

Charlotte

Industrial | Q1 2024 Market Report

Quarterly Snapshot

↑ Average Rent
\$9.22/SF

↑ Vacancy
7.3%

↓ Net Absorption
-817,655 SF

Occupier's Perspective

New construction starts fell by nearly two-thirds in 2023 compared to 2022 and that trend is expected to continue into 2024.

Charlotte's population and economic growth along the I-85 corridor will continue to attract suppliers and distributors for the many manufacturing operations in the Southeast, hedging bets that the metro will remain a good long-term investment for employers.

Federal investments in industries like solar, electric vehicle, and semiconductor manufacturing has benefited the region with recently announced large-scale projects from Silfab Solar, Pallidus, and Albemarle providing opportunities within the industrial market across the region.

Driven by record supply deliveries and moderating demand, Charlotte region industrial vacancy continued to rise closing at 7.3 percent at the end of Q1 2024. The bulk of speculative deliveries have been in larger facilities (250,000 square feet and greater). At the same time, most of the pull-back in demand around the region has been from larger tenant requirements. The result in this size range is an environment where tenants with larger space requirements (over 100,000 square feet) have more leverage to negotiate more favorable terms than has been seen in years.

Conversely, there has been limited delivery of smaller facilities while demand for 50,000 square feet spaces and below remains robust. These occupiers are experiencing the same challenges – limited leverage and continued rising rates.

We expect these same trends for both larger and smaller tenants to continue well into 2024.

Recent Transactions

Tenant	Size (SF)	Submarket	Type	Building
Pactiv Evergreen	676,630 SF	Salisbury	Renewal	Industrial
Grimco, Inc.	100,614 SF	North	New Lease	Industrial
UPS	75,822 SF	York County	New Lease	Industrial

Submarket Movement

Vacancy Rate	QOQ Change	Direct Asking Rent (\$/SF)	Submarket
13.2%	▼	\$5.98	Rowan County
13.3%	▲	\$6.68	Gaston County
8.8%	▼	\$7.78	Lincoln County
6.2%	▲	\$8.24	Iredell County
3.3%	▲	\$8.75	I-85/Beatties Ford Rd
7.3%	▲	\$8.86	York County
2.3%	▲	\$9.78	Union County
6.9%	▲	\$9.97	State Line
4.6%	▼	\$9.99	Airport/West
7.1%	◆	\$10.93	Cabarrus County
4.3%	▲	\$11.67	North