

Charlotte Industrial Market

Presented to: NCAI
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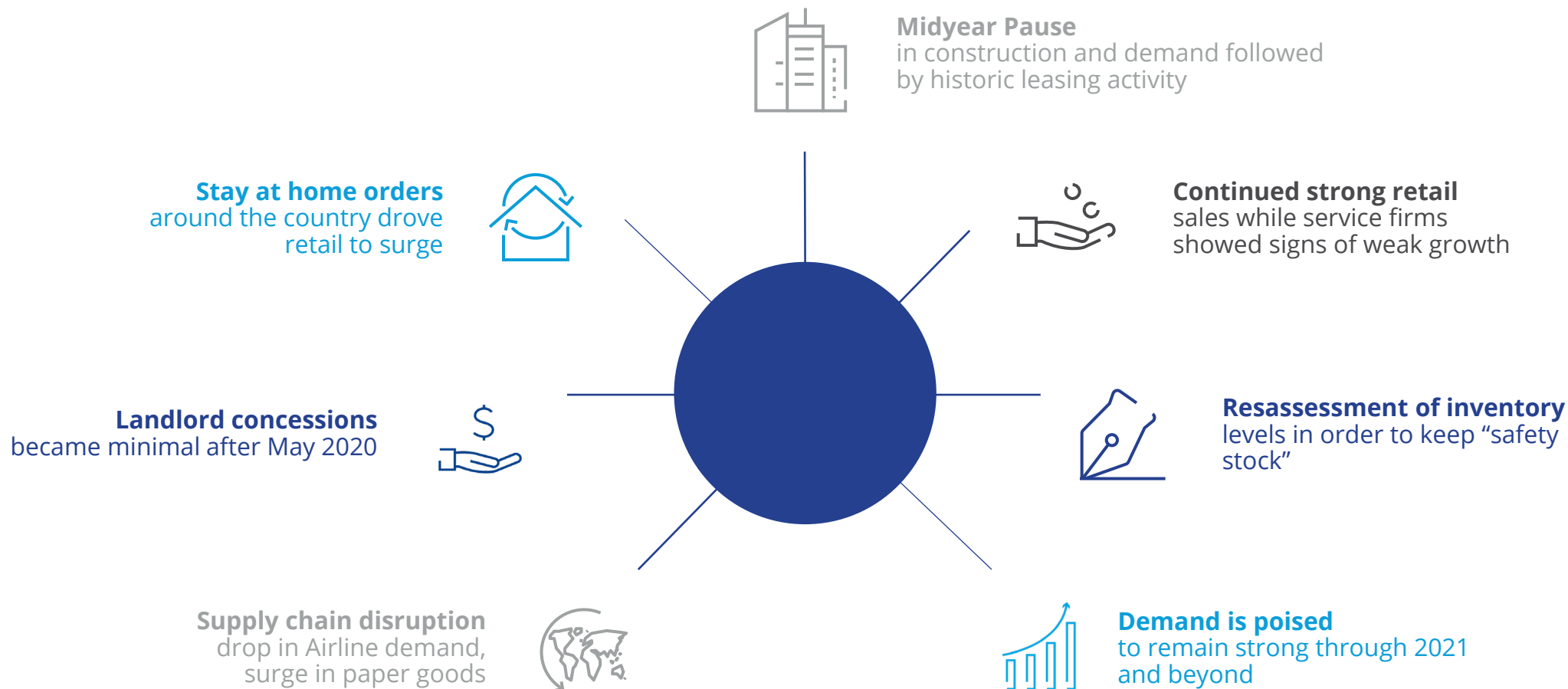


Colliers

Accelerating success.

