Spring 2018

Avison Young Industrial Market Report

North America and Europe

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Contents

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Canada

Industrial Market Overview

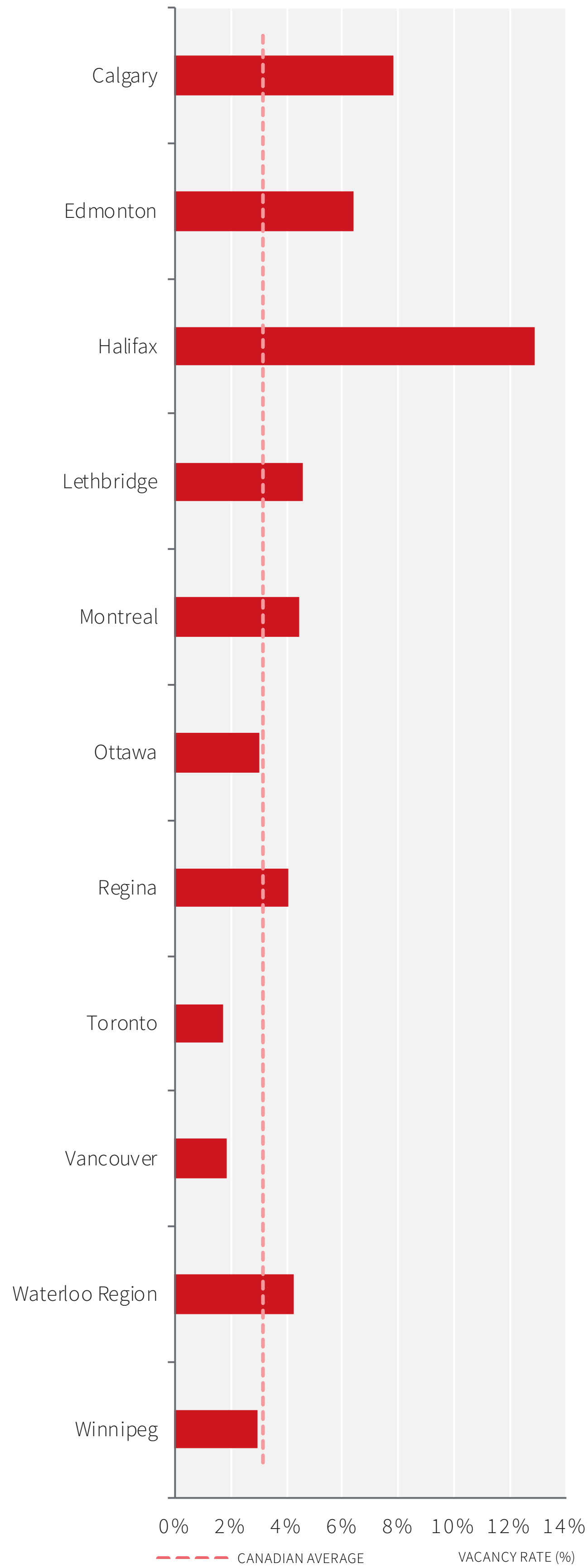
Burgeoning industrial sector remains undersupplied

Canada's industrial market is performing well beyond expectations. Trends from 2017 prevailed in the first quarter of 2018 with insatiable demand outpacing new supply and driving rents higher. Consequently, industrial assets are highly sought-after by investors. Though absorption levels vary from city to city, the industrial market's increasingly strong link to the retail sector – specifically e-commerce – remains a key catalyst for growth. Hence, large-format distribution/fulfilment centre space is desirable, but scarce. Meanwhile, the overall industrial sector remains challenged by rising land costs, including soaring development charges, and dwindling supply of developable land in some markets.

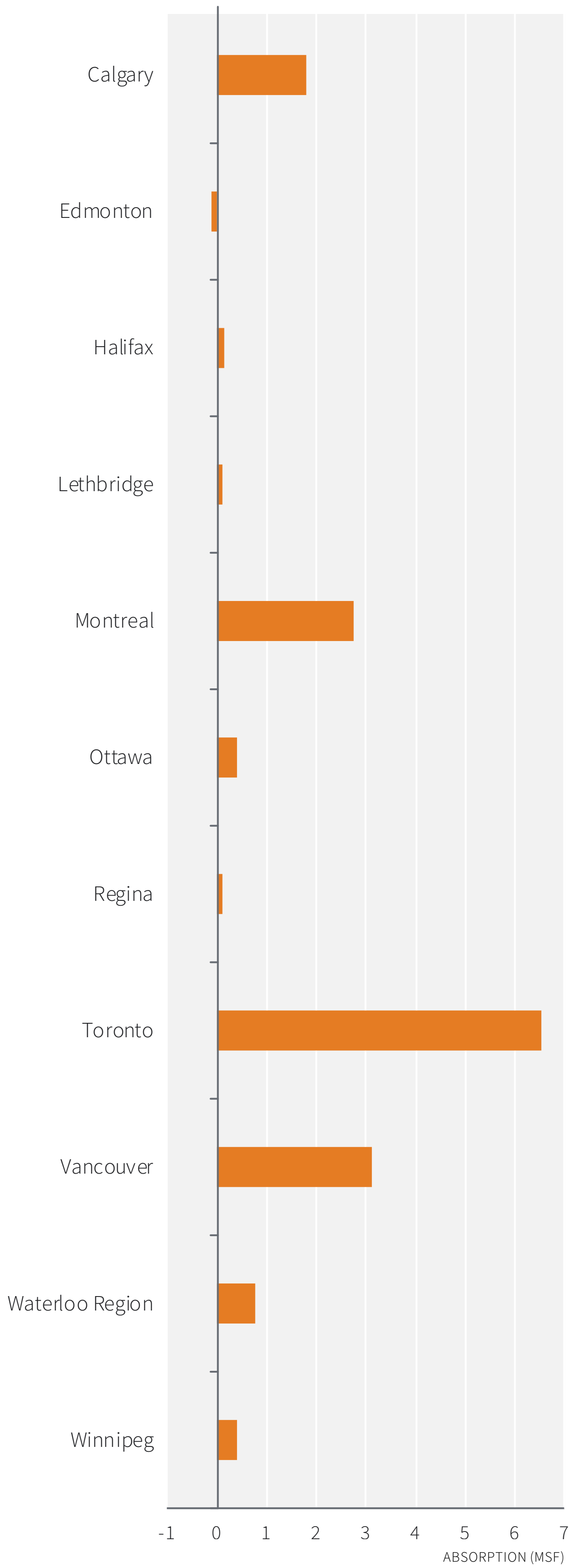
The sector's encroachment on urban centres (to shorten last-mile delivery) and associated high costs may prompt landlords to build multi-storey facilities that better fit into tighter infill markets. In its infancy, the burgeoning online-grocery business looks to transform the single-purpose warehouse into a multi-purpose use – housing frozen and cold foods, as well as dry goods under one roof. Other trends include the growing cannabis industry, as well as the federal government's $950-million investment into the creation of five innovation superclusters across the country, such as the Advanced Manufacturing Supercluster in Ontario. Initially seen as a disruptor, innovation will ultimately transform the industrial supply chain as stakeholders aim to future-proof their assets.

The U.S. administration's desire to revamp NAFTA and introduce protectionist trade policies has the potential to create headwinds for Canada's industrial market and the economy in general. For now, the industrial market is expected to operate at or near capacity until new supply catches up with demand.

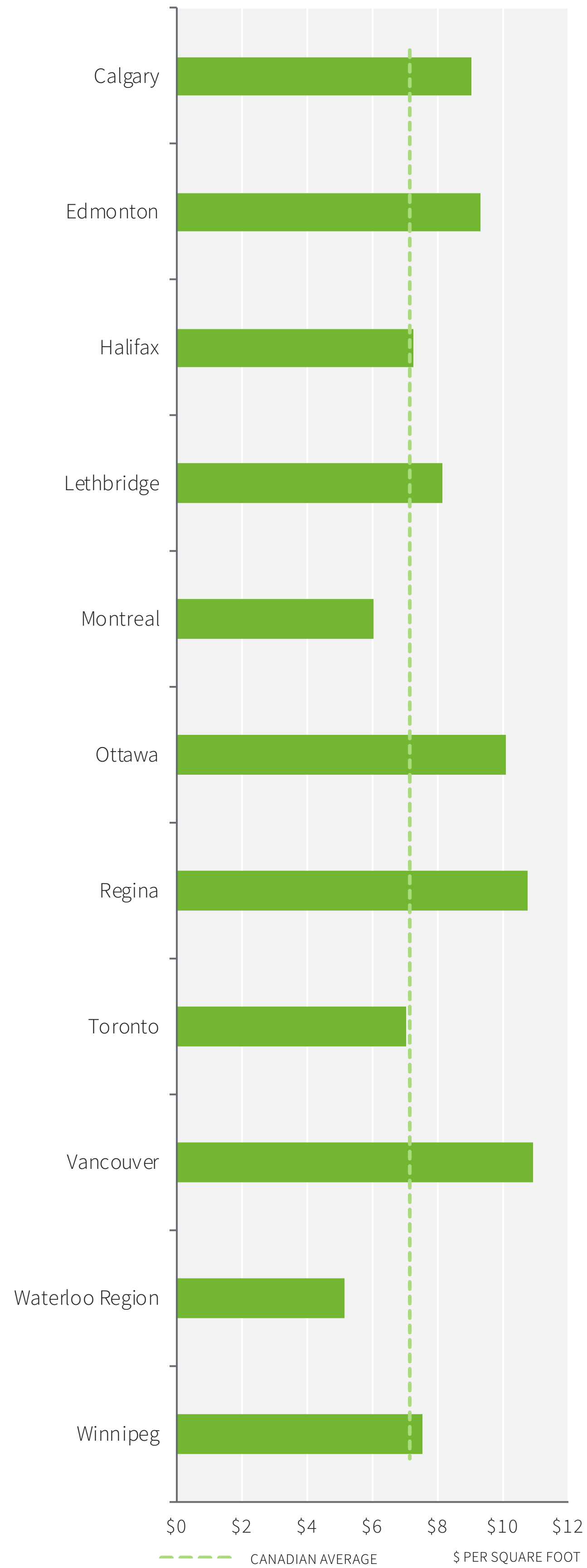
Canada Overall Industrial Vacancy Rate
First Quarter 2018



Canada Industrial Absorption
12 Months Ending First Quarter 2018



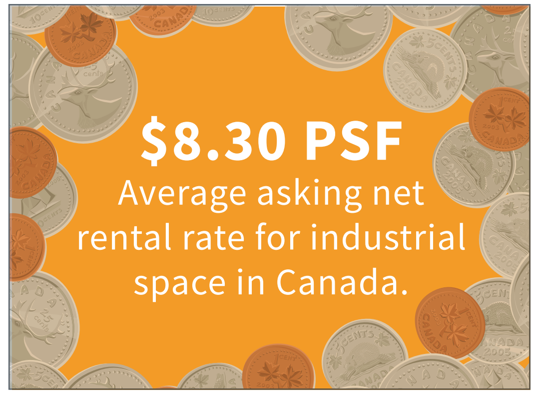
Canada Industrial Average Asking Net Rental Rates
First Quarter 2018

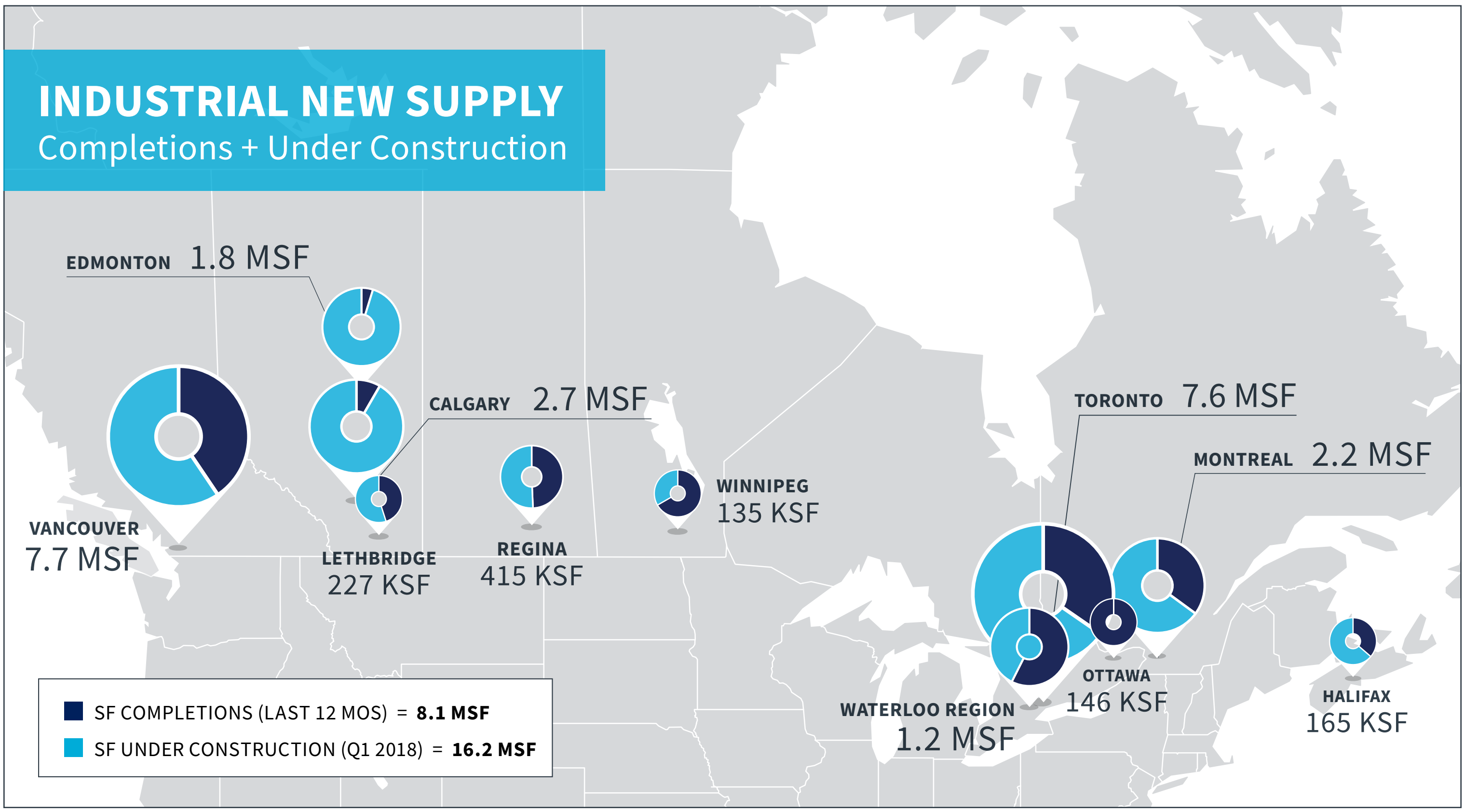


Notable First-Quarter 2018 Canadian Industrial Market Highlights

- Survey results of 11 Canadian industrial markets, comprising more than 2 billion square feet (bsf), revealed a record-low national industrial vacancy rate of 3.3% in the first quarter of 2018 – down 40 basis points (bps) year-over-year.
- Despite an improving U.S. market, Canadian markets are faring well on the North American scene. Among larger markets, Toronto (1.7%) and Vancouver (1.8%) boasted the lowest vacancy rates; Vancouver and Regina claimed two of the 10 highest average asking net rental rates (with Ottawa falling just short of the top 10).
- Ten of 11 Canadian markets displayed single-digit vacancy rates, with four markets posting rates below the national average. Vacancy declined in eight of 11 markets year-over-year, while Halifax recorded the greatest annual change (-180 bps).
- Collectively, Western markets (4.7%) registered no change in average vacancy during the past year, compared with a decrease (-50 bps to 2.8%) in Eastern markets – widening the West-East spread to 190 bps from 140 bps one year ago.
- Robust demand, largely from e-commerce, is underscoring the market's strong performance. Twelve-month absorption totalled 16 million square feet (msf) – almost double the previous 12-month period. This growth was attributed to a strong showing by Toronto, Vancouver and Montreal, with Calgary making significant year-over-year gains.
- Surprisingly, despite historically low vacancy and strong demand, new industrial real estate product deliveries slowed considerably in the 12-month period ending in the first quarter of 2018 as only 8.1 msf – half of the new supply completed in the previous 12 months – came to market. Vancouver edged out Toronto for top spot as the two collectively accounted for 71% of the total annual new supply additions.
- With developers trying to stay ahead of demand, the amount of space under construction almost doubled year-over-year to 16.2 msf (53% preleased) – equating to only 0.8% of the existing inventory. Through the first quarter of 2018, Toronto led Vancouver by a slim margin and, together, these markets accounted for more than half of the total industrial area under construction across Canada.
- Rents are on the rise, pushing asset values higher. Canada's average industrial net asking rental rate increased $0.25 per square foot (psf) year-over-year to finish the opening quarter of 2018 at $8.30 psf. Annually, rents grew in eight of 11 markets, with five markets recording rents greater than the national average. Rents were highest in Vancouver ($10.91 psf) in the West and Ottawa ($10.10 psf) in the East, while Western markets maintained a healthy $2-psf-plus spread above Eastern markets.

Canadian Industrial Market Snapshot





10 OUT OF 11
Canadian markets posting single-digit vacancy rates – with four markets below the national average.

United States

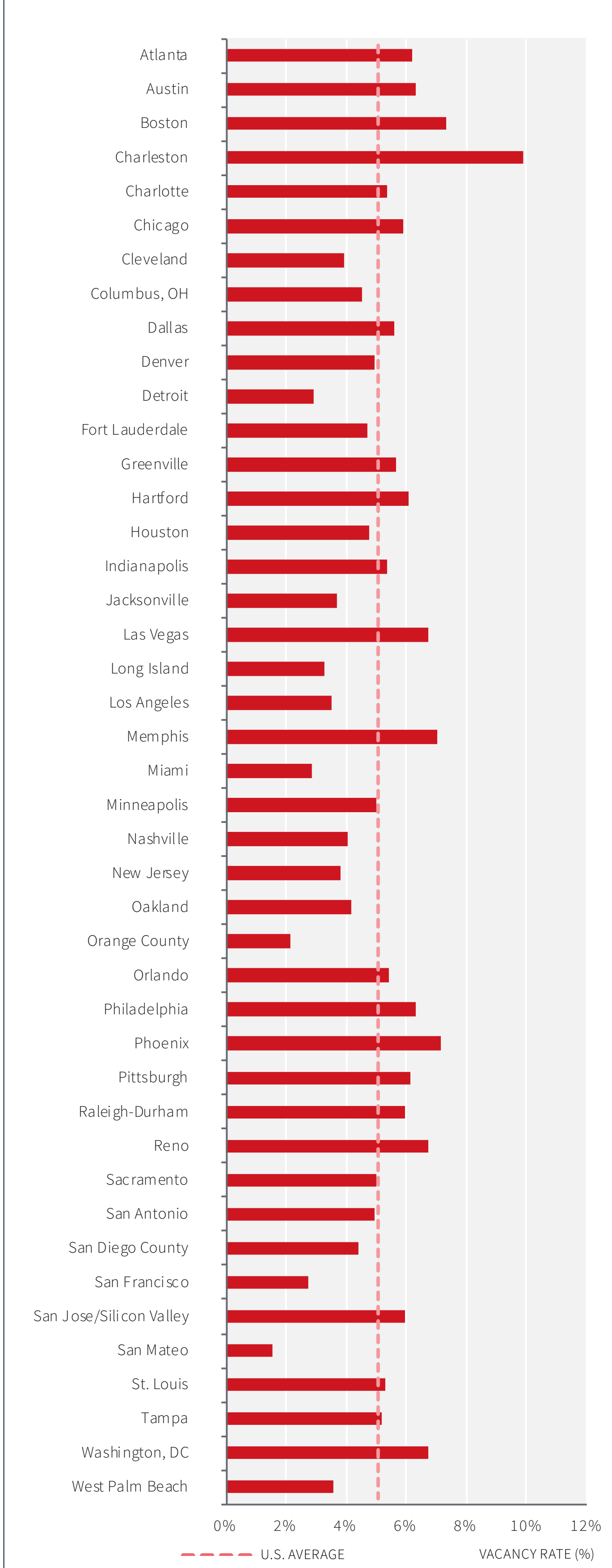
Industrial Market Overview

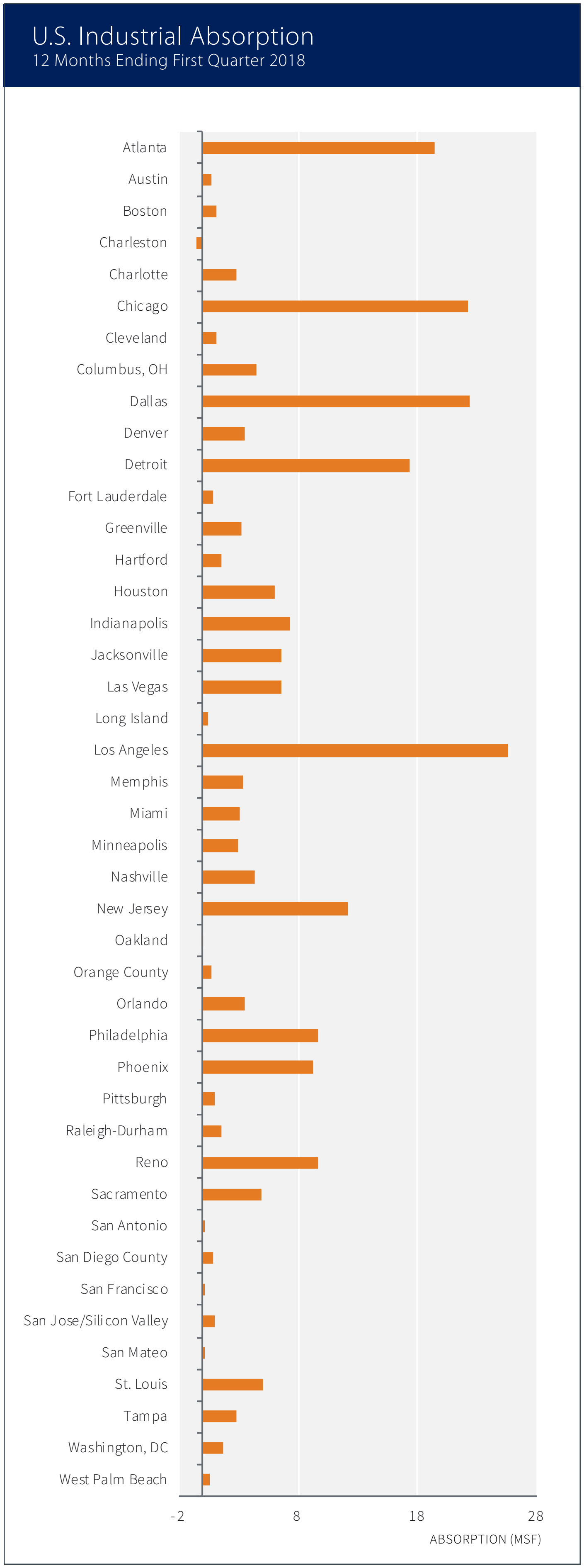
Developers seek to meet tenant demand through construction, innovation and technology

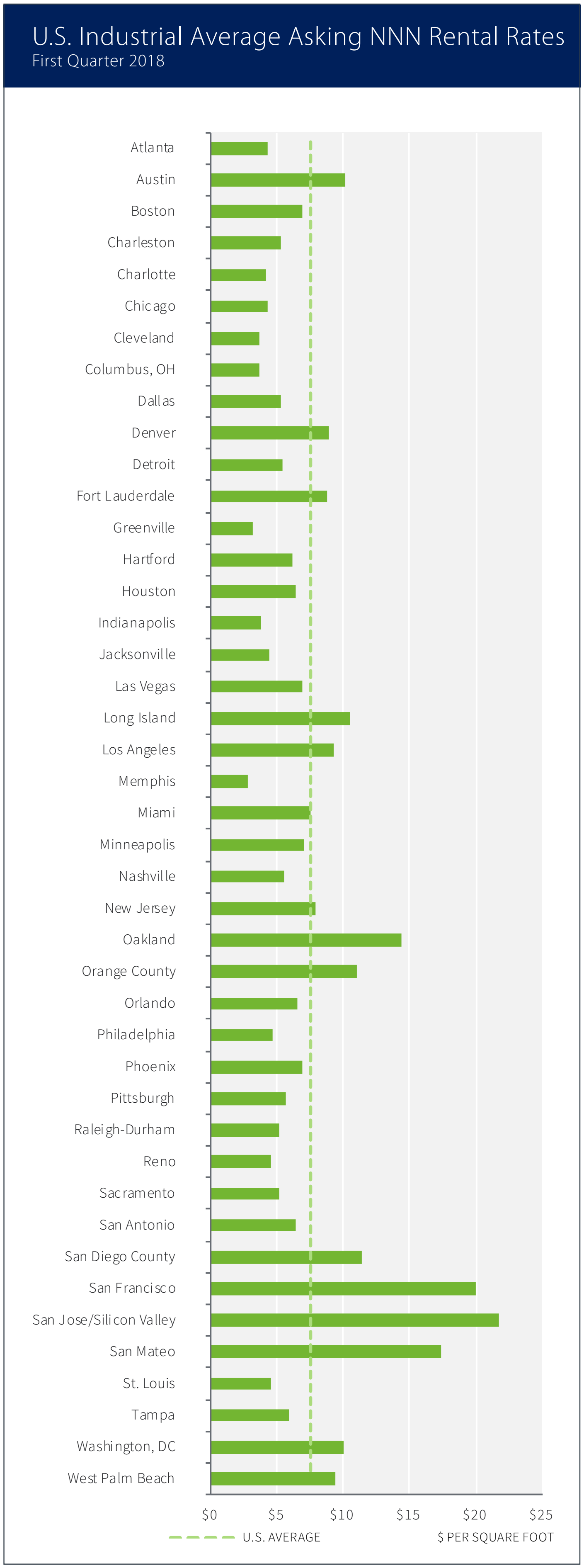
The 12-bsf U.S. industrial market ended first-quarter 2018 with an impressive 5% vacancy rate overall even while a significant amount of new construction was delivered. E-commerce and last-mile distribution hubs near population centers, data centers and bio-tech facilities continue to be prevailing demand generators, while marijuana legalization has had a meaningful impact on industrial vacancy in select markets. And, although this vacancy rate represents a decrease of 30 bps year-over-year, it must be noted that the rate of improvement has slowed as the overall average reached low single digits.

Developers are seeking to meet strong tenant demand by creating the most efficient product possible through innovation and technology. Replicating a model that is occurring elsewhere in the world, Prologis developed the country's first multi-level distribution warehouse on the West Coast. Innovative design may be the answer to land constraints in primary markets across the U.S. as more multi-level facilities are in the works in major East Coast markets such as New York. Obsolete or vacant properties of all types are being repurposed for industrial uses – including self-storage, which has been popping up in office-dense locations. Supply-chain logistics, technology and the availability of affordable power – in the form of electricity or other energy sources – will be key components in the long-term health of the industrial sector.

U.S. Overall Industrial Vacancy Rate
First Quarter 2018




U.S. Industrial Absorption
12 Months Ending First Quarter 2018
Atlanta
Austin
Boston
Charleston
Charlotte
Chicago
Cleveland
Columbus, OH
Dallas
Denver
Detroit
Fort Lauderdale
Greenville
Hartford
Houston
Indianapolis
Jacksonville
Las Vegas
Long Island
Los Angeles
Memphis
Miami
Minneapolis
Nashville
New Jersey
Oakland
Orange County
Orlando
Philadelphia
Phoenix
Pittsburgh
Raleigh-Durham
Reno
Sacramento
San Antonio
San Diego County
San Francisco
San Jose/Silicon Valley
San Mateo
St. Louis
Tampa
Washington, DC
West Palm Beach
-2
8
18
28
ABSORPTION (MSF)


U.S. Industrial Average Asking NNN Rental Rates
First Quarter 2018
Atlanta
Austin
Boston
Charleston
Charlotte
Chicago
Cleveland
Columbus, OH
Dallas
Denver
Detroit
Fort Lauderdale
Greenville
Hartford
Houston
Indianapolis
Jacksonville
Las Vegas
Long Island
Los Angeles
Memphis
Miami
Minneapolis
Nashville
New Jersey
Oakland
Orange County
Orlando
Philadelphia
Phoenix
Pittsburgh
Raleigh-Durham
Reno
Sacramento
San Antonio
San Diego County
San Francisco
San Jose/Silicon Valley
San Mateo
St. Louis
Tampa
Washington, DC
West Palm Beach
$0
$5
$10
$15
$20
$25
U.S. AVERAGE
$ PER SQUARE FOOT

Notable First-Quarter 2018 U.S. Industrial Market Highlights

- Vacancy fell, or remained flat, between first-quarter 2017 and first-quarter 2018 in 28 of the 43 markets that Avison Young tracks in the 12-bsf U.S. industrial market. Nineteen markets reported vacancy levels below the national average.
- Detroit (528 msf) posted the sharpest decline in vacancy (-320 bps/2.9%), and coastal markets charted the lowest rates: San Mateo (35 msf/1.5%), Orange County (217 msf/2.2%), San Francisco (20 msf/2.7%) and Miami (185 msf/2.9%).
- Net absorption was 232 msf, or 1.9% of inventory, across all U.S. markets during the 12-month reporting period ending with first-quarter 2018. The same six markets that saw occupancy gains of 10 msf or more during the previous 12-month period all achieved the feat once again in the period ending March 31, 2018: Los Angeles (26 msf), Dallas (22 msf), Chicago (22 msf), Atlanta (19 msf), Detroit (17 msf) and New Jersey (12 msf).
- The national average triple-net rent as of March 31, 2018 was $7.56 psf, up $0.42 from the previous 12-month period. Although rent growth occurred in all but eight markets, the most notable gains occurred on the West Coast in land-constrained Northern California. The largest uptick was again seen in San Mateo (+$3.12 psf), followed by Oakland (+$2.37 psf). The highest rental rates were found in San Jose/Silicon Valley ($21.72 psf) and San Francisco ($20.02 psf).
- New nation-wide supply was driven by innovation and quality demands. Overall, 209 msf was added to U.S. inventory in the 12 months ending first-quarter 2018, an increase of 14 msf compared with the previous 12-month period. An astonishing 30 msf of new product was added to the Los Angeles market, and 22 msf was completed in Dallas. Deliveries in Philadelphia represented a significant change year-over-year as 16 msf was delivered – compared with just 3 msf in the prior 12-month period. Other, more mature markets saw their supply pipeline taper when compared with previous reporting periods. Houston, for example, reported 7 msf of new supply, an amount 6 msf less than the prior year.
- At the end of the first quarter of 2018, there was 204 msf under construction. Five markets had more than 10 msf under construction: Los Angeles and Dallas (24 msf each), Philadelphia and Atlanta (17 msf apiece) and New Jersey (12 msf).

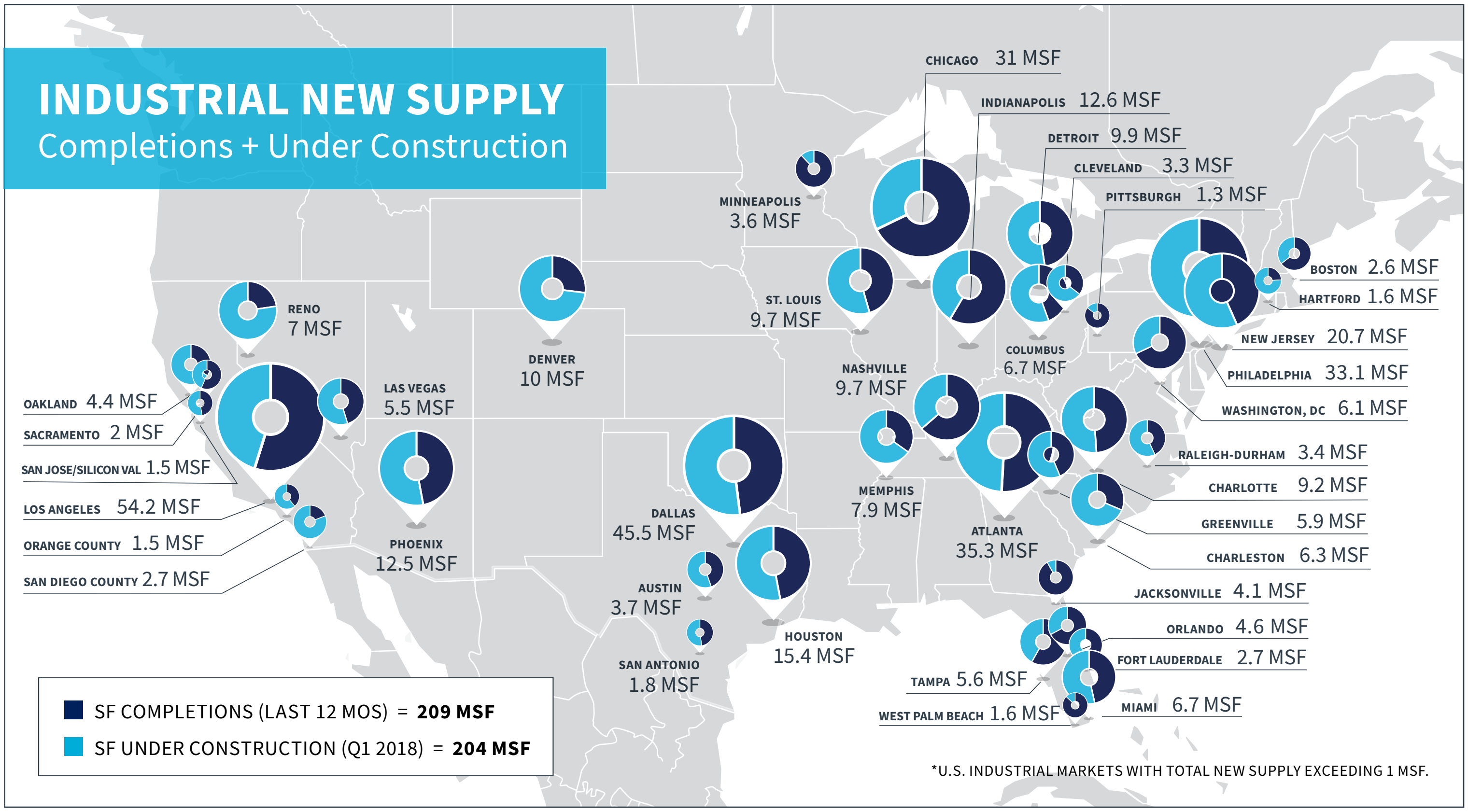
U.S. Industrial Market Snapshot

5% VACANT

Vacancy in the 12-bsf U.S. industrial market fell another 30 bps over the last 12 months.

232 MSF

Total net absorption reaches nearly 2% of inventory nationwide.



$7.56 PSF

Average NNN rent is up $0.42 from 2017, with the most noticeable gains on the west coast.

204 MILLION SF

Area under construction led by five markets: Los Angeles, Dallas, Philadelphia, Atlanta and New Jersey.

Canada

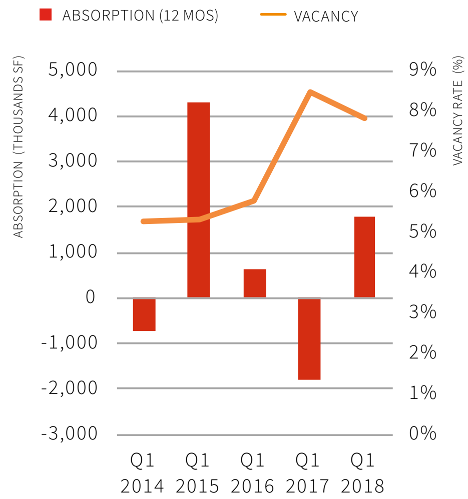
Calgary Industrial Market

Business confidence continues to improve

After two years of local and provincial recession, Calgary's economy began to grow again in 2017. Many businesses have started along the path to recovery. Business confidence continues to improve in step with Calgary's economic growth as the groundwork is being laid for future growth and evolution. Vastly improved leasing activity was recorded in 2017, and the overall vacancy rate declined to 7.8% at the end of first-quarter 2018 – down from 8.5% one year earlier.

Average asking rates are now at approximately $9 psf. However, given the range of factors that ultimately play into the rental equation, a wide range of rental rates are available in the market. Speculative construction also resumed in 2017. One of the reasons some developers were willing to take a risk was concern regarding the skipping of a construction cycle and subsequent potential missed opportunities in 2018. If the turnaround in the Calgary economy continues to gain momentum or demand from large tenants increases significantly (as it has started to do), supply could be limited and opportunity would flow to those with available product.

Absorption and Vacancy

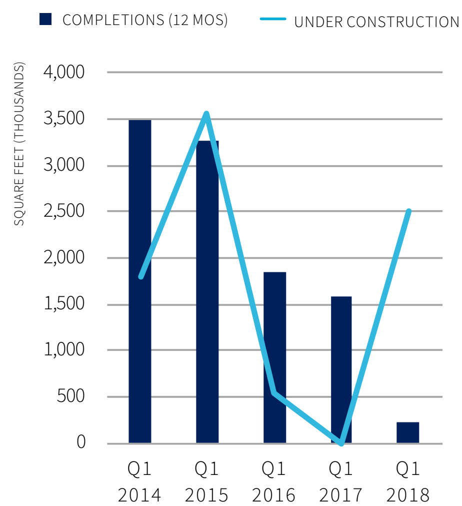


ARROWS INDICATE YEAR-OVER-YEAR CHANGE

1.8 MSF	7.8%	2.5 MSF	$9.01 PSF
ABSORPTION	VACANCY RATE	UNDER CONSTRUCTION	AVG. NET RENT

The current forecast is for vacancy to continue tightening in 2018 as new construction activity remains below historical averages (in terms of total square footage underway) and absorption remains well into the positive. As an asset class, industrial properties remain a popular and stable investment alternative. Broadly marketed assets received strong attention from prospective purchasers, and capitalization rates continued to compress. Some market participants are waiting to see how rising interest rates will impact pricing. However, based on ongoing discussions with numerous investors and industry participants, there continues to be demand and capital ready to deploy for existing Calgary industrial assets, if they become available. Capitalization rates in Calgary, on average, are much higher than in Vancouver or the Greater Toronto Area.

