Strong Leasing Activity Supports Improving Market Stability

▼7.1%	▼1.3M	▲1.1M	▼5.4M	▲$9.13
Vacancy Rate	SF Net Absorption	SF Construction Delivered	SF Under Construction	NNN/YR Direct Lease Rate

Note: Arrows indicate change from previous quarter.

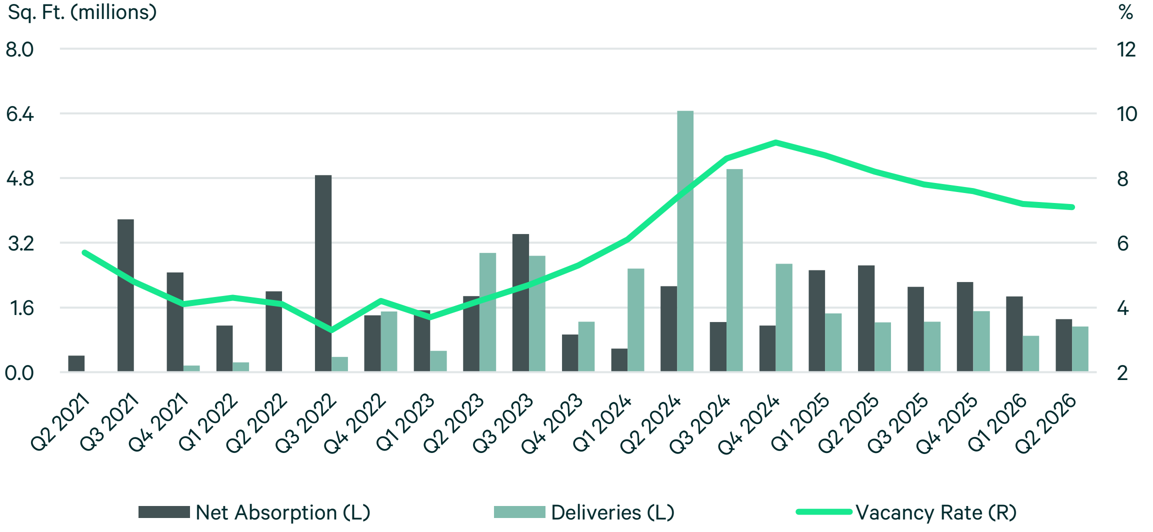
Market Overview

Charlotte's industrial market posted 1.3 million sq. ft. of net absorption during the quarter, though activity moderated as absorption declined 30% quarter over quarter. The slowdown was largely attributed to limited availability of large-block space exceeding 500,000 sq. ft., constraining large block tenants. Vacancy declined 10 basis points (bps) from the prior quarter to 7.1%, while average asking rents increased 6.5% year-over-year to $9.13 per sq. ft. Warehouse rents have begun a holding pattern while Flex product continues to see rent growth quarter-over-quarter, still boosting rents overall but at a slower growth rate.

Leasing activity remained a bright spot, surpassing 4.0 million sq. ft. for the second consecutive quarter and was highlighted by Prime Beverage's 934,000 sq. ft. full-building lease at 1000 Stanley Drive. The most active tenants currently in Charlotte include Retailers, E-commerce, Logistics, and surprisingly, a new subsector of data center suppliers following recent growth in the region for data center development.

The construction pipeline surged in 2024 but has since stabilized, with 5.4 million sq. ft. underway and 1.1 million sq. ft. delivered during the quarter.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q2 2026

