



1Q14 NATIONAL INDUSTRIAL MARKET

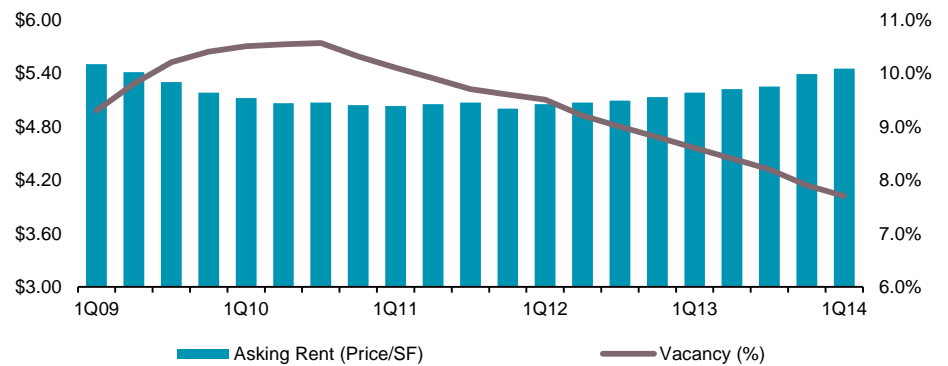
Newmark Grubb Knight Frank

INDUSTRIAL STRENGTH

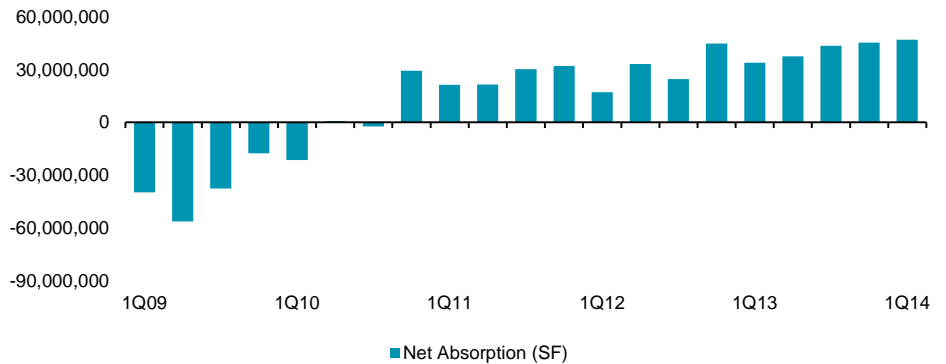
The term, “industrial strength,” used to describe household cleaners that are especially strong and effective, is an apt description of the industrial property market in the first quarter.

- The U.S. industrial vacancy rate tightened for a 14th consecutive quarter to a seven-year low of 7.7%. Over the past four quarters, vacancy dropped by 200 basis points or more in Fresno, Las Vegas, Columbus, Denver and Charlotte, more than twice the 85-basis-point drop in the U.S. average. Of these five markets, only Columbus is a high-profile national logistics hub, suggesting that the recovery has spread to regionally oriented markets.
- Net absorption hit a six-year high of 47.0 million SF. Of the 49 major markets tracked by Newmark Grubb Knight Frank, 43 posted positive absorption, led by Dallas-Fort Worth with 4.2 million SF. As a percentage of the occupied base, first-quarter absorption was strongest in Oakland/East Bay at a robust 2.7%.
- Space under construction ended the quarter at 94.4 million SF, down slightly from the previous quarter. As with absorption, Dallas-Fort Worth led all markets with 14.4 million SF in the pipeline. Measured as a share of existing inventory, Southern California’s Inland Empire market topped the charts with 2.8% of inventory under construction.
- The average asking rental rate for all types of industrial space ended the quarter at \$5.45/SF per year, triple net, up 1.1%

Asking Rent and Vacancy



Absorption



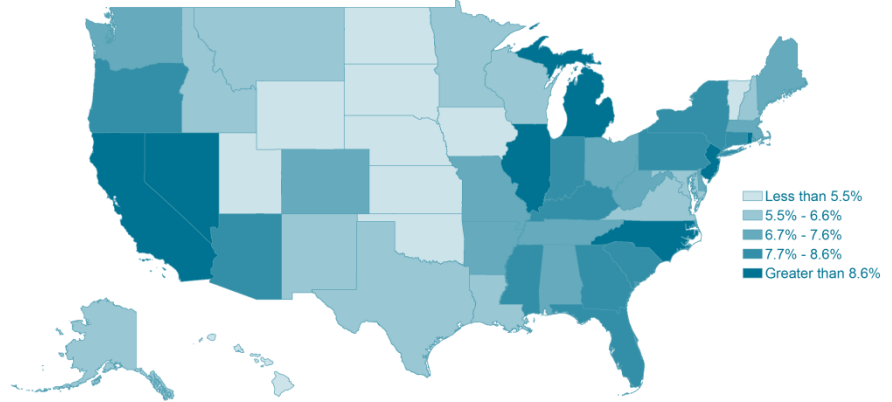
Key Indicators			
Total Inventory (SF)		13,530,393,339	
Asking Rent (Price/SF)	1Q14	4Q13	1Q13
	\$5.45	\$5.39	\$5.18
Vacancy Rate (%)	7.7%	7.9%	8.6%
Under Construction (SF)	94,352,034	95,420,869	70,722,500
Net Absorption (SF)	1Q14	4Q13	2014-YTD
	47,021,644	45,261,171	47,021,644
Deliveries (SF)	24,581,108	19,378,225	24,581,108



for the quarter and 5.2% for the year. Asking rent reached its highest level since the first quarter of 2009. Of the 49 major markets in this study, 42 posted year-over-year rent gains, including five that posted double-digit gains: Denver, Dallas-Fort Worth, Austin, Fresno and San Antonio.

