$10.44	69,885	134,808,215	912,000
Q2 2018	2.6%	\$10.44	(459,073)	135,244,901	928,830
Q1 2018	2.2%	\$10.56	171,043	135,023,704	1,094,943

 **NET ABSORPTION SF**  
86,695

 **VACANCY**  
3,061,923 SF  
2.3%

 **AVG. ASKING RATE PSF**  
\$11.28

 **DELIVERIES**  
0 Buildings  
0

 **UNDER CONSTRUCTION**  
8 Buildings  
927,500

#### SHELLY GARCIA

Director of Marketing

Industrial space may be scarce in the Los Angeles North industrial market, but leasing activity is plowing ahead despite the tight inventory. Nearly 1.6 million square feet of space was leased in Q1, a 32 percent increase over the prior quarter and 89 percent ahead of the year-ago period. While most of the country's industrial markets benefit from ecommerce, the increases in the L.A. North market are mainly due to growth in the entertainment industry, and entertainment tenants were responsible for two of the largest leases transacted in Q1.





### SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
200 N. Berry	Buena Park	248,608 (Renewal)	Walter's Wholesale Electric
6270 Caballero Blvd.	Buena Park	130,000	OC RV
3300 E. Birch St	Brea	111,679	Amore Pacific US

### SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
City	Type of Sale	Cap Rate	Class	Seller
4260 & 4278 N. Harbor	\$123,651,000	\$186.00	663,257	Prologis
Fullerton	Investment	-	Class A	Western Realco
12821 Knott St	\$19,800,000	\$119.00	120,800	Westcore
Garden Grove	Investment	-	Class A	Rexford Industrial
1481-1497 Main St	21,959,000	\$158.00	102,000	Horwin Trust
Orange	Investment	-	Class A	Alere Property Group

### LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
9453 Toledo Way	Irvine Spectrum	90,000	Applied Medical
721 S. Van Buren	Placentia	69,882	Panattoni Development
721 S. Van Buren	Placentia	60,809	Panattoni Development


### LARGEST UNDER CONSTRUCTION


Address	Submarket/City	SF	Delivery Date
1585 MacArthur Blvd. Segerstrom	Costa Mesa	100,276	Q2 2019
-	-	-	-
-	-	-	-

### TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2019	3.15%	\$13.08	(1,500,000)	300,550,000	100,276
Q4 2018	3.0%	\$12.88	3,387	300,670,000	368,780
Q3 2018	2.7%	\$12.76	(862,970)	299,687,049	1,557,384
Q2 2018	2.4%	\$12.54	(64,292)	299,682,090	1,457,108
Q1 2018	2.4%	\$12.40	550,359	299,725,413	1,134,754

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

 **3.15%** VACANCY 9,467,325 SF

 **\$13.08** AVG. ASKING RATE PSF

 **220,691** DELIVERIES 3 Buildings

 **100,276** UNDER CONSTRUCTION 1 Building

#### JACK HALEY, CCIM Principal

The industrial real estate market during the first quarter experienced a few large vacancies contributing to an increase in the countywide vacancy rate and negative absorption. JC Penney left Orange County leaving 1,100,000 SF vacant in Buena Park. Notable non-traditional demand continues to erode industrial inventory. Residential developments and new homeless shelters are opening in previously occupied industrial properties throughout the county. Recently, cannabis industrial users have purchased or leased buildings in Santa Ana at premium prices. Investors are still bullish on Orange County industrial properties. Overall the tenant demand is healthy especially for small to mid-sized buildings.

## STOCKTON - CENTRAL VALLEY



### SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
17100 Murphy Pkwy	Lathrop	613,000	Tesla
4114 Airport Way	Stockton	135,058	MAK Freight
1440 Performance Dr	Stockton	114,000	Ipex

### SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
1624 Army Crt Stockton	\$35,275,000 Rehab/Investment	\$53.77 -	655,976 Class B	Dermody Properties Toys R Us
4532 Newcastle Rd Stockton	\$105,300,000 Leased Investment	\$93.82 4.85%	1,122,341 Class A	CT Realty Bentall Kennedy
1340 Dupont Crt Manteca	- Portfolio Sale	- -	286,072 Class A	Dermody Properties Colony Capital

### LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
1440 Performance Dr	Stockton	185,193	Buzz Oates
-	-	-	-
-	-	-	-

### LARGEST UNDER CONSTRUCTION


Address	Submarket/City	SF	Delivery Date
BTS for Wayfair	Lathrop	1,100,000	Q2 2019
1137 E. Grant Line Rd	Tracy	610,914	Q2 2019
BTS for Kattera Chabot/Paradise	Tracy	567,870	Q2 2019

### TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2019	4.9%	\$6.08	1,554,136	179,092,855	5,273,235
Q4 2018	5.2%	\$5.89	379,497	178,021,399	5,359,938
Q3 2018	4.7%	\$5.82	993,031	176,735,629	6,034,794
Q2 2018	4.4%	\$5.63	1,128,103	175,087,427	5,874,164
Q1 2018	3.9%	\$5.40	1,345,239	172,992,599	7,794,549

 NET ABSORPTION  
1,554,136 SF

 VACANCY  
4.9% 7,797,295 SF

 AVG. ASKING  
\$6.08 RATE PSF

 DELIVERIES  
1,055,456 7 Building

 UNDER  
5,273,235 CONSTRUCTION  
15 Buildings

**JIM MARTIN, SIOR**  
Senior Vice President

Continued strong trends of positive absorption, institutional investment in the capital markets sector and demonstrated confidence in market fundamentals leading to several more new construction starts throughout the Central Valley. Owner/user and small tenancies in the <50,000 SF and below market, continue to drive rents and values up.



### SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
DCT Blair Distribution Ctr	Port of Tacoma/Fife	600,000	Ashley Furniture
Pacific Gateway Bus Park	Kent	245,000	Wilmar Corporation
IPT Tacoma, Building A	Tacoma	100,432	Stryder Logistics

### SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
Woodinville, Fife,	\$1,200,000,000	Blended	1,600,000	Colony Capital
Lakewood and Lacey	Portfolio	-	Class A	Dermody Properties
Medline Building	\$36,100,000	\$158.00	227,964	Duke Realty
Puyallup/Sumner	Investment	4.1%	Class A	Exeter Property Group
Park at Woodinville	\$47,194,000	\$199.00	237,281	Radford & Company
Woodinville	Investment	4.9%	Class B	KBS Realty Advisors

### LARGEST DELIVERIES


Property	Submarket/City	SF	Developer
Hogum Bay Logistics Center	Lacey	288,646	IDS Real Estate Group
Fennel Creek Industrial Pk	Bonney Lake	202,000	Vector Development
Pacific Logistics South	Pacific	128,262	Panattoni


### LARGEST UNDER CONSTRUCTION


Address	Submarket/City	SF	Delivery Date
Supervalu	Centralia	1,200,000	Q2 2019
The Cubes at DuPont Corp Ct	Building A - DuPont	747,488	Q2 2019
DuPont Logistics Center	DuPont	628,640	Q2 2019

### TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2019	4.3%	\$10.69	(187,412)	324,390,065	5,798,991
Q4 2018	3.6%	\$10.31	459,282	324,316,265	5,124,702
Q3 2018	3.2%	\$10.15	1,536,909	322,256,607	4,943,675
Q2 2018	3.3%	\$10.18	1,016,448	321,090,451	5,538,517
Q1 2018	2.8%	\$10.16	189,595	318,598,371	6,460,778

  
**(187,412)** NET  
ABSORPTION SF

  
**4.3%** VACANCY  
13,948,772 SF

  
**\$10.69** AVG. ASKING  
RATE PSF

  
**618,908** DELIVERIES  
3 Buildings

  
**5,798,991** UNDER  
CONSTRUCTION  
26 Buildings

**CHRISTIAN MATTSON**  
Principal

Vacancy has crept up more than 50 basis points due in part to speculative projects coming online late Q4 and Q1. Developers remain bullish on the market, particularly close in Seattle and south end Tacoma areas. They continue to push lease rates. The dip in absorption is contradicted by the assumption that large box users are likely to reverse this trend, affirming the development community's collective bet on construction and rates. In the meantime, users can take advantage of the dip to gain rent concessions.



## SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
18245 E. 40th Ave	Aurora	155,000	Newage Beverage
I-76 Commerce Center	Brighton	81,773	Great Plains Moving
-	-	-	-

## SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
City	Type of Sale	Cap Rate	Class	Seller
10777 #. 45th Ave	\$6,000,000	\$105.64	56,796	3939 Williams Bldg Grp
Denver	User	-	Class B	Scott Dev Corp
12790 E. 38th Ave	\$6,200,000	\$77.50	80,000	Commerce LLC
Denver	Investment	6.9%	Class B	CEDG Properties
301 W. 60th Pl	\$13,000,000	\$188.14	69,096	McClurg - Logan
Denver	User	-	Class C	Equipment Company

## LARGEST DELIVERIES


Property	Submarket/City	SF	Developer
8251 Quintero St	Commerce City	540,931	Becknell Industrial
6050 Washington St	Denver	383,104	Prologis
6030 Washington St	Denver	166,345	Prologis


## LARGEST UNDER CONSTRUCTION


Address	Submarket/City	SF	Delivery Date
22300 E. 26th Ave	Aurora	555,840	Jul 2019
22905 E. 19th Ave	Aurora	508,428	Jun 2019
18100 E. 40th Ave	Aurora	419,060	May 2019


## TOTAL INDUSTRIAL MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2019	4.7%	\$9.57	559,655	314,408,139	5,674,109
Q4 2018	4.5%	\$9.31	2,125,297	313,041,131	6,334,444
Q3 2018	4.5%	\$9.12	890,714	310,978,106	6,819,181
Q2 2018	4.5%	\$9.30	517,530	310,107,321	6,336,422
Q1 2018	4.2%	\$9.04	489,095	308,575,809	5,960,852

 **559,655** NET ABSORPTION SF

 **4.7%** VACANCY 14,821,140 SF

 **\$9.57** AVG. ASKING RATE PSF

 **1,367,008** DELIVERIES 19 Buildings

 **5,674,109** UNDER CONSTRUCTION 64 Buildings

**MATTHEW BURGNER**  
Senior Associate

Denver's Q1 was another strong quarter for Industrial Real Estate. An increase of deliveries during the quarter caused a slight increase in vacancy, but demand stayed healthy driving the lease rates upwards.



### SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
820 Cliveden Pl	Delta	174,473	Trail Appliances Ltd
7126 Brown St	Delta	142,528	Mitchell Island Terminals Ltd
7167 Progress Way	Delta	119,583	Seaforth Supply Chain Solutions

### SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
2323 Quebec St Vancouver	\$38,000,000 Investment	\$761.00 -	49,918 Class A	Transworld Mgmt Ltd Signet Projects Ltd
1477 Derwent Way Delta	\$14,525,000 Owner/User	\$243.00 -	59,866 class B	Marion Holdings Ltd Derwent Holdings Ltd
18812 96th Ave Surrey	\$11,225,000 Investment	\$374.00 -	30,000 Class B	Westmoreland Bus Prk Commonwealth Props

### LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
2920 188th Ave	Surrey	155,883	Hopewell
8051 92nd St	Delta	113,200	Prism Construction
2034 Townline Rd	Abbotsford	79,730	-


### LARGEST UNDER CONSTRUCTION


Address	Submarket/City	SF	Delivery Date
15111 Williams Rd	Richmond	500,000	Q4 2019
45640 Kerr Ave	Chilliwack	400,000	Q2 2019
18917 24th Ave	Surrey	360,000	-

### TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2019	1.47%	\$12.81	428,998	211,779,254	3,914,415
Q4 2018	1.46%	\$12.56	907,240	211,339,441	3,805,649
Q3 2018	1.46%	\$12.15	1,439,307	210,572,470	3,536,060
Q2 2018	1.40%	\$11.81	602,532	208,830,908	2,036,992
Q1 2018	1.47%	\$11.59	719,899	208,349,342	2,223,847

 **428,998** NET ABSORPTION SF

 **1.47%** VACANCY 3,105,020 SF

 **\$12.81** AVG. ASKING RATE PSF

 **928,683** DELIVERIES 9 Buildings

 **3,914,415** UNDER CONSTRUCTION 41 Buildings

#### RYAN WALMSLEY

VP, Marketing & Research

For the start of 2019 the Metro Vancouver industrial market experienced an increase in vacancy rate, hitting 1.47% compared to the 1.46% posted at the end of 2018. This shows no change in the vacancy rate compared to Q1 2018, despite over 3,400,000 SF of new supply coming to the market in the past 12 months. With only \$144,000,000 in reported sales for Q1 2019 so far, this quarter is set to be one of lowest for sales volume over the past 3 years. Price per SF for industrial buildings is up this quarter, setting a record at \$368 per SF, rental rates have also increased, reaching an average adjusted asking net rate of \$12.81 all of these factors are putting pressure on tenants and potential purchasers to find space in a very competitive market.



### SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
6205 S. Arizona Ave	Southeast Valley	222,000	Z Modular
1755 S. 75th Ave	Southwest Valley	211,185	States Logistics
9494 W. Buckeye Rd	Southwest Valley	186,336	CHEP Manufacturing

### SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
Submarket	Type of Sale	Cap Rate	Class	Seller
2950 S. Litchfield Rd	\$28,437,600	\$698.00	418,200	Stream Realty
Southwest Valley	User Sale	-	Class A	Sun Financial
1343 N. Colorado St	\$27,000,000	\$119.68	225,600	Evan Porges
Southeast Valley	Investment	-	Class A	McShane Development
2200 S. 43rd Ave	\$24,679,244	\$98.70	250,043	Cohen Asset Mgmt
Southwest Valley	Investment	-	Class A	Merit Partners

### LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
13600 W. Sweetwater Ave	Surprise	272,500	Trimaco
PV 303	Goodyear	160,000	Merit Partners
3055 E. Rose Garden Lane	Phoenix	58,984	Sunstate Dev

### LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
SEC Van Buren & Bullard	The Hub @ Goodyear	790,980	Q4 2019
Price Road (Orbital ATK)	Chandler	617,000	Q3 2019
59th Ave & Lower Buckeye	Phoenix	554,000	Q2 2019

### TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2019	7.2%	\$7.56 NNN	672,695	311,916,181	6,933,315
Q4 2018	7.5%	\$7.32 NNN	2,419,344	307,968,137	5,424,724
Q3 2018	7.4%	\$7.20 NNN	688,445	306,423,024	7,004,491
Q2 2018	7.3%	\$7.20 NNN	2,403,760	303,015,540	4,844,891
Q1 2018	7.5%	\$7.20 NNN	1,359,837	300,495,997	7,498,082

▼  
672,695  
NET  
ABSORPTION SF

▼  
7.2%  
VACANCY  
22,552,355 SF

▲  
\$7.56  
AVG. ASKING  
RATE PSF

▼  
513,484  
DELIVERIES  
4 Buildings

▲  
6,933,315  
UNDER  
CONSTRUCTION  
49 Buildings

#### CHRIS MCCHESENEY

Research Director

The Phoenix Industrial sector remains strong as we come to the end of the first quarter. Early indicators for 2019 project a very strong outlook for growth, absorption, and rental rates. Q1 rental rates increased by 4.2%, vacancy rates crept down to 7.2%, and average price per square foot rose 7.2%. Throughout the first quarter, 124 sales transactions occurred with a total volume of \$365M, a decrease from Q1 2018's sale volume of \$435M. There were 2 less sale transactions in Q1 2019 compared to Q1 2018 with a decrease of \$70M in sale consideration. The average price per square foot in the first quarter was up 7.2% from the previous quarter.



### SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
1303 W. Pioneer	Lower GSW	858,000	Living Spaces
2401 N. Belt Line	Upper GSW	703,040	Haier
1001 Lakeside	Lewisville	449,300	PPG

### SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
Submarket	Type of Sale	Cap Rate	Class	Seller
201 Sunridge Blvd	\$99,898,425	\$121.45	822,550	Granite
SE Dallas / Wilmer	Portfolio Sale	-	Class A	Blackstone
2555 S. Valley Pkwy	\$28,321,073	\$107.04	529,155	Oxford Properties Grp
Lewisville	Portfolio Sale	-	Class A	Ivanhoe
2400 Short Track Ct	\$27,612,235	\$75.74	729,157	Oxford Properties Grp
NE Tarrant / Ft Worth	Portfolio Sale	-	Class A	Ivanhoe

### LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
8601 E. Sam Lee Lane	Northlake	1,214,526	Hillwood
4000 E. Scyene Rd	Mesquite	877,230	Ashley Furniture
3201 Capital Blvd.	Rockwall	650,000	Lollicup


### LARGEST UNDER CONSTRUCTION


Address	Submarket/City	SF	Delivery Date
2801 Marke St	Dallas	1,536,520	June 2019
9314 W. Jefferson Blvd	Grand Prairie	1,500,000	Dec 2019
200 FM 156	Fort Worth	1,200,536	Dec 2019


### TOTAL INDUSTRIAL MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2019	6.3%	\$6.40	519,366	919,990,800	30,711,745
Q4 2018	6.2%	\$6.42	6,403,820	912,158,498	19,618,095
Q3 2018	6.1%	\$6.33	4,354,242	905,075,601	22,847,455
Q2 2018	5.8%	\$6.00	7,382,520	896,749,279	25,001,289
Q1 2018	5.8%	\$5.82	2,084,937	889,060,836	27,449,365

 **519,366** NET ABSORPTION SF

 **6.3%** VACANCY 58,000,000 SF

 **\$6.40** AVG. ASKING RATE PSF

 **822,800** DELIVERIES 54 Buildings

 **30,711,745** UNDER CONSTRUCTION 109 Buildings

#### PHILLIP ROSENFELD

Director

The DFW Industrial Market continued to inch closer to 1 billion SF. Currently at 921 million SF with another 30 million SF under construction, the Metroplex could see its largest development year ever, possibly topping 35 million SF constructed. Even with all of this new development, companies continue to absorb all of the new space. While net absorption was lower in the first quarter of 2019 (4.8 million SF), it is expected to triple over the next 2 quarters (18 million SF). Rental rates continue to slowly rise. Landlords that previously were happy with 3% annual rent growth baked into their leases are now pushing for even greater bumps, up to 4% or even more. Average sales prices have skyrocketed from the previous year (\$67.25/SF - \$74.63/SF), while product available for sale may be trending back up.



## SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
Grand Natn'l Bus Park	Hwy 290/Tomball Pkwy	770,640	Home Depot
5623 Ameriport Pkwy	East/Southeast Far Baytown	337,040	Plantgistix
9800 Derrington Rd	Hwy 290/Tomball Pkwy	134,900	Norlyn Enterprises

## SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
Submarket	Type of Sale	Cap Rate	Class	Seller
4023 Westhollow Pkwy	\$8,795,868	\$40.91	215,000	Nuveen Real Estate
Houston	Portfolio	-	Class A	Colony Capital, Inc.
9777 W. Gulf Bank Rd	\$13,920,000	\$55.33	251,569	Gulf BK LLC
Houston	Investment	6.5%	Class C	First Industrial Rlty Tr
12200 Parc Crest Dr	\$6,500,000	\$61.73	105,300	Chia Harvest LLC
Stafford	Owner/User	-	Class B	Titan R.E. Inv. Group

## LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
9800 Derrington Rd, Bldg 6	Houston	368,467	Trammell Crow Co.
2851 E. Pasadena Blvd	Deer Park	349,050	Crow Holdings Ind
5623 AmeriPort Pkwy	Baytown	337,040	National Property Hldgs


## LARGEST UNDER CONSTRUCTION


Address	Submarket/City	SF	Delivery Date
Fallbrook Dr	Houston	1,000,000	Mar 2019
10629 Red Bluff Dr	Pasadena	784,000	Feb 2019
14803 Woodham Dr	Houston	727,600	Mar 2019


## TOTAL INDUSTRIAL MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2019	5.8%	\$7.44	2,000,490	626,736,048	16,216,987
Q4 2018	5.5%	\$7.42	9,424,500	620,406,250	11,940,852
Q3 2018	5.8%	\$7.33	1,963,952	616,187,554	11,169,277
Q2 2018	5.6%	\$7.23	2,755,417	609,179,265	12,678,385
Q1 2018	5.4%	\$6.92	1,526,532	604,972,549	8,166,968

 **2,000,490** NET ABSORPTION SF

 **5.8%** VACANCY 36,458,758 SF

 **\$7.44** AVG. ASKING RATE PSF

 **3,491,685** DELIVERIES 56 Buildings

 **16,216,987** UNDER CONSTRUCTION 182 Buildings

### CHASE CRIBBS

Principal

Houston's industrial market continues to expand with the growth of e-commerce and plastics industry. There are over 100 buildings for a total of 16.2 million square feet currently under construction to be delivered in 2019, early 2020. The Northwest and Southeast parts of the metro remain the strongest areas for Houston's industrial growth. Some tenants expanding in the Metro are Coca Cola, Conns HomePlus, Plastic Bagging & Packaging and Grocers Supply. Overall rental rates are up slightly over the first quarter to 7.41 PSF NNN. Nationally the Houston Metro ranked in the top 10 in terms of inventory size and 12-month absorption.





### SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
2503 Walnut St	NE / Roseville	144,000	US Autoforce
8237 Auburn Path	SE / Inver Grove Hts	63,151	Nippon
20015 Diamond Lake Rd	Northwest, Rogers	64,800	Primus

### SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
Submarket	Type of Sale	Cap Rate	Class	Seller
8450 Revere Lane	\$26,400,000	\$92.63	285,000	St. Paul Fire & Marine Ins
FedEx / Maple Grove	Investment	-	Class A	GPT Revere Lane Owner
3705 95th Ave NE	\$21,900,000	\$90.07	243,126	Stag Industrial Holdings
Blaine Reserve Bus Pk	Investment	6.5%	Class A	United Properties
41 Northern Stacks Dr	\$20,200,000	\$94.83	213,000	St. Paul Fire & Marine Ins
Northern Stacks i / Fridley	Investment	5.75%	Class A	GPT No. Stacks Owner

### LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
Northern Stacks VII	Fridley	200,000	Hyde
Park of Commerce II	Fridley	156,000	Industrial Equities
Gateway Business Pk of Eagan	Eagan	125,000	Buhl


### LARGEST UNDER CONSTRUCTION


Address	Submarket/City	SF	Delivery Date
Vomela-860 Bush Ave	St. Paul	299,500	Q3 2019
Arbor Lakes - 8550 Zachary	Maple Grove	204,120	Q4 2019
Lakeview Ind - Levi Griffin Rd	Chaska	154,440	Q3 2019

### TOTAL INDUSTRIAL MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2019	4.4%	\$5.16	758,371	358,480,294	1,472,266
Q4 2018	4.0%	\$4.93	124,157	358,055,426	2,973,894
Q3 2018	4.6%	\$4.92	436,295	357,587,238	2,167,439
Q2 2018	4.9%	\$4.86	905,874	357,329,869	1,763,294
Q1 2018	5.3%	\$4.65	592,886	356,905,188	1,232,534

 NET ABSORPTION  
SF  
**758,371**

 VACANCY  
15,994,401 SF  
**4.4%**

 AVG. ASKING  
RATE PSF  
**\$5.16**

 DELIVERIES  
4 Buildings  
**424,868**

 UNDER  
CONSTRUCTION  
14 Buildings  
**1,472,266**

**DUANE POPPE, SIOR, CCIM**  
**CHRIS GARCIA, SIOR**  
Principals

**RA'EESA MOTALA**  
Associate

The Twin City metro area continues to be strong with positive absorption, aggressive Development, and rising rental rates. Developers are building on a speculative basis and seeing good activity. Market rates for new construction are \$5.50-6.00 per square foot. Cap rates are at all time low numbers, trading sub 6% for Class A product.



### SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
17085 Masonic Blvd	Fraser	164,153	Mayco International, LLC
45755 Five Mile Rd	Plymouth	78,684	RMT Woodworth Heat Treating
50305 Patricia St	Chesterfield	61,650	Accurate Tooling Solutions

### SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
Submarket	Type of Sale	Cap Rate	Class	Seller
2500 Executive Hills Dr	\$13,000,000	\$119.00	109,380	Webasto Roof Systems
Auburn Hills	Owner/User	-	Class B	Spirit Realty Capital
45755 Five Mile Rd	\$5,625,000	\$71.49	78,684	AVAK LR Ltd Partnership
Plymouth	Investment	7.5%	Class B	Shamie Development Co
24680 Mound Rd	\$5,550,000	\$64.22	86,422	AIC Ventures
Warren	Investment	8.0%	Class C	Quantum Ventures

### LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
30119 Research Dr	New Hudson	24,770	The Titan Group
5860 Belleville Rd (Costco)	Van Buren Twp	347,720	Intrepid Properties
6000 Rosa Parks Blvd	Detroit	275,000	Kirco Development

### LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
1400 E. Ten Mile Rd Bldg 2	Hazel Park	651,610	Q4 2019
33600 Mount Rd	Sterling Heights	569,380	Q3 2019
1100 Entrance Dr	Auburn Hills	461,525	Q4 2019

### TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2019	3.0%	\$6.22	1,132,237	651,904,102	4,796,826
Q4 2018	3.3%	\$6.14	4,284,187	652,496,311	5,199,511
Q3 2018	3.4%	\$6.07	1,684,611	648,657,876	8,428,487
Q2 2018	3.3%	\$5.93	1,686,811	646,335,348	7,170,419
Q1 2018	3.4%	\$5.82	(781,091)	645,050,601	7,855,090

▼  
1,132,237  
NET  
ABSORPTION SF

▼  
3.0%  
VACANCY  
19,736,289 SF

▲  
\$6.22  
AVG. ASKING  
RATE PSF

▼  
607,791  
DELIVERIES  
12 Buildings

▼  
4,796,826  
UNDER  
CONSTRUCTION  
41 Buildings

**JON SAVOY, CCIM, SIOR**  
President

Detroit's outlook continues to improve as nearly 40 new properties are under construction, more than 160 others are planned and population growth has returned to positive levels. The auto industry also is doing its part in Detroit's recovery. With driverless car technology gaining steam, Detroit has the opportunity to become a hub of innovation once again. Toyota has announced plans to create an autonomous-vehicle research facility in Ann Arbor. Ford has purchased property in the Corktown district for an autonomous vehicle center.



### SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
Stateline 94 Corp Park	Wisconsin/Plsnt Praire	590,525	Fresenius Kabi
555 Saint James Gate	I-55 Corr/Bolingbrook	403,777	RR Donnelley & Sons Co
101 CenterPoint Rd	I-39 Corr/Rochelle	400,393	TOMY International, Inc.

### SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
Submarket	Type of Sale	Cap Rate	Class	Seller
100 E. Millsdale Rd	\$50,624,640	\$51.00	992,640	NFI Industries, Inc.
I-80 Corr/Joliet	User	-	Class A	Hillwood Inv Prop
6500 S. US Hwy	\$16,050,000	\$25.39	632,000	NorthPoint Development
421 Indiana/Westville	Investment	-	Class B	Spartan Nash
3 Building Portfolio	\$45,656,651	\$84.35	541,283	Black Creek Group
Chicago Metro	Investment	-	Varies	Molto Properties

### LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
901-1001 Bluff Rd	Romeoville	657,540	CT Realty Investors
11601 Copenhagen Ct	Franklin Park	400,370	Panattoni Dev
703-709 W. Algonquin Rd	Arlington Heights	330,720	Hamilton Partners


### LARGEST UNDER CONSTRUCTION


Address	Submarket/City	SF	Delivery Date
3501 S. Pulaski Rd	Chicago	1,054,852	Q1 2020
25101 S. Ridgeland Ave	Monee	879,040	Q2 2019
3901 Brandon Rd	Elwood	826,755	Q2 2019


### TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2019	5.72%	\$6.20	4,291,980	1,301,352,095	18,323,465
Q4 2018	5.86%	\$5.70	3,154,364	1,298,817,068	19,198,878
Q3 2018	5.84%	\$5.60	4,898,667	1,295,224,449	15,370,601
Q2 2018	6.13%	\$5.55	6,084,959	1,294,226,395	8,813,635
Q1 2018	6.21%	\$5.49	5,570,360	1,288,824,670	11,039,615

 **4,291,980** NET ABSORPTION SF

 **5.72%** VACANCY 74,450,131

 **\$6.20** AVG. ASKING RATE PSF

 **4,078,994** DELIVERIES 18 Buildings

 **18,323,465** UNDER CONSTRUCTION 50 Buildings

#### DIANA PEREZ

Director of Research

The Chicago industrial market experienced an improvement in its vacancy rate in the first quarter of 2019 due to heightened user activity. Tenant activity, although strong, did not keep pace with the prior quarter's results, while net absorption remained positive. Steady tenant demand coupled with heightened user demand sustained the first quarter net absorption of positive 4.3 million square feet - the thirteenth consecutive positive quarterly output.



### SIGNIFICANT LEASE DEALS

Address	Submarket	SF	Tenant
3538 Tradeport Ct	Pickaway County	514,491	Amazon
3657 Tradeport Ct	Pickaway County	223,963	ODW Logistics
9224 Intermodal Ct	Southeast	178,370	Optimus

### SIGNIFICANT BUILDING SALES

Address	Sale Value	PSF	SF	Buyer
Submarket	Type of Sale	Cap Rate	Class	Seller
Westbrooke Dr Portfolio	\$19,448,478	\$59.61	326,262	Westpointe Tiger
6 Bldgs - Northwest	Investment	-	Class B	Sperry Equities
Roberts Rd Portfolio	\$60,080,000	\$50.84	1,181,746	Dream Industrial REIT
12 Bldgs - Northwest	Investment	6.0%	Class B	Transwestern
4370 Alum Creek Dr	\$8,163,000	\$35.45	230,268	Neyer Properties
Southeast	Vacant	-	Class B	Hackman Capital

### LARGEST DELIVERIES

Address	Submarket	SF	Developer
1550 W. Main St	Madison County	855,000	Duke Realty
3538 Tradeport Ct	Pickaway County	514,491	Hillwood/NorthPoint
3657 Tradeport Ct	Pickaway County	357,000	Hillwood/NorthPoint

### LARGEST UNDER CONSTRUCTION


Address	Submarket	SF	Delivery Date
Hazeltono-Etna Rd SW	Licking County	1,200,000	Q3 2019
9570 Logistics Ct	Pickaway County	972,000	Q2 2019
US 40	Madison County	832,010	Q1 2020


### TOTAL INDUSTRIAL MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2019	3.9%	\$3.99	1,070,478	282,306,044	3,580,900
Q4 2018	4.7%	\$3.98	2,221,356	291,414,390	5,014,066
Q3 2018	4.3%	\$4.01	1,320,743	290,128,082	4,945,241
Q2 2018	4.1%	\$3.97	2,429,669	289,668,974	6,120,114
Q1 2018	3.6%	\$3.97	2,486,695	286,091,903	4,124,480

 **1,070,478** NET ABSORPTION SF

 **3.9%** VACANCY 11,117,137 SF

 **\$3.99** AVG. ASKING RATE PSF

 **1,726,391** DELIVERIES 3 Buildings

 **3,580,900** UNDER CONSTRUCTION 13 Buildings

#### MIKE SPENCER, SIOR Principal

With good momentum carrying through from 2018, stakeholders are moving to keep up with this continued occupier demand led by Ecommerce. The lack of currently available spec product will lead to additional development this year, with new buildings popping up in all corners of Central Ohio that offer tax incentives. Municipalities and developers must work together to offer space options and remain competitive in this rapidly evolving environment.



### SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
8500 Tatum Rd	South Atlanta	982,777	PVH Corp
4286 E. Southmeadow Pky	South Atlanta	400,125	Trane US, Inc.
5345 Old Dixie Hwy	South Atlanta	373,900	XPO Logistics

### SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
Submarket	Type of Sale	Cap Rate	Class	Seller
590 Coweta Industrial Park	\$79,350,000	\$67.00	1,208,301	GLL Real Estate Ptnrs
South Atlanta	Investment	5.0%	Class A	Core5 Industrial Ptnrs
2160 Anvil Block Rd	\$57,000,000	\$66.00	848,421	TA Realty
South Atlanta	Investment	-	Class A	Barings, LLC
1015 Collinsworth Rd	\$50,570,000	\$51.00	1,000,200	MCB Real Estate LLC
South Atlanta	Investment	-	Class A	TPA Group, LLC

### LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
421-429 Toy Wright Rd	Northeast	1,053,360	Core5 Industrial
240 The Bluffs	I-20 West/Fulton Ind	498,480	Duke Realty
South Fulton Pkwy	I-20 West/Fulton Ind	330,000	Coca Cola Bottling


### LARGEST UNDER CONSTRUCTION


Address	Submarket/City	SF	Delivery Date
King Mill Rd	South Atlanta	1,104,320	Q2 2019
Steve Reynolds Ind Pkwy	Northeast	1,099,880	Q2 2019
2160 Anvil Block Rd	South Atlanta	1,042,730	Q3 2019


### TOTAL INDUSTRIAL MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2019	6.2%	\$5.19	1,210,119	694,836,341	17,207,348
Q4 2018	5.8%	\$5.08	4,885,721	690,615,663	17,338,831
Q3 2018	5.7%	\$5.02	8,147,752	684,438,372	20,649,068
Q2 2018	6.2%	\$4.88	4,199,127	679,916,589	20,701,208
Q1 2018	6.5%	\$4.74	3,645,730	677,452,632	14,403,354

 **1,210,119** NET ABSORPTION SF

 **6.2%** VACANCY 43,166,661 SF

 **\$5.19** AVG. ASKING RATE PSF

 **2,963,878** DELIVERIES 9 Buildings

 **17,207,348** UNDER CONSTRUCTION 34 Buildings

#### CRAIG VIERGEVER

President/Principal

Overall vacancy slightly increased 40 basis points in the Atlanta industrial market to 6.2%. Absorption was positive 1,210,119 SF in Q1 but was the lowest absorption Atlanta had seen since Q1 2012. Developers continue to push new spec and built to suit opportunities as six new buildings were broken ground in Q1, totaling 3.28M SF. Atlanta is the economic engine of the Southeast and the fastest growing region in the country. As population, job growth and e-commerce continue to surge, the metro Atlanta region will continue to be one of the top industrial markets in the country.



## SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
6555 Fain St	North Charleston	120,000	-
2819 Industrial Ave	North Charleston	112,000	-
9004 Sightline Dr	Ladson	65,000	CBX

## SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
Submarket	Type of Sale	Cap Rate	Class	Seller
6 Corporate Pkwy	\$32,000,000	\$60.80	526,316	Sycamore Partners
Goose Creek	Owner/User	-	Class A	Quoizel
Benchmark Industrial Pk	\$2,150,000	\$74.65	28,800	-
Ladson	Investment	-	Class B	-
6695 Jet Park Rd	\$1,775,000	\$79.60	22,300	Brad Whitley
North Charleston	Owner/User	-	Class C	Sinclair Driggers

## LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
1334 Drop Off Dr	Summerville	561,600	WestRock Company
00 Patriot Blvd.	Ladson	262,080	Xebec
7035 Cross County Rd	North Charleston	20,250	-

## LARGEST UNDER CONSTRUCTION


Address	Submarket/City	SF	Delivery Date
Highway 78 - Phase I	Ladson	841,776	Q4 2019
Volvo Car Dr & Fish Rd	Ridgeville	504,010	Q4 2019
4289 Crosspoint Dr	Ladson	364,000	Q3 2019

## TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2019	6.1%	\$7.02	736,855	82,521,983	3,713,454
Q4 2018	6.8%	\$6.15	983,563	81,338,259	2,378,848
Q3 2018	7.2%	\$6.01	1,319,326	80,563,291	2,535,576
Q2 2018	7.1%	\$5.98	3,404,771	79,087,541	3,111,950
Q1 2018	7.6%	\$6.00	1,047,753	75,815,907	5,799,884

 **736,855** NET ABSORPTION SF

 **6.1%** VACANCY 4,979,351 SF

 **\$7.02** AVG. ASKING RATE PSF

 **832,719** DELIVERIES 3 Buildings

 **3,713,454** UNDER CONSTRUCTION 21 Buildings

**THOMAS BUIST, JR, SIOR**  
Broker

The Port of Charleston continues to grow at a record pace driving more interest and deals into existing and speculative buildings. The East Coast's population growth and Panama Canal expansions are directly contributing to this development. Business is good for the foreseeable future as we see current import and export numbers hitting all-time record highs and steady growth is expected.

## GREENVILLE / SPARTANBURG



### SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
9855 Warren H Abernathy	West Side/Spartanburg	411,303	Withheld
130 Monroe Dr, I-85	Simpsonville	53,647	Trane, Inc.
1495 Victor Hill Rd	Rt 101 Corridor, Duncan	48,000	Swafford Warehouse

### SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
Submarket	Type of Sale	Cap Rate	Class	Seller
100 Ryobi	\$79,300,000	\$59.76	1,327,022	One World Technologies
Outlying Anderson Co Ind	Owner/User	-	class A	Lexington Realty Tr
34 Commerce Dr	\$30,000,000	\$54.88	546,683	One World Technologies
Cherokee Co Ind	Owner/User	-	Class B	Tempus R.E. Inv.
1610 Old Grove Rd	\$24,100,000	\$72.62	331,845	STAG Industrial, Inc.
I85 S Donaldson Ind	Investment	-	Class B	TPA Group, LLC

### LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
3493 Hwy 101	Woodruff	1,987,200	Panattoni Dev
230 Apple Valley Rd	Duncan	275,400	Panattoni Dev
500 Park Commerce Rd	Greenville	58,414	Park West II Investors


### LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
Genoble Rd	Greer	1,300,000	Q2 2019
6135 Anderson Mill Rd	Moore	708,067	Q3 2019
GSP Logistics Pkwy	Moore	567,630	Q3 2019

### TOTAL INDUSTRIAL MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2019	4.5%	\$4.12	2,322,092	219,413,654	6,818,261
Q4 2018	4.7%	\$3.94	661,486	216,318,840	5,755,634
Q3 2018	5.0%	\$3.85	1,482,406	215,426,181	4,128,211
Q2 2018	5.1%	\$3.77	1,036,659	212,678,118	3,690,044
Q1 2018	5.3%	\$3.75	1,327,781	212,009,954	3,414,460

 **2,322,092** NET ABSORPTION SF

 **4.5%** VACANCY 9,828,614 SF

 **\$4.12** AVG. ASKING RATE PSF

 **2,094,814** DELIVERIES 7 Buildings

 **6,818,261** UNDER CONSTRUCTION 24 Buildings

**RANDALL BENTLEY, SIOR, CCIM**  
President

It appears that the Nation has discovered the Greenville/Spartanburg Industrial Market and the advantageous business climate the area affords. Net absorption of industrial space has been consistently positive for the past two years with Q1 2019 having the largest recorded positive absorption of over 2.3 million square feet. Demand is still running well ahead of supply in all size ranges as vacancy decreased from 4.7% to 4.5%. Recent growth is the result of the market's positive attributes including the development of the Inland Port Greer and availability of development-ready land. Greenville/ Spartanburg is well positioned with easy access to Atlanta, Charlotte, and the Port of Charleston.



### SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
5601 NW 72nd Ave	Miami Airport East Ind	364,608	CEVA Logistics
21500 NW 47th Ave	North Central Miami	304,414	UPS
11190 NW 25th St	Miami Airport West	134,383	Roca Tile Group

### SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
Submarket	Type of Sale	Cap Rate	Class	Seller
3225-3245 Meridian Pkwy	\$63,100,000	\$146.00	431,845	Cabot Properties
Southwest Broward	Portfolio	-	Class B	Lexington Corp Prop
4100 Powerline Rd	\$62,300,000	\$140.00	443,720	Stockbridge
Northeast Broward	Portfolio	-	Class B	Lee Lasser
377 N. Cleary Rd	\$39,100,000	\$111.00	352,586	Cabot Properties
West Palm Beach	Portfolio	-	Class A	McCraney Prop Co

### LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
4100 NW 142nd St	North Central Miami	281,258	Foundry/Clarion/Carrie Meek
4030 NW 126th Ave	Coral Springs	215,486	Exeter Property Group
3840 W. 104th St	North Central Miami	208,229	Duke Realty


### LARGEST UNDER CONSTRUCTION


Address	Submarket/City	SF	Delivery Date
21500 NW 47th Bldgs A,B,C	North Central Miami	1,108,567	Jun 2019
3850 W. 108th St	North Central Miami	252,000	Jul 2019
NW 129th Ave & NW 17th St	Miami Airport West	250,000	Apr 2019


### TOTAL INDUSTRIAL MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2019	3.9%	\$10.42	417,679	439,912,846	6,795,442
Q4 2018	3.6%	\$10.41	1,386,082	438,223,286	6,793,070
Q3 2018	3.5%	\$10.39	1,447,148	436,080,472	8,024,390
Q2 2018	3.6%	\$10.22	2,449,174	435,030,238	7,396,619
Q1 2018	3.7%	\$10.03	(50,847)	432,937,582	7,352,611

 **NET ABSORPTION**  
SF  
417,679

 **VACANCY**  
17,251,718 SF  
3.9%

 **AVG. ASKING**  
RATE PSF  
\$10.42

 **DELIVERIES**  
15 Buildings  
1,734,341

 **UNDER**  
CONSTRUCTION  
67 Buildings  
6,795,442

**MATTHEW ROTOLANTE, SIOR, CCIM**  
President

South Florida's Industrial market is still strong with average asking lease rates holding steady at about \$10.42/SF/yr for Miami-Dade, Broward, and Palm Beach Counties. Vacancy increased slightly to 3.9% from 3.6% last quarter, and we had three new buildings completed delivering a total of over 1.7 million SF to our market. PortMiami reported a record breaking January with a total of 104,183 TEUs of container cargo, a 17% jump from January, 2018, and Port Everglades continues to expand port facilities with capital improvements to support more volume.





### SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
303 Louisiana Ave	East New York (Brooklyn)	99,400	Unconfirmed
1300 Viele Ave	Hunts Point (Bronx)	70,290	Amazon
1301 Ryawa Ave	Hunts Point (Bronx)	50,470	Amazon

### SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
Submarket	Type of Sale	Cap Rate	Class	Seller
70 & 75 20th St	\$255,000,000	\$647.00	394,017	Bridge Dev & DH Prop
Sunset Park (Brooklyn)	Fee	-	Warehouse	601 W. Co's & Berkley Prop
550 Trinity Ave	\$108,000,000	\$8,488.00	12,723	Brown Place Equities
Woodstock (Bronx)	Leasehold/Dev	-	Warehouse	HAB Realty Corp
67 Imlay St	\$100,000,000	\$448.00	223,300	Prime Group Holdings
Red Hook (Brooklyn)	Fee	5.0%	Class B Wrhs	FBE Limited

### LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
138 Lynhurst Ave	Staten Island	8,000	Private Owner
24-49 47th St	Queens	4,500	Private Owner
12-17 37th Ave	Queens	3,325	Private Owner

### LARGEST UNDER CONSTRUCTION


Address	Submarket/City	SF	Delivery Date
566 Gulf Ave	Staten Island	450,000	May 2019
640 Columbia St	Brooklyn	336,500	June 2020
660 Twelfth Ave	New York	267,800	Aug 2019


### TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2019	4.7%	\$22.46	269,678	225,493,799	1,731,017
Q4 2018	4.8%	\$22.71	848,124	225,476,184	1,362,132
Q3 2018	5.0%	\$22.17	689,917	225,052,654	1,785,662
Q2 2018	4.8%	\$21.72	(476,752)	223,955,854	2,724,672
Q1 2018	4.6%	\$21.63	(1,008,785)	223,891,971	2,590,555

 **269,678** NET ABSORPTION SF

 **4.7%** VACANCY 10,587,791 SF

 **\$22.46** AVG. ASKING RATE PSF

 **17,614** DELIVERIES 4 Building Past Four Quarters

 **1,731,017** UNDER CONSTRUCTION 15 Buildings

**HENRY ABRAMOV**  
Director of Research

New York City's industrial market's vacancy is currently 40 basis points above its 10 year average of 4.3%. Vacancy decreased for two consecutive quarters, accompanied with positive net absorption. Annual rent growth is currently 4.3% compared to 6.8% a year ago; with overall asking rents remaining above \$22 per square foot. The 12 month sales volume is approximately \$2.5 billion and average market cap rate's are averaging in the low 5 percent range.



### SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
4532 United Crive	Central PA	1,200,000	Lowe's
45 Logistics Dr	Central PA	277,000	DB Schenker
2505 Hollo Rd	Lehigh Valley	258,232	LuLus

### SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
Submarket	Type of Sale	Cap Rate	Class	Seller
270 Midway	\$79,580,000	\$74.00	1,008,000	Colony Capital
Lehigh Valley	Investment	-	Class B	Dermodity Properties
2 Ames Dr	\$74,600,000	\$106.57	700,000	MetLife R.E. Investments
Central PA	Investment	-	Class A	American Realty Advisors
1380 Jacobsburg Rd	\$41,250,000	\$118.19	349,012	Duke Realty
Lehigh Valley	Investment	-	Class A	J.G. Petrucci Co.

### LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
200 Technology Dr	North Eastern PA	1,023,000	Mericle
7352 Industrial Blvd.	Lehigh Valley	730,080	Ridgeline
70 Bordnersville Rd	Central PA	345,600	Ridgeline


### LARGEST UNDER CONSTRUCTION


Address	Submarket/City	SF	Delivery Date
12 Tradeport Rd	North Eastern PA	1,391,424	Q3 2019
200 Logistics Dr	Lehigh Valley	1,240,000	Q2 2019
3419 Ritner Highway	Central PA	1,215,240	Q4 2019


### TOTAL INDUSTRIAL MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2019	5.4%	\$5.33	1,092,608	1,143,532,099	31,510,657
Q4 2018	5.2%	\$5.34	7,464,805	1,139,786,246	32,952,966
Q3 2018	5.2%	\$5.36	8,207,015	1,131,478,812	29,082,652
Q2 2018	5.5%	\$5.26	8,190,432	1,126,627,971	25,780,181
Q1 2018	5.8%	\$5.15	1,311,166	1,121,101,503	25,390,884

 **NET ABSORPTION**  
SF  
1,092,608

 **VACANCY**  
62,060,156 SF  
5.4%

 **AVG. ASKING**  
RATE PSF  
\$5.33

 **DELIVERIES**  
17 Buildings  
3,587,964

 **UNDER**  
CONSTRUCTION  
71 Buildings  
31,510,657

**JAMES STEHMAN**  
Research Analyst

For the first quarter of 2019 Pennsylvania saw its labor market continue to tighten, with unemployment hitting an 18-year low of 4.0 percent. Accordingly, labor cost and availability exert considerable influence on the logistics-related requirements comprising the bulk approximately 22 million square feet of overall demand we are tracking in the region. Currently, we are tracking in excess of 31 million square feet of under-construction product, which will provide speculative inventory ranging from 250,000 to 1MM square feet and averaging 570,000 square feet.



### SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
7001 Quad Ave	Baltimore County East	209,934	Southren Glazers
600 Hickory Dr	Aberdeen	205,030	SK Realty Management
1301 Chesapeake Ave	Baltimore	90,000	-

### SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
Submarket	Type of Sale	Cap Rate	Class	Seller
6685 Santa Barbara Ct	\$13,250,000	\$79.11	167,490	STAG Industrial
Route 100	Investment	7.0%	Class C	High Street Equity Adv
7462 Candlewood Rd	\$16,357,575	\$101.16	161,698	Kohlberg Kravis Robers & Co
BWI/Anne Arundel	Investment	-	Class A	Westmount Realty Capital
7466 Candlewood Rd	\$9,630,232	\$100.81	95,530	Kohlberg Kravis Robers & Co
BWI/Anne Arundel	Investment	-	Class A	Westmount Realty Capital

### LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
7030 Tradepoint Ave Log Ctr III	Baltimore County	1,348,024	Tradepoint Atlantic
6001 Bethlehem Blvd Log Ctr IV	Baltimore County	979,200	Tradepoint Atlantic
7103 Mardigian Rd Port Log Ctr II	Baltimore County	200,000	Hilco Real Estate


### LARGEST UNDER CONSTRUCTION


Address	Submarket/City	SF	Delivery Date
7015 Tradepoint Ave	Log Ctr X Baltimore Cnty	1,500,400	Mar 2020
7005 Tradepoint Ave	Log Ctr XII Baltimore Cnty	812,250	Dec 2019
7005 Tradepoint Ave	Log Ctr XI Baltimore Cnty	698,880	Dec 2019

### TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2019	7.2%	\$6.35	1,569,728	206,505,624	8,365,605
Q4 2018	8.0%	\$6.35	(100,816)	206,460,799	4,205,475
Q3 2018	8.0%	\$6.21	2,102,278	206,563,247	3,929,828
Q2 2018	8.4%	\$6.09	1,379,356	205,341,609	4,878,922
Q1 2018	8.0%	\$6.05	169,758	202,938,049	7,214,133

 **NET ABSORPTION**  
SF  
1,569,728

 **VACANCY**  
14,897,346 SF  
7.2%

 **AVG. ASKING**  
RATE PSF  
\$6.35

 **DELIVERIES**  
1 Building  
249,600

 **UNDER**  
**CONSTRUCTION**  
16 Buildings  
8,365,605

**THOMAS WHELAN**  
Principal

The Baltimore industrial market continues to absorb space as it becomes available or as new product is brought to the market. As in years past, the vacancy continues to decline and fell below the 8% mark in the first quarter of 2019. The pipeline for new construction is at a healthy level with most construction in big box industrial near the port and north of the city where available land is more plentiful. Construction in the BW corridor is minimal because of a lack of available land. This tighter market is allowing owners to push rental rates higher. Values are increasing because of these higher rents and demand for industrial product by investors is at an all time high and should continue into the future.



### SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
152 Route 206	Somerset	590,000	CEVA Logistics
1601 Livingston Ave	Brunswick/Exit 9	300,000	Capacity LLC
297 Getty Ave	Paterson	168,000	Cannabis Cultivation

### SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
Submarket	Type of Sale	Cap Rate	Class	Seller
397-454 Ferry St	\$41,882,665	\$42.85	1,423,539	Turnbridge Eq/JP Morgan
East Newark	Value-Add Inv	-	Class C	RAR Development Assoc
100 Performance Dr	\$62,000,000	\$228.63	271,176	Colony Capital, Inc.
Northwest Bergen	Leasehold	-	Class A	Sitex Group
115 Moonachie Ave	\$39,600,000	\$234.60	168,800	Liberty Property Trust
Meadowlands	Leasehold	3.9%	Class A	Barings Real Estate Advisors

### LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
3 Brick Yard Rd, Bldg 3	Exit 8A	444,490	Clarion Partners
150 Totowa Rd	Upper Rt. 46/23	437,500	Peykar Family Prop
13 Applegate Dr, Bldg. A	Trenton/295	231,850	Matrix Development


### LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
Tremley Point Rd, Bldgs A-H	Linden	4,126,829	Dec 2020
942 Memorial Pkwy, 1,3,4,5,6,7	Warren	3,848,254	Dec 2019-2022
429 Delancy St, Bldg 1	Newark	661,741	Oct 2019


### TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2019	4.2%	\$8.86	486,655	840,045,739	13,895,843
Q4 2018	4.1%	\$8.70	821,897	838,770,159	8,100,058
Q3 2018	4.0%	\$8.43	5,909,469	836,986,632	9,753,211
Q2 2018	4.2%	\$8.33	4,684,035	8833,046,496	8,656,803
Q1 2018	4.3%	\$8.24	5,108,611	828,717,834	11,787,492

 **NET ABSORPTION SF**  
486,655

 **VACANCY**  
4.2%  
34,878,957 SF

 **AVG. ASKING RATE PSF**  
\$8.86

 **DELIVERIES**  
1,643,910  
16 Buildings

 **UNDER CONSTRUCTION**  
13,895,843  
49 Buildings

#### MICHAEL MALMSTONE

Real Estate Analyst

NNJ market remains strong with positive rent growth. Net absorption lowest in 4 years and 1/6th of the 5 year rolling average (RA), due to lack of quality space available. 5.1MM SF was leased, the lowest quarter since Q2 2008 and half of the 10 year RA. Lease footprints shrank by 17% YoY to 19k SF. Average lease-up time is 5 months, down from 6 months in Q4. Smaller leases were signed quicker with larger tenants trying to eke out better pricing and concessions from landlords. More industrial and modified gross leases were signed, giving tenants more predictable budgeting. Investors are seeking large old properties in core markets for value-add plays as cap rates decompressed 20 bps to 6.5%. Continued western and southern momentum to secondary markets like the Brunswicks, Piscataway and Exits 7 & 7A giving way to new construction. 8MM SF under construction at Bridge Point 78 and Linden Logistics Center which will deliver Q4 2019 – 2020, the two largest projects in the country.

## OFFICE NATIONAL OVERVIEW






### Healthy Tenant Expansion Continues

Strong tenant growth continued in the first quarter and drove down the vacancy rate below 9% for the first time since the recession despite the healthy volume of new space that landed on the market. Rent growth for premium space averaged 3% compared to the same period last year and the amount of space under construction reached a new high in the current cycle.

Class A space accounted for virtually all the positive net absorption in Q1, which totaled 11.4 million SF. That was off 19% from the same period last year and 15% less than the first-quarter average over the previous three years.

Deliveries for Class A space totaled 14.3 million SF, a 12.8% decline from Q1 2018 and the amount space underway at the end of the first quarter hit 143.1 million SF. Rent growth, which has been uneven, showed strong improvement with asking rates for premium space averaging \$2.66 per SF.

The vacancy rate for premium space fell to 11.9% a 30-basis point decline from a year ago.

	<b>Q1 NET ABSORPTION</b> Million SF
11.4	
	<b>VACANCY</b> 1.0 Billion SF
8.8%	
	<b>AVG. ASKING RATE</b> \$26.10 PER SF
1.0%	
	<b>Q1 DELIVERIES</b> Million SF
19.5	
	<b>UNDER CONSTRUCTION</b> Million SF
180.1	

### MARKETS WITH MOST SF UNDER CONSTRUCTION

Market	SF	Market	SF
New York, NY	29.6M	Chicago, IL	8.2M
Washington, DC	11.7M	Seattle, WA	8.2M
Dallas/Ft worth, TX	8.4M	Atlanta, GA	7.7M

### LOWEST VACANCY RATES AMONG TOP 25 MARKETS

Market	Vacancy Rate	Market	Vacancy Rate
Seattle, WA	6.1%	Portland, OR	7.4%
San Francisco, CA	6.5%	Charlotte, NC	7.5%
Minneapolis, MN	7.1%	Boston, MA	7.5%

### HIGHEST RENTAL RATES

Market	Asking Rent/SF	Market	Asking Rent/SF
San Francisco, CA	\$5.52	Los Angeles, CA	\$3.31
San Jose, CA	\$4.66	Boston, MA	\$3.22
New York, NY	\$4.64	East Bay, CA	\$3.12

### MOST 12-MONTH SALES VOLUME & PRICE PER SF

Market	Sales Volume	Price/SF	Market	Sales Volume	Price/SF
New York, NY	\$16.4B	\$643.00	Seattle, WA	\$6.2B	\$458.00
Washington, DC	\$7.3B	\$368.00	San Francisco, CA	\$4.9B	\$790.00
Los Angeles, CA	\$7.3B	\$421.00	San Jose, CA	\$3.9B	\$623.00
Boston, MA	\$7.1B	\$396.00	Atlanta, GA	\$3.5B	\$190.00

More than 14.3 million SF of Class A space was delivered in Q1 and approximately 143.1 million SF of space was underway.

Net absorption for Class B space was in the red 361,000 SF in Q1, its first quarterly contraction in more than three years. Since 2016 more than 99 million SF of second-tier space has come off the market. More than 5.1 million SF of Class B space was delivered in Q1 and nearly 37 million SF was under construction.

Leading the nation's metros in first-quarter net absorption was New York City's 2.2 million SF, Dallas/Fort Worth's 1.8 million SF, 1.3 million SF in New York's Westchester County, 1.1 million in Phoenix and 1 million SF in Denver. Los Angeles reported 691,000 SF of negative absorption followed by 82,760 SF Philadelphia and Chicago's 9,934 SF.

## LOS ANGELES - SAN GABRIEL VALLEY



### SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
901 Corporate Center Dr	Pomona	96,365	-
2934 E. Garvey Ave S	West Covina	12,627	Boys & Girls Aid Society of LA
1300 W. Optical Dr	Azusa	12,361	-

### SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
Submarket	Type of Sale	Cap Rate	Class	Seller
1900 W. Garvey Ave S	\$11,000,000	\$225.72	48,732	Covina Office Building
West Covina	Owner/User	6.0%	Class B	Wongjin Group, LLC
530 W. Badillo St	\$3,528,500	\$359.10	9,826	Foothill Family Service
Covina	Owner/User	-	Class B	Badillo Professional Ct
415-423 McGroarty St	\$3,065,000	\$263.14	11,648	Narver Insurance
San Gabriel	Owner/User	-	Class C	Doll Family Trust

### LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
552 W. Foothill Blvd	Glendora	15,200	RPO Investment Co
825 W. Broadway	San Gabriel	11,450	Markdev-DV San Gabriel
-	-	-	-


### LARGEST UNDER CONSTRUCTION


Address	Submarket/City	SF	Delivery Date
9133 Garvey Ave	Rosemead	62,000	June 2019
-	-	-	-
-	-	-	-

### TOTAL OFFICE MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2019	7.0%	\$25.20	84,882	32,615,952	62,000
Q4 2018	7.2%	\$24.48	433,690	32,605,952	72,000
Q3 2018	8.6%	\$24.12	(39,042)	32,605,952	72,000
Q2 2018	8.4%	\$24.36	294,343	32,593,751	113,619
Q1 2018	9.1%	\$24.24	(76,128)	32,516,501	190,869

  
84,882  
NET  
ABSORPTION SF

  
7.0%  
VACANCY  
2,284,504 SF

  
\$25.20  
AVG. ASKING  
RATE PSF

  
10,000  
DELIVERIES  
1 Building

  
62,000  
UNDER  
CONSTRUCTION  
1 Building

#### CHRISTOPHER LARIMORE President

The San Gabriel Valley office market witnessed another positive performance this past quarter with overall vacancy rate dropping again to 7.0% and increasing asking rental rates. Both landlords and business owners feel confident in the economy and direction of the market. This submarket caters to mid-small users, however last quarter saw five spaces leased out over 10,000 square feet indicating that business owners are in expansion mode. Medical space for lease remains a difficult requirement but medical buildings for sale are in high demand due to lack of product. Office sales sold mostly to owner-users, however price per square foot dropped 19% due to the majority of sales occurring in the east which is a lower cost alternative. The average cap rate for investment sales rose from 4.6% to 5.7%.



### SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
2255 N. Ontario St	Burbank	42,932	Insomniac Games
5161 Lankershim Blvd.	No Hollywood	40,371	WeWork
3900 W. Alameda Ave	Burbank	30,329	DNEG

### SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
Submarket	Type of Sale	Cap Rate	Class	Seller
Corp Pointe at West Hills	\$160,000,000	\$162.00	987,420	Kennedy Wilson
Fallbrook Ave, West Hills	Investment	-	Class A	Brookfield
Calabasas Park Centre	\$78,200,000	\$347.00	225,300	Related Fund Mgt / Cruzan
Park Sorrento, Calabasas	Investment	-	Class A	Kilroy Realty Corp
Encino Office Park.	\$47,800,000	\$224.00	213,459	Harbor Associates
6345 Balboa Blvd, Encino	Investment	-	Class A	Not Disclosed

### LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
11702 Victory Blvd.	North Hollywood	10,800	DaVita Dialysis
-	-	-	-
-	-	-	-


### LARGEST UNDER CONSTRUCTION


Address	Submarket/City	SF	Delivery Date
20000 Prairie St.	Chatsworth	255,815	June 2020
6150 Laurel Cyn Blvd.	North Hollywood	240,000	Oct 2019
5411 Etiwanda Ave	Tarzana	89,158	Oct 2019

### TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2019	9.7%	\$33.60	(182,421)	73,838,044	624,040
Q4 2018	9.4%	\$32.88	493,288	73,612,222	613,107
Q3 2018	10.1%	\$31.92	63,603	73,412,887	346,492
Q2 2018	10.2%	\$31.20	117,264	73,376,782	346,492
Q1 2018	10.4%	\$30.96	(202,537)	79,436,104	364,604

  
**(182,421)** NET  
ABSORPTION SF

  
**9.7%** VACANCY  
7,132,091 SF

  
**\$33.60** AVG. ASKING  
RATE PSF

  
**10,800** DELIVERIES  
1 Building

  
**624,040** UNDER  
CONSTRUCTION  
4 Buildings

#### SHELLY GARCIA

Director of Marketing

The Los Angeles North office market slowed in Q1 following a very active fourth quarter. Although leasing activity remained steady, absorption weakened, falling into negative territory, and vacancies inched up by 20 basis points. Entertainment and tech tenants continued to drive leasing activity and building sales continued apace, with prices escalating further and Class A properties taking much of the focus.



### SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
3131-3134 Katella Ave	Cypress	150,342	Epson America
5270 California Ave	Irvine	84,380	UCI Applied Innovation
650 Town Center Dr	Costa Mesa	59,056	Sheppard Mullin Richter, et al

### SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
Submarket	Type of Sale	Cap Rate	Class	Seller
5301 Bolsa Ave	\$113,000,000	\$122.43	923,000	Sares-Regis
Huntington Beach	Investment	-	Class C	Boeing Company
5515 E. La Palma Ave	\$40,648,000	\$260.76	155,880	Kilen Family
Anaheim	Investor	5.0%	Class B	Hines
120 S. State College Blvd	\$23,050,000	\$289.89	79,152	HDL Companies
Brea	Owner/User	-	Class A	Hines

### LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
2722 Michelson	Irvine	155,000	LBA Realty
505-525 Technology Dr	Irvine	184,800	Irvine Company
-	-	-	-


### LARGEST UNDER CONSTRUCTION


Address	Submarket/City	SF	Delivery Date
1001 N. Broadway	Santa Ana	615,000	2022
1340 S. Coast Dr	Costa Mesa	432,495	Dec 2019
3181 Michelson Dr	Irvine	184,000	Nov 2019

### TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2019	9.9%	\$32.03	106,278	157,438,491	1,580,987
Q4 2018	9.8%	\$31.59	467,077	157,095,350	1,298,471
Q3 2018	10.1%	\$31.33	(117,840)	157,084,790	1,340,916
Q2 2018	9.8%	\$30.98	(68,069)	156,719,835	1,179,210
Q1 2018	9.8%	\$30.91	(58,713)	156,719,835	894,608

 **106,278** NET ABSORPTION SF

 **9.9%** VACANCY 15,633,152 SF

 **\$32.03** AVG. ASKING RATE PSF

 **343,141** DELIVERIES 4 Buildings

 **1,580,987** UNDER CONSTRUCTION 18 Buildings

#### MARSHAL VOGT Principal

Orange County's office market opened the year with continued healthy demand for Class A space. Some of the demand for Class A buildings has come at the expense of second-tier space, which has averaged 124,101 sq. ft. of negative absorption over the same two-year span. The shift toward Class A space has been incentivized by favorable lease rates. Year-over-year average asking rents are up 3% for Class A and 5.5% for Class B space. Consequently, after assessing the narrow gap between Class A and Class B rents, currently at \$3 and \$2.64 per sq. ft. respectively, most tenants are finding the value offered by premium space to be irresistible.



