



Market Research

INDUSTRIAL | FIRST QUARTER | 2008



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
 Industrial Specialist
 704.335.4436
 bjaspersen@collierspinkard.com

John Wharton
 Industrial Specialist
 704.887.3037
 jwharton@collierspinkard.com

The industrial market that Colliers Pinkard uses for this report comprises Mecklenburg County, NC and York County, SC solely - reported on by our datasource - CoStar. Due to continual updates and refinements in the historical database some of the data in this report may not match data published in previous reports.

Charlotte Industrial Highlights

Predictably, Charlotte's Industrial Market's first quarter of 2008 posted overall modest activity levels. Leading indicators such as absorption, vacancy levels and deliveries were sluggish, yet surprisingly, lease rates did not reflect the normally expected decrease in demand, but conversely, continued to show a strong and steady increase. Average warehouse asking lease rates increased from \$3.62/SF in Q1 2007 to \$4.33/SF in Q1 2008 - an increase of \$0.71/SF year-over-year. Similarly, average lease rates for flex space rose from \$7.65/SF in Q1 2007 to \$8.36/SF in Q1 2008 - a total year-over-year increase of \$0.71/SF. Contributing factors to this trend are the increase in cost of construction of much of the new speculative product that was delivered over the past 18 months, demanding the higher rates, as well as the dwindling supply of available older and cheaper product - specifically in Mecklenburg county - being absorbed by users still looking for a cheaper alternative. With the marked slowdown in new speculative development (currently only 152,498 SF under construction), and absorption shifting into the new product, we would expect lease rates to flatten out over the year.

The sluggish activity experienced is clearly the result of the fallout attributed to the national housing slump finally catching up to the Charlotte region. The foreclosure rates, tougher lending practices, rising prices of commodities such as oil, gas and food, coupled with the softening job market is definitely being felt in our market and we have seen announcements reflecting the loss of several manufacturing jobs in the region, specifically another announcement from Freightliner laying off 1500 employees from their Cleveland county plant. But, every challenge brings opportunities and we have also been witness to positive announcements such as Celgard adding 100,000 SF to their South Point facility representing a \$18M investment in real estate and equipment. Our devaluing dollar has enabled us to most recently rank 3rd in the world as being cost competitive in terms of cheapest place to do business. With Charlotte's strategic location (7.1 million people within a 100 mile radius), coupled with its strong manufacturing base, we remain optimistic about the business opportunities that lie ahead of this region.

A high point of the quarter was the area of investment sales of several industrial portfolios that confirmed once again the continued attraction of the Charlotte region to national institutional investors. New landlords to the Charlotte industrial market included KBS Realty Advisors with their purchase of 496,347 SF at Crossroads Distribution Center, GID Investments Advisors with their purchase of 648,000 SF at Greylyn Business Park. In addition, the largest acquisition by square footage was East Group's purchase of the Childress Klein portfolio consisting of 669,000 SF (5 buildings).

A recap of the market stats - both for warehouse and flex - are on page 2 of this report.

CHARLOTTE INDUSTRIAL MARKET OVERVIEW			
	WAREHOUSE	FLEX	TOTAL
Total Inventory	145,112,016	22,080,567	167,192,583
Vacant SF	9,599,009	3,079,688	12,678,697
Vacancy Rate	6.6%	13.9%	7.6%
Net Absorption (2007)	-16,022	22,063	6,041
SF Under Construction *	411,678	165,416	577,094
Average Rental Rates (NNN)	\$4.33	\$8.36	\$4.96

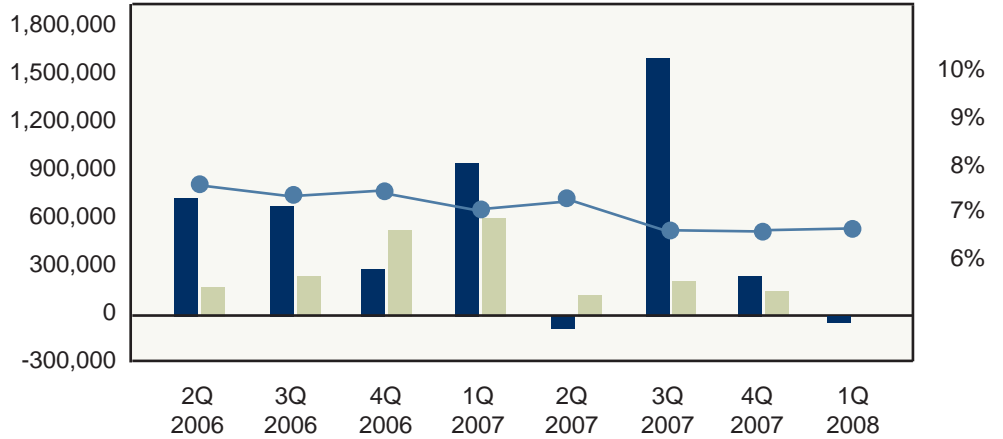
Source: CoStar Group (Mecklenburg County, NC & York County, SC)
 *Includes owner/user and spec construction



