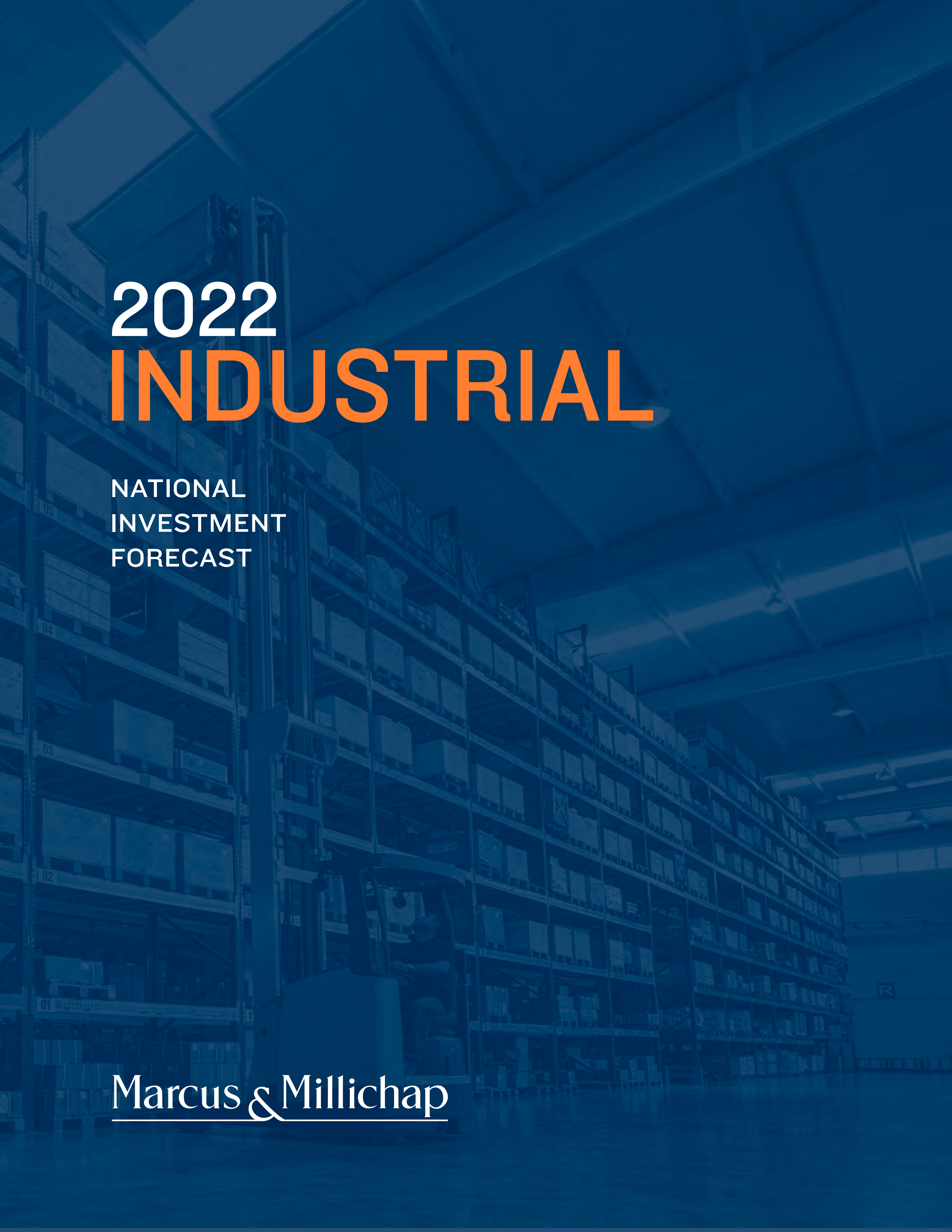


2022 INDUSTRIAL

NATIONAL
INVESTMENT
FORECAST

Marcus & Millichap

TO OUR VALUED CLIENTS

The momentum supporting industrial investment remains robust entering 2022 as numerous factors continue to align in favor of the asset class. The pandemic-driven supply chain challenges have yet to be fully resolved, reiterating companies' needs to maintain shorter supply chains and increased local inventories. Meanwhile e-commerce sales, though scaled back from the pandemic surge, have continued to trek upward along its pre-Covid-19 trajectory, reinforcing long-term industrial space demand models. Finally, geopolitical conflict and tensions will continue to drive businesses toward reshoring as much of their production capacity as possible, while pushing businesses to increase local inventories of at-risk materials.

Within the context of this backdrop, investors continue to aggressively pursue industrial assets. Record-low vacancy rates, exceptionally strong rent growth and positive long-term performance models all favor the outlook of this property type. The one challenge investors continue to face is the stiff competition for assets. Aggressive bidding by institutions and private investors alike have pressured cap rates to their tightest levels on record. The competitive landscape has forced investors to apply innovative underwriting, looking forward to future growth to support robust long-term yields. As the Fed pursues fiscal tightening this year and interest rates rise, yield spreads will tighten, potentially thinning the competitive field of buyers. This climate will favor investors with deep sources of capital who plan to use less leverage, as its improbable that cap rates will rise in alignment with interest rates, at least over the short-term.

The dynamic industrial investment climate of the coming year will undoubtedly be further complicated by unanticipated challenges given the global economic and political climate. As you calibrate your investment plans, our investment professionals stand ready to help you evaluate your options and implement your strategies.

Sincerely,

Alan Pontius

ALAN L. PONTIUS
Senior Vice President/National Director
Office & Industrial Properties Division

John Chang

JOHN CHANG
Senior Vice President/National Director
Research Services

National Perspective

Market Overviews

Client Services

Developed by Marcus & Millichap Research Services. Additional contributions were made by Marcus & Millichap investment brokerage professionals nationwide.

National Index

- Southern California markets lead in the Index as Los Angeles, Orange County and Riverside-San Bernardino claim the first, second and fifth ranks respectively. A prodigious amount of imports, which must then be distributed both locally and across the country, foster the tightest vacancy rates in the nation and robust rent growth among these three areas.
- Oakland distinguishes itself among the hard-hit Bay Area, with one of the steepest vacancy improvements this year. Moving east from California, Las Vegas and Phoenix are becoming increasingly important distribution hubs. Rising fuel costs are also underscoring the appeal of rail transport, benefiting properties in sizable Chicago.

National Economy

- Greater savings are encouraging heightened discretionary spending, driving economic growth. Retail sales have already risen over 20 percent above the pre-pandemic mark, with consumer activity set to remain high this year.
- Forward progress could be impacted this year by an ongoing shortage of labor, raw materials and other goods, which is fostering historic levels of inflation. The invasion of Ukraine is also increasing economic risks, by compounding these supply chain hurdles and raising energy prices.

National Industrial Overview

- The health crisis had a major impact on industrial tenants. The requirement to social distance led to a surge in e-commerce sales, necessitating expanded operations for greater direct-to-consumer deliveries. Intermittent closures of production facilities and ports has also fostered extreme backlogs in the global supply chain. Long lines of cargo vessels waiting to be unloaded has put pressure on major ports to expand, as well as distributors and retailers to augment their warehousing space. Some shipping has been diverted to smaller ports, boosting space demand.
- The surge in demand is producing historically strong property performance metrics. A record 520 million square feet was absorbed on a net basis in 2021, as vacancy fell to a multidecade low. A robust appetite for space will push vacancy even lower this year, despite the largest construction pipeline since at least 2000. Approximately 420 million square feet of industrial space will be delivered this year, with developers focusing on larger properties. Buildings under 100,000 square feet in size comprise only a small amount of arriving space. The difficulty in developing smaller facilities closer to population centers, paired with the avid demand for such projects, will continue to apply upward pressure on rents.

Capital Markets

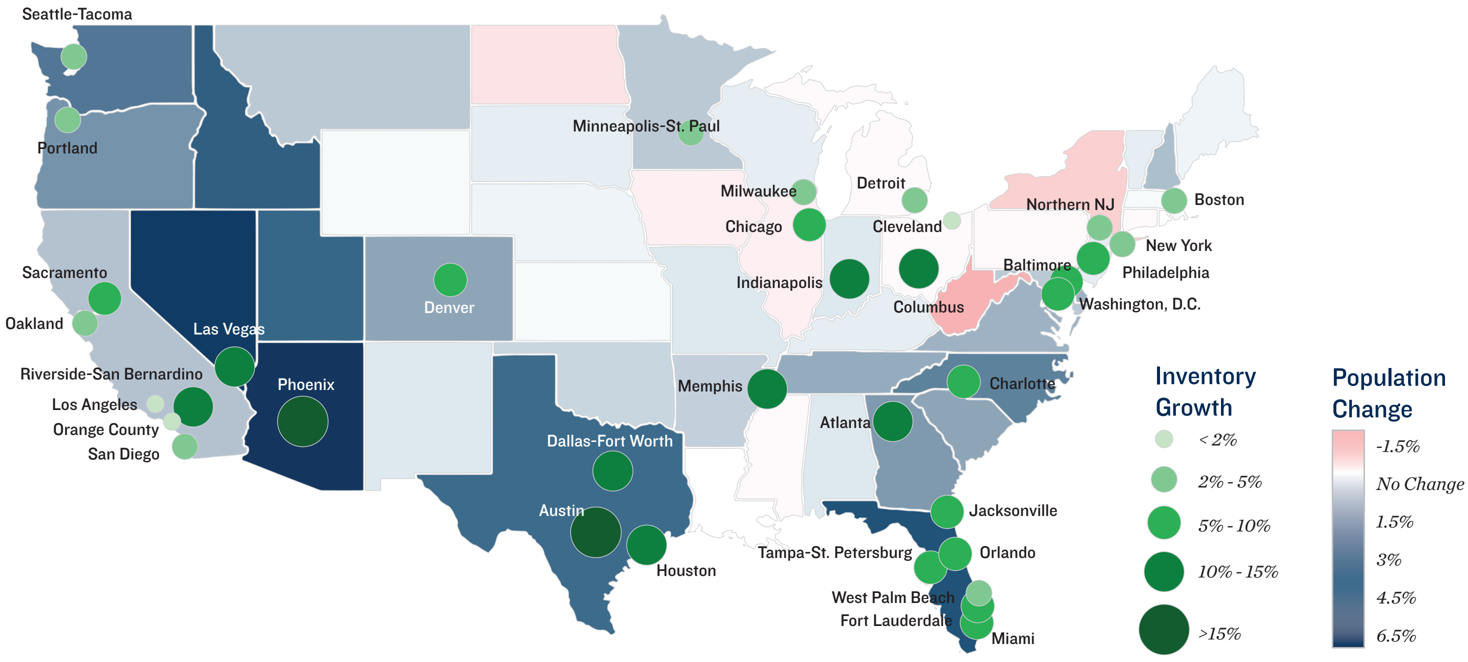
- This year the Federal Reserve faces the complex challenge of reining in historic inflation without derailing economic growth. The Fed concluded its health crisis-era quantitative easing programs in March, turning its attention to the Federal Funds rate, which will likely go through multiple rate hikes this year. The Fed may also reduce its balance sheet in a shift to quantitative tightening.
- Robust industrial property performance has positively influenced lenders, enabling high levels of capital liquidity. The composition of financiers again reflects conditions common in the years leading up to the health crisis. Lending terms are also much more favorable than at the onset of the pandemic, although the invasion of Ukraine could lead to financial market disruptions that again prompt some caution.

Industrial Investment Outlook

- Investors have taken note of the sector's benchmark-setting performance fundamentals, leading to an all-time high number of industrial assets changing hands last year. Institutional buyers with experience in other commercial properties are now entering the industrial landscape, as part of diversification strategies.
- The considerable demand for properties has driven the average sale price in the United States up by over 35 percent since 2019 to $133 per square foot entering this year. As prices climbed, cap rates have compressed. The mean yield across the country was in the mid-6 percent range as 2021 came to a close, with top-tier assets in the most sought-after locations changing hands with initial returns under 4 percent.
- Ongoing, elevated inflation is applying upward pressure to interest rates. The rising costs of capital are narrowing transaction margins, which may prompt owner-users to make new arrangements. More companies may opt to enter into a sale-leaseback now, locking in a long-term lease at more favorable terms than where lending rates are currently trending.

Growing Number of People Warrants Supply Additions

Population and Industrial Inventory Change: 2019-2022*



Top 10 Fastest Growing Markets by Industrial Inventory

Market	2019 - 2022* Inventory Growth	2019 - 2022* Population Growth	2022* Vacancy Rate	2019 - 2022* Vacancy Change	2022* Average Asking Rent	2019 - 2022* Rent Change
Austin	20.6%	6.0%	3.0%	-430	$13.25	29.1%
Phoenix	17.2%	4.4%	5.5%	-230	$8.95	20.3%
Houston	11.8%	4.0%	6.4%	-10	$7.85	16.6%
Las Vegas	11.6%	5.1%	2.5%	-300	$10.50	22.0%
Indianapolis	11.5%	2.8%	4.0%	-30	$5.80	24.5%
Dallas-Fort Worth	11.5%	4.1%	5.4%	-160	$7.35	26.7%
Columbus	11.1%	3.1%	3.5%	-180	$4.95	20.4%
Memphis	11.0%	1.3%	6.0%	-40	$3.80	17.3%
Atlanta	10.5%	3.3%	3.9%	-250	$6.06	22.2%
Riverside-San Bernardino	10.2%	2.8%	2.0%	-270	$11.40	16.7%
United States	**6.3%**	**1.4%**	**3.9%**	**-110**	**$8.93**	**21.2%**

** Forecast*

Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; Moody's Analytics; U.S. Census Bureau

Ports and Population Growth Top Index in 2022; All Metros Reporting Favorable Property Characteristics

Western port metros and Texas relocation destinations rank highly this year. Southern California markets lead in the Index as Los Angeles and Orange County claim the first and second ranks. Adjacent Riverside-San Bernardino also resides in the top five. A prodigious amount of imports, which must then be distributed across the country, foster the tightest vacancy rates in the nation and robust rent growth among these three areas. A long line of cargo containers waiting to enter the ports of Los Angeles and Long Beach have also led to more vessels traveling up to Seattle-Tacoma, contributing to strong industrial revenue growth and the metro's sixth place ranking. Other markets in the top 10 include rapidly-expanding Austin (No. 3) and Dallas-Forth Worth (No. 9), where the growing distribution needs of the population aid property performance. Similar demographic factors also position multiple Florida metros toward the leading edge of the Index, including Orlando (No. 4), Tampa-St. Petersburg (No. 7) and Miami-Dade (No. 10). The Ports of New York and New Jersey, as well as access to a broad swath of the United States population, distinguish the Northern New Jersey region in the eighth position.

Factors affecting other metros. Moving east from California, Las Vegas and Phoenix are becoming increasingly important distribution hubs for both their growing populations and the Southwest more broadly, earning the 12th and 13th spots, respectively. Few completions and strong revenue improvements, respectively for San Diego and Boston, position them just below in the 14th and 15th spots. At the midpoint, Oakland (No. 19) distinguishes itself among the hard-hit Bay Area, with one of the steepest vacancy improvements this year. Rising fuel costs are underscoring the appeal of rail transport, benefiting properties in sizable Chicago, which holds the 20th position on this year's Index. Markets lower on the rankings this year are often weighed down by still-recovering employment bases. This is the case for Midwest metros such as Detroit (No. 29), Minneapolis-St. Paul (No. 30) and Cleveland (No. 35), as well as New York at 36. Even these comparatively lower-ranked markets are nevertheless reporting falling vacancies and rising rents this year.

Index Methodology

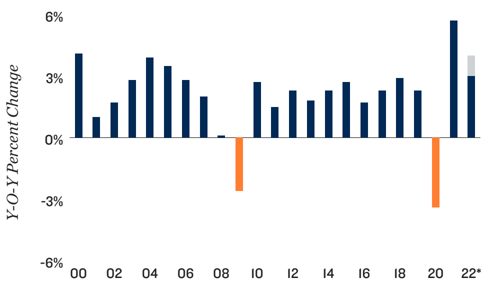
The NIPI ranks 36 major industrial markets based upon a series of 12-month, forward-looking economic and supply and demand variables. Markets are ranked based on their cumulative weighted-average scores for various indicators, including projected employment growth, vacancy level and change, construction and rents. Weighing both the forecasts and incremental change over the next year, the Index is designed to indicate relative supply and demand conditions at the market level.

Users of the Index are cautioned to be aware of several important considerations. First, the NIPI is not designed to predict the performance of individual investments. A carefully-chosen property in a bottom-ranked market could easily outperform a poor choice in a top-ranked market. Second, the NIPI is a snapshot of a one-year time horizon. A market facing difficulties in the near term may provide excellent long-term prospects and vice versa. Third, the NIPI is an ordinal index, and differences in rankings should be carefully interpreted. A top-ranked market is not necessarily twice as good as the second-ranked market, nor is it 10 times better than the 10th-ranked market.

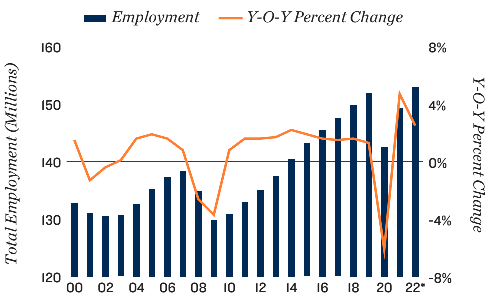
Market	Rank
Los Angeles	1
Orange County	2
Austin	3
Orlando	4
Riverside-San Bernardino	5
Seattle-Tacoma	6
Tampa	7
Northern New Jersey	8
Dallas-Fort Worth	9
Miami	10
Atlanta	11
Las Vegas	12
Phoenix	13
San Diego	14
Boston	15
Philadelphia	16
Fort Lauderdale	17
Jacksonville	18
Oakland	19
Chicago	20
Portland	21
Houston	22
Sacramento	23
Washington, D.C.	24
Indianapolis	25
Columbus	26
West Palm Beach	27
Baltimore	28
Detroit	29
Minneapolis-St. Paul	30
Charlotte	31
Denver	32
Memphis	33
Milwaukee	34
Cleveland	35
New York	36

[1] *See National Industrial Properties Index Note on page 48.*

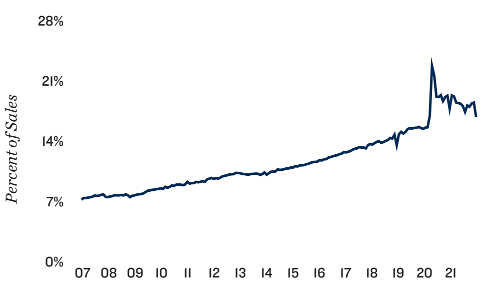
GDP Growth Trends



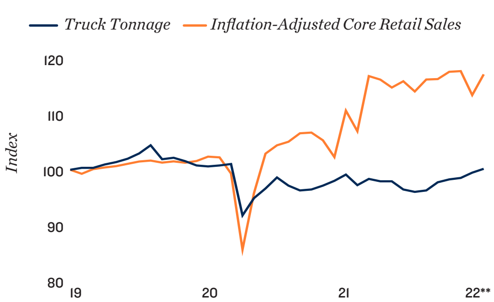
Employment Trends



e-Commerce Share of Core Retail Sales



Logistics Capacity Trailing Demand



** Forecast*

*** Through January*

Core retail sales exclude auto and gasoline sales

Economy Progressing Along Favorable Path, Even Amid Gathering Headwinds from Inflation and Labor Shortage

Amassed savings bolster outlook amid growing headwinds. After the pandemic-induced 3.4 percent drop in United States GDP during 2020 and the reopening-driven 5.7 percent recovery of 2021, the economy is set to grow by between 3 percent and 4 percent this year. Greater savings are encouraging this trend. More than $5 trillion of accumulated savings deposits and money market funds remains positioned to be spent or invested. Heightened discretionary spending has already lifted retail sales over 20 percent above the pre-pandemic mark, with consumer activity set to remain high this year; forward progress, however, could be impacted by an ongoing shortage of raw materials and other goods, which is fostering historic levels of inflation. The conflict in Eastern Europe is also increasing economic risks, by compounding these supply chain hurdles and raising energy prices. This combination adds to the already high inflation pressure and could slow economic growth, increasing the risk of stagflation occurring in the next two years.

Recovering jobs market drives competition for talent. Another challenge facing the economy this year is a labor shortage. While employers created more than 6.6 million jobs in 2021 and should add about 3.7 million positions this year, personnel needs are still not met. Whether a sector was hard hit by the health crisis and still recouping losses, or is expanding to record size, demand for qualified candidates is high. Hiring is being complicated by a pandemic-related drop in labor participation. At the onset of COVID-19, some individuals retired early or left the workforce to care for family. Some households relocated and transitioned to one income. Bringing these workers back into the fold will take time. Employee expectations of workplace flexibility have increased and some health concerns linger. Higher wages are helping to some extent, with employee compensation up over 8 percent last year, albeit, while also increasing inflationary pressure.

2022 National Economic Outlook

- **Need to maintain nation's logistics network drives robust hiring.** So far, the transportation and warehousing sector has helped lead the nation's employment recovery. Headcounts in these fields ended last year more than 9 percent above the pre-pandemic peak. A shift to more online shopping during lockdowns, which has now translated into more high-volume waves of shipments, continues to fuel an ongoing need for labor. Employers have raised pay to attract workers, in some cases drawing personnel from sectors that were slower to recover or hampered by health restrictions.
- **Infrastructure plans lift economic outlook.** Resources allocated by the Infrastructure Investment and Jobs Act will begin to be applied this year, as part of a long-term effort to improve the nation's transportation and information pathways. Repairs and enhancements to roadways, bridges and airports, as well as expanding access to the Internet and vital necessities, will remove barriers to economic growth and may entice new private investment to previously under-considered areas.
- **Demographic-driven relocations influencing future logistics needs.** The pandemic accelerated an ongoing migration trend that favors markets in the Southeast, Southwest and Rocky Mountain states. The lifestyles of millennials are changing as they age, placing an added emphasis on less dense living situations. Older households are also moving to some of these areas in search of more temperate climates and lower tax burdens. These population shifts are having a notable impact on the logistics and distribution industries, especially as direct-to-consumer retail continues to grow.

Modern Consumption Trends Underpin Industrial Facilities as an Increasingly Essential Property Type

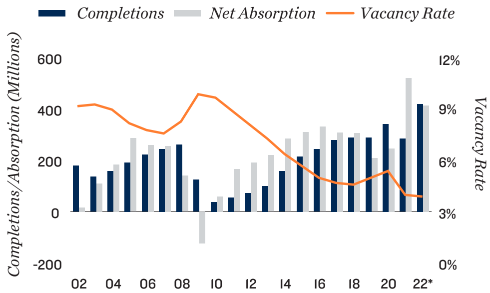
Pandemic-accelerated distribution and warehouse needs still growing. The health crisis had a major impact on industrial tenants. The requirement to social distance led to a surge in e-commerce sales relative to in-store shopping, necessitating expanded operations for greater direct-to-consumer deliveries. Demand increased for both large distribution centers that could serve whole regions, as well as smaller infill locations closer to where consumers live to facilitate rapid delivery. While online shopping as a percent of core retail sales has returned to the pre-pandemic trendline, overall consumer spending is much higher, translating into overall larger volumes of goods being distributed. By causing the intermittent closure of production facilities and ports, the health crisis has also fostered extreme backlogs in the global supply chain that are still being unwound. Long lines of cargo vessels waiting to be unloaded at major ports have put pressure on these facilities to expand, as well as distributors and retailers to augment their warehousing space at both ports and intermodal connections. Some shipping has been diverted to smaller ports, where the new trade is likewise boosting space demand. While delays in the transport of goods across the globe is declining, warehousing needs are likely to stay high as businesses shore up safety stocks to avoid future inventory shortages.

Record development not able to exceed hearty tenant demand. The shift in industrial space needs, propagated by COVID-19, has had a profound impact on property fundamentals. A record 520 million square feet was absorbed on a net basis in 2021, fostering an equally noteworthy level of rent growth as vacancy fell to a multidecade low. A robust appetite for space will push vacancy even lower this year, despite the largest construction pipeline since at least 2000. Approximately 420 million square feet of industrial space will be delivered this year, expanding the nation's inventory by 2.4 percent. About half of the space opening this year is contained in footprints larger than 500,000 square feet, catering to large-scale distribution, warehousing and manufacturing operations. Properties under 100,000 square feet in size comprise less than 10 percent of arriving space. The difficulty in developing smaller facilities closer to population centers, paired with the avid demand for such projects, will continue to apply upward pressure on rents. Asking rates across the sector are poised to grow this year by the third fastest rate since at least 2001.

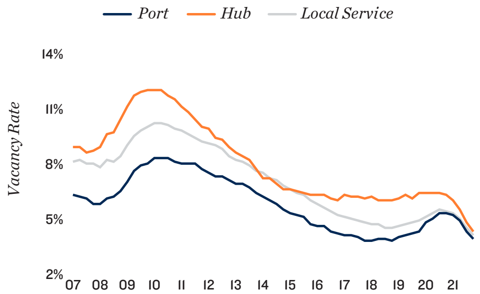
2022 National Industrial Outlook

- **Mismatch between production and transport capacity continues.** Production output, at least within the United States, has returned to levels recorded before the health crisis; the amount of tonnage being transported by truck, however, continues to lag. A shortage of drivers is constraining the ability to transport goods across the country. If this dynamic persists, it may solidify businesses' plans to shore up inventories.
- **Airports gain even more logistical prominence.** An expectation of rapid delivery, established pre-pandemic, has collided with prodigious backlogs at major cargo terminals. In order to transport some goods more quickly, companies have turned to airfreight. The volume of cargo transported by air has increased throughout the health crisis, underscoring demand for distribution and warehouse space at inland airport hubs.
- **Advanced manufacturing driving new space needs.** The recent supply chain disruptions may prompt more firms to bring their production processes closer to home in the years to come. Advanced manufacturing is already making a prominent return to the U.S. in the form of new semiconductor plants situated across the country, as well as electric vehicle production. The numerous support businesses will fill space nearby.

