

Charlotte

Industrial

23Q1

“Continued occupier demand and ongoing population growth bolstered the Charlotte Industrial market’s strong fundamentals during the first quarter. Despite this, there are ongoing concerns as to how the overall macroeconomic environment will impact the market in the near future.”

Blanton Hamilton | Research Analyst, Charlotte

# Key Takeaways

- Consistent tenant demand below 100k SF continues to drive rent growth, which hit a new high of \$8.25 PSF.
- New bulk supply caused the vacancy rate to climb for the second consecutive quarter to 4.25%.
- Despite strong overall fundamentals, limited new market supply had a significant impact in the first quarter, as net absorption decreased by almost 2 million SF. Charlotte is well positioned to weather the storm, but further turbulence and uncertainty will be factors going forward.



# Charlotte Industrial 23Q1

<p>Vacancy Rate <b>4.25%</b></p> <p>YOY ▲ FORECAST ▲</p>	<p>Net Absorption <b>291K SF</b></p> <p>YOY ▼ FORECAST ▼</p>	<p>Under Construction <b>17.3M SF</b></p> <p>YOY ▲ FORECAST ▼</p>	<p>Overall Industrial Asking Lease Rate (NNN) <b>\$8.25/SF</b></p> <p>YOY ▲ FORECAST ▲</p>
--	--	---	--

## Limited Availabilities and New Supply Overwhelm Positive Market Outlook

Leasing activity in the Charlotte Industrial market fell significantly during the first quarter. Net absorption decreased by almost 2 million SF, as there continues to be constrained availability across all size ranges despite the Charlotte Industrial market's otherwise strong fundamentals. Tenants continue to show interest in available space under 100k SF and there are even signs of demand for more bulk product, as SEG Systems leased 225k SF at Interchange Logistics Center. Developers remain optimistic on the market's potential for sustained growth, as the amount of product under construction increased for the third consecutive quarter to 17 MSF. As a whole, Charlotte is well positioned going forward, but additional complications to the economy could further delay short term leasing activity.

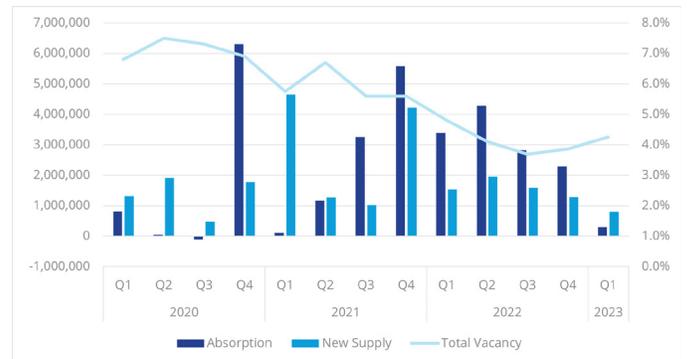
### Local Market Indicators

<p><b>3.71%</b> Unemployment Rate</p>	<p><b>1.58%</b> GDP - Quarterly % change yr/yr</p>	<p><b>3.471%</b> U.S. 10 Year Treasury Note</p>
---	--	---

### Historic Comparison

	22Q2	22Q3	22Q4	23Q1
Total Inventory (in Millions of SF)	352.8	354.8	359.4	359.8
New Supply (in SF)	1,951,955	1,584,633	1,280,917	799,739
Net Absorption (in SF)	4,281,628	2,823,650	2,283,307	291,387
Overall Vacancy	4.10%	3.69%	3.86%	4.25%
Under Construction (in Millions of SF)	10.60	12.96	16.76	17.35
Overall Asking Lease Rates (NNN)	\$7.50 PSF	\$7.77 PSF	\$7.95 PSF	\$8.25 PSF

### Absorption, New Supply & Vacancy Trends



Absorption, vacancy, and new supply continue to move in concert with general macroeconomic data. Absorption and supply fell for the third quarter in a row, as several projects that were supposed to deliver in the first quarter were delayed. Vacancy ticked up for the second consecutive quarter as some of the new mega-bulk product, such as Stateline 77 and Metro 63, remain vacant. Expect these absorption and vacancy trends to continue while new supply ticks up in the second quarter.

