

# Charlotte industrial market report

Q3 2024

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**AVISON  
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# Charlotte industrial market trends

**\$25.31**

## Average \$/ buildable sf for land since 2023

Land sales are more infrequent post-Fed rate hikes, with the number of transactions falling YoY. The price per buildable sf in the Charlotte market is over \$25 on average since 2023.

Land sales in Mecklenburg County are significantly higher than the outer lying counties, with F.A.R's approaching \$30 per buildable sf, which is being caused by the underwriting criteria.

**7.3%**

## Direct Vacancy in 2024

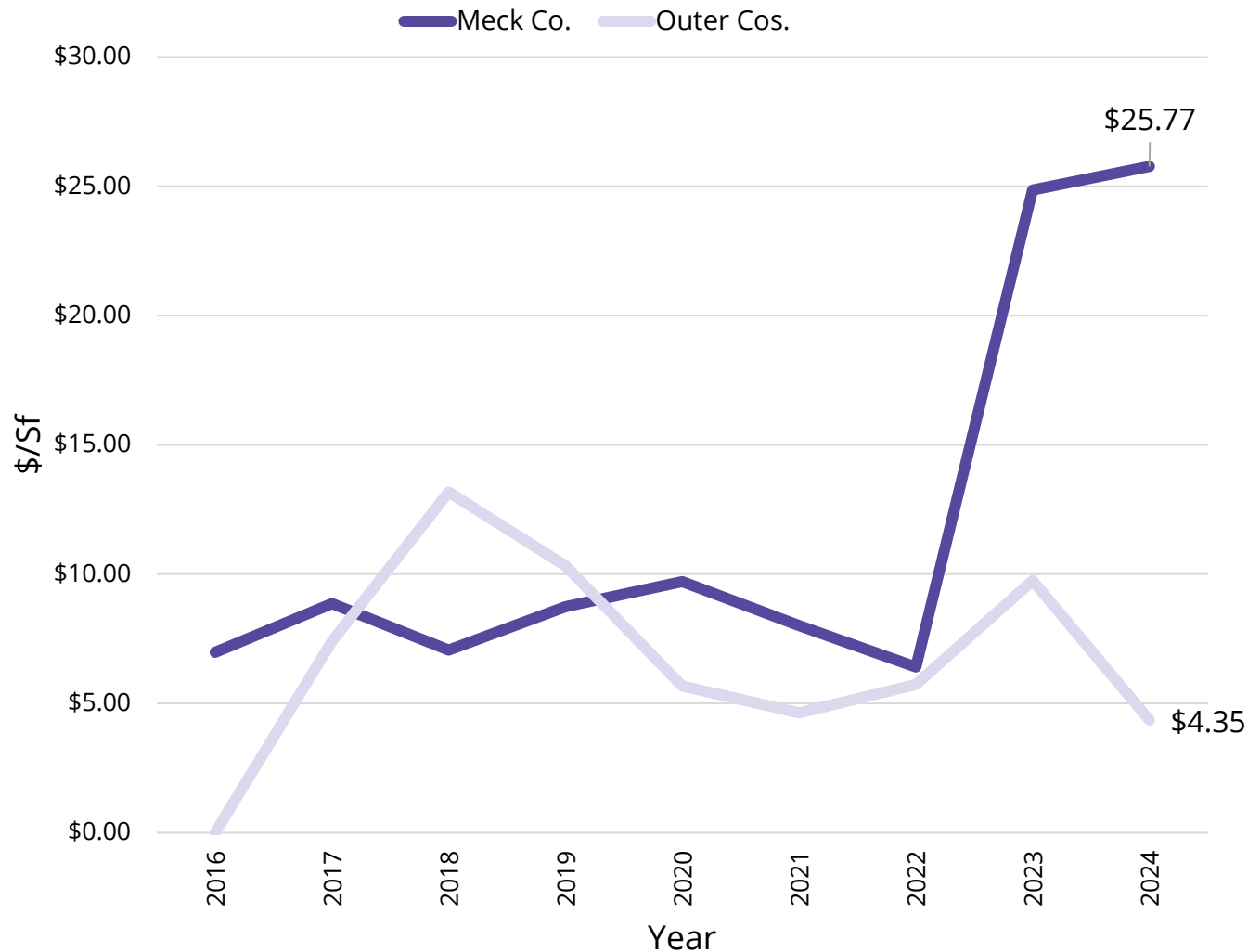
The Charlotte industrial vacancy rate is 7.3%. This is the highest since 2014, and well above the average of 5.26% in the years prior to COVID. Select submarkets, such as Gaston County, have seen an influx of deliveries that have spurred the vacancy rate higher. While leasing activity is on pace to surpass 2023 levels, inventory additions project to keep the vacancy rate elevated.

