



Market Overview

SE Wisconsin Industrial

January 18, 2018

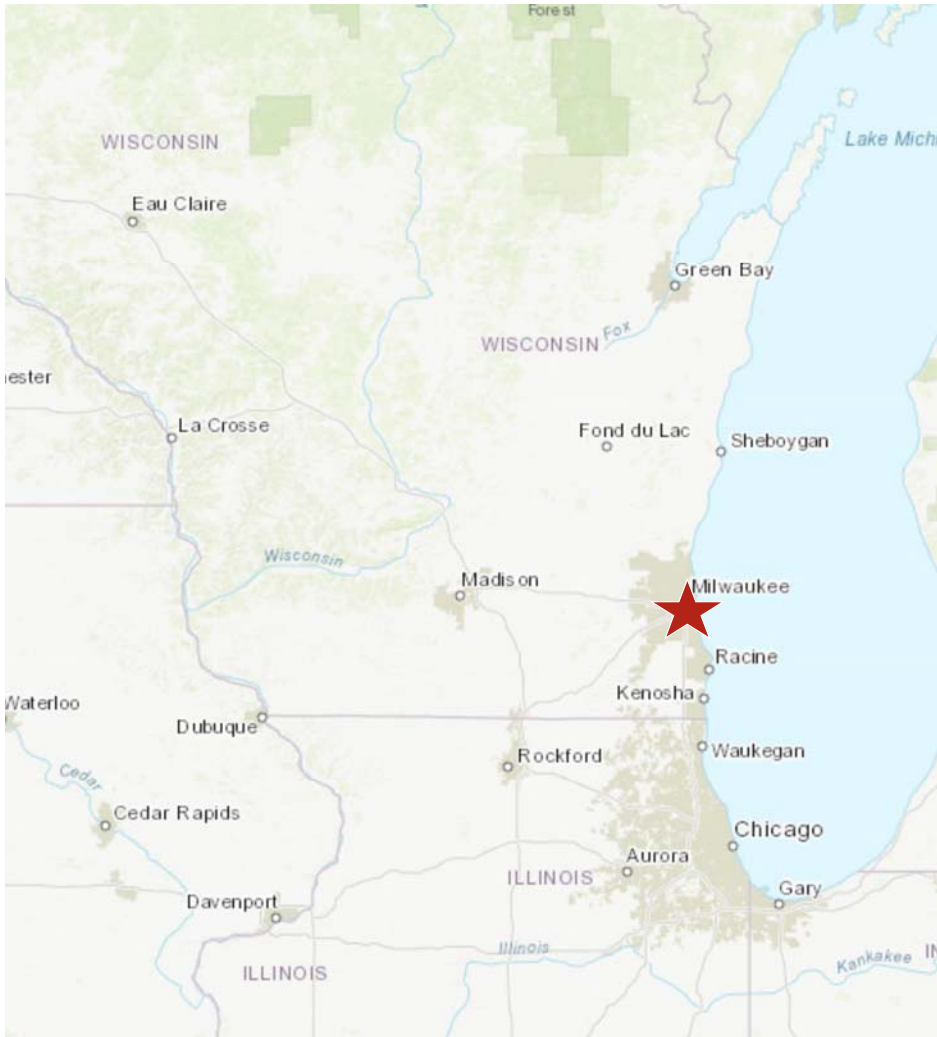
Presented By: Jim Larkin Colliers | Wisconsin

Colliers
INTERNATIONAL



MARKET OVERVIEW

National Industrial Market



Vacancy Rate	5.2%
Year over Year Change	-0.5%
Markets with vacancy lower than Q3 2016	83.6%
Q3 2017 Absorption (MSF)	68.7
Markets with Positive Absorption	82.6%
Q3 2017 New Supply (MSF)	63.4
New Supply to Inventory	0.4%
Under Construction (MSF)	222.8

Avg Warehouse / Distribution Center	\$5.37
Avg Manufacturing Space	\$5.68
Avg Flex Space	\$11.90

