

MARKET RESOURCE

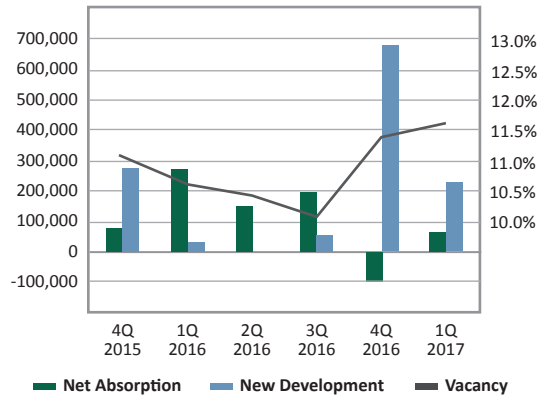
Charlotte, North Carolina - OFFICE MARKET

Q1
2017

OFFICE MARKET SNAPSHOT

	1Q 2017	4Q 2016	FORECAST
Market Supply (SF)	58,530,622	58,299,622	▲
Under Construction (SF)	2,022,613	2,002,720	▲
Direct Vacancy (%)	11.1%	10.8%	▲
Total Vacancy (%)	11.6%	11.4%	▲
Total Net Absorption (SF)	86,702	-101,832	▲
YTD Net Absorption (SF)	86,702	-101,832	▲
Direct Asking Rent	\$24.28	\$24.05	▲
Class A Direct Asking Rent	\$26.86	\$26.48	▲
Class B Direct Asking Rent	\$19.88	\$19.77	▲

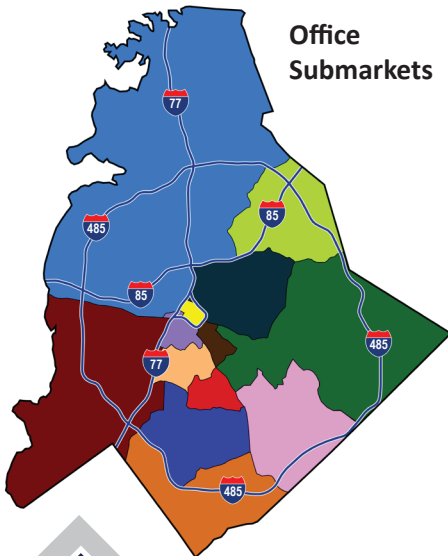
HISTORICAL VACANCY & NET ABSORPTION



HIGHLIGHTS

- ▶ Ranked 10th in U.S. for its increased number of new residents last year
- ▶ An estimated 7,700 apartments will deliver in 2017
- ▶ Charlotte transit officials are considering an ambitious plan to extend light rail to the airport, Matthews, and Iredell County
- ▶ Northwood Investors paid approximately \$1.2 billion to buy Ballantyne Corporate Park, making it the biggest deal in Charlotte's history
- ▶ More companies are looking for big blocks of space and many are turning toward more affordable submarkets with substantial contiguous space
- ▶ Market office vacancy increased slightly with the delivery of Capitol Towers in SouthPark and the relocation of both LPL Financial and Sealed Air into newly constructed build-to-suits