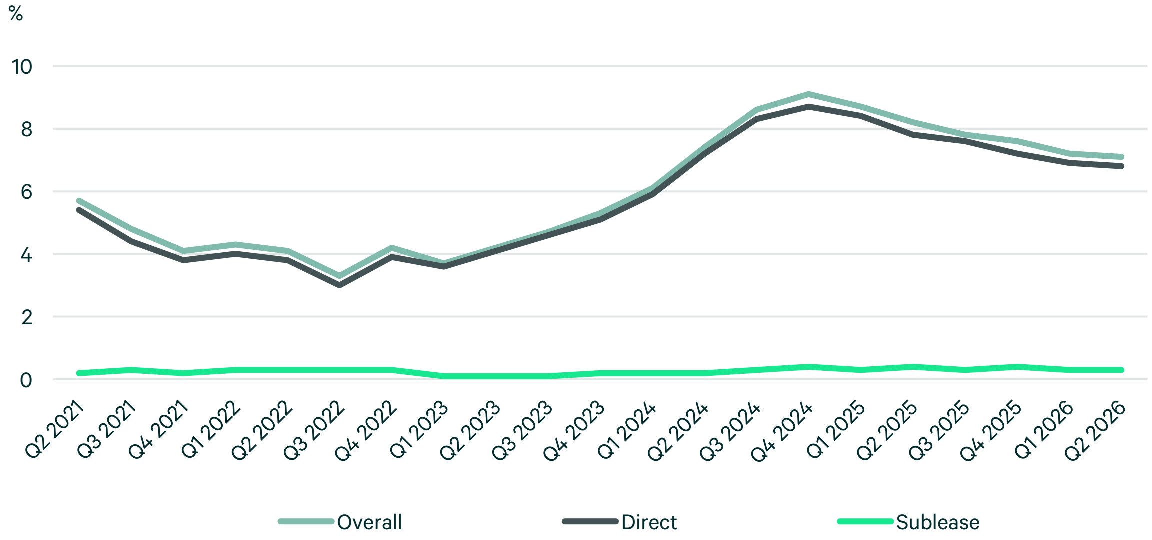
Vacancy Rate

Vacancy declined to 7.1%, down 110 bps year-over-year, while availability compressed to 9.4%, a 26 bps decrease over the same period. Vacancy reductions were seen across asset classes, with Class A vacancy falling 330 bps year-over-year to 16.9% and Class B vacancy declining 43 bps to 3.6%. Relative to Q4 2024, vacancy remains lower: overall vacancy is 197 bps below the peak recorded almost two years ago. Distribution & Logistics properties continue to account for most new vacant space, largely driven by recently delivered speculative development.

The most notable vacancy in the market is 1500 Delta Drive in Gaston County, an 878,000 sq. ft. facility that remains the market's only vacant building exceeding 500,000 sq. ft.

Submarket performance remains varied, with Northeast recording the highest vacancy at 20.7%. Looking ahead, vacancy within non-pre-leased construction will be a factor in the market's vacancy rate.

