



# LEE & ASSOCIATES

COMMERCIAL REAL ESTATE SERVICES



## FEATURED MARKET REPORTS

## THE LEE ADVANTAGE

Every Lee & Associates office delivers world-class service to an array of regional, national, and international clients - from small businesses and local investors to major corporate users and institutional investors. Our professionals combine the latest technology, resources, and market intelligence with their experience, expertise, and commitment to superior service to optimize client results.

## WHAT SETS US APART?

Since 1979, Lee & Associates has reimagined the way that commercial real estate companies should be structured. Each Lee & Associates office is owned and operated by its professionals. As shareholders of the company, this separates us from our competition and creates one common goal; to provide seamless, consistent execution and value-driven market-to-market services to our clients.

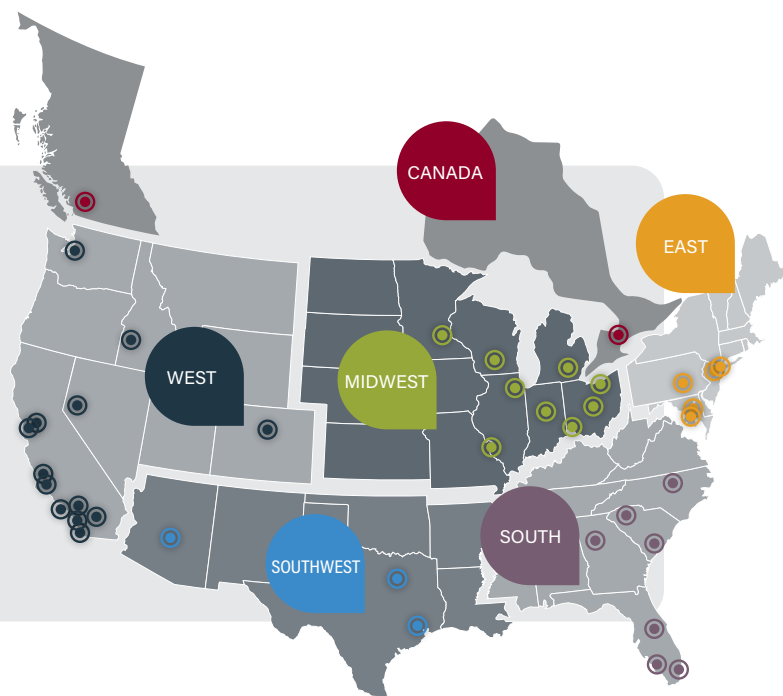
## SERVICES TO MEET THE NEEDS OF OUR CLIENTS

Lee & Associates' offices offer a broad array of real estate services tailored to meet the needs of the company's clients in each of the markets it operates, including commercial real estate brokerage, integrated services, and construction services.

With specialty practice groups in each of these disciplines, our professionals regularly collaborate to make sure they are providing their clients with the most advanced, up-to-date market technology and information.

## LOCAL EXPERTISE INTERNATIONAL REACH

With offices in 60+ markets across North America and a strategic international alliance with Gerald Eve, Lee & Associates has the ability to deliver first-class services to our clients both locally and internationally.



## DEMAND WEAKENING AS PANDEMIC HITS

Demand for industrial space continued to weaken nationwide with net absorption closing in the red for the fifth straight quarter just as the coronavirus crisis began to hit home. By the first two weeks of the second quarter more than 22 million U.S. workers filed initial unemployment claims. The most claims, 2.8 million, were filed in California, and in Pennsylvania 19.8% of the state's workforce had applied for benefits.

Negative net absorption totaled 10.1 million SF in the first quarter and is 35.2 million SF in the red since Q1 of last year. Despite easing demand, the volume of space under construction is up 9% year over year and first-quarter deliveries were up 23% from Q1 2019. Expected deliveries totaling 324 million SF are set to surpass the previous high of 319 million SF set in 2001. Sixty percent of the space will be speculative.

It is too soon to predict beyond the second quarter how long the health emergency will last or its toll on the economy. The pronounced uncertainty has caused most transactions to be delayed or cancelled. Consumer confidence in March fell to a 32-month low, and economists were predicting that the gross domestic product would contract as much as 30% as it appeared likely that large parts of the country could remain on lockdown through May.

In the previous recession, vacancy peaked at 10.6% in mid-2010, which followed the contraction of more than 200 million SF in 2009 when annual rent growth was negative 3.8% and quarterly sales transaction totals hit their nadir of \$11.4 billion. Annual deliveries fell to 41.7 million SF in 2011.

