

Mecklenburg County Warehouse / Industrial Market Report

Michael B. Simmons

County Economist

Data as of 4th Quarter, 2021



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.

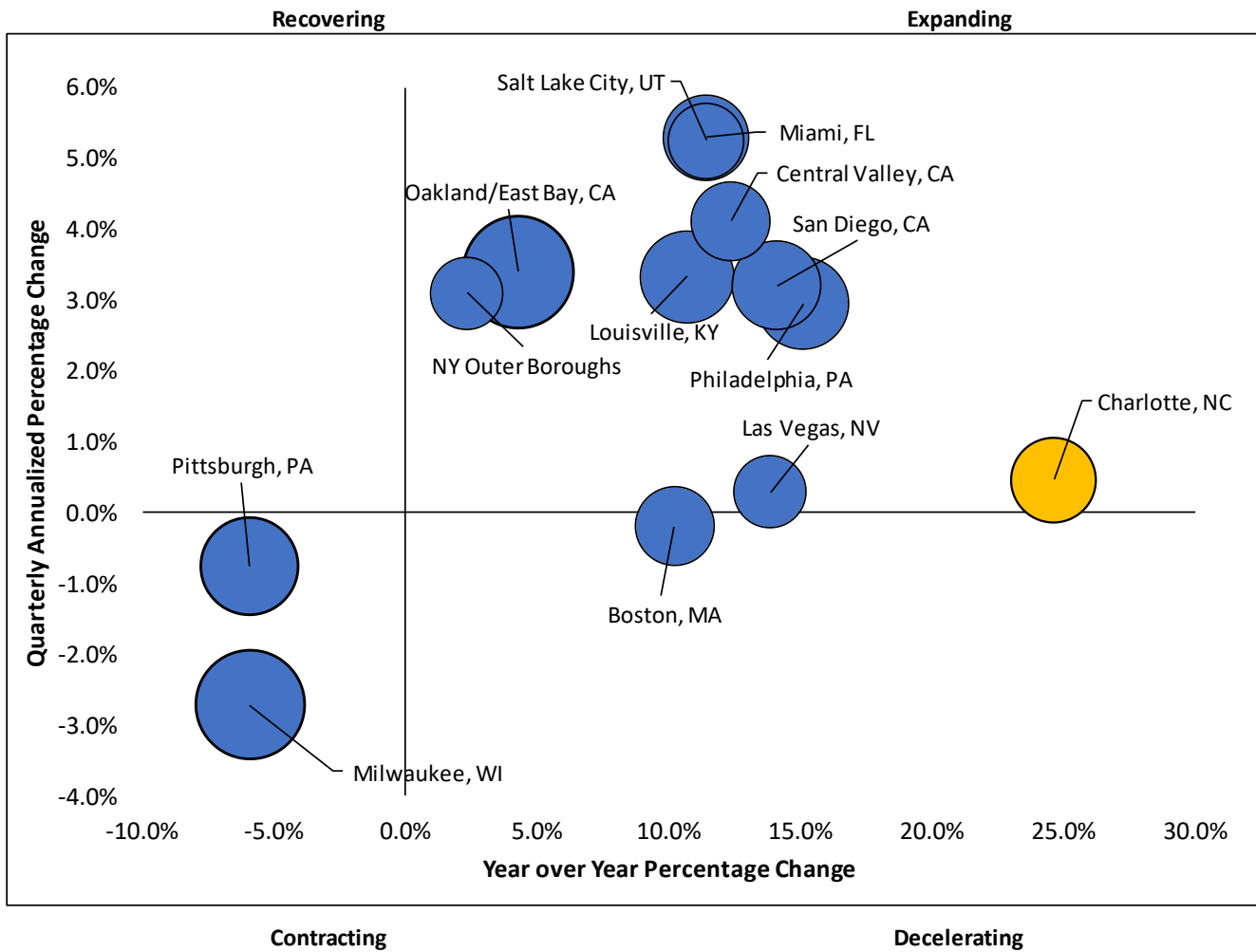
Vacancy Rate - A measurement expressed as a percentage of the total amount of vacant space divided by the total amount of inventory. This measurement is typically applied to a building, a submarket or a market.