**52.7%**

## New builds under 200k sf

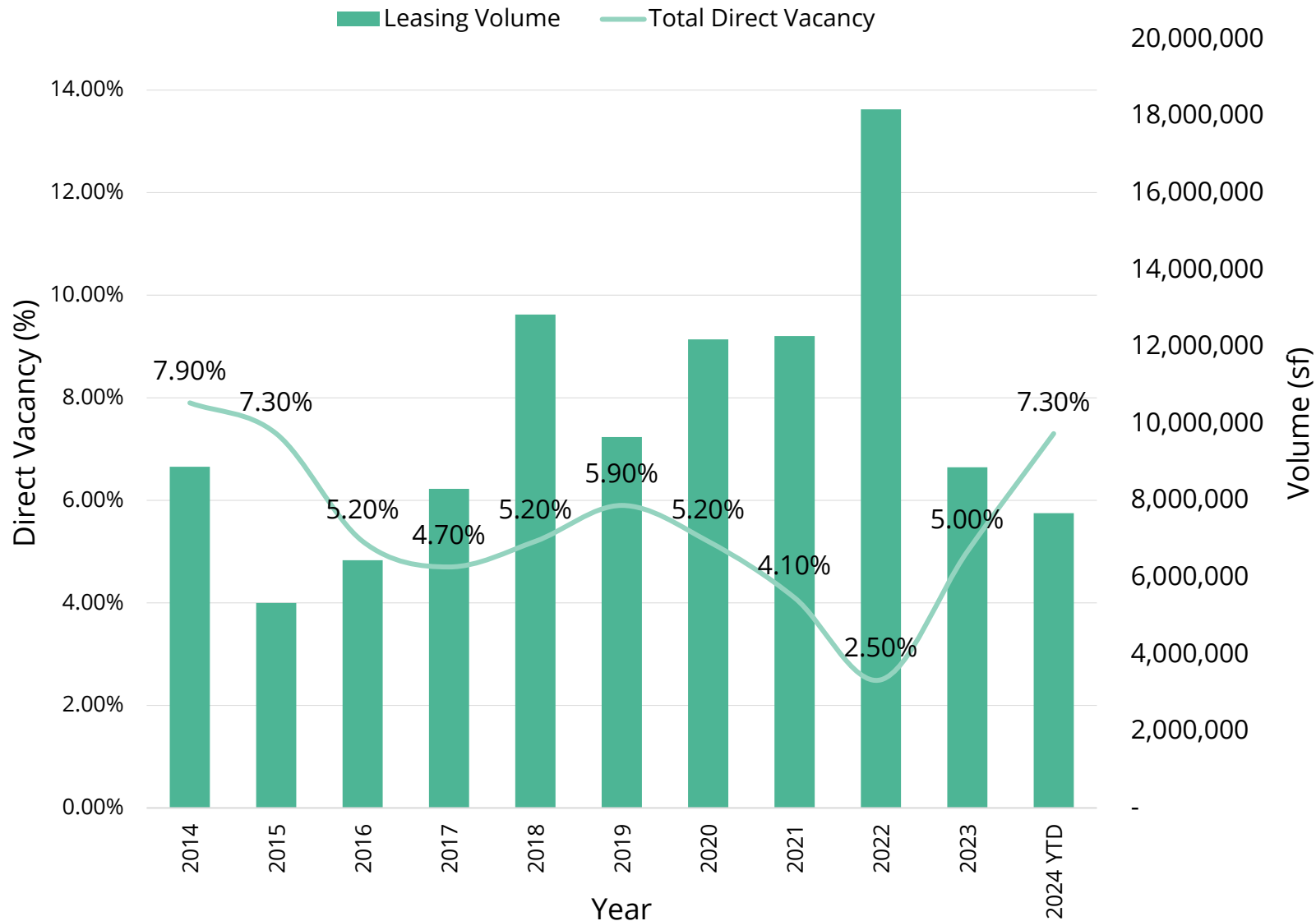
Since 2022, the Charlotte industrial market has seen 36 properties over 20k sf break ground. Among these, over half are under 200k sf. The sf of these buildings make up around 32% of all ground breakings, while accounting for 52.7% of the number of buildings. This can be attributed to higher demand for local/regional operations. Average leases are falling well under 100k sf over the past 2 years.

