Healthy Leasing Momentum Supports a Tightening Industrial Market

▼ 7.1%	▲ 1.68	▲ 1.69	▼ 4.5	▲ $9.18
Vacancy Rate	MSF Net Absorption	MSF Construction Delivered	MSF Under Construction	Avg. Direct Asking Rate (NNN/YR)

Note: Arrows indicate change from previous quarter.

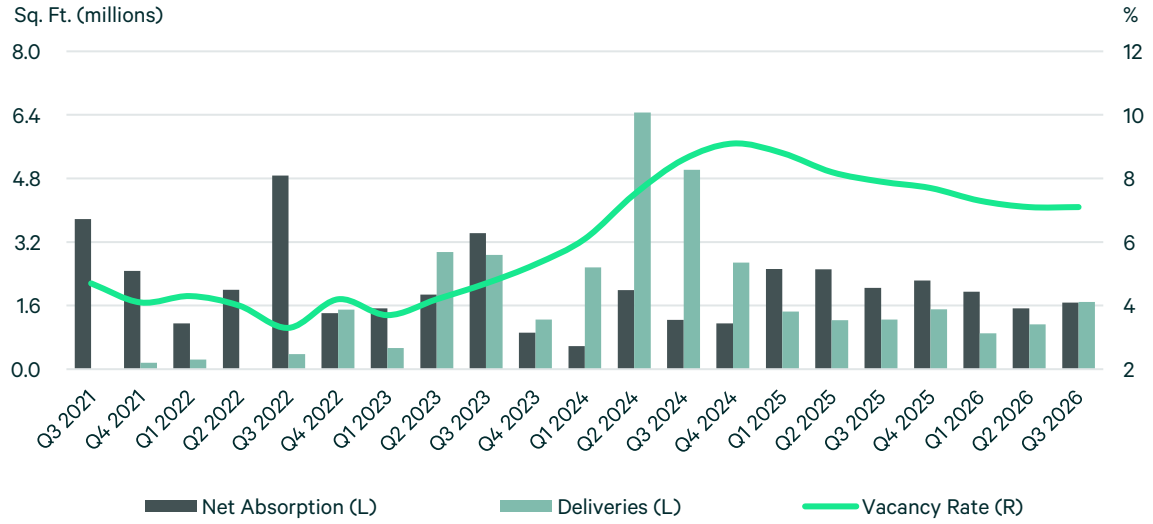
Market Overview

Charlotte's industrial market continued to stabilize during the quarter, with accelerated leasing velocity, softening vacancy, and moderate rent growth. Vacancy declined for the seventh consecutive quarter and was down 80 basis points (bps) year-over-year, indicating that space continues to be absorbed and is keeping pace with recent elevated construction levels.

Notable leasing activity included large, household-name logistics and distribution users that made geographically dispersed commitments across the market. Development remains a meaningful component of market activity, with delivered product increasing quarter-over-quarter and additional project starts in Q3. This combination of tenant activity and continued development suggests that Charlotte remains attractive for industrial expansion.

Asking rates increased 0.5% quarter-over-quarter, continuing its relatively stable trend. The wave of new construction continues to lift rents while the successful leasing of its availability subsequently offsets its impact due to weighted average calculations. Tenant demand is strongly focused on newly built space, allowing added inventory to be absorbed quickly.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



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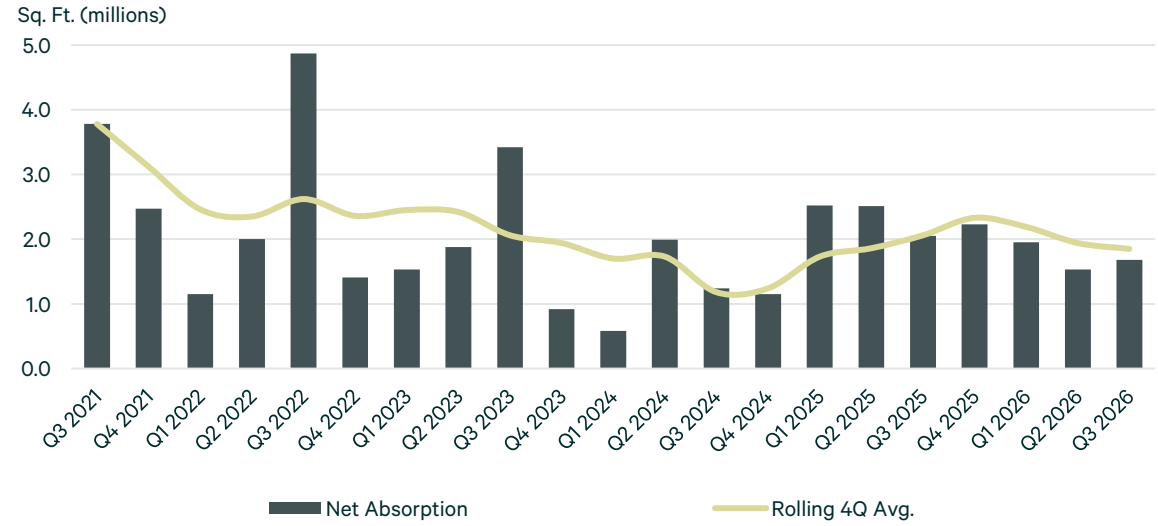
Net Absorption

