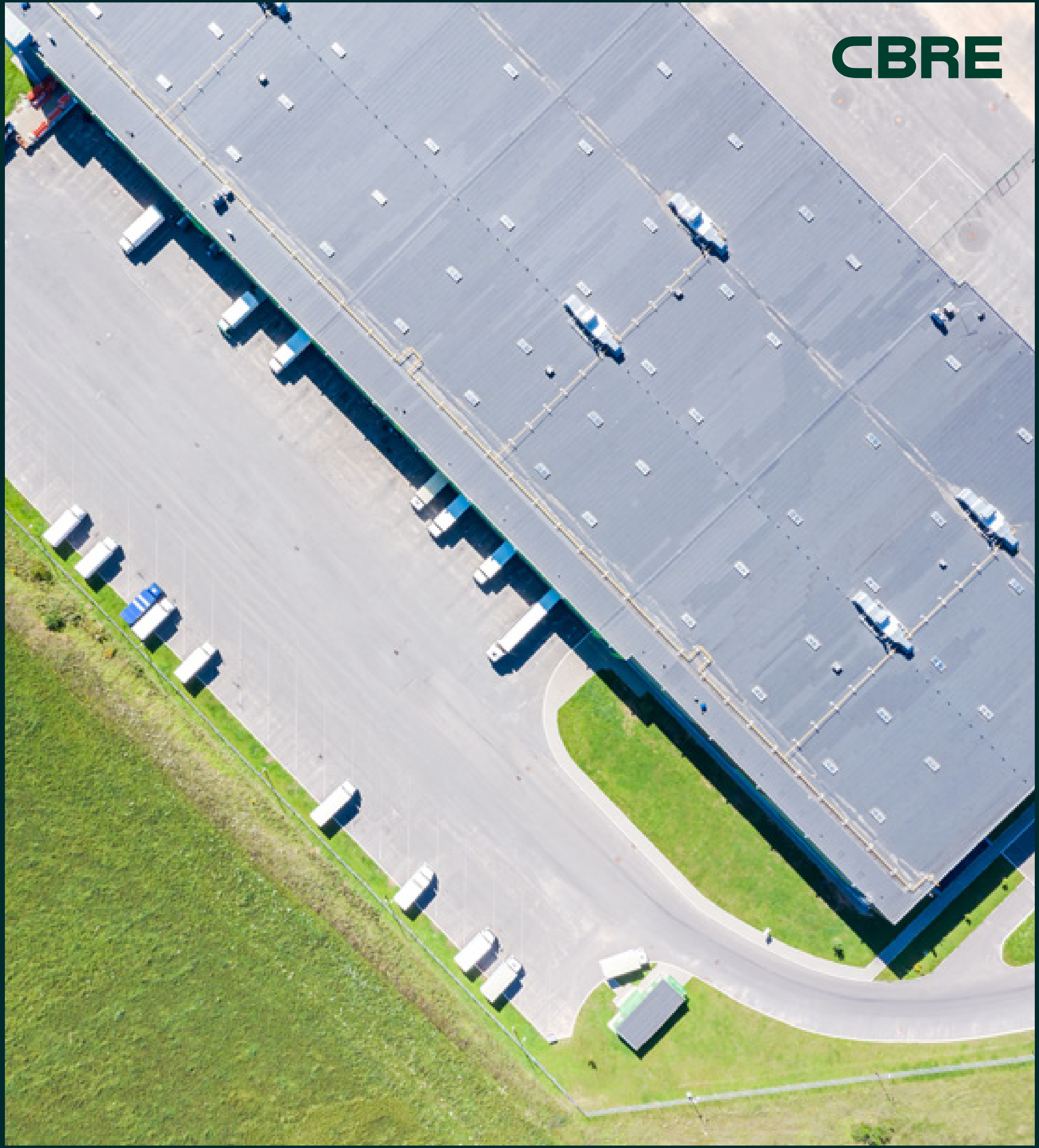
Future Cities

2022 North America Industrial Big Box

REPORT

Review & Outlook



CBRE RESEARCH
MARCH 2022

North America Overview

For the second consecutive year, the North America industrial & logistics market had record performance in 2021 as strong economic growth led to sizeable job gains and increased retail sales. Occupiers leased an unprecedented amount of industrial space to serve a rapidly growing online consumer base and increase safety stock to counter supply chain disruptions over the past year. All sizes and types of industrial real estate performed well in 2021 but none more so than the big-box sector.

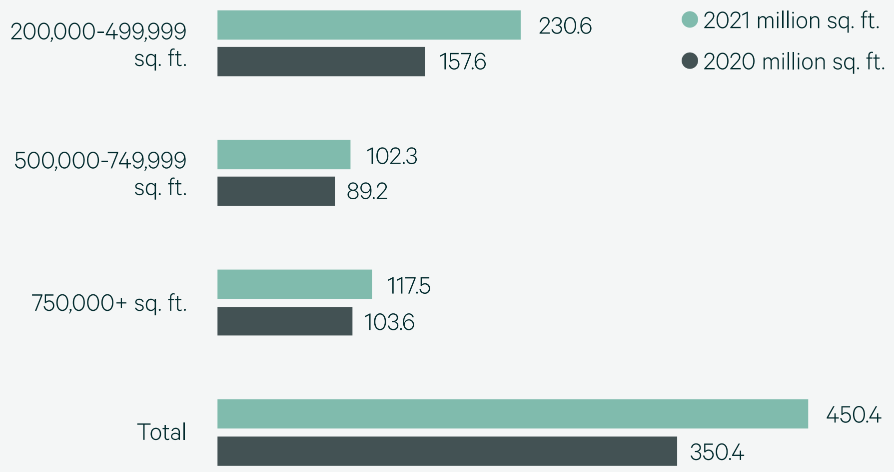
An industrial big-box facility is a warehouse/distribution center of 200,000 sq. ft or more. A diverse set of occupiers increased their presence in big-box facilities last year to serve growing populations, be near expanded logistics hubs and take advantage of new government incentive programs.

General retailers and wholesalers leased more big-box facilities than ever before, while third-party logistics providers (3PLs) expanded in logistics-hub markets to better serve their growing customer base. This demand led to 450 million sq. ft. of leasing activity, annual rent growth of 16%, 195 million sq. ft. of new construction and a direct vacancy rate of just 3.4%. All of these fundamentals led to record-low industrial cap rates.

Another strong year of industrial market performance is expected in 2022. Occupiers will remain focused on increasing their big-box space to service a growing online consumer base, hold more inventory, locate near more ports of entry and, in an emerging trend, expand near growing domestic manufacturing operations.

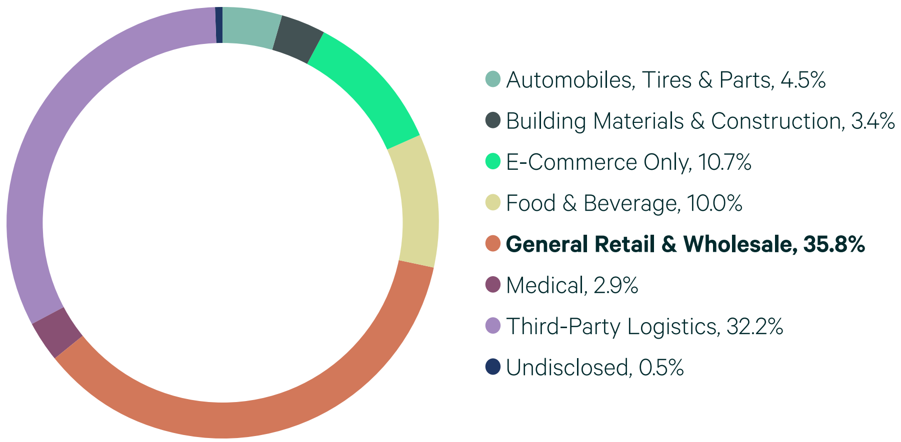
This report provides an in-depth overview of supply-and-demand fundamentals, demographics, logistics drivers, labor and location incentives for the top 23 core, gateway and emerging markets in North America. The interactive format allows readers to engage with the data and analysis in a way that best suits their needs and preferences.

Figure 1: North America Leasing Activity



Note: Includes new leases and renewals 200,000 sq. ft. and above in the markets tracked in this report.
Source: CBRE Research.

Figure 2: Share of North America 2021 Leasing Activity by Occupier Type



Note: Includes new leases and renewals 200,000 sq. ft. and above in the markets tracked in this report.
Source: CBRE Research.

Figure 3: North America Market Statistics

2021	# of Existing Buildings	Existing Inventory SF	Direct Vacancy Rate	Overall Net Absorption	Construction Completions	First Year NNN Taking Rent psf/yr
200,000-499,999 sq. ft.	8,611	2,553,560,236	3.1%	113,128,974	68,551,029	$6.19
500,000-749,999 sq. ft.	1,614	965,433,693	3.8%	60,358,013	48,205,489	$5.12
750,000+ sq. ft.	1,275	1,458,154,661	3.4%	94,912,985	78,196,794	$4.77
Total	11,500	4,977,148,590	3.4%	268,178,657	194,953,312	$6.03

2020	# of Existing Buildings	Existing Inventory SF	Direct Vacancy Rate	Overall Net Absorption	Construction Completions	First Year NNN Taking Rent psf/yr
200,000-499,999 sq. ft.	8,365	2,481,530,538	4.5%	73,890,566	71,976,296	$5.27
500,000-749,999 sq. ft.	1,534	917,191,100	5.1%	46,153,717	45,560,286	$5.18
750,000+ sq. ft.	1,180	1,358,563,341	4.5%	71,786,510	69,174,728	$4.98
Total	11,079	4,757,284,979	4.6%	191,830,793	186,711,310	$5.19

Note: Statistics only include markets tracked in this report.
Source: CBRE Research.

Figure 4: North America Under Construction vs. Preleased

	2021 Under Construction sq. ft.	% Preleased
200,000-499,999 sq. ft.	106,663,206	30.2%
500,000-749,999 sq. ft.	77,879,848	31.2%
750,000+ sq. ft.	139,410,172	38.0%
Total	323,953,226	33.8%

Note: Statistics only include markets tracked in this report.
Source: CBRE Research.

Figure 5: North America Top 10 Rankings

Existing Inventory

	Market	Million Sq. Ft.
1	Chicago	572.2
2	Southern NJ/Eastern PA	493.1
3	Dallas/Ft. Worth	423.8
4	Northern/Central NJ	388.0
5	Inland Empire	371.9
6	Atlanta	334.3
7	Toronto	256.3
8	Los Angeles County	222.0
9	Houston	194.0
10	Indianapolis	190.8

2021 Direct Vacancy Rate

	Market	Direct Vacancy Rate
1	Los Angeles County	0.2%
2	Inland Empire	0.4%
3	Toronto	0.5%
4	Northern/Central NJ	0.8%
5	Mexico City	1.3%
6	Louisville	1.5%
7	Montreal	1.6%
8	Columbus	1.7%
9	St. Louis	3.0%
10	Chicago	3.0%

2021 Top Growth Markets

	Market	Growth Rate %*
1	Houston	11.1%
2	Phoenix	10.5%
3	Atlanta	7.5%
4	Central Valley, CA	7.2%
5	Columbus	7.1%
6	Louisville	7.0%
7	Southern NJ/Eastern PA	6.9%
8	Dallas/Ft. Worth	6.8%
9	Mexico City	6.4%
10	St. Louis	5.8%

2021 Lease Transaction Volume

	Market	Million Sq. Ft.
1	Chicago	59.4
2	Inland Empire	49.3
3	Southern NJ/Eastern PA	48.7
4	Dallas/Ft. Worth	44.5
5	Atlanta	30.8
6	Northern/Central NJ	29.7
7	Columbus	19.8
8	Indianapolis	18.1
9	Cincinnati	16.8
10	Memphis	14.5

2021 Under Construction

	Market	Million Sq. Ft. (Preleased %)
1	Dallas/Ft. Worth	49.7 (35.3%)
2	Southern NJ/Eastern PA	48.4 (45.3%)
3	Atlanta	30.8 (22.3%)
4	Indianapolis	22.0 (9.8%)
5	Phoenix	22.0 (38.1%)
6	Chicago	17.7 (61.7%)
7	Houston	15.6 (37.1%)
8	Inland Empire	15.5 (42.4%)
9	Central Valley, CA	13.5 (2.9%)
10	Columbus	12.1 (30.4%)

2021 First Year Taking Rents

	Market	First Year Rent psf/yr
1	Los Angeles County	$14.92
2	Northern/Central NJ	$11.00
3	Inland Empire	$9.04
4	Mexico City	$8.46
5	Toronto	$8.37
6	Puget Sound	$7.87
7	Montreal	$7.35
8	Central Valley, CA	$7.20
9	Southern NJ/Eastern PA	$7.07
10	Phoenix	$5.88

Source: CBRE Research.

*Growth rate equals overall net absorption divided by existing inventory.

*Mexico City, Toronto and Montreal taking rents converted to $USD.

Market Page Menu

01

Atlanta

Menu

> As the gateway to the Southeast, Atlanta's logistical infrastructure provides many users the unique opportunity to reach customers easily and at affordable rates compared with other major Tier 1 markets. Atlanta's quality and depth of labor, along with its pro-business climate, creates a very compelling value proposition for distributors.

Tony Kepano
CBRE Vice Chair

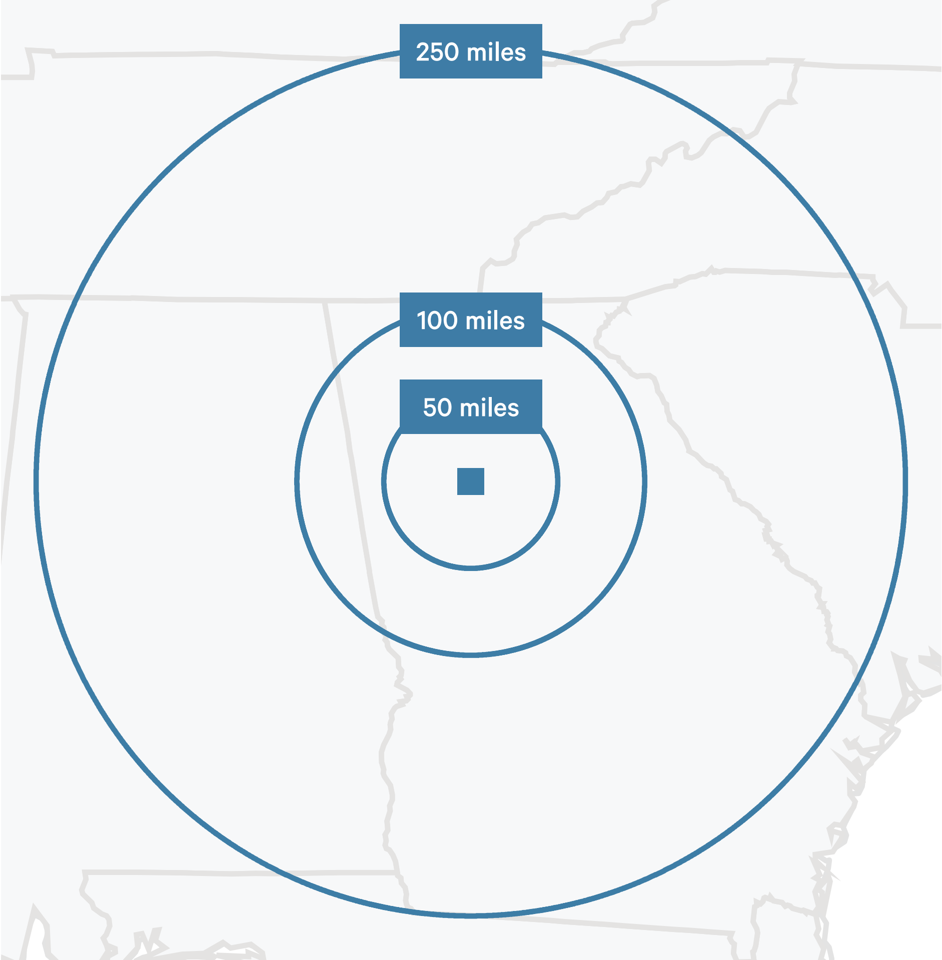
Demographics

Atlanta is the major population center of the Southeast and one of the fastest-growing metropolitan statistical areas (MSAs) in the country. More than 6 million people live within 50 miles of the market core. This number is expected to grow by 7.2% over the next five years. Nearly 30 million people live with 250 miles of the market core, 23% of whom are in the 18-to-34 age group.

Figure 1: Atlanta Population Analysis

Distance from Downtown Atlanta	2021 Total Population	5 Year Growth Outlook
50 miles	6,185,835	7.2%
100 miles	9,090,954	5.7%
250 miles	29,479,549	4.9%

Source: CBRE Location Intelligence.



According to CBRE Labor Analytics, the Atlanta MSA has 114,591 warehouse workers—a workforce that is expected to grow by 8.5% by 2030. The average wage for non-supervisory warehouse workers is $14.62 per hour, 2% lower than the national average.

Figure 2: Atlanta Warehouse & Storage Labor Fundamentals

Total Warehouse & Storage Employment
114,591

2030 Total Warehouse & Storage Projected Employment
124,379

Hourly Wage*
$14.62

Source: CBRE Labor Analytics.
*Median wage (1 year experience); non-supervisory warehouse material handlers.

Location Incentives

Over the past five years, there have been 51 economic incentives deals totaling more than $163 million for an average of $5,931 per new job in the Atlanta metropolitan area, according to Wavteq.

According to CBRE's Location Incentives Group, among the top incentive programs offered in metro Atlanta is the Regional Economic Business Assistance (REBA) program, which is a discretionary cash grant used to enhance Georgia's competitiveness in attracting economic development projects. REBA is considered a "deal-closing" grant in that it incentivizes companies to consider Georgia over other states or countries for their location or expansion. REBA funds may be used for any fixed-asset costs, including infrastructure, construction, real estate and personal property.

Another incentive program available in metro Atlanta is the Job Tax Credit, which awards businesses for creating net new full-time jobs. These credits can be applied toward a company's corporate income tax liability or reduce the company's payroll withholding requirements. To qualify, companies must be engaged in headquarters or R&D operations, or one of the following industries: manufacturing, warehousing/distribution/logistics, software development, contact centers, data centers, telecommunications and financial technology.

Figure 3: Atlanta Top Incentive Programs

Program	Descripton
Job Tax Credit	Up to $3,500 in annual tax savings per job up to 5 years; $500 bonus for Joint Development Authority; $1,250 bonus for increase in imports or exports through a Georgia port by 10%
Investment Tax Credit	Tax credit equal to 1-9% of qualified capital investment
Quality Jobs Tax Credit	Tax credit (refundable) of $2,500 up to $5,000 per new job, depending on payroll threshold of the county, per year, up to 5 years
Georgia Quick Start Program	Customized job training services
REBA Grant	Discretionary cash grant program
Property Tax Abatements	Discretionary abatement of real estate taxes and personal property taxes
Mega Project Tax Credit	Tax credit of $5,250 per job, per year for the first five years of each qualifying job that is created during a specified number of years

Source: CBRE Location Incentives Group.
Note: The extent, if any, of state and local incentive offerings depends on location and scope of the operation.

Logistics Driver

From port to rail to air to road, Atlanta offers a plethora of logistics options. With service from CSX Transportation, Norfolk Southern and nearly two dozen short-line railroad companies, Atlanta has the most extensive rail system in the Southeast and serves as the region's largest intermodal hub. Interstate highways connect to 80% of the U.S. population within a two-day truck drive.

Atlanta Hartsfield-Jackson International Airport continues to see year-over-year gains in cargo volume. And Georgia's ports serve as magnets for international trade and investment. As the westernmost container port on the U.S. East Coast, the Port of Savannah enjoys a significant geographical advantage in reaching inland markets. Opened in 2018, the Appalachian Regional Port also is a gateway to North American markets. A network of major interstates, including north-south corridors I-95 and I-75 and east-west routes I-16, I-20 and I-85, means key cities and manufacturing points throughout the Southeast and Midwest can be reached within a one- to two-day drive.

Georgia's ports serve as magnets for international trade and investment.

Capital Markets

“Atlanta had another year of record investment transactions, with strong investor demand across all property types and risk profiles. Cap rates compressed to 3.25% for Class A stabilized properties and had a 50-basis-point premium for value-add speculative development. We expect demand from both domestic and global investors to remain very strong and pricing to remain aggressive.

Chris Riley
CBRE Vice Chair”

Figure 4: Cap Rate Comparison

	Class A	Class B
2021	3.25% - 3.75%	4.25% - 4.75%
2020	4.20% - 4.75%	5.75% - 6.25%

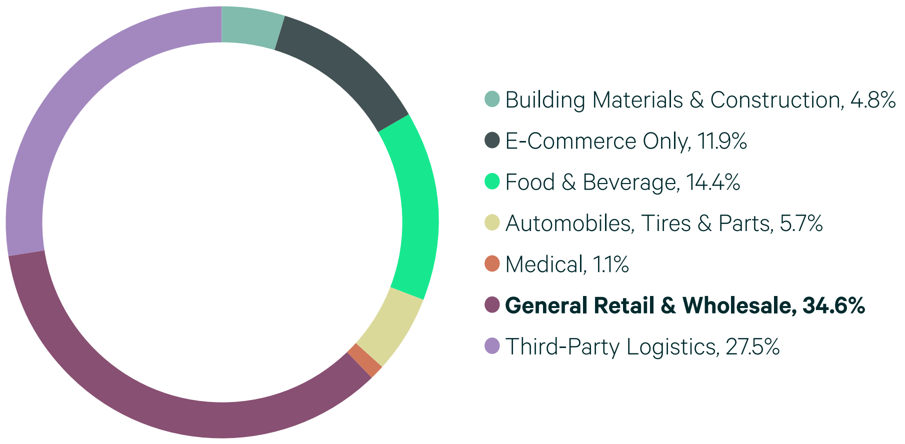
Source: CBRE National Partners.

Supply & Demand

With 334 million sq. ft. of total inventory, Atlanta is the sixth largest big-box industrial market in North America. Annual net absorption totaled 25.0 million sq. ft. last year, up by 61% from 2020. General retailers & wholesalers, along with 3PLs, were the most active occupier types, accounting for more than 60% of the big-box leasing. The overall vacancy rate fell by nearly three percentage points in 2021 to 4.2%.

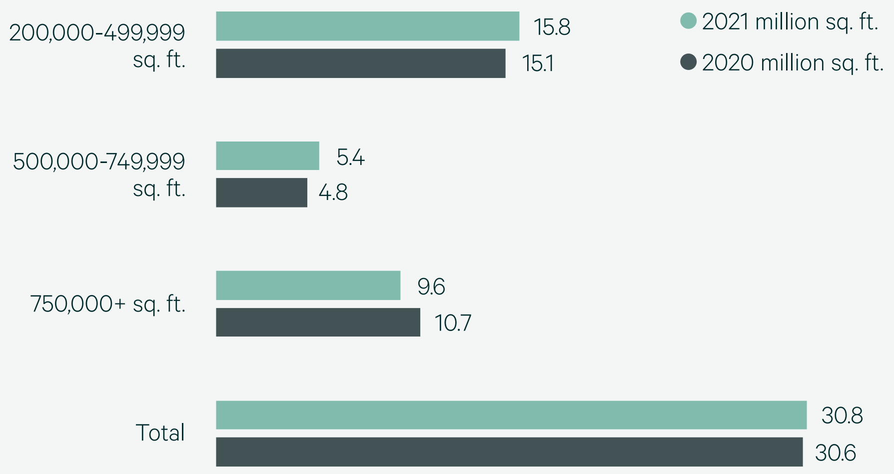
Developers remained bullish on the market and completed 12.3 million sq. ft in 2021, slightly more than the 11.4 million sq. ft. in 2020. The under-construction total skyrocketed to 30.8 million sq. ft., with 23% of it preleased. The increase in development will give occupiers more options to expand in 2022 but likely will be leased quickly. Continued strong demand from investors should result in an industrial cap rate of less than 4% in 2022.

Figure 5: Share of 2021 Leasing Activity by Occupier Type



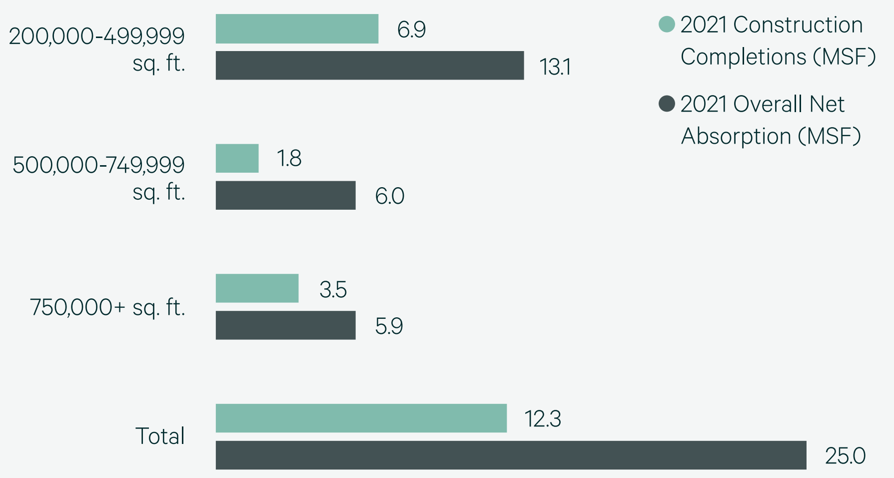
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 6: Leasing Activity



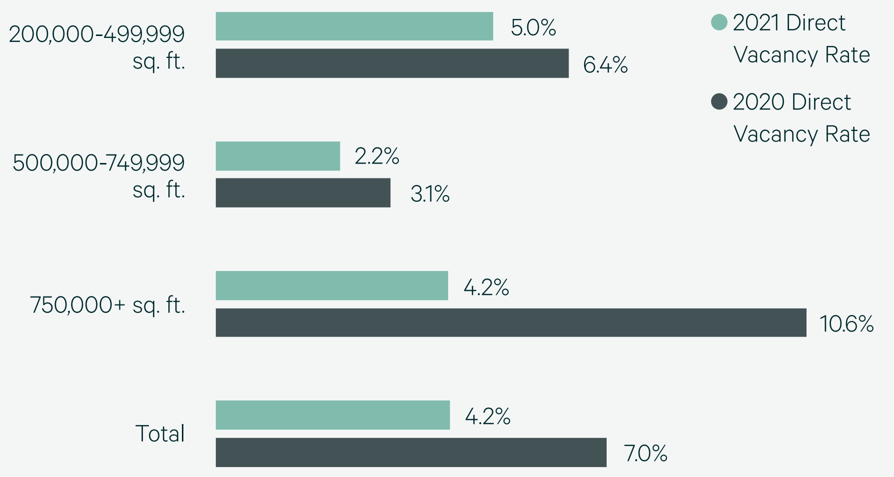
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 7: 2021 Construction Completions vs. Overall Net Absorption



Source: CBRE Research.

Figure 8: Direct Vacancy Rate by Size Range



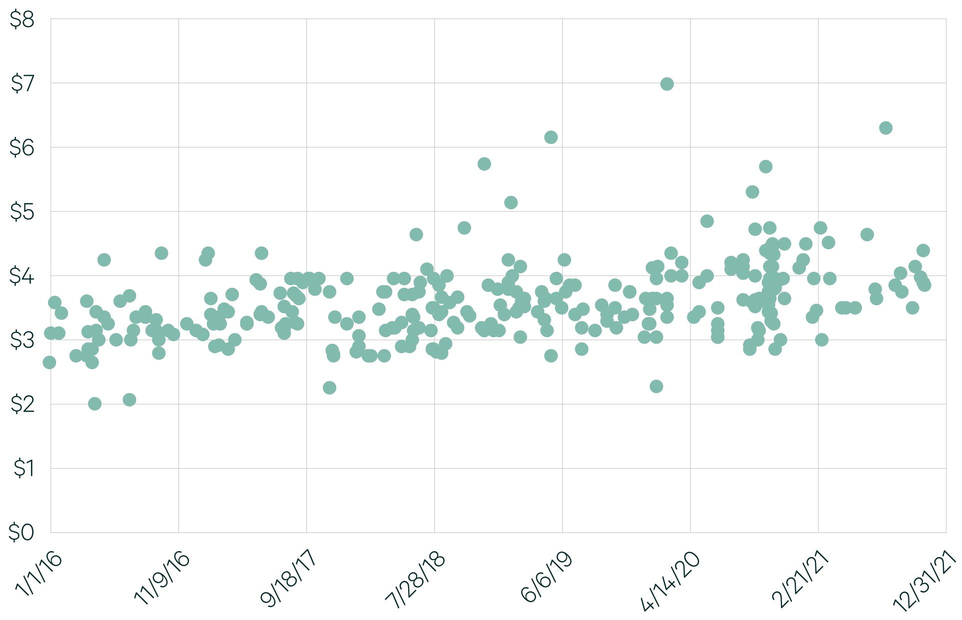
Source: CBRE Research.

Figure 9: Under Construction & Percentage Preleased

	2021 Under Construction sq. ft.	% Preleased
200,000-499,999 sq. ft.	11,516,580	10.6%
500,000-749,999 sq. ft.	7,046,456	32.6%
750,000+ sq. ft.	12,229,112	27.6%
Total	30,792,148	22.3%

Source: CBRE Research.

Figure 10: Historical First Year Taking Rents (psf/yr)



Note: Includes first year taking rents for leases 200,000 sq. ft. and above.
Source: CBRE Research.

02

Baltimore

Menu

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The explosive growth of Baltimore’s big-box sector is attributable to its deep-water port and access to strategic markets along Interstate 95, allowing occupiers to reach 34% of the U.S. population in a one-day truck trip and provide same-day service to the more than 10 million people in the Baltimore-Washington MSA. This population density—the fourth largest in the U.S.—and solid workforce fundamentals will continue to attract both e-commerce and traditional retailers.

William Pellington

CBRE Executive Vice President

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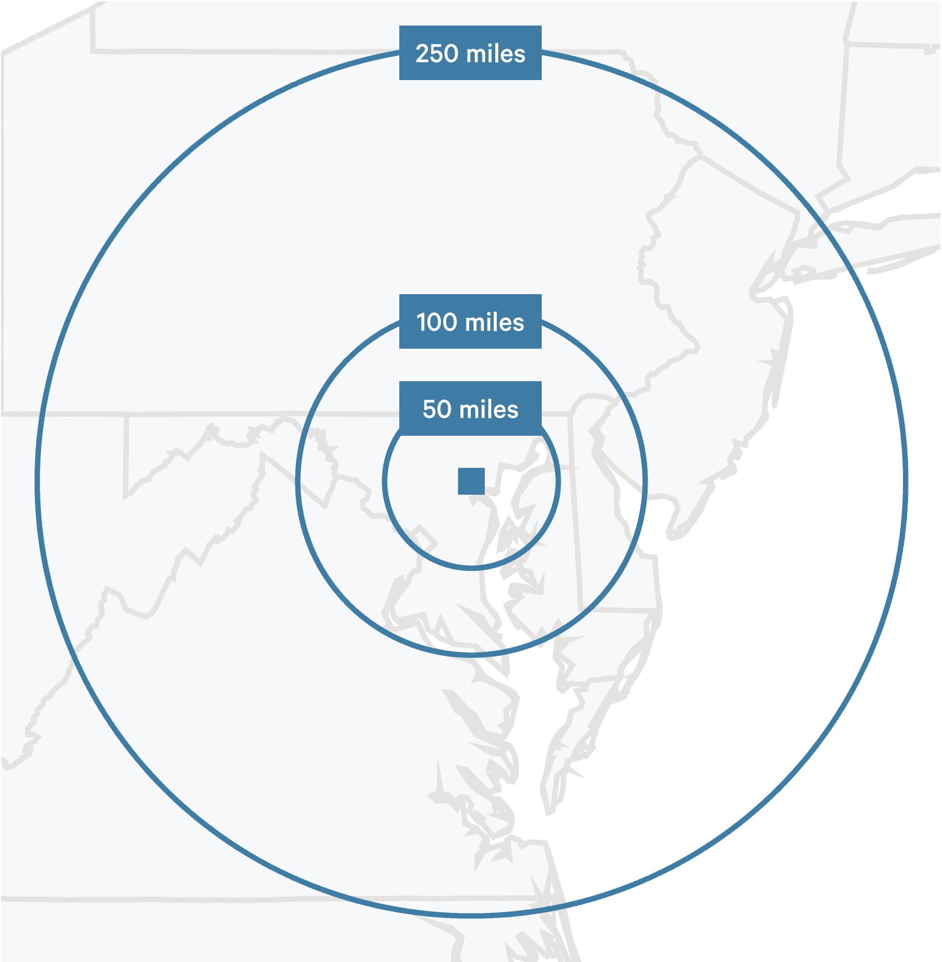
Demographics

More than 18 million people—23% of them in the 18-to-34 age demographic—live within 100 miles of downtown Baltimore, with a 3.3% projected growth rate over the next five years. Baltimore is ranked among other major industrial markets like Inland Empire, Dallas and Chicago for reaching a high population concentration within a 100-mile radius. It also is an ideal location for distributors to conveniently serve Washington, D.C.'s large population.

Figure 1: Baltimore Population Analysis

Distance from Downtown Baltimore	2021 Total Population	5 Year Growth Outlook
50 miles	7,939,699	3.2%
100 miles	18,255,405	3.3%
250 miles	56,172,904	1.7%

Source: CBRE Location Intelligence.



An influx of occupiers increased the number of warehouse workers in the mid-Atlantic region. According to CBRE Labor Analytics, the local warehouse labor force of 40,041 is expected to grow by 11% by 2030. The average salary for non-supervisory warehouse workers is $16.08 per hour, 7.8% above the national average.

Figure 2: Baltimore Warehouse & Storage Labor Fundamentals

Total Warehouse & Storage Employment
40,041

2030 Total Warehouse & Storage Projected Employment
44,423

Hourly Wage*
$16.08

Source: CBRE Labor Analytics.
*Median wage (1 year experience); non-supervisory warehouse material handlers.

Location Incentives

Over the past five years, there have been 96 economic incentives deals totaling more than $122 million at an average of $6,372 per new job in the Baltimore metropolitan area, according to Wavteq.

According to CBRE's Location Incentives Group, among the top incentive programs offered in metro Baltimore is the Advantage Maryland program, which provides grants and loans to support economic development opportunities that offer significant returns to the state through job creation and capital investment. To qualify for this program, businesses must be located in a priority funding area and fall within an eligible industry sector.

Another program available in Baltimore is the Job Creation Tax Credit (JCTC), which is intended to attract new businesses to locate in Maryland and encourage existing businesses to expand. The program provides eligible companies with income tax credits in exchange for creating at least 60 new jobs for Maryland residents or 25 new jobs if located in a designated revitalization area.

Figure 3: Baltimore Top Incentive Programs

Program	Descripton
Job Creation Tax Credit (JCTC)	Tax credit up to $3,000 per new job
Advantage Maryland	Discretionary state and local forgivable loans
Enterprise Zone Tax Credit	Tax credit equal to $1,000 per new worker and real property tax credit equal to 80% for the first 5 years and decreases 10% annually to 30% in the 10th and final year
More Jobs for Marylanders (MJM) Tax Credit	Refundable income tax credit of 5.75% of new payroll for 10 years (manufacturing only)
Sales Tax Exemption	Sales tax exemption available for new projects in the Port of Baltimore

Source: CBRE Location Incentives Group.
Note: The extent, if any, of state and local incentive offerings depends on location and scope of the operation.

Logistics Driver

Baltimore's strategic location on the East Coast has attracted dozens of major e-commerce and bulk goods distributors. The region has access to CSX and Norfolk Southern rail lines, and every terminal at the Port of Baltimore is within one stoplight of an interstate highway. Baltimore has one of the few East Coast ports capable of handling ships carrying 14,000 twenty-equivalent units (TEUs) or larger. Construction is underway for a second, 50-foot-deep berth at the Seagirt Marine Terminal, which will allow the port to handle two supersized ships simultaneously. Four additional neo-Panamax cranes are scheduled to be operational in 2022.

Being within the I-95 Corridor gives Baltimore direct highway access to the entire eastern U.S. BWI Airport's freight transportation business provides an additional mode of transport easily accessible for manufacturers and distributors across the region.

Being within the I-95 Corridor gives Baltimore direct highway access to the entire eastern U.S.

Capital Markets

> 2021 was a record year for investment sales, up 38% from 2020. The market saw cap rate compression across the quality spectrum. Sellers benefited from the best rent growth and lowest vacancy rates the market has ever seen. Class A and Class B asset sales achieved cap rates well below 4% in 2021 as buyers expanded into the mid-Atlantic industrial market. With no slowdown in rent growth expected over the next five years, aggressive underwriting on behalf of buyers should continue.

Jonathan Beard
CBRE Senior Vice President

Figure 4: Cap Rate Comparison

	Class A	Class B
2021	3.25% - 3.90%	4.00% - 4.50%
2020	4.50% - 4.75%	5.00% - 5.50%

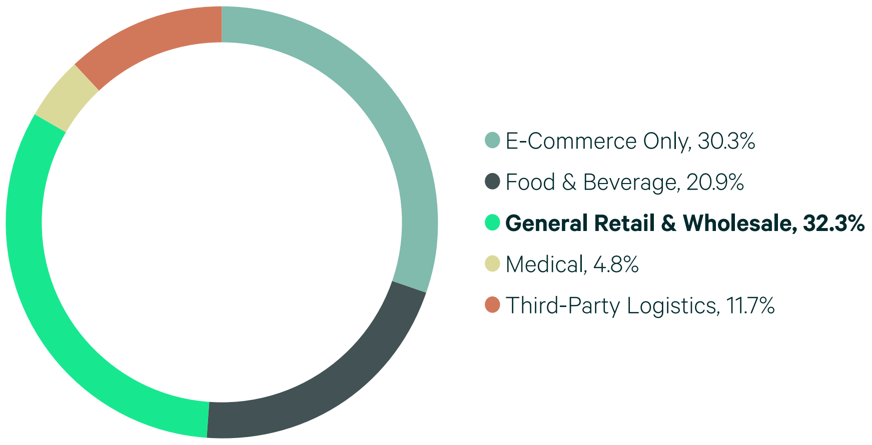
Source: CBRE National Partners.

Supply & Demand

Despite only 78 million sq. ft of existing inventory, Baltimore is garnering significant interest from big-box occupiers because of its central location and nearby port. Leasing activity totaling 9.9 million sq. ft. in 2021 was up by 35.6% year-over-year, leading to 2.8 million sq. ft. of positive net absorption.. The market's relatively low vacancy rate of 3.5% helped increase the average taking rent to $5.25 per sq. ft. General retail & wholesale and e-commerce-only occupiers made up 60% of tenant demand in 2021.

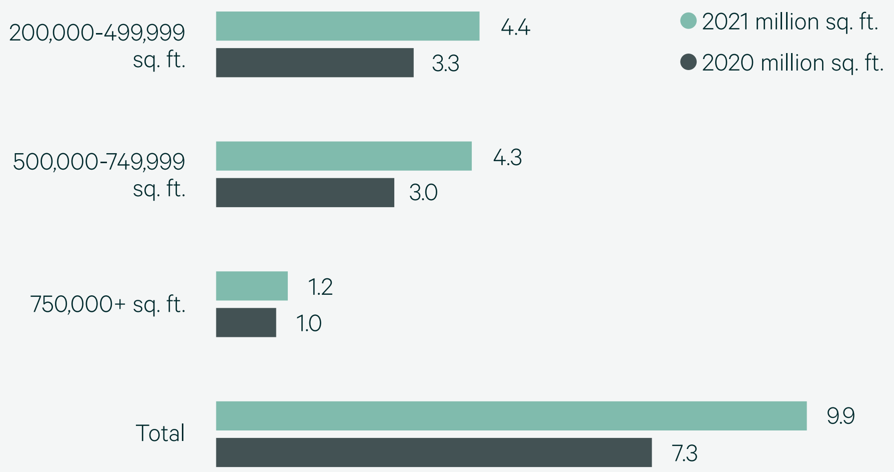
Despite increased leasing activity, development remained low, with 2.4 million sq. ft. of construction completions and 4.8 million sq. ft. under construction, 52.4% of which is preleased. Occupiers will be focused on locating near points of import in 2022, including Baltimore's growing seaport. Further expansion into this strategic location will keep demand high this year.

Figure 5: Share of 2021 Leasing Activity by Occupier Type



Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 6: Leasing Activity

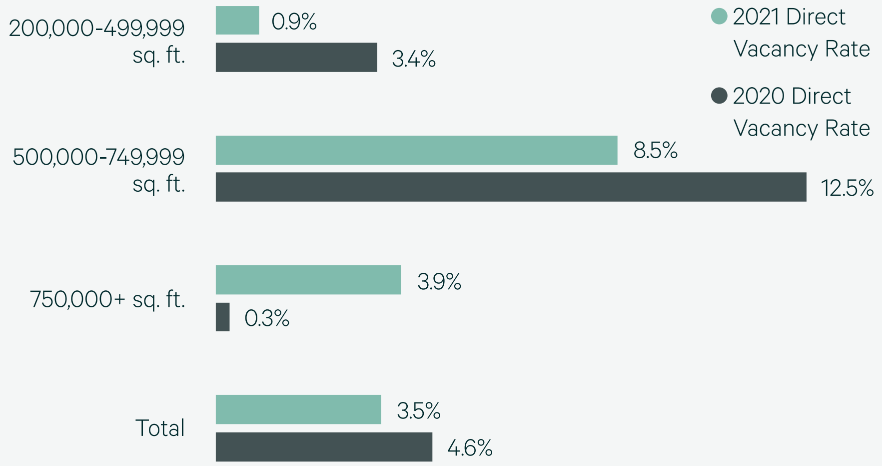


Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 7: 2021 Construction Completions vs. Overall Net Absorption

Source: CBRE Research.

Figure 8: Direct Vacancy Rate by Size Range



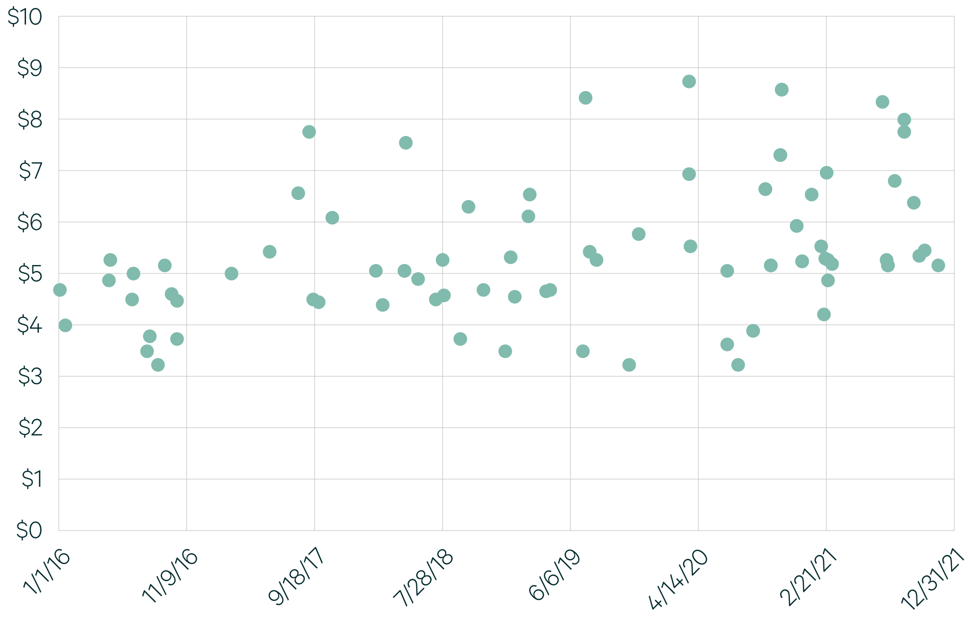
Source: CBRE Research.

Figure 9: Under Construction & Percentage Preleased

	2021 Under Construction sq. ft.	% Preleased
200,000-499,999 sq. ft.	1,167,500	100.0%
500,000-749,999 sq. ft.	1,105,200	54.6%
750,000+ sq. ft.	2,568,442	29.8%
Total	4,841,142	52.4%

Source: CBRE Research.

Figure 10: Historical First Year Taking Rents (psf/yr)



Note: Includes first year taking rents for leases 200,000 sq. ft. and above.
Source: CBRE Research.

03

Central Florida

Menu

> Central Florida, comprised of Tampa, Orlando and Polk County, benefited as much as any secondary market in the country from the uptick in e-commerce demand. With consumers demanding delivery times as short as two hours, products are being redirected from the traditional Atlanta distribution hub to the Central Florida region. This shift has dramatically increased industrial demand throughout Central Florida.

David Murphy
CBRE Executive Vice President

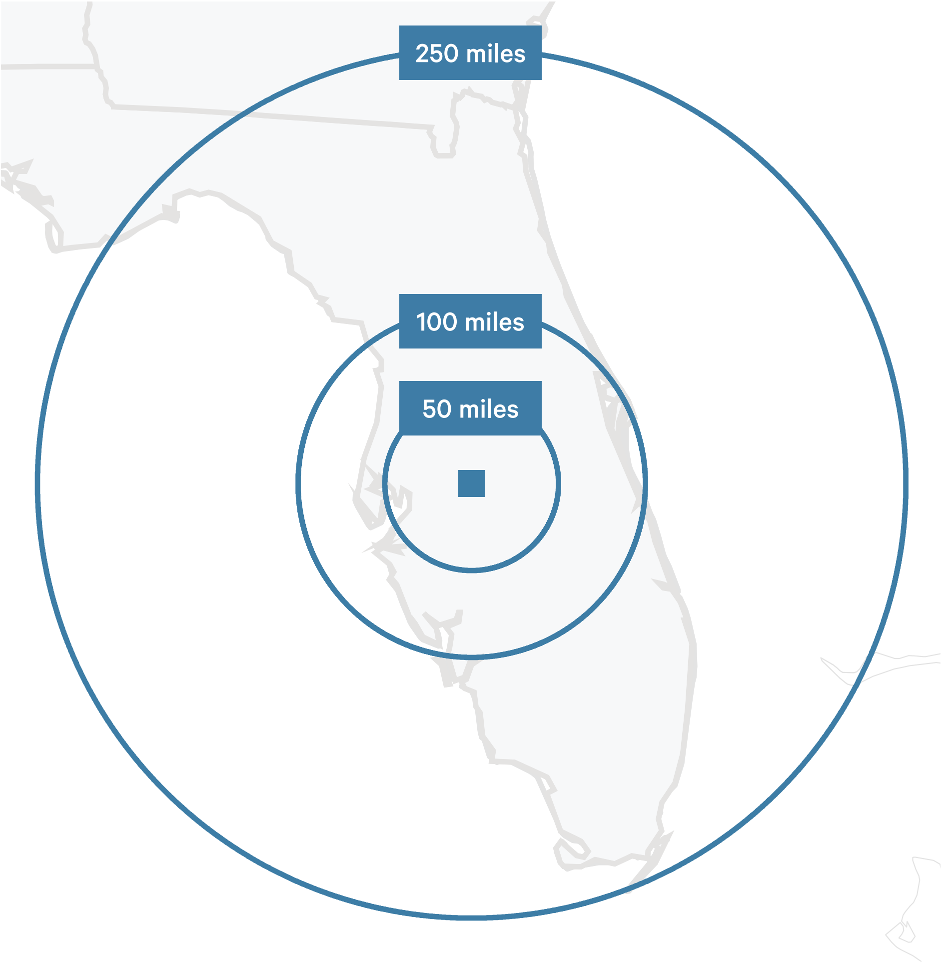
Demographics

More than 5 million people live within 50 miles of the region's core, with a 9.4% expected growth rate over the next five years—the highest of any region in the Southeast. Within 250 miles, occupiers can reach 21 million people or 8.3 million households.

Figure 1: Central Florida Population Analysis

Distance from Central Florida Core	2021 Total Population	5 Year Growth Outlook
50 miles	5,178,140	9.4%
100 miles	10,085,745	7.8%
250 miles	21,391,676	6.7%

Source: CBRE Location Intelligence.