Industrial / Warehouse Report for Q4 2021

Rent Growth

In the 4th quarter, effective warehouse rent growth in Charlotte's industrial / warehouse market increased 0.5% from the 3rd quarter, with rates moving from \$6.49 per square ft to \$6.52 per square ft, which is still lower than the national average of \$7.39. Year-over-year Charlotte's industrial / warehouse rents grew by 27.4%, much faster than the national average which increased at 9.5% over the same time.

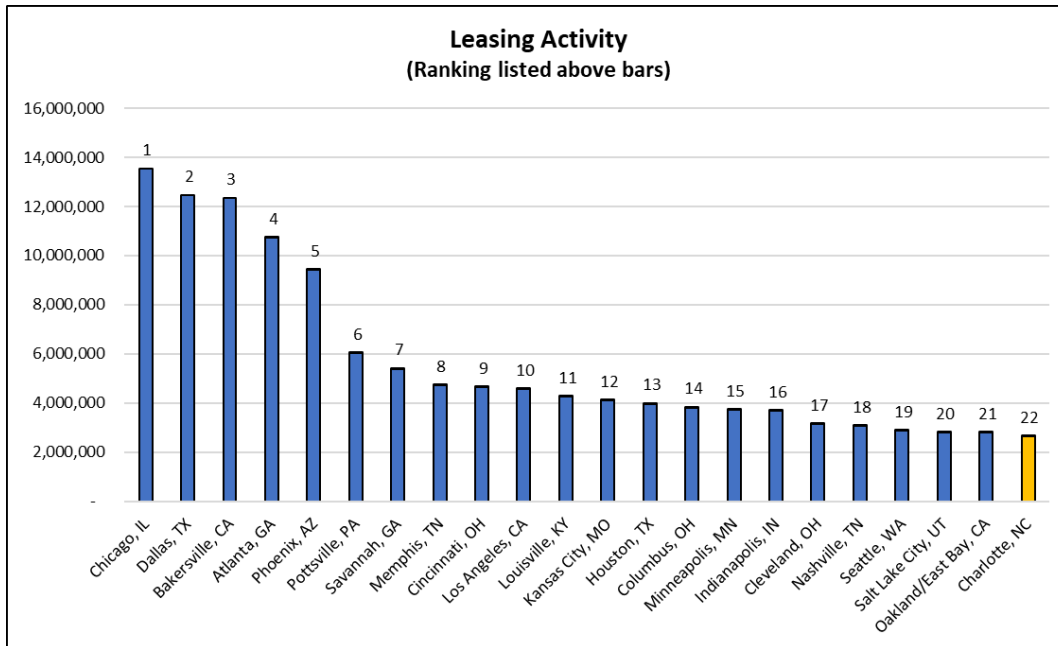
Mecklenburg County Effective Industrial / Warehouse Rent Growth



The above chart shows the industrial / warehouse markets for the cities ranked 28th through 40th largest. Charlotte is ranked 34th largest in total square footage.

