



JANUARY 2022

# U.S. Industrial Market Update

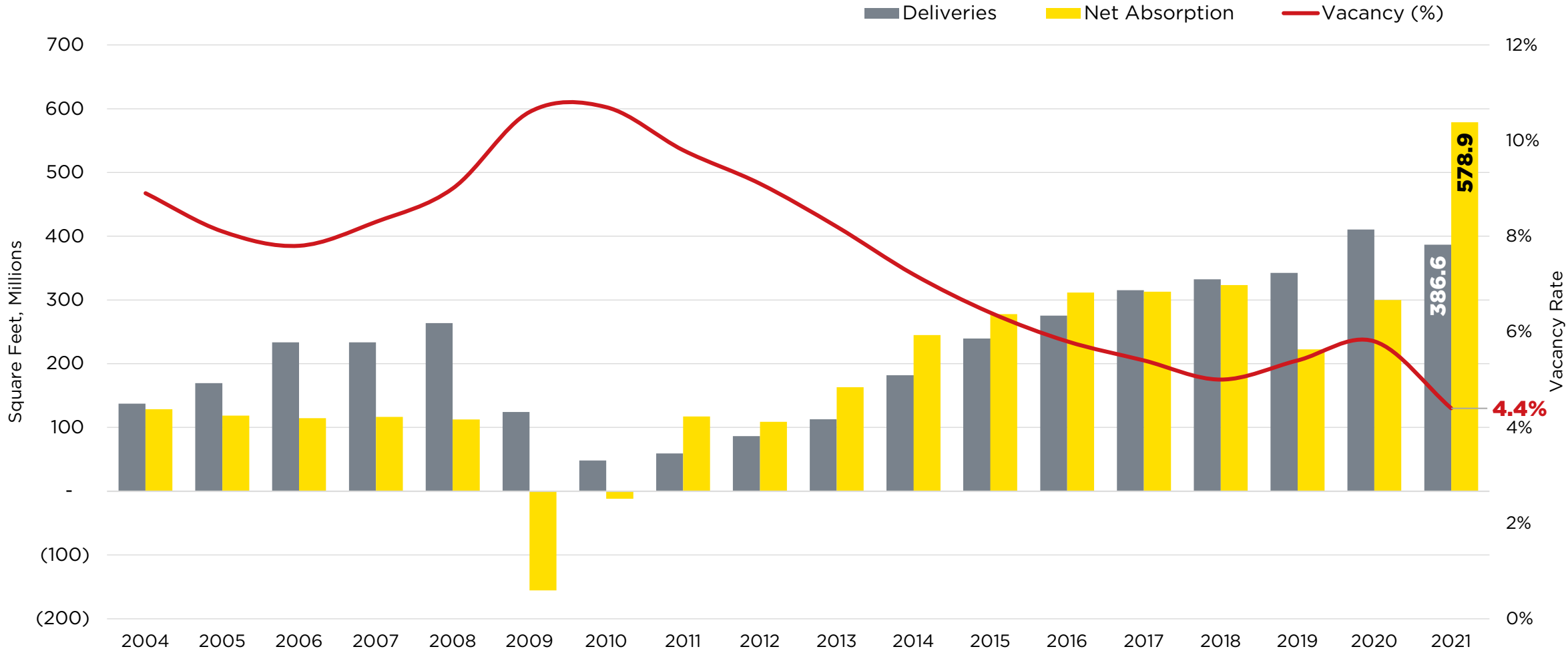
Q4 2021

# Market Highlights

- **Vacancy Hits Historic Low**  
U.S. industrial vacancy hit 4.4% in 4Q 2021 as every major market saw declines over the past year.
- **Double-Digit Rent Growth**  
Rents in some coastal markets grew by more than 20% in 2021, above the national average of 7.9%.
- **Record New Supply Leasing Faster Than Ever**  
Buildings completed during 2021 are more than 80% leased already, while a record 652 MSF is under construction.
- **Supply Chain Crisis Persists**  
Bottlenecks that began in the initial COVID-19 lockdowns continued in 2021 with no end in sight.
- **Prices Rising for Goods, Labor and Transport**  
Shortages and delays combined with rising consumption are triggering inflation and challenging industrial production.
- **Consumer Trends Supporting Warehouse Demand for 2022**  
Market fundamentals will remain strong, buoyed by more spending on goods as well as e-commerce.



