JANUARY 29-30 · TAMPA FL

SHIFTING TRADE

Industrial is the New Black
John Morris, CBRE

Market Demand Strong.....

U.S. I&L MARKET STATS Q4 2019

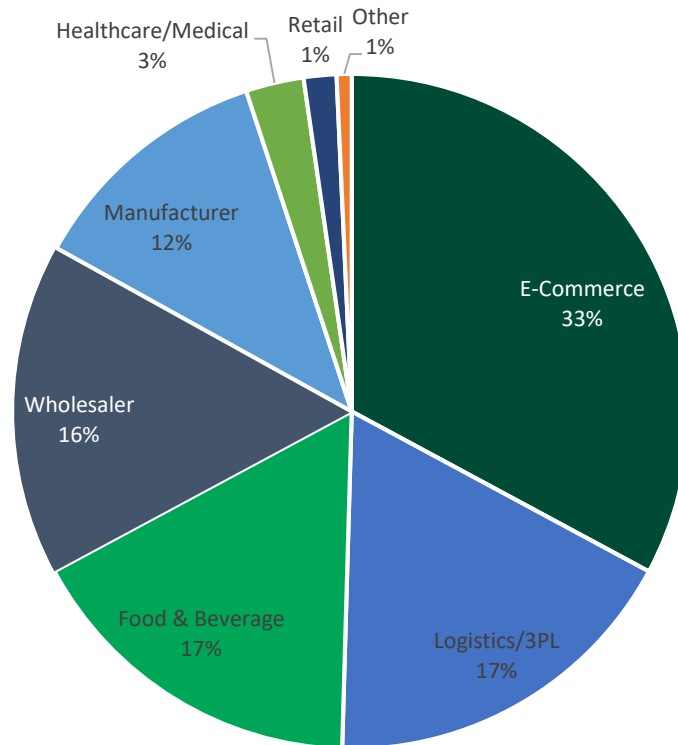|	Q4 2019	Trailing 12 Mos
VACANCY	4.4%	+10 bps
NET ASK RENT	$7.63	+3.2%
COMPLETIONS	63 msf	224 msf
NET ABSORPTION	56 msf	183 msf

Source: CBRE Research, Q4 2019

Especially in Some Segments

demand by industry – top 100 deals

E-COMM & 3PLS CAPTURE 50% OF DEMAND IN 2019, FOOD USERS GROWING

Pie chart:
- E-Commerce 33%
- Logistics/3PL 17%
- Food & Beverage 17%
- Wholesaler 16%
- Manufacturer 12%
- Healthcare/Medical 3%
- Retail 1%
- Other 1%

Note: Based on 100 largest warehouse leases in 2019.
Source: CBRE Research, Q4 2019.

Ecommerce is The Force (Luke)

$1B
E-COMMERCE SALES

1.25MSF
DISTRIBUTION SPACE

HOW MUCH DEMAND?

ANNUAL REQUIREMENT OF 60-80 MSF OF ADDITIONAL DC SPACE
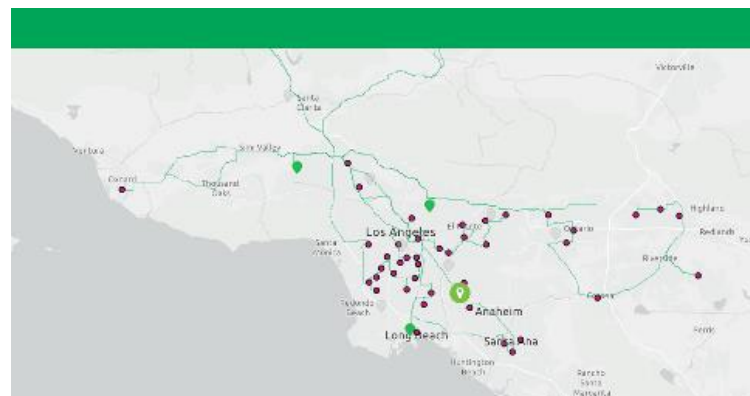
INFILL TRANSPORTATION MODELING

INDUSTRIAL TRANSPORTATION TOOL….WHERE MATTERS

Maximize access to your customers while keeping your transportation costs to a minimum. Intelligent site selection when multi-stop routing is central to your business.

BACKGROUND

Various organizations service orders with a fleet of vehicles. For example, a large furniture store might use several trucks to deliver furniture to homes. These organizations determine which orders should be serviced by each truck and in what sequence the orders should be visited. The primary goal is to best service the orders and minimize the overall operating cost for the fleet of vehicles.

