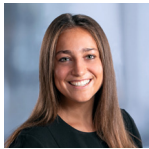


Charlotte



Statistics are calculated using direct and sublease information in the market. Data is subject to change due to changes in inventory and market disruption such as the economic impacts of COVID-19.



Leigha Nortier
Research/Broker Trainee
+1 704 414 7451
lnortier@savills.us

Industrial asset class displays the most resiliency and overall stability through economic impacts of COVID-19. The Charlotte area industrial market has been in a long stretch of growth, which has attracted regional distribution centers from tenants such as Amazon, Staples, and UPS in recent quarters. Much of this growth was a direct result of the metro's improved logistics infrastructure and central location on the East Coast. Rental rate growth has remained positive for the 8th consecutive quarter and vacancy rates remain tight across all submarkets.

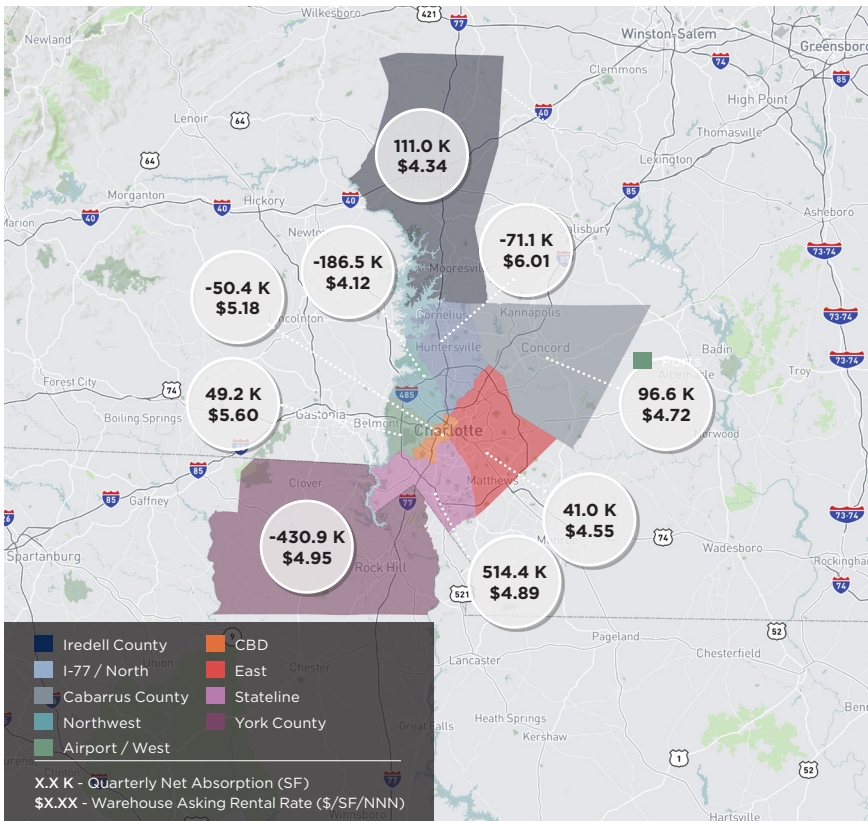
In addition, projects in the pipeline were able to continue as planned thanks to construction being deemed as essential during pandemic conditions. During this quarter several new projects delivered totaling approximately 2.6 million square feet (sf). Some of the biggest deliveries include Creekside

KEY STATISTICS

	Q2 2019	Q2 2020	y-o-y Change
Inventory	169.3 MSF	180.0 MSF	▲
Vacancy Rate	6.3%	6.8%	▲
YTD Absorption	1.5 MSF	2.1 MSF	▲
Under Construction	2.9 MSF	4.0 MSF	▲
Overall Asking Rent (PSF, NNN)	\$4.75	\$4.90	▲

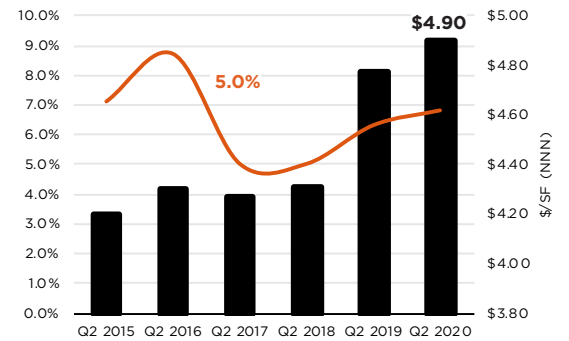
Commerce Center (630,000 sf), WestPark 85 - Phase II (566,800 sf), and Airport South Logistics Park (485,000 sf).

Overall triple net (NNN) asking rents for industrial space reached \$4.90 per square foot (psf) by the end of the second quarter, increasing 3.16% year-over-year. Vacancy rates remained tight and stable, reaching 6.80% in Q2, up 50 basis points from the previous quarter.



VACANCY AND ASKING RENT TRENDS

Charlotte



NET ABSORPTION

Charlotte



Activity levels for distribution center space across the greater Charlotte area continue to be healthy with e-commerce leading the way. The availability of Class A spaces larger than 150,000 sf is limited while smaller tenants (35,000 sf to 60,000 sf) have far more choices in most submarkets.”