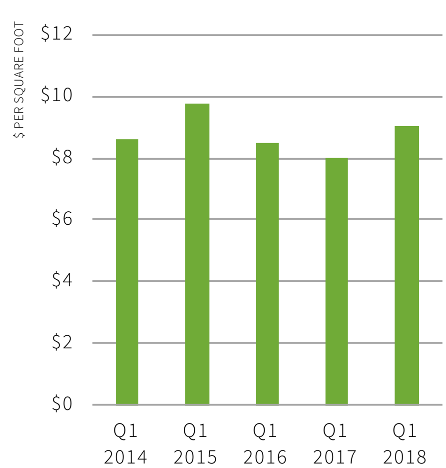
New Supply



Notable Industrial Lease Transactions by Size - First Quarter 2018

	Address / Complex	Tenant	Size Lease Type
1	293064 Colonel Robertson Way, Balzac, AB	Amazon	600,000 sf New
2	Township 250 & Logistics Parkway, Conrich, AB	Whirlpool	422,000 sf New
3	James Jones Way & Nose Creek Boulevard, Balzac, AB	Enterra	184,800 sf New
4	6075 - 86th Avenue SE	Nissan	154,200 sf New
5	5003 - 52nd Avenue SE	CGC	141,800 sf Renewal

Avg. Asking Net Rental Rate



Edmonton Industrial Market

Economic diversification provides new opportunities

Edmonton's resurgent economy outperformed projections in 2017 with GDP growth of 5.2%, according to the Conference Board of Canada. The growth is expected to translate into a reversal of the negative absorption recorded in the 12-month period ending with the first quarter of 2018. Vacancy in the Greater Edmonton Area peaked at 6.8% in mid-2017 before declining 40 bps to 6.4% in first-quarter 2018. While construction output remained depressed, labour markets reflected the recovery, as the utilities and wholesale trade sectors were the leading industries for job gains in 2017, adding a combined 11,000 jobs in Greater Edmonton.

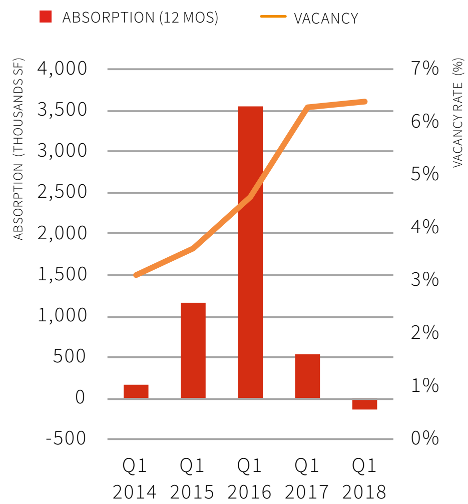
Economic diversification remains a focal point of provincial policy. The Government of Alberta intends to invest $1 billion over four years to encourage construction in the petrochemical industry. Two petrochemical facilities with a combined $8 billion in capital expenditures and construction starting in 2018 and 2019 were recipients of $500 million in royalty credits as part of the program. Many investors will also monitor the emerging cannabis industry closely in anticipation of legalization. Cannabis producers are expected to occupy up to 2 msf of industrial real estate and produce more than 200,000 kilograms annually. Production will be led by Aurora Cannabis' 800,000-sf flagship manufacturing facility at Edmonton International Airport, which is expected to be the largest production facility in Western Canada.

ARROWS INDICATE YEAR-OVER-YEAR CHANGE

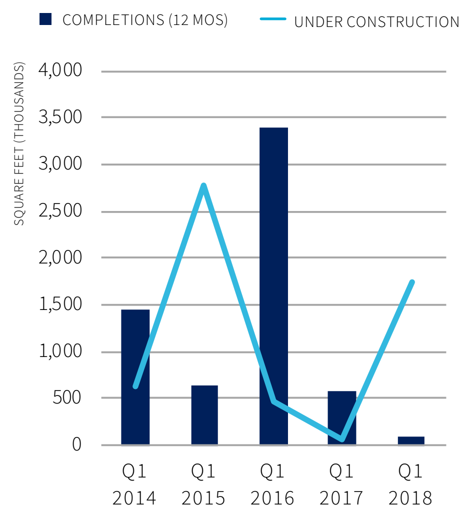
-0.1 MSF	6.4%	1.7 MSF	$9.30 PSF
ABSORPTION	VACANCY RATE	UNDER CONSTRUCTION	AVG. NET RENT

Consensus among major Canadian banks project moderate, stable growth in Alberta in 2018 following a volatile three-year period sparked by the collapse in global oil prices. Manufacturing capacity and oil production are expected to expand in 2018, a factor which will likely hold the vacancy rate steady. The Government of Alberta's economic outlook forecasts provincial exports to increase by nearly 5% in 2018. Political uncertainty, however, remains a constraint on oil outflows as construction on two major pipelines – Enbridge Line 3 Replacement and the Trans Mountain expansion project – remain without firm timelines.

Absorption and Vacancy



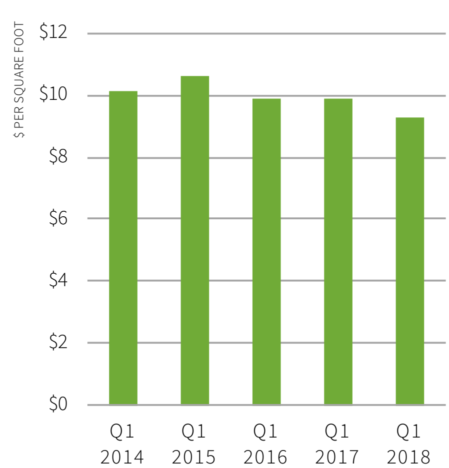
New Supply



Notable Industrial Lease Transactions by Size - First Quarter 2018

	Address / Complex	Tenant	Size Lease Type
1	18210 - 109 Avenue	KTN Edmonton Co.	190,700 sf Renewal
2	18131 - 118 Avenue	Raptor Mining	100,600 sf New
3	Northport Business Park - Building A	Hillman Group	100,300 sf New
4	13155 149 Street	Westburne Electical Supply	83,800 sf Renewal
5	Northwest Business Park - Building 7b	North Country Tire Distributors Ltd.	77,200 sf New

Avg. Asking Net Rental Rate



Halifax Industrial Market

Extensive inventory supports importing and exporting

Halifax, the capital of Nova Scotia and economic hub of Atlantic Canada, generates one-fifth of the region's combined GDP. The city has a diverse and growing range of industries, including telecommunications; fisheries research and ocean technology; light and heavy manufacturing; digital media; oil and gas exploration; and shipbuilding. Halifax offers an array of transportation options from air to sea, allowing the industrial inventory to support many import and export businesses. Burnside Industrial Park, located in the Halifax Regional Municipality (HRM), is the largest such park east of Montreal and contains 83% of the city's 8.2 msf of industrial space.

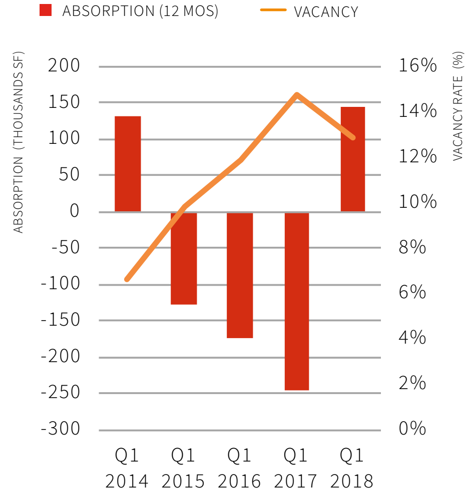
Even with the $25-billion federal shipbuilding program underway at Halifax's Irving Shipyard, the local industrial leasing market had remained flat in recent years. There are now signs that this situation is shifting. The recent arrival of IKEA and growth of peripheral retailers have renewed industrial construction in the Burnside area. A 60,000-sf multi-tenant warehouse, the first of a five-building complex that will total 300,000 sf, is almost complete. The HRM's industrial vacancy fell to 12.9% as of first-quarter 2018, down from 14.7% one year earlier. Vacancy in Burnside Park fell more than 200 bps during the same period, to 13.1%. The HRM's average asking net rental rate declined slightly year-over-year to $7.27 psf, while average additional rent increased to $5.21 psf.

ARROWS INDICATE YEAR-OVER-YEAR CHANGE

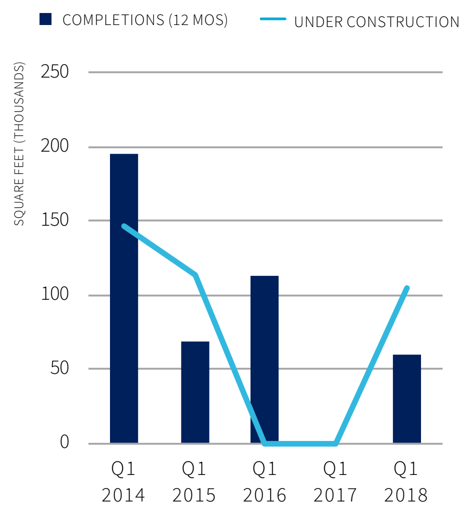
0.1 MSF	**12.9%**	**0.1 MSF**	**$7.27 PSF**
ABSORPTION	VACANCY RATE	UNDER CONSTRUCTION	AVG. NET RENT

It was announced in February 2018 that the Halifax-based ocean supercluster will be one of five nationwide to share in $950 million in federal funding. This funding will create new opportunities, including construction of the Centre for Ocean Ventures and Entrepreneurship (COVE), and spur innovation designed to improve competitiveness and commercialization in Canada's ocean-based industries. While major shifts in Halifax's industrial real estate market are not expected in the short term, there is a sense of increased optimism for future growth that will likely result in steady demand for industrial space in the years to come.

Absorption and Vacancy



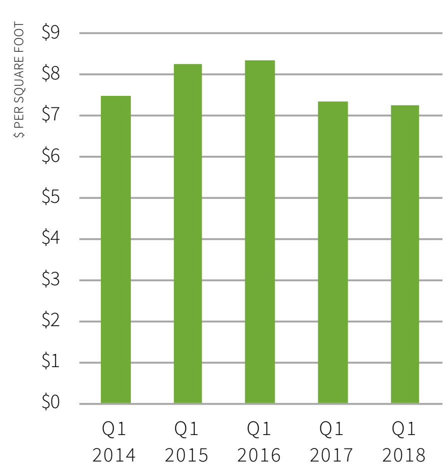
New Supply



Notable Industrial Lease Transactions by Size - First Quarter 2018

	Address / Complex	Tenant	Size Lease Type
1	20 Akerley Boulevard	Metrie	80,000 sf Expansion
2	65 John Savage Drive	Medical Mart	65,000 sf Expansion
3	19-29 Guildhalt Drive	Univor	35,000 sf New
4	50 Troop Avenue	Onsite Restoration	9,500 sf New
5	10 Morris Drive	PF Collins	6,500 sf New

Avg. Asking Net Rental Rate



Lethbridge Industrial Market

Industrial market outlook remains optimistic

Lethbridge's industrial market outlook continues to be optimistic thanks to a strong performance in 2017 and the economic recovery of the province at large. Industrial vacancy fell 160 bps year-over-year to 4.6% in the first quarter of 2018. During the same period, 102,000 sf of new inventory was added with strong interest from the small-to-mid-sized industrial condominium market. Rental rates edged up to $8.15 psf in the first quarter of 2018 from $8.02 psf one year earlier. Stable vacancy and rental rates make the Lethbridge market very predictable for investors and owner-users.

The agriculture and food-processing industry has also shown significant interest in Lethbridge. This interest is best exemplified by the $360-million frozen-potato-processing plant, which officially broke ground in September 2017 and will serve as the Western Canadian headquarters for Cavendish Farms. Located on 278 acres in Sherring Industrial Park, the plant is slated for completion in 2019. Additional interest from greenhouse operators, food processers and the distribution sector is expected to result in 170,000 sf of new construction starting in the spring of 2018. These agri-food new users and the supporting businesses have created a shortage of inventory in specific categories, including medium-to-large unit sizes and those offering loading docks or storage yards.

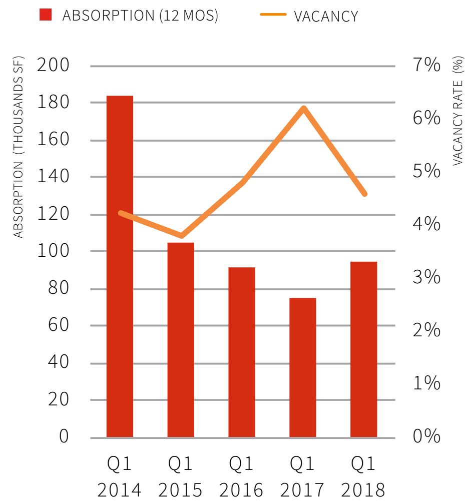
ARROWS INDICATE YEAR-OVER-YEAR CHANGE

0.1 MSF	**4.6%**	**0.1 MSF**	**$8.15 PSF**
ABSORPTION	VACANCY RATE	UNDER CONSTRUCTION	AVG. NET RENT

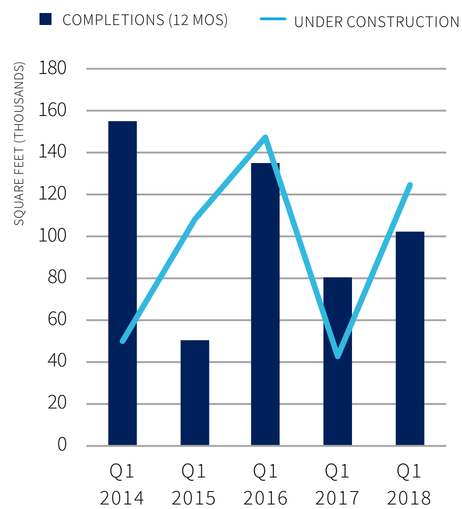
Preleasing continues to be strong; however, investors have avoided additional large-scale speculative construction. The 125,000 sf of new space under construction as of the first quarter consists predominantly of small-unit and condominium-style developments with 88,000 sf preleased or sold.

As one of the fastest-growing cities in Alberta in 2017, Lethbridge is on pace to achieve a population of 100,000 during 2018 with an anticipated population growth rate of 2%. The industrial market is driving job creation and contributing to overall stability and growth in the region. Abundant interest from manufacturers looking to relocate to Lethbridge due to its stable workforce and central location to major Canadian centres and U.S. markets was evident in first-quarter 2018. A slight reduction in vacancy and a slight increase in rental rates are expected for the remainder of 2018.

Absorption and Vacancy



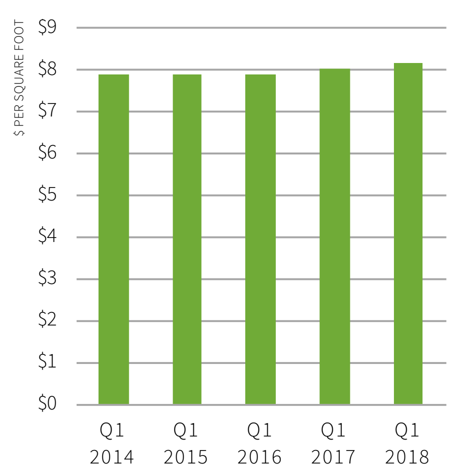
New Supply



Notable Industrial Lease Transactions by Size - First Quarter 2018

	Address / Complex	Tenant	Size Lease Type
1	3688 30th Street N.	Alta Link	10,000 sf New
2	2910 18th Avenue N.	Perfect Storm	9,500 sf Renewal
3	2525 36th Street N.	Strathcona	4,900 sf New
4	2801 2nd Avenue N.	Iron Workers	4,200 sf New
5	1431 31st Street N.	Stanley Technologies	3,700 sf New

Avg. Asking Net Rental Rate



Montreal Industrial Market

Limited construction underway despite low vacancy

Montreal's industrial market continues to thrive, as demonstrated by 2.8 msf of positive absorption and 778,000 sf of new supply added in the 12 months ending with the first quarter of 2018. The vacancy rate in the Greater Montreal Area (GMA) fell 60 bps year-over-year to 4.5% in the first quarter – a new record low for the metropolitan area. Even with historically low vacancy, only 1.4 msf of industrial space is currently under construction.

The average net rental rate in the GMA rose slightly year-over-year to $6.06 psf in the first quarter in response to the scarcity of available product. Additional rents remained stable, hovering around $3.30 psf during the last 12 months. The investment scene is getting more aggressive; consequently, capitalization rates are shrinking with single-tenant industrial assets trading at 6.1% and multi-tenant properties at 6.3%.

Transportation, distribution and third-party logistics are growing sectors in constant need of large industrial spaces. For example, XTL Transport partnered with Storage Lease Holds in 2017 to build a new 335,000-sf industrial facility in the east end of Montreal. Several new off-island projects have been announced as well, including a new brewery for Molson Coors Canada in Longueuil and a 650,000-sf warehouse and company headquarters for Structube in Laval. Land affordability and availability concerns are driving companies towards peripheral markets.

ARROWS INDICATE YEAR-OVER-YEAR CHANGE

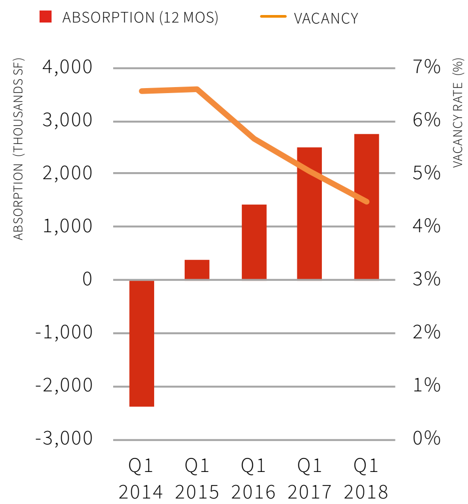
2.8 MSF	4.5%	1.4 MSF	$6.06 PSF
ABSORPTION	VACANCY RATE	UNDER CONSTRUCTION	AVG. NET RENT

In recent months, a new trend emerged as foreign cryptocurrency mining groups showed noteworthy interest in older manufacturing facilities across the province. Low energy prices and a cold climate are the main reasons why the province of Quebec is the most desired location. Hydro-Quebec is presently considering raising the rates for cryptocurrency miners as demand for the additional electricity necessary to operate is increasing rapidly. Considering the volatility of this sector, landlords should be cautious while engaging in these transactions.

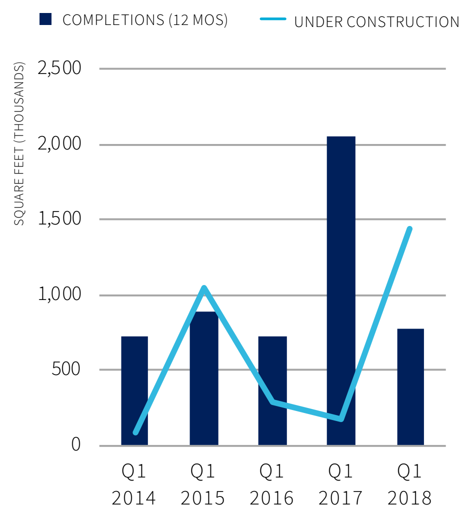
Notable Industrial Lease Transactions by Size - First Quarter 2018

	Address / Complex	Tenant	Size Lease Type
1	2520 Marie-Curie Avenue	Elfe Inc.	154,800 sf New
2	4600 Cousens Street	Michael Kors Canada	149,700 sf New
3	17550 Transcanada Highway	NRI Distribution Inc.	96,700 sf New
4	6800 Transcanada Highway	ThyssenKrupp	51,100 sf New
5	1780 Martenot Place	Techno-Tech	25,800 sf New

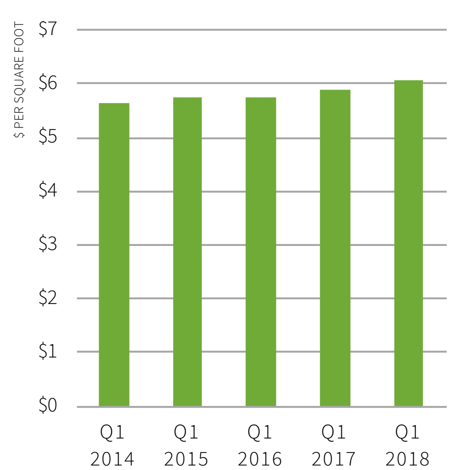
Absorption and Vacancy



New Supply



Avg. Asking Net Rental Rate



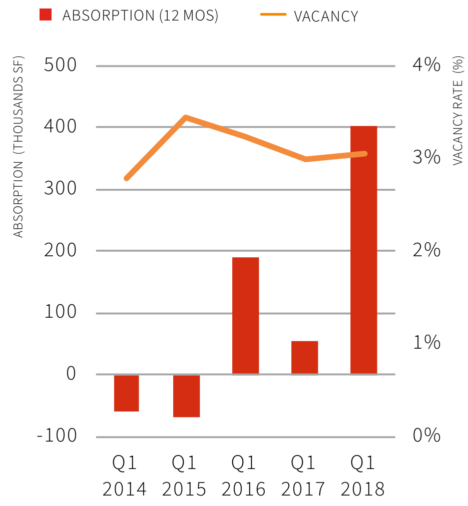
Ottawa Industrial Market

Call to add new quality inventory

Ottawa's industrial vacancy rate spiked to 4.1% in early 2015 with the completion of HOOPP's second of two 100,000-sf buildings in an east end business park on Canotek Road. Since then, more than 300,000 sf of industrial inventory has been added to the market, and nearly 645,000 sf has been absorbed. This activity fuelled a gradual multi-year decline in vacancy to 3% in the first quarter of 2018 – holding steady year-over-year. With current leasing activity, a further decrease in vacancy is expected, putting further upward pressure on rental rates that are among the highest in the country.

To a large degree, much of this activity has manifested itself in the conversion of traditional industrial space into flex space. Flex space calls for a fully air-conditioned space that can accommodate bench assembly, some office applications and clean service-industry applications. This trend is increasingly evident in the Kanata technology submarket. Rental rates for flex space in Kanata have increased to the point where several landlords are planning high-ceiling speculative developments to meet demand in that employment area.

Absorption and Vacancy

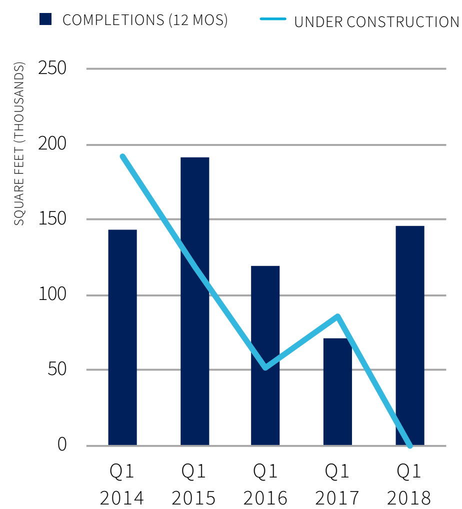


ARROWS INDICATE YEAR-OVER-YEAR CHANGE

0.4 MSF	3%	0 SF	$10.10 PSF
ABSORPTION	VACANCY RATE	UNDER CONSTRUCTION	AVG. NET RENT

With most of its industrial inventory being of older vintage, Greater Ottawa continues to suffer from a lack of modern, high-bay industrial space with combinations of dock and grade loading facilities. As transportation infrastructure improves, the time has come for a well-capitalized REIT or institutional owner to take advantage of the decline in quality industrial availabilities and bring new supply to market. There will always be a need for low-bay industrial space, and the older stock in Ottawa is well-positioned to fill that need. As workplace strategies continue to evolve and new workplace environments develop, the time for a workplace strategy that addresses the city's changing reality is needed. It is time for another bold move to be made in the National Capital Area.

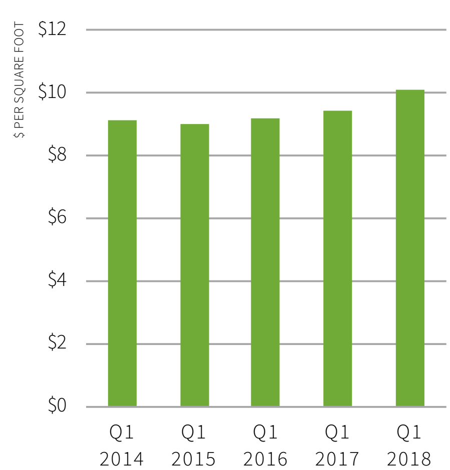
New Supply



Notable Industrial Lease Transactions by Size - First Quarter 2018

	Address / Complex	Tenant	Size Lease Type
1	2780 Sheffield Road	Cooper Rentals	22,700 sf New
2	3020 Hawthorne Road	Ottawa Tool Fasteners	20,000 sf New
3	311 Legget Drive	BMT Fleet Technology	18,000 sf Renewal
4	2510 Sheffield Road	K-Town/Hi-Tone Distribution	16,000 sf New
5	5320 Canotek Road	Facilisgroup	4,600 sf New

Avg. Asking Net Rental Rate



Regina Industrial Market

Increased industrial construction expected

Regina's industrial market cooled in 2017 as uncertainty about the regional and Western Canadian economies slowed growth; however, an economic recovery is on the horizon. Oil and gas sector businesses have been getting busier as crude prices continue to recover and stabilize. The merger of PotashCorp and Agrium to form super-giant Nutrien is expected to have a positive outcome for the potash industry. A stabilized Canadian dollar, coupled with strong GDP growth and employment numbers, has buoyed the manufacturing sector. In agriculture, the federal government announced a $950-million supercluster program that includes agricultural research and development for the province, while the pending legalization of cannabis has added a new dimension to intensive agriculture opportunities.

Regina's industrial vacancy rate has been relatively stable, trading in a narrow range for the past five years. However, the rate increased 90 bps year-over-year to 4.1% in first-quarter 2018 – a 28% increase compared with the average of the previous four years. New construction has slowed with slightly more than 200,000 sf completed in the 12-month period ending with the first quarter of 2018. Asking net rental rates averaged $10.75 psf in the first quarter, down

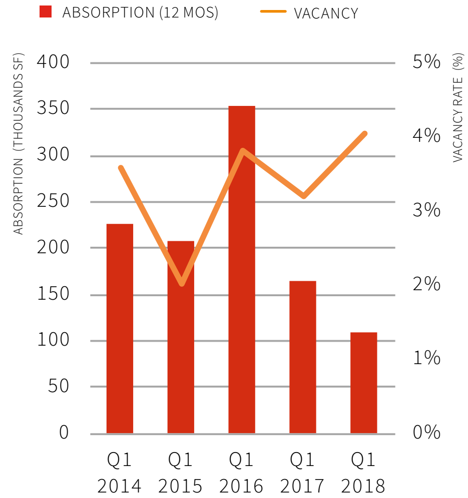
ARROWS INDICATE YEAR-OVER-YEAR CHANGE

0.1 MSF ABSORPTION	**4.1%** VACANCY RATE	**0.2 MSF** UNDER CONSTRUCTION	**$10.75 PSF** AVG. NET RENT

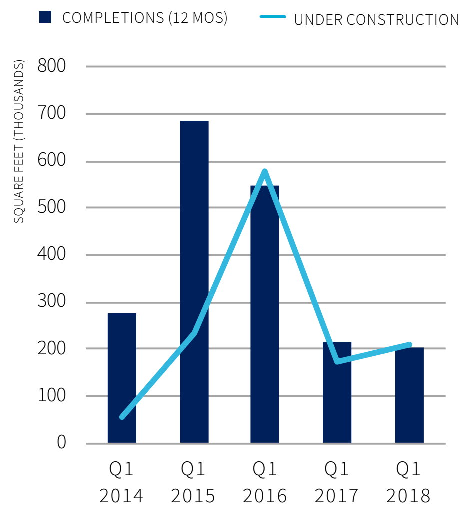
$0.70 psf year-over-year as rental rates for older product declined, averaging between $8.50 and $9.50 psf. Newer small-bay buildings are achieving $11.50 to $13 psf, while large-block spaces attract $11 to $12.50 psf. The City of Regina recently reduced its service levies in an attempt to encourage investors and other purchasers to remain in the city. Land prices range from $160,000 to $550,000 per acre in the census metropolitan area, offering a wide range of options.

The redevelopment of Titan Business Park (formerly Sears' warehouse) is ongoing. Multiple new builds (both owner-occupied and with spaces for lease) are currently underway in both Carson and Parker industrial parks.

Absorption and Vacancy



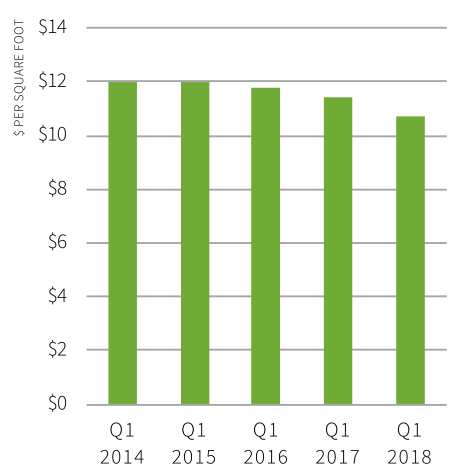
New Supply



Notable Industrial Lease Transactions by Size - First Quarter 2018

	Address / Complex	Tenant	Size Lease Type
1	284 Industrial Drive	Stoller Enterprises	20,000 sf Renewal
2	1101 Scarth Street	Flux School of Human Movement	9,800 sf New
3	405 Henderson Drive	Corrosion Service	4,700 sf New
4	1731 Ross Avenue E.	Delco Automation Inc.	3,700 sf New
5	1731 Ross Avenue E.	Western Electric Management Ltd.	3,100 sf Renewal

Avg. Asking Net Rental Rate



Toronto Industrial Market

Sound fundamentals underpin supply-starved market

The Greater Toronto Area (GTA) industrial market continues to operate with historically low vacancy, new supply struggling to meet strong demand, and rising rents – resulting in tight conditions for tenants and an active investment climate for users and investors. The market's performance was supported by robust GDP growth of 3.7% in 2017 – a 17-year high – according to the Conference Board of Canada. Manufacturing remains important, but continues to be supplanted by warehouse and logistics operations largely connected with e-commerce. However, the GTA will form part of the Advanced Manufacturing Supercluster under a new federal funding initiative.

Twelve-month absorption to March 31, 2018 totalled 6.5 msf, driving the vacancy rate down 50 bps year-over-year to a historic low of 1.7% – the lowest in Canada and among North America's large markets, eclipsing Chicago and Los Angeles. Rents are rising, averaging $7.04 psf in first-quarter 2018. Regional demand continued to be bolstered by the commercial and consumer goods sectors – notably retail, food and distribution firms. Despite protectionist U.S. policies, the GTA attracts American companies establishing or expanding their manufacturing and distribution footprints. Notable transactions during the past year included Boston-based online retailer Wayfair inking a

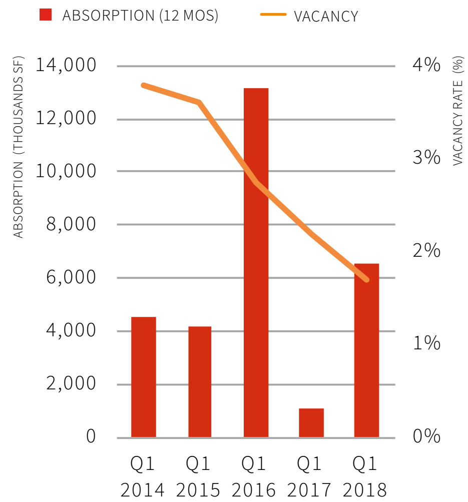
ARROWS INDICATE YEAR-OVER-YEAR CHANGE

6.5 MSF	**1.7%**	**4.9 MSF**	**$7.04 PSF**
ABSORPTION	VACANCY RATE	UNDER CONSTRUCTION	AVG. NET RENT

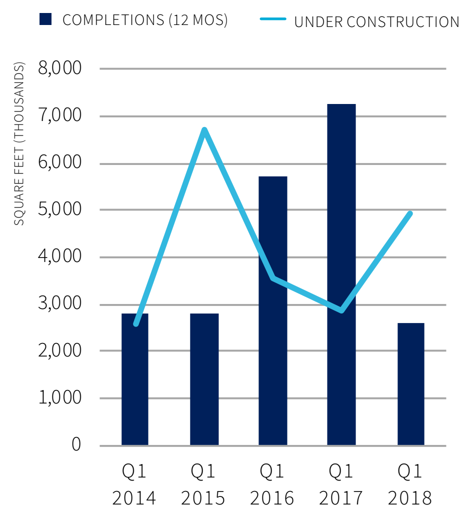
770,000-sf deal for a new warehouse and distribution centre at 2020 Logistics Drive in Mississauga. In other news, New York City-based sleep brand Casper will soon unveil its new Canadian headquarters and manufacturing facility.

With limited supply and increasing land costs and development charges, redevelopment projects are a growing trend. Nevertheless, construction underway has almost doubled during the past 12 months to nearly 5 msf – while 2.6 msf was completed during the same period. Given the market's sound fundamentals, investors also poured more than $3.5 billion into industrial assets in the 12 months ending with first-quarter 2018 – 21% of the GTA's total investment volume during that period. The industrial market is expected to remain tight and very competitive with near-term headwinds including ongoing NAFTA talks.

Absorption and Vacancy



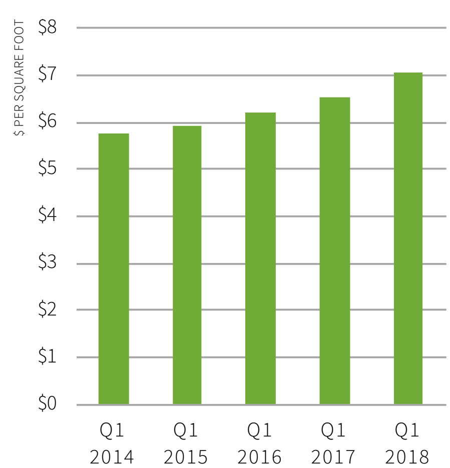
New Supply



Notable Industrial Lease Transactions by Size - First Quarter 2018

	Address / Complex	Tenant	Size Lease Type
1	2233 Sheppard Avenue W.	Toronto Transit Commission (TTC)	550,000 sf New
2	9050 Airport Road	Nestlé Canada	544,100 sf Renewal
3	233 Madill Boulevard	SCI	446,200 sf New
4	1395 Tapscott Road	The Hillman Group	382,500 sf New
5	7830 Tranmere Drive	Graphic Packaging International ULC	230,000 sf New

Avg. Asking Net Rental Rate



Vancouver Industrial Market

Vacancy hovers at record lows as rates continue to climb

Even as Metro Vancouver's 200.4-msf industrial market remained one of the tightest in North America at the end of the first quarter of 2018 with demand continuing to outstrip new supply – due to a lack of suitable development land, rising material costs, construction labour shortages and municipal permitting delays – vacancy still declined slightly to 1.8% from 1.9% a year earlier. Regional industrial vacancy has been less than 2% since mid-2016.

After almost 5.5 msf of absorption was recorded from the second quarter of 2016 to the first quarter of 2017, slightly more than 3.1 msf of absorption was recorded in the 12-month period ending in the first quarter of 2018. Almost 4.6 msf of industrial space (with 34% preleased) was under construction at the end of the first quarter of 2018. This total exceeded the previous high-water mark of 4.3 msf of new supply under construction at the end of the first quarter of 2017.

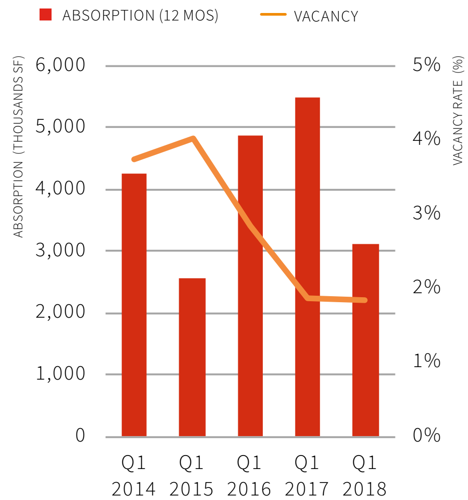
Despite the addition of 3.1 msf of new supply in the 12-month period up to the first quarter of 2018, vacancy declined. The delivery of new supply – which is increasingly focused

ARROWS INDICATE YEAR-OVER-YEAR CHANGE

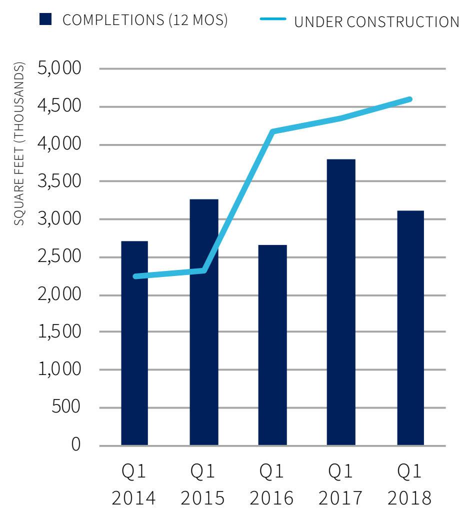
3.1 MSF	**1.8%**	**4.6 MSF**	**$10.91 PSF**
ABSORPTION	VACANCY RATE	UNDER CONSTRUCTION	AVG. NET RENT

on the strata market – is not anticipated to provide relief to tenants or owner-occupiers seeking new or expansion industrial space. Vacancy is forecasted to remain unchanged or tighten further during the next 12 to 18 months. Rental rates have been climbing since 2015 and reached an average of $10.91 psf at the end of the first quarter of 2018, up from $9.50 psf 12 months earlier and $8.56 psf three years ago – a 27.5% increase in the region's average rental rate in just 36 months. Strong demand, rising construction costs and an ongoing lack of options are anticipated to continue driving up rental rates across Metro Vancouver.

Absorption and Vacancy



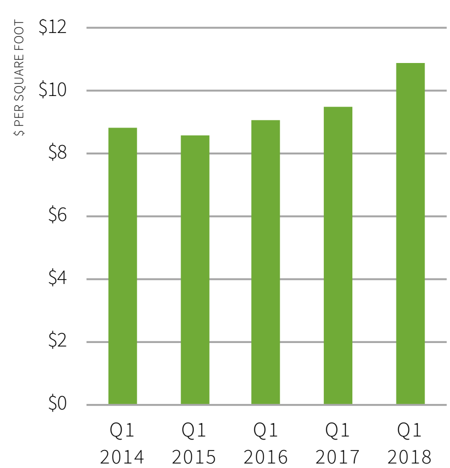
New Supply



Notable Industrial Lease Transactions by Size - First Quarter 2018

	Address / Complex	Tenant	Size Lease Type
1	3100 Production Way, Burnaby	Daiya Foods Inc.	396,800 sf New
2	16100 Blundell Road, Richmond	Groupe Touchette Inc.	149,600 sf Sublease
3	4916 275th Street, Langley	Thomson Technology Power Systems	123,500 sf New
4	26901 56th Avenue, Langley	Hitachi Construction Machinery Canada	115,000 sf Renewal
5	927 Derwent Way, Delta	Olympia Enterprises	78,800 sf New

Avg. Asking Net Rental Rate



Waterloo Region Industrial Market

Strong demand pushes vacancy down

The industrial market in the Waterloo Region and Southwestern Ontario continues to thrive following a robust 2017. The market, which consists of Guelph, Cambridge, Kitchener, Waterloo, Woodstock, Brantford and London, continues to attract investors and companies from the Greater Toronto Area (GTA) who are seeking lower costs while having access to major highways. Demand from these users, as well as expansion by local companies, pushed vacancy down 100 bps year-over-year to 4.2% in the first quarter of 2018. This rate is expected to fall further, as supply is not meeting demand and new construction has yet to catch up.

