

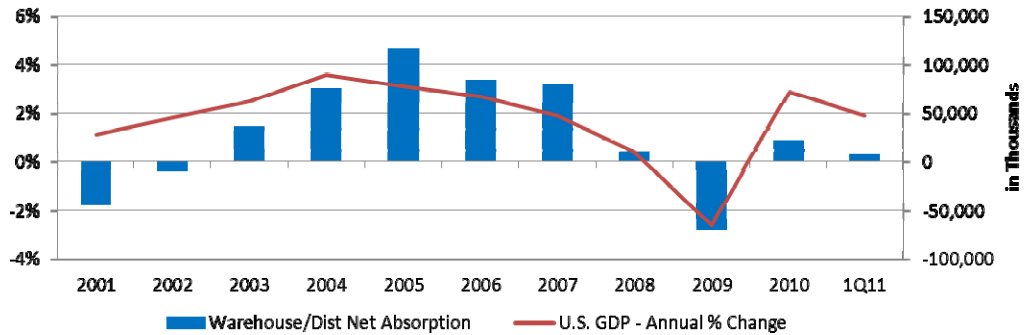


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INDUSTRIAL RESEARCH FACT OF THE WEEK

U.S GDP vs. Warehouse/Distribution Space Demand



Source: U.S. Department of Commerce – Bureau of Economic Analysis, Cushman & Wakefield. Research.

- As the above graph shows, there is a good correlation between GDP growth and warehouse/distribution demand. The U.S. economy grew by 3.6% in 2004 and from 2004-2006, the economy was hovering at a 3% growth rate per year. During this time period and through the end of 2007, companies absorbed nearly 358 million sf of warehouse space nationally. Consequently, the overall vacancy rate dropped from 9.6% at year-end 2004 to 7.5% at year-end 2007.
- In 2008, the U.S. economy was hammered by a deep recession and employment plunged and unemployment rates soared across the nation and across all industries. By year-end 2009, some 8.4 million jobs disappeared and consumer confidence was at an all-time low.
- With the U.S. economy posting negative growth rate of 2.6% in 2009, net absorption of warehouse space totaled negative 70 million sf, driving the overall vacancy to 11.2%.
- The increase in economic growth in 2010 resulted in warehouse occupancy gains of 22 million sf. Forecast calls for a 2.7% growth rate in 2011 and continued positive gains in occupancy for the warehouse/distribution sector.

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