U.S. industrial drivers

INDUSTRIAL INSIGHTS

MIDYEAR 2022

PLYMOUTH REIT

Executive Summary

Workforce availability & labor costs are predominant factors for companies occupying industrial space.

Tier II markets enjoy higher affordability, and lower average labor costs than Tier I markets.

Tier II markets boast an industrial worker-to-business ratio of 4x those of Tier I markets.

Availability of industrial space 20k-150k sf has decreased significantly as a % of total inventory over the last 20 years.

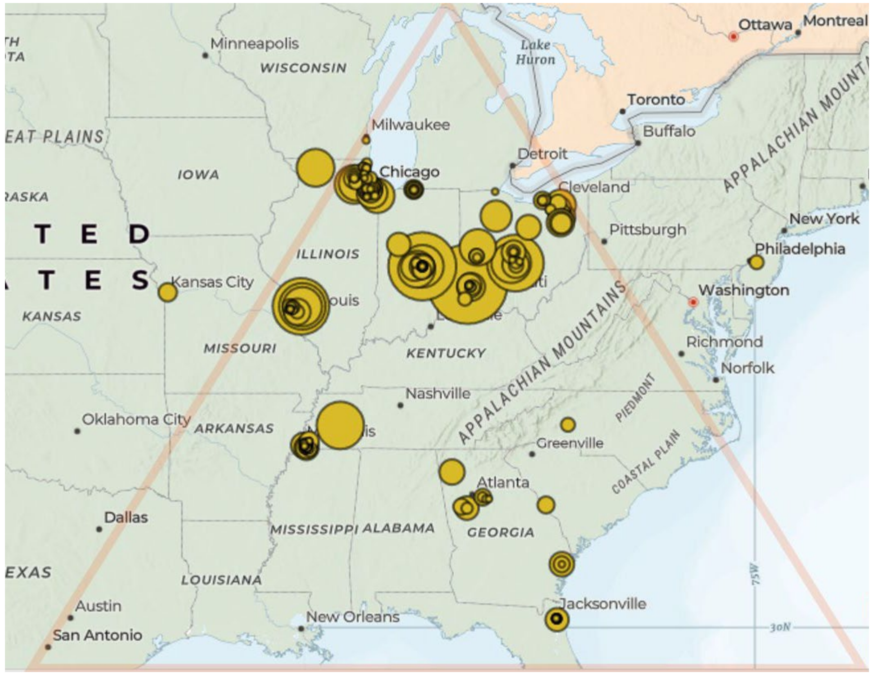
This limiting supply has pushed up rental rates for tenants in this size range (Plymouth's average-sized tenant is 65,000 square feet.).

The Golden Triangle region has become the epicenter for logistics infrastructure, as the strongest e-commerce, parcel delivery, logistics, and retail firms continue to expand throughout the region (Source: CCIM Institute).

*Please see page #18 for methodology and criteria used

The Golden Triangle (CCIM Institute)

Over 90% of Plymouth's portfolio resides inside the Golden Triangle



Plymouth owns and manages over 32 million square feet within the Golden Triangle, and has regional offices located in Columbus, Ohio, Memphis, Tennessee and Jacksonville, Florida.

The region is named the "Golden Triangle"(GT) as it:

- Contains over 70% of the US population
- Includes more than half the U.S. GDP within its boundaries
- Contains more ports than any other region in the country
- Encompasses five of the seven Class I railroads
- 90% of households live within a five-hour truck drive of primary intermodal facilities and inland rail ports
- Over the last five years, the average population growth for markets within the GT averages 5.1%.

Ratio of Shipping Containers Handled

	2000	2021
West Coast Ports	65%	50%
East Coast/Gulf Coast	35%	50%

(Source: CCIM Institute)

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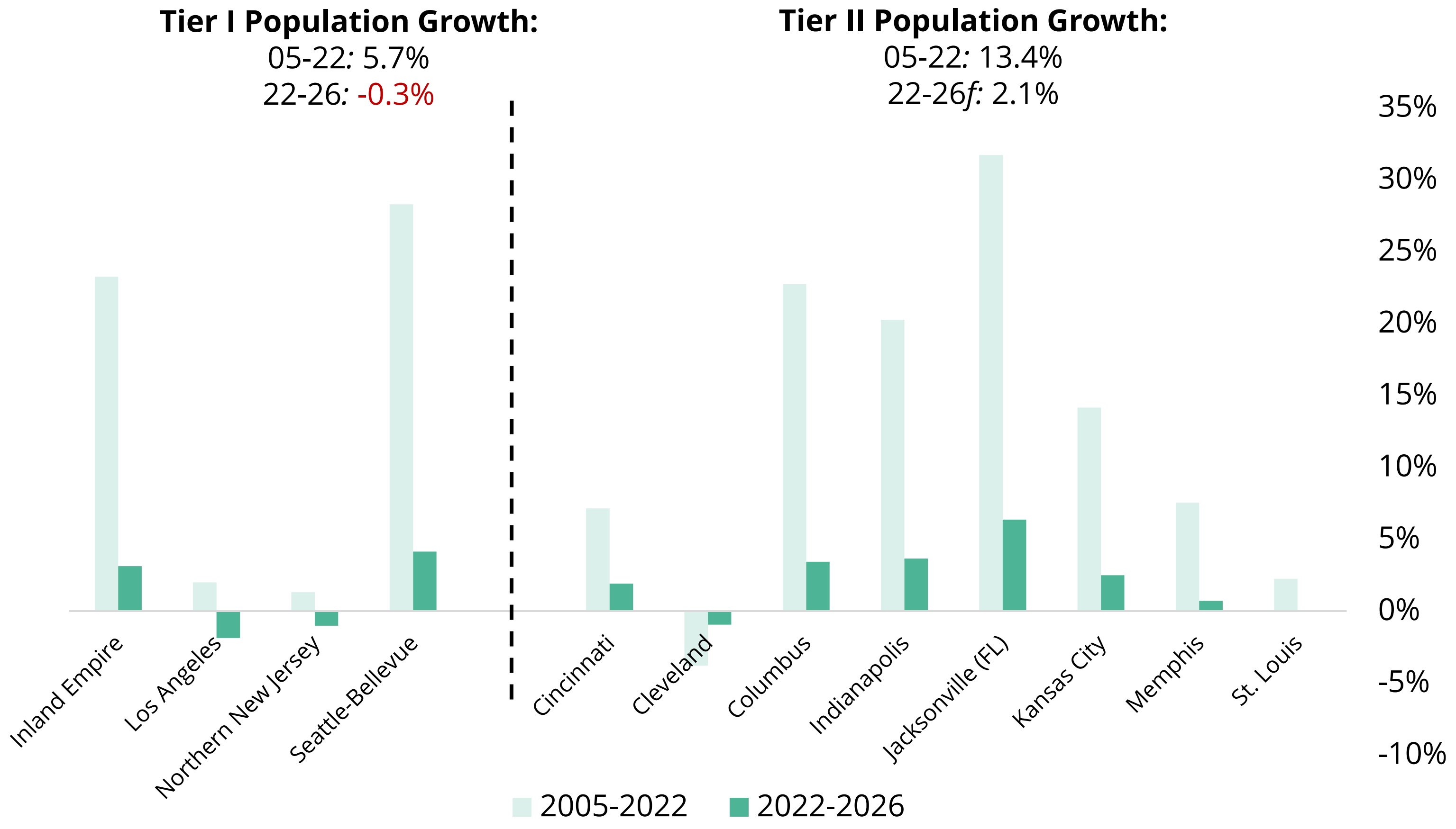
Population

+13.4%

Growth in population between 2005 and 2022 in Tier II markets, compared to 5.7% in Tier I markets.