Charlotte Market Overview

Industrial Trends Related to COVID-19



Charlotte Market Overview

Supply vs. Demand Issues



Market Landscape

Charlotte industrial market is growing from a household consumer market to a bulk regional distribution market



Bigger is Better

The five largest speculative projects that have recently delivered or are under construction were 100% preleased



Lease Up Time

Since 2016, the average lease up time for a cross dock building is 7 months



Speculative Development

Since 2015, 97 speculative buildings have delivered. Of those, 18 were over 300,000 SF



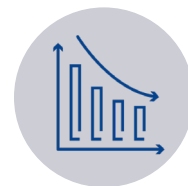
Rear Load Product

Developers are planning to carry the product for 12 months post CO to reach stabilization



Excess Supply in Southwest

Currently there are over 25 available spaces between 20,000 – 100,000 SF in the Southwest submarket



Zero Product for Purchase

Due to decreasing interest rates and increasing rental rates there are more advantages to purchase



Supply Constraints

Currently, there are severe supply constraints for product under 20,000 SF

U.S. Industrial Outlook

Record Numbers Posted in 2020

Net
Absorption

274.1
MSF

YTD Overall
Net Absorption

18.9% Higher than
2019

Asking Rents

\$6.32
PSF NNN

Warehouse /
Distribution Direct
Asking Rates

4.6% Higher than
2019

Vacancy Rate

5.3%

Overall Vacancy
Rate

First Quarterly drop
since Q2 2019

Under
Construction

339.6
MSF

Product Under
Construction

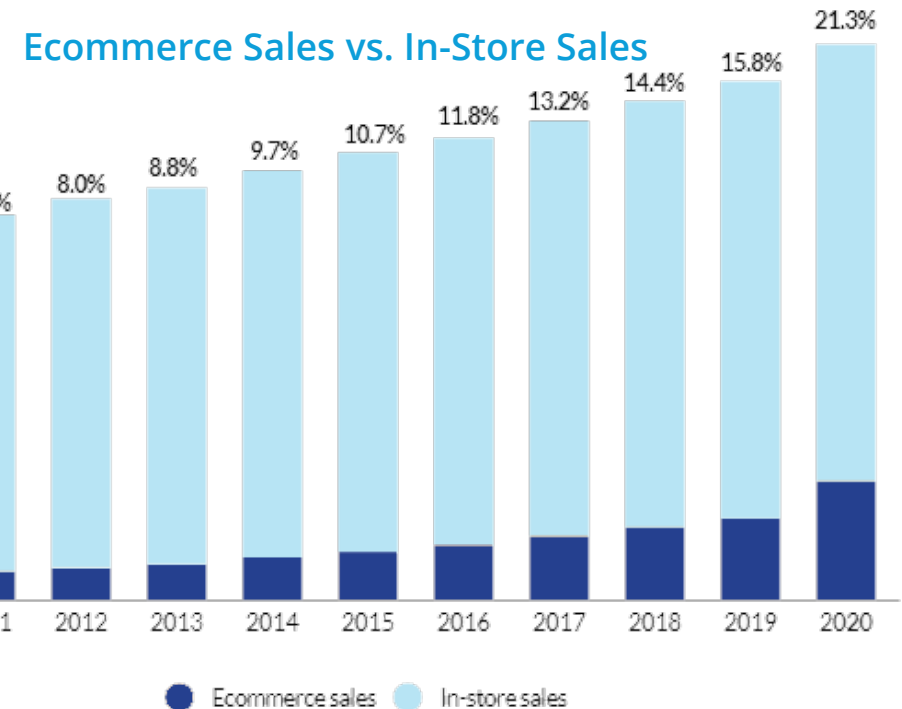
3.4% Higher than
2019

U.S. Industrial Outlook

Top Occupiers in 2020

Top 10 Occupiers in 2020

1	Amazon	87,879,363 SF
2	Home Depot	6,150,424 SF
3	FedEx	5,666,310 SF
4	Lowe's Home Improvement	4,810,256 SF
5	Big Lots	4,736,107 SF
6	Geodis	4,240,650 SF
7	DHL Supply Chain	3,400,624 SF
8	McKesson Corporation	2,686,162 SF
9	Mercedes Benz	2,300,000 SF
10	Medline Industries	2,210,510 SF