### Notable Transactions



**Lease**  
\*101 Reliance Rd  
Actega  
237K SF



**Lease**  
Interchange Logistics Center  
SEG Systems  
225K SF



**Lease**  
RiverOaks Corp. Center  
DHL eCommerce  
163K SF



**Capital Markets**  
Chemway Industrial Park  
W.P. Carey, Inc.  
925k SF



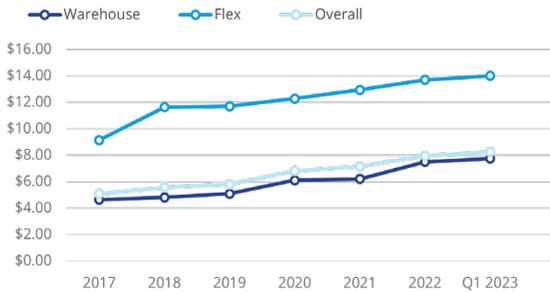
**Capital Markets**  
Rock Hill Commerce Center  
MetLife  
792k SF



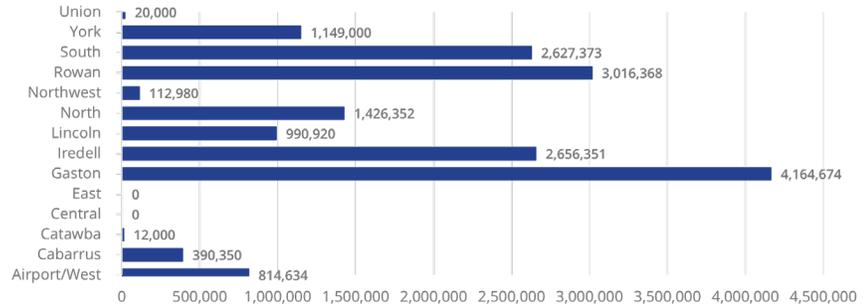
**Capital Markets**  
Steele West Business Center  
Monarch Equities  
47k SF

\*Colliers Transaction

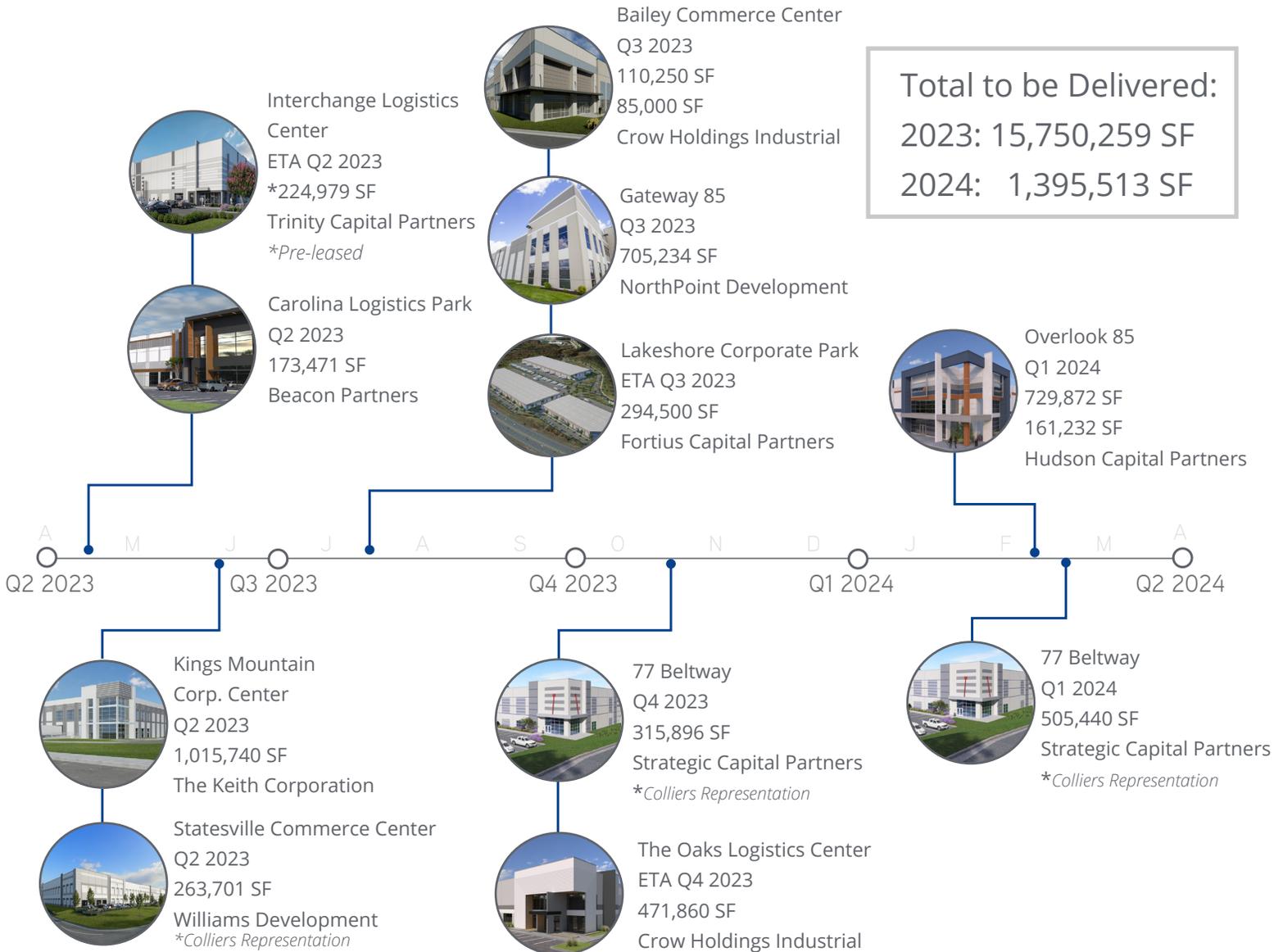
## Historical Rental Rates By Classification



