

BI-ANNUAL 2018 NATIONAL

LEE & ASSOCIATES SUPPLY CHAIN & LOGISTICS REPORT



PLANNING



MANAGEMENT



TRANSPORT



INVENTORY



PACKAGING



DISTRIBUTION

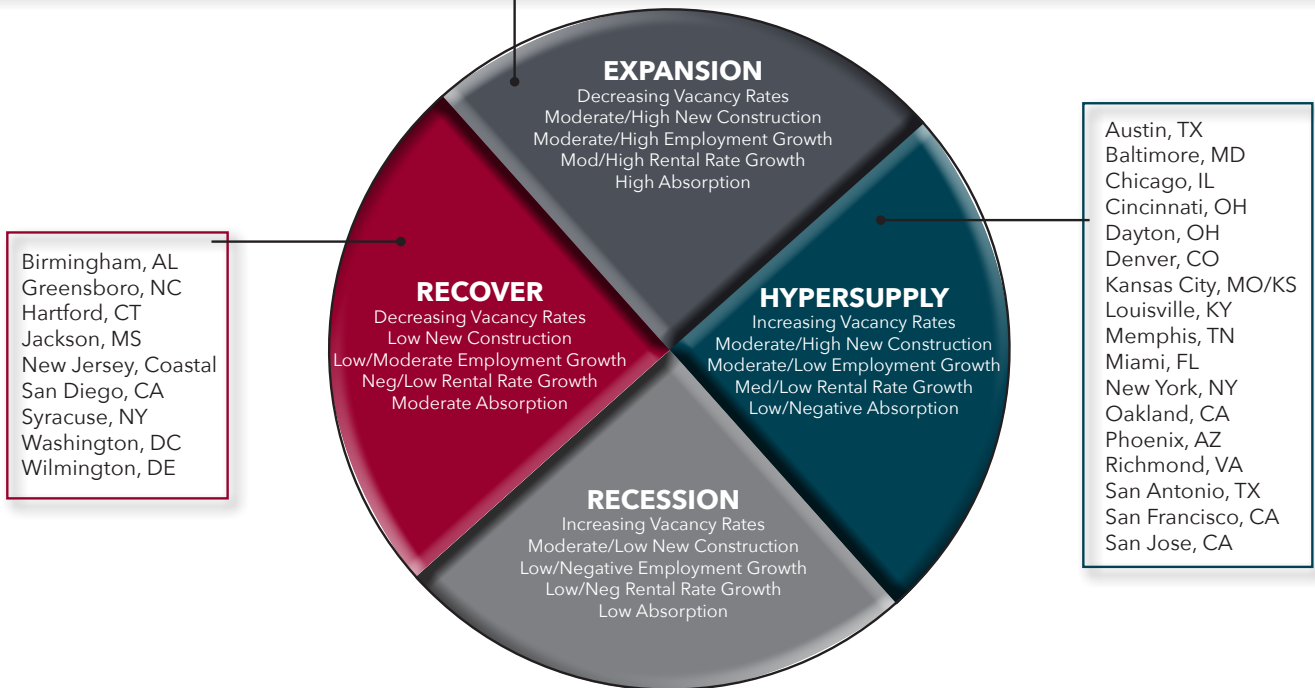


TOP 28 NORTH AMERICAN DISTRIBUTION MARKETS



● Top Tier US Markets
 ● Second Tier Markets
 ● Third Tier Markets
 ● Lee Nationwide Office Locations

Atlanta, GA	Columbus, OH	Las Vegas, NV	Orange County, CA	Tampa, FL
Boise, ID	Dallas, TX	Los Angeles, CA	Central PA	Tulsa, OK
Boston, MA	Detroit, MI	Long Island, NY	Lehigh Valley, PA	Sacramento, CA
Broward-Palm Beach, FL	Fort Worth, TX	Minneapolis, MN	Pittsburgh, PA	Salt Lake City, UT
Charleston, SC	Greenville, SC	Naples, FL	Portland, OR	Seattle, WA
Charlotte, NC	Houston, TX	Nashville, TN	Providence, RI	St. Louis, MO
Cleveland, OH	Indianapolis, IN	New Jersey	Raleigh, NC	
Columbia, SC	Jacksonville, FL	Orlando, FL	Sarasota, FL	



