



Charlotte industrial market report

Q4 2024

**AVISON
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Charlotte industrial market trends

16%

Big-Box Vacancy Rate

Large industrial buildings are still seeing elevated vacancy rates in Q4, with buildings 500,000+ sf seeing 16% vacancy rates. Total market vacancy is at 8.7%, up 100 basis points from 3Q24. While leasing activity remained steady in the fourth quarter, the influx of new supply as a result of the construction surge over the past two years has kept vacancy rates elevated. With development activity subsiding, vacancy rates are expected to subside as tenant demand absorbs the newly delivered supply.

146K

Average TIM Demand

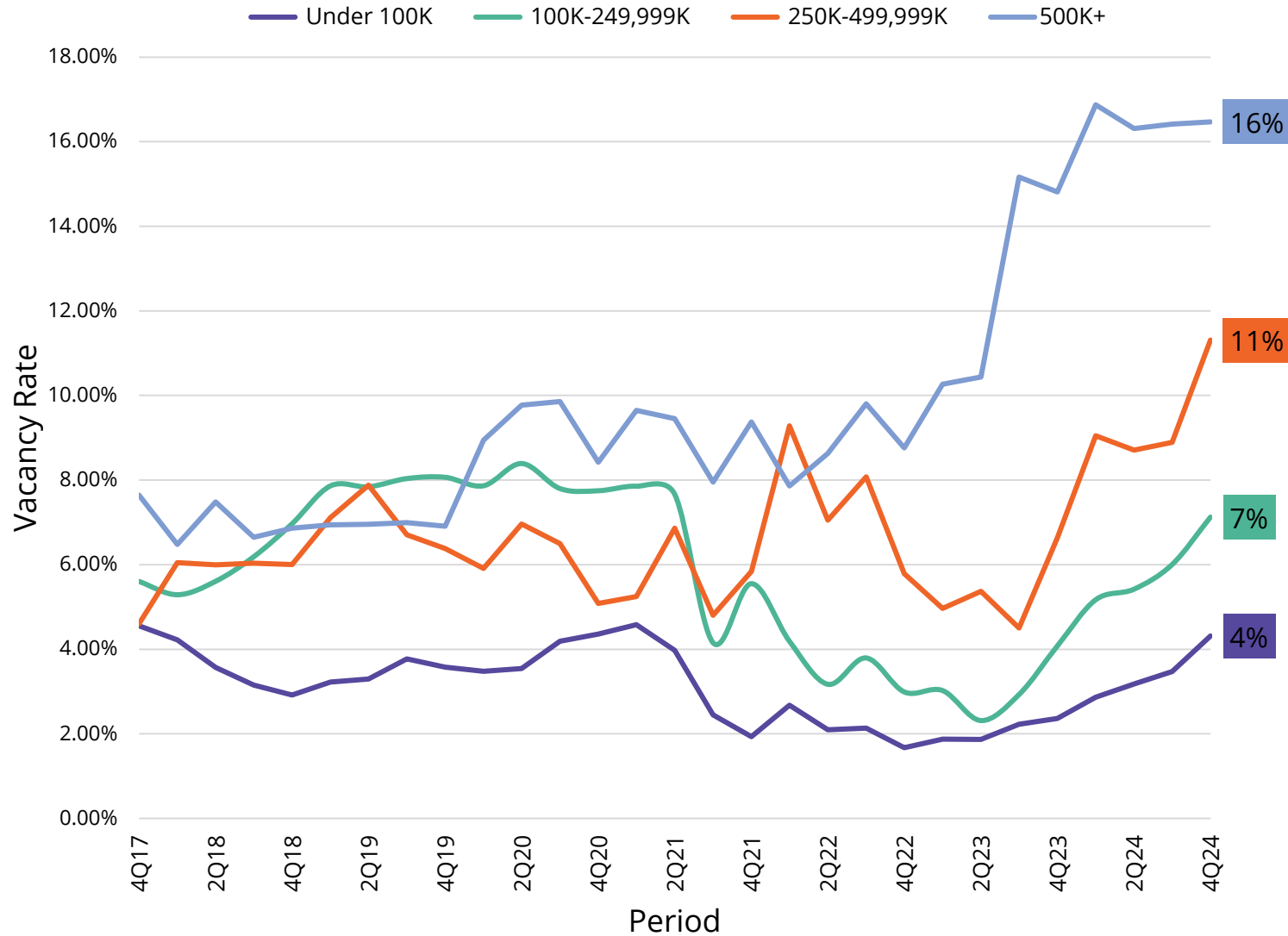
There are at least 70 industrial tenants-in-the-market (TIM's) seeking space requirements averaging 146,000 square feet being tracked. Over 60% of TIM's are seeking space less than 150,000 square feet, with 38.5% requiring less than 75,000 square feet. Since 2016, the average TIM requirement has been north of 260,000 sf. This reflects the market sentiment of tenants right-sizing their space needs and expanding their footprints to keep up with business demand. The average lease size signed in the fourth quarter was roughly 100,000 square feet. As development activity shows signs of slowing, a healthy flow of tenant demand should result in lowering the vacancy rate.

