

# Market Report

## CHARLOTTE, NC OFFICE MARKET

Q4 2019



### HIGHLIGHTS

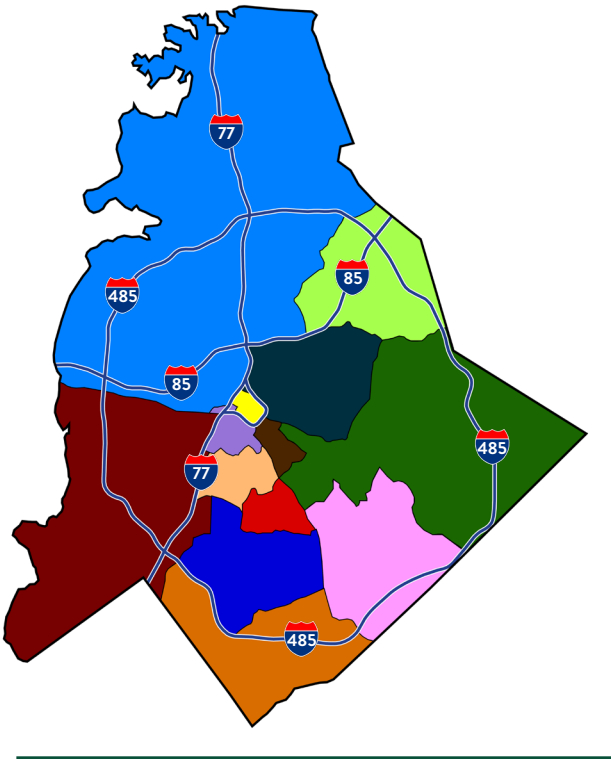
**Office Momentum Continues:** Strong job growth continues to drive office demand and asking rents to new highs across the Queen City

Microsoft Corporation announced plans to expand its Charlotte campus, creating 430 high-paying tech jobs and \$23.9 million in investment

The sale of Bank of America Tower, at the Lincoln Harris/Goldman Sachs Legacy Union site in Uptown Charlotte, landed at #27 on Commercial Cafe's 2019 list of the top 50 commercial real estate deals in the U.S.

Charlotte was awarded the 32nd Major League Soccer (MLS) expansion team and announced plans to build the new team's headquarters at the former Eastland Mall Site in East Charlotte

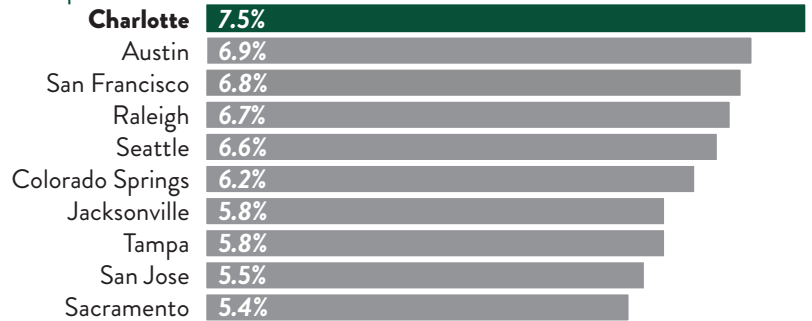
### Office Submarkets



### Office Market Snapshot

	4Q 2019	3Q 2019	CHANGE
<b>Market Supply (SF)</b>	67,806,435	67,718,435	↑
<b>Under Construction (SF)</b>	5,438,242	3,684,242	↑
<b>Direct Vacancy (%)</b>	8.3%	8.6%	↓
<b>Total Vacancy (%)</b>	9.2%	9.4%	↓
<b>Total Net Absorption (SF)</b>	182,157	967,220	↓
<b>YTD Net Absorption (SF)</b>	2,662,780	2,480,623	↑
<b>Direct Asking Rent</b>	\$30.26	\$29.58	↑
<b>Class A Direct Asking Rent</b>	\$32.33	\$31.69	↑
<b>Class B Direct Asking Rent</b>	\$24.98	\$24.51	↑

### Top Metros for Office Rent Growth 2019



### Office Market Statistics

Submarket	Inventory	Vacant Space	Vacancy Rate	4Q 2019 Absorption	4Q 2018 Absorption	Completions	Construction	Direct Asking Rate
Uptown	21,455,598	1,496,325	7.0%	101,270	<b>63,025</b>	-	2,745,915	\$34.19
Midtown/Randolph Rd	1,282,487	88,694	6.9%	-26,808	<b>7,125</b>	-	42,250	\$29.43
Midtown/South End	4,811,478	276,752	5.8%	78,045	<b>48,442</b>	-	1,440,835	\$37.52
<b>URBAN TOTALS:</b>	<b>27,549,563</b>	<b>1,861,771</b>	<b>6.8%</b>	<b>152,507</b>	<b>118,592</b>	-	<b>4,229,000</b>	<b>\$34.79</b>
Airport	11,769,584	1,377,513	11.7%	73,306	44,256	88,000	-	\$24.47
East	1,658,122	200,976	12.1%	-11,613	2,364	-	-	\$16.44
Matthews	1,280,206	210,439	16.4%	-39,905	5,408	-	-	\$20.43
North	3,699,715	318,473	8.6%	-2,649	-17,847	-	208,080	\$25.91
Park Road	506,658	77,186	15.2%	-27,083	5,154	-	-	\$28.49
Plaza Midwood/Noda	778,732	149,044	19.1%	3,492	0	-	648,162	\$34.23
South Charlotte	1,503,747	113,038	7.5%	8,899	550	-	-	\$25.95
South I-485	6,328,420	825,083	13.0%	-71,311	53,996	-	353,000	\$33.15
Southpark	5,042,718	385,452	7.6%	72,263	151,260	-	-	\$33.78
University	7,688,970	734,777	9.6%	24,251	-7,150	-	-	\$25.05
<b>SUBURBAN TOTALS:</b>	<b>40,256,872</b>	<b>4,391,981</b>	<b>10.9%</b>	<b>29,650</b>	<b>237,991</b>	<b>88,000</b>	<b>1,209,242</b>	<b>\$27.41</b>
<b>CHARLOTTE TOTALS:</b>	<b>67,806,435</b>	<b>6,253,752</b>	<b>9.2%</b>	<b>182,157</b>	<b>356,583</b>	<b>88,000</b>	<b>5,438,242</b>	<b>\$30.26</b>

## 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 Pl	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
United Rentals	University Highlands	University	106,351	New
Principal Financial Group	Proximity Park	University	97,596	Anchor Lease
K & L Gates	300 S Tryon	Uptown	53,000	New
Fifth Third Bank	Fifth Third Center	Uptown	25,000	Expansion

A record high 2.8 million sf of office space was delivered across the Queen City in 2019

## Recent Investment Sales

BUILDING	SUBMARKET	RBA	SALE PRICE	PRICE/SF	BUYER
Bank of America Tower	Uptown	841,164	\$441,600,000	\$525	Highwoods Properties
SunTrust Building - Sharon Square	SouthPark	91,575	\$37,500,000	\$410	Larson Capital Management
Morrocroft Centre	SouthPark	290,602	\$107,600,000	\$370	Preferred Office Properties/Lincoln Harris
University Highlands	University	97,794	\$26,516,666	\$271	Cole Office & Ind REIT II
Carmel Park I & II	South Charlotte	173,068	\$36,200,000	\$209	OA Development

FOR QUESTIONS, CONTACT:  
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