

CHARLOTTE INDUSTRIAL MARKET

Q2 2023



TRENDLINES

	Q2 2023	Q2 2022	ONE-YEAR TREND	FIVE-YEAR AVERAGE	12-MONTH FORECAST
UNEMPLOYMENT RATE	3.2	3.2	↔	4.4	↑
NET ABSORPTION (MSF)	2.8	4.0	↓	1.8	↑
OVERALL VACANCY RATE	5.3%	5.1%	↑	6.1%	↑
OVERALL VACANT SF (MSF)	18.1	16.9	↑	19.8	↑
UNDER CONSTRUCTION (MSF)	19.6	15.3	↑	10.7	↓
ASKING RENT, NNN (PSF)	\$7.04	\$5.86	↑	\$5.52	↑
SALES VOLUME (MILLIONS)	\$481.5	\$580.2	↓	\$398.6	↑

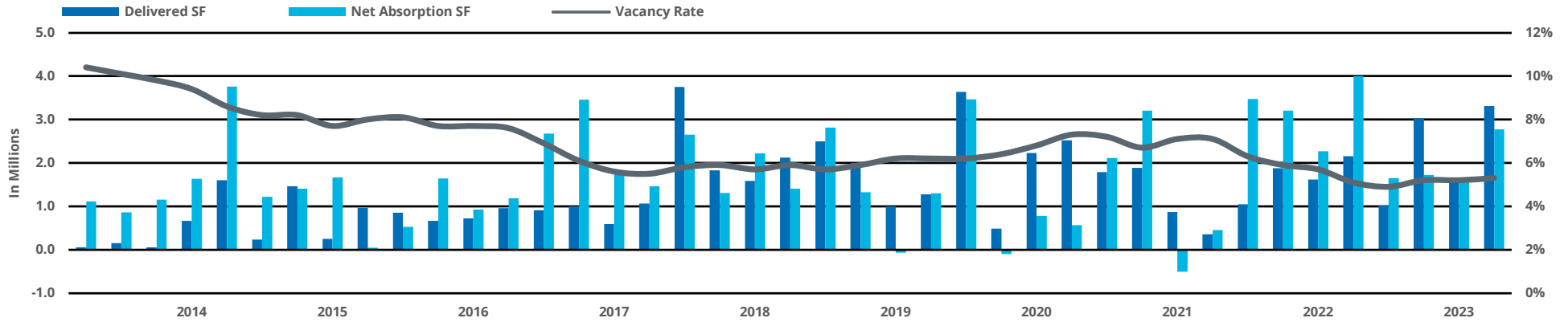
Source: Bureau of Labor Statistics, CoStar, Real Capital Analytics, Transwestern

MARKET HIGHLIGHTS

- Charlotte's industrial market continues to grow, with its total inventory expanding by more than 22% since 2010. Continued improvements in infrastructure has helped the region adapt to the recent surge in population migration to the Sun Belt and accommodate future warehouse and logistics expansion.
- Although it's still more affordable than other Sun Belt markets, Charlotte's asking rent grew 20% during the past 12 months, breaking the record for its highest YoY growth for the fifth consecutive quarter. However, rent growth is anticipated to cool as an influx of new product is expected to deliver in the near term.
- After years of declining vacancies, industrial supply has outpaced demand. The vacancy rate increased slightly in Q2 2023, as leasing activity slowed considerably. About 3.3 million SF delivered in Q2 2023, more than any quarter since Q3 2019.
- Construction starts fell by 43% in the first half of 2023 compared to the same period last year. This means fewer projects are expected deliver in 2025, likely constraining supply and improving fundamentals.

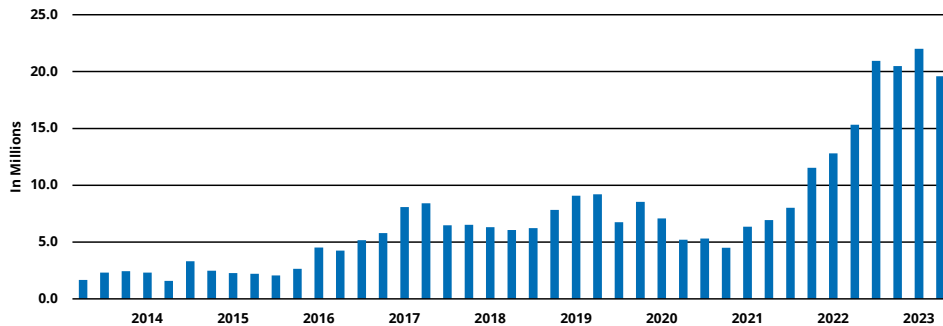


DELIVERY IMPACT ON KEY INDICATORS



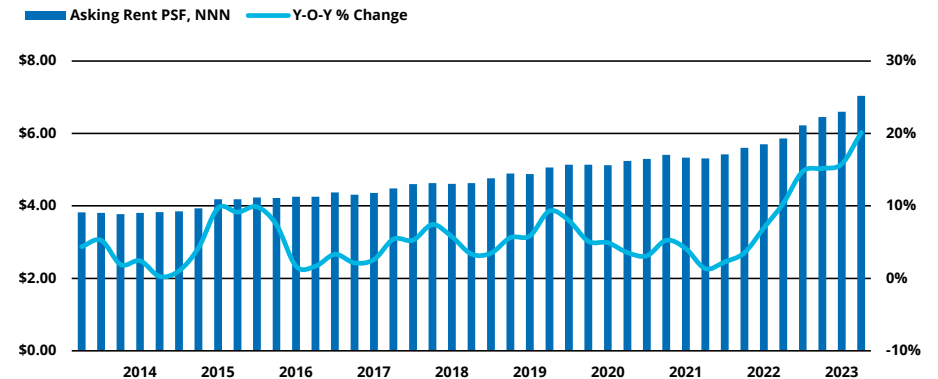
Source: CoStar, Transwestern

UNDER CONSTRUCTION (SF)



Source: CoStar, Transwestern

ASKING RENT



Source: CoStar, Transwestern

ABOUT TRANSWESTERN

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