

FIGURES | CHARLOTTE INDUSTRIAL | Q2 2025

Reduced development activity remains a key factor in the decrease in vacancy

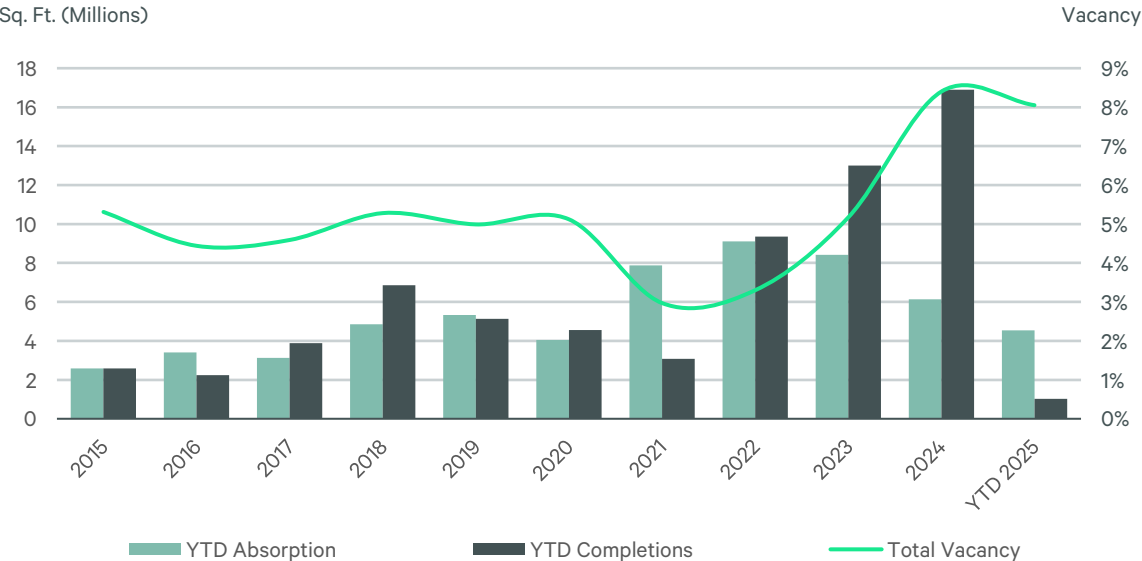


Note: Arrows indicate change from previous quarter.

HIGHLIGHTS

- Over 2.4 million sq. ft. of positive net absorption was recorded, marking a 13.5% increase in absorption year-over-year.
- Development activity continued with 4.5 million sq. ft. underway, and 1.0 million sq. ft. of completions. Development volume recorded a 9.1% increase quarter-over-quarter.
- Vacancy fell for the second quarter in a row to 8.1. This is the first time in nearly four years that we've seen a decrease in two consecutive quarters.
- The overall average achieved rate increased 0.7% quarter-over-quarter to \$9.94 per sq. ft. NNN. While rent growth is expected to continue, the pace is likely to decelerate due to the market's ongoing normalization following the COVID surge.
- Investment sales volume rose to \$422.4 million in Q2 2025; 105.8% higher than the volume recorded in the second quarter of 2024. Average price per square foot was recorded at \$121.24.

FIGURE 1: Historic Supply & Demand



Source: CBRE Research Q2 2025

Development Activity

Industrial development in Charlotte has plateaued with 4,540,231 sq. ft. of space under construction at the end of the second quarter. Of this total, 519,000 sq. ft. (11.4%) has already been pre-leased. Although strong build-to-suit activity has been a trend over the past several years, it has thinned in recent quarters. Currently, 3.9 million sq. ft. of development volume is in speculative projects, with the majority expected to be completed by late 2025. A slowdown in groundbreakings is expected to reduce overall vacancy rates, as the pause in new developments provides the market with an opportunity to stabilize and absorb existing inventory. Accordingly, landlords can focus on attracting tenants to current properties, fostering a healthier balance between supply and demand.