## SEATTLE - PUGET SOUND



### SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
320 108th Ave NE	Bellevue CBD	377,000	Amazon
1227 124th Ave NE	Bellevue Suburban	338,000	Facebook
1201 2nd Ave, 2+U	Seattle CBD	121,000	Dropbox

### SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
City	Type of Sale	Cap Rate	Class	Seller
Troy Block - Boren Ave N	\$740,000,000	\$905.00	820,000	Ponte Gadea Seattle
South Lake Union/Seattle	Fee	-	Class A	USAA
800 5th Ave	\$540,352,000	\$542.00	996,130	Blackstone Group
Seattle CBD/Seattle	Fee	-	Class A	Hines
Lake Washington Park	\$53,000,000	\$612.88	86,000	Monolithic Power Sys
Kirkland	Fee	-	Class A	Clarion Partners

### LARGEST DELIVERIES

Property	Submarket/City	SF	Developer
-	-	-	-
-	-	-	-
-	-	-	-

### LARGEST UNDER CONSTRUCTION


Address	Submarket/City	SF	Delivery Date
1234 Westlake Ave Block 20	S. Lake Union/Seattle	1,100,000	Q2 2019
Rainier Square 401 Union St	CBD/Seattle	994,567	Q1 2020
1201 2nd Ave 2+U	CBD/Seattle	686,908	Q3 2019

### TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2019	6.2%	\$35.91	498,038	204,888,815	8,011,487
Q4 2018	6.8%	\$32.99	712,546	203,351,002	7,659,803
Q3 2018	7.1%	\$32.72	305,997	203,254,035	7,424,059
Q2 2018	7.2%	\$32.01	1,942,535	203,187,718	7,345,736
Q1 2018	7.8%	\$32.12	641,782	202,513,796	8,023,336

 **498,038** NET ABSORPTION SF

 **6.2%** VACANCY 12,473,179 SF

 **\$35.91** AVG. ASKING RATE PSF

 **0** DELIVERIES 0 Buildings

 **8,011,487** UNDER CONSTRUCTION 31 Buildings

#### SCOTT ESHELMAN

Senior Managing Director

Technology tenants including Amazon, Facebook and Google continue to drive the exceptionally strong Seattle and Eastside office markets to low vacancy rates of 5.7% and 4.6% respectively. Absorption totaled 1.366 MM SF for the Puget Sound market area in the 1st quarter taking YTD absorption to 1.5 MM SF. Most remarkably, of the 7.88 MM SF of space that is announced or under construction, nearly 70% is pre-leased or rumored to be pre-leased. This continuing demand will undoubtedly launch several new projects that have been on the drawing board.



## SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
Parkridge VI	SES	161,000	Cochlear
717 17th St	CBD	118,000	Sunrun
Atria	Northwest	88,000	Crocs

## SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
City	Type of Sale	Cap Rate	Class	Seller
Portolio Sale	\$710,000,000	\$334.00	1,215,000	Goldman Sachs
Various	Investment	-	Class A	Unico
1600 Broadway	\$111,000,000	\$249.00	445,000	Nuveen
Denver	Investment	-	Class B	LBA Realty
1705 17th St	\$76,000,000	\$697.00	109,000	Lincoln Property Co
?	Investment	-	Class A	GLL Real Estate Ptnrs

## LARGEST DELIVERIES

Property	Submarket/City	SF	Developer
3601 Walnut	RiNo	250,000	Beacon
-	-	-	-
-	-	-	-


## LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
Block 162	CBD	595,000	Q4 2020
6900 Layton	SES	380,000	Q2 2020
1901 Wazee	LoDo	157,000	Q1 2021


## TOTAL OFFICE MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2019	9.2%	\$27.02	1,071,481	210,912,446	3,476,567
Q4 2018	9.5%	\$26.83	1,084,025	210,514,503	3,675,861
Q3 2018	9.6%	\$26.76	1,246,114	209,675,663	4,353,586
Q2 2018	10.2%	\$26.74	1,184,052	209,556,963	3,935,829
Q1 2018	10.2%	\$26.27	884,975	208,275,655	4,250,575

  
1,071,481  
NET  
ABSORPTION SF

  
9.2%  
VACANCY  
19,304,576 SF

  
\$27.02  
AVG. ASKING  
RATE PSF

  
499,477  
DELIVERIES  
8 Buildings

  
3,476,567  
UNDER  
CONSTRUCTION  
50 Buildings

**JR BITZER**  
Principal

There was another WeWork lease in Q1 and employment background verifier Checkr announced a decision to make Denver their HQ2 with 1,500 new jobs. About 35% of Q1 tenant expansion metro-wide was in the 14-million-SF Colorado Boulevard office district, which posted 374,146 SF of absorption of Class A space. There was 271,834 SF of growth in the 40.3-million-SF Downtown market, which totals 19% of the metro's office inventory. Net absorption totaled 207,445 SF in West Denver and 155,784 SF in the Broomfield market.



### SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
200 Granville St	Vancouver	20,000	Allocadia Software
2288 Kingsway	Vancouver	13,991	Government of B.C.
505 Burrard St	Vancouver	8,363	Fujitsu Intelligence

### SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
Submarket	Type of Sale	Cap Rate	Class	Seller
Bentall Centre Vancouver	TBD Freehold	TBD -	1,450,000 Class A	Blackstone/Hudson Pac Anbang Insurance
1075 W. Georgia Vancouver	\$274,000,000 Freehold	\$761.00 -	360,000 Class A	Reliance/Kingsett/Crestpoint BCIMC
Airport Executive Park Richmond	\$208,000,000 Freehold	\$297.00 -	700,000 Class A	Fiera Properties Sunlife

### LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
6060 Silver Ave (Station Square)	Burnaby	58,819	Anthem Properties
34 West 7th Ave	Vancouver	47,540	Chard Development
-	-	-	-


### LARGEST UNDER CONSTRUCTION


Address	Submarket/City	SF	Delivery Date
349 W Georgia "The Post"	Vancouver	1,100,000	2023
753 Seymour St.	Vancouver	370,000	2021
400 W. Georgia St	Vancouver	345,846	2020

### TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2019	5.0%	\$28.47	(268,992)	59,746,492	3,764,876
Q4 2018	6.2%	\$26.11	287,531	57,231,588	3,452,223
Q3 2018	7.2%	\$26.47	551,523	57,166,353	2,833,329
Q2 2018	7.4%	\$25.10	540,838	56,646,109	1,660,199
Q1 2018	8.3%	\$24.57	467,353	56,601,652	1,573,613

 **(268,992)** NET ABSORPTION SF

 **5.0%** VACANCY 2,966,200 SF

 **\$28.47** AVG. ASKING RATE PSF

 **108,359** DELIVERIES 2 Buildings

 **3,764,876** UNDER CONSTRUCTION 23 Buildings

**JASON MARRIOTT**  
VP, Office Properties

Office sales took center stage over office leasing in the first quarter of 2019 with a handful of >250,000 SF office buildings valued at in excess of \$1.5B changing hands. Strong continued growth and sustainability of Vancouver's innovative sectors has attracted North American real estate investors to make their first purchases in Vancouver. Meanwhile, Asian foreign investors have significantly curtailed investment stemming from a number of provincial, federal, and international headwinds and controls on money leaving China. Despite diminished leasing activity, availability is extremely limited, rates are rising, and preparation should be made early in anticipation of pending lease expires in the near term.



### SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
1700 S. Price Rd	Chandler	151,359	Voya Financial
410 N. Scottsdale Rd	Tempe	68,968	WeWork
410 N. 44th St	44th St Corridor	66,779	Steward Health Choice

### SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
Submarket	Type of Sale	Cap Rate	Class	Seller
1665 W. Alameda Dr	\$71,500,000	\$302.72	236,188	Ascent R.E. Advisors
Airport	Investment	-	Class B	Wentworth Prop Co.
3003 N. Central Ave	\$42,340,000	\$92.47	457,893	Balfour Properties
Midtown	Investment	0	Class A	Colony Capital, Inc.
14642-14820 N. Del Webb	\$25,250,000	\$237.08	106,503	Anchor Health Prop
Arrowhead	Investment	6.4%	Class A	Whiteboard, Inc.

### LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
2190 E. Elliot Rd	S Tempe/Ahwatukee	200,000	Wentworth Prop Co
2100 E. Rio Salado Pkwy	Tempe	150,000	The Boyer company
SEC Scottsdale & Chauncey	Scottsdale Airpark	36,735	MDB Development

### LARGEST UNDER CONSTRUCTION


Address	Submarket/City	SF	Delivery Date
1127 N. Papago Dr	Tempe	352,481	Q2 2019
410 N. Scottsdale Road	Tempe	284,000	Q3 2019
1650-1700 S. Price Road	Chandler	270,000	Q2 2019

### TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2019	16.2%	\$24.69	1,113,006	101,093,062	2,227,704
Q4 2018	16.6%	\$24.09	(33,135)	99,495,850	2,569,439
Q3 2018	16.3%	\$25.44	999,900	99,937,230	2,785,849
Q2 2018	17.2%	\$25.22	732,248	99,855,467	2,715,874
Q1 2018	18.1%	\$25.74	686,469	99,626,075	2,839,908

 **NET ABSORPTION SF**  
1,113,006

 **VACANCY**  
16.2%  
16,405,583 SF

 **AVG. ASKING RATE PSF**  
\$24.69

 **DELIVERIES**  
3 Buildings  
386,735

 **UNDER CONSTRUCTION**  
14 Buildings  
2,227,704

**CHRIS MCCHESENEY**  
Research Director

The Phoenix office market posted strong first-quarter gains. Vacancy was down, asking rates were up and the average cap rate barely moved. Net absorption was up compared to the previous quarter, and total sales topped \$418M. Nearly 387,000 SF were delivered in Q1 and more than 2.2 million SF are under construction. The largest Q1 deliveries were two build-to-suits totaling 350,000 SF. The healthy tenant demand is expected to continue in the second quarter and throughout 2019.



### SIGNIFICANT LEASE DEALS

Project Address	Submarket/City	SF	Tenant
Legacy West	Upper Tollway/W Plano	1,087,911	-
Southwest Airlines	Stemmons Fwy/Dallas	414,000	-
Fossil Creek Bus Park	E Northeast/Fort Worth	402,121	-

### SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
Submarket	Type of Sale	Cap Rate	Class	Seller
1950 N Stemmons Fwy	\$800,000,000	\$500.00	1,600,000	Equinix, Inc.
Stemmons Fwy (Infomart)	Investment	-	Class A	ASB Capital Mgmt
2711 N. Hasakel Ave	\$202,540,050	\$150.00	1,350,267	Highland Capital Mgm
Cityplace Tower, Dallas	Investment	6.5%	Class A	Parmenter, LLC
208 S. Ackard St	\$166,000,000	\$171.88	965,800	Dundon Capital Ptnrs
Whitacre Tower, Dallas	Investment	-	Class A	Icahn Enterprises, LP

### LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
-	-	-	-
-	-	-	-
-	-	-	-

### LARGEST UNDER CONSTRUCTION


Address	Submarket/City	SF	Delivery Date
American Airlines Corp	4200 American Blvd Ft Worth	1,700,000	Q4 2019
Pioneer Natural Resources	777 Hidden Ridge Rd, Irving	1,125,000	Q4 2019
Charles Schwab Campus	St Hwy 114, Westlake	500,000	Q2 2019


### TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2019	14.8%	\$25.66	1,795,918	383,069,091	8,499,587
Q4 2018	14.6%	\$25.61	1,132,166	383,559,579	8,047,611
Q3 2018	14.9%	\$25.51	1,667,502	381,728,949	8,744,430
Q2 2018	15.0%	\$25.42	379,181	380,359,973	9,085,022
Q1 2018	14.6%	\$25.15	2,199,059	378,375,587	9,871,348

 NET ABSORPTION SF  
1,795,918

 VACANCY  
14.8%  
56,880,266 SF

 AVG. ASKING RATE PSF  
\$25.66

 DELIVERIES  
1,348,232  
141 Buildings

 UNDER CONSTRUCTION  
8,499,587  
154 Buildings

#### MIKE EBBITT

Director of Office Tenant Representation

The Dallas office market is off to a strong start in 2019, with more than 1.1 million square feet of absorption in the first quarter. This marks the eighth quarter in this almost 10-year cycle to record absorption activity of over 1 million square feet. Job growth continues to create strong demand, expanding at an annualized rate of 3.1% in February 2019. Development activity in Q1 2019 was up slightly from last quarter, with a total of 4,007,5214 sq. ft. in active construction. Although, as the cycle wanes, developers are becoming increasingly cautious. Outlook: Dallas should see more of the same steady growth in the office market in 2019, although economic forecasts show slowing in mid to late 2020.



### SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
Total Plaza 1201 Louisiana	CBD Houston	305,000	Total
Heritage Plz 1111 Bagby	CBD Houston	204,210	Deloitte Consulting
JP Morgan Twr 600 Travis	CBD Houston	147,528	Hunton Andrews Kurth

### SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
Submarket	Type of Sale	Cap Rate	Class	Seller
1,2,3 Eldridge Place	\$78,400,000	\$91.15	824,632	Granite Properties
Energy Corridor Houston	Value Add	-	Class A	TIER REIT
1177 West Loop S	\$65,000,000	\$190.00	341,947	Hicks Ventures
Galleria Houston	Leasehold	-	Class B	Spire Realty Group
5353 & 5373 W. Alabama	\$25,000,000	\$129.00	196,764	Braun Enterprises
Galleria Houston	Value Add	-	Class B	Wedge Group

### LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
9251 Park South	South Houston	41,000	DHI Telecom
7619 Branford Pl	Fort Bend Cnty/Sugar Land	38,599	TireOne Development
1000 West Loop Fwy	Northwest Near Houston	32,174	Beeson Properties

### LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
Texas Tower - 845 Texas Ave 1	Downtown Houston	1,106,581	Oct 2021
800 Capitol St	Downtown Houston	780,593	Q2 2019
Park Pl / River Oaks District	West Loop Houston	207,202	Mar 2020

### TOTAL OFFICE MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2019	15.0%	\$29.00	523,776	329,134,551	3,521,698
Q4 2018	16.5%	\$28.56	1,806,743	328,175,609	3,141,781
Q3 2018	16.4%	\$28.44	1,138,149	327,592,516	3,842,673
Q2 2018	16.5%	\$27.60	(543,575)	326,424,477	2,659,246
Q1 2019	16.7%	\$27.73	(1,105,254)	325,901,554	2,137,904

  
523,776  
NET  
ABSORPTION SF

  
15.0%  
VACANCY  
49,335,994 SF

  
\$29.00  
AVG. ASKING  
RATE PSF

  
254,975  
DELIVERIES  
29 Buildings

  
3,521,698  
UNDER  
CONSTRUCTION  
62 Buildings

#### TRAVIS TAYLOR Principal

The office market across Houston continues to improve slowly with static vacancy being leased a square inch at a time. By all accounts, it is still a layered market with certain areas having turned a corner and others still quiet. Statistics range from reporting overall negative net absorption for the year to showing an increase in positive net absorption from the previous quarter. Despite the mixed market stats, by all accounts Houston's economy seems to be improving and the 3.4% job growth year to date suggests a turnaround in the fundamentals that have headlined the office market for the last three years.



## SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
1200 Peachtree St	Midtown	370,000	Norfolk Southern Co.
1105 W. Peachtree St NW	Midtown	161,292	Confidential
101 Marietta St. NW	Downtown	100,300	WeWork

## SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
Submarket	Type of Sale	Cap Rate	Class	Seller
1200 Peachtree St	\$82,000,000	\$222.00	370,000	Cousins Properties
Midtown	Sale/Leaseback	9.75%	Class A	Norfolk Southern
3535 Piedmont Rd, NE	\$58,000,000	\$193.00	300,454	The Adent Companies
Buckhead	Investment	5.0%	Class A	Lone Star Funds
2100 Riveredge Pkwy NW	\$45,225,000	\$171.00	264,320	River Edge, Inc.
Northwest	Investment	-	Class A	Mainstreet Capital Ptnrs

## LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
756 W. Peachtree St.	Midtown	670,000	Portman Holdings
3900 Motors Industrial Wy	Northlake	210,000	Integral Group
4310 Sky Train Way	South Atlanta	48,108	Grove Street Ptnrs


## LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
240 Perimeter Center Pk Bldg 2	Central Perimeter	670,000	Q4 2019
240 Perimeter Center Pk Bldg 3	Central Perimeter	429,200	Q1 2021
725 Ponce de Leon Ave	Midtown	370,931	Q2 2019

## TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2019	14.6%	\$26.06	391,398	219,877,614	4,997,652
Q4 2018	14.6%	\$26.00	719,890	219,344,967	5,348,677
Q3 2018	14.7%	\$25.67	(234,003)	218,734,087	4,897,192
Q2 2018	14.5%	\$24.95	(86,602)	218,649,701	3,720,193
Q1 2018	14.3%	\$24.77	981,246	218,151,275	3,864,978

 **NET ABSORPTION SF**  
391,398

 **VACANCY**  
14.6%  
32,131,687 SF

 **AVG. ASKING RATE PSF**  
\$26.06

 **DELIVERIES**  
790,454  
4 Buildings

 **UNDER CONSTRUCTION**  
4,997,652  
32 Buildings


**JOHN DECOUTO, CCIM, MCR.H**  
Senior Managing Director

Overall vacancy remained the same in Q1 of 2019 at 14.6% with a positive net absorption of 391,398 SF due to larger tenants moving into new space. Average asking rents for classes A, B, and C rose to \$26.06 PSF. There was 4,997,652 SF under construction at the beginning of 2019 and a total of 790,454 SF of delivered office product. Of the 5M SF under construction, 16 buildings were over 100,000 SF and 56% pre-leased.



