NORTH AMERICA

HIGHLIGHTS

U.S. MARKET INDICATORS

Relative to prior period

	Q2 2012	Q3 2012*
VACANCY	↓	↓
NET ABSORPTION	↑	↑
CONSTRUCTION	↑	↔
RENTAL RATE	↑	↔

*Projected, relative to prior period

U.S. INDUSTRIAL MARKET
SUMMARY STATISTICS, Q2 2012

Vacancy Rate: **9.43%**
Change from Q1 2012: **–0.25%**

Absorption:
40.5 Million Square Feet

New Construction:
7.8 Million Square Feet

Under Construction:
46.7 Million Square Feet

Asking Rents Per Square Foot
Average Warehouse/
Distribution Center: **$4.78**
Change from Q1 2012 : **0.14%**

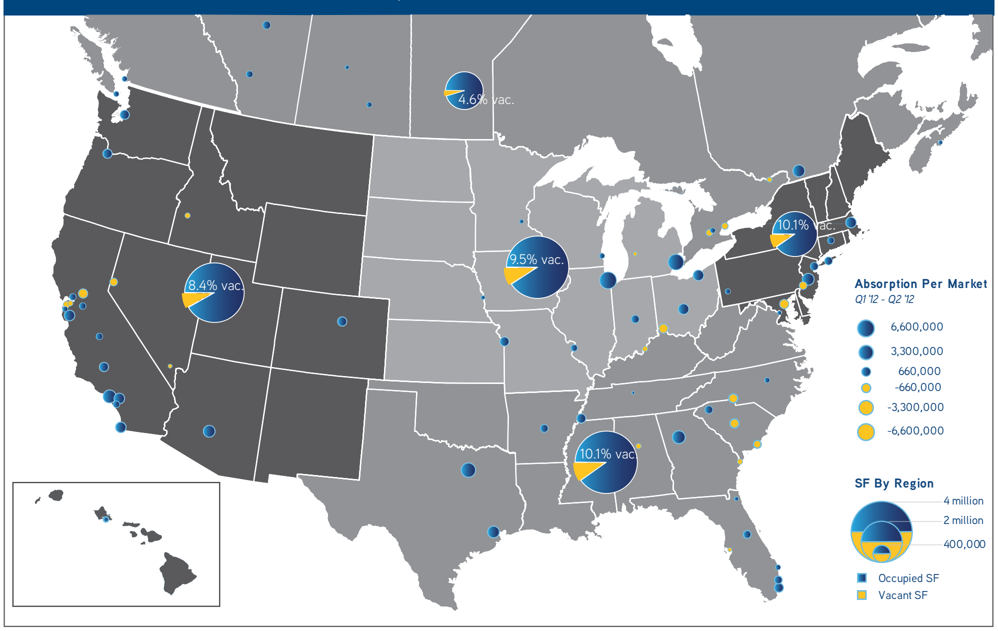
North America Industrial Report Q2 2012: “Mixed Indicators Signal Caution”

K.C. CONWAY EMD | Market Analytics

Key Takeaways

- **1H2012 was stellar for North American industrial markets, with healthy positive net absorption and overall vacancy declining below 9.0 percent to 8.93 percent.** Vacancy rates remain lowest in Canada (4.6 percent), and the vacancy rate in the primary 62 U.S. MSAs declined another 25 basis points in Q2 to 9.43 percent. This improvement was fueled by strong leasing activity and 40.5 MSF of net absorption in the U.S., a 78 percent increase over Q1's 22.7 MSF.
- **Although key industrial property performance measures continue to improve, mixed economic indicators signal some caution heading into 2H2012.** The ISM's Purchase Manager's Index is below the 50 threshold for a third consecutive month. On the other hand, the American Association of Railroad's RailTime Indicators tell a bullish story: rising capacity utilization (up again to 78.9% in June) and intermodal traffic (July 2012 up 5.6% over July 2011, and the highest July in Index's history); increasing railroad employment (highest since October 2008); and fewer

NORTH AMERICAN INDUSTRIAL VACANCY, INVENTORY AND ABSORPTION—Q2 2012



Q1 2012 NORTH AMERICAN INDUSTRIAL OVERVIEW						
MEASURE	NORTH AMERICA	CANADA	UNITED STATES	WEST/MIDWEST	SOUTH	NORTHEAST
# of Markets Inventory (SF)	74 15,764.3	12 1,652.4	62 14,111.8	33 7,801.0	20 4,024.3	9 2,286.5
% of NA Inventory	100.0%	10.5%	89.5%	49.5%	25.5%	14.5%
New Supply (Q1 '12 Million SF)	11.4	3.6	7.8	5.0	1.4	1.5
% of NA New Supply	100.0%	31.3%	68.7%	43.3%	12.6%	12.7%
Vacancy %	8.93%	4.62%	9.43%	8.94%	10.02%	10.07%
Absorption (Millions SF)	43.3	2.8	40.5	27.6	9.9	3.0
% of N.A. Absorption	100.0%	6.4%	93.6%	63.7%	22.9%	7.0%
Leadership Markets		With respect to net absorption, the top 5 markets are Montreal, Edmonton, Calgary, Vancouver & Regina.	With respect to net absorption, the top 5 markets are Chicago, Detroit, Dallas, LA, & Atlanta.	Chicago, Detroit, Cleveland & Columbus lead in the MW with >1.5msf of net absorption in Q2; and LA, Phoenix & San Diego lead in the West with >1.0msf absorption in Q2	Dallas, Atlanta & Houson with Q2 net absorption >1.8msf	Central New Jersey & Boston are the only 2 markets with >1.0msf net absorption in Q2
Laggard Markets		With respect to highest vacancy, the laggard markets with >6% vacancy are Waterloo, Ottawa, & Halifax.	With respect to highest vacancy, the laggard markets with >15% vacancy are Milwaukee, Boston & Las Vegas.	Milwaukee & Las Vegas lag with respect to vacancy rate improvement and have vacancy rates of 21% and 16%, respectively.	Atlanta, Charlotte & Memphis are the only 3 markets with vacancy rates still >12%	Boston, Philadelphia & Baltimore are only MSAs with >10% vacancy rate.

freight rail cars in storage (a decline of 2,710 cars in August). Who's right…the purchase managers in the surveys, or the seven Class 1 railroads that are moving the goods and materials?

- **Industrial property transaction activity started off Q2 with a bang, but has slowed.** Monthly sales volume in May was $2.5 billion, but overall this quarter's industrial property sales were 15 percent below the 2011 second-quarter transaction activity that preceded the U.S. debt downgrade in August 2011.
- **The lower volume of industrial property sales has not translated to lower prices paid or values.** According to Real Capital Analytics, during Q2 "pricing improved and cap rates declined," with the average U.S. industrial cap rate at 7.6 percent by the end Q2. This indicates a dearth of quality industrial properties for sale in key port and inland distribution markets, rather than a lack of demand for industrial properties generally. This shortage of properties for sale is beginning to fuel new construction activity.
- **Property performance measures suggest industrial real estate can withstand some pull back in economic activity without materially impacting occupancy and rental rates.** The key here is new supply. During 1H2012, Colliers has observed restrained levels of new construction limited primarily to build-to-suit and owner-occupancy activity. Less than 15 percent of all new warehouse construction in North America is being built on a speculative basis, and new supply in the primary 74 North American industrial markets was a modest 11.4 MSF, (0.1% of existing supply), which doesn't even keep pace with existing space taken out of supply each year.

MIXED INDICATORS SIGNAL CAUTION

In assessing the outlook for industrial real estate in North America, we're presented with two markedly different sets of indicators. One the one hand, survey and investor sentiment data signal caution and point to downward trends in U.S. manufacturing; on the other, freight utilization numbers are on the rise as overall vacancy rates improve. Which of these two conflicting narratives—down or up—should we accept?

Down

Survey data is sending a clear message regarding market sentiment: In August, the U.S. Purchasing Managers' Index (PMI) was below 50 (indicating economic contraction) for the third consecutive month.

