Marcus & Millichap

Offering Memorandum

1025 SE 5TH ST

Hialeah, FL 33010

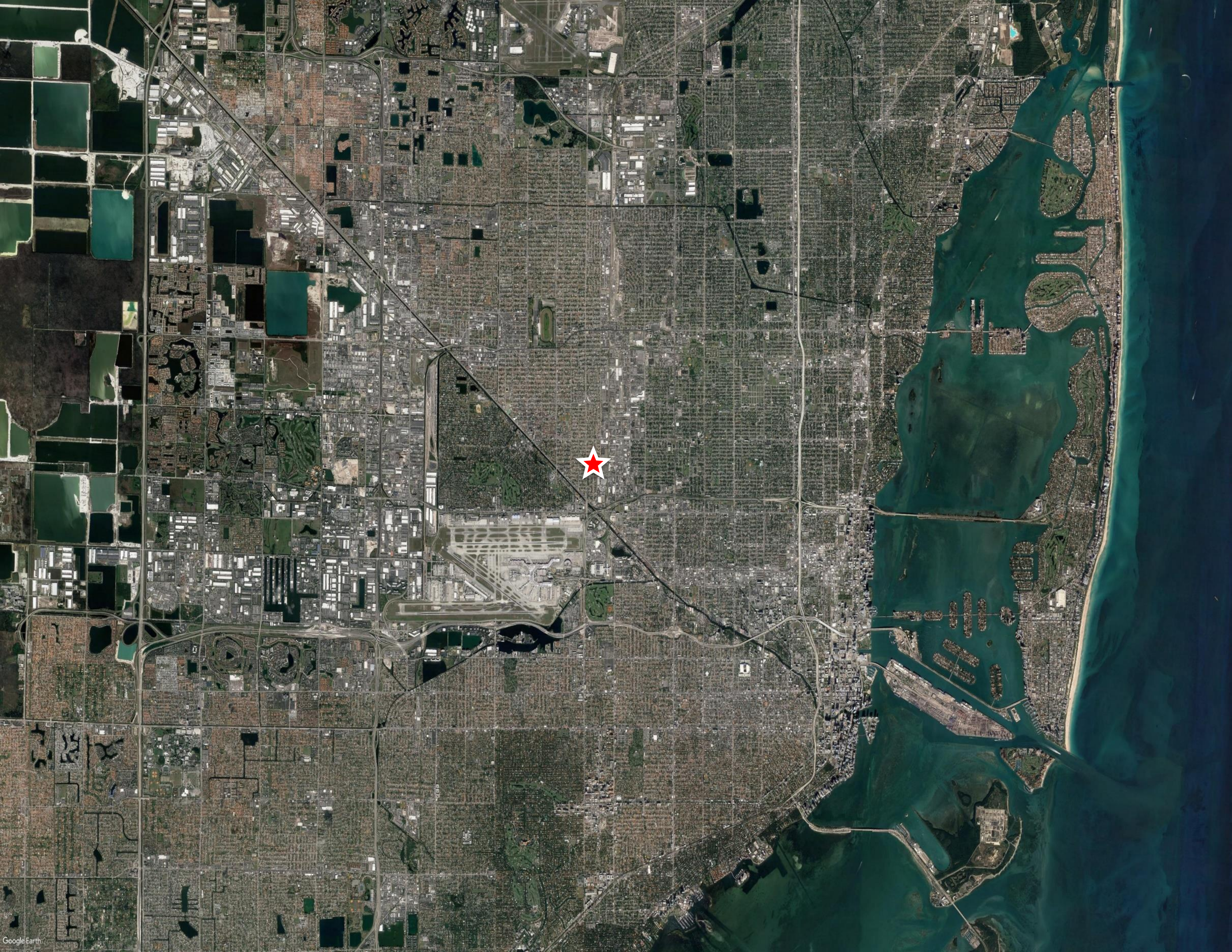
INVESTMENT OVERVIEW

PROPERTY OVERVIEW

Marcus & Millichap is pleased to present a Single-Tenant Industrial Warehouse for an Owner/User located in the City of Hialeah, Florida. The property is 17,200 SF on 0.44 acre(s) of land with a mixture of 15,700 SF (91.3%) Industrial and 1,500 SF (8.7%) of newly expanded renovated office. The property is built with reinforced concrete construction, three drive-in bay doors, 21' ceilings and 3 phase heavy power. Demand for industrial space has grown, as both the local and the national economies continue to perform well. Miami's significant infrastructure, including Miami International Airport and Port of Miami, has continued to increase trade flow. While trade arrives in Miami, a lot of it leaves the area shortly after and gets distributed across the Southeastern U.S. The rise of e-commerce has created more demand for space, as delivery logistics gain momentum. Miami is a global gateway with strong trade links to Asia, Europe, and Latin America. Many U.S. distributors, including Amazon, use Miami as a base to reach Latin American consumers. Miami rent growth has been robust this cycle. Though it dipped below the national average for 2017 and 2019, rent growth has surpassed 6% year over year in 2019. This led to Miami rent growth once again surpassing national rent growth. Restrictions in supply will keep Miami industrial rent growth at healthy levels and have kept the market in the top 15 metros nationally. As a result, vacancy rates in the Miami industrial market are expected to remain below the national average. Miami is well positioned to maintain healthy industrial fundamentals given he market’s global connections, strong population growth, and the Panama Canal expansion.

PROPERTY DETAILS

Building SF: 17,200 SF
Lot Size: 0.44 Acre(s)
Year Built: 1957
Drive In’s: 3 Total / 16’w by 12’h
Ceiling Height: 21’ ft
Construction: Reinforced Concrete
Mix: Industrial 15,700 SF (91.3%) / Office 1,500 SF (8.7%)
Power: 3 Phase Heavy
Taxes: $1.23 PSF (2018)
Zoning: M-1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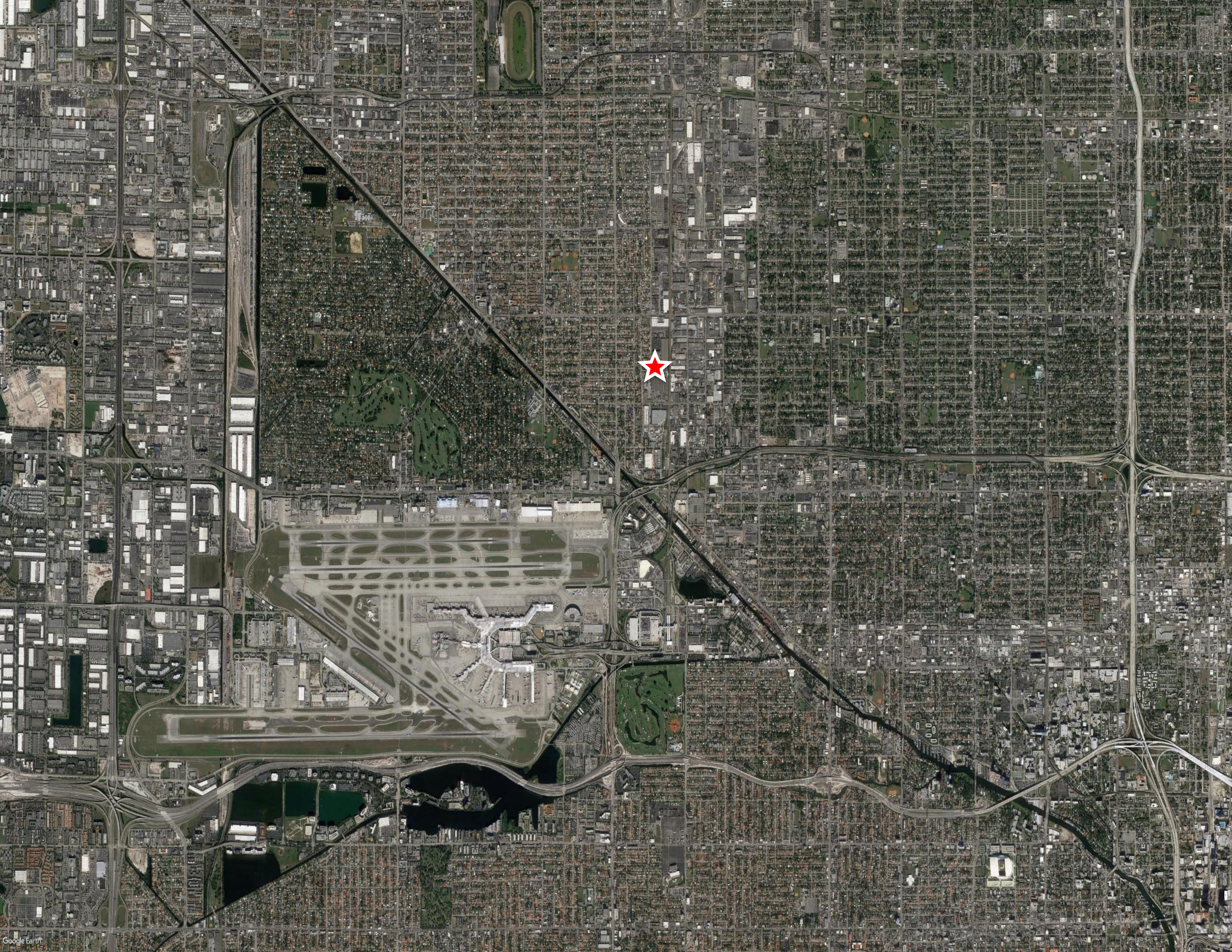
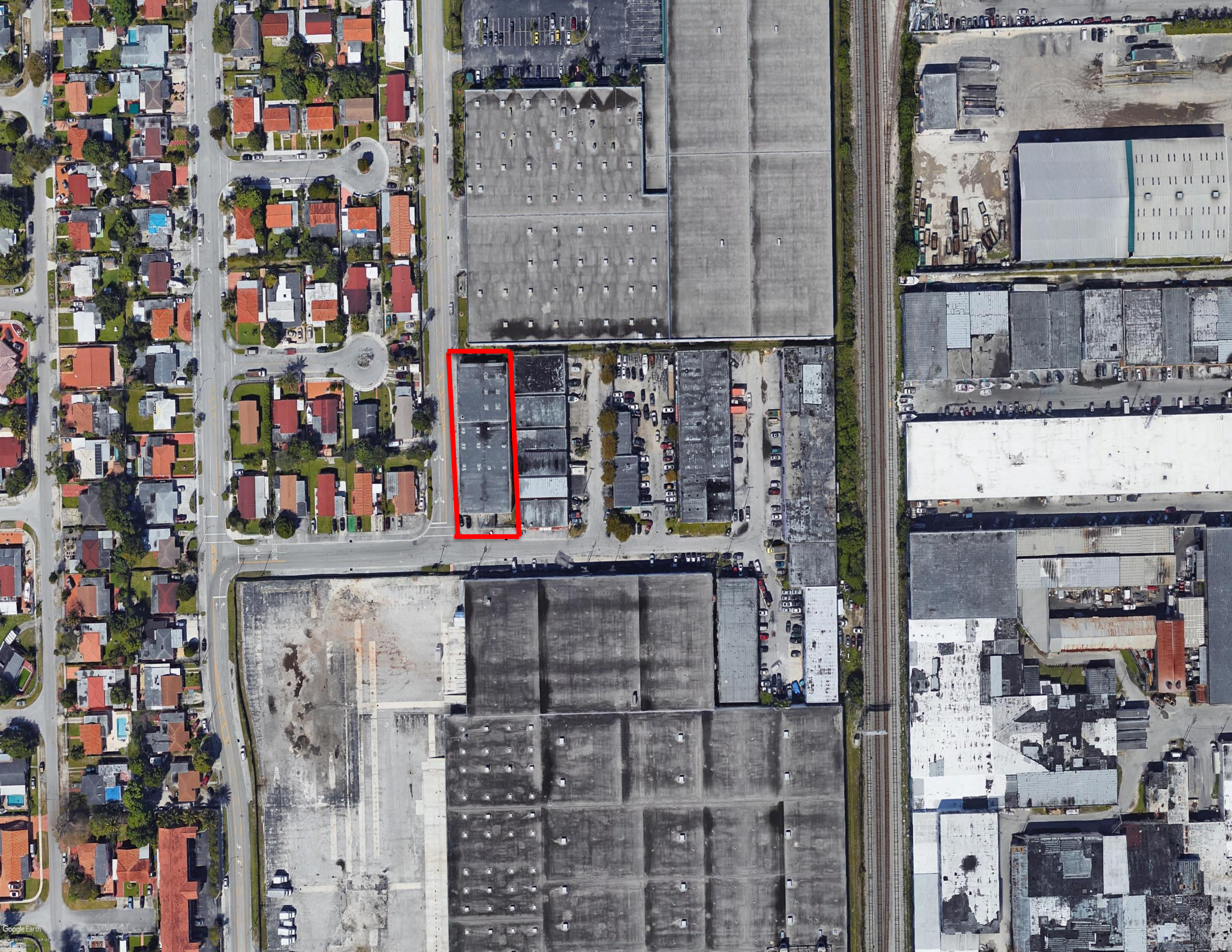

