

Asset Name and/or Address Here

January 2024
CHEMED



Accelerating success.

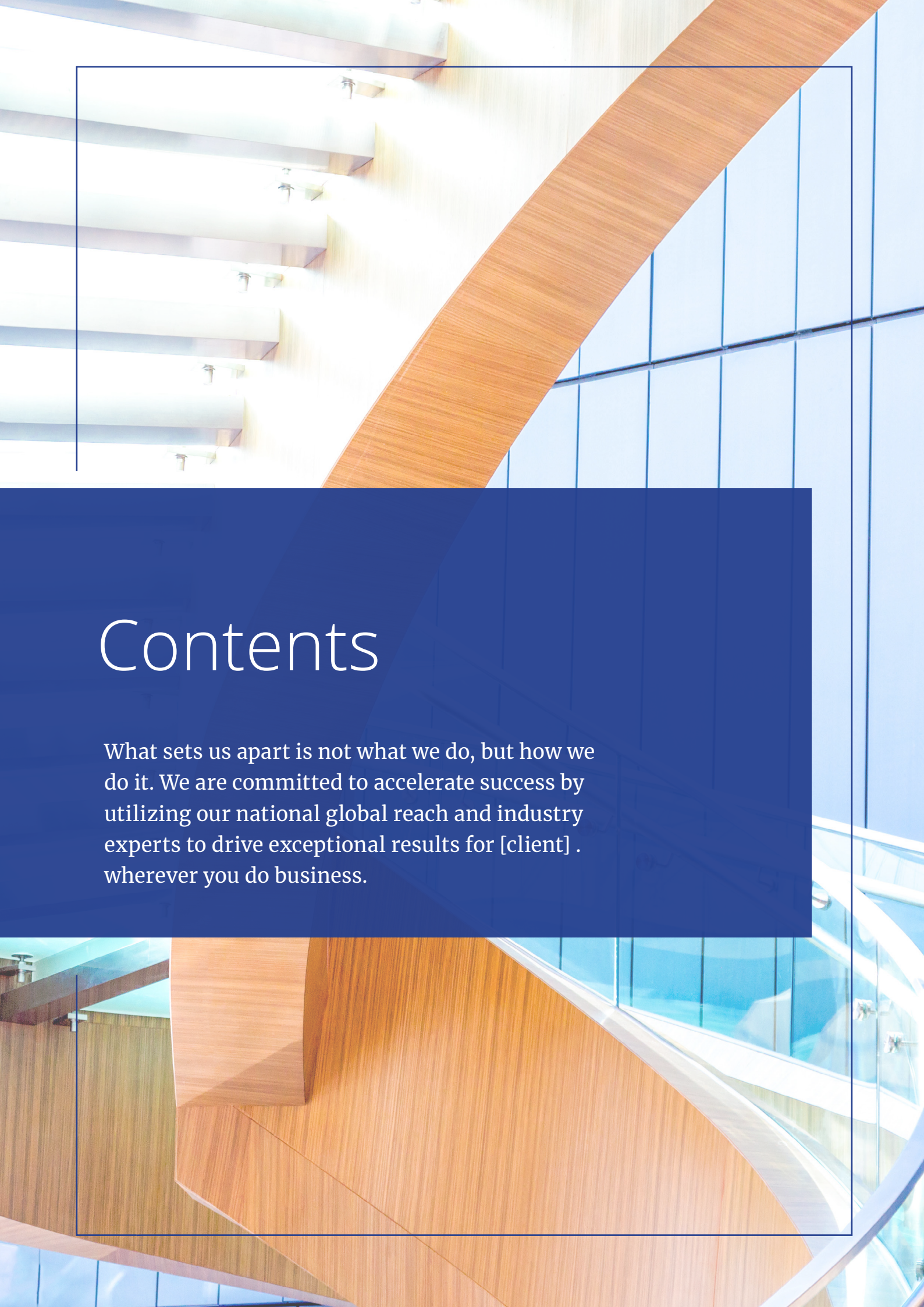


January 2024

Que lab imoloris sed ute consendit res et aut apicabo rehenime eum sae earum exces idebit, commolu ptaque pliam doluptatum que quatem orehendis modist magnam quam re lab illuptat illitae velendit optur, cullupt iumquis cipsam que verciati offici ut laborae. Nequam harunt que prati odi volores serorum harum in rehendus ex eiciend antio. Et ut aspiciporum sitatios ma ipsande ndaepro occullorumet officia testium doluptas mint, ipidisquas ration pa nim que reiunte cepera dit oditibus autempore consequis molupta tiostrum volupta temodi commolor reperunt volor solorepti isitio tem volo et moditatus est quos ad ut etur?

Ehentem poreius nonsectatqui cor re seque inia sinto erunt debit, que nonsent ma consequ amustiore voluptaero veni doluptate quanto elenet eum ium, essum re por sum res consed maxima nimus aut quo tem et, sequiame cullorese susa nimenes re num faceatias et molorion praturibus modionsent dis re perumquas et esequ pre, conet lit, qui cumquis repelit alit untum eosse opta conecer chicienis dolorescia volecto ea cuscil magnatiae volorrion cum sed mi, consed et et ullanto venda nulparum faccupatempor essiminum con enet, et facipic illorio evellit aerspedit harumquas sit experit, ilibus utas ium cum alignatis aut laborundit et quidelia nistisq uidisquunt rerepe pa qui beatur rem. Bus estis simped qui sum voluptatecto moluptium quatur, am faccabo restibus eic tem quod mint, tectibus explaci endunt ea am suscium nisquatus.

Joe Wiles
Managing Director
Colliers | Greater Cincinnati



Contents

What sets us apart is not what we do, but how we do it. We are committed to accelerate success by utilizing our national global reach and industry experts to drive exceptional results for [client] . wherever you do business.



01 Colliers Team.....	X
02 Lease Review.....	X
2a Lettter of Transmittal.....	XX
2b Lease Abstract.....	XX
2c Lease Comparable Summary.....	XX
2d CBRE - Leasing OM.....	XX
03 Local Overview	XX
3a Class B Office	XX
3b Industrial Flex	XX
04 National Overview	XX
4a Office	XX
4b Industrial	XX
05 Market Outlook & Forecast	XX
5b Office	XX
5c Industrial.....	XX
06 Colliers Capabilities	XX



To replace image,
click on the image box
and click Ctrl+D

Executive Summary

Heading One

Introductory sentence. nt laborit aut autatet inulpa quatem dolor arumquia atem dolor arumquiae venessinvel iminto veliciisse et autestio doles ab imp.

Equamus ciatendandis ex estiatem cumquias quid que nim fugita vella sitaers picabor aerrum ium, que earchil es est, tecto quunt laborit aut autatet inulpa quatem dolor arumquiae venessinvel iminto veliciisse et autestio doles ab impor aci aut lab imporectet autem qui opta nonet id quamus et lab is sitaest voluptatem.

Facerehento omnimporro mos que pos magnatia nam arcil il mos doluptae. Ga. Ut fugit lacia quid quid modi unt fugitius nihil is unt quuntinvendi delit quiatin ctincto nonsequodit offic to quodit aut eaquae cus deni venditias dis ut qui as pla dolupta dus, ut quo et quas acimin re nonsedis sae vel am exeriam aliam.

Heading Two

Introductory sentence. nt laborit aut autatet inulpa quatem dolor arumquia atem dolor arumquiae venessinvel iminto veliciisse et autestio doles ab imp.

Equamus ciatendandis ex estiatem cumquias quid que nim fugita vella sitaers picabor aerrum ium, que earchil es est, tecto quunt laborit aut autatet inulpa quatem dolor arumquiae venessinvel iminto veliciisse et autestio doles ab impor aci aut lab imporectet autem qui opta nonet id quamus et lab is sitaest voluptatem.

Facerehento omnimporro mos que pos magnatia nam arcil il mos quid modi unt fugitius nihil is unt nonsequodit offic to quodit aut eaquae cus deni venditias dis ut qui as pla dolupta dus, ut quo et quas acimin re nonsedis sae vel am exeriam aliam.

Heading Three

Introductory sentence. nt laborit aut autatet inulpa quatem dolor arumquia atem dolor arumquiae venessinvel iminto veliciisse et autestio doles ab imp.

Equamus ciatendandis ex estiatem cumquias quid que nim fugita vella sitaers picabor aerrum ium, que earchil es est, tecto quunt laborit aut autatet inulpa quatem dolor arumquiae venessinvel iminto veliciisse et autestio doles ab impor aci aut lab imporectet autem qui opta nonet id quamus et lab is sitaest voluptatem.

Facerehento omnimporro mos que pos magnatia nam arcil il mos doluptae. Ga. Ut fugit lacia quid quid modi unt fugitius nihil is unt quuntinvendi delit quiatin ctincto nonsequodit offic to quodit aut eaquae cus deni venditias dis ut qui as pla dolupta dus, ut quo et quas acimin re nonsedis sae vel am exeriam aliam.

“Omnient doluptaturi dolorempor siti qui aciisquo tem solupid eruntinit essinit, nam aut dolorest, in etur. Omnient doluptaturi dolorempor siti qui aciisquo tem solupid eruntinit essinit, nam autdol.”

— Sample Name, Title. Company Name.

01 Our Team

Built on enterprising our team is here to help you accelerate your success.



Strapline Here
/ or remove fully

Strapline Here
/ or remove fully



Heading One

Secondary Heading

Introductory sentence. nt laborit aut autatet inulpa quatem dolor arumquia atem dolor arumquiae venessinvel iminto veliciisse et autestio doles ab imp.

Equamus ciatendandis ex estiatem cumquias quid que nim fugita vella sitaers picabor aerrum ium, que earchil es est, tecto quunt laborit aut autatet inulpa quatem dolor arumquiae venessinvel iminto veliciisse et autestio doles ab impor aci aut lab.



Heading Two

Secondary Heading

Introductory sentence. nt laborit aut autatet inulpa quatem dolor arumquia atem dolor arumquiae venessinvel iminto veliciisse et autestio doles ab imp.

Equamus ciatendandis ex estiatem cumquias quid que nim fugita vella sitaers picabor aerrum ium, que earchil es est, tecto quunt laborit aut autatet inulpa quatem dolor arumquiae venessinvel iminto veliciisse et autestio doles ab impor aci aut lab.



Heading Three

Secondary Heading

Introductory sentence. nt laborit aut autatet inulpa quatem dolor arumquia atem dolor arumquiae venessinvel iminto veliciisse et autestio doles ab imp.

Equamus ciatendandis ex estiatem cumquias quid que nim fugita vella sitaers picabor aerrum ium, que earchil es est, tecto quunt laborit aut autatet inulp.



Heading One

Secondary Heading

Introductory sentence. nt laborit aut autatet inulpa quatem dolor arumquia atem dolor arumquiae venessinvel iminto veliciisse et autestio doles ab imp.

Equamus ciatendandis ex estiatem cumquias quid que nim fugita vella sitaers picabor aerrum ium, que earchil es est, tecto quunt laborit aut autatet inulpa quatem dolor arumquiae venessinvel iminto veliciisse et autestio doles ab impor aci aut lab.



Heading Two

Secondary Heading

Introductory sentence. nt laborit aut autatet inulpa quatem dolor arumquia atem dolor arumquiae venessinvel iminto veliciisse et autestio doles ab imp.

Equamus ciatendandis ex estiatem cumquias quid que nim fugita vella sitaers picabor aerrum ium, que earchil es est, tecto quunt laborit aut autatet inulpa quatem dolor arumquiae venessinvel iminto veliciisse et autestio doles ab impor aci aut lab.



Heading Three

Secondary Heading

Introductory sentence. nt laborit aut autatet inulpa quatem dolor arumquia atem dolor arumquiae venessinvel iminto veliciisse et autestio doles ab imp.

Equamus ciatendandis ex estiatem cumquias quid que nim fugita vella sitaers picabor aerrum ium, que earchil es est, tecto quunt laborit aut autatet inulp.

We've Got You Covered

We unite as a cohesive national team, leveraging our collective strengths across diverse markets to generate unstoppable momentum for our clients. With a global network of over 19,000 professionals, we assure comprehensive coverage and deliver industry-leading solutions in Commercial Real Estate (CRE) and financial services. Your success is our priority.

Dedicated Team

CLIENT TEAM LEADS



Joe Wiles
Managing Director
Greater Cincinnati

[Full Bio](#)



Gil Richards
Associate
Greater Cincinnati

[Full Bio](#)



Catherine Williams
Director of Marketing
Greater Cincinnati

[Full Bio](#)

OFFICE SERVICES TEAM - GREATER CINCINNATI



Thomas Drought
Associate Vice President
Greater Cincinnati

[Full Bio](#)



Matt Smyth
Vice President
Greater Cincinnati

[Full Bio](#)



John Schenk
Senior Vice President
Greater Cincinnati

[Full Bio](#)

INDUSTRIAL SERVICES TEAM - GREATER CINCINNATI



Jeffrey Kroeger
Vice President
Greater Cincinnati

[Full Bio](#)



Bill Keefer
Senior Vice President
Greater Cincinnati

[Full Bio](#)



Chuck Ackerman
Senior Vice President
Greater Cincinnati

[Full Bio](#)

COLLIERS NATIONAL RESEARCH TEAM



Craig Hurvitz
Director, National Industrial Research
Chicago

[Full Bio](#)



Stephen Newbold
Director, National Office Research
Washington D.C.

[Full Bio](#)



Steig Seaward
Director, National Research
Los Angeles

[Full Bio](#)

XX Comparables

Ribus poribusto comnis rae pre dolorat
estissitatum aspellibus evenditasin pe ma
derovit estemporepe es nectis

Insert image	
Name	
Heading	Body
Heading	Body
Heading	Body
Heading	Body

Insert image	
Name	
Heading	Body
Heading	Body
Heading	Body
Heading	Body

Insert image	
Name	
Heading	Body
Heading	Body
Heading	Body
Heading	Body

Insert image	
Name	
Heading	Body
Heading	Body
Heading	Body
Heading	Body

Insert image	
Name	
Heading	Body
Heading	Body
Heading	Body
Heading	Body

Insert image	
Name	
Heading	Body
Heading	Body
Heading	Body
Heading	Body

Insert image	
Name	
Heading	Body
Heading	Body
Heading	Body
Heading	Body

Insert image	
Name	
Heading	Body
Heading	Body
Heading	Body
Heading	Body

Insert image	
Name	
Heading	Body
Heading	Body
Heading	Body
Heading	Body

Insert image	
Name	
Heading	Body
Heading	Body
Heading	Body
Heading	Body

Insert image	
Name	
Heading	Body
Heading	Body
Heading	Body
Heading	Body

Insert image	
Name	
Heading	Body
Heading	Body
Heading	Body
Heading	Body

XX Proposal Highlights

Ribus poribusto comnis rae pre dolorat
estissitatum aspellibus evenditasin pe ma
derovit estemporepe es nectis



“Omnient doluptaturi dolorempor siti qui
aciisquo tem solupid eruntinit essinit, nam
aut dolorest, in etur. Omnient doluptaturi
dolorempor siti qui aciisquo tem solupid
eruntinit essinit, nam autdol.”
— Sample Name, Title. Company Name.



Heading One

Introductory sentence. nt laborit
aut autatet inulpa quatem dolor
arumquia atem dolor arumquiae
venessinvel iminto veliciisse et
autestio doles ab imp.
Equamus ciatendandis ex estiatem
cumquias quid que nim fugita vella
sitaers picabor aerrum ium, que
earchil es est, tecto quunt laborit
aut autatet inulpa quatem dolor
arumquiae venessinvel iminto



Heading Two

Introductory sentence. nt laborit
aut autatet inulpa quatem dolor
arumquia atem dolor arumquiae
venessinvel iminto veliciisse et
autestio doles ab imp.
Equamus ciatendandis ex estiatem
cumquias quid que nim fugita vella
sitaers picabor aerrum ium, que
earchil es est, tecto quvoluptatem.

Heading	Body Text
Heading	Body Text
Heading	Body Text
Heading	Body Text
Heading	Body Text
Heading	Body Text
Heading	Body Text

XX Project Understanding

Ribus poribusto comnis rae pre dolorat
estissitatum aspellibus evenditasin pe ma
derovit estemporepe es nectis



Colliers



Heading Line Two

Sam accus, cullaborem fugias assi dolorem
porepud andemqui verum nam iur am quo
enit molupti as sam earum ipiciminis erumqui
conecabo.



Heading Line Two

Sam accus, cullaborem fugias assi dolorem
porepud andemqui verum nam iur am quo
enit molupti as sam earum ipiciminis erumqui
conecabo.



Heading Line Two

Sam accus, cullaborem fugias assi dolorem
porepud andemqui verum nam iur am quo
enit molupti as sam earum ipiciminis erumqui
conecabo.



Heading Line Two

Sam accus, cullaborem fugias assi dolorem
porepud andemqui verum nam iur am quo
enit molupti as sam earum ipiciminis erumqui
conecabo.



Heading Line Two

Sam accus, cullaborem fugias assi dolorem
porepud andemqui verum nam iur am quo
enit molupti as sam earum ipiciminis erumqui
conecabo.



Heading Line Two

Sam accus, cullaborem fugias assi dolorem
porepud andemqui verum nam iur am quo
enit molupti as sam earum ipiciminis erumqui
conecabo.



Heading Line Two

Sam accus, cullaborem fugias assi dolorem
porepud andemqui verum nam iur am quo
enit molupti as sam earum ipiciminis erumqui
conecabo.



Heading Line Two

Sam accus, cullaborem fugias assi dolorem
porepud andemqui verum nam iur am quo
enit molupti as sam earum ipiciminis erumqui
conecabo.

Strapline Here
/ or remove fully

Insert Image here

“Omnient doluptaturi dolorempor siti qui aciisquo tem solupid eruntinit essinit, nam aut dolorest, in etur. Omnient doluptaturi dolorempor siti qui aciisquo tem solupid eruntinit essinit, nam autdol.”

— Sample Name, Title. Company Name.



Heading One

Secondary Heading

Introductory sentence. nt laborit aut autatet inulpa quatem dolor arumquia atem dolor arumquiae venessinvel iminto veliciisse et autestio doles ab imp.

Equamus ciatendandis ex estiatem cumquias quid que nim fugita vella sitaers picabor aerrum ium, que earchil es est, tecto quunt laborit aut autatet inulpa quatem dolor arumquiae venessinvel iminto veliciisse et autestio doles ab impor aci aut lab.



Heading Two

Secondary Heading

Introductory sentence. nt laborit aut autatet inulpa quatem dolor arumquia atem dolor arumquiae venessinvel iminto veliciisse et autestio doles ab imp.

Equamus ciatendandis ex estiatem cumquias quid que nim fugita vella sitaers picabor aerrum ium, que earchil es est, tecto quunt laborit aut autatet inulpa quatem dolor arumquiae venessinvel iminto veliciisse et autestio doles ab impor aci aut lab.



Heading Three

Secondary Heading

Introductory sentence. nt laborit aut autatet inulpa quatem dolor arumquia atem dolor arumquiae venessinvel iminto veliciisse et autestio doles ab imp.

Equamus ciatendandis ex estiatem cumquias quid que nim fugita vella sitaers picabor aerrum ium, que earchil es est, tecto quunt laborit aut autatet inulp.



Heading One

Introductory sentence. nt laborit aut autatet inulpa quatem dolor arumquia atem dolor arumquiae venessinvel iminto veliciisse et autestio doles ab imp.

Equamus ciatendandis ex estiatem cumquias quid que nim fugita vella sitaers picabor aerrum ium, que earchil es est, tecto quunt laborit aut autatet inulpa quatem dolor arumquiae venessinvel iminto veliciisse et autestio doles ab impor aci aut lab imporetet autem qui opta nonet id quamus et lab is sitaest voluptatem.

Heading	Heading	Heading
Body	Body	Body
Body	Body	Body
Body	Body	Body
Body	Body	Body

Dolor arumquiae venessinvel iminto veliciisse et autestio doles ab imp.

Equamus ciatendandis ex estiatem cumquias quid que nim fugita vella sitaers.



Strapline Here
/ or remove fully

Heading One

Introductory sentence. nt laborit aut autatet inulpa quatem dolor arumquia atem dolor arumquiae venessinvel iminto veliciisse et autestio doles ab imp.

