



Market Research

INDUSTRIAL | SECOND QUARTER | 2009



Charlotte Industrial Highlights

As we reach the midyear point of 2009 - a year that has been aptly described as "bleak" - we are all watching for the signs that will provide us the answer to that most plaguing question - "Has the economy finally bottomed out?" Leading economic indicators such as stock prices, consumer confidence, and building permits appear to be making gains, however the mounting unemployment and ongoing tightening of credit are continuing to point to signs that recovery is certainly *not* just around the corner. Despite the conflicting signs, many economists, according to latest Bloomberg report are predicting that the worst part of the economic decline is behind us and that while still in contraction mode, it has or will likely bottom out in the second half of the year, with signs of a gradual recovery ensuing. We can only hope that is so.

Relatively speaking, the national industrial market continues to maintain its competitive strength, especially when compared to the retail and office sectors, which is remarkable when considering the current recession's cutting effects on all economic segments - including those that feed industrial growth. Charlotte's industrial market, despite significant job losses, specifically in the manufacturing and construction sectors, continues to be "stable." Mid-year results show YTD warehouse absorption at positive 147,463 SF - compared to last year at negative 528,299 SF- which indicates that leases are still being signed, and our market fundamentals remain strong. The fact that our region has historically been conservative in terms of speculative building has insulated us from slipping into the higher rates of vacancy experienced in other major cities. Current vacancy for warehouse is 7.34% (Mecklenburg and York counties only), compared to 7.41% Q2 2008, a slight decrease.

Although there have been very few large leases signed in Q2, we have seen several large prospects touring through the market recently and expect that we may see the consummation of some of these deals before the end of the year. One of the larger leases signed in Q2 2009 was the 43,290 SF taken at Logistics Pointe by Albert's Organics, a wholly owned subsidiary of United Natural Foods.

The bulk of activity in the quarter, however, was marked by smaller warehouse space requirements (under 25,000 SF) and we have seen good absorption of these smaller spaces YTD. Many tenants are still opting for shorter term leases and taking advantage of some early renewals being offered by landlords who continue to make greater concessions for credit worthy tenants both in lease rates and in free rent. Asking lease rates for both warehouse and flex product continue to trend downward.

The flex market posted an increase in vacancy rates from 13.71% Q2 2008 to 15.11% Q2 2009, with negative YTD absorption of 146,151 SF. While not significant, it may be a sign that some of the high level of activity we are seeing in smaller users is the result of some small businesses closing their doors and leaving some empty space in their wake.

Announcements during Q2 for Charlotte include:

- Toshiba America Nuclear Energy Corp - 194 jobs and \$2.8 million investment over 5 years
- Siemens Energy - 226 jobs and \$50 million investment over 5 years
- Diagnostic Devices - 100 jobs and projected revenue of \$30 million

CHARLOTTE INDUSTRIAL MARKET OVERVIEW

	WAREHOUSE	FLEX	TOTAL
Total Inventory	142,886,549	19,574,198	162,460,747
Vacant SF	10,483,447	2,957,388	13,440,835
Vacancy Rate	7.3%	15.1%	8.3%
Net Absorption (YTD)	147,463	(146,151)	1,312
SF Under Construction	217,078	0	217,078
Average Asking Rental Rates (NNN)	\$4.05/nnn	\$7.90/nnn	\$4.65/nnn