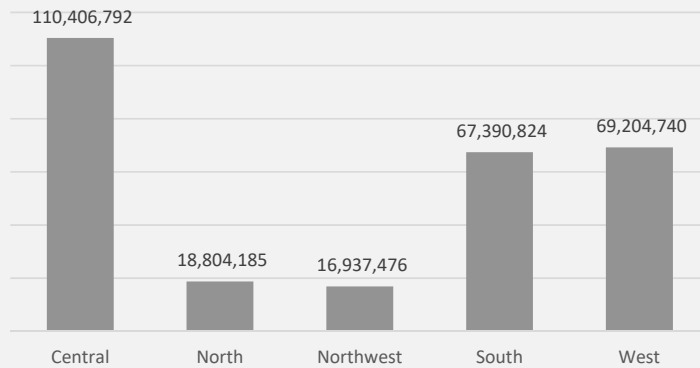
SE WI Industrial Market

TOTAL UNIVERSE



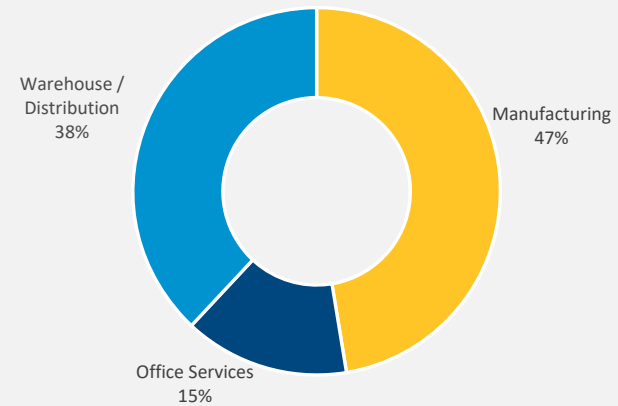
282,744,017

TOTAL INVENTORY SF



SUBMARKET INVENTORY

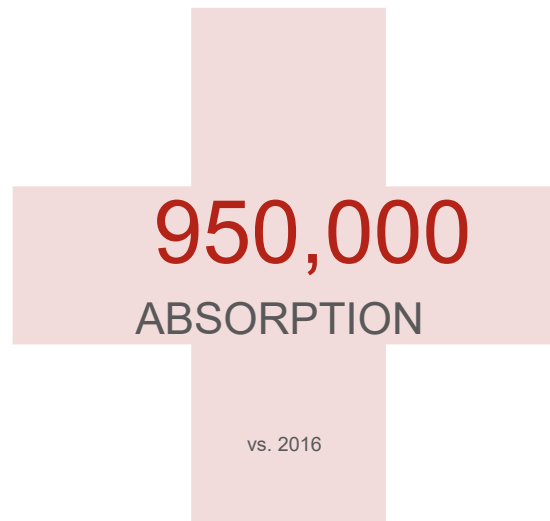
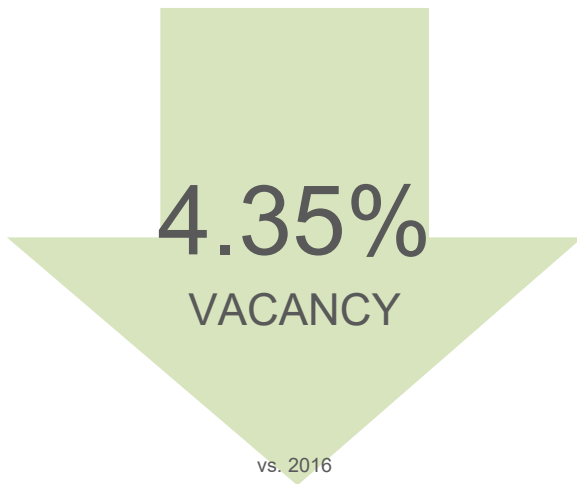
SPECIFIC USE INVENTORY



