

MARKET RESOURCE

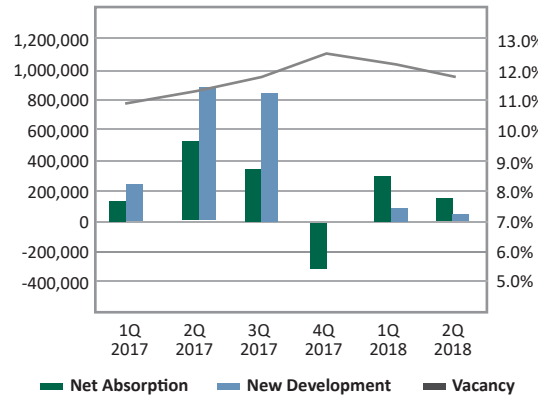
Charlotte, North Carolina - OFFICE MARKET

Q2
2018

OFFICE MARKET SNAPSHOT

	2Q 2018	1Q 2018	CHANGE
Market Supply (SF)	60,301,678	60,270,117	▲
Under Construction (SF)	3,407,835	3,210,245	▲
Direct Vacancy (%)	11.2%	11.6%	▼
Total Vacancy (%)	11.9%	12.1%	▼
Total Net Absorption (SF)	173,012	300,924	▼
YTD Net Absorption (SF)	473,936	300,924	▲
Direct Asking Rent	\$27.63	\$27.19	▲
Class A Direct Asking Rent	\$29.89	\$29.71	▲
Class B Direct Asking Rent	\$21.97	\$21.06	▲

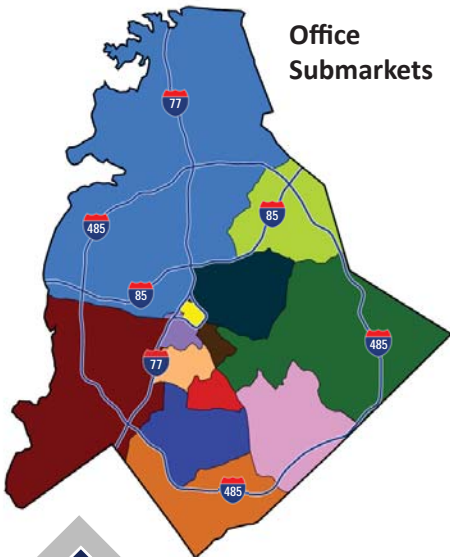
HISTORICAL VACANCY & NET ABSORPTION



HIGHLIGHTS

- ▶ New construction continues to accelerate, with more than 5.2M SF of office space planned or under construction in the CBD alone
- ▶ Mecklenburg County's total population is expected to grow to approximately 1.4 million people by 2030 - a nearly 40 percent increase
- ▶ CBRE Global Investors purchased the 18-story office building at 615 South College St for \$222 million, marking the highest trade in Charlotte history at \$590 per SF
- ▶ Charlotte was one of three top cities listed with the largest anticipated growth in technology hiring and office rent over the next year, according to Forbes
- ▶ The City of Charlotte announced plans for a \$10 million investment in the SouthPark area, including a 3-mile Cultural Loop connecting the area's most visited locations

Office Submarkets



OFFICE MARKET STATISTICS

Submarket	Inventory	Vacant Space	Vacancy Rate	2Q 2018 Absorption	2Q 2017 Absorption	Completions	Construction	Direct Asking Rate
UPTOWN	19,383,131	2,353,279	12.1%	141,369	-3,804	-	1,595,073	\$32.09
MIDTOWN/RANDOLPH RD	1,626,360	128,732	7.9%	1,168	-6,546	-	-	\$30.77
MIDTOWN/SOUTH END	3,224,886	146,838	4.6%	78,374	161,855	-	779,516	\$34.40
URBAN TOTALS	24,234,377	2,628,849	10.8%	220,911	151,505	-	2,374,589	\$32.48
AIRPORT	10,705,952	1,541,917	14.4%	-13,762	-2,755	31,561	375,365	\$21.43
EAST	1,277,249	199,404	15.6%	-8,049	93,351	-	-	\$15.91
MATTHEWS	1,121,295	155,757	13.9%	8,096	27,787	-	-	\$19.79
NORTH	3,129,954	347,357	11.1%	-14,556	11,953	-	80,000	\$23.23
PARK ROAD	635,252	77,662	12.2%	-748	3,492	-	-	\$28.41
PLAZA MIDWOOD/NODA	493,623	40,000	8.1%	0	241,450	-	169,730	\$26.50
SOUTH CHARLOTTE	1,436,854	91,221	6.3%	658	19,142	-	-	\$23.38
SOUTH I-485	5,849,958	538,068	9.2%	-26,601	24,783	-	379,000	\$32.81
SOUTHPARK	5,067,257	736,545	14.5%	-2,404	-5,759	-	-	\$30.23
UNIVERSITY	6,391,346	818,666	12.8%	10,073	-14,466	-	-	\$23.09
SUBURBAN TOTALS	36,067,301	4,544,617	12.6%	-47,899	398,978	31,561	1,033,246	\$24.76
CHARLOTTE TOTALS	60,301,678	7,173,466	11.9%	173,012	550,483	31,561	3,407,835	\$27.63

