

MARKET RESOURCE

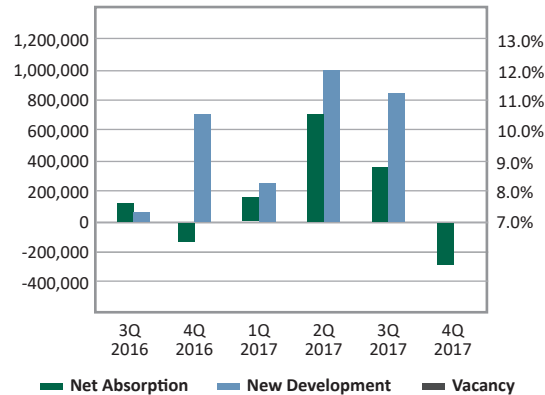
Charlotte, North Carolina - OFFICE MARKET

Q4
2017

OFFICE MARKET SNAPSHOT

	4Q 2017	3Q 2017	CHANGE
Market Supply (SF)	60,157,404	60,157,404	—
Under Construction (SF)	1,673,444	1,553,444	▲
Direct Vacancy (%)	11.3%	11.0%	▲
Total Vacancy (%)	11.9%	11.5%	▲
Total Net Absorption (SF)	-276,985	388,473	▼
YTD Net Absorption (SF)	983,497	1,260,482	▼
Direct Asking Rent	\$26.35	\$25.77	▲
Class A Direct Asking Rent	\$28.82	\$28.53	▲
Class B Direct Asking Rent	\$20.70	\$20.04	▲

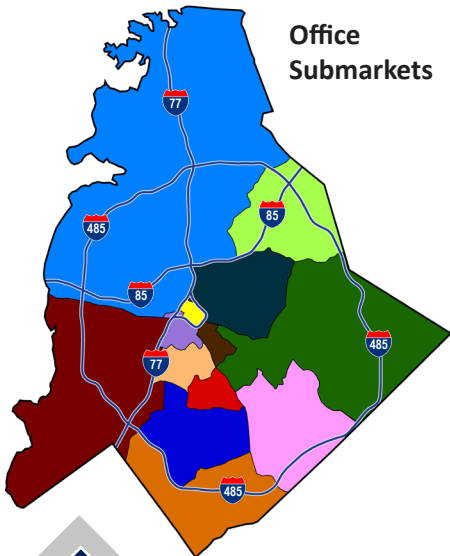
HISTORICAL VACANCY & NET ABSORPTION



HIGHLIGHTS

- ▶ Charlotte MSA's preliminary unemployment rate was 4.2 percent in November 2017 - down from 4.6 percent in 2016
- ▶ The Charlotte MSA added over 22,000 jobs through November 2017
- ▶ Charlotte delivered just over 2.0 million square feet of new office space in 2017 including over 1.0 million square feet delivered in Uptown
- ▶ New office development in Charlotte continues with most projects requiring elements of preleasing
- ▶ Net absorption for the 2017 year reached nearly 1.0 million square feet even with the Charlotte School of Law closing at 201 S College Street

