Future Cities

2024 North America Industrial Big-Box

REPORT

Review & Outlook

CBRE RESEARCH
APRIL 2024

Introduction from Leadership

Although industrial big-box leasing activity slowed in 2023, there were signs of increased demand by year-end. This trend has continued in 2024, with a rise in tenants in the market. The economic outlook is starting to clear, with the possibility of rate cuts, though their timing is now less certain. Continued strong retail sales and job growth have given many tenants the confidence to make new lease commitments. Additionally, increased supply has made for more favorable conditions for tenants in 2024. We project that food & beverage and online fulfillment companies will be key catalysts for demand, with more leasing activity than in 2023.

Occupiers are expected to prioritize supply chain resilience this year, given ongoing supply chain disruptions. This is likely to result in a demand shift from the need for safety stock to a stronger emphasis on storing inventory closer to the point of sale. Mid-size and big-box facilities should benefit, as users expand their hub-and-spoke fulfillment models.

Overall, we expect 2024 to be the third-highest year for industrial big-box leasing, surpassing 2023, but not 2022 or 2021 levels. The market's abundant supply is likely to be short-lived due to the significant reduction in construction starts, leading to more landlord friendly conditions in 2025. Macroeconomic and geopolitical trends will greatly influence industrial market activity. We will continue to closely monitor these trends and provide you with timely advice and insights.

John Morris
President, Americas Industrial & Logistics

Investor demand for industrial big-box properties slowed in 2023 due to higher interest rates and economic uncertainty. However, activity rebounded early this year as 'second-mover' institutions began to actively pursue sale offerings. This increased demand is evident from purchase bid sheets that are three times deeper than those in Q4 2023. Investor sentiment has significantly improved from last year, as industrial operating fundamentals remain solid and the credit market has stabilized. Investors are confident that the market is improving and are not trying to time it.

After expanding in 2023, cap rates for value-add and core+ offerings have compressed below debt neutrality in 2024. This is due to investors seeking below-replacement-cost buying opportunities. Even core offerings are experiencing cap rate compression, as demand for investment offerings strongly outpaces current supply. As a result, bid/ask spreads have disappeared as pricing for many deals is exceeding projections.

Chris Riley
President, U.S. Industrial & Logistics, Capital Markets

North America Overview

This report provides an in-depth overview of supply-and-demand fundamentals, demographics, logistics drivers, labor and location incentives for North America's top 25 core, gateway and emerging markets. The interactive format allows readers to engage with the data and analysis in a way that best suits their needs and preferences.

An industrial big-box facility is a traditional warehouse or distribution center of at least 200,000 sq. ft.

In 2023—due to macroeconomic concerns and record construction completions—North American big-box industrial facilities saw less leasing activity, significant vacancy increases and slower rent growth.

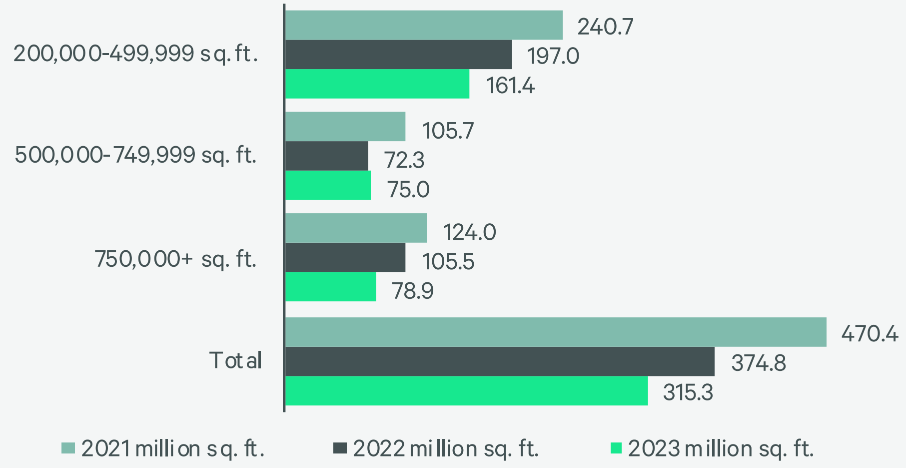
Occupiers that signed new leases sought supply chain resiliency, access to growing population centers, modern space to accommodate increased automation and support of continued e-commerce growth.

The direct vacancy rate was 6.6% at year end, doubling 2022's 3.3% rate. Despite higher vacancies, taking rents in 2023 surpassed 2022's average by nearly $1.00, rising to $8.08 psf/yr. This 15.9% increase was much lower than the 25.1% increase in 2022. A record 413 million sq. ft. of construction was completed. However, construction in progress dropped to only 208.4 million sq. ft., half of last year's total, with nearly a third preleased.

General retailers & wholesalers reclaimed the title of the most active occupiers, accounting for 36% of all lease transactions, surpassing third-party logistics (3PL) providers' 35%. Despite the dominance of retailers & wholesalers and 3PLs, the food & beverage, building materials, and automobile sectors experienced increased leasing volume compared to 2022.

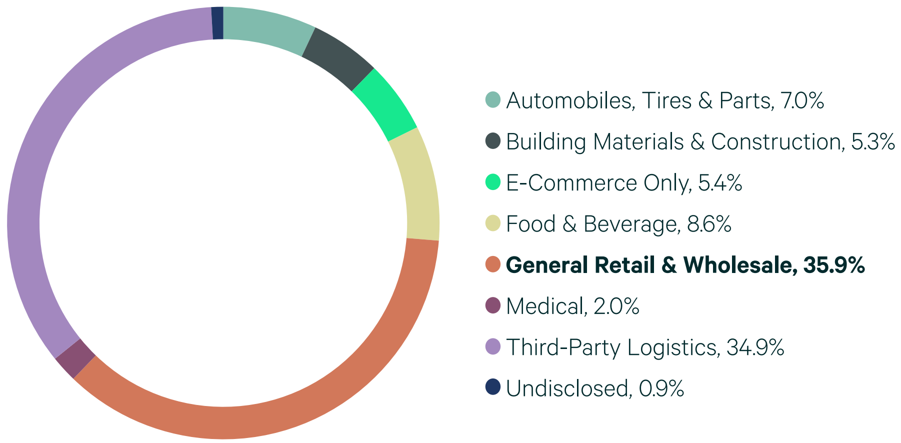
CBRE expects lease transaction volume to increase by 5% this year as the market settles into a post-pandemic new normal in terms of demand. Higher vacancies this year will affect lease terms as rents stabilize and landlords offer more free rent and generous tenant improvement allowances. These conditions will prevail in 2024, as demand will take time to catch up with the recent years' surge of new development. The current development slowdown offers opportunities for occupiers to secure available space, leading to a gradual decrease in vacancies over time.

Figure 1: North America Leasing Activity



Note: Includes new leases and renewals 200,000 sq. ft. and above in the markets tracked in this report.
Source: CBRE Research..

Figure 2: Share of North America 2023 Leasing Activity by Occupier Type



Note: Includes new leases and renewals 200,000 sq. ft. and above in the markets tracked in this report.
Source: CBRE Research.

Figure 3: North America Market Statistics

2023	# of Existing Buildings	Existing Inventory SF	Direct Vacancy Rate	Overall Net Absorption	Construction Completions	First Year NNN Taking Rent psf/yr
200,000-499,999 sq. ft.	9,630	2,866,604,868	6.1%	58,207,420	147,515,974	$8.69
500,000-749,999 sq. ft.	1,938	1,159,766,208	7.4%	36,703,420	105,087,778	$7.42
750,000+ sq. ft.	1,590	1,782,111,204	7.0%	64,768,624	160,426,527	$6.06
Total	13,158	5,808,482,280	6.6%	159,679,463	413,030,279	$8.08

2022	# of Existing Buildings	Existing Inventory SF	Direct Vacancy Rate	Overall Net Absorption	Construction Completions	First Year NNN Taking Rent psf/yr
200,000-499,999 sq. ft.	9,022	2,681,033,342	3.1%	99,960,661	101,389,886	$7.60
500,000-749,999 sq. ft.	1,769	1,057,227,544	3.5%	60,582,087	61,707,273	$7.06
750,000+ sq. ft.	1,427	1,615,988,611	3.6%	97,647,516	109,845,679	$6.08
Total	12,218	5,354,249,497	3.3%	258,190,264	272,942,838	$6.98

Note: Statistics only include markets tracked in this report.
Source: CBRE Research.

Figure 4: North America Under Construction vs. Preleased

	2023 Under Construction sq. ft.	% Preleased
200,000-499,999 sq. ft.	83,413,251	19.6%
500,000-749,999 sq. ft.	32,745,344	27.9%
750,000+ sq. ft.	92,285,846	45.3%
Total	208,444,441	32.3%

Note: Statistics only include markets tracked in this report.
Source: CBRE Research.

Figure 5: North America Top 10 Rankings

2023 Direct Vacancy Rate		
	Market	Direct Vacancy Rate
1	Mexico City	0.3%
2	Los Angeles County	1.6%
3	Nashville	2.5%
4	Inland Empire	3.7%
5	Montreal	3.9%
6	Louisville	3.9%
7	Kansas City	4.9%
8	Toronto	5.1%
9	Northern/Central NJ	5.1%
10	Memphis	5.2%

Source: CBRE Research.

2023 Top Growth Markets		
	Market	Growth Rate %*
1	Savannah	12.9%
2	Phoenix	6.0%
3	Houston	5.7%
4	Dallas-Fort Worth	5.5%
5	Nashville	5.0%
6	Indianapolis	4.4%
7	Louisville	4.2%
8	Central Florida	4.1%
9	Kansas City	3.4%
10	Columbus	3.4%

*Growth rate equals overall net absorption divided by existing inventory.

2023 Existing Inventory		
	Market	Million Sq. Ft.
1	Chicago	619.5
2	Southern NJ/Eastern PA	559.8
3	Dallas-Fort Worth	516.2
4	Inland Empire	410.4
5	Atlanta	393.2
6	Northern/Central NJ	370.0
7	Toronto	277.2
8	Houston	237.8
9	Indianapolis	236.2
10	Los Angeles County	218.5

2023 Lease Transaction Volume		
	Market	Million Sq. Ft.
1	Southern NJ/Eastern PA	33.4
2	Dallas-Fort Worth	32.4
3	Inland Empire	31.2
4	Chicago	29.5
5	Atlanta	16.9
6	Indianapolis	15.3
7	Savannah	13.0
8	Central Valley	11.7
9	Memphis	11.6
10	Louisville	11.5

2023 Under Construction		
	Market	Million Sq. Ft. (Preleased%)
1	Dallas-Fort Worth	25.6 (34.6%)
2	Phoenix	23.5 (26.4%)
3	Atlanta	18.2 (32.7%)
4	Chicago	15.2 (47.9%)
5	Inland Empire	14.0 (22.5%)
6	Savannah	12.7 (32.0%)
7	Houston	10.4 (48.6%)
8	Southern NJ/Eastern PA	10.1 (3.2%)
9	Toronto	8.8 (23.8%)
10	Nashville	8.5 (1.5%)

2023 First Year Taking Rents		
	Market	First Year Rent psf/yr
1	Los Angeles County	$19.67
2	Inland Empire	$15.86
3	Northern/Central NJ	$15.09
4	Toronto	$13.09
5	Montreal	$12.15
6	Puget Sound	$10.73
7	Phoenix	$9.21
8	Southern NJ/Eastern PA	$8.79
9	Central Valley, CA	$7.84
10	Central Florida	$7.74

*Toronto and Montreal taking rents converted to $USD.

Total Population: 250 Mile Radius		
	Market	Population (Millions)
1	Mexico City	84.4
2	Northern/Central NJ	61.7
3	Southern NJ/Eastern PA	60.1
4	Baltimore	57.4
5	Indianapolis	43.2
6	Chicago	38.4
7	Cincinnati	36.8
8	Columbus	36.1
9	Atlanta	29.8
10	Louisville	29.7

Average Hourly Wage: To Lowest Markets		
	Market	Hourly Wage (USD)
1	Mexico City	$3.19
2	Montreal	$14.11
3	Toronto	$14.11
4	Central Florida	$17.52
5	Memphis	$17.61
6	Savannah	$17.70
7	St. Louis	$17.76
8	Atlanta	$17.78
9	Nashville	$17.86
10	Indianapolis	$17.87

* Mexico City, Toronto, and Montreal wages converted to $USD.

Market Page Menu

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Atlanta

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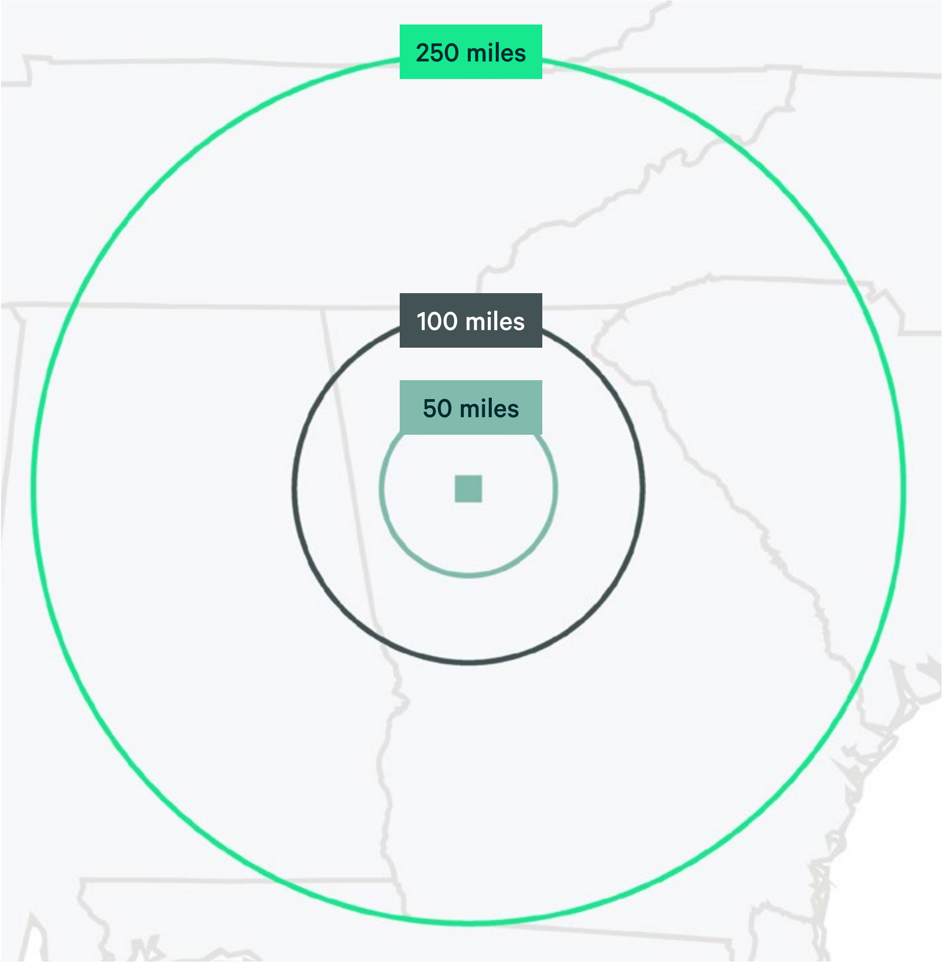
Demographics

Atlanta is the major population center of the Southeast and one of the country's fastest-growing metropolitan statistical areas (MSAs). Over 6.4 million people live within 50 miles of the market's core, with a projected five-year growth rate of 3.6%. Within 250 miles, occupiers can reach nearly 30 million people, with 23% aged 18-34.

Figure 1: Atlanta Population Analysis

Distance from Downtown Atlanta	2023 Total Population	5 Year Growth Outlook
50 miles	6,425,068	3.6%
100 miles	9,325,888	2.8%
250 miles	29,824,159	2.5%

Source: CBRE Location Intelligence.



KEY STAT

18.2M sq. ft.

Big-box inventory under construction. 52% lower than the previous year.

The Atlanta MSA has 149,224 warehouse workers—a workforce that is expected to grow by 12% by 2034, according to CBRE Labor Analytics. The average wage for a non-supervisory warehouse worker is $17.78 per hour, on par with the national average.

Figure 2: Atlanta Warehouse & Storage Labor Fundamentals

Total Warehouse & Storage Employment
149,224

2034 Total Warehouse & Storage Projected Employment
167,113

Hourly Wage*
$17.78

Source: CBRE Labor Analytics
*Median wage (1 year experience); non-supervisory warehouse material handlers.

Location Incentives

Over the past five years, there have been over 130 economic incentives deals for an average of $11,200 per new job in metro Atlanta, according to fDi Intelligence.

CBRE's Location Incentives Group reports that top incentive programs in metro Atlanta include the Regional Economic Business Assistance (REBA) program. REBA is considered a "deal-closing" grant because it incentivizes construction in Georgia. REBA funds may be used for any fixed-asset costs, including infrastructure, construction, real estate and personal property.

Another program available in Atlanta is the Job Tax Credit, which awards businesses for creating net new full-time jobs. These credits can be applied toward a company's corporate income tax liability or reduce the company's payroll withholding requirements. To qualify, companies must have local headquarters or R&D operations in one of the following industries: manufacturing, warehousing/distribution/logistics, software development, contact centers, data centers, telecommunications or financial technology.

Figure 3: Atlanta Top Incentive Programs

Program (Georgia)	Descripton
Job Tax Credit	Tax credit ranging from $1,250 to $4,000 per new job created, per year, for five years
Investment Tax Credit	Tax credit equal to 1-8% of qualified capital investment
Quality Jobs Tax Credit	Tax credit (refundable) of $2,500 up to $5,000 per new job, depending on payroll threshold of the county, per year, up to 5 years
Georgia Quick Start Program	Customized job training services
Regional Economic Business Assistance (REBA) Grant	Discretionary cash grant program
Property Tax Abatements	Discretionary abatement of real estate taxes and personal property taxes
Mega Project Tax Credit	Tax credit of $5,250 per job, per year for the first five years, for companies that create at least 1,800 new jobs over a period of 6 years and either invest a minimum of $450 million or have an annual payroll of at least $150 million

Source: CBRE Location Incentives Group.
Note: The extent, if any, of state and local incentive offerings depends on location and scope of the operation.

Logistics Driver

Atlanta offers port, rail, air and road logistics options. With service from CSX Transportation, Norfolk Southern and nearly two dozen short-line railroad companies, Atlanta has the most extensive rail system in the Southeast and serves as the region's largest intermodal hub. Interstate highways connect to 80% of the U.S. population within a two-day truck drive.

Atlanta Hartsfield-Jackson International Airport continues year-over-year gains in cargo volume. Georgia's seaports are magnets for international trade and investment. As the westernmost container port on the U.S. East Coast, the Port of Savannah enjoys a significant geographical advantage in reaching inland markets. Opened in 2018, the Appalachian Regional Port is also a gateway to North American markets. A network of major interstates, including north-south corridors I-95 and I-75 and east-west routes I-16, I-20 and I-85, means key cities and manufacturing points throughout the Southeast and Midwest can be reached within a one- to two-day drive.

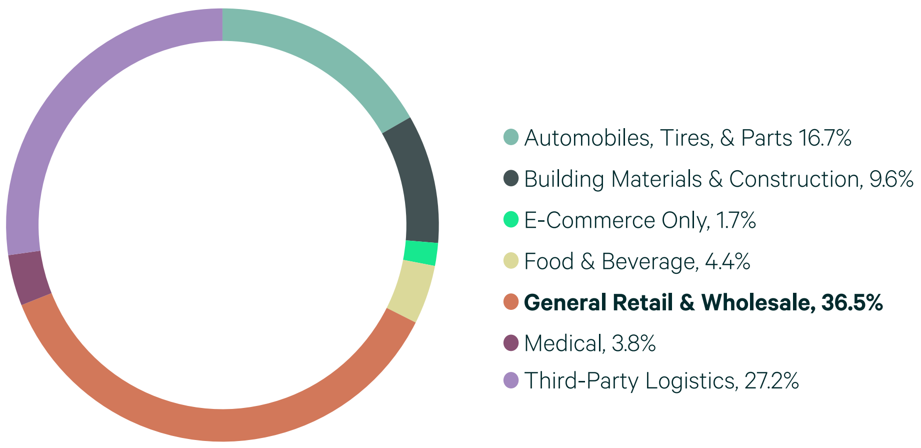
Interstate highways connect to 80% of the U.S. population within a two-day truck drive.

Supply & Demand

Atlanta is North America's fifth-largest big-box industrial market, with 393 million sq. ft. of total inventory. Vacancy rates have increased to 9.4% due to a combination of record new construction and a nearly 40% reduction in leasing activity, significantly higher than the 6.2% rate in 2022. Despite the decrease in leasing, rental rates continued to rise, with first-year base rents finishing the year at $5.84 psf/yr, a 12.3% increase from 2022. General retailers & wholesalers were the most active occupiers, representing 36.5% of total lease volume. The 3PL (27.2%) and automobile (16.7%) sectors were the second- and third-most active occupiers, respectively.

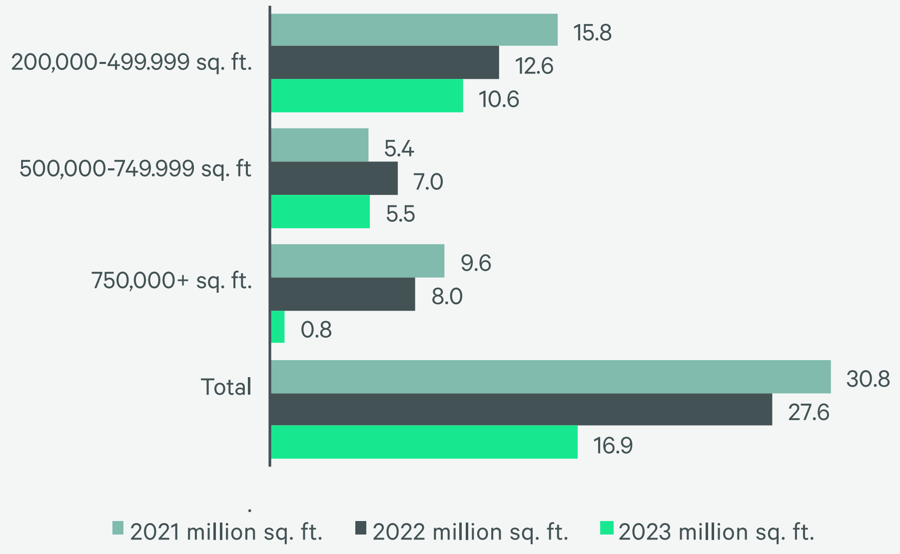
Difficulties in construction financing and rising vacancy rates have decreased the amount of product under construction to 18.2 million sq. ft. by year-end. 32.7% is preleased, nearly 20 million sq. ft. less than the previous year. The decline in product under construction will contribute to a slower increase in vacancy rates this year. Additionally, leasing activity should increase due to steady consumer spending and the stabilization and eventual decrease in interest rates. Atlanta will continue to benefit from population growth in the Southeast, remaining the region's primary big-box hub for the foreseeable future.

Figure 4: Share of 2023 Leasing by Occupier Type



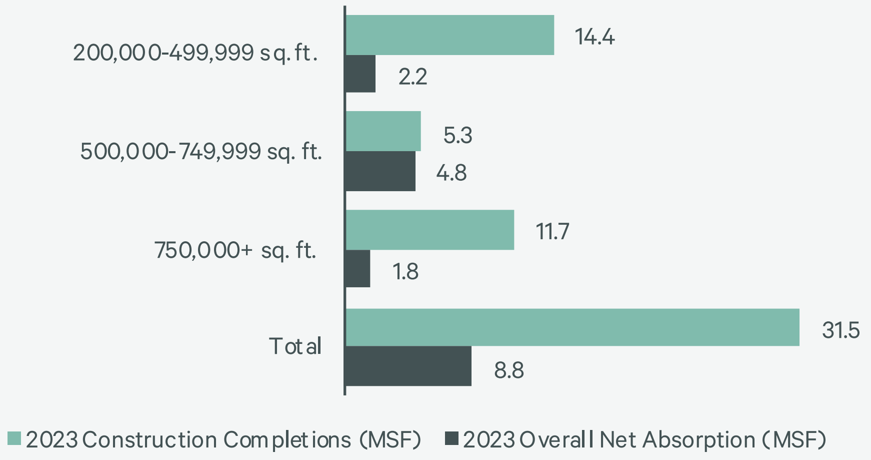
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 5: Lease Transaction Volume by Size Range



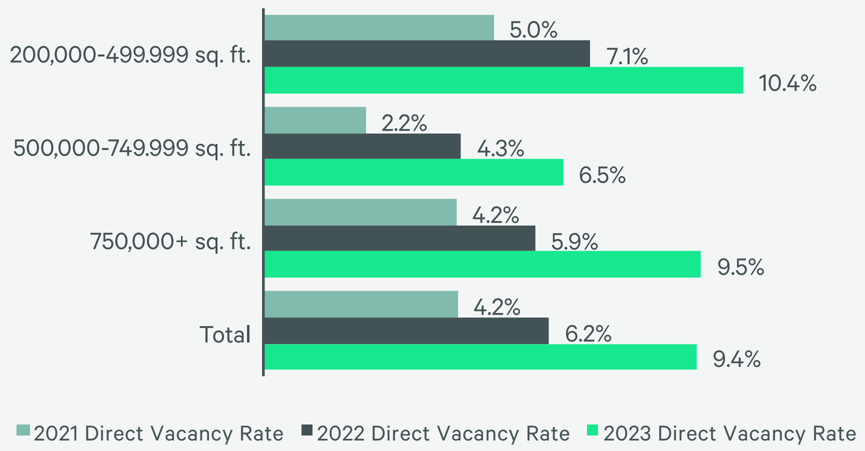
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 6: 2023 Construction Completions vs. Overall Net Absorption by Size Range



Source: CBRE Research.

Figure 7: Direct Vacancy Rate by Size Range



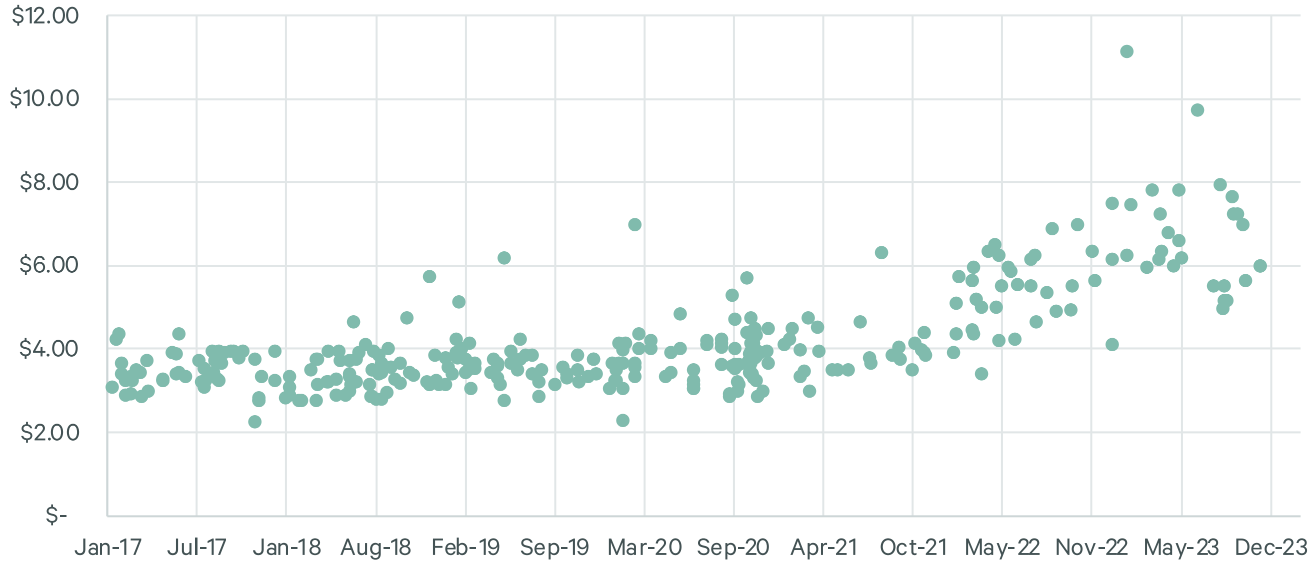
Source: CBRE Research.

Figure 8: Under Construction & Percentage Preleased

	2023 Under Construction sq. ft.	% Preleased
200,000-499,999 sq. ft.	7,426,952	12.7%
500,000-749,999 sq. ft.	1,538,450	65.0%
750,000+ sq. ft.	9,270,228	43.3%
Total	18,235,630	32.7%

Source: CBRE Research.

Figure 9: First Year Taking Rents (psf/yr)



Note: Includes first year taking rents for leases 200,000 sq. ft. and above.
Source: CBRE Research.

2

Baltimore

Menu

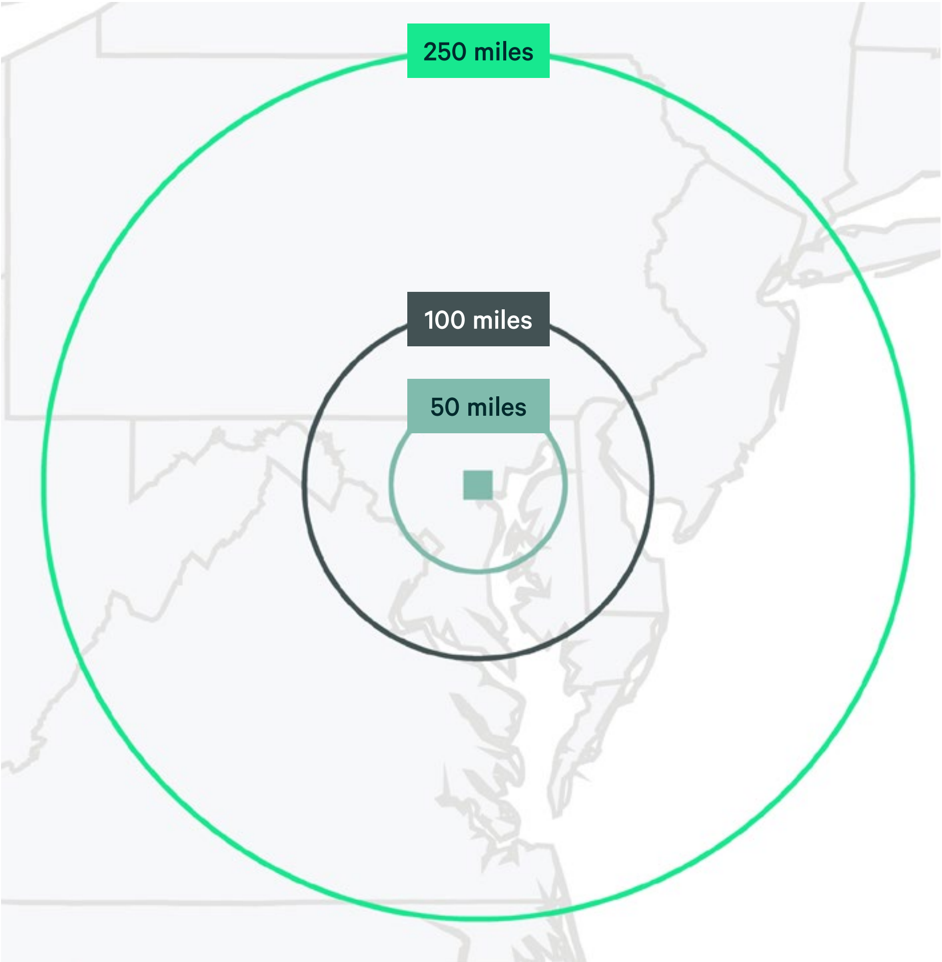
Demographics

More than 18 million people—23% aged 18-34—live within 100 miles of the market's core, with a 1.6% projected five-year growth rate. Baltimore has a high population concentration within 100 miles, like Inland Empire, Dallas and Chicago. It is also ideal for distributors serving Washington D.C.'s large population.

Figure 1: Baltimore Population Analysis

Distance from Downtown Baltimore	2023 Total Population	5 Year Growth Outlook
50 miles	8,172,475	1.6%
100 miles	18,630,648	1.6%
250 miles	57,400,186	0.4%

Source: CBRE Location Intelligence.



KEY STAT

28.9%

Year-over-year increase in big-box leasing activity.

The local warehouse labor force of 43,111 is expected to grow by 10.3% by 2034, according to CBRE Labor Analytics. The average wage for a non-supervisory warehouse worker is $19.59 per hour, 10.4% above the national average.

Figure 2: Baltimore Warehouse & Storage Labor Fundamentals

Total Warehouse & Storage Employment	2034 Total Warehouse & Storage Projected Employment	Hourly Wage*
43,111	47,552	$19.59

Source: CBRE Labor Analytics.
*Median wage (1 year experience); non-supervisory warehouse material handlers.

Location Incentives

Over the past five years, there have been over 160 economic incentives deals totaling more than $80 million for an average of $6,400 per new job in metro Baltimore, according to fDi Intelligence.

CBRE's Location Incentives Group reports that top incentive programs offered in metro Baltimore include Advantage Maryland, which provides grants and loans to support job creation and capital investment. To qualify, businesses must be in a priority funding area and an eligible industry sector.

Another program available in Baltimore is the Job Creation Tax Credit (JCTC). It provides eligible companies with income tax credits for creating at least 60 new jobs for Maryland residents or 25 new jobs if located in a designated revitalization area.

Figure 3: Baltimore Top Incentive Programs

Program (Maryland)	Descripton
Job Creation Tax Credit (JCTC)	Tax credit up to $3,000 per new job or $5,000 per new job if located in a designated revitalization area
Advantage Maryland (Maryland Economic Development Assistance Authority and Fund, MEDAAF)	Discretionary loans and grants of up to $10 million
Enterprise Zone Tax Credit	Tax credit equal to $1,000 per new worker and real property tax credit equal to 80% for the first 5 years and decreases 10% annually to 30% in the 10th and final year
More Jobs for Marylanders (MJM) Tax Credit	Refundable income tax credit of 4.75% of new payroll for 10 years (manufacturing only)
Sales Tax Exemption	Sales tax exemption available for new projects in the Port of Baltimore

Source: CBRE Location Incentives Group.
Note: The extent, if any, of state and local incentive offerings depends on location and scope of the operation.

Logistics Driver

Baltimore's strategic location on the East Coast has attracted dozens of major e-commerce and bulk goods distributors. The region has access to CSX and Norfolk Southern rail lines, and every terminal at the Port of Baltimore is within one stoplight of an interstate highway. Baltimore has one of a few East Coast ports capable of handling ships carrying 14,000 20-equivalent units (TEUs) or larger. Construction is underway for a second, 50-foot-deep berth at the Seagirt Chesapeake Marine Terminal, which will allow the port to simultaneously handle two supersized ships. Four additional neo-Panamax cranes started operations in 2023.

The I-95 Corridor gives Baltimore direct highway access to the entire eastern U.S. BWI Airport's freight transportation business provides an additional mode of transport easily accessible to the region's manufacturers and distributors.

BWI Airport's freight transportation business provides an additional mode of transport easily accessible to the region's manufacturers and distributors.

Supply & Demand

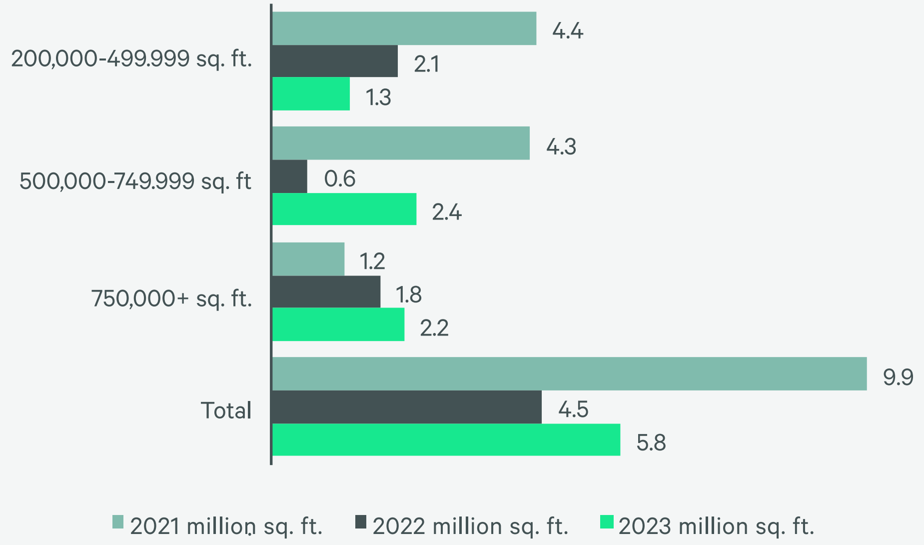
Despite only 87 million sq. ft of existing industrial big-box inventory, Baltimore is garnering significant interest from big-box occupiers because of its central location and nearby port. Baltimore's 2023 leasing volume was 5.8 million sq. ft., a nearly 30% year-over-year increase. It is one of the few markets in this report to have a year-over-year increase in leasing activity. Despite this, a decline in positive net absorption and 3.3 million sq. ft. of construction completions drove up the vacancy rate to 7.3%, significantly higher than 2022's 4.5% rate. 3PLs were the most active occupier in 2023, accounting for 39.5% of leasing activity. However, the building materials, general retail & wholesale, and e-commerce sectors each also accounted for more than 10% of the total transaction volume.

Baltimore's vacancy rate should stabilize in H1 2024, given that only 2.1 million sq. ft. is under construction, and decline year-over-year by this year's end. Leasing activity is expected to increase throughout this year as occupiers, buoyed by solid retail sales and economic stability, expand into Baltimore to leverage its central location and other logistics advantages.

Figure 4: Share of 2023 Leasing by Occupier Type

Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 5: Lease Transaction Volume by Size Range



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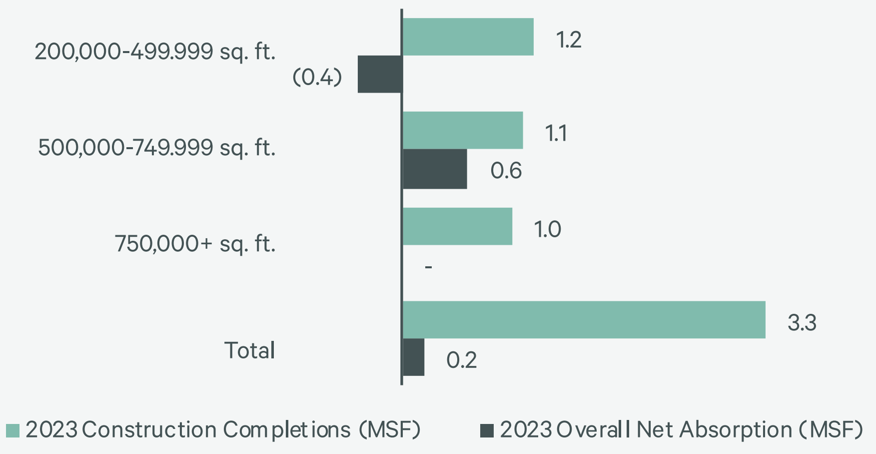
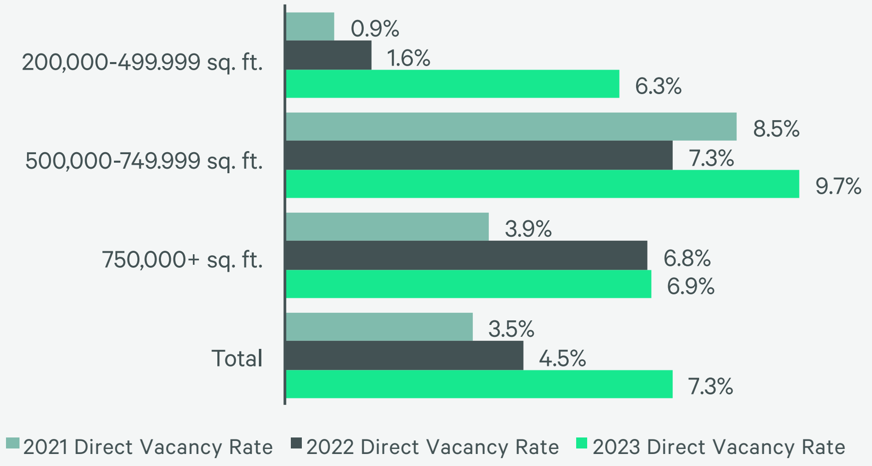


Source: CBRE Research.

Figure 7: Direct Vacancy Rate by Size Range



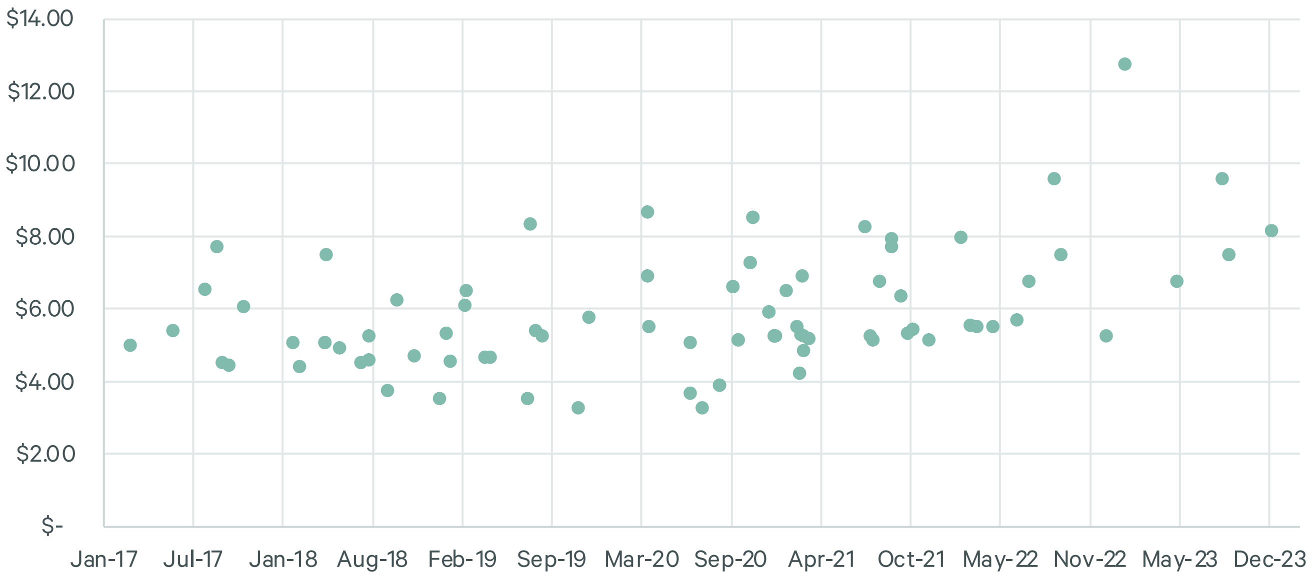
Source: CBRE Research.

Figure 8: Under Construction & Percentage Preleased

	2023 Under Construction sq. ft.	% Preleased
200,000-499,999 sq. ft.	1,261,260	32.9%
500,000-749,999 sq. ft.	593,250	100.0%
750,000+ sq. ft.	1,321,240	0.0%
Total	3,176,020	31.8%

Source: CBRE Research.

Figure 9: First Year Taking Rents (psf/yr)



Note: Includes first year taking rents for leases 200,000 sq. ft. and above.
Source: CBRE Research.

3

Central Florida

Menu

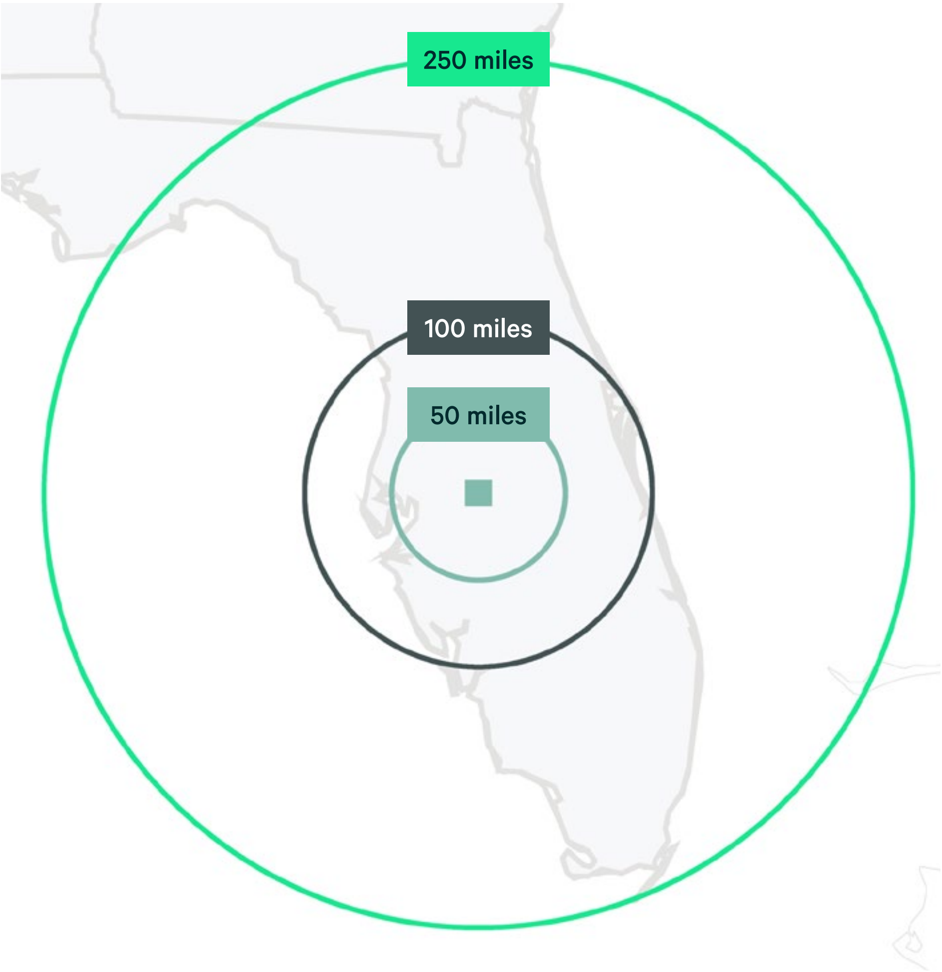
Demographics

Over 4 million people live within 50 miles of the market's core, with a 5% expected five-year growth rate—the second-highest of any region in the Southeast. Within 250 miles, occupiers can reach 22 million people or 8.6 million households.

Figure 1: Central Florida Population Analysis

Distance from Central Florida Core	2023 Total Population	5 Year Growth Outlook
50 miles	4,362,689	5.0%
100 miles	9,985,875	4.0%
250 miles	22,384,439	3.1%

Source: CBRE Location Intelligence.



KEY STAT

$17.52

Average hourly warehouse worker wage, the lowest of any U.S. market in this report.

The local warehouse labor force of 99,042 is expected to grow by 10.8% by 2034, according to CBRE Labor Analytics. The average wage for a non-supervisory warehouse worker in Central Florida is $17.52 per hour, 1.2% lower than the U.S. average and the lowest for any U.S. market in this report.

Figure 2: Central Florida Warehouse & Storage Labor Fundamentals

Total Warehouse & Storage Employment	2034 Total Warehouse & Storage Projected Employment	Hourly Wage*
99,042	109,734	$17.52

Source: CBRE Labor Analytics.
*Median wage (1 year experience); non-supervisory warehouse material handlers.

Location Incentives

Over the past five years, there have been over 250 economic incentives deals totaling more than $210 million for an average of $4,700 per new job in metro Tampa and Orlando combined, according to fDi Intelligence.

CBRE's Location Incentives Group reports that top incentive programs offered in metro Tampa and Orlando include the Quick Response Training grant, offering funding for new full-time employee training. This grant typically goes to businesses in high-skill industries that produce exportable goods and services, with wages 125% above the state or local average.

Another program available in Florida is the Capital Investment Tax Credit (CITC) and High Impact Performance Incentive (HIPI). CITC is a corporate income tax credit for businesses that make a minimum investment of $25 million and create at least 100 new high-paying jobs. HIPI is a cash grant for businesses that make a minimum investment of $50 million and create at least 50 new high-paying jobs.

Figure 3: Central Florida Top Incentive Programs

Program (Florida)	Descripton
Capital Investment Tax Credit (CITC)	Income tax credit between 50% and 100% of capital investment; credits are paid equally over 20 years and require a minimum of $25M of capital investment and 100 new jobs
Quick Response Training (QRT)	State-funded grant program that provides funding to qualifying businesses to train their net new, full-time employees
High Impact Performance Incentive (HIPI)	Discretionary and performance based cash grant for companies in high impact sectors making a minimum $50M investment and creating at least 50 new high paying jobs
Property Tax Abatement	Discretionary abatement of incremental property taxes generated by real estate investment for up to 10 years

Source: CBRE Location Incentives Group.
Note: The extent, if any, of state and local incentive offerings depends on location and scope of the operation.

Logistics Driver

Central Florida provides many logistics advantages to reach the entire state of Florida and beyond. The region hosts two international airports (Tampa and Orlando) with growing air cargo capabilities. Work has been completed on the I-4 Ultimate Project, which will improve truck flow throughout the region. The region's biggest logistics advantage is its rail capabilities. CSX Central Florida ILC is an innovative facility that can process 300,000 containers annually and can increase capacity.

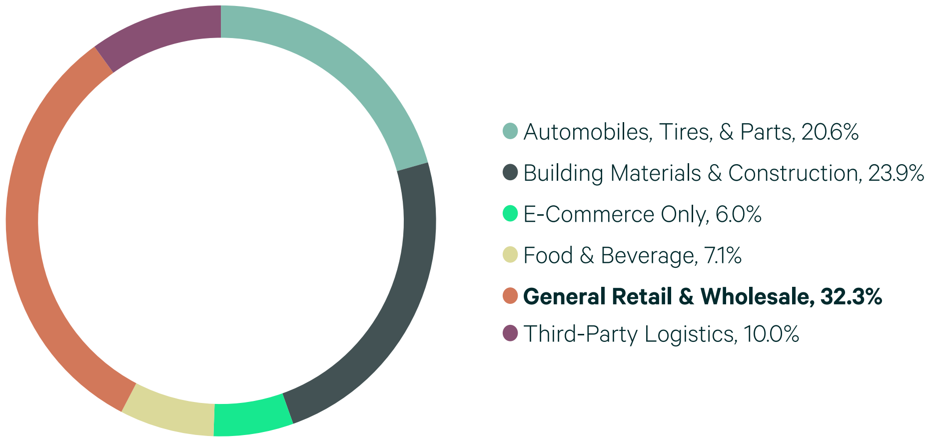
The region hosts two international airports (Tampa and Orlando) with growing air cargo capabilities.

