Atlanta Q2 2017
Industrial Market Overview Report

Atlanta Industrial Market: Vacancy Dips, Rents Rise

The overall Atlanta industrial market recorded a net absorption of positive 6,016,850 square feet in the second quarter 2017. In comparison, the Atlanta industrial market recorded a net absorption of positive 6,827,197 square feet in the first quarter 2017.

In the second quarter, the overall total vacancy rate in the Atlanta industrial market decreased to 6.5% from 6.9%, which was recorded at the conclusion of the first quarter. Flex projects recorded a vacancy rate of 7.5%, while warehouse projects reported a vacancy rate of 6.4% at the end of the second quarter.

The overall average quoted asking rental rate in the Atlanta industrial market for the second quarter was $4.49 per square foot. In the first quarter 2017, the average quoted asking rental rate was $4.48 per square foot, representing a 0.2% increase in the second quarter.

During the second quarter, 12 buildings totaling 3,381,431 square feet were completed in the Atlanta industrial market. This is comparative to 16 buildings totaling 4,729,038 square feet completed in the first quarter 2017. At the end of the second quarter 16,662,378 square feet of industrial space were under construction in the Atlanta industrial market.

Market Overview:

Absorption: 6,016,850 down from 6,827,197

Flex vacancy: 7.5%, down from 7.7%

Warehouse vacancy: 6.4%, down from 6.9%

Rental rate (per sq. ft.): $4.49 up 0.2%

New construction: 3,381,431 sq. ft. delivered

Overall Market Trends for Q2 2017

NET ABSORPTION
VACANCY RATE
CONSTRUCTION
ASKING RATES

Vacancy Rates

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Flex</th>
<th>Warehouse</th>
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<td>2Q 17'</td>
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New Construction

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<thead>
<tr>
<th>Quarter</th>
<th>RBA Under Const Flex</th>
<th>RBA Under Const Warehouse</th>
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<tr>
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<td>2Q 17'</td>
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</tbody>
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U.S Rental Rates

Source: CoStar Property®
Baltimore Industrial Market: Vacancy, Rents Dip

The overall Baltimore industrial market recorded a net absorption of positive 2,685,291 square feet in the second quarter 2017. In comparison, the Baltimore industrial market recorded a net absorption of positive 1,016,390 square feet in the first quarter 2017.

In the second quarter, the overall total vacancy rate in the Baltimore industrial market decreased to 7.4% from 8.3%, which was recorded at the conclusion of the first quarter. Flex projects recorded a vacancy rate of 7.8%, while warehouse projects reported a vacancy rate of 7.3% at the end of the second quarter.

The overall average quoted asking rental rate in the Baltimore industrial market for the second quarter was $5.96 per square foot. In the first quarter 2017, the average quoted asking rental rate was $5.99 per square foot, representing a 0.5% decrease in the second quarter.

During the second quarter, eight buildings totaling 825,476 square feet were completed in the Baltimore industrial market. This is comparative to five buildings totaling 367,250 square feet completed in the first quarter 2017. At the end of the second quarter 6,710,028 square feet of industrial space were under construction in the Baltimore industrial market.

Market Overview:

Absorption: 2,685,291 up from 1,016,390

Flex vacancy: 7.8% down from 7.9%

Warehouse vacancy: 7.3% down from 8.4%

Rental rate (per sq. ft.): $5.96 down 0.5%

New construction: 825,476 sq. ft. delivered

Overall Market Trends for Q2 2017

NET ABSORPTION  
VACANCY RATE  
CONSTRUCTION  
ASKING RATES
Boston Q2 2017
Industrial Market Overview Report

Boston Industrial Market: Vacancy Dips, Rents Rise

The overall Boston industrial market recorded a net absorption of positive 1,006,919 square feet in the second quarter 2017. In comparison, the Boston industrial market recorded a net absorption of positive 2,415,165 square feet in the first quarter 2017.

In the second quarter, the overall total vacancy rate in the Boston industrial market decreased to 5.2% from 5.3%, which was recorded at the conclusion of the first quarter. Flex projects recorded a vacancy rate of 6.9%, while warehouse projects reported a vacancy rate of 4.5% at the end of the second quarter.

