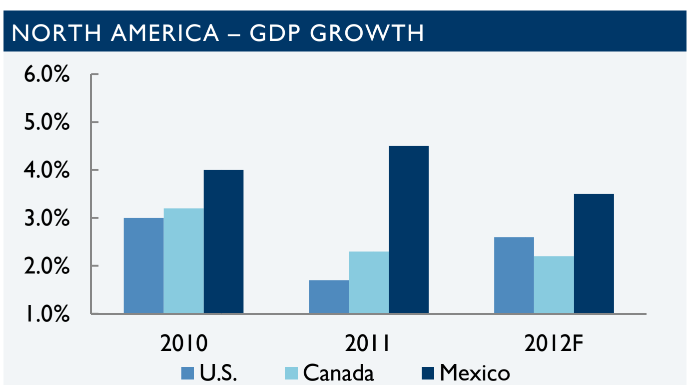
NORTH AMERICA
INDUSTRIAL INDICATORS

…IN 7 MINUTES

APRIL 2012

CUSHMAN & WAKEFIELD'S SEVEN-MINUTE OVERVIEW OF INDUSTRIAL ACTIVITY AND TRENDS WAS DESIGNED FOR TODAY'S BUSY REAL ESTATE PROFESSIONAL; THIS OVERVIEW PROVIDES READERS A COMPREHENSIVE LOOK AT KEY MARKET DRIVERS, LEADING INDICATORS, AND STATISTICS IN A QUICK AND EASILY DIGESTIBLE FORMAT.

The global economy is expected to start off slowly in 2012, as debt resolution issues remain a concern, and strengthen during the second half as underlying economic fundamentals improve. Overall, the U.S. will experience modest growth during 2012 as uncertainty about debt reduction and the elections keeps businesses and investors cautious. However, with record corporate profits and improving consumer demand, the U.S. appears poised for growth to accelerate in the second half of the year. Canada and Mexico are also expected to continue to expand at generally stronger rates than in 2011, but growth will be modest with demand from the U.S. remaining slow.



MARKET DRIVERS/INFRASTRUCTURES

- Driven by sharply lower freight rates, especially on the Asia-Europe route, and a 35%t increase in fuel costs, Maersk Line will remain in the red this year, slumping to a $602 million loss in 2011 after a record $2.6 billion profit in 2010.
- Construction of buildings and infrastructure at the Vancouver Shipyards and Victoria Shipyards is expected to begin in 2012 as a result of the $8-billion Seaspan Marine Corp. contract won last fall. Seven new non-combat ships will be built, with work on the first ship to begin in 2013.
- Grand Alliance carriers NYK Line, Hapag-Lloyd and Orient Overseas Container Line are leaving the Port of Seattle and moving to the Washington United Terminals in Tacoma. This should reverse Tacoma's recent downward trend in container volume resulting from Maersk vacating the port in 2010.
- The Port of Long Beach welcomed the largest container ship ever to call to North America, the MSC Fabiola. The vessel, measuring 1,200 feet in length, is the largest container vessel now serving U.S.-Asia trade, and is capable of carrying more than 12,000 container units. The Port of Long Beach is investing $4.5 billion over the next decade to modernize its facilities.
- Canadian National Railway will expand its service to the growing Port of Prince Rupert by adding a container train connection to Edmonton in June. The new connection, which will also bring added service to Calgary, comes as Alberta emerges as one of the fastest growing industrial and consumer based economies in North America.
- Investors are looking to take advantage of growing population centers and evolving trade routes. One such example is the new "America's Gateway Logistics Center" in Moore Haven, FL., the largest integrated logistics center in Florida, boasting access to four sea ports, major rail carriers, and major air cargo operations.
- Caterpillar Inc. has closed a locomotive plant in London Ontario. The work will be relocated to the company's other assembly plants in North and South America.

MANUFACTURING INVESTMENTS RISING

- Caterpillar broke ground on a new $200 million facility near Athens, Georgia. The site borders Athens-Clarke and Oconee counties. Company officials say its new plant is creating 1,400 jobs. Caterpillar will start producing and selling its construction and mining equipment at its new facility by late 2013.
- Caterpillar Inc. also plans to expand its hydraulic facility in Sumter's Black River Airport Industrial Park. The $20 million investment is expected to create more than 80 new jobs over two years. Caterpillar's expansion will nearly triple the facility's footprint.
- The Linamar Corp., which has plants and facilities in 11 countries, recently offered a sneak preview of its new North Carolina facility. The 400,000-sf plant will employ more than 250 workers and will start turning out engine block and wheel parts for heavy construction equipment by early May.
- According to a recent report by Accenture, some 61% of manufacturing executives surveyed by the consultancy said they were considering more closely matching supply location with demand location by re-shoring manufacturing and supply.

