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Steady gains continuing for Charlotte industrial market

Charlotte Business Journal - by [Susan Stabley](#) Staff Writer

Reasonably good shape. That's the current state of the metro Charlotte industrial market, according to the local office of **Colliers Pinkard**.

Demand is steady, with 157,034 square feet of warehouse space absorbed in the second quarter, the firm reports. A net total of 103,036 square feet of flex space was leased during the same period.

While the numbers are positive, it's still a long way from figures posted last year. Year-to-date net absorption at the second-quarter mark in 2007 was 1.068 million square feet. A year later, the cumulative total is hovering at less than half that amount at 436,473 square feet.

Among the biggest changes in the local industrial landscape of late:

- **West Logistics** moved out of a 150,000-square-foot bulk warehouse building on Nevada Boulevard in the southwest submarket.

- Tenants at the 220,000-square-foot Airport Industrial Park — swallowed up by **Charlotte/Douglas International Airport's** land-acquisition plan — have scattered to available spaces in the area. The airport approved the \$7.48 million purchase of the park's 17 buildings on 25 acres in February.

- Kellogg's took 99,052 square feet of distribution space in ProLogis' West Pointe Business Park.

Colliers Pinkard industrial specialist Barb Jespersen says there is leasing activity in the pipeline, but movement is slower than in the past.

"The good news is we haven't seen subleases outside of the norm," Jespersen says.

Soft office market looms

Absorption has also slowed in the area's office market.

Class-A and Class-B office properties showed steady leasing activity in the second quarter, Colliers Pinkard says. Class-C properties, however, posted negative absorption.

Afshin Ghazi's Epicentre complex brought 85,000 square feet of office space to uptown. The

central business district is holding steady with a 1.9% vacancy rate (a figure that factors in subleases), according to Colliers Pinkard.

Upcoming deliveries uptown are:

- Lauth Property Group's** 390,000-square-foot NASCAR Plaza office tower, scheduled for completion in the first quarter of 2009.

- Trinity Capital's** 440 South Church, a 363,000-square-foot tower slated to open in third quarter 2009.

- The 1.3 million-square-foot Wachovia Corporate Center, developed by **Childress Klein Properties** and targeted to be ready by the fourth quarter of 2009.

- Bank of America Corp.'s** latest addition to the skyline, a 750,000-square-foot College Street building expected by the first quarter of 2010.

Colliers Pinkard says Wachovia and BofA have begun a consolidation process that's putting large blocks of office space back out for lease. Rates should flatten through the end of the year, the firm projects.

The bottom line? Uptown landlords should prepare for a soft market come 2010.

And a big shift could come as soon as the middle of next year, Colliers Pinkard warns.

For the past two quarters, the amount of office space delivered has been greater than the total space absorbed across the city, the firm notes.

With an estimated 4.8 million square feet of offices under construction in the Queen City, fundamentals could soon favor a buyer's market.

News & notes

Trinity Partners is pushing an incentive bonus for brokers who execute leases at two University Research Park office buildings. Complete a lease deal by Aug. 31 for Three Resource Square or Four Resource Square, and the Charlotte firm will dish out some extra cash. The added commissions are \$2,500 for spaces up to 4,900 square feet, \$5,000 for leases from 5,000 to 9,900 square feet and \$10,000 for a deal bigger than 10,000 square feet.

The Charlotte office of law firm **Womble Carlyle Sandridge & Rice** will host a seminar on how technology is greening building development. The Aug. 27 event — one of the firm's quarterly WombleTech Lunch & Learn events — features Tom Shircliff, co-founder of Intelligent Buildings. The Charlotte-based tech firm's clients include Wachovia Corp., the Bissell Family of Companies, Crescent Resources and the N.C. Research Campus.

"Technology is a big part of green building," says Ted Claypoole, one of Womble's technology and intellectual property attorneys. "A lot of the energy savings depends on how highly organized the heating and cooling system are."

The WombleTech Lunch & Learn starts at 11:45 a.m. at The Westin Charlotte. Details: contact Natalie Newell at (704) 444-2905 or nnewell@wcsr.com. Reservations are required by Aug. 22.

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