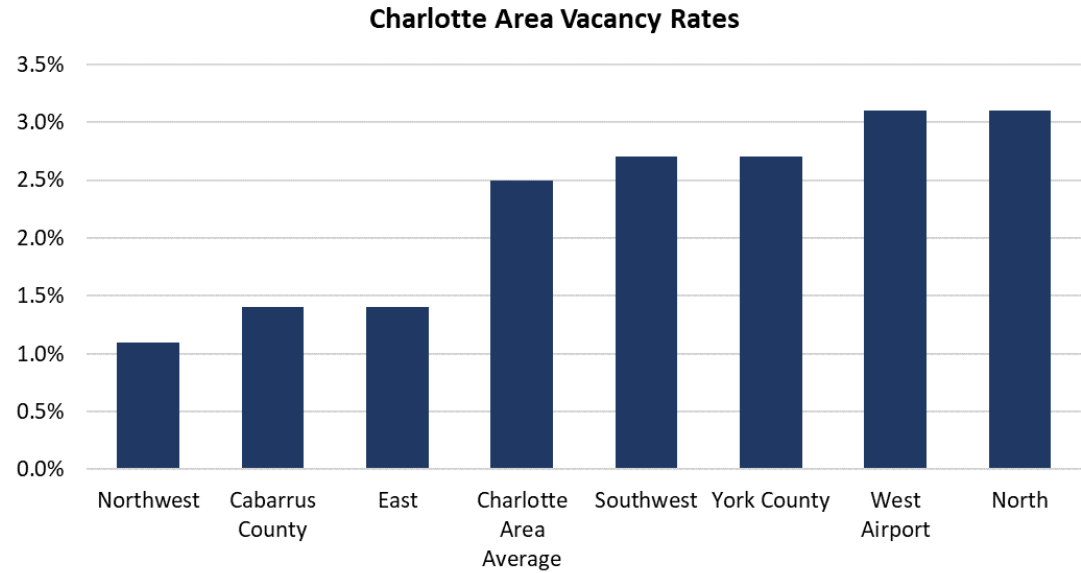
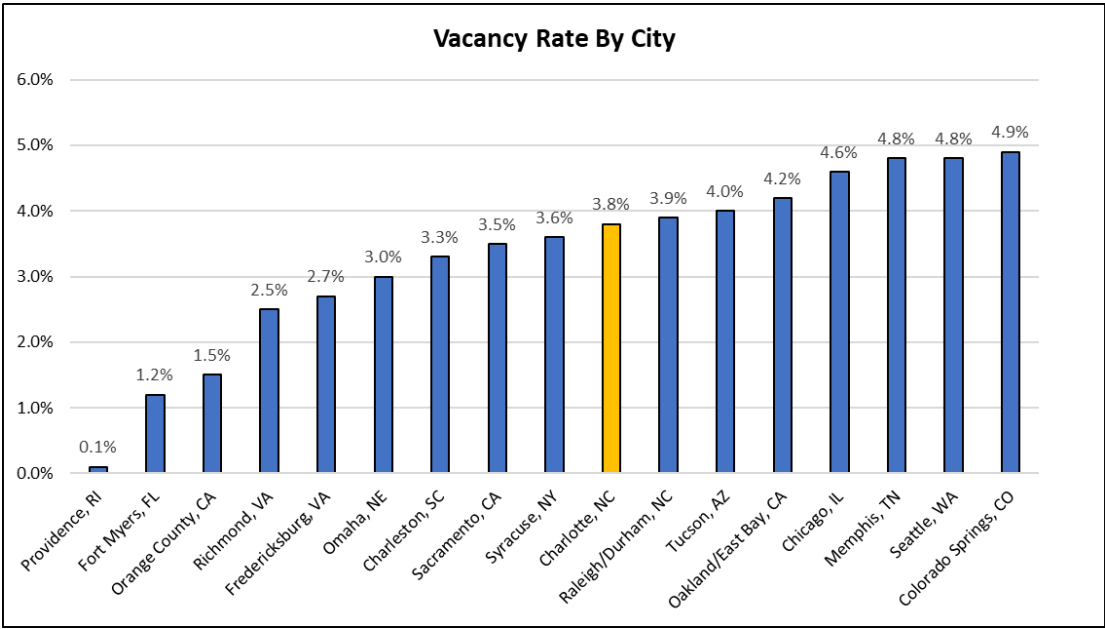
Leasing Activity

A total of 2.6 million square foot of office space was leased during the 4th quarter with Charlotte ranking 22nd overall in total activity. According to Cushman and Wakefield, “The largest deals of the quarter occurred in the Southwest submarket where Home Depot preleased a 403,000-sf a proposed building and in North Charlotte where Premium Beverage signed for 331,385 sf at Northcross Commerce Center, a speculative project that delivered in Q3. Throughout the year, 12 big-box transactions of 250,000 sf or greater were signed and only four occurred in second-generation space, demonstrating the tremendous demand for modern, premium industrial product.”



Vacancy Rates

Charlotte’s vacancy reached a record low of 2.5% vacancy in the 4th quarter. The most substantial improvement occurred in the Southwest submarket where vacancy fell to 2.7%, an astonishing 670-basis-point (bp) drop from one year ago. This steep decrease was the result of multiple move-ins during Q4 including six tenants 100,000 square feet (sf) or greater. Most notably, USPS (358,548 sf), Ruggable (233,438 sf), and IPEX (200,000 sf) each moved into their new warehouse properties in the final months of the year. These move-ins, coupled with the completion of Amazon’s 1.0-million-square-foot (msf) build-to-suit at Carolina Logistics Park, drove the submarket to 2.3 msf of positive quarterly net absorption, the most substantial gains in the metro.