# Vacancy Hits Historic Low as Demand Exceeds Supply in 2021

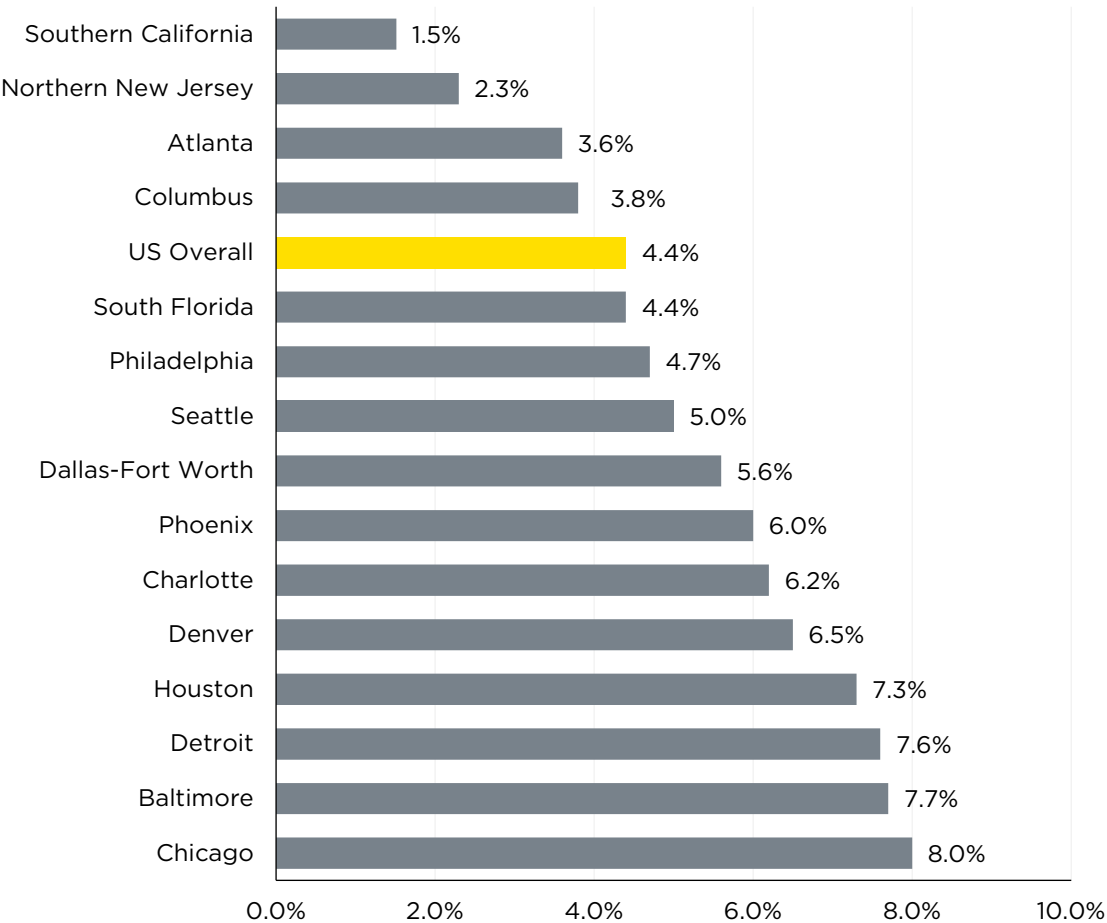


Source: Savills Research

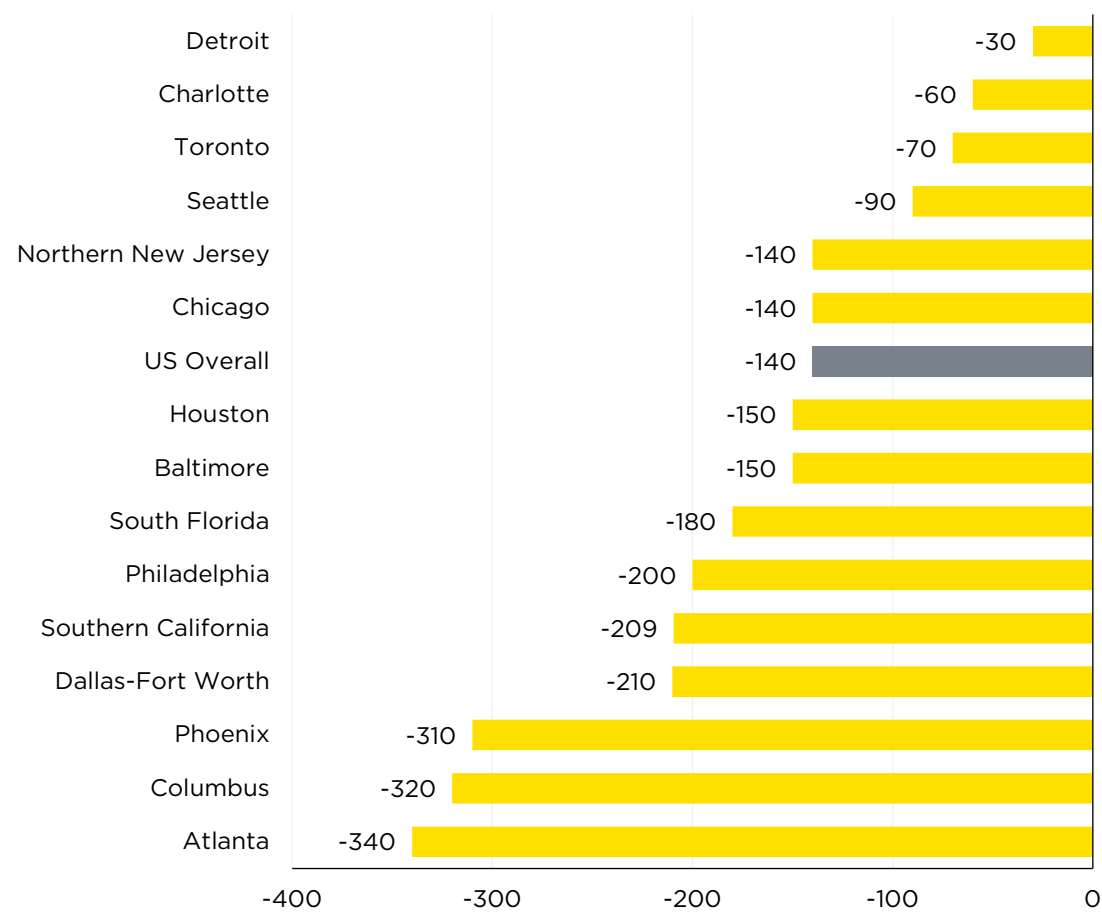


# Every Major Market Saw Vacancy Drop Over Past Year

Q4 2021 Vacancy Rate



One Year Vacancy Change (bps)