10 msf

Leased in 2024

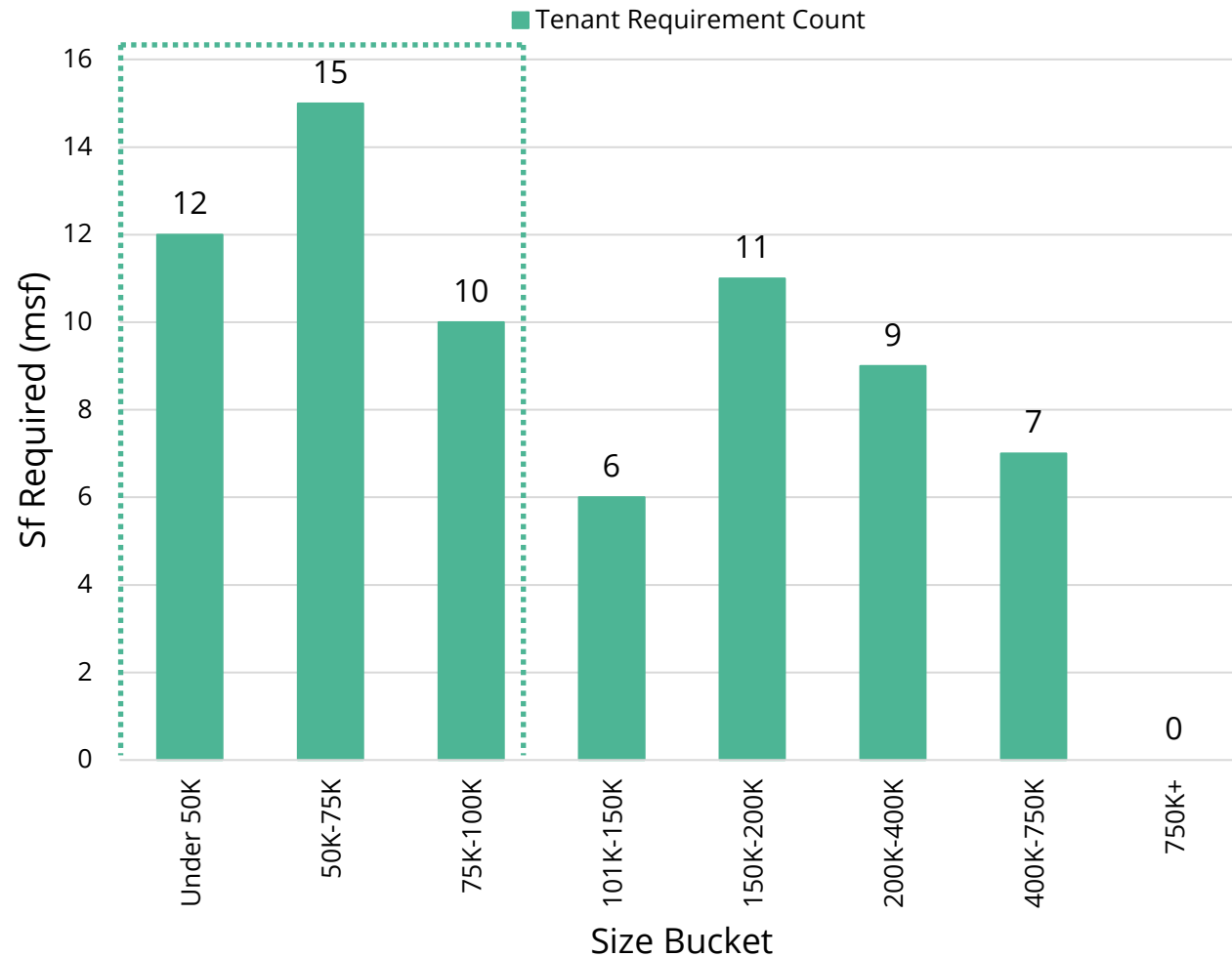
Leasing activity has returned to the pre-pandemic average, as the new market equilibrium has been established. Although leasing activity is down from the pandemic highs, transaction volume has remained stable since 2022. Roughly 10 million square feet was leased in 2024, nearing the average set from 2017-2019 of 10.3 million square feet. The three largest leases in the fourth quarter included Mann + Hummel leasing 541,000 square feet at 1551 Mt. Olive Church Road, NFI leasing 507,000 square feet at 845 Paragon Way, and Art Guild leasing 250,000 square feet at 136 Odessa Drive.

