Charlotte

Industrial

23Q2

"The Charlotte industrial market showed several signs of life as an uptick in bulk leasing activity and new capital markets deals had a strong impact on this quarter's outcome. It remains to be seen if these trends will continue, but overall the display of the market's fundamentals indicate that it is well positioned going forward."

Blanton Hamilton | Research Analyst, Charlotte

Accelerating success.

Colliers Charlotte Industrial 23Q2

Key Takeaways

- New-to-market demand pushed net absorption to 2.7 MSF, well beyond its level from the previous quarter.
- Delivery of new bulk supply caused the vacancy rate to climb to 4.32%.
- Strong overall fundamentals showed in the second quarter as several new capital market deals were brought to the market.
- The development pipeline remains robust as 17.1 MSF of product is currently under construction, 21.5% of which has already been pre-leased.

		YOY	FORECAST
Vacancy Rate	4.32%	▲	▲
Net Absorption	2.7MSF	▼	▼
Under Construction	17.1MSF	▲	▼
Overall Industrial Asking Lease Rate (NNN)	$8.40/SF	▲	▲

Strong Second Quarter Reinforces Positive Market Outlook

Leasing activity in the Charlotte Industrial market picked up significantly during the second quarter. Net absorption increased by almost 2.5 million SF from the first quarter, led by strong demand from new manufacturing market entrants such as Silfab Solar's lease of 785k SF at Stateline 77, and Grainger's lease of 525,624 SF at Carolina Logistics Park. Furthermore, demand for available space under 100k SF remains high, continuing the trend from the first quarter of 2023. The second quarter saw an uptick in the number of investment sale deals coming to the market, including Stateline 77 and The Park Huntersville. While economic uncertainty continues to pose a threat, the Charlotte market's second quarter reinforced the belief that its overall fundamentals remain strong and should serve to buffer the market from any macroeconomic turbulence going forward.

Local Market Indicators

3.62% Unemployment Rate

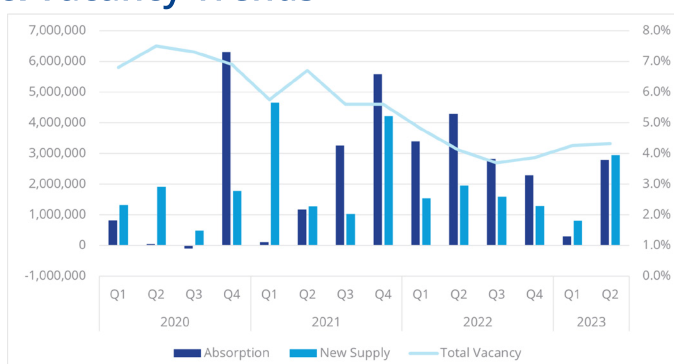
2.46% GDP - Quarterly % change yr/yr

3.73% U.S. 10 Year Treasury Note

Historic Comparison

	22Q3	22Q4	23Q1	23Q2
Total Inventory (in Millions of SF)	354.8	359.4	359.8	364.3
New Supply (in SF)	1,584,633	1,280,917	799,739	2,944,098
Net Absorption (in SF)	2,823,650	2,283,307	291,387	2,790,809
Overall Vacancy	3.69%	3.86%	4.25%	4.32%
Under Construction (in Millions of SF)	12.96	16.76	17.35	17.11
Overall Asking Lease Rates (NNN)	$7.77 PSF	$7.95 PSF	$8.25 PSF	$8.40 PSF

Absorption, New Supply & Vacancy Trends



Absorption, vacancy, and new supply all trended upward during the second quarter. New supply grew for the first time in three quarters, as several projects that were supposed to deliver last quarter were delayed. Vacancy slightly increased for the third consecutive quarter as some of the new mega-bulk product, such as Kings Mountain Corporate Center (1.25 MSF) and I-485 Logistics Center (473k SF), remain vacant. Expect this vacancy trend to continue while new supply and absorption fall off in the third quarter.