 **NET ABSORPTION SF**  
157,842

 **VACANCY**  
1,529,950 SF  
4.9%

 **AVG. ASKING RATE PSF**  
\$26.57

 **DELIVERIES**  
9 Buildings  
40,874

 **UNDER CONSTRUCTION**  
24 Buildings  
758,865

**PETER HARPER, CCIM**  
Principal

The region's population is expanding at three times the national average, growing to more than 744,000 with well-educated young talent attracted by manufacturing, technology, bio-pharma, healthcare and military-related jobs. The office inventory totals 30.6 million sq. ft. and 2019 deliveries should approach 580,000 sq. ft. Twelve-month absorption totaled 500,000 sq. ft. Rents are at all-time highs, averaging \$26.56 per sq. ft. More than \$288 million in office product traded hands in the past year with cap rates averaging 7.5%.

### SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
115 Fairchild St	Daniel Island	22,683	JW Aluminum
22 Westedge St	Charleston	21,224	The Harbour Club
146 Fairchild St	Charleston	12,474	Total Quality Logistics

### SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
Submarket	Type of Sale	Cap Rate	Class	Seller
5 Centennial Ave - 4 Bldgs	\$8,350,000	\$40.73	205,000	FCP Aiken LLC
Aiken	Investment	-	Class B	Matrix Aiken LLC
146 Fairchild St	\$8,000,000	\$118.09	67,744	The Becker Organization
Charleston	Investment	7.9%	Class A	J. Elizabeth Bradham
1007 Johnnie Dodds Blvd	\$6,640,000	\$156.91	42,316	Innolabs 1007 LLC
Mount Pleasant	Investment	5.95%	Class B	1007 Johnnie Dodds LLC

### LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
465 Meeting St	Charleston	100,000 Mixed-Use	GS Office Owner LLC
735 Coleman Blvd.	Mount Pleasant	18,084 Mixed-Use	Beach Commercial
966 Houston Northcutt Blvd	Mount Pleasant	7,282	Lat Purser

### LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
22 Westedge St	Charleston	154,998	Q4 2019
75 Port City Landing	East Islands/Mt Pleasant	125,000	Q2 2019
2920 O'Hear Ave	North Charleston	110,000	Q1 2021

### TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2019	4.9%	\$26.57	157,842	30,548,867	758,865
Q4 2018	6.3%	\$23.40	9,915	30,151,934	723,904
Q3 2018	5.7%	\$25.13	(206,685)	29,951,391	837,279
Q2 2018	4.9%	\$23.08	368,457	29,910,279	464,120
Q1 2018	5.1%	\$21.91	110,281	29,597,735	720,672





### SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
250 Executive Center Dr	Pelham Road	16,752	SC Mfg Extension Ptnrshp
101 N. Pine St, 3rd Flr	Spartanburg CBD	12,314	SC Dept of Health & Human Sv
201 N. Main St	Anderson County	11,763	HMR Veterans Services

### SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
Submarket	Type of Sale	Cap Rate	Class	Seller
10 Enterprise Blvd.	\$6,060,000	\$134.07	45,200	Welltower Om Group LLC
Greenville/Pelham Rd	Investment	-	Class B	Us Flagship Mob-Ent
44 E. Camperdown Way	\$3,850,000	\$89.19	43,164	Grand Bohemian Grnvle
Greenville CBD	Redevelopment	-	Class B	Jural Ltd Partnership
16 Powderhorn Rd	\$1,559,750	\$166.94	9,343	Powderhorn, LLC
Simpsonville/Mauldin/Ftn	Investment	8.32%	Class B	Crescent Property Mgmt

### LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
411 Industrial Ct Greer	Rt 101 Corridor	14,000	Reed Watson
763 E. Main St	Spartanburg, East Side	7,511	F&G Investments, LLC
129-131 Broadbent Rd	Anderson County	5,630	Hilton Resources


### LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
423 S. Main St.	Greenville CBD	150,000	Dec 2019
433 SE Main St, Simpsonville	Mauldin/Fountain	11,000	Q2 2019
3455 Highway 153 Piedmont	Powdersville/Easley	10,057	Q2 2019


### TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2019	6.5%	\$17.75	401,445	40,185,832	196,000
Q4 2018	8.0%	\$17.72	(106,847)	40,078,368	96,802
Q3 2018	7.8%	\$17.52	(12,525)	39,659,149	130,425
Q2 2018	7.7%	\$17.64	3,191	39,631,640	160,198
Q1 2018	7.7%	\$17.12	(66,198)	39,638,457	133,631

 **NET ABSORPTION SF**  
401,445

 **VACANCY**  
2,617,265 SF  
6.5%

 **AVG. ASKING RATE PSF**  
\$17.75

 **DELIVERIES**  
3 Buildings  
27,141

 **UNDER CONSTRUCTION**  
7 Buildings  
196,000

#### DARATH A. MACKIE Associate

The Greenville/Spartanburg market showed a lower vacancy rate at 6.5% in the first quarter of 2019 than the previous three-quarters, reflecting an overall healthy market. Market rental rates continue to increase during the first quarter, with a 0.2% increase to \$17.75 per square foot from \$17.72 at the end of the fourth quarter 2018; however, the Class A sector showed a slight decline in base rates from the previous quarter down 0.1%, while Class B rates continue to increase with a 1.2% over last quarter. Three buildings totaling 27,141 square feet were delivered during Q1, with an additional 196,000 square feet expected to come online in the remainder of 2019.



### SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
1111 Brickell Ave	Miami	45,294	Industrious
3095 Grand Ave	Coconut Grove	42,883	Spaces
1600 Sawgrass Corp Pkwy	Sawgrass Park	37,818	MacNeill Group

### SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
Submarket	Type of Sale	Cap Rate	Class	Seller
13807 NW 4th St.	\$74,300,000	\$114.00	649,676	Bridge Investment Grp
Sunrise/Sawgrass Park	Portfolio	7.0%	Class B	Fifteen Group JV Oaktree
100 W. Cypress Creek Rd	\$41,700,000	\$193.00	216,000	Cardinal Point Mgmt
Ft Lauderdale/Cypress Crk	Portfolio	-	Class A	DRA Adv JV Mainstreet
4112 Aurora St	\$37,000,000	\$684.00	54,074	Baptist Health Ent
Coral Gables	Redevelopment	-	Class C	Shoma Dev/JV CMC Grp

### LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
60 SE 4th Ave	Delray Beach	84,300	iPic & Samuels & Assoc
2660 NW 3rd Ave	Miami/Wynwood	56,360	Goldman Properties
15121 NW 67th Ave	Miami Lakes	38,885	Graham Companies


### LARGEST UNDER CONSTRUCTION


Address	Submarket/City	SF	Delivery Date
888 Brickell Plaza	Miami/Brickell	552,301	Jan 2021
One West Palm	West Palm Beach	371,880	Oct 2020
201 E. Las Olas Blvd	Downtown Ft Lauderdale	356,948	Jul 2020

### TOTAL OFFICE MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2019	9.0%	\$33.83	101,000	233,820,945	4,522,134
Q4 2018	8.9%	\$32.85	(89,327)	233,535,155	3,746,544
Q3 2018	8.9%	\$31.98	568,002	233,440,330	3,346,742
Q2 2018	8.8%	\$31.64	678,019	232,601,247	3,991,508
Q1 2018	8.9%	\$31.06	(504,303)	232,253,561	3,286,532

 **NET ABSORPTION SF**  
101,000

 **VACANCY**  
9.0%  
10,222,677 SF

 **AVG. ASKING RATE PSF**  
\$33.83

 **DELIVERIES**  
287,053  
11 Buildings

 **UNDER CONSTRUCTION**  
4,522,134  
47 Buildings

**MATTHEW ROTOLANTE, SIOR, CCIM**  
President

South Florida's Office market performed fairly in the 1st quarter with positive net absorption close to 120,000 sf and vacancy rates falling an additional 50 basis points to 11.5%, an all-time low since the Great Recession. Class A sector continues to outperform other classes and with lower-tier Class B space average asking rents bumping up to \$33.75 from \$32.65 last quarter.



### SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
7 Hanover Square	Financial District	526,552	NYC Health & Hospitals
One Seaport Plaza	City Hall-Insurance Dist	201,231	WeWork Companies
61 Ninth Ave	Chelsea	145,741	Google

### SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
Submarket	Type of Sale	Cap Rate	Class	Seller
237 Park Ave	\$1.25B	\$999.00	1,215,717	David Werner RE
Grand Central	40% interest	-	Class A	RXR Realty & Watson St Cap
885 Second Ave	\$575,000,000	\$706.00	815,000	Rockpoint Group
Midtown East	Fee	-	Class A	Ruben Companies
850 Third Ave	\$422,000,000	\$688.00	613,664	Chetrit Group
Midtown East	Fee	-	Class A	HNA Group & MHP R.E.

### RECENT DELIVERIES


Address	Submarket/City	SF	Developer
55 Hudson Yards	Hudson Yards	1,556,136	The Related Companies
40 Tenth Ave	Hudson Square	156,938	William Gottlieb R.E.
300 Lafayette St	SoHo	83,000	The Related Companies


### LARGEST UNDER CONSTRUCTION


Address	Submarket/City	SF	Delivery Date
50 Hudson Yards	Hudson Yards	2,900,000	Jan 2022
66 Hudson Blvd	Hudson Yards	2,862,278	Oct 2022
30 Hudson Yards	Hudson Yards	2,600,000	May 2019


### TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2019	7.7%	\$74.18	2,302,542	553,361,996	16,351,542
Q4 2018	7.7%	\$73.82	(1,295,767)	551,304,869	18,088,482
Q3 2018	7.5%	\$73.42	2,146,454	551,106,735	15,289,136
Q2 2018	7.8%	\$74.05	2,223,655	550,909,494	15,286,301
Q1 2018	7.8%	\$71.03	1,324,103	547,995,692	15,322,132

 **2,302,542** NET ABSORPTION SF

 **7.7%** VACANCY 42,333,437 SF

 **\$74.18** AVG. ASKING RATE PSF

 **1,919,217** DELIVERIES 6 Buildings Last 4 Quarters

 **16,351,542** UNDER CONSTRUCTION 24 Buildings

**HENRY ABRAMOV**  
Director of Research

New York office vacancy is just 10 basis points below its 10-year average of 7.8%. Though leasing activity in Q1 among existing buildings decreased 43% since the end of 2018, the market experienced a positive net absorption of 2.3 million square feet compared to negative net absorption of 1.3 million square feet last quarter. Availability continues to scale in the 11 percent range with sublet availability increasing quarter-to-quarter by 30 basis points to 2.2%. Year-over-year New York office asking rents are up 4.4% to \$74.18 per square foot. Office investment sales continue to ask a low 4 percentage range in cap rates; with over \$12 billion in sales volume done in the past 12 months.



### SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
9780 Patuxent Woods Dr	Columbia South	22,720	-
8601 Robert Fulton Dr	Columbia South	15,033	-
6811 Benjamin Franklin Dr	Columbia South	10,107	-

### SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
Submarket	Type of Sale	Cap Rate	Class	Seller
7021 Columbia Gateway Dr	\$16,200,000	\$153.92	105,250	Kinsley Properties
Columbia South	Investment	10.74%	Class A	Lone Star Funds
6325 Woodside Ct	\$5,800,000	\$149.40	39,000	A&S Commercial Prop
Columbia South	Corp User	8.3%	Class B	KasCon, Inc.
7061 Deepage Dr	\$653,940	\$210.00	3,114	MRI Properties, LLC
Columbia South	Owner/User	-	Class B	Crown Title Company

### LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
8120 Maple Lawn Blvd	Columbia South	105,592	St. John Properties
11810 W. Market Pl	Columbia South	29,700	St. John Properties
8110 Maple Lawn Blvd	Columbia South	104,412	Greenebaum Enterprises

### LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
11100 Johns Hopkins Rd	Columbia South	263,000	Jul 2019
-	-	-	-
-	-	-	-

### TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2019	11.5%	\$23.32	(11,251)	10,345,239	263,000
Q4 2018	11.3%	\$23.67	(38,497)	10,345,239	263,000
Q3 2018	9.8%	\$23.66	(54,963)	10,209,947	398,292
Q2 2018	9.3%	\$23.80	(34,592)	10,209,947	398,292
Q1 2018	8.9%	\$24.14	(114,826)	10,209,947	398,292

▼  
(11,251)

NET  
ABSORPTION SF

▼  
11.5%

VACANCY  
1,184,903 SF

▼  
\$23.32

AVG. ASKING  
RATE PSF

▼  
0

DELIVERIES  
0 Buildings

◀▶  
263,000

UNDER  
CONSTRUCTION  
1 Building

#### BILL HARRISON

Senior Vice President

Columbia South is one of the largest suburban office markets included in the Baltimore Metro area. Howard Hughes Corporation continues its progress in developing the Merriweather Section which includes plans for office, retail and residential focusing on the live/work/play environment. The biggest competitor to Downtown Columbia is Maple Lawn. Being jointly developed by Greenbaum and St. John Properties, it includes a large residential component mixed in with modern office product and an abundance of walkable retail and restaurant amenities. These two areas combine their strategic location between Baltimore and Washington D.C. to attract a highly educated workforce with a desirable lifestyle. This market is predicted to remain strong.



### SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
570 Washington Blvd.	Hudson Waterfront	415,164	Depository Tr & Clearing
170 Park Ave	Morristown Region	147,215	Celularity
200 Hudson St	Hudson Waterfront	94,629	Sumitomo Bank

### SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
Submarket	Type of Sale	Cap Rate	Class	Seller
570 Washington Blvd	\$170,000,000	\$395.13	430,239	Star Financial, Inc.
Hudson Waterfront	Leasehold	6.0%	Class A	LeFrak
1 Geoffrey Way	\$19,000,000	\$30.60	621,000	DOBCO Group
Passaic Rt 46/23	BK Sale/Inv	-	Class A	Toys "R" Us, Inc.
300 Kimball Dr	\$66,000,000	\$164.94	400,147	Sovereign Partners
Parsippany	Investment	-	Class A	State Farm Mutual Auto

### LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
211 America Ave	Ocean County	75,000	Ray Builders
7-17 James St	Newark	65,000	Fidelco Realty Group
151 Forest St	Urban Essex	17,819	Willow Street Partners

### LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
110 Edison Pl	Newark/Urban Essex	402,532	Apr 2019
111 Sylvan Ave	GW Bridge	360,000	Oct 2019
31 Eastern Rd, Bldg 100	Meadowlands	250,000	Dec 2020

### TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2019	11.0%	\$25.73	678,247	374,816,562	1,795,353
Q4 2018	11.1%	\$25.54	1,052,079	374,626,523	1,781,472
Q3 2018	11.4%	\$25.54	2,028,722	374,514,868	1,814,693
Q2 2018	12.0%	\$25.57	145,102	374,677,038	1,887,333
Q1 2018	12.0%	\$25.19	398,894	374,593,939	1,949,432

▼  
678,247  
NET  
ABSORPTION SF

▼  
11.0%  
VACANCY  
42,055,712 SF

▲  
\$25.73  
AVG. ASKING  
RATE PSF

▲  
182,119  
DELIVERIES  
6 Buildings

▲  
1,795,353  
UNDER  
CONSTRUCTION  
19 Buildings

**MICHAEL MALMSTONE**  
Real Estate Analyst

NNJ Office market is soft and still a tenant's market. Vacancy has decreased marginally as the NJ unemployment rate also shrank marginally to 4% in February. Only one new 100k+ SF lease was signed, like many quarters in post-recession times. Rental growth remains positive and has finally breached the pre-crash peak average of \$25.72 PSF gross. Q1 posted a historic low of just 19 office buildings under construction that averaged 90k SF in size. One third are medical and 44% are pre-leased. Landlords are pushing higher rental rates. Those with Class B buildings are finally investing some capital to make spaces like-new and users are paying top dollar for them, although still at a discount to true new Class A spaces. Healthy submarkets continue to improve while inferior ones are lackluster.

