



Market Research

INDUSTRIAL | FOURTH QUARTER | 2008



MARKET FORECAST

	WAREHOUSE	FLEX
VACANCY	↑	↑
NET ABSORPTION	↓	↓
RENTAL RATES (ACTUAL)	↓	↓
SALES PRICES	↓	↓

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Charlotte Industrial Highlights

The year 2008 was marked by fear, uncertainty and anger, fueled by daily headlines all suggesting we were one step closer to a collapse of our financial systems. While government intervention seemed to put a temporary stop to some of the bleeding, the economic environment remains harsh and uncertain. The lack of available credit continues to paralyze the growth and operation of many businesses and is forcing a hold on decision making at the corporate level. Many deals that were expected in the pipeline were called off at the last minute.

It is no surprise, therefore, that the year-end picture of Charlotte's industrial market is not pretty. Total YTD absorption for 2008 was negative -929,985 SF - a stark contrast to the positive 3,139,752 SF YTD absorption reported a year early at the end of Q4 2007. The overall increase of vacant space year-over-year from 12,914,149 SF to 14,230,058 SF (increase of 1,315,909 SF) resulted in the rise in vacancy rates from 7.5% at Q4 2007 to 8.2% at Q4 2008. Specifically, the warehouse sector showed negative absorption totaling -678,390 SF which was spread through each submarket (refer Page 2) except the West-Airport submarket. This number was contributed to, in part, by the recent delivery of 250,000 SF of new product (Sykes Business Park - Northwest) and the return to market of the (former) Leiner Health building (558,900 SF), Memphis Compress (435,000 SF), and former Signature Distribution Services (131,200 SF).

Despite the doom and gloom in the overall market, Charlotte still has good news to boast about - according to the Charlotte Chamber (CBJ 1-15-09), the number of new and expanding companies rose to 1,337 in 2008 from 1,326 in 2007. Commercial space to be occupied rose to 27.6 million SF from 25.1 million SF. Capital investment rose to \$2.32 billion from \$2.27 billion.

While the same report indicates that the manufacturing sector added 44 new or expanded facilities in 2008 - lower energy costs and stronger dollar being 2 positive factors - overall demand for goods continues to shrink with the global economic downturn, and fewer buyers are willing or able to spend. The ripple effects resulting from the fate of the US automakers are already being felt in our state and region as about 25% of manufacturing employment in NC is linked to motor vehicles, including cars, buses and heavy trucks (e.g. Freightliner and its network of suppliers).

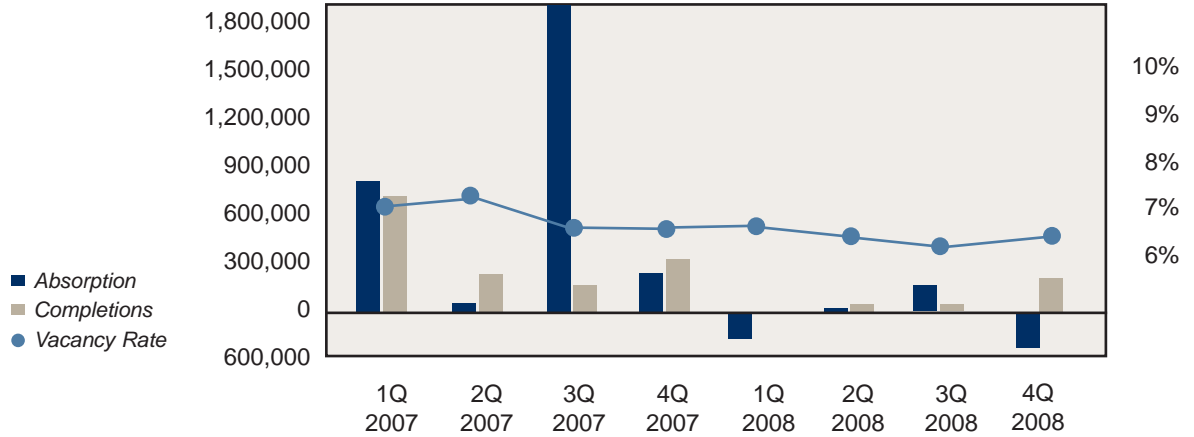
Amidst this, however, there are other manufacturing sectors and specific Charlotte based companies that had positive announcements, namely Britax (25% growth in 2008); Celgard (\$18 million expansion); Precision Framing Systems (226,642 SF new manufacturing operation), DesignLine (100,000 SF plant), Atlas Copco (increase in employees from 50 to 320 and move of HQ from Massachusetts) and Mias (plans for a \$3.2 million plant in Turtle Creek). This again is evidence that despite the national economic turmoil, the Charlotte region has continued growing at a significant pace, with the Charlotte Economic Development Department reporting new project activity up by 8.7% in 2008. Clearly, the daily headlines do not always reflect the whole story!