Figure 2: Vacancy Rate



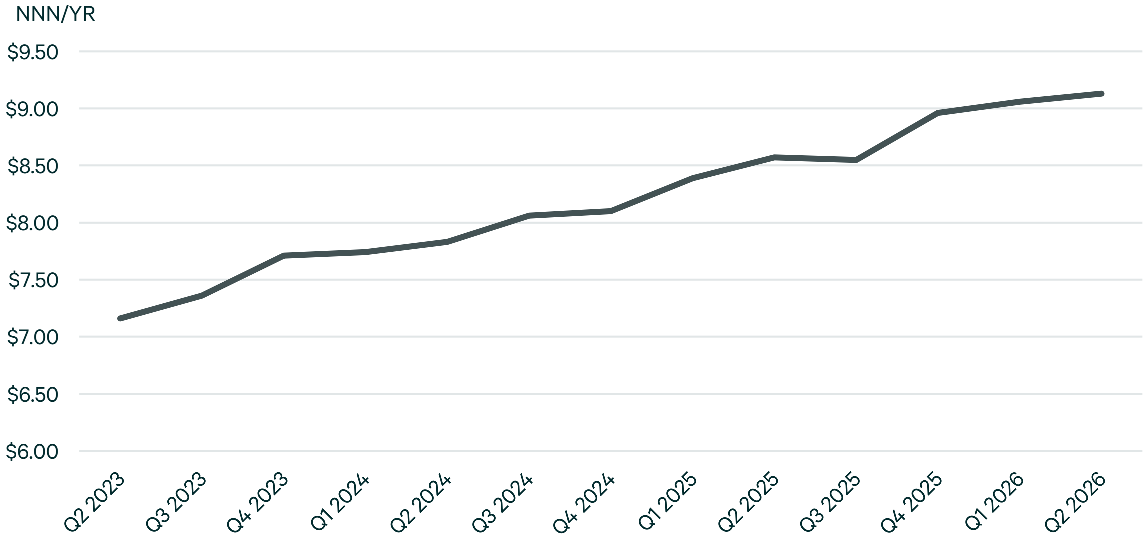
Source: CBRE Research, Q2 2026

Asking Rent

Charlotte recorded modest rent growth in Q2 2026, with the overall direct average asking rate increasing 0.8% quarter-over-quarter to $9.13 per sq. ft. The increase was primarily supported by continued strength in the Flex segment, where asking rents can reach up to $19.00 per sq. ft., significantly above the broader market average. New Warehouse construction continues to command the highest pricing in the market, generally ranging between $9.00 and $10.00 per sq. ft., with select 100,000+ sq. ft. multi-tenanted buildings periodically achieving rates near $13.00 per sq. ft.

Rental performance continued to vary by product type and submarket. Within the Flex segment, the Iredell County submarket posted one of the highest average asking rates at $15.26 per sq. ft., while the Southeast submarket remained the market's most value-priced Flex options at $9.19 per sq. ft. Warehouse asking rates also showed a wide range across the region, with the Northeast submarket recording the highest average asking rate at $14.98 per sq. ft. and Gaston County posting the lowest at $7.45 per sq. ft. Despite these differences, overall Warehouse rental performance remained relatively stable quarter-over-quarter, with average asking rates declining by just 4 bps.

Figure 3: Average Direct Asking Rate



Source: CBRE Research, Q2 2026

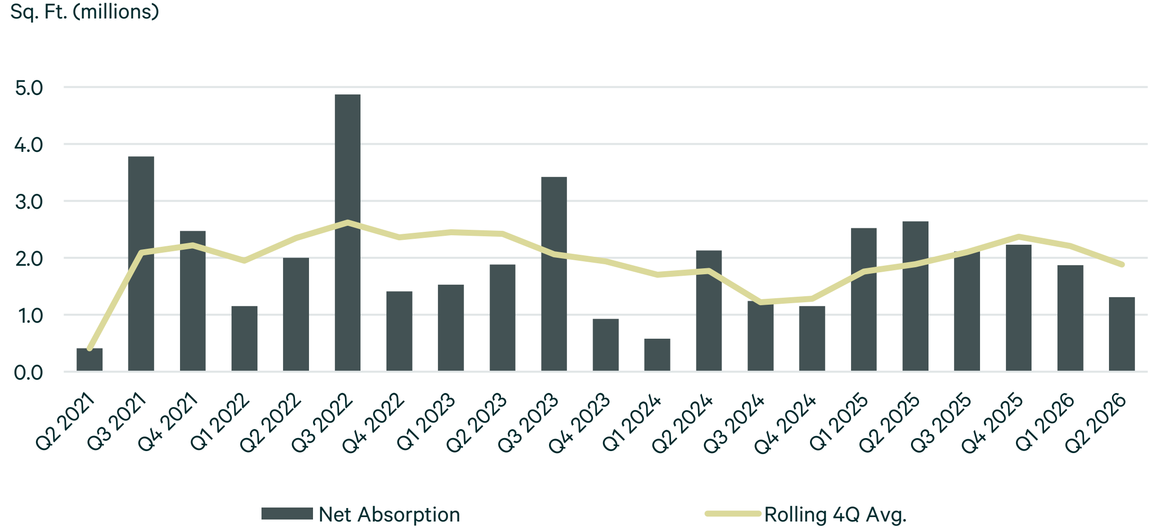
Net Absorption

The quarter recorded 1.3 million sq. ft. of net absorption, representing a 30.3% decline from the previous quarter. The slowdown was largely driven by the absence of major occupancies exceeding 500,000 sq. ft., as limited availability of bulk space continues to constrain options for larger users. Despite the quarterly decline, demand remains concentrated in higher-quality assets, with Class A properties accounting for 2.3 million sq. ft. of absorption year-to-date, or 71.2% of total market absorption. Notable occupancy gains included Elite Logistix's move into 220,000 sq. ft. at the Britax Building. Offsetting some of this activity, Essendant vacated its 300,000 sq. ft. space at 10800 Withers Cove Park Drive.

