BENEATH THE SURFACE

/////// Decoding Charlotte's Industrial Vacancy ///////

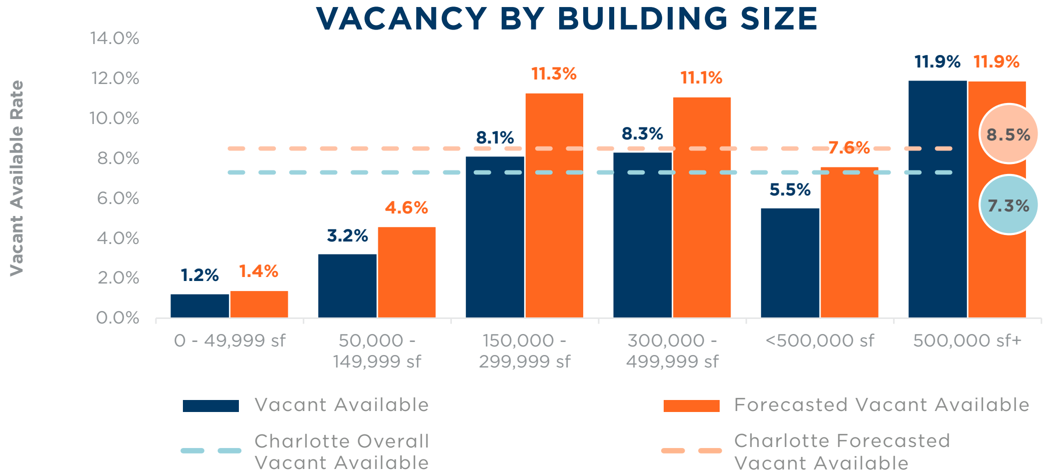
The Charlotte industrial market remains extremely competitive despite heightened vacancy rates in Q3. Looking deeper, the recent rise in vacancy is not a true depiction of market conditions—the uptick is primarily being driven by a niche subset of oversupply mainly in **big-box (500,000 sf+) inventory**.

This study examines the composition of current market conditions and how vacancy would change if all buildings under construction delivered at current preleasing levels.

KEY TERMS

- **Vacant Available**
  The total available product that is completely vacant, excluding spaces that have been leased by tenants who have not yet occupied
- **Forecasted Vacant Available**
  The total available vacant product plus all space presently under construction, with current preleasing included
- **Class A**
  Highest tier of industrial built from 2010 to present

VACANCY BY BUILDING SIZE



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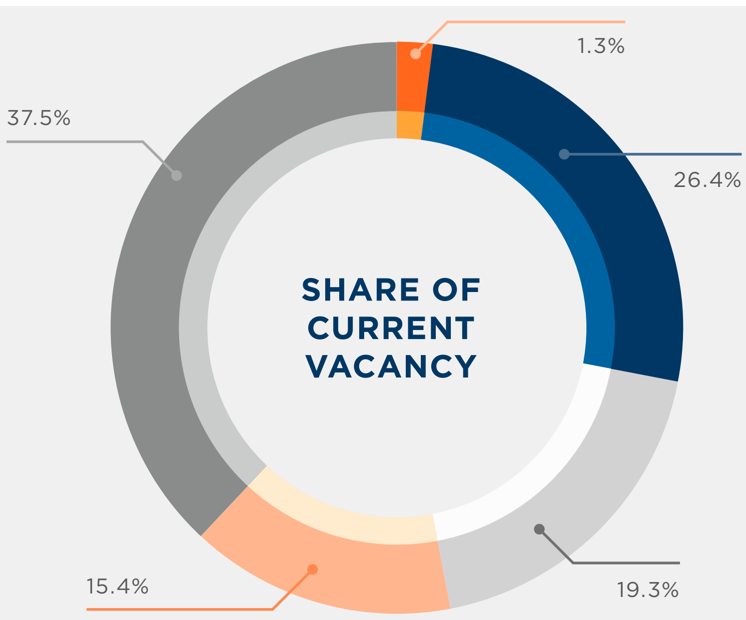
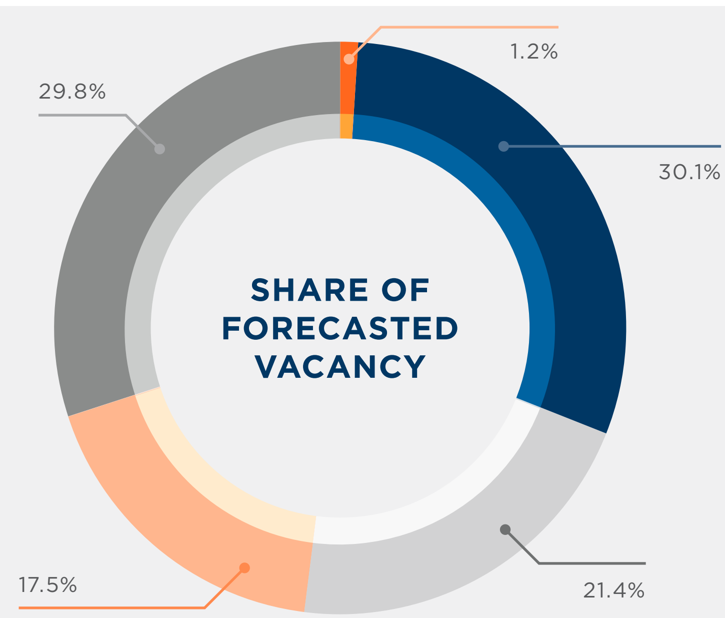
This imbalance in supply becomes more apparent when analyzing properties by size range. Currently, big-box represent the only segment with a vacant available rate substantially higher than the market average. Forecasted rates show how the oversupply will affect all size ranges above **150,000 sf** while supply below this threshold remains extremely tight. When this trend was first identified one year ago, big-box vacancy share was projected to be **39.5%** and while the current share is close at **37.5%** the new forecasted amount has dropped to **29.8%** as developers have shifted focus to smaller buildings.