UNITED STATES

- U.S. containerized imports rose 4.1% in January year-over-year, to 1.5 million TEUs, driven by growth in furniture and auto parts shipments. It was the third straight month of year-over-year gains. This data reflects the continued recovery in auto sales and the recent improvement in housing sales, which are tied closely to furniture imports. Sales of existing homes have risen in three of the last four months.
- The U.S. trade deficit rose to a three-year high of $52.6 billion in January as a 2.1% jump in imports outpaced a 1.4% rise in exports. It is the largest deficit since October 2008, as imports totaled $233.4 billion against $180.8 billion in export.
- U.S manufacturing technology orders in January rose 8.4% year-over-year. The strong technology manufacturing report reinforces the steady surge of expansion seen in overall factory production. U.S. manufacturing production has expanded 30 straight months through January.
- As domestic manufacturing expands and powers a U.S. economic recovery, total U.S. intermodal volume hauled by major U.S. railroads expanded 2.4% in February year-over-year. Intermodal traffic was up for the 27th straight month.
- Retail sales exceeded expectations, rising 4.1% in March. This follows gains of 1.1% in February and 0.6% in January. Sales were buoyed by a 1.6% rise in sales of motor vehicles, reflecting pent-up demand and growing confidence as job creation speeds up.
- Trade volume at the nation's two top ports (Ports of Los Angeles & Long Beach) declined by 0.7% year-over-year, despite the fact that total TEUs across the nation's ten biggest ports has grown by 0.8%.
- The recent slower activity at the So Cal ports has been partly due to the fact that India and Singapore are becoming major shipping hubs, and routes there favor the East Coast. Consequently, trade volume at the Port of New York/New Jersey has risen 4.0% while Savannah has seen a 4.2% annual increase.
- The U.S. industrial market has clearly transitioned into recovery in 2011 and demand accelerated significantly as market fundamentals continue to fall more in-line with levels seen prior to the recession.

  With improved leasing velocity and gains in occupancy, the national overall vacancy rate declined to 10.0% at year-end 2011, an 80-basis point (bp) decrease from last year.

U.S. TRADE VOLUME

CANADA

- Canada's trade surplus narrowed from $2.9 billion CAD in December to $2.1 billion in January 2012. This represented the third consecutive month of trade surplus.
- Elevated oil prices continue to fuel mega projects attached to oil sands initiatives, and this is leading to the rise of significant speculative development within Calgary's industrial markets – with over 3 million square feet slated to rise in 2012 and 2013.
- Canadian ports saw increased or level cargo volumes in 2011 with several ports recording record level activity. Port Metro Vancouver saw an all-time record of activity and Montreal saw double-digit growth.
- Both New Brunswick and Nova Scotia should see some pick-up in engineering and construction activity as Irving Shipbuilding Inc. gears up to produce 20 large combat vessels under the shipbuilding contract.
- Chrysler Canada saw one of the strongest Januarys in history and took first place in vehicle sales for only the second time in its history.
- In January (the most recent data available), motor vehicle sales rose 2.6% to $4.5 billion, the seventh consecutive month of sales increases. Willingness to make "big ticket" purchases reflects growing consumer confidence.
- Although employment was unchanged in February, the number of workers declined, pushing the unemployment rate down by 0.2 percentage points to 7.4%. Retail and wholesale trade, transportation and warehousing saw declines, offset by gains in areas such as finance, insurance, real estate, and leasing.

MEXICO

- Mexican industrial production accelerated in January (the most recent data available), driven by significant gains in manufacturing and construction, lending support for upward revisions to the country's economic growth forecasts. Output climbed 4.2% from the year earlier and 0.8% from December.
- Manufacturing industry led the growth in industrial output, expanding 5.6% from a year earlier, followed by construction, with 4.8% growth while mining fell 1.3%.
- Mexico's gross domestic product is expected to expand 3.5% in 2012, down from 3.9% in 2011 as Europe's debt crisis weighs on global demand.
- Mexico has reached an agreement with Brazil to impose an export quota on its auto sales to Brazil over a three-year period. The value of Mexican car exports to Brazil jumped around 70% in 2011, contributing to a glut of cheaper imports that are hurting Brazil's automakers.
- Mexico's potential real estate industrial development has substantial upside; the expansion of manufacturing industries and robust growth in logistics operations continue. Supply is coming at attractive prices and it is likely to further diversify in order to match a more sophisticated demand.

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