

The logo for CBRE, consisting of the letters 'CBRE' in a bold, white, sans-serif font. The background of the entire slide is a dark teal color with a grid of thin, light teal lines that create a perspective effect, converging towards the top center.

CBRE

U.S. INDUSTRIAL OUTLOOK

Q3 2016

NOVEMBER 7, 2016

INDUSTRIAL DEMAND STILL OUTPACING SUPPLY

Q3 2016 ACTUAL

Q2 2016 FORECAST

AVAILABILITY

-20 bps (8.4%)

+10 bps (8.8%)

TW RENT INDEX

\$6.06

\$6.05

COMPLETIONS
(4-qtr sum)

183 msf

172 msf

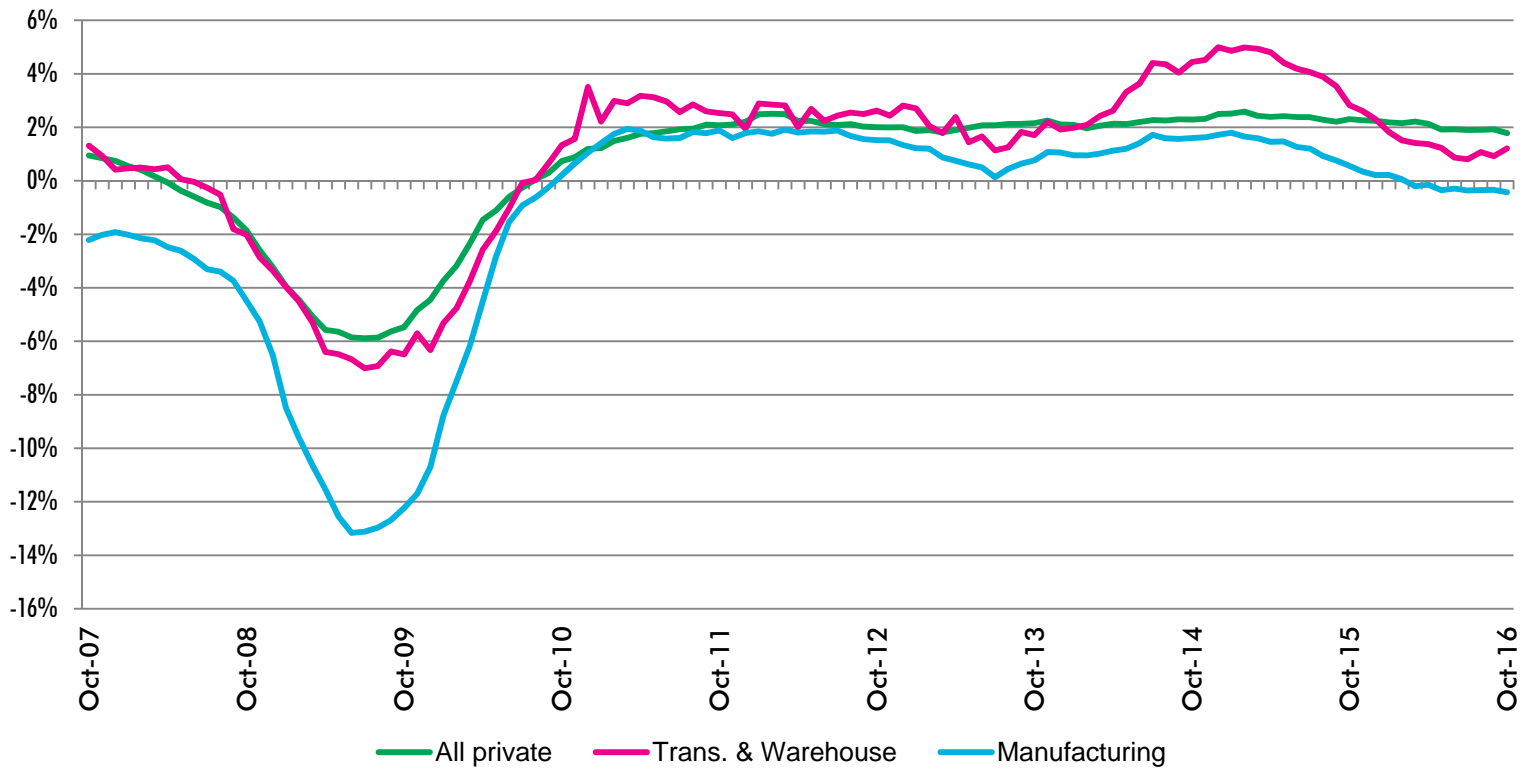
NET ABSORPTION
(4-qtr sum)

277 msf

233 msf

EMPLOYMENT GROWTH PAST ITS PEAK

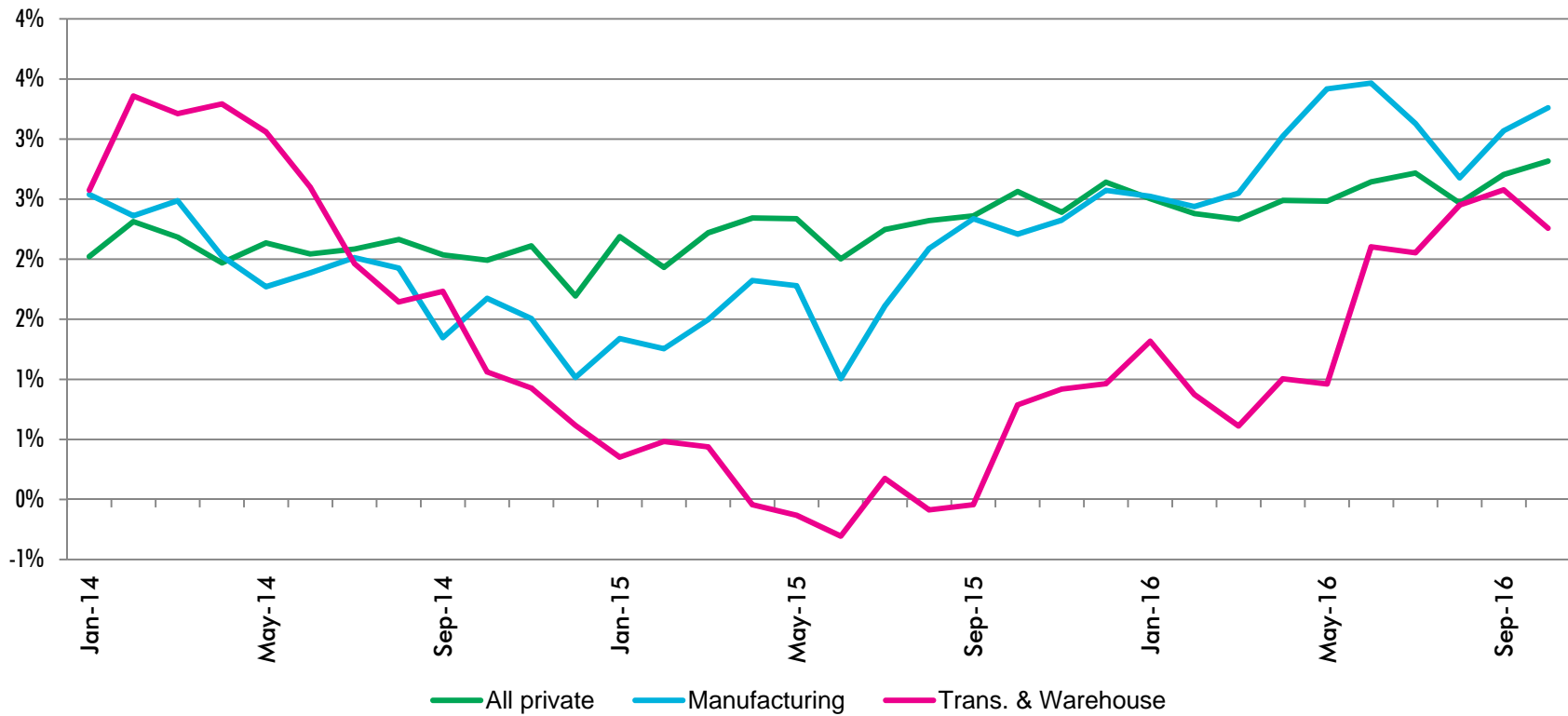
Employment, YoY % change



Source: BLS.