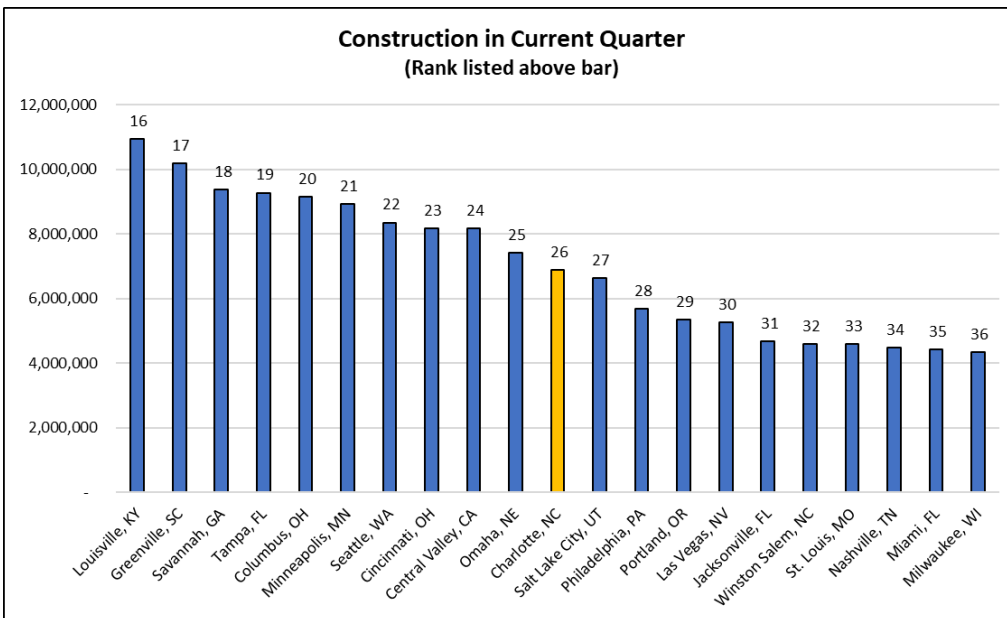
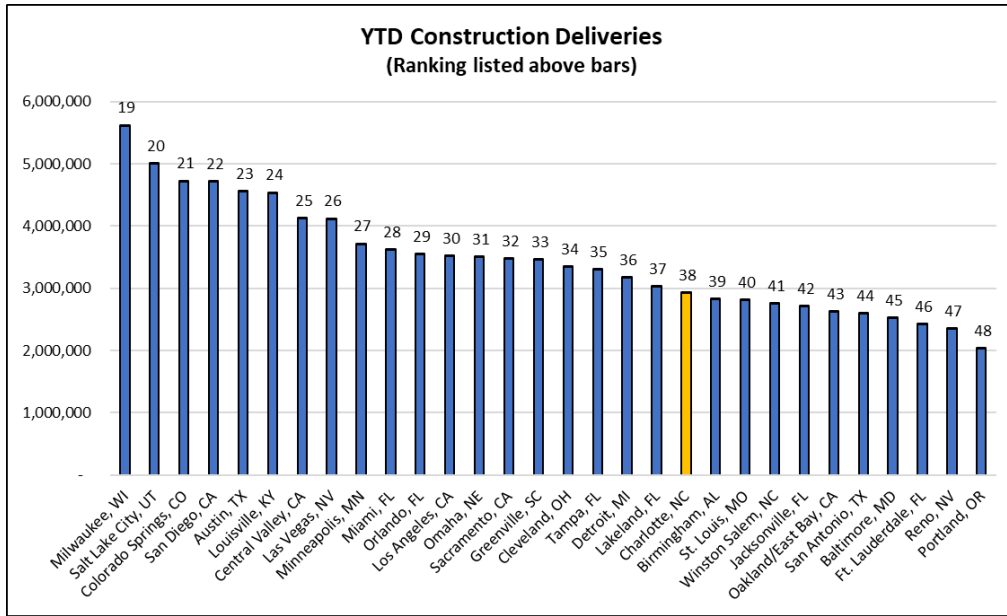
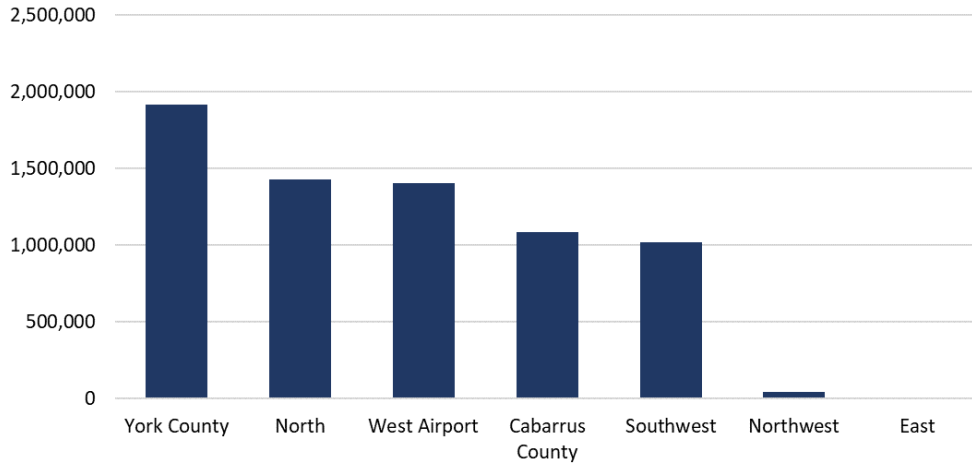