According to CBRE Labor Analytics, the local warehouse labor force of 72,040 is expected to grow by 10.7% by 2030. The average wage for a non-supervisory employee in Central Florida is $14.20 per hour, 4.8% lower than the U.S. average and the lowest in the nation.

Figure 2: Central Florida Warehouse & Storage Labor Fundamentals

Total Warehouse & Storage Employment
72,040

2030 Total Warehouse & Storage Projected Employment
79,772

Hourly Wage*
$14.20

Source: CBRE Labor Analytics.
*Median wage (1 year experience); non-supervisory warehouse material handlers.

Location Incentives

Over the past five years, there have been 108 economic incentives deals totaling more than $88 million at an average of $6,460 per new job in the Tampa and Orlando metropolitan areas combined, according to Wavteq.

According to CBRE's Location Incentives Group, among the top incentive programs offered in metro Tampa and Orlando is the Quick Response Training grant, which provides funding to new and expanding businesses in Florida to train new full-time employees. Businesses that are awarded grant funding are typically in high-skill industries, produce exportable goods and services and have wages that are 125% above the state or local average.

Florida also offers the Capital Investment Tax Credit (CITC) and High Impact Performance Incentive (HIPI). CITC is a corporate income tax credit for businesses that make a minimum investment of $25 million and create at least 100 new high-paying jobs, while HIPI is a cash grant for businesses that make a minimum investment of $50 million and create at least 50 new high-paying jobs.

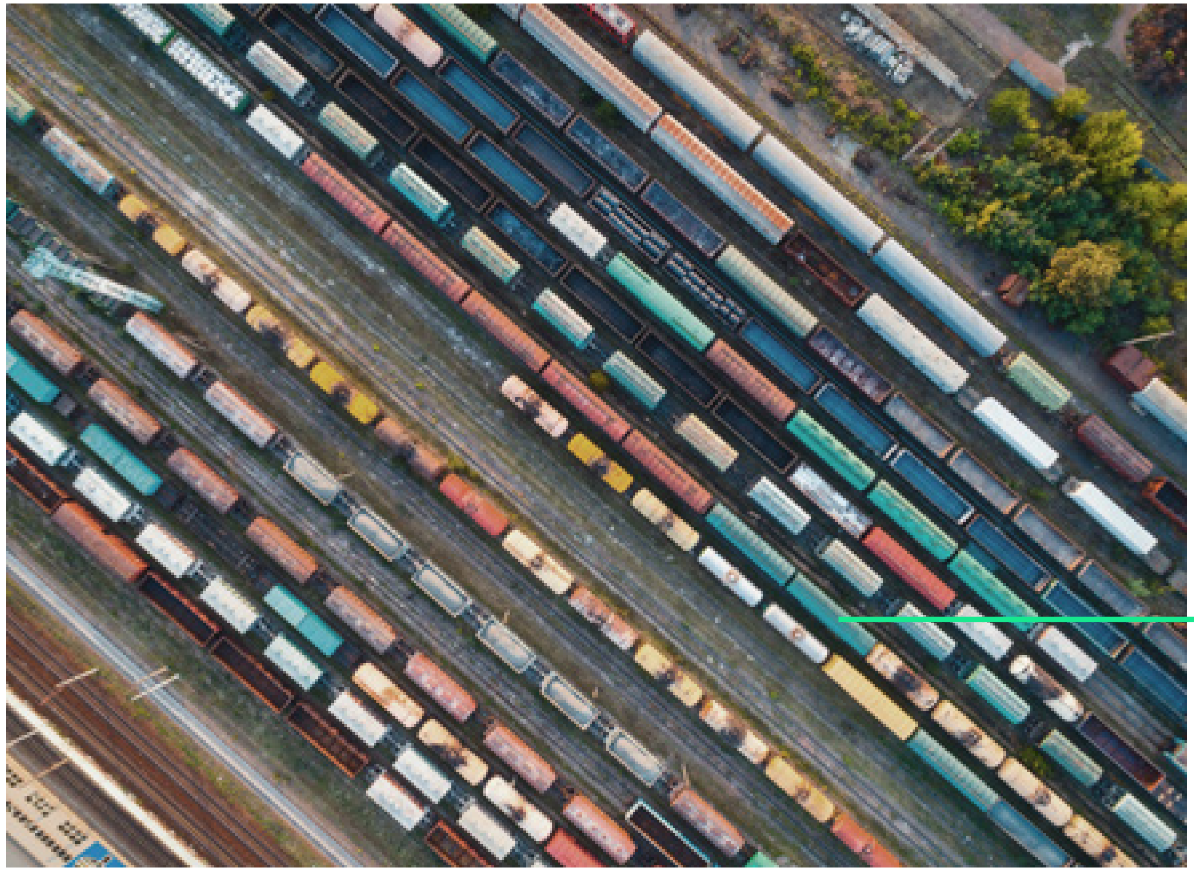
Figure 3: Central Florida Top Incentive Programs

Program	Descripton
Capital Investment Tax Credit (CITC)	Income tax credit between 50% and 100% of capital investment; credits are paid equally over 20 years and require a minimum of $25M of capital investment and 100 new jobs
Quick Response Training (QRT)	$500 to $1,500 grant to offset costs of training new employees
High Impact Performance Incentive (HIPI)	Performance based cash grant for companies in high impact sectors making a minimum $50M investment and creating at least 50 new high paying jobs
Ad Valorem Tax Abatement	Communities have discretion of offer abatement or refund of real and personal property taxes for large investments or new construction

Source: CBRE Location Incentives Group.
Note: The extent, if any, of state and local incentive offerings depends on location and scope of the operation.

Logistics Driver

Central Florida provides many logistics advantages to reach the entire state of Florida and beyond. The region is home to two international airports (Tampa and Orlando) with growing air cargo handling capabilities. Work is underway on the I-4 Ultimate Project, which will improve truck flow throughout the region. The region's biggest logistics advantage is its rail capabilities. CSX Central Florida ILC is an innovative facility that can process 300,000 containers annually and has the ability to increase capacity.



The region's biggest logistics advantage is its rail capabilities.

Capital Markets

"Central Florida has established itself as the logistics hub for statewide distribution, generating increased demand from institutional investors and fueling increased sales volume in 2021. Continued cap rate compression is expected, with Class A core profile offerings expected to trade at sub-4% cap rates in 2022. With rents increasing almost 10% year-over-year, land prices skyrocketing and supply constraints from both limited land availability and difficulty sourcing construction materials, the Central Florida region will continue to see rising prices in 2022."

David Murphy
CBRE Executive Vice President

Figure 4: Cap Rate Comparison

	Class A	Class B
2021	3.60% - 4.00%	4.35% - 5.25%
2020	4.75% - 5.50%	5.50% - 6.25%

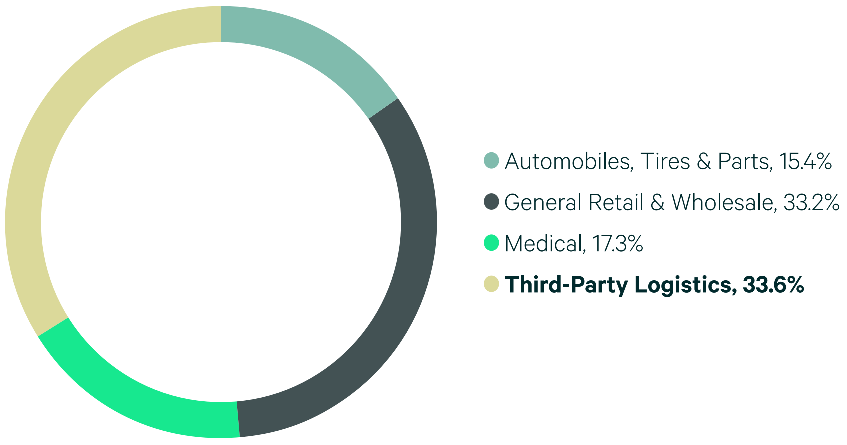
Source: CBRE National Partners.

Supply & Demand

Most of Central Florida's 100 million sq. ft. of existing inventory is comprised of facilities of under 500,000 sq. ft. A large amount of preleased space was delivered in 2021, increasing net absorption to 3.7 million sq. ft. and lowering the direct vacancy rate by 1.1 percentage points to 6.8%. First-year taking rents rose to $5.60 per sq. ft., 15% higher than 2020.

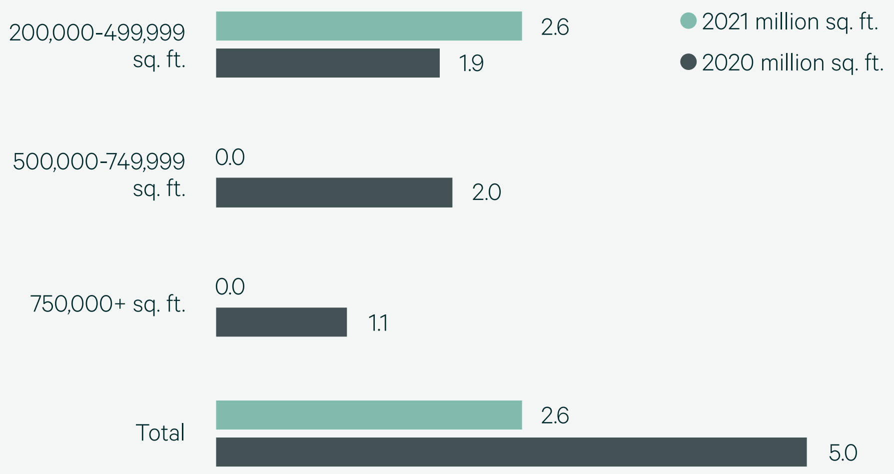
Construction completions totaled 5.7 million sq. ft. last year and were dominated by facilities under 500,000 sq. ft. Another 5.0 million sq. ft. is currently under construction. Despite interest from occupiers to set up regional distribution hubs in Florida, there currently are no facilities under construction that total more than 750,000 sq. ft. The approximately 2.5 million sq. ft. under construction in the 500,000-sq.-ft. to 749,999-sq.-ft. size range will garner heavy interest and help accelerate leasing this year. Continued interest in facilities of under 500,000 sq. ft. will further lower the vacancy rate and raise taking rents in 2022.

Figure 5: Share of 2021 Leasing Activity by Occupier Type



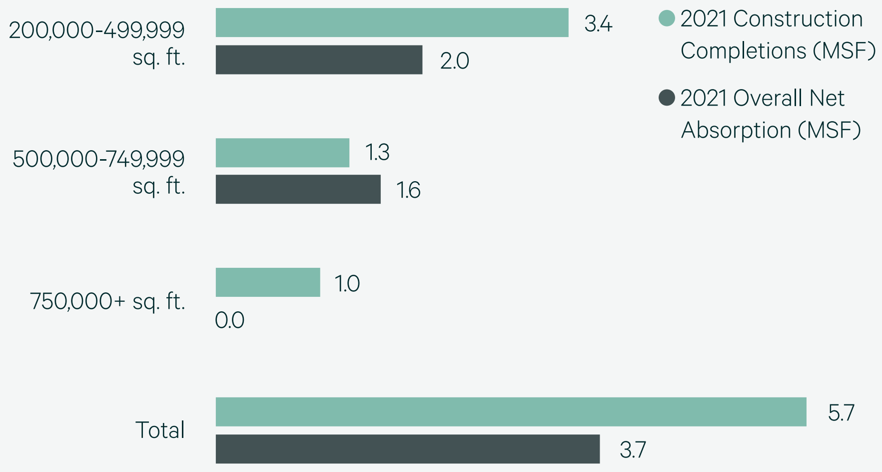
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 6: Leasing Activity



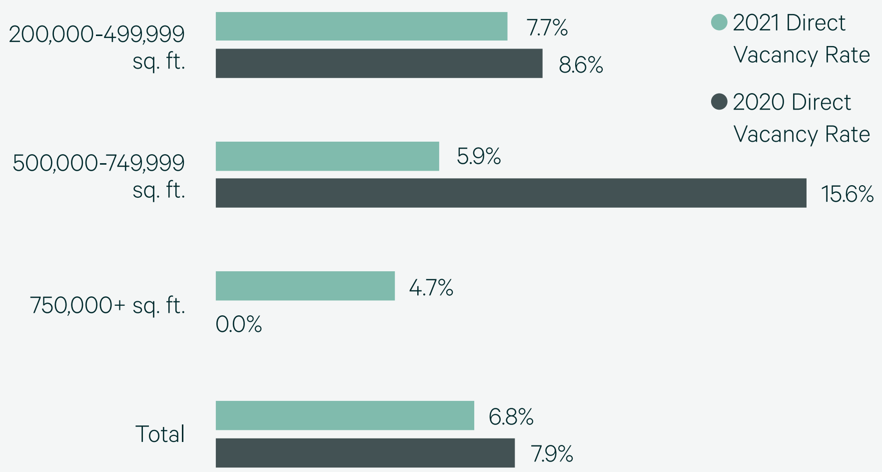
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 7: 2021 Construction Completions vs. Overall Net Absorption



Source: CBRE Research.

Figure 8: Direct Vacancy Rate by Size Range



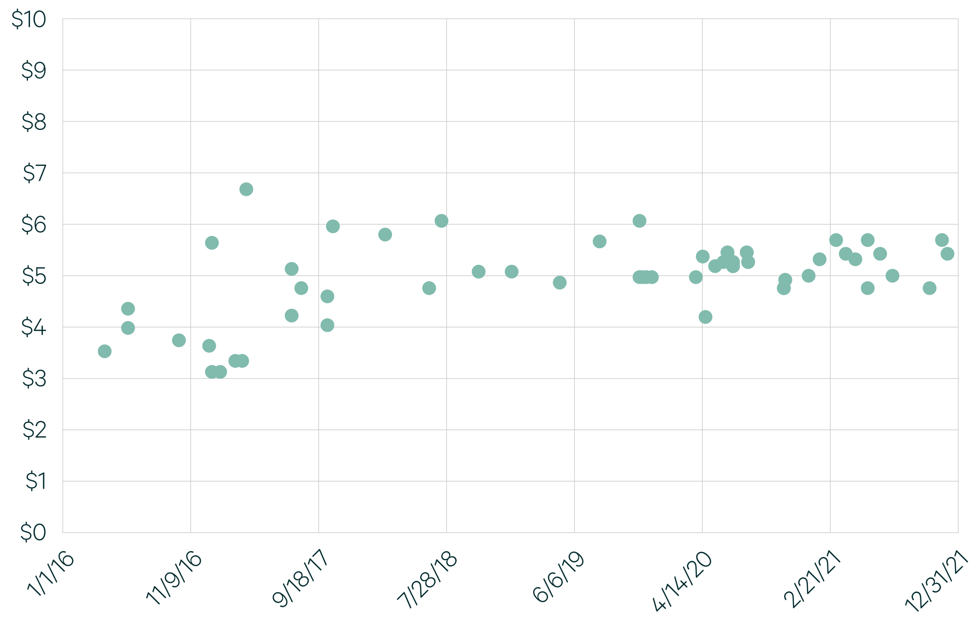
Source: CBRE Research.

Figure 9: Under Construction & Percentage Preleased

	2021 Under Construction sq. ft.	% Preleased
200,000-499,999 sq. ft.	2,430,780	7.1%
500,000-749,999 sq. ft.	2,544,540	0.0%
750,000+ sq. ft.	0	0.0%
Total	4,975,320	3.5%

Source: CBRE Research.

Figure 10: Historical First Year Taking Rents (psf/yr)



Note: Includes first year taking rents for leases 200,000 sq. ft. and above.
Source: CBRE Research.

04

Central Valley, CA

Menu

> The Central Valley industrial market enjoyed a banner year in 2021, with net absorption reaching an all-time high. E-commerce, food & beverage, 3PLs and electronic vehicle occupiers remain the key drivers of demand. Supply needs are being met by a stable of best-in-class institutional developers. The combination of location, transportation modalities and labor accessibility makes the Central Valley the premier location from which to serve Northern California and the western U.S.

Thomas Davis

CBRE Executive Vice President

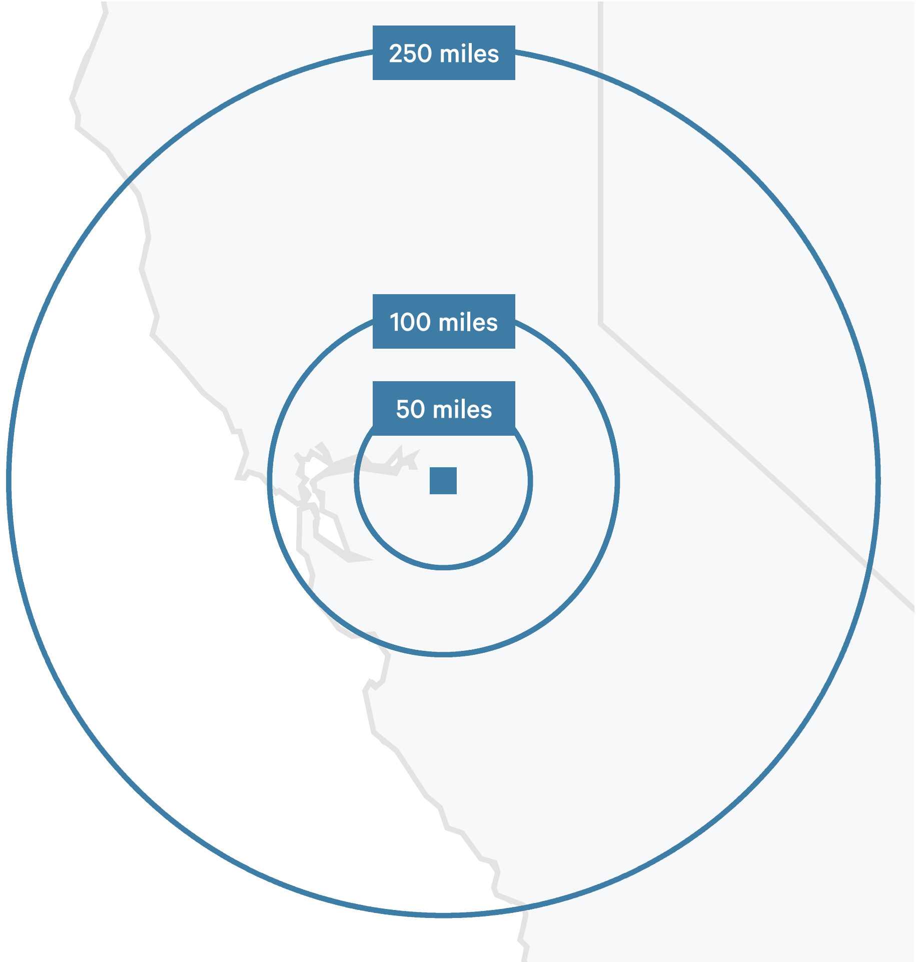
Demographics

Central Valley's proximity to the affluent Bay Area gives it convenient access to more than 6.7 million people within a 50-mile radius. Within 250 miles, the market reaches 17.7 million people, with nearly 25% in the 18-to-34 age demographic.

Figure 1: Central Valley Population Analysis

Distance from Central Valley Core	2021 Total Population	5 Year Growth Outlook
50 miles	6,711,554	3.5%
100 miles	12,780,461	3.2%
250 miles	17,653,185	3.2%

Source: CBRE Location Intelligence.



According to CBRE Labor Analytics, the local warehouse labor force of 19,127 is expected to grow by a nation-leading 24% by 2030. The average wage for a non-supervisory warehouse worker is $17.31 per hour, 16.1% higher than the national average.

Figure 2: Central Valley Warehouse & Storage Labor Fundamentals

Total Warehouse & Storage Employment
19,127

2030 Total Warehouse & Storage Projected Employment
23,657

Hourly Wage*
$17.31

Source: CBRE Labor Analytics.
*Median wage (1 year experience); non-supervisory warehouse material handlers.

Location Incentives

Over the past five years, there have been 84 economic incentives deals totaling more than 72 million at an average of $12,612 per new job in the Central Valley metropolitan area, according to Wavteq.

According to CBRE's Location Incentives Group, among the top incentive programs in Central Valley is the California Competes Tax Credit, a discretionary income tax credit awarded to businesses that locate or expand in California. The program has $180 million in tax credits available through 2023 for allocation to businesses that make capital investments, create new jobs and offer strategic importance to the region. The credits are non-refundable and companies can only apply during designated application periods three times each year.

Figure 3: Central Valley Top Incentive Programs

Program	Descripton
Employment Training Panel	Job training grant
California Competes Tax Credit	Discretionary tax credit program
Manufacturing M&E Sales Tax Exemption	100% exemption of state sales taxes on machinery and equipment for manufacturing and R&D
Capital Investment Incentive Program (CIIP)	Partial local property tax abatement for qualified manufacturing facilities for assessed property taxes in excess of $150 million for up to 15 years

Source: CBRE Location Incentives Group.
Note: The extent, if any, of state and local incentive offerings depends on location and scope of the operation.

Logistics Driver

The Central Valley is one of the most rail-friendly logistics regions in California, served by two major lines: BNSF and Union Pacific. Fresno Yosemite International Airport provides daily cargo services by FedEx and UPS. Perhaps the region's top logistics advantage is the Port of Stockton, which is served by four major freeways, two transcontinental railroads, an international waterway and a regional airport. The port boasts first-class warehouse storage and handling facilities for both dry and liquid bulk materials, facilities and equipment to handle break-bulk and containerized cargo by land or sea.

Perhaps the region's top logistics advantage is the Port of Stockton, which is served by four major freeways, two transcontinental railroads, an international waterway and a regional airport.

Capital Markets

"The Central Valley continues to attract high-quality tenants and institutional investors. In 2021, sales to institutional investors increased by 10.2% year-over-year to $595 million. This demand is expected to continue given the Central Valley's attractive market fundamentals: the large northern California population, dynamic local economy, strong regional transportation links and proximity to the Port of Oakland and Intermodal facilities. Top owners include Prologis, Blackstone, Buzz Oates, Clarion, LBA, Stockbridge, Duke, OMP, CenterPoint and UBS. Class A cap rates are expected to stabilize in the 3.25%-to-3.5% range in 2022."

Rebecca Perlmutter
CBRE Executive Vice President

Figure 4: Cap Rate Comparison

	Class A	Class B
2021	3.50% - 4.00%	4.00% - 4.50%
2020	4.90% - 5.50%	5.25% - 6.00%

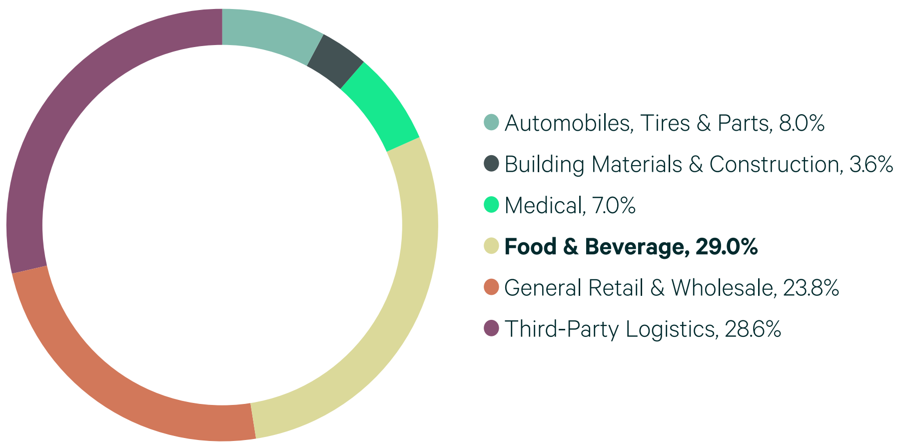
Source: CBRE National Partners.

Supply & Demand

Central Valley remained one of the top big-box growth markets in North America due to its available land and central location in California. Leasing activity totaled 10.9 million sq. ft. in 2021, with demand evenly distributed throughout different size ranges. Net absorption increased to 7.0 million sq. ft. for a growth rate (net absorption/existing inventory) of 7.2%, fifth in North America. Demand was led by the food & beverage sector and 3PLs that each had a market share of nearly 30%.

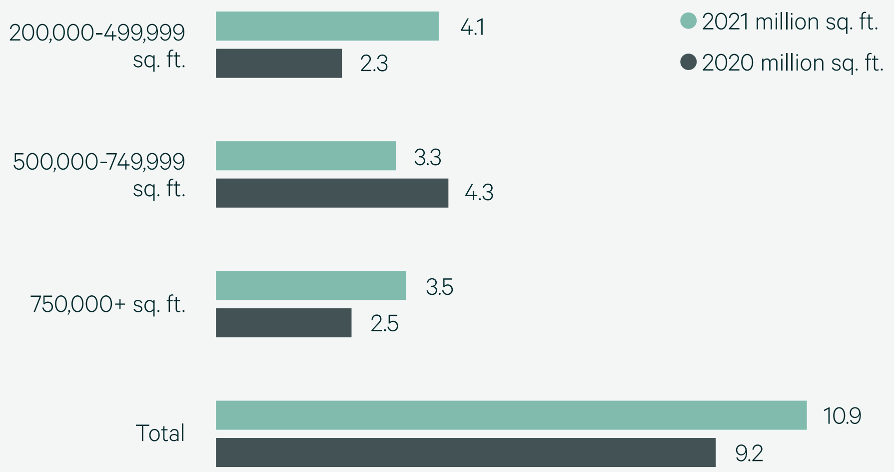
First-year taking rents increased 17.7% to $7.20 per sq. ft., which remains the lowest of any California market. Construction completions totaled 4 million sq. ft in 2021 but will significantly increase in 2022 with 13.5 million sq. ft. under construction. The available first-generation space this year will provide options for big-box occupiers to enter the market, leading to another year of sizable leasing activity and rent growth.

Figure 5: Share of 2021 Leasing Activity by Occupier Type



Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 6: Leasing Activity

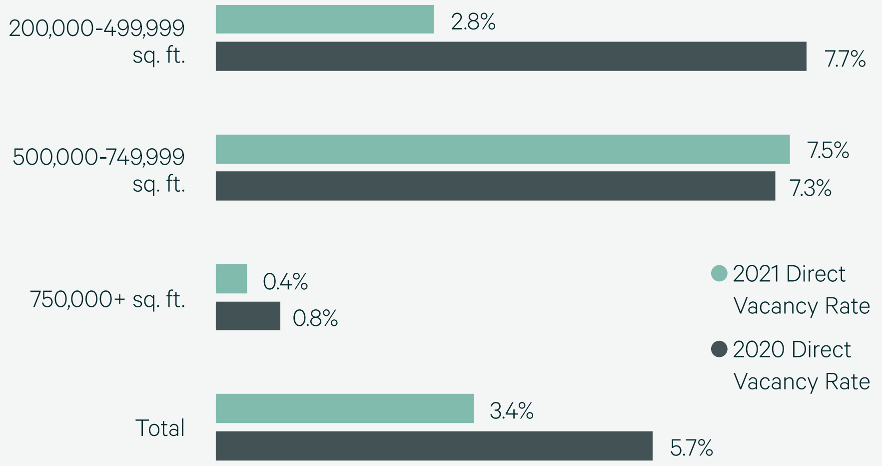


Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 7: 2021 Construction Completions vs. Overall Net Absorption

Source: CBRE Research.

Figure 8: Direct Vacancy Rate by Size Range



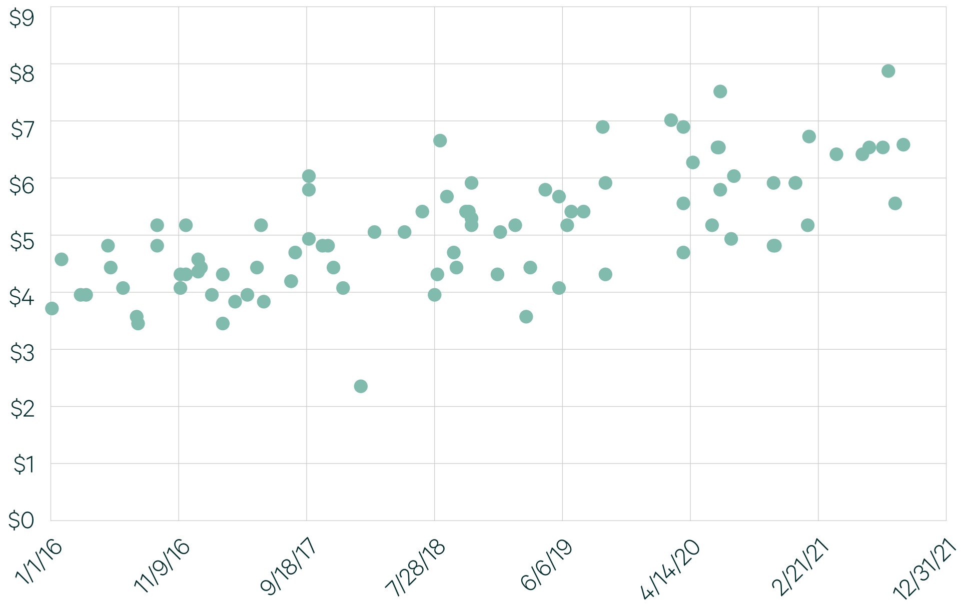
Source: CBRE Research.

Figure 9: Under Construction & Percentage Preleased

	2021 Under Construction sq. ft.	% Preleased
200,000-499,999 sq. ft.	2,958,976	13.4%
500,000-749,999 sq. ft.	4,781,422	0.0%
750,000+ sq. ft.	5,788,224	0.0%
Total	13,528,622	2.9%

Source: CBRE Research.

Figure 10: Historical First Year Taking Rents (psf/yr)



Note: Includes first year taking rents for leases 200,000 sq. ft. and above.
Source: CBRE Research.

05

Chicago

Menu

> Chicago's central location and plethora of logistics capabilities make it one of the most in-demand big-box markets in the country. A flurry of activity because of the large increase in e-commerce sales significantly lowered available inventory, giving occupiers minimal options in the latter part of the year. Speculative development increased in 2021, but so did preleasing, leaving little available first-generation space on the market. Low availability will increase the rate of rent growth in 2022.

Jeff Kapcheck
CBRE Executive Vice President

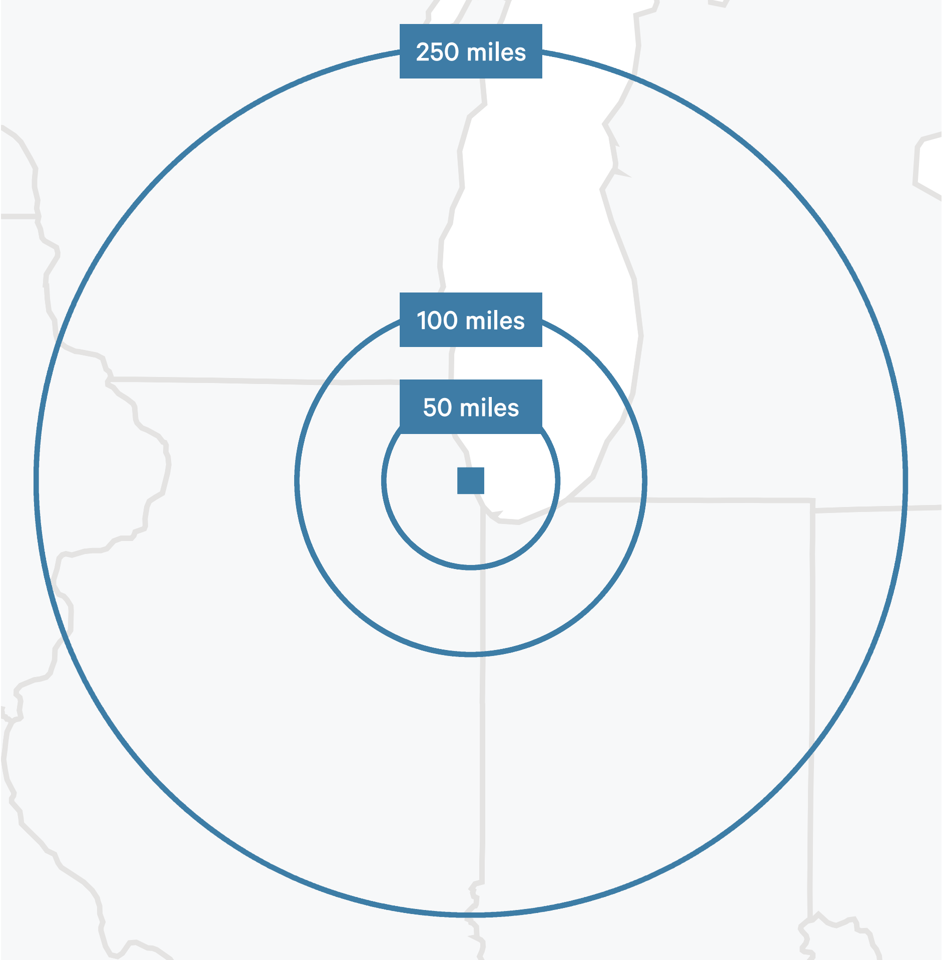
Demographics

More than 9 million people live within 50 miles of the market core. Chicago is one of the few major markets in the country with minimal population growth; the 50-mile region is expected to decrease by 0.1% over the next five years. An expanded radius of 250 miles reaches 37.5 million people with a projected growth rate of 1.0% over the next five years.

Figure 1: Chicago Population Analysis

Distance from Downtown Chicago	2021 Total Population	5 Year Growth Outlook
50 miles	9,229,220	-0.1%
100 miles	13,329,622	0.1%
250 miles	37,503,006	1.0%

Source: CBRE Location Intelligence.



According to CBRE Labor Analytics, Chicago's warehouse labor force of 203,000 is the third largest in the nation. The average wage for a non-supervisory warehouse employee is $16.61 per hour, 11% higher than the national average.

Figure 2: Chicago Warehouse & Storage Labor Fundamentals

Total Warehouse & Storage Employment
203,164

2030 Total Warehouse & Storage Projected Employment
227,841

Hourly Wage*
$16.61

Source: CBRE Labor Analytics.
*Median wage (1 year experience); non-supervisory warehouse material handlers.

Location Incentives

Over the past five years, there have been 194 economic incentives deals totaling over $462 million at an average of $23,228 per new job in the Chicago metropolitan area, according to Wavteq. A portion of the Chicago industrial market is located in Indiana. Indiana location incentives can be found in the Indianapolis section of this report.

According to CBRE's Location Incentives Group, among the top incentive programs offered in metro Chicago is the Economic Development for a Growing Economy Program (EDGE), which provides non-refundable discretionary tax credits for corporate income taxes for up to 10 years. These credits equal up to 50% of new income tax withholdings generated by a project's new job creation. To qualify, companies with more than 100 employees worldwide must invest a minimum of $2.5 million and create new jobs equal to 10% of the company's total employment. Companies with less than 100 employees worldwide must create new jobs equal to 5% of the company's total employment.

Figure 3: Chicago Top Incentive Programs

Program	Descripton
Economic Development for a Growing Economy (EDGE) Tax Credit	Non-refundable income tax credit equal to 50% of the income tax withholdings of new jobs created in the state
IDOT Economic Development / Business Development Public Infrastructure	Discretionary infrastructure grant / in-kind assistance
Enterprise Zone	Tax credit equal to 0.5% of eligible capital investment, annually for 5 years; Tax credit equal to $500 per new job (one time); Sales tax exemption equal to 100% of state & local sales taxes on construction, equipment and energy usage
Property Tax Abatements	Discretionary abatement of real estate taxes; personal property is exempt
Large Business Development Program (Pending)	Discretionary cash grant to businesses undertaking a major expansion or relocation project

Source: CBRE Location Incentives Group.
Note: The extent, if any, of state and local incentive offerings depends on location and scope of the operation.

Logistics Driver

Chicago is the rail hub of the U.S. The region is home to seven Class 1 rail carriers. More than 1,300 freight, passenger and commuter trains pass through the Chicago region every day, according to the Journal of Commerce. Illinois has the third-highest total of interstate routes and mileage. The two longest, I-90 and I-80, provide east/west access. Two key routes to the Gulf States, I-55 and I-65, end in the Chicago area. Along with access to I-57, I-70 and I-94, an Illinois driver can reach almost every population center in the nation by using one interchange.

Chicago O'Hare International Airport is one of the largest air cargo gateways in the world. O'Hare processes just under 2 million metric tons of cargo per year worth more than $200 billion. Chicago Rockford International is one of the top five fastest-growing cargo airports in the world, which grew its cargo volume by 15% in 2020 (most recent data available), according to the Federal Aviation Administration.

More than 1,300 freight, passenger and commuter trains pass through the Chicago region every day.

Capital Markets

"Chicago is one of the largest industrial hubs in the U.S. and consistently leads the nation in investment sales volume. Big-box rents have increased by more than 25% in the past two years, as the big-box vacancy rate fell by 100 basis points. These positive market fundamentals have helped propel sales prices and create record-low cap rates, down by 25 basis points last year. Increased investment volume and continued compression of Class A big-box cap rates are expected in 2021.

Michael Caprile
CBRE Vice Chair"

Figure 4: Cap Rate Comparison

	Class A	Class B
2021	3.75% - 4.00%	5.00% - 5.25%
2020	4.25% - 4.50%	5.75% - 6.00%

Source: CBRE National Partners.

Supply & Demand

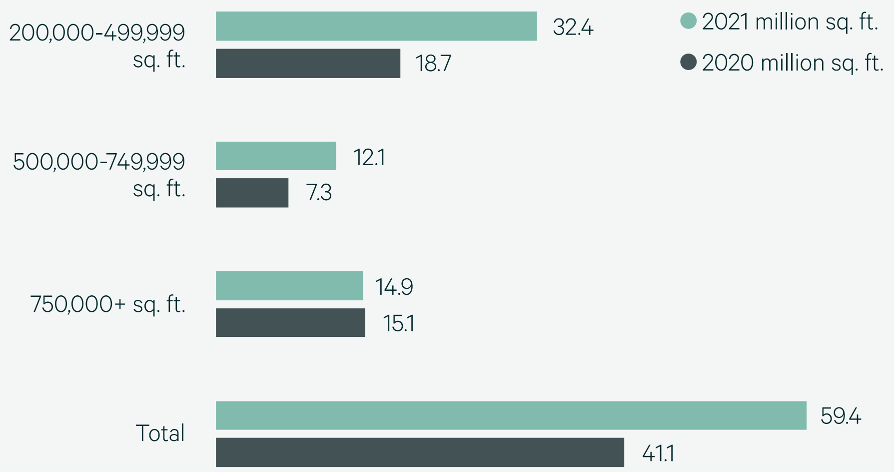
With 573 million sq. ft. of total inventory, Chicago is the largest big-box market in North America and leased the most space in 2021 at 59.4 million sq. ft., 10 million sq. ft. more than the Inland Empire. Chicago did well in all size ranges, particularly in the mega big-box (750,000 sq. ft. and above) sector. Chicago led the U.S. in most transactions in the 100 largest deals of 2021 with 12; 3PLs were the most active occupier with a market share of 32.6%.

Construction completions increased to 21.1 million sq. ft. in 2021 but had no effect on the direct vacancy rate, which finished the year at 3.0%—down by 1 percentage point from 2020. There are no signs of overbuilding in Chicago despite 23.8 million sq. ft. under construction, as 77.1% is preleased. Chicago should remain one of the most in-demand big-box markets in 2022. Vacancies will remain low, which should lead to rent growth of more than 10% this year.

Figure 5: Share of 2021 Leasing Activity by Occupier Type

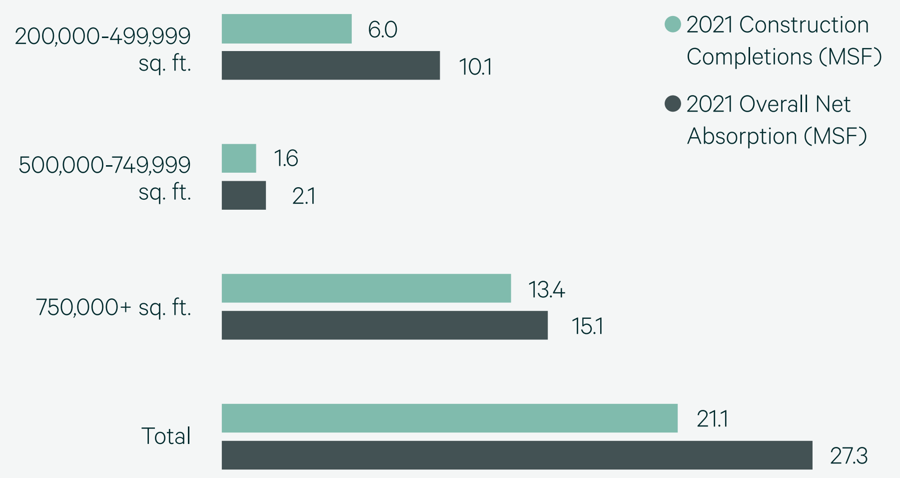
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 6: Leasing Activity



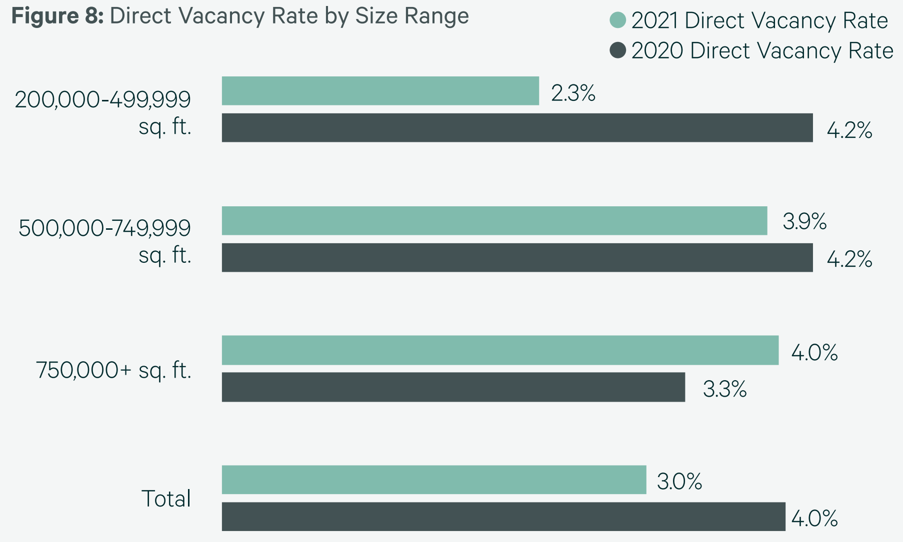
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 7: 2021 Construction Completions vs. Overall Net Absorption



Source: CBRE Research.

Figure 8: Direct Vacancy Rate by Size Range



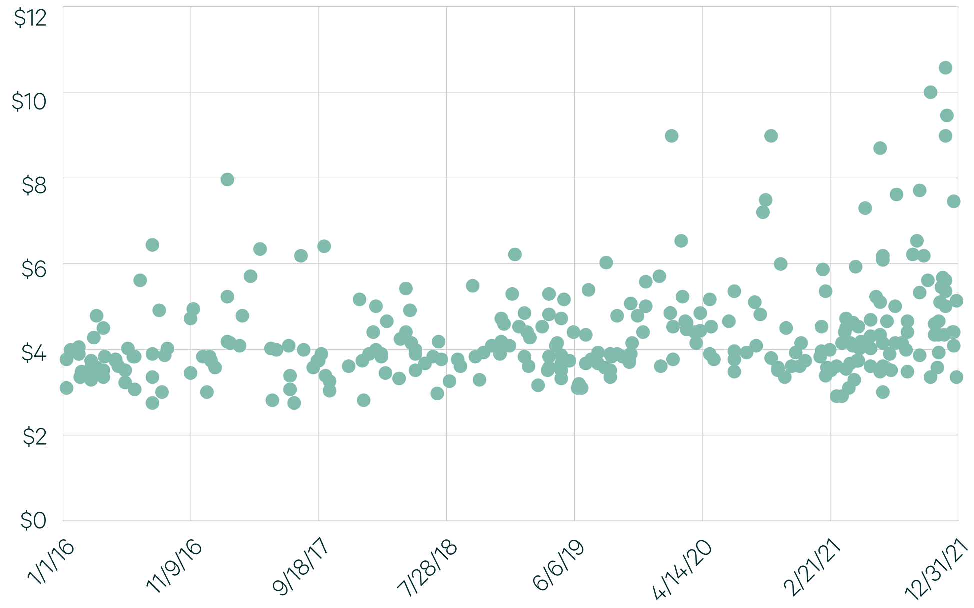
Source: CBRE Research.

Figure 9: Under Construction & Percentage Preleased

	2021 Under Construction sq. ft.	% Preleased
200,000-499,999 sq. ft.	4,498,294	43.0%
500,000-749,999 sq. ft.	1,296,380	100.0%
750,000+ sq. ft.	18,010,675	84.0%
Total	23,805,349	77.1%

Source: CBRE Research.

Figure 10: Historical First Year Taking Rents (psf/yr)



Note: Includes first year taking rents for leases 200,000 sq. ft. and above.
Source: CBRE Research.

06

Cincinnati

Menu

> Cincinnati is among the top-performing markets in the Midwest. The scarcity of readily developable industrial sites has led to a limited supply of new speculative space, rising rental rates and higher building prices. The number of developers evaluating the market continues to increase and competition is fierce in the race for new sites. The diversified local economy driving industrial demand includes e-commerce, manufacturing, consumer packaging, automotive, food and 3PL fulfillment. Strong demand and development are expected to continue for years to come.

Mike Lowe

CBRE Senior Vice President

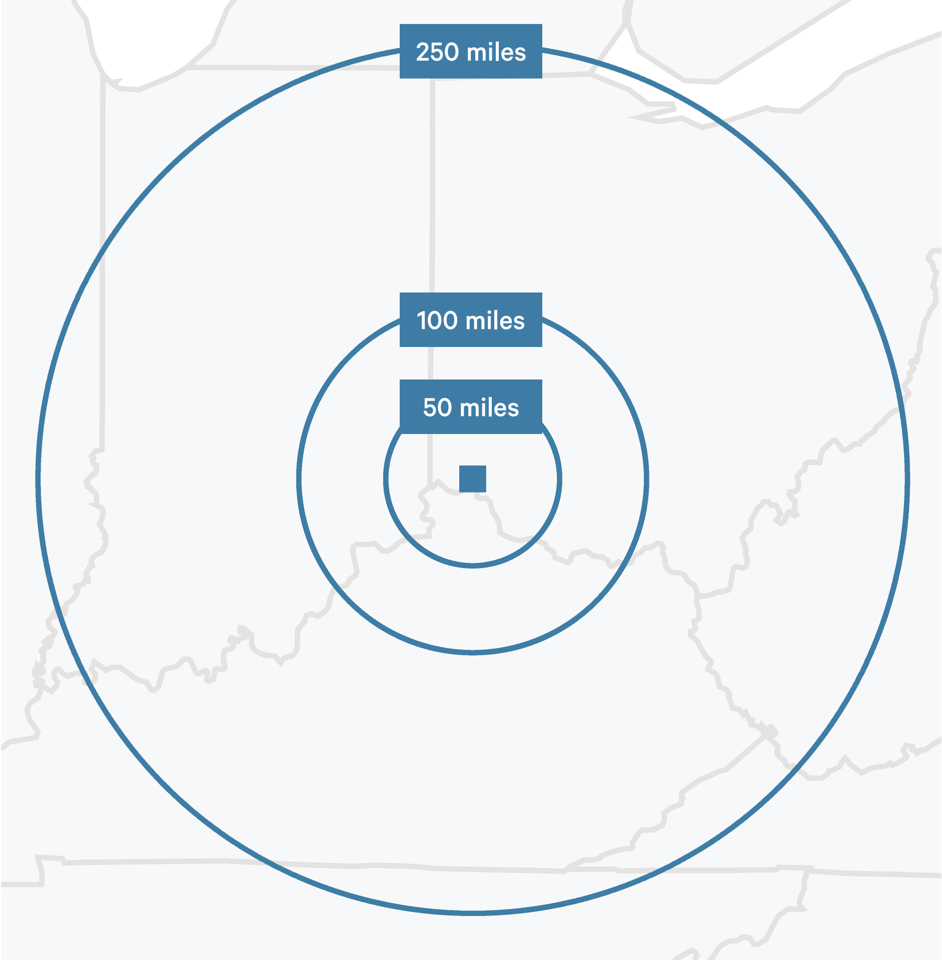
Demographics

Cincinnati's central location makes it an ideal location for big-box occupiers. More than 2.8 million people live within 50 miles of the market core, while 36.8 million or 14.5 million households are within 250 miles.