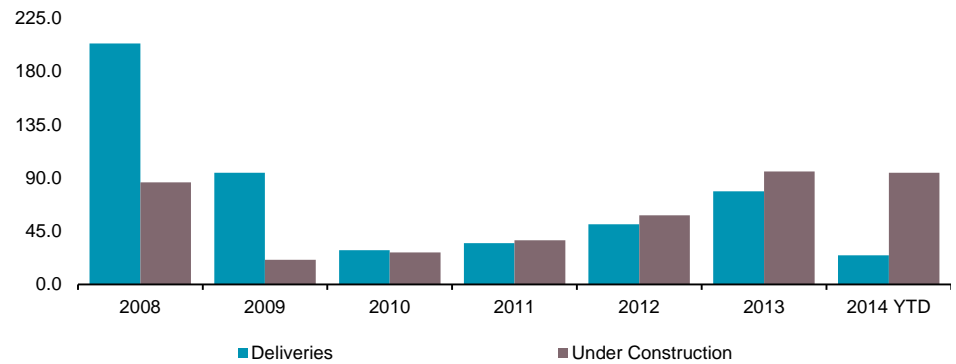
Once considered the most prosaic of commercial property types, industrial has become one of the most complex, driven by the perpetual reconfiguration of corporate supply chains, shifting patterns of global trade and burgeoning e-commerce sales that determine where and what kind of distribution centers are built. The brightening outlook for U.S. manufacturers, including the repatriation of some operations from overseas, is in turn improving the prospects of the industrial property market. All of these factors drove an early recovery in the industrial market and are creating stronger demand as the global economy gains traction. Look for the industrial market to continue tightening into 2015, with the largest strides happening in regionally oriented markets where construction activity has lagged.

Unemployment Rate by State



Construction and Deliveries

Square Feet, millions



Select Lease Transactions

Tenant	Building	Submarket	Square Feet
Network Global Logistics	1500 Commodity Blvd	Columbus	500,000
HD Supply Holdings	10565 Greens Crossing Blvd	Houston	497,867
JCPenney	1650 S US Highway 67	Dallas	433,000
NFI Industries	1115 W Middlesex Ave	New Jersey	405,679
CEVA Group	5601 NW 72nd Ave	Miami	364,608

Select Sales Transactions

Building	Submarket	Square Feet	Sale Price	Price/SF
701 Central Ave	Chicago	1,552,475	\$85,000,000	\$55
3545 Cray Ct	San Diego	116,556	\$64,000,000	\$549
4725 34th St	New York	322,390	\$60,000,000	\$186
2200 Channahon Rd	Chicago	1,380,100	\$57,000,000	\$41
5959 Randolph St	Los Angeles	400,169	\$53,800,000	\$134