Big box vacancy still rising



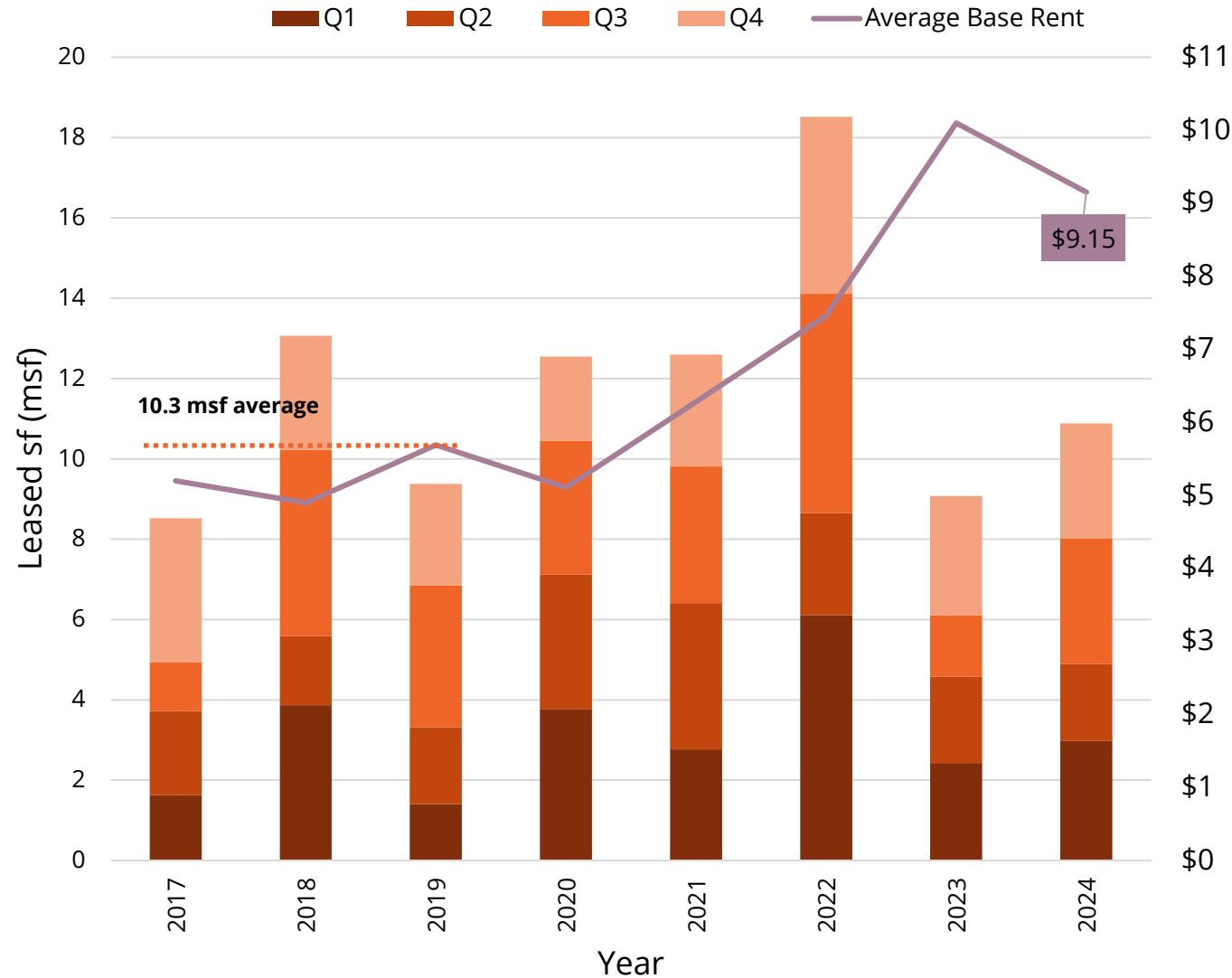
Larger industrial buildings are experiencing higher vacancy rates as new supply hits the market and tenant demand has softened from previous years.

