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October 20, 2020

Martin County Board of Commissioners
Attention: Harold Jenkins, District 3
2401 SE Monterey Road
Stuart, FL 34996

RE: SW Kanner Highway Industrial Distribution Center

Dear Mr. Jenkins,

We have been asked by Foundry Commercial and KL Waterside to provide an expert opinion on the necessity of 40 foot clear heights at the Kolter Site in Martin County. A little bit about our firm – Cushman & Wakefield is one of the largest real estate firms in the world and one of the most active firms in the industrial asset class, particularly in South Florida. In the past several years, we have led transactions across the South Florida metro area with a number of Fortune 500 clients, and we represent numerous Fortune 500 clients across the country.

We have identified Martin County as an area primed for logistics growth led by 3PLs (Third-Party Logistics) and E-Commerce users. These users do an excellent job of validating new locations, like Martin County, for other users, and bring significant tax revenues and jobs to the communities that they join. The current market conditions provide perhaps the best opportunity we have seen for Martin County to attract the high-quality logistics tenants of scale who will be necessary to validate a site like the property along Kanner Highway before further growth can be realized.

We spend every day focused on industrial real estate, and we continue to see a shift in demand towards taller clear heights, especially among large tenants, to accommodate more cubic volume. This additional height and volume will allow sophisticated large users to increase their racking capabilities and the automation of these systems which, in turn, makes them more efficient. All the larger 3PL and E-Commerce users in today's market have short lead times and are focused on the cubic volume of each potential space in addition to the actual square footage.

As it relates to the Kanner Highway site, this makes clear height a major differentiating factor that will contribute to whether Foundry will get any tenants to consider their site and location. If there is concern that they will not be able to get the type of building that they need, they will eliminate the site from consideration altogether and focus on competitive sites that can offer 40' clear heights, like Legacy at Tradition in St. Lucie County or Palm Beach Park of Commerce in Palm Beach County.



In a few recent examples, we have completed several larger transactions in the Palm Beach Park of Commerce located in Northern Palm Beach County – a direct competitor of Foundry's site. Each of those transactions required clear heights between 36 feet and 40 feet. This trend towards taller clear heights is bleeding over into smaller, speculative projects as well. Numerous developers in Broward, Miami Dade, and Palm Beach Counties are site planning new buildings with 36'-42' clear heights. 36'-40'+ internal clear heights are rapidly becoming the rule for all industrial product to consistently win deals.

A further consideration as it relates to the development process is time. Timing is a critical component in being able to land a logistics user in today's market. Most of the larger users have recently entered into new contracts with their suppliers and do not have enough lead time to wait for additional approvals outside of a standard buildout timeline. Even if they are attracted to Martin County, these corporations will change focus to other sites that could accommodate their needs in the shortest time period possible. With that in mind, 36'-40' clear heights need to be a given for users to seriously consider the Kolter site, or Foundry will be severely hindered in its ability to bring new business to Martin County.

Thank you in advance for taking the time to consider this information and I hope that our experience is helpful. If you have any questions or would like to review further, please give me a call.

Sincerely,

Matthew G. McAllister

A handwritten signature in blue ink, appearing to read "M. G. McAllister", with a stylized flourish at the end.

CUSHMAN & WAKEFIELD OF FLORIDA, LLC

Matthew G. McAllister

Director, Industrial Brokerage

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