

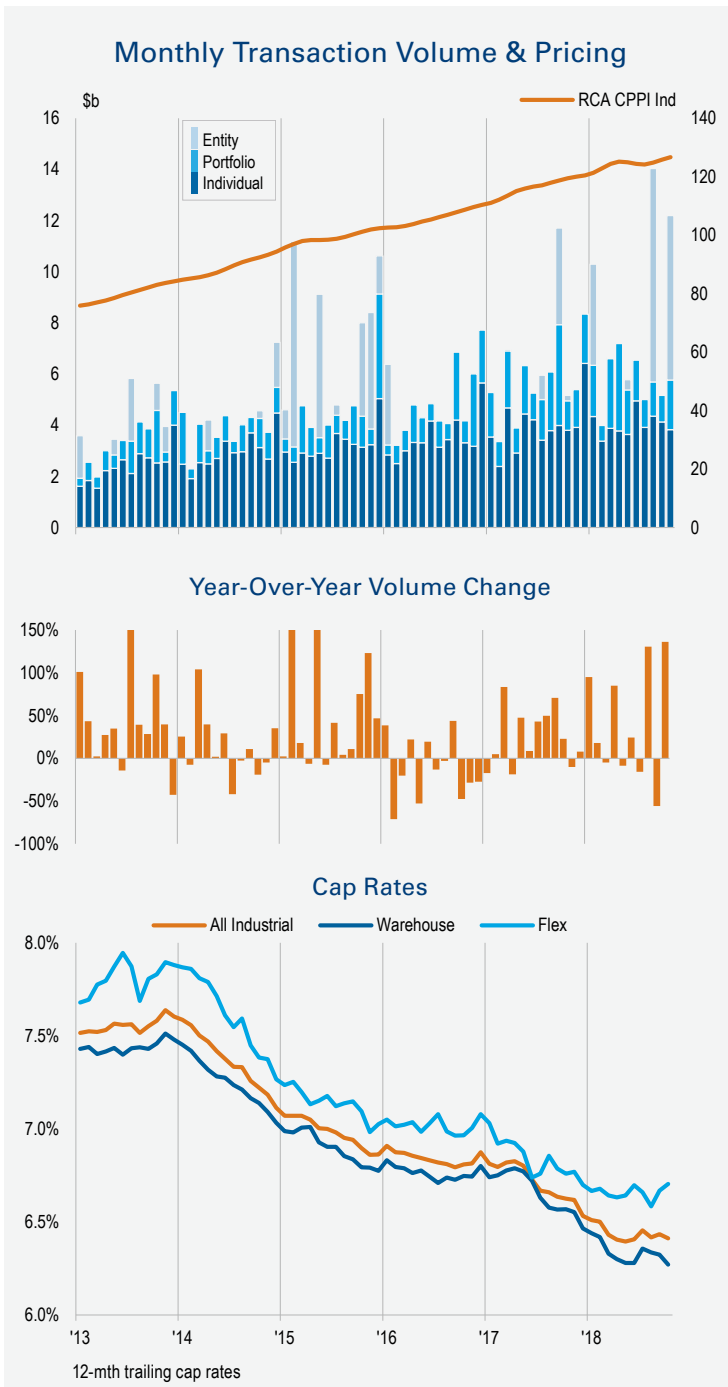
US CAPITAL TRENDS | INDUSTRIAL

Deal volume in the industrial sector was so strong in October that it surpassed even that of the apartment sector. The leap in activity for the month was principally driven by one large entity-level transaction, however, so the growth may be transitory.

\$12.2b Transaction volume

136% YOY volume change

6.1% YOY price change



Since 2001 the industrial market has, on average, been half the size of the apartment market in terms of the dollar volume of deals. This relationship has been changing over the last two years, however, as investors have sought industrial investments as a vehicle to gain exposure to the supply chains of online consumer activity.