4.35%
VACANCY RATE

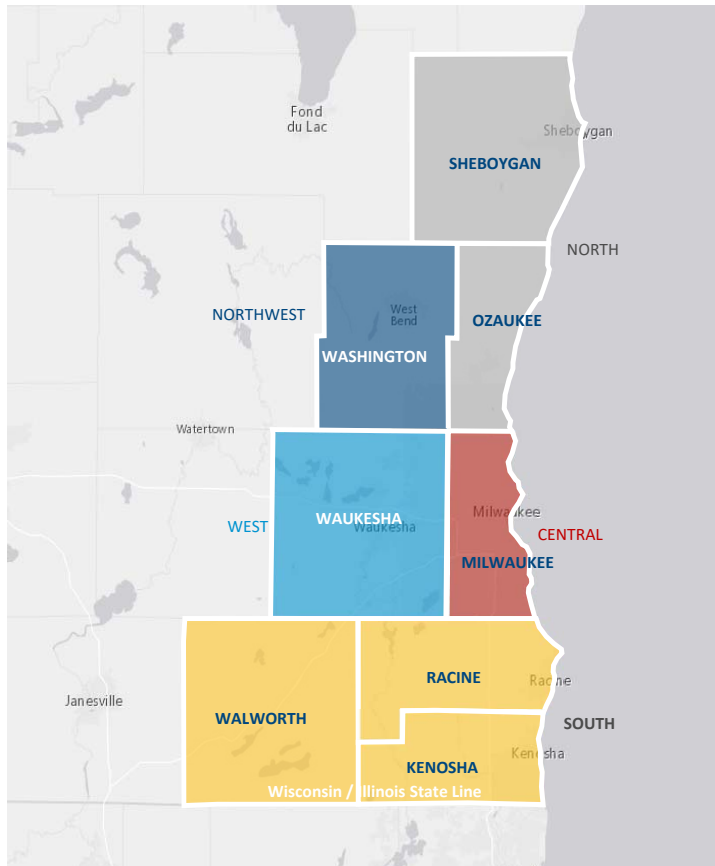
2017 Statistics

SE Wisconsin



2017 Statistics

SE Wisconsin

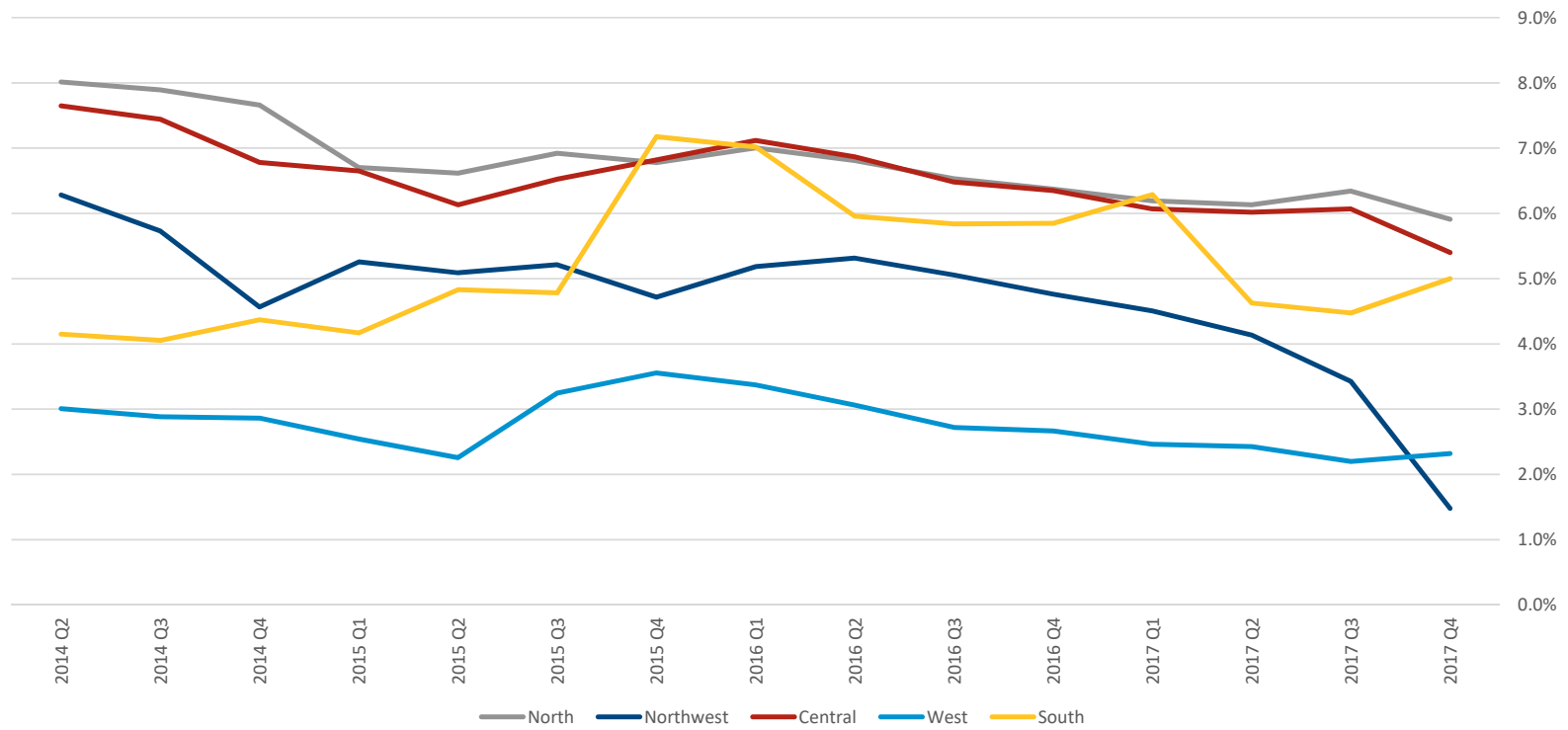


	North	Northwest	West	Central	South
Inventory	18,804,185	16,937,476	69,204,740	110,406,792	67,390,824
Available SF	1,524,443	793,925	3,377,451	9,335,536	5,877,991
Vacancy %	5.91%	1.48%	2.32%	5.40%	5.00%