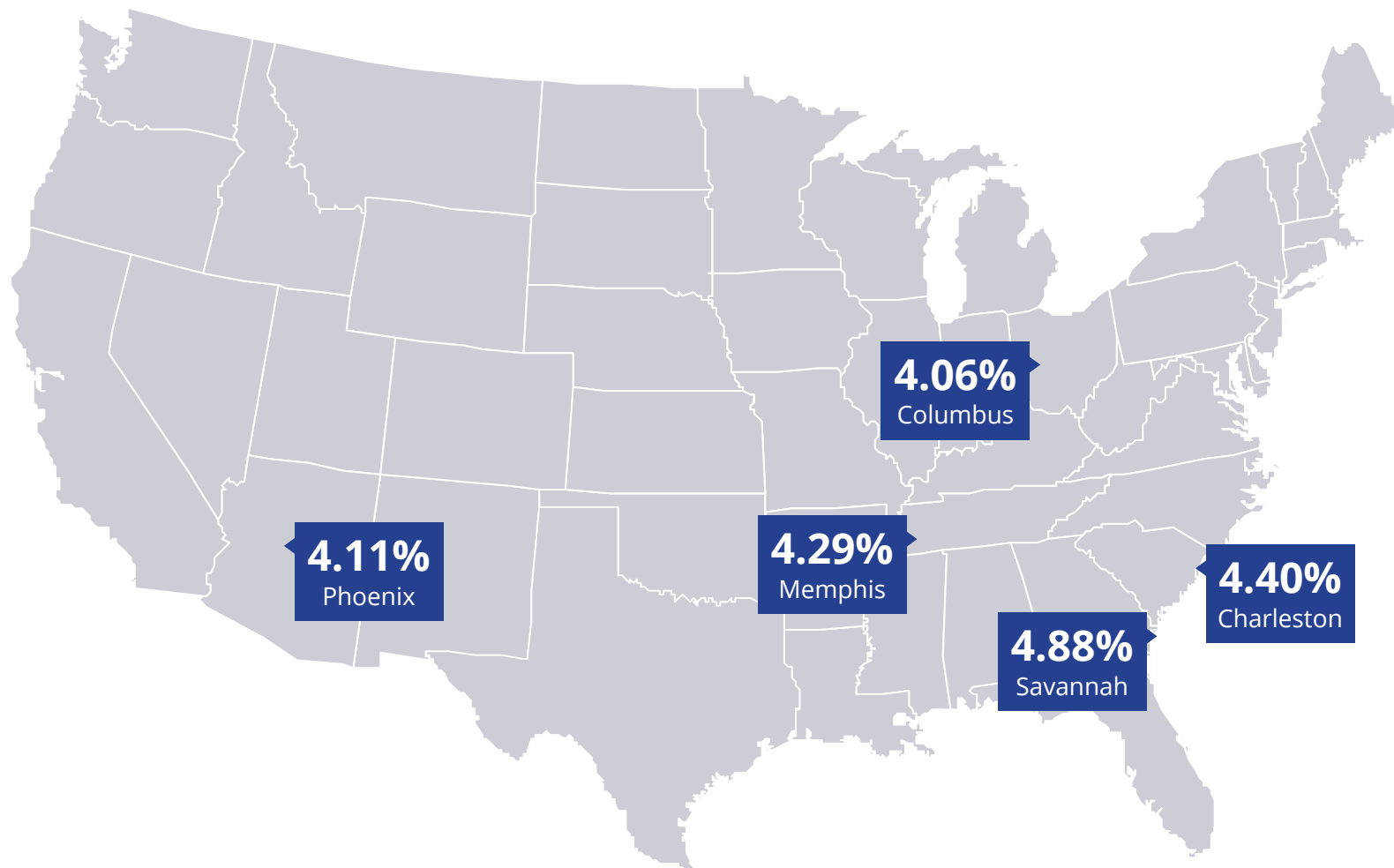


Top Charlotte Occupiers in 2020

Amazon	FedEx
Walmart	XPO
DHL	Medline Industries
Lowe's Home Improvement	Chewy.com
Home Depot	Michaels
Big Lots	Scentsy

