End of Year
4Q'17
Charlotte Industrial Market Report
Charlotte's Industrial Market Remains Steady, rental rates are level, despite vacancy rates are up & absorption down.

Charlotte's Local Economy
Charlotte's economy continued to barrel forward during the 2017 fourth quarter, helped by an improving jobs picture and rising home values.

Mecklenburg County's unemployment rate was 4.3% during Q4, according to data from the U.S. Bureau of Labor Statistics. That was up from 4.0% during the third quarter but down from 4.5% at the end of 2016. The local rate was slightly higher than the U.S. as a whole. Mecklenburg County's unemployment rate continues to fall from a high of 11.5% established early in the decade.

The county's median home value stands at $214,000, according to Zillow. That's up about 11% from a year earlier. Zillow predicts values will rise 4.6% over the next year. The median price of homes currently listed in Mecklenburg County is just shy of $300,000.

Charlotte Market Overview
Charlotte's industrial market saw another slowdown in leasing activity during the fourth quarter, ending a year that saw the fewest number of deals this decade. But that was about the only hiccup in an otherwise strong quarter.

The vacancy rate stood at 4.4% at the end of Q4, about the same as the previous quarter and year. It was the fifth straight quarter that rates came in below 5%. They continue to drop from earlier in the decade, when rates rose above 10%.

Net absorption during Q4 was positive 910,433 square feet. That compares to 161,797 square feet the previous quarter and 2.1 million the previous year.

The average rental rate across all types of industrial properties was $4.68 per square foot during Q4, little changed from the previous quarter but slightly higher than rates at the end of 2016.

Mecklenburg County’s biggest industrial lease signing during the quarter was the deal Atlas Copco inked for 192,740 square feet at 2101 Westinghouse Boulevard in Southwest Charlotte.
Only 66 industrial lease deals were signed during the quarter, which was the fewest number in nine years and down from 79 deals during the 2016 fourth quarter. New leases covered about 2 million square feet of space vs. 2.5 million the previous quarter and 2.1 million the previous year.

Six buildings totaling 920,551 square feet were delivered during Q4 compared to six buildings totaling 1.06 million square feet a quarter earlier. The largest delivery in Mecklenburg County was an 86,000-square-foot facility at 10308 Bailey Road in Cornelius. Following recent patterns, most of the action took place in surrounding counties.

**Southwest Charlotte**
California’s Henry Avocado Corp. completed work on its 25,000-square-foot cold-storage distribution center at 4045 Perimeter West Drive in Southwest Charlotte. The facility includes forced air rooms, cooler storage space, loading docks and a mechanical equipment room.

**Airport**
The Airport submarket saw a few notable lease deals during the fourth quarter. Trane signed a lease for 108,946 square feet at 8810 Airpark West Drive. Communications Test Design signed on for 63,898 square feet at Sykes Industrial Park West-Building B, while tire manufacturer Camso signed a deal to lease 19,063 square feet at Forest Park VI.

**Northwest Charlotte**
Household cleaning products manufacturer RGA Enterprises signed a lease for 187,000 square feet at 4001 Performance Road near Interstate 85, with plans to take the warehouse building and a 9,000-square-foot office building. The site itself covers about 20 acres. The previous month, Trinity Capital Advisors spent $6 million to acquire the property in partnership with SilverCap Partners.

An affiliate of Maryland’s Realterm Logistics paid about $4 million for a 60,000-square-foot distribution facility on Morris Field Drive in Northwest Charlotte. The seller of the 15-acre property was RGA Enterprises.

**Lake Norman**
Bank of America sold a four-building portfolio of office and light industrial properties at The Park-Huntersville to Michigan’s Alidade Capital for just shy of $53 million. The 411,434-square-foot portfolio includes the Boyce Building, Campbell Building, Smith Building and Stewart Building and was 94% occupied at the time of the deal. Among the tenants are GM Financial, Forbo Siegling and American Tire Distributors.

A joint venture between Foundry Commercial and PGIM Real Estate announced plans to develop three light industrial buildings on a 48-acre parcel at Bryton Town Center in Huntersville. The development, dubbed Bryton Commerce Center, will eventually have six buildings and 700,000 square feet.

**York County**
Birmingham, Ala.-based GCP spent $43 million to purchase LegacyPark West in Rock Hill, which features a 126,000-square-foot building fully leased to Elite Logistics and a second 432,000-square-foot facility that is being marketed by the local office of Avison Young.

**Outlook**
The slowdown in industrial leasing deals hasn’t prevented developers from putting more product on the market. A total of 25 buildings were delivered in 2017, slightly below the previous year but still the second-highest total since 2009. This could be a sign of continued confidence in a market where vacancy rates are at historical lows and average rents are at their highest in years.

