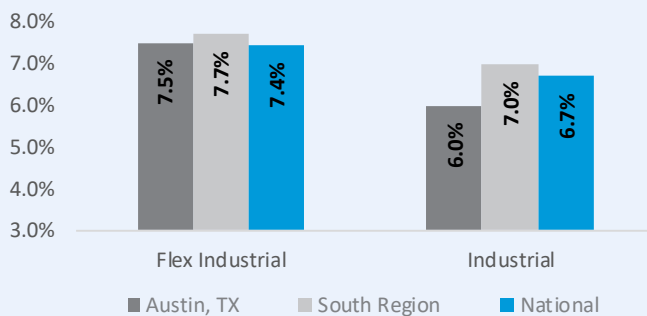


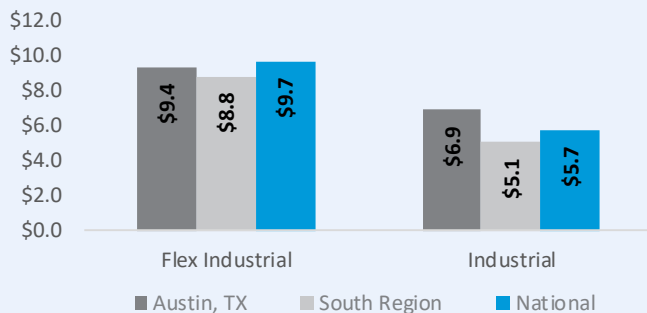
Market Rate Indicators (Y/Y)

Categories	Flex Industrial	Industrial
Going In Cap Rate (%)	↔	↔
Asking Rent (\$/SF)	▲	▲
Vacancy Rate (%)	▲	▼

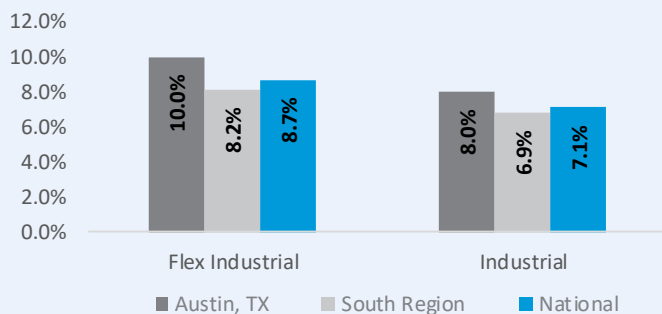
Going In Cap Rate Comparisons (%)



Asking Rents (\$/SF)



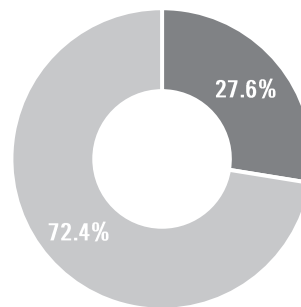
Vacancy Rates (%)



Austin, TX Industrial Market Overview

In 2017, the Austin area witnessed continued growth of the local and surrounding area economy spawned by a growing population base, albeit a tapered rate of growth compared to 2016. Rising housing prices have become a deterrent for new workers, especially in areas closer to the city center. Vacancy rates saw minimal compression compared to prior years, though rental rates maintained minor gains. Cap rates and discount rates remained generally unchanged, but in anticipation of the Fed's decision to raise interest rates, a slight uptick in going-in and discount rates should not come as a surprise. Still, the local economy has maintained an attractive environment for new business. Amazon pinned Austin as one of the top locations for its new headquarters which is anticipated to create as much as 50,000 base employer's jobs for its final destination. The fate of the headquarters has yet to be decided, though professionals agree, other contenders are more attractive due to superior infrastructure and public transportation systems. Still, Austin is expected to maintain a superior position as one of the top most desirable business environments. Considering the unknown as related to rising interest rates on the horizon, Austin's industrial sector can be expected to maintain a position of strength with high employment numbers, continued population growth resulting from continued business expansion through 2018.

