Cassidy Turley / Commercial Real Estate Services

# U.S. Industrial Trends Report

3rd Quarter 2013

Cassidy Turley / Commercial Real Estate Services

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# U.S. Industrial Sector Analysis

## Economy

Putting the recent government shutdown to one side for now, the economic fundamentals that drive the U.S. industrial sector remain mostly upbeat. Despite higher taxes and interest rates, consumer spending – which ultimately links to nearly every product stored in a warehouse/ distribution center – remains solid. Retail sales are on pace to grow between 4% and 5% in 2013. Retail sales numbers for September (as reported by the U.S. Census Bureau) were not released due to the partial government shutdown, but trends in June, July, and August were stronger than those earlier in the year, indicating momentum. The auto sector in particular has been a strong performer. Vehicle sales reached post-recession highs during the summer months. Auto sales did slow in September, but it's difficult to get too worked up about that given other strong data from the manufacturing sector. For instance, the ISM Manufacturing index – a solid proxy for gauging the health of U.S. manufacturing – has been trending upward consistently since May. In September, the ISM index rose to 56.2 – its highest reading since 2011. Recent new orders for manufactured goods such as durables, lumber, electrical equipment, and machinery, remained solid in September. Of course, these positive developments occurred prior to the disruption caused by the government shutdown and debate over the debt ceiling. More on that later.

**Market Indicators**
3rd Quarter 2013

| | 2013 3Q | Trend (from previous Qtr) |
|---|---|---|
| Net Absorption | 30.4M | ▲ |
| Vacancy | 8.3% | ▼ |
| Asking Rents | $5.11 | ▲ |
| Under Construction | 53.3M | ▲ |

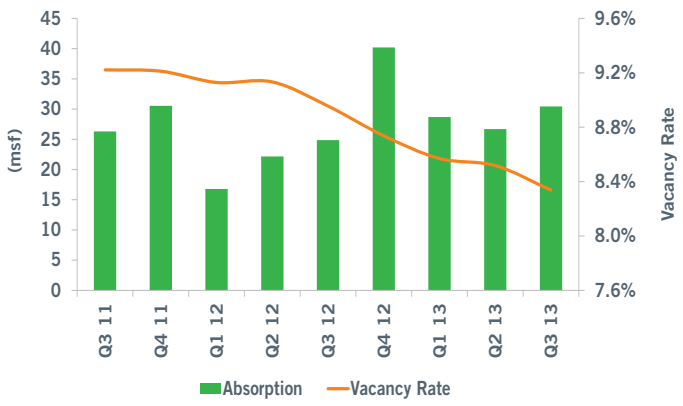
## Industrial Sector

For now, soaring demand for industrial space continues to be the theme. In the third quarter of 2013, the U.S. industrial sector absorbed 30.4 million square feet (msf) – a sixth consecutive quarter of more than 20 msf of demand. The U.S. industrial sector has absorbed 292 msf since 2011. Barring any collapse in the fourth quarter of this year, the last three years (2011-2013) will go down as the strongest period on record for net absorption of industrial warehouse space (which includes distribution center space and e-commerce fulfillment centers). The absorption gains continue to be led by port cities and distribution center hubs, but the growth has clearly spilled over to most cities and surrounding suburbs in the U.S. Eight-five percent of the country's industrial/warehouse markets reported net growth in the third quarter.

The top 10 markets in terms of net absorption in the third quarter were Memphis with 1.9 msf of net absorption, Denver with 1.8 msf, Cincinnati, Columbus, and Nashville each with 1.7 msf, Los Angeles with 1.6 msf, Philadelphia with 1.5 msf, Milwaukee with 1.4 msf, Central New Jersey with 1.4 msf and Dallas-Fort Worth with 1.2 msf.

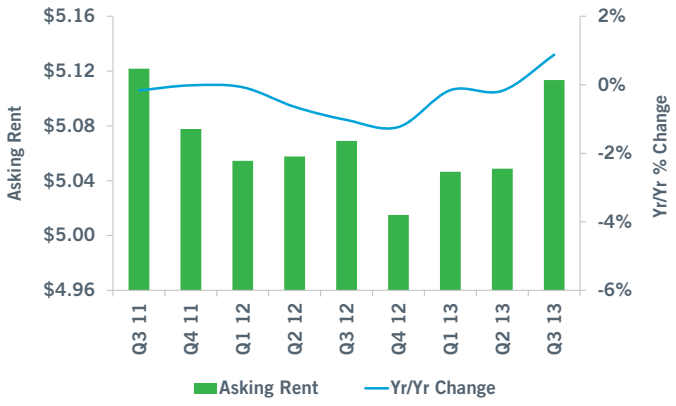
Indeed, the industrial sector is tightening up – and quickly. Third quarter's vacancy rate was 8.3%, down 20 basis points (bps) from the previous quarter. Industrial space vacancy is now 160 bps below its recessionary peak. Large blocks of new modernized space are particularly hard to come by. Given the sudden shortage of supply, the new construction cycle is gaining momentum. In the third quarter, there was 53.3 msf of new industrial buildings under construction, up 33% from a year ago. Nearly half of this new product is being built in the South, and about half of that in Texas. Other "hot" development areas include Phoenix, Seattle, Baltimore, Atlanta, and Cincinnati – all with nearly 2 msf or more under construction.

### U.S. Net Absorption vs. Vacancy




*Source: Cassidy Turley Research*

### U.S. Asking Rents




*Source: Cassidy Turley Research*

# U.S. Industrial Sector Analysis

Despite the growth, there remains very little upward pressure on overall rents. In the third quarter, the average asking rent was $5.11 NNN, up just 4 cents from a year ago. However, rent growth in the new modernized space segment of the market is much stronger registering a 5% year-over-year increase in select markets. The top 10 markets in terms of year-to-year rent growth are Chicago with 8.8% rent growth, San Mateo County with 8.2%, Orange County with 8.1%, Charlotte with 8.0%, San Francisco with 7.7%, Miami with 7.1%, Denver with 6.9%, Los Angeles and Cincinnati with 6.6% and Dallas-Fort Worth with 5.5%.

## Outlook

2013 is shaping up to be another banner year for the industrial sector. However, there are still three months to go before year end, and given the government shutdown, there isn't much data from which to draw final year-end conclusions. Numerous economic indicators including September's employment numbers, retail sales, and business inventories (just to name three) have not been released because the federal agencies that generate these statistics have been closed for about two weeks (as of this writing). The data that *has* come across the wire indicates the shutdown will have a negative impact on fourth-quarter data. Two examples: the University of Michigan Index Consumer Sentiment Index slipped in October and initial claims for unemployment benefits rose in the first week of October. It's safe to assume that the shutdown will also negatively impact manufacturers' hiring, business confidence, and consumer spending – all of which will dampen fourth-quarter industrial metrics. Of course, the longer the government is shutdown, the greater the fiscal drag will be. As of this writing (October 11), it appears that there were enough votes in the House of Representatives to reopen the government and progress was being made to raise the debt ceiling limit. A last-minute deal is the most likely scenario. We have learned over the last several years, there will be no shortage of political drama, but cooler heads will ultimately prevail.

Assuming lawmakers can work out their differences, there is little reason to believe the industrial sector won't continue on the same strong path. The key fundamentals that drive demand for industrial space (e.g. e-commerce, logistics, manufacturing, auto, housing, trade, and consumer spending) are still generally on an upward trajectory in the economic cycle. After the fourth quarter of this year, expect healthy demand to return, and the industrial construction cycle to heat up.

