

# INVESTMENT OUTLOOK

Industrial  
Charlotte Metro Area

IPA  
INSTITUTIONAL  
PROPERTY  
ADVISORS

MIDYEAR 2025

## Standout Demand in Select Areas Set to Draw Investment

**Northeastern suburbs benefit from cooling delivery slate.** Charlotte's total inventory grew by more than 10 percent over the past three years, as 30 million square feet delivered over that span. This supply influx pushed vacancy to 9.2 percent in March — the highest mark since early 2014. Yet relief could be coming, as deliveries in 2025 are set to decline to just over half of last year's total, translating into a 1.7 percent stock increase. Most of the construction underway as of June is focused in northeastern submarkets like Rowan County, Cabarrus County and North Charlotte. These areas are well-positioned to absorb new supply after recording some of the strongest demand last year. Cabarrus County saw particularly strong net absorption in early 2025, helping local vacancy decline by 460 basis points year over year. Its tenant base — largely composed of smaller manufacturing and distribution companies — along with supply constraints tied to strained sewer capacity, has aided in insulating fundamentals.

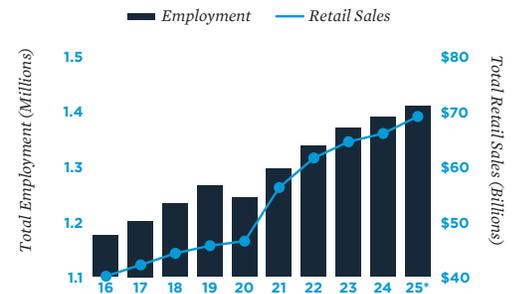
**Buyer-seller expectations appear to be aligned.** Elevated vacancy, tighter borrowing conditions and declining asking rents contributed to a nominal shift in the metro's average price per square foot over the past 12 months. While this signals near-term softness, it may attract investors seeking long-term holds, particularly as replacement costs rise and sellers adjust their expectations. In-state buyers helped improve overall sales velocity during the year ended in March and are poised to remain active, with institutional-grade opportunities likely to emerge following three straight years of elevated deliveries. At the submarket level, North Charlotte is positioned to lead the metro in closings. The return of rent growth here by year-end could assist this momentum, particularly in suburbs where strengthening demand is stabilizing fundamentals.

## 2025 MARKET FORECAST

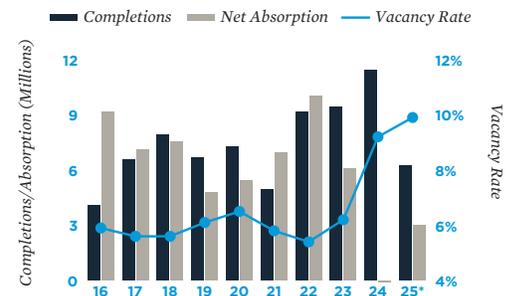
- +1.6%**  **EMPLOYMENT:** Charlotte is projected to tie for the fifth-fastest employment growth rate among major U.S. metros in 2025, as its job market is slated to expand by 22,000 new positions.
- 6.2 million sq. ft.**  **CONSTRUCTION:** Development will drop to a four-year low in 2025, with inventory growing by 1.7 percent — down from 3.3 percent last year and roughly in line with the metro's long-term mean.
- +70 bps**  **VACANCY:** While tenant demand improves on a year-over-year basis, vacancy rises — albeit at a slower pace than in 2024. At 9.9 percent, year-end vacancy reaches a 13-year high.
- +4.4%**  **RENT:** After declining slightly last year, the metro's average asking rent rises in 2025. Charlotte's mean marketed rate of \$8.54 per square foot will rank lowest among major East Coast markets.

**INVESTMENT:** *Following elevated sales activity last year, private investors in Cabarrus County will likely continue targeting pre-2000 assets under \$5 million, supported by access to the key Interstate 85 corridor.*

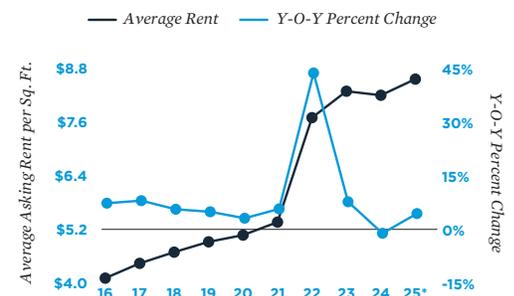
### Economic Trends



### Supply and Demand



### Rent Trends



\* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

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Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of December 2023. Effective rent is equal to asking rent less concessions. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Sales data includes transactions valued at \$1,000,000 and greater unless otherwise noted. Forecasts for employment and apartment data are made during the fourth quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events and this is not a guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.