A noteworthy exception in Q2, Prime Beverage leased 934,000 sq. ft. at 1000 Stanley Drive and assumed immediate occupancy; however, because the prior tenant also vacated in synchronization with this timing, the shift resulted in a net-zero absorption impact despite representing nearly 1.0 million sq. ft. of occupied space changing hands.

At the submarket level, York County recorded the highest net absorption at 684,000 sq. ft., with Iredell County next at 153,000 sq. ft.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q2 2026

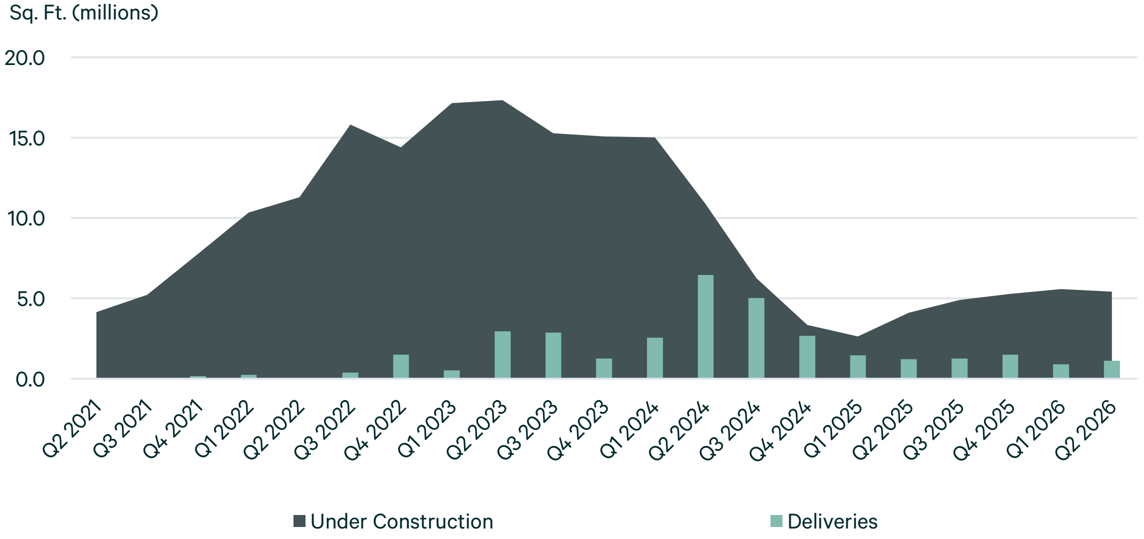
Construction Activity

Active construction accelerated during the quarter, with approximately 966,000 sq. ft. breaking ground across four buildings, led by Axial Commerce Center Buildings 1 and 2 in the North submarket totaling 465,000 sq. ft. and Walkers Ferry Road Buildings 1 and 2 in the West submarket totaling 313,000 sq. ft. An additional 185,000 sq. ft. commenced construction in the Central and North submarkets.

Roughly 1.1 million sq. ft. delivered, including 85 Exchange Building B, the quarter's largest completion at 213,900 sq. ft., along with Concord Commerce Center and International Corporate Center in Cabarrus County. Development remains concentrated in the West and North submarkets which, combined, account for more than 2.2 million sq. ft. under construction.

The pipeline expanded 32.2% year-over-year, although preleasing remains limited, with just 4.7% of product under construction committed ahead of delivery. Developers continue to favor smaller-format projects, as 74.4% of the current pipeline consists of buildings below 250,000 sq. ft. Looking ahead, the pipeline is expected to remain active, with nearly 2.0 million sq. ft. of additional industrial space anticipated to break ground during the second half of the year.

