

# Q2 2019 Market Reports





**INDUSTRIAL**



## REGIONAL OVERVIEWS

LOCAL EXPERTISE.  
INTERNATIONAL  
REACH.  
WORLD CLASS.

**WEST****CALIFORNIA**

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

**COLORADO**

Denver

**IDAHO**

Boise

**NEVADA**

Reno

**WASHINGTON**

Seattle  
Tacoma

**SOUTHWEST****ARIZONA**

Phoenix

**TEXAS**

Dallas-Fort Worth  
Houston

**MIDWEST****ILLINOIS**

Chicago  
Chicago Asset Management Group  
Chicago Valuation and Consulting

**INDIANA**

Greenwood  
Indianapolis

**MICHIGAN**

Detroit

**MINNESOTA**

Minneapolis

**MISSOURI**

St. Louis

**OHIO**

Cincinnati  
Cleveland  
Columbus

**WISCONSIN**

Madison

**NORTHEAST****MARYLAND**

Maryland  
Maryland Lee Chesapeake Property  
Management

**NEW JERSEY**

New Jersey - North & Central

**NEW YORK**

Long Island/Queens  
New York

**PENNSYLVANIA**

Eastern Pennsylvania - Central PA  
Eastern Pennsylvania - Suburban  
Philadelphia

**SOUTHEAST****FLORIDA**

Miami  
Naples - Ft. Myers  
Orlando

**GEORGIA**

Atlanta  
Atlanta Valuation and Consulting  
Corporate Solutions - Tenant Advisory

**NORTH CAROLINA**

Raleigh-Durham

**SOUTH CAROLINA**

Charleston  
Greenville

**CANADA****BRITISH COLUMBIA**

Vancouver

**ONTARIO**

Toronto

**Q2 2019 FEATURED MARKETS****INDUSTRIAL**

- Los Angeles North
- Los Angeles Central
- East San Gabriel Valley
- Inland Empire East
- Inland Empire West
- Orange County
- Stockton - Central Valley
- Seattle - Puget Sound
- Metro Phoenix
- Dallas - Fort Worth
- Chicago
- Indianapolis
- Detroit
- Minneapolis
- Cincinnati
- Columbus
- Maryland
- Northern New Jersey
- New York City
- Atlanta
- South Florida
- Raleigh-Durham
- Charleston
- Greenville-Spartanburg
- Vancouver, BC

**OFFICE:**

- Los Angeles North
- Los Angeles - San Gabriel Valley
- Los Angeles - Tri-Cities
- Seattle - Puget Sound
- Metro Phoenix
- Houston
- Minneapolis - St. Paul
- St. Louis
- Cincinnati
- Columbia South
- Northern New Jersey
- New York
- South Florida
- Atlanta
- Raleigh-Durham

- Charleston
- Greenville-Spartanburg
- Vancouver, BC

**RETAIL:**

- Los Angeles Tri Cities
- Los Angeles San Gabriel Valley
- Denver
- Chicago
- Cincinnati
- South Florida
- Atlanta
- Raleigh-Durham
- Charleston
- Greenville/Spartanburg

## Tenant Demand Ebbs; Rent Growth Moderates

Mid-year tenant demand for industrial space increased 73.3 million SF but was down 51% compared to the first half of 2018, which is shaping up as the apparent peak in the current economic cycle's rate of industrial growth. Despite flagging demand and easing rent growth, vacancies remain near record lows.

Second-quarter data shows net absorption totaled 41,342,503 SF. It was an improvement from Q1's 31,982,267 SF total but a 56% decline from the second quarter of last year when net absorption totaled 94 million SF. First-half absorption totaled 169 million SF last year and averaged 151 million SF over the previous four years.

Of the nation's 390 metros surveyed, 216 posted positive net absorption in the second quarter and were led by Dallas/Ft. Worth with 11.6 million SF, Southern California's Inland Empire at 10.1 million SF and 5.5 million SF in Atlanta. Chicago at 4.9 million SF and Las Vegas' 3.4 million SF round out the top five. Among all markets, those with tenants shedding the most space in the first half of 2019 all are on the West Coast. Los Angeles posted 2 million SF of negative net absorption, followed by Orange County (-1.8 million SF), East Bay/Oakland (-1.2 million SF) and Portland (-1.2 million SF).

### MARKETS WITH MOST SF UNDER CONSTRUCTION

Market	SF	Market	SF
Philadelphia, PA	33.5 M	Dallas/Ft Worth	32.6 M
Inland Empire	24.8 M	Atlanta, GA	20.8 M
Chicago, IL	19.3 M	Houston, TX	13.8 M

### LOWEST VACANCY RATES AMONG TOP 25 MARKETS

Market	Vacancy Rate	Market	Vacancy Rate
Los Angeles, CA	2.5%	Portland, OR	2.7%
Detroit, MI	3.3%	Cleveland, OH	3.6%
Minneapolis, MN	3.6%	San Francisco, CA	3.6%

### HIGHEST RENTAL RATES

Market	Asking Rent/SF	Market	Asking Rent/SF
San Francisco, CA	\$2.21	South Bay/San Jose, CA	\$2.04
Long Island, NY	\$1.52	East Bay/Oakland, CA	\$1.28
Orange County, CA	\$1.13	Los Angeles, CA	\$1.09

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

Market	Sales Volume	Avg Price/SF	Market	Sales Volume	Avg Price/SF
Inland Empire, CA	\$4,942,969,757	\$142.00	New York, NY	\$4,914,323,778	\$175.00
Los Angeles, CA	\$4,847,513,786	\$207.00	Chicago, IL	\$3,730,648,467	\$73.00
San Jose, CA	\$3,377,313,763	\$334.00	Atlanta, GA	\$2,493,942,649	\$64.00
Seattle, WA	\$2,436,205,268	\$172.00	San Diego, CA	\$1,985,328,219	\$228.00

▲  
**41.1**

**Q2 NET  
ABSORPTION**  
Million SF

▲  
**4.7%**

**VACANCY**  
1.1 Billion SF

▲  
**1.7%**

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

▲  
**79.9**

**Q2 DELIVERIES**  
Million SF

▲  
**399.0**

**UNDER  
CONSTRUCTION**  
Million SF

New deliveries in the first half totaled 142.6 million SF, slightly ahead of completions through June of last year. At the end of the second quarter new product under construction totaled 399.6 million SF, up from 325 million SF a year ago, and second-half completions are projected to reach a new record. About 60% of the new construction is speculative.

Upward pressure on rents has moderated as lease rates increased 4.5% over the last four quarters compared to 6.4% a year earlier. West Coast metros have been posting the most rent growth in recent years, helped by strong ties to Pacific Rim trading partners. But uncertainty arising from recent trade-war rhetoric has contributed to the slowing rent growth.



## SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
7855 Hayvenhurst Ave	Van Nuys	175,669	Moulton Logistics Mgmt
28305 W. Livingston Ave	Valencia	167,990	Valencia Pipe Co.
7850 Ruffner Ave	Van Nuys	108,162	NEP Group

## SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
San Fernando Business Ctr San Fernando	\$118,100,000 Investment	\$200.00 -	591,700 Class B	Rexford Industrial Realty Barings R.E. Advisors
9631 De Soto Ave Chatsworth	\$23,100,000 Investment	\$214.00 -	108,120 Class B	4M Investment Corp Brian Whiteman
15385-15389 Oxnard St Van Nuys	\$16,800,000 Investment	\$235.00 -	71,467 Class B	Rexford Industrial Realty Electro Rent Corporation

## LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
29040 Avenue Valley View	Valencia	216,320	IAC
21375 Needham Ranch Pkwy	Santa Clarita Valley	172,324	Trammell Crow Co
21335 Needham Ranch Pkwy	Santa Clarita Valley	67,639	Trammell Crow Co

## LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
21380 Needham Ranch Pkwy	Santa Clarita Vly	212,236	Q4 2019
23015 Pine St	Santa Clarita Vly	194,188	Q1 2020
21401 Needham Ranch Pkwy	Santa Clarita Vly	126,439	Q1 2020

## TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	2.30%	\$11.52	63,968	134,969,219	764,630
Q1 2019	2.30%	\$11.28	86,695	134,556,656	927,500
Q4 2018	2.40%	\$11.40	223,044	134,806,723	927,500
Q3 2018	2.50%	\$10.44	69,885	134,808,215	912,000
Q2 2018	2.60%	\$10.44	(459,073)	135,244,901	928,830

 **63,968** **NET ABSORPTION**  
SF

 **2.30%** **VACANCY**  
3,053,085 SF

 **\$11.52** **AVG. ASKING RATE**  
PSF GROSS

 **547,449** **DELIVERIES**  
7 Buildings

 **764,630** **UNDER CONSTRUCTION**  
5 Buildings

**SHELLY GARCIA**, Director of Marketing

The Los Angeles North industrial market continued to labor under exceedingly tight conditions in Q2 with no change in vacancy rates, and continued sluggish absorption as tenants played musical chairs to grab space. Several large blocks of space were leased up by companies such as Moulton Logistics Management, but users seeking 20,000 square feet of space or less are finding slim pickings. As might be expected the tight market saw average lease rates and building sale prices rise for yet another quarter.





## SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
5764 Aloca/3311 Slauson	Vernon	103,840	ADS Logisitcs LLC
2651 E. 45th St	Vernon	82,559	Genius Labs, LLC
Prologis Comm Bus Park	Commerce	76,733	Kelly Toy USA

## SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
2420 Yates Ave Commerce	\$41,350,000 Investment	\$486.47 -	85,000 Class B	Prologis Pacific Bell
2042 S. Garfield Ave Commerce	\$11,230,000 Owner/User	\$197.97 -	56,726 Class C	2042 Garfield LLC Krieser Real Estate Hldg
5950 Avalon Blvd Los Angeles	\$4,500,000 Investment	\$79.88 -	56,338 Class C	Avaton Property Holdings Stuart Haines

## LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
6901 S. Alameda	Los Angeles	52,500	-
-	-	-	-
-	-	-	-


## LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
5215 S. Boyle Ave	Vernon	232,229	Dec. 2019
3301 Medford St	Los Angeles	202,580	Mar. 2020
7875 Telegraph Rd	Pico Rivera	118,664	Oct. 2019

## TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	2.98%	\$11.76	(774,930)	218,509,725	827,000
Q1 2019	2.30%	\$11.52	177,779	218,509,725	0
Q4 2018	2.40%	\$10.44	706,942	218,457,225	52,500
Q3 2018	2.50%	\$10.08	79,724	218,026,202	483,523
Q2 2018	2.60%	\$10.20	(991,247)	216,577,524	483,523

 **(774,930)** NET ABSORPTION SF

 **2.98%** VACANCY  
5,931,463 SF

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

 **52,500** DELIVERIES  
1 Buildings

 **827,000** UNDER CONSTRUCTION  
6 Buildings

**LEJO MAMMEN**, Dir. of IT/Research

The enormous emphasis on improving efficiency in the last mile of distribution has been generating significant rent growth. Asking rents have reached new heights as a result. After a double-digit annual increase in 2018, the region's average rent climbed to \$0.98 per square foot per month (psf/mo) in Q2 and exceeded last cycle's peak by 23.4%. A significant portion of demand for industrial space is driven by consumer spending - in particular, E-Commerce spending.



### SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
Catellus Commerce Ctr	Industry	230,992	The Chef's Warehouse
14736 Nelson Ave	Industry	168,913	SoHo Apparel Group
16170-16180 Orenlas St	Irwindale	115,756	Capacity, LLC

### SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
13890 E. Nelson Ave Industry	\$41,800,000 Investment	\$162.65 -	256,993 Class B	Rexford Industrial Colony Capital Inc.
Turnbull Canyon Dist Ctr Industry	\$27,100,000 Investment	\$141.96 -	190,900 Class A	Rexford Industrial Clarion Partners
601 S. Vincent Ave Azusa	\$28,490,000 Investment	\$192.50 -	148,000 Class C	Azusa Properties LLC Vincent CC

### LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
601 S. Vincent	Azusa	148,000	Oct. 2019
905 Westminster Ave	Alhambra	122,729	Oct. 2019
5589 Ayala Ave	Irwindale	79,691	Dec. 2019


### LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
4250 Shirley Ave Bldg 2	El Monte	663,203	-
4300 Shirley Ave Bldg 1	El Monte	572,240	-
1024 N. Todd Bldg 1	Azusa	159,067	-

### TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	2.80%	\$11.76	(224,768)	171,800,578	1,900,000
Q1 2019	2.81%	\$11.28	(318,582)	171,486,121	405,439
Q4 2018	2.77%	\$10.80	373,686	171,128,785	428,656
Q3 2018	2.63%	\$10.32	(34,600)	170,478,821	617,634
Q2 2018	2.55%	\$10.20	96,334	170,575,257	1,018,932

 **(224,768)** NET ABSORPTION  
SF

 **2.80%** VACANCY  
2,872,738 SF

 **\$11.64** AVG. ASKING RATE  
PSF GROSS

 **405,439** DELIVERIES  
4 Buildings

 **1,900,000** UNDER  
CONSTRUCTION  
15 Buildings

**LEJO MAMMEN**, Dir. of IT/Research

The San Gabriel Valley Market has reported strong fundamentals and growth metrics, with key market indicators for both the overall economy and the local real estate market trending in a positive direction. Unemployment in the month of April was 4.5%, down from 4.6% from one year ago. The market rebounded overall during the second quarter of 2019. Vacancy trended downward compared with the previous quarter and the same quarter of 2018. Several driving economic factors suggest that vacancy rates will continue to drop for the foreseeable future, putting upward pressure on lease rates. Simultaneously, supply is constrained due to a scarcity of developable land.



## SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
3520 Cactus Ave	Rialto	1,264,102	XPO Logistics
17350 Perris Blvd.	Moreno Valley	1,109,378	DMSI
27582 Pioneer Ave	Redlands	800,444	Burlington Coat Factory

## SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
6227 Cajon Blvd. San Bernardino, CA	\$97,750,000 Investment	\$121.00 -	809,322 Class A	Exeter Property Grp 6227 Cajon Fee Owner
1660 N. Linden Ave Rialto	\$100,542,500 Investment	\$155.00 -	649,800 Class A	Hillwood Inv & Dev Gramercy Property Tr
21800 Authority Way Riverside	\$78,923,246 User	\$127.00 N/A	620,000 Class A	Nissan North America Meridian Park LLC

## LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
4413 Patterson Ave	Perris	912,338	AEW Capital Mgmt
21800 Authority Way	Riverside	620,000	Meridian Park LLC
18810 Harvill Ave	Perris	600,000	Majestic Realty Co.


## LARGEST UNDER CONSTRUCTION

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

## TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Gross SF Absorption	SF Inventory	SF Under Construction
Q2 2019	4.10%	\$8.88	9,228,383	235,015,746	16,362,419
Q1 2019	4.71%	\$8.43	3,869,865	234,034,555	18,750,669
Q4 2018	5.50%	\$8.81	8,363,013	229,308,545	15,205,970
Q3 2018	5.29%	\$8.64	6,244,653	224,108,619	14,994,018
Q2 2018	5.09%	\$8.22	6,830,974	220,826,264	17,307,247

 **9,228,383** **GROSS ABSORPTION SF**

 **4.1%** **VACANCY**  
9,630,465 SF

 **\$8.88** **AVG. ASKING RATE PSF GROSS**

 **3,784,482** **DELIVERIES**  
13 Buildings

 **16,362,419** **UNDER CONSTRUCTION**  
46 Buildings

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

A predicted slowdown for the Inland Empire's industrial sector has not come to pass. Vacancy throughout the region is at approximately 4%, lease rates/sales prices at all-time highs and gross absorption continues to be strong. Demand for big box and mid-box industrial is outpacing new deliveries. Development projects in all size ranges continue to pop up and push top prices. In this under-supplied environment, investors and owner-users are accepting lower cap rates and higher per-square-foot prices rather than sit on the sidelines. Likewise, tenants are accepting higher lease rates.





### SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
Ontario Ranch Log Ctr	Bldg 1, Ontario	1,180,908	Kimberly Clark
3mpire Gateway Bldg 1	Chino	779,052	SharkNinja
Sierra Lakes Comm Ctr	Fontana	597,818	Williams Sonoma

### SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
Sierra Pacific Center II Fontana	\$107,268,052 Investment	\$142.52 3.67%	752,664 Class A	Northwestern Mutual Life Pacific Industrial Co.
Sierra Pacific Center Fontana	\$106,231,948 Investment	\$142.52 3.67%	745,394 Class A	Northwestern Mutual Life Pacific Industrial Co.
California Commerce Ctr Ontario	\$13,300,000 Investment	\$132.31 -	100,524 Class C	GPT Brickell St Owner AK&B Ventures, LLC

### LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
Oakmont Santa Anita	Rancho Cucamonga	329,000	Oakmont Ind Grp
9595 Utica Ave	Rancho Cucamonga	227,729	IDS Real Estate Grp
Serrano Bus Park Bldg 1	Mira Loma	280,840	Caprock Partners


### LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
Ontario Ranch Log Ctr Bldg 2	Ontario	1,038,383	Q2 2020
Colony Comm Ctr E, Bldg 9	Ontario	1,000,930	Q3 2020
Space Center Bldg 1	Mira Loma	606,112	Q2 2020

### TOTAL INDUSTRIAL MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	1.16%	\$8.460	2,357,533	319,632,450	11,969,128
Q1 2019	1.37%	\$8.292	583,120	314,414,452	8,555,446
Q4 2018	1.45%	\$8.160	1,624,090	312,310,181	6,004,339
Q3 2018	1.44%	\$7.884	1,977,152	311,034,499	6,121,130
Q2 2018	1.37%	\$7.764	3,934,735	308,416,088	6,028,198

 **2,357,533** **NET ABSORPTION**  
SF

 **1.16%** **VACANCY**  
3,691,994 SF

 **\$8.46** **AVG. ASKING RATE**  
PSF GROSS

 **1,730,193** **DELIVERIES**  
19 Buildings

 **11,969,128** **UNDER CONSTRUCTION**  
49 Buildings

**ANGELICA GUZMAN**, Dir. Mktg & Res

The Inland empire Industrial Market continued with unprecedented growth through the 2nd quarter 2019. Gross Absorption for the quarter stood at ±25 million square feet, an increase of 57.88% from the 1st quarter 2019 due to explosive e-commerce growth and tightest vacancy in the county driving tenants for industrial space in the Inland Empire.



## SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
6700-6750 Artesia Blvd	Buena Park	447,055	IDC Logistics
6565 Valley View St	La Palma	424,285	Quiet Logistics
7340 Lampson Ave	Garden Grove	76,080	Pacific Athletic Wear

## SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
1382 Bell Tustin	\$25,000,000 Investment	\$208.00 -	120,000 Class A	GVI SW Bell Ave LLC C2H2 LTD
3080 Airway Costa Mesa	\$21,700,000 Investment	\$275.00 -	78,738 Class A	Finishing Line Auto Stor Pacific Industrial
445-449 W. Freedom Ave Orange	\$18,000,000 Investment	\$194.00 -	92,647 Class B	Rexford Industrial Realty Colony Capital Inc.

## LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
None to Report	-	-	-
-	-	-	-
-	-	-	-


## LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
1585 MacArthur Blvd	Costa Mesa	100,276	Q3 2019
705 Alton Ave	Santa Ana	166,722	Q2 2020
2906 Tech Center Dr	Santa Ana	79,128	Q2 2020


## TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	3.50%	\$13.08	(519,000)	301,000,000	811,943
Q1 2019	3.15%	\$13.08	(1,500,000)	300,550,000	100,276
Q4 2018	3.00%	\$12.88	3,387	300,670,000	368,780
Q3 2018	2.70%	\$12.76	(862,970)	299,688,049	1,557,384
Q2 2018	2.40%	\$12.54	(64,292)	299,682,090	1,457,108

 **(519,000)** **NET ABSORPTION**  
SF

 **3.50%** **VACANCY**  
10,535,000 SF

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

 **0** **DELIVERIES**  
0 Buildings

 **811,943** **UNDER CONSTRUCTION**  
11 Buildings

**JACK HALEY**, Principal

Overall demand for industrial space continued to ease in the second quarter, pushing up the countywide vacancy rate to 3.5%, a percentage point more than a year ago and its highest in five years. Space options remain limited in Orange County especially below 15,000 SF where the vacancy rate is tightest. With minimal new buildings under construction and strong demand, vacancy rates are expected to remain at historic lows.

# STOCKTON - CENTRAL VALLEY



## SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
1030 Runway Dr	Stockton	443,000	Prism Logistics
806-814 Kiernan Ave	Modesto	94,194	Ball Metalpack
-	-	-	-

## SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
None to Report	-	-	-	-
-	-	-	-	-
-	-	-	-	-

## LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
1137 E. Grant Line Rd	Tracy	610,914	Black Creek Group
14900 W. Schulte Rd	Tracy	490,000	LBA
4747 Logistics Dr	Stockton	285,480	USAA/Seefried


## LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
Sugar Rd	Tracy	1,000,000	Q1, 2020
IPC #9 - Prologis	Tracy	640,973	Q3 2019
Mountain Technology Ctr	Tracy	520,000	Q4 2019


## TOTAL INDUSTRIAL MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	6.20%	\$5.04	776,250	179,298,311	6,047,814
Q1 2019	6.10%	\$5.04	388,495	179,092,855	5,273,235
Q4 2018	5.20%	\$5.04	620,485	178,021,399	5,359,938
Q3 2018	4.70%	\$5.04	1,580,350	176,735,629	6,034,794
Q2 2018	4.40%	\$5.04	1,128,103	175,087,427	5,874,164

 **776,250** **NET ABSORPTION**  
SF

 **6.2%** **VACANCY**  
9,378,456 SF

 **\$5.04** **AVG. ASKING RATE**  
PSF GROSS

 **1,386,393** **DELIVERIES**  
3 Buildings

 **6,047,814** **UNDER CONSTRUCTION**  
10 Buildings

**JIM MARTIN**, Senior Vice President

General market conditions remained relatively unchanged from first quarter 2019 to second quarter 2019. Vacancy increased slightly due to construction completions / new building deliveries and not attributed to major departures or negative absorption. Overall activity remains strong with several tenants/users with current requirements in excess of 200,000 square feet.





### SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
2800 Center Dr	DuPont	747,488	Kimberly Clark
2600 Taylor Way	Port of Tacoma/Fife	428,228	Ashley HomeStore (US)
3401 W. Valley Hwy E	Puyallup/S Hill	263,168	Unknown

### SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
2021 S. 208th St Bldg 1C Des Moines	\$81,110,000 Investment	\$148.00 4.0%	547,892 Class A	Clarion Partners LaSalle Investment Mgmt
8030 S. 194th St Kent	\$16,000,000 Investment	\$157.00 -	101,890 Class B	Black Creek Group Sweetener Products
-	-	-	-	-

### LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
None to Report	-	-	-
-	-	-	-
-	-	-	-


### LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
Cubes @ Dupont Corp Bldg A	DuPont	747,488	Sept. 2019
Shaw Rd E & 5th Ave SE	The Viking-Puyallup	438,065	Aug. 2019
3401 W. Valley Hwy E	PLD Park Sumner	263,168	Jan. 2020

### TOTAL INDUSTRIAL MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	4.2%	\$10.85	1,126,690	437,874,589	6,627,380
Q1 2019	4.3%	\$10.69	(187,412)	324,390,065	5,798,991
Q4 2018	3.6%	\$10.31	459,282	324,316,265	5,124,702
Q3 2018	3.2%	\$10.15	1,536,909	322,256,607	4,943,675
Q2 2018	3.3%	\$10.18	1,016,448	321,090,451	5,538,517

 **1,126,690** NET ABSORPTION  
SF

 **4.2%** VACANCY  
15,125,654 SF

 **\$10.85** AVG. ASKING RATE  
PSF GROSS

 **2,353,516** DELIVERIES  
18 Buildings

 **6,627,380** UNDER  
CONSTRUCTION  
36 Buildings

#### CHRISTIAN MATTSON, Principal

Vacancy has increased from Q1 2019. Developers remain bullish on the market at large and the areas surrounding the Port of Seattle and Port of Tacoma, in particular. Lease rates continue to rise in an effort to produce decent yields on expensive acquisitions. After the dip in absorption in Q1, that has increased, along with deliveries, average asking rate psf, and projects under construction.



## SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
PV 303	Northwest	643,798	Ferrero Rocher
13351 W. Rioglass Solar	Northwest	170,625	National Indoor RV
901 S. 86th Ave	Southwest	121,895	Walmart

## SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
8681 W. Washington St Southwest	\$29,830,000 Investment	\$121.11 -	118,123 Class A	Investcorp International Link Industrial Properties
3575 S. 28th St Airport	\$28,600,000 Investment	\$125.03 -	228,750 Class A	Cohen Asset Mgmt Kitchell Development
19019 N. 59th Ave Northwest	\$26,500,000 Investment	\$105.03 -	252,300 Class B	BH Properties Lexington Realty Trust

## LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
2111, 2125, 2133, 2145 S. 7th	Phoenix	554,874	Prologis
7535-7749 Ray Rd	Mesa	360,689	Marwest Enterprises
13459 W. Willow Rd	Surprise	160,000	SeaCa Packaging


## LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
305 S. Bullard Ave	Goodyear	790,980	Q4 2019
SWC Indian School & Cotton	Goodyear	643,798	Q4 2019
South Price Rd	Chandler	617,000	Q3 2019


## TOTAL INDUSTRIAL MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	6.80%	\$7.56	1,492,672	313,210,462	9,797,239
Q1 2019	7.20%	\$7.32	672,695	311,916,181	6,933,315
Q4 2018	7.50%	\$7.56	2,419,344	311,459,551	5,424,724
Q3 2018	7.40%	\$7.20	688,445	307,968,137	7,004,491
Q2 2018	7.30%	\$7.20	2,403,760	306,423,024	4,844,891

 **1,492,672** **NET ABSORPTION**  
SF

 **6.80%** **VACANCY**  
21,437,259 SF

 **\$7.56** **AVG. ASKING RATE**  
PSF GROSS

 **1,461,499** **DELIVERIES**  
13 Buildings

 **9,797,239** **UNDER CONSTRUCTION**  
38 Buildings

**CHRIS MCCHESENEY**, Research Dir.

As we make it through the midpoint of 2019, the Phoenix Industrial Market continues its positive momentum. The second quarter of the year had close to 1.5M square feet of positive net absorption and rental rates remained unchanged at \$0.63/SF NNN. Vacancy rates in the Valley dropped to 6.8% from 7.2% in the second quarter. The largest sale of the quarter came from the Southwest Valley submarket. The distribution facility located at 8681 W. Washington Street sold to Investcorp International for \$29,830,000. With close to 10M square feet of industrial space under construction, the attraction to Phoenix for large industrial users remains bright.



## SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
1200 Fulghum Rd	S. Dallas/Wilmer	1,075,260	Smuckers
1753 Chaplin	NE Tarrant/Justin	705,955	Communications Test Design
5180 N. Railhead	Meachem Fld/Ft Worth	362,670	Westrock, Texas

## SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
4025 E I-30 W. Lonestar	\$21,949,510 Investment	\$79.00 -	296,615 Class A	Heitman Properties Stream Realty
900 Wilmeth Allen-McKinney	\$17,491,500 User	\$86.25 -	202,800 Class A	Lacor Rentals Hunt Southwest
2710 N. Forum G. Southwest/Grand Prairie	\$23,000,000 Investment	\$79.08 -	290,817 Class A	Cabot Scannell

## LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
2801 Market St	DFW Airport	1,536,520	Bandera
3400 E. Airfield	Dallas	562,640	Lake Washington Pt
2700 Market St	Dallas	375,400	Bandera


## LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
9314 W. Jefferson	Grand Prairie	1,500,000	Jan. 2020
200 FM 156	Fort Worth	1,200,000	Dec. 2019
Hwy 80 & Forney Rd	Forney	1,200,000	Feb. 2020


## TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	6.10%	\$6.55	25,043,000	929,000,000	32,000,000
Q1 2019	6.10%	\$6.46	24,890,000	922,066,000	32,300,000
Q4 2018	6.00%	\$6.34	21,302,000	914,900,000	28,600,000
Q3 2018	6.10%	\$6.25	21,900,000	908,176,000	28,300,000
Q2 2018	5.80%	\$6.19	21,700,000	900,000,000	28,800,000

 **25,043,000** **NET ABSORPTION**  
SF

 **6.10%** **VACANCY**  
24,890,000 SF

 **\$6.55** **AVG. ASKING RATE**  
PSF GROSS

 **7,085,000** **DELIVERIES**  
25 Buildings

 **32,000,000** **UNDER CONSTRUCTION**  
111 Buildings

**PHILLIP ROSENFELD**, Director

DFW continued its march toward a 1 billion square foot market as we continued to deliver 7-8 million square feet of industrial product each quarter. That pace will continue until the market fails to absorb all of the new construction, which it hasn't yet. Current Industrial Inventory sits at 930 million square feet, and at our current pace, we will probably top 1 billion in 2021. Rental rates continue to increase, especially in the smaller spaces as those are not being built due to higher construction costs.





## SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
160 Southcreek Pkwy	I-55 Corr/Romeoville	648,960	Samsung
2805 Duke Pkwy	I-88 Corr/Aurora	549,588	Wholesale Interiors
Kenosha Corporate Park	SE Wisconsin/Kenosha	524,339	Silgan Containers

## SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
3 Bldg Portfolio I-55 Corridor/Bolingbrook	\$66,150,000 Investment	\$76.31 -	866,808 Class B	Prologis Sun Life Assurance Co.
2101 Dralle Rd I-57 Corridor/University Pk	\$23,000,000 Investment	\$35.38 -	650,000 Class B	Brennan Investment Grp BlueLinx Corporation
3601 N. Skokie Hwy Lake County/N. Chicago	\$16,650,000 User	\$32.47 -	512,713 Class B	EMCO Chemical Dist CenterPoint Properties

## LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
3901 Brandon Rd	Ewood	826,755	CenterPoint Prop
21530-40 Frontage Rd	Shorewood	757,880	HSA/Clarion Ptnrs
5778 Baxter Rd	Cherry Valley	675,270	Venture One R.E.


## LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
3501 S. Pulaski Rd	Chicago	999,900	Q1 2020
25101 S. Ridgeland Ave	Monee	879,040	Q3 2019
12508 38th St.	Kenosha	800,000	Q3 2019

## TOTAL INDUSTRIAL MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	5.78%	\$6.10	5,164,359	1,298,546,937	18,098,059
Q1 2019	5.72%	\$6.07	4,291,980	1,301,352,095	18,323,465
Q4 2018	5.86%	\$5.98	3,154,364	1,298,817,068	19,198,878
Q3 2018	5.84%	\$5.80	4,898,667	1,295,224,449	15,370,601
Q2 2018	6.13%	\$5.40	6,084,959	1,294,226,395	8,946,709

 **5,164,359** **NET ABSORPTION**  
SF

 **5.78%** **VACANCY**  
75,062,268 SF

 **\$6.10** **AVG. ASKING RATE**  
PSF GROSS

 **6,173,268** **DELIVERIES**  
21 Buildings

 **18,098,059** **UNDER CONSTRUCTION**  
55 Buildings

**DIANA PEREZ**, Director of Research

The vacancy rate for Chicago's industrial market increased by 6 basis points during the second quarter of 2019 to 5.78 percent. Despite this increase, net absorption was positive for the 14th consecutive quarter, totaling 5.2 million square feet during the second quarter of 2019, bringing the year-to-date tally to 9.5 million square feet. Nearly 1.2 million square feet of build-to-suit construction projects were completed in the second quarter, contributing strongly to the positive net absorption recorded during the quarter.



## SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
600 N. Northfield Dr	West	690,702	Radial
1716 Innovation Blvd.	West	602,073	Geodis Logistics
764 N. Graham Rd	South	511,680	Mastin & Cain

## SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
Park 100/Park Creek Ptflio Indianapolis	\$82,056,000 Portfolio	\$54.44 -	1,507,356 Class A/B	Weston, Inc. Acento R.E. Partners
945 Monument Dr Lebanon	\$71,878,507 Investment	\$74.68 5.9%	962,500 Class A/B	Industrial Logistcs Prop Tr Cole Office & Ind REIT II
Anson Bldg - Amazon Full Whitestown	\$68,662,596 Investment	\$66.24 5.6%	1,036,573 Class A/B	Industrial Logistcs Prop Tr Gramercy Property Trust

## LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
3124 Plainfield Rd	Plainfield	702,000	Clarion Pt/Verus Pt
845 Airtech Pkwy	Plainfield	262,758	HSA Commercial RE
4900 Albert S White Dr	Whitestown	149,224	Duke Rlty/Browing


## LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
9247 E. CR 100 S	Avon	1,109,121	Q4 2019
3751 S CR 500 E	Whitestown	1,016,244	Q3 2019
146th & Howe Rd	Noblesville	1,000,000	Q1 2020

## TOTAL INDUSTRIAL MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	3.70%	\$4.58	2,142,303	343,533,974	11,675,287
Q1 2019	3.80%	\$4.43	1,417,338	341,676,044	7,268,622
Q4 2018	4.00%	\$4.40	894,122	341,042,468	7,005,225
Q3 2018	3.70%	\$4.61	3,773,986	338,578,442	5,975,698
Q2 2018	4.30%	\$4.59	3,948,262	336,885,381	6,973,086

 **2,142,303** **NET ABSORPTION**  
SF

 **3.70%** **VACANCY**  
12,619,483 SF

 **\$4.58** **AVG. ASKING RATE**  
PSF GROSS

 **1,310,380** **DELIVERIES**  
6 Buildings

 **11,675,287** **UNDER CONSTRUCTION**  
32 Buildings

**REBECCA WELLS, CCIM**, Principal

Industrial leasing velocity in Indianapolis continues to impress, with consistently strong occupier demand attracting new spec development in the bulk warehouse sector. Indianapolis enjoys an extremely healthy and stable low vacancy rate of just 3.7% marketwide. However, with nearly 12M SF under construction or announced to begin by year end, expect to see occupancy rates soften slightly due to the timing of projects being delivered. Institutional as well as REIT investors plugged \$575M into the Indy market during the first half of 2019, reflecting the very favorable investor sentiment towards this centrally located and dominant industrial market.



## SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
20509 Sibley Rd	Brownstown	90,850	Uncle Ray's Potato Chips
6333 Lynch Rd	Detroit	92,050	Bedrock
41965 Ecorse Rd	Van Buren Township	82,025	Beaumont Health

## SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
39000 Amrhein Rd Livonia	\$86,750,000 Investment	\$85.95 5.33%	1,009,292 Class A	Cantor Comm'l R.E. Ashley Capital
12001 Farmington Rd Livonia	\$19,769,709 Investment	\$94.14 5.0%	210,000 Class C	Morning Calm Mgmt Promanas Group
12700 Stephens Rd Warren	\$4,400,000 Owner/User	\$55.00 -	80,000 Class B	Callahan Real Estate Hldg CMX Corporation

## LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
1800 E. Cansfield St	Detroit	180,000	Tippmann Innovation
15701 Technology Dr	Northville	100,000	Amson Development
41600 Haggerty Cir	Canton	46,345	Frankel Associates


## LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
1420 E Ten Mile Rd	Hazel Park	651,610	Oct. 2019
33600 Mound Rd	Sterling Heights	569,380	Aug. 2019
28355 Lakeview Dr	Lyon Twp	92,630	Oct. 2019

## TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	3.30%	\$6.24	(1,146,479)	652,599,472	5,176,380
Q1 2019	3.10%	\$6.24	148,848	652,694,129	5,215,446
Q4 2018	3.30%	\$6.15	3,960,018	653,355,415	5,371,879
Q3 2018	3.30%	\$6.07	1,750,970	649,782,719	8,384,571
Q2 2018	3.30%	\$5.94	1,443,002	647,484,123	7,141,063

 **(1,146,479)** **NET ABSORPTION**  
SF

 **3.30%** **VACANCY**  
21,557,103 SF

 **\$6.24** **AVG. ASKING RATE**  
PSF GROSS

 **528,657** **DELIVERIES**  
8 Buildings

 **5,176,380** **UNDER CONSTRUCTION**  
51 Buildings

**JON SAVOY**, President

As existing inventory hovers in the 3% vacancy range, it is difficult to find suitable properties for both tenants and purchasers. This lack of existing building supply is creating new construction opportunities for build to suits as well as speculative development. At the same time, market momentum has been hindered by tariffs and their long-term impacts. Michigan is particularly vulnerable given the close ties to the automotive industry. In many instances both tenants and users are on the sidelines waiting for some sort of resolution to these issues. To some degree, the Michigan industrial real estate market is on hold. A resolution with China would go a long way in restoring momentum to the market.





## SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
Cleveland Ave Bus Ctr	Northeast	175,000	Colder Products
345 Industrial Blvd NE	Northeast	103,425	SBS Transportation
6150 W. 110th St	Southwest	86,400	MTS

## SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
5300 Pine Bend Trail Southeast	\$43,300,000 Owner/User	\$111.45 -	388,508 Class A	Mosaic Corp CF Industries
9150 217th St W Southeast	\$23,525,000 Investment	\$83.39 -	282,100 Class B	WPT REIT Cal Interstate South
600 oover St NE Northeast	\$15,240,000 Investment	\$84.94 -	179,421 Class A	Blackstone Industrial Equities

## LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
Arbor Lakes Business Park	Northwest	264,400	Duke
Northern Stacks VII	Northeast	200,000	Hyde
Park of Commerce II	Northeast	156,000	Industrial Equities


## LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
Graco Expansion	Northwest	479,766	TBD
Vomela	Northeast	299,500	TBD
8550 Zachary Lane N	Northwest	204,120	TBD


## TOTAL INDUSTRIAL MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	4.80%	\$5.18	829,298	359,633,370	2,400,546
Q1 2019	4.40%	\$5.16	758,371	358,480,294	1,472,266
Q4 2018	4.00%	\$4.93	124,157	358,055,426	2,973,894
Q3 2018	4.60%	\$4.92	436,295	357,587,238	2,167,439
Q2 2018	4.90%	\$4.86	905,874	357,329,869	1,763,294

 **829,298** **NET ABSORPTION**  
SF

 **4.80%** **VACANCY**  
17,262,402 SF

 **\$5.18** **AVG. ASKING RATE**  
PSF GROSS

 **1,853,203** **DELIVERIES**  
7 Buildings

 **2,400,546** **UNDER CONSTRUCTION**  
19 Buildings

**RA'EESA MOTALA**, Associate

The overall vacancy rate increased slightly in Q2 2019. The average asking rate was \$5.18 PSF and high rate was \$9.22 PSF. To date there are 19 construction projects throughout the market with 1.8M SF delivered year to date.



## SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
9107-9111 Meridian Wy	Tri-Cnty Ind/W Chester	208,120	Fit For Life
3033 Symmes Rd	Tri-Cnty Ind/Hamilton	143,985	Triace
9220 Glades Dr	Tri-Cnty Ind/Hamilton	79,329	Industrial Sorting Services

## SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
5140 River Valley Rd East Industrial/Milford	\$5,625,000 Sale/Lseback	\$187.50 8.0%	30,000 Class B	G&C Diversified LLC Melink Properties LLC
2475 Wright Blvd Airport Industrial/Hebron	\$11,750,000 Investment	\$90.57 8.0%	129,731 Class A	Black Creek Div Prop Fnd Washington Cap Ptnrs
9899 Sam Neace Dr Florence Ind/Florence	\$1,855,000 Investment	\$84.94 8.0%	218,400 Class A	BCDPF Florence Log Ctr Wim Florence LLC

## LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
3001 Afton Dr	Batavia	617,760	Duke Realty Corp
75 Logistics Ctr	Middletown	612,730	The Opus Group
115 Enterprise Dr	Hamilton	156,520	DCT Enterprises

## LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
Logistics Park 75	Walton	896,896	Sept. 2019
660 Erlanger Rd	Erlanger	575,700	Nov. 2019
1145 Springdale Comm Pkwy	Springdale	374,675	Nov. 2019

## TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	3.50%	\$5.15	1,780,767	359,633,370	8,869,590
Q1 2019	3.20%	\$5.11	(738,392)	323,152,375	6,996,148
Q4 2018	3.00%	\$5.07	420,774	322,352,161	7,050,562
Q3 2018	2.60%	\$4.98	2,586,707	321,548,997	6,545,004
Q2 2018	2.70%	\$4.88	1,648,406	319,332,420	6,438,702

**1,780,767** **NET ABSORPTION**  
SF

**3.50%** **VACANCY**  
11,519,541 SF

**\$5.15** **AVG. ASKING RATE**  
PSF GROSS

**2,412,735** **DELIVERIES**  
8 Buildings

**8,869,590** **UNDER CONSTRUCTION**  
19 Buildings

**STEWART DEVITT**, St. Vice President

During the second quarter of 2019, positive net absorption of 1,780,767 square feet, along with the delivery of vacant new inventory, pushed the overall market vacancy rate up to 3.50%. The Airport Submarket of Northern Kentucky saw the largest decrease in vacancy over the quarter falling from 5.3% in the first quarter of 2019 to 3.9%, with a significant increase in under construction square footage, an increase from 791,684 to 4,076,861 in the second quarter of 2019 Cincinnati has become a desirable home for numerous industrial corporations due to its ideal location and healthy economy.



## SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
6198 Green Pointe Dr	Southeast	758,160	Sam's Club
4150 Lockbourne Ind Dr	Southeast	184,000	Terminal Warehouse
6250 Opus Dr	Southeast	52,200	La-Z-Boy

## SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
1901 Beggrow St Southeast	\$53,198,457 Investment	\$66.30 5.68%	802,390 Class A	Granite REIT Pizzuti
8220 Smiths Mill Rd Licking County	\$23,749,440 Investment	\$89.96 6.50%	264,000 Class A	Dream Industrial REIT Pizzuti
2850 Rohr Rd Southeast	\$14,200,000 Occupied	\$61.92 -	229,333 Class A	Integra Beauty VanTrust

## LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
9570 Logistics Ct	Pickaway County	972,160	Duke Realty
10 Enterprise Pkwy	Madison County	300,000	Duke Realty


## LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
Mink St	Licking County	1,232,149	Q2 2020
Hazelton-Etna Rd	Licking County	1,200,000	Q1 2020
US 40	Madison County	1,200,000	Q1 2020


## TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	3.90%	\$3.92	2,311,139	294,480,134	8,214,900
Q1 2019	3.90%	\$3.99	1,070,478	282,306,044	3,580,900
Q4 2018	4.70%	\$3.98	2,221,356	291,414,390	5,014,066
Q3 2018	4.30%	\$4.01	1,320,743	290,128,082	4,945,241
Q2 2018	4.10%	\$3.97	2,429,669	289,668,974	6,120,114

 **2,311,139** **NET ABSORPTION**  
SF

 **3.90%** **VACANCY**  
11,583,971 SF

 **\$3.92** **AVG. ASKING RATE**  
PSF NET

 **1,303,760** **DELIVERIES**  
2 Buildings

 **8,214,900** **UNDER CONSTRUCTION**  
26 Buildings

**MIKE SPENCER**, Principal/Broker

With the market experiencing historical low vacancy rates, developers are answering the call with a great deal of spec product being added to all corners of the market. Even with the continued occupier demand we have experienced, we may see pressure on rental rates due to this new development. Investors continue to be bullish on Central Ohio as evidenced from recent acquisitions and overall sentiment with the market's strong fundamentals and logistical advantages. Columbus is leading the Midwest in economic growth.





## SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
610 Chelsea Rd	Aberdeen Ind	571,762	XPO Logistics
9906 Fallard Ct	Branch Ave Corr Ind	210,000	Western Express
8411 Kelso Dr	Baltimore Cnty E Ind	274,821	Undisclosed

## SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
9900-9906 Fallard Ct Brand Ave Corridor Ind	\$20,800,000 Investment	\$99.05 6.73%	210,000 Class B	High Street Equity Adv Western Express, Inc.
8250 Preston Ct Jessup Route 1 Corridor Ind	\$12,220,000 Investment	\$120.64 4.50%	101,297 Class B	TA Realty Capital Partners Inc.
9830 Riesterstown Rd Riesterstown Rd Ind	\$10,736,795 Redevelopmnt	\$27.95 N/A	384,174 Class C	AvalonBay Communities Greenberg Gibbons

## LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
1 Principio Pkwy	North East	1,078,800	Stewart Properties
1100 Woodley Rd	Aberdeen	656,880	MRP Industrial
505 Advantage Way	Perryman	249,600	PrestonScheffenacker

## LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
13905 Crayton Blvd. I-81 Ind Ct	Hagerstown	1,190,700	Q4 2019
1500 Woodley Rd, Bldg A	Aberdeen	1,027,500	Q1 2020
7015 Tradepoint Ave Log Ctr X	Sparrows Point	1,500,400	Q1 2020

## TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	7.90%	\$4.70	355,228	207,958,492	8,906,594
Q1 2019	7.30%	\$4.76	1,553,7783	206,029,500	8,055,875
Q4 2018	8.00%	\$4.69	113,916	205,984,675	3,998,845
Q3 2018	8.00%	\$4.60	2,120,478	206,087,123	3,720,498
Q2 2018	8.50%	\$4.47	1,461,906	204,865,485	4,669,592

**355,228** **NET ABSORPTION**  
SF

**7.9%** **VACANCY**  
16,516,044 SF

**\$4.70** **AVG. ASKING RATE**  
PSF GROSS

**1,944,620** **DELIVERIES**  
5 Buildings

**8,906,594** **UNDER CONSTRUCTION**  
17 Buildings

**ALEX SHEARER**, Research Analyst

The overall Baltimore market includes the City of Baltimore and the counties of Baltimore, Anne Arundel, Carroll, Cecil, Hartford and Howard. Demand has been healthy and vacancy rates remain low. The largest transaction in Q2 was the XPO Logistics' lease of a 571,000-SF building in Aberdeen. More than 2 million SF of new product was delivered to the market in the second quarter. Asking rents at the end of the first half averaged \$4.70 per SF. The market has several attributes including access to the Port of Baltimore. More than 2 million SF of new product was delivered to the market in the second quarter. The market has close proximity to I-95, Rt 1, the Port of Baltimore and many other highways that attract strong tenants.



### SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
1 Costco Way	Exit 8A/Monroe Twp	611,320	Geodis
117 Interstate Blvd	Exit 8A/So. Brunswick	593,695	N/A
2 Brick Yard Rd	Exit 8A/Cranbury	444,466	Performance Team

### SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
150 Milford Rd Princeton Ind/Highstown	\$56,100,000 Redevelopmnt	\$91.22 -	615,000 Class B	Dermody Properties, Inc. Conair Corporation
400 Ridge Rd, Bldg 5 Western Rt 287/Piscataway	\$59,512,500 Investment	\$150.00 -	396,750 Class A	SHI International Corp Rockefeller Group
140-142 Carter Dr Exit 10/Edison	\$26,500,000 Investment	\$121.56 -	218,000 Class B	Liberty Property Trust Samar Distributors

### LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
171 River Rd, Bldg 4	Piscataway	468,900	Rockefeller Group
400 Ridge Rd, Bldg 5	Piscataway	396,750	SHI Intn'l/Rockefeller
15 Applegate Dr Bldg B	Robbinsville	295,200	Matrix Development


### LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
Tremley Point Rd Bldgs A-H	Linden	4,074,109	2020
942 Memorial Pk, Bld 1,3,4,5,6,7	Phillipsburg	3,848,254	2019-2022
429 Delancy St, Bldg 1	Newark	661,741	Q4 2019


### TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	4.20%	\$9.10	1,283,618	843,814,765	11,222,874
Q1 2019	4.10%	\$8.86	579,430	841,834,339	13,895,843
Q4 2018	4.10%	\$8.70	1,171,327	840,745,819	7,790,087
Q3 2018	3.90%	\$8.42	5,727,461	838,335,573	10,069,959
Q2 2018	4.20%	\$8.33	4,690,818	834,406,437	8,901,979

 **1,283,618** NET ABSORPTION  
SF

 **4.2%** VACANCY  
35,254,447SF

 **\$4.70** AVG. ASKING RATE  
PSF GROSS

 **1,980,426** DELIVERIES  
11 Buildings

 **11,222,874** UNDER  
CONSTRUCTION  
19 Buildings

**MICHAEL MALMSTONE**, R.E. Analyst

NNJ industrial market remains steadfast with positive rental growth and record low lease up time of 6.4 months. Net absorption more than doubled QoQ. 7.6MM SF was leased averaging 22k SF, up 12+% from Q1. Even with a slight slow down of leasing, landlords of Class B space continue to push \$10+ PSF NNN rents in core markets. The largest leases are being signed around the Ports, Exits 10 & 11 and the Western Rt 287 sub-markets, all of which contain the most newly delivered Class A space. Sales volume dropped 28% to \$779MM, with cap rates unwavering from Q1 at 6.5%. Pricing did appreciate 8% YoY to \$122 PSF. Institutional buyers are seeking urban infill sites for redevelopment, such as Newark in addition to portfolios of mid-sized buildings in secondary markets like Fairfield.



## SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
333 Johnson Ave	East Williamsburg	161,000	Netflix
1213 Grand St	East Williamsburg	113,500	One Stop Properties
645 Clinton St	Red Hook	108,000	(Private)

## SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
1601 Bronxdale Ave Bronx	\$89,000,000 Fee	\$252.00 -	353,000 Class C	Square Mile Capital Sackman Enterprises, Inc.
1300 Vile Ave Bronx (Portfolio)	\$38,612,831 Fee/1031 Exch	\$550.00 4.1%	70,290 Class B	Hans Holterbosch, Inc. MRP Realty, Inc.
74 Bogart St Brooklyn	\$45,500,000 Fee/Redev	\$569.00 -	80,000 Warehouse	Storage Deluxe North Development Grp

## LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
None to Report	-	-	-
-	-	-	-
-	-	-	-


## LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
546 Gulf Ave	Staten Island	975,000	Q1 2020
566 Gulf Ave	Staten Island	450,000	Q3 2019
640 Columbia St	Brooklyn	336,500	Q2 2020

## TOTAL INDUSTRIAL MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	4.70%	\$22.69	(572,316)	226,596,560	2,781,943
Q1 2019	4.70%	\$22.46	346,555	226,723,332	2,781,943
Q4 2018	4.80%	\$22.08	839,324	226,914,787	2,214,432
Q3 2018	5.00%	\$21.51	906,045	226,456,257	2,672,962
Q2 2018	5.00%	\$21.75	(522,152)	225,701,878	3,502,972

 **(572,316)** **NET ABSORPTION**  
SF

 **4.7%** **VACANCY**  
10,606,423 SF

 **\$22.69** **AVG. ASKING RATE**  
PSF GROSS

 **0** **DELIVERIES**  
0 Buildings

 **2,781,943** **UNDER CONSTRUCTION**  
17 Buildings

**HENRY ABRAMOV**, Research Director

NYC's industrial market's vacancy and availability has remained stagnant for the past two quarters, after decreasing down to 4.7% and 7.7% respectively, from its five-year peaks in the second half of 2018. The second quarter had a negative net absorption (though small) after three quarters of positive net absorption. There were less lease transactions compared to last quarter and year-over-year. Nevertheless, the deals signed in the second quarter were larger footprints thus more square footage was signed this quarter compared to first quarter. Asking rents in NYC have been growing gradually on an annual basis since 2016, with the average asking rent predicted to pass the \$23 benchmark for the first time.



## SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
14100 NW 60th Ave	Miami Lakes, FL	192,454	Miami Intn'l Freight Solutions
3423 McIntosh Rd	Hollywood, FL	142,454	International Warehouse Svcs
1530 NW 98th Ct	Miami, FL	117,000	Withheld

## SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
2201 W. Broward Blvd Fort Lauderdale, FL	\$38,200,000 Investment	\$172.00 3.2%	221,542 Class A	ASB Real Estate Bridge Development Ptnr
7200 NW 25th St Miami, FL	\$25,000,000 Investment	\$152.00 5.9%	164,000 Class C	AEW Capital COFE Properties
201 NW 21st St Miami, FL	\$26,400,000 Redevelopment	\$986.00 -	26,764 -	Izmirlian Family D&R Design District

## LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
1971, 1981 & 1991 N Powerline	Pompano Beach, FL	467,832	Bridge Dev Ptnrs
3850 W. 108th St	Hialeah, FL	252,000	Flagler Global Logist
1021 Tyger Lake Rd	Hialeah Gardens, FL	163,200	TRX Investments

## LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
21500 NW 47th Ave, A,B,C	Miami Gardens, FL	1,108,866	Q3 2019
3870-3880-3980 W. 108th St	Hialeah, FL	652,849	Q4 2019
2290-2398 NW 119th St	Miami, FL	446,800	Q3 2019

## TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	4.00%	\$10.60	477,803	441,779,487	7,626,221
Q1 2019	3.80%	\$10.42	664,950	440,219,751	7,140,899
Q4 2018	3.60%	\$10.45	1,312,823	438,510,595	6,144,035
Q3 2018	3.40%	\$10.43	1,659,953	436,347,470	7,686,409
Q2 2018	3.60%	\$10.26	1,763,159	435,281,236	6,966,561

**477,803** **NET ABSORPTION**  
SF

**4.0%** **VACANCY**  
16,947,472 SF

**\$10.60** **AVG. ASKING RATE**  
PSF GROSS

**1,477,748** **DELIVERIES**  
15 Buildings

**7,626,221** **UNDER CONSTRUCTION**  
70 Buildings

**MATTHEW ROTOLANTE, SIOR,**  
CCIM President

South Florida's Industrial market remains stable with average asking lease rates for the region at \$10.60/SF/yr up from \$10.42/SF/yr from last quarter for Miami-Dade, Broward, and Palm Beach Counties. Vacancy increased slightly to 4% from 3.8% last quarter, and we had roughly 1.5m SF new deliveries to our market with over 7.6m still under construction. Sales volume so far year to date comes in at over \$925m, down 15% year over year, with average price per square foot for South Florida holding steady at around \$132/sf, and cap rates averaging at around 6%.





## SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
801 Factory Shoals Rd	I-20 W/Douglasville	925,800	Stitch Fix
240 The Bluffs NW	I-20 W/Douglasville	498,480	US Elogistics Service Corp
440 Interstate West Pkwy	I-20 W/Douglasville	460,687	SP Richards Company

## SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
7875 White Rd. Austell	\$56,508,234 Investment	\$93.00 -	604,852 Class A	Confidential LaSalle Investment
830 GA-42 McDonough	\$26,000,000 Investment	\$27.00 -	972,350 Class B	LRC Properties Raider Hill Advisors
4893 Lewis Rd Stone Mountain	\$16,206,828 Investment	\$55.00 -	295,057 Class A	Blackstone R.E. Inc. Trust Ackerman & Co

## LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
0 King Mill Rd	McDonough	1,104,320	PNK Group
2627 Steve Reynolds Ind Pkwy	Commerce	1,099,880	Ridgeline Prop Grp
901 Factory Shoals Rd	Lithia Springs	925,800	Prologis


## LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
5455 Campbellton Fairburn Rd	Fairburn	1,400,000	Q2 2020
7055 Campbellton Rd	Atlanta	1,128,400	Q2 2020
2160 Anvil Block Rd	Forest Park	1,043,418	Q3 2019

## TOTAL INDUSTRIAL MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	6.40%	\$5.28	4,495,154	701,183,635	21,377,513
Q1 2019	6.50%	\$5.19	828,961	696,437,875	17,207,348
Q4 2018	5.90%	\$5.08	4,763,898	691,236,937	17,338,831
Q3 2018	5.70%	\$5.02	7,769,205	684,897,755	20,649,068
Q2 2018	6.20%	\$4.88	4,221,802	680,403,972	20,701,208

 **4,495,154** **NET ABSORPTION**  
SF

 **6.4%** **VACANCY**  
45,188,976 SF

 **\$5.28** **AVG. ASKING RATE**  
PSF GROSS

 **2,963,878** **DELIVERIES**  
13 Buildings

 **21,377,513** **UNDER CONSTRUCTION**  
42 Buildings

**CRAIG VIERGEVER**, EVP, Principal

Atlanta's Industrial market made a strong comeback after a slightly stagnant first quarter, ending Q2 with 4.5 million SF absorbed, bringing year-to-date absorption to 5.32 million SF. There was 21.38 million SF under construction at the end of Q2, a 15% increase from last quarter. Overall vacancy decreased 10 basis points in the Atlanta industrial market to 6.4%. Developers continue to push new spec and build to suit opportunities as 18 new buildings have broken ground in Q2.



## SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
1053 Shotwell Rd	Clayton	343,141	Dollar General
540 Hinton Oaks	Knightdale	120,000	-
2930 Yonkers Rd	Raleigh	35,154	-

## SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
325 Spectrum Dr, Bldg 1 Northeast Wake County	\$10,581,976 Investment	\$71.00 -	150,000 4-Star Whrs	Trinity Capital Scannell Properties
2114 Atlantic Ave Raleigh	\$9,750,000 Investment	\$65.00 -	150,045 3-Star Whrs	DFILP Atlantic Ave LLC NMS Atlantic, LLC
850-880 Lufkin Rd Southwest Wake Cnty	\$9,000,000 Investment	\$60.00 8.3%	150,907 3-Star Whrs	LM Lufkin Road LLC Beechmoor LLC

## LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
4902 Wade Nash Blvd	Holly Springs	124,200	PS NC III LP
8185 Hwy 70 Business	Clayton	30,000	Franklin Realty Grp
5435 Raynor Rd	Garner	14,250	Briarhaven Props


## LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
3612 Powhatan Rd	Clayton	900,000	Jan. 2020
4851 Jones Sausage Rd	Garner	700,281	Nov. 2019
8368 W. Hwy 70	Clayton	142,406	Oct. 2021

## TOTAL INDUSTRIAL MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	4.10%	\$7.38	1,230,267	127,967,129	2,504,395
Q1 2019	4.90%	\$7.27	(87,485)	127,787,179	2,417,345
Q4 2018	4.60%	\$7.38	672,073	127,377,199	2,519,075
Q3 2018	6.00%	\$7.15	(781,519)	128,572,887	2,494,990
Q2 2018	5.10%	\$7.09	145,580	128,192,246	2,096,699

 **1,230,267** **NET ABSORPTION**  
SF

 **4.10%** **VACANCY**  
5,241,830 SF

 **\$7.38** **AVG. ASKING RATE**  
PSF GROSS

 **179,950** **DELIVERIES**  
8 Buildings

 **2,504,395** **UNDER CONSTRUCTION**  
25 Buildings

**SCOTT HADLEY**, Senior Director

The Triangle continues to experience high demand, driving vacancies down and rates up. The vacancy rate in the Triangle dropped from 4.9% to 4.1%, while rates increased up \$0.11/SF. Absorption for the market was 1,230,267 SF in the 2nd Quarter with product under construction pushing 2.5 million SF. Overall, the market is very healthy. The largest Industrial products under construction are Novo Nordisk in Johnston County with 900,000 SF, the Amazon Distribution Center in Wake County at 700,281 SF, and the Grifols expansion in Johnston County with 142,406 SF.



## SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
7410 Magi Rd	Outlying Berkeley Cty	302,400	SAIC
4500 Goer Dr	North Charleston	100,000	Mid-States Packaging, Inc.
7240 Cross Park Dr	North Charleston	56,780	American Paint Paddle

## SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
6 Corporate Pkwy Outlying Berkeley Cnty	\$40,400,000 Investment	\$76.76 -	106,300 Class B	GFI Partners Hyde Properties
3270 Benchmark Dr N. Charleston/Ladson	\$2,850,000 Owner/User	\$95.00 N/A	30,000 Class B	Renfro Properties J&C Properties

## LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
7770 Palmetto Commerce Pky	North Charleston	196,540	Samet
4235 Dorchester Rd	North Charleston	15,000	Woodstock Investors
7612 Sandlapper Pkwy	North Charleston	12,100	Sandlapper One Ass.

## LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
Hwy 78 Phase I	Ladson	841,776	Nov. 2019
Volvo Car Dr & Fish Rd Bldg 3	Ridgeville	504,010	Nov. 2019
4289 Crosspoint Dr	Ladson	364,000	Sept. 2019

## TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	6.50%	\$7.04	(415,421)	701,183,635	3,450,779
Q1 2019	5.90%	\$7.02	841,624	82,900,000	3,484,136
Q4 2018	5.90%	\$6.94	1,054,407	82,100,000	2,609,816
Q3 2018	6.30%	\$6.83	1,656,256	81,200,000	22,741,504
Q2 2018	6.60%	\$6.73	3,484,718	79,700,000	3,228,728

**NET ABSORPTION**  
**SF**  
**(415,421)**

**VACANCY**  
**5,401,500 SF**  
**6.5%**

**AVG. ASKING RATE**  
**PSF GROSS**  
**\$7.04**

**DELIVERIES**  
**3 Buildings**  
**184,993**

**UNDER CONSTRUCTION**  
**17 Buildings**  
**3,450,779**

**THOMAS BUIST, Broker**

Owners were able to push rents by a solid 4.5% over the past year, and 2018 sales surpassed \$300 million for the first time since 2016. Developers have been especially active in Charleston recently, delivering roughly 3.5 million SF in the past year. This is a significant increase compared to the areas typical 1.7 million SF in annual deliveries. While construction levels have slowed, there is still plenty in the pipeline. New supply should easily exceed historical norms in 2019. Automotive & aeronautical manufacturing, port growth & distribution, population growth and a great economy continue to drive Charleston's market successfully.



## SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
280 Parkway East	Rt 290 Corr/Duncan	161,967	Kenco Management Svc
175 Spartangreen Blvd.	Rt 290 Corr/Duncan	111,173	R&E Automated
625 S Old Piedmont Hwy	I-85 South/Greenville	56,780	ChemPak

## SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
300 Hammett St Greenville, SC	\$9,000,000 Leasehold	\$24.63 N/A	365,385 Class C	Countour Development Robert Lubin & Assoc.
129-135 Kiowa Ln Piedmont, SC	\$4,175,000 Investment	\$71.86 8.5%	58,100 Class B	Szxena Properties Sexton Griffith Raisor Bld
1840 S. Highway 14 Rt 14 Corridor	\$4,106,000 Leasehold	\$41.06 N/A	100,000 Class B	Muran Property Group Dan F. Williamson

## LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
3493 Hwy 101	Woodruff, SC	1,987,200	Panattoni Dev Co
230 Apple Valley Rd	Duncan, SC	275,400	Panattoni Dev Co
1021 Tyger Lake Rd	Spartanburg, SC	213,200	SunCap Prop Grp

## LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
Genoble Rd	Greer, SC	1,300,000	Q4 2019
J Verne Smith Pkwy & Lister Rd	Greer, SC	551,670	Q1 2020
1345 Victor Hill Rd	Duncan, SC	545,127	Q3 2019

## TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	4.80%	\$4.04	(572,316)	226,192,198	7,239,508
Q1 2019	4.20%	\$3.81	28,097,341	225,377,090	6,769,743
Q4 2018	4.60%	\$3.75	3,442,116	223,282,279	8,186,182
Q3 2018	4.50%	\$3.68	2,056,990	219,444,421	9,309,925
Q2 2018	4.70%	\$3.54	1,011,314	217,940,783	3,228,728

**(572,316)** **NET ABSORPTION**  
SF

**4.8%** **VACANCY**  
10,584,157 SF

**\$4.04** **AVG. ASKING RATE**  
PSF GROSS

**835,330** **DELIVERIES**  
8 Buildings

**7,239,508** **UNDER CONSTRUCTION**  
26 Buildings

**RANDALL BENTLEY**, President

The Greenville/Spartanburg industrial market posted its first negative absorption number in over 2 years. Vacancy inched upwards as well for the first time in the last 8 quarters. Despite the uptick in vacancy, record-setting construction levels have been met with strong absorption as over 7.5 million SF has been absorbed in the last 3 quarters. Rents have increased 4% to 5% annually. The recent growth is a testament to the market's positive attributes, including access to ports, proximity to major metros in the southeast and availability of development-ready land. Greenville/Spartanburg also offers easy access to Atlanta, Charlotte, and Port of Charleston.





## SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
4327 Salish Sea Way	Delta	422,460	N/A
1425 Derwent Way	Delta	282,526	Veritiv Operating Company
80210 Zylmans Way	Richmond	200,000	Worldpac Canada Inc.

## SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
1155 E. 6th Ave Vancouver	\$45,000,000 Fee Simple	N/A -	17,150 Class A	JRS Ltd (Private Investor) Shaw Cablesystems Ltd
11511 No. 5 Rd Richmond	\$21,900,000 Fee Simple	\$228.00 -	95,983 Class A	South St Development Grp South St (11511) Hldgs
16160 River Rd Richmond	\$13,000,000 Fee Simple	\$359.00 -	36,200 IL	Soka Holdings Ltd H. Brum Enterprises

## LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
11111 Twigg Pl	Richmond	256,000	IntraUrban Rivershore
200 Victoria Dr	Vancouver	191,387	Ironworks
8211 Fraser Reach Ct	Burnaby	153,461	SunCap Prop Grp


## LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
8255 Wiggins St	Burnaby	2,804,610	TBD
18890 22nd Ave	Surrey	530,563	Q2 2020
1575 & 1545 Kingsway Ave	Port Coquitlam	235,000	Q4 2019

## TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	1.46%	\$13.16	1,356,107	213,145,441	3,844,959
Q1 2019	1.47%	\$12.81	428,998	211,779,254	3,914,415
Q4 2018	1.46%	\$12.56	907,240	211,339,441	3,805,649
Q3 2018	1.46%	\$12.15	1,439,307	210,572,470	3,536,060
Q2 2018	1.40%	\$11.81	602,532	208,830,908	2,036,992

 **1,356,107** **NET ABSORPTION**  
SF

 **1.46%** **VACANCY**  
3,115,100 SF

 **\$13.16** **AVG. ASKING RATE**  
PSF GROSS

 **1,343,187** **DELIVERIES**  
18 Buildings

 **3,844,959** **UNDER CONSTRUCTION**  
50 Buildings

**NOINA MATTA**, Director of Research

For Q2 2019 the Metro Vancouver industrial market experienced a slight drop in the vacancy rate, hitting 1.46% compared to Q1 2019 which was 1.47%. This shows no significant change in the vacancy rate since Q3 2018, with approximately 4,314,533 SF of new supply becoming available since then. The total availabilities in Q2 2019 are 10,289,967 and 5,245,385 SF is currently under construction. In terms of sales, the price per square foot has gone up from \$355 to \$361. Lease rates have also increased since Q1 2019 from the average going from \$12.81/SF to \$13.16/SF in Q2 2019. All of these factors coupled with limited supply show that there is a high demand for space in a very competitive market.

## Construction Increases as Demand Lags

Healthy tenant expansion returned in the second quarter but fell short of offsetting the overall market's lackluster start to the year. Overall, the office market is tight. But unless demand improves dramatically in the second half, 2019 will post the lowest net absorption in four years just as construction pipelines in several metros swell with new projects.

Net absorption in the first half of 2019 totaled 35 million SF with 23.6 million SF of growth coming in Q2. More than 96 million SF was absorbed in 2018 with about 60 million of tenant growth coming in the second half. Deliveries to date, 44 million SF, are nearly equal to the first half of last year, but the volume of projects underway through June totaled 186.5 million SF – a record high in this cycle. That is a 10% increase from the in Q4 2018 and an 18% gain over the average of the previous three years.

Asking rents are up 4.3% year over year, slightly higher than the 2%-3% annual rent growth since 2016. The overall vacancy rate slipped 10 basis points from Q1 to 8.7%.

The hottest market in the first half was Seattle with 4.2 million SF of positive net absorption followed by 3.8 million SF in New York City; 2.2 million SF in Northern New Jersey and Dallas/Ft. Worth, and 1.8 million SF in Charlotte.

▲  
**23.6**

**Q2 NET  
ABSORPTION**  
Million SF

▼  
**8.7%**

**VACANCY**  
1.0 Billion SF

▲  
**0.7%**

**AVG. ASKING RATE**  
\$26.28 PER SF

▲  
**24.5**

**Q2 DELIVERIES**  
Million SF

▲  
**186.6**

**UNDER  
CONSTRUCTION**  
Million SF

The most rent growth occurred generally in tech centers that included Charlotte, Austin, Seattle, San Francisco and South Bay/San Jose, where year-over-year asking rates rose 8.7%.

Class A net absorption in the first half totaled 30.3 million SF, 15% less than the same time last year. Asking rents in the second quarter for top-tier space were up an average of 2.8% year over year.

Demand for Class B space was up 5.1 million SF in the first half, compared to 2.2 million SF in the first six months of 2018. Average asking rents gained 3.7% year over year.

## MARKETS WITH MOST SF UNDER CONSTRUCTION

Market	SF	Market	SF
New York, NY	18.4 M	Washington, DC	12.1 M
Dallas/Ft Worth, TX	8.9 M	Chicago, IL	8.4 M
Boston, MA	8.4 M	Austin, TX	8.1 M

## LOWEST VACANCY RATES AMONG TOP 25 MARKETS

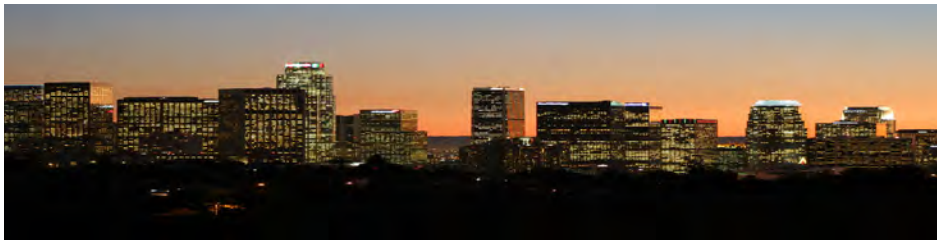
Market	Vacancy Rate	Market	Vacancy Rate
Seattle, WA	5.8%	San Francisco, CA	6.1%
Cleveland, OH	6.1%	Kansas City, MO	6.3%
Portland, OR	6.6%	Tampa/St. Petersburg, FL	6.7%

## HIGHEST RENTAL RATES

Market	Asking Rent/SF	Market	Asking Rent/SF
San Francisco, CA	\$5.27	New York, NY	\$5.09
San Jose, CA	\$3.89	East Bay/Oakland, CA	\$3.30
Miami-Dade Co, FL	\$3.14	Los Angeles, CA	\$3.11

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

Market	Sales Volume	Avg Price/SF	Market	Sales Volume	Avg Price/SF
New York, NY	\$17,574,326,109	\$662.00	Washington, DC	\$8,022,543,393	\$374.00
Boston, MA	\$7,953,129,249	\$391.00	Los Angeles, CA	\$7,901,782,816	\$422.00
Seattle, WA	\$6,300,088,071	\$466.00	San Francisco, CA	\$6,140,393,497	\$821.00
San Jose, CA	\$4,748,318,059	\$629.00	Atlanta, GA	\$3,602,042,180	\$192.00



## SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
26565-26709 Agoura	Calabasas	228,990	Harbor Freight
3400 W. Olive Ave	Burbank	123,998	Warner Bros.
4500 Park Granada	Calabasas	40,207	Republic Indemnity

## SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
5161 Lankershim Blvd North Hollywood	\$102,470,000 Investment	\$499.00 -	205,286 Class A	New York Life Ins Co. Beacon Capital Partners
1500 E. Chevy Chase Dr Glendale	\$52,641,963 Investment	\$691.00 -	76,197 Class A	Welltower, Inc. CNL Healthcare Prop Inc
2829 Townsgate Rd Westlake Village	\$18,300,000 Investment	\$218.00 -	84,098 Class B	Majestic Asset Mgmt Inc Kilroy Realty Corp

## LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
None to Report	-	-	-
-	-	-	-
-	-	-	-

## LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
2000 Prairie St	Chatsworth	255,815	June 2020
6150 Laurel Canyon Blvd	North Hollywood	240,000	Oct. 2019
18362-18422 Oxnard St	Tarzana	98,527	Feb. 2020

## TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	9.5%	\$33.60	65,437	73,306,304	722,567
Q1 2019	9.7%	\$33.60	(182,421)	73,838,044	624,040
Q4 2018	9.4%	\$32.88	493,288	73,612,222	613,107
Q3 2018	10.1%	\$31.92	63,603	73,412,887	345,492
Q2 2018	10.2%	\$31.20	117,264	73,376,782	346,492

  
**65,437**
**NET ABSORPTION  
SF**
  
**9.5%**
**VACANCY  
6,929,594 SF**
  
**\$33.60**
**AVG. ASKING RATE  
PSF GROSS**
  
**0**
**DELIVERIES  
0 Buildings**
  
**722,567**
**UNDER  
CONSTRUCTION  
8 Buildings**

**SHELLY GARCIA**, Dir. of Marketing

Leasing activity picked up somewhat in the second quarter to a little over 1.5 million square feet, the first time velocity reached the 1.5 million square foot threshold in a year. The most active tenants continue to come from media and entertainment, as evidenced by a 124,000-square-foot lease signed by Warner Bros. even as it prepares for a new 800,000 square foot headquarters facility dubbed the Second Century Project. But healthcare, insurance services and even large distributors also accounted for a portion of the area's office leasing in the quarter.



### SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
650 W. Cienega Ave	San Dimas	50,643	-
800 E. Royal Oaks Dr	Monrovia	35,559	-
1300 W. Optical Dr	Azusa	12,361	Metro

### SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
1370 Valley Vista Dr Diamond Bar	\$22,250,000 Investment	\$254.70 -	87,358 Class B	Andra Realty Capital Tryperion Partners
1303 W. Optical Dr Azusa	\$18,416,948 Owner/User	\$186.46 -	98,772 Class A	OneLegacy Proficiency Capital LLC
10503-10507 Valley Blvd El Monte	\$10,500,000 Investment	\$116.35 5.01%	90,243 Class B	Hongxing Investment Jeereddi A. Prasad MD

### LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
None to Report	-	-	-
-	-	-	-
-	-	-	-


### LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
9133 Garvey Ave	Rosemead	62,000	Nov. 2019
19117 Colima Rd	Rowland Heights	32,637	Aug. 2019
-	-	-	-


### TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	6.9%	\$25.32	29,187	32,713,043	94,637
Q1 2019	7.0%	\$25.20	80,326	32,713,043	94,637
Q4 2018	7.2%	\$24.48	428,390	32,703,043	104,637
Q3 2018	8.5%	\$24.12	(31,442)	32,703,043	104,637
Q2 2018	8.4%	\$24.36	297,863	32,690,842	146,256

 **29,187** NET ABSORPTION SF

 **6.9%** VACANCY 2,261,053 SF

 **\$25.32** AVG. ASKING RATE PSF GROSS

 **0** DELIVERIES 0 Buildings

 **94,637** UNDER CONSTRUCTION 2 Buildings

**CHRISTOPHER LARIMORE,**  
President

Last quarter's performance of the office market in the San Gabriel Valley trended in a positive direction across all sectors. Rental Rates increased modestly, and Vacancy and Net Absorption rates decreased slightly. With no new deliverables, the market was able to absorb more vacancy by 64% from last quarter with time on the market. While the numbers were positive, leasing activity from tenants showed signs of slowing while landlords maintained their positions with little or no incentives. Sales Volume doubled from 1Q19, Cap Rates stayed steady at 5.7% and average PSF remained relatively the same at \$302. Like leasing, the activity of buyers was slower than normal due to overall national economics but with optimism high, we expect the summer months to pick up strong.





### SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
55 S. Lake Ave	Pasadena	26,506	-
2255 N. Ontario St	Burbank	29,838	-
299 N. Euclid Ave	Pasadena	16,000	Lucas Horsfall

### SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

### LARGEST DELIVERIES

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

### LARGEST UNDER CONSTRUCTION


Address	Submarket/City	SF	Delivery Date
380 E. Union St	Pasadena	82,000	Dec. 2019
500 E. Colorado St	Glendale	39,067	Dec. 2019
10 W. Walnut St	Pasadena	219,000	Jan. 2021

### TOTAL OFFICE MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	12.1%	\$38.64	39,025	19,039,161	340,067
Q1 2019	11.9%	\$38.64	11,939	19,039,161	340,067
Q4 2018	11.9%	\$37.68	109,928	19,039,161	340,067
Q3 2018	12.9%	\$35.88	25,183	19,137,737	121,067
Q2 2018	13.0%	\$35.40	18,894	19,137,737	121,067

  
**39,025**

**NET ABSORPTION  
SF**

  
**12.10%**


**VACANCY**  
2,313,226 SF

  
**\$38.64**

**AVG. ASKING RATE  
PSF GROSS**

  
**0**

**DELIVERIES**  
0 Buildings

  
**340,067**

**UNDER  
CONSTRUCTION**  
3 Buildings

**MATTHEW RODRIGUEZ**, Associate

The Tri-Cities area remained the same from Q1 to Q2 in terms of average lease rate and new construction. Changes were noticed in net absorption totals which rose by 27,000 square feet and vacancy which saw a minimal increase of 0.2% overall. With new construction in the pipeline, average lease rates and sale price should see an increase upon delivery.



## SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
333 Dexter	Lake Union	605,401	Apple
Tower 333	Bellevue CBD	413,100	Amazon
The Summit	Bellevue CBD	367,568	Amazon

## SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
999 Third Ave Seattle CBD	\$613,807,813 Investment	\$621.00 -	988,027 Class A	Blackstone Callahan Cap Ptn/Ivanhoe
US Bank Centre Seattle CBD	\$586,192,187 Investment	\$621.00 -	943,575 Class A	Blackstone Callahan Cap Ptn/Ivanhoe
Bellevue Corporate Plza Bellevue CBD	\$195,000,000 Inv/Redev	\$766.00 -	254,510 Class B	Amazon Equity Commonwealth

## LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
1920 Terry Ave; Child Res Ins	Seattle	540,000	Seattle Child Hospital
1234 Westlake Ave Block 20	Seattle	1,100,000	Amazon
469 Central Way Kirkland Urb	Seattle	220,000	PGIM Inc./Talon


## LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
401 Union St / Ranier Sq	Seattle / CBD	994,567	Q1 2020
1201 2nd Ave / 2+U	Seattle / CBD	686,908	Q3 2019
333 Dexter Ave N	Seattle/Lake Union	639,984	Q4 2019

## TOTAL OFFICE MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	5.3%	\$33.75	4,190,125	207,251,014	5,042,260
Q1 2019	5.8%	\$32.46	71,395	204,170,299	7,377,975
Q4 2018	5.6%	\$31.31	1,296,922	203,242,544	8,203,905
Q3 2018	6.2%	\$31.78	742,309	203,221,064	7,720,459
Q2 2018	6.5%	\$31.93	502,249	203,123,274	7,129,474

 **4,190,125** **NET ABSORPTION**  
SF

 **5.3%** **VACANCY**  
11,950,759 SF

 **\$33.75** **AVG. ASKING RATE**  
PSF GROSS

 **3,080,715** **DELIVERIES**  
11 Buildings

 **5,042,260** **UNDER CONSTRUCTION**  
22 Buildings

**MACGREGOR MILLER**, Senior  
Managing Director

Continuing growth in the tech sector drove Seattle office absorption in the second quarter including Apple's lease of 605,000 sf in Seattle and Amazon's lease of 780,688 sf in two different Bellevue buildings. Most notable however was Amazon's purchase of Bellevue Corporate Center a 254,000 sf building on 3.5 acres in downtown Bellevue. Shortly after the acquisition they announced plans to construct a 43 story 885,000 sf office tower on the site with the the potential of adding a second similarly sized building.



### SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
The Union	Mesa	150,000	Wageworks
101 E. Washington St	Downtown	91,524	WeWork
4809 E. Thistle Landing	Tempe	71,006	TransPerfect

### SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
1150 W. Washington St Tempe	\$52,400,000 Investment	\$244.51 -	214,303 Class A	Menlo Equities Greenwood & McKenzie
Camelback Lakes Phoenix	\$47,500,000 Investment	\$206.61 -	229,901 Class B	DRA Advisors AEW Capital Mgmt
350 N. McClintock Dr Chandler	\$25,210,000 Investment	\$214.75 -	117,394 Class A	Gramercy Capital Corp. VanTrust Real Estate

### LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
1650-1700 S. Price Rd	Chandler	270,000	Allred Company
2625 W. Geronimo Pl	Chandler	153,370	Mark IV Capital
5801 N. Pima Rd	Scottsdale	123,020	Ryan Companies


### LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
1127 N. Papago Dr	Tempe	345,795	Q3 2019
101 E. Washington St	Downtown	280,399	Q3 2019
410 N. Scottsdale Rd	Tempe	265,000	Q3 2019


### TOTAL OFFICE MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	16.20%	\$24.74	245,609	101,676,035	2,065,316
Q1 2019	16.20%	\$24.69	1,113,006	101,093,062	2,227,704
Q4 2018	16.60%	\$24.09	(33,135)	99,495,850	2,569,439
Q3 2018	16.30%	\$25.44	999,900	99,937,230	2,785,849
Q2 2018	17.20%	\$25.22	732,248	99,855,467	2,715,874

 **245,609** **NET ABSORPTION**  
SF

 **16.2%** **VACANCY**  
16,494,338 SF

 **\$24.74** **AVG. ASKING RATE**  
PSF GROSS

 **546,390** **DELIVERIES**  
6 Buildings

 **2,065,316** **UNDER CONSTRUCTION**  
15 Buildings

**CHRIS MCCHESENEY**, Research Dir.

The Valley's Office Market continues its positive momentum halfway through the year. Vacancy rates stood still, rental rates barely changed, and cap rates are on the decline. Net absorption fell off from the huge first quarter. Vacancy in the Phoenix market didn't move at all from Q1 to Q2. Class A vacancy rates rose ever so slightly to 15.4% from 14.6%. The Phoenix office market posted strong and steady numbers in the second quarter with positive rental rates and a low vacancy rate. As we officially break the halfway point of the year, the final two quarters of the year should yield favorable statistics.



## SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
3010 Briarpark Dr	Westchase	106,000	Empyrean Benefits Soltns
2929 Allen Parkway	Inner Loop	90,000	Marsh Wortham
909 Fannin	CBD	105,000	Direct Energy

## SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
Chase Center - 600 Travis CBD Houston	Undisclosed Investment	- -	2,100,000 Class A	Cerberus Capital & Hines Hariri Interests
6363 Woodway Galleria	\$102,600,000 Investment	\$190.00 -	540,000 Class B	CapRidge Partners LLC Unilev Capital Corp
20 Greenway Plaza Greenway Plaza	Undisclosed Leasehold	- -	433,132 Class A	Stockdale Capital Ptnrs Principal Financial Grp

## LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
800 Capitol St B of A Tower	CBD Houston	780,593	Skanska USA
1700 City Plaza Dr CityPlace 1	Spring	149,500	Patrinely Group LLC
121 Vision Park Blvd (Medical)	The Woodlands	58,000	Everson Dev. LLC

## LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
8770 New Trails Dr	The Woodlands	180,000	Feb. 2020
845 Texas Ave - Texas Tower	CBD Houston	1,123,699	Oct. 2021
4200 Westheimer Rd River Oaks	River Oaks	207,202	Mar. 2020


## TOTAL OFFICE MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	16.5%	\$27.93	171,814	332,000,000	3,266,628
Q1 2019	16.0%	\$27.86	220,612	331,000,000	3,700,000
Q4 2018	16.4%	\$27.76	1,009,734	331,000,000	3,300,000
Q3 2018	16.5%	\$27.77	383,546	330,000,000	4,200,000
Q2 2018	16.7%	\$27.64	(335,765)	329,000,000	3,000,000

 **171,814** **NET ABSORPTION**  
SF

 **16.5%** **VACANCY**  
16,494,338 SF

 **\$27.93** **AVG. ASKING RATE**  
PSF GROSS

 **1,008,093** **DELIVERIES**  
6 Buildings

 **3,266,628** **UNDER CONSTRUCTION**  
75 Buildings

**JILL NESLONEY**, Director

The office market has been slow to make a full recovery in Houston. Vacant office space is slowly and steadily being absorbed but it will likely take another year or two before we see Houston recover fully. We have consistently seen high vacancy rates for two years now. The citywide vacancy rate has been hovering above 16% since 2017. Landlords are doing everything they can to retain tenants since there are so many competitive alternate options available. Landlords are also trying to make improvements to their properties to retain tenants. Many buildings are adding fitness centers, tenant lounges, delis, concierge services, tenant conference rooms, coffee shops and other amenities to help retain and attract tenants. Landlords of older properties or Class B buildings are now competing with Class A properties that normally have many more amenities.





## SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
380 St Peter St	St Paul CBD	144,000	Infor
1 Imation Place	Northeast	63,829	Slumberland
500 N. 3rd St	N Loop/Minneapolis	40,000	Fallon/Publicis Group

## SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
90 7th St S (Wells Fargo) Minneapolis CBD	\$313,600,000 Investment	\$214.47 6.5%	1,462,182 Class A	Starwood Capital Group Hines/Blackstone Grp
417 Hennepin Ave Minneapolis CBD	\$24,250,000 Investment	\$90.64 7.4%	267,547 Class B	R2 Companies Ken Sherman
4000 Lexington Ave N Northeast/Shoreview	\$13,800,000 Investment	\$121.77 7.7%	113,327 Class B	Property Resource Group Eagle Ridge Partners

## LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
419 Washington Ave N	N Loop/Minneapolis	200,000	Swervo Corporation
729 Washington Ave N	N Loop/Minneapolis	160,000	United Properties
-	-	-	-

## LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
30 3rd St S (Gateway Tower)	Minneapolis	900,000	Q4 2021
700 Nicollet Mall (Dayton's)	Minneapolis	750,000	Q1 2020
3701 Wayzata Blvd (Target West)	Minneapolis	400,000	Q4 2019

## TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	14.9%	\$24.29	175,045	95,050,542	2,789,729
Q1 2019	15.1%	\$23.85	344,205	95,238,409	1,881,985
Q4 2018	15.5%	\$23.88	157,460	95,394,066	2,233,654
Q3 2018	-	-	-	-	-
Q2 2018	-	-	-	-	-

**175,045** **NET ABSORPTION**  
SF

**14.9%** **VACANCY**  
13,532,244 SF

**\$24.29** **AVG. ASKING RATE**  
PSF GROSS

**240,449** **DELIVERIES**  
2 Buildings

**2,789,729** **UNDER CONSTRUCTION**  
15 Buildings

**LAMAR NEWBURN**, Vice President

During the second quarter of 2019 the Minneapolis/St. Paul office market experienced 1.1 million square feet of leasing velocity overall. Multi-tenant office properties posted a 14.9% direct vacancy rate and 175,000 sf of net absorption. The average FSG asking rate across the market came in at \$24.30 psf. With a State unemployment rate of 2.7% (compared to 3.6% nationally), competition for high quality talent puts pressure on business owners in the area.



## SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
800 Market St	St. Louis City	98,600	Ameren Missouri
5555 Winghaven Blvd	St. Charles	73,840	Mastercard
3301 S. Rider Trail	Earth City	68,100	US Bank

## SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
34320 S. Rider Trail Earth City	\$2,650,000 Investment	\$65.00 -	40,000 Class B	Mississippi Vly Reg Blood Ctr BEB Management
7701 & 7703 Forsyth Blvd Clayton	\$95,000,000 Investment	\$163.00 -	578,900 Class B	Lingerfelt Commonwealth KBS REIT II, Inc.
-	-	-	-	-

## LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
The Streets of St. Charles	St. Charles	60,000	Greenstreet
-	-	-	-
-	-	-	-

## LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
7700 Forsyth Blvd (Centene Ct)	Clayton	660,000	June 2020
-	-	-	-
-	-	-	-

## TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	12.5%	\$19.95	306,000	49,124,386	1,100,000
Q1 2019	12.4%	\$20.02	(281,000)	48,803,470	1,457,116
Q4 2018	11.8%	\$19.40	73,000	48,832,061	1,400,000
Q3 2018	12.0%	\$19.12	169,000	48,810,615	1,619,116
Q2 2018	12.3%	\$19.72	(109,000)	48,872,080	276,400

**306,000** **NET ABSORPTION**  
SF

**12.5%** **VACANCY**  
5,969,555 SF

**\$19.95** **AVG. ASKING RATE**  
PSF GROSS

**60,000** **DELIVERIES**  
1 Building

**1,100,000** **UNDER CONSTRUCTION**  
5 Buildings

### STUART WISEHEART, Vice President

The second longest such streak since 1985, the second quarter of 2019 is the 14th consecutive quarter in which office vacancy remained below the long-term average rate of 13.5%. Upward pressure on rates continue with tenants moving into large blocks of space such as Lumeris occupying 98,000 square feet at Riverport and Drury Development occupying 69,183 square feet at 13075 Manchester Road. Most office development is build-to-suit which also continues to limit any large blocks over 20,000 SF and will further the upward rate pressures.



## SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
250 E. 5th St	Cincinnati CBD	126,000	Eagle Group, LLC
2 Crowne Point Court	Tri-County-275 Sbmkt	64,760	Jacobs
312 Elm St	Cincinnati CBD	33,592	EG America

## SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
8044 Montgomery Rd Kenwood/Cincinnati	\$80,600,000 Investment	\$199.30 9.2%	404,425 Class A	G&I IX Towers of Kenwood Suburban Cincinnati Ofc Prt
212 Frogtown Rd Outlying N KY/Union	\$269,000 Owner/User	\$134.50 -	2,000 Class C	Furry Friends Resort & Spa Petropolis Holding LLC
500 Macready Ave Butler County/Monroe	\$650,000 Owner/User	\$107.69 -	6,036 Class B	Fluffy Dogs Properties Z&Z Investments

## LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
None to Report	-	-	-
-	-	-	-
-	-	-	-

## LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
4665 E. Galbraith Rd	Cincinnati	17,900	Oct. 2019
8479 S. Mason Montgomery Rd	Mason	12,000	Aug. 2019
1171 State Route 28	Milford	10,000	Aug. 2019

## TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	7.07%	\$18.62	(282,014)	103,158,227	897,234
Q1 2019	7.21%	\$18.53	132,262	103,158,227	346,734
Q4 2018	7.36%	\$18.49	18,003	103,070,727	399,400
Q3 2018	7.30%	\$18.40	251,061	103,059,727	395,400
Q2 2018	7.49%	\$18.37	375,995	102,992,727	167,400

**(282,014)** NET ABSORPTION  
SF

**7.07%** VACANCY  
7,294,129 SF

**\$18.62** AVG. ASKING RATE  
PSF GROSS

**0** DELIVERIES  
0 Buildings

**897,234** UNDER  
CONSTRUCTION  
13 Buildings

**JOE GILLIGAN**, Senior Vice President

Net absorption peaked in 2016, at 2.6 million SF, and a major portion of recent leasing activity has been in the major submarkets outside the Cincinnati CBD, including Covington/Newport and Clifton/Midtown. The largest lease deal signed in the second quarter of 2019 was Eagle Realty Group, the real estate subsidiary of Western & Southern Financial Group. They have leased the former Chiquita Brands headquarters on the top six floors of Columbia Plaza downtown. Absorption volume will certainly increase over the next two quarters as many of the companies who have signed recent leases take occupancy, with the largest gain coming from companies who are expanding.



## SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
7120 Samuel Morse Dr	Columbia South	14,365	Unknown
7172 Columbia Gateway	Columbia South	8,738	Unknown
7120 Samuel Morse Dr	Columbia South	6,084	Unknown

## SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
6310 Stevens Forest Rd Columbia South	\$3,250,000 Owner/User	\$218.16 -	14,879 Class B	Millennium Properties LLC Undisclosed
5525 Twin Knolls Rd #321 Columbia South	\$217,000 Owner/User	\$166.92 -	1,300 Class B	Undisclosed Undisclosed
5401 Twin Knolls Columbia South	Undisclosed Owner/User	- -	1,556 Class B	Undisclosed Undisclosed

## LARGEST DELIVERIES

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


## LARGEST UNDER CONSTRUCTION

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

## TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	9.6%	\$24.49	124,000	10,300,000	263,000
Q1 2019	12.5%	\$24.58	(167,000)	10,300,000	263,000
Q4 2018	12.2%	\$24.62	(252,000)	10,300,000	263,000
Q3 2018	10.4%	\$24.52	(228,000)	10,200,000	398,000
Q2 2018	9.6%	\$24.50	(155,000)	10,200,000	398,000

 **124,000** **NET ABSORPTION**  
SF

 **9.6%** **VACANCY**  
988,800 SF

 **\$24.49** **AVG. ASKING RATE**  
PSF GROSS

 **0** **DELIVERIES**  
0 Buildings

 **263,000** **UNDER CONSTRUCTION**  
1 Building

### BILL HARRISON, Sr. Vice President

Columbia South is the largest suburban office submarket in the Baltimore Metro. Owners here are seeing increasing competition from growing neighbors nearby. The Howard Hughes Corporation is making quick work on the first phase of its master-planned overhaul of Downtown Columbia, and the new supply there will, and already does have significant live/work/play advantages over most stock in Columbia South. Overall, this submarket still has staying power. With a sizable number of modern buildings, a central location between Baltimore and Washington, D.C., and accessibility to the region's highly educated workforce via I-95, Columbia South attracts a diverse tenant base.





## SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
194 Wood Ave S	North Edison	153,394	IBM
777 Scudders Mill Rd	Brunswick West	90,000	Genmab US, Inc.
3 Gateway Ctr	Newark	80,697	US Immigratin & Customs

## SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
650 From Rd Route 4/17 - Paramus	\$42,000,000 Investment	\$112.47 -	373,420 Class A	Onyx Equities/Garrison Inv. Mack-Cali Realty Corporation
1 University Square Dr Trenton/Princeton	\$95,800,000 Investment	\$288.67 8.10%	331,872 Class A	Argent Ventures, LLC RXR Realty
175 Park Ave Morristown Rgn/Madison	\$115,000,000 Investment	\$425.93 -	270,000 Class A	Global Securitization Svc The Hampshire Co's

## LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
110 Edison Pl	Newark	402,532	Edison Properties
401-499 Cabot Dr	Hamilton	15,700	Genesis Inv Prop
1495 Palisade Ave	Fort Lee	8,000	SNW America


## LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
111 Sylvan Ave	Englewood Cliffs	360,000	Oct. 2019
31 Eastern Rd Bldg 100	Kearny	250,000	Dec. 2020
1000 Maxwell Ln	Hoboken	125,000	July 2020

## TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	10.6%	\$26.04	1,745,992	376,505,884	1,372,504
Q1 2019	11.0%	\$25.71	529,269	375,960,407	1,702,048
Q4 2018	11.1%	\$25.53	852,771	375,744,139	1,734,164
Q3 2018	11.3%	\$25.50	2,025,139	375,632,984	1,709,285
Q2 2018	11.9%	\$25.57	140,519	375,795,154	1,781,925

 **1,745,992** **NET ABSORPTION**  
SF

 **10.6%** **VACANCY**  
988,800 SF

 **\$26.04** **AVG. ASKING RATE**  
PSF GROSS

 **418,232** **DELIVERIES**  
2 Buildings

 **1,372,504** **UNDER CONSTRUCTION**  
19 Buildings

**MICHAEL MALMSTONE**, Analyst

Q2 posted NNJ's lowest vacancy rate since 2002 coupled with the state's lowest historic unemployment rate of 3.5% for June. Availability was 13.8%, the lowest since Q4 2008. Net absorption more than tripled Q1's and has eclipsed the 5 year rolling average of 1.46MM SF. Total leasing volume shrank 27% along with the average lease footprint, now 3,236 SF down from Q1's 4,160 SF. Only one 100k+ SF lease signed, corroborating the recent trend of users making use of space more efficiently and seeking buildings with common area amenities once housed in unit. Lease up time down to 11.8 months, the lowest since Q4 2008. Cap rates remained unchanged at 7.6%, with a slight 3.6% drop in sales volume, now at \$679MM and averaging \$197 PSF. Healthy markets still improving while inferior ones remain lackluster.



## SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
622 Third Ave	Grand Central	464,598	McCann-Erickson USA
55 Water St	Financial District	438,476	Emblem Health, Inc.
300 Park Ave	Plaza District	241,657	Colgate-Palmolive Co.

## SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
30 Hudson Yards Hudson Yards (Condo)	\$2,200,000,000 Sale/Lseback	\$1,504.00 -	1,463,234 Class A	The Related Cos/Allianz R.E. Time Warner Inc/AT&T
450 W. 15th St Chelsea	\$591,800,000 Fee	\$1,821.00 -	325,000 Class B	Google/Alphabet Jamestown
460 W. 34th St Penn Station-Garment	\$440,000,000 Partial Int-66.3%	\$690.00 -	638,000 Class C	SL Green Realty Corp. Kaufman Organization

## LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
30 Hudson Yards	Hudson Yards	2,600,000	Related Cos/Oxford
100 E. Broadway	SoHo / NoHo	93,000	Yeung R.E. Dev.
261-263 W. 34th St	Penn Station-Garment	35,165	Churchill R.E. Hldgs


## LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
50 Hudson Yards	Hudson Yards	2,900,000	2022
66 Hudson Blvd	Hudson Yards	2,862,278	2022
400 W. 33rd St	Hudson Yards	2,216,609	2019

## TOTAL OFFICE MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	7.6%	\$76.44	2,703,019	553,285,140	17,945,047
Q1 2019	7.7%	\$74.18	1,330,967	550,339,767	16,723,072
Q4 2018	8.2%	\$73.82	(1,367,078)	548,280,640	18,139,850
Q3 2018	7.7%	\$73.42	2,295,121	548,082,506	15,340,504
Q2 2018	8.0%	\$74.05	2,341,330	547,885,265	15,248,702

 **2,703,019** NET ABSORPTION SF

 **7.6%** VACANCY  
42,210,698 SF

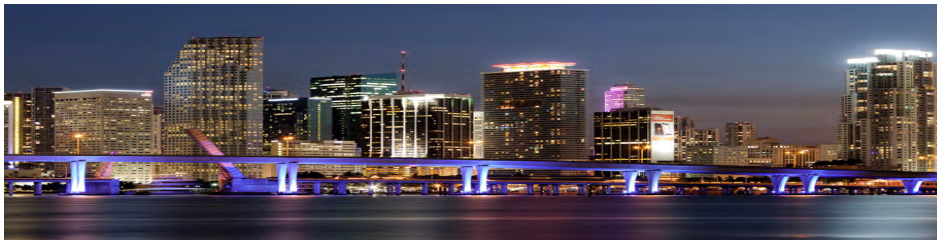
 **\$76.44** AVG. ASKING RATE PSF GROSS

 **2,728,165** DELIVERIES  
3 Buildings

 **17,945,047** UNDER CONSTRUCTION  
28 Buildings

**HENRY ABRAMOV**, Research Dir.

Manhattan office leasing increased 34.3% quarter-to-quarter by square foot volume to 10,745,227. The number of lease signings increased 6.9% in Q2, with sublet deals accounting for almost a fifth of all deals signed. We predict high leasing volumes to continue into the third quarter due to the strong local and national economies and low unemployment rates. Asking rents have increased to their highest level since Lee & Associates began tracking it, at \$76.44, an increase of 3% and \$2.26 from \$74.18 since last quarter. Asking rents have increased every quarter since 2018 Q3, when it was \$73.42.



## SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
1340 Concord Terrace	Sunrise	100,710	Ultimate Software
2290-2398 NW 119th St	Miami	98,200	Vivex Biomedical
200 S. Biscayne Blvd	Miami	88,880	WeWork

## SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
700 NW 1st Ave Miami	\$159,400,000 Investment	\$839.00 -	190,000 Class A	Shorenstein Fortress
515 N. Flagler Dr West Palm Beach	\$98,000,000 Investment	\$340.00 4.7%	288,233 Class A	Vanderbilt Comm'l Group Greenfield/Crocker Ptnrs
2800 Ponce de Leon Blvd Coral Gables	\$59,800,000 Renovation	\$422.00 4.5%	151,577 Class A	TA Realty Regions Bank

## LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
215-219 NW 24th St	Miami	64,900	East End Capital
1248 N. University Dr	Plantation	63,600	Christopher & Weisberg
10450 NW 33rd St	Doral	46,407	R, Ortega/Going Green


## LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
888 SE 1st Ave	Miami	552,301	Q2 2021
100 Jim Moran Blvd	Deerfield Beach	405,000	Q4 2021
5050 N. Quadrille Blvd	West Palm Beach	371,880	Q4 2020


## TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	8.7%	\$34.01	392,827	234,581,919	5,025,367
Q1 2019	8.8%	\$33.77	94,529	234,254,965	4,356,011
Q4 2018	8.8%	\$32.77	174,507	233,958,970	3,631,672
Q3 2018	8.8%	\$31.90	380,148	233,903,221	3,220,641
Q2 2018	8.6%	\$31.56	645,579	232,960,444	3,966,800

 **392,827** **NET ABSORPTION**  
SF

 **8.7%** **VACANCY**  
19,895,236 SF

 **\$34.01** **AVG. ASKING RATE**  
PSF GROSS

 **268,707** **DELIVERIES**  
7 Buildings

 **5,025,367** **UNDER CONSTRUCTION**  
42 Buildings

**MATTHEW ROTOLANTE, SIOR,**  
**CCIM, President**

South Florida's Office market continues along with asking lease rates for the region averaging at around \$34/SF/yr for Miami-Dade, Broward, and Palm Beach Counties, up from \$33.77/SF/yr last quarter. Vacancy reduced slightly to 8.7% from 8.8% last quarter which has remained pretty consistent, and we had about 268,707 SF new deliveries to our market with over 5m SF still under construction. Sales volume so far year to date comes in at over \$1.27 Billion, down 11% year over year, with average price per square foot for South Florida climbing to \$241/sf and cap rates averaging at around 6.9%.



## SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
17th & West Peachtree	Midtown	300,000	Invesco
712 W. Peachtree St	Midtown	275,000	Anthem Blue Cross/Shield
1220 Peachtree St	Midtown	115,896	Jones Day

## SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
3 Glenlake Pkwy NE Central Perimeter/Atlanta	\$122,926,452 Investment	\$342.00 6.86%	359,473 Class A	Starwood Capital Group Columbia Property Trust
2727 Paces Ferry Rd SE Northwest/Atlanta	\$119,500,000 Investment	\$184.85 -	646,471 Class A	Farallon Capital Mgmt Investcorp International
1 Glenlake Pkwy NE Central Perimeter/Atlanta	\$104,573,548 Investment	\$297.00 6.86%	351,359 Class A	Starwood Capital Group Columbia Property Trust

## LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
771 Spring St	Atlanta	760,000	Portman Holdings
725 Ponce de Leon Ave NE	Atlanta	370,931	New City, LLC
3900 Motors Industrial Way	Doraville	210,000	Integral Group


## LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
650 W. Peachtree St	Atlanta	750,000	Q3 2021
240 Perimeter Ctr Pkwy	Atlanta	670,000	Q4 2019
1105 W. Peachtree St	Atlanta	664,184	Q4 2020

## TOTAL OFFICE MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	14.50%	\$26.77	378,127	221,465,558	7,226,801
Q1 2019	14.50%	\$25.98	378,242	220,993,911	4,725,923
Q4 2018	14.40%	\$25.92	632,567	220,308,882	5,022,900
Q3 2018	14.40%	\$25.61	(75,399)	219,582,211	4,914,301
Q2 2018	14.40%	\$24.98	(246,286)	219,497,825	4,083,917

 **378,127** **NET ABSORPTION**  
SF

 **14.5%** **VACANCY**  
32,181,753 SF

 **\$26.77** **AVG. ASKING RATE**  
PSF GROSS

 **471,647** **DELIVERIES**  
3 Buildings

 **7,226,801** **UNDER CONSTRUCTION**  
43 Buildings

**JOHN DECOUTO**, Sr. Managing  
Director

Overall vacancy in the Atlanta office market remained the same in the second quarter of 2019 at 14.5% with a positive net absorption of 378,127 SF due to larger tenants occupying new space. Average asking rents for classes A, B, and C rose to \$26.77 PSF. There was 7,226,801 SF under construction at mid year 2019, a 35% increase over last quarter. Midtown currently holds 50% of all office development and in the years 2020 & 2021, there is a projected 3.5M SF to deliver and an additional 1.5M SF of proposed office developments in the pipeline.





## SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
8041 Arco Corporate Dr	Raleigh	82,830	AmeriHealth Caritas N.C.
4601 Six Forks Rd	Raleigh	35,655	Prometheus Grp Ent LLC
2001 Carrington Mill Bl	Morrisville	24,000	UNC Healthcare

## SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
Forty540-3030 Slater Rd Morrisville	\$58,100,000 Owner/User	\$283.00 -	205,000 Class A	Align Technology Inc. Slater Road I, LLC
2610 Wycliff Rd West Raleigh	\$28,500,000 Investment	\$164.00 7.8%	174,214 Class B	A&M 2610 Wycliff Owner Albany Road-Wycliff LLC
1210 William Penn Plaza Durham	\$14,094,903 Invest Portfolio	\$223.00 5.5%	\$223.00 Class A	Welltower, Inc. CNL Healthcare Prop

## LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
2635 E NC Highway 54	Durham	152,456	Triangle Life Science
242 S. Main St	Holly Springs	43,000	Town of Holly Springs
907 Gateway Commons Cir	Wake Forest	31,932	Radeas


## LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
Tower IV @ North Hills	Raleigh	328,600	Oct. 2020
555 S. Mangum St	Durham	252,905	Oct. 2019
Wade V-5438 Wade Park Blvd	Raleigh	209,784	Dec. 2019

## TOTAL OFFICE MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	6.6%	\$24.99	180,420	105,144,196	2,613,047
Q1 2019	6.6%	\$24.60	733,900	104,951,454	2,387,314
Q4 2018	6.4%	\$24.25	1,225,836	103,931,200	3,247,325
Q3 2018	6.5%	\$23.51	727,324	102,717,234	3,643,968
Q2 2018	6.9%	\$23.17	683,345	102,367,811	3,473,873

 **180,420** **NET ABSORPTION**  
SF

 **6.6%** **VACANCY**  
32,181,753 SF

 **\$24.99** **AVG. ASKING RATE**  
PSF GROSS

 **213,618** **DELIVERIES**  
4 Buildings

 **2,613,047** **UNDER CONSTRUCTION**  
33 Buildings

**BRIAN FAMER**, Senior Director

The Raleigh-Durham Office Market is hot and has sustained increasing rental rates every quarter for the past three years. This is especially prevalent in Class A assets. Vacancy rates remain very low at under 7%. Within the next 2 years, we see lease rates rising up to \$40/SF full service for urban new developments. The strongest submarkets are Downtown Raleigh and Downtown Durham with vacancy rates of 2.3% and 6.5% respectively. As far as TI, we are seeing \$50/SF being offered in new Class A office. Concessions have been decreasing year to year in the Raleigh-Durham market and currently average one month per three years of lease term.



## SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
1008-1010 Trident St	Hanahan	174,920	Goodwill Services
5870 Core Ave	North Charleston	15,660	Unavailable
1362 McMillan Ave	North Charleston	9,170	Modus21

## SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
2000 Daniel Island Dr Charleston	\$35,500,000 Investment	\$154.35 -	230,000 Class A	Holder Properties Duck Pond Creek SPE
281 King St Charleston	\$10,349,869 -	\$256.82 -	40,300 Class B	Stockbridge Capital Grp Rushmark Properties
781 Wentworth St Charleston	\$9,150,131 -	\$228.75 -	40,000 Class B	Stockbridge Capital Grp Rushmark Properties

## LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
2265 Clements Ferry Rd	Charleston	32,119	Caliber Construction
Ingleside Blvd	North Charleston	20,000	Tribek Properties
3160 W. Montague Ave	North Charleston	4,800	Kirkland Real Estate


## LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
22 Westedge St	Charleston	154,998	Dec. 2019
75 Port City Landing	Mount Pleasant	120,000	Sept. 2019
4920 O'hear Ave	North Charleston	110,000	Jan. 2021

## TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	5.9%	\$25.68	(258,358)	30,800,000	874,615
Q1 2019	4.9%	\$25.60	257,937	30,700,000	853,467
Q4 2018	5.3%	\$25.51	97,402	30,500,000	784,693
Q3 2018	5.0%	\$25.51	(50,397)	30,300,000	832,996
Q2 2018	4.7%	\$25.37	359,933	30,300,000	558,771

 **(248,358)** **NET ABSORPTION**  
SF

 **5.9%** **VACANCY**  
1,800,000 SF

 **\$25.68** **AVG. ASKING RATE**  
PSF GROSS

 **70,852** **DELIVERIES**  
4 Buildings

 **874,615** **UNDER CONSTRUCTION**  
23 Buildings

**PETE HARPER, CCIM**, Principal

The Charleston Office market continues to see strong rental rate increases. Quoted Rates in the Downtown submarket have grown by close to \$2.00 psf during the past 12 months. These increases are helping to support the start of nearly 600,000 SF of new class A office construction in and around downtown. However, Rising Construction costs make the completion of all 600,000 SF questionable. Class B & C office in the suburban submarkets is continuing to get absorbed but not at the same pace as 2018. The unemployment rate is at an all time low in the MSA which is making it tougher for small office users to hire new employees. For the first time in five years, small office tenants are looking to downsize.



### SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
145 N. Church St	Spartanburg	50,000	N/A
104 S. Main St	Greenville	47,243	World Acceptance Corp
75 Beattie Pl-8th Flr Dir	Greenville	11,940	Shellpoint Mortgage Svc

### SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
200 Verdae Blvd Greenville	\$13,525,000 Owner/User	\$191.57 -	70,600 Class A	Council of Examiners, etc Et III Greenville LLC
10 Toy St Greenville	\$3,850,000 Owner/User	\$210.13 -	18,322 Class B	Foster Victor Wealth Mgt 10 Toy Street LLC
225 E. Wood St Greenville	\$3,200,000 Inv/Lseback	\$395.26 -	8,096 Class B	225 East Wood St LLC Medical Grp of Carolinas

### LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
3455 Highway 153	Piedmont	10,057	Whatif Investments LP
-	-	-	-
-	-	-	-


### LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
423 S. Main St	Greenville	150,000	Dec. 2019
433 SE Main St	Simpsonville	11,000	Q3 2019
900 Pendleton St	Greenville	10,351	Q4 2019

### TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	7.6%	\$17.70	(396,728)	40,375,803	188,627
Q1 2019	6.5%	\$17.75	401,445	40,185,832	196,000
Q4 2018	8.0%	\$17.72	(106,847)	40,078,368	96,802
Q3 2018	7.8%	\$17.52	(12,525)	39,659,149	130,425
Q2 2018	7.7%	\$17.64	3,191	39,631,640	160,198

 **(396,728)** **NET ABSORPTION**  
SF

 **7.6%** **VACANCY**  
3,059,807 SF

 **\$17.70** **AVG. ASKING RATE**  
PSF GROSS

 **10,057** **DELIVERIES**  
1 Building

 **188,627** **UNDER CONSTRUCTION**  
6 Buildings

**DARATH MACKIE**, Associate

The Greenville/Spartanburg market showed a higher overall vacancy rate at 7.6% in the second quarter of 2019 than the previous quarter at 6.5% in contrast to the Market rental rates reflecting a decrease for the first time in the past 3 quarters to \$17.70 per square foot. The Class A sector showed a slight decline in base rates from the previous quarter down 1.52%, while Class B rates remained the same from Q1 at \$15.95 per square foot. One buildings totaling 10,057 square feet was delivered during Q2, with an additional 188,627 square feet expected to come online in the remainder of 2019.



## SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
1090 W. Pender St	Vancouver	170,000	WeWork
4567 Lougheed Hwy	Burnaby	78,000	WeWork
1045 Howe St	Vancouver	54,000	WeWork

## SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
2233 Columbia St Vancouver	\$25,000,000 Freehold	\$879.00 -	28,443 Class A	Allied Properties REIT MDC Property Svcs Ltd
1038 & 1050 Homer St Vancouver	\$40,800,000 Freehold	\$974.00 -	41,868 HA-3	Allied Properties REIT 3959 Investments Ltd
2665 Renfrew St/2710 Kaslo Vancouver	\$73,500,000 Freehold	\$900.00 -	81,662 Class A	The Molnar Group Aikang Capital, Inc.

## LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
8451 Bridgeport	Richmond	50,025	MYIE
-	-	-	-
-	-	-	-


## LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
349 W George St "The Post"	Vancouver	1,100,000	2023
1133 Melville St "The Stack"	Vancouver	540,000	2022
1090 W Pender St "B6"	Vancouver	525,656	2023

## TOTAL OFFICE MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates Net	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	4.4%	\$27.53	109,944	59,861,751	5,469,913
Q1 2019	5.0%	\$28.47	(268,992)	59,746,492	3,764,876
Q4 2018	5.2%	\$27.08	889,529	57,648,673	3,250,030
Q3 2018	6.2%	\$26.11	287,531	57,231,588	3,452,223
Q2 2018	7.2%	\$26.47	551,523	57,271,000	2,833,329

 **109,944** **NET ABSORPTION**  
SF

 **4.4%** **VACANCY**  
2,620,311 SF

 **\$27.53** **AVG. ASKING RATE**  
PSF NET

 **50,025** **DELIVERIES**  
1 Building

 **5,469,913** **UNDER CONSTRUCTION**  
35 Buildings

**JASON MARRIOTT**, Vice President

Last quarter's recorded strong Office investments by dollar volume in Metro Vancouver coupled with the city currently having one of the lowest office vacancy rates in North America have fueled serious developer confidence as the number of new Office buildings under construction has skyrocketed. During the 2nd Quarter Metro Vancouver added a whopping 12 new Office buildings under construction of approx. 1.7MSF for a total of 35 buildings now being built totaling approx. 5.4MSF. As provincial and federal financial & political policies related to real estate remain largely unchanged in the last 90 days, ongoing global uncertainty beyond B.C.'s borders is helping to create a shine on our region's attractiveness as a safe, multicultural, global technology place to do business in.



## Retail Demand Takes Another Hit

Despite continued healthy consumer spending, demand for space took another hit. Despite improving from Q1, net absorption fell 60% through June compared to the first half of last year as more than 7,000 store closures have been announced already this year, exceeding the total for 2018.

Net absorption in the first half totaled 10.9 million SF compared to 27.3 million SF over the same period in 2018 as the e-commerce assault on brick-and-mortar merchants shows no sign of slowing. Closures through June totaled 7,062 with store openings of 3,017 compared to 5,864 closures and 3,258 openings in the first half of last year.

With 2,589 stores being shuttered the bankrupt Payless Shoesource accounted for about 37% of the closings. Others included 749 Gymboree/Crazy 8 stores, Dressbarn's 649 outlets, 494 Charlotte Russe stores and 371 Shopko and 261 Charming Charlie locations.

Deliveries of new retail space were off nearly 13% year over year. New product under construction is down slightly from a year ago while overall asking rents gained 4.2%.

Requirements are flagging across all product types that make up the 14.2-billion SF retail inventory. Net absorption for general retail, which accounts for 53% of the category, totaled 7.6 million SF in the first half, a nearly 30% decline compared to the same period last year.

