

Q3 2018 Market Reports

ECONOMIC OVERVIEW



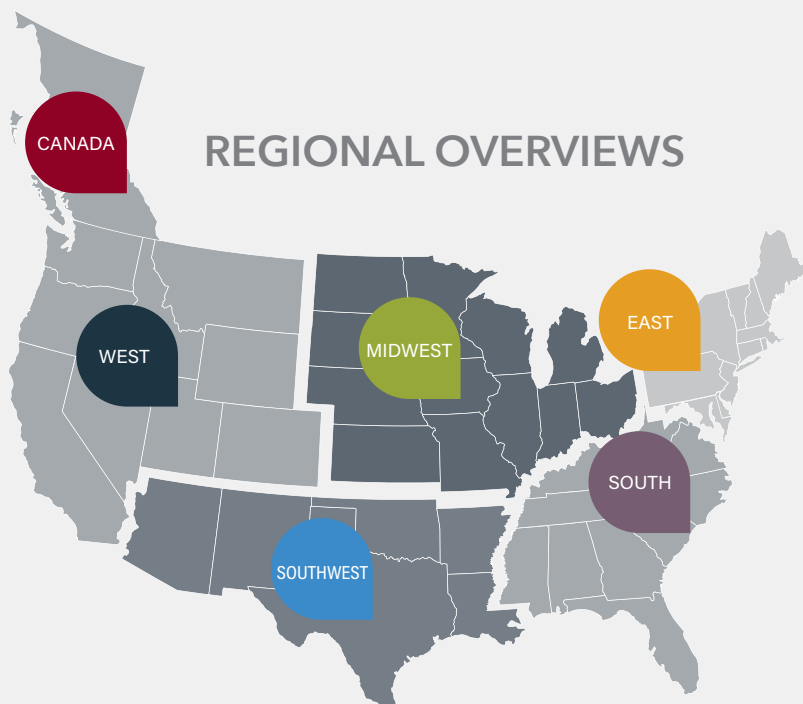
INDUSTRIAL



OFFICE



RETAIL



REGIONAL OVERVIEWS

LOCAL EXPERTISE.
INTERNATIONAL
REACH.
WORLD CLASS.

WEST**CALIFORNIA**

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

COLORADO

Denver

IDAHO

Boise

NEVADA

Reno

WASHINGTON

Seattle
Tacoma

SOUTHWEST**ARIZONA**

Arizona

TEXAS

Dallas/Fort Worth
Houston

MIDWEST**ILLINOIS**

Chicago
Chicago Asset Management Group
Chicago Valuation and Consulting

INDIANA

Greenwood
Indianapolis

MICHIGAN

Detroit

MINNESOTA

Minneapolis

MISSOURI

St. Louis

OHIO

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

SOUTH CAROLINA

Charleston
Greenville

CANADA**BRITISH COLOMBIA**

Vancouver

Q3 2018 FEATURED MARKETS**INDUSTRIAL**

- Inland Empire East
- Inland Empire West
- Los Angeles-Central
- Los Angeles-North
- Orange County
- San Diego
- Denver
- Metro Vancouver
- Phoenix
- Dallas/Ft Worth
- Houston
- Chicago
- Columbus
- Detroit
- Atlanta
- Charleston
- Greenville/Spartanburg
- New York City
- Northern New Jersey

OFFICE:

- LA North
- Orange County
- Seattle
- Metro Vancouver
- Denver
- Phoenix
- Dallas/Ft Worth
- Houston
- Atlanta
- Charleston
- Greenville/Spartanburg

- New York City
- Northern New Jersey

RETAIL:

- Dallas
- Chicago
- Atlanta
- Charleston
- Greenville/Spartanburg

Construction Soars on Strong Demand

Construction starts hit a post-recession record high of 73.6 million SF in the third quarter as strong demand slightly outpaced deliveries, holding the nationwide average vacancy rate at a record low 4.6%.

Asking rents averaged \$6.79 per SF, a robust 7.6% year-over-year increase. But the third quarter's 72,270,117 SF of net absorption was the weakest three-month period this year and off 18% from a year ago.

Growth in the nation's inventory of warehouse and distribution buildings - which now stands at 23.7 billion SF - continues to be driven chiefly by the e-commerce sector.

Warehouse and distribution space accounts for about 90% of total inventory. About 19% of industrial space is owner occupied and nearly two-thirds of all new space completed this year is leased.

Southern California's Inland Empire region leads all markets in year-to-date absorption, 21.8 million SF, followed by Northern New Jersey and Atlanta, each with 14.8 million SF, and Philadelphia with 13.6 million SF.

SIGNIFICANT LEASE DEALS

Lease Name	SF	Location
Amazon.com	1.1M	Huntington/Ashland, WV
Medical Depot	1.0M	Atlanta, GA
UPS	1.0M	Philadelphia, PA

LARGEST DELIVERIES

Building Name	City	SF	Developed By
Majestic Chino Gtwy	Inland Empire, CA	1.4M	Majestic Realty Co
730-798 Gateway Bl	Cincinnati, OH	1.3M	IDI Logistics
590 Coweta Ind Pk	Atlanta, GA	1.2M	Core5 Industrial Ptnrs

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

Market	SF	Project Name
Reno, NV	3.8M	Tesla
Washington, DC	3.5M	Proctor & Gamble Plant
Albuquerque, NM	2.8M	Facebook Data Center
Denver, CO	2.4M	Amazon

SIGNIFICANT BUILDING SALES

Address	Market	SF	Price/SF	Cap Rate	Buyer	Seller
Gold St Tech Center	So. Bay/San Jose, CA	302,212	\$302.77	6.8%	PSAI Rlty Ptnrs	Embarcadero Capital Partners
Charlotte Ind Portfolio	Charlotte, NC	764,400	\$92.23	5.48%	GLP US Mgmt, LLC	The Keith Corp.
100 Meadow Rd	Boston, MA	433,127	\$147.76	5.5%	AEW Cap Mgmt	National Dev.

▼
70.3

NET ABSORPTION
Million SF

▼
4.6%

VACANCY
1.1 Billion SF

▲
1.8%

AVG. ASKING RATE
\$6.79 Avg Asking

▼
70.4

DELIVERIES
Million SF

▲
370.2

UNDER CONSTRUCTION
Million SF

The Inland Empire also is tops in deliveries this year with 19.1 million SF. Dallas checked in with 16.4 million SF followed by Atlanta's 13.8 million SF.

Philadelphia's 28.6 million SF of space under construction through the third quarter is followed by 25.8 million SF in the Dallas/Fort Worth market and Atlanta's 22.3 million SF.

First-half sales totals show that average price per square foot increased 9.3% to \$84.86 per SF year over year and transactions are off 11.5%.

Cap rates have been lower in 2018, averaging 7.06% through the first half, compared to the same period last year.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF / Lease Rate	Tenant
3700 Indian Ave	Perris	1,309,710	Hanes Brands, Inc.
400 Palmyrita Ave	Riverside	1,009,092	Nordstrom
24103 San Michele Rd	Moreno Valley	739,903	DMSI/Ross Stores

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
1110 W. Merrill Ave Rialto	\$87,000,000 Inv-Bankruptcy	\$72.79 -	1,195,219 -	Square Mile Capital Toys R Us
4100 Webster Ave Perris	\$100,350,000 User	\$96.50 -	1,039,898 -	Ferguson Pipe & Sup Rockefeller Grp Dev
6207 Cajon Blvd. San Bernardino	\$87,228,750 User	\$105.00 -	830,750 -	DHL Express USA Westcore Properties

LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
4100 Webster Ave	Perris	1,039,898	Rockefeller Group
17700 Indian Ave	Morno Valley	736,497 (Exp)	Duke Realty
1660 N. Linden Ave	Rialto	649,800	Hillwood Inv & Dev


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
24385 Nandina Ave	Moreno Valley	1,387,899	Q4 2018
1494 S. Waterman Ave	San Bernardino	1,032,072	Q3 2019
6275 Lance Dr	Riverside	1,012,995	Q4 2018

TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Gross SF Absorption	SF Inventory	SF Under Construction
Q3 2018	5.29%	\$8.64	6,244,653	224,108,619	14,994,108
Q2 2018	5.09%	\$8.22	6,830,974	220,826,264	17,307,247
Q1 2018	6.04%	\$8.26	5,849,999	216,182,812	16,460,544
Q4 2017	5.72%	\$8.33	3,599,322	210,908,636	15,457,239
Q3 2017	4.92%	\$8.08	6,436,721	209,825,355	18,697,989


**GROSS
ABSORPTION SF**
6,244,653


VACANCY
11,862,190 SF
5.29%


**AVG. ASKING
RATE PSF**
\$8.64


DELIVERIES
19 Buildings
5,024,118


**UNDER
CONSTRUCTION**
55 Buildings
14,994,108

TOBY TEWELL, Vice President
CAROLINE PAYAN, Dir. of Research

Tightening continued. Asking lease rates and prices continued to climb. Although owner/user purchase activity slowed slightly, there is strong pent-up demand from growth-minded tenants, owner/users and investors, many with 1031 exchange money to place. Demand has been outpacing supply. Leasing activity remained strong as distribution tenants and small businesses take advantage of robust consumer spending. Nevertheless, high asking sales prices are meeting greater resistance, which is likely to increase as interest rates climb.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
13135 Napa St.	Fontana	829,999	Johnson & Johnson
4100 Mission Blvd.	Ontario	763,228	Georgia Pacific/Servicecraft
4250 Hamner Ave	Mira Loma	755,137	Walmart Stores, Inc.

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
4450 Wineville Rd Mira Loma	\$32,650,000 Investment	\$150.95 -	216,300 Class B	4450 Wineville LLC 42 Wineville Ptnrshp
1930 Vineyard Ave Ontario	\$14,380,000 Owner/User	\$130.73 -	110,000 Class C	CM Real Estate LLC CM South Vineyard
11800 Pacific Ave Fontana	\$11,100,000 Investment	\$104.77 -	105,950 Class B	LBA Realty, LLC Sierra Aluminum Co.

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
5055 Goodman Way	Mira Loma	373,522	Goodman
15578 Hellman Ave	Chino	349,000	Sares Regis Group
16171 Santa Ana Ave	Fontana	282,154	Duke Realty

LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
4815 Hellman Ave	Ontario	1,180,908	Q3 2019
10985 Oleander Ave	Fontana	508,002	Q3 2019
9595 Utica Ave	Rancho Cucamonga	227,729	Q2 2019


TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q3 2018	1.44%	\$7.884	1,977,152	311,034,499	6,121,130
Q2 2018	1.37%	\$7.764	3,934,735	308,416,088	6,028,198
Q1 2018	1.22%	\$7.656	4,255,287	307,224,537	8,833,887
Q4 2017	2.08%	\$7.248	568,221	304,489,275	8,067,276
Q3 2017	1.70%	\$7.152	2,022,602	303,503,315	8,778,657

 **NET
ABSORPTION SF**
1,977,152

 **VACANCY**
1.44% 4,465,827 SF

 **AVG. ASKING
RATE PSF**
\$7.884

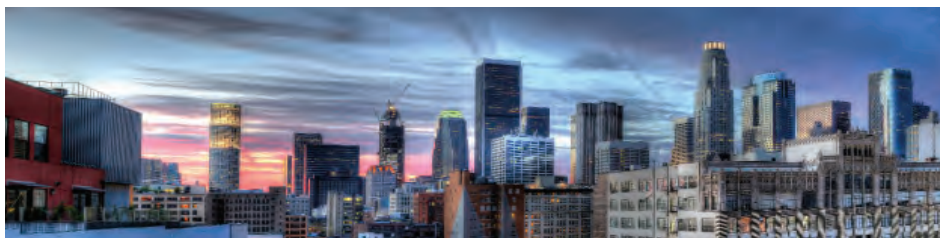
 **DELIVERIES**
2,231,308 15 Buildings

 **UNDER
CONSTRUCTION**
6,121,130 30 Buildings

ANGELICA GUZMAN

Director Marketing & Research

The market continued to demonstrate strong growth through the third quarter. Industrial inventory expanded by more than 311 million SF. Demand has pushed asking lease rates to their highest at \$0.657 NNN, an increase of 51.4% over the last four years. About 8.3 million SF of new product has been added this year and approximately 22.5 million SF since the third quarter of 2015 when the inventory totaled a half billion SF.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
7355 E. Slauson Ave.	Commerce	97,960	Gibson Overseas
8122 Maie Ave.	Los Angeles	72,644	Russell Construction
2254 E. 49th St.	Vernon	71,000	RJack Balthazar, Inc.

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
4633 S. Downey Rd. Vernon	\$23,550,000 Owner/User	\$123.71 -	190,359 Class A	Centerpoint Trust Downey Acquisition
4906 Alcoa Ave. Vernon	\$3,587,500 Owner/User	\$104.68 -	34,272 Class C	1458 San Pedro Inv. Bennett Greenwald
3819-21 S. Santa Fe Vernon	\$3,600,000 Owner/User	\$240.00 -	15,000 Class C	Los Dragones Keith Kyong

LARGEST DELIVERIES

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

LARGEST UNDER CONSTRUCTION


Address	Submarket/City	SF	Delivery Date
2651 E. 45th St.	Los Angeles	82,559	Q4 2018
2716 E. Vernon Ave.	Vernon	28,604	Q4 2018
572 E. Commercial St.	Los Angeles	17,860	Q4 2018

TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2018	2.70%	\$11.28	37,138	242,198,166	426,478
Q1 2018	2.42%	\$11.04	526,874	241,784,346	252,785
Q4 2017	2.79%	\$10.80	(784,036)	240,186,086	237,500
Q3 2017	2.10%	\$10.20	(39,030)	239,934,632	368,954
Q2 2017	2.26%	\$10.32	1,088,997	239,934,632	368,954


37,138
**NET
ABSORPTION SF**

2.70%
VACANCY
6,539,350 SF


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

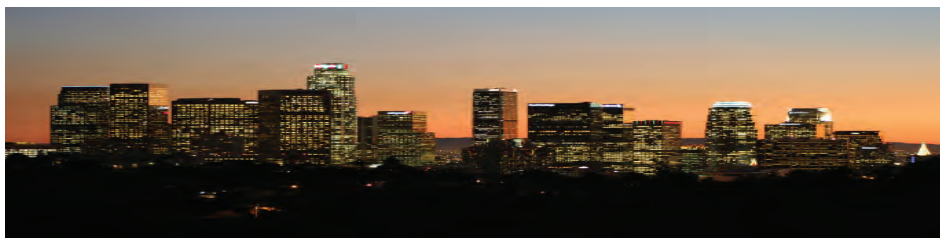
0
DELIVERIES
0 Building


426,478
**UNDER
CONSTRUCTION**
3 Buildings

LEJO MAMMEN

Director Technology & Research

Record-low vacancies and rising rents, up an average 5.1% year over year, are forcing growth-minded prospective users to bid for industrial space. Newly completed facilities are commanding premium rates because of higher land prices. Strong demand is driving the record-high rents across all classes and sizes. In some cases, tenants' use of industrial space facilities as studios or creative offices increased values and rents in certain pockets. Rent growth next year is forecast to hit 4.2%.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
21540-21544 Nordhoff	Chatsworth	85,549	Nestle Dreyer's Ice Cream
8000 Woodley Ave	Van Nuys	64,089	Jocott Brands, Inc.
21329 Nordhoff St.	Chatsworth	53,093	Color Design Laboratory