# Land price per sf in Mecklenburg County surges past pre-pandemic levels



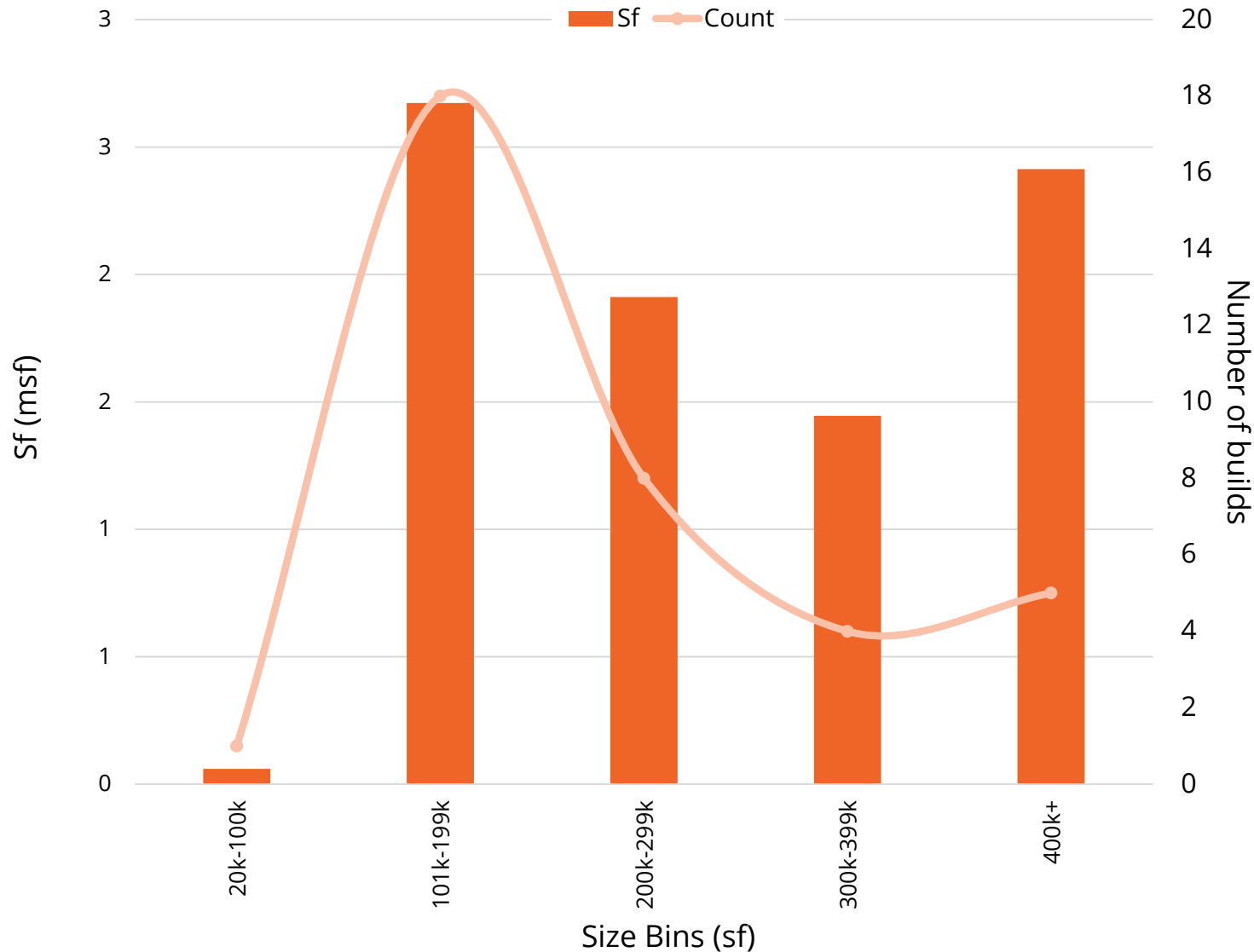
**Land sales remain tempered post-COVID. Tenants are opting for smaller space closer to the Infill submarket, resulting in higher \$/sf.**