Google Earth


National Everglades
Fort Lauderdale
Hollywood
Miami Lakes
Aventura
Opa-Locka
US 27 Okeechobee Rd.
North Miami
Medley
Hialeah
INTERSTATE
95
Doral
FLORIDA
US
27
Subject Property
826
Allapattah
Wynwood
Miami International Airport
INTERSTATE
195
Dolphin Expressway
TOLL
836
Downtown Miami
Port Miami
South Miami
Coral Gables
Brickell
Rickenbacker Causeway
FLORIDA
US
1
Coconut Grove


Google Earth


Google Earth


Google Earth


Miami International Airport (1 Mile Away)
MIA
MIAMI INTERNATIONAL AIRPORT
Miami International Logistics Center
Google Earth


Miami International Airport (1 Mile Away)
MIA
MIAMI INTERNATIONAL AIRPORT
FLORIDA
US
27
Miami International Logistics Center
Subject Property
Google Earth


SLAM

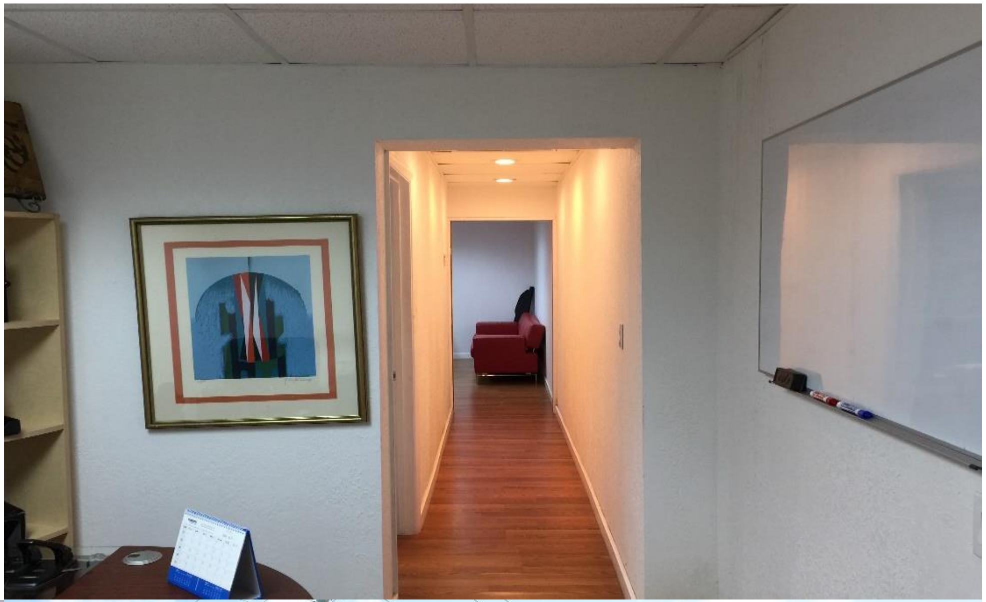

1025 SE 5 St.


AVAILABLE
LUCKY COMMERCIAL REALTY, INC.
+/- 19,200 Sq. Ft.
Contact
MICHAEL SIGERMAN, SIOR
GARY PLOSHNICK
305-635-3469
AVAILABLE

FINANCIAL
ANALYSIS

PRICING DETAIL

Price: $2,200,000
Down Payment: $440,000
Down Payment: 20%
Number of Suites: 1
Building Square Feet: 17,200 SF
Price Per SF: $127.91
Ceiling Height: 21’
Power: 3 Phase Heavy
Lot Size: 0.44 Acres
Year Built: 1957