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
Backlot Burbank	\$84,800,000	\$280.00	302,869	BKM Capital Partners
Burbank	Investment	-	Class C	Penwood R.E. Inv.
9140 Lurline Ave	\$28,564,545	\$195.00	146,516	Armorcast Products
Chatsworth	-	-	Class B	TA Realty
12154 Montague St.	\$22,525,000	\$183.00	122,868	Rexford Industrial
Pacoima	Investment	-	Class A	Mole-Richardson Co

LARGEST DELIVERIES



Address	Submarket/City	SF	Developer
40355 La Quinta Ln	Palmdale	16,830	-
-	-	-	-
-	-	-	-


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
The Center @ Needham Ranch	Santa Clarita	869,000	Q1 2019
-	-	-	-
-	-	-	-

TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q3 2018	2.6%	\$10.44	22,111	134,808,215	912,000
Q2 2018	2.6%	\$10.44	(340,202)	135,244,901	928,830
Q3 2018	2.2%	\$10.56	178,399	135,023,704	1,094,943
Q4 2017	2.4%	\$10.44	293,495	135,074,842	869,760
Q3 2017	2.2%	\$10.20	(18,579)	134,680,325	1,230,798


22,111
**NET
ABSORPTION SF**

2.6%
VACANCY
3,478,768 SF


\$10.44
**AVG. ASKING
RATE PSF**

16,830
DELIVERIES
1 Building


912,000
**UNDER
CONSTRUCTION**
5 Buildings

SHELLY GARCIA

Director of Marketing

Vacancies inched up last quarter to their highest levels since Q2 2015. About 2.8 million SF were leased year to date, nearly 1 million SF less than the same period last year. The shortage of inventory is squeezing growth and forcing users elsewhere. Cosmetics giant L'Oreal USA announced it would relocate from the Santa Clarita Valley in Los Angeles County to Tejon Ranch Commerce Center in neighboring Kern County, which also offered local tax incentives.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
3454 Miraloma Ave.	Anaheim	300,000 Renewal	Kuehne & Nagel
5701 Skylab	Huntington Beach	280,000	Hybrid Apparel
20200 Windrow	Lake Forest	125,000	Applied Medical

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
901 South St. Anaheim	\$48,000,000 Redevelopment	\$139.00 -	347,548 Class C	Hearthstone Shopoff Realty
15172 Goldenwest Cir Westminster	\$14,500,515 Owner/User	\$142.00 -	102,412 Class C	Hope Plus Group City of Westminster
11841 Monarch St. Garden Grove	\$7,900,000 Owner/User	\$185.00 -	43,270 Class C	AeroMachine Arrojo Property Trust

LARGEST DELIVERIES

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


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
210 E. Lambert Rd.	Fullerton	309,439	Q4 2018
4278 N. Harbor Blvd.	Fullerton	212,202	Q4 2018
4260 N. Harbor Blvd.	Fullerton	141,61	Q4 2018

TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q3 2018	2.6%	\$11.76	261,449	275,104,554	1,195,887
Q2 2018	2.6%	\$11.64	(223,181)	276,487,000	1,367,108
Q1 2018	2.6%	\$11.64	(357,247)	276,882,000	1,134,754
Q4 2017	2.7%	\$11.40	193,036	276,871,000	1,104,754
Q3 2017	2.7%	\$11.28	284,260	277,752,000	195,450


261,449
NET
ABSORPTION SF


2.6%
VACANCY
7,400,000 SF


\$11.76
AVG. ASKING
RATE PSF


0
DELIVERIES
0 Buildings


1,195,887
UNDER
CONSTRUCTION
10 Buildings

JACK HALEY Principal

There was continued strong leasing activity but at a slower pace versus earlier in the year. Lease rates continue to increase because of the low vacancy rate. Sales activity in Q3 continued at a torrid pace with looming interest rate increases from the Federal Reserve. Most of the sales activity was in the Central and North OC. Most business executives continue to be optimistic through the end of the year.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
2651 Drucker Ln.	Otay Mesa	174,000	Trident
2600 Melksee St.	Otay Mesa	121,970	CareFusion
10770 Wateridge Cir.	Sorrento Mesa	95,000	Maravai Life Sciences

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
5995 Pacific Center San Diego	\$13,890,470 Investment	\$83.15 7.5%	167,063 Class B	Sukut Real Prop. Chris Sickels & Assoc
8830 Siempre Viva Rd. San Diego	\$16,768,000 Investment	\$109.57 5.0%	153,035 Class B	BKM Capital Ptnrs Stockbridge S.D. Ind.
6754 Calle de Linea San Diego	\$17,238,000 Investment	\$191.86 -	89,932 Class B	BKM Capital Ptnrs Stockbridge S.D. Ind.

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
Enrico Fermi Rd.	San Diego	198,858	Black Creek Group
5590 Overland Ave.	San Diego	156,000	County of San Diego
Enrico Fermi Rd.	San Diego	69,596	Black Creek Group


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
2651 Drucker Ln.	San Diego	182,910	Q4 2018
8958 Terman Crt.	San Diego	130,000	Q3 2019
13610 Stowe Dr.	Poway	61,000	Q4 2018


TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q3 2018	4.4%	\$13.64	445,304	193,799.20	2,803,167
Q2 2018	4.5%	\$13.28	683,130	193,460,016	2,643,222
Q3 2018	4.4%	\$12.89	188,386	192,622,423	3,023,602
Q4 2017	4.4%	\$12.70	404,018	192,421,720	2,736,566
Q3 2017	4.6%	\$12.53	672,641	192,431,720	1,766,996


445,304 **NET
ABSORPTION SF**


4.4% **VACANCY**
8,540,841 SF


\$13.64 **AVG. ASKING
RATE PSF**


372,484 **DELIVERIES**
4 Building


2,803,167 **UNDER
CONSTRUCTION**
36 Buildings

LINDA GREENBERG
Principal

There were three portfolio sales consisting of a total of 30 buildings, 1.8 million SF and a total sales value of \$265 million. These indicate investors repositioning their portfolios in anticipation of changes in the market. With 8.5 million SF vacant, there is 2.8 million SF under construction. The Carlsbad submarket has a 7.5% vacancy rate with 1 million SF vacant but has 1 million SF under construction with only 16% pre-leased.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
Prologis Park 70 Bld 15	SW DIA	309,000	-
14445 Grasslands Dr.	Centennial Ind	105,651	Paragon 28
Airport Industrial Ctr	Quebec St Ind	102,848	Sturgeon Electric

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
601 E. 64th Ave. Denver	\$74,000,000 Investment	\$175.56 4.4%	421,499 Class A	JP Morgan Inv Mgmt Westfield Company
Boulder Cnty Bus Ctr Longmont	\$68,500,000 Investment	\$123.11 -	556,410 Class B	Lakestar Prop. Equity Commonwlt
3200 Walnut St. Boulder	\$52,300,000 Investment	\$349.70 7.6%	149,556 Class B	Tritower Fincl Grp Biomed Realty

LARGEST DELIVERIES

Property	Submarket/City	SF	Developer
2889 Himalaya Rd Bldg 15	Est I-70/Montbello	701,900	-
Eastpark 70 Bldg 2	Est I-70/Montbello	245,847	-
Park 12 Hundred Tech Ctr	North Denver	172,200	-

LARGEST UNDER CONSTRUCTION


Address	Submarket/City	SF	Delivery Date
14601 Grant St (Amazon)	North Denver	2,400,000	Q4 2018
16205 Sheridan Pkwy	Broomfield	750,000	Q2 2019
8251 Quintero (Nexus)	Northeast Denver	540,931	Q4 2018

TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q3 2018	4.9%	\$9.14	399,459	311,705,850	9,071,837
Q2 2018	4.7%	\$9.32	143,133	310,604,806	8,503,376
Q1 2018	4.3%	\$9.05	771,961	308,972,801	7,512,615
Q4 2017	4.4%	\$9.09	3,764,816	308,515,382	6,279,321
Q3 2017	5.0%	\$8.42	1,527,170	306,495,100	7,637,527


399,459
**NET
ABSORPTION SF**

4.9%
VACANCY
15,363,718 SF


\$9.14
**AVG. ASKING
RATE PSF**

1,020,426
DELIVERIES
15 Buildings


9,071,837
**UNDER
CONSTRUCTION**
74 Buildings

RON WEBERT

Principal

Q3 stats show that we are still in a very active, healthy market. We are seeing strong absorption, leveling of lease rates, and a number of speculative developments under construction. There are also some large build to suits in the design phase. Developers are still trying to control land parcels so that they can participate in the Build to Suit process or spec development. We see lease rates and sales prices leveling off through the end of the year but not declining as the Denver metro area is still a very popular place to be for companies, developers and real estate developers.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
4189 Salish Sea Way	TFN Lands	453,620	Amazon
2920 188th St.	Surrey	111,931	Trimlite Mfg, Inc.
18788 96th Ave.	Surrey	97,430	White's Studios, Inc.

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
8351 Ontario Vancouver	\$29,250,000 Owner/User	\$413.70 -	70,884 Class B	Ontario Street Prop. -
11611 N. 5 Rd. Richmond	\$23,520,000 Owner/User	- -	- Class B	South St 11511 Hldgs Novena Holdings Ltd
4912 Still Creek Ave. Burnaby	\$13,000,000 Redevelopmet	- -	- Class C	Standard Land Hldgs Jack's New/Used Bld

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
4515 27B Avenue	TFN Lands	453,620	Delta iPort
18810 24th Avenue	Surrey	202,105	Onni
18860 24th Avenue	Surrey	144,828	Onni

LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
15111 Williams Road	Richmond	500,000	Q4 2019
45650 Kerr Avenue	Chilliwack	400,000	Q4 2018
11111 Twigg Place	Richmond	256,000	Q4 2019


TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q3 2018	1.46%	\$12.15	1,439,307	210,572,470	3,536,060
Q2 2018	1.40%	\$11.81	602,532	208,830,908	2,036,992
Q1 2018	1.47%	\$11.59	719,899	208,349,342	2,223,847
Q4 2017	1.48%	\$11.44	956,926	207,659,507	4,148,011
Q3 2017	1.49%	\$11.22	902,824	206,699,965	5,378,873


1,439,307 **NET
ABSORPTION SF**


1.46% **VACANCY**
3,079,667 SF


\$12.15 **AVG. ASKING
RATE PSF**


1,586,755 **DELIVERIES**
21 Buildings


3,536,060 **UNDER
CONSTRUCTION**
40 Buildings

RYAN WALMSLEY
VP, Marketing & Research

This is the first quarter since the start of 2016 that the Metro Vancouver Industrial market reported an increase in vacancy rate. This is largely due to several large new construction projects nearing completion and entering the market. The Metro Vancouver market will continue to experience a shortage of industrial land and a strong demand for industrial space, and this will result in upward pressure on sale prices and rental rates. With over 3 million SF of new supply expected in the next 6 months we expect vacancy rates to stay stagnant before declining in the spring of 2019.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
16560 W. Sells Dr.	Northwest	643,798	XPO Logistics
2225 S. 75th Ave.	Southwest	155,794	Cascade Windows
1120 N. 47th Ave.	Southwest	104,040	Dormakaba USA

SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
Submarket	Type of Sale	Cap Rate	Class	Seller
6835 W. Buckeye Rd.	\$98,325,000	\$97.41	1,009,351	CrossHarbor Capital
Southwest	Investment	-	Class A	The Koll Company
400 S. 99th Ave.	\$83,021,252	\$116.11	715,000	Colony Capital
Southwest	Sale/Lseback	6.0%	Class A	Albertsons Co.
7775 W. Buckeye Rd.	\$48,500,000	\$70.86	684,420	CBRE Global Inv.
Southwest	Investment	-	Class A	Hines

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
6000 W. Van Buren St.	Phoenix	568,340	Q3 2018
300 E. Germann Rd.	Gilbert	94,794	Q3 2018
22405 N. 23rd Ave.	Phoenix	93,955	Q3 2018

LARGEST UNDER CONSTRUCTION


Address	Submarket/City	SF	Delivery Date
8181 W. Roosevelt St	Phoenix	1,100,000	Q4 2018
575 S. 143rd Ave	Goodyear	901,700	Q4 2018
Price Road Corridor	Chandler	650,000	Q1 2019

TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q3 2018	7.40%	\$7.20 NNN	688,445	307,968,137	7,004,491
Q2 2018	7.30%	\$7.20 NNN	2,403,760	306,423,024	4,844,891
Q3 2018	7.50%	\$7.20 NNN	1,359,837	303,015,540	7,498,082
Q4 2017	7.90%	\$7.08 NNN	1,930,399	300,495,997	5,196,802
Q3 2017	9.01%	\$6.96 NNN	2,321,858	301,235,822	5,468,873


688,445
**NET
ABSORPTION SF**

7.40%
VACANCY
22,670,717 SF


\$7.20
**AVG. ASKING
RATE PSF**

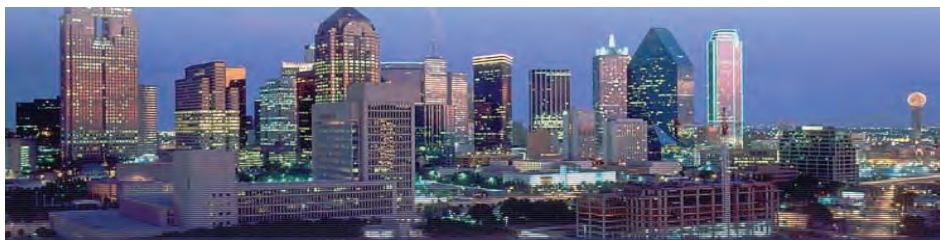
830,989
DELIVERIES
5 Buildings


7,004,491
**UNDER
CONSTRUCTION**
41 Buildings

CHRIS MCCHESENEY

Research Director

The Phoenix industrial market produced a strong third quarter with market fundamentals continuing to move in a positive direction. With only one quarter left in 2018, vacancy rates continue to hover in the low sevens at 7.4%; rental rates remain steady in the market at \$0.60/SF NNN, while net absorption remained positive for Q3 at 688,455 SF. Throughout the third quarter, 151 sales transactions occurred with a total volume of \$578 million, a 72% increase from the previous quarter's number at \$335 million. Cap rate compression dropped ever so lightly at 6.1% in Q3. \$98.13 was the average price per-SF in the quarter compared to Q2's average per-SF at \$97.37.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
3350 Altamoor	South Dallas	920,275	Amazon
1303 W. Pioneer	Great Southwest	858,000	Living Spaces
4101 Research Dr.	Great Southwest	722,733	Tellworks Communication

SIGNIFICANT BUILDING SALES

Address Submarket	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
Commerce 45 Hutchins	\$81,450,000 Investment	\$54.32 5.0%	1,499,570 Class A	Brookfield LaSalle
Mountain Dist Ctr II Dallas	\$59,300,000 Investment	\$89.44 4.75%	663,000 Class A	TA Realty Crow Holdings
ESAB No American Ctr Denton	\$34,700,000 Investment	\$82.07 7.3%	422,819 Class A	New Mountain Cap Mohr Capital