BUT WAGES ARE ACCELERATING

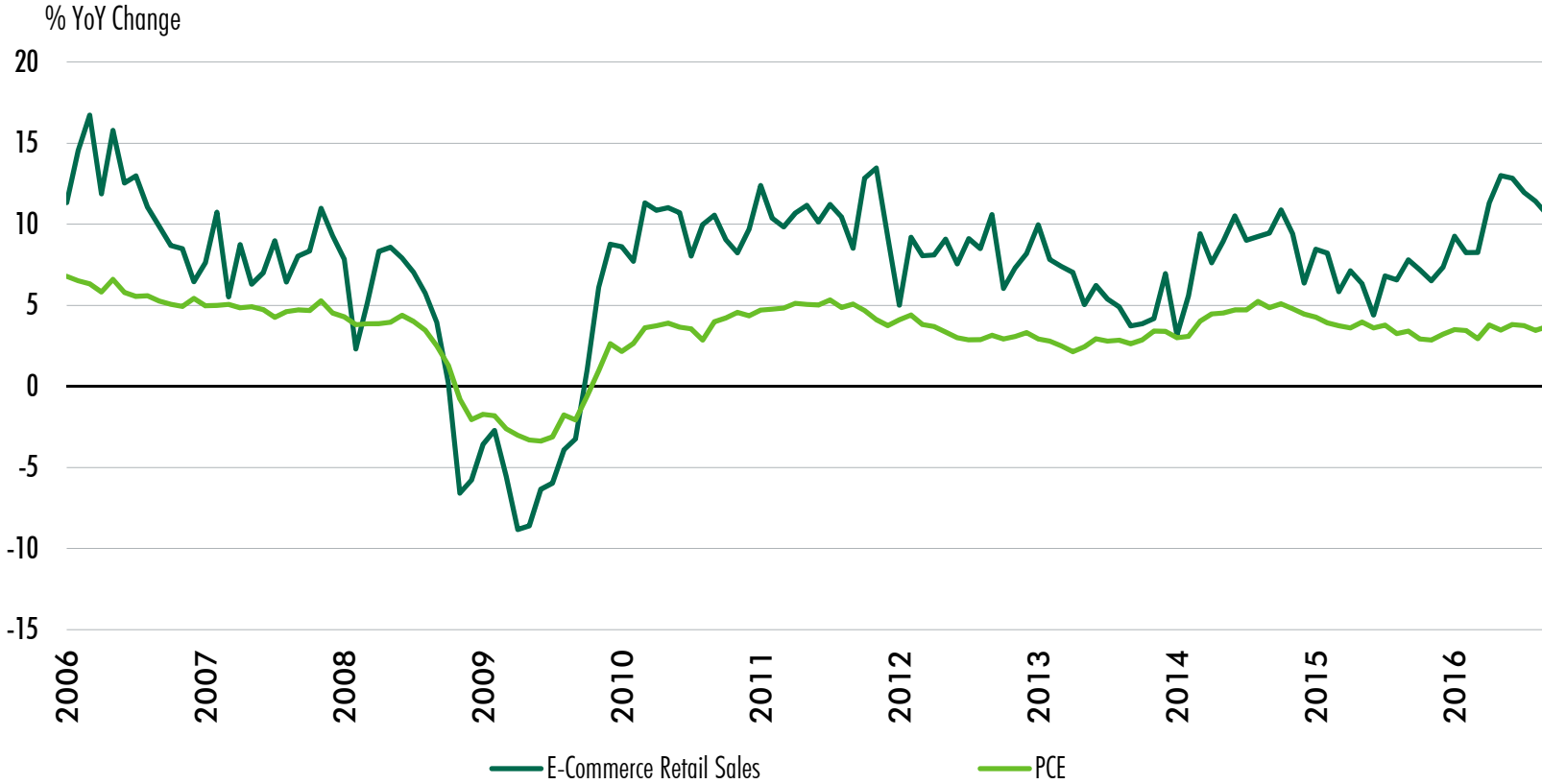
Avg. hourly earnings, YoY % change



Source: BLS.

CONSUMER SPENDING ROBUST, ESPECIALLY ONLINE

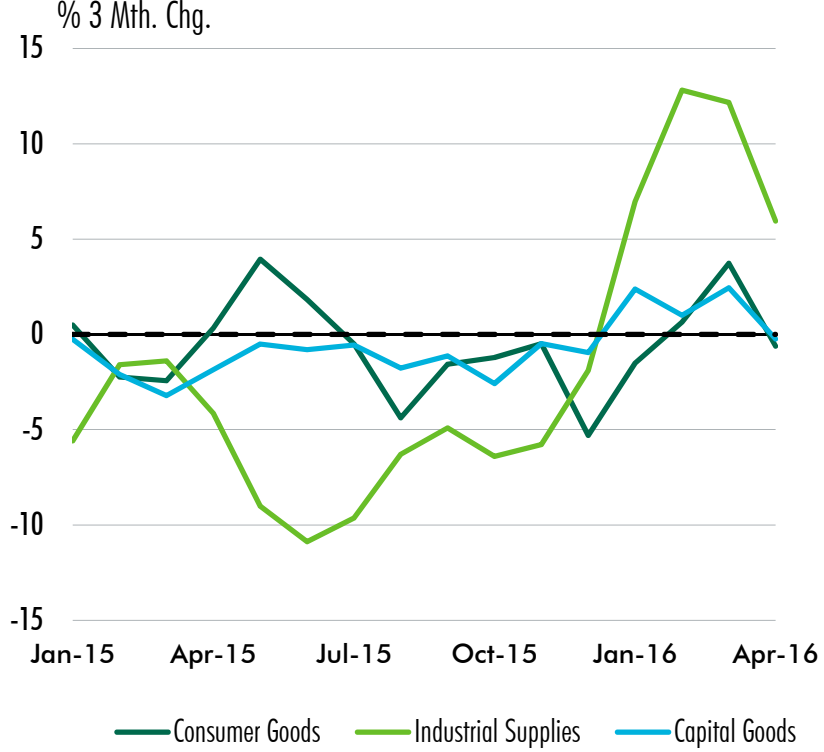
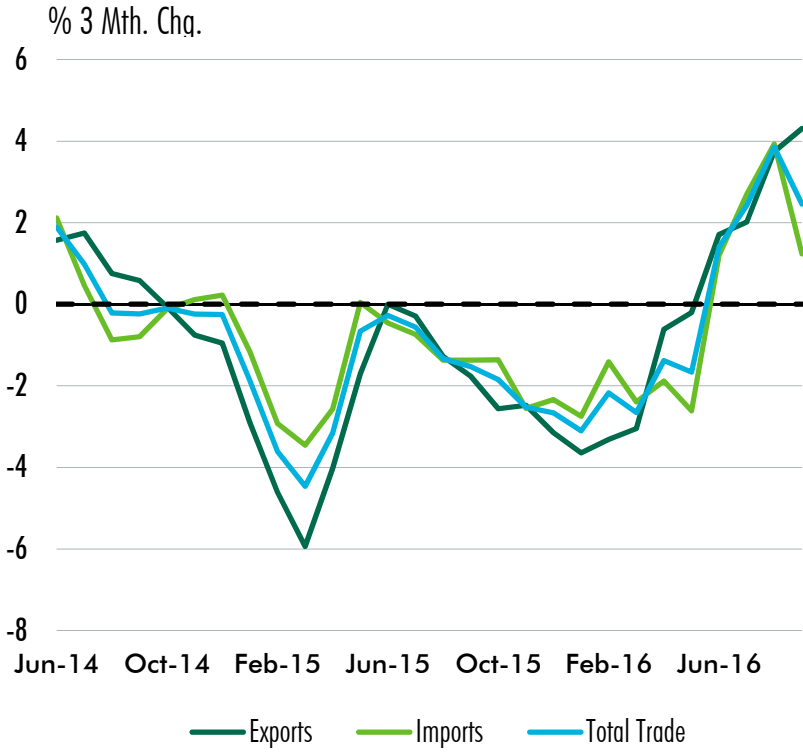
PCE and E-commerce retail sales