Market Data Source: CoStar data pulled 9.14.18 | Real Capital Analytics | Charlotte Business Journal | The Charlotte Observer | Lincoln Harris Research



Jubal Early
Senior Vice President
704.714.7645
jubal.early@lincolnharris.com

Campbell Walker
Senior Vice President
704.714.7690
campbell.walker@lincolnharris.com

Ridr Knowlton
Senior Vice President
704.714.7658
ridr.knowlton@lincolnharris.com

Tyler Ashley
Research Analyst
704.714.7663
tyler.ashley@lincolnharris.com

Lincoln Harris
4725 Piedmont Row Drive, Suite 800
Charlotte, NC 28210
704.714.7600

lincolnharris.com

MARKET RESOURCE

Charlotte, North Carolina - OFFICE MARKET

Q2
2018

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	841,164	673,190	80.0%	2Q 2019	Negotiable	Bank of America
Ally Charlotte Center	Uptown	Crescent Communities	742,000	598,255	80.6%	1Q 2021	Negotiable	Ally Bank
The RailYard	South End	Beacon Partners	296,000	169,754	57.3%	1Q 2019	\$38.00	ALLSTATE
Dimensional Place	South End	Cousins/Dimensional Fund Advisors	265,000	265,000	100.0%	3Q 2018	NA	Dimensional Fund Advisors
Toringdon 7	South Charlotte	Trinity Partners	200,000	121,491	60.7%	3Q 2018	\$36.00	GPN Data
Nexus at Waverly	South I-485	Childress Klein	154,000	34,575	22.4%	2Q 2019	\$37.00	The Remi Group
Gama Goat Building	Plaza Midwood/NODA	ATCO/Shorenstein	130,000	84,800	65.2%	1Q 2019	\$26.50	NA
The Edison Arrowood	Airport	TPA Group	120,000	120,000	0.0%	3Q 2018	\$19.50	NA
Arrowood Station	Airport	White Oak RE Advisors	114,000	0	0.0%	1Q 2019	\$15.00 NNN	NA

Market Data Source:
 - CoStar data pulled 9.14.18
 - Real Capital Analytics
 - Charlotte Business Journal
 - The Charlotte Observer
 - Lincoln Harris Research

RECENT INVESTMENT SALES

Building	Submarket	RBA	Sale Price	Price/SF
615 S College Street	Uptown	371,000	\$220,000,000	\$590.00
400 S Tryon Street	Uptown	583,911	\$133,500,000	\$229.00
LakePointe Corporate Ctr 1&2	Airport	335,830	\$52,838,500	\$157.00
Harper Building	South I-485	49,968	\$19,550,000	\$391.00
1200 E Morehead Street	Uptown	26,130	\$3,300,000	\$126.00

SIGNED LEASE TRANSACTIONS

Tenant	Building	Submarket	Size	Type
Xylem	Two Parkway Plaza	Airport	62,617	New
Kroger	One SouthPark Center	SouthPark	43,494	New
Charter Communications	Morehead Place	Uptown	24,698	New
Arthur J. Gallagher	Capitol Towers North	SouthPark	21,000	New
ZAPATA	One Fairview Center	SouthPark	17,213	Renewal

OFFICE STATISTICS BY TYPE

Building Class	Buildings	Inventory	Vacant Space	Vacancy Rate	YTD 2018 Absorption	Direct Asking Rent (PSF)
Class A	232	37,203,116	4,949,120	13.3%	362,300	\$29.89
Class B	311	23,098,562	2,224,346	9.6%	111,636	\$21.97
MARKET TOTALS	543	60,301,678	7,173,466	11.9%	473,936	\$27.63

LINCOLN
HARRIS

Jubal Early
Senior Vice President
704.714.7645
jubal.early@lincolnharris.com

Campbell Walker
Senior Vice President
704.714.7690
campbell.walker@lincolnharris.com

Ridr Knowlton
Senior Vice President
704.714.7658
ridr.knowlton@lincolnharris.com

Tyler Ashley
Research Analyst
704.714.7663
tyler.ashley@lincolnharris.com

Lincoln Harris
4725 Piedmont Row Drive, Suite 800
Charlotte, NC 28210
704.714.7600

lincolnharris.com