## Under Construction Pipeline Overall For Each Submarket



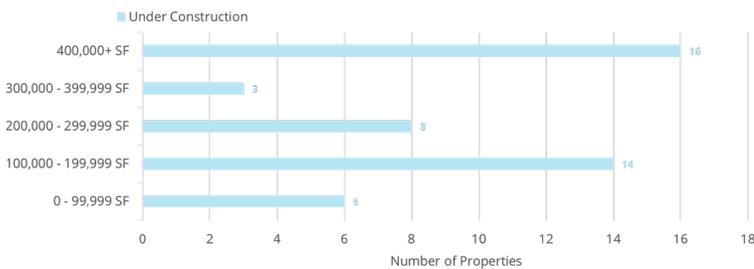
## Active Construction Projects Overall Market



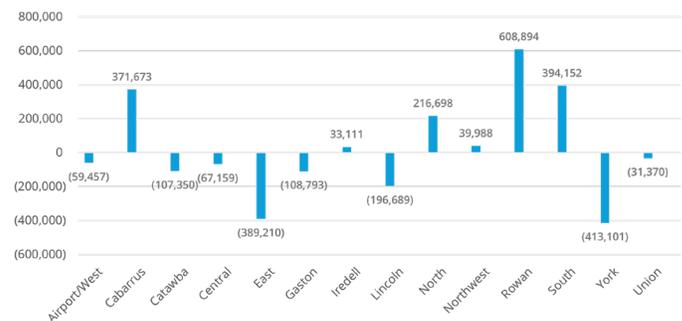
## Significant Lease Activity

Property Name	Submarket	Size	Tenant	Type
*101 Reliance Rd <i>*Colliers Transaction</i>	Gaston County	237,000	Actega	New
Interchange Logistics Center	North	224,979	SEG Systems	New
RiverOaks Corporate Center - Bldg. D	Cabarrus County	163,836	DHL eCommerce	New
1335 Isley Dr	Gaston County	158,438	M@C Discount	New
6924 Orr Rd	East	149,810	Carocraft Cabinets	New
Long Creek Business Park - Bldg. 1	North	138,100	CHEP Pallett	Renewal
Arrowood 77 Business Park	State Line	121,600	GP Cellulose	Renewal
600 Radiator Rd	Union	108,272	Icon Aerospace	Renewal
CDC South - Bldg. 2	South	79,200	Premier Transportation	New
Steele Creek Commerce Park Bldg. 12	South	73,507	Air Distribution	New
Twin Lakes Business Park	North	66,649	City of Charlotte	New
77 Overlook Park - Bldg. 3	North	64,196	RK Motors	Renewal

## Buildings Under Construction by Size



## Net Absorption by Submarket



## Capital Markets Activity

Property Name / Address	Submarket	Size	Transaction	Sales Price PSF	Buyer
Chemway Industrial Park	Northwest	925,920	\$64,800,000	\$69.98	W.P. Carey Inc.
Rock Hill Commerce Center Phase I	York County	792,081	\$93,000,000	\$117.41	Metlife
Steele West Business Center	South	47,720	\$8,600,000	\$180.22	Monarch Equities
901 Blairhill Rd	Airport / West	42,608	\$5,800,000	\$136.12	Brick O Real Estate
Industrial Ventures II	Union County	20,000	\$2,541,176	\$127.06	Sago Capital