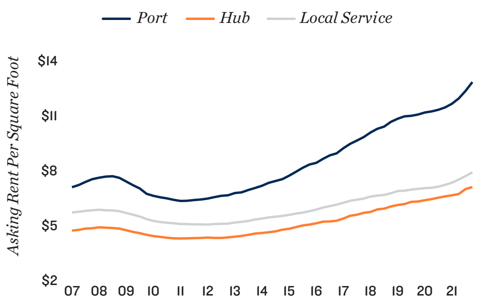
Supply and Demand



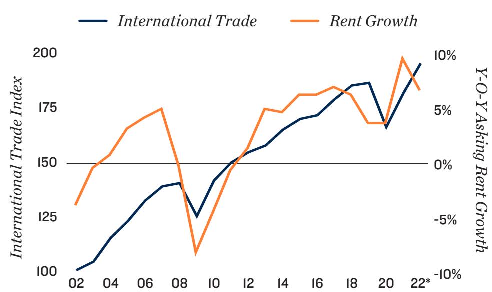
Vacancy Rate by Market Type



Rent Trends by Market Type

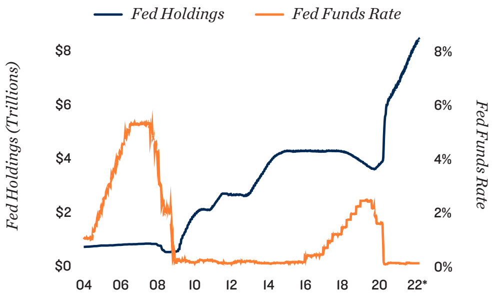


International Trade Reaches New High

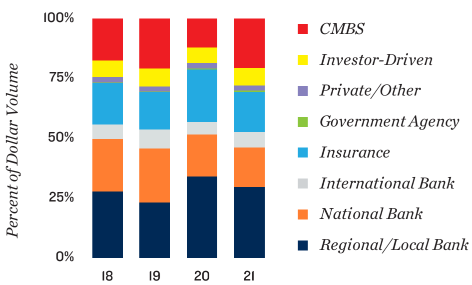


* Forecast

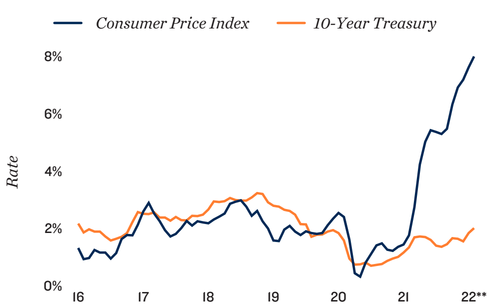
Accommodative Monetary Policy



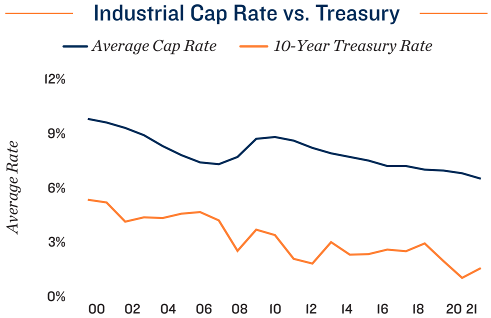
Industrial Lender Composition



Inflation Could Pressure Interest Rates



Industrial Cap Rate vs. Treasury



* As of March 2

** Through February

Federal Reserve Tightening Policy Amid Inflation; Capital Liquidity for Industrial Sales Extremely High

Fed walks tightrope in 2022. This year the Federal Reserve faces the complex challenge of reining in historic inflation without derailing economic growth. The pandemic-induced recession in 2020 and subsequent increases in the money supply set the stage for ample inflation to follow. The Fed anticipated this to a certain extent and adjusted their targets to allow for a period of elevated price increases; these expectations, however, were overwhelmingly surpassed last year, prompting a reversal in the central bank's accommodative monetary policy. The Fed concluded its health crisis-era quantitative easing programs in March, turning its attention to the Federal Funds rate, which will likely go through multiple rate hikes this year. The Federal Open Market Committee (FOMC) may also reduce some of the Fed's balance sheet in a quantitative tightening process; outside factors could delay or change the FOMC's plans, however, including a deteriorating labor market or the worsening of the health crisis. Ongoing conflict between Russia and Ukraine may also require changes to monetary policy.

Capital readily available for industrial assets from a variety of providers. The robust performance of industrial properties over the past two years has had as much of a positive effect on lenders as on investors. Capital liquidity is high, with the composition of financiers reflecting conditions in the years leading up to the health crisis. National, regional and local banks continue to be the most common providers of capital for industrial investment sales, representing about 45 percent of dollars lent. The CMBS market has also come roaring back from a slow 2020, focused predominantly on portfolio-level transactions. Life insurance companies and investor-driven groups are active in the sector as well. Ample demand for the asset class is translating into regular new capital formation. Across lenders, terms are much more favorable than during the early stages of the health crisis when uncertainty was at its peak. Loan-to-value (LTV) ratios last year were tightest on average for CMBS capital, under 60 percent, which is a reflection of the larger deal size. LTVs from insurance providers were almost as tight, with a low-60 percent average associated with international and national banks. Higher LTVs were available from local and regional banks, at an average just above 67 percent.

2022 Capital Markets Outlook

- **Capital also available for industrial development.** In contrast to some other, more buffeted property types, interest for industrial construction lending is high. Banks are the leading financiers for industrial construction loans, representing more than 60 percent of the capital market last year. Favorable rent-growth prospects in the sector have also attracted nontraditional lenders, including investor-driven funds, to construction financing, especially for properties connected to the e-commerce process.
- **Russia's actions pose risks to Fed policy.** Events in Eastern Europe could interfere with the Fed's ability to raise interest rates this year. A shift to bonds as part of a defensive investment strategy could weigh on long-term interest rates, limiting the margin by which the Fed could raise short-term rates without inverting the yield curve. As an added complication, the Russia-Ukraine conflict also increases inflationary pressures.
- **Potential currency headwinds could affect industrial properties.** If the Fed is limited in its ability to fight inflation this year, or the federal government has to engage in new stimulus, the value of the dollar could slide. This could potentially negatively impact import volumes, as the cost of foreign goods increases. As much of the U.S. supply chain is geared toward imports, this scenario could affect some property fundamentals.

Property Performance Setting Records, Facilitating Similar Landmarks in the Investment Sales Landscape

Robust investment demand driving cap rate compression in industrial assets. Investors have taken note of the sector's benchmark-setting performance fundamentals, leading to an all-time high number of industrial assets changing hands last year. After a 12 percent drop in 2020, sales velocity surged over 40 percent in 2021, surpassing the previous peak by about 20 percent. Investors new to the property type are contributing to the added volume. Institutional buyers with experience in other commercial properties, spanning multifamily, office, retail and others, are now entering the industrial landscape, as part of diversification strategies. The considerable demand for properties has driven the average sale price in the United States up by over 35 percent since 2019 to $133 per square foot entering this year. As prices climbed, cap rates have compressed. The mean yield across the country was in the mid-6 percent range as 2021 came to a close, with top-tier assets in the most sought-after locations changing hands with initial returns under 4 percent. Rapid increases in rents are helping to offset contracting cap rates, as are accommodating terms from lenders who view the property type favorably. Despite this, the prospect of rising interest rates, prompted by the current high inflation environment, could constrain the yield compression characteristics of the past year.

Assets higher on the price scale or in tertiary cities garnering additional attention. The economic shifts benefiting industrial tenants are likewise facilitating demand from larger scale industrial investors. The sales recovery since the onset of COVID-19 has been most pronounced for assets priced over $10 million. Trading velocity for such assets climbed about twice as fast as the rise in deals for properties in the $1 million to $10 million tranche. Competition for assets in the country's largest markets, as well as ongoing demographic trends, has driven more investment into smaller markets. The share of transactions completed in tertiary metros has increased by 4 percent since 2019, drawing some activity away from primary markets as secondary cities remain consistent. As the overall number of deals is increasing, most major U.S. metros are reporting more sales than they did before the pandemic, regardless of size classification.

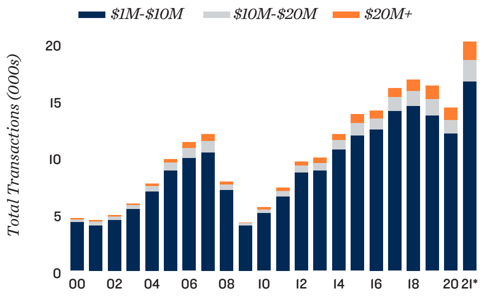
2022 Investment Outlook

- **Advancing interest rates shed new light on sale-leasebacks.** Ongoing, elevated inflation is applying upward pressure to interest rates. The rising costs of capital, paired with falling cap rates, are narrowing the margins of transactions for the most sought-after properties. This may prompt owner-users to make new arrangements. More companies may opt to enter into a sale-leaseback now, locking in a long-term lease at more favorable terms than where lending rates are currently trending.

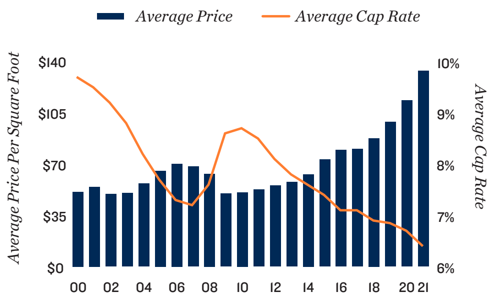
- **Copper could become less available for construction projects.** Conflict in Eastern Europe affects the distribution of various commodities across the globe, including copper. Russia produced about 4 percent of the world's supply of copper in 2021. While Europe and Asia are the nation's main export destinations, a disruption to copper output could add to the other headwinds affecting the U.S. construction sector this year, emphasizing the value of existing properties for investors.

- **Land zoned for ground storage gains prominence.** Expanding commercial storage needs, fueled by the shift among retailers to keep substantially more than 14 days worth of inventory on hand, is driving investment demand for land zoned for outdoor storage. The ability to depreciate capital improvements made to land more quickly than to a building may appeal to investors with certain tax objectives.

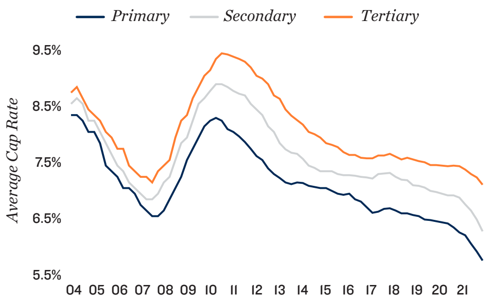
Industrial Transaction Activity



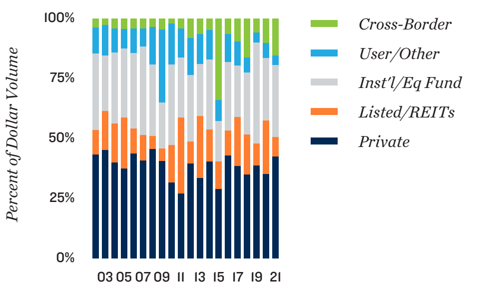
Sale Price vs. Cap Rate Trends



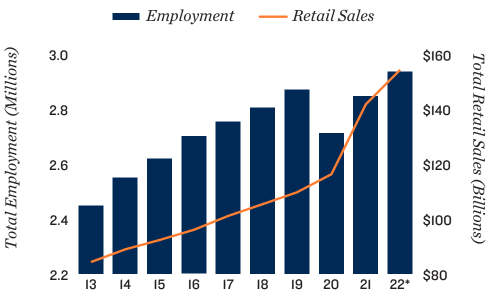
Industrial Cap Rates by Market Type



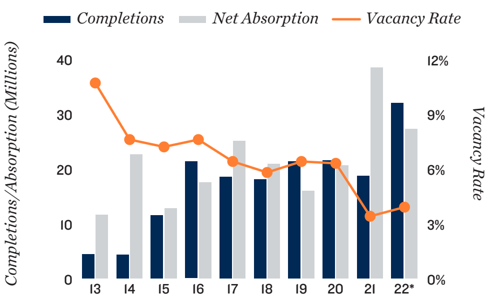
Industrial Buyer Composition



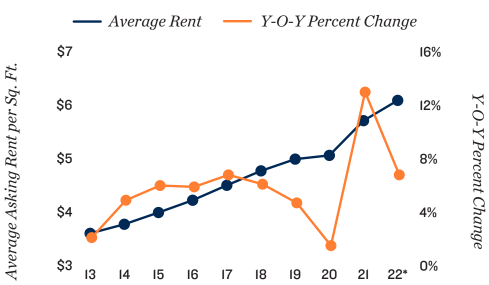
Economic Trends



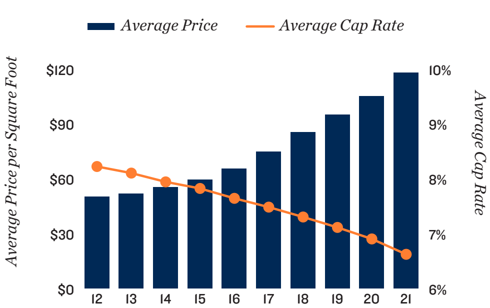
Supply and Demand



Rent Trends



Sales Trends



** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

Greater Flow of Goods Drawing Investment Capital; Conditions Continue to Be Healthy

Increasing port traffic underscores sturdy fundamentals. Atlanta remains one of the nation's most coveted metros by developers, as a combination of strong tenant demand and relatively affordable land allow more speculative projects to pencil out. This year, inventory growth will outpace leasing activity for the first time since 2020, causing vacancy to reverse course. Nonetheless, the rate will remain sufficiently low to enable strong rent growth for a second consecutive year. The addition of new speculative space, which accounts for more than 20 million square feet currently underway, will also support the rise in marketed rents. A supply overhang is not expected to last for an extended period, however, as this year is projected to represent the second-largest increase in net absorption on record, trailing only 2021. Container traffic from the Port of Savannah, which handled a record 5.5 million TEUs last year, is among the factors elevating users' space needs.

Outside capital flows into Atlanta industrial market. Buyers increased their positions last year, though deal flow averaged over 2020 and 2021 was relatively in line with the pace set during the prior two years. Similar or better performance could occur in 2022. The attractiveness of last-mile facilities should rise, after the number of light distribution centers that changed hands more than doubled in 2021. Investors are also searching for larger assets in the distribution and warehouse sectors as risk aversion declines. That trend could ease later this year as several forces begin to weigh on buyer considerations. Namely, the pace that new speculative space is absorbed and rising interest rates will increasingly inject themselves into underwriting. While most of the smaller buyers are local, institutional and exchange capital will arrive from California and New York, where the pace of an overall economic recovery is less clear.

2022 Market Forecast

NIPI Rank	11	Several periods of improving fundamentals since the onset of COVID-19 push Atlanta up to 11th place in 2022's rankings.
Employment up 3.1%		Following the creation of 135,200 positions during 2021, employers are scheduled to add 89,000 spots this year.
Construction 32 million sq. ft.		Inventory soars 4.4 percent, as a high volume of speculative space outpaces demand. Last year, developers completed roughly 18.8 million square feet.
Vacancy up 50 bps		The increase in newly constructed available space will push vacancy up to 3.9 percent. Strong leasing activity supported a 290-basis-point decline in 2021.
Rent up 6.7%		Gains in the average marketed rent will remain strong again this year, climbing to $6.06 per square foot and building on last year's 12.9 percent jump.
Investment		Some investors may pursue older assets in core areas, in search of redevelopment plays.

Nation-Leading Growth Driving Demand Surge; Wider Array of Investors Look to Grow Austin Footprints

Record-breaking fundamentals highlight newfound industrial prominence. Austin reports the fastest level of population growth of major American metros, and it is also home to the highest household incomes in the state. The economic expansion has led to a rapid need for additional industrial space, as the metro has just a tenth of the inventory of Dallas-Fort Worth. Both large-scale distribution and smaller, last-mile facilities are readily leased. Austin enters this year following a staggering 350-basis-point drop in vacancy in 2021 to the lowest rate since at least 2000. Tight market conditions throughout Austin warrant the record supply wave that will occur this year. However, demand will keep pace with development, promoting further vacancy compression and the 10th consecutive year of annual rent growth in 2022. The majority of new space entering the market this year are 700,000-plus-square-foot, built-to-suit properties, headlined by upcoming projects from Amazon, Tesla and Applied Logistics.

Austin's industrial assets see rising visibility. Nation-leading demographic trends led investors to greatly increase their acquisitions in the metro. Trading in 2021 was well ahead of 2019 and 2020 levels, even as a small supply of listings limited transaction activity. A rise in national and foreign investment following notable business entrants, such as Tesla, has driven this climb. Northern and northeastern submarkets are heavily targeted, as both record vacancy rates in the mid-3 percent zones, and reported rent growth of more than 10 percent entering this year. South Austin also recorded a rise in activity, driven by a space premium, with asking rents surging ahead of the market average by more than $7 per square foot. While volume is inhibited by a lack of listings, smaller properties capable of last-mile operations in the core and Central Austin have traded quickly.

2022 Market Forecast

NIPI Rank 3 — Surging absorption and strong rent growth result in Austin securing the third place in this year's NIPI.

Employment up 5.0% — After crossing pre-pandemic employment levels in 2021, companies in Austin will add 59,000 more jobs this year.

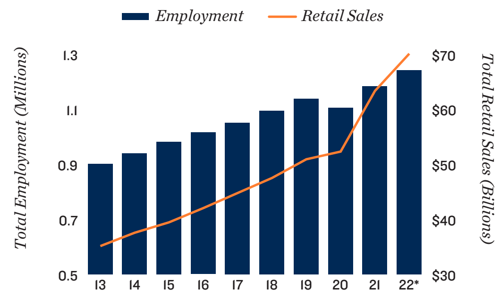
Construction 9.3 million sq. ft. — Developers are slated to finish 9.3 million square feet in 2022. This level of construction is more new space than builders completed in the prior three years combined.

Vacancy down 30 bps — Net absorption remains significantly elevated in 2022 as it crosses 9 million square feet for the first time on record. This demand surge will aid in trimming vacancy to just 3.0 percent.

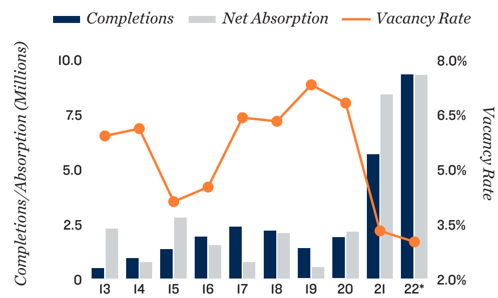
Rent up 9.0% — The metro's average asking rent climbs at a steep pace for a second straight year, reaching $13.25 per square foot. This puts the two-year growth rate above 24 percent.

Investment — Investors and firms are likely to frequently target East Austin, along Highway 130, as Tesla's upcoming Gigafactory Texas will foster additional demand in the area from supplemental firms.

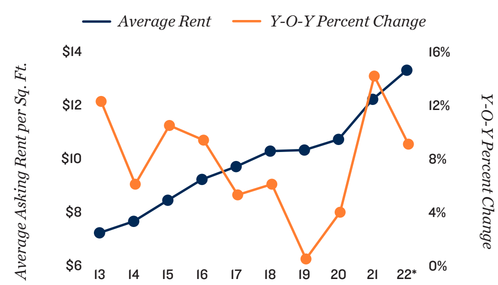
Economic Trends



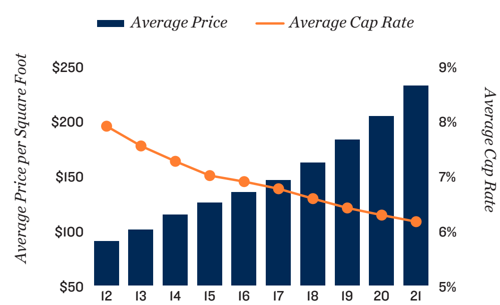
Supply and Demand



Rent Trends



Sales Trends



* Forecast

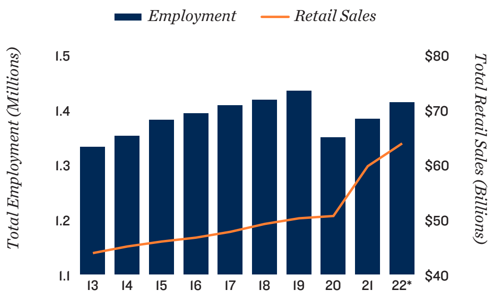
Sources: CoStar Group, Inc.; Real Capital Analytics

Baltimore's Ease of Access to Major Population Hubs Spurs Leasing and Investment Activity in the Metro

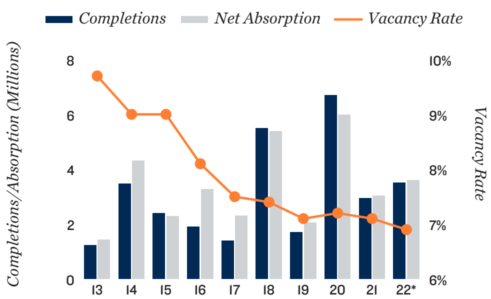
Vacancy drops to 26-year low. The ongoing rise of e-commerce, coupled with the metro's strategic positioning between Washington, D.C. and New York, is fueling industrial demand in Baltimore. Leasing activity has been robust, with tenants absorbing 3.0 million square feet over the past year, lowering vacancy to 7.1 percent entering 2022. Larger commitments have been a primary driver of recent compression, as firms signed nearly 30 leases last year that each totaled over 100,000 square feet. Several factors indicate the metro will be able to sustain this momentum moving forward. More than 18 million people live within 100 miles of Baltimore, and the metro provides industrial tenants more cost-effective options relative to other Mid-Atlantic markets. Additionally, the reconstruction of the Howard Street Tunnel will support double-stack rail transport. Once complete, the Port of Baltimore is poised to observe a significant rise in activity, which may spur additional industrial demand locally.

Out-of-market investors expand Mid-Atlantic portfolios. Historically tight vacancy and the potential for higher yields relative to other major Mid-Atlantic markets are bolstering investor demand in Baltimore. The metro's buyer pool is growing, with out-of-state capital sources accounting for more than half of all transactions in 2021. As a result, competition for assets elevated, compressing the average cap rate under 7 percent for the first time on record. Assets inside the city of Baltimore are highly sought after, due to the growing need for last-mile distribution space. Here, properties generally trade below the metro mean of $115 per square foot, with first-year returns averaging in the low-8 percent range. Investors are also targeting assets in the Route 1-BWI Area submarket, due to proximity to the metro's airport and highway system. Entry costs hover near $150 per square foot, with cap rates that average in the mid-6 percent span.

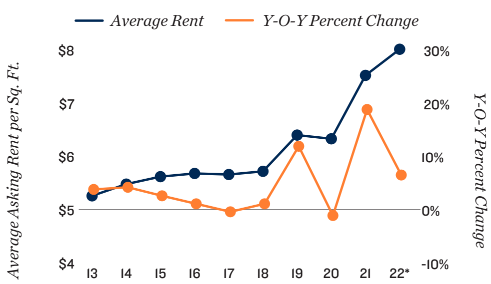
Economic Trends



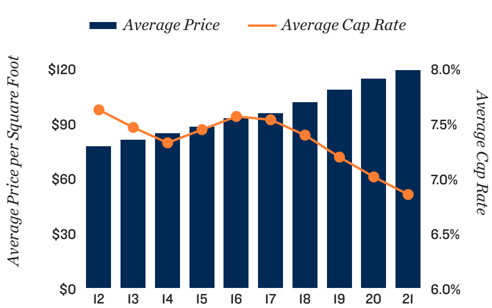
Supply and Demand



Rent Trends



Sales Trends



** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

2022 Market Forecast

NIPI Rank 28 — While tightening, vacancy is still high compared to other metros, resulting in this year's lower ranking.

Employment up 2.2% — The pace of hiring eases slightly as 30,000 jobs are created this year. In 2021, 34,000 positions were added.

Construction 3.5 million sq. ft. — Completions will surpass 3 million square feet for the third time in the past five years in 2022. Over 70 percent of the pipeline is concentrated in the Baltimore County East submarket.

Vacancy down 20 bps — Net absorption surpasses supply additions this year, reducing metrowide vacancy to 6.9 percent. In 2021, a 10-basis-point decrease was registered.

Rent up 6.5% — The average asking rent will rise to $8.00 per square foot in 2022, following the 18.8 percent increase recorded last year.

Investment — Elevated development in the Baltimore County East submarket may provide investors opportunities to acquire newer inventory, which will likely heighten buyer interest in the area.

User Demand Outpaces Record Construction; Biotech Firms Find New Uses for Older Space

Life science companies and logistics providers expand footprints. As Boston recoups pandemic job losses, swift recovery in well-compensated employment sectors has resulted in elevated consumer activity from much of the metro's population. Increased appetites for online goods has lifted leasing velocity, highlighted by e-commerce giants bolstering their last-mile operations. Enhanced distribution needs have contributed to robust rent growth, with marketed rates climbing nearly 32 percent from the onset of the pandemic to the end of 2022. Conversion activity is also having a significant impact on market conditions. Developers catering to Boston's thriving biotechnology sector are actively repositioning a sizable number of older industrial properties into lab and flex space. As these mid-20th century buildings are removed from inventory and a historic influx of warehouse and distribution facilities is finalized this year, significant gains in marketed rents should be recorded in the near term.

Suburban investment surges, as buyers target last-mile assets. Investor confidence sprang back last year as health conditions ameliorated. Deal flow in Greater Boston surged to record highs, driven by bidding activity in the metro's suburbs. As major conglomerates push to store goods close to consumers, intense buyer demand for exurban distribution facilities has reduced cap rates on larger warehouses to the 3 percent to 4 percent band, though sales in this category have been recorded with returns as low as 2 percent. Trading velocity is still recovering in Suffolk County, where the majority of properties exchanged in 2021 were part of larger portfolio deals. Despite this, investment volume should improve in urban Boston moving forward, as local governments lift extant COVID-19 restrictions, bringing the area closer to pre-pandemic norms.

2022 Market Forecast

NIPI Rank 15 — Boston enters the 2022 NIPI in the top 15, in part due to consistent and sizable rent growth over the past several years.

Employment up 2.6% — Following a 7 percent surge in 2021, hiring velocity remains above the national average with 70,000 new jobs this year.

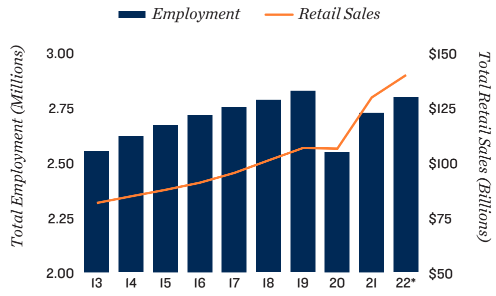
Construction 5.9 million sq. ft. — This year's square footage represents the fastest expansion to existing inventory since 1999; high conversion and demolition activity, however, could temper these numbers.

Vacancy down 20 bps — A rapid construction schedule, in concert with enthusiastic leasing appetites, generates a multidecade record for absorption. Vacancy ends the year at 4.1 percent.

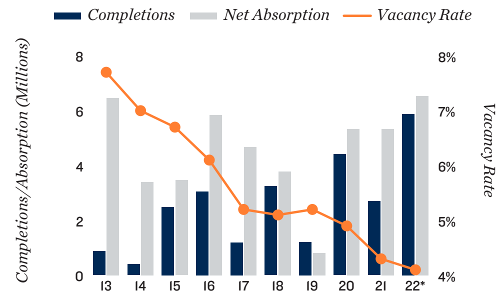
Rent up 6.9% — Decelerating from a 15 percent increase last year, metro rent growth remains solidly above the national average, as marketed rates hit an average of $11.40 per square foot this year.

Investment — Middlesex County has become increasingly popular with buyers in search of flex space. Here, investors in the sub-$10 million tranche target properties with a mix of office and industrial space in the 30,000- to 60,000-square-foot range.