### Asking Rents

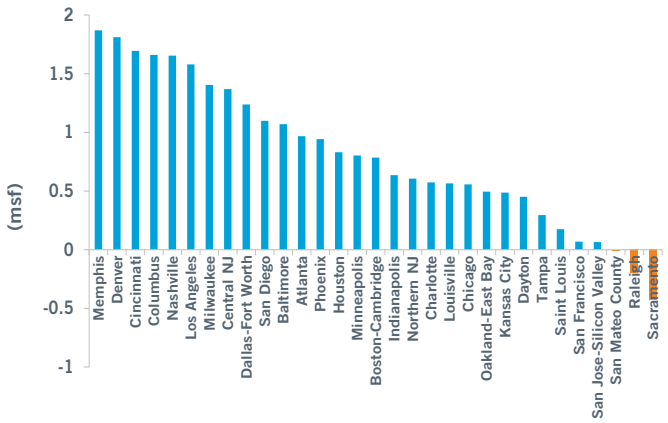
Select Markets, 3rd Quarter 2013

| | Rents (NNN) | Yr/Yr % Chg. |
|---|---|---|
| San Francisco, CA | $10.08 | 7.7% |
| San Mateo County, CA | $9.00 | 8.2% |
| Suburban VA | $8.40 | 0.7% |
| Suburban MD | $7.15 | 5.1% |
| San Diego, CA | $6.96 | -4.9% |
| Orange County, CA | $6.39 | 8.1% |
| San Jose-Silicon Valley, CA | $6.12 | -12.2% |
| Northern NJ | $5.74 | 0.3% |
| Los Angeles, CA | $5.63 | 6.6% |
| Oakland-East Bay, CA | $5.10 | 3.0% |
| Phoenix, AZ | $5.04 | 2.6% |
| Denver, CO | $4.98 | 6.9% |
| Central NJ | $4.59 | 3.4% |
| Houston, TX | $4.58 | 1.3% |
| Baltimore, MD | $4.55 | -5.4% |
| Minneapolis, MN | $4.51 | 4.4% |
| Sacramento, CA | $4.44 | 0.0% |
| Boston-Cambridge, MA | $4.37 | 4.3% |
| Nashville, TN | $4.18 | 4.2% |
| Kansas City, MO | $4.07 | 1.2% |
| Charlotte, NC | $4.05 | 8.0% |
| Milwaukee, WI | $4.01 | -1.5% |
| Saint Louis, MO | $4.01 | -13.9% |
| Dallas-Fort Worth, TX | $3.85 | 5.5% |
| Columbus, OH | $3.85 | 2.7% |
| Raleigh, NC | $3.83 | -6.8% |
| Indianapolis, IN | $3.68 | 4.8% |
| Stockton, CA | $3.66 | -0.8% |
| Atlanta, GA | $3.48 | 1.5% |
| Louisville, KY | $3.12 | 4.0% |
| Cincinnati, OH | $2.92 | 6.6% |
| Dayton, OH | $2.53 | -8.3% |

*Source: Cassidy Turley Research*

### Net Absorption

Select Markets, 3Q 2013




*Source: Cassidy Turley Research*

### Net Absorption as % of Inventory

Select Markets, 3Q 2013

*Source: Cassidy Turley Research*

# Industrial Sales

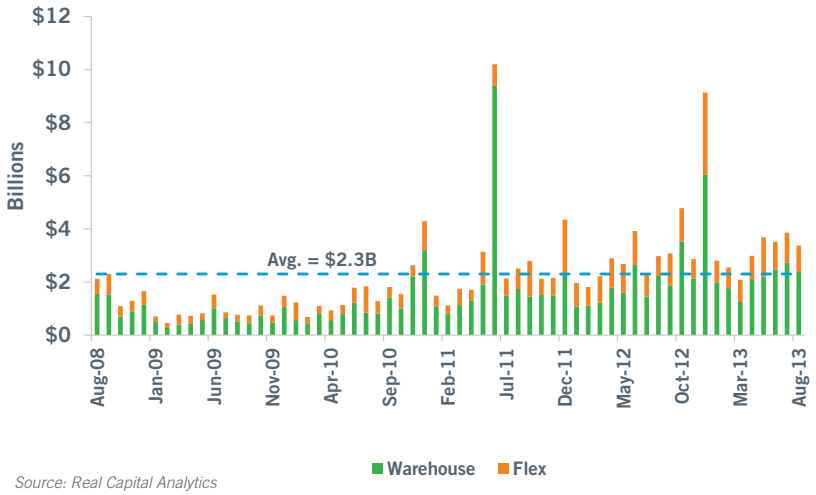
## Industrial Sales

Select Markets, Jan - Aug 2013

| Market | Volume (mil) | Average PSF |
|---|---|---|
| Los Angeles, CA | $1,796.1 | $100 |
| Dallas, TX | $1,475.3 | $53 |
| Chicago, IL | $1,209.2 | $42 |
| Northern NJ | $1,088.7 | $65 |
| Inland Empire, CA | $1,061.6 | $70 |
| San Jose, CA | $1,029.0 | $198 |
| Orange County, CA | $758.2 | $126 |
| Seattle, WA | $739.6 | $87 |
| Phoenix, AZ | $661.7 | $79 |
| Boston, MA | $588.8 | $84 |
| Miami, FL | $573.2 | $79 |
| Houston, TX | $537.0 | $52 |
| Atlanta, GA | $484.7 | $44 |
| East Bay, CA | $435.6 | $108 |
| Suburban MD | $386.1 | $82 |
| San Diego, CA | $386.0 | $125 |
| Baltimore, MD | $368.3 | $46 |
| Minneapolis, MN | $344.7 | $39 |
| Saint Louis, MO | $341.8 | $41 |
| San Francisco, CA | $320.9 | $203 |
| Milwaukee, WI | $218.7 | $68 |
| Sacramento, CA | $208.8 | $87 |
| Denver, CO | $197.2 | $60 |
| Indianapolis, IN | $185.9 | $36 |
| Nashville, TN | $169.4 | $46 |
| Cincinnati, OH | $167.8 | $37 |
| Charlotte, NC | $159.9 | $38 |
| Suburban VA | $158.2 | $101 |
| Columbus, OH | $137.1 | $22 |
| Tampa, FL | $108.8 | $36 |
| Long Island, NY | $103.2 | $64 |
| Raleigh, NC | $93.7 | $79 |

