

Mecklenburg County Warehouse / Industrial Market Report

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Data as of 1st Quarter, 2022



About this report

The following report provides details and insight to the supply and demand for warehouse space within the city. A total of 80 major warehousing cities are used as comparison cities and ranked against Charlotte to determine how our market compares to others, a full listing is provided below. The report covers demand indicators such as absorption, leasing activity, and asking rates. The report also covers the supply side with factors such as warehousing space under construction, year-to-date deliveries, and vacancy rates.

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The report contains data obtained through Cushman and Wakefield, NAIOP Research Foundation, and internal County documents. Note that all dates used in this report refer to the calendar year. If you have questions regarding the report or the information covered please contact me at michael.simmons@mecklenburgcountync.gov.

Terms and Definitions

Asking Rent - The amount asked by landlords for available space, expressed in dollars per square foot per year in most parts of the country

Available Space - The total amount of space that is currently being marketed for lease. It includes space that is vacant or also space that is currently occupied but will be vacant in the future. Available space can include both direct and sublet space. If sublet space is excluded from the calculation, the term “direct available space” is used.

Delivered - A building that has completed construction (i.e. obtained its certificate of occupancy). With a COO, the property will be considered delivered whether or not tenants have occupied the space. (Synonyms: completion; new supply)

Direct Vacancy Rate - The total amount of physically vacant space divided by the total amount of existing inventory, expressed as a percentage. Space that is under construction (and, therefore, is vacant) is not included in vacancy calculations.

Flex Facility - As its name suggests, an industrial building designed to be used in a variety of ways. It is usually located in an industrial park setting. Specialized flex buildings can include service centers, showrooms, offices, warehouses and more.

Net Absorption - The net change in occupied space over a specified period of time. This change is measured in square feet at the building, submarket and market levels. This figure reflects the amount of space occupied as well as the amount of space vacated. Net absorption can be either positive or negative and must reflect increases and decreases in inventory levels.

Speculative - A building developed and constructed without any preleasing in place. Construction commences without a prelease when the developer believes there is so much demand for that type of building in that market or submarket that a lease commitment is bound to come through.

Under Construction - A building is under construction when construction permits have been obtained and site excavation has begun. If a site is being redeveloped, demolition of existing structures does not necessarily indicate that construction has begun. Sites are sometimes cleared years in advance of a groundbreaking.

Vacancy Rate - A measurement expressed as a percentage of the total amount of vacant space divided by the total amount of inventory. This measurement is typically applied to a building, a submarket or a market.

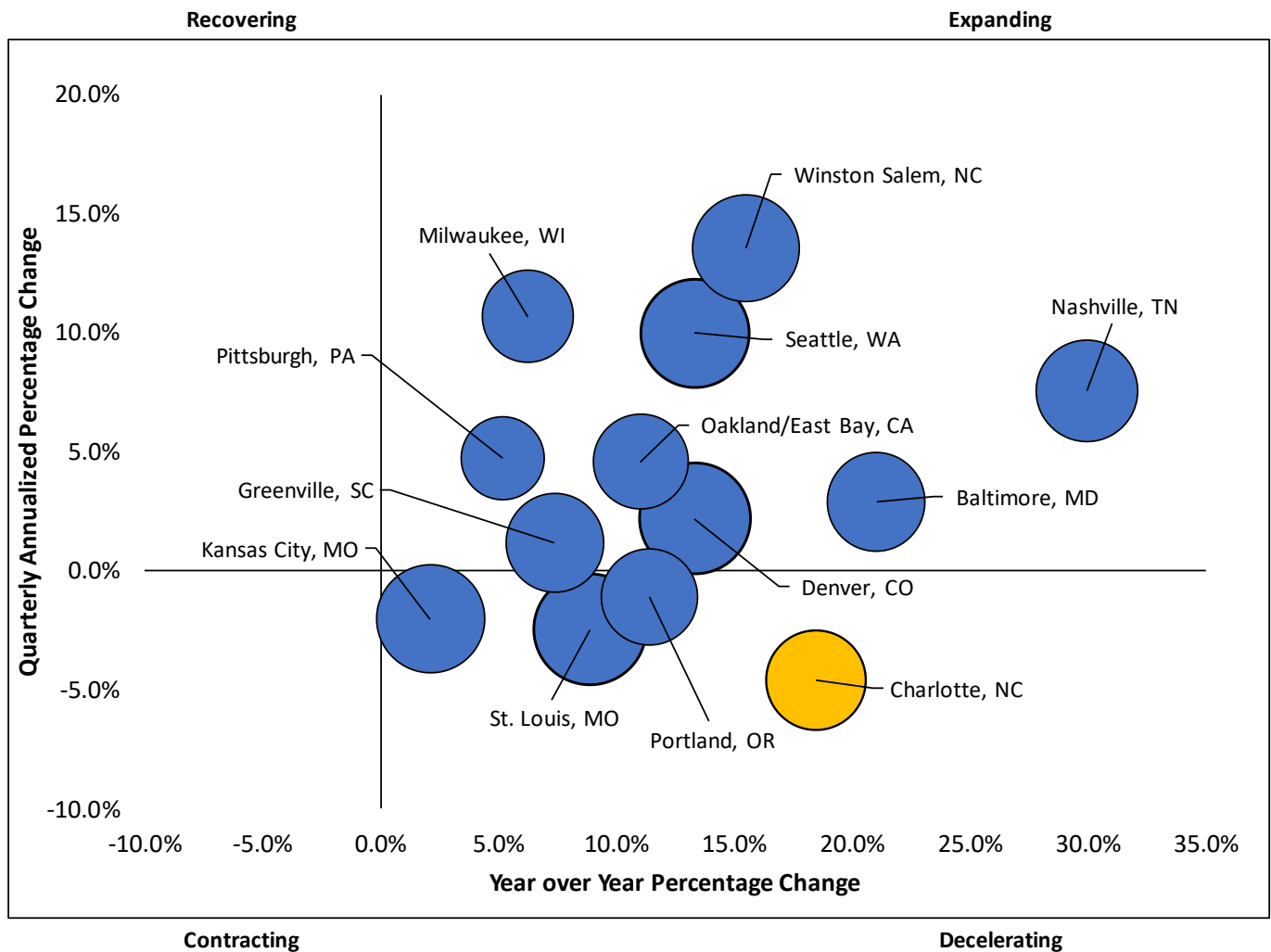
Industrial / Warehouse Report for Q1 2022