Notable Transactions

Lease
*Stateline 77
Silfab
785K SF
Colliers Representation

Lease
Carolina Logistics Park
Grainger
525K SF

Lease
Carolina Logistics Park
Snyder's - Lance
173K SF

Capital Markets
Britax NA HQ
Growth Capital Partners & Highline Real Estate
478K SF

Capital Markets
Carolina 85 Logistics Center
Stoltz Real Estate Partners
300K SF

Sale
Mooresville Business Park East
Fibreworks Composites
111K SF
Colliers Representation

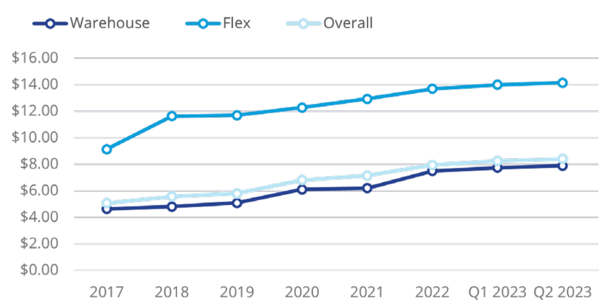
Charlotte

Industrial

23Q2

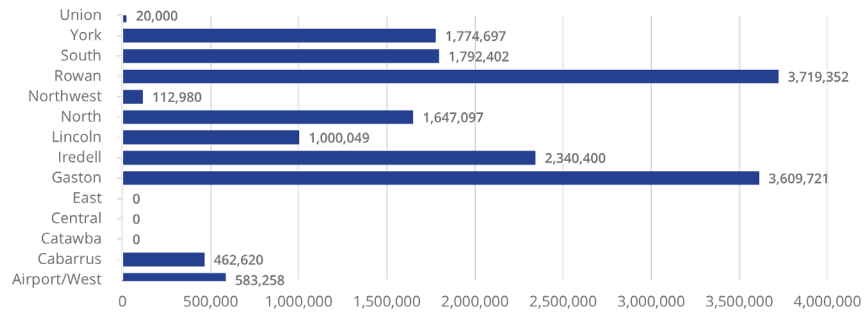
Historical Rental Rates

By Classification



Under Construction Pipeline

Overall For Each Submarket



Active Construction Projects

Overall Market

Bailey Commerce Center
Q3 2023
110,250 SF
85,000 SF
Crow Holdings Industrial

Gateway 85
Q3 2023
705,163 SF
NorthPoint Development

Lakeshore Corporate Park
ETA Q3 2023
294,500 SF
277,388 SF
126,380 SF
Fortius Capital Partners

77 Beltway
Q4 2023
315,896 SF
Strategic Capital Partners
**Colliers Representation*

The Oaks Logistics Center
ETA Q4 2023
471,860 SF
Crow Holdings Industrial

Overlook 85
Q2 2024
733,484 SF
161,232 SF
Hudson Capital Partners

Total to be Delivered:
2023: 12,757,786 SF
2024: 4,115,610 SF

Innovation Logistics Center
Q3 2023
713,388 SF
Crow Holdings Industrial

The Concourse II
Q3 2023
355,568 SF
Childress Klein

77 Beltway
Q1 2024
505,440 SF
Strategic Capital Partners
**Colliers Representation*

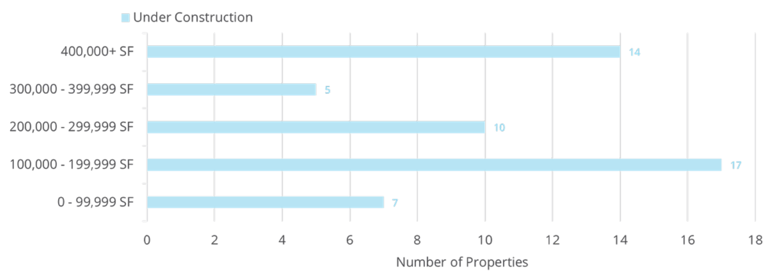
Axial Bonds Farm
Q1 2024
148,720 SF
Crescent Communities