The population in Tier II markets is expected to increase 2.1% over the next five years, while population in Tier I markets are expected to shrink by 0.3%.

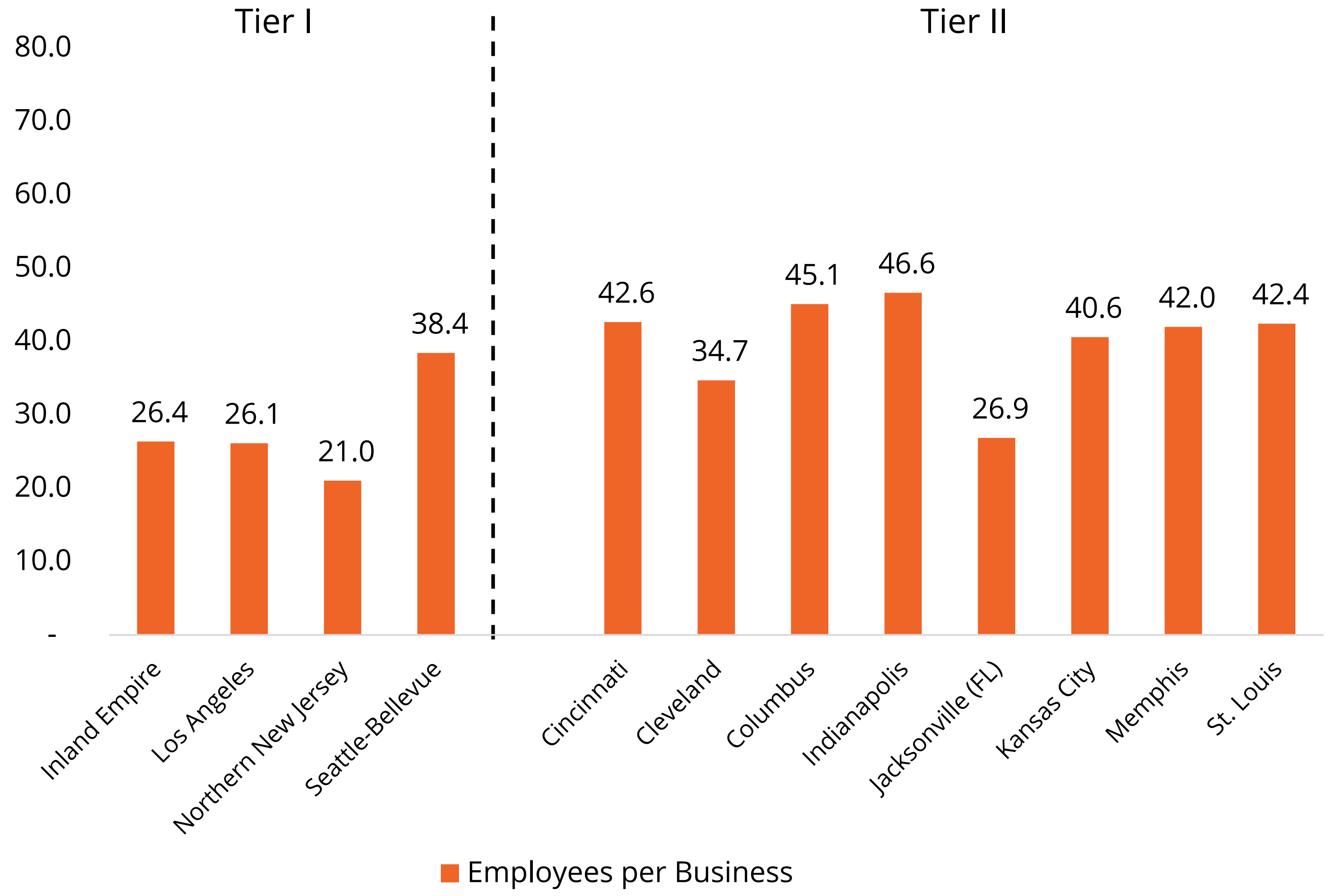


Source: Lightcast (formerly ECONOMIC MODELING SPECIALISTS, INTL.)

Industrial Workforce

Tier II markets house more Warehouse & Transportation employees per Business than Tier I markets.

The availability of an expanding workforce throughout Tier II markets is a key advantage when industrial occupiers are evaluating markets for expansion. At 43.4% more employees per business than Tier I markets, Tier II workforce availability and lower average wages is a key benefit for occupiers in Tier II markets.