Note the most recent report includes adjusted market parameters to include Gaston, Lincoln, Union, and Iredell Counties due to the influx of activity in these areas that were formerly considered outlying.

Rent Growth

In the first quarter, effective warehouse rent growth in Charlotte's industrial / warehouse market decreased 4.6% from the fourth quarter, with rates moving from \$6.52 per square ft to \$6.22 per square ft, which is lower than the national average of \$7.89. Year-over-year Charlotte's industrial / warehouse rents grew by 18.5%, much faster than the national average of 15.2% over the same time.

Mecklenburg County Effective Industrial / Warehouse Rent Growth

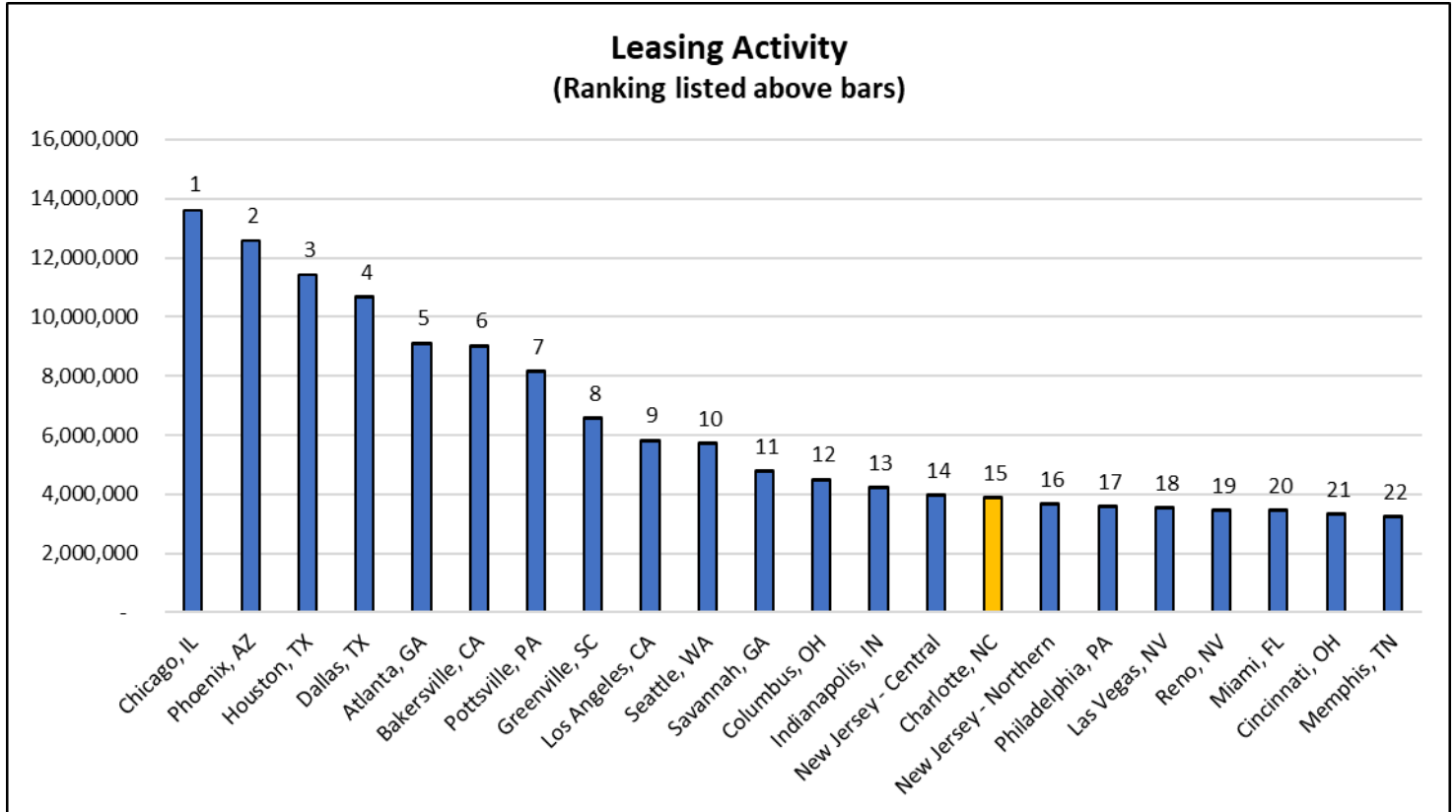


The above chart shows the industrial / warehouse markets for the cities ranked 18th through 30th largest. Charlotte is ranked 24th largest in total square footage.