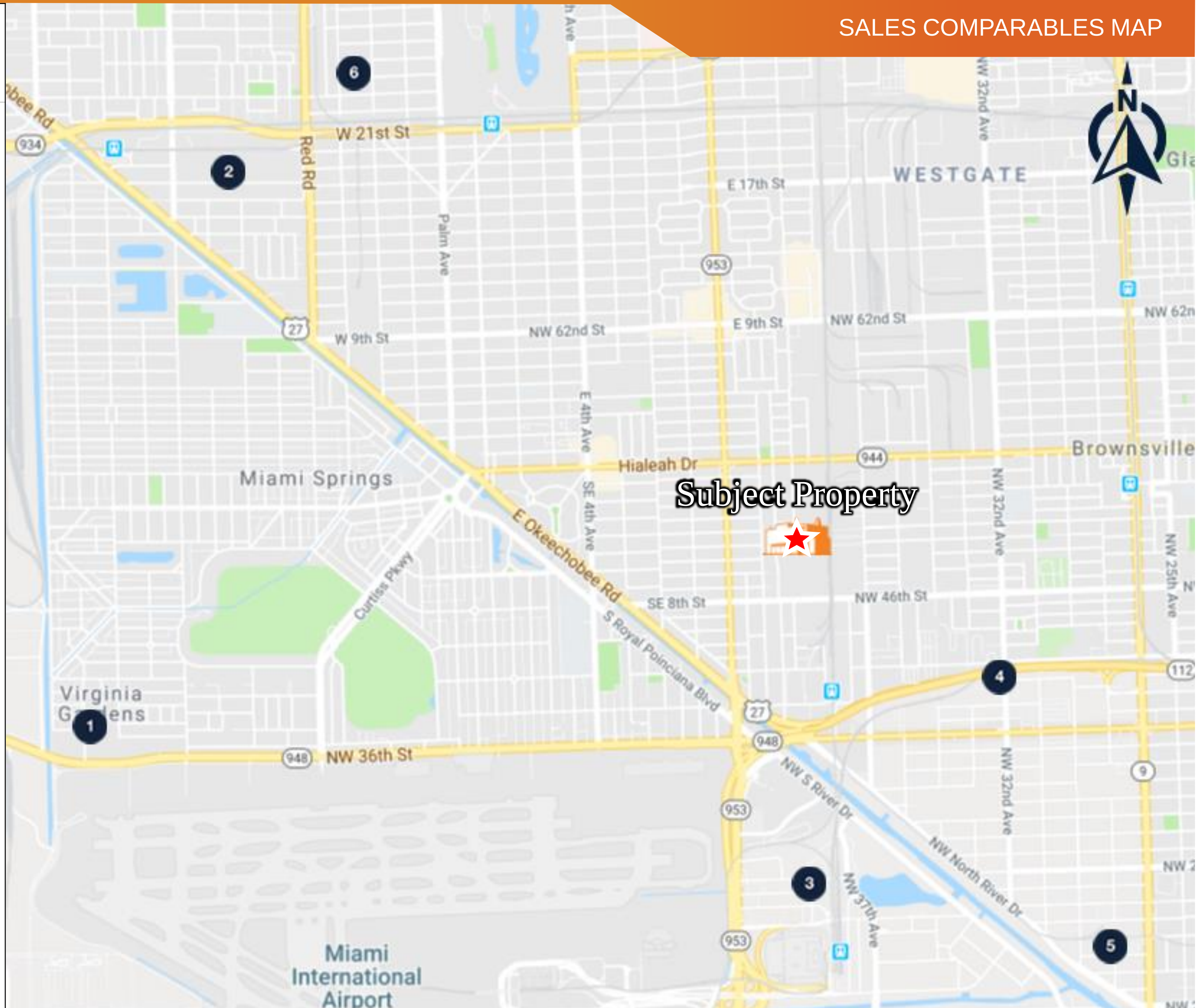


MARKET
COMPARABLES

SALES COMPARABLES MAP

1025 SE 5TH ST
(SUBJECT)

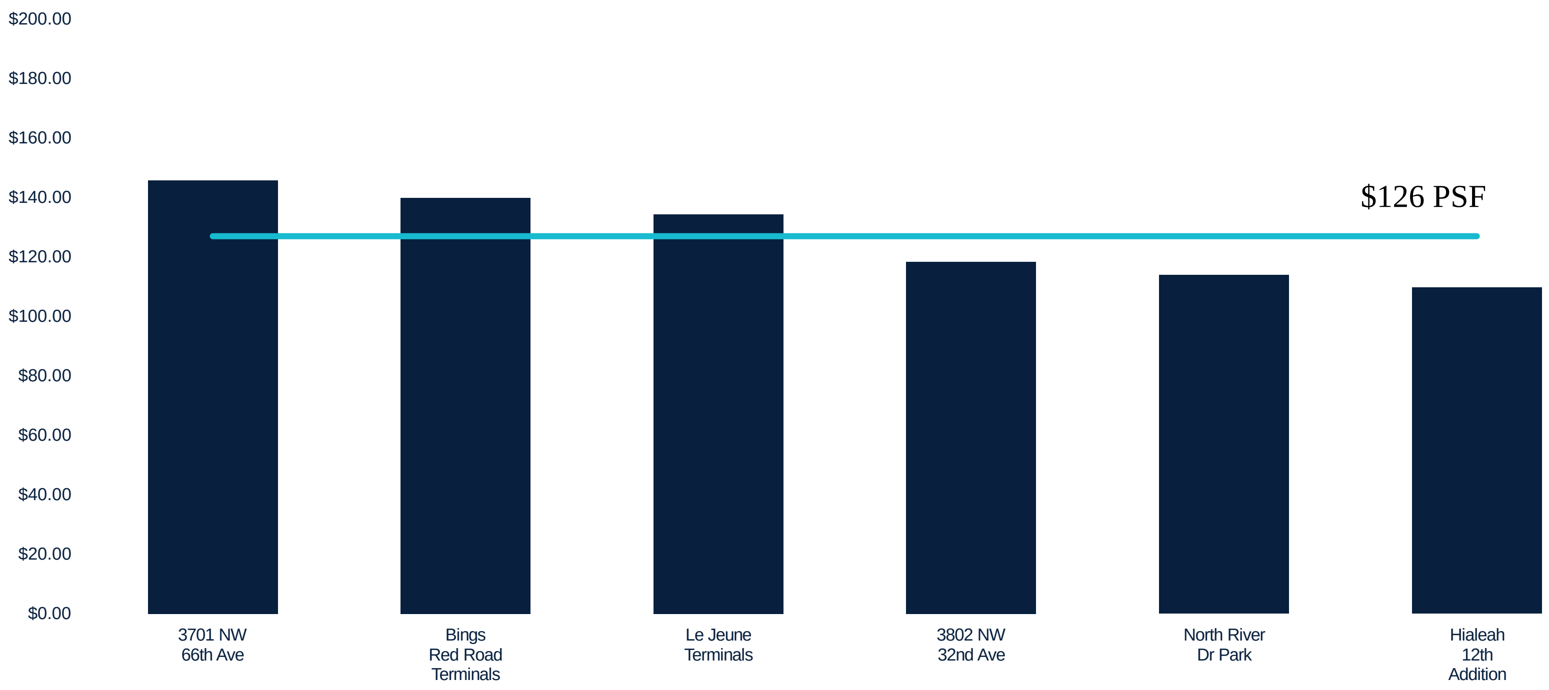
1. 3701 NW 66th Ave
2. Bings Red Road Terminals
3. Le Jeune Terminals
4. 3802 NW 32nd Ave
5. North River Dr Park
6. Hialeah 12th Addition



SALES COMPARABLES

SALES COMPARABLES   SALES COMPS AVG

Average Price Per Square Foot



SALES COMPARABLES

3701 NW 66TH AVE
3701 NW 66th Ave, Virginia Gardens, FL, 33166

1

Close of Escrow	9/26/2018
Sales Price	$1,425,000
Rentable SF	9,782
Price/SF	$145.68
Year Built	1960
Parking Ratio	2.00/1,000 SF
Clear Height	22'-24'

BINGS RED ROAD TERMINALS
640 W 18th St, Hialeah, FL, 33010

2

Close of Escrow	11/26/2018
Sales Price	$2,100,000
Rentable SF	15,030
Price/SF	$139.72
Year Built	1959
Parking Ratio	3.00/1,000 SF
Clear Height	18'

LE JEUNE TERMINALS
2600 NW 39th Ave, Miami, FL, 33142

3

Close of Escrow	5/25/2018
Sales Price	$3,100,000
Rentable SF	23,088
Price/SF	$134.27
Year Built	1960
Parking Ratio	2.33/1,000 SF
Clear Height	14'

SALES COMPARABLES

3802 NW 32ND AVE
3802 NW 32nd Ave, Miami, FL, 33142

4

Close of Escrow	5/24/2018
Sales Price	$1,300,000
Rentable SF	11,000
Price/SF	$118.18
Year Built	1957
Clear Height	16'

NORTH RIVER DR PARK
2172 NW 29th Ave, Miami, FL, 33142

5

Close of Escrow	7/3/2018
Sales Price	$1,275,000
Rentable SF	11,200
Price/SF	$113.84
Year Built	1973
Parking Ratio	1.00
Power	3p Heavy
Clear Height	18'

HIALEAH 12TH ADDITION
257 W 23rd St, Hialeah, FL, 33010

6

Close of Escrow	2/11/2019
Sales Price	$1,066,000
Rentable SF	9,720
Price/SF	$109.67
Year Built	1957
Clear Height	14'

MARKET OVERVIEW

MIAMI-DADE
OVERVIEW

Miami-Dade County is a gateway to South American and Caribbean markets and a tourist destination. The 2,400-square-mile county extends from the Florida Everglades east to the Atlantic Ocean. It is bordered to the north by Broward County and to the south by the Florida Keys. The main portion of the city of Miami lies on the shores of Biscayne Bay and is separated from the Atlantic Ocean by barrier islands, the largest of which holds the city of Miami Beach. The metro, with a population of roughly 2.7 million, is located entirely within Miami-Dade County. Miami is the most populous city, with slightly more than 443,000 residents, followed by Hialeah with roughly 237,000 people.

METRO HIGHLIGHTS

BUSINESS-FRIENDLY ENVIRONMENT

The metro has no local business or personal income taxes, which attracts businesses and residents to the area.

INTERNATIONAL GATEWAY

Miami is a gateway for international trading activities, tourism and immigration, connecting to airports and ports around the world.

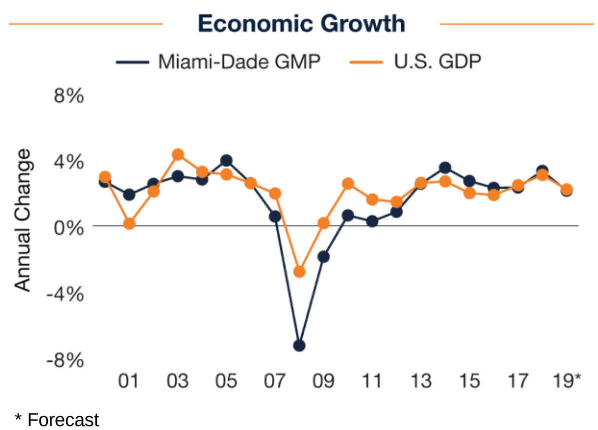
MEDICAL COMMUNITY

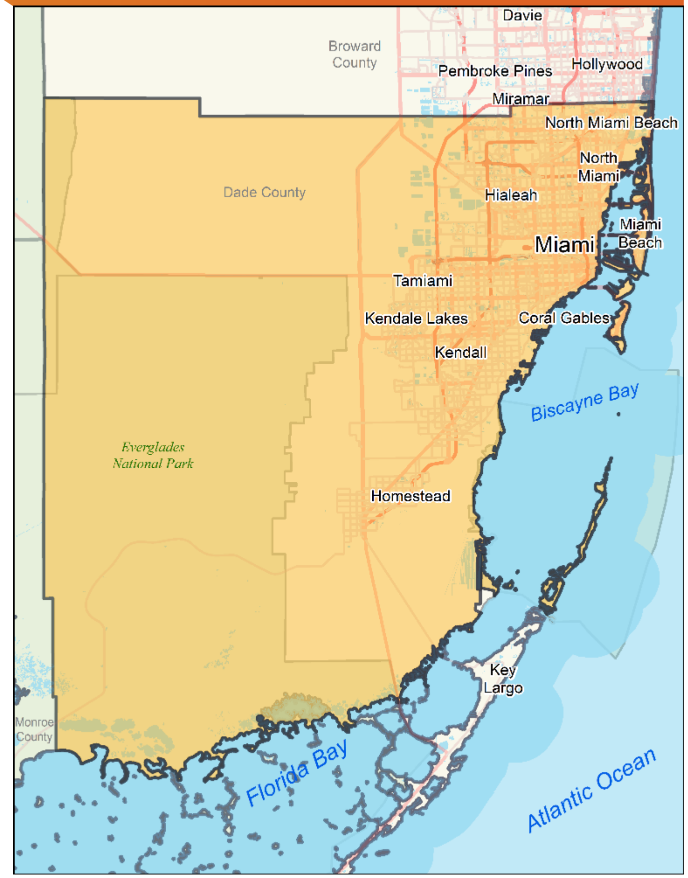
The county contains the largest concentration of medical facilities in Florida, drawing residents needing services throughout the state.

ECONOMY

- Various industries provide a diverse economy. Trade, international finance, healthcare and entertainment have become major segments in the local business community.
- A strong tourism industry has developed with ties to Latin America and the Caribbean.
- Tourism and trade depend on a large transportation sector. PortMiami and Miami International Airport are both major contributors to employment and the economy.
- The Miami metro gross metropolitan product (GMP) expansion is expected to be on par with the U.S. GDP in 2019 and retail sales for the county are also rising.

MAJOR AREA EMPLOYERS
Baptist Health South Florida
University of Miami
American Airlines
Miami Children's Hospital
Publix Supermarkets
Winn-Dixie Stores
Florida Power & Light Co.
Carnival Cruise Lines
AT&T
Mount Sinai Medical Center





SHARE OF 2019 TOTAL EMPLOYMENT

Sector	Share
MANUFACTURING	4%
PROFESSIONAL AND BUSINESS SERVICES	14%
GOVERNMENT	12%
LEISURE AND HOSPITALITY	12%
FINANCIAL ACTIVITIES	7%
TRADE, TRANSPORTATION AND UTILITIES	25%
CONSTRUCTION	5%
EDUCATION AND HEALTH SERVICES	16%
INFORMATION	2%
OTHER SERVICES	4%

DEMOGRAPHICS

- The metro is expected to add nearly 127,000 people over the next five years. During the same period, approximately 62,000 households will be formed, generating demand for housing.
- The homeownership rate of 53 percent is below the national rate of 64 percent, maintaining a strong rental market.
- The cohort of 20- to 34-year-olds composes 21 percent of the population.

2019 Population by Age

0-4 YEARS	5-19 YEARS	20-24 YEARS	25-44 YEARS	45-64 YEARS	65+ YEARS
6%	17%	6%	28%	27%	16%

2019 POPULATION: 2.7M	2019 HOUSEHOLDS: 954K	2019 MEDIAN AGE: 39.9	2019 MEDIAN HOUSEHOLD INCOME: $45,300
Growth 2019-2023*: 4.6%	Growth 2019-2023*: 6.5%	U.S. Median: 38.0	U.S. Median: $58,800

QUALITY OF LIFE

Miami-Dade County has developed into a cosmopolitan urban area offering a vibrant business and cultural community. The metro has an abundance of popular attractions. Miami hosts the Capital One Orange Bowl and is home to several professional sports teams, including the Miami Dolphins, the Miami Marlins and the Miami Heat. The county has a broad array of cultural attractions, historic sites and parks. These include the Adrienne Arsht Center for the Performing Arts, Zoo Miami and Everglades National Park. The region is home to a vibrant and diverse culture, family-friendly neighborhoods, a plethora of shops and restaurants, and beautiful weather and beaches. It also offers easy access to Latin America and the Caribbean.