Indeed, the Fed's Beige Book and corporate earnings from this quarter show GDP and industrial output are down. As we reported earlier this year, (see In Slow(ing) Motion¸ Colliers' Q2 2012 Office Highlights) Q2 GDP is below 2.0 percent and historic trend (revised to 1.7 percent end of August);

Europe is entering a double-dip recession; China's GDP is slowing to something less than 8 percent, and its key manufacturing index fell to a nine-month low last quarter.

This slowing trend could be exacerbated by an impending International Longshoremen's Association (ILA) strike of East and Gulf coast ports. The timing of this strike could be especially damaging, stranding store-bound holiday retail inventory on the docks, and causing exports to stagnate.

Up

Actual data on actual freight movement by rail paints a far more bullish picture. The American Association of Railroad's RailTime Indicators show that cargo is still flowing at increasing levels:

- Capacity utilization rising (up again to 78.9% in June)
- Fewer freight rail cars in storage (a decline of 2,710 cars in August alone)
- Intermodal traffic up 5.6% July 2012 over July 2011 (the highest July in the index's history)
- Railroad employment at its highest level since October 2008

These positive signs are, to some degree, borne out in improved market numbers. Strong leasing activity fueled a 63% increase in Q2 net absorption in North America, or 43.3 million square feet (MSF); the average vacancy rate broke the "9% Barrier," falling to 8.93 percent from 9.14 percent in Q1.

ABSORPTION AND VACANCY: A CLOSER LOOK

Size of Market vs. Absorption

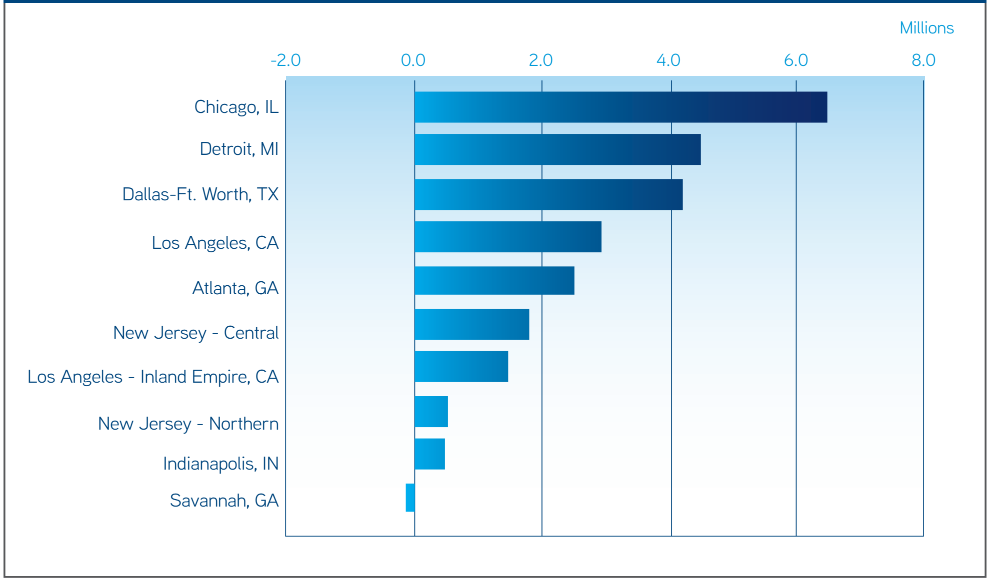
Colliers monitors industrial property conditions in 74 North American markets from Toronto to Tampa, totaling 15.77 billion square feet of inventory. The United States accounts for approximately 90 percent (14.1 billion square feet) of this inventory, and nearly all markets larger than 350 MSF. (The two exceptions are Montreal with approximately 350 MSF, and Toronto, at 765 MSF.) Size was a clear determinant of performance this quarter. The 25 largest North American markets (220 MSF or more) constitute approximately 10.8 billion square feet, or 69 percent of the total tracked by Colliers. However, in Q2 the largest 25 markets accounted for a disproportionate amount of net absorption. These markets account for 68.5% of Q2 industrial inventory but 78.4% of Q2 net absorption. In contrast, these same markets only account for 68.1% of YTD absorption. In other words, the 49 (or roughly two-thirds) of North American markets with less than 220MSF of inventory accounted for just 21.6% of Q2 absorption.

In fact, the same applies when we look at only the top ten North American markets, which account for 41 percent of the 15.77 MSF of North American industrial warehouse space tracked by Colliers. Of these, the four largest markets in the U.S.—Chicago, Los Angeles, Dallas and Atlanta—accounted for 37 percent (16.1 MSF) of North America's Q2 net absorption, and 65% of the top ten total net absorption of 24.7 MSF.

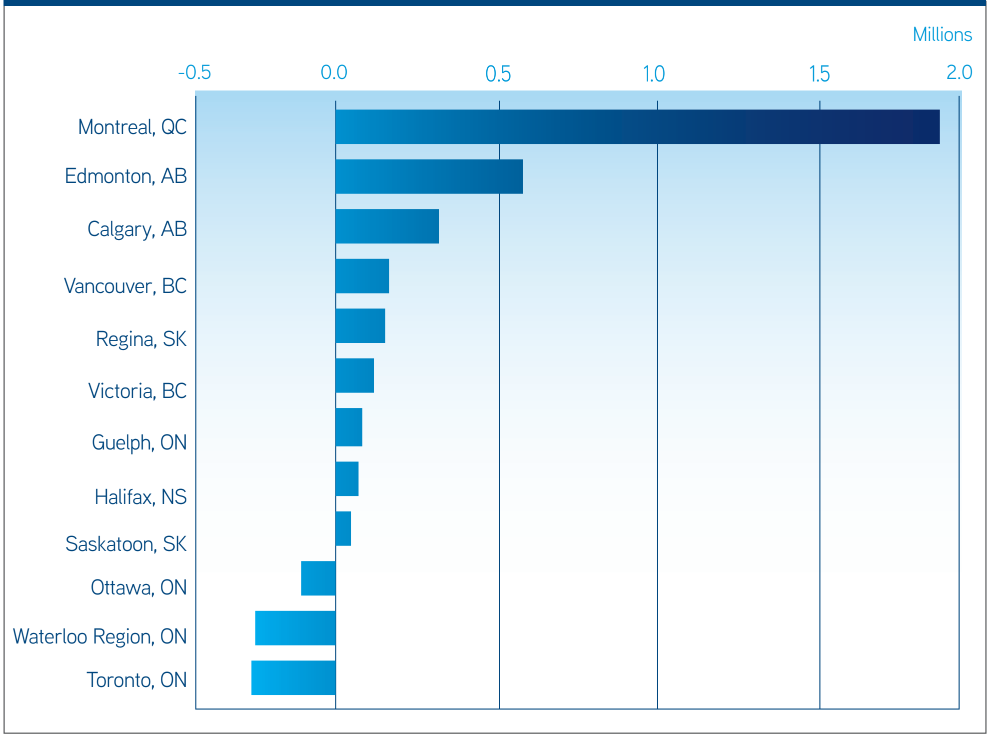
The leading 10 North American markets with respect to absorption in Q2 were:

Chicago:	6.5 msf	Phoenix:	2.1 msf
Detroit:	4.5	Montreal:	1.9
Dallas:	4.2	New Jersey:	1.8
LA:	2.9	Houston:	1.8
Atlanta:	2.5	Silicon Valley:	1.6

ABSORPTION (SF) | SELECT U.S. MARKETS | Q2 2012



ABSORPTION (SF) | CANADIAN MARKETS | Q2 2012



LOCATION VERSUS VACANCY RATE

Although the North American overall industrial warehouse vacancy in Q2 was a robust 8.93 percent, (down from 9.14 percent in Q1), it remains a bifurcated metric when comparing Canada and the United States. The average vacancy rate in the 12 primary Canadian industrial markets is approximately 4.6 percent, compared to 9.43 percent in the United States. However, the U.S. vacancy rate is declining (down another 23 basis points in Q2 from 9.66% in Q1) while Canada's actually rose a modest 3 basis points in Q2.