Source: Census Bureau, BEA.

TRADE DATA AT ODDS WITH ROBUST CONSUMPTION

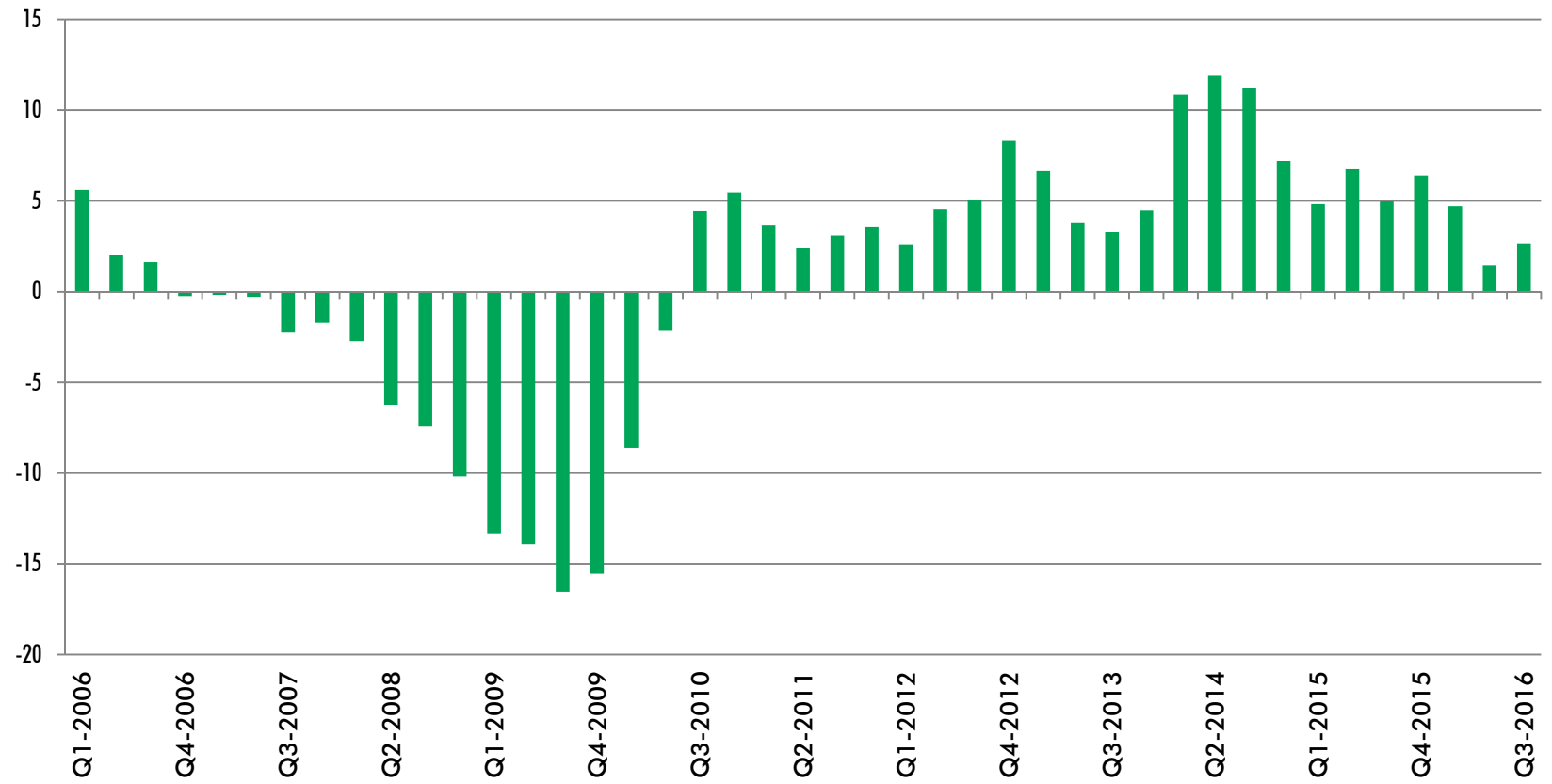
U.S. Trade in Goods



Source: Census Bureau