Submarket/ Subtype	Buildings	Total Inventory SF	Direct Vacancy (SF)	Sublease Vacancy (SF)	Vacancy Rate	Vacancy Rate Previous	Net Absorption Current	Net Absorption YTD	Under Construction	Deliveries YTD	Avg Direct Asking Rate (NNN)
<b>Airport/West</b>											
Warehouse	276	17,879,447	239,595	231,308	2.63%	2.12%	(84,404)	(84,404)	707,254	145,626	\$9.69
Flex	46	1,897,519	51,432	12,588	3.37%	3.08%	24,947	24,947	107,380	39,510	\$13.91
<b>TOTAL</b>	<b>322</b>	<b>19,776,966</b>	<b>291,027</b>	<b>243,896</b>	<b>2.70%</b>	<b>2.21%</b>	<b>(59,457)</b>	<b>(59,457)</b>	<b>814,634</b>	<b>185,136</b>	<b>\$10.77</b>
<b>Cabarrus County</b>											
Warehouse	278	22,724,522	1,320,249	381,680	7.49%	5.48%	257,014	257,014	294,500	-	\$7.98
Flex	75	2,532,811	57,387	4,280	2.43%	3.04%	114,659	114,659	-	95,850	\$13.10
<b>TOTAL</b>	<b>353</b>	<b>25,257,333</b>	<b>1,377,636</b>	<b>385,960</b>	<b>6.98%</b>	<b>5.18%</b>	<b>371,673</b>	<b>371,673</b>	<b>294,500</b>	<b>95,850</b>	<b>\$9.00</b>
<b>Catawba County</b>											
Warehouse	507	38,094,619	535,051	20,000	1.46%	1.18%	(107,350)	(107,350)	-	-	\$4.30
Flex	21	816,606	12,000	-	1.47%	0.00%	-	-	12,000	-	\$8.17
<b>TOTAL</b>	<b>528</b>	<b>38,911,225</b>	<b>547,051</b>	<b>20,000</b>	<b>1.46%</b>	<b>1.16%</b>	<b>(107,350)</b>	<b>(107,350)</b>	<b>12,000</b>	<b>-</b>	<b>\$4.30</b>
<b>Central (CBD)</b>											
Warehouse	224	6,112,137	342,681	-	5.61%	5.40%	(8,810)	(8,810)	-	-	\$9.60
Flex	15	584,779	72,591	-	12.41%	2.40%	(58,349)	(58,349)	-	-	\$16.50
<b>TOTAL</b>	<b>239</b>	<b>6,696,916</b>	<b>415,272</b>	<b>-</b>	<b>6.20%</b>	<b>5.33%</b>	<b>(67,159)</b>	<b>(67,159)</b>	<b>-</b>	<b>-</b>	<b>\$9.50</b>
<b>East</b>											
Warehouse	482	18,507,315	1,102,567	18,439	6.06%	3.95%	(389,701)	(389,701)	-	-	\$8.75
Flex	90	3,138,155	100,046	4,860	3.34%	3.38%	491	491	-	49,542	\$14.00
<b>TOTAL</b>	<b>572</b>	<b>21,645,470</b>	<b>1,202,613</b>	<b>23,299</b>	<b>5.66%</b>	<b>3.87%</b>	<b>(389,210)</b>	<b>(389,210)</b>	<b>-</b>	<b>49,542</b>	<b>\$9.35</b>
<b>Gaston County</b>											
Warehouse	368	30,328,831	1,381,032	11,000	4.59%	3.69%	(108,793)	(108,793)	4,164,674	-	\$5.75
Flex	32	1,028,770	16,000	-	1.56%	1.56%	-	-	-	-	\$9.90
<b>TOTAL</b>	<b>400</b>	<b>31,357,601</b>	<b>1,397,032</b>	<b>11,000</b>	<b>4.49%</b>	<b>3.62%</b>	<b>(108,793)</b>	<b>(108,793)</b>	<b>4,164,674</b>	<b>-</b>	<b>\$6.20</b>
<b>Iredell County</b>											
Warehouse	433	30,795,683	1,078,485	-	3.50%	3.46%	33,056	33,056	2,656,351	111,488	\$5.75
Flex	105	2,939,740	31,055	-	1.06%	1.38%	55	55	33,000	-	\$12.90
<b>TOTAL</b>	<b>538</b>	<b>33,735,423</b>	<b>1,109,540</b>	<b>-</b>	<b>3.29%</b>	<b>3.27%</b>	<b>33,111</b>	<b>33,111</b>	<b>2,689,351</b>	<b>111,488</b>	<b>\$6.30</b>
<b>Lincoln County</b>											
Warehouse	141	11,312,833	611,700	382,668	8.79%	5.59%	(196,689)	(196,689)	990,920	-	\$6.00
Flex	13	354,997	-	-	0.00%	0.00%	-	-	-	-	\$12.01
<b>TOTAL</b>	<b>154</b>	<b>11,667,830</b>	<b>611,700</b>	<b>382,668</b>	<b>8.52%</b>	<b>5.43%</b>	<b>(196,689)</b>	<b>(196,689)</b>	<b>990,920</b>	<b>-</b>	<b>\$6.00</b>
<b>North</b>											
Warehouse	247	22,909,462	442,134	-	1.93%	2.39%	105,836	105,836	1,426,352	-	\$8.00
Flex	98	4,174,269	213,402	-	5.11%	7.77%	110,862	110,862	-	-	\$15.00
<b>TOTAL</b>	<b>345</b>	<b>27,083,731</b>	<b>655,536</b>	<b>-</b>	<b>2.42%</b>	<b>3.22%</b>	<b>216,698</b>	<b>216,698</b>	<b>1,426,352</b>	<b>-</b>	<b>\$9.25</b>
<b>Northwest</b>											
Warehouse	230	13,536,438	135,695	-	1.00%	1.29%	38,738	38,738	112,980	-	\$6.32
Flex	11	442,581	-	-	0.00%	0.00%	1,250	1,250	-	-	\$11.75
<b>TOTAL</b>	<b>241</b>	<b>13,979,019</b>	<b>135,695</b>	<b>-</b>	<b>0.97%</b>	<b>1.25%</b>	<b>39,988</b>	<b>39,988</b>	<b>112,980</b>	<b>-</b>	<b>\$6.60</b>
<b>Rowan County</b>											
Warehouse	199	16,256,760	1,681,365	-	10.34%	13.37%	610,245	610,245	3,016,368	-	\$5.34
Flex	15	430,074	36,351	-	8.45%	7.61%	(1,351)	(1,351)	40,500	-	\$6.72
<b>TOTAL</b>	<b>214</b>	<b>16,686,834</b>	<b>1,717,716</b>	<b>-</b>	<b>10.29%</b>	<b>13.21%</b>	<b>608,894</b>	<b>608,894</b>	<b>3,056,868</b>	<b>-</b>	<b>\$5.47</b>