The reason the industrial market surpassed the apartment market in October was the Blackstone acquisition of Gramercy Property Trust. This privatization deal drove a \$6.2b YOY increase in portfolio and entity-level deals in October.

The sale of individual industrial assets was essentially unchanged from a year earlier in October. For all other property sectors but the hotel sector, the sale of single assets fell at double-digit rates in the month.

Broader financial market turmoil was a challenge in October with the 10yr UST climbing 20 bps in a one-week period starting early in the month. This tumult likely impacted the individual asset deal volume in the month, with investors not closing as many deals while they reassessed both their costs of debt and their return assumptions.

This climb has not impacted industrial pricing metrics as yet, with cap rates unchanged in October from recent months at 6.4%. Cap rates are down 20 bps from a year earlier, but most of the decline came between Q4'17 and Q1'18.

Growth in the RCA CPPI for the industrial sector had been decelerating in recent months but has stabilized of late, with a marginally faster pace of growth over the last two months. Industrial property prices grew at a 6.1% YOY rate in October, not much different than the 6.4% YOY pace for all property types.

Market Table | All Industrial

Industrial Transactions Reported Closed		Flex				Warehouse				All Industrial			
		Volume	Price	Volume	Price	Volume	Price	Volume	Price				
YTD through Oct'18		\$m	# Props	\$/sf	Avg Cap Rate	\$m	# Props	\$/sf	Avg Cap Rate	\$m	# Props	\$/sf	Avg Cap Rate
Mid-Atlantic	Baltimore	185.9	27	113	7.9%	1,304.5	91	88	5.2%	1,490.4	118	91	6.6%
	DC	4.8	1			71.8	7	293		76.6	8	292	
	DC MD burbs	326.1	20	248		531.2	41	76		857.3	61	120	
	DC VA burbs	420.0	22	195	5.7%	224.7	26	103		644.6	48	152	5.7%
	Philadelphia	311.5	33	87	8.6%	534.8	76	55		846.2	109	63	8.3%
	Pittsburgh	15.6	3	45		60.6	10	31		76.2	13	34	
	Richmond/Norfolk	61.8	8	57		247.6	28	66		309.4	36	64	
	Tertiary Mid-Atlantic	252.7	24	65	7.7%	2,178.3	142	62	6.5%	2,431.0	166	62	6.9%
	Total	1,578.4	138	115	7.7%	5,153.4	421	67	6.3%	6,731.8	599	76	7.0%
Midwest	Chicago	754.3	77	100		4,837.3	386	73	6.4%	5,591.6	463	78	6.5%
	Cincinnati	78.5	11	60	7.2%	728.3	51	34	7.6%	806.9	62	37	7.4%
	Cleveland	3.6	1			127.8	16	50	6.9%	131.4	17	50	6.9%
	Columbus	51.0	5	36		1,360.0	67	51	7.2%	1,411.0	72	50	7.2%
	Detroit	128.3	25	89	8.2%	462.9	58	62	7.2%	591.2	83	68	7.7%
	Indianapolis	222.2	23			844.0	57	43	6.3%	1,066.2	80	43	6.3%
	Kansas City	63.5	17	139		384.0	21	55		447.4	38	59	
	Minneapolis	470.6	47	100	8.7%	521.5	79	56	6.9%	992.1	126	71	7.6%
	St Louis	59.7	19	48		418.5	44	37		478.2	63	38	
	Tertiary Midwest	310.7	49	41	8.6%	1,777.4	241	36	7.7%	2,088.0	290	37	7.9%
Total	2,142.4	274	76	8.1%	11,779.6	1,043	51	7.1%	13,922.0	1,317	54	7.3%	
