Blockbuster year of leasing activity fosters stabilizing vacancy

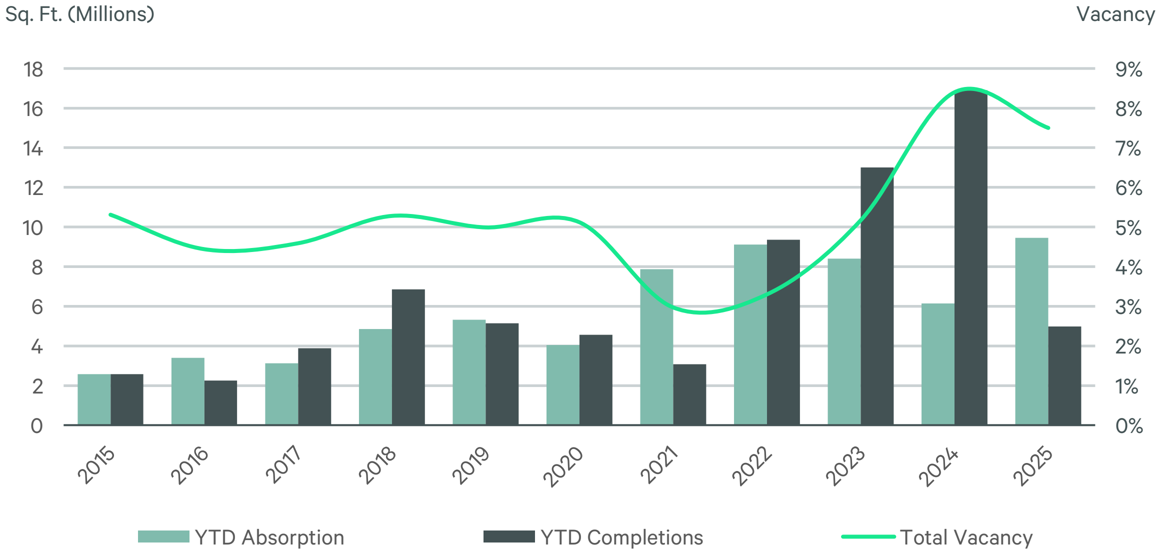
▼ 7.5%	▲ 2.3M	▲ 1.5M	▲ 4.2M	▲ $10.05
Total Vacancy Rate	Sq. Ft. Total Net Absorption	Sq. Ft. Completed	Sq. Ft. Under Construction	NNN / Achieved Lease Rate

Note: Arrows indicate change from previous quarter.

Key Takeaways

- Charlotte's industrial vacancy dropped in Q4 to 7.5%, supported by 2.3 million sq. ft. of positive net absorption, bringing total year-to-date absorption to 9.5 million sq. ft.
- Leasing activity reached 13.2 million sq. ft. year-to-date, setting a new market record, with large e-commerce users contributing to elevated transaction volume.
- Development activity included 4.2 million sq. ft. under construction, led by projects such as the 898,029-sq. ft. Runway Logistics development in the West submarket and additional builds in Cabarrus, North, and Iredell counties.
- Investment volume totaled $792.9 million for the quarter and $2.0 billion year-to-date, with notable transactions including the $121.5 million acquisition of Kings Mountain Corporate Center.
- Asking rents held steady at $10.05 per sq. ft., while availability declined year-over-year, indicating consistent tenant and further creating scarcity for modern, big box facilities.

FIGURE 1: Historic Supply & Demand



Source: CBRE Research Q4 2025

Market Fundamentals

Total vacancy decreased to 7.5%, a 150-basis point (bps) drop year-over-year. Quarterly net absorption reached 2,289,604 sq. ft., up 13.6% from the prior quarter, bringing year-to-date absorption to 9,450,265 sq. ft., an 82.5% increase compared to last year. Positive absorption was concentrated in the Gaston, Northwest, and Iredell submarkets this quarter, led by a 1,256,278 sq. ft. occupancy at Kings Mountain Corporate Center. Offsetting occupancy gains, Bosch vacated 312,200 sq. ft. at 519 Lincoln County Parkway in Lincoln County.

Overall availability declined by 68 bps year-over-year, led by a 50.8% decrease to Gaston County specifically, caused by the takedown of Kings Mountain Corporate Center. Sublease vacancy stands at 1,223,111 sq. ft., up slightly by 2.2% since Q4 2024 but indicating nominal change in second generation space availability.