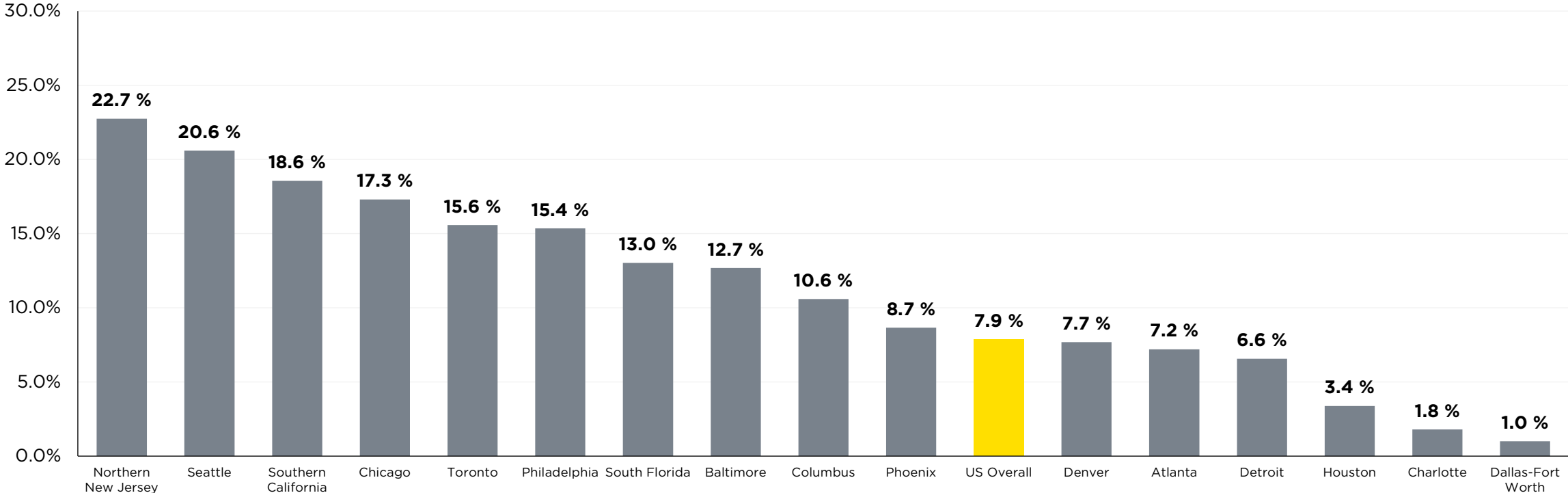


Source: Savills Research



# Rents Rising Everywhere, Largest Spikes on Coasts

One Year Asking Rent Growth

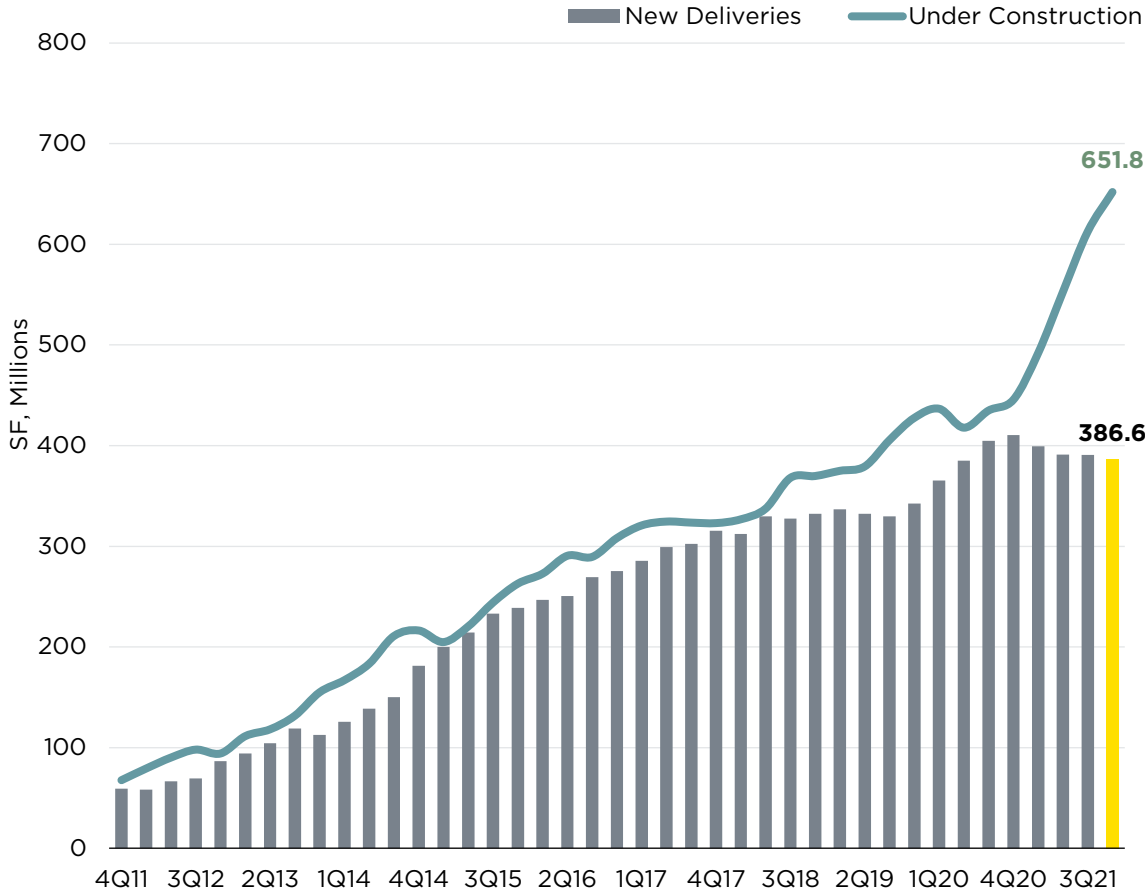


Source: Savills Research



# Record Development Leasing Up Faster Than Ever

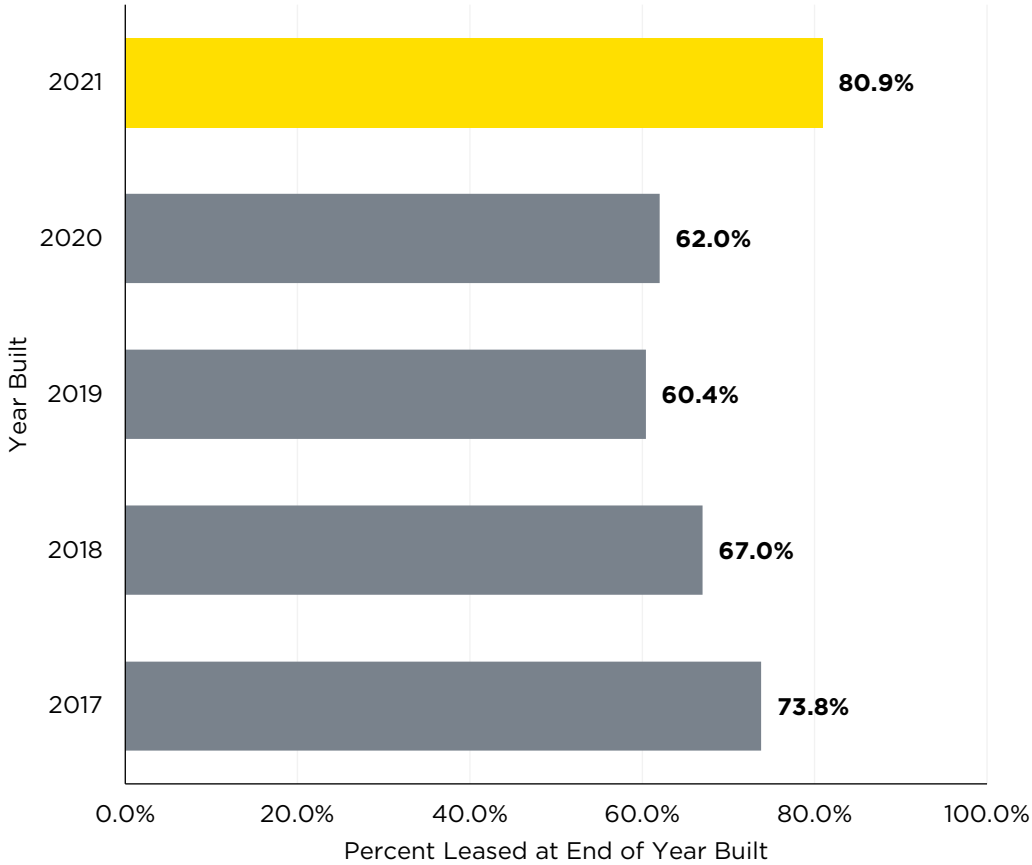
Quarterly Completions and Under Construction