The overall average quoted asking rental rate in the Boston industrial market for the second quarter was $7.19 per square foot. In the first quarter 2017, the average quoted asking rental rate was $7.14 per square foot, representing a 0.7% increase in the second quarter.

During the second quarter, 13 buildings totaling 221,151 square feet were completed in the Boston industrial market. This is comparative to seven buildings totaling 453,348 square feet completed in the first quarter 2017. At the end of the second quarter 2,624,182 square feet of industrial space were under construction in the Boston industrial market.

Market Overview:

Absorption: 1,006,919 down from 2,415,165

Flex vacancy: 6.9% down from 7.2%

Warehouse vacancy: 4.5%, down from 4.7%

Rental rate (per sq. ft.): $7.19 up 0.7%

New construction: 221,151 sq. ft. delivered

Overall Market Trends for Q2 2017

- **NET ABSORPTION**
- **VACANCY RATE**
- **CONSTRUCTION**
- **ASKING RATES**

Source: CoStar Property®
Chicago Industrial Market: Vacancy Firm, Rents Rise

The overall Chicago industrial market recorded a net absorption of positive 4,746,652 square feet in the second quarter 2017. In comparison, the Chicago industrial market recorded a net absorption of positive 2,154,302 square feet in the first quarter 2015.

In the second quarter, the overall total vacancy rate in the Chicago industrial market remained at 6.7%, which was also the figure recorded at the conclusion of the first quarter. Flex projects recorded a vacancy rate of 8.0%, while warehouse projects reported a vacancy rate of 6.6% at the end of the second quarter.

The overall average quoted asking rental rate in the Chicago industrial market for the second quarter was $5.85 per square foot. In the first quarter 2017, the average quoted asking rental rate was $5.81 per square foot, representing a 0.7% increase in the second quarter.

During the second quarter, 23 buildings totaling 5,128,646 square feet were completed in the Chicago industrial market. This is comparative to 21 buildings totaling 5,146,410 square feet completed in the first quarter 2017. At the end of the second quarter, 17,133,436 square feet of industrial space were under construction in the Chicago industrial market.

Market Overview:

Absorption: 4,746,652 up from 2,154,302

Flex vacancy: 8.0% up from 7.8%

Warehouse vacancy: 6.6%, unchanged

Rental rate (per sq. ft.): $5.85 up 0.7%

New construction: 5,128,646 sq. ft. delivered

Overall Market Trends for Q2 2017
Dallas/Ft. Worth Industrial Market: Vacancy Dips as Rents Rise

The overall Dallas/Ft. Worth industrial market recorded a net absorption of positive 5,721,324 square feet in the second quarter 2017. In comparison, the Dallas/Ft. Worth industrial market recorded a net absorption of positive 4,877,846 square feet in the first quarter 2017.

In the second quarter, the overall total vacancy rate in the Dallas/Ft. Worth industrial market decreased to 6.5% from 6.7%, which was recorded at the conclusion of the first quarter. Flex projects recorded a vacancy rate of 6.3%, while warehouse projects reported a vacancy rate of 6.6% at the end of the second quarter.

The overall average quoted asking rental rate in the Dallas/Ft. Worth industrial market for the second quarter was $5.38 per square foot. In the first quarter 2017, the average quoted asking rental rate was $5.34 per square foot, representing a 0.7% increase in the second quarter.

During the second quarter, 36 buildings totaling 4,422,298 square feet were completed in the Dallas/Ft. Worth industrial market. This is comparative to 55 buildings totaling 11,165,683 square feet completed in the first quarter 2017. At the end of the second quarter 22,269,488 square feet of industrial space were under construction in the Dallas/Ft. Worth industrial market.

Market Overview:

Absorption: 5,721,324 up from 4,877,846

Flex vacancy: 6.3% unchanged

Warehouse vacancy: 6.6% down from 6.8%

Rental rate (per sq. ft.): $5.38 up 0.7%

New construction: 4,422,298 sq. ft. delivered

Overall Market Trends for Q2 2017

- NET ABSORPTION
- VACANCY RATE
- CONSTRUCTION
- ASKING RATES
Denver Q2 2017
Industrial Market Overview Report

Denver Industrial Market: Vacancy Firm, Rents Rise

The overall Denver industrial market recorded a net absorption of positive 1,563,010 square feet in the second quarter 2017. In comparison, the Denver industrial market recorded a net absorption of positive 704,031 square feet in the first quarter 2017.