Leasing Activity

A total of 3.86 million square foot of office space was leased during the first quarter with the Charlotte market ranking 15th overall in total activity. The largest new leasing activity within the County was in the West-Airport submarket with Fontaine Modification Company leasing 154,818 at I-485 Logistics Center Building 1, off of Old Dowd Road. Also, Big Rock Sports expanded by 109,000 square feet at 11922 General Drive and Big Sky Fulfillment leased 89,000 Lakemont West, both in the Southwest submarket.

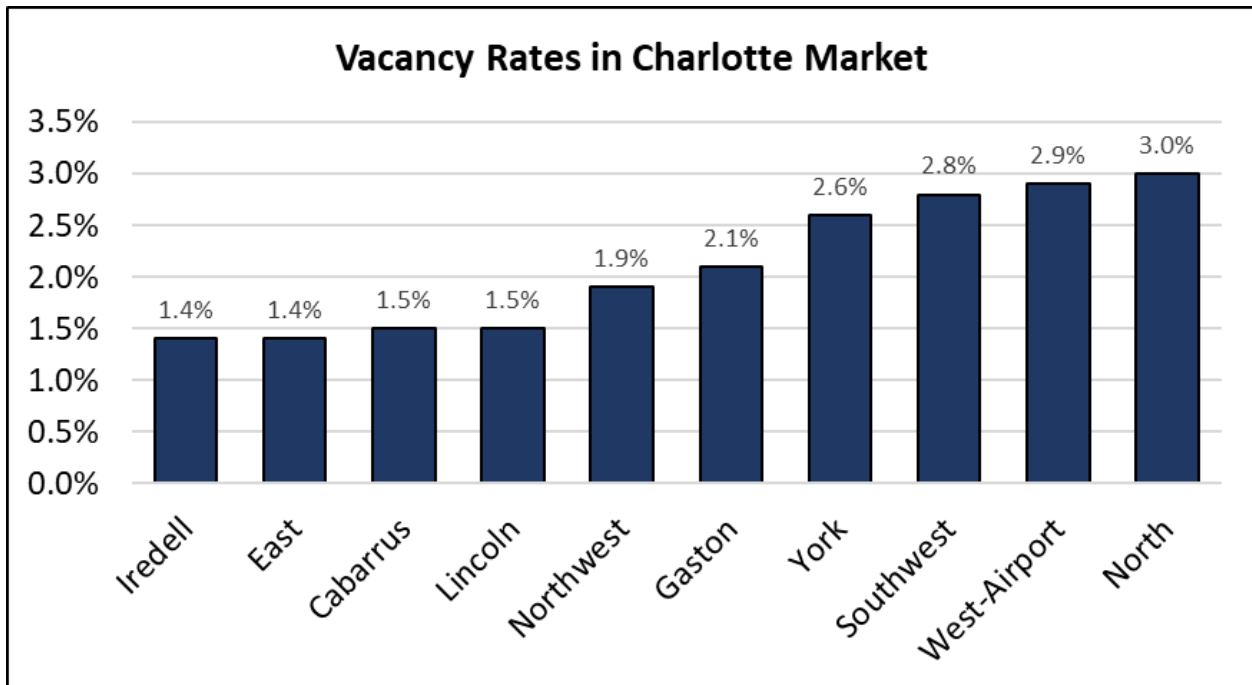
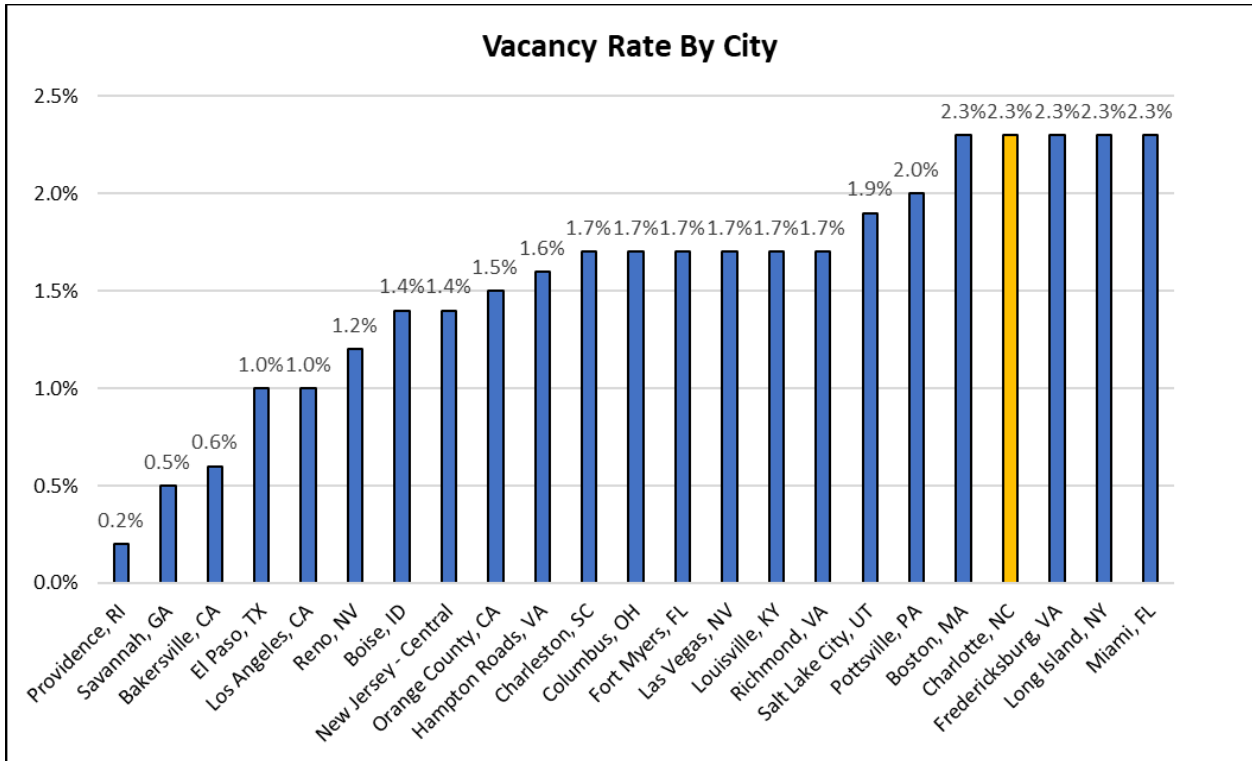
Outside of the County both Gaston and York County recorded at least 500,000 square feet of new leasing.