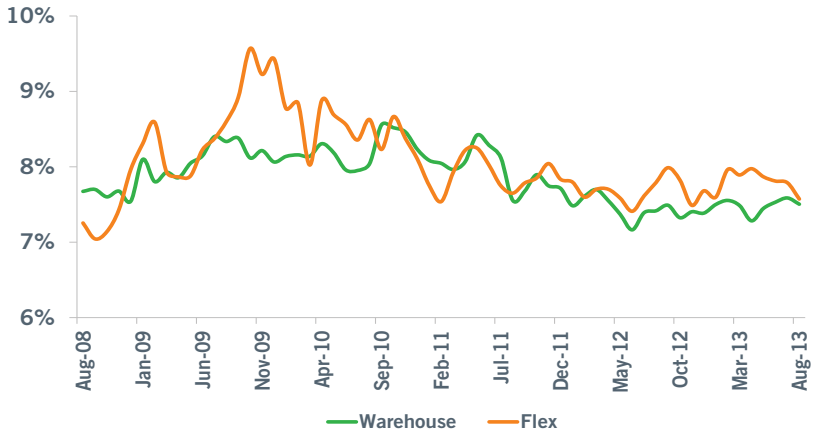
*Source: Real Capital Analytics*

## U.S. Industrial Sales Volume



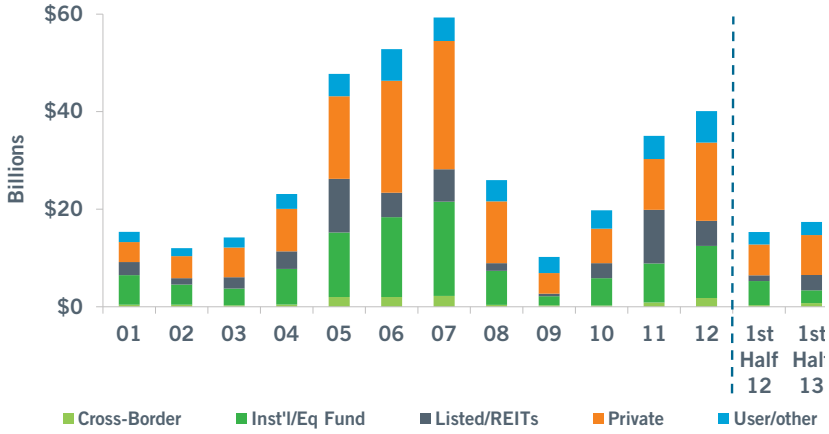

*Source: Real Capital Analytics*

## U.S. Industrial Cap Rates




*Source: Real Capital Analytics*

## Industrial Acquistion by Buyer Type




*Source: Real Capital Analytics*

# Net Absorption

| | 2010 | 2011 | 2012 | 2012 3Q | 2012 4Q | 2013 1Q | 2013 2Qr | 2013 3Qp |
|---|---|---|---|---|---|---|---|---|
| **United States** | **-6,896,000** | **101,646,000** | **104,048,000** | **24,880,000** | **40,208,000** | **28,694,000** | **26,691,000** | **30,438,000** |
| **Northeast** | -5,804,000 | 8,036,000 | 2,067,000 | 257,000 | 82,000 | 2,720,000 | 2,134,000 | 4,092,000 |
| **Midwest** | 2,782,000 | 21,646,000 | 34,984,000 | 9,722,000 | 9,806,000 | 9,111,000 | 10,684,000 | 8,615,000 |
| **South** | -3,404,000 | 49,782,000 | 42,101,000 | 10,370,000 | 19,919,000 | 11,396,000 | 11,588,000 | 9,563,000 |
| **West** | -470,000 | 22,182,000 | 24,896,000 | 4,531,000 | 10,401,000 | 5,466,000 | 2,285,000 | 8,168,000 |
| | | | | | | | | |
| Albuquerque, NM | -256,000 | -194,000 | -404,000 | 105,000 | -226,000 | -276,000 | 22,000 | 256,000 |
| Anaheim-Santa Ana, CA | -313,000 | 1,530,000 | 411,000 | 434,000 | -159,000 | 233,000 | -216,000 | -249,000 |
| Atlanta-Sandy Springs-Marietta, GA | -2,626,000 | 5,373,000 | 4,842,000 | 1,104,000 | 1,779,000 | 2,410,000 | 2,987,000 | 968,000 |
| Austin-Round Rock, TX | -329,000 | 914,000 | 926,000 | -168,000 | 477,000 | 219,000 | 312,000 | 160,000 |
| Baltimore, MD | -1,614,000 | 2,449,000 | 1,625,000 | -334,000 | 617,000 | 1,200,000 | 64,000 | 1,070,000 |
| Birmingham-Hoover, AL | -47,000 | 414,000 | 612,000 | 242,000 | -111,000 | 95,000 | 113,000 | -243,000 |
| Boston-Cambridge, MA | -867,000 | 1,352,000 | 1,011,000 | 153,000 | 310,000 | 441,000 | 630,000 | 785,000 |
| Buffalo-Niagara Falls, NY | -283,000 | -450,000 | 236,000 | 117,000 | -223,000 | -62,000 | -560,000 | -291,000 |
| Charleston-North Charleston, SC | -1,538,000 | 3,102,000 | 163,000 | 184,000 | 308,000 | -117,000 | 379,000 | -647,000 |
| Charlotte, NC | -1,485,000 | 2,929,000 | 2,100,000 | 838,000 | 829,000 | 326,000 | 944,000 | 574,000 |
| Chicago-Naperville-Joliet, IL | -3,551,000 | 3,344,000 | 14,703,000 | 3,471,000 | 3,587,000 | 3,098,000 | 3,340,000 | 557,000 |
| Cincinnati-Middletown, OH-KY-IN | 4,045,000 | 175,000 | 2,384,000 | 1,218,000 | 497,000 | 1,206,000 | 1,203,000 | 1,694,000 |
| Cleveland-Elyria-Mentor, OH | -1,373,000 | 158,000 | 183,000 | -497,000 | 79,000 | 50,000 | 374,000 | 516,000 |
| Colordo Springs, CO | 329,000 | 651,000 | 427,000 | 213,000 | 184,000 | 88,000 | 73,000 | 84,000 |
| Columbia, SC | -1,639,000 | 604,000 | -228,000 | 40,000 | 65,000 | -246,000 | 320,000 | 150,000 |
| Columbus, OH | 2,958,000 | -592,000 | 2,325,000 | 2,464,000 | 219,000 | -1,312,000 | 1,875,000 | 1,661,000 |
| Dallas-Fort Worth, TX | -983,000 | 10,941,000 | 8,899,000 | 2,454,000 | 3,635,000 | 709,000 | 1,942,000 | 1,238,000 |
| Dayton, OH | 356,000 | 1,182,000 | 2,104,000 | N/A | 1,454,000 | N/A | 657,000 | 451,000 |
| Denver-Aurora, CO | 1,976,000 | 423,000 | 2,963,000 | 872,000 | 884,000 | 292,000 | 297,000 | 1,811,000 |
| Detroit-Warren-Livonia, MI | -3,647,000 | 5,715,000 | -36,000 | -1,105,000 | 740,000 | 1,787,000 | 39,000 | 152,000 |
| Ft. Lauderdale, FL | -45,000 | 5,000 | 982,000 | 382,000 | 100,000 | 485,000 | 300,000 | 333,000 |
| Greensboro-Winston-Salem, NC | 635,000 | -69,000 | 763,000 | 79,000 | 487,000 | 37,000 | 37,000 | -797,000 |
| Greenville, SC | 21,000 | 943,000 | 820,000 | 56,000 | 378,000 | 191,000 | 31,000 | 192,000 |
| Hartford-West Hartford-East Hartford, CT | -586,000 | 48,000 | 68,000 | 639,000 | -156,000 | 2,000 | -79,000 | -302,000 |
| Honolulu, HI | -43,000 | 204,000 | 93,000 | -106,000 | 56,000 | -32,000 | 16,000 | 214,000 |
| Houston-Baytown-Sugar Land, TX | 943,000 | 3,582,000 | 5,186,000 | 337,000 | 2,119,000 | 1,101,000 | 83,000 | 831,000 |
| Indianapolis, IN | 3,048,000 | 5,406,000 | 4,477,000 | 643,000 | 1,599,000 | 650,000 | 741,000 | 636,000 |
| Jacksonville, FL | 41,000 | 1,519,000 | 466,000 | 121,000 | 353,000 | 463,000 | 152,000 | 143,000 |
| Kansas City, MO-KS | -1,547,000 | 1,687,000 | 1,990,000 | 694,000 | 67,000 | 1,493,000 | 678,000 | 487,000 |
| Las Vegas-Paradise, NV | -1,053,000 | 700,000 | -226,000 | -238,000 | 281,000 | 418,000 | 457,000 | 726,000 |
| Little Rock-N. Little Rock, AR | -31,000 | 129,000 | -561,000 | -62,000 | -133,000 | 176,000 | 146,000 | -95,000 |
| Los Angeles-Long Beach-Glendale, CA | -3,949,000 | 491,000 | 3,909,000 | -1,025,000 | 3,656,000 | -1,131,000 | -1,555,000 | 1,580,000 |
| Louisville, KY-IN | 2,299,000 | 1,709,000 | 802,000 | 2,648,000 | 58,000 | -1,029,000 | 916,000 | 566,000 |
| Memphis, TN-MS-AR | 772,000 | 967,000 | -465,000 | -176,000 | 1,972,000 | 2,017,000 | 739,000 | 1,869,000 |
| Miami-Dade, FL | 3,006,000 | 1,826,000 | 2,348,000 | -452,000 | 1,118,000 | 425,000 | 359,000 | 1,040,000 |
| Milwaukee-Waukesha-West Allis, WI | 2,267,000 | 3,129,000 | 3,702,000 | 1,579,000 | 513,000 | 746,000 | 1,173,000 | 1,404,000 |
| Minneapolis-St. Paul-Bloomington, MN-WI | 216,000 | 395,000 | 2,166,000 | 704,000 | 337,000 | 1,247,000 | -33,000 | 803,000 |
| Nashville-Davidson-Murfreesboro, TN | -2,922,000 | 3,665,000 | 5,833,000 | 1,307,000 | 3,822,000 | 760,000 | 469,000 | 1,654,000 |
| New York, NY | -532,000 | 59,000 | -57,000 | -57,000 | -9,000 | -27,000 | 0 | 15,000 |
| Long Island, NY | -1,633,000 | 130,000 | -412,000 | -206,000 | -42,000 | 569,000 | 40,000 | 63,000 |
| Northern New Jersey | -1,726,000 | -534,000 | 601,000 | -634,000 | 276,000 | 553,000 | 953,000 | 606,000 |
| Central New Jersey | -444,000 | 2,831,000 | 819,000 | 445,000 | -901,000 | 1,349,000 | 780,000 | 1,369,000 |
| Oakland-East Bay, CA | -384,000 | 307,000 | 1,980,000 | 897,000 | 625,000 | 1,310,000 | 910,000 | 496,000 |
| Oklahoma City, OK | 558,000 | 1,411,000 | -99,000 | -174,000 | -148,000 | 137,000 | -21,000 | 82,000 |