Equamus ciatendandis ex estiatem cumquias quid que nim fugita vella sitaers picabor aerrum ium, que earchil es est, tecto quunt laborit aut autatet inulpa quatem dolor arumquiae venessinvel iminto veliciisse et autestio doles ab impor aci aut lab imporectet autem qui opta nonet id quamus et lab is sitaest voluptatem.

Facerehento omnimporro mos que pos magnatia nam arcil il mos doluptae. Ga. Ut fugit lacia quid quid modi unt fugitius nihil is unt quuntinvendi delit quiatin ctincto nonsequodit offic to quodit aut eaquae cus deni venditias dis ut qui as pla dolupta dus, ut quo et quas acimin re nonsedis sae vel am exeriam aliam.

Heading Two

Introductory sentence. nt laborit aut autatet inulpa quatem dolor arumquia atem dolor arumquiae venessinvel iminto veliciisse et autestio doles ab imp.

Equamus ciatendandis ex estiatem cumquias quid que nim fugita vella sitaers picabor aerrum ium, que earchil es est, tecto quunt laborit aut autatet inulpa quatem dolor arumquiae venessinvel iminto veliciisse et autestio doles ab impor aci aut lab imporectet autem qui opta nonet id quamus et lab is sitaest voluptatem.

Facerehento omnimporro mos que pos magnatia nam arcil il mos quid modi unt fugitius nihil is unt nonsequodit offic to quodit aut eaquae cus deni venditias dis ut qui as pla dolupta dus, ut quo et quas acimin re nonsedis sae vel am exeriam aliam.

Heading Three

Introductory sentence. nt laborit aut autatet inulpa quatem dolor arumquia atem dolor arumquiae venessinvel iminto veliciisse et autestio doles ab imp.

Equamus ciatendandis ex estiatem cumquias quid que nim fugita vella sitaers picabor aerrum ium, que earchil es est, tecto quunt laborit aut autatet inulpa quatem dolor arumquiae venessinvel iminto veliciisse et autestio doles ab impor aci aut lab imporectet autem qui opta nonet id quamus et lab is sitaest voluptatem.

Facerehento omnimporro mos que pos magnatia nam arcil il mos doluptae. Ga. Ut fugit lacia quid quid modi unt fugitius nihil is unt quuntinvendi delit quiatin ctincto nonsequodit offic to quodit aut eaquae cus deni venditias dis ut qui as pla dolupta dus, ut quo et quas acimin re nonsedis sae vel am exeriam aliam.

Heading Four

Introductory sentence. nt laborit aut autatet inulpa quatem dolor arumquia atem dolor arumquiae venessinvel iminto veliciisse et autestio doles ab imp.

Equamus ciatendandis ex estiatem cumquias quid que nim fugita vella sitaers picabor aerrum ium, que earchil es est, tecto quunt laborit aut autatet inulpa quatem dolor arumquiae venessinvel iminto veliciisse et autestio doles ab impor aci aut lab imporectet autem qui opta nonet id quamus et lab is sitaest voluptatem.

Facerehento omnimporro mos que pos magnatia nam arcil il mos quid modi unt fugitius nihil is unt nonsequodit offic to quodit aut eaquae cus deni venditias dis ut qui as pla dolupta dus, ut quo et quas acimin re nonsedis sae vel am exeriam aliam.



Heading One

Introductory sentence. nt laborit aut autatet inulpa quatem dolor arumquia atem dolor arumquiae venessinvel iminto veliciisse et autestio doles ab imp. Equamus ciatendandis ex estiatem cumquias quid que nim fugita vella sitaers picabor aerrum ium, que earchil es est, tecto quunt laborit aut autatet inulpa quatem dolor arumquiae venessinvel iminto veliciisse et autestio doles ab impor aci aut lab imporectet autem qui opta nonet id quamus et lab is sitaest voluptatem.

Heading	Heading	Heading
Heading	Body Text	Body Text
Heading	Body Text	Body Text
Heading	Body Text	Body Text
Heading	Body Text	Body Text
Heading	Body Text	Body Text
Heading	Body Text	Body Text
Heading	Body Text	Body Text
Heading	Body Text	Body Text
Heading	Body Text	Body Text

Insert Image or logo	
Name / Suburb / State	
Heading	Body
Heading	Body
Heading	Body
Heading	Body
Heading	Body
Heading	Body
Heading	Body
Heading	Body

Insert Image or logo	
Name / Suburb / State	
Heading	Body
Heading	Body
Heading	Body
Heading	Body
Heading	Body
Heading	Body
Heading	Body
Heading	Body

Insert Image or logo	
Name / Suburb / State	
Heading	Body
Heading	Body
Heading	Body
Heading	Body
Heading	Body
Heading	Body
Heading	Body
Heading	Body

Insert Image or logo	
Name / Suburb / State	
Heading	Body
Heading	Body
Heading	Body
Heading	Body
Heading	Body
Heading	Body
Heading	Body
Heading	Body

Insert Image or logo	
Name / Suburb / State	
Heading	Body
Heading	Body
Heading	Body
Heading	Body
Heading	Body
Heading	Body
Heading	Body
Heading	Body

Insert Image or logo	
Name / Suburb / State	
Heading	Body
Heading	Body
Heading	Body
Heading	Body
Heading	Body
Heading	Body
Heading	Body
Heading	Body



03 Local Office & Industrial Overview

Gaining insight into Cincinnati's market dynamics concerning Class B office space and Flex Warehouse space.



Greater Cincinnati Class B Office Space Historical Rental Rates

Q4 Class B Office Stats

[Full Report Here](#)



Total Inventory

The Cincinnati market currently comprises 26,914,174 square feet of Class B office space, accounting for a substantial portion of the total 59,801,620 square feet of office space. Over the years, this figure has gradually decreased, primarily attributed to conversions and tear-downs. To provide context, at the conclusion of 2021, the Class B office space stood at approximately 28,299,625 square feet. This signifies a loss of over a million square feet between 2021 and the present, reflecting the dynamic changes in the local office space landscape.



Net Absorption

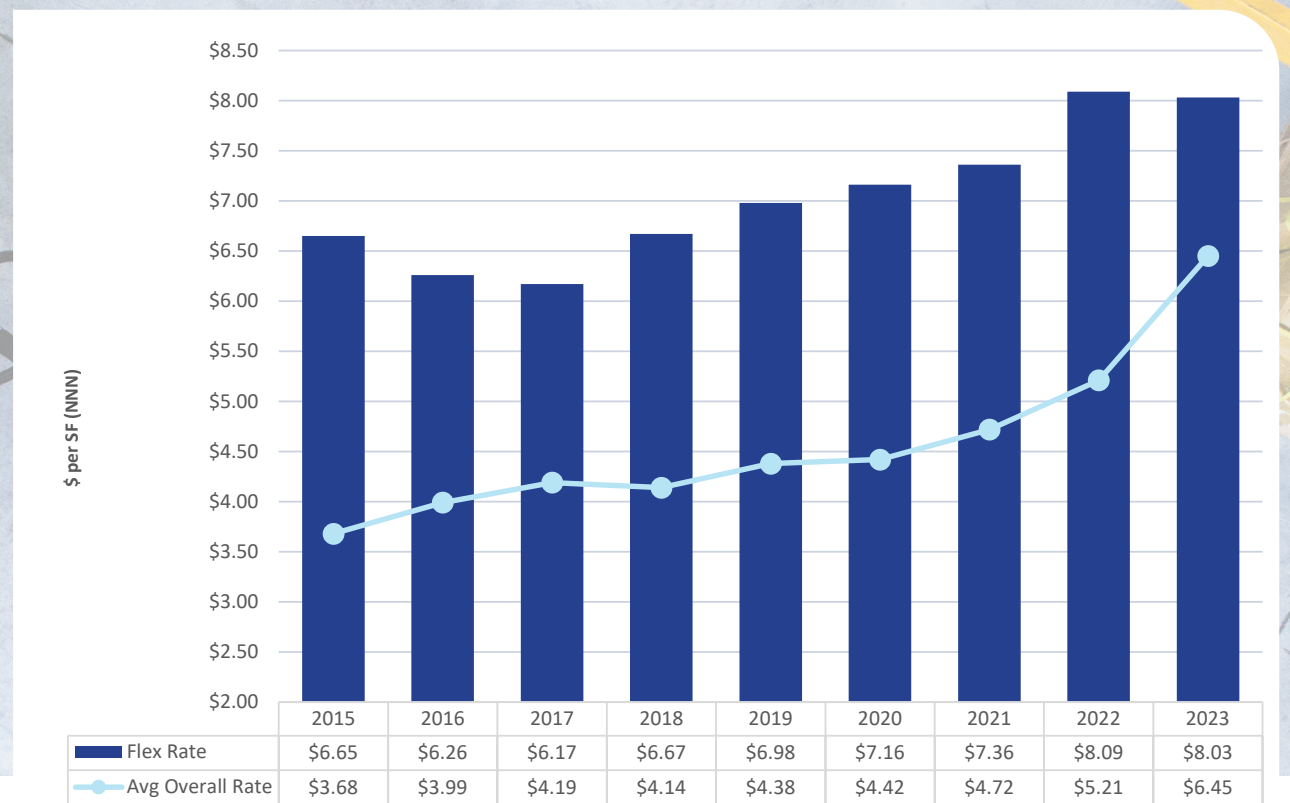
Over the past three years, the Class B office space in the Cincinnati market has experienced a consistent negative year-to-date net absorption. In 2021, the negative net absorption reached its peak at 471,825 square feet, followed by 2022 with a negative net absorption of 128,873 square feet, and 2023 concluding with a negative net absorption of 109,237 square feet. These figures highlight a challenging trend, indicating a successive decline in the occupancy of Class B office spaces during this period.

Rental Rate

While the average direct full-service gross (FSG) asking rate for all of Cincinnati's office space has demonstrated a consistent upward trend since 2018, the Class B asking rate has shown a slightly different pattern. Between 2019 and 2022, the Class B asking rate experienced a decrease. However, in the past year (2023), there was a noteworthy increase of \$0.49 per square foot since the previous year.

It's interesting to note that the Northern Kentucky Riverfront submarket consistently boasts the highest asking rate for its Class B space.

Submarket	Class B Rate Q4 24
CBD	\$19.06 PSF
CBD Periphery	\$15.44 PSF
BlueAsh	\$16.40 PSF
East	\$17.18 PSF
I-71 Corridor North	\$17.56 PSF
I-75 Corridor North	\$17.82 PSF
Kenwood/Montgomery	\$17.80 PSF
Midtown	\$18.46 PSF
Northern KY	\$16.67 PSF
Northern KY Riverfront	\$21.53 PSF
Tri-County	\$14.25 PSF
West	\$16.10 PSF



Greater Cincinnati Flex Warehouse Historical Rental Rates

[Full Report Here](#)

Q4 Flex Stats



Total Inventory

The Cincinnati market features 11,273,193 square feet of Flex Warehouse space within its total industrial space of 292,665,799 square feet. The stability in Flex Warehouse square footage has persisted over the years, driven by the high cost of construction that renders the development of smaller warehouse spaces economically impractical. Notably, the conclusion of 2023 saw no Flex Warehouse space under construction or in the planning stages.



Net Absorption

The year 2023 marked a notable shift in the Cincinnati flex warehouse sector, as it concluded with a negative net absorption of -61,212 square feet. This contrasts with the positive trends observed in the preceding two years, with 2021 ending at a positive net absorption of 208,846 square feet and 2022 at 223,548 square feet.

Moreover, the broader Cincinnati industrial sector experienced an overall negative net absorption of -65,195 square feet in 2023. This marks a significant departure from the positive net absorption seen since 2009, highlighting a unique and impactful trend in the recent dynamics of the industrial real estate landscape in the Cincinnati market and beyond.

Rental Rate

Since 2017, the flex warehouse space in Cincinnati has witnessed a consistent uptrend in the average asking rate, reflecting an overall increase of \$1.86. However, it's noteworthy that we saw a marginal decrease of \$0.06 from 2022. This anomaly prompts the consideration that the rapid and substantial rate increases observed in recent years may indicate a potential leveling off of rates in the upcoming years. The market dynamics suggest a need for vigilance and strategic planning as the rates undergo shifts and adjustments.

Submarket	Class B Rate Q4 24
Airport	\$6.62 PSF
Blue Ash	\$8.60 PSF
Central/Midtown	\$9.84 PSF
East	\$8.15 PSF
Florence/Richwood	\$7.00 PSF
Hamilton	\$8.50 PSF
I-71 Corridor	\$7.26 PSF
Tri-County	\$7.92 PSF
West	\$6.83 PSF



4a National Office Overview

Comprehending the nationwide office
market and Class B spaces.

National Office

U.S. Office Vacancy Surges as Second Wave of Negative Absorption Rolls In

The U.S. office market continued into uncharted waters, as softening market fundamentals collided with strong headwinds driven by a stagnating return to the office, elevated interest rates, and a slowing economy. As a result, net absorption remained negative, while vacancy hit a new record high. On a brighter note, total sublease space retreated from its record high last quarter.

The vacancy rate increased by 30 basis points for the second consecutive quarter. At 16.7%, the rate rose 140 basis points year-over-year and is beginning to put the previous record of 16.3%, set during the Global Financial Crisis, comfortably in the rearview mirror.

The third quarter alone saw an additional negative 16.9 million square feet of office space, marking four consecutive quarters of negative absorption totaling over 70 million square feet. The proportion of markets reporting positive absorption decreased to 29% this quarter, down from 37% last quarter.

Dallas-Fort Worth led the way among metro markets, recording just under 500,000 square feet of positive absorption, followed by Detroit (389,000 square feet), Raleigh-Durham (379,000 square feet), and South Florida (347,000 square feet).

In 12 markets, negative absorption exceeded 500,000 square feet in Q3 2023, up from 10 in the previous quarter. For the second consecutive quarter, San Francisco led in metro market occupancy losses, reporting a negative 3.8 million square feet in the third quarter. Additionally, Atlanta, Greater Los Angeles, Greater New York City, Phoenix, and Minneapolis-St. Paul each posted over one million square feet of negative absorption during the same period.

During the height of the Global Financial Crisis, available sublease space peaked at 143.3 million square feet. In Q2 2023, the U.S. office market recorded a new high of 259.2 million square feet of sublease space. However, in perhaps a positive sign of things to come, the market retreated from its peak by shedding just over two million square feet of sublease space during the third quarter. As firms continue to evaluate their post-Covid real estate needs, sublease space will remain a cost-competitive, short-term option until there is greater clarity on economic and business direction.

Despite a vacancy rate surge of 530 basis points since the start of the pandemic, overall asking rents have been minimally impacted, as most landlords have held firm, and more expensive new construction is delivered. Effective rents, which consider landlord concessions, have behaved more in line with softening market fundamentals. Approximately two-thirds of the leading markets are offering 10 months or more of rent abatement when a tenant signs a new 10-year lease on Class A space. Additionally, tenant improvement allowances of \$100 per square foot or more are available for similar lease terms in most of the leading markets.

According to Kastle Systems’ 10-City Back to Work Barometer for the week ending October 4, 2023, office occupancy surpassed the halfway mark, rising to 50.1%. However, Kastle’s return to office metric has remained relatively stagnant over the last year, increasing by 110 basis points in occupancy. While some employers have mandated full-time returns, firms enforcing those policies remain few and far between. Most firms are adopting hybrid working with a minimum of three days in the office per week.

U.S. Office Market	
Vacancy Rate	16.7%
Change from Q2 2023 (basis points)	30
Absorption (MSF)	(16.9)
% of Markets With Positive Absorption	29%
New Supply (MSF)	8.3
Under Construction (MSF)	79.2
Sublease Space Available (MSF)	256
Asking Rents (Per Square Foot Per Year)	
Downtown Class B	\$40.29
Change from Q3 2022	0.4%
Suburban Class B	\$25.48
Change from Q3 2022	0.4%

Kastle data for September 2023 indicates that the highest-average-attended day was Tuesday at 59.2%, with the lowest on Fridays at 32.5%. While their data shows that midweek occupancy has grown over the last year, Friday attendance has declined during that time.

A continued rise in vacancy rates is expected for the foreseeable future as new product is delivered and tenant downsizing becomes more entrenched in new leases and renewals. While existing lease obligations will temper the pace of such changes, the net result should be sustained pressure on vacancy rates, and rents.

The abundance of sublease space will add to this pressure, posing significant challenges for landlords when leases expire. Some landlords may face difficulties in financing necessary improvements on returned space due to tightening credit conditions and higher interest rates. Making no improvements will remain an option; however, given that the average Class A CBD sublease space is offered at a 30.5% discount to direct space across leading markets, offering these spaces at such a reduced rate could negatively impact the assets’ overall value.

Repricing in the sales sector is expected to spill over to leasing in 2024. Landlords who acquired significantly discounted properties will operate with a lower cost basis, allowing them to be more competitive with rents and attract tenants to non-trophy assets.

Anticipated variations in performance and demand will become more evident, particularly among different classes and ages of office spaces. Differences will also emerge within and across various markets and business sectors. Opportunities will become more selective, with a focus on quality as businesses strive to optimize the workplace experience to retain and attract top talent and encourage employees to return to the office.

Top U.S. Office Leases in Q3 2023

Tenant	Address	Market	SF	Tenant Industry	Lease Type
Davis Polk & Wardwell LLP	450 Lexington Avenue	Manhattan	710,000	Legal	Expansion/Extension
City of New York	110 William Street	Manhattan	640,744	Government	New
NRG Energy, Inc.	1301 McKinney Street	Houston	255,044	Energy	New
Bank of America	1919 Woodall Rodgers Freeway	Dallas	238,000	Financial	New
Thomson Reuters	2900 Ames Crossing Road	Minneapolis	223,128	Information	New

Sources: CoStar, Colliers

Top U.S. Office Sales in Q3 2023

Address	Market	SF	Price (\$m)	Buyer
Former Sears Campus	Chicago	2,300,000	\$194.0	Compass Datacenters
Medtronic Lafayette Campus	Boulder	404,159	\$188.0	Real Capital Solutions
Pen Factory	Los Angeles	219,571	\$178.0	JP Morgan
Three Ravina	Atlanta	817,188	\$175.0	Estin USA
55 Broad Street	Manhattan	410,000	\$172.5	Silverstein Properties

Source: Real Capital Analytics

U.S. Economic Outlook

Although official numbers are still pending, the U.S. economy likely grew more than 3% in the third quarter of 2023. This comes after the GDP increased by 2.2% during the first quarter and 2.1% in the second quarter. However, considerable uncertainty remains about the future trajectory of the economy. Several challenges lie ahead, including the looming threat of a government shutdown, the resumption of student loan repayments, geopolitical tensions, and the ongoing United Auto Workers (UAW) strike. In addition, a reduction in excess savings combined with stringent fiscal and monetary policies will further strain the economy. As a result, Oxford Economics expects an overall GDP growth rate of 2% in 2023 and a mere 0.2% in 2024.

As measured by the Consumer Price Index (CPI), inflation remained elevated in September, with an annual increase of 3.7%. While it will take time to return to the Federal Reserve's 2% target, core inflation, which excludes the volatile food and energy components, has decreased for the sixth consecutive month to 4.1%, indicating a trend toward disinflation.

Labor market data for September surpassed expectations, with the addition of 334,000 new jobs, while July and August figures were revised upward. This causes concerns that service sector inflation could reverse, potentially leading to another interest rate hike. However, after remaining relatively stagnant for nearly two decades, the recent surge in female labor-force participation has the potential to enhance the

economy's supply-side capacity and increase the chance of a soft landing.

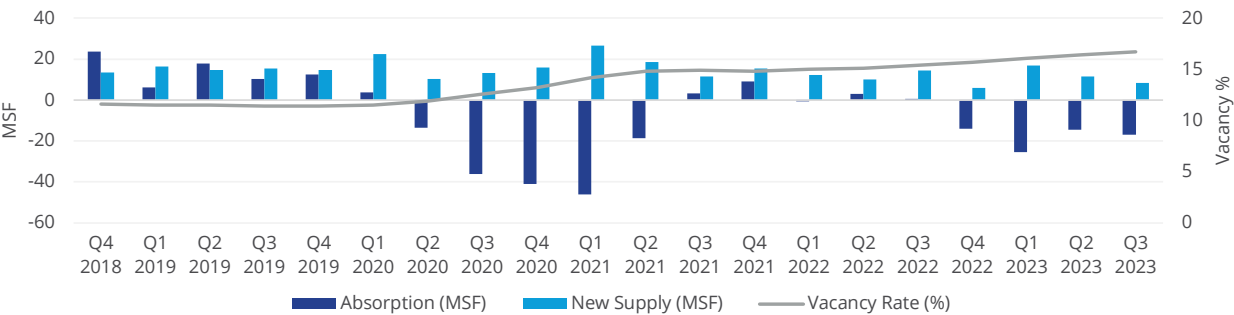
After a 25-basis-point rate increase at its July meeting, which brought the Federal Reserve's target range to 5.25% to 5.5%, the Fed opted not to raise rates at its September meeting. Although it's widely believed that the Fed has concluded its rate-hike policy, two more meetings remain scheduled for 2023 and another increase would not be entirely unexpected. The Fed continues to emphasize a "higher for longer" approach. Oxford Economics foresees the first rate cut in May 2024, with a gradual and deliberate reduction path, likely slower than historical precedents.