Vacancy Rates

Charlotte's vacancy rates hit a record low level of 2.3%, a huge improvement from the first quarter of last year when vacancy rates were 7.1%. Vacancy rates outside of the County were lower on average than within the County with the average vacancy rate for surrounding counties at 1.9% versus 2.7% inside Mecklenburg County.

The highest vacancy rate inside the County was in the Northern submarket was 3.0% with the lowest vacancy level in the County in the Eastern submarket at 1.4%. Overall, within the County only 3 million square foot of space remains vacant out of a total of 116.7 million square foot of inventory.

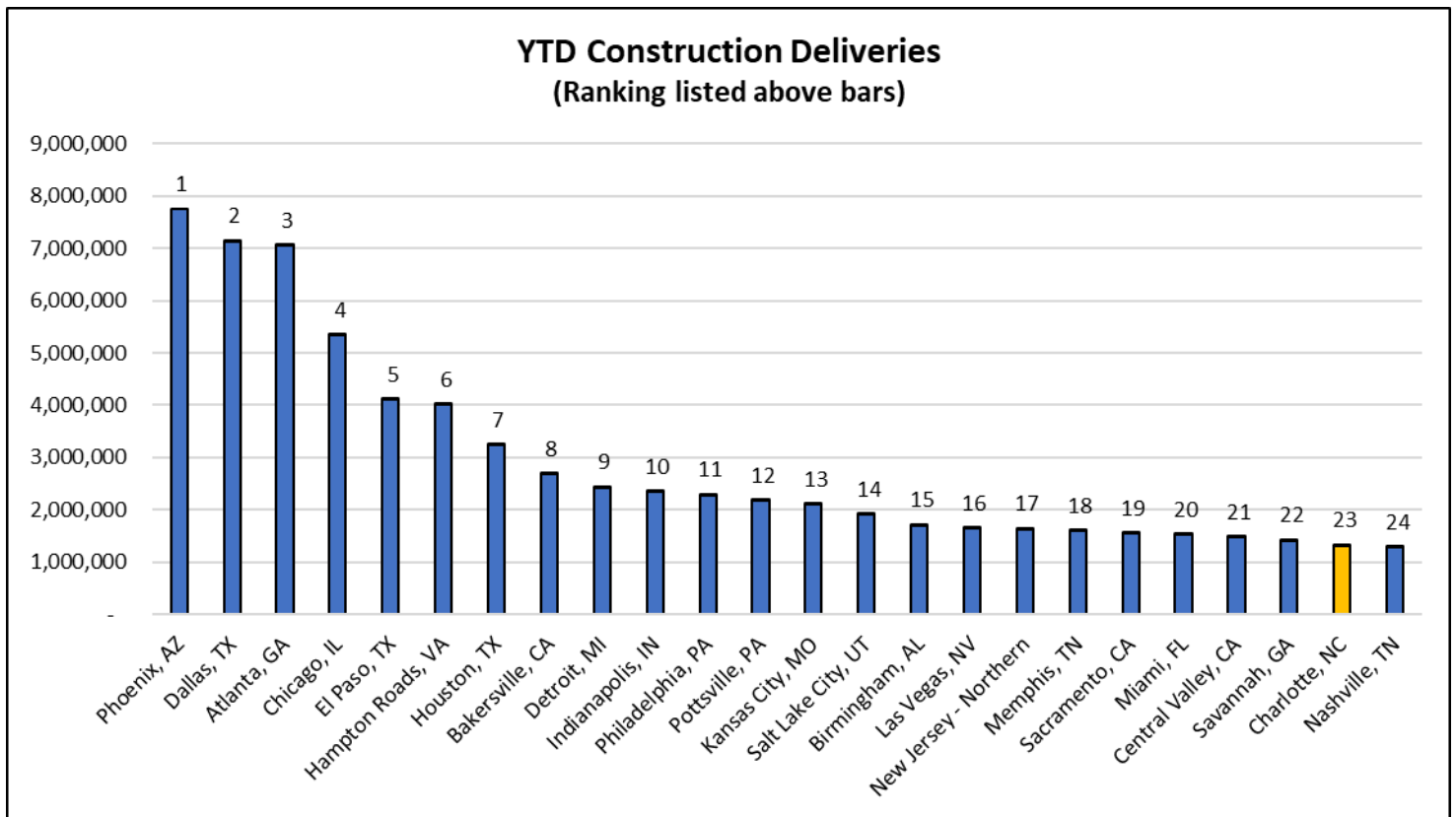


Construction Activity

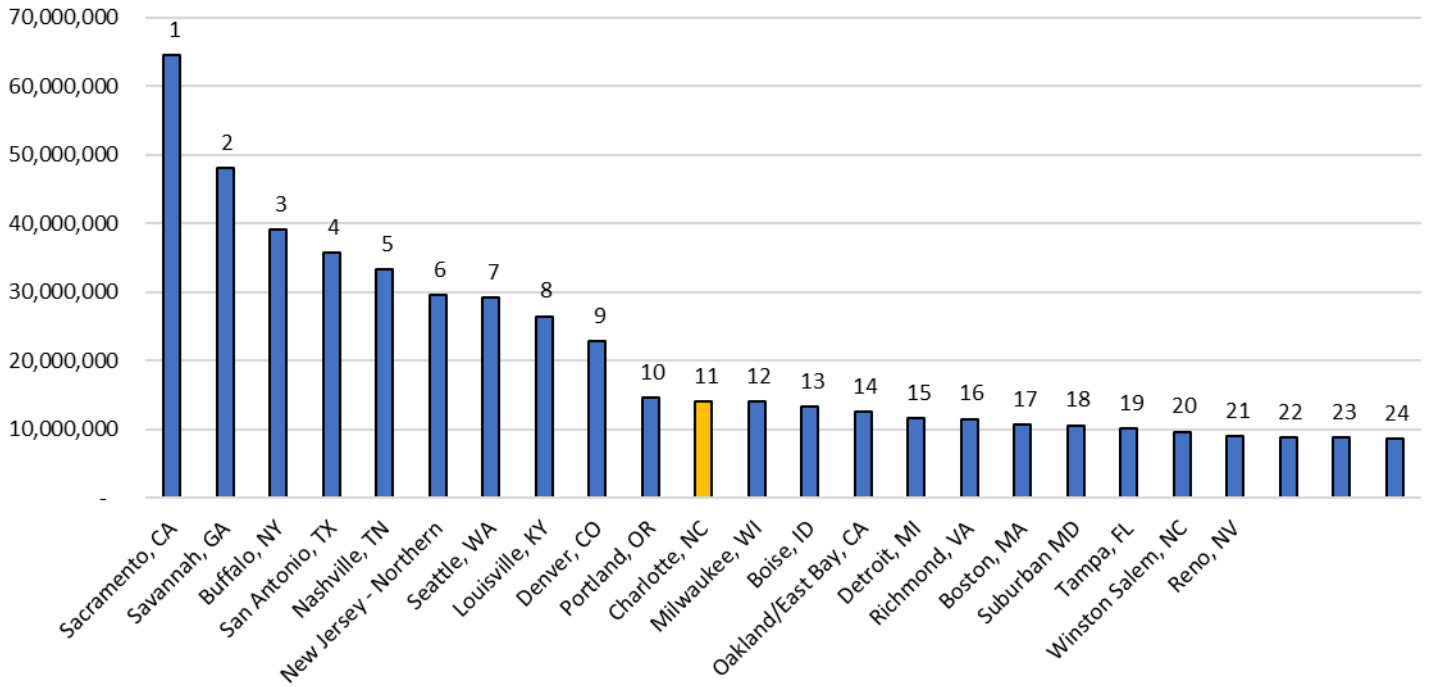
The Charlotte Market has completed a total of 1.3 million square foot of new inventory of space in 2022, with 25% of the construction completions taking place within the County and the remaining 75% built in the surrounding Counties. The Charlotte market ranked 23rd in the nation for most construction deliveries year-to-date in 2022.