In the second quarter, the overall total vacancy rate in the Denver industrial market remained at 5.0%, which was the same figure recorded at the conclusion of the first quarter. Flex projects recorded a vacancy rate of 8.9%, while warehouse projects reported a vacancy rate of 4.2% at the end of the second quarter.

The overall average quoted asking rental rate in the Denver industrial market for the second quarter was $8.39. In the first quarter 2017, the average quoted asking rental rate was $8.32 per square foot, representing a 0.8% increase in the second quarter.

During the second quarter, 16 buildings totaling 1,465,359 square feet were completed in the Denver industrial market. This is comparative to 21 buildings totaling 1,181,056 square feet completed in the first quarter 2017. At the end of the second quarter 4,012,307 square feet of industrial space were under construction in the Denver industrial market.

Market Overview:

Absorption: 1,563,010 up from 704,031

Flex vacancy: 8.9% down from 9.4%

Warehouse vacancy: 4.2% up from 4.1%

Rental rate (per sq. ft.): $8.39, up 0.8%

New construction: 1,465,359 sq. ft. delivered

Overall Market Trends for Q2 2017

Net Absorption | Vacancy Rate | Construction | Asking Rates
Detroit Industrial Market: Vacancy, Rents Rise

The overall Detroit industrial market recorded a net absorption of negative (94,642) square feet in the second quarter 2017. In comparison, the Detroit industrial market recorded a net absorption of negative (165,239) square feet in the first quarter 2017.

In the second quarter, the overall total vacancy rate in the Detroit industrial market increased to 3.4% from 3.3%, which was recorded at the conclusion of the first quarter. Flex projects recorded a vacancy rate of 7.3%, while warehouse projects reported a vacancy rate of 3.0% at the end of the second quarter.

The overall average quoted asking rental rate in the Detroit industrial market for the second quarter was $5.52 per square foot. In the first quarter 2017, the average quoted asking rental rate was $5.44 per square foot, representing a 1.5% increase in the second quarter.

During the second quarter, seven buildings totaling 319,473 square feet were completed in the Detroit industrial market. This is comparative to ten buildings totaling 509,039 square feet completed in the first quarter 2017. At the end of the second quarter 4,127,980 square feet of industrial space were under construction in the Detroit industrial market.

Market Overview:

Absorption: (94,642) up from (165,239)

Flex vacancy: 7.3%, unchanged

Warehouse vacancy: 3.0%, up from 2.9%

Rental rate (per sq. ft.): $5.52 up 1.5%

New construction: 319,473 sq. ft. delivered

Overall Market Trends for Q2 2017

Source: CoStar Property®

Vacancy Rates

New Construction

U.S. Rental Rates

Source: CoStar Property®
Houston Industrial Market: Vacancy Rises, Rents Dip

The overall Houston industrial market recorded a net absorption of positive 718 square feet in the second quarter 2017. In comparison, the Houston industrial market recorded a net absorption of positive 2,941,945 square feet in the first quarter 2017.

In the second quarter, the overall total vacancy rate in the Houston industrial market increased to 5.6% from 5.3%, which was recorded at the conclusion of the first quarter. Flex projects recorded a vacancy rate of 9.6%, while warehouse projects reported a vacancy rate of 5.2% at the end of the second quarter.

The overall average quoted asking rental rate in the Houston industrial market for the second quarter was $6.74 per square foot. In the first quarter 2017, the average quoted asking rental rate was $6.80 per square foot, representing a 0.9% decrease in the second quarter.

During the second quarter, 49 buildings totaling 1,685,074 square feet were completed in the Houston industrial market. This is comparative to 58 buildings totaling 3,709,525 square feet completed in the first quarter 2017. At the end of the second quarter 4,440,619 square feet of industrial space were under construction in the Houston industrial market.