Achieved rents remained unchanged quarter-over-quarter at $10.05 per sq. ft., posting a modest 1.8% annual increase. Rental rates are experiencing organic growth, driven by landlord confidence and continued successful leasing of top-tier assets.

Leasing Trends

This quarter, the market achieved 3,594,993 sq. ft. of leasing activity, bringing the year-to-date total to 13,232,706 sq. ft., a new record year for leasing, surpassing the prior record year of 2022. The 449,069 sq. ft. lease at AXIAL Rapid Commerce in the Northwest submarket was a key transaction, reinforcing demand from big box users, particularly in the e-commerce sector. Leasing activity remains elevated overall, driven by activity in the transportation and warehousing, manufacturing, and retail industries.

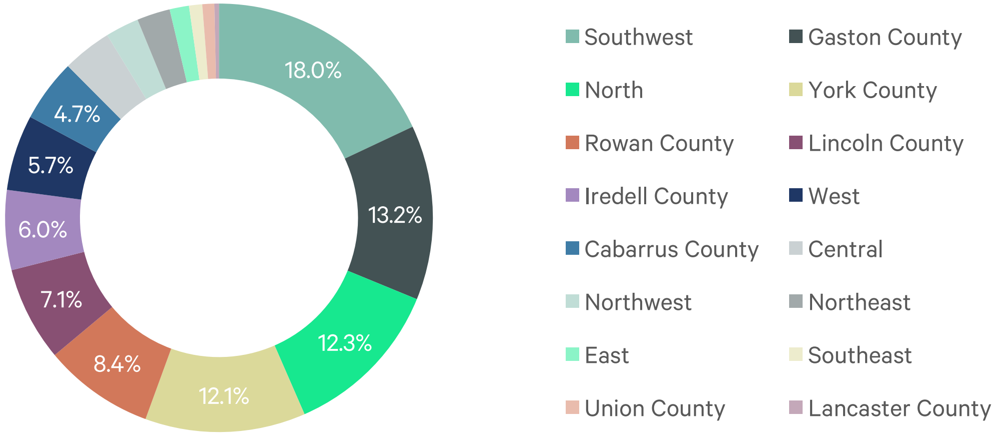
Tenants in the market are currently seeking 10.9 million sq. ft. of active requirements, with consumer goods, e-commerce, and manufacturing accounting for 46.8% of that total. This demand has increased incrementally throughout the year, despite geopolitical shifts and uncertainty around tariffs and onshoring.

FIGURE 2: Notable Projects Under Construction

Property Name	Submarket	City	Developer	Size (SF)	Est. Completion
Runway Logistics Buildings 1 - 7	West	Charlotte	Foundry Commercial	898,029	Q4 2026
Concord Commerce Center	Cabarrus	Concord	Hamilton Property Co.	392,040	Q1 2026
SunPoint Huntersville	North	Huntersville	SunCap Property Group	306,450	Q1 2026
77 Beltway Building B	North	Huntersville	Strategic Capital Partners	208,918	Q4 2026
Crossroads Commerce Center	Iredell	Statesville	Collett Industrial	204,120	Q1 2027

Source: CBRE Research Q4 2025

FIGURE 3: Market Availability, by Submarket



Source: CBRE Research Q4 2025

Development & Investment

In Q4, a major retailer acquired the Kings Mountain Corporate Center, a Class A facility built in 2023, for $121.5 million, equating to $96.71 per sq. ft. The seller was The Keith Corporation. Overall, sales volume reached $792.9 million across 29 transactions, pushing year-to-date totals to $2.0 billion, an all-time high for the market. Foreign capital was less prominent in 2025 as private and institutional buyers dominated this year's sales.

Regarding development, construction starts included seven buildings at Runway Logistics in the West submarket totaling 898,029 sq. ft., along with two buildings at North Chase at the Park in the North submarket totaling 337,216 sq. ft.

Q4 completions totaled 1,506,280 sq. ft.; of these, the largest was Bryton Commerce Center delivering two buildings in the North submarket, totaling 733,060 sq. ft. Overall, development has slowed from recent years, due to higher vacancy levels needing to stabilize and municipality pushback on new developments.