Source: Savills Research

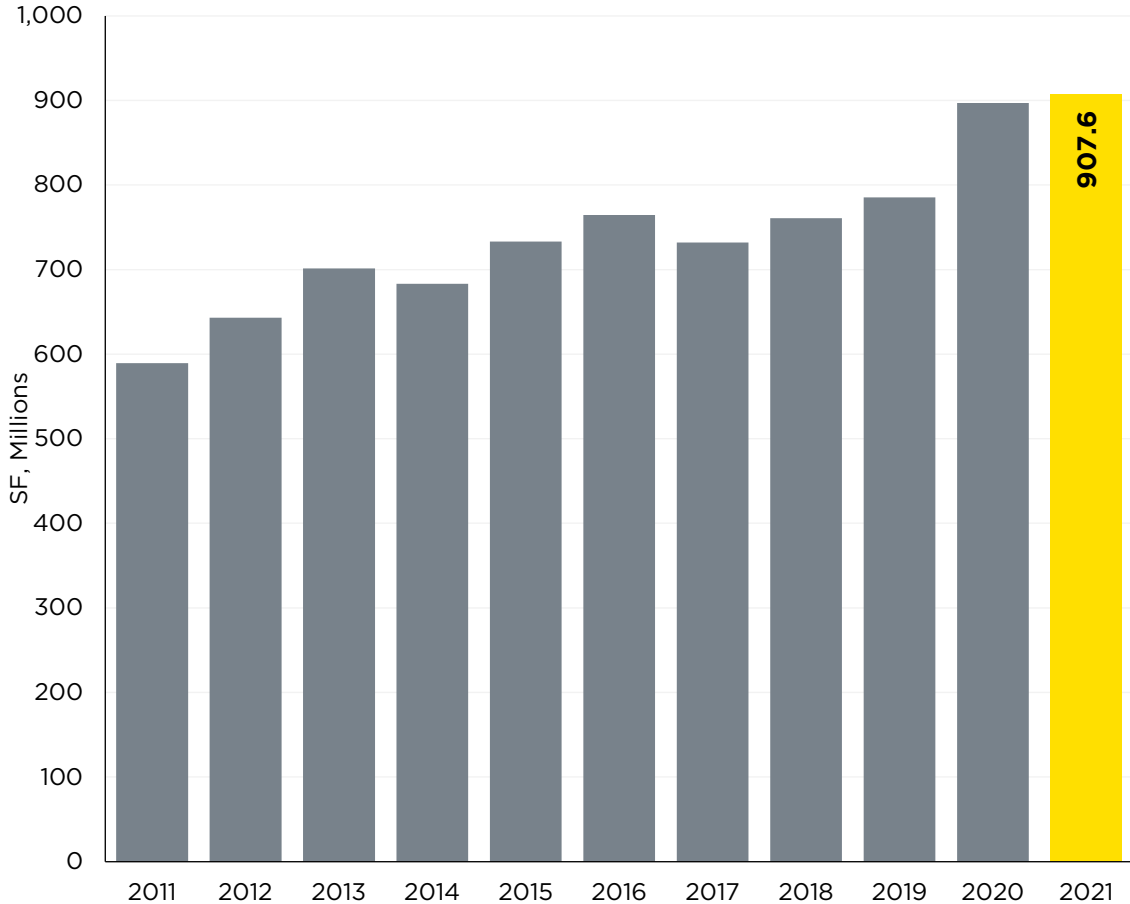
New Construction First Year Lease Up Rate