# Net Absorption

| | 2010 | 2011 | 2012 | 2012 3Q | 2012 4Q | 2013 1Q | 2013 2Qr | 2013 3Qp |
|---|---|---|---|---|---|---|---|---|
| Omaha, NE-IA | 293,000 | 427,000 | 291,000 | -48,000 | 247,000 | -207,000 | -3,000 | 79,000 |
| Orlando, FL | 1,582,000 | 1,864,000 | 1,016,000 | 80,000 | -220,000 | 781,000 | 175,000 | 337,000 |
| West Palm Beach-Boca Raton, FL | 542,000 | 443,000 | 674,000 | 100,000 | 173,000 | 291,000 | 288,000 | 19,000 |
| Philadelphia-Camden-Wilmington, PA-NJ | 944,000 | 2,417,000 | 203,000 | -168,000 | 59,000 | -588,000 | 143,000 | 1,467,000 |
| Phoenix-Mesa-Scottsdale, AZ | 4,917,000 | 7,478,000 | 5,565,000 | 936,000 | 2,818,000 | 1,084,000 | 103,000 | 942,000 |
| Pittsburgh, PA | 540,000 | 2,165,000 | 1,409,000 | 72,000 | 997,000 | 199,000 | 57,000 | 269,000 |
| Portland-Vancouver-Beaverton, OR-WA | -882,000 | 2,213,000 | 1,778,000 | 77,000 | 128,000 | 30,000 | -477,000 | 493,000 |
| Raleigh-Durham, NC | -312,000 | 506,000 | 736,000 | 270,000 | 245,000 | 64,000 | 394,000 | -196,000 |
| Sacramento-Arden-Arcade-Roseville, CA | -2,072,000 | 520,000 | 680,000 | 406,000 | 534,000 | 22,000 | 1,131,000 | -427,000 |
| Saint Louis, MO-IL | -284,000 | 621,000 | 695,000 | 596,000 | 467,000 | 353,000 | 640,000 | 175,000 |
| Salt Lake City, UT | 768,000 | 2,657,000 | 253,000 | 394,000 | -205,000 | 331,000 | 470,000 | 73,000 |
| San Antonio, TX | 33,000 | 2,409,000 | 1,642,000 | 327,000 | 796,000 | 282,000 | 67,000 | 111,000 |
| San Diego-Carlsbad-San Marcos, CA | 966,000 | 695,000 | 2,710,000 | 1,076,000 | 835,000 | 318,000 | 351,000 | 1,099,000 |
| San Francisco, CA | -40,000 | -37,000 | -226,000 | -66,000 | -335,000 | 73,000 | -96,000 | 70,000 |
| San Jose-Silicon Valley, CA | -150,000 | 257,000 | -248,000 | 353,000 | -126,000 | 72,000 | -85,000 | 65,000 |
| San Mateo County, CA | 105,000 | 151,000 | 154,000 | -22,000 | 265,000 | 737,000 | 124,000 | -4,000 |
| Seattle-Tacoma-Bellevue, WA | -526,000 | 1,666,000 | 3,389,000 | -167,000 | 556,000 | 837,000 | 166,000 | 249,000 |
| DC-MD Suburbs | 379,000 | 2,000 | 1,226,000 | 287,000 | 495,000 | -252,000 | -105,000 | -161,000 |
| DC-VA Suburbs | -420,000 | 1,019,000 | 381,000 | 137,000 | 68,000 | 281,000 | 242,000 | 111,000 |
| Stockton, CA | 56,000 | 2,503,000 | 1,915,000 | 332,000 | 549,000 | 954,000 | 527,000 | 527,000 |
| Syracuse, NY | -1,218,000 | 18,000 | -1,809,000 | -104,000 | -229,000 | 284,000 | 170,000 | 111,000 |
| Tampa-St.Petersburg-Clearwater, FL | -142,000 | 1,146,000 | 1,304,000 | 691,000 | 651,000 | 566,000 | 278,000 | 296,000 |
| Tucson, AZ | 83,000 | -32,000 | -227,000 | 64,000 | 82,000 | 106,000 | 65,000 | 165,000 |
| Washington, DC | -85,000 | -21,000 | 111,000 | 55,000 | -12,000 | 24,000 | -23,000 | -43,000 |

*Methodology and data sources explained on page 14*
*r = revision*
*p = preliminary*

# Vacancy Rates

| | 2010 | 2011 | 2012 | 2012 3Q | 2012 4Q | 2013 1Q | 2013 2Qr | 2013 3Qp |
|---|---|---|---|---|---|---|---|---|
| | | *(Quarterly Average)* | | | | | | |
| **United States** | **9.9%** | **9.3%** | **9.0%** | **9.0%** | **8.7%** | **8.6%** | **8.5%** | **8.3%** |
| **Northeast** | 9.2% | 8.9% | 9.0% | 9.0% | 9.1% | 9.0% | 9.0% | 8.9% |
| **Midwest** | 9.9% | 9.4% | 9.0% | 8.9% | 8.5% | 8.4% | 8.5% | 8.4% |
| **South** | 12.1% | 11.0% | 10.3% | 10.3% | 9.9% | 9.6% | 9.4% | 9.1% |
| **West** | 8.5% | 8.1% | 7.7% | 7.6% | 7.5% | 7.3% | 7.2% | 7.0% |
| | | | | | | | | |
| Albuquerque, NM | 6.2% | 5.8% | 6.8% | 6.7% | 7.2% | 7.8% | 7.8% | 7.6% |
| Anaheim-Santa Ana, CA | 5.8% | 3.6% | 2.6% | 2.2% | 2.4% | 2.1% | 2.4% | 2.7% |
| Atlanta-Sandy Springs-Marietta, GA | 15.4% | 15.0% | 14.0% | 13.9% | 13.4% | 12.7% | 12.5% | 12.3% |
| Austin-Round Rock, TX | 14.2% | 13.8% | 11.1% | 11.5% | 10.4% | 9.7% | 8.9% | 8.4% |
| Baltimore, MD* | 14.3% | 13.1% | 12.3% | 12.4% | 11.9% | 11.7% | 11.6% | 10.9% |
| Birmingham-Hoover, AL | 8.2% | 8.0% | 8.0% | 8.1% | 8.2% | 8.1% | 8.0% | 8.3% |
| Boston-Cambridge, MA | 15.9% | 15.2% | 14.2% | 14.2% | 14.0% | 13.7% | 13.2% | 12.6% |
| Buffalo-Niagara Falls, NY | 7.4% | 8.1% | 7.7% | 7.4% | 7.8% | 7.9% | 9.0% | 9.5% |
| Charleston-North Charleston, SC | 15.9% | 14.3% | 13.3% | 13.6% | 12.9% | 13.2% | 12.7% | 15.6% |
| Charlotte, NC | 10.5% | 9.6% | 8.5% | 8.4% | 8.0% | 8.9% | 7.5% | 7.1% |
| Chicago-Naperville-Joliet, IL | 11.8% | 11.4% | 10.3% | 10.1% | 9.7% | 9.5% | 9.1% | 9.2% |
| Cincinnati-Middletown, OH-KY-IN | 9.7% | 10.0% | 9.4% | 9.3% | 9.1% | 8.0% | 7.2% | 6.7% |
| Cleveland-Elyria-Mentor, OH | 9.7% | 9.6% | 9.4% | 9.5% | 9.4% | 9.4% | 9.3% | 9.1% |
| Colordo Springs, CO | 12.1% | 10.3% | 9.8% | 9.8% | 9.2% | 8.9% | 8.6% | 8.3% |
| Columbia, SC | 12.0% | 14.7% | 16.0% | 16.0% | 16.1% | 16.7% | 15.9% | 15.5% |
| Columbus, OH | 10.9% | 10.6% | 9.6% | 9.3% | 9.2% | 9.5% | 8.8% | 7.9% |
| Dallas-Fort Worth, TX | 11.6% | 10.0% | 8.5% | 8.2% | 7.7% | 7.6% | 7.3% | 7.2% |
| Dayton, OH | 9.1% | 10.1% | 13.0% | 13.6% | 11.4% | 11.4% | 15.4% | 15.9% |
| Denver-Aurora, CO | 7.7% | 7.3% | 7.0% | 6.8% | 6.4% | 7.1% | 6.7% | 6.0% |
| Detroit-Warren-Livonia, MI | 14.3% | 12.7% | 11.9% | 12.2% | 11.5% | 10.9% | 11.0% | 10.9% |
| Ft. Lauderdale, FL | 11.4% | 11.4% | 10.6% | 10.3% | 10.2% | 10.0% | 9.6% | 9.2% |
| Greensboro-Winston-Salem, NC | 10.0% | 9.5% | 9.6% | 9.6% | 9.3% | 9.3% | 9.3% | 9.7% |
| Greenville, SC | 11.5% | 11.0% | 10.8% | 11.0% | 10.5% | 10.3% | 10.2% | 10.2% |
| Hartford-West Hartford-East Hartford, CT | 9.1% | 9.2% | 9.7% | 9.3% | 9.6% | 9.6% | 9.7% | 10.0% |
| Honolulu, HI | 3.2% | 2.8% | 2.4% | 2.5% | 2.3% | 2.4% | 2.4% | 1.8% |
| Houston-Baytown-Sugar Land, TX | 7.9% | 7.5% | 6.6% | 6.8% | 6.2% | 6.2% | 6.4% | 6.8% |
| Indianapolis, IN | 7.0% | 5.1% | 3.9% | 3.8% | 3.3% | 3.3% | 3.3% | 3.8% |
| Jacksonville, FL | 11.3% | 10.6% | 9.8% | 9.9% | 9.5% | 8.9% | 8.8% | 8.6% |
| Kansas City, MO-KS | 8.4% | 8.3% | 7.8% | 7.4% | 7.5% | 7.5% | 7.3% | 7.4% |
| Las Vegas-Paradise, NV | 12.1% | 12.4% | 12.2% | 12.5% | 12.2% | 11.8% | 11.4% | 10.7% |
| Little Rock-N. Little Rock, AR | 8.5% | 7.2% | 8.1% | 8.3% | 8.5% | 8.2% | 7.9% | 8.1% |
| Los Angeles-Long Beach-Glendale, CA | 5.5% | 5.6% | 5.4% | 5.6% | 5.3% | 5.4% | 5.7% | 5.6% |
| Louisville, KY-IN | 10.8% | 9.1% | 8.1% | 7.3% | 7.2% | 9.0% | 6.1% | 5.5% |
| Memphis, TN-MS-AR | 15.2% | 14.0% | 15.5% | 16.2% | 15.1% | 14.2% | 14.0% | 13.5% |
| Miami-Dade, FL | 8.8% | 7.4% | 6.2% | 6.4% | 5.8% | 5.9% | 5.8% | 5.4% |
| Milwaukee-Waukesha-West Allis, WI | 9.0% | 7.9% | 7.0% | 6.6% | 6.7% | 7.1% | 6.8% | 6.2% |
| Minneapolis-St. Paul-Bloomington, MN-WI | 14.3% | 13.7% | 12.5% | 12.1% | 11.7% | 11.2% | 11.1% | 10.4% |
| Nashville-Davidson-Murfreesboro, TN | 11.6% | 10.1% | 9.3% | 9.0% | 8.6% | 8.2% | 7.9% | 7.8% |
| New York, NY | 4.5% | 4.0% | 4.0% | 4.2% | 4.2% | 4.4% | 4.4% | 4.3% |
| Long Island, NY | 4.4% | 4.7% | 4.7% | 4.7% | 4.7% | 4.6% | 4.5% | 4.5% |
| Northern New Jersey | 7.8% | 7.8% | 7.7% | 7.8% | 7.7% | 7.6% | 7.5% | 7.3% |
| Central New Jersey | 10.3% | 9.9% | 9.0% | 8.6% | 8.9% | 8.4% | 8.2% | 7.7% |
| Oakland-East Bay, CA | 9.6% | 9.6% | 9.3% | 9.1% | 8.7% | 8.0% | 7.5% | 7.3% |

