

# Charlotte

## Industrial | Q2 2024 Market Report

### Quarterly Snapshot

↑	Average Rent	\$9.30/SF
↑	Vacancy	7.7%
↓	Net Absorption	2,095,968 SF

### Occupier's Perspective

New construction starts continue to plummet, falling below 1 million square feet in the second quarter for the first time in over 3 years.

Charlotte's population and economic growth along the I-85 corridor will continue to attract suppliers and distributors serving 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 benefitted the region with recently announced large-scale projects from Silfab Solar, Pallidus, and Albemarle providing opportunities the industrial market across the region.

Driven by record supply deliveries and moderating demand, Charlotte-region industrial vacancy continued to rise, closing at 7.7 percent at the end of the second quarter, up from 7.3 percent at the end of the previous quarter.

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 is an environment where tenants with larger space requirements (over 100,000 square feet) have additional leverage to negotiate favorable terms with landlords.

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

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

### Recent Transactions

Tenant	Size (SF)	Submarket	Type	Building
BIC Corporation	381,151 SF	North Submarket	Renewal	Industrial
Amazon	198,594 SF	Cabarrus County	New Lease	Industrial
Priority Tile	143,020 SF	Gaston County	New Lease	Industrial

### Submarket Movement

Vacancy Rate	QOQ Change	Direct Asking Rent (\$/SF)	Submarket
13.2%	▲	\$6.06	Rowan County
15.0%	▲	\$6.68	Gaston County
5.9%	▼	\$7.79	Lincoln County
7.2%	▲	\$8.26	Iredell County
3.0%	◆	\$8.65	I-85/Beatties Ford Rd
8.6%	▲	\$8.90	York County
5.1%	▲	\$9.92	Union County
7.1%	▲	\$10.13	Airport/West
4.5%	▼	\$10.13	State Line
7.5%	▲	\$10.96	Cabarrus County
4.5%	▲	\$11.93	North