

Quick Stats

	Current	Change from	
		End 12	Mid 13
Vacancy	7.8%	↘	→
Lease Rates	\$3.13	↗	↘
Net Absorption*	316,237	↗	↑
Construction	1,609,000	↑	↑

* The arrows are trend indicators over the specified time period and do not represent a positive or negative value. (e.g., absorption could be negative, but still represent a positive trend over a specified period.)

Hot Topics

- Industrial market remains stuck in a bit of a soft patch while recording a solid performance in second half of 2013
- Vacancy rate and average asking rental rate essentially flat from midyear
- Ground breaking of Home Depot warehouse creates more space under construction at any time since before recession
- Active users now from a range of industrial- and consumer-based industries

While still recording a very solid performance, the Toledo-regional industrial market remained stuck in a bit of a soft patch through most of the second half of 2013. Transaction activity remained tepid until mid to late fourth quarter when activity began to increase. Consequently, the market vacancy rate and average asking rental rate are essentially flat from midyear. With the delivery of the newly built and fully occupied FedEx building in Perrysburg Township contributing materially, the market did absorb more than 316,000 SF in the last six months of the year.

There are a number of factors suggesting that industrial-market metrics will start moving positively again in the coming year, in some cases quite dramatically. The first is a new construction boom which we have been anticipating for some time. With the ground breaking for the new 1.6 million SF Home Depot warehouse in Troy Township, there is now more space under construction than at any time since before the recession. Several other build-to-suit projects are already in the works and poised to launch in 2014. Secondly, the rebounding demand from users we were seeing at endyear also suggests there will be more transaction activity in the coming months. There is a high probability these transactions will produce yet more new construction as some of these users are not finding acceptable space from within the existing inventory of available space and are beginning to consider the build-to-suit route. Given what we know already, 2014 will score some of the highest net absorption and new construction square footage numbers that we have seen in a long, long time.

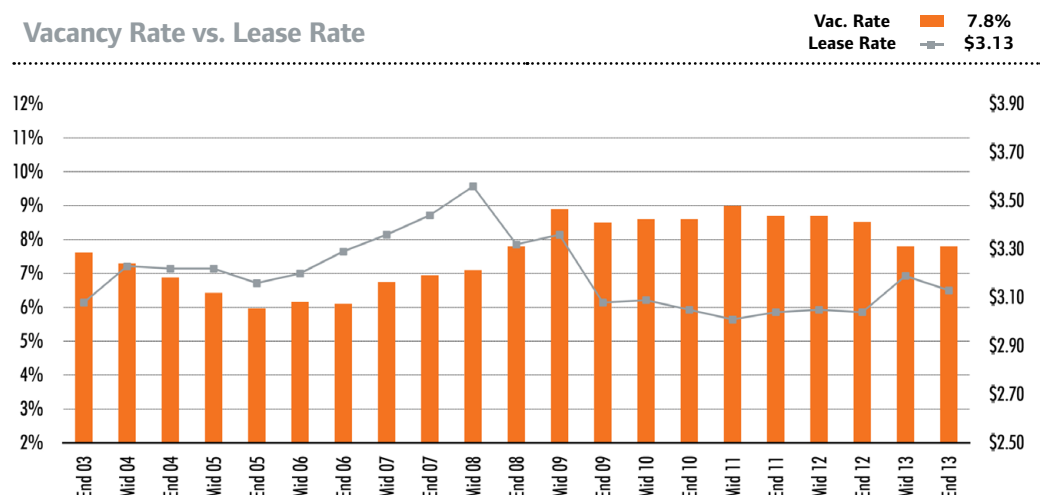
With this construction activity, it is no surprise industrial land sales have begun to come back from the deep freeze they have been in since 2007. The greatest in-

terest is in sites in Maumee and Monclova Township in Lucas County and Perrysburg and the I-75 corridor in northern Wood County.