What's interesting to note is that the lowest vacancy rates are in leading coastal container port markets and key inland distribution markets where Class 1 railroads intersect, as these are the places where cargo is accumulated, processed and shipped. And, with the exception of Savannah, GA, (the third-busiest North American container port), the markets with the highest vacancy rates are inland markets, or ports that will not be post-Panamax ready by 2015.

This strong division is a first indication how the expansion of the Panama Canal in 2015 will alter global trade routes and change how cargo enters and exits the United States, even as intermodalism and advances in logistics redefine tomorrow's primary inland distribution centers. In light of these changes, retailers and manufacturers are focused on aligning their logistics operations with key port and inland distribution centers with the required intermodal infrastructure in the first Post-Panamax decade (2015-2025). That translates to a focus on East and Gulf Coast markets such as Houston; Mobile, AL; Miami; Jacksonville; Charleston, SC; Savannah, GA; Norfolk, VA; Baltimore; and New York/New Jersey. It also means a focus on inland distribution markets that mitigate choke points in the supply chain, such as Dallas, Denver, Indianapolis, Atlanta, and up-and-coming markets like Greer, SC, where the Port of Charleston is developing an inland port to better service auto, tire and furniture manufacturers/retailers such as BMW, Michelin and Ashley Furniture.

TWO KEY MEASUREMENTS: NEW SUPPLY AND CAPEX

There are, however, two excellent forward-looking measures by which to gauge industrial real estate heading into 2H2012: new industrial warehouse supply, and capital expenditures by U.S. retailers and manufacturers.

New Supply

During 1H2012, Colliers has observed restrained levels of new construction limited primarily to build-to-suit and owner-occupancy activity, with less than 15 percent being built on a speculative basis. New supply during Q2 2012 in the primary 74 North American industrial markets was a modest 11.4 MSF, or just 0.1% of existing supply. This level of construction activity does not even keep pace with existing space taken out of supply each year.

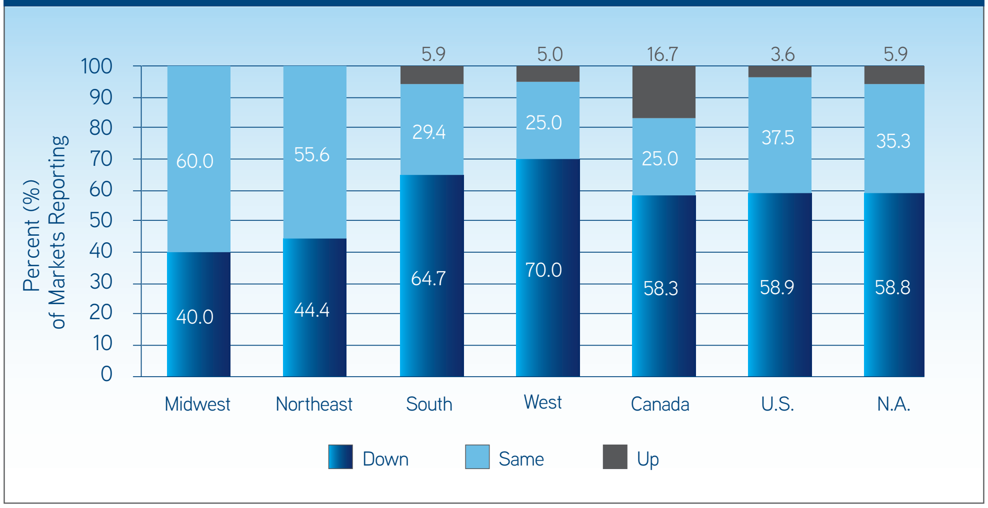
And supply constraints may get worse before they better: As much as 40 percent of existing warehouse space in key port and inland distribution markets is functionally obsolete (low clear height, inadequate concrete foundations to handle higher stacked volumes of cargo, too far from intermodal centers, etc.), and substantial new construction in 30-foot to 36-foot clear ceiling warehouse space in post-Panamax ready markets will be needed between 2013 and 2015. This is especially true of East and Gulf Coast markets that are racing to become post-Panamax ready by 2015.

For more information on this topic, click here to read our North American Ports white paper titled: *Preparing for the First Post-Panamax Decade*

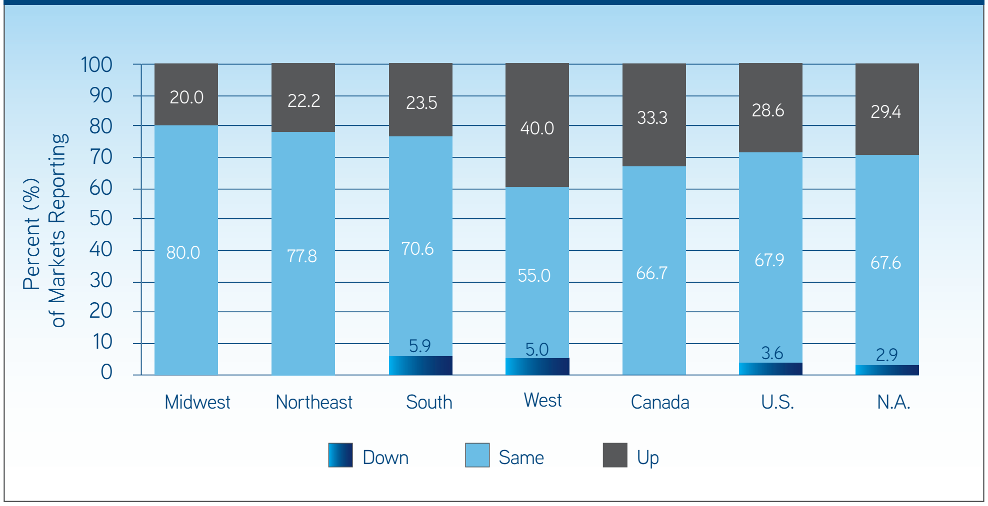
CapEx Spending

For the first time since World War II, retailers are investing more CapEx on supply chain and logistics than on new store openings. This shift is in response to growing e-commerce activity and

PROVIDE A 3-MONTH FORECAST FOR VACANCY LEVELS (RELATIVE TO CURRENT QUARTER):



PROVIDE A 3-MONTH FORECAST FOR RENTS (RELATIVE TO CURRENT QUARTER):



changing global trade routes as shippers prepare for the completion of the Panama Canal expansion. Investment in new distribution centers, high-tech conveyor systems, logistics software, etc., is fueling demand for industrial land in key coastal and inland markets that will be the primary beneficiaries of Post-Panamax trade in 2015, as well as increased e-commerce retail activity.

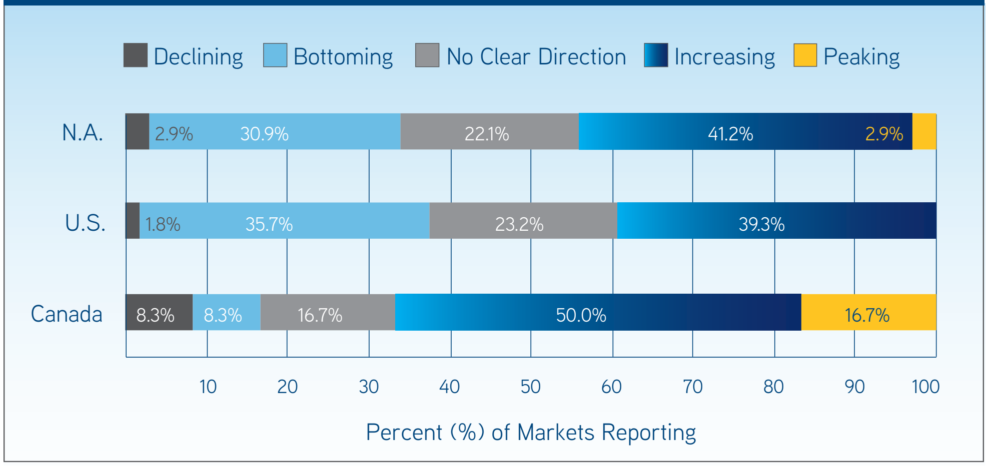
To illustrate how refinement of retailers' and manufacturers' supply chains and logistics will be the mitigating factor for a slowing U.S. GDP, we can look at the performance of European industrial real estate during their fiscal crisis during the past two years. A September 3, 2012 Wall Street Journal article ("Industrial Property In Europe Develops As Investor Favorite," by Anita Likus) notes that:

- "Logistics property and good-quality warehouses are hotly pursued currently as they have been one of the better performers of all the commercial-property markets" said Marty McCarthy, chief executive of real-estate investment manager Valad Europe, based in London. He said that during times of economic uncertainty, investors are more interested in buying properties that have reliable income, rather than betting on price appreciation.