Gaston Commerce Center
Q2 2024
420,567 SF
280,819 SF
Crow Holdings Industrial

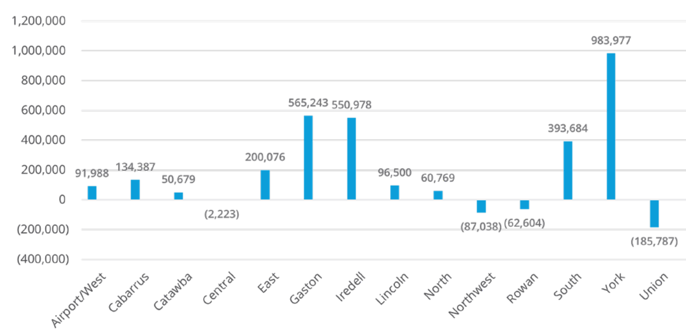
Significant Lease Activity

Property Name	Submarket	Size	Tenant	Type
*Stateline 77 *Colliers Representation*	York	785,991	Silfab	New
Carolina Logistics Park	South	525,624	Grainger	New
RiverOaks Corporate Center - Building A	Cabarrus	197,347	Bonded Logistics	Sublease
Carolina Logistics Park	South	173,748	Synder's - Lance	New
The Concourse III	Airport / West	135,476	Border States Electric	New
*West Pointe Business Park *Colliers Representation*	Airport / West	128,000	Barrday Corp.	Renewal
430 McLin Creek Road	Catawba	88,705	WestRock	Renewal
River West Building A	Gaston	85,199	Positec Tool Corporation	New
420 North McLin Creek Road	Catawba	81,200	WestRock	Renewal
CDC - 8	North	60,800	NB Handy	Renewal
The Concourse III	Airport / West	54,357	PMC Interiors	New
Piedmont Interstate Commerce Center	York	50,000	Gordon Textiles	New

Buildings Under Construction by Size



Net Absorption by Submarket



Capital Markets Activity

Property Name / Address	Submarket	Size	Transaction	Sales Price PSF	Buyer
Britax NA Headquarters	Stateline	478,400	$42,500,000	$89.00	Growth Capital Partners & Highline Real Estate
607 Meacham Rd	Iredell County	309,620	$14,600,000	$47.15	GTIS Partners
Carolina 85 Logistics Center	Gaston County	300,468	$32,900,000	$109.50	Stoltz Real Estate Partners
*9415 Pioneer Ave *Allocated*	South	241,590	$26,200,000	$108.45	Blue Rock Real Estate LLC
*801 Pressley Rd *Allocated*	South	73,116	$9,100,000	$124.46	Blue Rock Real Estate LLC