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
15245 Heritage Pkwy	Fort Worth	1,089,642	Trammell Crow Co
Southlink 1	Dallas	1,044,647	Hines
Midpoint Logistics 2	Lancaster	709,280	Panattoni Dev


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
DFW Commerce Ctr	Irving	1,000,584	Q4 2018
General Motors Assembly	Arlington	1,000,000 (Exp)	Q4 2018
400 E. Scyene Rd.	Mesquite	877,230	Q4 2018


TOTAL INDUSTRIAL MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q3 2018	6.0%	\$6.36	4,102,345	903,347,066	25,792,093
Q2 2018	5.8%	\$5.99	7,240,923	897,071,861	26,256,659
Q1 2018	5.9%	\$5.81	2,067,513	889,831,060	27,535,881
Q4 2017	6.3%	\$5.59	8,712,080	891,734,560	24,002,248
Q3 2017	6.4%	\$5.27	5,665,526	883,179,904	25,246,510


4,102,345
NET
ABSORPTION SF


6.0%
VACANCY
54,485,557 SF


\$6.36
AVG. ASKING
RATE PSF


6,241,805
DELIVERIES
39 Buildings


25,792,093
UNDER
CONSTRUCTION
117 Buildings

PHILLIP ROSENFELD

Director

The Industrial market continued its upward growth with deliveries and construction starts keeping pace or surpassing the previous quarter. Absorption slowed in Q3 but remained positive even as 6 million plus SF were delivered in the quarter. The market saw a slight increase in vacancy, mainly due to new development, but rental rates continued to increase significantly across the board. The total DFW industrial market eclipsed 900,000 million SF in Q3 and could become a 1 billion SF market by 2021-2022.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
Amazon Dist Ctr	Northwest Outliers	1,016,000	Amazon Dist. Ctr
Ravago Americas	East Southeast Far In	712,740	Ravago Manufacturing
525 Cane Island Pkwy	Northwest Outliers	673,785	Glazer's

SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
Submarket	Type of Sale	Cap Rate	Class	Seller
10535 Red Bluff Rd	\$36,950,000	\$143.00	257,835	Lexington Realty Tr.
Pasadena	NNN	5.5%	Class A	Johnson Dev.
11717 Windfern Rd	\$32,662,356	\$90.00	362,180	DCT
Houston	Investment	4.6%	Class A	Prologis
11747 Windfern Rd	\$28,897,230	\$90.00	320,430	DCT
Houston	Investment	4.6%	Class A	Prologis

LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
31819 Highway 90 E	Northwest Corridor	1,016,000	Duke Realty Corp
7777 Sutton Rd	Southeast Corridor	712,740	Clay Development
525 Cane Island Pkwy	Northwest Corridor	673,785	Oakmont Ind Grp



LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
14803 Woodham Dr.	North Corridor	727,600	Q2 2019
Hwy 59 & Will Clayton	Northeast Corridor	685,400	Q2 2019
1401 N. Rankin Rd.	North Corridor	656,658	Q2 2019

TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q3 2018	5.8%	\$7.33	1,963,952	616,187,554	11,169,277
Q2 2018	5.4%	\$7.21	919,005	611,838,626	13,103,725
Q1 2018	5.3%	\$6.93	3,043,889	609,850,164	10,990,744
Q4 2017	5.3%	\$7.02	932,624	606,813,446	10,425,189
Q3 2017	5.3%	\$6.70	4,104,598	606,068,349	7,148,026


**NET
ABSORPTION SF**
1,963,952

VACANCY
35,452,242 SF
5.8%

**AVG. ASKING
RATE PSF**
\$7.33

DELIVERIES
48 Buildings
4,203,736

**UNDER
CONSTRUCTION**
128 Buildings
11,169,277
STEPHEN HAZEN, CCIM
Director

Industrial property in the SE Industrial Corridor has seen the largest spike in in lease rates and property values that the market will absorb for the foreseeable future. The submarket will continue to be a strong performer and a safe bet for owners and tenants that rely on the petrochemical complex but speculative land developers should look elsewhere for value. West Houston between 290 and I-10 is the most desirable area for developers and tenants due to roads and utilities being built. Completion of HWY 290 which TXDOT confirms will be at the end of 2018 will help investors sell or lease properties that rely heavily on the corridor for distribution.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
1700 Edgelawn Dr	I-88 Corridor/Aurora	860,248	Kraft Foods Global, Inc.
Cargo Rd, Site H	I-80 Corridor/Minooka	705,661	Kellogg's Company
Baxter Rd	Rockford/Cherry Vly	675,270	Berner Food & Beverage

SIGNIFICANT BUILDING SALES

Address Submarket	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
6600 River Road Southwest Cook	\$16,850,000 Investment	\$25.72 -	630,410 Class B	Midwest Ind Funds Brennan Inv Grp
13535 Torrence Ave R Chicago South	\$14,400,000 User	\$37.24 -	386,675 Class C	Great Lakes Reloading CenterPoint Properties
7879 Lemont Rd I-55 Corridor	\$19,514,250 User	\$105.00 -	185,850 Class A	Tile & Top Panattoni Dev Co.

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
13535 S. Torrence Ave	Chicago	380,944	CenterPoint Prop.
2501 Internationale Pkwy	Woodridge	283,436	Prologis
18700 S. Ridgeland Ave	Tinley Park	296,180	Hillwood Dev.

LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
Ridgeland Ave	Monee	879,040	Q2 2019
3901 Brandon Rd	Elwood	826,755	Q2 2019
21225 Frontage Rd	Shorewood	757,880	Q1 2019

TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q3 2018	5.84%	\$5.60	4,898,667	1,295,224,449	15,370,601
Q2 2018	6.13%	\$5.55	6,084,959	1,294,226,395	8,813,635
Q1 2018	6.21%	\$5.49	5,570,360	1,288,824,670	11,039,615
Q4 2017	6.38%	\$5.33	5,551,567	1,285,301,574	12,077,842
Q3 2017	6.55%	\$5.39	4,053,938	1,282,888,170	10,151,117

NET ABSORPTION SF
4,898,667

VACANCY
75,593,173 SF
5.84%

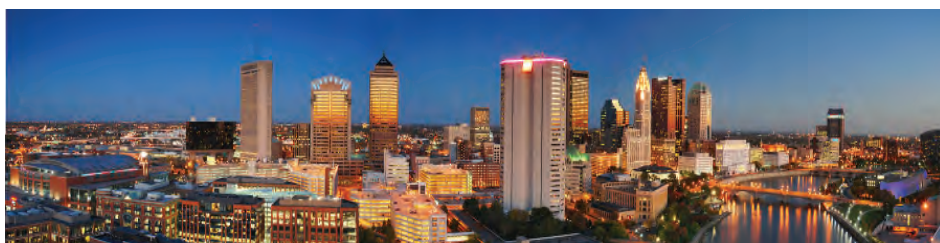
AVG. ASKING RATE PSF
\$5.60

DELIVERIES
16 Buildings
2,381,545

UNDER CONSTRUCTION
53 Buildings
15,370,601

DIANA PEREZ
Director of Research

Chicago's industrial market recorded 4.8 million SF of net absorption during the third quarter of 2018. This represents 11 quarters in a row where the net absorption total has been positive, a sign of continued positive demand.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
115 Enterprise Pkwy	Madison County	743,600	Sycamore Partners
2450 Spiegel Dr.	Southeast	455,668	Jacobson Co.
167 Heritage Dr	Licking County	343,745	Newell Brands

SIGNIFICANT BUILDING SALES

Address Submarket	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
9000 Smith's Mill Rd Licking County	\$33,993,990 Investment	\$81.51 6.6%	417,053 Class A	Dream Industrial REIT Pizzuti
8860 Smith's Mill Rd Licking County	\$27,007,779 Investment	\$81.51 6.6%	304,313 Class A	Dream Industrial REIT Pizzuti
759 Pittsburgh Dr Delaware County	\$8,324,478 Investment	\$52.75 7.7%	157,810 Class B	Gladstone Agracel

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
1827 Beggrow Rd	Southeast	802,390	Pizzuti/PCCP
3280 Southpark Pl	Southwest	324,000	Becknell Industrial
6380 Adelaide Ct	Southeast	250,684	Meritex


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
Hazelton Rd.	Licking County	1,200,000	Q3 2019 (Kohl's)
9799 Logistics Ct	Southeast	1,200,000	Q1 2019 (Goodyear)
Logistics Ct	Southeast	972,000	Q3 2019 (FedEx)


TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q3 2018	4.3%	\$4.01	1,320,743	290,128,082	4,945,241
Q2 2018	4.1%	\$3.97	2,429,669	289,668,974	6,120,114
Q1 2018	3.6%	\$3.97	2,486,695	286,091,903	4,124,480
Q4 2017	4.5%	\$3.93	1,663,446	268,795,433	4,424,782
Q3 2017	4.8%	\$3.78	1,503,774	267,838,743	2,826,585

 **NET
ABSORPTION SF**
1,320,743

 **VACANCY**
4.3% 12,481,901 SF

 **AVG. ASKING
RATE PSF**
\$4.01

 **DELIVERIES**
1,733,800 6 Buildings

 **UNDER
CONSTRUCTION**
4,945,241 14 Buildings

MIKE SPENCER, SIOR Principal

Everyone is trying to guess when the next slowdown will come - but based on the significant amount of user demand in the market and the transactions set to close in Q4, analysts are still extremely bullish on Columbus' industrial sector. While there appears to be a large amount of spec product coming online, a great deal of it will likely be spoken for by year end. Recent transactions in the industrial investment market continue to show the high level of interest Columbus continues to attract, especially from foreign capital. We look for this to continue well into 2019.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
19661 Brownstown Ctr	Brownstown	272,228	Westrock Corrugated
42600 Merrill Rd	Sterling Heights	108,000	Sodecia North America
31060 Oak Creek Dr	Wixom	137,000	N/A

SIGNIFICANT BUILDING SALES

Address Submarket	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
43800 Gen Mar Dr Novi	\$21,000,000 Investment	\$47.82 6.69%	439,150 Class C	Stag Industrial Cohen Asset Mgmt
164 Indusco Ct Troy	\$6,875,000 Investment	\$50.38 -	136,460 Class C	Blue Summit Capital Altair Clean Tech
29700 Commerce Blvd Chesterfield	\$15,500,000 Owner/User	\$49.68 7.5%	312,000 Class B	Advanced Integration Black Equities Grp

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
N/A	Shelby Township	1,000,000	Amazon
2238 W. Bristol Rd.	Flint	883,000	General Motors
28201 Schoolcraft Rd.	Livonia	742,694	Penske Logistics

LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
28455 Automation Blvd	Wixom	61,065	Q1 2019
28415 Automation Blvd	Wixom	94,570	Q1 2019
28355 Lakeview Dr	Wixom	92,630	Q3 2019

TOTAL INDUSTRIAL MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q3 2018	3.2%	\$6.07	631,538	647,759,590	7,028,371
Q2 2018	3.1%	\$5.93	1,879,053	646,339,648	6,626,546
Q1 2018	3.2%	\$5.82	(754,617)	645,157,313	7,355,713
Q4 2017	3.0%	\$5.76	3,705,083	644,383,095	6,474,598
Q3 2017	3.2%	\$5.51	1,216,931	641,768,632	7,265,563


631,538


**NET
ABSORPTION SF**


3.2%


VACANCY
20,654,573 SF


\$6.07

**AVG. ASKING
RATE PSF**


1,344,194

DELIVERIES
9 Buildings


7,028,371

**UNDER
CONSTRUCTION**
51 Buildings

JON SAVOY, CCIM, SIOR
President

Third-quarter tenant demand was healthy. Average asking rents gained 10% year-over-year, while nearly 6 million SF have been added to the inventory since Q3 last year. Ground was broken on more than 400,000 SF of space in Q3, bringing the total under construction to more than 7 million SF.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
500 Palmetto Logistics	South Atlanta	1,054,500	Medical Depot
1665 Broadmoor Blvd.	Northeast	492,048	DiversiTech
545 Logistics Ctr Pkwy	Northeast	477,662	Mobis

SIGNIFICANT BUILDING SALES

Address Submarket	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
405 King Mill Rd South Atlanta	\$156,100,000 Investment	\$68.00 -	1,555,200 Class A	CBRE Global Inv Panattoni
5000 Bohannon Rd South Atlanta	\$63,952,249 Investment	\$64.00 -	1,000,928 Class A	Prologis DCT Industrial Trust
650 Braselton Pkwy Northeast	\$61,113,365 Investment	\$163.00 -	373,750 Class A	Monmouth R.E. Inv. SunCap Prop Group

LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
590 Coweta Industrial Pky	South Atlanta	1,208,301	Core5
1100 Fulton Industrial Blvd.	I-20 W/Douglasvle	1,200,000	Majestic
11665 Lewis Braselton Blvd.	Northeast	462,000	Crow Holdings Ind.


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
King Mill Rd.	South Atlanta	1,104,320	Q1 2019
Steve Reynolds	Northeast	1,081,280	Q2 2019
421-429 Toy Wright Rd.	Northeast	1,053,360	Q4 2018

TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q3 2018	6.3%	\$5.07	6,778,636	686,265,763	20,649,068
Q2 2018	6.6%	\$4.93	4,040,573	681,744,694	20,701,208
Q1 2018	6.9%	\$4.86	3,472,780	679,286,743	14,403,354
Q4 2017	6.5%	\$4.79	6,842,870	672,592,145	21,032,913
Q3 2017	7.2%	\$4.50	5,318,312	670,516,796	18,736,900


6,778,636 **NET
ABSORPTION SF**

6.3% **VACANCY**
42,945,765 SF


\$5.07 **AVG. ASKING
RATE PSF**

4,399,849 **DELIVERIES**
9 Buildings


20,649,068 **UNDER
CONSTRUCTION**
45 Buildings

CRAIG VIERGEVER

Executive Vice President

In Q3 of 2018, overall vacancy decreased 30 basis points to 6.3% with a net absorption of positive 6.78 million SF. The Atlanta market has added over 15.5 million SF of new industrial product (100,000 SF +) to the marketplace YTD 2018. Even with an influx of delivered speculative product, vacancy remains a healthy percentage. As population, job growth and e-commerce continues to surge, the metro Atlanta region will continue to be one of the top industrial markets in the country.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
4136 Carolina Comm	No Charleston	117,000	Veterans Administration
2301 Avenue D	No Charleston	69,953	Carver Companies
5802 N. Rhett Ave	Berkeley County	42,925	Tides Enterprises

SIGNIFICANT BUILDING SALES

Address Submarket	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
6850 Weber Blvd. Ladson	\$47,174,296 Investment	\$177.80 -	256,318 Class A	Monmouth R.E. Inv. SunCap
4400 Arco Lane Charleston	\$12,200,000 Investment	\$90.13 -	135,364 Class B	TCAL Charleston, LLC 4400 Arco Lane LLC
2453 King St Ext North Charleston	\$7,650,000 Investment	\$63.01 -	121,400 Class B	Commerce 917, LLC Origin Point Brands

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
8501 Palmetto Comm Pkwy	No. Charleston	1,000,000	Mercedes-Benz
830 Drop Off Rd.	Berkeley County	343,150	Ridge Dev.
4115 Carolina Comm.	No. Charleston	35,000	-

LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
Highway 78	No. Charleston	420,888	Q2 2019
7710 Southrail Rd, Fac 1	No Charleston	4,800	Q4 2018
7710 Southrail Rd Fac 2	No. Charleston	4,800	Q4 2018


TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q3 2018	7.2%	\$6.02	1,263,650	80,387,335	1,885,688
Q2 2018	7.1%	\$5.98	3,398,971	78,936,585	2,857,950
Q1 2018	7.6%	\$6.00	1,048,753	75,669,951	5,554,884
Q4 2017	7.9%	\$5.99	(83,883)	74,785,657	6,126,139
Q3 2017	7.4%	\$5.75	(582,389)	74,509,474	5,295,411


1,263,650 NET
ABSORPTION SF


7.2% VACANCY
5,781,473 SF


\$6.02 AVG. ASKING
RATE PSF

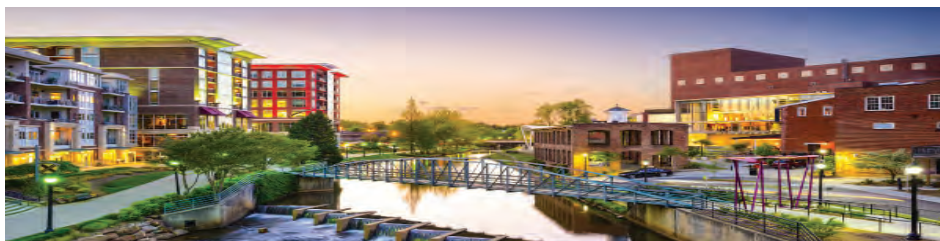

1,450,750 DELIVERIES
7 Buildings


1,885,688 UNDER
CONSTRUCTION
15 Buildings

THOMAS BUIST, JR, SIOR
Broker

The Port of Charleston continues to grow at a record pace driving more new industrial speculative buildings. The Panama Canal expansion is directly contributing to this growth. Business is good for the foreseeable future as we see companies divide the country in half for import distribution of western products.