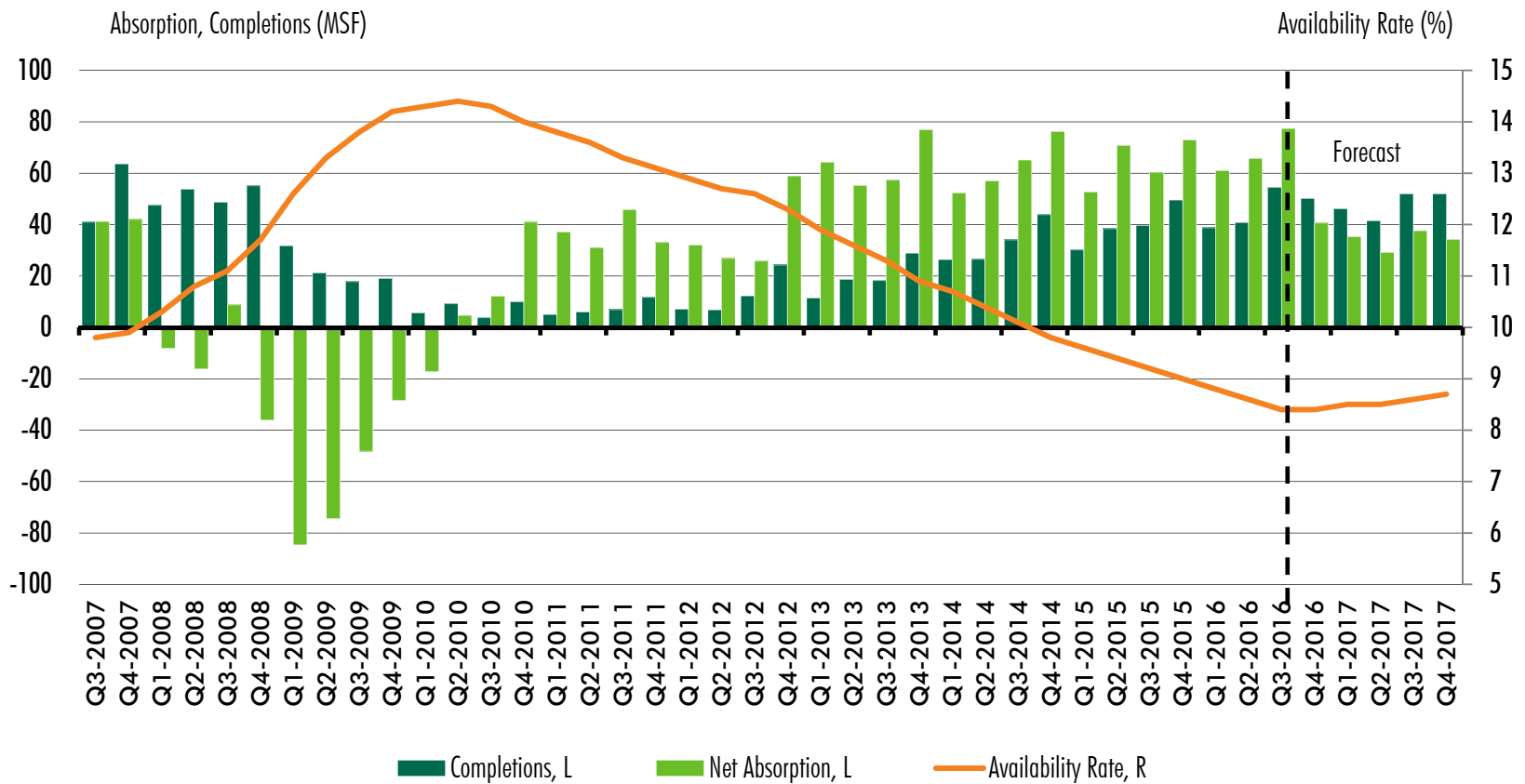
INVENTORIES SET TO REBOUND?

Inventories of consumer goods, % YoY change



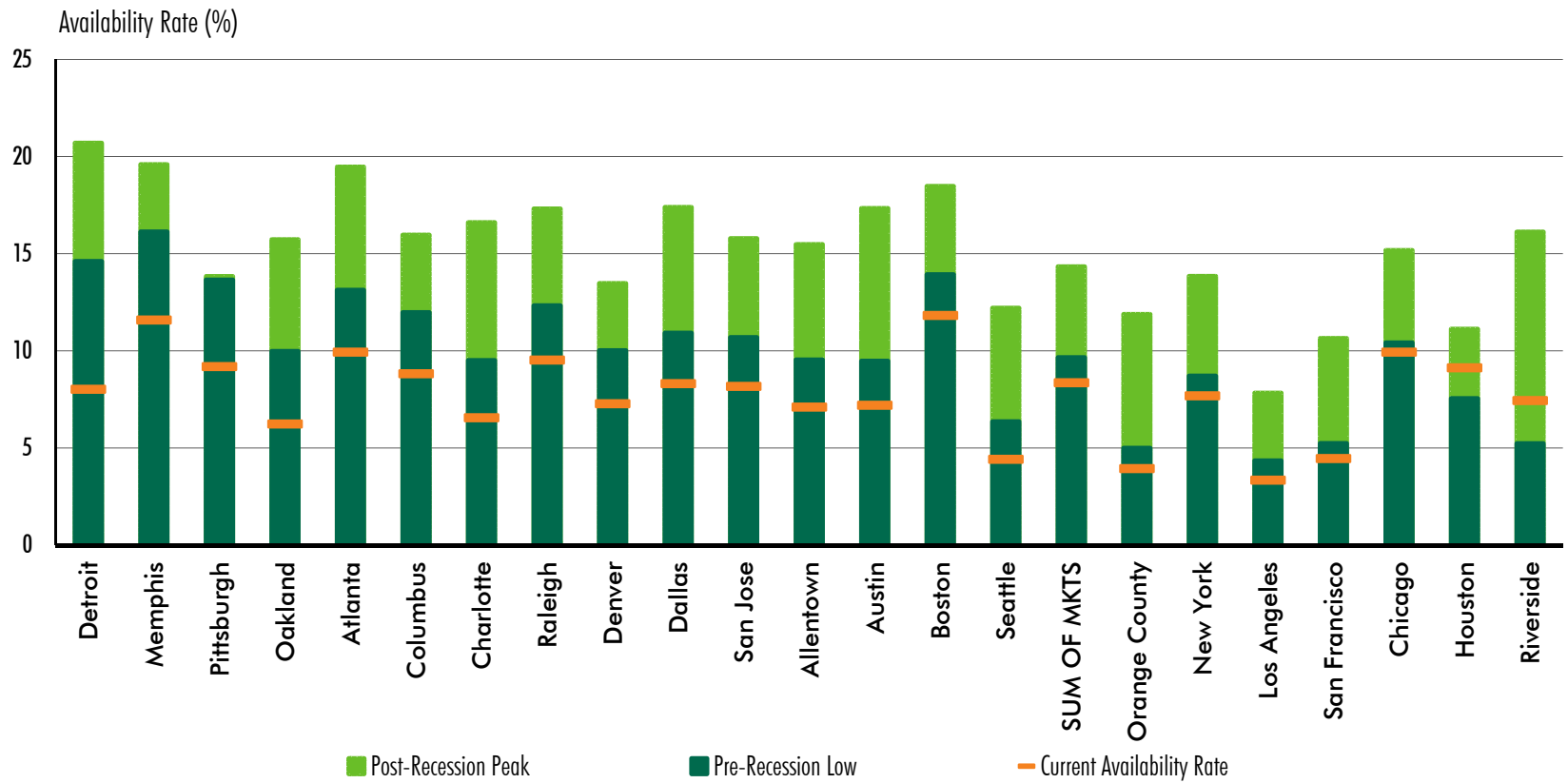
Source: Census Bureau, BEA.