U.S. Industrial Outlook

Top 5 Growth Markets



The markets experiencing the most activity growth (absorption as percent of inventory) include emerging markets such as Savannah, Charleston, Memphis, Phoenix, and Columbus. Demand for logistics and distribution space supports the strong growth seen in these cities.

Net Absorption as % of Inventory

Savannah	4.88%
Charleston	4.40%
Memphis	4.29%
Phoenix	4.11%
Columbus	4.06%

Charlotte Market Overview

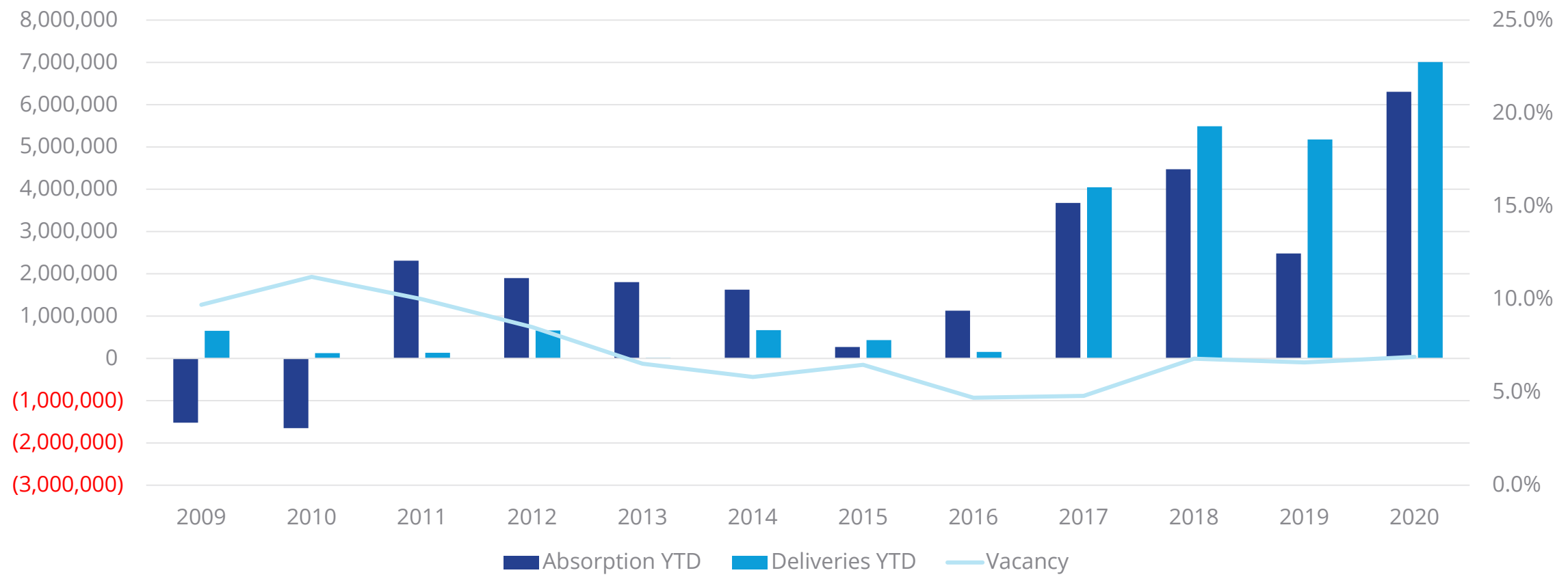
Summary Statistics

	Warehouse	Flex
# of Existing Buildings	3,122	726
Total Inventory SF	208,489,019	26,253,595
Vacancy Rate	7.0%	6.6%
Absorption SF	2,597,915	174,519
New Construction	1,693,056	72,000
Under Construction	1,935,624	495,027
Asking Rents	\$6.11 PSF	\$12.27 PSF

Industrial deliveries remained slow during Q4 2020 as activity paused due to COVID-19. However, development activity has started to pick up with several large projects in the beginning stages such as Beacon Partners' Carolinas Logistics Park within the Stateline submarket and Strategic Capitals' Rock Hill Commerce Center in the York County submarket.