* Forecast

Sources: Marcus & Millichap Research Services; BLS; Bureau of Economic Analysis; Experian; Fortune; Moody's Analytics; U.S. Census Bureau

SPORTS

Miami Dolphins · Miami Heat · Miami · Miami FC

EDUCATION

Miami · Florida National University, Since 1982, Opens Doors to the Future · Barry University · Miami Dade College

ARTS & ENTERTAINMENT

Adrienne Arsht Center for the Performing Arts of Miami-Dade County · Zoo Miami · Pérez Art Museum Miami · Miami Children's Museum, play • learn • imagine • create

MIAMI-DADE METRO AREA

2019 Market Forecast

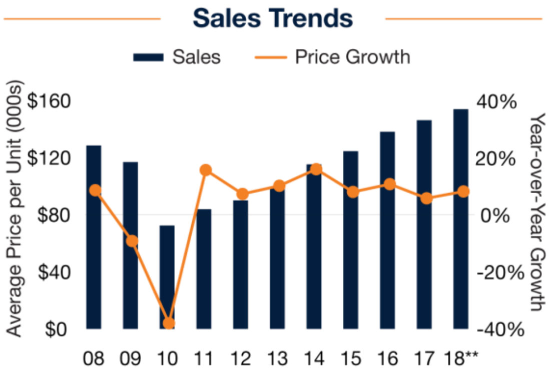
Employment up 2.3%
Miami-Dade employers will create 27,000 jobs in 2019, a 2.3 percent gain and up from a 1.3 percent advance last year.

Construction 4.6 million sq. ft.
During 2019, deliveries reach a cycle high, well above last year's 3.3 million square feet. The largest project to open this year is an 836,300-square-foot warehouse for Amazon in Opa-locka.

Vacancy up 70 bps
Completions will outpace the net absorption of roughly 2.9 million square feet, moving the vacancy rate up 70 basis points to 4.7 percent. Last year, a 60-basis-point rise was posted.

Rent up 2.9%
After three years of double-digit rent growth, the average asking rent will climb 2.9 percent to $11.19 per square foot in 2019. Throughout the state of Florida, a repeal of the non-homestead exemption cap in November could result in higher commercial real estate property taxes in the years ahead.

Investment



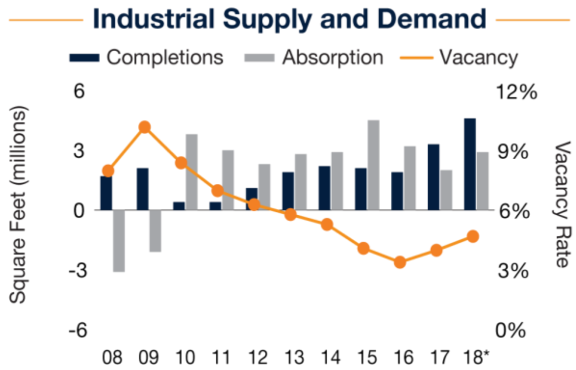
** Trailing 12 months through 2Q
Sources: Marcus & Millichap Research Services; Bureau of Labor Statistics; CoStar Group, Inc.; Real Capital Analytics

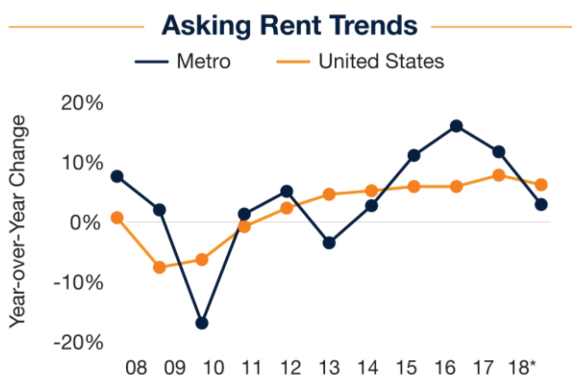
MIAMI-DADE METRO AREA

Construction Pipeline Rapidly Expanding; Investor Interest Robust, Though Listings Tight

Developers active amid strong demand. Roughly 5.4 million square feet of industrial inventory was finalized during the last eight quarters, yet vacancy hovered at 4.2 percent in the second quarter, up just 30 basis points year over year. Builders have another 5.4 million square feet underway with deliveries extending into 2019, and even more projects are working through the planning process. Developers are especially active from Miami International Airport extending north to the county border. Vacancy in this corridor rests below the metro average and large build-to-suit projects for KLX Aerospace Solutions and Amazon account for third of this year's new inventory. These buildings are in Hialeah and Opa-Locka, respectively. Tenants moving out of older space as they expand into new facilities contributed to a slight dip in the average asking rent over the last four quarters to $10.65 per square foot.

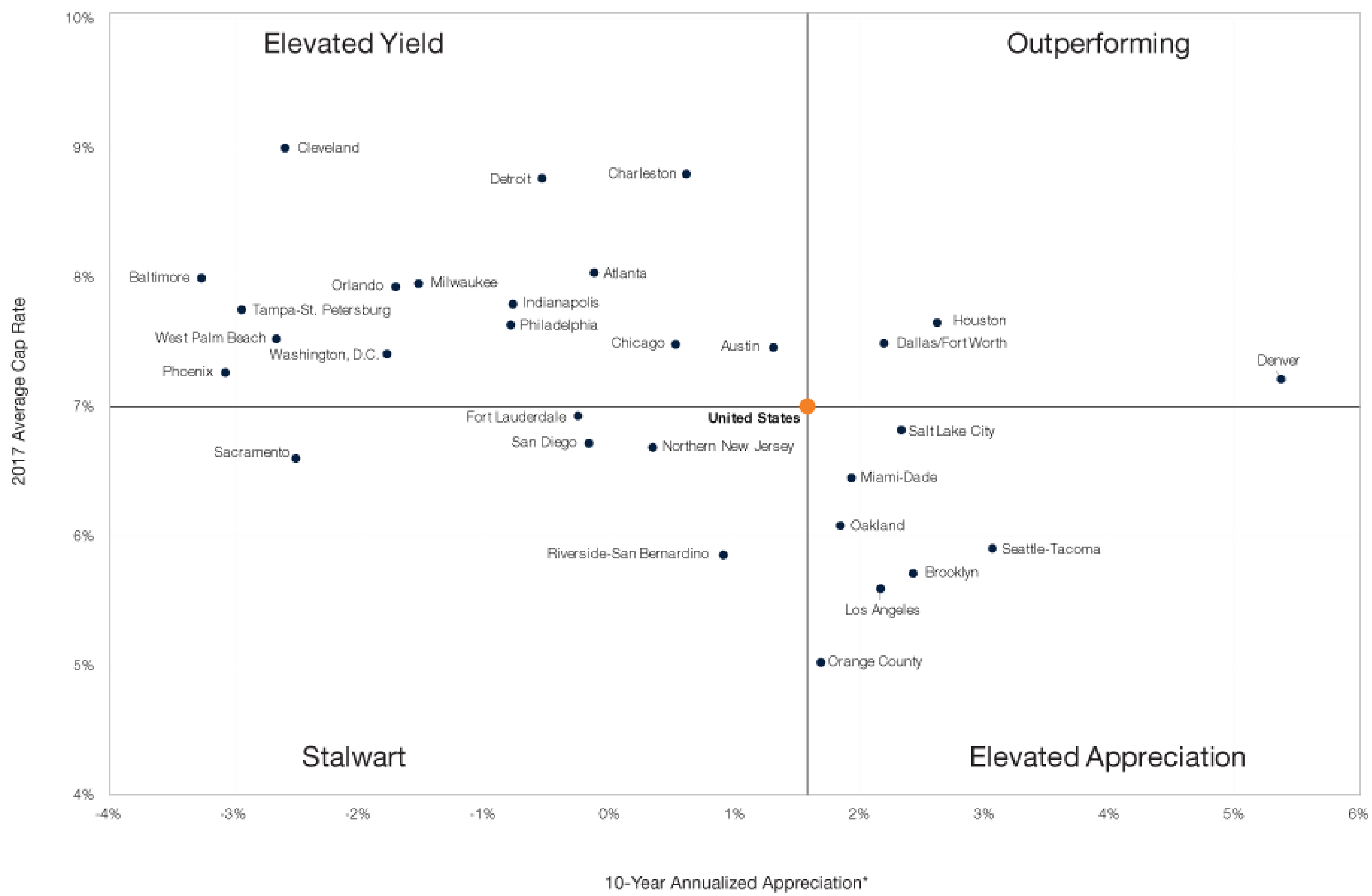
Vibrant economy and gateway status lure investors to Miami-Dade. Favorable economic and demographic trends as well as activity at the Port of Miami are bolstering demand for industrial space. E-commerce, maritime, technology, storage and logistics firms are among the users expanding. These optimistic indicators are drawing a wide range of investors to the market. Trading activity jumped 15 percent year over year in June. Strong demand for listed assets contributed to pushing the average price up 8 percent to $154 per square foot during this period. The average cap rate, meanwhile, contracted 20 basis points but remains in the mid-6 percent range. Many older or functionally obsolete properties in transitioning neighborhoods, including portions of South Central Miami, or near the airport, are being sought after for their redevelopment potential. During the first half of 2019, these assets traded at an average of $130 per square foot with cap rates in the low-7 to mid-7 percent span.





* Forecast
Sources: Marcus & Millichap Research Services; Bureau of Labor Statistics; CoStar Group, Inc.; Real Capital Analytics

2019 PRICING AND VALUATION TRENDS



* 2007-2017 Average annualized appreciation in prices per square foot

2019 PRICING AND VALUATION TRENDS

Average Price Per Square Foot**
(Alphabetical order within each segment)

$46-$75	$76-$100	$101-$130	$131-$200	$201-$429
• Atlanta	• Baltimore	• Austin	• Denver	• Brooklyn
• Cleveland	• Chicago	• Charleston	• Miami-Dade	• Los Angeles
• Dallas/Fort Worth	• Houston	• Fort Lauderdale	• Oakland	• Orange County
• Detroit	• Orlando	• Northern New Jersey	• Riverside-San Bernardino	• Seattle-Tacoma
• Indianapolis	• Phoenix	• West Palm Beach	• San Diego	
• Milwaukee	• Sacramento		• Washington, D.C.	
• Philadelphia	• Salt Lake City			
	• Tampa-St. Petersburg			

** Price per square foot for industrial properties $1 million and greater
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; Real Capital Analytics

2019 NATIONAL INDUSTRIAL PROPERTY INDEX

Ports, Distribution Hubs Capture Top of Index; Rising Land Prices Weigh on Larger Metros

Modest shuffling keeps e-commerce distribution-centric metros near top of Index. The rise of online shopping and faster delivery times are fostering significant demand for industrial properties near ports with the capability to handle today's most cutting-edge distribution strategies. Los Angeles' twin ports and related strength pushed it to the top of the Index this year, passing Seattle-Tacoma as higher construction could potentially weigh on the latter metro's net absorption this year. Major manufacturing hub Detroit (#3) and distribution centers Northern New Jersey (#4) and Orange County (#5) make up the next three spots, with limited development and tight vacancy boosting prospects for 2019. The port cities of Tampa-St. Petersburg (#6) and Oakland (#7) fill the next two positions, underpinned by active harbors and foreign imports. The sprawling industrial strongholds of Riverside-San Bernardino (#8) and Chicago (#9) feature short commutes to dense populations and abundant land for affordable space. Miami-Dade (#10) rounds out the top 10, as a rise in construction weighed on the 2019 outlook.

Biggest Index movers. Tampa-St. Petersburg (#6) registered the greatest leap in the Index, jumping seven places as booming rents and benign construction push vacancy to one of the lowest levels in the country. A reprieve in development and net absorption of more than 19 million square feet pushed Chicago (#9) up six places this year. Houston (#15) elevated five places in the Index as rent growth turns positive and net absorption continues to rise following the oil price shock in 2016. The emergence of Amazon and Foxconn in Milwaukee (#19) drove a six-spot increase as meager development and consistent absorption have contracted vacancy to a rate on par with top-tier coastal metros. A slowdown in net absorption and rising vacancy pressured Indianapolis (#23), pushing the metro down six places this year.