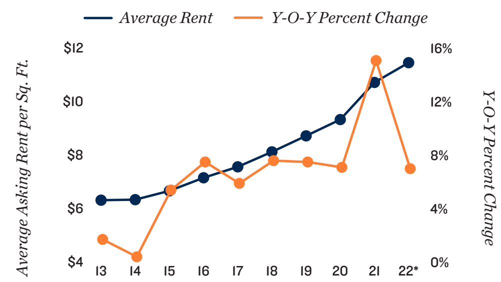
Economic Trends



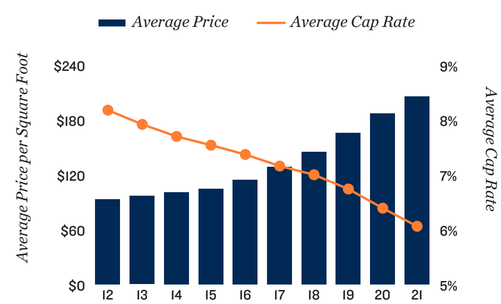
Supply and Demand



Rent Trends



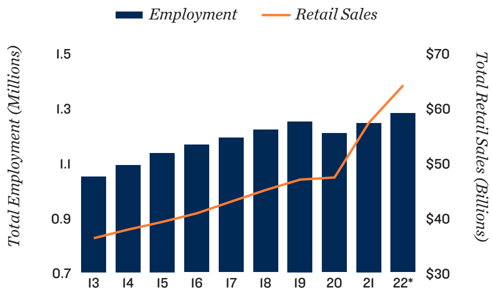
Sales Trends



** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

Economic Trends



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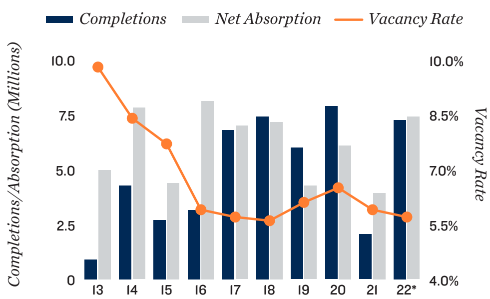

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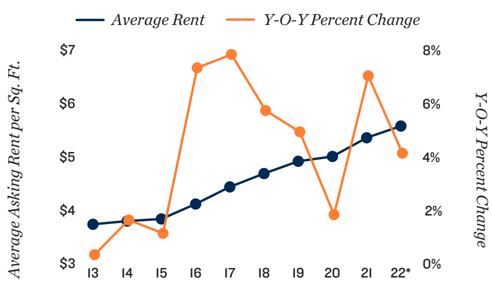

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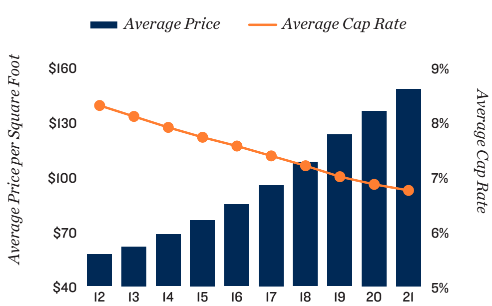


* Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

Charlotte Emerges as a Southeast Industrial Hub, Generating Robust User Demand for Modern Space

Distributors eagerly expand footprints in North Carolina. Industrial properties in the metro are benefiting from a rising local populace and Charlotte's proximity to other fast-growing Sun Belt cities. Together, these factors are bolstering user demand for last-mile distribution centers and larger warehouses. Additionally, e-commerce sales in the region are growing rapidly, fueled by high-income job growth and the pandemic's effect on consumer behavior. Consequently, the metro's construction pipeline is well leased, highlighted by Amazon and Home Depot committing to a combined 1.5 million square feet at upcoming buildings near Interstate 77 and the state line. Sparse availability among newly-built facilities will steer more expanding users to vacant existing properties, as well as those with upcoming lease expirations during 2022. Heightened competition for these buildings and higher-end space is set to lift asking rents for the 11th consecutive year and trim vacancy to its lowest level since 2018.

Connectivity motivating investors amid activity rise. Charlotte's industrial investment market recorded elevated trading volume in both 2020 and 2021, driven by improving property performance. This has resulted in the average sales price rising more than 16 percent since 2019 to nearly $137 per square foot. The majority of trades occur near the Interstate 77 and Interstate 485 interchange in southern Mecklenburg County, where fundamentals are outpacing the metrowide averages. Here, buyers are drawn to properties that provide quick access to transport routes, with first-year returns typically in the mid-3 percent zone for newer built facilities and up to 7 percent for older assets. Transactions have also picked up in north Mecklenburg County, as the locale provides access to the state's other growing metros along Interstate 85, like Greensboro and Raleigh.

2022 Market Forecast

NIPI Rank — **31** — Revenue and employment growth below that of comparable metros have resulted in this year's ranking.

Employment up 2.9% — Firms will hire 36,000 workers this year, bringing metro employment 20,000 jobs ahead of the pre-pandemic job count.

Construction 7.3 million sq. ft. — Industrial space set for delivery will surpass 7 million square feet for the third time in the past five years. Nearly 80 percent of the current pipeline is located in Charlotte suburbs.

Vacancy down 20 bps — Strong pre-leasing and steady demand for existing space lead to net absorption outpacing completions this year, contracting vacancy to 5.7 percent after a 60-basis-point drop in 2021.

Rent up 4.1% — As the competition for premium space ramps up, the average asking rent will rise to $5.55 per square foot, bringing the two-year growth rate above 11 percent.

Investment — While supply is limited in Union County, investors are likely to target available listings in the year to come, due to the area's sub-1 percent vacancy rate and recently strong rent growth.

Global Supply Chain Uncertainty Aids Chicagoland; Firms Add Space in Nation's Largest Central Economy

Skyrocketing demand unlikely to let up. Chicago has played a key spot in the domestic supply chain, and the metro's role is increasingly essential amid global bottlenecks. Firms view the market as a central location capable of servicing many consumers, leading to the absorption of 34 million square feet last year. O'Hare International Airport has seen rising activity corresponding with growing e-commerce sales, aiding demand for nearby properties and slashing vacancy in the submarket 470 basis points last year to 2.8 percent. Developers have ramped up construction, but a lack of buildable land in interior areas has pushed projects farther from the core. This year, construction is concentrated in Kenosha and the Interstate 55 Corridor near Joliet. The latter has seen net absorption outpace completions by 9 million square feet since the start of 2019, resulting in a 460-basis-point vacancy retreat over the same period. Kenosha recorded a 330-basis-point drop since 2020, and provides tenants access to both the Chicago and Milwaukee metros.

Tenants and investors targeting key shipping arteries. As the performance of assets improved in 2021, so did the sales market, with more trades occurring last year than in either 2019 or 2020. This was driven by an uptick in institutional and foreign buyers. Most submarkets have robust liquidity, especially in the corridors where leasing velocity is the strongest. The O'Hare and Southwest I-55 Corridor submarkets have led in trading, as investors benefit from logistics demand tied to the airport, and the recent leasing surge along I-55. This interstate allows access to markets like Springfield, and also runs south to New Orleans. Firms here often require large spaces, evidenced by signings from Walmart, Best Buy and others, prompting investors to target assets over 100,000 square feet. In the core, demand for last-mile distribution is supporting trading for smaller facilities.

2022 Market Forecast

NIPI Rank 20 — Solid revenue growth, strong absorption and tightening availability put Chicago just inside the top 20 of this year's Index.

Employment up 3.6% — The creation of 164,000 jobs in 2022 is a slight slowdown from last year, but is still well ahead of the pre-pandemic norm.

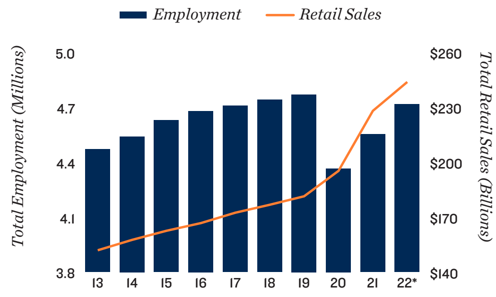
Construction 25 million sq. ft. — Construction exceeds the prior five-year average of 19.5 million square feet finalized. Developers have shifted projects to favor large floor plans, in response to demand from logistics firms.

Vacancy down 30 bps — The vacancy rate is set to drop 30 basis points by year-end, after falling 140 basis points in 2021. Chicago's central location and air cargo capacities have driven a surge in net absorption.

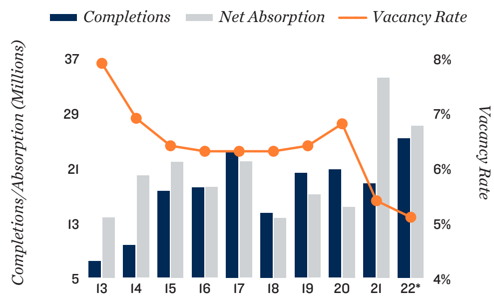
Rent up 6.9% — The average asking rent will reach $6.95 per square foot in 2022. This represents another acceleration, after rising 3.9 percent in 2020 and 5.2 percent in 2021.

Investment — Amazon's move into northern Kane County is likely to result in a larger number of transactions and tenants seeking nearby space in the future, as the firm provides auxiliary opportunities.

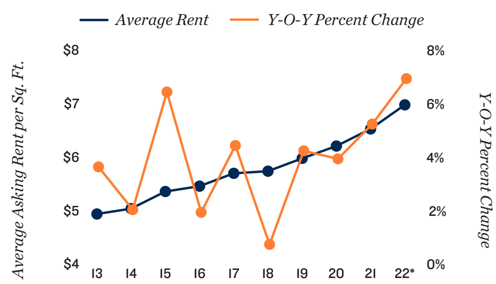
Economic Trends



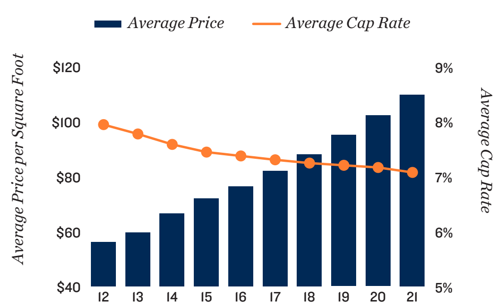
Supply and Demand



Rent Trends



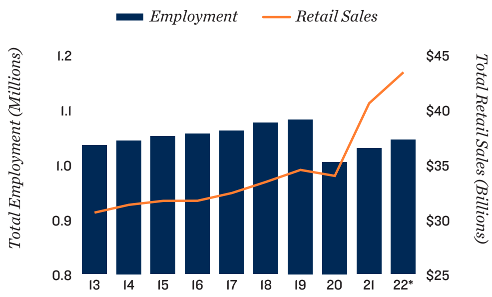
Sales Trends



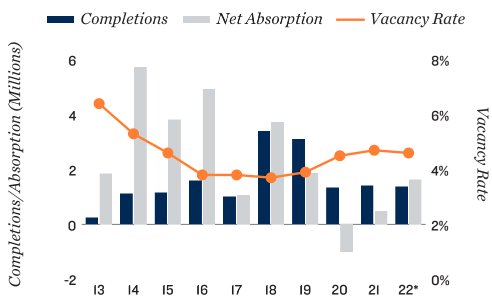
* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

Economic Trends



Supply and Demand



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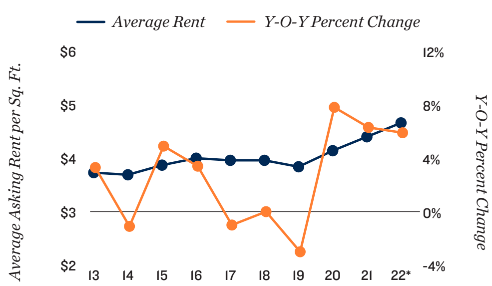
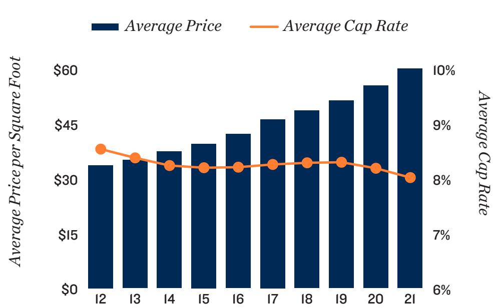


Sales Trends



* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

Combination of Rising Rents and Nationally High Yields are Drawing Investors to the Major Great Lake Port City

Net absorption triples from last year as development tapers. Cleveland will continue to close in on a full job recovery this year, bolstering retail sales. Consumer spending posted record numbers in 2021, fueling demand for distribution and warehouse space in the market. Access to several interstate highways, as well as proximity to Akron and Toledo, adds to Cleveland's distribution appeal. The growing need for industrial space is coinciding with a tapering in construction. The largest project underway this year is a 900,000-square-foot tractor distribution center in Stark County, near Akron, which will generate an estimated 300 new jobs. Other notable arrivals include a warehouse in Warrensville Heights and another in Brooklyn Heights. The overall reduction in completions, paired with high demand, will tighten vacancy and apply continued upward momentum to rents. The metro's average asking rent has already climbed 15 percent over the past two years, undoing the decline from 2017-2019, and will set a new high by the end of 2022.

Comparatively high yields and low entry costs draw investors to the metro. Cleveland's comparatively lower sale prices will foster an active investment market in 2022. The sector's stability during the pandemic and its appeal to investors can be seen in the high number of trades made in 2021, exceeding the trailing five-year average. The majority of last year's transactions took place in Cuyahoga and Medina counties. These suburban areas have remained targets of investors for the past half decade, due to Cuyahoga's access to the Port of Cleveland and Medina's moderately above-average rents. Cleveland also offers the highest average cap rate of any major market in the country at a mean of 8 percent, garnering a range of out-of-state investors, in addition to a strong local investment presence. Multiple investors from Texas entered the market last year.

2022 Market Forecast

NIPI Rank 35 — A somewhat sluggish job rebound and a vacancy rate 70 basis points above 2019 puts Cleveland in 35th place.

Employment up 1.6% — Cleveland businesses continue their steady pace of job recovery, staffing 16,000 workers this year. This is slightly lower than the 2021 increase of 24,700 positions.

Construction 1.4 million sq. ft. — Development will be on par with the trailing 10-year average, at just over 1 million square feet completed in 2022.

Vacancy down 10 bps — Market vacancy resumes its pre-pandemic downward trend, as net absorption surpasses 1.6 million square feet, pushing the rate down to 4.6 percent.

Rent up 5.9% — In 2022, rates will continue to grow amid strong demand, with the average asking rent rising to $4.65 per square foot.

Investment — The metro's position offers efficient access to several population centers in Canada and New York, generating space demand from multinational firms and boosting investment appeal.

Intel Solidifies Major Commitment in Columbus, Signaling Future Growth and Generating Investment

Vacancy remains low, ahead of major manufacturing expansion. Columbus saw a jump in online shopping during the pandemic, leading to robust tenant demand for industrial floorplans in the metro. This surge in space needs drove vacancy to a record-low of 2.8 percent and contributed to a 14 percent jump in the average asking rent last year. Aside from the influence of e-commerce, the tech company Intel is scheduled to begin construction on two semiconductor chip factories this year. The company has announced its intention to partner with Ohio State University and its students for this endeavor, ultimately bringing an estimated 3,000 high-skilled jobs to the region. Intel's move has also spurred additional entry into Columbus from other companies in the chip manufacturing sector like Air Products, as well as Applied Materials, to provide resources. While record levels of construction will increase vacancy in the near term, the budding semiconductor cluster in the metro is a positive for industrial assets in the long run.

Columbus draws investors as tech firms migrate in. The number of industrial trades reached the highest level on record last year, as buyers sought facilities with access to transit routes. The most commonly targeted submarkets were Hilliard and Southeast Columbus, but Licking County, Dublin and the Airport Area also saw high activity. Columbus' average cap rate has decreased in the past few years, but sits approximately 50 basis points above the national average. The comparatively higher yields have drawn in buyers from areas with especially low cap rates, such as from New York and California, and this trend is expected to continue. Intel's announcement and the auxiliary firms that will likely enter Columbus could support a continued rise in transaction velocity.

2022 Market Forecast

NIPI Rank 26 — A noticeable rise in vacancy, in concert with subpar hiring velocity, places Columbus behind most major metros.

Employment up 1.7% — This year, the metro will add 19,000 new positions as it makes headway toward a return to pre-pandemic employment levels.

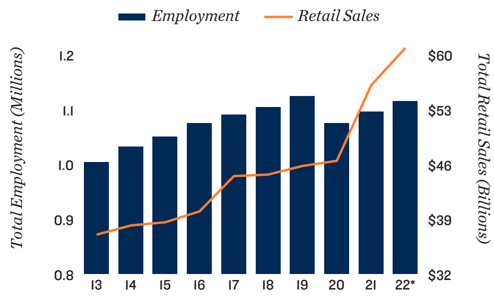
Construction 13 million sq. ft. — Completions hit their highest mark since at least 2000, doubling the 6.2 million square feet delivered last year. New companies moving into the metro should absorb some of this supply.

Vacancy up 70 bps — This year will see the net absorption of 10.7 million square feet, falling just short of the ample volume of completions, lifting vacancy to 3.5 percent.

Rent up 5.1% — The average asking rent rises to a new high of $4.95 per square foot, facilitated by tenant demand.

Investment — Central Ohio's efficient access to transit routes across the United States and Canada boosts demand for warehouse and distribution properties in the metro. The continued expansion of e-commerce spending underscores interest in these assets.

Economic Trends



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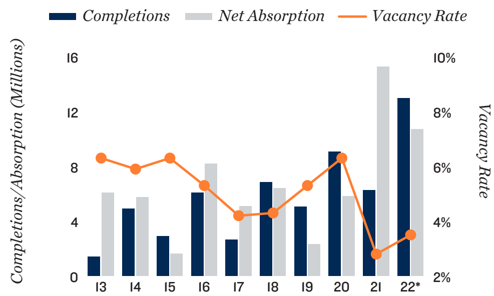

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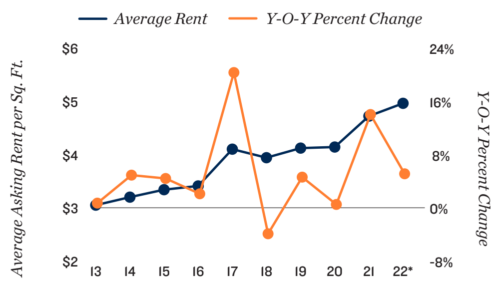

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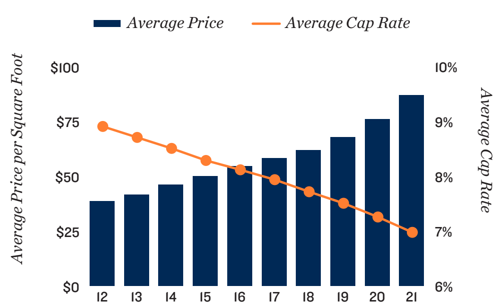
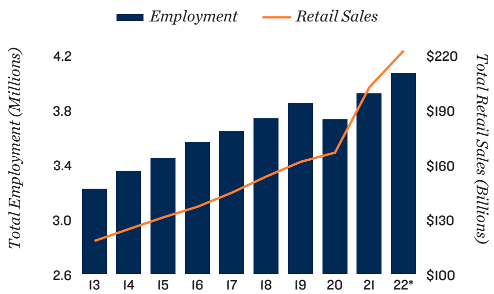


* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

Economic Trends



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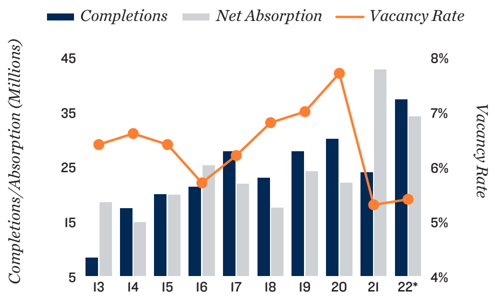

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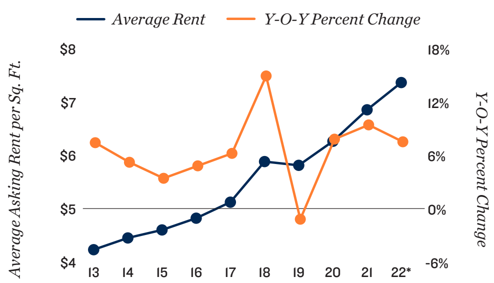

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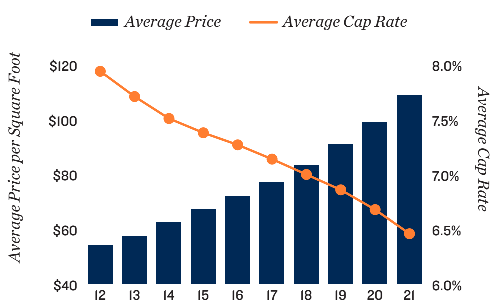


** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

Tenants and Investors Value Presence in Nation's Second-Largest Industrial Market Amid Bottlenecks

Access to transit nodes highlights leasing trends. The Metroplex benefits from a large and growing populace, in addition to an expansive list of companies based in the metro. The international airport and advanced intermodal facilities have also aided the area, which has become a hotspot for national distributors. These demand drivers have led to a growing number of leases being signed that involve assets containing 100,000-plus square feet. Beyond size requirements, firms will continue to emphasize location when choosing a facility, with recent leasing volume indicating a preference for space near transit hubs. The strongest net absorption has been along Interstate 35 in Tarrant County, as well as South Dallas. The array of larger floorplans here lures tenants with specific operating needs, while quick access to important interchanges and the Union Pacific intermodal facility also support leasing velocity in these locales. Additionally, local vacancy near Dallas Fort Worth International Airport is plummeting, highlighted by LifeScience Logistics taking on more than 1 million square feet last year.

Broad asset pool attracts diverse buyer crowd. Robust deal flow has lifted entry costs; however, the metro still has the lowest average sales price among major Texas markets. The plethora of inventory enables a wider list of investors to target the metro. Foreign buyers are active in northern areas, often pursuing warehouses and distribution centers with over 100,000 square feet. All of the northern submarkets recorded vacancy retreats of at least 110 basis points last year. The DFW Airport submarket, in particular, outperformed and reported a 560-basis-point drop, as well as asking rent growth that exceeded 18 percent. Deal flow also grew in South Dallas, where strong tenant demand tightened vacancy by 410 basis points. Here, investors can find prices below the Metroplex average.

2022 Market Forecast

NIPI Rank	9	A sharp drop in availability since 2020 and corresponding rent climbs help Dallas-Fort Worth secure a top 10 ranking.
Employment up 3.8%		Employers are set to grow payrolls by 150,000 jobs in 2022, building on the 190,000 roles added last year.
Construction 37 million sq. ft.		Completions will rise in 2022, surpassing the five-year trailing average by 10 million square feet. Limited available space that aligns with tenant needs makes new additions necessary.
Vacancy up 10 bps		While leasing trends in the metro have been very strong as of late, net absorption will fall just short of the large development schedule, resulting in an uptick in vacancy to 5.4 percent.
Rent up 7.5%		The addition of many state-of-the-art facilities to market stock and the high demand for these types of offerings raises the average asking rent to $7.35 per square foot by year-end.
Investment		Following the completion of an Amazon fulfillment center last summer, listings in Forney may pique investor interest; however, scant inventory will limit overall sales volume in the locale.

Distributors Increasingly View Denver Footprints as Vital to Supporting Local and Regional Consumer Bases

Demand for space outpacing record supply growth. Home to the nation's fifth highest median household income and above-average resident growth, Denver is a critical locale for retailers, logistics providers and suppliers. Many of these companies brought goods closer to local population centers in 2021 by committing to additional square footage, supporting a record year for absorption. Expansions by Amazon, Aspen Distribution, Planterra Foods and FedEx highlighted recent leasing activity, with these firms inking agreements for a combined 2.6 million square feet of space. Additional companies are entering the metro with the goal of better serving other Colorado markets and neighboring states. This combined demand has pushed development activity to a record level; most construction, however, is near Denver International Airport, minimizing the impact of supply additions on overall vacancy, which is projected to tighten this year.

Northern Denver records rising activity. The metro has remained a major target for investors, evidenced by sales prices more than doubling since 2014 on a per-square-foot basis. Buyers in North and Northwest Denver have been the most active of late, with Broomfield County also seeing heightened interest. Assets here are enticing investors, due to their above-average rents and ability to serve both the Denver and Boulder metros. Additionally, properties change hands frequently in the northeast, particularly in Commerce City and along Interstate 70 toward the airport. Interior sections of these submarkets, like Commerce City, Northfield and Montbello, have recorded a sharp acceleration in leasing and net absorption. Additionally, properties in this submarket that are closer to the CBD are less affected by new supply growth near Denver International Airport and Peña Boulevard, while still providing potential tenants ready access to the airport.

2022 Market Forecast

NIPI Rank 32 — Sluggish revenue growth, in tandem with high inventory expansion, puts Denver in a comparatively lower echelon this year.

Employment up 3.2% — With the addition of 50,000 new roles in 2022, Denver will surpass the February 2020 job count by roughly 36,000 workers.

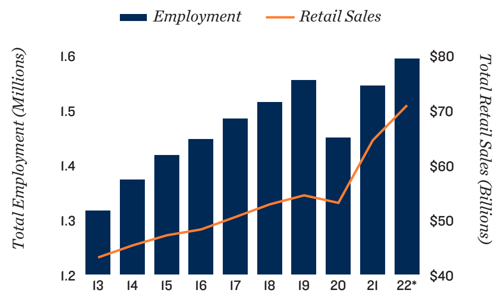
Construction 6.1 million sq. ft. — The volume of space finalized during 2022 surpasses the prior five-year average by nearly 1.7 million square feet, increasing metro inventory by 2.9 percent.

Vacancy down 20 bps — Robust demand exceeds a heightened level of development, compressing metro vacancy to 5.3 percent. This rate represents the lowest year-end recording since 2018.

Rent up 3.4% — The pace of rent growth matches the prior five-year average, lifting the mean marketed rate to $9.15 per square foot — the second highest mark among major Mountain metros.

Investment — Near historic-low vacancy rates and elevated asking rents for warehouses and distribution centers steer more investors to available listings in West and Southwest Denver this year.

Economic Trends



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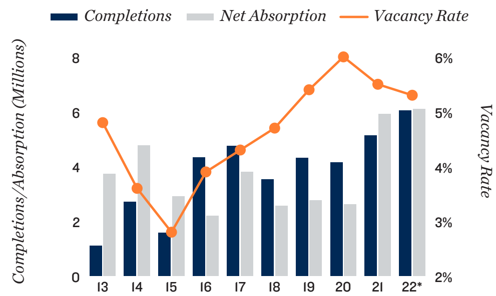
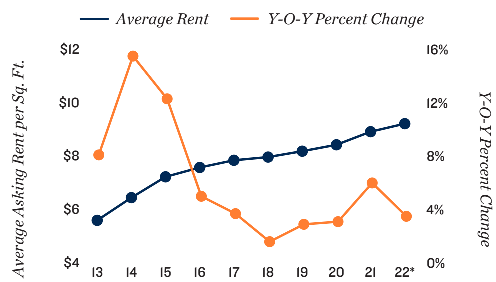
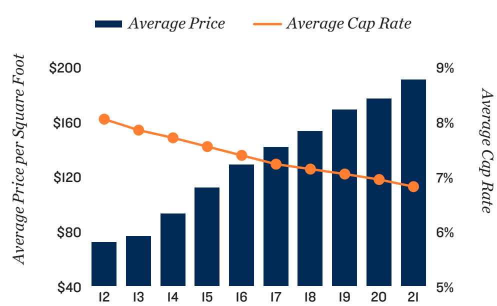


Rent Trends



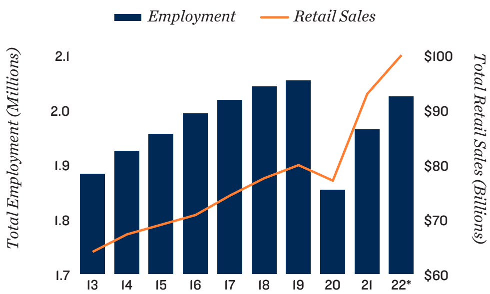
Sales Trends



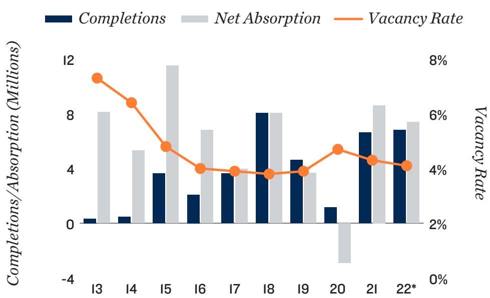
* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

Economic Trends



Supply and Demand



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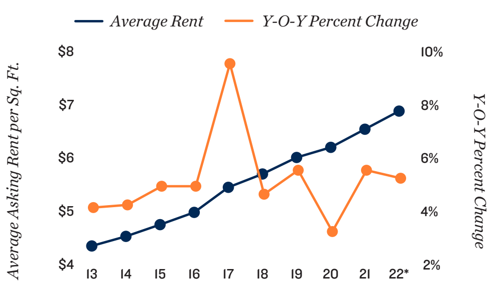

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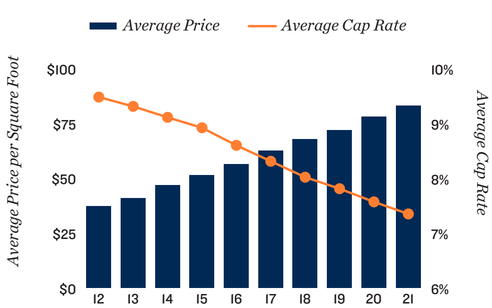


** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

Detroit Maintains Reputation as a Stable Market, Attracting Outside Buyers to Local Industrial Hubs

Expanding users respond to second straight year of heightened development. Since 2015, vacancy in Detroit has held below 5 percent, signaling consistent demand for industrial space. Last year, leasing velocity outpaced the surge in construction activity, as logistics and e-commerce-related demand strengthened. Offering lower costs than some other Midwest markets, demand for 100,000-square-foot-plus floorplans was particularly robust. Larger commitments were most frequent in the Airport-I-275 submarket, where nearly 2.4 million square feet was absorbed last year. Additionally, the Detroit and East Area submarkets, the metro's second and third largest locales by stock, each recorded vacancy compression. Improving fundamentals across major submarkets have prompted additional project starts that will translate to another year of elevated development. Still, vacancy is poised to hold below the 5 percent mark, as user demand for modern distribution and warehouse facilities, coupled with an expanding manufacturing sector, foster lease executions near major interstates and the Detroit Metro Airport.

