

SPOTLIGHT ON INDUSTRIAL MARKET

KANSAS CITY

- Absorption exceeded 2 million square feet for the fourth time in the past five quarters.
- Spec building is occurring and being leased.
- The market is strong, stemming from ecommerce with major companies looking for centrally located distribution centers to help in last mile logistics.
- There is a small amount of flex space in the market compared to Minneapolis-St. Paul, but both markets have similar bulk distribution and warehouse square footage.

DES MOINES

- Vacancy rate is 6.9%.
- New developments are pulling up net rents.
- Absorption is matching new construction, a characteristic of a sound market.

OMAHA

- There is 3.3 million square feet in the construction pipeline. 77% of this is Facebook data centers.
- Extremely low vacancy at 2.7%, spurring spec construction activity.

MILWAUKEE

- Net absorption increasing, driven by new deliveries being occupied.
- Vacancy rates compressing across the market and poised to continue to drop.

Sources: Colliers, 1Q 2018 (Minneapolis-St. Paul, Omaha, Milwaukee); CBRE Q1 2018 (Des Moines); Cushman & Wakefield Q1 2018 (Kansas City).

DID YOU KNOW?



Dan Ruehl joined Schafer Richardson in July 2018 and serves as the Acquisitions Analyst for SR Realty Trust. He is responsible for underwriting, due diligence and reporting functions for SR Realty Trust. Prior to joining Schafer Richardson, Dan was a Real Estate Manager with CBRE where he managed 2,000,000+ square feet of retail, office and industrial real estate and did site inspections on another 5,000,000+ square feet of big box retail spaces. Dan earned two B.A degrees in Accounting/Finance and Business Administration from Saint John's University. He is a member of the NAIOP and Minnesota Shopping Center Association.

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City, State Zip



SR REALTY TRUST
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NEWS update

ISSUE 6
QUARTER 2 | 2018

INVEST + PROTECT + GROW

SPOTLIGHT ON INDUSTRIAL MARKET

US MARKET

The industrial market is performing well overall due to increasing e-commerce sales, growing manufacturing output and strong general warehousing demand. US seaports are booming, as well as rail traffic being robust. With all this positive activity, it follows that there is 231 million square feet under construction, the second-greatest quarterly level on record. The vacancy rate remained at an all-time low of 5.1% for the second consecutive quarter, while rental rates are increasing. Industrial investment sales were up 34% during the first quarter compared to a year prior, as reported by Real Capital Analytics.

MIDWEST MARKETS

	MSP	KANSAS CITY	DES MOINES	OMAHA	MILWAUKEE
<i>METRO AREA STATS*</i>					
Population (000's)	3,400	2,129	646	933	1,576
Job Growth	2.2%	1.3%	2.5%	1.9%	0.9%
Unemployment Rate	2.3%	3.6%	2.1%	2.8%	2.8%
<i>INDUSTRIAL MARKET STATS**</i>					
Industrial Market Size (SF in millions)	140	217	53	72	205
Industrial Vacancy	6.70%	7.40%	6.50%	2.70%	4.24%

* Sources: US Census Bureau, Bureau of Labor Statistics. Job Growth for 12 months ending May 2018.

** Sources: Colliers, 1Q 2018 (Minneapolis-St. Paul, Omaha, Milwaukee); CBRE Q1 2018 (Des Moines); Cushman & Wakefield Q1 2018 (Kansas City).

MINNEAPOLIS – ST. PAUL

- Seven quarters in a row of positive absorption.
- Vacancy rates in the past year have been a historic low each quarter since Q1 2017.
- New construction on track to add 2 million square feet in 2018.
- Continuing rent growth.

SR REALTY TRUST / SRRT PROPERTIES PORTFOLIO SUMMARY

QUARTER 2 | 2018

20 PROPERTIES | TOTAL SQUARE FEET
1,286,000

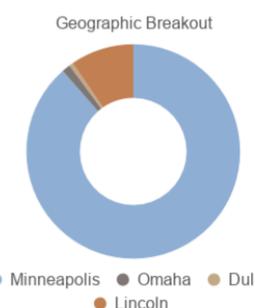
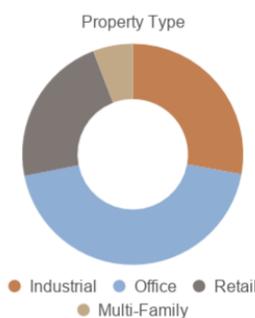
6 JOINT VENTURE INVESTMENTS | 0 ACQUISITIONS
0 DISPOSITIONS

OCCUPANCY **91%** | GROSS REVENUE 6 MONTHS ENDED 06/30/18
\$6,643,000

\$3,751,000 NOI - 6 MONTHS ENDED 06/30/18 | **49%** LOAN-TO-VALUE

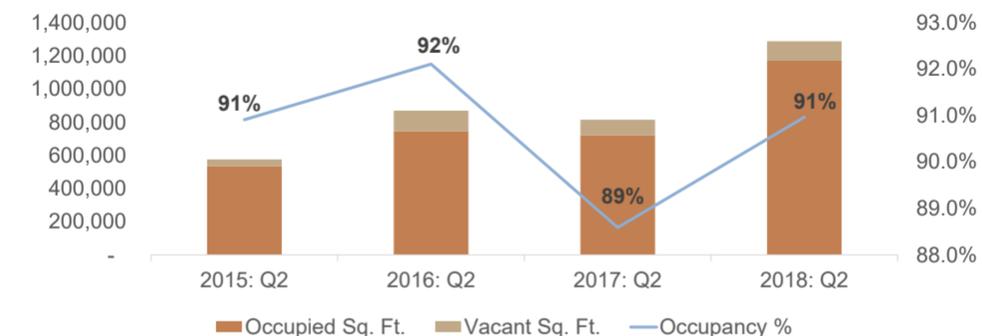
PORTFOLIO & INVESTMENT COMPOSITION

By Percentage of Gross Asset Value



PORTFOLIO SIZE & OCCUPANCY

By Square Footage



VALUE & LOAN TO VALUE