Supply & Demand

Central Florida contains 119 million sq. ft. of big-box inventory, with 60% in facilities under 500,000 sq. ft. Sixty-three percent of total lease volume was in this size range, at 4.1 million sq. ft., which is a decline from 2022. Lower leasing and a record 11.2 million sq. ft. of construction completions doubled the vacancy rate to 10.2%. The average rental rate in 2023 was $7.74 psf/yr, a 26.5% year-over-year increase. General retail & wholesale was the most active occupier with 32.3% of lease volume but the building & construction materials (23.9%), and automobile (20.6%) sectors were also active.

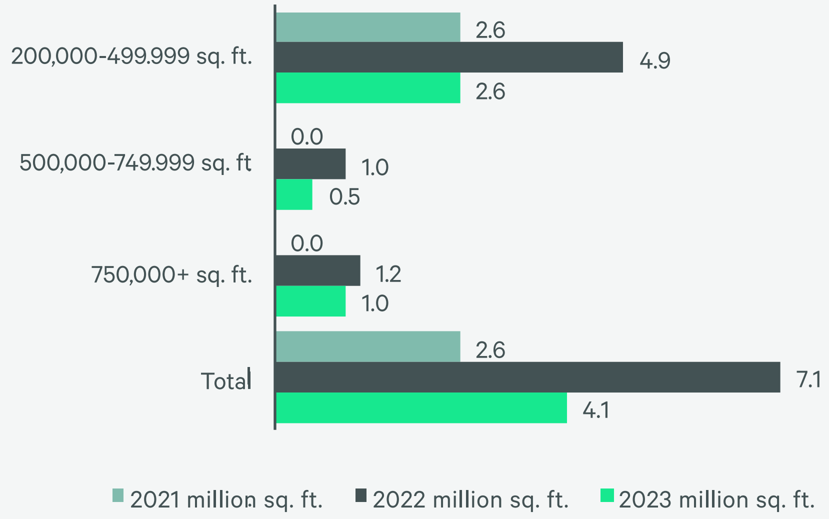
Over 7 million sq. ft. was under construction by year-end 2023, a year-over-year decline of 5 million sq. ft. Thirty-eight percent was preleased. Less construction may lead to a 50% lower construction completion rate than in the year prior. The region's population growth and affordable labor should lead to increased lease transaction volume this year. The mix of less construction and more leasing should stabilize and potentially decrease big-box vacancies by year-end.

Figure 4: Share of 2023 Leasing by Occupier Type



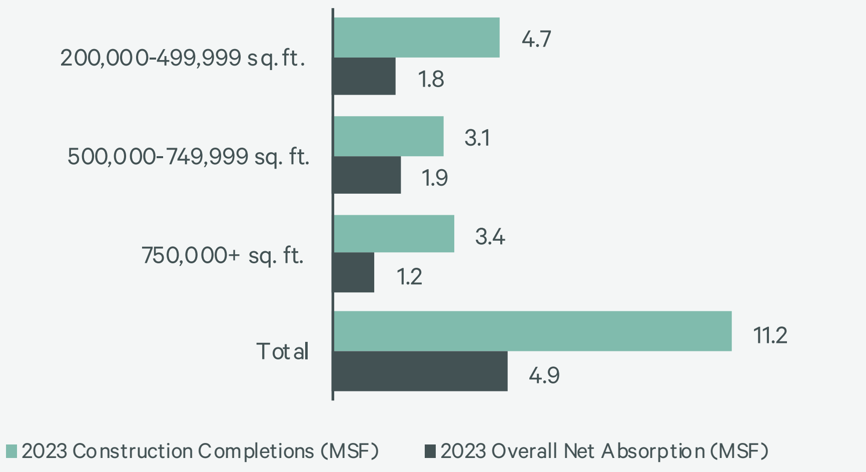
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 5: Lease Transaction Volume by Size Range



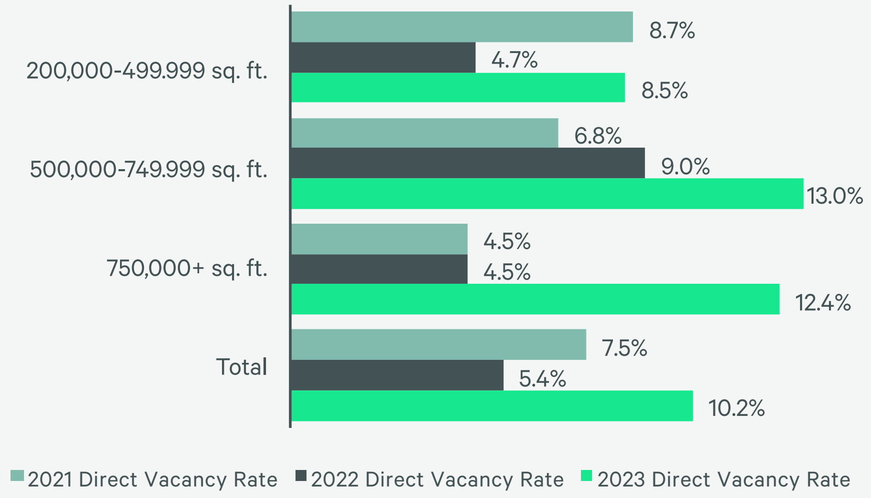
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 6: 2023 Construction Completions vs. Overall Net Absorption by Size Range



Source: CBRE Research.

Figure 7: Direct Vacancy Rate by Size Range



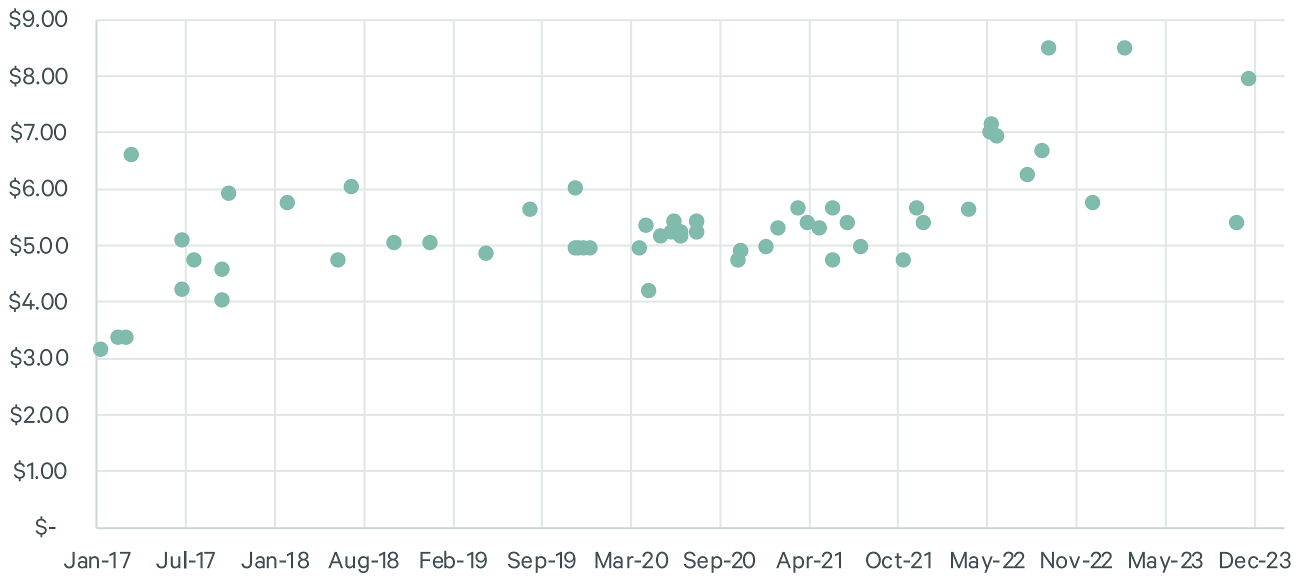
Source: CBRE Research.

Figure 8: Under Construction & Percentage Preleased

	2023 Under Construction sq. ft.	% Preleased
200,000-499,999 sq. ft.	1,988,981	39.2%
500,000-749,999 sq. ft.	1,603,760	31.2%
750,000+ sq. ft.	3,477,731	39.8%
Total	7,070,472	37.7%

Source: CBRE Research.

Figure 9: First Year Taking Rents (psf/yr)



Note: Includes first year taking rents for leases 200,000 sq. ft. and above.
Source: CBRE Research.

4

Central Valley, CA

Menu

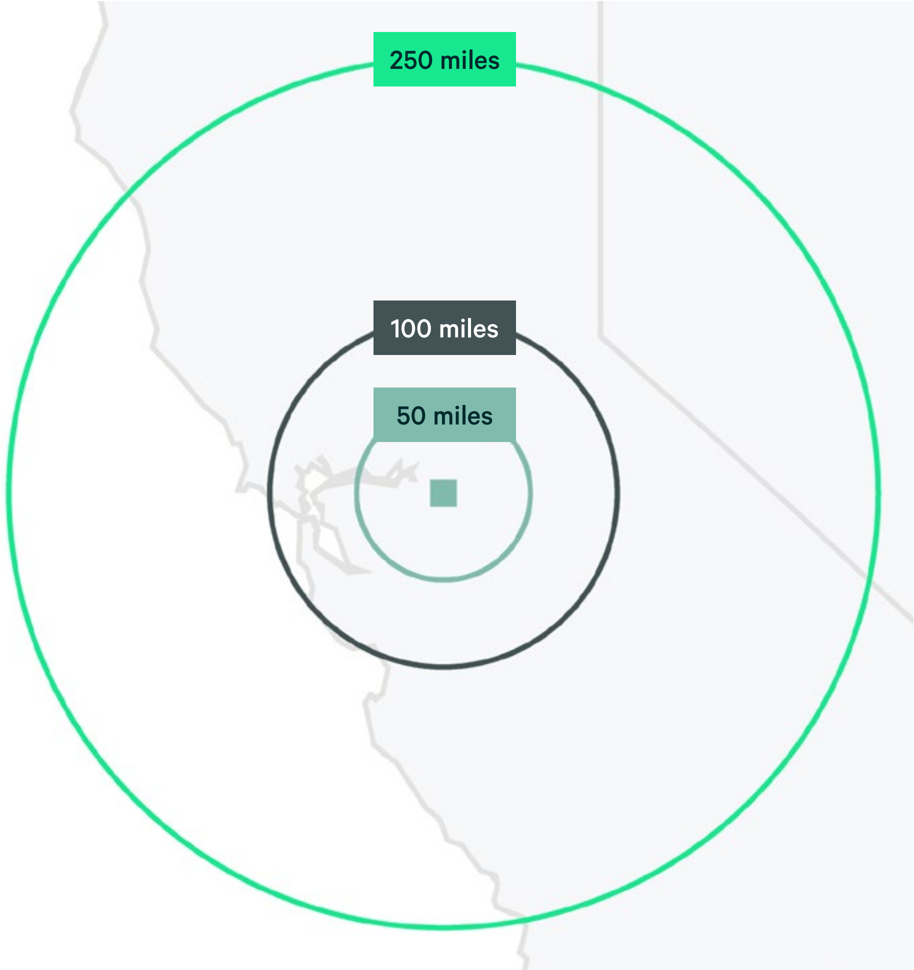
Demographics

Central Valley's proximity to the affluent Bay Area gives it convenient access to more than 5.3 million people within 50 miles of the market's core. Within 250 miles, the market reaches 18 million people, with 25% aged 18-34.

Figure 1: Central Valley Population Analysis

Distance from Central Valley Core	2023 Total Population	5 Year Growth Outlook
50 miles	5,281,450	1.2%
100 miles	13,218,898	1.1%
250 miles	17,961,431	1.0%

Source: CBRE Location Intelligence.



KEY STAT

58%

The food & beverage sector's share of total market leasing activity, which is higher here than in any other U.S. market in this report.

The local warehouse labor force of 31,142 is expected to grow by 17.8% by 2034, according to CBRE Labor Analytics. The average wage for a non-supervisory warehouse worker is $20.93 per hour, 18% above the national average.

Figure 2: Central Valley Warehouse & Storage Labor Fundamentals

Total Warehouse & Storage Employment
31,142

2034 Total Warehouse & Storage Projected Employment
36,697

Hourly Wage*
$20.93

Source: CBRE Labor Analytics.
*Median wage (1 year experience); non-supervisory warehouse material handlers.

Location Incentives

Over the past five years, there have been over 130 economic incentives deals totaling more than $255 million for an average of $21,800 per new job in metro Central Valley, according to fDi Intelligence.

CBRE's Location Incentives Group reports that top incentive programs in Central Valley include the California Competes Tax Credit, a discretionary income tax credit for businesses that locate or expand in California. This program was extended to have $120 million in tax credits available through 2028, for allocation to businesses that make capital investments, create new jobs and offer strategic importance to the region. The credits are non-refundable and companies can only apply during designated application

Figure 3: Central Valley Top Incentive Programs

Program (California)	Descripton
Capital Investment Tax Credit (CITC)Employment Training Panel	Job training reimbursement ($23 per training hour for new hires)
California Competes Tax Credit	Discretionary tax credit program
New Employment Credit	Tax credit for new employees on qualified payroll between 150% and 350% of state minimum wage
Manufacturing and R&D Sales and Use Tax Exemption	Partial exemption of state sales and use tax on qualified manufacturing and R&D equipment

Source: CBRE Location Incentives Group.
Note: The extent, if any, of state and local incentive offerings depends on location and scope of the operation.

Logistics Driver

The Central Valley is one of the most rail-friendly logistics regions in California, served by two major lines: BNSF and Union Pacific. Fresno Yosemite International Airport provides daily cargo services by FedEx and UPS. The region's top logistics advantage may be the Port of Stockton, which is served by four major freeways, two transcontinental railroads, an international waterway and a regional airport. The port boasts first-class warehouse storage and handling facilities for both dry and liquid bulk materials, facilities and equipment to handle break-bulk and containerized cargo by land or sea.

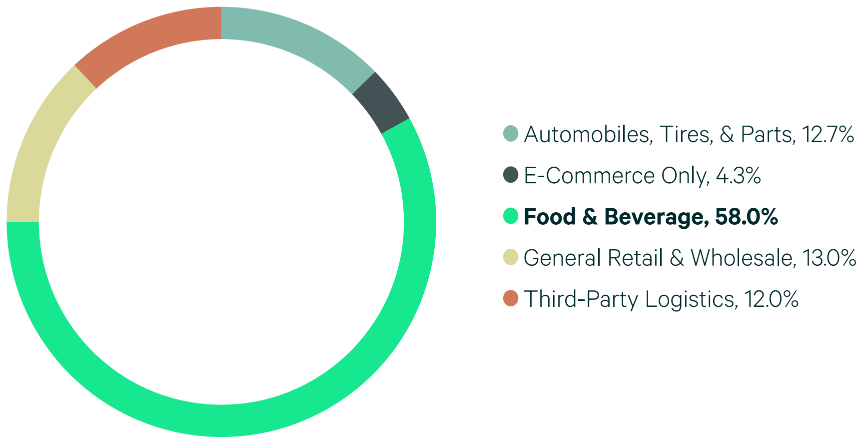
The port boasts first-class warehouse storage and handling facilities for both dry and liquid bulk materials, facilities and equipment to handle break-bulk and containerized cargo by land or sea.

Supply & Demand

Central Valley remained one of North America's better performing big-box markets due to its central location in California and affordable rental rates. Transaction volume totaled 11.7 million sq. ft. in 2023, making it one of the few markets in this report that had a year-over-year increase in lease volume, with demand evenly distributed throughout different size ranges. Despite more leasing, net absorption decreased to 3.7 million sq. ft. This decline, along with 5.3 million sq. ft. of construction completions, pushed up vacancy rates to 6.7%, about double last year's 3.3%. Demand was dominated by the food & beverage sector, which accounted for 58% of total transaction volume. First-year taking rents increased by 11.4% to $7.84 per sq. ft., which remains the lowest taking rent of any California market.

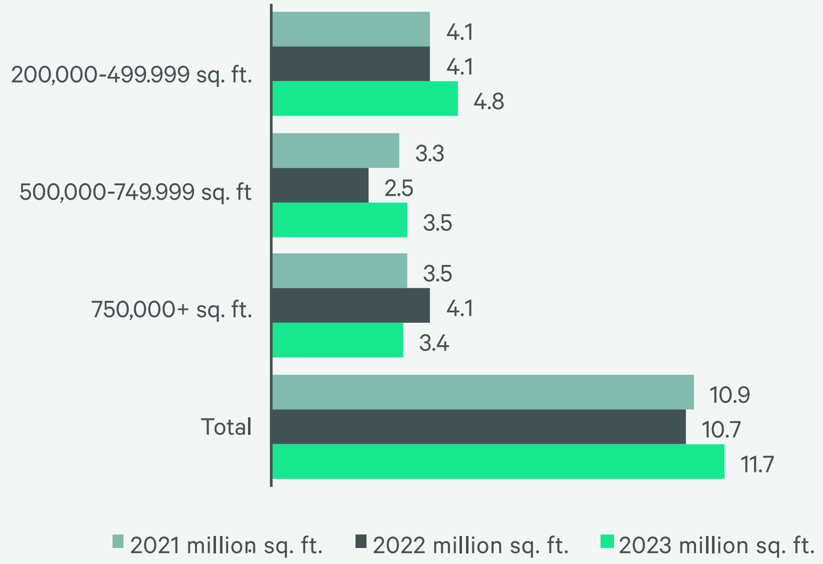
There was a significant decrease in construction projects due to macroeconomic challenges in construction financing. By year-end 2023, only 3.9 million sq. ft. was under construction, with 43% of it preleased. The low levels of available under construction space will help stabilize vacancy rates and could lead to vacancy reductions by H2 2024. Lower vacancies will keep rental rates rising in the coming quarters.

Figure 4: Share of 2023 Leasing by Occupier Type



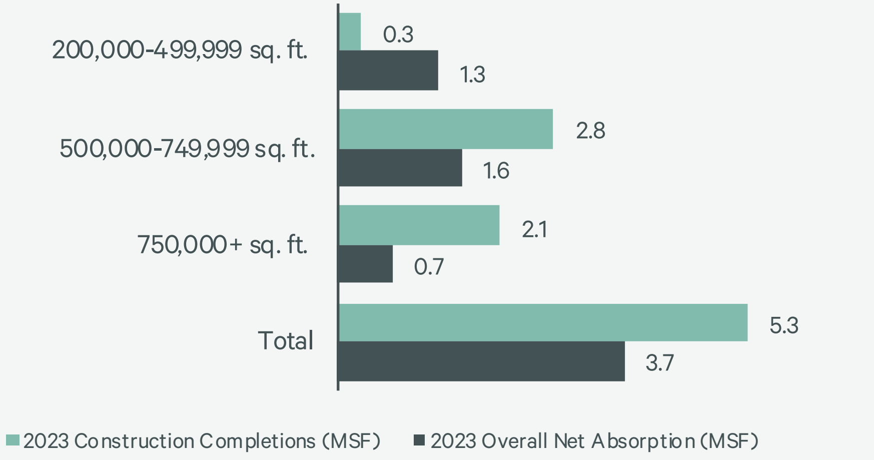
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research..

Figure 5: Lease Transaction Volume by Size Range



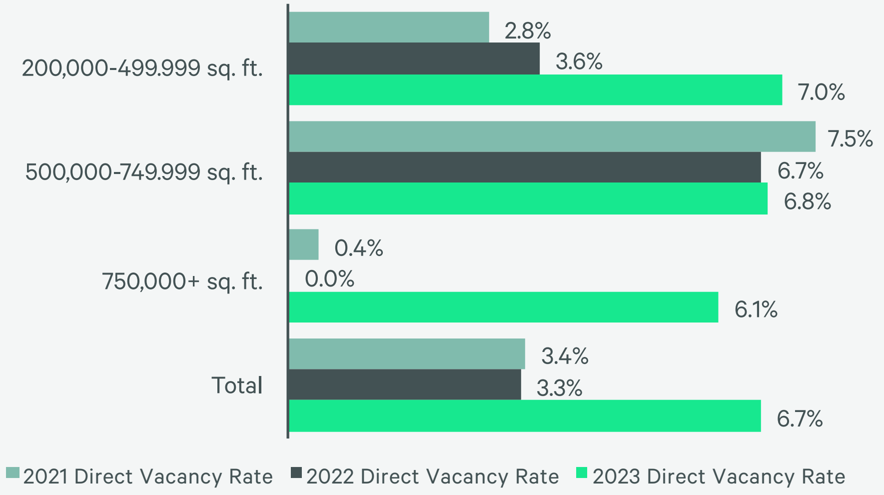
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 6: 2023 Construction Completions vs. Overall Net Absorption by Size Range



Source: CBRE Research.

Figure 7: Direct Vacancy Rate by Size Range



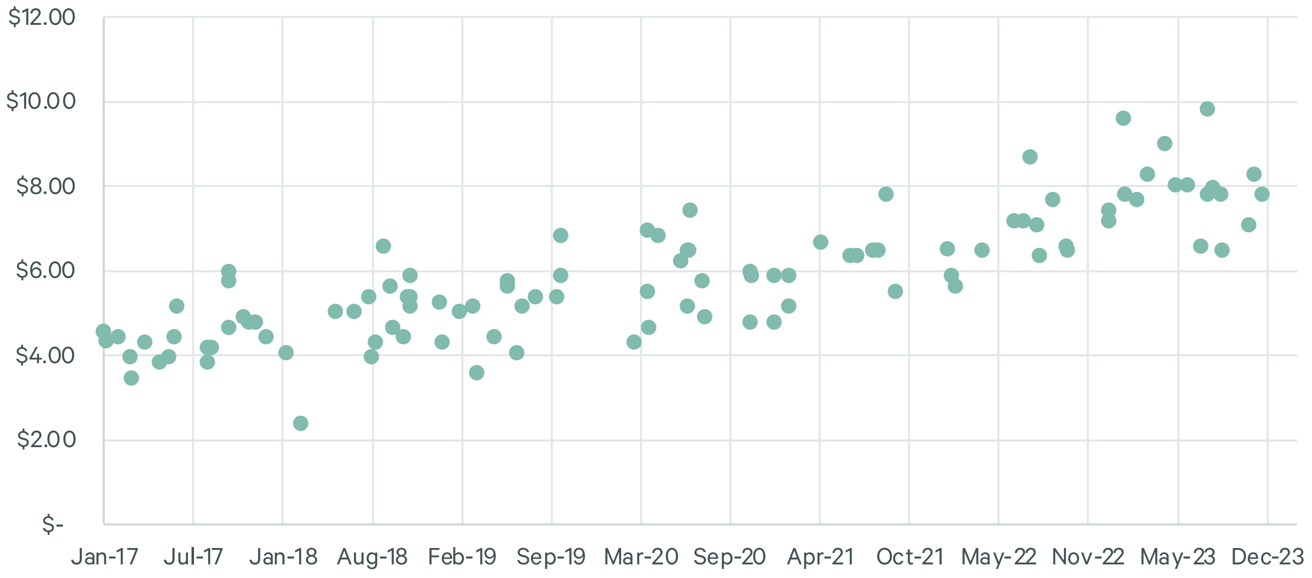
Source: CBRE Research.

Figure 8: Under Construction & Percentage Preleased

	2023 Under Construction sq. ft.	% Preleased
200,000-499,999 sq. ft.	666,800	44.3%
500,000-749,999 sq. ft.	0	N/A
750,000+ sq. ft.	3,249,071	43.1%
Total	3,915,871	43.3%

Source: CBRE Research.

Figure 9: First Year Taking Rents (psf/yr)



Note: Includes first year taking rents for leases 200,000 sq. ft. and above.
Source: CBRE Research.

5

Chicago

Menu

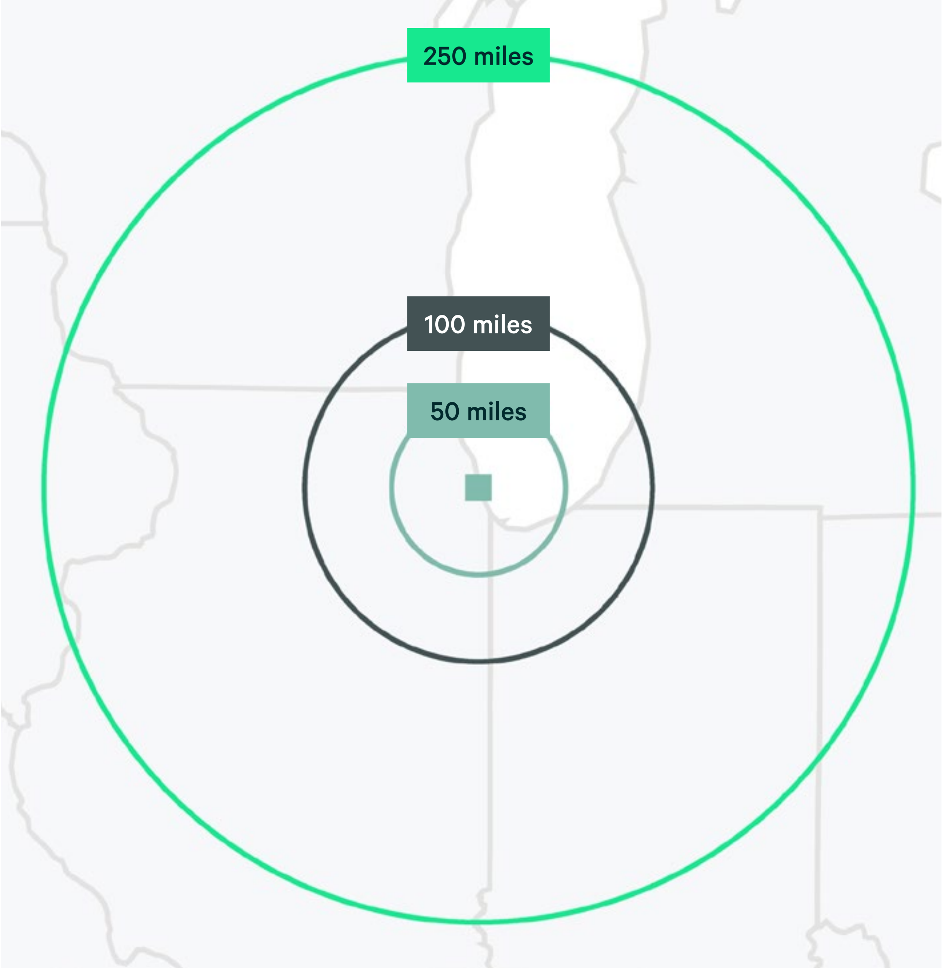
Demographics

Over 9 million people live within 50 miles of the market's core, which is expected to decline by 0.7% by 2028. Even with this decline, Chicago would still have North America's sixth-largest 250-mile radius population by 2028.

Figure 1: Chicago Population Analysis

Distance from Downtown Chicago	2023 Total Population	5 Year Growth Outlook
50 miles	9,255,363	-0.7%
100 miles	13,240,575	-0.5%
250 miles	38,416,148	-0.1%

Source: CBRE Location Intelligence.



KEY STAT

619.5M sq. ft.

Existing big-box inventory, the most of any market in this report.

The local warehouse labor force of 270,323 is the second-largest in the U.S, according to CBRE Labor Analytics. The average wage for a non-supervisory warehouse worker is $20.22 per hour, 18.5% above the national average.

Figure 2: Chicago Warehouse & Storage Labor Fundamentals

Total Warehouse & Storage Employment	2034 Total Warehouse & Storage Projected Employment	Hourly Wage*
270,323	281,181	$20.22

Source: CBRE Labor Analytics.
*Median wage (1 year experience); non-supervisory warehouse material handlers.

Location Incentives

Over the past five years, there have been more than 390 economic incentives deals totaling more than $990 million for an average of $32,500 per new job in metro Chicago, according to fDi Intelligence.

CBRE's Location Incentives Group reports that top incentive programs in metro Chicago include the Economic Development for a Growing Economy Program (EDGE). It provides non-refundable discretionary corporate income tax credits for up to 10 years. These credits equal up to 50% of new income tax withholdings generated by a project's new job creation. To qualify, companies with more than 100 employees worldwide must invest a minimum of $2.5 million and create new jobs equal to 10% of the company's total employment. Companies with less than 100 employees worldwide must create new jobs equal to 5% of the company's total employment.

Figure 3: Chicago Top Incentive Programs

Program (Illinois)	Descripton
Economic Development for a Growing Economy (EDGE) Tax Credit	Non-refundable income tax credit up to 50% of the income tax withholdings of new jobs created in the State
IDOT Economic Development/ Business Development Public Infrastructure	Discretionary infrastructure grant / in-kind assistance
Enterprise Zone	Annual tax credit equal to 0.5% of eligible capital investment, for 5 years; One-time tax credit equal to $500 per new job; Tax exemption equal to 100% of state & local sales taxes on construction, equipment and energy usage
Property Tax Abatements	Discretionary abatement of real estate taxes; personal property is exempt
Business Attraction Prime Sites Capital Grant	Discretionary cash grant of up to $5,000 per new job created to be used for site development and infrastructure costs of new construction or renovation projects
Invest in Illinois Closing Fund	Discretionary cash assistance to attract major development and job growth to Illinois, for projects evaluating competitive incentives from other states
Blue Collar Jobs Act	Discretionary tax credit for large-scale construction projects
Federal Grant Support	State-funded grant match program up to $2M for entities applying for federal grants
Reimagining Electric Vehicles (REV) Act	Tax credits for income tax withholding, training costs, tax exemptions, investment credits & reduced local property taxes

Program (Indiana)	Descripton
Economic Development for a Growing Economy (EDGE) Tax Credit	Tax credit up to 100% of withholding taxes per year up to 20 years
Hoosier Business Investment Tax Credit (HBI)	Tax credit up to 10% of the qualified capital investment
Skills Enhancement Fund (SEF)	Reimbursable grant up to 50% of eligible training costs over 2 years
Industrial Development Grant Funds (IDGB)	Grant that reimburses a portion of the total cost of infrastructure improvements
Urban Enterprise Zone Program	Tax credit up to 30% of equity investment and 10% of additional incremental wages
Property Tax Abatements	Discretionary abatement of real estate and personal property taxes

Source: CBRE Location Incentives Group.
Note: The extent, if any, of state and local incentive offerings depends on location and scope of the operation.

Logistics Driver

As a top U.S. rail hub, Chicago is home to seven Class 1 rail carriers. More than 1,300 freight, passenger and commuter trains pass through the region daily, according to the Journal of Commerce. Illinois has the third-most interstate routes and mileage. The two longest, I-90 and I-80, provide east and west access. Two key connections to the Gulf States, I-55 and I-65, end in the Chicago area. Add in I-57, I-64, I-70 and I-94 and an Illinois driver can reach almost every population center in the nation by using one interchange.

Chicago O'Hare International Airport is one of the world's largest air cargo gateways. O'Hare processes just under 2 million metric tons of cargo per year, worth over $200 billion. Chicago Rockford International is one of the world's fastest-growing cargo airports and offers another viable goods transportation option to the market.

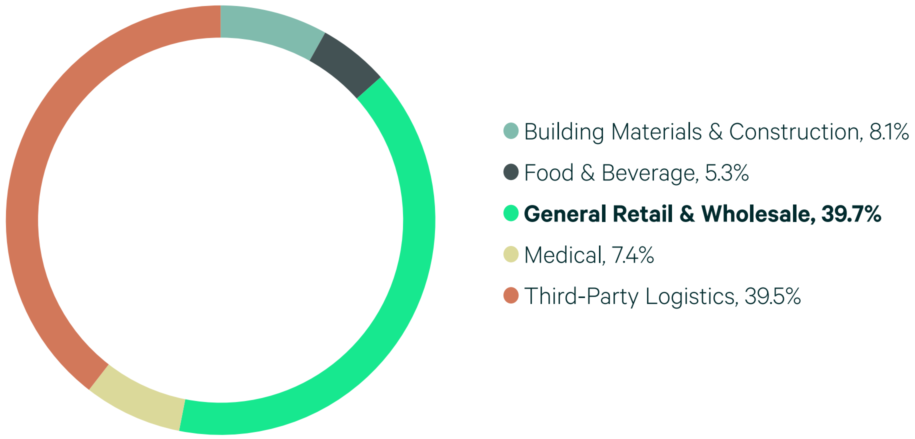
More than 1,300 freight, passenger and commuter trains pass through the region daily, according to the Journal of Commerce.

Supply & Demand

With 619 million sq. ft. of total inventory, Chicago is North America's largest industrial big-box market. Demand did not keep pace with the previous year, with lease volume falling to 29.5 million sq. ft. Despite the decline, it was the fourth-highest in North America. Lower lease volume led to a 23% decline in positive net absorption. This decline, coupled with a record-setting 33.7 million sq. ft. of construction completions, caused vacancy rates to rise to 5.8%, more than double the 2.5% seen in 2022. Despite higher vacancies, rents increased in all major size ranges, resulting in an overall 25.2% rise for firs-year taking rents compared to 2022.

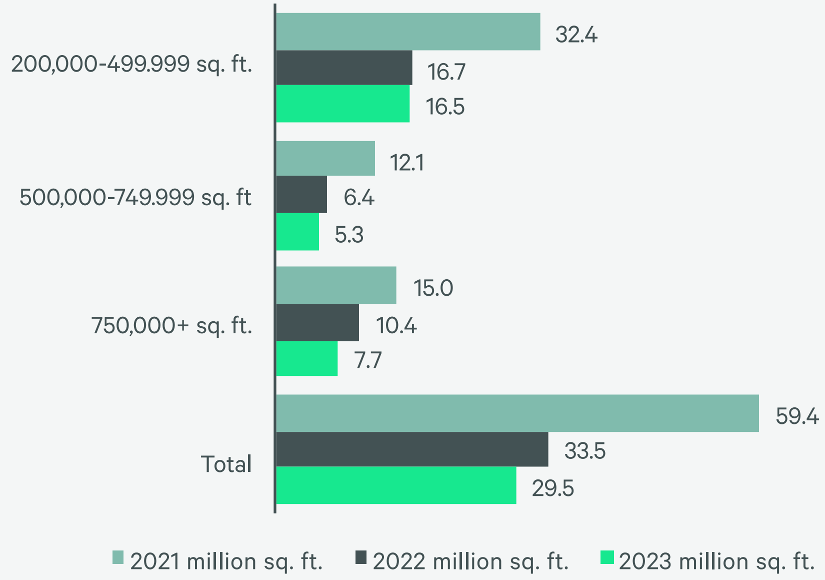
In 2023, big-box developers in Chicago struggled to initiate new projects due to difficulties in construction financing, resulting in a 53% reduction in space under construction. Nearly 50% of this space is preleased, indicating that available first-generation space will decrease this year. This reduction is expected to help stabilize vacancy rates and support continued rent growth in the coming quarters.

Figure 4: Share of 2023 Leasing by Occupier Type



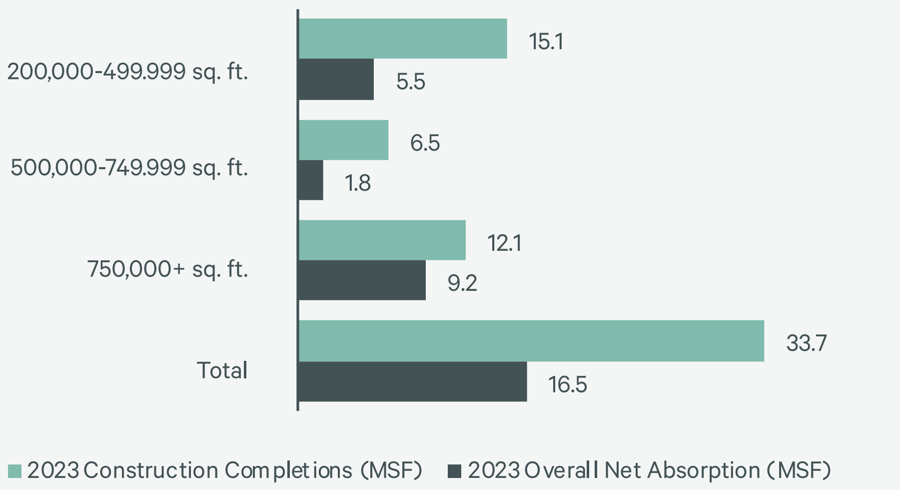
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 5: Lease Transaction Volume by Size Range



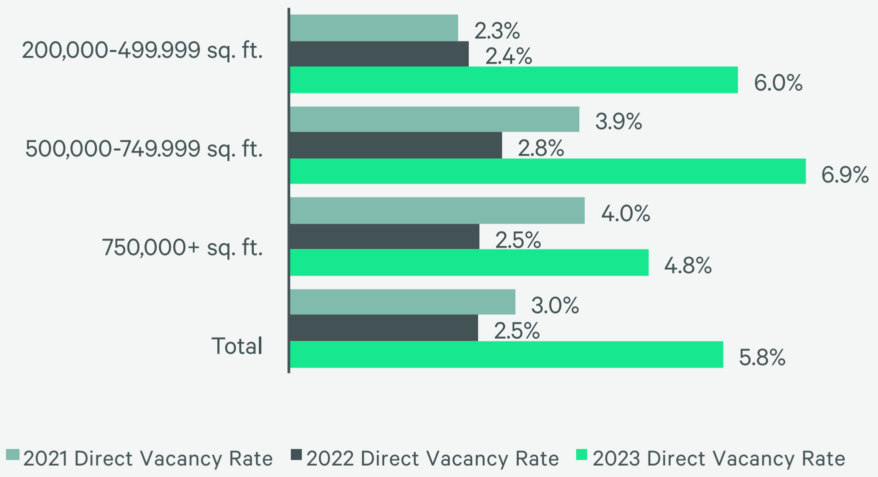
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 6: 2023 Construction Completions vs. Overall Net Absorption by Size Range



Source: CBRE Research.

Figure 7: Direct Vacancy Rate by Size Range



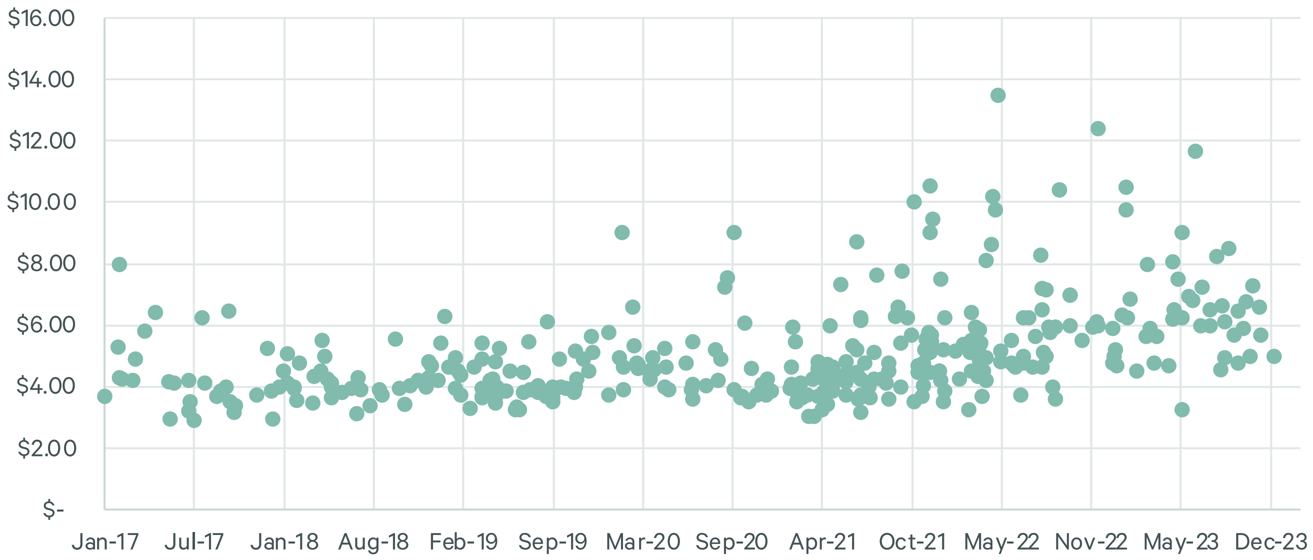
Source: CBRE Research.

Figure 8: Under Construction & Percentage Preleased

	2023 Under Construction sq. ft.	% Preleased
200,000-499,999 sq. ft.	3,881,960	13.5%
500,000-749,999 sq. ft.	3,413,565	61.0%
750,000+ sq. ft.	7,935,697	59.1%
Total	15,231,222	47.9%

Source: CBRE Research.

Figure 9: First Year Taking Rents (psf/yr)



Note: Includes first year taking rents for leases 200,000 sq. ft. and above.
Source: CBRE Research.

6

Cincinnati

Menu

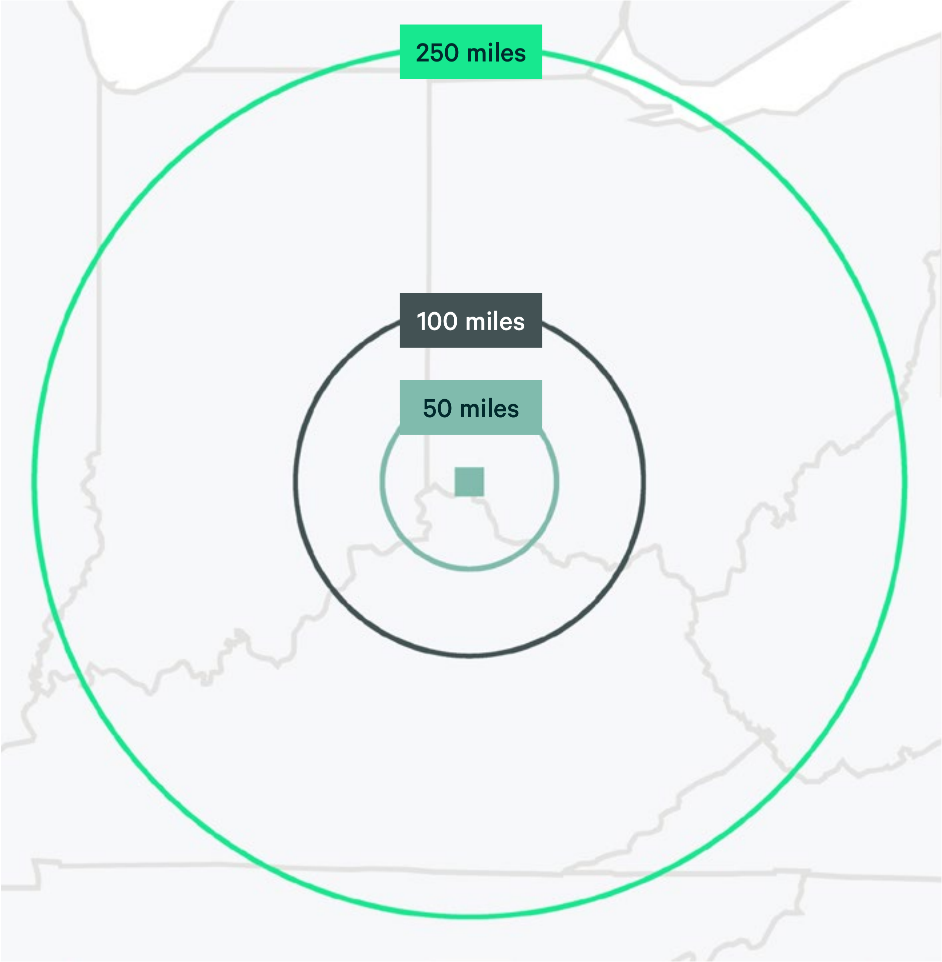
Demographics

Cincinnati's central location makes it ideal for big-box occupiers. More than 2.9 million people live within 50 miles of the market's core, while 36.8 million live within 250 miles–more than Atlanta, Los Angeles County or Dallas-Ft. Worth.

Figure 1: Cincinnati Population Analysis

Distance from Downtown Cincinnati	2023 Total Population	5 Year Growth Outlook
50 miles	2,900,511	0.4%
100 miles	8,257,833	0.7%
250 miles	36,824,745	0.4%

Source: CBRE Location Intelligence.



KEY STAT

28.5%

Year-over-year taking rent growth in 2023, significantly higher than the 2.8% rent growth in 2022.

The local warehouse labor force of 53,703 is expected to grow by 7.4% by 2034, according to CBRE Labor Analytics. The average wage for a non-supervisory warehouse worker is $20.82 per hour, 17.4% above the national average.

Figure 2: Cincinnati Warehouse & Storage Labor Fundamentals

Total Warehouse & Storage Employment
53,703

2034 Total Warehouse & Storage Projected Employment
57,673

Hourly Wage*
$20.82

Source: CBRE Labor Analytics.
*Median wage (1 year experience); non-supervisory warehouse material handlers.

Location Incentives

Over the past five years, there have been over 500 economic incentives deals totaling more than $560 million for an average of $13,800 per new job in metro Cincinnati, according to fDi Intelligence.

CBRE's Location Incentives Group reports that top incentive programs in Ohio include the Job Creation Tax Credit (JCTC) program. It offers a refundable performance-based tax credit calculated as a percentage of created payroll and applied toward a company's commercial activity tax liability. JCTC was designed to create a more competitive business climate.

A top incentive program in nearby Kentucky is the Kentucky Business Investment (KBI) Program, offering income tax credits or payroll refunds to businesses engaged in manufacturing, agribusiness, headquarter operations, alternative fuel, renewable energy or carbon dioxide transmission pipelines. To qualify, companies must create and maintain an annual average of at least 10 new full-time jobs for Kentucky residents during the span of the incentive agreement.

Figure 3: Cincinnati Top Incentive Programs

Program (Ohio)	Descripton
Job Creation Tax Credit	Tax credit (refundable) up to 75% of withheld state income taxes for up to 15 years
Economic Development Grant	Discretionary cash grant program
JobsOhio Workforce Grant	Workforce training grant that is reimbursement-based for up to 50% of training costs
Sales Tax Exemptions	Discretionary sales tax exemption for construction; statutory exemption for warehouse/distribution
Local Payroll Tax Refund	Discretionary refund of local payroll taxes
Property Tax Abatement	Discretionary abatement of real estate taxes; personal property is exempt
All Ohio Future Fund	Discretionary grant taking effect in 2024 that will allocate $750 million to be used toward local infrastructure costs to prepare project-ready economic development sites

Program (Kentucky)	Descripton
Kentucky Business Investment (KBI) Program	Income tax credits or wage assessments up to 5% of gross payroll for up to 15 years
Kentucky Enterprise Initiative Act (KEIA) Program	Sales tax exemption of up to 100% of State sales taxes for construction and equipment
Bluegrass State Skills Corporation (BSSC) Program	Job training grant up to 50% reimbursement for eligible training activities
Kentucky Industrial Development Act (KIDA)	Tax credit equal to 100% of state corporate income tax liability or retention of 3% of gross wages of new employment; limited to manufacturers and state-only assistance
Property Tax Abatement	Discretionary abatement of real estate taxes and personal property taxes

Source: CBRE Location Incentives Group.
Note: The extent, if any, of state and local incentive offerings depends on location and scope of the operation.

Logistics Driver

Cincinnati's air freight capabilities separate the region from other major big-box markets. It is home to two large freight airports: Cincinnati-Northern Kentucky International Airport (CVG) and Louisville Muhammad Ali International Airport. CVG hosts DHL, FedEx and the Amazon Air Hub. Air Cargo World ranked it the world's top air-cargo airport, based on a composite score of customer service, performance and value. Ali International is home to UPS World Port, one of the world's largest package-handling facilities.

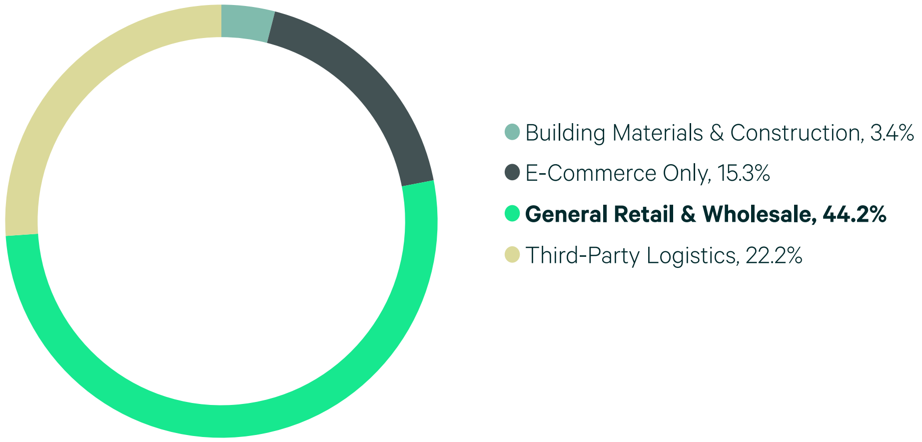
Air Cargo World ranked it the world's top air-cargo airport, based on a composite score of customer service, performance and value.

Supply & Demand

Big-box leasing concluded 2023 with 7.5 million sq. ft., a 4.3% year-over-year increase but far below 2021's record 16.8 million sq. ft. General retail & wholesale occupiers dominated leasing, accounting for 44.2% of transaction volume. Despite more leasing, vacancy rates tripled year-over-year, to 7.0%, due to reduced positive net absorption and a record 7.9 million sq. ft. in construction completions. However, despite higher vacancies, taking rents grew 28.5% annually to $5.63 psf/yr, largely driven by a nearly $2.00 psf/year increase in rents in the under-500,000 sq. ft. size range.