Regionally low entry costs and high returns draw investors to Detroit. Within the metro, manufacturing and warehouse-related sales activity increased over the past year, highlighted by deal flow in the metro's industrial epicenters. Home to the lowest vacancy rate among submarkets with at least 50 million square feet of inventory, the East Area is a target for buyers. Smaller manufacturing facilities and last-mile warehouses here provide investors with first-year yields in the high-6 percent to mid-7 percent range. Similar assets are coveted in the Airport-I-275 submarket, where the metro's strongest level of user demand is supporting a diverse buyer pool of local and out-of-state investors. Here, pricing above $90 per square foot remains largely scarce, attracting regional buyers.

2022 Market Forecast

NIPI Rank **29** — Vacancy above rates reported prior to the health crisis place Detroit comparatively lower on current rankings.

Employment up 3.1% — The metro adds 60,000 positions in 2022, placing its job count 30,000 roles below the year-end 2019 mark.

Construction 6.8 million sq. ft. — Deliveries expand Detroit's inventory by 1.2 percent for a second consecutive year. Projects in Wayne County account for more than 40 percent of the space finalized during 2022.

Vacancy down 20 bps — After a 40-basis-point decline was registered in 2021, user demand will outpace supply additions again this year, lowering metro vacancy to 4.1 percent.

Rent up 5.2% — The absorption of 7.4 million square feet of space this year enables the average asking rent to climb to $6.85 per square foot.

Investment — Improvements in sub-$5 million, as well as $10 million to $20 million, trading over the past year indicate Detroit's buyer pool is poised for continued diversification in 2022, as the metro makes further strides in its economic recovery.

Industrial Properties Gain Prominence in Broward County; Investors Elevate Activity

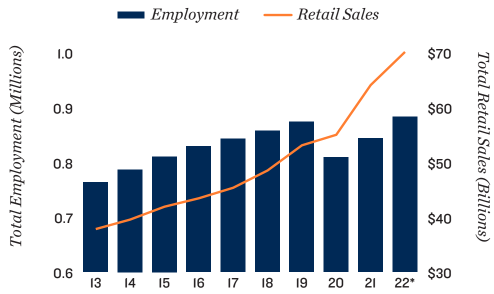
Conditions tighten as economy heats up. An improvement in the local tourism sector will help the county recoup all the jobs lost during the recession, providing an additional boost to local industrial properties. The leisure and hospitality sector still accounts for roughly 25 percent of the unrecovered positions, and a resurgence in the cruise industry will be necessary to fully repair the local economy. Last year, the number of cruise ship calls at Port Everglades was only 23 percent of the level recorded in 2019. Despite the slow recovery in the important tourism sector, industrial fundamentals are performing better than prior to the health crisis. Occupancy and rents continue to move higher, as pandemic trends, such as online shopping, have taken a foothold necessitating warehouse and distribution space. Further improvement is anticipated this year as local businesses welcome back visitors to the area, requiring an increase in inventory.

Buyers return to Broward County. Following the slowest transaction year since 2013, investors ramped up activity last year, taking advantage of low interest rates and strong operating fundamentals. A repeat of last year's performance may be challenging in 2022, due to the rising cost of capital and pricing that has some investors seeking other markets. Since 2019, valuations have soared nearly 25 percent, while the average cap rate has tightened to 6.2 percent — just 20 basis points above adjacent Miami-Dade County. Fort Lauderdale is traditionally seen as an arbitrage play relative to Miami, but the comparative evenness of first-year returns is preventing those acquisitions. Still, Broward County's industrial market remains attractive, and offers strong returns for an area farther along in its economic recovery. Furthermore, demographic tailwinds like population growth indicate that more industrial space will be necessary in the future.

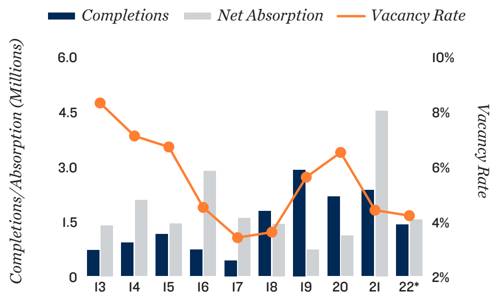
2022 Market Forecast

NIPI Rank	17	Strong labor market growth and a drop in completions drive the metro to the 17th rank in the 2022 NIPI.
Employment up 4.6%		Payrolls surpass pre-recession levels this year as 39,000 positions are created, exceeding the 35,000 spots generated in 2021.
Construction 1.4 million sq. ft.		Development eases to 1.4 million square feet in 2022, lifting inventory by 1.3 percent. Last year's 2.3 million square feet contributed to a 2.2 percent rise in stock.
Vacancy down 20 bps		Vacancy continues to tighten. By year-end, the availability rate will fall to 4.2 percent.
Rent up 4.3%		After recording an impressive 10.8 percent gain last year, the pace of growth will slow in 2022. Operators are expected to ask for an average of $11.89 per square foot at the end of the year.
Investment		International investors are playing a larger role in industrial purchases, supplementing the acquisitions made by out-of-state buyers. This trend should continue in the near term, as capital seeks safe havens in the face of challenging economic times.

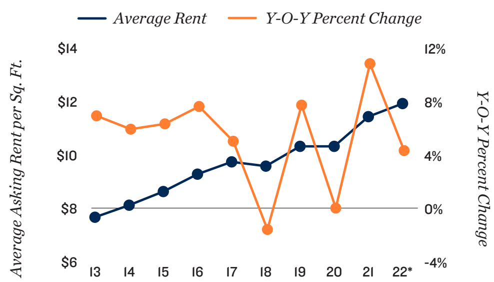
Economic Trends



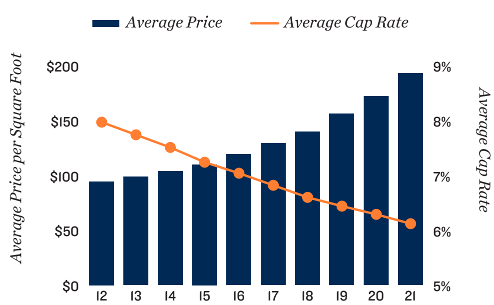
Supply and Demand



Rent Trends



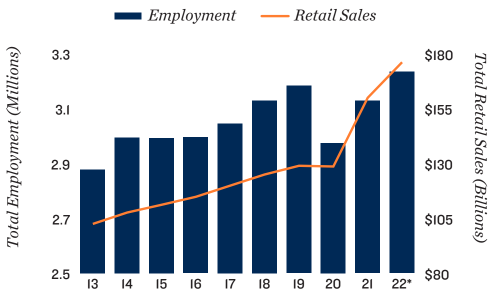
Sales Trends



** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

Economic Trends



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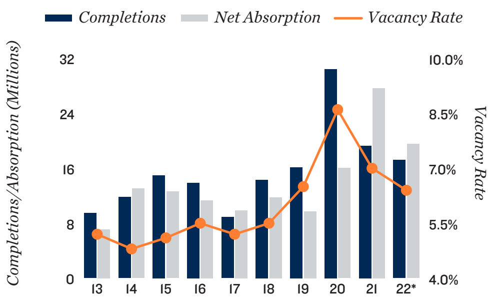

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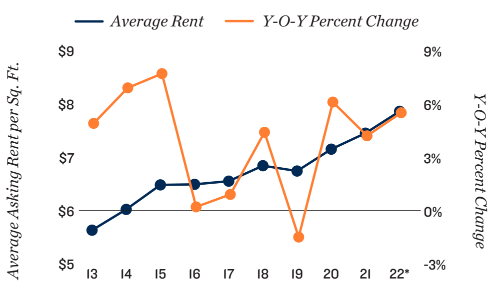

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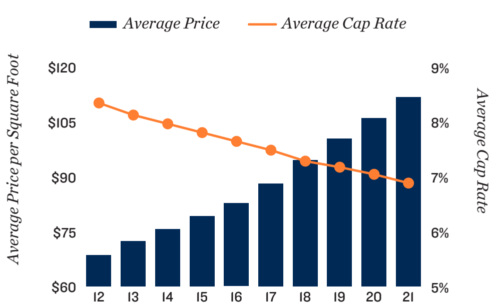


* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

Plethora of Tailwinds Propel Industrial Performance; Well-Capitalized Buyers Target Transport Hubs

Port of Houston and rising energy costs drive leasing boom. Houston's economic momentum has been robust, with the population growing almost three times as fast as the U.S., and the median household income rising at the quickest pace of the major Texas markets last year. Additionally, the expanding e-commerce segment, in concert with global supply chain uncertainty, has led firms to emphasize keeping goods closer to consumers. Heightened e-commerce sales have also led the Port of Houston to report a rise in activity in 2021, pointing toward continued tenant interest for industrial space in 2022. Supporting the expanding customer pool in Houston and South Texas has required firms to grow local footprints, driving net absorption over 27 million square feet and producing a 160-basis-point drop in vacancy in 2021. Beyond distributors, the energy sector facilitates additional demand in Houston. With oil prices climbing to the highest level since 2008, energy producers are expanding rig counts and operations in the metro.

Institutions eagerly grow Houston portfolios. The market's wide array of offerings and surging tenant demand have resulted in more transactions recently, especially assets priced above $15 million. This increase is a result of growing interest from institutions and foreign buyers, as yields in the metro sit at 7 percent, higher than those in similar metros like Dallas and Miami. Southeastern submarkets report the most trades, often involving newer assets larger than 50,000 square feet, as investors here benefit from tenant demand created by the port. The Interstate 10 passage spanning the energy corridor west to Katy recorded sizable sales activity as well, involving even larger boxes. Submarkets along Hardy Toll Road, north of the CBD, also had a large jump in sales, usually for sub-50,000-square-foot buildings proximate to George Bush Intercontinental Airport.

2022 Market Forecast

NIPI Rank 22 — Declining availability amid inventory expansion situates Houston at the 22nd ranking in this year's NIPI.

Employment up 3.4% — The metro is set to surpass the pre-COVID-19 employment count this year, as 105,000 positions are created in Houston.

Construction 17 million sq. ft. — Developers are projected to slow inventory growth slightly this year, after nearly 50 million square feet of industrial space was completed between 2020 and 2021.

Vacancy down 60 bps — Net absorption is expected to outpace completions by more than 2 million square feet in 2022, contracting vacancy to 6.4 percent after last year's 160-basis-point retreat.

Rent up 5.5% — Asking rents are primed to continue on an upward trend, climbing to a mean of $7.85 per square foot by the end of 2022. This will be the third consecutive year of at least 4 percent growth.

Investment — National firms are leasing facilities with automation capabilities. Investors frequently target assets occupied by such users, suggesting more trades may occur involving modern facilities.

Expanding Presence of National Firms Drives Historically Low Vacancy and New Investment

High-profile tenants and third-party logistics providers escalate leasing. Indianapolis' location has drawn a number of e-commerce and logistics firms into the metro in recent years, fostering the city's emergence as a necessary operations destination for high-profile firms. Walmart and Amazon recently inked deals for a combined 1.5 million square feet in late 2021, with Walmart also committing to an 800,000-square-foot property currently underway in Hancock County. On top of this, the metro's intermodal facility has allowed for direct shipments from Asia since 2013, sparking leasing activity from a plethora of logistics companies, particularly near the airport and rail yard in western Indianapolis. This demand led to a 240-basis-point vacancy retreat in 2021 that prompted an increase in project starts — activity that will translate to a substantial quantity of space being delivered this year. While the influx of modern facilities is set to slightly increase vacancy in the short term, the year-end rate will rank as the second lowest figure on record.

National investors follow major leasing trends. Strong fundamentals last year coincided with investors, notably out-of-state buyers, ramping up acquisitions. First-year yields 100 basis points above the mid-6 percent national average have partially spurred this trend. Areas where leasing velocity is robust are recording the most trading. Outer reaches of Boone and Hancock counties, locales involved in Walmart's recent expansions, have led the far northwest corner of the market to report recently high sales volume. Johnson County is also seeing an increase in volume that is elevating local pricing, as investors prepare for auxiliary demand stemming from Amazon's new hub. Tight vacancy and rent growth of more than 8 percent are also lifting transaction velocity in West and Southwest Marion County, as logistics firms fill space adjacent to the airport.

2022 Market Forecast

NIPI Rank 25 — Climbing vacancy amid sizable inventory growth puts Indianapolis just outside the top two-thirds of this year's rankings.

Employment up 2.0% — Metro employers hire 22,000 workers this year, pushing Indianapolis' total headcount beyond pre-pandemic tallies.

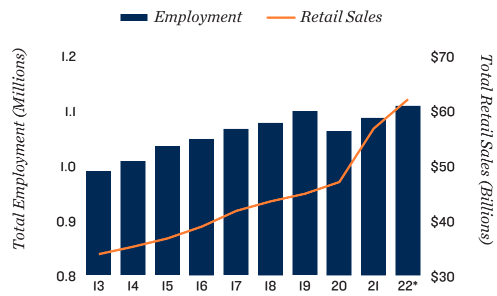
Construction 13 million sq. ft. — Deliveries will surge above the 4.7 million square feet finalized last year. The majority of these projects will open in outlying submarkets, including Hancock and Johnson counties.

Vacancy up 40 bps — Net absorption will surpass 10 million square feet for the first time on record. Still, the robust construction schedule will cause a rise in vacancy to 4.0 percent.

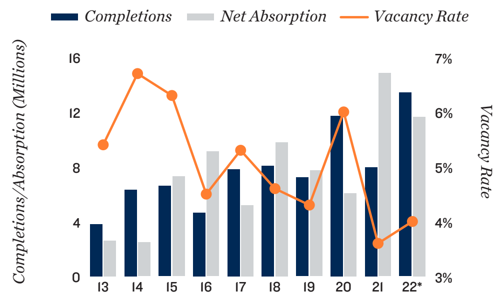
Rent up 6.2% — After a 4.8 percent hike last year, the average asking rent will climb to $5.80 per square foot in 2022. Several years of rising demand have led to a four-year increase above 37 percent.

Investment — More investors may target available listings in the CBD next year, as the demand for last-mile distribution downtown has caused asking rents to climb roughly 70 percent since 2019.

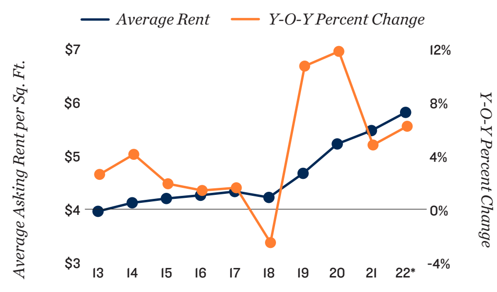
Economic Trends



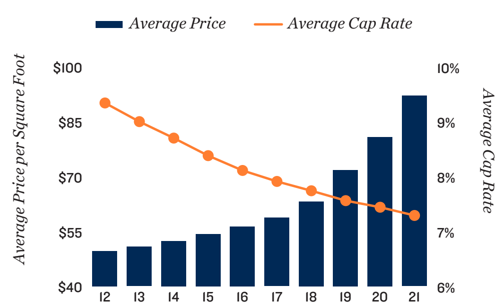
Supply and Demand



Rent Trends



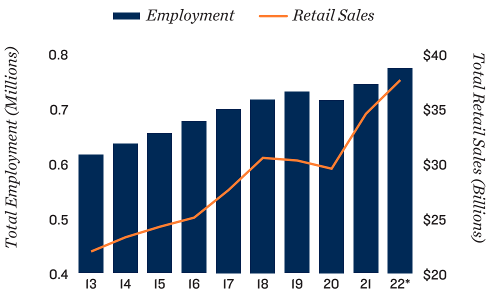
Sales Trends



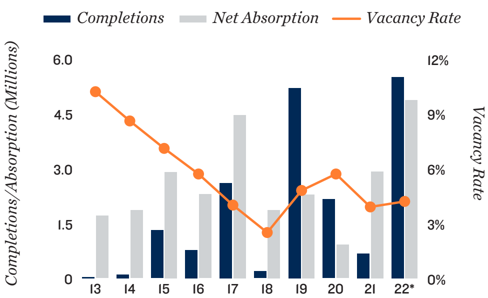
* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

Economic Trends



Supply and Demand



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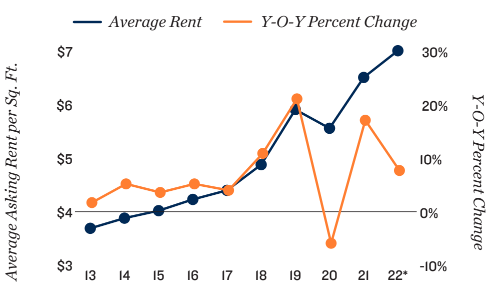

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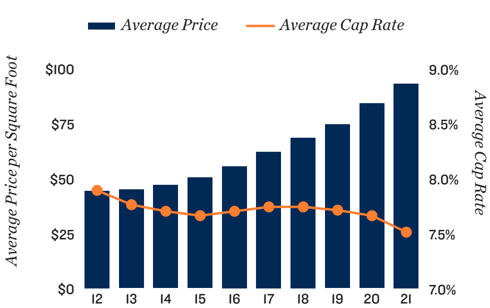


** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

Advantageous Position and a Growing Populace Spearhead Industrial Demand in Jacksonville

Regional in-migration drives leasing. Jacksonville's geographical location provides relatively quick access to most of Florida and a significant portion of the Eastern Seaboard via same-day round trips. Furthermore, in-migration to Florida has surged since the onset of the pandemic, and the trend is expected to continue, with the state's population projected to rise by an average of 300,000 residents in each of the next five years. In conjunction with this population expansion, industrial demand in Jacksonville is skyrocketing, with tenants absorbing nearly 3 million square feet in 2021. Although the rise in development this year is expected to place upward pressure on vacancy in the short run, several factors indicate the recent demand surge can be sustained long term. The metro offers lower rental rates relative to other major markets within the state. Additionally, the Port of Jacksonville is undergoing dredging efforts to make it the deepest port on the East Coast. The project will conclude this summer, and is likely to lure additional tenants to the area.

Investors target assets on the West Side. Robust rent growth and relative affordability are heightening buyer interest in Jacksonville. Trading velocity in 2021 nearly doubled the previous year's pace, resulting in the largest annual transaction total in over two decades. This momentum will likely be sustained, as cap rates in Jacksonville are at least 50 basis points higher, on average, than other major Florida markets. Buyers are targeting distribution and warehouse assets larger than 100,000 square feet in the West Side submarket, due to the area's proximity to major interstates and intermodal facilities, with yields averaging in the mid-6 percent range. Assets in the Butler Corridor have recently garnered investor interest as well. Buyers here are targeting smaller warehouses suited for last-mile delivery, with returns ranging from the mid-5 percent to mid-7 percent span.

2022 Market Forecast

NIPI Rank 18 — The 18th ranking in the Index goes to Jacksonville, as the metro records a growing employment total and solid rent growth.

Employment up 4.0% — Firms will bolster headcounts by adding 29,500 new positions to the workforce in 2022.

Construction 5.5 million sq. ft. — Annual delivery volume increases by more than 4.8 million square feet relative to last year. Over 85 percent of the pipeline is split between the Ocean Way and West Side submarkets.

Vacancy up 30 bps — The surge in development will place upward pressure on availability this year, pushing the rate up to 4.2 percent. In 2021, vacancy retreated 180 basis points.

Rent up 7.7% — After rising more than 17 percent last year, the metro's average asking rent will climb to a record high in 2022, reaching $7.00 per square foot by year-end.

Investment — Sub-3 percent vacancy and robust rent growth will likely elevate buyer interest in the North Side submarket. Entry costs here often fall below the market average of $93 per square foot.

Outside Buyers Wager on Las Vegas Assets as the Metro Ranks Among the Nation's Tightest Industrial Markets

Record supply wave met with solid demand for modern space. Las Vegas notched the largest reduction in vacancy among major U.S. industrial markets last year, as population growth and user demand for affordable space near Southern California supported the absorption of 6.6 million square feet. This standout demand slashed area availability to nearly 2 percent and bolstered development activity in North Las Vegas and Speedway—submarkets that are registering the most robust leasing. In both locales, more than 2.2 million square feet is slated for delivery this year. Of this space, 75 percent is accounted for, with the recent abundance of 100,000- to 200,000-square-foot-plus lease commitments suggesting the remaining speculative space will be absorbed in the near term. Steadfast demand for modern facilities will allow Las Vegas to end this year as the tightest market outside of Southern California, supporting the nation's strongest rent growth.

Nationwide buyer pool reacts to market strength. Responding to record-low vacancy, double-digit rent gains and future growth prospects, out-of-state investors are extremely active in the market, acquiring post-2000-built assets in the metro's largest submarkets. Last year, the volume of assets purchased by California-based buyers and other outside parties translated to a boost in deal flow that lifted sales volume to a record mark. Smaller and midsize warehouses near the confluence of Interstates 15 and 215 in Southwest Las Vegas are garnering significant attention, while local vacancy hovers in the low-1 percent range. Similar assets adjacent to St. Rose Parkway, an area of commercial expansion, are also in demand, with buildings across these locales trading at high-4 percent to low-6 percent returns. Institutional firms focused on distribution centers are most active in North Las Vegas and Speedway, accepting first-year yields in the high-5 to high-6 percent band.

2022 Market Forecast

NIPI Rank — **12**: Vacancy compression from 2020 and climbing rents augment Las Vegas' employment gains to secure the metro a top 12 spot.

Employment up 6.6%: Las Vegas registers the highest rate of job creation among major U.S. markets in 2022, as employers add 65,000 positions.

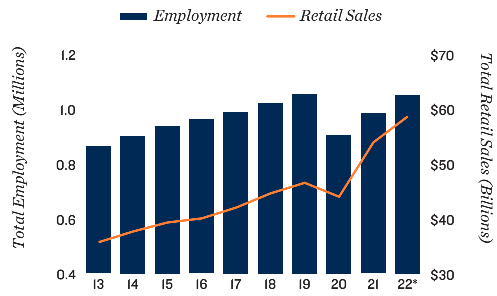
Construction 7.5 million sq. ft.: The metro records a historic year for construction, translating to inventory expansion of 6 percent. Delivery volume in 2022 exceeds the prior five-year mean by 3 million square feet.

Vacancy up 40 bps: Industrial users absorb more than 6 million square feet for a second consecutive year amid a wave of deliveries, holding year-end vacancy below 3 percent.

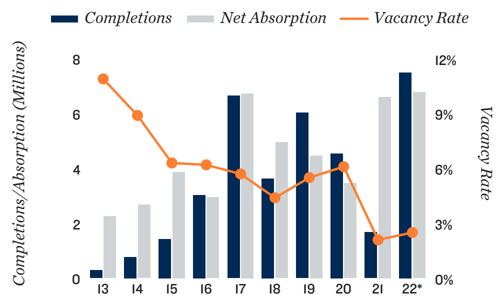
Rent up 10.9%: One of the lowest vacancy rates in the nation and an influx of new supply foster double-digit rent growth this year, pushing the metro's average marketed rate to $10.50 per square foot.

Investment: Investor competition for warehouses proximate to Harry Reid International Airport may intensify, as vacancy in the area is extremely sparse, construction is minimal and the potential for an increase in local air cargo activity exists.

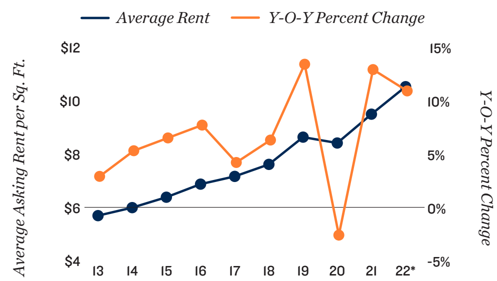
Economic Trends



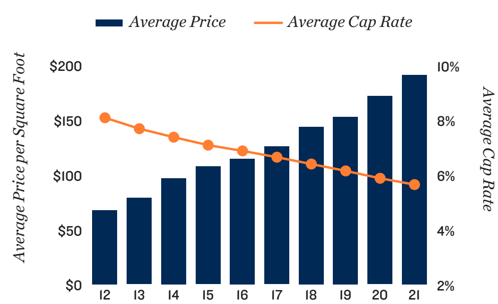
Supply and Demand



Rent Trends



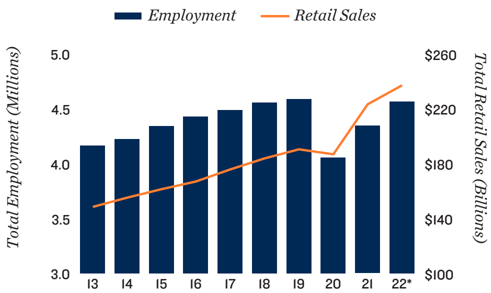
Sales Trends



* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

Economic Trends



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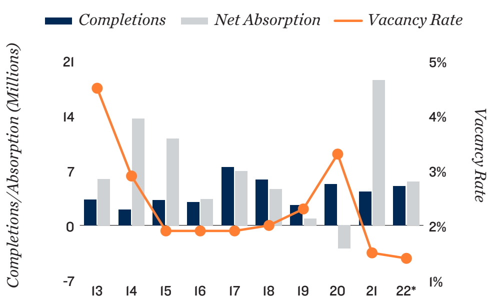

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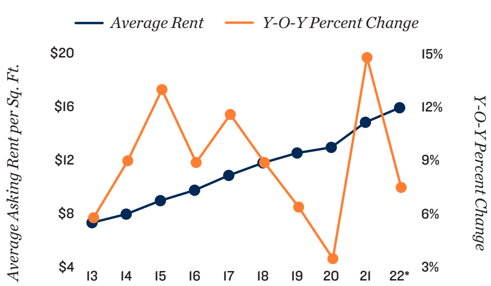

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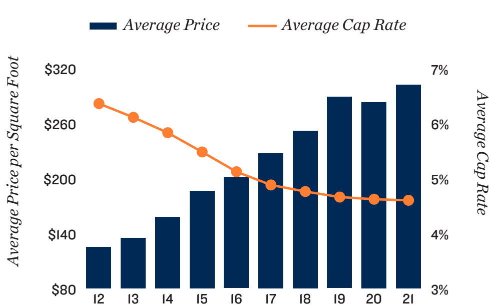


** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

Tightest Conditions in the Nation Enhance the Appeal of Local Industrial Listings Over Other Property Types

Dearth of available space persists. Los Angeles County registered a record year for demand in 2021, as a backlog of imports at the metro's two ports and the continual growth of e-commerce enhanced an already strong need for available space. Spanning the 12-month period, users absorbed 18.5 million square feet, slashing vacancy to a noteworthy 1.5 percent. Ample tenant demand was widespread as the market's five largest submarkets, each with over 100 million square feet of inventory, noted compression that lowered their respective vacancy rates below 2 percent. Additionally, four of these submarkets recorded net absorption of at least 2.7 million square feet. Tight conditions throughout Los Angeles warrant the moderate increase in supply additions that will occur this year; 60 percent of the space slated for delivery, however, is spread between the San Gabriel Valley and Torrance. The relative lack of completions elsewhere and expectations for elevated cargo volumes this year will preserve robust demand for available space, holding vacancy below 2 percent for a second consecutive year.