MSA Name	Rank 2019	Rank 2017	18-17 Change	
Los Angeles	1	3	g	2
Seattle-Tacoma	2	1	h	-1
Detroit	3	6	g	3
Northern New Jersey	4	4	■	0
Orange County	5	2	h	-3
Tampa-St. Petersburg	6	13	g	7
Oakland	7	5	h	-2
Riverside-San Bernardino	8	7	h	-1
Chicago	9	15	g	6
Miami-Dade	10	8	h	-2
Cleveland	11	9	h	-2
Philadelphia	12	10	h	-2
Fort Lauderdale	13	12	h	-1
Salt Lake City	14	11	h	-3
Houston	15	20	g	5
Dallas/Fort Worth	16	14	h	-2
New York City	17	18	g	1
Atlanta	18	16	h	-2
Milwaukee	19	25	g	6
West Palm Beach	20	21	g	1
Sacramento	21	19	h	-2
Orlando	22	22	■	0
Indianapolis	23	17	h	-6
Austin	24	New	■	NA
San Diego	25	24	h	-1
Washington, D.C.	26	23	h	-3
Phoenix	27	27	■	0
Denver	28	26	h	-2
Charleston	29	29	■	0
Baltimore	30	28	h	-2

2019 NATIONAL INDUSTRIAL PROPERTY INDEX

Index Methodology

The NIPI ranks 30 major industrial markets based upon a series of 12-month, forward-looking economic and supply-and-demand variables. Markets are ranked based on their cumulative weighted-average scores for various indicators, including projected employment growth, vacancy level and change, construction, and rents. Weighing both the forecasts and incremental change over the next year, the Index is designed to indicate relative supply-and-demand conditions at the market level.

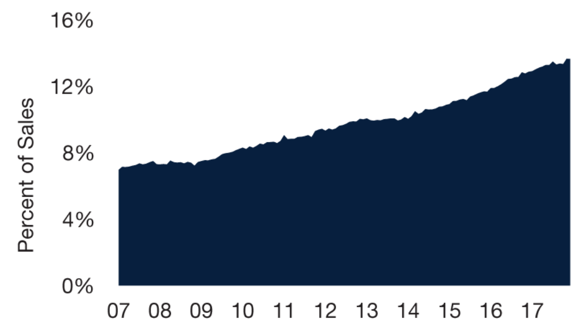
Users of the Index are cautioned to be aware of several important considerations. First, the NIPI is not designed to predict the performance of individual investments. A carefully chosen property in a bottom-ranked market could easily outperform a poor choice in a top-ranked market. Second, the NIPI is a snapshot of a one-year time horizon. A market facing difficulties in the near term may provide excellent long-term prospects, and vice versa. Third, a market’s ranking may fall from one year to the next even if its fundamentals are improving. Also, the NIPI is an ordinal index, and differences in rankings should be carefully interpreted. A top-ranked market is not necessarily twice as good as the second-ranked market, nor is it 10 times better than the 10th-ranked market.

NATIONAL ECONOMY

Economic Tailwinds Drive Growth Into 2019; Consumer Spending Spurs Industrial Demand

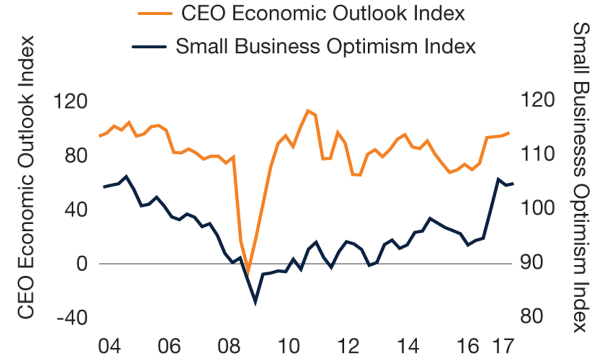
Tight labor market and surging confidence invigorate consumption, spurring increased demand for goods and distribution. The U.S. economy strengthened further in 2017 with job gains averaging roughly 180,000 per month, a slightly slower pace from the prior year as the labor market tightened. The unemployment rate remains at 4.1 percent entering 2019, the lowest it has been since 2000, adding to the likelihood of average hourly earnings growth above 3.0 percent this year. Competitive compensation packages will be necessary to secure quality talent and the construction, professional services and hospitality sectors have been leading gains. Heightened wages should invigorate consumer spending, placing additional pressure on supply-chain logistics and encouraging higher inventory levels for retailers. CEO confidence has increased over the past year, boosting corporate infrastructure expenditures by more than 6 percent, which will continue to stimulate economic growth. The steady economic tailwind over the course of the recovery has pushed consumer confidence to its highest point since 2000 while advancing small-business sentiment to a 31-year record level, reinforcing both consumption and hiring this year. Tax reform may bolster industrial space demand. The new tax law could play a significant role in shaping both the economy and industrial demand in 2019. A reduction in the corporate tax rate will be a windfall for corporations, encouraging several companies to raise investment in hiring, infrastructure and wages. Significant changes in the tax law that offer temporary accelerated depreciation could factor into rising corporate investment. Lower personal taxes may also provide consumers with additional discretionary income and increase demand for products and the distribution of these throughout the nation. While actual tax savings will vary depending on a number of variables, the consensus is that most people will receive additional take-home pay, growing discretionary income and accelerating consumption.

E-Commerce Sales Growth



Excludes auto and gas sales

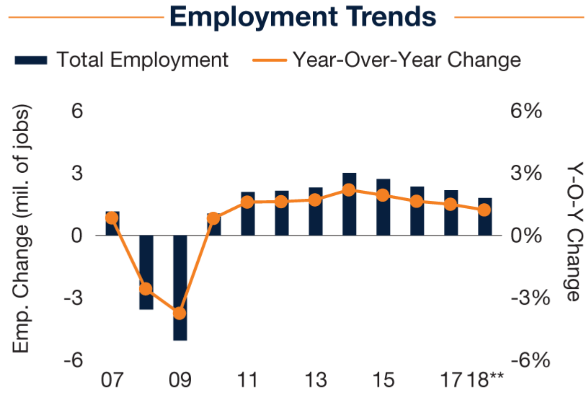
Optimism Reinforces Growth

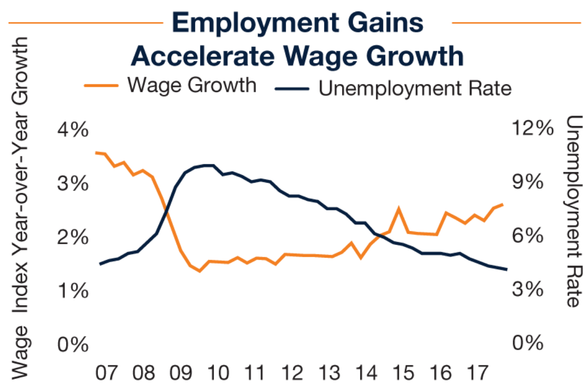


NATIONAL ECONOMY

2019 National Economic Outlook

- Job creation, low unemployment drive wage growth. With the economy operating near full employment, job growth will moderate slightly to 1.8 million new hires this year, a 1.2 percent increase in jobs. In December there were openings for 5.8 million positions and limited prospects for finding qualified talent to fill them with the jobless rate so low, pushing companies to get creative and use hiring incentives. As a result, average hourly earnings began to show more meaningful growth last year, leading to a 2.9 percent year-over-year rise at the end of 2017. Larger paychecks will bolster the economy through the additional consumption of goods and services.
- Tax laws boost corporate growth. The most extensive overhaul of the tax law in three decades will lead to more corporate investment in fixed equipment this year, reinforcing the industrial sector. Temporary accelerated depreciation will allow some businesses to depreciate 100 percent of certain assets over one year, driving more companies to consider improvements to non-residential real property and spurring greater economic growth.
- Online shopping grows demand for last-mile distribution. Rapid expansion of online shopping drives a structural shift in the industrial sector, leading to an adjustment of space requirements and property location for retailers and third-party logistics providers. Businesses are increasingly demanding to be nearer to their final customer, leading companies such as Sam's Club to turn underperforming stores into last-mile fulfillment centers.



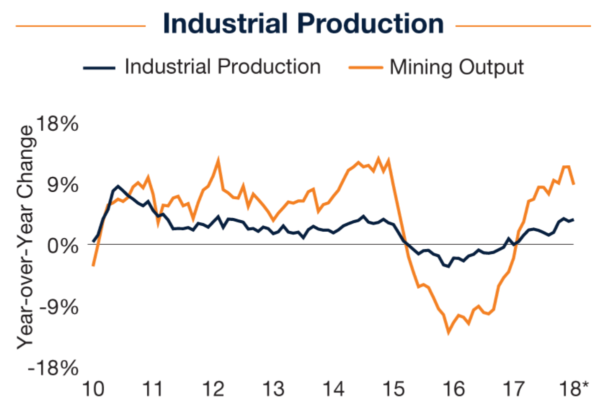


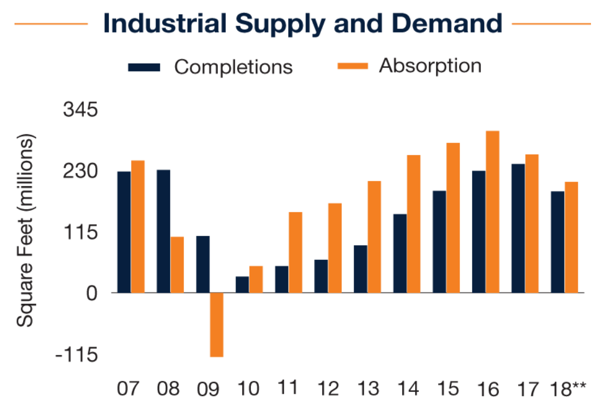
** Forecast

NATIONAL INDUSTRIAL OVERVIEW

E-Commerce Triggering a Transformation Of the Industrial Property Market

Structural shifts underway in industrial demand reshaping the market. The industrial sector remains on a robust growth trajectory this year, aided by a healthy economy and increased consumer spending. The speedy expansion of online shopping continued to make substantial impacts on this sector in 2017 as e-commerce sales grew by 16.8 percent, contributing to the strongest rent growth and the tightest vacancy in more than a decade. E-commerce companies accounted for 10 percent of industrial leasing last year, with the related functions of logistics and distribution making up 20 to 30 percent of leasing activity. Traditional space users have also driven exceptional performance as industries are producing goods and services at greater levels, boosting industrial production 3.7 percent in January from a year earlier. Manufacturing production climbed 1.8 percent during that period, while utility production increased 10.8 percent and mining output rose 8.8 percent. Continued economic strength will push vacancy lower once again this year and raise asking rent growth above 5 percent for the fifth straight year. Industrial space demand surpasses new supply for ninth straight year. Record-low vacancy and new demand drivers pushed development activity to a cycle high in 2017 with the completion of more than 240 million square feet. Construction has been concentrated on a handful of shipping and logistics hubs with Riverside-San Bernardino leading the way this year, followed by Dallas/Fort Worth, Atlanta, Chicago, Phoenix and Houston. Industrial site selection has shifted toward a greater focus on the availability and cost of labor as well as taxes, utilities costs and building expenses. Demand for last-mile facilities has increased the redevelopment and replacement of older industrial space in urban markets, with users willing to cover the greater expenses to be closer to their customers. The need to put distribution centers near consumers along with expanding industries will sustain demand for heightened property development, bringing supply growth this year to 190 million square feet. With vacancy so low, absorption will likely slow as modern space that meets use requirements becomes limited.