www.collierspinkard.com

WAREHOUSE HISTORIC TRENDS PER QUARTER

■ Absorption
■ Completions
● Vacancy Rate

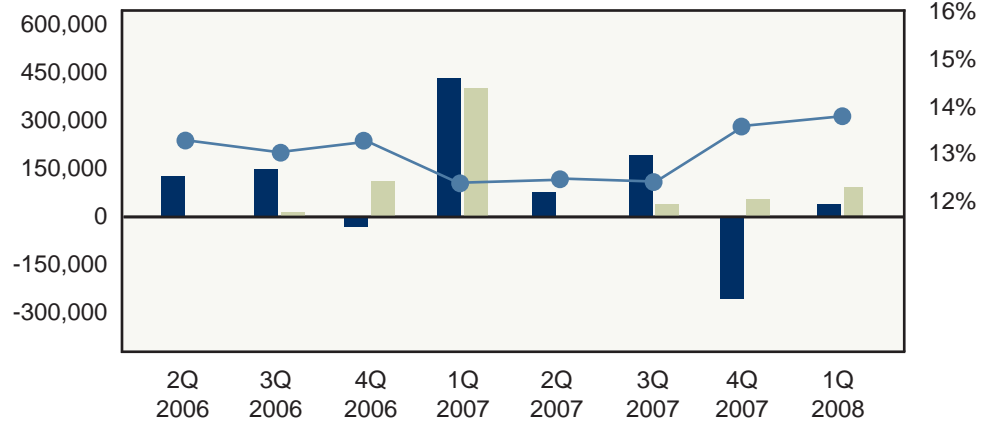


WAREHOUSE SUBMARKET STATISTICS

SUBMARKET	INVENTORY	VACANT SF	VACANT %	NET ABS. (YTD)	DELIVERIES (YTD)	AVE RATE (NNN)
Central	8,881,296	482,170	5.4	(27,496)	0	\$8.20
East	11,999,530	449,085	3.7	(133,332)	0	\$8.07
North	31,169,833	1,736,914	5.6	(227,990)	0	\$4.54
Northwest	15,895,425	799,922	5.0	(46,336)	0	\$3.05
Southwest	45,276,584	2,662,186	5.9	162,930	0	\$4.16
Airport - West	19,652,655	2,006,922	10.2	202,944	0	\$4.34
York County, SC	12,236,693	1,461,810	11.9	53,258	0	\$3.47

FLEX HISTORIC TRENDS PER QUARTER

■ Absorption
■ Completions
● Vacancy Rate



FLEX SUBMARKET STATISTICS

SUBMARKET	INVENTORY	VACANT SF	VACANT %	NET ABS. (YTD)	DELIVERIES (YTD)	AVE RATE (NNN)
Central	365,949	16,584	4.5	35,525	0	\$4.63
East	4,773,494	1,016,175	21.3	(190,784)	0	\$8.97
North	4,696,088	483,815	10.3	80,883	38,400	\$9.17
Northwest	657,078	107,375	16.3	(4,450)	0	\$6.85
Southwest	3,912,675	597,985	15.3	59,873	66,179	\$7.76
Airport - West	5,096,106	802,266	15.7	28,916	0	\$7.46
York County, SC	2,579,177	55,488	2.2	12,100	12,000	\$11.26

MARKET ACTIVITY

LEASE ACTIVITY

ADDRESS / BUSINESS PARK NAME	TENANT	SQUARE FEET	SUBMARKET
Chessy III	Eckerd/Rite Aid	326,601	Northwest
Nations West	Belk	141,600	Southwest
Meridian Corporate Center	Wainwright Industries	113,500	North
AdPlex Rhodes, Rock Hill	TBD	81,250	York
Ridge Creek	Welspun	67,200	Southwest
700 Marine Drive	Mars/Pet Food	52,110	York
AirPark West	Barday	48,000	Airport West

USER SALE ACTIVITY

ADDRESS	DATE	SALES PRICE	SQUARE FEET	PRICE / SF
1201 Westinghouse Blvd	Jan-08	\$3,125,000	171,049	\$18.00
2601 Westinghouse Blvd	Jan-08	\$3,100,000	108,830	\$28.48
220 Olympic St	Jan-08	\$2,195,000	40,000	\$54.88
3701 Performance Rd	Mar-08	\$1,225,000	29,318	\$41.78