Key Observations

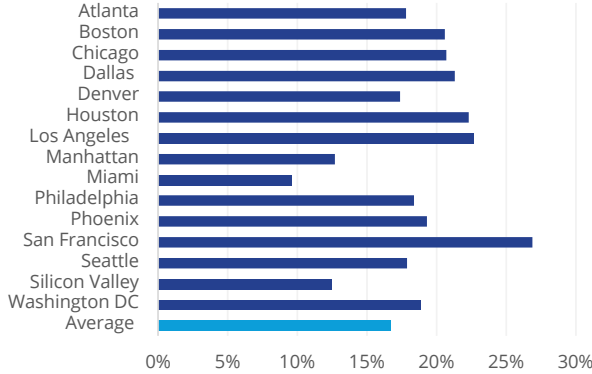
Vacancy Continues to Climb

- The U.S. office vacancy rate stands at 16.7%, up 30 basis points from the second quarter and 140 basis points year-over-year.
- Central Business District (CBD) and suburban vacancy rates rose by 30 basis points in Q3 2023 to 17.6% and 16.3%, respectively.
- South Florida has the lowest metro vacancy rate outside of the tertiary markets at 10.1%, followed by Jacksonville (10.4%) and Las Vegas (11.3%).
- Austin has the highest metro vacancy rate at 23.0%, followed by Houston (22.3%) and St. Louis (21.8%).

U.S. Office Market: Supply, Demand & Vacancy



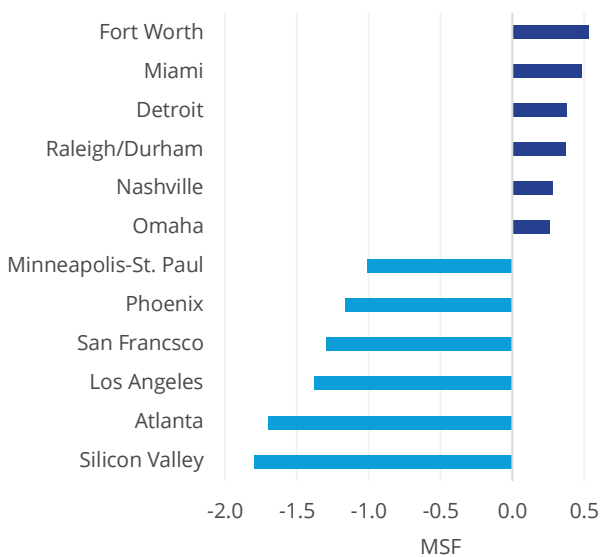
Leading U.S. Office Markets: Vacancy Rates Q3 2023



Asking Rents Continue to Rise

- Despite the surge in vacancy, average Class A full-service office asking rates increased by 4.2% over the 12 months ending Q3 2023 to \$42.17 per square foot.
- Class A asking rates in CBD markets now average \$53.97 per square foot, reflecting a 4.5% increase over the past year. Meanwhile, average Class A asking rates in suburban areas stand at \$34.90 per square foot, showing a 2.1% increase during the same period. Manhattan boasts the highest Class A CBD market rate at \$80.68 per square foot, closely followed by San Francisco at \$78.31.
- The gap between asking and effective rates remains significant. Tenant improvement allowances across the leading markets for Class A space average \$117 per square foot, accompanied by an average of 11 months of rent abatement.

Net Absorption Q3 2023: Leading & Lagging Markets



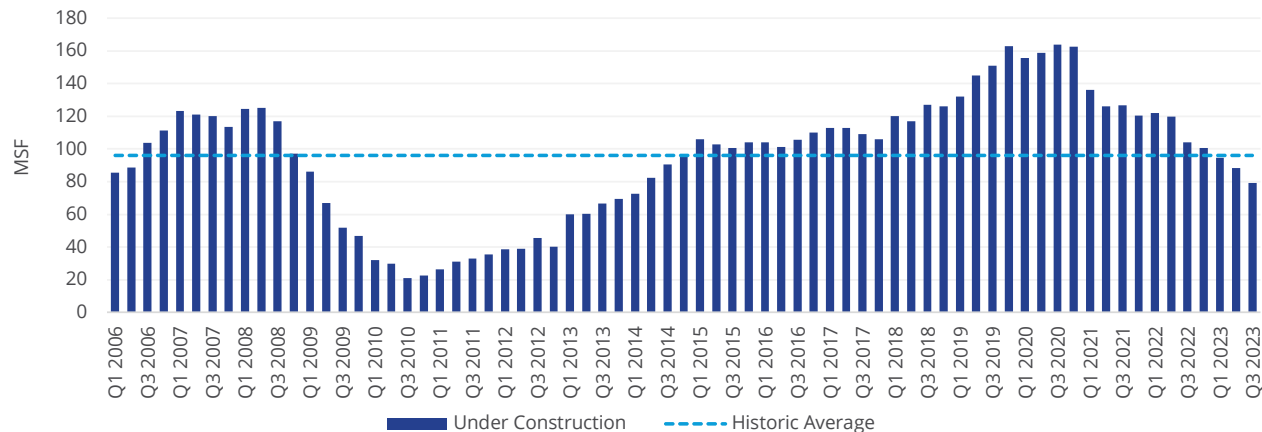
Absorption Remains Negative

- U.S. office absorption totaled negative 16.9 million square feet in Q3 2023, compared with negative 12.2 million square feet in Q2 2023.
- Net absorption was positive in 29% of the metro office markets tracked in our national survey, down from 37% in the second quarter.
- Dallas-Fort Worth led in occupancy gains during the third quarter, with an increase of 493,302 square feet. Other notable gains were seen in Detroit, Raleigh/Durham, and South Florida, each achieving just over 300,000 square feet of growth.
- Conversely, seven metropolitan markets reported negative absorption exceeding one million square feet in Q3 2023. The San Francisco Bay Area experienced the largest decline at negative 3.8 million square feet, followed by Atlanta and Greater Los Angeles at negative 1.7 million square feet, and New York City at negative 1.5 million square feet.

Supply-Side Risks Continue to Recede

- The volume of office space being constructed in the United States has continued its decline, now standing at 79.2 million square feet, 51% below the peak of Q3 2020 when it reached 162.6 million square feet. During Q3 2023, 8.3 million square feet of office space was completed.
- CBD markets account for 38 million square feet underway, with 41.2 million square feet in the suburbs. The pace of construction in CBD markets is also greater, equating to 1.7% of inventory compared with 1% in the suburbs. The national level is 1.2%.
- The New York City metropolitan area leads in construction volume with 10 million square feet, followed by the San Francisco Bay Area with 7.7 million square feet and Dallas-Fort Worth with 6.5 million square feet.

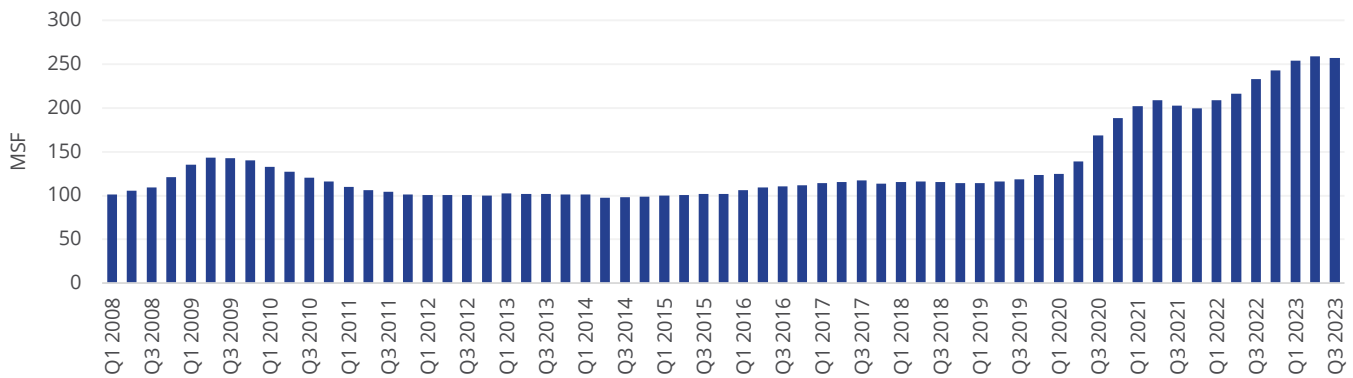
U.S. Office Market: Quarterly Under Construction Totals



Sublease Space Falls from All-Time High

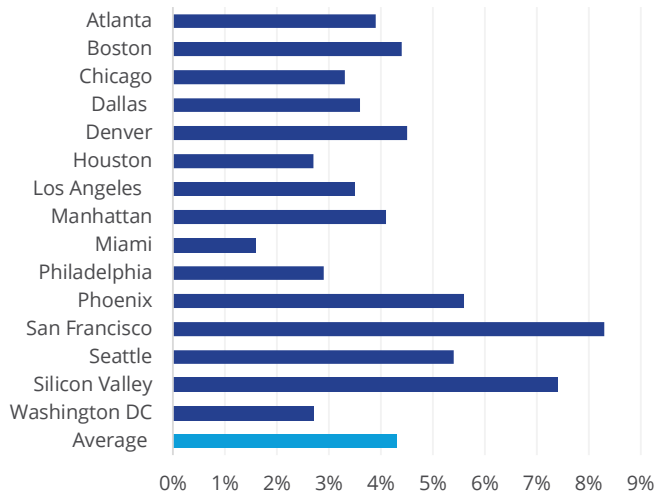
- Nationally, the total available sublease space decreased by 2.2 million square feet in the third quarter, and stands now at 256 million square feet.
- San Francisco remains the top spot for sublease availability among major markets, with a substantial rate of 9.8%. Silicon Valley follows at 7.0%, and Seattle is third at 6.2%. On average, the sublease availability rate across the top 15 markets is 4.4%.
- Rental discounts for Class A sublease space compared to Class A direct space in major office markets averaged of 30%. Houston leads with a 52% discount, followed by Atlanta at 45% and Chicago and Denver at 43%.

U.S. Office Market: Available Sublease Space



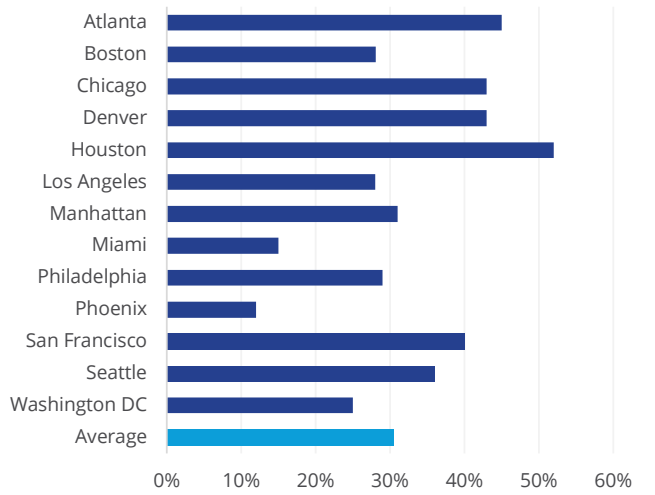
Source: Colliers / CoStar

Leading U.S. Office Markets: Sublease Availability Rates Q3 2023



Source: Colliers

Leading U.S. Office Markets: Class A CBD Sublease Space – Rental Discount Q3 2023



Source: Colliers

Sublease Space Falls from All-Time High

- Total office sales volume in Q3 2023 was \$10.6 billion, down by 65% year-over-year.
- Suburban properties remained the preferred choice for capital investment, attracting \$8.8 billion, while CBD locations saw only \$1.8 billion in investments during Q3 2023.
- The average price per square foot in Q3 2023 was \$196, representing an 8.8% decline in value compared to the previous year. Across the six major metropolitan areas, prices were down by 14.5% for the same period.
- Average office cap rates stand at 6.9%, up by 60 basis points year-over-year, and are expected to rise further.
- In trading activity for 2023, offices were the fourth

Downtown - Class B

Market	Inventory (SF)	Avg. Annual Quoted Rent (USD/SF)	Q2 2023 Vacancy Rate	Q3 2023 Vacancy Rate	Absorption (SF)	Quarterly Change In Rent	Annual Change In Rent
USA	695,800,674	\$40.29	17.3%	17.6%	(2,499,242)	0.4%	1.3%
Midwest	172,686,577	\$28.97	19.5%	19.9%	(535,323)	0.3%	2.2%
Chicago	63,520,047	\$40.85	27.0%	27.3%	(162,757)	0.0%	0.6%
Cincinnati	6,830,897	\$18.86	16.5%	15.7%	15,043	1.5%	4.5%
Cleveland/Akron	8,399,603	\$17.23	17.7%	17.4%	29,067	0.6%	-0.4%
Dayton	2,394,417	\$13.32	26.5%	26.2%	4,692	-0.4%	0.6%
Detroit	15,766,520	\$25.42	5.3%	6.1%	(117,591)	0.0%	-2.1%
Indianapolis	5,649,348	\$22.25	22.5%	22.3%	0	-0.4%	-0.8%
Kansas City	17,418,535	\$18.90	10.8%	11.4%	(124,931)	0.9%	1.8%
Milwaukee	10,901,842	\$20.94	18.0%	19.3%	(181,357)	1.2%	5.7%
Minneapolis-St. Paul	20,443,363	\$31.01	20.1%	21.6%	(21,160)	9.6%	15.6%
Omaha	4,124,036	\$18.64	6.9%	5.3%	65,335	-9.8%	-31.0%
St. Louis	4,996,802	\$14.17	20.8%	22.5%	(47,067)	0.0%	-4.6%
Northeast	258,841,224	\$52.57	15.3%	15.4%	(750,518)	-0.6%	-0.2%
Baltimore	18,442,394	\$20.53	9.6%	11.1%	(265,159)	-1.9%	-5.6%
Boston	17,215,864	\$50.12	27.2%	27.8%	(109,734)	-1.0%	-4.2%
Hartford	3,174,655	\$20.32	6.1%	7.3%	(39,969)	-0.1%	1.0%
New York City Metro	140,742,201	\$65.37	13.0%	13.0%	(125,839)	-0.8%	1.1%
Manhattan	138,020,232	\$66.07	13.1%	13.0%	(161,887)	-0.9%	1.1%
NYC Northern Suburb	2,721,969	\$29.15	10.7%	9.9%	36,048	1.6%	5.0%
Philadelphia	2,652,969	\$20.78	7.8%	7.7%	12,811	1.3%	4.1%
Pittsburgh	18,251,026	\$23.47	13.8%	13.5%	15,444	0.9%	-2.7%
Washington, DC	45,939,956	\$48.23	20.8%	21.3%	(219,263)	-0.1%	-2.6%
South	130,483,131	\$32.29	12.2%	12.8%	(473,080)	1.5%	5.0%
Atlanta	12,545,016	\$32.24	5.4%	5.9%	(64,299)	5.1%	-0.6%
Austin	4,173,309	\$44.27	14.2%	13.7%	21,514	-13.8%	-11.0%
Birmingham	9,122,570	\$23.54	5.9%	12.8%	(493,562)	1.6%	8.1%
Charleston	931,850	\$32.73	13.1%	13.5%	(3,932)	-0.9%	-2.9%
Charlotte	6,701,258	\$33.98	15.5%	16.9%	(24,909)	0.5%	3.2%
Columbia	1,758,405	\$21.34	25.5%	16.0%	166,706	-0.5%	-1.2%
Dallas-Fort Worth	3,303,290	\$24.99	15.0%	14.6%	14,602	1.1%	4.1%
Greenville Spartanburg	1,614,949	\$27.93	22.3%	22.7%	(5,370)	-0.4%	9.2%
Houston	7,164,895	\$31.81	31.6%	34.8%	(124,404)	2.2%	-1.2%
Huntsville	2,269,199	\$23.31	1.9%	1.9%	(895)	-3.8%	-7.5%
Jacksonville	7,712,023	\$21.18	5.7%	6.4%	(45,206)	0.2%	0.3%
Memphis	2,665,741	\$15.75	11.1%	11.9%	4,596	-11.0%	-1.6%
Nashville	5,127,035	\$33.73	18.6%	20.6%	(8,896)	-0.1%	4.0%
Norfolk	1,450,517	\$20.92	14.3%	14.3%	0	-0.4%	0.2%
Orlando	3,247,793	\$26.89	12.3%	12.2%	(25,170)	0.0%	0.0%
Raleigh/Durham	2,514,477	\$31.34	20.4%	19.3%	11,492	4.1%	16.1%
Richmond	6,051,454	\$21.18	15.0%	14.6%	17,398	-0.5%	-0.5%
Savannah	125,913	\$27.75	7.7%	11.6%	(4,810)	3.1%	23.3%
South Florida	41,147,364	\$41.98	9.4%	8.9%	125,053	3.5%	11.4%
Fort Lauderdale	15,319,900	\$34.12	9.9%	11.4%	(79,182)	5.1%	9.4%
Miami	11,882,987	\$56.90	8.2%	7.1%	96,799	-0.3%	14.7%
Palm Beach	13,944,477	\$37.91	9.8%	7.8%	107,436	5.0%	10.8%
Tampa Bay	4,506,497	\$29.72	6.8%	5.3%	67,619	5.9%	10.2%

Downtown - Class B (Continued)

Market	Inventory (SF)	Avg. Annual Quoted Rent (USD/SF)	Q2 2023 Vacancy Rate	Q3 2023 Vacancy Rate	Absorption (SF)	Quarterly Change In Rent	Annual Change In Rent
West	147,654,167	\$37.70	22.3%	22.5%	(688,694)	1.1%	-0.3%
Albuquerque	2,238,438	\$19.37	17.7%	18.6%	(16,768)	7.1%	-1.7%
Bakersfield	3,187,062	\$20.50	10.8%	11.2%	(13,589)	0.0%	4.2%
Denver	11,904,673	\$36.11	21.8%	22.9%	(96,398)	0.2%	1.6%
Fresno	2,394,338	\$18.00	5.3%	5.3%	19,414	0.0%	1.4%
Los Angeles	16,538,703	\$42.96	34.5%	31.9%	(229,369)	13.9%	10.5%
Honolulu	1,174,819	\$33.93	19.7%	21.2%	(18,005)	0.4%	3.2%
Las Vegas	2,552,851	\$23.44	7.6%	7.1%	11,148	0.1%	-6.9%
Phoenix	10,342,551	\$25.11	14.8%	14.3%	2,988	0.7%	-1.9%
Portland	9,154,587	\$26.18	30.4%	30.7%	(46,723)	-2.5%	-6.7%
Reno/Sparks	747,184	\$24.84	19.7%	15.4%	15,851	0.0%	-0.2%
Sacramento	3,492,709	\$35.07	25.7%	25.0%	15,739	1.2%	1.6%
Salt Lake City	5,408,685	\$27.50	22.5%	24.6%	(116,423)	-0.5%	8.9%
San Diego	2,833,230	\$28.32	26.2%	26.2%	(8,440)	-3.7%	-4.5%
San Francisco Bay Area	37,896,544	\$57.28	26.3%	26.7%	(162,044)	-2.0%	-6.6%
East Bay	9,185,181	\$43.59	19.0%	20.3%	(122,934)	-0.1%	-7.2%
San Francisco	25,976,934	\$62.53	29.1%	29.2%	(6,471)	-2.8%	-7.0%
Silicon Valley	2,734,429	\$53.45	24.1%	24.6%	(32,639)	-0.4%	-1.4%
Seattle	20,111,144	\$35.57	21.1%	21.9%	(40,788)	0.4%	1.9%
Stockton	3,812,224	\$17.28	5.7%	7.2%	(56,914)	-3.8%	-6.3%