Net absorption remained positive in Q3 2026, totaling 1.68 million sq. ft., a 9.7% increase from the prior quarter but 18.1% below Q3 2025. Despite the year-over-year moderation, occupancy growth remained above the softer levels recorded during 2024, with the current rolling four-quarter average totaling 1.85 million sq. ft.

Class A properties accounted for 1.38 million sq. ft. of quarterly absorption, representing the majority of the market's net gains. Activity was concentrated in the Southwest and West sub-markets, which recorded 516,000 sq. ft. and 308,000 sq. ft. of positive absorption, respectively.

Several tenant movements contributed to quarterly results, including IGL Logistics' occupancy of 217,000 sq. ft. at Metrolina Park, while UTZ Quality Foods' departure from 150,000 sq. ft. at Carolina 85 Logistics Center partially offset positive activity. Overall, quarterly absorption improved from Q2, although a slight decline in the rolling four-quarter average indicates that the pace of occupancy growth has moderated from earlier periods.

Figure 2: Net Absorption Trend



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Vacancy Rate

Charlotte's industrial vacancy continued to trend lower in Q3 2026, declining 5 bps quarter-over-quarter to 7.1% and marking an 80-bps improvement from 7.9% one year prior. Direct vacancy edged up from 6.8% to 6.9%, an increase of 10 basis points but also reflected a 80-bps decline year-over-year. Class A vacancy is down 279 bps year-over-year to 16.9% and Class B vacancy decreasing 32 bps during the quarter to 3.3%. The market-wide sublease vacancy rate decreased quarter-over-quarter from 0.3% in Q2 2026 to 0.2% in the current quarter, a decline of 10 bps, with sublease availability totaling 624,618 sq. ft. across all submarkets.

Excluding properties built in this most recently three-year construction cycle, market-wide there are currently 22 properties with more than 100,000 sq. ft. each of vacant availability, all of which were built since 1960. Only three among these were built between 2010 and 2022, together totaling less than 1 million sq. ft. of vacancy.

Submarkets that experienced the largest vacancy reductions by way of new occupancies this quarter included Southwest, West, and Gaston County. Each ended Q3 between 7.8% and 9.6% vacancy but together still account for 8.4 million sq. ft. of vacant space – roughly 38% of the market's total.

Figure 3: Vacancy Rate



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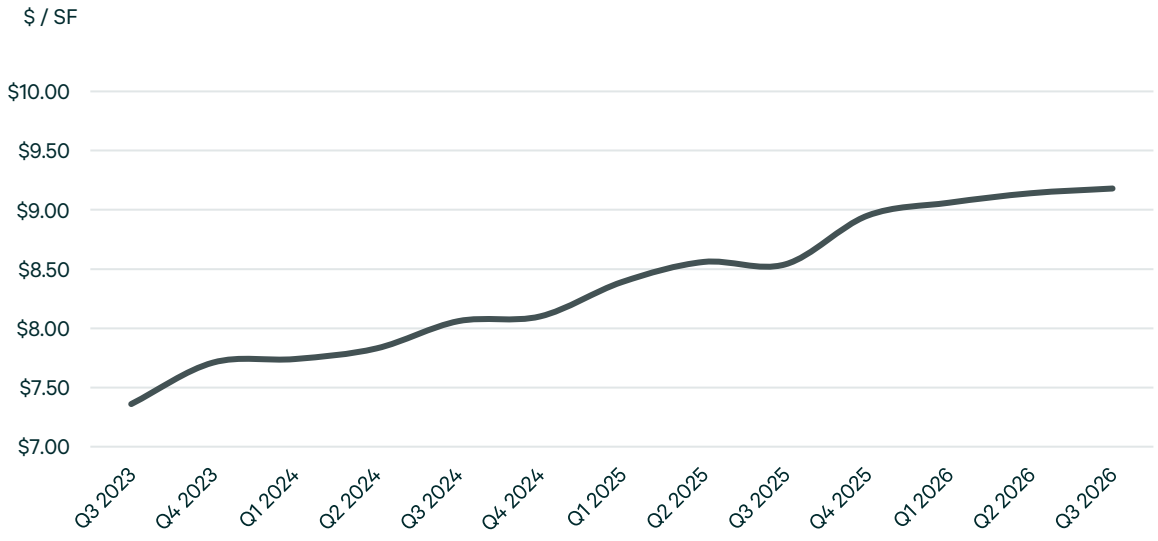
Asking Rent

