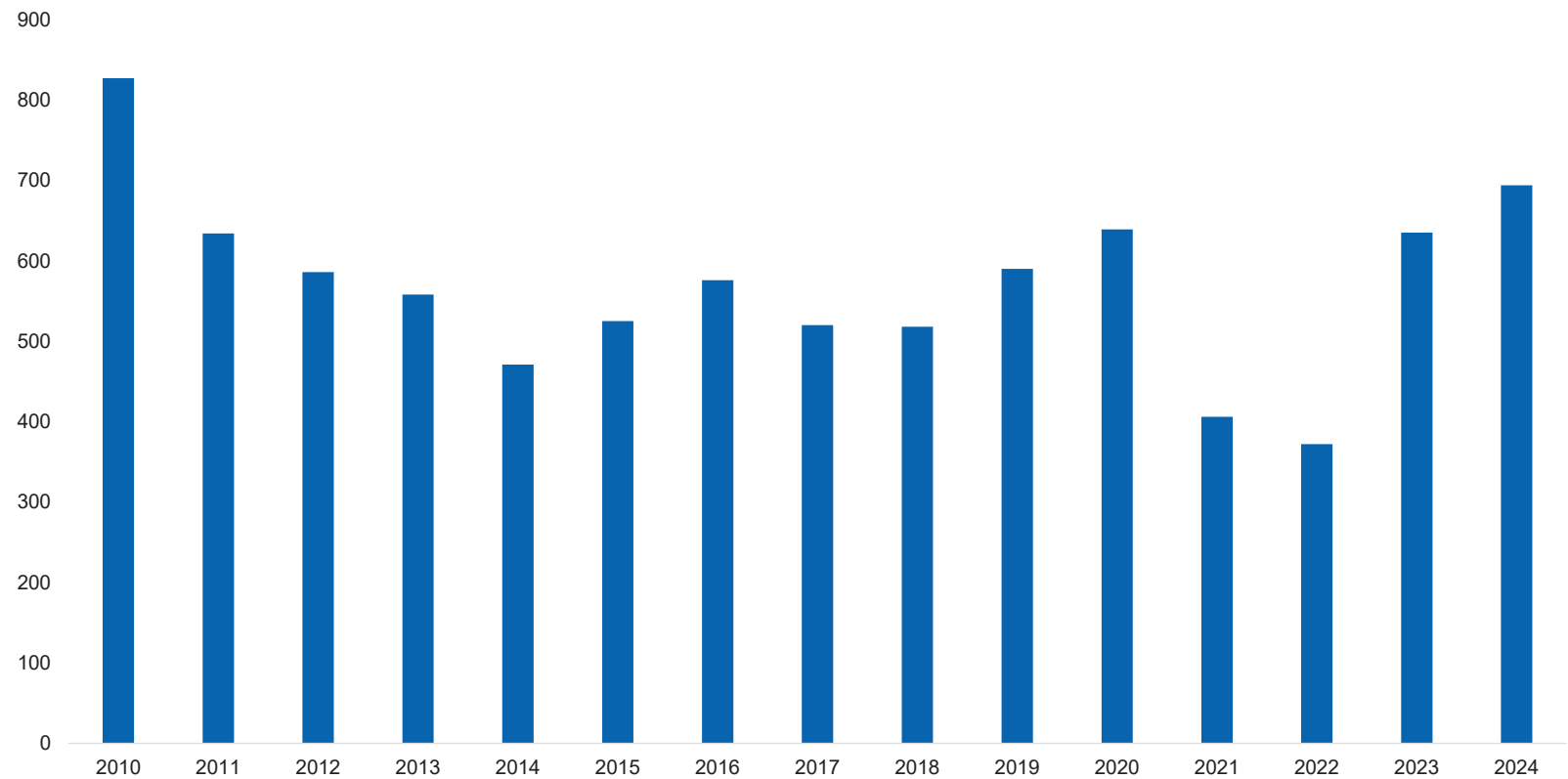


U.S. Corporate Bankruptcies Grew to a 14-Year High in 2024

Businesses continue to face pressure from elevated interest rates, with U.S. nonfinancial corporate debt reaching a record \$8.5 trillion in 2024. Corporate bankruptcies notably affected fourth-quarter industrial absorption; Big Lots’ bankruptcy alone accounted for several