Figure 1: Cincinnati Population Analysis

Distance from Downtown Cincinnati	2021 Total Population	5 Year Growth Outlook
50 miles	2,850,709	1.9%
100 miles	8,153,415	2.5%
250 miles	36,806,140	1.6%

Source: CBRE Location Intelligence.



According to [CBRE Labor Analytics](), the local warehouse labor force of just over 46,000 is expected to grow by 6.8% by 2030. The average wage for a non-supervisory employee is $15.53 per hour, 4.2% higher than the national average.

Figure 2: Cincinnati Warehouse & Storage Labor Fundamentals

Total Warehouse & Storage Employment	2030 Total Warehouse & Storage Projected Employment	Hourly Wage*
46,587	49,758	$15.53

Source: CBRE Labor Analytics.
*Median wage (1 year experience); non-supervisory warehouse material handlers.

Location Incentives

Over the past five years, there have been 340 economic incentives deals totaling more than $327 million at an average of $12,687 per new job in the Cincinnati metropolitan area, according to Wavteq.

According to CBRE's Location Incentives Group, among Ohio's top incentive programs is the Job Creation Tax Credit (JCTC) program, which provides a refundable and performance-based tax credit that is calculated as a percent of created payroll and is applied toward a company's commercial activity tax liability. JCTC was designed to create a more competitive business climate in Ohio by incentivizing companies that are considering doing business elsewhere.

Among nearby Kentucky's top incentive programs is the Kentucky Business Investment (KBI) Program, which provides income tax credits or payroll refunds to businesses engaged in manufacturing, agribusiness, headquarter operations, alternative fuel, renewable energy or carbon dioxide transmission pipelines. To qualify, companies must create and maintain an annual average of at least 10 new full-time jobs for Kentucky residents during the length of the incentive agreement.

Figure 3: Cincinnati Top Incentive Programs

Program (Ohio)	Descripton
Job Creation Tax Credit	Tax credit (refundable) equal to 1% to 2.5% of gross payroll for up to eight years
Economic Development Grant	Discretionary cash grant program
JobsOhio Workforce Grant	Workforce training grant that is reimbursement-based for up to 50% of training costs
Sales Tax Exemptions	Discretionary sales tax exemption for construction; statutory exemption for warehouse/ distribution
Local Payroll Tax Refund	Discretionary refund of local payroll taxes
Property Tax Abatement	Discretionary abatement of real estate taxes; personal property is exempt

Program (Kentucky)	Descripton
Kentucky Business Investment (KBI) Program	Income tax credits or wage assessments up to 4% of gross payroll for up to 10 years
Kentucky Enterprise Initiative Act (KEIA) Program	Refund of sales and use tax paid for construction and building materials
Bluegrass State Skills Corporation (BSSC) Program	Job training grant up to 50% reimbursement for eligible training activities
Kentucky Industrial Development Act (KIDA)	Tax credit equal to 100% of state corporate income tax liability or retention of 3% of gross wages of new employment; limited to manufacturers and state-only assistance
Property Tax Abatement	Discretionary abatement of real estate taxes and personal property taxes

Source: CBRE Location Incentives Group.
Note: The extent, if any, of state and local incentive offerings depends on location and scope of the operation.

Logistics Driver

Cincinnati's air freight capabilities separate the region from other major big-box markets. The region is home to two large freight airports: Cincinnati-Northern Kentucky International Airport (CVG) and Louisville Muhammad Ali International Airport. CVG is home to DHL, FedEx and the new Amazon Air Hub. Air Cargo World recently ranked it the top air-cargo airport in the world based on a composite score of customer service, performance and value.

Ali International was recently named the world's fourth-busiest cargo hub by Airport Councils International and is home to UPS World Port, one of the largest package-handling facilities in the world. E-commerce is significantly increasing cargo flights in and out of the airport, where air-package volume grew by 5% year-over-year in 2020.

Cincinnati's air freight capabilities separate the region from other major big-box markets.

Capital Markets

"There is a deep buyer pool, both foreign and domestic, targeting the Cincinnati industrial market. However, a lack of industrial investment opportunities has driven pricing to new records. Cincinnati's topography limits the amount of available developable land. Core Class A cap rates are in the low 4% range, with a premium for aggregated assets. There are strong expectations for increased sales volume in 2022."

Zachary Graham
CBRE Executive Vice President

Figure 4: Cap Rate Comparison

	Class A	Class B
2021	4.00% - 4.25%	5.75% - 6.25%
2020	4.95% - 5.25%	6.00% - 6.25%

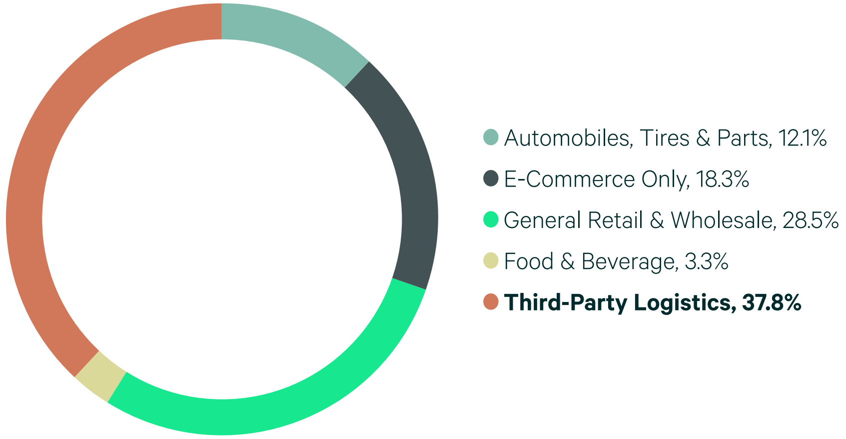
Source: CBRE National Partners.

Supply & Demand

Leasing activity tripled year-over-year in 2021 to 16.8 million sq. ft., ninth highest in North America and one of the largest increases in the region. 3PLs led demand with a market share of 37.8%, followed by general retailers & wholesalers at 28.5%. Net absorption nearly tripled year-over-year to 8.2 million sq. ft.

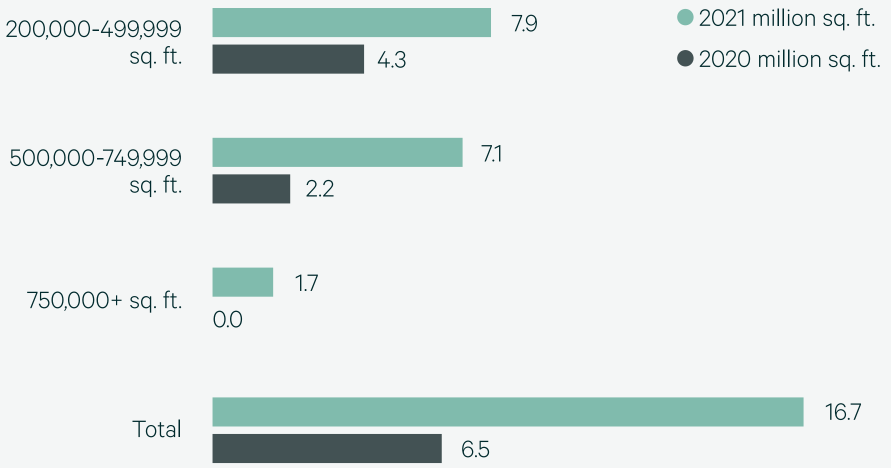
Despite an increase in demand, taking rents remained at $4.26 per sq. ft. Construction completions should pick up this year, with 5.5 million sq. ft. under construction, 41% of which is preleased. High preleasing means vacancy rates will remain under 4% and will cause taking rents to increase this year.

Figure 5: Share of 2021 Leasing Activity by Occupier Type



Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 6: Leasing Activity



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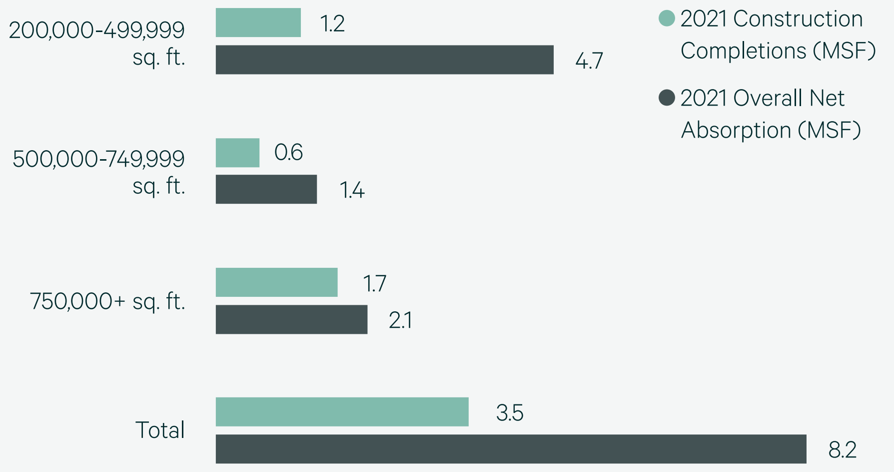
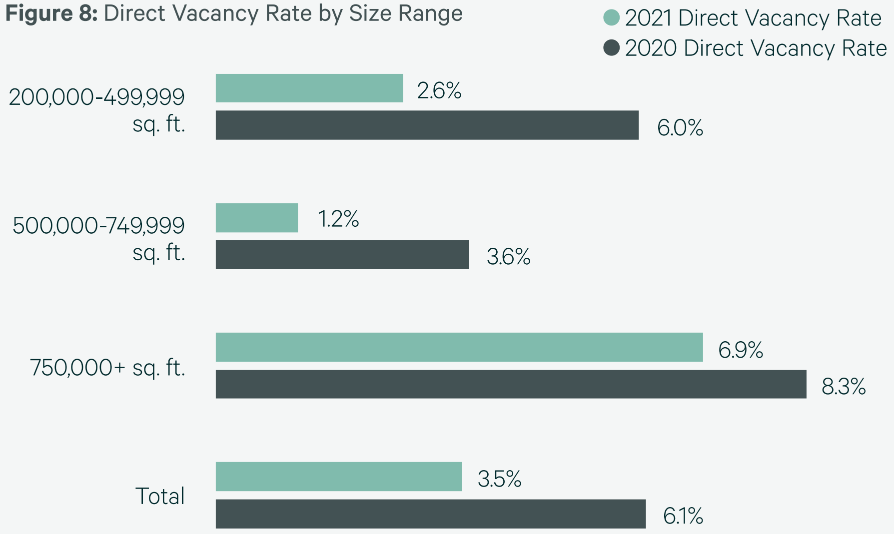
Source: CBRE Research.

Figure 7: 2021 Construction Completions vs. Overall Net Absorption



Source: CBRE Research.

Figure 8: Direct Vacancy Rate by Size Range



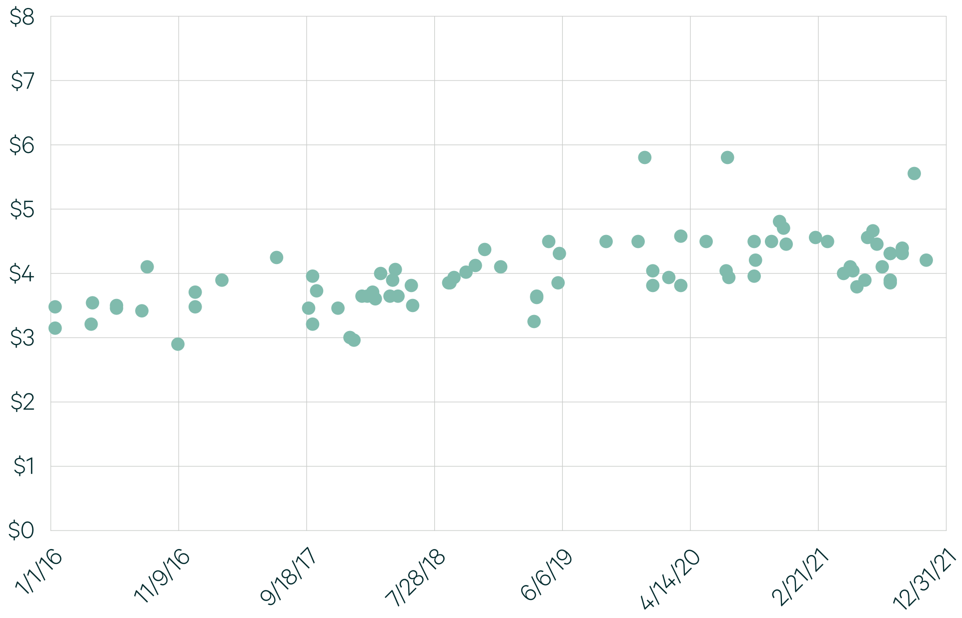
Source: CBRE Research.

Figure 9: Under Construction & Percentage Preleased

	2021 Under Construction sq. ft.	% Preleased
200,000-499,999 sq. ft.	2,476,005	41.6%
500,000-749,999 sq. ft.	1,800,714	0.0%
750,000+ sq. ft.	1,200,000	100.0%
Total	5,476,719	40.7%

Source: CBRE Research.

Figure 10: Historical First Year Taking Rents (psf/yr)



Note: Includes first year taking rents for leases 200,000 sq. ft. and above.
Source: CBRE Research.

07

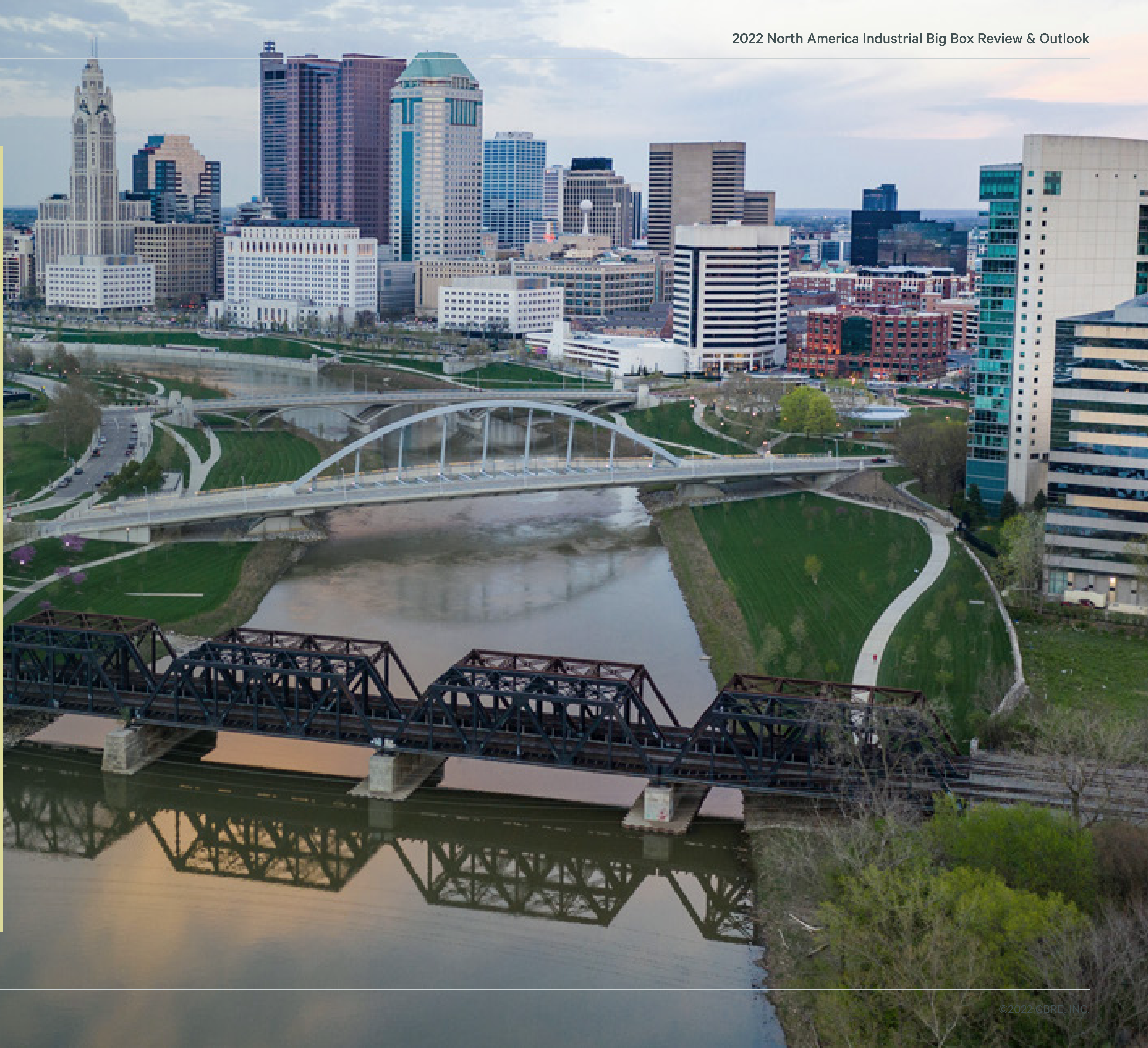
Columbus

Menu

> The Columbus industrial market's rapid growth is expected to continue in 2022, based on record levels of absorption, rent growth and land acquisitions. Landlords are increasing rental rates on lease renewals and are unlikely to negotiate more than nine to 12 months in advance. With several million square feet of speculative development scheduled for delivery over the next six quarters, tenants will have more options to meet their demand for immediate occupancy. Landlords, in turn, will factor in increased construction costs to their asking rents.

Jeff Lyons

CBRE Executive Vice President



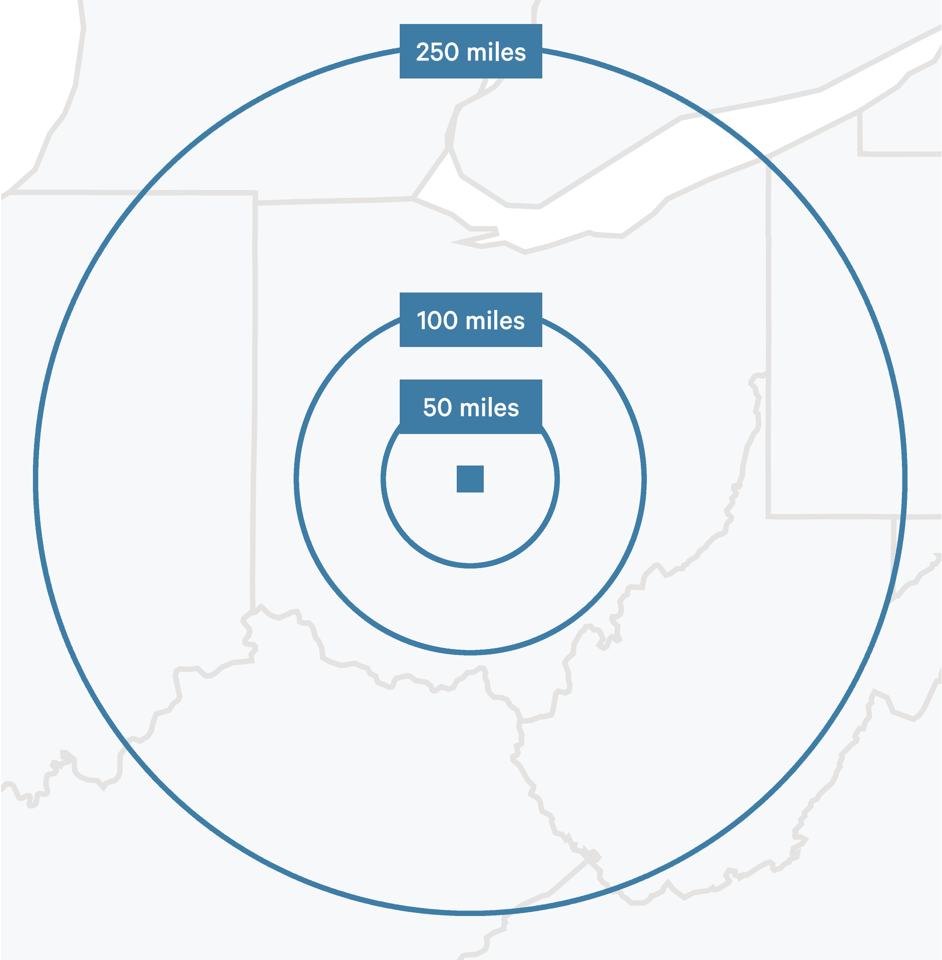
Demographics

More than 2.5 million people live within 50 miles of the market core, with a projected growth rate of 4.3% over the next five years—the highest of any major Midwest city. As home to one of the largest public universities in the country, nearly 25% of the city's 50-mile-radius population is within the 18-to-34 age demographic.

Figure 1: Columbus Population Analysis

Distance from Downtown Columbus	2021 Total Population	5 Year Growth Outlook
50 miles	2,567,160	4.3%
100 miles	7,092,378	2.0%
250 miles	36,383,692	1.1%

Source: CBRE Location Intelligence.



According to CBRE Labor Analytics, the region's warehouse labor force of 50,294 is expected to grow 12.8% by 2030. The average wage for a non-supervisory employee is $15.26 per hour, 2.3% above the national average.

Figure 2: Columbus Warehouse & Storage Labor Fundamentals

Total Warehouse & Storage Employment
50,294

2030 Total Warehouse & Storage Projected Employment
56,744

Hourly Wage*
$15.26

Source: CBRE Labor Analytics.
*Median wage (1 year experience); non-supervisory warehouse material handlers.

Location Incentives

Over the past five years, there have been 219 economic incentives deals totaling $525 million at an average of $22,595 per new job in the Columbus metropolitan area, according to Wavteq.

According to CBRE's Location Incentives Group, among the top incentive programs offered in metro Columbus is the Job Creation Tax Credit (JCTC) program, which provides a refundable and performance-based tax credit that is calculated as a percent of created payroll and is applied toward a company's commercial activity tax liability. JCTC was designed to create a more competitive business climate in Ohio by incentivizing companies that are considering doing business elsewhere.

Another incentive program available in metro Columbus is the Economic Development Grant, which is a discretionary cash grant intended to promote job creation and business expansion. The grant is typically awarded based on fixed-asset and infrastructure investments by companies, as well as substantial job creation.

Figure 3: Columbus Top Incentive Programs

Program	Descripton
Job Creation Tax Credit	Tax credit (refundable) equal to up to 75% of withheld state income taxes for up to 15 years
Economic Development Grant	Discretionary cash grant program
JobsOhio Workforce Grant	Workforce training grant that is reimbursement-based for up to $5,000 per new job
Sales Tax Exemptions	Discretionary sales tax exemption for construction; statutory exemption for warehouse/ distribution
Local Payroll Tax Refund	Discretionary refund of local payroll taxes
Property Tax Abatement	Discretionary abatement of real estate taxes; personal property is exempt

Source: CBRE Location Incentives Group.
Note: The extent, if any, of state and local incentive offerings depends on location and scope of the operation.

Logistics Driver

The Rickenbacker Inland Port is one of the fastest growing inland ports in the country and is the epicenter of Columbus air, rail and ground transportation. The port is anchored by Rickenbacker International, one of the only cargo-dedicated airports in the world, with direct flights to Europe, Asia and the Middle East. Both Norfolk Southern and CSX have rail hubs within the port, giving the region direct rail access to major East Coast seaports. Interstate 70 passes through Columbus, giving direct highway access to a large part of the U.S. population.

Rickenbacker International is one of the only cargo-dedicated airports in the world, with direct flights to Europe, Asia and the Middle East.

Capital Markets

“

Columbus is the fastest-growing metropolitan area in the Midwest in terms of population and GDP, leading to a boom in investment sales and bulk e-commerce distribution activity over the past five years. Class A cap rates decreased by more than 1 percentage point to the high 3% range for Class A assets in 2021. User demand and rent growth have remained robust and show no signs of slowing down. The market should see cap rates compress 25 bps for Class A bulk and will continue to attract both domestic and foreign capital in 2022.

Ryan Bain

CBRE Executive Vice President

”

Figure 4: Cap Rate Comparison

	Class A	Class B
2021	3.70% - 3.95%	5.75% - 6.25%
2020	5.00% - 5.25%	6.00% - 6.25%

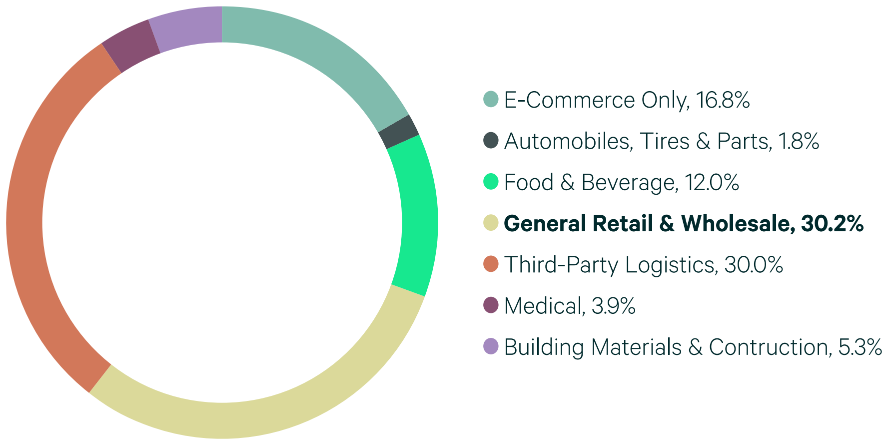
Source: CBRE National Partners.

Supply & Demand

Columbus is one of the top emerging markets in North America, with record-breaking leasing activity and net absorption. Leasing activity totaled 19.8 million sq. ft. in 2021, the sixth highest in North America and nearly double the 11.7 million sq. ft in 2020. Net absorption of 13.1 million sq. ft. pushed the industrial vacancy rate to a record-low 1.7% last year. Developers have responded with 12.1 million sq. ft. currently under construction, 30% of which is preleased.

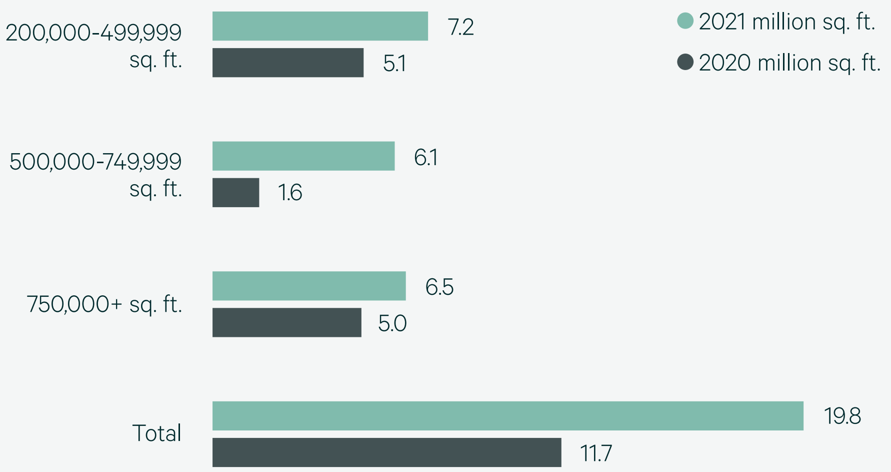
Demand was led by general retail & wholesalers and 3PLs, each accounting for a 30% market share. Despite robust activity, rents remain much below the national average at $3.97 per sq. ft. per year. These comparatively low rental rates and an increase in available first-generation product could lead big-box occupiers looking to expand in the Midwest to choose Columbus.

Figure 5: Share of 2021 Leasing Activity by Occupier Type



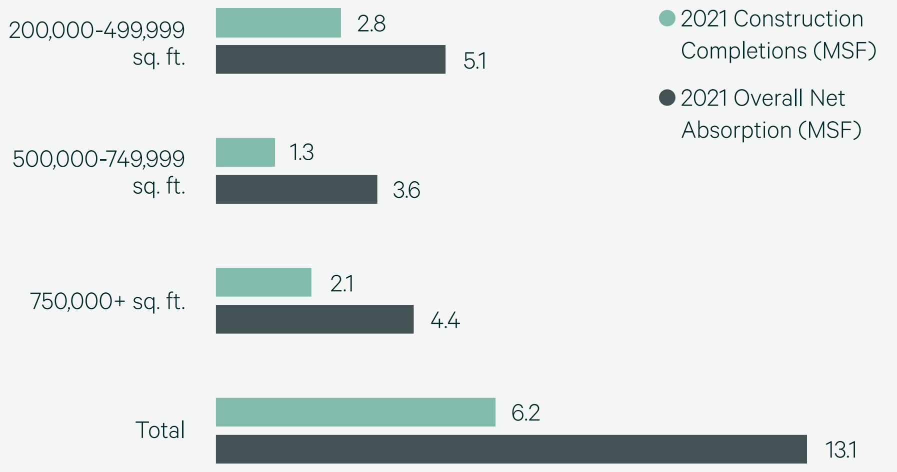
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 6: Leasing Activity



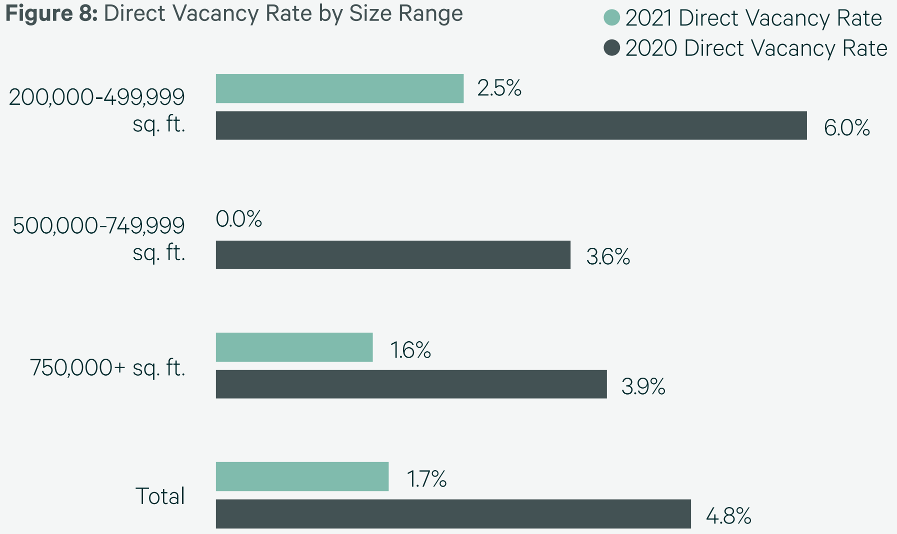
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 7: 2021 Construction Completions vs. Overall Net Absorption



Source: CBRE Research.

Figure 8: Direct Vacancy Rate by Size Range



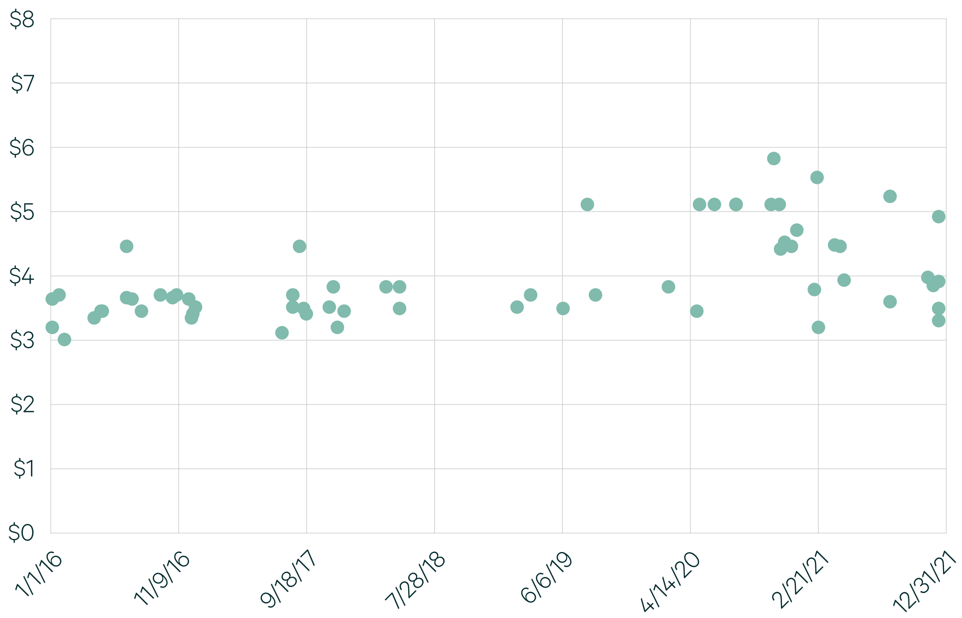
Source: CBRE Research.

Figure 9: Under Construction & Percentage Preleased

	2021 Under Construction sq. ft.	% Preleased
200,000-499,999 sq. ft.	2,180,839	19.5%
500,000-749,999 sq. ft.	2,933,960	58.6%
750,000+ sq. ft.	7,029,354	22.1%
Total	12,144,153	30.4%

Source: CBRE Research.

Figure 10: Historical First Year Taking Rents (psf/yr)



Note: Includes first year taking rents for leases 200,000 sq. ft. and above.
Source: CBRE Research.

08

Dallas/Ft. Worth

Menu

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The Dallas/Ft. Worth industrial is seeing record-low vacancy and robust levels of demand, new construction, rental rate growth and property price appreciation. These strong fundamentals are buoyed by exceptional job growth and the fact that 500 people are moving to the North Texas region every day. Developers seeking land for new construction are pioneering farther out to tertiary municipalities.

Steve Trese
CBRE Executive Vice President

"

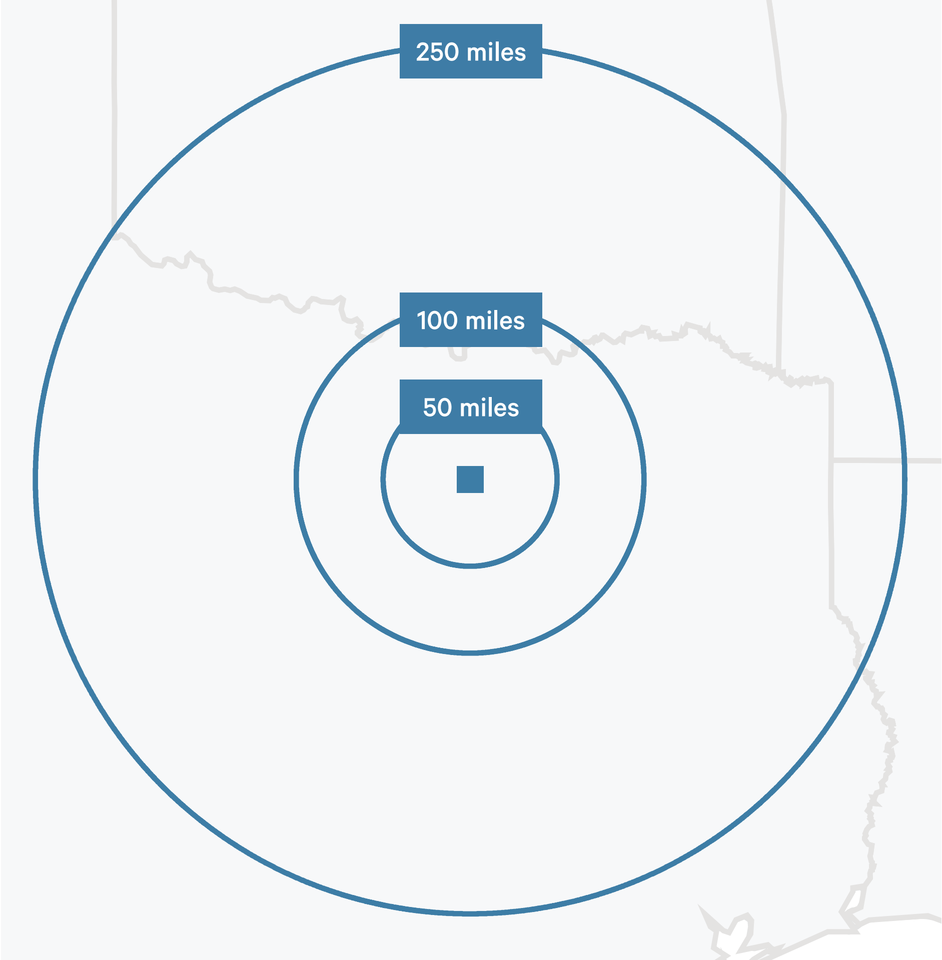
Demographics

More than 7.7 million people live in the Dallas/Ft. Worth (DFW) urban core, with an expected growth rate of 9.6% over the next five years—the highest of any market in this report. Over 28 million people live within 250 miles of the urban core, with an expected growth rate of 7.8% over the next five years. Nearly a quarter of the total population within 50 miles of DFW is in the 18-to-34 age bracket.

Figure 1: Dallas/Ft. Worth Population Analysis

Distance from Downtown Dallas	2021 Total Population	5 Year Growth Outlook
50 miles	7,746,689	9.6%
100 miles	9,087,651	8.8%
250 miles	28,041,602	7.8%

Source: CBRE Location Intelligence.



According to CBRE Labor Analytics, the region's warehouse labor force of 150,029 is expected to grow by 17.3% by 2030. The average salary of a non-supervisory employee is $15.03 per hour, 1.0% higher than the U.S. average.

Figure 2: Dallas/Ft. Worth Warehouse & Storage Labor Fundamentals

Total Warehouse & Storage Employment
150,029

2030 Total Warehouse & Storage Projected Employment
175,922

Hourly Wage*
$15.03

Source: CBRE Labor Analytics.
*Median wage (1 year experience); non-supervisory warehouse material handlers.

Location Incentives

Over the past five years, there have been 73 economic incentives deals totaling more than $606 million at an average of $11,541 per new job in the DFW metropolitan area, according to CBRE's Location Incentives Group.

Among the top incentive programs offered in DFW is the Texas Enterprise Fund (TEF), commonly referred to as a "deal-closing" grant. TEF awards discretionary cash grants to companies considering a new project for which a Texas site is competing against other viable out-of-state options. Award amounts are determined based on an analytical model that factors in the average wage of new employees, the hiring timeline and a company's total capital investment.

Another incentive program is the Skills Development Fund, which provides job training grants to community and technical colleges for customized training programs that support Texas businesses. This job training program is designed to upgrade the skill levels of new or existing employees, as well as increase wages of the Texas workforce.

Figure 3: Dallas/Ft. Worth Top Incentive Programs

Program	Descripton
Texas Enterprise Fund	Discretionary cash grant
Skills Development Fund	Job training fund, which averages $1,800 per employee with a max of $500,000 per business
Enterprise Zone Program	Sales and use tax refund of $2,500, $5,000 or $7,500 per job depending on capital investment and jobs created
Chapter 380 Economic Development Grant	Local grants, abatement or refund on taxes based on capital investment, new job creation and economic impact
Property Tax Abatements	Discretionary abatement of real estate taxes and personal property taxes

Source: CBRE Location Incentives Group.
Note: The extent, if any, of state and local incentive offerings depends on location and scope of the operation.

Logistics Driver

DFW's central location gives it a significant advantage in reaching a large consumer base. The region is home to two major inland ports: Alliance Global Logistics Hub and the International Inland Port of Dallas.

The confluence of three major railroad networks (Union Pacific, Burlington Northern-Santa Fe and Kansas City Southern) puts 98% of the U.S. market within 48 hours by train. DFW International Airport is the nation's ninth-largest cargo airport and the only one with the capacity to double operations in its existing footprint. All major U.S. markets can be reached by air in less than four hours.

The confluence of three major railroad networks puts 98% of the U.S. market within 48 hours by train.

Capital Markets

"DFW remains a top-three target for most industrial & logistics investors. The market continues to outperform the rest of the nation for population growth, occupancy rates and rent growth. Activity by both domestic and foreign investors is limited only by the number of assets listed for sale. As a result, DFW recorded additional compression of industrial cap rates in 2021.

Randy Baird
CBRE Vice Chair"

Figure 4: Cap Rate Comparison

	Class A	Class B
2021	3.20% - 3.65%	3.50% - 4.25%
2020	4.15% - 4.75%	5.00% - 6.25%

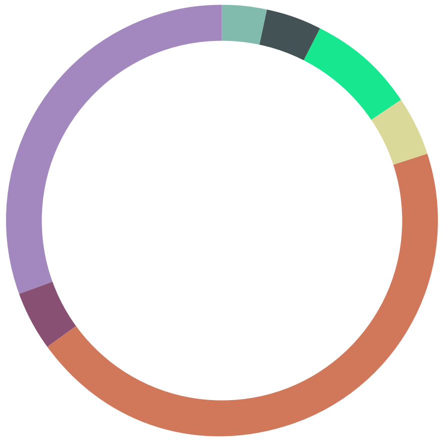
Source: CBRE National Partners.

Supply & Demand

With 424 million sq. ft. of total inventory, DFW is the third-largest big-box market in North America. Occupiers continue to move into and expand within the market, as leasing activity increased by 27.8% year-over-year in 2021 to 44.6 million sq. ft. DFW's direct vacancy rate dropped to a decade-low 5.4% after 29 million sq. ft. of net absorption last year. General retailers & wholesalers and 3PLs were the most active tenants in the market last year, accounting for 75% of all leases.

Robust demand led to increased development in 2021 with 23.6 million sq. ft. of construction completions, the second most in North America. Groundbreakings were even more impressive, as the market finished 2021 with 50 million sq. ft. under construction, the most for any market in this report. New development will continue to give occupiers relocation or expansion options within the DFW region this year and should have minimal effect on the vacancy rate. Rental rate growth of 15% is expected in 2022.

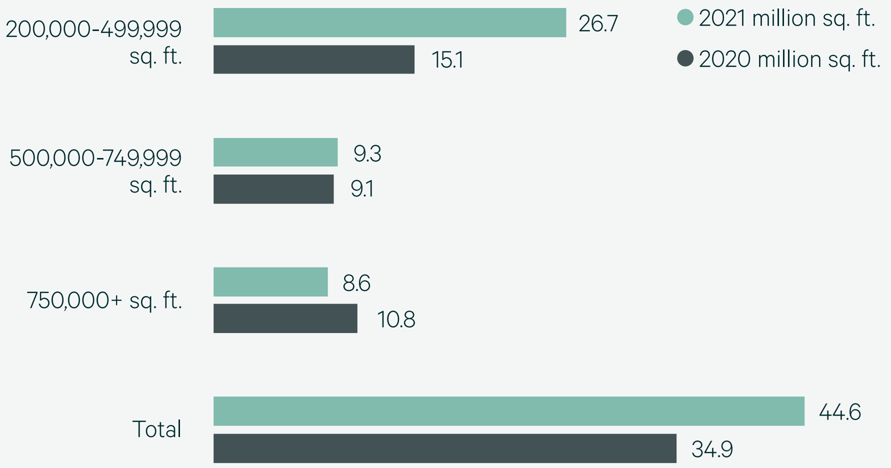
Figure 5: Share of 2021 Leasing Activity by Occupier Type



- Automobiles, Tires & Parts, 3.4%
- Building Materials & Construction, 4.2%
- E-Commerce Only, 8.2%
- Food & Beverage, 4.2%
- **General Retail & Wholesale, 45.2%**
- Medical, 4.3%
- Third-Party Logistics, 30.5%

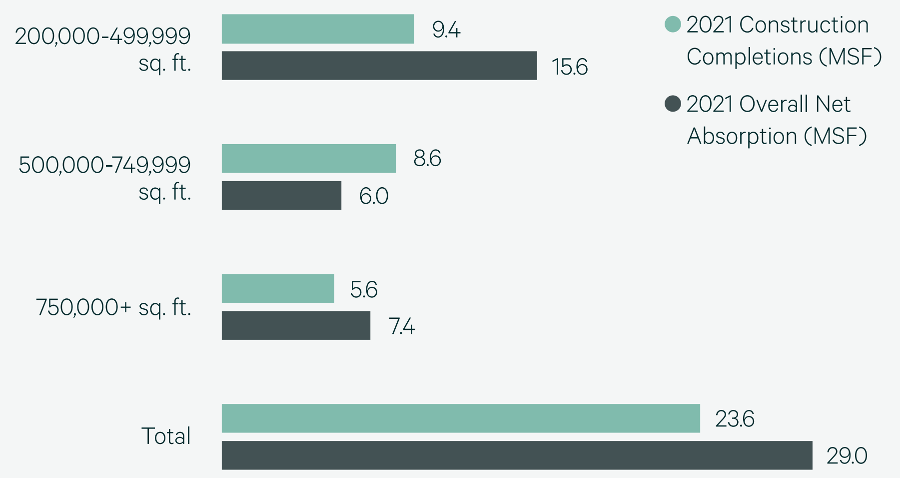
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 6: Leasing Activity



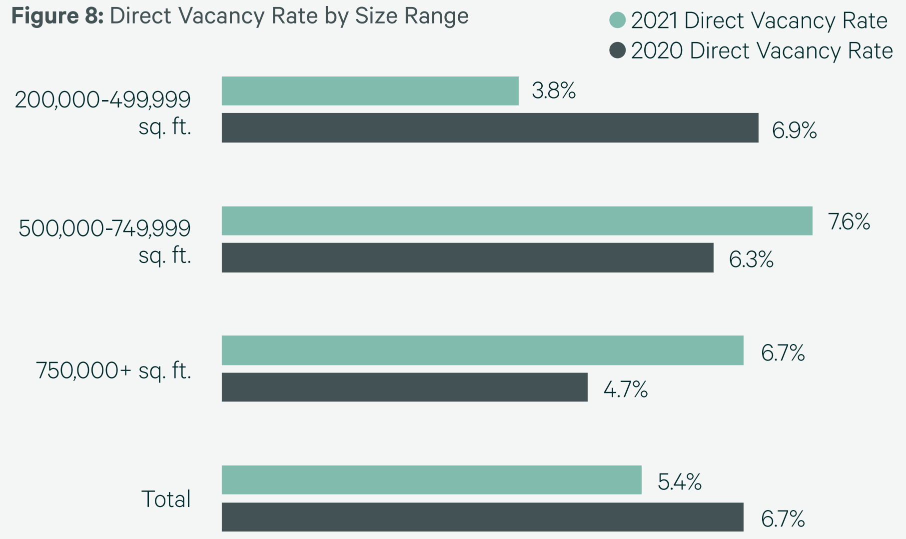
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 7: 2021 Construction Completions vs. Overall Net Absorption



Source: CBRE Research.

Figure 8: Direct Vacancy Rate by Size Range



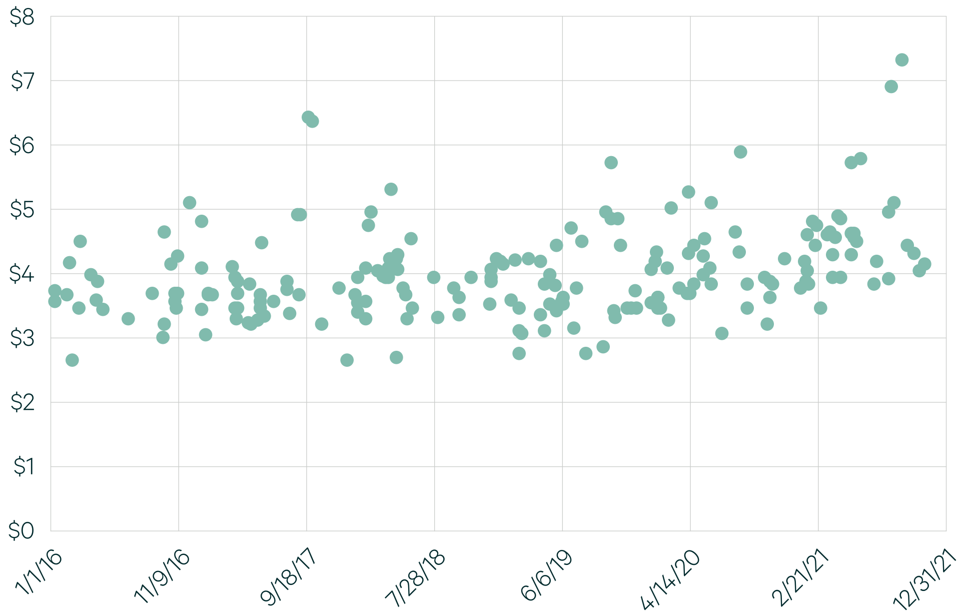
Source: CBRE Research.