Relocating an existing delivery location can have a significant impact on operation costs. The transportation tool allows users to analyze and compare transportation costs across several relocation options. To understand the relative cost savings of moving to a different location.
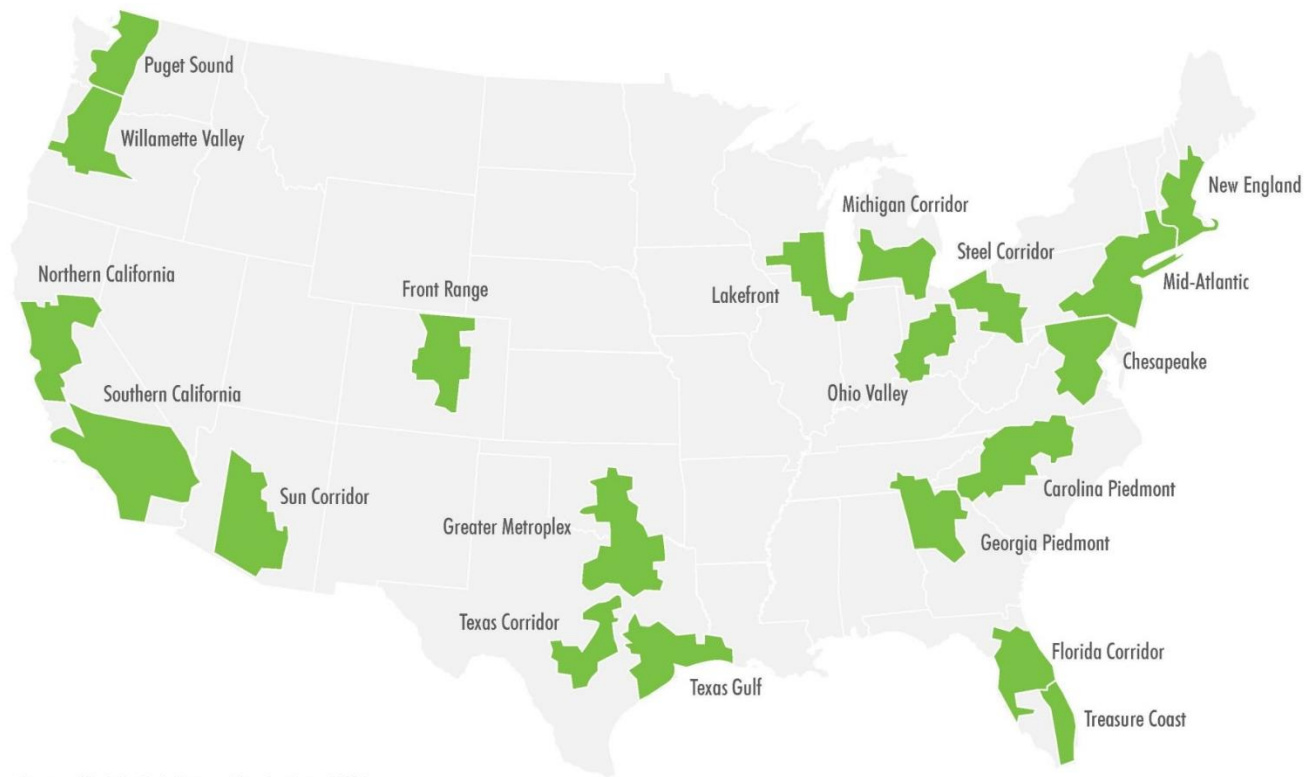

Current Location
15510 Carmenita Road, Santa Fe Springs

Distance miles	1,007
Time mins	1,711
Cost	$3,169
Number of Trucks	6

1500 W 16th St, Long Beach

Total Miles	1,008 / 0.15%
Total Time (minutes)	1,671 / -2.34%
Total daily transportation cost	$3,129 / -1.25%
Number of Trucks	6

1015 S Arroyo Pky, Pasadena

Total Miles	935 / -7.17%
Total Time (minutes)	1,510 / -11.76%
Total daily transportation cost	$2,895 / -8.66%
Number of Trucks	7