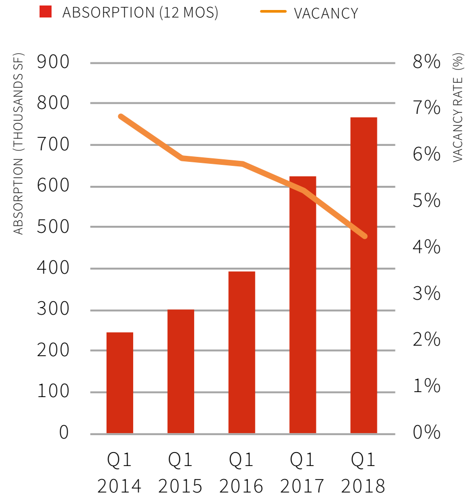
With recent announcements from the federal and provincial governments concerning grants for job growth and research within the industrial sector, as well as being one of the selected areas for the Innovation Superclusters Initiative, a program that is awarding $950 million in federal funding to companies and organizations in five industry superclusters across Canada, the region is expected to undergo substantial growth in the coming years. Investment volumes in the region have shown promising growth year-over-year with focus in the industrial and land markets bringing in an estimated $1.8 billon in building permits during the next year.

ARROWS INDICATE YEAR-OVER-YEAR CHANGE

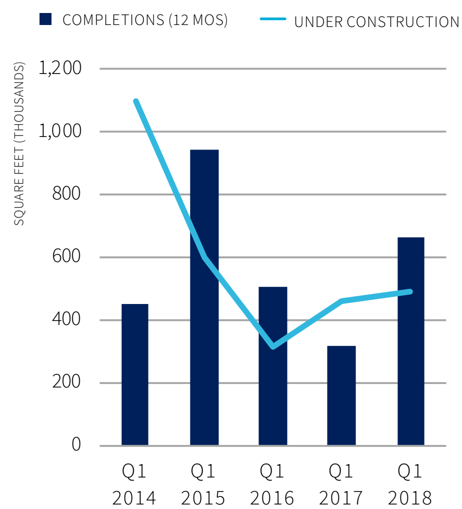
0.8 MSF	**4.2%**	**0.5 MSF**	**$5.15 PSF**
ABSORPTION	VACANCY RATE	UNDER CONSTRUCTION	AVG. NET RENT

Infrastructure in the region continues to be a major focus for the provincial and municipal governments and private investors alike. The ION light-rail transit system in Kitchener/Waterloo has translated into $2.1 billion in new development investments alone. Announced plans for a high-speed rail project in southwestern Ontario could bring the opportunity for unprecedented population growth in London, Woodstock, Kitchener/Waterloo and Guelph. In Guelph, the continuing expansion of Highways 7 and 6 will result in zoning changes for former agricultural land to support additional industrial development. With the announced infrastructure projects and investment accompanied by low vacancy, Southwestern Ontario's industrial market displays considerable promise for new development growth opportunities.

Absorption and Vacancy



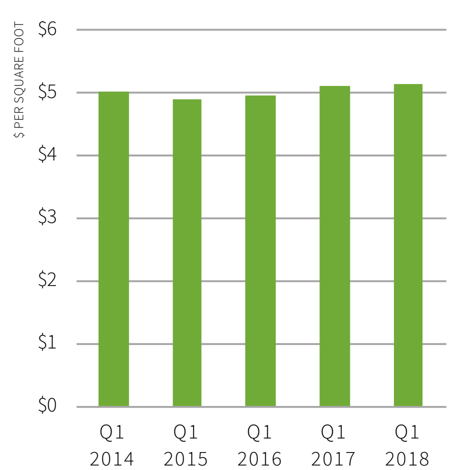
New Supply



Notable Industrial Lease Transactions by Size - First Quarter 2018

	Address / Complex	Tenant	Size Lease Type
1	20 Tyler Street, Cambridge	Erwin Hymer	150,000 sf New
2	1200 Franklin Boulevard, Cambridge	Challenger	100,000 sf New
3	50 Northland Road, Waterloo	Connect Telecommunications Solutions Inc.	62,000 sf New
4	35 Cooper Drive, Guelph	True Leaf	45,000 sf New
5	425 Clair Road W., Guelph	Viqua	32,500 sf Renewal

Avg. Asking Net Rental Rate



Winnipeg Industrial Market

Tenants continue to renew and renovate spaces

Winnipeg's industrial market vacancy edged down a further 10 bps year-over-year, reaching 3% in the first quarter of 2018. Quality existing inventory is in such short supply that many occupiers continue to rent less-than-ideal locations, and existing tenants continue to renew and renovate their spaces. As availability in existing inventory continues to shrink, developers are seeking scarce development land. Winnipeg is currently a landlord's market with quality space commanding premium rental rates.

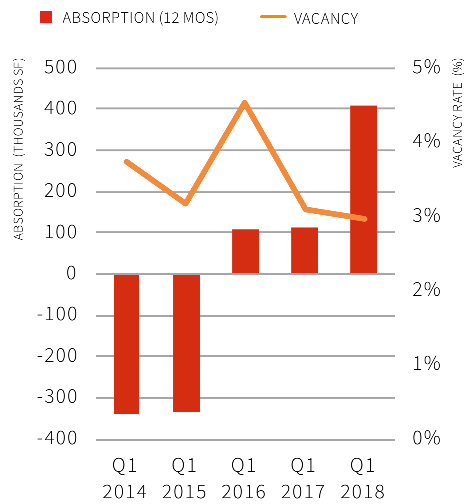
In the Northwest submarket, more than 500,000 sf was absorbed between mid-year 2017 and first-quarter 2018 alone, decreasing vacancy to 3.5% from 4.7%. As many tenants wish to be near the airport, major highways and amenities, space offered at a premium was quickly leased up, regardless of condition. The Southwest submarket continues to offer the fewest availabilities with less than 30,000 sf available in the first quarter, while spaces of more than 5,000 sf are difficult to find. Not surprisingly, asking rental rates rose year-over-year, averaging $7.53 psf in first-quarter 2018. In the Northwest, asking rates exceeded $11 psf for premium new space. Much of the small amount of the remaining vacant inventory is newly constructed or renovated space that is commanding top rates. One new project nearing completion is the third phase of Brookside Industrial Park, which will offer 95 acres of vacant land for sale with planned services.

ARROWS INDICATE YEAR-OVER-YEAR CHANGE

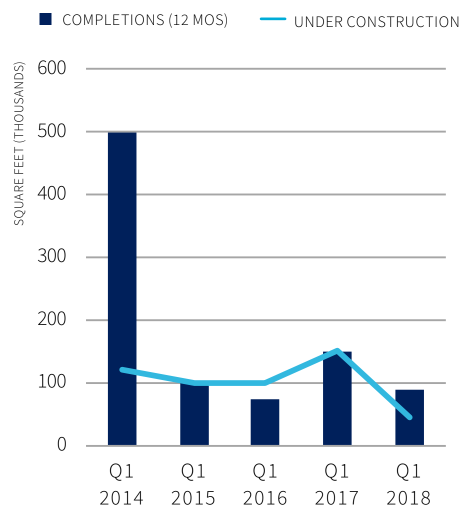
0.4 MSF	3%	0 SF	$7.53 PSF
ABSORPTION	VACANCY RATE	UNDER CONSTRUCTION	AVG. NET RENT

Solid performances by the manufacturing, construction and services sectors provided economic growth in 2017, but a slowdown in that growth is expected during 2018. As noted by the Conference Board of Canada, the city's real GDP growth was expected to reach 3.6% in 2017, before slowing sharply to 1.4% in 2018 – likely due to unpredictable trade relations between the U.S. and Canada. Nevertheless, vacancy and rental rates in the industrial market are expected to continue in the same pattern through late 2018 and early 2019.

Absorption and Vacancy



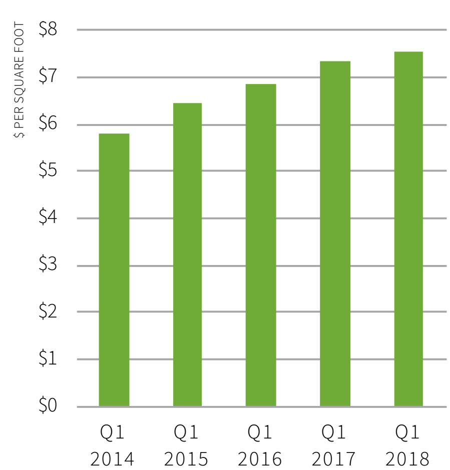
New Supply



Notable Industrial Lease Transactions by Size - First Quarter 2018

	Address / Complex	Tenant	Size Lease Type
1	692 Mission Street	Carfair	100,000 sf New
2	1450 Mountain Avenue	City of Winnipeg	33,200 sf New
3	20 Bentall Street	Wallace & Carey	33,000 sf Renewal / Expansion
4	65-67 Paramount Road	Iron Mountain	24,200 sf Renewal
5	131 Cordite Road	Hunterwire	12,100 sf New

Avg. Asking Net Rental Rate



United States

Atlanta Industrial Market

High preleasing levels keep vacancy stable

Atlanta's industrial vacancy has continued to tighten – even with a large amount of new inventory entering the market. As of first-quarter 2018, a total of 17.4 msf of industrial product was under construction with 4.8 msf preleased. As leasing activity remained strong, Atlanta continued to record-high absorption numbers. During the same quarterly period, 3.6 msf was absorbed, resulting in a 12-month total of 19.5 msf of positive absorption.

During the same 12-month period, nearly 18 msf of new product was delivered to the market. Even with the significant amount of new inventory, preleasing activity has helped vacancy remain stable. The first quarter of 2018 ended with a 6.2% vacancy rate, down 50 bps year-over-year. Atlanta's industrial vacancy has continued to decline consistently since it reached 14.8% during the Great Recession.

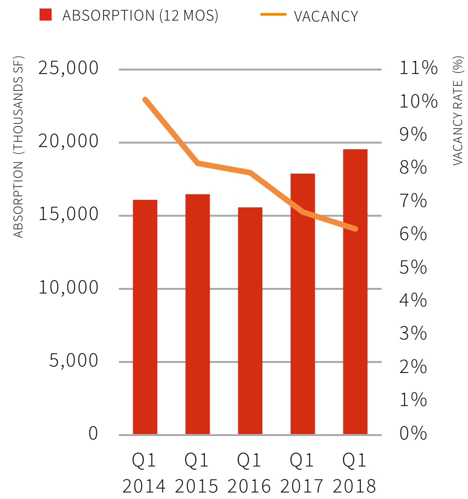
Average asking rental rates rose nearly 10% year-over-year, ending the first quarter at $4.33 psf. Atlanta industrial rents have grown by an unprecedented 34% since 2014. One of the largest new leases of the first quarter was Saddle Creek's 1.2-msf lease at Southwest 85 Logistic Center. This newly constructed building, located along I-85 south of the city, will provide Saddle Creek with direct access to major markets in the Southeast.

ARROWS INDICATE YEAR-OVER-YEAR CHANGE

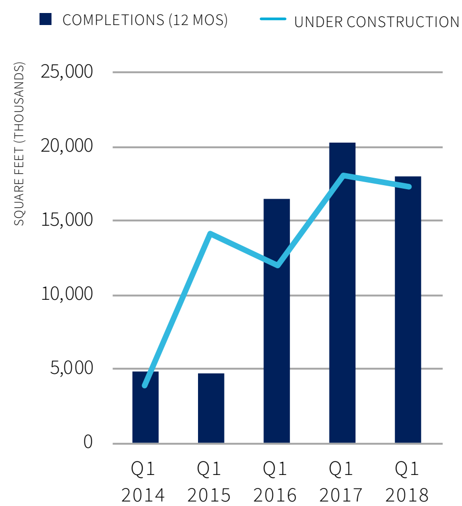
19.5 MSF	**6.2%**	**17.4 MSF**	**$4.33 PSF**
ABSORPTION	VACANCY RATE	UNDER CONSTRUCTION	AVG. NNN RENT

Atlanta's industrial market should remain in the landlord's favor even if there is a slight increase in vacancy during 2018 as new product is delivered. Rental rates will continue to rise as existing inventory tightens and new construction projects seek higher rents. Overall, the Atlanta industrial market should continue to be a top performer in leasing and construction activity among Southeast U.S. markets as the pipeline of tenants in the market grows.

Absorption and Vacancy



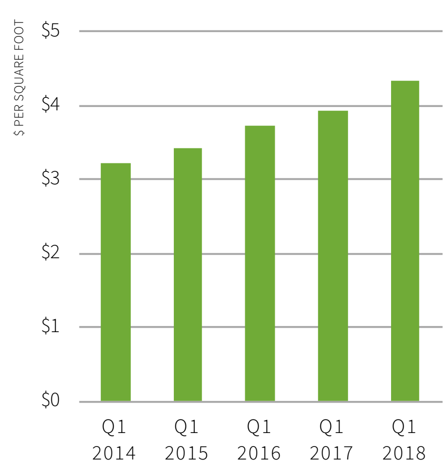
New Supply



Notable Industrial Lease Transactions by Size - First Quarter 2018

	Address / Complex	Tenant	Size Lease Type
1	590 Coweta Industrial Park	Saddle Creek	1,208,300 sf New
2	Anvil Block Road	HD Supply	1,017,600 sf New
3	4475 South Fulton Parkway	Newell Brands	744,900 sf Renewal
4	200 Hosea Road	Bluelinx Corporation	585,600 sf Renewal
5	1791 Mount Zion Road	XPO Logistics	254,400 sf New

Avg. Asking NNN Rental Rate



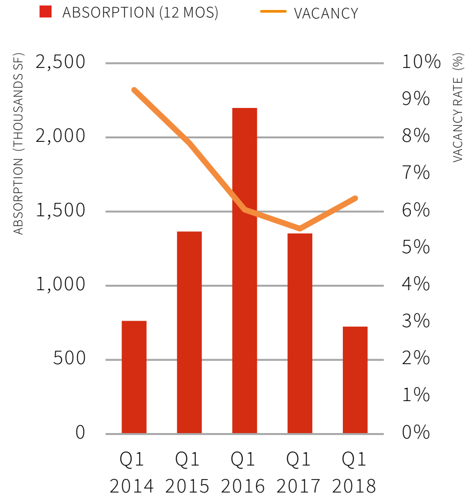
Austin Industrial Market

Market continues to increase in size and scope

Slowing demand and continued delivery of new inventory resulted in increased market-wide vacancy and decreased absorption year-over-year in Austin's industrial market. Even while Dallas and Houston remain Texas' industrial powerhouses, the Austin market continues to increase in size and scope, and developers remain optimistic while continuing to deliver new product as companies expand and the industrial tenant base grows.

Market-wide absorption for the 12 months ending in March 2018, while positive at 726,800 sf, was down by nearly half from the 1.3 msf absorbed in the previous 12-month period. New product delivered to market was also down significantly, dropping to 1.6 msf from 2.4 msf during the same time period. Asking rental rates stabilized and remained relatively unchanged, averaging $10.20 psf in the first quarter of 2018. Market-wide vacancy increased slightly to 6.3% at the close of the first quarter of 2018, up 80 bps year-over-year. As inventory grows and asking rents stabilize, vacancy is anticipated to rise incrementally.

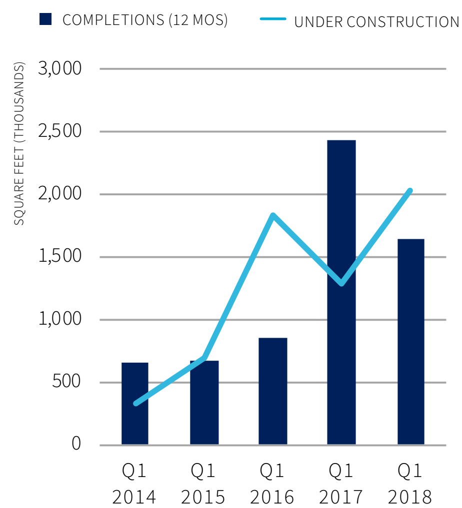
Absorption and Vacancy



ARROWS INDICATE YEAR-OVER-YEAR CHANGE

0.7 MSF	**6.3%**	**2 MSF**	**$10.20 PSF**
ABSORPTION	VACANCY RATE	UNDER CONSTRUCTION	AVG. NNN RENT

New Supply



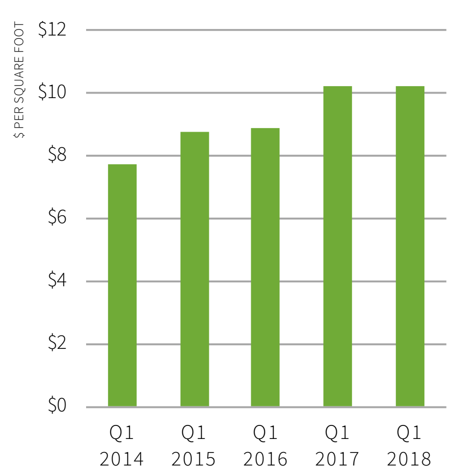
Despite the decrease in absorption and increase in vacancy, industrial product under construction increased 50% year-over-year to slightly more than 2 msf, with 23.1% preleased, at the end of the first quarter of 2018. Increased preleasing marks a shift away from the recent trend of more speculative development in the Austin industrial market. Furthermore, as new product delivers during 2018, the local market is projected to record continued industrial investment activity.

Continuing growth in the Austin economy is expected to lead to more business growth and further demand for industrial space.

Notable Industrial Lease Transactions by Size - First Quarter 2018

	Address / Complex	Tenant	Size Lease Type
1	Parmer 7.2	3M	91,800 sf New
2	Bushy Creek Corporate Center - Phase I	Hyliion	83,500 sf New
3	Prologis Corridor Park - Building 7	Uplift	57,600 sf New
4	Vista Park 7	XPO Last Mile	57,500 sf New
5	Central Transportation Systems Building	Big State Electric	52,000 sf New

Avg. Asking NNN Rental Rate



Boston Industrial Market

Build-to-suit projects on the rise

Positive momentum carried over from 2017 into the first quarter of 2018 as rental rates in the Greater Boston Area (GBA) industrial market continued to tick upwards, reaching historic highs. With tenants primarily focused on location and proximity to strong demographics and city centers, locations off Route 495 and 128 are expected to continue to expand. Overall vacancy increased 40 bps year-over-year to 7.3% despite nearly 1.2 msf of positive absorption as 1.7 msf of new product was delivered. Looking specifically at warehouse and distribution space, the overall vacancy rate was hovering at slightly more than 7% for the third consecutive quarter, whereas vacancy in flex and manufacturing space had decreased 30 bps quarter-over-quarter, to 7.7%.

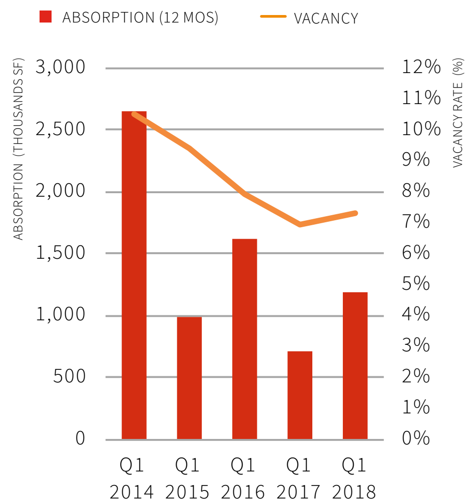
During the 12 months ending with the first quarter of 2018, a surplus of new supply hit the market with more than 1.7 msf of new development completed – 1.5 msf being warehouse and distribution space. At the end of the quarter, construction remained robust with 938,000 sf underway and more than half of that total already preleased, leaving 427,500 sf still available for lease at Business Park of Bellingham. As the market continues to tighten in all asset types, developing small spaces for the flex-tech sector continues to be the safe bet for risk-averse developers looking to build, as tenants with unique space requirements are turning to well-positioned flex properties.

Looking ahead, the industrial market is expected to stay active, particularly with warehouse and distribution users, as e-commerce trends continue to increase the importance of supply-chain management. Due to the scarcity of large options available in the market, tenants are seeking long-term build-to-suit developments. As the demand for space remains high, upward pressure on rental rates is expected for the remainder of 2018, with more than 6 msf of industrial requirements currently active in the market, overshadowing short-term industrial availability.

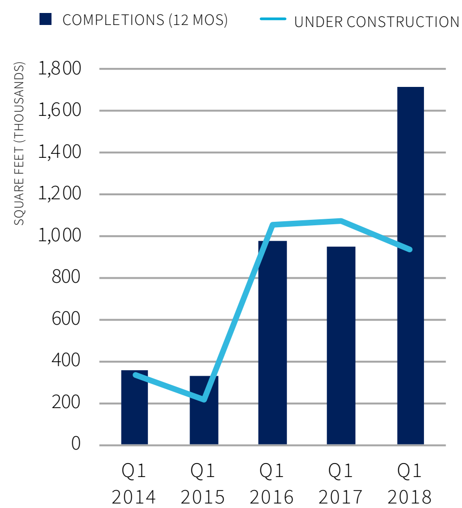
ARROWS INDICATE YEAR-OVER-YEAR CHANGE

1.2 MSF	7.3%	0.9 MSF	$6.93 PSF
ABSORPTION	VACANCY RATE	UNDER CONSTRUCTION	AVG. NNN RENT

Absorption and Vacancy



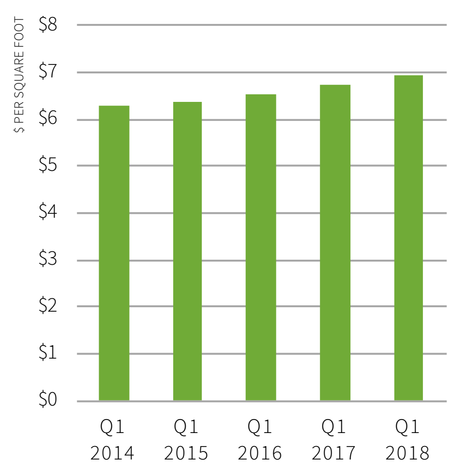
New Supply



Notable Industrial Lease Transactions by Size - First Quarter 2018

	Address / Complex	Tenant	Size Lease Type
1	150 Charles Colton Road, Taunton	Williams-Sonoma	139,600 sf New
2	1515 Washington Street, Braintree	CustomSpace	75,000 sf New
3	275 John Hancock Road, Taunton	Shaws	70,000 sf Renewal
4	1245 Providence Highway, Sharon	Reiser	33,000 sf New
5	53 Brigham Street, Marlborough	Ambri	30,800 sf Renewal / Expansion

Avg. Asking NNN Rental Rate



Charleston Industrial Market

Several spec and build-to-suit projects underway

Inventory in Charleston's industrial market increased 3% year-over-year with the completion of nearly 2 msf of new space during the 12 months ending with first-quarter 2018. This increase resulted from speculative construction and several build-to-suit projects. This trend will continue as the 4 msf of new industrial space being built by Volvo and Mercedes-Benz Vans has not yet been added to inventory. In addition, there are still several new speculative and build-to-suit projects underway that will be delivered before the end of 2018.

As a result of the substantial delivery of new product and modest negative absorption, the market's overall vacancy rate rose 400 bps year-over-year to 9.9% in the first quarter of 2018. Rents grew only slightly for spaces larger than 50,000 sf, but jumped significantly for spaces less than 50,000-sf, while overall average asking rents were essentially flat year-over-year at $5.33 psf. Some smaller spaces achieved net rental rates in the $7-to-$8-psf range. The automotive sector continues to be the dominant force in the market, second only to port-related activity. The South Carolina Ports Authority reported a fiscal-year-to-date (since July 2017) container volume record of more than 1.4 million 20-foot equivalent container units (TEUs) handled as of March 21st, 2018. At a ceremony

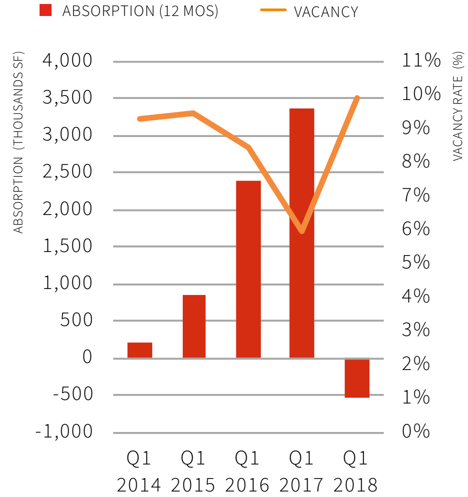
ARROWS INDICATE YEAR-OVER-YEAR CHANGE

-0.5 MSF ABSORPTION	**9.9%** VACANCY RATE	**4.3 MSF** UNDER CONSTRUCTION	**$5.33 PSF** AVG. NNN RENT

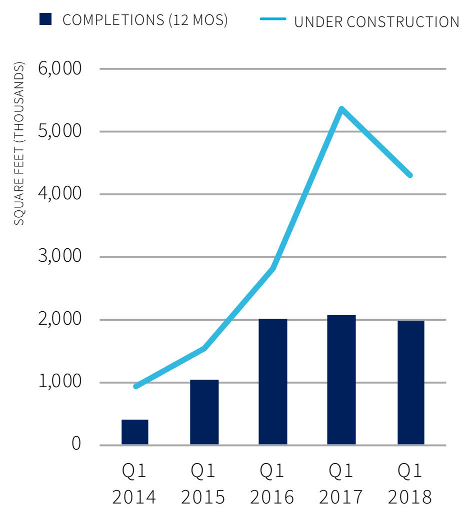
held in March 2018, officials celebrated the beginning of construction on the Charleston Harbor Deepening Project. When completed, this project will make the Port of Charleston (at 52 feet) the deepest on the Eastern Seaboard.

Local announcements included an expansion by SAIC in Berkeley County adding 200 jobs, along with Frontier Logistics' $35.5-million investment in new facilities. At the state level, an amendment to the code of laws of South Carolina, 1976, added chapter 24 to title 31. Referred to as the nuisance bill, it was approved and signed, protecting manufacturers and industrial users of real property from groundless nuisance lawsuits. The state also announced new appropriated funds for economic development purposes for use at the county level to assist with efforts in recruiting new industry.

Absorption and Vacancy



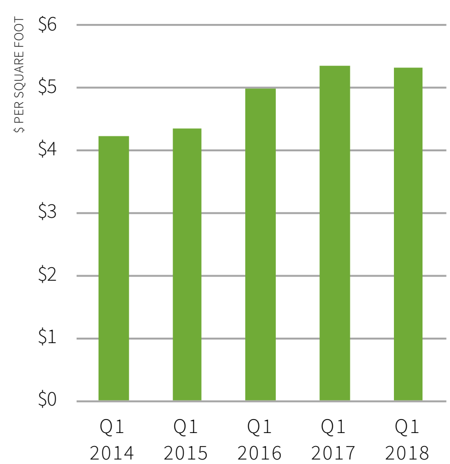
New Supply



Notable Industrial Lease Transactions by Size - First Quarter 2018

	Address / Complex	Tenant	Size Lease Type
1	9801 US-78 Highway, North Charleston	Neal Brothers	144,000 sf New
2	3245 Benchmark Drive, Ladson	Geneva Supply	60,000 sf New
3	4450 Goer Drive, North Charleston	Idea, LLC	43,900 sf New
4	1930 US-52 Highway, Moncks Corner	VLS Recovery Services, Inc.	31,900 sf New
5	2310 Charleston Regional Parkway, Charleston	Kontane Logistics	31,200 sf New

Avg. Asking NNN Rental Rate



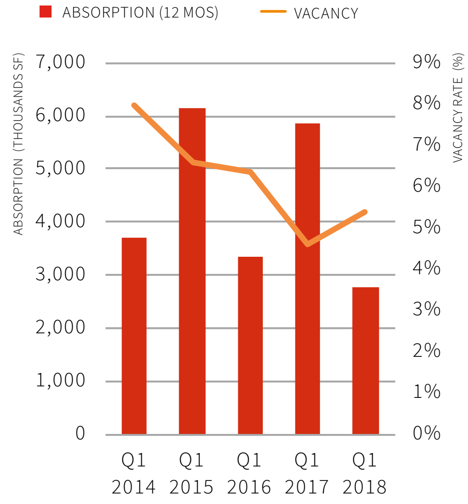
Charlotte Industrial Market

More buildings set to break ground

After reaching a historic low in early 2017, industrial vacancy in Charlotte nudged higher in the first quarter of 2018 as a wave of new construction deliveries added much-needed new leasing options to the market. The first quarter ended with vacancy at 5.4%, up 80 bps year-over-year. First-quarter deliveries totaled 1.1 msf, bringing completions during the trailing 12-month period to 4.5 msf.

Despite the modest increase in vacancy, the market remains strongly in favor of landlords, keeping persistent upward pressure on rental rates. The average asking rate for warehouse/distribution space stood at $4.21 psf in the first quarter, up 2% year-over-year and 25% in the last five years. Strong leasing fundamentals continue to drive construction activity with 4.7 msf underway in the first quarter. Of that total, 62% was either preleased or set to be owner-occupied. The largest project is a 1-msf distribution center for Amazon in Cabarrus County. Scheduled for completion in late 2018, the facility will employ approximately 600 people. More buildings will break ground in 2018 as developers express confidence in additional industrial growth. In the fourth quarter of 2017 alone, speculative projects totaling more than 1.5 msf were announced for the region.

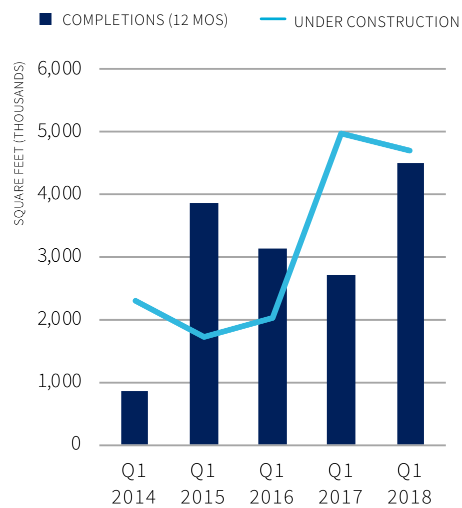
Absorption and Vacancy



ARROWS INDICATE YEAR-OVER-YEAR CHANGE

2.8 MSF	**5.4%**	**4.7 MSF**	**$4.21 PSF**
ABSORPTION	VACANCY RATE	UNDER CONSTRUCTION	AVG. NNN RENT

New Supply

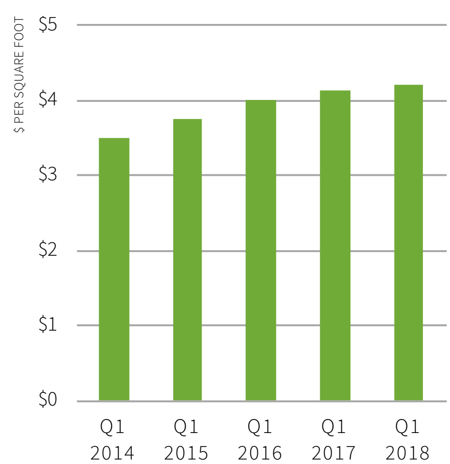


Charlotte's robust population growth, favorable business climate and outstanding access to transportation infrastructure make it exceptionally well-positioned to benefit from the ongoing boom in demand for industrial real estate from tenants and investors alike. While e-commerce has contributed significantly to recent tenant demand, manufacturing is also projected to be an important driver of future market growth, thanks to recently enacted tax reform and the growing trend of reshoring. In late 2017, Stanley Black & Decker announced plans to bring 500 jobs to York County with the construction of a $31-million, 345,000-sf manufacturing facility at Lakemont Business Park.

Notable Industrial Lease Transactions by Size - First Quarter 2018

	Address / Complex	Tenant	Size Lease Type
1	LegacyPark West	Ross Stores	431,000 sf New
2	1000 E. Powell Drive	Niagara Bottling	360,800 sf Renewal
3	279 Old Murdock Road	Saddle Creek	301,000 sf New
4	2061 Sherrill Drive	Amesbury Truth	112,500 sf Renewal
5	Metrolina Park	Tosca	63,500 sf New

Avg. Asking NNN Rental Rate



Chicago Industrial Market

Infill development remains trendy

Chicago's industrial market continues to register a tremendous amount of demand, which caused vacancy to drop 30 bps year-over-year to 5.9% at the end of the first quarter of 2018. During the same 12-month period, more than 22 msf was absorbed – up 28% when compared with the prior 12-month period. After a record-breaking year of construction activity with 21 msf delivered, new construction has moderated with slightly less than 10 msf underway – down 42% compared with the first quarter of 2017. Much of this new construction is being built on a speculative basis with only 30% designated as build-to-suit or preleased. Submarkets leading the region in new construction are the I-80 and I-55 corridors and O'Hare. As of the first quarter of 2018, these three submarkets have a combined 8.2 msf, or 81%, of total construction underway. Infill development has continued to be a trend in the market, primarily within the O'Hare submarket. Developers have been razing older existing product and replacing it with larger, more modern buildings. CenterPoint Properties and Bridge Development have a combined 1 msf of product currently under construction.

Leasing demand remained strong throughout the first quarter of 2018 with 273 lease transactions totaling 7.5 msf recorded. Recent lease transactions have been completed by

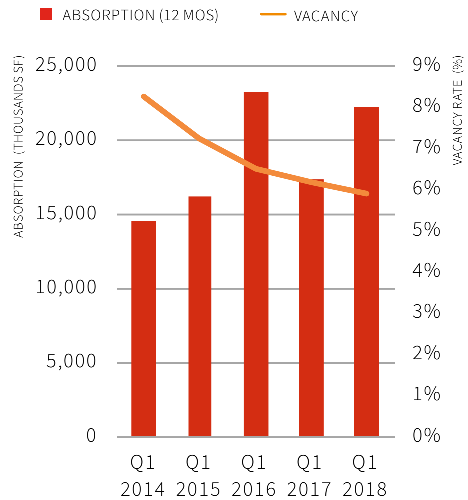
ARROWS INDICATE YEAR-OVER-YEAR CHANGE

22.3 MSF	5.9%	10 MSF	$4.38 PSF
ABSORPTION	VACANCY RATE	UNDER CONSTRUCTION	AVG. NNN RENT

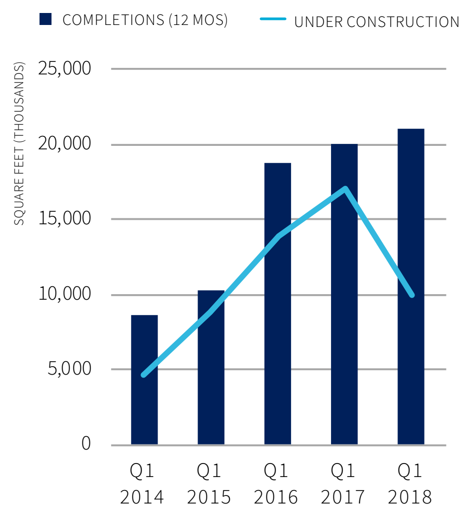
Kenco, Uline and RJW Transportation. Submarkets that have recorded the most activity are the I-55, I-57, and US-64 corridors.

Chicago's economy continued to trend upward with unemployment dropping 60 bps year-over-year to 5.4% as of January 2018. Jobs within the construction and manufacturing sectors saw moderate increases year-over-year – up 2.4% and 1.2%, respectively. With the anticipated implementation of last-mile logistics hubs, the market is poised to see increased demand for smaller footprints in highly populated areas. This trend will likely drive further infill development within O'Hare and submarkets inside Chicago's city limits.

Absorption and Vacancy



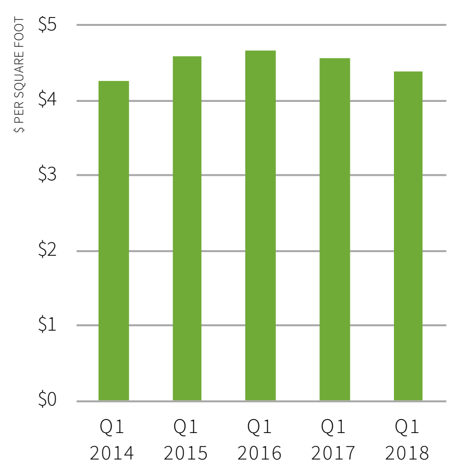
New Supply



Notable Industrial Lease Transactions by Size - First Quarter 2018

	Address / Complex	Tenant	Size Lease Type
1	5800 W. Industrial Drive	Kenco	599,300 sf New
2	11559 80th Avenue	Uline	417,400 sf New
3	2601 Internationale Parkway	RJW Transport	356,600 sf New
4	365 Crossing Road	WestRock	259,700 sf Renewal
5	400 E. 138th Street	Ardagh Group	223,100 sf New

Avg. Asking NNN Rental Rate



Cleveland Industrial Market

New Inventory meets heavy demand in 2018

Demand for industrial space in Northeast Ohio continues to outpace supply. The market showed great signs of strength as overall vacancy tightened 60 bps year-over-year to 3.9% in the first quarter of 2018. The competition drove asking net rental rates to $3.77 psf – up from $3.66 psf 12 months earlier – and left a very limited supply of large blocks of space (100,000 sf or more). The scarcity of existing product resulted in a decrease in net absorption to 1.2 msf for the 12-month period ending with first-quarter 2018 compared with 1.8 msf in the previous 12-month period. This lack of existing inventory has spurred a flurry of both speculative development and build-to-suit projects over the course of the past year.

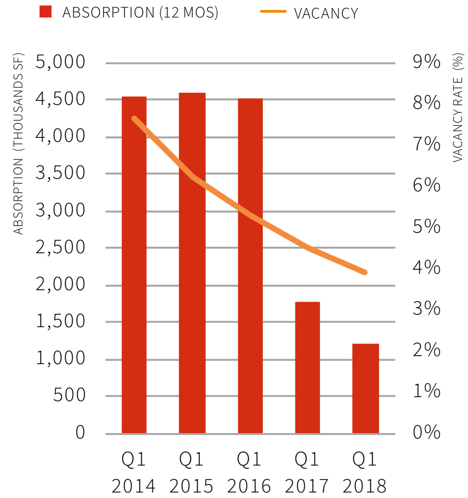
The growing consumer preference for e-commerce is becoming increasingly apparent in the Cleveland metro market as the number of available quality traditional assets dwindles and new development projects commence. Cleveland has 2.1 msf of development projects underway with 78% preleased. While most developers are hesitant to build on a speculative basis due to the rising costs of construction, Scannell Properties is looking to meet market demand by delivering 300,000 sf in Twinsburg and 200,000 sf in Strongsville before the end of 2018. Notable build-to-suits on the horizon are Amazon's 650,000-sf distribution center in North Randall and McMaster-Carr's 400,000-sf facility in Aurora.

ARROWS INDICATE YEAR-OVER-YEAR CHANGE

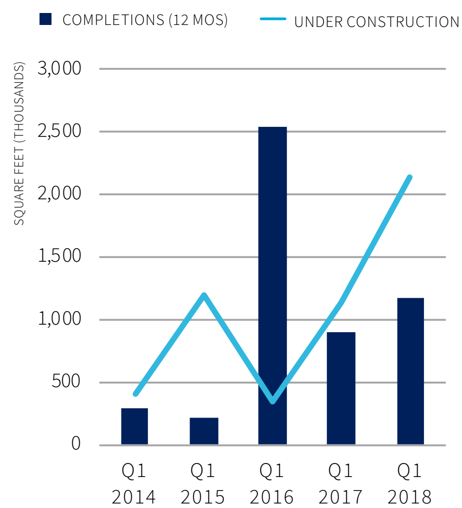
1.2 MSF	3.9%	2.1 MSF	$3.77 PSF
ABSORPTION	VACANCY RATE	UNDER CONSTRUCTION	AVG. NNN RENT

Vacancy in Cleveland's industrial market is expected to be relatively flat in 2018 based on consistent positive absorption and limited inventory. The lack of remaining class A and B inventory will continue to force growing tenants into new-build situations rather than backfilling vacancies. Rental rates are anticipated to continue their healthy escalation as well.