GREENVILLE / SPARTANBURG



SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
122 Hidden Lake Cir	Rte 290 Corridor Ind	313,380	AFLTelecommunications
901 Victor Hill Rd	Rte 101 Corridor Ind	297,607	BMW
1 Tungsten Way	Rte 101 Corridor Ind	121,801	TNT Fireworks

SIGNIFICANT BUILDING SALES

Address Submarket	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
1610 Old Grove Rd Greenville	\$21,050,000 Investment	\$63.43 -	331,845 Class A	Morgan Stanley TPA Group, LLC
130 Commerce Ctr Greenville	\$10,350,000 Leasehold	\$32.30 -	320,427 Class B	LNR Partners, LLC Master of Equity Grnvle
-	-	-	-	-

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
310 Genoble Rd.	Greer	500,000	CRG
70 Tyger River Dr	Spartanburg	408,000	Scannell Properties
2725 New Cut Rd.	Spartanburg	171,600	Becknell


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
Genoble Road	Greer	1,300,000	Q4 2018
Highway 101	Greer	1,100,000	Q1 2019
Old Grove Road	Greenville	300,645	Q2 2019

TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q3 2018	5.0%	\$3.85	1,482,406	215,426,181	4,128,211
Q2 2018	5.1%	\$3.77	1,036,659	212,678,118	3,690,044
Q1 2018	5.3%	\$3.75	1,327,781	212,009,954	3,414,460
Q4 2017	5.5%	\$3.67	651,101	209,674,047	5,429,327
Q3 2017	5.9%	\$3.67	341,242	207,675,857	5,147,170

 **NET
ABSORPTION SF**
1,482,406

 **VACANCY**
10,701,174 SF
5.0%

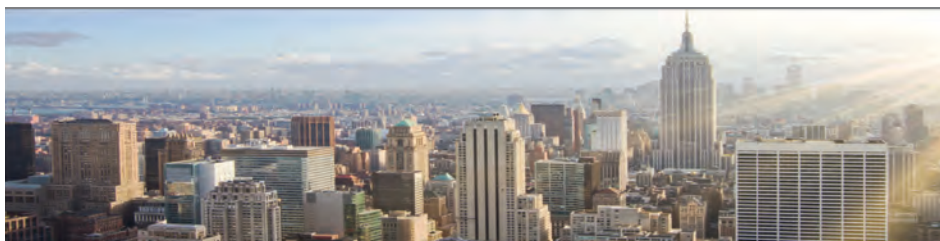
 **AVG. ASKING
RATE PSF**
\$3.85

 **DELIVERIES**
6 Buildings
1,138,418

 **UNDER
CONSTRUCTION**
16 Buildings
4,128,211

RANDALL BENTLEY, SIOR, CCIM
President

Greenville/Spartanburg's industrial market has experienced increased interest from both developers and major tenants in Q3. Recent growth is the result of several positive attributes including access to major ports, proximity to major metros in the southeast, and availability of development-ready land. Greenville/Spartanburg is well positioned with easy access to Atlanta, Charlotte, and the Port of Charleston. Record-setting construction levels have been met with strong absorption despite the uptick in deliveries. Rents have increased 4% to 5% each year.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
38-20 Review Ave	Long Island (Queens)	75,000	Undisclosed
98-31 Jamaica Ave	Jamaica (Queens)	40,000	Undisclosed
580 Gerard Ave	Concourse (Bronx)	59,000	Unknown

SIGNIFICANT BUILDING SALES

Address Submarket	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
500 Oak Point Ave Hunts Point (Bronx)	\$64,248,364 Leasehold	\$234.00 -	269,776 Warehouse	Innovo Prop Grp Tahl-Propp Equities
25 Paidge Ave Greenpoint (Brooklyn)	\$62,000,000 Sale/Lseback	\$1,518.00 -	40,816 Warehouse	Two Trees Zenith Energy Terminal
2840 Atlantic Ave East NY (Brooklyn)	\$16,750,000 Plnd Redev	\$219.00 -	76,400 Warehouse	Housing Ptnshp Dev LSC Development

LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
57-45 Rust Street	Maspeth (Queens)	33,824	Sheng Bo Dong
49-07 69th Street	Woodside (Queens)	20,000	Anton Developers
40-05 Crescent St.	Long Island (Queens)	14,300	Central Const Mgmt


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
586 Gulf Avenue	Staten Island	975,000	Q4 2018
0 Gulf Avenue	Staten Island	450,000	Q4 2018
2 St. Anns Avenue	Bronx	423,530	Q4 2018


TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q3 2018	5.4%	\$21.48	(441,294)	223,443,892	2,527,872
Q2 2018	5.2%	\$21.65	(739,365)	223,418,092	2,533,672
Q1 2018	4.8%	\$20.92	(1,471,085)	223,374,167	2,498,597
Q4 2017	4.2%	\$20.63	(684,351)	223,336,891	2,528,048
Q3 2017	3.8%	\$20.23	57,660	223,323,591	941,423


(441,294)
**NET
ABSORPTION SF**

5.4%
VACANCY
12,053,321 SF


\$21.48
**AVG. ASKING
RATE PSF**

25,800
DELIVERIES
2 Buildings Past Four Quarters


2,546,347
**UNDER
CONSTRUCTION**
17 Buildings

HENRY ABRAMOV
Director of Research

New York City's industrial availability increased for three consecutive quarters, finishing the third quarter with an 8.3% availability rate and approximately 19 million square feet on the market. Available inventory has increased 9.6% year-over-year, and we forecast the availability rate to increase again by end-of-year. With net absorption continuing its negative trend since 2017 Q4, pushing the vacancy rate up to 5.4%. Vacancy in New York City has increased 40.2% year-over-year. Part of the upwards availability and vacancy trend, can be associated to increasing asking market rents, which have been gradually increasing since 2015 Q4. Average direct asking rents have finally seen a decrease, albeit small. With 2.5 million square feet currently under construction, the market will continue to deliver industrial properties, small and large. There have been deliveries every quarter since mid-2015.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
2 Sorbello Road	Salem County	655,500	Jet.com
115 Interstate Blvd.*	Exit 8A	626,400	XPO Logistics
950 Convery Blvd.	Perth Amby/Piscataway	492,276	The RealReal, Inc.

SIGNIFICANT BUILDING SALES

* Lee & Assoc NJ Transaction

Address	Sale Value	PPSF	SF	Buyer
Submarket	Type of Sale	Cap Rate	Class	Seller
703 Bartley Chester Rd	\$90,000,000	\$64.54	1,394,393	Aadia Group, LLC
Route 80 Corridor	Investment	-	Class B	Toys R Us, Inc.
355-75 Davidson Mill Rd	\$99,500,000	\$135.62	733,678	Zurich Alternative
Exit 8A	1031 Exchge	-	Class B	The Morris Co's
698 Route 46	\$149,114,627	\$241.68	616,992	Goodman North Amer
Meadowlands	Investment	-	Class A	TIAA-CREF Inv. Mgmt

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
67-71 Blanchard St.	Newark	706,000	The Morris Co's
1080 King Georges Post Rd	Edison	636,086	Federal Business Ctr
329-59 Wyckoff Mills Rd	East Windsor	635,000	Exeter Property Grp

LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
1101 E. Pearl St.	Burlington	1,016,000	Q4 2018
942 Memorial Pkwy Bld 7	Phillipsburg	975,761	Q4 2019
152 Route 206	Hillsborough	700,000	Q4 2018

TOTAL INDUSTRIAL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q3 2018	4.2%	\$8.43	5,487,688	835,542,078	9,498,605
Q2 2018	4.5%	\$8.29	4,398,616	831,606,925	8,120,685
Q1 2018	4.5%	\$8.20	4,897,343	827,499,146	11,629,796
Q4 2017	4.9%	\$7.88	6,111,376	825,258,311	13,687,531
Q3 2017	5.2%	\$7.26	2,881,268	821,805,244	14,356,726

5,487,688 **NET ABSORPTION SF**

4.2% **VACANCY**
35,467,939 SF

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

3,935,153 **DELIVERIES**
17 Buildings

9,498,605 **UNDER CONSTRUCTION**
55 Buildings

MICHAEL MALMSTONE

Real Estate Analyst

Net absorption is on pace to finish YE at 20+MM SF; 7+MM SF or half of YTD net absorption focused in Exit 8A and Western Rt. 287. Investors are chasing tax-credit dollars in western, secondary markets, developing nearly 45% of all new product. These markets now include Somerset and Trenton, with rents half of core NNJ markets. New warehouse space leasing at rates at or higher than flex space, some over \$13 PSF NNN with 3.5% bumps. Lease-up time encroaching four months. Mid-size users are being forced to sign more space, which they'll sublet, simply to secure they have space.

OFFICE NATIONAL OVERVIEW

Strong Downtown Office Demand Continues

Strong demand for premium office space in the nation's central business districts continued in the third quarter, driving down the vacancy rate 50 basis points year over year even as 58 million SF were added to downtown inventories.

Net absorption in CBDs since Q3 last year has averaged 5.9 million SF per quarter, a nearly four-fold increase in growth compared to the previous 12 months.

Despite the healthy absorption of urban office space, rent growth was off 0.8% year over year. Competition for tenants is likely to intensify as 52.3 million SF are under construction, a 7% increase from a year ago.

Suburban office space makes up 78% of the total 11.4 billion SF inventory. Although the vacancy rate was unchanged for the last 12 months, asking rents are up 2.5% over the same period.

The latest sales data shows that total transactions and prices for office properties fell from the first quarter's 749 trades, averaging \$2.73 per SF, to 827 transactions, averaging \$2.53 per SF in the second quarter. Cap rates averaged 7.16% in Q2 compared to 7.4% a year earlier.

SIGNIFICANT LEASE DEALS

Lease Name	SF	Location
Verizon Communications	438,821	Boston, MA
Amazon.com	413,100	Seattle, WA
Roku, Inc.	357,477	San Jose, CA

LARGEST DELIVERIES






Building Name	City	SF	Developed By
Salesforce Tower	San Francisco, CA	1,400,000	Hines
1800 Arch St	Philadelphia, PA	1,300,000	Liberty Property
Block B	Washington, DC	975,000	Capital One Finc'l

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

Market	SF	Project
Chicago, IL	2,700,000	433 W. Van Buren St
New York City, NY	2,200,000	One Manhattan West
New York City, NY	2,000,000	Two Manhattan West
New York City, NY	1,700,000	One Vanderbilt

SIGNIFICANT BUILDING SALES

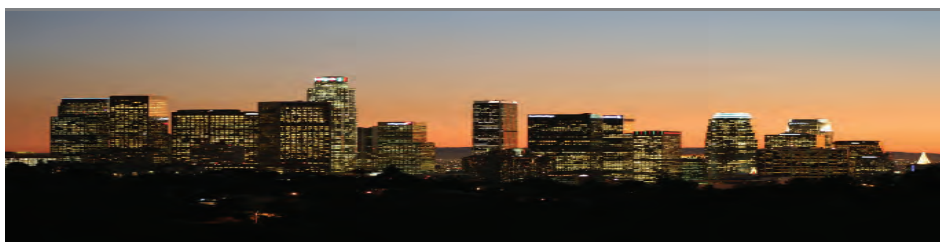
Address	Market	SF	Price/SF	Cap Rate	Buyer	Seller
666 Fifth Ave	New York City	1,500,000	\$886.95	4.9%	Brookfield	Kushner Co's
200 Pier Four Blvd.	Boston	372,372	\$1,208.47	4.2%	CommonWealth	Tishman Speyer
Metropolitan Park E&W	Seattle/Puget Snd	709,108	\$613.45	4.4%	Beacon Cap	CBRE Global Inv

	NET ABSORPTION Million SF
20.8	
	VACANCY 1.0 Billion SF
9.1%	
	AVG. ASKING RATE \$25.49 Avg Asking
1.2%	
	DELIVERIES Million SF
16.3	
	UNDER CONSTRUCTION Million SF
161	

The New York City office market leads the nation in net absorption with 5.4 million SF year to date. San Francisco posted 4.4 million SF of tenant growth followed by Dallas/Fort Worth at 4.2 million SF and 3.3 million SF for the Denver and San Jose markets.

Dallas/Fort Worth has delivered 6 million SF of new space to the market this year. Washington, D.C., was next at 4.1 million SF with San Francisco at 3.9 million SF and New York City at 3.3 million SF.