Asking rents continued to increase in Q3 2026, with the overall direct average asking rate rising 0.5% quarter-over-quarter to $9.18 per sq. ft. Class A rents increased at a faster pace, up 1.3% from the prior quarter to $9.23 per sq. ft. Rent growth was particularly evident among larger availabilities in the 100,000-to-249,999-sq.-ft. range, which also represents the size segment with the greatest availability in the market.

New warehouse construction continued to command higher rents, generally ranging from $9.00 to $10.00 per sq. ft., while select large multi-tenant properties approached $13.00 per sq. ft. Meanwhile, flex asking rents remained comparatively stable at $15.17 per sq. ft.

Asking rents were varied across the region, with Lancaster County and Northeast recording averages of $16.01 and $14.19 per sq. ft., respectively. Overall, continued rent growth among larger availabilities and newer warehouse product contributed to modest upward movement in market-wide rates during the quarter.

Figure 4: Average Direct Asking Rate



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Construction Activity

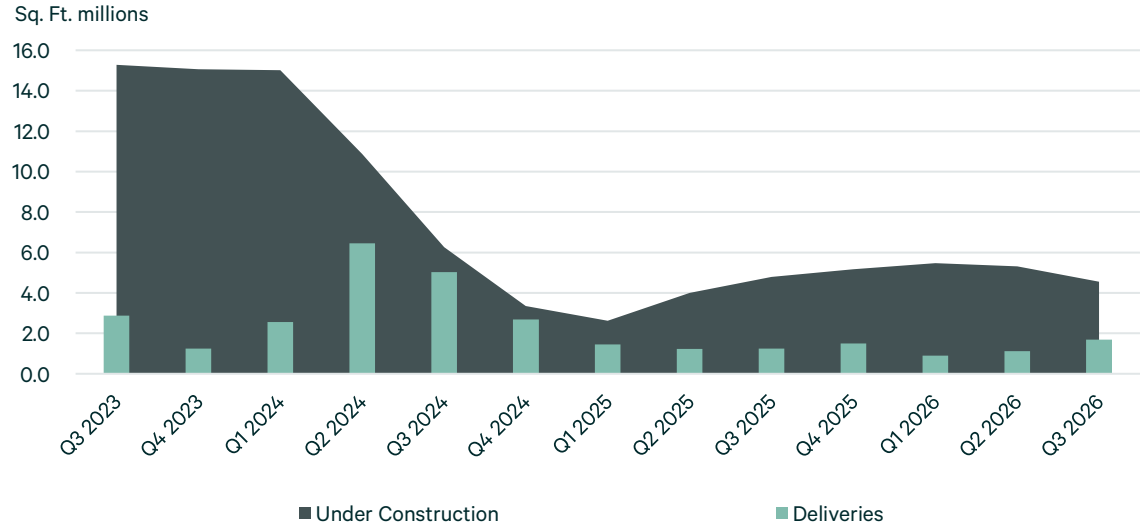
Construction activity contracted slightly in Q3 2026 while deliveries accelerated. Properties that are actively under construction totaled 4.55 million sq. ft., down 5.1% year-over-year, while quarterly deliveries increased 50.5% from Q2 and 35.7% year-over-year to 1.70 million sq. ft.