Figure 5: Construction Activity



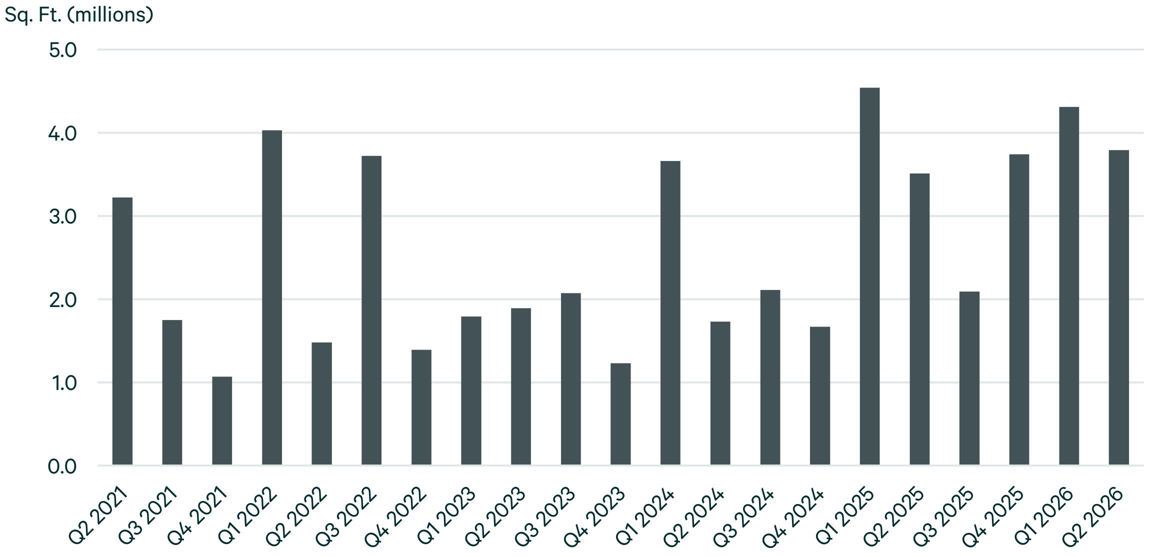
Source: CBRE Research, Q2 2026

Leasing Activity

This quarter, leasing activity was 3.8 million sq. ft., tracking higher than the rolling four-quarter average which was 3.5 million sq. ft. The most notable lease in Q2 was Prime Beverage's 934,000 sq. ft. occupancy at 1000 Stanley Drive in Cabarrus County. Leasing volume was concentrated in Cabarrus County, the North submarket, and the Southwest submarket, which collectively accounted for 53.2% of total activity, highlighting the continued appeal of these locations for large-scale occupiers. Average deal size increased by roughly 2.0% quarter over quarter.

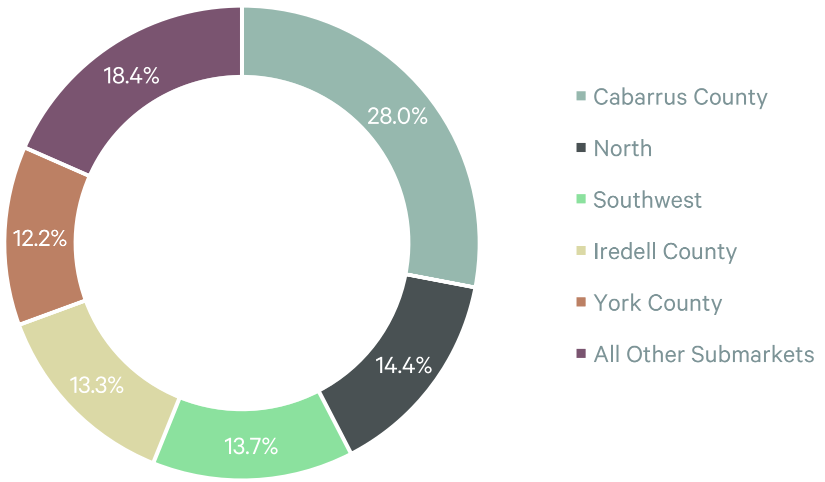
Looking ahead, the pipeline of active tenants remains substantial at roughly 10.0 million sq. ft., with Retailers, E-commerce users, and Logistics occupiers representing more than 60.0% of that total. Leasing activity is expected to remain elevated through the second half of the year, with an anticipated increase in transactions exceeding 300,000 sq. ft. as large-space users continue to evaluate opportunities across the market.