### MARKETS WITH MOST SF UNDER CONSTRUCTION

Market	SF	Market	SF
Northern New Jersey	4.2 M	Houston, TX	4.0 M
Miami-Dade Co, FL	3.8 M	Long Island, NY	3.8 M
Dallas/Ft Worth, TX	3.7 M	Washington, DC	2.6 M

### MOST SF NET ABSORPTION YEAR-TO-DATE

Market	SF	Market	SF
Houston, TX	1.5 M	Indianapolis, IN	1.1 M
Las Vegas, NV	1.0 M	New York, NY	971,873
Jacksonville, FL	847,235	Oklahoma City, OK	847,235

### MOST SF DELIVERIES YEAR-TO-DATE

Market	SF	Market	SF
Houston, TX	1.6 M	Dallas/Ft Worth, TX	1.49 M
New York, NY	1.2 M	San Antonio, TX	906,738
Orlando, FL	804,453	Philadelphia, PA	795,671

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

Market	Sales Volume	Avg Price/SF	Market	Sales Volume	Avg Price/SF
New York, NY	\$5,775,881,617	\$383.00	Los Angeles, CA	\$4,921,346,687	\$384.00
Chicago, IL	\$2,616,506,797	\$185.00	Atlanta, GA	\$2,316,449,396	\$165.00
Phoenix, AZ	\$1,842,819,700	\$189.00	Washington, DC	\$1,658,631,983	\$294.00
Boston, MA	\$1,557,060,185	\$237.00	San Diego, CA	\$1,396,340,206	\$323.00

▲  
**10.9**

**Q2 NET ABSORPTION**  
Million SF

▲  
**4.4%**

**VACANCY**  
622.0 Billion SF

▲  
**1.2%**

**AVG. ASKING RATE**  
\$17.41 PER SF

▲  
**16.2**

**Q2 DELIVERIES**  
Million SF

▲  
**82.8**

**UNDER CONSTRUCTION**  
Million SF

Thirty-one percent of the retail category is space in shopping centers, which includes community, neighborhood and strip centers. Demand in the first half totaled 3.2 million SF, a nearly 75% decline from a year ago.

Malls and power centers, which account for 8% and 7% of all retail space respectively, posted net negative absorption in the first half.

Tenants in lifestyle centers and regional and super-regional malls shed 2.2 million SF of space from January through June.

More than 1.6 million SF of space in power centers have come back on the market this year compared to 465,423 SF of positive growth in the first half of 2018.



## SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
126-130 N. Maryland Av	Glendale	42,175	Five Star Cinema
106 W. Colorado	Pasadena	2,000	Warby Parker
-	-	-	-

## SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
465 S. Arroyo Pkwy Pasadena	\$37,481,737 Development	\$486.49 -	77,046 Class B	The Arroyo Parkway LLC Marc Ittah Trust
812 S. Brand Blvd Glendale	\$18,085,955 Court Appt Sale	\$265.49 -	68,122 Class B	Peninsula Prop Hldgs LLC UCN Partners LP
81 Mills Place Pasadena	\$10,600,020 Investment	\$985.59 -	10,755 Class B	William Doheny Peter J. Moacanin

## LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
500 S. Glendale Ave	Glendale	4,850	500 South Glendale
-	-	-	-
-	-	-	-


## LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
280-400 E. Colorado Blvd	Pasadena	60,000	Jan 2020
30 S. Berkeley Ave	Pasadena	5,121	July 2019
-	-	-	-

## TOTAL RETAIL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates NNN	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	3.80%	\$34.20	(35,551)	25,932,365	65,121
Q1 2019	3.70%	\$32.76	(61,264)	25,932,365	65,121
Q4 2018	3.40%	\$35.40	70,738	25,927,515	9,971
Q3 2018	3.70%	\$33.72	(51,781)	25,944,618	9,971
Q2 2018	3.50%	\$34.08	(60,370)	25,938,618	15,971

 **(35,551)** **NET ABSORPTION**  
SF

 **3.8%** **VACANCY**  
985,282 SF

 **\$34.20** **AVG. ASKING RATE**  
PSF GROSS

 **0** **DELIVERIES**  
0 Buildings

 **65,121** **UNDER CONSTRUCTION**  
2 Buildings

**ELLIOTT GALLAHAN**, Associate

Vacancy Rates remain steady over the last 12 months hovering between 3.5% - 3.8% and not much movement this Q2 2019. Rental rates remain strong at \$2.85 per square foot, the highest in the past 12 months. Retail is currently undergoing a shift and adapting to changes in use and customer shopping habits. Aside from the recent increase in demand for Medical use, we see an increase in food & beverage tenants drawing more foot traffic to in-line retail and shopping centers supporting a healthy retail marketplace.



### SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
1-13 E. Foothill Blvd	W. SGV / Arcadia	5,053	Anytime Fitness
1950 Foothill Blvd	E. SGV / La Verne	57,850	Regal Cinemas
1255 N. Hacienda Blvd	E. SGV / La Puente	26,558	-

### SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
1530 W. West Covina Pky E. SGV / West Covina	\$20,725,000 Investment	\$552.67 6.50%	37,500 -	Ya Yung Yeh Capital Square 1031
1485 S. Garey Ave E. SGV / Pomona	\$8,228,000 Investment	\$554.45 4.83%	14,840 -	Orinda Investors Bernice Kluft Family Trust
1800 E. Garvey Ave S E. SGV / West Covina	\$11,106,000 Investment	\$1,886.21 -	5,888 -	MBZ of Escondido Bozzanai Family Tr

### LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
8479 Garvey Ave	Rosemead	35,000	K-Min Dev LLC
1500 Market Place Dr	Monterey Park	10,000	Edgewood Props
-	-	-	-


### LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
101-111 W. Valley Blvd	San Gabriel	48,126	Oct. 2019
919 Foothill Blvd	La Verne	7,250	July 2019
-	-	-	-

### TOTAL RETAIL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	4.10%	\$22.92	64,594	65,498,913	76,605
Q1 2019	3.90%	\$23.52	(77,963)	65,441,076	121,605
Q4 2018	3.70%	\$22.44	(41,457)	65,423,233	143,548
Q3 2018	3.70%	\$21.96	(187,986)	65,479,475	163,400
Q2 2018	3.60%	\$21.48	367,249	65,554,279	193,897

 **64,594** NET ABSORPTION SF

 **4.10%** VACANCY 2,711,612 SF

 **\$22.92** AVG. ASKING RATE PSF GROSS

 **45,000** DELIVERIES 2 Buildings

 **76,605** UNDER CONSTRUCTION 5 Buildings

**TREVOR GLEASON**, Associate

Vacancy rates in the San Gabriel Valley retail market increased to 4.1% in the 2nd quarter of 2019. Average asking rental rates decreased to \$22.92 NNN annually. The outlook is for transaction volume to pick up, while the cap rates remain stable.



## SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
The HUB-3601 Walnut St	Platte River/Denver	50,125	PaySimple
Westmoor Ctr Bldg	Northwest Denver	48,253	Ball Corp
Republic Plz-370 17th St	CBD	47,897	-

## SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
1777 Wewatta St (2-Bldgs) Downtown Denver	\$18,396,993 Investment	\$270.54 -	68,000 Class A	ICONIQ Capital, LLC Holland Partner Group
560 Corona St (Portfolio) Central Ret Submarket	\$13,368,900 Sale Lseback	\$270.91 -	49,349 Class A	Cardinal Capital Partners Albertsons Companies
5000 E. Hampden (Portflo) Central Ret Submarket	\$13,219,596 Investment	\$153.54 -	86,098 Class A	Bellray Holdings GDA Real Estate Svcs

## LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
Emich Volkswagen	Denver	45,000	D4 Urban
9th & Colorado Ret Ph II	Denver	34,500	Continuum Partners
Easton Street Apartments	Denver	24,000	Mile High Dev.

## LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
1901 Wazee St	Downtown Ret	75,500	-
3000 E. 3rd Ave	Cherry Creek Ret	30,000	-
1251-1261 Glenarm Pl	Downtown Ret	15,000	-

## TOTAL RETAIL MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	4.70%	\$18.69	(54,253)	134,134,790	907,481
Q1 2019	4.70%	\$18.72	(306,634)	134,131,426	965,091
Q4 2018	4.30%	\$18.73	360,476	133,930,414	833,690
Q3 2018	4.50%	\$18.37	856,376	133,803,808	879,229
Q2 2018	4.80%	\$18.02	13,176	133,315,902	1,357,555

  
**(54,253)**

**NET ABSORPTION  
SF**

  
**4.70%**

**VACANCY**  
6,309,704 SF

  
**\$18.69**

**AVG. ASKING RATE  
PSF GROSS**

  
**148,839**

**DELIVERIES**  
16 Buildings

  
**907,481**

**UNDER  
CONSTRUCTION**  
57 Buildings

**MATT NORA**, Associate

Vacancy rates, average rental rates and inventory virtually were unchanged from the first quarter. The major sales in the quarter were led by major funds selling off a portion of their Class A assets. Total assets under construction is starting to slow as there was a slight decrease from last quarter.





## SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
North Riverside Park Plz	Cicero/Berwyn Area	58,587	Urban Air
Lincolnwood Centre	Near North	47,900	Walmart
Moken Towne Square	Joliet/Central Will	45,000	Urban Air

## SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
5225 Prairie Stone Pky Schaumburg	\$35,582,000 Investment	\$196.00 -	182,000 -	Fortress Investment Grp Bass Pro Shops
600 N. Wabash Ave Chicago	\$24,250,000 Investment	\$187.00 -	130,000 -	Friedman Properties Macy's Inc.
401 N. Michigan Ave Chicago	\$79,000,000 Investment	\$39.41 -	20,048 Class A	Invesco Ltd Walton Street Capital

## LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
711-721 W. Fullerton Ave	Chicago	94,504	Vent Lincoln Fullerton
9505 Calumet Ave	Munster	70,000	DVG Team Inc.
1422 N. Kingbury St	Chicago	40,000	R2 Companies


## LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
Woodman's Market	Lakemoor	244,171	Aug. 2019
4601-4715 W. Foster Ave	Chicago	144,000	Feb. 2020
2500 N. Milwaukee Ave	Chicago	130,705	Aug. 2019

## TOTAL RETAIL MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	6.10%	\$16.30	(319,710)	562,644,251	1,782,893
Q1 2019	6.10%	\$16.76	(323,749)	560,883,152	1,826,694
Q4 2018	6.00%	\$16.05	100,909	591,381,877	1,984,856
Q3 2018	6.00%	\$16.09	(22,552)	588,948,594	2,205,392
Q2 2018	5.90%	\$16.07	679,618	588,109,777	2,702,614

 **(319,710)** **NET ABSORPTION**  
SF

 **6.1%** **VACANCY**  
32,172,904 SF

 **\$16.30** **AVG. ASKING RATE**  
PSF GROSS

 **472,684** **DELIVERIES**  
25 Buildings

 **1,782,893** **UNDER CONSTRUCTION**  
88 Buildings

**RYAN REBOT**, Analyst

The Chicago retail market experienced a decrease in sales during the second quarter 2019; this decrease was due to heightened sales during the previous quarter from the closure of multiple big box stores. The vacancy rate remained stagnant from the previous quarter, staying at 6.1%. Net absorption was negative 319,710 square feet. Average rental rates significantly decreased to \$16.30 per square foot per year from the previous quarter of \$16.76 per square foot per year. The second quarter 2019 experienced an uptick in completed construction, having 25 retail completed buildings delivering 472,684 square feet of retail space to the market. There are 88 buildings currently under construction totaling 1,782,893 SF.



## SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
1720-1770 S Erie Blvd	Butler Cnty/Hamilton	43,435	SJB Home Decor
9674-9690 Colerain Ave	Forest Pk-W/Cincinnati	39,000	Big Lots
3240 Highland Ave	Kenwood/Cincinnati	64,700	Home Buy

## SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
5936-5996 S. State Rte 48 Outlying Warren County	\$2,100,000 Investment	\$104.58 7.41%	20,080 Class A	Thomas Elias Inc. Shoppes at Grandin
9618-9648 Kenwood Rd Blue Ash/Cincinnati	\$2,905,000 Investment	\$291.78 7.68%	9,956 Class A	Whitestone Prop Assoc. Viking Partners
2615 Oxford Milville Rd Butler County/Oxford	\$1,173,000 NNN Invest	\$130.30 6.81%	9,002 Class A	Stephanie & Robert Houser GBT Realty Corp

## LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
801 Heights Blvd	Florence	170,000	Anchor Properties
9131 Fields Ertel Rd	Cincinnati	56,000	Perf Kings Honda
9031 US Highway 42	Union	7,500	MK Union South LLC


## LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
SR 747 @ Port Union Rd - A	Hamilton	83,850	Jan. 2020
SR 747 & Princeton Rd	Cincinnati	46,557	July 2019
7401 Liberty Way Bldg 2	West Chester	35,500	Oct. 2019

## TOTAL RETAIL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	4.59%	\$12.95	634,988	134,215,950	410,411
Q1 2019	4.86%	\$13.01	(300,570)	133,795,235	652,291
Q4 2018	4.55%	\$12.98	567,135	133,679,854	636,922
Q3 2018	4.91%	\$13.10	71,184	133,582,442	638,404
Q2 2018	4.99%	\$13.02	(70,926)	133,623,015	513,129

 **634,988** **NET ABSORPTION**  
SF

 **4.59%** **VACANCY**  
5,786,130 SF

 **\$12.95** **AVG. ASKING RATE**  
PSF GROSS

 **299,149** **DELIVERIES**  
13 Buildings

 **410,411** **UNDER CONSTRUCTION**  
19 Buildings

**GEORGE FLYNN**, Managing Principal

Fundamentals in the Cincinnati retail market are healthy and have greatly improved over the course of this cycle. Like much of the country, new supply is arriving at a modest pace, and has only reached historical norms once this cycle. Most new construction is build-to-suit, but vacancies have some cushion to absorb new inventory that is not pre-leased. Historically low vacancies have unfortunately not translated into strong rent growth, with the average rental rate decreasing from \$13.01 to \$12.95 per square foot during the 2019 2nd quarter. Sales volume has largely outpaced the metro's historical average since 2013, buoyed by numerous transactions in the Butler County and Outlying Northern Kentucky submarkets.



## SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
11702 Lake Victoria Gdn	Palm Beach Gardens	116,862	Life Time Fitness
700 W. 49th St	Hialeah	53,000	Withheld
6001 W. Sample Rd	Coral Springs	46,000	Urban Air Adventure

## SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
9705 NW 41st ST Doral	\$70,000,000 Investment	\$546.00 -	128,255 Class A	Publix Blackstone
2457 NE 10th Court Homestead	\$62,300,000 Investment	\$196.00 7.0%	317,270 Class A	MMG Eq Ptnrs/Highline Retail Value Inc.
1517 SW 17th St Fort Lauderdale	\$43,000,000 Investment	\$589.00 -	73,000 Class A	Mast Capital Hudson Capital Group

## LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
8295 SW 124th Ave	Miami	82,311	Berkowitz Dev Grp
4771 W. Atlantic Ave	Delray Beach	70,000	The Shopping Ctr Gr
1541 Wiles Rd	Coral Springs	30,000	RMS Properties

## LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
2300 NE 151st St	North Miami	683,570	Q3 2019
NW 138th St & NW 97th Ave	Hialeah	400,000	Q3 2019
1400 NW North Driver Dr	Miami	345,000	Q1 2020

## TOTAL RETAIL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	4.0%	\$29.07	602,578	325,498,391	5,659,578
Q1 2019	4.1%	\$28.77	389,601	325,093,172	5,797,021
Q4 2018	4.0%	\$27.67	78,921	324,368,287	4,851,952
Q3 2018	3.9%	\$27.63	454,102	323,690,369	4,683,847
Q2 2018	3.8%	\$27.34	(86,865)	323,097,705	4,499,162

**602,578** **NET ABSORPTION**  
SF

**4.0%** **VACANCY**  
13,043,460 SF

**\$29.07** **AVG. ASKING RATE**  
PSF GROSS

**309,859** **DELIVERIES**  
25 Buildings

**5,659,578** **UNDER CONSTRUCTION**  
154 Buildings

**MATTHEW ROTOLANTE, SIOR,**  
**CCIM, President**

South Florida's Retail market continues along with asking lease rates for the region averaging at around \$29/SF/yr for Miami-Dade, Broward, and Palm Beach Counties. Vacancy reduced slightly to 4% from 4.1% last quarter, and we had about 310,000 SF new deliveries to our market with over 5.7m SF still under construction. Sales volume so far year to date comes in at over \$1 Billion, down 7% year over year, with average price per square foot for South Florida holding steady at around \$269/sf, and cap rates averaging at around 6.5%.



## SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
5827 Campbellton Rd SW	West Metro Retail	48,394	Publix
3993 Lavista Rd	Dekalb Retail	35,000	Confidential
2115-2135 Fairburn Rd	West Metro Retail	20,000	Confidential

## SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
Auburn Ave @ Irwin St NE Central Atlanta Retail	\$19,000,000 Investment	\$625.62 -	30,370 Class A	Asana Partners Thrive Homes, LLC
1745 Highway 138 South Metropolitan Retail	\$15,702,350 Sale/Lseback	\$158.66 -	98,968 Class B	Skyline Pacific Properties The Kroger Co
670 N. Main St Georgia 400 Retail	\$12,900,000 Investment	\$121.14 -	106,485 Class A	Orkin & Associates LLC Nightingale Properties

## LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
905 Memorial Dr SE	Atlanta	45,800	Fuqua Development
6215 Town Square	Alpharetta	38,148	RocaPoint Partners
5180 Town Center Blvd	Peachtree Corners	35,367	Fuqua Development


## LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
3462 Peachtree Rd NE	Atlanta	90,000	Q2 2021
1155 Peachtree St NE	Atlanta	88,575	Q2 2020
725 Ponce de Leon Ave NE	Atlanta	60,000	Q4 2019

## TOTAL RETAIL MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	4.70%	\$15.03	417,526	368,462,552	2,012,289
Q1 2019	4.70%	\$14.44	355,371	368,276,483	1,616,009
Q4 2018	4.80%	\$14.01	899,996	367,897,471	1,737,002
Q3 2018	4.90%	\$14.28	930,560	367,529,799	1,816,896
Q2 2018	5.10%	\$14.39	653,134	367,225,843	1,961,558


**417,526** **NET ABSORPTION**  
SF


**4.7%** **VACANCY**  
17,199,375 SF


**\$15.03** **AVG. ASKING RATE**  
PSF GROSS


**167,456** **DELIVERIES**  
20 Buildings


**2,012,289** **UNDER CONSTRUCTION**  
128 Buildings

**KATE HUNT**, Research Director

The Atlanta retail market ended mid-year 2019 with a low vacancy rate of 4.7% and development activity picked up, especially in the urban submarkets. Currently the top three developments are all over 50,000 SF. Life Time Athletic will anchor the redevelopment of Phipps Plaza in Buckhead, bringing a fresh look to long-time luxury retailers who call Phipps Plaza home. As 2019 progresses we will continue to see the redevelopment of older malls and retail centers involving apartments, outdoor plazas and innovative experiences for shoppers.





## SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
1300 Buck Jones Rd	Cary	71,360	Anchor Auto Outlet
2550-2580 Timber Dr	Southeast Wake Cnty	57,590	-
279-339 S. Bickett Blvd	Franklin County	38,732	JMD Housing

## SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
1521-91 Beaver Creek Southwest Wake County	\$25,957,860 Investment	\$141.00 -	184,480 4-Star	Beaver Creek Crossings DDR/1st Carolina Cross
8611 Brier Creek Pkwy Raleigh (Portfolio)	\$17,855,500 Inv/Sle Lsbck	\$369.00 -	48,403 3-Star	30 West Pershing LLC Regal Cinemas
1001 Airport Blvd. RTP-RDU/Morrisville	\$15,500,000 Inv/Redev	\$65.00 -	237,537 3-Star	Equator Capital Mgmt FK & Partners LLC

## LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
501 S. Greensboro St Bldg 1	Carrboro	23,109	Woodhill NC, LLC
1481 Kelly Rd	Apex	17,600	Apex Point Outparcels
2236 Wendell Falls Pkwy	Wendell	13,200	Nash Wendell Falls


## LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
1200 Wake Towne Dr	Raleigh	120,000	Sept. 2019
Hwy 86 & Eubanks Rd	Chapel Hill	119,218	Jan. 2020
6901 Play Golf Way	Raleigh	64,000	Aug. 2019


## TOTAL RETAIL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	2.30%	\$21.82	69,247	39,893,846	844,948
Q1 2019	1.90%	\$20.30	272,422	39,648,666	926,078
Q4 2018	2.10%	\$19.42	5,094	39,450,815	828,348
Q3 2018	2.00%	\$19.20	(50,900)	39,400,287	794,068
Q2 2018	1.80%	\$18.86	305,428	39,377,837	637,749

 **69,247** **NET ABSORPTION**  
SF

 **2.3%** **VACANCY**  
929,420 SF

 **\$21.82** **AVG. ASKING RATE**  
PSF GROSS

 **269,777** **DELIVERIES**  
12 Buildings

 **844,948** **UNDER CONSTRUCTION**  
50 Buildings

**HUNTER STEWART, MBA, Broker**

Raleigh's strong population and income growth, along with low vacancies, have allowed landlords to push rents at more than double the national rate in the past year. The area's favorable demographics have attracted powerhouse retailers including Wegmans and Sprouts in recent quarters. Malls have performed particularly well, and vacancies in malls including North Hills Shopping Center and Crabtree Valley Mall have been stable below 2%. New construction, primarily consisting of neighborhood grocery centers, is often pre-leased, resulting in a minimal impact on the local occupancy. Asset valuations continue to appreciate across the Triangle Market at a sustainable rate.



## SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
5101 Ashley Phosphate	North Charleston	80,000	-
5101 Ashley Phosphate	North Charleston	26,180	-
1523 Folly Rd	James Island/Chas	16,000	John Harris Body Shop

## SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
209 Spring St Downtown Charleston	\$3,800,000 Investment	\$1,079.55 -	3,520 N/A	Monterey LLC MROF2, LLC
9490 Dorchester Rd Summerville	\$3,554,000 Investment	\$1,071.45 7.5%	3,317 N/A	Odom Land Dev LLC Capview Management
263 King St Downtown Charleston	\$5,375,000 Investment	\$645.96 5.15%	8,321 N/A	Blattels & Schnur, Inc. M. Stephen Varn

## LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
Hwy 17-A & I-26; Nexton Sq	Bldg 200, Summerville	22,800	N/A
1117 41 Hwy	Mount Pleasant	14,787	N/A
Hwy 17-A & I-26; Nexton Sq	Bldg 300, Summerville	11,296	N/A

## LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
Plantation N & Saint James	Goose Creek	30,225	Sept. 2019
320 Broad St	Charleston	25,000	Mar. 2020
6025 Rivers Ave	North Charleston	20,000	Dec. 2019

## TOTAL RETAIL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	3.40%	\$19.91	26,581	45,543,155	291,822
Q1 2019	3.20%	\$19.93	(328)	45,415,765	360,055
Q4 2018	2.70%	\$20.01	(46,341)	45,172,987	506,492
Q3 2018	2.50%	\$20.00	483,140	45,164,738	451,494
Q2 2018	2.90%	\$19.95	52,533	44,846,583	720,126

▲  
**26,581**

**NET ABSORPTION  
SF**

▲  
**3.40%**

**VACANCY**  
1,544,065 SF

▼  
**\$19.91**

**AVG. ASKING RATE  
PSF GROSS**

▼  
**134,568**

**DELIVERIES**  
15 Buildings

▼  
**291,822**

**UNDER  
CONSTRUCTION**  
31 Buildings

**JOHN ORR**, Retail Services Director

Charleston's retail market experienced continued high occupancies averaging near 96.6%. High occupancies, especially Class A retail, continue to support rent appreciation. Additional retail space is delivering at responsible rates driven by the demand in each submarket. Over 565,000 square feet has been delivered through 2Q and is expected to continue to grow. The combination of Charleston's job growth and population continues to support retail development and occupancy. The Healthcare Industry demands convenient and accessible retail space in addition to industrial and logistical space. The demand to be close to the customer for "last mile" digital commerce fulfillment has led to demand for brick and mortar space.



### SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
6007 Wade Hampton Bl	Taylors	58,000	Hobby Lobby
2801 Wade Hampton Bl	Taylors	20,454	Burke's Outlet
1175 Woods Crossing	Greenville	13,800	Vintage Home

### SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
850 E. Suber Rd Greer	\$12,000,000 Investment	\$205.63 7.35%	58,358 Neighborhood	Cumple Realty, Inc. Elevation Comm'l Brokrg
2527 Woodruff Rd Greenville	\$3,450,000 Investment	\$876.30 5.61%	3,937 Freestanding	Charles Taber Realty Link
6031 W. Wade Hampton Taylors	\$3,000,000 Investment	\$666.67 7.6%	4,500 Freestanding	Oscar & Patricia Nelson PI Holdings II, LLC

### LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
1455 Pearman Dairy	Anderson	10,640	Patton Development
316 E. Greer St	Honea Path	10,460	Patton Development
905 N. Main St	Woodruff	9,993	Palmetto R.E. Trust


### LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
Camperdown	Greenville	80,000	Q1 2020
Legacy Square	Greenville	50,000	Q1 2020
1550 E. Main St	Duncan	9,000	Q3 2019

### TOTAL RETAIL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	4.10%	\$11.87	(220,305)	88,513,624	198,654
Q1 2019	3.70%	\$11.72	53,041	88,232,213	288,631
Q4 2018	3.70%	\$12.33	242,564	88,164,038	348,635
Q3 2018	4.10%	\$11.69	339,276	88,251,156	383,104
Q2 2018	3.90%	\$11.79	234,161	87,797,022	774,679

 **(220,305)** **NET ABSORPTION**  
SF

 **4.10%** **VACANCY**  
3,627,595 SF

 **\$11.87** **AVG. ASKING RATE**  
PSF GROSS

 **159,713** **DELIVERIES**  
8 Buildings

 **198,654** **UNDER CONSTRUCTION**  
12 Buildings

**JAMES MCKAY**, Associate

The Greenville/Spartanburg Retail Market experienced a minor slowdown this quarter. Rental rates have increased again this quarter along with the vacancy rate has increased. We expect the market to correct itself in the third quarter based on the market trends. Greenville has released its new 10 year downtown masterplan and the city is expecting continued overall growth in the market based on current population growth projections.





LEE &  
ASSOCIATES

COMMERCIAL REAL ESTATE SERVICES

# ECONOMIC OVERVIEW





## TRENDING IN Q2

Strong consumer spending offset a drop in business investment to fuel the economy in the second quarter as the nation's gross domestic product gained 2.1%, a decline from 3.1% in the first quarter.

The Commerce Department's second-quarter measurement of the production and sale of goods and services estimated that individual spending rose 4.3%, a turnaround from the 1.1% in Q1. Spending on goods such as autos, clothing and food, increased at an 8.3% pace, the most since 2006.

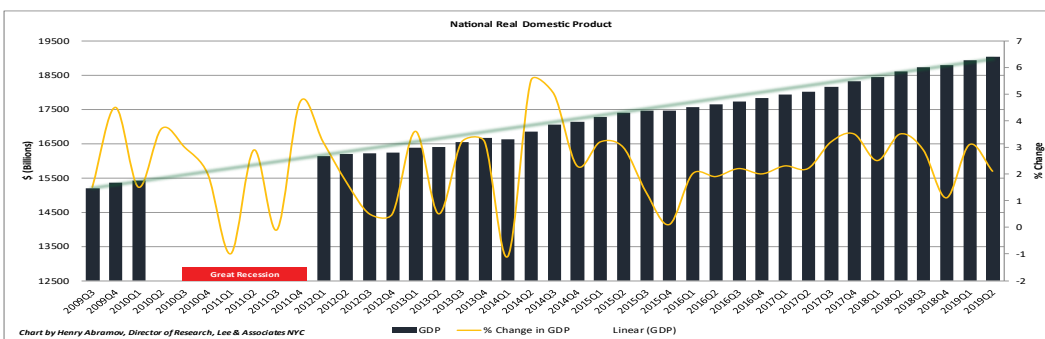
But businesses spent 5.5% less, despite getting a late-quarter boost in equipment orders in June. It was the weakest increase since Q1 2017.

to office buildings - was off nearly 10.6% with sharp declines in oil drilling. Investments in new factories fell for the seventh quarter since Donald Trump vowed to revive manufacturing. Fixed investment fell 0.8%, the first quarterly drop since 2015. Equipment spending rose 0.7%, reversing the first-quarter's decline.

Spending for residential housing slipped 1.5%, the sixth straight drop, as high costs stretch the limits of affordability. An analysis by Freddy Mac found about 40% of young adults owned homes last year compared to 48% in 2001.

Few economists are forecasting a recession but many are dubious that consumer spending at Q2's level will be sustained.

*The latest figures indicate that economic growth spurred by 2017's tax-reform package 'has now likely fully dissipated.'*



The latest figures indicate that growth spurred by 2017's tax-reform package "has now likely fully dissipated," said Gregory Daco of Oxford Economics.

Overall the report was better than expected. But net exports fell at an annualized rate of 5.2% as destabilizing trade-and-tariff threats increase uncertainty and costs that policy makers say are compounding the effects of weakened global growth. Investment on structures - from oil rigs

"The government shutdown, a difficult winter and the lagged impact of the financial market volatility were primarily responsible for weak household output in the first quarter," said Joseph Brusuelas, chief economist at consultant RSM.

"The fading impact of the 2017 tax cut, a global manufacturing recession and the uncertainty tax imposed by trade policy...will continue to dampen growth in the second half of the year," he said.



## TRENDING IN Q2

Total nonfarm payroll employment rebounded in June, increasing by 224,000 workers as the U.S. economy posted the best monthly job gain since January. The U.S. Bureau of Labor Statistics also reported that notable job gains occurred in professional and business services, health care, transportation and warehousing.

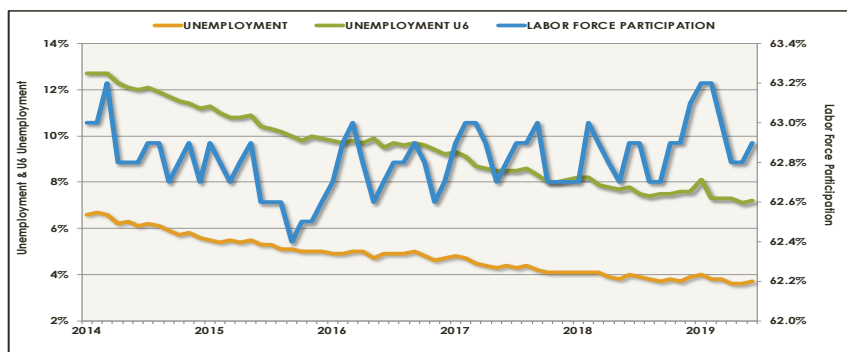
The unemployment rate was down slightly, settling at 3.7%.

The report was better than expected, answering doubts about the durability of the economy's record-setting expansion after May's 72,000 job total. An average 172,000 jobs per month have been added so far this year, compared with an average monthly gain of 223,000 in 2018. The

ambulatory health care services (+19,000) and hospitals (+11,000).

Transportation and warehousing added 24,000 jobs for the month and 158,000 in the past 12 months. In June, job gains occurred among couriers and messengers (+7,000) and in air transportation (+3,000).

Job growth has bypassed the railroad industry, however. The headcount at the largest U.S. freight carriers was down 4% this year to 141,000 workers through June, less than during the financial crisis, the government data shows. In early July Union Pacific, the nation's largest railroad, announced plans to cut 10% of its workforce this year, citing network efficiencies.



decade-long expansion has added jobs for 105 straight months. Professional and business services added 51,000 jobs in June, following May's total of 24,000. Employment growth in the industry has averaged 35,000 per month in the first half of 2019, compared with an average monthly gain of 47,000 in 2018.

Employment in health care increased by 35,000 during the month and by 403,000 over the past 12 months. In June, job growth occurred in

Construction employment continued to trend up in June (+21,000), in line with its average monthly gain over the prior 12 months. Manufacturing employment edged up in June (+17,000), following four months with little change. So far this year, job growth in the industry has averaged 8,000 per month, compared with an average of 22,000 per month in 2018. In June, employment rose in computer and electronic products (+7,000) and in plastics and rubber products (+4,000).

*The report...  
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after May's 72,000  
job total.*



#### TRENDING IN Q2

At the close of the second quarter there was a growing expectation that the Federal Reserve would decide in July to cut interest rates by 25 basis points – the first Fed cut in nearly a decade – along with the likelihood that the European Central Bank would do the same.

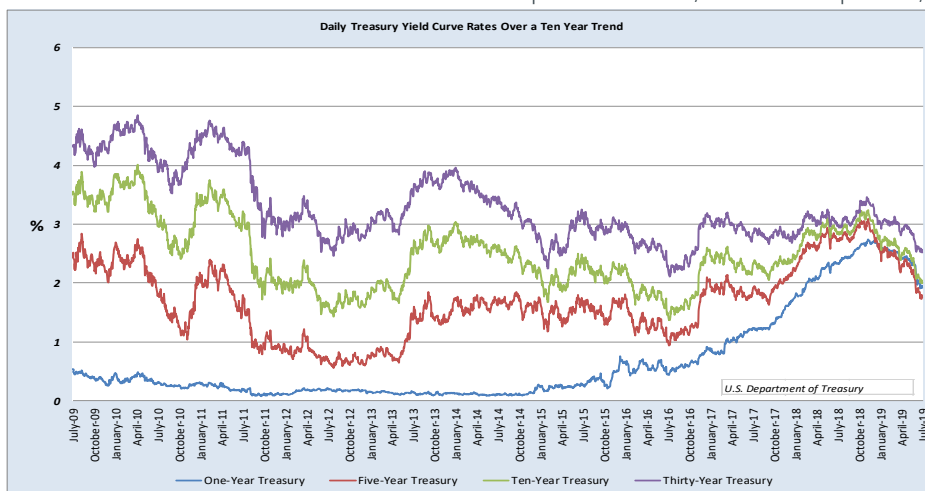
“Quite a lot has changed” in the economic outlook since May, said Fed Chairman Jerome Powell. “The global risk picture has changed, really just in the last six to eight weeks. And it’s around trade developments and concerns about global growth,” Powell said.

While there was deep division among Fed directors whether a monetary stimulus is needed in a climate of near record-low unemployment, healthy job

as much as 5 percentage points in order to revive an economy after a recession. But with current rates between 2.25% and 2.5% much of leverage is missing. It could require another round of bond-buying and other unconventional policies as was done following the last recession. Meanwhile, the ECB’s key interest rate is nearly 3 percentage points lower than the Fed’s, at about minus 0.4%, allowing ECB policy makers even less room to maneuver.

Top banking officials in the U.S. and Europe are influenced more by slower global growth and heightened uncertainty from trade tensions and inclined to aggressively act at the first hints of economic slowing. Investors should not count on the Bank of England cutting rates soon. “The UK occupies an unusual, mid-Atlantic position,” said

*“The global risk picture has changed, really just in the last six to eight weeks.”*



growth and strong consumer spending, Europe’s central bankers are less reluctant. The eurozone’s \$13 trillion economy has been faltering, buffeted by trade tensions and international uncertainties. But policy makers in both the U.S. and Europe are low on ammunition. The Fed has cut rates historically

Andy Haldane, the bank’s chief economist. In a recent speech, he said the bank’s interest rates already are at a similarly low level with those in the eurozone and noted how the nation’s low unemployment and other strong fundamentals mirror the U.S.





## GLOBAL ECONOMY

### TRENDING IN Q2

Continuing trade tensions were blamed for the slowing global economy in the International Monetary Fund's latest forecast whose warning comes as a new British prime minister took power with a fresh government mandate to cut ties with the European Union.

Global economic growth will slow to 3.2% this year, said the update to the IMF's World Economic Outlook. That is 0.1 percentage point less than the early second-quarter forecast, which was down from 3.6% last year and from 3.8% in 2017.

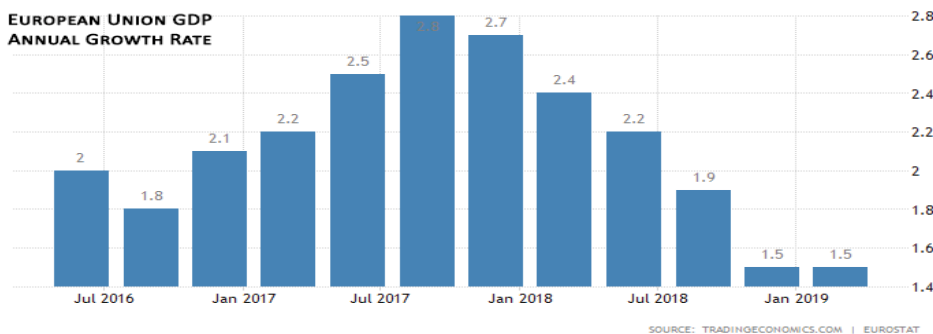
The IMF cautioned that policy missteps will have a "severely debilitating effect" on global sentiment and jobs and, without naming the

of this is self-inflicted," said Gita Gopinath, IMF's chief economist.

Since the IMF's April forecast, the fund said that three more months of data confirm weaker growth in much of the world, while tariffs escalated between the U.S. and China during a two-month breakdown in negotiations.

Downgrades to a handful of key emerging markets were cited in the IMF global update, which reported that growth in India was down 0.3 percentage points from earlier forecasts, Russia was down 0.4 points, Mexico was off 0.7 points and Brazil was down 1.3 points.

Advanced economies were rated better by the IMF, which said the U.S. and euro zone are



United States, the fund said "countries should not use tariffs to target bilateral trade balances."

"The principal risk factor to the global economy is that adverse developments - including further U.S.-China tariffs, U.S. car tariffs or a no-deal Brexit - sap confidence, weaken investment, dislocate local supply chains and severely slow global growth below the baseline," the IMF said.

"Global growth is sluggish and precarious. But it does not have to be this way because some

expected to expand more slowly than in 2018 but the U.S. slowdown should be less pronounced than was forecast in April while Europe's outlook was unchanged.

In a separate report released in mid July that monitors the effects of protectionism, the IMF said trade restrictions now were applied to about \$340 billion a year in commerce, the second-highest on record, surpassed only by the \$588 billion in restrictions cited in its previous monitoring report.

*"Global growth is sluggish and precarious. But it does not have to be this way because some of this is self-inflicted."*



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