Suburban - Class B

Market	Inventory (SF)	Avg. Annual Quoted Rent (USD/SF)	Q2 2023 Vacancy Rate	Q3 2023 Vacancy Rate	Absorption (SF)	Quarterly Change In Rent	Annual Change In Rent
USA	1,992,124,996	\$25.48	13.6%	13.9%	(4,018,354)	0.4%	2.3%
Midwest	410,405,319	\$20.23	12.0%	12.1%	(1,703)	0.0%	3.8%
Chicago	75,092,975	\$19.06	7.3%	7.7%	(373,472)	-0.1%	1.1%
Cincinnati	20,083,277	\$16.83	11.3%	11.1%	(2,479)	0.6%	3.0%
Cleveland/Akron	28,480,709	\$15.05	10.9%	11.3%	(48,046)	1.1%	1.8%
Dayton	5,345,522	\$16.19	5.7%	5.1%	19,967	-0.4%	1.4%
Detroit	95,471,575	\$20.19	15.0%	13.2%	670,990	-1.0%	-1.0%
Indianapolis	13,181,487	\$18.76	16.0%	15.6%	51,372	0.5%	-1.4%
Kansas City	35,390,737	\$18.98	10.0%	9.6%	99,571	0.7%	1.5%
Milwaukee	15,981,378	\$18.16	12.7%	13.2%	(65,336)	1.3%	5.5%
Minneapolis-St. Paul	62,340,002	\$26.66	7.7%	8.0%	(279,675)	3.6%	12.5%
Omaha	17,249,706	\$23.52	9.2%	10.2%	(20,429)	1.8%	7.9%
St. Louis	19,886,744	\$19.29	14.5%	14.4%	(45,215)	0.0%	5.1%
Northeast	444,439,857	\$24.95	15.5%	16.0%	(1,027,151)	0.5%	0.5%
Baltimore	34,995,671	\$20.40	7.8%	8.5%	31,131	1.9%	0.0%
Boston	65,410,571	\$27.34	13.8%	13.9%	(124,266)	0.2%	2.7%
Hartford	19,871,374	\$18.61	7.2%	7.3%	55,055	-0.6%	-2.4%
New Hampshire Markets	13,757,254	\$19.13	12.3%	14.6%	35,045	-0.5%	1.0%
New York City Metro	114,545,342	\$24.63	15.1%	15.2%	(308,191)	0.5%	0.6%
Central New Jersey	25,408,092	\$22.15	25.4%	25.6%	1,719	-0.5%	-1.2%
Long Island	31,627,468	\$27.49	6.0%	5.9%	63,071	3.2%	2.3%
Northern New Jersey	30,021,585	\$23.38	13.9%	13.7%	(306,073)	-0.1%	1.7%
NYC Northern Suburbs	27,488,197	\$25.02	10.8%	11.1%	(66,908)	-1.0%	-0.7%
Philadelphia	50,367,676	\$25.35	15.5%	16.1%	(390,354)	2.5%	2.3%
Pittsburgh	33,509,387	\$18.27	9.4%	11.3%	(274,190)	-0.9%	-9.0%
Washington, DC	111,982,582	\$28.97	17.8%	18.0%	(51,381)	-0.1%	1.8%
D.C. - Northern Virginia	73,681,087	\$30.24	20.2%	20.6%	(174,452)	-0.1%	2.8%
D.C. - Suburban Maryland	38,301,495	\$26.53	13.0%	12.8%	123,071	-0.1%	0.0%
South	593,209,596	\$25.05	11.8%	11.8%	(839,091)	0.7%	1.8%
Atlanta	71,228,478	\$23.12	10.6%	10.8%	(164,103)	1.3%	4.3%
Austin	32,437,641	\$32.65	14.2%	15.0%	(214,766)	-1.5%	-1.9%
Birmingham	19,883,107	\$18.28	7.3%	7.4%	23,227	6.3%	2.1%
Charleston	4,113,547	\$24.46	2.7%	5.8%	769	-0.5%	-2.6%
Charlotte	24,225,539	\$27.07	9.2%	8.7%	(110,575)	0.1%	2.2%
Columbia	3,231,220	\$17.82	8.0%	7.5%	80	0.3%	0.3%
Dallas-Fort Worth	113,612,918	\$23.62	14.0%	13.9%	(50,115)	-0.3%	0.6%
Greenville Spartanburg	3,821,031	\$18.84	7.1%	6.5%	2,937	-12.2%	-5.4%
Houston	79,292,895	\$21.92	14.4%	15.2%	(411,955)	0.7%	1.8%
Huntsville	12,181,426	\$21.95	4.7%	4.1%	29,752	10.3%	13.3%
Jacksonville	22,310,637	\$22.38	10.5%	10.0%	(55,682)	4.4%	3.2%
Memphis	17,488,107	\$20.46	9.0%	9.1%	(52,551)	-1.1%	2.3%
Nashville	20,360,982	\$28.64	12.0%	12.3%	74,185	0.8%	5.0%
Norfolk	11,102,683	\$18.71	9.2%	9.0%	16,054	-0.9%	0.6%
Orlando	25,940,513	\$24.56	11.9%	8.2%	(115,610)	-1.2%	-0.2%
Raleigh/Durham	16,320,541	\$26.15	10.5%	10.9%	(56,119)	0.8%	7.3%
Richmond	6,561,062	\$18.28	8.9%	8.5%	181	-0.2%	1.2%
Savannah	1,022,139	\$22.24	0.0%	0.0%	9,112	4.9%	23.2%
South Florida	68,339,539	\$34.88	1.6%	1.6%	158,997	0.8%	2.5%

Suburban - Class B (Continued)

Market	Inventory (SF)	Avg. Annual Quoted Rent (USD/SF)	Q2 2023 Vacancy Rate	Q3 2023 Vacancy Rate	Absorption (SF)	Quarterly Change In Rent	Annual Change In Rent
Fort Lauderdale	17,858,922	\$31.91	6.7%	6.6%	(17,701)	2.1%	2.8%
Miami	33,873,227	\$36.90	6.7%	6.1%	284,485	0.4%	6.2%
Palm Beach	16,607,390	\$33.94	4.5%	4.7%	(107,787)	0.3%	-5.4%
Tampa Bay	39,735,591	\$24.59	4.9%	4.7%	77,091	1.1%	-3.2%
West	544,070,224	\$30.33	12.7%	12.9%	(2,150,409)	0.3%	3.1%
Albuquerque	7,344,398	\$18.81	13.2%	13.1%	38,930	-1.6%	7.7%
Bakersfield	3,785,207	\$22.57	0.6%	0.5%	(2,081)	-0.8%	4.3%
Denver	71,169,133	\$25.07	11.1%	11.2%	(371,024)	-0.2%	-0.3%
Fresno	17,875,110	\$18.62	6.5%	4.9%	150,759	0.4%	0.1%
Los Angeles	126,493,522	\$32.75	2.6%	2.4%	(284,495)	-0.2%	-1.5%
Inland Empire	14,771,781	\$25.50	7.0%	6.4%	(16,749)	-0.2%	0.6%
Los Angeles	64,057,653	\$35.98	19.3%	18.9%	(43,899)	-0.4%	-1.6%
Orange County	47,664,088	\$30.65	8.4%	8.9%	(223,847)	0.0%	-1.9%
Las Vegas	15,990,834	\$31.51	8.9%	9.1%	(215,301)	0.6%	3.5%
Phoenix	78,222,401	\$26.87	10.9%	10.9%	(190,159)	0.3%	2.4%
Portland	24,877,476	\$26.42	6.4%	6.4%	(91,812)	0.4%	1.1%
Reno/Sparks	3,828,863	\$21.41	4.3%	4.9%	(9,131)	0.0%	-2.4%
Sacramento	23,893,267	\$21.91	17.0%	16.5%	5,145	0.6%	-1.7%
Salt Lake City	18,507,653	\$23.25	4.4%	4.1%	15,867	0.2%	7.0%
San Diego	31,085,144	\$34.08	6.7%	6.5%	(180,101)	0.1%	2.8%
San Francisco Bay Area	68,018,074	\$48.37	3.2%	3.2%	(669,222)	1.5%	14.8%
East Bay	21,227,232	\$32.40	12.3%	14.1%	(136,937)	3.3%	43.7%
Fairfield, CA	1,781,003	\$25.97	2.0%	1.4%	14,231	17.9%	17.9%
San Francisco Peninsula	12,188,337	\$71.23	6.4%	6.1%	(143,040)	-0.3%	4.2%
Silicon Valley	32,821,502	\$51.44	8.8%	8.7%	(403,476)	0.2%	-0.2%
Santa Fe	1,768,440	\$32.33	4.3%	3.1%	8,143	31.5%	63.6%
Seattle	36,368,765	\$26.22	13.7%	14.2%	(398,263)	0.4%	6.3%



4b National Industrial Overview

Comprehending the nationwide industrial
market and Flex/Warehouse spaces.

National Industrial

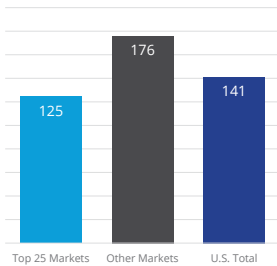
An Inside Look at the Top 25 U.S. Industrial & Logistics Markets

The U.S. industrial market has started to normalize following 10 quarters of rapid expansion since the end of 2020, although the 25 largest markets covered in this report have proven more resilient than others. Record speculative construction completions have pushed vacancy rates higher in nearly all markets while net absorption has normalized to pre-pandemic levels. Despite headwinds, the outlook for industrial remains favorable as e-commerce and reshoring continues to grow.

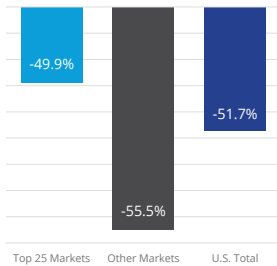
Key Takeaways

- Among the 77 U.S. industrial markets Colliers tracks, the 25 largest by inventory represent 76% of the total U.S. industrial base. Ten of the largest and oldest markets are in the Midwest, seven are in the South, six are in the West, and two are in the Northeast region.
- Record construction completions have pushed vacancy rates higher in nearly all U.S. markets. The top 25 markets have witnessed an increase of 125 basis points over the past year, while vacancies are up 176 basis points in the remaining 52 markets.
- Following two years of record demand as measured by net absorption in markets around the country, demand has normalized in the first three quarters of 2023 to levels last witnessed between 2018 and 2020, before the pandemic took hold. Year-over-year, net absorption has decreased by an average of 50% for the largest 25 markets, while it’s down 56% for the remaining markets.
- In response to record demand in 2021 and 2022, developers stepped hard on the accelerator, particularly in the largest industrial markets. New supply tallies have set all-time highs of 450 million square feet through the first three quarters of 2023, up 33% year-over-year. Construction completions totaled 322 million square feet in the top 25 markets, a 46% year-over-year increase versus only 10% in the remaining markets.

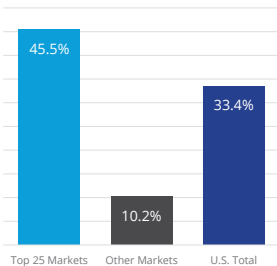
Vacancy Rate
YOY Change (bps)



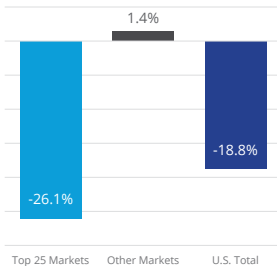
YTD Net Absorption
YOY % Change



YTD New Supply
YOY % Change



Under Construction
YOY % Change



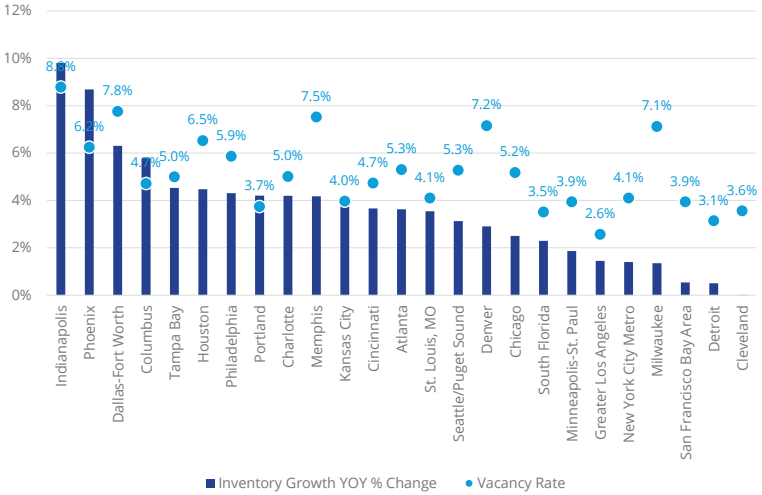
Market Indicator	Top 25 Markets	Other Markets	U.S. Total
Inventory (YOY % Change)	18.1B SF (↑ 5.8%)	4.4B SF (↑ 4.7%)	18.1B SF (↑ 5.5%)
Vacancy Rate (YOY Change)	5.05% (↑ 125 bps)	5.01% (↑ 176 bps)	5.02% (↑ 141 bps)
2023 YTD Net Absorption (YOY % Change)	124,339,387 SF (↓ 49.9%)	53,922,438 SF (↓ 55.5%)	178,261,825 SF (↓ 51.7%)
2023 YTD New Supply (YOY % Change)	322,270,060 SF (↑ 45.5%)	127,646,400 SF (↑ 10.2%)	449,916,460 SF (↑ 33.4%)
23Q3 Under Construction (YOY % Change)	369,723,252 SF (↓ 26.1%)	184,587,486 SF (↑ 1.4%)	554,310,738 SF (↓ 18.8%)

- Rising interest rates, vacancy concerns, and normalizing demand have resulted in construction starts dropping off dramatically in 2023, and the pipeline has begun to contract for the first time since mid-2020. Total industrial space under construction has decreased by 26% on average year-over-year in the 25 largest markets, but has actually increased by 1% in the remaining 52 markets. The pipeline will continue to contract in the coming quarters as developers deliver ongoing projects and anticipated construction starts are limited to build-to-suit facilities and manufacturing buildings. The pullback on speculative development will help ease vacancy concerns and return the market to a supply-demand equilibrium.
- Most of the country’s top 25 industrial markets have a long history and have demonstrated resilience through multiple cycles and downturns. The exceptional demand for industrial product during the past 36 months may never be repeated in our lifetimes, but demand fundamentals remain solid, particularly in the most-established markets. More new supply will push vacancy rates higher over the next few quarters, and more quickly and to a higher plateau in markets where there remains a large amount of space under construction relative to overall size. Balance is expected to return to most markets by the end of 2024, resulting in stabilizing vacancy rates, steady demand, and industrial remaining an attractive asset class.

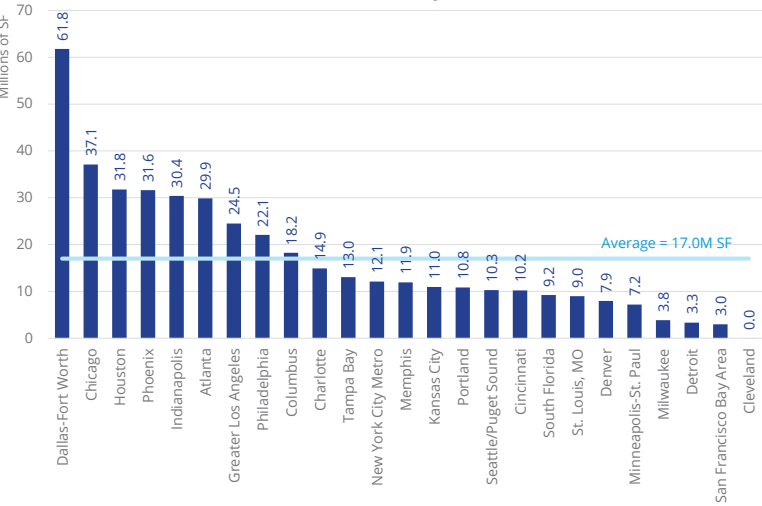
Inventory

- Record new supply has resulted in inventory bases growing significantly in many industrial markets - especially emerging markets. Overall, the top 25 markets grew 5.8% year-over-year.
- The Indianapolis market had the highest inventory growth, 9.8% year-over-year. The Phoenix market grew by 8.7% year-over-year, adding 31.6 million square feet of product. Dallas-Fort Worth added the most space with 61.8 million square feet, growth of 6.3% yearover- year.
- Many of the construction completions in these markets have been speculative, and have often been delivering vacant due to normalizing demand. As a result, vacancy rates are quickly climbing in the markets where inventory bases have grown the most over the past year. Vacancy is up 387 basis points in Indianapolis, 351 basis points in Phoenix, and 241 basis points in Dallas-Fort Worth.
- While Chicago’s inventory grew by 37 million square feet over the past year - the second greatest increase - its vacancy rate is up only 63 basis points primarily due to the sheer size of the market at 1.5 billion square feet, and steady demand.

Inventory Growth & Vacancy



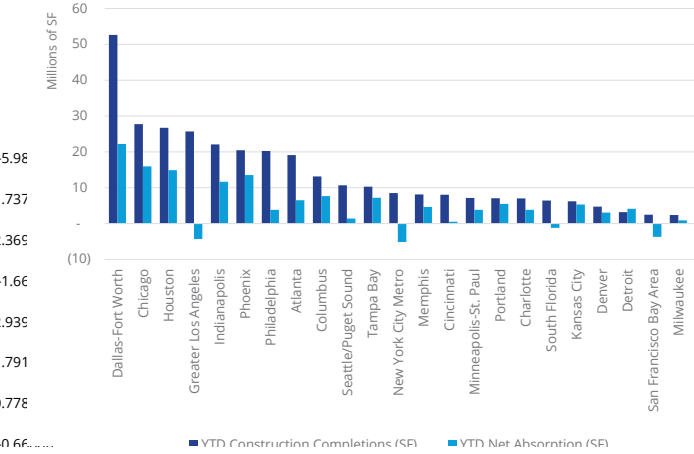
YTD New Supply (2023 vs 2022)



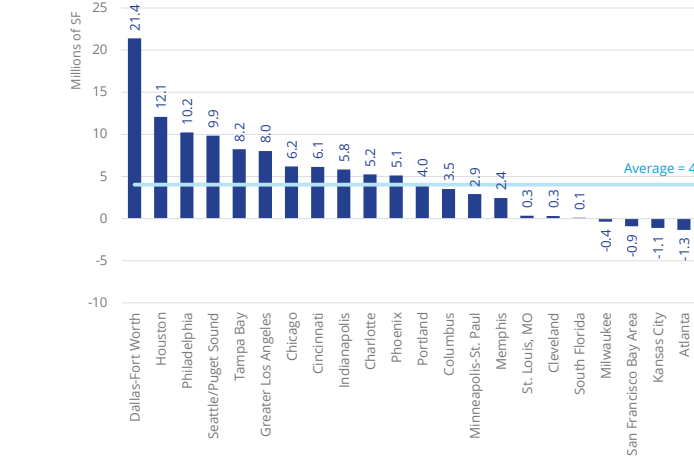
New Supply

- The second and third quarters of 2023 set new records for quarterly new supply. Year-to-date, new supply has totaled 450 million square feet nationwide, and 72%, or 322 million square feet, was delivered in the top 25 industrial markets.
- Dallas-Fort Worth's 53 million square feet of new supply during the first three quarters of 2023 was more than that in any other market and 21 million square feet more than its new supply total during the same time period in 2022. Chicago was second with 28 million square feet of new supply so far in 2023.
- Year-to-date, new supply has outpaced net absorption in 23 of the 25 largest U.S. markets, the main contributor to increasing vacancy rates nationwide. In some markets, year-to-date new supply is several times higher than the net absorption total so far in 2023. Five markets in the top 25 have recorded negative net absorption through the end of September while continuing to deliver new product, pushing vacancy rates even higher.
- Compared to the first three quarters of 2022, new supply is up in 18 of the country's 25 largest markets year-to-date, an average of 4 million square feet more space delivered this year per market.