Industrial completions totaled 1,028,860 sq. ft. in Q2 2025, none of which was preleased. The most notable completions this quarter were Landis Ridge Industrial Park Buildings 1A and 1B, totaling 324,600 sq. ft. in Rowan County. Other notable deliveries include the 282,640 sq. ft. Kings Mountain Exchange building in Gaston County. Four other buildings were completed in Q2 2025 as well, comprising 421,620 sq. ft.

Investment Trends

Sales activity in the Charlotte area remained steady in the second quarter, with \$422,436,501 in total sales volume. This represents a 175.7% increase quarter-over-quarter, and a 105.8% increase year-over-year. So far in 2025, Charlotte has achieved a total of \$575,641,587 in sales volume marking the strongest first half since 2022. If the market progresses according to recent years' trends, we can expect an increase in activity throughout the balance of the year. Despite the general uncertainty in the capital markets environment, industrial product continues to demonstrate its value as one of the few asset classes that has consistently traded in recent years.

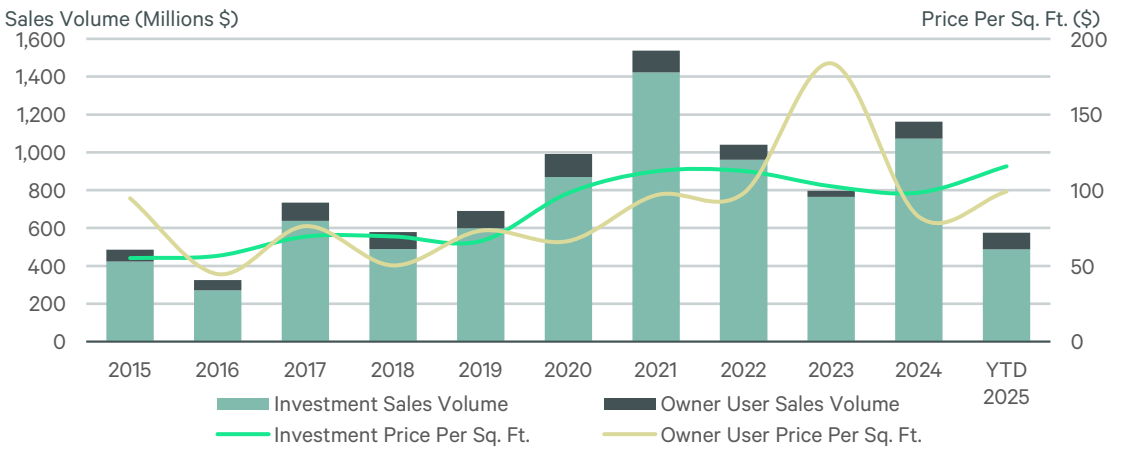
This quarter saw 19 properties trade for a total of 3,484,355 sq. ft. Investment sales averaged \$121.24 per sq. ft., reflecting a 17.2% year-over-year increase. Owner-user sales averaged \$99.13 per sq. ft., a 19.9% year-over-year increase.

FIGURE 2: Top Projects Under Construction

Property Name	Submarket	City	Developer	Size (SF)	Est. Completion
Bryton Commerce Center Buildings 1 & 2	North	Huntersville	Foundry Commercial	733,060	Q4 2025
CenterPoint Carolinas Buildings 1 - 3	York	Fort Mill	Foundry Commercial	467,369	Q4 2025
Concord Commerce Center	Cabarrus	Concord	Tectonic Development	392,040	Q4 2025
Constellation 485	Southwest	Charlotte	Constellation RE Partners	374,220	Q3 2025
SunPoint Huntersville	North	Huntersville	SunCap Property Group	306,450	Q4 2025

Source: CBRE Research Q2 2025

FIGURE 3: Investment Trends



Note: Tracked sales volume consists of transactions \$5.0m and greater
Source: CBRE Research Q2 2025

Net Absorption

Charlotte posted another quarter of positive net absorption, with 2,440,512 sq. ft. recorded in Q2 2025, a 13.5% increase compared to Q2 2024. This quarter’s volume brings the 2025 year-to-date absorption total to 4,545,871 sq. ft. 56.5% higher than the total recorded through the first half of 2024.. Charlotte continues to exhibit encouraging absorption trends with no signs of slowing down.