Toledo's local economy could benefit from some diversification of its economic base. Because of this need, it is gratifying to note the active users in the market currently are, for the most part, non-automotive. Auto suppliers have been a big part of the market story during the past several years as both GM and Chrysler expanded production at major local installations. With the recent successful launch of the new Jeep Cherokee at Chrysler's North Toledo Assembly Plant, the supplier activity which accompanied the ramp up to the launch has now faded. Active users currently are coming from a range of industrial- and consumer-based industries and the uses include both manufacturing and warehouse/distribution functions. The burgeoning e-commerce phenomenon also has begun to have an effect on the market as, purportedly, the new Home Depot warehouse is being built to support the web side of its business.

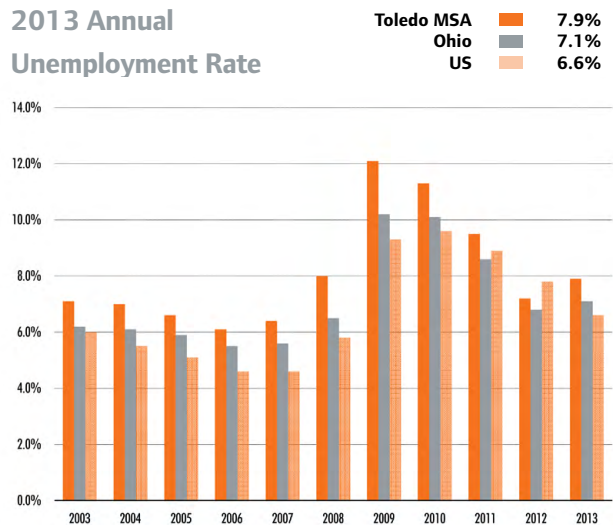
It is worth mentioning again that a feature of the Toledo industrial market is the relative shortage of quality newer buildings, which we track as Class A buildings. Such Class A buildings currently make up only 10% of the total inventory. At 5.34%, vacancy in Class A buildings is nearly 280-basis points lower than vacancy in the remaining inventory. This shortage, in part, explains the difficulty some users are having finding the right building and will drive some of the build-to-suit activity mentioned above. The new construction we anticipate will address this gap in the market to a degree, but it remains an opportunity or impediment, depending on how one views it.

Vacancy Rate vs. Lease Rate



Market Statistics

Market	Number of Buildings	Rentable Area	Vacancy Rate %	Net Absorption SF	Under Construction SF	Average Asking Lease Rate SF/YR	Availability Rate %
CBD	235	9,330,247	7.5%	-31,960	-	\$2.38	7.9%
East Toledo/Oregon	92	4,730,324	7.4%	-15,540	-	\$2.62	7.1%
North Toledo	369	23,551,641	11%	166,454		\$2.82	14.0%
Perrysburg/Northwood	327	22,556,790	7.6%	81,013	1,600,000	\$3.56	7.1%
South/Southwest	437	17,917,536	6.6%	122,554	-	\$3.75	8.1%
West Toledo/Sylvania	240	8,843,456	3%	-6,284	9,000	\$3.55	4.4%
Market Total	1,700	87,095,054	7.8%	316,237	1,609,000	\$3.13	8.7%
Class A	51	9,230,109	5.6%	119,255	0	\$3.40	5.4%

2013 Annual
Unemployment Rate

For these estimates: Toledo MSA consists of Lucas, Fulton, Ottawa and Wood counties.
Source: Regional Growth Partnership

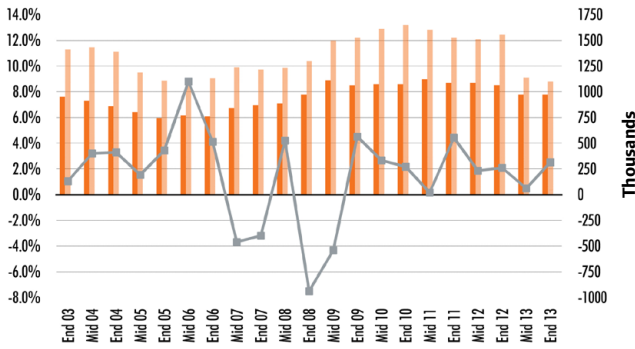
As of November 2013, the most recent information states the unemployment rate for the Toledo MSA is 7.9%, slightly higher than the last month's recorded rate of 7.7%. Ohio's unemployment rate of 7.1% is slightly higher than the last month's rate of 7.0%. The U.S. unemployment rate of 6.6% is lower than last month's rate of 7.0%.