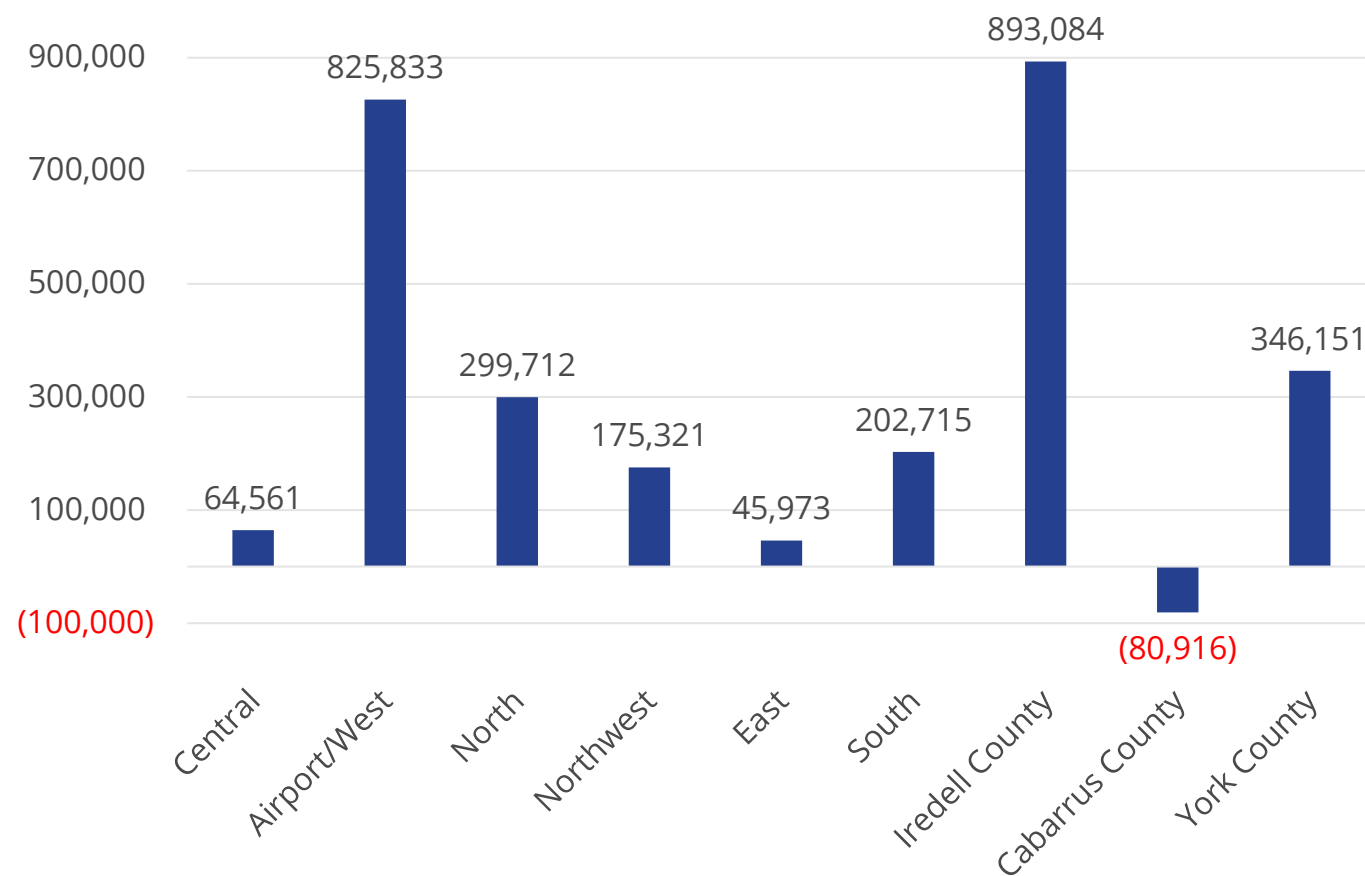
Charlotte Market Overview

Q4 2020



Charlotte Market Overview

Net Absorption by Submarket



Charlotte Market Overview

Additional Sectors

1

Manufacturing

- Tight labor markets with skilled and unskilled employees
- Labor is the driving factor in selecting geographic regions
- Low-cost energy is historically the second driver of site selection

2

Land

- Charlotte industrial market has expanded to now include surrounding counties: Rowan, York, Gaston, and Lincoln
- The average price per acre for ± 15 acres is $\pm \$150$ per acre
- There are very few remaining institutional tracts of land in Mecklenburg County
- Developers have shifted their focus to the I-85 corridor

3

Sales

- Lack of supply
- Hitting record setting sale price on a per square foot basis
- Each listing on the market has multiple offers