Market Overview:

Absorption: 718 down from 2,941,945

Flex vacancy: 9.6% up from 8.7%

Warehouse vacancy: 5.2% up from 5.0%

Rental rate (per sq. ft.): $6.74 down 0.9%

New construction: 1,685,074 sq. ft. delivered

Overall Market Trends for Q2 2017:

- Net Absorption
- Vacancy Rate
- Construction
- Asking Rates
Kansas City Industrial Market: Vacancy Rises, Rents Firm

The overall Kansas City industrial market recorded a net absorption of negative (726,988) square feet in the second quarter 2017. In comparison, the Kansas City industrial market recorded a net absorption of positive 1,540,193 square feet in the first quarter 2017.

In the second quarter, the overall total vacancy rate in the Kansas City industrial market increased to 6.3% from 5.5%, which was recorded at the conclusion of the first quarter. Flex projects recorded a vacancy rate of 6.4%, while warehouse projects reported a vacancy rate of 6.3% at the end of the second quarter.

The overall average quoted asking rental rate in the Kansas City industrial market for the second quarter was $4.29 per square foot. In the first quarter 2017, the average quoted asking rental rate was also $4.29 per square foot, representing no change in the second quarter.

During the second quarter, seven new buildings totaling 1,814,252 square feet was completed in the Kansas City industrial market. This is comparative to five new buildings totaling 1,374,566 square feet completed in the first quarter 2017. At the end of the second quarter 6,730,611 square feet of industrial space were under construction in the Kansas City industrial market.

Market Overview:

Absorption: (726,988) down from 1,540,193

Flex vacancy: 6.4% up from 5.6%

Warehouse vacancy: 6.3%, up from 5.5%

Rental rate (per sq. ft.): $4.29, unchanged

New construction: 1,814,252 sq. ft. delivered

Overall Market Trends for Q2 2017

- NET ABSORPTION
- VACANCY RATE
- CONSTRUCTION
- ASKING RATES
Los Angeles Q2 2017
Industrial Market Overview Report

Los Angeles Industrial Market: Vacancy, Rents Rise

The overall Los Angeles industrial market recorded a net absorption of negative (215,456) square feet in the second quarter 2017. In comparison, the Los Angeles industrial market recorded a net absorption of positive 1,403,546 square feet in the first quarter 2017.

In the second quarter, the overall total vacancy rate in the Los Angeles industrial market increased to 2.3% from 2.2%, which was recorded at the conclusion of the first quarter. Flex projects recorded a vacancy rate of 4.0%, while warehouse projects reported a vacancy rate of 2.2% at the end of the second quarter.

The overall average quoted asking rental rate in the Los Angeles industrial market for the second quarter was $9.99 per square foot. In the first quarter 2017, the average quoted asking rental rate was $9.69 per square foot, representing a 3.1% increase in the second quarter.

During the second quarter, seven buildings totaling 509,279 square feet were completed in the Los Angeles industrial market. This is comparative to nine buildings totaling 2,239,110 square feet completed in the first quarter 2017. At the end of the second quarter 6,846,668 square feet of industrial space were under construction in the Los Angeles industrial market.

Market Overview:

Absorption: (215,456) down from 1,403,546

Flex vacancy: 4.0% down from 4.2%

Warehouse vacancy: 2.2% up from 2.1%

Rental rate (per sq. ft.): $9.99 up 3.1%

New construction: 509,279 sq. ft. delivered

Overall Market Trends for Q2 2017

- Net Absorption
- Vacancy Rate
- Construction
- Asking Rates
Miami-Dade Q2 2017
Industrial Market Overview Report

Miami-Dade Industrial Market: Vacancy, Rents Rise

The overall Miami-Dade industrial market recorded a net absorption of positive 90,992 square feet in the second quarter 2017. In comparison, the Miami-Dade industrial market recorded a net absorption of positive 525,146 square feet in the first quarter 2017.

In the second quarter, the overall total vacancy rate in the Miami-Dade industrial market increased to 4.1% from 3.7%, which was recorded at the conclusion of the first quarter. Flex projects recorded a vacancy rate of 4.2%, while warehouse projects reported a vacancy rate of 4.1% at the end of the second quarter.