Absorption and Vacancy



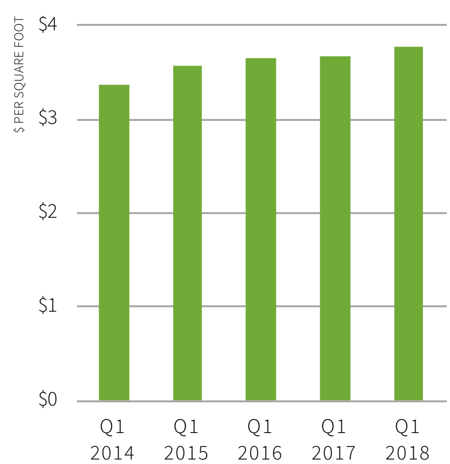
New Supply



Notable Industrial Lease Transactions by Size - First Quarter 2018

	Address / Complex	Tenant	Size Lease Type
1	6299 Dressler Road NW	Combi Packaging Systems LLC	156,000 sf New
2	1000 Keystone Parkway	Victory Packaging	140,000 sf Renewal
3	1035 Industrial Parkway	ABC Supply Co.	25,200 sf New
4	Custom Warehouse	Mytee Products	24,000 sf Renewal
5	3028 Gilchrist Road	RE Michaels	18,800 sf New

Avg. Asking NNN Rental Rate



Columbus Industrial Market

Internet sales driving industrial deals

Columbus' industrial market is off to a strong start in 2018. Overall vacancy fell 120 bps year-over-year to 4.5% in the first quarter of the year. Net absorption for the Columbus area in the 12 months ending with first-quarter 2018 was slightly less than 4.5 msf – down from the 5-msf result in the prior 12-month period, but still indicative of a healthy market. The asking rental rate has continued to climb, reaching an average of $3.73 psf in the first quarter – a $0.10-psf increase year-over-year, and the highest on record for Central Ohio.

With rental rates on the rise for the last five years, the market continues to attract substantial amounts of investment from international, national and regional investors. More than 3.7 msf of new industrial product was under construction (44% preleased) at the end of the first quarter, helping to balance the rising demand for industrial space. Columbus is an inland harbor with well-connected highway infrastructure, and the city stands out as a prime location for logistic centers to support the growing e-commerce sector.

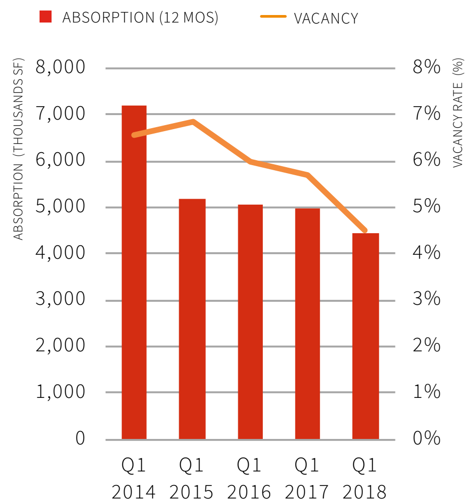
With several developments already under construction, continued demand is expected to fuel additional speculative development during the next 18 months. Three of the biggest lease transactions completed in the first quarter were Stonecrop Technologies for 527,100 sf, Whirlpool for 366,800 sf, and Crane Logistics for 324,000 sf. In the second quarter of 2018, 1.8 msf of class A construction is scheduled to be completed.

ARROWS INDICATE YEAR-OVER-YEAR CHANGE

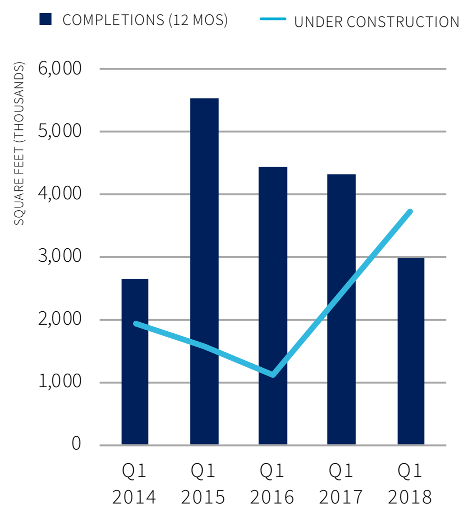
4.5 MSF	4.5%	3.7 MSF	$3.73 PSF
ABSORPTION	VACANCY RATE	UNDER CONSTRUCTION	AVG. NNN RENT

The growing demand for industrial space has not only had a positive effect on construction projects, but also on the job market. The rise in career opportunities and need for skilled workers has earned Columbus a low unemployment rate. The unemployment rate for Columbus dropped to 3.8% in February – lower than the national unemployment rate of 4.1%, according to the Bureau of Labor Statistics.

Absorption and Vacancy



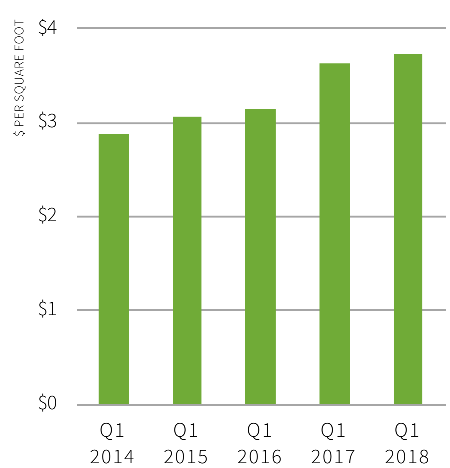
New Supply



Notable Industrial Lease Transactions by Size - First Quarter 2018

Address / Complex	Tenant	Size Lease Type
1 3500 Southwest Boulevard	Stonecrop Technologies	527,100 sf New
2 2235 Spiegel Drive	Whirlpool	366,800 sf Renewal
3 6500 Pontius Road, Groveport	Crane Logistics	324,000 sf New
4 107-123 Heritage Drive	Burton	318,500 sf Renewal
5 3201 Alberta Street	JRT Trucking	24,000 sf New

Avg. Asking NNN Rental Rate



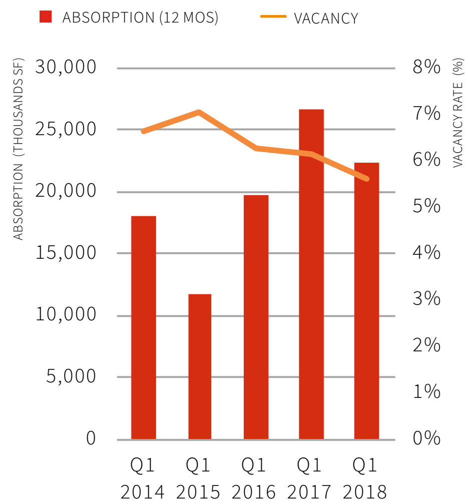
Dallas Industrial Market

Population boom drives demand

The Dallas-Fort Worth (DFW) industrial market continues to be a key national distribution hub. In 2016 and 2017, a total of more than 50 msf of industrial space was delivered, well above the market's historical average of 15 msf per year. Total inventory in the market exceeds 740 msf with no sign of a slowdown in groundbreakings. Net absorption for the 12-month period ending with the first quarter of 2018 was nearly 22.4 msf, following on 26.7 msf in the prior 12-month period. This momentum has yet to drop due largely to the market's strong economic fundamentals, location, widely available capital, talent pool and favorable regulatory environment.

DFW's population outgrew the rest of the nation in 2017 as 146,000 new residents moved to the area. The region is home to four of the top 10 fastest-growing counties in the U.S. Even with a potential slowdown, this population boom is driving demand for industrial users as well as continued efforts to connect and streamline distribution processes and hubs. This situation, coupled with DFW's international recognition as a centralized hub for transit, warehousing and distribution, creates ideal conditions for the industrial market to thrive.

Absorption and Vacancy

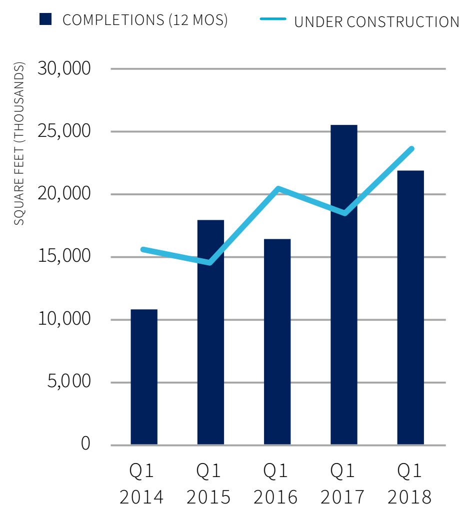


ARROWS INDICATE YEAR-OVER-YEAR CHANGE

22.4 MSF	5.6%	23.7 MSF	$5.36 PSF
ABSORPTION	VACANCY RATE	UNDER CONSTRUCTION	AVG. NNN RENT

Average asking rental rates rose marginally year-over-year to $5.36 psf in first-quarter 2018. Vacancy remained relatively low at 5.6%, yet smaller availabilities are harder to come by due to rising development costs and shifts in speculative projects and build-to-suits. Buildings that are 25,000 sf to 200,000 sf are less readily available and not as desirable to build as in previous years. Looking ahead, rising lease-renewal rates may push industrial tenants to forgo their current locations and consider moving to newer product across the DFW metroplex.

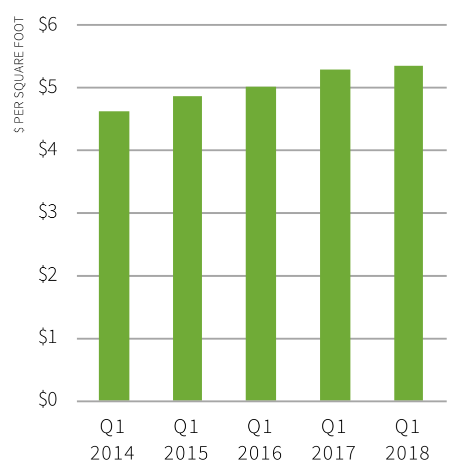
New Supply



Notable Industrial Lease Transactions by Size - First Quarter 2018

	Address / Complex	Tenant	Size Lease Type
1	2401 Texas State Highway Spur 303	Mission Foods	766,000 sf New
2	4101 Research Drive	Tellworks Communications	722,700 sf New
3	7243 Grady Niblo Road	Chewy.com	663,000 sf New
4	777 Freeport Parkway	C & S Wholesale Grocers	445,700 sf Expansion
5	2200 W. Airfield Drive	Dex Media	440,600 sf New

Avg. Asking NNN Rental Rate



Denver Industrial Market

Amazon building two fulfillment centers

Although Denver's economic boom is slowing and population growth rates are declining, demand for industrial space remains strong and development continues. The affluent consumer base is driving demand for e-commerce fulfillment centers as well as brick-and-mortar retail distribution space. The market's location at the junction of Interstate 25 and Interstate 70 is another factor contributing to its relevance as a logistical hub for industries and consumers along the Rocky Mountains' eastern slope. The rebounding energy and construction sectors are reclaiming industrial space vacated during downturns.

Amazon is constructing two fulfillment centers in the North submarket, adding 2.4 msf and 850,000 sf, respectively, to the warehouse inventory. Manufacturing development includes the J.M. Smucker Company's new 380,000-sf facility in Longmont, set to deliver in early 2019. Developer response to high demand continues with 7.3 msf under construction, with 46.5% preleased. Speculative construction is still driving inventory growth north of Denver and near Denver International Airport. ProLogis has 682,000 sf under construction in the Commerce City submarket, and the Majestic Realty Company broke ground on 700,000 sf in the SW DIA/Pena Boulevard submarket.

ARROWS INDICATE YEAR-OVER-YEAR CHANGE

3.5 MSF ABSORPTION

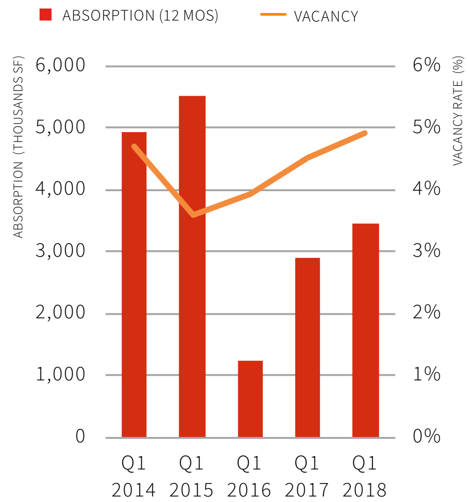
4.9% VACANCY RATE

7.3 MSF UNDER CONSTRUCTION

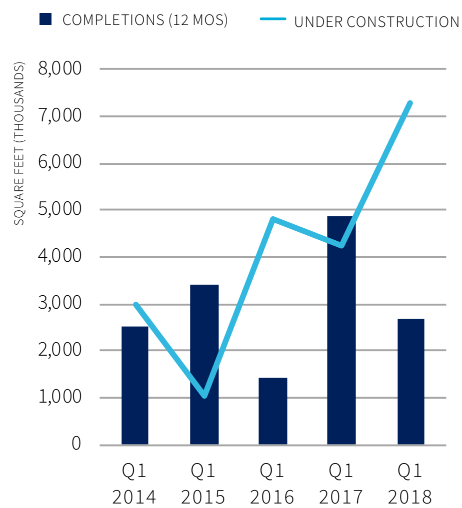
$8.98 PSF AVG. NNN RENT

Speculative construction and rapid rent growth caused vacancy to rise again through the first quarter of 2018 to 4.9% compared with 4.5% in first-quarter 2017. The current rate is still very low compared with historical averages, which have typically been around 8%. The manufacturing market, in particular, is still very tight with first-quarter vacancy of 3.6%. New deliveries caused a slowdown in rent increases in 2017 – a welcome sign for tenants renewing leases in a very landlord-friendly environment. However, rent growth through first-quarter 2018 was strong. The average rental rate was $8.98 psf, 8.3% higher than in first-quarter 2017. The industrial market is expected to remain tight in 2018 despite anticipated deliveries in the pipeline.

Absorption and Vacancy



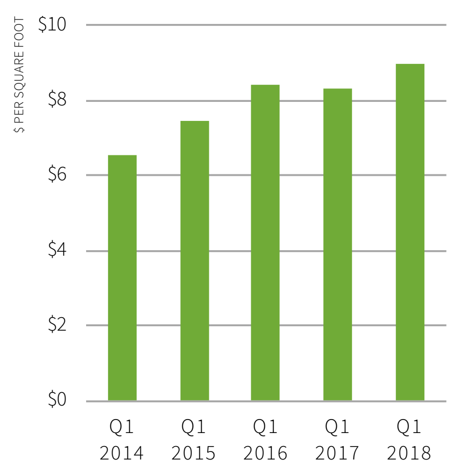
New Supply



Notable Industrial Lease Transactions by Size - First Quarter 2018

	Address / Complex	Tenant	Size Lease Type
1	16200 Table Mountain Parkway	Rocky Mountain Bottle Company	227,500 sf Renewal
2	20101 E. 36th Drive	Lanter Delivery Systems, Inc.	139,100 sf New
3	4501-4591 Havana Street	Office Max	100,500 sf Renewal
4	13450 E. Smith Road	Covercraft	43,900 sf New
5	4905 Lima Street	Big B, LLC	34,600 sf New

Avg. Asking NNN Rental Rate



Detroit Industrial Market

New construction balances growing space demand

Metro Detroit's industrial market had a strong start to 2018. The unemployment rate in Metro Detroit dropped to 4% in the first quarter of 2018 and is at its lowest point since 2000. The local labor force increased by 35,000 (1.8%) year-over-year. The automotive industry continues to be a primary contributor of manufacturing job growth in the Metro Detroit area, although e-commerce and technology are emerging industries in the market. New construction is helping to balance the growing demand for space. Detroit's success over the past several years can be attributed to resurgence in the region's industrial market.

In the 12 months ending with the first quarter of 2018, Detroit's 528-msf industrial and flex markets delivered 4.7 msf of new inventory. As of March 2018, a total of 5.2 msf of space was under construction with 40% preleased. Metro Detroit vacancy was cut in half year-over-year, falling 320 bps to 2.9% in the first quarter of 2018. According to Reis forecasts, the market is on the verge of a boom with a significant amount of new competitive space expected for completion. The largest project is a 742,694-sf building

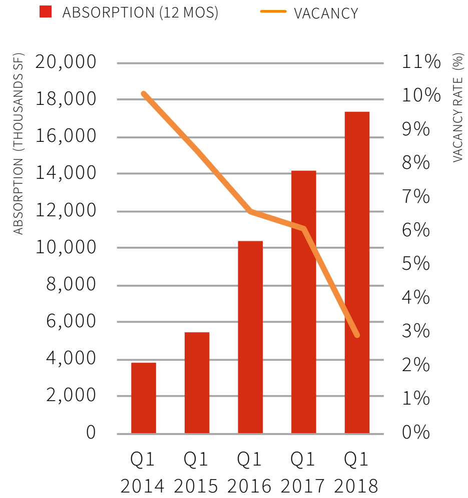
ARROWS INDICATE YEAR-OVER-YEAR CHANGE

17.4 MSF ↑	**2.9%** ↓	**5.2 MSF** ↑	**$5.42 PSF** ↑
ABSORPTION	VACANCY RATE	UNDER CONSTRUCTION	AVG. NNN RENT

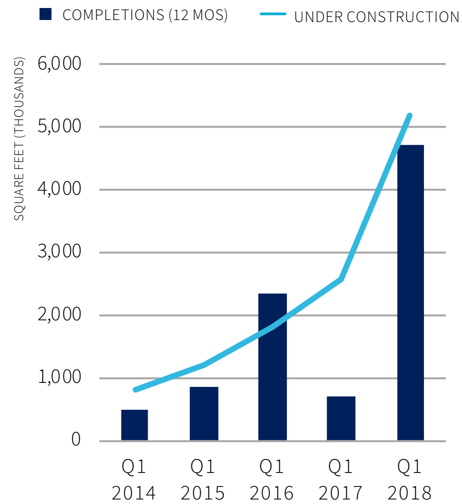
(part of the 1.1-msf, two-building Livonia Corporate Center), to be occupied by Ford Motor Company in September 2018.

Net rental rates increased $0.06 psf year-over-year to $5.42 psf in the first quarter of 2018. New leasing activity during the first three months of 2018 included Comau LLC signing a 317,000-sf lease in Dearborn. The remainder of 2018 looks promising, as vacancy is expected to remain stable despite the delivery of new inventory. The industrial market continues to be the bright spot in the Detroit market for investors and owners.

Absorption and Vacancy



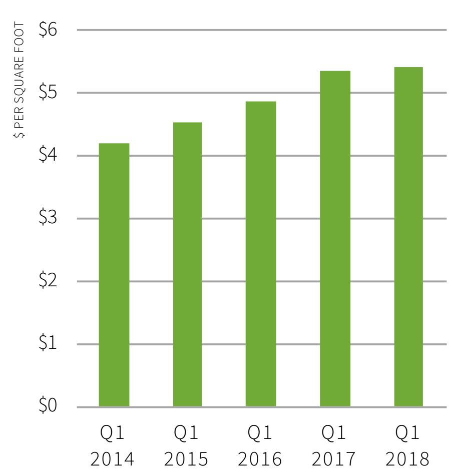
New Supply



Notable Industrial Lease Transactions by Size - First Quarter 2018

	Address / Complex	Tenant	Size Lease Type
1	6837 Wyoming Street, Dearborn	Comau LLC	317,000 sf New
2	26661 Bunert Road, Warren	Lipari Foods, Inc.	260,200 sf New
3	2500 Enterprise Drive, Allen Park	USPS	235,100 sf Sublease
4	50625 Richard West Boulevard, Chesterfield	JB Donaldson Company	145,100 sf New
5	25111 Glendale Street, Redford	Ford Motor Company	140,000 sf New

Avg. Asking NNN Rental Rate



Fort Lauderdale Industrial Market

Development activity persists as land costs remain attractive

Fort Lauderdale's economy continues to flourish amid rising employment and consistent job growth. As of February 2018, the local unemployment rate in Broward County was 3.5% – a significant 100-bps decline year-over-year. Additionally, employment growth persisted as the county added 20,715 jobs in the same 12-month period. These robust economic factors have led conditions in the Fort Lauderdale industrial market to tighten as rental rates rise and the availability of quality space continues to decline. In addition, development remains active with nearly 1.3 msf under construction.

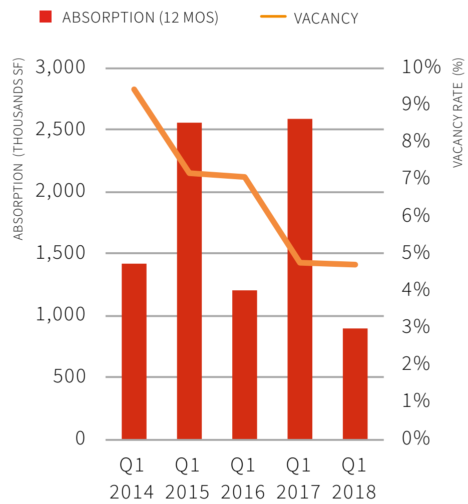
Fort Lauderdale continues to play an integral role in South Florida's industrial market. Port Everglades defines the area as an attractive metro for logistical operations due to its proximity to the Fort Lauderdale-Hollywood International Airport and convenient rail access. Additionally, Port Everglades is Florida's top seaport for containerized cargo, exceeding 1,076,893 20-foot equivalent units (TEUs) in 2017. The volume of container traffic and growing demand for affordable space have driven much of the recent leasing activity and new development projects. Some of the largest leases include tenants such as U.S. AutoForce, which leased 97,300 sf at the newly constructed Bridge Point I-95 located in proximity to both airports and seaports.

ARROWS INDICATE YEAR-OVER-YEAR CHANGE

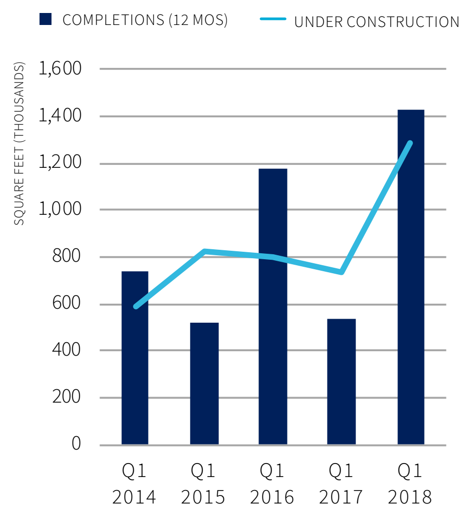
0.9 MSF	**4.7%**	**1.3 MSF**	**$8.82 PSF**
ABSORPTION	VACANCY RATE	UNDER CONSTRUCTION	AVG. NNN RENT

Such new developments continue to attract and retain major tenants who require ample clear heights, abundant loading docks and column spacing as wide as 55 feet. For these building characteristics, many companies look toward Miami-Dade County. However, while this area offers the newest amenities, land constraints have increased construction costs and produced upward pressure on rental rates. On the other hand, Fort Lauderdale remains an ideal area for development, offering features and greater affordability that are attractive new-to-market tenants. Fort Lauderdale is expected to remain an attractive location for small-to-mid-sized tenants desiring newer amenities at affordable rates.

Absorption and Vacancy



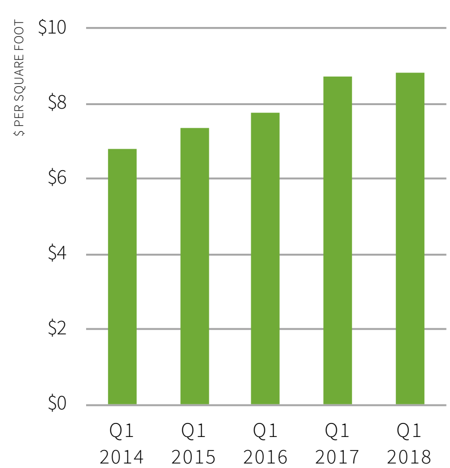
New Supply



Notable Industrial Lease Transactions by Size - First Quarter 2018

	Address / Complex	Tenant	Size Lease Type
1	Bridge Point I-95	U.S. Autoforce	97,300 sf New
2	Seneca Industrial Park	Feeding South Florida	72,200 sf Renewal
3	Pompano Business Center	Interline Brands	46,800 sf New
4	I-75 Distribution Center	Comcast	43,100 sf Sublease
5	Pompano Center of Commerce II	Portobello America	35,000 sf New

Avg. Asking NNN Rental Rate



Greenville Industrial Market

Wide-ranging growth boosts employment

South Carolina's unemployment rate fell to 4.1% in December 2017 – its lowest level since the Great Recession, which mirrored the national rate. Growth in many market sectors, particularly construction and manufacturing, has driven the decline in unemployment. In the industrial market, net absorption in the first quarter of 2018 jumped dramatically to 1.2 msf, which is nearly double the 650,000 sf average for the previous four quarters. This boost was credited mostly to four large leases in the first quarter distributed across the automotive, food, tools and entertainment-support sectors. The steady drip of automotive-supplier relocations and plant expansions continued at baseline levels, as evidenced by the steady rise of container volumes coming through Inland Port Greer.

While rents were up, vacancies were down and absorption rose significantly in the first quarter of 2018. A large supply of class A space is still in development as a result of the attractive regional conditions present during the preceding eight quarters. There is confidence that the delivery of speculative product in the second quarter of 2018 will be absorbed, but it remains to be seen how the region and the nation as a whole will deal with the emerging macroeconomic trends.

ARROWS INDICATE YEAR-OVER-YEAR CHANGE

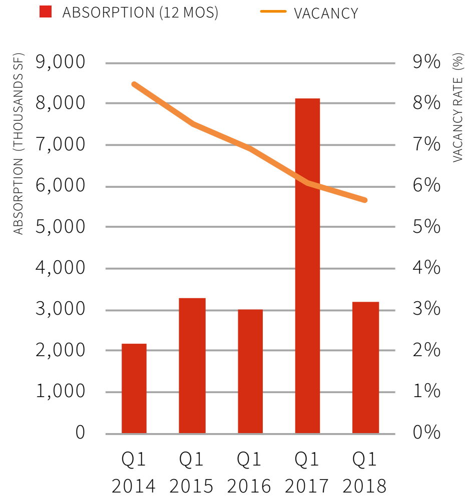
3.2 MSF	5.6%	3.3 MSF	$3.19 PSF
ABSORPTION	VACANCY RATE	UNDER CONSTRUCTION	AVG. NNN RENT

Among these trends are supply challenges in skilled labor and their downstream effect on industrial real estate development rates. Likewise, the expected tightening of federal monetary policy and the potential expansion of tariff wars are trends to watch. Though it is too early to define the effects of the latter, since the Greenville economy is export-heavy, it seems intuitive that added friction on export markets could be felt in industrial development in the future. It stands to reason that rising land costs, the tight labor market and rising U.S. Federal Reserve interest rates will cause development costs to rise. Given the amount of capital in the national economy chasing yield, it remains to be seen whether the result will be a slowing of development or a compression of cap rates.

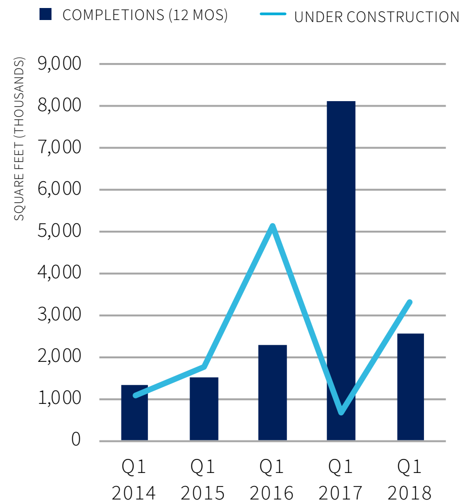
Notable Industrial Lease Transactions by Size - First Quarter 2018

	Address / Complex	Tenant	Size Lease Type
1	1410 Old Stage Road, Simpsonville	Pratt Industries	121,000 sf Renewal
2	1221 S. Batesville Road, Greer	Jaren Plastic Solutions	112,500 sf Renewal
3	101 Airport Road, Greenville	Think Tank Brew Law	25,000 sf New
4	380 Business Parkway, Greer	Moventas, Inc.	21,000 sf Renewal
5	228 Pelham Davis Circle, Greenville	Builders Wholesale Flooring	12,500 sf New

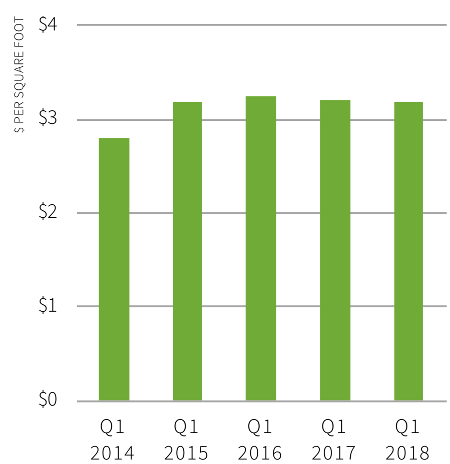
Absorption and Vacancy



New Supply



Avg. Asking NNN Rental Rate



Hartford Industrial Market

Market continues to tighten as vacancy drops

The Central Connecticut industrial market is growing slowly year-over year with inventory exceeding 94 msf, primarily warehouse and distribution facilities. Over the 12-month period ending with the first quarter of 2018, the market continued to tighten as overall vacancy dropped 110 bps to an all-time low of 6.1%. Driven by a centralized location within New England and favorable rent compared with other Connecticut markets such as Stamford and New Haven, the Hartford industrial market is becoming a standard option for large companies seeking to improve their supply-chain operations in the region.

National suppliers, influenced by growing e-commerce trends, continue to look to the market as a strategic fulfillment-center location for all of New England or last-mile outpost for the residents of Central Connecticut. Notable recent transactions include Amazon, Ford Motor Co., Corsicana Bedding, Inline Plastics Corporation and Walgreens, who all signed leases for more than 150,000 sf. If such sizeable requirements continue for the rest of 2018, asking rents can be expected to rise with large blocks of available space becoming more limited.

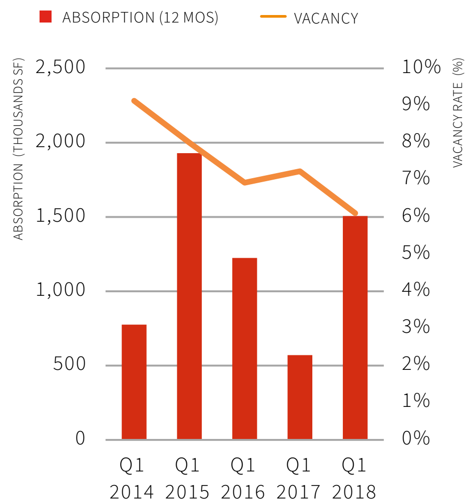
ARROWS INDICATE YEAR-OVER-YEAR CHANGE

1.5 MSF	**6.1%**	**1.3 MSF**	**$6.19 PSF**
ABSORPTION	VACANCY RATE	UNDER CONSTRUCTION	AVG. NNN RENT

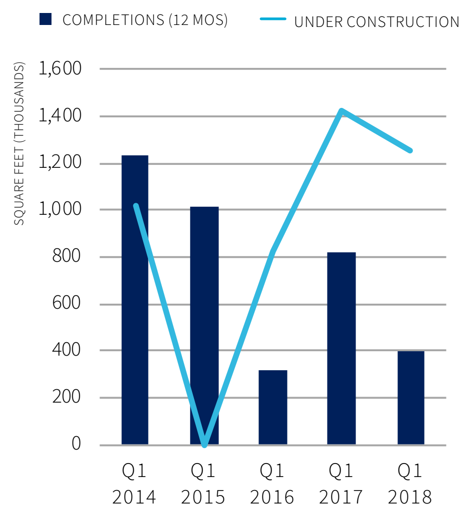
Similar to nearby markets, industrial asking rents are on the rise throughout the market, averaging $6.19 psf, up 12% in the past three years as supply has tightened. Rental rates are expected to continue rising, as demand for industrial space is still proving to be very strong.

The outlook for the Central Connecticut industrial market remains positive. Continued demand from investors for properties in the region shows confidence from the investment side of the industry. The construction pipeline remains robust with more than 1.2 msf underway as of the first quarter of 2018 with 100% preleased. Furthermore, New England's growing flex and manufacturing sector continues to create a value-add opportunity in the region with significantly discounted rents compared with Greater Boston and New York.

Absorption and Vacancy



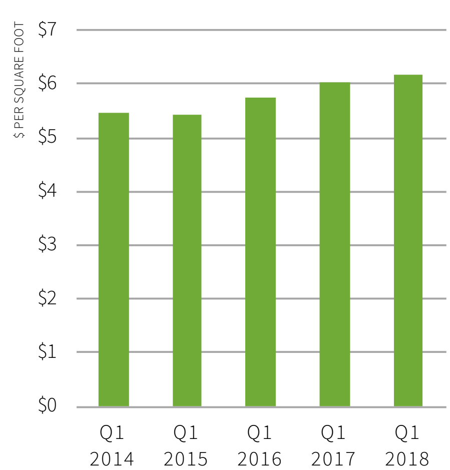
New Supply



Notable Industrial Lease Transactions by Size - First Quarter 2018

	Address / Complex	Tenant	Size Lease Type
1	409-415 Washington Avenue, North Haven	Amazon	855,000 sf New
2	300 Montowese Avenue, North Haven	Bozzuoto's Inc.	295,700 sf Renewal
3	220 Tradeport Drive, Windsor	Ford Motor Co.	234,000 sf New
4	475 Willard Avenue, Newington	Corsicana Bedding	204,000 sf New
5	18 Craftsman Road, East Windsor	Walgreens	120,000 sf New

Avg. Asking NNN Rental Rate



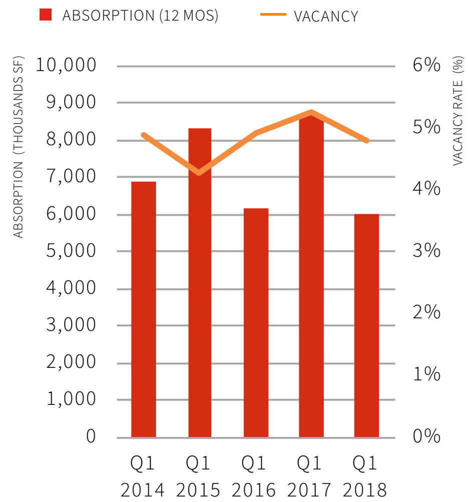
Houston Industrial Market

Space under construction nearly doubles

With the economic downturn over, the outlook for the Houston region is optimistic. Both crude oil prices and the rig count have shown steady improvement year-over-year, up 25.6% and 17.3%, respectively, as of March 2018. Employment rates are on the rise, and the Greater Houston Partnership calls for job growth in 14 sectors – a potential addition of 45,500 jobs in 2018. The Port of Houston has seen robust activity with petrochemical companies leading the way. The industrial market remains Houston's strongest commercial real estate sector, and it is expected to continue to prosper as the economic outlook remains positive.

Overall industrial vacancy fell 50 bps year-over-year to 4.8% in the first quarter of 2018. The amount of space under construction – 8.2 msf at the end of the first quarter – was nearly double compared with one year earlier. Hurricane Harvey did minimal damage to industrial buildings and, in fact, impacted the market positively by spurring demand for warehouse space for building materials as home-rebuilding continued. Average asking rental rates remained relatively steady year-over-year, finishing the first quarter of 2018 at $6.49 psf.

Absorption and Vacancy

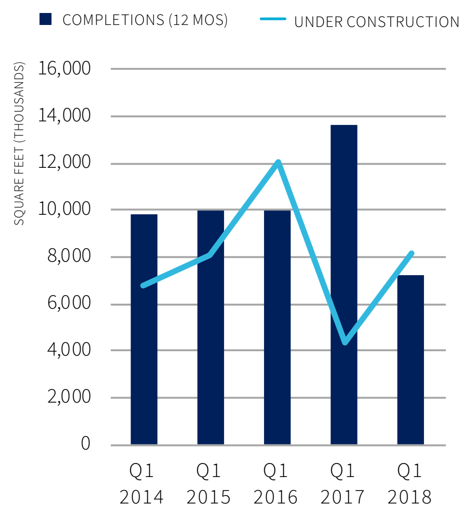


ARROWS INDICATE YEAR-OVER-YEAR CHANGE

6 MSF	4.8%	8.2 MSF	$6.49 PSF
ABSORPTION	VACANCY RATE	UNDER CONSTRUCTION	AVG. NNN RENT

Demand across Houston's industrial market has been primarily concentrated around the Port of Houston. The industrial submarket surrounding the port has experienced a tremendous amount of activity because of increased volumes of cargo on the waterways. Northwest Houston has 3.5 msf of industrial space underway. Southwest Houston is also registering strong activity with several valve, metal-alloy and tire companies expanding in the area. Overall, market fundamentals have been positive. The industrial market will continue to be driven by Houston's strong population growth, the rise in e-commerce and the downstream energy market.

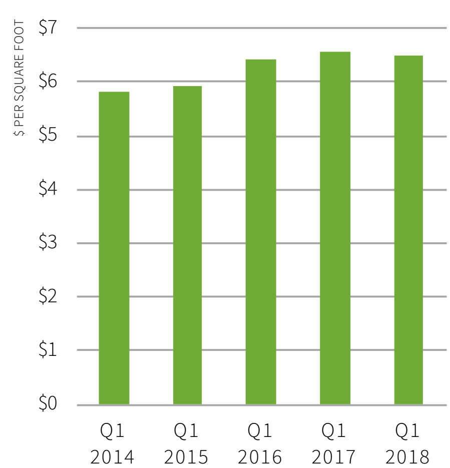
New Supply



Notable Industrial Lease Transactions by Size - First Quarter 2018

Address / Complex	Tenant	Size Lease Type
1 9051 Spikewood Drive	Palmer Logistics	170,017 sf New
2 2333 Clinton Drive	Richardson Steel	138,900 sf New
3 8575 Volta Drive	Flexo Converters USA	112,000 sf New
4 9311 Bay Area Boulevard	Calpine Corp.	110,000 sf New
5 6431 Cunningham Road	Materials and Designs Group	15,000 sf New

Avg. Asking NNN Rental Rate



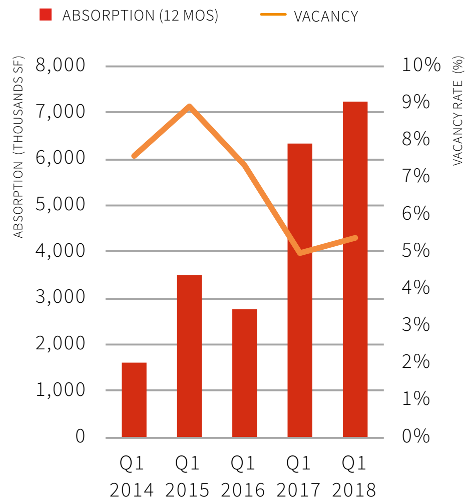
Indianapolis Industrial Market

Industrial market reaching new heights

Indianapolis' industrial inventory continued to expand with nearly 7.4 msf added to the local market in the 12 months ending with the first quarter of 2018. Leasing activity remains vibrant, as most of the new space was absorbed with only a 40-bps increase in vacancy year-over-year (to 5.4% in first-quarter 2018). There is no end in sight to this inventory growth, and new construction continues with 5.2 msf underway. However, there is concern that a lack of abundant labor could restrict growth. State officials, led by the Governor of Indiana, have created a jobs initiative which spearheads Indiana's $1-billion annual workforce development programs to counteract the labor shortage. Low-wage jobs continue to be replaced by automation, and employers are demanding a more highly educated labor force.