Twenty Population Growth Clusters

Puget Sound
Willamette Valley
Northern California
Front Range
Michigan Corridor
Steel Corridor
New England
Mid-Atlantic
Lakefront
Chesapeake
Southern California
Ohio Valley
Sun Corridor
Greater Metroplex
Carolina Piedmont
Georgia Piedmont
Texas Corridor
Texas Gulf
Florida Corridor
Treasure Coast

Source: Virginia Tech Metropolitan Institute, 2013.
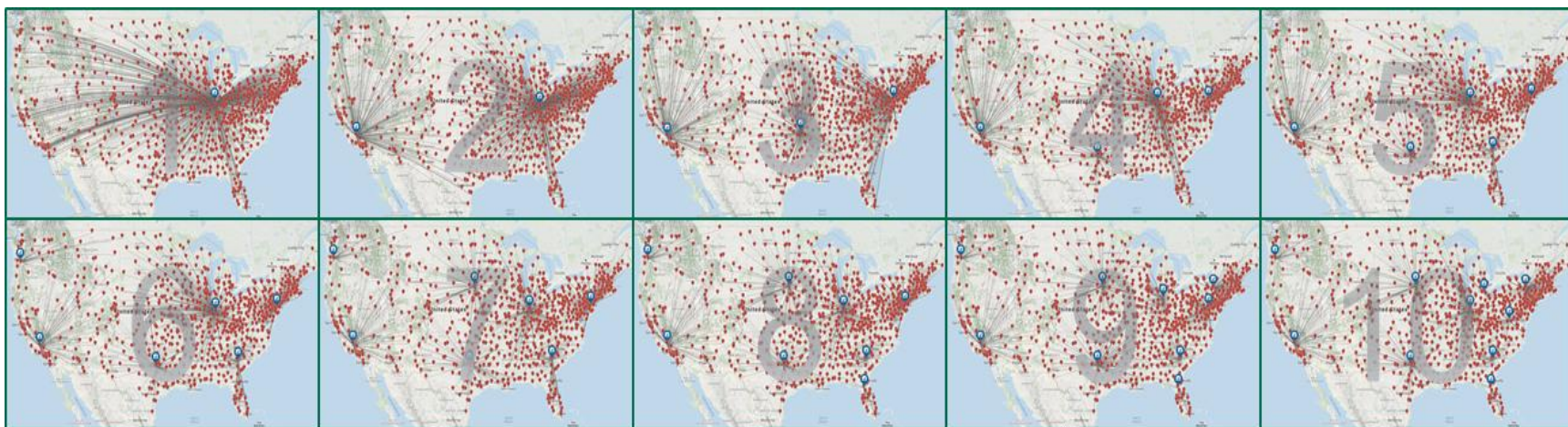
60 MILLION NEW PEOPLE IN 20 U.S. MARKETS BY 2040

Parcel/Small Package Winners?

TOP 10 NETWORKS FOR E-COMMERCE / DTC

Source: CBRE, 2019.