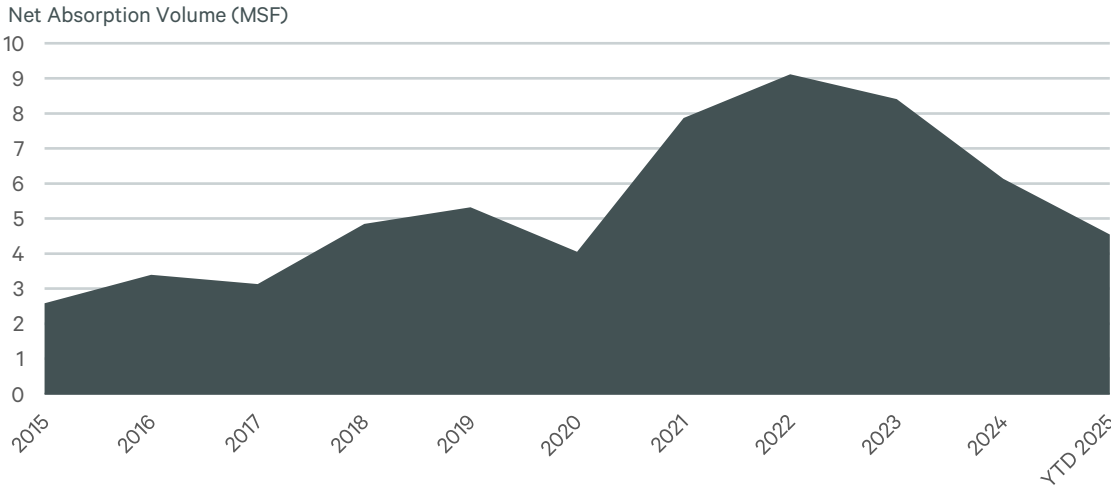
Net absorption totals are expected to remain strong throughout 2025, with several speculative projects expected to be completed soon. Although pre-leasing has slowed considerably, absorption activity is still projected to outpace completions for the foreseeable future.

Employment

Job growth remains steady yet uncertain. Low unemployment positions the market well in the Federal Reserve’s eyes, but economic uncertainty persists; thus, predicting the future trajectory of employment remains challenging. Employment trends continue to favor job growth in the trade, transportation, and utilities sector, indicating a potential increase in demand from supply-chain users within the market. Continuous year-over-year job growth is supported by a steady stream of new-to-market relocation announcements from a variety of different industrial users.

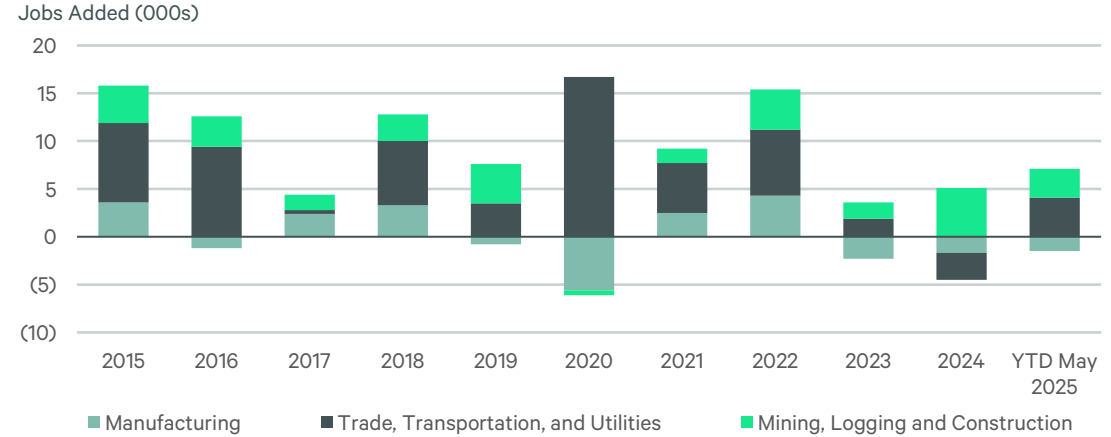
Charlotte’s unemployment rate was recorded at 3.6% as of May 2025, 50 basis points lower than the US unemployment rate during the same period. According to the BLS, total nonfarm employment is up 10.1% compared to its pre-pandemic level in February 2020, and up 1.8% compared to February 2024. The manufacturing sector has seen the largest number of industrial-using jobs added over the past year with a 1.4% increase year-over-year.