2017 Statistics

SE Wisconsin

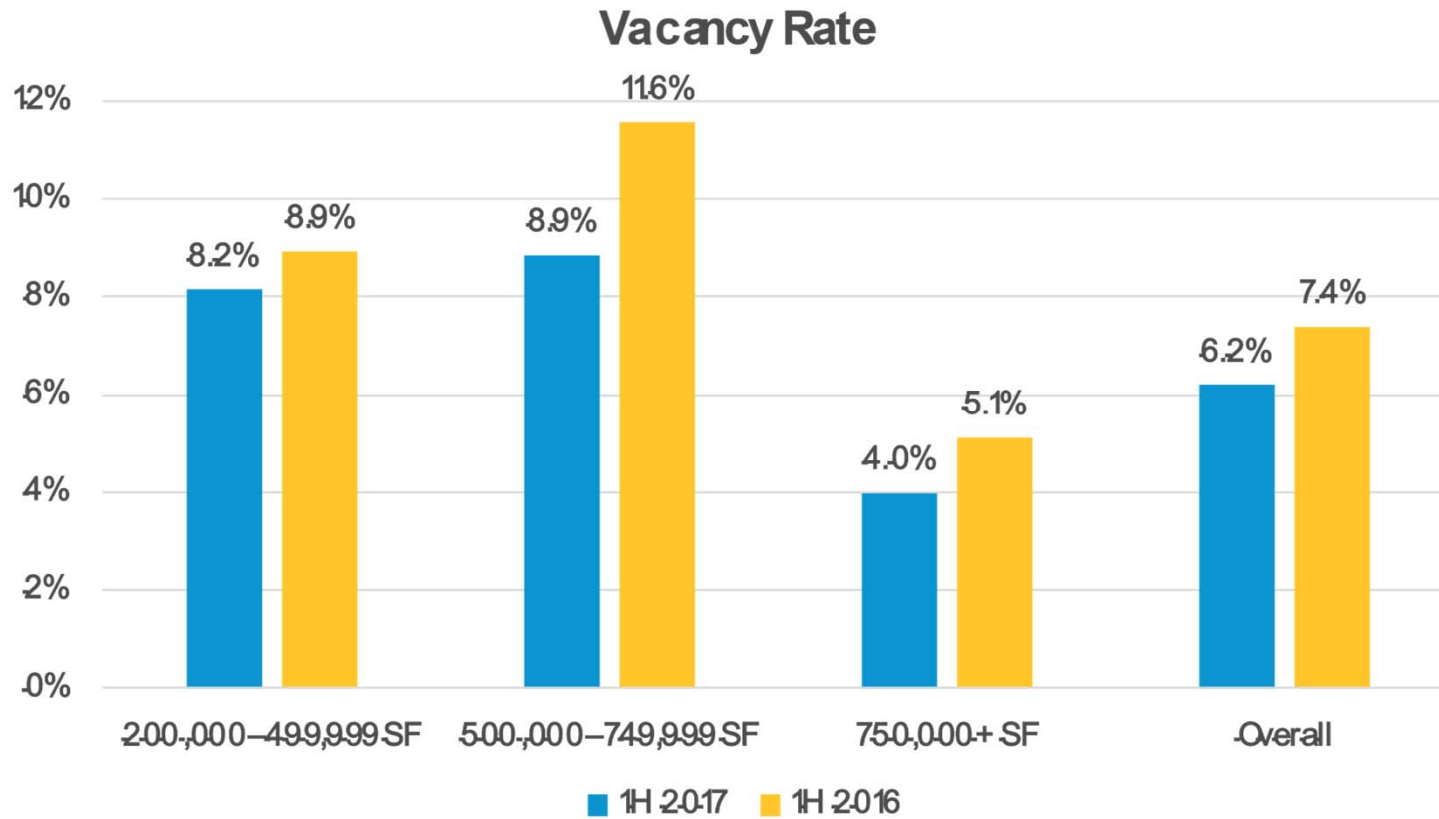
HISTORICAL VACANCY



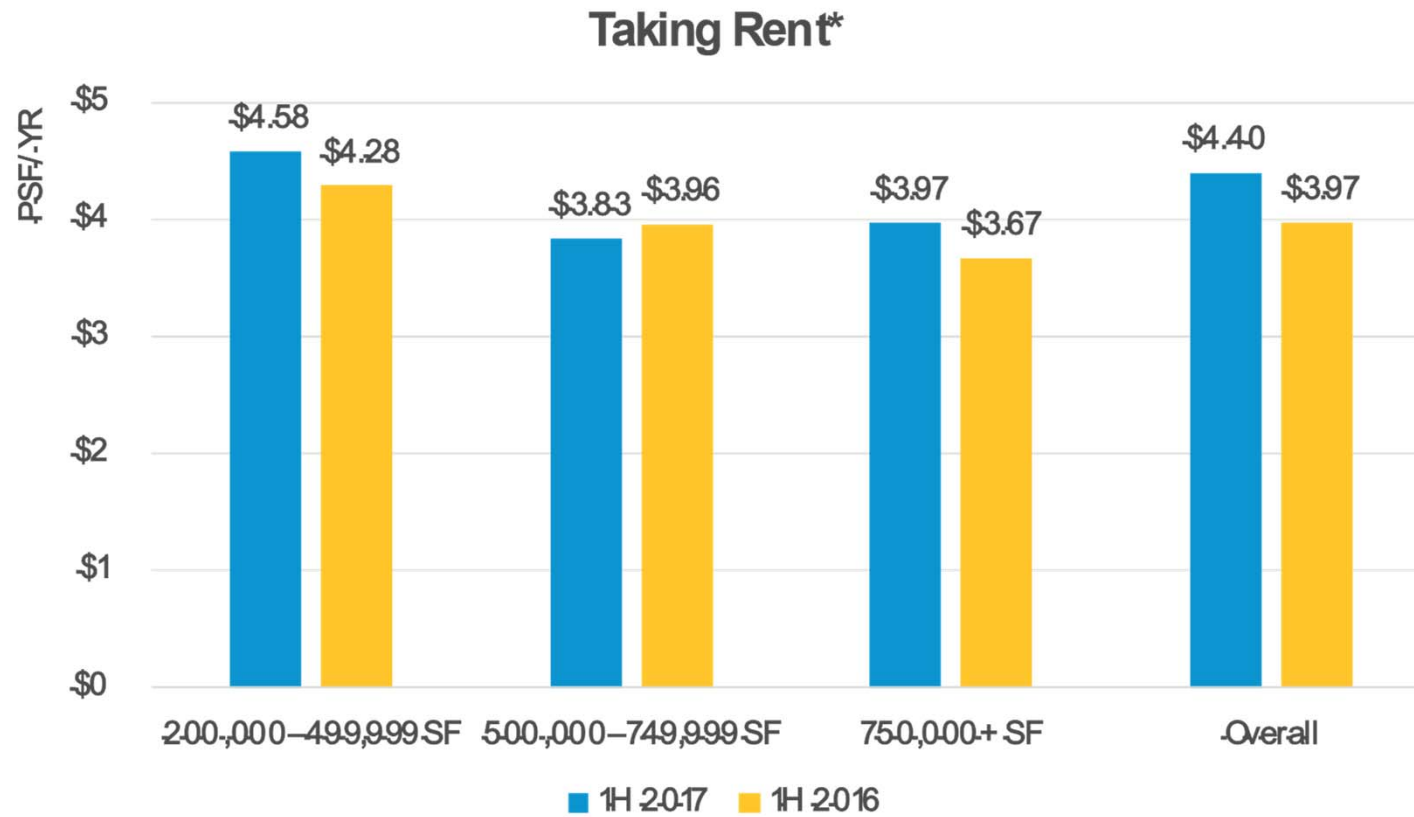
A large, complex metal crane structure is shown against a sky filled with white, fluffy clouds. The crane's lattice of beams and cables extends from the top right towards the bottom left. The word "LOGISTICS" is superimposed in a blue, serif font across the middle of the crane's structure.

