

# Market Report

## CHARLOTTE, NC OFFICE MARKET

Q2 2019



### HIGHLIGHTS

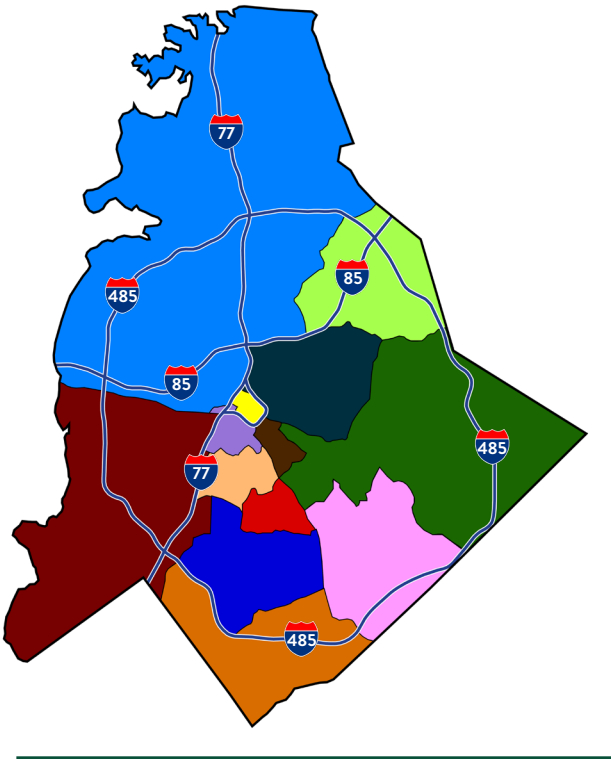
**Office Momentum Continues:** Major corporate expansions and headquarter relocations continue to drive leasing activity to record highs, placing Charlotte among the most in-demand office markets in the U.S.

Fortune 50 home improvement retailer, Lowe's Companies, selected Charlotte to be the home of its new "Global Technology Center", bringing \$153 million in investment and 2,000 high paying jobs to the Design Center in South End.

Fortune 100 electronics manufacturer, Honeywell International, announced the decision to relocate its corporate HQ to a new 23-story tower at Lincoln Harris' Legacy Union site in Uptown.

Charlotte is the 5th fastest growing major city in the U.S., according to new population estimates released by the National Census Bureau.

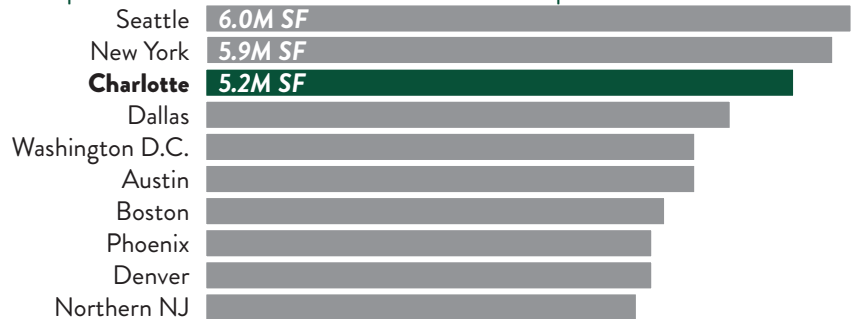
### Office Submarkets



### Office Market Snapshot

	2Q 2019	1Q 2019	CHANGE
Market Supply (SF)	66,749,854	65,159,431	↑
Under Construction (SF)	3,559,951	4,204,158	↓
Direct Vacancy (%)	9.0%	8.9%	↑
Total Vacancy (%)	9.6%	9.6%	—
Total Net Absorption (SF)	1,643,437	377,343	↑
YTD Net Absorption (SF)	2,020,780	377,343	↑
Direct Asking Rent	\$29.05	\$28.66	↑
Class A Direct Asking Rent	\$31.05	\$30.91	↑
Class B Direct Asking Rent	\$24.12	\$23.45	↑

