MarketView
Charlotte Industrial

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Third Quarter 2008

Quick Stats

	Current	Change from last Yr.	Change from last Qtr.
Vacancy	7.1%	↑	↓
Lease Rates	$4.59	↔	↔
Net Absorption*	594,610	↓	↑
Construction	502,200	↓	↑

* The arrows are trend indicators over the specified time period and do not represent a positive or negative value. (e.g., absorption could be negative, but still represent a positive trend over a specified period.)

Hot Topics

- The vacancy rate for multi-tenant warehouse space decreased from 12.21% to 10.92%. Approximately 426,200 square feet of new space is currently under construction, with 250,000 sq. ft. to be completed by the fourth quarter 2008. Absorption for the quarter was 323,940 sq. ft. Vacancy is lowest in the North submarket (6.04%) and Highway 16 Corridor (7.32%). Vacancy is highest in the Airport Corridor (14.12%) and Southwest submarket (12.93%).

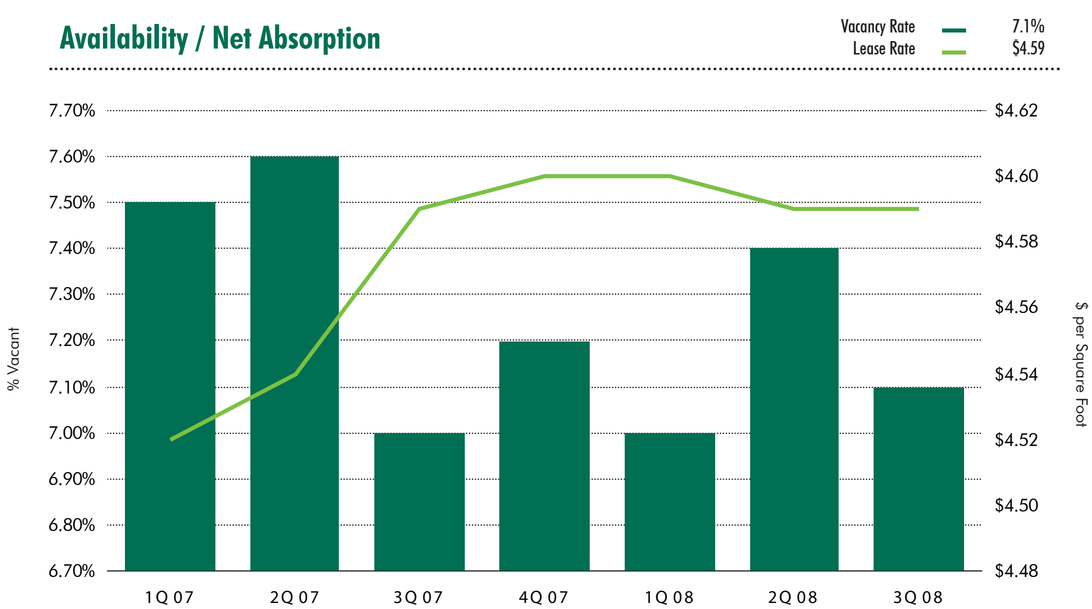
Despite a national economic slowdown, the Charlotte industrial market showed strong resilience and posted positive activity. Vacancy rates for the 123.38 million sq. ft. overall market dropped from 7.4% as of second quarter 2008 to 7.1% as of third quarter 2008. This represents a slight increase from the 7.0% vacancy rate posted as of third quarter 2007 and a more significant decrease from the 7.7% vacancy rate reported as of third quarter 2006. Overall, the market vacancy has fluctuated very little over past quarters, as it has remained below 8.0% since the first quarter of 2006.

Overall market absorption for third quarter 2008 was 594,610 sq. ft. A majority of this activity took place in the Southwest submarket, which represented over 45% with 270,125 sq. ft. absorbed. Strong activity was also registered in the Northwest (146,797 SF), Northeast (56,920 SF), and North (55,048 SF) submarkets. Year-to-date overall market absorption through third quarter 2008 was 803,033 sq. ft.

Despite healthy market activity, developers remain very cautious, as there is a very limited amount of speculative space under construction. Currently, there is a total of 502,200 sq. ft. under construction. During the quarter, 216,495 sq. ft. was completed. Year-to-date completions through third quarter 2008 total 703,777 sq. ft.