Distribution of trades reflect widespread demand. Deal flow reached a four-year high last year amid record-low vacancy and double-digit rent growth. The rise in transactions was highlighted by sizable increases in sub-$10 million and $20 million-plus trading, which fueled a new benchmark for annual dollar volume. Throughout the county, vigorous demand exists for warehouses suited for last-mile operations and manufacturing facilities. These assets change hands at high-3 percent to low-5 percent yields, with returns above this range most frequent in Central Los Angeles and the San Fernando Valley — the most active submarkets for warehouse deals. Buyers are also scouring the South Bay and San Gabriel Valley, as they seek assets proximate to ports and the Inland Empire.

2022 Market Forecast

NIPI Rank 1 — Los Angeles will record the lowest vacancy rate of major metros by the end of 2022, contributing to its top spot in the NIPI.

Employment up 5.1% — Metro employers add 220,000 positions, pushing the total headcount to be within 25,000 jobs of the year-end 2019 mark.

Construction 5 million sq. ft. — The volume of supply additions in 2022 matches the prior five-year average, increasing inventory by 0.6 percent. Large-scale deliveries will be relatively modest, as half the properties slated for completion feature less than 100,000 square feet.

Vacancy down 10 bps — Following last year's 180-basis-point reduction in vacancy, industrial users absorb 5.6 million square feet of space during 2022, slightly compressing availability to 1.4 percent.

Rent up 7.4% — For the seventh time in the past nine years, the metro's average asking rent increases by more than 7 percent on an annual basis, elevating the mean marketed rate to $15.80 per square foot.

Investment — Extremely tight vacancy, as well as a lack of developable land in Central Los Angeles and the South Bay, generates investor demand for aging properties well-positioned for redevelopment.

Locational Advantage and Supply Chain Infrastructure Aid Industrial Performance Amid E-Commerce Boom

Shipping firms drive need for industrial space in Memphis. The city's central location has contributed to an agglomeration of shipping and logistics firms in the metro, creating a favorable cluster for industrial assets. The Memphis International Airport is a central point for these firms, highlighted by FedEx's hub, the firm's largest in the country. The city recently invested $500 million to support additional cargo operations, boosting demand for nearby space. Southeastern Memphis, adjacent to the airport, is home to roughly 35 percent of the metro's inventory, and booming demand led the submarket to record net absorption above 6 million square feet in 2021. Despite record-breaking construction in 2021, demand was even stronger, resulting in a 50-basis-point drop in vacancy last year. The metro's rail system and access to the Mississippi River through the Port of Memphis augment the airport to create ample distribution methods for firms. These factors contribute to vacancy reaching its lowest year-end measure on record this year.

Assets near distribution hubs pique investor interest. The presence of the largest cargo airport in the world has driven investors to target assets close to major transport routes in the metro. Due to their proximity to the airport, Southeast Memphis and neighboring DeSoto County report the most sales, commonly involving warehouses with more than 150,000 square feet. High levels of tenant interest mean these assets trade at premium price points, especially in DeSoto County, with cap rates in the mid-4 percent range for large and stabilized assets. Similar per-square-foot price points are reported in Northeast Memphis, but top-line entry costs are lower, as buildings here are rarely above 50,000 square feet in size. Investors looking for higher yields will target older assets in Southwest Memphis, particularly near the Port of Memphis, for their value-add potential.

2022 Market Forecast

NIPI Rank 33 — Comparatively tepid employment gains and high vacancy contribute to Memphis' lower ranking in the NIPI this year.

Employment up 1.5% — Employers are set to add 10,000 jobs in 2022, aiding in the metro surpassing the pre-pandemic total by roughly 6,000 roles.

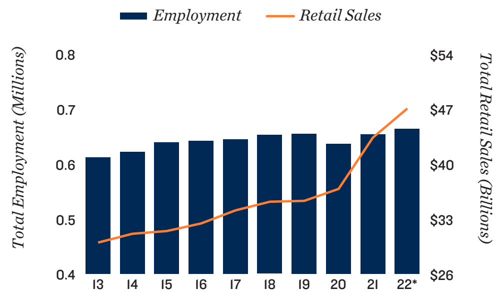
Construction 6.5 million sq. ft. — After the completion of more than 10 million square feet in each of the last two years, development will ease significantly in 2022. DeSoto County remains a popular locale for builders.

Vacancy down 20 bps — The retreat in construction will work in unison with surging demand to cut vacancy to just 6.0 percent by year-end. In 2021, vacancy fell 50 basis points.

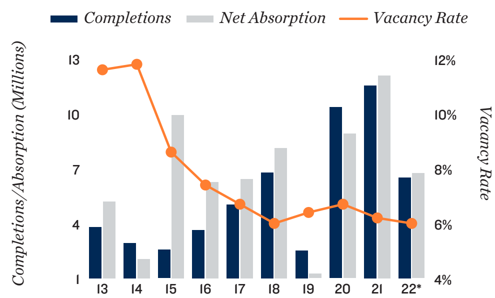
Rent up 5.0% — After climbing 8.1 percent in 2021, the average asking rent will grow to $3.80 per square foot in 2022. These rates are the lowest of major shipping hubs and will aid tenant demand.

Investment — Investors may increasingly target assets in north Fayette County in the years to come, as Ford continues work on its new EV factory along Interstate 40 — slated for completion in 2025.

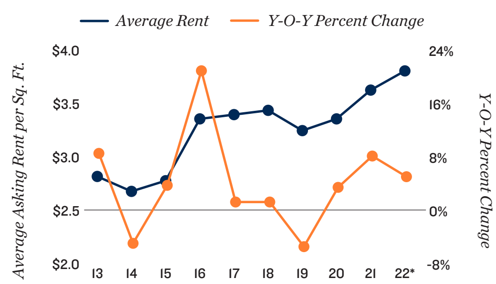
Economic Trends



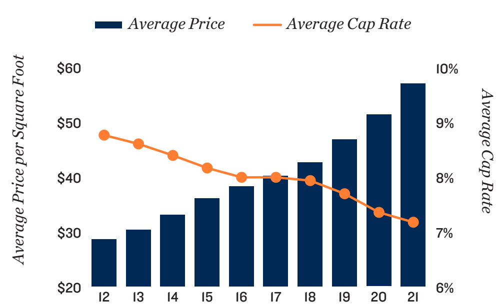
Supply and Demand



Rent Trends



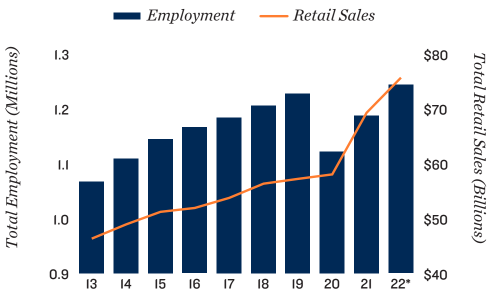
Sales Trends



* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

Economic Trends



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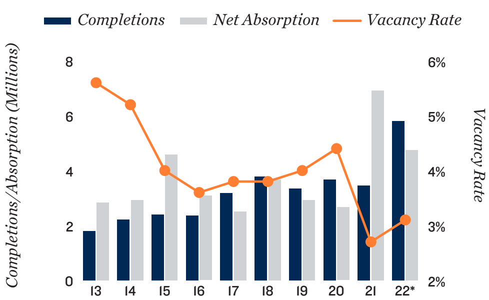

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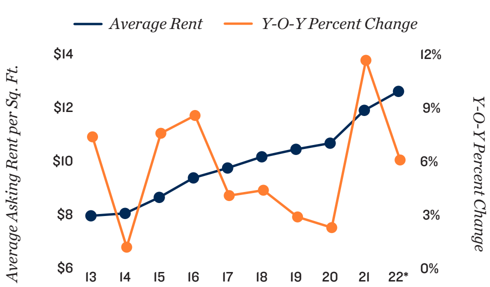

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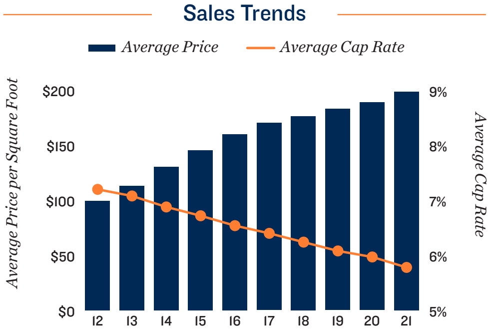


** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

Tight Conditions and Land Constraints Support Rent Gains; Capital from Across the Nation Active in Miami

Development gains signify pent-up demand. South Florida's industrial sector recovered from the impact of the health crisis faster than the overall economy, though payrolls will not reach pre-pandemic levels until later this year. This job growth, along with stimulus funds, will contribute to retail sales, which grew nearly 25 percent between 2019 and 2021. Consumer spending included a sizable surge in online shopping, necessitating the need for more distribution and last-mile industrial space. As a result, vacancy is at its lowest rate in two decades, despite consistent deliveries over the last several years; development picks up this year, however, as builders find infill locations to expand stock. Of the nearly 6 million square feet of industrial space slated for delivery, only one project surpasses the 500,000-square-foot threshold. Speculative construction is prominent though, with more than half the underway space without leasing commitments.

Industrial assets attract out-of-area buyers. Deal flow rebounded last year, following the pandemic-induced slowdown in sales activity. Investors are particularly keen on local warehouses, which can trade at first-year returns in the low-5 percent range in some cases. Properties located in infill areas, where land sells at a premium, are the most attractive for out-of-state investors and industrial-focused institutions. Specifically, buildings proximate to major freeways that operate as last-mile distribution centers, and those equipped with cold storage have seen a significant bump in transactions during the past year — a trend that is expected to continue well into 2022. The rising cost of capital is unlikely to deter investors focused on South Florida from acquiring assets in Miami. The average cap rate heading into this year was 6.0 percent, only 20 basis points below the average in both Broward and Palm Beach counties.

2022 Market Forecast

NIPI Rank 10 — Miami-Dade rounds out the top 10 in this year's index, due to surging employment growth and low vacancy rates.

Employment up 4.7% — Payrolls grow by 56,000 positions this year, surpassing the pre-recession peak.

Construction 5.8 million sq. ft. — Developers are ramping up construction this year, expanding inventory by 2.7 percent. In 2021, new construction constituted 1.6 percent of existing stock.

Vacancy up 40 bps — The impact of supply additions will place upward pressure on vacancy this year, lifting the rate to 3.1 percent. Last year, availability tightened by 170 basis points.

Rent up 6.0% — After an impressive 11.6 percent jump in 2021, the average marketed rate for available space is projected to finish this year at $12.55 per square foot.

Investment — International investors are expected to take a more active role this year, particularly for recently constructed properties that become available.

Milwaukee's Industrial Giants on Track to Expand; Investors Flock to Waukesha County

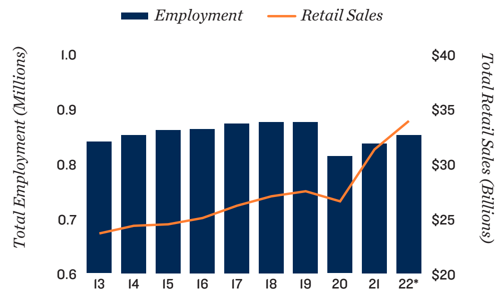
Growing manufacturers keep space demand elevated. Coming off a booming 2021, Milwaukee's industrial sector is set for another year of positive performance. Area manufacturers entered this year ahead of pre-pandemic employment counts, and other industrial-using sectors are poised to expand space needs in 2022 as retailers and businesses hold additional stock closer to consumers. Recent southeastern Wisconsin expansions by Amazon, in tandem with industrial equipment giant Komatsu, affirm area employers' confidence in the market's economic future. Commitments by larger entities should, in turn, spur leasing from smaller manufacturers and logistics providers they collaborate with. In addition to consistent leasing activity at existing facilities, Milwaukee boasts some of the highest pre-leasing rates among Midwestern metros, which will help mitigate a slight bump in vacancy expected this year. Despite nominal gains in availability, marketed rents will recoup the previous year's losses to post a new year-end high in 2022.

Trade activity intensifies on the western flank. The western suburbs drove last year's record deal flow across the Milwaukee metro, with over half of the properties changing hands located in Waukesha County. Buyers are pursuing manufacturing and distribution facilities in Central Waukesha, New Berlin and Menomonee Falls. Here, sub-$10 million price tags are most common, with these suburbs offering proximity to interstates that provide access to both local urban corridors, as well as other regional metros. Increased liquidity is attracting a combination of private buyers from nearby Midwestern markets, as well as institutional capital from New York and California, in search of available warehouse space. Moving forward, average yields above those found in nearby metros should continue to attract out-of-state investors to Milwaukee in search of higher returns.

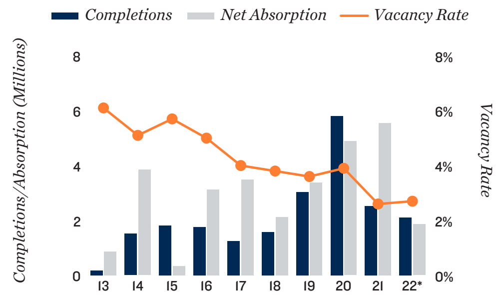
2022 Market Forecast

NIPI Rank	34	Despite low vacancy rates, comparatively weak revenue growth puts Milwaukee below other metros in 2022's rankings.
Employment up 1.9%		Milwaukee recovers 16,000 jobs this year, but firms must fill 25,000 more positions to match pre-pandemic employment.
Construction 2.1 million sq. ft.		Deliveries taper for a second consecutive year, as developers expand the metro's industrial stock by less than 1 percent for the first time since 2018.
Vacancy up 10 bps		After hitting an all-time low of 2.6 percent in 2021, a slight uptick in availability is observed; Milwaukee, however, retains one of the nation's lowest vacancy rates.
Rent up 4.3%		After declining 2.3 percent in 2021, the average asking rent rises to a new year-end high at $4.80 per square foot. This marks the fastest rate of rent growth since 2017.
Investment		In 2021, Port Milwaukee initiated construction on a Jones Island shipping terminal to export agricultural products. Upon the facility's 2023 opening, space demand nearby could make the area a popular upside target for buyers.

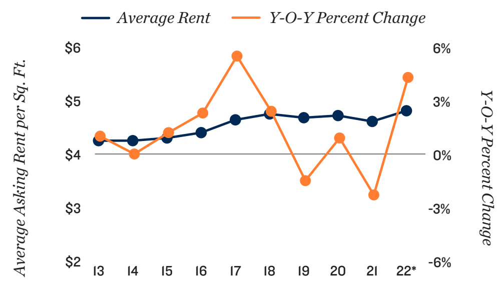
Economic Trends



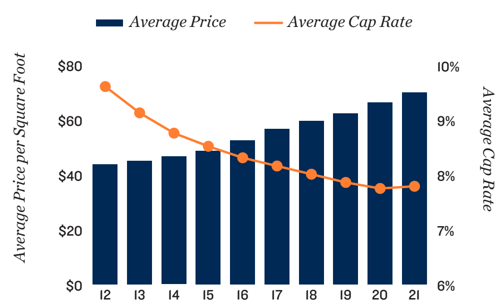
Supply and Demand



Rent Trends



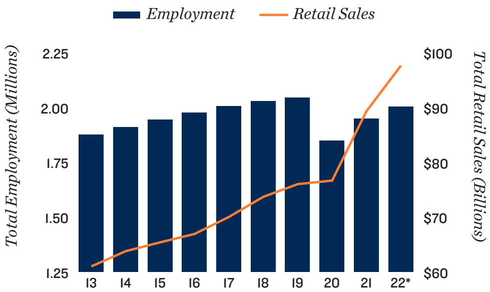
Sales Trends



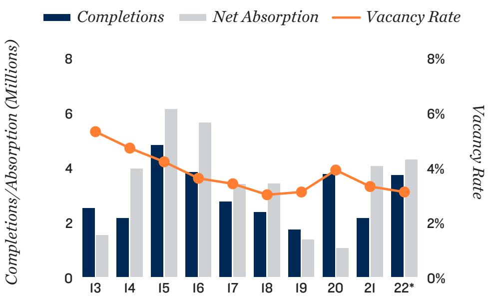
* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

Economic Trends



Supply and Demand



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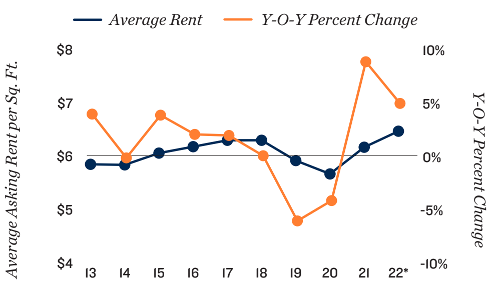

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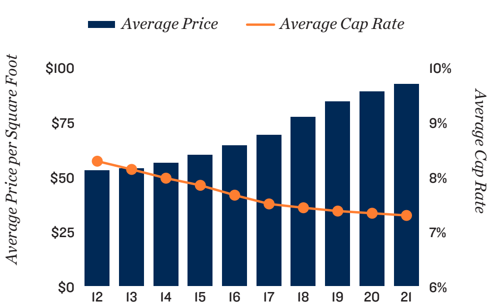


** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

Manufacturers and Biotech Among Growing Area Firms; Investment Epicenter Gravitates Westward

Economic tailwinds test industrial users' space requirements. Employment in the metro's manufacturing sector began the year ahead of pre-pandemic levels, and other predominantly industrial-space-using segments are rapidly approaching full job recoveries. Despite nationwide labor shortages, a local unemployment rate above previous cyclical lows shows there is still room for growth. Further economic recovery should be a boon for industrial space demand as companies expand operations. Minneapolis is also benefiting local biotech expansion. Life science firms are actively leasing existing space and account for a notable percentage of the build-to-suit projects currently underway. At 3.7 million square feet, 2022's expected delivery total surpasses the prior five-year average by 1.2 million square feet. Elevated development and a year-end vacancy rate in the low-3 percent range will enable rents to culminate in new highs this year.

Higher returns and logistics trends drive buyers to the suburbs. Ample leasing demand in the wake of pandemic-accelerated trends, such as the e-commerce boom, put investment activity at an all-time high last year. Deal flow surged in the metro's Northwest and Southwest submarkets, as investors pursued assets in Minneapolis' first-ring suburbs. These regions have become increasingly popular with local investors in the sub-$10 million range, where assets can be secured for higher yields than in the urban core. Furthermore, a growing need for last-mile shipping facilities, as e-commerce titans expand their logistics capabilities, is being met with intense bidding activity for warehouses and distribution centers. Warehouses are trading at cap rates in the mid-3 percent range, more than 300 basis points under the metro average. Elevated development activity may push up bidding prices as investors search through a selection of more recent builds.

2022 Market Forecast

NIPI Rank **30** — While recovered from earlier shocks, revenue gains have trailed other markets, leading to a lower position on the 2022 NIPI.

Employment up 2.8% — Following 2021's job recovery surge, hiring velocity moderates as area employers tack on 55,000 new positions.

Construction 3.7 million sq. ft. — Construction activity accelerates after 2.1 million square feet was delivered in 2021. This year marks a decade-long span of annual stock enlargement exceeding 1 million square feet.

Vacancy down 20 bps — Vacancy drops further after a 60-basis-point compression was observed last year. Availability ends 2022 at 3.1 percent, just 10 basis points above the previous cyclical low.

Rent up 4.9% — Rents will post a 14.2 percent two-year gain, recovering all ground lost in 2019 and 2020. The average asking rent hits a new high at $6.45 per square foot.

Investment — Investors looking for upside potential may look to St. Croix County, where availability has fallen below 1 percent. While marketed rents here have fallen sharply since 2018, presently tight vacancy has the potential to reverse this trend.

Redirected Shipping Jolts Fundamental Recovery; Industrial Outperforms Other Asset Classes

Elevated demand for delivered goods drives leasing activity. Following declining rents in the early stages of the health crisis, rising e-commerce sales have contributed to positive momentum in New York's industrial sector since. Leasing activity has been driven by shipping giants UPS and FedEx, alongside multiple online retailers. Amazon recently inked a 975,000-square-foot lease in Staten Island, constituting nearly 12 percent of the borough's inventory. Additionally, supply chain issues have diverted ships from other coastal metros to New York ports, generating record levels of tonnage. As the global supply chain headwinds could extend into late 2022 and beyond, short-term storage for these shipments will keep demand for warehouse space elevated. Despite high leasing appetites, rapid construction may weigh on the rent recovery. Developers are poised to bring the five-year completion total to near 7.2 million square feet by the end of 2022, setting a multidecade record for inventory growth. Over 1 million square feet will come online in North Brooklyn alone, where asking rents have yet to reach pre-pandemic highs.

Space demand from distributors intrigues buyers pursuing stable revenue streams. New York's high proportion of warehouse space left the industrial sector ripe for bidding activity in the wake of the e-commerce boom. Contrasting other property types, cap rates on industrial assets have continually compressed throughout the pandemic, as investors noted enthusiastic leasing demand relative to other asset classes. Yields for industrial properties entered the year averaging in the mid-3 percent band, which is 120 basis points under the next-lowest property type. Due to high demand for shipped items, interest surrounding warehouse properties should remain elevated, even as the performance of other asset classes improves as the city emerges from the pandemic.

2022 Market Forecast

NIPI Rank 36 — While trending up, shortfalls between current and pre-pandemic revenues place New York at the bottom of the 2022 Index.

Employment up 3.7% — New York City recovers another 160,000 jobs in the wake of last year's hiring surge, when 236,000 positions were filled.

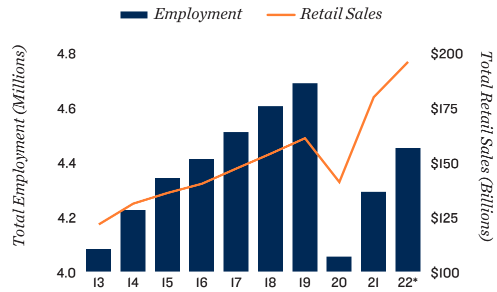
Construction 2.2 million sq. ft. — The market undergoes its second-fastest year of stock expansion in over two decades, just under the previous record of 2.3 million square feet finalized in 2018.

Vacancy down 20 bps — Vacancy compression continues as net absorption exceeds 2 million square feet for the second year in a row. Available space declines to 4.7 percent of inventory.

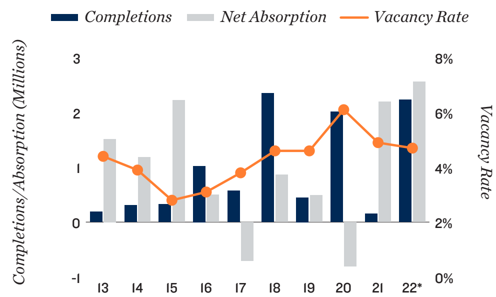
Rent up 1.8% — After rents declined 4.1 percent in 2020, recovery is still ongoing. The average asking rent is projected to end the year at $22.90 per square foot, six cents under the previous high.

Investment — As the need for last-mile delivery space continues to generate high warehouse leasing demand, industrial properties may draw capital from investors who typically operate in sectors that are facing a more prolonged recovery.

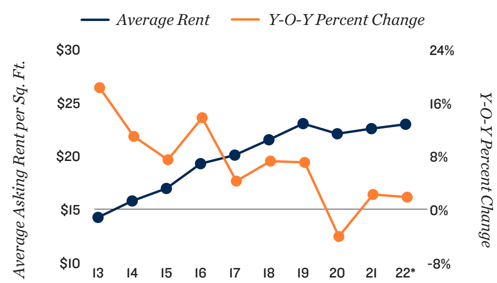
Economic Trends



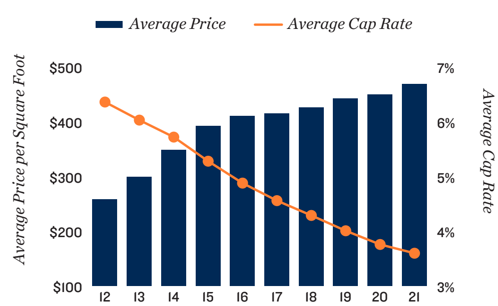
Supply and Demand



Rent Trends



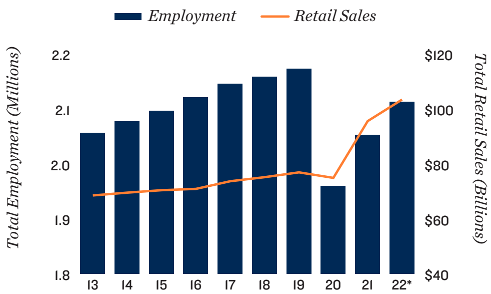
Sales Trends



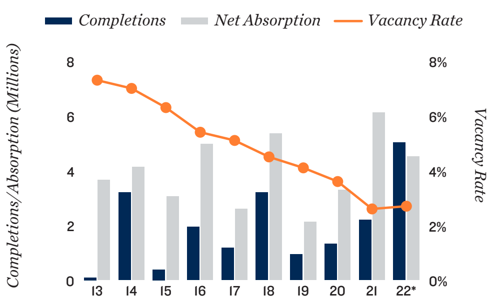
* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

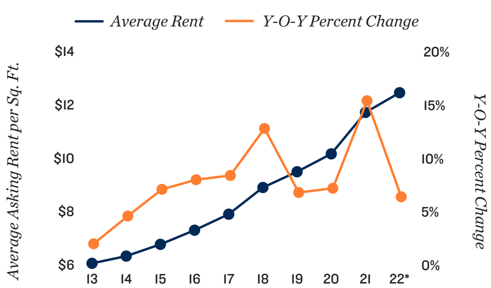
Economic Trends



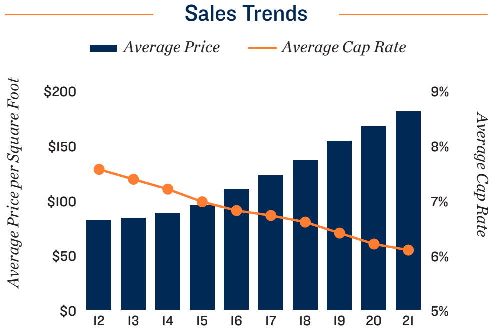
Supply and Demand



Rent Trends



Sales Trends



** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

Surge of Shipping Through New Jersey Ports Bolsters Space Demand; Developers Set Record Pace

E-commerce and logistics trends push warehouse performance to new heights. Supply chain woes have increased multi-channel retailers' storage requirements in Northern New Jersey. Bottlenecks in other coastal metros have diverted record tonnage into New York and New Jersey ports, affirming Port Newark's status as the top point of entry for goods shipped through the East Coast. Nationwide logistical challenges are also influencing development trends. Booming construction is concentrated around the Meadowlands and waterfront locales, streamlining a flow of goods to surrounding consumers. Additional conversion activity should help bolster metro stock. Corporate offices in Rockaway, recently vacated by Party City, will add over 120,000 square feet of warehouse space to the market after remodeling. While this year's record supply pipeline will bring vacancy back above last year's all-time low, elevated demand for industrial space should push asking rents to new highs, as online retailers strive to shorten distances between staging areas and customers.

Active investment base pursues warehouse deals and drives pricing gains. Lined with active seaports and home to one of the country's most affluent populations, Northern New Jersey's high-performing warehouse segment is garnering significant interest from buyers. Competitive bidding has led to substantial price growth on industrial properties over the last half decade. Since 2016, the average sale price per square foot has increased by over 50 percent. Buyer fervor for warehouse space has driven cap rates well under the yields for other types of industrial properties, with these assets seen trading as low as the mid-2 percent range. As logistics providers continue expanding last-mile shipping operation, suburbanized areas like Bergen County should capture the highest bidding activity..