Office Submarkets



OFFICE MARKET STATISTICS

Submarket	Inventory	Vacant Space	Vacancy Rate	4Q 2017 Absorption	4Q 2016 Absorption	Completions	Construction	Direct Asking Rate
UPTOWN	19,387,138	2,575,228	13.3%	-333,668	-46,509	0	853,073	\$31.42
MIDTOWN/RANDOLPH RD	1,626,360	94,524	5.8%	16,180	20,819	0	90,438	\$32.30
MIDTOWN/SOUTH END	3,126,623	182,549	5.8%	29,143	34,516	0	328,933	\$31.01
URBAN TOTALS	24,140,121	2,852,301	11.8%	-288,345	8,826	0	1,272,444	\$31.45
AIRPORT	10,729,191	1,513,282	14.1%	-6,994	201,234	0	376,000	\$20.23
EAST	1,241,446	195,031	15.7%	-3,113	-41,527	0	-	\$15.91
MATTHEWS	1,092,460	126,044	11.5%	119,883	-135,367	0	-	\$18.15
NORTH	3,121,457	296,822	9.5%	-40,936	199,952	0	-	\$22.78
PARK ROAD	635,563	133,010	20.9%	-68,271	-12,088	0	-	\$26.34
PLAZA MIDWOOD/NODA	629,449	0	-	-	0	0	-	\$16.60
SOUTH CHARLOTTE	1,443,612	90,059	6.2%	-194	38,710	0	-	\$23.16
SOUTH I-485	5,973,728	613,918	10.3%	-5,917	18,705	0	25,000	\$29.63
SOUTHPARK	5,082,315	760,410	15.0%	-51,687	127,595	0	-	\$30.51
UNIVERSITY	6,068,062	595,562	9.8%	68,589	-35,832	0	-	\$22.39
SUBURBAN TOTALS	36,017,283	4,324,138	12.0%	11,360	361,382	0	401,000	\$23.36
CHARLOTTE TOTALS	60,157,404	7,176,439	11.9%	-276,985	370,208	0	1,673,444	\$26.35

Market Data Source: CoStar data pulled 2.2.18 | Real Capital Analytics | Charlotte Business Journal | The Charlotte Observer | Lincoln Harris Research



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NEW OFFICE SPACE UNDER CONSTRUCTION

Building	Submarket	Developer/Owner	SF	SF Preleased	% Preleased	Completion Qtr.	Asking Rents	Major Tenant(S)
Legacy Union	Uptown	Lincoln Harris	843,000	547,000	64.8%	2Q 2019	Negotiable	Bank of America
Ally Charlotte Center	Uptown	Crescent Communities	742,000	530,000	71.4%	1Q 2021	Negotiable	Ally Bank
Dimensional Place	South End	Cousins/Dimensional Fund Advisors	265,000	265,000	100.0%	3Q 2018	NA	Dimensional Fund Advisors
The RailYard	South End	Beacon Partners	300,000	0	0.0%	1Q 2019	\$37.00	NA
One Silver Crescent	Airport	New Forum	120,000	120,000	100.0%	1Q 2018	NA	Jeld-Wen
The Refinery	South End	Insite Properties	107,000	0	0.0%	4Q 2018	\$34.00	NA
Harding Place	Midtown	CitiSculpt/Armada Hoffler	67,000	0	0.0%	1Q 2018	\$36.00	NA
300 W Summit Ave	South End	Stiles	64,000	0	0.0%	3Q 2018	\$36.00	NA
Bowers - Bldg B & C	Airport	Childress Klein	46,000	35,300	76.7%	TBD	TBD	SentryOne

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RECENT INVESTMENT SALES

Building	Submarket	RBA	Sale Price	Price/SF
Harris Corners I, II, & III	University	361,140	\$58,500,000	\$162.00
Four Resource Square	University	152,100	\$17,500,000	\$115.00
8711 University East Drive	University	118,000	\$17,400,000	\$147.00
4401 Barclay Downs	SouthPark	38,400	\$13,200,000	\$344.00
10330 David Taylor Drive	University	97,800	\$11,400,000	\$117.00

SIGNED LEASE TRANSACTIONS

Tenant	Building	Submarket	Size	Type
Curvature	Five Coliseum Centre	Airport	41,300	New
RSM	300 S Tryon	Uptown	36,400	New
Citizenship & Immigration Services	201 Regency Executive Park Drive	Airport	31,600	New
Spaces	101 N Tryon Street	Uptown	31,500	New
WeWork	615 S College Street	Uptown	26,700	New, Exp

OFFICE STATISTICS BY TYPE

Building Class	Buildings	Inventory	Vacant Space	Vacancy Rate	YTD 2017 Absorption	Direct Asking Rent (PSF)
Class A	229	37,069,367	5,133,851	13.8%	830,813	\$28.82
Class B	314	23,088,037	2,042,588	8.8%	152,684	\$20.70
MARKET TOTALS	543	60,157,404	7,176,439	11.9%	983,497	\$26.35

LINCOLN
HARRIS

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