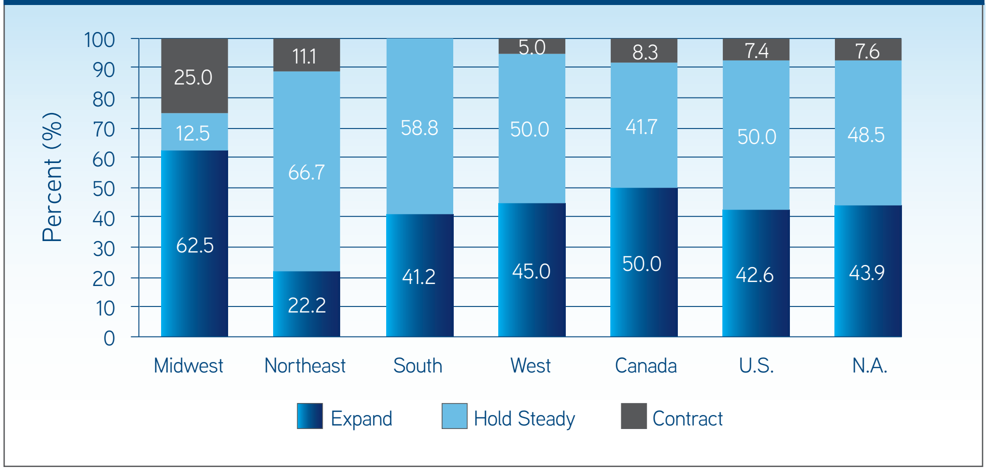
- Although values of industrial properties have been slower to recover in recent years than office buildings, shopping malls and other commercial-property types, investors are attracted to industrial buildings because the rent paid by tenants has been stable, thanks to long-term leases, and that produces strong income for owners.

- With the growth of Internet shopping, which requires warehouses across the world for storage and distribution centers close to big cities, some analysts believe demand for industrial space will continue to rise, despite Europe's current economies woes.

HOW WOULD YOU CHARACTERIZE THE RENTS IN YOUR MARKET?



EXCLUDING RENEWALS, OF THE LEASES SIGNED THIS QUARTER, DID MOST TENANTS:



Similarly, we can expect the shift in CapEx spending to drive increased investment and construction activity in U.S. industrial real estate in 2013.

The Investment Picture

Industrial property transaction activity started off Q2 with a bang, but has slowed. According to Real Capital Analytics, sales of U.S. industrial properties in May were the highest monthly level in 2012 and totaled $2.5 billion. But by the end of Q2, industrial property sales had fallen to a monthly level of $1.8 billion in July—15 percent below July 2011 transaction activity that preceded the August 2011 U.S. debt downgrade. However, this declining trend is not isolated to industrial real estate; office building transaction activity in 1H2012 also declined by 21 percent year-over-year.

Notably, lower transaction volume in industrial property has not translated to lower prices paid or values. According to Real Capital Analytics, "pricing improved and cap rates declined" in Q2 2012: The average cap rate for transacted U.S. industrial real estate at the end of Q2 was 7.6 percent, and was lowest in the West (6.9%) and markets like San Francisco (5.1%), Los Angeles and Inland Empire (6.6%–6.7%), Baltimore/D.C. (6.8%), and Miami (7.0%).

This points to a dearth of quality properties available for sale, rather than an overall lack of demand for industrial properties, given the attractive and stable cash-on-cash yields for industrial properties in key port and inland distribution markets. This lack of properties available for sale is beginning to fuel new construction activity.

CMBS: "Can More Buildings Succumb" to Delinquency?

Up until August, the delinquency rate for CMBS loans set all-time records every month in 1H2012. According to Trepp, August saw the overall delinquency rate dip 21 basis points, due mainly to new issuance in multifamily and some large resolutions in office. Because of the seasonal nature of CMBS issuance (heavily tilted to Q4), and the volume of maturing 5-year, interest-only, 2007-vintage CMBS loans, August was probably an anomaly (as it was the past two years). Very likely, CMBS delinquency rates will return to their upward record trajectory in the fall.

Industrial in particular saw Q2 delinquency rate rise 40 basis points. This is due to maturity defaults for loans collateralized by flex space or older, functionally-obsolete warehouse buildings in either overbuilt inland distribution centers—like Atlanta—or located in markets that will be bypassed in the first Post-Panamax decade, such as Orlando and Philadelphia.

The challenge confronted by most CMBS borrowers today remains that property values are materially below the mortgage balance at maturity. Without an infusion of equity into an already over-leveraged asset, a maturity default and loss is inevitable. The 12-month moving average for losses on these types of matured and delinquent loans is reported by TREPP to be in the range of 40% to 45%.

Delinquency Rates

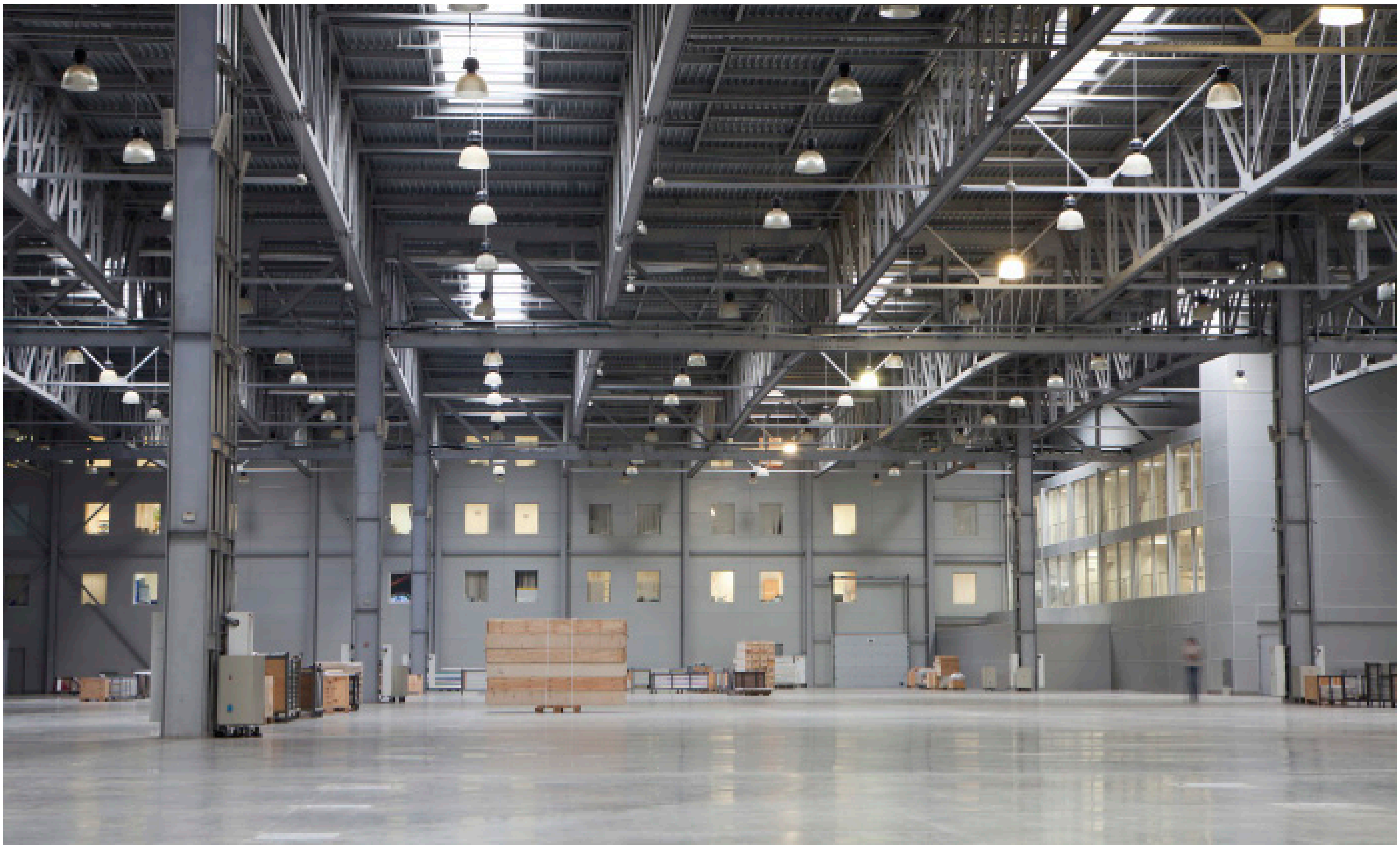
PROPERTY TYPES- 30% DAYS	AUG - 12	JUL - 12	JUN - 12	3 - MO	6 - MO	1 - YR
Industrial	12.12	11.72	11.54	12.82	12.37	11.24
Lodging	12.54	13.06	12.95	12.27	11.05	13.76
Multifamily	14.90	15.69	15.17	15.17	14.65	16.44
Office	10.56	10.69	10.45	10.26	9.04	8.17
Retail	8.18	8.03	8.17	8.07	8.00	7.36
Overall	**10.13**	**10.34**	**10.16**	**10.04**	**9.37**	**9.52**