YTD New Supply & Net Absorption



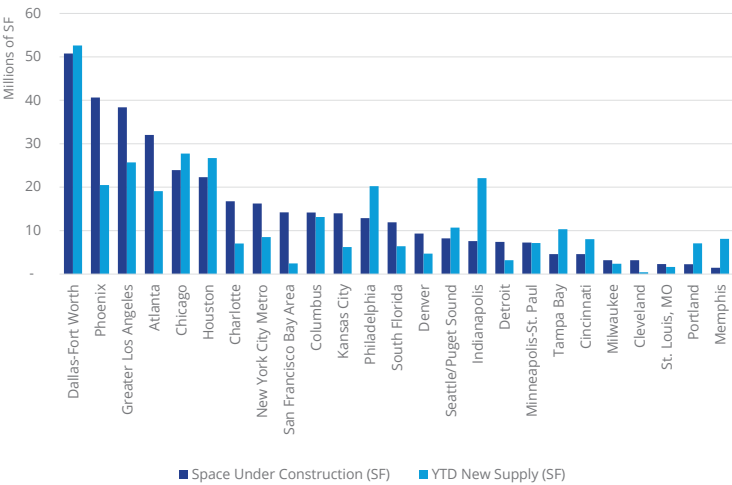
YTD New Supply YOY Change



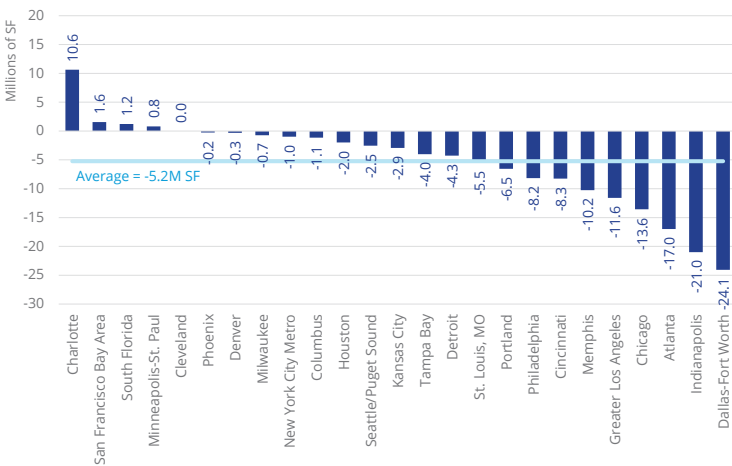
Construction

- The construction pipeline decreased by 26% year-over-year in the nation's largest 25 markets, versus a 19% drop in the overall industrial market.
- At the end of the third quarter of 2023, 682 million square feet remained under construction throughout the U.S., 73% of it in the country's top 25 markets, or 501 million square feet.
- The greatest amount of space was underway in the Dallas-Fort Worth market, totaling 51 million square feet at the end of the third quarter. At least 20 million square feet was under construction in another five markets, including Phoenix, Greater Los Angeles, Atlanta, Chicago, and Houston.
- Construction activity relative to the market's overall size was highest in Phoenix, with 41 million square feet underway at the end of the third quarter, or 10.3% of the market's total existing inventory. All other markets had less than 5% of existing inventory under construction.
- Total space under construction decreased in 20 of the 25 largest U.S. markets compared to the same period last year, by an average by 5.2 million square feet year-over-year in the top 25 markets. The largest drop was in Dallas-Fort Worth, with a third quarter tally 24 million square feet lower than the total at the same time last year.
- Construction starts are expected to remain limited in the near term as speculative development falls off due to elevated interest rates, economic uncertainty, and vacancy concerns. As modern space is delivered each quarter, the construction pipeline will continue to contract well into 2024.

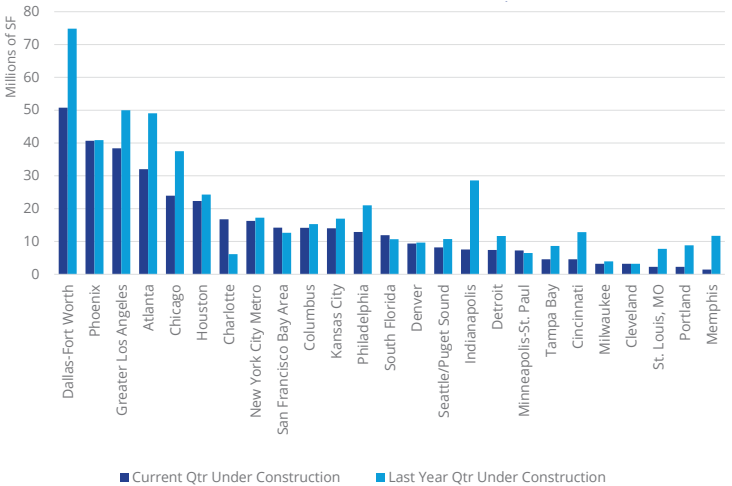
Under Construction & YTD New Supply



Under Construction YOY Change



Under Construction YOY Comparison

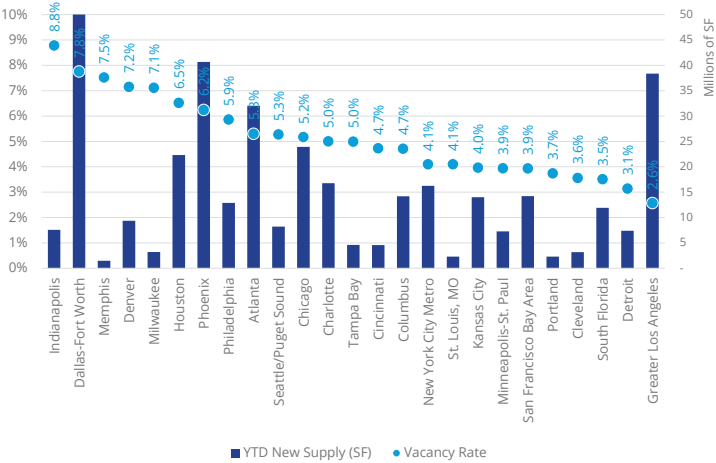




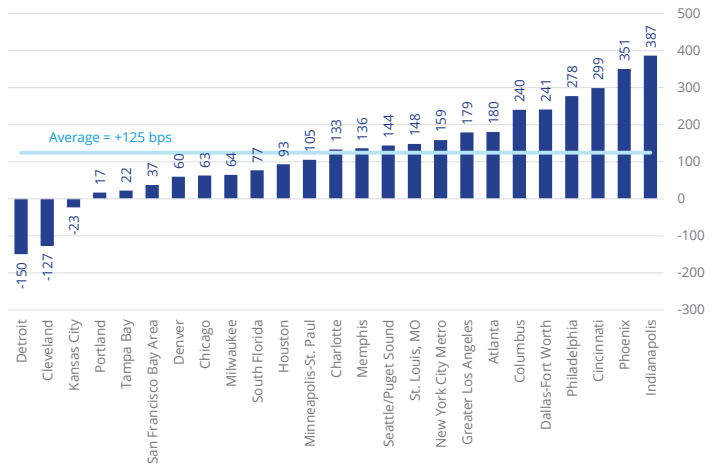
Vacancy

- The U.S. industrial vacancy rate has increased for the past five quarters in a row, and year-over-year was up 142 basis points, while the vacancy rate for the 25 largest markets increased 125 basis points, to 5.05%.
- Among the top 25 markets, vacancy rates vary by several percentage points, ranging from 2.6% in Greater Los Angeles to 8.8% in Indianapolis. Eleven of these had vacancy rates above the national average of 5.0% at the end of the third quarter.
- Vacancy rates have increased the most in markets with the the largest mount of new supply delivered relative to the market's overall size. In Indianapolis, the rate increased by 387 basis points over the past year, to 8.8% - the highest in the top 25 U.S. markets. Other markets where vacancy increased at least 200 basis points over the past year included Phoenix, Cincinnati, Philadelphia, Dallas-Fort Worth and Columbus.
- Several markets still had tens of millions of square feet under construction at the end of the third quarter of 2023, which suggests that their vacancy rate will continue to climb well into 2024. In others, the construction pipeline has dropped off more quickly because the ongoing development cycle is nearing its end. In these markets, the vacancy rate will peak sooner and at a lower number.

Vacancy Rate & Under Construction



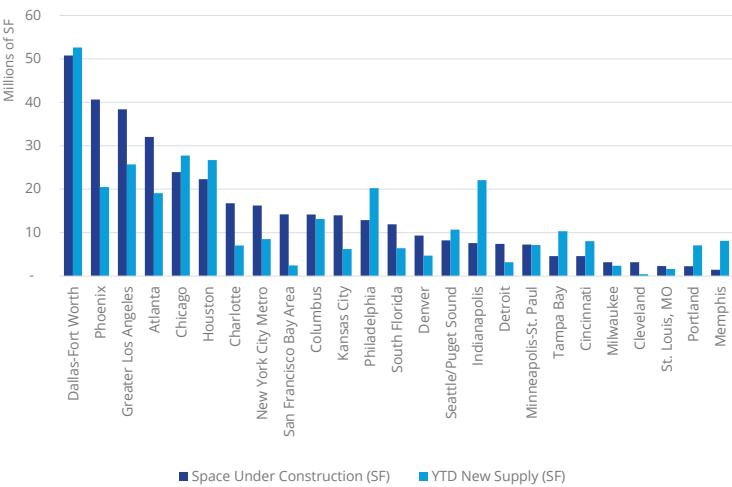
Vacancy Rate YOY Increase



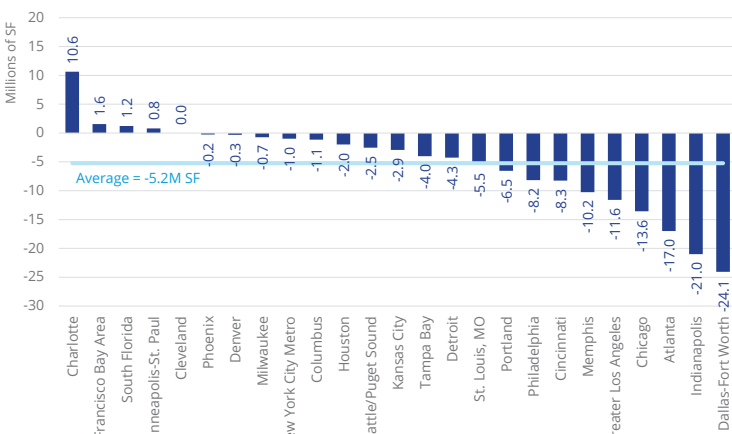
Absorption

- Net absorption totaled 48 million square feet during the third quarter of 2023, decreasing for the fourth quarter in a row.
- Demand totaled more than 100 million square feet for nine consecutive quarters between late 2020 and the end of 2022. While the quarterly totals have significantly dropped off since, they have returned to levels seen prior to the pandemic between 2018 and early 2020.
- Net absorption through the first three quarters of 2023 has totaled 178 million square feet, with 69.8% of that demand, or 124 million square feet, in the 25 largest markets.
- Dallas-Fort Worth has recorded the greatest year-to-date net absorption total, 22 million square feet; followed by Chicago, 16 million square feet; Houston, 15 million square feet; and Phoenix, 14 million square feet.
- Year-to-date net absorption decreased in 22 of the 25 largest U.S. markets, by an average of 5 million square feet per market. Greater Los Angeles saw the greatest decrease, 18 million square feet, followed by Chicago, at 15 million square feet. The only markets where year-over-year net absorption increased were Portland, Detroit, and Cleveland.
- Net absorption is expected to hold at between 40 and 60 million square feet nationwide over the next several quarters as demand stabilizes and the construction pipeline contracts. About 70% of that demand

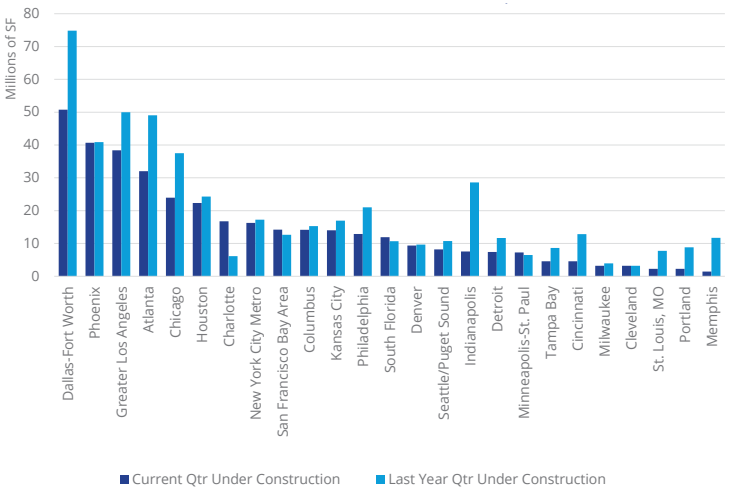
Under Construction & YTD New Supply



Under Construction YOY Change



Under Construction YOY Comparison

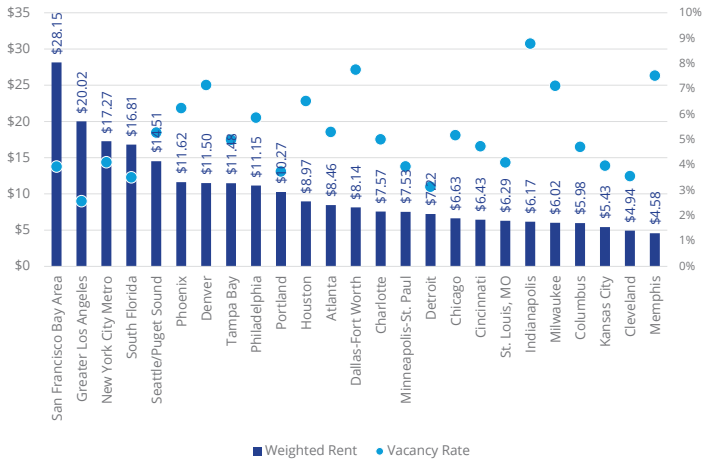




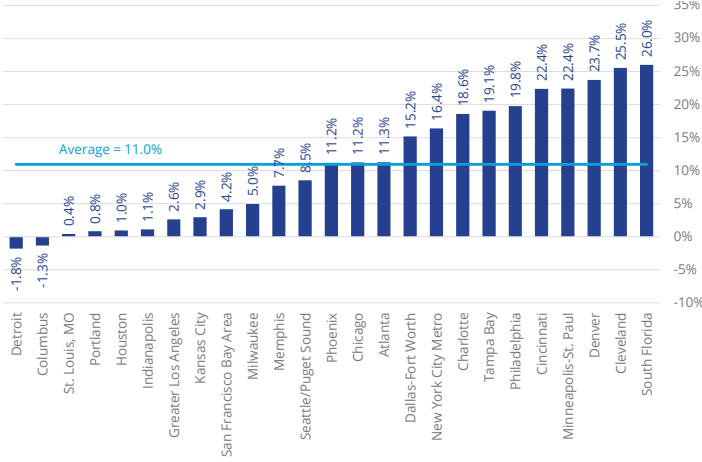
Rents

- Average U.S. overall asking rents for industrial properties continued to increase in 2023, to \$10.19 per square foot net during the third quarter – a 16.7% increase year-over-year. This was a slight drop from recent quarters when year-over-year increases topped 20.0%.
- Among the top 25 U.S. markets, asking rents increased by 11.0% year-over-year on average. Asking rents increased more than 20.0% in five markets year-over-year, including South Florida, Cleveland, Denver, Minneapolis-St. Paul, and Cincinnati. Only two markets reported a year-over-year decline in asking rents – Detroit and Columbus.
- The highest rents are located in coastal markets, including the San Francisco Bay Area, \$28.15 per square foot; the Greater Los Angeles market, \$20.02 per square foot; and the New York City Metro, \$17.27 per square foot.
- Although rents have slowed a bit from their unprecedented growth witnessed over the past 24 months, industrial rents are forecast to continue to grow during 2024, but at a more tempered pace closer to historical averages of between 3% and 8%.

Weighted Rent & Vacancy Rate



Weighted Rent YOY Increase



Top 25 Industrial Markets | Statistics

Rank	Market	Inventory (SF)	2023 YTD New Supply (SF)	23Q3 Under Construction (SF)	2023 YTD Net Absorption (SF)	23Q3 Vacancy Rate	23Q3 Weighted Rental Rate
1	Greater Los Angeles	1,715,389,068	25,696,814	38,379,462	-4,295,555	2.57%	\$20.02
2	Chicago	1,520,083,091	27,755,547	23,934,728	15,974,238	5.17%	\$6.63
3	Dallas-Fort Worth	1,040,942,128	52,626,714	50,764,172	22,212,263	7.76%	\$8.14
4	New York City Metro	879,393,954	8,534,233	16,248,373	-5,129,007	4.10%	\$17.27
5	Atlanta	853,262,582	19,108,868	32,034,578	6,500,507	5.30%	\$8.46
6	Houston	740,953,401	26,724,534	22,326,579	14,915,284	6.52%	\$8.97
7	Detroit	661,376,013	3,202,883	7,401,231	4,115,994	3.14%	\$7.22
8	San Francisco Bay Area	554,413,246	2,474,043	14,205,351	-3,698,897	3.94%	\$28.15
9	Philadelphia	534,017,897	20,240,198	12,883,900	3,827,597	5.86%	\$11.15
10	South Florida	411,475,608	6,409,097	11,905,519	-1,190,376	3.51%	\$16.81
11	Phoenix	395,574,716	20,487,181	40,662,622	13,551,776	6.24%	\$11.62
12	Minneapolis-St. Paul	392,446,450	7,140,252	7,271,416	3,825,468	3.94%	\$7.53
13	Cleveland	363,960,955	420,850	3,184,000	2,282,626	3.56%	\$4.94
14	Charlotte	359,031,124	7,033,554	16,775,638	3,820,125	5.01%	\$7.57
15	Indianapolis	340,560,575	22,075,924	7,582,558	11,672,669	8.78%	\$6.17
16	Seattle/Puget Sound	339,068,018	10,687,937	8,208,580	1,412,802	5.28%	\$14.51
17	Columbus	333,774,655	13,152,174	14,180,548	7,681,222	4.71%	\$5.98
18	Tampa Bay	301,028,056	10,318,948	4,589,139	7,193,426	4.99%	\$11.48
19	Memphis	298,039,287	8,116,868	1,468,565	4,638,950	7.52%	\$4.58
20	Kansas City	293,232,146	6,234,279	14,002,747	5,319,033	3.97%	\$5.43
21	Cincinnati	289,215,326	8,026,237	4,583,231	527,936	4.73%	\$6.43
22	Milwaukee	288,252,676	2,367,334	3,201,306	919,067	7.12%	\$6.02
23	Denver	281,240,532	4,715,370	9,347,677	3,069,528	7.15%	\$11.50
24	Portland	268,938,850	7,066,193	2,281,862	5,506,300	3.74%	\$10.27
25	St. Louis	262,861,728	1,654,028	2,299,470	-313,589	4.10%	\$6.29
Top 25 Markets		13,718,532,082	322,270,060	369,723,252	124,339,387	5.05%	\$10.13
U.S. Grand Total		18,133,891,421	449,916,460	554,310,738	178,261,825	5.02%	\$10.19

National Industrial Cont.

Key Takeaways

- Construction completions peaked during the third quarter of 2023 at 162 million square feet, pushing up the industrial vacancy rate another 54 basis points, to 5.02%.
- Demand continued to moderate, dropping to 47.8 million square feet, the lowest quarterly total since mid-2020.
- Construction starts dropped off significantly and the construction pipeline contracted, a good sign for the market.



