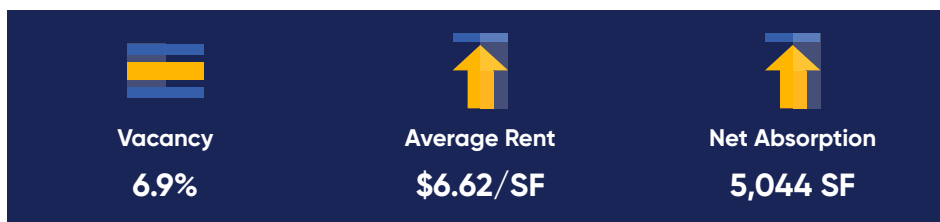


Industrial Market Report

Demand in Charlotte's industrial market continued at record pace in the 2nd Quarter with over 6.5 million square feet of space leased through the first half of the year, most in bulk industrial product type. Despite the record demand, developers seem to be staying ahead of the curve with 12 million square feet of space under construction, the vast majority of which is speculative. The heavy development pipeline is keeping the vacancy up around 6.9%, but is not enough to dampen the steady rent growth that has been ongoing in Charlotte for the last 5 years and is expected to continue into the foreseeable future.



Rental and Vacancy Rates

Direct Asking Rent (\$/SF)	Total Vacancy Rate	YoY Change
\$15.07	CBD 6.0%	▲ 1.2%
\$8.43	North 7.1%	▲ 1.0%
\$7.02	Airport/West 6.8%	▼ -5.4%
\$6.84	Stateline 7.9%	▼ -0.3%
\$12.73	South 1.5%	▲ 1.0%
\$6.95	Union County 3.1%	▲ 0.2%
\$3.25	Lancaster County 25.8%	▼ -0.4%
\$6.20	York County 9.0%	▼ -1.1%
\$4.58	Gaston County 3.8%	▲ 2.0%

Recent Transactions

Tenant	Size	Submarket	Sector
1 Frito Lay	243,072 SF	Stateline	Industrial
2 IPEX	200,000 SF	Stateline	Industrial
3 Corsan	167,839 SF	Union County	Industrial
4 USPS	105,000 SF	Stateline	Industrial
5 Syncreon	73,300 SF	Stateline	Industrial
6 Combat Medical	48,000 SF	Stateline	Industrial
7 Gateway Supply	41,911 SF	Stateline	Industrial
8 Patriot Transport	39,600 SF	Stateline	Industrial
9 PepsiCo / Frito Lay	27,190 SF	Stateline	Industrial

Occupier's Perspective

5 largest submarkets by total inventory: Stateline, York County, Iredell County, Gaston County, and North.

We recommend that occupiers begin to formulate their strategy for renewal or relocation a minimum of 12 months prior to lease expiration.

Market Trends

12 million square feet of predominantly speculative development is underway with much of it going to suburban submarkets as industrial property closer in grows scarce.

Strong manufacturing growth. In addition to the heavy volume of logistics leasing, Charlotte has also seen strong manufacturing growth from companies such as JELD-WEN, DIRTT, Scentsy, and Arrival.

E-commerce continues to drive demand. Construction of larger bulk warehouse facilities, 250k SF and larger, are being built in the region in response to greater e-commerce market demands