Within the County the largest construction completion was in the Southwest submarket with Accuride International constructing a 240,000-square-foot speculative industrial building on the 16.6-acre site located at 11109 Quality Drive at intersection of Westinghouse Boulevard and Steele Creek Road. The building has 32-foot clear heights, 36 dock-high doors, two drive-in doors, 44 trailer parking spaces and 110 car parking spaces.

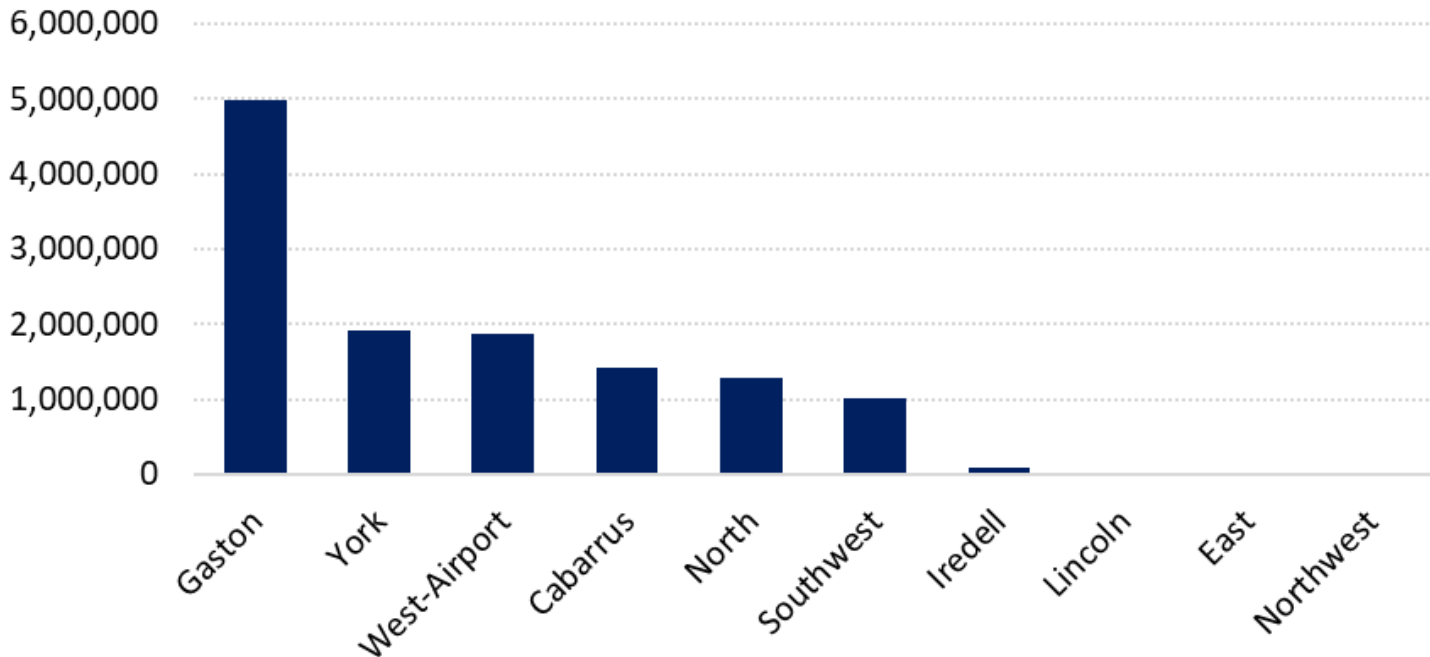
As for current construction the Charlotte market is ranked 11th in the nation with 12.5 million square feet under construction. Within the County a total of 4.1 million square feet is under construction with an additional 8.4 million square feet of construction taking place in the surrounding counties. Most of the new construction in the Charlotte market can be found within Gaston County (4.97 million square foot).



Construction in Current Quarter (Rank listed above bar)



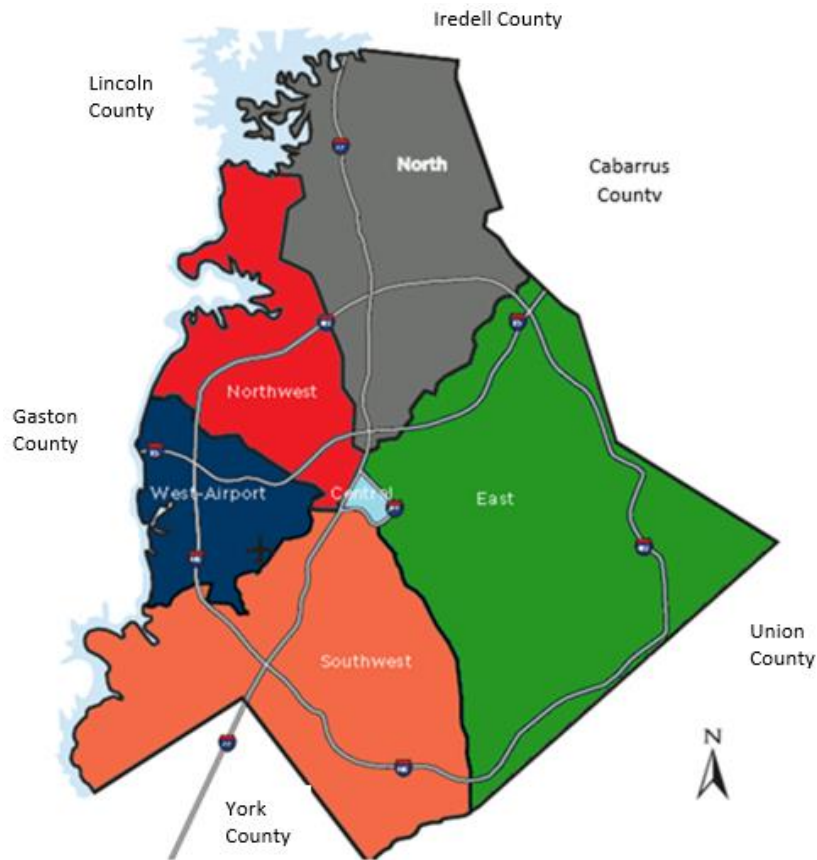
Current Warehouse Construction by Submarket