AVAILABILITY CAN'T GO MUCH LOWER



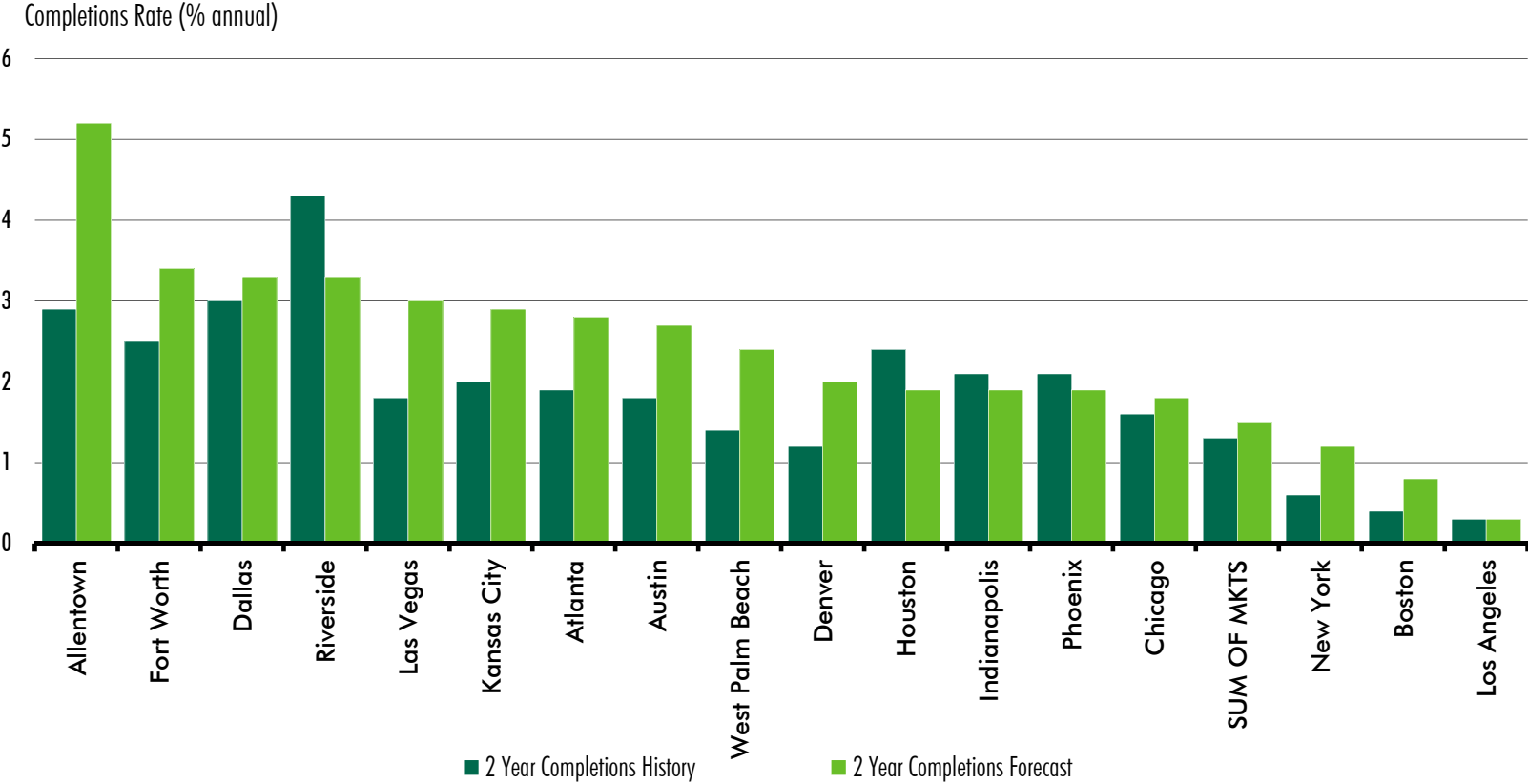
Source: CBRE-EA

MOST MARKETS DEEP INTO EXPANSIONARY CYCLE



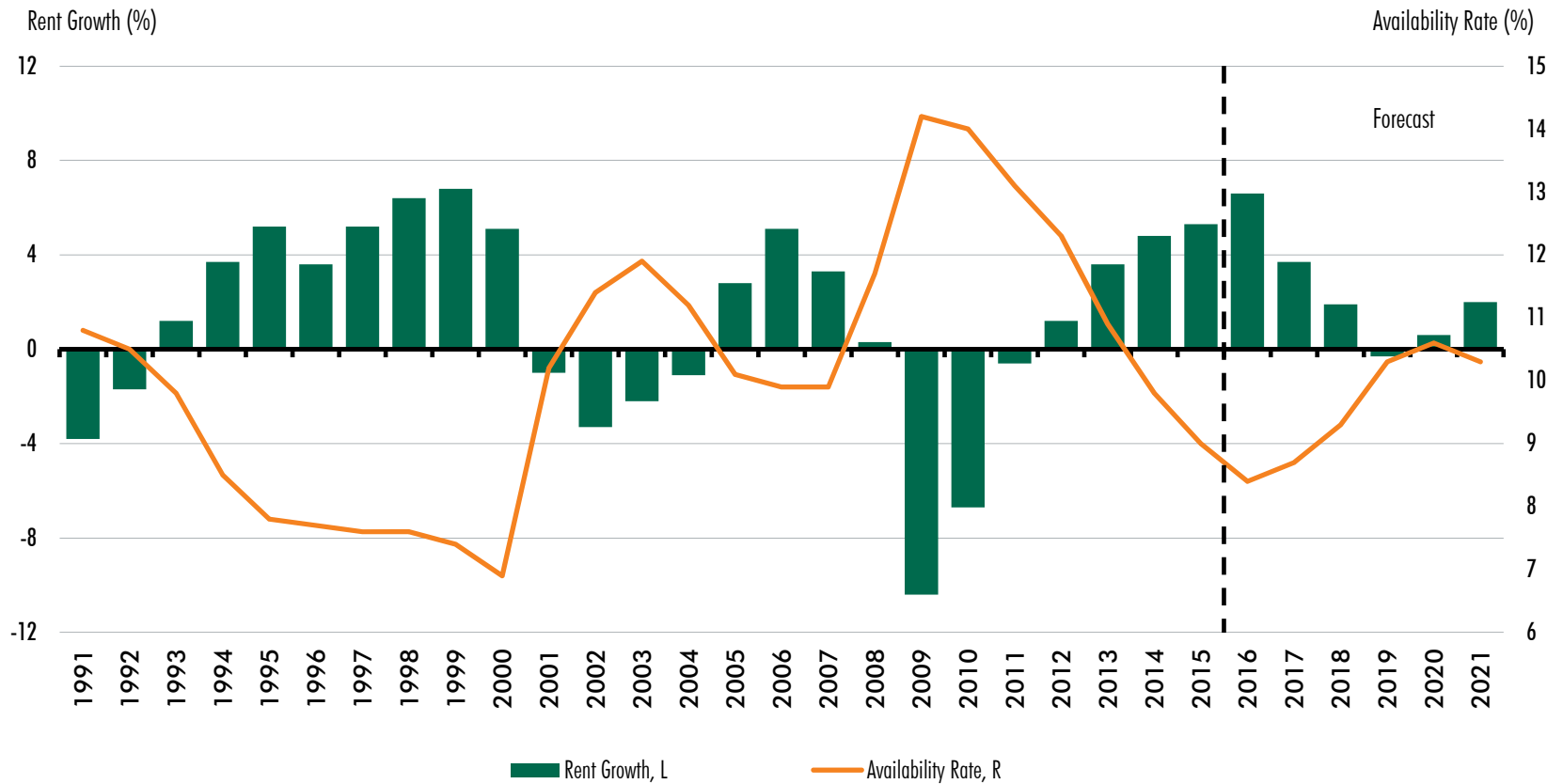