LOGISTICS

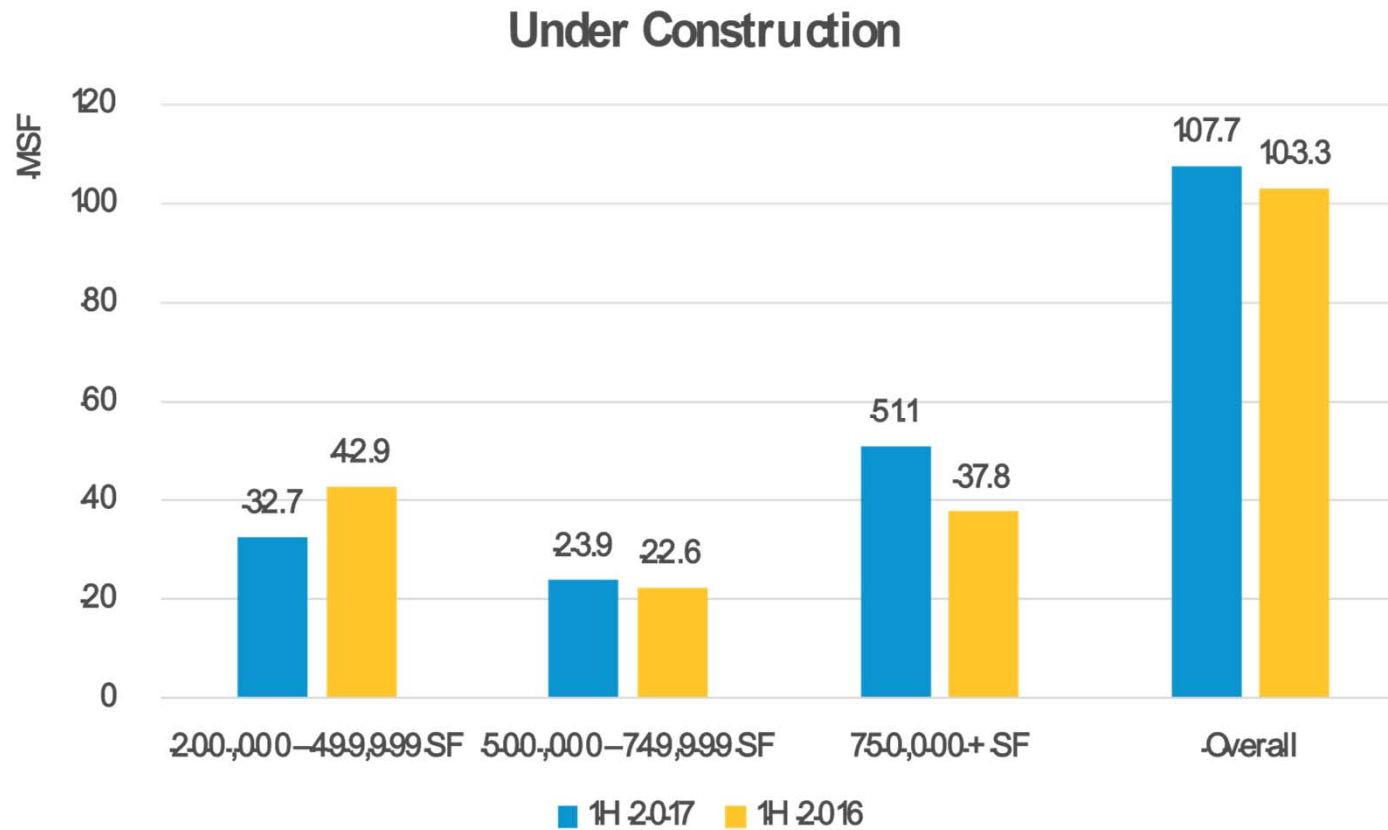
National Trends



National Trends

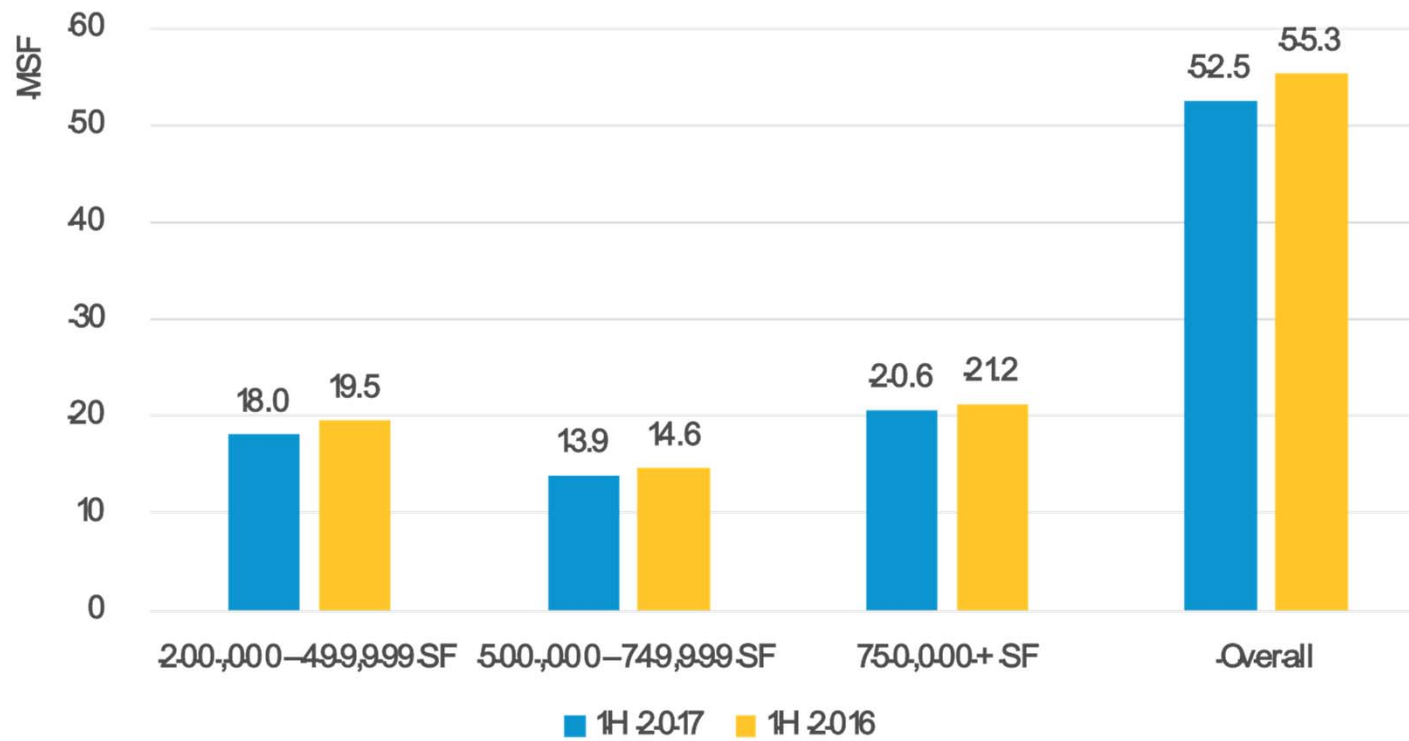


National Trends

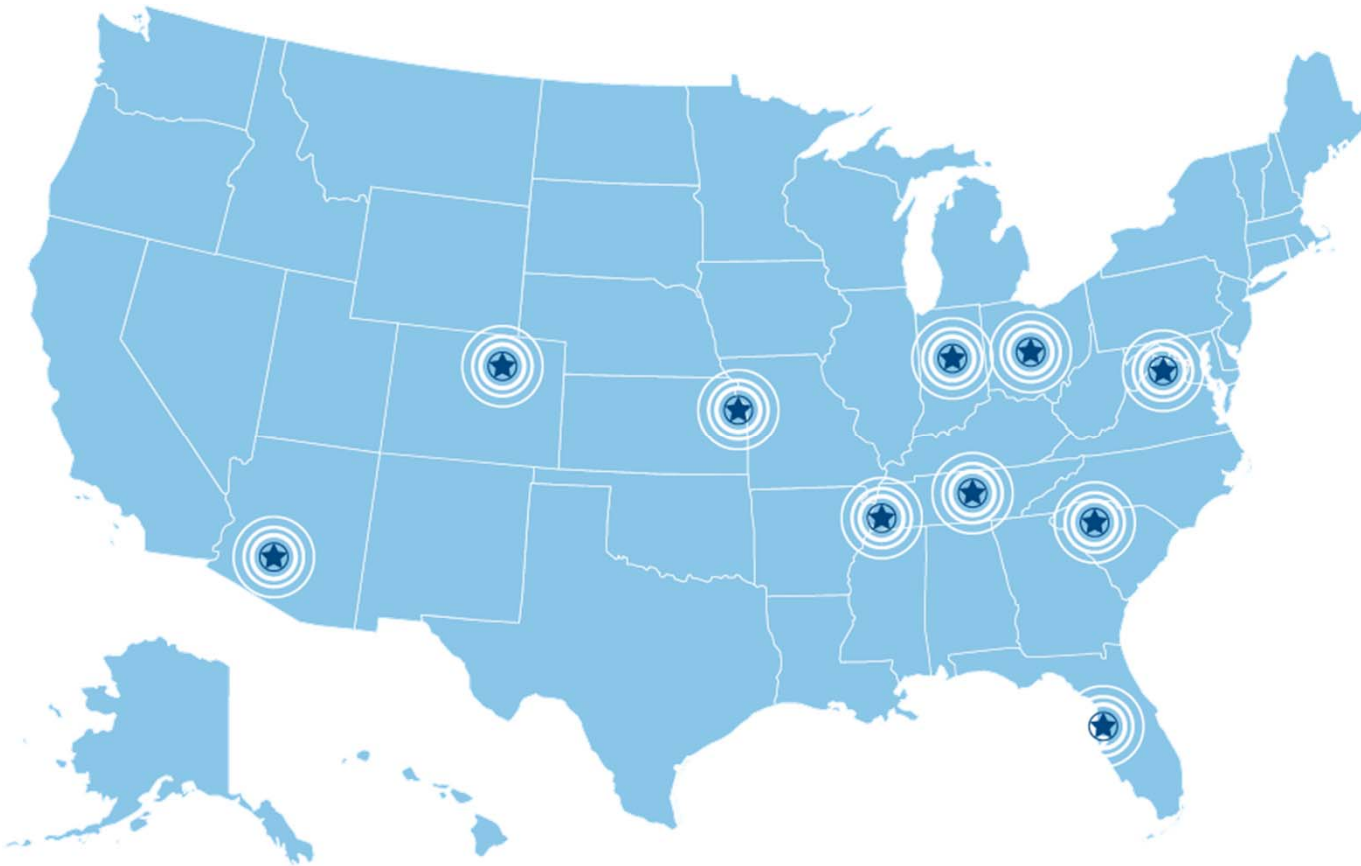


National Trends

Overall Net Absorption



Emerging Industrial Markets

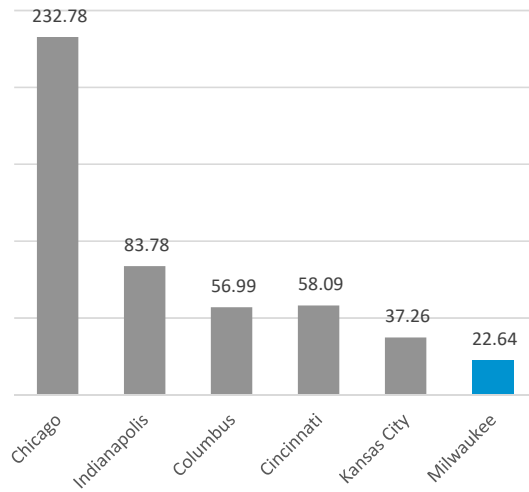


EMERGING MARKET	TOTAL INVENTORY
DENVER, CO	225 MILLION SF
PHOENIX, AZ	292 MILLION SF