Tenants seeking smaller spaces



Tenant demand has recently shifted, with the majority of prospective tenants seeking space less than 150k sf, with 52.8% being under 101k sf.

Leasing activity stabilizes to 8-year average

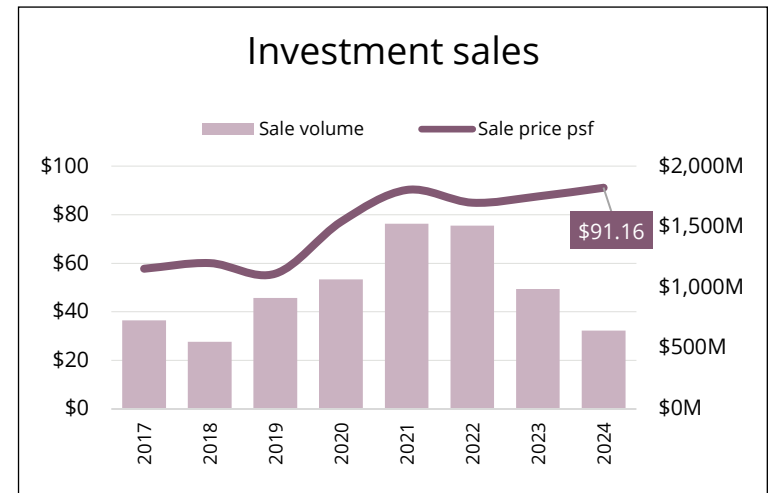
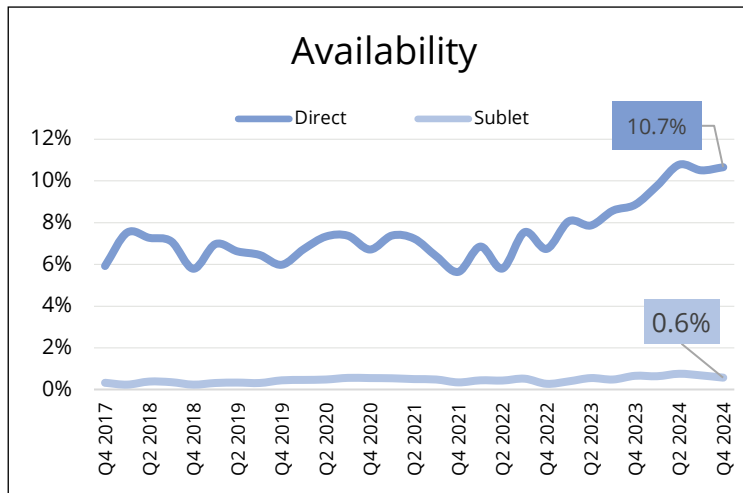