Figure 6: Leasing Activity Trend



Source: CBRE Research, Q2 2026

Figure 7: Leasing Activity by Submarket (% of Total Activity)



Source: CBRE Research, Q2 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Prime Beverage	934,000	New Lease	1000 Stanley Dr	Cabarrus County
Elite Logistics	220,000	New Lease	4140 Pleasant Rd	York County
IGL Logistics	217,000	New Lease	7335 Statesville Rd	North
Gaylor Electric	215,000	New Lease	208 Manufacturers Blvd	Iredell County
Confidential Tenant	201,000	New Lease	194 Springhill Farm Rd	York County
Inkas Aerospace & Defense	200,000	New Lease	11108 Quality Dr	Southwest
Solco Healthcare U.S.	157,000	New Lease	11230 Everett Keith Rd	North

Source: CBRE Research, Q2 2026

Market Statistics by Product Type

Figure 9

Product Type	NRA (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF NNN/yr)	Q2 2026 Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Distribution/Logistics	220.75M	8.5	10.6	9.5	1.0	8.97	616,000	2.39M	836,000	4.85M
Manufacturing	63.31M	2.7	6.4	4.5	1.9	8.07	623,000	549,000	-	147,000
R&D/Flex	20.69M	5.8	5.5	5.1	0.5	15.99	67,000	235,000	290,000	419,000
Total	**304.75M**	**7.1**	**9.4**	**8.2**	**1.2**	**9.13**	**1.31M**	**3.18M**	**1.13M**	**5.42M**

Source: CBRE Research, Q2 2026

Market Statistics by Size

Figure 10

Size Range	NRA (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF NNN/yr)	Q2 2026 Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Below 50K SF	44.98M	3.3	3.7	3.4	0.3	12.39	(27,000)	(46,000)	-	115,000
50K-99,999 SF	46.93M	4.6	6.3	5.6	0.7	11.82	415,000	508,000	497,000	226,000
100K-249,999 SF	94.63M	8.2	10.3	9.6	0.7	9.48	1.10M	1.34M	629,000	3.69M
250K-499,999 SF	63.04M	13.4	18.3	14.7	3.7	8.33	(369,000)	(279,000)	-	1.39M
500K-749,999 SF	24.51M	3.2	4.6	4.6	-	8.57	190,000	1.66M	-	-
750,000 SF +	30.66M	3.8	4.8	4.5	0.3	7.06	-	-	-	-
Total	**304.75M**	**7.1**	**9.4**	**8.2**	**1.2**	**9.13**	**1.31M**	**3.18M**	**1.13M**	**5.42M**

Source: CBRE Research, Q2 2026

Market Statistics by Class

Figure 11

Property Class	NRA (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF NNN/yr)	Q2 2026 Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	88.04M	16.9	17.4	19.5	2.1	9.11	487,000	2.38M	926,000	5.19M
Class B & C	216.71M	6.3	3.2	3.7	0.6	9.17	819,000	797,000	200,000	226,000
Total	**304.75M**	**7.1**	**9.4**	**8.2**	**1.2**	**9.13**	**1.31M**	**3.18M**	**1.13M**	**5.42M**