Buildings completed during 2021 were over 80% leased by year end



# Strong Tenant Preference for New Product

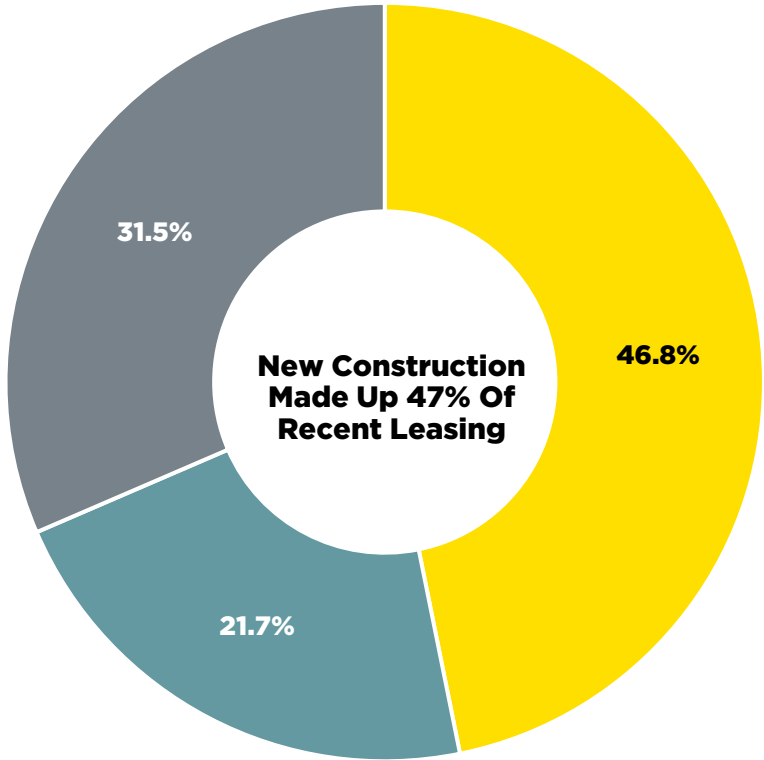
Leasing Activity



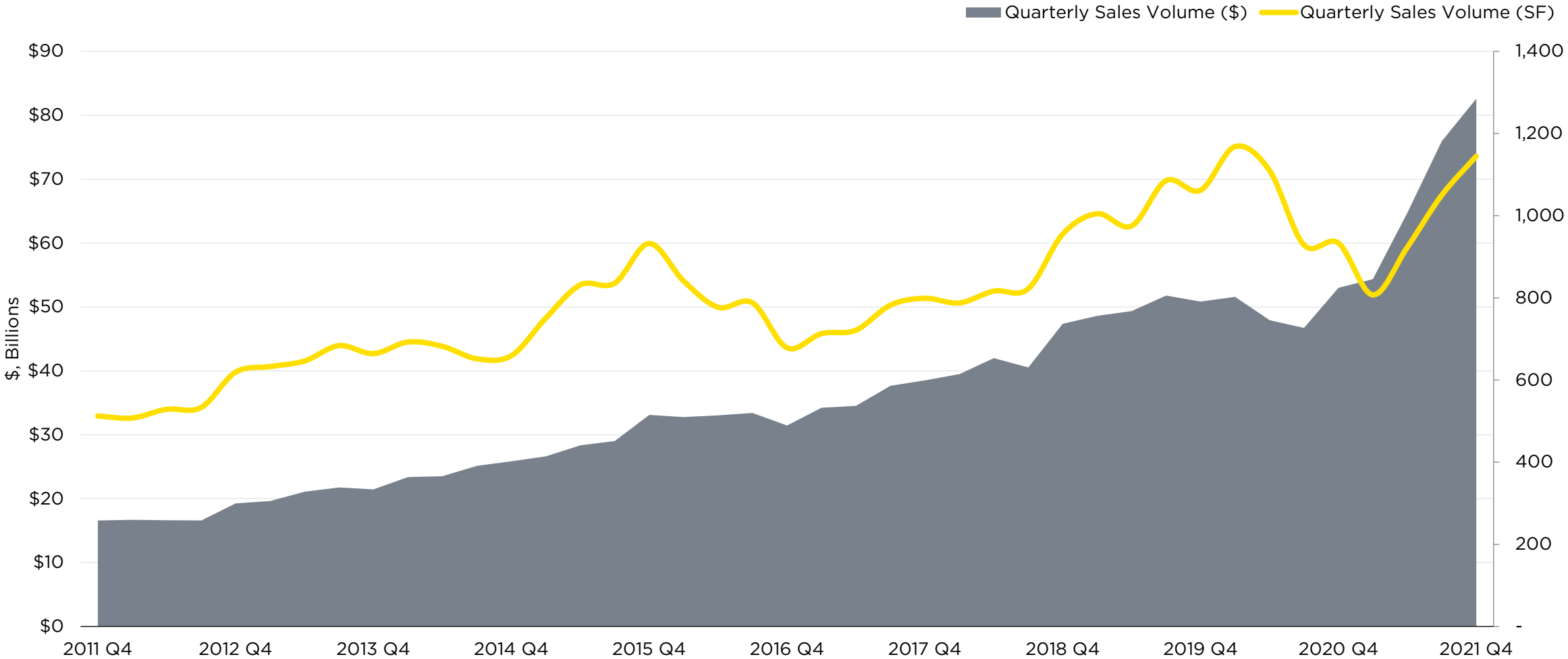
Source: Savills Research

2021 Leasing Breakdown by Year Built

■ Built Since 2020 ■ Built 2000 to 2019 ■ Built Prior to 2000



# Strong Fundamentals Attracting Increased Investment



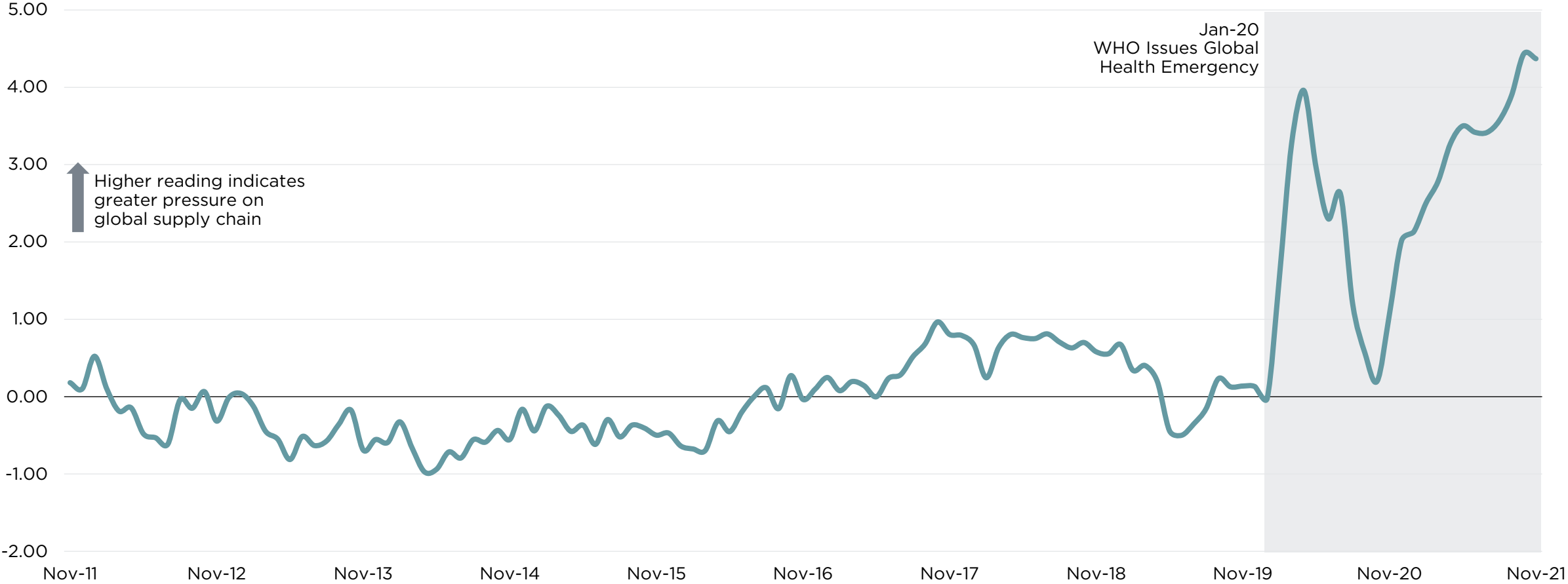