LEAST TIME-IN-TRANSIT AND LEAST PARCEL COSTS

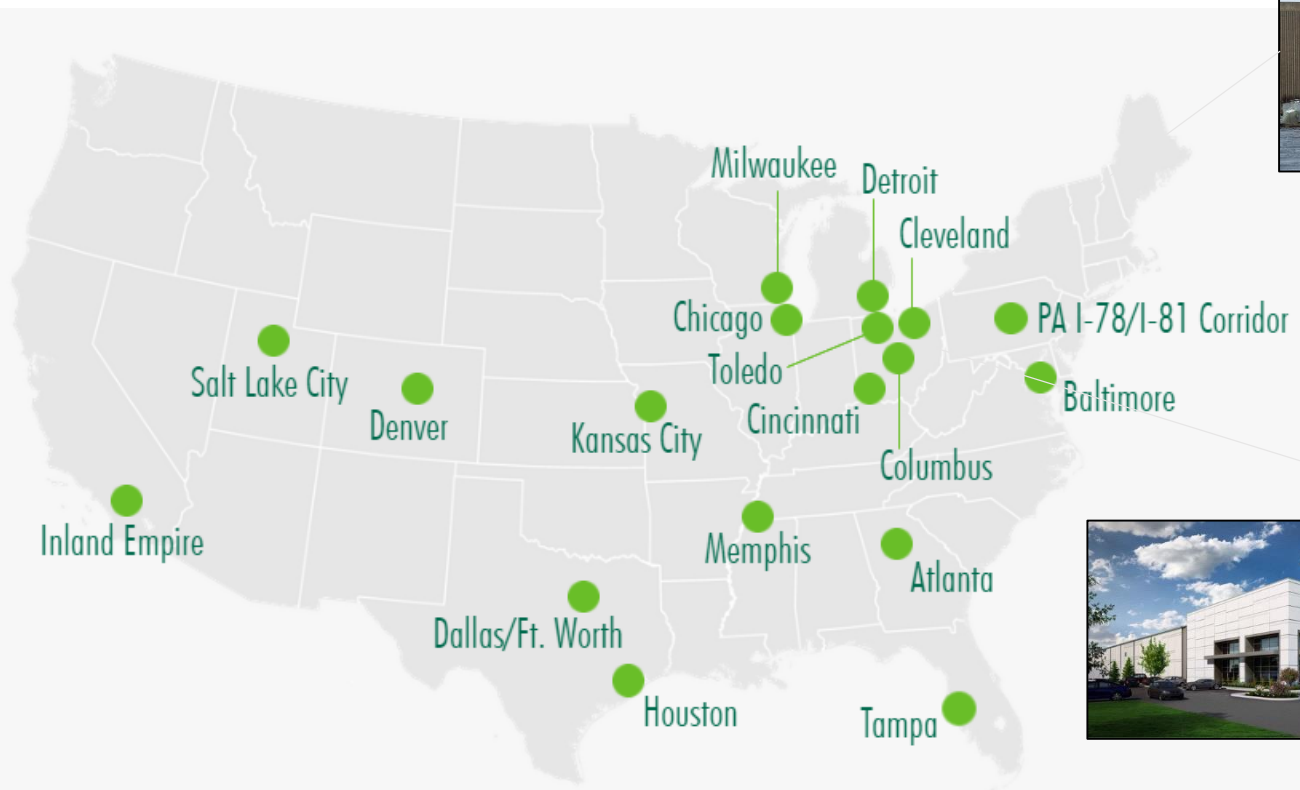| # DCs	Market (% Population Serviced)	Days Time-In-Transit	Average Distance DC to Consumer
1	Indianapolis, IN (100%)	2.4	803
10	Augusta, GA (8%), Bakersfield, CA (17%), Binghamton, NY (17%), Fort Worth, TX (13%), Gainesville, FL (6%), Harrisonburg, VA (7%), Indianapolis, IN (16%), Portland, OR (4%), Sioux City, IA (7%), Toledo, OH (5%)	1.2	283

Who Moved My Chess King?

RETAIL ➜ INDUSTRIAL CONVERSION?

Milwaukee
Detroit
Cleveland
Chicago
PA I-78/I-81 Corridor
Toledo
Baltimore
Cincinnati
Salt Lake City
Denver
Kansas City
Columbus
Inland Empire
Memphis
Atlanta
Dallas/Ft. Worth
Houston
Tampa

Source: CBRE Research, 2018.

24 projects yielding 10.9 MSF of industrial from 7.9 MSF of retail

Bigger, Stronger Faster

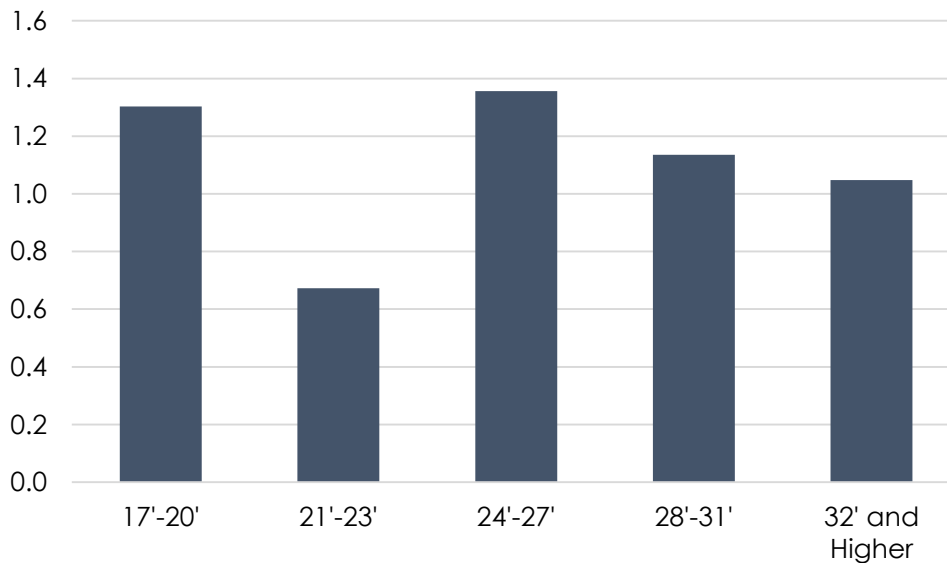## RAISE THE ROOF

MODERNIZATION OF INDUSTRIAL BUILDINGS = GREATER CLEAR HEIGHTS

Billions Sq. Ft.