The average sale price for a home in the Toledo MSA, as of November 2013, is \$108,953, a decrease of 0.4% from the previous month's price of \$109,419. The current average home sale price increased by 5.6% from last year's price of \$103,150.

Manufacturing employment for the Toledo MSA, as of November 2013, is 41,500, a decrease of 0.9% from last year's manufacturing employment of 41,900.

Vacancy/Availability/Net Absorption

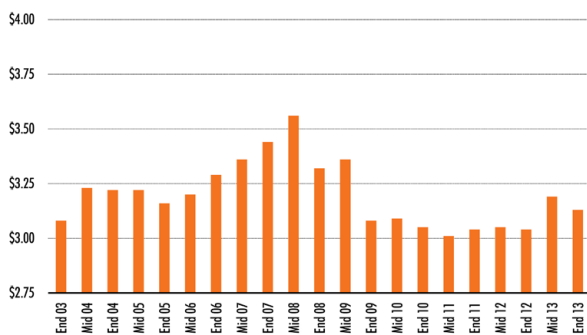
Vacancy 7.8%
 Availability 8.7%
 Absorption 316,237



Vacancy is essentially flat from midyear. Decreases in vacancy in the North Toledo and South/Southwest submarkets were offset by increases in the other submarkets, notably East Toledo/Oregon and Perrysburg/Northwood. All submarkets except the CBD, East Toledo/Oregon and West Toledo/Sylvania had positive net absorption. There was also positive net absorption among Class A buildings. Overall, the market recorded positive net absorption for the fourth consecutive year.

Asking Rental Rates

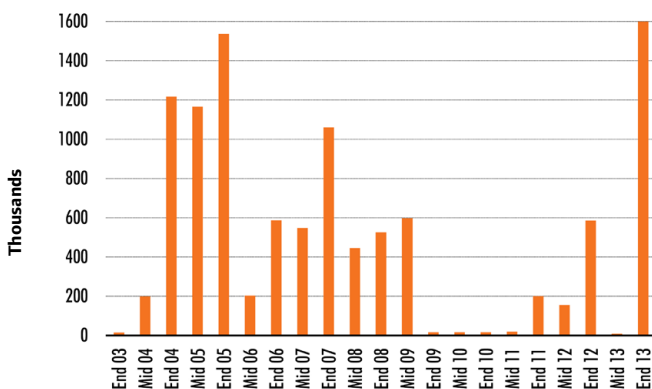
Rental Rate \$3.13



The average asking rental rate did record a \$0.06 decline in the period, which is not particularly meaningful in the scheme of things. Much of it is attributable to the product mix in the pool of available space.