Northeast	Boston	1,027.0	38	207	5.3%	619.7	62	86		1,646.7	100	140	5.3%
	Hartford	12.9	2	26		242.2	12	50		255.1	14	47	
	Long Island	91.1	18	139	5.5%	321.5	59	148		412.7	77	144	4.4%
	Manhattan	12.0	1			31.1	2	690		43.1	3	873	
	No NJ	434.7	47	94	7.2%	1,722.3	122	118	5.6%	2,156.9	169	112	6.0%
	NYC Boroughs	128.8	14	449	4.1%	1,457.8	105	403		1,586.7	119	407	4.7%
	Stamford	7.2	2	123		83.4	4	99		90.6	6	101	
	Westchester	17.2	3	16		107.8	8	73		125.0	11	49	
	Tertiary Northeast	134.4	24	49		685.0	63	65		819.4	87	62	7.1%
	Total	1,865.4	149	129	5.6%	5,513.8	457	114	5.4%	7,379.2	606	118	5.5%
Southeast	Atlanta	487.6	37	70	8.2%	2,629.5	185	55	6.1%	3,117.1	222	58	6.7%
	Broward	155.5	17	134		508.2	49	110	5.5%	663.7	66	115	6.0%
	Charlotte	154.5	22	82		694.7	63	64		849.2	85	67	
	Jacksonville	60.9	7	85		467.2	14	53		528.1	21	56	6.8%
	Memphis	16.0	3	41		881.3	46	32		897.3	49	32	
	Miami	298.0	22	180		787.1	94	102	7.0%	1,085.1	116	122	6.8%
	Nashville	109.7	13	121		625.3	56	73		735.0	69	81	
	Orlando	133.9	23	102	8.1%	767.1	69	78	7.5%	901.0	92	82	7.7%
	Palm Beach	24.8	4	126		96.9	15	127		121.6	19	127	
	Raleigh/Durham	210.4	16	114		83.8	13	30		294.2	29	57	
	Tampa	90.5	9	68		310.0	44	56		400.6	53	58	
	Tertiary Southeast	448.7	53	70	7.1%	3,240.8	278	53	5.8%	3,689.5	331	55	6.1%
	Total	2,199.7	238	90	7.4%	11,365.3	964	57	6.3%	13,565.0	1,202	62	6.6%
Southwest	Austin	398.0	20	267		303.5	58	131		701.5	78	225	7.8%
	Dallas	798.0	89	109	7.4%	3,210.2	243	62	6.7%	4,008.2	332	69	6.9%
	Denver	192.7	26	133		1,209.7	106	99	4.7%	1,402.4	132	104	5.5%
	Houston	492.6	46	106	6.4%	1,673.9	147	77	6.4%	2,166.4	193	85	6.4%
	Phoenix	590.8	59	127		1,243.4	103	91		1,834.2	162	102	6.4%
	San Antonio	18.4	5			246.3	36	64		264.7	41	64	
	Tertiary Southwest	334.1	42	69		1,044.4	132	58	5.7%	1,378.5	174	62	5.8%
	Total	2,824.6	287	108	6.8%	9,271.3	867	77	6.4%	12,095.9	1,154	85	6.5%
West	East Bay	464.6	44	185	5.7%	1,141.4	94	168	5.2%	1,606.0	138	174	5.5%
	Inland Empire	430.3	52	130	5.5%	2,919.2	176	113	5.1%	3,349.6	228	115	5.2%
	Las Vegas	339.9	39	150	6.4%	499.5	45	98	5.5%	839.4	84	111	6.0%
	Los Angeles	714.9	83	216	5.3%	3,101.5	304	178	5.0%	3,816.4	387	185	5.1%
	Orange Co	588.4	74	222	4.9%	864.6	88	184	4.7%	1,453.0	162	199	4.9%
	Portland	134.1	25	123		441.9	54	92		576.0	79	98	6.8%
	Sacramento	274.3	19	82		448.1	53	76		722.4	72	79	
	Salt Lake City	156.9	24	93		303.8	45	44		460.7	69	55	
	San Diego	444.0	47	172		604.9	62	136	6.2%	1,048.9	109	148	6.3%
	San Francisco	456.0	16	508		459.1	37	379		915.1	53	442	
	San Jose	1,309.5	58	277	6.2%	385.7	32	207		1,695.3	90	257	6.2%
	Seattle	633.1	39	164		1,500.6	131	162	5.7%	2,133.6	170	163	5.8%
	Tertiary West	452.2	66	130		2,614.8	239	83	5.8%	3,067.0	305	89	5.9%
Total	6,398.2	586	186	5.8%	15,391.3	1,369	127	5.5%	21,789.5	1,955	142	5.6%	
Total	Total US	17,031.0	1,680	124	6.7%	59,818.8	5,207	78	6.2%	76,849.8	6,887	87	6.4%