million square feet of occupancy loss. While approximately 700 bankruptcies in 2024 were recorded among companies tracked by S&P Global, the Administrative Office of the U.S. Courts reported 23,107 business bankruptcies—22% higher than the prior year.

U.S. Bankruptcy Filings by Year

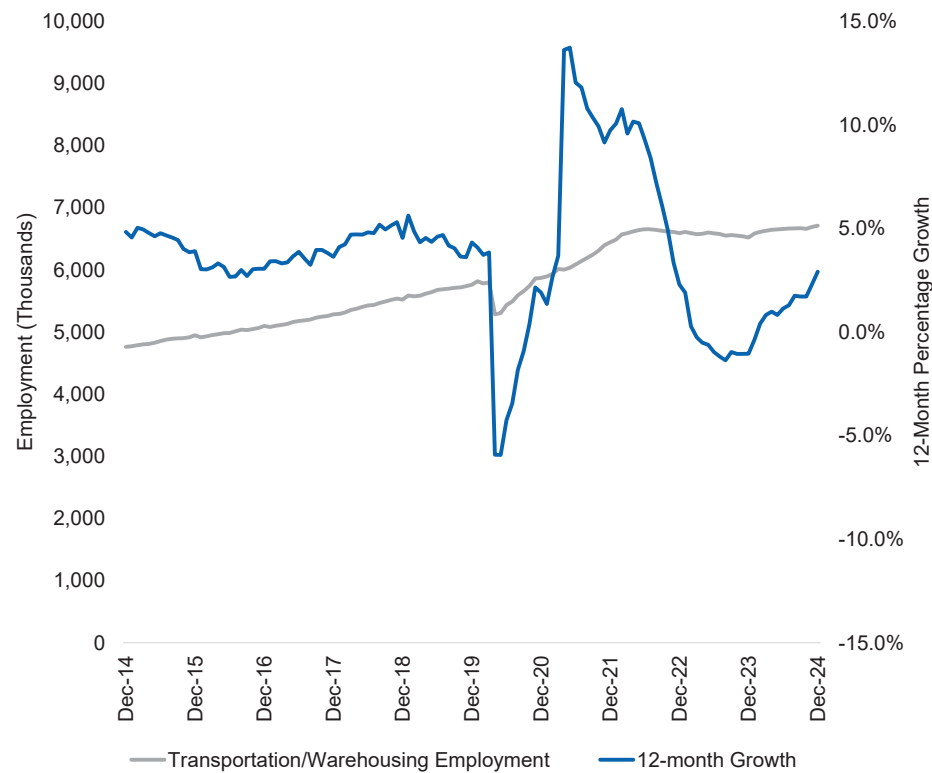


Source: Newmark Research, S&P Global. February 2025.

