Charlotte

Industrial | Q4 2024 Market Report

Quarterly Snapshot

↑ Average Rent
$9.39/SF

↑ Vacancy
8.90%

↑ Net Absorption
2,739,033 SF

Occupier's Perspective

New construction starts continue to remain low relative to what the region has experienced the last 3 years. Record deliveries over the past 3 years ushered in a historic expansion of industrial supply in the Charlotte region.

Charlotte's population and economic growth along the I-85 and I-77 corridors 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. However, in the short term, absorption will be slower than landlords have experienced the previous several years.

Trade policy with a new federal administration is expected to benefit some manufacturers in the region, particularly those who compete with companies subsidized by the Chinese government. However, there are concerns around potential inflationary affects of tariff policies and the impact on consumer demand.

Driven by record supply deliveries and moderating demand, Charlotte region industrial vacancy continued to rise, closing at 8.9% at the end of Q4 2024, up from 8.7% at the end of the previous quarter.

The fourth quarter saw another massive delivery of vacant speculative product. Simultaneously, industrial subleases coming online in 2024 resulted in an overall availability of 11% at the end of the year.

Pull-back in demand has been seen across all sizes and product types. The result is some moderation in rent growth and increases in tenant concessions in the form of rental abatement, improvement allowances and lower annual rent escalators.

Supply pressure should go down in 2025 as projected speculative delivery volume should be materially less than in 2024. That said, we expect vacancy to continue to rise throughout 2025, though at a lower pace. For larger requirements, we expect some landlords will also look at agreeing to rental rates materially discounted from their originally-quoted asking rates.

Recent Transactions

Tenant	Size (SF)	Submarket	Type	Building
Mann + Hummel Filtration	541,609 SF	Gaston County	New Lease	Industrial
NFI Industries	507,512 SF	York County	New Lease	Industrial
Carolina Beverage Group	387,177 SF	Iredell County	New Lease	Industrial

Submarket Movement

Vacancy Rate	QOQ Change	Direct Asking Rent ($/SF)	Submarket
9.1%	▲	$12.14	North
6.8%	▼	$11.07	Cabarrus County
12.6%	▲	$10.27	Airport/West
5.9%	▲	$10.23	State Line
3.7%	▼	$9.97	Union County
9.9%	▲	$8.98	York County
5.0%	▼	$8.79	I-85/Beatties Ford Rd
6.9%	▼	$8.38	Iredell County
8.0%	▲	$7.74	Lincoln County
15.7%	▲	$6.76	Gaston County
13.0%	▼	$6.07	Rowan County

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