2022 Market Forecast

NIPI Rank — 8 — Limited availability and consistent rent gains result in Northern New Jersey landing a top 10 place in this year's ranking.

Employment up 2.9% — Area companies slow down hiring following 2021's surge, expanding payrolls with 60,000 new positions this year.

Construction 5 million sq. ft. — Developers are scheduled to exceed last year's delivery volume by 2.8 million square feet, posting a multidecade record for supply additions.

Vacancy up 10 bps — At over 4.5 million square feet, net absorption trails rapid inventory expansion. Still, only a nominal increase in availability is noted this year, lifting vacancy up to 2.7 percent.

Rent up 6.3% — Following a 15.3 percent climb last year, tight conditions allow for a more sustainable pace of rent growth in 2022 that elevates the mean marketed rate to $12.40 per square foot.

Investment — Buyers searching for properties with rent growth potential may seek out assets in Passaic and Morris counties, where yields average higher than along the waterfront. Vacancies in these submarkets have gone down by half since 2018.

Retail Tenants Take Active Role in Leasing; Buyers Favor East Bay Industrial Over Other Property Types

Industrial sector among East Bay's strongest. The prolonged recovery in the metro, due to a particularly hard-hit economy, is moving more quickly for industrial operations. Space demand has improved more than 3.5 percent since the onset of the pandemic, and is projected to advance an additional 1.5 percent this year. Much of the space need will come from the retail sector utilizing more direct-to-consumer options, which has been crucial to remote workers that were forced to stay away from offices well into 2022, due to COVID-19. Easing concerns surrounding the health crisis will do little to reduce momentum in the East Bay as residents across the Bay Area continue to utilize online retailing, evident by Amazon signing two of the three largest leases in 2021. Outside of last-mile distribution, the Port of Oakland remains integral to the local industrial sector. Last year, the port handled the greatest import volume in its 94-year history.

Sales rebound to pre-recession levels. Buyers are attracted by Bay Area real estate, and the East Bay industrial sector remains among the most appealing. Last year, the number of deals between $10 million and $20 million nearly tripled. Additionally, investors are exhibiting a willingness to spend more on local assets as the post-health crisis recovery becomes more apparent. Warehouses are on top of investors' wish lists, though manufacturing and light manufacturing assets at the other end of the spectrum have increased in popularity, highlighted by a surge in subsector deal flow last year. Buildings in the research and development arena are also sought after by both tech owner-users and investors. Active buyers and inexpensive capital pushed the average cap rate down to 5 percent entering this year, though upward pressure on first-year returns could mount in the coming months, due to the rising cost of capital and global unrest.

2022 Market Forecast

NIPI Rank 19 — A receding vacancy rate and inventory growth of just over 1 percent help Oakland's standing in the top 20 of the 2022 NIPI.

Employment up 3.4% — The addition of 38,000 positions this year nearly matches the 38,800 jobs created in 2021.

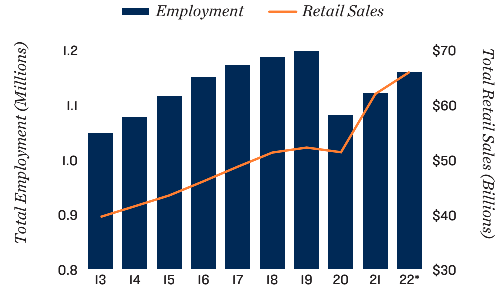
Construction 2.9 million sq. ft. — Following a 0.9 percent increase in inventory during 2021, developers expand stock by 1.2 percent in 2022. Approximately 50 percent of the underway space is pre-leased.

Vacancy down 30 bps — Conditions will continue to tighten this year, though at a slower pace than 2021. By year-end, the vacancy rate is expected to fall to 4.3 percent, as users absorb nearly 3.5 million square feet.

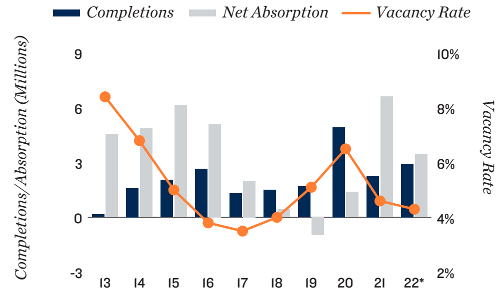
Rent up 4.8% — Lower vacancy facilitates an increase in average marketed rent to $17.02 per square foot.

Investment — Buyers are expected to target properties at both ends of the Interstate 880 Corridor. Additional activity may emerge in Contra Costa County following recent local population growth.

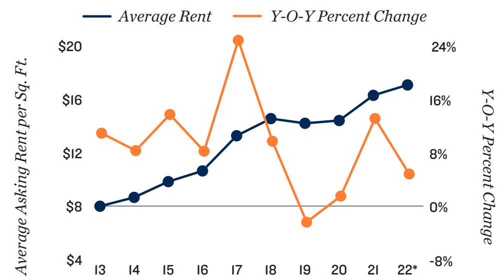
Economic Trends



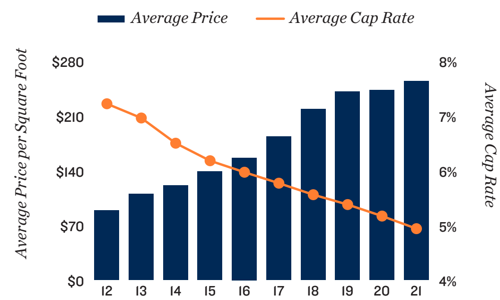
Supply and Demand



Rent Trends



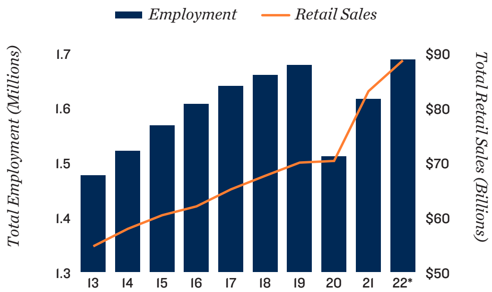
Sales Trends



* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

Economic Trends



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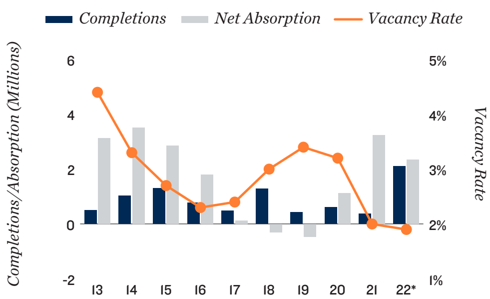

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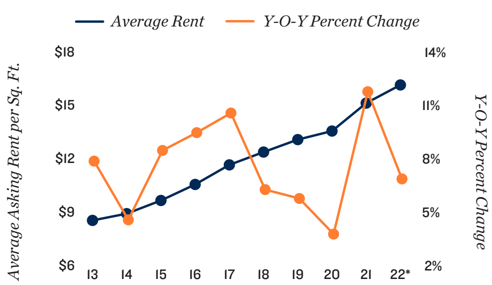

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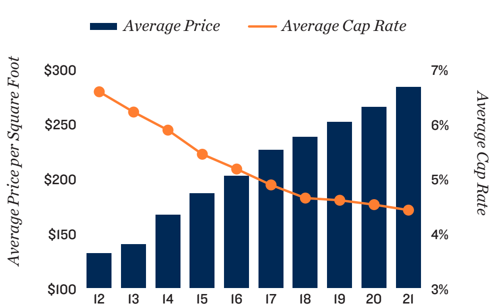


** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

Users and Investors Covet Space Near Ports and Population Centers, Extending Stretch of Strong Performance

Largest submarkets highlight metro's historic fundamentals. Supported by a varied tenant roster of warehouse and distribution center users, as well as a diverse manufacturing base that includes electric car and medical device companies, Orange County entered 2022 with a scant vacancy rate of 2 percent. For these firms, proximity to Los Angeles County ports, major freeways or John Wayne International Airport is paramount, with submarket vacancy rates reflecting these preferences. Home to 40 percent of market inventory, North County began this year with low-1 percent availability, while vacancy in the Airport Area was at 2.5 percent. Tight conditions warrant development, although only North County will register noteworthy speculative completions this year. These circumstances will steer most expanding users to an extremely limited number of available spaces, enabling Orange County to end 2022 as the nation's second tightest market.

Limited supply additions and bullish projections bolster competition. Deal flow and average pricing escalated during 2021, translating to a record year for dollar volume. Investors are largely following user demand trends when making acquisitions, focusing on properties in North County and listings near the airport. Relatively older warehouses, as well as manufacturing facilities in Anaheim and the city of Orange, are frequently trading at low-3 to high-4 percent cap rates, with similar assets in Santa Ana changing hands with first-year returns in the 4 percent band. These locales account for the most diverse buyer pools, with out-of-state buyers and institutional firms exhibiting a more substantial presence that has the potential to place upward pressure on pricing. Private buyers and owner-users local to Southern California, who wish to avoid outside competition and obtain below-average pricing, are pursuing opportunities west of Interstate 5.

2022 Market Forecast

NIPI Rank	2	Inventory growth beneath 1 percent amid tight vacancy helps give Orange County the second spot in this year's Index.
Employment up 4.5%		Organizations add 72,000 positions, enabling the metro's year-end job count to exceed the pre-pandemic mark by 10,000 roles.
Construction 2.1 million sq. ft.		Annual delivery volume reaches a 20-year high; inventory, however, increases by just 0.8 percent. Supply additions are concentrated in North County, highlighted by projects in Fullerton.
Vacancy down 10 bps		Availability compresses for a third straight year, as industrial users absorb more than 2.3 million square feet of space. This leasing velocity lowers metro vacancy to 1.9 percent.
Rent up 6.8%		After rising by nearly 12 percent last year, the average asking rent increases at a pace on par with the prior 10-year average, climbing to $16.05 per square foot in 2022.
Investment		Scant availability and a lack of developable land in North County and the Airport Area heighten investor competition for assets well-positioned for redevelopment into modern facilities.

Surging Population Underpins Demand, Stimulating Development and Investment Activity in Orlando

Availability falls to record low. Robust population growth and Orlando's central positioning on the I-4 Corridor, teamed with the ongoing rise of e-commerce, is luring prospective tenants and developers to the market. Industrial firms absorbed nearly 5 million square feet in 2021, compressing metrowide vacancy to 3.4 percent. Recent demand was widespread, with six of the metro's seven submarkets experiencing vacancy compression and double-digit rent growth over the past year. Users' strong appetites for modern space continue to fuel new development in Orlando, with roughly 3.3 million square feet expected to deliver this year. The bulk of completions are concentrated in Northwest and Southeast Orange County, with only 30 percent of the space accounted for entering 2022. Despite the uptick in speculative construction, net absorption is expected to outpace deliveries, resulting in the third consecutive year of annual vacancy compression. Availability will fall to 3 percent by year-end, the lowest rate among all major Florida metros.

Investors target properties near major highway arteries. Orlando's central location and robust rent growth continue to stimulate deal flow in the metro. Competition for available assets is heating up, with the average sale price increasing by nearly 50 percent over the past five years. Smaller warehouses in Northwest Orange County, in close proximity to the SR-429 Corridor, are highly sought after. Assets here generally trade at mid-5 to mid-7 percent cap rates. In Southeast Orange County, investors are targeting properties near the Florida Turnpike east of Orlando International Airport. Entry costs here usually rise above the metro mean of $132 per square foot, with first-year returns averaging in the low-5 percent range. Seminole County is also recording elevated investment activity, with buyers targeting assets along the I-4 Corridor.

2022 Market Forecast

NIPI Rank 4 — Several years of strong net absorption and asking rent growth propel Orlando into the upper echelon of the 2022 Index.

Employment up 6.3% — About 80,000 jobs will be created this year, producing the second-fastest employment growth rate among major U.S. markets.

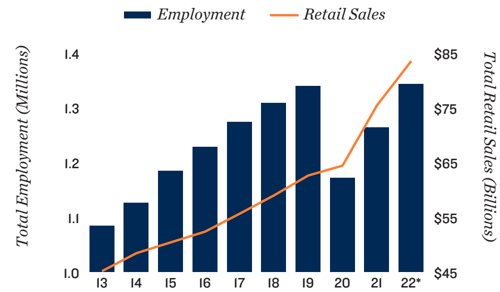
Construction 3.3 million sq. ft. — Development activity increases this year as developers expand the metro's inventory by 2.3 percent. In 2021, approximately 2.4 million square feet was brought online.

Vacancy down 40 bps — Net absorption surpasses supply additions in 2022, reducing vacancy to 3.0 percent — a multidecade low. Last year, the rate compressed by 180 basis points.

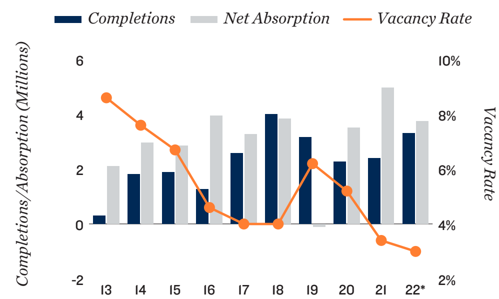
Rent up 8.4% — Asking rent will establish a new high, advancing to an average of $8.90 per square foot in 2022, building on the 14.7 percent spike registered last year.

Investment — A sub-2 percent vacancy rate, coupled with double-digit rent growth and robust leasing activity, will likely draw investors to listings in Lake County, where entry costs often fall below the metro average.

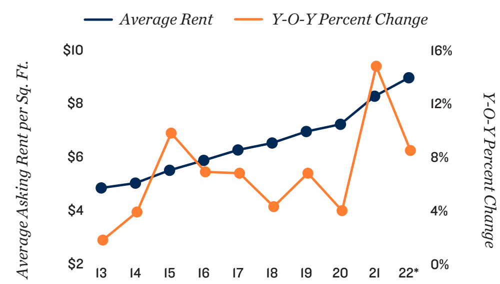
Economic Trends



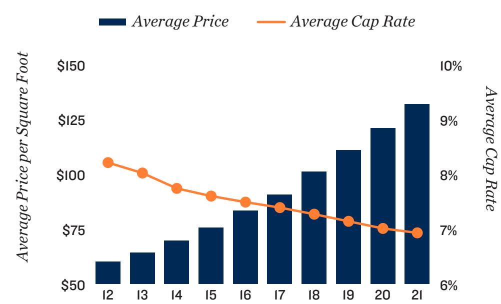
Supply and Demand



Rent Trends



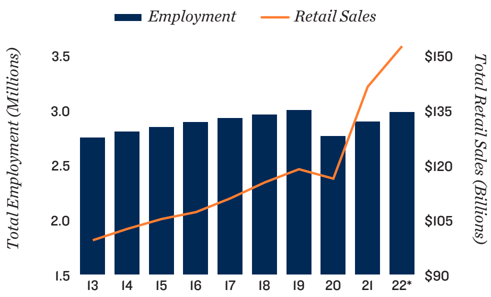
Sales Trends



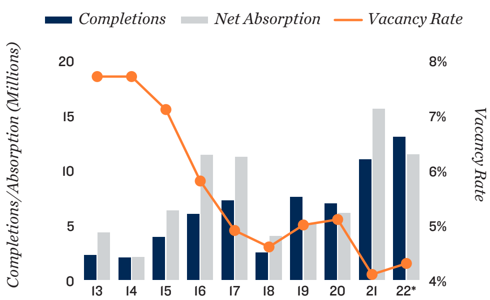
* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

Economic Trends



Supply and Demand



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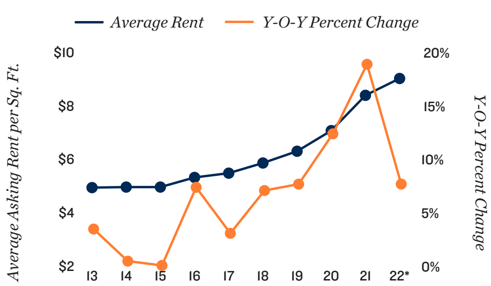

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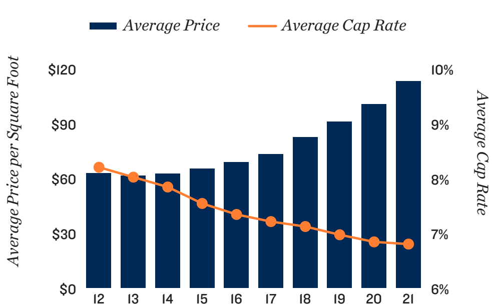


** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

Unprecedented Demand Surge Prompts Historic Supply Wave Across the Philadelphia Metro

Net absorption soars to record high. The need for space to distribute the growing number of retail goods sold online, coupled with the metro's proximity to other major East Coast markets, is bolstering industrial demand in Philadelphia. Additionally, the Port of Philadelphia saw double-digit growth in container volume, break bulk cargo and overall port tonnage last year, further strengthening the need for space in the metro. Leasing activity skyrocketed, with firms taking 15.5 million square feet off the market in 2021 — the largest demand spike in over two decades. Facilities in Northern Delaware and Southern New Jersey have been coveted as of late, accounting for roughly two-thirds of all absorption over the past year. Developers have responded to this recent surge in demand by elevating construction activity across the metro. Supply additions for 2022 are expected to reach the highest volume this century, with only 30 percent of the pipeline pre-leased entering this year. The boost in speculative supply will place upward pressure on vacancy; the rate, however, will remain 170 basis points below the trailing 10-year average.

Pricing surges as competition for assets intensifies. Lower entry costs relative to other major Northeast metros, coupled with tight vacancy, stimulated investor interest in Philadelphia. Deal flow skyrocketed over the past year, resulting in the largest annual transaction total in over two decades. Elevated competition for properties resulted in a 13 percent boost in the average sale price over the past year. Assets are most often changing hands in Bucks County, due to the area's sub-2 percent vacancy rate and proximity to Interstate 95. Here, investors targeted pre-1990 constructed warehouses, with cap rates that average in the mid-6 percent range. Double-digit rent growth in Burlington and Camden counties have stimulated buyer activity in Southern New Jersey as well.

2022 Market Forecast

NIPI Rank	16	Skyrocketing asking rents since the onset of COVID-19 lead to Philadelphia claiming a spot in the top half of the 2022 NIPI.
Employment up 3.0%		Employers will create 86,000 new positions in 2022, after bolstering staffs by 131,100 workers last year.
Construction 13 million sq. ft.		Construction remains robust this year as developers expand the metro's industrial inventory by 2.6 percent. The bulk of completions are concentrated in Burlington County.
Vacancy up 20 bps		Supply additions will outpace leasing activity in 2022, pushing vacancy up slightly to 4.3 percent. Last year, the rate contracted 100 basis points.
Rent up 7.6%		The average asking rent increases by over 7 percent for the fifth consecutive year in 2022, as the rate rises to $8.97 per square foot. Last year, an 18.8 percent surge was recorded.
Investment		Philadelphia International Airport is planning to nearly triple its cargo building square footage. As a result of this, warehouse facilities near the airport will likely garner heightened interest.

Expanding Population and Incomes Entice Tenants; Developers and Investors Ramp up Activity in The Valley

Growing consumer base, tenant spillover incite demand boom. The Phoenix metro has seen a surge in industrial leasing entering this year, as more than 70 leases of at least 100,000 square feet each were signed in 2021 — more than 10 of these being for spaces exceeding 500,000 square feet. Major commitments from firms like Best Buy, Lowe's and UPS helped net absorption surpass 20 million square feet last year. This lift in demand is supported by the expanding consumer base in Phoenix. The local population is growing nearly three times faster than the national rate, and median household incomes are advancing at the fifth quickest pace of major U.S. metros. Phoenix has also benefited from low availability and rising asking rents in Southern California, as The Valley provides a cost-efficient alternative and access to a larger stock of available facilities. Developers and tenants have favored the Southwest Valley along Interstate 10 recently, as this area offers airport and rail access, while also being the closest Phoenix submarket to California.

Deal flow reaches historic levels. Investors are increasingly targeting industrial assets in the Phoenix metro, causing several of the market's submarkets to record significantly more trades than they have in prior years. This elevation has been strongest in the Northwest, Southwest and Airport submarkets, which has compressed the average cap rate to around 6 percent amid growing entry costs. Near the airport, assets at or below 50,000 square feet drive much of the volume, a reflection of the stock in the locale, and usually change hands with sale prices close to the market average of $148 per square foot. Tenant demand for larger floor plans has fueled activity in Southwest Phoenix, where investors regularly target assets over 100,000 square feet. In the Northwest, buyers have pursued a mixture of building sizes, but often in areas proximate to Interstate 17 and Loop 101.

2022 Market Forecast

NIPI Rank 13 — Phoenix secures the 13th spot in this year's Index, as vacancy and employment trends improved since before COVID-19.-

Employment up 3.7% — Metro employment surpassed its pre-pandemic high before the end of last year, but Phoenix will still add 83,000 jobs in 2022.

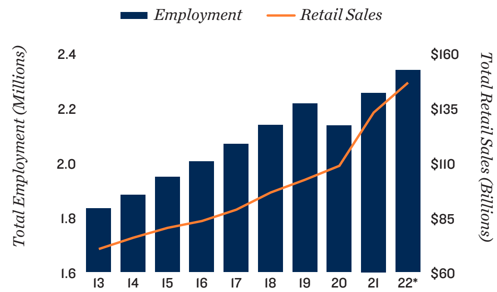
Construction 22 million sq. ft. — Development of industrial space has escalated in recent years, and the space set for completion in 2022 is more than double the five-year trailing average of 10.1 million square feet.

Vacancy up 40 bps — The sizable construction slate is set to raise vacancy to 5.5 percent in 2022, but the net absorption of nearly 20 million square feet will keep this the second-lowest year-end figure on record.

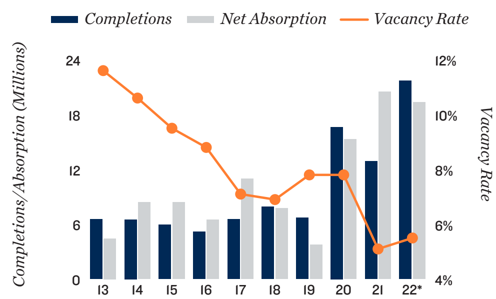
Rent up 6.4% — Asking rents continue their steady growth trajectory in 2022, rising to an average of $8.95 per square foot. Since 2011, asking rates have increased by at least 2 percent every year.

Investment — The Southeast submarket could see a growing number of trades while work continues on the SkyBridge in Mesa — a facility that will act as an inland port for both the U.S. and Mexico.

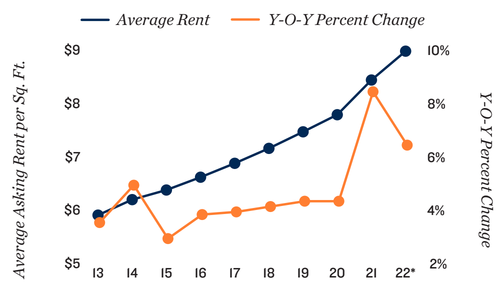
Economic Trends



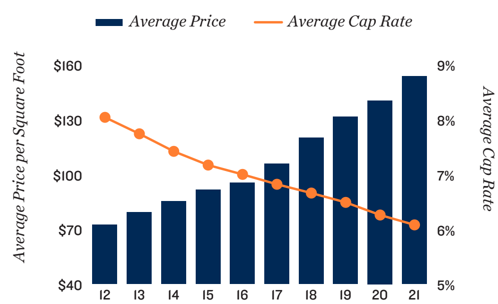
Supply and Demand



Rent Trends



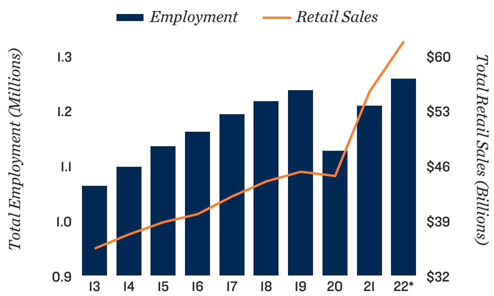
Sales Trends



** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

Economic Trends



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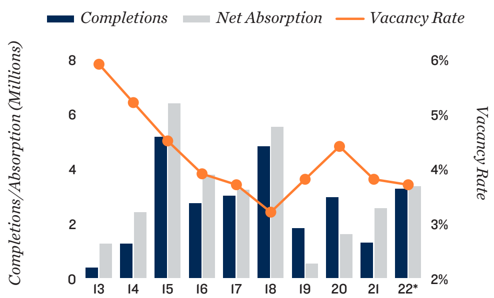

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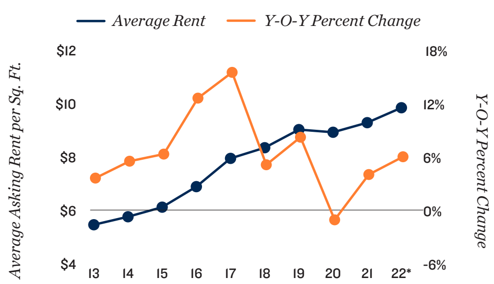

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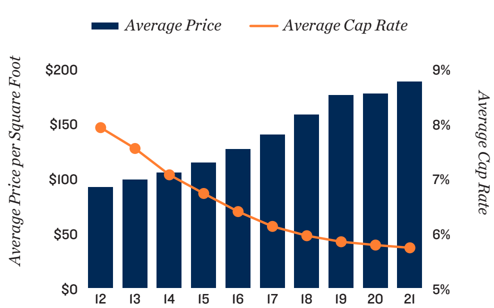


** Forecast*
Sources: CoStar Group, Inc.; Real Capital Analytics

Notable In-Migration Stokes Economic Recovery; Investors Flock to Centrally-Located Submarkets

Hillsboro attracts semiconductor production activity. Portland's population will increase this year by almost 30,000 residents, as new job opportunities and a lower cost of living relative to other West Coast markets help drive net in-migration. This population gain is, in turn, bringing industrial tenants into the market and fostering development. While construction activity is rising, vacancy will continue to contract, with roughly 75 percent of the pipeline already preleased entering this year. Scheduled for completion in 2022, the Intel Expansion Project in Hillsboro, alone, will deliver 1.5 million square feet. Hitachi High-Tech America, Inc. is also moving into a Hillsboro facility in 2022. This along with the semiconductor manufacturing site for Oregon's largest corporate employer signals a growing local technology presence. This has the potential to increase area demand for space among smaller firms that support these sizable organizations.

Investor demand for last-mile warehouses rises amid population growth. Portland registered an elevated number of warehouse trades in 2021, most of which occurred in the urban core and immediate surrounding areas. Despite the rise in deal flow, the metro's average price point of roughly $185 per square foot represents a $100 per square foot discount to Seattle-Tacoma, with Portland's average cap rate of 5.6 percent exceeding its Northwest neighbor by 40 basis points. Southeast Portland is noting a rise in warehouse transactions as buyer demand is reacting to metro-leading vacancy compression. Further out, Wilsonville is also reporting a higher number of trades, supported by a variety of industrial property types. The area's popularity can be attributed to its proximity to Interstate 5 and the availability of price points below the metro average .

2022 Market Forecast

NIPI Rank 21 — Less revenue growth relative to the pre-pandemic recording places Portland in the bottom half of 2022 rankings.

Employment up 4.1% — After a record-high increase in employment in 2021, Portland is expected to add a notable 50,000 positions this year.

Construction 3.3 million sq. ft. — Completions continue to rise in 2022, expanding metro inventory by 1.6 percent. More than half of the space slated for finalization this year will be in Hillsboro.

Vacancy down 10 bps — User demand surpasses ample delivery volume, compressing vacancy to 3.7 percent, the lowest mark in four years..

Rent up 6.0% — After increasing over 60 percent in the past decade, the average asking rent reaches $9.82 per square foot in 2022, a figure roughly 10 percent higher than the national mean.