Distribution of Total Inventory



■ Flex Industrial ■ Industrial

42,100,000 SF
Industrial Inventory

N/A - 12 Mo. Proj.
Construction/Inventory

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Change In Value Next 12 Months



.1% - 1.9%

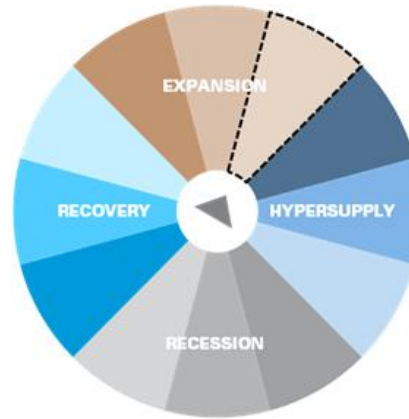
Flex Industrial



.1% - 1.9%

Industrial

Market Cycle: Expansion Stage 3



- Moderate/High Employment Growth
- High Absorption
- Med/High Rental Rate Growth
- Decreasing Vacancy Rates
- Moderate/High New Construction

Forecasts

Austin, TX 12-Month Industrial Forecasts

Categories	Flex Industrial	Industrial
Going-In Cap Rates	Increase 1-24 bps	Increase 1-24 bps
Discount Rate	Increase 1-24 bps	Increase 1-24 bps
Reversion Rate	Increase 1-24 bps	Increase 1-24 bps
Construction (SF)		
Years to Balance	1	1

Austin, TX 36-Month Industrial Forecasts

Categories	Flex Industrial	Industrial
Market Rent Change	2.50%	2.50%
Expense Rate Change	3.00%	3.00%
Change in Value	Increase 2% - 3.9%	Increase 2% - 3.9%
Annual Absorption (SF)	196,750	646,000

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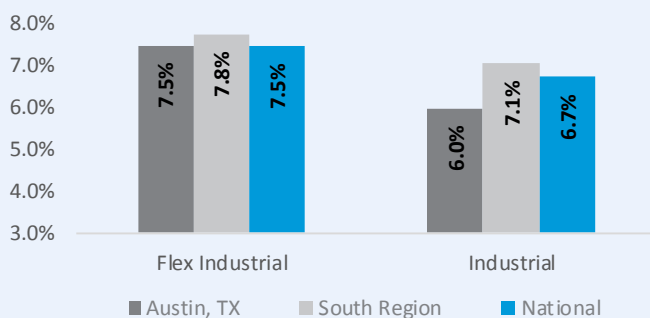
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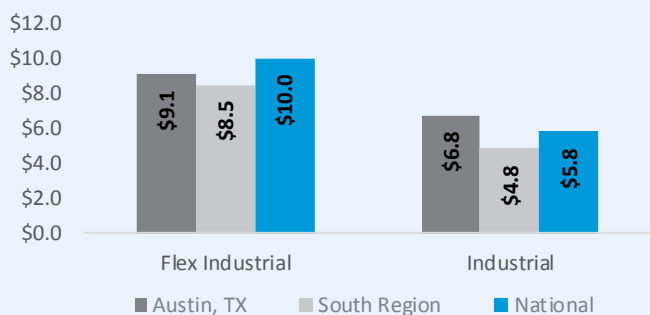
Market Rate Indicators (Y/Y)

Categories	Flex Industrial	Industrial
Going In Cap Rate (%)	↔	↔
Asking Rent (\$/SF)	▲	▲
Vacancy Rate (%)	▼	▲

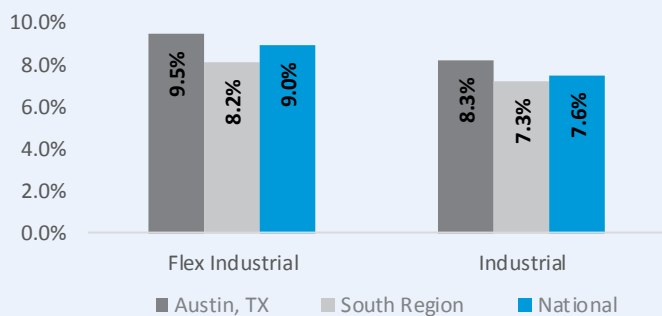
Going In Cap Rate Comparisons (%)



Asking Rents (\$/SF)



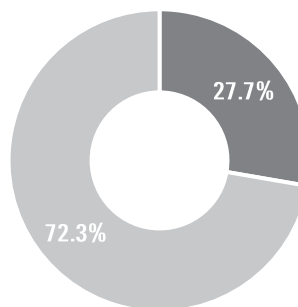
Vacancy Rates (%)