New project starts were led by three buildings totaling 410,038-sq.-ft. at the Rapid Commerce Park in Northwest, two buildings in the Alliance Mooresville at 77 Park, and two buildings in Caldwell Commerce Center Park. Completions included Runway Logistics, 321 Exchange and 77 Beltway Building B, collectively adding more than 900,000 sq. ft. during the quarter.

With 12.3% of the active construction pipeline and properties delivered in Q3 having 13.2% pre-leased, speculative development remains a headwind for vacancy reduction as projects continue to add to inventory in the coming quarters. Concurrently, construction starts are expected to accelerate in 2027.

Only four projects under construction market-wide exceed 250,000 sq. ft., including Intersect in Gaston County, AXIAL Commerce Station Building 1 in North submarket, Runway Logistics Building 7 in West submarket, and Rapid Commerce Park Building 2 in Northwest submarket.

Figure 5: Construction Activity



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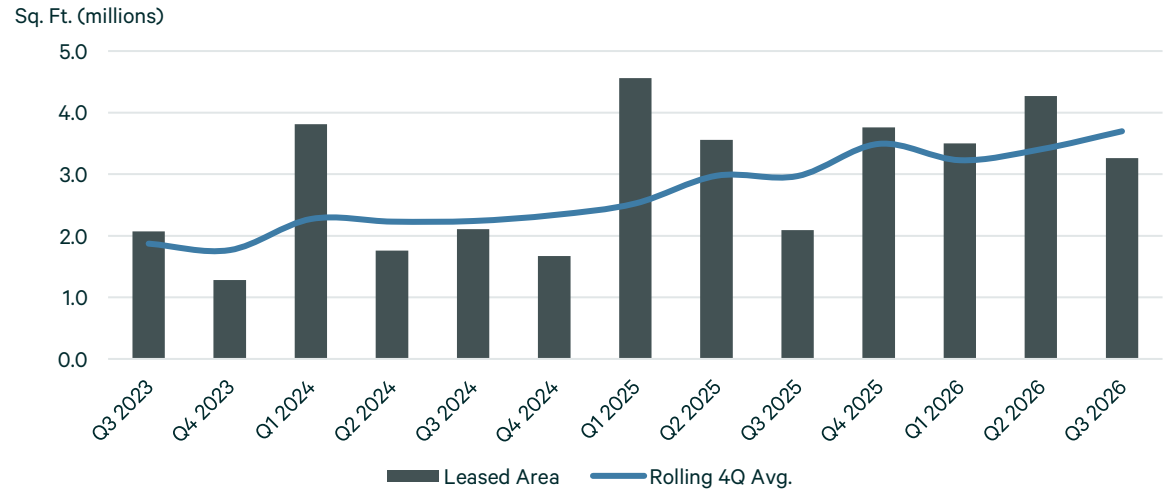
Leasing Activity

Leasing activity modestly trended upward in Q3 2026, although velocity moderated from the higher pace recorded in the prior quarter. Tenants signed 3.26 million sq. ft. of leases, down 23.8% quarter-over-quarter but 55.6% above Q3 2025 levels. By comparison, the rolling four-quarter average hit a new three-year high of 3.7 million sq. ft.

Leading several sizeable transactions this quarter, American Eagle Outfitters signed a 472,890-sq.-ft. lease at Innovation Logistics Center Building 2 in Rowan County. Activity overall was concentrated in the Southwest and North submarkets, which recorded 1.08 million sq. ft. and 650,000 sq. ft. of leasing, respectively.

