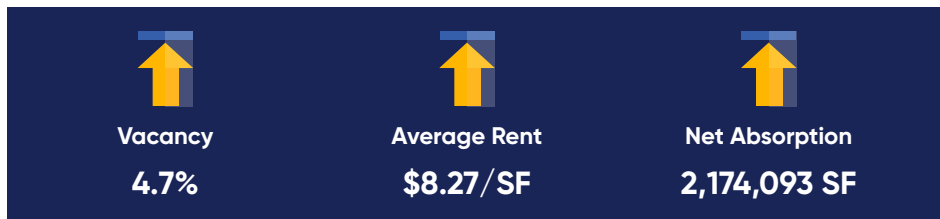


Industrial Market Report

Industrial vacancy remained flat and rent growth has slowed, indicating some balance being restored to the Charlotte industrial market.

Over 7M square feet of new industrial product delivered over the last 12 months, combined with an additional 23M square feet of product planned or under construction is expected to raise vacancy and continue to slow rate escalations over the next 9 months.

Despite the easing of some supply side pressures, the Charlotte industrial market remains a challenge for occupiers to maneuver.



Rental and Vacancy Rates

| Direct Asking Rent (\$/SF) | Total Vacancy Rate | YoY Change |
|----------------------------|------------------------|------------|
| \$18.10 | CBD 2.0% | ▼ -2.2% |
| \$10.42 | North 3.1% | ▼ -3.5% |
| \$8.80 | Airport/West 2.1% | ▼ -4.1% |
| \$8.79 | Stateline 3.8% | ▼ -2.5% |
| \$16.88 | South 7.2% | ▼ -6.2% |
| \$8.80 | Union County 0.6% | ▼ -0.7% |
| \$4.30 | Lancaster County 22.3% | ▼ -2.5% |
| \$7.90 | York County 3.8% | ▼ -2.3% |
| \$6.22 | Gaston County 3.7% | ▼ -0.1% |

Recent Transactions

| Tenant | Size | Submarket | Sector |
|---------------------------|------------|----------------|------------|
| 1 Confidential Client | 148,654 SF | Airport / West | Industrial |
| 2 Bosch | 99,000 SF | Tyvola Road | Industrial |
| 3 Armstrong | 82,665 SF | Stateline | Industrial |
| 4 Air Distribution, Inc. | 74,159 SF | Stateline | Industrial |
| 5 Johnson Brothers Mutual | 68,284 SF | Airport / West | Industrial |
| 6 Palfinger | 37,335 SF | Sugar Creek | Industrial |

Occupier's Perspective

5 largest submarkets by total inventory: Stateline, Iredell County, York 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

Investment Sales After a record year for industrial sales volumes in 2021, the appetite continues for quality industrial product in the Carolinas, but it is being tempered relative to 2021 demand by rising interest rate and some sluggish national economic indicators

Development Nearly 23 million square feet of industrial product is currently under construction, much of it being built on a speculative basis. Both regional and national developers have shown a healthy appetite to take on risk with large, cross-docked, facilities with square footages north of 500,000 SF.

Transportation infrastructure fosters Charlotte's industrial growth. Regional connectivity and focused improvement to the market's air, rail and interstate infrastructures have warranted continued industrial growth in the market.