

# MARKET RESOURCE

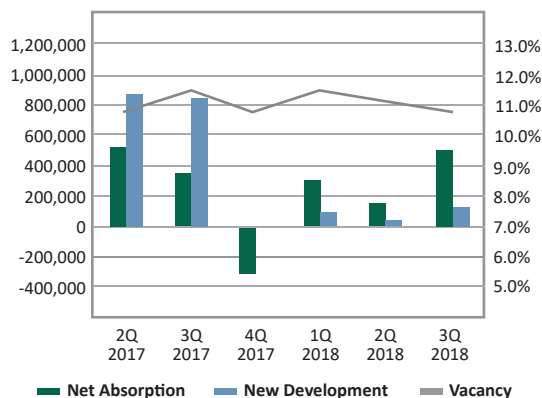
Charlotte, North Carolina - OFFICE MARKET

Q3  
2018

## OFFICE MARKET SNAPSHOT

	3Q 2018	2Q 2018	CHANGE
Market Supply (SF)	60,242,763	60,087,867	▲
Under Construction (SF)	3,643,449	3,448,373	▲
Direct Vacancy (%)	10.8%	11.1%	▼
Total Vacancy (%)	11.2%	11.9%	▼
Total Net Absorption (SF)	528,551	170,512	▲
YTD Net Absorption (SF)	999,987	471,436	▲
Direct Asking Rent	\$28.30	\$27.64	▲
Class A Direct Asking Rent	\$30.51	\$29.93	▲
Class B Direct Asking Rent	\$22.74	\$21.93	▲

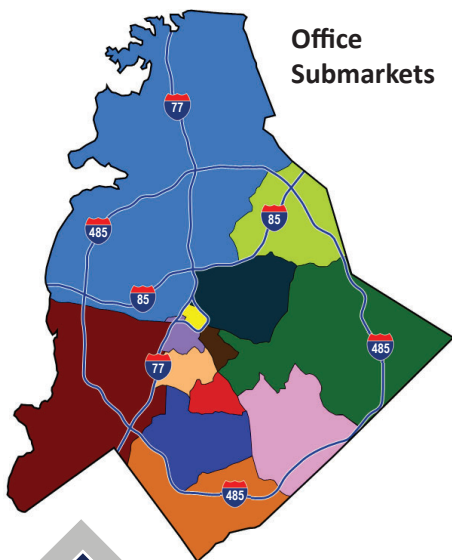
## HISTORICAL VACANCY & NET ABSORPTION



## HIGHLIGHTS

- ▶ The Charlotte office market continued its strong performance in the third quarter, as an uptick in absorption drove direct vacancy rates below 11% for the first time in more than a year
- ▶ Recent first generation building sales at 615 S College St and 500 East Morehead have moved Charlotte office investment pricing in line with highly sought after U.S. markets such as Austin, TX and Denver, CO
- ▶ Two major offerings were released in the Charlotte metro during the 3Q, when the sale of Capitol Towers in SouthPark and 101 North Tryon in Uptown were announced in September
- ▶ Charlotte reclaimed its status as a top 10 real estate market to watch after landing at #9 on the 2019 Emerging Trends in Real Estate Report by the Urban Land Institute and Price-waterhouseCoopers