INVESTMENT SALE ACTIVITY

ADDRESS	DATE	SALES PRICE	SQUARE FEET	PRICE / SF
501 Black Satchel Drive	Feb-08	\$9,600,000	228,802	\$41.96
Crossroads	Mar-08	\$26,200,000	496,347	\$52.79
Childress Klein Portfolio (6 Buildings)	Mar-08	\$41,900,000	669,188	\$62.61
11325 Nations Ford Road	Feb-08	\$1,250,000	27,102	\$46.12
Continental Tire	Jan-08	\$29,400,000	1,700,000	\$17.29
Greylyn Business Park	Mar-08	\$57,100,000	648,000	\$88.12

UNDER CONSTRUCTION (SPECULATIVE DEVELOPMENT)

ADDRESS	DEVELOPER	TYPE	SQUARE FEET	DELIVERY
77 Overlook	Beacon Partners	Warehouse, Front Load	112,400	Q2 2008
77 Overlook	Beacon Partners	Warehouse, Rear Load	40,098	Q2 2008

COMPLETIONS - SPECULATIVE MULTI-TENANT

ADDRESS	DEVELOPER	TYPE	SQUARE FEET	DELIVERY
Airpark West	Crescent Resources	Warehouse, Rear Load	176,400	Q4 2007
Steele Creek Corporate Center	Kirco	Warehouse, Rear Load	86,607	Q3 2007
Crossroads IV	ING Clarion	Bulk, Cross Dock	151,900	Q3 2007
Westlake Corporate Campus	Trinity Partners	Warehouse, Rear Load	152,792	Q3 2007
Gateway Dist. Center	Verus Partners	Bulk, Front Load	168,000	Q3 2007
Perimeter West	Lord Baltimore	Warehouse, Rear Load	180,000	Q2 2007
NorthPark XVIII	Childress Klein	Warehouse, Rear Load	110,400	Q2 2007
Shopton Ridge	AAC	Flex	102,000	Q2 2007
Interstate North #3	Prologis	Warehouse, Front Load	94,400	Q2 2007

Forecast

We expect to see continued caution and conservatism as tenants and landlords wade through the myriad of opinions and forecasts bombarding them regarding the state of the economy, particularly during this election year. Minimally, companies will continue to stall, taking a little more time than normal, to make their location decisions, at least through the end of Q3 2008. Likewise, we expect that developers and landlords will continue to do likewise by keeping a keen eye on the softening job market and pay a lot more attention to the creditworthiness of their prospective tenants. As the price of fuel and energy continues to rise, we expect to see a renewed interest from tenants for accessibility to rail and proximity to the clients and markets they serve as they make their location decisions.

Featured Transaction of the Quarter

This featured property is the final addition to Crossroads Business Park located in a premium location with I-77 visibility, off of Westinghouse Blvd. The 152,000 SF new facility can be demised to a minimum of 36,000 SF and can be offered as either cross dock or front load. Other features include 30' clear height with skylights, ESFR sprinkler and additional trailer parking is provided. We are pleased to be representing KBS Realty Advisors in the leasing and management of this property.



INDUSTRIAL SERVICES GROUP



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



Barb Jespersen
 Industrial Specialist
 704.335.4436
 bjaspersen@collierspinkard.com



John Wharton
 Industrial Specialist
 704.887.3037
 jwharton@collierspinkard.com

COLLIERS INTERNATIONAL
 293 OFFICES IN 61 COUNTRIES
 ON 6 CONTINENTS

OFFICES PER REGION:

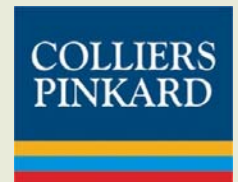
- The Americas 136
- Greater Asia 62
- EMEA 95

Colliers Pinkard, an affiliate of Colliers International, is a leading commercial real estate firm in the mid-Atlantic region, with offices in Maryland and North Carolina. The firm provides real estate solutions to its clients locally and globally. Areas of expertise include consulting, corporate solutions, investment services and management services, as well as property and tenant representation.

Colliers International is a worldwide affiliation of independently owned and operated companies with over 293 offices throughout more than 61 countries. Globally, Colliers manages approximately 868 million square feet, and has revenue of approximately \$2 billion. FORTUNE Magazine recently designated it 18th on the Global Outsourcing 100 list, an honor designated by the International Association of Outsourcing Professionals (IAOP).

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

Colliers Pinkard statistics originate from CoStar Realty Information, Inc. are fully analyzed by Colliers Pinkard. The information contained within this report is gathered from multiple sources considered to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.



www.collierspinkard.com