

Market Report

CHARLOTTE, NC OFFICE MARKET

Q1 2019



HIGHLIGHTS

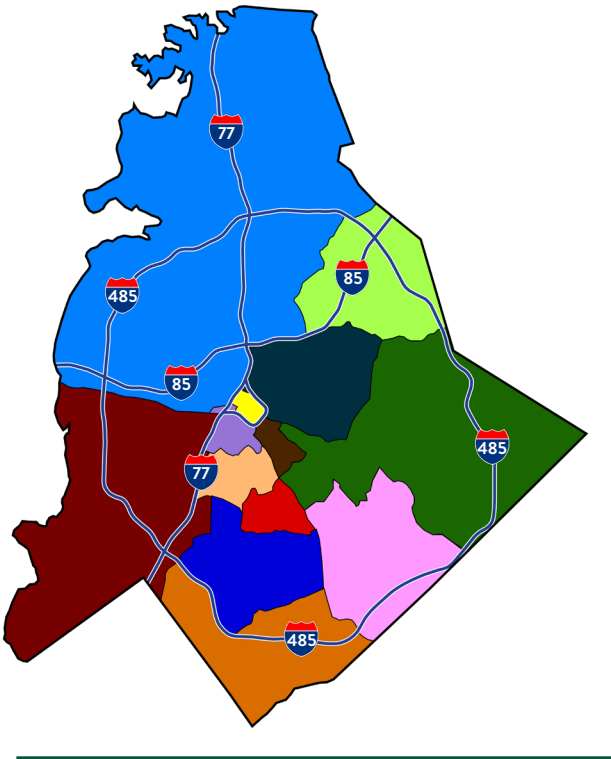
Charlotte is the 5th fastest growing big city in America, according to a 2018 study by the National Census Bureau

Another major Charlotte job announcement made national headlines in the 1Q, with news that BB&T and Suntrust Bank will merge to become the 6th largest bank in the U.S. and establish a new corporate headquarters in the Queen City

Charlotte's Blue Line is the 2nd fastest growing light rail system in the nation, falling just below Seattle in year-over-year ridership growth. More than \$2.7 billion in commercial development has been completed or planned along the Blue Line route

More than 6.9 million square feet of office space is planned or under development in Uptown Charlotte, making it the 5th busiest CBD in the U.S. for office construction

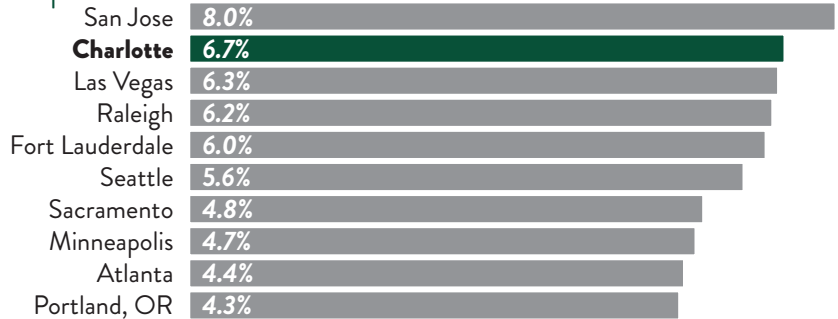
Office Submarkets



Office Market Snapshot

	1Q 2019	4Q 2018	CHANGE
Market Supply (SF)	65,159,431	65,047,361	↑
Under Construction (SF)	4,204,158	4,114,813	↑
Direct Vacancy (%)	8.9%	9.3%	↓
Total Vacancy (%)	9.6%	9.8%	↓
Total Net Absorption (SF)	283,288	439,658	↓
YTD Net Absorption (SF)	283,288	1,464,099	↓
Direct Asking Rent	\$28.66	\$28.43	↑
Class A Direct Asking Rent	\$30.91	\$30.64	↑
Class B Direct Asking Rent	\$23.45	\$23.24	↑

Top 10 Rent Growth Markets



Office Market Statistics

Submarket	Inventory	Vacant Space	Vacancy Rate	1Q 2019 Absorption	1Q 2018 Absorption	Completions	Construction	Direct Asking Rate
Uptown	20,360,590	1,708,309	8.4%	346,165	90,204	-	2,113,988	\$33.16
Midtown/Randolph Rd	1,673,659	149,909	9.0%	-32,086	-35,376	-	58,697	\$31.03
Midtown/South End	3,544,874	180,444	5.1%	-41,682	-12,590	-	848,456	\$36.03
URBAN TOTALS:	25,579,413	2,038,662	8.0%	272,397	42,238	-	3,021,141	\$33.54
Airport	11,460,910	1,500,568	13.1%	3,349	116,675	-	202,469	\$23.09
East	1,572,607	198,541	12.6%	-27,074	3,676	-	30,000	\$16.16
Matthews	1,184,147	158,907	13.4%	-180	1,166	-	-	\$19.38
North	3,900,992	309,257	7.9%	22,834	-36,226	-	-	\$23.69
Park Road	636,688	61,094	9.6%	2,878	56,096	-	-	\$27.90
Plaza Midwood/Noda	614,031	40,000	6.5%	83,000	0	83,000	597,717	\$31.17
South Charlotte	1,436,854	101,293	7.0%	-993	-1,820	-	-	\$23.76
South I-485	6,005,084	394,229	6.6%	82,618	140,007	29,070	352,831	\$33.05
Southpark	5,092,775	599,427	11.8%	-53,237	26,269	-	-	\$32.12
University	7,676,220	832,085	10.8%	-102,304	-23,804	-	-	\$23.84
SUBURBAN TOTALS:	39,580,308	4,195,401	10.6%	10,891	282,039	112,070	1,183,017	\$25.85
CHARLOTTE TOTALS:	65,159,431	6,234,063	9.6%	283,288	324,277	112,070	4,204,158	\$28.66

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
Tryon South End	South End	Spectrum Properties	580,000	\$42.00	LendingTree
650 S Tryon	Uptown	Lincoln Harris	352,000	Negotiable	Deloitte
The Railyard	South End	Beacon Partners	296,000	\$42.00	ALLSTATE, E & Y
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

Recent Investment Sales

BUILDING	SUBMARKET	RBA	SALE PRICE	PRICE/SF
Chamber Building	Uptown	65,444	\$29,900,000	\$457
Conlan Building	South I-485	31,396	\$10,000,000	\$319
Forest Park VI	Airport	69,831	\$12,600,000	\$180
4100 South Stream Blvd	Airport	132,035	\$17,000,000	\$129
Gateway Center	Uptown	310,745	\$39,500,000	\$127

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

Signed Lease Transactions

TENANT	BUILDING	SUBMARKET	SF	TYPE
Wells Fargo	300 South Brevard	Uptown	360,000	New
Discovery Education	Capitol Towers South	SouthPark	33,000	New
Southeastern Institute	Regency Executive Park	Airport	32,579	New
Civil & Environmental Cons.	Whitehall Corporate Center	Airport	14,425	New
Captech	300 South Tryon	Uptown	4,112	New

FOR QUESTIONS, CONTACT:
Tyler Ashley, Research Analyst
704.714.7663
tyler.ashley@lincolnharris.com