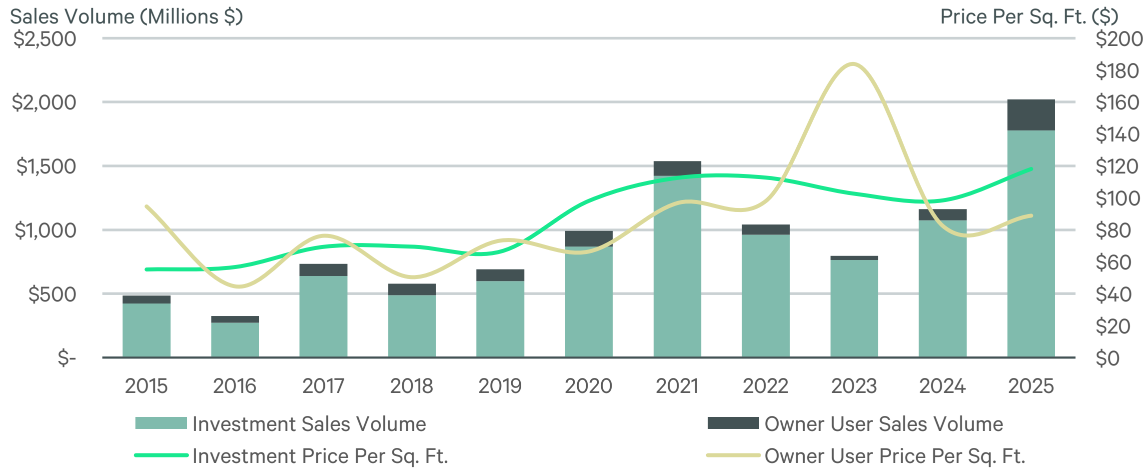
Economic Outlook

Charlotte's industrial market continues to benefit from steady employment growth and strong demand across key sectors. Local unemployment rate averaged 3.8% this quarter, up slightly from 3.4% in Q4 2025 but below the U.S. average of 4.4%.

Mid-bay infill properties ranging from 20k sq. ft. to 60k sq. ft. are seeing increased interest, while big-box availability above 700k sq. ft. is becoming extremely limited, with only three competitive spaces remaining. This scarcity is expected to drive new development starts for big-box facilities within the year, aligning with broader expectations for construction to accelerate over the next 18 months.

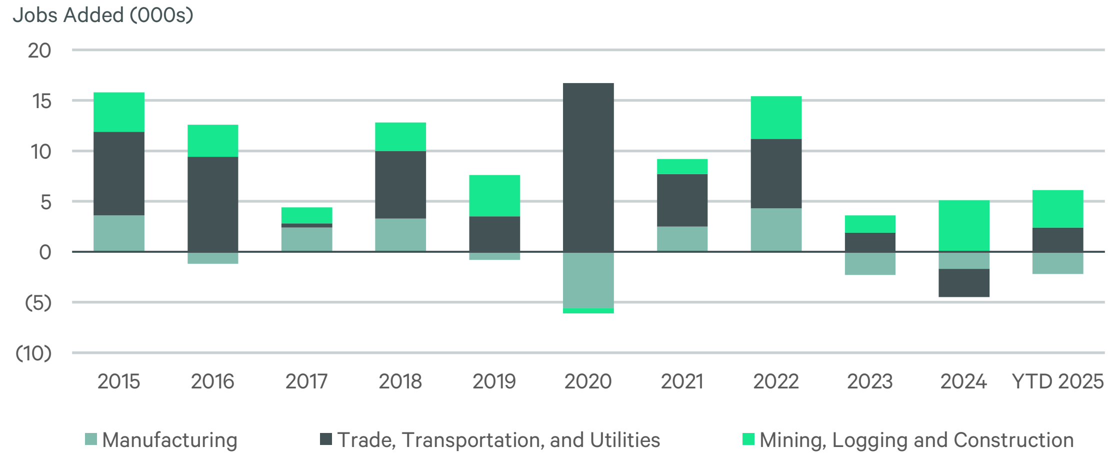
Absorption continues to outpace deliveries, contributing to declining vacancy and availability rates. Looking ahead, concessions will remain a focal point in negotiations, but overall market fundamentals suggest continued strength as newly built space is absorbed, and demand persists across core industries.