Industrial real estate is expected to fare better than other commercial real estate sectors. Reduced demand will dampen growth of warehouse/distribution buildings, but projects positioned as last-mile distribution centers should experience continued healthy tenant demand. Additionally, many manufacturers have been under stress from slowing global growth and trade disputes. Along with declining orders and reduced production, some may face new challenges in obtaining materials and supplies. The port markets, already dealing with reduced container traffic and supply-chain disruption, will be affected. Government data shows U.S. imports in February fell \$6.3 billion from the previous month to \$247.5 billion, the lowest since October 2017. Imports from China tumbled 31.4% to the lowest mark since May of 2009.

Despite industrial's strong fundamentals, the ardor of investors is certain to cool as the recession deepens. Cap rates can be expected to drift higher as risk premiums widen.

## FEATURED INDUSTRIAL MARKET REPORTS

- CA, Inland Empire East
- CA, Inland Empire West
- CA, LA - Central
- CA, LA - San Gabriel Valley
- CA, LA - South Bay
- CA, North San Diego County
- DC, Washington
- FL, Miami
- GA, Atlanta
- IL, Chicago
- MD, Baltimore
- MI, Detroit
- MN, Twin Cities
- NC, Durham
- NC, Raleigh
- NJ, Northern New Jersey
- OH, Cincinnati
- OH, Columbus
- ON, Toronto
- PA, Eastern Pennsylvania
- SC, Charleston
- SC, Greenville / Spartanburg
- TX, Houston
- WI, Madison

### LOWEST VACANCY RATE

NC, Raleigh	2.94%
CA, San Luis Obispo	3.01%
ID, Boise	3.07%
CA, Los Angeles	3.28%
CA, Orange County	3.34%
<b>U.S. Index</b>	5.43%

### HIGHEST MARKET RENT / SF

CA, San Diego	\$16.60
CA, East Bay	\$15.33
CA, Santa Barbara	\$15.31
NY, New York	\$14.33
CA, Orange County	\$14.21
<b>U.S. Index</b>	\$8.79

### HIGHEST MARKET SALE PRICE / SF

CA, Orange County	\$304.60
CA, San Diego	\$234.29
CA, East Bay	\$225.67
CA, Los Angeles	\$217.56
CA, Santa Barbara	\$201.15
<b>U.S. Index</b>	\$110.15

### MOST SF UNDER CONSTRUCTION

TX, Dallas-Fort Worth	36,740,088 SF
CA, Inland Empire	20,713,381 SF
GA, Atlanta	20,064,807 SF
TX, Houston	19,244,304 SF
AZ, Phoenix	16,850,961 SF
<b>U.S. Index</b>	329,587,065 SF

### LARGEST INVENTORY BY SF

IL, Chicago	1,280,463,680 SF
TX, Dallas-Fort Worth	956,938,392 SF
CA, Los Angeles	933,647,591 SF
NY, New York	821,925,333 SF
GA, Atlanta	728,623,374 SF
<b>U.S. Index</b>	16,791,987,836 SF

### HIGHEST MARKET CAP RATE

PA, Harrisburg	9.90%
MD, Baltimore	8.19%
TX, Houston	7.62%
AZ, Phoenix	7.16%
SC, Charleston	6.73%
<b>U.S. Index</b>	6.60%