Source: Trepp

CONCLUSION

The underlying performance measures from this past quarter, and momentum from 1H2012 industrial activity indicate that industrial real estate can withstand some slowdown in economic activity without materially impacting occupancy and rental rates. The key here is new supply: Currently, less than 15 percent of new warehouse construction in North America is being built on a speculative basis. We expect modest increase in growth of speculative construction during the coming year.

Investment sales activity has scaled back in all property types, including industrial. However, this has not adversely impacted pricing and cap rates for industrial transactions in Q2, and likely points to a lack of available properties in key markets. While the downward trend in economic, manufacturing and GDP measures mean significant risks are still in our future, the North American industrial property sector will likely be a steady performer into 2013.



UNITED STATES | INDUSTRIAL SURVEY

MARKET	EXISTING INVENTORY (SF) JUNE 30, 2012	NEW CONSTRUCTION Q2 2012 (SF)	CURRENTLY UNDER CONSTRUCTION (SF)
NORTHEAST			
Baltimore, MD	299,144,674	-	407,108
Boston, MA	151,725,644	145,000	1,108,104
Hartford, CT	97,097,862	-	220,000
Long Island, NY	162,131,229	420,000	-
New Jersey - Central	355,143,703	152,488	-
New Jersey - Northern	375,195,264	243,750	-
Philadelphia, PA	404,639,493	277,716	3,246,473
Pittsburgh, PA	165,852,056	30,539	76,959
Washington DC	275,583,166	182,550	617,731
Northeast Total	**2,286,513,091**	**1,452,043**	**5,676,375**
SOUTH			
Atlanta, GA	605,627,503	-	2,489,881
Birmingham, AL	109,529,644	-	-
Charleston, SC	31,842,029	-	300,000
Charlotte, NC	291,298,640	100,340	400,236
Columbia, SC	37,465,327	-	-
Dallas-Ft. Worth, TX	713,846,609	-	1,685,797
Ft. Lauderdale-Broward, FL	123,967,217	-	276,224
Greenville/Spartanburg, SC	179,922,474	-	1,017,000
Houston, TX	483,649,091	1,128,463	2,315,843
Jacksonville, Fl	121,467,689	-	32,208
Little Rock, AR	45,016,122	-	497,443
Louisville, KY	175,424,953	-	-
Memphis, TN	214,843,064	-	2,910,040
Miami, FL	220,163,452	120,720	395,204
Nashville, TN	86,645,582	-	-
Orlando, FL	145,439,722	27,600	137,573
Raleigh, NC	118,198,609	66,705	68,685
Savannah, GA	44,421,300	-	400,000
Tampa Bay, FL	214,745,915	-	-
West Palm Beach, FL	60,778,623	-	-
South Total	**4,024,293,565**	**1,443,828**	**12,926,134**

UNITED STATES | INDUSTRIAL SURVEY

MARKET	EXISTING INVENTORY (SF) JUNE 30, 2012	NEW CONSTRUCTION Q2 2012 (SF)	CURRENTLY UNDER CONSTRUCTION (SF)
Chicago, IL	1,309,354,461	1,842,091	3,845,057
Cincinnati, OH	274,398,585	-	1,166,338
Cleveland, OH	479,231,084	66,000	254,349
Columbus, OH	213,192,579	774,563	575,000
Detroit, MI	504,328,905	55,000	591,428
Grand Rapids, MI	108,946,869	-	282,150
Indianapolis, IN	280,702,797	50,312	2,602,166
Kansas City, MO-KS	232,296,643	-	1,800,637
Milwaukee, WI	65,696,064	200,000	-
Minneapolis/St. Paul, MN	263,782,921	126,000	1,567,000
Omaha, NE	67,709,968	-	47,700
St. Louis, MO	262,489,045	-	-
Midwest Total	**4,062,129,921**	**3,113,966**	**12,731,825**
WEST			
Bakersfield, CA	32,610,397	337,579	-
Boise, ID	34,840,861	-	-
Denver, CO	212,786,628	35,000	988,868
Fairfield, CA	46,408,783	72,558	48,133
Fresno, CA	48,600,000	-	-
Honolulu, HI	39,031,365	-	-
Las Vegas, NV	108,730,722	-	-
Los Angeles - Inland Empire, CA	383,518,000	812,000	7,993,100
Los Angeles, CA	881,557,000	134,600	1,511,500
Oakland, CA	131,232,701	-	25,650
Orange County, CA	200,097,900	-	596,500
Phoenix, AZ	270,193,922	301,924	3,115,000
Pleasanton/Walnut Creek, CA	33,187,680	-	-
Portland, OR	199,759,897	25,000	371,050
Reno, NV	86,257,743	-	-
Sacramento, CA	187,363,269	-	200,000
San Diego, CA	188,305,690	-	253,245
San Francisco Peninsula, CA	41,064,873	-	-
San Jose/Silicon Valley, CA	253,478,172	118,535	111,100
Seattle/Puget Sound, WA	265,577,430	-	150,000
Stockton/San Joaquin County, CA	94,300,345	-	-
West Total	**3,738,903,378**	**1,837,196**	**15,364,146**
US TOTALS	**14,111,839,955**	**7,847,033**	**46,698,480**