Companies also remain very cautious and are quite concerned about costs, which has created downward pressure on lease rates, that again remain flat for the quarter In exchange for lower rates, many tenants are requiring less tenant improvements. In addition, a higher number of tenants are electing to stay in existing space and renew their leases. Lease rates are projected to remain generally flat for the remainder of 2008.

Availability / Net Absorption



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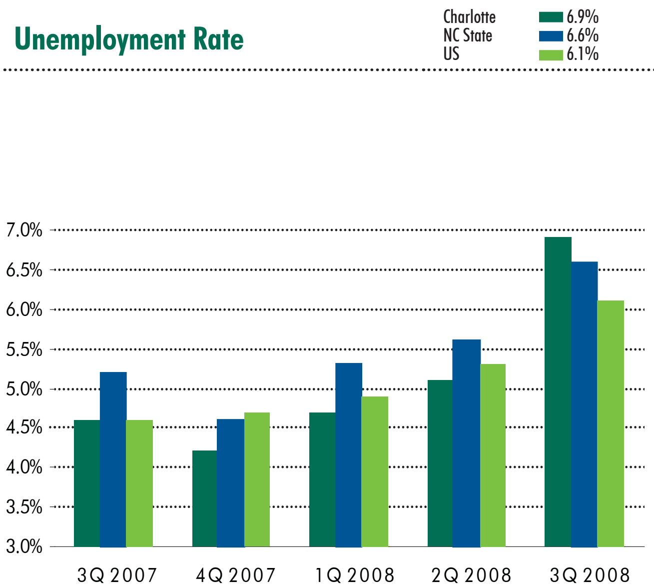
Market Statistics

Market	Gross SF	Vacancy Rate %	Net Absorption SF 3Q 2008	Net Absorption SF YTD 2008	Average Asking Lease Rate -$ SF/YR	Under Construction SF
Central	19,638,438	6.7%	33,727	66,473	$5.65	0
East	8,366,469	6.8%	18,629	26,275	$3.78	0
North	16,626,708	5.2%	55,048	198,250	$4.92	0
Northeast	10,181,202	5.6%	56,920	57,144	$4.53	176,200
Northwest	32,822,724	5.9%	146,797	196,667	$3.64	250,000
Southeast	6,185,621	6.5%	13,364	51,239	$6.32	0
Southwest	29,562,928	10.3%	270,125	211,985	$4.30	76,000
Total	**123,384,090**	**7.1%**	**594,610**	**808,033**	**$4.59**	**502,200**

Unemployment Rate



Charlotte's unemployment rate increased in the second quarter to 6.9% in July from 5.1% in May. Regionally, layoffs in the mortgage and financial industries have been the primary cause of this increase.

Significant job announcements this quarter included:

- Flour Corp, an international engineering firm that services power plants, moved into 73,000 sq. ft. in the One SouthPark Center in May, doubling the size of its Charlotte office. Flour plans to hire 133 employees in the next six months.
- Time Warner Entertainment Company will expand its Charlotte operations, adding 200 jobs. The Company is in the process of constructing an additional building at the Charlotte Corporate Campus on Crescent Executive Drive. The four-story building, with 103,500 sq. ft. of space, is expected to be complete in May 2009.

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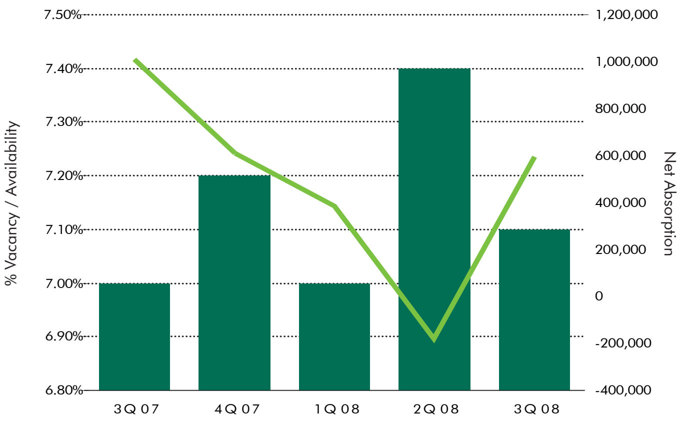
Availability / Net Absorption