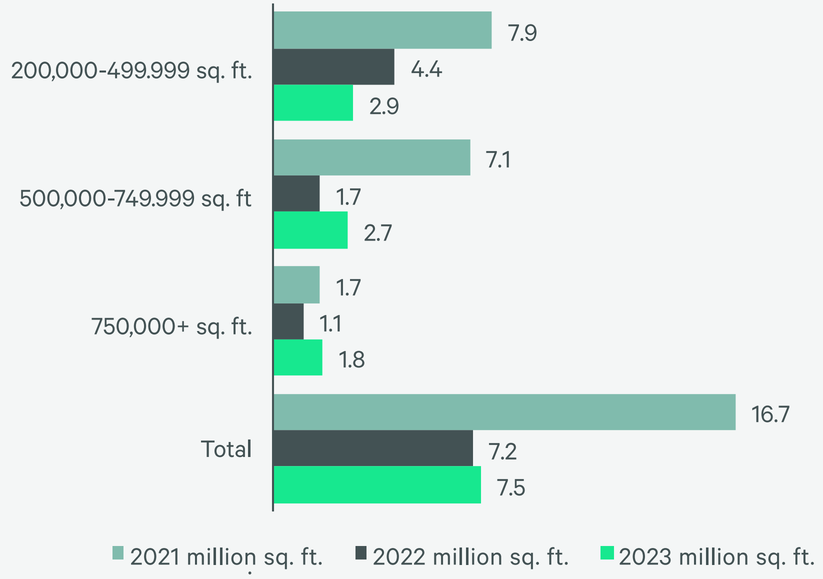
Challenges in the construction finance markets and increased vacancies virtually halted big-box ground-breakings in Cincinnati, with only 1.3 million sq. ft. under construction by year-end. This construction slowdown will allow the market time to absorb the available space, which should result in lower vacancies by this year's end.

Figure 4: Share of 2023 Leasing by Occupier Type



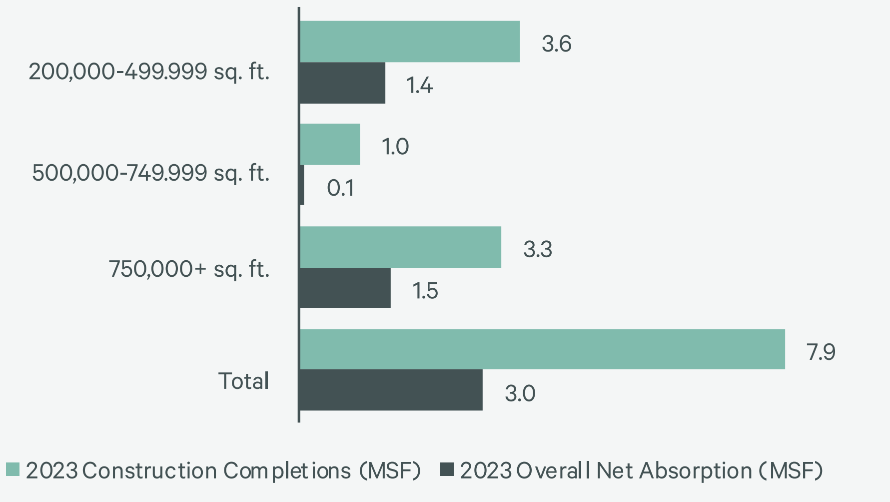
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 5: Lease Transaction Volume by Size Range



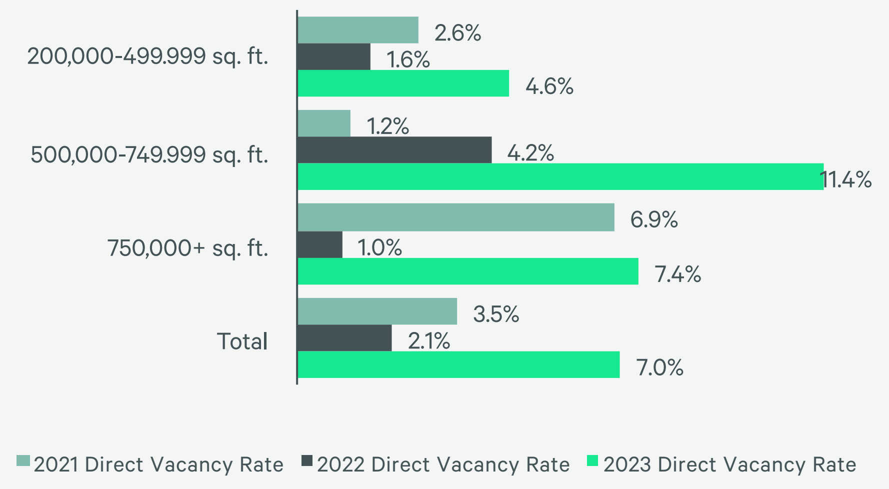
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 6: 2023 Construction Completions vs. Overall Net Absorption by Size Range



Source: CBRE Research.

Figure 7: Direct Vacancy Rate by Size Range



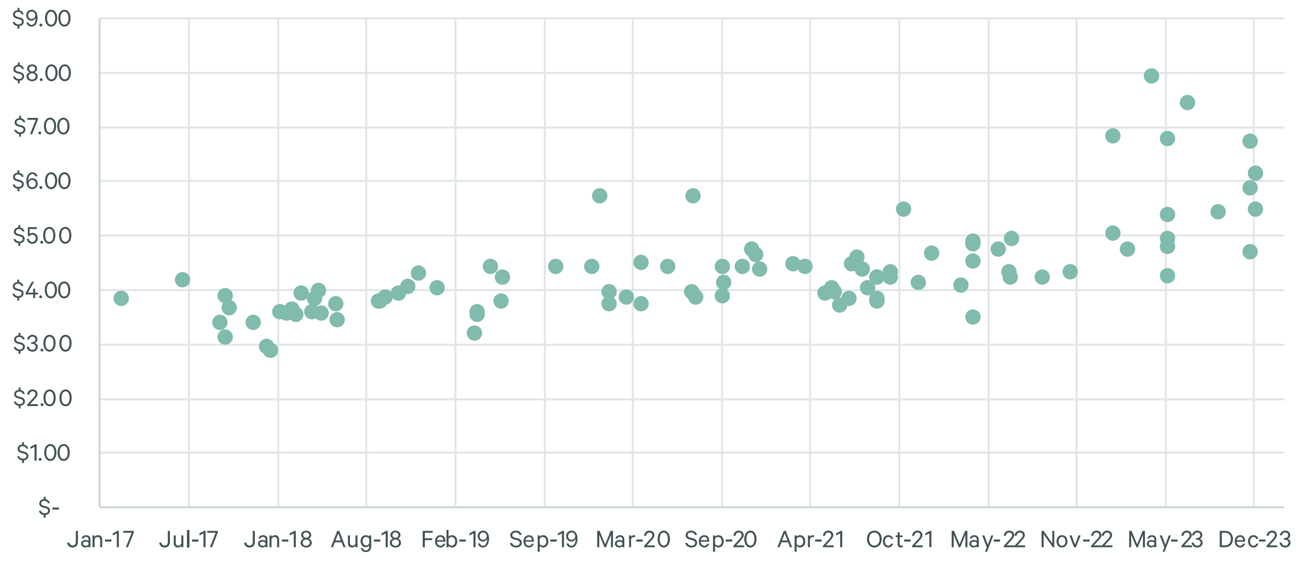
Source: CBRE Research.

Figure 8: Under Construction & Percentage Preleased

	2023 Under Construction sq. ft.	% Preleased
200,000-499,999 sq. ft.	1,312,672	24.3%
500,000-749,999 sq. ft.	-	NA
750,000+ sq. ft.	-	NA
Total	1,312,672	24.3%

Source: CBRE Research.

Figure 9: First Year Taking Rents (psf/yr)



Note: Includes first year taking rents for leases 200,000 sq. ft. and above.
Source: CBRE Research.

7

Columbus

Menu

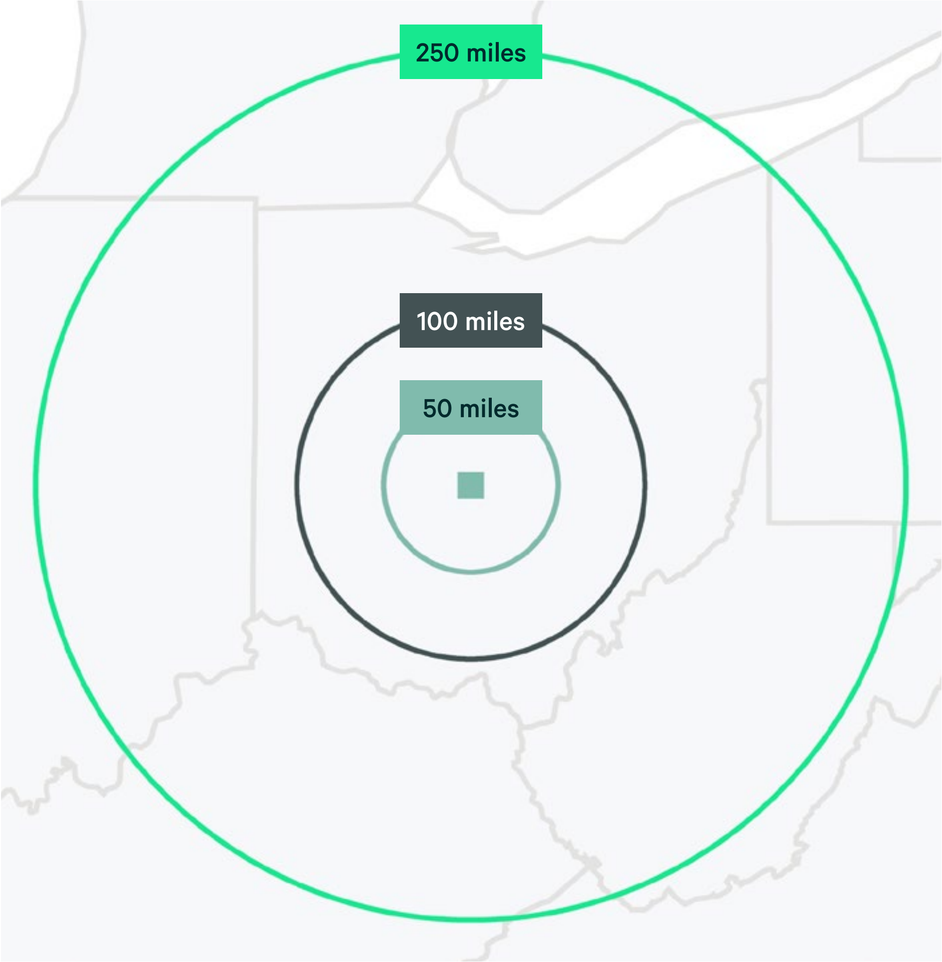
Demographics

More than 2.6 million people live within 50 miles of the market's core, with a projected five-year growth rate of 1.8%. Home to one of the U.S.'s largest public universities, nearly 25% of the city's 50-mile-radius population is aged 18-34. The market can reach just over 36 million people within 250 miles, more than Dallas-Ft. Worth, Atlanta or the Inland Empire.

Figure 1: Columbus Population Analysis

Distance from Downtown Columbus	2023 Total Population	5 Year Growth Outlook
50 miles	2,632,537	1.8%
100 miles	7,024,131	0.6%
250 miles	36,170,385	-0.1%

Source: CBRE Location Intelligence.



KEY STAT

4.7M sq. ft.

Big-box product under construction, 70% lower than at year-end 2022.

The region's warehouse labor force totals 54,480, according to CBRE Labor Analytics. The average wage for a non-supervisory warehouse worker is $18.49 per hour, 4.2% above the national average.

Figure 2: Columbus Warehouse & Storage Labor Fundamentals

Total Warehouse & Storage Employment	2034 Total Warehouse & Storage Projected Employment	Hourly Wage*
54,480	55,118	$18.49

Source: CBRE Labor Analytics.
*Median wage (1 year experience); non-supervisory warehouse material handlers.

Location Incentives

Over the past five years, there have been over 250 economic incentives deals for an average of $20,800 per new job in metro Columbus, according to fDi Intelligence.

CBRE's Location Incentives Group reports that top incentive programs offered in metro Columbus include the Job Creation Tax Credit (JCTC) program. It provides a refundable, performance-based tax credit calculated as a percentage of created payroll and applied toward a company's commercial activity tax liability. JCTC was designed to incentivize companies considering doing business elsewhere.

Another program is the Economic Development Grant. This discretionary cash grant intended to promote job creation and business expansion. It is typically awarded based on companies' fixed-asset and infrastructure investments, as well as substantial job creation.

Figure 3: Columbusi Top Incentive Programs

Program (Ohio)	Descripton
Job Creation Tax Credit	Tax credit (refundable) up to 75% of withheld state income taxes for up to 15 years
Economic Development Grant	Discretionary cash grant program
JobsOhio Workforce Grant	Workforce training grant that is reimbursement-based for up to 50% of training costs
Sales Tax Exemptions	Discretionary sales tax exemption for construction; statutory exemption for warehouse/distribution
Local Payroll Tax Refund	Discretionary refund of local payroll taxes
Property Tax Abatement	Discretionary abatement of real estate taxes; personal property is exempt
All Ohio Future Fund	Discretionary grant taking effect in 2024 that will allocate $750 million to be used toward local infrastructure costs to prepare project-ready economic development sites

Source: CBRE Location Incentives Group.
Note: The extent, if any, of state and local incentive offerings depends on location and scope of the operation.

Logistics Driver

The Rickenbacker Inland Port is one of the country's fastest growing inland ports and the epicenter of Columbus air, rail and ground transportation. Rickenbacker International is one of the world's only cargo-dedicated airports, with direct flights to Europe, Asia and the Middle East. Norfolk Southern and CSX have rail hubs within the port, providing direct rail access to major East Coast seaports. I-70 passes through Columbus, providing direct highway access to a large part of the U.S. population.

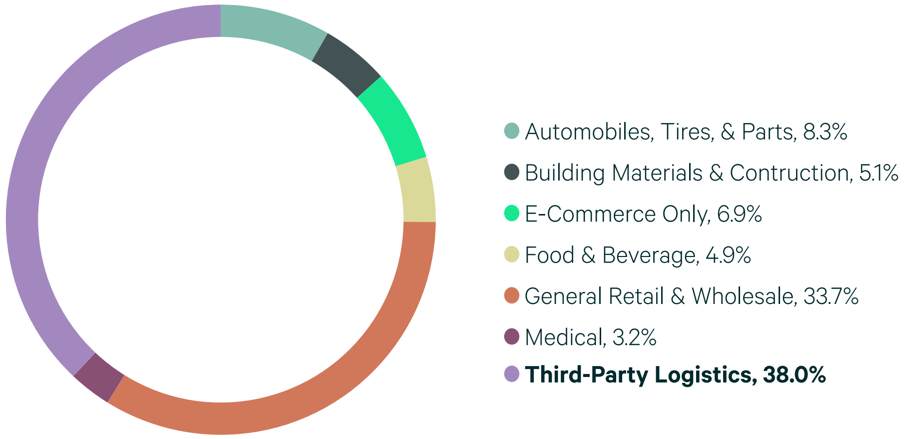
Over the past five years, there have been over 250 economic incentives deals for an average of $20,800 per new job in metro Columbus, according to fDi Intelligence.

Supply & Demand

In 2023, 10.8 million sq. ft. was leased–27% below 2022 and nearly half of 2021. Vacancy rates rose to 7.4% due to lower transaction volume and a record 16.2 million sq. ft. of construction completions, the second consecutive year that completions topped 10 million sq. ft. A diverse set of occupiers expanded into or renewed in Columbus, led by 3PLs at 38% and general retailers & wholesalers at 33.7%. Despite lower leasing and higher vacancies, taking rents increased by 18.6% year-over-year.

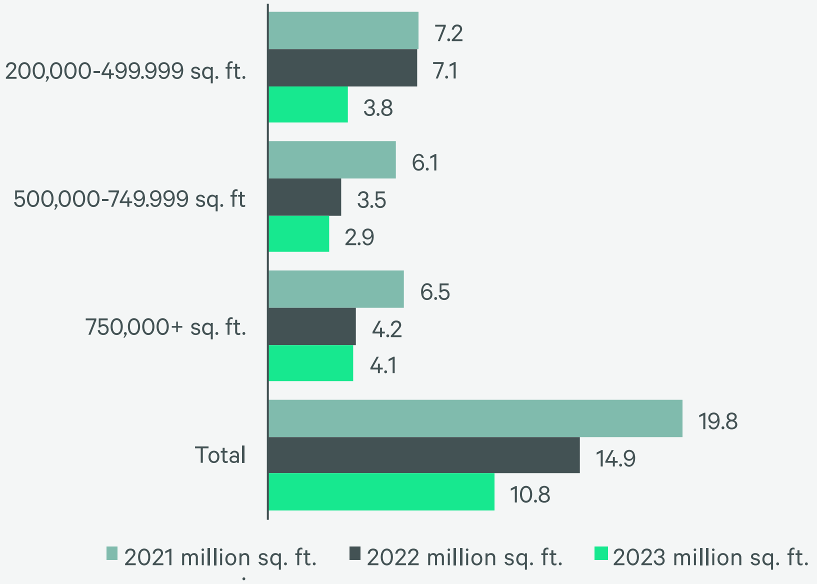
Higher vacancies and challenges in construction financing markets have significantly reduced the space under construction to 4.7 million sq. ft., almost half of which is preleased. The decline in available new construction this year will give the market time to absorb available space. This will stabilize and eventually lead to vacancy reductions and protection from major drops in rental rates.

Figure 4: Share of 2023 Leasing by Occupier Type



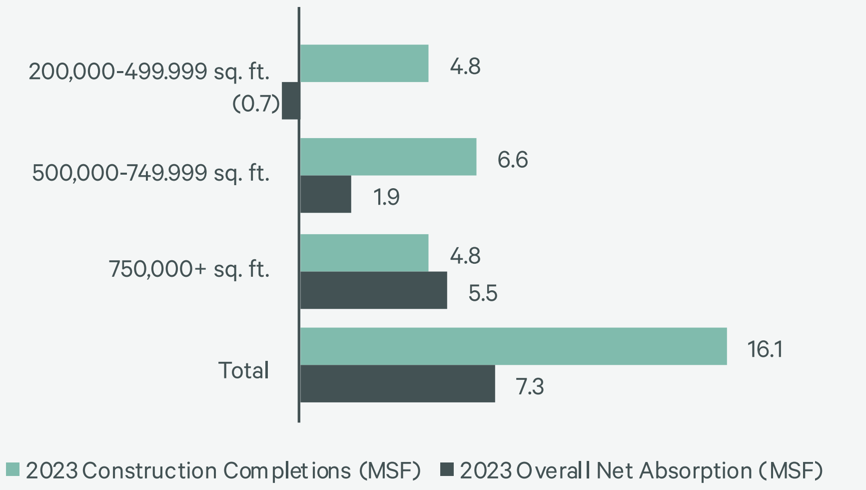
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 5: Lease Transaction Volume by Size Range



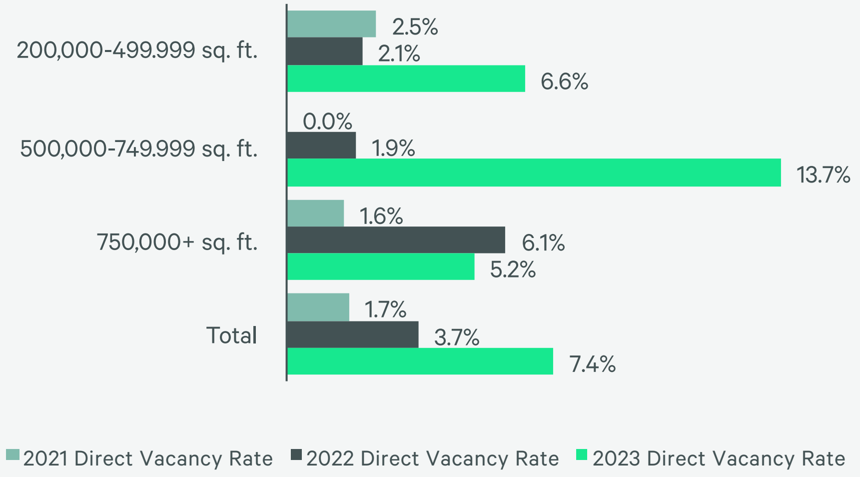
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 6: 2023 Construction Completions vs. Overall Net Absorption by Size Range



Source: CBRE Research.

Figure 7: Direct Vacancy Rate by Size Range



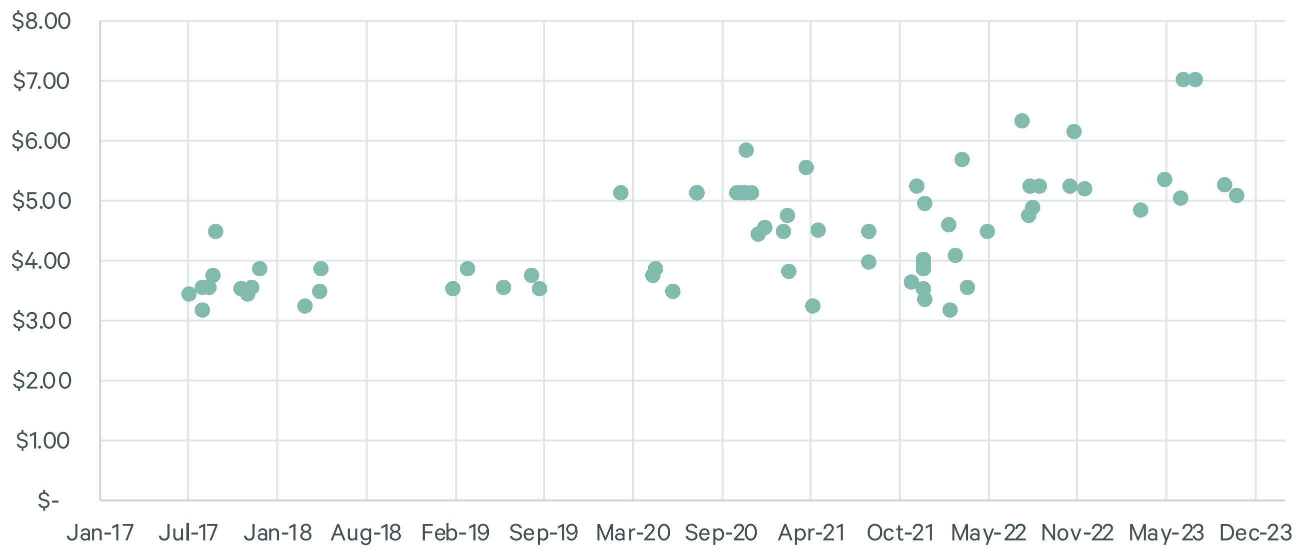
Source: CBRE Research.

Figure 8: Under Construction & Percentage Preleased

	2023 Under Construction sq. ft.	% Preleased
200,000-499,999 sq. ft.	2,076,790	27.8%
500,000-749,999 sq. ft.	-	NA
750,000+ sq. ft.	2,659,000	64.4%
Total	4,735,790	48.4%

Source: CBRE Research.

Figure 9: First Year Taking Rents (psf/yr)



Note: Includes first year taking rents for leases 200,000 sq. ft. and above.
Source: CBRE Research.

8

Dallas-Ft. Worth

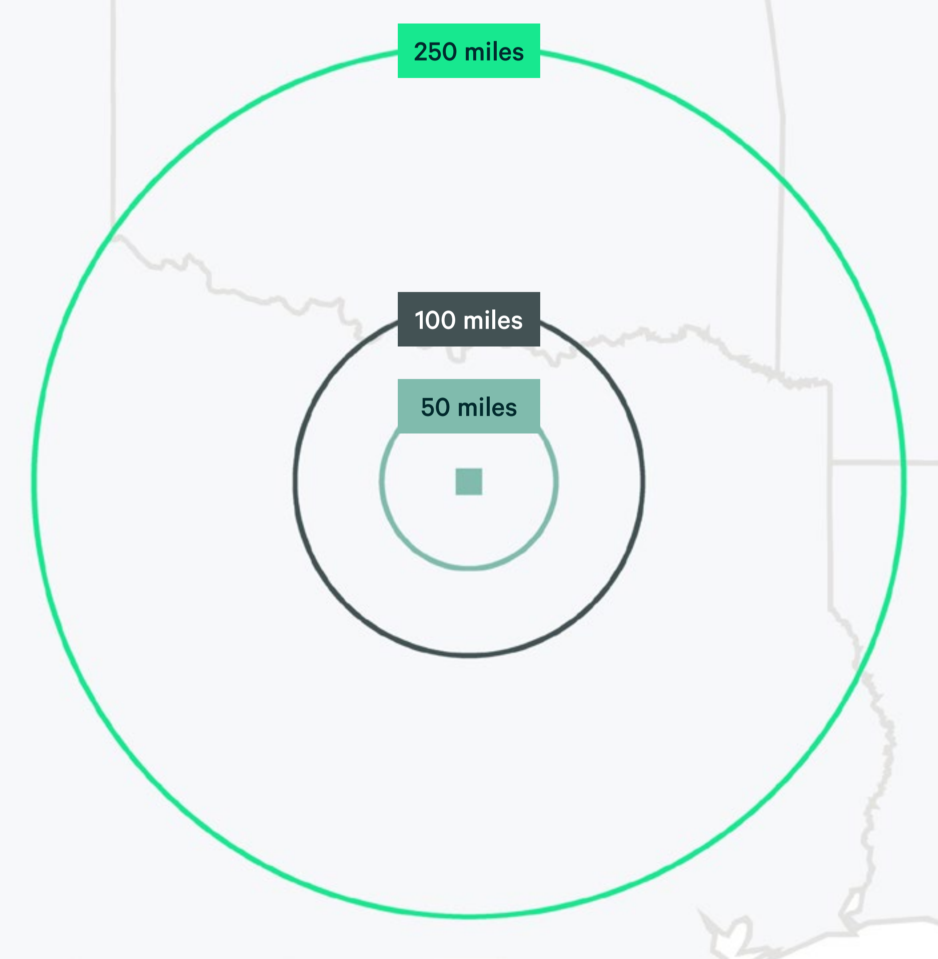
Demographics

Nearly 8 million people live within 50 miles of the market's core—nearly a quarter aged 18-34—with 6.9% projected growth over the next five years. This is the highest growth rate of any U.S. market in this report. Over 28 million people live within 250 miles, with 4.9% projected growth over the next five years.

Figure 1: Dallas-Fort Worth Population Analysis

Distance from Downtown Dallas	2023 Total Population	5 Year Growth Outlook
50 miles	7,943,433	6.9%
100 miles	9,349,936	6.2%
250 miles	27,979,827	4.9%

Source: CBRE Location Intelligence.



KEY STAT

28.3M sq. ft.

Big-box positive net absorption in 2023, the most of any market in this report.

The local warehouse labor force of 157,283 is expected to grow by 14.6% by 2034, according to CBRE Labor Analytics. The average salary of a non-supervisory warehouse worker is $18.22 per hour, 2.6% above the U.S. average.

Figure 2: Dallas-Fort Worth Warehouse & Storage Labor Fundamentals

Total Warehouse & Storage Employment	2034 Total Warehouse & Storage Projected Employment	Hourly Wage*
185,378	212,430	$18.22

Source: CBRE Labor Analytics.
*Median wage (1 year experience); non-supervisory warehouse material handlers.

Location Incentives

Over the past five years, there have been over 210 publicly-known economic incentives deals totaling more than $870 million at an average of $15,600 per new job in metro Dallas-Ft. Worth, according to fDi Intelligence.

CBRE's Location Incentives Group reports that top incentive programs offered in Dallas Ft. Worth include the Texas Enterprise Fund (TEF). TEF is considered a "deal-closing" grant because it incentivizes construction in Texas. Awards are based on an analytical model that factors in the average new employee wage, hiring timeline and a company's total capital investment.

Another program is the Skills Development Fund, offering job training grants to community and technical colleges for customized training programs that support Texas businesses. This job training program is designed to upskill new or existing employees, as well as increase wages.

Figure 3: Dallas-Fort Worth Top Incentive Programs

Program (Texas)	Descripton
Texas Enterprise Fund	Discretionary cash grant
Skills Development Fund	Job training grant, which averages $1,800 per employee with a max of $500,000 per business
Enterprise Zone Program	Sales and use tax refund of $2,500 to $7,500 per job depending on capital investment and jobs created
Chapter 380 Economic Development Grant	Local grants, abatement or refund on taxes based on capital investment, new job creation and economic impact
Property Tax Abatements	Discretionary tax abatement on real, personal and inventory property

Source: CBRE Location Incentives Group.
Note: The extent, if any, of state and local incentive offerings depends on location and scope of the operation.

Logistics Driver

Dallas-Ft. Worth's central location is a significant advantage in reaching a large consumer base. The region is home to two major inland ports: Alliance Global Logistics Hub and the International Inland Port of Dallas.

The confluence of three major railroad networks (Union Pacific, Burlington Northern-Santa Fe and Kansas City Southern) puts 98% of the U.S. market within 48 hours by train. DFW International Airport is the nation's ninth-largest cargo airport and the only one with capacity to double operations in its existing footprint. All major U.S. markets can be reached by air in less than four hours.

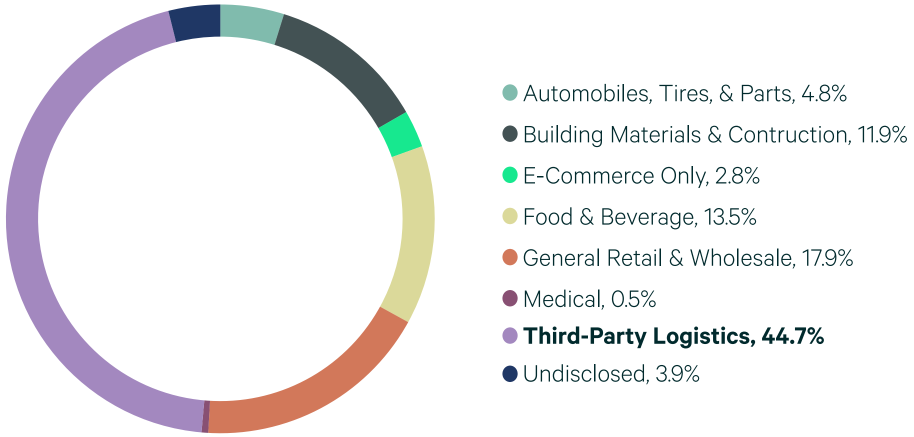
The confluence of three major railroad networks (Union Pacific, Burlington Northern-Santa Fe and Kansas City Southern) puts 98% of the U.S. market within 48 hours by train.

Supply & Demand

With 516.2 million sq. ft. of total inventory, Dallas-Ft. Worth is the third-largest big-box market in North America. Occupiers continue to move in and expand: a total of 32.4 million sq. ft. was leased, only slightly less than 2022's 34.5 million sq. ft. This was the second most big-box leasing in North America. 3PLs accounted for 44.7% of lease transactions, by far the most of any occupier type. Despite robust leasing and nearly 30 million sq. ft. of positive net absorption, vacancy rates nearly doubled to 9.5% due to a record 53.1 million sq. ft. of completed construction, the most in North America.

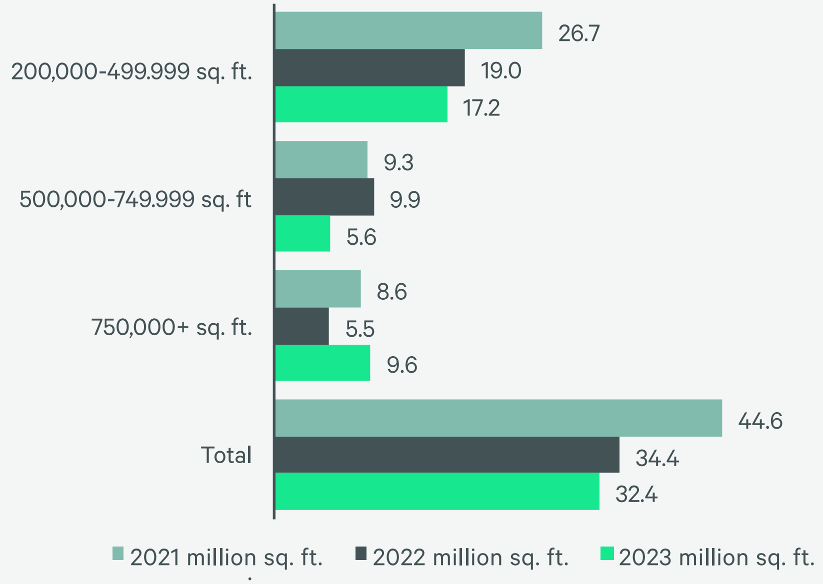
Only 25.6 million sq. ft. was under construction at year-end with 22% preleased. This reduced development should help stabilize vacancy rates, but a significant vacancy reduction will require an increase in new leasing. The current stability in vacancies is expected to help maintain market rents at current record highs for the foreseeable future.

Figure 4: Share of 2023 Leasing by Occupier Type



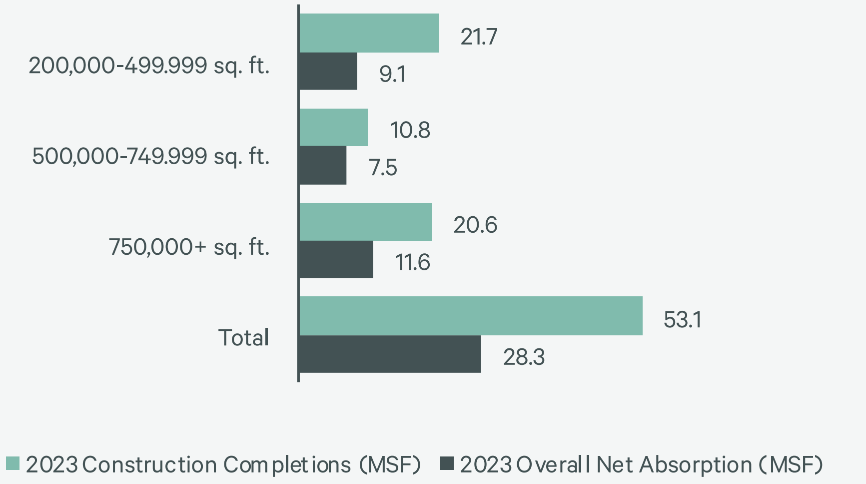
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 5: Lease Transaction Volume by Size Range



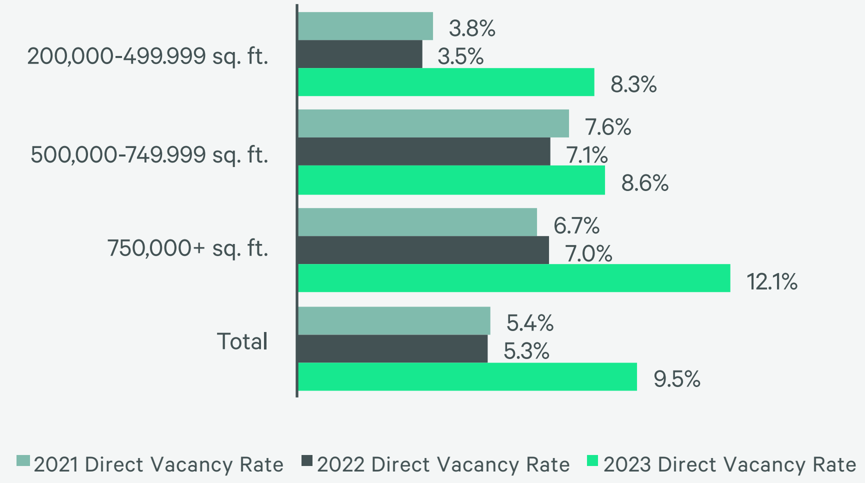
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 6: 2023 Construction Completions vs. Overall Net Absorption by Size Range



Source: CBRE Research.

Figure 7: Direct Vacancy Rate by Size Range



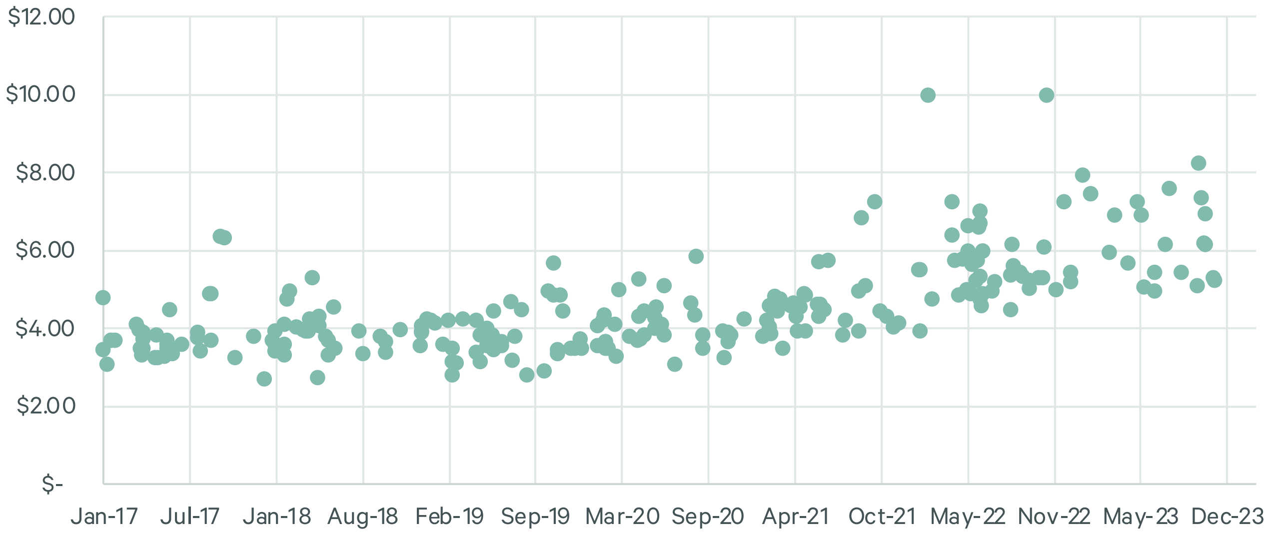
Source: CBRE Research.

Figure 8: Under Construction & Percentage Preleased

	2023 Under Construction sq. ft.	% Preleased
200,000-499,999 sq. ft.	9,693,895	20.6%
500,000-749,999 sq. ft.	7,522,396	22.7%
750,000+ sq. ft.	8,382,879	61.6%
Total	25,599,170	34.6%

Source: CBRE Research.

Figure 9: First Year Taking Rents (psf/yr)



Note: Includes first year taking rents for leases 200,000 sq. ft. and above.
Source: CBRE Research.

9

Houston

Menu

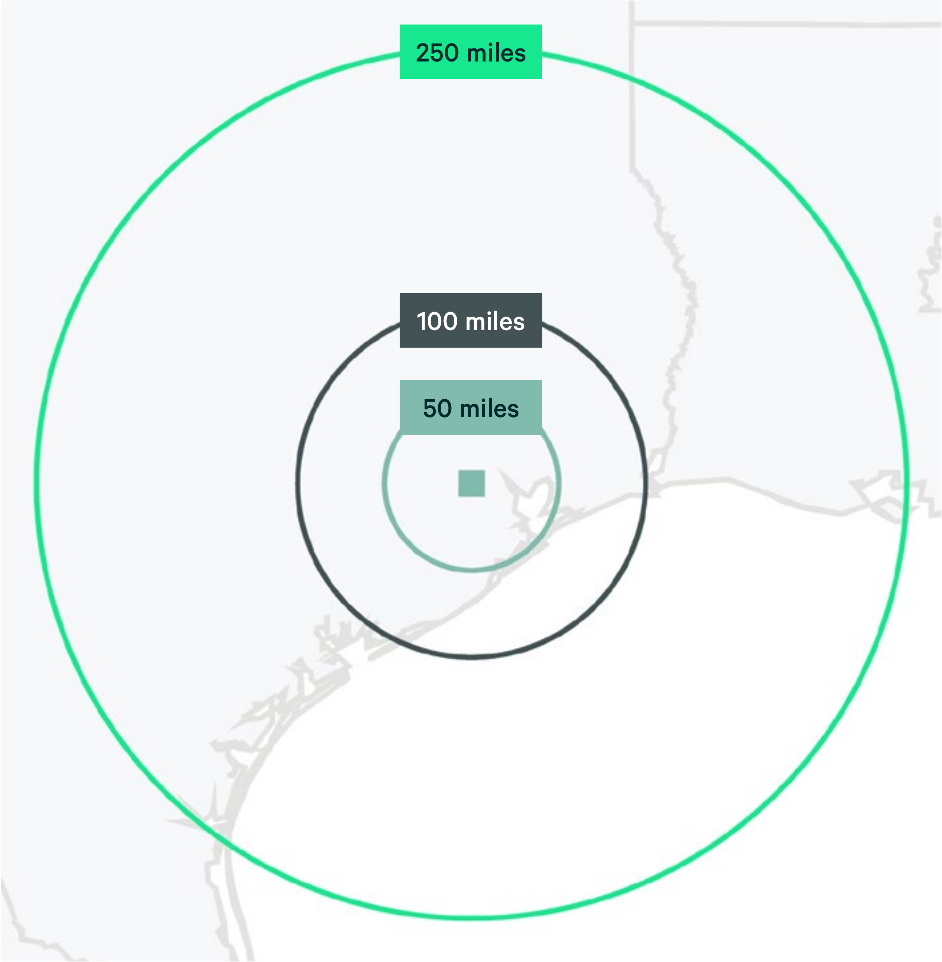
Demographics

More than 7 million people live within 50 miles of the market's core–a quarter aged 18-34–with five-year growth of 5.3% expected, third to only Dallas-Ft. Worth and Nashville. Over 26 million people live within 250 miles, with expected growth of 4.7%.

Figure 1: Houston Worth Population Analysis

Distance from Downtown Houston	2023 Total Population	5 Year Growth Outlook
50 miles	7,427,135	5.3%
100 miles	8,577,575	4.8%
250 miles	26,192,036	4.7%

Source: CBRE Location Intelligence.



KEY STAT

32.7M sq. ft.

Big-box construction completions in 2023, a record and 14% of its existing inventory.

The local warehouse labor force of 124,110 is expected to grow 11.6% by 2034, according to CBRE Labor Analytics. The average wage for a non-supervisory warehouse worker is $18.24 per hour, 2.8% above the national average.

Figure 2: Houston Warehouse & Storage Labor Fundamentals

Total Warehouse & Storage Employment	2034 Total Warehouse & Storage Projected Employment	Hourly Wage*
124,110	138,451	$18.24

Source: CBRE Labor Analytics.
*Median wage (1 year experience); non-supervisory warehouse material handlers.

Location Incentives

Over the past five years, there have been over 100 economic incentives deals totaling more than $380 million for an average of $48,900 per new job in metro Houston, according to fDi Intelligence.

CBRE's Location Incentives Group reports that top incentive programs offered in Houston include the Texas Enterprise Fund (TEF). TEF is considered a "deal-closing" grant because it incentivizes construction in Texas. Awards are based on an analytical model that factors in the average new employee wage, hiring timeline and a company's total capital investment.

Another program is the Skills Development Fund, offering job training grants to community and technical colleges for customized training programs supporting Texas businesses. This program is designed to upskill new or existing employees and increase wages.

Figure 3: Houston Top Incentive Programs

Program (Texas)	Descripton
Texas Enterprise Fund	Discretionary cash grant
Skills Development Fund	Job training grant, which averages $1,800 per employee with a max of $500,000 per business
Enterprise Zone Program	Sales and use tax refund of $2,500 to $7,500 per job depending on capital investment and jobs created
Chapter 380 Economic Development Grant	Local grants, abatement or refund on taxes based on capital investment, new job creation and economic impact
Property Tax Abatements	Discretionary tax abatement on real, personal and inventory property

Source: CBRE Location Incentives Group.
Note: The extent, if any, of state and local incentive offerings depends on location and scope of the operation.

Logistics Driver

Houston offers an impressive array of distribution channels. Its central location makes it easy to reach both coasts within hours. The Port of Houston is the Gulf Coast's largest container port and is instrumental in the city's development of international trade. This market is home to the nation's largest and world's second-largest petrochemical complex. Carrier services on all major trade lanes link Houston to all international markets. The shipping channel also intersects a very busy barge traffic lane, the Gulf Intracoastal Waterway.

The region's extensive highway system is well-integrated with the Houston Airport System, four deep-water seaports and the mainline railroads serving the city. Houston is at the crossroads of Interstate Highways 10, 45 and 69.

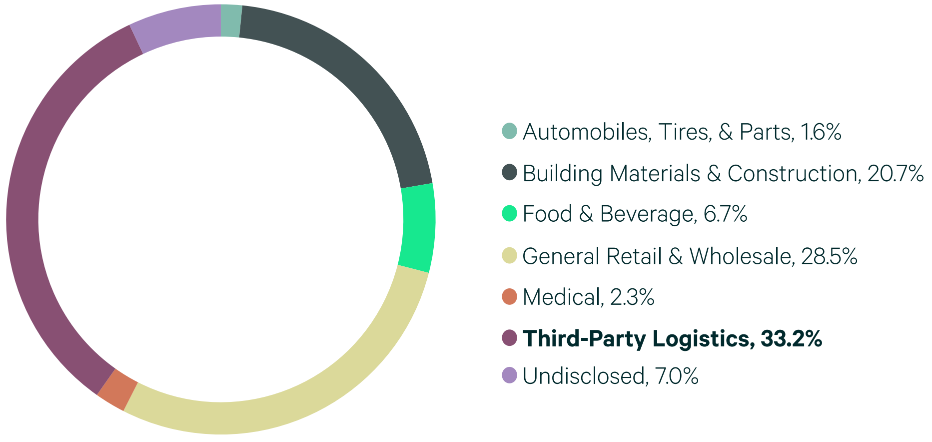
This market is home to the nation's largest and world's second-largest petrochemical complex.

Supply & Demand

Houston remains one of North America's top growth markets despite a decline in leasing . Lease transaction volume decreased by 46% from 2022's record pace to 10.4 million sq. ft. Despite this decrease, Houston was North America's third growth market (net absorption/existing inventory) with 13.6 million sq. ft. absorbed. However, new supply outpaced demand as a record 32.7 million sq. ft. of construction was completed, raising the vacancy rate to 7.8%. A diverse set of occupiers leased space in 2023, led by 3PLs at 33.2% of total volume, followed by general retail & wholesale at 28.5%, and building materials & construction at 20.7%.

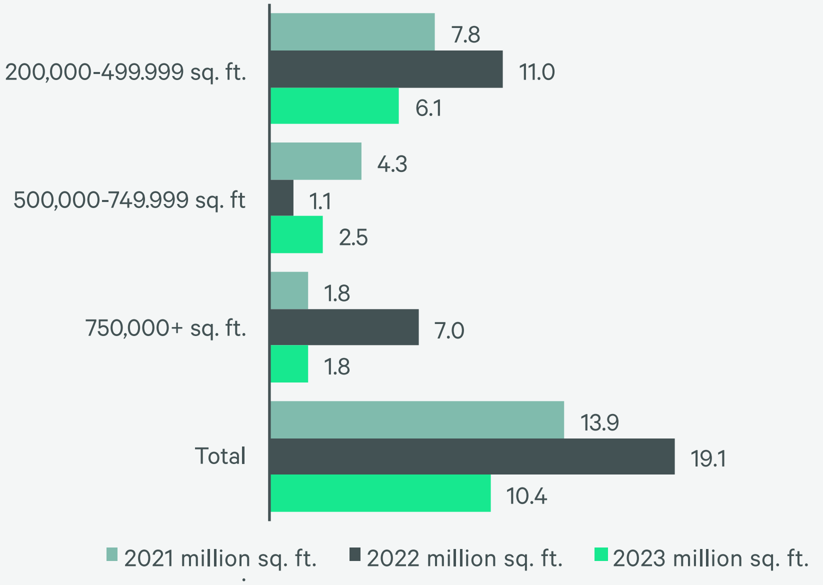
By the end of 2023, only 10.4 million sq. ft. of space was under construction, a 63% year-over-year decline, with nearly half preleased. Transaction volume should increase this year as improved economic clarity attracts more tenants into Houston that want to leverage its growing population and numerous logistics drivers. The combination of increased demand and significantly decreased supply is expected to lower vacancy rates by the end of this year.

Figure 4: Share of 2023 Leasing by Occupier Type



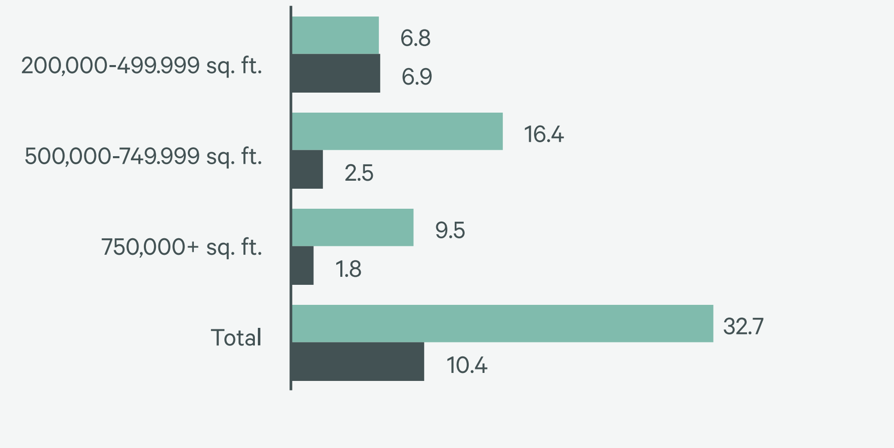
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 5: Lease Transaction Volume by Size Range



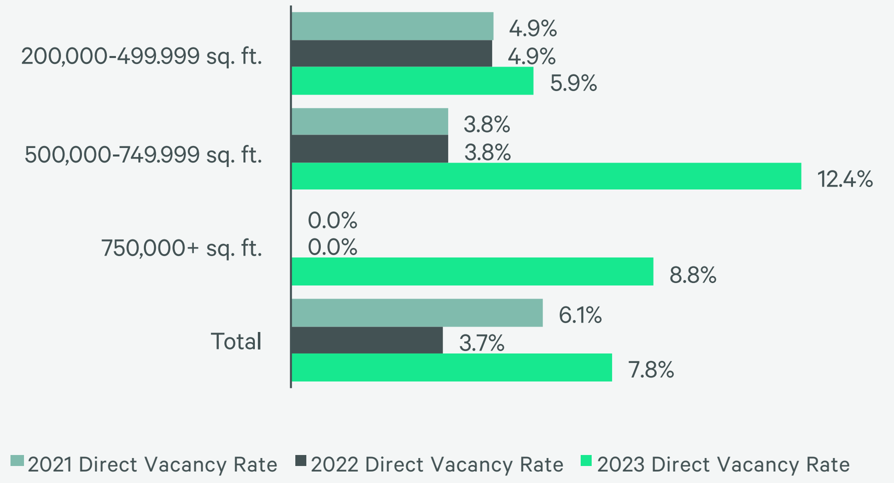
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 6: 2023 Construction Completions vs. Overall Net Absorption by Size Range



Source: CBRE Research.