Charlotte | Q2 2023 | Industrial | Market Statistics

Colliers

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)
Airport/West											
Warehouse	280	18,635,671	761,966	129,999	4.79%	2.63%	63,439	(20,965)	475,878	619,580	$9.75
Flex	48	1,956,197	83,772	12,960	4.94%	3.37%	28,549	53,496	107,380	146,890	$13.91
TOTAL	328	20,591,868	845,738	142,959	4.80%	2.70%	91,988	32,531	583,258	766,470	$11.00
Cabarrus County											
Warehouse	280	22,793,564	1,517,994	-	6.66%	7.49%	185,335	442,349	462,620	-	$8.13
Flex	76	2,544,151	103,144	9,471	4.43%	2.43%	(50,948)	63,711	-	95,850	$13.10
TOTAL	356	25,337,715	1,621,138	9,471	6.44%	6.98%	134,387	506,060	462,620	95,850	$9.25
Catawba County											
Warehouse	508	38,363,412	481,512	20,000	1.31%	1.46%	53,539	(53,811)	-	-	$4.42
Flex	22	846,592	-	14,860	1.76%	1.47%	(2,860)	(2,860)	-	12,000	$8.30
TOTAL	530	39,210,004	481,512	34,860	1.32%	1.46%	50,679	(56,671)	-	12,000	$4.42
Central (CBD)											
Warehouse	221	6,057,953	344,880	-	5.69%	5.61%	(2,199)	(11,009)	-	-	$9.74
Flex	16	527,390	97,202	-	18.43%	12.41%	(24)	(58,373)	-	-	$16.50
TOTAL	237	6,585,343	442,082	-	6.70%	6.20%	(2,223)	(69,382)	-	-	$9.80
East											
Warehouse	481	18,454,501	917,154	-	4.97%	6.06%	203,852	(185,849)	-	-	$8.75
Flex	92	3,168,256	128,741	-	4.06%	3.34%	(3,776)	(3,285)	-	-	$14.00
TOTAL	573	21,622,757	1,045,895	-	4.84%	5.66%	200,076	(189,134)	-	-	$9.35
Gaston County											
Warehouse	369	32,524,750	2,802,491	31,652	8.71%	4.59%	562,923	454,130	3,609,721	1,256,278	$5.87
Flex	32	1,028,770	14,000	-	1.36%	1.56%	2,500	2,500	18,000	-	$10.00
TOTAL	401	33,553,520	2,816,491	31,652	8.49%	4.49%	565,423	456,630	3,627,721	1,256,278	$6.32
Iredell County											
Warehouse	435	30,788,189	748,830	-	2.43%	6.50%	528,643	561,699	2,325,400	375,189	$5.87
Flex	106	3,010,540	7,520	1,200	0.29%	1.06%	22,335	22,390	15,000	-	$12.95
TOTAL	541	33,798,729	756,350	1,200	2.24%	3.29%	550,978	584,089	2,340,400	375,189	$6.42
Lincoln County											
Warehouse	141	11,368,111	515,200	382,668	7.90%	8.79%	96,500	(100,189)	1,000,049	-	$6.10
Flex	13	354,997	-	-	0.00%	0.00%	-	-	-	-	$12.01
TOTAL	154	11,723,108	515,200	382,668	7.66%	8.52%	96,500	(100,189)	1,000,049	-	$6.10
North											
Warehouse	248	23,131,026	387,382	12,600	1.73%	1.93%	36,072	141,908	1,600,297	226,614	$8.25
Flex	98	4,174,269	181,052	10,953	4.60%	5.11%	24,697	135,559	46,800	-	$15.20
TOTAL	346	27,305,295	568,434	23,553	2.17%	2.42%	60,769	277,467	1,647,097	226,614	$9.47
Northwest											
Warehouse	230	13,535,886	236,913	-	1.75%	1.00%	(83,538)	(44,800)	112,980	-	$6.50
Flex	11	442,581	3,500	-	0.79%	0.00%	(3,500)	(2,250)	-	-	$11.75
TOTAL	241	13,978,467	240,413	-	1.72%	0.97%	(87,038)	(47,050)	112,980	-	$6.70
Rowan County											
Warehouse	198	16,267,372	1,755,820	-	10.79%	10.34%	(74,455)	535,790	3,719,352	-	$5.49
Flex	16	440,574	35,000	-	7.94%	8.45%	11,851	10,500	30,000	10,500	$6.85
TOTAL	214	16,707,946	1,790,820	-	10.72%	10.29%	(62,604)	546,290	3,749,352	10,500	$5.61