- Marketing time is averaging only 4 weeks for a quality asset
- 20,000 SF that sold in 2018 for \$80 PSF now trade above \$100 PSF

4

Southend Boom

- Setting record numbers in price per acre
- Demand is stronger than supply



U.S. Industrial Outlook Capital Markets

1

Vacancy

Industrial vacancies fell at year end to 5.4%

4

Amazon

Signed 173 additional transactions in 2020 to occupy 87.9 Million SF

2

Absorption

Q4 marked the single highest quarter of occupancy gains with 96.7 Million SF of positive absorption

5

Construction

Remains active with nearly 340 Million SF underway, 10% of it in Dallas-Fort Worth alone

3

Market Leaders

The Southern and Southwestern U.S. have been market leaders thanks to their logistics advantage and swelling population

6

Investment Sales

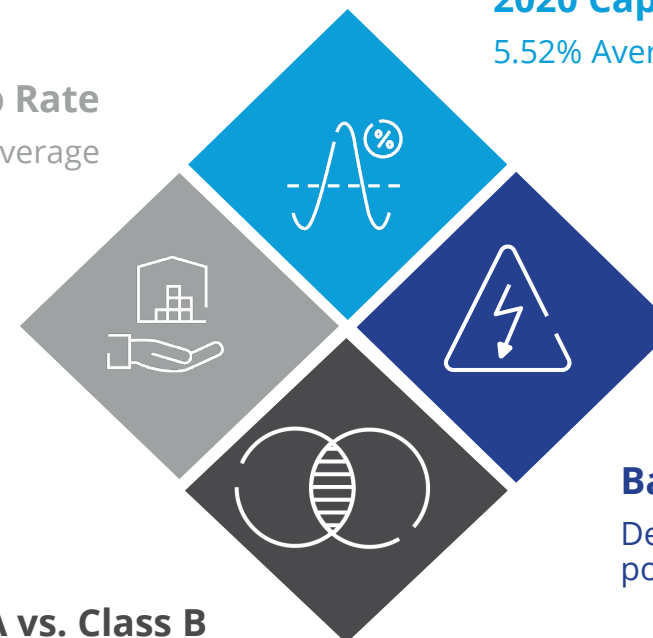
Volume was down, however pricing continued to increase, averaging \$101.40 PSF