Figure 9: Under Construction & Percentage Preleased

	2021 Under Construction sq. ft.	% Preleased
200,000-499,999 sq. ft.	14,779,796	28.1%
500,000-749,999 sq. ft.	12,316,230	38.5%
750,000+ sq. ft.	22,563,928	38.2%
Total	49,659,954	35.3%

Source: CBRE Research.

Figure 10: Historical First Year Taking Rents (psf/yr)



Note: Includes first year taking rents for leases 200,000 sq. ft. and above.
Source: CBRE Research.

09

Houston

Menu

“

Houston’s pro-business environment, favorable real estate conditions and population growth continue to drive its thriving big-box industrial market. Recent demand for space has been led by e-commerce, logistics and building-supply companies. Additionally, 2021 was a record year for Port Houston with TEUs up 15%, reaching 3.5 million TEUs. We expect 2022 to be another great year for Houston Industrial.

Peter Mainguy

CBRE Senior Managing Director

”

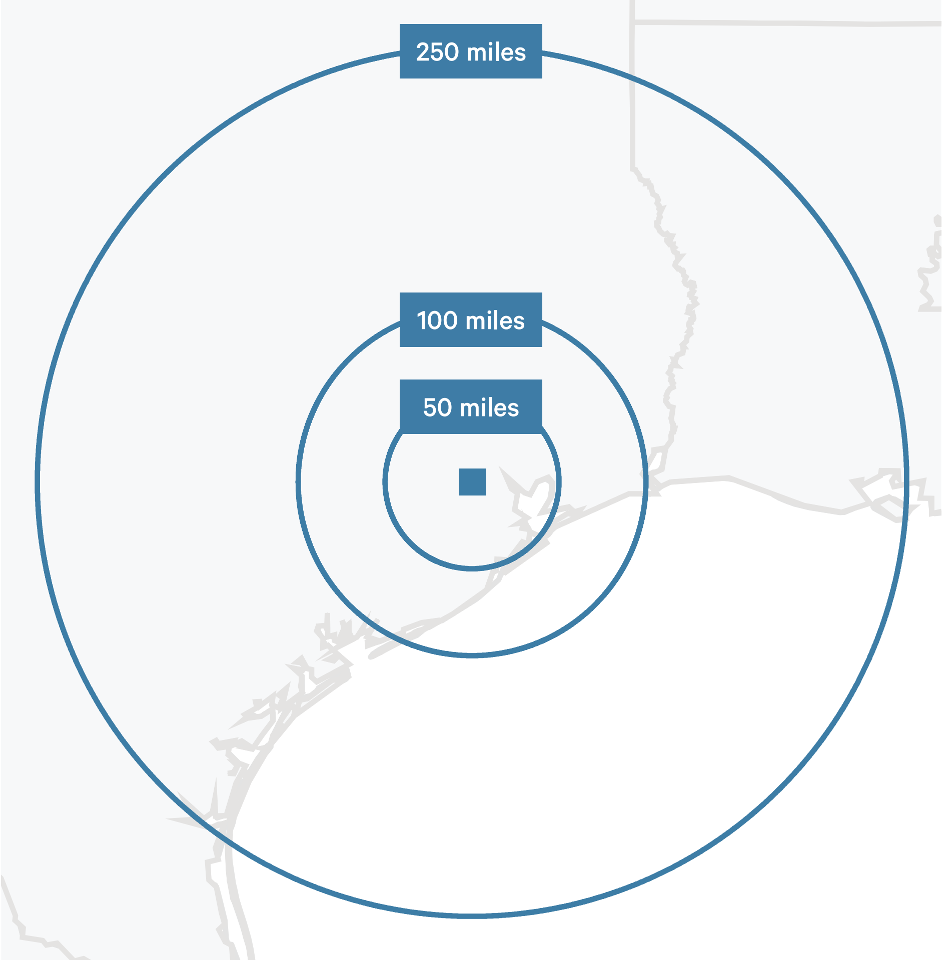
Demographics

More than 7 million people live within 50 miles of the market core, with a growth rate of 9.5% over the next five years—second to only Dallas-Fort Worth. Over 25 million people live within 250 miles, with expected growth of 7.9%. The 18-to-34 age group comprises 25% of the population.

Figure 1: Houston Population Analysis

Distance from Downtown Houston	2021 Total Population	5 Year Growth Outlook
50 miles	7,161,902	9.5%
100 miles	8,355,040	8.8%
250 miles	25,644,583	7.9%

Source: CBRE Location Intelligence.



According to CBRE Labor Analytics, Houston's warehouse labor force of 81,505 is expected to grow 10% by 2030, providing ample available labor for the burgeoning big-box market. The average wage for a non-supervisory employee is $15.09 per hour, 1.2% higher than the national average.

Figure 2: Houston Warehouse & Storage Labor Fundamentals

Total Warehouse & Storage Employment
81,505

2030 Total Warehouse & Storage Projected Employment
89,656

Hourly Wage*
$15.09

Source: CBRE Labor Analytics.
*Median wage (1 year experience); non-supervisory warehouse material handlers.

Location Incentives

Over the past five years, there have been 12 economic incentives deals totaling more than $185 million at an average of $116,744 per new job in the Houston metropolitan area, according to Wavteq.

According to CBRE's Location Incentives Group, among the top incentive programs offered in Houston is the Texas Enterprise Fund (TEF), commonly referred to as a "deal-closing" grant. TEF awards discretionary cash grants to companies considering a new project for which a Texas site is competing against other viable out-of-state options. Award amounts are determined based on an analytical model that factors in the average wage of new employees, the hiring timeline and a company's total capital investment.

Another incentive program available in Houston is the Skills Development Fund, which provides job training grants to community and technical colleges for customized training programs that support Texas businesses. This job training program is designed to upgrade the skill levels of new or existing employees, as well as increase wages of the Texas workforce.

Figure 3: Houston Top Incentive Programs

Program	Descripton
Texas Enterprise Fund	Discretionary cash grant
Skills Development Fund	Job training fund, which averages $1,800 per employee with a max of $500,000 per business
Enterprise Zone Program	Sales and use tax refund of $2,500, $5,000 or $7,500 per job depending on capital investment and jobs created
Chapter 380 Economic Development Grant	Local grants, abatement or refund on taxes based on capital investment, new job creation and economic impact
Property Tax Abatements	Discretionary abatement of real estate taxes and personal property taxes

Source: CBRE Location Incentives Group.
Note: The extent, if any, of state and local incentive offerings depends on location and scope of the operation.

Logistics Driver

Houston offers an impressive array of distribution channels. Its central location makes it easy to reach both coasts within hours. The Port of Houston is the largest container port on the Gulf Coast and has been instrumental in the city's development of international trade. The market is home to the nation's largest petrochemical complex and the second largest in the world. Carrier services on all major trade lanes link Houston to all international markets. The shipping channel also intersects a very busy barge traffic lane, the Gulf Intracoastal Waterway.

The region's extensive highway system is well-integrated with the Houston Airport System, four deep-water seaports and the mainline railroads serving the city. Houston is at the crossroads of Interstate Highways 10, 45 and 69. I-69 is known as the "NAFTA superhighway," which links Canada, the U.S. industrial Midwest, Texas and Mexico.

The region's extensive highway system is well-integrated with the Houston Airport System, four deep-water seaports and the mainline railroads serving the city.

Capital Markets

"Houston is poised for perhaps the most cap rate compression of all the major Texas markets this year. After the incredible rent growth of 2021, landlords have more opportunity to raise rents than any time in recent history. Cap rate compression should follow and should make property pricing more in-line with markets like DFW.

Jonathan Bryan
CBRE Executive Vice President"

Figure 4: Cap Rate Comparison

	Class A	Class B
2021	3.75% - 4.15%	4.00% - 4.50%
2020	4.25% - 5.00%	5.25% - 6.50%

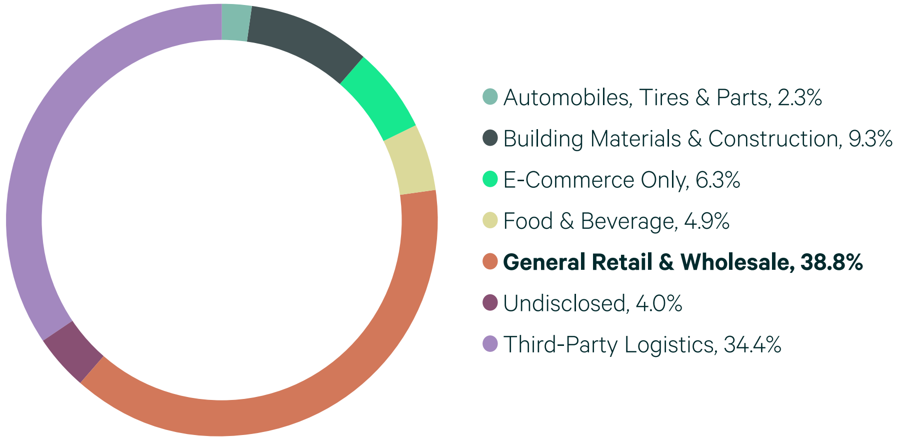
Source: CBRE National Partners.

Supply & Demand

With 194 million sq. ft., Houston is the ninth-largest big-box market in North America. Houston was the top big-box growth market (net absorption/existing inventory) in 2021 at 11.1% thanks to nearly 22 million sq. ft. of positive net absorption—triple 2020's total. Net absorption was fueled by 13 million sq. ft. of leasing activity, also triple the previous year's total. Most of the more than 18 million sq. ft. of new supply in 2021 was absorbed, lowering the vacancy rate to 6.6%.

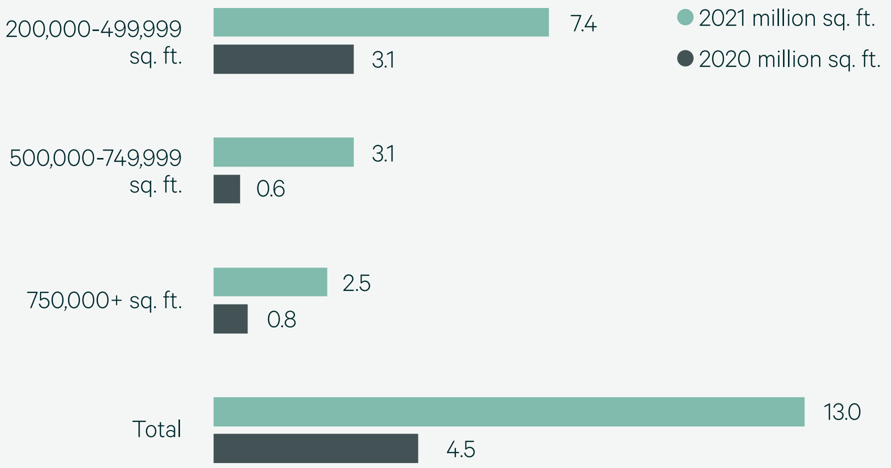
General retailers & wholesalers and 3PLs were the most active occupier types, accounting for 73% of leasing volume. As occupiers are attracted to Houston's growing seaport and population base, 2022 looks to be another strong year for the city's big-box market. Despite high demand, only 15.6 million sq. ft. is currently under construction, 37% of which is preleased. The low amount of first-generation space should further lower the direct vacancy rate this year.

Figure 5: Share of 2021 Leasing Activity by Occupier Type



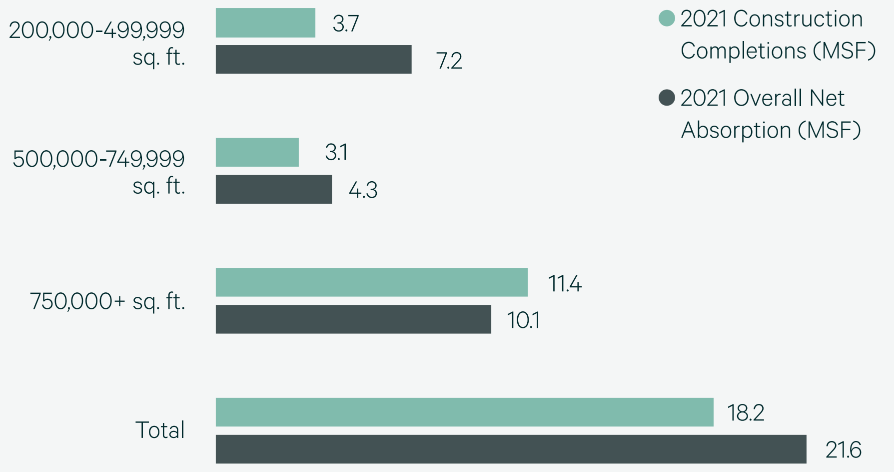
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 6: Leasing Activity



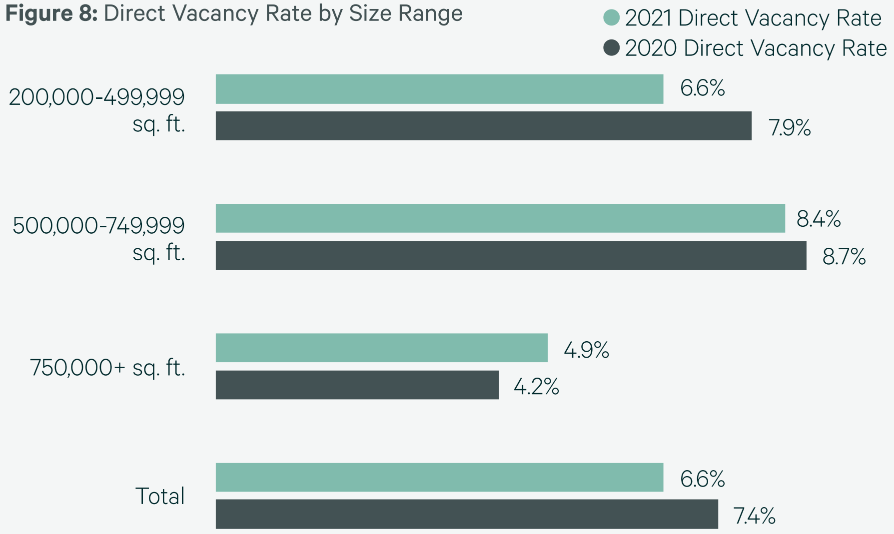
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 7: 2021 Construction Completions vs. Overall Net Absorption



Source: CBRE Research.

Figure 8: Direct Vacancy Rate by Size Range



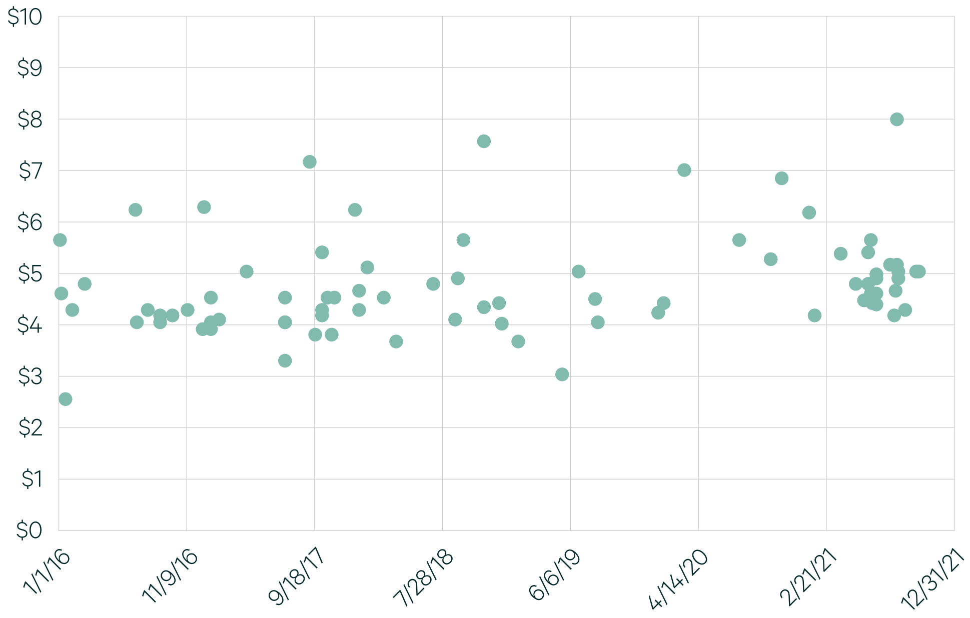
Source: CBRE Research.

Figure 9: Under Construction & Percentage Preleased

	2021 Under Construction sq. ft.	% Preleased
200,000-499,999 sq. ft.	4,778,471	30.5%
500,000-749,999 sq. ft.	5,465,854	44.7%
750,000+ sq. ft.	5,400,405	35.2%
Total	15,644,730	37.1%

Source: CBRE Research.

Figure 10: Historical First Year Taking Rents (psf/yr)



Note: Includes first year taking rents for leases 200,000 sq. ft. and above.
Source: CBRE Research.

10

Indianapolis

Menu

> Indianapolis' proximity to population centers minimizes outbound shipping costs for distributors. The market also has a deep labor pool that matches the profile distributors demand. With robust speculative development, excellent infrastructure, highly competitive economic incentives packages, a favorable business tax environment and its location in a right-to-work state, Indianapolis checks all the site selection boxes.

Jeremy Woods

CBRE Senior Vice President

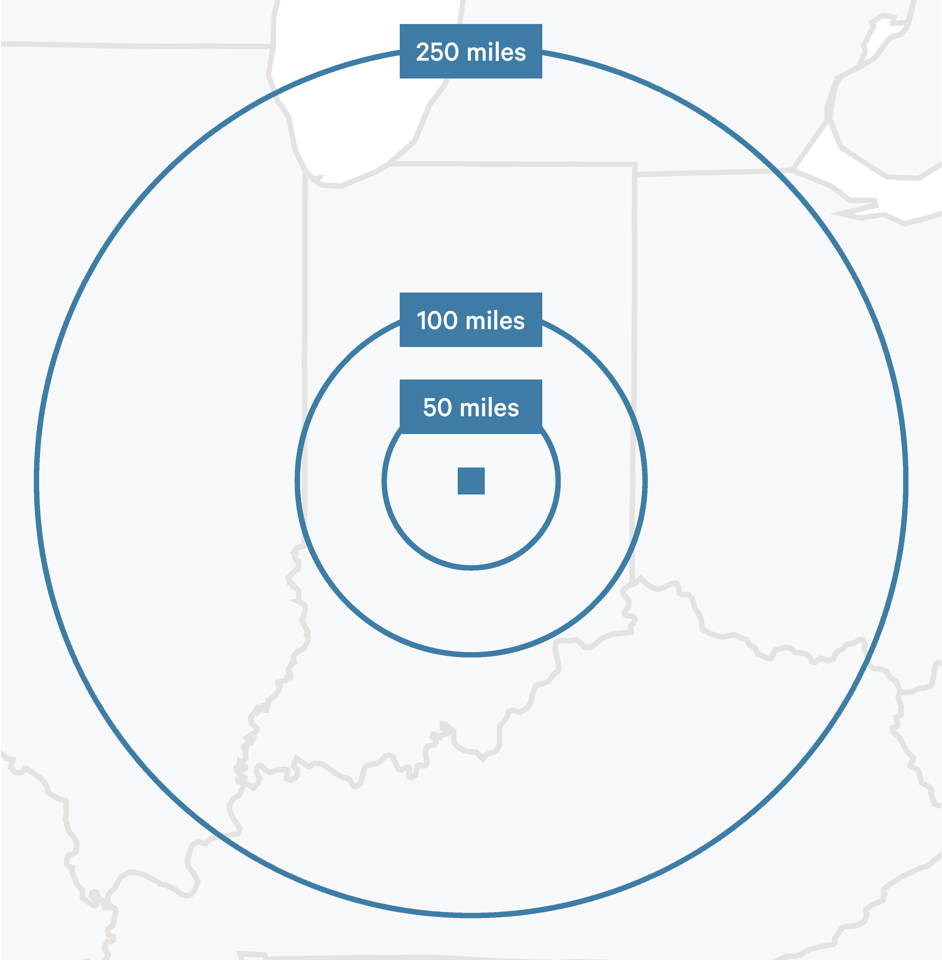
Demographics

More than 2.6 million people live within a 50-mile radius of the urban core, with a 4.4% expected growth rate over five years. Solid population growth portends a sizeable labor pool for the foreseeable future. Indianapolis's central location gives it access to more than 43 million people in a 250-mile radius, 6 million more than nearby Chicago.

Figure 1: Indianapolis Population Analysis

Distance from Downtown Indianapolis	2021 Total Population	5 Year Growth Outlook
50 miles	2,627,922	4.4%
100 miles	5,799,202	2.6%
250 miles	43,124,304	1.3%

Source: CBRE Location Intelligence.



According to CBRE Labor Analytics, the local warehouse labor force of 62,128 is expected to grow by 18.0% by 2030. The average wage for a non-supervisory employee is $15.06 per hour, 1.0% higher than the national average.

Figure 2: Indianapolis Warehouse & Storage Labor Fundamentals

Total Warehouse & Storage Employment
62,128

2030 Total Warehouse & Storage Projected Employment
73,322

Hourly Wage*
$15.06

Source: CBRE Labor Analytics.
*Median wage (1 year experience); non-supervisory warehouse material handlers.

Location Incentives

Over the past five years, there have been 529 economic incentives deals totaling more than $979 million at an average of $17,123 per new job in the Indianapolis metropolitan area, according to Wavteq.

According to CBRE's Location Incentives Group, among the top incentive programs offered in metro Indianapolis is the Economic Development for a Growing Economy (EDGE) Program, which provides refundable discretionary tax credits for corporate income taxes for up to 10 years. These credits equal up to 100% of new income tax withholdings generated by a project's job creation.

Another incentive program available in metro Indianapolis is the Hoosier Business Investment Tax Credit Program, which offers a non-refundable tax credit to companies that create new jobs and make capital improvements to a business facility. The tax credits are calculated as a percentage of the capital investment made to support the project.

Figure 3: Indianapolis Top Incentive Programs

Program	Descripton
Economic Development for a Growing Economy (EDGE) Tax Credit	Tax credit up to 100% of withholding taxes per year up to 10 years
Hoosier Business Investment Tax Credit (HBI)	Tax credit up to 10% of the qualified capital investment
Skills Enhancement Fund (SEF)	Reimbursable grant up to 50% of eligible training costs over 2 years
Industrial Development Grant Funds (IDGB)	Infrastructure grant that typically does not exceed 50% of the total project costs
Urban Enterprise Zone Program	Tax credit up to 30% of equity investment and 10% of additional incremental wages
Property Tax Abatements	Discretionary abatement of real estate and personal property taxes

Source: CBRE Location Incentives Group.
Note: The extent, if any, of state and local incentive offerings depends on location and scope of the operation.

Logistics Driver

Greater Indianapolis offers a plethora of logistics advantages for industrial occupiers. The region is one of the best for trucking, with more national highway intersections than any other state. Under its "Major Moves" program, Indiana is investing $10 billion over 10 years to add 400 miles in new highways. Indianapolis is home to the second largest FedEx air hub in the world, helping Indianapolis International Airport consistently rank among the top five cargo airports in the U.S. Indiana also ranks third for total railroad miles in the country.

The region is one of the best for trucking, with more national highway intersections than any other state.

Capital Markets

"Indianapolis' strong market fundamentals and rent growth have resulted in more institutional investors looking to acquire big-box assets in the market. 2021 sales volume set an annual record. Class A cap rates compressed more than anticipated in 2021 and currently stand in the low-4% range. Moderate cap rate compression is expected in 2022."

Ryan Bain
CBRE Executive Vice President

Figure 4: Cap Rate Comparison

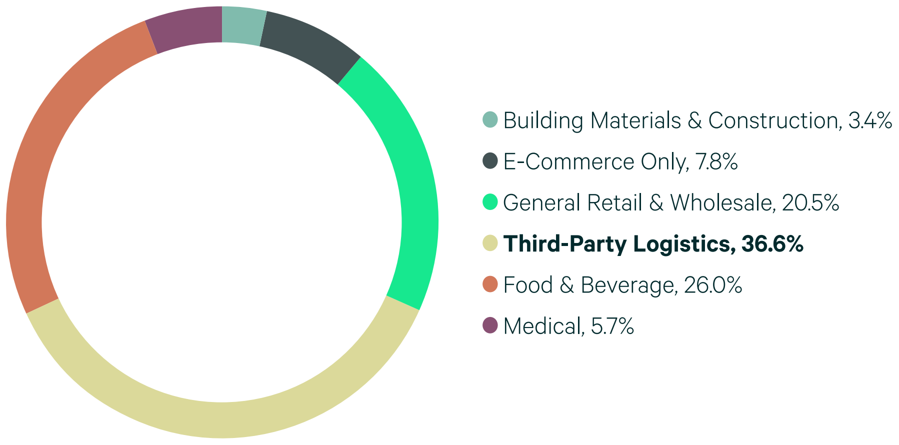
	Class A	Class B
2021	4.00% - 4.25%	5.75% - 6.25%
2020	5.00% - 5.25%	6.00% - 6.25%

Source: CBRE Research.

Supply & Demand

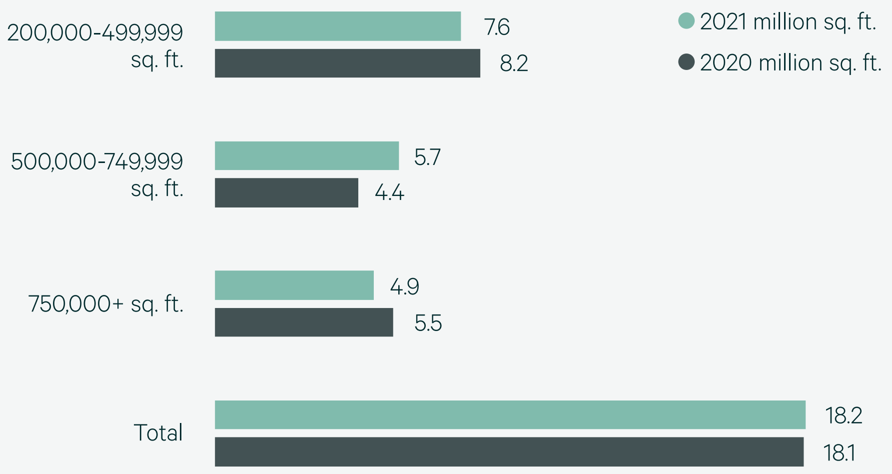
Another robust year of leasing volume has made Indianapolis a top-tier big-box market. Leasing volume totaled 18.2 million sq. ft. in 2021, on par with 2020. 3PL providers accounted for 36.6% of total leasing volume with food & beverage users taking 26%. Developers are adding new supply at a robust clip, with completions exceeding 10 million sq. ft. for the second consecutive year. As a result, the vacancy rate increased by 1.3 percentage points to 8.2%. Approximately 22 million sq. ft. is under construction, most of which is slated for delivery this year. Despite strong leasing activity, new development will keep the vacancy rate at its current level, with rents remaining well below the national average.

Figure 5: Share of 2021 Leasing Activity by Occupier Type



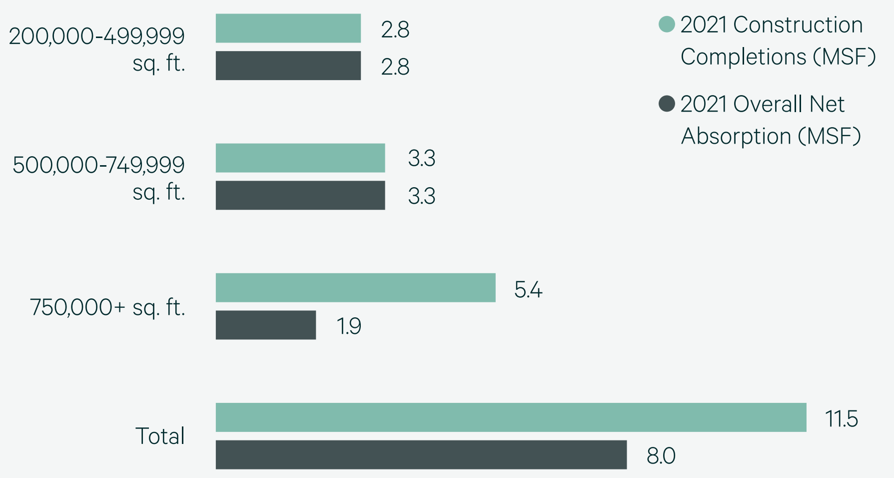
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 6: Leasing Activity



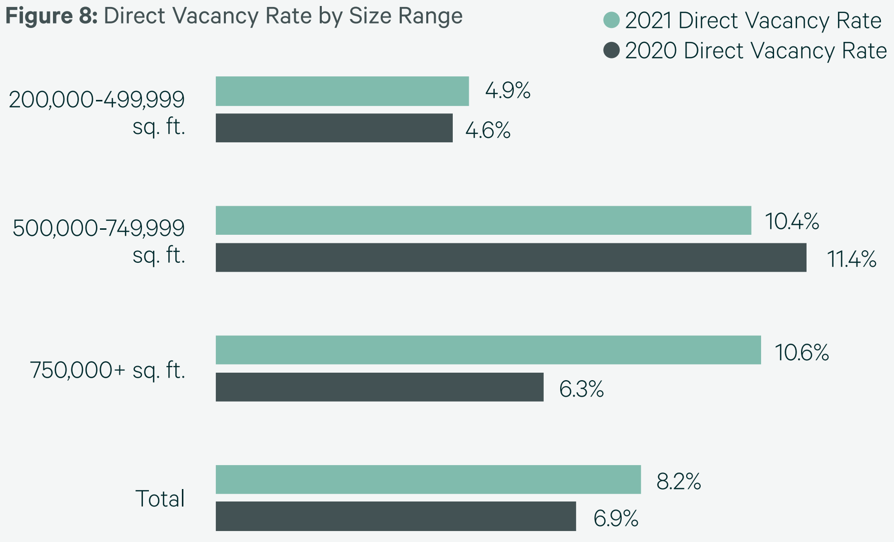
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 7: 2021 Construction Completions vs. Overall Net Absorption



Source: CBRE Research.

Figure 8: Direct Vacancy Rate by Size Range



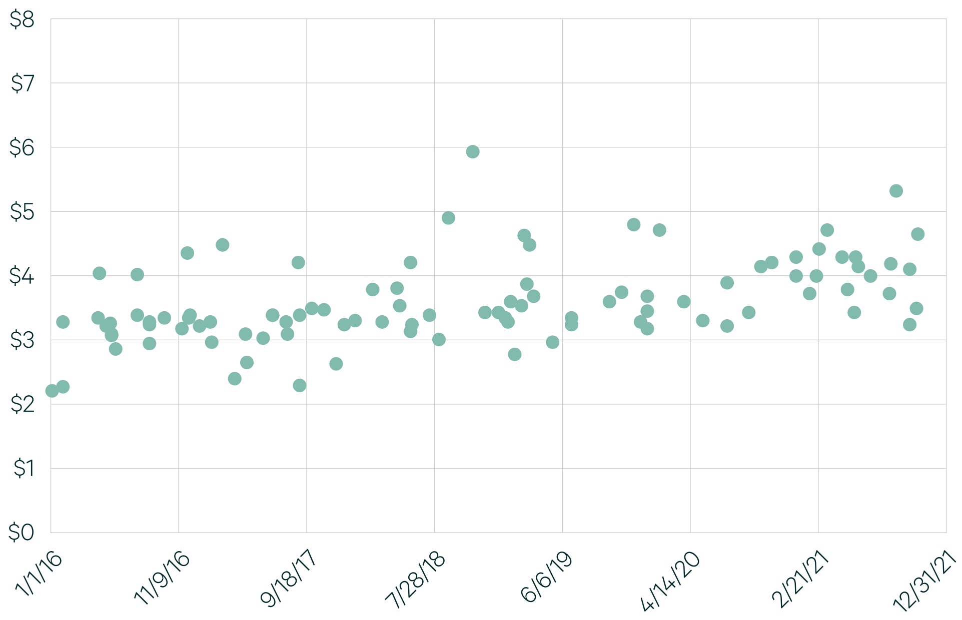
Source: CBRE Research.

Figure 9: Under Construction & Percentage Preleased

	2021 Under Construction sq. ft.	% Preleased
200,000-499,999 sq. ft.	2,883,276	7.0%
500,000-749,999 sq. ft.	7,924,003	8.9%
750,000+ sq. ft.	11,192,579	11.1%
Total	21,999,858	9.8%

Source: CBRE Research.

Figure 10: Historical First Year Taking Rents (psf/yr)



Note: Includes first year taking rents for leases 200,000 sq. ft. and above.
Source: CBRE Research.

11

Inland Empire

Menu

"Located 45 miles east of the ports of Los Angeles and Long Beach, the Inland Empire primarily consists of Class A, big-box distribution buildings. With excellent freeway access and proximity to the affluent consumer base of Southern California, the Inland Empire has been one of the most sought-after markets in the country by both suppliers and institutional investors. There typically are multiple qualified offers to lease available big-box space, resulting in a high volume of preleasing. This has led to a vacancy rate of less than 1% and quarterly increases in rental rates of 25% or more."

Jay Dick
CBRE Executive Vice President

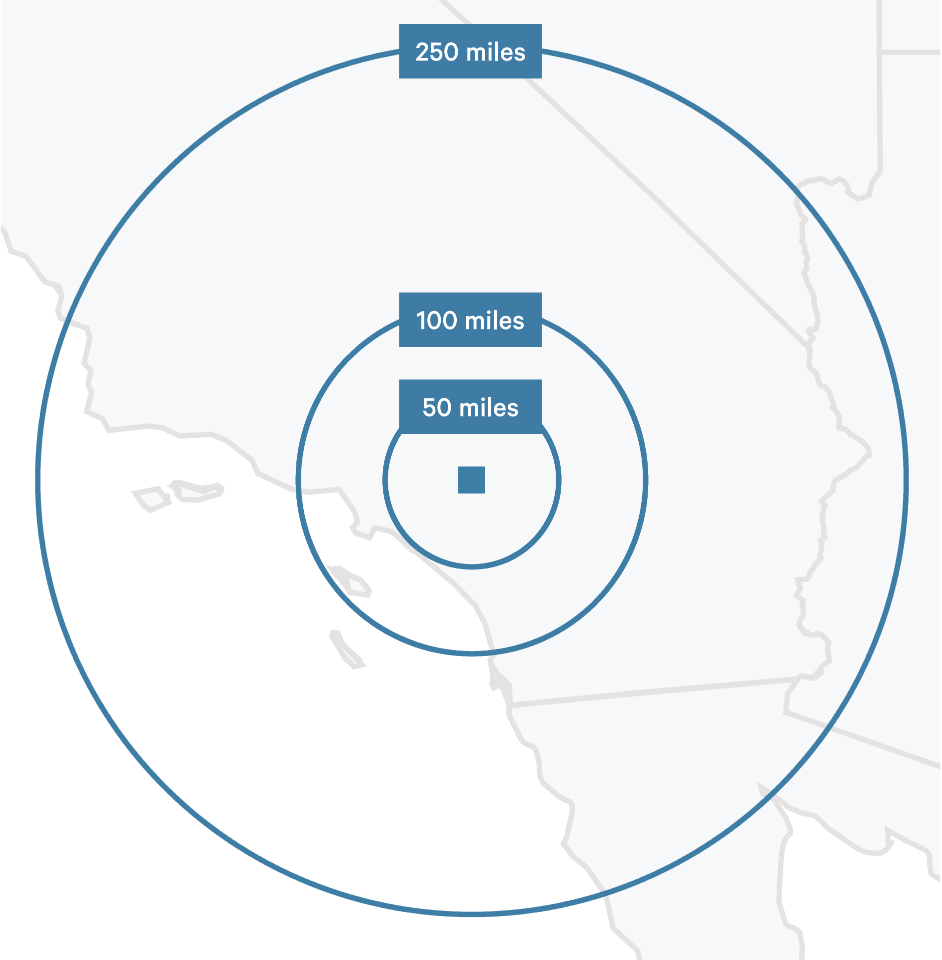
Demographics

Approximately 16 million people—26% in the 18-to-34 age demographic—live within 50 miles of the Inland Empire (IE) core, the second-highest population of markets in this report and with an expected growth rate of 2.2% over the next five years. Close to 30 million people live within 250 miles of the market, generating a significant amount of industrial demand. The IE is second in North America behind Northern/Central New Jersey in total households within a 50-mile radius of the market core (5.2 million).

Figure 1: Inland Empire Population Analysis

Distance from Inland Empire Core	2021 Total Population	5 Year Growth Outlook
50 miles	16,209,947	2.2%
100 miles	21,344,465	2.3%
250 miles	28,482,904	2.9%

Source: CBRE Location Intelligence.



A big population gives the Inland Empire one of the largest big-box industrial labor forces in the country. According to CBRE Labor Analytics, nearly 102,000 people are employed in the warehouse industry. This number is expected to grow 18% by 2030. The average wage for a non-supervisory warehouse worker is $16.65 per hour. While this is 12% higher than the national average, it is the lowest hourly wage of any major industrial market in California.

Figure 2: Inland Empire Warehouse & Storage Labor Fundamentals

Total Warehouse & Storage Employment	2030 Total Warehouse & Storage Projected Employment	Hourly Wage*
101,839	119,850	$16.65

Source: CBRE Labor Analytics.
*Median wage (1 year experience); non-supervisory warehouse material handlers.

Location Incentives

Over the past five years, there have been 30 economic incentives deals totaling more than $39 million for an average of $13,463 per new job in the Inland Empire, according to Wavteq.

According to CBRE's Location Incentives Group, among the top incentive programs offered in the Inland Empire is the California Competes Tax Credit, which is a discretionary income tax credit awarded to businesses that locate or expand in California. This program was extended through 2023 with $180 million in tax credits available for allocation to businesses that make capital investments, create new jobs and offer strategic importance to the region. The credits are non-refundable and companies can only apply during designated application periods held three times each year.

Figure 3: Inland Empire Top Incentive Programs

Program	Descripton
Employment Training Panel	Job training grant
California Competes Tax Credit	Discretionary tax credit program
Manufacturing M&E Sales Tax Exemption	100% exemption of state sales taxes on machinery and equipment for manufacturing and R&D
Capital Investment Incentive Program (CIIP)	Partial local property tax abatement for qualified manufacturing facilities for assessed property taxes in excess of $150 million for up to 15 years

Source: CBRE Location Incentives Group.
Note: The extent, if any, of state and local incentive offerings depends on location and scope of the operation.

Logistics Driver

The market is close to the ports of Los Angeles and Long Beach, the two largest in North America. The massive flow of imports into these ports directly feeds the big-box distribution warehouses in the region.

The market has logistics advantages from the air, ground and rail. Ontario International is quickly becoming one of the top cargo airports in the country. According to Aviation Pros, air cargo volume into Ontario increased by 21% in 2020 (latest data available), the highest growth rate in the continental U.S. Ground transportation is a key to the market's success. Interstates 10 and 15 give the region direct access to the entire country. Rail also is an option, as both BNSF and Union Pacific service the market.

The market is close to the ports of Los Angeles and Long Beach, the two largest in North America.

Capital Markets

“2021 was another record year for the IE, making it one of the nation’s top industrial markets. Fully entitled land remains scarce and trades at a premium as developers look to add new supply. The boundaries of the East IE continue to push out to Beaumont, Banning, Hesperia and Victorville, and south to Menifee and Murrieta, as large land parcels become harder to find. Depending on the lease term and rental rate, cap rates compressed in 2021, with some deals trading in the sub-3% range. Another year of strong performance is expected in 2022, with continued rent growth, low vacancy rates, low interest rates, strong investor demand and lower cap rates.

Darla Longo
CBRE Vice Chair, Managing Director”

Figure 4: Cap Rate Comparison

	Class A	Class B
2021	2.50% - 3.00%	2.75% - 3.50%
2020	3.75% - 4.25%	4.50% - 5.50%

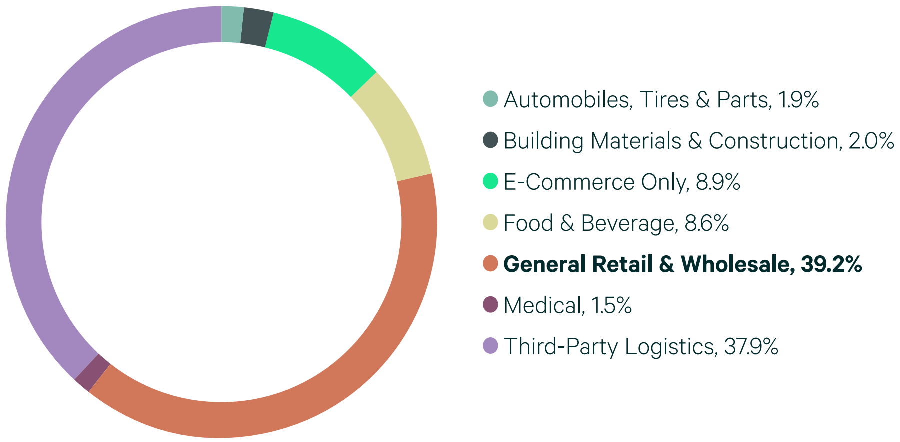
Source: CBRE National Partners.

Supply & Demand

With 371 million sq. ft. of total supply, the Inland Empire is the fifth largest big-box industrial market in North America. Leasing activity totaled 49.3 million sq. ft. last year, second only to Chicago in North America. Demand was driven by general retailers & wholesalers, along with 3PLs, that combined for 80% of 2021 leasing activity.

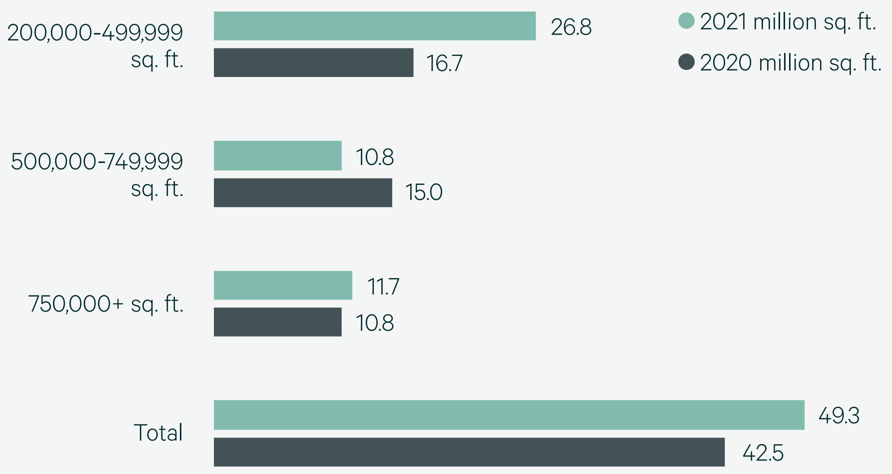
Despite strong demand, construction completions fell by 50% last year to 8.2 million sq. ft., as fewer land sites were available. Fewer completions and more leasing activity lowered the direct vacancy rate to a record-low 0.4% and increased taking rents 38% to $9.04 per sq. ft. per year. The lack of available land will keep the vacancy rate below 1% and rents rising. These robust fundamentals will lead to strong investor demand and will keep cap rates below 3% in 2022.

Figure 5: Share of 2021 Leasing Activity by Occupier Type



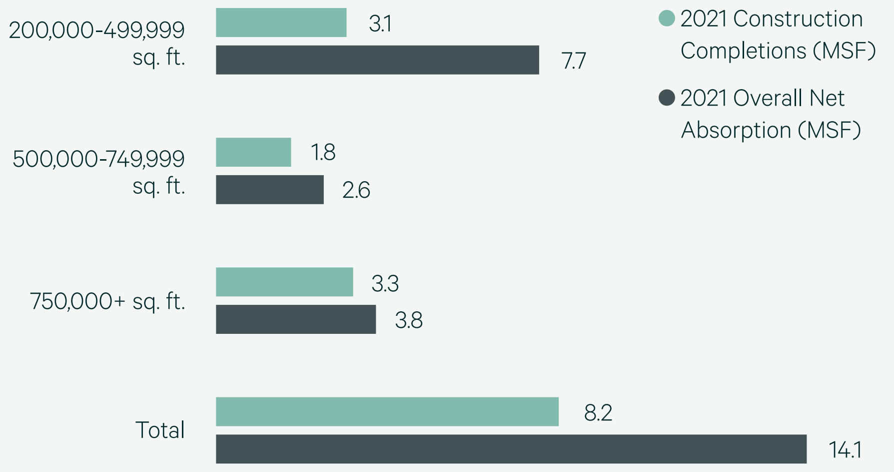
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 6: Leasing Activity



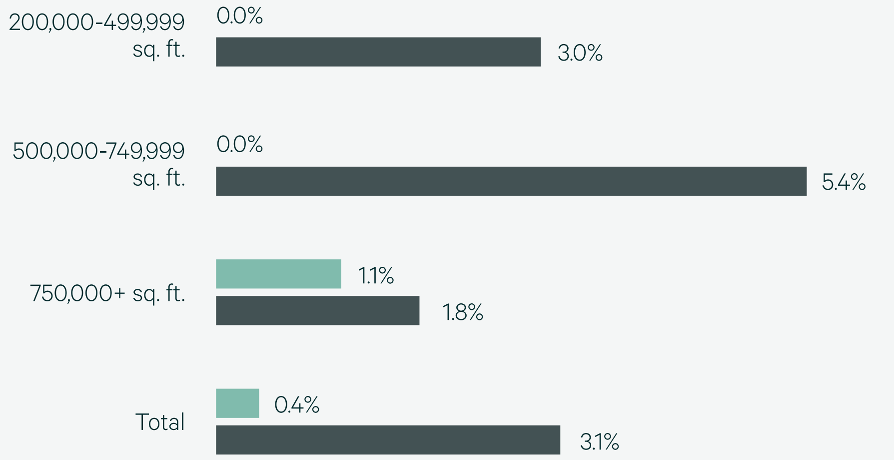
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 7: 2021 Construction Completions vs. Overall Net Absorption



Source: CBRE Research.

Figure 8: Direct Vacancy Rate by Size Range



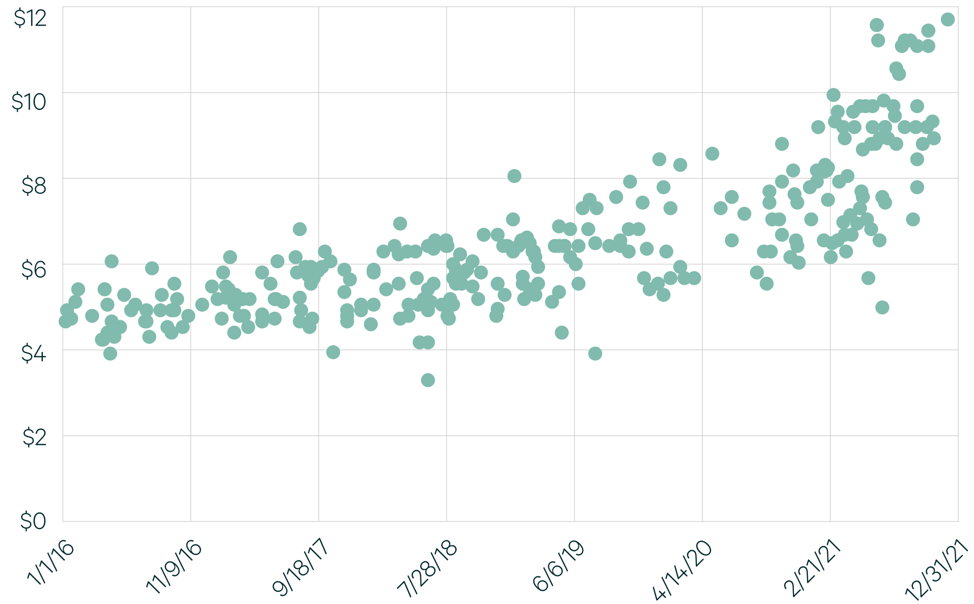
Source: CBRE Research.