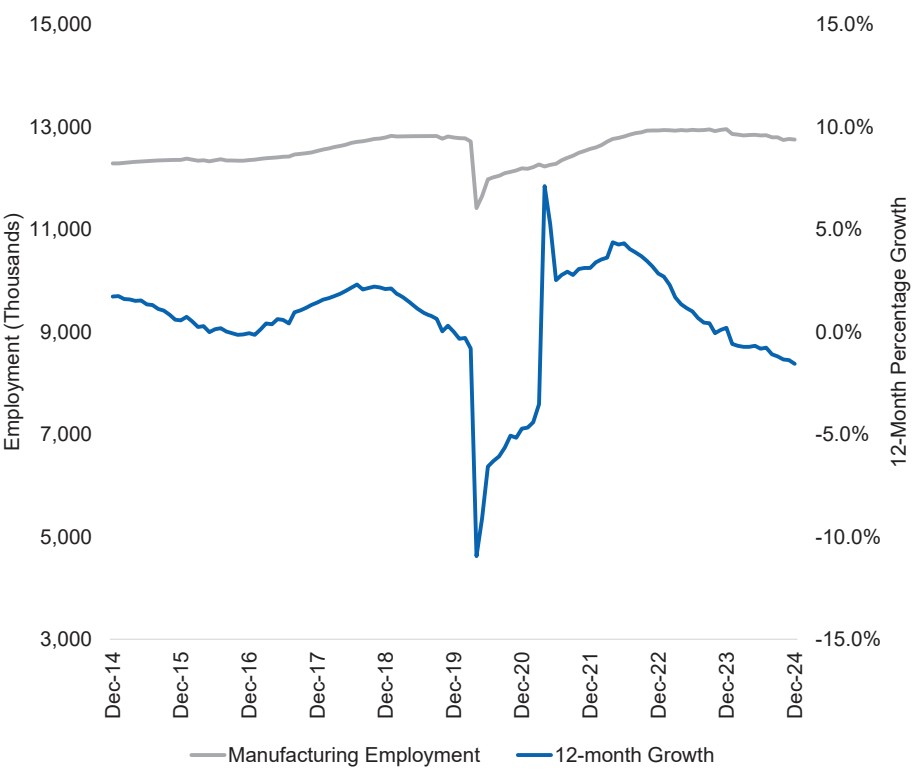
Warehousing Employment Steadily Improving; Manufacturing Potentially On The Cusp

Employment in the transportation/warehousing sector has steadily improved and ended 2024 above the previous pandemic-era high. Manufacturing employment continues to soften although perhaps for not much longer: the January 2025 ISM Manufacturing survey showed the employment index returned to expansion after contracting the last 14 of 16 months.