# Vacancy Rates

| | 2010 | 2011 | 2012 | 2012 3Q | 2012 4Q | 2013 1Q | 2013 2Qr | 2013 3Qp |
|---|---|---|---|---|---|---|---|---|
| | | *(Quarterly Average)* | | | | | | |
| Oklahoma City, OK | 7.8% | 6.3% | 5.7% | 5.8% | 6.0% | 5.9% | 5.9% | 5.8% |
| Omaha, NE-IA | 5.4% | 4.7% | 4.2% | 4.4% | 4.1% | 4.5% | 4.6% | 4.8% |
| Orlando, FL | 12.6% | 11.1% | 9.0% | 8.7% | 9.1% | 8.2% | 8.0% | 7.7% |
| West Palm Beach-Boca Raton, FL | 10.2% | 9.2% | 7.3% | 7.3% | 6.7% | 5.8% | 4.9% | 4.9% |
| Philadelphia-Camden-Wilmington, PA-NJ | 10.9% | 10.4% | 10.0% | 10.0% | 10.0% | 10.2% | 10.2% | 10.1% |
| Phoenix-Mesa-Scottsdale, AZ | 16.2% | 14.3% | 12.7% | 12.5% | 12.1% | 12.0% | 12.5% | 12.9% |
| Pittsburgh, PA | 9.6% | 8.7% | 8.3% | 8.4% | 7.9% | 7.8% | 7.8% | 7.7% |
| Portland-Vancouver-Beaverton, OR-WA | 9.9% | 9.4% | 8.2% | 8.1% | 8.1% | 8.2% | 8.6% | 8.4% |
| Raleigh-Durham, NC | 20.8% | 11.5% | 11.0% | 11.0% | 10.6% | 10.1% | 10.8% | 11.2% |
| Sacramento-Arden-Arcade-Roseville, CA | 10.2% | 13.7% | 13.3% | 13.5% | 13.1% | 13.1% | 12.6% | 12.8% |
| Saint Louis, MO-IL | 8.8% | 8.7% | 8.8% | 8.8% | 8.4% | 8.3% | 8.2% | 8.1% |
| Salt Lake City, UT | 3.9% | 2.1% | 2.2% | 2.3% | 2.8% | 2.5% | 2.0% | 2.4% |
| San Antonio, TX | 10.0% | 9.1% | 9.0% | 9.0% | 8.6% | 8.4% | 8.3% | 8.1% |
| San Diego-Carlsbad-San Marcos, CA | 12.3% | 11.6% | 10.4% | 10.5% | 9.5% | 9.2% | 9.0% | 8.7% |
| San Francisco, CA | 4.6% | 5.0% | 4.8% | 4.2% | 5.9% | 5.6% | 6.3% | 6.0% |
| San Jose-Silicon Valley, CA | 7.9% | 7.8% | 7.1% | 6.7% | 6.8% | 6.7% | 6.8% | 6.6% |
| San Mateo County, CA | 10.1% | 9.0% | 9.3% | 9.6% | 9.0% | 7.2% | 6.4% | 6.1% |
| Seattle-Tacoma-Bellevue, WA | 8.4% | 7.5% | 6.0% | 5.9% | 5.6% | 5.2% | 5.2% | 5.5% |
| DC-MD Suburbs | 13.8% | 13.7% | 11.8% | 11.4% | 10.8% | 10.3% | 11.3% | 11.6% |
| DC-VA Suburbs | 12.7% | 11.6% | 10.6% | 10.2% | 10.3% | 10.0% | 10.5% | 10.2% |
| Stockton, CA | 12.1% | 11.6% | 10.3% | 10.1% | 9.7% | 9.5% | 9.2% | 8.8% |
| Syracuse, NY | 12.0% | 11.5% | 15.1% | 15.7% | 16.2% | 15.6% | 15.3% | 15.0% |
| Tampa-St.Petersburg-Clearwater, FL | 9.7% | 8.7% | 8.0% | 7.9% | 7.3% | 6.8% | 6.5% | 6.3% |
| Tucson, AZ | 9.0% | 10.0% | 11.5% | 11.4% | 11.5% | 11.1% | 10.8% | 10.2% |
| Washington, DC | 19.5% | 18.1% | 18.5% | 18.9% | 17.3% | 15.8% | 16.8% | 17.4% |

*Methodology and data sources explained on page 14*
*r = revision*
*p = preliminary*