Overall new construction is up 4.5% year over year. New York City leads in new space underway 14.1 million SF followed by Washington, D.C.'s 8.8 million SF, 8.78 million SF in Dallas/Fort Worth, 7.5 million SF in San Francisco and 7.3 million SF on Long Island, NY.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
21215 Burbank Blvd.	Woodland Hills	167,420	Anthem Blue Cross
2380 Conejo Spectrum	Thousand Oaks	49,620	-
5161 Lankershim Blvd.	North Hollywood	28,235	Bento Box Entertainment

SIGNIFICANT BUILDING SALES

Address Submarket	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
505 N. Brand Blvd. Glendale	\$93,500,000 Investment	\$292.00 -	319,865 Class A	Cruzan Principal R.E. Investors
1 Dole Dr. Westlake Village	\$50,000,000 Owner/User	\$296.00 -	168,729 Class A	Conrad Hilton Found Dole Food Company
20750 Ventura Blvd. Woodland Hills	\$34,400,000 Investment	\$222.00 -	154,660 Class B	Carlton Plaza Ofc Inv. GRE Carlton Plaza LP

LARGEST DELIVERIES

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

LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
6150 Laurel Cyn Blvd.	North Hollywood	218,267	2019
5411 Etiwanda Ave	Tarzana	89,158	Q3 2019
500 E. Colorado Blvd.	Glendale	39,067	Q3 2019

TOTAL OFFICE MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q3 2018	9.9%	\$31.92	88,659	73,412,887	346,492
Q2 2018	10.1%	\$31.20	120,122	73,376,782	346,492
Q1 2018	10.3%	\$30.96	(269,716)	79,436,104	364,604
Q4 2017	10.2%	\$30.60	(170,185)	79,609,228	0
Q3 2017	10.0%	\$30.12	103,989	80,940,347	20,624


88,659

**NET
ABSORPTION SF**


9.9%

VACANCY
7,280,144 SF


\$31.92

**AVG. ASKING
RATE PSF**


0

DELIVERIES
0 Buildings


346,492

**UNDER
CONSTRUCTION**
3 Buildings

SHELLY GARCIA

Director of Marketing

Slow and steady improvement in market fundamentals has brought the vacancy rate into single digits for the first time in a year as leasing activity has consistently remained above 1 million SF. Tenants are finding it challenging to locate new space in the most sought-after markets such as Burbank's Media Center, Sherman Oaks and Studio City. Entertainment, wellness, and professional services users continue to drive the region's leasing activity while medical uses are driving new construction.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
6 Executive Cir, Ste 100	Irvine	21,083	CIG Financial
571 N. Poplar, Ste D&G	Orange	8,010	BLD Family Partnership
3055 W Orange 104-107	Anaheim	6,415	OC Assoc for Mental Health

SIGNIFICANT BUILDING SALES

Address Submarket	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
17771 Cowan Irvine	\$9,471,993 Investment	\$276.87 6.5%	63,203 Class B	Encore 5C, LLC 17771 Cowan LLC
15 Corporate Park Irvine	\$6,000,000 Owner/User	\$402.14 -	14,920 Class B	Pacific Medical Lab Adams Streeter Civ Eng
18093 Prairie Ave Torrance	\$3,775,000 Owner/User	\$24.16 -	8,900 Class B	Diamond & Badgley Grace Hand Trustee

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
15101 Alton Pkwy	South County	287,726	DPR Construction
15131 Alton Pkwy	South County	189,500	DPR Construction
500 Technology Dr	South County	105,643	Irvine Company

LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
2722 Michelson	Airport Area	155,000	Q1 2019
1700 Flight Way	Central County	145,400	Q1 2019
17100 Laguna Canyon	Airport Area	116,261	Q3 2019


TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q3 2018	11.9%	\$31.92	(211,737)	115,021,139	726,858
Q2 2018	11.4%	\$31.80	(292,950)	114,656,184	1,091,813
Q1 2018	11.14%	\$31.56	(409,428)	114,656,184	820,552
Q4 2017	10.41%	\$30.60	527,133	114,178,958	1,297,778
Q3 2017	10.01%	\$30.48	274,649	113,079,659	2,397,077


(211,737) **NET
ABSORPTION SF**


11.9% **VACANCY**
13,642,365 SF


\$31.92 **AVG. ASKING
RATE PSF**


364,955 **DELIVERIES**
4 Buildings


726,858 **UNDER
CONSTRUCTION**
7 Buildings

GARY MCARDELL

Senior Vice President/Principal

Summer was slow. Activity picked up after Labor Day. We are chalking it up to decision makers taking longer vacations with their disposable income. South OC and Airport area seem to have the most demand. Newer product catered to modern/creative office users. Buildings seem to take longer to move as buyers are hearing they may be buying at all-time highs. Fundamentals are still good. We expect continued growth but at a more moderate pace.



SIGNIFICANT LEASE DEALS

Property	Submarket/City	SF	Tenant
Expedia Building	Bellevue CBD	413,100	Amazon.com, Inc.
The Summit II	Bellevue CBD	118,556	WeWork
90 North, Building 2	I-90 Corridor	93,840	Mind Tree

SIGNIFICANT BUILDING SALES

Address City	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
Metropolitan Park E&W Seattle	\$435,000,000 Fee	\$613.45 4.4%	709,108 Class A	Beacon Capital Ptnrs CBRE Global Inv.
400 Fairview Ave N. Seattle	\$338,425,250 Fee	\$969.28 4.2%	341,876 Class A	Pembroke Real Estate TIAA-CREF Inv. Mgmt
Maritime Building Seattle	\$186,000,000 Fee	\$878.85 4.1%	211,640 Class B	Strs Ohio Beacon Capital Ptnrs

LARGEST DELIVERIES

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


LARGEST UNDER CONSTRUCTION

Property	Submarket/City	SF	Delivery Date
Block 20	Downtown Seattle	1,100,000	Q2 2019
Rainier Square Dev.	Downtown Seattle	994,567	Q2 2020
1201 2nd Ave.	Downtown Seattle	683,030	Q3 2019


TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q3 2018	6.7%	\$33.00	668,728	202,501,910	7,254,367
Q2 2018	7.0%	\$32.70	293,283	202,471,693	6,951,873
Q1 2018	7.1%	\$31.99	1,929,944	202,405,376	6,833,550
Q4 2017	7.8%	\$32.11	568,855	201,792,284	7,501,588
Q3 2017	7.4%	\$31.08	1,688,454	200,300,673	5,785,837

 **NET
ABSORPTION SF**
668,728

 **VACANCY**
6.7% 13,581,602 SF

 **AVG. ASKING
RATE PSF**
\$33.00

 **DELIVERIES**
30,217 4 Buildings

 **UNDER
CONSTRUCTION**
7,254,367 29 Buildings

GREGOR MILLER Principal

The Puget Sound office market continued its remarkable performance in the third quarter of 2018. The market was driven by tech activity in the Seattle and Eastside markets with Amazon (surprise!) accounting for much of the absorption - including 475,000 SF in the top six floors of a 1930's Macy's Building. But absorption was not confined simply to the tech sector - the FAA recently moved into its new 483,000 square foot Northwest Regional offices in Des Moines and Costco has announced that it will be expanding its presence in Issaquah by over 620,000 SF. All indicators point to a continuation of a very strong market.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
Tabor Cener, Denver	CBD	84,000	WeWork
5500 S Quebec, Englewood	SES	74,000	Pax8
3060 Brighton, Denver	RiNo	60,000	Highpoint Resources

SIGNIFICANT BUILDING SALES

Address Submarket	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
1801 California CBD	\$285,000,000 Investment	\$407.00 -	1,372,071 Class A	AFL-CIO Bldg Inv Tr Office Properties, Inc.
LoDo Towers LoDo	\$189,000,000 Investment	\$459.00 -	462,288 Class B	CIM Group LP Zeller Realty Group
3300 E. 1st Ave Cherry Creek	\$37,500,000 Investment	\$402.00 -	93,306 Class B	GEM OPS, LLC Oglive Properties, Inc.

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
6380 S. Fiddlers Green Cir	SES	335,000	Charter BTS
1700 Platte	Platte River	210,000	Trammell Crow Co
Flight	Platte River	140,000	Zeppelin

LARGEST UNDER CONSTRUCTION


Address	Submarket/City	SF	Delivery Date
16 Chestnut	LoDo	428,000	Q4 2019
HUB	RiNo	245,000	Q4 2019
Platte Fifteen	Platte River	136,000	Q4 2019

TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2018	10.5%	\$26.88	1,236,318	206,538,974	3,886,173
Q1 2018	10.5%	\$26.42	936,100	205,205,474	4,296,333
Q4 2017	10.3%	\$26.19	95,371	203,653,332	5,416,371
Q3 2017	10.1%	\$25.88	426,426	203,184,327	5,503,652
Q2 2017	10.2%	\$25.78	1,160,699	202,935,229	4,408,005


1,236,318 **NET
ABSORPTION SF**

10.5% **VACANCY**
21,682,070 SF


\$26.88 **AVG. ASKING
RATE PSF**

1,331,212 **DELIVERIES**
12 Buildings


3,886,173 **UNDER
CONSTRUCTION**
44 Buildings

JR BITZER
Principal

Fueled by corporate expansions, Class A absorption in Q2 totaled nearly 1.3 million SF, the biggest quarterly gain since 2015. Demand slightly outpaced the deliveries of nine premium buildings totaling 1,267,515 SF in the second quarter. Twenty-six buildings totaling 3.4 million SF were underway. About 70% of the metro's 72.3 million SF of Class A space almost is split equally between the Downtown and Southeast Denver markets, but they combined to capture about 80% of the absorption in the first half.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
400 W. Georgia St.	Vancouver	120,000	Spaces
400 W. Georgia St.	Vancouver	117,000	Deloitte
753 Seymour St.	Vancouver	105,000	KABAM

SIGNIFICANT BUILDING SALES

Address Submarket	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
800 Burrard St. Vancouver	\$227,000,000 Freehold	\$1,022.00 4.1%	222,032 Class A	Crestpoint Real Estate CPP Investment Board
468 Terminal Ave. Vancouver	\$92,000,000 Freehold	\$715.00 4.5%	128,404 Class A	Concert Properties Ltd Rize Alliance Properties
1155 W. Pender St. Vancouver	\$80,000,000 Freehold	\$963.00 -	83,068 Class C	Hollyburn Properties Shorehill Investments

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
8029 199th St.	Langley, BC	53,331	Spire Development
-	-	-	-
-	-	-	-

LARGEST UNDER CONSTRUCTION

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

TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q3 2018	6.2%	\$26.11	287,531	57,231,588	3,452,223
Q2 2018	7.2%	\$26.47	551,523	57,166,353	2,833,329
Q1 2018	7.4%	\$25.10	540,838	56,646,109	1,660,199
Q4 2017	8.3%	\$24.57	467,353	56,601,652	1,573,613
Q3 2017	9.3%	\$23.16	202,626	56,700,941	1,116,818

287,531 **NET ABSORPTION SF**

6.2% **VACANCY**
3,569,633SF

\$26.11 **AVG. ASKING RATE PSF**

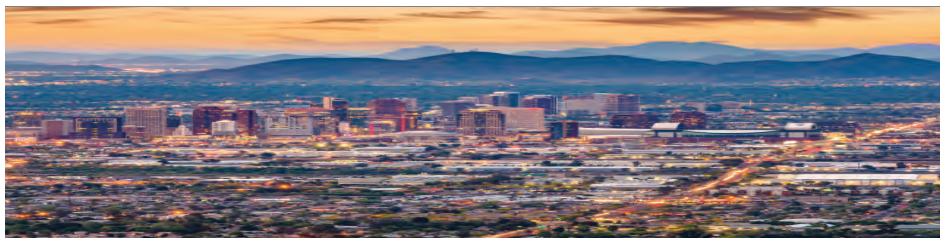
53,331 **DELIVERIES**
1 Buildings

3,452,223 **UNDER CONSTRUCTION**
21 Buildings

JASON MARRIOTT

VP, Office Properties

Metro Vancouver's office market witnessed less positive absorption this past quarter, however, three >100,000 SF, pre-leased downtown by the co-working, financial and technology sectors showcases the region's sustained diverse economy. Overall vacancy rates dropped a full percentage point to 6.2% and despite the large deals recorded Downtown, leasing activity in the Suburbs of Metro Vancouver outweighed activity Downtown by a 2:1 margin. Meanwhile, an all-time high 21 office buildings are under construction in Metro Vancouver to supply 3.5M SF in the next 5 years.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
20401 N. 29th Ave.	Deer Valley	100,222	Vet's First Choice
2900 S. Sunland Dr.	Tempe	98,632	McKesson Corporation
2800 S. Sunland Dr.	Tempe	79,007	McKesson Corporation

SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
Submarket	Type of Sale	Cap Rate	Class	Seller
25700 N. Norterra Pky	\$48,000,000	\$321.70	149,208	JDM Partners
Deer Valley Airport	Investment	-	Class A	USAA R.E. Company
6263 N. Scottsdale Rd	\$40,750,000	\$190.87	213,501	CapRidge Partners
Scottsdale South	Investment	-	Class A	Iowa Pub Emp Ret Sys
17500 N. Black Cyn	\$39,250,000	\$239.90	163,607	BPM Real Estate Grp
Deer Valley	Investment	6.0%	Class A	Walton Street Capital

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
350 N. McClintock Dr.	Chandler	117,176	VanTrust Real Estate
-	-	-	-
-	-	-	-

LARGEST UNDER CONSTRUCTION

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

TOTAL OFFICE MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q3 2018	17.25%	\$25.44	999,900	99,937,230	2,785,849
Q2 2018	18.61%	\$25.22	732,248	99,855,467	2,715,874
Q1 2018	19.39%	\$25.74	686,469	99,626,075	2,839,908
Q4 2017	19.66%	\$24.88	958,100	99,108,710	2,284,970
Q3 2017	19.60%	\$24.71	216,037	99,067,032	2,074,752


999,900

**NET
ABSORPTION
SF**


17.25%


VACANCY
17,235,978 SF


\$25.44

**AVG. ASKING
RATE PSF**


117,176

DELIVERIES
1 Building


2,785,849

**UNDER
CONSTRUCTION**
17 Buildings

CHRIS MCCHESNEY
Research Director

The Phoenix office market posted another strong quarter as net absorption was close to 300,000 SF compared to the previous quarter. About 2.5 million SF is under construction. I.D.E.A. Tempe Phase I is the latest project to break ground. The only delivery of the quarter came from One Chandler, a 117,176 SF spec office building. Vacancy rates have been trending downward, and there has been little change in asking rates.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
33201 Olympus Blvd.	DFW Freeport/Coppell	250,000	Nokia Siemens Networks
Galatyn Commons, D	Richardson	133,184	Stewart Health Care
Heritage Commons III	Alliance	119,001	-

SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
Submarket	Type of Sale	Cap Rate	Class	Seller
1950 N. Stemmons Fwy	\$800,000,000	\$500.00	1,600,000	Equinix, Inc.
Stemmons Fwy	Investment	-	Class A	ASB Capital Mgmt
2711 N. Haskell Ave	\$202,540,050	\$150.00	1,350,267	Highland Capital Mgm
Central Expressway	Investment	6.5%	Class A	Parmenter, LLC
3625 Hall/3102 Oak Lwn	\$174,000,000	\$342.16	508,536	Oaktree Capital Mgmt
Uptown/Turtle Creek	Investment	-	Class A	Angelo Gordon & Co

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
3100 Olympus Blvd.	Las Colinas	250,000	Billingsley Company
Fourteen 555-North Bldg	Far North Dallas	240,000	Cawley Management
NetScout@ One Bethany	Richardson/Plano	145,000	Kaizen Development


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
American Airlines Campus	Mid-Cities	1,700,000	Q4 2019
Pioneer Natural Resources	Las Colinas	1,125,000	Q3 2019
Charles Schwab Campus	Mid-Cities	500,000	Q2 2019