LEE SUPPLY CHAIN: REGIONAL MAP STATS

Rank	City	Market Size	Bulk Market Size	Bulk Rental Rate Per SF	Vacancy	Under Construction	Absorption
1a	Los Angeles - Long Beach	938,822,355	625,000,000	\$11.14 NNN	2.50%	3,809,677	1,003,041
1b	Los Angeles - Inland Empire	566,016,779	417,264,916	\$6.75 NNN	2.68%	22,003,517	26,295,382
2	Chicago	1,302,724,257	1,229,220,024	\$5.57 NNN	6.00%	15,370,601	5,521,749
3	Dallas/Fort Worth	903,347,066	770,704,895	\$3.90 NNN	6.00%	25,792,093	13,410,781
4	Central & Northern NJ	837,248,747	167,762,361	\$8.87 NNN	5.20%	9,474,155	15,959,799
5	Atlanta	686,265,763	530,494,903	\$3.70 NNN	6.70%	20,649,068	14,291,989
6a	Central PA	273,154,078	141,733,749	\$4.75 NNN	6.06%	8,355,149	2,275,852
6b	Lehigh Valley, PA	166,142,920	93,804,332	\$6.00 NNN	7.72%	8,594,987	112,200
7	Detroit	647,759,590	593,700,523	\$5.60 NNN	2.99%	7,028,371	1,755,974
8	Houston	616,187,554	563,287,686	\$4.68 NNN	5.40%	11,170,541	1,963,952
9	West Michigan	331,951,714	318,314,405	\$4.07 NNN	1.80%	1,099,53	218,895
10	Minneapolis	334,281,653	85,976,392	\$5.50 NNN	4.30%	3,170,200	586,553
11	Indianapolis	262,583,035	123,704,155	\$3.99 NNN	4.70%	8,974,317	3,488,000
12	Seattle	324,000,000	264,000,000	\$6.60 NNN	3.50%	5,600,000	2,700,000
13	Phoenix	240,779,574	207,381,720	\$7.20 NNN	7.40%	7,004,491	688,455
14	Kansas City	346,540,563	330,264,983	\$4.00 NNN	4.70%	4,057,957	3,886,955
15	St. Louis	300,238,681	282,474,438	\$4.05 NNN	4.00%	5,226,249	3,032,526
16	Columbus	290,128,082	203,441,008	\$3.79 NNN	4.30%	4,945,241	5,353,595
17	Denver	311,705,850	257,316,418	\$6.25 NNN	4.90%	9,071,837	1,314,553
18	East Bay/Oakland	264,613,687	210,429,641	\$11.00 NNN	2.00%	2,628,893	-348,151
19	Memphis	269,725,157	259,532,120	\$3.12 NNN	6.30%	2,787,509	3,573,673
20	Charlotte	395,423,641	363,412,240	\$4.37 NNN	4.90%	6,246,679	5,182,626
21	Miami-Dade County	242,828,846	225,627,321	\$10.59 NNN	3.80%	5,434,126	1,383,043
22	Louisville	214,087,578	203,939,474	\$3.72 NNN	6.10%	4,816,322	242,517
23	Orlando/Lakeland	195,946,210	166,269,165	\$5.06 NNN	3.80%	2,905,818	4,032,454
24	Stockton/Modesto	167,700,000	87,700,000	\$5.40 NNN	3.50%	6,400,000	2,800,000
25	Oklahoma City	127,212,439	116,915,403	\$4.85 NNN	3.20%	259,357	1,631,919
26	Norfolk/Hampton	101,044,443	40,411,256	\$5.07 NNN	5.20%	710,000	-169,977
27	Reno/Sparks	103,831,592	94,711,969	\$3.37 NNN	6.10%	7,310,549	1,198,107
28	Nashville	247,069,042	230,237,465	\$3.79 NNN	3.30%	7,375,941	1,970,717
29	Savannah	63,831,569	61,992,548	\$4.06 NNN	2.10%	9,724,699	1,517,237

PLEASE SEE DEFINITIONS BELOW

Market Size (SF):	Includes shallow bay & flex
Bulk Market Size (SF):	Excludes shallow bay & flex
Rental Rates (\$):	NNN lease rate for a 200,000 SF, 30'-36' high modern, and functional building
Vacancy (%):	For warehouse product, excluding shallow bay and flex
Under Construction (SF):	Total industrial including flex
Absorption (SF):	Total industrial including flex