Construction Activity

The Charlotte market currently has 4.7 square foot of new warehouse space under construction with 1.8 million square ft being built in the Southwest. Outside the County, York and Cabarrus County have a combined total of 2.0 million square ft of space under construction. In the North submarket WPT Industrial is building a 627,000-sf industrial project at 11701 McCord Road in Huntersville, design shown below.

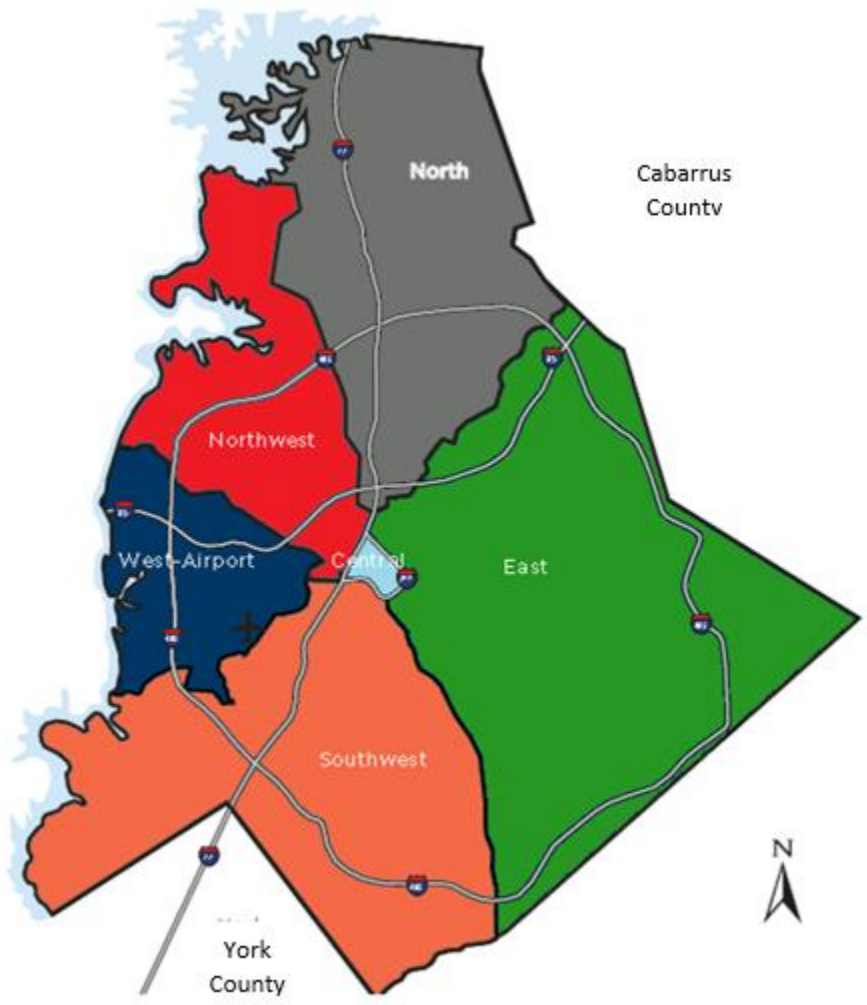


Charlotte Area Current Construction (SF)