Total Employment and 12-Month Growth Rate, Transportation/Warehousing



Total Employment and 12-Month Growth Rate, Manufacturing

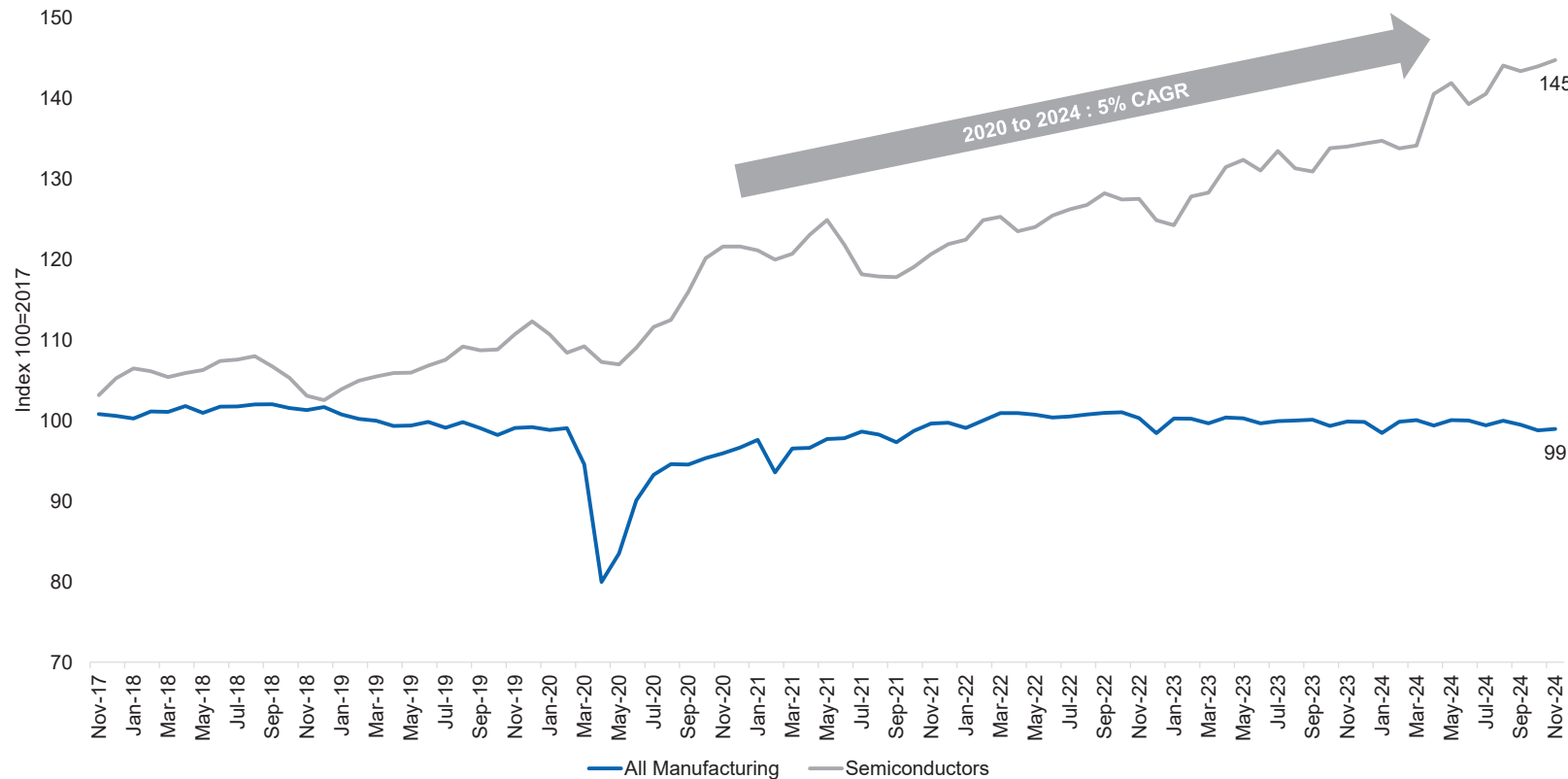


Source: Newmark Research, U.S. BLS, February 2025.

M(AI)D in the USA: Data Center Boom Also Driving Manufacturing Growth

The industrial and data center sectors are showing complementary growth. Advanced GPU and chip providers to AI firms are building U.S. fabrication plants to secure supply chains, expanding industrial inventory and boosting leasing from suppliers. U.S. semiconductor manufacturing production has significantly outpaced overall manufacturing production growth.