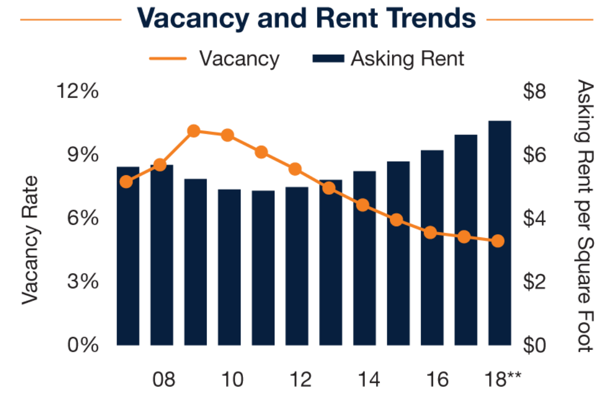


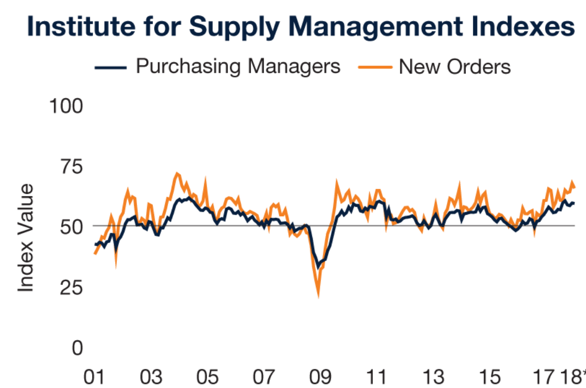
* Through January
** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

NATIONAL INDUSTRIAL OVERVIEW

2019 National Industrial Outlook

- **New orders, growing production push gauges higher.** An expanding manufacturing sector raised a leading index of activity to signal steady growth. The subsidiary gauge of new orders, a leading indicator of future manufacturing activity, attained a strong level, indicating a positive outlook. With a healthy outlook on all fronts, the manufacturing sector is positioned to make contributions to the industrial property sector in 2019.
- **Vacancy hits lowest point in recent history.** The national vacancy rate compresses to 4.9 percent by year end on net absorption of just over 200 million square feet. A tightening market is forecast to boost the average asking rent 6.6 percent this year, down slightly from the 8 percent acceleration recorded in 2017. Numerous markets will post rent gains between 8 and 14 percent, including the large port markets of Los Angeles, Seattle-Tacoma and Northern New Jersey. Inland markets of Sacramento, Orlando and Detroit are also included.
- **Retailers developing creative strategies.** Big retailers are growing their logistics networks to remain competitive in the e-commerce marketplace. Walmart announced plans to redevelop 10 Sam's Clubs into last-mile distribution centers while Nordstrom is opening smaller stores with no inventory, allowing for a customers order to be delivered next day from a warehouse.





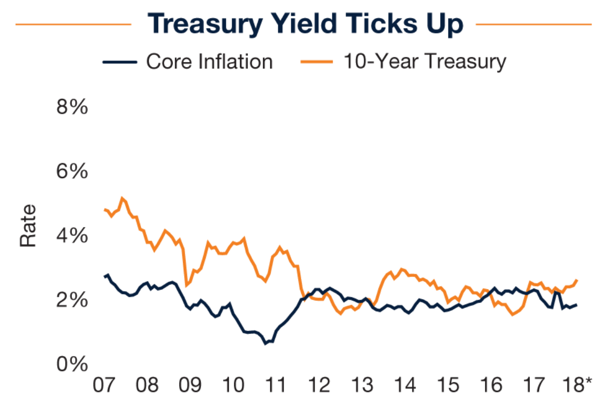
* Through January
** Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

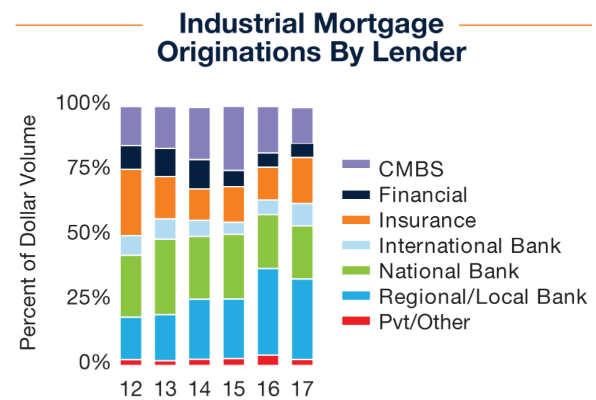
CAPITAL MARKETS

Financial Markets Keep an Eye on Firming Inflation; Debt Market Maintains Elevated Liquidity

Fed walking tightrope to keep economy balanced. A robust economic growth outlook was the wide consensus among Federal Reserve officials at their January meeting, reinforcing their agenda to continue raising short-term rates this year. Federal tax law changes that will stimulate growth along with stock market volatility amid elevated pricing remain a central focus for the Fed. Bond yields jumped to their highest level in years on inflationary concerns, sending equity markets into a correction in early 2019 as overheating risks could lead the central bank to increase rates faster than anticipated. The Fed may choose to act more aggressively with rate movement this year to alleviate price pressures, alluding to the possibility of four increases, a main focus of investors. Adding to inflationary concerns and the potential for faster action from Fed officials is the larger-than-expected fiscal stimulus plan. These factors have given rise to greater volatility in equity markets, emphasizing the compelling alternative that commercial real estate investment presents with relatively less volatility and competitive yields.

Lenders look for upswing in 2019. Debt availability for industrial properties remains elevated, with a range of lenders catering to the sector. National banks will continue to serve a significant portion of larger industrial deals while local and regional banks target smaller transactions in secondary and tertiary markets. In general, credit standards have held steady and the trend should continue into 2019 as lenders search for deals. Industrial construction lending will remain conservative as above-average development works its way through the pipeline. Overall, weaker demand for construction loans has been reported, reinforcing trends for moderating deliveries and benefiting property fundamentals as tenants turn to existing properties.





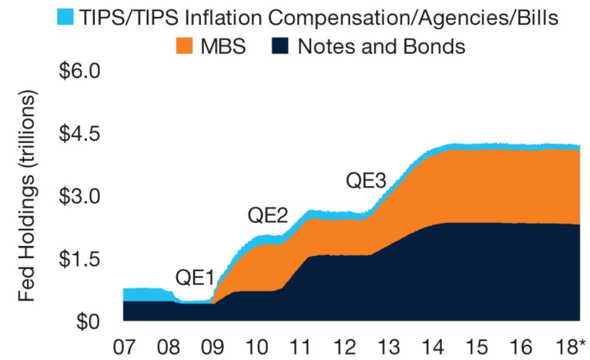
* Through January

CAPITAL MARKETS

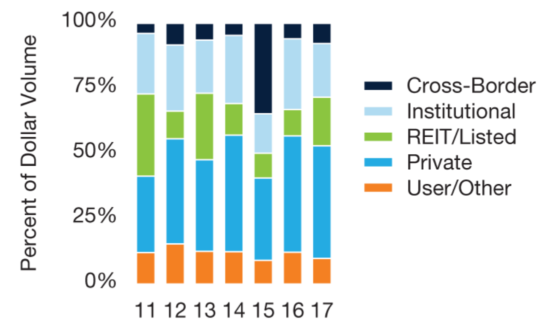
2019 Capital Markets Outlook

- Long-missed inflation now a leading concern of investors and the Fed. Inflationary pressures are mounting after being nominal throughout the current growth cycle. Core consumer prices were up an annualized 1.8 percent in January, rising faster than expected and affirming the bank's decision to gradually raise interest rates. The U.S. dollar reached its lowest point in more than three years in February, impacting import prices, which can raise inflation and affect business costs.
- Bond market sees inflation pressures, creating additional pressure on the Fed. The 10-year Treasury note yield neared 3 percent in February, pointing to strong economic data and diminished investor fears over the strength of the post-crisis recovery. The sharp rise in long-term rates this year is an indicator that will influence borrowing costs for consumers, corporations and governments, having the ability to restrain investment activity, particularly for those applying more leverage.
- Tighter yield spreads in other asset types benefit industrial demand. Average industrial cap rates have dropped to the low-7 percent range over the last three years, with a yield spread above the 10-year Treasury between 430 and 470 basis points. Many investors believe cap rates will rise in tandem with interest rates, but that has not been the case historically. Competitive bidding will place increased pressure on cap rates, particularly as the sector outperforms and achieves higher visibility.

Fed to Begin Balance Sheet Normalization



Industrial Buyer Composition



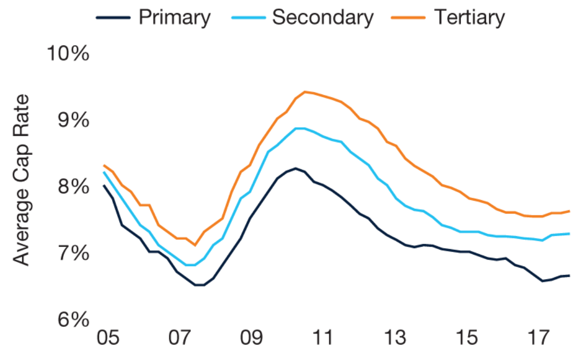
* Through January

INDUSTRIAL INVESTMENT OUTLOOK

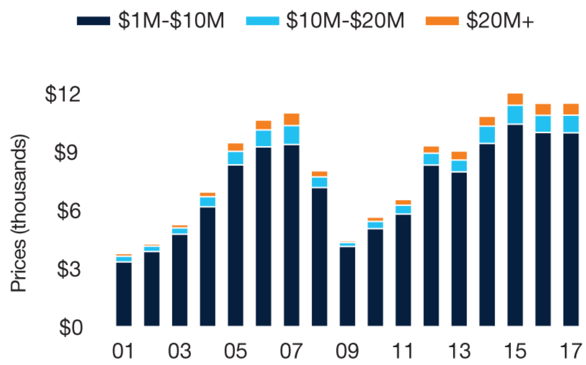
Investors See Wide Array of Opportunities; Capital Flowing to Secondary Markets

Industrial properties offering outsize value. Continued economic growth drove the expansion of the industrial sector in 2017, resulting in a rise in deal flow for the year. Demand from the growing e-commerce segment and adjustments among retailers and manufacturers to improve supply chains have elevated investor sentiment this year. Investors are capitalizing on this strong expansion, largely focusing on warehouse and distribution properties in traditional industrial locations near airports, sea ports and rail lines. Last-mile warehouse and distribution space closely follow in investor appeal as e-commerce companies and third-party logistics companies like UPS and FedEx aim to align with population centers. The potential of these assets also expanded investors' search into secondary and tertiary markets, evidenced by the outsize deal pace in these areas compared with major markets last year. The ability to locate assets with national tenants in these midsize cities that feature long-term leases and stronger yields than primary metros will continue to attract investors. Yield premium, upside potential grow investor interest for secondary markets. Buyers are increasingly modifying strategies, widening their search criteria for investment opportunities with remaining upside. The desire to diversify portfolios and obtain higher yields will be a substantial driver of property sales. As vacancy and rent growth remain robust in industrial strongholds such as the Inland Empire and Dallas/Fort Worth, other markets will stand out for their robust economic fundamentals and greater affordability, such as Sacramento, Phoenix and Tampa-St. Petersburg. These secondary logistics markets are in demand among industrial users for their lower relative rents and land prices along with their quick access to large population centers. Large inventories of value-add opportunities outside of primary metros will continue to preserve investor appetite for greater upside in 2019, contributing to another year of elevated transaction velocity.

