

Industrial Market Report

Strong demand and scarce supply continue to create challenges for industrial occupiers in the Charlotte market in the second quarter and it is projected to continue through the remainder of 2022.

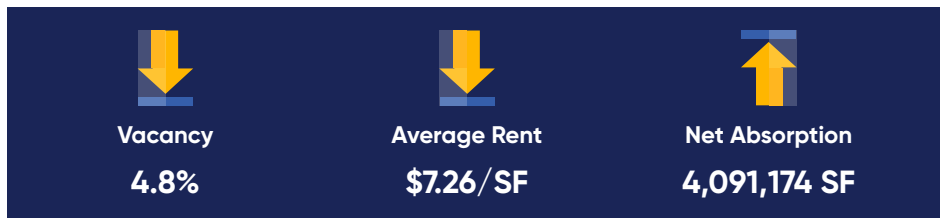
A massive 20M SF construction pipeline (much of which is speculative) coupled with some poor national economic news, may start to cool the imbalance in the market and stabilize some of the pricing and availability of product.

Meanwhile, tenant's are still having to move very quickly to secure properties that fit their needs and are paying a premium to be there.

Occupier's Perspective

5 largest submarkets by total inventory: Stateline, Iredell County, York County, Gaston County, and North.

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



Rental and Vacancy Rates

Direct Asking Rent (\$/SF)	Total Vacancy Rate	YoY Change
\$17.39	CBD 2.0%	▼ -4.0%
\$9.86	North 3.7%	▼ -3.4%
\$8.20	Airport/West 1.4%	▼ -5.4%
\$8.14	Stateline 4.7%	▼ -3.2%
\$14.59	South 8.4%	▲ 6.9%
\$8.31	Union County 0.9%	▼ -2.2%
\$4.07	Lancaster County 22.7%	▼ -3.1%
\$7.40	York County 5.9%	▼ -3.1%
\$5.55	Gaston County 5.7%	▲ 1.9%

Recent Transactions

Tenant	Size	Submarket	Sector
1 Confidential Client	200,629 SF	Stateline	Industrial
2 CATO	109,012 SF	Stateline	Industrial
3 Unique Loom	102,124 SF	York County	Industrial
4 Confidential Client	68,000 SF	Stateline	Industrial
5 Globe Express Services	60,932 SF	North	Industrial
6 Confidential Client	42,778 SF	Stateline	Industrial

Market Trends

Investment sales After a record year for industrial sales volumes in 2021, the appetite continues for quality industrial product in the Carolinas, but it is being tempered relative to 2021 demand by rising interest rates and some sluggish national economic indicators.

Development Nearly 20M SF of industrial product is currently under construction, much of it being built on a speculative basis. Both regional and national developers have shown a health appetite to take on risk with large, cross-docked facilities with square footages north of 500k SF.

Transportation infrastructure fosters Charlotte's industrial growth. Regional connectivity and focused improvement to the market's air, rail and interstate infrastructures have warranted continued industrial growth in the market.