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MARKET FORECAST

	WAREHOUSE	FLEX
VACANCY	■	▲
NET ABSORPTION	■	▼
RENTAL RATES (ACTUAL)	▼	▼
SALES PRICES	▼	▼

Lane Holbert, CCIM, SIOR

Vice President / Principal
704.335.4433
lholbert@collierspinkard.com

Barb Jespersen, CCIM

Industrial Specialist
704.335.4436
bjespersen@collierspinkard.com

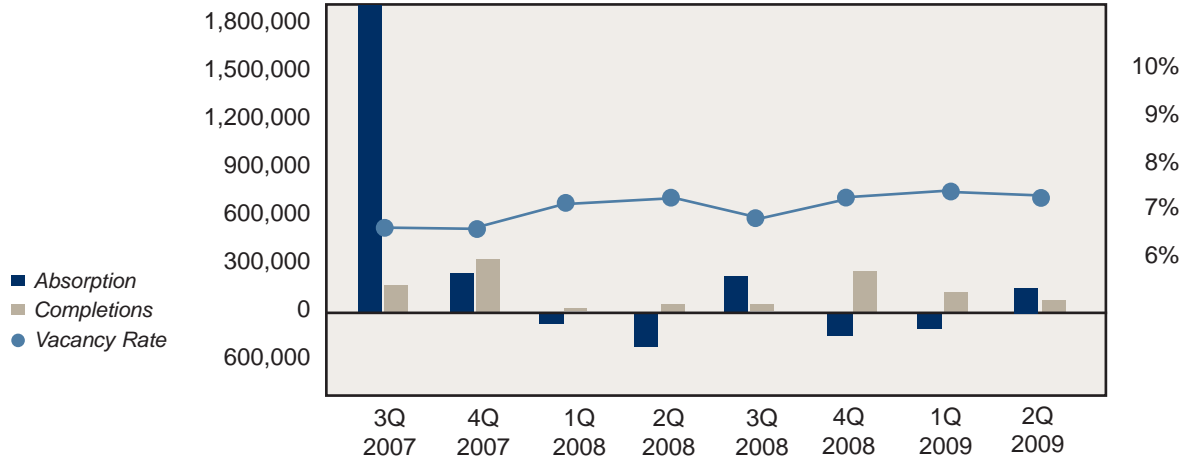
John Wharton

Industrial Specialist
704.887.3037
jwharton@collierspinkard.com

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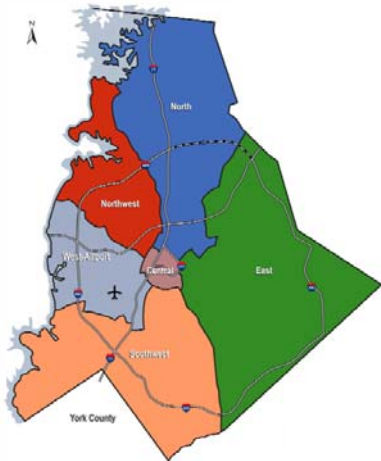
Source: CoStar Group
(Mecklenburg County, NC & York County, SC)