- 0 - 49,999
- 50,000 - 149,999
- 150,000 - 299,999
- 300,000 - 499,999
- 500,000+



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Big-box availabilities are the primary driver of the market's elevated vacancy, making up **37.5%** of the total availabilities with twelve buildings totaling **8.0 msf** of availability.

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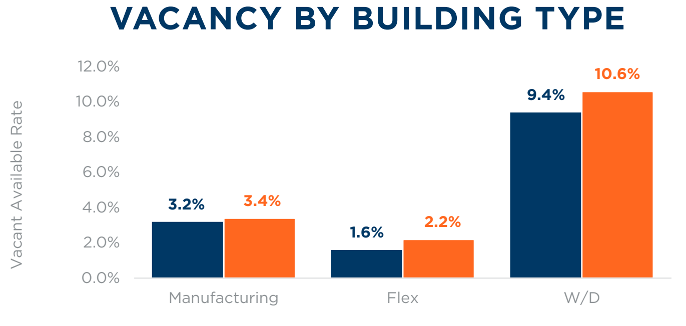
With new construction delivering, a smaller subset of availabilities will have an even greater influence on the overall vacancy, forecasted to drop big-box to **29.8%** of the share of total availabilities.

VACANCY BY BUILDING TYPE



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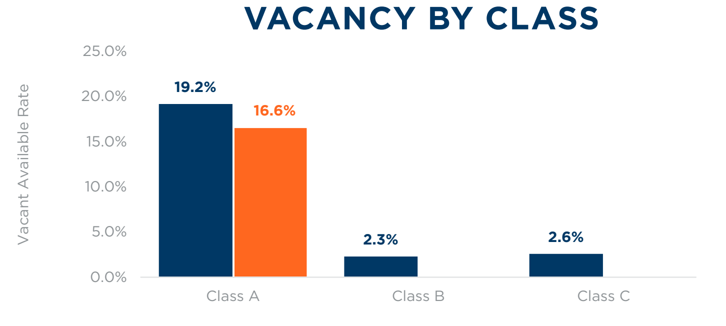
With **5.4 msf** of W/D construction currently underway, this property type will experience the most significant vacancy increases.

VACANCY BY CLASS



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As Class A product has the highest vacancy rate, removing the big-box subset is shown to significantly decrease the skewed overall value, showing **true market conditions**.