Figure 9: Under Construction & Percentage Preleased

	2021 Under Construction sq. ft.	% Preleased
200,000-499,999 sq. ft.	4,062,559	26.5%
500,000-749,999 sq. ft.	1,790,482	38.7%
750,000+ sq. ft.	9,640,774	49.8%
Total	15,493,815	42.4%

Source: CBRE Research.

Figure 10: Historical First Year Taking Rents (psf/yr)



Note: Includes first year taking rents for leases 200,000 sq. ft. and above.
Source: CBRE Research.

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Kansas City

Menu

> Kansas City is one of the fastest-growing industrial markets in the country, with developers delivering more than 70 million sq. ft. of Class A space over the past decade. Distributors are drawn to the market by its strategic interstate infrastructure, multiple intermodal facilities and aggressive state and local incentive programs.

Austin Baier
CBRE Senior Vice President

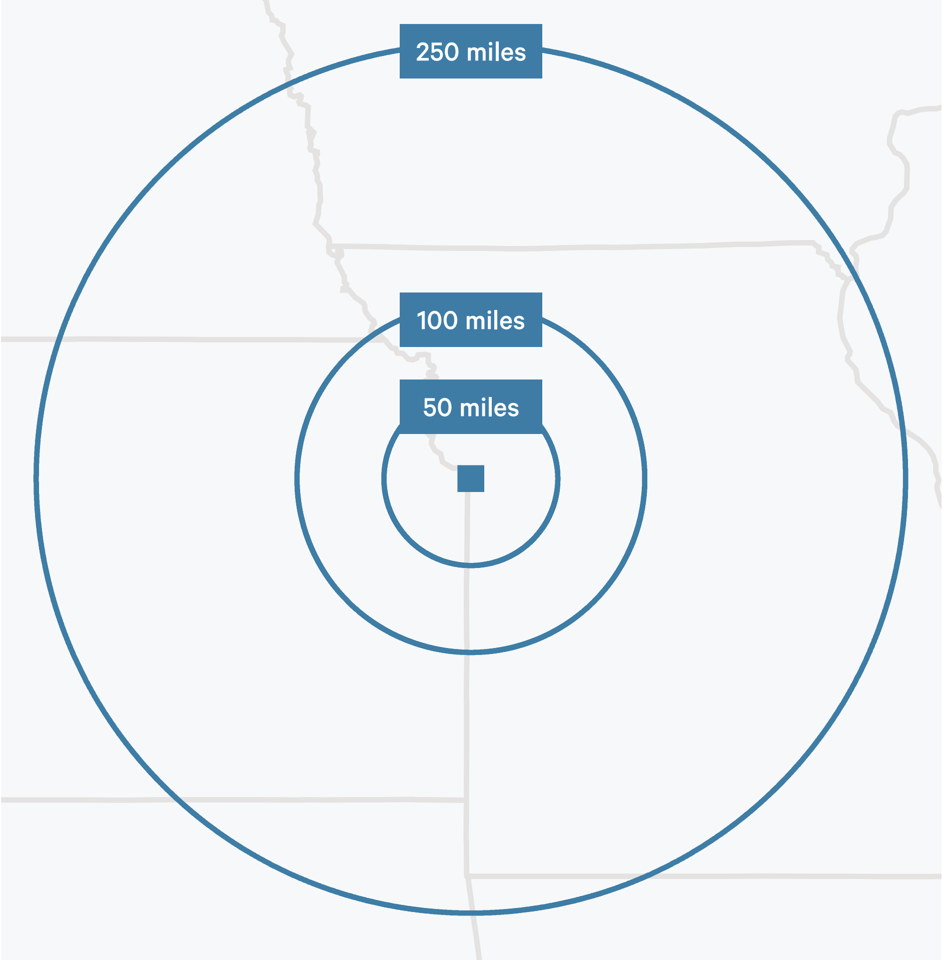
Demographics

Kansas City's biggest draw is its ability to easily reach a large portion of the country. More than 2.4 million people live within 50 miles of the market core and close to 15 million people or 6 million households are within 250 miles.

Figure 1: Kansas City Population Analysis

Distance from Downtown Kansas City	2021 Total Population	5 Year Growth Outlook
50 miles	2,415,848	4.1%
100 miles	3,157,949	3.0%
250 miles	14,929,303	2.7%

Source: CBRE Location Intelligence.



According to CBRE Labor Analytics, the local warehouse labor force of just over 33,000 is expected to grow by 5.7% by 2030. The average wage for a non-supervisory warehouse employee is $15.25 per hour, 2.3% higher than the national average.

Figure 2: Kansas City Warehouse & Storage Labor Fundamentals

Total Warehouse & Storage Employment
33,258

2030 Total Warehouse & Storage Projected Employment
35,167

Hourly Wage*
$15.25

Source: CBRE Labor Analytics.
*Median wage (1 year experience); non-supervisory warehouse material handlers.

Location Incentives

Over the past five years, there have been 131 economic incentives deals totaling more than $359 million at an average of $24,362 per new job in the Kansas City metropolitan area, according to Wavteq.

According to CBRE's Location Incentives Group, among the top incentive programs in Kansas is the High Performance Incentive Program (HPIP), which offers a 10% tax credit for capital investment totaling more than $1 million. To qualify, for-profit manufacturing companies must pay above-average wages and make a significant investment in employee training.

Among the top incentive programs in Missouri is the Missouri Works Program, which provides payroll rebates and discretionary income tax credits for new jobs. To qualify, at least two full-time jobs must be created with wages exceeding 80% of the average county wage.

Figure 3: Kansas City Top Incentive Programs

Program (Kansas)	Descripton
Peak Program	Payroll rebate equals 95% of withholding taxes for new jobs, annual for 5 to 10 years
HPIP Program	Tax credit equal to 10% of total capital expenditures above $1 million
Job Creation Program Fund	Discretionary cash grant
Sales Tax Exemptions	Sales tax exemption available for HPIP qualified projects
Property Tax Abatements	Discretionary abatement of real estate taxes; personal property is exempt
Kansas Industrial Training Program	Job training program

Program (Missouri)	Descripton
Missouri Works Program	3% to 6% of new payroll for 5 to 6 years
New Jobs Training Program (NJTP)	Job training grant
Chapter 100 Program Property Tax Abatements	Discretionary abatement of real estate, personal property taxes, or sales taxes
Business Use Incentives for Large Scale Development (BUILD)	Discretionary refundable income tax credit program

Source: CBRE Location Incentives Group.
Note: The extent, if any, of state and local incentive offerings depends on location and scope of the operation.

Logistics Driver

Kansas City's central location gives it access to 85% of the U.S. population in two days. Numerous ground, air, water and rail transportation options make it one of the most logistics-friendly industrial markets in North America. Kansas City has five Class I rail lines intersecting the region (Kansas City Southern, Burlington Northern Santa Fe, Canadian Pacific, Norfolk Southern and Union Pacific), four of which have intermodal facilities.

Four major U.S. interstate highways (I-35, I-70, I-29 and I-49) intersect the region, which has 30% more interstate miles per capita than any other city in the nation. Kansas City also scores very low in traffic congestion.

Kansas City International Airport is one of the best locations in the U.S. for air cargo and distribution development. It moves more air cargo than any other airport in the six-state region and will add a new terminal in 2023.

Kansas City is on the Missouri River, the largest navigable inland waterway in the U.S. Port KC has more than 900 feet of shoreline that includes three load cells and docking structures for 14 barges. The port terminal has an annual capacity of 800,000 tons and provides rail and truck transfer, covered storage and product distribution.

Numerous ground, air, water and rail transportation options make Kansas City one of the most logistics-friendly industrial markets in North America.

Capital Markets

"Robust development is expected in 2022, which will continue to attract new investors to the market. Kansas City ranked among the top 20 markets in the U.S. for rental rate growth in 2021. Cap rate compression of 50 to 75 bps for Class A big-box facilities is expected in 2022."

Michael Caprile
CBRE Vice Chair

Figure 4: Cap Rate Comparison

	Class A	Class B
2021	4.75% - 5.00%	5.25% - 5.50%
2020	5.40% - 5.75%	6.25% - 6.75%

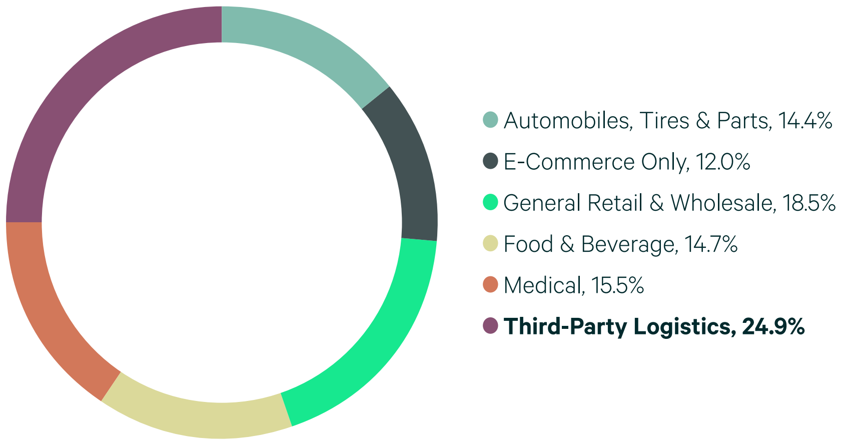
Source: CBRE Research.

Supply & Demand

Industrial leasing activity nearly doubled year-over-year to 9.2 million sq. ft., leading to a 30% increase in net absorption to 8.2 million sq. ft. The direct vacancy rate increased 90 bps to 5.6% as 5.2 million sq. ft. of construction completions added vacant space to the market. Another 7.0 million sq. ft. is currently under construction, 17% of which is preleased.

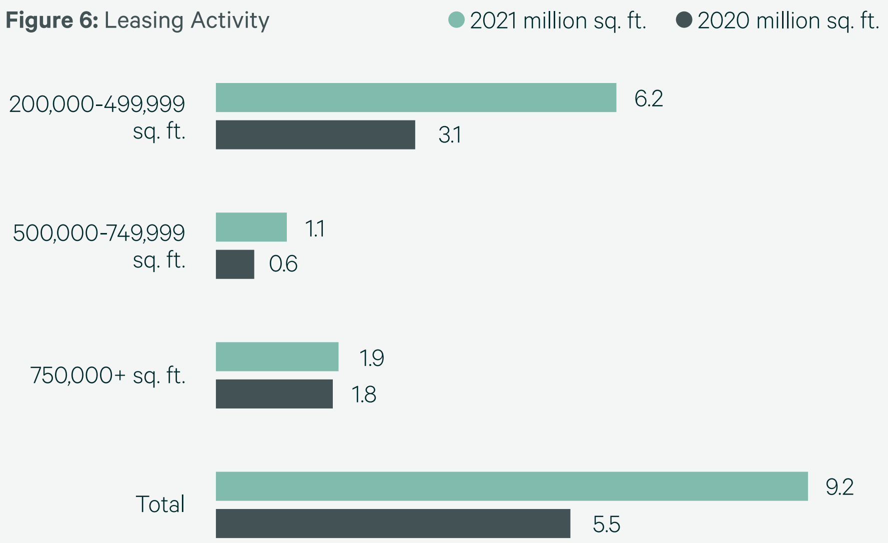
A diverse tenant mix contributed to robust leasing activity last year, with six occupier types posting market share over 10% and led by 3PL providers at 25%. Increased construction will give occupiers more first-generation space options; however, demand is high and this space will be quickly leased, which will lower the vacancy rate and further increase rents in 2022.

Figure 5: Share of 2021 Leasing Activity by Occupier Type



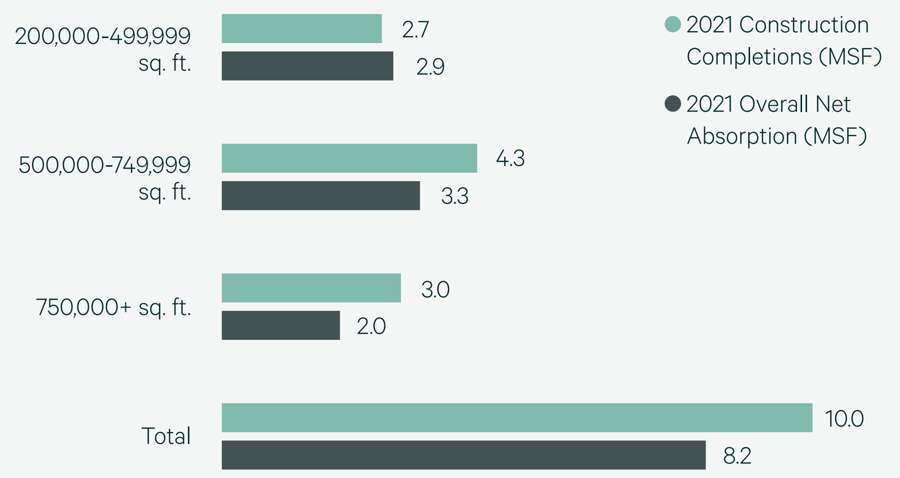
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 6: Leasing Activity



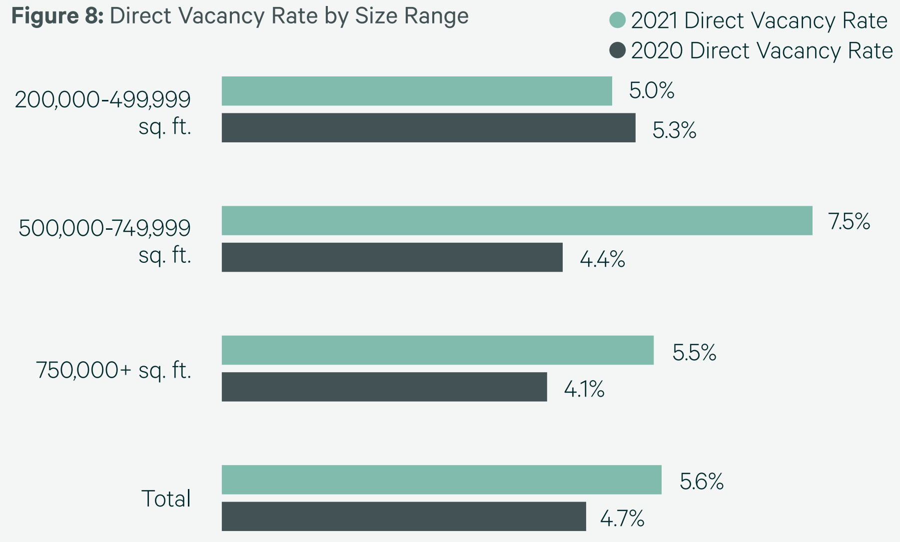
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 7: 2021 Construction Completions vs. Overall Net Absorption



Source: CBRE Research.

Figure 8: Direct Vacancy Rate by Size Range



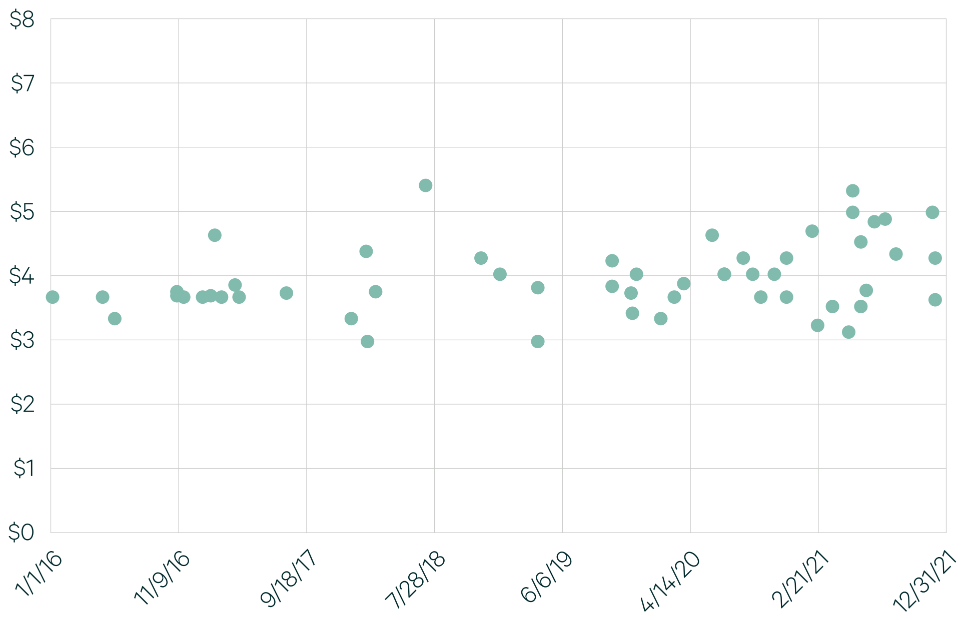
Source: CBRE Research.

Figure 9: Under Construction & Percentage Preleased

	2021 Under Construction sq. ft.	% Preleased
200,000-499,999 sq. ft.	2,971,446	9.8%
500,000-749,999 sq. ft.	2,153,044	0.0%
750,000+ sq. ft.	1,904,357	46.2%
Total	7,028,847	16.7%

Source: CBRE Research.

Figure 10: Historical First Year Taking Rents (psf/yr)



Note: Includes first year taking rents for leases 200,000 sq. ft. and above.
Source: CBRE Research.

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Los Angeles County

Menu

> “The Greater Los Angeles industrial market offers convenient access to the key U.S. ports of Los Angeles and Long Beach and a freeway system that reaches dense population centers in 11 Western states. Robust demand that exceeds the amount of under-construction warehouse space by a ratio of 2 to 1 has led to rising rental rates and land values. This is expected to continue in 2022, given the region's dearth of available land, entitlement barriers and rising demand from companies to replenish historically low inventory levels.”

Ian Britton
CBRE Managing Director

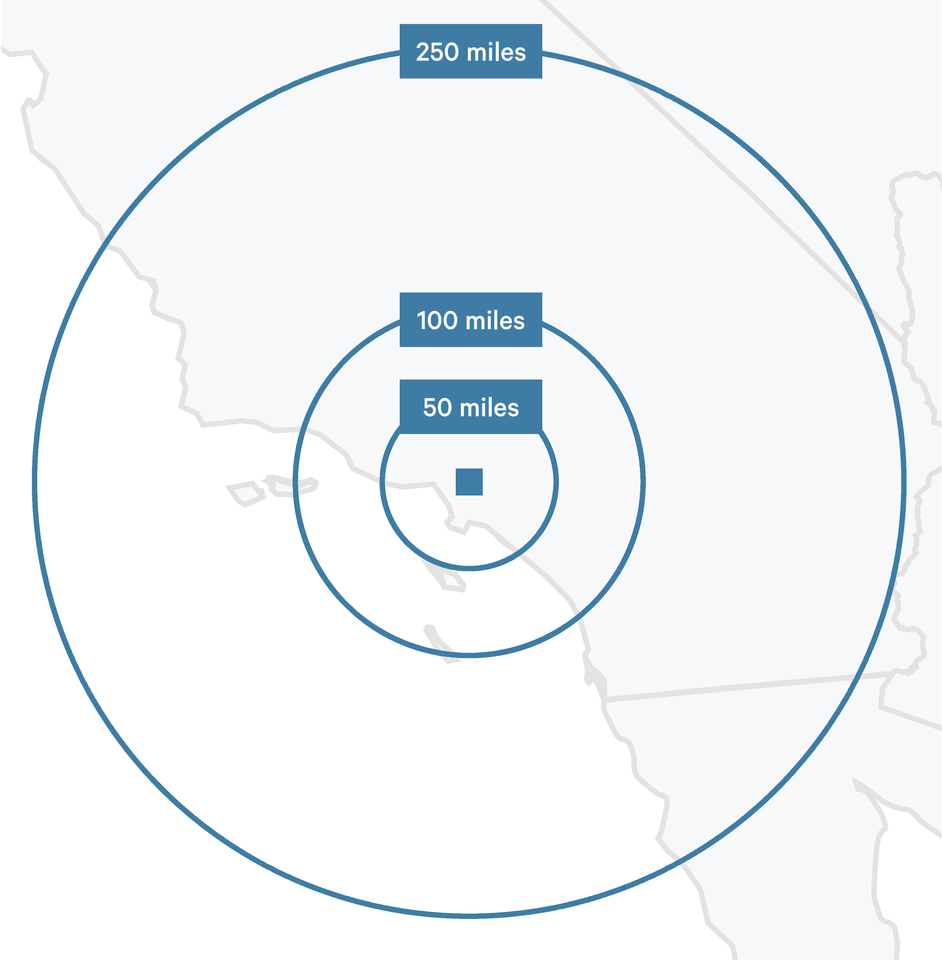
Demographics

More than 15 million people live within 50 miles of the market core—the third most in the U.S. and nearly 26% of whom are in the important 18-to-34 age demographic. Nearly 29 million people live within a 250-mile radius, with an expected growth rate of 2.9% over the next five years.

Figure 1: Los Angeles County Population Analysis

Distance from Los Angeles County Market Core	2021 Total Population	5 Year Growth Outlook
50 miles	15,246,670	1.8%
100 miles	19,982,182	2.2%
250 miles	28,509,870	2.9%

Source: CBRE Location Intelligence.



According to CBRE Labor Analytics, Los Angeles County's warehouse labor force of 213,555 is expected to grow by 3.0% by 2030. The region has a high cost of living and its average hourly wage for a non-supervisory warehouse employee is one of the highest in the country at $17.36—16.4% above the national average.

Figure 2: Los Angeles County Warehouse & Storage Labor Fundamentals

Total Warehouse & Storage Employment	2030 Total Warehouse & Storage Projected Employment	Hourly Wage*
213,555	219,465	$17.36

Source: CBRE Labor Analytics.
*Median wage (1 year experience); non-supervisory warehouse material handlers.

Location Incentives

Over the past five years, there have been 105 economic incentives deals totaling more than $167 million at an average of $15,711 per new job in the Los Angeles metropolitan area, according to Wavteq.

According to CBRE's Location Incentives Group, among the top incentive programs offered in Los Angeles County is the California Competes Tax Credit, which is a discretionary income tax credit awarded to businesses that locate to or expand in California. This program was extended through 2023 with $180 million in tax credits available for allocation to businesses that make capital investments, create new jobs and offer strategic importance to the region. The credits are non-refundable and companies can only apply during designated application periods three times each year.

Figure 3: Los Angeles County Top Incentive Programs

Program	Descripton
Employment Training Panel	Job training grant
California Competes Tax Credit	Discretionary tax credit program
Manufacturing M&E Sales Tax Exemption	100% exemption of state sales taxes on machinery and equipment for manufacturing and R&D
Capital Investment Incentive Program (CIIP)	Partial local property tax abatement for qualified manufacturing facilities for assessed property taxes in excess of $150 million for up to 15 years

Source: CBRE Location Incentives Group.
Note: The extent, if any, of state and local incentive offerings depends on location and scope of the operation.

Logistics Driver

Los Angeles County is home to the top two seaports in North America and one of the top five air cargo hubs in the U.S. Imports and exports flowing through the ports of Los Angeles and Long Beach directly feed big-box distribution centers in the region. COVID-19 restrictions lowered imports in 2020, but significant improvement in 2021 kept port-related demand strong.

Los Angeles International (LAX) is the fifth busiest air cargo airport in the U.S. The convenience and efficiency of LAX as a major distribution center for air cargo is supported by the ready availability of vital allied services, especially for Pacific Rim traders. The LA-area cargo industry engages more than 800 freight forwarders and 360 customs house brokers, who expedite the region's air cargo delivery. U.S. banks with international operations have offices in Los Angeles, as do foreign banking institutions.

The convenience and efficiency of LAX as a major distribution center for air cargo is supported by the ready availability of vital allied services, especially for Pacific Rim traders.

Capital Markets

"Los Angeles County has one of the strongest and most diverse industrial markets in the U.S. There has never been a year where land prices have grown as fast as 2021, with prices averaging more than $100 per sq. ft. Cap rates are some of the lowest in the country at sub-3% for Class A assets. The extremely low vacancy rate, combined with a dense population base, has the market poised for continued price appreciation and nationally low cap rates."

Barbara Perrier
CBRE Vice Chair

Figure 4: Cap Rate Comparison

	Class A	Class B
2021	2.50% - 3.00%	2.75% - 3.50%
2020	3.75% - 4.25%	4.50% - 5.50%

Source: CBRE Research.

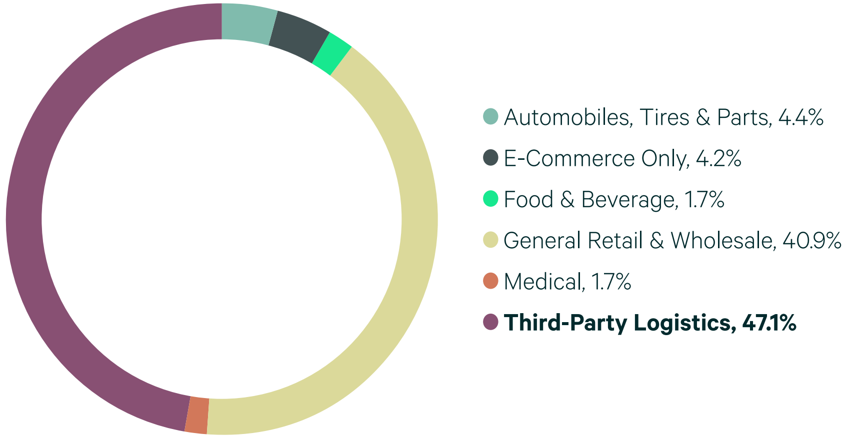
Supply & Demand

Los Angeles County is one of the most mature big-box markets in North America, dominated by buildings built before 2000 and 85% of which are under 500,000 sq. ft. The region has the lowest direct vacancy rate in North America at 0.2%. Despite lack of available inventory, the market posted 4.9 million sq. ft. of positive absorption last year thanks to 12.5 million sq. ft. of leasing activity, 58% more than in 2020. 3PLs dominated leasing activity, with a market share of 47%.

Companies outsourced their warehouse and distribution operations to 3PLs in the region due to difficulty finding available space and increased costs, including a 48% year-over-year jump in the average taking rent to $14.92—the highest in the nation.

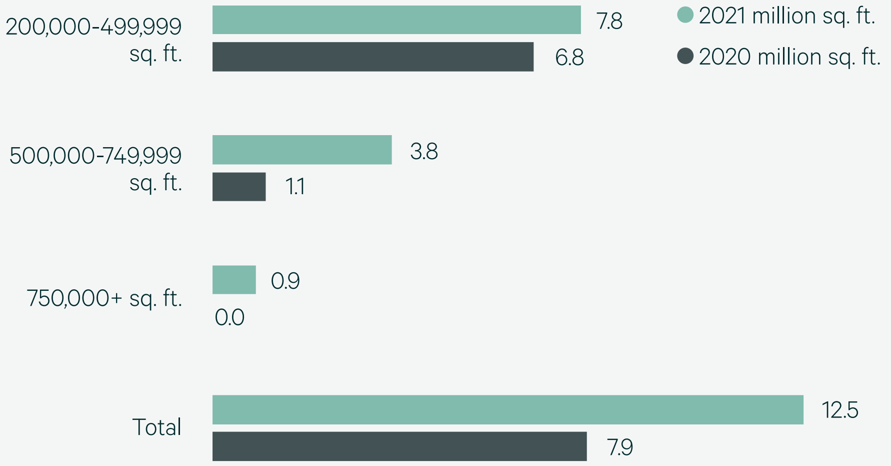
Just 1.8 million sq. ft. of new construction was completed last year and only 3.1 million sq. ft. is currently under construction, 42% of it preleased. Low vacancy rates and proximity to ports will make Los Angeles County the tightest and highest-cost big-box market in North America for the foreseeable future.

Figure 5: Share of 2021 Leasing Activity by Occupier Type



Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 6: Leasing Activity

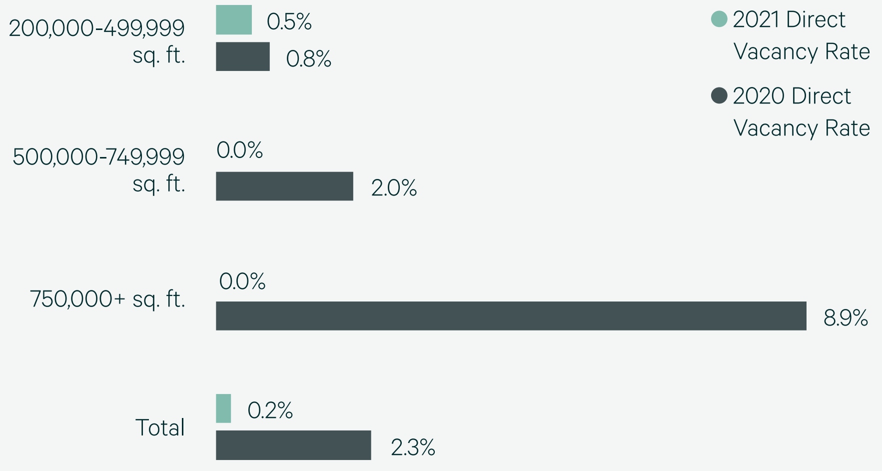


Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 7: 2021 Construction Completions vs. Overall Net Absorption

Source: CBRE Research.

Figure 8: Direct Vacancy Rate by Size Range



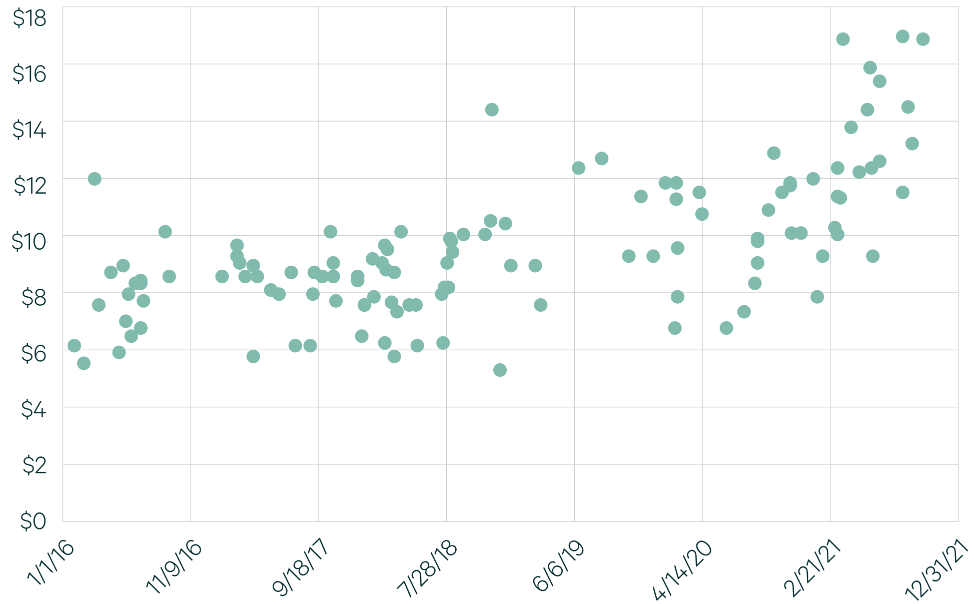
Source: CBRE Research.

Figure 9: Under Construction & Percentage Preleased

	2021 Under Construction sq. ft.	% Preleased
200,000-499,999 sq. ft.	2,533,157	50.9%
500,000-749,999 sq. ft.	529,866	0.0%
750,000+ sq. ft.	0	N/A
Total	3,063,023	42.1%

Source: CBRE Research.

Figure 10: Historical First Year Taking Rents (psf/yr)



Note: Includes first year taking rents for leases 200,000 sq. ft. and above.
Source: CBRE Research.

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Louisville

Menu

“

Louisville’s big-box industrial market continued its strong performance in 2021. Louisville is a prime target for any company seeking a distribution operation in the Midwest. Having the world’s fourth busiest air cargo hub, combined with its advantageous geographic location to reach a large percentage of the population in a day’s drive, will continue to attract users to Louisville. Demand from all sectors, combined with five auto-assembly plants in the region, will continue to make Louisville a major market for big-box development.

Kevin Grove

CBRE Senior Vice President

”

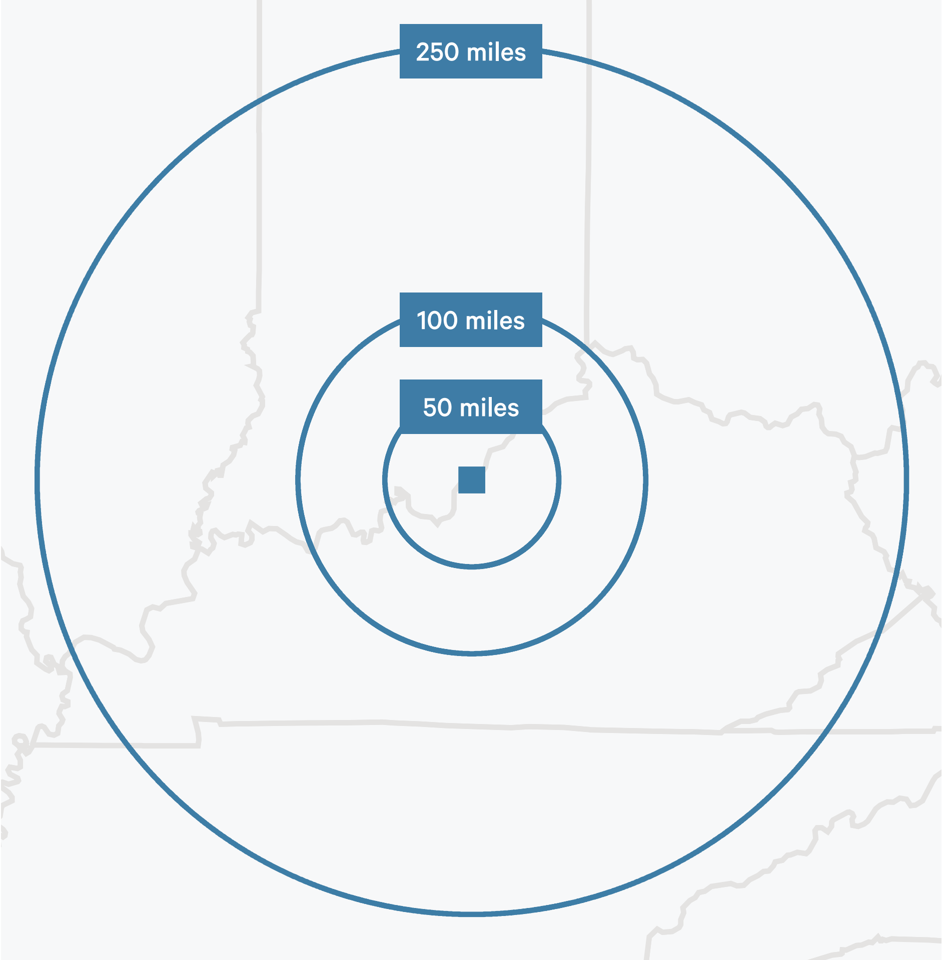
Demographics

Nearly 30 million people—23% of them in the 18-to-34 age demographic—live within 250 miles of downtown Louisville, with a 2.4% projected growth rate over the next five years. Louisville reaches a higher population concentration within a 250-mile radius than other major industrial markets, including the Inland Empire, Dallas/Ft. Worth, Phoenix, Memphis and Kansas City.

Figure 1: Louisville Population Analysis

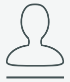
Distance from Downtown Louisville	2021 Total Population	5 Year Growth Outlook
50 miles	1,709,593	2.9%
100 miles	5,689,551	2.7%
250 miles	29,739,915	2.4%

Source: CBRE Location Intelligence.



According to CBRE Labor Analytics, the local warehouse labor force of 41,322 is expected to grow by 22% by 2030. The average salary for non-supervisory warehouse workers is $15.13 per hour, 1.5% higher the national average.

Figure 2: Louisville Warehouse & Storage Labor Fundamentals



Total Warehouse & Storage Employment
41,322

2030 Total Warehouse & Storage Projected Employment
50,435

Hourly Wage*
$15.13

Source: CBRE Labor Analytics.
*Median wage (1 year experience); non-supervisory warehouse material handlers.

Location Incentives

Over the past five years, there have been 265 economic incentives deals totaling more than $311 million at an average of $13,568 per new job in the Louisville metropolitan area, according to Wavteq.

According to CBRE's Location Incentives Group, among the top incentive programs offered in Louisville is the Kentucky Business Investment Program (KBI), which provides income tax credits and wage assessments to businesses engaged in manufacturing, agribusiness, headquarter operations, alternative fuel, renewable energy or carbon dioxide transmission pipelines. To qualify, companies must create and maintain an annual average of at least 10 new full-time jobs for Kentucky residents during the length of the incentive agreement.

Another popular incentive program is the Kentucky Enterprise Initiative Act (KEIA), which provides companies with a sales and use tax refund for building and construction materials used to improve real property value. This refund is also available for research & development, data processing and flight simulation equipment.

Figure 3: Louisville Top Incentive Programs

Program	Descripton
Kentucky Business Investment (KBI) Program	Income tax credits or wage assessments up to 4% of gross payroll for up to 10 years
Kentucky Enterprise Initiative Act (KEIA) Program	Refund of sales and use tax paid for construction and building materials
Bluegrass State Skills Corporation (BSSC) Program	Job training grant up to 50% reimbursement for eligible training activities
Kentucky Industrial Development Act (KIDA)	Tax credit equal to 100% of state corporate income tax liability or retention of 3% of gross wages of new employment; limited to manufacturers and state-only assistance
Property Tax Abatement	Discretionary abatement of real estate taxes and personal property taxes

Source: CBRE Location Incentives Group.
Note: The extent, if any, of state and local incentive offerings depends on location and scope of the operation.

Logistics Driver

Louisville Muhammad Ali International Airport was recently named the world's fourth-busiest air cargo hub by Airport Councils International. The airport is home to UPS Worldport, one of the largest package-handling facilities in the world. E-commerce is increasing cargo flights at the airport, where package volume grew by 5% year-over-year in 2021. As e-commerce's share of total retail sales continues to increase, more distributors are expected to take advantage of the region's air cargo capabilities.

E-commerce is increasing cargo flights at the airport, where package volume grew by 5% year-over-year in 2021.

Capital Markets

"Louisville is one of the most targeted secondary markets for institutional capital, and the area benefits from UPS as a global demand driver and transportation hub. Cap rates for Class A stabilized properties are a record-low 3.75% and likely will fall to the mid-3% range in 2022. Louisville's strong investment and operating performance will continue to attract capital for both existing properties and speculative developments.

Chris Riley
CBRE Vice Chair"

Figure 4: Cap Rate Comparison

	Class A	Class B
2021	3.75% - 4.25%	4.75% - 5.25%
2020	5.00% - 5.25%	5.75% - 6.25%

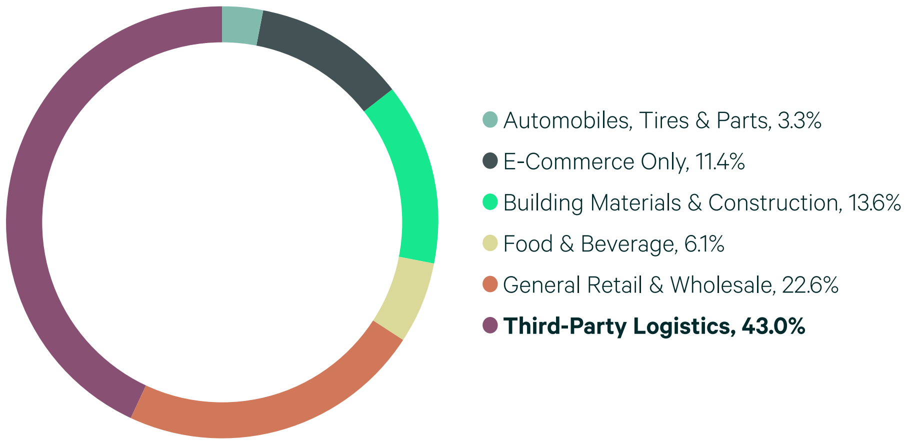
Source: CBRE Research.

Supply & Demand

Louisville's central location is attracting new occupiers, leading to robust demand and a plethora of new development. Leasing activity totaled nearly 10 million sq. ft. in 2021, up by 27% from 2020. Net absorption doubled year-over-year to 7.9 million sq. ft., making Louisville the seventh-ranked growth market (net absorption/existing inventory) in the U.S. Developers delivered 3.6 million sq. ft. of industrial space, nearly 2 million sq. ft. of which was in facilities of 750,000 sq. ft. or more. Continued demand lowered the vacancy rate to 1.5%, the sixth lowest in North America.

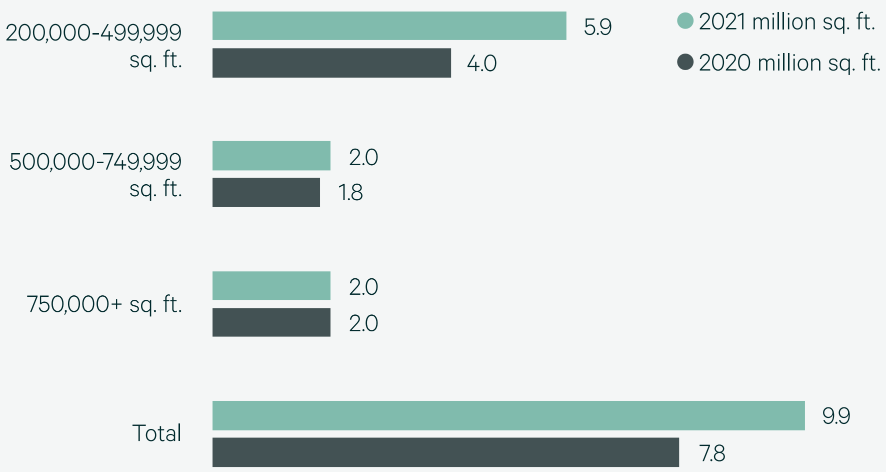
Occupier demand was led by 3PLs with a market share of 43%. 3PLs are expanding in droves to take advantage of the market's central location and many logistics advantages, including affordable rents and proximity to manufacturing.

Figure 5: Share of 2021 Leasing Activity by Occupier Type



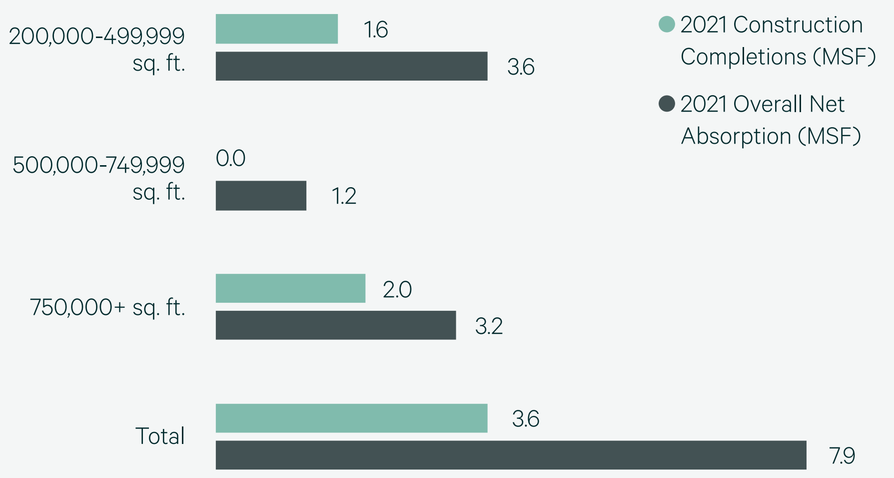
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 6: Leasing Activity



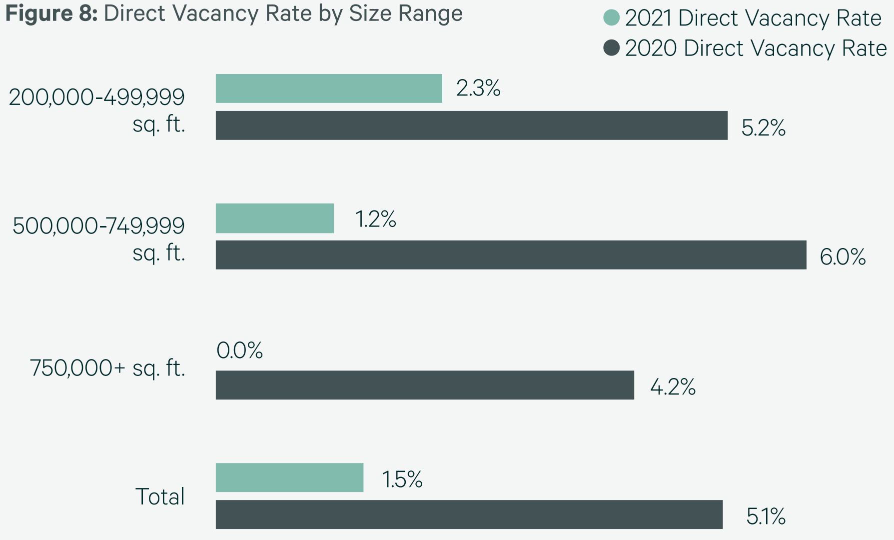
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 7: 2021 Construction Completions vs. Overall Net Absorption



Source: CBRE Research.

Figure 8: Direct Vacancy Rate by Size Range



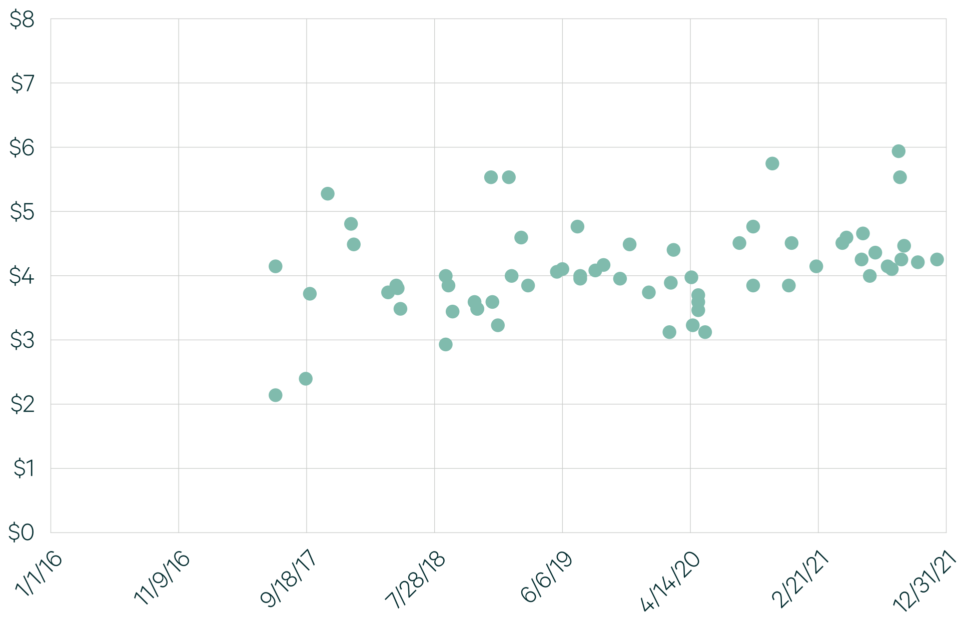
Source: CBRE Research.

Figure 9: Under Construction & Percentage Preleased

	2021 Under Construction sq. ft.	% Preleased
200,000-499,999 sq. ft.	3,902,676	42.1%
500,000-749,999 sq. ft.	2,831,534	23.7%
750,000+ sq. ft.	974,049	0.0%
Total	7,708,259	30.0%

Source: CBRE Research.

Figure 10: Historical First Year Taking Rents (psf/yr)



Note: Includes first year taking rents for leases 200,000 sq. ft. and above.
Source: CBRE Research.

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Memphis

Menu

> Memphis has seen strong net absorption of big-box space for the past two years. Class A requirements are limited to only a handful of second-generation space, so new construction is the only option. Users continue to migrate to the Midsouth or expand organically due to Memphis having the nation's busiest cargo airport, five Class I railroads and a location within a two-day truck drive to 70% of the U.S. population.