** Balitimore, MD vacany rate only reflects direct vacancy*

# Asking Rents

| | 2010 | 2011 | 2012 | 2012 3Q | 2012 4Q | 2013 1Q | 2013 2Qr | 2013 3Qp |
|---|---|---|---|---|---|---|---|---|
| | | *(Quarterly Average)* | | | | | | |
| United States | **$5.15** | **$5.09** | **$5.05** | **$5.07** | **$5.02** | **$5.05** | **$5.05** | **$5.11** |
| Northeast | $5.82 | $5.82 | $5.72 | $5.69 | $5.53 | $5.56 | $5.62 | $5.63 |
| Midwest | $3.88 | $3.81 | $3.80 | $3.85 | $3.84 | $3.88 | $3.86 | $3.86 |
| South | $4.58 | $4.48 | $4.47 | $4.49 | $4.49 | $4.53 | $4.54 | $4.59 |
| West | $6.31 | $6.23 | $6.21 | $6.25 | $6.20 | $6.21 | $6.18 | $6.37 |
| | | | | | | | | |
| Albuquerque, NM | $6.34 | $6.38 | $6.23 | $6.28 | $5.72 | $5.68 | $5.68 | $5.80 |
| Anaheim-Santa Ana, CA | $6.11 | $5.84 | $5.87 | $5.91 | $5.87 | $5.85 | $5.90 | $6.39 |
| Atlanta-Sandy Springs-Marietta, GA | $3.54 | $3.48 | $3.45 | $3.43 | $3.42 | $3.47 | $3.49 | $3.48 |
| Austin-Round Rock, TX | $5.55 | $5.59 | $5.63 | $5.56 | $5.49 | $5.55 | $5.67 | $5.79 |
| Baltimore, MD | $4.73 | $4.84 | $4.76 | $4.81 | $4.67 | $5.25 | $4.84 | $4.55 |
| Birmingham-Hoover, AL | $3.21 | $3.13 | $3.15 | $3.21 | $3.19 | $3.22 | $3.06 | $3.04 |
| Boston-Cambridge, MA | $4.27 | $4.24 | $4.23 | $4.19 | $4.29 | $4.38 | $4.46 | $4.37 |
| Buffalo-Niagara Falls, NY | $4.28 | $4.28 | $4.02 | $3.98 | $3.89 | $3.80 | $3.67 | $3.76 |
| Charleston-North Charleston, SC | $4.20 | $4.03 | $4.04 | $4.00 | $4.03 | $4.11 | $4.13 | $4.14 |
| Charlotte, NC | $3.63 | $3.62 | $3.78 | $3.75 | $3.82 | $3.84 | $4.01 | $4.05 |
| Chicago-Naperville-Joliet, IL | $4.11 | $4.04 | $4.09 | $4.10 | $4.19 | $4.28 | $4.39 | $4.46 |
| Cincinnati-Middletown, OH-KY-IN | $2.65 | $2.77 | $2.74 | $2.74 | $2.74 | $2.83 | $2.85 | $2.92 |
| Cleveland-Elyria-Mentor, OH | $3.83 | $3.81 | $3.81 | $3.79 | $3.81 | $3.78 | $3.79 | $3.82 |
| Colordo Springs, CO | $5.79 | $6.07 | $5.84 | $5.79 | $5.83 | $5.87 | $5.67 | $5.73 |
| Columbia, SC | $3.72 | $3.74 | $3.75 | $3.73 | $3.71 | $3.73 | $3.63 | $3.61 |
| Columbus, OH | $3.08 | $3.16 | $3.64 | $3.75 | $3.83 | $3.77 | $3.83 | $3.85 |
| Dallas-Fort Worth, TX | $3.74 | $3.67 | $3.65 | $3.65 | $3.67 | $3.73 | $3.71 | $3.85 |
| Dayton, OH | $3.12 | $2.89 | $2.75 | $2.76 | $2.92 | $2.92 | $2.54 | $2.53 |
| Denver-Aurora, CO | $4.72 | $4.60 | $4.61 | $4.66 | $4.67 | $4.66 | $4.79 | $4.98 |
| Detroit-Warren-Livonia, MI | $4.24 | $4.10 | $4.01 | $3.99 | $4.00 | $4.01 | $3.87 | $3.96 |
| Ft. Lauderdale, FL | $6.21 | $6.05 | $5.85 | $5.80 | $5.84 | $5.99 | $5.96 | $6.03 |
| Greensboro-Winston-Salem, NC | $3.06 | $3.11 | $2.99 | $3.02 | $2.80 | $2.89 | $2.97 | $2.97 |
| Greenville, SC | $3.00 | $2.97 | $2.92 | $2.87 | $2.89 | $2.87 | $2.89 | $2.87 |
| Hartford-West Hartford-East Hartford, CT | $4.60 | $4.34 | $4.26 | $4.26 | $4.19 | $4.11 | $4.14 | $4.01 |
| Honolulu, HI | $10.57 | $10.56 | $10.71 | $10.54 | $10.76 | $10.71 | $10.71 | $10.84 |
| Houston-Baytown-Sugar Land, TX | $4.23 | $4.41 | $4.45 | $4.52 | $4.53 | $4.48 | $4.46 | $4.58 |
| Indianapolis, IN | $3.62 | $3.43 | $3.51 | $3.51 | $3.54 | $3.65 | $3.67 | $3.68 |
| Jacksonville, FL | $3.79 | $3.77 | $3.83 | $3.84 | $3.89 | $3.89 | $3.89 | $3.84 |
| Kansas City, MO-KS | $4.31 | $3.98 | $4.00 | $4.02 | $4.11 | $4.21 | $4.06 | $4.07 |
| Las Vegas-Paradise, NV | $5.80 | $5.68 | $5.48 | $5.47 | $5.36 | $5.39 | $5.54 | $5.57 |
| Little Rock-N. Little Rock, AR | $3.26 | $3.14 | $3.12 | $3.13 | $3.17 | $3.29 | $3.28 | $3.29 |
| Los Angeles-Long Beach-Glendale, CA | $5.86 | $5.15 | $5.23 | $5.28 | $5.27 | $5.35 | $5.38 | $5.63 |
| Louisville, KY-IN | $3.24 | $3.00 | $3.00 | $3.00 | $3.00 | $3.00 | $3.05 | $3.12 |
| Memphis, TN-MS-AR | $2.48 | $2.52 | $2.55 | $2.53 | $2.56 | $2.62 | $2.57 | $2.51 |
| Miami-Dade, FL | $6.90 | $6.65 | $7.29 | $7.46 | $7.60 | $7.59 | $7.89 | $7.99 |
| Milwaukee-Waukesha-West Allis, WI | $4.42 | $4.26 | $4.03 | $4.07 | $3.99 | $3.97 | $3.93 | $4.01 |
| Minneapolis-St. Paul-Bloomington, MN-WI | $4.25 | $4.23 | $4.30 | $4.32 | $4.36 | $4.39 | $4.59 | $4.51 |
| Nashville-Davidson-Murfreesboro, TN | $3.36 | $3.41 | $4.01 | $4.01 | $4.11 | $3.95 | $4.07 | $4.18 |
| New York, NY | $12.23 | $13.06 | $11.98 | $11.40 | $10.72 | $10.81 | $11.36 | $11.36 |
| Long Island, NY | $10.47 | $10.59 | $10.97 | $11.41 | $10.62 | $10.63 | $11.00 | $11.16 |
| Northern New Jersey | $5.86 | $5.63 | $5.66 | $5.72 | $5.72 | $5.74 | $5.77 | $5.74 |
| Central New Jersey | $4.67 | $4.46 | $4.44 | $4.44 | $4.41 | $4.63 | $4.57 | $4.59 |
| Oakland-East Bay, CA | $4.59 | $4.60 | $4.87 | $4.95 | $4.80 | $4.86 | $5.02 | $5.10 |