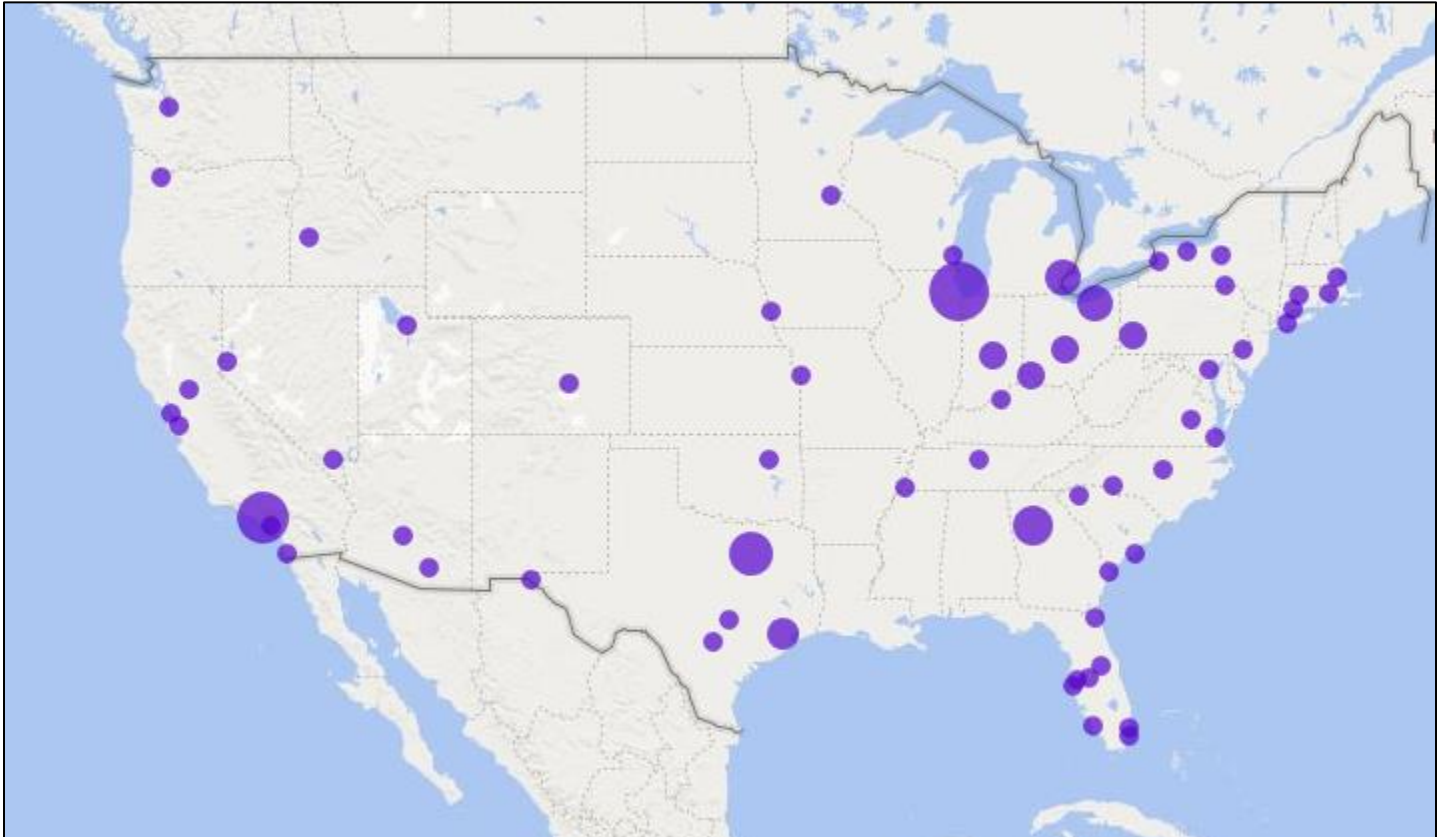


Mecklenburg County Statistics

INDUSTRIAL MARKET STATISTICS - Q4 2021											
MARKET	Inventory (SF)	Overall Vacant (SF)	Overall Vacancy Rate	Current Qtr Overall Net Absorption	Overall Weighted Avg Net Rent (OS)	Under Construction (SF)	Construction Completions (SF)	Overall Weighted Avg Net Rent (Manufacturing)	Overall Weighted Avg Net Rent (Flex)	Overall Weighted Avg Net Rent (Warehouse)	
East	8,942,474	124,360	1.4%	265,559	61,536	-	30,542	N/A	\$ 10.33	N/A	
North	29,511,695	920,727	3.1%	722,145	1,488,067	1,431,345	1,089,656	N/A	\$ 11.24	\$ 7.28	
Northwest	11,521,079	129,018	1.1%	143,098	168,575	45,098	-	\$ 9.14	\$ 10.50	\$ 4.36	
Southwest	45,354,966	1,218,628	2.7%	2,275,986	4,087,091	1,017,269	1,168,959	N/A	\$ 12.19	\$ 5.11	
West Airport	20,888,365	637,676	3.1%	350,940	1,944,329	1,402,553	523,000	\$ 4.00	\$ 10.67	\$ 6.72	
York County	27,422,983	732,880	2.7%	598,985	1,924,499	1,916,248	115,524	N/A	\$ 21.45	\$ 5.11	
Cabarrus County	19,416,607	265,954	1.4%	66,264	673,920	1,083,928	-	N/A	\$ 10.04	\$ 4.50	
Total	163,058,169	4,029,243	2.5%	4,422,977	10,348,017	6,896,441	2,927,681	\$ 4.68	\$ 11.36	\$ 5.45	



Warehouse Inventory by City for the US



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

Total Warehouse / Industrial Inventory by City					
Chicago, IL	1,191,176,940	Oakland/East Bay, CA	215,468,547	Charleston, SC	81,735,055
Los Angeles, CA	994,678,297	Milwaukee, WI	209,967,149	Tampa, FL	78,106,497
Dallas, TX	826,439,572	Pittsburgh, PA	188,050,625	Providence, RI	77,727,305
Atlanta, GA	664,312,573	Louisville, KY	176,993,384	Rochester, NY	73,551,473
Bakersville, CA	585,855,283	Philadelphia, PA	173,651,017	Puget Sound - Eastside	63,485,199