Industrial Cap Rate Trends by Market Type



Industrial Transactions by Price Tranche

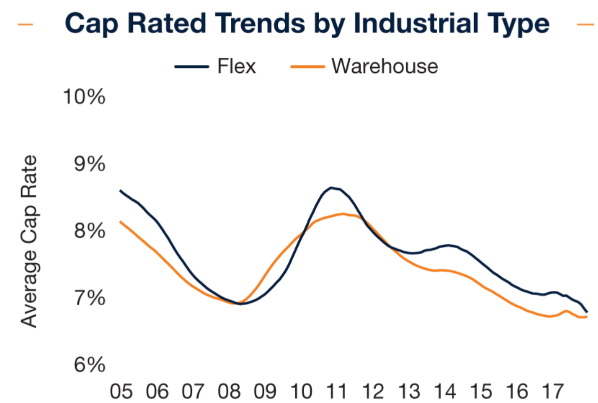


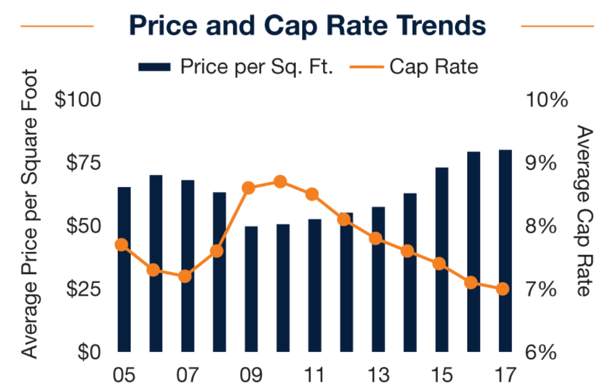
Sources: CoStar Group, Inc.; Real Capital Analytics

INDUSTRIAL INVESTMENT OUTLOOK

2019 Investment Outlook

- Tax cuts bolster industrial demand. Recent tax reform provides broad-base growth to the economy in 2019, which will benefit the industrial sector. Tax reform will likely accelerate economic growth by spurring increased discretionary spending, likely speeding absorption and improving fundamentals. Tax reform will also boost business investment, which could spark additional demand for industrial space.
- Appeal of sale-leasebacks on the rise among investors, occupants. The strength of the market has encouraged some companies to move capital out of real estate and invest it into growing their business, spurring more owner-operators to undertake sale-leaseback transactions. These assets can offer investors steady long-term returns without a management-intensive requirement. Investors must carefully evaluate the lease terms to ensure values are set appropriately, along with the company's financial standing. Yields on these types of properties can offer a premium but merit a close consideration of the ability to lease the property should the current tenant close.
- Compression of yield spread as interest rates rise. On a national basis, the average cap rate remained steady during 2017 at 7 percent, a roughly 430 to 470-basis-point spread against the risk-free rate at year end. The stabilization of cap rates across many regions along with a rising interest rate environment are anticipated to narrow spreads, though investment sales are not likely to be largely impacted as investor demand remains high.

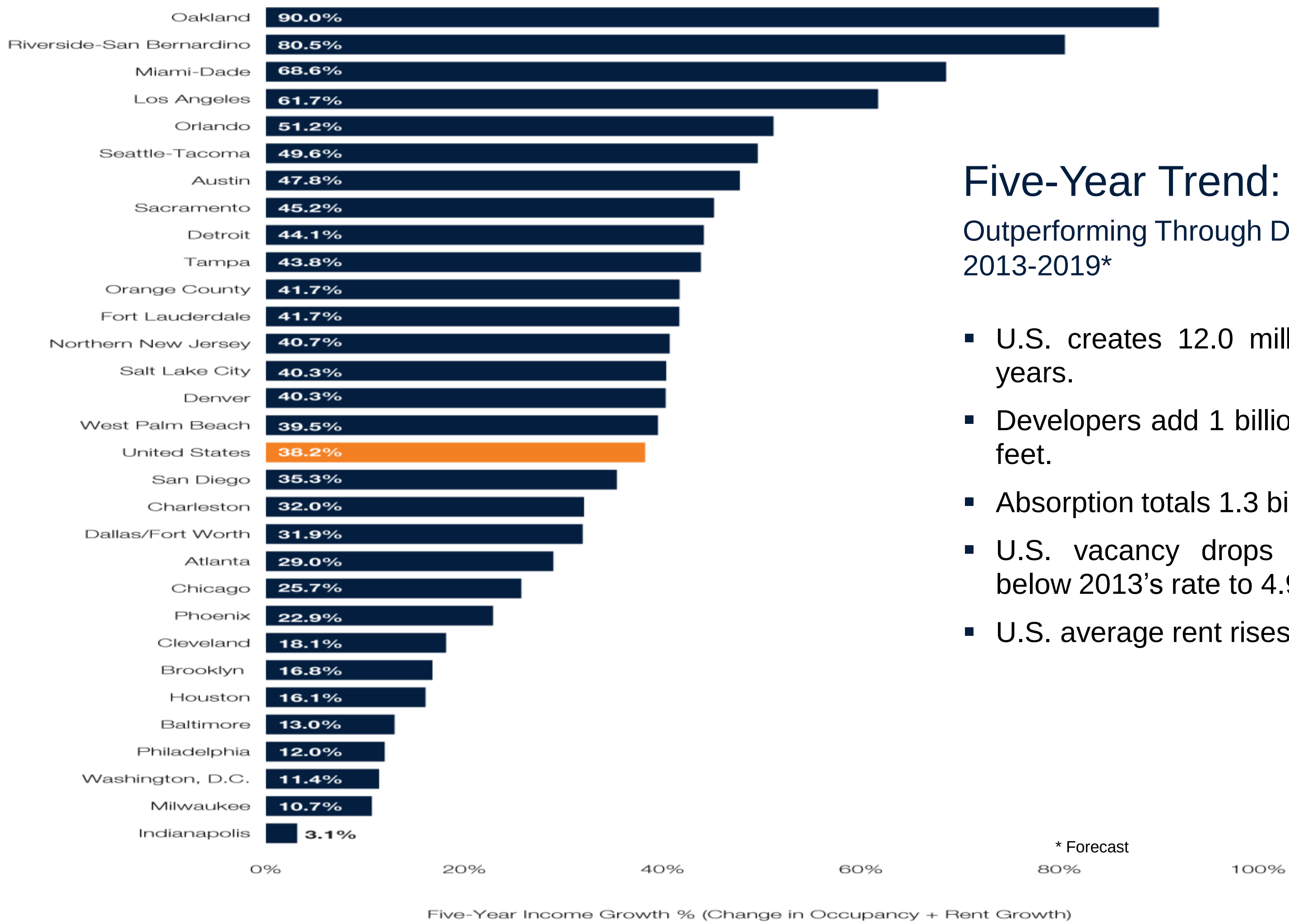




Sources: CoStar Group, Inc.; Real Capital Analytics

REVENUE TRENDS

Five-Year Industrial Income Growth by Metro
Percent Change 2013-2019*



* Forecast

Five-Year Trend:

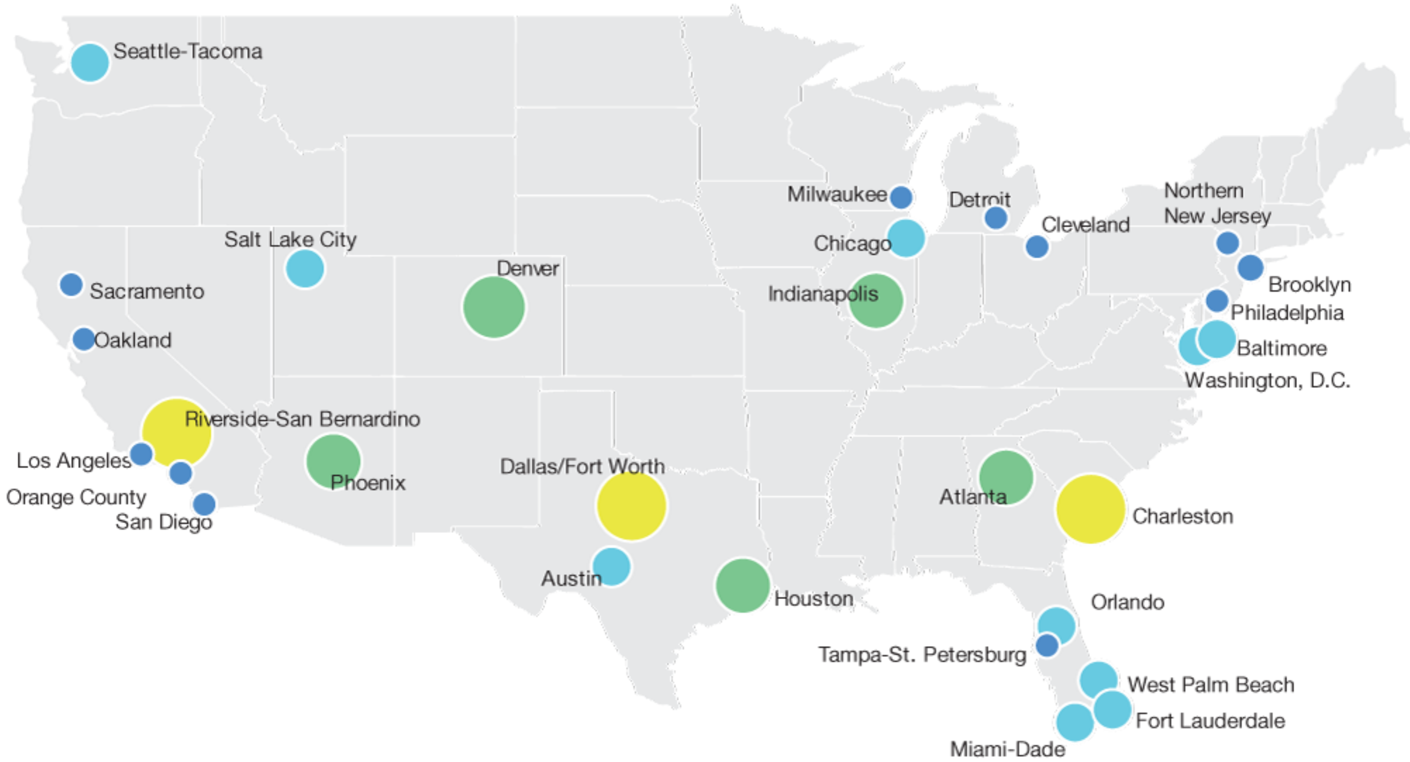
Outperforming Through Development Cycle 2013-2019*

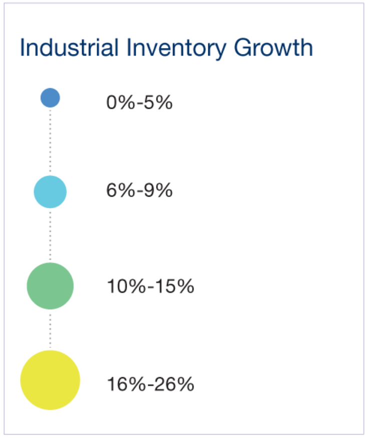
- U.S. creates 12.0 million jobs over five years.
- Developers add 1 billion industrial square feet.
- Absorption totals 1.3 billion square feet.
- U.S. vacancy drops 250 basis points below 2013's rate to 4.9 percent.
- U.S. average rent rises 35.7 percent.

