

Market Report

CHARLOTTE, NC OFFICE MARKET

Q4 2018



HIGHLIGHTS

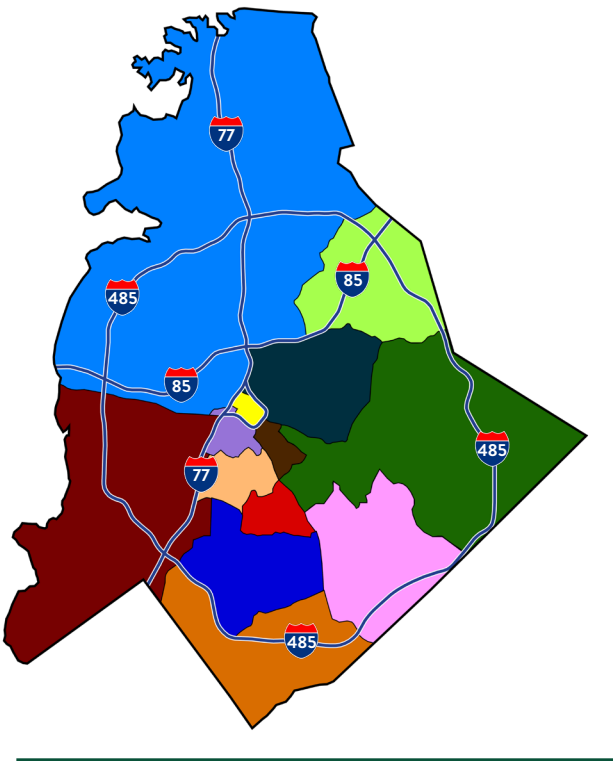
A record high \$5.3 billion was traded across Charlotte office, multi-family, industrial, & retail assets in 2018.

Atlanta-based Preferred Office Properties purchased Capitol Towers in SouthPark for \$208.5 million, making it one of the largest total sales of the year in commercial Charlotte real estate.

More aggressive corporate incentive offerings drove the announcement of 2,500+ new jobs for Charlotte in the 4Q alone, led by news that Honeywell International will relocate its global HQ from NJ and bring 750 high-paying jobs to the Queen City.

Charlotte ranked as the #1 "High-Growth Market for Tech Talent" and the #1 "Tech Town" in America in separate 2018 reports from Forrester Research, Inc. and CompTIA.

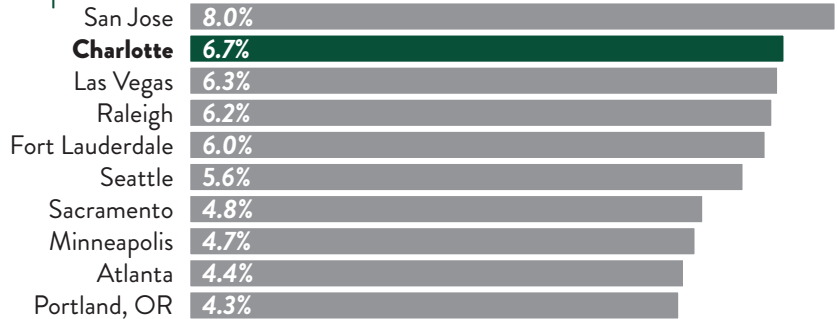
Office Submarkets



Office Market Snapshot

	4Q 2018	3Q 2018	CHANGE
Market Supply (SF)	60,636,067	60,500,067	↑
Under Construction (SF)	4,061,063	3,677,563	↑
Direct Vacancy (%)	9.9%	10.6%	↓
Total Vacancy (%)	10.5%	11.1%	↓
Total Net Absorption (SF)	497,935	533,651	↓
YTD Net Absorption (SF)	1,522,376	1,024,441	↑
Direct Asking Rent	\$28.53	\$28.30	↑
Class A Direct Asking Rent	\$30.65	\$30.51	↑
Class B Direct Asking Rent	\$23.36	\$22.74	↑