Source: Savills Research





# Supply Chain Disruptions Persist Since Pandemic

Global Supply Chain Pressure Index

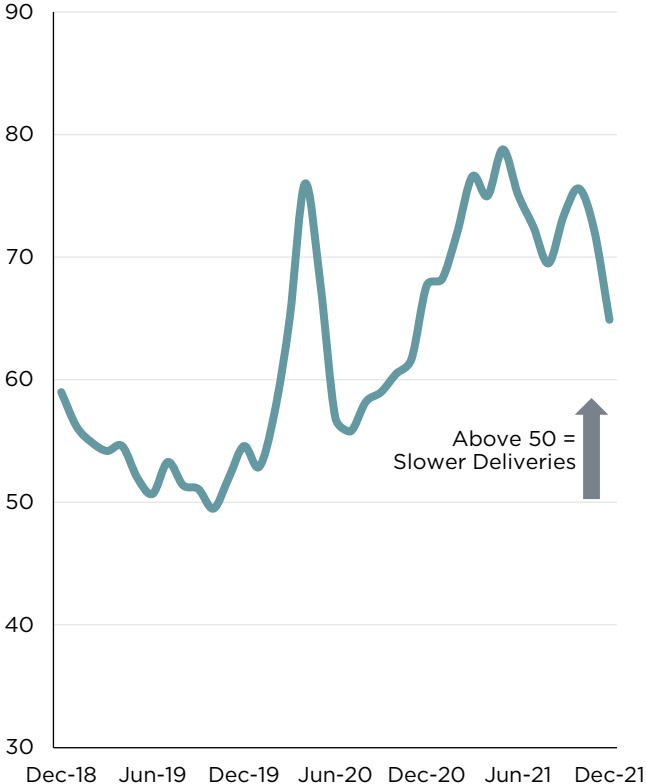


Source: New York Federal Reserve

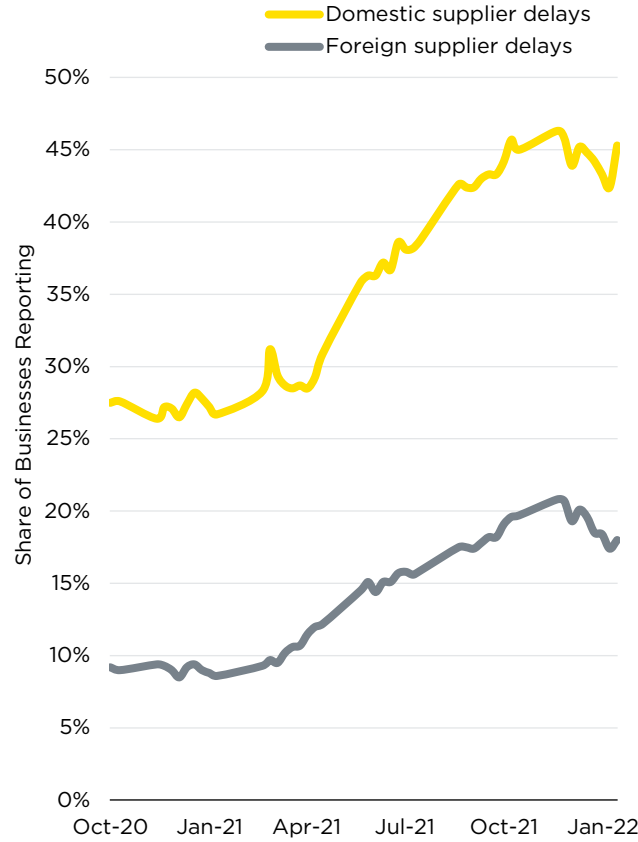


# Increased Shipping Delays Challenging Businesses

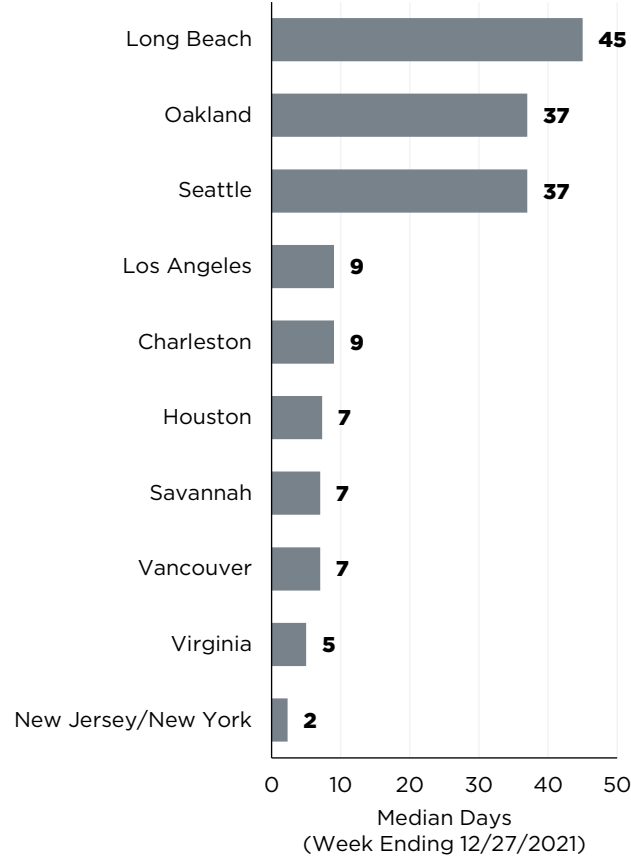
ISM Manufacturing Supplier Deliveries Index