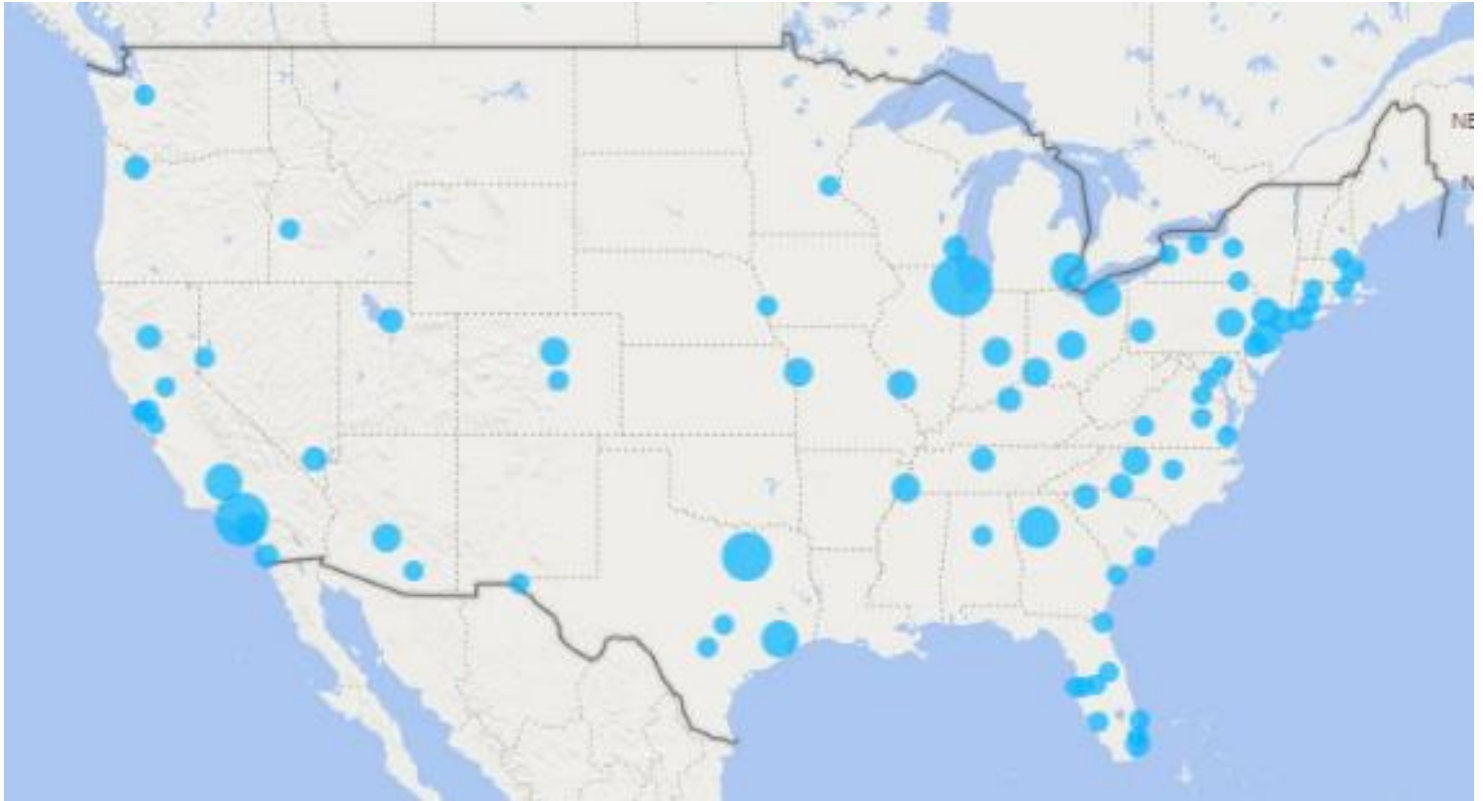
Mecklenburg County Statistics

INDUSTRIAL MARKET STATISTICS - Q1 2021

MARKET	Inventory (SF)	Overall Vacant (SF)	Overall Vacancy Rate	Current Qtr Net Absorbtion (SF)	YTD Overall Net Absorbtion (SF)	Under Construction (SF)	Construction Completions (SF)	Average Manufacturing Rent	Average Office Service Rent	Average Warehouse Rent
East	8,942,474	128,099	1.4%	17,000	17,000	-	-	N/A	\$ 10.05	N/A
North	29,709,555	892,642	3.0%	72,976	72,976	1,274,485	41,000	N/A	\$ 9.07	\$ 6.82
Northwest	11,566,177	224,116	1.9%	(-50,000)	(50,000)	-	45,098	\$ 9.14	\$ 10.50	\$ 5.90
Southwest	45,594,966	1,251,709	2.8%	255,094	255,094	1,009,469	240,000	N/A	\$ 12.30	\$ 5.67
West-Airport	20,888,365	598,296	2.9%	17,792	17,792	1,876,507	-	N/A	\$ 10.41	\$ 6.79
Mecklenburg	116,701,537	3,094,862	2.7%	362,862	312,862	4,160,461	326,098	N/A	N/A	N/A
Cabarrus	19,496,607	286,713	1.5%	48,000	48,000	1,417,928	80,000	N/A	\$ 10.51	\$ 6.14
Gaston	25,741,019	531,799	2.1%	592,900	592,900	4,976,293	908,672	\$ 4.00	N/A	\$ 3.96
Iredell	26,912,291	382,413	1.4%	(-30,000)	(30,000)	90,000	-	\$ 3.93	N/A	N/A
Lincoln	10,492,708	158,359	1.5%	-	-	-	-	N/A	N/A	N/A
York	27,422,983	720,498	2.6%	12,371	12,371	1,921,548	-	N/A	\$ 24.22	\$ 5.94
Surrounding Counties	110,065,608	2,079,782	1.9%	653,271	623,271	8,405,769	988,672	N/A	N/A	N/A
Total	226,767,145	5,174,644	2.3%	936,133	936,133	12,566,230	1,314,770	\$ 4.09	\$ 10.68	\$ 5.90



Warehouse Inventory by City for the US



Total Warehouse / Industrial Inventory by City

Chicago, IL	1,196,705,096	Oakland, CA	218,043,826	Providence, RI	77,727,305
Los Angeles, CA	993,997,508	Oakland/East Bay, CA	215,333,848	Tampa, FL	76,900,886
Dallas, TX	866,990,385	Milwaukee, WI	208,566,526	Rochester, NY	73,551,473
Atlanta, GA	671,692,399	Pittsburgh, PA	188,326,625	Lakeland, FL	66,171,757