## RETAIL NATIONAL OVERVIEW

### Weak Demand Continues But Prices Gain

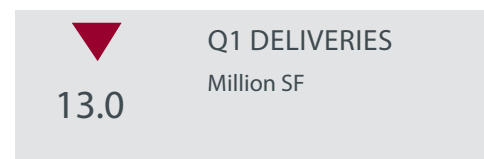
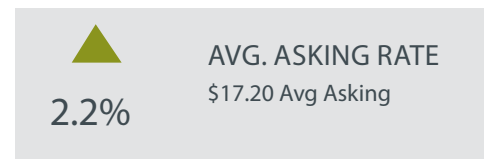
E-commerce penetration continued to pummel the nation's retail property sector as overall tenant demand fell more than two thirds from the first-quarter average of the previous three years. Nevertheless, single-asset sales in the category were up and property prices continued to improve.

First-quarter net absorption in the 14.1-billion-SF retail category totaled 4.5 million SF. This is in contrast to the 16.5 million SF of average absorption posted in the first quarter since 2016.

The general retail category, which makes up 53% of all retail space, managed 5.2 million SF of absorption in the first quarter. That is the least Q1 growth in the last four years and off 38% from net absorption of the same period in 2018.

Shopping centers, which account for 32% of all retail space posted 268,000 SF of Q1 net absorption, a fraction of the 5.2-million-SF average growth in the first quarter of the previous three years.

Tenants of power centers, which make up 7% of all retail space, shed 1.1 million SF of space in the first quarter. Demand for mall space, which totals about 8% of all retail space was in the



red 26,869 SF in the first quarter.

Although portfolio sales activity declined in February compared to the same period a year ago, there was a 19% jump in single-asset sales with prices up 2.9% YOY and cap rates holding steady at 7% for the month.

U.S. retailers already have shuttered 5,994 stores so far this year, exceeding the 5,864 that were closed for all of 2018, according to Coresight Research. More trouble may be ahead as the S&P reported that 12 of the 136 retailers it rates would default this year, a fourfold increase from the historical trend. After restructuring effort failures Payless ShoeSource Inc, Gymboree Group Inc. and Charlotte Russe Holding Inc. were among merchants announcing planned store closings.

### MARKETS WITH MOST SF UNDER CONSTRUCTION

Market	SF	Market	SF
New York, NY	7.7M	Dallas/Ft Worth, TX	3.3M
Houston, TX	4.2M	Washington, DC	2.5M
Boston, MA	3.8M	Los Angeles, CA	2.1M

### MOST 12-MONTH NET ABSORPTION

Market	Net Absorption	Market	Net Absorption
Dallas, TX	4.2M	Inland Empire, CA	2.3M
Houston, TX	3.5M	Atlanta, GA	2.1M
New York, NY	3.2M	Phoenix, AZ	1.5M

### HIGHEST RENTAL RATES

Market	Asking Rent/SF	Market	Asking Rent/SF
San Francisco, CA	\$3.41	San Jose, CA	\$3.06
New York, NY	\$3.39	Los Angeles, CA	\$2.72
Miami, FL	\$3.14	Orange County, CA	\$2.69

### MOST 12-MONTH SALES VOLUME & PRICE PER SF

Market	Sales Volume	Price/SF	Market	Sales Volume	Price/SF
New York, NY	\$7.7B	\$387.00	Phoenix, AZ	\$2.0B	\$187.00
Los Angeles, CA	\$4.6B	\$382.00	Washington, DC	\$1.8B	\$295.00
Atlanta, GA	\$2.5B	\$162.00	Boston, MA	\$1.5B	\$239.00
Chicago, IL	\$2.4B	\$187.00	Inland Empire, CA	\$1.4B	\$238.00

## LOS ANGELES - SAN GABRIEL VALLEY



### SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
2750 San Gabriel Blvd	Rosemead	12,004	Sketchers Sublease
101-122 W. Foothill Blvd	Azusa	11,858	99c and Deals
475 Foothill Blvd	La Canada Flintridge	8,443	Exer Urgent Care

### SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
Submarket	Type of Sale	Cap Rate	Class	Seller
2010 E. Garvey Ave S	\$24,611,529	\$223.74	110,000	Group 1 Automotive Inc
West Covina (Penske MBZ)	Portfolio	-	Auto Dealer	Pense Corporation
303 E. Foothill Blvd	\$10,500,000	\$356.68	29,438	Lorrain Sun
Azusa (Smart & Final)	Investment	4.95%	-	Golcheh Dev & Inv LLC
901 S. Fair Oaks Ave	\$5,500,000	\$458.36	12,000	Kutzer Company
South Pasadena	Investment	-	Restaurant	Citizens Bus Bank

### LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
1360 W. Garvey Ave	West Covina	21,943	Porto's Bakery
-	-	-	-
-	-	-	-

### LARGEST UNDER CONSTRUCTION


Address	Submarket/City	SF	Delivery Date
101-111 W. Valley Blvd	Shops/Res @ Hyatt San Gabriel	48,126	May 2019
8479 Garvey Ave	Garvey 168 Plaza Rosemead	35,000	June 2019
1500 Market Place Dr	Monterey Park	10,000	June 2019

### TOTAL RETAIL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2019	3.9%	\$23.52	(77,963)	65,474,056	121,557
Q4 2018	3.7%	\$22.44	(41,457)	65,452,113	143,500
Q3 2018	3.7%	\$21.96	(187,986)	65,491,855	123,900
Q2 2018	3.6%	\$21.48	367,249	65,573,159	147,897
Q1 2018	3.7%	\$21.48	(11,730)	65,308,417	401,704

  
**(77,963)** NET ABSORPTION SF

  
**3.9%** VACANCY  
2,544,503 SF

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

  
**21,943** DELIVERIES  
1 Building

  
**121,557** UNDER CONSTRUCTION  
7 Buildings

#### DAN BACANI Principal

Vacancy rates in the San Gabriel Valley retail market increased to 3.9% in the 1st quarter of 2019. Average asking rental rates also increased to \$23.52 NNN annually. The outlook is for transaction volume to pick up and cap rates to remain stable and the average sale price for 2018 is \$314 per SF.



### SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
105-113 N. Artsakh Ave	Glendale	7,223 Sublease	-
201 N. Brand Blvd	Glendale	3,101	-
2010 Huntington Dr	San Marino	2,900	-

### SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
Submarket	Type of Sale	Cap Rate	Class	Seller
6501 San Fernando Rd	\$16,500,000	\$321.90	51,258	Vatche Fermanian
Glendale (Golden Farms Pl)	Investment	-	Neighborhood	Iskouhi Malkhassian
810-822 S. San Fernando	\$7,797,000	\$545.44	14,295	Pacific West R.E.
Burbank (Harbor Frt Tools)	Investment	5.21%	Freestanding	SBH Real Estate Grp
901 Fair Oaks Ave	\$5,500,000	\$458.33	12,000	Kutzer Company
South Pasadena	Investment	-	Restaurant	Citizens Bus Bank

### LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
-	-	-	-
-	-	-	-
-	-	-	-

### LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
280-400 E. Colorado Blvd	Paseo Colorado - Pasadena	60,000	Jan 2020
3740-3770 E. Foothill Blvd	Pasadena	19,000	Jun 2019
-	-	-	-

### TOTAL RETAIL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2019	3.8%	\$32.76	(61,453)	25,882,369	84,121
Q4 2018	3.5%	\$35.40	41,111	25,877,519	28,971
Q3 2018	3.7%	\$33.72	(54,381)	25,894,622	28,971
Q2 2018	3.5%	\$34.08	(55,212)	25,888,622	15,971
Q1 2018	3.3%	\$33.72	29,038	25,888,622	15,971

 **NET ABSORPTION SF**  
**(61,453)**

 **VACANCY**  
**3.8%**  
947,920 SF

 **AVG. ASKING RATE PSF**  
**\$32.76**

 **DELIVERIES**  
**4,850**  
3 Buildings

 **UNDER CONSTRUCTION**  
**84,121**  
3 Buildings

#### JODI SHOEMAKE

Principal

In the 1Q of 2019, The Tri-cities submarket of LA experienced negative net absorption and average rental rates decreased to \$32.76 per square foot annually. Still, deliveries and new construction are up, and the vacancy rate has remained stable at 3.7%. The Tri-Cities retail market will continue to benefit from the Los Angeles region's healthy office and residential markets fueled by the growing tech and entertainment industries.





### SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
501 S. County Farm Rd	E/W Corr - Wheaton	40,000	LA Fitness
1508-1556 Butterfield Rd	E/W Corr - Downers Grove	34,769	Value City Furniture
31-315 Skokie Blvd.	Central North/Northbrook	20,936	Bloomingdale's Outlet

### SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
Submarket	Type of Sale	Cap Rate	Class	Seller
9504 W. 142nd St.	\$36,139,500	\$562.57	64,240	Realty Income Corp
So Route 45/Orland Park	Investment	-	-	IM Properties
1660 Larkin Ave	\$14,800,000	\$214.09	69,129	Individual
Far Northwest/Elgin	Investment	5.91%	-	Fortress Investment Grp
3200 Lake Ave	\$14,000,000	\$87.19	160,578	Newport Capital Ptnrs
Near North/Wilmette	Investment	-	-	BTD Eden Plaza, LLC

### LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
2350 N. Lincoln Ave	Lincoln Park/Chicago	70,000	Hines Securities, Inc.
6014 S. Cottage Grove Ave	South Chicago/Chicago	48,000	DL3 Realty
637-647 W. Roosevelt Rd	South Chicago/Chicago	46,618	Barnett Capital

### LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
SW Route 12 & 120	Central NW/Lakemoor	244,171	Aug 2019
4601-4715 W. Foster Ave	Northwest City/Chicago	144,000	Feb 2020
2500 N. Milwaukee Ave	Northwest City/Chicago	130,705	Aug 2019

### TOTAL RETAIL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2019	6.1%	\$16.76	(323,749)	560,883,152	1,816,694
Q4 2018	6.0%	\$16.05	100,909	591,381,877	1,984,856
Q3 2018	6.0%	\$16.09	(22,552)	588,948,594	2,205,392
Q2 2018	5.9%	\$16.07	679,618	588,109,777	2,702,614
Q1 2018	6.0%	\$15.84	477,137	588,007,696	2,779,134

▼  
**(323,749)**  
NET  
ABSORPTION SF

▲  
**6.1%**  
VACANCY  
33,014,798 SF

▲  
**\$16.76**  
AVG. ASKING  
RATE PSF

▼  
**392,177**  
DELIVERIES  
32 Buildings

▼  
**1,816,694**  
UNDER  
CONSTRUCTION  
103 Buildings

#### RYAN REBOT Research Analyst

The Chicago retail market experienced an uptick in sales in the first quarter 2019; this was due to multiple big box stores closing. The vacancy rate increased to 6.1% from the previous quarter's rate of 6.0%. Net absorption was negative 323,749 square feet. Average rental rates significantly increased to \$16.76 per square foot per year from the previous quarter of \$16.05 per square foot per year. The first quarter 2019 experienced a decrease in completed construction, having just 32 retail completed buildings delivering 392,177 square feet of retail space to the market. There are 103 buildings still under construction totaling 1,816,694 square feet.



## SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
5561 Memorial Dr	Dekalb Ret/Stone Mtn	30,134	-
211 Newnan Crossing	Coweta County Retail	30,000	Haverly's
3637 Peachtree Rd NE	Buckhead Retail	29,693	Kefi

## SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
Submarket	Type of Sale	Cap Rate	Class	Seller
1000 Southlake Mall	\$45,247,438	\$105.00	430,942	City View Commercial
South Atlanta Retail	Investment	-	Super Regional	Vintage Real Estate LLC
4401 Shallowford Rd	\$30,000,000	\$266.00	112,427	Publix Super Markets
Georgia 400 Retail	Owner/User	-	Neighborhood	LaSalle Investment Mgmt
10800 Alpharetta Hwy	\$31,650,000	\$438.00	72,245	Branch Properties
Georgia 400 Retail	Investment	-	Neighborhood	UBS Realty Investors

## LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
2800 Buford Dr	Gwinnett Retail	137,100	Kilburn Commercial
6215 Town Square	Georgia 400 Retail	38,148	RocaPoint Partners
5210 Town Cener Blvd	Gwinnett Retail	32,400	Fuqua Development

## LARGEST UNDER CONSTRUCTION


Address	Submarket/City	SF	Delivery Date
2250 Marietta Blvd.	Central Atlanta Retail	100,000	Q2 2019
Georgia 400 @ Dawson Forest	Georgia 400 Retail	97,374	Q3 2019
222 S. Main St	Georgia 400 Retail	60,200	Q1 2020


## TOTAL RETAIL MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2019	4.8%	\$14.48	543,859	369,466,267	1,367,775
Q4 2018	4.8%	\$14.02	894,536	369,153,691	1,431,294
Q3 2018	5.0%	\$14.29	958,795	368,755,135	1,710,281
Q2 2018	5.2%	\$14.40	500,668	368,454,319	2,023,921
Q1 2018	5.2%	\$14.32	905,370	367,861,635	2,320,147

 **NET ABSORPTION SF**  
543,859

 **VACANCY**  
17,629,959 SF  
4.8%

 **AVG. ASKING RATE PSF**  
\$14.48

 **DELIVERIES**  
33 Buildings  
317,374

 **UNDER CONSTRUCTION**  
86 Buildings  
1,367,775

**MICHAEL DAHMER**  
Senior Director

Overall vacancy remained the same in Q1 2019 at 4.8% with a positive net absorption of 535,859 SF. While brick and mortar has been slowly declining because of online competitors, the largest sale transaction of Q1 was in fact the investment sale of the Southlake Mall located south of downtown Atlanta. Southlake Mall had recently converted empty anchor stores for other uses, like office space. As 2019 progresses we will continue to see the redevelopment of older malls and retail centers involving apartments, outdoor plazas and fresh experiences for shoppers.



## SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
3025 Ashley Town Center	Charleston	10,200	-
1213 Remount Rd	North Charleston	8,640	Partner in Primary Care
5900 Rivers Ave	North Charleston	5,900	Esperanza

## SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
Submarket	Type of Sale	Cap Rate	Class	Seller
1407 Shrimp Boat Ln	\$3,333,000	\$538.62	6,188	Gh Shem Creek
Mount Pleasant	Owner/User	-	Class B	PWM LLC
1357 Remount Rd	\$3,000,000	\$61.86	48,500	Charleston Cnty Council
North Charleston	Investment	-	Class B	Grove Capital LLC
2643 Spruill Ave	\$2,050,000	\$246.39	8,320	Cross Atlantic LLC
North Charleston	Investment	5.92%	Class B	Family Dollar

## LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
Hwy 17-A & I-26 Nexton Sq	Bldg 100 Summerville	15,000	Nexton
Hwy 17-A & I-26 Nexton Sq	Bldg 600 Summerville	12,261	Nexton
Hwy 17-A & I-26 Nexton Sq	Bldg 400 Summerville	9,192	Nexton


## LARGEST UNDER CONSTRUCTION


Address	Submarket/City	SF	Delivery Date
320 Broad St	Charleston	336,000	Q1 2020
W. Ashley Cir	Charleston	53,000	Q2 2019
2110 Highway 41	Mount Pleasant	49,187	Q2 2019

## TOTAL RETAIL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2019	3.2%	\$20.13	(19,104)	45,318,927	820,184
Q4 2018	2.7%	\$23.69	(49,030)	44,874,869	942,629
Q3 2018	2.6%	\$23.83	507,827	44,874,869	887,619
Q2 2018	3.0%	\$23.32	57,896	44,556,209	829,865
Q1 2018	2.9%	\$23.37	266,144	44,447,043	780,979

 **(19,104)** NET ABSORPTION SF

 **3.2%** VACANCY 1,211,626 SF

 **\$20.13** AVG. ASKING RATE PSF

 **230,299** DELIVERIES 14 Buildings

 **820,184** UNDER CONSTRUCTION 40 Buildings

**WILLIAM SHERROD, CCIM**  
Principal

iRates remain at record highs and with small-shop vacancies at all-time lows. Vacant big boxes are being repurposed with untraditional uses, including medical and storage. Large recent deliveries include grocery-anchored centers. New strip retail popping up on out-parcel sites appeals to Amazon-proof merchants providing daily needs. This trend should continue while construction costs remain stable or start to decline. The sales and net leased investment market remains strong. Cap rates vary by submarket. REITs are active along with 1031 exchange buyers. Opportunity Zones are in good areas.



### SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
1876 E. Blackstock Rd	Spartanburg	16,000	Fred's
525 College Ave	Clemson	12,000	Dollar Tree
205 W. Blackstock Rd	Spartanburg	5,395	Charlotte Russe

### SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
Submarket	Type of Sale	Cap Rate	Class	Seller
680 Old Greenville Hwy Clemson	\$13,080,000 Investment	\$318.12 5.55%	41,117 Grocery	Clemson NNN LLC PC WMT, LLC
1511 Woodruff Rd Greenville	\$6,000,000 Investment	\$87.07 9.5%	68,912 Neighborhood	Equity Venture Partners SITE Centers
1302 W. Wade Hampton Blv Greer	\$5,230,000 Investment	\$912.90 6.71%	5,729 Conv Store	Four Oaks Investments QuikTrip Corp

### LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
618 S. Alabama St	Chesnee	9,993	Browning Chesnee LLC
905 N. Main St	Woodruff	9,993	Palmetto Real Estate Tr
Main St. & Pine St	Spartanburg	9,560	Spencer hines Properties

### LARGEST UNDER CONSTRUCTION


Address	Submarket/City	SF	Delivery Date
1310 N. Pleasantburg Dr	Greenville	22,000	Q2 2019
3035 N. Main St	Anderson	20,000	Q2 2019
1831 Cannons Campground Rd	Spartanburg	8,320	Q2 2019


### TOTAL RETAIL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2019	3.8%	\$11.76	15,937	88,080,030	112,171
Q4 2018	3.9%	\$12.33	304,289	87,626,877	94,738
Q3 2018	4.2%	\$11.73	161,090	87,542,294	308,377
Q2 2018	4.4%	\$11.72	86,368	87,918,612	334,178
Q1 2018	4.4%	\$11.82	186,663	87,533,051	421,130

 **15,937** NET ABSORPTION SF

 **3.8%** VACANCY 3,320,727 SF

 **\$11.76** AVG. ASKING RATE PSF

 **50,195** DELIVERIES 6 Buildings

 **112,171** UNDER CONSTRUCTION 14 Buildings

#### JAMES MCKAY Associate

The Greenville/Spartanburg Market continues its record trends with decreasing vacancy rates again this quarter but the rental rates have dropped slightly. Inventory in the major retail clusters will continue to lease at above market rates due the current demands. The Market CAP rates are continuing to increase. Greenville is experiencing great population growth fueling the need for retail development in the area.



### SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
2601 S. Military Trail	West Palm Beach	55,025	Presidente Supermarket
NW 117th Pl & NW 14th St	Miami/Doral	53,044	City Furniture
NWC Flamingo & Miramar	Southwest Broward	48,387	Publix Supermarket

### SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
Submarket	Type of Sale	Cap Rate	Class	Seller
10200 Forest Hill Blvd	\$43,000,000	\$323.00	133,089	Stair Management Inc
Royal Palm Beach	Investment	-	-	Gertz Builders & Develop
6714 Forest Hill Blvd	\$34,500,000	\$154.00	223,335	Apollo Global RE
Royal Palm Beach	Investment	-	-	Kitson & Partners
8789 SW 117th Ave	\$25,000,000	\$284.00	91,967	Shirin Mostafavi
Miami/Kendal	Investment	-	-	RREEF America

### LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
11541 Wiles Rd	Northwest Broward	157,000	Costco
8811 W. Boynton Beach Blvd	Boynton	110,000	Morton Grp Hldgs/PreDevco
18210 NW 27th Ave	Hialeah Gardens	109,535	IMC Equity Group


### LARGEST UNDER CONSTRUCTION


Address	Submarket/City	SF	Delivery Date
2300 NE 151st St	North Miami	683,570	Jun 2019
NW 138th St	Miami Lakes	400,000	Sept 2019
1400 NW N River Dr	Miami	345,000	Jan 2020


### TOTAL RETAIL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2019	4.1%	\$28.93	712,713	324,930,744	5,949,863
Q4 2018	4.1%	\$27.85	329,393	324,286,160	4,753,689
Q3 2018	3.9%	\$27.83	445,724	323,301,104	4,767,916
Q2 2018	3.9%	\$27.46	(96,398)	322,746,616	4,522,178
Q1 2018	3.8%	\$27.20	(373,832)	322,469,502	4,115,135

 **NET ABSORPTION SF**  
712,713

 **VACANCY**  
4.1%  
13,289,537 SF

 **AVG. ASKING RATE PSF**  
\$28.93

 **DELIVERIES**  
648,070  
28 Buildings

 **UNDER CONSTRUCTION**  
5,949,863  
159 Buildings

#### VICTOR PASTOR Principal

South Florida continues to lead the state in cap rates by as much as 110 basis points and is overall at or below national averages. With a population of 21 million people and a reluctance to build new space in Miami, Investors are seeking new opportunities in Broward and Palm Beach County. Moreover, in the last 12 months 66% of Florida's Retail Investment sales occurred across the Central and Western regions of the state as local and out of state capital seek higher rates of return in the face of a potentially rising interest rate environment.

# ECONOMIC OVERVIEW



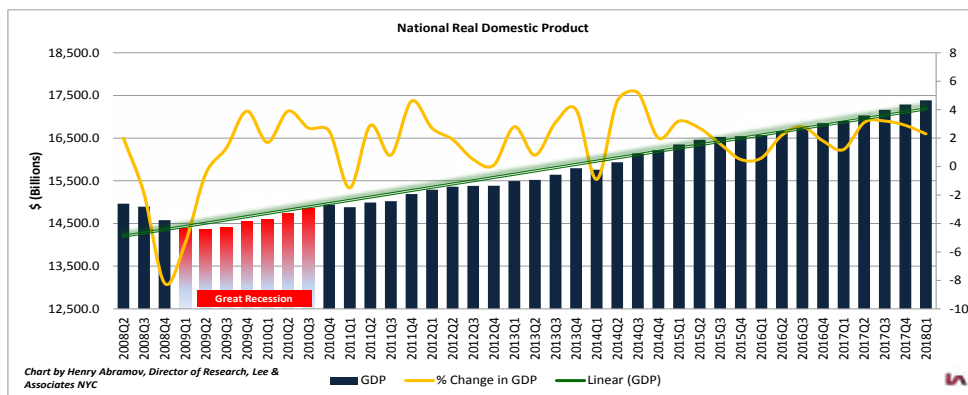
## Trending in Q1

The U.S. economy accelerated in the first quarter with inventories and trade offsetting slowdowns in consumer and business spending, the Commerce Department said.

The gross domestic product expanded at a 3.2% annual rate in the first three months of 2019, exceeding forecasts that projected a growth rate of 2.3%. It was the strongest rate of expansion for the first quarter in four years and a significant boost from the 2.2% GDP

government shutdown through most of January, which cost an estimated 0.3% in reduced services.

Overall, the economy was boosted by net exports – exports minus imports – adding 1.03 percentage points for the largest boost in the category since the second quarter of 2018. The Commerce Department’s report also showed that rising private inventories added 0.65 point. The combined gain of 1.68



“The increase chiefly reflected a downturn in imports, gains in state and local government spending and rising inventories.”

rate in the fourth quarter of last year.

The increase chiefly reflected a downturn in imports, gains in state and local government spending and rising inventories. The gains were offset, in part, by slower consumer spending and fixed business investment.

The quarterly data beat the expectations of independent economists as well as the published estimate by the Federal Reserve and came despite the record federal

percentage points was the most in six years.

Although retail sales improved in March, Q1 consumer spending gained 1.2%, off from 2.5% in the final three months of last year as purchases of autos and other big-ticket items declined.

Without the boost from government spending and the volatile trade and inventory data, final sales totals from domestic purchases fell to a 1.3% rate, the lowest since 2013.



## Trending in Q1

Robust hiring in March quelled concerns that the economy was faltering following the weak employment report in February that was blamed, in part on the effects of the long government shutdown and bad weather.

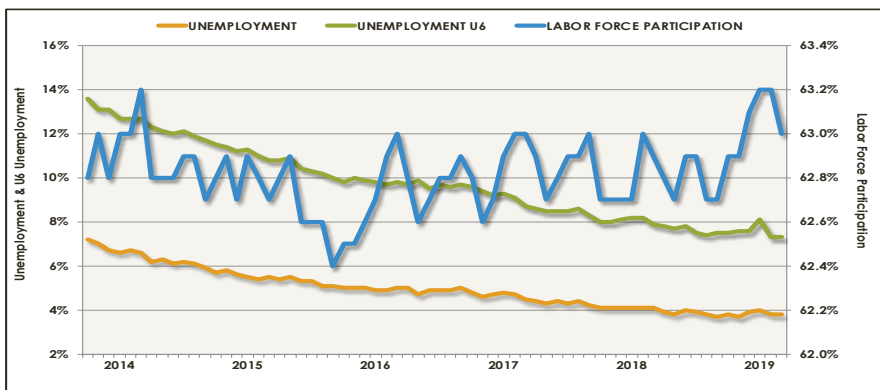
Seasonally adjusted nonfarm payrolls in March totaled 196,000, according to the Labor Department. It was a strong rebound from the 33,000 jobs added in February.

An average of 180,000 jobs were added in each of the first three months this year, down from the

months, the longest stretch on record. More than 21 million jobs have been produced since the labor market hit bottom in 2010, shortly after the unemployment rate hit its recessionary peak of 10% in late 2009.

The healthy employment report was helped by the continued surge in health care hiring. The sector added 61,000 jobs, bringing the total to about a half a million new positions over the past 12 months, the Labor Department said.

Although manufacturing has performed well



“U.S. employers have added jobs for 102 straight months, the longest stretch on record.”

223,000 monthly average for the first quarter of 2018.

The unemployment rate held steady at 3.8%, a tick above the 49-year low of 3.7% that was reached last fall. Average hourly earnings in March were 3.2%, more than for the same period last year, but below expectations of the 3.4% pace in February. The average work week increased by 0.1 hour to 34.5 hours.

U.S. employers have added jobs for 102 straight

over the last two years, the Labor Department’s latest report produced evidence that job growth in the sector was slowing. Manufacturers shed 6,000 jobs in March, the first decline since July 2017. It follows a gain of only 1,000 jobs in February. Last year, manufacturers added an average of 22,000 jobs per month.

Retailers also cut jobs in March as merchants trimmed payrolls by 11,700. This follows a decline of 20,200 positions in February.





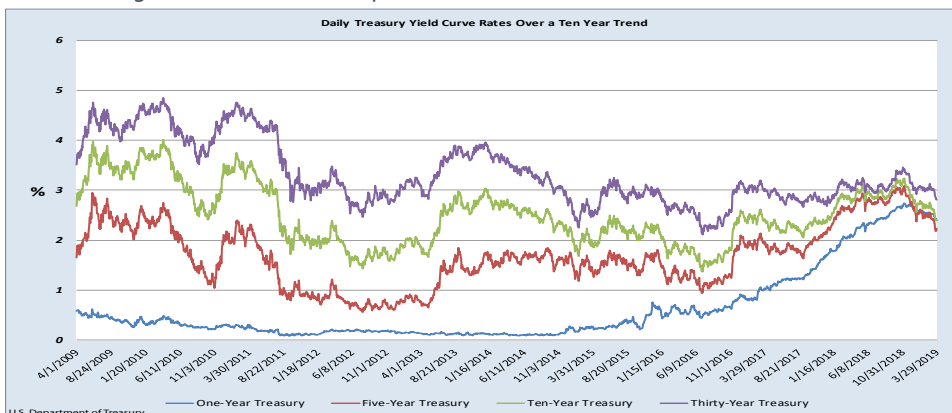
## Trending in Q1

The Federal Reserve signaled in the first quarter that it was holding interest rates steady for now and indicated that more proof of a sustained economic slowdown was needed as rationalization for cutting rates any time soon.

After raising rates four times in 2018 and despite healthy Q1 employment data, Fed officials have been under pressure from the White House, which has been making public demands that the Federal Reserve ease rates. So far, central bankers have resisted. But the injection of a political dimension into the decision-making process has central bankers challenged to assert their independence

inflation for items other than food and energy remains near 2%," the FOMC report said.

Immediately following the meeting, however, bond markets rallied, sending long-term debt yields below short-term yields. The so-called inversion of the yield curve tends to predict interest rate cuts and has presaged recessions. But just a few days later came a raft of strong manufacturing data from the U.S. and China, which helped erase doubts about steeper-than-expected global slowing. The news pushed up long-term yields, reversing the inversion of the yield curve.



as they debate whether the next move will be to reduce or raise rates.

In its March 20 meeting, the Federal Reserve's Federal Open Market Committee reported that recent indicators point to slower growth of household spending and business fixed investment in the first quarter."

"On a 12-month basis, overall inflation has declined, largely as a result of lower energy prices;

Despite the improvement and the mixed data, the White House has called for a cut in the benchmark rate currently in a range between 2.25% and 2.5%. The latest argument for a cut included recent softness in wage growth as well as earnings growth, which slowed in March and saw downward revisions for January and February. Also, the Labor Department's employment report for March was weaker than expected.

"Recent indicators point to slower growth of household spending and business fixed investment in the first quarter," -- FOMC



# GLOBAL ECONOMY

## Trending in Q1

The global economy has entered a synchronized slowdown that may be difficult to reverse in 2019 as the International Monetary Fund cut its expectations for global growth from 3.5% to 3.3%. It was the third downgrade since October, and the IMF said major risks to the world economy like the U.S.-China trade war and Brexit are skewed to the downside.

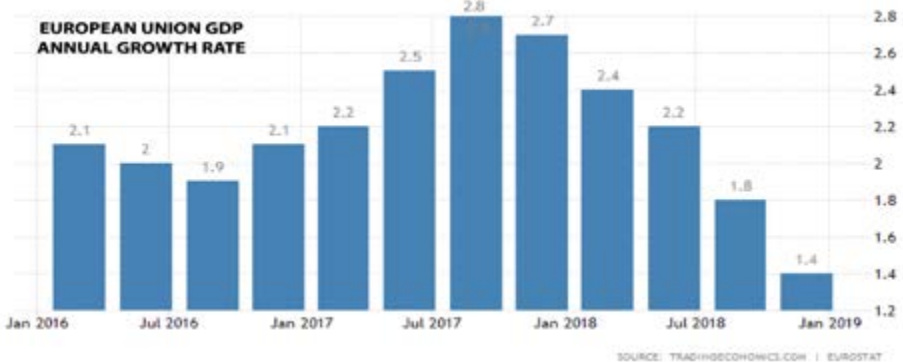
The IMF's economic downgrade is broad based. Per its latest outlook, the group dialed down growth expectations across the eurozone, Latin America, the U.S., the U.K. and Australia.

Global economic activity slowed notably in the second half of last year, reflecting a confluence of

standards; investment dropped in Italy as sovereign spreads widened; and external demand, especially from emerging Asia, softened.

Trade tensions increasingly took a toll on business confidence, causing financial market sentiment to worsen. There was a tightening of financial conditions emerging markets a year ago that rippled through advanced economies late last year, weighing on global demand. Conditions have eased in 2019 as the US Federal Reserve signaled a more accommodative monetary policy stance and markets became more optimistic about a US-China trade deal, but they remain slightly more restrictive than in the fall.

**“Trade tensions increasingly took a toll on business confidence, causing financial market sentiment to weaken.”**



factors affecting major economies. China's growth declined following a combination of needed regulatory tightening to rein in shadow banking and increased trade tensions with the United States.

The euro area economy lost more momentum than expected as consumer and business confidence weakened. Car production in Germany was disrupted by the introduction of new emission

The current IMF forecast envisages that global growth will level off in the first half of 2019. A projected pickup in the second half of 2019 is predicated on an ongoing buildup of policy stimulus in China, recent improvements in global financial market sentiment, the waning of some temporary drags on growth in the euro area and a gradual stabilization of conditions in stressed emerging market economies, including Argentina and Turkey.

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