Small Business Pulse Survey



Port Performance - Average Delays

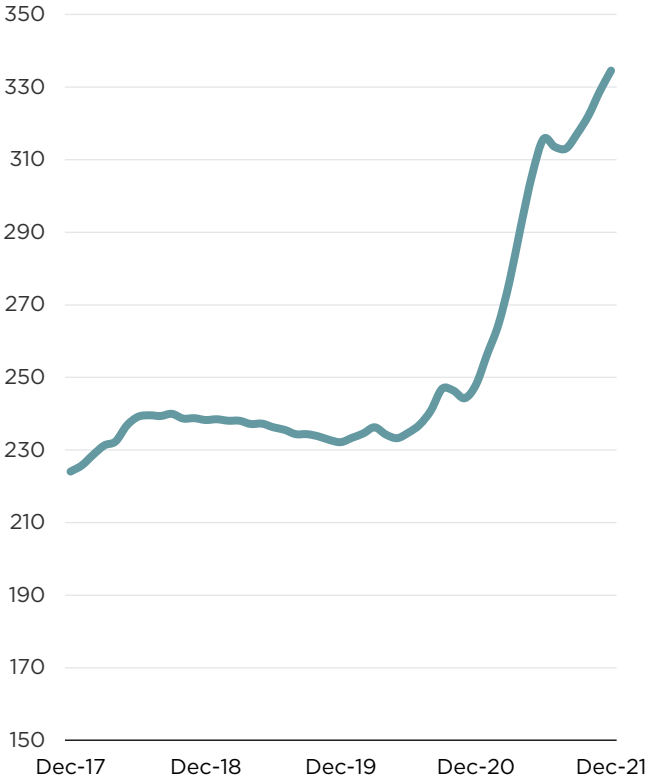


Source: Institute for Supply Chain Management, U.S. Census Bureau, GoComet

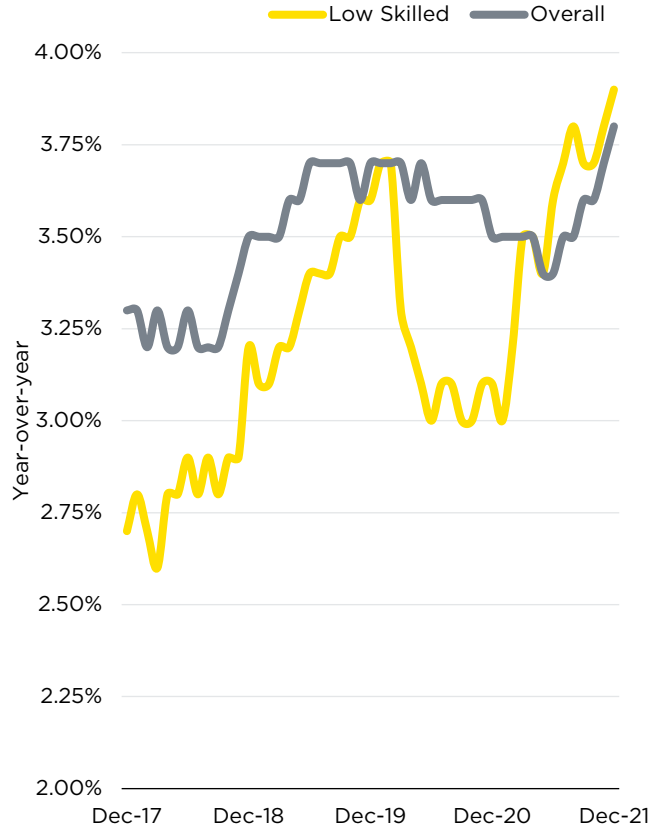


# Prices Up for Industrial Inputs Across the Board

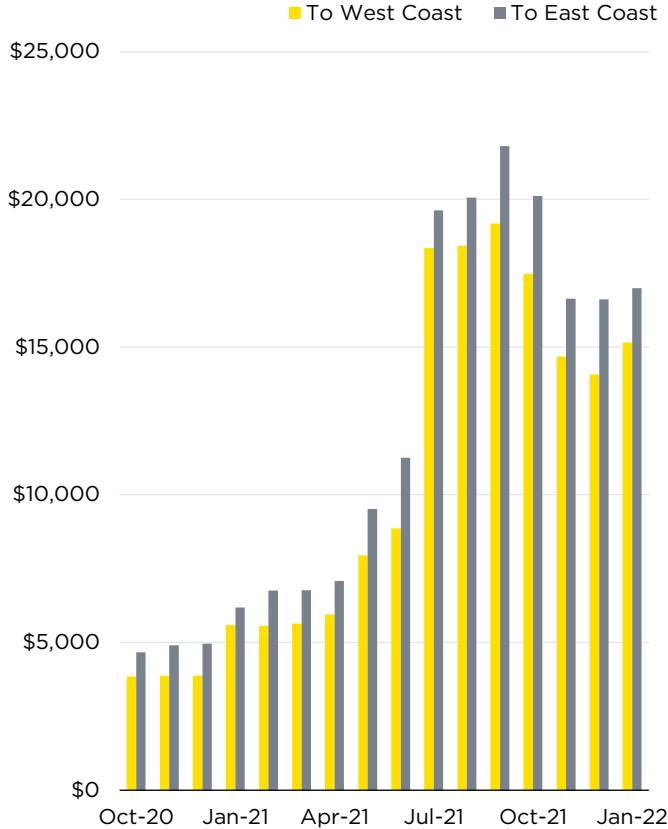
Producer Price Index - Construction Materials