MARKET	VACANCY RATE	MARKET RENT / SF	MARKET SALE PRICE / SF	UNDER CONSTRUCTION	INVENTORY	MARKET CAP RATE
AZ, Phoenix	7.16%	\$8.45	\$109.60	16,850,961 SF	354,921,520 SF	6.4%
CA, East Bay	5.90%	\$15.33	\$225.67	4,015,169 SF	268,852,924 SF	4.9%
CA, Inland Empire	4.32%	\$8.96	\$145.17	20,713,381 SF	662,240,349 SF	4.8%
CA, Los Angeles	3.28%	\$13.55	\$217.56	4,312,777 SF	933,647,591 SF	4.7%
CA, Orange County	3.34%	\$14.21	\$304.60	844,308 SF	300,174,665 SF	4.4%
CA, San Diego	5.86%	\$16.60	\$234.29	1,413,981 SF	196,892,935 SF	5.5%
CA, San Luis Obispo	3.01%	\$13.46	\$169.27	31,300 SF	8,674,556 SF	5.6%
CA, Santa Barbara	4.04%	\$15.31	\$201.15	159,624 SF	16,963,119 SF	5.6%
CA, Stockton	6.33%	\$7.17	\$89.50	1,467,573 SF	127,996,884 SF	5.7%
CO, Denver	5.37%	\$9.98	\$143.42	6,916,774 SF	247,775,969 SF	6.3%
DC, Washington	6.18%	\$12.05	\$158.39	3,432,739 SF	260,225,198 SF	6.6%
FL, Fort Myers	4.58%	\$8.46	\$84.35	496,339 SF	33,410,821 SF	8.0%
FL, Miami	4.86%	\$12.52	\$153.64	3,781,807 SF	247,757,638 SF	5.9%
FL, Naples	4.59%	\$11.57	\$115.53	9,625 SF	13,171,597 SF	7.3%
FL, Orlando	6.39%	\$8.66	\$90.97	5,766,580 SF	175,139,365 SF	6.6%
GA, Atlanta	6.24%	\$6.16	\$68.26	20,064,807 SF	728,623,374 SF	6.7%
ID, Boise	3.07%	\$7.95	\$84.51	1,706,378 SF	46,727,324 SF	7.1%
IL, Chicago	6.23%	\$7.37	\$74.40	16,251,393 SF	1,280,463,680 SF	7.0%
IN, Indianapolis	4.62%	\$5.78	\$56.24	12,512,604 SF	336,431,636 SF	7.5%
MA, Boston	4.93%	\$11.76	\$121.31	1,929,708 SF	343,787,303 SF	6.7%
MD, Baltimore	8.19%	\$7.95	\$94.91	3,565,035 SF	249,696,008 SF	7.0%
MN, Minneapolis	3.48%	\$6.96	\$67.53	4,321,287 SF	392,811,840 SF	7.9%
MO, Saint Louis	5.15%	\$5.60	\$50.99	2,772,754 SF	312,192,825 SF	7.5%
NC, Durham	6.15%	\$8.18	\$79.14	2,636,805 SF	43,782,893 SF	7.2%
NC, Raleigh	2.94%	\$8.30	\$82.60	1,179,384 SF	89,715,062 SF	7.3%
NJ, Northern New Jersey	4.44%	\$10.12	\$117.45	4,169,266 SF	237,317,767 SF	6.5%
NY, Long Island	4.19%	\$13.85	\$145.18	833,044 SF	174,563,974 SF	7.6%
NY, New York	4.30%	\$14.33	\$186.02	11,195,855 SF	821,925,333 SF	5.6%
OH, Cincinnati	5.14%	\$5.32	\$50.76	7,453,152 SF	331,933,225 SF	7.8%
OH, Cleveland	4.80%	\$5.11	\$38.79	1,145,400 SF	349,290,458 SF	9.1%
OH, Columbus	5.41%	\$5.30	\$56.81	8,647,681 SF	305,100,951 SF	7.0%
PA, Harrisburg	9.90%	\$5.62	\$71.24	2,339,907 SF	102,617,764 SF	6.2%
United States Index	5.43%	\$8.79	\$110.15	329,587,065 SF	16,791,987,836 SF	6.6%

MARKET	VACANCY RATE	MARKET RENT / SF	MARKET SALE PRICE / SF	UNDER CONSTRUCTION	INVENTORY	MARKET CAP RATE
<b>PA, Lehigh Valley</b>	5.26%	\$6.05	\$76.22	9,212,286 SF	134,872,945 SF	6.4%
<b>PA, Philadelphia</b>	5.51%	\$7.26	\$75.04	6,861,545 SF	553,629,370 SF	7.1%
<b>SC, Charleston</b>	6.73%	\$7.26	\$76.71	3,694,731 SF	85,585,633 SF	7.0%
<b>SC, Greenville</b>	5.84%	\$4.63	\$45.33	1,628,676 SF	131,145,121 SF	8.1%
<b>SC, Spartanburg</b>	6.28%	\$4.36	\$45.33	3,177,021 SF	97,295,448 SF	8.0%
<b>TX, Dallas-Fort Worth</b>	6.33%	\$6.76	\$84.05	36,740,088 SF	956,938,392 SF	6.0%
<b>TX, Houston</b>	7.62%	\$7.41	\$86.27	19,244,304 SF	658,304,501 SF	6.5%
<b>WA, Seattle</b>	4.76%	\$11.41	\$178.80	3,116,969 SF	329,337,180 SF	5.2%
<b>WI, Madison</b>	4.21%	\$6.10	\$52.86	247,420 SF	63,813,373 SF	7.7%
<b>United States Index</b>	5.43%	\$8.79	\$110.15	329,587,065 SF	16,791,987,836 SF	6.6%



