



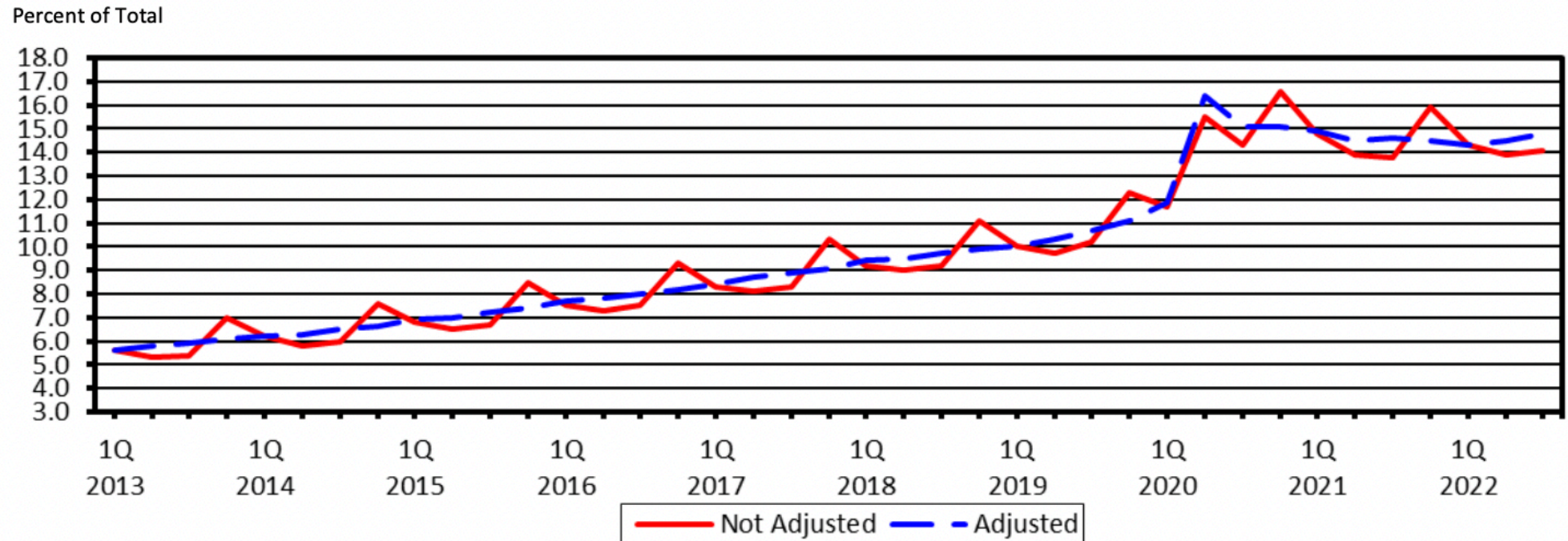
Industrial Market Forecast

Matt Friedman
PARADIGM Real Estate



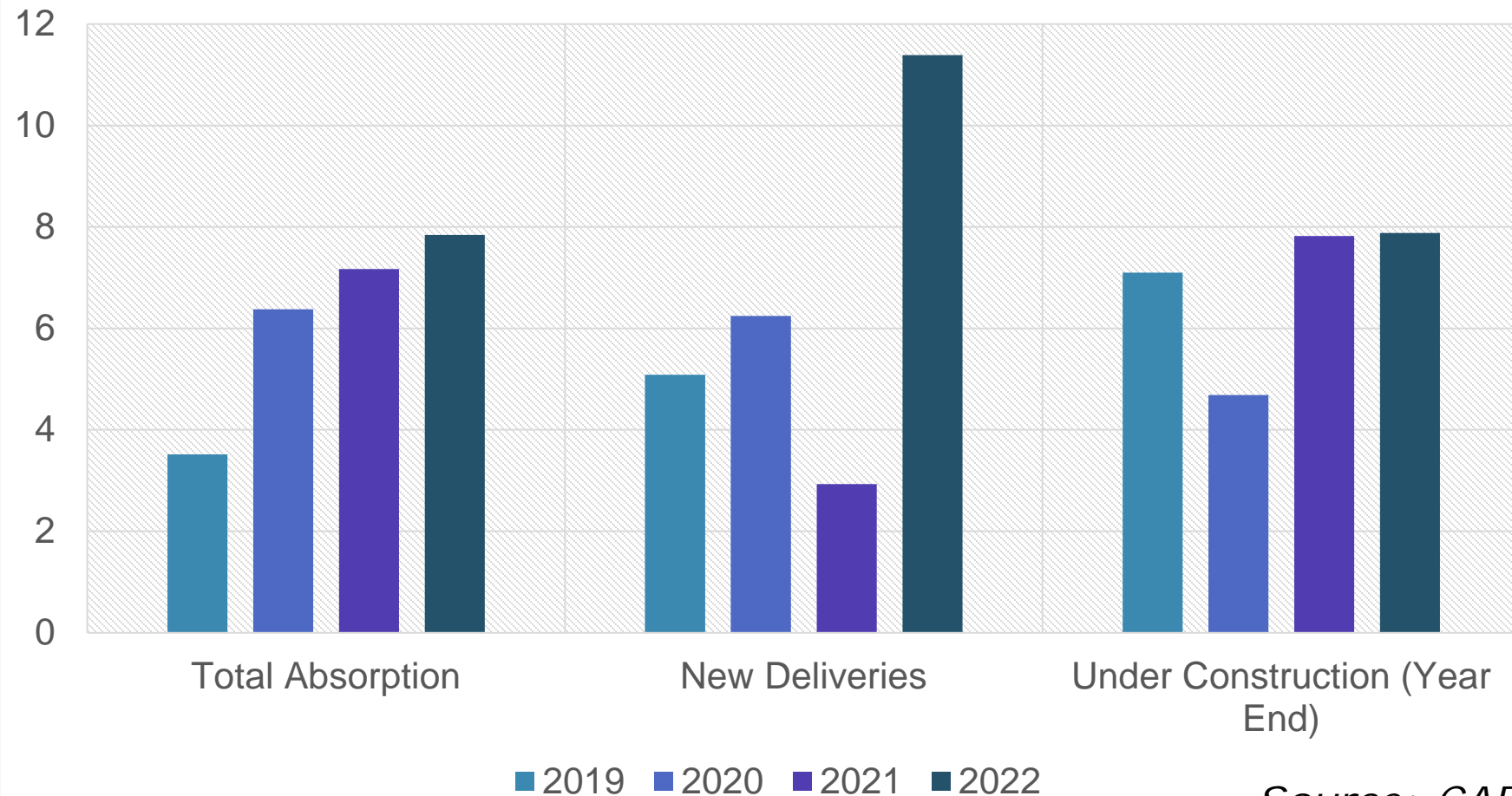
E-commerce Drives Warehouse Demand

**Estimated Quarterly U.S. Retail E-commerce Sales as a Percent of Total Quarterly Retail Sales:
1st Quarter 2013 – 3rd Quarter 2022**