# Direct vacancy at highest rate in 10 years



**Total direct vacancy is 7.3%, the highest rate since 2014. However, leasing volume is on pace to clear 10 msf, surpassing the 8.5 msf signed in 2023.**

## Smaller building starts driving new constructions since 2022

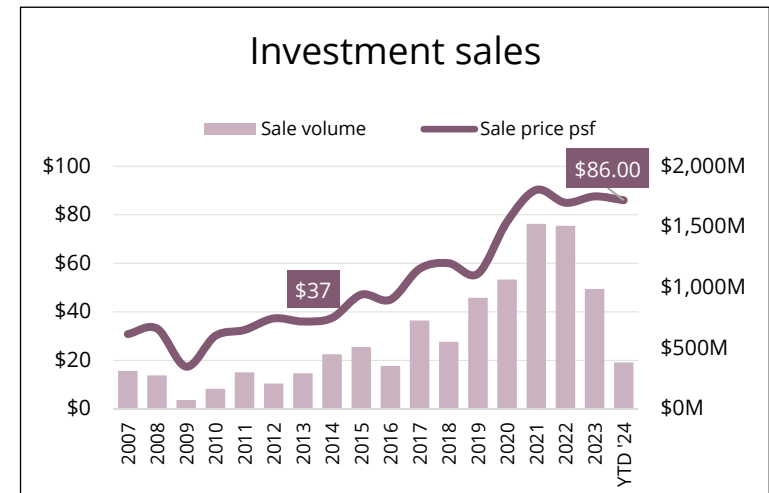
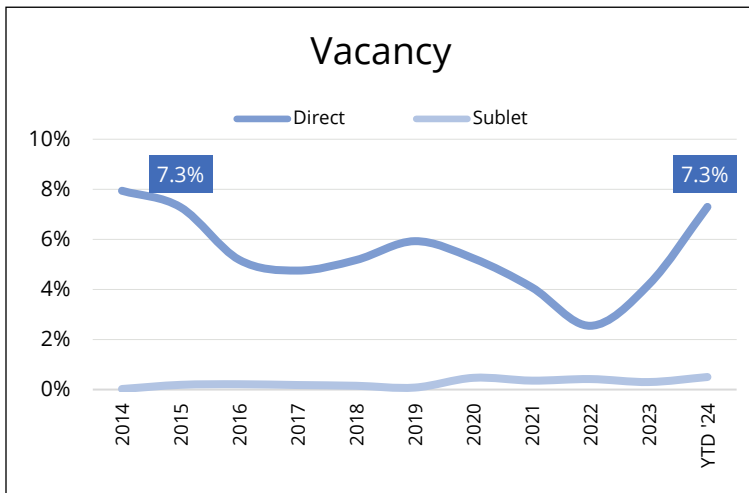
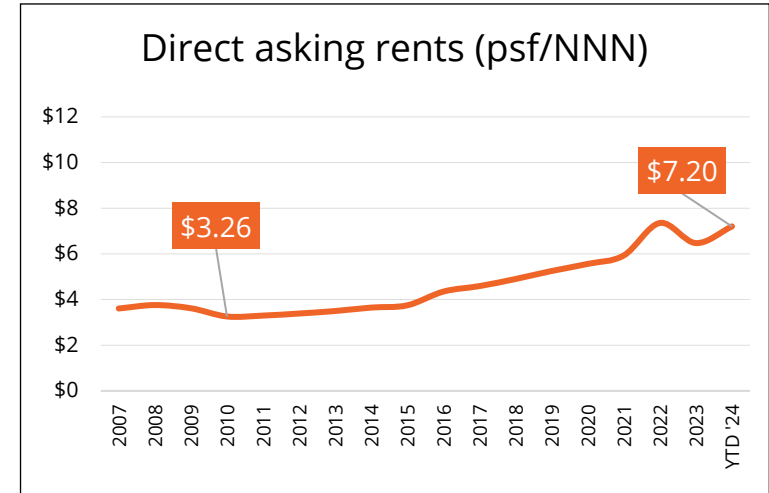
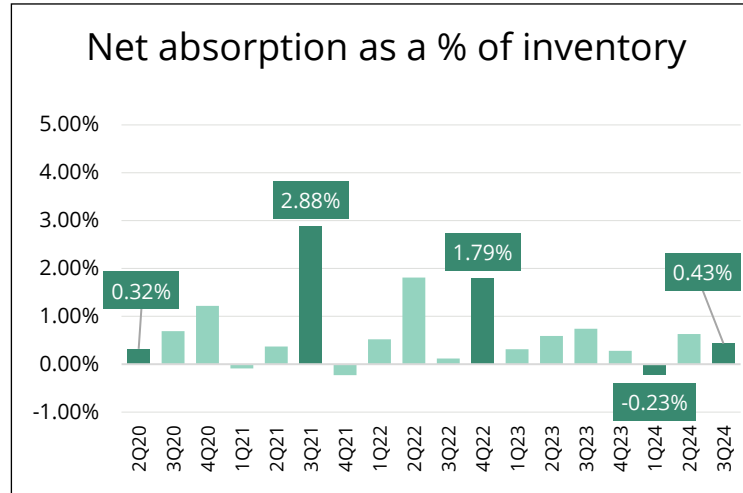
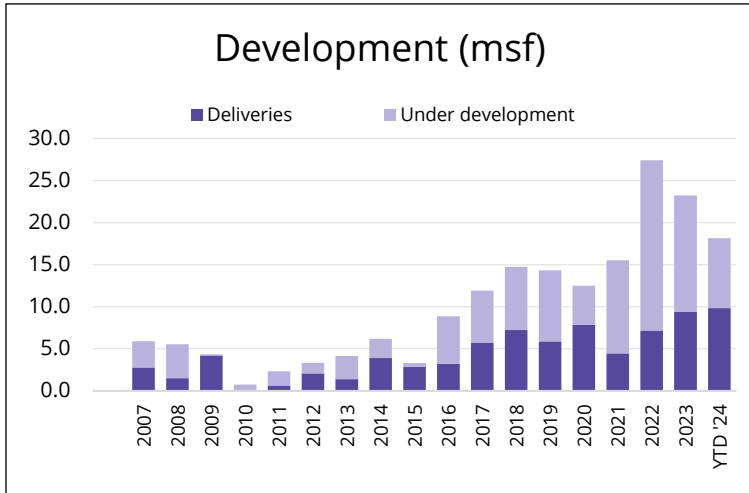