## Office Submarkets



## OFFICE MARKET STATISTICS

Submarket	Inventory	Vacant Space	Vacancy Rate	3Q 2018 Absorption	3Q 2017 Absorption	Completions	Construction	Direct Asking Rate
UPTOWN	19,357,095	2,116,819	10.9%	226,836	45,337	-	1,595,073	\$32.65
MIDTOWN/RANDOLPH RD	1,626,360	126,657	7.8%	2,075	13,930	-	0	\$30.97
MIDTOWN/SOUTH END	3,139,521	106,859	3.4%	39,979	-54,580	-	787,039	\$35.68
<b>URBAN TOTALS</b>	<b>24,122,976</b>	<b>2,350,335</b>	<b>9.7%</b>	<b>268,890</b>	<b>4,687</b>	<b>-</b>	<b>2,382,112</b>	<b>\$33.18</b>
AIRPORT	10,828,183	1,591,022	14.7%	36,547	166,510	124,896	250,469	\$22.23
EAST	1,277,249	177,891	13.9%	21,513	-16,777	-	-	\$16.04
MATTHEWS	1,121,295	168,135	15.0%	-12,378	2,956	-	-	\$19.61
NORTH	3,129,954	324,998	10.3%	52,359	763	30,000	50,000	\$23.07
PARK ROAD	635,252	69,126	10.9%	8,536	-15,787	-	-	\$28.45
PLAZA MIDWOOD/NODA	493,623	40,000	8.1%	0	-40,000	-	552,717	\$30.18
SOUTH CHARLOTTE	1,436,854	107,591	7.5%	-16,370	44,079	-	-	\$23.40
SOUTH I-485	5,808,519	501,773	8.6%	34,315	316,290	-	408,151	\$33.17
SOUTHPARK	5,028,862	697,441	13.9%	39,104	-18,805	-	-	\$30.47
UNIVERSITY	6,329,996	722,631	11.4%	96,035	-69,637	-	-	\$23.49
<b>SUBURBAN TOTALS</b>	<b>36,119,787</b>	<b>4,400,608</b>	<b>12.2%</b>	<b>259,661</b>	<b>369,592</b>	<b>154,896</b>	<b>1,261,337</b>	<b>\$25.26</b>
<b>CHARLOTTE TOTALS</b>	<b>60,242,763</b>	<b>6,750,943</b>	<b>11.2%</b>	<b>528,551</b>	<b>374,279</b>	<b>154,896</b>	<b>3,643,449</b>	<b>\$28.30</b>

Market Data Source: CoStar data pulled 10.22.18 | 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	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
Ford Building (CNE)	Plaza Midwood/NODA	ATCO/Shorenstein	240,000	0	0.0%	2Q 2021	NA	NA
Toringdon 7	South Charlotte	Trinity Partners	200,000	77,140	38.6%	3Q 2019	\$36.00-\$37.00	GPN Data
Nexus at Waverly	South I-485	Childress Klein	154,000	30,079	19.5%	2Q 2019	\$37.00	The Remi Group
Gama Goat (CNE)	Plaza Midwood/NODA	ATCO/Shorenstein	130,000	84,800	65.2%	1Q 2019	\$26.50	NA
The Refinery	South End	Insite Properties	90,000	22,500	25.0%	4Q 2018	\$36.00	NA

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 - Charlotte Business Journal  
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 - Lincoln Harris Research

## RECENT INVESTMENT SALES

Building	Submarket	RBA	Sale Price	Price/SF
500 E Morehead	South End	187,000	\$88,500,000	\$473.00
AvidXchange Building	Plaza Midwood/NODA	201,450	\$82,900,937	\$514.00
Cambridge Corporate Center	University	331,022	\$63,000,000	\$190.00
Wake Forest Univ Charlotte Ctr	Uptown	455,749	\$54,500,000	\$120.00
129 W Trade St	Uptown	163,742	\$24,000,000	\$147.00

## SIGNED LEASE TRANSACTIONS

Tenant	Building	Submarket	Size	Type
WeWork	First Citizens Bank Plaza	Uptown	141,081	New
GPN Data	Toringdon 7	South Charlotte	75,744	New
Level	101 N Tryon St	Uptown	24,169	New
Serendipity Labs	The Refinery	South End	22,777	New
Cushman & Wakefield	300 South Tryon	Uptown	15,579	New

## OFFICE STATISTICS BY TYPE

Building Class	Buildings	Inventory	Vacant Space	Vacancy Rate	YTD 2018 Absorption	Direct Asking Rent (PSF)
Class A	233	37,306,933	4,634,901	12.4%	831,415	\$30.51
Class B	309	22,935,830	2,116,042	9.2%	168,572	\$22.74
<b>MARKET TOTALS</b>	<b>542</b>	<b>60,242,763</b>	<b>6,750,943</b>	<b>11.2%</b>	<b>999,987</b>	<b>\$28.30</b>

LINCOLN  
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