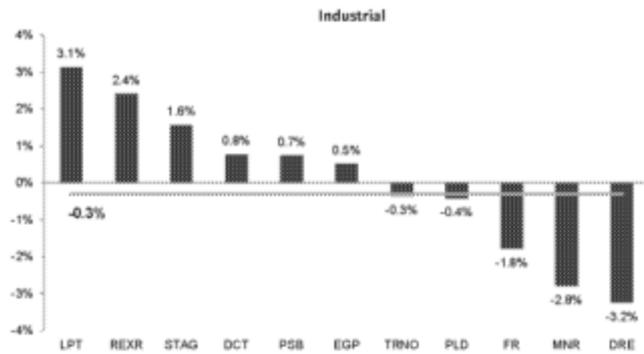




Industrial: Fundamentals remain solid, backed by e-commerce and retail demand

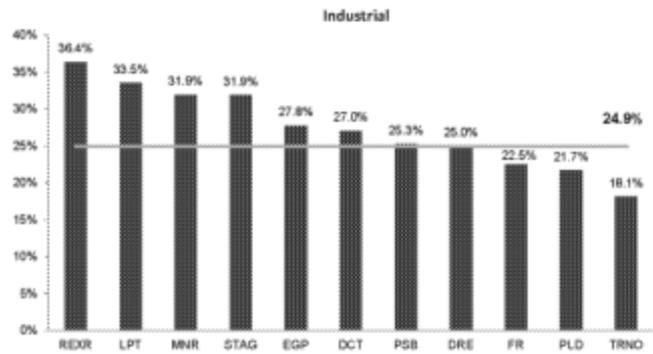
Figure 85: 1-Month Industrial performance



As of 10/14/16

Source: Deutsche Bank, S&P

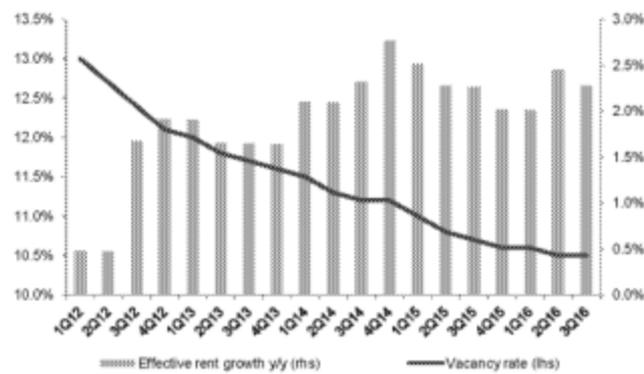
Figure 86: YTD Industrial performance



As of 10/14/16

Source: Deutsche Bank, S&P

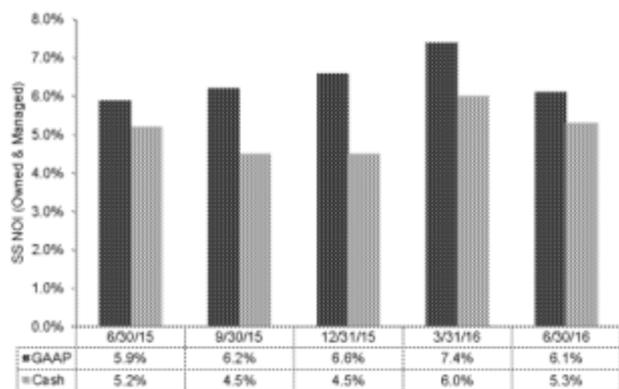
Figure 87: Warehouse vacancy rate & rent growth



- Preliminary REIS data shows that 3Q demand slowed with net absorption of 14.7msf vs. 21.8msf last quarter. Rent growth accelerated at a moderate rate similar to 2Q
- While demand slowed so did new construction, which fell to 13.4msf from 19.6msf in 2Q with 52% concentrated in 5 of the primary markets
- Vacancy rate remained stable as net absorption came in slightly higher than new construction. Effective rent growth slowed slightly to around +2.3% vs. +2.4% in 2Q
- In a similar fashion, data from Jones Lang LaSalle shows net absorption was concentrated as well with more than a third of 3Q activity spread across 4 primary markets

Source: Deutsche Bank, Reis

Figure 88: PLD SS NOI growth



Source: Deutsche Bank, company data