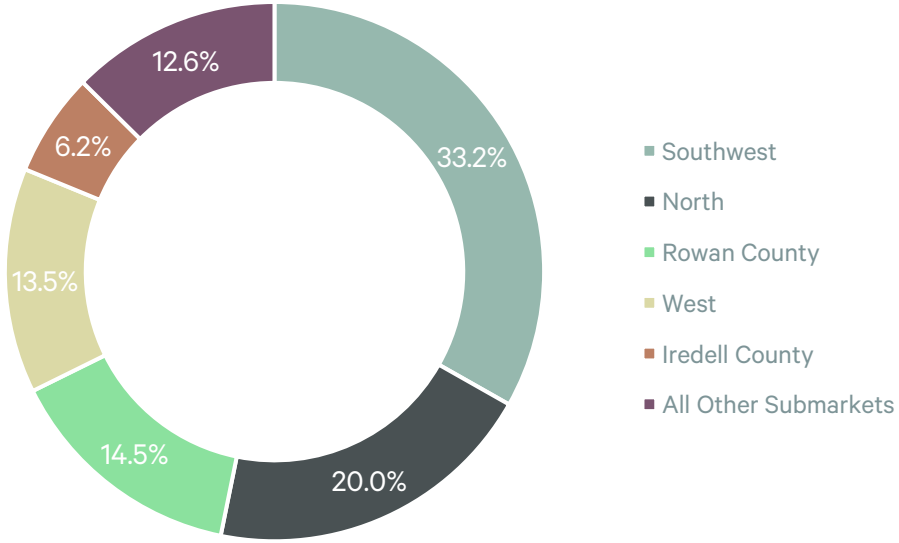
Larger, newer distribution facilities continued to capture a significant share of demand: Class A properties accounted for 68.5% of leasing, and buildings constructed since 2016 represented 64.3%. Distribution & Logistics space captured the largest share of activity by property subtype, supported by demand from retailers, 3PLs, and construction and electrical equipment companies.

Figure 6: Leasing Activity Trend



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



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Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
American Eagle Outfitters	473,000	New Lease	1415 Peeler Road	Rowan County
Liquid Wizard	316,000	New Lease	11524 Beltway Industrial Drive	North
Crane Worldwide Logistics	162,000	Renewal	4615 Entrance Drive	Southwest
Brasfield & Gorrie	159,000	New Lease	3830 Parrott Drive	West
Confidential Tenant	151,000	New Lease	13021 General Drive	Southwest
Priority Wire & Cable	124,000	New Lease	13327 Carowinds Boulevard	Southwest
Confidential Tenant	105,000	Expansion	4100 Meadow Oak Drive	West

Source: CBRE Research, Q3 2026

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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)	Q3 2026 Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Distribution/Logistics	223.14M	8.5	10.6	9.7	0.9	9.04	1.55M	4.17M	1.69M	4.08M
Manufacturing - General	63.28M	2.5	7.1	4.8	2.3	8.21	122,000	751,000	-	147,000
R&D/Flex	20.69M	5.8	5.3	5.1	0.2	15.17	4,000	238,000	-	319,000
Total	**307.11M**	**7.1**	**9.5**	**8.4**	**1.1**	**9.18**	**1.68M**	**5.16M**	**1.69M**	**4.55M**

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)	Q3 2026 Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Below 50K SF	44.98M	3.2	4.0	3.7	0.3	12.31	69,000	44,000	-	115,000
50K-99,999 SF	47.26M	4.9	7.2	6.8	0.5	11.53	(37,000)	537,000	226,000	146,000
100K-249,999 SF	96.36M	8.2	10.9	10.2	0.7	9.54	1.12M	2.68M	1.16M	2.94M
250K-499,999 SF	63.35M	12.9	17.8	14.2	3.7	8.33	524,000	245,000	306,000	1.35M
500K-749,999 SF	24.51M	3.2	3.2	3.2	-	7.79	-	1.66M	-	-
750,000 SF +	30.66M	3.8	4.8	4.5	0.3	7.06	-	-	-	-
Total	**307.11M**	**7.1**	**9.5**	**8.4**	**1.1**	**9.18**	**1.68M**	**5.16M**	**1.69M**	**4.55M**

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)	Q3 2026 Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	90.09M	16.9%	18.8%	17.1%	1.7%	9.18	1.38M	3.92M	1.69M	4.32M
Class B & C	217.03M	3.0%	5.7%	4.8%	0.9%	9.73	296,000	1.24	-	226,000
Total	**307.11M**	**7.1**	**9.5**	**8.4**	**1.1**	**9.18**	**1.68M**	**5.16M**	**1.69M**	**4.55M**

Source: CBRE Research, Q3 2026

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Market Statistics by Submarket