CHARLOTTE INDUSTRIAL MARKET OVERVIEW			
	WAREHOUSE	FLEX	TOTAL
Total Inventory	150,512,903	22,717,876	173,230,779
Vacant SF	10,268,876	3,961,182	14,230,058
Vacancy Rate	6.8%	17.4%	8.2%
Net Absorption (YTD)	(678,390)	(251,595)	(929,985)
SF Under Construction	262,500	0	262,500
Average Rental Rates (NNN)	\$4.26/nnn	\$7.93/nnn	\$4.86/nnn

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

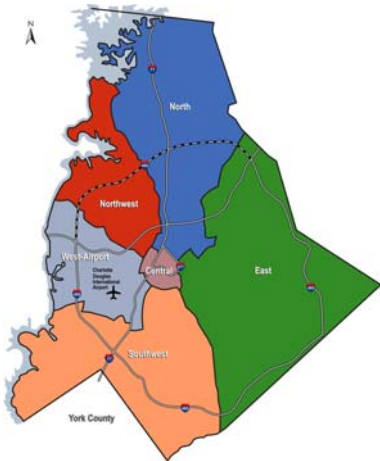


WAREHOUSE HISTORIC TRENDS PER QUARTER

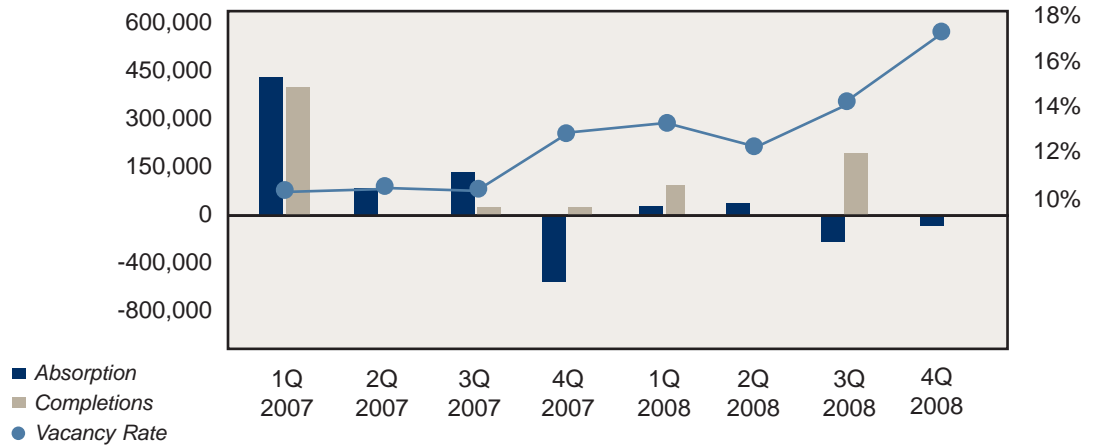


WAREHOUSE SUBMARKET STATISTICS

SUBMARKET	INVENTORY	VACANT SF	VACANCY %	NET ABS. (YTD)	DELIVERIES (YTD)	AVG RATE
Central	8,850,146	532,481	6.0%	(42,537)	0	\$6.06/nnn
East	12,828,704	407,712	3.2%	(52,859)	0	\$8.47/nnn
North	31,913,521	1,447,427	4.5%	(259,213)	40,098	\$4.28/nnn
Northwest	14,914,287	919,876	6.2%	(104,790)	0	\$3.30/nnn
Southwest	45,045,002	3,413,072	7.6%	(463,593)	0	\$3.93/nnn
Airport West	21,106,968	1,763,518	8.4%	420,134	290,000	\$4.24/nnn
York County, SC	15,854,275	1,784,790	11.3%	(175,532)	0	\$3.51/nnn



FLEX HISTORIC TRENDS PER QUARTER



FLEX SUBMARKET STATISTICS

SUBMARKET	INVENTORY	VACANT SF	VACANCY %	NET ABS. (YTD)	DELIVERIES (YTD)	AVG RATE
Central	365,949	13,684	3.7%	40,875	0	\$4.63/nnn
East	5,099,302	1,278,907	25.1%	(447,773)	0	\$9.07/nnn
North	4,655,299	473,334	10.2%	111,000	50,400	\$8.94/nnn
Northwest	919,418	308,075	33.5%	(3,150)	0	\$10.15/nnn
Southwest	4,267,238	820,863	19.2%	28,193	66,179	\$6.99/nnn
Airport West	5,125,796	827,862	16.2%	33,163	41,000	\$7.13/nnn
York	2,284,874	238,457	10.4%	(13,903)	166,416	\$11.08/nnn

MARKET ACTIVITY

LEASE ACTIVITY

ADDRESS	TENANT	SQUARE FEET	SUBMARKET
City North Business Center	Solutions for Life	156,948	North
929 Jay Street	Custom Polymers	80,500	Central
Chemway Industrial Park	Oxco	78,830	Northwest
Interstate North #3	Myer Decorative Services	32,000	North
Shopton Ridge	AMT Datasouth	28,000	Airport West

USER SALE ACTIVITY

ADDRESS	DATE	SALE PRICE	SQUARE FEET	PRICE/SF
500 Gulf Dr., Chemway Industrial Park	Oct-08	\$1,675,000	78,830	\$21.25
2205 N. Tryon St.	Nov-08	\$1,730,000	33,200	\$52.11
InnerLoop Park	Nov-08	\$1,214,200	24,284	\$50.01

UNDER CONSTRUCTION (SPECULATIVE DEVELOPMENT)

No current speculative development is under construction in Mecklenburg & York counties.