Investment — Strong property performance and the potential for higher yields relative to other major West Coast markets continue to draw buyers from Washington and California, maintaining a heightened level of competition for area listings.

Extraordinary Demand Amid Unrelenting Stock Expansion Piques the Interest of More Outside Investors

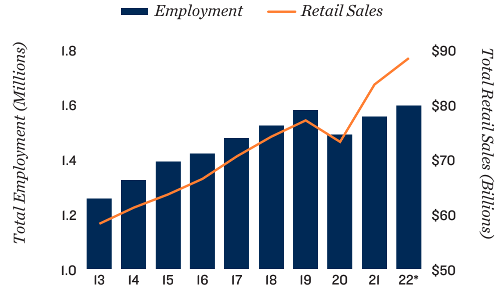
Hub market enters 2022 on strong footing, following record year for absorption. One of the nation's largest industrial metros by inventory, Riverside-San Bernardino is an epicenter for 100,000- to 200,000-square-foot-plus lease executions. Recently, ardent demand from logistics firms, suppliers and e-commerce companies for sizable spaces at regionally lower rents translated to the absorption of 29 million square feet last year, slashing vacancy below 2 percent. Mid and large-scale commitments have been most frequent near Ontario International Airport and in Riverside County along Interstate 215, activity that has intensified development in these areas. During 2022, developers are expected to finalize a total of 25 million square feet throughout the Inland Empire, roughly 60 percent of which was unaccounted for at the onset of the year. This wave of speculative space will outpace near-term demand; however, the metro still registers one of the largest annual absorption tallies nationally, with vacancy ending the year at a scarce 2 percent.

Fierce competition exists for larger assets and properties with upside. Home to a vast roster of national tenants and average pricing that trails adjacent metros, the Inland Empire attracts a diverse collective of buyers. Deal flow reflects this, as the number of $20 million-plus transactions more than doubled last year, while $1 million to $10 million sales activity rose by 10 percent. The Airport Area is the preferred landing spot for institutional-sized warehouse and distribution center trades, with returns hovering in the 3 percent range. Buyers are also targeting warehouses with tenants at rents below market value. These assets provide future upside, as asking rates will be adjusted upward to align with the metro average when existing leases expire. Chances to acquire these properties are most frequent in South Riverside County, the Coachella Valley and San Bernardino.

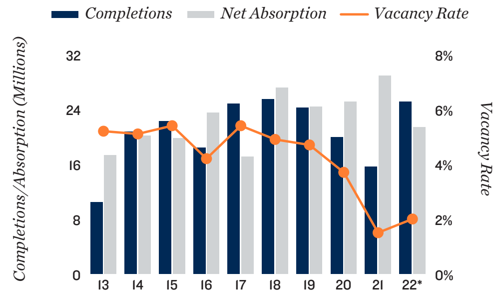
2022 Market Forecast

NIPI Rank	5	Riverside-San Bernardino boasts one of the tightest vacancy rates in the country, placing it in the top five of this year's NIPI.
Employment up 2.6%		Driven by job creation in the retail trade, transportation and utilities sector, the Inland Empire adds 40,000 total positions.
Construction 25 million sq. ft.		For the sixth time in the past nine years, market inventory grows by at least 4 percent. Deliveries in Riverside County account for two-thirds of the space completed in 2022.
Vacancy up 50 bps		An influx of new space places slight upward pressure on vacancy. Still, users absorb more than 20 million square feet for a fifth straight year, with availability ending 2022 at 2 percent.
Rent up 5.4%		Tight conditions allow the pace of rent growth to nearly match last year's 5.8 percent gain, elevating the mean marketed rate to $11.40 per square foot.
Investment		Investor demand for San Bernardino-area warehouses may escalate, following the recent opening of a Union Pacific intermodal terminal in adjacent Colton and an expected increase in freight volumes at the local BNSF facility.

Economic Trends



Supply and Demand



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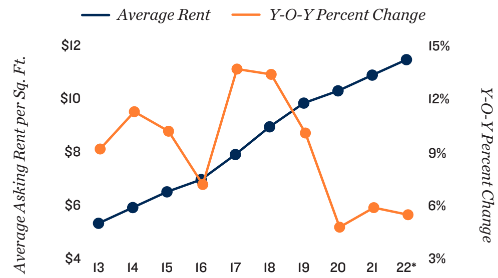

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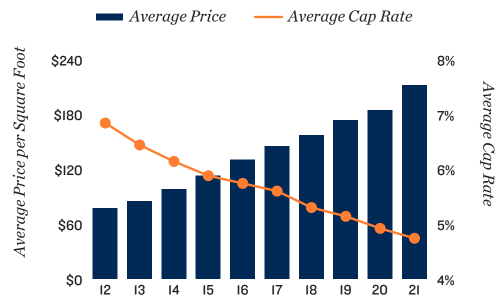
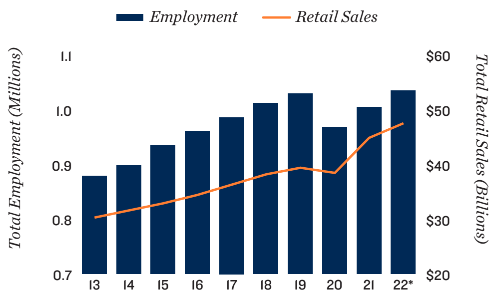


* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

Economic Trends



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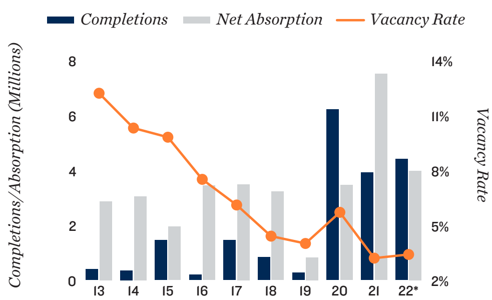

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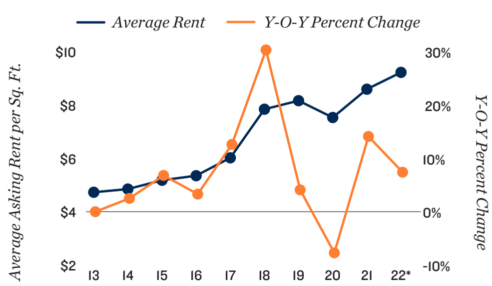

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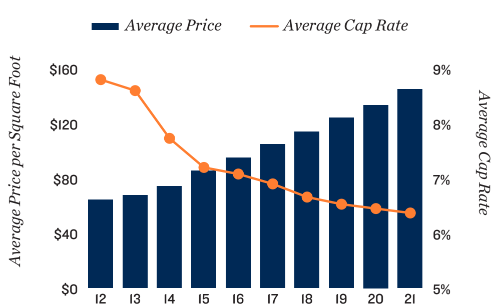


** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

Sacramento Evolves Beyond a Local Service Market; Metro's Enhanced Role in Supply Chain Attracts Capital

Vacancy remains regionally tight, despite rapid stock expansion. Proximity to the Bay Area, Central Valley and Reno, paired with local population growth, is motivating industrial users to establish or expand their presence in Sacramento. Robust demand for available warehouse and distribution space is demonstrated by metro vacancy compressing 80 basis points over the past two years to 3.4 percent, despite the delivery of more than 10 million square feet — a volume of supply additions that eclipsed the prior 14-year total. An increase in 100,000-square-foot-plus lease commitments by e-commerce firms, suppliers and logistics providers is largely to credit for demand outpacing completions, highlighted by the absorption of 7.5 million square feet last year. While notable inventory expansion continues in 2022, more than half of the 4.4 million square feet slated for delivery is accounted for. This will limit the impact of speculative space on overall availability, allowing Sacramento to remain the tightest market in Northern California.

Strong fundamentals broaden investor roster. Deal flow spiked in Sacramento last year, as low interest rates, sparse vacancy and double-digit rent growth across all submarkets fueled buyer demand. The metro's expanding role in the regional supply chain is drawing more investors to the area, as is its average cap rate, which is at least 50 basis points above all other major West Coast markets. A high volume of sub-$200 per square foot listings are also attracting investors to Sacramento. Institutional buyers active in the metro are pursuing 50,000- to 200,000-square-foot warehouses and select larger distribution centers in industrial-heavy Power Inn, as well as areas proximate to Interstate 80 and Highway 50, including Sunrise. Private investors and owner-users are also present in these locales, exhibiting a preference for warehouses at mid-5 to high-6 percent returns.

2022 Market Forecast

NIPI Rank	23	An uptick in vacancy and comparatively lower revenue gains place the market behind most other ranked metros.
Employment up 3.0%		Sacramento's job count surpasses the pre-pandemic recording, as employers create 30,000 positions in 2022.
Construction 4.4 million sq. ft.		Inventory rises by 2.8 percent in 2022 — an uptick in construction after the delivery of 3.9 million square feet last year. Metro Air Park represents the epicenter of supply additions.
Vacancy up 20 bps		Industrial users absorb nearly 4 million square feet of space in 2022. This demand translates to a minimal change in vacancy, as the metro's year-end rate reaches 3.4 percent.
Rent up 7.4%		The pace of local rent growth exceeds the U.S. rate of increase, lifting the mean marketed rent to $9.20 per square foot.
Investment		Sacramento's buyer pool remains diversified in 2022. Relatively rapid inventory expansion appeals to institutional firms that target newer assets, while an abundance of sub-$150 per square foot listings and 6 percent-plus cap rates attract private buyers.

Cross-Border Trade Projections Foster Leasing Surge and Sales Activity in San Diego's South Bay

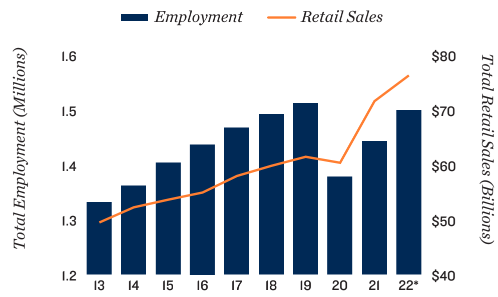
Demand in Otay Mesa supports historic fundamentals. San Diego's industrial sector entered 2022 on a high note after users absorbed 6.4 million square feet in the second half of last year — a figure that exceeded the total from the prior 15 quarters. Heightened demand for warehouse and distribution space near the U.S.-Mexico border fueled this strong level of absorption, with e-commerce retailers and logistics providers inking leases in Otay Mesa. As more industrial firms seek tax incentives from cross-border distribution and manufacturing channels, demand in the area is poised to remain robust. Additionally, the expansion of the Otay Mesa Port of Entry will be completed in 2023, bolstering cross-border trade. Expectations for steady user demand have prompted development, with most of San Diego's pipeline concentrated near the border. Sparse construction elsewhere and growing demand for last-mile and biotech-suitable flex space will steer users to a limited stock of available space this year, compressing vacancy below 3 percent.

Highest regional yields warrant diverse buyer pool. Last year was a record 12-month period for trading in San Diego, as investors exhibited confidence in the market during a historic level of user demand and strong rent growth. Across price tranches and property types, notable increases in deal flow occurred, with only Phoenix noting more transactions among U.S. secondary markets. Moving forward, San Diego's average cap rate, which is 70 to 90 basis points higher than other Southern California metros, should attract additional buyers' attention in the near term. National investors seeking either proximity to Mexico or a varied tenant base are targeting Otay Mesa and the SR-78 Corridor for warehouses. Private buyers focused on properties suited for last-mile operations are active as well, acquiring assets at mid-4 percent to high-5 percent returns.

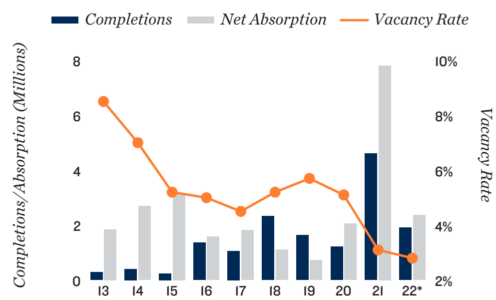
2022 Market Forecast

NIPI Rank	14	Strong vacancy compression since 2019 aids San Diego, situating the metro into the top 15 of this year's Index.
Employment up 3.9%		Organizations add 56,000 positions in 2022, pushing the metro's total job count within 1 percent of the pre-pandemic mark.
Construction 1.9 million sq. ft.		After 4.6 million square feet of space was finalized last year, delivery volume moderates in 2022. A collection of projects in Otay Mesa account for most of this year's completions.
Vacancy down 30 bps		Industrial users absorb more than 2 million square feet of space for a third consecutive year, lowering vacancy to 2.8 percent. Last year, availability compressed 200 basis points.
Rent up 4.3%		Historically tight conditions support a pace of rent growth that exceeds the prior three-year average, elevating the metro's mean marketed rate to $17.75 per square foot.
Investment		Multiproperty transactions represented nearly 20 percent of last year's deal flow. This activity could generate opportunities for private investors to acquire assets on a one-off basis in 2022, as institutional owners trim down recently-acquired portfolios.

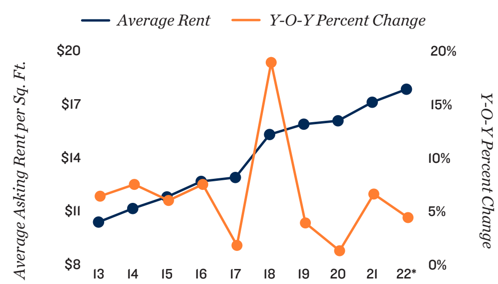
Economic Trends



Supply and Demand



Rent Trends



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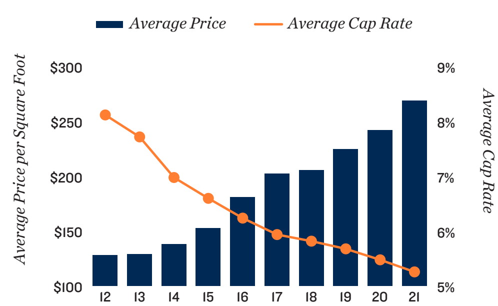
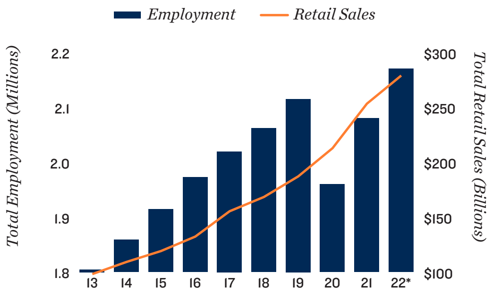


* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

Economic Trends



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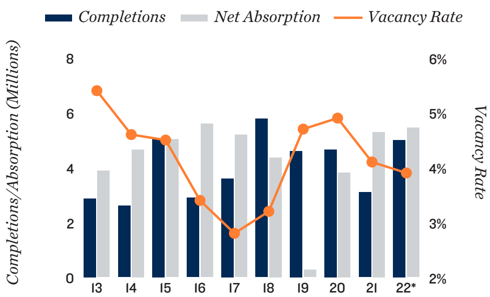

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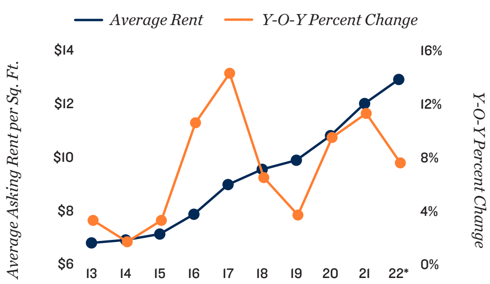

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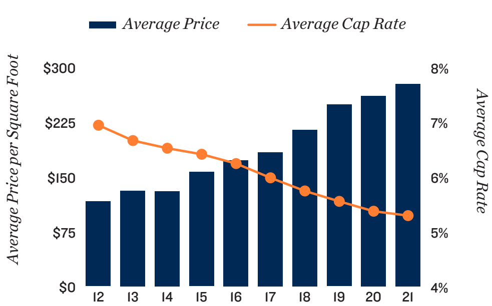


** Forecast*
Sources: CoStar Group, Inc.; Real Capital Analytics

Industrial Demand Bolstered by Rising Imports and Supply Chain Crunch at Ports

Substantial shipping activity and e-commerce create opportunities. As the headquarters for multiple prominent technology firms, Seattle-Tacoma's economy has recovered steadily since 2020, contributing to a rising median household income and a 4.3 percent increase in employment last year. These factors are improving consumer demand, which has outpaced production capacity that was limited by shutdowns and a raw materials shortage. The resulting bottlenecks at ports caused a rush for industrial space, generating a need for additional nearby warehouses to store both imports and retailers enlarging safety stocks. This situation has created opportunities for developers and bolstered the metro's construction pipeline. One such project, a 2.8 million-square-foot Amazon fulfillment center in Arlington, is scheduled for completion in 2022. The facility and a collection of other projects will translate to an elevated year for deliveries. Still, net absorption will surpass openings, pushing asking rents to a record high.

Metro's position as regional distribution hub draws investors. In a market that routinely observes large quantities of trading activity, last year saw an approximately 40 percent increase in sales over the trailing four-year average. This robust demand is fueling higher prices. Since 2016, the metro's average price point has risen by 60 percent to nearly $280 per square foot, a figure more than $100 above the national average. Additionally the average cap rate for the metro entered the year in the low-5 percent zone, with above-average returns most frequent for smaller, suburban warehouses fit for last-mile operations. The suburban submarket of Tukwila accounted for the highest number of transactions outside of Seattle, most of which involved older flex distribution space.

2022 Market Forecast

NIPI Rank	6	Substantial asking rent growth this year and in previous periods aid Seattle in securing a top 10 position in the 2022 Index.
Employment up 4.3%		The metro's total job count will surpass pre-pandemic numbers, as 90,000 new positions are added.
Construction 5 million sq. ft.		Inventory will expand by 1.7 percent as annual construction reaches its highest total since 2018. This year, Pierce County will see the greatest amount of completions.
Vacancy down 20 bps		After an 80-basis-point drop last year, vacancy continues to tighten as the absorption of approximately 5.4 million square feet pushes the rate down to 3.9 percent in 2022.
Rent up 7.5%		Asking rents will continue to rise this year, albeit not at the same sharp pace as the last two years. Nevertheless, the metro's mean marketed rate will reach $12.85 per square foot.
Investment		The wave of completions recorded over the last half decade in the Southend submarket has thoroughly been absorbed, lowering local vacancy below 5 percent. This recent performance may prompt more investors to explore the area in 2022.

Tampa's Broad Industrial Infrastructure Underpins Leasing Activity and Long-Term Investor Confidence

Demand surge stimulates historic supply wave. Robust population gains, job creation and the exponential growth of e-commerce have combined to fuel a strong retail sales environment in the Tampa metro that has bolstered industrial firms' storage needs. Over the past year, online retailers, logistics companies and suppliers absorbed 6.5 million square feet of space, slicing 200 basis points off the market's vacancy rate. Although the recent spike in demand has prompted a record supply wave that will likely place upward pressure on availability in the short run, the metro is poised for long-term success moving forward. Tampa's key positioning near the largest seaport in Florida, three interstate highways, two international airports and the CSX terminal in Winter Haven grants the metro access to other major markets within the state. Additionally, cargo volumes at the Port of Tampa are expected to remain elevated throughout this year, further strengthening the need for nearby warehouse space.

Investors are optimistic on Tampa's future. Industrial sales activity has surged in recent quarters, with annual deal flow reaching a 20-year high in 2021. Robust population growth and tight market conditions are luring a wide range of investors to the metro, which is elevating competition for available assets, resulting in a nearly 60 percent increase in the average sale price over the past five years. Deal flow has risen notably in Pinellas County, with investors targeting properties proximate to St.Pete-Clearwater International Airport. Pre-1990-constructed warehouses and distribution properties are trading here most often, with cap rates averaging in the high-5 percent range. Buyers interested in assets comprising more than 100,000 square feet are active in East Hillsborough County, targeting properties near the Interstate 4 Corridor and Plant City.

2022 Market Forecast

NIPI Rank 7 — Tampa is able to grab the seventh ranking in this year's NIPI, bolstered by the metro's strong employment recovery.

Employment up 4.5% — Employers will add 64,000 new jobs this year — a moderate slowdown from 2021 when 69,300 positions were created.

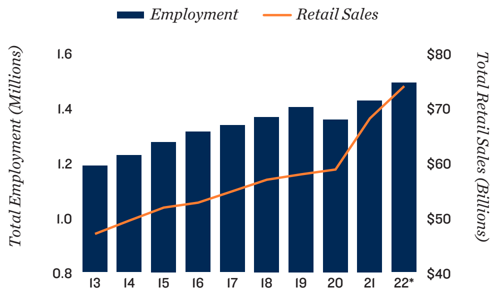
Construction 4.3 million sq. ft. — Annual delivery volume surpasses 4 million square feet for the first time since 2001. Roughly 75 percent of the pipeline is slated to deliver in East Hillsborough County.

Vacancy up 20 bps — The incoming supply wave will place slight upward pressure on availability in 2022, inching the rate up to 3.2 percent. Last year, vacancy contracted by 200 basis points.

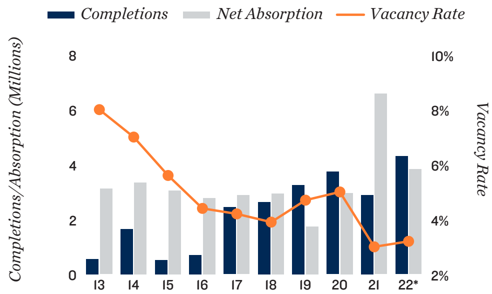
Rent up 6.3% — The steady delivery of new supply, coupled with strong space demand, continues to stimulate rent growth. The average asking rate will rise to $7.65 per square foot this year.

Investment — Elevated leasing activity and a sub-2 percent vacancy rate are piquing buyer interest in the Sarasota-Bradenton submarket. Cap rates here average in the low-6 percent span.

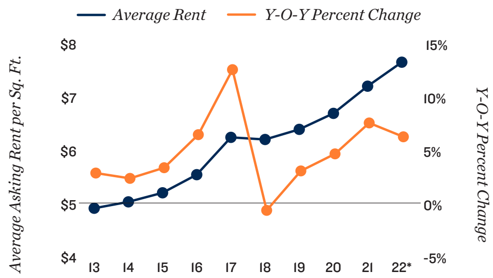
Economic Trends



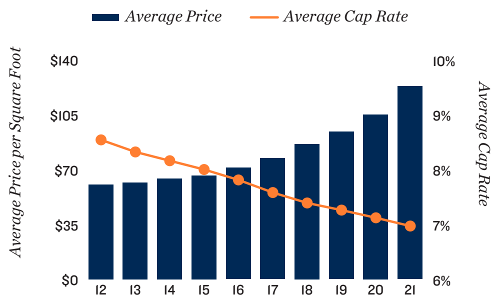
Supply and Demand



Rent Trends



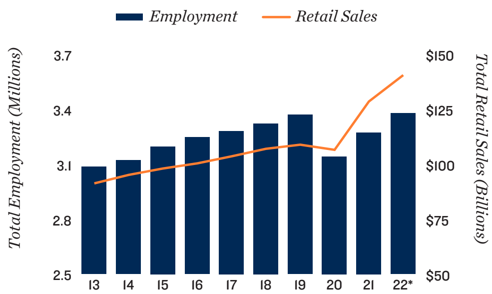
Sales Trends



* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

Economic Trends



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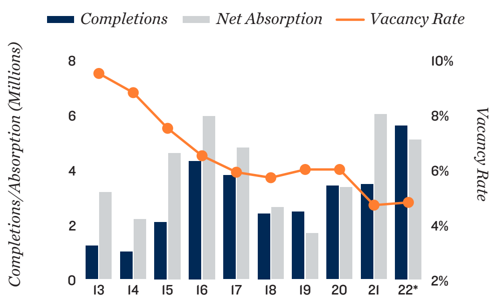

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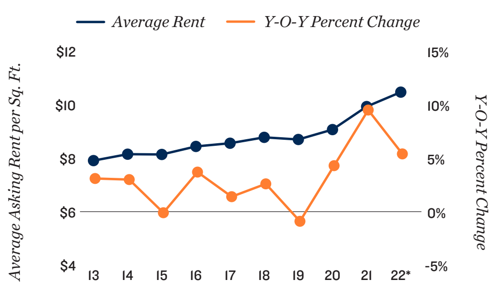

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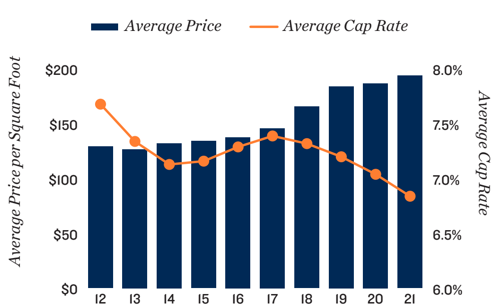


** Forecast*
Sources: CoStar Group, Inc.; Real Capital Analytics

Distributors Expand Their Presence in Maryland to Service the Nation's Growing Capital

Expedited delivery schedules spur leasing. Since the onset of the pandemic, more e-commerce companies started offering same-day or next-day shipping to gain market share amid surging demand for goods purchased online. This spearheaded leasing in the metro, as many of these firms were unable to distribute goods to the region from neighboring markets in this expedited time frame. Tenants absorbed over 6 million square feet in 2021, compressing vacancy to the lowest level in over two decades entering this year. The surge in demand also stimulated construction activity, with over 5.6 million square feet slated to deliver across the region in 2022. Land constraints near primary population hubs have developers targeting outlying submarkets in the region, like Washington County and Fredericksburg. Although the rise in development will cause a slight uptick in vacancy this year, the rate will remain 140 basis points below the trailing 10-year average.

Residential growth stokes deal flow. Robust rent growth and the potential for higher yields relative to other major markets in the Northeast are stimulating investor interest in the metro. Deal flow increased by over 40 percent in 2021 relative to the previous year, and with the metro expected to add 40,000 residents in each of the next five years, this uptick in buyer demand will likely be sustained long term. In Virginia, assets in Manassas-I-66, Dulles Corridor and Springfield-Newington submarkets are highly sought after, due to their ease of access to major residential hubs within the region. Warehouses under 100,000 square feet often change hands here, with first-year returns averaging in the mid-6 percent range. In Maryland, buyers are targeting older warehouse assets in Prince George's County, particularly in Capitol Heights, Forestville and Upper Marlboro. Entry costs here often fall below the metro average of $187 per square foot.

2022 Market Forecast

NIPI Rank	24	Comparatively high vacancy offsets revenue growth on par with national gains to put Washington below the halfway point.
Employment up 3.2%		Firms will hire 105,000 employees this year, building on the 131,200 jobs that were created in 2021.
Construction 5.6 million sq. ft.		Deliveries will surpass 5 million square feet for the first time since 2005. Roughly two-thirds of the current pipeline is slated for delivery in suburban Maryland.
Vacancy up 10 bps		The uptick in construction outpaces leasing activity this year, pushing vacancy up to 4.8 percent. In 2021, the rate contracted 130 basis points.
Rent up 5.4%		The average asking rent will establish a new high, reaching $10.45 per square foot in 2022. The rate of growth slows moderately from last year's 9.5 percent increase.
Investment		Robust development in Washington County and Fredericksburg may present more opportunities for investors to find newer, larger facilities. This may potentially increase buyer interest for assets in these submarkets.