The overall average quoted asking rental rate in the Miami-Dade industrial market for the second quarter was $9.74 per square foot. In the first quarter 2017, the average quoted asking rental rate was $9.53 per square foot, representing a 2.2% increase in the second quarter.

During the second quarter, seven buildings totaling 1,112,150 square feet were completed in the Miami-Dade industrial market. This is comparative to six buildings totaling 1,137,750 square feet completed in the first quarter 2017. At the end of the second quarter, 2,920,550 square feet of industrial space were under construction in the Miami-Dade industrial market.

Market Overview:

Absorption: 90,992 down from 525,146

Flex vacancy: 4.2% up from 3.8%

Warehouse vacancy: 4.1% up from 3.6%

Rental rate (per sq. ft.): $9.74, up 2.2%

New construction: 1,112,150 sq. ft. delivered

Overall Market Trends for Q2 2017

- **Net Absorption**
- **Vacancy Rate**
- **Construction**
- **Asking Rates**
Minneapolis Industrial Market: Vacancy, Rents Dip

The overall Minneapolis industrial market recorded a net absorption of positive 412,245 square feet in the second quarter 2017. In comparison, the Minneapolis industrial market recorded a net absorption of negative (169,489) square feet in the first quarter 2017.

In the second quarter, the overall total vacancy rate in the Minneapolis industrial market decreased to 4.1% from 4.2%, which was recorded at the conclusion of the first quarter. Flex projects recorded a vacancy rate of 6.1%, while warehouse projects reported a vacancy rate of 3.6% at the end of the second quarter.

The overall average quoted asking rental rate in the Minneapolis industrial market for the second quarter was $6.63 per square foot. In the first quarter 2017, the average quoted asking rental rate was $6.65 per square foot, representing a 0.3% decrease in the second quarter.

During the second quarter, five buildings totaling 310,084 square feet were completed in the Minneapolis industrial market. This is comparative to three buildings totaling 232,143 square feet completed in the first quarter 2017. At the end of the second quarter 1,632,600 square feet of industrial space were under construction in the Minneapolis industrial market.

Market Overview:

Absorption: 412,245 up from (169,489)

Flex vacancy: 6.1%, unchanged

Warehouse vacancy: 3.6%, down from 3.7%

Rental rate (per sq. ft.): $6.63 down 0.3%

New construction: 310,084 sq. ft. delivered

Overall Market Trends for Q2 2017

- Net Absorption: Up
- Vacancy Rate: Down
- Construction: Up
- Asking Rates: Down

Source: CoStar Property®
New York City Industrial Market: Vacancy, Rents Rise

The overall New York Outer Boroughs industrial market recorded a net absorption of negative (271,167) square feet in the second quarter 2017. In comparison, the New York Outer Boroughs industrial market recorded a net absorption of negative (954,904) square feet in the first quarter 2017.

In the second quarter, the overall total vacancy rate in the New York Outer Boroughs industrial market increased to 4.8% from 4.7%, which was recorded at the conclusion of the first quarter. Flex projects recorded a vacancy rate of 15.1%, while warehouse projects reported a vacancy rate of 4.2% at the end of the second quarter.

The overall average quoted asking rental rate in the New York Outer Boroughs industrial market for the second quarter was $19.80 per square foot. In the first quarter 2017, the average quoted asking rental rate was $19.77 per square foot, representing a 0.2% increase in the second quarter.

During the second quarter, five buildings totaling 60,481 square feet were completed in the New York Outer Boroughs industrial market. This is comparative to four buildings totaling 58,092 square feet completed in the first quarter 2017. At the end of the second quarter 557,616 square feet of industrial space were under construction in the New York Outer Boroughs industrial market.

Market Overview:

Absorption: (271,167) up from (954,904)

Flex vacancy: 15.1% up from 14.3%

Warehouse vacancy: 4.2%, up from 4.1%

Rental rate (per sq. ft.): $19.80 up 0.2%

New construction: 60,481 sq. ft. delivered

Overall Market Trends for Q2 2017

NET ABSORPTION  VACANCY RATE  CONSTRUCTION  ASKING RATES
Philadelphia Industrial Market: Vacancy Rises, Rents Dip

The overall Philadelphia industrial market recorded a net absorption of positive 1,782,519 square feet in the second quarter 2017. In comparison, the Philadelphia industrial market recorded a net absorption of positive 9,931,174 square feet in the first quarter 2017.