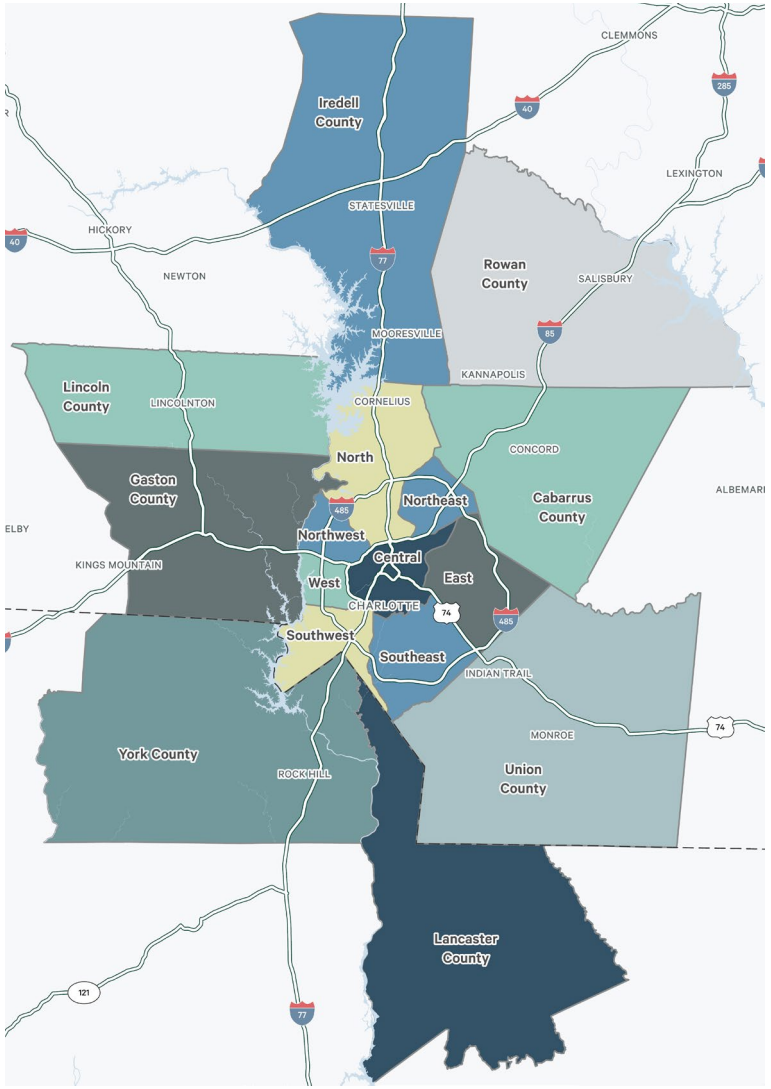
Figure 12

Submarket	NRA (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF/NNN/yr)	Q3 2026 Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Cabarrus County	24.93M	7.8	9.6	8.9	0.7	10.06	197,000	365,000	-	204,000
Central	18.19M	3.7	7.0	6.7	0.4	10.34	(126,000)	(106,000)	-	-
East	1.88M	15.1	20.8	20.5	0.3	9.31	(1,000)	11,000	-	233,000
Gaston County	34.97M	9.6	11.2	10.4	0.8	7.82	170,000	1.08M	306,000	462,000
Iredell County	31.13M	2.9	7.7	3.7	3.9	9.17	182,000	313,000	204,000	483,000
Lancaster County	5.48M	0.0	2.3	1.8	0.5	16.01	(2,000)	91,000	-	-
Lincoln County	12.32M	8.7	16.3	14.6	1.8	7.24	-	79,000	-	-
North	30.15M	11.3	12.5	11.6	0.9	9.37	248,000	651,000	282,000	914,000
Northeast	3.01M	19.2	17.3	17.3	-	14.19	47,000	57,000	-	155,000
Northwest	11.35M	2.7	5.6	5.6	-	10.37	64,000	43,000	-	410,000
Rowan County	20.22M	9.4	7.6	7.6	-	7.41	(92,000)	954,000	-	-
Southeast	3.97M	1.3	1.1	1.1	-	10.46	(8,000)	79,000	-	-
Southwest	49.29M	7.8	9.8	9.2	0.6	9.61	516,000	340,000	509,000	363,000
Union County	14.09M	1.1	2.9	2.9	-	7.95	(4,000)	(11,000)	-	308,000
West	12.40M	9.3	12.3	12.0	0.4	9.82	308,000	352,000	394,000	820,000
York County	33.74M	6.4	10.3	7.8	2.6	9.70	182,000	858,000	-	197,000
Total	**307.11M**	**7.1**	**9.5**	**8.4**	**1.1**	**9.18**	**1.68M**	**5.16M**	**1.69M**	**4.55M**

Source: CBRE Research, Q3 2026

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Market Area Overview



CBRE Offices

Charlotte

1120 S Tryon St, Suite 200
Charlotte, NC 28203

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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