Figure 7: Direct Vacancy Rate by Size Range



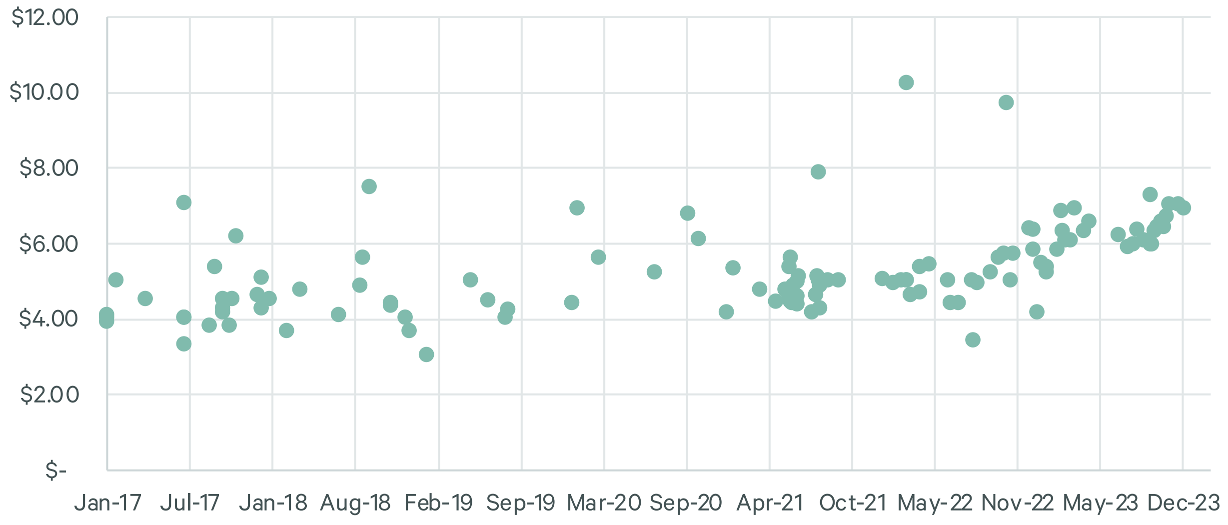
Source: CBRE Research.

Figure 8: Under Construction & Percentage Preleased

	2023 Under Construction sq. ft.	% Preleased
200,000-499,999 sq. ft.	3,462,111	26.4%
500,000-749,999 sq. ft.	725,000	100.0%
750,000+ sq. ft.	6,255,085	54.9%
Total	10,442,196	48.6%

Source: CBRE Research.

Figure 9: First Year Taking Rents (psf/yr)



Note: Includes first year taking rents for leases 200,000 sq. ft. and above.
Source: CBRE Research.

10

Indianapolis

Menu

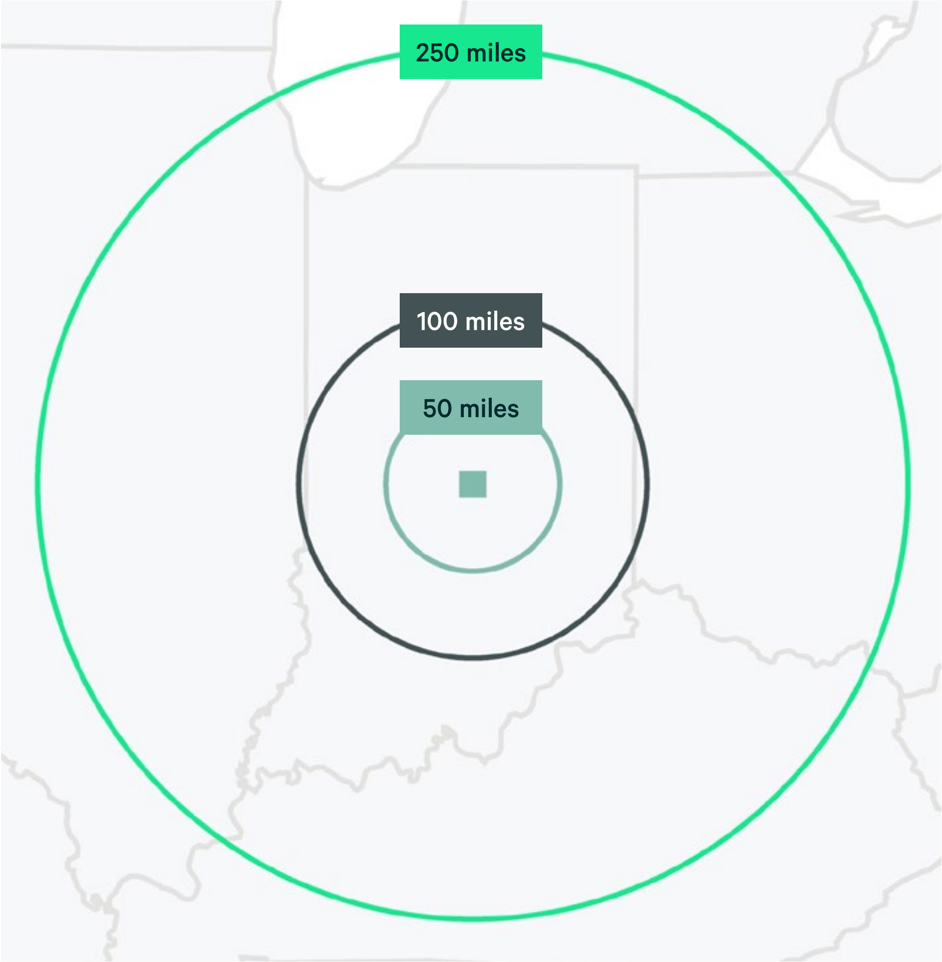
Demographics

Over 2.6 million people live within 50 miles of the market's core, with a 1.9% expected five-year growth rate. Indianapolis's central location offers access to over 43 million people within 250 miles, the fifth-highest in North America.

Figure 1: Indianapolis Worth Population Analysis

Distance from Downtown Indianapolis	2023 Total Population	5 Year Growth Outlook
50 miles	2,682,928	1.9%
100 miles	5,869,727	0.7%
250 miles	43,187,077	0.1%

Source: CBRE Location Intelligence.



KEY STAT

43.2M

People who live within 250 miles of the market's core, the fifth-most of any market in this report.

The local warehouse labor force of 78,030 is expected to grow by 6.1% by 2034, according to CBRE Labor Analytics. The average wage for a non-supervisory warehouse worker is $17.87 per hour, 0.7% above the national average.

Figure 2: Indianapolis Warehouse & Storage Labor Fundamentals

Total Warehouse & Storage Employment	2034 Total Warehouse & Storage Projected Employment	Hourly Wage*
78,030	82,769	$17.87

Source: CBRE Labor Analytics.
*Median wage (1 year experience); non-supervisory warehouse material handlers.

Location Incentives

Over the past five years, there have been more than 580 economic incentives deals totaling more than $1.4 billion for an average of $25,600 per new job in metro Indianapolis, according to fDi Intelligence.

CBRE's Location Incentives Group reports that top incentive programs offered in metro Indianapolis include the Economic Development for a Growing Economy (EDGE) program, offering refundable discretionary tax credits for corporate income taxes for up to 10 years. These credits equal up to 100% of new income tax withholdings generated by a project's job creation.

Another program available in Indianapolis is the Hoosier Business Investment Tax Credit Program, which offers a non-refundable tax credit to companies that create new jobs and make capital improvements to a business facility. The tax credits are calculated as a percentage of the project's capital investment.

Figure 3: Indianapolis Top Incentive Programs

Program (Indiana)	Descripton
Economic Development for a Growing Economy (EDGE) Tax Credit	Tax credit up to 100% of withholding taxes per year up to 10 years
Hoosier Business Investment Tax Credit (HBI)	Tax credit up to 10% of the qualified capital investment
Skills Enhancement Fund (SEF)	Reimbursable grant up to 50% of eligible training costs over 2 years
Industrial Development Grant Funds (IDGB)	Grant that reimburses a portion of the total costs of infrastructure improvements
Urban Enterprise Zone Program	Tax credit up to 30% of equity investment and 10% of additional incremental wages
Property Tax Abatements	Discretionary abatement of real estate and personal property taxes

Source: CBRE Location Incentives Group.
Note: The extent, if any, of state and local incentive offerings depends on location and scope of the operation.

Logistics Driver

Greater Indianapolis offers many logistics advantages for industrial occupiers. it is a top region for trucking, with more national highway intersections than any other state. Under its "Major Moves" program, Indiana is investing $10 billion over 10 years to add 400 miles of new highways. Indianapolis is home to the second-largest FedEx air hub in the world, helping Indianapolis International Airport consistently rank among the U.S.'s top five cargo airports. Indiana also ranks third for total railroad miles in the country.

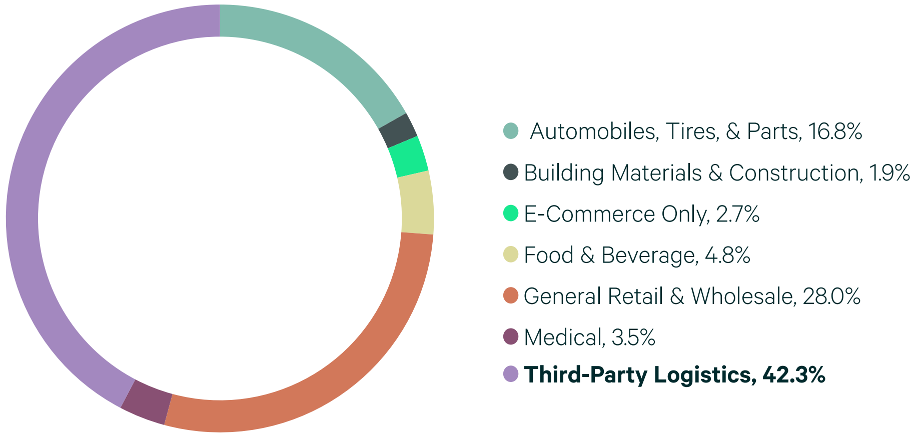
Indiana ranks third for total railroad miles in the country.

Supply & Demand

Over 40 million sq. ft. of big-box space completed construction in 2023, setting a local record and ranking second in North America, behind only Dallas-Ft. Worth. This massive development increased the overall vacancy rate to 11.6%, more than double 2022's 5.6% rate. Despite 15.2 million sq. ft. of lease transaction volume, which was on par with 2022, vacancies increased. Net absorption exceeded 10 million sq. ft. for the second consecutive year, reaching 10.4 million sq. ft. 3PLs dominated transaction volume, accounting for 42.3% of total leasing activity, as they capitalized on the market's central location and numerous logistics challenges.

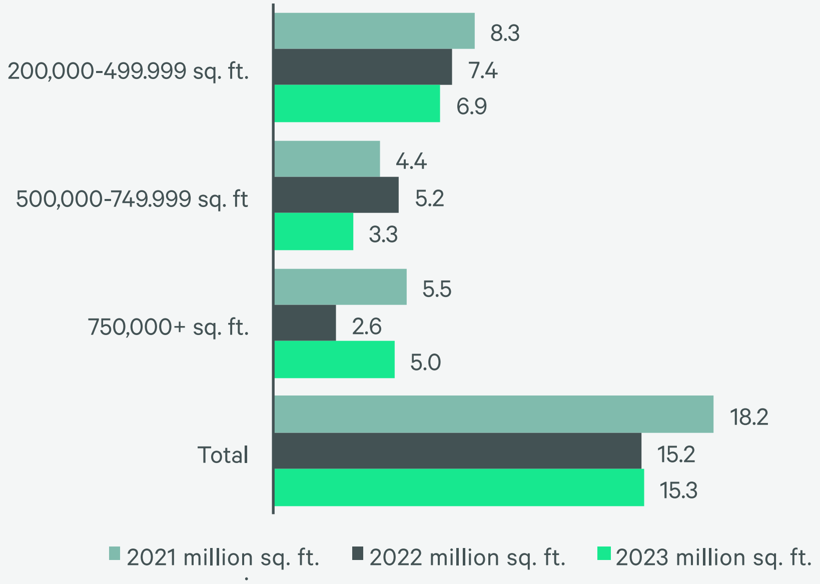
No market had a larger year-over-year decrease in space under construction than Indianapolis, which ended 2023 with only 4.6 million sq. ft. under construction. This was significantly less than the 30.1 million sq. ft. under construction at the end of 2022. The sharp reduction in construction completions this year will help vacancies decline, but it may take until 2025 or later for vacancy rates to return to the 5.8% mark seen in 2022.

Figure 4: Share of 2023 Leasing by Occupier Type



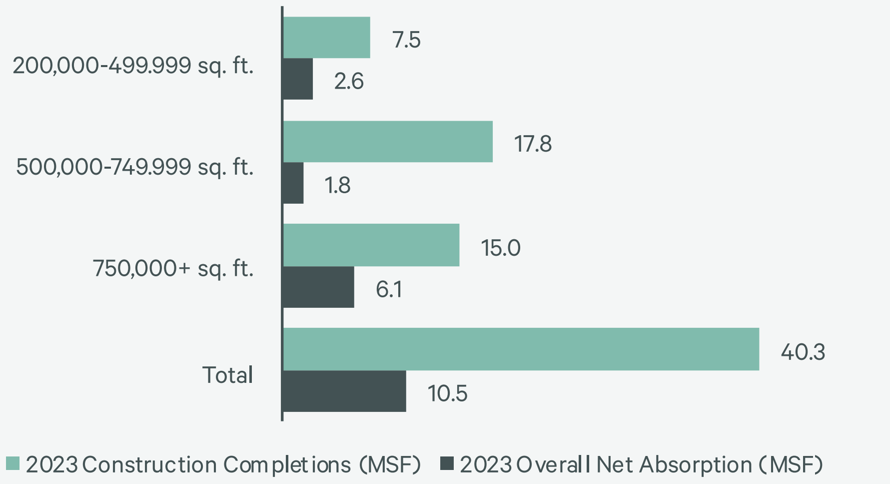
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 5: Lease Transaction Volume by Size Range



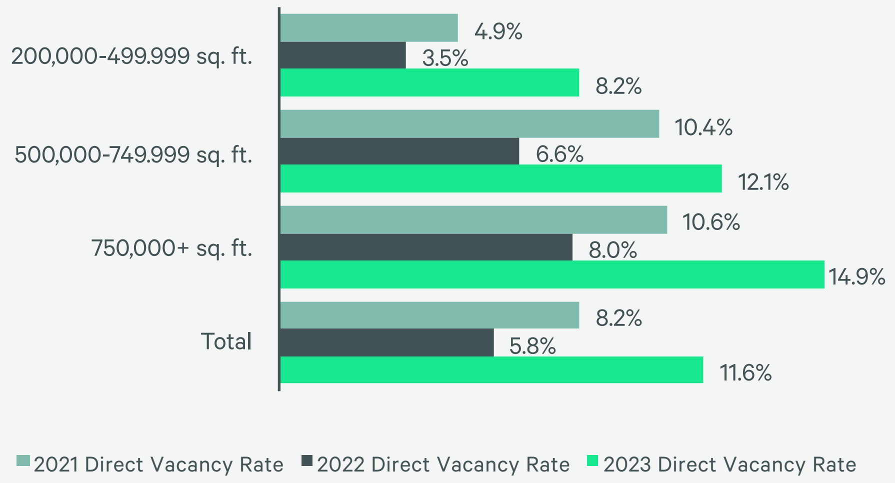
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 6: 2023 Construction Completions vs. Overall Net Absorption by Size Range



Source: CBRE Research.

Figure 7: Direct Vacancy Rate by Size Range



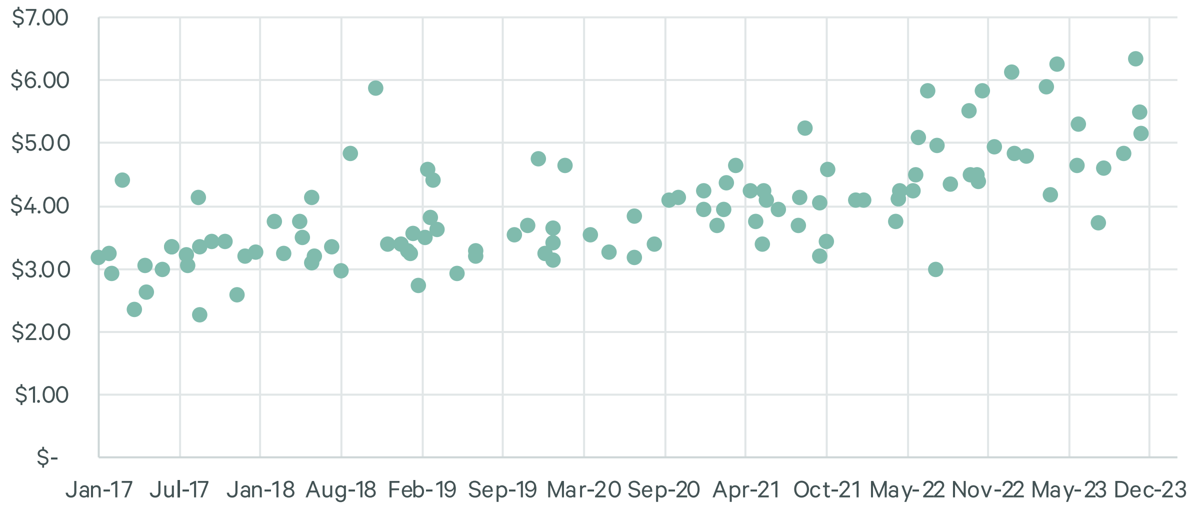
Source: CBRE Research.

Figure 8: Under Construction & Percentage Preleased

	2023 Under Construction sq. ft.	% Preleased
200,000-499,999 sq. ft.	982,147	45.8%
500,000-749,999 sq. ft.	580,884	0.0%
750,000+ sq. ft.	3,101,938	27.8%
Total	4,664,969	28.1%

Source: CBRE Research.

Figure 9: First Year Taking Rents (psf/yr)



Note: Includes first year taking rents for leases 200,000 sq. ft. and above.
Source: CBRE Research.

11

Inland Empire

Menu

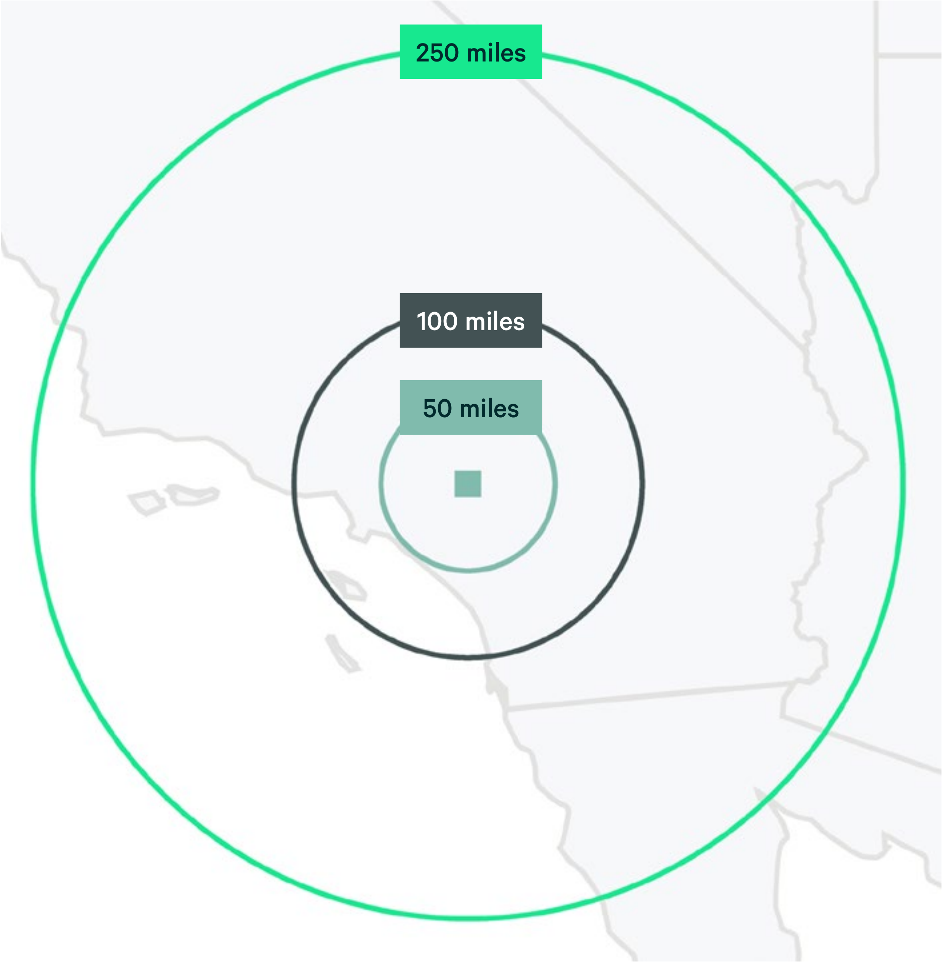
Demographics

Around 11.9 million people live within 50 miles of the market's core, the third-most of any U.S. market in this report, with a projected 0.4% five-year growth rate. Twenty-six percent of the population is aged 18-34. Occupiers can reach almost 30 million consumers within 250 miles.

Figure 1: Inland Empire Population Analysis

Distance from Inland Empire Core	2023 Total Population	5 Year Growth Outlook
50 miles	11,858,347	0.4%
100 miles	21,662,414	0.4%
250 miles	28,388,336	0.7%

Source: CBRE Location Intelligence.



KEY STAT

58.6%

3PLs' percent of big-box leasing in 2023, the highest of any market in this report.

The local warehouse labor force of 148,480 is projected to grow by 15.2% by 2034, according to CBRE Labor Analytics. The average wage for a non-supervisory warehouse worker is $20.33 per hour, 14.6% above the national average, the lowest for a major California industrial market.

Figure 2: Inland Empire Warehouse & Storage Labor Fundamentals

Total Warehouse & Storage Employment	2034 Total Warehouse & Storage Projected Employment	Hourly Wage*
148,480	171,098	$20.33

Source: CBRE Labor Analytics.
*Median wage (1 year experience); non-supervisory warehouse material handlers.

Location Incentives

Over the past five years, there have been over 110 economic incentives deals totaling more than $200 million for an average of $25,500 per new job in the Inland Empire, according to fDi Intelligence.

CBRE's Location Incentives Group reports that top incentive programs offered in the IE include the California Competes Tax Credit, a discretionary income tax credit for businesses that make capital investments, create new jobs and offer strategic importance to the region. The credits are non-refundable and companies can only apply during designated application periods held three times per year. This program was extended through 2028 with $120 million in tax credits.

Figure 3: Inland Empire Top Incentive Programs

Program (California)	Descripton
Employment Training Panel	Job training reimbursement ($23 per training hour for new hires)
California Competes Tax Credit	Discretionary tax credit program
New Employment Credit	Tax credit for new employees on qualified payroll between 150% and 350% of state minimum wage
Manufacturing and R&D Sales and Use Tax Exemption	Partial exemption of state sales and use tax on qualified manufacturing and R&D equipment

Source: CBRE Location Incentives Group.
Note: The extent, if any, of state and local incentive offerings depends on location and scope of the operation.

Logistics Driver

The market is close to North America's largest ports, in Los Angeles and Long Beach. Despite an import volume decline in 2023, the flow of imports into these ports directly feeds the region's big-box distribution warehouses.

The market has logistics advantages from the air, ground and rail. Ontario International now ranks as a top-10 North American cargo airport by growth and volume. Ground transportation is a key to the market's success. Interstates 10 and 15 offer direct access to the rest of the country. Also, BNSF and Union Pacific service the market with rail.

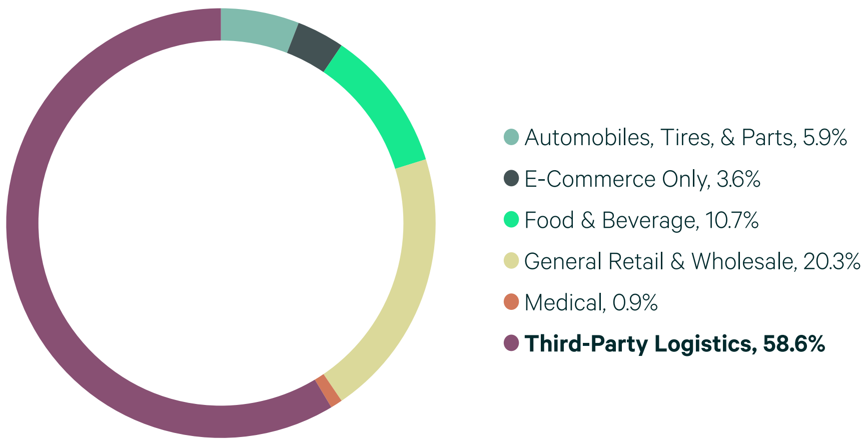
Ground transportation is a key to the market's success.

Supply & Demand

Rents stabilized to 9.5% annual growth in 2023 after record-breaking growth in 2022. More space became available due to completed construction and tenant move-outs, increasing the overall vacancy rate from 0.1% in 2022 to 3.7% in 2023. This vacancy rate is still relatively low compared to other cities, ranking fourth lowest in this report behind Mexico City, Los Angeles County and Nashville. Construction completions were strong in 2023, totaling 26.5 million sq. ft., with the majority of it in facilities over 750,000 sq. ft. 3PLs dominated big-box leasing volume in the IE, accounting for over 58% of the activity, the highest among the markets in this report.

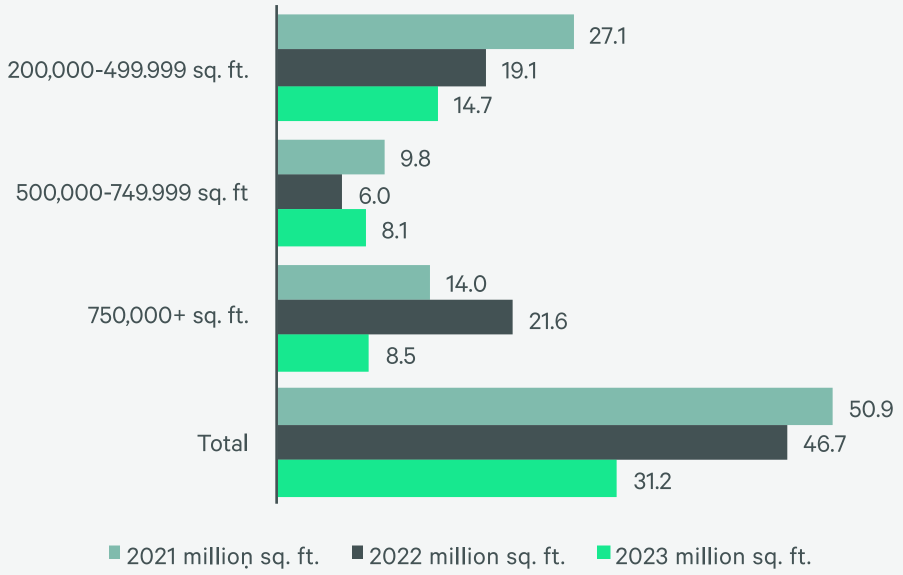
The IE continues to be one of the most in-demand big-box industrial markets, with leasing surpassing 30 million sq. ft. for four consecutive years. This trend is expected to continue throughout the year as occupiers aim to strengthen their storage and distribution capabilities. Despite continued demand, vacancy rates should remain steady. This is because occupiers are consolidating their operations out of older big-box spaces in the market, and most of the 14 million sq. ft. currently under construction will become available. Although rental rate growth is expected to be minimal, the IE will to continue to command some of the highest rents in North America for the foreseeable future.

Figure 4: Share of 2023 Leasing by Occupier Type



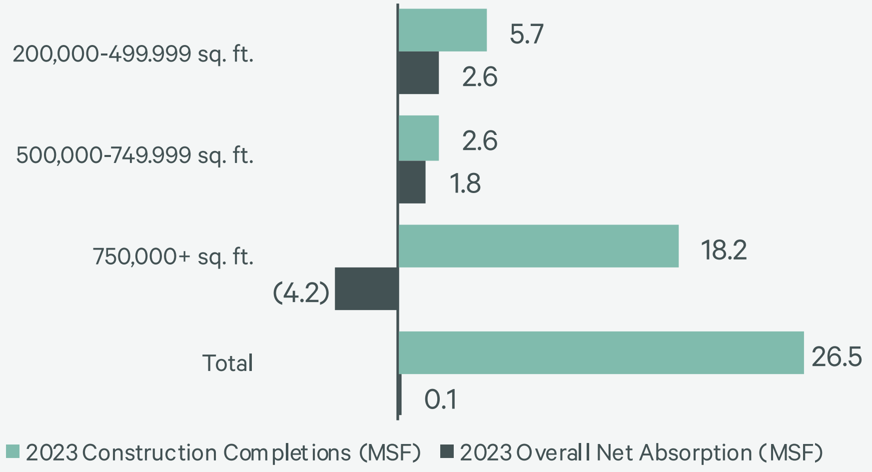
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 5: Lease Transaction Volume by Size Range



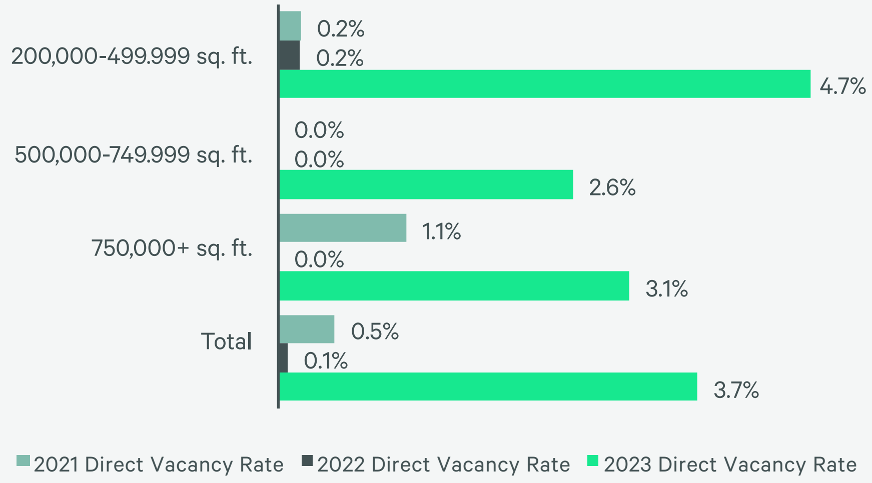
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 6: 2023 Construction Completions vs. Overall Net Absorption by Size Range



Source: CBRE Research.

Figure 7: Direct Vacancy Rate by Size Range



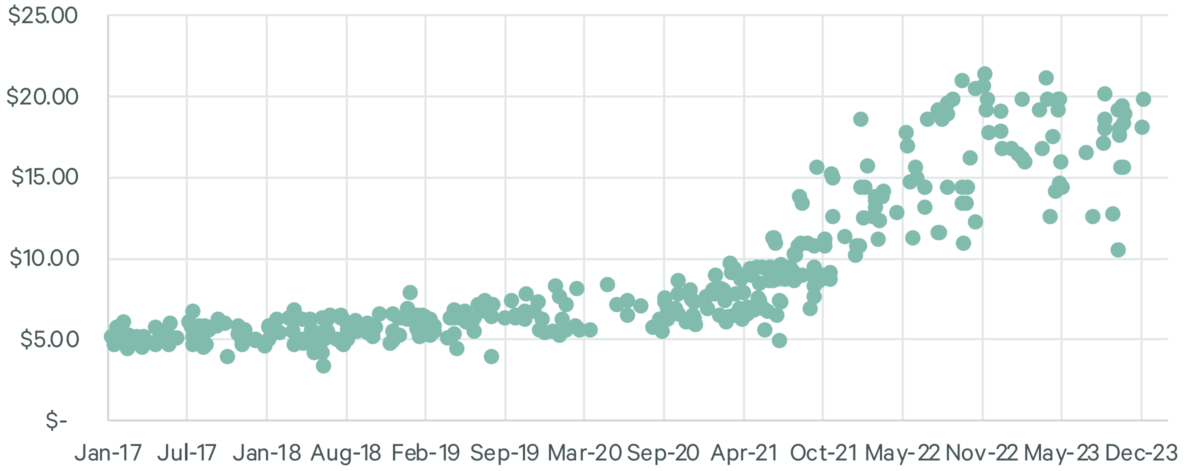
Source: CBRE Research.

Figure 8: Under Construction & Percentage Preleased

	2023 Under Construction sq. ft.	% Preleased
200,000-499,999 sq. ft.	6,808,727	4.5%
500,000-749,999 sq. ft.	1,550,400	0.0%
750,000+ sq. ft.	5,618,648	50.6%
Total	13,977,775	22.5%

Source: CBRE Research.

Figure 9: First Year Taking Rents (psf/yr)



Note: Includes first year taking rents for leases 200,000 sq. ft. and above.
Source: CBRE Research.

12

Kansas City

Menu

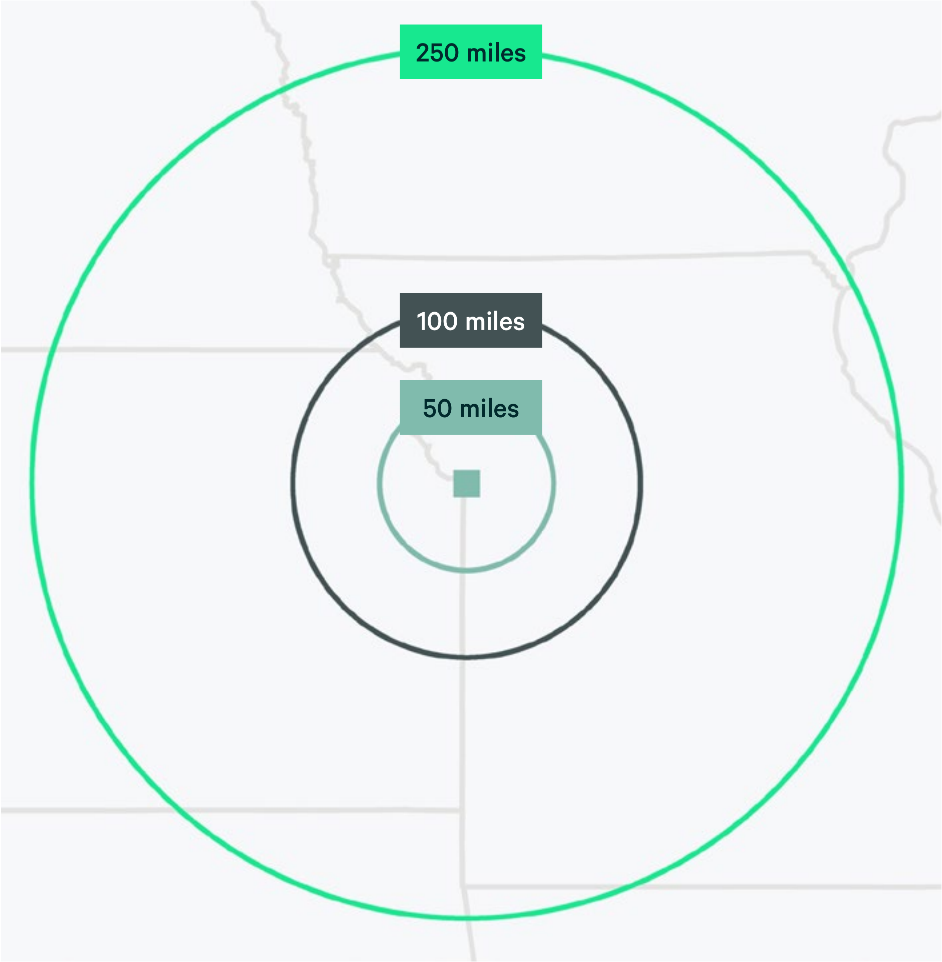
Demographics

Kansas City's biggest draw is its easy reach to a large portion of the country. More than 2.4 million people live within 50 miles of the market's core. Close to 15 million people or 6 million households are within 250 miles.

Figure 1: Kansas City Population Analysis

Distance from Downtown Kansas City	2023 Total Population	5 Year Growth Outlook
50 miles	2,457,532	1.5%
100 miles	3,183,790	0.9%
250 miles	14,976,953	1.0%

Source: CBRE Location Intelligence.



KEY STAT

9.7M sq. ft

Big-box leasing activity in 2023, a record for this market.

The local warehouse labor force of 41,791 is expected to grow by 7.8% by 2034, according to CBRE Labor Analytics. The average wage for a non-supervisory warehouse worker is $18.29 per hour, 2.4% above the national average.

Figure 2: Kansas City Warehouse & Storage Labor Fundamentals

Total Warehouse & Storage Employment	2034 Total Warehouse & Storage Projected Employment	Hourly Wage*
41,791	45,063	$18.29

Source: CBRE Labor Analytics.
*Median wage (1 year experience); non-supervisory warehouse material handlers.

Location Incentives

Over the past five years, there have been over 230 economic incentives deals totaling more than $445 million for an average of $15,600 per new job in metro Kansas City, according to fDi Intelligence.

CBRE's Location Incentives Group reports that Missouri's top incentive program is the Missouri Works program, offering payroll rebates and discretionary income tax credits to businesses that create new jobs. For rural counties to qualify, at least two full-time jobs must be created with wages exceeding 80% of the average county wage. For non-rural counties to qualify, at least 10 full-time jobs must be created with wages exceeding 90% of the average county wage

Another program available in Missouri is the Business Use Incentives for Large Scale Development (BUILD) program, which offers refundable tax credits to companies that create large economic development projects. To qualify, manufacturing and R&D projects must create a minimum of 100 new jobs and invest at least $15 million in capital.

A third program in Kansas City, MO is the High Performance Incentive Program (HPIP), which offers a 10% tax credit for capital investment totaling more than $1 million. To qualify, for-profit manufacturing companies must pay above-average wages and make a significant investment in employee training.

Figure 3: Kansas City Top Incentive Programs

Program (Kansas)	Descripton
Promoting Employment Across Kansas (PEAK) Program	Payroll rebate equals 95% of withholding taxes for new jobs, annual for 5 to 10 years
Hih Performance Incentive Program (HPIP)	Tax credit equal to 10% of total capital expenditures above $1 million
Job Creation Program Fund	Discretionary cash grant
Sales Tax Exemptions	Sales tax exemption available for HPIP qualified projects
Property Tax Abatements	Discretionary abatement of real estate taxes; Personal property is exempt
Kansas Industrial Training Program	Job Training program

Program (Missouri)	Descripton
Missouri Works Program	Retention of state withholding tax of new jobs and/or state tax credits, which are refundable
New Jobs Training Program (NJTP)	Discretionary job training grant
Chapter 100 Program Property Tax Abatements	- Real and personal property tax abatement - Sales tax exemption (partial) on equipment or construction materials

Source: CBRE Location Incentives Group.
Note: The extent, if any, of state and local incentive offerings depends on location and scope of the operation.

Logistics Driver

Kansas City's central location gives it access to 85% of the U.S. population in two days. Numerous ground, air, water and rail transportation options make it one of North America's most logistics-friendly industrial markets. Kansas City has five Class I rail lines intersecting the region (Kansas City Southern, Burlington Northern Santa Fe, Canadian Pacific, Norfolk Southern and Union Pacific), four of which have intermodal facilities.

Four major U.S. interstate highways (I-35, I-70, I-29 and I-49) intersect the region, which has 30% more interstate miles per capita than any other U.S. city. Kansas City also has low traffic congestion.

Kansas City International Airport is one of the U.S.'s best locations for air cargo and distribution development. It moves more air cargo than any other airport in the six-state region and added a new terminal in 2023.

Kansas City is on the Missouri River, the largest navigable inland waterway in the U.S. Port KC has over 900 feet of shoreline, which includes three load cells and docking structures for 14 barges. The port terminal has an annual capacity of 800,000 tons and provides rail and truck transfer, covered storage and product distribution.

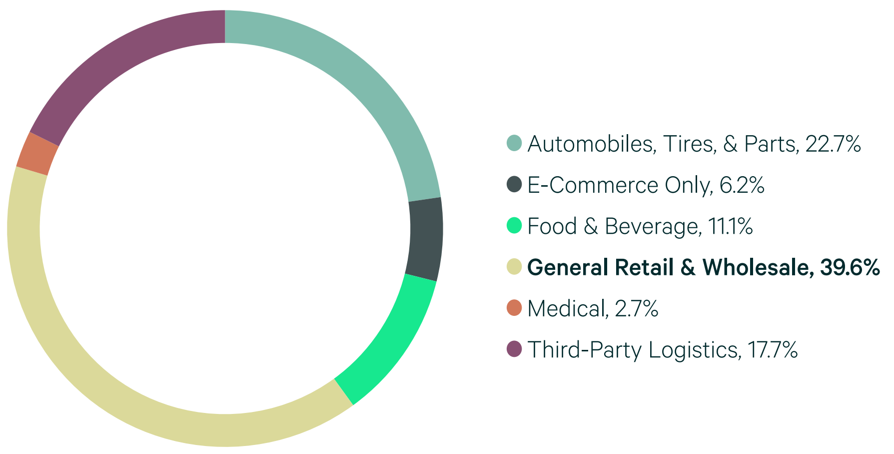
Numerous ground, air, water and rail transportation options make it one of North America's most logistics-friendly industrial markets.

Supply & Demand

Kansas City was one of last year's better-performing North American big-box markets due to strong regional demand for large industrial space. Transaction volume exceeded 2021's record, reaching 9.7 million sq. ft., leading to positive net absorption of 5.9 million sq. ft. As a result, Kansas City ranked ninth in North America for growth in net absorption relative to existing inventory. General retailers & wholesalers were responsible for nearly 40% of transaction volume, attracted by Kansas City's central location and affordable rental rates. Occupiers in the automobile sector accounted for 22.7% of total leasing.

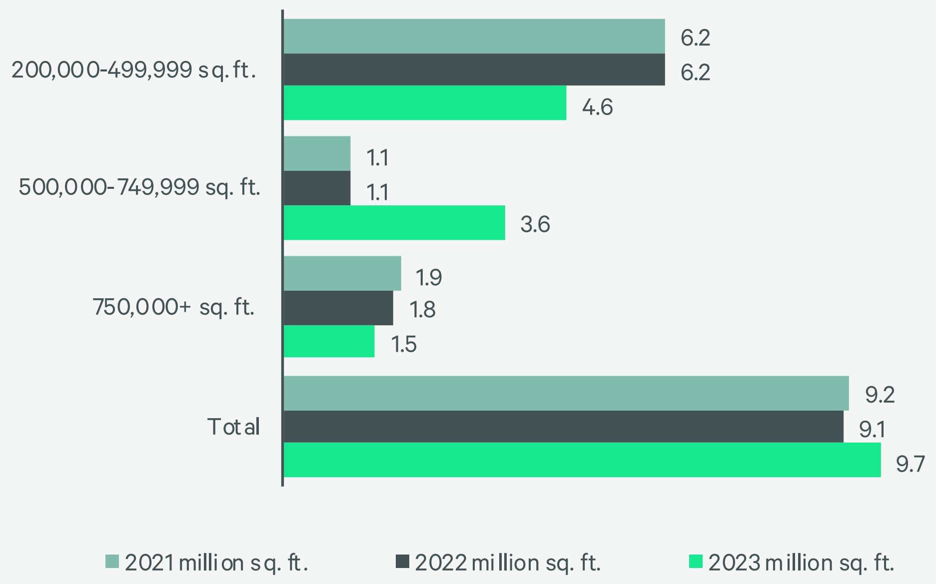
This year, Kansas City's big-box market will continue to benefit from its central location and the expansion of manufacturing in both the U.S. and Mexico. Although vacancies slightly increased to 4.9% in 2023, they should decline again in 2024. This is because only 5.6 million sq. ft. was under construction at year-end, with 43% preleased. Few vacancies will contribute to positive rent growth for the foreseeable future, solidifying Kansas City's position as one of the strongest big-box markets in North America.

Figure 4: Share of 2023 Leasing by Occupier Type



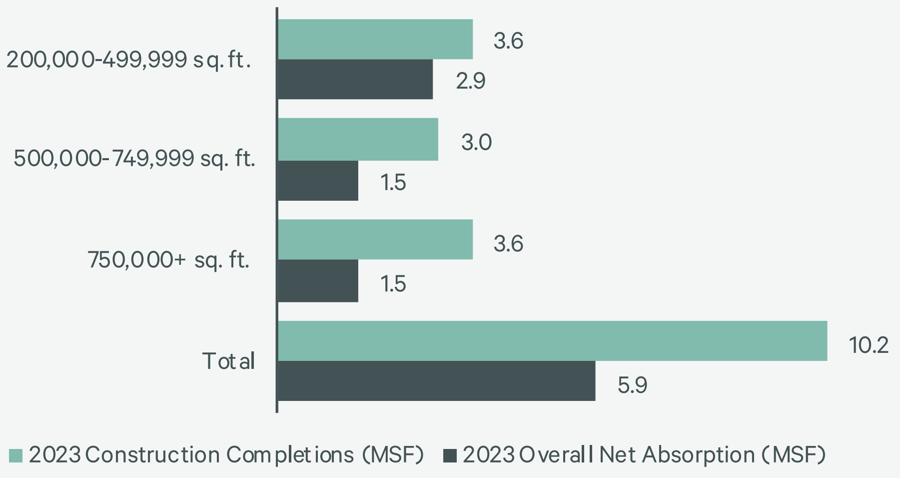
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 5: Lease Transaction Volume by Size Range



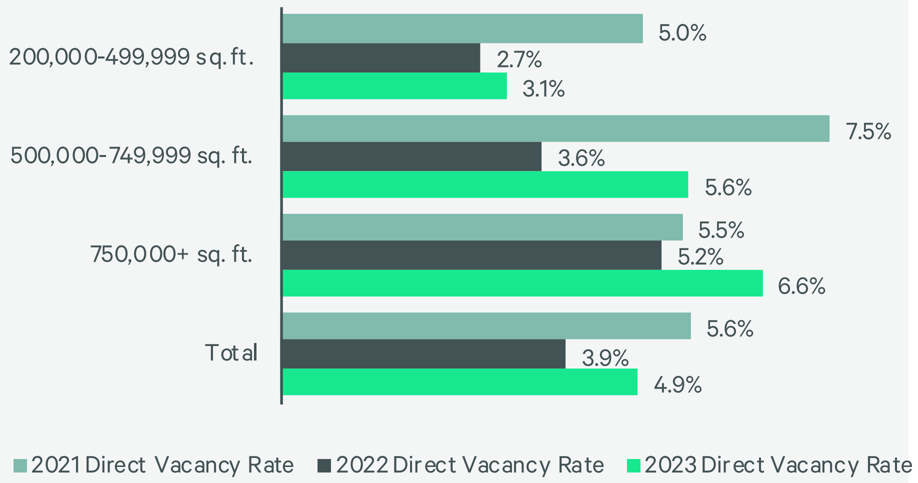
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 6: 2023 Construction Completions vs. Overall Net Absorption by Size Range



Source: CBRE Research

Figure 7: Direct Vacancy Rate by Size Range



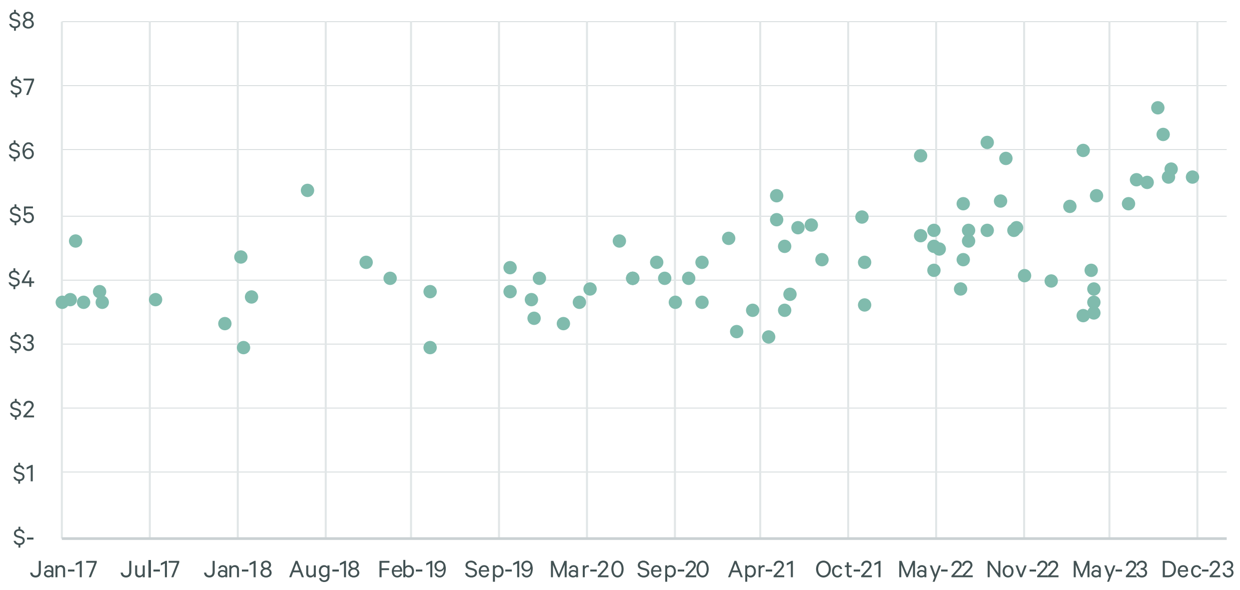
Source: CBRE Research

Figure 8: Under Construction & Percentage Preleased

	2023 Under Construction sq. ft.	% Preleased
200,000-499,999 sq. ft.	1,324,281	29.5%
500,000-749,999 sq. ft.	748,833	0.0%
750,000+ sq. ft.	3,561,581	57.4%
Total	5,634,695	43.2%

Source: CBRE Research

Figure 9: First Year Taking Rents (psf/yr)



Note: Includes first year taking rents for leases 200,000 sq. ft. and above.
Source: CBRE Research, 2022.

