2021 NORTH AMERICAN INDUSTRIAL OUTLOOK

Wednesday, February 10 | 12:00 P.M. Central
RECAP WHERE WE STARTED 2021…
SLOWING IN 20Q4 SET STAGE FOR ONE MORE TOUGH QUARTER


**Back-to-normal index flat-lined**

**Production economy weak: capacity utilization**

**Labor market bifurcated, struggling in pockets**

**Confidence wavering**
WHY YES, YES THERE IS

Inflation low, rates tethered

Policy aid unprecedented

Income is higher than pre-COVID-19

Pent-up demand is coming

Real GDP (PPP terms)


Total Employment

UNCERTAINTY IS HIGH, RECOVERY UNEVEN

2020-2022

Source: WSJ, Instituto Nacional de Estadística Geografía e Informática (INEGI), Encuesta Nacional de Ocupación y Empleo (ENOE), Cushman & Wakefield Research
WHY ARE WE BULLISH ON INDUSTRIAL?
STRUCTURAL CHANGES FAVOR LOGISTICS ASSET CLASS

E-commerce sales (billions, USD)

- China: 2020: $863, 2025: $1,636, +11.3%
- Rest of World: 2020: $345, 2025: $688, +12.2%
- United States: 2020: $360, 2025: $563, +7.7%
- Europe: 2020: $352, 2025: $566, +8.2%

Warehouse & last mile employment

- U.S.
  - Warehousing: 2019: 54,000, 2025: 62,000
  - Final Mile: 2019: 5,000, 2025: 6,000

- Canada
  - 2019: 54,000
  - 2025: 62,000

Source: Statista Digital Market Outlook 2020, EMSI | Note: Percentage is compound annual growth rate divided by average growth rate per year. Revenue figures refer to gross merchandise value; Forecast adjusted for expected impact of COVID-19

CUSHMAN & WAKEFIELD | 2021 NORTH AMERICAN INDUSTRIAL OUTLOOK
North American Industrial 2020 Recap

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
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</thead>
<tbody>
<tr>
<td>Absorption (MSF)</td>
<td>287.0</td>
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<tr>
<td>Deliveries (MSF)</td>
<td>377.7</td>
</tr>
<tr>
<td>Vacancy (%)</td>
<td>4.9%</td>
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<tr>
<td>Rents (PSF)</td>
<td>$6.90</td>
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Source: Cushman & Wakefield Research
RECORD RUN FOR INDUSTRIAL, WILL IT CONTINUE?
NEW SUPPLY SURPASSED DEMAND IN 2020, WILL CONTINUE INTO 2022

Key Takeaways

2020 Actual

- Absorption (MSF): 287.0
- Deliveries (MSF): 377.7

2022 Forecast

- Absorption (MSF): 245.8
- Deliveries (MSF): 335.8

Source: Cushman & Wakefield Research
INDUSTRIAL DEMAND’S RECORD RUN
DEMAND PROFILE OVER 20-YEAR PERIOD

Strongest Five-Year Periods of Net Absorption from 2002
Net Absorption (MSF)

Source: Cushman & Wakefield Research
MARKET COMPARISON
SUPPLY VS DEMAND

Supply vs. Demand: 2021-2022

Source: Cushman & Wakefield Research
DEVELOPMENT CYCLE SUPPORTS ASSET VALUES
RESTRAINT BY DEVELOPERS AND LENDERS SUPPORTS RENT GROWTH

Source: Cushman & Wakefield Research

Build-to-Suit Deliveries
Speculative Deliveries

Source: Cushman & Wakefield Research
LOCAL MARKETS FEELING THE PRESSURE
CONDITIONS WILL REMAIN HISTORICALLY TIGHT

Q4 2022 Vacancy
Prior Cycle Lows (2002-2007)

Source: Cushman & Wakefield Research
RENT GROWTH IS STILL POSITIVE, BUT SLOWING

Overall Net Asking Rents (PSF) vs. Linear (Overall Net Asking Rents (PSF))

Source: Cushman & Wakefield Research
North American Industrial
2021-2022 Outlook

481.6
/ 697.3
/ 6.2%
/ $6.97

ABSORPTION (MSF)  DELIVERIES (MSF)  VACANCY (%)  RENTS (PSF)

Source: Cushman & Wakefield Research
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