

## Quick Stats

	Current	Change from	
		End 18	Mid 19
Vacancy	4.0%	↑	↑
Lease Rates	\$3.30	↓	↓
Net Absorption*	872,584	↑	↑
Construction	3,311,000	↑	↑

\* 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

- Region performing at remarkably high level
- Amount of space under construction jumps to unprecedented level due to Amazon's 2.8 million SF distribution center
- Demand for space and buildings at a solid and steady pace
- Vacancy increased for first time since 2014
- Average asking rental rate fell again in the second half of 2019
- Last half of 2019 absorbs 872,584 SF of industrial space

Reichle Klein Group's endyear 2019 Toledo, Ohio, region industrial-space market survey has been completed and finds the industrial-space market in the region continuing to perform at a remarkably high level. The results are largely driven by the development of new facilities being built to suit for users, several of them of huge scale. The 1.1 million SF First Solar facility in Perrysburg Township was delivered in the fourth quarter, and, still, the amount of space under construction jumped to an unprecedented 3.311 million SF. Most of this space is owing to the highly anticipated groundbreaking of the 2.8 million SF Amazon distribution center in Rossford. Additionally, construction of the 511,000 SF NSG glass plant continues in Troy Township.

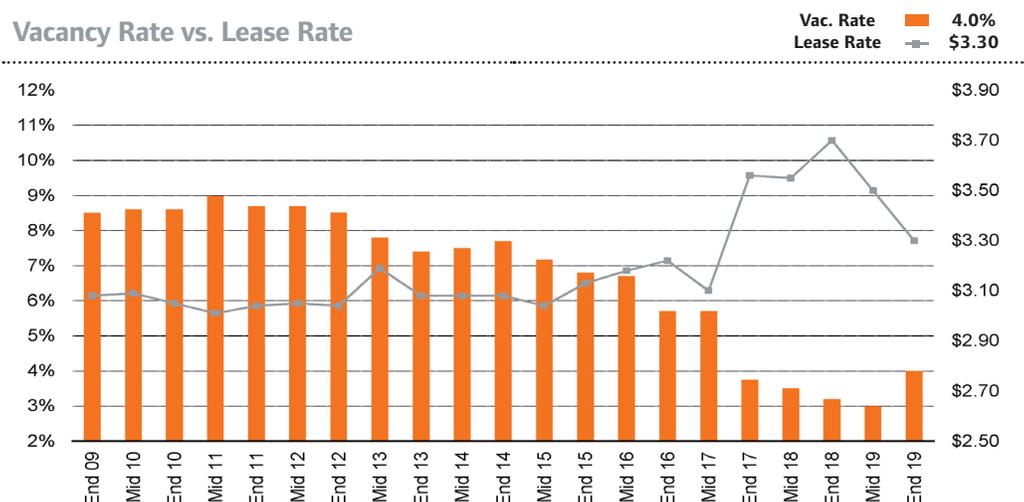
Demand for space and buildings has continued at a solid and steady pace, but restrained by the limited selection of available facilities. In spite of the tight supply, ways were found to complete transactions and a number of larger deals came together in the second half of 2019. Most transaction activity was for nonautomotive manufacturing uses. Setting aside the Amazon development, manufacturing uses outpaced distribution uses throughout 2019. Among active searchers for space we have also noted an uptick in Canadian companies pursuing facilities, perhaps in anticipation of the new North American trade agreement and at least one citing a need to

comply with new Federal procurement rules stipulating higher US manufacturing content.

In the last six months of 2019, 872,584 SF of industrial space was absorbed. This amount was largely comprised of the First Solar facility. Vacancy actually increased for the first time since the end of 2014 as a number of properties became vacant and available in the period. The modest increase was actually met with some enthusiasm by our industrial specialists because it represents an opportunity to meet some of the pent-up demand which has been stymied by the short supply that has persisted in the market for the past several years.

The average asking rental rate fell again in the second half. We are not alarmed in the least by this seeming anomaly coming as it does as a result of the best buildings in the market being filled and the average rate being heavily weighted with the asking rates of the remaining, largely less valuable available spaces. We also know from the effective rates for completed transactions in which we have participated that rates for competitive spaces are trending up. We are bullish on asking rates and are of the opinion that most landlords in most situations should be looking to increase rents as leases roll or they have the opportunity to re-lease newly available competitive spaces.