FIGURE 4: Historical Annual Net Absorption



Source: CBRE Research Q2 2025

FIGURE 5: Industrial-Using Employment Growth



Source: U.S. Bureau of Labor Statistics, May 2025

Leasing Activity

Leasing activity remained elevated in Q2 2025, with 3,068,493 sq. ft. recorded, a 9.9% increase year-over-year. This brings year-to-date volume to 7,519,904 sq. ft. The largest lease signed this quarter was MAT Holdings’ new lease for 511,661 sq. ft. at Gateway 85 – Building 7 in the Gaston County submarket, followed by Plastic Express signing for 228,800 sq. ft. at the West Charlotte Business Park in the Northwest Submarket. In total, 64 leases were signed in the second quarter of 2025, 81.0% of them were new leases.

The market is facing a relative slowdown in new groundbreakings in the near term. However, leasing activity is expected to remain strong due to sustained demand from both existing users and new entrants to the Charlotte metro area. This slowdown in new construction provides the market with an opportunity to absorb the existing supply. The combination of steady leasing activity and the absorption of existing supply will help stabilize the market and create a favorable environment for future growth.

Vacancy & Availability

Industrial vacancy in Charlotte dropped 15 basis points quarter-over-quarter to 8.1% in Q2 2025, while total availability was recorded at 9.5%, up 45 basis points since the last quarter. Since Q1 2024, nearly 20.0 million sq. ft. of new inventory has been added, contributing to the climb in the vacancy rates observed in recent quarters. Overall, industrial vacancy in Charlotte remains historically low, reflecting healthy activity across all business sectors in recent years. This trend highlights the resilience of the market and the continued demand for industrial space, despite the influx of new inventory.

Most of the vacancy can be found in buildings of 200k sq. ft. and above, many of which have been constructed post 2019. Despite the market's record development streak, only slight increases in availability and vacancy point to sustained demand for industrial space in Charlotte.

Average Lease Rates

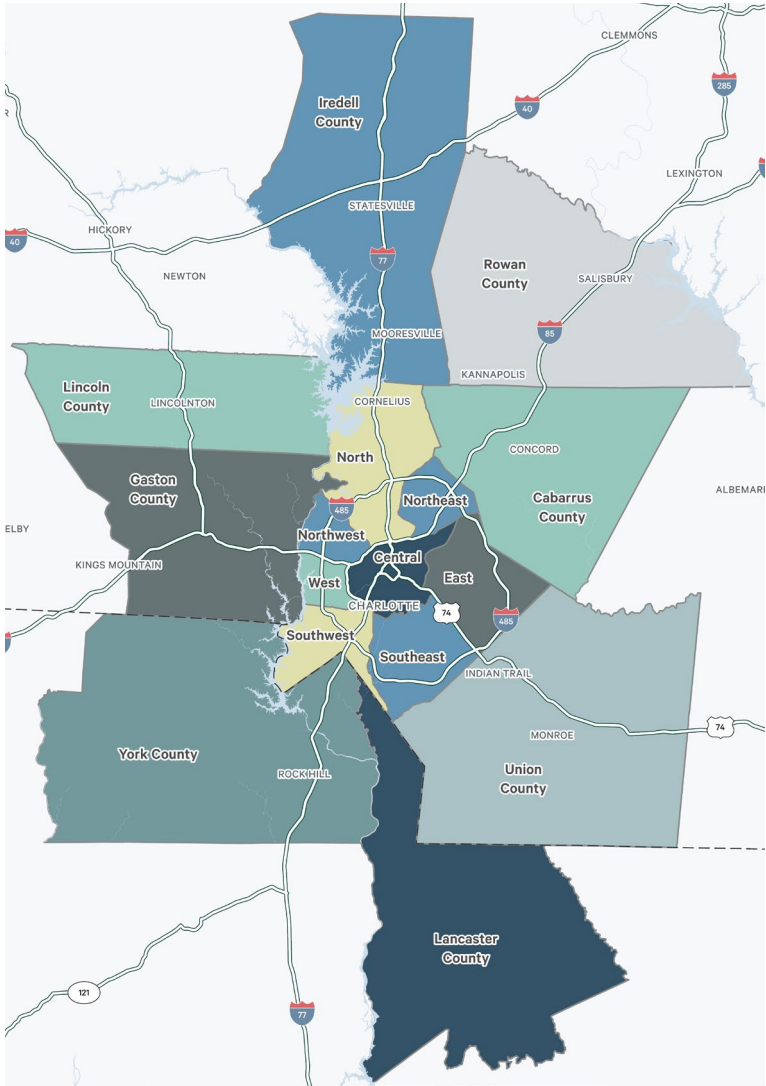
The overall average achieved rate climbed to \$9.94 per sq. ft. NNN in Q2 2025, an increase of 2.9% year-over-year. The achieved rate represents an average of all executed lease rates signed throughout the quarter. Rates for all industrial subtypes are projected to increase steadily throughout the balance of the new year. Many landlords are now quoting 4.0% annual rental rate increases, particularly for infill properties.