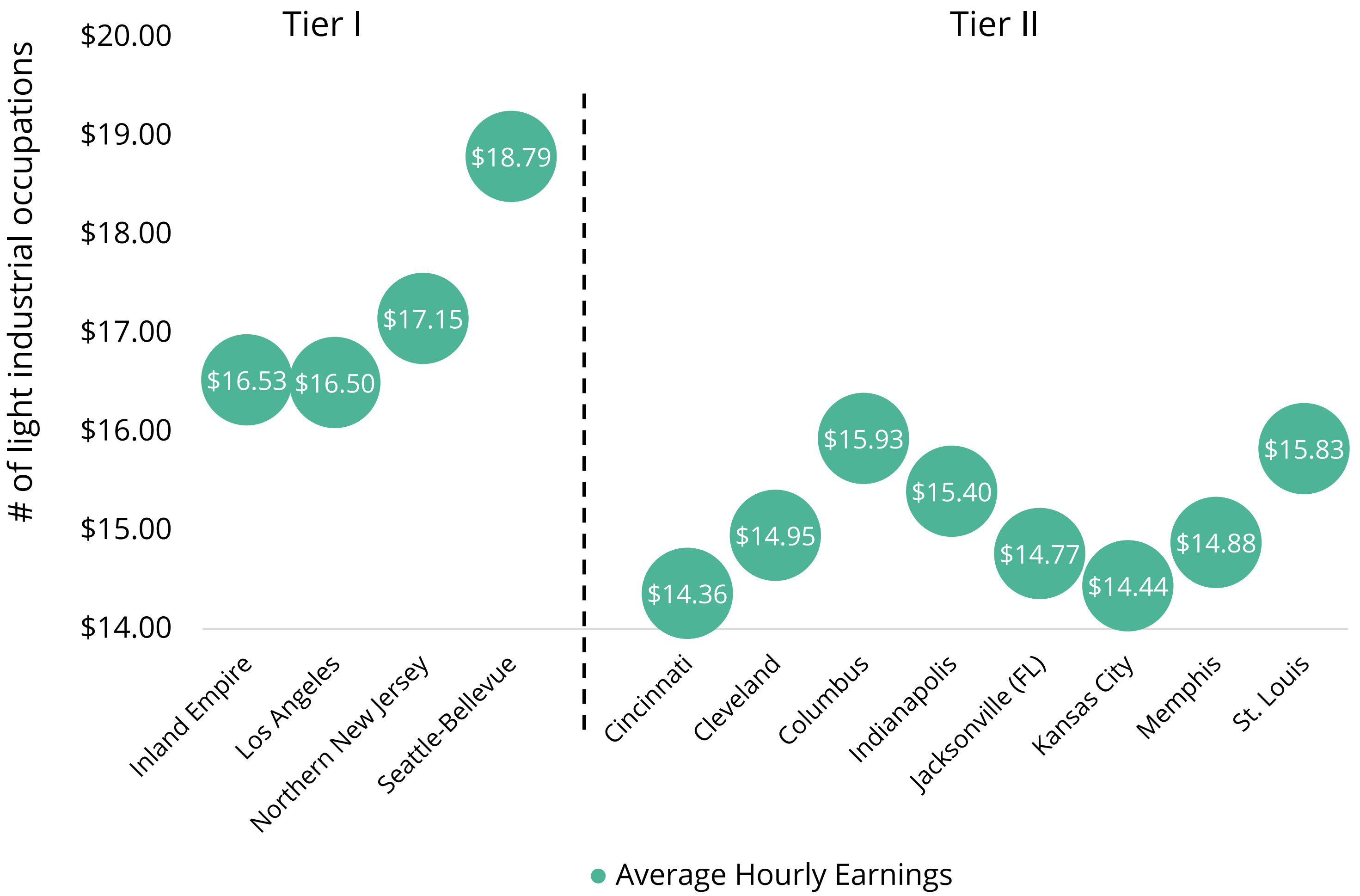


Source: Lightcast (formerly EMSI: ECONOMIC MODELING SPECIALISTS, INTL.)

Labor Density

Tier II markets enjoy higher affordability and lower average labor costs than Tier I markets

Occupiers are increasingly willing to pay more for rent if it provides access to large labor pools.

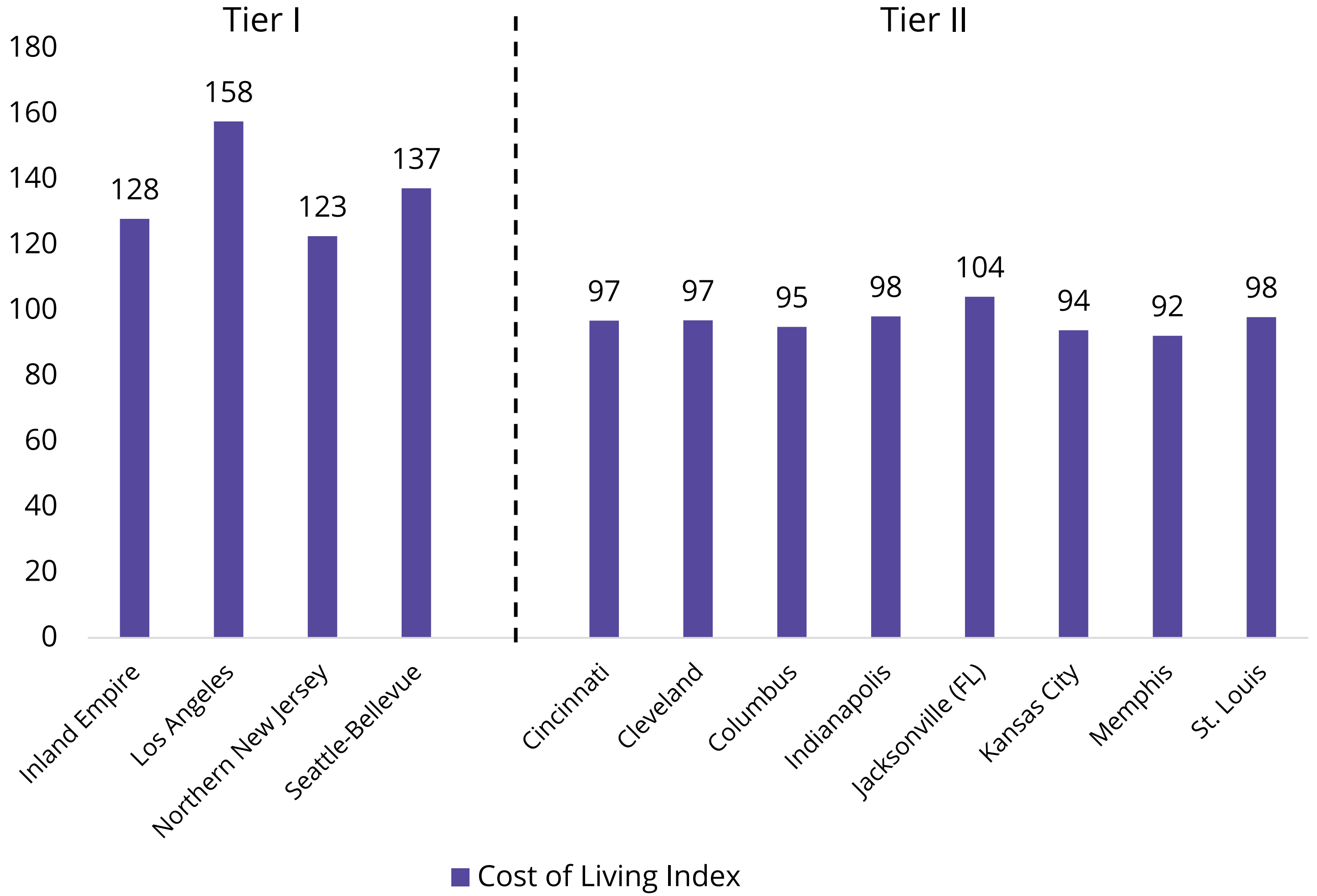


Source: Lightcast (formerly EMSI: ECONOMIC MODELING SPECIALISTS, INTL.)
*Light Industrial Occupation Metrics

Cost of living

The average cost of living index for tier II markets is 97. Tier I markets average a 136 on the index.

The cost of living within Tier II markets is significantly lower than Tier I markets, enabling employers to better manage their labor costs.



Source: Lightcast (formerly EMSI: ECONOMIC MODELING SPECIALISTS, INTL.)