Vacancy — 7.1%
Absorption — 594,610

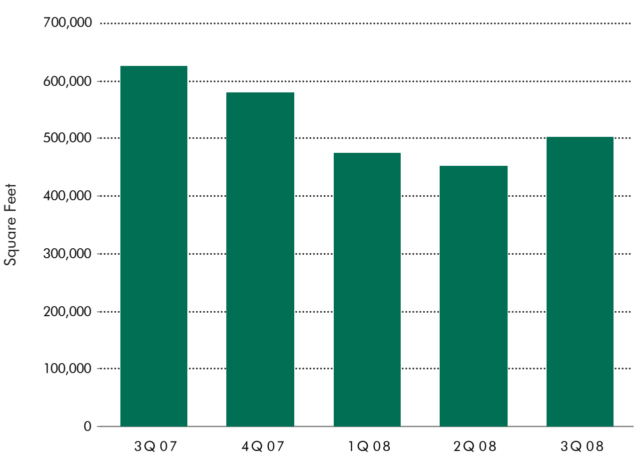


Vacancy decreased slightly from 7.4% in the second quarter to 7.1% this quarter. The vacancy rate was 7.0% at the same time last year.

Net absorption was a positive 594,610 sq. ft., compared to 178,691 sq. ft. of negative absorption in the second quarter of 2008.

Construction Activity

Construction — 502,200

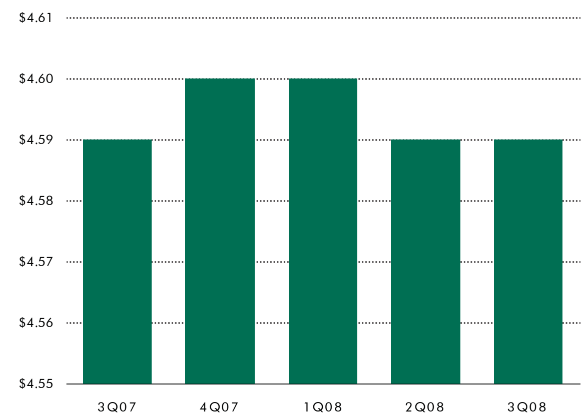


Approximately 502,200 sq. ft. was under construction during the third quarter. The majority was concentrated in the Northwest submarket (250,000 SF).

Approximately 216,495 sq. ft. was delivered this quarter, compared to 326,250 sq. ft. in the second quarter.

Average Asking Lease Rates

Average Asking Lease Rents — $4.59



Average asking NNN lease rates remained the same at $4.59 per sq. ft. in the third quarter, compared to the first quarter and the same time last year.

Market Outlook

The Charlotte industrial market has generally remained healthy and continued to show strong fundamentals. A major contributor to this market stability is population growth, as a significant amount is warehouse space is utilized to store consumer goods. Due to rising fuel costs, many companies are electing to open more centralized regional warehouses, which is also benefiting the area.

Sale activity remains very healthy for quality freestanding industrial buildings. Demand is particularly strong for building that are 10,000 to 50,000 sq. ft.

Overall activity remains mixed for office/warehouse and flex properties. Vacancy rates remain lowest for Class A properties and highest for Class C product. Vacancy rates are also much lower for less office-oriented office/warehouse space.