# Asking Rents

| | 2010 | 2011 | 2012 | 2012 3Q | 2012 4Q | 2013 1Q | 2013 2Qr | 2013 3Qp |
|---|---|---|---|---|---|---|---|---|
| | | *(Quarterly Average)* | | | | | | |
| Oklahoma City, OK | $3.32 | $3.43 | $3.45 | $3.45 | $3.45 | $3.25 | $3.52 | $3.53 |
| Omaha, NE-IA | $4.76 | $4.62 | $4.45 | $4.43 | $4.58 | $4.67 | $4.69 | $4.55 |
| Orlando, FL | $4.45 | $4.06 | $3.95 | $3.97 | $3.99 | $3.98 | $4.02 | $4.08 |
| West Palm Beach-Boca Raton, FL | $6.34 | $6.29 | $6.28 | $6.36 | $6.37 | $6.43 | $6.39 | $6.31 |
| Philadelphia-Camden-Wilmington, PA-NJ | $4.13 | $4.04 | $4.14 | $4.14 | $4.13 | $4.11 | $4.12 | $4.13 |
| Phoenix-Mesa-Scottsdale, AZ | $5.23 | $4.88 | $4.90 | $4.91 | $4.94 | $4.98 | $5.04 | $5.04 |
| Pittsburgh, PA | $4.39 | $4.36 | $4.79 | $4.70 | $4.67 | $4.77 | $4.41 | $4.55 |
| Portland-Vancouver-Beaverton, OR-WA | $4.49 | $4.27 | $4.36 | $4.36 | $4.52 | $4.67 | $4.72 | $4.56 |
| Raleigh-Durham, NC | $4.50 | $4.27 | $4.14 | $4.11 | $4.10 | $4.02 | $3.74 | $3.83 |
| Sacramento-Arden-Arcade-Roseville, CA | $4.47 | $4.26 | $4.41 | $4.44 | $4.56 | $4.32 | $4.32 | $4.44 |
| Saint Louis, MO-IL | $4.23 | $4.49 | $4.27 | $4.66 | $3.97 | $4.07 | $4.07 | $4.01 |
| Salt Lake City, UT | $4.19 | $4.13 | $4.33 | $4.34 | $4.48 | $4.47 | $4.51 | $4.54 |
| San Antonio, TX | $4.13 | $4.01 | $4.05 | $4.14 | $4.14 | $4.12 | $4.22 | $4.22 |
| San Diego-Carlsbad-San Marcos, CA | $7.44 | $7.41 | $7.14 | $7.32 | $6.96 | $7.08 | $7.08 | $6.96 |
| San Francisco, CA | $9.27 | $9.51 | $8.94 | $9.36 | $9.12 | $9.12 | $9.24 | $10.08 |
| San Jose-Silcon Valley, CA | $6.40 | $6.23 | $6.78 | $6.97 | $7.00 | $6.73 | $6.00 | $6.12 |
| San Mateo County, CA | $8.79 | $8.94 | $8.51 | $8.32 | $8.28 | $8.65 | $8.52 | $9.00 |
| Seattle-Tacoma-Bellevue, WA | $5.27 | $5.33 | $5.51 | $5.55 | $5.57 | $5.56 | $5.70 | $5.73 |
| DC-MD Suburbs | $6.60 | $6.65 | $6.69 | $6.80 | $6.70 | $6.80 | $7.06 | $7.15 |
| DC-VA Suburbs | $8.40 | $8.18 | $8.31 | $8.34 | $8.40 | $8.41 | $8.26 | $8.40 |
| Stockton, CA | $3.78 | $3.68 | $3.69 | $3.69 | $3.71 | $3.70 | $3.67 | $3.66 |
| Syracuse, NY | $3.36 | $3.22 | $2.70 | $2.61 | $2.63 | $2.65 | $2.67 | $2.62 |
| Tampa-St.Petersburg-Clearwater, FL | $4.21 | $3.92 | $3.95 | $4.02 | $3.92 | $3.98 | $3.97 | $4.18 |
| Tucson, AZ | $5.95 | $5.77 | $5.44 | $5.44 | $5.41 | $5.49 | $5.24 | $5.58 |
| Washington, DC | $9.98 | $9.10 | $7.71 | $7.73 | $7.80 | $7.87 | $7.94 | $7.96 |

*Methodology and data sources explained on page 14*
*r = revision*
*p = preliminary*

# Inventory

| | Inventory 2013 3Q | Vacant Stock 2013 3Q | Inventory Change YTD 2013 | U/C (as of 2013 3Q) |
|---|---|---|---|---|
| **National Total** | **11,162,389,000** | **908,369,000** | **41,382,000** | **53,280,000** |
| Albuquerque, NM | 46,747,000 | 3,576,000 | 215,000 | 58,000 |
| Anaheim-Santa Ana, CA | 70,096,000 | 1,911,000 | 0 | 210,000 |
| Atlanta-Sandy Springs-Marietta, GA | 350,738,000 | 42,971,000 | 2,573,000 | 1,850,000 |
| Austin-Round Rock, TX | 33,777,000 | 2,850,000 | 44,000 | 418,000 |
| Baltimore, MD | 162,660,000 | 17,795,000 | 734,000 | 1,946,000 |
| Birmingham-Hoover, AL | 95,394,000 | 7,893,000 | 15,000 | 0 |
| Boston-Cambridge, MA | 116,878,000 | 14,705,000 | 240,000 | 96,000 |
| Buffalo-Niagara Falls, NY | 57,473,000 | 5,439,000 | 50,000 | 12,000 |
| Charleston-North Charleston, SC | 34,549,000 | 5,403,000 | 241,000 | 65,000 |
| Charlotte, NC | 153,247,000 | 12,413,000 | 1,819,000 | 1,203,000 |
| Chicago-Naperville-Joliet, IL | 816,329,000 | 74,878,000 | 3,402,000 | 1,832,000 |
| Cincinnati-Middletown, OH-KY-IN | 273,861,000 | 18,355,000 | 560,000 | 2,308,000 |
| Cleveland-Elyria-Mentor, OH | 323,501,000 | 29,569,000 | 23,000 | 24,000 |
| Colordo Springs, CO | 28,497,000 | 2,376,000 | 0 | 167,000 |
| Columbia, SC | 37,484,000 | 5,805,000 | 0 | 0 |
| Columbus, OH | 249,553,000 | 19,590,000 | 332,000 | 1,378,000 |
| Dallas-Fort Worth, TX | 487,822,000 | 35,276,000 | 1,787,000 | 3,820,000 |
| Dayton, OH | 106,275,000 | 16,925,000 | 1,156,000 | 626,000 |
| Denver-Aurora, CO | 245,470,000 | 14,728,000 | 1,005,000 | 1,280,000 |
| Detroit-Warren-Livonia, MI | 298,946,000 | 32,651,000 | 250,000 | 0 |
| Ft. Lauderdale, FL | 82,352,000 | 7,601,000 | 352,000 | 742,000 |
| Greensboro-Winston-Salem, NC | 198,371,000 | 19,239,000 | 0 | 362,000 |
| Greenville, SC | 75,315,000 | 7,720,000 | 225,000 | 120,000 |
| Hartford-West Hartford-East Hartford, CT | 94,937,000 | 9,541,000 | 26,000 | 0 |
| Honolulu, HI | 36,996,000 | 668,000 | 0 | 0 |
| Houston-Baytown-Sugar Land, TX | 309,866,000 | 21,213,000 | 4,343,000 | 5,218,000 |
| Indianapolis, IN | 243,058,000 | 9,236,000 | 0 | 260,000 |
| Jacksonville, FL | 79,922,000 | 6,886,000 | 92,000 | 0 |
| Kansas City, MO-KS | 195,755,000 | 14,383,000 | 2,609,000 | 4,410,000 |
| Las Vegas-Paradise, NV | 98,929,000 | 10,579,000 | 161,000 | 300,000 |
| Little Rock-N. Little Rock, AR | 51,085,000 | 4,127,000 | 0 | 0 |
| Los Angeles-Long Beach-Glendale, CA | 815,046,000 | 45,763,000 | 1,653,000 | 714,000 |
| Louisville, KY-IN | 107,029,000 | 5,929,000 | 0 | 1,667,000 |
| Memphis, TN-MS-AR | 146,167,000 | 19,701,000 | 2,670,000 | 1,022,000 |
| Miami-Dade, FL | 161,731,000 | 8,721,000 | 1,266,000 | 467,000 |
| Milwaukee-Waukesha-West Allis, WI | 267,911,000 | 16,610,000 | 562,000 | 1,727,000 |
| Minneapolis-St. Paul-Bloomington, MN-WI | 104,874,000 | 10,907,000 | 820,000 | 40,000 |
| Nashville-Davidson-Murfreesboro, TN | 194,683,000 | 15,185,000 | 1,635,000 | 811,000 |
| New York, NY | 15,321,000 | 656,000 | 0 | 0 |
| Long Island, NY | 300,862,000 | 13,599,000 | 0 | 0 |
| Northern New Jersey | 410,966,000 | 30,001,000 | 0 | 1,569,000 |
| Central New Jersey | 273,634,000 | 21,070,000 | 750,000 | 1,253,000 |
| Oakland-East Bay, CA | 196,730,000 | 14,361,000 | 0 | 0 |
| Oklahoma City, OK | 83,277,000 | 4,867,000 | 87,000 | 78,000 |
| Omaha, NE-IA | 50,357,000 | 2,408,000 | 238,000 | 90,000 |
| Orlando, FL | 88,651,000 | 6,843,000 | 95,000 | 1,151,000 |
| West Palm Beach-Boca Raton, FL | 32,152,000 | 1,565,000 | 0 | 500,000 |
| Philadelphia-Camden-Wilmington, PA-NJ | 297,718,000 | 29,995,000 | 1,270,000 | 241,000 |