Industrial market inventory breakdown

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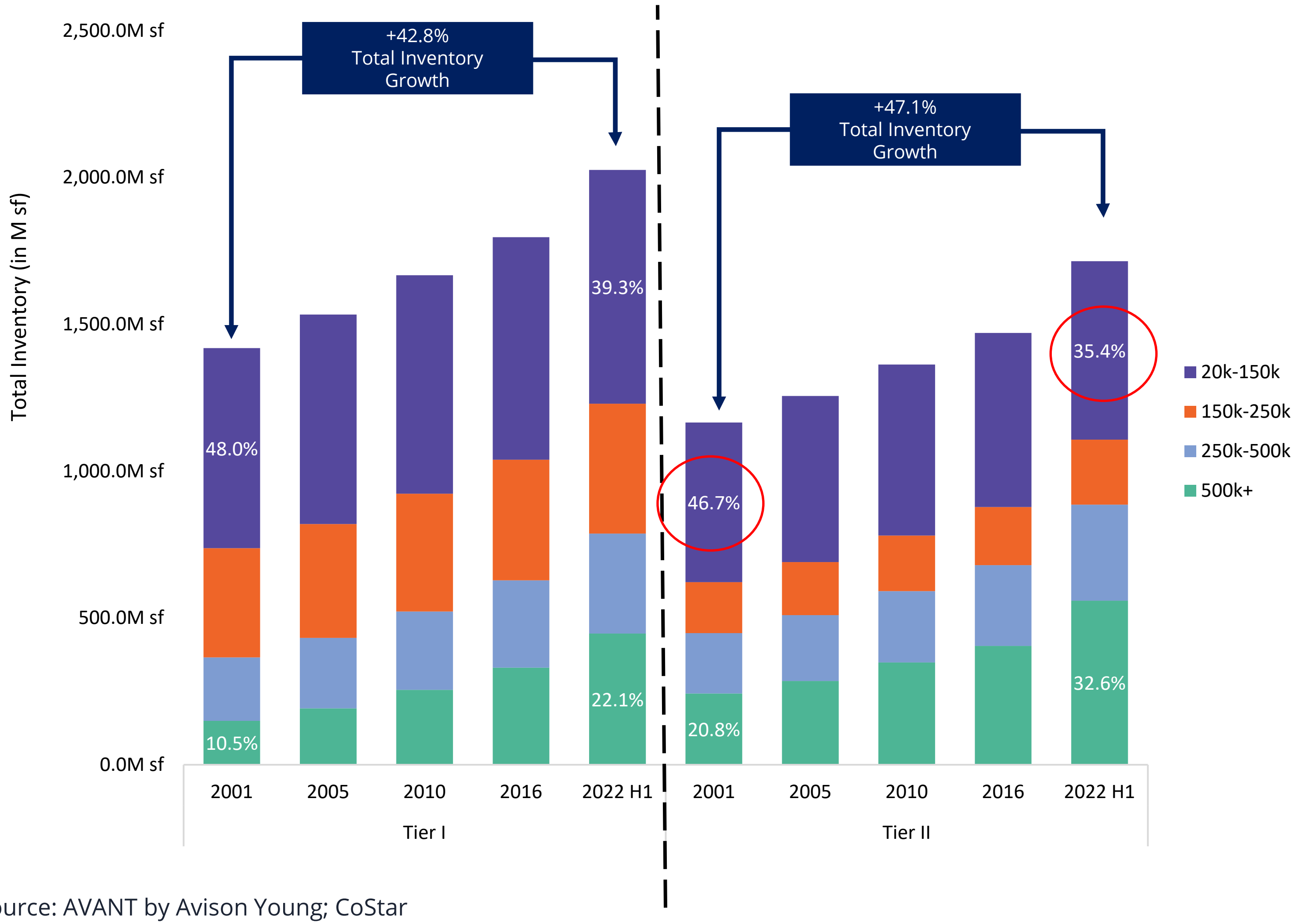
Industrial Inventory by Size Bucket

Over 11% decrease in 20k-150k sf inventory relative to all inventory in Tier 2 markets.

The 20k-150k sf size bucket has diminished as a total proportion of overall inventory by nearly 10.0% in both Tier I & II markets. Predominant development focus has been in the 500k+ sf range, as this bucket represents nearly 1/3 of all inventory in Tier II markets.



Source: AVANT by Avison Young; CoStar

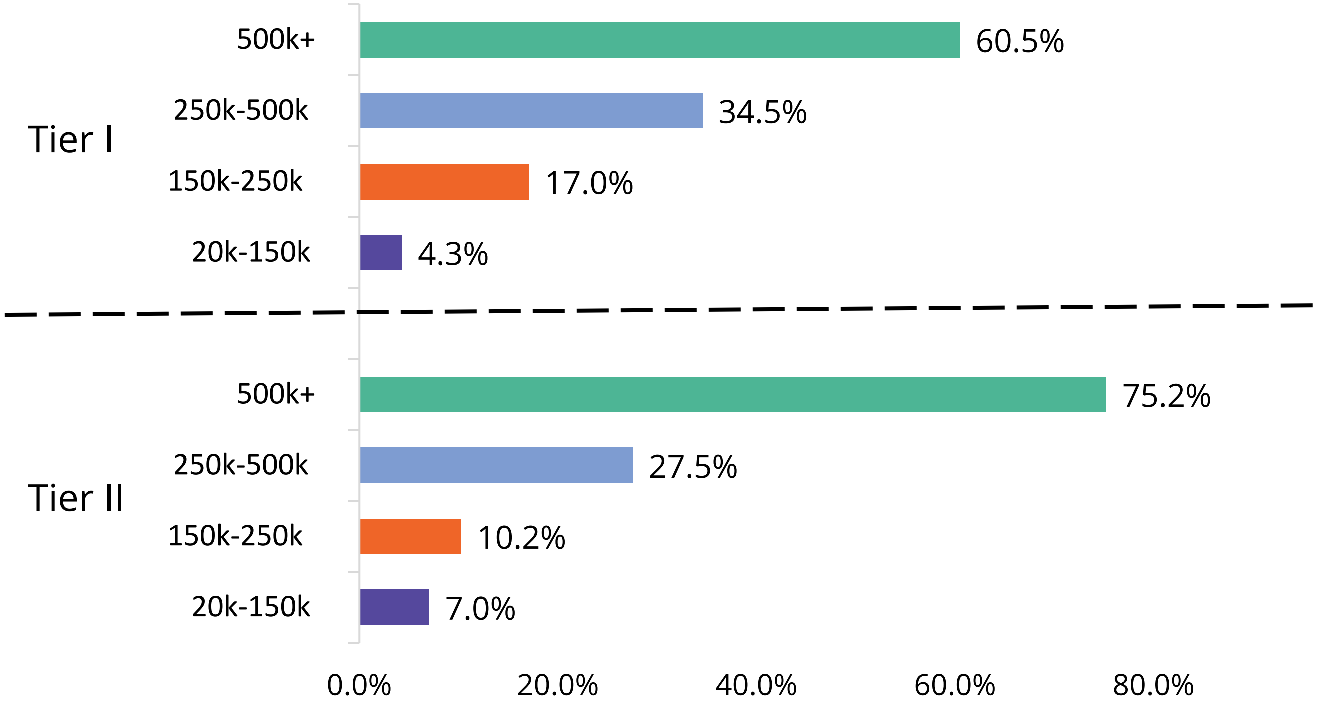
Inventory Growth Focused on Big Box

+7.0%

Growth in Tier II Inventory for 20k-150k Size Bucket since 2010, compared to over 75% for 500k+ sf.

