

# Charlotte

Industrial | Q2 2023 Market Report

## Quarterly Shifts

- ↑ Vacancy  
0.4%
- ↑ Average Rent  
\$0.34/SF
- ↑ Net Absorption  
36,065 SF

## Occupier's Perspective

Industrial sales volume continues to slow as interest rates have risen and sluggish economic indicators persist. Nevertheless, fundamentals remain strong for industrial product in the Carolinas and investors are still actively working to invest in the region.

20.5M square feet of industrial product is currently planned or under construction, with a large percentage being built on a speculative basis.

Transportation infrastructure has fostered 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.

## NC Economic Development

Industrial vacancy has begun to rise at a modest pace, rent growth has slowed, and demand is moderating, **indicating further balance being restored to the Charlotte industrial market.** A construction pipeline of over 20 million square feet should continue the trend of rising industrial vacancy rates as it is unlikely demand will keep up with deliveries in the near term. Despite the easing of some supply side pressures, the Charlotte industrial market continues to be a challenging environment for occupiers as they battle **historically high lease rates.** Particularly for requirements under 50,000 SF, landlords maintain strong negotiating leverage. **Larger users with an occupancy timeline 6 months out or longer, will have more negotiating leverage than occupiers have seen in years.**

## Submarket Movement

Vacancy Rate	QOQ Change	Direct Asking Rent (\$/SF)	Submarket
7.7%	3.9% ▲	\$5.59	Gaston County
7.3%	-0.2% ▼	\$5.69	York County
2.3%	0.0% ●	\$10.12	North
4.6%	2.0% ▲	\$11.40	Airport/West
1.8%	1.2% ▲	\$11.62	Union County
3.5%	0.2% ▲	\$12.49	Stateline
22.3%	0.2% ▲	\$12.81	Lancaster County
11.6%	6.6% ▲	\$14.38	South
3.3%	0.2% ▲	N/A	CBD

28,000

New Jobs  
Created

\$19B+

Capital  
Investment

\$1.55B

New Annual  
Payroll

Source: Economic Development Partnership of NC 2022 Annual Report