Top 10 Rent Growth Markets



Office Market Statistics

Submarket	Inventory	Vacant Space	Vacancy Rate	4Q 2018 Absorption	4Q 2017 Absorption	Completions	Construction	Direct Asking Rate
Uptown	19,419,688	2,054,474	10.6%	62,345	-333,668	-	1,957,573	\$33.03
Midtown/Randolph Rd	1,627,573	117,823	7.2%	8,834	16,180	-	58,697	\$30.80
Midtown/South End	3,195,327	138,762	4.3%	-31,903	8,094	-	826,456	\$35.47
URBAN TOTALS:	24,242,588	2,311,059	9.5%	39,276	-309,394		2,842,726	\$33.39
Airport	10,953,753	1,445,640	13.2%	239,378	-34,507	136,000	202,469	\$22.69
East	1,406,227	171,467	12.2%	6,424	-3,113	-	30,000	\$16.19
Matthews	1,119,647	158,727	14.2%	9,408	84,683	-	-	\$19.75
North	3,170,453	332,091	10.5%	-7,093	-36,136	-	50,000	\$23.39
Park Road	635,252	63,972	10.1%	5,154	-68,271	-	-	\$28.11
Plaza Midwood/Noda	493,623	40,000	8.1%	0	0	-	552,717	\$30.18
South Charlotte	1,436,854	100,300	7.0%	7,291	-194	-	-	\$23.64
South I-485	5,833,519	447,777	7.7%	53,996	-17,765	-	383,151	\$33.11
Southpark	5,012,829	546,190	10.9%	151,251	-51,687	-	-	\$31.74
University	6,331,322	729,781	11.5%	-7,150	73,957	-	-	\$23.61
SUBURBAN TOTALS:	36,393,479	4,035,945	11.1%	458,659	-53,033	136,000	1,218,337	\$25.68
CHARLOTTE TOTALS:	60,636,067	6,347,004	10.5%	497,935	-362,427	136,000	4,061,063	\$28.53

New Office Space Under Construction

Building	Submarket	Developer/Owner	SF	Asking Rents	Major Tenant(S)
Bank of America Tower	Uptown	Lincoln Harris	841,164	Negotiable	Bank of America
Ally Charlotte Center	Uptown	Crescent Communities	742,000	\$39.75	Ally Financial
650 S Tryon	Uptown	Lincoln Harris	352,000	Negotiable	Deloitte
The Railyard	South End	Beacon Partners	296,000	\$41.00	ALLSTATE
Dimensional Place	South End	Cousins/Dimensional Fund Advisors	265,000	N/A	Dimensional Fund Advisors
Ford Building (CNE)	Plaza Midwood/NODA	ATCO/Shorenstein	240,000	N/A	N/A
Toringdon 7	South Charlotte	Trinity Partners	200,000	\$37.00	GPN Data
FNB Tower	Uptown	Dominion Realty Partners	160,000	N/A	First National Bank
Nexus at Waverly	South I-485	Childress Klein	154,000	\$37.00	The Remi Group

Recent Investment Sales

BUILDING	SUBMARKET	RBA	SALE PRICE	PRICE/SF
2151 Hawkins St	South End	27,045	\$12,720,000	\$470.33
Lash Group HQ (2 bldgs)	York County	421,863	\$136,750,000	\$324.16
CompuCom HQ	Lancaster County	150,000	\$39,000,000	\$260.00
Capitol Towers (2 bldgs)	SouthPark	840,000	\$208,775,000	\$248.54
Cambridge Corporate Center	University	339,544	\$63,000,000	\$185.54
Three Resource Square	University	124,767	\$18,427,500	\$147.70

More than 6.1 million square feet of office space is planned or under development in Uptown Charlotte, making it the fifth busiest CBD in the U.S. for office construction

FOR QUESTIONS, CONTACT:
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