**Most new construction since 2022 has been under 200k sf. Builds over 400k sf contribute to much of the total sf, but the number of builds under 200k sf are over half of the total builds.**

# Appendix



# Charlotte industrial market indicators



# Charlotte industrial market activity

## Recent leasing activity

Tenant	Address	Submarket	Sign date	Size (sf)	Transaction type	Lease type
Green New Energy Materials	1011 Lincoln Commerce Ct.	Lincoln County	Aug'24	534,087	Direct	Extension
American Tire Distributor	773 Lincoln County Parkway Ext.	Lincoln County	Sep'24	420,000	Direct	Extension
Prime Beverage	6100 Glen Afton Blvd.	Cabarrus County	Aug'24	208,200	Direct	New

## Recent sales activity

Buyer	Address	Sale date	Building size (sf)	Sale price	Sale price psf	Seller
Morgan Stanley	101 Reliance Rd.	Jul'24	237,000	\$16,400,000	\$69	Somera Road
SteelPoint	200 Beltway Blvd.	Jul'24	49,790	\$9,000,000	\$181	Primax Properties
Invesco	4535 Enterprise Dr.	Jul'24	61,200	\$8,600,000	\$141	Griffin Capital

## Top projects under development

Address	Submarket	Delivery date	Building size sf	% Preleased	Developer
Landis Distribution Center-Phase II	Rowan County	Q3 2025	702,000	0%	JacksonShaw
Innovation Logistics Center-Building 2	Rowan County	Q4 2024	472,890	0%	Crow Holdings
Rusher Farms Commerce Center-Building 1	Rowan County	Q4 2024	451,980	0%	Tectonic