Submarket Statistics

	Total Inventory (SF)	Under Construction (SF)	Qtr Absorption (SF)	YTD Absorption (SF)	*Total Vacancy Rate	Total Average Asking Rent (Price/SF)
Atlanta	595,772,187	3,090,141	3,115,977	3,115,977	11.2%	\$3.91
Austin	82,652,532	226,447	-1,173,931	-1,173,931	9.6%	\$7.59
Baltimore	130,192,733	2,527,919	475,306	475,306	11.3%	\$5.56
Boston	232,372,265	87,857	828,552	828,552	10.8%	\$7.56
Broward County	103,297,799	324,725	61,544	61,544	8.0%	\$7.37
Central Arkansas	45,268,861	35,000	186,770	186,770	10.7%	\$3.16
Charlotte	324,786,076	1,970,123	2,061,485	2,061,485	11.2%	\$3.57
Chicago	1,064,216,228	9,786,163	1,389,612	1,389,612	8.9%	\$4.62
Cincinnati	282,858,932	1,280,564	1,428,004	1,428,004	6.9%	\$3.32
Cleveland	297,223,890	103,000	1,055,034	1,055,034	8.4%	\$3.81
Columbus	258,328,437	1,958,724	3,568,594	3,568,594	6.9%	\$3.00
Dallas	749,171,292	14,426,540	4,178,568	4,178,568	7.4%	\$5.18
Denver	174,451,947	2,711,870	1,103,499	1,103,499	4.5%	\$7.19
Detroit	364,617,209	993,353	1,238,148	1,238,148	9.6%	\$4.56
Fresno	65,392,424	0	-123,144	-123,144	7.3%	\$4.68
Houston	430,993,530	3,694,444	1,631,729	1,631,729	5.0%	\$5.71
Indianapolis	294,549,082	2,187,530	70,539	70,539	7.1%	\$3.00
Inland Empire	466,459,810	13,152,126	3,235,343	3,235,343	4.0%	\$4.44
Jacksonville	117,978,294	354,074	426,535	426,535	10.0%	\$3.93
Kansas City	291,049,171	1,916,174	1,146,203	1,146,203	6.1%	\$4.35
Las Vegas	101,214,150	616,000	1,079,891	1,079,891	12.2%	\$6.12
Long Island	155,449,942	402,698	34,139	34,139	5.1%	\$8.41
Los Angeles	984,993,738	1,841,891	240,082	240,082	1.9%	\$6.84
Memphis	233,751,793	2,256,252	296,011	296,011	12.3%	\$2.60
Miami	201,844,513	1,384,374	315,281	315,281	5.8%	\$6.22
Milwaukee	226,015,006	235,605	1,030,170	1,030,170	7.6%	\$4.18
Minneapolis	360,034,911	1,115,958	988,575	988,575	6.5%	\$5.98
Nashville	215,676,635	156,497	-765,794	-765,794	9.3%	\$3.51
New Jersey Northern	725,567,145	0	954,817	954,817	8.4%	\$6.03
Northwest Arkansas	27,561,662	0	36,670	36,670	5.2%	\$3.54
Oakland/East Bay	157,687,397	3,339,285	3,843,726	3,843,726	8.3%	\$8.16
Orange County	263,186,367	144,754	383,917	383,917	4.2%	\$9.12
Orlando	176,845,675	74,000	-197,768	-197,768	9.2%	\$4.74
Palm Beach	45,777,453	650,000	99,699	99,699	6.2%	\$7.38
Penn. I-81/78 Corridor	291,737,329	5,722,630	2,570,232	2,570,232	7.3%	\$3.80
Philadelphia (Greater)	486,216,156	2,740,971	3,527,902	3,527,902	9.0%	\$4.88
Phoenix	279,583,567	2,215,445	1,147,567	1,147,567	12.7%	\$6.41
Pittsburgh	116,477,408	760,000	-49,559	-49,559	7.9%	\$5.10
Portland	167,948,724	1,993,765	772,846	772,846	5.5%	\$6.02
Raleigh/Durham	110,978,780	234,246	7,892	7,892	9.6%	\$5.11
Sacramento	156,229,431	555,239	199,704	199,704	14.7%	\$3.60
Salt Lake City	131,536,981	760,718	380,108	380,108	4.9%	\$5.04
San Antonio	72,157,558	482,972	163,988	163,988	5.7%	\$5.83
San Diego	176,709,277	115,000	838,032	838,032	7.8%	\$9.48
Seattle	285,454,357	1,885,455	1,079,492	1,079,492	5.7%	\$7.09
Silicon Valley	221,431,940	1,321,767	-1,361,541	-1,361,541	11.7%	\$14.64
St. Louis	270,325,306	500,000	722,466	722,466	7.9%	\$4.14
Tampa/St. Petersburg	246,694,757	0	1,087,758	1,087,758	9.8%	\$4.35
Washington, D.C.	269,672,682	2,019,738	1,690,974	1,690,974	10.5%	\$8.20
National	13,530,393,339	94,352,034	47,021,644	47,021,644	7.7%	\$5.45

*Certain NGKF local market reports customarily display availability rates instead of vacancy rates due to local convention. While this U.S. report quotes vacancy rates, the numbers may differ slightly from NGKF local reports that quote availability rates.

RESEARCH



New York City
HEADQUARTERS
125 Park Avenue
New York, NY 10017
212.372.2000

Glossary of Terms

Absorption

A measure of the change in occupied space

Availability

Space marketed for lease regardless of when the space will be available or whether the space is vacant or occupied

Deliveries

The total RBA of properties added to the inventory once construction has been completed

Direct Space

Available space offered for lease by the building owner, landlord, or owner representative

Leasing Activity

The volume of leases signed including new leases, direct and sublet leases, extensions and renewals, and leases signed in proposed or under construction buildings

Occupancy

Any space physically occupied by a tenant, regardless of lease status of the space

Rentable Building Area (RBA)

A measurement of the total square feet in a building including the tenant and common areas such as the lobby and hallways

Sublet Space

Available space offered for lease by a building tenant seeking a subtenant to fulfill the remaining lease obligation

Under Construction

Buildings under construction are defined by the time the foundation is poured through the time the building is certified for occupancy

Vacancy

Space not physically occupied by a tenant, regardless of the lease status or availability of space

Weighted Average Rent

Rental rate data refer to space that is available on the market at the end of the quarter. Rates are per square foot, quoted on a triple net basis. Rates for each building are weighted by the amount of available space within the building.

Industrial inventory includes all multi-tenant and single tenant buildings at least 10,000 square feet in total rentable building area. Owner occupied buildings are included in the inventory.

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