Macro trends for the region remain strong as well. The Charlotte metro area ranked No. 13 on the Milken Institute’s index of best-performing cities of 2017, which tracks how well cities are creating and sustaining jobs and economic growth.

Meanwhile, North Carolina’s inflation-adjusted gross state product (GSP) is expected to increase by 1.9% in 2018, according to an economic forecast from Barings and UNC-Charlotte. The report also expects the state’s unemployment rate to dip to 3.8% by the end of the year.
Class A, B & C Submarket Statistics and Submarket Specific Statistics

<table>
<thead>
<tr>
<th>Submarket</th>
<th>Total SF</th>
<th>Total # of Buildings</th>
<th>Total Available SF</th>
<th>Vacancy Rate %</th>
<th>Net Absorption</th>
<th>Deliveries</th>
<th>Under Construction End of 4Q</th>
<th>Average Rental Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class A / (4 &amp; 5 Star)</td>
<td>50,475,832</td>
<td>213</td>
<td>5,820,564</td>
<td>7.1%</td>
<td>891,572</td>
<td>617,551</td>
<td>4,045,882</td>
<td>$4.86</td>
</tr>
<tr>
<td>Class B / (3 Star)</td>
<td>98,588,080</td>
<td>996</td>
<td>6,479,801</td>
<td>3.6%</td>
<td>(415,970)</td>
<td>303,000</td>
<td>573,900</td>
<td>$4.40</td>
</tr>
<tr>
<td>Class C / (1 &amp; 2 Star)</td>
<td>79,314,061</td>
<td>4,558</td>
<td>4,104,027</td>
<td>3.3%</td>
<td>445,581</td>
<td>0</td>
<td>0</td>
<td>$5.16</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Submarket</th>
<th>SF</th>
<th>Qtr</th>
<th>Tenant Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 2203 Sherrill Dr*</td>
<td>639,000</td>
<td>4th</td>
<td>Geodis</td>
</tr>
<tr>
<td>2 Staples Distribution Center</td>
<td>600,000</td>
<td>2nd</td>
<td>Staples</td>
</tr>
<tr>
<td>3 Concord Airport Business Park-West-Phase I</td>
<td>500,000</td>
<td>3rd</td>
<td>JJ Haines</td>
</tr>
<tr>
<td>4 West Pointe Business Center #4</td>
<td>354,900</td>
<td>3rd</td>
<td>UPS</td>
</tr>
<tr>
<td>5 ConMet</td>
<td>253,847</td>
<td>2nd</td>
<td>Consolidated Metco, Inc</td>
</tr>
<tr>
<td>6 2101 Westinghouse Blvd*</td>
<td>192,740</td>
<td>4th</td>
<td>Atlas Copco</td>
</tr>
<tr>
<td>7 1500 Prodelin Dr</td>
<td>187,200</td>
<td>1st</td>
<td>Corning, Inc</td>
</tr>
<tr>
<td>8 200 Ratchford Dr</td>
<td>186,000</td>
<td>3rd</td>
<td>N/A</td>
</tr>
<tr>
<td>9 13201 W Reese Blvd</td>
<td>185,570</td>
<td>4th</td>
<td>Corssan Charlotte</td>
</tr>
<tr>
<td>10 Northpark VI*</td>
<td>163,000</td>
<td>3rd</td>
<td>US Foods Culinary Eqpt &amp; Supls</td>
</tr>
<tr>
<td>11 Wilkinson Commerce Center - Bldg B</td>
<td>159,000</td>
<td>3rd</td>
<td>Amazon</td>
</tr>
<tr>
<td>12 3929 Shutterfly Rd</td>
<td>158,760</td>
<td>4th</td>
<td>N/A</td>
</tr>
<tr>
<td>13 119 E Super Sport Dr</td>
<td>124,800</td>
<td>2nd</td>
<td>Corning Optical</td>
</tr>
<tr>
<td>14 5224 Gibbon Rd</td>
<td>124,055</td>
<td>2nd</td>
<td>Bonded Logistics</td>
</tr>
<tr>
<td>15 587 Greenway Industrial Dr</td>
<td>121,767</td>
<td>1st</td>
<td>Staples Commercial</td>
</tr>
</tbody>
</table>
### Notable Lease Transactions