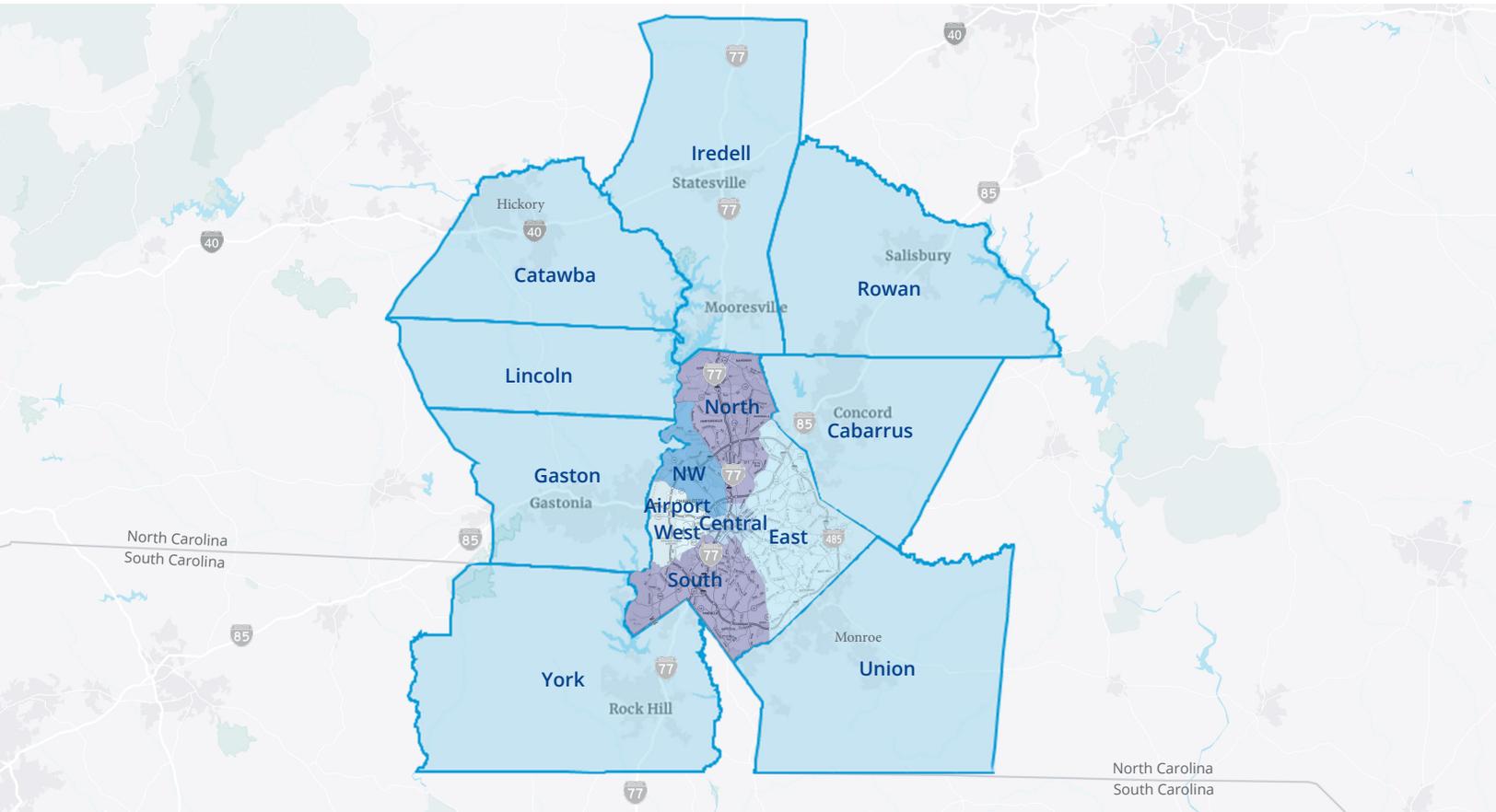
## Reporting Definitions

Colliers Charlotte uses the following parameters when tracking the industrial market:

- > Track Class A, B, and C industrial buildings in Cabarrus County, Gaston County, Iredell County, Lincoln County, Mecklenburg County, Rowan County, Union County, and York County
- > Inclusive of warehouse, flex, and manufacturing buildings 10,000+ SF
- > Product that is under construction is not included in the inventory or vacancy numbers

Submarket/ Subtype	Buildings	Total Inventory SF	Direct (SF)	Sublease (SF)	Vacancy Rate	Vacancy Rate Previous	Net Absorption Current	Net Absorption YTD	Under Construction	Deliveries YTD	Avg Direct Asking Rate (NNN)
<b>South</b>											
Warehouse	719	53,852,549	1,594,833	82,304	3.11%	3.30%	294,950	294,950	2,627,373	202,403	\$8.10
Flex	222	7,816,040	332,566	21,439	4.53%	5.81%	99,202	99,202	-	-	\$14.00
<b>TOTAL</b>	<b>941</b>	<b>61,668,589</b>	<b>1,927,399</b>	<b>103,743</b>	<b>3.29%</b>	<b>3.62%</b>	<b>394,152</b>	<b>394,152</b>	<b>2,627,373</b>	<b>202,403</b>	<b>\$9.25</b>
<b>York County</b>											