Hourly Wage Growth



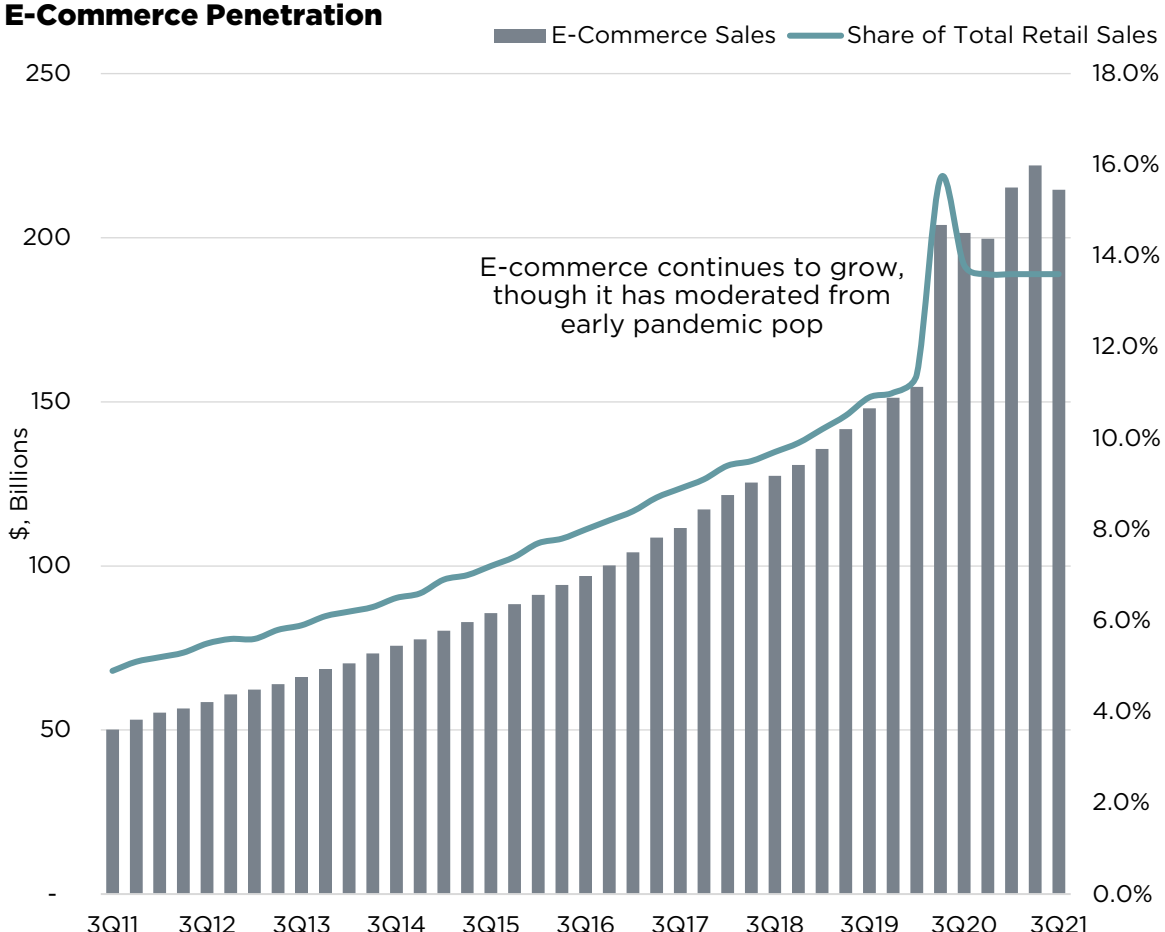
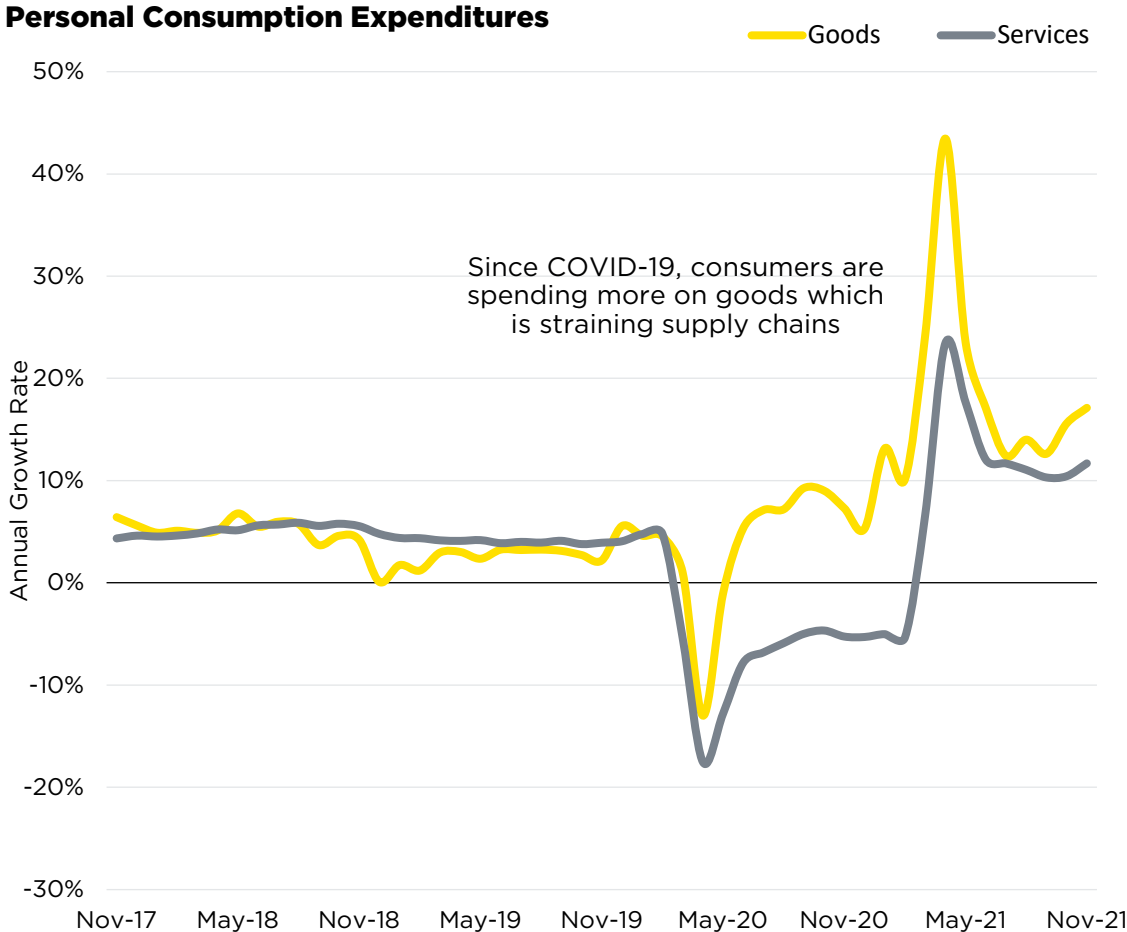
Container Shipping Rates: China to U.S.



Source: U.S. Bureau of Labor Statistics, Atlanta Federal Reserve, Freightos



# Consumer Trends Supporting Sustained Demand for 2022



Source: U.S. Bureau of Economic Analysis, U.S. Census Bureau



# Thank you

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