13

Los Angeles County

Menu

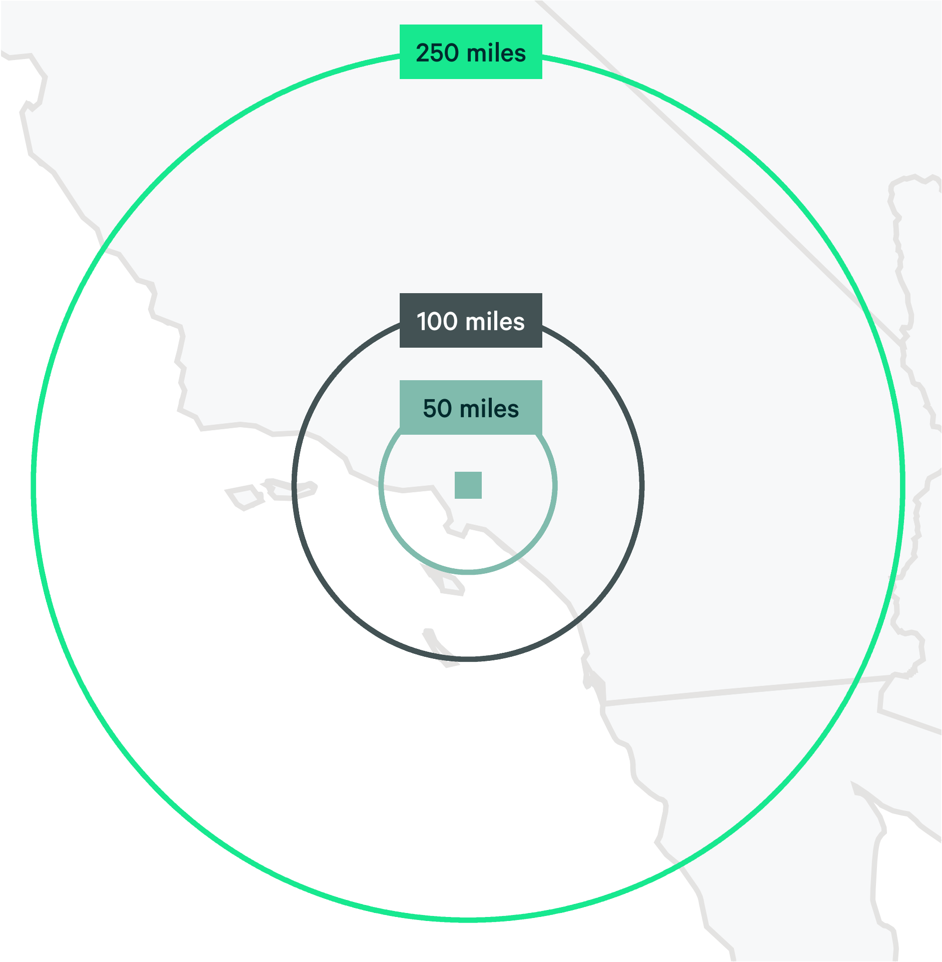
Demographics

Over 15 million people live within 50 miles of the market's core—the second-largest population of any U.S. market in this report, with a flat expected five-year growth rate. Nearly 29 million people live within 250 miles, with a 0.7% projected five-year growth rate.

Figure 1: Los Angeles County Population Analysis

Distance from Los Angeles County Market Core	2023 Total Population	5 Year Growth Outlook
50 miles	15,082,823	0.0%
100 miles	19,960,815	0.3%
250 miles	28,580,041	0.7%

Source: CBRE Location Intelligence.



KEY STAT

$19.67

First-year taking rent of big-box leases in 2023, the highest of any market in this report.

The local warehouse labor force of 225,281 is the U.S.'s third-largest and is expected to grow by 4.9% by 2034, according to CBRE Labor Analytics. The region has a high cost of living and one of the highest average wages for a non-supervisory warehouse worker: $20.88—17.7% above the national average.

Figure 2: Los Angeles County Warehouse & Storage Labor Fundamentals

Total Warehouse & Storage Employment	2034 Total Warehouse & Storage Projected Employment	Hourly Wage*
225,281	236,428	$20.88

Source: CBRE Labor Analytics.
*Median wage (1 year experience); non-supervisory warehouse material handlers.

Location Incentives

Over the past five years, there have been over 280 economic incentives deals totaling more than $500 million for an average of $20,500 per new job in metro Los Angeles, according to fDi Intelligence.

CBRE's Location Incentives Group reports that top incentive programs offered in Los Angeles County include the California Competes Tax Credit, a discretionary income tax credit for businesses that locate to or expand in California. This program was extended through 2028 with $120 million in tax credits for businesses that make capital investments, create new jobs and offer strategic importance to the state. The credits are non-refundable and applications are only open three times per year.

Figure 3: Los Angeles County Top Incentive Programs

Program (California)	Descripton
Employment Training Panel	Job training reimbursement ($23 per training hour for new hires)
California Competes Tax Credit	Discretionary tax credit program
New Employment Credit	Tax credit for new employees on qualified payroll between 150% and 350% of state minimum wage
Manufacturing and R&D Sales and Use Tax Exemption	Partial exemption of state sales and use tax on qualified manufacturing and R&D equipment

Source: CBRE Location Incentives Group.
Note: The extent, if any, of state and local incentive offerings depends on location and scope of the operation.

Logistics Driver

Los Angeles County contains North America's two largest seaports and one of the country's top five air cargo hubs. Imports and exports flowing through the ports of Los Angeles and Long Beach directly feed the region's big-box distribution centers. Imports declined year-over-year in 2023 due to less demand for new inventory. Despite the decline, these ports will remain the country's most active for years to come.

Los Angeles International (LAX) is the U.S.'s fifth-busiest air cargo airport. LAX is a convenient and efficient major air cargo distribution center because of available vital allied services, especially for Pacific Rim traders. The regional cargo trade also engages more than 800 freight forwarders and 360 customs house brokers, who expedite the region's air cargo delivery.

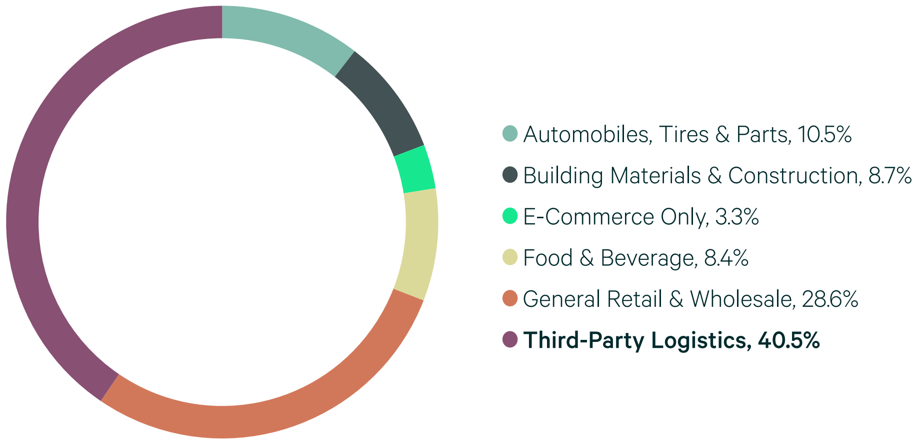
Imports declined year-over-year in 2023 due to less demand for new inventory. Despite the decline, these ports will remain the country's most active for years to come.

Supply & Demand

Los Angeles County, one of North America's most established big-box markets, is dominated by buildings constructed before 2000, with 85% of the total inventory under 500,000 sq. ft. The region has North America's second-lowest direct vacancy rate, at 1.6%. Lease renewals accounted for more than half of the market's transaction volume of 8.1 million sq. ft., all of which were in spaces under 500,000 sq. ft. Despite land constraints, the market was able to complete 2.5 million sq. ft. of new construction, doubling last year's total. Los Angeles County remains the most expensive big-box market in this report, with taking rents averaging $19.67 psf/yr, a year-over-year increase of just over 4%. 3PLs remained the dominant occupier, accounting for 40.5% of lease volume. They benefited from the market's proximity to the ports of Los Angeles and Long Beach.

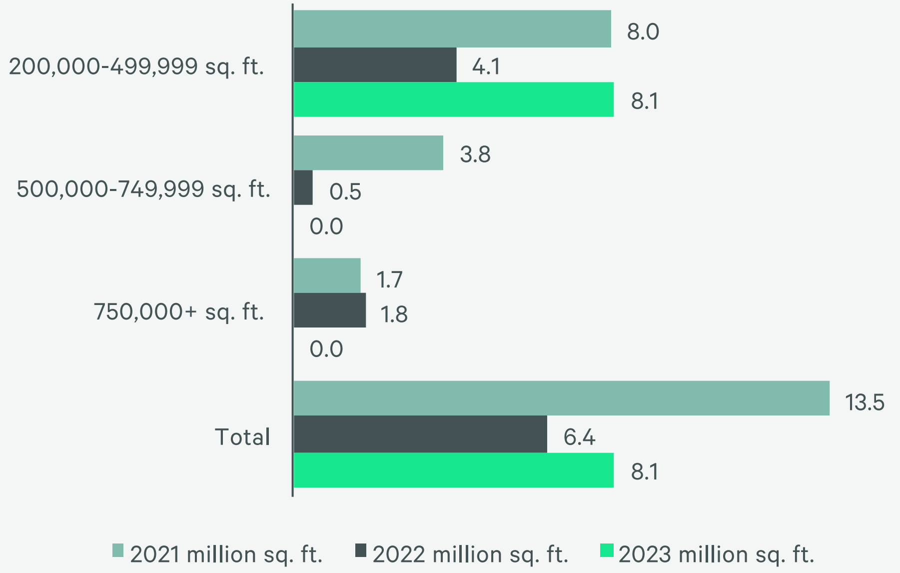
Los Angeles County will remain one of the tightest and most expensive big-box markets in North America due to land constraints. There is just over 4.3 million sq. ft. of space under construction. However, this is expected to have a minimal impact on the vacancy rate, which will likely remain in the low single digits. Rental rates, already at record highs, will remain steady for the foreseeable future.

Figure 4: Share of 2023 Leasing by Occupier Type



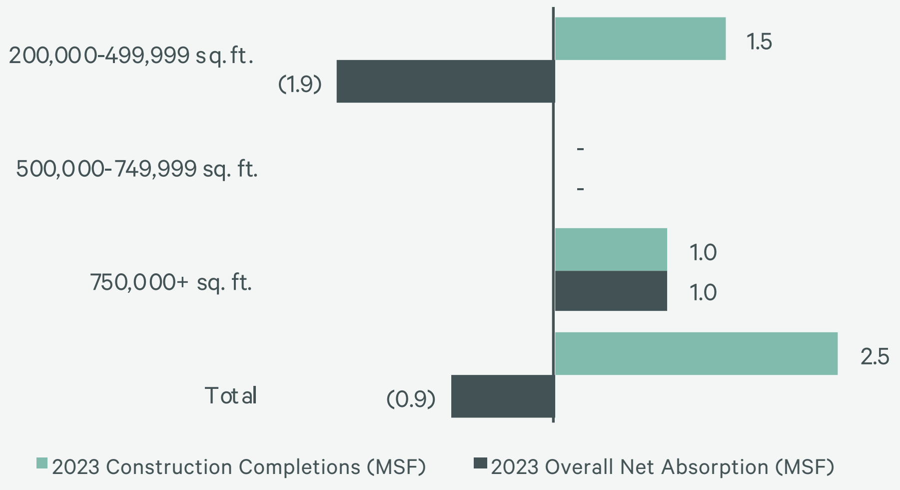
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 5: Lease Transaction Volume by Size Range



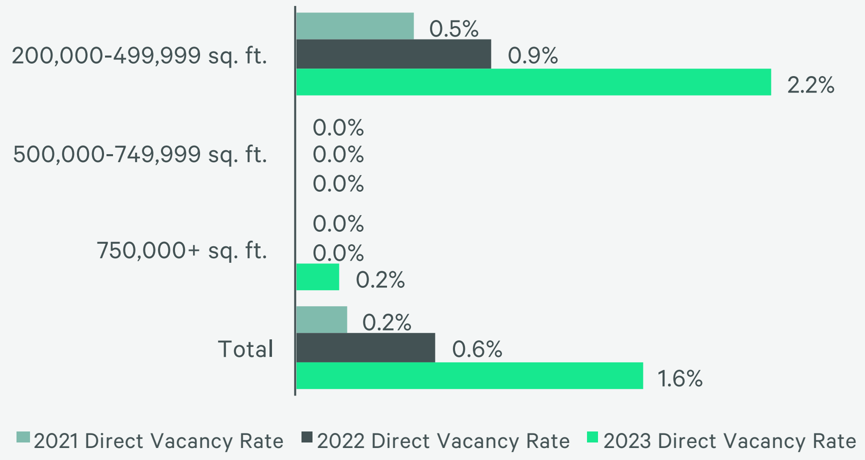
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 6: 2023 Construction Completions vs. Overall Net Absorption by Size Range



Source: CBRE Research.

Figure 7: Direct Vacancy Rate by Size Range



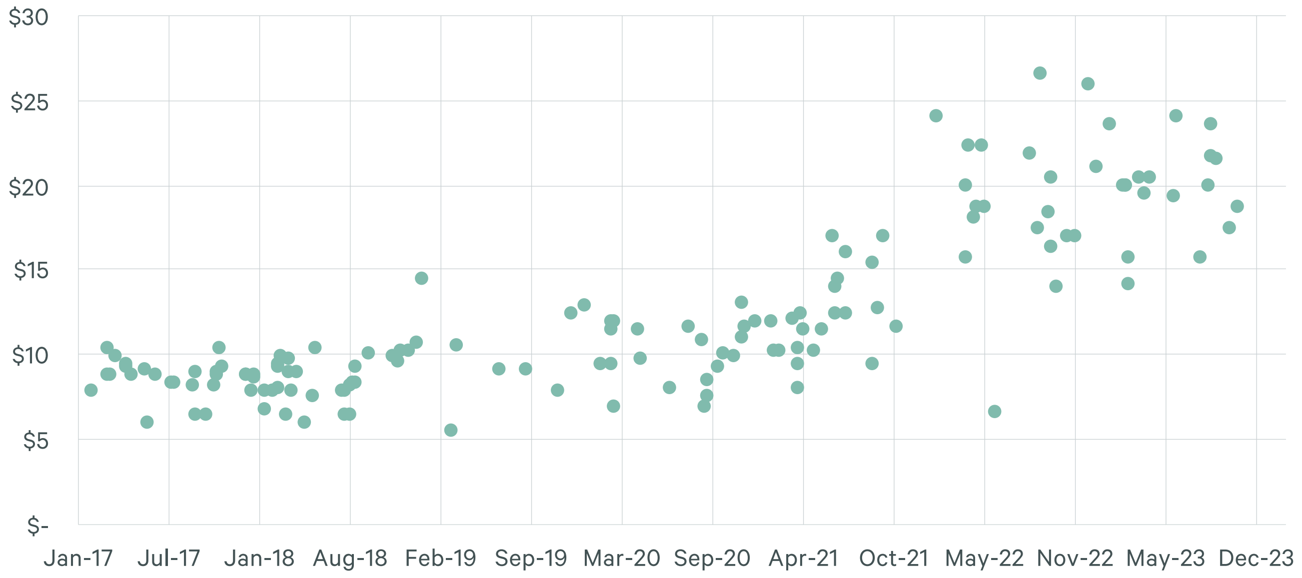
Source: CBRE Research.

Figure 8: Under Construction & Percentage Preleased

	2023 Under Construction sq. ft.	% Preleased
200,000-499,999 sq. ft.	2,027,000	66.3%
500,000-749,999 sq. ft.	2,306,425	0.0%
750,000+ sq. ft.	0	N/A
Total	4,333,425	31.0%

Source: CBRE Research.

Figure 9: First Year Taking Rents (psf/yr)



Note: Includes first year taking rents for leases 200,000 sq. ft. and above.
Source: CBRE Research.

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Louisville

Menu

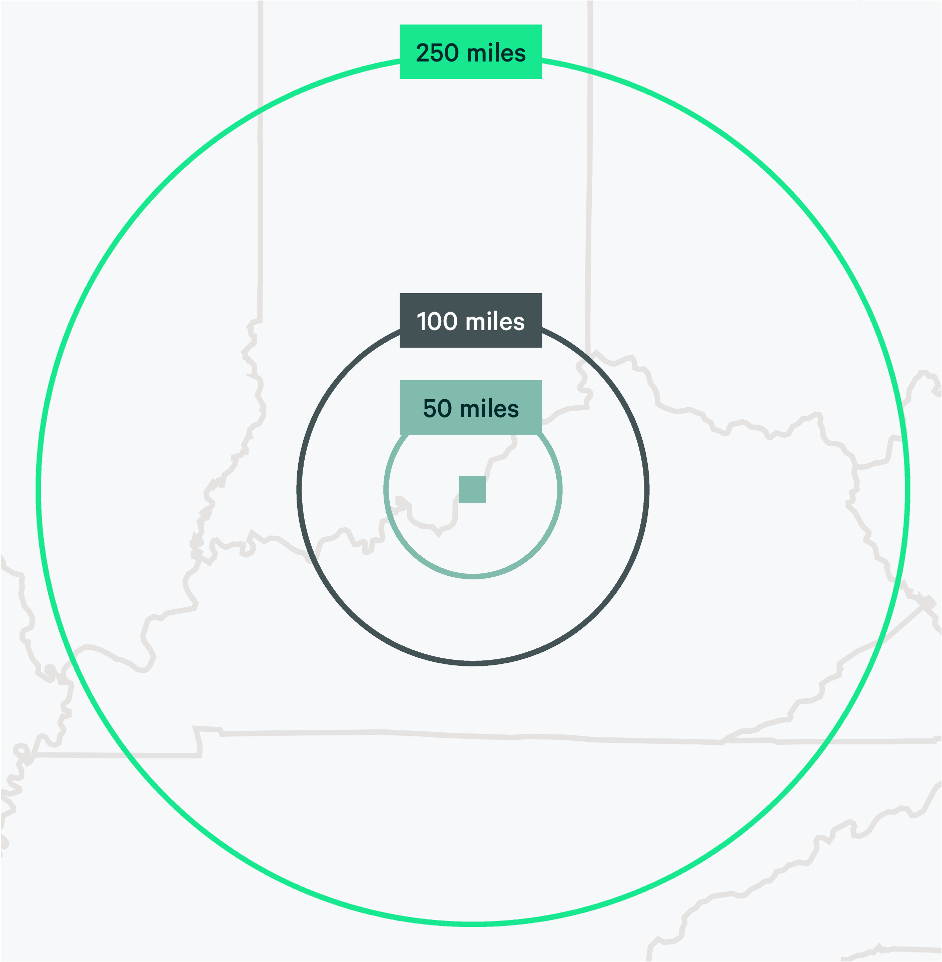
Demographics

Nearly 30 million people—24% aged 18-34—live within 250 miles of downtown Louisville, with a 1% projected five-year growth rate. Louisville has a larger population concentration within 250 miles than the Inland Empire, DFW, Phoenix or Memphis.

Figure 1: Louisville Population Analysis

Distance from Downtown Louisville	2023 Total Population	5 Year Growth Outlook
50 miles	1,719,921	1.0%
100 miles	5,655,662	0.8%
250 miles	29,790,975	1.0%

Source: CBRE Location Intelligence.



KEY STAT

11.6 MSF

2023 leasing activity, more than double this market's 2022's total.

The local warehouse labor force of 43,650 is expected to grow by 6.4% by 2034, according to CBRE Labor Analytics. The average wage for non-supervisory warehouse worker is $18.04 per hour, 1.7% above the national average.

Figure 2: Louisville Warehouse & Storage Labor Fundamentals

Total Warehouse & Storage Employment
43,650

2034 Total Warehouse & Storage Projected Employment
46,425

Hourly Wage*
$18.04

Source: CBRE Labor Analytics.
*Median wage (1 year experience); non-supervisory warehouse material handlers.

Location Incentives

Over the past five years, there have been over 200 economic incentives deals totaling more than $340 million for an average of $16,300 per new job in metro Louisville, according to fDi Intelligence.

CBRE's Location Incentives Group reports that top incentive programs offered in Louisville include the Kentucky Business Investment Program (KBI), offering income tax credits and wage assessments to businesses engaged in manufacturing, agribusiness, headquarter operations, alternative fuel, renewable energy or carbon dioxide transmission pipelines. To qualify, companies must create and maintain an annual average of at least 10 new full-time jobs for Kentucky residents during the length of the incentive agreement.

Another program available in Kentucky is the Kentucky Enterprise Initiative Act (KEIA), offering companies a sales and use tax refund for building and construction materials used to improve real property value. This refund is also available for research and development, data processing and flight simulation equipment.

Figure 3: Louisville Top Incentive Programs

Program (Kentucky)	Descripton
Kentucky Business Investment (KBI) Program	Income tax credits or wage assessments up to 5% of gross payroll for up to 15 years
Kentucky Enterprise Initiative Act (KEIA) Program	Sales tax exemption of up to 100% of State sales taxes for construction and equipment
Bluegrass State Skills Corporation (BSSC) Program	Job training grant up to 50% reimbursement for eligible training activities
Kentucky Industrial Development Act (KIDA)	Tax credit equal to 100% of state corporate income tax liability or retention of 3% of gross wages of new employment; limited to manufacturers and state-only assistance
Property Tax Abatement	Discretionary abatement of real estate taxes and personal property taxes

Source: CBRE Location Incentives Group.
Note: The extent, if any, of state and local incentive offerings depends on location and scope of the operation.

Logistics Driver

Louisville Muhammad Ali International Airport was named the world's fourth-busiest air cargo hub by Airport Councils International. The airport is home to UPS Worldport, one of the world's largest package-handling facilities. The region also hosts a growing manufacturing base, particularly medical, packaging materials and automotive. This is driving demand for surrounding distribution centers. As e-commerce's share of total retail sales keeps growing, more distributors are expected to take advantage of the region's air cargo capabilities.

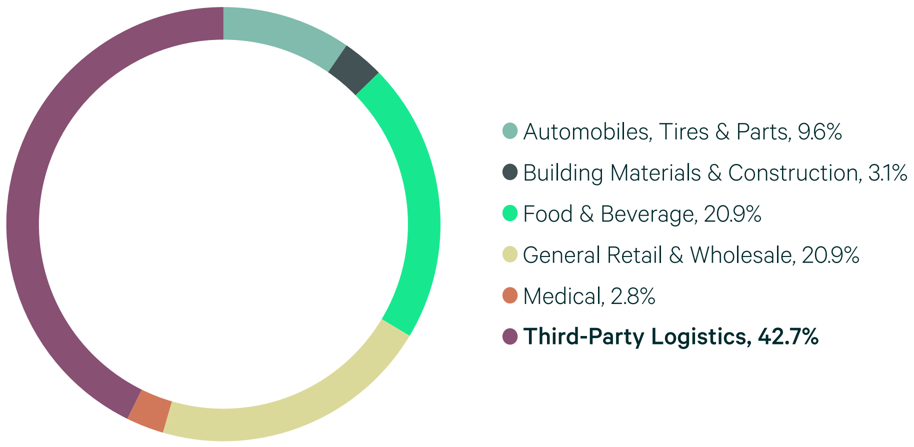
Louisville Muhammad Ali International Airport is home to UPS Worldport, one of the world's largest package-handling facilities.

Supply & Demand

Louisville's central location is attracting new occupiers, leading to robust demand and new development. Louisville's transaction volume reached a record 11.5 million sq. ft. in 2023, the 10th-highest for a market in this report, from 5.2 million sq. ft. in 2022, Strong leasing activity resulted in positive net absorption of 5.4 million sq. ft., making Louisville the seventh-top growth (net absorption/existing inventory) market in this report. 3PLs dominated leasing, followed by food & beverage and general retail & wholesale, each of which accounted for 21% of transaction volume.

Louisville was one of the few markets in this report that did not experience an increases in vacancy rates, ending the year at 3.9%. Challenges in securing construction financing led to a decline in space under construction, to 2.2 million sq. ft. by year-end. As a result, Louisville is one of the most undersupplied big-box markets in North America. The lack of new supply will likely reduce vacancy rates and continue to exert upward pressure on rents this year.

Figure 4: Share of 2023 Leasing by Occupier Type



Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

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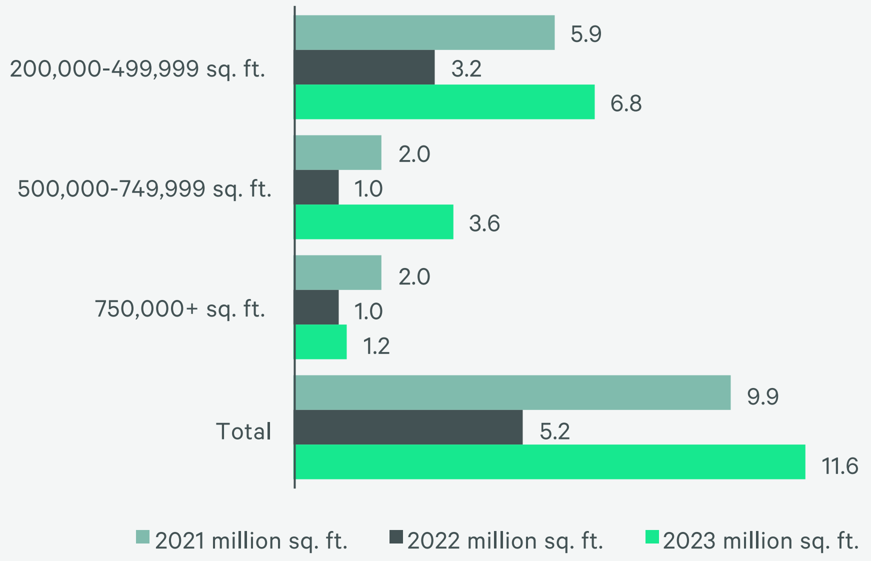

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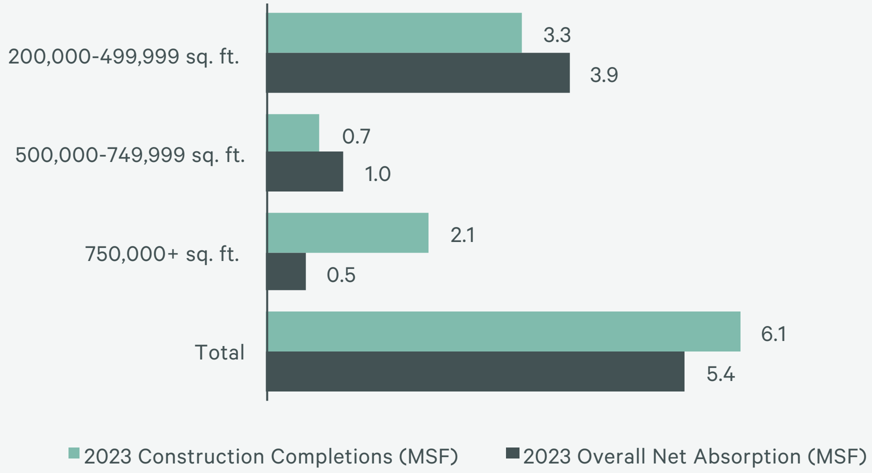
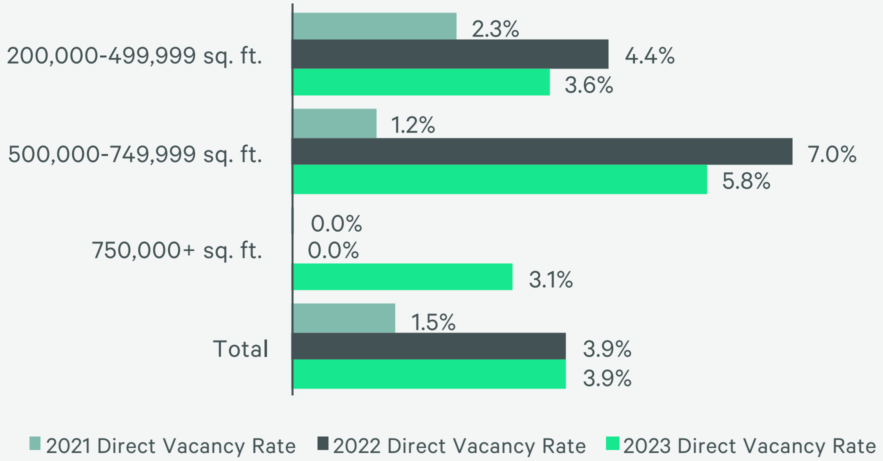
Figure 6: 2023 Construction Completions vs. Overall Net Absorption by Size Range



Source: CBRE Research.

Figure 7: Direct Vacancy Rate by Size Range



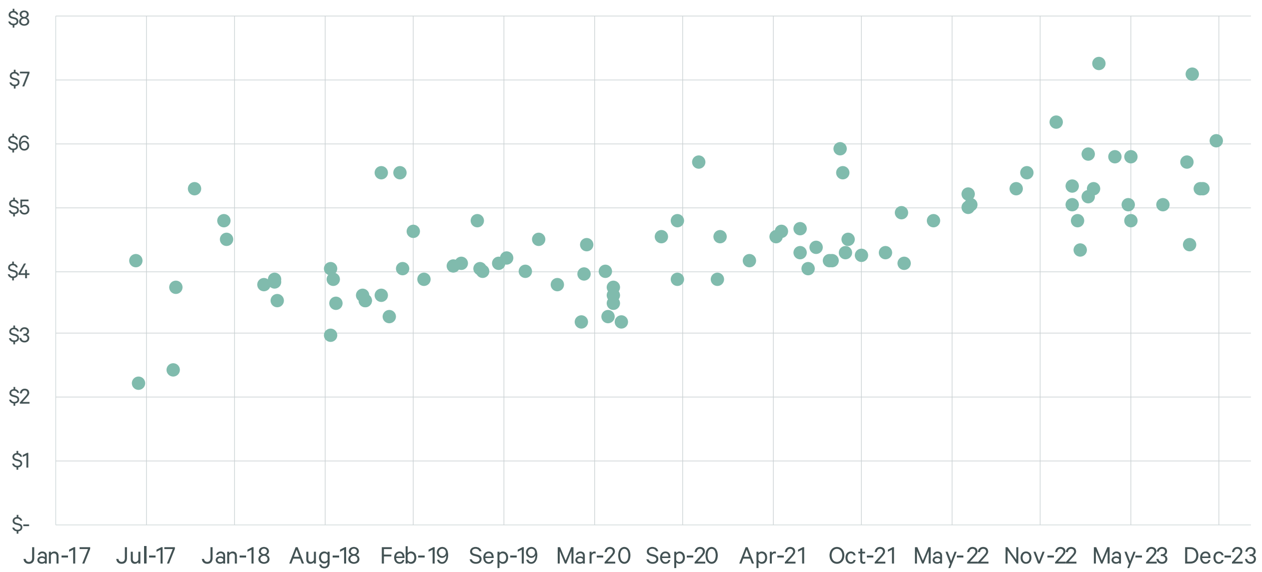
Source: CBRE Research.

Figure 8: Under Construction & Percentage Preleased

	2023 Under Construction sq. ft.	% Preleased
200,000-499,999 sq. ft.	2,150,480	18.1%
500,000-749,999 sq. ft.	-	NA
750,000+ sq. ft.	-	NA
Total	2,150,480	18.1%

Source: CBRE Research.

Figure 9: First Year Taking Rents (psf/yr)



Note: Includes first year taking rents for leases 200,000 sq. ft. and above.
Source: CBRE Research.

15

Memphis

Menu

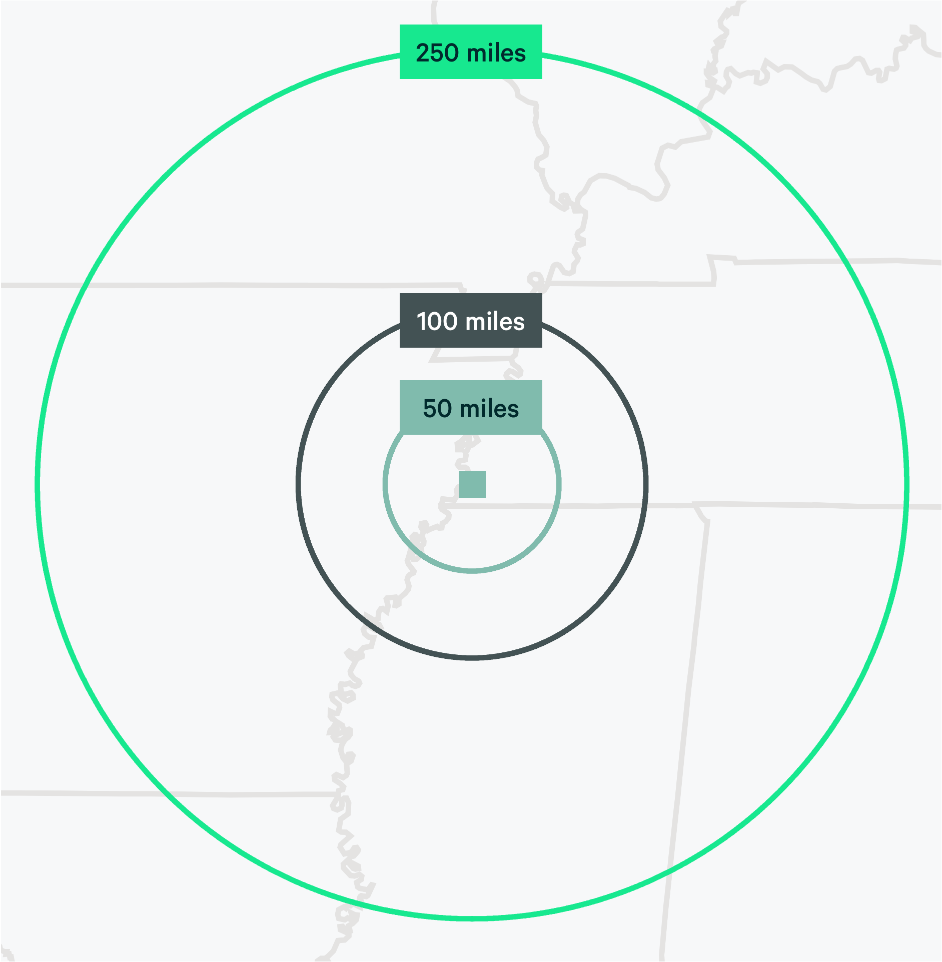
Demographics

Over 1.4 million people–23% aged 18-34–live within 50 miles of downtown Memphis. There are 17 million sq. ft. and 7 million households within a 250 miles, with a 1% projected five-year growth rate.

Figure 1: Memphis Population Analysis

Distance from Downtown Memphis	2023 Total Population	5 Year Growth Outlook
50 miles	1,448,735	-0.2%
100 miles	2,611,831	-0.3%
250 miles	17,315,203	1.0%

Source: CBRE Location Intelligence.



KEY STAT

0

Number of big-box facilities under construction by year-end 2023.

The local warehouse labor force of just under 53,000 is expected to grow by 6% by 2034, according to CBRE Labor Analytics. The average wage for non-supervisory warehouse worker is $17.61 per hour, slightly below the U.S. average.

Figure 2: Memphis Warehouse & Storage Labor Fundamentals

Total Warehouse & Storage Employment
52,745

2034 Total Warehouse & Storage Projected Employment
55,908

Hourly Wage*
$17.61

Source: CBRE Labor Analytics.
*Median wage (1 year experience); non-supervisory warehouse material handlers.

Location Incentives

Over the past five years, there have been more than 130 economic incentives deals totaling over $525 million for an average of $30,500 per new job in metro Memphis, according to fDi Intelligence.

CBRE's Location Incentives Group reports that top incentive programs in Tennessee include the Job Tax Credit, offering a one-time corporate income tax credit to businesses that create at least 25 new jobs within three years and make a minimum capital investment of $500,000. The tax credit may offset up to 50% of franchise and excise taxes. Any unused credits may be carried forward for up to 15 years.

A top incentive program in neighboring Mississippi is the Advantage Jobs Incentive Program, offering a rebate for 90% of Mississippi payroll taxes withheld to businesses that create at least 25 new high-quality jobs in the state. To qualify, the new jobs must pay at least 110% of the state or county average wage.

Figure 3: Memphis Top Incentive Programs

Program (Tennessee)	Descripton
Job Tax Credit	Tax credit equal to $4,500 to $9,000 per new job
Sales Tax Exemptions	Discretionary sales tax exemption for HQ facilities, manufacturing, and data centers
Deal Closing Fund / Job Training Grant	Discretionary cash grant / discretionary job training grant
Property Tax Abatements	Discretionary abatement of real estate and personal property taxes

Program (Mississippi)	Descripton
Advantage Jobs Incentive Program	Rebate up to 90% of withholding taxes paid for a period of 10 years
Sales Tax Exemptions	Discretionary sales tax exemption for manufacturing and data centers
National or Regional Headquarters Credit	Tax credit between $500 and $2,000 per worker, per year, for a 5-year period
Mississippi Works Fund Grant	Job training grant
Property Tax Abatements	Discretionary abatement of real estate and personal property taxes

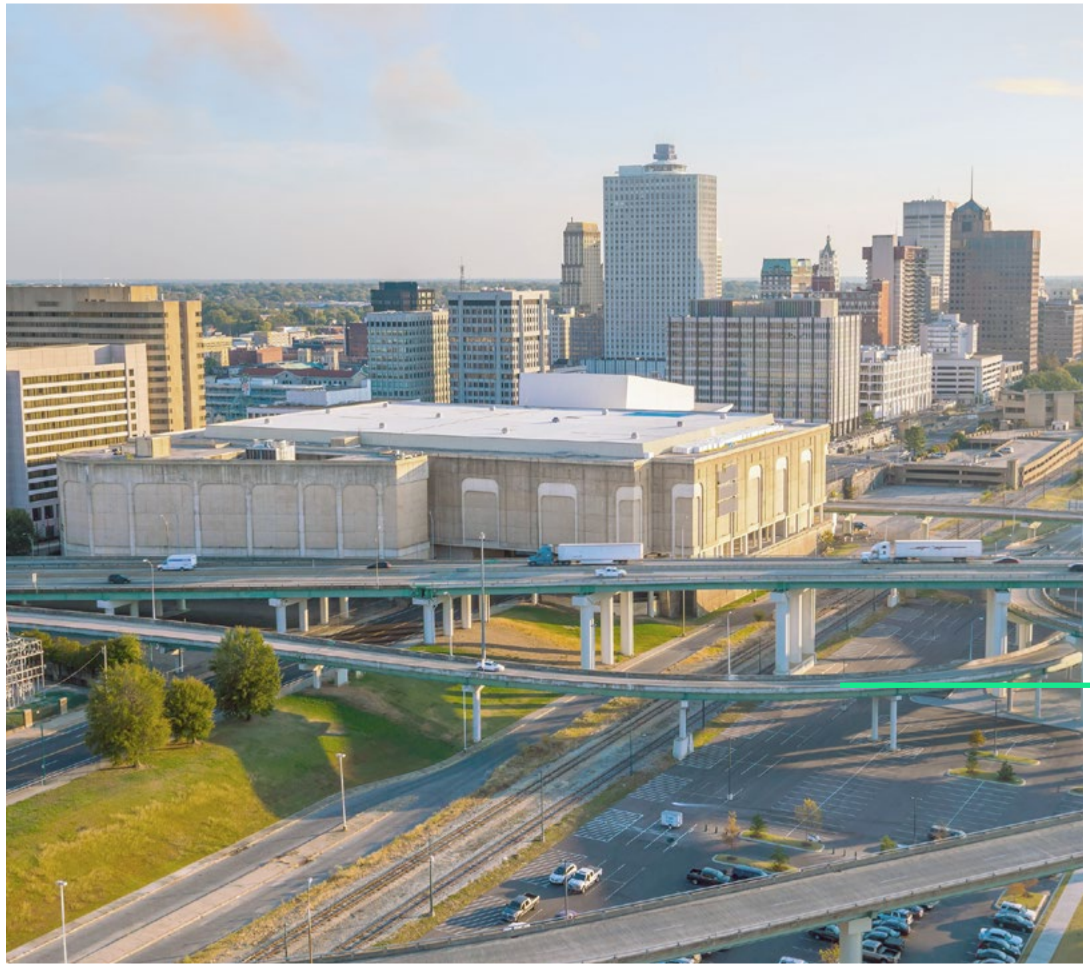
Source: CBRE Location Incentives Group.
Note: The extent, if any, of state and local incentive offerings depends on location and scope of the operation.

Logistics Driver

Memphis is one of North America's most logistics-friendly markets. The region has an integrated transportation system of highways, rail mainlines, river ports and the world's second-busiest cargo airport. More than 27,000 companies have operations in Memphis, including over 400 trucking companies.

Memphis is one of only four U.S. cities served by five Class I railroads. Single-system shipment is available to all 48 contiguous states, Alaska, Canada and Mexico. Trucks leaving Memphis can reach 35% of the U.S. population overnight and 68% in two days. I-40 runs coast-to-coast, I-55 intersects Memphis and allows direct access from Chicago to Louisiana, and I-69 connects Canada to Mexico.

The Port of Memphis is 400 river miles from St. Louis and 600 from New Orleans, where cargo can be transferred to ocean liners. The region's top logistics advantage is Memphis International Airport. Home to the world's largest FedEx hub, it is the world's second-most-active air hub and by far the top in North America.



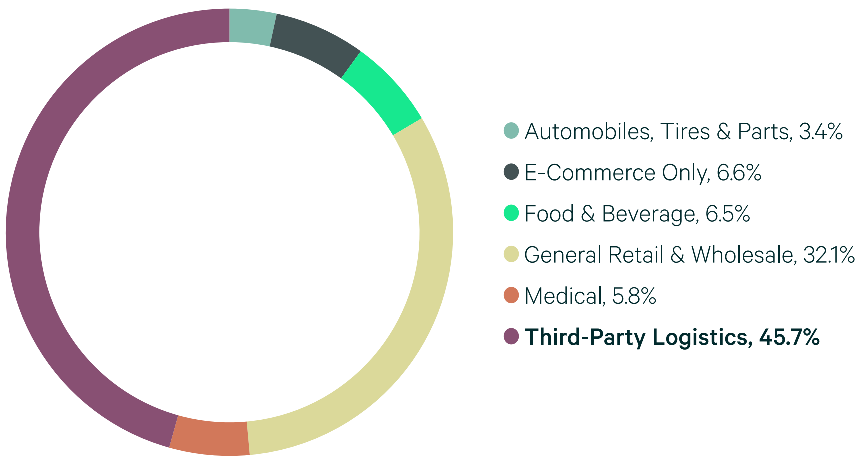
Single-system shipment is available to all 48 contiguous states, Alaska, Canada and Mexico. Trucks leaving Memphis can reach 35% of the U.S. population overnight.

Supply & Demand

Memphis demonstrated strong big-box industrial fundamentals in 2023, with an increase in leasing transactions and a decrease in vacancy rates compared to 2022. Over 11.6 million sq ft. were leased in 2023, more than half of these leases for spaces of 750,000 sq. ft. or larger. Robust leasing lowered the vacancy rate to 5.2% despite 9.6 million sq. ft. of new construction. 3PLs and general retail & wholesale occupiers dominated the leasing, accounting for 45.7% and 32.1% of lease volume, respectively. Despite this, Memphis remains one of the most economical big-box markets in the U.S. with rents actually decreasing 4.1% compared to 2022.

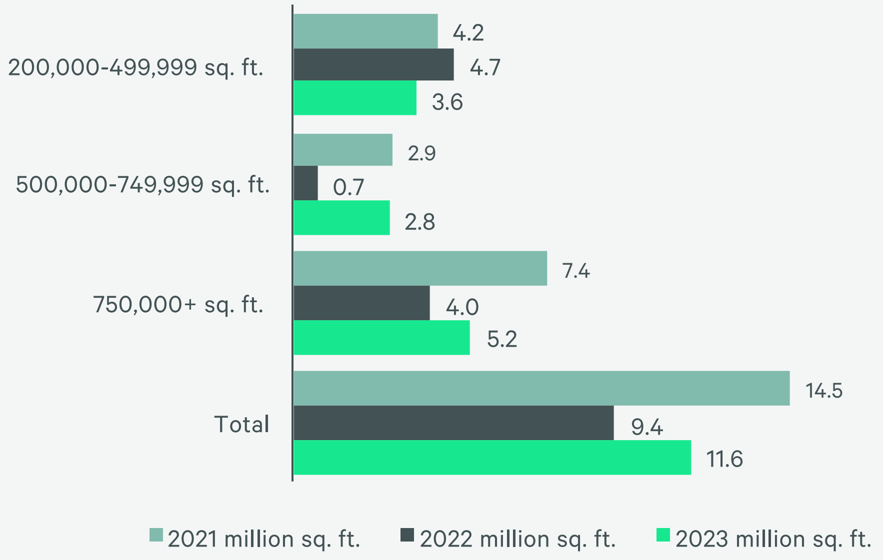
The decline in construction starts has significantly impacted Memphis, with no projects over 200,000 sq. ft. under construction as of year-end 2023. The lack of new supply is expected to continue pushing vacancy rates downward for the foreseeable future and should enable landlords to charge higher rents this year.

Figure 4: Share of 2023 Leasing by Occupier Type



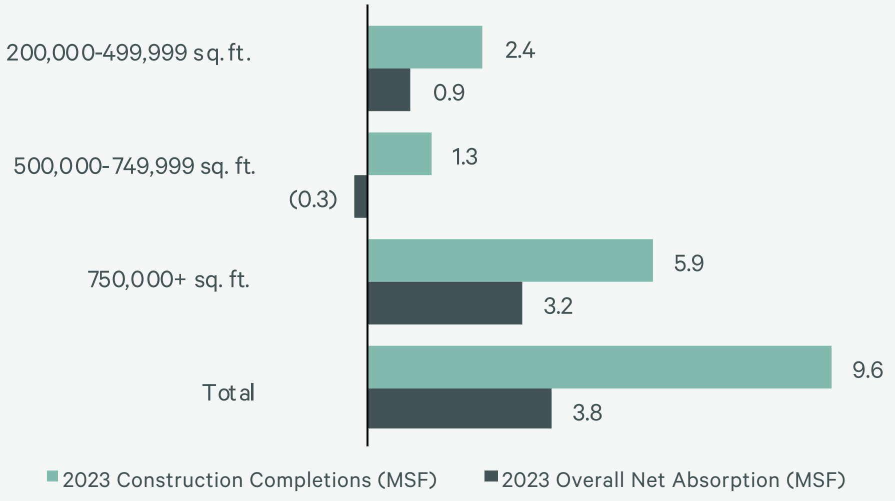
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 5: Lease Transaction Volume by Size Range



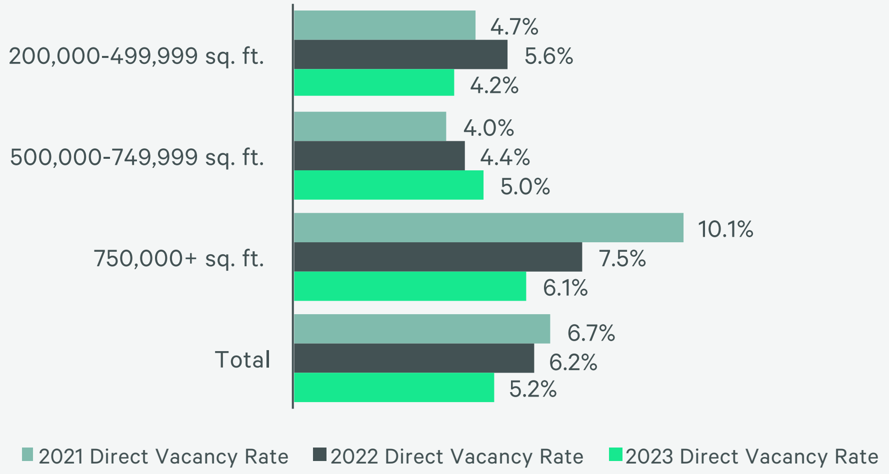
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 6: 2023 Construction Completions vs. Overall Net Absorption by Size Range



Source: CBRE Research.

Figure 7: Direct Vacancy Rate by Size Range



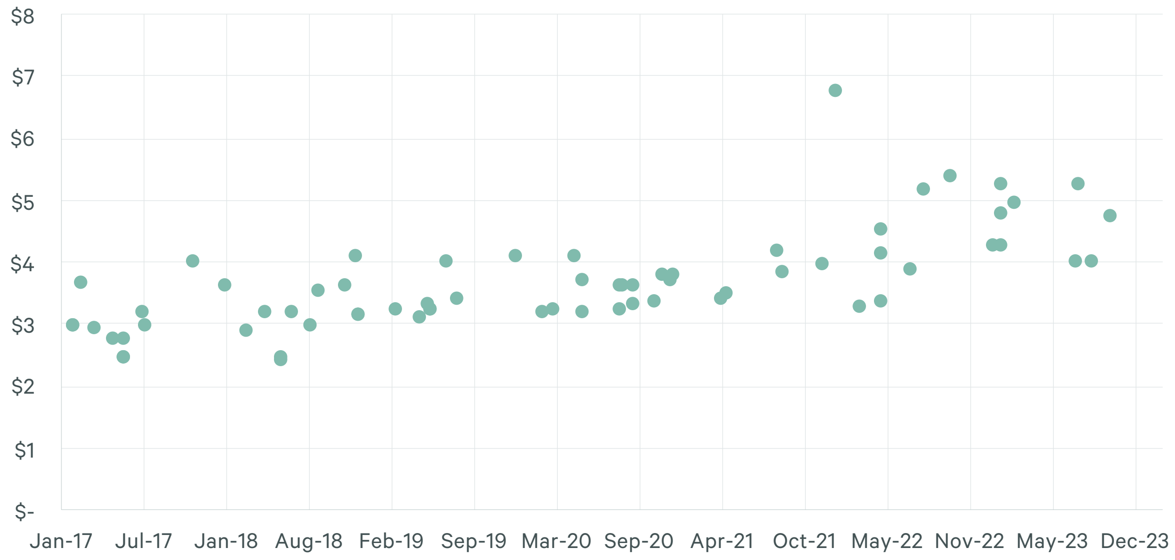
Source: CBRE Research.

Figure 8: Under Construction & Percentage Preleased

	2023 Under Construction sq. ft.	% Preleased
200,000-499,999 sq. ft.	0	N/A
500,000-749,999 sq. ft.	0	N/A
750,000+ sq. ft.	0	N/A
Total	0	N/A

Source: CBRE Research.

Figure 9: First Year Taking Rents (psf/yr)



Note: Includes first year taking rents for leases 200,000 sq. ft. and above.
Source: CBRE Research.

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Mexico City

Menu

Demographics

Mexico City is the world's fourth-largest city, with 30 million people living within 50 miles of its core. This is nearly 10 million people more than Northern/Central New Jersey and by far the most of any market tracked in this report. 84.4 million people live within 250 miles, including the populations of Guadalajara, Veracruz and Puebla.