WAREHOUSE HISTORIC TRENDS PER QUARTER

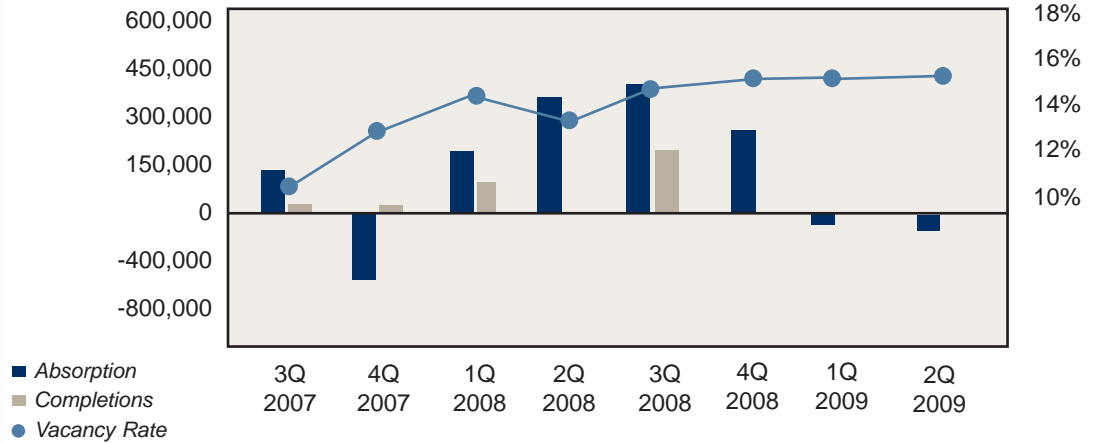


WAREHOUSE SUBMARKET STATISTICS

SUBMARKET	INVENTORY	VACANT SF	VACANT %	NET ABS. (YTD)	DELIVERIES (YTD)	AVERAGE RATE
Central	6,958,064	512,830	7.4%	10,115	0	\$6.56/nnn
East	13,423,596	784,086	5.8%	(155,947)	0	\$6.30/nnn
North	31,846,218	1,851,850	5.8%	(207,757)	112,683	\$4.24/nnn
Northwest	13,414,693	1,108,457	8.3%	(448)	0	\$3.21/nnn
Southwest	40,876,746	3,034,415	7.4%	112,302	2,876	\$3.78/nnn
Airport West	20,427,046	1,527,073	7.5%	224,144	10,000	\$4.24/nnn
York	15,940,186	1,664,736	10.4%	165,054	45,000	\$3.39/nnn



FLEX HISTORIC TRENDS PER QUARTER



FLEX SUBMARKET STATISTICS

SUBMARKET	INVENTORY	VACANT SF	VACANT %	NET ABS. (YTD)	DELIVERIES (YTD)	AVERAGE RATE
Central	349,082	39,717	11.4%	(13,363)	0	\$13.77/nnn
East	3,515,591	632,199	18.0%	(24,292)	0	\$9.37/nnn
North	4,709,374	475,682	10.1%	(71,729)	0	\$8.66/nnn
Northwest	568,599	75,983	13.4%	(3,683)	0	\$8.85/nnn
Southwest	3,812,781	719,625	18.9%	33,857	0	\$6.91/nnn
Airport West	4,452,240	841,737	18.9%	(103,803)	0	\$6.91/nnn
York	2,166,531	172,445	8.0%	36,862	0	\$7.92/nnn

MARKET ACTIVITY

LEASE ACTIVITY

ADDRESS	TENANT	SUBMARKET	SQUARE FEET
Interstate North	Carroll Tire	North	62,400
Logistics Pointe	Albert's Organics	SW	43,290
Lakemont West	Goodwill Publishers	SW	24,000
Commerce Park VII	Innoseal	SW	21,160

INVESTMENT SALE ACTIVITY

ADDRESS	DATE	SALE PRICE	SQUARE FEET	PRICE/SF
1000-1022 Pressley Road	Apr-09	\$1,750,000	62,938	\$27.81

USER SALE ACTIVITY

ADDRESS	DATE	SALE PRICE	SQUARE FEET	PRICE/SF
3014 South Cross Blvd.	Jun-09	\$1,310,250	17,480	\$75.00
6510 Northpark Blvd.	Jun-09	\$2,350,000	50,700	\$46.35

UNDER CONSTRUCTION - SPECULATIVE DEVELOPMENT

ADDRESS	DEVELOPER	TYPE	SQUARE FEET	DELIVERY
77 Overlook - Building 3	Beacon Partners	Warehouse, Rear Load	64,196	Q3 2009
77 Overlook - Building 4	Beacon Partners	Warehouse, Rear Load	40,098	Q3 2009

UNDER CONSTRUCTION - USER BUILD TO SUIT

ADDRESS	DEVELOPER	LOCATION	SQUARE FEET	DELIVERY
FedEx Distribution Center	Crescent Resources	Lakemont West	112,784	Q3 2009

COMPLETIONS - SPECULATIVE MULTI-TENANT

ADDRESS	DEVELOPER	TYPE	SQUARE FEET	DELIVERY
Sykes Industrial Park	Sykes Industrial	Warehouse, 40' Clear	150,000	Q4 2008
Sykes Industrial Park	Sykes Industrial	Warehouse, 40' Clear	100,000	Q4 2008
77 Overlook	Beacon Partners	Warehouse, Rear Load	112,400	Q2 2008
77 Overlook	Beacon Partners	Warehouse, Rear Load	40,000	Q1 2008

Featured Listing of the Quarter:

With the flurry of activity for leases under 25,000 SF, we would like to feature this I-2 zoned property located at the corner of Orr Road and Old Concord Road. We have a total of 15,000 SF that can be easily divided in 2 separate units of 7,500 SF each. Each unit has approximately 750 SF of office, a dock high door, ESFR sprinkler. Clear Height is 21'. An additional 2 acres of I-2 land can also be included for users requiring outside storage or trailer parking. Please call Lane Holbert or Barb Jespersen for further information.