Charlotte Market Overview

Cap Rate & Compression

2015 Cap Rate
6.94% Average

2020 Cap Rate
5.52% Average



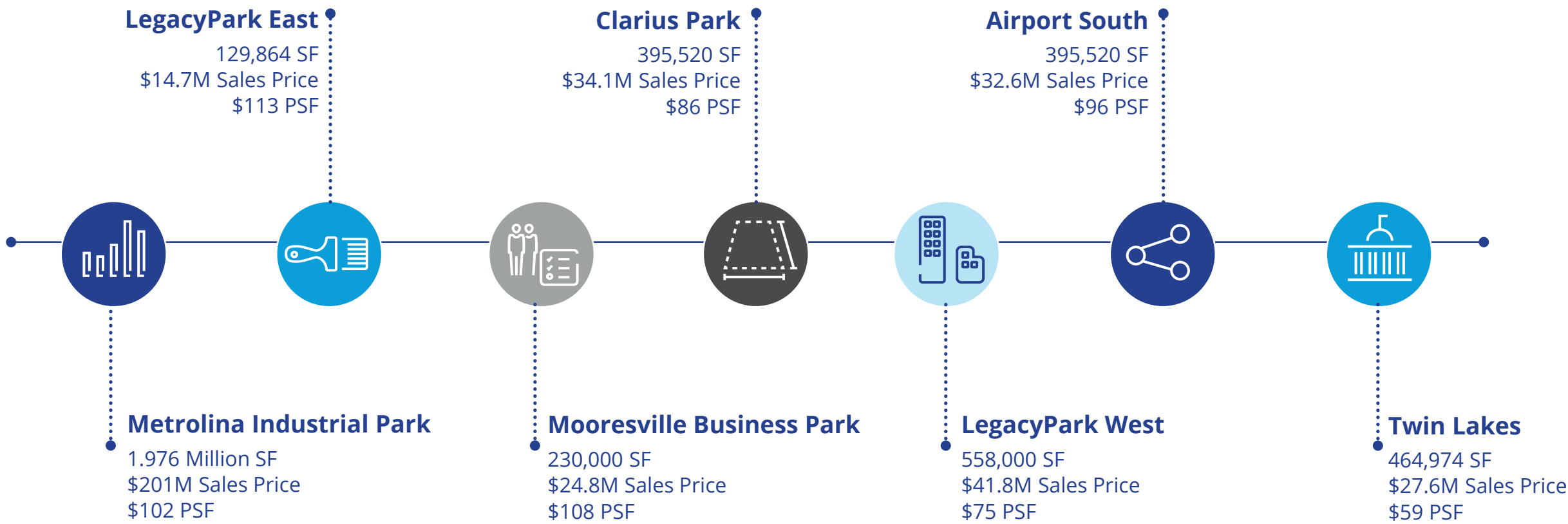
Basis Points
Decline of 30 basis points per year

Class A vs. Class B
High barrier of entry



Charlotte Market Overview

Investment Sales





Charlotte Market Overview Trends for the Future



1

Sustainability

Electric delivery vehicles with 200-mile ranges can reduce carbon emission by 27%

2

Scarcity

Increasing cost of land prices

3

Competition

Rising barriers to entry for logistic users competing for best-in-class locations

4

Amazon Effect

Speed to market + speed to consumer on delivery times

5

Building Size

Bigger is better in logistics and transportation

6

Big Box Retail Conversion

Industrial is becoming the new retail

7

New Submarket Demand

East Charlotte

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- Investment Sales
- Leasing
- Real Estate Management
- Project Management
- Valuation & Advisory
- Consulting
- Tax Appeal
- Research



Tenants / Occupiers

- Leasing
- Corporate Solutions
- Consulting
- Lease Audits
- Real Estate Management
- Tax Appeal
- Research
- Location Advisory
- Workplace Strategy & Innovation



Developers & Investors

- Investment Sales
- Leasing
- Project Management
- Valuation & Advisory
- Consulting
- Research



At a Glance Global View

\$3.3B

Annualized
Revenue

2B

Sf managed

54,000

Lease/sale
transactions

\$40B

Assets Under
Management

67

Countries

18,000+

Professionals