In the second quarter, the overall total vacancy rate in the Philadelphia industrial market increased to 5.9% from 5.6%, which was recorded at the conclusion of the first quarter. Flex projects recorded a vacancy rate of 6.4%, while warehouse projects reported a vacancy rate of 5.8% at the end of the second quarter.

The overall average quoted asking rental rate in the Philadelphia industrial market for the second quarter was $4.84 per square foot. In the first quarter 2017, the average quoted asking rental rate was $4.85 per square foot, representing a 0.2% decrease in the second quarter.

During the second quarter, 14 buildings totaling 5,075,807 square feet were completed in the Philadelphia industrial market. This is comparative to 13 buildings totaling 2,848,399 square feet completed in the first quarter 2017. At the end of the second quarter 15,226,755 square feet of industrial space were under construction in the Philadelphia industrial market.

Market Overview:

Absorption: 1,782,519 down from 9,931,174

Flex vacancy: 6.4% down from 6.9%

Warehouse vacancy: 5.8%, up from 5.5%

Rental rate (per sq. ft.): $4.84 down 0.2%

New construction: 5,075,807 sq. ft. delivered

Overall Market Trends for Q2 2017

- Net Absorption
- Vacancy Rate
- Construction
- Asking Rates
Phoenix Q2 2017
Industrial Market Overview Report

Phoenix Industrial Market: Vacancy Dips, Rents Rise

The overall Phoenix industrial market recorded a net absorption of positive 1,117,870 square feet in the second quarter 2017. In comparison, the Phoenix industrial market recorded a net absorption of positive 3,097,359 square feet in the first quarter 2017.

In the second quarter, the overall total vacancy rate in the Phoenix industrial market decreased to 9.2% from 9.3%, which was recorded at the conclusion of the first quarter. Flex projects recorded a vacancy rate of 13.2%, while warehouse projects reported a vacancy rate of 8.7% at the end of the second quarter.

The overall average quoted asking rental rate in the Phoenix industrial market for the second quarter was $7.05 per square foot. In the first quarter 2017, the average quoted asking rental rate was $6.97 per square foot, representing a 1.1% increase in the first quarter.

During the second quarter, 11 buildings totaling 810,734 square feet were completed in the Phoenix industrial market. This is comparative to 13 buildings totaling 2,241,095 square feet completed in the first quarter 2017. At the end of the second quarter 4,258,448 square feet of industrial space were under construction in the Phoenix industrial market.

Market Overview:

Absorption: 1,117,870 down from 3,097,359

Flex vacancy: 13.2% down from 13.4%

Warehouse vacancy: 8.7%, down from 8.8%

Rental rate (per sq. ft.): $7.05 up 1.1%

New construction: 810,734 sq. ft. delivered

Overall Market Trends for Q2 2017

- Net Absorption
- Vacancy Rate
- Construction
- Asking Rates

Vacancy Rates

New Construction

U.S. Rental Rates

Source: CoStar Property®
Sacramento Industrial Market: Vacancy Dips as Rents Rise

The overall Sacramento industrial market recorded a net absorption of positive 542,450 square feet in the second quarter 2017. In comparison, the Sacramento industrial market recorded a net absorption of positive 1,649,674 square feet in the first quarter 2017.

In the second quarter, the overall total vacancy rate in the Sacramento industrial market decreased to 7.1% from 7.4%, which was recorded at the conclusion of the first quarter. Flex projects recorded a vacancy rate of 12.5%, while warehouse projects reported a vacancy rate of 6.4% at the end of the second quarter.

The overall average quoted asking rental rate in the Sacramento industrial market for the second quarter was $5.76 per square foot. In the first quarter 2017, the average quoted asking rental rate was $5.52, representing a 4.3% increase in the second quarter.