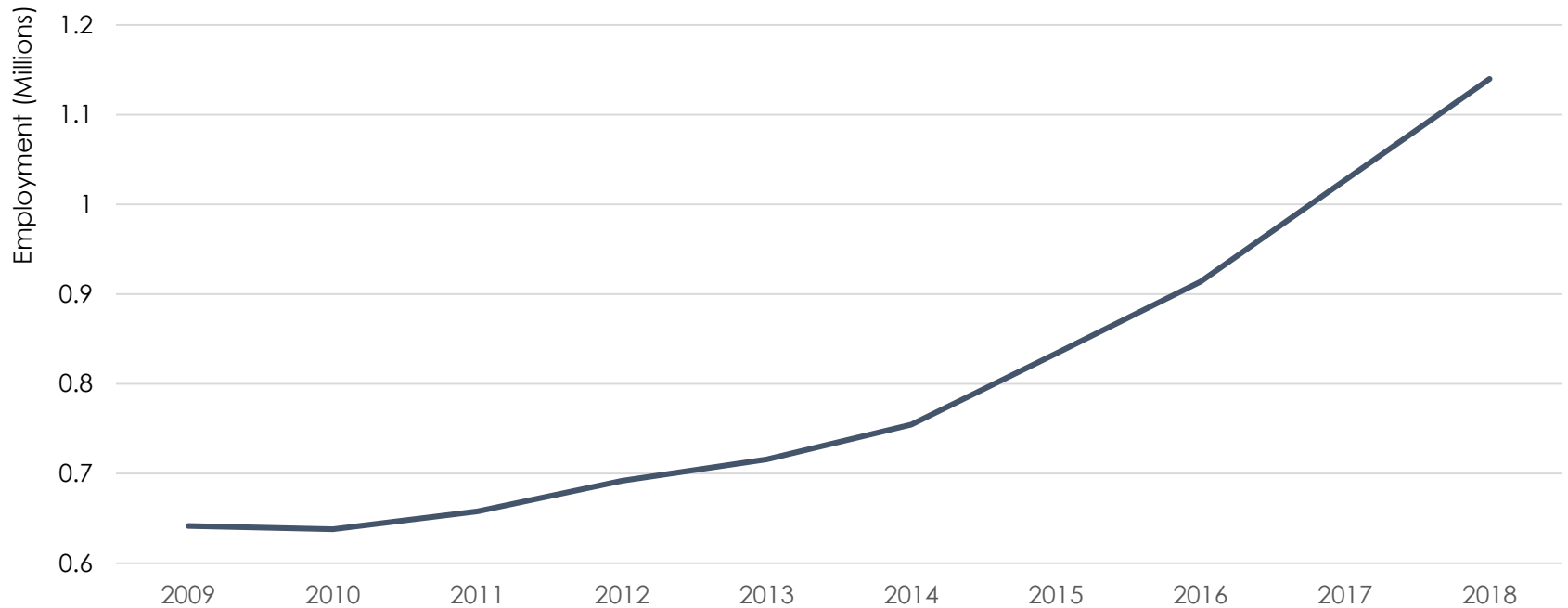| Rank	Market	% 32' or Higher
1	Indianapolis	43%
2	PA I-78/I-81 Corridor	35%
3	Inland Empire	33%
4	Central NJ	25%
5	Cincinnati	24%
6	Dallas/Ft. Worth	24%
7	Columbus	23%
8	Baltimore	23%
9	Kansas City	20%
10	Atlanta	20%
11	Chicago	18%
12	St. Louis	17%
13	Phoenix	15%
14	Houston	14%
15	Detroit	13%

NEARLY DOUBLED IN LESS THAN A DECADE

Avg annual employment at warehouse and storage companies.
Source: U.S. Department of Labor, 2019.

Warehouse job growth……..

Closing Comments

- Industrial market breaking forecast models

- Retail changing, Industrial gaining share of space

- Labor and infill freight impacting costs

- Rate of change is beyond comprehension

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