UNITED STATES | INDUSTRIAL SURVEY

MARKET	ABSORPTION Q2 2012 (SF)	VACANCY RATE MAR. 31, 2012 (%)	VACANCY RATE JUNE 30, 2012 (%)
NORTHEAST			
Baltimore, MD	(895,880)	9.98%	10.28%
Boston, MA	1,188,035	18.50%	17.76%
Hartford, CT	300,268	10.02%	9.76%
Long Island, NY	397,934	5.44%	5.51%
New Jersey - Central	1,810,312	10.32%	9.86%
New Jersey - Northern	530,816	8.48%	8.33%
Philadelphia, PA	(473,053)	9.99%	10.09%
Pittsburgh, PA	88,765	9.01%	8.86%
Washington DC	80,542	11.07%	11.75%
Northeast Total	**3,027,739**	**10.09%**	**10.07%**
SOUTH			
Atlanta, GA	2,504,215	13.33%	12.92%
Birmingham, AL	(164,176)	8.83%	8.97%
Charleston, SC	(509,925)	10.30%	11.70%
Charlotte, NC	(702,384)	12.12%	12.74%
Columbia, SC	(953,025)	7.33%	9.35%
Dallas-Ft. Worth, TX	4,220,589	10.38%	9.80%
Ft. Lauderdale-Broward, FL	435,657	9.15%	8.84%
Greenville/Spartanburg, SC	392,095	9.86%	9.80%
Houston, TX	1,802,467	5.31%	5.09%
Jacksonville, Fl	71,138	10.34%	10.28%
Little Rock, AR	551,339	12.32%	11.04%
Louisville, KY	(187,709)	9.97%	10.08%
Memphis, TN	915,480	13.38%	12.96%
Miami, FL	802,409	7.36%	7.03%
Nashville, TN	19,322	9.69%	9.67%
Orlando, FL	597,898	10.67%	10.42%
Raleigh, NC	155,583	11.12%	11.04%
Savannah, GA	(136,260)	13.73%	14.04%
Tampa Bay, FL	(39,230)	10.02%	10.05%
West Palm Beach, FL	140,482	8.23%	7.95%
South Total	**9,915,965**	**10.21%**	**10.02%**

UNITED STATES | INDUSTRIAL SURVEY

MARKET	ABSORPTION Q2 2012 (SF)	VACANCY RATE MAR. 31, 2012 (%)	VACANCY RATE JUNE 30, 2012 (%)
MIDWEST			
Chicago, IL	6,521,039	10.68%	10.16%
Cincinnati, OH	(820,196)	9.19%	9.49%
Cleveland, OH	1,505,010	8.86%	8.50%
Columbus, OH	1,430,866	10.73%	10.02%
Detroit, MI	4,504,791	12.88%	11.66%
Grand Rapids, MI	(43,152)	7.82%	7.84%
Indianapolis, IN	485,940	5.70%	5.43%
Kansas City, MO-KS	969,830	7.60%	7.19%
Milwaukee, WI	168,100	21.78%	21.09%
Minneapolis/St. Paul, MN	46,398	8.80%	9.00%
Omaha, NE	47,900	5.66%	5.59%
St. Louis, MO	313,869	8.68%	8.70%
Midwest Total	**15,130,395**	**9.89%**	**9.47%**
WEST			
Bakersfield, CA	781,513	7.04%	5.61%
Boise, ID	(143,290)	11.58%	11.65%
Denver, CO	936,013	8.60%	8.07%
Fairfield, CA	298,424	13.89%	13.38%
Fresno, CA	350,000	11.42%	10.70%
Honolulu, HI	190,239	4.72%	4.23%
Las Vegas, NV	(50,330)	15.93%	16.27%
Los Angeles - Inland Empire, CA	1,458,600	6.53%	6.51%
Los Angeles, CA	2,924,100	4.84%	4.51%
Oakland, CA	(261,858)	8.78%	8.98%
Orange County, CA	310,700	4.82%	4.77%
Phoenix, AZ	2,131,925	13.73%	13.48%
Pleasanton/Walnut Creek, CA	(143,967)	13.63%	14.07%
Portland, OR	842,343	7.73%	7.32%
Reno, NV	(441,737)	11.91%	12.43%
Sacramento, CA	(847,587)	12.16%	13.15%
San Diego, CA	1,158,939	11.27%	10.52%
San Francisco Peninsula, CA	107,677	9.20%	8.94%
San Jose/Silicon Valley, CA	1,575,177	11.74%	10.96%
Seattle/Puget Sound, WA	1,059,233	6.99%	6.63%
Stockton/San Joaquin County, CA	208,876	14.42%	13.86%
West Total	**12,444,990**	**8.62%**	**8.37%**
US TOTALS/AVERAGES	**40,519,089**	**9.68%**	**9.43%**

UNITED STATES | INDUSTRIAL SURVEY | SALES PRICE AND CAP RATE AS OF JUNE 2012

MARKET	SALES PRICE (USD PSF)	CAP RATE (%)	VACANCY FORECAST (3 MONTHS)	ABSORPTION FORECAST (3 MONTHS)	RENT FORECAST (3 MONTHS)
NORTHEAST					
Baltimore, MD	$62.76	7.95	↓	↑	↔
Boston, MA	$54.00		↓	↑	↔
Hartford, CT	$38.00	8.50	↔	↔	↔
Long Island, NY	$70.17	8.50	↔	↑	↑
New Jersey - Central	$51.40	7.00	↔	↔	↔
New Jersey - Northern	$58.65	6.80	↔	↔	↔
Philadelphia, PA	$52.71	7.60	↓	↑	↔
Pittsburgh, PA	$50.00	7.75	↓	↑	↑
Washington DC	$55.34	8.00	↔	↔	↔
Northeast Average*	**$54.78**	**7.76**			
SOUTH					
Atlanta, GA	$37.82	7.60	↓	↔	↔
Birmingham, AL			↔	↑	↔
Charleston, SC	$46.00	7.50	↑	↑	↔
Columbia, SC			↓	↑	↔
Dallas-Ft. Worth, TX	$50.00	7.60	↔	↓	↔
Ft. Lauderdale-Broward, FL	$76.00		↓	↑	↔
Greenville/Spartanburg, SC	$35.00	8.00	↓	↑	↑
Houston, TX	$69.00	8.75	↔	↔	↔
Jacksonville, Fl	$45.50	9.00	↓	↓	↔
Little Rock, AR	$65.45	9.00	↔	↔	↔
Memphis, TN	$26.00	9.00	↓	↑	↔
Miami, FL	$100.00	6.65	↓	↑	↑
Nashville, TN		8.40	↓	↔	↑
Orlando, FL	$52.00	7.25	↓	↔	↓
Savannah, GA	$37.00	8.50	↓	↑	↔
Tampa Bay, FL	$26.99	8.20	↔	↔	↔
West Palm Beach, FL	$70.00		↓	↑	↑
South Average*	**$52.63**	**8.11**			

UNITED STATES | INDUSTRIAL SURVEY | SALES PRICE AND CAP RATE AS OF JUNE 2012

MARKET	SALES PRICE (USD PSF)	CAP RATE (%)	VACANCY FORECAST (3 MONTHS)	ABSORPTION FORECAST (3 MONTHS)	RENT FORECAST (3 MONTHS)
MIDWEST					
Chicago, IL	$50.00	6.40	↔	↓	↔
Cincinnati, OH	$37.50	8.25	↔	↔	↔
Columbus, OH	$30.50	7.98	↓	↑	↔
Detroit, MI	$24.70		↓	↑	↔
Grand Rapids, MI	$44.12	8.25	↔	↔	↑
Indianapolis, IN	$40.00	7.20	↓	↑	↑
Kansas City, MO-KS			↔	↔	↔
Milwaukee, WI	$35.00	8.00	↔	↑	↔
Minneapolis/St. Paul, MN	$36.50	8.50	↓	↑	↔
Omaha, NE			↔	↔	↔
Midwest Average*	**$37.29**	**7.80**			
WEST					
Bakersfield, CA	$38.00	10.00	↓	↑	↔
Boise, ID	$55.00		↓	↔	↔
Denver, CO	$54.25	8.60	↓	↑	↔
Fairfield, CA	$76.49	7.40	↓	↑	↑
Fresno, CA	$40.00	9.00	↓	↑	↔
Honolulu, HI			↔	↔	↔
Las Vegas, NV	$65.65		↑	↔	↓
Los Angeles - Inland Empire, CA	$65.00	6.50	↔	↔	↑
Los Angeles, CA	$89.00	6.00	↔	↓	↑
Oakland, CA	$76.43	6.50	↓	↑	↑
Orange County, CA	$109.85	6.25	↓	↑	↔
Phoenix, AZ	$52.00	6.20	↓	↔	↑
Pleasanton/Walnut Creek, CA			↔	↔	↔
Portland, OR	$52.61		↓	↑	↑
Sacramento, CA			↓	↑	↔
San Diego, CA	$62.00	7.50	↓	↓	↔
San Francisco Peninsula, CA	$250.00	7.00	↔	↔	↔
San Jose/Silicon Valley, CA			↓	↑	↑
Seattle/Puget Sound, WA	$61.10		↓	↑	↑
Stockton/San Joaquin County, CA	$58.00	7.00	↓	↑	↔
West Average*	**$75.34**	**7.33**			
US AVERAGES*	**$58.16**	**7.75**			