Reporting Definitions

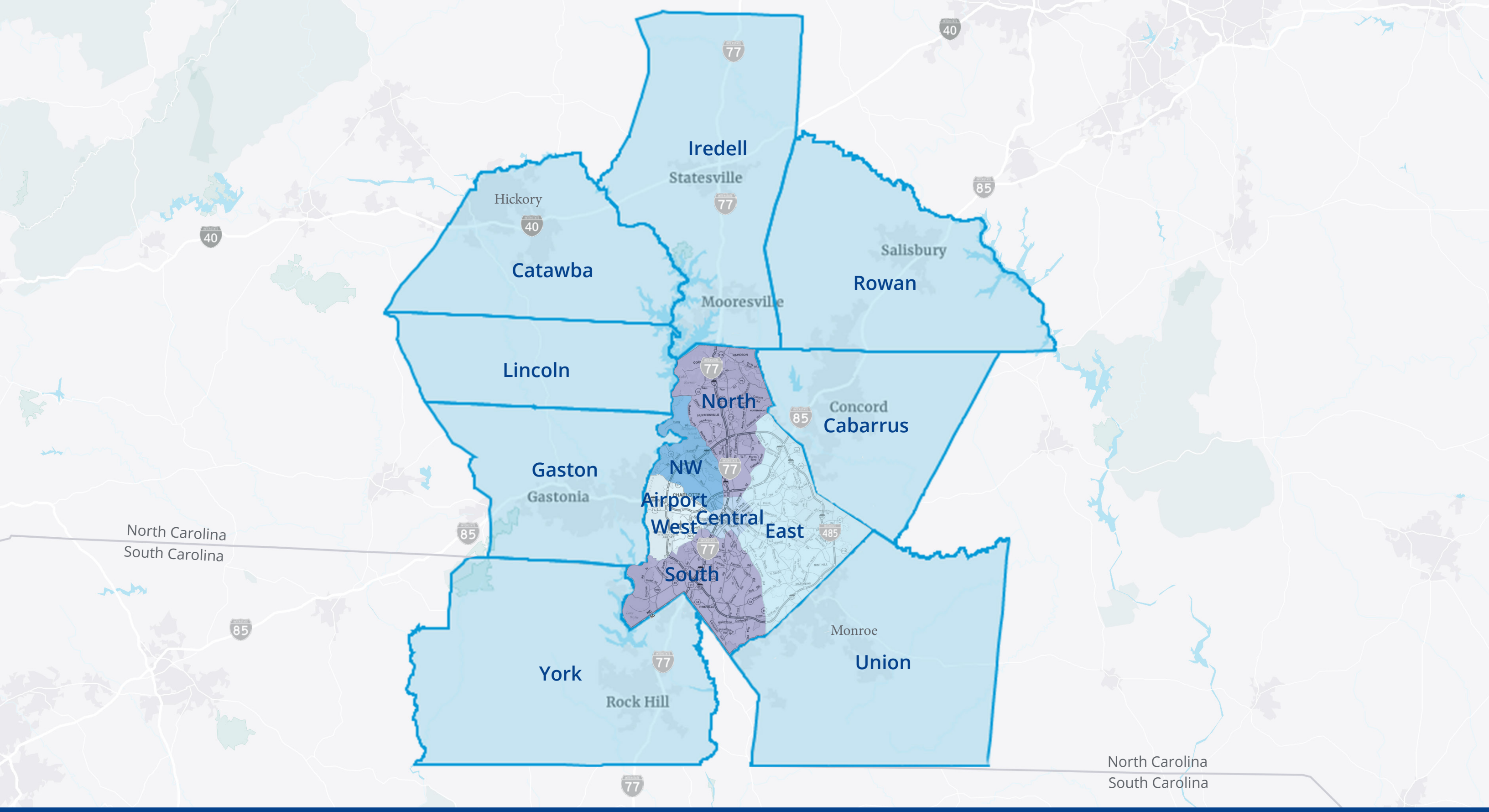
Colliers Charlotte uses the following parameters when tracking the industrial market:

- 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

Charlotte | Q2 2023 | Industrial | Market Statistics

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)
South											
Warehouse	720	54,179,196	1,524,868	122,304	3.04%	3.11%	411,984	706,934	1,792,402	796,074	$8.35
Flex	224	7,813,591	344,778	32,127	4.82%	4.53%	(18,300)	80,902	-	-	$14.24
TOTAL	944	61,992,787	1,869,646	154,431	3.27%	3.29%	393,684	787,836	1,792,402	796,074	$9.33
York County											
Warehouse	289	32,717,557	932,108	695,201	4.97%	8.10%	990,452	580,920	1,774,697	155,320	$6.90
Flex	65	1,825,560	34,207	3,482	2.06%	1.56%	(6,475)	(10,044)	-	-	$13.70
TOTAL	354	34,543,117	966,315	698,683	4.82%	7.76%	983,977	570,876	1,774,697	155,320	$7.15
Union County											
Warehouse	330	15,621,401	162,423	108,272	1.73%	0.51%	(191,841)	(227,689)	-	-	$6.90
Flex	105	1,761,725	21,995	-	1.25%	1.60%	6,054	10,532	20,000	-	$12.62
TOTAL	435	17,383,126	184,418	108,272	1.68%	0.62%	(185,787)	(217,157)	20,000	-	$7.74
Market Total											
Warehouse	4,730	334,438,589	13,089,541	1,502,696	4.36%	4.33%	2,780,706	2,779,418	16,873,396	3,429,055	$7.90
Flex	924	29,895,193	1,054,911	85,053	3.81%	3.44%	10,103	302,778	237,180	265,240	$14.15
TOTAL	5,654	364,333,782	14,144,452	1,587,749	4.32%	4.25%	2,790,809	3,082,196	17,110,576	3,694,295	$8.40

Submarket Map



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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

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