Austin, TX Industrial Market Overview

The health of the local economy and the favorable business climate, coupled with a growing population base, are spurring the expansion of the industrial market in the Austin area. Vacancy rates are decreasing and rental rates are inching up, with these trends expected to continue into the 2nd half of 2017. Both cap rates and discount rates were steady in the 1st part of 2017 and are anticipated to see little variation throughout the coming year. Absorption has been positive for both flex/R&D and warehouse/distribution space over the past year and nearly 700,000 total square feet is expected to be absorbed in 2017, even with the +1M SF of additional new space that was added before the end of 2016. Amazon completed an 855,000 square-foot fulfillment center south of Austin in San Marcos, and will employ more than 1,000 people. Southeast Austin continues to add industrial space, with over 230,000 square feet of warehouse/distribution space being delivered in the Expo Business Park. Additional industrial development includes 95,000 square feet of warehouse/distribution space within the Harris Ridge Business Center in northeast Austin. Austin's industrial property sector continues to strengthen based on the thriving local economy with high employment numbers, strong population growth, and expanding business.

Distribution of Total Inventory



■ Flex Industrial ■ Industrial

41,500,000 SF
Industrial Inventory

N/A - 12 Mo. Proj.
Construction/Inventory

Integra Realty Resources - Austin

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Change In Value Next 12 Months



.1% - 1.9%

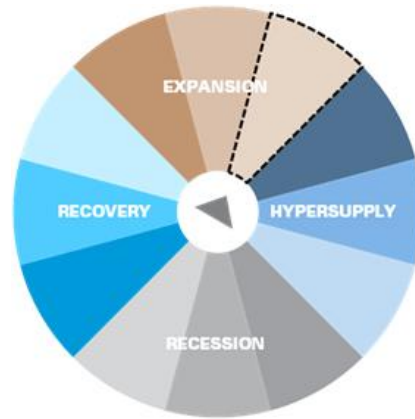
Flex Industrial



.1% - 1.9%

Industrial

Market Cycle: Expansion Stage 3



- High Absorption
- Moderate/High Employment Growth
- Decreasing Vacancy Rates
- Med/High Rental Rate Growth
- Moderate/High New Construction

Forecasts

Austin, TX 12-Month Industrial Forecasts

Categories	Flex Industrial	Industrial
Going-In Cap Rates	Remain Steady - no change	Remain Steady - no change
Discount Rate	Remain Steady - no change	Remain Steady - no change
Reversion Rate	Remain Steady - no change	Remain Steady - no change
Construction (SF)	-	
Years to Balance	1	1

Austin, TX 36-Month Industrial Forecasts

Categories	Flex Industrial	Industrial
Market Rent Change	2.50%	2.50%
Expense Rate Change	3.00%	3.00%
Change in Value	Increase 2% - 3.9%	Increase 2% - 3.9%
Annual Absorption (SF)	196,750	646,000

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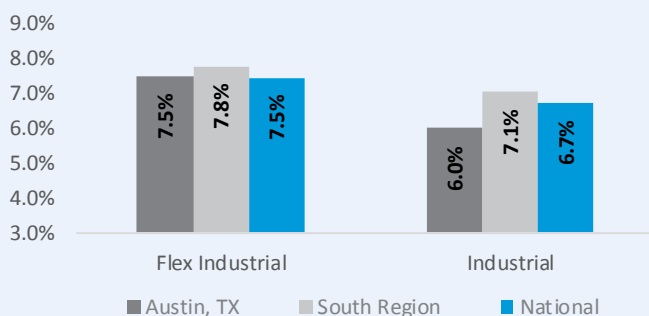
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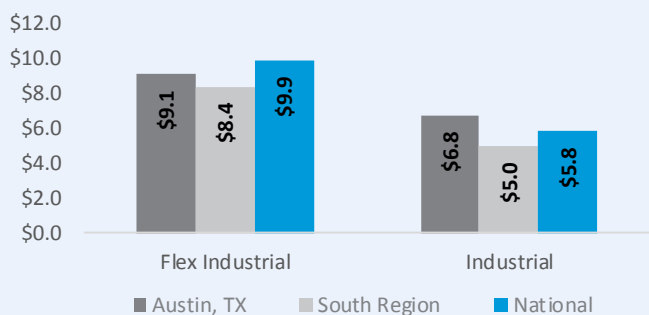
Market Rate Indicators (Y/Y)