### Top Metros for Office Absorption



### Office Market Statistics

Submarket	Inventory	Vacant Space	Vacancy Rate	2Q 2019 Absorption	2Q 2018 Absorption	Completions	Construction	Direct Asking Rate
Uptown	21,238,448	1,808,566	8.5%	708,735	141,369	876,776	1,260,915	\$33.10
Midtown/Randolph Rd	1,282,868	90,976	7.1%	8,282	3,908	-	-	\$29.24
Midtown/South End	4,758,321	425,616	8.9%	540,379	73,134	813,220	864,713	\$35.91
<b>URBAN TOTALS:</b>	<b>27,279,637</b>	<b>2,325,158</b>	<b>8.5%</b>	<b>1,257,396</b>	<b>218,411</b>	<b>1,689,996</b>	<b>2,125,628</b>	<b>\$33.55</b>
Airport	11,503,807	1,329,516	11.6%	171,052	-13,762	-	88,000	\$23.83
East	1,643,533	186,467	11.3%	28,105	-8,049	30,000	-	\$16.35
Matthews	1,184,384	151,956	12.8%	6,951	8,096	-	-	\$19.65
North	3,398,250	278,475	8.2%	30,782	-14,309	-	182,170	\$23.73
Park Road	663,694	52,198	7.9%	10,723	-1,194	-	-	\$27.29
Plaza Midwood/Noda	736,382	132,331	18.0%	30,020	0	162,351	637,322	\$31.14
South Charlotte	1,391,273	74,105	5.3%	27,188	658	-	-	\$25.67
South I-485	6,159,084	511,196	8.3%	37,033	-27,207	154,000	526,831	\$33.14
Southpark	5,095,399	529,201	10.4%	70,226	-5,950	-	-	\$31.87
University	7,694,411	858,124	11.2%	-26,039	10,073	-	-	\$24.18
<b>SUBURBAN TOTALS:</b>	<b>39,470,217</b>	<b>4,103,569</b>	<b>10.4%</b>	<b>386,041</b>	<b>-51,644</b>	<b>346,351</b>	<b>1,434,323</b>	<b>\$26.45</b>
<b>CHARLOTTE TOTALS:</b>	<b>66,749,854</b>	<b>6,428,727</b>	<b>9.6%</b>	<b>1,643,437</b>	<b>166,767</b>	<b>112,070</b>	<b>3,559,951</b>	<b>\$29.05</b>

## New Office Space Under Construction

BUILDING	SUBMARKET	DEVELOPER/OWNER	SF	% LEASED	ASKING RENTS	MAJOR TENANT(S)
Ally Charlotte Center	Uptown	Crescent Communities	742,000	80.6%	\$39.75	Ally Financial
1200 South Tryon (2 bldgs)	South End	Spectrum Properties	580,000	26.2%	\$42.00	LendingTree
650 S Tryon	Uptown	Lincoln Harris	352,000	30.9%	Negotiable	Deloitte
13146 Ballantyne Corp Place	South I-485	Northwood Office	328,000	0.0%	Withheld	-
Ford Building (CNE)	Plaza Midwood/NODA	ATCO/Shorenstein	240,000	0.0%	Withheld	-
FNB Tower	Uptown	Dominion Realty Partners	156,000	29.6%	Withheld	First National Bank
The Square at South End	South End	Beacon Partners	150,000	0.0%	Withheld	-

## Major Lease Transactions

TENANT	BUILDING	SUBMARKET	SF	TYPE
Truist Financial	Hearst Tower	Uptown	561,000	New
Lowe's	Design Center Tower	South End	357,000	New
Honeywell	Legacy Union Phase III	Uptown	280,000	New
LendingTree	1200 South Tryon	South End	175,000	New
Parker Poe	Legacy Union - Bank of America Tower	Uptown	83,000	New

Charlotte office rental rates have increased by +13% over the past year, ranking 2nd in the U.S. behind only Midtown Manhattan

## Recent Investment Sales

BUILDING	SUBMARKET	RBA	SALE PRICE	PRICE/SF	BUYER
101 North Tryon	Uptown	546,878	\$132,250,000	\$242	Crescent Communities
Time Warner Cable Building	Airport	113,600	\$22,100,000	\$195	Investcorp
Quail Plaza	South Charlotte	86,875	\$15,900,000	\$183	Adler Group
Rexford Park I & II	SouthPark	136,812	\$24,450,000	\$179	Childress Klein
Park Abbey	Park Road	111,436	\$19,500,000	\$175	Foundry Commercial

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