Market Indicators

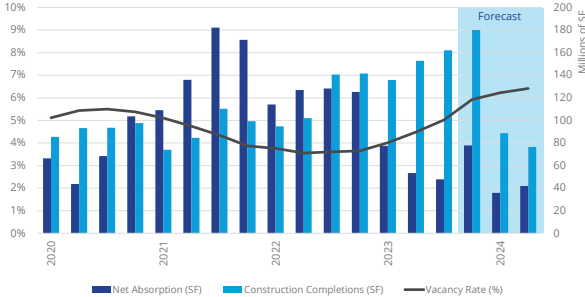
3.8%
Unemployment Rate

2.90%
GDP - Quarterly % change yr/yr

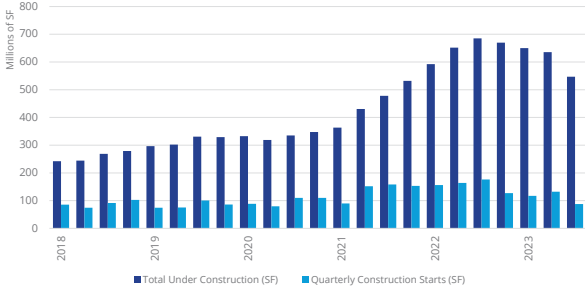
4.621%
U.S. 10 Year Treasury Note

	23Q3 Current Qtr	23Q2 Previous Qtr	22Q3 Previous Year
Vacancy Rate	5.02%	4.48%	3.61%
Net Absorption (SF)	47,760,672	53,331,369	128,215,402
YTD Net Absorption (SF)	178,567,655	130,806,983	369,210,699
New Supply (SF)	162,066,866	152,773,516	140,577,703
Under Construction (SF)	547,039,363	637,821,297	682,485,820
Overall Asking Lease Rate (PSF Net)	\$10.19	\$10.09	\$8.77
Industrial Inventory (SF)	18.1B	17.9B	17.2B

Absorption, New Supply & Vacancy



U.S. Industrial Construction Pipeline



Largest 23Q3 New Occupancies

New lease
4,055,890 SF
Ontario, CA
Los Angeles

New lease
2,800,000 SF
Arlington, WA
Seattle/Puget Sound

New lease
1,500,000 SF
Social Circle, GA
Atlanta

New lease
1,422,524 SF
Rancho Cucamonga, CA
Los Angeles

New lease
1,231,693 SF
Bloomington, GA
Savannah

New lease
1,223,790 SF
Justin, TX
Dallas-Fort Worth

Record New Supply Drives U.S. Industrial Vacancy Higher

Industrial developers completed a record 162 million square feet nationwide during the third quarter, pushing the U.S. industrial vacancy rate higher for the fifth quarter in a row, to 5.02%, 54 basis points higher than the second quarter and 141 basis points over the 3.61% rate one year ago. Demand, as measured by net absorption, dropped for the fourth consecutive quarter, totaling 47.8 million square feet between July and September, 63% below the net absorption total of 128.2 million square feet recorded in the third quarter of 2022. Net absorption through the first three quarters of 2023 has totaled 178.6 million square feet, slightly below the single-quarter total of 182.2 million square feet in the third quarter of 2021, during the height of industrial demand.

While demand for industrial space has normalized to levels witnessed before the pandemic in 2018 and 2019, the good news is that construction starts have started to fall off significantly. During the third quarter, developers started construction on 87.6 million square feet nationwide, about half the record total of 176 million square feet of starts during the third quarter of 2022. The construction pipeline also started to contract, from an all-time high of 685 million square feet underway during the second quarter of 2022 to 547 million square feet in the third quarter of 2023. Both construction starts and space under construction will continue to fall off into 2024, allowing users to gradually absorb the recently-completed new supply and easing concerns of overbuilding and skyrocketing vacancy.

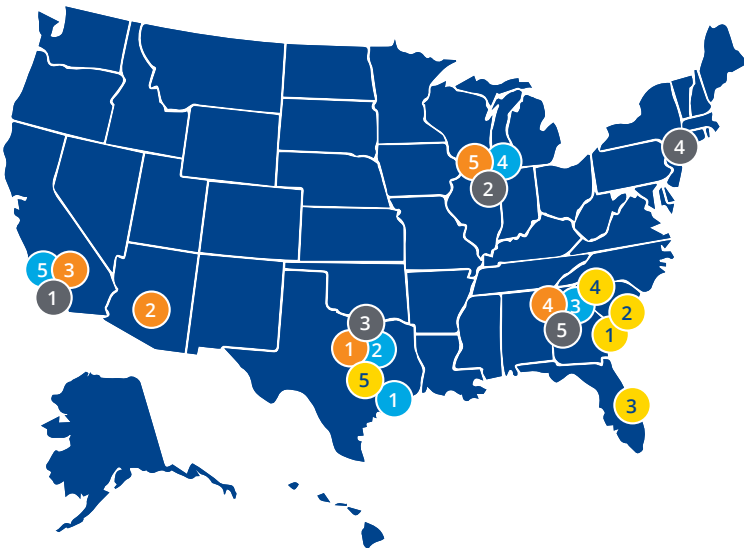
Despite climbing vacancy rates and a drop in demand compared to the frenetic pace of net absorption in 2021 and 2022, the average asking net rental rate continued to increase during the third quarter by 10 cents, to \$10.19, 16.3% higher year-over-year. Landlords are expected to continue to push rates, although more slowly than in the past 18 months.

Top U.S. Industrial Markets

23Q3 Net Absorption		
1	Houston	6,740,976 SF
2	Dallas-Fort Worth	5,573,733 SF
3	Atlanta	4,182,974 SF
4	Chicago	4,062,134 SF
5	Greater Los Angeles	4,054,944 SF
23Q3 Under Construction		
1	Dallas-Fort Worth	50,764,172 SF
2	Phoenix	40,662,622 SF
3	Greater Los Angeles	38,379,462 SF
4	Atlanta	32,034,578 SF
5	Chicago	23,934,728 SF

Fastest Growing (YTD New Supply as % of Inventory)

1	Savannah	12.8%
2	Charleston	12.5%
3	Treasure Coast	8.8%
4	Greenville-Spartanburg	7.6%
5	Austin	6.8%



Total Inventory & Vacancy Rate (YOY Change)

1	Greater Los Angeles	1.7B SF	2.6% (↑ 180 bps)
2	Chicago	1.5B SF	5.2% (↑ 63 bps)
3	Dallas-Fort Worth	1.0B SF	7.8% (↑ 242 bps)
4	New York City Metro	879M SF	4.1% (↑ 159 bps)
5	Atlanta	853M SF	5.3% (↑ 180 bps)

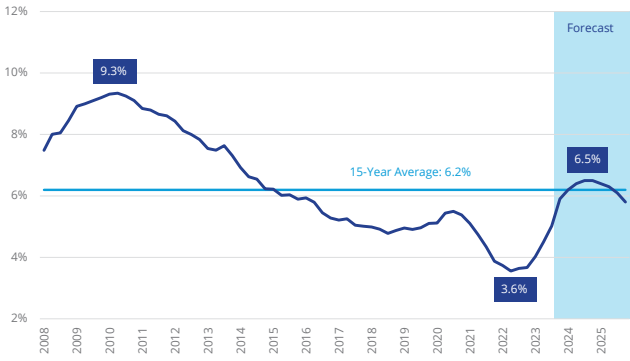
U.S. Industrial Overview by Region

Market Indicator	West	Midwest	South	Northeast	U.S.
23Q3 Vacancy Rate (YOY change)	4.00% (↑ 148 bps)	4.76% (↑ 69 bps)	5.99% (↑ 181 bps)	5.26% (↑ 174 bps)	5.02% (↑ 141 bps)
23Q3 Net Absorption	12,494,819	14,536,111	29,170,623	-8,440,881	47,760,672
2023 YTD Net Absorption	27,800,232	55,033,616	93,916,914	1,511,063	178,261,825
23Q3 New Supply (% of Total)	42,794,153 (26%)	35,625,325 (22%)	68,799,896 (43%)	14,847,492 (9%)	162,066,866
2023 YTD New Supply (% of Total)	96,920,004 (21%)	98,246,589 (22%)	214,170,328 (48%)	40,579,539 (9%)	449,916,460
23Q3 Under Construction (% of Total)	161,015,350 (29%)	88,170,727 (16%)	244,218,596 (45%)	53,634,690 (10%)	547,039,363
23Q3 Warehouse/Distribution Rent	\$14.07 Net/YR	\$6.34 Net/YR	\$8.22 Net/YR	\$13.05 Net/YR	\$9.52 Net/YR
23Q3 Industrial Inventory (% of Total)	4.79B (26%)	5.07B (28%)	5.83B (32%)	2.44B (14%)	18.13B

Vacancy Rates

- The U.S. industrial vacancy rate rose 54 basis points during the third quarter, to 5.02%, climbing above the 5% threshold for the first time since the first quarter of 2021.
- Vacancy increased 147 basis points over the past five quarters from the all-time low of 3.55%, but remained well below the 15-year average of 6.2%.
- While vacancy rates increased in 64 of the 77 markets tracked, 32 reported vacancy below 3% at the end of the third quarter. The South region had the largest increase over the past year, bumping up 181 basis points to 5.9% – the highest among the four U.S. regions.

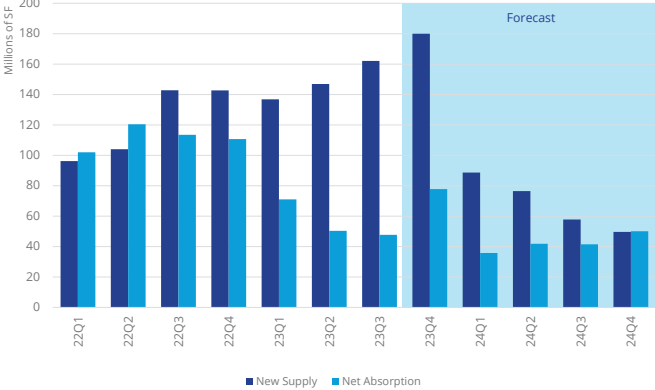
Historical U.S. Industrial Vacancy Rate



New Supply & Net Absorption

- In every quarter from mid-2020 through mid-2022, demand, as measured by net absorption, exceeded new supply added through construction completions.
- Industrial developers then stepped on the accelerator to build more space to meet demand, and new supply has outstripped demand every quarter since.
- Through the first three quarters of 2023, developers completed a record 451 million square feet of new product, while net absorption has totaled only 178.6 million square feet during the same period, leading to the rising U.S. vacancy rate.

U.S. Industrial Demand & Supply



Rental Rates

- Since the second half of 2021, industrial rental rates climbed at an unprecedented pace nationwide and throughout most U.S. industrial markets.
- During that period year-over-year rent increases averaged 15%. In some tight markets, rent increases exceeded 20% for in-demand modern industrial product.
- More rent increases are forecast while vacancy rates remain historically low, although at a more reasonable pace than the unprecedented increases since mid-2021.

Average U.S. Industrial Asking Rental Rate

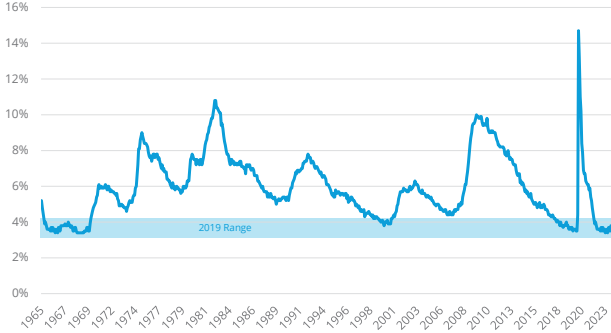


Industrial & Economic Outlook

- Whether or not the U.S. economy faces a recession in the near-term, the industrial sector remains well-positioned to hold its own during the holiday period and into 2024.
- GDP grew at an impressive 4.9% year-over-year during the third quarter of 2023, and non-farm job growth continued to be strong. Inflation is still elevated, although slowing compared to the same time last year. Despite these positive indicators, an economic slowdown is expected.
- While the industrial construction pipeline will continue to contract over the coming quarters, new supply is expected to outpace net absorption through at least mid- 2024, due to the residual impact of the ongoing surge in development.
- As a result, the national average vacancy rate is expected to rise further, eventually settling around a functional rate of 6.5% during the second half of 2024, based on active construction and anticipated demand.
- In some markets with significant ongoing development – especially as a percentage of total industrial inventory – vacancy may climb even further until the pace of development drops off and a balance between new supply and demand is re-established.
- As the wave of speculative development winds down, most new construction starts are expected to be limited to specialty manufacturing facilities, data center projects, cold storage buildings, and build-to-suit projects until some of the distribution space being delivered is absorbed and speculative developers feel comfortable kicking off new projects.

Period	U.S. GDP Annual Change	U.S.10-Year Treasury Note	U.S. Unemployment Rate
23Q3	+4.9%	4.62%	3.8%
23Q2	+2.1%	3.85%	3.6%
23Q1	+2.2%	3.48%	3.5%
22Q4	+2.6%	3.88%	3.5%

Historical U.S. Unemployment Rate



U.S. Industrial Statistics | Inventory, New Supply, Under Construction

Midwest Region	23Q3 Inventory (SF)	23Q3 New Supply (SF)	2023 YTD New Supply (SF)	23Q3 Under Construction (SF)
Chicago	1,520,083,091	12,824,836	27,755,547	23,934,728
Cincinnati	289,215,326	1,560,839	8,026,237	4,583,231
Cleveland	363,960,955	0	420,850	3,184,000
Columbus	333,774,655	4,229,609	13,152,174	14,180,548
Dayton	103,594,100	100,000	3,536,663	1,523,000
Detroit	661,376,013	1,705,561	3,202,883	7,401,231
Grand Rapids	131,571,953	253,261	750,947	709,792
Indianapolis	340,560,575	6,365,268	22,075,924	7,582,558
Kansas City	293,232,146	1,316,489	6,234,279	14,002,747
Milwaukee	288,252,676	1,059,311	2,367,334	3,201,306
Minneapolis-St. Paul	392,446,450	4,796,181	7,140,252	7,271,416
Omaha	86,306,263	307,256	1,929,471	5,568,075
St. Louis, MO	262,861,728	1,106,714	1,654,028	2,299,470
Midwest Region Total	5,067,235,931	35,625,325	98,246,589	95,442,102

Northeast Region	23Q3 Inventory (SF)	23Q3 New Supply (SF)	2023 YTD New Supply (SF)	23Q3 Under Construction (SF)
Baltimore Metropolitan Area	230,019,811	1,631,280	3,967,855	2,088,379
Boston	192,478,126	618,995	3,610,176	12,394,086
Hartford	113,917,023	0	0	0
New Hampshire Markets	72,520,997	10,080	312,206	1,946,840
New York City Metro	879,393,954	1,702,735	8,534,233	16,248,373
Central New Jersey	349,742,996	478,042	3,775,019	10,299,822
Long Island	161,850,935	282,098	873,926	2,584,685
Northern New Jersey	367,800,023	942,595	3,885,288	3,363,866
Philadelphia	534,017,897	10,082,994	20,240,198	12,883,900
Lehigh Valley	114,686,182	1,011,808	2,729,250	3,286,009
Philadelphia	419,331,715	9,071,186	17,510,948	9,597,891
Pittsburgh	180,444,117	431,057	795,035	1,839,848
Washington, DC	241,151,605	370,351	3,119,836	6,233,264
Northeast Region Total	2,443,943,530	14,847,492	40,579,539	53,634,690

U.S. Industrial Statistics | Inventory, New Supply, Under Construction

South Region	23Q3 Inventory (SF)	23Q3 New Supply (SF)	2023 YTD New Supply (SF)	23Q3 Under Construction (SF)
Atlanta	853,262,582	8,842,414	19,108,868	32,034,578
Augusta Aiken	13,564,168	0	0	0
Austin	114,358,234	2,015,858	7,715,543	15,429,091
Birmingham	144,215,977	0	225,000	996,985
Charleston	71,774,239	3,582,499	8,989,428	6,942,721
Charlotte	359,031,124	3,954,096	7,033,554	16,775,638
Columbia	74,606,386	252,720	2,220,859	1,748,932
Dallas-Fort Worth	1,040,942,128	15,073,548	52,626,714	50,764,172
Florence Myrtle Beach	43,531,795	0	610,958	382,350
Greenville Spartanburg	239,523,557	5,281,240	18,074,680	9,555,536
Houston	740,953,401	9,684,896	26,724,534	22,326,579
Huntsville	44,375,554	0	547,100	1,325,062
Jacksonville	133,172,762	379,107	3,905,328	1,741,415
Memphis	298,039,287	1,293,838	8,116,868	1,468,565
Nashville	219,168,461	1,336,919	5,899,345	4,667,059
Norfolk	85,200,110	317,696	1,885,401	9,121,456
Orlando	183,432,386	3,534,097	7,111,426	14,238,383
Raleigh/Durham	71,393,064	1,198,122	4,511,546	6,472,123
Richmond	116,886,449	289,980	2,907,849	6,312,754
Savannah	114,985,597	4,226,168	14,745,559	16,276,841
Shenandoah Valley/I-81 Corridor	136,075,167	1,801,000	2,497,031	5,340,720
North Shenandoah Valley	63,027,344	1,801,000	2,497,031	4,990,720
South Shenandoah Valley	73,047,823	0	0	350,000
South Florida	411,475,608	3,184,560	6,409,097	11,905,519
Fort Lauderdale	120,302,185	502,703	502,703	987,766
Miami	235,569,224	2,332,939	4,609,749	8,794,466
Palm Beach	55,604,199	348,918	1,296,645	2,123,287
Tampa Bay	301,028,056	2,514,242	10,318,948	4,589,139
Treasure Coast	22,498,055	36,896	1,984,692	3,802,978
South Region Total	5,833,494,147	68,799,896	214,170,328	244,218,596

U.S. Industrial Statistics | Inventory, New Supply, Under Construction

West Region	23Q3 Inventory (SF)	23Q3 New Supply (SF)	2023 YTD New Supply (SF)	23Q3 Under Construction (SF)
Albuquerque	42,395,390	150,000	491,222	0
Bakersfield	44,041,791	19,489	335,911	0
Boise	36,216,895	429,055	942,913	6,059,997
Central Idaho	14,080,490	0	0	60,400
Denver	281,240,532	1,154,172	4,715,370	9,347,677
Eastern Idaho	10,968,089	28,800	308,800	38,000
Fresno	54,311,397	17,325	17,325	0
Greater Los Angeles	1,715,389,068	11,784,737	25,696,814	38,379,462
Inland Empire	622,504,639	10,787,536	22,524,552	27,426,489
Los Angeles	855,340,605	550,253	1,806,382	9,185,214
Orange County	237,543,824	446,948	1,365,880	1,767,759
Honolulu	41,523,036	0	0	95,881
Las Vegas	160,260,674	1,254,718	6,456,233	12,994,996
Phoenix	395,574,716	12,040,205	20,487,181	40,662,622
Portland	268,938,850	1,810,258	7,066,193	2,281,862
Reno/Sparks	120,114,590	1,739,512	5,963,814	2,857,937
Sacramento	176,873,797	42,440	1,566,241	2,552,223
Salt Lake City	197,155,147	3,601,991	4,942,126	10,216,410
Salt Lake County	150,609,231	2,949,374	3,258,783	6,440,590
Utah County	46,545,916	652,617	1,683,343	3,775,820
San Diego	202,031,578	304,200	1,445,343	8,154,088
San Francisco Bay Area	554,413,246	1,255,854	2,474,043	14,205,351
East Bay	189,147,769	894,616	1,521,207	1,341,848
Fairfield, CA	56,572,680	250,650	250,650	3,821,498
San Francisco Peninsula	60,858,539	0	490,500	6,660,948
Silicon Valley	247,834,258	110,588	211,686	2,381,057
Santa Fe	1,516,384	0	0	0
Seattle/Puget Sound	339,068,018	5,736,364	10,687,937	8,208,580
Stockton	133,104,125	1,425,033	3,322,538	4,899,864
West Region Total	4,789,217,813	42,794,153	96,920,004	161,015,350
U.S. Grand Total	18,133,891,421	162,066,866	449,916,460	554,310,738

U.S. Industrial Statistics | Net Absorption, Vacancy Rates

Midwest Region	23Q3 Net Absorption (SF)	2023 YTD Net Absorption (SF)	23Q3 Vacancy Rate	Q-o-Q Vacancy Rate Change (bps)	Y-o-Y Vacancy Rate Change (bps)
Chicago	4,062,134	15,974,238	5.17%	+54	+63
Cincinnati	-688,897	527,936	4.73%	+70	+299
Cleveland	630,141	2,282,626	3.56%	-17	-127
Columbus	1,556,071	7,681,222	4.71%	+78	+240
Dayton	-463,834	1,242,975	5.47%	+51	+214
Detroit	1,477,862	4,115,994	3.14%	-74	-150
Grand Rapids	-485,500	557,492	2.74%	+53	+11
Indianapolis	3,240,734	11,672,669	8.78%	+78	+387
Kansas City	1,395,483	5,319,033	3.97%	+34	-23
Milwaukee	13,026	919,067	7.12%	+27	+64
Minneapolis-St. Paul	2,217,739	3,825,468	3.94%	+74	+105
Omaha	327,155	1,228,485	1.93%	0	-32
St. Louis, MO	1,253,997	-313,589	4.10%	-31	+148
Midwest Region Total	1,253,997	35,625,325	4.04%	+29	+69