COMPLETIONS - SPECULATIVE MULTI-TENANT

ADDRESS	DEVELOPER	TYPE	SQUARE FEET	DELIVERY
Sykes Industrial Park	Sykes Industrial	Bulk, Rear Load	150,000	Q4 2008
Sykes Industrial Park	Sykes Industrial	Bulk, Cross Dock	100,000	Q4 2008
77 Overlook	Beacon Partners	Warehouse, Rear Load	40,000	Q1 2008
77 Overlook	Beacon Partners	Warehouse, Rear Load	112,400	Q2 2008
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, Cross Dock	168,000	Q3 2007

Featured Property of the Quarter:

Commerce Center I

We are pleased to offer for lease this rail served 64,000 SF warehouse/distribution facility in Charlotte, NC. Amenities include 1,757 SF office, 28' clear, T-8 high output energy efficient lighting, ESFR sprinkler system, 7 dock-high doors, 1 drive in door, 5 rail doors in rear of the building, outside trailer storage, and 4 x 4 skylights. Commerce Center I offers excellent access to I-77 and I-485 with its location on Westinghouse and South Tryon and is ready for immediate occupancy.

Please call Lane Holbert or John Wharton for further information, or for a property tour.



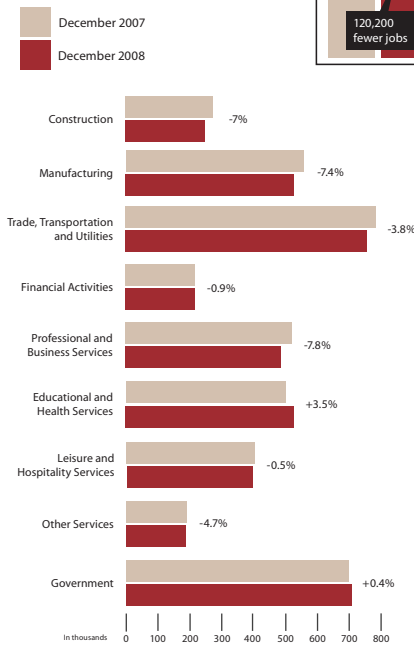
Forecast

We believe that the ripple effects of the frozen credit markets will continue to be felt widely throughout the industrial real estate market with negative impacts through at least the first 2 quarters of 2009. The number of properties "for sale" is expected to increase, some as a result of manufacturing/distribution operations either down-sizing or shutting down. We also expect to see an increase in the pool of "sellers" to include lenders looking to off-load assets they no longer want to carry; private investors seeking to free up capital for other uses; institutions that aren't prepared to actively manage impacted real estate; and finally funds that will have been forced to liquidate as investors call in redemption. On the leasing side, we expect to see an increase in available space due to consolidation of operations in an effort to contain operating costs. Credit worthy prospective tenants in the market for new space will have many more options with Landlords aggressively competing with larger concessions.

As always in a downturn market, there are many opportunities for those who can avail themselves. The Colliers Pinkard Industrial team is available to speak to you about the Charlotte industrial market. Whether you are an owner looking for a property valuation, an investor seeking an opportunity, or a tenant looking to expand or consolidate, we would welcome the opportunity to be of service to you.

NORTH CAROLINA LOSES JOBS

Seasonally adjusted number of jobs in unemployment sectors.



SOURCE: Employment Security Commission of North Carolina (Raleigh) News & Observer

COLLIERS INTERNATIONAL
293 OFFICES IN 61 COUNTRIES
ON 6 CONTINENTS

OFFICES PER REGION:

- Americas: 136
 - United States: 99
 - Canada: 19
 - Latin America: 18
- Europe, Middle East, & Africa: 95
- Asia Pacific: 62

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Colliers Pinkard statistics originate from CoStar Realty Information, Inc., based in Bethesda, Maryland, and 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.

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ABOUT COLLIERS PINKARD

Colliers Pinkard recently completed the consolidation of its ownership structure with Colliers Turley Martin Tucker, Cassidy & Pinkard Colliers, and Colliers ABR, forming a holding company that is one of the nation's largest commercial real estate service firms. The consolidated entity completes more than \$13 billion in worldwide transactions annually and manages more than \$30 billion in real estate. The holding company's portfolio totals 300 million square feet under property management, 210 million square feet of space for lease, and \$5 billion in capital markets transactions annually. The Corporate Solutions division sustains more than 20,000 locations for Fortune 1,000 companies.

ABOUT COLLIERS INTERNATIONAL

Colliers International is a global affiliation of independently owned commercial real estate firms. The organization's 10,092 employees span the world in 267 offices in 57 countries. On a worldwide basis, Colliers manages 672,945,918 square feet, and has revenue of \$US 1,620,958,349.

