

Market Report

CHARLOTTE, NC OFFICE MARKET

Q3 2019



HIGHLIGHTS

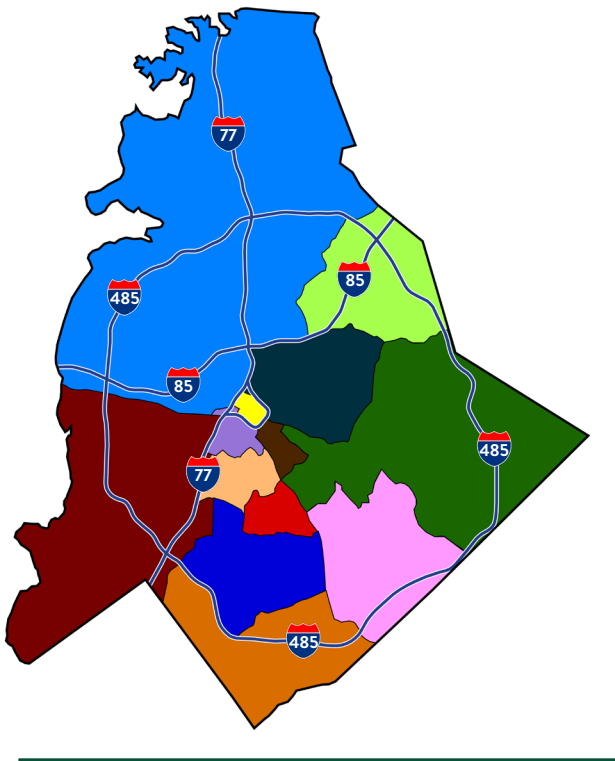
Office Momentum Continues: Rapid growth in tech jobs continues to drive office demand and asking rents to new highs across the Queen City

The Charlotte MSA has absorbed more than 5.2 million square feet of office space over the past year, ranking 3rd in the nation behind only Seattle and New York

Charlotte moved into the top 5 Real Estate Markets to Watch in 2020, landing at #4 on the annual Emerging Trends in Real Estate report by the Urban Land Institute and PricewaterhouseCoopers

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

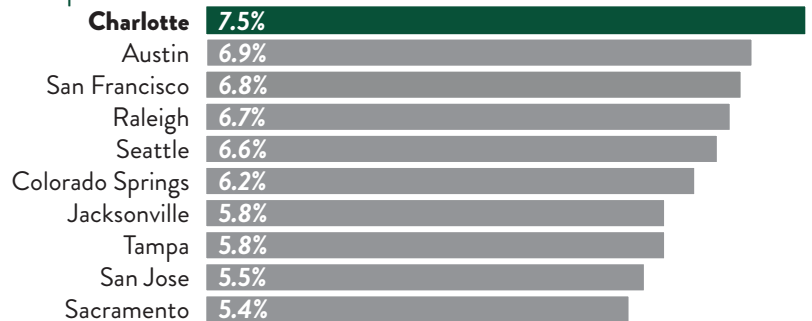
Office Submarkets



Office Market Snapshot

	3Q 2019	2Q 2019	CHANGE
Market Supply (SF)	67,992,623	66,740,622	↑
Under Construction (SF)	3,443,026	4,065,308	↓
Direct Vacancy (%)	8.6%	8.4%	↑
Total Vacancy (%)	9.4%	9.1%	↑
Total Net Absorption (SF)	929,601	1,011,035	↑
YTD Net Absorption (SF)	2,412,976	1,405,393	↑
Direct Asking Rent	\$29.38	\$28.86	↑
Class A Direct Asking Rent	\$31.66	\$30.93	↑
Class B Direct Asking Rent	\$24.48	\$22.30	↑

Top Metros for Office Rent Growth 2019



Office Market Statistics

Submarket	Inventory	Vacant Space	Vacancy Rate	3Q 2019 Absorption	3Q 2018 Absorption	Completions	Construction	Direct Asking Rate
Uptown	21,808,821	1,585,452	7.3%	758,913	242,483	841,000	1,458,915	\$33.40
Midtown/Randolph Rd	1,282,868	61,886	4.8%	29,090	1,455	-	42,250	\$29.67
Midtown/South End	4,707,336	315,063	6.7%	69,263	40,599	30,000	767,573	\$36.13
URBAN TOTALS:	27,799,025	1,962,401	7.1%	857,266	284,537	871,000	2,268,738	\$33.75
Airport	11,625,945	1,427,319	12.3%	-97,803	36,547	-	202,469	\$23.83
East	1,658,122	188,925	11.4%	-2,458	23,583	-	-	\$16.35
Matthews	1,215,025	163,665	13.5%	-11,709	-12,378	-	-	\$19.48
North	3,616,026	309,524	8.6%	153,621	55,413	182,170	28,080	\$24.09
Park Road	663,694	50,103	7.5%	2,095	6,709	-	-	\$27.29
Plaza Midwood/Noda	814,201	152,536	18.7%	0	12,000	-	615,739	\$34.00
South Charlotte	1,503,747	115,541	7.7%	-38,836	-11,870	-	-	\$25.93
South I-485	6,325,091	753,772	11.9%	-43,745	34,315	198,831	328,000	\$33.59
Southpark	5,059,762	485,450	9.6%	19,988	39,104	-	-	\$32.05
University	7,711,985	766,942	9.9%	91,182	96,035	-	-	\$24.76
SUBURBAN TOTALS:	40,193,598	4,413,777	11.0%	72,335	279,458	381,001	1,174,288	\$26.90
CHARLOTTE TOTALS:	67,992,623	6,376,178	9.4%	929,601	563,995	1,252,001	3,443,026	\$29.38

New Office Space Under Construction

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

Major Lease Transactions

TENANT	BUILDING	SUBMARKET	SF	TYPE
Lowe's	Charlotte Plaza	Uptown	200,922	New
Hearst Communications	Toringdon 7	South I-485	77,000	Anchor Lease
Chime Solutions	Innovation Park	University	75,000	New
Segra	Woodward Building	South I-485	30,735	New
Deal Cloud	300 South Tryon	Uptown	26,500	Expansion

The average rent for office space in Charlotte has increased by nearly \$10 per square foot since 2014

Recent Investment Sales

BUILDING	SUBMARKET	RBA	SALE PRICE	PRICE/SF	BUYER
Waverly Office Portfolio (3 bldgs)	South I-485	471,920	\$196,581,000	\$417	Ascentris
One SouthPark Center	SouthPark	147,141	\$38,250,000	\$260	MBRE Healthcare
4525 Sharon Rd	SouthPark	56,271	\$13,650,000	\$243	Levine Properties
Fairview Center I & II	SouthPark	182,758	\$39,250,000	\$215	CapRidge Partners
Resource Square I, II, V	University	339,141	\$59,339,500	\$175	TerraCap Management

FOR QUESTIONS, CONTACT:
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