Nearly 40% of the 7.4 msf in new construction delivered between second-quarter 2017 and first-quarter 2018 was preleased. This construction activity is indicative of the ongoing need for new product, especially e-commerce bulk distribution. The 26 new buildings entering the market varied in size, with key examples being 1741 Keaton Way in Greenwood (186,000 sf, speculative) and 5510 Exploration Drive in Indianapolis (912,500 sf, speculative).

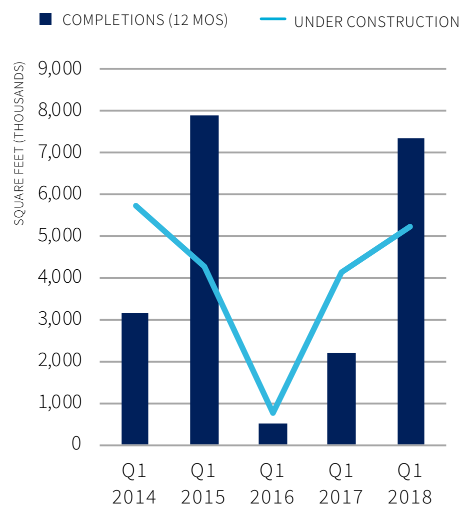
Absorption and Vacancy



ARROWS INDICATE YEAR-OVER-YEAR CHANGE

7.2 MSF	5.4%	5.2 MSF	$3.80 PSF
ABSORPTION	VACANCY RATE	UNDER CONSTRUCTION	AVG. NNN RENT

New Supply

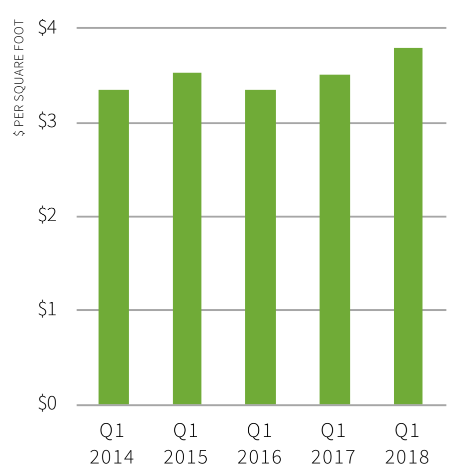


The high leasing activity is impacting average asking rental rates, which rose 8.6% year-over-year to $3.80 psf in the first quarter of 2018. Removal of antiquated warehouse buildings from the market and an infusion of modern bulk-distribution product also contributed to this increase. Rental rates for medium-sized distribution buildings registered a stellar 25.6% year-over-year increase. This rise can be attributed to minimal space availability and a lack of new product. Flex space finally dipped below 10% vacancy, resulting in a 6% rise in asking rents. All in all, rental rates have found a floor; however, they are still searching for a ceiling.

Notable Industrial Lease Transactions by Size - First Quarter 2018

	Address / Complex	Tenant	Size Lease Type
1	Allpoints Midwest Building 8	Hewlett Packard	708,200 sf New
2	300 Purity Drive	Camping World	708,000 sf New
3	Allpoints Midwest Building 2	Ingram Micro	448,000 sf New
4	850 N. Graham Road	Neovia Logistics Services LLC	456,000 sf Renewal
5	2856 S. Ronald Reagan Parkway	Bauer Hockey	350,000 sf New

Avg. Asking NNN Rental Rate



Jacksonville Industrial Market

Robust net absorption and development fuel market

Overall economic fundamentals in Jacksonville are sound. There is a continued decline in the unemployment rate, which stood at 3.5% as of February 2018 – a marked 110-bps decrease year-over-year. A healthy pace of job growth persists with nearly 24,000 new jobs added in the trailing 12-month period. The metropolitan area is growing at twice the pace of the nation as a whole and is ranked as one of the best cities for job seekers by *Money* magazine. At the end of the first quarter of 2018, industrial market fundamentals remained solid. Overall vacancy declined 300 bps year-over-year to 3.7%, robust absorption of more than 6 msf was recorded during the same period and rental rates continued to rise, growing by 6.6% year-over-year to $4.48 psf in the first quarter of 2018.

Situated in the center of Florida's strong logistics network and Atlanta's distribution hub, Jacksonville has an enviable distribution network. Jacksonville's strong economic growth and steady interest in distribution centers as investment opportunities continue to fuel big-box development. The Northside and Westside submarkets, particularly the JaxPort area, remain the primary drivers of the market's industrial activity. The port recently began

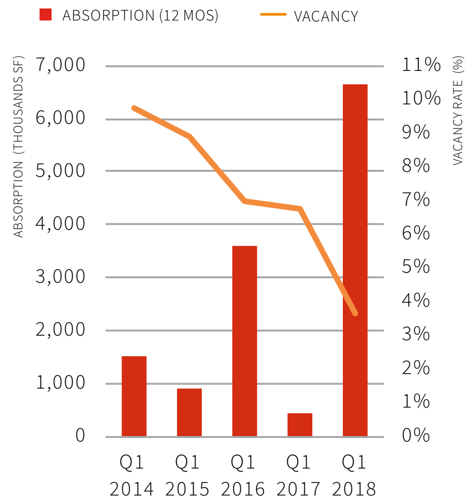
ARROWS INDICATE YEAR-OVER-YEAR CHANGE

6.7 MSF	3.7%	0.3 MSF	$4.48 PSF
ABSORPTION	VACANCY RATE	UNDER CONSTRUCTION	AVG. NNN RENT

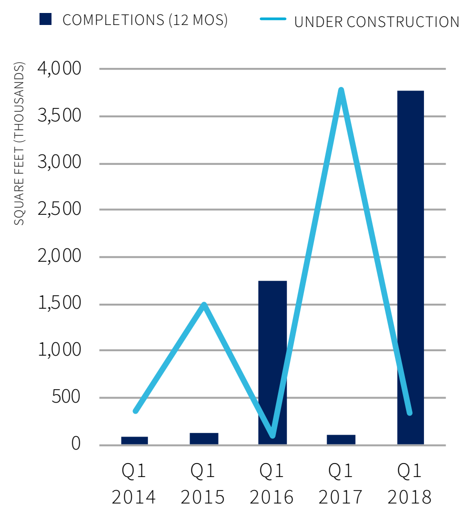
a highly anticipated dredging project to deepen the shipping channel in order to better compete with other East Coast ports. Jacksonville's industrial market relies partly on imports and exports to drive its manufacturing and logistics industries; and in 2017, the city recruited a company previously identified only as Project Volt and now confirmed as JinkoSolar. The company has plans to build a state-of-the-art solar panel manufacturing facility that will provide millions of solar modules to NextEra Energy over the next four years.

The outlook for 2018 includes a sustained incremental increase in asking rental rates, strong net absorption – particularly within well-located distribution facilities – and a steady lease-up within newly delivered speculative projects.

Absorption and Vacancy



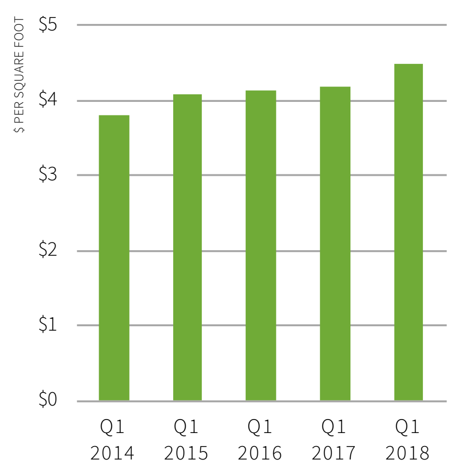
New Supply



Notable Industrial Lease Transactions by Size - First Quarter 2018

	Address / Complex	Tenant	Size Lease Type
1	10543 Canada Drive	Article.com	319,000 sf New
2	NorthPort Logistics Center	Gildan	306,600 sf New
3	Alta Lakes Commerce Center	Margo State Line, Inc.	129,700 sf New
4	1550 Ellis Road N.	Han-Mill Corp.	96,000 sf New
5	4115 University Boulevard W.	Glide Rite	20,000 sf New

Avg. Asking NNN Rental Rate



Las Vegas Industrial Market

Mid-bay and flex development projects planned

The Las Vegas industrial market is poised for another year of strong growth in 2018. Larger distribution product of 50,000 sf or more has been the leader in new construction with slightly more than 7 msf completed in 2017. Approximately 3 msf was still under construction by the end of the first quarter of 2018. In addition to big-box projects, some mid-bay and flex products are planned for 2018 due to increased lease rates and demand for smaller product. End users continue to struggle to find product less than 20,000 sf available for sale.

Since the second quarter of 2017, there was approximately 6.5 msf of positive net absorption and a significant amount of new speculative construction is underway. The primary areas of new development are in the North Las Vegas, Southwest and Henderson submarkets. The overall vacancy rate was 6.7% at the end of the first quarter of 2018 and is expected to decrease as existing product is leased or sold. Average asking lease rates were $7 psf in the first quarter and are showing signs of further growth as the year goes on. While land prices in the southwest remain the market's highest, North Las Vegas continues

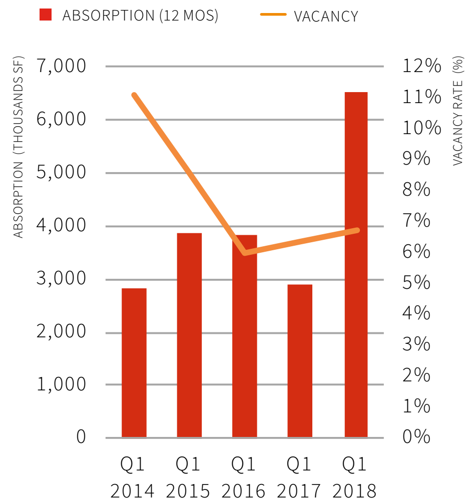
ARROWS INDICATE YEAR-OVER-YEAR CHANGE

6.5 MSF	6.7%	3 MSF	$7.00 PSF
ABSORPTION	VACANCY RATE	UNDER CONSTRUCTION	AVG. NNN RENT

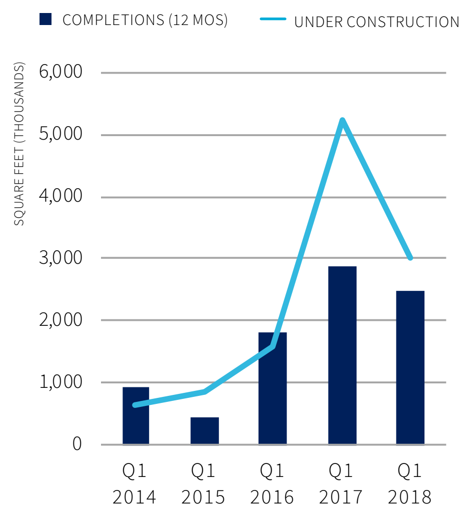
to register the most leasing and sales activity, particularly with recently developed and proposed projects.

Development in the Las Vegas valley continues to be a challenge. Land prices have reached all-time highs, and construction costs have risen approximately 15% since first-quarter 2017. As the cost to develop new industrial product increases, it is pushing asking rental rates higher than some tenants can afford. That being said, several significant industrial projects delivered in 2017 – or coming in 2018 – have been at least 50% preleased before delivering to the market.

Absorption and Vacancy



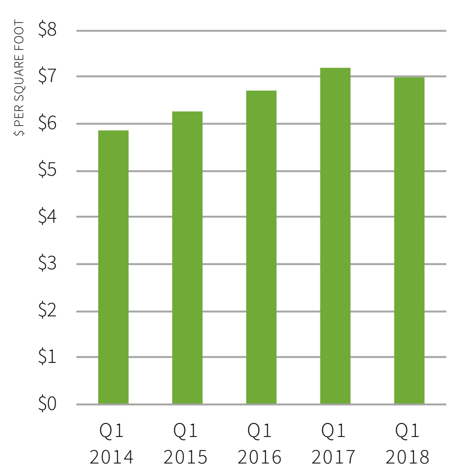
New Supply



Notable Industrial Lease Transactions by Size - First Quarter 2018

	Address / Complex	Tenant	Size Lease Type
1	2821 Marion Drive	Prologis	102,000 sf New
2	7015 Corporate Plaza Drive	Breakers Unlimited	23,600 sf New
3	6875 Speedway Boulevard	Fine Parts PC	14,200 sf New
4	4815 West Reno Avenue	Nova	12,000 sf New
5	6140 North Hollywood Boulevard	SainStore Inc	11,100 sf New

Avg. Asking NNN Rental Rate



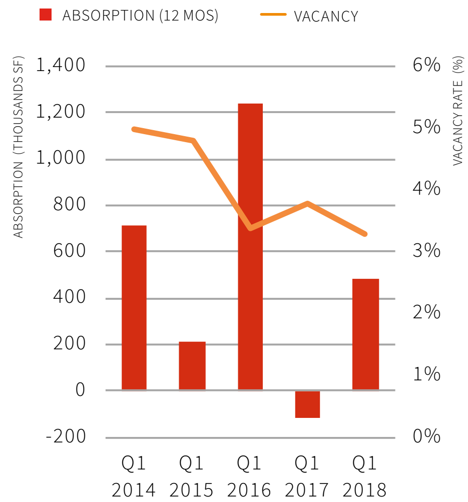
Long Island Industrial Market

Rental rates continue to increase

Available inventory in the Long Island industrial market continues be depleted, both by operational expansions and by companies being displaced from Queens and Brooklyn as developers secure prime industrial locations for redevelopment. The market's overall vacancy rate fell 50 bps year-over-year to 3.3% in the first quarter of 2018 and is even tighter in the Nassau County submarket at 1.8%. Rental rates continue to increase due to basic supply-and-demand principles. Rents on the western part of the island remain higher than in Suffolk Country to the east; however, there has been a perceptible increase across all locations.

Although the JFK Airport submarket remains strong, the Queens submarket recorded a slight slowdown in leasing activity in the first quarter of 2018. In spite of this, the sales market remains active with more buyers than available product. The scarcity of industrial space has caused some developers to consider converting retail space and, in some cases, office, back to industrial. With net rents at all-time highs, this trend within the sector is creating good investment opportunities – when suitable conversion product is identified.

Absorption and Vacancy

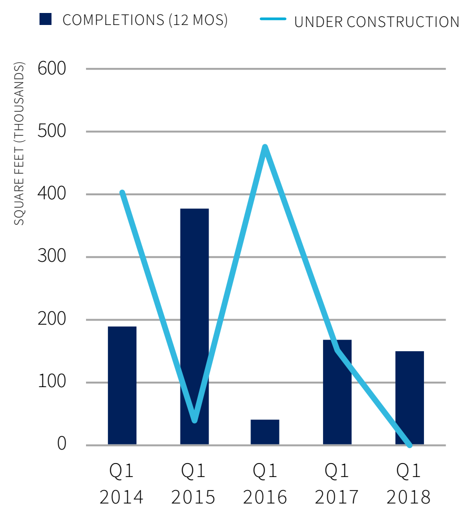


ARROWS INDICATE YEAR-OVER-YEAR CHANGE

0.5 MSF	**3.3%**	**0 SF**	**$10.59 PSF**
ABSORPTION	VACANCY RATE	UNDER CONSTRUCTION	AVG. NNN RENT

Average asking rental rates on Long Island were $10.59 psf NNN in the first quarter of 2018, representing a 4% increase year-over-year. These conditions are expected to continue throughout 2018, although the lack of activity in Queens is being monitored closely to determine whether it is a trend or just a short-term anomaly. Regardless, with the local Long Island economy strengthening, vacancy rates are not expected to change much over the next 12 months.

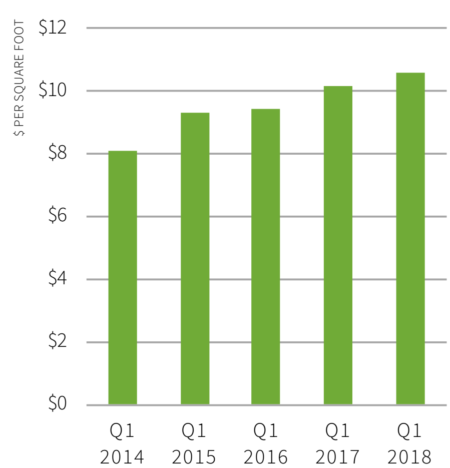
New Supply



Notable Industrial Lease Transactions by Size - First Quarter 2018

	Address / Complex	Tenant	Size Lease Type
1	220 Smith Street	Atlantic Plywood Corp.	46,200 sf New
2	1140 Motor Parkway	Bobens Trading Company Inc.	42,000 sf New
3	550 W. John Street	Hercules	40,000 sf New
4	999 S. Oyster Bay Road	Five Star Food Products	30,000 sf New
5	65-79 E. Jefryn Boulevard	G&D Fleet and Transmission Services, Inc.	12,300 sf New

Avg. Asking NNN Rental Rate



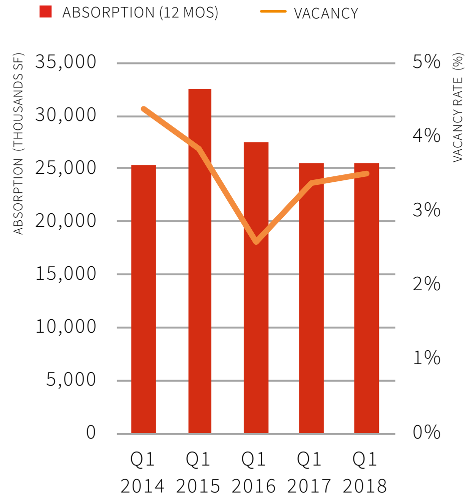
Los Angeles Industrial Market

Market continues to reinvent itself

Overall vacancy in the Greater Los Angeles (L.A.) industrial market area, which comprises Los Angeles County and the Inland Empire (I.E.), rose 10 bps year-over-year to 3.5% at the end of the first quarter of 2018. Total net absorption for the 12-month period ending in March 2018 was more than 25 msf, consistent with the previous 12-month total. The average asking rental rate of $9.27 psf on a triple-net basis at the end of first-quarter 2018 was up by only pennies from $9.24 psf one year earlier – but is up 51% from 2014.

The Greater L.A. industrial market continues to reinvent itself, showing a dramatic shift from classic post-war 1950s and 1960s vintage (with relatively low clear heights) towards more modern flex and creative, open work spaces. For the last four years, occupiers seeking traditional large distribution and warehouse facilities have struggled in the face of a lack of availability with vacancy rates less than 4%. New inventory has been added primarily in the eastern portion of the I.E. market as well as smaller urban infill areas, such as the Goodman Logistic Center in Santa Fe Springs and Compton. Overall, the industrial sector continues to be driven by e-commerce, favoring access to massive population and transportation centers.

Absorption and Vacancy

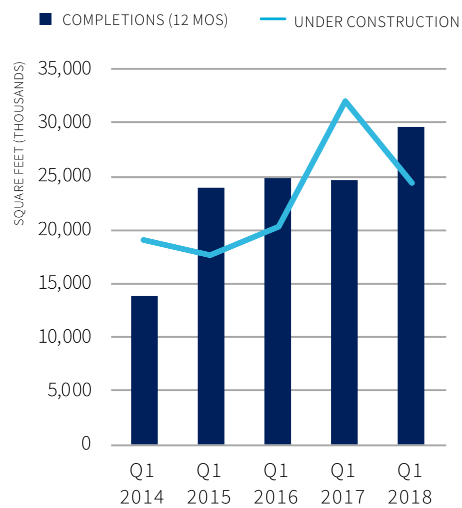


ARROWS INDICATE YEAR-OVER-YEAR CHANGE

25.6 MSF	3.5%	24.5 MSF	$9.27 PSF
ABSORPTION	VACANCY RATE	UNDER CONSTRUCTION	AVG. NNN RENT

On the investment front, modest returns are expected through the remainder of 2018 as investors face the headwinds of rising interest rates, higher treasury bill rates and the slow increase in inflation. Transaction velocity is also somewhat hindered by the dearth of exchange assets to place capital. That said, more portfolio consolidations are expected along the lines of Blackstone Group's $2.5-billion Southern California portfolio acquisition in 2017.

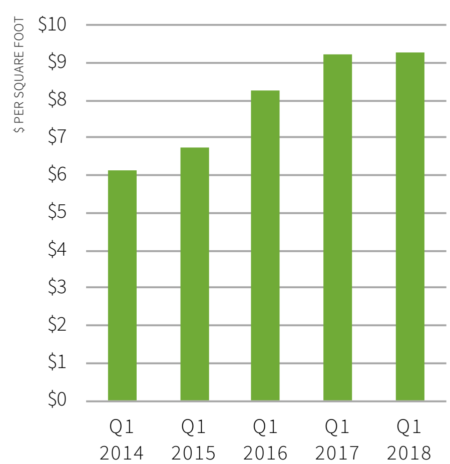
New Supply



Notable Industrial Lease Transactions by Size - First Quarter 2018

	Address / Complex	Tenant	Size Lease Type
1	1651 California Street, Redlands	Performance Team	1,313,500 sf Renewal
2	11640 Harrel Street, Mira Loma	All-Ways Logistics	886,100 sf New
3	1895 Marigold Avenue, Redlands	Kimberly-Clark	699,400 sf Renewal
4	12418-12488 Florence Avenue, Santa Fe Springs	RIM logistics	312,500 sf New
5	12418-12488 Florence Avenue, Santa Fe Springs	Funai Corporation	194,000 sf New

Avg. Asking NNN Rental Rate



Memphis Industrial Market

Surge of new construction to ease tight market

The Memphis industrial sector sustained positive momentum through the first quarter of 2018. Despite a slight uptick compared with fourth-quarter 2017, the market's overall vacancy rate fell 50 bps year-over-year to 7%. Market-wide weighted average asking rental rates increased 3.7% year-over-year to $2.83 psf in first-quarter 2018. Tenant demand remained steady in the first quarter with 2.3 msf in deal volume with the majority concentrated in the Southeast and DeSoto County submarkets. Absorption for the 12 months ending in March 2018 was 3.4 msf – down from 4.7 msf in the previous 12-month period, as it was tempered by several anticipated vacancies, the largest being Wynit's move from 244,355 sf at Southpoint II.

With the completion of Legacy Park Building 4 (269,000 sf) and I-22 Logistics Park Building A (815,050 sf), nearly 1.1 msf was added to the industrial inventory during the first quarter of 2018, bringing the rolling 12-month total to nearly 2.8 msf of new completions and helping to ease constrained supply. New construction has surged with nearly 5.2 msf of new space underway at the end of the first quarter – 62% of which is speculative product – compared with 1.6 msf one year earlier. The majority of new construction during the past few years has occurred in outlying submarkets, but interest in developing more urban areas, such as the Southeast submarket, is likely to see a resurgence as demand grows for last-mile logistics solutions.

ARROWS INDICATE YEAR-OVER-YEAR CHANGE

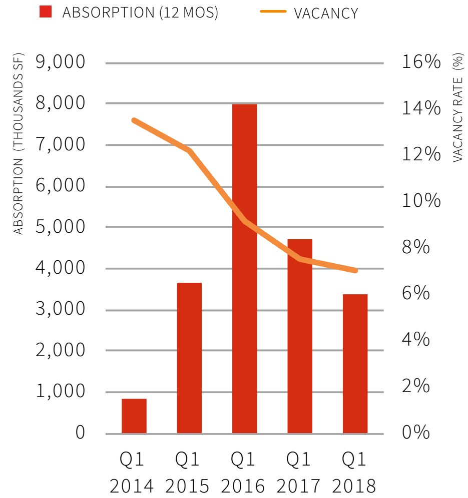
3.4 MSF	**7%**	**5.2 MSF**	**$2.83 PSF**
ABSORPTION	VACANCY RATE	UNDER CONSTRUCTION	AVG. NNN RENT

Vacancy rates are expected to rise in the short term as more than 3 msf of speculative inventory delivers to the market through mid-year. Nonetheless, the market remains tight with vacancy down 960 bps from a cyclical high of 16.6% in 2011. Rental-rate growth through the remainder of 2018 may be marginally suppressed due to the rise in vacancy rates. Overall, the Memphis industrial market is expected to continue its strong performance.

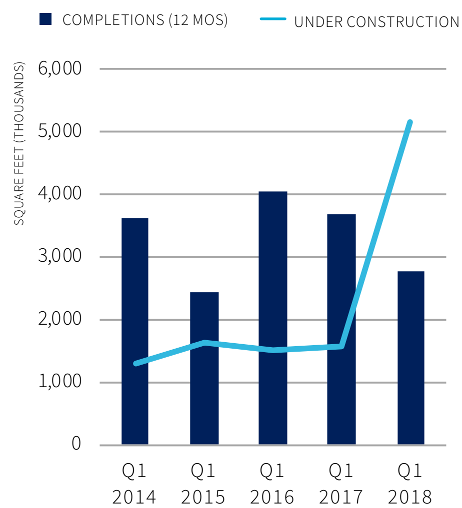
Notable Industrial Lease Transactions by Size - First Quarter 2018

	Address / Complex	Tenant	Size Lease Type
1	Crossroads Distribution Center Building G	Milwaukee Tool	701,700 sf New
2	Eastgate Building 3	New Cingular Wireless PCS, LLC	430,100 sf New
3	Stateline Business Park Building E	Terumo Medical Corporation	172,200 sf Renewal
4	Airport Distribution Center Building 10	Qwest Air Parts	160,000 sf New
5	Legacy Park Building 4	FedEx Corporate Services	152,000 sf New

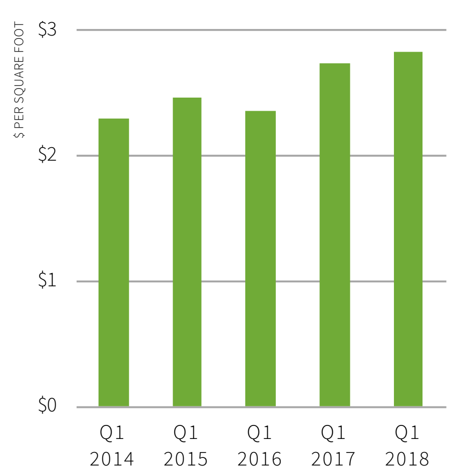
Absorption and Vacancy



New Supply



Avg. Asking NNN Rental Rate



Miami Industrial Market

Globally-oriented tenants continue to drive demand

Strong economic factors continue to contribute to Miami's growing industrial market. Employment growth persists, as the county added 30,400 jobs over the trailing 12-month period ending in February 2018. Additionally, the local unemployment rate in Miami-Dade County was 4.7% as of February – a 10-bps decline during the same time period. These robust economic factors have led conditions in the Miami industrial market to tighten as rental rates rise and the availability of quality space continues to decline. In addition, development remains active with nearly 3.6 msf under construction at the end of the first quarter of 2018.

A large proportion of the local demand for industrial space is fueled by Miami International Airport and PortMiami, which generate substantial levels of international trade. According to the Journal of Commerce's Port Import Export Reporting Service (PIERS), PortMiami handled 779,223 20-foot equivalent units (TEUs) in 2017. Naturally, this trade activity has bolstered demand for industrial space in centrally located areas, such as the Medley, Airport and Miami Lakes submarkets. New development projects in these areas, including Airport North Logistics Park, Carrie Meek International Business Park and Prologis Beacon Lakes, are attracting such large, globally-oriented tenants as Nestlé Waters North America, Dufry and Amazon.

ARROWS INDICATE YEAR-OVER-YEAR CHANGE

3.1 MSF
ABSORPTION

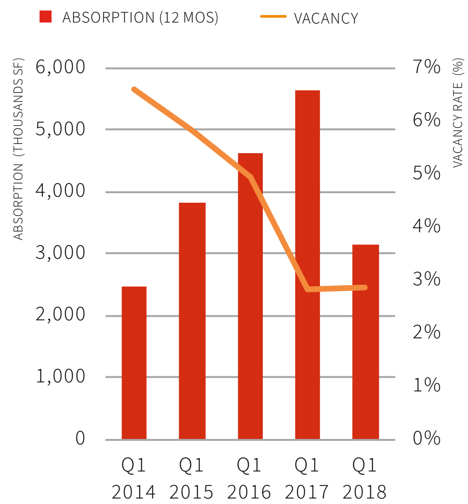
2.9%
VACANCY RATE

3.6 MSF
UNDER CONSTRUCTION

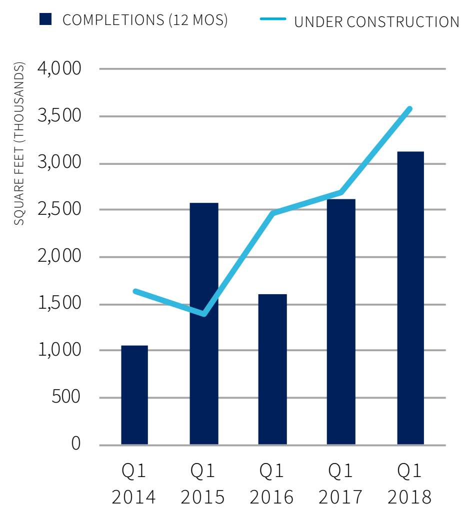
$7.54 PSF
AVG. NNN RENT

Companies such as these have demonstrated a comfort in paying above-average rental rates for highly desirable locations with modern amenities – and have used this opportunity to capitalize upon the international exposure and logistical efficiency that Miami-Dade County has to offer. In the past four years alone, the average NNN rental rate across the county has risen 27% to $7.54 psf as of the first quarter of 2018. Meanwhile, vacancy remained very low at 2.9%. Development activity is expected to continue with increased tenant interest in amenities such as deep bays, wide-column spacing and trailer storage.

Absorption and Vacancy



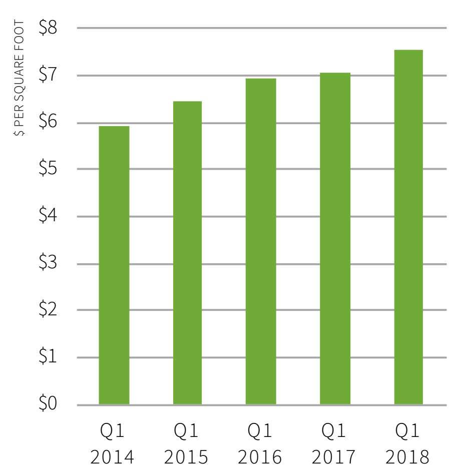
New Supply



Notable Industrial Lease Transactions by Size - First Quarter 2018

	Address / Complex	Tenant	Size Lease Type
1	Airport North Logistics Park	Nestlé Waters North America	257,100 sf New
2	Prologis Beacon Lakes	Dufry	200,000 sf New
3	15801 NW 49th Avenue	GRM Information Services	142,600 sf New
4	Miami Industrial Logistics Center	Kuehne + Nagel Inc.	109,100 sf New
5	Beacon Lakes Industrial Park	DSV Air & Sea Inc.	95,000 sf Renewal

Avg. Asking NNN Rental Rate



Minneapolis Industrial Market

Fundamentals remain solid

The 139-msf Minneapolis-St. Paul industrial market remained strong through the first quarter of 2018. Increasing demand and rising rental rates continue to benefit landlords. Overall vacancy fell 50 bps year-over-year to 5% as healthy absorption (more than 3 msf in the 12 months ending in March 2018) was balanced by nearly 3.2 msf of completions as large speculative construction projects hit the market. New construction came online in the Northwest, Southwest and Southeast submarkets. Most notably, LKQ Corporation is set to lease the final 200,000-sf building in its 122-acre Northern Stacks industrial park development. After witnessing 21 consecutive quarters of rental-rate growth, Twin Cities industrial brokerage professionals and investors remain bullish about the remainder of 2018.

Although Minneapolis is not seen as a major hub for distribution, there was an overwhelming demand for bulk-warehouse and distribution centers in 2017. In the fourth quarter of 2017 alone, warehouse and distribution centers across the Twin Cities accounted for 1.2 msf of absorption. Major tenants leasing large blocks of space included Menasha Packaging leasing 150,000 sf in Launch Park Lakeville. Distribution Alternatives is relocating its headquarters and occupying 402,000 sf in Lino Lakes. COKeM, a third-party logistics company, leased 162,753 sf at Valley Park Business Center.

ARROWS INDICATE YEAR-OVER-YEAR CHANGE

3 MSF
ABSORPTION

5%
VACANCY RATE

0.4 MSF
UNDER CONSTRUCTION

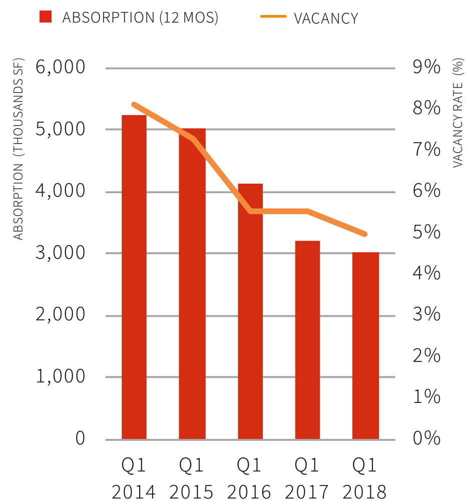
$7.07 PSF
AVG. NNN RENT

Tight vacancy and rising rental rates will continue to be a trend in 2018 throughout the Twin Cities industrial market. Both users and investors will struggle to find available product within the beltway of the Twin Cities. Currently, the average clear height is 24 feet; and to find higher clear heights, third-party logistics and distribution companies must look further out in the metro. Developers will need to construct buildings with significant clear heights if they want to attract institutional investors.

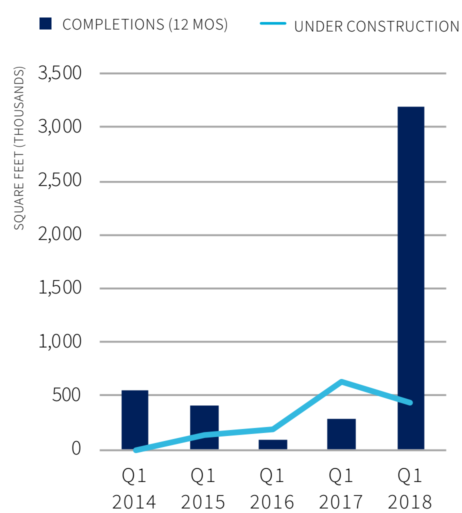
Notable Industrial Lease Transactions by Size - First Quarter 2018

	Address / Complex	Tenant	Size Lease Type
1	MSP Midway Industrial Park	Cottage Corp.	77,100 sf New
2	Highway 55 Distribution	Shaw Industries	60,000 sf New
3	Vicksburg Business Center	Energy Management Collaborative	59,100 sf New
4	Red Fox Business Center 2	FireFly Computers	24,900 sf Expansion
5	1929 E. 24th Street	Fortune International	22,500 sf New

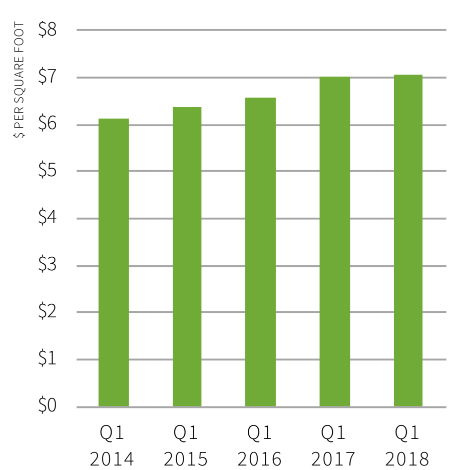
Absorption and Vacancy



New Supply



Avg. Asking NNN Rental Rate



Nashville Industrial Market

Developers show confidence in tenant demand

The dynamism and prosperity of Nashville's economy continues to be in the national spotlight with the city recently ranking seventh on *Forbes'* list of the Top 25 Fastest-Growing Cities of 2018, jumping up from 20th place in 2017. With an unemployment rate of 2.7% in February 2018, the unprecedented economic growth is a testament to Nashville's remarkably diverse industrial market.

Strong demand has caused a surge in development activity in the Nashville industrial market with a record amount of speculative space in the pipeline. Of the 3.5 msf underway at the end of the first quarter, only 24% was preleased. This signified developers' bullish outlook on the market and their confidence in tenant demand. The most notable construction project is Cedar Farms Phase I in Wilson County. This 900,000-sf development is the largest speculative project that the Nashville market has seen to date. Nashville's industrial development pipeline is expected to remain strong throughout the remainder of the year with all 3.5 msf coming online in 2018. Nashville's construction boom is beginning to alleviate the tight industrial market. Due to several tenants either moving or reducing their footprints, vacancy increased by 50 bps year-over-year to 4.1%. Although vacancy is up, the industrial market had endured years of a deficit in new supply and struggled to meet tenant demand, resulting in a tight market with sound fundamentals but little room for tenant movement.

ARROWS INDICATE YEAR-OVER-YEAR CHANGE

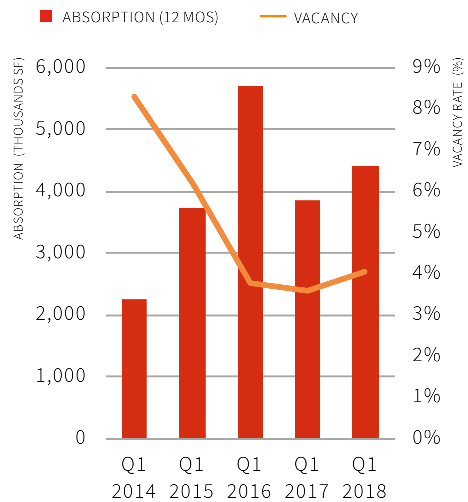
4.4 MSF	**4.1%**	**3.5 MSF**	**$5.59 PSF**
ABSORPTION	VACANCY RATE	UNDER CONSTRUCTION	AVG. NNN RENT

Average asking rental rates in Nashville's industrial market continued to rise in the first quarter of 2018, ending the quarter at $5.59 psf – up 15% year-over-year. In the last five years, average asking rents have risen 57%. While all sectors have seen dramatic increases in rental rates in the Nashville area, the industrial market has recorded the largest increase in this time period.