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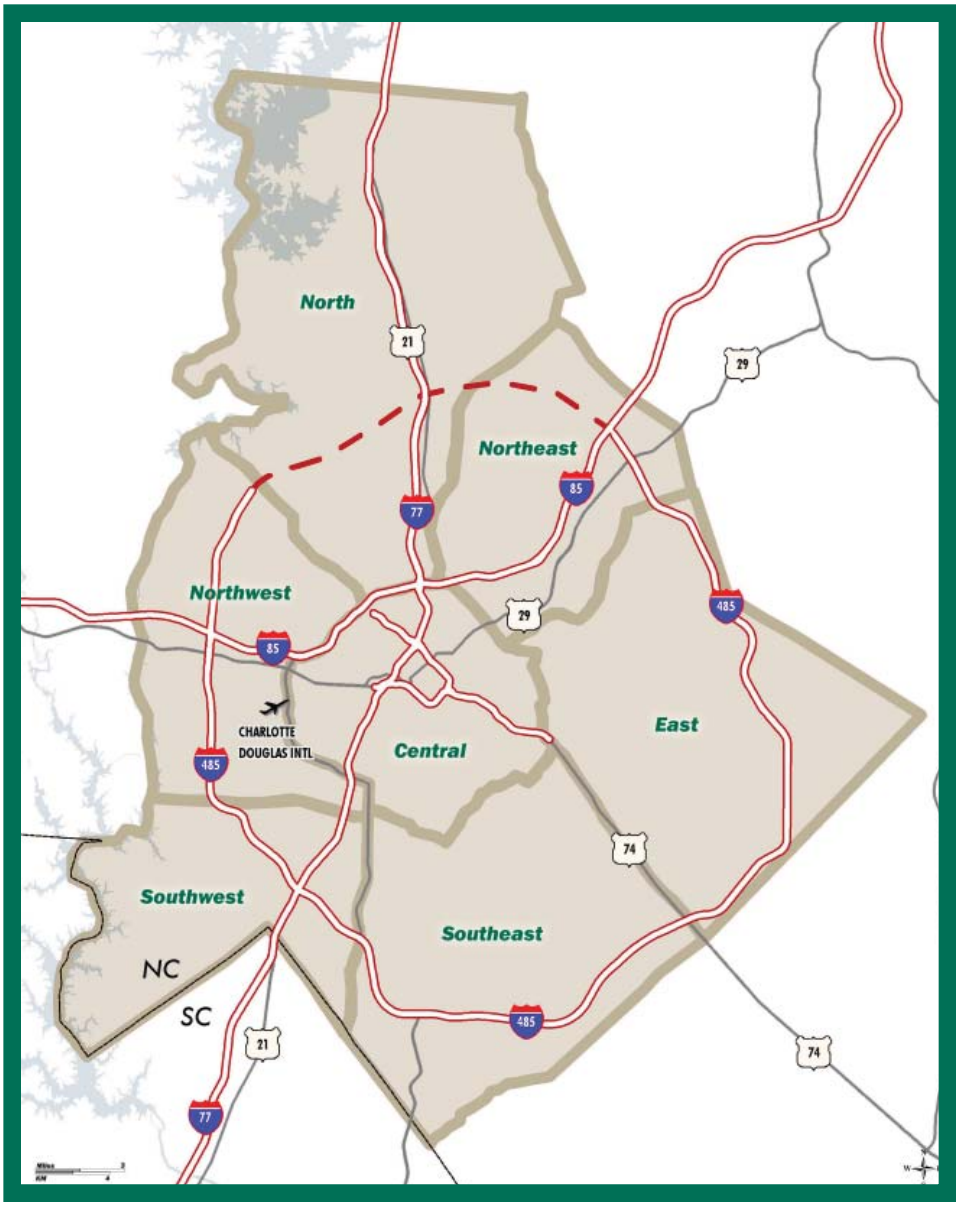
Charlotte Industrial Submarket Map



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Average Asking Lease Rate
Rate determined by multiplying the asking net lease rate for each building by its available space, summing the products, then dividing by the sum of the available space with net leases for all buildings in the summary.

Net Leases
A lease whereby the tenant pays an agreed rent plus most, or all, of the operating expenses and taxes for the property, including utilities, insurance and/or maintenance expenses.

Gross Leases
A lease that provides that the landlord shall pay all expenses of the leased property such as taxes, insurance, maintenance, utilities, etc.

Market Coverage
Includes all competitive industrial buildings 10,000 square feet and greater in size.

Net Absorption
The measure of the total square feet leased over a period of time, offset by space vacated in the same area during the same period.

Gross Square Feet
The total floor area of the building and the measurement is typically taken at the "drip line" of the building, that is, everything inside a mark which would be made if rain were dripping off the roof. The "footprint" is the ground level area within this line.

Occupied Square Feet
Building area not considered vacant.

Under Construction
Buildings which have begun construction as evidenced by site excavation or foundation work.

Available Square Feet
Available Building Area which is either physically vacant or occupied.

Availability Rate
Available Square Feet divided by the Gross Square Footage.

Vacant Square Feet
Existing Building Area which is physically vacant or immediately available.

Vacancy Rate
Vacant Building Feet divided by the Net Rentable Area.

Normalization
Due to a reclassification of the market, the base, number and square footage of buildings of previous quarters have been adjusted to match the current base. Availability and Vacancy figures for those buildings have been adjusted in previous quarters.

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