Source: CBRE-EA

SUPPLY WILL CONTINUE TO RAMP UP



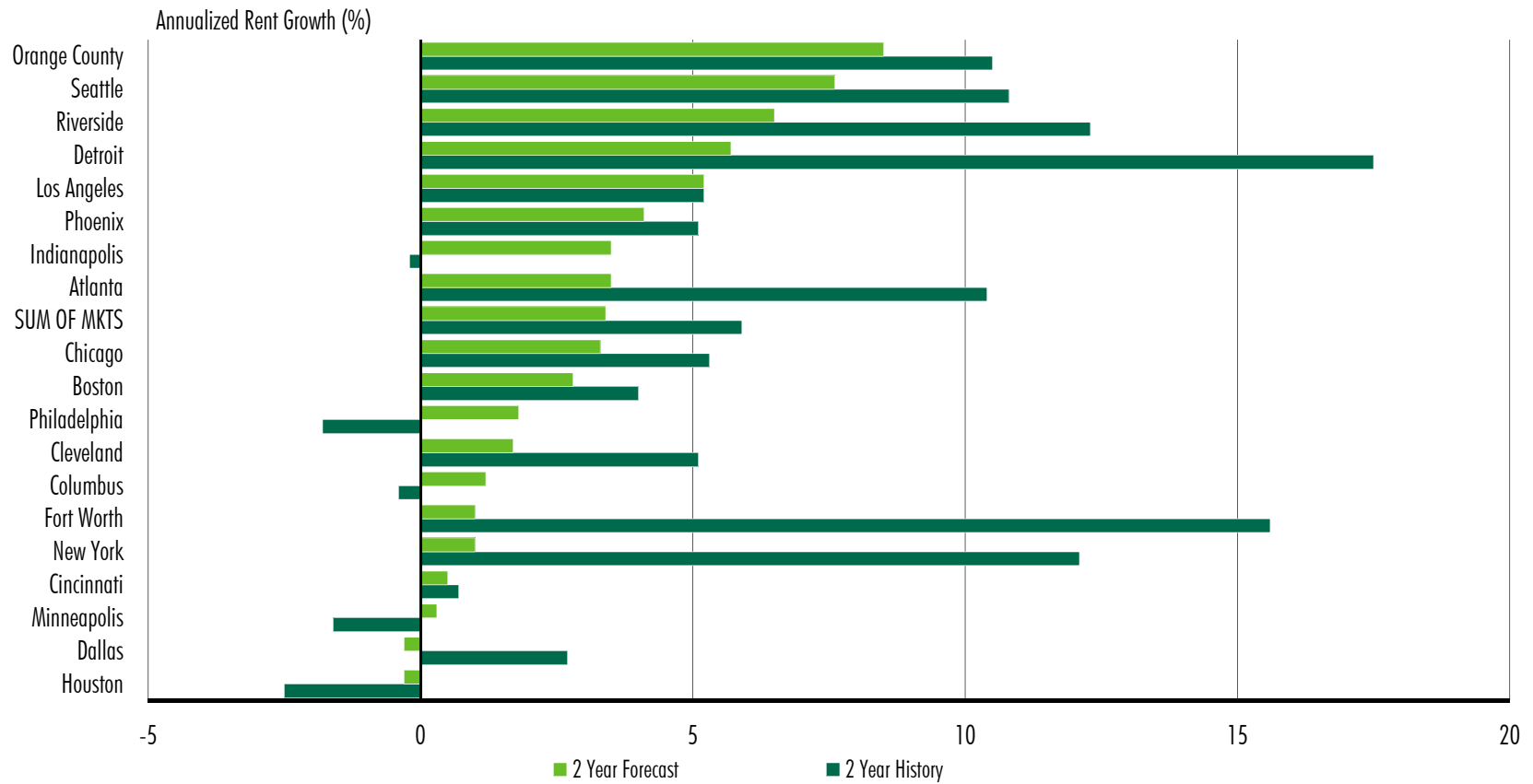
Source: CBRE-EA

RENT GROWTH WILL GRADUALLY SLOW...