Northeast Region	23Q3 Net Absorption (SF)	2023 YTD Net Absorption (SF)	23Q3 Vacancy Rate	Q-o-Q Vacancy Rate Change (bps)	Y-o-Y Vacancy Rate Change (bps)
Baltimore Metropolitan Area	-483,300	-567,802	7.50%	+82	+211
Boston	-486,294	-201,970	9.03%	+53	+388
Hartford	-799,316	1,453,863	4.17%	-12	+24
New Hampshire Markets	-135,316	-500,010	3.49%	-33	+29
New York City Metro	-6,187,089	-5,129,007	4.10%	+91	+159
Central New Jersey	-3,299,416	-1,473,530	4.15%	+108	+138
Long Island	2,670	-190,614	3.81%	+29	+63
Northern New Jersey	-2,890,343	-3,464,863	4.18%	+103	+220
Philadelphia	-161,193	3,827,597	5.86%	+185	+278
Lehigh Valley	81,415	785,352	3.98%	+78	+88
Philadelphia	-242,608	3,042,245	6.38%	+214	+329
Pittsburgh	-182,301	642,708	4.66%	-2	+6
Washington, DC	-6,072	1,985,684	4.53%	+15	+29
Northeast Region Total	-8,440,881	1,511,063	5.26%	+85	+174

U.S. Industrial Statistics | Net Absorption, Vacancy Rates

South Region	23Q3 Net Absorption (SF)	2023 YTD Net Absorption (SF)	23Q3 Vacancy Rate	Q-o-Q Vacancy Rate Change (bps)	Y-o-Y Vacancy Rate Change (bps)
Atlanta	4,182,974	6,500,507	4.80%	+50	+180
Augusta Aiken	-348,674	-367,059	6.78%	+257	+300
Austin	858,245	3,007,566	8.15%	+87	+482
Birmingham	-400,471	-1,198,841	4.83%	+27	+281
Charleston	2,320,294	4,530,134	6.27%	+145	+652
Charlotte	1,334,197	3,820,125	4.41%	+60	+133
Columbia	305,483	2,360,594	3.62%	-10	-55
Dallas-Fort Worth	5,573,733	22,212,263	6.95%	+81	+241
Florence Myrtle Beach	265,702	-397,347	7.62%	-61	+439
Greenville Spartanburg	-297,793	4,743,642	7.15%	+217	+650
Houston	6,740,976	14,915,284	6.20%	+32	+93
Huntsville	708,055	740,972	10.04%	-164	-43
Jacksonville	1,323,258	1,440,128	4.64%	-90	-96
Memphis	1,490,264	4,638,950	6.57%	+95	+136
Nashville	874,789	2,033,143	3.78%	+46	+71
Norfolk	276,061	1,190,370	1.81%	+7	+89
Orlando	889,047	3,664,072	3.14%	+142	+43
Raleigh/Durham	420,640	1,557,120	6.31%	+119	+442
Richmond	-501,921	3,104,257	2.43%	+67	+102
Savannah	3,598,567	9,943,043	4.61%	-35	+313
Shenandoah Valley/I-81 Corridor	253,163	240,154	5.14%	+83	+122
North Shenandoah Valley	576,604	1,107,994	6.37%	+176	+254
South Shenandoah Valley	-323,441	-867,840	4.12%	0	+98
South Florida	-2,036,970	-1,190,376	3.51%	+49	+77
Fort Lauderdale	-1,092,873	-1,141,617	3.92%	+73	+95
Miami	-850,095	-120,556	2.20%	+41	+38
Palm Beach	-94,002	71,797	4.52%	+39	+205
Tampa Bay	1,283,568	7,193,426	5.14%	-15	+22
Treasure Coast	57,436	-765,213	11.75%	-6	+853
South Region Total	29,170,623	93,916,914	5.41%	+58	+181

U.S. Industrial Statistics | Net Absorption, Vacancy Rates

West Region	23Q3 Net Absorption (SF)	2023 YTD Net Absorption (SF)	23Q3 Vacancy Rate	Q-o-Q Vacancy Rate Change (bps)	Y-o-Y Vacancy Rate Change (bps)
Albuquerque	9,940	15,260	2.42%	+81	+166
Bakersfield	-873,875	-726,559	4.46%	+205	+54
Boise	86,952	141,457	4.21%	+55	+212
Central Idaho	63,198	12,390	0.38%	-128	-61
Denver	843,088	3,069,528	7.15%	+33	+60
Eastern Idaho	50,100	358,364	3.72%	-27	-292
Fresno	4,128	-33,323	2.82%	-3	+24
Greater Los Angeles	4,054,944	-4,295,555	2.57%	+42	+179
Inland Empire	4,808,199	3,314,537	3.87%	+92	+316
Los Angeles	-848,363	-6,356,691	1.82%	+13	+106
Orange County	95,108	-1,253,401	1.84%	+12	+87
Honolulu	52,373	72,616	0.64%	-13	-58
Las Vegas	364,753	5,486,764	2.06%	+49	+78
Phoenix	4,021,880	13,551,776	6.24%	+268	+351
Portland	-72,976	5,506,300	3.74%	+40	+17
Reno/Sparks	1,931,652	3,004,263	3.90%	-85	+321
Sacramento	-288,051	491,085	4.54%	+14	-1
Salt Lake City	1,906,370	3,832,678	5.55%	+127	+205
Salt Lake County	1,411,913	2,856,059	6.19%	+164	+244
Utah County	494,457	976,619	3.46%	+4	+81
San Diego	-165,065	-1,168,933	4.41%	+38	+176
San Francisco Bay Area	-2,423,260	-3,698,897	3.94%	+39	+37
East Bay	-921,132	-1,579,215	4.58%	+80	+110
Fairfield, CA	-161,587	-383,895	2.29%	+49	+128
San Francisco Peninsula	-702,910	-422,548	3.70%	+57	+62
Silicon Valley	-637,631	-1,313,239	3.88%	1	-45
Santa Fe	1,400	2,800	3.88%	0	+388
Seattle/Puget Sound	1,969,647	1,412,802	5.28%	+59	+144
Stockton	957,621	765,416	7.80%	+27	+246
West Region Total	12,494,819	27,800,232	4.00%	+61	+148
U.S. Grand Total	47,760,672	178,261,825	5.02%	+54	+141

U.S. Industrial Statistics | Direct Asking NNN Rents

Midwest Region	Manufacturing Space (USD/SF/YR)	Flex/Service Space (USD/SF/YR)	Warehouse/Dirtibution Space (USD/SF/YR)
Cincinnati	\$5.30	\$8.04	\$6.50
Cleveland/Akron	\$3.13	\$7.83	\$5.65
Columbus	\$6.34	\$8.81	\$5.31
Dayton	\$3.47	\$5.20	\$5.71
Detroit	-	\$10.82	\$6.61
Grand Rapids	\$6.30	\$9.21	\$5.01
Indianapolis	\$6.69	\$9.34	\$6.09
Kansas City	\$4.82	\$10.05	\$5.12
Milwaukee	\$5.90	\$7.36	\$5.78
Minneapolis-St.Paul	\$7.62	\$7.70	\$7.44
Omaha	\$7.77	\$10.39	\$6.39
St. Louis	\$4.94	\$9.05	\$5.98
Midwest Region Total	\$5.55	\$8.59	\$6.34

Northeast Region	Manufacturing Space (USD/SF/YR)	Flex/Service Space (USD/SF/YR)	Warehouse/Dirtibution Space (USD/SF/YR)
Baltimore Metro	\$13.29	\$13.75	\$10.42
Boston	\$13.33	\$18.81	\$14.04
Hartford	\$6.05	\$7.89	\$6.31
New Hampshire Markets	\$8.66	\$11.63	\$13.18
New York City Metro	\$17.20	\$16.97	\$17.30
Central New Jersey	\$16.33	\$15.37	\$16.36
Long Island	\$16.65	\$18.71	\$15.27
Northern New Jersey	\$17.66	\$18.17	\$19.00
Philadelphia Metro	\$9.61	\$13.09	\$11.10
Lehigh Valley	\$10.00	\$12.79	\$11.05
Philadelphia	\$9.60	\$13.12	\$11.11
Pittsburgh	\$6.79	\$12.00	\$8.12
Washington D.C	\$11.72	\$16.99	\$12.82
Northeast Region Total	\$11.70	\$15.55	\$13.05

U.S. Industrial Statistics | Direct Asking NNN Rents

South Region	Manufacturing Space (USD/SF/YR)	Flex/Service Space (USD/SF/YR)	Warehouse/Dirtibution Space (USD/SF/YR)
Atlanta	\$7.96	\$14.88	\$8.11
Austin	\$17.91	\$18.35	\$12.72
Birmingham	\$6.28	\$9.51	\$5.98
Charleston	\$10.00	\$14.75	\$7.64
Charlotte	\$6.34	\$14.41	\$7.81
Columbia	\$3.25	\$10.41	\$5.23
Dallas-Fort Worth	\$7.19	\$13.21	\$7.77
Greenville Spartanburg	\$4.29	\$12.62	\$5.26
Houston	\$9.12	\$9.18	\$8.95
Huntsville	\$6.71	\$13.28	\$7.08
Jacksonville	\$13.84	\$12.36	\$8.04
Memphis	-	\$7.20	\$4.48
Nashville	\$7.34	\$16.82	\$8.95
Norfolk	\$7.40	\$9.58	\$8.49
Orlando	-	\$13.39	\$7.94
Raleigh/Durham	\$8.95	\$18.48	\$14.64
Richmond	\$6.89	\$9.66	\$6.74
Shenandoah Valley/I-81	\$5.17	\$10.57	\$6.51
North Shenandoah Valley	\$5.07	\$8.54	\$6.78
South Shenandoah Valley	\$6.66	\$13.50	\$5.61
South Florida	\$12.65	\$20.77	\$16.61
For Lauderdale	\$15.24	\$17.47	\$16.18
Miami	\$11.17	\$25.94	\$17.82
Palm Beach	\$10.68	\$18.95	\$14.52
Tampa Bay	-	\$13.05	\$11.33
Treasure Coast	\$10.23	\$14.90	\$10.03
South Region Total	\$7.11	\$13.56	\$8.22

West Region	Manufacturing Space (USD/SF/YR)	Flex/Service Space (USD/SF/YR)	Warehouse/Dirtibution Space (USD/SF/YR)
Albuquerque	\$12.80	\$11.98	\$10.89
Bakersfield	\$9.12	\$14.40	\$9.21
Denver	-	\$16.14	\$10.73
Fresno	-	\$10.68	\$7.64
Las Vegas	\$15.62	\$17.31	\$14.31
Phoenix	\$13.86	\$15.90	\$11.25
Portland	\$10.24	\$14.09	\$9.48
Reno/Sparks	-	\$13.86	\$10.09
Sacramento	\$10.04	\$12.31	\$9.43
San Diego	\$17.34	\$36.00	\$17.18
San Francisco Bay Area	\$18.68	\$40.05	\$15.51
East Bay	\$17.30	\$35.19	\$15.02
Fairfield	\$15.05	\$15.00	\$11.56
San Francico Peninsula	\$29.56	\$78.40	\$24.25
Silicon Valley	\$19.44	\$35.57	\$14.27
Seattle/Puget Sound	\$12.68	\$23.69	\$13.24
Stockton	\$5.64	\$12.88	\$8.74
West Region Total	\$15.48	\$29.39	\$14.07
U.S. Grand Total	\$8.84	\$17.68	\$9.52



05 Market Outlook & Forecast

[insert text]



U.S. Economy

Eighteen months ago, the U.S. economy reached an inflection point as fiscal and monetary policy decisions enacted during the pandemic came home to roost. After CPI inflation steadily rose throughout 2021 and 2022 to peak at 9.1% in June 2022, the Federal Reserve finally embarked on the fastest and most aggressive rate tightening period in over four decades.

Despite the multiple rate hikes, inflation persisted last year, but the labor market was strong, and spending was robust. While most of Wall Street began to brace for a hard landing in 2023, that failed to materialize. Instead, fueled by strong consumer spending and inventory investment, real gross domestic product (GDP), the scorecard of economic health, beat industry forecasts and increased at an annual rate of 5.2% in the third quarter of 2023, right after a 2.2% increase in GDP during the first quarter and a 2.1% rise in the second quarter.

Although the U.S. economy exceeded expectations in 2023, considerable uncertainty about its future is based on several challenges: the impact of the resumption of student loan repayments, congressional dysfunction and a potential government shutdown in January, expanding geopolitical tensions, and a tenuous banking situation. A reduction in excess savings and rising delinquencies on auto loans and credit cards, combined with stringent fiscal and monetary policies, will further strain the economy.

Trends to Watch in 2024

- **Consumer Spending to Wane:** Consumer spending, the primary catalyst of the postpandemic economy, accounted for more than two-thirds of U.S. economic activity. Oxford Economics estimated that households had roughly \$1 trillion in excess savings at the end of August; however, lower- and middle-income households have all but exhausted their savings, leaving the balance in the accounts of the upper-income households who are likely to view savings as wealth, not discretionary funds. As a result, Oxford Economics anticipates GDP growth of just 0.2% in 2024, followed by 1.6% growth in 2025.
- **Higher For Longer:** July likely signaled the conclusion of the latest Federal Reserve interest rate increase, elevating their target range to 5.25% to 5.5%. Although recent economic data support the Fed's growing confidence that its restrictive monetary policy is feeding through the economy, it continues to emphasize a "higher for longer" approach and will be in no rush to cut rates. We anticipate that the Federal Reserve will shift its approach in the summer, opting for a gradual and purposeful reduction trajectory, potentially slower than in the past.
- **Labor Market to Soften:** After bottoming at 3.4% in April 2023, the unemployment rate climbed 50 basis points through November. While another 75-basis-point rise in 2024 seems manageable, larger concerns are the labor force participation rate, which has yet to reach pre-pandemic levels, and the mounting impact of retiring Baby Boomers on a softening labor market.
- **A Return to 2% Inflation?:** Stabilizing gas and energy costs, falling auto prices, a housing index pointing to further declines in shelter inflation, and easing supply chains will continue to propel the U.S. economy's disinflationary trend. However, with the Core PCE Annual Price Index standing at 3.5% at the end of November, the Federal Reserve's 2% target rate likely won't be reached until 2025.





U.S. Commercial Real Estate Market

All commercial real estate asset types lost momentum in 2023, some significantly more than others. The speed at which the Federal Reserve raised rates after the ultra-low-interest rate years brought the once red-hot capital markets sector to a standstill. Meanwhile, any positive momentum in the office sector in 2022 was diminished in 2023, when more than 70 million square feet of negative absorption was recorded over the last four quarters.

While industrial market fundamentals remained robust and mirrored pre-pandemic performance, they decelerated noticeably from the outstanding achievements of 2021 and 2022. The retail sector, buoyed by resilient consumption, featured strong absorption and lower vacancy. However, evidence suggests that persistent inflation and depleted savings are weighing on consumer demand. Although multifamily will remain a favored asset, declining rents and a wave of debt coming due caused it to lose some of its luster in 2023.

As we head into 2024, developers will take their foot off the gas in the industrial sector, allowing it to return to equilibrium. The office sector will encounter further distress from continuing downsized space requirements and rising vacancies. Reduced consumer spending, particularly in the first half of 2024, is expected to hinder retail performance. Class A multifamily assets will face rent declines as an oversupply of inventory is delivered, and overall investment activity is projected to remain subdued until the Fed's anticipated policy easing begins to take root.

Trends to Watch in 2024

- **Higher Cost of Capital:** The Fed's aggressive rate hikes over the last 18-plus months have dramatically altered the cost of capital. Higher interest rates impact acquisitions and refinancing and influence the ability to increase inventories, buy additional equipment, and finance tenant improvement allowances. While the markets began to price in interest rate cuts in June, it will take considerably longer to get capital flowing freely.
- **Insurability:** The National Oceanic and Atmospheric Administration (NOAA) reported 23 U.S. weather disasters with damage of at least \$1 billion year-to-date in 2023, the most in over 40 years, and the ninth consecutive year with more than ten \$1 billion disasters. Landlords will continue to face rising insurance premiums as providers limit their exposure in high-risk coastal and mountain areas in states like California, Florida, Louisiana, and Texas.
- **Artificial Intelligence:** Although artificial intelligence dates back to 1956, recent advancements in AI are ushering in a new era of technology tools poised to transform the commercial real estate landscape. Harnessing AI will enable the industry to gain in terms of efficiency, accuracy, workflow automation, and the ability to make data-driven decisions, ultimately enhancing the overall value proposition for stakeholders.
- **Commitment to ESG and DEI:** Commitment to Environmental, Social and Governance (ESG) and Diversity, Equity and Inclusion (DEI) policies will scale up as tightening regulations, a war for talent, and public scrutiny of businesses drive their adoption.





Office

Trends to Watch in 2024

- **Smaller Leases:** As tenants still consider workforce policies and real estate needs, leasing will reflect this, with most leases comprising less square footage. Under 10,000-square-foot spaces should dominate leasing in most markets.
- **Hotelification:** Office assets need differentiation, and creating a boutique experience similar to that in hotels is a way to draw employees back. As the return-to-office momentum stalls, landlords need to earn the commute.
- **Landlord Partnership:** Landlords willing to work with tenants to build in flexible lease language about topics like force majeure, termination, expansions, etc., will be more successful. Another enticing feature for occupiers will be strong financials of owners.
- **Underperforming Assets:** A continued flight to quality will further bifurcate the office sector. Owners will need to evaluate their occupancy trend and decide whether upgrades, adaptive reuse, or demolition would be the best path forward.
- **Subleasing to Wane:** After surging to 260 million square feet in 2023, 85% higher than the GFC peak, the amount of sublease space will decline as rate-conscious tenants and expiring terms reduce supply.



U.S. National Office Forecast

- **Vacancy:** During the third quarter, the U.S. vacancy rate eclipsed the prior cyclical peak of 16.3% in Q1 2010 and will push above 18% in 2024. Expiring subleases and a rise in building obsolescence will lead to increased structural vacancy.
- **Demand:** Economic clarity will lead to an uptick in activity in 2024. However, with tenants reducing their overall space, net absorption will remain firmly in the red.
- **Construction:** Demand for new product will remain high; however, an elevated interest rate environment and sector uncertainty will keep developers on the sidelines despite a nearly depleted development pipeline.
- **Rents:** Despite a 600-basis-point increase in vacancy over the last four years, asking rents remained resilient and continued to rise through 2023, although concessions soared.
- **Rent compression** will be more pronounced in 2024, with the largest declines in older and inferior assets.



Industrial

Trends to Watch in 2024

- **Manufacturing Reshoring:** While speculative development of warehouse and distribution facilities is quickly dropping, manufacturing construction spending has never been higher. Manufacturing reshoring has accelerated impressively during the past two years with the CHIPS Act, primarily catalyzed by rising tensions with China and supply chain concerns. While most development has been concentrated in semiconductor and electric vehicle battery facilities, it is also increasing for food and beverage processing, chemicals, and plastics factories.
- **Data Center Growth:** The rapid expansion of data center facilities in key markets around the U.S. will continue in 2024 as the industry adjusts to accommodate a new era of data center demand and the rise of artificial intelligence. Power grids must be modernized to support the significant power needs of tomorrow's data centers, including more transmission lines while adding multiple energy sources.
- **Cold Storage Demand:** The U.S. cold storage market's size is expected to more than double by 2030. Much of the existing cold storage inventory is 30 to 40 years old and functionally obsolete, but vacancies hover between 3% and 4%. In some large cold storage markets, there is essentially no vacancy, so developers and investors have started to recognize the opportunity in the niche asset class. Development of cold storage facilities is expected to expand further in 2024, including several speculative buildings.
- **Supply Chain Restructuring:** Third-party logistics (3PL) providers continued to expand during 2023, to nearly one-third of new bulk occupancies. While many companies may outsource their logistics operations to a 3PL provider in 2024, others will reevaluate their in-house strategies, implementing micro-fulfillment centers in cities across the U.S., adjusting fulfillment setups, and taking omnichannel approaches — all of which affect real estate.