Patrick Walton
CBRE Senior Vice President

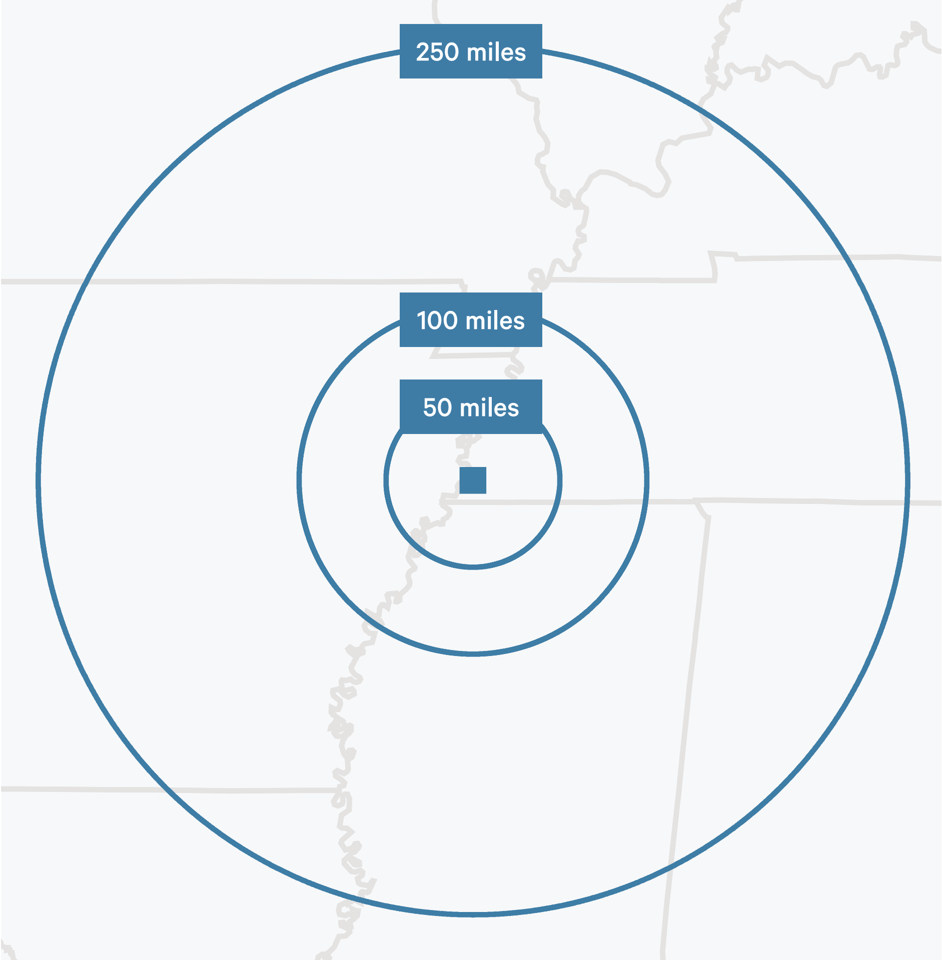
Demographics

Approximately 1.5 million people live within 50 miles of the market core, with an expected growth rate of 1.7% over the next five years. Within 250 miles, occupiers can reach 17.6 million people or 6.9 million households.

Figure 1: Memphis Population Analysis

Distance from Downtown Memphis	2021 Total Population	5 Year Growth Outlook
50 miles	1,488,254	1.7%
100 miles	2,705,378	1.1%
250 miles	17,556,501	2.3%

Source: CBRE Location Intelligence.



According to CBRE Labor Analytics, the local warehouse labor force of just over 53,000 is expected to grow by 22% by 2030. The average wage for non-supervisory employees is $14.74 per hour, 1.1% lower than the U.S. average.

Figure 2: Memphis Warehouse & Storage Labor Fundamentals

Total Warehouse & Storage Employment	2030 Total Warehouse & Storage Projected Employment	Hourly Wage*
53,681	65,368	$14.74

Source: CBRE Labor Analytics.
*Median wage (1 year experience); non-supervisory warehouse material handlers.

Location Incentives

Over the past five years, there have been 150 economic incentives deals totaling over $596 million at an average of $32,114 per new job in the Memphis metropolitan area, according to Wavteq.

According to CBRE's Location Incentives Group, among the top incentive programs in Tennessee is the Job Tax Credit, which provides a one-time corporate income tax credit to companies that create at least 25 new jobs within three years and make a minimum capital investment of $500,000. The tax credit may offset up to 50% of franchise and excise taxes, and any unused credits may be carried forward for up to 15 years.

Among the top incentive programs in neighboring Mississippi is the Advantage Jobs Incentive Program, which provides a rebate for 90% of Mississippi payroll taxes withheld to companies that create at least 25 new quality jobs in the state. To qualify, the new jobs must pay at least 110% of the state or county average wage.

Figure 3: Memphis Top Incentive Programs

Program (Tennessee)	Descripton
Job Tax Credit	Tax credit equal to $4,500 to $9,000 per new job
Sales Tax Exemptions	Discretionary sales tax exemption for HQ facilities, manufacturing, and data centers
Deal Closing Fund / Job Training Grant	Discretionary cash grant / discretionary job training grant
Property tax abatements	Discretionary abatement of real estate and personal property taxes

Program (Mississippi)	Descripton
Advantage Jobs Incentive Program	Rebate up to 4% of applicable wages; Cannot receive more than 90% of actual income tax withheld
Sales Tax Exemptions	Discretionary sales tax exemption for manufacturing and data centers
National or Regional Headquarters Credit	Tax credit between $500 and $2,000 per worker, per year, for a 5-year period
Mississippi Workforce Education Program	Job training grant
Property Tax Abatements	Discretionary abatement of real estate and personal property taxes

Source: CBRE Location Incentives Group.
Note: The extent, if any, of state and local incentive offerings depends on location and scope of the operation.

Logistics Driver

Memphis is one of the most logistics-friendly markets in North America. The region has an integrated transportation system of highways, rail mainlines, river ports and the second-busiest cargo airport in the world. More than 27,000 companies have operations in Memphis, including more than 400 trucking companies.

Memphis is one of only four U.S. cities served by five Class I railroads. Single-system shipment is available to all 48 contiguous states, Alaska, Canada and Mexico. Trucks leaving Memphis can reach 35% of the U.S. population overnight and 68% in two days. I-40 runs coast-to-coast, I-55 intersects Memphis and allows direct access from Chicago to Louisiana, and I-69 connects Canada to Mexico.

The Port of Memphis is 400 river miles from St. Louis and 600 from New Orleans, where cargo can be transferred to ocean liners. The No. 1 logistics advantage in the region is Memphis International Airport. Home to the largest FedEx hub in the world, Memphis International is the second most-active air hub in the world and far the top in North America.

Memphis International is the second most-active air hub in the world and by far the top in North America.

Capital Markets

"Memphis has seen tremendous cap rate compression of between 75 and 100 basis points over the past 12 months. Most investors view Memphis as a strong super-regional logistics hub, as the flow of new investment capital into the market continues to increase every quarter. This demand will not stop anytime soon due to the market's plethora of logistics advantages."

Frank Fallon
CBRE Vice Chair

Figure 4: Cap Rate Comparison

	Class A	Class B
2021	3.75% - 4.25%	5.50% - 6.00%
2020	5.25% - 5.75%	6.00% - 6.50%

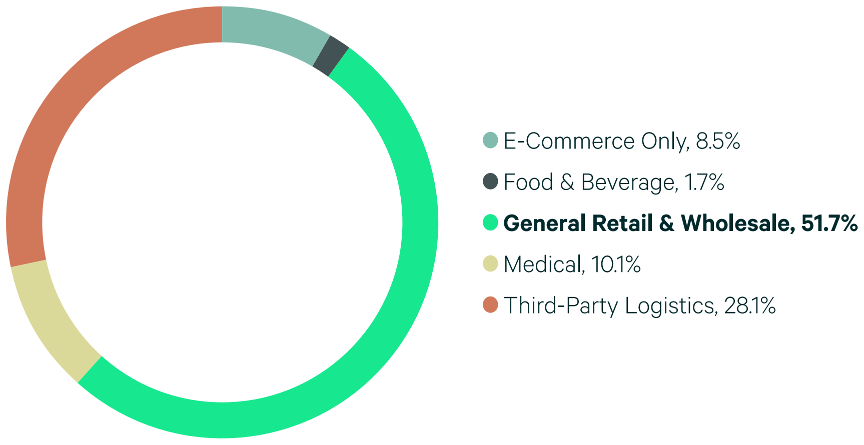
Source: CBRE Research.

Supply & Demand

Leasing activity totaled 14.5 million sq. ft. last year, the eighth highest in North America but slightly below 2020's total. Annual absorption remained on par with 2020 at 9.6 million sq. ft. Despite robust demand, a large amount of new development bumped the vacancy up to 6.7%, which kept the average taking rent at $3.47 per sq. ft.—the lowest of any market in this report.

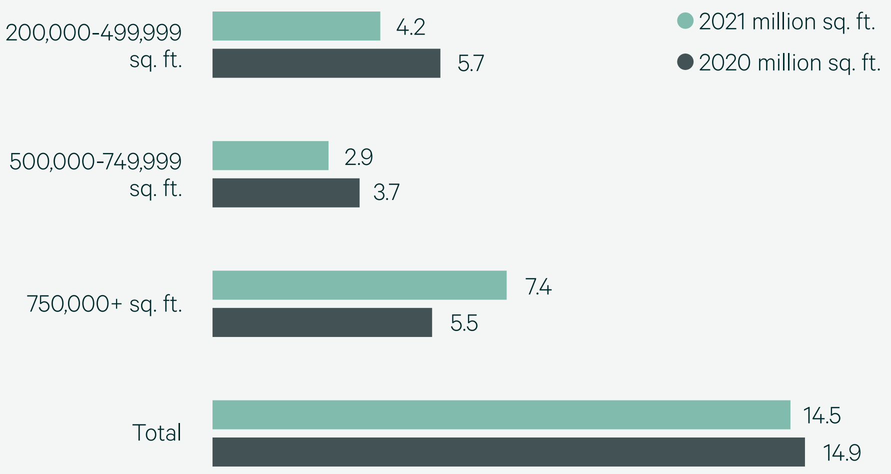
Memphis's central location and air cargo capabilities make it a magnet for general retail & wholesale companies, which accounted for 51.7% of total leasing activity in 2021. Despite a higher vacancy rate, ground breakings increased in 2021 with 10.2 million sq. ft. under construction, 37% of which is preleased. More first-generation space will provide occupiers ample opportunity to expand within the market and will limit rent growth this year.

Figure 5: Share of 2021 Leasing Activity by Occupier Type



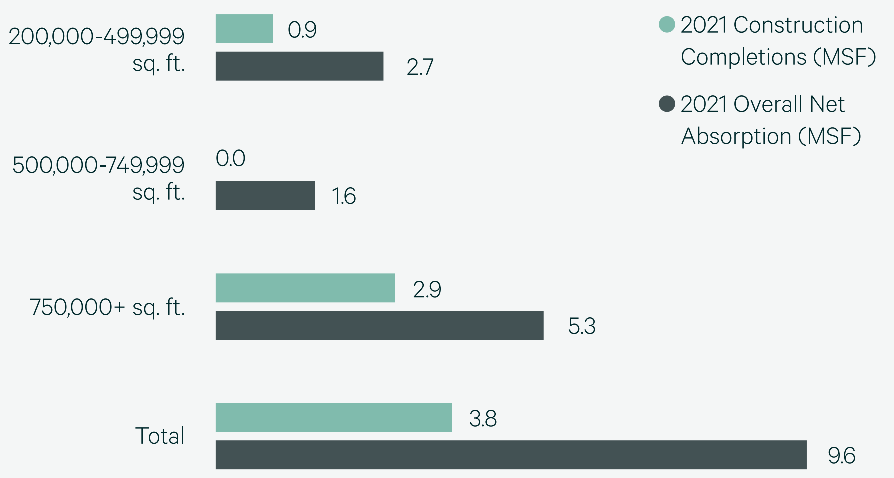
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 6: Leasing Activity



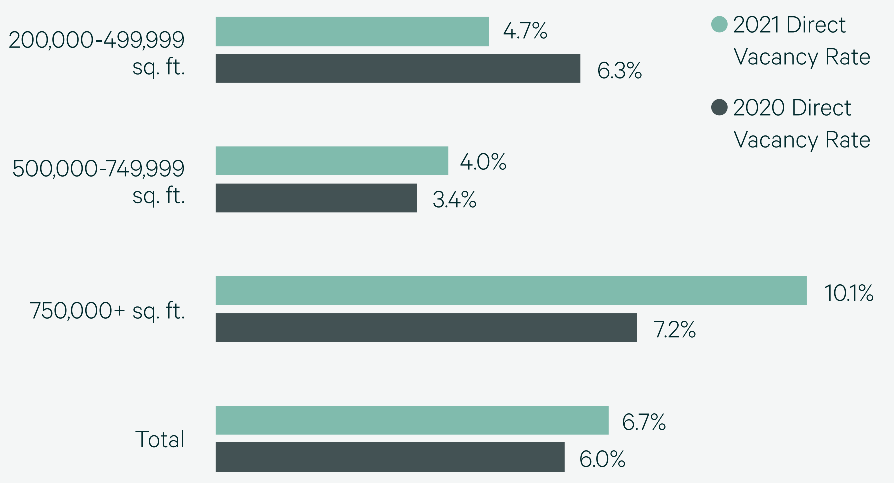
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 7: 2021 Construction Completions vs. Overall Net Absorption



Source: CBRE Research.

Figure 8: Direct Vacancy Rate by Size Range



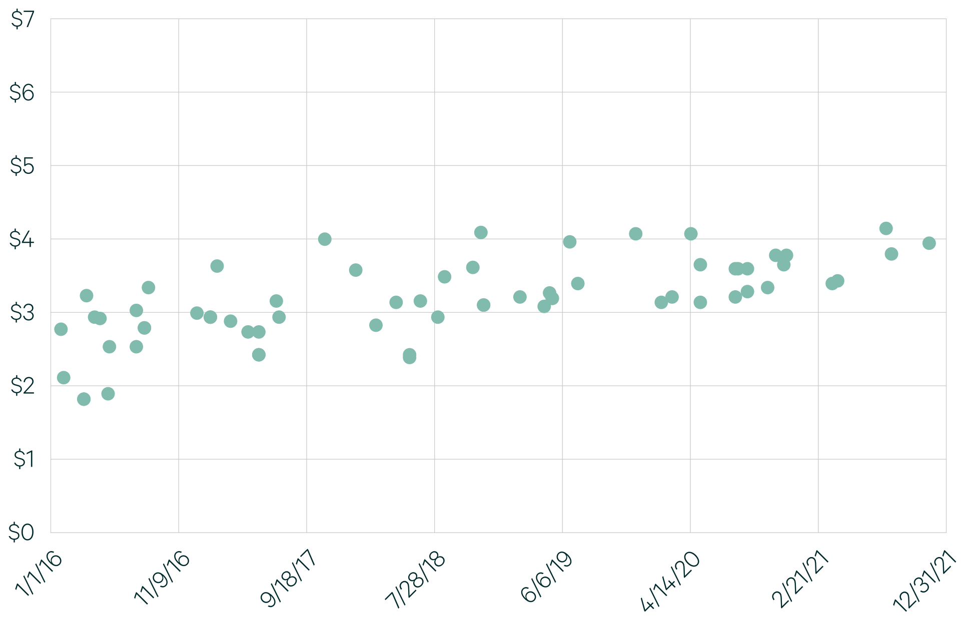
Source: CBRE Research.

Figure 9: Under Construction & Percentage Preleased

	2021 Under Construction sq. ft.	% Preleased
200,000-499,999 sq. ft.	2,660,930	14.4%
500,000-749,999 sq. ft.	1,939,140	17.5%
750,000+ sq. ft.	5,568,060	53.9%
Total	10,168,130	36.6%

Source: CBRE Research.

Figure 10: Historical First Year Taking Rents (psf/yr)



Note: Includes first year taking rents for leases 200,000 sq. ft. and above.
Source: CBRE Research.

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Mexico City

Menu

> Mexico City is one of the most densely populated metro areas in the world and is the largest big-box market in Mexico. Robust leasing activity has lowered the overall industrial vacancy rate to just 1.3%. Developers have been acquiring land in the northern part of the metro area and this activity is expected to expand all along the Mexico-Querétaro Highway.

Paco Munoz
CBRE Executive Vice President

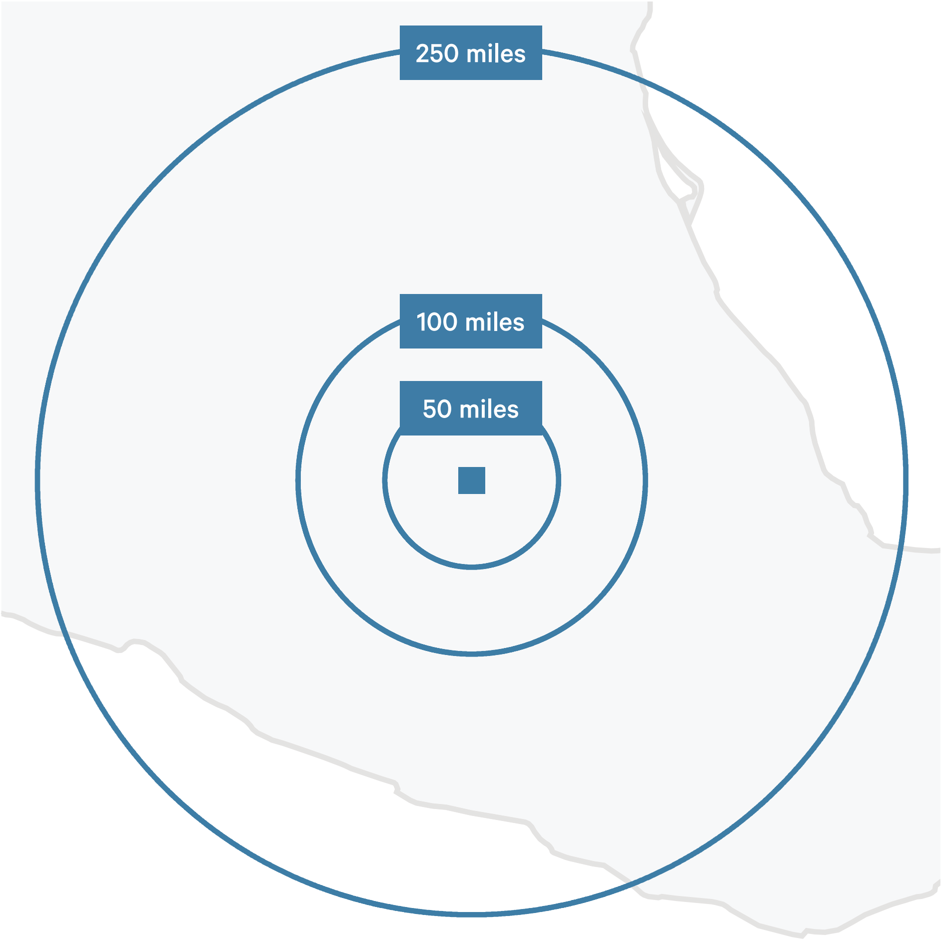
Demographics

Mexico City is the fourth-largest city in the world, with a total population of 25.6 million within a 50-mile radius of the city's core, by far the most of any market in this report. Within 250 miles, a warehouse occupier can reach nearly 53 million people, including those in the major cities of Guadalajara, Veracruz and Puebla.

Figure 1: Mexico City Population Analysis

Distance from Mexico City Core	2021 Total Population	5-Year Historical Population Growth
50 miles	25,609,321	2.9%
100 miles	32,556,842	3.3%
250 miles	52,897,423	3.2%

Source: CBRE Mexico, INEGI, CONAPO.



Location Incentives

According to CBRE's Location Incentives Group, among the top incentives offered in Mexico City are discretionary cash incentives and tax abatements. The state government can also provide support in the following areas:

- Linkage with institutions such as the Institute of Ecology and Federal Electricity Commission
- Assistance from the State Employment Office in the process of recruitment and selection of the labor force
- Assistance with a provisional office for up to three months, subject to availability in each city
- A single point of contact for advice on federal, state and municipal procedures.

Figure 2: Mexico City Top Incentive Programs

Program	Descripton
Cash Incentives	The state government can offer discretionary cash incentives upfront or after the creation of a certain number of jobs. Cash Incentives can be applied to cover part of the following costs: facility adjustment expenses, land purchase, facility leasing/construction costs, electricity supply arrangements, connection fee of natural gas or LP, start-up expenses, water supply, industrial equipment & technology acquisition, support to reduce payroll tax and scholarships for training abroad.
Tax Abatement	The state government can offer discretionary reduction of payroll tax, real estate transfer tax and public property & commerce registration.
Training	There are several organizations that have various training resources depending on the requirement. Most training is supported by federal programs that leverage local resources.

Source: CBRE Location Incentives Group.
Note: The extent, if any, of state and local incentive offerings depends on location and scope of the operation.

Logistics Driver

Mexico City is the start of the "NAFTA Highway" running from Central Mexico to Ciudad Juarez along the Mexico-U.S. border. In Q2 2022, the metro area expects to open the first phase of its second airport: the Felipe Angeles, which will accommodate mostly domestic operations. Mexico City is well connected to the major ports of Veracruz, Manzanillo and Tampico, with estimated driving times ranging from four to seven hours.

Mexico City is the start of the "NAFTA Highway" running from Central Mexico to Ciudad Juarez along the Mexico-U.S. border.

Capital Markets

"Mexico City is one of Mexico's most desirable markets but has few investment opportunities since landlords who are benefiting from record-high rental rates are holding on to their properties. Many domestic and international institutional investors are looking to increase overall allocation to the logistics asset class in Mexico City, so landlords may be enticed to sell for inflated prices.

Ernesto Rodriguez
CBRE Executive Vice President"

Figure 3: Cap Rate Comparison

	Class A	Class B
2021	7.5%	8.5%
2020	7.5%	8.5%

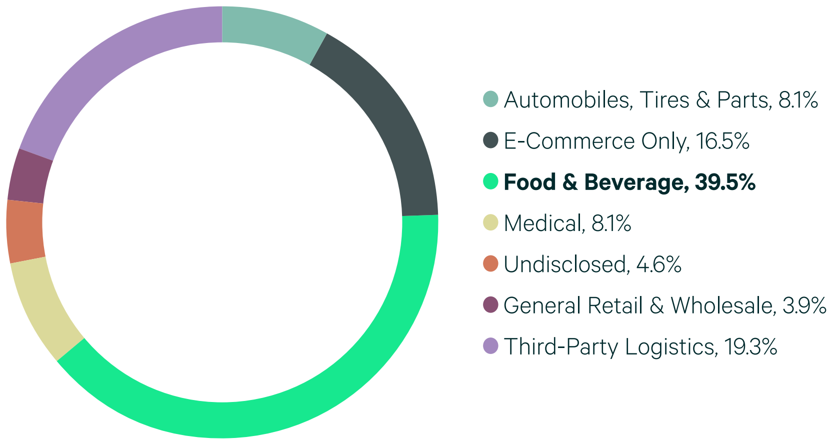
Source: CBRE Research.

Supply & Demand

With 58 million sq. ft. of total inventory, Mexico City is the largest big-box market in Mexico. Robust demand lowered the direct vacancy rate to 1.3% in 2021 from 2.8% in 2020. Leasing activity totaled 7.3 million sq. ft. in 2021, up by 38% from 2020. Food & beverage companies looking to service the large population base leased 40% of the total, followed by 3PLs at 19%. The average taking rent increased by 6.3% year-over-year to US$8.46 per sq. ft.

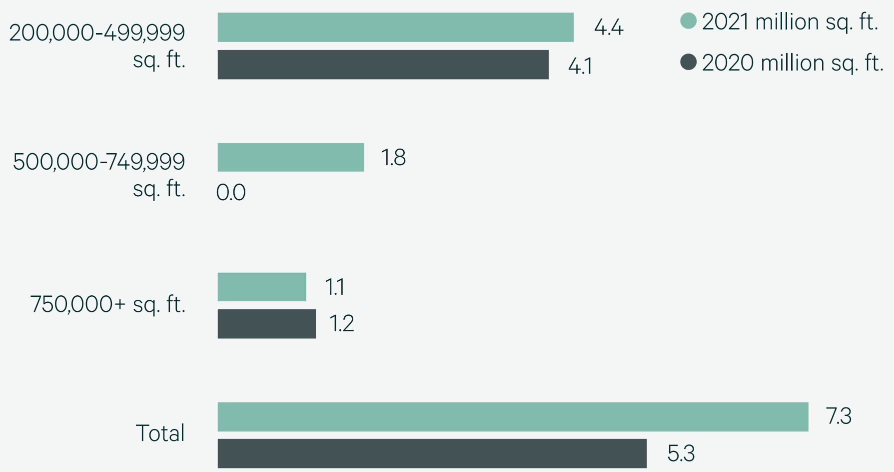
Despite a low vacancy rate, only 1.7 million sq. ft. of new construction was completed last year. Another 1.4 million sq. ft. is currently under construction, 20% of which is preleased. Like most markets near large population centers in North America, there is exceptional demand but a lack of available space. This will lead to an increase in taking rents in 2022.

Figure 4: Share of 2021 Leasing Activity by Occupier Type



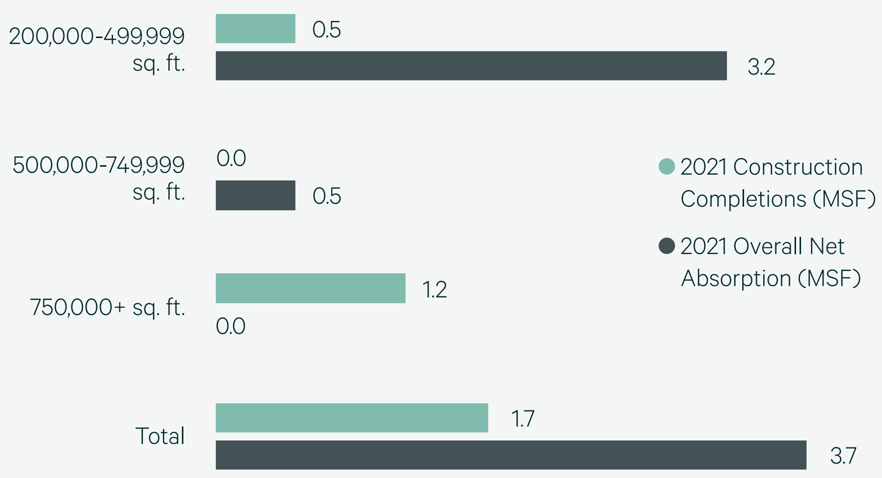
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 5: Leasing Activity



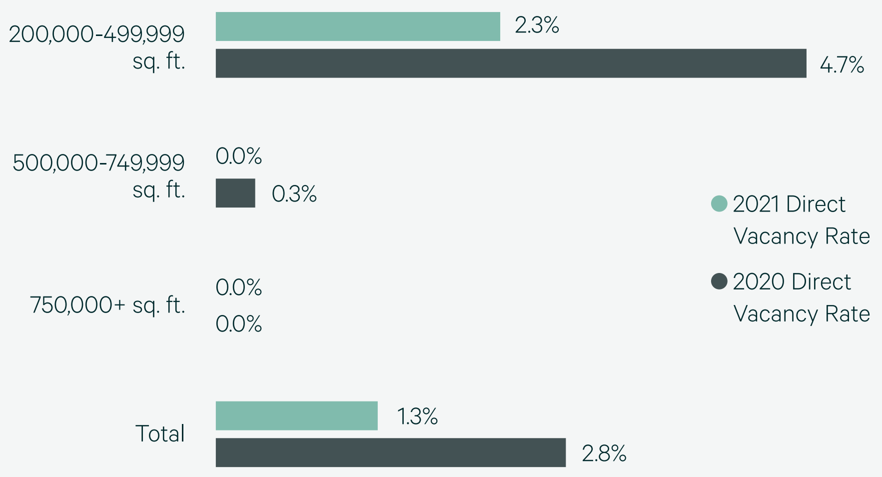
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 6: 2021 Construction Completions vs. Overall Net Absorption



Source: CBRE Research.

Figure 7: Direct Vacancy Rate by Size Range



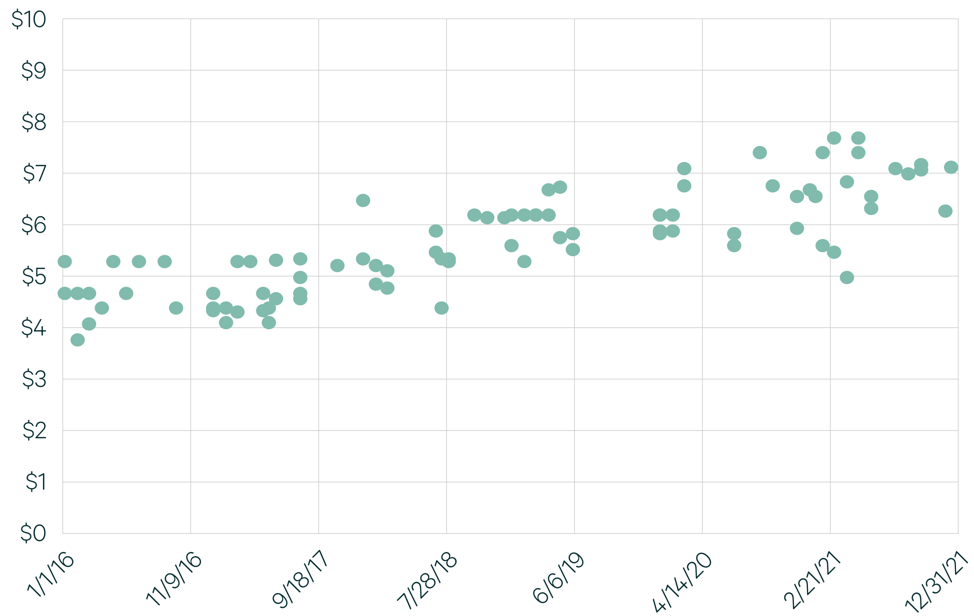
Source: CBRE Research.

Figure 8: Under Construction & Percentage Preleased

	2021 Under Construction sq. ft.	% Preleased
200,000-499,999 sq. ft.	783,275	33.6%
500,000-749,999 sq. ft.	573,075	0.0%
750,000+ sq. ft.	0	0.0%
Total	1,356,350	19.4%

Source: CBRE Research.

Figure 9: Historical First Year Taking Rents (psf/yr)



Note: Includes first year taking rents for leases 200,000 sq. ft. and above.
Source: CBRE Research.

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Montreal

Menu

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The Greater Montreal industrial market continues to outpace its Canadian counterparts with year-over-year rent growth of 32% in 2021 and nearly 100% from five years ago, making it a primary target for investors. After 11 consecutive quarters of positive net absorption, vacancy rate is now at just 1%. Investors and developers are aggressively seeking new development sites to build next-generation big-box facilities given the lack of supply to fulfill demand. There currently is 3 million sq. ft. of industrial space under construction, which likely will be absorbed by 3PLs and e-commerce users before completion.

Ruth Fischer

CBRE Senior Vice President and Managing Director

”

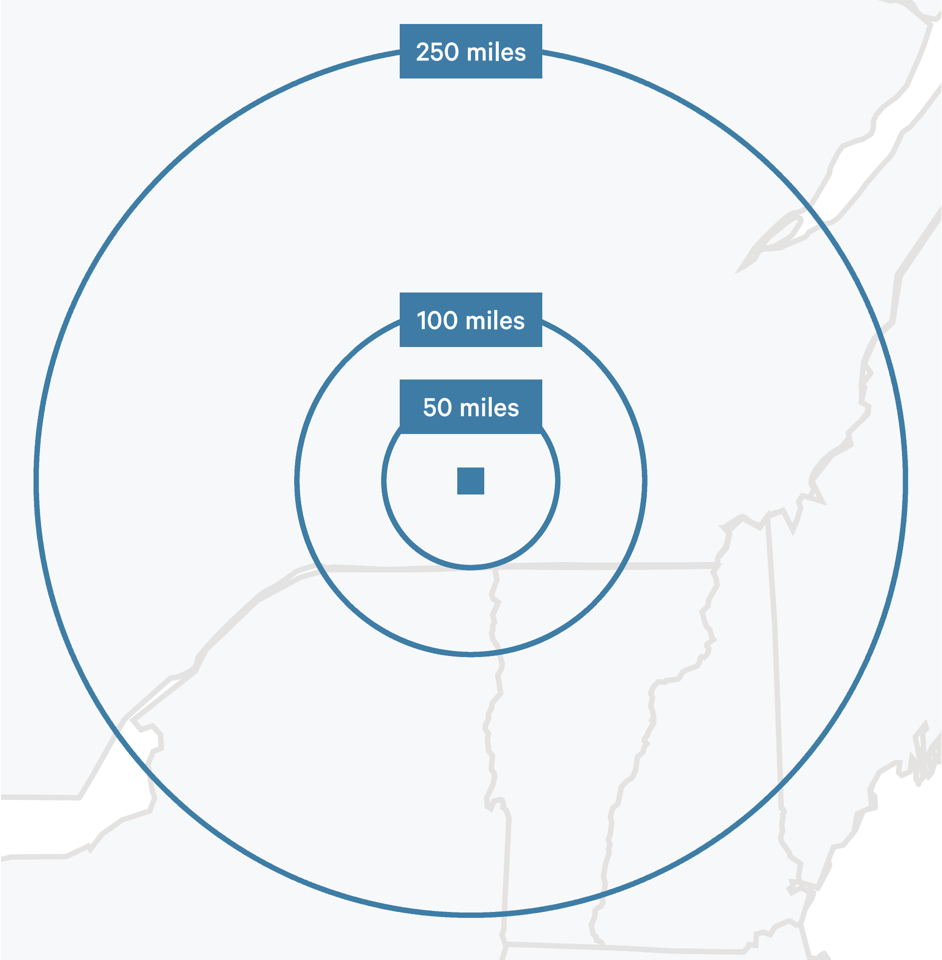
Demographics

More than 5 million people live within a 50-mile radius of the market core, with an expected growth rate of 3.8% over the next five years. The region can reach more than 10 million people within 250 miles.

Figure 1: Montreal Population Analysis

Distance from Downtown Montreal	2021 Total Population	5 Year Growth Outlook
50 miles	5,146,497	3.8%
100 miles	6,568,878	3.4%
250 miles	10,155,479	3.0%

Source: Sitewise, Oxford Economics, Statistics Canada, Canada Job Bank, 2021.



The local warehouse labor force of more than 136,000 is expected to grow by 8.0% by 2030. The average hourly wage of a non-supervisory warehouse employee is C$16.97 (US$12.65), the lowest hourly wage of any other market in this report.

Figure 2: Montreal Warehouse & Storage Labor Fundamentals

Total Warehouse & Storage Employment	2030 Total Warehouse & Storage Projected Employment	Hourly Wage (CAD)*
136,589	147,155	C$16.97

*Median Wage in Canadian Dollars; Warehouseperson occupation (NOC 7452)
Source: Statistics Canada LFS (NOCs), Conference Board of Canada, CBRE Research, December 2020.

Location Incentives

Over the past five years, there have been 86 economic incentives deals totaling more than $777 million at an average of $124,614 per new job in the Montreal metropolitan area, according to Wavteq.

According to CBRE's Location Incentives Group, the extent, if any, of province and local incentives offerings for industrial projects in metro Montreal depends on location and scope of the operation.

Figure 3: Montreal Top Incentive Programs

Program	Descripton
Scientific Research and Experimental Development Tax Credit (SR&ED)	Refundable tax credit up to 14% of R&D activities
Tax Credit for the Acquisition of Manufacturing and Processing Equipment	Tax credit for manufacturing and processing equipment ranging from 4% to 24% depending on project location
Tax Credit for Quebec Maritime Regions	Refundable tax credits for 15% to 30% of payroll
Tax Credit for International Financial Centers	Refundable tax credits up to $16,000 per new job for international financial centers in Montreal
Industrial Research Assistance Program (IRAP)	Grants for small to medium-sized businesses ranging from 50% to 80% of labor costs for research-related projects
Financing of Refundable Tax Credits	Loans up to 100% of future anticipated refundable tax credits
Major Investment Projects	15-year tax holiday for companies that invest at least $100 million

Source: CBRE Location Incentives Group.
Note: The extent, if any, of state and local incentive offerings depends on location and scope of the operation.

Logistics Driver

Via the St. Lawrence River, the Port of Montreal provides a direct route to the Atlantic Ocean. This international year-round port handles cargo from more than 100 markets in Europe, central Canada and the Midwest and Northeast regions of the U.S. The port processes more than 18 million metric tons of cargo annually and provides the shortest route between North America and Europe. With its own rail line that connects to Canada's two largest railroads, Canadian National and Canadian Pacific, the port provides direct logistical access throughout North America.

Originating in Montreal, the St. Lawrence Seaway provides sea-bearing container ships from the Atlantic Ocean access to Lake Ontario and the upper Great Lakes. This series of locks, canals and channels extends from Montreal to Lake Erie and a series of approximately 40 on/off ramps along the way provide ample connectivity to the highways and railways of North America.

Via the St. Lawrence River, the Port of Montreal provides a direct route to the Atlantic Ocean.

Capital Markets

"With surging occupier demand, investors are increasingly targeting industrial assets with short-term leases to capture future rent growth. While there is strong interest from a broad range of investors, the very limited supply of for-sale properties has raised prices to record highs. Moreover, Montreal has one of the smallest development pipelines among the major North American markets due to a scarcity of serviced and entitled land. Robust investor demand is forecast for 2022."

Scott Speirs
CBRE Executive Vice President, National Investment Team, Capital Markets

Figure 4: Cap Rate Comparison

	Class A	Class B
2021	3.75% - 4.25%	4.50% - 5.75%
2020	3.75% - 4.25%	4.75% - 5.75%

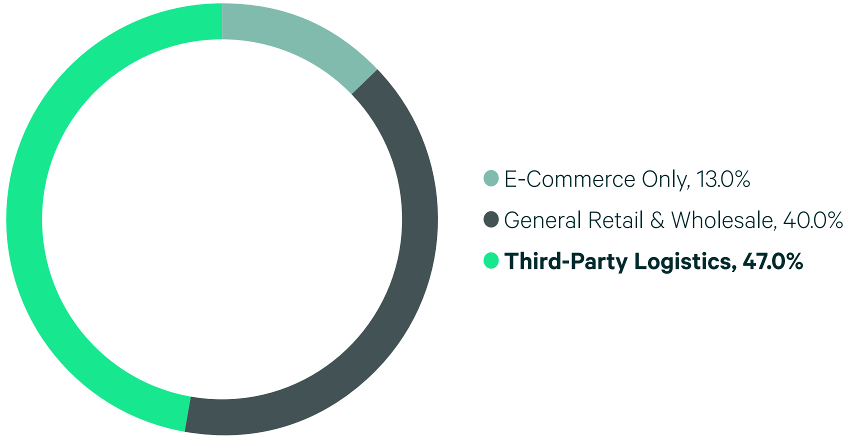
Source: CBRE Research.

Supply & Demand

With 72 million sq. ft. of total inventory, Montreal is the second-largest big-box market in Canada. Like Toronto, the market is land constrained and has a vacancy rate of just 1.6%, the seventh lowest among markets in this report. The lack of available space increased the average taking rent to a record-high C$9.26 last year.

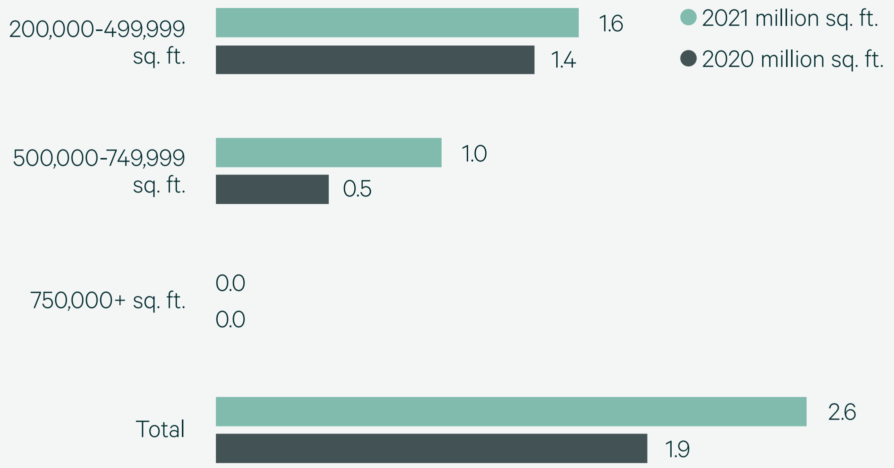
Developers delivered a much-needed 1.4 million sq. ft. of big-box facilities last year. Another 3.0 million sq. ft. is currently under construction, 61% of which is preleased. Like most port markets in North America, there is exceptional demand but a lack of available space. This will lead to increased taking rents in 2022.

Figure 5: Share of 2021 Leasing Activity by Occupier Type



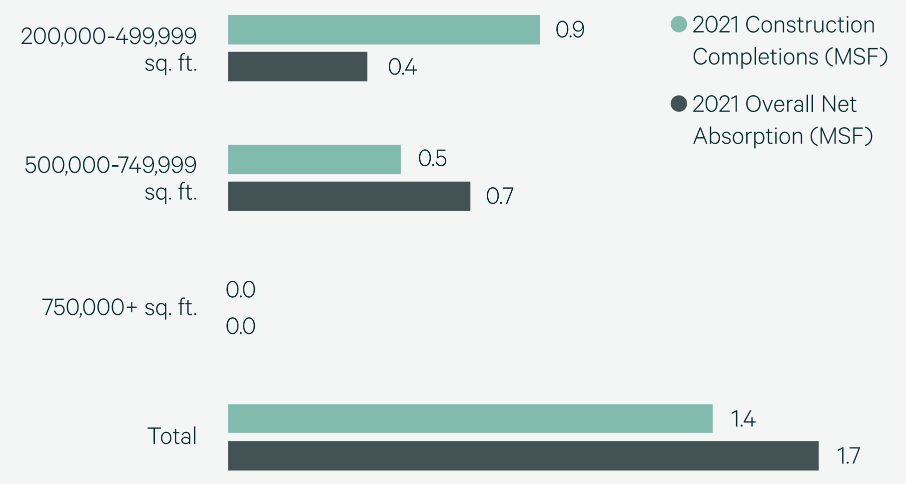
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 6: Leasing Activity



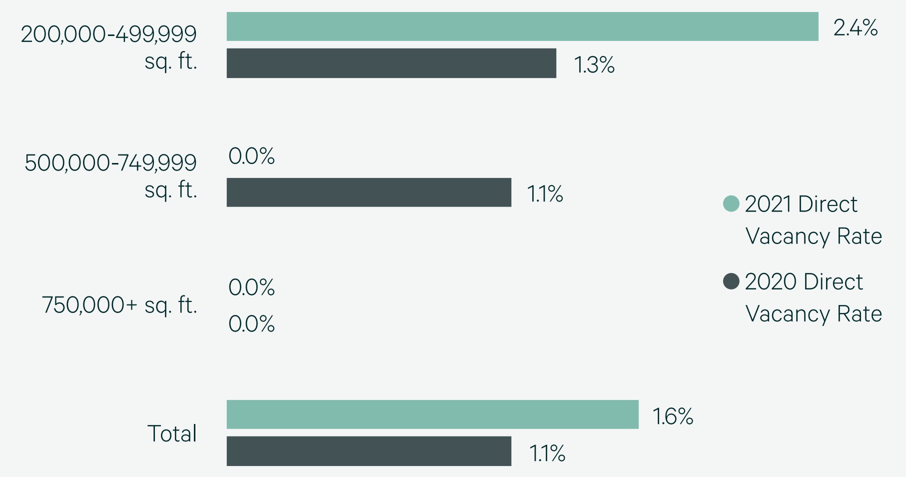
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 7: 2021 Construction Completions vs. Overall Net Absorption



Source: CBRE Research.

Figure 8: Direct Vacancy Rate by Size Range



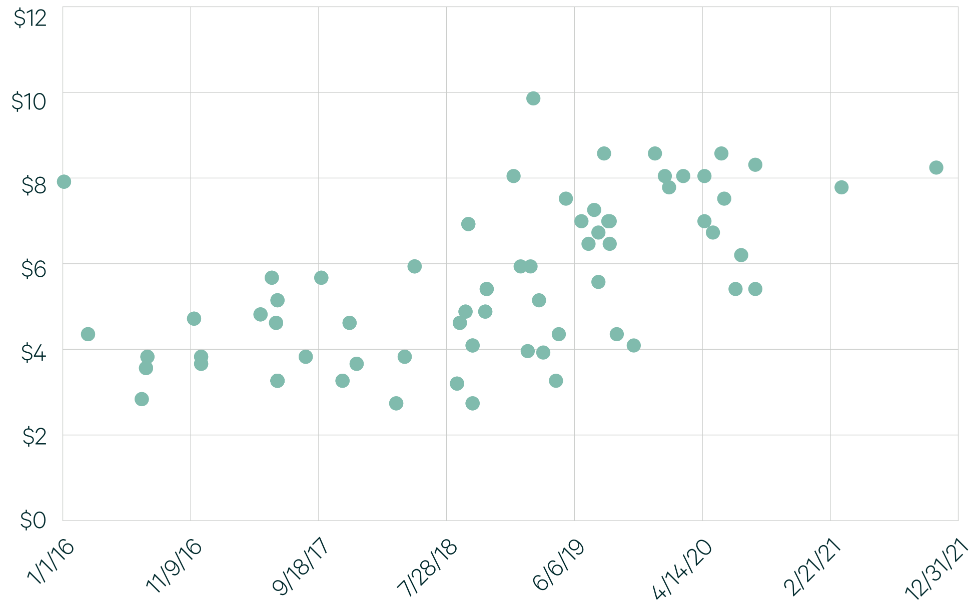
Source: CBRE Research.

Figure 9: Under Construction & Percentage Preleased

	2021 Under Construction sq. ft.	% Preleased
200,000-499,999 sq. ft.	1,333,881	12.3%
500,000-749,999 sq. ft.	0	N/A
750,000+ sq. ft.	1,687,531	100.0%
Total	3,021,412	61.3%

Source: CBRE Research.

Figure 10: Historical First Year Taking Rents (psf/yr)



Note: Includes first year taking rents for leases 200,000 sq. ft. and above.
Note: Taking Rents are in $CAD
Source: CBRE Research.

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Northern/Central New Jersey

Menu

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Northern/Central New Jersey has the most active seaport on the East Coast. With one of the lowest vacancy rates in the country and dwindling land availability, the region’s big-box leasing activity lags the record-setting demand being seen across North America. Demand is driven by both e-commerce and traditional retail occupiers seeking to place product close to the vast Northeast consumer base. As a result, rents continue to reach record highs.