# Inventory

| | Inventory 2013 3Q | Vacant Stock 2013 3Q | Inventory Change YTD 2013 | U/C (as of 2013 3Q) |
|---|---|---|---|---|
| Phoenix-Mesa-Scottsdale, AZ | 290,633,000 | 37,492,000 | 4,450,000 | 5,468,000 |
| Pittsburgh, PA | 213,026,000 | 16,371,000 | 83,000 | 535,000 |
| Portland-Vancouver-Beaverton, OR-WA | 152,394,000 | 12,764,000 | 585,000 | 51,000 |
| Raleigh-Durham, NC | 45,419,000 | 5,087,000 | 11,000 | 203,000 |
| Sacramento-Arden-Arcade-Roseville, CA | 135,487,000 | 17,342,000 | 131,000 | 0 |
| Saint Louis, MO-IL | 234,433,000 | 18,989,000 | 462,000 | 518,000 |
| Salt Lake City, UT | 110,175,000 | 2,639,000 | 485,000 | 0 |
| San Antonio, TX | 62,307,000 | 5,075,000 | 199,000 | 2,295,000 |
| San Diego-Carlsbad-San Marcos, CA | 164,555,000 | 14,265,000 | 37,000 | 0 |
| San Francisco, CA | 20,433,000 | 1,226,000 | 0 | 0 |
| San Jose-Silicon Valley, CA | 83,636,000 | 5,520,000 | 0 | 575,000 |
| San Mateo County, CA | 40,028,000 | 2,442,000 | 0 | 0 |
| Seattle-Tacoma-Bellevue, WA | 183,474,000 | 10,181,000 | 1,167,000 | 2,169,000 |
| DC-MD Suburbs | 53,161,000 | 1,595,000 | 68,000 | 0 |
| DC-VA Suburbs | 37,729,000 | 3,848,000 | 258,000 | 0 |
| Stockton, CA | 140,845,000 | 12,376,000 | 56,000 | 1,434,000 |
| Syracuse, NY | 45,745,000 | 6,870,000 | 54,000 | 0 |
| Tampa-St.Petersburg-Clearwater, FL | 111,308,000 | 6,989,000 | 36,000 | 0 |
| Tucson, AZ | 27,536,000 | 2,815,000 | 0 | 0 |
| Washington, DC | 7,073,000 | 1,231,000 | 0 | 0 |

*Methodology and data sources explained on page 14*

*Under construction and inventory change figures are derived from Cassidy Turley's proprietary sample and taken directly from CoStar's database for certain markets.*

# Methodology

## Disclaimer

This report and other research materials may be found on our website at www.cassidyturley.com. This is a research document of Cassidy Turley in Washington, DC. Questions related to information herein should be directed to the Research Department at 202-463-2100. Information contained herein has been obtained from sources deemed reliable and no representation is made as to the accuracy thereof. Cassidy Turley is a leading commercial real estate services provider, with 400 million square feet managed on behalf of institutional, private and corporate clients and $22 billion in completed transactions for 2012.

### Methodology

Cassidy Turley's quarterly estimates are derived from a variety of data sources, including its own proprietary sample of market activity, the Bureau of Labor Statistics employment data, historical inventory data from Reis, LLC, CoStar and other third party data sources. The market statistics are calculated from a base building inventory made up of industrial properties deemed to be competitive in the local industrial markets. Generally, federally-owned buildings are not included. Single-tenant warehouse and flex structures in which the federal government leases space are included. Older buildings unfit for occupancy or ones that require substantial renovation before tenancy are generally not included in the competitive inventory. The inventory is subject to revisions due to resampling. Vacant space is defined as space that is available immediately. The figures provided for the current quarter are preliminary estimates, and all information contained in the report is subject to correction of errors and revisions based on additional data received.

### Explanation of Terms

**Total Inventory:** The total amount of industrial space (in buildings greater than 10,000 square feet), which includes all existing multi or single tenant leased and owner-occupied industrial, flex, and R&D properties. Certain markets include warehouse and flex space in the final numbers, while others include only warehouse space. This is determined by what is market standard in each region.

**Vacancy Rate:** The amount of unoccupied space (new, relet, and sublet) expressed as a percentage of total inventory, unless footnoted otherwise.

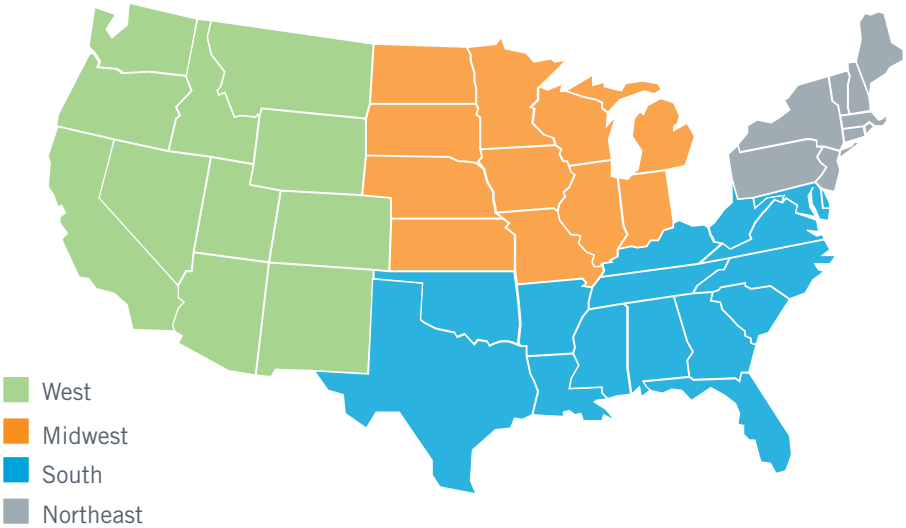
**Absorption:** The net change in occupied space between two points in time. (Total occupied space in the present quarter minus total occupied space in the previous quarter, quoted on a net, not gross, basis).

**Asking Rents:** Average asking rents (NNN) – For most markets, the asking rent represents an average of warehouse/distribution properties, unless footnoted otherwise.

**Under Construction:** Counts all structures (greater than 10,000 square feet) that have broken ground by the last day of the current quarter but have not yet been completed.

**New Supply:** Represent all completed structures (greater than 10,000 square feet) that delivered to the market.

### Regional Map



## Key Statistics

- 60 offices
- 65 international offices*
- More than 3,800 associates
- More than 970 brokers
- 2012 transactions
  - – Gross transaction volume $22 billion
  - – Gross capital markets volume $9.2 billion
- 400 million sf managed portfolio
- More than 23,000 client locations served

*Through GVA Partnership

# A Leader in Commercial Real Estate Services

At Cassidy Turley, we are market leaders, industry leaders and community leaders. Nationwide, clients recognize us for the creative sophistication of our real estate advice as well as for the discipline and accuracy of our service delivery. We are a trusted partner and advocate, supporting our clients' overall business performance. In markets across the country, we are respected as a leading provider of commercial real estate services as well as for our community engagement. Our thorough understanding of local business practices and market dynamics, combined with our customer focus and service commitment, give our clients a distinct edge in commercial real estate across the globe.

### Local Market Leaders, Nationwide

- Our professionals have deep ties to our communities and our industry, and a thorough understanding of local business leaders and practices, giving Cassidy Turley and our clients an edge.
- Our in-depth, local market knowledge provides a comprehensive understanding of market dynamics and enables us to effectively forecast market trends – providing insight to clients and helping them make informed real estate decisions.
- Our leadership position is recognized in the communities we serve. We are often rated in local business journals as a "Best Place to Work," and are honored for our many local philanthropic efforts.

### Industry Leadership

- Named to Leaders List of 2013 Global Outsourcing 100
- Over 80% of real estate executives familiar with our brand ranked it Very Good or Excellent – *Wall Street Journal survey*
- Ranked a Top 5 Brand – Lipsey's 2013 Commercial Real Estate Brandy Survey
- Ranked in the Top 5 in Best Practices Index – *Commercial Property Executive*
- 2012 Greenest Company Index – *Commercial Property Executive*
- Named by the EPA a 2013 ENERGY STAR® Partner of the Year

### World-Class Expertise

- Many of our associates have honed their skills in their respective markets for years – even decades – gaining an understanding of industry best practices and serving as thought leaders.
- Cassidy Turley has served clients' needs outside of the United States since 1985. In order to better serve our clients in Europe and Asia-Pacific, Cassidy Turley is proud to partner with GVA, the founder and majority shareholder of GVA Worldwide, which serves key markets in over 25 countries.

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