Vacancy Rate vs. Lease Rate

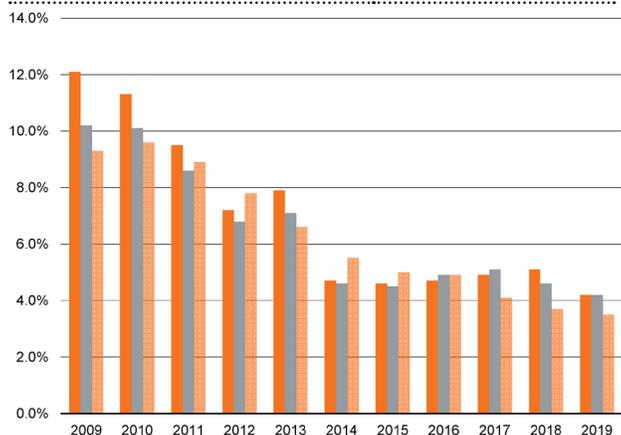


## Market Statistics

Market	Number of Buildings	Rentable Area	Vacancy Rate %	Net Absorption SF	Under Construction SF	Average Asking Lease Rate SF/YR
<b>CBD</b>	204	7,779,526	3.6%	78,623	0	\$3.38
<b>East Toledo/Oregon</b>	87	4,762,235	0.5%	0	0	0
<b>North Toledo</b>	356	24,045,734	4.6%	-403,755	0	\$2.48
<b>Perrysburg/Northwood</b>	285	24,119,481	4.3%	1,071,485	3,311,000	\$3.81
<b>South/Southwest</b>	435	17,799,596	3.9%	114,322	0	\$3.66
<b>West Toledo/Sylvania</b>	219	8,295,083	3.8%	11,909	0	\$3.79
<b>Market Total</b>	<b>1,586</b>	<b>86,801,745</b>	<b>4.0%</b>	<b>872,584</b>	<b>3,311,000</b>	<b>\$3.30</b>
<b>Class A</b>	<b>63</b>	<b>13,516,570</b>	<b>2.0%</b>	<b>1,089,938</b>	<b>3,311,000</b>	<b>\$6.06</b>

### 2018 Annual Unemployment Rate

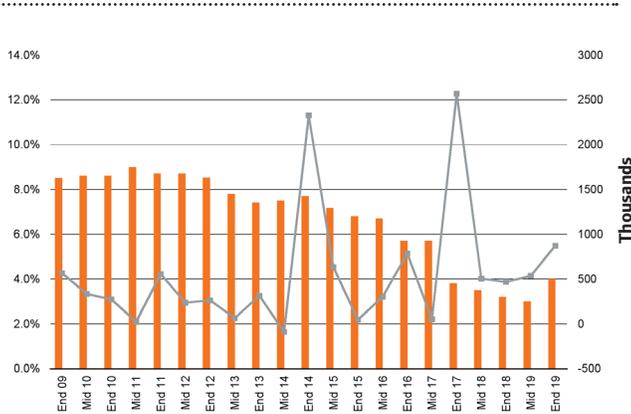
■ Toledo MSA 4.2%  
■ Ohio 4.2%  
■ US 3.5%



As of October 2019, Bureau of Labor Statistics states the unemployment rate for the Toledo MSA is 4.2%, 0.5% lower from end of year 2018. Ohio's unemployment rate of 4.2% remains the same as the 2018 rate. The U.S. unemployment rate is also slightly lower at 3.5%, down from 3.6% at end of 2018.

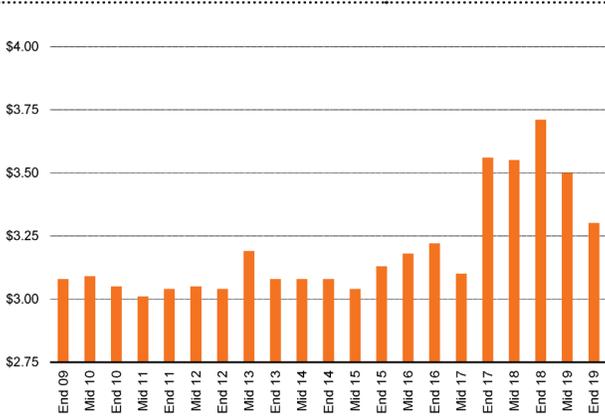
For these estimates: Toledo MSA consists of Lucas, Fulton, Ottawa and Wood counties. Source: Bureau of Labor Statistics, bls.gov