Jeffrey Hipschman

CBRE Senior Managing Director / NE Industrial & Logistics Leader

”

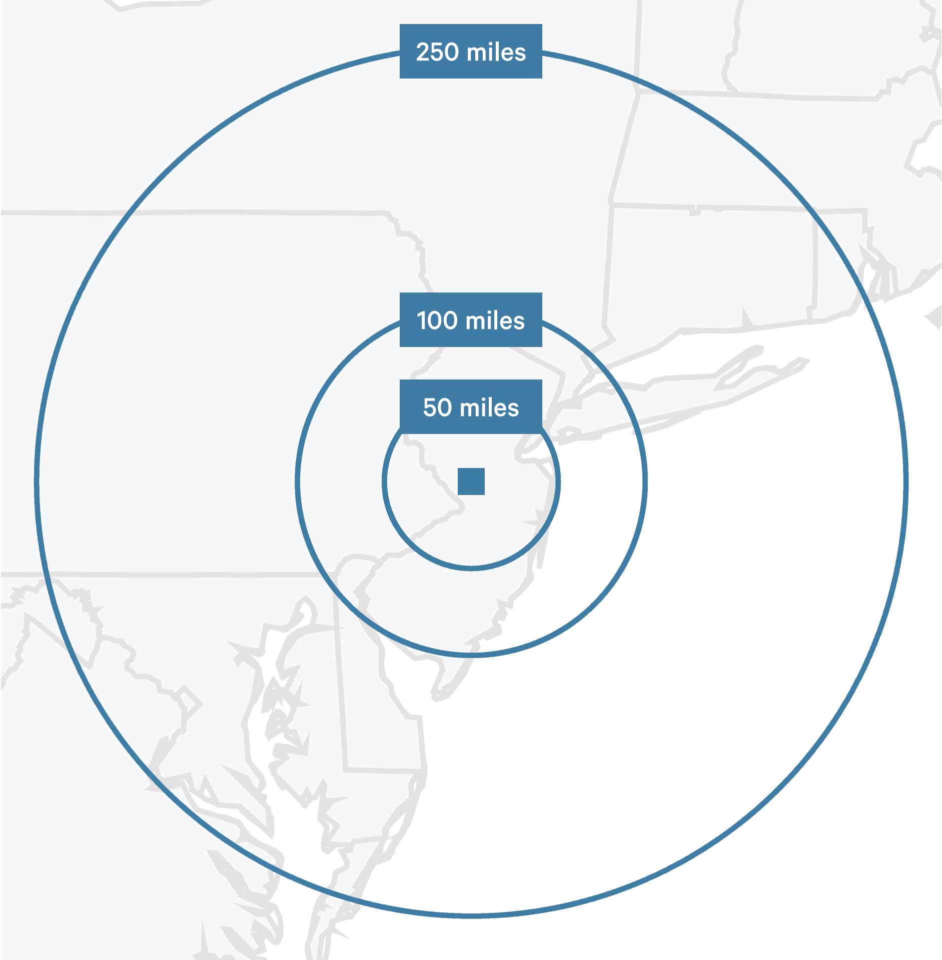
Demographics

The Northern/Central New Jersey market serves the largest population base in the U.S. The region leads North America in population within the 50-, 100- and 250-mile radius areas. Population within 50 miles of the market core is expected to increase by 1.7% over the next five years. The region leads North America in total households within a 50-mile radius of the market core (6.6 million).

Figure 1: Northern/Central New Jersey Population Analysis

Distance from Northern/ Central NJ Market Core	2021 Total Population	5 Year Growth Outlook
50 miles	17,217,755	1.7%
100 miles	30,669,830	1.3%
250 miles	61,698,539	1.7%

Source: CBRE Location Intelligence.



According to CBRE Labor Analytics, the region has 250,778 warehouse workers—the most in North America. This workforce is expected to grow by 2.3% by 2030. Because of robust demand for labor, the average wage for a non-supervisory warehouse worker is $17.00 per hour—14% higher than the national average.

Figure 2: Northern/Central New Jersey Warehouse & Storage Labor Fundamentals

Total Warehouse & Storage Employment
250,778

2030 Total Warehouse & Storage Projected Employment
256,465

Hourly Wage*
$17.00

Source: CBRE Labor Analytics.
*Median wage (1 year experience); non-supervisory warehouse material handlers.

Location Incentives

According to CBRE’s Location Incentives Group, the state of New Jersey's new Emerge Program provides state corporate income tax credits for new and retained jobs for up to seven years under the following conditions:

- Tax credits can be used, sold or transferred for not less than 85% of value. Instead of selling to a third party, a company may sell the credits for 90% of value to the New Jersey Treasury instead.
- A letter of support from the subject municipality and a public hearing for approval is required.
- Among additional program requirements, target industries must create at least 25 net new full-time jobs and non-targeted industries must create at least 35 net new full-time jobs. Projects that are in certain qualified areas must retain 500+ full-time jobs and projects in non-qualified areas must retain 1,000+ full-time jobs.

Industrial investment requires that at least $60 per square foot must be spent on new construction, while at least $20 per square foot must be spent on existing warehousing, logistics, industrial or R&D facilities.

Additionally, local governments may have other funding tools for more specialized needs in the form of tax abatement and tax increment financing for selected projects.

Figure 3: Northern/Central New Jersey Top Incentive Programs

Program	Descripton
Emerge Program	State corporate income tax credits for new and retained jobs for up to 7 years

Source: CBRE Location Incentives Group.
Note: The extent, if any, of state and local incentive offerings depends on location and scope of the operation.

Logistics Driver

The Port Authority of New York and New Jersey is the busiest seaport on the East Coast and the third most active in the U.S., with the infrastructure to move cargo by air, land, rail and sea. The port has direct access to more than 28 million consumers.

Five airports have direct cargo lines to the port, including John F. Kennedy, Newark Liberty, LaGuardia, New York Stewart and Teterboro. Numerous bridges and tunnels near the port provide access to the tri-state area and beyond.

The Port Authority of New York and New Jersey is the busiest seaport on the East Coast and the third most active in the U.S.

Capital Markets

“Northern/Central New Jersey attracts investors from around the world.Historically low vacancy has pushed market rental rates to new highs. Coupled with increasing barriers to entry for development and an extremely limited supply of functional space, this lowered Class A and B cap rates by more than 100 basis points in 2021. Consistently improving market fundamentals allow investors to underwrite aggressive rental rate growth and raise pricing on all industrial assets. Land valuations have doubled over the past year. With a large amount of capital allocated to industrial acquisitions and development in Northern and Central New Jersey, big-box rental rates and land valuations are expected to increase in 2022.

Brian Fiumara
CBRE Vice Chair”

Figure 4: Cap Rate Comparison

	Class A	Class B
2021	2.75% - 3.10%	2.90% - 3.25%
2020	3.75% - 5.00%	4.25% - 6.00%

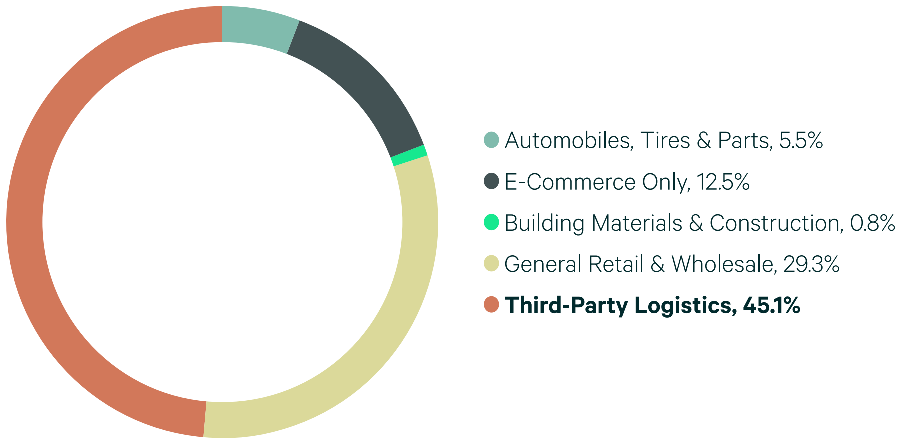
Source: CBRE Research.

Supply & Demand

With 388 million sq. ft. of total inventory, the Northern/Central New Jersey industrial market is the fourth largest in North America. The market's proximity to the largest population concentration in the U.S. has attracted occupiers for years, and 2021 was no exception with nearly 30 million sq. ft of leasing activity, double the previous year's total. The market posted a vacancy of 0.8%, the fourth lowest in North America.

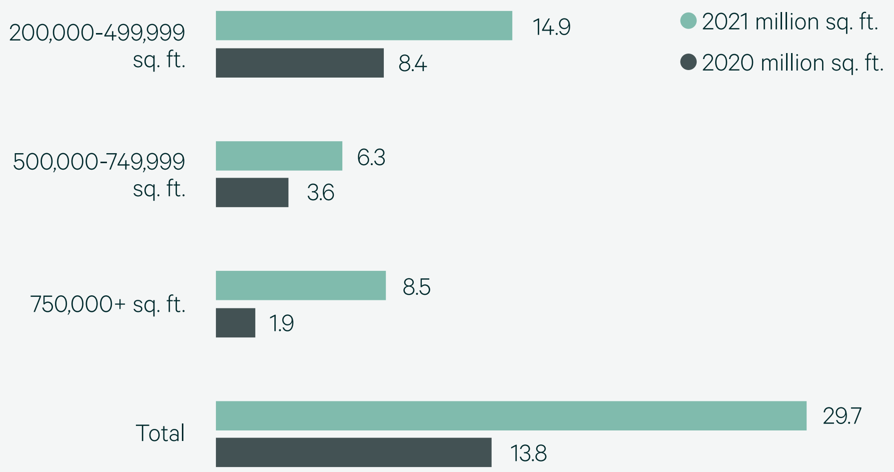
3PLs were the most active occupiers in 2021, accounting for 45.1% of total leasing activity—the second-highest 3PL market share in North America. Continued robust demand increased the average first-year taking rent to $11.00 per sq. ft. in 2021, 30% higher than in 2020 and the second-highest rate in North America behind Los Angeles County. As demand for new supply remains strong, redevelopment of obsolete manufacturing and distribution facilities will increase. The lack of available land and continued strong demand should keep vacancy below 1% in 2022.

Figure 5: Share of 2021 Leasing Activity by Occupier Type



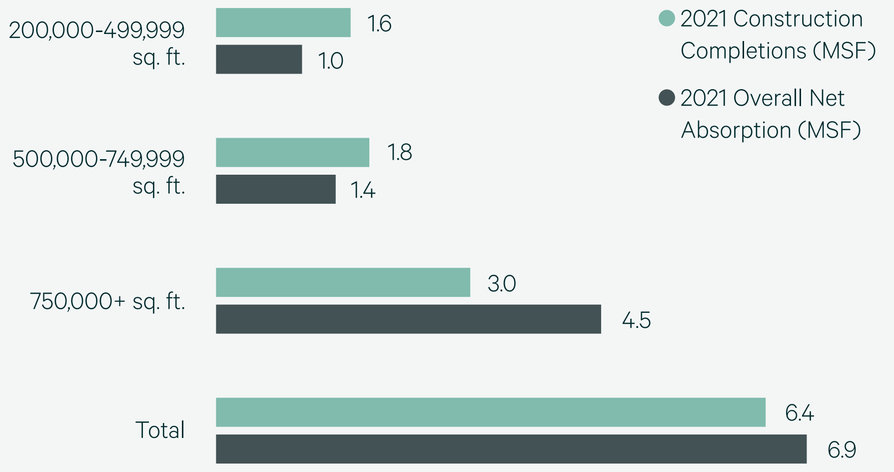
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 6: Leasing Activity



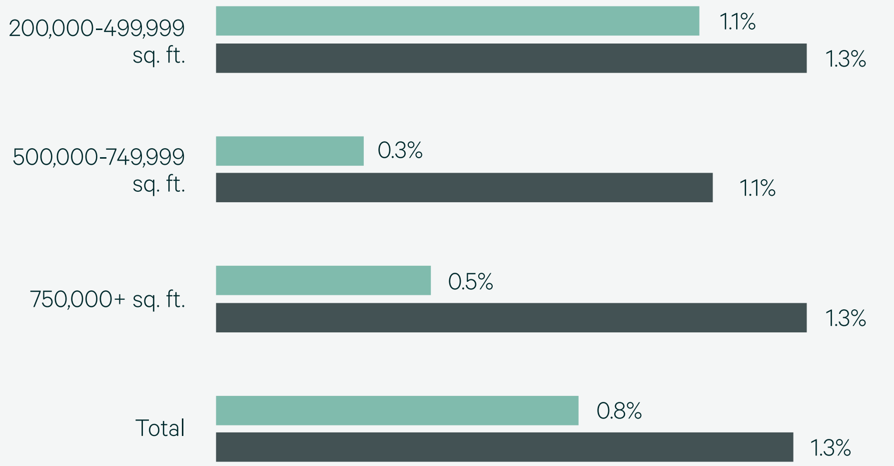
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 7: 2021 Construction Completions vs. Overall Net Absorption



Source: CBRE Research.

Figure 8: Direct Vacancy Rate by Size Range



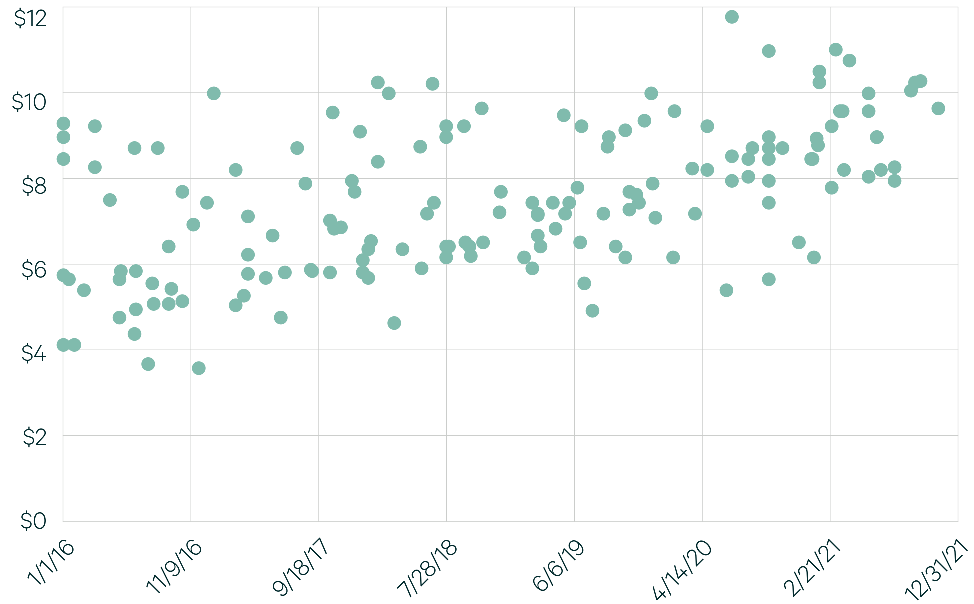
Source: CBRE Research.

Figure 9: Under Construction & Percentage Preleased

	2021 Under Construction sq. ft.	% Preleased
200,000-499,999 sq. ft.	4,634,568	13.6%
500,000-749,999 sq. ft.	735,000	0.0%
750,000+ sq. ft.	4,021,149	21.7%
Total	9,390,717	16.0%

Source: CBRE Research.

Figure 10: Historical First Year Taking Rents (psf/yr)



Note: Includes first year taking rents for leases 200,000 sq. ft. and above.
Source: CBRE Research.

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Phoenix

Menu

> The Greater Phoenix industrial market is delivering strong results with record net absorption and a record-low vacancy rate. Phoenix's strategic location, combined with its outstanding water, power and transportation infrastructure, makes it a highly desirable market for all industry sectors. Additionally, with 50,000 students graduating from our colleges and universities each year and population growth of approximately 100,000 per year, the labor supply is incredibly strong. We are confident that the Phoenix industrial market will continue to accelerate in the coming year.

Paul Komadina

CBRE Senior Managing Director

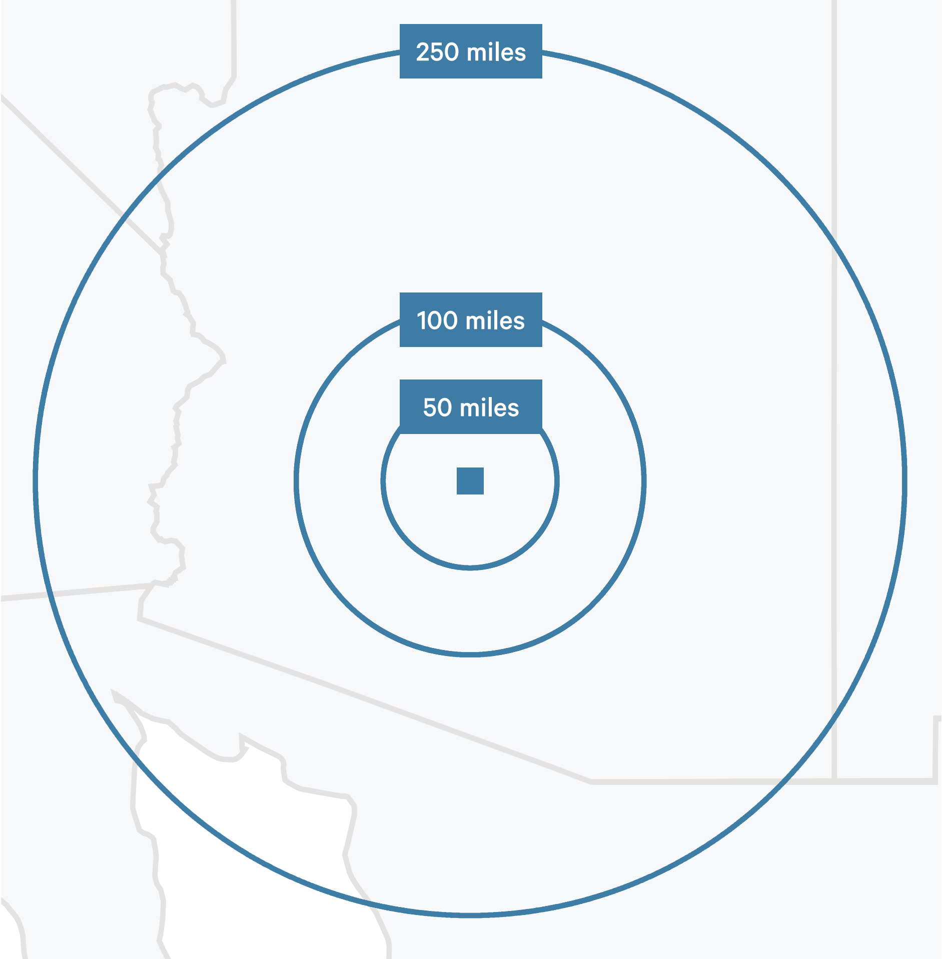
Demographics

Greater Phoenix is one of the fastest growing markets in North America, which is increasing demand for big-box industrial facilities and providing a growing available labor pool. Nearly 5 million people or 1.7 million households live within 50 miles of the population core, with an expected growth rate of 8% over the next five years. Nearly 25% of the population is in the 18-to-34 age group.

Figure 1: Phoenix Population Analysis

Distance from Downtown Phoenix	2021 Total Population	5 Year Growth Outlook
50 miles	4,908,196	8.0%
100 miles	5,517,599	8.0%
250 miles	8,538,391	6.7%

Source: CBRE Location Intelligence.



According to CBRE Labor Analytics, the local warehouse labor force of 72,729 is expected to grow by 17.3% by 2030. The average wage for a non-supervisory warehouse employee is $15.53 per hour, 4.2% higher than the national average.

Figure 2: Phoenix Warehouse & Storage Labor Fundamentals

Total Warehouse & Storage Employment
72,729

2030 Total Warehouse & Storage Projected Employment
85,301

Hourly Wage*
$15.53

Source: CBRE Labor Analytics.
*Median wage (1 year experience); non-supervisory warehouse material handlers.

Location Incentives

Over the past five years, there have been 132 economic incentives deals totaling more than $459 million at an average of $12,457 per new job in the Phoenix metropolitan area, according to Wavteq.

According to CBRE's Location Incentives Group, among the top incentive programs offered in metro Phoenix is the Arizona Competes Fund, which provides discretionary grants to businesses that achieve certain performance measures and create new jobs with wages that are equal to or above the median county wage.

Another program available in metro Phoenix is the Quality Jobs Tax Credit Program, which awards income tax credits of up to $9,000 per job to generate high-quality employment opportunities in Arizona. The income tax credits are spread over three years to encourage continuous employment. To qualify, businesses must make a capital investment and create jobs that meet specific wage requirements. These tax credits are non-refundable and non-transferrable, and any unused credits may be carried forward for up to five consecutive years.

Figure 3: Phoenix Top Incentive Programs

Program	Descripton
Quality Jobs Tax Credit Program	Tax credit up to $3,000 per each new job for up to 3 years of continuous employment
Arizona Competes Fund	Discretionary cash grant program
Qualified Facility Tax Credit Program	Tax credit (refundable) up to 10% of total capital expenditures for manufacturing, R&D, and HQs of manufacturing

Source: CBRE Location Incentives Group.
Note: The extent, if any, of state and local incentive offerings depends on location and scope of the operation.

Logistics Driver

Approximately 130,000 miles of Arizona highways, including I-10, I-8 and I-40, make it easy to get goods to consumers. Recent expansions and improvements were made to Loops 202 and 303.

Phoenix Sky Harbor International Airport (PHX) is a burgeoning air cargo hub utilized by FedEx, DHL and UPS. Cargo processed in the airport's two complexes, South Air Cargo and West Air Cargo, increased 10% in 2020 (most recent data). Cargo operations at PHX are forecast to increase in years ahead. The Comprehensive Asset Management Plan for PHX includes new development to handle more air cargo.

Approximately 130,000 miles of Arizona highways, including I-10, I-8 and I-40, make it easy to get goods to consumers.

Capital Markets

"As institutional, private and foreign investors expand their holdings in Phoenix, cap rates continue to compress for both Class A and B assets. Robust market fundamentals and a challenging regulatory environment in California are helping drive occupiers to Phoenix, resulting in rising rental rates and lower cap rates as investors seek industrial assets with near-term rollover to capture future growth. The market's exceptional fundamentals, strong labor pool and ability to quickly reach consumers in all Western states will continue to drive strong investor demand in 2022.

Joe Cesta
CBRE Executive Vice President"

Figure 4: Cap Rate Comparison

	Class A	Class B
2021	3.15% - 3.50%	3.75% - 4.25%
2020	4.50% - 5.00%	5.00% - 5.50%

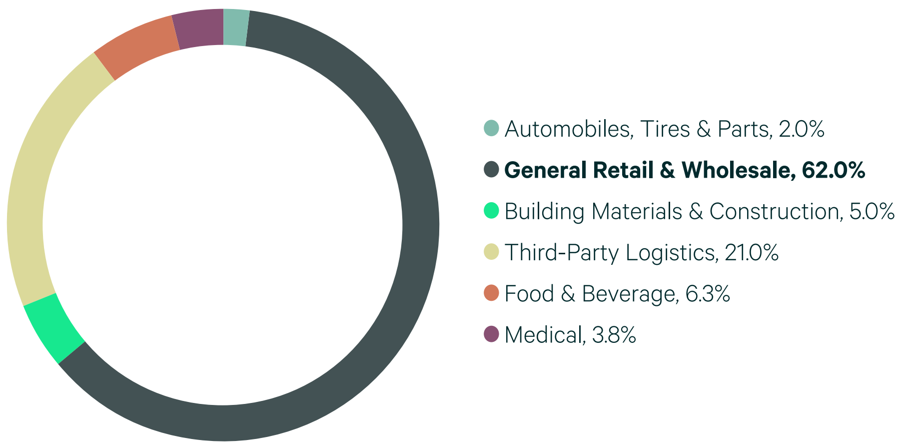
Source: CBRE Research.

Supply & Demand

Strong population growth has attracted big-box occupiers to the market, resulting in back-to-back years of more than 10 million sq. ft. in leasing activity. Net absorption totaling 13.3 million sq. ft. last year made Phoenix the No. 2 growth market (net absorption as a percent of total inventory) in North America. The direct vacancy rate fell by 3.4 percentage points to 3.6% and the under-construction total increased to 22 million sq. ft.—the fifth highest total among markets in this report.

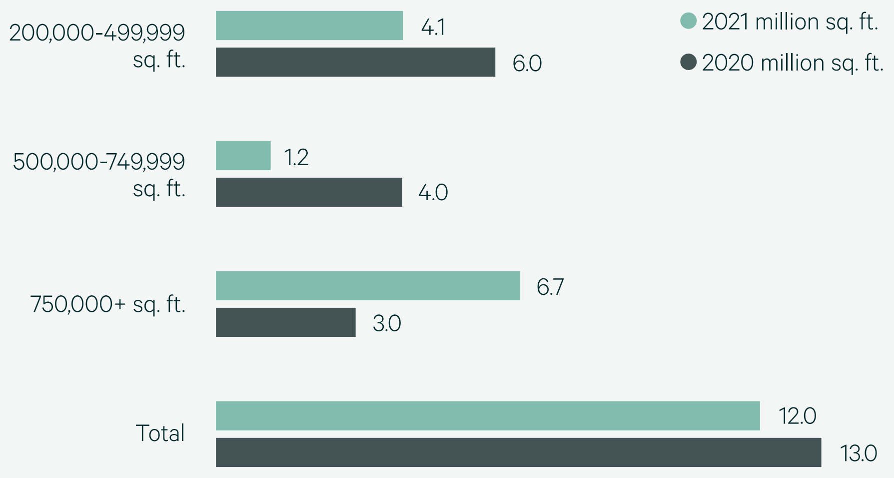
General retailers & wholesalers accounted for 62% of total leasing activity last year, followed by 3PLs at 21%. Despite a significant amount of construction, oversupply concerns are minimal due to strong preleasing and the reduction in existing vacant space. The market's growing population and available supply will increase investor interest and keep cap rates below 4%.

Figure 5: Share of 2021 Leasing Activity by Occupier Type



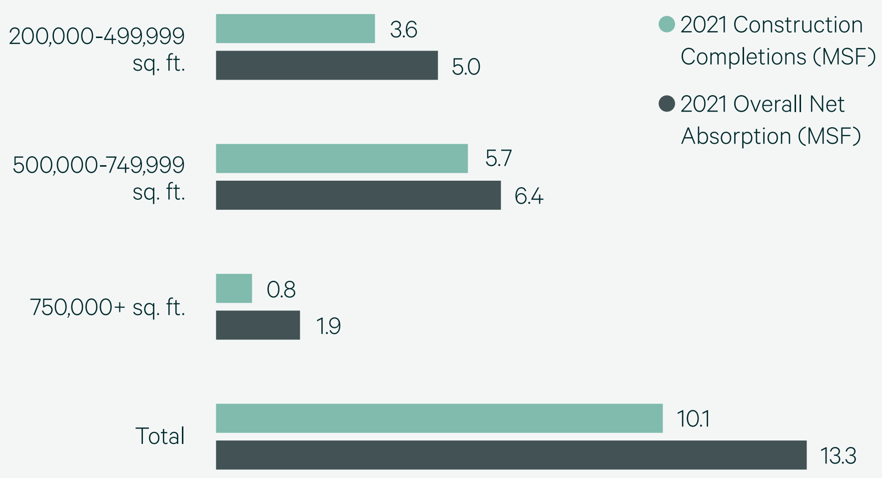
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 6: Leasing Activity



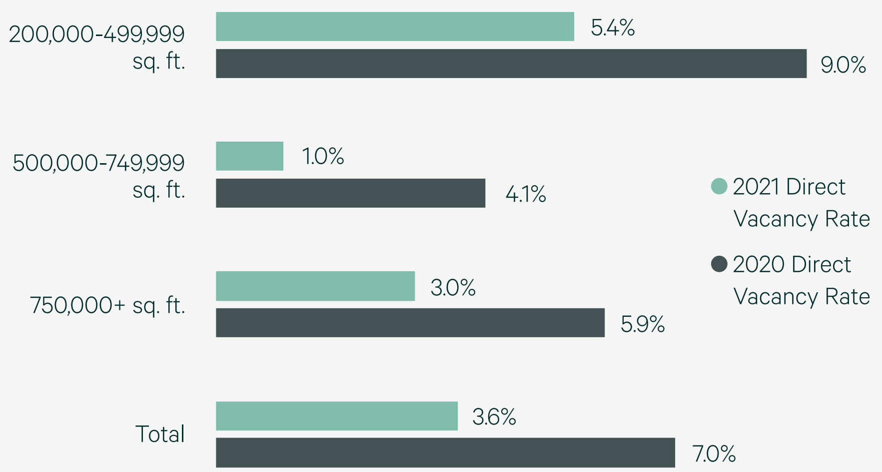
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 7: 2021 Construction Completions vs. Overall Net Absorption



Source: CBRE Research.

Figure 8: Direct Vacancy Rate by Size Range



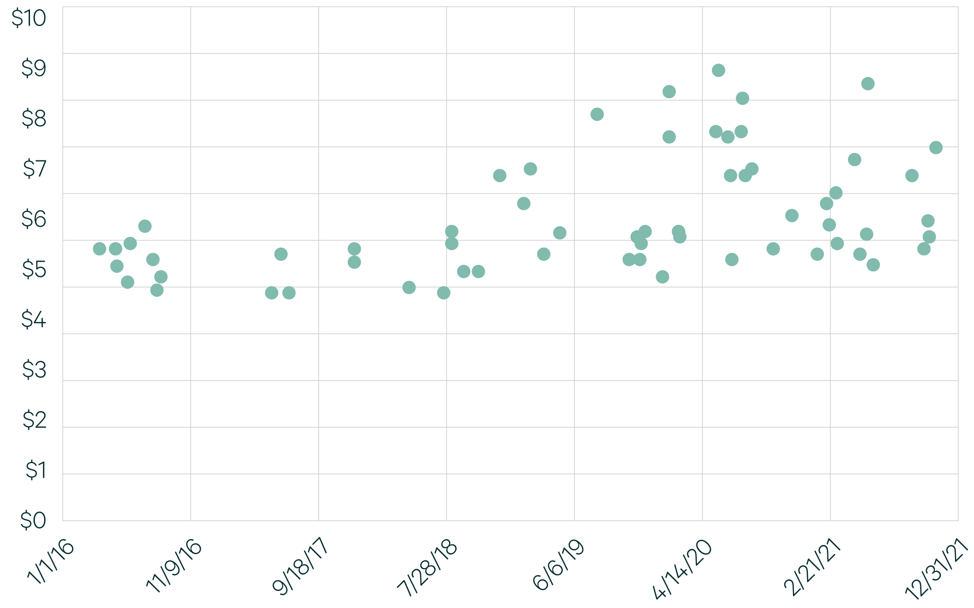
Source: CBRE Research.

Figure 9: Under Construction & Percentage Preleased

	2021 Under Construction sq. ft.	% Preleased
200,000-499,999 sq. ft.	9,665,143	32.5%
500,000-749,999 sq. ft.	4,870,554	13.3%
750,000+ sq. ft.	7,419,578	61.7%
Total	21,955,275	38.1%

Source: CBRE Research.

Figure 10: Historical First Year Taking Rents (psf/yr)



Note: Includes first year taking rents for leases 200,000 sq. ft. and above.
Source: CBRE Research.

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Puget Sound

Menu

> The Puget Sound industrial market continues to attract growing investor interest with its steadily declining vacancy rate and record-high absorption levels. Key drivers of demand include the region's e-commerce, logistics and wholesale consumer goods industries, which have thrived through the COVID-impacted business environment. Building values, land prices and rents are steadily increasing. Some tenants in need of additional space have been forced to relocate farther south along the I-5 Corridor.

John Miller
CBRE Senior Managing Director

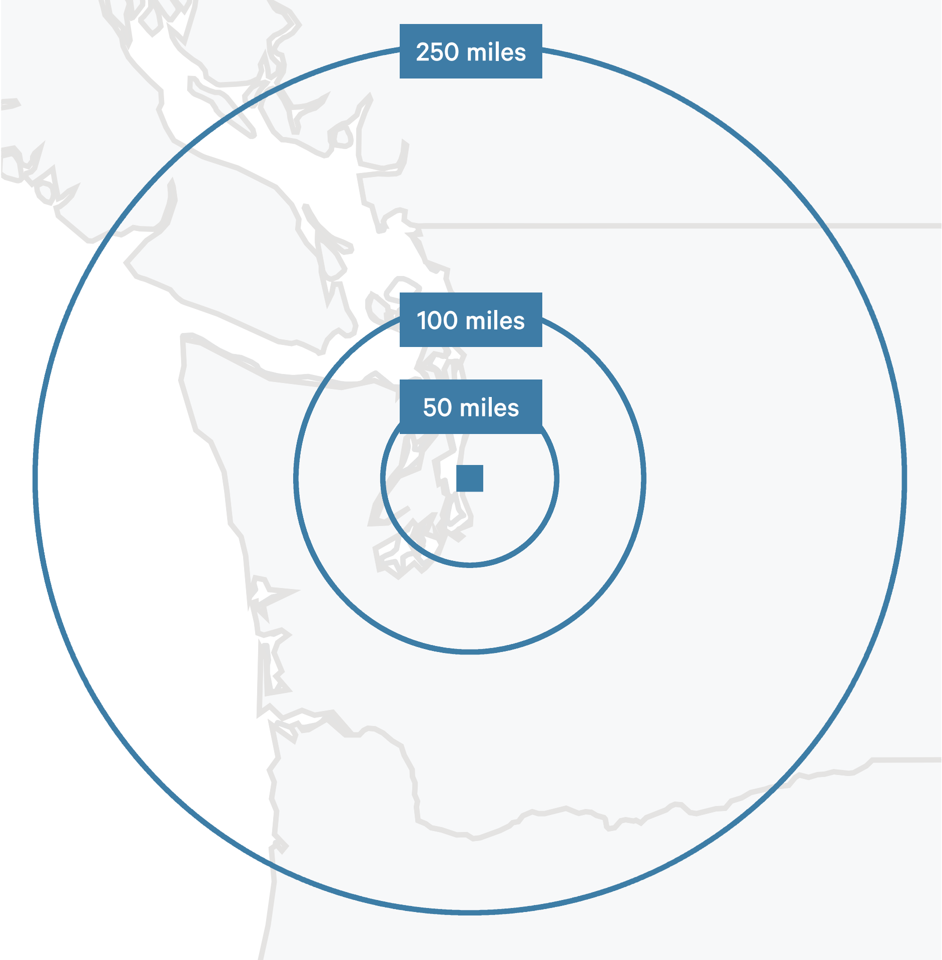
Demographics

More than 4.7 million people live within 50 miles of the urban core, with a 7.1% expected growth rate over the next five years—the highest of any major West Coast market. More than 11 million people live within 250 miles, with a 6.3% expected growth rate in five years. A total of 4.3 million households are within 250 miles.

Figure 1: Puget Sound Population Analysis

Distance from Downtown Seattle	2021 Total Population	5 Year Growth Outlook
50 miles	4,716,065	7.1%
100 miles	5,602,803	6.9%
250 miles	11,161,808	6.3%

Source: CBRE Location Intelligence.



According to CBRE Labor Analytics, the local warehouse labor force of more than 53,000 is expected to grow by 5.0% by 2030. Seattle has the highest wage for non-supervisory warehouse workers of any market in this report at $19.17 per hour, 28.6% above the national average.

Figure 2: Puget Sound Warehouse & Storage Labor Fundamentals

Total Warehouse & Storage Employment
53,532

2030 Total Warehouse & Storage Projected Employment
56,143

Hourly Wage*
$19.17

Source: CBRE Labor Analytics.
*Median wage (1 year experience); non-supervisory warehouse material handlers.

Location Incentives

Over the past five years, there have been four economic incentives deals totaling $500,000 at an average of $587 per new job in the Seattle metropolitan area, according to Wavteq.

According to CBRE's Location Incentives Group, among the top incentive programs offered in metro Seattle is a sales/use tax exemption for machinery and equipment that is used directly in manufacturing, warehouse or research & development operations. Service charges rendered for installing, repairing, improving or cleaning the machinery and equipment are also exempt from sales tax.

Figure 3: Puget Sound Top Incentive Programs

Program	Descripton
Manufacturers' Sales/Use Tax Exemption	100% sales/use tax exemption for manufacturing equipment; a single use certificate must be used each time an exempt item is purchased
Washington State Job Skills Program (JSP)	Job training grant up to 50% of eligible training costs
Warehouse Incentive Program	Sales tax exemption on construction materials and equipment purchases for buildings 200,000 sq. ft. or larger

Source: CBRE Location Incentives Group.
Note: The extent, if any, of state and local incentive offerings depends on location and scope of the operation.

Logistics Driver

The Northwest Seaport Alliance, which includes the ports of Seattle and Tacoma, is the fifth-largest container gateway in the U.S. The ports are less congested than their California counterparts and provide a shorter direct route to Asia. Union Pacific and BNSF rail lines link the ports to the Midwest.

Seattle-Tacoma International Airport is home to 24 air carriers and ranked 17th in North America for air cargo handled in 2020. Interstate 5 gives the region direct access to the entire West Coast.

Seattle's ports are less congested than their California counterparts and provide a shorter direct route to Asia.

Capital Markets

“Numerous investors entered or expanded within the Puget Sound region last year. Scarcity of available land is hindering new development, so investors are looking for opportunities farther afield. Projects north and south of the core are attracting investors to the market and will continue to do so in the years ahead. There is a strong appetite for any new construction, attracting many forward sales and commitments to purchase.

Brett Hartzell
CBRE Vice Chairman”

Figure 4: Cap Rate Comparison

	Class A	Class B
2021	3.00% - 3.50%	3.50% - 4.00%
2020	3.75% - 4.25%	4.00% - 4.75%

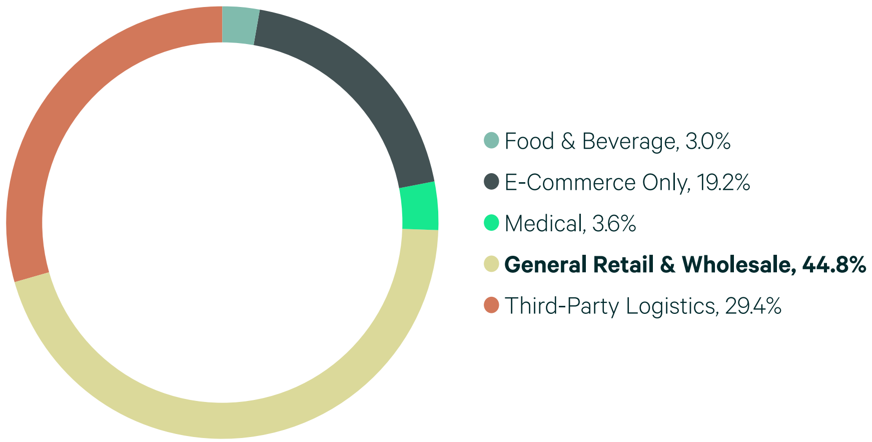
Source: CBRE Research.

Supply & Demand

The Puget Sound industrial market posted a solid 2021, with many fundamentals remaining on par with 2020. Leasing activity totaled more than 7.2 million sq. ft. last year, a 20% increase from 2020. General retailers & wholesalers dominated activity with a 44.8% share of total leasing activity. Net absorption totaled 5.2 million sq. ft., on par with 2020. The average first-year taking rent increased to $7.87 per sq. ft., 11% higher than 2020 and the fifth highest in North America.

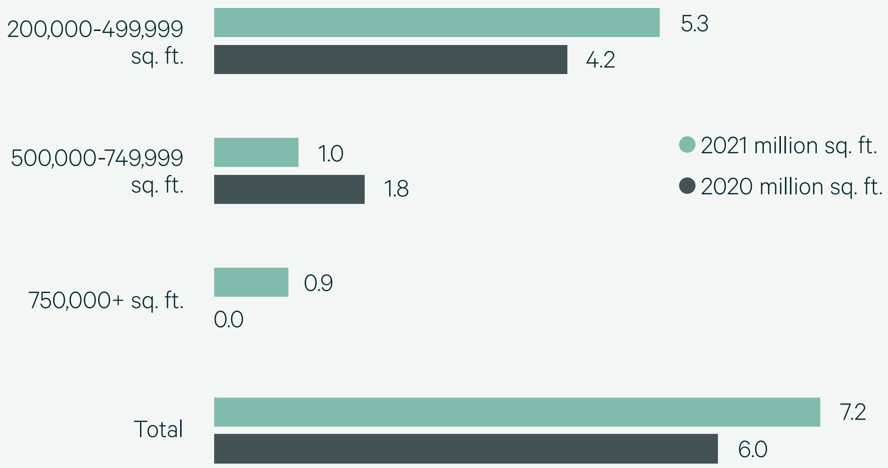
Despite a rise in the vacancy rate last year, the market shows no signs of overbuilding, as 60.5% of the 4.3 million sq. ft. currently under construction is preleased. The Puget Sound region will remain a strategic location for expansion in 2022. Continued demand and little available first-generation space will reduce the vacancy rate and increase average rent this year.

Figure 5: Share of 2021 Leasing Activity by Occupier Type



Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 6: Leasing Activity



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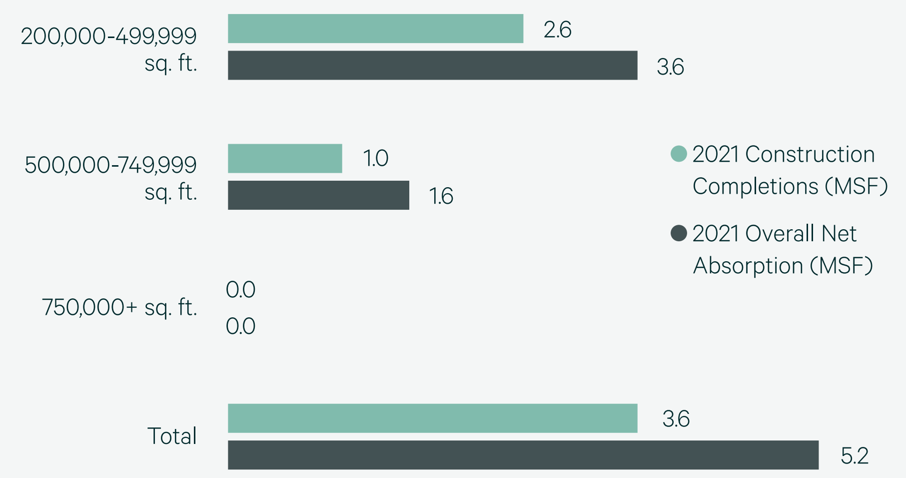
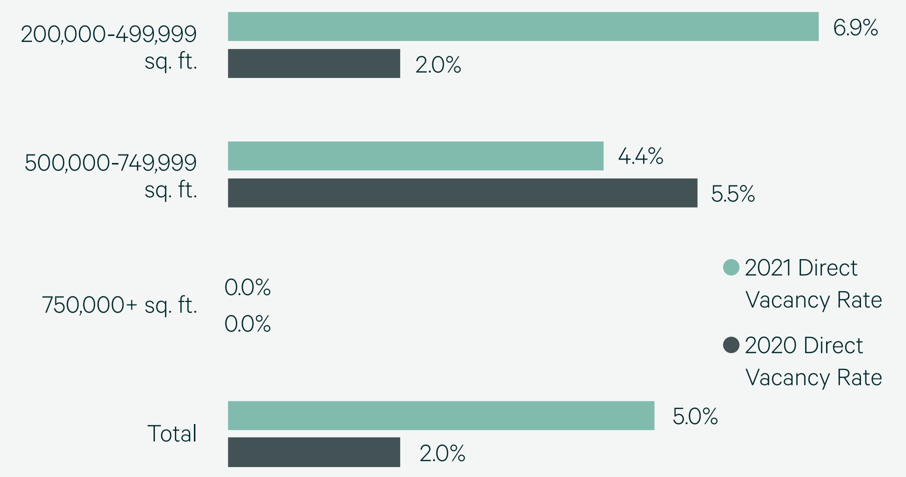
Source: CBRE Research.

Figure 7: 2021 Construction Completions vs. Overall Net Absorption



Source: CBRE Research.

Figure 8: Direct Vacancy Rate by Size Range



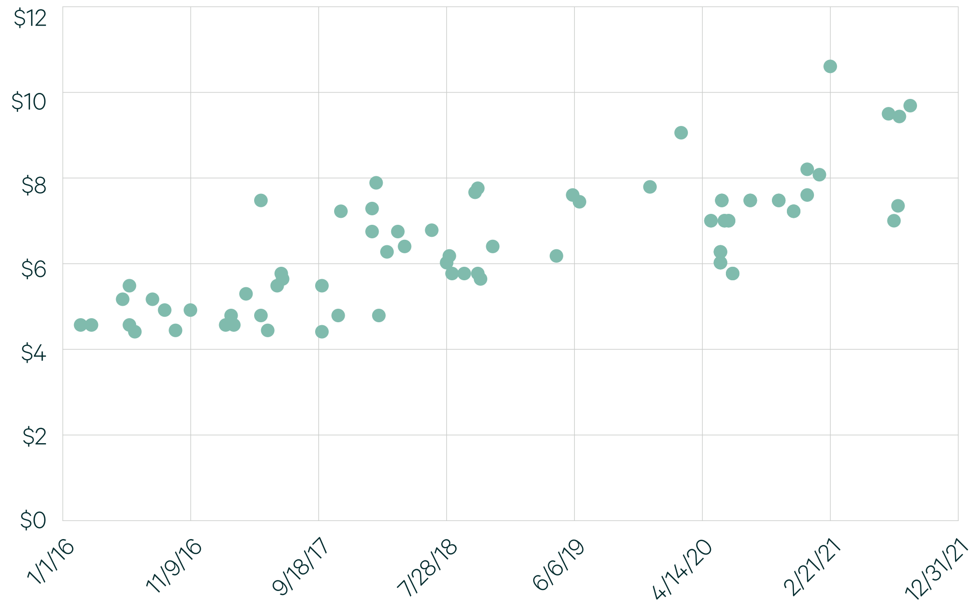
Source: CBRE Research.

Figure 9: Under Construction & Percentage Preleased

	2021 Under Construction sq. ft.	% Preleased
200,000-499,999 sq. ft.	2,194,547	23.0%
500,000-749,999 sq. ft.	1,216,319	100.0%
750,000+ sq. ft.	862,167	100.0%
Total	4,273,033	60.5%

Source: CBRE Research.

Figure 10: Historical First Year Taking Rents (psf/yr)



Note: Includes first year taking rents for leases 200,000 sq. ft. and above.
Source: CBRE Research.

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Southern New Jersey/ Eastern Pennsylvania

Menu

> The pandemic supercharged demand in the region, which ended 2021 with a supply shortage of large-format buildings driven by historic preleasing activity. The I-78/81 Corridor, Southern New Jersey and Philadelphia all saw increased demand. Year-over-year rent growth of at least 15% to 20% is forecast for 2022.

Jake Terkanian
Senior Vice President, CBRE Philadelphia

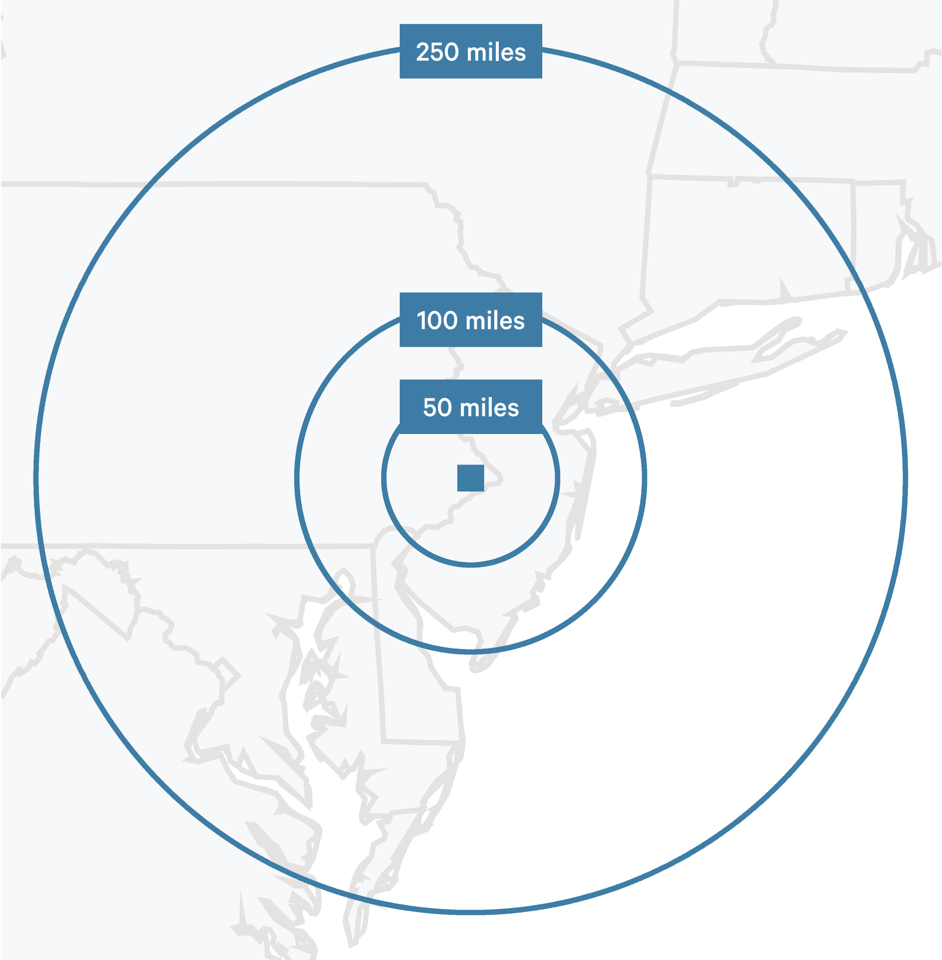
Demographics

More than 8 million people live within 50 miles of the market and 59 million within 250 miles. Population growth of 1.6% is expected over the next five years.