<table>
<thead>
<tr>
<th>Building</th>
<th>Submarket</th>
<th>SF</th>
<th>Qtr</th>
<th>Tenant Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>16 Metrolina Park - Building 1</td>
<td>North</td>
<td>114,470</td>
<td>3rd</td>
<td>1-800 Contacts</td>
</tr>
<tr>
<td>17 215 International Dr NW</td>
<td>Cabarrus County</td>
<td>109,000</td>
<td>1st</td>
<td>Elite Logistics</td>
</tr>
<tr>
<td>18 8810 Airpark West Dr</td>
<td>Airport/ West</td>
<td>108,946</td>
<td>4th</td>
<td>Trane</td>
</tr>
<tr>
<td>19 1020 Derita Rd - Building 3</td>
<td>Cabarrus County</td>
<td>100,000</td>
<td>3rd</td>
<td>Classic Graphics</td>
</tr>
<tr>
<td>20 217 Selma Dr</td>
<td>Iredell County</td>
<td>94,240</td>
<td>1st</td>
<td>Appalachian Insulation Supply of NC, Inc</td>
</tr>
<tr>
<td>21 2857 Nathan St*</td>
<td>Catawba County</td>
<td>93,415</td>
<td>2nd</td>
<td>TSP Delivery</td>
</tr>
<tr>
<td>22 901 Carrier Dr</td>
<td>I-85/ Beatties Ford Rd</td>
<td>92,400</td>
<td>3rd</td>
<td>N/A</td>
</tr>
<tr>
<td>23 874 Paragon Way</td>
<td>York County</td>
<td>88,848</td>
<td>1st</td>
<td>DHL Energizer</td>
</tr>
<tr>
<td>24 2349 Plastics Dr</td>
<td>Gaston County</td>
<td>88,000</td>
<td>1st</td>
<td>Walmart</td>
</tr>
<tr>
<td>25 4001 Raleigh St</td>
<td>Sugar Creek</td>
<td>85,925</td>
<td>4th</td>
<td>Stein Fibers</td>
</tr>
<tr>
<td>26 Ridge Creek West III</td>
<td>State Line</td>
<td>83,200</td>
<td>1st</td>
<td>Commercial Works</td>
</tr>
<tr>
<td>27 1118 1st St W</td>
<td>Catawba County</td>
<td>83,000</td>
<td>4th</td>
<td>N/A</td>
</tr>
<tr>
<td>28 11710 Mount Holly Rd - Bldg 32</td>
<td>Airport/ West</td>
<td>80,525</td>
<td>3rd</td>
<td>N/A</td>
</tr>
<tr>
<td>29 1439 Dave Lyle Blvd</td>
<td>York County</td>
<td>77,541</td>
<td>4th</td>
<td>N/A</td>
</tr>
<tr>
<td>30 1000 Exchange St</td>
<td>I-85/ Beatties Ford Rd</td>
<td>72,972</td>
<td>3rd</td>
<td>N/A</td>
</tr>
<tr>
<td>31 526 Woodlawn St</td>
<td>Gaston County</td>
<td>65,000</td>
<td>1st</td>
<td>Utility Partners of America</td>
</tr>
<tr>
<td>32 Sykes Industrial Park West - Bldg B</td>
<td>Airport/ West</td>
<td>63,898</td>
<td>4th</td>
<td>Communications Test Design, Inc</td>
</tr>
<tr>
<td>33 639 N Post Rd</td>
<td>Cleveland County</td>
<td>61,500</td>
<td>3rd</td>
<td>Vyn Flowers</td>
</tr>
<tr>
<td>34 Brookwood XI</td>
<td>State Line</td>
<td>60,800</td>
<td>3rd</td>
<td>N/A</td>
</tr>
<tr>
<td>35 Gateway - Bldg II</td>
<td>State Line</td>
<td>60,000</td>
<td>1st</td>
<td>3M</td>
</tr>
<tr>
<td>36 1503 Emmanuel Church Rd</td>
<td>Catawba County</td>
<td>50,000</td>
<td>2nd</td>
<td>Westrock</td>
</tr>
<tr>
<td>37 Lakemont West VIII</td>
<td>State Line</td>
<td>48,000</td>
<td>1st</td>
<td>Priority Wire &amp; Cable</td>
</tr>
<tr>
<td>38 Brookwood IV</td>
<td>State Line</td>
<td>48,000</td>
<td>4th</td>
<td>N/A</td>
</tr>
<tr>
<td>39 Northpark XIX</td>
<td>North</td>
<td>46,400</td>
<td>4th</td>
<td>Stone Works</td>
</tr>
<tr>
<td>40 Green Office Warehouse Building</td>
<td>I-85/Beatties Ford Rd</td>
<td>45,000</td>
<td>4th</td>
<td>Greentek Recycling Solutions, LLC</td>
</tr>
</tbody>
</table>