2019 NATIONAL INVENTORY TREND

Five-Year Development Wave Transforms Industrial Landscape
Inventory Growth 2013-2019

Inventory Change by Market 2013 to 2018





Sources: Marcus & Millichap Research Services; CoStar Group, Inc.

2019 NATIONAL INVENTORY TREND

Top 10 Markets by Inventory Change

Largest Growth	Five-Year Inventory Change	Five-Year Rent Growth
Riverside-San Bernardino	25.2%	81.1%
Charleston	23.2%	32.5%
Dallas/Fort Worth	16.4%	31.5%
Denver	12.2%	40.9%
Atlanta	12.1%	24.3%
Phoenix	11.8%	19.1%
Houston	11.4%	16.6%
Indianapolis	11.4%	4.0%
Austin	9.9%	48.5%
Salt Lake City	8.5%	40.3%
U.S.	7.0%	35.7%

Smallest Growth	Five-Year Inventory Change	Five-Year Rent Growth
Tampa-St. Petersburg	4.1%	39.8%
San Diego	3.2%	31.0%
Sacramento	3.1%	37.4%
Detroit	3.0%	40.9%
Northern New Jersey	2.6%	38.3%
Los Angeles	2.4%	59.2%
Milwaukee	2.3%	7.9%
Orange County	1.9%	40.2%
Cleveland	1.1%	16.3%
Brooklyn	0.5%	16.3%

Sources: Marcus & Millichap Research Services; CoStar Group, Inc.

Created on May 2019

POPULATION	3 Miles	5 Miles	10 Miles
▪ 2023 Projection			
Total Population	210,012	650,340	1,815,831
▪ 2019 Estimate			
Total Population	210,756	641,537	1,763,166
▪ 2010 Census			
Total Population	194,663	590,540	1,618,416
▪ 2000 Census			
Total Population	196,541	571,315	1,521,491
▪ Daytime Population			
2019 Estimate	248,468	820,788	2,131,817
HOUSEHOLDS	**3 Miles**	**5 Miles**	**10 Miles**
▪ 2023 Projection			
Total Households	70,705	234,195	662,108
▪ 2019 Estimate			
Total Households	69,272	225,290	628,935
Average (Mean) Household Size	2.95	2.76	2.72
▪ 2010 Census			
Total Households	64,126	207,109	575,837
▪ 2000 Census			
Total Households	62,818	194,964	530,904

HOUSEHOLDS BY INCOME	3 Miles	5 Miles	10 Miles
▪ 2019 Estimate			
$200,000 or More	1.05%	1.93%	4.52%
$150,000 - $199,000	1.34%	1.64%	3.29%
$100,000 - $149,000	4.07%	5.12%	8.60%
$75,000 - $99,999	6.24%	6.72%	9.19%
$50,000 - $74,999	14.12%	13.99%	15.73%
$35,000 - $49,999	13.86%	14.13%	14.07%
$25,000 - $34,999	13.38%	12.75%	11.38%
$15,000 - $24,999	17.82%	17.09%	13.71%
Under $15,000	28.14%	26.62%	19.49%
Average Household Income	$41,191	$46,594	$66,482
Median Household Income	$27,763	$29,764	$40,418
Per Capita Income	$13,724	$16,604	$23,939
POPULATION PROFILE	**3 Miles**	**5 Miles**	**10 Miles**
▪ Population By Age			
2019 Estimate Total Population	210,756	641,537	1,763,166
Under 20	22.15%	20.71%	21.25%
20 to 34 Years	19.85%	20.73%	21.28%
35 to 39 Years	6.02%	6.51%	6.80%
40 to 49 Years	14.03%	13.94%	14.23%
50 to 64 Years	19.84%	19.34%	19.43%
Age 65+	18.11%	18.77%	17.01%
Median Age	41.51	41.52	40.48
▪ Population 25+ by Education Level			
2019 Estimate Population Age 25+	150,925	469,476	1,274,980
Elementary (0-8)	15.08%	14.65%	10.01%
Some High School (9-11)	13.22%	12.40%	10.02%
High School Graduate (12)	37.19%	33.66%	29.44%
Some College (13-15)	12.40%	12.71%	14.53%
Associate Degree Only	7.45%	7.25%	8.42%
Bachelors Degree Only	8.27%	11.10%	15.88%
Graduate Degree	3.46%	5.18%	9.30%
▪ Time Travel to Work			
Average Travel Time in Minutes	30	31	31

Source: © 2019 Experian

Population

In 2019, the population in your selected geography is 18,770. The population has changed by 11.40% since 2000. It is estimated that the population in your area will be 18,644.00 five years from now, which represents a change of -0.67% from the current year. The current population is 50.10% male and 49.90% female. The median age of the population in your area is 43.68, compare this to the US average which is 37.95. The population density in your area is 5,983.75 people per square mile.

Race and Ethnicity

The current year racial makeup of your selected area is as follows: 79.06% White, 15.66% Black, 0.00% Native American and 0.31% Asian/Pacific Islander. Compare these to US averages which are: 70.20% White, 12.89% Black, 0.19% Native American and 5.59% Asian/Pacific Islander. People of Hispanic origin are counted independently of race.

People of Hispanic origin make up 81.91% of the current year population in your selected area. Compare this to the US average of 18.01%.

Households

There are currently 5,849 households in your selected geography. The number of households has changed by 11.30% since 2000. It is estimated that the number of households in your area will be 5,972 five years from now, which represents a change of 2.10% from the current year. The average household size in your area is 3.08 persons.

Housing

The median housing value in your area was $179,786 in 2019, compare this to the US average of $201,842. In 2000, there were 2,892 owner occupied housing units in your area and there were 2,363 renter occupied housing units in your area. The median rent at the time was $508.

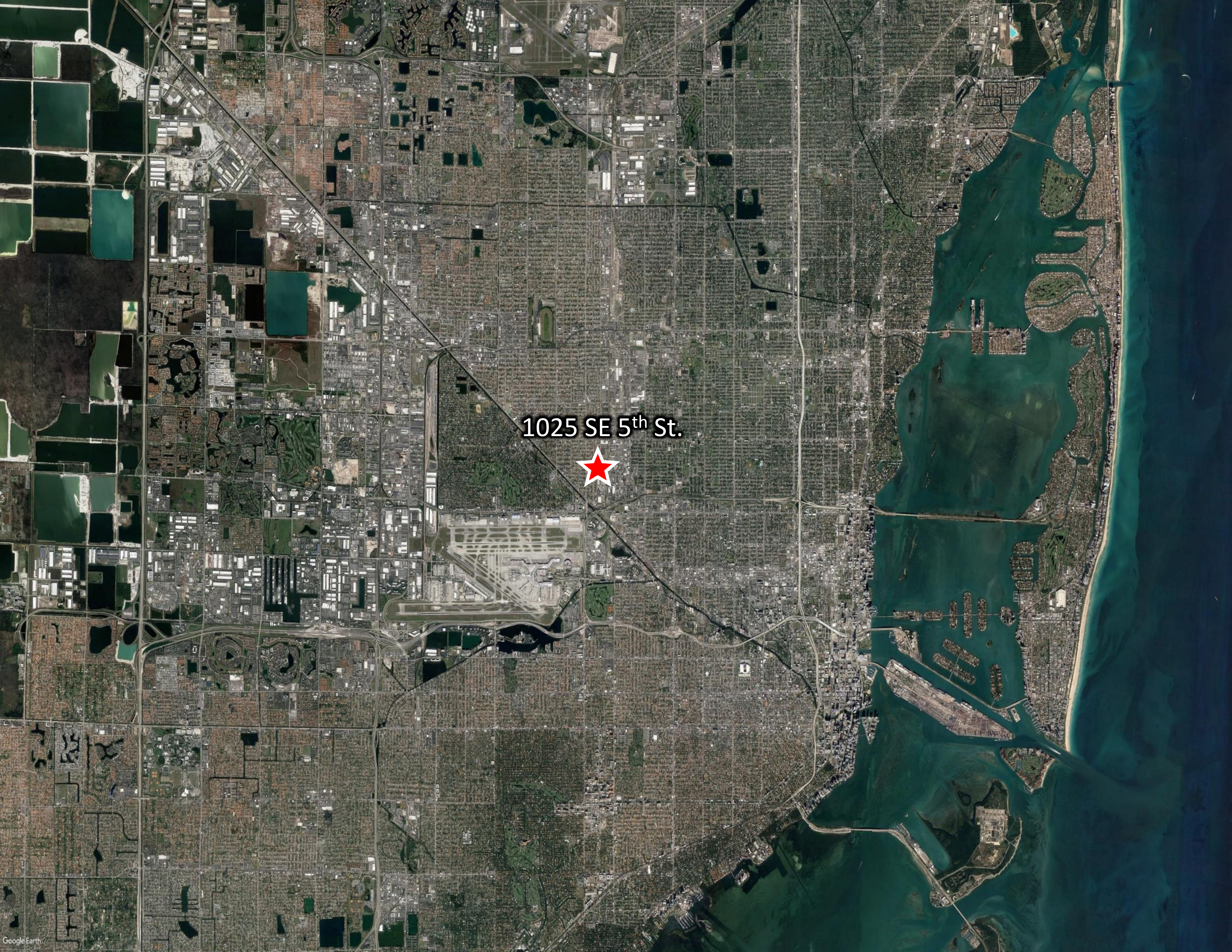
Income

In 2019, the median household income for your selected geography is $34,174, compare this to the US average which is currently $58,754. The median household income for your area has changed by 15.26% since 2000. It is estimated that the median household income in your area will be $38,451 five years from now, which represents a change of 12.52% from the current year.

The current year per capita income in your area is $14,542, compare this to the US average, which is $32,356. The current year average household income in your area is $46,237, compare this to the US average which is $84,609.

Employment

In 2019, there are 13,873 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 47.01% of employees are employed in white-collar occupations in this geography, and 52.97% are employed in blue-collar occupations. In 2019, unemployment in this area is 7.26%. In 2000, the average time traveled to work was 29.00 minutes.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