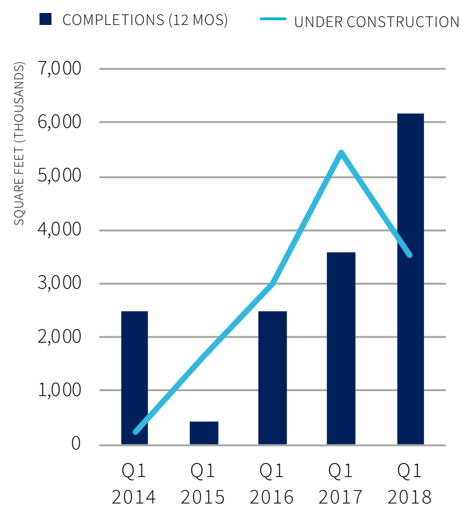
Notable Industrial Lease Transactions by Size - First Quarter 2018

Address / Complex	Tenant	Size Lease Type
1 Beckwith Farms Building 3	CEVA Logistics	480,000 sf Renewal
2 Beckwith Farms Building 9	CEVA Logistics	399,000 sf New
3 Commerce Farms V	XPO Logistics	279,200 sf New
4 Beckwith Farms Building 1	CEVA Logistics	247,500 sf Renewal
5 SouthPark Distribution Park	Asurion	239,600 sf Renewal

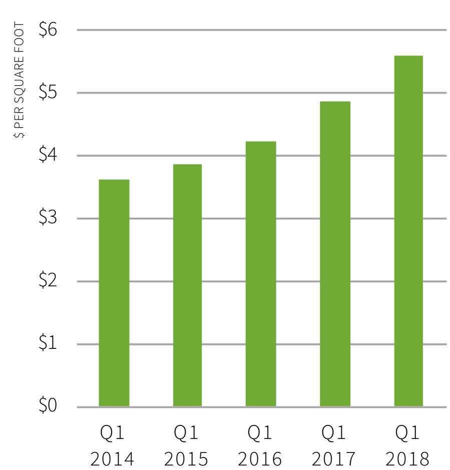
Absorption and Vacancy



New Supply



Avg. Asking NNN Rental Rate



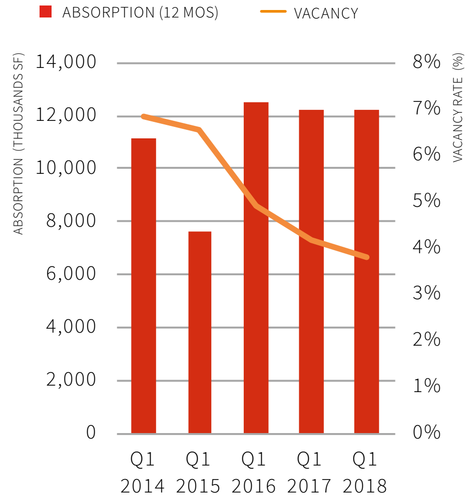
New Jersey Industrial Market

Logistics and manufacturing firms display strong demand

The New Jersey industrial market continued its historic performance during the first quarter of 2018 as the vacancy rate dropped 40 bps year-over-year to 3.8%. Average asking rental rates reached an all-time high of $7.96 psf net, representing a 34.5% increase since the first quarter of 2014. The market is reaching a point where tenants are finding it challenging to find adequate space to meet their real estate requirements. This situation has led to an uptick in speculative construction and preleasing of space.

The market remains a destination for global and domestic logistics companies as well as manufacturers looking to take advantage of New Jersey's prime location to serve the population centers of the Northeastern U.S. During the first quarter, 4PX, a large Chinese e-commerce solutions provider, took 354,300 sf at 1000 High Street in Perth Amboy. Connecticut-based XPO Logistics leased 294,500 sf at 2349 U.S. Highway 130 and 175,500 sf at 2353 U.S. Highway 130, both in Dayton. Eco-friendly lawn and garden tool manufacturer Snow Joe leased 271,195 sf at 100 Performance Drive in Mahwah.

Absorption and Vacancy

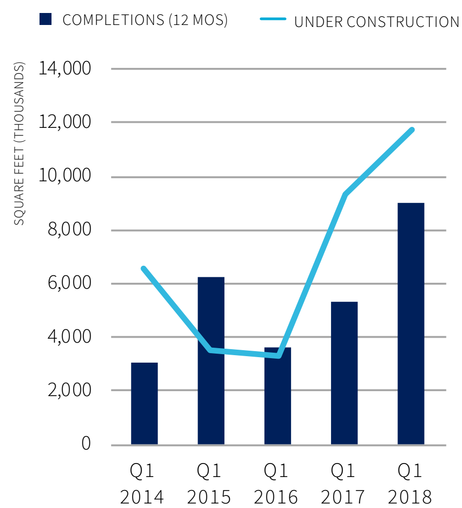


ARROWS INDICATE YEAR-OVER-YEAR CHANGE

12.2 MSF	3.8%	11.8 MSF	$7.96 PSF
ABSORPTION	VACANCY RATE	UNDER CONSTRUCTION	AVG. NNN RENT

Looking forward, the market is expected to remain strong as e-commerce continues to play a large part in both the New Jersey and the national economies. However, there are a few issues that could threaten the success of New Jersey's industrial market. These include the state's deteriorating transportation infrastructure, a shortage of truck drivers, and the tariffs recently placed by the U.S. on certain imported goods and the retaliatory tariffs placed on U.S. goods in response.

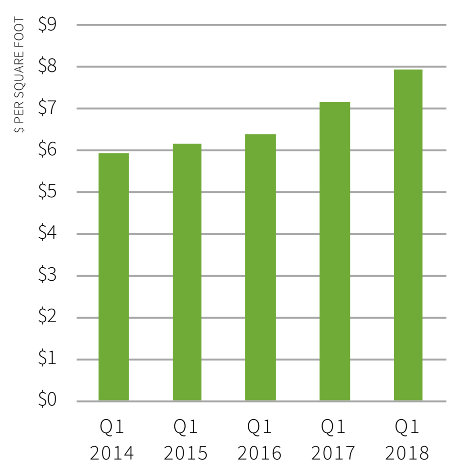
New Supply



Notable Industrial Lease Transactions by Size - First Quarter 2018

	Address / Complex	Tenant	Size Lease Type
1	1000 High Street, Perth Amboy	4PX	354,300 sf New
2	2349 U.S. Highway 130, Dayton	XPO Logistics	294,500 sf New
3	100 Performance Drive, Mahwah	Snow Joe	271,200 sf New
4	191 Blair Road, Avenel	DHL	198,900 sf New
5	2353 U.S. Highway 130, Dayton	XPO Logistics	175,500 sf New

Avg. Asking NNN Rental Rate



Oakland Industrial Market

E-commerce growth driving warehouse demand

Oakland's industrial market is surrounded by large population centers that are driving demand and fueling the growth of e-commerce. The e-commerce business continues to be a major driver for the leasing of, and investment in, existing warehouse space and new development. Access to the Port of Oakland, with its year-over-year container volume growth, will facilitate logistics in the region, thus driving more demand.

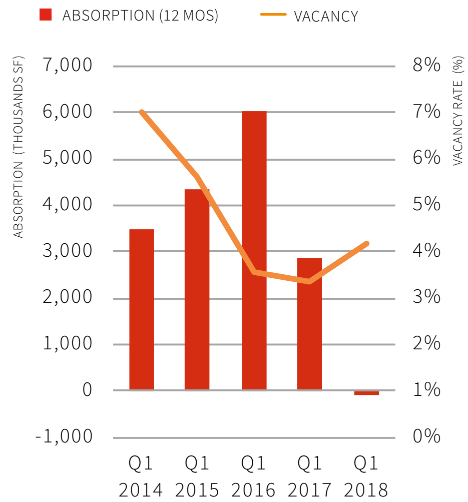
At the end of the first quarter of 2018, slightly less than 3 msf was under construction, but only 20% was preleased. As tenants get used to the sticker shock of new-development asking rents, leasing volume should pick up, resulting in more preleasing and positive absorption. A significant portion of product currently under construction will be completed by mid-year 2018. More redevelopment of underutilized industrial product and more out-of-the-ground construction are expected to come to market this year. Overall vacancy was up 90 bps year-over-year to 4.2% at the end of the first quarter of 2018. With low overall vacancy, any new space coming to the market during the remainder of 2018 will be a welcome relief to prospective tenants who need to be in this market. Deal volume is slowing but demand is still at record-high levels. Deals are taking longer to complete as asking rents continue to climb for all industrial property types. First-quarter 2018 leasing activity was down 61% compared with fourth-quarter 2017 and down 54% from the first quarter of 2017.

Looking towards the remainder of 2018, a continuation of strong market fundamentals is expected. Overall vacancy should remain below 5% despite little preleasing activity in new product under construction. Strong demand will favor landlords as they push asking rental rates upward throughout the year. Well-leased warehouse product will continue to attract investors looking to place capital in this frothy market.

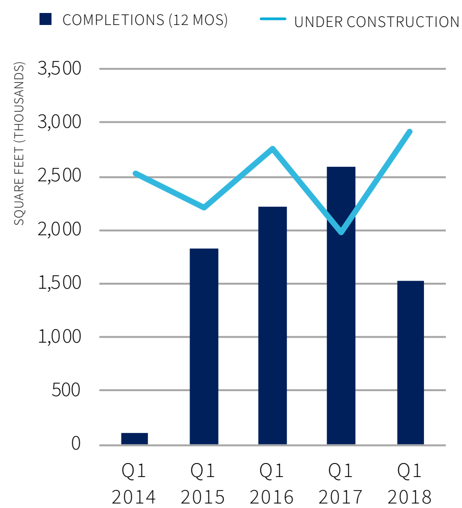
ARROWS INDICATE YEAR-OVER-YEAR CHANGE

-0.1 MSF	4.2%	2.9 MSF	$14.44 PSF
ABSORPTION	VACANCY RATE	UNDER CONSTRUCTION	AVG. NNN RENT

Absorption and Vacancy



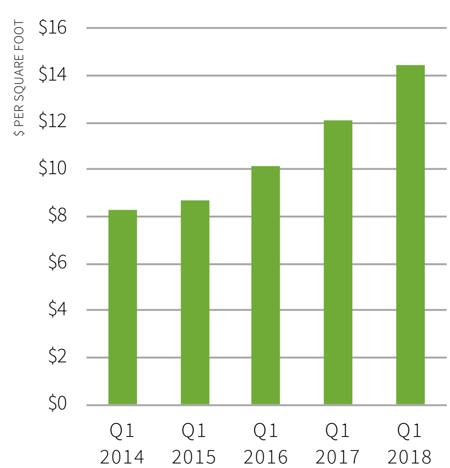
New Supply



Notable Industrial Lease Transactions by Size - First Quarter 2018

	Address / Complex	Tenant	Size Lease Type
1	1717-1739 Doolittle Drive	Energy Recovery, Inc.	170,000 sf Renewal
2	1901-1981 Dennison Street	Veronica Foods, Inc.	168,500 sf Renewal
3	1401 Factor Avenue	1Stop Office Furniture	62,900 sf Renewal
4	45738-45778 Northport Loop W.	Penguin Computing	44,300 sf New
5	3501-3541 Gateway Boulevard	Pony.ai	36,400 sf New

Avg. Asking NNN Rental Rate



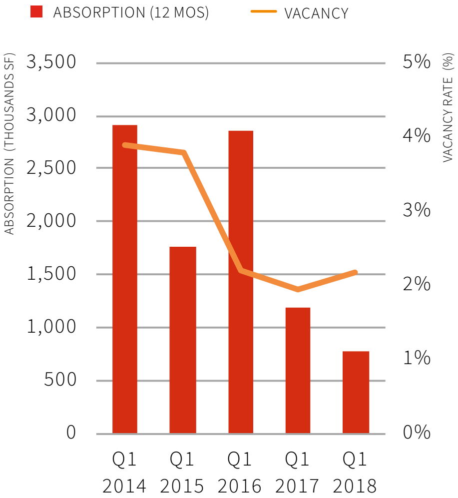
Orange County Industrial Market

Supply trailing demand as population grows

Southern California's Orange County industrial market remained tight in the first quarter of 2018 as record-low vacancy persisted, pushing rents to record highs. Even with a modest spike in the construction of speculative inventory, supply is trailing demand. The high-tech industry, aerospace, retail, distribution and manufacturing continue to drive demand in the industrial market. The population is growing steadily year-over-year, while unemployment remains low at 3.3% as of the first quarter of 2018.

The industrial vacancy rate for the first quarter of 2018 remained extremely low at 2.2%, after a modest increase of 20 bps year-over-year. Industrial tenants seeking new space can expect a challenge as the number of options decline. The only industrial property currently under construction is Beckman Business Center, a seven-building industrial park located in Fullerton. The project will bring a total of 934,800 sf of speculative space to the market by mid-year 2018. Meanwhile, a 170,000-sf build-to-suit for Rosendin Electric at 1730 S. Anaheim Way in Anaheim completed construction during the first quarter of the year. There is approximately 800,000 sf of proposed development, spread among five projects, waiting to commence in the market.

Absorption and Vacancy



ARROWS INDICATE YEAR-OVER-YEAR CHANGE

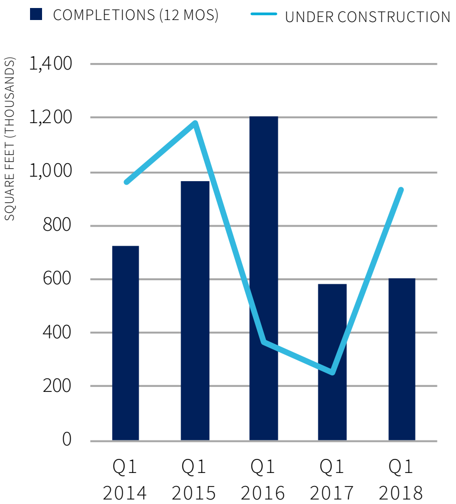
0.8 MSF
ABSORPTION

2.2%
VACANCY RATE

0.9 MSF
UNDER CONSTRUCTION

$11.04 PSF
AVG. NNN RENT

New Supply



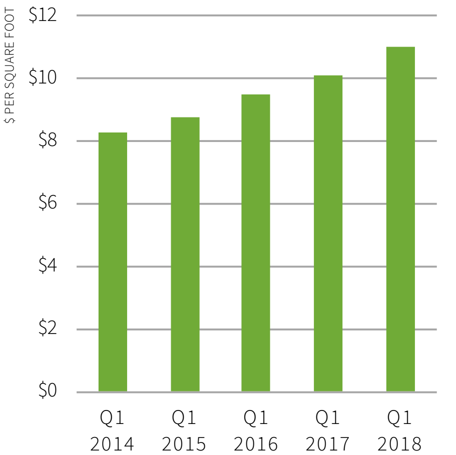
As demand for industrial space increases, larger tenants increasingly look to options in the neighboring Inland Empire, the state's powerhouse of industrial inventory. However, last-mile warehousing is an unavoidable necessity within Orange County as consumer expectations grow along with the population in this affluent county.

Total net absorption reached 780,000 sf for the 12-month period through the first quarter of 2018, contracting from nearly 1.2 msf in the prior 12-month period. Rental rates during the first quarter of 2018 climbed to $11.04 psf, up from $10.08 psf at the same time in 2017. Rental rates have exceeded levels achieved at the height of the market prior to the last recession and are expected to grow further while limited new inventory is anticipated in this desirable and geographically vital market.

Notable Industrial Lease Transactions by Size - First Quarter 2018

	Address / Complex	Tenant	Size Lease Type
1	1501 E. Cerritos Avenue	The Walt Disney Company	200,000 sf New
2	601 W. Dyer Road	Shinoda Design Center	135,700 sf Renewal
3	1765 Penhall Way	Legacy Foods	128,400 sf New
4	679 S. Placentia Avenue	Engineered Foods	127,400 sf Renewal
5	15342 Graham Street	Titan Footwear	84,800 sf Sublease

Avg. Asking NNN Rental Rate



Orlando Industrial Market

Vacancy still declining as speculative development heats up

Economic fundamentals in Orlando remain strong, as indicated by the sustained decline in the unemployment rate, which stood at 3.4% as of February 2018 – a marked 90-bps decrease year-over-year. The rapid pace of job growth also continues with more than 54,000 new jobs added in the trailing 12-month period. Within Orlando's industrial market, healthy leasing activity is occurring, particularly in the Northwest and Airport/Southeast submarkets. Vacancy fell 100 bps year-over-year to 5.4% in the first quarter despite nearly 3.5 msf of new building completions during the trailing 12-month period. Average asking rental rates were $6.57 psf – up $0.29 psf, or 4.4%, over the same period.

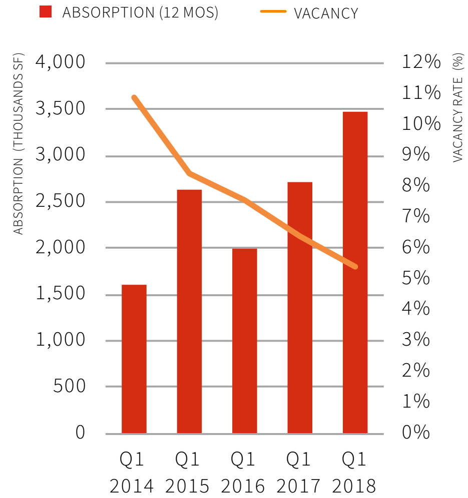
Leasing activity in the Northwest submarket remains vigorous and will strengthen further once the $1.6-billion Wekiva Parkway (now underway) is completed and connects the Apopka area directly to I-4. During the first quarter of 2018, City Furniture leased the entire 246,031-sf building at the newly delivered The Park @ 429. Also in the Northwest submarket, BlueScope Property Group, a Missouri-based developer, is planning a new 2.4-msf industrial park on 178 acres in Apopka. Mid-Florida Logistics Park's conceptual plan shows five planned industrial buildings ranging from 160,000 sf to slightly more than 1 msf, which should commence construction later in 2018 with delivery in 2020.

ARROWS INDICATE YEAR-OVER-YEAR CHANGE

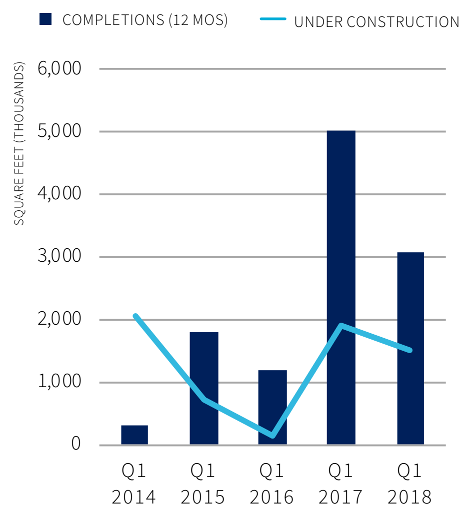
3.5 MSF	**5.4%**	**1.5 MSF**	**$6.57 PSF**
ABSORPTION	VACANCY RATE	UNDER CONSTRUCTION	AVG. NNN RENT

ProLogis, DCT Industrial Trust, EastGroup, Becknell Industrial, McDonald Development and Exeter Property Group all have significant speculative warehouse or bulk distribution facilities planned or underway in the dominant Airport/Southeast submarket. The industrial investment environment is anticipated to remain strong in 2018, fueled in part by the expanding logistics industry (in concert with continued e-commerce activity) and steady construction due to a still-strengthening housing market. During 2017, Orlando was one of only two major markets in Florida that recorded year-over-year improvement in total deal volume.

Absorption and Vacancy



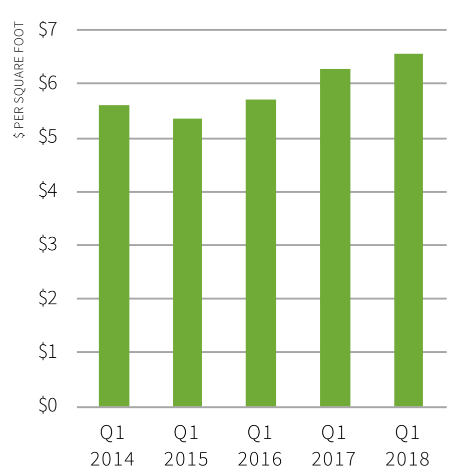
New Supply



Notable Industrial Lease Transactions by Size - First Quarter 2018

Address / Complex	Tenant	Size Lease Type
1 The Park @ 429	City Furniture	246,000 sf New
2 Horizon Commerce Park X	Oceaneering	103,700 sf New
3 The Park @ 429	MSHQ	88,600 sf New
4 Princeton Oaks Commerce Park	Ultimate Auto	47,500 sf New
5 Parksouth Distribution Center	IMCMV, Inc.	38,700 sf New

Avg. Asking NNN Rental Rate



Philadelphia Industrial Market

Inventory continues to grow as rental rates climb

Greater Philadelphia's industrial market continued to grow and thrive in the first quarter of 2018 as industrial users increasingly clamored to locate themselves among the robust logistical networks throughout the Lehigh Valley, central Pennsylvania and the I-81 corridor. The vast region encompasses northern Delaware, southern New Jersey and through Philadelphia into central Pennsylvania. Total market inventory swelled to 914 msf in the first quarter of 2018. The Lehigh Valley and the I-81 corridor alone accounted for 21.5% of the total inventory as companies continued to seek warehouse and distribution space in these submarkets for access to multiple regional population centers.

With nearly 16 msf of new construction delivered during the 12 months ending with the first quarter of 2018, and steady absorption of 9.6 msf during the same period, vacancy ticked up 70 bps to 6.3%. As the region continues to be a hotbed for industrial activity thanks to connectivity to destinations along the East Coast, average asking rates continue to climb. In the first quarter of 2018, average asking rents reached $4.74 psf, a 10% year-over-year increase. Although vacancy is creeping upward, developer interest in the area remains

ARROWS INDICATE YEAR-OVER-YEAR CHANGE

9.6 MSF	6.3%	17.4 MSF	$4.74 PSF
ABSORPTION	VACANCY RATE	UNDER CONSTRUCTION	AVG. NNN RENT

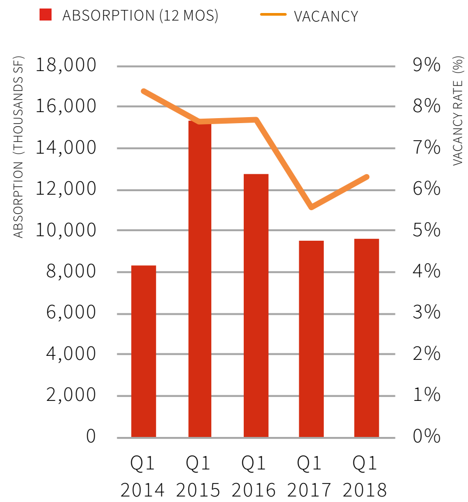
high, as 33 projects totaling 17.4 msf were under construction, with 29.8% preleased, at the end of first-quarter 2018. Just eight submarkets in central Pennsylvania alone make up 14 msf of the total under-construction figure.

Looking ahead to the balance of 2018, the industrial outlook in greater Philadelphia remains bright as rental rates are projected to continue to rise due to sustained demand for industrial space by tenants looking to establish and grow their logistical networks in the northeast part of the country. With e-commerce fueling demand for warehouse and distribution spaces, construction activity shows no sign of slowing throughout the remainder of the year as 15.3 msf is scheduled to deliver by year-end 2018.

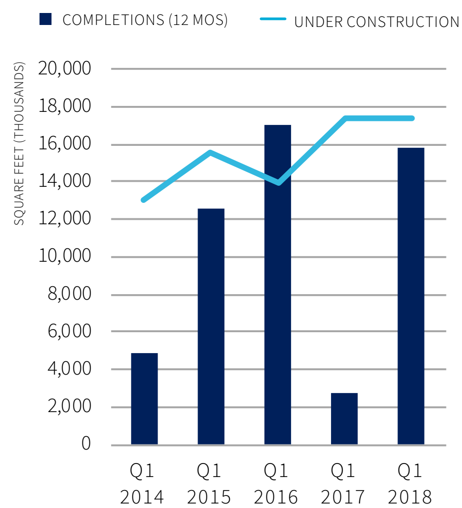
Notable Industrial Lease Transactions by Size - First Quarter 2018

	Address / Complex	Tenant	Size Lease Type
1	400 Nestle Way, Macungie	Kellogg Company	1,190,000 sf Renewal
2	100 Carolina Way, Carlisle	XPO Logistics	806,000 sf New
3	221 S. 10th Street, Lemoyne	Veritiv	312,000 sf Renewal
4	7267 Schantz Road, Allentown	Allen Distribution	152,000 sf New
5	9784 Commerce Circle, Kutztown	Carpenter Technology Corp.	95,500 sf Renewal

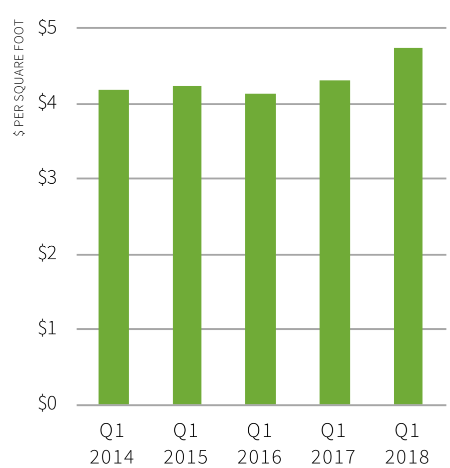
Absorption and Vacancy



New Supply



Avg. Asking NNN Rental Rate



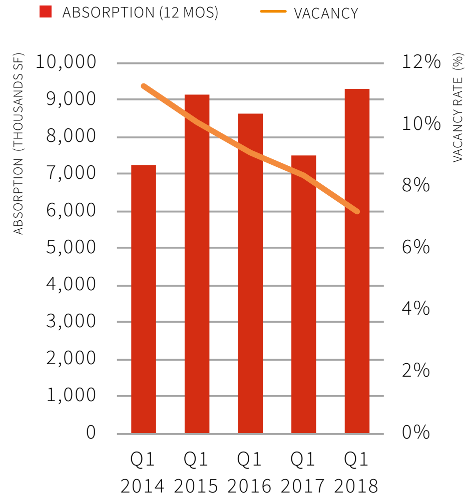
Phoenix Industrial Market

Increasing rents and positive absorption support development

The Phoenix industrial market continued to improve through first-quarter 2018 as new construction increased total inventory by 5.9 msf from first-quarter 2017. Vacancy decreased 110 bps year-over-year to 7.2% as absorption (9.3 msf) exceeded new development. Phoenix continues to be attractive to manufacturing companies that are relocating from California. A strong workforce with competitive salaries, lower utility costs, a pro-business environment and high quality of life are driving this movement. Benchmark Electronics (121,731 sf) and Aquafil Carpet Recycling (116,890 sf) moved into large spaces in 2017. Modern Industries Aerospace renewed its 103,487-sf lease in October 2017.

The tightening market pushed rental rates to $6.98 psf in first-quarter 2018 from $6.77 psf one year earlier. Rents have increased an average of 3.2% annually since 2014. Steadily increasing rents and positive absorption have supported consistent development in the past five years. The market averaged 6.5 msf delivered annually – with 41.9% preleased on average each year. As of first-quarter 2018, a total of 6.6 msf of industrial space was under construction with 27.2% preleased. Absorption is anticipated to remain positive in 2018 and sufficient to maintain a healthy vacancy rate.

Absorption and Vacancy



ARROWS INDICATE YEAR-OVER-YEAR CHANGE

9.3 MSF ABSORPTION

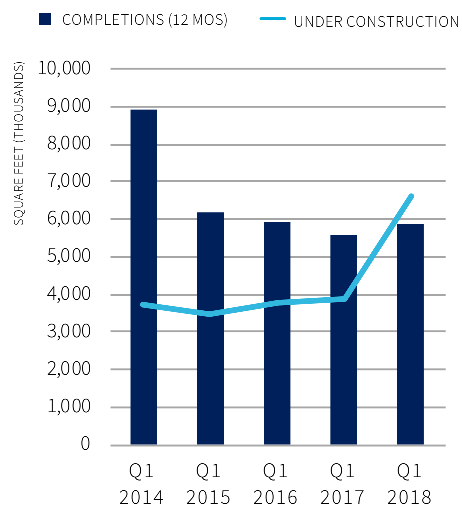
7.2% VACANCY RATE

6.6 MSF UNDER CONSTRUCTION

$6.98 PSF AVG. NNN RENT

The two largest sales since second-quarter 2017 were flex data centers: I/O Data Centers reacquired two Arizona data centers at 615 N. 48th Street and 8521 E. Princess Drive for $142.5 million after they were sold to Carter Validus Mission Critical REIT in August 2014 for $125 million in a sale/leaseback. Aligned Data Centers bought a 550,000-sf building at 2500 W. Union Hills Drive for $58.5 million. The most expensive non-data center sale price ($83 psf) was Living Spaces' sale/leaseback for its 6600 W. Latham Street showroom. First-quarter 2018 sales volume hit $481.1 million, 47.9% higher than in the fourth quarter of 2017.

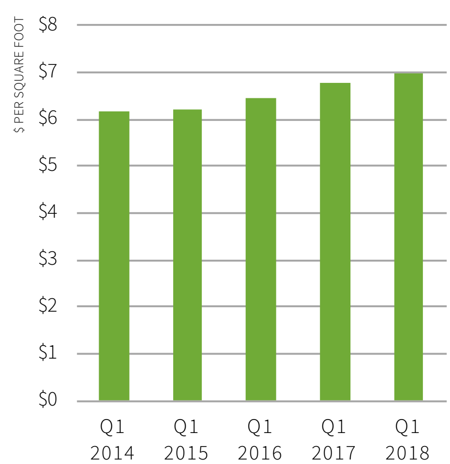
New Supply



Notable Industrial Lease Transactions by Size - First Quarter 2018

	Address / Complex	Tenant	Size Lease Type
1	143rd Avenue	Chewy.com	800,000 sf New
2	6600 W. Latham Street	Living Spaces Furniture	437,200 sf New
3	10397 W. Van Buren Street	QEP	122,600 sf New
4	7775 W. Buckeye Road	ThreadUP	122,100 sf New
5	9230 S. Farmer Avenue	Kovach Inc.	99,000 sf New

Avg. Asking NNN Rental Rate



Pittsburgh Industrial Market

Class A space availability remains limited

Overall vacancy in Pittsburgh's industrial market increased to 6.1% during first-quarter 2018 from 5.7% one year earlier. The industrial market continues to have limited available class A space although users and investors are actively searching for it. Net absorption for the 12 months ending with first-quarter 2018 was 1 msf, down slightly year-over-year. Yet, plans for new product are limited with only 194,000 sf under construction.

Major industrial lease transactions completed in the first quarter of 2018 included Siemens' 230,000-sf lease at the former Sony plant at 1001 Technology Dr. in the RIDC Westmoreland Industrial Park; Consumer Fresh Produce Inc.'s five-year renewal for 79,300 sf at One 21st Street in the Strip District; Uber Technologies Inc.'s 80,000-sf sublease from #1 Cochran at 85 36th Street in Lawrenceville and Intervala's five-year lease extension for 135,000 sf at Keystone Commons in Turtle Creek. An ongoing story in the industrial market is Shell Chemicals' progress on its multi-billion-dollar ethane cracker plant in Beaver County. While construction on the facility has commenced with completion targeted for 2021, all eyes are on the ripple effects of this construction project and one-of-a-kind facility which is expected

ARROWS INDICATE YEAR-OVER-YEAR CHANGE

1 MSF	**6.1%**	**0.2 MSF**	**$5.75 PSF**
ABSORPTION	VACANCY RATE	UNDER CONSTRUCTION	AVG. NNN RENT

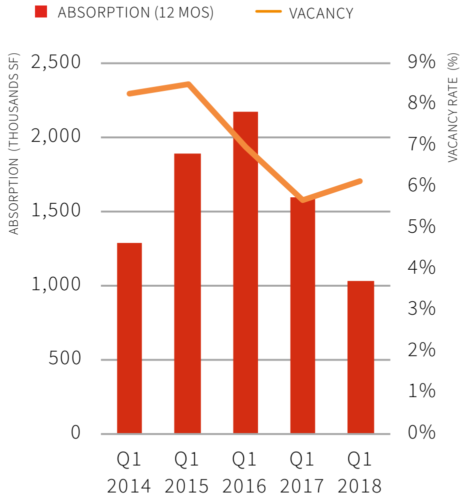
to boost job creation – and space demand from related suppliers, vendors and plastics-related manufacturers.

Pittsburgh continues to make national headlines as it transforms into a renowned tech hub with ongoing innovations in technology, education, and research and development. While market conditions remain stable, the persistent growth of the oil and gas, e-commerce, technology and advanced manufacturing sectors in the region, coupled with the influx of companies affiliated with these sectors, such as Siemens and Uber, paint a bright picture for the future. Developers in Pittsburgh will need to provide product in order to meet the immediate needs of both local users and any national firms considering the city for their future industrial operations.

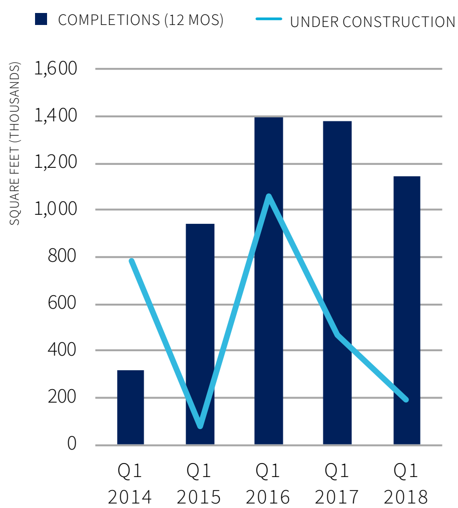
Notable Industrial Lease Transactions by Size - First Quarter 2018

	Address / Complex	Tenant	Size Lease Type
1	1001 Technology Drive	Siemens	230,000 sf New
2	700 Braddock Avenue	Intervala	135,000 sf Expansion
3	100 Papercraft Park	Packaging Corp. of America	81,600 sf New
4	85 36th Street	Uber	80,000 sf Sublease
5	One 21st Street	Consumer Fresh Produce	79,300 sf New

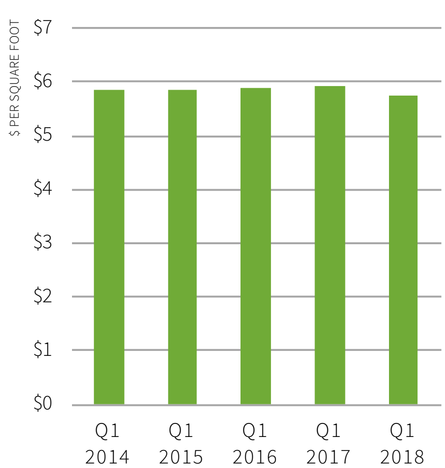
Absorption and Vacancy



New Supply



Avg. Asking NNN Rental Rate



Raleigh-Durham Industrial Market

Vacancy falls despite surge in construction deliveries

The Raleigh-Durham industrial market began 2018 with robust activity. Net absorption totaled 398,500 sf in the first quarter, bringing the 12-month total to 1.5 msf. Vacancy fell to 5.9%, down 20 bps year-over-year despite a surge in construction deliveries. Completions totaled nearly 1.5 msf in the 12 months ending March 2018. This total comes on the heels of 2.6 msf of new supply added in the previous 12-month period, the highest level since the height of the dot-com boom at the turn of the century. Persistent low vacancy, combined with the higher cost of new construction, has driven rental rates to record highs. The average warehouse/distribution asking rate rose to $5.24 psf in the first quarter, up 15% year-over-year and 36% in the last five years. The average R&D/flex rate ended the first quarter at $13.38 psf, up 3% year-over-year and 35% in the last five years.

Of the 1.9 msf underway in the first quarter, 73% had been preleased or will be owner-occupied. More than 1 msf of this space is located in Johnston County, where pharmaceutical companies Novo Nordisk and Grifols are expanding manufacturing operations on their existing campuses. Speculative development is especially prevalent in the high-demand I-40/RTP submarket, where a warehouse/distribution vacancy rate of just 3% has driven the average asking rental rate to a record high of $5.86 psf.

The Raleigh-Durham industrial market is positioned for another solid year in 2018. Strong local job and population growth, the continued rise of e-commerce and robust residential and commercial construction activity are key drivers of the sector. Recently approved tax cuts and increasing U.S. manufacturing activity will also support strong tenant demand. The addition of new, modern facilities to the market will drive increased investment and leasing activity over the next 12 months.

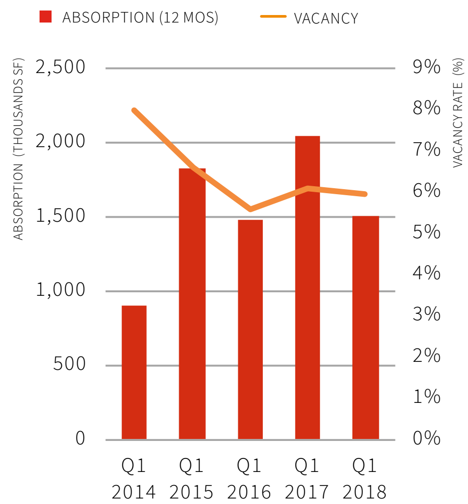
ARROWS INDICATE YEAR-OVER-YEAR CHANGE

1.5 MSF	5.9%	1.9 MSF	$5.24 PSF
ABSORPTION	VACANCY RATE	UNDER CONSTRUCTION	AVG. NNN RENT

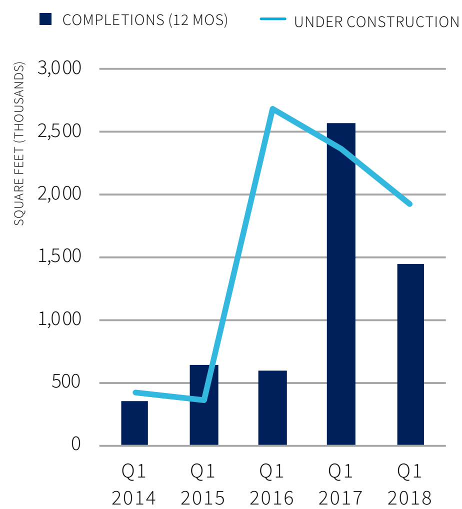
Notable Industrial Lease Transactions by Size - First Quarter 2018

Address / Complex	Tenant	Size Lease Type
1 1712 E. D Street	BlueLinx	448,000 sf Renewal
2 Research Tri-Center South	Maintenance Supply	83,100 sf New
3 Keystone Industrial Park	Stier Supply Company	62,400 sf New
4 Liberty Ridge Three	Best Buy	57,100 sf New
5 Two Gateway Centre	TrialCard	57,000 sf New

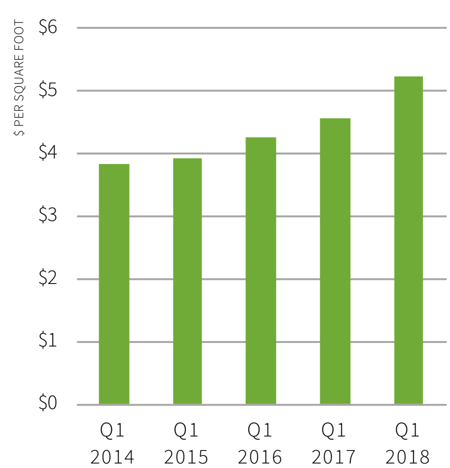
Absorption and Vacancy



New Supply



Avg. Asking NNN Rental Rate



Reno Industrial Market

Continued absorption lowers vacancy

Reno's industrial market remained positive in 2017 and recorded a steep decline in direct vacancy to 6.7% in the first quarter of 2018 from 9.3% in the first quarter of 2017. Gross absorption in the 12 months ending in March 2018 was 9.7 msf. Asking rental rates ticked up 1% year-over-year to $4.61 psf in the first quarter. Demand and activity from tenants and users of all sizes remained at high levels for distribution, manufacturing, and R&D space. Demand for manufacturing space and data centers has experienced a marked increase with a large land purchase by Blockchain.com dominating news in early 2018.