Source: CBRE Research, Q2 2026

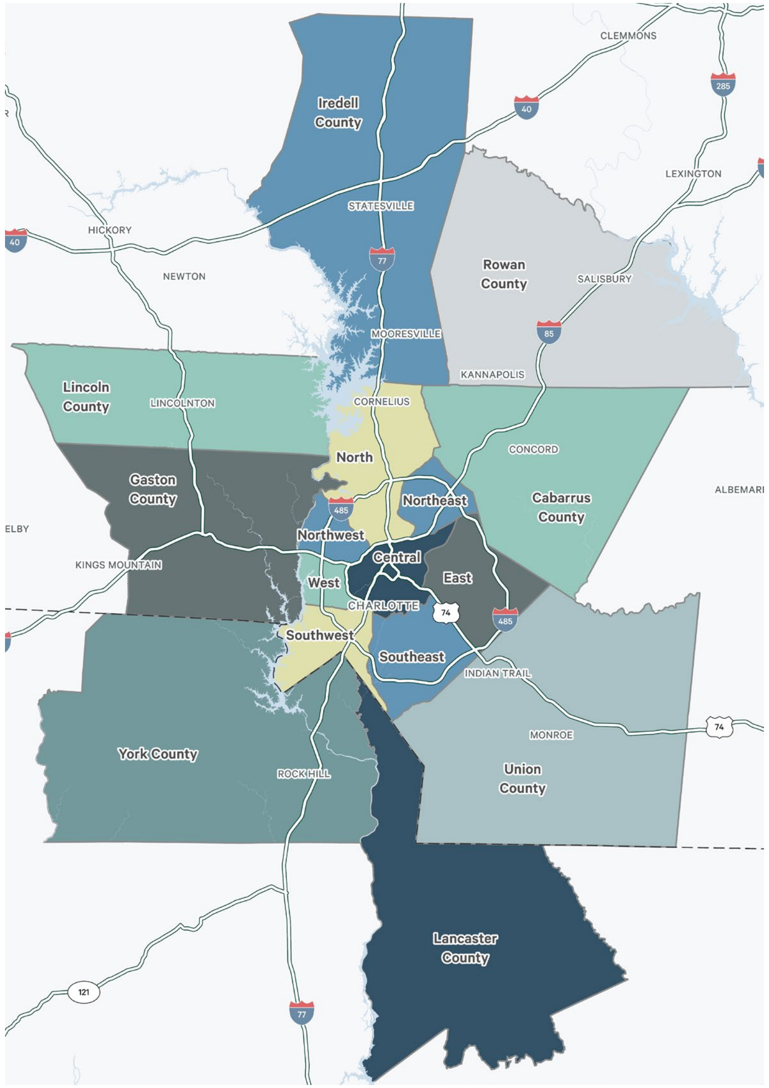
Market Statistics by Submarket

Figure 12

Submarket	NRA (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF NNN/yr)	Q2 2026 Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Cabarrus County	24.93M	8.7	9.9	9.1	0.7	10.18	100,000	125,000	582,000	204,000
Central	18.19M	3.0	5.6	5.3	0.3	9.94	(8,000)	20,000	-	-
East	1.88M	15.0	21.2	20.9	0.3	9.32	(6,000)	12,000	-	-
Gaston County	34.69M	9.4	10.5	9.2	1.3	7.26	107,000	892,000	172,000	768,000
Iredell County	30.92M	2.9	6.8	3.8	3.0	9.19	153,000	94,000	171,000	504,000
Lancaster County	5.48M	-	2.3	1.8	0.5	16.01	93,000	93,000	-	-
Lincoln County	12.32M	8.7	17.4	15.1	2.2	6.89	83,000	79,000	-	-
North	29.53M	11.7	12.8	11.5	1.3	9.22	54,000	353,000	131,000	1.20M
Northeast	3.01M	20.7	23.5	23.5	-	13.55	2,000	10,000	-	155,000
Northwest	11.35M	3.2	5.5	5.5	-	10.44	-	(20,000)	-	-
Rowan County	20.22M	8.9	9.6	9.4	0.2	7.53	112,000	1.05M	-	-
Southeast	3.97M	2.0	0.7	0.7	-	9.19	44,000	51,000	-	-
Southwest	48.78M	7.8	9.3	8.6	0.6	9.65	(122,000)	(176,000)	-	872,000
Union County	14.09M	1.1	0.9	0.9	-	12.63	(1,000)	(6,000)	-	308,000
West	11.65M	7.7	11.2	10.8	0.5	9.84	11,000	(70,000)	-	1.21M
York County	33.74M	6.9	10.7	8.1	2.6	9.56	684,000	676,000	69,000	197,000
Total	**304.75M**	**7.1**	**9.4**	**8.2**	**1.2**	**9.13**	**1.31M**	**3.18M**	**1.13M**	**5.42M**

Source: CBRE Research, Q2 2026

Market Area Overview



CBRE Offices

Charlotte

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Survey Criteria

Includes all industrial and flex buildings 20,000 sq. ft. and greater in size, excluding data centers, showrooms, and service properties, in Mecklenburg, Gaston, Lincoln, Iredell, Rowan, Cabarrus, Union, Lancaster and York counties. Only buildings that have commenced construction, as evidenced by site excavation or foundation work, are included.

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