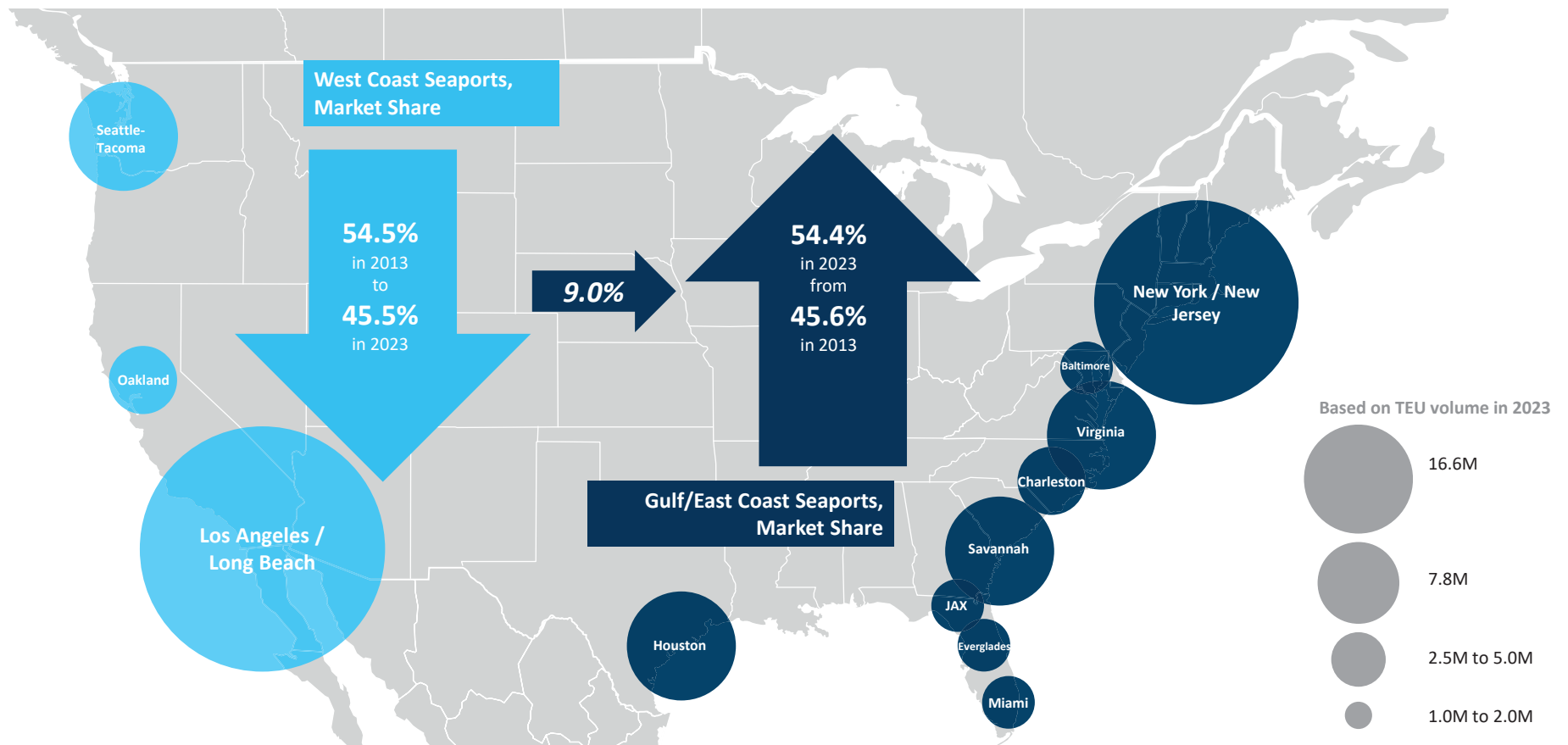
U.S. Industrial Production Index: All Manufacturing vs High Tech (Semiconductors)



Source: Newmark Research, St. Louis Fed, January 2025.

Import Market Share Has Been Shifting Eastward

Over the last decade, U.S. Gulf and Eastern seaports have steadily gained market share from the West Coast seaports thanks to the investment in accommodating larger container vessels and other supportive infrastructure. Additionally, some global supply chains are moving from China toward friendlier South Asian countries, which align with East Coast sea routes for cost and speed to delivery considerations.