New-construction completions in the 12 months ending with first-quarter 2018 were only one-third of the total recorded in the previous 12-month period, but new starts and deliveries are expected to continue for the remainder of 2018 and into 2019. Year-over-year, Reno's market inventory increased nearly 2% to more than 94 msf in the first quarter of 2018.

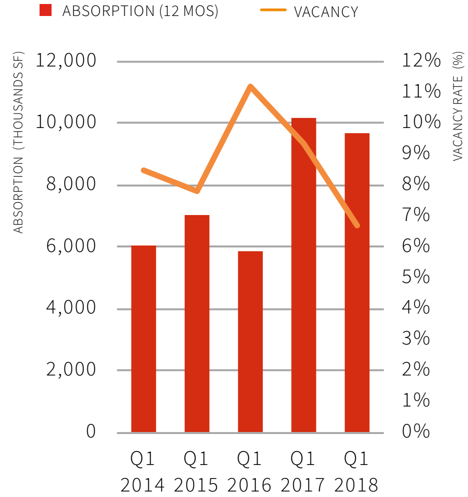
In the remaining quarters of 2018 and into early 2019, a continued decline in vacancy is anticipated. However, with supply lacking in all size ranges, vacancy will likely not change as

ARROWS INDICATE YEAR-OVER-YEAR CHANGE

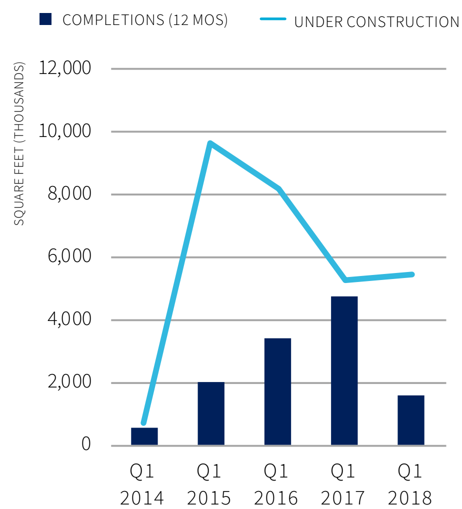
9.7 MSF	**6.7%**	**5.4 MSF**	**$4.61 PSF**
ABSORPTION	VACANCY RATE	UNDER CONSTRUCTION	AVG. NNN RENT

dramatically as it did in the previous year. Build-to-suit and speculative projects for new and expanding tenants and owner-occupiers will continue to dominate new construction. New flex industrial product looks set to join the market at last with a newly announced 270,975-sf project. Rental rates will likely increase as pressure builds from low vacancy and increased land costs. A continued shortage of available sub-contractors is driving up construction costs in the region. This trend will likely also contribute to higher rents in all categories.

Absorption and Vacancy



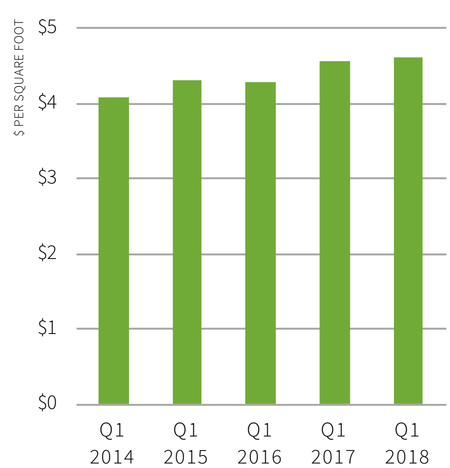
New Supply



Notable Industrial Lease Transactions by Size - First Quarter 2018

	Address / Complex	Tenant	Size Lease Type
1	9460 N. Virginia Street	The Boys Nevada	190,900 sf New
2	855 Sandhill Road	Dal-Tile Distributions	38,600 sf New
3	9250 N. Red Rock Road	Crystal Creek Logistics	33,300 sf New
4	1750 Purina Way	Ernest Packing	28,000 sf New
5	960 E. Greg Street	Whole Hog Logistics	27,800 sf New

Avg. Asking NNN Rental Rate



Sacramento Industrial Market

Vacancy drops to record low

The Sacramento Valley's industrial market comprises Sacramento, El Dorado, Placer and Yolo counties. This region is home to nearly 124 msf of industrial product and recorded almost 5 msf of positive absorption in the 12 months ending with first-quarter 2018. Total vacancy has steadily declined since its recent peak of 14% in 2012. At the close of the first quarter of 2018, total vacancy stood at 5%, a decrease of 210 bps year-over-year – and the lowest vacancy rate on record.

As a result of the continued decline in vacancy, tenants are limited in options providing functional spaces to fit their requirements. This situation is enabling landlords to increase asking rents for availabilities around the Sacramento Valley, and has driven an overall 16% increase year-over-year in the region's average asking rate to $5.24 psf at the end of the first quarter of 2018. More than 883,000 sf of new industrial product was under construction, with 88% preleased, at the close of the first quarter of 2018, demonstrating the continued demand for high-quality space and the lack of existing supply. One of the most notable projects currently under construction is the 316,000-sf build-to-suit for McKesson

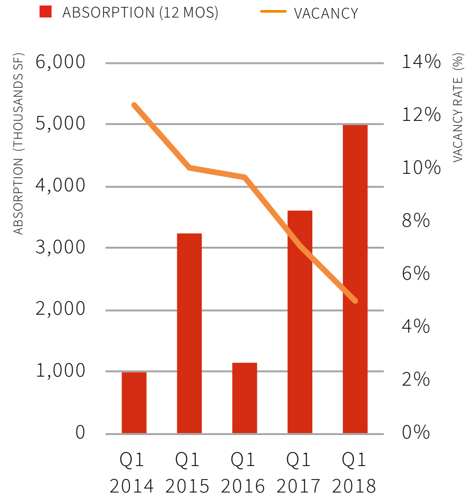
ARROWS INDICATE YEAR-OVER-YEAR CHANGE

5 MSF	**5%**	**0.9 MSF**	**$5.24 PSF**
ABSORPTION	VACANCY RATE	UNDER CONSTRUCTION	AVG. NNN RENT

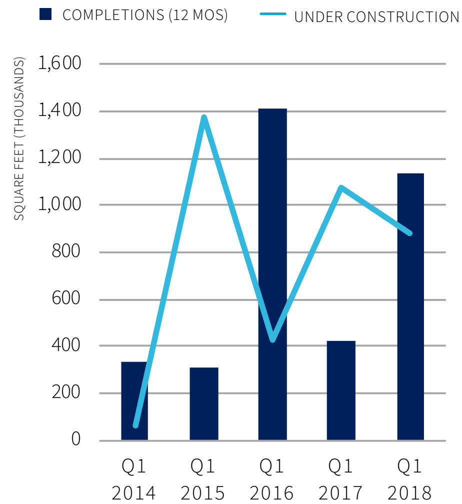
Corporation in Roseville. The 316,000-sf surgical-equipment distribution facility is expected to be delivered by summer 2018.

Due to the limited high-quality supply and strong preleasing levels, market fundamentals are expected to remain strong during 2018. Vacancy is expected to continue to tighten throughout the rest of 2018 while asking rates continue to rise. Following a national trend, e-commerce continues to drive local industrial development. The opening of Amazon's first fulfillment center in the metro area during 2017 was another optimistic sign of the health of this market.

Absorption and Vacancy



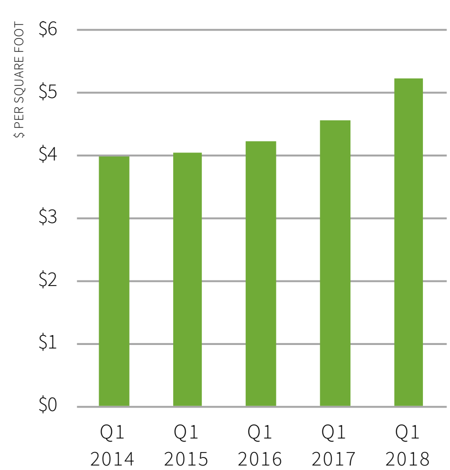
New Supply



Notable Industrial Lease Transactions by Size - First Quarter 2018

	Address / Complex	Tenant	Size Lease Type
1	3771 Channel Drive, West Sacramento	TK Classics	389,000 sf New
2	819-849 N. 10th Street	River City Boat and RV Storage	113,000 sf Renewal
3	1324 Arden Way	U-Haul	84,500 sf New
4	4700-4940 Lang Avenue, McClellan	Goodman Manufacturing	80,000 sf New
5	3900 Florin Perkins Road	River City Indoor RV and Boat Storage	66,000 sf Sublease

Avg. Asking NNN Rental Rate



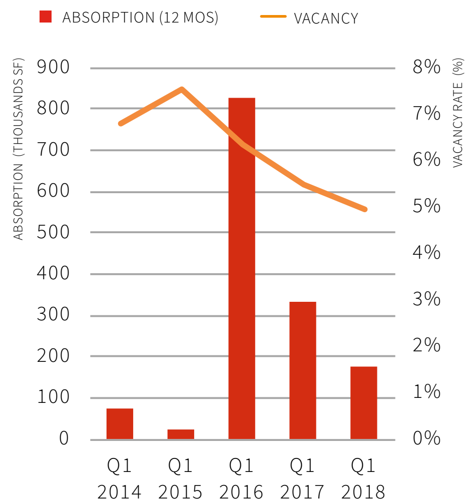
San Antonio Industrial Market

Steady population growth attracts suppliers

San Antonio's economy is expanding steadily despite modest job growth and a minor rise in unemployment in February 2018. Total jobs increased by 2.9% in the first quarter with surges in construction and mining employment. The outlook for the industrial market is positive as retail sales continue to grow and new construction picks up. Vacancy decreased 60 bps year-over-year to 4.9% at the end of the first quarter and is expected to remain tight in the short term, allowing rents to grow.

Steady population growth in San Antonio continues to attract suppliers to the market, benefiting the industrial sector. Forecasts show continued population growth. Average asking rates increased $0.29 psf year-over-year to $6.41 psf in the first quarter. The increase was spurred by continued demand for modern industrial warehouse product. Development activity is robust with projects totaling more than 950,000 sf under construction at the end of the first quarter, up from the 780,000 sf underway one year earlier.

Absorption and Vacancy

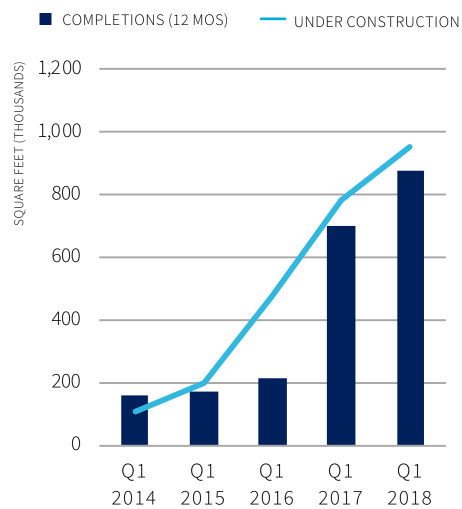


ARROWS INDICATE YEAR-OVER-YEAR CHANGE

0.2 MSF	4.9%	1 MSF	$6.41 PSF
ABSORPTION	VACANCY RATE	UNDER CONSTRUCTION	AVG. NNN RENT

San Antonio is insulated from the energy market, which has immense impact on the economy in Houston. Across the state and nation, the changing state of retail is affecting industrial markets. This trend is best reflected in the diminishing demand for big-box retail and the increased demand for last-mile distribution space. With strong employment growth, continued growth in population and retail sales, and an insulated and steady economy, San Antonio is a safe, conservative option for investors and developers.

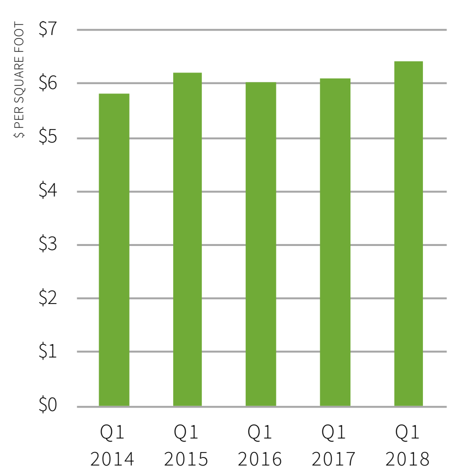
New Supply



Notable Industrial Lease Transactions by Size - First Quarter 2018

	Address / Complex	Tenant	Size Lease Type
1	1610 Cornerway Boulevard	Victory Packaging	40,800 sf New
2	4985 Eisenhower Road	Broussard Group	17,000 sf New
3	7402-7424 Reindeer Trail	MasTec North America	16,300 sf Renewal
4	5075 State Highway 123	American Colors	12,500 sf New
5	7575 U.S. Highway 87	Trailco Enterprises	6,400 sf New

Avg. Asking NNN Rental Rate



San Diego County Industrial Market

Region benefits from its proximity to Mexico

San Diego's industrial market is commanding premium rental rates while demand for limited supply encourages new development and increased sale pricing. The region's established industrial base supports the military, aerospace, precision manufacturing and advanced technology sectors. The market's long-term resilience is driven in part by its desirable geography within Southern California, which also makes it a vital hub for logistics with Mexico. The area also gains from sharing the world's busiest international land border crossing with Mexico. Local employment increased year-over-year as unemployment dropped to 3.5% in the first quarter of 2018 from 4.2% in first-quarter 2017.

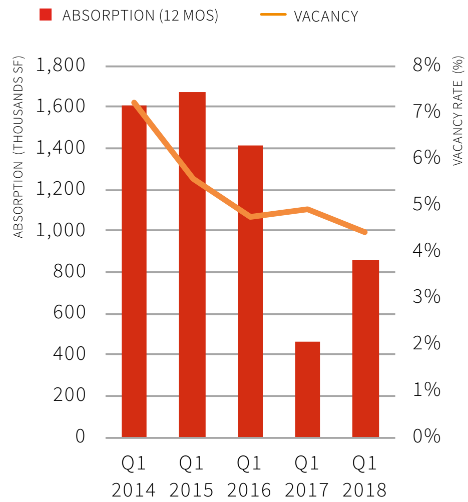
Industrial vacancy fell 50 bps year-over-year to 4.4% in the first quarter of 2018. Vacancy has remained below 5.5% for the past three years, and there was minimal construction activity during that time. As of the first quarter of 2018, construction projects have gained momentum. More than 2.1 msf of new industrial inventory was under construction in eight separate projects around the county with the bulk located in the North County and South Bay submarkets. The largest project is the Carlsbad Oaks North business park located in East Carlsbad. Three separate buildings located in Carlsbad and Oceanside completed construction during the first quarter, adding 328,500 sf of new inventory. As developers become emboldened to take on new projects where limited opportunities are available, vacancy is expected to edge upward.

ARROWS INDICATE YEAR-OVER-YEAR CHANGE

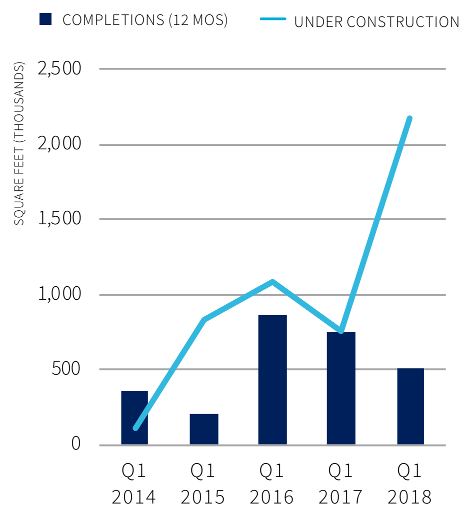
0.9 MSF	**4.4%**	**2.2 MSF**	**$11.40 PSF**
ABSORPTION	VACANCY RATE	UNDER CONSTRUCTION	AVG. NNN RENT

Total net absorption for the 12-month period ending with the first quarter of 2018 was 857,781 sf, up from 459,047 sf in first-quarter 2017. Asking rental rates averaged $11.40 psf in the first quarter of 2018, down slightly from $11.52 psf one year earlier. While rents have reached a plateau during the past two years, they are still at historic highs and are expected to remain flat as the market adjusts to the newly added inventory.

Absorption and Vacancy



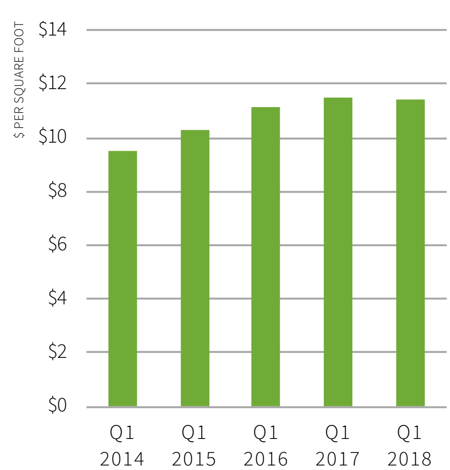
New Supply



Notable Industrial Lease Transactions by Size - First Quarter 2018

	Address / Complex	Tenant	Size Lease Type
1	2819 Loker Avenue	Acushnet Company	166,300 sf Renewal
2	16262 W. Bernardo Drive	LRAD Corp.	55,000 sf New
3	7415 Carroll Road	Arizona Tile	50,500 sf Renewal
4	2057 Aldergrove Avenue	TransPower	42,300 sf New
5	2793 Loker Avenue	Heat Factory USA	42,300 sf New

Avg. Asking NNN Rental Rate



San Francisco Industrial Market

Warehouses diminish as industrial market slims down

San Francisco's industrial market began 2018 with a slowdown in job growth; however, the sector experienced an uptick in year-over-year absorption, reaching nearly 196,000 sf in March 2018 compared with less than 29,000 sf during the prior 12-month period. As antiquated warehouses were demolished to make room for more residential and mixed-use properties, San Francisco's overall market inventory slimmed down to 19.7 msf, and ended the first quarter of 2018 with a 2.7% vacancy rate – down 60 bps year-over-year.

The submarkets contributing the most to San Francisco's industrial growth are Potrero East and the adjoining West district. These neighborhoods ended the first quarter of 2018 with vacancy rates of 1.1% and 2.2%, respectively. The SOMA submarket has also been a major contributor, ending the first quarter with vacancy of 3.1% and gaining 42,773 sf of occupancy. The average industrial asking rate increased almost 5% year-over-year, ending the first quarter at $20.02 psf, compared with $19 psf one year earlier.

With high rental rates and minimal development in a city that is only 46.87 square miles, limited inventory struggles to grow. As residential and office properties require more

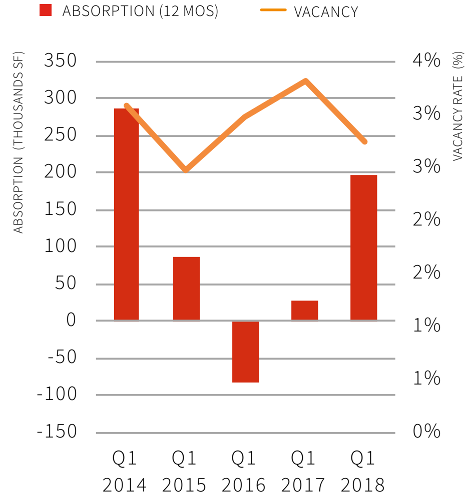
ARROWS INDICATE YEAR-OVER-YEAR CHANGE

0.2 MSF	2.7%	0 SF	$20.02 PSF
ABSORPTION	VACANCY RATE	UNDER CONSTRUCTION	AVG. NNN RENT

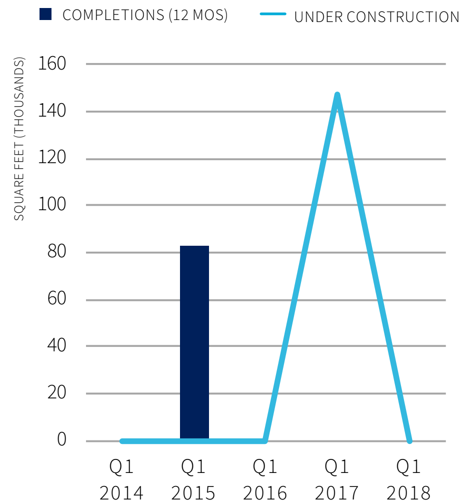
space, warehouses find it even more difficult to compete, and their niche within the market is negligible. Developers such as Spring Capital Group and SKB exemplify this trend by purchasing limited lots of industrial land in SOMA and converting them into condo developments. Consequently, more distribution tenants are looking elsewhere, such as the East Bay.

Although rental rates are still above the U.S. national average, San Francisco's warehouse market has become very localized. As business costs grow and new construction remains limited, distribution tenants will find it difficult to stay in the city.

Absorption and Vacancy



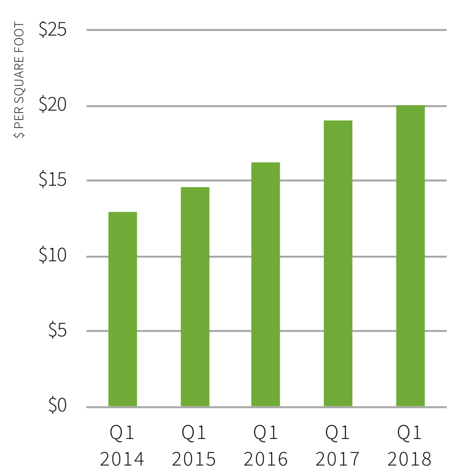
New Supply



Notable Industrial Lease Transactions by Size - First Quarter 2018

	Address / Complex	Tenant	Size Lease Type
1	2450-2460 Alameda Street	Tempo Automation	55,700 sf New
2	2050 McKinnon Avenue	SF Supply Master	16,000 sf New
3	111 Toland Street	Core & Main Fire Protection	13,500 sf New
4	721 Brannan Street	EAT Club Inc.	11,000 sf New
5	301 Toland Street	E.J. Trading Co.	8,800 sf Renewal

Avg. Asking NNN Rental Rate



San Jose/Silicon Valley Industrial Market

Asking rates rise amidst minimal available supply

The Silicon Valley industrial market recorded steady growth throughout 2017 and during the first quarter of 2018. With an industrial inventory totaling more than 168 msf, Silicon Valley recorded slightly less than 1 msf of net absorption during the 12-month period ending with the first quarter of 2018. During the last three years, Silicon Valley has posted occupancy gains totaling more than 7.8 msf.

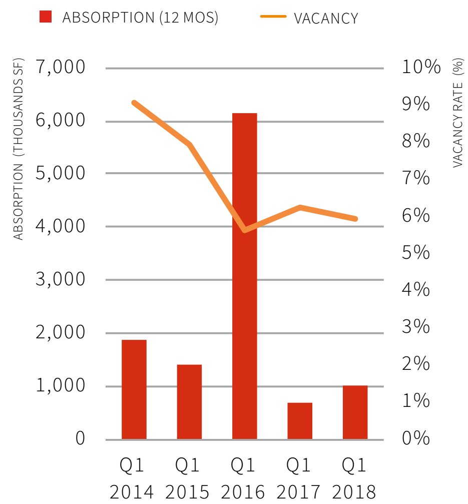
Only 10 msf of industrial space is vacant in Silicon Valley. This situation translated into a 5.9% vacancy rate at the end of the first quarter, down 30 bps year-over-year. Although tenant demand remains high, it will be difficult for the industrial sector to register large occupancy gains during the year if the amount of available space remains historically low. Vacancy has been below 6% for nearly two years. With little development in the pipeline and limited available supply in Silicon Valley, industrial tenants may begin exploring neighboring regions to satisfy their space needs. An uptick in asking rates throughout the region results from the diminishing available supply. At the end of the first quarter of 2018, the average asking rate stood at $21.72 psf NNN, up 9% from one year earlier and 19% from the first quarter of 2016.

ARROWS INDICATE YEAR-OVER-YEAR CHANGE

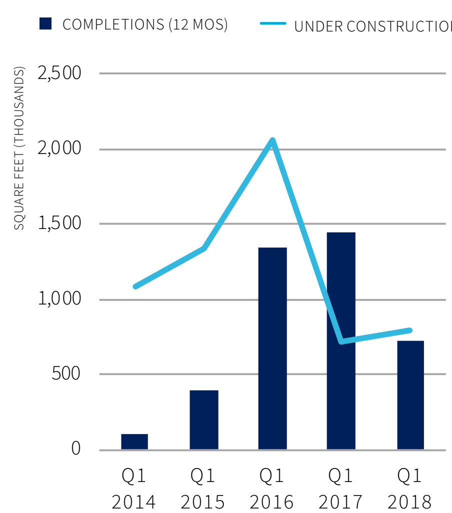
1 MSF	**5.9%**	**0.8 MSF**	**$21.72 PSF**
ABSORPTION	VACANCY RATE	UNDER CONSTRUCTION	AVG. NNN RENT

Nearly 800,000 of new industrial space was under construction at the end of first-quarter 2018 with 41% preleased. Most new construction is concentrated in buildings of 250,000 sf or less, making new inventory unlikely to attract major logistics tenants, such as e-commerce distributors. Deliveries of new inventory totaled 723,000 sf during the 12 months ending with March 2018, adding healthy supply to the market. All of this new inventory has been leased. Going forward, the Silicon Valley market will continue to see a rise in average rental rates as vacancy remains low and minimal new construction remains available.

Absorption and Vacancy



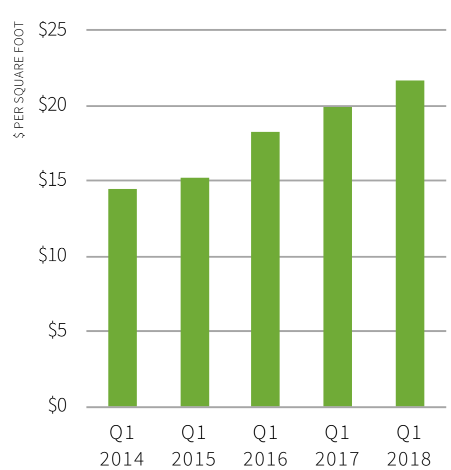
New Supply



Notable Industrial Lease Transactions by Size - First Quarter 2018

	Address / Complex	Tenant	Size Lease Type
1	1185 Campbell Avenue	CustomSpace	132,000 sf New
2	5500-5550 Hellyer Avenue	Genista Biosciences, Inc.	63,900 sf New
3	920 DeGuigne Drive, Sunnyvale	Illumio, Inc.	58,200 sf New
4	380 Pastoria Avenue, Sunnyvale	Volvo Car Technology	45,400 sf New
5	420 N. Bernardo Avenue, Mountain View	JUUL Labs	32,900 sf New

Avg. Asking NNN Rental Rate



San Mateo County Industrial Market

Vacancy registers steady declines

San Mateo County's industrial market sits between San Francisco and Silicon Valley and comprises more than 35 msf. San Mateo County continued to boast the lowest unemployment rate in California, dropping 40 bps year-over-year to 2.4% in March, while neighboring San Francisco and Santa Clara counties have the third- and fourth-lowest unemployment rates in the state, respectively.

During the 12-month period ending with the first quarter of 2018, San Mateo County recorded positive absorption of 133,035 sf. Although this figure represented a modest gain when compared with neighboring regions, it is difficult for San Mateo County to post significant gains amidst historically low levels of availability. Vacancy declined 30 bps year-over-year to 1.5% at the close of the first quarter of 2018, and has registered steady declines from 4.9% in 2014.

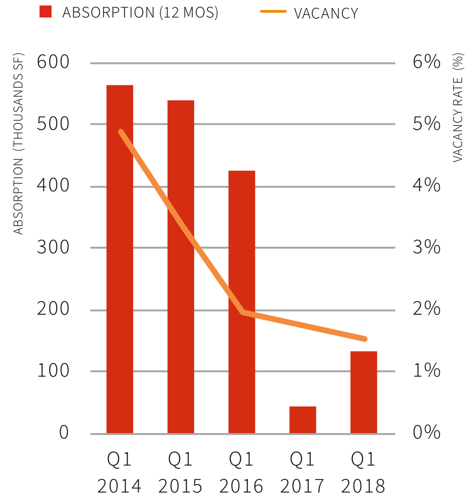
San Mateo County's nearly flat year-over-year performance is not due to a lack of demand, but rather a shortage of available quality space. The high cost of commercial land prevents developers from building any new supply to meet demand. As a result, tenants are forced to seek space in neighboring markets when they cannot fulfill their industrial requirements. New construction will continue to be a non-factor in this market for the foreseeable future. One sector in need of industrial space today is e-commerce. As same-day delivery demand grows in the densely populated region, companies such as Google and Amazon are in the market for large blocks of space so that they can easily access their customers and meet tight delivery deadlines.

With available space limited, asking rates climbed more than 19% year-over-year, ending the first quarter at $17.40 psf NNN. Rents are expected to continue to increase through the end of 2018 as the market remains very tight.

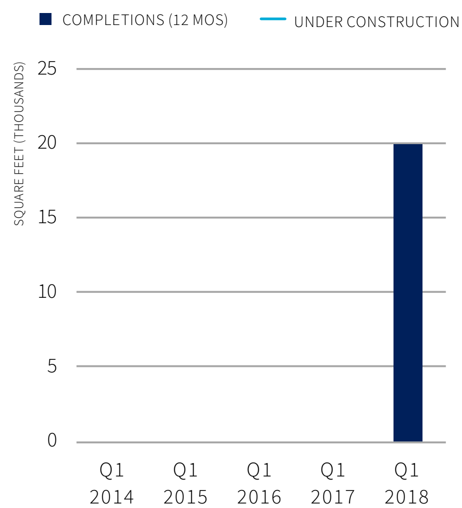
ARROWS INDICATE YEAR-OVER-YEAR CHANGE

0.1 MSF	1.5%	0 SF	$17.40 PSF
ABSORPTION	VACANCY RATE	UNDER CONSTRUCTION	AVG. NNN RENT

Absorption and Vacancy



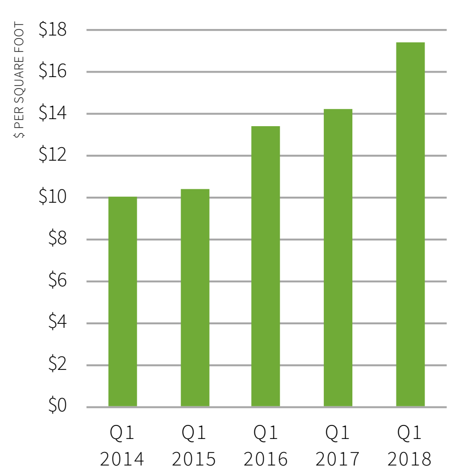
New Supply



Notable Industrial Lease Transactions by Size - First Quarter 2018

	Address / Complex	Tenant	Size Lease Type
1	99 S. Hill Drive, Brisbane	DHL Express (USA)	76,400 sf Renewal
2	125 Valley Drive, Brisbane	Pitney Bowes	50,100 sf Renewal
3	405 Victory Avenue, South San Francisco	Yusen Logistics	41,600 sf Renewal
4	240 Ryan Way, South San Francisco	Unica Party Rentals	24,000 sf New
5	985 O'Brien Drive, Menlo Park	Luminar	10,000 sf New

Avg. Asking NNN Rental Rate



St. Louis Industrial Market

Large leases demonstrate region's appeal

The St. Louis industrial market had a strong start to 2018 with two major deals occurring. World Wide Technology signed a lease for 2 msf in the Gateway Commerce Center in Edwardsville, Illinois and Amazon inked a deal in Wentzville, Missouri for 855,000 sf. As predicted, there was a reduction in construction from 2016 to 2017, but activity still proceeded at a good pace with 4.4 msf completed and 5 msf absorbed. Construction activity in 2018 will see an increase from 2017, continuing the strong recovery in the industrial market. Vacancy declined 80 bps year-over-year to 5.3% at the end of the first quarter of 2018, while rental rates increased to an average of $4.57 psf.

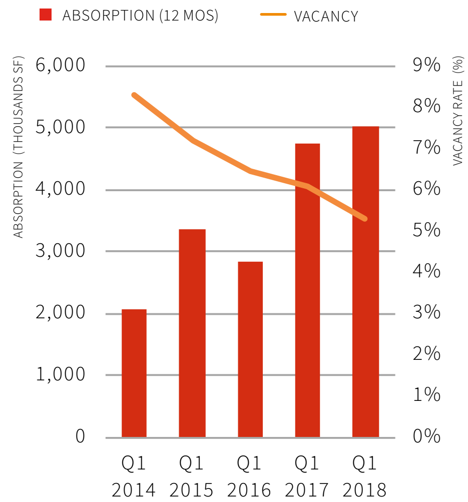
Amazon's aforementioned Wentzville lease expanded upon its occupancy of 400,000 sf in Hazelwood, Missouri in late 2017 and the 1.5 msf that it occupies in Metro East. These leases demonstrate that St. Louis as a central location attractive for logistics and distribution centers – and entice other companies to consider establishing operations in the metro market.

ARROWS INDICATE YEAR-OVER-YEAR CHANGE

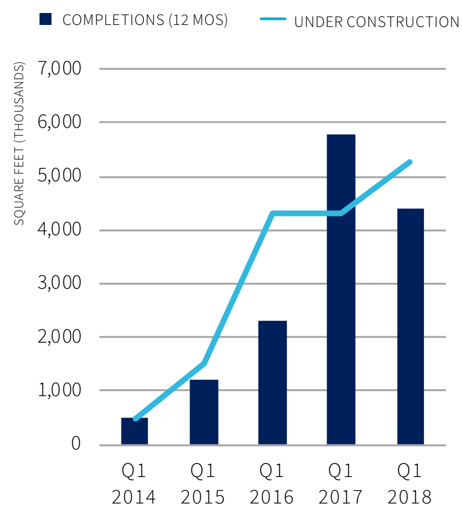
5 MSF	5.3%	5.3 MSF	$4.57 PSF
ABSORPTION	VACANCY RATE	UNDER CONSTRUCTION	AVG. NNN RENT

Developers are beginning to seek – and plan – new industrial parks as existing parks are filled. Northpoint has proposed a 300-acre park in Hazelwood with the potential to build 3 msf. Panattoni is looking at a 200-acre park in Wentzville near the General Motors assembly plant. Kansas City Southern Railroad is proposing a 1,400-acre logistics park in Jerseyville, Illinois with the potential to create 1,000 jobs. The project's estimated total cost is $500 million. Industrial development and leasing will continue to be the most active commercial real estate segment in 2018. As tenants move to new properties, existing buildings are providing attractive, less expensive alternatives for lease or purchase.

Absorption and Vacancy



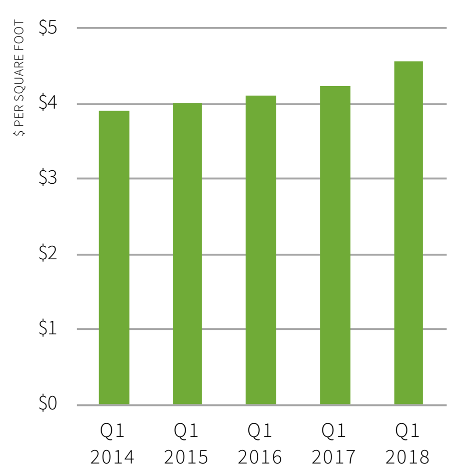
New Supply



Notable Industrial Lease Transactions by Size - First Quarter 2018

	Address / Complex	Tenant	Size Lease Type
1	Gateway Commerce Center, Edwardsville, IL	WWT	2,025,000 sf New
2	4000 Premier Parkway, St. Charles	Amazon	855,100 sf New
3	1659 Sauget Business Boulevard, Sauget, IL	Geodis	202,000 sf New
4	11911 Adie Road, Maryland Heights	WWT	157,200 sf Renewal
5	1000 Premier Parkway, St. Charles	Grove Collaborative	138,600 sf New

Avg. Asking NNN Rental Rate



Tampa Industrial Market

Persistent demand boosts speculative development

The U.S. economy remains strong, with GDP growing by 2.3% in 2017, and the current trend of GDP growth is tied for the third-longest on record. Economic fundamentals in Tampa Bay remain solid, as indicated by the sustained decline in the unemployment rate, which stood at 3.6% as of February 2018 – a marked 100-bps decrease year-over-year. Within the industrial market, healthy leasing activity is occurring, particularly in the East Side and Lakeland submarkets. The vacancy rate has held steady, rising by only 20 bps during the 12 months ending with March 2018, even as nearly 3.3 msf of new industrial space was delivered during the same period. The average asking rental rate increased 8% to $5.90 psf in the trailing 12-month period and has held steady since year-end 2017.

Overall, broad-based demand is fueling Tampa Bay's industrial market fundamentals and continues to create considerable investor appetite for newer, more functionally efficient product. The scarcity of quality industrial space has been fairly acute; and as a result, speculative and build-to-suit warehouse/distribution centers have been going up at a feverish pace, particularly on the East Side. Best Buy has begun construction on a 650,808-sf distribution center along SR 33, and Bunzl recently leased 212,900 sf of distribution space in the 301 Business Center being developed by McDonald Development Company.

ARROWS INDICATE YEAR-OVER-YEAR CHANGE

2.8 MSF ABSORPTION

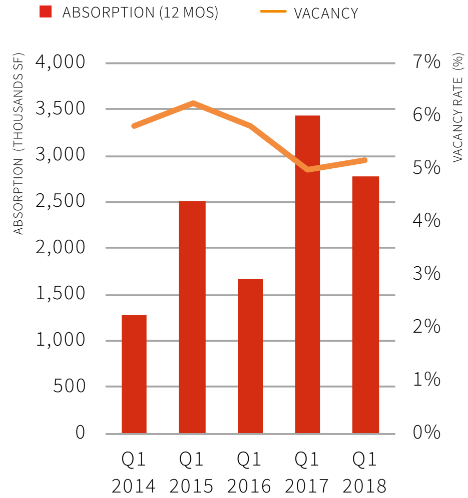
5.2% VACANCY RATE

2.4 MSF UNDER CONSTRUCTION

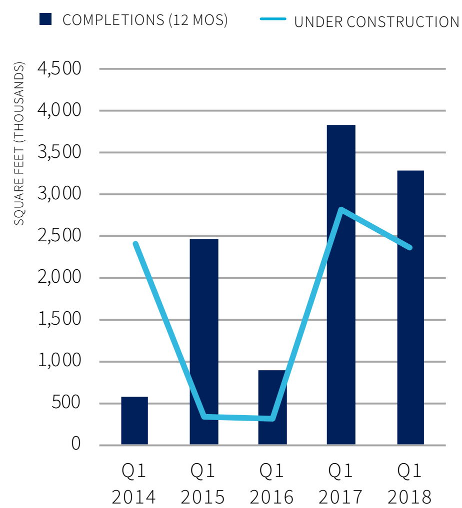
$5.90 PSF AVG. NNN RENT

The I-4 corridor remains pivotal for tenants seeking to secure an efficient distribution channel in a high-demand, high-growth area. Duke Realty Corp, McDonald Development, McCraney Property Company, Ryan Companies and Cabot Industrial all have significant speculative warehouse or bulk-distribution facilities planned or underway on the East Side and along the I-4 corridor. Sustained employment growth, a thriving e-commerce industry, healthy net absorption and robust development activity should continue to drive industrial growth and investor demand during 2018.