Development has largely been focused on delivering buildings over 250k sf since the Global Financial Crisis, leaving the 20k-150k sf size bucket inventory relatively stagnant in both Tier I & II markets.

Total change in inventory since 2010
By Size Bucket



Source: AVANT by Avison Young; CoStar

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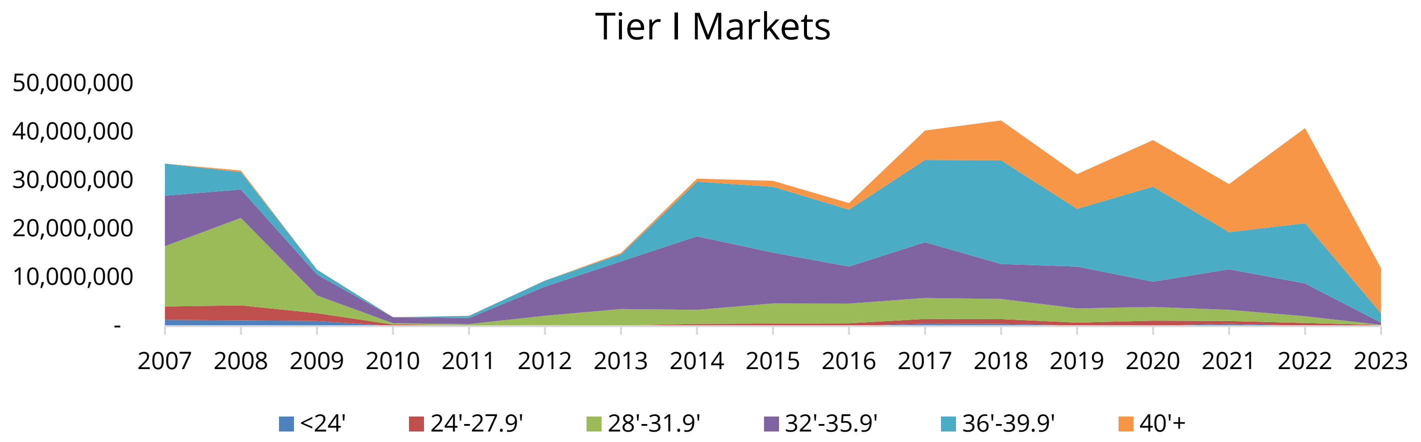
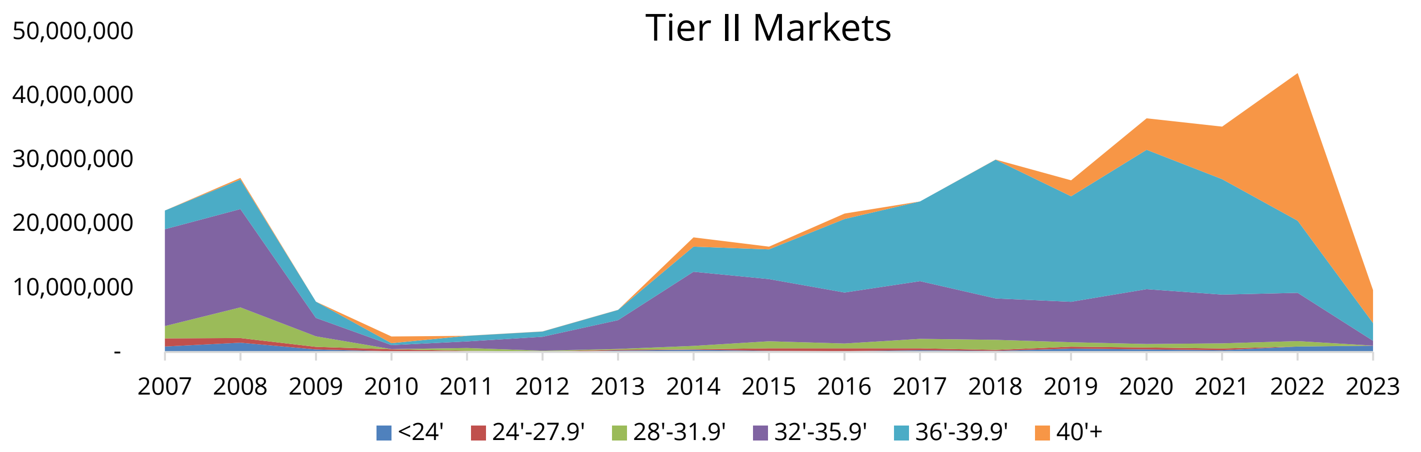
Deliveries by Clear Height

Over 90%

of all new construction in Tier I & II markets 32'+ since 2018

Prior to the Global Financial Crisis, 28' clear buildings were predominant feature in Tier I markets, now only 7.0% of deliveries since 2018.





Source: AVANT by Avison Young; CoStar

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Industrial development by market

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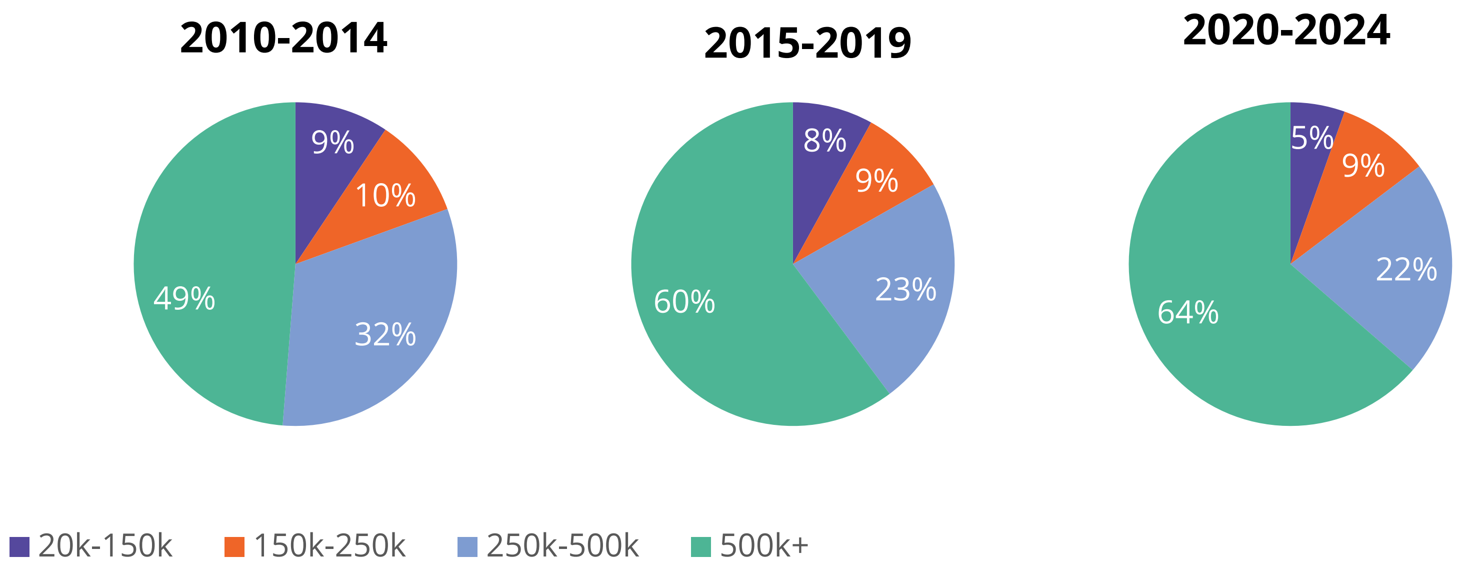
Tier II Markets Supply Injections