SUPPLY CHAIN LOGISTIC TRANSACTIONS

Buyer/Tenant	Landlord/Seller	City/State	SF
Gallo	Seneca	Modesto, CA	2,000,000
Saadia Group, LLC	Toys R Us, Inc.	Flanders, NJ	1,394,393
Lowes	First Industrial	Moreno Valley, CA	1,300,000
The Container Store	Duke Realty Corporation	Coppell, TX - (R)	1,211,000
Kohl's	Clayco Realty Group	Columbus, OH	1,200,000
Ferguson Pipe	Rockefeller	Perris, CA	1,130,000
Drive Medical	Port Logistics	Fairburn, GA	1,054,000
Nordstrom	Trammell Crow	Riverside, CA	1,003,000
Amazon	Hillwood	Shelby Twp, MI	1,000,000
Wayfair	CT Realty	Lathrop, CA	1,000,000
Damco	Goodman	Carson, CA	989,809
Amazon	Global Logistic Properties Ltd	Lancaster, TX - (R)	920,275
General Motors	General Motors	Flint, MI	883,000
Wayfair	Duke Realty	Grand Prairie, TX	874,566
Living Spaces	Restoration Hardware	Midlothian, TX	858,000
Amazon	Mcdonald Group	Beaumont, CA	850,000
Burlington Coat Factory	Lewis / Waypoint	Riverside, CA	845,000
Malouf Sleep	Toys R' Us	Arlington, TX	836,561
Sycamore Partners	Granite REIT	West Jefferson, OH	743,600
Ross Stores	IDS	Moreno Valley	739,903
Zurich Alternative A.M.	The Morris Companies	Jamesburg, NJ	733,678
Colony Capital	Albertsons Co.	Phoenix, AZ	715,000
Kellogg's Company	Prologis	Minooka, IL	705,661
Southern Glazer's Wine & Spirits	Oakmont Industrial	Katy, TX	674,000
Amazon	Goodman Birtcher	Fontana	650,000
RREEF	Divco	Napa CA	646,000
XPO Logistics	PV 303	Phoenix, AZ	643,798
Midwest Industrial Funds	Brennan Investment Group	Hodgkins, IL	630,410
Conn's	Liberty	Houston, TX	625,000
Goodman North America	TIAA	Teterboro, NJ	616,992
Nissan	Lewis / Waypoint	Riverside, CA	600,000
Caleres	Watson	Chino, CA	600,000
HD Supply / Home Depot	Prudential	Northlake, IL	588,284
XPO Logistics	Prologis	South Brunswick, NJ	526,400
Allen Distribution	Buzz Oates	Stockton, CA	522,405
Nordstrom	Bridge	Santa Fe Springs, CA	512,490
The RealReal Inc.	Prologis	Perth Amboy, NJ	492,276
DiversiTech	Panattoni	Buford, GA	492,048
Centerpoint Properties	Terranova Corporation	Miami, FL	485,478
Hand Air Express	LA Region Distribution Private	Torrance, CA	477,695
Mobis	IDI	Jefferson, GA	477,662
Vavoline	Liberty	La Porte, Texas	475,000
Clutter	Black Creek	Tracy, CA	461,810
Amazon	LaSalle	Jefferson, GA	459,134
Jacobson Co	Mapletree Inv	Columbus, OH - (R)	455,668