**Vacancy/Net Absorption** ■ 4.0% ■ 872,584 SF



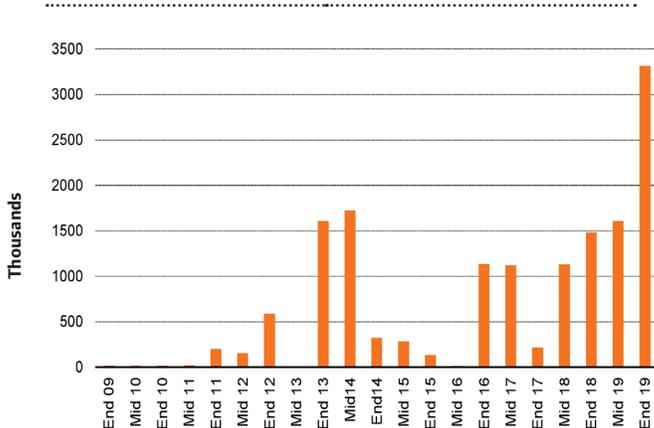
While the vacancy rate for the overall market increased 24-basis points from 3.8% to 4% in the second half of 2019, it actually fell in every submarket except North Toledo. North Toledo registered negative net absorption of 403,755 SF and saw its vacancy rate increase from 2.9% to 4.6%, the highest rate in the entire market. The increase was not attributable to any single, large vacancy, but, rather, a smattering of smaller vacancies. All other submarkets recorded positive net absorption or no change (East Toledo/Oregon). Vacancy among Class A buildings stood at 2% at endyear.

**Average Asking Rental Rate** ■ \$3.30



The average asking rental rate sank for the third straight reporting period as the more valuable, more competitive spaces are absorbed. The weighted average calculation of the rate includes little, if any, Class A availabilities that would serve to drive the rate higher as rates in those facilities have increased into the \$5-per-square-foot range or more.

**New Construction** ■ 3,311,000 SF

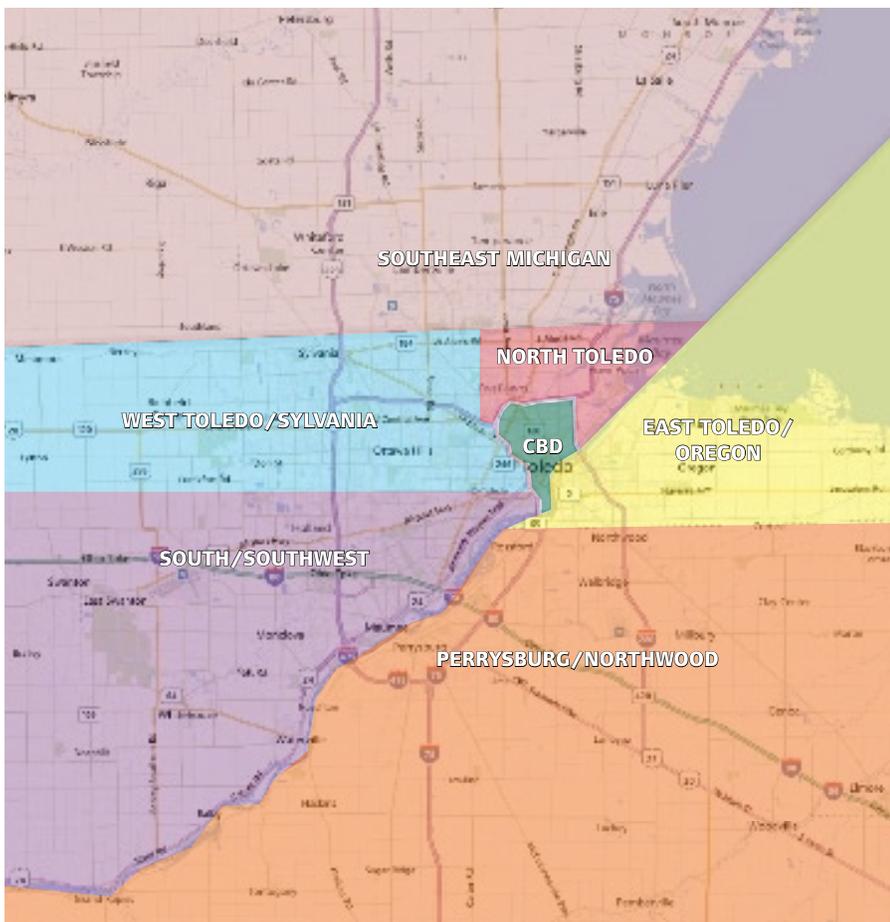


The enormous amount of space under construction is made up entirely of built-to-suit facilities. Speculative construction is not occurring, and we are unaware of any immediate solid plans for such development in the Toledo area.

**Top Transactions**

Size (SF)	Buyer/Tenant	Address
180,000	Ternes Packaging	315 Matzinger Road
157,000	ATD	2 Kexon Drive
122,000	Gateway Recycling	0 Dearborn Avenue
100,000	Clarios	0 Land Air
45,630	Michaels Corporation	26933 Eckel Road

**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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