New Construction

New Construction 1,609,000 SF

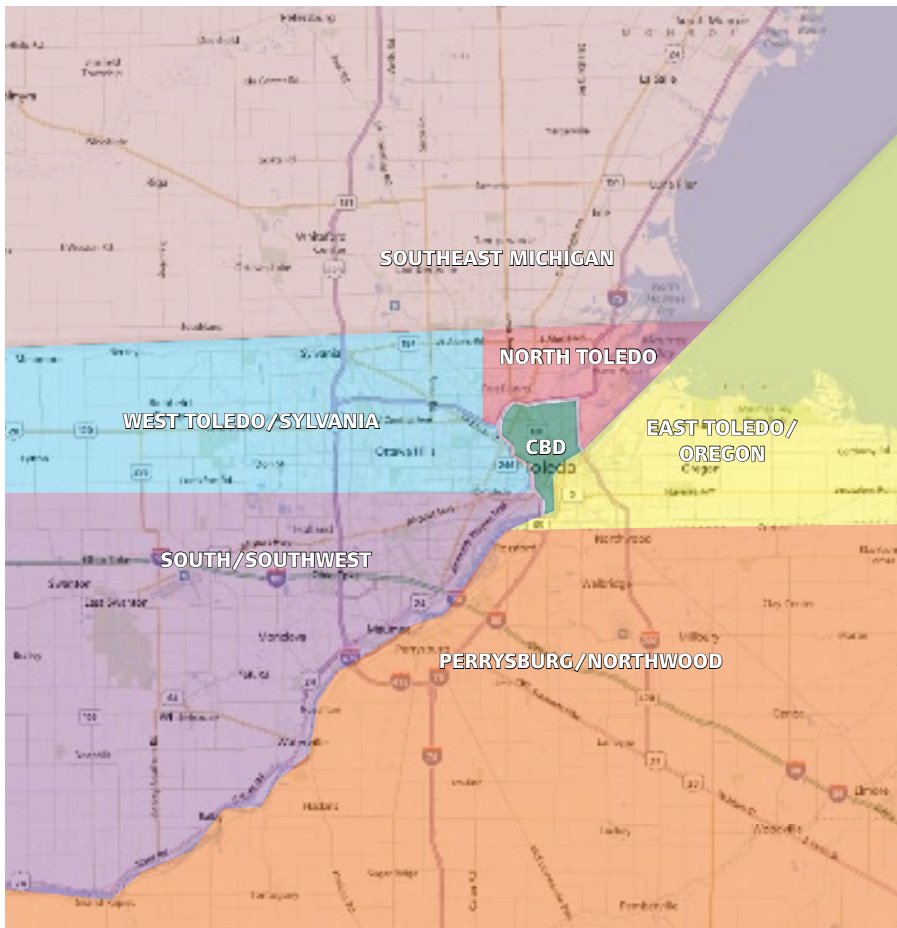


New construction reached a new high with the ground breaking of the Home Depot warehouse in Troy Township. This 1.6 million SF building is under construction near the intersection of US-20 and State Route 420.

Top Transactions

Size (SF)	Buyer/Tenant	Address
106,250	Industrial Repair	265 Rogers Street Delta
101,500	SAAM	6705 Wales Road Northwood
67,640	Phoenix	501 E. Poe Road Bowling Green
37,130	Compressor Technologies	3648 Rockland Circle Millbury

Submarket Map



Average Asking Lease Rate

Rate determined by multiplying the asking net lease rate for each building by its available space, summing the products, then dividing by the sum of the available space with net leases for all buildings in the summary.

Net Leases

Includes all lease types whereby the tenant pays an agreed rent plus most, or all, of the operating expenses and taxes for the property, including utilities, insurance and/or maintenance expenses.

Market Coverage

Includes all competitive industrial buildings 5,000 square feet and greater in size.

Net Absorption

The change in occupied square feet from one period to the next.

Net Rentable Area

The gross building square footage minus the elevator core, flues, pipe shafts, vertical ducts, balconies, and stairwell areas.

Occupied Area (Square Feet)

Building area not considered vacant.

Under Construction

Buildings which have begun construction as evidenced by site excavation or foundation work.

Available Area (Square Feet)

Available Building Area which is either physically vacant or occupied.

Availability Rate

Available Square Feet divided by the Net Rentable Area.

Vacant Area (Square Feet)

Existing Building Area which is physically vacant or immediately available.

Vacancy Rate

Vacant Building Feet divided by the Net Rentable Area.

Normalization

Due to a reclassification of the market, the base, number and square footage of buildings of previous quarters have been adjusted to match the current base. Availability and Vacancy figures for those buildings have been adjusted in previous quarters.

For more information regarding the MarketView, please contact:
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