* Straight averages used

UNITED STATES | INDUSTRIAL SURVEY | RENTS AS OF JUNE 2012

MARKET	WAREHOUSE/DISTRIBUTION SPACE (USD PSF)	BULK SPACE (USD PSF)	FLEX/SERVICE SPACE (USD PSF)	TECH/R&D SPACE (USD PSF)
NORTHEAST				
Baltimore, MD	$5.47	$4.72	$9.87	
Boston, MA	$5.95	$4.97	$6.28	$10.11
Hartford, CT	$4.01	$3.50	$6.50	$6.50
Long Island, NY	$8.56	$8.34	$16.25	$9.16
New Jersey - Central	$4.40	$3.74	$11.32	$11.42
New Jersey - Northern	$6.12	$5.80	$10.30	$8.39
Philadelphia, PA	$4.10	$4.00	$7.00	$11.00
Pittsburgh, PA	$4.42	$4.00	$11.65	$11.65
Washington DC	$6.72	$5.65	$11.48	$12.68
Northeast Average*	**$5.53**	**$4.97**	**$10.07**	**$10.11**
SOUTH				
Atlanta, GA	$3.23	$2.84	$7.27	$11.11
Birmingham, AL	$6.79	$4.02	$10.54	
Charleston, SC	$3.85	$4.30	$6.25	$16.25
Charlotte, NC	$3.32		$8.87	
Columbia, SC	$3.75	$3.75	$9.50	$9.50
Dallas-Ft. Worth, TX	$3.05	$2.65	$6.75	$8.25
Ft. Lauderdale-Broward, FL	$6.08	$5.75	$8.98	
Greenville/Spartanburg, SC	$3.00	$2.98	$6.95	
Houston, TX	$5.06	$4.23	$6.64	$6.30
Jacksonville, Fl	$3.78	$3.10	$8.93	
Little Rock, AR	$2.68	$2.74	$7.35	
Louisville, KY	$3.37	$3.20	$7.07	$6.00
Memphis, TN	$2.46	$2.46	$4.95	$9.00
Miami, FL	$7.31	$7.22	$9.62	$12.00
Nashville, TN	$2.93			
Orlando, FL	$4.39	$4.23	$8.33	$8.55
Raleigh, NC	$3.64	$4.29	$9.42	
Savannah, GA	$3.95	$3.75	$7.00	$10.00
Tampa Bay, FL	$4.42	$3.71	$7.27	
West Palm Beach, FL	$6.70	$6.11	$10.94	$9.00
South Average*	**$4.19**	**$3.96**	**$8.03**	**$9.63**

UNITED STATES | INDUSTRIAL SURVEY | RENTS AS OF JUNE 2012

MARKET	WAREHOUSE/DISTRIBUTION SPACE (USD PSF)	BULK SPACE (USD PSF)	FLEX/SERVICE SPACE (USD PSF)	TECH/R&D SPACE (USD PSF)
MIDWEST				
Chicago, IL	$3.90	$2.59	$8.00	
Cincinnati, OH	$3.17	$3.17	$7.15	$7.15
Cleveland, OH	$3.26	$2.93	$7.88	
Columbus, OH	$2.65	$2.58	$4.73	$4.73
Detroit, MI	$3.74	$3.55	$4.26	
Grand Rapids, MI	$3.20	$2.98	$3.20	$4.75
Indianapolis, IN	$3.70	$2.86	$8.00	
Kansas City, MO-KS	$4.95	$3.52	$8.93	$7.32
Milwaukee, WI	$4.25	$4.09	$4.70	$4.06
Minneapolis/St. Paul, MN	$6.09	$5.66	$6.62	
Omaha, NE	$4.33	$4.77	$5.69	$4.19
St. Louis, MO	$3.85	$3.70	$8.98	
Midwest Average*	**$3.92**	**$3.53**	**$6.51**	**$5.37**
WEST				
Bakersfield, CA	$4.00	$3.42	$8.00	
Boise, ID	$4.50	$4.25	$5.25	$5.70
Denver, CO	$4.51	$3.96	$8.57	$9.50
Fairfield, CA	$5.42	$5.46	$7.57	$9.74
Fresno, CA	$2.40	$2.28	$4.00	$5.50
Honolulu, HI	$11.52			
Las Vegas, NV	$4.56	$4.68	$5.64	$8.64
Los Angeles - Inland Empire, CA	$4.08	$4.08	$7.05	$8.09
Los Angeles, CA	$6.02	$5.72	$9.75	$12.67
Oakland, CA	$4.56	$4.56	$5.40	$9.12
Orange County, CA	$6.72	$6.12	$12.50	$13.25
Phoenix, AZ	$5.01	$4.10	$10.36	$10.82
Pleasanton/Walnut Creek, CA	$5.04	$4.20		$11.06
Portland, OR	$5.18	$4.71	$9.72	$9.28
Reno, NV	$3.91	$3.12	$7.07	
Sacramento, CA	$4.20	$3.72	$8.16	$7.92
San Diego, CA	$8.04	$7.32	$12.60	$14.28
San Francisco Peninsula, CA	$10.08	$10.08	$23.28	$23.28
San Jose/Silicon Valley, CA	$5.87	$5.51	$9.07	$14.42
Seattle/Puget Sound, WA	$6.07	$5.31	$13.11	
Stockton/San Joaquin County, CA	$3.78	$3.60	$5.40	$7.20
West Average*	**$5.50**	**$4.81**	**$9.08**	**$10.62**
US AVERAGES*	**$4.78**	**$4.32**	**$8.37**	**$9.51**

* Straight averages used

CANADA | INDUSTRIAL SURVEY

MARKET	EXISTING INVENTORY (SF) JUNE 30, 2012	NEW CONSTRUCTION Q2 2012 (SF)	CURRENTLY UNDER CONSTRUCTION (SF)
Calgary, AB	122,638,465	1,251,737	2,877,826
Edmonton, AB	78,829,585	686,185	1,206,029
Guelph, ON	20,277,833	-	166,230
Halifax, NS	7,268,747	-	-
Montreal, QC	347,770,587	-	500,000
Ottawa, ON	28,027,055	-	125,000
Regina, SK	16,597,836	156,615	180,000
Saskatoon, SK	20,601,000	104,000	400,000
Toronto, ON	763,025,058	490,000	7,329,926
Vancouver, BC	178,188,948	677,263	1,854,577
Victoria, BC	8,883,924	161,402	561,030
Waterloo Region, ON	60,309,364	49,928	183,424
CANADA TOTALS	**1,652,418,402**	**3,577,130**	**15,384,042**

CANADA | INDUSTRIAL SURVEY

MARKET	ABSORPTION Q2 2012 (SF)	VACANCY RATE MAR. 31, 2012 (%)	VACANCY RATE JUNE 30, 2012 (%)
Calgary, AB	319,615	4.27%	4.99%
Edmonton, AB	580,821	3.53%	3.57%
Guelph, ON	84,927	3.87%	3.45%
Halifax, NS	62,775	7.22%	6.34%
Montreal, QC	1,872,763	5.25%	4.73%
Ottawa, ON	(111,832)	6.01%	6.41%
Regina, SK	150,563	1.90%	1.92%
Saskatoon, SK	43,000	4.88%	5.15%
Toronto, ON	(267,293)	4.37%	4.67%
Vancouver, BC	166,271	3.80%	3.78%
Victoria, BC	116,402	3.37%	4.15%
Waterloo Region, ON	(249,429)	6.16%	6.62%
CANADA TOTALS/AVERAGES	**2,768,583**	**4.52%**	**4.62%**