Warehouse	288	32,325,684	1,922,060	695,201	8.10%	6.37%	(409,532)	(409,532)	1,149,000	155,320	\$6.75
Flex	65	1,748,802	27,214	-	1.56%	1.38%	(3,569)	(3,569)	-	-	\$13.61
<b>TOTAL</b>	<b>353</b>	<b>34,074,486</b>	<b>1,949,274</b>	<b>695,201</b>	<b>7.76%</b>	<b>6.12%</b>	<b>(413,101)</b>	<b>(413,101)</b>	<b>1,149,000</b>	<b>155,320</b>	<b>\$7.00</b>
<b>Union County</b>											
Warehouse	329	15,598,320	78,854	-	0.51%	0.28%	(35,848)	(35,848)	-	-	\$6.90
Flex	104	1,751,593	28,049	-	1.60%	1.86%	4,478	4,478	20,000	-	\$12.55
<b>TOTAL</b>	<b>433</b>	<b>17,349,913</b>	<b>106,903</b>	<b>-</b>	<b>0.62%</b>	<b>0.44%</b>	<b>(31,370)</b>	<b>(31,370)</b>	<b>20,000</b>	<b>-</b>	<b>\$7.30</b>
<b>Market Total</b>											
Warehouse	4,721	330,234,600	12,466,301	1,822,600	4.33%	3.86%	(1,288)	(1,288)	17,145,772	614,837	\$7.75
Flex	912	29,656,736	978,093	43,167	3.44%	3.96%	292,675	292,675	212,880	184,902	\$14.00
<b>TOTAL</b>	<b>5,633</b>	<b>359,891,336</b>	<b>13,444,394</b>	<b>1,865,767</b>	<b>4.25%</b>	<b>3.87%</b>	<b>291,387</b>	<b>291,387</b>	<b>17,358,652</b>	<b>799,739</b>	<b>\$8.25</b>