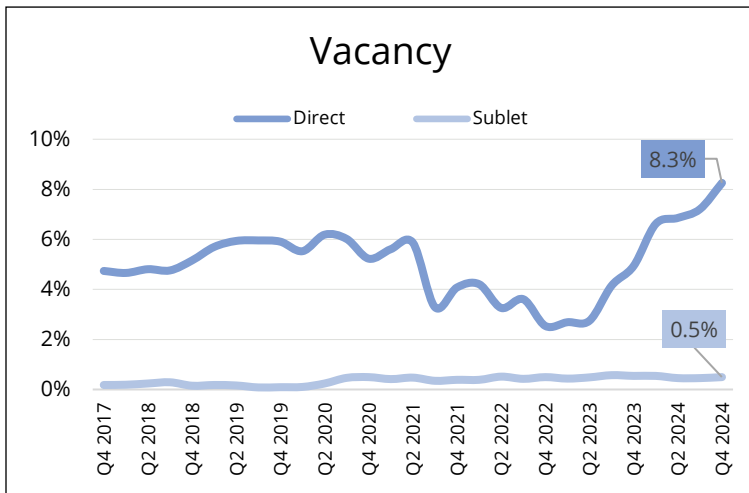
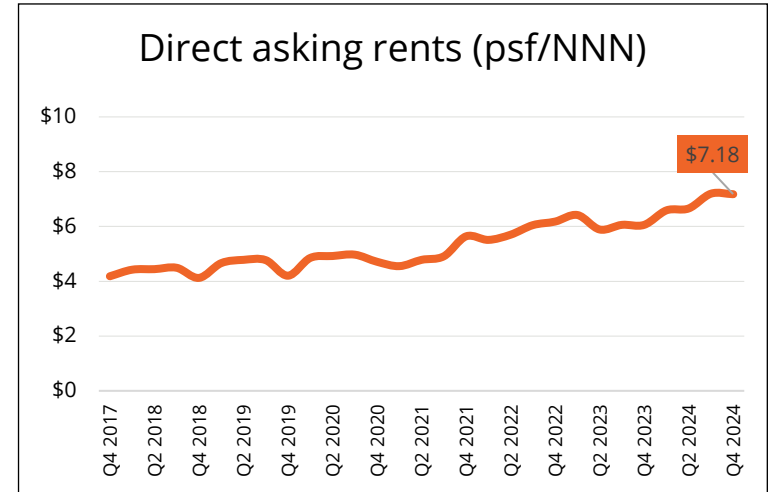
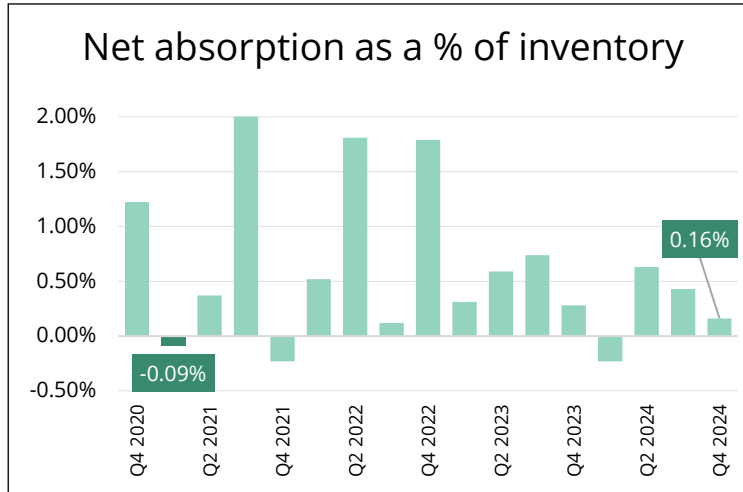
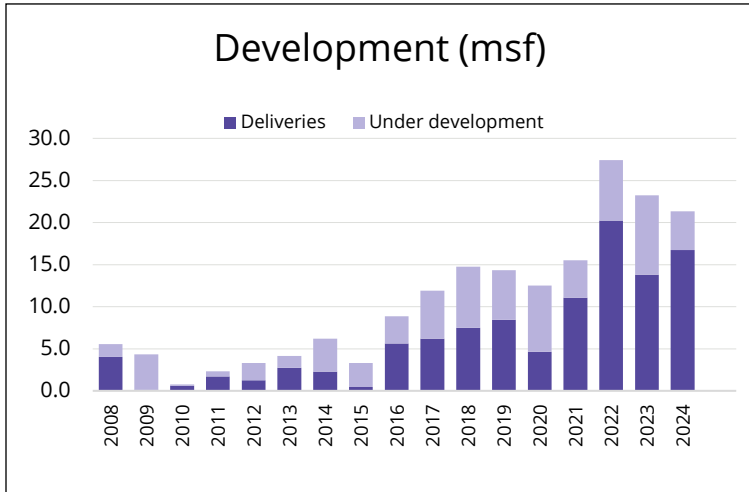


Leasing velocity in the fourth quarter brought the 2024 yearly total in line with pre-pandemic averages, while average rents declined slightly.

