

Market Report

CHARLOTTE, NC OFFICE MARKET

Q1 2020



HIGHLIGHTS

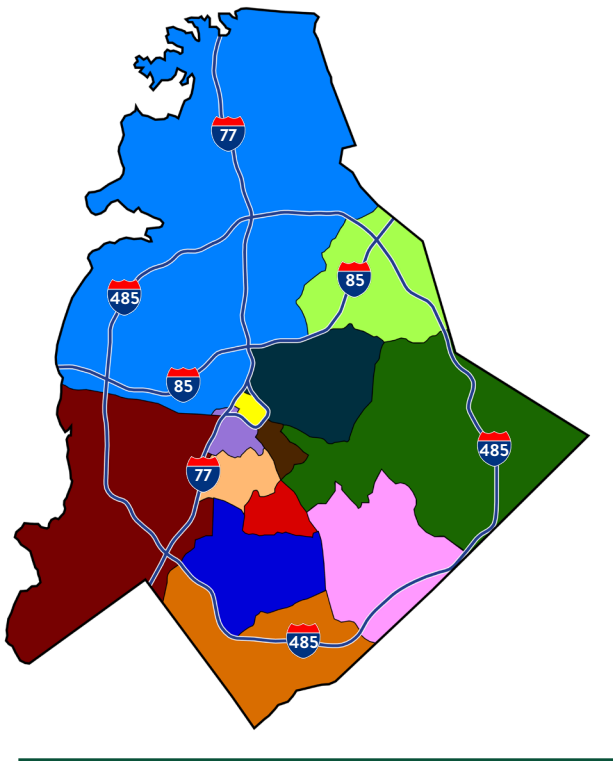
Although short-term uncertainty lies ahead as a result of the COVID-19 pandemic, Charlotte maintained its position as one of the most in-demand office markets in the U.S. through the first quarter of 2020. The data contained in this report shows the state of the market prior to the implementation of government mandated safety measures and can be compared against future data to determine the true impact of the crisis.

Office Momentum Continues:
Nearly 3 million square feet of office space was added to the market in 2019, yet vacancy rates remain well below Charlotte's historical average and the National average.

Another record breaking office investment sale was finalized in the Queen City, with Truist Financial officially acquiring the Hearst Tower for \$455.5 million or \$470 per square foot. The deal marks the highest sales price for a single office transaction in Charlotte history - surpassing the 2019 sale of Bank of America Tower at Legacy Union.

Charlotte is the 6th fastest growing metro in the U.S. with a total population increase of +1.7% over the last year

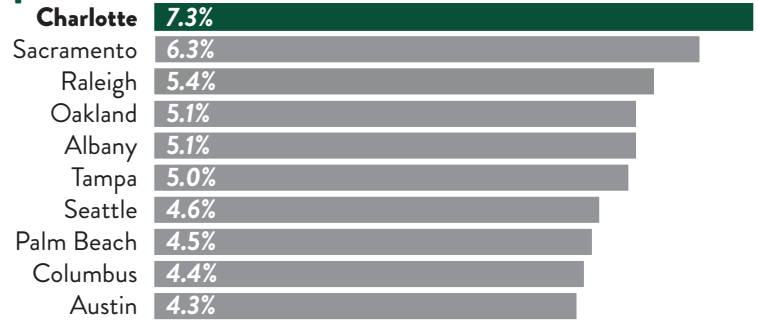
Office Submarkets



Office Market Snapshot

	1Q 2020	4Q 2019	CHANGE
Market Supply (SF)	68,221,687	67,997,678	↑
Under Construction (SF)	5,905,014	5,550,442	↑
Direct Vacancy (%)	8.1%	8.3%	↓
Total Vacancy (%)	8.8%	9.2%	↓
Total Net Absorption (SF)	402,528	188,847	↑
YTD Net Absorption (SF)	402,528	2,658,954	↓
Direct Asking Rent	\$30.30	\$30.24	↑
Class A Direct Asking Rent	\$32.44	\$32.33	↑
Class B Direct Asking Rent	\$25.32	\$24.79	↑

Top 10 Office Rent Growth Markets 2019



Office Market Statistics

Submarket	Inventory	Vacant Space	Vacancy Rate	1Q 2020 Absorption	1Q 2019 Absorption	Completions	Construction	Direct Asking Rate
Uptown	21,538,015	1,395,307	6.5%	104,918	101,470	-	2,745,915	\$34.65
Midtown/Randolph Rd	1,282,487	97,770	7.6%	-9,076	-26,808	-	42,250	\$29.43
Midtown/South End	4,954,505	315,517	6.4%	-28,877	77,099	-	1,723,566	\$37.15
URBAN TOTALS:	27,775,007	1,808,594	6.5%	66,965	151,761	-	4,511,731	\$35.10
Airport	11,845,971	1,356,748	11.5%	128,541	73,306	114,469	-	\$24.95
East	1,623,635	246,666	15.2%	-45,690	-11,613	-	-	\$16.34
Matthews	1,370,464	213,499	15.6%	-60	-39,505	-	-	\$20.77
North	3,699,715	312,302	8.4%	6,171	-2,649	-	208,080	\$26.54
Park Road	506,658	60,336	11.9%	16,850	-27,083	-	-	\$28.49
Plaza Midwood/Noda	762,172	144,334	18.9%	4,710	3,492	-	673,162	\$34.12
South Charlotte	1,503,747	97,533	6.5%	15,505	8,899	-	-	\$26.00
South I-485	6,328,420	610,767	9.7%	214,316	-71,311	-	353,000	\$33.28
Southpark	5,116,928	425,902	8.3%	-40,450	79,299	-	-	\$34.45
University	7,688,970	699,107	9.1%	35,670	24,251	-	159,041	\$25.19
SUBURBAN TOTALS:	40,446,680	4,167,194	10.3%	335,563	37,086	114,469	1,393,283	\$27.75
CHARLOTTE TOTALS:	68,221,687	5,975,788	8.8%	402,528	188,847	114,469	5,905,014	\$30.30

New Office Space Under Construction

BUILDING	SUBMARKET	DEVELOPER/OWNER	SF	ASKING RENTS	MAJOR TENANT(S)
Ally Charlotte Center	Uptown	Crescent Communities	742,000	-	Ally Financial
Legacy Union - 650 S Tryon	Uptown	Lincoln Harris	352,000	Negotiable	Deloitte
13146 Ballantyne Corporate Pl	South I-485	Northwood Office	328,000	Withheld	-
Vantage South End - West Tower	South End	Spectrum Properties	326,800	\$42.00	LendingTree
2151 Hawkins St	South End	Portman Holdings	275,000	\$43.00	-
FNB Tower	Uptown	Dominion Realty Partners	160,000	\$40.00	First National Bank
The Square	South End	Beacon Partners	150,000	\$42.00	-

Major Lease Transactions

TENANT	BUILDING	SUBMARKET	SF	TYPE
Vanguard	Ten Water Ridge	Airport	220,000	Renewal
Ally Financial	Ally Charlotte Center	Uptown	118,720	Expansion
SPX Corporation	The Nexus at Waverly	South I-485	53,000	New
Troutman Sanders LLP	One Wells Fargo Center	Uptown	40,000	Expansion
Colliers International	Three Coliseum Centre	Airport	25,000	New

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
Truist Center (Hearst Tower)	Uptown	972,000	\$455,500,000	\$469	Truist Financial Corporation
LakePointe Corporate Center 3 & 5	Airport	226,863	\$46,300,000	\$204	Bridge Investment Group
Coliseum Centre Portfolio (3 bldgs)	Airport	511,344	\$102,000,000	\$199	South Street Partners

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