Figure 1: Southern New Jersey/Eastern Pennsylvania Population Analysis

Distance from Downtown Philadelphia	2021 Total Population	5 Year Growth Outlook
50 miles	8,172,459	1.6%
100 miles	29,897,184	1.5%
250 miles	58,875,605	1.6%

Source: CBRE Location Intelligence.



According to CBRE Labor Analytics, the region's warehouse labor force of 190,457 is expected to grow by 13.4% by 2030. The average wage for a non-supervisory warehouse worker is $14.97 per hour, which is on par with the national average.

Figure 2: Southern New Jersey/Eastern Pennsylvania Warehouse & Storage Labor Fundamentals

Total Warehouse & Storage Employment	2030 Total Warehouse & Storage Projected Employment	Hourly Wage*
190,457	216,073	$14.97

Source: CBRE Labor Analytics.
*Median wage (1 year experience); non-supervisory warehouse material handlers.

Location Incentives

The market encompasses two states, New Jersey and Pennsylvania. New Jersey state incentives can be found on the Northern/Central New Jersey page. Over the past five years, there have been 382 economic incentives deals totaling more than $720 million at an average of $14,678 per new job in the Philadelphia metropolitan area, according to Wavteq.

According to CBRE's Location Incentives Group, among the top incentive programs offered in Pennsylvania is the Job Creation Tax Credit (JCTC), which provides corporate income tax credits to companies that create at least 25 new jobs or expand existing employment by 25%. The tax credit ranges from $1,000 to $3,000 per employee for each new job created.

Figure 3: Southern New Jersey/Eastern Pennsylvania Top Incentive Programs

Program (Pennsylvania)	Descripton
Job Creation Tax Credit	Non-refundable state corporate income tax credits ranging from $1,000 to $3,000 per new job
Pennsylvania First	Performance-based cash grant ranging between $1,000 and $3,000 per new job
Keystone Opportunity Zone (KOZ)	Tax credits and refunds when locating to a building or causing new construction in a special designated zone
Low Interest Capital Loans	Loan programs to help fund infrastructure and other capital projects

Source: CBRE Location Incentives Group.
Note: The extent, if any, of state and local incentive offerings depends on location and scope of the operation.

Logistics Driver

The region is centrally located along the East Coast, with access to three major ports: the Port of New York and New Jersey, the Port of Baltimore and the Port of Philadelphia. Two Class 1 railroads serve the region: Norfolk Southern and CSX. Approximately 100 major interstate interchanges are located within the region. The area has direct access to a number of international airports, making it one of the top air cargo markets in the country. Lehigh Valley International was ranked one of the fastest-growing cargo airports in the U.S. by Airports Council International in 2021.

Approximately 100 major interstate interchanges are located within the region.

Capital Markets

> The Southern New Jersey-Eastern Pennsylvania region, in terms of big-box activity, is more intrinsically linked than we have ever witnessed historically from both an occupier and capital perspective. Little new supply in the Northern and Central New Jersey markets has directly influenced tenant migration west and south, making Tier I markets in Pennsylvania, New Jersey and Delaware particularly attractive to investors. Recent rent growth and a positive economic outlook have led to low-3% and sub-3% entry yields on certain core or core+ transactions.

Brad Ruppel
CBRE Executive Vice President

Figure 4: Cap Rate Comparison

	Class A	Class B
2021	3.00% - 4.00%	4.00% - 4.75%
2020	4.25% - 5.00%	5.50% - 6.25%

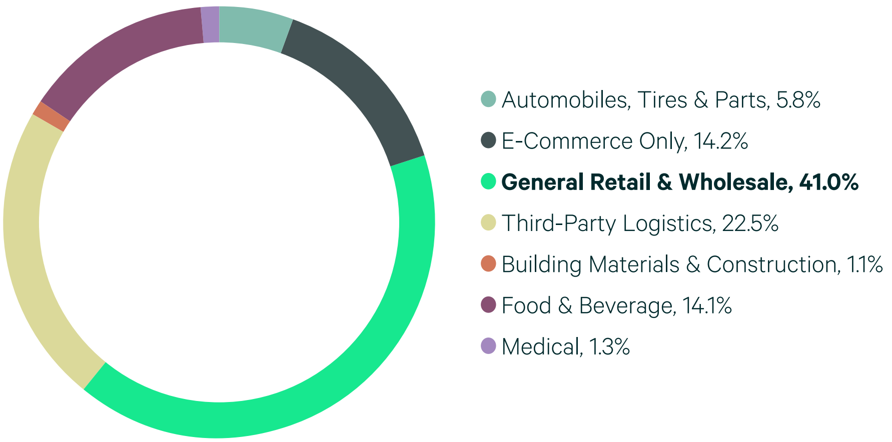
Source: CBRE Research.

Supply & Demand

With 493 million sq. ft. of total inventory, Southern New Jersey/Eastern Pennsylvania is the second-largest big-box market in North America. Leasing activity totaling 48 million sq. ft. last year lowered the vacancy rate to 4.0% from 6.6% in 2020. The average taking rent increased by 21% to $7.07 per sq. ft. General retailers & wholesalers dominated leasing activity, with a market share of 41%. A diverse set of companies entered the market to take advantage of the large population.

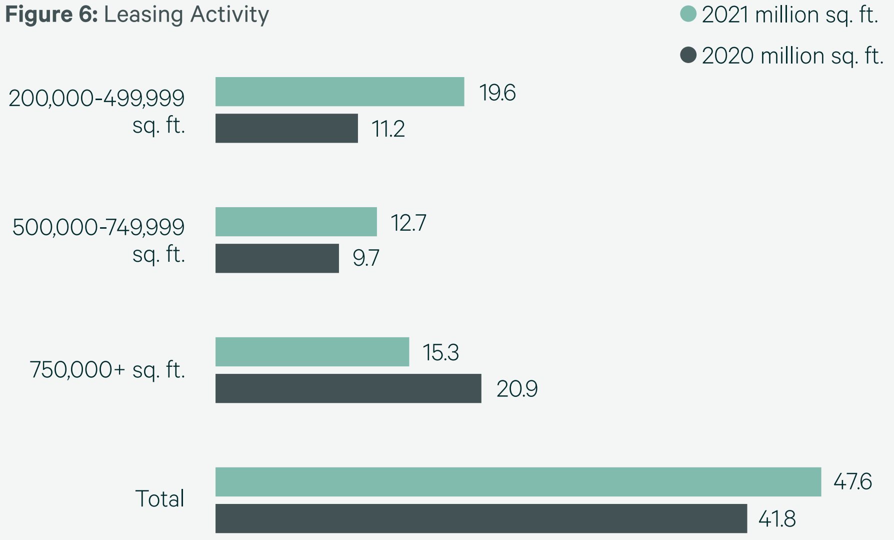
The low vacancy rate and high rent growth kept developers bullish, with 24.6 million sq. ft. of construction completions and 48.4 million sq. ft. under construction, the second most in North America. Forty-five percent of the space under construction is preleased, diminishing fears of oversupply. All signs point to continued demand in the only remaining market in the Northeast with ample land available to develop big-box facilities.

Figure 5: Share of 2021 Leasing Activity by Occupier Type



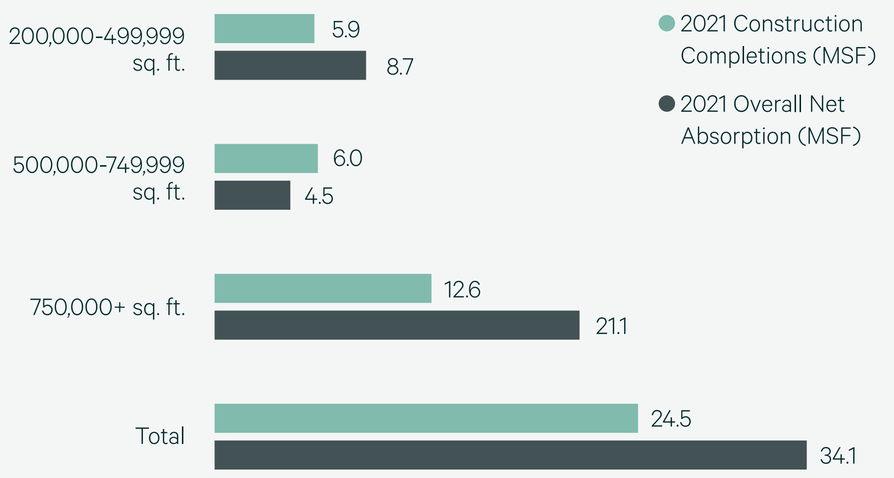
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 6: Leasing Activity



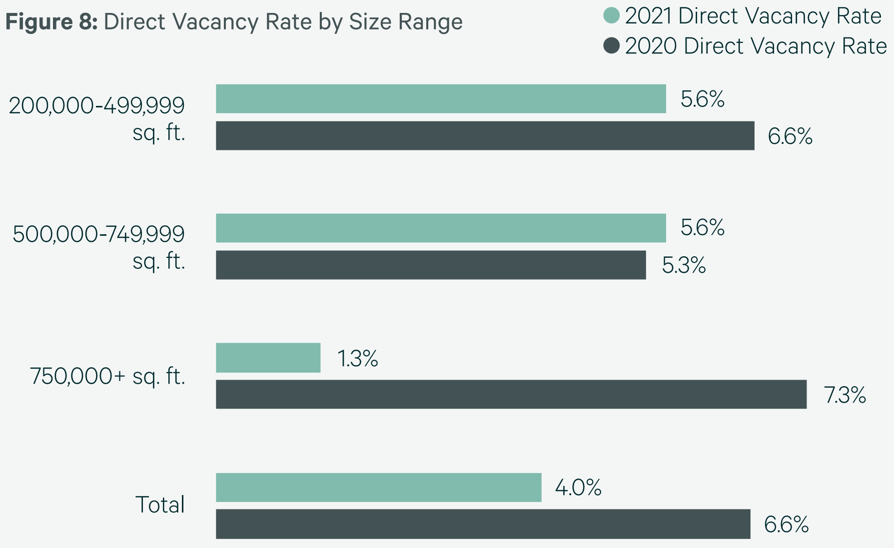
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 7: 2021 Construction Completions vs. Overall Net Absorption



Source: CBRE Research.

Figure 8: Direct Vacancy Rate by Size Range



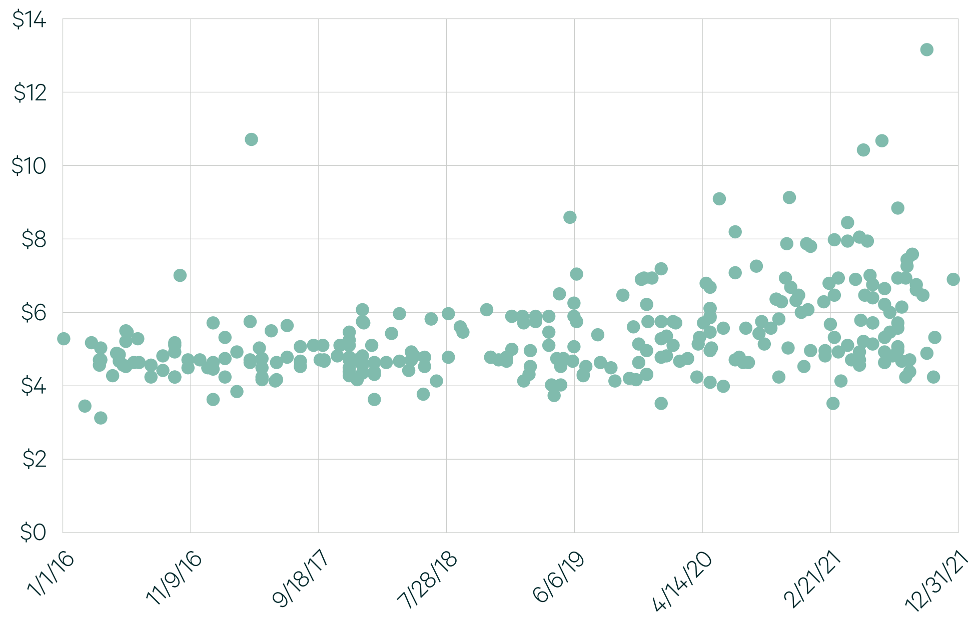
Source: CBRE Research.

Figure 9: Under Construction & Percentage Preleased

	2021 Under Construction sq. ft.	% Preleased
200,000-499,999 sq. ft.	13,889,437	47.9%
500,000-749,999 sq. ft.	8,227,427	33.4%
750,000+ sq. ft.	27,088,221	46.1%
Total	48,339,085	45.3%

Source: CBRE Research.

Figure 10: Historical First Year Taking Rents (psf/yr)



Note: Includes first year taking rents for leases 200,000 sq. ft. and above.
Source: CBRE Research.

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St. Louis

Menu

> St. Louis' central location provides quick access to a large portion of the U.S., making the region a desirable distribution hub. Facing a lack of land sites, developers are pursuing fringe sites to meet the continued tenant demand, particularly from e-commerce companies and automobile and aerospace industry suppliers. As the market tightens due to a lack of new supply, rents are expected to increase.

Jeff Kaiser

Senior Managing Director, CBRE St. Louis

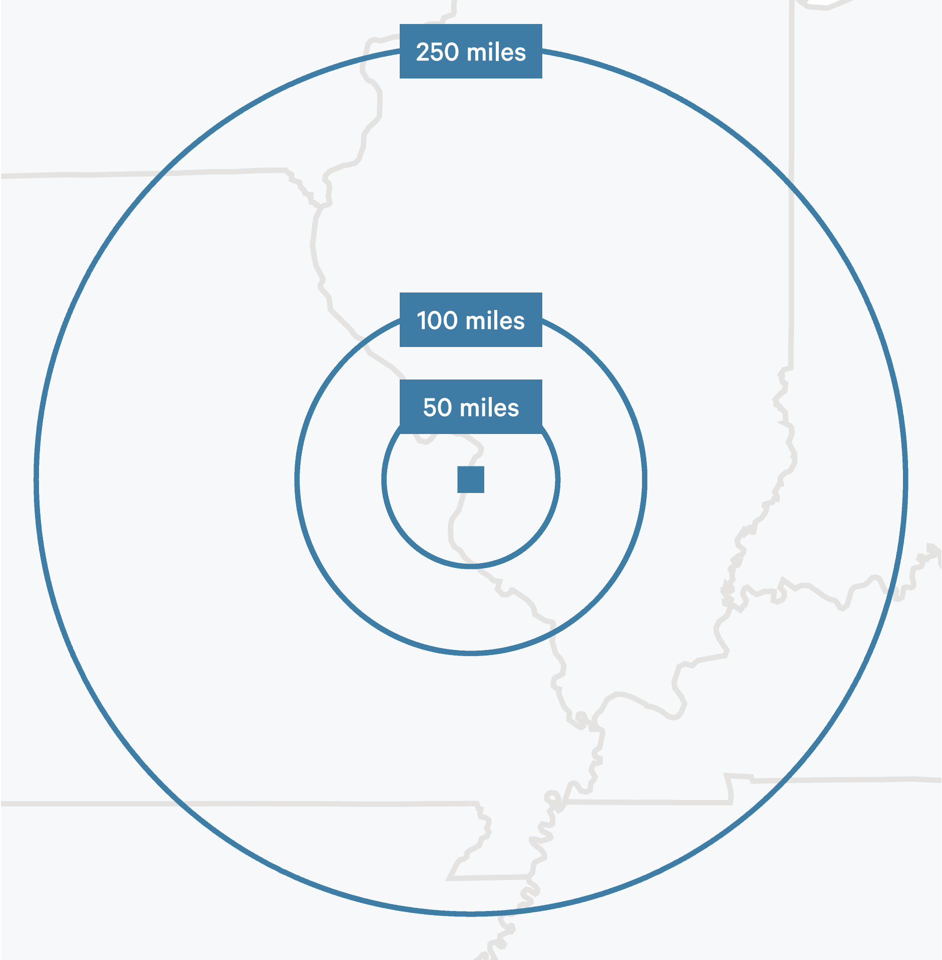
Demographics

Nearly 3 million people live within 50 miles of St Louis, with a 1.1% expected growth rate over the next five years. Within 250 miles, occupiers can reach nearly 23 million people and 9 million households.

Figure 1: St. Louis Population Analysis

Distance from Downtown St. Louis	2021 Total Population	5 Year Growth Outlook
50 miles	2,824,401	1.1%
100 miles	4,084,929	0.6%
250 miles	22,503,095	1.6%

Source: CBRE Location Intelligence.



According to CBRE Labor Analytics, the local warehouse labor force of 38,593 is expected to grow 7.9% by 2030. The average wage for a non-supervisory warehouse worker is $15.38 per hour, 3.2% higher than the national average.

Figure 2: St. Louis Warehouse & Storage Labor Fundamentals

Total Warehouse & Storage Employment
38,593

2030 Total Warehouse & Storage Projected Employment
41,660

Hourly Wage*
$15.38

Source: CBRE Labor Analytics.
*Median wage (1 year experience); non-supervisory warehouse material handlers.

Location Incentives

Over the past five years, there have been 116 economic incentives deals totaling more than $190 million at an average of $21,079 per new job in the St. Louis metropolitan area, according to Wavteq.

According to CBRE's Location Incentives Group, among the top incentive programs offered in metro St. Louis is the Missouri Works Program, which provides payroll rebates and discretionary income tax credits for new jobs. To qualify, at least two full-time jobs must be created with wages exceeding 80% of the average county wage.

Among the top incentive programs offered in neighboring Illinois is the Economic Development for a Growing Economy Program (EDGE), which provides nonrefundable, discretionary tax credits for corporate income taxes for up to 10 years. These credits equal up to 50% of new income tax withholdings generated by a project's new job creation. To qualify, companies with more than 100 employees worldwide must invest a minimum of $2.5 million and create new jobs equal to 10% of the company's total employment. Companies with less than 100 employees worldwide must create new jobs equal to 5% of the company's total employment.

For a summary of the incentive programs available for projects that are in bordering Illinois, please refer to the incentives market commentary for Chicago. The extent of state and local incentives for industrial projects in metro St. Louis depends on location and scope of the operation.

Figure 3: St. Louis Top Incentive Programs

Program	Descripton
Missouri Works Program	3% to 6% of new payroll for 5 to 6 years
New Jobs Training Program (NJTP)	Job training grant
Chapter 100 Program Property Tax Abatements	Discretionary abatement of real estate, personal property taxes, or sales taxes
Business Use Incentives for Large Scale Development (BUILD)	Discretionary refundable income tax credit program

Source: CBRE Location Incentives Group.
Note: The extent, if any, of state and local incentive offerings depends on location and scope of the operation.

Logistics Driver

The Port of Metropolitan St. Louis encompasses 70 miles and includes both sides of the Mississippi River. It is the northernmost ice- and lock-free port on the Mississippi and is served by six Class 1 railroads, seven interstate highways and two international airports. Nearly one-third of the U.S. population is located within 500 miles of the port. St. Louis Lambert International Airport is a growing cargo hub, with total cargo volume increasing by more than 5% over the past two years.

Nearly one-third of the U.S. population is located within 500 miles of the port of St. Louis.

Capital Markets

> St. Louis is a major distribution hub for many industries. The market's core cap rate compressed by more than 50 basis points year-over-year in 2021 and its spread between those of similar strategic U.S markets is disproportionately wide. Further cap rate compression is expected in 2022.

Zachary Graham

CBRE Executive Vice President

Figure 4: Cap Rate Comparison

	Class A	Class B
2021	5.00% - 5.25%	5.75% - 6.25%
2020	5.40% - 5.75%	6.25% - 6.75%

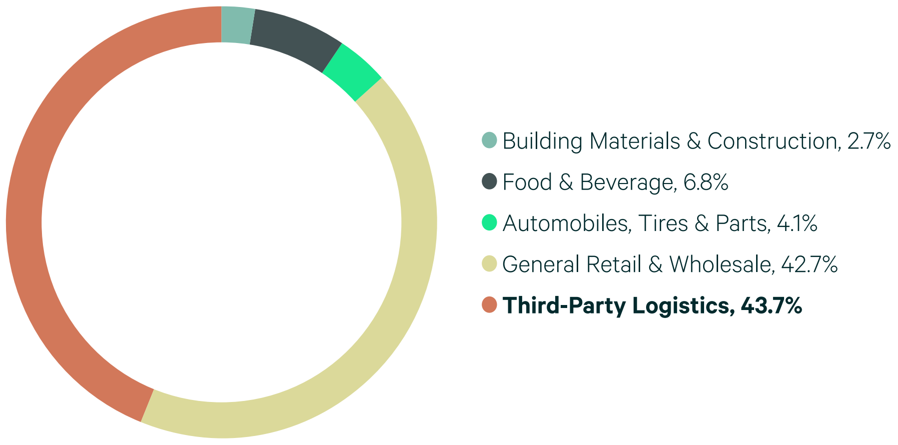
Source: CBRE Research.

Supply & Demand

The St. Louis big-box market posted a solid year of activity in 2021, with leasing activity totaling 9 million sq. ft., 67% higher than 2020. Robust leasing quickly depleted available supply, dropping the vacancy rate to 3.0%, with no vacant blocks of 750,000 sq. ft. or more. 3PLs looking to take advantage of the market's central location and inland ports accounted for 44% of the total lease activity in 2021.

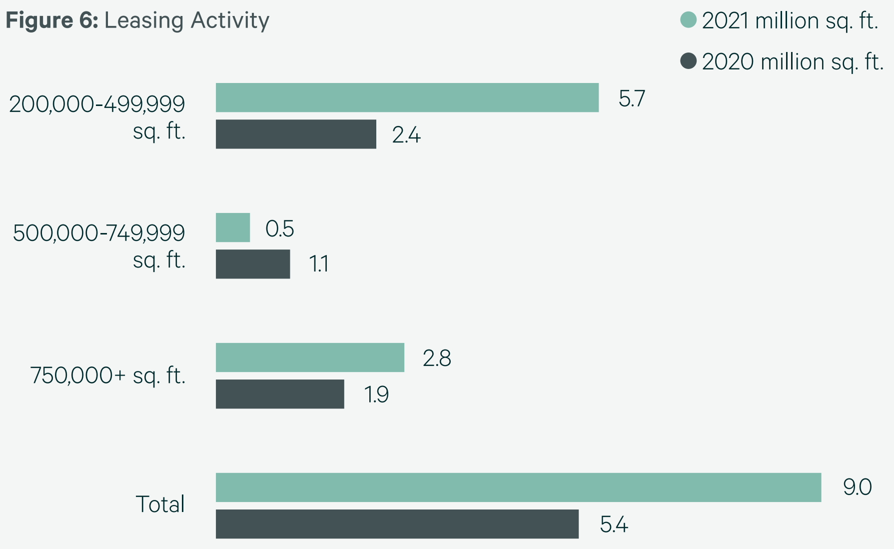
The market absorbed 5.7 million sq. ft. in 2021, up by 62% from 2020. Despite strong activity and low vacancies, rent growth was minimal at 3.2%, with the average taking rent at $3.48 per sq. ft.—the second lowest in North America. Despite rent growth below the North American average, the under-construction pipeline increased to 7.2 million sq. ft., including 2.9 million sq. ft. in facilities 750,000 sq. ft. and larger. The plethora of speculative construction slated to hit the market in 2022 will give occupiers looking to expand into St. Louis plenty of options. Given the high interest from occupiers, new development should lead to increased leasing activity in the coming year.

Figure 5: Share of 2021 Leasing Activity by Occupier Type



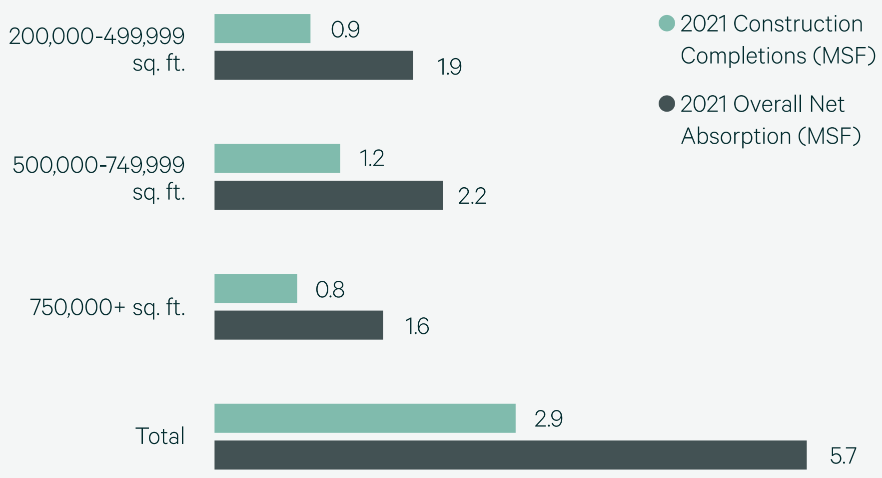
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 6: Leasing Activity



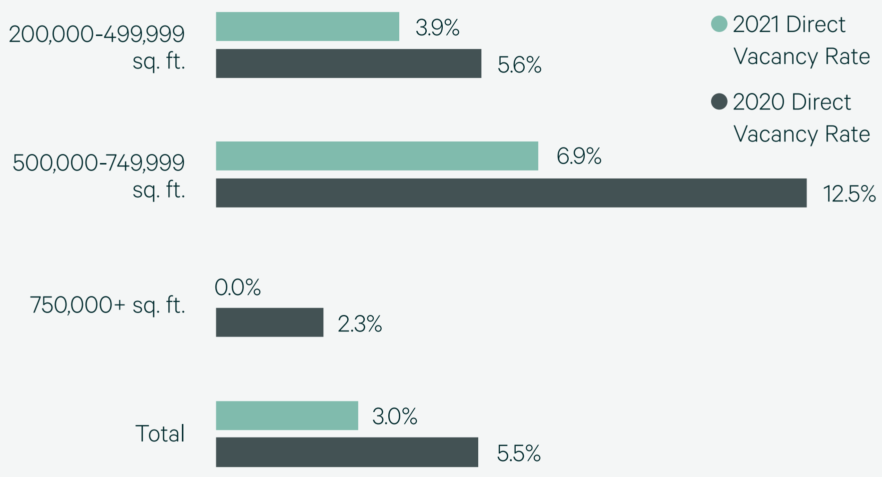
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 7: 2021 Construction Completions vs. Overall Net Absorption



Source: CBRE Research.

Figure 8: Direct Vacancy Rate by Size Range



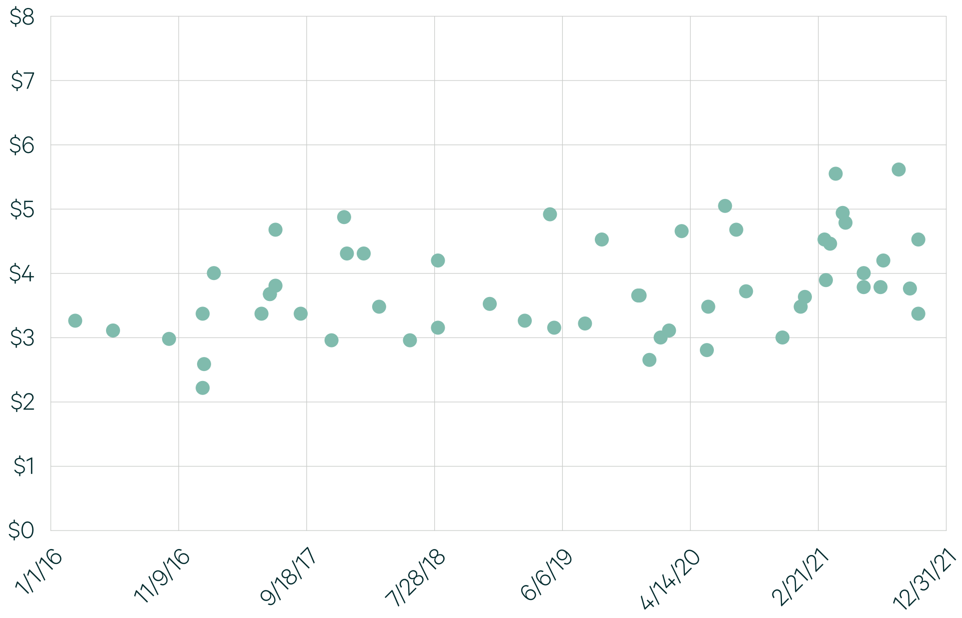
Source: CBRE Research.

Figure 9: Under Construction & Percentage Preleased

	2021 Under Construction sq. ft.	% Preleased
200,000-499,999 sq. ft.	3,321,998	3.2%
500,000-749,999 sq. ft.	1,058,962	51.7%
750,000+ sq. ft.	2,851,271	0.0%
Total	7,232,231	9.1%

Source: CBRE Research.

Figure 10: Historical First Year Taking Rents (psf/yr)



Note: Includes first year taking rents for leases 200,000 sq. ft. and above.
Source: CBRE Research.

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Toronto

Menu

“After two years of accelerated e-commerce growth driving demand from retailers and 3PLs alike, there is effectively no immediate or near-term available space left in the big-box segment of the Greater Toronto market. Even though there is more than 7 million sq. ft. of large-format space currently under construction, most of it has been preleased, which will continue to drive record market fundamentals. Rents and land prices are at record highs and are destined to keep increasing as companies continue to target the major population centers in and around the Toronto area.”

Greg Clark
CBRE Executive Vice President, Managing Director

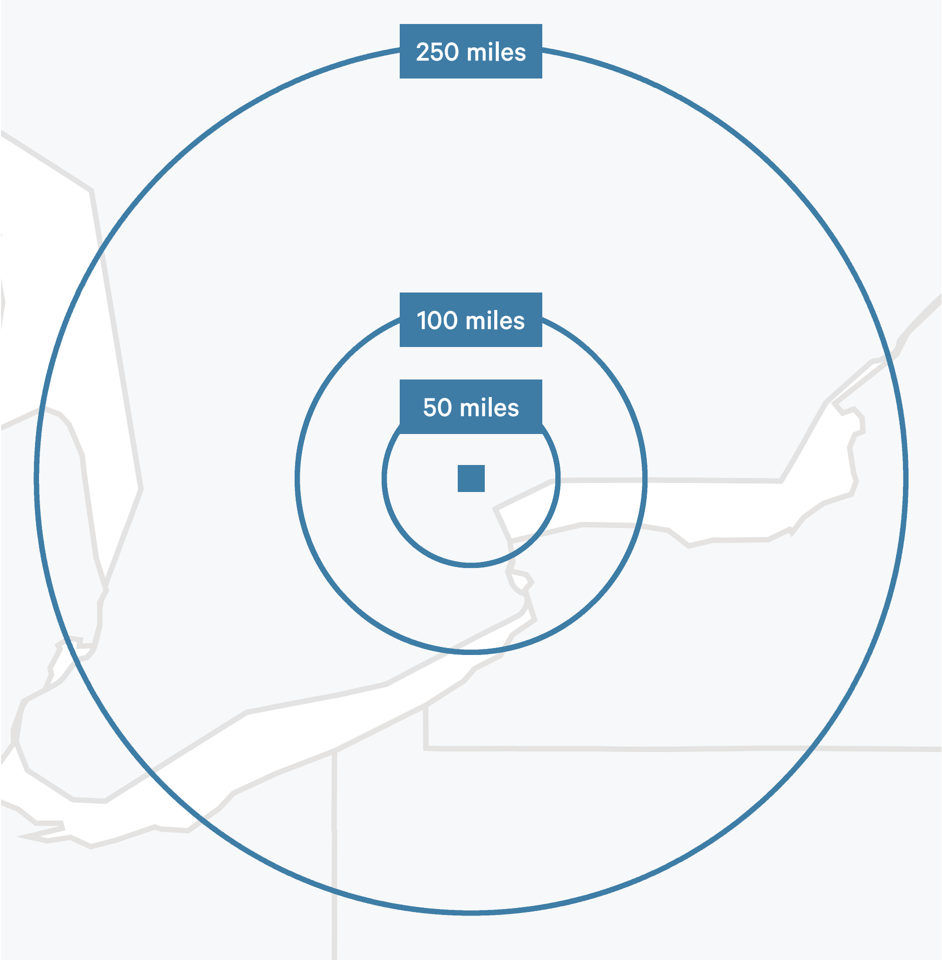
Demographics

More than 8.6 million people live within 50 miles of the market core, the highest population concentration in Canada. Population is expected to grow by 6.2% over the next five years. Nearly 15 million people live within 250 miles, with a projected 5.5% growth rate.

Figure 1: Toronto Population Analysis

Distance from Downtown Toronto	2021 Total Population	5 Year Growth Outlook
50 miles	8,630,727	6.2%
100 miles	10,682,500	6.1%
250 miles	14,619,370	5.5%

Source: Sitewise, Oxford Economics, Statistics Canada, Canada Job Bank, 2021.



The local warehouse labor force of 200,226 is expected to grow by 15% by 2030. The average hourly wage for a non-supervisory warehouse employee is C$18.00 (US$14.43), one of the most affordable rates in North America.

Figure 2: Toronto Warehouse & Storage Labor Fundamentals

Total Warehouse & Storage Employment	2030 Total Warehouse & Storage Projected Employment	Hourly Wage (CAD)*
200,226	229,554	C$18.00

*Median Wage in Canadian Dollars; Warehouseperson occupation (NOC 7452).
Source: Statistics Canada LFS (NOCs), Conference Board of Canada, CBRE Research.

Location Incentives

Over the past five years, there have been 70 economic incentives deals totaling more than US$757 million at an average of US$90,268 per new job in the Toronto metropolitan area, according to Wavteq. According to CBRE's Location Incentives Group, the extent, if any, of province and local incentives offerings for industrial projects in metro Toronto depends on location and scope of the operation.

Figure 3: Toronto Top Incentive Programs

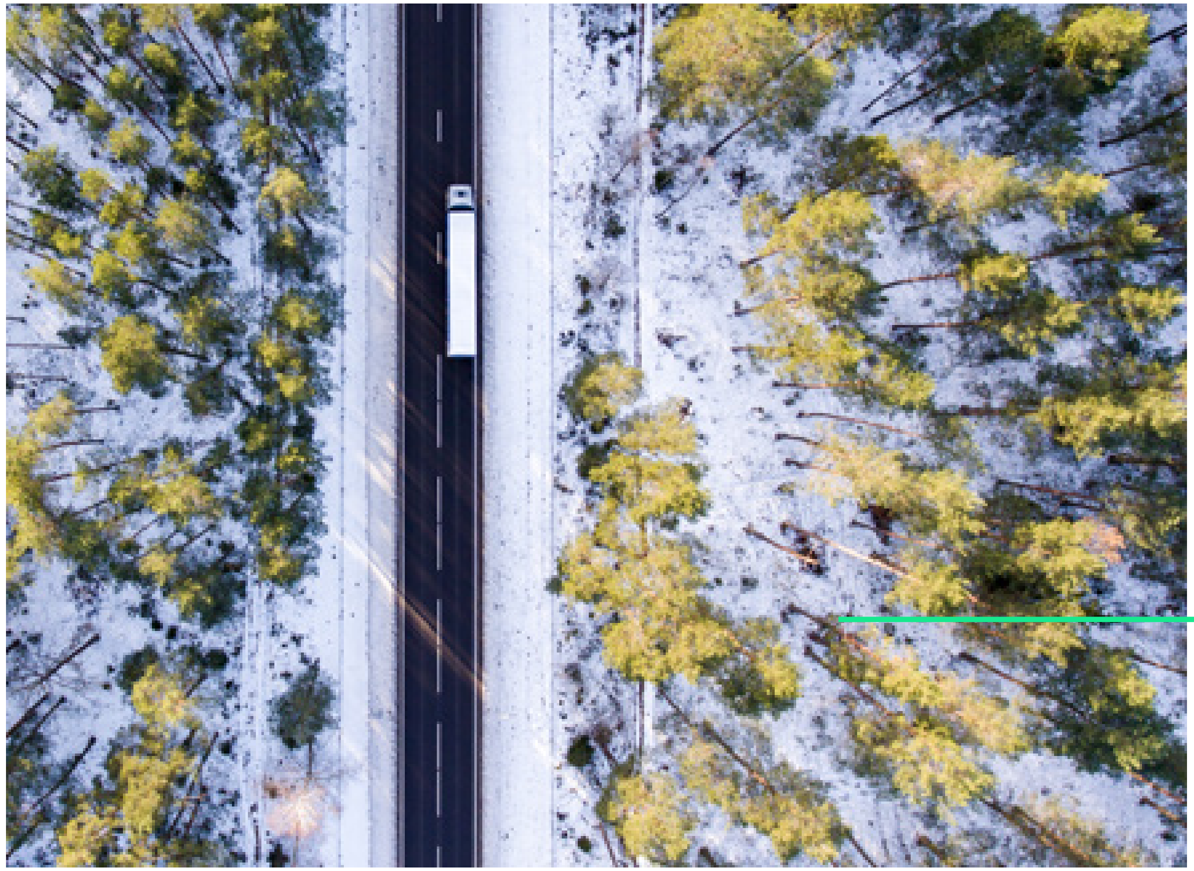
Program	Descripton
Strategic Innovation Fund (SIF)	Funds 10-50% of project costs for large-scale R&D and innovation projects
Scientific Research & Experimental Development (SR&ED) Program	Tax credits ranging from 15-35% of eligible R&D-related expenses
Industrial Research Assistance Program (IRAP)	Financial contributions provided by the National Research Council (NRC) of up to 60-80% of technical labor and subcontractor expenses to support technical R&D projects
Canada-Ontario Job Grant	Up to $10,000 in government support per person for training costs
Student Work Placement Program	Wage subsidies of up to $5,000 for every student hired through placement program
Co-operative Education Tax Credit	Refundable tax credit up to $3,000 for each qualifying work placement

Source: CBRE Location Incentives Group.
Note: The extent, if any, of state and local incentive offerings depends on location and scope of the operation.

Logistics Driver

Toronto has seven major highways that provide access to all of Canada and to U.S. border crossings. The market is served by both the Canadian National and Canadian Pacific railways, with intermodal rail yards in Brampton, Caledon, Milton and Vaughan.

Toronto Pearson International Airport processes more than 45% of Canada's air cargo, serving 175 international destinations. The airport is at the center of the region's rail and highway network, making cargo easy to ship to the region's big-box facilities.



Toronto has seven major highways that provide access to all of Canada and to U.S. border crossings.

Capital Markets

“

Leading companies in the e-commerce, 3PL and retail industries are implementing core market strategies. In response, their competitors are moving in lockstep to further develop their supply chains. The development community, backed by major institutional investors, is meeting this need and entitling large key sites in the Greater Toronto area. Sophisticated capital is increasingly playing a larger role in this big-box segment. Once approached with caution due to the large investment size, investors are finding this sector palatable and interesting.

Peter Senst

President, CBRE Canadian Capital Markets

”

Figure 4: Cap Rate Comparison

	Class A	Class B
2021	3.00% - 3.50%	3.50% - 4.50%
2020	3.65% - 4.15%	4.25% - 5.25%

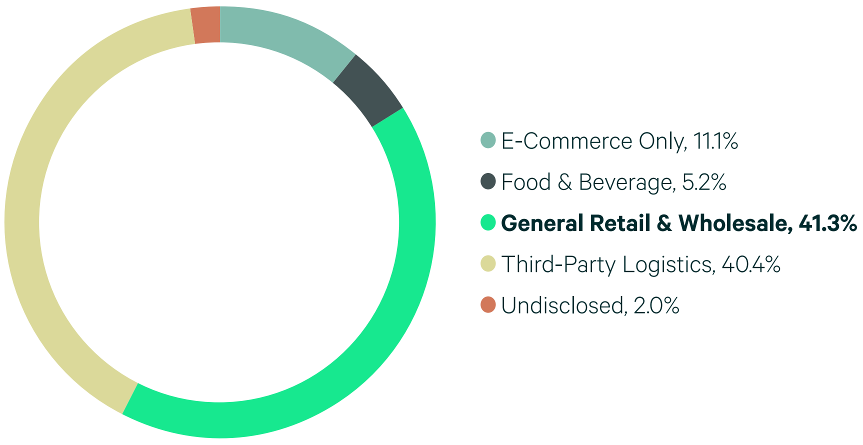
Source: CBRE Research.

Supply & Demand

With 256 million sq. ft. of total inventory, Toronto is the largest big-box market in Canada. The direct vacancy rate is just 0.5%, despite 8.3 million sq. ft of construction completions last year. Demand is so high that new supply is either fully leased before or at the time of completion and any available existing space is leased prior to being vacated. The lack of available space, primarily in blocks of more than 500,000 sq. ft., lowered total leasing activity by 25% last year to 11.6 million sq. ft. Net absorption was on par with 2020 at 7.8 million sq. ft.

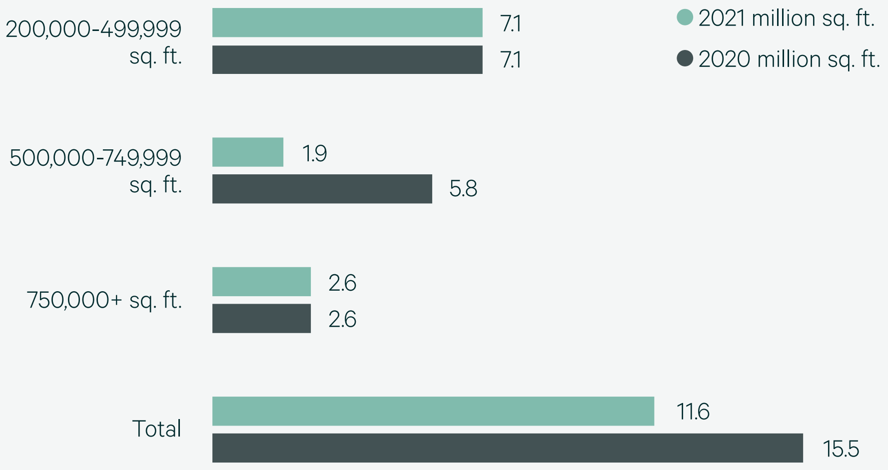
Developers are buying land farther out from the market core, with 7.3 million sq. ft. currently under construction. Nearly 73% of this is preleased, including all of the 500,000-sq.-ft. and larger facilities. The average first-year taking rent rose by 4.6% year-over-year. Toronto will remain one of the most in-demand big-box markets in North America, but the lack of available inventory will keep its vacancy rate at a record low for the foreseeable future.

Figure 5: Share of 2021 Leasing Activity by Occupier Type



Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 6: Leasing Activity



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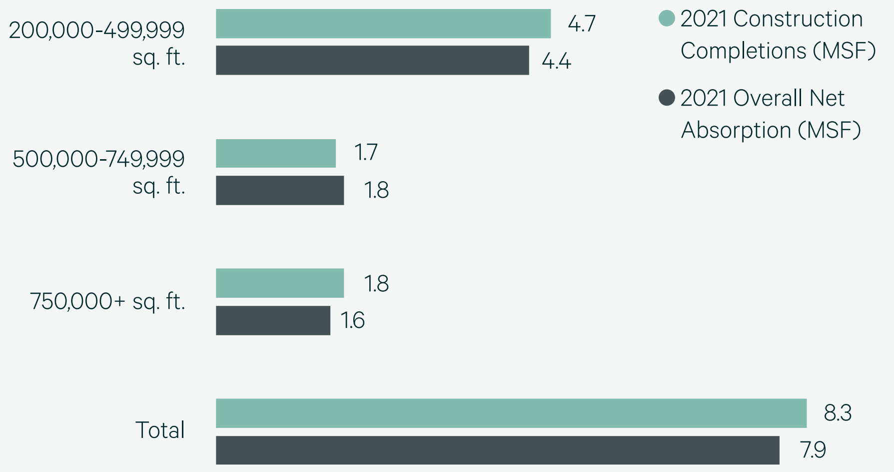
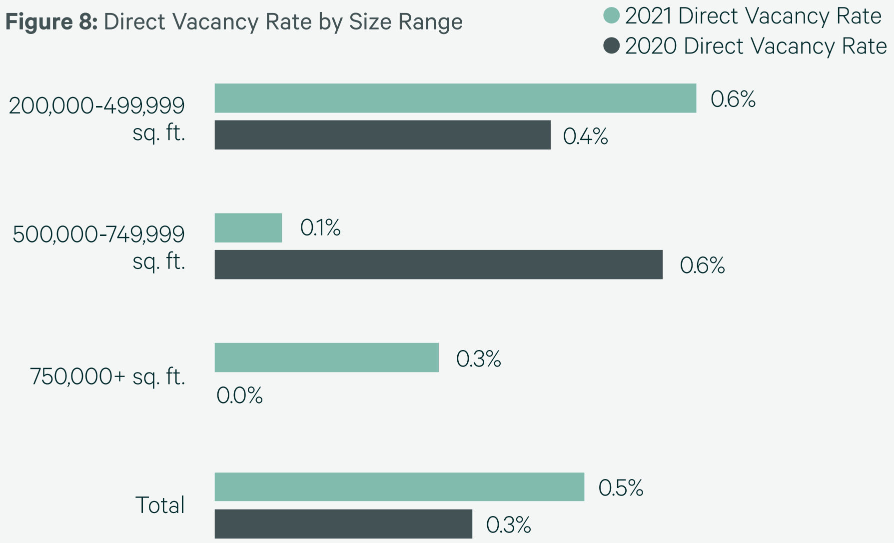
Source: CBRE Research.

Figure 7: 2021 Construction Completions vs. Overall Net Absorption



Source: CBRE Research.

Figure 8: Direct Vacancy Rate by Size Range



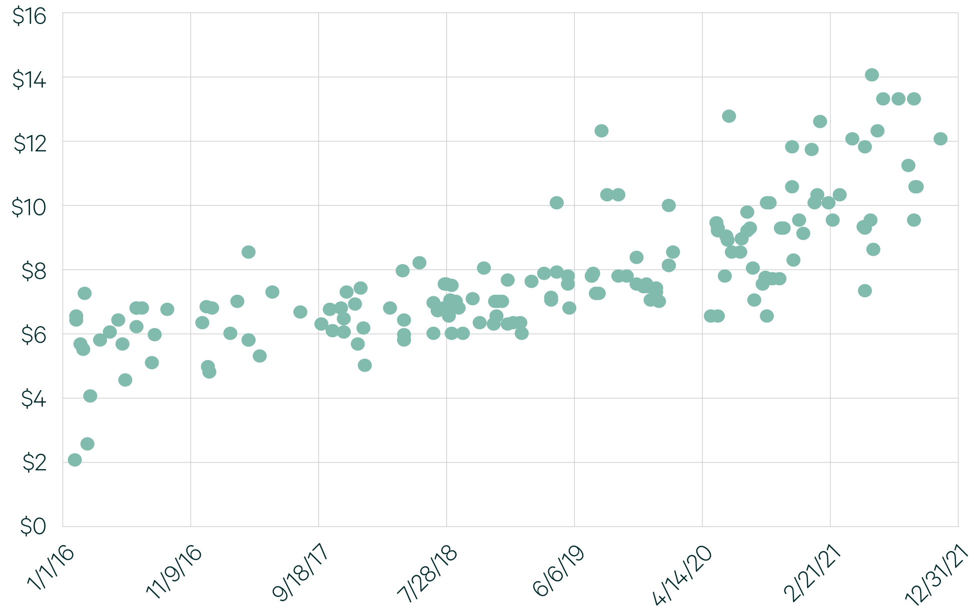
Source: CBRE Research.

Figure 9: Under Construction & Percentage Preleased

	2021 Under Construction sq. ft.	% Preleased
200,000-499,999 sq. ft.	4,862,062	59.2%
500,000-749,999 sq. ft.	2,385,597	100.0%
750,000+ sq. ft.	0	N/A
Total	7,247,659	72.6%

Source: CBRE Research.

Figure 10: Historical First Year Taking Rents (psf/yr)



Note: Includes first year taking rents for leases 200,000 sq. ft. and above.
Note: Taking Rents are in $CAD
Source: CBRE Research.

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