Categories	Flex Industrial	Industrial
Going In Cap Rate (%)	↔	↔
Asking Rent (\$/SF)	▲	▲
Vacancy Rate (%)	▲	▼

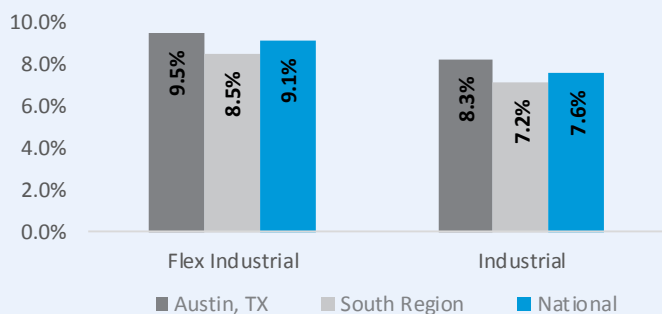
Going In Cap Rate Comparisons (%)



Asking Rents (\$/SF)



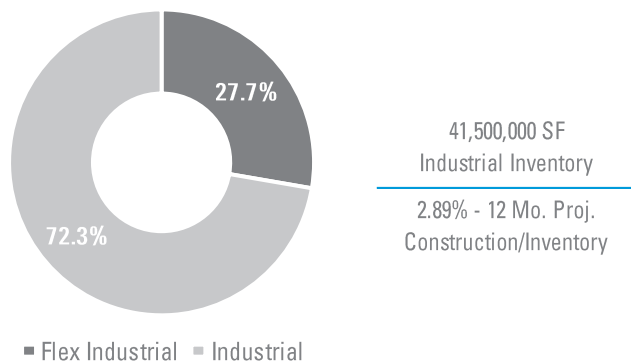
Vacancy Rates (%)



Austin, TX Industrial Market Overview

The health of the local economy and the favorable business climate, coupled with a growing population base, are spurring the expansion of the industrial market in the Austin area. Vacancy rates are decreasing and rental rates are inching up, with these trends expected to continue into 2017. Both cap rates and discount rates were steady in the later part of 2016 and are anticipated to see little variation throughout the coming year. Absorption has been positive for both flex/R&D and warehouse/distribution space over the past year and nearly 700,000 total square feet is expected to be absorbed in 2017, even with the +1M SF of additional new space that was added before the end of 2016. Amazon completed an 855,000 square-foot fulfillment center south of Austin in San Marcos, and will employ more than 1,000 people. Southeast Austin continues to add industrial space, with over 230,000 square feet of warehouse/distribution space being delivered in the Expo Business Park. Additional industrial development includes 95,000 square feet of warehouse/distribution space within the Harris Ridge Business Center in northeast Austin. Austin's industrial property sector continues to strengthen based on the thriving local economy with high employment numbers, strong population growth, and expanding business.

Distribution of Total Inventory



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Change In Value Next 12 Months



.1% - 1.9%

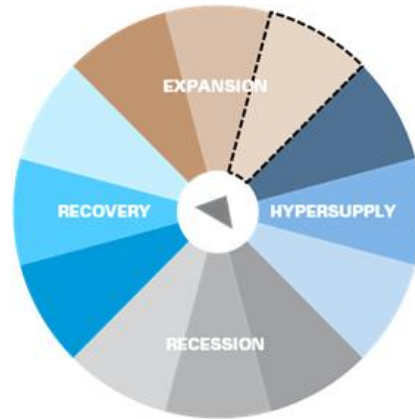
Flex Industrial



.1% - 1.9%

Industrial

Market Cycle: Expansion Stage 3



- High Absorption
- Moderate/High Employment Growth
- Decreasing Vacancy Rates
- Med/High Rental Rate Growth
- Moderate/High New Construction

Forecasts

Austin, TX 12-Month Industrial Forecasts

Categories	Flex Industrial	Industrial
Going-In Cap Rates	Remain Steady - no change	Remain Steady - no change
Discount Rate	Remain Steady - no change	Remain Steady - no change
Reversion Rate	Remain Steady - no change	Remain Steady - no change
Construction (SF)	1,200,000	
Years to Balance	1	1