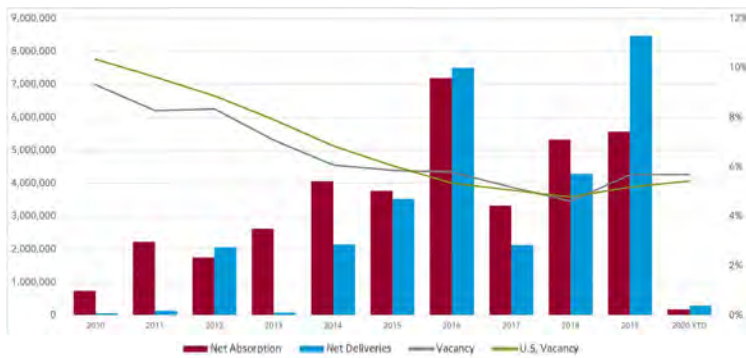
### INDUSTRIAL MARKET OVERVIEW

RANDALL BENTLEY CCIM, SIOR, *President*

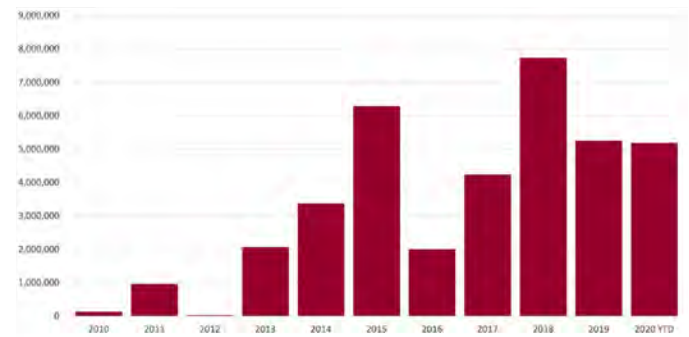
The Greenville/Spartanburg market continued in Q1 2020 with a slightly positive net absorption. Vacancy inched upwards as well from 5.5% to 5.7%, still indicative of a very low inventory rate that has continued for the last 10 quarters. New construction has remained steady over the last two quarters despite the uptick in vacancy. Average rental rates in Q1 increased from \$4.03 to \$4.06/SF. The recent growth is a testament to the market's positive attributes, including access to ports, proximity to major metros in the southeast and availability of development-ready land. Greenville/Spartanburg also offers easy access to Atlanta, Charlotte, and Port of Charleston.

MARKET INDICATORS	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
▼ Net Absorption	178,375 SF	1,577,909 SF	385,799 SF	(38,252) SF	3,646,012 SF
◀▶ Vacancy Rate	5.70%	5.70%	4.20%	4.30%	4.00%
▲ Avg NNN Asking Rate	\$4.06/SF	\$4.03/SF	\$4.00/SF	\$3.83/SF	\$3.69/SF
▼ Under Construction	5,185,297 SF	5,252,037 SF	9,501,330 SF	8,529,133 SF	6,133,823 SF
▲ Inventory	231,876,897 SF	231,575,497 SF	266,326,718 SF	226,090,218 SF	225,519,688 SF

### NET ABSORPTION, NET DELIVERIES, & VACANCY



### UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
625 S. Old Piedmont Hwy Greenville, SC	400,000 SF	\$16,975,239 \$42.44/SF	Weston, Inc. Reger Holdings, LLC	Class C
805 Victory Trail Rd Gaffney, SC	208,000 SF	\$2,783,506 \$13.38/SF	Weston, Inc. Reger Holdings, LLC	Class B
285 Parkway East Duncan, SC	197,200 SF	Undisclosed	Liberty Property Trust Prologis, Inc.	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
201 Schmid Plaza Rd Anderson, SC	156,000 SF	Baumax, LLC	Electrolux	Manufacturing
160 National Ave Spartanburg, SC	102,560 SF	STAG Industrial, Inc.	Undisclosed	Undisclosed
131 Retlaw Ct Duncan, SC	100,000 SF	Kidco, LLC	Bondtex	Manufacturing

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