Selected Recent Transactions



Fountain Square, Bolingbrook, IL



1040 West Marietta Street, Atlanta, GA

Property Name Address Location	SF Year Built Notes	Price \$/sf Qualifier	O Owner/Buyer S Seller ↔ Broker
Mid-Atlantic			
400 1st Avenue 400 First Ave Gouldsboro, PA	1,026,000 2007 Warehouse	\$62,800,000 \$61 confirmed	O Exeter from S Duke Realty
GlaxoSmithKline West 860 Gulph Rd Montgomery, PA	1,097,952 1986 Flex	\$53,280,380 \$49 approximate	O MLP Ventures from S GlaxoSmithKline
Midwest			
Fountain Square Commerce Cntr 640 S Schmidt Rd Bolingbrook, IL	741,586 2016 Warehouse	\$73,500,000 \$99 confirmed	O Bridge Dev Partners from S Conor Commercial JV LaSalle by ↔ Colliers International
Eddie Bauer Warehouse 6600 Alum Creek Dr Groveport, OH	2,200,000 1993 Warehouse	\$50,000,000 \$23 confirmed	O LCN Capital from S Eddie Bauer
Northeast			
355 Davidson Mill Road 355 Davidson Mill Rd Dayton, NJ	733,678 1991 Warehouse	\$99,500,000 \$136 approximate	O Zurich Alternative AM from S Prologis by ↔ CBRE
Fedex Ground 584 US-130 Trenton, NJ	346,523 2016 Warehouse	\$85,248,352 \$246 confirmed	O Monmouth REIT from S Matrix Development by ↔ Stan Johnson Co
Southeast			
Supervalu Distribution Center 1141 SW 12th Ave Pompano Beach, FL	787,500 1973 Warehouse	\$95,000,000 \$121 confirmed	O CenterPoint Properties from S Fortress by ↔ CBRE
1040 West Marietta Street 1040 W Marietta St NW Atlanta, GA	1,068,468 1965 Flex	\$80,000,000 \$75 confirmed	O QTS Realty Trust from S RockTenn by ↔ Eastdil Secured
KCC Manufacturing 2621 Technology Dr Jeffersontown, KY	224,000 2018 Warehouse	\$17,900,000 \$80 confirmed	O WPT Industrial REIT from S Welsh Property Trust
Southwest			
18824 East Bromley Lane 18824 E Bromley Ln Brighton, CO	1,305,700 1994 Warehouse	\$40,750,000 \$31 confirmed	O WLA Investments from S Brentwood Holding Co
Central 62 Warehouse 495 E 62nd Ave Denver, CO	124,000 2016 Warehouse	\$21,315,000 \$172 approximate	O JP Morgan from S Corum Real Estate Group JV RREEF America by ↔ CBRE
West			
Canyon Park Business Center 1909 214th St SE Bothell, WA	632,591 1985 Flex	\$145,500,000 \$230 confirmed	O PCCP LLC JV SteelWave from S Colony Credit Real Estate Inc. by ↔ NKF Capital Markets
Optimus Logistics Center I 4100 Webster Ave Perris, CA	1,040,000 2018 Warehouse	\$99,547,000 \$96 approximate	O Ferguson Enterprises by ↔ CBRE from S Rockefeller Group by ↔ JLL

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Methodology

Data based on properties and portfolios \$2.5m and greater unless otherwise stated.

For the most current data and even more options for analysis, visit: rcanalytics.com