



November Update

The vacancy rate crept up to 5.3% in the 3rd Quarter, largely due to the fact that 2.3MM square feet was delivered. Approximately 17% of the new developments are pre-leased and there are multiple large deals that have signed leases but have yet to move in. These will likely push vacancy rates in the 4%-5% range for the coming future as new product continues to hit the market. The big news in September was the announcement that Amazon took down the remaining 500,000 square feet of Prologis' trophy project Prologis Georgetown Crossroads. This 3-story distribution center was the first of its kind in North America and will likely be the go to plan in high demand infill locations where land costs justify going vertical. We think Prologis learned a lot on this project but you can expect design tweaks on other similar projects going forward. Some notable tenants in the market are: Amazon, FRTL Creative Labs, Darigold, PepsiCo and E.B. Bradley. We expect more of the same through year end with some Landlords pushing rents more than others (Prologis) and others pushing both rents and annual increases (Clarion). We expect some spaces to go vacant as those current tenants look for more affordable space within the same area or move further south to local landlords who may be more flexible on terms, rents and concessions.