## Submarket Map



FOR MORE INFORMATION  
 Blanton Hamilton  
 Research Analyst  
 Charlotte  
 +1 704 409 2919  
[blanton.hamilton@colliers.com](mailto:blanton.hamilton@colliers.com)

Bryan Johnson  
 Executive Managing Director  
 Charlotte  
 +1 704 409 9933  
[bryan.t.johnson@colliers.com](mailto:bryan.t.johnson@colliers.com)

Copyright © 2022 Colliers  
 The information contained herein has been obtained from sources deemed reliable. While every reasonable effort has been made to ensure its accuracy, we cannot guarantee it. No responsibility is assumed for any inaccuracies. Readers are encouraged to consult their professional advisors prior to acting on any of the material contained in this report.

# 351 offices in 63 countries on 6 continents

United States: 115  
Canada: 41  
Latin America: 12  
Asia Pacific: 33  
EMEA: 78



**\$4.5B**  
in revenue



**2B**  
square feet under management



**17,000 +**  
professionals and staff

## About Colliers

Colliers (NASDAQ, TSX: CIGI) is a leading diversified professional services and investment management company. With operations in 63 countries, our more than 17,000 enterprising professionals work collaboratively to provide expert real estate and investment advice to clients. For more than 27 years, our experienced leadership with significant inside ownership has delivered compound annual investment returns of almost 20% for shareholders. With annualized revenues of \$4.1 billion and more than \$50 billion of assets under management, Colliers maximize the potential of property and accelerate the success of our clients and our people. Learn more at [corporate.colliers.com](http://corporate.colliers.com), Twitter @Colliers or LinkedIn.

## Market Leader:

**Bryan Johnson**  
Executive Managing Director  
+1 704 409 9933  
[bryan.t.johnson@colliers.com](mailto:bryan.t.johnson@colliers.com)

## Marketing & Research:

**Katie Dulin**  
Marketing Manager  
+1 704 409 2918  
[katie.dulin@colliers.com](mailto:katie.dulin@colliers.com)

**Blanton Hamilton**  
Research Analyst  
+1 704 409 2919  
[blanton.hamilton@colliers.com](mailto:blanton.hamilton@colliers.com)

## Contributors:

**Lawrence Shaw, SIOR**  
Executive Vice President, Charlotte

**Greg Cops, SIOR**  
Executive Vice President, Charlotte

**Grant Miller, SIOR**  
Senior Vice President, Charlotte

**Rob Speir, SIOR**  
Senior Vice President, Charlotte

**Don Moss, SIOR | CCIM**  
Senior Vice President, Charlotte

**Justin Smith, SIOR**  
Senior Vice President, Charlotte

**Chris Neal, MAI**  
Associate Vice President, Charlotte

**Greg Gosselin**  
Senior Associate, Charlotte

**Phoebe Dinga**  
Associate, Charlotte

**John Ellis**  
Associate, Charlotte

**JD Allen**  
Associate, Charlotte



300 W. Summit Avenue, Suite 200  
Charlotte, NC 28203  
+1 704 409 9933  
[colliers.com](http://colliers.com)

