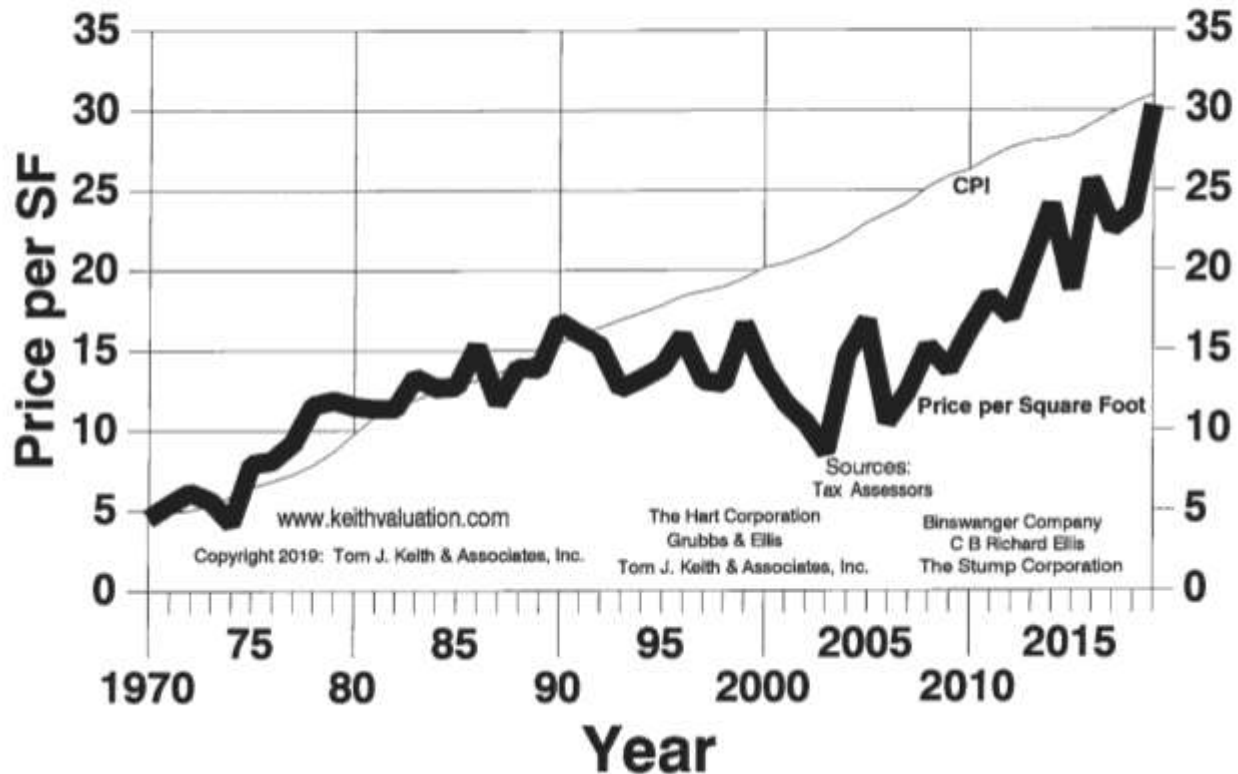


Keith Industrial Index

for North Carolina



The Industrial Index is based on the average sales price per square foot paid for existing industrial buildings in North Carolina from 1970 to 2018. The sources of data included Binswanger Company, The Stump Corporation, The Hart Corporation, CoStar, CB Richard Ellis, Grubbs & Ellis, The Walker Company, NC Department of Commerce, Tax Assessors from the 100 North Carolina Counties, and Tom J. Keith & Associates, Inc.

Sales of distribution facilities and manufacturing plants dominated the 1996 market while warehouse space dominated the rental market. 1997 and 1998 seemed to be a mixed bag of distribution, warehouse, and manufacturing facility sales. Limited 1996-1997 market data tends to show that prices in Eastern North Carolina are catching up with those prices in the Piedmont. NAFTA phased in completely in 2003 and caused prices to bottom out at \$8.63/SF.