GREENVILLE, SC	198 MILLION SF
INDIANAPOLIS, IN	237 MILLION SF
KANSAS CITY, MO	249 MILLION SF
MEMPHIS, TN	226 MILLION SF
NASHVILLE, TN	193 MILLION SF
SHENANDOAH VALLEY	90.4 MILLION SF
TAMPA BAY, FL	207 MILLION SF

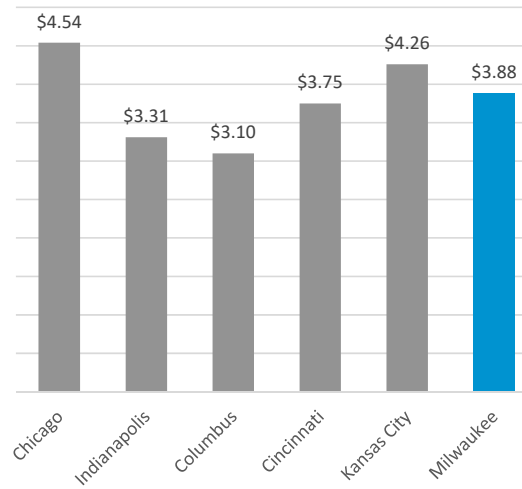
Midwest Markets

1,115 BIG-BOX BUILDINGS
60 FULLY VACANT

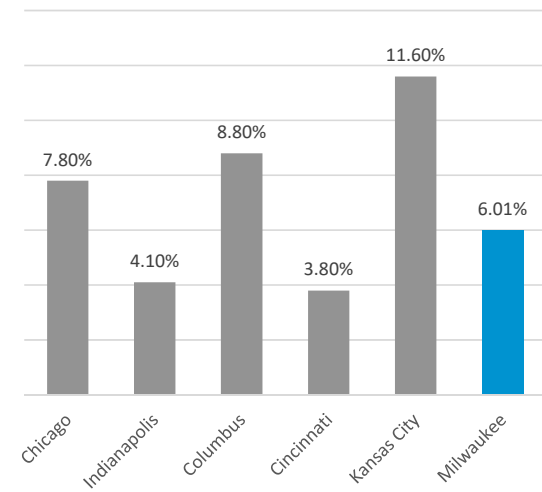
Inventory (MSF)