TOTAL OFFICE MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q3 2018	14.9%	\$25.51	1,667,502	381,728,949	8,744,430
Q2 2018	15.0%	\$25.42	379,181	380,359,973	9,085,022
Q1 2018	14.6%	\$25.15	2,199,059	378,375,587	9,871,348
Q4 2017	14.6%	\$24.99	1,596,204	375,765,677	11,600,405
Q3 2017	14.5%	\$24.98	1,183,934	373,126,687	13,510,018

 **NET ABSORPTION SF**
1,667,502

 **VACANCY**
56,717,822 SF
14.9%

 **AVG. ASKING RATE PSF**
\$25.51

 **DELIVERIES**
32 Buildings
1,234,476

 **UNDER CONSTRUCTION**
137 Buildings
8,744,430

MIKE EBBITT Associate

Overall asking rents experienced slight upward momentum with the average increasing to \$25.19 per SF but are beginning to level off. After Dallas/Fort Worth's first quarter of negative absorption in almost eight years, the market rebounded with demand leaping by nearly 580,000 SF during the past 90 days. Outlook: Predicting deal activity to remain strong, due to more than 5 million SF of active prospects in the market. The upward economic trend, which is predicted through 2019, will continue to support a healthy market.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
801 Texas Ave	CBD	208,000	Vinson & Elkins, LLP
1401 McKinney St	CBD	119,875	Ernst & Young, LLP
1001 Louisiana St.	CBD	93,896	Constellation

SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
Submarket	Type of Sale	Cap Rate	Class	Seller
6400 Fannin St.	\$405,000,000	\$793.57	510,355	LaSalle Inv Mgmt
Houston	Investment	-	Class A	Mischer Investments
15150 Memorial Dr.	Undisclosed	Undisclosed	155,175	S&B Engineers
Houston	Owner/User	-	Class A	Metronational

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
23322 W. Grand Pkwy N	Katy/Grand Pkwy W	165,000	InSite Realty Partners
1600 W. Loop S	West Loop	104,579	Tellepsen Builders
4450 Harrisburg Blvd.	Gulf Freeway	83,076	Lovett Commercial

LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
801 Texas Ave	Downtown	1,106,581	Q4 2021
800 Capitol St.	Downtown	778,344	Q2 2019
1701 City Plaza Dr	The Woodlands	326,800	Q4 2018

TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q3 2018	16.4%	\$28.44	1,138,149	327,592,516	3,842,673
Q2 2018	16.7%	\$27.87	125,648	327,412,847	2,754,411
Q1 2018	16.7%	\$27.76	(1,118,229)	327,286,894	2,617,158
Q4 2017	16.2%	\$27.66	714,626	326,683,440	2,790,841
Q3 2017	16.3%	\$27.46	(1,008,659)	316,155,316	3,698,332


1,138,149 **NET ABSORPTION SF**

16.4% **VACANCY**
53,755,876 SF


\$28.44 **AVG. ASKING RATE PSF**

82,882 **DELIVERIES**
10 Buildings


3,842,673 **UNDER CONSTRUCTION**
58 Buildings

TRAVIS TAYLOR

Principal

The local office market has responded to initial signs of a stabilized oil and gas industry by starting to chop away at stagnant vacancy. There is cautious optimism sparked by noticeable increased office leasing activity countered by an erratic stock market and rising interest rates. Office has been hit the hardest as industrial, retail and residential sectors have remained healthy despite a falling GDP in Houston over the last two years. Increased capital markets directed at the medical industry have also created a positive ripple effect in the office market.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
3 Battery Ave	Northwest	210,000	Thyssenkrupp
1015 Windward Ridge	North Fulton	96,900	Confidential
3625 Cumberland SE	Northwest	54,000	Carestream Dental

SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
Submarket	Type of Sale	Cap Rate	Class	Seller
7000 Central Pkwy NE	\$104,800,000	\$252.00	415,324	Starwood Capital Grp
Central Perimeter	Investment	5.77%	Class A	CBRE Global Investors
3399 Peachtree NE	\$96,500,000	\$277.00	348,152	TPA Group, LLC
Buckhead	Investment	6.0%	Class A	Parmenter, LLC
2180 Lake Blvd	\$84,673,318	\$241.00	350,460	Bridge Comm'l R.E.
Buckhead	Investment	6.8%	Class A	Fortress Invest Grp

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
746 Willoughby Way NE	Downtown	61,000	Cross-Town Realty
2301 Newnan Crossing	South Atlanta	40,000	Parkside Dev
5009 W. Broad St.	Northeast	27,944	Oakhurst

LARGEST UNDER CONSTRUCTION


Address	Submarket/City	SF	Delivery Date
771 Spring St.	Midtown	760,000	Q1 2019
270 Perimeter Ctr Pkwy NE	Central Perimeter	670,000	Q4 2019
725 Ponce de Leon NE	Midtown	370,931	Q1 2019

TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q3 2018	14.9%	\$25.64	(15,692)	219,506,016	4,498,537
Q2 2018	14.9%	\$24.94	(187,366)	219,377,072	3,372,290
Q1 2018	14.6%	\$24.72	895,318	218,899,786	3,515,694
Q4 2017	14.6%	\$24.16	606,419	217,805,055	4,275,425
Q3 2017	14.7%	\$23.92	126,458	217,277,184	4,527,326


(15,692)
**NET
ABSORPTION
SF**

14.9%
VACANCY
32,804,765 SF

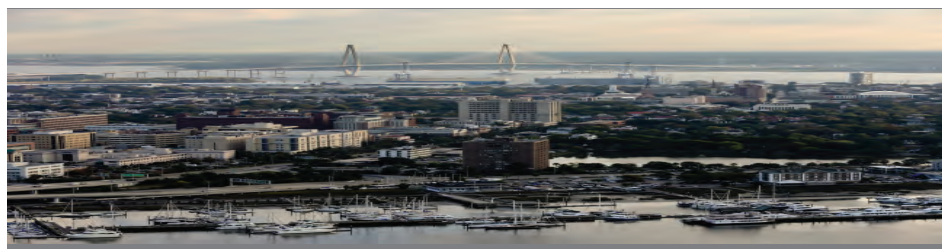

\$25.64
**AVG. ASKING
RATE PSF**

128,944
DELIVERIES
3 Buildings


4,498,537
**UNDER
CONSTRUCTION**
28 Buildings

JOHN DECOUTO, CCIM, MCR.H
Senior Managing Director

Overall vacancy stayed unchanged in Q3 at 14.9% with a slightly negative net absorption of 15,692 SF due to tenants, State Farm and AT&T, vacating/consolidating almost 500,000 SF. Average asking rents continue to escalate to \$25.64. There was 4,498,537 SF under construction at the end of Q3 and a total of 1,657,717 SF of delivered office product in Q3. Of the 4.5M SF under construction, 11 buildings are over 100,000 SF and 64% preleased.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
4401 Belle Oaks Dr.	North Charleston	25,449	Ingevity
4401 Leeds Place W	North Charleston	10,782	CGI
201 Sigma Dr.	Summerville	9,928	Charleston Executive Ofc

SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
Submarket	Type of Sale	Cap Rate	Class	Seller
Aviation Business Park	\$69,000,000	\$201.73	342,042	Greenville Corporate
North Charleston	Investment	7.25%	Class B	Aviation Business Park
757 Johnnie Dodds	\$536,500	\$307.28	1,746	Bryan Properties, LLC
Mount Pleasant	Owner/User	-	Class A	Jay Orvin Trust
496 Bramson Ct #200	\$2,525,000	\$227.07	11,120	Douglas & Steven Sher
Mount Pleasant	Investment	7.7%	Class A	Moultrie Park Bldg LLC

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
2015 2nd Ave	Summerville	27,832	CCX Development
1567 Meeting Street Rd	Charleston	8,527	-
-	-	-	-

LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
22 Westedge St.	Charleston	154,998	Q4 2019
1121 Remount Rd.	North Charleston	76,652	Q4 2019
844 Magnolia Rd.	Charleston	10,600	Q2 2019

TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q3 2018	5.7%	\$25.10	(213,241)	29,851,654	798,095
Q2 2018	4.9%	\$23.05	362,773	29,809,519	564,344
Q1 2018	5.1%	\$21.88	110,281	29,508,826	690,015
Q4 2017	4.4%	\$21.76	13,027	29,156,125	897,234
Q3 2017	4.2%	\$22.51	103,243	29,078,472	762,775

NET ABSORPTION
SF
(213,241)

VACANCY
1,705,921 SF
5.7%

AVG. ASKING RATE PSF
\$25.10

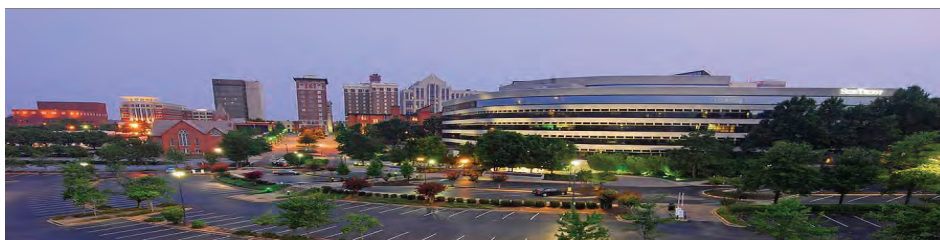
DELIVERIES
3 Buildings
37,400

UNDER CONSTRUCTION
21 Buildings
798,095

CAMERON YOST

Associate

Charleston's economy has soared in this cycle with commerce fueled by a deepwater port, tourism and an expanding automotive sector, all of which provide thousands of top jobs. Strong absorption throughout most of the cycle has allowed landlords to push rents by roughly 30%. More than \$200 million of office assets in the market have traded this year and annually since 2014. Current prices are averaging about \$190 per-SF. Cap rates have been declining and are averaging about 7.5%.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
1401 E. Butler Rd.	Woodruff/I-385	162,626	Jacobs Engineering Grp
777 Lowndes Hill Rd.	Pelham Road	46,011	OBHG Management Svc
32 E. Broad St.	Greenville CBD	20,732	Gannett

SIGNIFICANT BUILDING SALES

Address Submarket	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
1041 E. Butler Rd. Woodruff/I-385	\$24,300,000 Investment	\$115.65 -	210,126 Class B	Elm Tree Fund The Simpson Org.
300 N. Main St. Greenville CBD	\$11,420,000 Investment	\$187.07 7.15%	61,047 Class B	Dominion Realty Ptnrs The Furman Co., Inc.
340 Rocky Slope Rd Woodruff/I-385	\$4,600,000 Investment	\$225.92 7.5%	20,361 Class A	Olive Branch Prop Hollingsworth Funds

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
1030 E. Butler Rd.	Woodruff/I-385	10,500	Owner/User
129 Broadbent Way	Anderson County	4,954	Owner/User
8318 Augusta Rd.	Western Greenville	4,781	Owner/User

LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
5 Stevens St.	West Side Greenville	60,000	Q4 2018
615 Congaree Rd.	Woodruff/I-385	26,567	Q4 2018
485 N. Main St.	Mauldin/Fountain	18,333	Q4 2018

TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q3 2018	7.8%	\$17.52	(12,525)	39,659,149	130,425
Q2 2018	7.7%	\$17.64	3,191	39,631,640	160,198
Q1 2018	7.7%	\$17.12	(66,198)	39,638,457	133,631
Q4 2017	7.6%	\$16.67	169,783	39,641,676	105,054
Q3 2017	7.6%	\$16.35	(23,452)	39,481,947	218,889

▼
(12,525)

**NET
ABSORPTION
SF**

▲
7.8%

VACANCY
3,089,029 SF

▼
\$17.52

**AVG. ASKING
RATE PSF**

▲
29,773

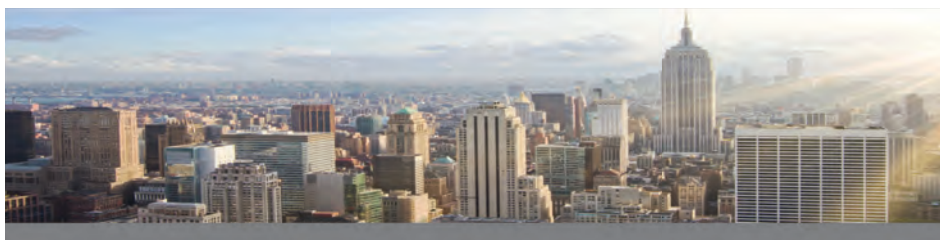
DELIVERIES
2 Building

▼
130,425

**UNDER
CONSTRUCTION**
7 Buildings

DARATH A. MACKIE
Associate

Class A vacancy fell 60 basis points to 9.9% from Q2 while vacant Class B space rose 50 basis points to 8.8% of the total base. There were 91 office leases in Q3 totaling 215,993 SF. Nine leases totaling 24,260 SF were Greenville's Central Business District, compared to 15 in the second quarter. Average rents fell 1% from Q2 \$17.52 per SF across all classes. Class A asking rates averaged \$23.52 per SF and were up in downtown Greenville.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
3 World Trade Center	World Trade Center	513,098	Group M Worldwide
219 E. 42nd Street	Grand Central	350,000	Pfizer, Inc.
350 Fifth Avenue	Penn Station-Garment	312,947	LinkedIn Corp.