Bakersville, CA	585,961,049	Louisville, KY	177,377,971	Seattle, WA	63,741,387
Cleveland, OH	517,027,755	Philadelphia, PA	176,316,614	Arlington, VA	63,258,693
Houston, TX	506,175,485	San Diego, CA	166,906,780	Northern VA	60,344,962
Detroit, MI	494,670,191	Miami, FL	164,271,333	Raleigh, NC	57,537,728
Trenton, NJ	368,297,061	Central Valley, CA	152,651,589	Nashua, NJ	54,305,203
Phoenix, AZ	354,255,109	Boston, MA	149,964,238	Baltimore, MD	51,190,691
Minneapolis, MN	338,933,334	Manhattan, NY	143,401,407	Suburban MD	49,796,208
Pottsville, PA	328,150,315	NY Outer Boroughs	142,315,827	Boise, ID	47,466,377
Cincinnati, OH	306,805,437	Las Vegas, NV	137,826,302	New Haven, CT	47,340,019
Newton, NJ	303,509,106	Long Island, NY	132,958,908	Austin, TX	46,827,487
New Jersey - Northern	291,506,033	Buffalo, NY	116,194,912	Tucson, AZ	44,955,017
Columbus, OH	289,080,838	Orlando, FL	111,562,367	Fort Myers, FL	44,353,900
Memphis, TN	284,496,146	Hampton Roads, VA	107,623,390	San Francisco, CA	42,476,626
Orange County, CA	258,910,202	Sacramento, CA	107,175,111	West Palm Beach, FL	41,367,965
St. Louis, MO	256,935,773	Reno, NV	104,325,902	Palm Beach County, FL	39,945,429
Denver, CO	255,033,556	Jacksonville, FL	101,855,115	Colorado Springs, CO	39,557,041
Seattle, WA	249,960,776	Omaha, NE	99,136,791	Clearwater, FL	38,745,765
Kansas City, MO	244,745,540	Richmond, VA	97,471,235	San Francisco, CA	35,467,306
Winston Salem, NC	243,916,265	Hartford, CT	92,403,246	San Francisco North Bay, CA	31,310,467
Nashville, TN	232,725,378	Savannah, GA	90,692,510	Binghamton, NY	17,531,843
Charlotte, NC	226,767,145	San Jose, CA	90,605,140	Fredericksburg, VA	15,125,611
Baltimore, MD	224,139,029	San Jose (Silicon Valley), CA	86,733,048	Birmingham, AL	14,972,952
Greenville, SC	223,250,265	Charleston, SC	78,903,923		

Note: Size of circles represents the square footage of warehousing inventory in each city.