Investors Return to the Metro as Construction Moderately Rises, but Trails Long-Term Demand

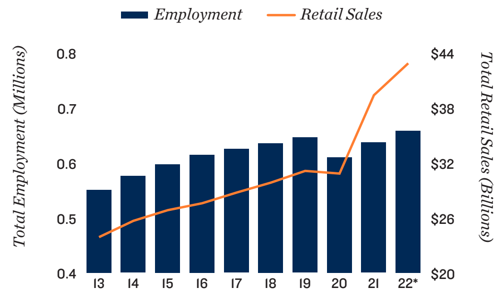
Retail sales persevere industrial demand. Industrial operations in West Palm Beach were not strongly impacted by the health crisis as vacancy remained well below the 4 percent threshold. Local residents embraced the online purchasing trend during lockdowns, with stimulus funds helping to drive more shopping. Retail sales jumped more than 27 percent last year, and are on pace to improve by over 7 percent in 2022. Amid the improving demand environment, development is accelerating modestly and pre-leasing is below 40 percent. The speculative space projected to come online this year is expected to lift vacancy, though the elevation is not expected to prevent operators from lifting rents in the coming months. Availability that is still historically low warrants additional development to fulfill space needs and provide the necessary inventory. The near-future pipeline is thin, however, so no major supply influx is expected.

Accelerated deal flow reflects strong track record. After a soft 2020, investors increased the pace of acquisitions last year in an effort to place capital while interest rates are low. Buyers are targeting warehouse and distribution centers, especially last-mile facilities, to service the needs of the growing local population. The resurgent economy is also attracting investment, leading to a level of trading that has not been seen since 2016. The competition for assets is driving up prices, with the metro's average sale price climbing 18 percent from 2019 to 2021. While cap rates have contracted in that time, the market average was 6.2 percent entering this year — 40 basis points above the level in Miami-Dade. Higher yields are attracting out-of-state investment from large private buyers, who are less deterred by the higher entry costs. Locally, industrial assets are trading at higher cap rates than most other properties and have a stronger reputation.

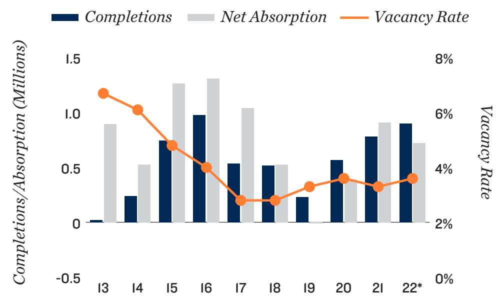
2022 Market Forecast

NIPI Rank	27	Growing availability, in contrast to many other metros, places Palm Beach County in the second half of industrial rankings.
Employment up 3.3%		Employers add 21,000 jobs this year, following the addition of more than 27,000 positions last year.
Construction 900,000 sq. ft.		Construction is picking up as inventory expands 1.9 percent in 2022, modestly more than the 780,000 square feet that came online in 2021.
Vacancy up 30 bps		Vacancy ticks up to 3.6 percent in 2022, but remains historically tight and provides landlords an avenue to lift rents. Last year, the availability rate dipped 30 basis points.
Rent up 4.8%		The rate of rent growth accelerates this year, lifting the average marketed rate to $12.76 per square foot. In 2021, rents increased by 4.4 percent.
Investment		Over the past year, the amount of foreign investors active in West Palm Beach has risen, as firms are searching for higher cap rates. That trend should continue this year.

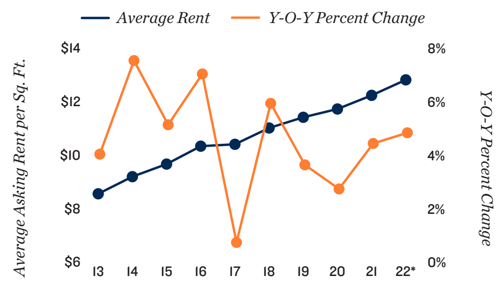
Economic Trends



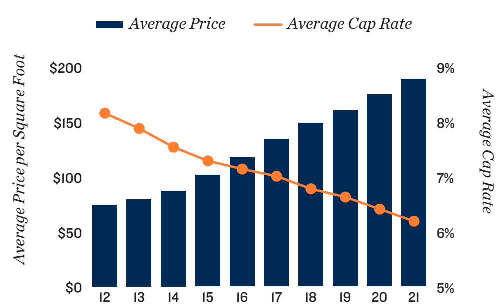
Supply and Demand



Rent Trends



Sales Trends



* Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

United States

Corporate Headquarters
Marcus & Millichap
23975 Park Sorrento
Suite 400
Calabasas, CA 91302
(818) 212-2250
www.MarcusMillichap.com

Atlanta
1100 Abernathy Road, N.E.
Building 500, Suite 600
Atlanta, GA 30328
(678) 808-2700
John M. Leonard

Austin
9600 N. Mopac Expressway,
Suite 300
Austin, TX 78759
(512) 338-7800
Bruce Bentley III

Bakersfield
4900 California Avenue
Tower B, Second Floor
Bakersfield, CA 93309
(661) 377-1878
Jim Markel

Baltimore
100 E. Pratt Street, Suite 2114
Baltimore, MD 21202
(443) 703-5000
Brian Hosey

Baton Rouge
10527 Kentshire Court, Suite B
Baton Rouge, LA 70810
(225) 376-6800
Jody McKibben

Birmingham
The Steiner Building
15 Richard Arrington Jr.
Boulevard North, Suite 300
Birmingham, AL 35203
(205) 510-9200
Jody McKibben

Boise
800 W. Main Street, Suite 1460
Boise, ID 83702
(208) 401-9321
Justin Forman

Boston
100 High Street, Suite 1025
Boston, MA 02110
(617) 896-7200
Thomas Shihadeh

Brooklyn
One MetroTech Center, Suite 2001
Brooklyn, NY 11201
(718) 475-4300
John Horowitz

Charleston
151 Meeting Street, Suite 450
Charleston, SC 29401
(843) 952-2222
Benjamin Yelm

Charlotte Uptown
201 S. Tryon Street, Suite 1220
Charlotte, NC 28202
(704) 831-4600
Benjamin Yelm

Chicago Downtown
333 W. Wacker Drive, Suite 200
Chicago, IL 60606
(312) 327-5400
Joseph Powers

Chicago Oak Brook
One Mid-America Plaza, Suite 200
Oakbrook Terrace, IL 60181
(630) 570-2200
Steven D. Weinstock

Cincinnati
600 Vine Street, 10th Floor
Cincinnati, OH 45202
(513) 878-7700
Josh Caruana

Cleveland
Crown Center
5005 Rockside Road, Suite 800
Independence, OH 44131
(216) 264-2000
Grant Fitzgerald

Columbia
1320 Main Street, Suite 300
Columbia, SC 29201
(803) 678-4900
Benjamin Yelm

Columbus
230 West Street, Suite 100
Columbus, OH 43215
(614) 360-9800
Grant Fitzgerald

Dallas
5001 Spring Valley Road, Suite 100W
Dallas, TX 75244
(972) 755-5200
Tim Speck

Dallas Uptown
3131 Turtle Creek Boulevard
Suite 1200
Dallas, TX 75219
(972) 267-0600
Tim Speck

Denver
1225 17th Street, Suite 1800
Denver, CO 80202
(303) 328-2000
Adam A. Lewis

Detroit
2 Towne Square, Suite 450
Southfield, MI 48076
(248) 415-2600
Steven Chaben

Encino
16830 Ventura Boulevard, Suite 100
Encino, CA 91436
(818) 212-2700
Jim Markel

Fort Lauderdale
5900 N. Andrews Avenue, Suite 100
Fort Lauderdale, FL 33309
(954) 245-3400
Ryan Nee

Fort Worth
300 Throckmorton Street, Suite 1500
Fort Worth, TX 76102
(817) 932-6100
Mark R. McCoy

Fresno
6795 N. Palm Avenue, Suite 109
Fresno, CA 93704
(559) 476-5600
Jim Markel

Greensboro
200 Centreport Drive, Suite 160
Greensboro, NC 27409
(336) 450-4600
Benjamin Yelm

Hampton Roads
999 Waterside Drive, Suite 2525
Norfolk, VA 23510
(757) 777-3737
Benjamin Yelm

Houston
3 Riverway, Suite 800
Houston, TX 77056
(713) 452-4200
Ford Noe

Indianapolis
600 E. 96th Street, Suite 500
Indianapolis, IN 46240
(317) 218-5300
Josh Caruana

Inland Empire
3281 E. Guasti Road, Suite 800
Ontario, CA 91761
(909) 456-3400
Adam Christofferson

Iowa
425 Second Street S.E., Suite 610
Cedar Rapids, IA 52401
(319) 333-7743
Todd Lindblom

Jacksonville
5200 Belfort Road, Suite 250
Jacksonville, FL 32256
(904) 672-1400
Justin W. West

Kansas City
7400 College Boulevard, Suite 105
Overland Park, KS 66210
(816) 410-1010
Josh Caruana

Knoxville
1111 Northshore Drive, Suite S-301
Knoxville, TN 37919
(865) 299-6300
Jody McKibben

Las Vegas
9205 W Russell Road, Suite 100
Las Vegas, NV 89148
(702) 215-7100
Justin Forman

Los Angeles
515 S. Flower Street, Suite 500
Los Angeles, CA 90071
(213) 943-1800
Adam Christofferson

Louisville
9300 Shelbyville Road, Suite 1012
Louisville, KY 40222
(502) 329-5900
Josh Caruana

Manhattan
260 Madison Avenue, Fifth Floor
New York, NY 10016
(212) 430-5100
Susan Bands

Memphis
5100 Poplar Avenue, Suite 2505
Memphis, TN 38137
(901) 620-3600
Jody McKibben

Miami
5201 Blue Lagoon Drive, Suite 100
Miami, FL 33126
(786) 522-7000
Ryan Nee

Milwaukee
13890 Bishops Drive, Suite 300
Brookfield, WI 53005
(262) 364-1900
Todd Lindblom

Minneapolis
1350 Lagoon Avenue, Suite 840
Minneapolis, MN 55408
(952) 852-9700
Todd Lindblom

Mobile
208 N. Greeno Road, Suite B-2
Fairhope, AL 36532
(251) 929-7300
Jody McKibben

Nashville
6 Cadillac Drive, Suite 100
Brentwood, TN 37027
(615) 997-2900
Jody McKibben

New Haven
265 Church Street
Suite 210
New Haven, CT 06510
(203) 672-3300
Susan Bands

New Jersey
250 Pehle Avenue, Suite 501
Saddle Brook, NJ 07663
(201) 742-6100
Jim McGuckin

New Mexico
5600 Eubank Boulevard N.E.
Suite 200
Albuquerque, NM 87111
(505) 445-6333
Ryan Sarbinoff

Oakland
555 12th Street, Suite 1750
Oakland, CA 94607
(510) 379-1200
David C. Nelson

Oklahoma City
101 Park Avenue, Suite 1300
Oklahoma City, OK 73102
(405) 446-8238
Jody McKibben

Orange County
19800 MacArthur Boulevard
Suite 150
Irvine, CA 92612
(949) 419-3200
Jonathan Giannola

Orlando
300 S. Orange Avenue, Suite 700
Orlando, FL 32801
(407) 557-3800
Justin W. West

Palm Springs
74-710 Highway 111, Suite 102
Palm Desert, CA 92260
(909) 456-3400
Adam Christofferson

Palo Alto
2626 Hanover Street
Palo Alto, CA 94304
(650) 391-1700
Ramon Kochavi

Philadelphia
2005 Market Street, Suite 1510
Philadelphia, PA 19103
(215) 531-7000
Sean Beuche

Phoenix
2398 E. Camelback Road, Suite 300
Phoenix, AZ 85016
(602) 687-6700
Ryan Sarbinoff

Portland
111 S.W. Fifth Avenue, Suite 1950
Portland, OR 97204
(503) 200-2000
Joel Deis

Raleigh
101 J Morris Commons Lane, Suite 130
Morrisville, NC 27560
(919) 674-1100
Benjamin Yelm

Reno
50 W. Liberty Street, Suite 400
Reno, NV 89501
(775) 348-5200
Daniel A. Kapic

Richmond
4401 Waterfront Drive, Suite 230
Glen Allen, VA 23060
(804) 802-6900
Benjamin Yelm

Sacramento
3741 Douglas Boulevard, Suite 200
Roseville, CA 95661
(916) 724-1400
Daniel A. Kapic

Sacramento Downtown
333 University, Suite 150
Sacramento, CA 95825
(916) 724-1400
Daniel A. Kapic

Salt Lake City
111 S. Main Street, Suite 500
Salt Lake City, UT 84111
(801) 736-2600
Justin Forman

San Antonio
8200 IH-10 W, Suite 603
San Antonio, TX 78230
(210) 343-7800
Bruce Bentley III

San Diego
12544 High Bluff Drive, Suite 100
San Diego, CA 92130
(858) 373-3100
Damon Wyler

San Francisco
750 Battery Street, Fifth Floor
San Francisco, CA 94111
(415) 963-3000
David C. Nelson

Seattle
601 Union Street, Suite 2710
Seattle, WA 98101
(206) 826-5700
Joel Deis

South Bay
880 Apollo Street, Suite 101
El Segundo, CA 90245
(424) 405-3900
Dawson Rinder

St. Louis
7800 Forsyth Boulevard, Suite 710
St. Louis, MO 63105
(314) 889-2500
Josh Caruana

Tampa
201 N. Franklin St., Suite 1100
Tampa, FL 33602
(813) 387-4700
David G. Bradley

Tucson
One South Church, Suite 1262
Tucson, AZ 85701
(520) 202-2900
Ryan Sarbinoff

Tulsa
7633 E. 63rd Place, Suite 300
Tulsa, OK 74133
(918) 294-6300
Jody McKibben

Ventura
2775 N. Ventura Road, Suite 101
Oxnard, CA 93036
(805) 351-7200
Jim Markel

Washington, D.C.
7200 Wisconsin Avenue, Suite 1101
Bethesda, MD 20814
(202) 536-3700
Brian Hosey

West Los Angeles
12100 W. Olympic Boulevard
Suite 350
Los Angeles, CA 90064
(310) 909-5500
Tony Solomon

Westchester
50 Main Street, Suite 925
White Plains, NY 10606
(914) 220-9730
Susan Bands

The Woodlands
1790 Hughes Landing Boulevard
Suite 400
The Woodlands, TX 77380
(832) 442-2800
Ford Noe

Canada

Calgary
602-16 Avenue Northwest, Suite 211
Calgary, Alberta T2M 0J7
(587) 349-1302
Micheal Heck

Edmonton
10175 101 Street, Suite 1820
Edmonton, Alberta T5J 0H3
(587) 756-1600
Micheal Heck

Montreal
1000 de la Gauchetière West
Suite 4230
Montreal, Quebec H3B 4W5
(438) 844-6500
Julien Marois

Ottawa
275 Bank Street, Suite 301
Ottawa, Ontario K2P 2L6
(613) 364-2300
Mark Paterson

Toronto
200 King Street W, Suite 1210
Toronto, Ontario M5H 3T4
(416) 585-4646
Mark Paterson

Vancouver
333 Seymour Street, Suite 1280
Vancouver, British Columbia
V6B 5A6
(604) 638-2121
Micheal Heck

Office and Industrial Properties Division

Alan L. Pontius | *Senior Vice President, National Director*
(415) 963-3000 | al.pontius@marcusmillichap.com

Research Team

John Chang | *Senior Vice President, Director*
Peter Tindall | *Vice President, Director of Research Operations*
Connor Devereux | *Research Engagement Manager*
Maria Erofeeva | *Graphic Designer*
Luis Flores | *Research Analyst*
Nayomi Garcia | *Copy Editor*
Jessica Henn | *Research Associate*
Steve Hovland | *Senior Analyst, Senior Editor*
Benjamin Kunde | *Research Analyst*
Luke Murphy | *Research Associate*
Chris Ngo | *Data Analyst*
Adam Norbury | *Data Analyst*
Carlos Pietre | *Research Associate*
Erik Pisor | *Research Analyst*
Spencer Ryan | *Senior Data Analyst*
Daniel Spinrad | *Research Associate*
Jacinta Tolinos | *Executive Assistant*
Cody Young | *Senior Market Analyst, Editor*

Contact:

John Chang | *Senior Vice President*
National Director, Research and Advisory Services
4545 East Shea Boulevard, Suite 201
Phoenix, Arizona 85028
(602) 707-9700 | john.chang@marcusmillichap.com

Media Contact:

Gina Relva | *Public Relations Director*
555 12th Street, Suite 1750
Oakland, CA 94607
(925) 953-1716 | gina.relva@marcusmillichap.com

Senior Management Team

Hessam Nadji | *President and Chief Executive Officer*

Richard Matricaria | *Executive Vice President, Chief Operation Officer, Western Division*

J.D. Parker | *Executive Vice President, Chief Operation Officer, Eastern Division*

Evan Denner | *Executive Vice President, Head of Business, MMCC*

Steve DeGennaro | *Executive Vice President, Chief Financial Officer*

Gregory A. LaBerge | *Senior Vice President, Chief Administrative Officer*

Adam P. Christofferson | *Senior Vice President, Division Manager*

Michael Glass | *Senior Vice President, Division Manager*

Tim Speck | *Senior Vice President, Division Manager*

John Vorsheck | *Senior Vice President, Division Manager*

[1] National Industrial Properties Index Note: Employment and industrial data forecasts for 2022 are based on the most up-to-date information available as of March 2022 and are subject to change.

[2] Statistical Summary Note: Metro-level employment, vacancy and asking rents are year-end figures and are based on the most up-to-date information available as of March 2022. Asking rent is based on the full-service marketed rental rate. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Sales data includes transactions valued at $1,000,000 and greater unless otherwise noted. Forecasts for employment and office data are made during the fourth quarter and represent estimates of future performance. No representation, warranty or guaranty, express or implied may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events and this is not a guaranty regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.

Sources: Marcus & Millichap Research Services; American Council of Life Insurers; Blue Chip Economic Indicators; Bureau of Economic Analysis; Commercial Mortgage Alert; CoStar Group, Inc.; Irving Levin Associates; Moody's Analytics; Federal Reserve; Foresight Analytics; Mortgage Bankers Association; Real Capital Analytics; RealNet; Standard & Poor's; PNC Healthcare; The Conference Board; Trepp; TWR/Dodge Pipeline; U.S. Bureau of Labor Statistics; U.S. Census Bureau; U.S. Department of Health and Human Services; USGS; U.S. Securities and Exchange Commission; U.S. Treasury Department.

2022 U.S. Industrial Investment Forecast

Market Name	Employment Growth[2]				Completions (000's of Sq. Ft.)[2]				Vacancy Rate[2]				Average Asking Rent[2]				Average Price per Sq. Ft.[2]			Market Name
	2019	2020	2021	2022*	2019	2020	2021	2022*	2019	2020	2021	2022*	2019	2020	2021	2022*	2019	2020	2021	
Atlanta	2.3%	-5.5%	5.0%	3.1%	21,400	21,500	18,800	32,000	6.4%	6.3%	3.4%	3.9%	$4.96	$5.03	$5.68	$6.06	$95	$105	$118	Atlanta
Austin	4.0%	-2.9%	7.0%	5.0%	1,400	1,900	5,700	9,300	7.3%	6.8%	3.3%	3.0%	$10.26	$10.66	$12.16	$13.25	$183	$204	$232	Austin
Baltimore	1.1%	-5.9%	2.5%	2.2%	1,700	6,700	3,000	3,500	7.1%	7.2%	7.1%	6.9%	$6.39	$6.32	$7.51	$8.00	$108	$114	$119	Baltimore
Boston	1.5%	-9.8%	7.0%	2.6%	1,200	4,400	2,700	5,900	5.2%	4.9%	4.3%	4.1%	$8.66	$9.27	$10.66	$11.40	$166	$187	$206	Boston
Charlotte	2.5%	-3.4%	3.1%	2.9%	6,000	7,900	2,000	7,300	6.1%	6.5%	5.9%	5.7%	$4.89	$4.98	$5.33	$5.55	$123	$136	$148	Charlotte
Chicago	0.6%	-8.5%	4.3%	3.6%	20,200	20,700	18,700	25,300	6.4%	6.8%	5.4%	5.1%	$5.95	$6.18	$6.50	$6.95	$95	$102	$110	Chicago
Cleveland	0.5%	-7.1%	2.5%	1.6%	3,100	1,300	1,400	1,400	3.9%	4.5%	4.7%	4.6%	$3.83	$4.13	$4.39	$4.65	$51	$55	$60	Cleveland
Columbus	1.8%	-4.3%	2.0%	1.7%	5,000	9,100	6,300	13,000	5.3%	6.3%	2.8%	3.5%	$4.11	$4.13	$4.71	$4.95	$68	$76	$87	Columbus
Dallas-Fort Worth	3.1%	-3.2%	5.1%	3.8%	27,700	30,000	23,900	37,200	7.0%	7.7%	5.3%	5.4%	$5.80	$6.25	$6.84	$7.35	$91	$99	$109	Dallas-Fort Worth
Denver	2.6%	-6.7%	6.5%	3.2%	4,300	4,100	5,100	6,100	5.4%	6.0%	5.5%	5.3%	$8.12	$8.36	$8.85	$9.15	$168	$176	$190	Denver
Detroit	0.5%	-9.7%	6.0%	3.1%	4,600	1,100	6,600	6,800	3.9%	4.7%	4.3%	4.1%	$5.98	$6.17	$6.51	$6.85	$72	$78	$83	Detroit
Fort Lauderdale	1.9%	-7.4%	4.3%	4.6%	2,900	2,200	2,300	1,400	5.6%	6.5%	4.4%	4.2%	$10.29	$10.29	$11.40	$11.89	$156	$172	$193	Fort Lauderdale
Houston	1.7%	-6.6%	5.2%	3.4%	16,100	30,400	19,300	17,200	6.5%	8.6%	7.0%	6.4%	$6.73	$7.14	$7.44	$7.85	$100	$106	$112	Houston
Indianapolis	1.9%	-3.3%	2.3%	2.0%	7,200	11,700	8,000	13,400	4.3%	6.0%	3.6%	4.0%	$4.66	$5.21	$5.46	$5.80	$72	$81	$92	Indianapolis
Jacksonville	2.0%	-2.0%	4.0%	4.0%	5,200	2,200	700	5,500	4.8%	5.7%	3.9%	4.2%	$5.90	$5.55	$6.50	$7.00	$74	$84	$93	Jacksonville
Las Vegas	3.3%	-14.0%	8.7%	6.6%	6,000	4,500	1,700	7,500	5.5%	6.1%	2.1%	2.5%	$8.61	$8.39	$9.47	$10.50	$153	$172	$191	Las Vegas
Los Angeles	0.8%	-11.6%	7.1%	5.1%	2,600	5,200	4,300	5,000	2.3%	3.3%	1.5%	1.4%	$12.41	$12.83	$14.71	$15.80	$289	$283	$302	Los Angeles
Memphis	0.3%	-2.7%	2.7%	1.5%	2,500	10,300	11,500	6,500	6.4%	6.7%	6.2%	6.0%	$3.24	$3.35	$3.62	$3.80	$47	$51	$57	Memphis
Miami-Dade	1.8%	-8.6%	5.9%	4.7%	3,300	3,700	3,400	5,800	4.0%	4.4%	2.7%	3.1%	$10.38	$10.61	$11.84	$12.55	$183	$189	$199	Miami-Dade
Milwaukee	-0.0%	-7.1%	2.8%	1.9%	3,000	5,800	2,500	2,100	3.6%	3.9%	2.6%	2.7%	$4.67	$4.71	$4.60	$4.80	$62	$66	$70	Milwaukee
Minneapolis-St. Paul	0.7%	-9.5%	5.4%	2.8%	1,700	3,700	2,100	3,700	3.1%	3.9%	3.3%	3.1%	$5.90	$5.65	$6.15	$6.45	$84	$89	$92	Minneapolis-St. Paul
New York	1.8%	-13.5%	5.8%	3.7%	400	2,000	200	2,200	4.6%	6.1%	4.9%	4.7%	$22.96	$22.01	$22.49	$22.90	$442	$449	$469	New York
Northern New Jersey	0.7%	-9.8%	4.7%	2.9%	900	1,300	2,200	5,000	4.1%	3.6%	2.6%	2.7%	$9.44	$10.11	$11.66	$12.40	$154	$167	$181	Northern New Jersey
Oakland	0.9%	-9.7%	3.6%	3.4%	1,700	4,900	2,300	2,900	5.1%	6.5%	4.6%	4.3%	$14.15	$14.36	$16.24	$17.02	$241	$243	$254	Oakland
Orange County	1.1%	-10.0%	7.0%	4.5%	400	600	400	2,100	3.4%	3.2%	2.0%	1.9%	$12.98	$13.46	$15.03	$16.05	$251	$265	$283	Orange County
Orlando	2.3%	-12.5%	7.8%	6.3%	3,200	2,300	2,400	3,300	6.2%	5.2%	3.4%	3.0%	$6.89	$7.16	$8.21	$8.90	$111	$121	$132	Orlando
Philadelphia	1.5%	-7.9%	4.7%	3.0%	7,500	6,900	11,000	13,000	5.0%	5.1%	4.1%	4.3%	$6.25	$7.02	$8.34	$8.97	$91	$100	$113	Philadelphia
Phoenix	3.7%	-3.7%	5.6%	3.7%	6,700	16,600	12,900	21,700	7.8%	7.8%	5.1%	5.5%	$7.44	$7.76	$8.41	$8.95	$131	$140	$154	Phoenix
Portland	1.7%	-8.9%	7.3%	4.1%	1,800	2,900	1,300	3,300	3.8%	4.4%	3.8%	3.7%	$9.00	$8.90	$9.26	$9.82	$175	$177	$188	Portland
Riverside-San Bernardino	3.7%	-5.7%	4.4%	2.6%	24,200	20,000	15,600	25,100	4.7%	3.7%	1.5%	2.0%	$9.77	$10.23	$10.82	$11.40	$173	$184	$212	Riverside-San Bernardino
Sacramento	1.7%	-5.9%	3.7%	3.0%	300	6,200	3,900	4,400	4.0%	5.7%	3.2%	3.4%	$8.14	$7.51	$8.57	$9.20	$124	$133	$145	Sacramento
San Diego	1.3%	-8.8%	4.7%	3.9%	1,600	1,200	4,600	1,900	5.7%	5.1%	3.1%	2.8%	$15.79	$15.98	$17.02	$17.75	$225	$242	$269	San Diego
Seattle-Tacoma	2.6%	-7.4%	6.1%	4.3%	4,600	4,700	3,100	5,000	4.7%	4.9%	4.1%	3.9%	$9.83	$10.75	$11.95	$12.85	$249	$261	$277	Seattle-Tacoma
Tampa-St. Petersburg	2.6%	-3.2%	5.1%	4.5%	3,200	3,700	2,900	4,300	4.7%	5.0%	3.0%	3.2%	$6.39	$6.69	$7.20	$7.65	$94	$105	$123	Tampa-St. Petersburg
Washington, D.C.	1.4%	-6.7%	4.2%	3.2%	2,500	3,400	3,500	5,600	6.0%	6.0%	4.7%	4.8%	$8.68	$9.05	$9.91	$10.45	$184	$187	$194	Washington, D.C.
West Palm Beach	1.6%	-5.6%	4.5%	3.3%	200	600	800	900	3.3%	3.6%	3.3%	3.6%	$11.36	$11.67	$12.18	$12.76	$160	$175	$189	West Palm Beach
United States	1.3%	-6.1%	4.7%	2.5%	288,700	341,700	284,000	420,000	5.0%	5.4%	4.0%	3.9%	$7.37	$7.64	$8.37	$8.93	$98	$113	$133	United States

** Forecast [2] See Statistical Summary Note on Page 48.*

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ALAN L. PONTIUS
Senior Vice President, National Director
Industrial Division
al.pontius@marcusmillichap.com

EVAN DENNER
Executive Vice President, Head of Business
Marcus & Millichap Capital Corporation
evan.denner@marcusmillichap.com

JOHN CHANG
Senior Vice President, National Director
Marcus & Millichap Research Services
john.chang@marcusmillichap.com

Offices Throughout the United States and Canada

Research Services
4545 E. Shea Boulevard • Phoenix, AZ 85028 • 602.707.9700