Forecast

For those with access to capital, the potential for good investment is excellent, particularly for functionally strong industrial product with modern clear height, loading, accessibility, and energy efficiency. REIT's with limited or no access to reserve funds are prime targets providing opportunities for solid investments - particularly since history has proven that fixed real estate assets purchased during an economic downturn almost always outperform stock and bond gains on a tax-adjusted basis.

On a fundamental level, we foresee the industrial market to remain relatively flat through Q3 with Landlord concessions and rental rate declines to taper off by the end of the year as vacancy levels decrease.

The Industrial Services Group continues to track current market conditions and is available to help you to analyse and capitalize on your current real estate investment - whether as a tenant or a landlord.

Featured Transaction of the Quarter:

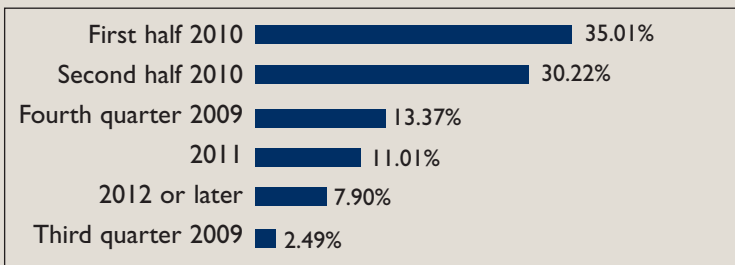
On behalf of W.T. Charlotte and Logistics Pointe, we are pleased to announce our newest tenant - Albert's Organics. Albert's Organics is a subsidiary of one of the largest distributors of natural foods in the US (United Natural Foods Inc). Thank you to Mike Chambers of NAI Brannen Goddard (Atlanta) for representing the Tenant in this transaction.



We still have 29,000 - 147,949 SF of combination freezer/cooler/dry/office available. Please call Lane Holbert or Barb Jespersen for more information.

Executive Survey - Optimism or Realism?

Now that we're halfway through 2009, when do you believe in your gut that GDP growth in the U.S. will be positive again?



**recent poll by SmartBrief on Leadership (Summus Limited, Eva Schmatz)*

INDUSTRIAL SERVICES GROUP



Lane Holbert, CCIM, SIOR
Vice President / Principal
704.335.4433
lholbert@collierspinkard.com



Barb Jespersen, CCIM
Industrial Specialist
704.335.4436
bjespersen@collierspinkard.com



John Wharton
Industrial Specialist
704.887.3037
jwharton@collierspinkard.com



Erin Heydorn
Project Assistant
704.335.4439
eheydorn@collierspinkard.com

COLLIERS INTERNATIONAL
294 OFFICES IN 61 COUNTRIES
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 - United States: 94
 - Canada: 22
 - Latin America: 17
- Europe, Middle East, & Africa: 97
- Asia Pacific: 64

CONTACT INFORMATION

330 S. Tryon St., Suite 301
Charlotte, NC 28202
Tel: 704.375.7771
Fax: 704.347.0793

About Colliers Pinkard

Colliers Pinkard has consolidated its ownership structure with Colliers Turley Martin Tucker, Cassidy & Pinkard Colliers, and Colliers ABR, forming a holding company that is one of the largest commercial real estate service firms in the U.S. In 2008, the consolidated entity completed more than \$9.2 billion in worldwide transactions, including over \$3.5 billion in capital markets transactions, and managed more than 335 million square feet of real estate. The Corporate Solutions division supports more than 22,000 locations for Fortune 1,000 companies and delivers a new location "Every 80 Minutes." Colliers International is ranked as one of the 2009 World's Top 100 outsourcing service providers by International Association of Outsourcing Professionals, IAOP Top 100. For more information about Colliers International, a worldwide affiliation of independently owned and operated companies, visit www.colliers.com.



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