FIGURE 4: Investment Trends



Note: Tracked sales volume consists of transactions $5.0m and greater
Source: CBRE Research Q4 2025

FIGURE 5: Industrial-Using Employment Growth

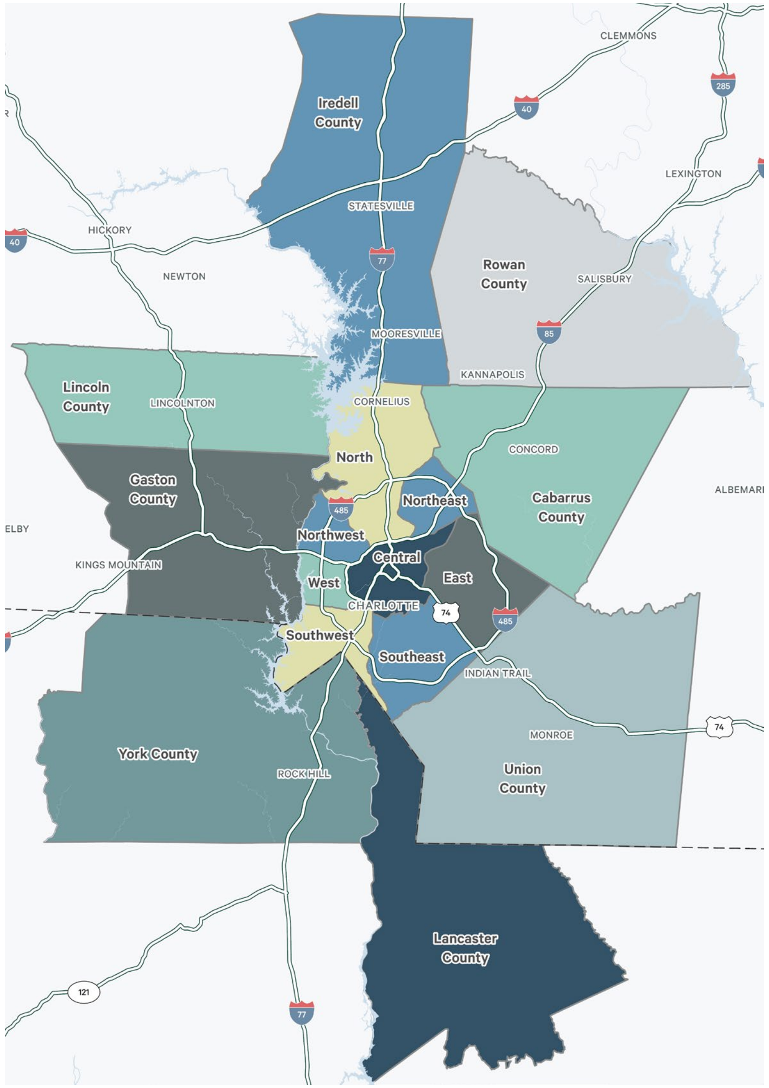


Source: U.S. Bureau of Labor Statistics, November 2025

Submarket	Inventory (Sq. Ft.)	Total Vacancy Rate (%)	Total Availability Rate (%)	Under Construction (Sq. Ft.)	Q4 2025 Net Absorption (Sq. Ft.)	YTD 2025 Net Absorption (Sq. Ft.)
Cabarrus County	24,063,840	5.6	5.6	694,334	141,836	1,244,451
Central	19,235,413	3.7	5.5	-	(53,813)	159,091
East	1,860,791	15.8	22.3	-	-	(10,141)
Gaston County	34,965,109	11.6	10.7	173,252	1,306,902	1,973,105
Iredell County	31,960,445	2.8	5.3	504,120	380,373	1,001,782
Lancaster County	5,482,559	1.7	1.8	-	-	(45,564)
Lincoln County	12,317,953	10.7	16.5	-	(306,200)	(104,000)
North	29,145,248	11.9	11.9	1,103,584	(262,379)	525,200
Northeast	3,151,746	20.1	22.6	-	(10,633)	(14,419)
Northwest	11,460,957	3.7	6.3	-	562,106	585,521
Rowan County	20,623,461	13.8	11.5	199,268	59,776	1,408,844
Southeast	4,047,802	3.2	7.0	-	(1,198)	67,395
Southwest	49,271,802	6.4	10.4	491,658	54,066	350,369
Union County	14,754,543	1.4	1.7	-	4,064	119,267
West	11,926,972	6.9	13.6	898,029	289,338	1,164,284
York County	33,795,568	8.0	10.2	144,400	125,366	895,480
TOTAL	**308,300,419**	**7.5%**	**9.2%**	**4,208,645**	**2,289,604**	**9,450,265**

Source: CBRE Research Q4 2025

Mark Overview



CBRE Offices

South End 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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