Office Submarkets



OFFICE MARKET STATISTICS

Submarket	Inventory	Vacant Space	Vacancy Rate	1Q 2017 Absorption	1Q 2016 Absorption	Completions	Construction	Direct Asking Rate
UPTOWN	18,492,275	1,640,484	8.9%	169,767	189,627	0	1,013,461	\$29.27
MIDTOWN/RANDOLPH RD	1,591,360	83,088	5.2%	-10,166	3,327	0	101,960	\$29.88
MIDTOWN/SOUTH END	2,948,145	115,346	3.9%	17,461	30,402	0	242,192	\$30.01
URBAN TOTALS	35,498,842	1,838,918	8.0%	177,062	223,356	0	1,357,613	\$29.39
AIRPORT	9,941,396	1,340,020	13.5%	-101,595	75,379	0	256,000	\$21.23
EAST	1,161,446	152,290	13.1%	5,015	-854	0	30,000	\$15.27
MATTHEWS	1,110,046	294,739	26.6%	3,186	-1,396	0	-	\$19.02
NORTH	3,095,144	323,434	10.4%	17,229	51,774	0	-	\$21.78
PARK ROAD	1,307,667	320,146	24.5%	20,753	-13,842	0	-	\$15.98
PLAZA MIDWOOD/NODA	252,173	0	-	-	-	0	200,000	-
SOUTH CHARLOTTE	1,465,848	235,106	16.0%	2,774	36,577	0	-	\$20.73
SOUTH I-485	5,820,612	793,105	13.6%	-14,720	-15,015	0	179,000	\$27.85
SOUTHPARK	5,081,204	758,500	14.9%	-26,025	-5,396	231,000	-	\$28.61
UNIVERSITY	6,263,306	717,435	11.5%	3,023	-78,245	0	-	\$21.40
SUBURBAN TOTALS	35,498,842	4,934,775	13.9%	-90,360	48,982	231,000	665,000	\$22.00
CHARLOTTE TOTALS	58,530,622	6,773,693	11.6%	86,702	272,338	231,000	2,022,613	\$24.28

Market Data Source: CoStar data pulled 5.4.17 | Real Capital Analytics | Charlotte Business Journal | The Charlotte Observer | Lincoln Harris Research



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OFFICE SPACE UNDER CONSTRUCTION

Building	Submarket	Developer/Owner	SF	SF Preleased	% Preleased	Completion Qtr.	Asking Rents	Major Tenant(S)
620 S Tryon	CBD	Lincoln Harris	843,000	547,000	64.8%	2019	\$36.50-\$38.50	Bank of America
300 S Tryon	CBD	Spectrum Properties	638,000	200,000	31.6%	3Q 2017	\$35.50	Barings
615 S College	CBD	Portman	381,000	148,700	39.0%	2Q 2017	\$34.50 - \$35.50	Regions, BDO, WeWork
AvidXchange HQ	Plaza Midwood/NODA	ARK/Red Rock	200,000	200,000	100.0%	2Q 2017	NA	AvidXchange
500 E Morehead	Midtown/South End	Beacon	165,000	122,100	74.0%	2Q 2017	\$35.00	CB&I, Elliott Davis
The Hub at Waverly	South	Childress Klein	154,000	0	0.0%	2Q 2017	\$32.50-\$35.00	
4240 Sandy Porter Rd	Airport	CPI Security	136,000	136,000	100.0%	3Q 2017	NA	CPI Security
One Silver Crescent	Airport	New Forum	120,000	120,000	100.0%	4Q 2017	NA	Jeld-Wen
1515 Montford Park	Park Road	Grubb Properties	110,000	26,440	24.0%	1Q 2018	\$25.00	Pfeiffer University

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RECENT INVESTMENT SALES

Building	Submarket	RBA	Sale Price	Price/SF
Bissell Ballantyne Portfolio-mixed	South I-485	4,000,000	\$1,200,000,000	NA
Water Oak	Airport	95,367	\$8,400,000	\$88
6400 Fairview (Fairview Center)	SouthPark	60,000	\$17,900,000	\$298
Arboretum II	Matthews	28,136	\$5,700,000	\$203

SIGNED LEASE TRANSACTIONS

Tenant	Building	Submarket	Size	Type
Bank of America	620 S Tryon	CBD	547,000	New
We Work	615 S College	CBD	51,547	New
Empowered Benefits	525 N Tryon	CBD	32,123	New
DAK Americas	Quail Plaza	South Charlotte	25,252	New
BDO USA	615 S College	CBD	24,837	New

OFFICE STATISTICS BY TYPE

Building Class	Buildings	Inventory	Vacant Space	Vacancy Rate	YTD 2017 Absorption	Direct Asking Rent (PSF)
Class A	219	35,079,839	4,446,428	12.7%	-902	\$26.86
Class B	317	23,450,783	2,327,265	9.9%	87,604	\$19.88
MARKET TOTALS	536	58,530,622	6,773,693	11.6%	86,702	\$24.28

LINCOLN
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