Cleveland, OH	518,154,070	San Diego, CA	167,879,481	Northern VA	60,059,957
Houston, TX	496,577,761	Charlotte, NC	163,058,169	El Paso, TX	59,641,387
Detroit, MI	491,884,975	Miami, FL	162,745,252	Raleigh/Durham, NC	54,513,699
New Jersey - Central	367,665,742	Central Valley, CA	151,042,757	Roanoke, VA	52,596,527
Phoenix, AZ	357,683,441	Boston, MA	148,851,893	Southern New Hampshire	50,670,995
Pottsville, PA	344,881,600	Salt Lake City, UT	142,231,901	Suburban MD	49,520,208
Minneapolis, MN	337,591,121	NY Outer Boroughs	138,443,753	New Haven, CT	47,453,504
Cincinnati, OH	306,259,923	Las Vegas, NV	135,654,009	Boise, ID	46,629,480
Indianapolis, IN	302,283,377	Long Island, NY	132,872,232	Austin, TX	45,305,270
New Jersey - Northern	289,586,653	San Antonio, TX	119,652,496	Tucson, AZ	44,547,800
Columbus, OH	287,914,257	Orlando, FL	117,909,051	Fort Myers, FL	44,071,808
Memphis, TN	282,414,661	Buffalo, NY	116,181,693	Syracuse, NY	42,361,192
Orange County, CA	259,937,545	Sacramento, CA	105,683,349	San Francisco Peninsula, CA	41,576,043
St. Louis, MO	257,035,688	Reno, NV	104,197,367	Palm Beach County, FL	39,773,211
Denver, CO	254,069,477	Hampton Roads, VA	103,315,936	Colorado Springs, CO	39,369,750
Seattle, WA	248,901,276	Jacksonville, FL	101,299,838	Lakeland, FL	35,980,906
Winston Salem, NC	246,775,211	Omaha, NE	98,390,089	St. Petersburg/Clearwater, FL	35,577,735
Kansas City, MO	242,646,824	Richmond, VA	96,734,471	San Francisco North Bay, CA	31,315,255
Nashville, TN	230,754,499	Hartford, CT	94,927,872	Binghamton, NY	17,517,645
Baltimore, MD	223,709,599	Ft. Lauderdale, FL	90,200,091	Birmingham, AL	15,165,984
Greenville, SC	222,120,116	Savannah, GA	89,277,375	Fredericksburg, VA	15,095,060
Portland, OR	217,342,418	San Jose (Silicon Valley), CA	86,635,645		