Figure 1: Mexico City Population Analysis

Distance from Mexico City Core	2023 Total Population	5 Year Growth Outlook
50 miles	30,258,876	3.2%
100 miles	45,918,745	3.7%
250 miles	84,409,638	3.6%

Source: CBRE Mexico, INEGI, CONAPO.

KEY STAT

84.4M

People who live within 250 miles of the market's core, the most of any market in this report.

The local warehouse labor force totals 378,139 people and is expected to grow by 14.7% by 2034. The average wage for a warehouse worker is only USD $3.19 per hour.

Figure 2: Mexico City Warehouse & Storage Labor Fundamentals

Total Warehouse & Storage Employment	2034 Total Warehouse & Storage Projected Employment	Hourly Wage*
378,139	433,777	$3.19

Source: Labor Analytics Mexico.
*USD

Location Incentives

CBRE's Location Incentives Group reports that top incentives offered in Mexico City are discretionary cash incentives and tax abatements. The federal government may subsidize part of the base salary and social security for workers aged 18-29 during their first year of employment. The state government can also provide:

— Linkage with institutions such as the Institute of Ecology and Federal Electricity Commission

— Assistance from the City Employment Office in recruitment and selection of the labor force

— Consulting to companies on federal, state and municipal procedures

Figure 3: Mexico City Top Incentive Programs

Program (Mexico)	Descripton
Tax Abatement	Government could offer a reduction on payroll tax as follows: 45% during the first year. 20% subsequent years if headcount increases by 25%. In Mexico City payroll tax is 3% of the base salary. For new companies in Mexico City, the government could offer a discretionary reduction on property tax.
Training	There are several organizations that have various training resources that can be made available to a project depending on the requirement. Most training is supported by federal programs that leverage local resources.

Source: CBRE Location Incentives Group.
Note: The extent, if any, of state and local incentive offerings depends on location and scope of the operation.

Logistics Driver

Mexico City is the start of the "NAFTA Highway," running from Central Mexico towards Ciudad Juarez, along the Mexico-U.S. border. Mexico City is also connected to major Mexican ports: Veracruz, Manzanillo and Tampico, with estimated driving times from four to seven hours.

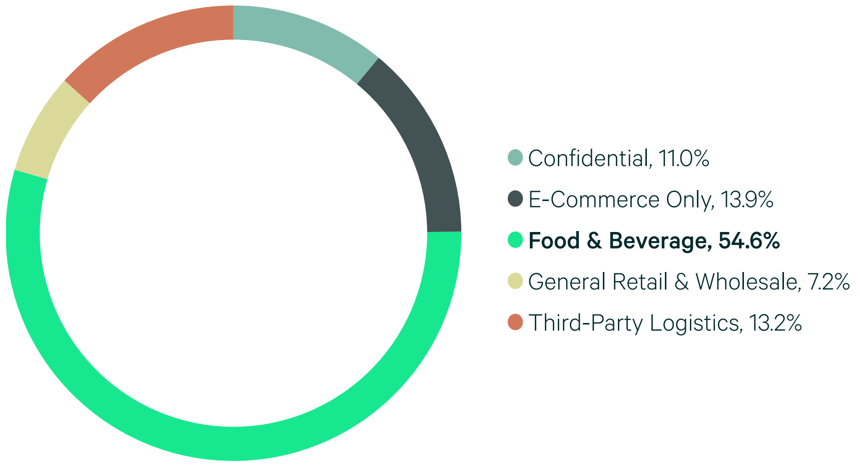
Mexico City is the start of the "NAFTA Highway," running from Central Mexico towards Ciudad Juarez, along the Mexico-U.S. border.

Supply & Demand

With 68 million sq. ft. of total inventory, Mexico City is Mexico's largest big-box market. Strong demand lowered the direct vacancy rate to 0.3% in 2023, from 1% in 2022, the lowest in North America. Transaction volume totaled 8.5 million sq. ft., slightly lower than the previous year's 8.9 million sq. ft. Strong leasing led to another year of positive net absorption, at 1.9 million sq. ft. Food & beverage companies leased by far the most space in 2023, at 54.6% of the total volume. Companies expanded to serve the significant population in and around Mexico City.

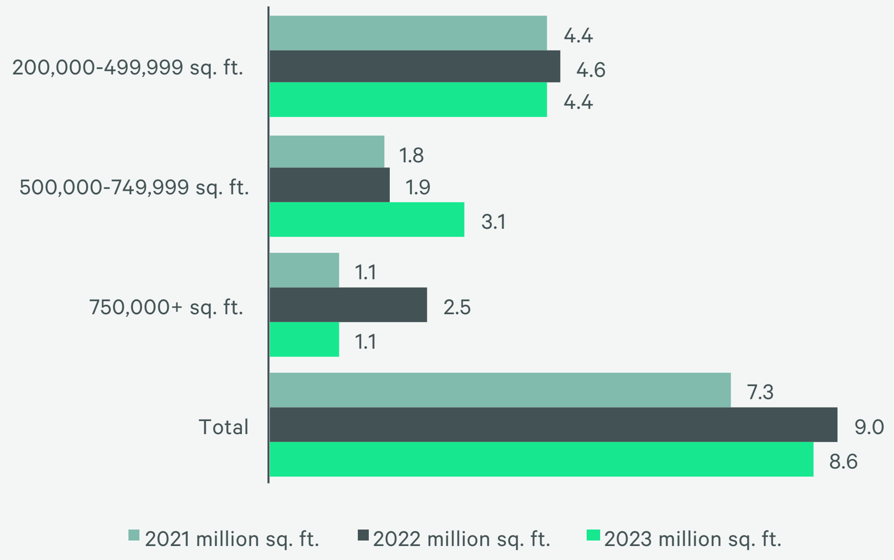
Despite record low vacancies, only 3.3 million sq. ft. is under construction, with 57% preleased. Occupiers must increase inventory levels to support Mexico City's massive population and growing online consumption. This demand will help maintain vacancy rates near 1% and ensure reliable rent growth.

Figure 4: Share of 2023 Leasing by Occupier Type



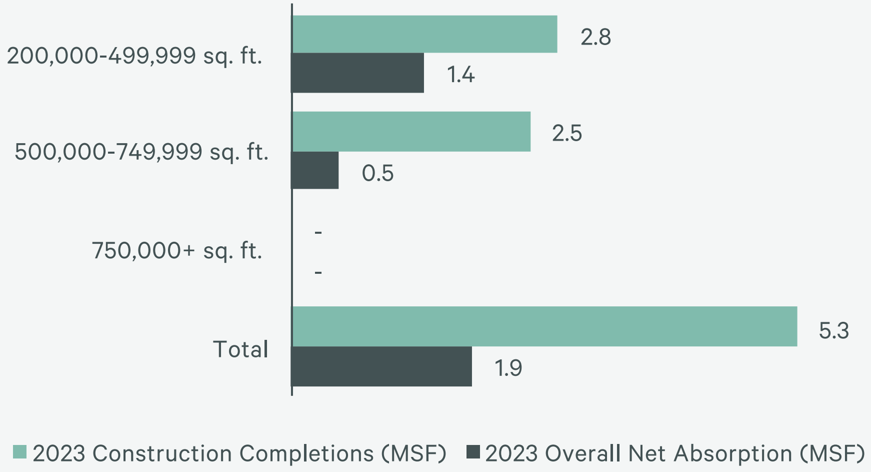
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 5: Lease Transaction Volume by Size Range



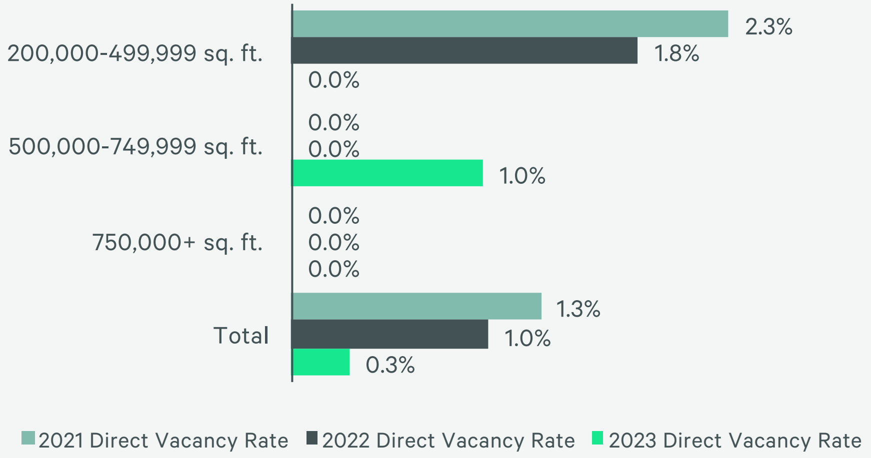
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 6: 2023 Construction Completions vs. Overall Net Absorption by Size Range



Source: CBRE Research.

Figure 7: Direct Vacancy Rate by Size Range



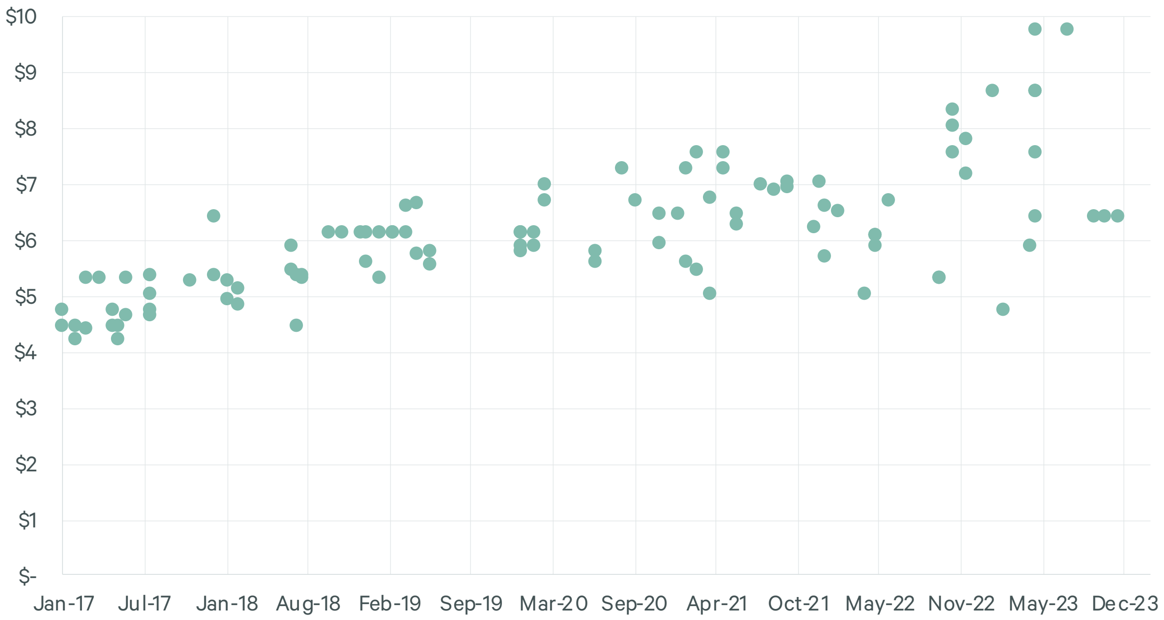
Source: CBRE Research.

Figure 8: Under Construction & Percentage Preleased

	2023 Under Construction sq. ft.	% Preleased
200,000-499,999 sq. ft.	1,455,304	48.8%
500,000-749,999 sq. ft.	743,147	100.0%
750,000+ sq. ft.	1,097,928	0.0%
Total	3,296,379	44.1%

Source: CBRE Research.

Figure 9: First Year Taking Rents (psf/yr)



Note: Includes first year taking rents for leases 200,000 sq. ft. and above.
Source: CBRE Research.

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Montreal

Menu

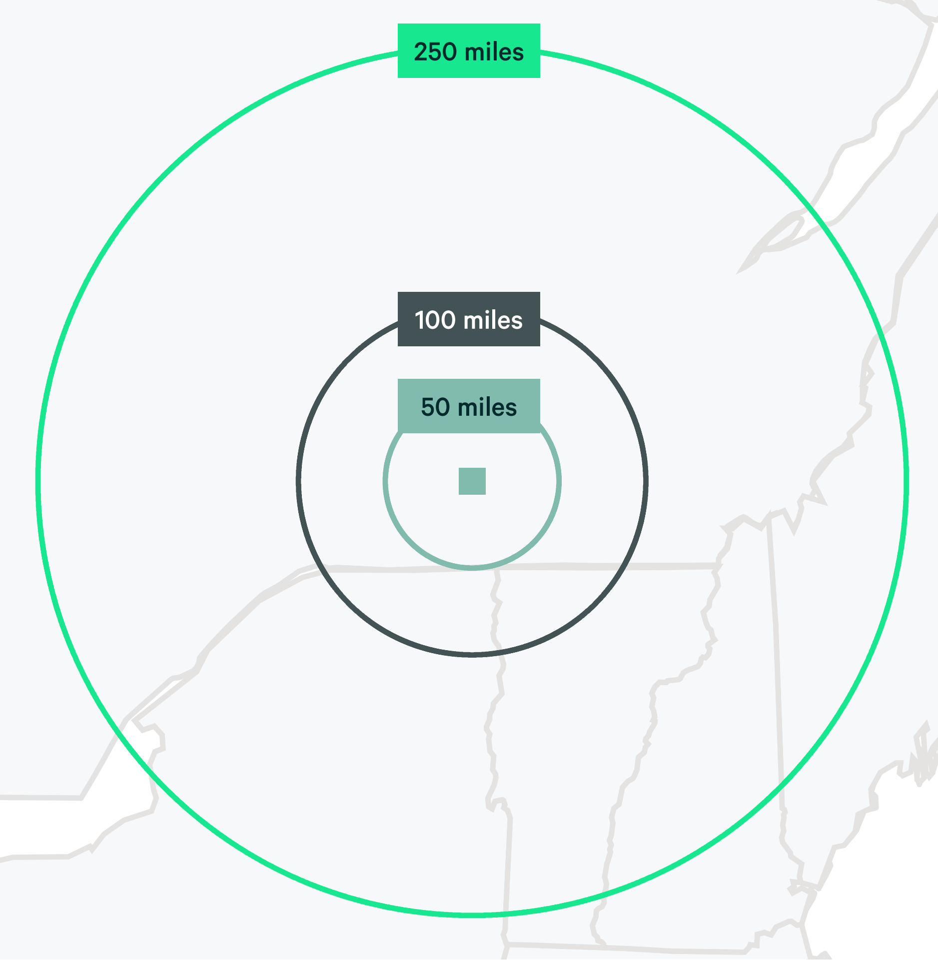
Demographics

More than 5 million people live within 50 miles of the market's core, with an expected five-year growth rate of 5.9%. More than 10 million people live within 250 miles, with a projected growth rate of 5.2% by 2028.

Figure 1: Montreal Population Analysis

Distance from Downtown Montreal	2023 Total Population	5 Year Growth Outlook
50 miles	5,273,329	5.9%
100 miles	6,749,151	5.6%
250 miles	10,441,348	5.2%

Source: Sitewise, Oxford Economics, Statistics Canada, Canada Job Bank, 2024.



KEY STAT

11.4%

Projected warehouse labor force growth rate by 2034.

The local warehouse labor force of over 129,360 is expected to grow by 11.4% by 2034, according to CBRE Labor Analytics. The average wage of a non-supervisory warehouse worker is C$19.00 (USD $14.11), tied with Toronto as the second-lowest of any market in this report.

Figure 2: Montreal Warehouse & Storage Labor Fundamentals

Total Warehouse & Storage Employment	2034 Total Warehouse & Storage Projected Employment	Hourly Wage*
129,630	144,355	C$19.00

Source: Statistics Canada LFS (NOCs), Conference Board of Canada, CBRE Research.
*Median Wage in Canadian Dollars; Warehouseperson occupation (NOC 7452)

Location Incentives

Over the past five years, there have been over 50 economic incentives deals for an average of $97,400 per new job in metro Montreal, according to fDi Intelligence.

CBRE's Location Incentives Group reports that the extent, if any, of province and local incentives offerings for industrial projects in metro Montreal depends on location and scope of the operation.

Figure 3: Montreal City Top Incentive Programs

Program (Quebec)	Descripton
Scientific Research and Experimental Development Tax Credit (SR&ED)	Refundable tax credit up to 14% of R&D activities
Tax Credit for the Acquisition of Manufacturing and Processing Equipment	Tax credit for manufacturing and processing equipment ranging from 4% to 24% depending on project location
Tax Credit for Quebec Maritime Regions	Refundable tax credits for 15% to 30% of payroll
Tax Credit for International Financial Centers	Refundable tax credits up to $16,000 per new job for international financial centers in Montreal
Industrial Research Assistance Program (IRAP)	Grants for small to medium-sized businesses ranging from 50% to 80% of labor costs for research-related projects
Financing of Refundable Tax Credits	Loans up to 100% of future anticipated refundable tax credits
Major Investment Projects	15-year tax holiday for companies that invest at least $100 million

Source: CBRE Location Incentives Group.
Note: The extent, if any, of state and local incentive offerings depends on location and scope of the operation.

Logistics Driver

The Port of Montreal provides the market with a direct route to the Atlantic Ocean via the St. Lawrence River. This international year-round port handles cargo from over 100 markets in Europe, central Canada, and the U.S.'s Midwest and Northeast. The port processes over 18 million metric tons of cargo annually, and provides the shortest route between North America and Europe. With its own rail line connecting to Canada's two largest railroads, Canadian National and Canadian Pacific, the port provides direct logistical access throughout North America.

Originating in Montreal, the St. Lawrence Seaway provides sea-bearing container ships from the Atlantic Ocean access to Lake Ontario and the upper Great Lakes. This series of locks, canals and channels extends from Montreal to Lake Erie. A series of approximately 40 on/off ramps along the way provide ample connectivity to the highways and railways of North America.

The Port of Montreal processes over 18 million metric tons of cargo annually, and provides the shortest route between North America and Europe.

Supply & Demand

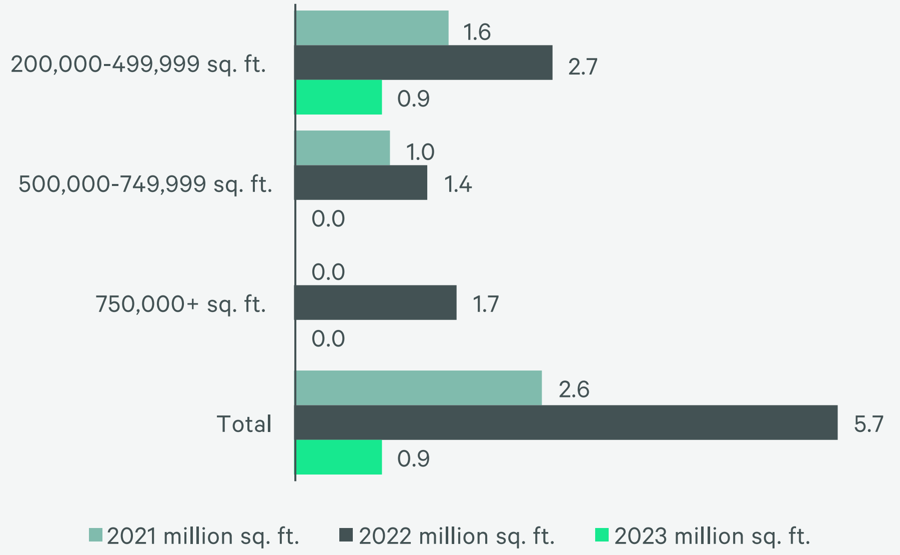
With 80.1 million sq. ft. of total inventory, Montreal is Canada's second-largest big-box market. Like Toronto, the market is land-constrained and has a vacancy rate of 3.9%, the fifth-lowest of any market in this report. Lease transaction volume was light in 2023, as only a few big-box operators signed deals. The decrease in leasing reduced net absorption to just 370,656 sq. ft. The small of product that was leased garnered much higher rents than the previous year at $16.52 CAD per square foot/per year, 16.8% higher than 2022.

Occupiers focused on supply chain resiliency will help bolster demand this year. With only 2.3 million sq. ft. under construction, vacancy rates will stay under 4% this year, further pressuring taking rents in the upcoming quarters.

Figure 4: Share of 2023 Leasing by Occupier Type

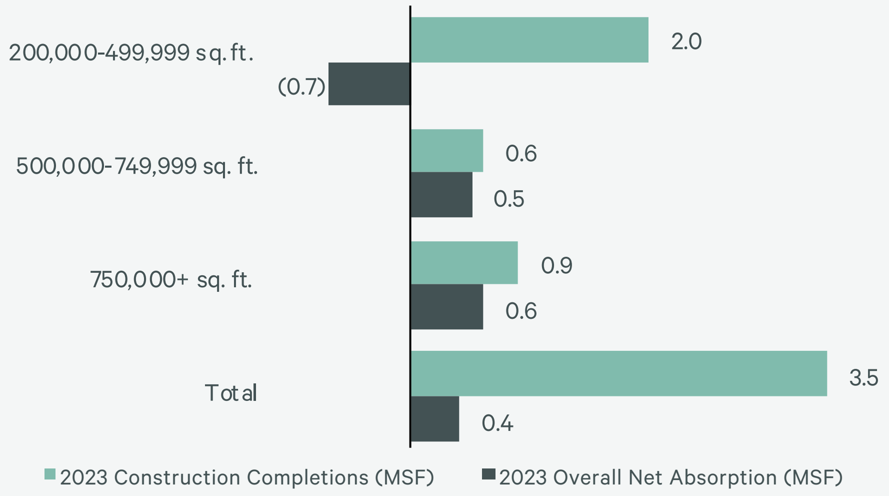
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 5: Lease Transaction Volume by Size Range



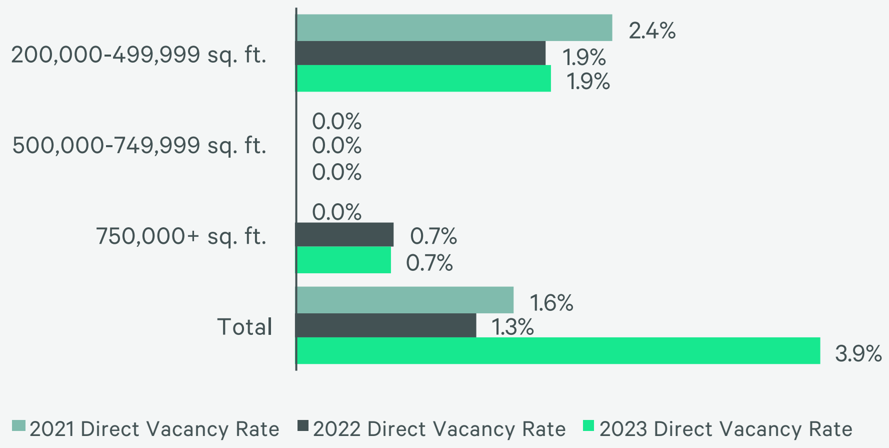
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 6: 2023 Construction Completions vs. Overall Net Absorption by Size Range



Source: CBRE Research.

Figure 7: Direct Vacancy Rate by Size Range



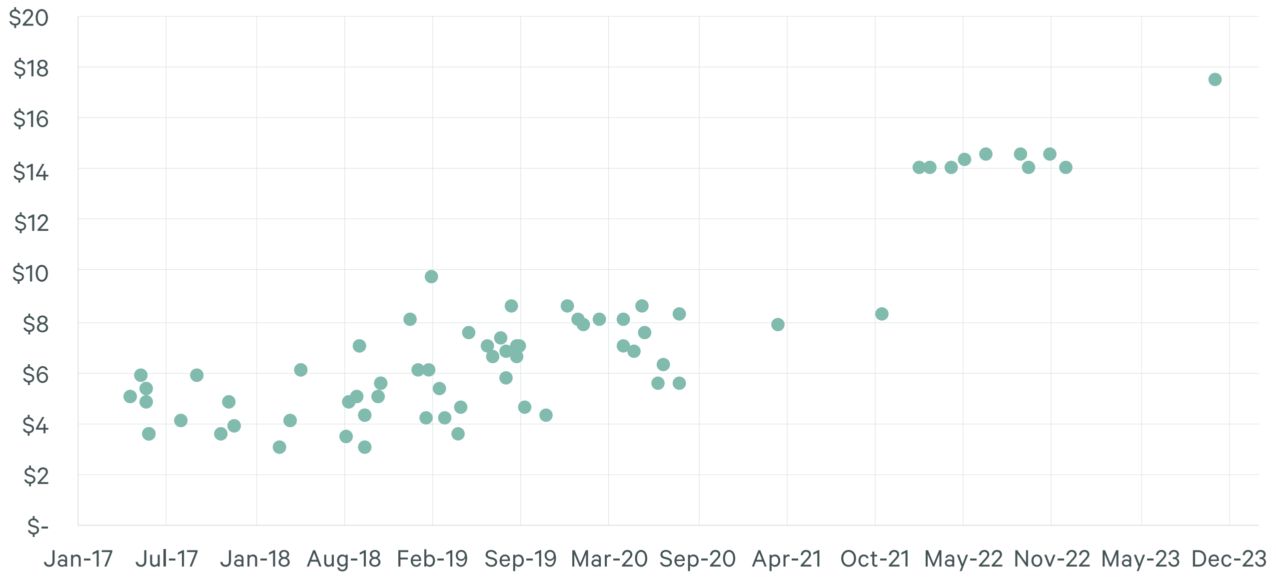
Source: CBRE Research.

Figure 8: Under Construction & Percentage Preleased

	2022 Under Construction sq. ft.	% Preleased
200,000-499,999 sq. ft.	1,097,940	55.3%
500,000-749,999 sq. ft.	1,173,231	22.0%
750,000+ sq. ft.	0	N/A
Total	2,271,171	38.1%

Source: CBRE Research.

Figure 9: First Year Taking Rents (psf/yr)



Note: Includes first year taking rents for leases 200,000 sq. ft. and above.
Source: CBRE Research.

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Nashville

Menu

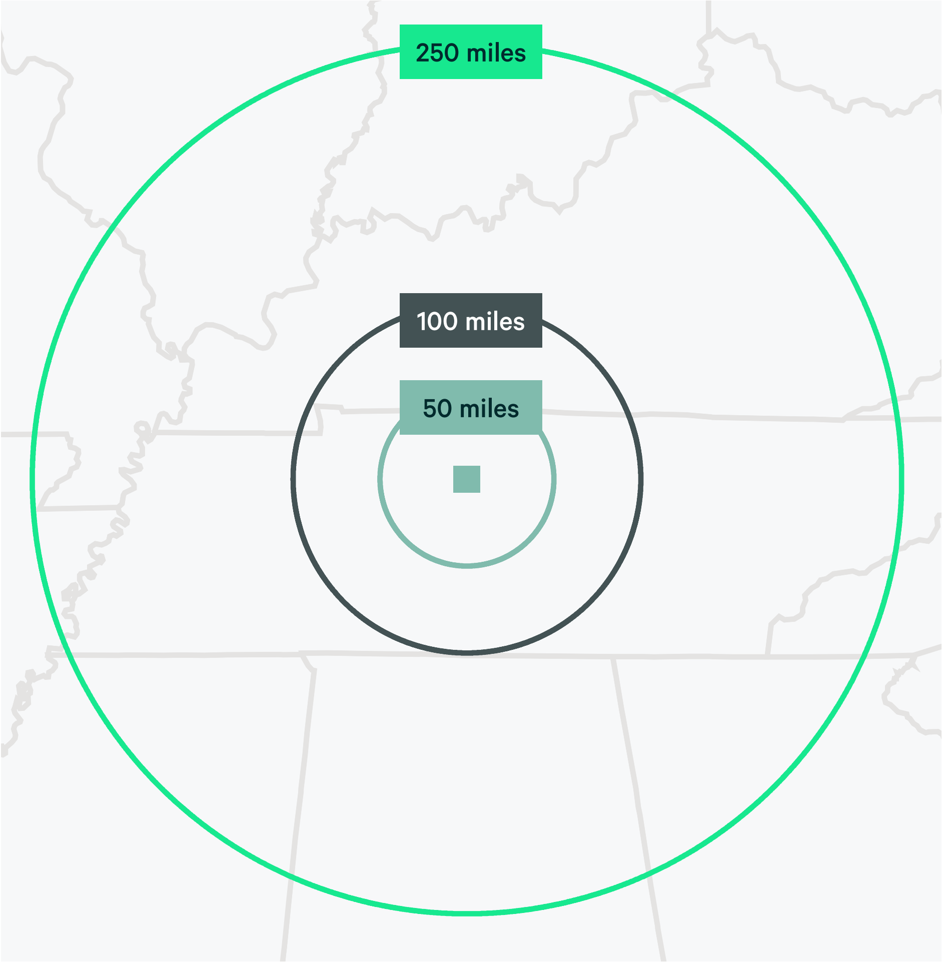
Demographics

Just over 2.4 million people live within 50 miles of the market's core, with a projected five-year growth rate of 6.4%, the second-highest of all U.S. markets in this report. There is a population of 29.1 million within 250 miles, more than Houston, St. Louis and Memphis.

Figure 1: Nashville Population Analysis

Distance from Downtown Nashville	2023 Total Population	5 Year Growth Outlook
50 miles	2,485,405	6.4%
100 miles	4,235,745	4.6%
250 miles	29,098,681	1.8%

Source: CBRE Location Intelligence.



KEY STAT

2.5%

Big-box vacancy rate in 2023, the same as the previous year and third-lowest of any market in this report.

The local warehouse labor force of 54,204 is expected to grow by 11.3% by 2034, according to CBRE Labor Analytics. The average wage for a non-supervisory warehouse worker is $17.86 per hour, just above the national average.

Figure 2: Nashville Warehouse & Storage Labor Fundamentals

Total Warehouse & Storage Employment
54,204

2034 Total Warehouse & Storage Projected Employment
61,337

Hourly Wage*
$17.86

Source: CBRE Labor Analytics.
* Median wage (1 year experience); non-supervisory warehouse material handlers

Location Incentives

Over the past five years, there have been more than 120 economic incentives deals totaling more than $260 million for an average of $9,300 per new job in metro Nashville, according to fDi Intelligence.

CBRE's Location Incentives Group reports that top incentive programs in Tennessee include the Job Tax Credit, offering a one-time corporate income tax credit to business that create at least 25 new jobs within three years and make a minimum capital investment of $500,000. The tax credit may offset up to 50% of franchise and excise taxes. Any unused credits may be carried forward for up to 15 years.

Figure 3: Nashville City Top Incentive Programs

Program (Tennessee)	Descripton
Job Tax Credit	Tax credit equal to $4,500 to $9,000 per new job
Sales Tax Exemptions	Discretionary sales tax exemption for HQ facilities, manufacturing, and data centers
Deal Closing Fund / Job Training Grant	Discretionary cash grant / discretionary job training grant
Property Tax Abatements	Discretionary abatement of real estate and personal property taxes

Source: CBRE Location Incentives Group.
Note: The extent, if any, of state and local incentive offerings depends on location and scope of the operation.

Logistics Driver

Nashville's central location places it within two-day ground delivery of 72% of the U.S. population. It is one of six U.S. cities with three major intersecting interstate highways, creating competitive and affordable transportation costs that attract top global logistics and distribution firms. With a $1.4 billion expansion project underway, Nashville International Airport continues growing its cargo-handling capabilities and has six air carriers, including FedEx, servicing the market.

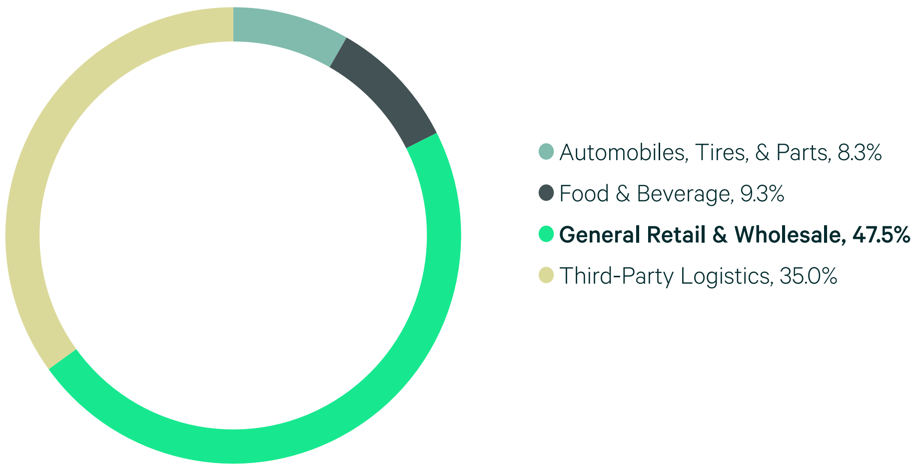
Nashville's central location places it within two-day ground delivery of 72% of the U.S. population.

Supply & Demand

Nashville continues to experience strong big-box fundamentals due to its central location and population growth. Leasing activity finished the year at 6.4 million sq. ft., slightly lower than 2022's 6.9 million sq. ft. Net absorption hit a record in 2023 at 6.2 million sq. ft. This helped vacancy rates stay below 3% for the third consecutive year, at 2.5%, the second-lowest of all U.S. markets in this report. General retailers & wholesalers were most active, accounting for 47.5% of total leases.

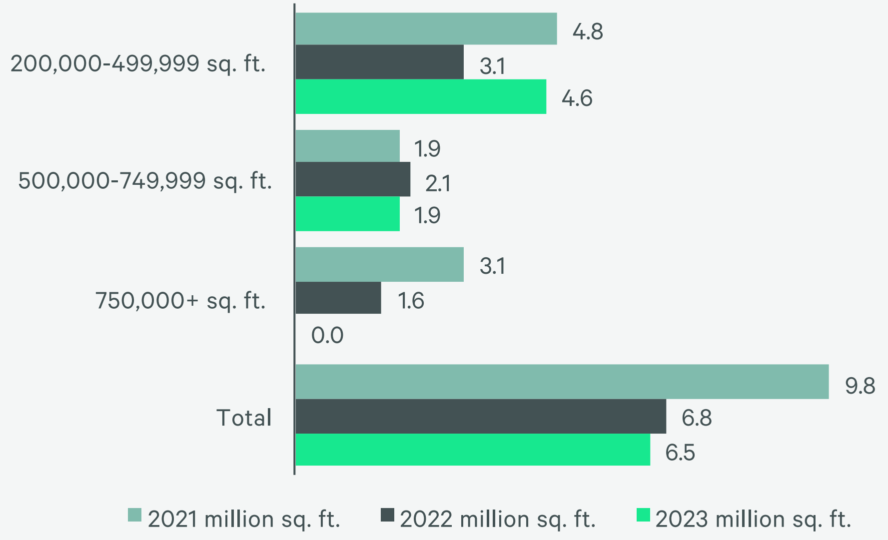
8.5 million sq. ft. was under construction by year-end, nearly all still available to lease. There is nearly three times more available under construction space than available existing space. This may lead to more vacancies even with continued strong lease volume. Given that this market has had 97% occupancy since the pandemic's onset, occupiers are expected to have the most lease options in years.

Figure 4: Share of 2023 Leasing by Occupier Type



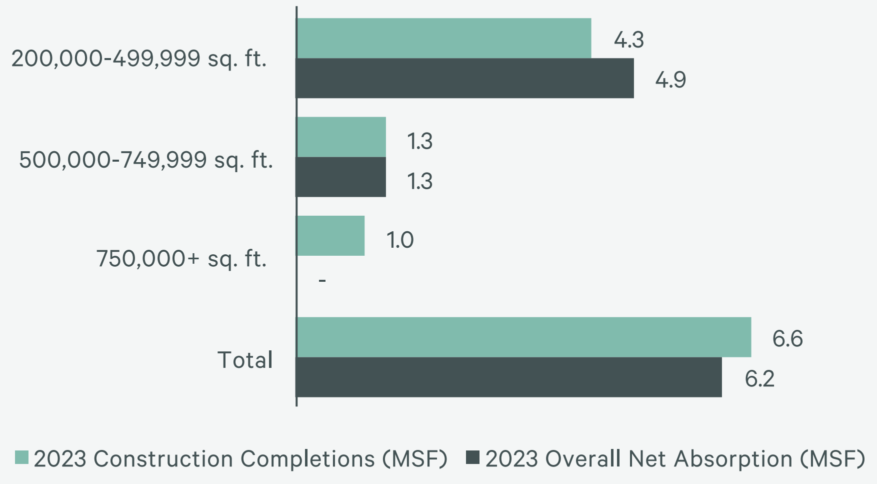
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 5: Lease Transaction Volume by Size Range



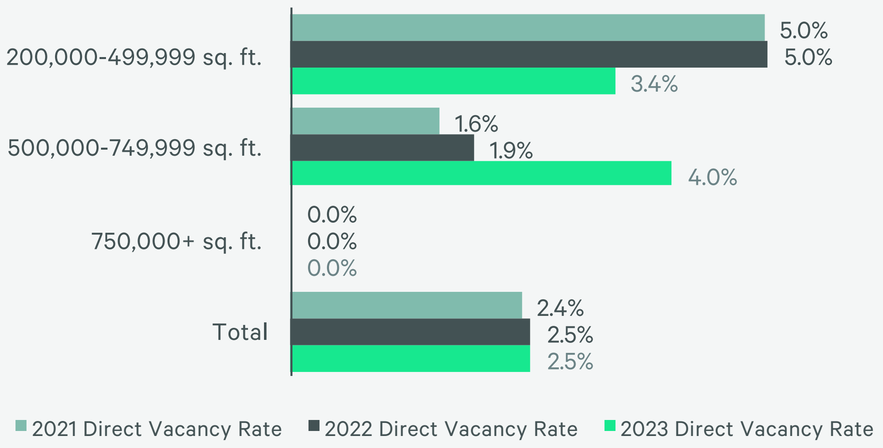
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 6: 2023 Construction Completions vs. Overall Net Absorption by Size Range



Source: CBRE Research.

Figure 7: Direct Vacancy Rate by Size Range



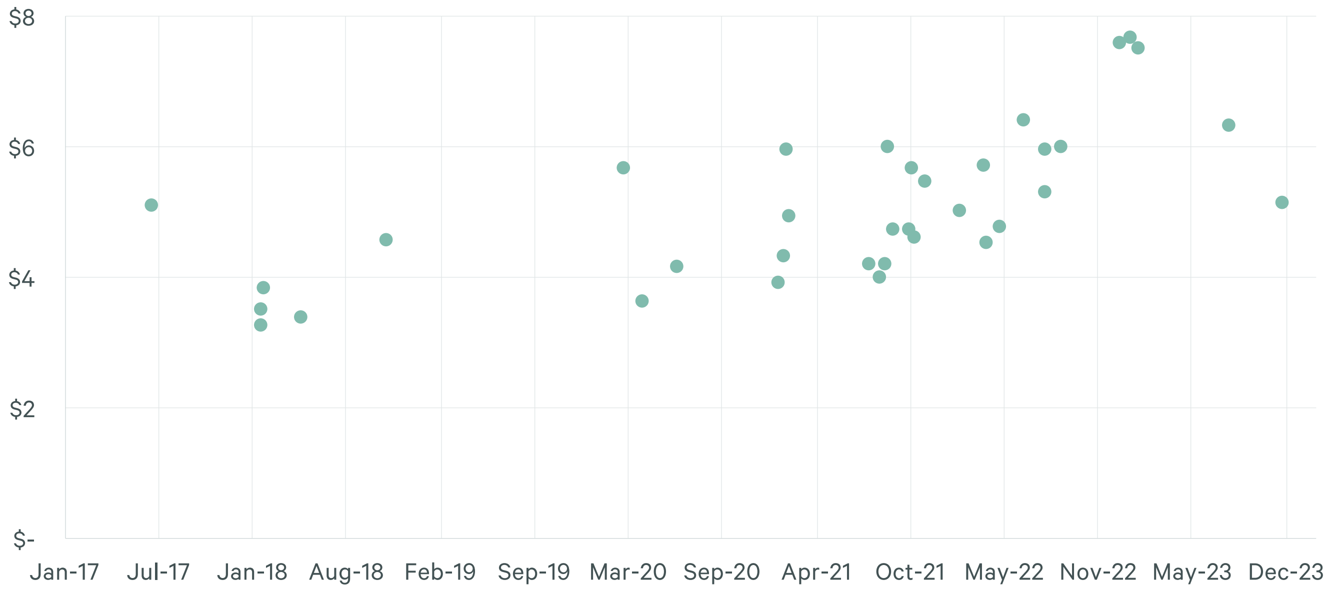
Source: CBRE Research.

Figure 8: Under Construction & Percentage Preleased

	2023 Under Construction sq. ft.	% Preleased
200,000-499,999 sq. ft.	3,215,810	3.9%
500,000-749,999 sq. ft.	1,286,809	0.0%
750,000+ sq. ft.	3,991,459	0.0%
Total	8,494,078	1.5%

Source: CBRE Research.

Figure 9: First Year Taking Rents (psf/yr)



Note: Includes first year taking rents for leases 200,000 sq. ft. and above.
Source: CBRE Research.

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Northern/Central New Jersey

Menu

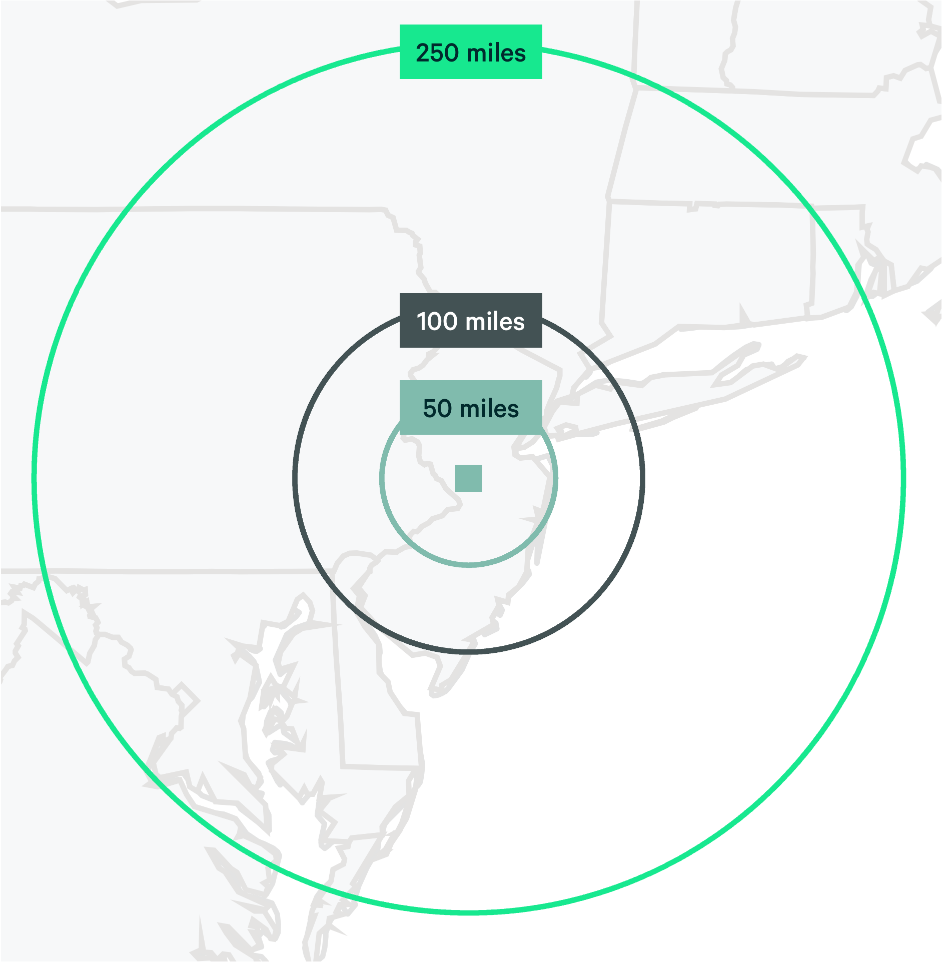
Demographics

The Northern/Central New Jersey market serves the U.S.'s largest population within a 50-, 100- and 250-mile radius. While the population within 50 miles of the market's core is projected to decline by 0.1% over five years, it will remain the largest.

Figure 1: Northern/Central New Jersey Population Analysis

Distance from Northern/ Central NJ Market Core	2023 Total Population	5 Year Growth Outlook
50 miles	19,975,700	-0.1%
100 miles	31,152,589	0.0%
250 miles	61,678,306	0.5%

Source: CBRE Location Intelligence.



KEY STAT

358,826

Amount of warehouse workers, the most of any market in this report.

The regional warehouse labor force of 358,826—the most in North America, according to CBRE Labor Analytics—is expected to grow by 9.9% by 2034. Due to robust labor demand, the average wage of a non-supervisory warehouse worker is $21.02 per hour, 18.5% above the national average.

Figure 2: Northern/Central New Jersey Warehouse & Storage Labor Fundamentals

Total Warehouse & Storage Employment
358,826

2034 Total Warehouse & Storage Projected Employment
394,213

Hourly Wage*
$21.02

Source: CBRE Labor Analytics.
* Median wage (1 year experience); non-supervisory warehouse material handlers

Location Incentives

CBRE's Location Incentives Group reports that New Jersey State enacted legislation under the Economic Recovery Act of 2020 that replaces the Grow NJ program. Grow NJ sunsets on March 1, 2027. This program provides state corporate income tax credits for new and retained jobs for up to seven years under the following conditions:

- Tax credits can be used, sold or transferred for at least 85% of value. A business may sell the credits for 90% of value to the New Jersey Treasury, rather than to a third party.
- Legislation now requires a letter of support from the subject municipality and a public hearing for approval.
- Among additional program requirements, target industries must create at least 25 net new full-time jobs, and non-targeted industries must create at least 35 net new full-time jobs. Projects in qualified areas must retain 500+ full-time jobs, and projects in non-qualified areas must retain 1,000+ full-time jobs.
- At least $60 per square foot must be spent on new construction, while at least $20 per square foot must be spent on existing warehousing, logistics, industrial or R&D facilities.

Local municipalities may offer further tax abatement and tax increment financing for selected specialized projects.

Figure 3: Northern/Central New Jersey Top Incentive Programs

Program (New Jersey)	Descripton
Emerge Program	State corporate income tax credits for new and retained jobs for up to 7 years

Source: CBRE Location Incentives Group.
Note: The extent, if any, of state and local incentive offerings depends on location and scope of the operation.

Logistics Driver

The Port Authority of New York and New Jersey is the East Coast's busiest and second most-active seaport in the U.S., with infrastructure to move cargo by air, land, rail and sea. The port has direct access to over 28 million consumers.

Five airports have direct cargo lines to the port, including John F. Kennedy, Newark Liberty, LaGuardia, New York Stewart and Teterboro. Numerous bridges and tunnels near the port provide access to the tri-state area and beyond.

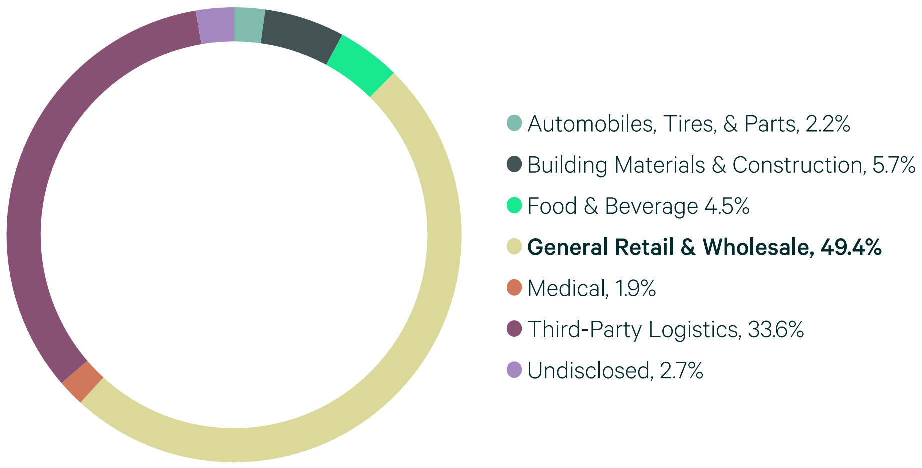
Five airports have direct cargo lines to the Port Authority of New York and New Jersey. Numerous bridges and tunnels near the port provide access to the tri-state area and beyond.

Supply & Demand

Northern/Central New Jersey is the sixth-largest North American industrial market, with 370 million sq. ft. of total inventory. There was 9.2 million sq. ft. of lease transactions in 2023, around half of 2022's volume. The vacancy rate increased to 5.1% in 2023, more than double 2022's 2.4% rate, due to a mix of less leasing, more move-outs and 11.6 million sq. ft. of construction completions. Higher vacancies also stabilized taking rents, which finished the year at $15.09 psf/yr, slightly higher than 2022's $14.99 psf/yr. General retailers & wholesalers seeking to shore up inventories near the largest population concentration in the U.S. were the most active occupiers, accounting for 49.4% of lease volume.

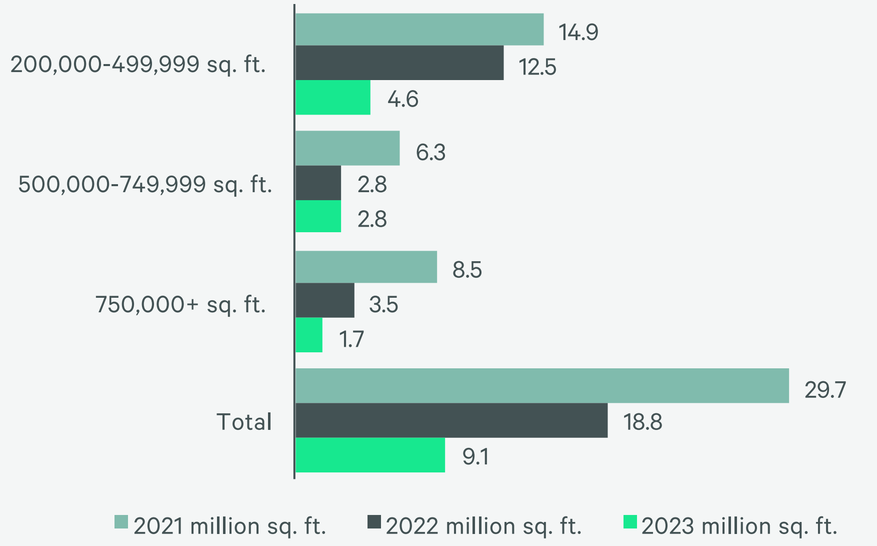
With only 6.8 million sq. ft. of space under construction, big-box completions should return to pre-pandemic levels, leading to vacancy rate stabilization this year. Lease transaction volume should improve as economic clarity and continued solid retail sales lead occupiers to restart expansion plans. They will seek to service the highest population concentration in the U.S.