Buyer/Tenant	Landlord/Seller	City/State	SF
Serena & Lilly	LDK	Vacaville, CA	450,000
Expeditors	The Opus Group	Streamwood, IL	423,726
JP Morgan	Westfield	Denver, CO	421,499
Dream Industrial	Pizzuti	New Albany, OH	417,053
RJW Transport	Pizzuti	Romeoville, IL	416,504
WB Mason	The Sudler Companies	Cranbury, NJ	416,300
Third Party Logistics	Majestic	Atlanta, GA	390,000
Amazon	Brooklyn Park Paper	Brooklyn Park, MN	382,635
JBS Transportation	Liberty Property Trust	Aurora, IL - (R)	382,430
Exeter Property Group	ADOT	Hohokam, MN	376,806
RK Logistics	Prologis	Livermore, CA	375,000
Reyes Holdings	Private	San Gabriel Valley, CA	355,590
Medline	Exeter	Columbus, OH	354,676
Cameron	First Industrial	Houston, Texas	351,700
National Beverage	Exeter	Columbus, OH	351,228
Liberty Property Trust	Lefcourt Associates	Keasbey, NJ	348,065
CenterPoint Prop	Russak Companies	Seattle, WA	345,000
Newell Brands	Exeter	Columbus, OH	343,745
Legrande	Duke	Moreno Valley, CA	343,000
RUGSUSA	The Sudler Companies	Cranbury, NJ	341,982
Samsung	Prologis	Tacoma, WA	340,000
Next Trucking Inc.	B & C Properties	Gardena, CA	340,000
Forum Real Estate	Columbia Pacific Advisors	Denver, CO	330,820
Exel Logistics	Duke Realty	Romeoville, IL	330,269
Vertiv	Scannell	Rogers, MN	330,000
Apple	McCarthy Ranch LLP	Milpitas, CA	313,000
Safilo	Prologis	Dever, CO	306,000
Dream Industrial	Pizzuti	New Albany, OH	304,313
CenterPoint Prop	Sears	Kent, WA	295,000
Forward Air	Adkisson Development	Houston, TX	294,000
Arro Corporation	Gateway Industrial Properties	Hodgkins, IL	282,933
Dart Container	Demody	Lacey, WA	260,000
Industrial Logistics Properties	Hellman Worldwide Logistics	Miami, FL	240,666
Facebook	Panattoni	Newark CA	225,000
Glen Una Properties	Trident	Columbus, OH	218,000
Prologis	Pepsi Bottling Facility	Seattle, WA	207,000
Living Spaces	IOI Properties	La Mirada, CA	203,850
LaGrou Distribution	Colony Northstar	West Chicago, IL	202,991
Omni Logistics	Comstock Realty	Union City, CA	181,000
CBL Freight Systems	Harbor Green Grain	Rancho Dominguez, CA	171,262
Murphy Warehouse	Meritex Enterprises	St. Paul, MN	166,000
Agility Logistics	East Group	Houston, TX	160,000
Gladstone Commercial	Agracel	Delaware, OH	157,810
Cascade Windows	Durange Commerce Center	Phoenix, AZ	155,794

Lee Transactions (R) = Renewal

Electronic Logging Devices in the Trucking Industry

In December 2017, the first deadline to comply passed for the Electronic Logging Device Mandate. The rule is part of a larger bill, passed in 2012, containing new rules and regulations meant to bring our national transportation system firmly into the 21st century.

The ELD Mandate requires trucking companies to install electronic on-board recording devices that meet certain technical specifications. By law, these devices only need to be able to report a driver's Hours of Service, or HOS, in a standardized format. But many trucking companies embraced this transition to electronic logging, using the new systems to eliminate paperwork and reduce the amount of time a driver spends manually reporting his day-to-day duties.

But what effect does the ELD mandate really have on the trucking industry? How are companies using these electronic systems beyond their required functions?

Four Ways ELDs Affect Truck Drivers

Gone are the days when a trucker could pull out his log book and a pencil and just write down a record of his day. Electronic logging devices can keep track of everything from the driver's speed and braking action to engine hours and miles driven.

1. **Productivity Declines** - 67.3 percent of truckers surveyed in the wake of the mandate reported that they drive fewer miles under the new regulations. Electronic logging makes it impossible for a trucker to make the decision to drive for a few extra hours "off the books" if bad traffic or inclement weather causes a delay in order to make up for lost time. Once the driver's 11 hours of allowed HOS are up, the system knows it.
2. **Freight Route Optimization is the New Catchphrase** - Shipping and receiving companies have caused problems for truckers in the past. Slow service at the loading docks can put a trucker behind schedule, and in the days of paper logging a trucker might drive a few extra hours to make up for the delay and just not admit to the 'overtime' on paper.

Since ELDs don't allow for creative time accounting, a three-hour delay at the loading dock means the driver will be three hours late delivering his or her freight. A late delivery frustrates everyone involved, so shippers and receivers are paying more respect to a trucker's time restraints.