Avg Rental Rate



Vacancy Rate



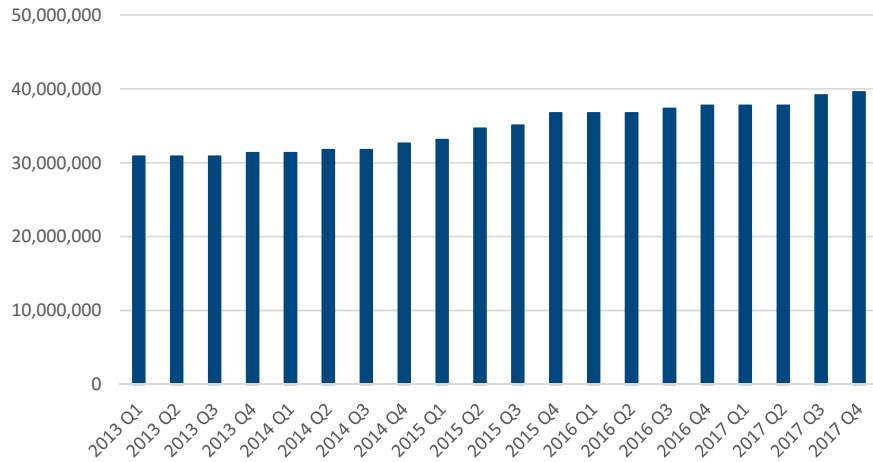
Kenosha County is tracked by Colliers International as part of the Chicago Market and is reflected as such in the above numbers

SE Wisconsin

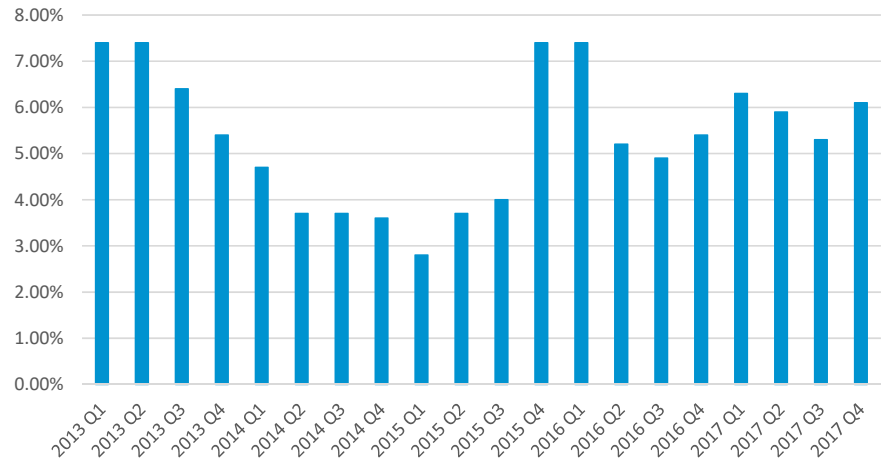
90
BIG-BOX BUILDINGS

4
FULLY VACANT

Inventory



Vacancy



User Deliverables



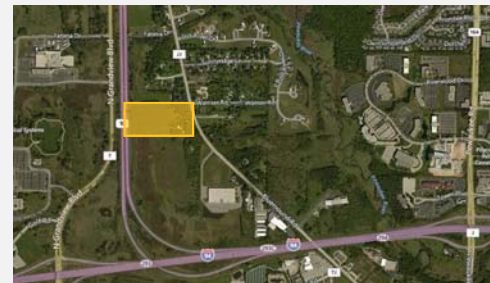
ULINE MIDWEST DISTRIBUTION
Kenosha
880,000 SF
Delivery June 2017