Figure 4: Share of 2023 Leasing by Occupier Type



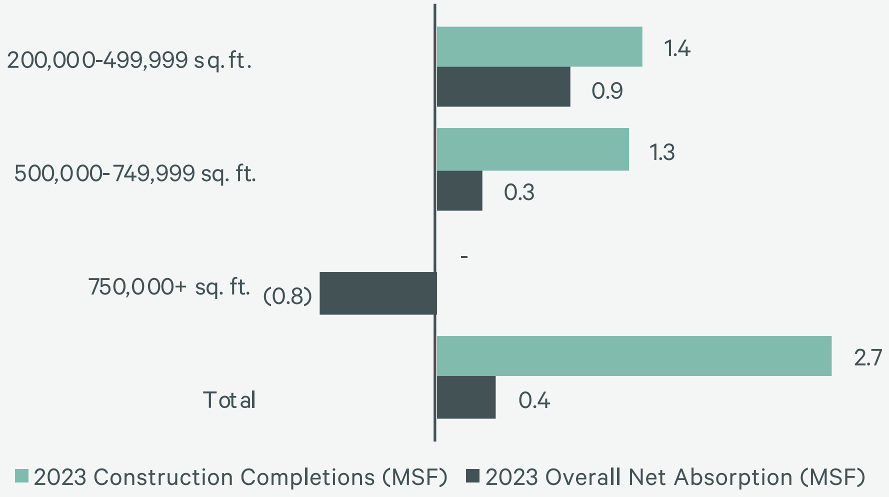
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 5: Lease Transaction Volume by Size Range



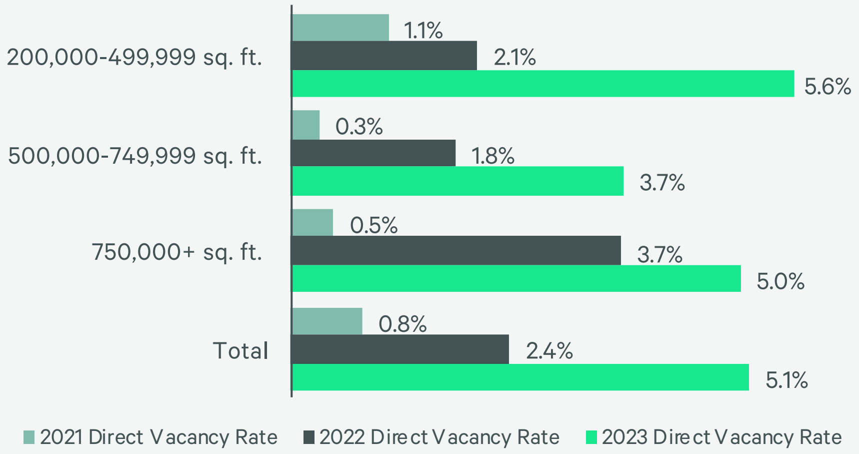
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 6: 2023 Construction Completions vs. Overall Net Absorption by Size Range



Source: CBRE Research.

Figure 7: Direct Vacancy Rate by Size Range



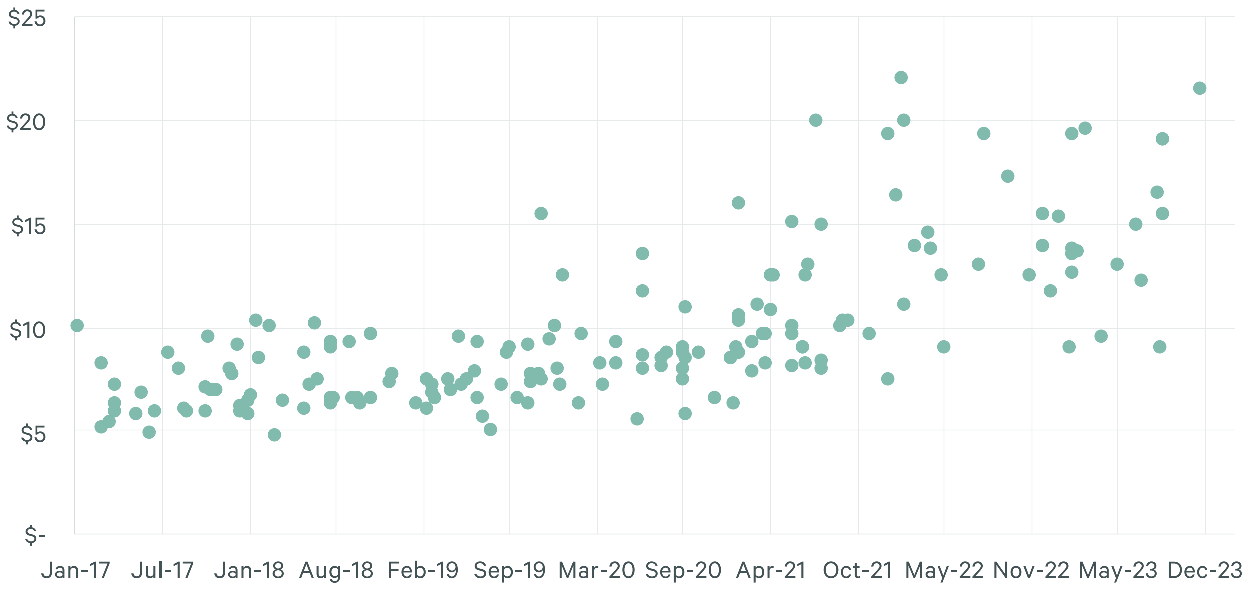
Source: CBRE Research.

Figure 8: Under Construction & Percentage Preleased

	2023 Under Construction sq. ft.	% Preleased
200,000-499,999 sq. ft.	4,694,898	7.2%
500,000-749,999 sq. ft.	515,421	0.0%
750,000+ sq. ft.	1,618,395	0.0%
Total	6,828,714	5.0%

Source: CBRE Research.

Figure 9: First Year Taking Rents (psf/yr)



Note: Includes first year taking rents for leases 200,000 sq. ft. and above.
Source: CBRE Research.

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Phoenix

Menu

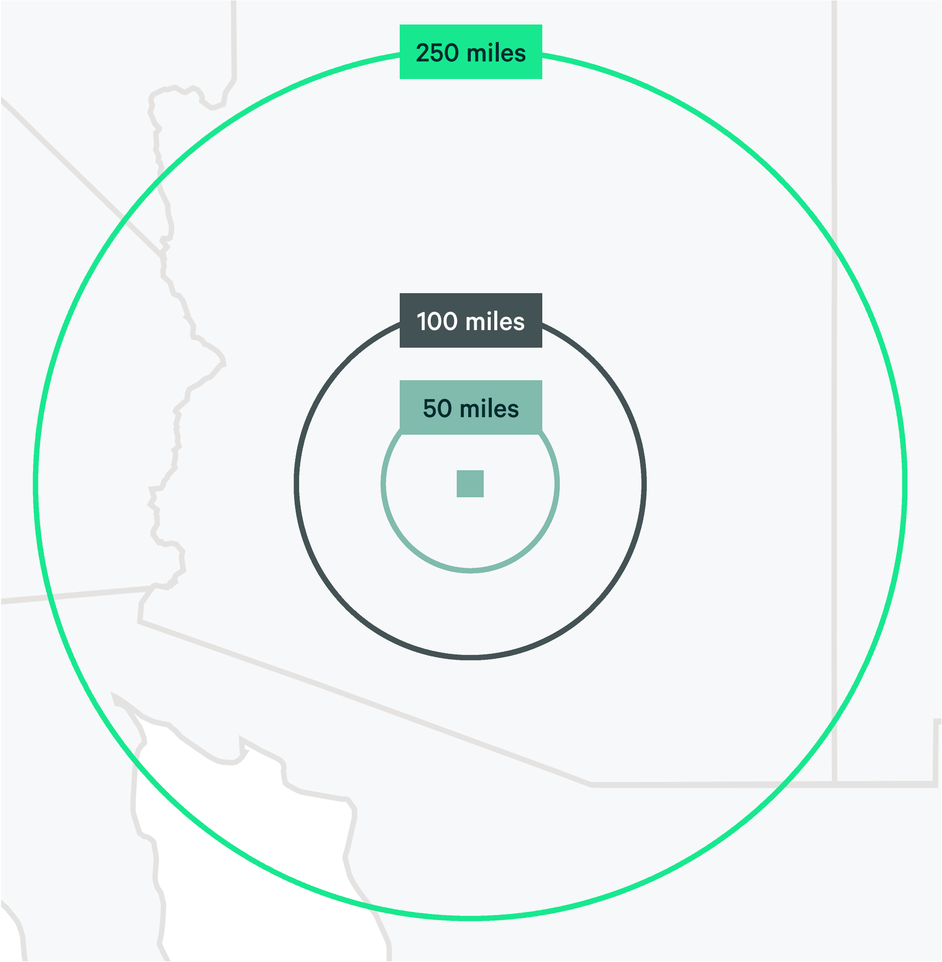
Demographics

Phoenix has been one of the country's fastest-growing metros. Now, almost 5 million people or 1.9 million households—about a quarter aged 18-34—live within 50 miles of the market's core, with a 2.9% expected five-year growth rate.

Figure 1: Phoenix Population Analysis

Distance from Downtown Phoenix	2023 Total Population	5 Year Growth Outlook
50 miles	4,995,333	2.9%
100 miles	5,590,989	3.3%
250 miles	8,508,959	2.6%

Source: CBRE Location Intelligence.



KEY STAT

6%

The second-highest big-box growth rate (net absorption/existing inventory) of any market in this report.

The local warehouse labor force of 99,991 is expected to grow by 11.6% by 2034, according to CBRE Labor Analytics. The average wage for a non-supervisory warehouse worker is $18.86 per hour, 6.3% above the national average but 7.5% below the Inland Empire.

Figure 2: Phoenix Warehouse & Storage Labor Fundamentals

Total Warehouse & Storage Employment	2034 Total Warehouse & Storage Projected Employment	Hourly Wage*
99,991	111,568	$18.86

Source: CBRE Labor Analytics.
* Median wage (1 year experience); non-supervisory warehouse material handlers

Location Incentives

Over the past five years, there have been more than 260 economic incentives deals totaling more than $550 million for an average of $12,000 per new job in metro Phoenix, according to fDi Intelligence.

CBRE's Location Incentives Group reports that the top incentive programs in metro Phoenix include the Arizona Competes Fund, offering discretionary grants to businesses that achieve certain performance measures and create new jobs with wages equal to or above the median county wage.

Another regional program is the Quality Jobs Tax Credit Program, offering income tax credits of up to $9,000 per job to generate high-quality employment opportunities in Arizona. The income tax credits are spread over three years to encourage continuous employment. To qualify, businesses must make a capital investment and create jobs that meet specific wage requirements. These tax credits are non-refundable and non-transferrable. Any unused credits may be carried forward for up to five consecutive years.

Figure 3: Phoenix Top Incentive Programs

Program (Arizona)	Descripton
Quality Jobs Tax Credit Program	Tax credit up to $3,000 per each new job for up to 3 years of continuous employment
Arizona Competes Fund	Discretionary cash grant program
Qualified Facility Tax Credit Program	Tax credit (refundable) up to 10% of total capital expenditures for manufacturing, R&D, and HQs of manufacturing

Source: CBRE Location Incentives Group.
Note: The extent, if any, of state and local incentive offerings depends on location and scope of the operation.

Logistics Driver

Approximately 130,000 miles of Arizona highways, including I-10, I-8 and I-40, make transportation of goods simple. Recent expansions and improvements were made to Loops 202 and 303.

Phoenix Sky Harbor International Airport (PHX) is a burgeoning air cargo hub utilized by FedEx, DHL and UPS. Cargo is processed in Phoenix's two complexes, South Air Cargo and West Air Cargo. The Comprehensive Asset Management Plan for PHX includes new development to handle more air cargo in the coming years.

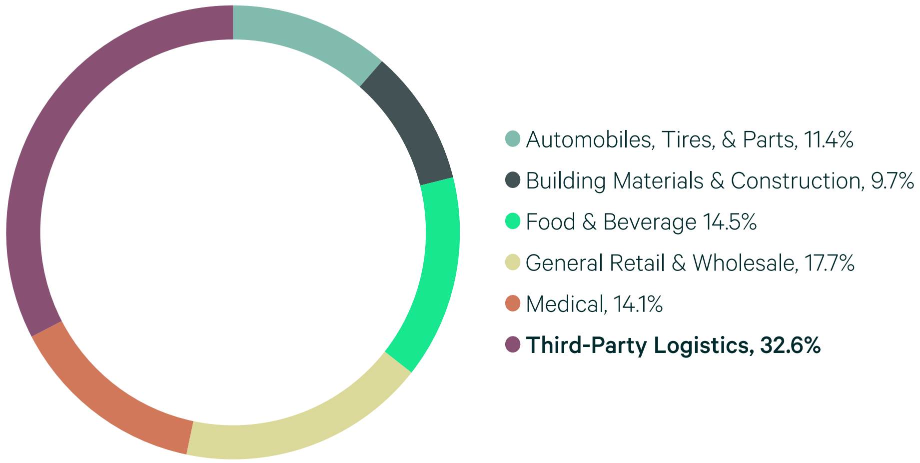
Approximately 130,000 miles of Arizona highways, including I-10, I-8 and I-40, make transportation of goods simple.

Supply & Demand

Phoenix's industrial big-box market had a significantly higher vacancy rate in 2023 due to a mix of less leasing activity and continued major new development. 7.9 million sq. ft. was leased last year, 52.2% lower than 2022's record 16.5 million sq. ft. This reduction in leasing also halved net absorption to 10.1 million sq. ft. Combined with the completion of 17.2 million sq. ft. of construction, the vacancy rate surged to 10.7%, from 3.4% in 2022. Despite increased vacancies, rental rates kept growing, with average taking rents reaching $9.21 psf/yr, a 27% increase from 2022.

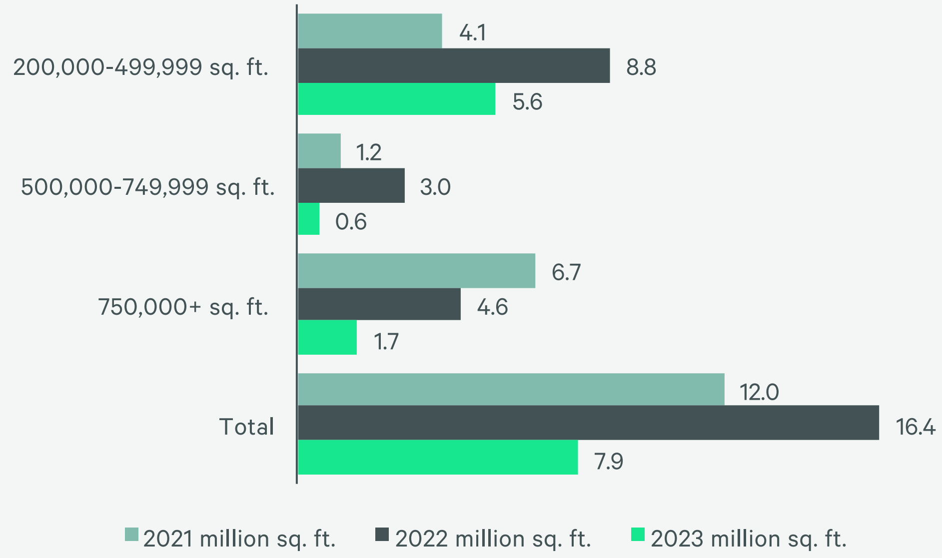
Currently, around 23 million sq. ft. of space is under construction, with only 26.4% preleased. Phoenix has the second-highest construction activity in North America, which is expected to further increase vacancies in 2024. However, the region's population growth and a strong labor market will continue to attract regional occupiers. Construction starts significantly declined at the end of 2023. The rise in vacancy rates is projected to stop by late 2024 and start to decrease by 2025.

Figure 4: Share of 2023 Leasing by Occupier Type



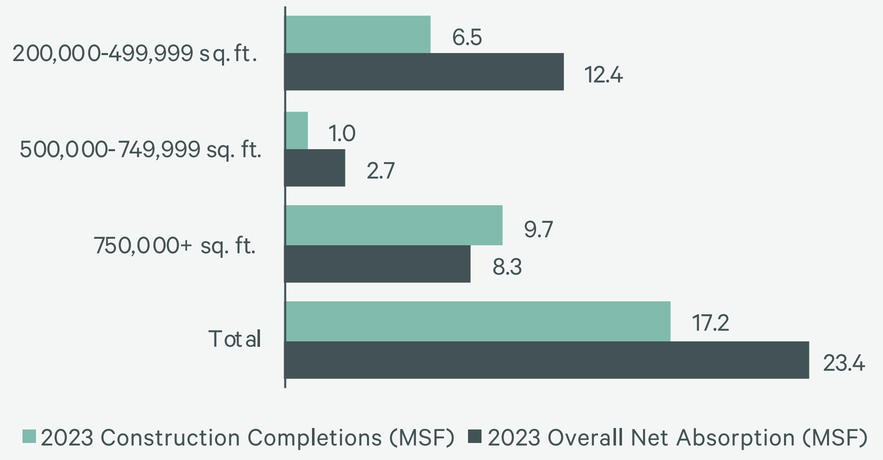
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 5: Lease Transaction Volume by Size Range



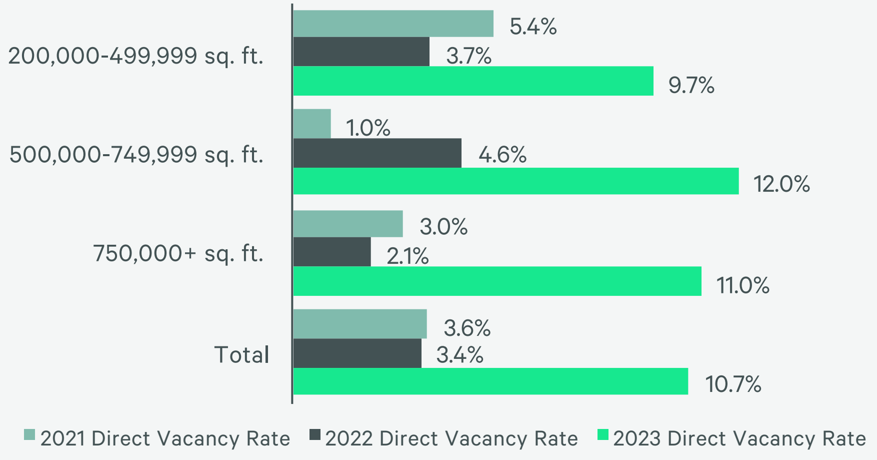
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 6: 2023 Construction Completions vs. Overall Net Absorption by Size Range



Source: CBRE Research.

Figure 7: Direct Vacancy Rate by Size Range



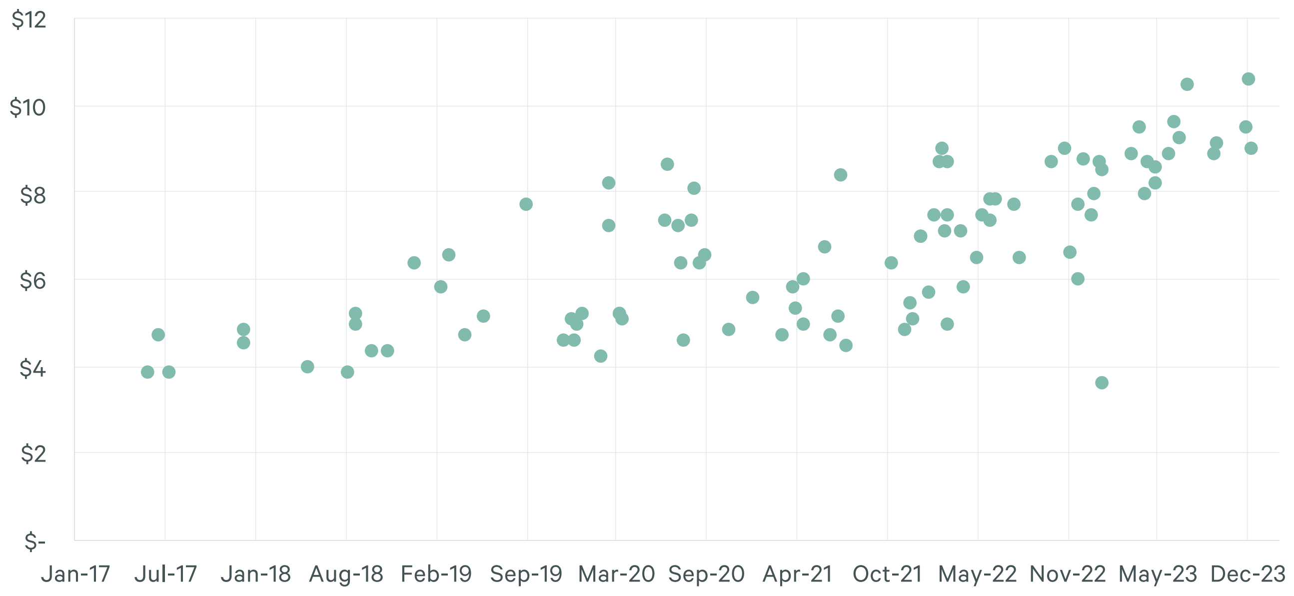
Source: CBRE Research.

Figure 8: Under Construction & Percentage Preleased

	2023 Under Construction sq. ft.	% Preleased
200,000-499,999 sq. ft.	12,383,435	16.5%
500,000-749,999 sq. ft.	2,731,599	40.2%
750,000+ sq. ft.	8,339,636	36.6%
Total	23,454,670	26.4%

Source: CBRE Research.

Figure 9: First Year Taking Rents (psf/yr)



Note: Includes first year taking rents for leases 200,000 sq. ft. and above.
Source: CBRE Research.

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Puget Sound

Menu

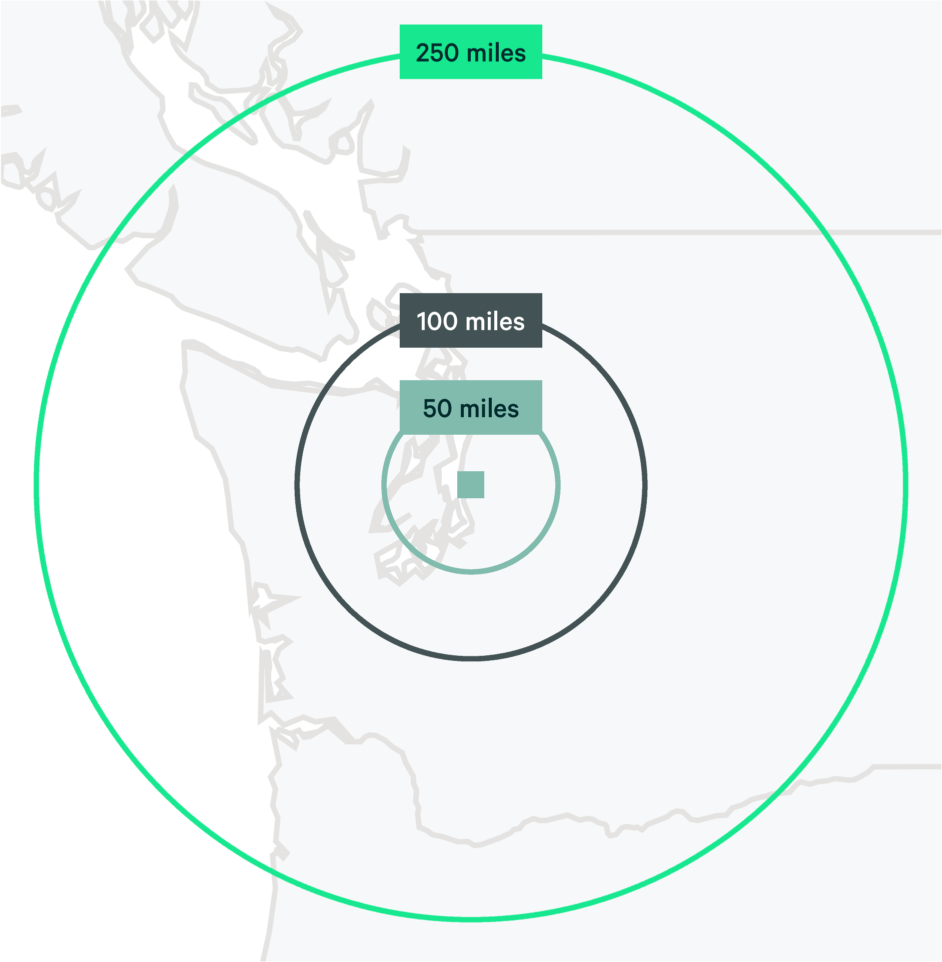
Demographics

More than 4.8 million people live within 50 miles of the market's core, with a projected 2.9% five-year growth rate—the highest of any major West Coast market. More than 11 million people or 4.3 million households are within 250 miles, with a 2.7% projected five-year growth rate.

Figure 1: Puget Sound Population Analysis

Distance from Downtown Seattle	2023 Total Population	5 Year Growth Outlook
50 miles	4,834,494	2.9%
100 miles	5,732,750	2.9%
250 miles	11,388,483	2.7%

Source: CBRE Location Intelligence.



KEY STAT

0.7%

Vacancy rate for buildings over 750,000 sq. ft., the fourth-lowest of any market in this report.

The local warehouse labor force of 62,644 is expected to grow by 8.7% by 2034, according to CBRE Labor Analytics. The average wage for a non-supervisory warehouse worker is $22.99 per hour, 29.6% above the national average and the highest of any market in this report.

Figure 2: Puget Sound Warehouse & Storage Labor Fundamentals

Total Warehouse & Storage Employment	2034 Total Warehouse & Storage Projected Employment	Hourly Wage*
62,644	68,071	$22.99

Source: CBRE Labor Analytics.
* Median wage (1 year experience); non-supervisory warehouse material handlers

Location Incentives

Over the past five years, there have been over 30 economic incentives deals totaling more than $50 million for an average of $17,100 per new job in the Seattle metropolitan area, according to fDi Intelligence.

CBRE's Location Incentives Group reports that top incentive programs offered in metro Seattle include a sales and use tax exemption for machinery and equipment used directly in manufacturing, warehouse or research and development operations. Service charges for installing, repairing, improving or cleaning the machinery and equipment are also sales tax-exempt.

Figure 3: Puget Sound Top Incentive Programs

Program (Washington)	Descripton
Sales and Use Tax Exemptions	Sales and use tax exemption on machinery and equipment
Washington State Job Skills Program (JSP)	Job training grant up to 50% of eligible training costs
Governor's Strategic Reserve Fund	Discretionary job creation/retention incentive

Source: CBRE Location Incentives Group.
Note: The extent, if any, of state and local incentive offerings depends on location and scope of the operation.

Logistics Driver

The Northwest Seaport Alliance, which includes the ports of Seattle and Tacoma, is the U.S.'s fifth-largest container gateway. The ports are less congested than their California counterparts and provide a shorter direct route to Asia. Union Pacific and BNSF rail lines link the ports to the Midwest. Seattle-Tacoma International Airport hosts 24 air carriers and I-5 passes through the region, providing direct access to the entire West Coast.

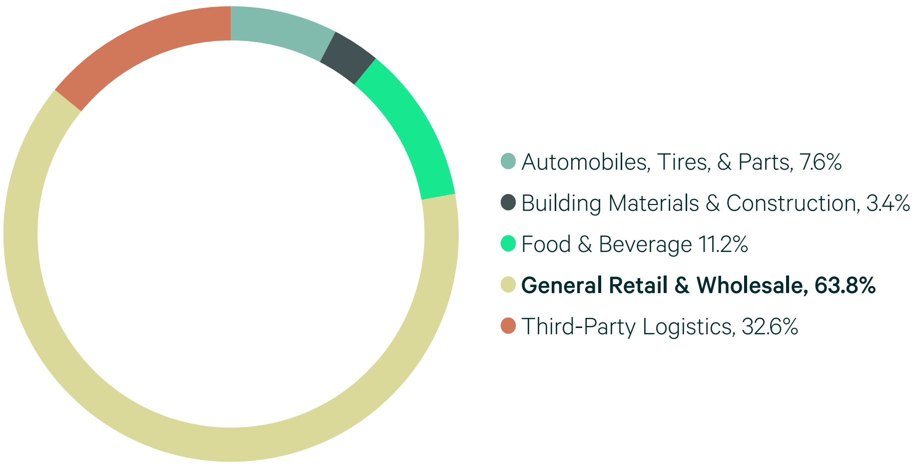
The Northwest Seaport Alliance is the U.S.'s fifth-largest container gateway. The ports are less congested than their California counterparts and provide a shorter direct route to Asia.

Supply & Demand

Puget Sound was one of the few big-box markets to post year-over-year growth in lease transaction, reaching 8.2 million sq. ft. leased, an increase of 100,000 sq. ft. from 2022. Despite slightly increased leasing, net absorption decreased to 1 million sq. ft. This reduction, coupled with 4 million sq. ft. of construction completions, drove the overall vacancy rate up to 5.7%. Most of this vacancy rate increase occurred in buildings smaller than 500,000 sq. ft., which ended 2023 with a vacancy rate of 7.8%, significantly higher than 2022's 4.4% rate. General retailers & wholesalers were the top occupier in 2023, accounting for 63.8% of total lease volume.

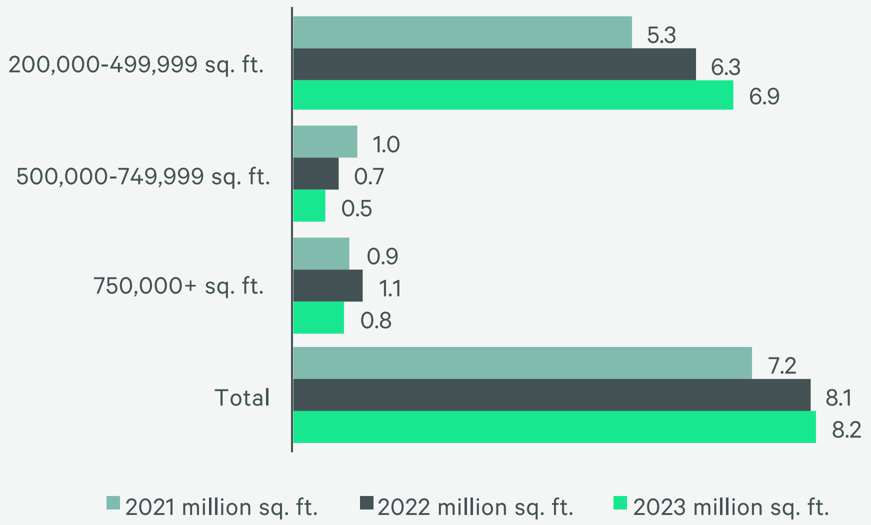
6.7 million sq. ft. was under construction at year-end, with nearly half of it preleased. The over 3 million sq. ft. of space under construction delivering this year will likely prevent significantly lowered vacancy. However, the market will likely not experience a strongly rising vacancy rate in the coming quarters either.

Figure 4: Share of 2023 Leasing by Occupier Type



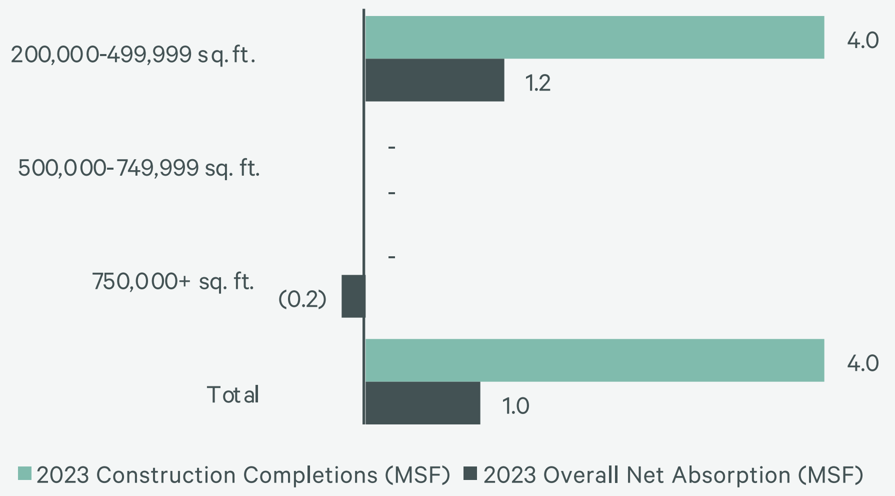
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 5: Lease Transaction Volume by Size Range



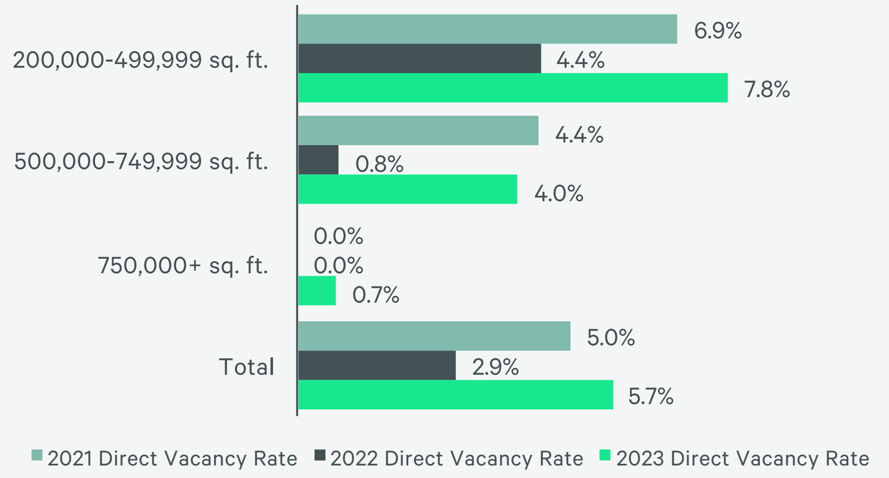
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 6: 2023 Construction Completions vs. Overall Net Absorption by Size Range



Source: CBRE Research.

Figure 7: Direct Vacancy Rate by Size Range



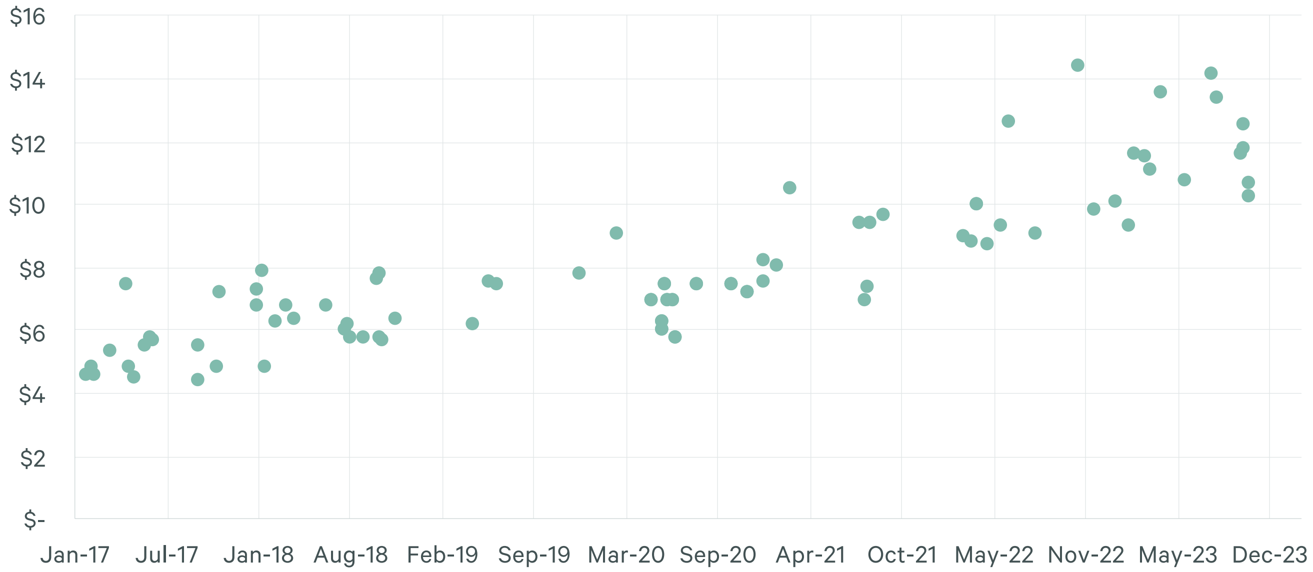
Source: CBRE Research.

Figure 8: Under Construction & Percentage Preleased

	2023 Under Construction sq. ft.	% Preleased
200,000-499,999 sq. ft.	858,840	0.0%
500,000-749,999 sq. ft.	1,313,769	0.0%
750,000+ sq. ft.	4,540,909	70.5%
Total	6,713,518	47.7%

Source: CBRE Research.

Figure 9: First Year Taking Rents (psf/yr)



Note: Includes first year taking rents for leases 200,000 sq. ft. and above.
Source: CBRE Research.

22

Savannah

Menu

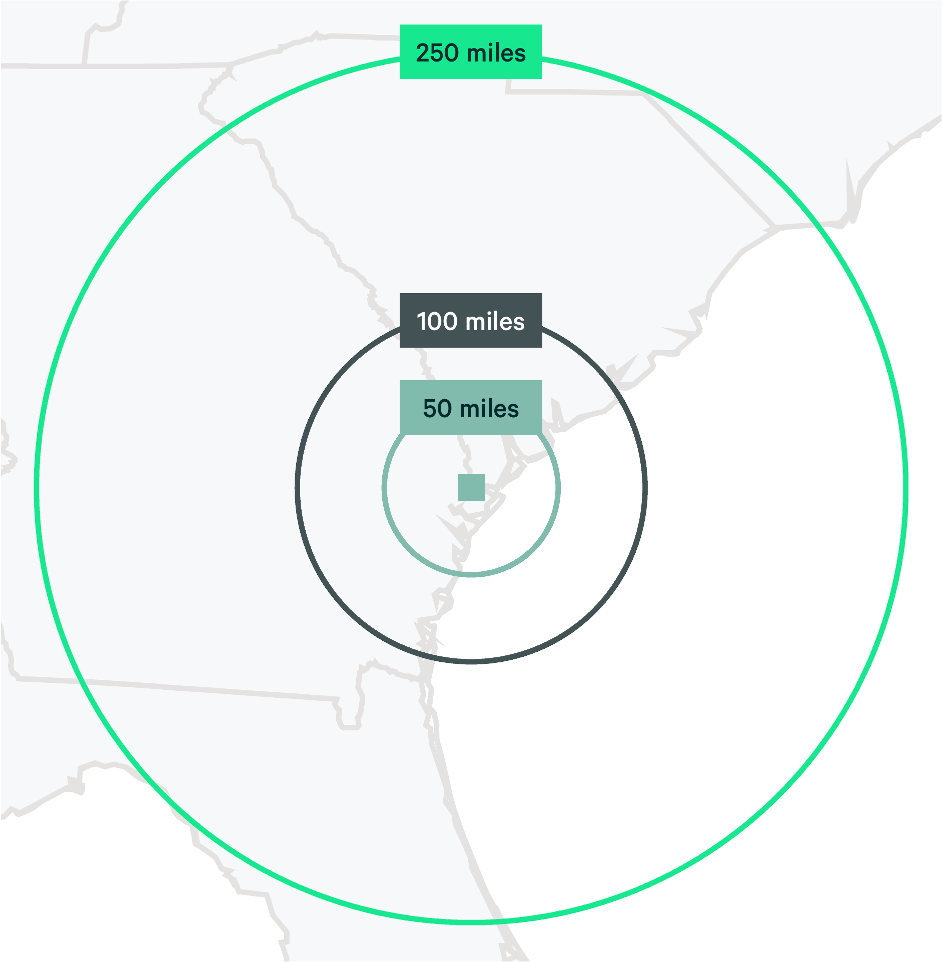
Demographics

While Savannah does not have a large nearby population, 25 million people or 10 million households live within 250 miles of the market's core, with a 2.9% projected five-year growth rate.

Figure 1: Savannah Population Analysis

Distance from Downtown Savannah	2023 Total Population	5 Year Growth Outlook
50 miles	837,389	2.8%
100 miles	2,277,454	2.9%
250 miles	25,791,386	2.9%

Source: CBRE Location Intelligence.



KEY STAT

13M sq. ft

Big-box leasing in 2023, a record for this market.

The local warehouse labor force of 12,308 is expected to grow by 10% by 2034, according to CBRE Labor Analytics. The average wage for a non-supervisory warehouse worker is $17.70 per hour, on par with the national average.

Figure 2: Savannah Warehouse & Storage Labor Fundamentals

Total Warehouse & Storage Employment
12,308

2034 Total Warehouse & Storage Projected Employment
13,587

Hourly Wage*
$17.70

Source: CBRE Labor Analytics.
* Median wage (1 year experience); non-supervisory warehouse material handlers

Location Incentives

Over the past five years, there have been over 15 economic incentives deals for an average of $6,400 per new job in metro Savannah, according to fDi Intelligence.

CBRE's Location Incentives Group reports that top incentive programs in metro Savannah include the Regional Economic Business Assistance (REBA) program. REBA is considered a "deal-closing" grant because it incentivizes construction in Georgia. Funds may be applied to any fixed-asset costs, including infrastructure, construction, real estate and personal property.

Another program available in Savannah is the Job Tax Credit, which awards businesses for creating net new full-time jobs. These credits can be applied toward a company's corporate income tax liability or reduce the company's payroll withholding requirements. To qualify, companies must have local headquarters or R&D operations in one of the following industries: manufacturing, warehousing/distribution/logistics, software development, contact centers, data centers, telecommunications or financial technology.

Figure 3: Savannah Top Incentive Programs

Program (Georgia)	Descripton
Job Tax Credit	Up to $3,500 in annual tax savings per job up to 5 years; $500 bonus for Joint Development Authority; $1,250 bonus for increase in imports or exports through a Georgia port by 10%
Investment Tax Credit	Tax credit equal to 1-9% of qualified capital investment
Quality Jobs Tax Credit	Tax credit (refundable) of $2,500 up to $5,000 per new job, depending on payroll threshold of the county, per year, up to 5 years
Georgia Quick Start Program	Customized job training services
REBA Grant	Discretionary cash grant program
Property Tax Abatements	Discretionary abatement of real estate taxes and personal property taxes
Mega Project Tax Credit	Tax credit of $5,250 per job, per year for the first five years of each qualifying job that is created during a specified number of years

Source: CBRE Location Incentives Group.
Note: The extent, if any, of state and local incentive offerings depends on location and scope of the operation.

Logistics Driver

The Port of Savannah is the primary demand-driver in the region. Savannah is the fourth-largest port in the U.S., with the largest single terminal. Many improvements and strong labor dynamics make it the East Coast's fastest-growing port. It also provides direct access to I-26 (East/West) and I-95 (North/South). Key cities and growing manufacturing points along the coast can be reached within a one-to-two-day drive.

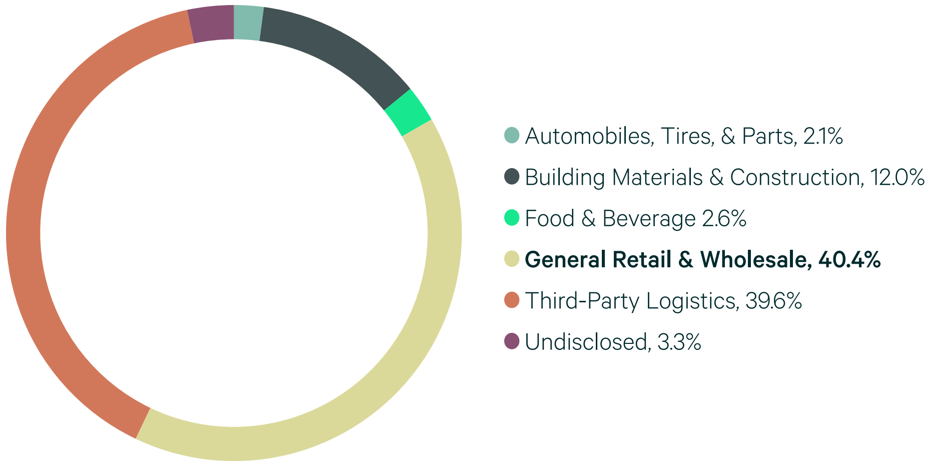
Savannah is the fourth-largest port in the U.S., with the largest single terminal. Many improvements and strong labor dynamics make it the East Coast's fastest-growing port.

Supply & Demand

In 2023, over 20 million sq. ft. of completed construction significantly expanded the Savannah big-box market to nearly 100 million sq. ft. This surge in completions significantly increased vacancy rates from a record low 0.9% in 2022 to 8.7% in 2023. Despite this vacancy rate increase, Savannah was North America's top big-box growth (net absorption/existing inventory) market, with a record 13 million sq. ft. of net absorption. Leasing activity was strong in 2023, with just under 13 million sq. ft. transacted, the second consecutive year leasing surpassed 10 million sq. ft. 3PLs and general retailers & wholesalers dominated leasing, collectively accounting for 80% of transaction volume.

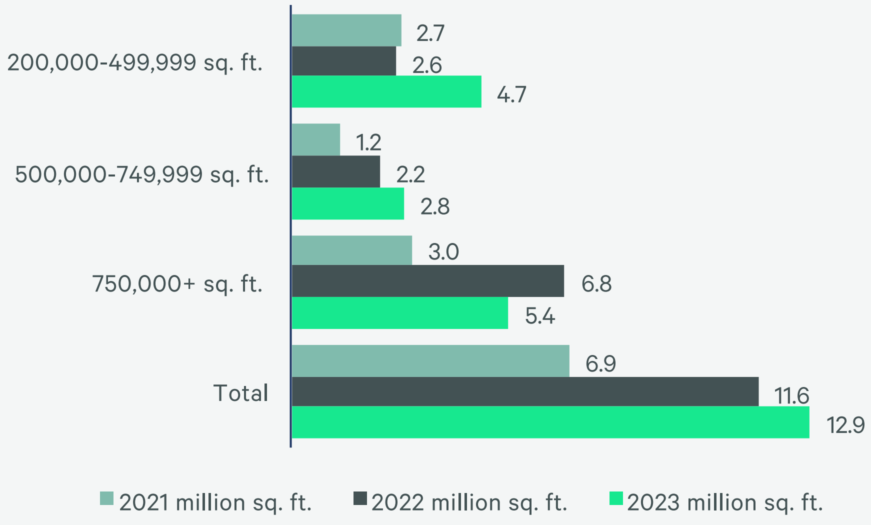
Slightly less than 13 million sq. ft. was under construction by the end of 2023. Although this represents a nearly 50% year-over-year decrease in space under construction, it will continue to affect vacancy rates, albeit not at the 2022 rate. In 2024, expect a diverse tenant set to expand into Savannah to utilize its ports. More companies intend to diversify their source of imports in the coming quarters.

Figure 4: Share of 2023 Leasing by Occupier Type



Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 5: Lease Transaction Volume by Size Range



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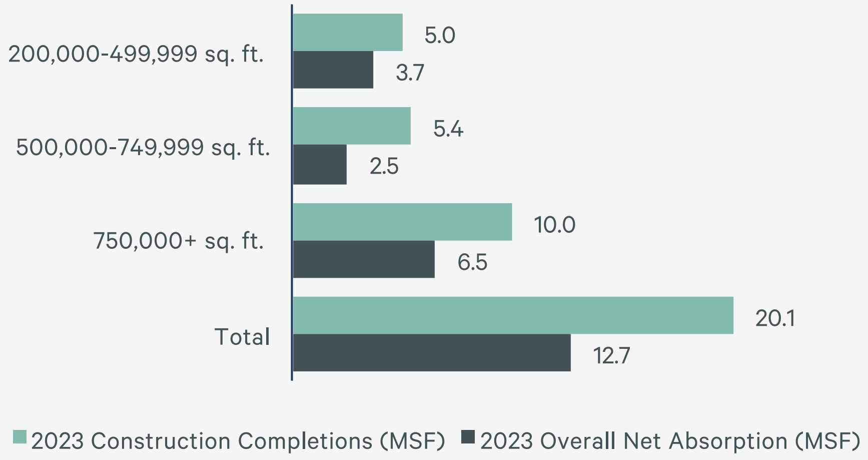
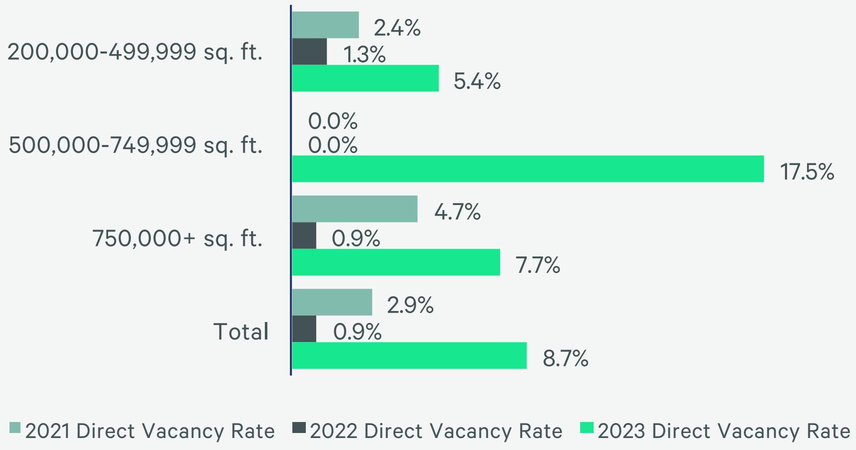
Source: CBRE Research.

Figure 6: 2023 Construction Completions vs. Overall Net Absorption by Size Range



Source: CBRE Research.