FIGURE 6: Market Statistics by Submarket

Submarket	Inventory (SF)	Total Vacancy Rate (%)	Total Availability Rate (%)	Under Construction (SF)	Q2 2025 Net Absorption (SF)	YTD 2025 Net Absorption (SF)
Cabarrus County	23,664,840	3.1	4.6	893,834	799,268	1,098,801
Central	19,655,824	5.6	5.5	-	(144,302)	(172,859)
East	1,936,341	19.1	25.2	-	(10,335)	(10,335)
Gaston County	34,982,988	17.8	15.7	238,252	(9,127)	17,443
Iredell County	31,710,445	3.4	4.9	592,500	151,426	571,639
Lancaster County	5,475,925	0.9	1.1	-	0	0
Lincoln County	12,317,953	8.2	15.5	-	(206,000)	202,200
North	28,214,982	8.6	9.3	1,487,716	430,042	486,661
Northeast	3,308,512	18.9	21.5	-	(5,739)	(5,739)
Northwest	11,681,045	7.3	9.3	-	123,654	123,660
Rowan County	20,215,432	14.7	14.6	269,700	567,940	837,163
Southeast	4,047,802	3.2	4.3	-	59,002	65,862
Southwest	49,129,458	5.5	8.9	446,460	373,589	200,389
Union County	14,754,543	2.7	2.6	-	(70,804)	(71,907)
West	12,553,405	12.7	16.0	-	298,870	399,476
York County	33,419,996	7.4	9.4	611,769	(46,572)	673,817
METRO TOTAL	307,305,701	8.1	9.5	4,540,231	2,440,512	4,545,871

Source: CBRE Research Q2 2025

Market Area Overview



CBRE Offices

South End Charlotte

1120 S Tryon St, Suite 200
Charlotte, NC 28203

Survey Criteria

Includes all industrial and flex buildings 20,000 sq. ft. and greater in size, excluding data centers, showrooms, and service properties, in Mecklenburg, Gaston, Lincoln, Iredell, Rowan, Cabarrus, Union, Lancaster and York counties. Only buildings that have commenced construction, as evidenced by site excavation or foundation work, are included.

Note

In the first quarter of 2023, CBRE Charlotte updated and expanded its tracked market area in order to more accurately portray dynamics and fundamentals within the local and regional industrial real estate market. In addition to general submarket boundary adjustments, surrounding counties were added to better track growth throughout the region. Certain statistical calculation methodologies were adjusted as well. As a result, previously reported quarterly statistics are subject to change as new information not readily available at the time of publishing becomes available. Correction to Historical Numbers: The previously published Q1 2025 net absorption has been updated from 2,341,120 sq. ft. to 2,105,359 sq. ft. to reflect movement in ten Class C properties that occurred within that timeframe.

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