64%

of inventory delivering from 2020 to 2024 for Tier II market is 500k+ sf

Tier II markets are seeing more 500k+ sf assets being built over time which does not match with leasing velocity in this size range. The addition of 20k-150k has slowed creating a pinch where most of the leasing activity occurs.

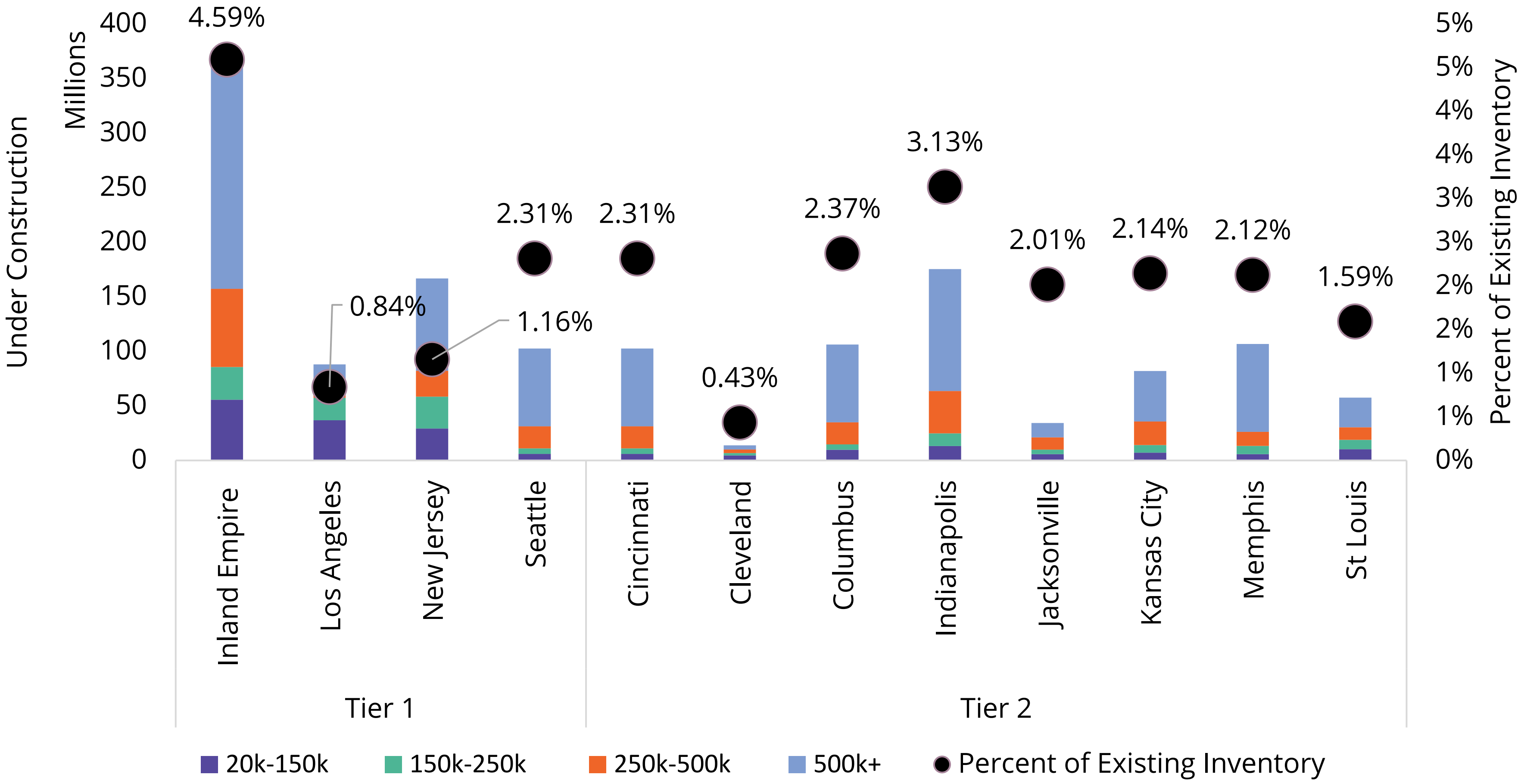


Source: AVANT by Avison Young; CoStar

New Supply: 2010-2023

Most of the supply that has delivered since 2010 is 500k+.

On average, over 50% of the SF delivered or about the deliver across Tier II markets is 500k+. While space can be subdivided into the 250k-500k bucket, it is less lively to increase available options in the lower size buckets.



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Industrial market fundamentals