Austin, TX 36-Month Industrial Forecasts

Categories	Flex Industrial	Industrial
Market Rent Change	2.50%	2.50%
Expense Rate Change	3.00%	3.00%
Change in Value	Increase 2% - 3.9%	Increase 2% - 3.9%
Annual Absorption (SF)	196,750	646,000

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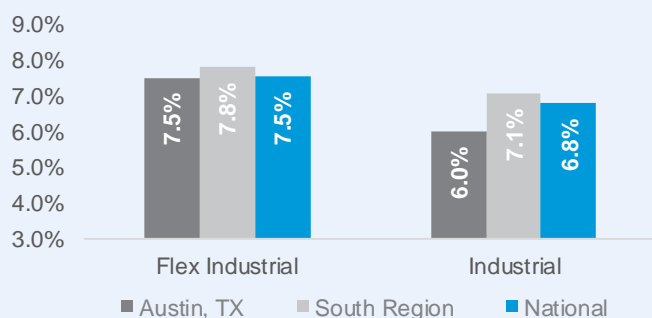
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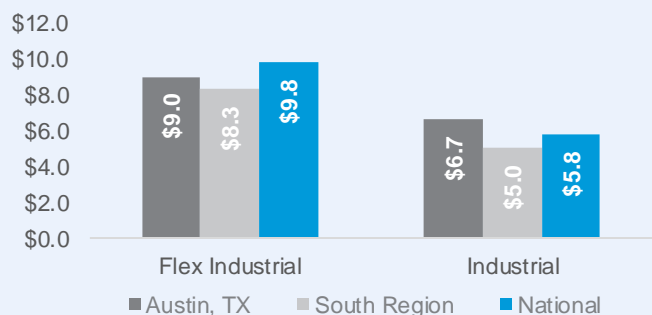
Market Rate Indicators (Y/Y)

Categories	Flex Industrial	Industrial
Going In Cap Rate (%)	▼	◀▶
Asking Rent (\$/SF)	▼	▲
Vacancy Rate (%)	▼	▼

Going In Cap Rate Comparisons (%)

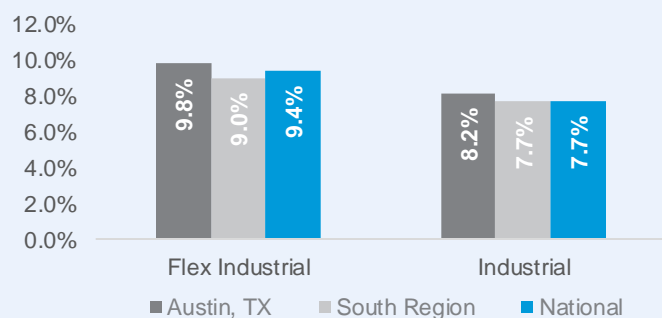


Asking Rents (\$/SF)



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Vacancy Rates (%)

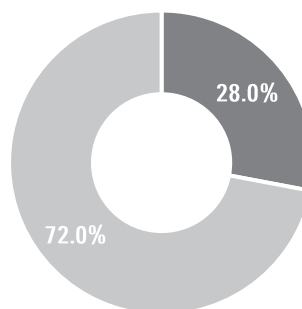


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Austin, TX Industrial Market Overview

The health of the local economy and the favorable business climate, coupled with a growing population base, are spurring the expansion of the industrial market in the Austin area. Vacancy rates are decreasing and rental rates are inching up, with these trends expected to continue as 2016 progresses. Both cap rates and discount rates were steady in the later part of 2015 and are anticipated to see little variation throughout the coming year. Absorption has been positive for both flex/R&D and warehouse/distribution space over the past year and nearly 700,000 total square feet is expected to be absorbed in 2016, even with more than one million square feet of additional new space to be added before the end of 2016. Amazon is constructing an 855,000 square-foot fulfillment center south of Austin in San Marcos, which will employ more than 1,000 people when complete in the fall of 2016. Southeast Austin continues to add industrial space, with 109,000 square feet of warehouse/distribution space recently completed in the Expo Business Park and 130,000 more square feet under construction in the same development. Additional industrial development includes 95,000 square feet of warehouse/distribution space within the Harris Ridge Business Center in northeast Austin. Austin's industrial property sector continues to strengthen based on the thriving local economy with high employment numbers, strong population growth, and expanding business.