During the second quarter, one building totaling 20,000 square feet was completed in the Sacramento industrial market. This is comparative to three buildings completed in the first quarter, totaling 423,734 square feet. At the end of the second quarter 1,372,823 square feet of industrial space were under construction in the Sacramento industrial market.

Market Overview:

Absorption: 542,450 down from 1,649,674

Flex vacancy: 12.5% down from 13.1%

Warehouse vacancy: 6.4%, down from 6.6%

Rental rate (per sq. ft.): $5.76, up 4.3%

New construction: 20,000 sq. ft. delivered

Overall Market Trends for Q2 2017

- NET ABSORPTION
- VACANCY RATE
- CONSTRUCTION
- ASKING RATES
San Diego Q2 2017
Industrial Market Overview Report

San Diego Industrial Market: Vacancy Dips, Rents Rise

The overall San Diego industrial market recorded a net absorption of positive 583,328 square feet in the second quarter 2017. In comparison, the San Diego industrial market recorded a net absorption of negative (257,431) square feet in the first quarter 2017.

In the second quarter, the overall total vacancy rate in the San Diego industrial market decreased to 5.2% from 5.5%, which was recorded at the conclusion of the first quarter. Flex projects recorded a vacancy rate of 7.8%, while warehouse projects reported a vacancy rate of 4.3% at the end of the second quarter.

The overall average quoted asking rental rate in the San Diego industrial market for the second quarter was $12.52 per square foot. In the first quarter 2017, the average quoted asking rental rate was $12.40 per square foot, representing a 1.0% increase in the second quarter.

During the second quarter, one building totaling 44,406 square feet was completed in the San Diego industrial market. This is comparative to four buildings totaling 524,303 square feet completed in the first quarter 2017. At the end of the second quarter 1,645,775 square feet of industrial space were under construction in the San Diego industrial market.

Market Overview:

Absorption: 583,328 up from (257,431)
Flex vacancy: 7.8%, down from 8.4%
Warehouse vacancy: 4.3% down from 4.5%

Rental rate (per sq. ft.): $12.52 up 1.0%

New construction: 44,406 sq. ft. delivered

Overall Market Trends for Q2 2017

- NET ABSORPTION
- VACANCY RATE
- CONSTRUCTION
- ASKING RATES

Source: CoStar Property®
San Francisco Industrial Market: Vacancy, Rents Rise

The overall San Francisco industrial market recorded a net absorption of negative (519,399) square feet in the second quarter 2017. In comparison, the San Francisco industrial market recorded a net absorption of negative (430,706) square feet in the first quarter 2017. In the second quarter, the overall total vacancy rate in the San Francisco industrial market increased to 3.9% from 3.2%, which was recorded at the conclusion of the first quarter. Flex projects recorded a vacancy rate of 6.7%, while warehouse projects reported a vacancy rate of 2.9% at the end of the second quarter.

The overall average quoted asking rental rate in the San Francisco industrial market for the second quarter was $22.95 per square foot. In the first quarter 2017, the average quoted asking rental rate was $22.08 per square foot, representing a 3.9% increase in the second quarter.

During the second quarter, one building totaling 140,053 square feet was completed in the San Francisco industrial market. This is comparative to no new space completed in the first quarter 2017. At the end of the second quarter, 1,250,466 square feet of industrial space were under construction in the San Francisco industrial market.

Market Overview:

Absorption: (519,399) down from (430,706)

Flex vacancy: 6.7% up from 5.5%

Warehouse vacancy: 2.9%, up from 2.4%

Rental rate (per sq. ft.): $22.95 up 3.9%

New construction: 140,053 sq. ft. delivered

Overall Market Trends for Q2 2017

- Net Absorption
- Vacancy Rate
- Construction
- Asking Rates
Seattle/Puget Sound Industrial Market: Vacancy Dips, Rents Rise

The overall Seattle/Puget Sound industrial market recorded a net absorption of positive 1,173,479 square feet in the second quarter 2017. In comparison, the Seattle/Puget Sound industrial market recorded a net absorption of positive 1,503,402 square feet in the first quarter 2017.