Of course, the flip side to this new attention is that some shippers report longer transit times. Trucking companies trying to avoid the increase may offer more two-person driving teams, which extend the number of hours a vehicle can continuously operate on the road.

3. **Inspections Go a Little Off the Rails** - 91 percent of trucking companies had already installed their mandated ELDs by early 2018. But some trucks are exempt from the policy because of a grandfathering clause for older vehicles, or had a later compliance deadline because they had previously installed an ELD system and only had to ensure it met the mandate's technical specs.

That fine print is causing some problems between inspectors and trucking companies. Some companies report they've received write-ups for noncompliance with the mandate even though they have an exemption or extension. Most companies blame it on the new rule's 'growing pains' and ongoing training, but it's causing considerable frustration to drivers who just want to get on with their days.

4. **Insurance Companies Reevaluate** - Even if a company only monitors driving hours via an electronic logging device, the electronic record is on its way to reducing or eliminating one common tort claim against truckers. A plaintiff can no longer allege that a driver caused an accident because he or she was driving over the allowed Hours of Service and suffering fatigue.

Insurance premiums may also lower in the coming months as enforced adherence to time limits reduces the chance of driver fatigue. ELDs can also monitor a driver's speed, braking action, and other driving habits, which may have an impact on a quoted insurance premium.

Welcome to the New Age

Truckers may grumble about new delays or too much regulation, but the ELD Mandate exists to ensure safety for truckers and accountability for employers. Industry specialists expect the mandate's impact to be positive overall, once the dust settles and people adjust to the presence of a new gadget in the front seat.



FOR SALE or
LEASE



360,712 SF
419-531 E Euclid Ave.
Los Angeles, CA



180,986 SF
21405 Trolley Industrial Dr.
Taylor, MI



169,589 SF
14301 Prospect St.
Dearborn, MI

FOR SALE



498,810 SF
8600 N. Central Fwy.
Wichita Falls, TX



121,000 SF
50 Somerset Pl.
Clifton, NJ



101,000 SF
8201 & 8211 La Porte Freeway
Houston, TX



1,200,000 SF
4532 United Dr.
Shippensburg, PA



1,032,072 SF
1494 S. Waterman Ave.
San Bernardino, CA



1,021,440 SF
1511 NE Loop 820
Fort Worth, TX

FOR LEASE



553,592 SF
1350 S. Waterman Ave.
San Bernardino, CA



550,000 SF
1650 FM 546
McKinney, TX



540,960 SF
4065 W. Lower Buckeye Rd.
Phoenix, AZ



527,000 SF
13002 Loop Rd.
Fontana, CA



348,500 SF
1205 E. Whitmore Ave.
Modesto, CA



341,000 SF
3700 Windsor Dr.
Aurora, CO



329,000 SF
Santa Anita and 6th
St. Rancho Cucamonga, CA



324,000 SF
3280 Southpark Pl.
Grove City, OH



290,000 SF
18120 Bishop Ave.
Carson, CA



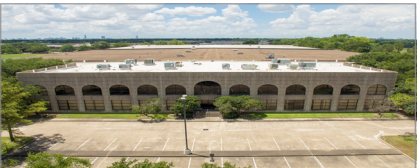
288,646 SF
8000 Hogum Bay Rd NE
Lacey, WA



270,789 SF
5139 W 73rd St.
Bedford Park, IL



266,074 SF
5100 W 70th Pl.
Bedford Park, IL



234,000 SF
4414 Hollister Rd.
Houston, TX



231,926 SF
4000 156th Street NE
Marysville, WA



229,556 SF
460 Gibraltar Dr.
Bolingbrook, IL



227,954 SF
11295 Banana Ave.
Fontana, CA



220,480 SF
Midway Rd.
Lewisville, TX



212,335 SF
130 Docks Corner Rd.
Dayton, NJ



185,000 SF
Innovation Way
Marysville, OH



160,140 SF
700 Central Ave.
New Providence, NJ



154,000 SF
1285 101st St.
Woodridge, IL



149,378 SF
2235 Spiegel Dr.
Columbus, OH



142,000 SF
2230 Davis Ct.
Hayward, CA



122,505 SF
300 E. Palomino Dr.
Chandler, AZ

FOR LEASE

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