Figure 7: Direct Vacancy Rate by Size Range



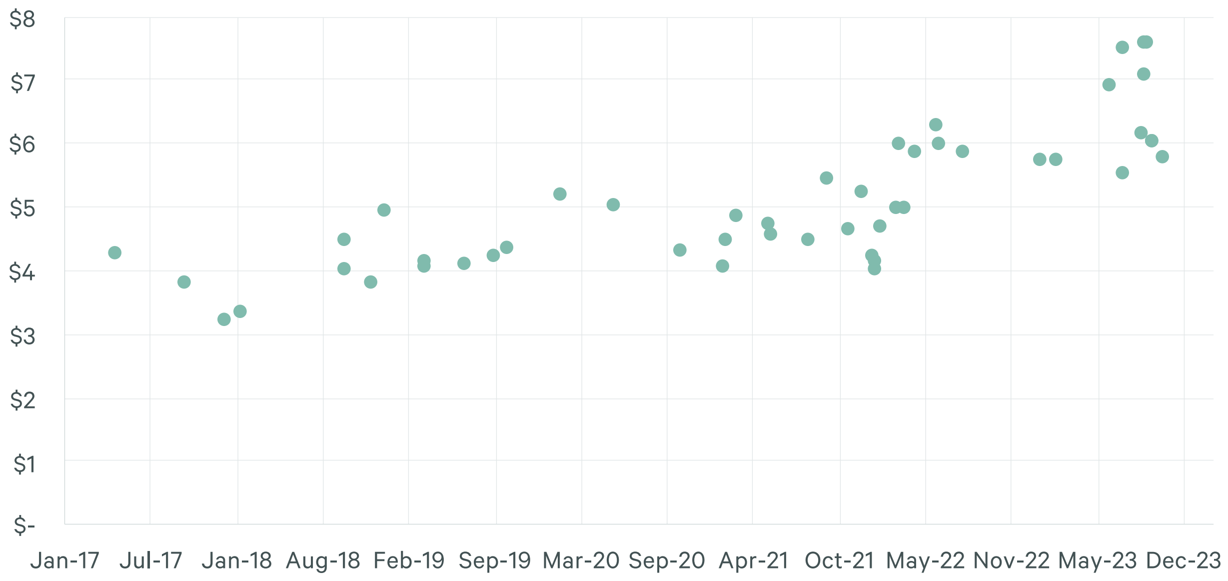
Source: CBRE Research.

Figure 8: Under Construction & Percentage Preleased

	2023 Under Construction sq. ft.	% Preleased
200,000-499,999 sq. ft.	2,708,225	12.2%
500,000-749,999 sq. ft.	1,906,960	0.0%
750,000+ sq. ft.	8,347,639	45.8%
Total	12,962,824	32.0%

Source: CBRE Research.

Figure 9: First Year Taking Rents (psf/yr)



Note: Includes first year taking rents for leases 200,000 sq. ft. and above.
Source: CBRE Research.

23

Southern New Jersey/ Eastern Pennsylvania

Menu

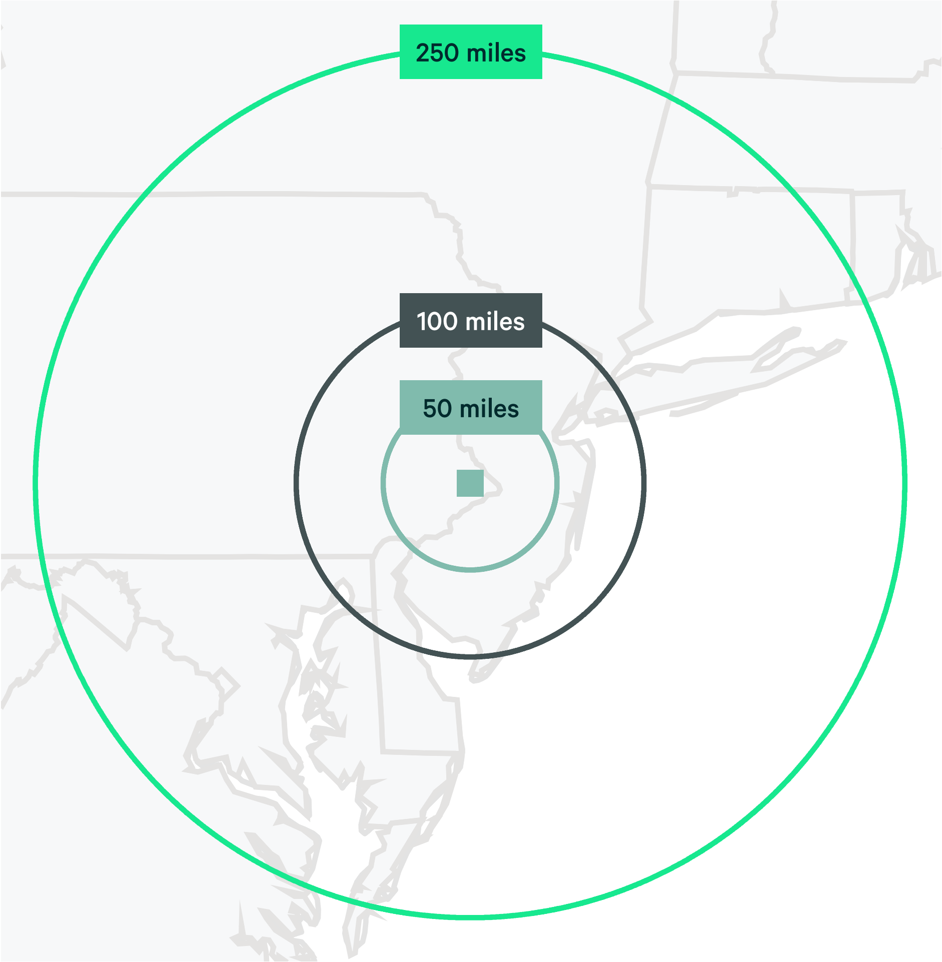
Demographics

Over 8 million people live within 50 miles of the market's core, and 60 million are within 250 miles—the second-most in the U.S. The region's population is expected to grow by less than 1% over the next five years.

Figure 1: Southern New Jersey/Eastern Pennsylvania Population Analysis

Distance from Downtown Philadelphia	2023 Total Population	5 Year Growth Outlook
50 miles	8,284,836	0.6%
100 miles	30,809,710	0.3%
250 miles	60,142,218	0.4%

Source: CBRE Location Intelligence.



KEY STAT

33.4M sq. ft

Big-box leasing in 2023, the most of any market in this report.

The local warehouse labor force of 221,627 is expected to grow by 5.6% by 2034, according to CBRE Labor Analytics. The average wage for a non-supervisory warehouse worker is $18.11 per hour, 2.1% above the national average but 14% below Northern-Central New Jersey.

Figure 2: Southern New Jersey/Eastern Pennsylvania Warehouse & Storage Labor Fundamentals

Total Warehouse & Storage Employment	2034 Total Warehouse & Storage Projected Employment	Hourly Wage*
221,627	234,056	$18.11

Source: CBRE Labor Analytics.
* Median wage (1 year experience); non-supervisory warehouse material handlers

Location Incentives

Over the past five years, there have been over 300 economic incentives deals totaling more than $320 million for an average of $13,700 per new job in metro Philadelphia, according to fDi Intelligence.

CBRE's Location Incentives Group reports that top incentive programs offered in Pennsylvania include the Job Creation Tax Credit (JCTC), offering corporate income tax credits to companies that create at least 25 new jobs or expand existing employment by 25%. The tax credit ranges up to $5,000 per employee for each new job created.

Another program available in New Jersey is the Emerge Program. Enacted under the Economic Recovery Act of 2020, this replaces the Grow NJ program that sunsets March 1, 2027. This program provides state corporate income tax credits for new and retained jobs for up to seven years. Target industries must create at least 25 net new full-time jobs. Non-targeted industries must create at least 35 net new full-time jobs.

Figure 3: Southern New Jersey/Eastern Pennsylvania Top Incentive Programs

Program (Pennsylvania)	Descripton
Job Creation Tax Credit	Non-refundable State corporate income tax credits equal to 2% of annual wages paid for each new job or $5,000 per new job created, whichever is higher
Pennsylvania First	Performance-based cash grant up to $5,000 per new job
Keystone Opportunity Zone (KOZ)	Tax credits and refunds when locating to a building or causing new construction in a special designated zone
Low Interest Capital Loans	Loan programs to help fund infrastructure and other capital projects

Source: CBRE Location Incentives Group.
Note: The extent, if any, of state and local incentive offerings depends on location and scope of the operation.

Program (New Jersey)	Descripton
Emerge Program	State corporate income tax credits for new and retained jobs for up to 7 years

Source: CBRE Location Incentives Group.
Note: The extent, if any, of state and local incentive offerings depends on location and scope of the operation.

Logistics Driver

The region is centrally located along the East Coast, with access to three major ports: the Port of New York and New Jersey, the Port of Baltimore and the Port of Philadelphia. Two Class 1 railroads serve the region: Norfolk Southern and CSX. Approximately 100 major interstate interchanges are located within the region. The area has direct access to several international airports, making it one of the country's top air cargo markets. Lehigh Valley International is still ranked as one of the fastest-growing cargo airports in the U.S. by Airports Council International.

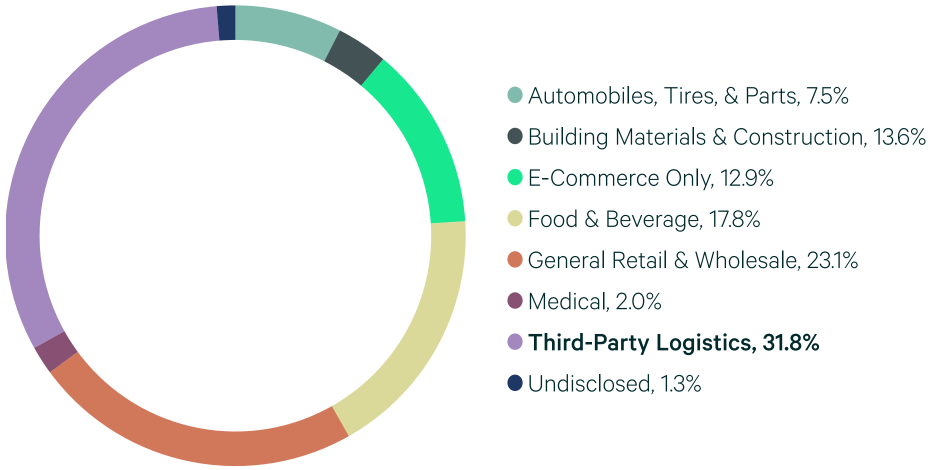
Approximately 100 major interstate interchanges are located within the region. The area has direct access to several international airports, making it one of the country's top air cargo markets.

Supply & Demand

Southern New Jersey/Eastern Pennsylvania is the second-largest big-box market in North America, with 560 million sq. ft. of total inventory. Just over 33.4 million sq. ft. leased in 2023, including more than 13.6 million sq. ft. in transactions over 750,000 sq. ft., the highest in North America. Total big-box leasing increased 2.6% year-over-year, and leasing of spaces 750,000 sq. ft. and larger doubled year-over-year. Despite robust leasing activity, net absorption declined to 18 million sq. ft. This decline, combined with 41.4 million sq. ft. of completed construction, raised the vacancy rate from 4% in 2022 to 7.6%. A diverse set of occupiers leased big-box space in 2023, led by 3PLs transacting 31.8% of space. This market had the highest percentage of e-commerce-only occupiers in this report, accounting for 12.9% of total volume.

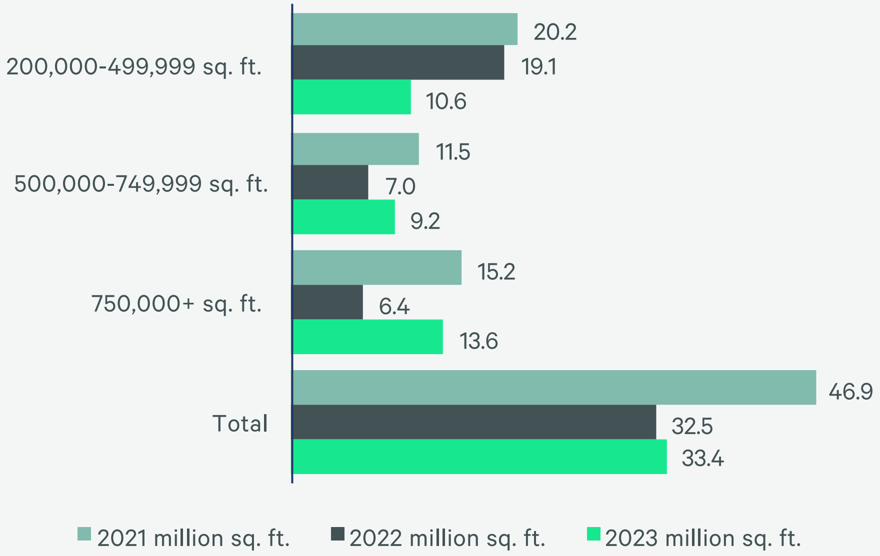
The market's abundant logistics drivers and large surrounding population will continue to make it the most in-demand big-box region in the Northeast. At the end of the year, only 10.1 million sq. ft. of big-box space was under construction. This is expected to lead to reductions in vacancy and continued rent growth for big-box facilities in 2024.

Figure 4: Share of 2023 Leasing by Occupier Type



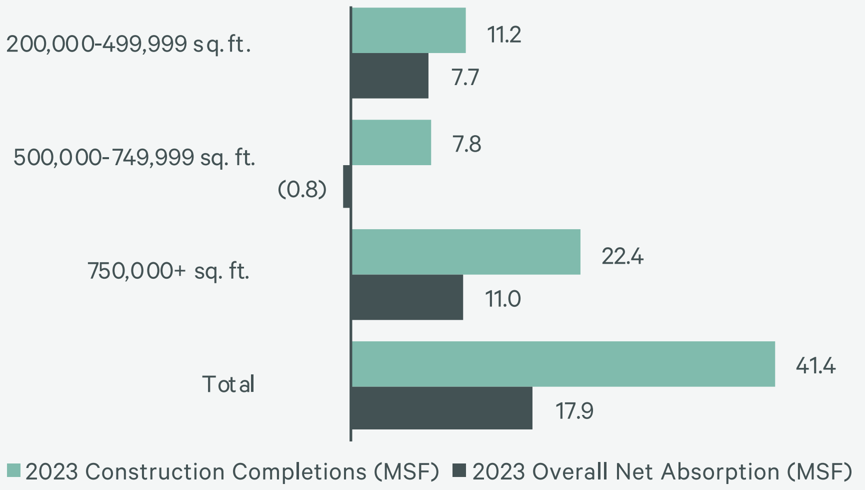
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 5: Lease Transaction Volume by Size Range



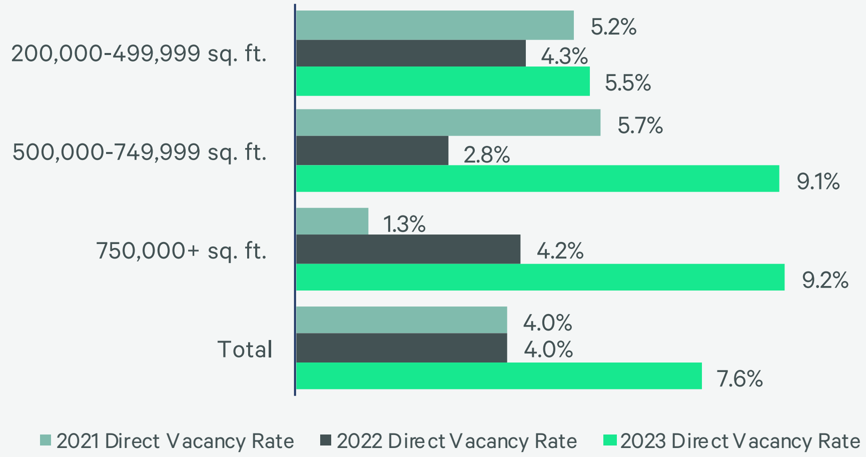
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 6: 2023 Construction Completions vs. Overall Net Absorption by Size Range



Source: CBRE Research.

Figure 7: Direct Vacancy Rate by Size Range



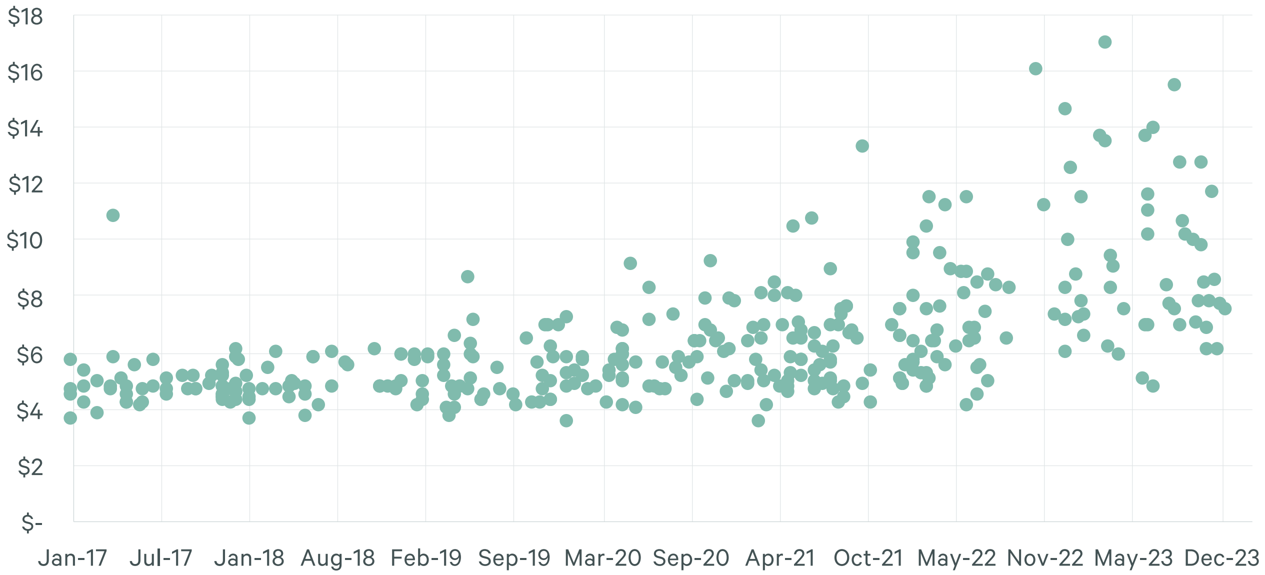
Source: CBRE Research.

Figure 8: Under Construction & Percentage Preleased

	2023 Under Construction sq. ft.	% Preleased
200,000-499,999 sq. ft.	4,877,963	6.7%
500,000-749,999 sq. ft.	1,112,500	0.0%
750,000+ sq. ft.	4,126,468	0.0%
Total	10,116,931	3.2%

Source: CBRE Research.

Figure 9: First Year Taking Rents (psf/yr)



Note: Includes first year taking rents for leases 200,000 sq. ft. and above.
Source: CBRE Research.

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St. Louis

Menu

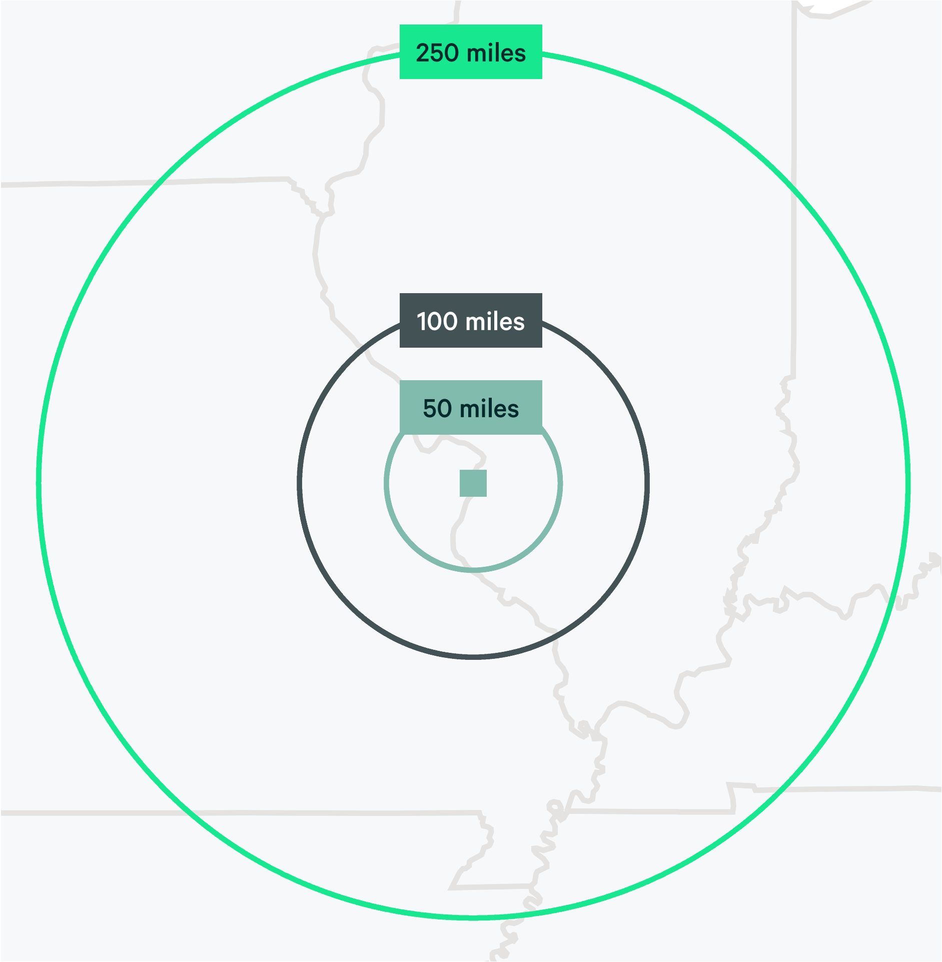
Demographics

Nearly 3 million people live within 50 miles of the market's core but, like many Midwest markets, this is expected to decline by 0.2% over the next five years. St. Louis' strength as a big-box market comes from its central location. There are 22 million people or 9 million households within 250 miles of St. Louis.

Figure 1: St. Louis Population Analysis

Distance from Downtown St. Louis	2023 Total Population	5 Year Growth Outlook
50 miles	2,809,340	-0.2%
100 miles	4,031,681	-0.4%
250 miles	22,140,375	0.3%

Source: CBRE Location Intelligence.



KEY STAT

27.4%

Automobile-related big-box leasing in St. Louis, the most of any market in this report.

The local warehouse labor force of 38,000 is expected to grow by 4% by 2034, according to CBRE Labor Analytics. The average wage for a non-supervisory warehouse worker is $17.76 per hour, in-line with the national average.

Figure 2: St. Louis Warehouse & Storage Labor Fundamentals

Total Warehouse & Storage Employment	2034 Total Warehouse & Storage Projected Employment	Hourly Wage*
38,000	39,516	$17.76

Source: CBRE Labor Analytics.
* Median wage (1 year experience); non-supervisory warehouse material handlers

Location Incentives

Over the past five years, there have been over 130 economic incentives deals for an average of $26,000 per new job in metro St. Louis, according to fDi Intelligence.

CBRE's Location Incentives Group reports that the top incentive program in Missouri is the Missouri Works Program, offering payroll rebates and discretionary income tax credits to business that create new jobs. For rural counties to qualify, at least two full-time jobs must be created with wages exceeding 80% of the average county wage. For non-rural counties to qualify, at least 10 full-time jobs must be created with wages exceeding 90% of the average county wage.

Another program is the Business Use Incentives for Large Scale Development (BUILD) program. BUILD provides refundable tax credits to companies for manufacturing and R&D projects that create a minimum of 100 new jobs and invest at least $15 million in capital.

A top incentive program offered in neighboring Illinois is the Economic Development for a Growing Economy Program (EDGE), offering non-refundable, discretionary tax credits for corporate income taxes for up to 10 years. These credits equal up to 50% of new income tax withholdings generated by a project's new job creation. To qualify, companies with more than 100 employees worldwide must invest a minimum of $2.5 million and create new jobs equal to 10% of the company's total employment. Companies with less than 100 employees worldwide must create new jobs equal to 5% of the company's total employment.

Figure 3: St. Louis Top Incentive Programs

Program (Missouri)	Descripton
Missouri Works Program	Retention of state withholding tax of new jobs and/or state tax credits, which are refundable
New Jobs Training Program (NJTP)	Discretionary job training grant
Chapter 100 Program Property Tax Abatements	Real and personal property tax abatement; sales tax exemption (partial) on equipment or construction
Program (Illinois)	**Descripton**
Economic Development for a Growing Economy (EDGE) Tax Credit	Non-refundable income tax credit up to 50% of the income tax withholdings of new jobs created in the State
IDOT Economic Development / Business Development Public Infrastructure	Discretionary infrastructure grant / in-kind assistance
Enterprise Zone	Annual tax credit equal to 0.5% of eligible capital investment, for 5 years; One-time tax credit equal to $500 per new job; Tax exemption equal to 100% of state & local sales taxes on construction, equipment and energy usage
Property Tax Abatements	Discretionary abatement of real estate taxes; personal property is exempt
Business Attraction Prime Sites Capital Grant	Discretionary cash grant of up to $5,000 per new job created to be used for site development and infrastructure costs of new construction or renovation projects
Invest in Illinois Closing Fund	Discretionary cash assistance to attract major development and job growth to Illinois, for projects evaluating competitive incentives from other states
Blue Collar Jobs Act	Discretionary tax credit for large-scale construction projects
Federal Grant Support	State-funded grant match program up to $2M for entities applying for federal grants
Reimagining Electric Vehicles (REV) Act	Tax credits for income tax withholding, training costs, tax exemptions, investment credits & reduced local property taxes

Source: CBRE Location Incentives Group.
Note: The extent, if any, of state and local incentive offerings depends on location and scope of the operation.

Logistics Driver

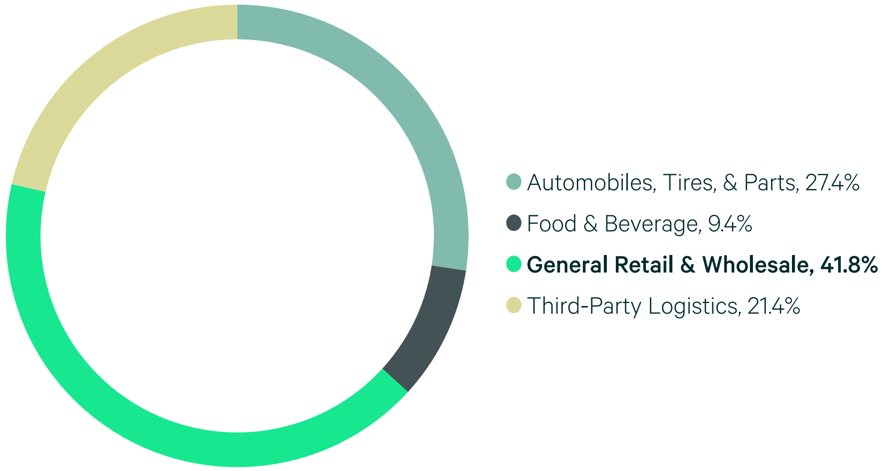
The Port of Metropolitan St. Louis encompasses 70 miles and services both sides of the Mississippi River. It is the northernmost ice- and lock-free port on the Mississippi and is served by six Class 1 railroads, seven interstate highways and two international airports. Nearly one-third of the U.S. population is located within 500 miles of the port. St. Louis Lambert International Airport is a growing cargo hub, with total cargo volumes continuing to increase over the past three years.

Nearly one-third of the U.S. population is located within 500 miles of the Port of Metropolitan St. Louis.

Supply & Demand

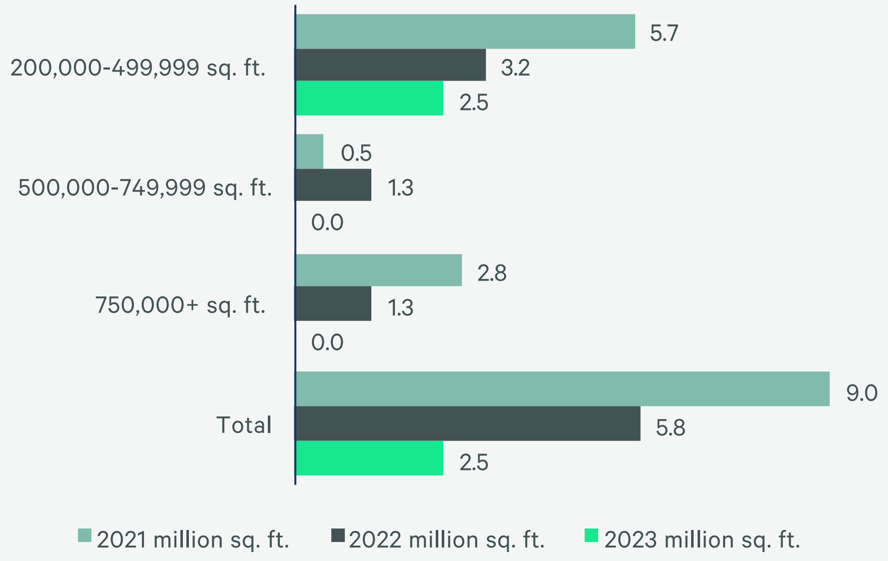
Industrial big-box leasing in St. Louis declined to just 2.4 million sq. ft. in 2023, all of which occurred in transactions under 500,000 sq. ft. Less leasing and some move-outs from spaces over 500,000 sq. ft. resulted in negative net absorption and an increased big-box vacancy rate of 6.1%. Despite rise in vacancies, taking rents increased by 15.1% in facilities under 500,000 sq. ft. There is 5 million sq. ft. under construction in the market, nearly all preleased. The lack of new space from development should help stabilize vacancy growth and maintain the upward trend in rents in 2024.

Figure 4: Share of 2023 Leasing by Occupier Type



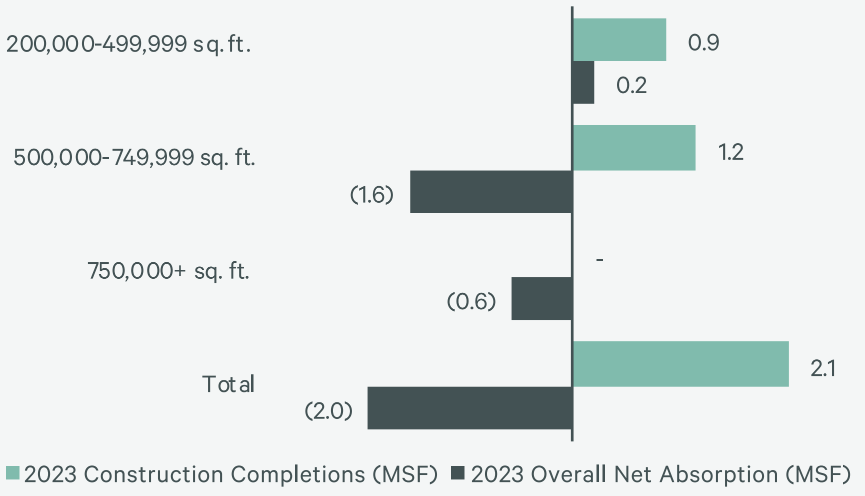
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research..

Figure 5: Lease Transaction Volume by Size Range



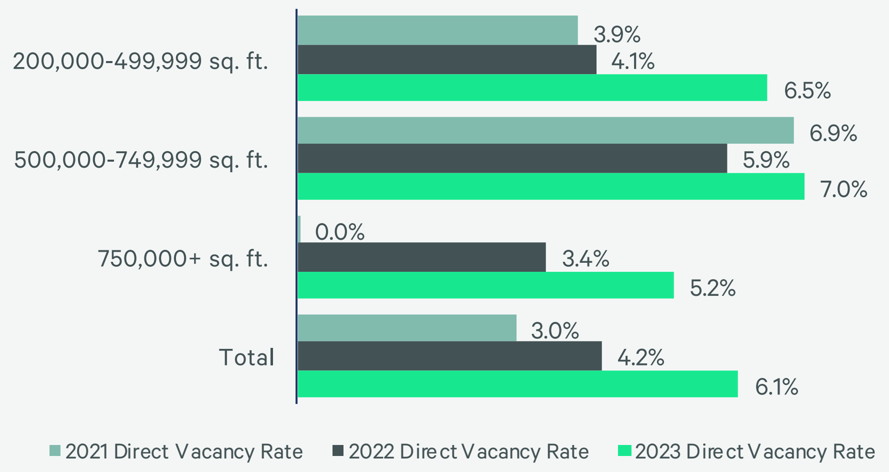
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 6: 2023 Construction Completions vs. Overall Net Absorption by Size Range



Source: CBRE Research.

Figure 7: Direct Vacancy Rate by Size Range



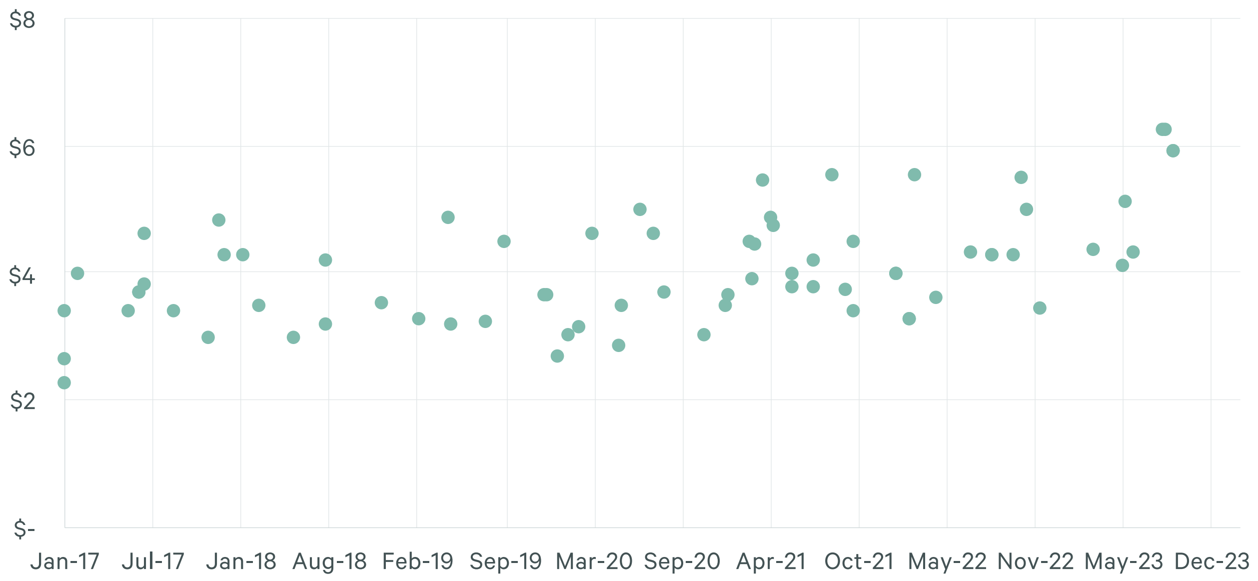
Source: CBRE Research.

Figure 8: Under Construction & Percentage Preleased

	2023 Under Construction sq. ft.	% Preleased
200,000-499,999 sq. ft.	1,802,413	59.0%
500,000-749,999 sq. ft.	0	N/A
750,000+ sq. ft.	3,199,313	100.0%
Total	5,001,726	85.2%

Source: CBRE Research.

Figure 9: First Year Taking Rents (psf/yr)



Note: Includes first year taking rents for leases 200,000 sq. ft. and above.
Source: CBRE Research.

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Toronto

Menu

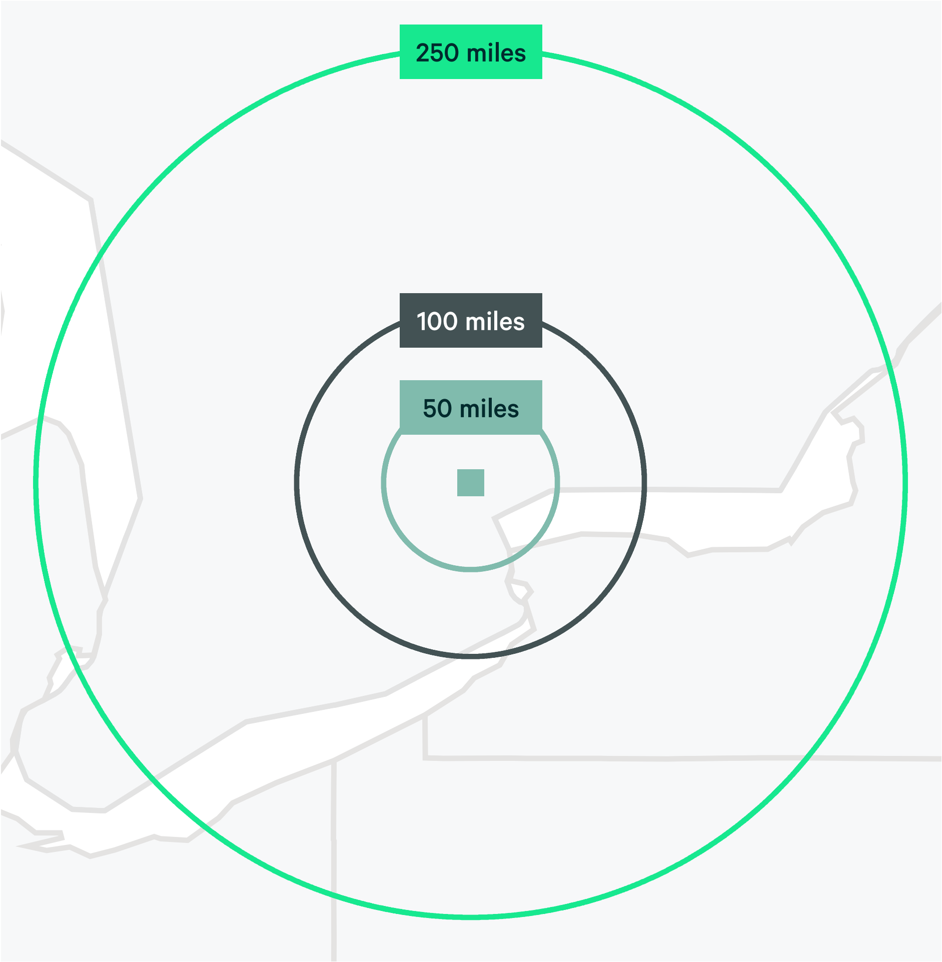
Demographics

Around 9 million people live within 50 miles of the market's core, the highest population concentration in Canada. The population's expected five-year growth rate is 9.6%. Just over 15 million people live within 250 miles, with a projected 8.8% five-year growth rate.

Figure 1: Toronto Population Analysis

Distance from Downtown Toronto	2023 Total Population	5 Year Growth Outlook
50 miles	8,911,937	9.6%
100 miles	11,062,119	9.5%
250 miles	15,149,390	8.8%

Source: Sitewise, Oxford Economics, Statistics Canada, Canada Job Bank, 2024.



KEY STAT

19.7%

First-year taking rent growth in 2023.

The local warehouse labor force of 217,310 is expected to grow by 25.6% by 2034, according to CBRE Labor Analytics. The average wage for a non-supervisory warehouse worker is C$19.00 (USD $14.11), tied with Montreal as the second-lowest of any market in this report.

Figure 2: Toronto Warehouse & Storage Labor Fundamentals

Total Warehouse & Storage Employment
217,310

2034 Total Warehouse & Storage Projected Employment
273,026

Hourly Wage*
C$19.00

Source: CBRE Research., Oxford Economics, Canada Job Bank.
*Median Wage in Canadian Dollars; Warehouseperson occupation (NOC 7452)

Location Incentives

Over the past five years, there have been over 90 economic incentives deals for an average of $95,400 per new job in metro Toronto, according to fDi Intelligence.

CBRE's Location Incentives Group reports that the extent, if any, of province and local incentives offerings for industrial projects in metro Toronto depends on the location and scope of the operation.

Figure 3: Toronto Top Incentive Programs

Program (Ontario)	Descripton
Strategic Innovation Fund (SIF)	Funds 10-50% of project costs for large-scale R&D and innovation projects
Scientific Research & Experimental Development (SR&ED) Program	Tax credits ranging from 15-35% of eligible R&D-related expenses
Industrial Research Assistance Program (IRAP)	Financial contributions provided by the National Research Council (NRC) of up to 60-80% of technical labor and subcontractor expenses to support technical R&D projects
Canada-Ontario Job Grant	Up to $10,000 in government support per person for training costs
Student Work Placement Program	Wage subsidies of up to $5,000 for every student hired through placement program
Co-operative Education Tax Credit	Refundable tax credit up to $3,000 for each qualifying work placement

Source: CBRE Location Incentives Group.
Note: The extent, if any, of state and local incentive offerings depends on location and scope of the operation.

Logistics Driver

Toronto has convenient access to seven major highways that connect to locations across Canada and U.S. border crossings. The market is served by both the Canadian National and Canadian Pacific railways, with intermodal rail yards in Brampton, Caledon, Milton and Vaughan.

Toronto Pearson International Airport processes more than 45% of Canada's air cargo, serving 175 international destinations. The airport is at the center of the region's rail and highway network, making cargo easy to ship to the region's big-box facilities.

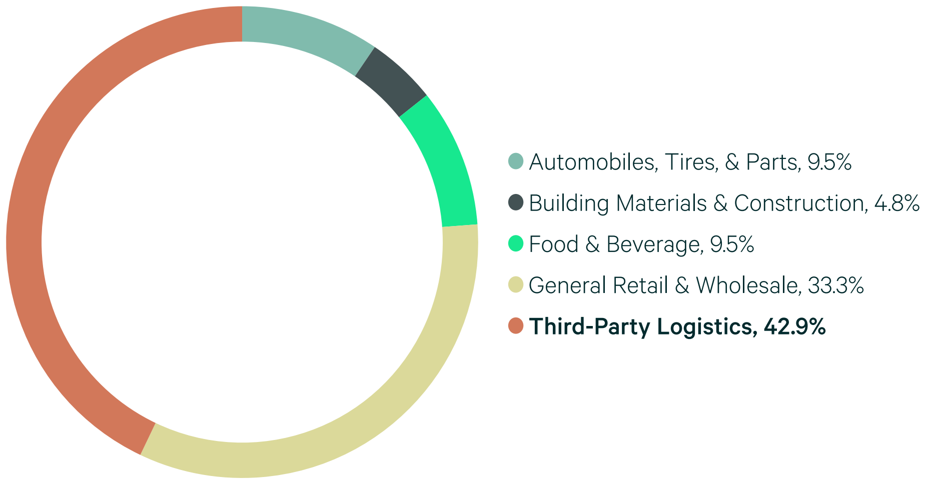
Toronto is Canada's largest big-box market and North America's seventh-largest. However, 2023 saw a dramatic rise in vacancy rates to 5.1%, up from 0.8% in 2022.

Supply & Demand

Toronto, with 277 million sq. ft. of total inventory, is Canada's largest big-box market and North America's seventh-largest. However, 2023 saw a dramatic rise in vacancy rates to 5.1%, up from 0.8% in 2022, driven by 3 million sq. ft. of negative net absorptions and 11.6 million sq. ft. of construction completions. Net absorption remained negative even with solid leasing performance that matched 2022's 8.9 million sq. ft. A diverse group of occupiers was active in Toronto, with 3PLs leading at 42.9% and general retailers & wholesalers following at 33.3% of leasing.

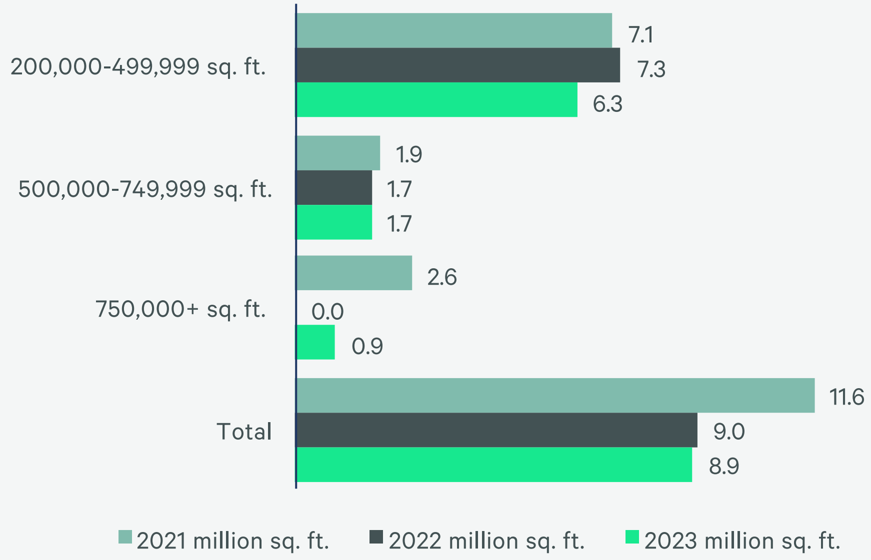
An additional 8.8 million sq. ft. of industrial big-box space is currently under construction, with most set to complete in 2024. Given this development and the prevailing economic uncertainty in Canada, vacancy rates are expected to hold steady at their current levels over the coming quarters, potentially stabilizing rent growth in 2024.

Figure 4: Share of 2023 Leasing by Occupier Type



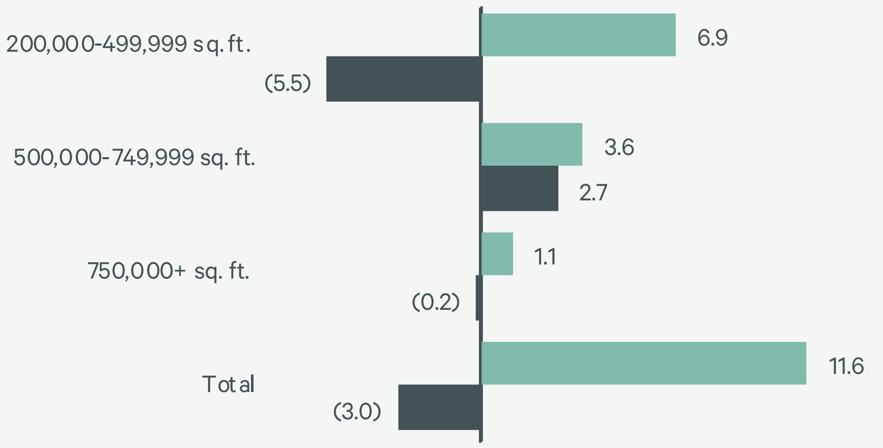
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 5: Lease Transaction Volume by Size Range



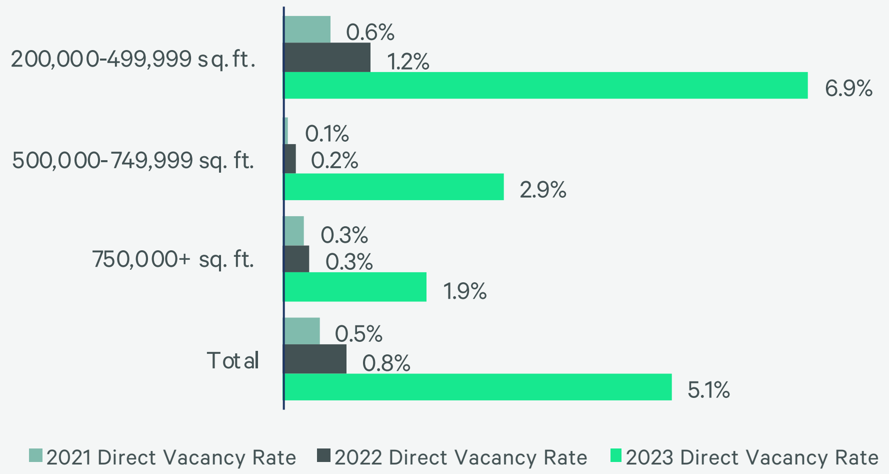
Note: Includes new leases and renewals 200,000 sq. ft. and above.
Source: CBRE Research.

Figure 6: 2023 Construction Completions vs. Overall Net Absorption by Size Range



Source: CBRE Research.

Figure 7: Direct Vacancy Rate by Size Range



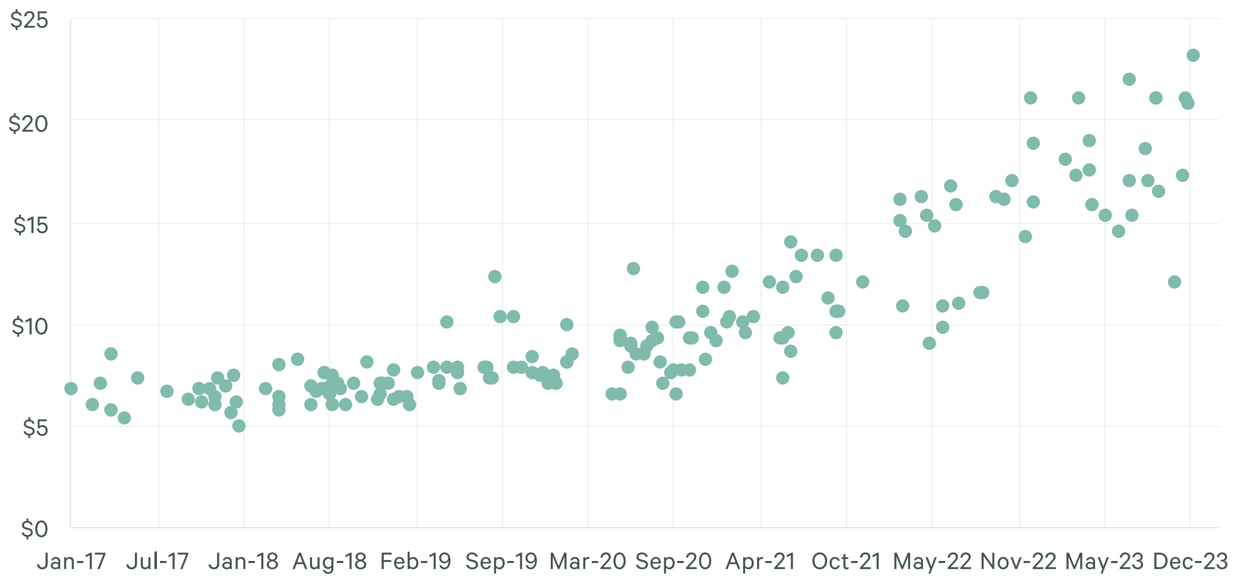
Source: CBRE Research.

Figure 8: Under Construction & Percentage Preleased

	2023 Under Construction sq. ft.	% Preleased
200,000-499,999 sq. ft.	5,254,367	21.4%
500,000-749,999 sq. ft.	1,378,675	0.0%
750,000+ sq. ft.	2,191,001	44.6%
Total	8,824,043	23.8%

Source: CBRE Research.

Figure 9: First Year Taking Rents (psf/yr)



Note: Taking Rents are in $CAD.
Source: CBRE Research.

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