Distribution of Total Inventory



41,003,000 SF
Industrial Inventory
2.87% - 12 Mo. Proj.
Construction/Inventory

■ Flex Industrial ■ Industrial

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Change In Value Next 12 Months



.1% - 1.9%

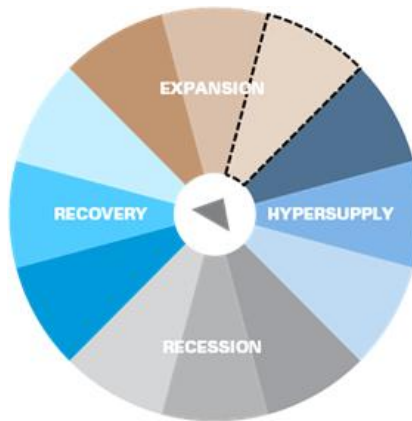
Flex Industrial



.1% - 1.9%

Industrial

Market Cycle: Expansion Stage 3



- High Absorption
- Moderate/High Employment Growth
- Decreasing Vacancy Rates
- Med/High Rental Rate Growth
- Moderate/High New Construction

Forecasts

Austin, TX 12-Month Industrial Forecasts

Categories	Flex Industrial	Industrial
Going-In Cap Rates	Remain +/- 0%	Remain +/- 0%
Discount Rate	Remain +/- 0%	Remain +/- 0%
Reversion Rate	Remain +/- 0%	Remain +/- 0%
Construction (SF)	1,178,000	
Years to Balance	1	1

Austin, TX 36-Month Industrial Forecasts

Categories	Flex Industrial	Industrial
Market Rent Change	2.50%	2.50%
Expense Rate Change	3.00%	3.00%
Change in Value	Increase 2% - 3.9%	Increase 2% - 3.9%
Annual Absorption (SF)	233,500	641,250

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VIEWPOINT



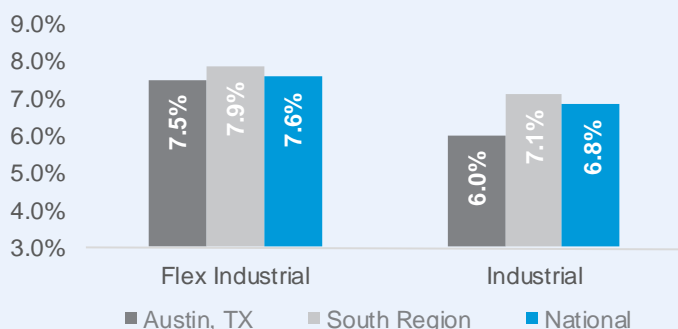
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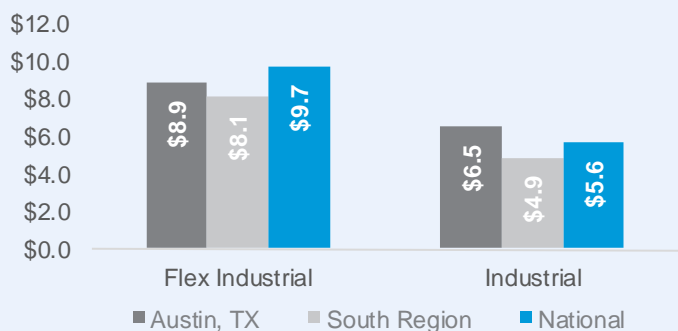
Market Rate Indicators (Y/Y)

Categories	Flex Industrial	Industrial
Going In Cap Rate (%)	▼	◀▶
Asking Rent (\$/SF)	▼	▼
Vacancy Rate (%)	▼	▼

Going In Cap Rate Comparisons (%)

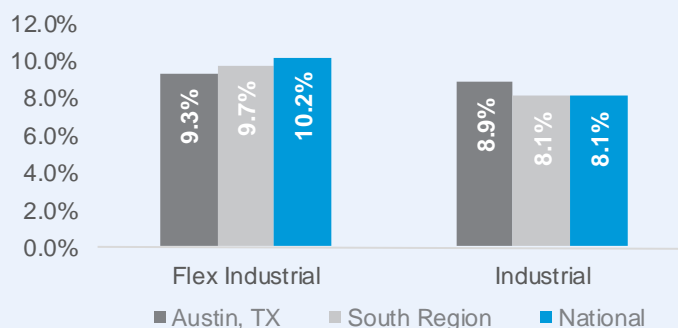


Asking Rents (\$/SF)