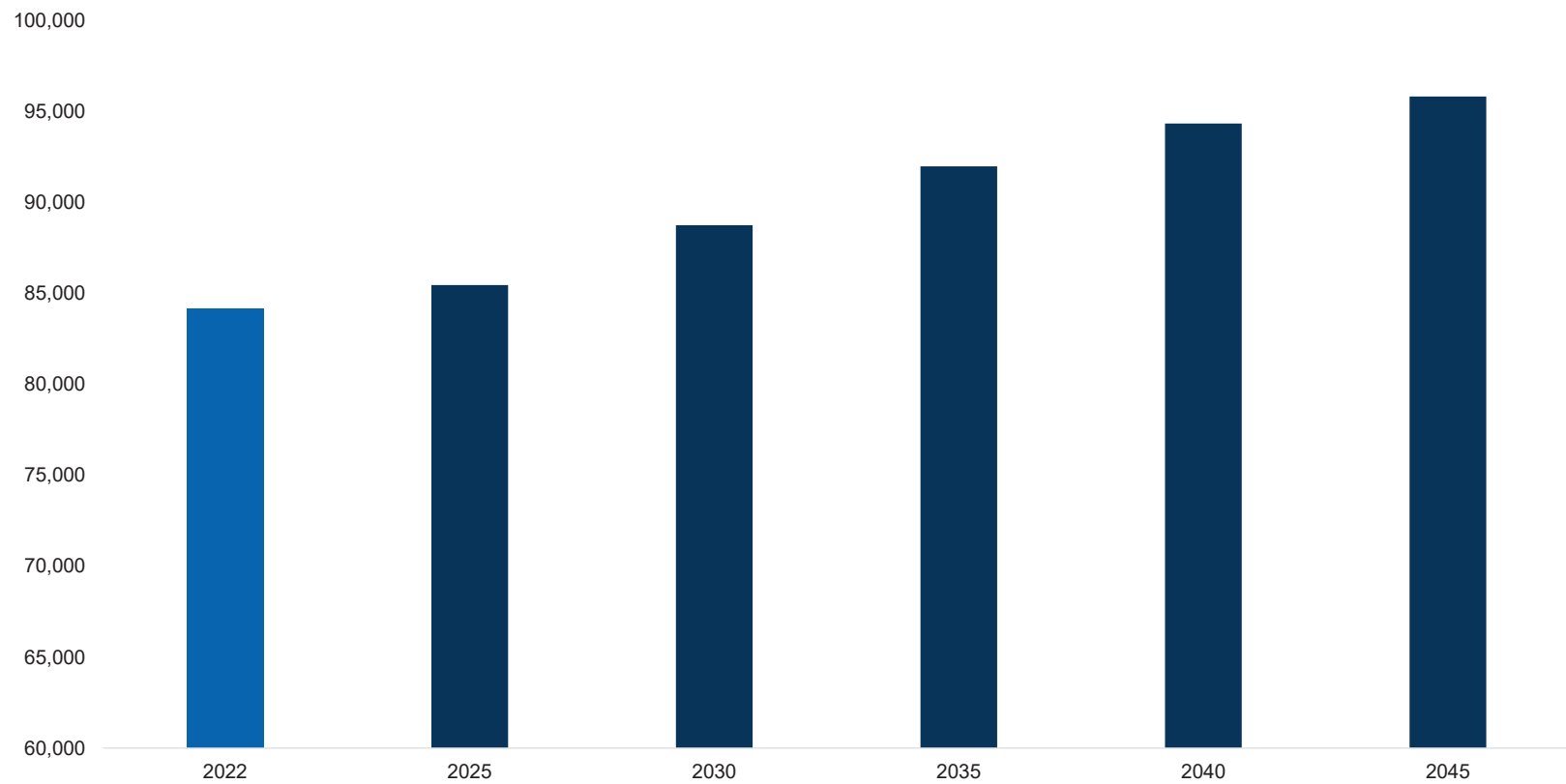


Source: Newmark SoCal Research, port websites.

Millennials, the Leading E-commerce-Using Cohort, Enter Top Spending Years

For consumers, spending power peaks between ages 35 and 54. Millennials, the largest generation in the U.S. workforce, will be fully aging into this cohort between now and 2035. Millennials are the leading generation of online shoppers, thus e-commerce spending (and the industrial real estate needed to support) will continue to be fueled by this group's prime spending years.