- Thomas F. O'Brien, Executive Vice President

SUBMARKET OVERVIEW

50,000 SF and up (owner occupied included)

Submarket	Existing Inventory		Vacancy		Q2 Net Absorption (SF)	Overall Asking Rent (NNN)
	# Bldgs	Total (SF)	Direct (SF)	Vac %		
Iredell County	138	12,548,603	475,974	3.8%	111,013	\$4.34
I-77 / North	123	14,747,332	630,498	4.3%	(71,059)	\$6.01
Cabarrus County	102	10,864,086	322,520	3.0%	96,591	\$4.72
Northwest	98	8,650,446	666,705	7.7%	(186,531)	\$4.12
Airport / West	126	9,822,496	679,671	6.9%	49,169	\$5.60
CBD	126	5,643,536	384,229	6.8%	(50,422)	\$5.18
East	153	8,948,360	811,506	9.1%	41,032	\$4.55
Stateline	258	28,489,242	2,237,557	7.9%	514,445	\$4.89
York County	116	16,537,045	1,781,606	10.8%	(430,979)	\$4.95

MAJOR TRANSACTIONS

Sales

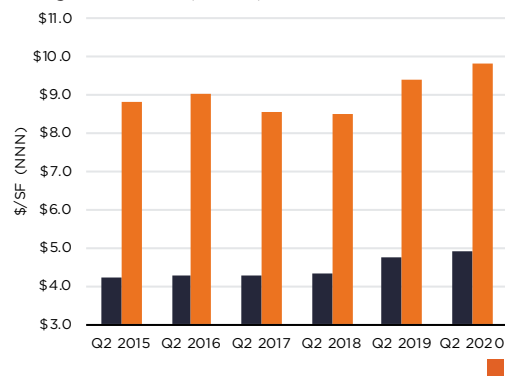
Owner/Buyer	Seller	Date	Address	Square Feet	Built	Land Area (acres)	Price	Submarket
KKR	Morgan Stanley	June 2020	6500 Davidson Highway	1,100,000	2018	90.45	\$84,000,000	Cabarrus County
Waite Company	Childress Klein	April 2020	6100 Glen Afton Boulevard	260,000	2017	22.62	\$22,700,000	Cabarrus County
Arrested Development	Boywic Farms Ltd.	May 2020	1851 Scott Futrell Drive	112,000	1973	7.04	\$7,900,000	Airport / West
AIC Ventures	Wilbert, Inc.	April 2020	7301 Caldwell Road	126,363	1988	15.64	\$7,500,000	Cabarrus County

Leases

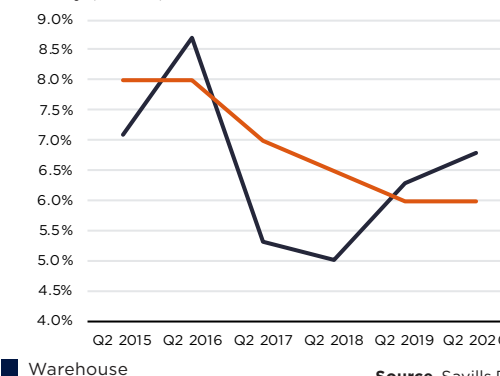
Tenant	Square Feet	Address	Transaction Type	Submarket	Landlord
Prime Beverage Group	300,000	1858 Kannapolis Parkway	New Lease	Cabarrus County	Haas Automation Inc.
Seko Logistics	105,000	10137 Horton Road	New Lease	Airport / West	The Silverman Group
Elgi	104,000	4610 Entrance Drive	New Lease	Airport / West	EastGroup Properties LLC
Yandle Witherspoon	99,000	1700 W. Pointe Drive	New Lease	Airport / West	The Blackstone Group
Pipeline Packaging	68,048	3463 Lakemont Boulevard	New Lease	Airport / West	Invesco Advisers Inc.

FLEX VS. WAREHOUSE

Asking Rental Rates (Overall)



Vacancy (Overall)



Source Savills Research

Market Trends



Growth and demand in ecommerce has caused some investors to seek out industrial property opportunities.



Charlotte's formerly tight market has experienced a slow uptick in availability due to the intersection of an overall slow in demand while an extensive pipeline of new product hits the market.



4,034,169 SF is under construction with 1,906,156 SF breaking ground in Q2 alone, reflecting market optimism and resiliency.

Savills industrial specialists integrate advanced analytics, strategic planning, corporate finance, supply chain and operations strategy with real estate to ensure decisions are aligned with business goals. We provide a full range of services including comprehensive financial, logistics, brokerage and occupancy solutions to industrial space users across all industries.

About Savills Inc.

Savills helps organizations find the right solutions that ensure employee success. Sharply skilled and fiercely dedicated, the firm's integrated teams of consultants and brokers are experts in better real estate. With services in tenant representation, workforce and incentives strategy, workplace strategy and occupant experience, project management, and capital markets, Savills has elevated the potential of workplaces around the corner, and around the world, for 160 years and counting.

For more information, please visit Savills.us and follow us on LinkedIn, Twitter, Instagram and Facebook.

The information in this report is obtained from sources deemed reliable, but no representation is made as to the accuracy thereof. Unless otherwise noted, source for data is Savills research. Current and historical availability and rent data are subject to change due to changes in inventory.