In the second quarter, the overall total vacancy rate in the Seattle/Puget Sound industrial market decreased to 3.1% from 3.2%, which was recorded at the conclusion of the first quarter. Flex projects recorded a vacancy rate of 5.2%, while warehouse projects reported a vacancy rate of 2.9% at the end of the second quarter.

The overall average quoted asking rental rate in the Seattle/Puget Sound industrial market for the second quarter was $8.82 per square foot. In the first quarter 2017, the average quoted asking rental rate was $8.43 per square foot, representing a 4.6% increase in the second quarter.

During the second quarter, seven buildings totaling 953,017 square feet were completed in the Seattle/Puget Sound industrial market. This is comparative to five buildings totaling 898,870 square feet completed in the first quarter 2017. At the end of the second quarter, 3,452,246 square feet of industrial space were under construction in the Seattle/Puget Sound industrial market.

Market Overview:

- **Absorption:** 1,173,479 down from 1,503,402
- **Flex vacancy:** 5.2% up from 5.1%
- **Warehouse vacancy:** 2.9%, down from 3.0%
- **Rental rate (per sq. ft.):** $8.82 up 4.6%

**New construction:** 953,017 sq. ft. delivered

**Overall Market Trends for Q2 2017**

- **Net Absorption**
- **Vacancy Rate**
- **Construction**
- **Asking Rates**
The overall St. Louis industrial market recorded a net absorption of positive 1,416,047 square feet in the second quarter 2017. In comparison, the St. Louis industrial market recorded a net absorption of positive 674,308 square feet in the first quarter 2017.

In the second quarter, the overall total vacancy rate in the St. Louis industrial market decreased to 6.1% from 6.2%, which was recorded at the conclusion of the first quarter. Flex projects recorded a vacancy rate of 8.2%, while warehouse projects reported a vacancy rate of 6.0% at the end of the second quarter.

The overall average quoted asking rental rate in the St. Louis industrial market for the second quarter was $4.41 per square foot. In the first quarter 2017, the average quoted asking rental rate was $4.39 per square foot, representing a 0.5% increase in the first quarter.

During the second quarter, five buildings totaling 1,841,721 square feet were completed in the St. Louis industrial market. This is comparative to three buildings totaling 1,876,683 square feet completed in the first quarter 2017. At the end of the second quarter 2,900,428 square feet of industrial space were under construction in the St. Louis industrial market.

**Market Overview:**

Absorption: 1,416,047 up from 674,308

Flex vacancy: 8.2% down from 9.4%

Warehouse vacancy: 6.0%, unchanged

Rental rate (per sq. ft.): $4.41 up 0.5%

New construction: 1,841,721 sq. ft. delivered
Washington Industrial Market: Vacancy Rises, Rents Dip

The overall Washington industrial market recorded a net absorption of negative (593,537) square feet in the second quarter 2017. In comparison, the Washington industrial market recorded a net absorption of positive 802,323 square feet in the first quarter 2017.

In the second quarter, the overall total vacancy rate in the Washington industrial market increased to 7.5% from 7.2%, which was recorded at the conclusion of the first quarter. Flex projects recorded a vacancy rate of 9.5%, while warehouse projects reported a vacancy rate of 6.6% at the end of the second quarter.

The overall average quoted asking rental rate in the Washington industrial market for the second quarter was $9.83 per square foot. In the first quarter 2017, the average quoted asking rental rate was $9.95 per square foot, representing a 1.2% decrease in the second quarter.

During the second quarter, two buildings totaling 125,180 square feet were completed in the Washington industrial market. This is comparative to five buildings totaling 332,617 square feet completed in the first quarter 2017. At the end of the second quarter 3,044,266 square feet of industrial space were under construction in the Washington industrial market.

Market Overview:

Absorption: (593,537) down from 802,323

Flex vacancy: 9.5% down from 9.7%

Warehouse vacancy: 6.6%, up from 6.1%

Rental rate (per sq. ft.): $9.83 down 1.2%

New construction: 125,180 sq. ft. delivered

Overall Market Trends for Q2 2017

- Net Absorption: Down
- Vacancy Rate: Up
- Construction: Down
- Asking Rates: Down

U.S Rental Rates

Source: CoStar Property®