Consumers Are Cautious but Continue to Spend

- Consumption growth is attributed to the recovering household wealth and decline in savings rate.
- Personal spending may be under pressure over the next several months due to recent tax increases.

Source: Clarion Partners Investment Research, U.S. Census Bureau, as of April 2013.
E-Commerce Sales Keep Breaking New Record Highs

- E-commerce retail sales have been expanding rapidly at 15% annually and now account for almost 7% of total core retail sales.

- Retailers have sought to separate e-commerce operation from traditional warehousing as the two processes are distinctly different.

- Increasing demand for modern distribution facilities near major/growing economic centers as more people shop online and e-commerce retailers target same-day delivery.

Source: Clarion Partners Investment Research, U.S. Census Bureau, Q4 2012.
Industrial Demand Closely Follows Inventory Restocking

- During the Great Recession of 2008-2009, many businesses anticipated a depression scenario and cut inventory to below minimum levels.
- Inventory stocking has gained strong momentum as pent-up demand for warehouse space far exceeds new supply.

Source: Clarion Partners Investment Research, Moody’s Analytics, February 2012.
Note: The forecasted data was provided by Moody’s Analytics, dated 03/14/2012, and may not be an accurate predication of future results.
Stabilizing Inventory-to-Sales Ratios Bodes Well for Future Restocking

- The downward trend of inventory-to-sales ratio has stabilized and recently rebounded due to inventory re-stocking.
- Nonetheless, the long-term trend is clearly towards efficient supply chain management.

Source: Clarion Partners Investment Research, Moody’s Analytics, as of March 2013.
U.S. Trade Volumes Expected to Continue to Expand

- Expanding global trade has been a main driver in demand for warehouse space as the global economy has become increasingly integrated.

- The recent rebound in the Chinese economy is encouraging, while the mild recession in the EU zone has dampened U.S. exports to that region.

Source: Clarion Partners Investment Research, Moody’s Analytics, March 2013.
Note: The forecasted data was provided by Moody’s Analytics, dated 03/14/2012, and may not be an accurate predication of future results.
U.S. Manufacturing Sector Staging a Strong Comeback

- Driven by pent-up domestic demand and exports, U.S. industrial production expanded 1.7% year-over-year as of February 2013 to a level that is only 1.6% below the prior peak reached in 2007.

- Manufacturing, especially auto production, has been a bright spot in this economic recovery with production level reaching the pre-recession peak.

Source: Moody’s Analytics, Clarion Partners Investment Research, February 2013. The forecasted data was provided by Moody’s Analytics, dated 02/26/2013. Please see important information regarding forecasts and projections at the beginning of this presentation.
Strong Leasing Boosts Total Occupied Stock

– The industrial sector experienced ten consecutive quarters of positive net absorption (271 msf). Total occupied stock is only 0.2% below the prior peak reached in 2007.

Source: Clarion Partners Investment Research, CBRE-EA, Q4 2012.

Note: The forecasted data was provided by Clarion Partners Investment Research, dated 03/14/2013. Please see important information regarding forecasts and projections at the beginning of this presentation.