

# Occupier's Guide

## Overview

Charlotte's industrial market continues to show strength. According to CoStar, Q4 saw a net absorption of positive 965,948 square feet and vacancy rates came in at 6.5%, up about 0.1% from Q3. Following from previous quarters, rental rates for industrial properties have climbed to historical highs with a reported \$5.99 per square foot at the end of Q4. Construction keeps with strong activity seeing 1,300,000 square feet of space delivered at the end of Q4 and roughly another 5,600,000 square feet currently under way.

## Absorption, Vacancy and Rental Rate



### Absorption Rates

Q4 2018	▼	+ 965,948 SF
Q3 2018	▲	+ 1,564,144 SF
Q2 2018	▼	+ 691,939 SF
Q1 2018	▲	+ 1,553,713 SF

### Vacancy Rates

<b>Q4 2018</b>	<b>6.5%</b>
Q3 2018	6.4%
Q2 2018	6.7%
Q1 2018	6.5%

### Rental Rates

Q3 2018	\$5.75/SF
Q2 2018	\$5.65/SF
Flex	\$10.80/SF
Warehouse	\$5.26/SF

Source: CoStar

## Recent Transactions

	Occupier	Size (SF)	Submarket	Type	Sector
1	Confidential	209,316	State Line Industrial	Bulk Warehouse	Industrial
2	Confidential	199,700	State Line Industrial	Bulk Warehouse	Industrial
3	SI Fulfillment Solutions	117,000	State Line Industrial	Bulk Warehouse	Industrial
4	Confidential	113,316	North Industrial	Bulk Warehouse	Industrial
5	Confidential	100,975	I-85/Beatties Ford	Bulk Warehouse	Industrial
6	Confidential	100,958	I-85/Beatties Ford	Bulk Warehouse	Industrial
7	Foundation Building Materials	60,000	Mecklenburg Line Industrial	Bulk Warehouse	Industrial
8	Confidential	51,953	Tyvola Road Industrial	Bulk Warehouse	Industrial

## Occupier's Perspective



Charlotte's industrial rents grew at one of the fastest paces around the country in the past year with an average growth of 8.9%, according to CoStar.



The local economy continues to diversify with big boosts from the relocations of Dimensional Fund Advisors, MetLife and United Technologies. State and local incentives continue to play a key role in corporate recruitments.



Employment in the manufacturing and trade, transportation and utilities sectors increased by 2.2%, or about 7,700 jobs.

## Market Trends



**Charlotte continues to see historically low vacancies when viewed over the past 10 years.** Current industrial vacancy is 6.5% versus a 10-year average vacancy of 9.8%.

**Charlotte Douglas Airport continues to drive the region's economy.** The 10th busiest airport in the U.S., CLT continues to drive business and industrial construction in the area. Much of the current industrial construction is centered in the submarkets nearest to the airport and south to the state line.