# Charlotte industrial market stats

Submarket	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Preleased sf	Direct vacancy	Sublet vacancy	Total vacancy	Net absorption % of inventory (YTD)	Net absorption sf (YTD)	Asking rent NNN
Airport	16,974,360	957,840	2,097,748	-	8.5%	0.8%	9.2%	1.57%	528,666	\$5.00
Cabarrus County	19,180,450	907,897	-	-	8.4%	0.0%	8.4%	1.29%	441,036	\$6.24
Catawba County	28,284,127	-	-	-	0.4%	0.0%	0.4%	0.41%	50,000	-
Cleveland County	12,184,246	-	-	-	0.0%	0.0%	0.0%	0.25%	-	\$2.71
East	2,254,596	-	-	-	4.3%	0.0%	4.3%	-3.82%	-77,084	\$11.27
Gaston County	28,610,974	1,660,707	282,640	-	18.6%	0.5%	19.1%	0.09%	608,909	\$7.88
Infill	15,395,166	-	280,200	-	5.1%	0.5%	5.6%	-0.08%	-400,514	\$10.51
Iredell County	25,228,456	764,850	350,000	-	9.3%	0.0%	9.3%	-0.43%	-64,177	\$4.23
Lancaster County	2,971,211	-	-	-	0.0%	0.0%	0.0%	-	-	-
Lincoln County	9,619,029	1,000,049	172,270	-	9.3%	0.9%	10.2%	-	-83,200	\$2.17
Mecklenburg Line	1,691,951	-	-	-	17.6%	0.0%	17.6%	-	37,855	\$11.50
North	20,817,920	470,284	1,402,768	-	5.2%	0.5%	5.7%	0.69%	167,547	\$7.61
Northwest/Chemway	9,315,336	114,975	-	-	7.5%	0.0%	7.5%	-3.21%	-521,722	\$6.00
Rowan County	14,108,432	161,218	2,261,610	-	10.3%	0.0%	10.3%	4.99%	861,925	\$7.13
South	162,884	-	-	-	0.0%	0.0%	0.0%	-	-	-
Stateline	49,370,244	949,320	869,121	371,725	3.6%	0.7%	4.3%	-0.25%	1,411,023	\$10.11
Union County	9,658,863	-	-	-	4.7%	0.0%	4.7%	0.23%	-283,050	\$7.93
York County	17,628,863	1,071,781	1,214,353	-	13.3%	2.7%	16.1%	1.70%	-316,788	\$7.34
<b>Market total</b>	<b>283,456,875</b>	<b>8,058,921</b>	<b>8,302,007</b>	<b>371,725</b>	<b>7.3%</b>	<b>0.4%</b>	<b>7.3%</b>	<b>3.44%</b>	<b>2,360,426</b>	<b>\$7.20</b>

# Industrial insights glossary of terms

## Demand

- **Leasing activity:** total square footage of relocations, renewals, expansions and subleases expressed when the leases are signed, not when tenants take physical occupancy of the space
- **Absorption:** period-over-period change in occupied square footage

## Supply

- **Direct vacancy rate:** space operated by landlords that is ready for immediate occupancy
- **Sublease vacancy rate:** space operated by sublandlords that is ready for immediate occupancy
- **Total vacancy rate:** sum of direct vacancy rate and sublease vacancy rate
- **Availability rate:** space that is vacant plus space that will become vacant over an indefinite time horizon, including spaces that are occupied by vacating tenants and under-construction properties

## Industrial rents and concessions

- **Triple net rents:** tenant is responsible for paying rent, utilities, taxes, operating expenses and common area maintenance
- **Asking rents:** pricing guidance provided by landlords to tenants for available space expressed as triple net (NNN)
- **Base rents:** fair market value of market-level lease pricing based on representative executed leases, expressed as triple net (NNN)
- **Free rent period:** months of free rent that are typically provided upfront by landlords to tenants as a concession to offset the total cost of a lease and/or the construction timeline of an industrial suite
- **Tenant improvement allowance:** an allowance expressed in dollars per square foot provided from landlords to tenants to offset build-out, engineering, space planning and related permit costs
- **Net effective rent:** base rents discounted by the dollar values of tenant improvement allowance and free rent concessions expressed as full service (FS)

## Property subtypes

- **Distribution:** properties used primarily to ship goods with higher proportions of dock doors and taller clear heights
- **General Warehouse:** properties used to store goods and materials
- **Manufacturing:** properties where goods are produced and assembled with heavier power and stronger floor loads for equipment

## Capital markets

- **Investment volume:** industrial sales dollars expressed when the transactions close and based on inventory thresholds; partial-interest sale dollar amounts are not grossed-up to reflect the 100% value of the sale
- **Asset pricing:** unweighted average per-square-foot asset pricing of market-level closed sales
- **Cap rate:** net operating income divided by sale price; this measurement of market-level investment returns is calculated as an unweighted average based on closed investment sales

For more market insights and information visit **avisonyoung.com**

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