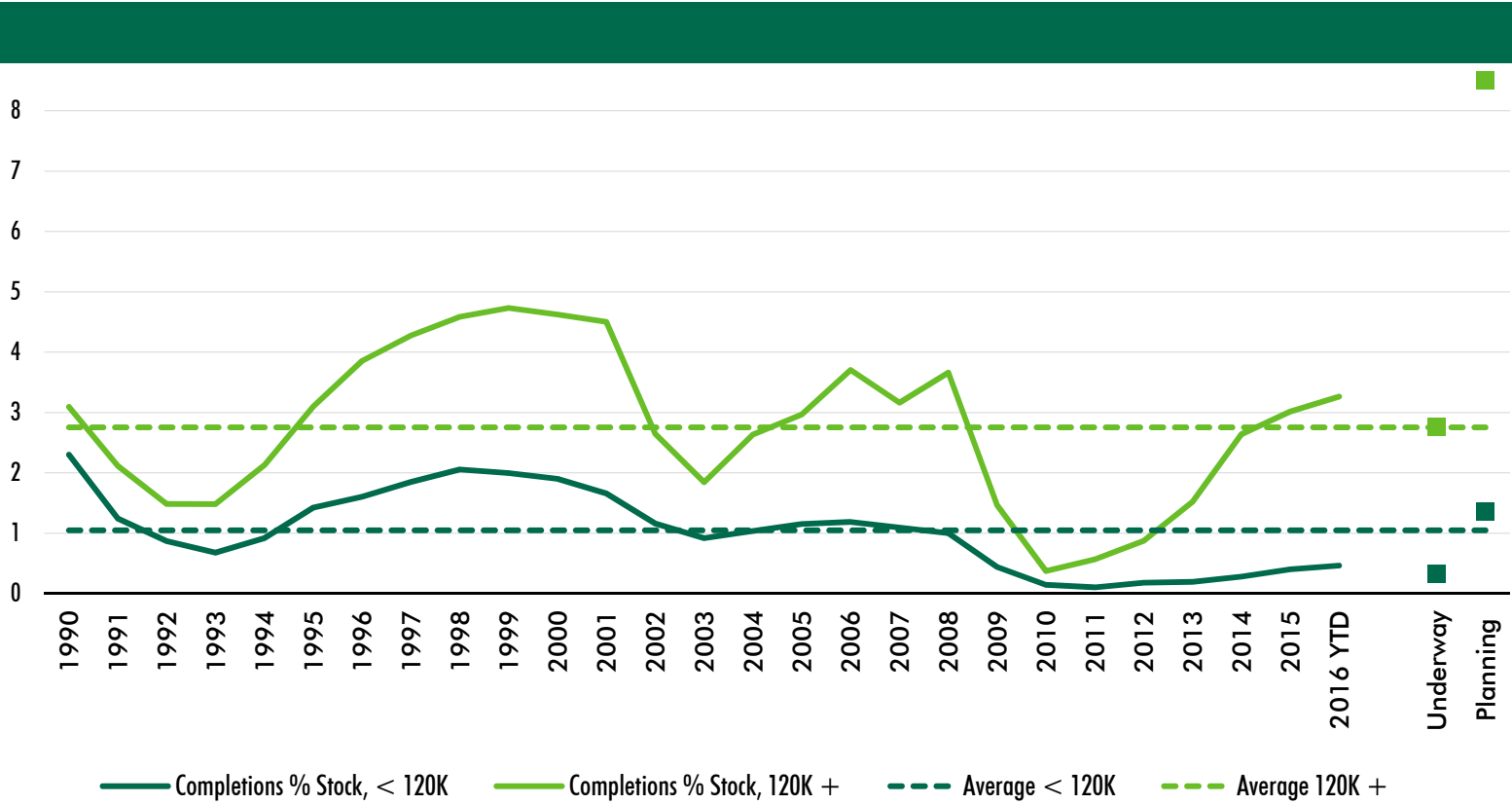
Source: CBRE-EA

...IN SOME MARKETS MORE THAN OTHERS



Source: CBRE-EA

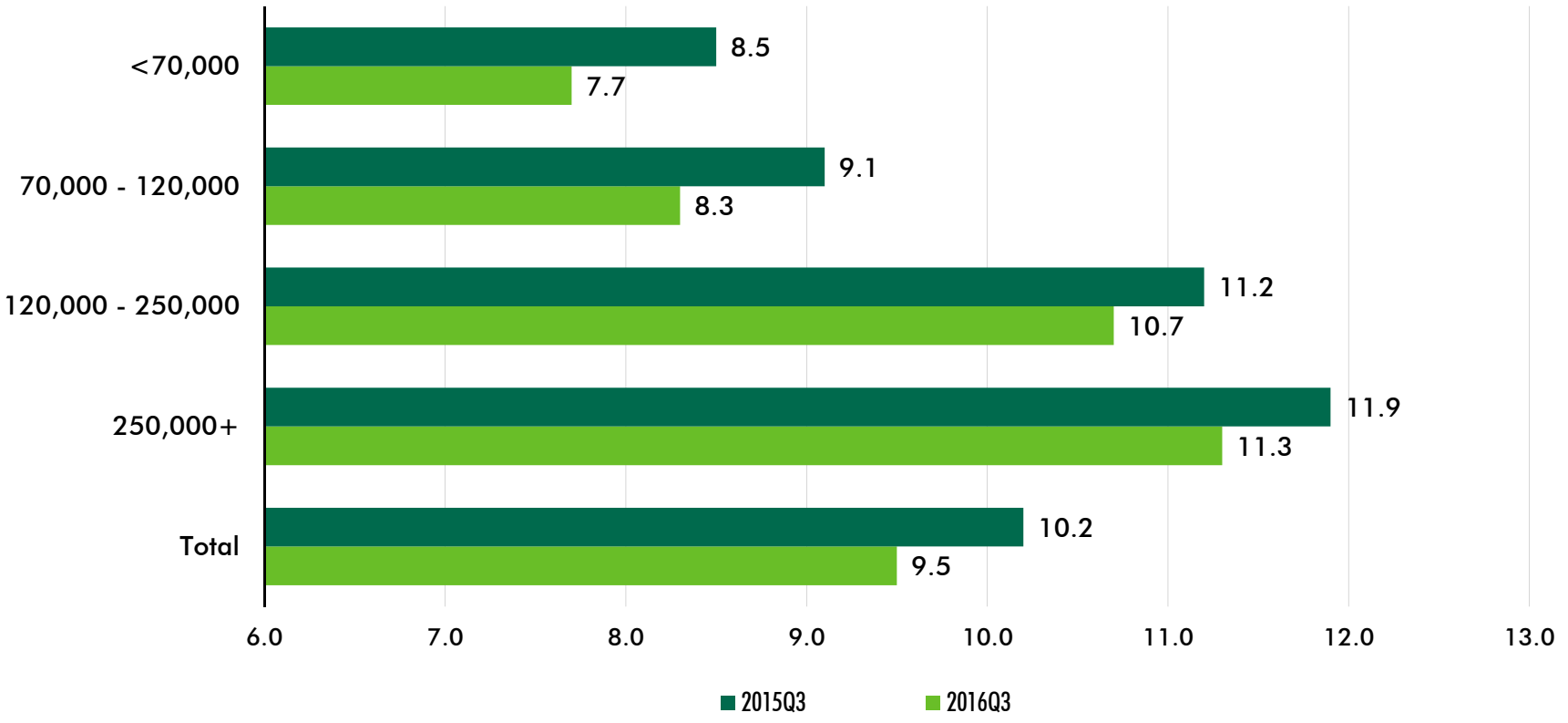
BIG BOX ACCOUNTS FOR MAJORITY OF NEW CONSTRUCTION