ER WAGNER EXPANSION
Menomonee Falls
153,000 SF
Delivery September 2017



GOODWIL INDUSTRIES
EXPANSION
Sturtevant
115,848 SF
Delivery Q4 2017



LAKELAND SUPPLY
Waukesha
83,000 SF
Under Construction

Speculative Deliverables

FIRST PARK 94 – BLDG B



Somers
602,348 SF
Delivery June 2017
50% Leased

10490 88TH AVE



Pleasant Prairie
200,696 SF
Delivery February 2017
100% Leased

Under Construction



LAKEVIEW XVIII

Pleasant Prairie

417,384 SF

Expected Delivery Q4 2017



ENTERPRISE BUSINESS PARK

Sturtevant

374,400 SF



LAND & LAKES

Mount Pleasant

307,850 SF

Expected Delivery Q2 2018

Under Construction



ZILBER I - FRANKLIN

Franklin
162,861 SF
Expected Delivery Q4 2017



10651 S OAKVIEW PKY

Oak Creek
137,000 SF
Expected Delivery Q2 2018



5201 INTERNATIONAL DRIVE

Cudahy
153,000 SF



WILLOW CREEK

Germantown
186,000 SF

Largest Transactions

South



Madden Communications
301,174 SF
First Park 94 Bldg B

South



Johnson Health Tech
209,151 SF
1333 Grandview Parkway

North



Guy & O'Neil
167,699 SF
900 North Street

West

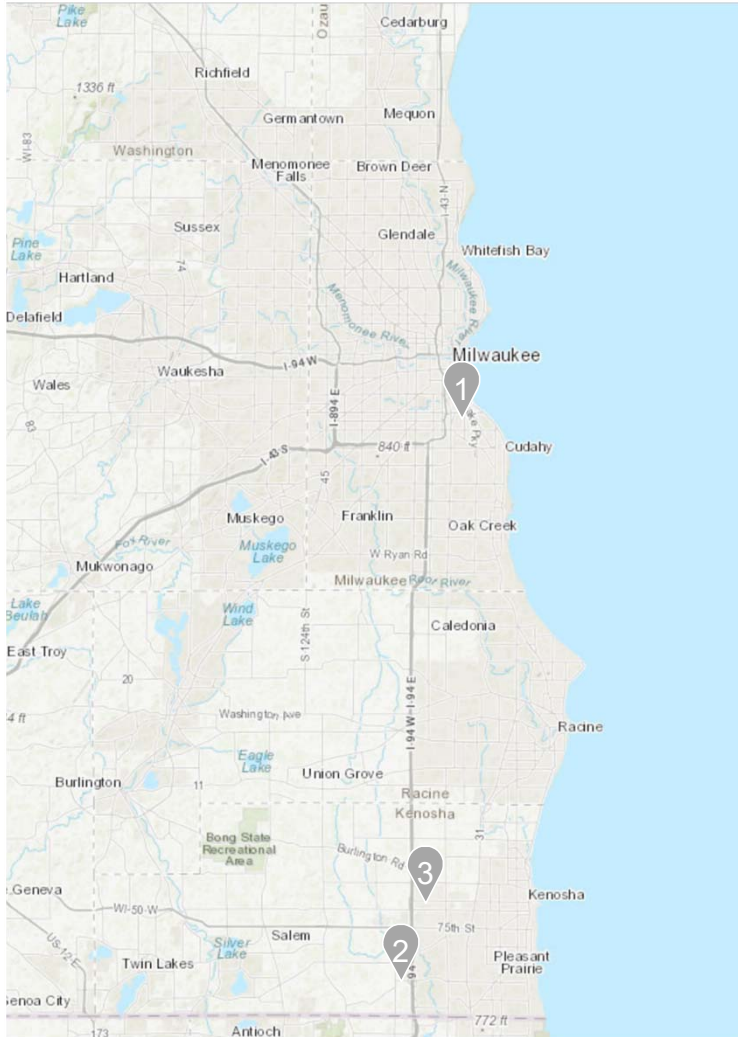


Hallmark Building Supply & Kirby Products
158,389 SF
901 Northview Rd

Central



Linder Logistics
145,700 SF
3201-3257 S 20th St



New Business Parks

1

Ryan Rd Business Park
I-94 & Ryan Road
Up to 89 Acres

2

Prairie Highlands Business Park
WI-94 North of County Highway Q
458 Acres

3

Former Dairyland Greyhound Park
104th Ave South of 55th Street
228 Acres

A large, complex steel lattice tower structure, likely a telecommunications or power tower, is shown against a sky filled with white, fluffy clouds. The tower's intricate framework of beams and struts is the central focus, extending from the top right towards the bottom left. The overall tone is light and airy due to the bright sky.

LOOKING INTO 2018

National Industrial Trends



Record **Low** Vacancy Rates Despite Large Amounts Of New Construction



Record **High** Asking Rates



Ecommerce Continues To Be A Driver Of Industrial Space Nationwide

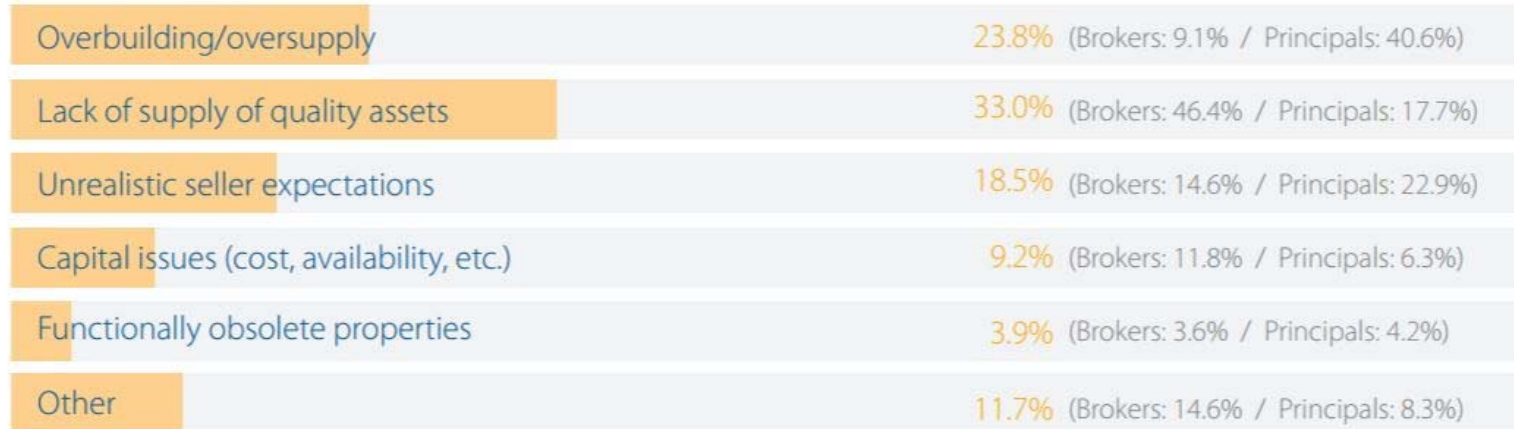


Labor Availability could be a challenge

National Industrial Trends

Too Hot and Overbuilt?

Greatest threats to industrial real estate



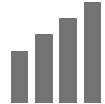
Source: Industrial Sentiment Report – Real Capital Markets & SIOR

National Industrial Trends

E-commerce



E-commerce operations tend to have two to three times higher employee count



Companies are utilizing automation hand in hand with employees as a way to reduce human work burden and increase productivity



Due to the greater use of automation future demand will be linked to the availability of qualified labor, specifically specialized engineering workers



Reliable power sources such as solar power and individual building generators are becoming more common as the use of technology increases in warehouses



Industrial fundamentals will remain strong as new product is delivered and obsolete product is repurposed.

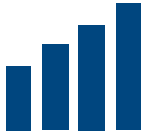
A large, complex steel lattice tower structure, likely a telecommunications or power tower, is shown against a sky filled with white, fluffy clouds. The tower's intricate framework of beams and struts is the central focus, extending from the top right towards the bottom left. The lighting is bright, creating a high-contrast scene with deep shadows within the tower's structure and bright highlights on the clouds.

WHAT ABOUT SE WI

Where Are We Going?



Increase in speculative development through the 1st half of the year



Vacancy rates will increase slightly due to the introduction of new product to the market



2018 will see an increase in smaller deals (range 30K to 50K SF)



Due to the Foxconn announcement, activity in the south market will increase for both speculative and user projects



THANK YOU