U.S. Population and Projections, Age Cohort 35-54 (Thousands)

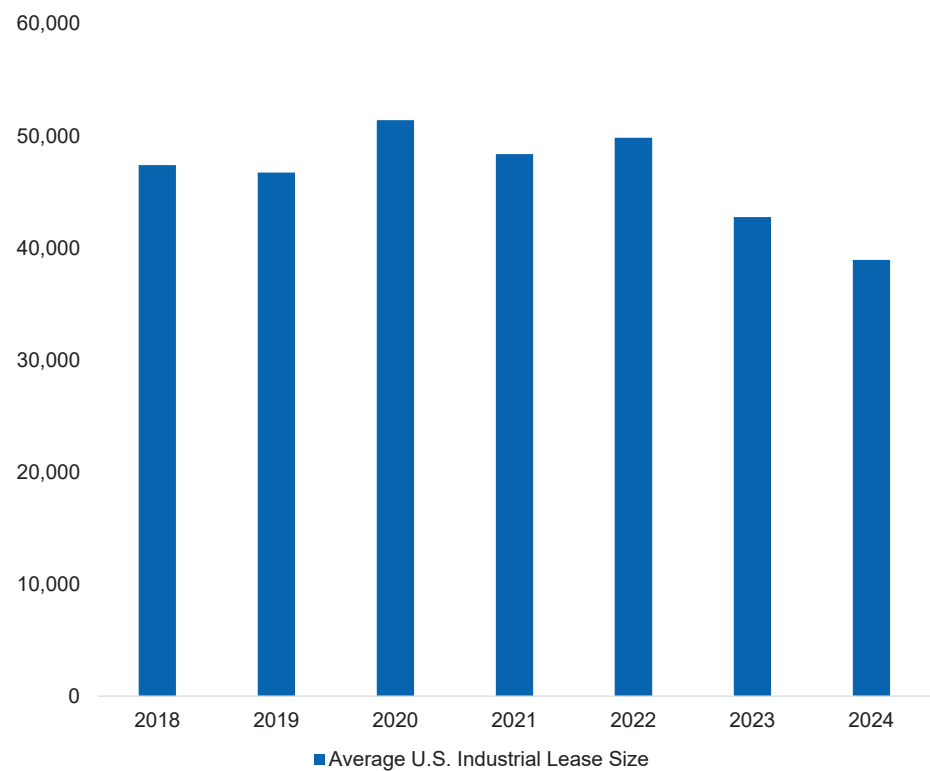


Source: Newmark Research, U.S. Census, Moody's Analytics, Statista

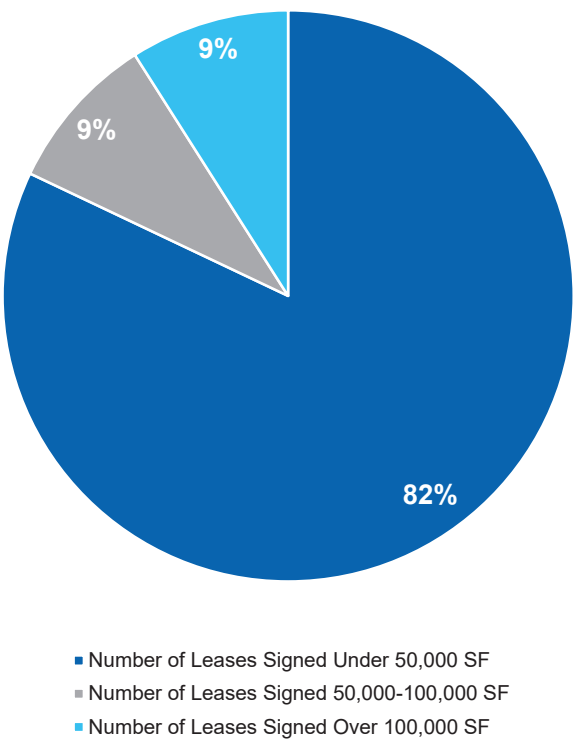
The *Typical* U.S. Industrial Lease is Sub-50,000 SF

The average size of industrial leases has tapered since 2022, with the average lease size in 2024 around 40,000 SF.

Average U.S. Industrial Lease Size (SF)



Size Range Share in Number of Leases Transacted 2024 YTD



Source: Newmark Research, January 2025