Source: CBRE-EA

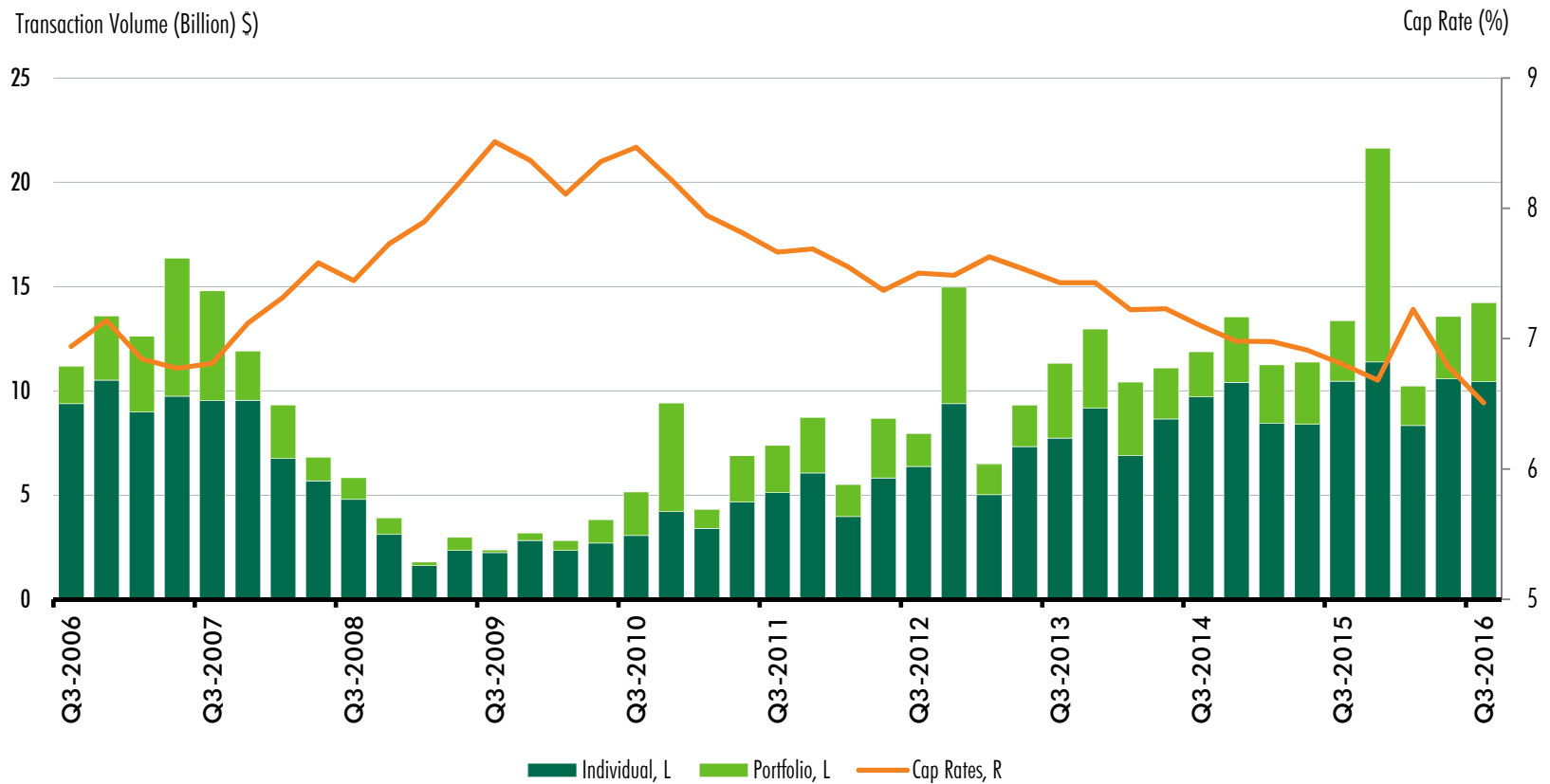
SMALL WAREHOUSE AVAILABILITY FALLS BELOW MARKET AVERAGES

Availability Rate, %, by Building Size



Source: Real Capital Analytics

H1 2016 ROUGHLY ON PAR WITH LAST YEAR



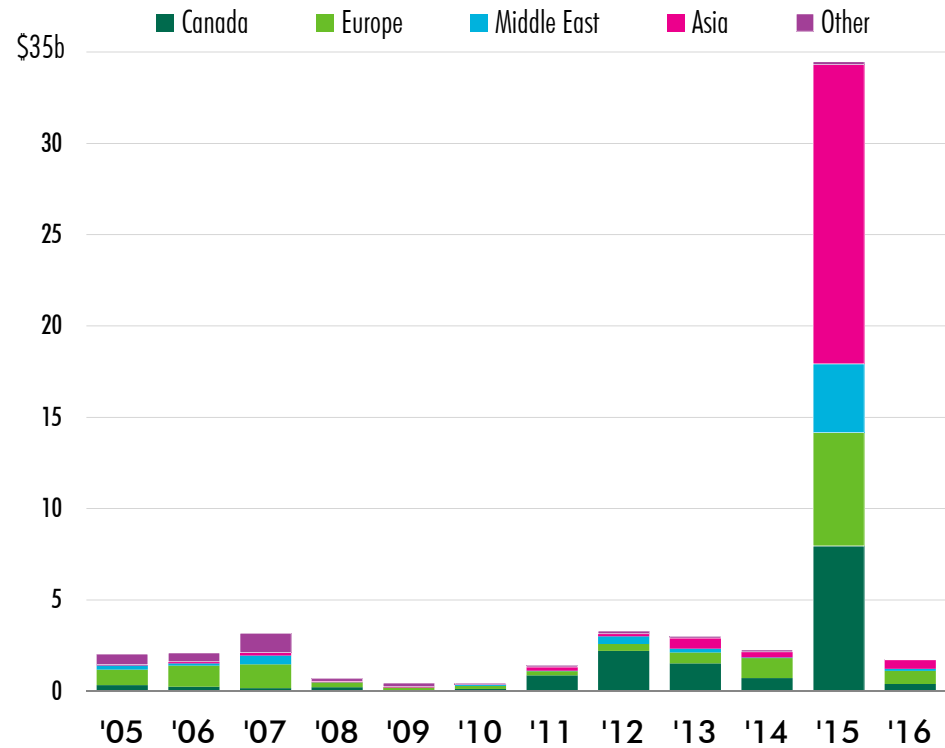
Source: Real Capital Analytics

CROSS-BORDER DEALS

H1 2016

Top Markets for Cross-Border Deals

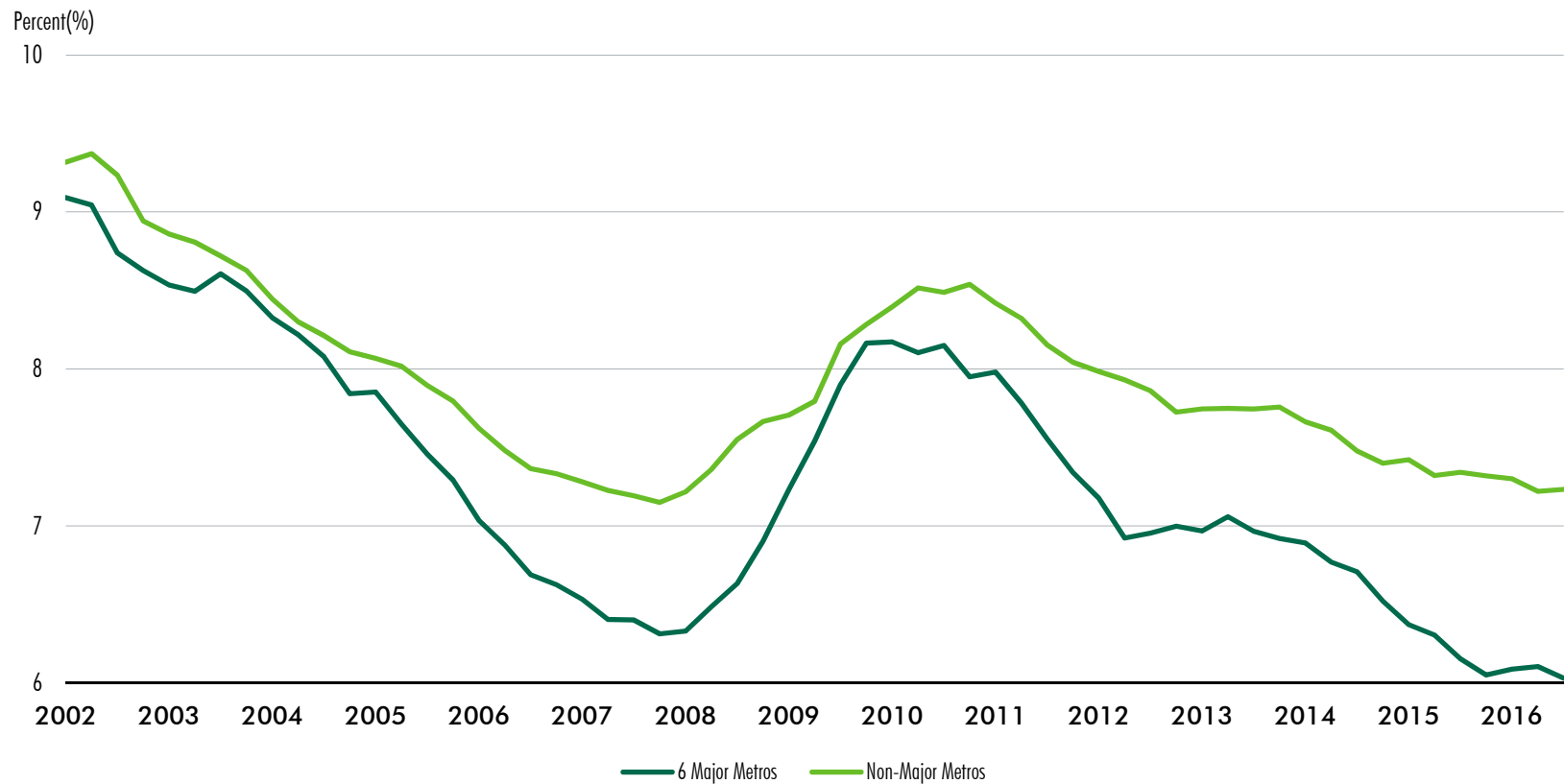
	# Props	Vol (\$m)
San Francisco	1	150
Philadelphia	27	122
Phoenix	5	118
Hartford	1	106
Seattle	3	99
Chicago	13	80
Los Angeles	10	78
Tampa	19	72
East Bay	4	72
Minneapolis	11	71



Source: Real Capital Analytics; CBRE-EA

GATEWAY MARKETS COMMAND HIGH PRICING PREMIUM

CAP RATE: MAJOR VS. NON-MAJOR METROS



Source: Real Capital Analytics; CBRE-EA



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THANK YOU