

Q4 2019

## Industrial Insight

# Development pushes further east and south chasing available land and workforce

- Steady net absorption through Q4 as constant tenant activity drives market.
- Development pushes further into exurban submarkets to the South, West, and East.
- Nearly .5m sf coming online in 2019 reshaping Charlotte into major warehousing and distribution hub in the Southeast.

Industrial development in 2019 reached levels previously unseen in the Charlotte market. 2017, 2018, and 2019 all set records for industrial development. Of the 10.2m sf of industrial development across the region the Eastern Counties submarket led with 2.7m sf, followed by the South Carolina submarket with 1.3m sf, and the Airport submarket with 1.2m sf. Development is following two tracks. In the Eastern Counties and South Carolina submarkets, industrial development is primarily composed of larger footprints pushing further away from Central Charlotte chasing large land tracts. Airport submarket development is composed of more compact developments where existing businesses are expanding in close proximity to current locations.

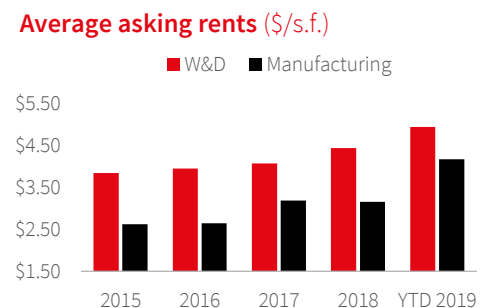
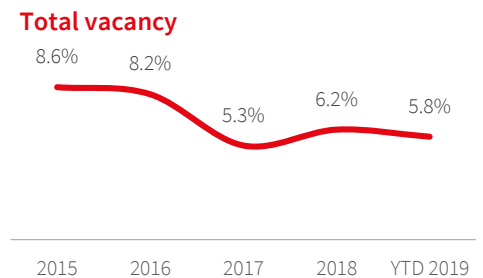
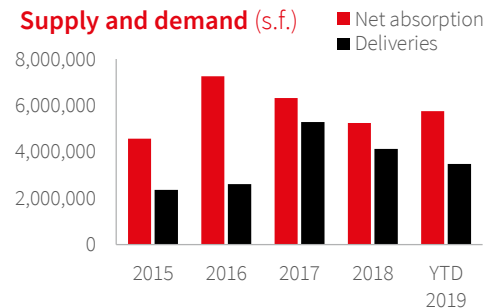
Among all leases signed during Q4, 26% were with companies that were new to the market, 30% were relocations, and 44% were renewals in place. The Westinghouse submarket was the most active region with more than 740,000 sf leased. Campbell Soup moved into their 525,000 sf facility, West Logistics expanded into 217,000 sf, and Averitt Express leased 122,000 sf in the Westinghouse submarket.

Industrial absorption is driving job creation across the Charlotte region. During 2019 the logistics industry accounted for 109,000 jobs while the manufacturing industry accounted for 70,000 jobs across the regional economy.

### Outlook

The industrial market in Charlotte is expected to have a strong year in 2020. High levels of absorption will continue as vacancy stays low. In turn, asking rents will remain steady for the next year. Development will continue to push further out in the Western and Eastern counties, as well further into South Carolina.

Fundamentals		Forecast
Q4 net absorption	1,557,647 s.f.	▲
YTD net absorption	5,750,877 s.f.	▲
Under construction	5,741,720 s.f.	▼
Total vacancy	5.8%	▼
Average asking rent (NNN)	\$4.83 p.s.f.	▲
Tenant improvements	Stable	▶



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