CANADA | INDUSTRIAL SURVEY | SALES PRICE AND CAP RATE AS OF JUNE 2012

MARKET	SALES PRICE (CAD PSF)	CAP RATE (%)	VACANCY FORECAST (3 MONTHS)	ABSORPTION FORECAST (3 MONTHS)	RENT FORECAST (3 MONTHS)
Calgary, AB	$132.00	6.25	↓	↑	↑
Edmonton, AB	$99.53	6.56	↔	↑	↑
Guelph, ON	$66.00	7.50	↓	↑	↔
Halifax, NS	$68.00	7.50	↓	↑	↑
Montreal, QC	$65.00	8.00	↓	↑	↑
Ottawa, ON	$108.00	7.80	↑	↔	↔
Regina, SK	$100.00	7.50	↓	↑	↔
Saskatoon, SK	$140.00	7.25	↔	↑	↔
Toronto, ON	$72.00	8.60	↔	↔	↔
Vancouver, BC	$166.00	6.00	↓	↑	↔
Victoria, BC	$175.00	6.50	↓	↑	↔
Waterloo Region, ON	$65.00	7.50	↑	↑	↔
CANADA AVERAGES*	**$104.71**	**7.25**			

* Straight averages used

CANADA | INDUSTRIAL SURVEY | RENTS AS OF JUNE 2012

MARKET	WAREHOUSE/DISTRIBUTION SPACE (USD PSF)	BULK SPACE (USD PSF)	FLEX/SERVICE SPACE (USD PSF)	TECH/R&D SPACE (USD PSF)
Calgary, AB	$8.50	$6.75	$11.25	$11.00
Edmonton, AB	$8.00	$7.50	$10.00	$12.00
Guelph, ON	$4.66	$5.16	$7.70	$7.70
Halifax, NS	$7.75	$6.50	$10.50	$15.00
Montreal, QC	$4.50	$4.25	$6.50	$8.50
Ottawa, ON	$7.75	$7.25	$8.50	$11.00
Regina, SK	$9.00	$9.00	$11.00	$13.00
Saskatoon, SK	$9.50	$8.50	$12.00	$13.00
Toronto, ON	$4.77			
Vancouver, BC	$7.55	$6.70	$9.50	$14.00
Victoria, BC	$12.00	$11.00	$13.50	$13.50
Waterloo Region, ON	$4.00	$3.21	$8.51	$8.51
CANADA AVERAGES*	**$7.33**	**$6.89**	**$9.91**	**$11.56**

* Straight averages used

Glossary

Absorption – Net change in occupied space over a given period of time.

Bulk Space – Warehouse space 100,000 square feet or more with minimum ceiling heights of 24 feet. All loading is dock-height.

Flex Space – Single-story buildings having 10- to 18-foot ceilings with both floor-height and dock-height loading. Includes wide variation in office space utilization, ranging from retail and personal service, to distribution, light industrial and occasional heavy industrial use.

Inventory – Includes all existing multi- or single-tenant leased and owner-occupied industrial warehouse, light manufacturing, flex and R&D properties greater than or equal to 10,000 square feet.

New Construction – Includes completed speculative and build-to-suit construction. New construction quoted on a net basis after any demolitions or conversions.

Service Space – Single story (or mezzanine) with 10- to 16-foot ceilings with frontage treatment on one side and dock-height loading or grade-level roll-up doors on the other. Less than 15% office.

Tech/R&D – One- and two-story, 10- to 15-foot ceiling heights with up to 50% office/dry lab space (remainder in wet lab, workshop, storage and other support), with dock-height and floor-height loading.

Triple Net Rent – Includes rent payable to the landlord, and does not include additional expenses such as taxes, insurance, maintenance, janitorial and utilities. All industrial and high-tech/R&D rents in this report are quoted on an annual, triple net per square foot basis in U.S. and Canadian dollars.

Vacancy Rate – Percentage of total inventory available (both vacant and occupied) as at the survey date including direct vacant and sublease space.

Warehouse – 50,000 square feet or more with up to 15 percent office space, the balance being general warehouse space with 18- to 30-foot ceiling heights. All loading is dock-height.

INDUSTRIAL VACANCY RATE RANKINGS

MARKET | UNITED STATES	VACANCY RATE JUNE 30, 2012 (%)
Honolulu, HI	4.23%
Los Angeles, CA	4.51%
Orange County, CA	4.77%
Houston, TX	5.09%
Indianapolis, IN	5.43%
Long Island, NY	5.51%
Omaha, NE	5.59%
Bakersfield, CA	5.61%
Los Angeles - Inland Empire, CA	6.51%
Seattle/Puget Sound, WA	6.63%
Miami, FL	7.03%
Kansas City, MO-KS	7.19%
Portland, OR	7.32%
Grand Rapids, MI	7.84%
West Palm Beach, FL	7.95%
Denver, CO	8.07%
New Jersey - Northern	8.33%
Cleveland, OH	8.50%
St. Louis, MO	8.70%
Ft. Lauderdale-Broward, FL	8.84%
Pittsburgh, PA	8.86%
San Francisco Peninsula, CA	8.94%
Birmingham, AL	8.97%
Oakland, CA	8.98%
Minneapolis/St. Paul, MN	9.00%
Columbia, SC	9.35%
U.S. AVERAGE	9.43%
Cincinnati, OH	9.49%
Nashville, TN	9.67%
Hartford, CT	9.76%
Greenville/Spartanburg, SC	9.80%
Dallas-Ft. Worth, TX	9.80%
New Jersey - Central	9.86%
Columbus, OH	10.02%
Tampa Bay, FL	10.05%
Louisville, KY	10.08%
Philadelphia, PA	10.09%
Chicago, IL	10.16%
Jacksonville, Fl	10.28%
Baltimore, MD	10.28%
Orlando, FL	10.42%
San Diego, CA	10.52%
Fresno, CA	10.70%
San Jose/Silicon Valley, CA	10.96%
Raleigh, NC	11.04%
Little Rock, AR	11.04%
Boise, ID	11.65%
Detroit, MI	11.66%
Charleston, SC	11.70%
Washington DC	11.75%
Reno, NV	12.43%
Charlotte, NC	12.74%
Atlanta, GA	12.92%
Memphis, TN	12.96%
Sacramento, CA	13.15%
Fairfield, CA	13.38%
Phoenix, AZ	13.48%
Stockton/San Joaquin County, CA	13.86%
Savannah, GA	14.04%
Pleasanton/Walnut Creek, CA	14.07%
Las Vegas, NV	16.27%
Boston, MA	17.76%
Milwaukee, WI	21.09%

INDUSTRIAL VACANCY RATE RANKINGS

MARKET | CANADA	VACANCY RATE JUNE 30, 2012 (%)
Regina, SK	1.92%
Guelph, ON	3.45%
Edmonton, AB	3.57%
Vancouver, BC	3.78%
Victoria, BC	4.15%
CANADA AVERAGE	4.62%
Toronto, ON	4.67%
Montreal, QC	4.73%
Calgary, AB	4.99%
Saskatoon, SK	5.15%
Halifax, NS	6.34%
Ottawa, ON	6.41%
Waterloo Region, ON	6.62%

522 offices in 62 countries on 6 continents

United States: 147
Canada: 37
Latin America: 19
Asia Pacific: 201
EMEA: 118

- $1.8 billion in annual revenue
- 1.25 billion square feet under management
- Over 12,300 professionals

COLLIERS INTERNATIONAL

601 Union Street, Suite 4800
Seattle, WA 98101
TEL +1 206 695 4200

FOR MORE INFORMATION

K.C. Conway
EMD Market Analytics | USA
TEL +1 678 458 3477
EMAIL kc.conway@colliers.com

James Cook
Director of Research | USA
TEL +1 602 633 4061
EMAIL james.cook@colliers.com

Jeff Simonson
Senior Research Analyst | USA
TEL +1 760 930 7941
EMAIL jeff.simonson@colliers.com

Lauren Chlebowski
Global Brand Designer | Global Marketing

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