The average price per square foot paid for industrial buildings including the land beginning in 1997 were as follows:

Year	Price	Urban	Rural
1970	\$4.50		
1971	\$5.36		
1972	\$6.12		
1973	\$5.58		
1974	\$4.21		
1975	\$7.90		
1976	\$8.09		
1977	\$9.16		
1978	\$11.55		
1979	\$11.85		
1980	\$12.43		
1981	\$11.36		
1982	\$11.35		
1983	\$13.32		
1984	\$12.65		
1985	\$12.75		
1986	\$15.24		
1987	\$11.72		
1988	\$13.92		
1989	\$13.84		
1990	\$16.80		
1991	\$16.00		
1992	\$15.25		
1993	\$12.59		
1994	\$13.20		
1995	\$13.93		
1996	\$15.88		
1997	\$13.11		
1998	\$12.93		
1999	\$16.61		
2000	\$13.67		
2001	\$11.77		
2002	\$10.50		
2003	\$8.63		
2004	\$14.56		
2005	\$16.82		
2006	\$10.51		
2007	\$12.37	\$15.66	\$7.16
2008	\$15.19	\$21.19	\$7.10

2009	\$13.77	\$17.42	\$11.47
2010	\$16.55	\$21.61	\$8.77
2011	\$18.35	\$21.61	\$11.26
2012	\$17.06	\$23.25	\$7.06
2013	\$20.44	\$30.21	\$5.79
2014	\$24.05	\$27.33	\$9.59
2015	\$18.80	\$22.72	\$11.34
2016	\$25.61	\$29.84	\$14.67
2017	\$22.56	\$30.06	\$13.89
2018	\$23.62	\$31.33	\$16.18
2019	\$30.23	\$35.57	\$19.91

Starting in 1987, industrial building prices fell below the inflation trend from 1970. To have kept up with inflation, sales prices would have to over \$27.51 per square foot in 1987. The final phase of the NAFTA agreement in 2003 with many countries caused many industries to move out of the USA resulting in many foreclosed and distressed properties being placed on the market, affecting prices.

Many buyers of industrial buildings in 2003 were non-manufacturing non-occupant investors. Prices in 2004 and 2005 were substantially above the 2003 prices and brokers have reported that the market bottomed out during 2003 as buildings were absorbed by investors and used for alternate manufacturing and storage purposes. As of 2008, Industrial brokers are reporting good activity and some recovery of industrial building prices and some selling of buildings purchased by investors during the late 1990's and early 2000's.

The demand for 50,000 square foot and smaller buildings seems to be increasing as our smaller niche manufacturing facilities are absorbing some of the vacant space and replacing the larger mass production manufacturing facilities which have largely moved to cheaper labor markets outside the USA in order to compete globally. Many existing manufacturing facilities have been razed for the scrap steel, copper, other metals and specialty woods and masonry products.

For the tenth year we have analyzed the current industrial data by buildings in Urban versus those in Rural markets. The 2012 data showed an average price paid for industrial facilities in markets subject to urban influence to be \$23.25 and those in Rural markets to be \$7.06. Urban markets are generally those classified by the Census as MSA's or those markets within the influence of the urban markets.

Beginning in 2007, we broadened our source of data to include the tax assessors in the 100 North Carolina Counties.

If industrial building prices are any indication of our ability to meet global competition, it appears as though we began to loose in the global race in 1987 when building price

increases fell below the rate of inflation indicating that supply exceeded demand.

It appears that prices have been increasing over the last six years in the manufacturing sector. We have indications that some manufacturing is returning to the U.S. and the strength of the industrial market has improved greatly since 2003 when NAFTA was fully implemented but reached another plateau in 2005.

The 2014 market showed a substantial increase in Industrial building values with urban markets prices averaging \$27.33/SF while rural market prices averaged at \$9.59/SF.

The average for both urban and rural markets was \$25.61/SF.

The 2015 market showed a substantial decrease in industrial building values with Urban market prices averaging \$22.72/SF and rural market averaging \$11.34/SF.

The 2016 market showed a substantial increase with urban market prices averaging \$29.84/SF and rural market averaging \$14.67/SF. It appears as though the industrial market is approaching the CPI line.

The prices during 2016, 2017, and 2018 were almost flat with an increase of 28% from 2018 to 2019 possibly. This may have been due to the administration's efforts in trying to get industry to return to the U.S.A. This is the first time since 1989 that industrial prices have matched inflation prices since 1989.

The 2017 urban market showed a substantial increase at \$46.30/sf and a rural market averaging \$13.89/sf.

The 2018 urban market showed a moderate increase to \$57.44/sf and the rural market averaging \$15.85/sf.

The urban markets are characterized by an active market of industrial land where private land developers can sell sites at sufficient velocity and price to make a developer's profit of 12% to 20%.

The rural markets are characterized where non-profits are the major developers of industrial parks/sites and incentives and subsidies are offered to end users to create tax revenues and/or job creation.

This data compiled by staff member Yolanda Lilly and additional analysis available on a fee basis.

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