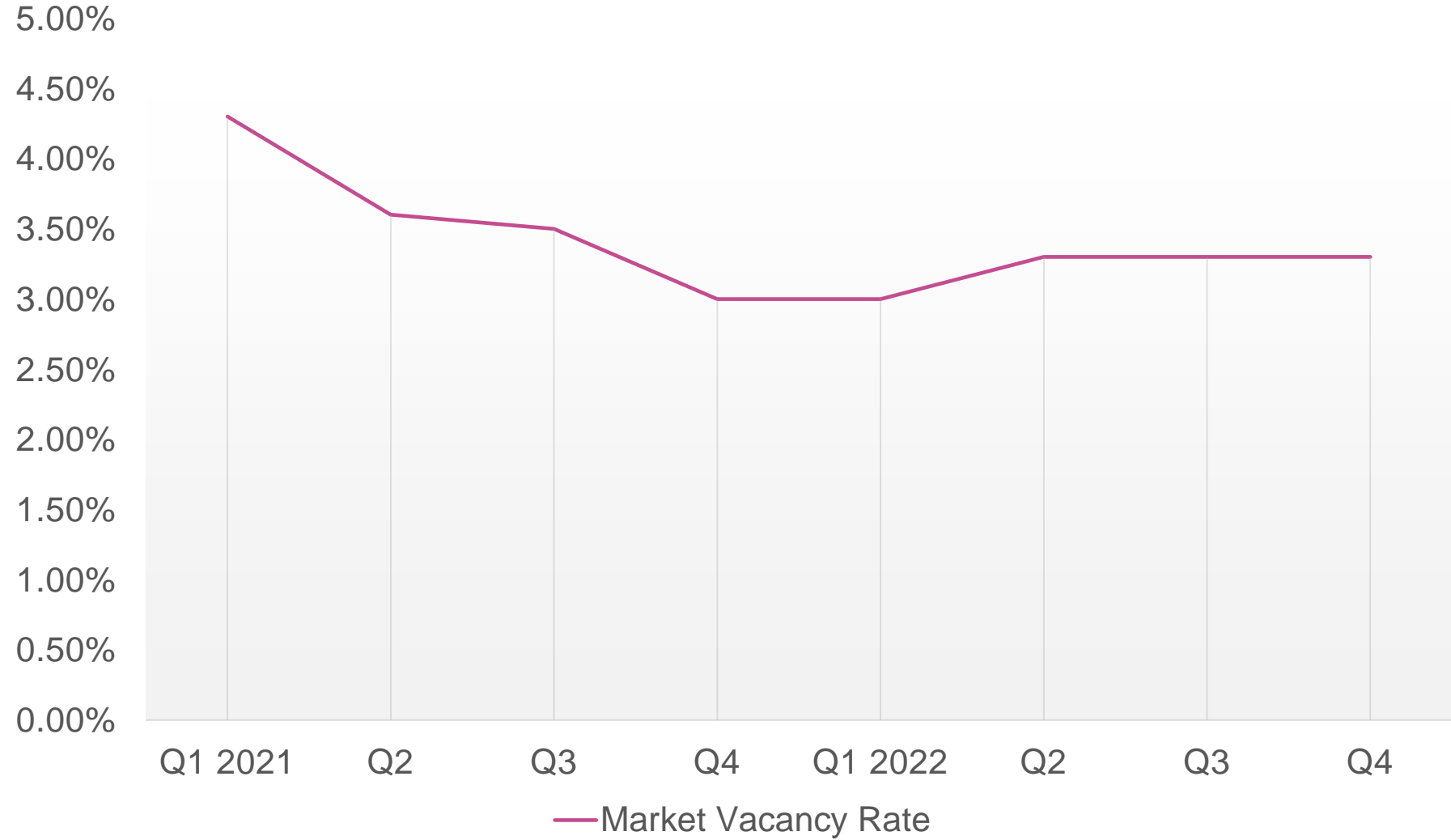
Source: U.S. Census Bureau

Market Absorption and Development



Source: CARW/REDIComps

Market Vacancy Rate



I-94 Corridor

- Haribo completes Phase 1 of Pleasant Prairie manufacturing facility
- Amazon leases new delivery in Kenosha
- U-Line leases new delivery in Pleasant Prairie, purchases 336 acres



Photo: Gilbane Inc.

Large Sale Transactions

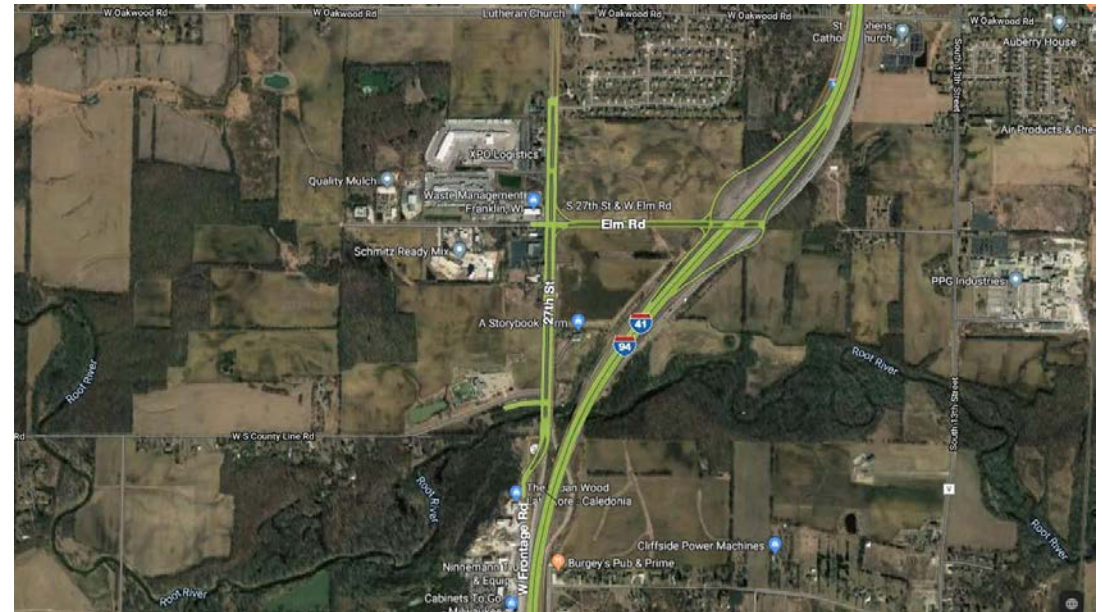
- EQT Exeter purchases 3.8M sq. ft. portfolio for \$290M
- Opus Development sells Kenosha spec building for \$28M
- Gannett sells Journal Sentinel plant in West Milwaukee for \$26M



Photo: LoopNet.com

Franklin's Elm Rd. Interchange

- Saputo Cheese packaging facility
- Wangard: 236K sq. ft. completed, 300K sq. ft. in progress
- HSA: 271K sq. ft. spec building



Graphic: BizTimes

I-41 Corridor

- Over 500K sq. ft. in new deliveries just leased in Germantown
- Generac subleased 400K sq. ft. from Briggs & Stratton in Germantown
- Transwestern building 2 spec facilities in Milwaukee