* Renewal

### Notable Sales Transactions: 2016 through 4Q 2017

<table>
<thead>
<tr>
<th>Building(s)</th>
<th>Price</th>
<th>SF</th>
<th>Price PSF</th>
<th>Seller</th>
<th>Buyer</th>
</tr>
</thead>
<tbody>
<tr>
<td>RSI Distribution Center</td>
<td>$55,700,000</td>
<td>1,000,000</td>
<td>$55.70</td>
<td>Hartz Mountain Industries, Inc</td>
<td>Stoneridge Realty &amp; Investments</td>
</tr>
<tr>
<td>The Park - Huntersville</td>
<td>$52,900,000</td>
<td>411,434</td>
<td>$128.57</td>
<td>Bank of America Pension Plan</td>
<td>Aldaade Capital, LLC</td>
</tr>
<tr>
<td>InterLoop North &amp; Riverwalk Commercial</td>
<td>$52,200,000</td>
<td>692,833</td>
<td>$75.34</td>
<td>Beacon Partners</td>
<td>Hartz Mountain Industries, Inc</td>
</tr>
<tr>
<td>FedEx Ground</td>
<td>$40,598,446</td>
<td>354,482</td>
<td>$114.53</td>
<td>Suncap Property Group</td>
<td>Monmouth Real Estate Investment Corp</td>
</tr>
<tr>
<td>Legacy Park West</td>
<td>$33,800,000</td>
<td>558,000</td>
<td>$60.57</td>
<td>Scannell Properties</td>
<td>Graham &amp; Company</td>
</tr>
<tr>
<td>2730 S Queen City Dr</td>
<td>$27,400,000</td>
<td>511,200</td>
<td>$53.60</td>
<td>New York Life Real Estate Investors</td>
<td>Mutual Distributing Co</td>
</tr>
<tr>
<td>Twin Lakes Pkwy</td>
<td>$22,000,000</td>
<td>464,974</td>
<td>$47.31</td>
<td>The Silverman Group</td>
<td>Graham &amp; Company</td>
</tr>
<tr>
<td>1059 Paragon Way</td>
<td>$20,819,041</td>
<td>197,890</td>
<td>$105.21</td>
<td>Assured Group of Companies</td>
<td>Atlas Copco Compressors LLC</td>
</tr>
<tr>
<td>Northwoods Business Park</td>
<td>$20,000,000</td>
<td>206,321</td>
<td>$96.94</td>
<td>Exeter Property Group</td>
<td>Stockbridge Capital Group, LLC</td>
</tr>
</tbody>
</table>
Charlotte, North Carolina
1Q 2017
RETAIL Market Report

Charlotte
Concord
Rock Hill
Monroe
Fairview
Huntersville
Mint Hill
Kannapolis
Unionville
Weddington
Indian Trail
Fort Mill
Matthews
Mooresville
Cornelius
Midland
Belmont
Lake Norman of Catawba
Waxhaw
Newport
Lake Wylie
Catawba
Stallings
McAdenville
77
85
85
85
74
74
74
485
485
485
485
74
77
29
29
85
85
74
77
521
521
16
77
21
21
16
16
521
49
29
29
485
485
485
485
Copyright: NAI Southern Real Estate 2017
Sources: CoStar, NAI Southern Real Estate

Charlotte, North Carolina
4Q 2017 INDUSTRIAL Market Report

Industrial Submarkets
1  Southwest / I-77
2  Tyvola Rd
3  I-277 / Remount Rd
4  Airport / West
5  I-85 / Beatties Ford Rd
6  North
7  Northeast / University
8  Sugar Creek
9  I-277 / 30th St
10 Freedom Dr
11 CBD
12 East
13 South

28 ± Mile Radius

Copyright: NAI Southern Real Estate 2017
Sources: CoStar, NAI Southern Real Estate
Charlotte, North Carolina
1Q 2017
RETAIL Market Report

NAI Southern Real Estate
4201 Congress Street
Charlotte, NC 28209
704-375-1000
www.srenc.com

Joe Wilkison
jwilkison@srenc.com
704-632-7618

Jay Vaughn, CCIM
jvaughn@srenc.com
704-632-7627

Copyright: NAI Southern Real Estate 2017
Sources: CoStar, NAI Southern Real Estate

NAI Southern Real Estate-Charlotte, NC. We obtained the information above from sources we believe to be reliable. However, we have not verified its accuracy and make no guarantee, warranty, or representation about it.

No part of this document is to be reproduced without our written permission. This document has been prepared and issued by NAI Southern Real Estate on the basis of publicly available information, internally developed data and other sources believed to be reliable. The information contained herein is not guaranteed, does not purport to be comprehensive and is strictly for information purposes only. NAI Southern Real Estate or its affiliates does not assume any liability for any direct, indirect or consequential loss that may result from the reliance by any person upon any such information or opinions provided herein. Any expressions of opinions are subject to change without notice. This document does not constitute an offer or an invitation to invest, lease, rent, purchase or conduct any real estate activity, business activity, or personal activity based upon its data or purpose. No party should treat any of the contents herein as advice.