Absorption and Vacancy



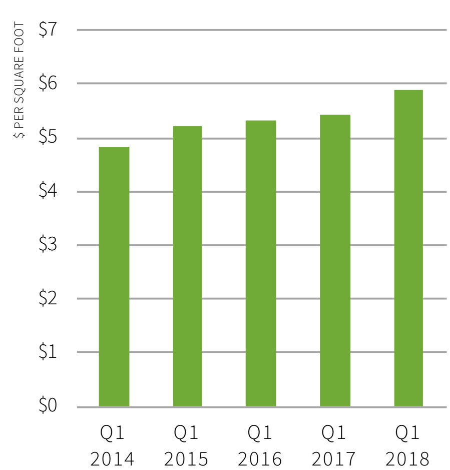
New Supply



Notable Industrial Lease Transactions by Size - First Quarter 2018

	Address / Complex	Tenant	Size Lease Type
1	2000 N. 62nd Street	National Distribution Center	191,200 sf Renewal
2	Hanna Distribution Center	Wes Flo	75,000 sf Expansion
3	First Park @ Bridgewater 2	Ta Chen International	60,000 sf New
4	Interstate Commerce Park 400	IGT	43,700 sf New
5	Tampa Distribution Center 4	Leggett & Platt	22,500 sf New

Avg. Asking NNN Rental Rate



Washington, DC Industrial Market

Land constraints and demand from Big Data support rent growth

The 195-msf Washington metropolitan industrial market expanded between first-quarter 2017 and first-quarter 2018. Net absorption in the period was 1.7 msf, albeit a significant slowdown from the previous 12-month cycle (4.2 msf). After falling significantly during the past five years, vacancy remained relatively flat in first-quarter 2018 and settled at 6.8%, a 10-bps drop year-over-year. A lack of available space limited opportunities for occupancy gains – but allowed owners to increase asking rents. The average asking rent rose sharply to $10.04 psf, up $0.46 from $9.58 psf one year earlier. Of the 1.9 msf of new supply under construction, 1.3 msf is in Northern Virginia's less constrained – but in-demand – Loudoun County. Overall new supply was 55% preleased at the end of the first quarter.

Much of the activity in the Metro Washington region was related to Big Data firms entering the market to take advantage of the low-latency connections in the Dulles Technology Corridor of Northern Virginia. Security and quality demands are leading data-center specialists to shift toward greenfield investments that provide hyperscale opportunities by purchasing large tracts

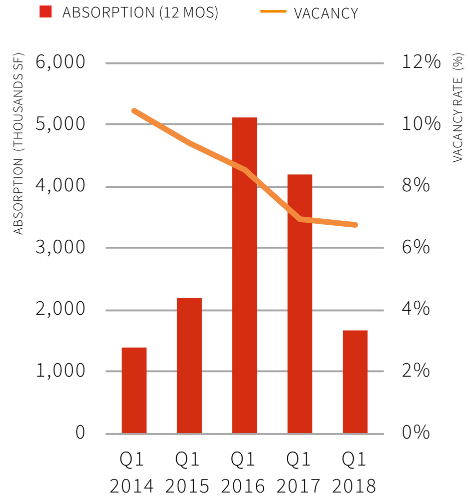
ARROWS INDICATE YEAR-OVER-YEAR CHANGE

1.7 MSF	**6.8%**	**1.9 MSF**	**$10.04 PSF**
ABSORPTION	VACANCY RATE	UNDER CONSTRUCTION	AVG. NNN RENT

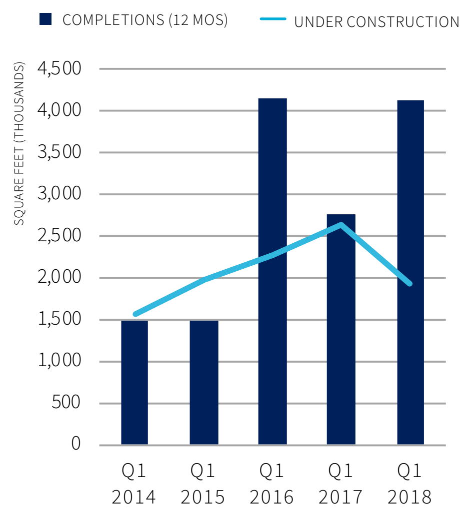
of land for multi-phase campus development. In addition to demand from the private sector, the federal government's further usage of the cloud should continue to drive market expansion. The Department of Defense recently began the bidding process for a cloud-services contract. The contract is expected to be worth billions of dollars and will go to a single bidder.

Also central to the Metro Washington industrial market, the I-95 corridor is a primary logistics route for the East Coast that spans the region and connects Washington to Baltimore. Limited availability and development constraint are the primary issues facing large-block users hoping to be close to Washington. Going forward, warehouse modernization efforts will provide landlords with opportunities to achieve maximum rent and deliver best-in-class space for industrial users.

Absorption and Vacancy



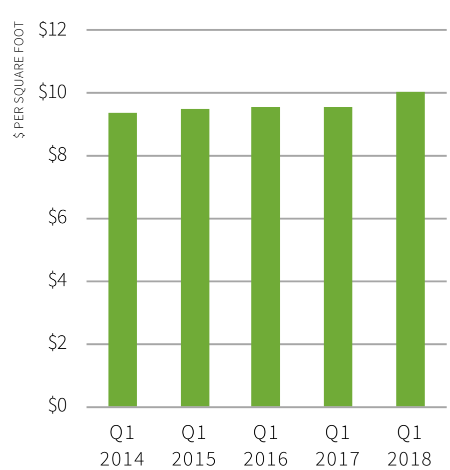
New Supply



Notable Industrial Lease Transactions by Size - First Quarter 2018

	Address / Complex	Tenant	Size Lease Type
1	4300 Georgia Pacific Boulevard, Frederick, MD	BlueLinx	580,300 sf Renewal
2	1201 Clopper Road, Gaithersburg, MD	Lentigen	147,100 sf Sublease
3	13150 Mid Atlantic Boulevard, Laurel, MD	Shepherd Electric Company	101,800 sf New
4	9610 Gunston Cove Road, Lorton, VA	FSA Logistix	54,200 sf New
5	6500-6527 Chillum Place NW, Washington, DC	United States Postal Service	40,000 sf Renewal

Avg. Asking NNN Rental Rate



West Palm Beach Industrial Market

Residential and commercial construction attracts industrial users

The West Palm Beach economy remains strong as employment continues to rise and the industrial market creates new job opportunities. As of February 2018, the local unemployment rate in Palm Beach County was 3.7% – a significant 100-bps decline from the trailing 12-month period. Additionally, employment growth persisted as the county added 12,498 jobs in the same time period. These robust economic factors have led conditions in the West Palm Beach industrial market to tighten as rental rates rise and the availability of quality space continues to decline. In addition, development activity remains sparse with just 202,413 sf under construction at the end of first-quarter 2018.

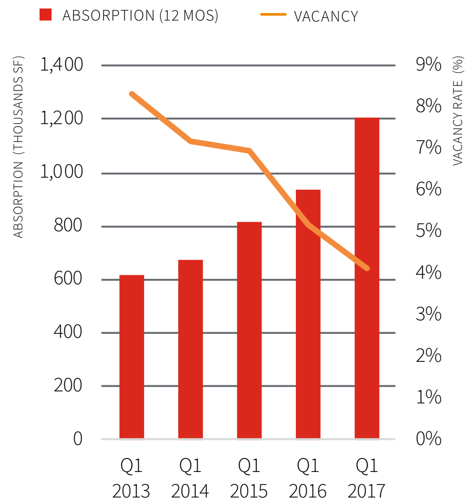
The area's economic growth, fueled in part by the Port of Palm Beach, which generates jobs and cargo business for the county, has led to a steady decline in the market's overall vacancy rate. In the first quarter of 2018, vacancy in Palm Beach County reached 3.6% – a 50-bps drop year-over-year. The county's average rental rate rose by $0.55 psf in the same period to $9.45 psf. The market has attracted diverse tenants not seeking the same amenities found in the neighboring Fort Lauderdale and Miami markets.

ARROWS INDICATE YEAR-OVER-YEAR CHANGE

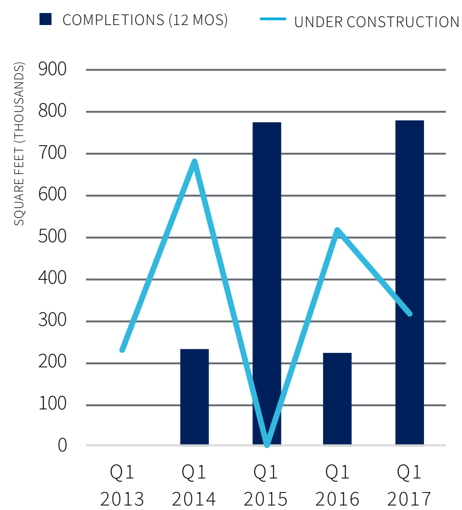
0.6 MSF	3.6%	0.2 MSF	$9.45 PSF
ABSORPTION	VACANCY RATE	UNDER CONSTRUCTION	AVG. NNN RENT

Many of the companies that have found space in Palm Beach County are located along I-95 in southern submarkets just north of Boca Raton. Additionally, many of these tenants are involved in the growing housing sector or online retail. Demand from construction-oriented tenants increased throughout 2017. These tenants included companies involved in air-conditioning, tile, marble, and lumber supplies, as well as home-automation vendors such as Somfry, and producers of voice-controlled shades, blinds and awnings for residential/commercial properties. West Palm Beach's industrial leasing market is expected to remain active for years to come.

Absorption and Vacancy



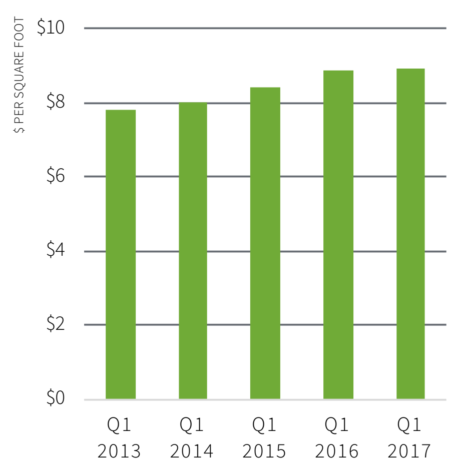
New Supply



Notable Industrial Lease Transactions by Size - First Quarter 2018

	Address / Complex	Tenant	Size Lease Type
1	1200 SW 35th Avenue	Somfry	44,400 sf New
2	Duke Realty Turnpike Crossing	Serafino	28,100 sf New
3	Quantum Park	Sun Sentinel Company	22,700 sf New
4	Duke Realty Gateway	Aim High	9,200 sf Renewal
5	Skees Road Industrial Park	Market of Palm Beach	7,600 sf Renewal

Avg. Asking NNN Rental Rate



Mexico

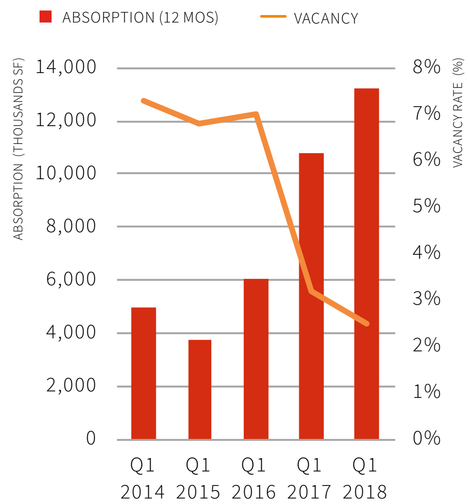
Mexico City Industrial Market

Firms' logistics needs spark strong real estate demand

The Mexico City industrial market has maintained stable growth due to a recovery in investment in the sector. Growth is expected to accelerate, pending the outcome of ongoing negotiations related to the future of the North American Free Trade Agreement (NAFTA) and the presidential election in Mexico. At the end of the first quarter of 2018, the metropolitan industrial real estate market in Mexico City was approximately 100 msf, while unemployment remained in single digits (2.5%). More than 13 msf was absorbed across the market's 10 industrial corridors during 2017 and in the first quarter of 2018. This strong demand, which continued in the first quarter of 2018, was largely due to the logistics requirements of firms seeking to deliver products quickly and efficiently to the more than 20 million consumers in this market.

The vacancy rate at the end of the first quarter of 2018 was 2.5%, which is equivalent to 2.5 msf. The submarkets with the largest amount of vacancy are Cuautitlan (894,000 sf) and Tepotzotlan (719,000 sf). Otherwise, there is no class A product available in the Naucalpan, Iztapalapa and Vallejo submarkets due to their proximity to the city and because of a greater demand for logistics centres.

Absorption and Vacancy



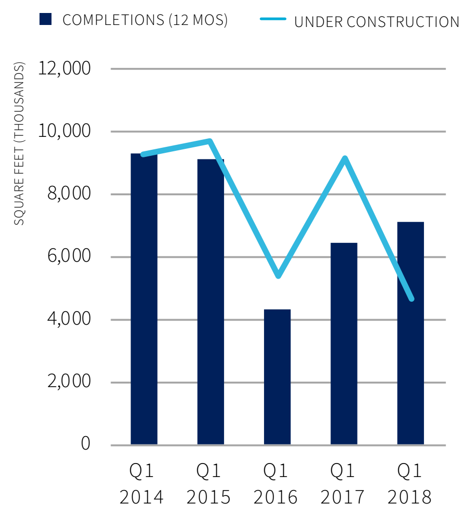
ARROWS INDICATE YEAR-OVER-YEAR CHANGE

13.3 MSF ABSORPTION | **2.5%** VACANCY RATE | **4.7 MSF** UNDER CONSTRUCTION | **US$6.23 PER SQ. M** AVG. NET RENT

The market's overall average asking rental rate declined year-over-year to US$6.23 per square metre (sq. m), with the Naucalpan, Iztapalapa and Vallejo-Azcapotzalco submarkets showing the highest prices with an average of US$7.50 per sq. m due to their proximity to Mexico City and low availability of class A warehouses. In contrast, the Huehuetoca and Toluca corridors have average prices below US$4.40 per sq. m.

More than 2 msf is expected to be added to the overall industrial inventory during 2018. The availability of industrial space will likely decline moderately, as demand is expected to increase. Rental rates will remain stable and construction activity will continue to grow steadily.

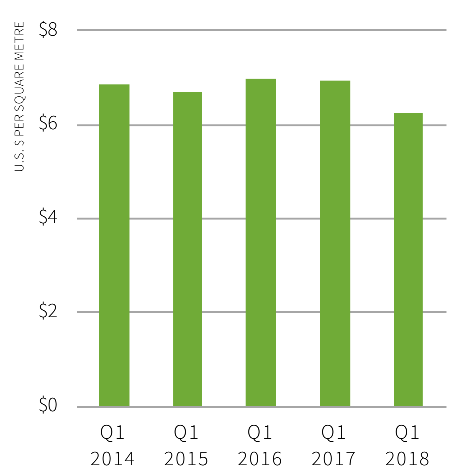
New Supply



Notable Industrial Lease Transactions by Size - First Quarter 2018

	Address / Complex	Tenant	Size Lease Type
1	Prologis Park Grande G2	Mercadolibre	1,053,200 sf New
2	O'Donnell Industrial Park, Puente México N1	DeRemate.com de México	324,100 sf Expansion
3	Prologis Park Tres Rios TR8	Amazon	221,100 sf Renewal
4	O'Donnell Industrial Park, El Sabino	Valeant	139,400 sf Renewal
5	Atizapark Industrial Park	APL Logistics Mexico	107,600 sf Expansion

Avg. Asking Net Rental Rate



United Kingdom

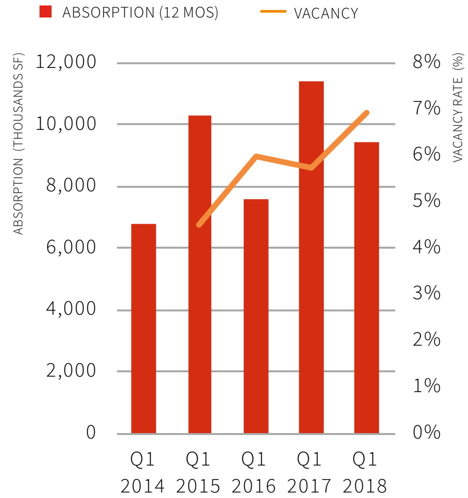
Coventry (Midlands) Industrial Market

Rents rise in several prime locations

Following record take-up of grade A spaces of more than 100,000 sf in 2016, take-up fell in 2017. A more cautious approach appeared to be taken by occupiers, in part as a result of their wish to assess the impact of the U.K.'s departure from the European Union. However, late in the year, there was an improvement in market activity that has been maintained into the first quarter of 2018. This improvement led to 4.3 msf being acquired by way of lease or purchase in the Midlands during the first quarter of 2018, representing a 118% improvement compared with first-quarter 2017.

During 2017, Amazon accounted for a single letting of 434,000 sf at Coventry's Lyons Park in the Midlands market. This letting followed the company's accounting for 15% of the total floor space leased in 2016. In 2018, Amazon is expected to be the dominant lessor of space once again. The rise of e-commerce is leading to casualties among traditional retailers, including the failure of Toys "R" Us, and concerns about the future of department store businesses House of Fraser and Debenhams alongside a number of other household names.

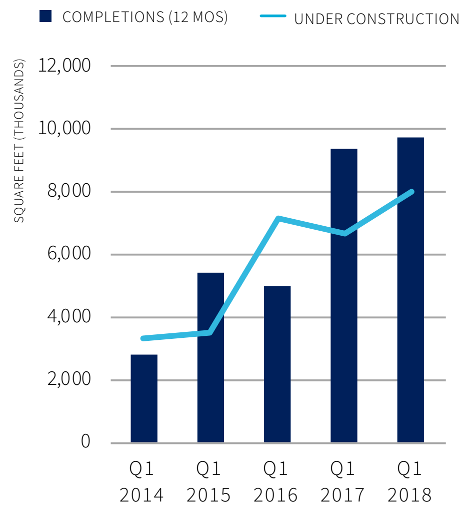
Absorption and Vacancy



ARROWS INDICATE YEAR-OVER-YEAR CHANGE

9.4 MSF	**6.9%**	**8 MSF**	**£6.19 PSF**
ABSORPTION	VACANCY RATE	UNDER CONSTRUCTION	AVG. NET RENT

New Supply



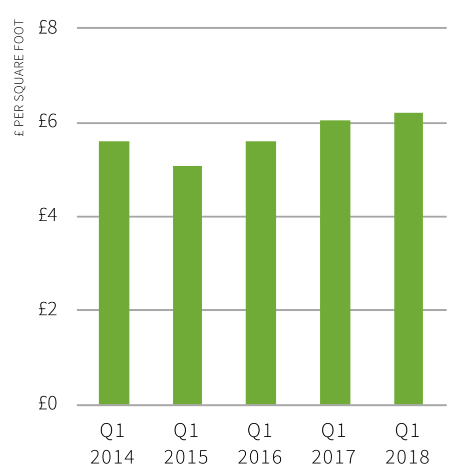
Rental growth has been seen in a number of prime locations across the region as the effects of limited supply are felt. In Northampton, one of the Midlands' most popular logistics locations, a 20-year-old warehouse was let within six weeks of it becoming vacant at £6.50 psf – a record rent for a building of its age in this location.

Developer and investor confidence is reflected in speculative development activity. Panattoni's entry into the U.K. market has led to its bidding aggressively to buy developable land, and the company intends to be on site with approximately 3 msf of large-scale development during the course of 2018.

Notable Industrial Lease Transactions by Size - First Quarter 2018

Address / Complex	Tenant	Size Lease Type
1 Midlands Logistics Park, Corby	Eddie Stobart	844,000 sf New
2 Whitley North, Coventry	JLR	664,400 sf New
3 Segro Logistics Park, Kegworth	XPO Logistics	647,000 sf New
4 Segro Logistics Park, Kegworth	Amazon	500,000 sf New
5 East Midlands Gateway, Castle Donington	UPS	478,000 sf New

Avg. Asking Net Rental Rate



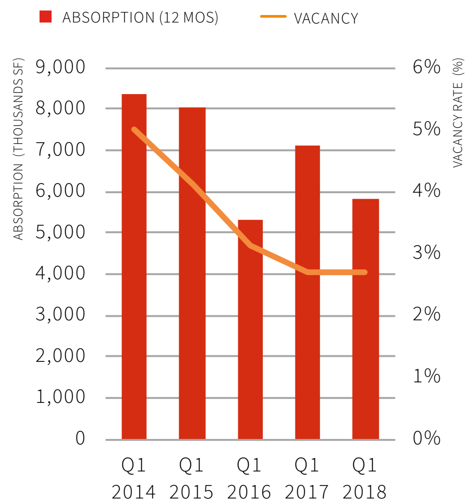
London Industrial Market

London market remains tight

London's industrial market once again registered strong rental growth in 2017. The underlying reasons remain the same – limited supply of industrial land and its loss to competing uses, particularly housing and the drive to build last-mile delivery platforms. The London Plan, a strategic plan that will shape how London evolves and develops, was published at the end of November 2017. Significantly, its policies seek to prevent further net loss of industrial floor space – a welcome recognition by the Mayor of London that industrial property is an important component of a thriving city.

Currently, locations that are well-situated to serve the West End, such as Park Royal, are particularly popular with occupiers serving the needs of restaurants and hotels. Small wholesale warehouses/trade counters serving such sectors as construction, do-it-yourself (DIY) and automotive are also an important feature of the London market with businesses paying premium rents. A number of these occupiers are prepared to take ground-floor space below residential rather than industrial space. This willingness allows them access to a greater number of prominent locations in an otherwise tight market.

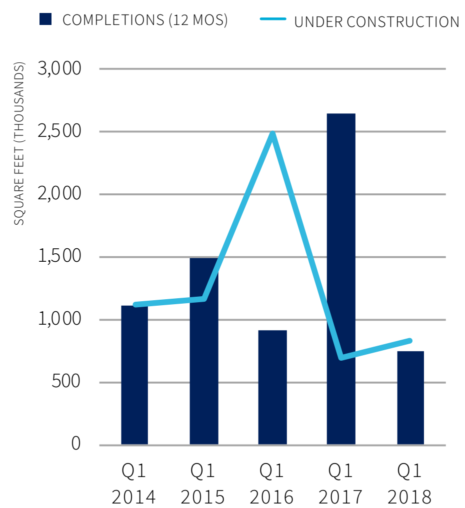
Absorption and Vacancy



ARROWS INDICATE YEAR-OVER-YEAR CHANGE

5.8 MSF	2.7%	0.8 MSF	£12.16
ABSORPTION	VACANCY RATE	UNDER CONSTRUCTION	AVG. NET RENT

New Supply



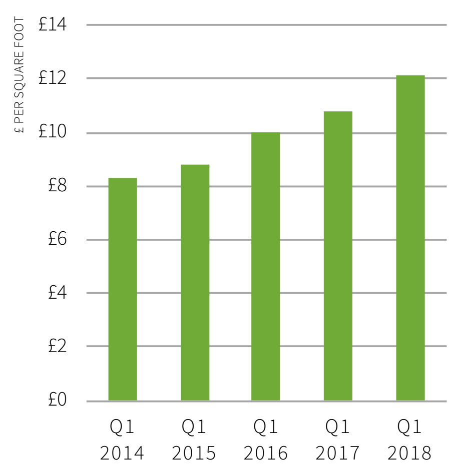
Availability of good-quality space is particularly acute in South London. In prime locations, such as Croydon, occupiers have increasing difficulty in sourcing buildings. Consequently, businesses are being forced to consider locations outside the M25, such as Crawley, leading to substantial rental growth there. High rents are prompting larger occupiers to carefully examine whether they need to be based in the London area. As a result, premium locations, such as Heathrow, are seeing slower take-up of buildings larger than 50,000 sf.

Overall, the strong rental-rate growth supported by broad-based demand is expected to be maintained in the London industrial market through 2018.

Notable Industrial Lease Transactions by Size - First Quarter 2018

Address / Complex	Tenant	Size Lease Type
1 Great West Road, Hounslow	Do & Co	172,000 sf New
2 Unit 11 Trident Way, Southall	The Classic Prop Hire Company	63,700 sf New
3 606 Central Way, Feltham	Uniserve UK	52,900 sf New
4 Chandos Road, Park Royal	Music Bank	43,000 sf New
5 Auriol Drive, Greenford	Royal Mail Group	40,000 sf New

Avg. Asking Net Rental Rate



Manchester Industrial Market

Speculative construction accelerates in response to supply gap

Speculative construction is gathering pace across the Manchester and North West markets in response to a lack of supply. With regards to large-scale modern industrial units, occupiers' requirements are increasing in terms of building size and, as a result, two buildings in excess of 350,000 sf – Logistics North in Bolton and Omega in Warrington – are confirmed for speculative build. Several other 100,000-sf-plus speculative units are also either planned or underway. This activity signals a growing confidence in the North West logistics market and developers and funders are watching closely to see how the occupier market reacts. With industrial investment yields hardening (due to a weight of money in the market and lack of readily available investment stock), funding speculative projects is an increasingly pragmatic way for institutions to acquire stock.

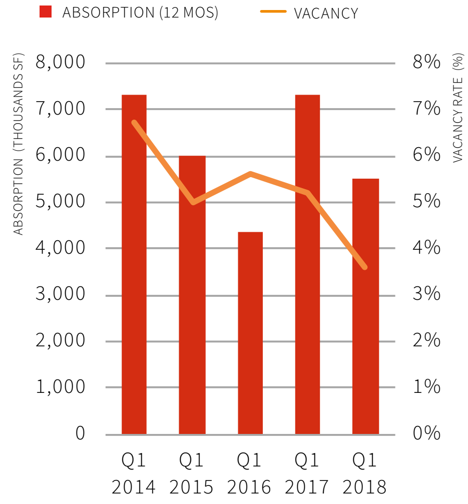
There is also strong evidence of demand outstripping supply at the smaller end of the market with a real lack of quality sub-20,000-sf units for sale or lease. This shortage is effectively pushing the region's industrial asking rents above £7.50 psf and quoted freehold prices over £100 psf. Land prices, combined with construction costs, have discouraged developers from building stock of this type, but now it seems that the pent-up demand has reached such a stage that the figures occupiers are willing to hit to secure space are making projects of this scale viable once again. If the figures mentioned above are shown to be consistently achievable, other developers will be encouraged to come forward with speculative schemes of smaller scale as margins grow to the point that makes new development worthwhile.

ARROWS INDICATE YEAR-OVER-YEAR CHANGE

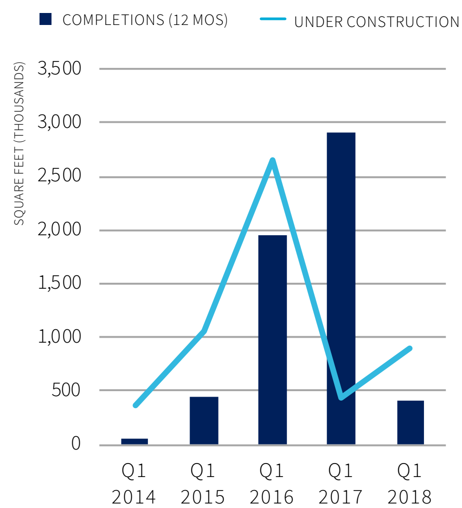
5.5 MSF	**3.6%**	**0.9 MSF**	**£4.80 PSF**
ABSORPTION	VACANCY RATE	UNDER CONSTRUCTION	AVG. NET RENT

Looking to the year ahead, confidence and, thus, further speculative development at both ends of the spectrum will be shaped by the take-up figures.

Absorption and Vacancy



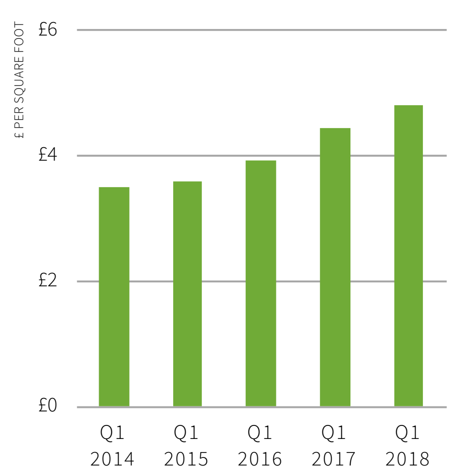
New Supply



Notable Industrial Lease Transactions by Size - First Quarter 2018

	Address / Complex	Tenant	Size Lease Type
1	Unit 5 Sunbank Lane, Altrincham	Thomas Cook	52,100 sf New
2	C4/C5 Salford Road, Bolton	Northern Building Plastics	26,500 sf New
3	Unit 3 Station Road, Bolton	Gemini Kitchens	17,300 sf New
4	1-4 Astley Park, Manchester	Excel Trade Frames	16,000 sf New
5	7-9 Woodrow Way, Manchester	First Install Ltd.	15,600 sf New

Avg. Asking Net Rental Rate



Romania

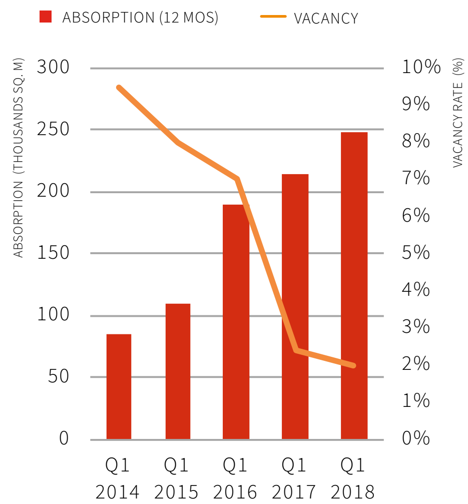
Bucharest Industrial Market

Booming logistics market fuelled by consumption increase

Demand for industrial and logistics spaces in the Bucharest market during the 12 months ending with first-quarter 2018 resulted in record absorption of more than 248,000 square metres (sq. m). This total represented half of the national volume and included the largest lease transaction of all time, a 90,000-sq.-m deal between DSV and CTP. CTP remains the most active industrial developer in Romania, followed by WDP, P3, Olympian and Logicor. All have ambitious projects planned across Romania. The majority of new developments are build-to-suit projects.

After several years of limited development in the industrial sector, strong demand during the last three years led vacancy to fall to 2% by the end of first-quarter 2018. Limited availability of new space and a slight increase in construction costs pushed the average asking rental rate upward to approximately €4.20 per sq. m per month. Bucharest's industrial inventory reached more than 1.5 million sq. m as a result of the expansion of existing industrial parks, which has been fuelled by strong demand from retail chains and logistics operators seeking distribution space.

Absorption and Vacancy

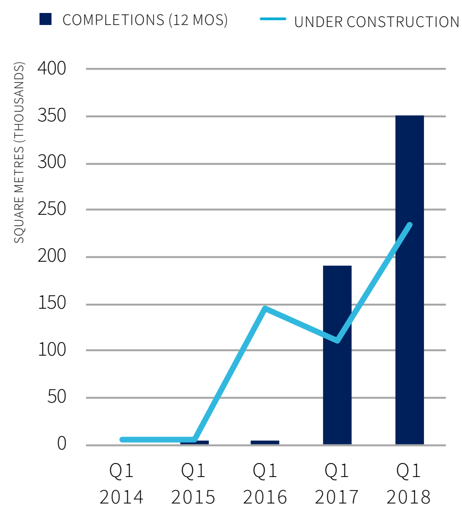


ARROWS INDICATE YEAR-OVER-YEAR CHANGE

248k SQ. M	2%	235k SQ. M	€4 PER SQ. M
ABSORPTION	VACANCY RATE	UNDER CONSTRUCTION	AVG. NET RENT

At the end of the first quarter of 2018, the outlook was positive in terms of both leasing activity and new investments thanks to strong demand from the transportation and logistics sectors. Rising employment and higher disposable income are boosting retail sales and increasing demand for logistics developments. The country's GDP is expected to grow by more than 5% in 2018 – compared with 7% in 2017. Real estate market fundamentals remain stable and high levels of leasing activity are expected to persist. As logistics hubs develop further around Romania's major cities, the industrial and manufacturing sectors are searching for new destinations across the country offering a more affordable labour force.

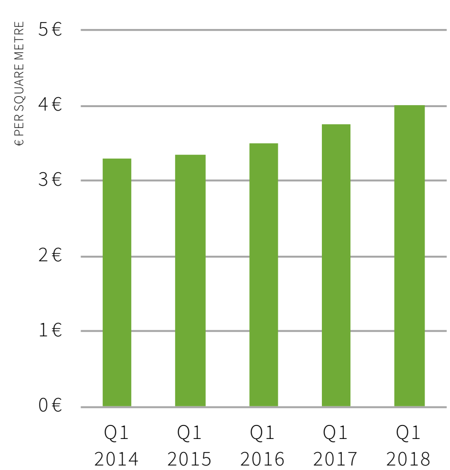
New Supply



Notable Industrial Lease Transactions by Size - First Quarter 2017

Address / Complex	Tenant	Size Lease Type
1 CTPark Bucharest West	Network One Distribution	14,000 sq. m Expansion
2 Bucharest Industrial Park	FMCG tenant	9,800 sq. m New
3 Timisoara Industrial Park	Packing company	6,700 sq. m Expansion
4 Transilvania Park Jucu	IT & data company	6,000 sq. m Expansion
5 Bucharest Industrial Park	IT & data company	2,500 sq. m New

Avg. Asking Net Rental Rate



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Headquartered in Toronto, Canada, Avison Young is a collaborative, global firm owned and operated by its principals. Founded in 1978, the company comprises 2,600 real estate professionals in 84 offices, providing value-added, client-centric investment sales, leasing, advisory, management, financing and mortgage placement services to owners and occupiers of office, retail, industrial, multi-family and hospitality properties.

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Avison Young is the world's fastest-growing commercial real estate services firm, and we continue to expand globally. The firm's rapid growth is driven by our strategy to build our geographic reach and expertise to improve the value we can offer clients. And this, of course, is being rewarded by the growing number of clients who are coming to us for help.

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- Acquisit
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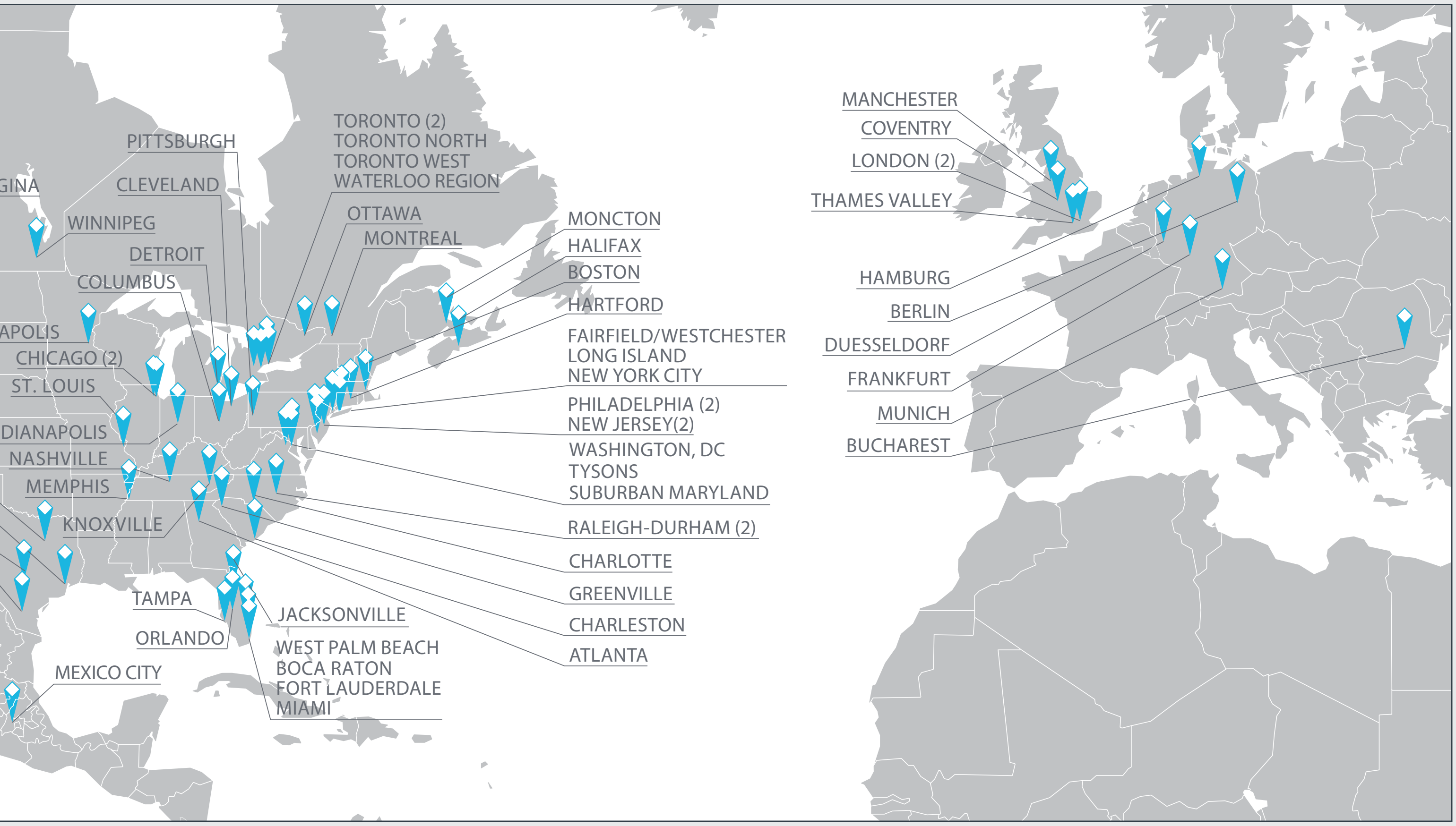

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600	84	1,100+	110 msf

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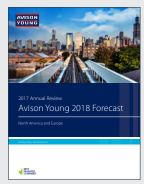
Leveraging in-depth knowledge from our broad services platform with information from internal proprietary and independent third-party data-tracking systems, our clients' real estate decisions are fully supported by best-in-class, interpreted data – true market intelligence.



Avison Young 2018 Commercial Real Estate Forecast

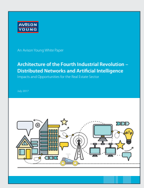
North America and Europe Annual Review and Forecast

Avison Young Commercial Real Estate Investment Review

Fall 2017 North America and Europe Investment Review

Avison Young Office Market Report

Mid-Year 2017 North America and Europe Office Market Report



Architecture of the Fourth Industrial Revolution – Distributed Networks and Artificial Intelligence

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