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Vacancy Rates (%)

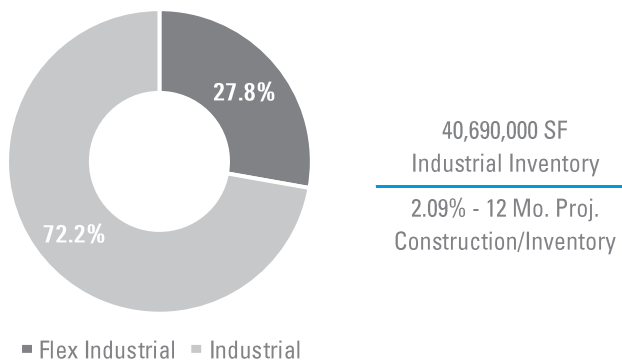


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Austin, TX Industrial Market Overview

Austin's industrial property sector continues to strengthen based on the health of the local economy with high employment, strong population growth, and expanding business. With decreasing vacancy rates, positive absorption, and new supply in the pipeline, the market continues to expand. The overall vacancy rate decreased in the second part of 2015 and will likely continue this trend into 2016. Rental rates are steady with slight increases expected in the next six months. Overall absorption has been positive over the past five years and demand indicates this will continue even with an estimated 850,000 SF of new industrial space slated to be complete in 2016. Cap rates and discount rates slid downward slightly for flex/R&D properties but remained steady for warehouse/distribution space. Going into the coming year any variation in cap or discount rates should be minimal. Southeast Austin continues to add industrial space, with 240,000 SF of warehouse/distribution space recently completed in the Expo Business Park and 60,000 more square feet under construction in the same development. The Harris Ridge Business Center within the Northwest submarket continues to expand as well with more than 150,000 SF set to be complete in the early part of 2016. More than 175,000 SF of additional flex/R&D space is planned for Scottsdale Crossing industrial park in Cedar Park, just northwest of Austin. South of Austin in San Marcos, Amazon plans to construct an 855,000 SF fulfillment center, which will employ more than 1,000 people when complete. The health of the local economy and favorable business climate coupled with a growing population base is expanding the industrial market in the Austin area.

Distribution of Total Inventory



40,690,000 SF
Industrial Inventory
2.09% - 12 Mo. Proj.
Construction/Inventory

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Change In Value Next 12 Months



+ .1% - 1.9%

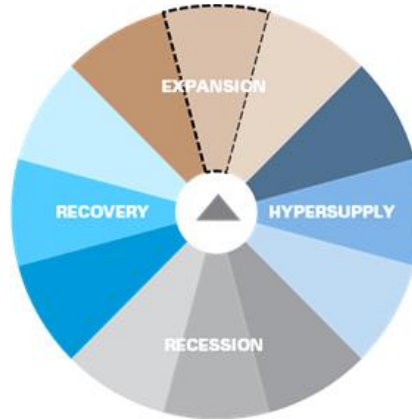
Flex Industrial



+ .1% - 1.9%

Industrial

Market Cycle: Expansion Stage 2



- High Absorption
- Moderate/High Employment Growth
- Moderate/High New Construction
- Decreasing Vacancy Rates
- Med/High Rental Rate Growth

Forecasts

Austin, TX 12 Month Industrial Forecasts

Categories	Flex Industrial	Industrial
Going-In Cap Rates	Remain Steady - no change	Remain Steady - no change
Discount Rate	Remain Steady - no change	Remain Steady - no change
Reversion Rate	Remain Steady - no change	Remain Steady - no change
Construction (SF)	850,000	
Years to Balance	1	1

Austin, TX 36 Month Industrial Forecasts

Categories	Flex Industrial	Industrial
Market Rent Change	Increase 1% - 2.9%	Increase 1% - 2.9%
Expense Rate Change	Increase 1% - 2.9%	Increase 1% - 2.9%
Change in Value	Increase 2% - 3.9%	Increase 2% - 3.9%
Annual Absorption (SF)	196,750	646,000

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