Appendix



Charlotte industrial market indicators



Charlotte industrial market activity

Recent leasing activity

Tenant	Address	Submarket	Sign date	Size (sf)	Transaction type	Lease type
Mann + Hummel	1551 Mt. Olive Church Road	Gaston County	Oct'24	541,609	Direct	Renewal
NFI	845 Paragon Way	York County	Nov'24	507,512	Direct	Renewal
Art Guild	136 Odessa Drive	Iredell County	Nov'24	250,000	Direct	New

Recent sales activity

Buyer	Address	Sale date	Building size (sf)	Sale price	Sale price psf	Seller
Stonelake Capital Partners	7040 Northwinds Drive NW	Nov'24	402,400	\$51,000,000	\$127	Silverman Group
Tishman	793 Fort Mill Highway	Dec'24	507,800	\$45,000,000	\$89	Pacer Partners
Ares Management Corp.	6030 Airport Drive	Dec'24	138,600	\$24,221,515	\$175	McCraney Property

Top projects under development

Address	Submarket	Delivery date	Building size sf	% Preleased	Developer
Landis Distribution Center-Phase I	Rowan County	Q3 2025	594,300	0%	JacksonShaw
Constellation 485 South	Stateline	Q3 2025	374,220	0%	Constellation
Kings Mountain Exchange	Gaston County	Q2 2025	283,000	0%	Tectonic

Charlotte industrial market stats

Submarket	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct vacancy	Sublet vacancy	Total vacancy	Net absorption sf (YTD)	Net absorption % of inventory (YTD)	Annual direct asking rent psf NNN
Airport	18,129,187	2,608,187	601,181	14.7%	0.7%	15.3%	469,670	2.6%	\$ 5.00
Cabarrus County	19,296,096	1,445,443	60,000	7.3%	0.0%	7.3%	757,350	3.9%	\$ 6.24
Catawba County	28,204,127	285,000	-	1.4%	0.0%	1.4%	(241,365)	(0.9%)	\$ 6.09
Cleveland County	12,184,246	-	-	0.0%	0.0%	0.0%	-	0.0%	-
East	2,254,596	-	-	9.4%	0.0%	9.4%	(192,009)	(8.5%)	-
Gaston County	28,673,193	1,660,707	283,000	19.3%	0.4%	19.7%	423,700	1.5%	\$ 6.35
Infill	15,395,166	-	280,200	5.0%	0.3%	5.3%	(425,859)	(2.8%)	\$ 10.52
Iredell County	25,228,456	1,830,590	-	8.2%	0.0%	8.2%	211,813	0.8%	\$ 6.10
Lancaster County	2,971,211	-	-	0.0%	0.0%	0.0%	-	0.0%	-
Lincoln County	10,521,002	901,973	272,796	8.6%	1.4%	10.0%	751,905	7.2%	\$ 5.77
Mecklenburg Line	1,889,419	369,200	-	23.2%	0.0%	23.2%	(103,523)	(5.5%)	\$ 8.56
North	21,815,331	1,708,130	1,061,266	11.1%	0.5%	11.6%	(238,606)	(1.1%)	\$ 7.61
Northwest/Chemway	9,315,336	114,975	-	6.9%	0.0%	6.9%	(521,704)	(5.6%)	\$ 6.00
Rowan County	13,588,232	2,512,898	1,938,346	9.8%	0.0%	9.7%	1,305,615	9.6%	\$ 7.50
South	162,884	-	-	0.0%	0.0%	0.0%	-	0.0%	-
Stateline	49,614,375	1,284,079	643,089	4.7%	0.8%	5.4%	1,083,267	2.2%	\$ 11.17
Union County	9,658,630	163,800	-	4.2%	0.0%	4.2%	(229,550)	(2.4%)	\$ 7.60
York County	17,868,831	1,859,810	201,101	12.1%	2.7%	14.8%	(395,418)	(2.1%)	\$ 7.36
Market total	286,770,318	16,744,792	5,340,979	8.2%	0.5%	8.7%	2,655,286	0.9%	\$ 7.18

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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