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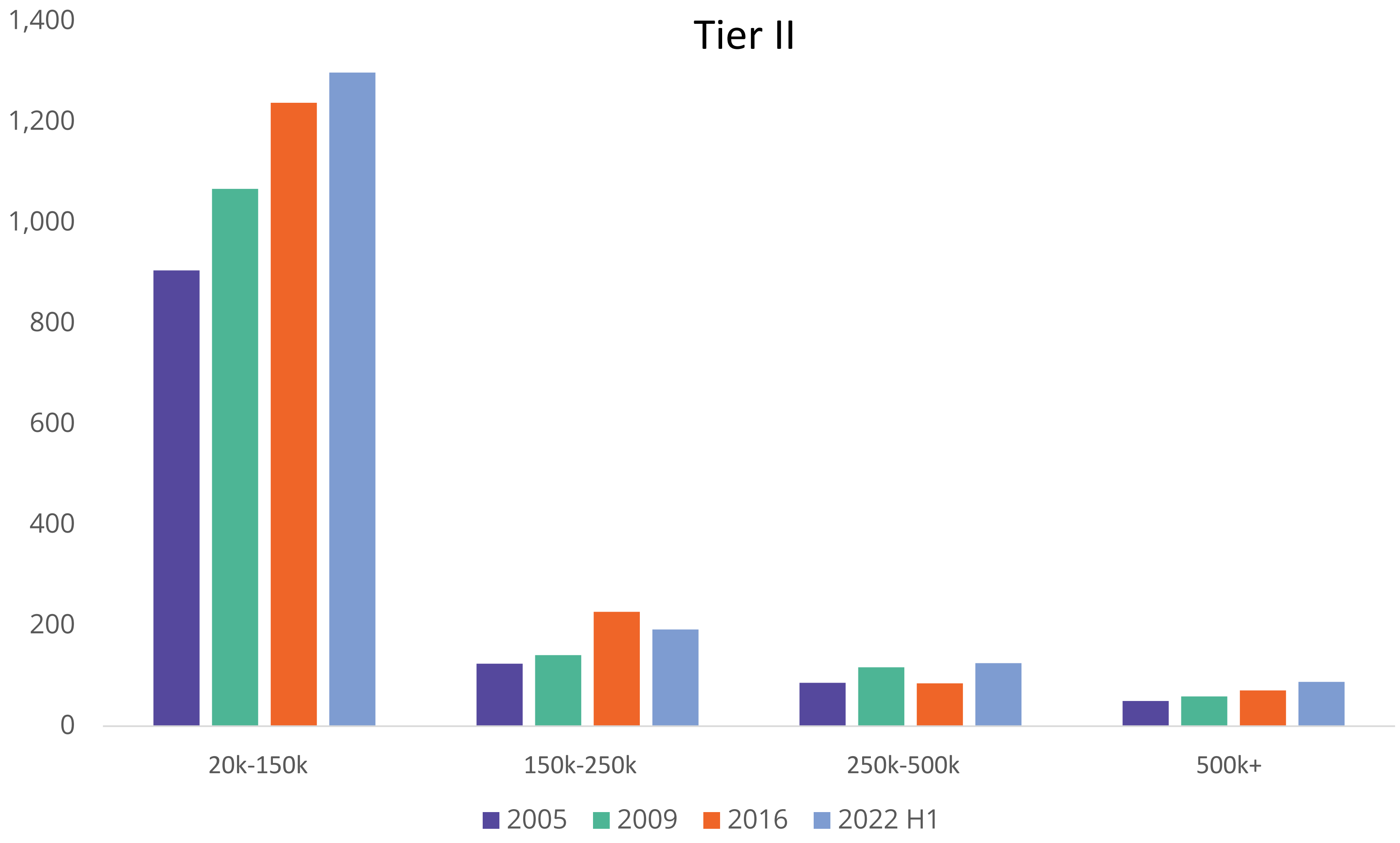
Industrial leasing activity

Deal frequency is significantly higher in the tightest size bucket.

Tier II markets historically see 6x more deal frequency on average in the 20k-150k size bucket.

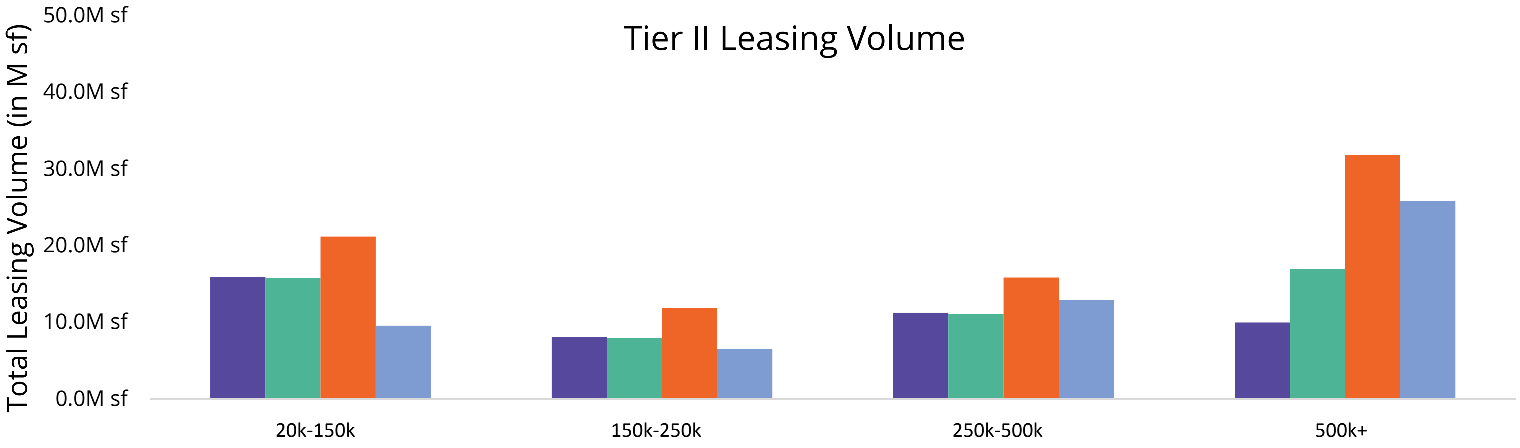


Source: AVANT by Avison Young; CoStar

Leasing Velocity Comparison

Deal volume is relatively consistent over time and across size buckets

Tier II markets have seen larger deal volume recently with larger 3PLs and companies like Amazon setting up regional operations. With most of the construction taking place in the 500k+ bucket, pricing will become less competitive for larger product.



Source: AVANT by Avison Young; CoStar

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Methodology & Criteria

For this analysis, Avison Young used the following criteria provided by Plymouth when detailing an in-depth examination of Tier I and Tier II industrial market composition, performance, construction trends, investment environment, and primary tenant occupancy factors.

Standard Definitions included for this analysis are as follows:

+<u>Tier I Markets</u>: Inland Empire, Los Angeles, Northern New Jersey, & Seattle-Bellevue
+<u>Tier II Markets</u>: Cincinnati, Cleveland, Columbus, Indianapolis, Jacksonville (FL), Kansas City, Memphis, & St. Louis
+<u>Inventory Included</u>: +20.0K sf Size; Existing, Under Construction, & Under Renovation
+<u>Space Use</u>: Distribution, Industrial, Light Industrial, Warehouse; Excludes Manufacturing, Truck Terminals & Outdoor Storage