U.S. National Industrial Forecast

- **Vacancy:** Industrial vacancy rates are poised to rise further through much of 2024 in all regions and most markets as new supply outstrips demand. The vacancy rate is forecast to stabilize at around 6.5% during the second half of 2024, a functional rate slightly above its 15-year average of 6.2%. In markets receiving a significant amount of new product relative to the overall industrial inventory, vacancy may exceed 10%; it will remain below 5% in markets with less development due to geographical constraints or other factors.
- **Demand:** Occupancy growth normalized to pre-pandemic levels during 2023, more than 50% lower than in 2021 and 2022, when industrial occupiers were expanding at an unprecedented pace nationwide. Net absorption is expected to hold between 40 and 60 million square feet per quarter through 2024, in sharp contrast to the nine consecutive quarters of more than 100 million square feet of absorption quarterly between late 2020 and 2022. Despite the pullback, this is in line with demand prior to the pandemic, and the balance between supply and demand is expected to return towards the end of next year.
- **Construction:** While developers are still completing more industrial facilities than ever, construction starts have fallen dramatically and the construction pipeline has started to contract. With the cost of capital high, demand slowing, and vacancy rising, developers will focus on build-to-suit projects and specialty facilities, including cold storage, manufacturing, and data center development. This respite in speculative development will allow time for industrial occupiers to absorb much of the modern space being completed.
- **Rents:** Average lease rates continued to climb during 2023, exceeding 15% year-over-year growth in many markets. While rent growth may pause in some markets where rates got a bit out of hand, more rent growth is forecast in most markets in 2024, although at a more tempered pace, closer to historical averages of between 4% and 8%.

06 Colliers Capabilities

[insert text]



Our Mission

Maximize the potential of property and real assets to accelerate the success of our clients, our investors and our people.

“Working with the Colliers’ Occupier Services team helped us visualize our information, spanning global planning initiatives to regional and local transaction delivery. Colliers360 technology was quickly adapted to our needs and provides a platform that integrates our business and real estate metrics. Within a 90-day transition period, the Colliers team developed a focused solution with insight into portfolio reporting, location strategies and status of the regional transaction pipelines.

Having access to our data sources in one portal is important to balancing operational, people and financial objectives, supporting growth and efficiency across our portfolio.”

Bill Rinsma | Global Head of Real Estate, SAP

Our Commitment

At Colliers, we see real estate from your perspective. A well thought out real estate strategy can elevate your brand, streamline operations, attract leading talent and make a meaningful impact on your bottom line.

We examine the dynamics of your industry, business and markets to align a real estate solution with your business objectives. Our experts advise occupiers and apply specialized knowledge and agile service offerings to ensure you realize a competitive advantage.

We Understand Occupiers

In today’s highly competitive and evolving business environment, our proven methodology and performance allows us to advise occupiers in any scenario.

We start by listening to and understanding your unique situation, then leverage our expertise and enterprising culture to develop a custom solution to meet your needs.

Our Differentiators

Culture of Collaboration

We are enterprising. We act quickly to create and seize opportunities, embracing change and thinking differently to generate new and better solutions for our clients. As a partner, we will challenge clients to consider new ideas and, with our transparent approach, deliver trusted advisory expertise.



Unique Technology Offerings

Fast and flexible delivery, our Colliers360 platform and collaborative team bring innovative tools that solve data access, integration and confidentiality challenges, delivering valuable data visualization through customized dashboards.



Specialized Expertise Included

Secondary Heading

We include specialized subject matter expertise to augment our client’s business and support their mission. We do everything we can to help our client’s internal capability become stronger for the future. We are your long-term partner, providing the right specialized expertise today and beyond to help you build and grow your business.

Our Approach

Discovery

Understanding business goals and objectives

We begin each engagement by gaining an in-depth understanding of your business goals, strategies, opportunities and challenges.

Alignment

Analyzing results and gaining agreement on direction

Based on our findings and combined with our industry and market intelligence, we summarize the results and align on the path forward.

Strategy

Generating opportunity and developing a procurement strategy

We confirm your business needs, establish financial parameters and align stakeholders around the objectives, working to determine and evaluate alternative strategies to define an appropriate course of action.

Delivery

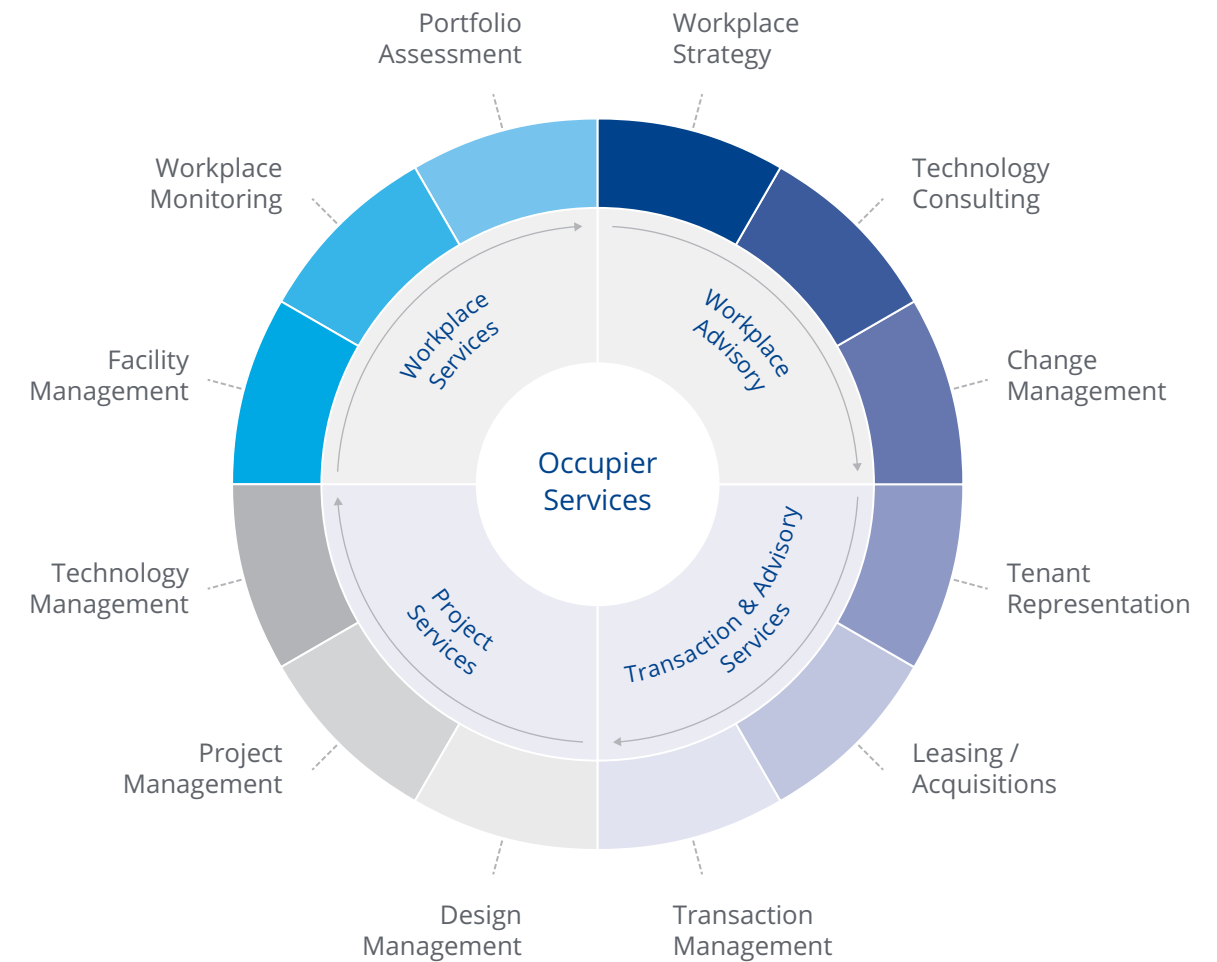
Implementing the plan and managing the details

We are committed to the timely, thoughtful and seamless execution of each detail in the delivery process. With a well-defined strategy, we take a systematic approach to achieving the best possible outcomes for you.

Metrics

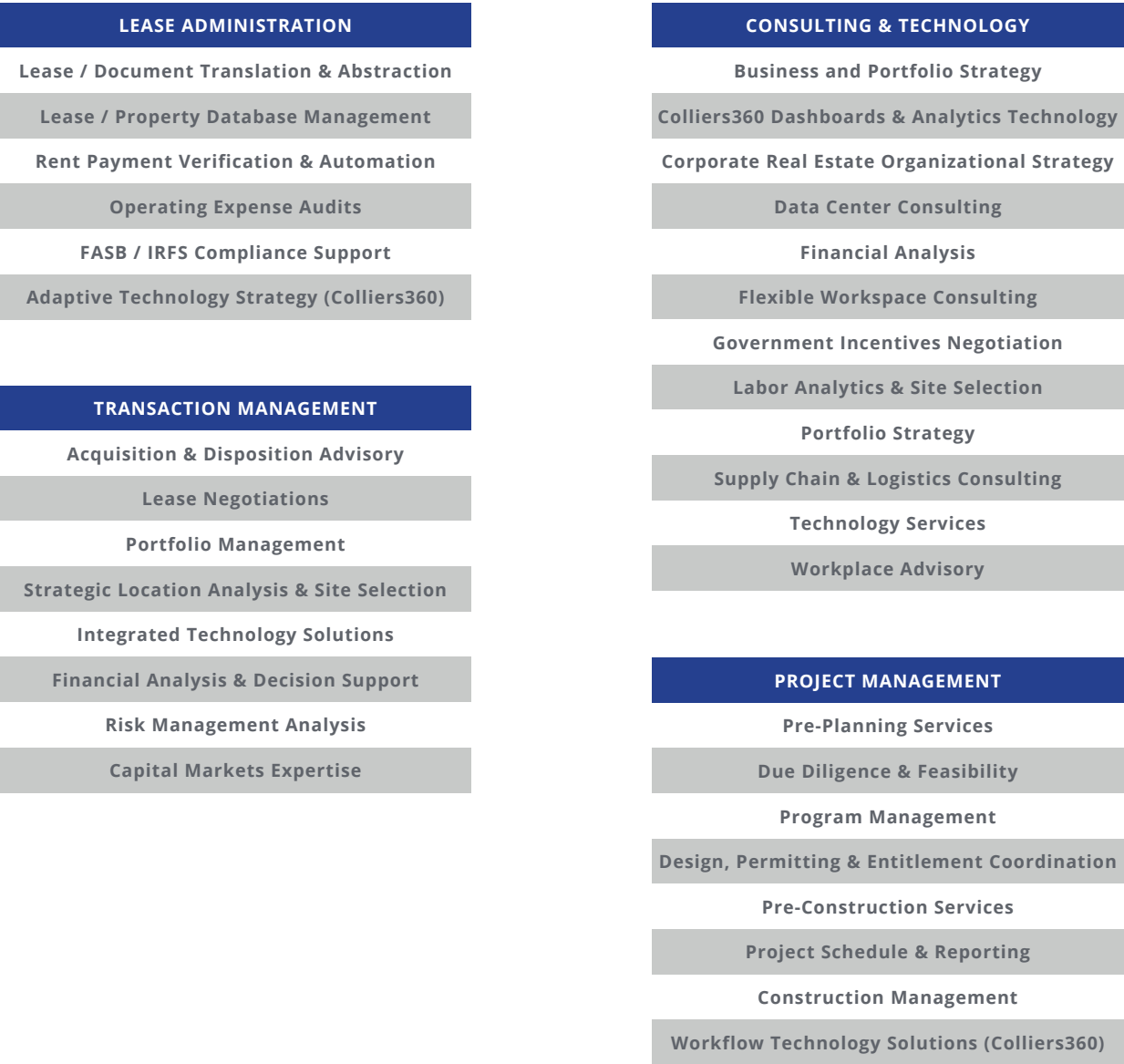
Measuring and reporting results

Key to ensuring success is measuring and evaluating results. We bring metrics and a variety of tools and processes to provide information and solicit feedback.



Our Service Integration

For clients that want bundled services, across some or all of an entire “portfolio” of sites, our professionals bring a single point of contact and unified team approach and outstanding global coverage.



ACCOUNT MANAGEMENT

A holistic delivery of our services, in some cases implementing long-term, complete advisory outsourcing engagements for a client, managing activity across their entire real estate portfolio. We have assembled a global team of account management talent, subject matter experts and support resources, known as our Enterprise Clients function, as resources accessible to our relationship management professionals and clients.



Colliers360 Analytics Application

Customized to fit your needs, we provide full-service capabilities and a team of experts to integrate your data with our Colliers360 technology. Our agile solution helps you make informed business decisions, based on strategy and insight. Our nonproprietary business intelligence platform integrates with your existing data sources and simplifies your analytics, providing fast and flexible access – often within 30 to 60 days. By aggregating your data into one centralized tool and applying dashboards and analytics across your real estate portfolio, Colliers360 helps you visualize your information, delivering valuable insights through a user-friendly portal, accessible on all digital devices.

Workplace Advisory

Colliers’ proven process of workplace strategy development and implementation is supported by tested tools, techniques and data visualization. Our goal is to align your organization’s workplace with your business objectives, brand, vision and culture. Applied successfully for clients across an array of industries, our evidence-based approach helps occupiers create environments that engage employees, drive mission and enable productivity leading to competitive advantage.

An Integrated Approach to Workplace



A typical workplace strategy varies in length from 8-12 weeks, based on client needs.



Turning **Office** complexity into opportunity

Do you have access to a complete team of **Office** experts?

To identify opportunity people always gravitate toward specialists over generalists. Accelerate your success and partner with one property company with every property expert.

**Maximise the potential of your property.
Talk to your dedicated expert today.**

Our Expertise



Office Leasing

- Asset Positioning & Precinct Strategies
- Competitor & Lease Analysis
- Pre-commitment & Pre-leasing
- Project Marketing
- Research & Market Analysis
- Tenant Identification & Building Recommendations



Strategic Advisory

- Asset Optimisation
- Demographic & Economic Analysis
- Development Services
- Highest & Best Use Analysis Reporting
- Market Studies
- Portfolio Audits
- Strategic Transaction Management



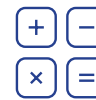
Real Estate Management

- Property Management
- Facilities Management
- Financial Management
- Portfolio Management



Occupier Services

- Workplace Strategy
- Tenant Advisory
- Workplace Management Services
- Portfolio & Transaction Management
- Sustainability



Valuation & Advisory Services

- Acquisition & Disposal
- Advisory Services
- Capital Raising
- Financial Reporting
- First Mortgage Security
- Government Property Services
- Insurance Replacement Cost Estimate
- Plant & Equipment
- Rental
- Statutory & Litigation Matters
- Taxation



Capital Markets

- Debt Advisory
- Fund Throughs
- Portfolio Sales & Acquisitions
- Sales & Leasebacks



Project Management

- Development Management
- Development Advisory
- Technology Solutions
- Cost Management



Investment Services

- Commercial Property Services
- Asia Markets
- National Auctions
- Restructuring Property Services
- Strata Sales



Research

- Forecasting and Historical Trend Analysis
- Occupier Trends
- 6 CBD Markets, 25 Metro Markets Covered

Turning **Industrial** complexity into opportunity

Do you have access to a complete team of **Industrial** experts?

To identify opportunity people always gravitate toward specialists over generalists. Accelerate your success and partner with one property company with every property expert.

**Maximise the potential of your property.
Talk to your dedicated expert today.**



Industrial Investment Services

- Portfolio Sales & Acquisitions
- Sales & Leasebacks
- Asia Markets
- Restructuring Property Services
- Strata sales



Capital Markets

- Debt Advisory
- Fund Throughs
- Portfolio Sales & Acquisitions
- Sales & Leasebacks



Project Leaders

- Project Management
- Development Management
- Development Advisory
- Technology Solutions
- Cost Management



Strategic Advisory

- Asset Optimisation
- Demographic & Economic Analysis
- Development Services
- Highest & Best Use Analysis Reporting
- Market Studies
- Portfolio Audits
- Strategic Transaction Management



Industrial Leasing

- New Developments & Major Projects
- Repositioning of Industrial Assets
- Innovative Marketing



Real Estate Management

- Property Management
- Facilities Management
- Financial Management
- Portfolio Management



Industrial Occupier Services

- Logistics & Supply Chain Consulting
- Corporate Solutions
- Tenant Advisory



Research

- Forecasting and Historical Trend Analysis
- Occupier Trends
- 6 CBD Markets, 25 Metro Markets Covered



Valuation and Advisory Services

- Acquisition & Disposal
- Advisory Services
- Capital Raising
- Financial Reporting
- First Mortgage Security
- Government Property Services
- Insurance Replacement Cost Estimate
- Plant & Equipment
- Rental
- Statutory & Litigation Matters
- Taxation



Why Colliers?

01

Equid ullaccu llandanto qui denditatie doloribus
sitate eos de doloribus sequam, offic tectat
evenien imolu. Tem repudae cum nos nobisci cus
que necatur sam que cus imolupt ionsequ aspelit
exceat.
Luptis voluptati vel inctiis corroiducim
ipsanimaion nis autessum doluptasimo
exceperorum hario.

02

Equid ullaccu llandanto qui denditatie doloribus
sitate eos de doloribus sequam, offic tectat
evenien imolu. Tem repudae cum nos nobisci cus
que necatur sam que cus imolupt ionsequ aspelit
exceat.
Luptis voluptati vel inctiis corroiducim
ipsanimaion nis autessum doluptasimo
exceperorum hario.

03

Equid ullaccu llandanto qui denditatie doloribus
sitate eos de doloribus sequam, offic tectat
evenien imolu. Tem repudae cum nos nobisci cus
que necatur sam que cus imolupt ionsequ aspelit
exceat.
Luptis voluptati vel inctiis corroiducim
ipsanimaion nis autessum doluptasimo
exceperorum hario.

04

Equid ullaccu llandanto qui denditatie doloribus
sitate eos de doloribus sequam, offic tectat
evenien imolu. Tem repudae cum nos nobisci cus
que necatur sam que cus imolupt ionsequ aspelit
exceat.
Luptis voluptati vel inctiis corroiducim
ipsanimaion nis autessum doluptasimo
exceperorum hario.

05

Equid ullaccu llandanto qui denditatie doloribus
sitate eos de doloribus sequam, offic tectat
evenien imolu. Tem repudae cum nos nobisci cus
que necatur sam que cus imolupt ionsequ aspelit
exceat.
Luptis voluptati vel inctiis corroiducim
ipsanimaion nis autessum doluptasimo
exceperorum hario.

06

Equid ullaccu llandanto qui denditatie doloribus
sitate eos de doloribus sequam, offic tectat
evenien imolu. Tem repudae cum nos nobisci cus
que necatur sam que cus imolupt ionsequ aspelit
exceat.
Luptis voluptati vel inctiis corroiducim
ipsanimaion nis autessum doluptasimo
exceperorum hario.

07

Equid ullaccu llandanto qui denditatie doloribus
sitate eos de doloribus sequam, offic tectat
evenien imolu. Tem repudae cum nos nobisci cus
que necatur sam que cus imolupt ionsequ aspelit
exceat.
Luptis voluptati vel inctiis corroiducim
ipsanimaion nis autessum doluptasimo
exceperorum hario.

08

Equid ullaccu llandanto qui denditatie doloribus
sitate eos de doloribus sequam, offic tectat
evenien imolu. Tem repudae cum nos nobisci cus
que necatur sam que cus imolupt ionsequ aspelit
exceat.
Luptis voluptati vel inctiis corroiducim
ipsanimaion nis autessum doluptasimo
exceperorum hario.

XX Appendix

Ribus poribusto comnis rae pre dolorat
estissitatum aspellibus evenditasin pe ma
derovit estemporepe es nectis



This document/email has been prepared by Colliers for advertising and general information only. Colliers makes no guarantees, representations or warranties of any kind, expressed or implied, regarding the information including, but not limited to, warranties of content, accuracy and reliability. Any interested party should undertake their own inquiries as to the accuracy of the information. Colliers excludes unequivocally all inferred or implied terms, conditions and warranties arising out of this document and excludes all liability for loss and damages arising there from. This publication is the copyrighted property of Colliers and /or its licensor(s). © 2024. All rights reserved. This communication is not intended to cause or induce breach of an existing listing agreement.



colliers.com/cincinnati

This document/email has been prepared by Colliers for advertising and general information only. Colliers makes no guarantees, representations or warranties of any kind, expressed or implied, regarding the information including, but not limited to, warranties of content, accuracy and reliability. Any interested party should undertake their own inquiries as to the accuracy of the information. Colliers excludes unequivocally all inferred or implied terms, conditions and warranties arising out of this document and excludes all liability for loss and damages arising there from. This publication is the copyrighted property of Colliers and /or its licensor(s). © 2024. All rights reserved. This communication is not intended to cause or induce breach of an existing listing agreement.