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OCTOBER 2024

CUSHMAN & WAKEFIELD

LOOKING AHEAD

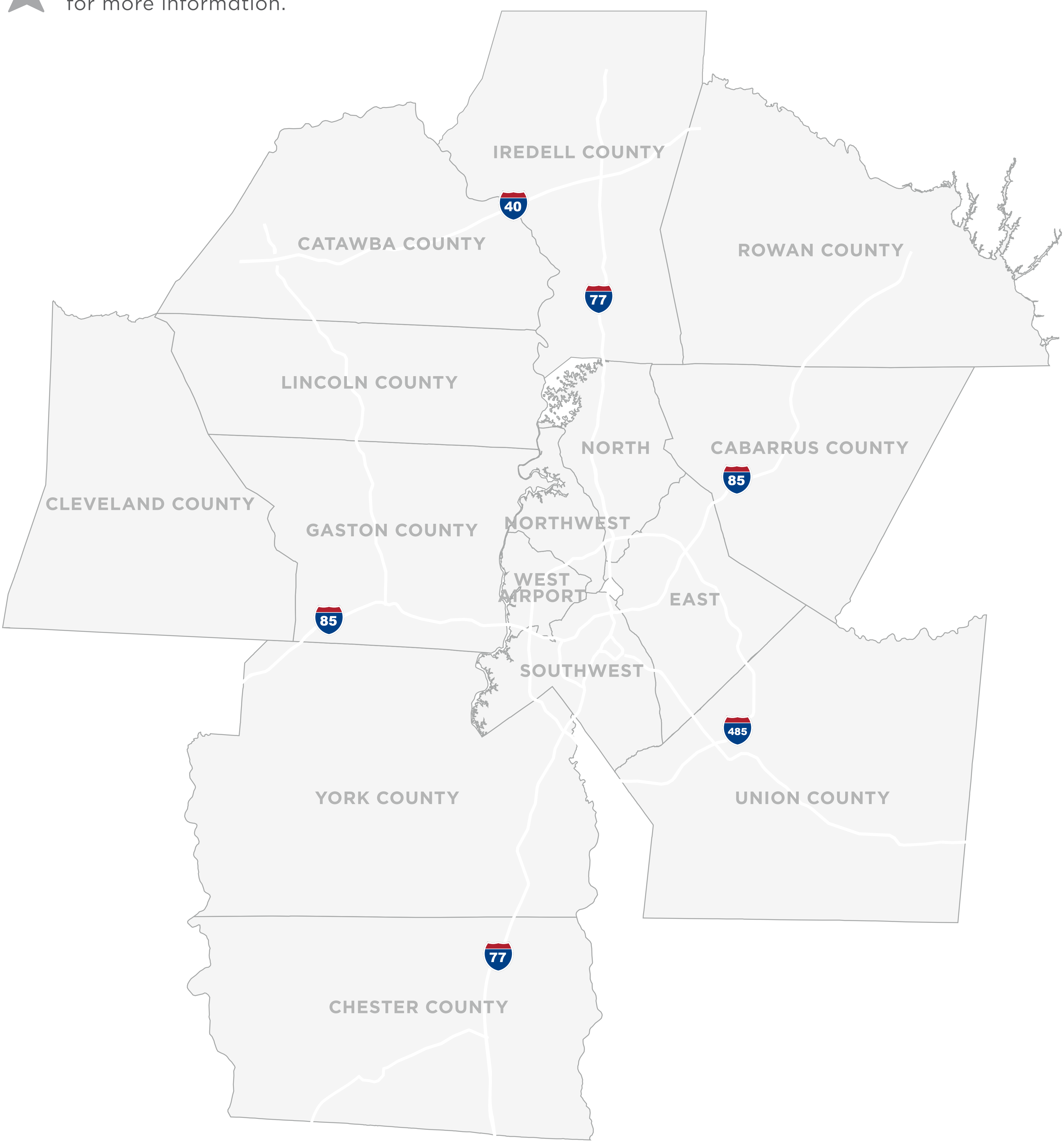
UNDER CONSTRUCTION STATS

	TOTAL PIPELINE	BUILDINGS 500,000+ SF
TOTAL SF	**5,205,153**	**0**
TOTAL AVAILABLE	**4,856,544**	**0**
PRELEASED	**6.7%**	**0%**

As big-box product delivered vacant, demand for this product has subsided, resulting in no new big-box projects currently under way. Expect demand to begin to outpace supply as market conditions settle, with a need for new developments to return after the lease up of existing product.

INTERACTIVE MAP

Click on the **county name** for more information.



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