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Appendix

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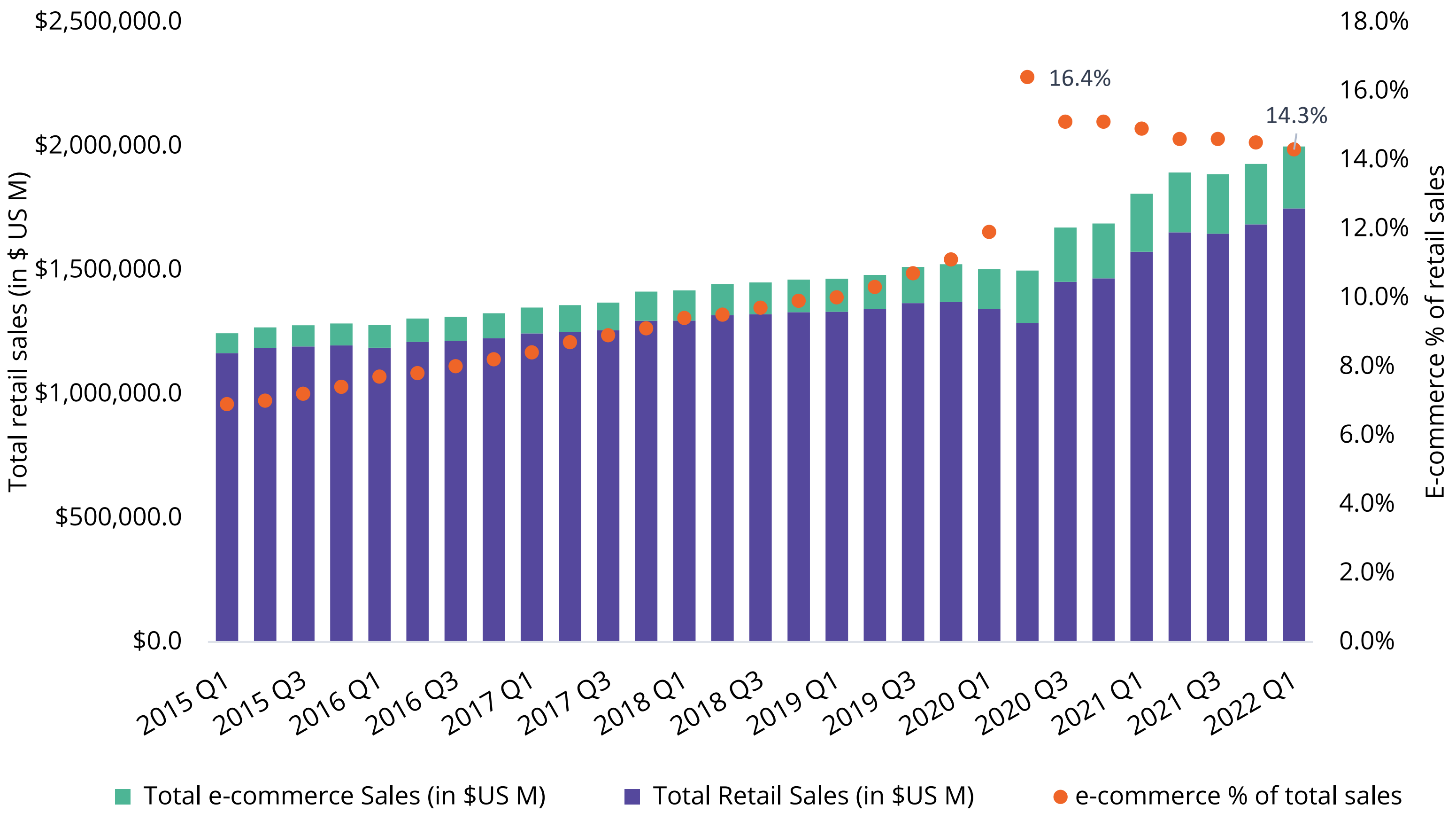
U.S. total retail and e-commerce sales

14.3%

E-commerce share of overall retail sales in Q1 2022

Demand for e-commerce surged during the initial shock of lockdowns, driving industrial demand to record levels. As the economy began to reopen, the rate of e-commerce growth is nearly double pre-COVID levels, suggesting accelerated e-commerce demand is sustainable.



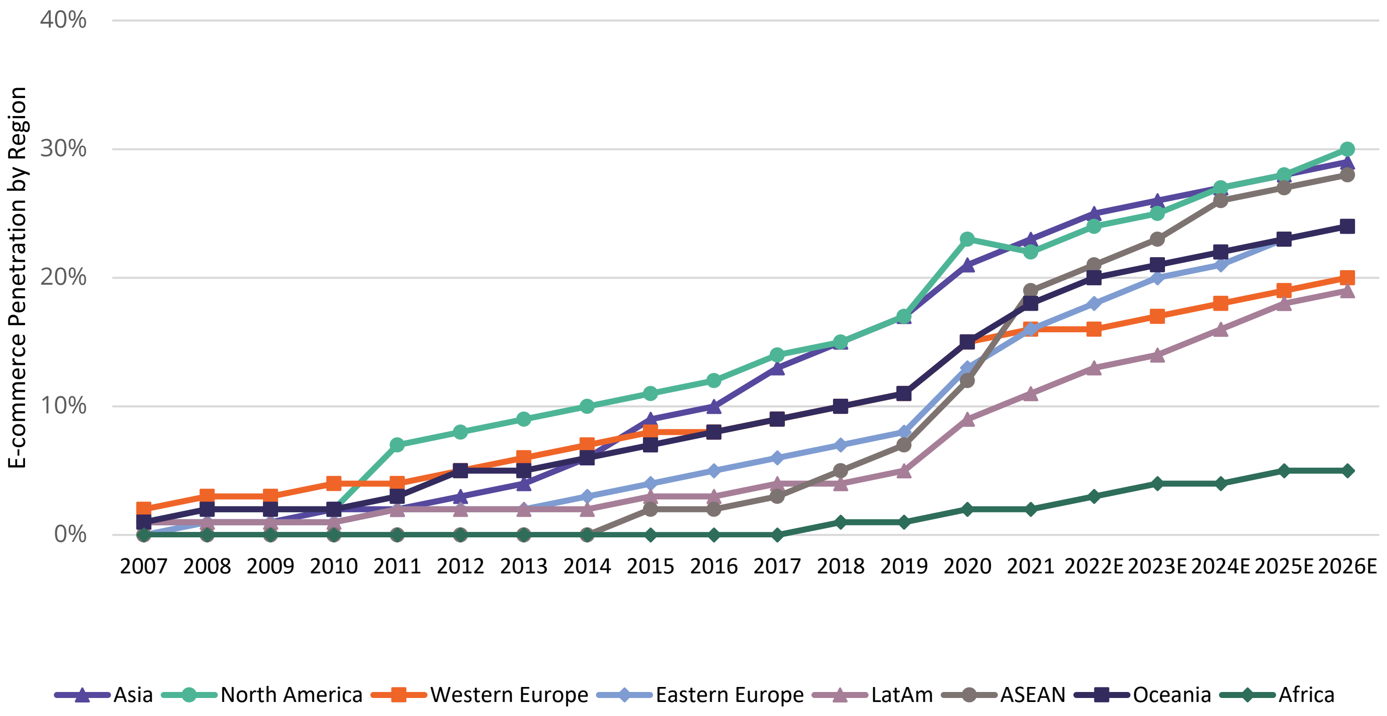
Source: Federal Reserve Bank of St. Louis
*Most recent update May 19, 2022

E-commerce Global Growth Forecast to 2026

30%

Of all N. American sales are expected to be made online by 2026, higher than any other region.

Long term forecasts estimate e-commerce sales will be increase from $3.3 trillion today to $5.4 trillion in 2026. The COVID-19 pandemic helped demand as well for e-commerce sales, with forecasts predicting e-commerce sales could reach 27% of total retail sales by 2026.



Source: Euromonitor, National Data Sources, Morgan Stanley Estimates

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