SIGNIFICANT BUILDING SALES

Address Submarket	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
666 Fifth Ave. Plaza District	\$1,286,083,000 Condo Lsehold	\$902.00 -	1,426,395 Class A	Brookfield AM Kushner Companies
4 Hudson Square Hudson Square	\$650,000,000 Leasehold	\$1,652.00 -	393,488 Class B	Disney Trinity Real Estate
724 Fifth Avenue Plaza District	\$650,000,000 Interest Sale	\$5,612.00 -	65,040 Class B	Wharton Properties SL Green Realty Corp

RECENT DELIVERIES

Address	Submarket/City	SF	Developer
3 World Trade Center	World Trade Center	2,861,402	Silverstein Properties
512 W. 22nd Street	Chelsea	242,000	Albanese Org. Inc.
540 W. 26th Street	Chelsea	166,810	Ramrock Real Estate

LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
66 Hudson Blvd.	Hudson Yards	2,850,000	Q4 2022
30 Hudson Blvd.	Hudson Yards	2,600,000	Q2 2019
One Manhattan West	Hudson Yards	2,216,609	Q4 2019

TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q3 2018	7.7%	\$73.42	2,295,763	484,404,321	15,866,027
Q2 2018	8.1%	\$74.05	2,378,376	484,162,321	16,108,027
Q1 2018	8.0%	\$71.03	1,170,577	481,300,919	16,119,429
Q4 2017	8.3%	\$74.32	1,568,651	481,134,109	14,336,099
Q3 2017	8.5%	\$74.24	(863,176)	480,956,159	13,814,049

▼
2,295,763
**NET
ABSORPTION
SF**

▼
7.7%
VACANCY
38,686,651 SF

▼
\$73.42
**AVG. ASKING
RATE PSF**

▼
242,000
DELIVERIES
1 Buildings Last 4
Quarters

▼
15,866,027
**UNDER
CONSTRUCTION**
13 Buildings

HENRY ABRAMOV
Director of Research

Manhattan direct asking rents in the third quarter averaged out to \$73.42, down \$0.63 from the second quarter and \$0.82 from a year ago. Leasing volume continues to be strong with approximately 25 million square feet leased year-to-date, causing a decrease in both the available and vacant supply of office space below 65th Street. The availability rate decreased slightly by 10 basis points to 11.5% (also the five-year average in Manhattan) from 11.6% over the quarter. With net absorption positive for the third consecutive quarter, vacancy is at the lowest it's been since 2009, when it was averaging 7.2%. Although still distant from reaching such an annual average, the third quarter finished with a vacancy of 7.7%, and we forecast this to continue to remain the same or decrease end-of-year.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
400 Interpace Parkway	Parsippany	345,488	Teva Pharmaceuticals
700 Route 202/206	Route 78 East	117,000	Insmed Incorporated
117 W. Century Road	Route 4/17	63,761	Octapharma

SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
Submarket	Type of Sale	Cap Rate	Class	Seller
250 Pehle Avenue	\$115,500,000	\$225.76	511,600	Galil Management
Bergen Central	Investment	-	Class A	CBRE Global Inv.
435-475 South Street	\$138,125,000	\$256.34	538,839	Harrison St Capital
Morristown Region	Investment	-	Class B	National Business Pks
1 Harmon Plaza	\$34,200,000	\$178.04	192,089	ZI One Harmon Pl
Meadowlands	Investment	-	Class A	PCCP, LLC

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
372 9th Street	Hudson Waterfront	35,000	-
61 Veronica Avenue	Princeton Area	22,000	-
-	-	-	-


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
110 Edison Place	Newark/Urban Essex	402,532	Q4 2018
9 Livingston Avenue	Brunswick	400,000	Q4 2018
111 Sylvan Avenue	Bergen East	360,000	Q4 2018

TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q3 2018	11.7%	\$25.57	1,191,744	372,051,064	2,386,560
Q2 2018	12.1%	\$25.52	19,537	372,191,600	2,319,200
Q1 2018	12.1%	\$25.13	471,335	372,136,001	2,367,799
Q4 2017	12.2%	\$25.01	(54,621)	372,185,091	2,323,129
Q3 2017	12.2%	\$25.36	(193,788)	372,033,600	2,440,564

 **NET
ABSORPTION
SF**
1,191,744

 **VACANCY**
43,581,390 SF
11.7%

 **AVG. ASKING
RATE PSF**
\$25.57

 **DELIVERIES**
3 Buildings
62,640

 **UNDER
CONSTRUCTION**
27 Buildings
2,386,560

MICHAEL MALMSTONE
Real Estate Analyst

Medical office is the new poster child. Retail owners are readily accepting medical ambulatory and critical-care tenants in strip centers. Investors' affinity for medical is fueled by the state's aging Baby-Boom populace. Owners of legacy office are considering updating and converting to medical as demand radiates. Smaller, marginally operated businesses are signing more leases due to federal corporate tax cuts and state tax credits. 11% vacancy represents obsolete space that will never be filled again in an office capacity, as NJ's unemployment is at a near-record low 4.2%.

RETAIL NATIONAL OVERVIEW

Mall Tenants Shed Space; Sale Prices Gain

Healthy demand for shopping centers, strip centers and single-tenant buildings continued in the third quarter along with the retreat by tenants from the nation's malls.

Additionally, overall property values ended their nearly 18-month skid, during which the average price per square foot fell 27%. Prices are up an average 2.3% year over year after a 13% mid-year rebound.

Absorption for the first three quarters totaled 45.9 million SF, a 3.6% gain over the same period last year.

Through the first three quarters, tenants shed 2.3 million SF of space in malls, which account for 8% of the total 14.1-billion-SF retail inventory. Malls posted 5 million SF of absorption over the first three quarters last year.

There was 25.6 million SF of net absorption year to date in the general retail category. General retail, which is dominated by stand-alone buildings largely with a single tenant, represents 53% of total inventory. Asking rents gained an average 5.2% since Q3 last year.

SIGNIFICANT LEASE DEALS

Lease Name	SF	Location
Florida Dept of Health	136,000	Tallahassee, FL
Lowe's	132,825	Baltimore, MD
At Home	97,840	Denver, CO

LARGEST DELIVERIES


Building Name	City	SF	% Occupied
Northwestern Drive	El Paso, TX	450,000	97%
125 Graham Road	Cleveland, OH	249,721	100%
1550 Deerfield Pkwy	Chicago, IL	236,000	100%


LARGEST UNDER CONSTRUCTION


Address	Submarket/City	SF	Delivery Date
American Dream Meadowlands Mall	Northern NJ	2,000,000	Q1 2019
Veterans Parkway & Town Center Blvd.	Louisville, KY	1,000,000	Q3 2019
00-01 SW Zierdt Road	Huntsville, AL	1,000,000	Q1 2020

SIGNIFICANT BUILDING SALES


Address	Market	SF	Price/SF	Cap Rate	Buyer	Seller
Ellsworth Place	Washington DC	347,172	\$265.00	7.4%	GBT Realty Corp	Rockwood Cap.
The Center of Winter Pk	Orlando, FL	243,163	\$299.18	6.1%	AEW Cap Mgmt	Sterling Org.
E. Washington Place	N. Bay/Santa Rosa, CA	203,087	\$270.82	8.0%	Vestar	Regency Ctrs Corp

 **14.8**
NET ABSORPTION
Million SF

 **4.4%**
VACANCY
623 Million SF

 **1.0%**
AVG. ASKING RATE
\$16.89 Avg Asking

 **13.2**
DELIVERIES
Million SF

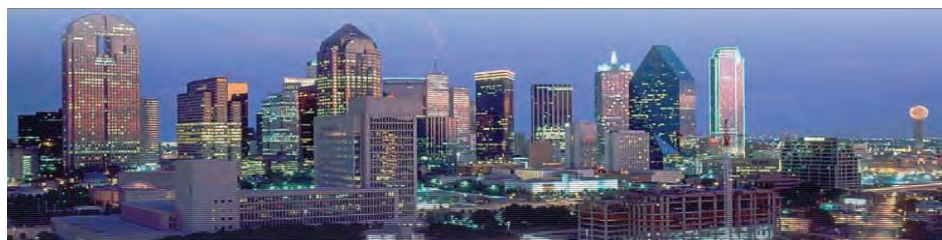
 **87.8**
UNDER CONSTRUCTION
Million SF

Demand for shopping centers, which account for 32% of all retail space, was up 20.5 million SF through the first nine months of 2018 compared to 13.9 million SF for the same period in 2017. Year-over-year rent growth averaged 7%.

Deliveries in all categories through the third quarter totaled 49.4 million SF, off 19.5% from the first nine months last year.

There were 87.8 million SF under construction at the end of Q3, a 2.2% gain from the same period a year ago.

Mid-year sales transaction totals show that prices averaged \$159.42 per SF, recovering from \$139.92 SF in Q1. Prices in this cycle peaked at \$191.44 per SF in Q3 2016. Cap rates are up averaging 7.24%.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
Promenade North	Richardson	52,265	-
2412-28 S Stemmons	Lewisville	46,039	Glow Zone
2050 N Stemmons	Lovefield/W. Dallas	40,000	C Maddox & Co.

SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
Submarket	Type of Sale	Cap Rate	Class	Seller
Preston Center Pavillion	\$79,700,000	\$345.26	230,842	Lincoln Property Co.
Dallas	Investment	-	-	Crow Holdings
Shops at Vista Ridge	\$25,000,000	\$85.60	292,052	Lamar Companies
Lewisville	Investment	8.5%	-	Kimco Realty Corp.
Royal MacArthur Ctr	\$14,200,000	\$325.95	43,565	Crow Holdings
Irving	Investment	-	-	Alexander & Baldwin

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
300 W. Las Colinas Blvd.	West Dallas Retail	300,000	ARK Group
841-1121 S. Preston Rd.	Far North Dallas	212,086	Lincoln Property Co.
5302 Golden Triangle Blvd.	Suburban Ft Worth	183,072	Walmart

LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
The Realm	North Central Dallas	250,000	Q3 2019
E Northwest Hwy & Abrams	Near North Dallas	156,641	Q4 2018
3141 E. Broad St.	Mid-Cities	119,748	Q4 2018

TOTAL RETAIL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q3 2018	4.6%	\$16.51	744,864	428,992,419	2,544,665
Q2 2018	4.6%	\$16.35	1,676,152	428,151,623	3,091,955
Q1 2018	4.8%	\$15.84	732,222	427,176,981	3,473,959
Q4 2017	4.6%	\$15.93	2,023,998	425,646,885	4,385,126
Q3 2017	4.7%	\$15.52	2,151,622	423,996,799	4,873,738

NET ABSORPTION
744,864 SF

VACANCY
4.6% 19,681,859 SF

AVG. ASKING RATE PSF
\$16.51

DELIVERIES
774,075 52 Buildings

UNDER CONSTRUCTION
2,544,665 133 Buildings

GEORGE TANGHONGS

Principal

The Dallas/Fort Worth retail market continues to remain healthy. Changes to absorption and vacancy are moderate. Rental rates have inched upwards this past quarter. New centers are under construction and being delivered at a steady pace. Large lease signings are with the grocers as well as the fitness sector.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
7001-7175 Cermak Rd.	Berwyn	90,903	Tony's Fresh Market
3443 W. Addison St.	Chicago	80,000	Floor & Decor
325 E. Grand Ave.	Chicago	41,722	TBD

SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
Submarket	Type of Sale	Cap Rate	Class	Seller
234-1340 S. Canal St.	\$50,050,000	\$489.60	102,226	IPERS
Chicago	Investment	-	3 Star Retail	Tucker Dev Corp
802 E. Northwest Hwy.	\$25,500,000	\$384.08	66,393	State Farm Insurance
Arlington Heights	Investment	6.04%	3 Star Retail	Inland Private Cap
601-645 W. North Ave.	\$24,800,000	\$807.40	\$30,716	White Oak Rlty Ptnrs
Chicago	Investment	-	3 Star Retail	Nation Pizza & Foods

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
1550 Deerfield Pkwy.	Buffalo Grove	236,000	Shorewood Dev.
1025 W. Addiston St.	Chicago	155,000	M&R Development
901 N. Milwaukee Ave.	Chicago	114,601	Regency Centers

LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
2020 W. Ogden Ave.	Chicago	224,000	Q4 2018
2500 N. Milwaukee Ave.	Chicago	130,705	Q3 2019
711-721 W. Fullerton Ave.	Chicago	94,504	Q2 2019

TOTAL RETAIL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q3 2018	6.0%	\$16.09	(22,552)	588,948,594	2,205,392
Q2 2018	5.9%	\$16.07	679,618	588,109,777	2,702,614
Q1 2018	6.0%	\$15.84	477,137	588,007,696	2,779,134
Q4 2017	6.0%	\$15.56	1,831,718	587,506,198	2,744,871
Q3 2017	6.2%	\$15.27	857,901	587,122,679	3,044,360

▼
(22,552)

**NET
ABSORPTION
SF**

▲
6.0%

VACANCY
35,264,214 SF

▲
\$16.09

**AVG. ASKING
RATE PSF**

▲
813,367

DELIVERIES
23 Buildings

▼
2,205,392

**UNDER
CONSTRUCTION**
119 Buildings

MICHAEL ELAM

Associate

The conditions of the Chicago retail market have stayed steady in the third quarter of 2018. The vacancy rate this quarter stayed the same as last quarter. Net absorption was negative by more than 22,500 SF and vacant retail space decreased by over 44,000 SF. Quoted rental rates have been virtually the same during the past two quarters and are now at \$16.09 per SF per year. 23 retail buildings with a total of more than 813,000 SF of retail space were delivered this quarter and more than 2,205,000 SF of retail space is still under construction in the market.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
1910 Highway 20 S	Lithonia	38,857	-
905 Memorial Dr	CBD Retail	28,761	-
2001 Polytechnic Ln	Kennesaw	21,731	RTR Customs

SIGNIFICANT BUILDING SALES

Address Submarket	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
212 S. Main St. Georgia 400	\$14,700,000 Investment	\$267.00 -	55,000 -	Green Brick Partners John Perlin Company
4914-54 Bill Gardner Pky South Atlanta	\$12,800,000 Investment	\$115.00 7.05%	111,250 -	Forum Mgmnt Grp Mahood/Amina Merchant
11060 Alpharetta Hwy Georgia 400	\$12,564,700 Investment	\$83.83 -	149,892 -	Pollack Shores R.E. Grp The Du Rhone Group

LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
5550 Bethelview Rd	Georgia 400	123,552	Robertson Loia & Roof
1039 Grant St SE	South Atlanta	88,057	Pellerin Real Estate, LLC
777 Memorial Dr SE	Central Atlanta	58,000	Paces Properties, Inc.

LARGEST UNDER CONSTRUCTION


Address	Submarket/City	SF	Delivery Date
6945 Button Gwinnett Dr	Gwinnett	400,000	Q4 2020
1201 Scenic Hwy	Gwinnett	351,092	Q4 2018
2250 Marietta Blvd NW	Central Atlanta	100,000	Q1 2019


TOTAL RETAIL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q3 2018	5.1%	\$14.34	751,908	368,113,149	1,991,929
Q2 2018	5.2%	\$14.44	319,800	367,977,485	1,780,339
Q1 2018	5.2%	\$14.35	638,678	367,635,625	1,924,703
Q4 2017	5.3%	\$13.94	665,838	367,353,115	1,951,539
Q3 2017	5.4%	\$13.53	1,091,095	366,976,069	1,950,263


751,908 **NET
ABSORPTION
SF**

5.1% **VACANCY**
18,621,951 SF

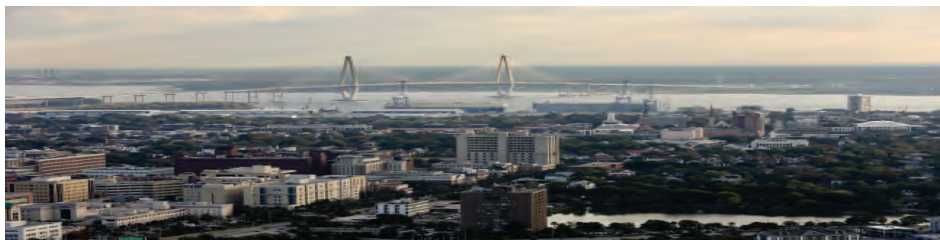

\$14.34 **AVG. ASKING
RATE PSF**

258,282 **DELIVERIES**
25 Buildings


1,991,929 **UNDER
CONSTRUCTION**
83 Buildings

MICHAEL DAHMER

Senior Director

The Atlanta retail market did not experience much change in market conditions in the third quarter 2018. The vacancy rate decreased 10 basis points to 5.1% and net absorption stayed positive at 751,908 SF. Quoted rental rates decreased from second quarter 2018 levels, ending at \$14.34 per SF per year. A total of 25 retail buildings with 258,282 SF of retail space were delivered to the market in the quarter, with 1,991,929 SF still under construction at the end of the quarter.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
601 Meeting St, Ste 190	Charleston	3,400	Iron Tribe Fitness
1101 N. Main St, 202-203	Summerville	3,667	First Watch
1109-1113 Savannah Hw	Charleston/W Ashley	1.227 Acres	AAA Car Wash

SIGNIFICANT BUILDING SALES

Address Submarket	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
1035 Jockey Ct Summerville, SC	\$16,705,000 Investment	\$190.29 6.75%	87,788 4-Star	Paum Sales Corp GBT Realty Corp
395 N. Highway 52 Moncks Corner, SC	\$27,544,552 Investment	\$353.58 -	12,835 3-Star	Broadstone Real Est. Cumbie Realty, Inc.
1777 N. Highway 17 Mount Pleasant, SC	\$4,115,000 Investment	\$1,175.71 6.5%	3,500 3-Star	Odom Southern Inv. Capview Inc & Val Fund

LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
3525 Park Ave Blvd. Costco	Mt. Pleasant	150,000	Carolina Park Dev Corp
1125 Savannah Hwy	Charleston	40,000	SJ Collins Enterprises
99 Westedge	Charleston	20,000	Gateway Development

LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
8636 Dorchester Rd	Dorchester County	17,200	Q2 2019
00 Hwy 17	Mt. Pleasant	17,814	Q2 2019
10 & 22 Westedge	Charleston	71,225	Q4 2019

TOTAL RETAIL MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q3 2018	4.4%	\$11.72	86,369	87,918,612	334,178
Q2 2018	4.4%	\$11.86	157,591	87,822,971	398,218
Q1 2018	4.5%	\$11.25	334,914	87,718,750	477,645
Q4 2017	4.7%	\$11.27	(51,860)	87,537,706	478,113
Q3 2017	4.6%	\$10.71	155,590	87,490,908	409,790


86,369
**NET
ABSORPTION
SF**

4.4%
VACANCY
3,898,763 SF


\$11.72
**AVG. ASKING
RATE PSF**

99,596
DELIVERIES
8 Buildings


727,459
**UNDER
CONSTRUCTION**
18 Buildings

JOHN ORR, CCIM

Retail Services Director

Charleston continued to enjoy remarkable growth in the retail sector during the third quarter. Retail occupancy rates are at historic levels as Tenants are demanding more space to expand in order to meet the demands of population growth. The combination of the recent delivery of new product and the closure of former Sears and JCPenney stores helps but can't meet the demand which is leading to an increase in rent costs. The face of retail in Charleston is morphing into a hub of regional and national retailers alongside local merchants who provide unique retail experiences.



SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
605 S. Main St.	Belton	35,000	Emerge Ministries
3719 Clemson Blvd.	Anderson	15,000	NTW, LLC
1002 Keys Dr.	Greenville	14,240	Petsuites of America

SIGNIFICANT BUILDING SALES

Address Submarket	Sale Value Type of Sale	PPSF Cap Rate	SF Class	Buyer Seller
1 Augusta St. Greenville	\$5,400,000 Investment	\$300.00 -	18,000 Class A	1 Augusta St. Investors 1 Augusta St. Partners
19-27 Mohawk Dr Greenville	\$2,585,000 Investment	\$272.11 -	9,500 Class B	jcmohawk, LLC John Petrich
111 Augusta St. Greenville	\$2,006,285 Owner/Occ	\$501.57 N/A	4,000 Class B	CPM Federal Credit Un Pinnacle Bank

LARGEST DELIVERIES


Address	Submarket/City	SF	Developer
2940 Fork Shoals Rd	Greenville	40,000	SFWCM Real Estate
5844 Reidville Rd.	Moore	15,000	Newburg Investments
2282 E. Main St.	Spartanburg	10,000	O'Reily Automotive

LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
Liberty Street	Spartanburg	89,500	Q1 2019
10903 Anderson Rd.	Powdersville	71,973	Q4 2018
1310 N. Pleasantburg Dr.	Greenville	22,000	Q4 2018

TOTAL RETAIL MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q3 2018	4.2%	\$11.73	161,090	87,542,294	308,377
Q2 2018	4.4%	\$11.72	86,368	87,918,612	334,178
Q1 2018	4.4%	\$11.82	186,663	87,533,051	421,130
Q4 2017	4.4%	\$11.22	391,886	87,215,456	238,631
Q3 2017	4.9%	\$11.28	(88,226)	86,784,446	332,990

 **NET
ABSORPTION
SF**
161,090

 **VACANCY**
308,377 SF
4.2%

 **AVG. ASKING
RATE PSF**
\$11.73

 **DELIVERIES**
8 Buildings
101,815

 **UNDER
CONSTRUCTION**
21 Buildings
308,377

JAMES MCKAY

Associate

The Greenville area remains a strong Landlord market with vacancy rates at an all time low of 4.2%. Rental rates have remained higher throughout the year and are approximately 4% higher than 3rd Quarter of 2017. There were eight deliveries in Q3 for a total of 101,815 SF. The outlook in Greenville projects economic growth of 2% annually along with continued population growth. This estimated growth will continue to make Greenville a perfect place for continued retail growth and development.

ECONOMIC OVERVIEW

GDP GROWTH

EMPLOYMENT

MONETARY POLICY

GLOBAL ECONOMY



Trending in Q3

Strong consumer and government spending lifted the third-quarter gross domestic product to 3.5%. Although it beat estimates, the GDP declined from 4.1% in Q2 as the new government data sent new signals that business expansion is slowing. Consumers went shopping from July to September with fatter wallets from the tax cut, more jobs and better paychecks. Representing about 70% of the economy, consumer spending jumped 4% in Q3 - the most since 2004. Purchases were up for motor vehicles, food, clothing and recreational goods. Government spending rose the most since

investment grew at a 0.8% annual rate, the weakest in nearly two years even as unemployment is at its lowest in nearly five decades. The government's report reaffirmed the expectations of many that the long economic boom is winding down. Investment spending and the fiscal stimulus from last year's cut in the corporate tax rate from 35% to 21% are fading with diminished ability to help longer-term expansion. The Federal Reserve projects a growth rate of 2.5% next year, slowing to 1.8% by 2021. Another key feature of tax reform was repatriation of assets held overseas by U.S.

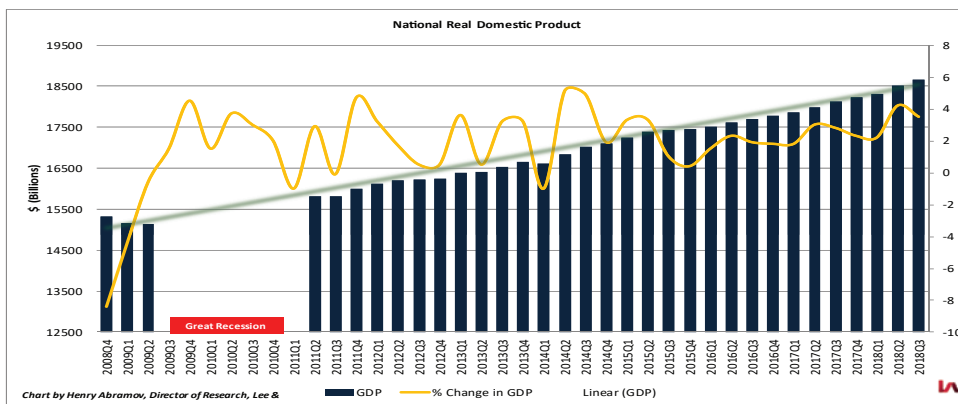
GDP GROWTH

EMPLOYMENT

MONETARY POLICY

GLOBAL ECONOMY

"Purchases were up for motor vehicles, food, clothing and recreational goods; business expansion is slowing."



2016. An added \$300 billion authorized for the Pentagon by congress in February funded the most defense spending over two quarters since major military hardware purchases were curtailed after the 2008-09 financial crisis. Responding to protect earnings from trade and tariff volatility and slowing growth, business executives have turned cautious. Non-residential fixed

firms. About \$3 trillion held offshore to avoid high U.S. taxes would return quickly with the one-time repatriation rate of 15.5% on cash and 8% on non-cash and illiquid assets, tax reform proponents claimed. The Commerce Department estimated that \$302 billion came back in the first quarter, falling to \$170 billion in the second quarter.



Trending in Q3

The nation's jobless rate fell in September to its lowest level since 1969, and job openings hit a record 7.1 million positions, exceeding the number of people classified as unemployed.

The unemployment rate hit 3.7%. Non-farm payrolls gained 134,000 filled positions. Average hourly wages were up 0.3% from August and up 2.8% year over year. The economy is on track to create 2 million jobs for the eighth straight year.

The number of people filing for unemployment

the least since October 2017.

The recovery is beginning to reach groups struggling to show improvement. Jobless rates for Latino and African-Americans are near record lows. Progress also is being made by teens, disabled and under-educated workers, all beginning to see benefits in recent months from the tight labor market.

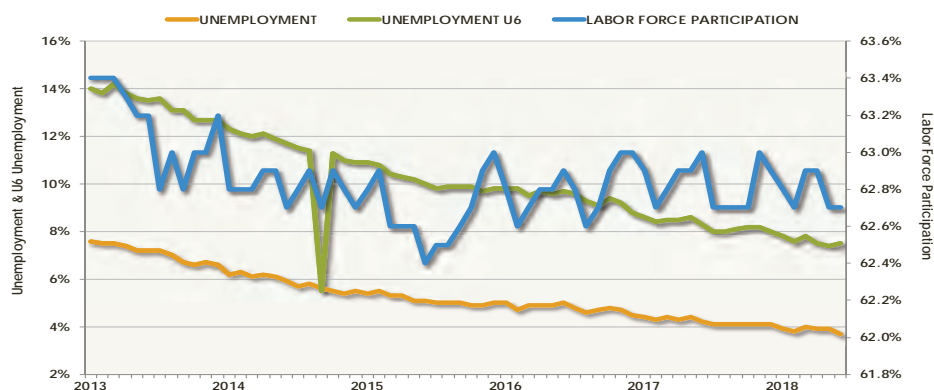
Median weekly earnings of the nation's 117.2 million full-time wage and salary workers were \$887 in the third quarter of 2018, according

GDP GROWTH

EMPLOYMENT

MONETARY POLICY

GLOBAL ECONOMY



"The recovery is beginning to reach groups struggling to show improvement."

benefits has declined to the lowest level in more than four decades. The participation rate, the measure of those working or looking for jobs, has been stable after falling to lows not seen since the 1970s.

Private employers have been adding jobs for nearly eight years, but with the pool of workers shrinking fewer jobs are being filled. Smaller firms with less than 50 employees are hit hardest. The latest monthly data shows that 163,000 positions were added in August,

to the U.S. Department of Labor Bureau of Labor Statistics.

Women had median weekly earnings of \$796, or 81.8% of the \$973 median for men. Full-time workers in management, business and financial operations had the highest median weekly earnings, \$1,530 for men and \$1,146 for women. People in service jobs earned the least, \$642 for men and \$514 for women. In office and administrative support positions women earned nearly 16% less than men.



Trending in Q3

An upbeat Federal Open Market Committee increased the federal funds rate 25 basis points to 2.25% at its September meeting and affirmed that another rate hike was anticipated by the end of the year and at least two more increases in 2019 with the rate reaching 3.5% in 2020.

It was the eighth time Federal Reserve officials have raised borrowing costs since 2015, when rates were held at near zero, and the third time this year.

"Our economy is strong," said Fed Chairman

Trade policy developments remained a source of uncertainty for domestic growth and inflation. Officials in the meeting reported that businesses were attempting to diversify the set of countries with which they trade due to "uncertainty over tariff policy."

Some Fed members said financial stresses in a few emerging market economies could pose risks by spreading more broadly through the global economy and financial markets.

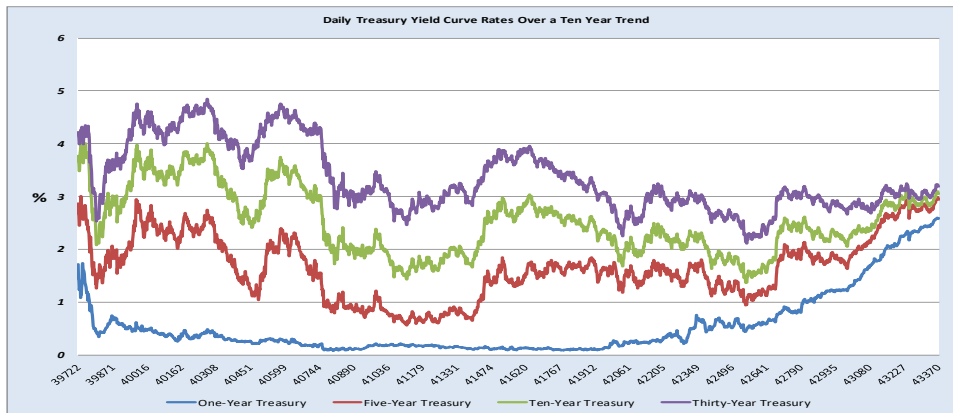
Participants noted that business fixed investment had grown strongly and a few

GDP GROWTH

EMPLOYMENT

MONETARY POLICY

GLOBAL ECONOMY



Jerome Powell. "Growth is running at a healthy clip, unemployment is low, the number of people working is steadily rising and wages are up."

"Accommodative," a keyword in Fed policy announcements since the 2008, was missing in the latest announcement as officials generally agreed that risks to the outlook "appeared roughly balanced."

commented that recent changes in federal tax policy had likely bolstered investment spending.

Officials characterized household consumption growth as strong and judged that robust increases in disposable income, high levels of consumer confidence and solid household balance sheets had contributed to the strength in spending.

"Upside risks cited by Fed officials included high consumer confidence and accommodative financial conditions."



GLOBAL ECONOMY

Trending in Q3

More caution flags are being raised about the health of the global economy with greater concerns that nationalist policies are undermining global cooperation and that fiscal policies are increasingly unsustainable.

The world is in “an environment where financial conditions could tighten suddenly and sharply,” the International Monetary Fund said in its twice yearly World Economic Outlook. The report revised its economic forecasts downward modestly for this year and next.

The fund’s report also leveled unusual criticism at the U.S.’s imposition of tariffs and tax cuts

was singled out as an exception.

Additionally, the IMF said that financial markets, so far, have been heedless of rising threats to the world economy.

In the IMF’s analysis, which comes after the synchronized global upswing peaked in 2017, it was calculated that the populations of 45 poorer countries would see their living standards fall further behind those in rich nations over the next five years.

“With geopolitical tensions also relevant in several regions, we judge that, even for the near future, the possibility of unpleasant surprises

GDP GROWTH

EMPLOYMENT

MONETARY POLICY

GLOBAL ECONOMY

EUROPEAN UNION GDP ANNUAL GROWTH RATE



near the top of the economic cycle. The IMF also said U.S. fiscal policy was unsustainable and urged U.S. policymakers to concentrate on stabilizing and reducing the level of public debt.

The fund said nations must improve their public finances and consolidate their budgets so they would have more ammunition to fight the next recession. Germany, because of its high trade surplus and low level of public debt,

outweighs the likelihood of unforeseen good news,” said Maruice Obstfeld, IMF chief economist.

The IMF’s outlook improved for some emerging market economies – especially oil-rich Russia and Saudi Arabia. But Argentina’s economy is expected to contract by 2.6% this year and 1.6% in 2019. Turkey’s economy is expected to grow 3.5% this year and 0.4% next year compared to 7.4% growth in 2017.

“The IMF said that financial markets, so far, have been heedless of rising threats to the world economy.”

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