Market Report
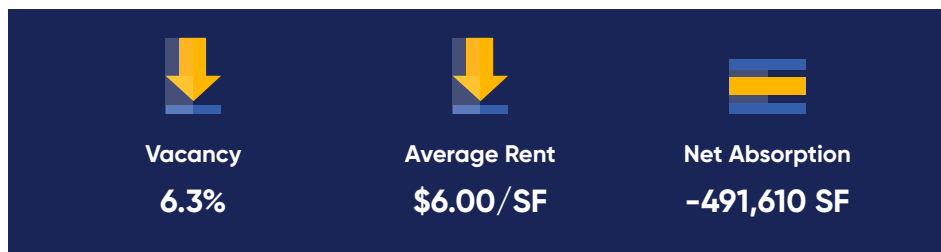
cresa

Yet again, Charlotte's industrial market closed out 2019 with continued strength. According to CoStar, year over year, average market rents have risen 2% from $5.86 in Q4 2019 to $6.00 in Q4 2019. Industrial vacancy rates dipped a bit from Q3 to Q4 to 6.3%. Development continues with 2.5 million feet of construction starts in Q4, coupled with an expected +/- 4.5 million feet set to deliver in Q1 2020. It will be interesting to see the resulting effect on rental rates and vacancy in the first half of 2020.

Absorption, Vacancy and Rental Rates

Vacancy	Average Rent	Net Absorption
6.3%	$6.00/SF	-491,610 SF

Absorption Rates

Period		Value
Q4 2019	▼	-491,610 SF
Q3 2019	▲	2,438,570 SF
Q2 2019	▲	1,268,318 SF
Q1 2019	▼	92,759 SF

Vacancy Rates

Period	Rate
Q4 2019	6.3%
Q3 2019	6.7%
Q2 2019	6.9%
Q1 2019	7.1%

Rental Rates

Category	Rate
Flex	$11.44/SF
Warehouse	$5.94/SF
Q4 2019 Industrial	$6.00/SF
Q3 2019 Industrial	$6.08/SF

Source: CoStar

Recent Transactions

	Occupier	Size	Submarket	Type	Sector
1	Undisclosed	136,015 SF	Airport/West	Bulk Warehouse	Industrial
2	Undisclosed	120,265 SF	State Line Ind	Bulk Warehouse	Industrial
3	Undisclosed	103,798 SF	Airport/West	Bulk Warehouse	Industrial
4	Undisclosed	99,286 SF	State Line Ind	Bulk Warehouse	Industrial
5	Undisclosed	80,430 SF	State Line Ind	Bulk Warehouse	Industrial
6	VTree	78,780 SF	State Line Ind	Bulk Warehouse	Industrial
7	Undisclosed	54,845 SF	Airport/West	Bulk Warehouse	Industrial
8	Undisclosed	45,360 SF	State Line	Bulk Warehouse	Industrial

Occupier's Perspective

The five largest submarkets by total inventory are Stateline, Iredell County, York County, Gaston County and Cabarrus County.

We recommend that occupiers begin to formulate a strategy for renewal or relocation a minimum of 12 months from from lease expiration.

Market Trends

W.P. Carey buys 1.2M square foot Black and Decker distribution facility for $94M ($76/SF) in 2019's largest industrial sale.

Truist exercises purchase option on headquarters building for $455.5 M.

Nearly 7.8 million square feet of industrial facilities are currently under construction in the Charlotte market.