Rendering: Architects Plus Design Studio

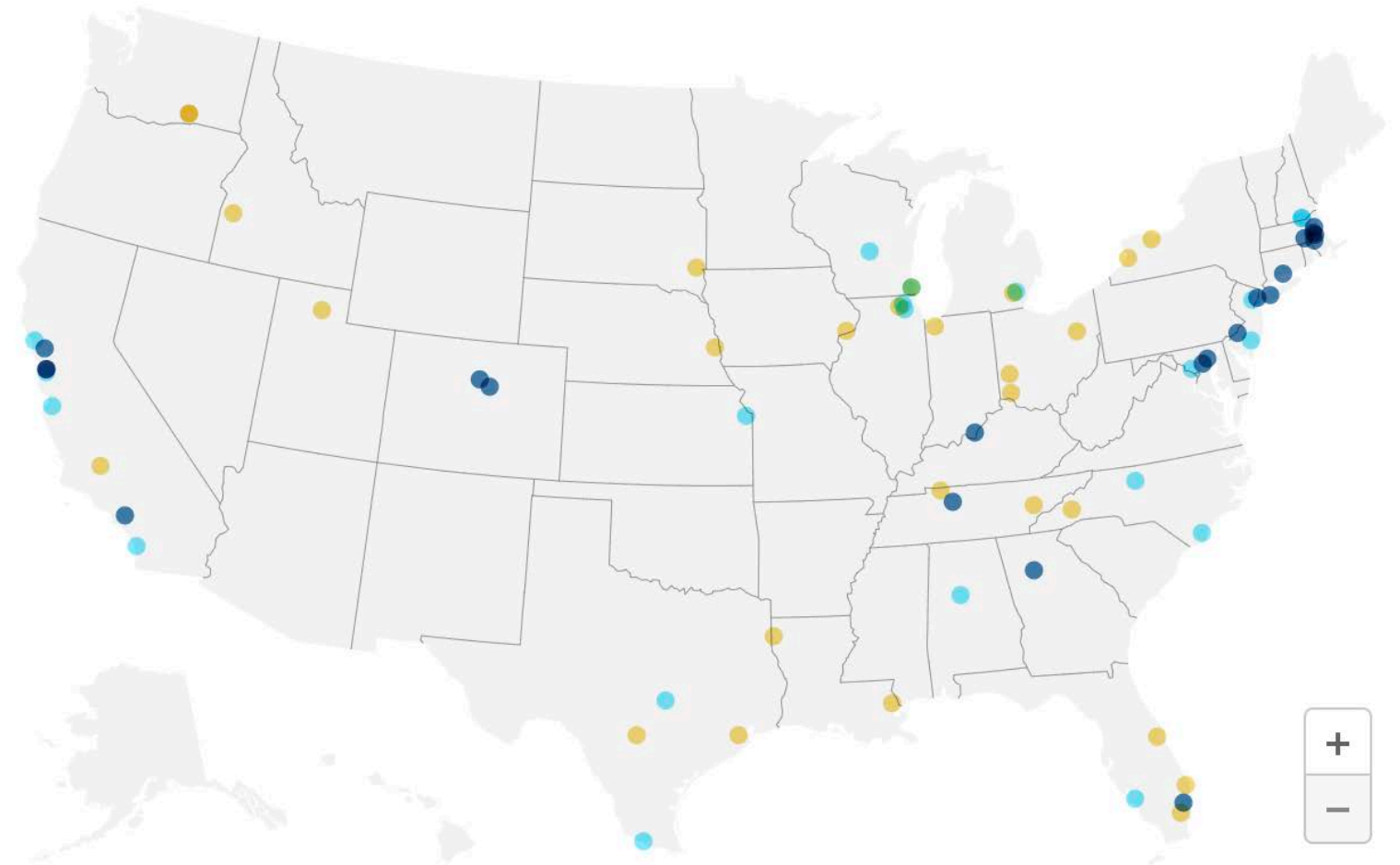


Is Industrial Cooling Off?

2023 FORECAST BREAKFAST - INDUSTRIAL MARKET

Big Box Pullback

- Amazon pausing projects, subleasing tens of millions of sq. ft.
- Prologis slowing down due to inflation concerns



Note: As of Sept. 13, 2022
Map: Gabriel Cortes / CNBC
Source: MWPVL International



CLOSED (21)

CANCELED (21)

DELAYED / ON HOLD (27)

Challenges Facing Manufacturers

- Interest Rates
- Inflation
- Supply Chain
- Labor
- Energy Costs



Industrial Market Forecast



Friedman's Forecast

- Vacancy rate will rise by 50 basis points at its peak
- Small business climate will lead to more available space, but a limited impact on overall vacancy rate
- No large speculative projects will be announced in the first half of the year
- At least two large new-to-market users will come from Illinois

Thank You!



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