

# MARKET RESOURCE

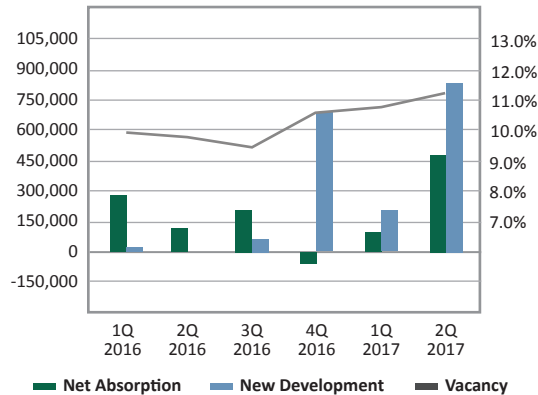
Charlotte, North Carolina - OFFICE MARKET

Q2  
2017

## OFFICE MARKET SNAPSHOT

	2Q 2017	1Q 2017	FORECAST
Market Supply (SF)	58,901,601	58,064,399	▲
Under Construction (SF)	2,489,372	2,130,032	▲
Direct Vacancy (%)	10.9%	10.5%	▲
Total Vacancy (%)	11.3%	10.8%	▲
Total Net Absorption (SF)	468,990	95,758	▲
YTD Net Absorption (SF)	564,748	95,758	▲
Direct Asking Rent	\$25.29	\$24.30	▲
Class A Direct Asking Rent	\$28.18	\$26.84	▲
Class B Direct Asking Rent	\$20.01	\$19.87	▲

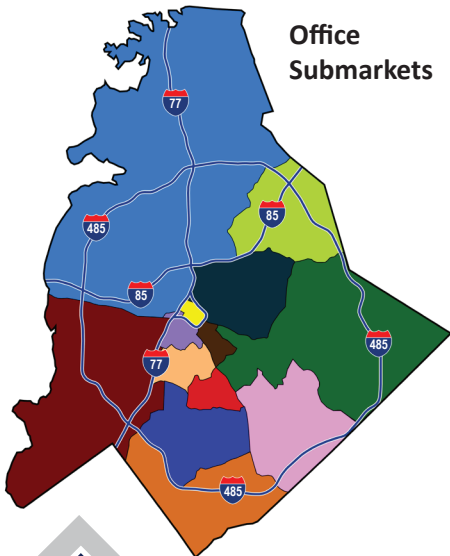
## HISTORICAL VACANCY & NET ABSORPTION



## HIGHLIGHTS

- ▶ North Carolina's state economy ranked 15th overall in the nation, and Charlotte's metro unemployment rate is down to 4%, a full half percent lower than Q2 of last year
- ▶ In a remarkable quarter for growth, Charlotte simultaneously experienced peaks in net absorption, new development completion, and direct asking rents, all reaching individual highs from across the last six quarters
- ▶ A massive, 30-year plan to develop the "River District" submarket, touted as the next SouthPark, will drive \$5.6 billion in economic growth near Charlotte-Douglas Airport
- ▶ The delivery of 615 S College and 500 E Morehead, in Uptown and Midtown respectively, gave rise to the 800,000 sf increase in office inventory but due to Charlotte's demand for A+ office space both are well on their way to lease-up

## Office Submarkets



## OFFICE MARKET STATISTICS

Submarket	Inventory	Vacant Space	Vacancy Rate	2Q 2017 Absorption	2Q 2016 Absorption	Completions	Construction	Direct Asking Rate
UPTOWN	18,406,218	1,651,190	9.0%	10,586	10,825	1	1,491,532	\$31.09
MIDTOWN/RANDOLPH RD	1,591,360	83,634	5.3%	-546	9,173	0	125,438	\$30.27
MIDTOWN/SOUTH END	3,126,566	131,827	4.2%	161,778	27,580	1	292,933	\$30.29
<b>URBAN TOTALS</b>	<b>23,124,144</b>	<b>1,866,651</b>	<b>8.1%</b>	<b>171,818</b>	<b>47,578</b>	<b>2</b>	<b>1,909,903</b>	<b>\$30.94</b>
AIRPORT	9,964,151	1,337,910	13.4%	-5,412	-112,093	0	370,469	\$21.08
EAST	1,241,446	138,939	11.2%	93,351	-18,168	1	30,000	\$16.80
MATTHEWS	1,110,046	238,006	21.4%	27,962	45,249	0	0	\$19.22
NORTH	3,095,144	307,922	9.9%	15,512	63,879	0	0	\$21.60
PARK ROAD	1,284,411	304,962	23.7%	13,649	9,358	0	0	\$16.07
PLAZA MIDWOOD/NODA	452,173	0	0.0%	200,000	-	1	0	-
SOUTH CHARLOTTE	1,465,848	210,593	14.4%	24,513	3,989	0	0	\$20.67
SOUTH I-485	5,819,728	745,786	12.8%	24,783	-20,682	0	179,000	\$29.81
SOUTHPARK	5,081,204	778,495	15.3%	-82,620	44,267	0	0	\$30.35
UNIVERSITY	6,263,306	732,001	11.7%	-14,566	66,790	0	0	\$21.71
<b>SUBURBAN TOTALS</b>	<b>35,777,457</b>	<b>4,794,614</b>	<b>13.4%</b>	<b>297,172</b>	<b>82,589</b>	<b>2</b>	<b>579,469</b>	<b>\$22.84</b>
<b>CHARLOTTE TOTALS</b>	<b>58,901,601</b>	<b>6,661,265</b>	<b>11.3%</b>	<b>468,990</b>	<b>130,167</b>	<b>4</b>	<b>2,489,372</b>	<b>\$25.29</b>

Market Data Source: CoStar data pulled 7.5.17 | 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	Uptown	Lincoln Harris	843,000	547,000	64.8%	2Q 2019	Negotiable	Bank of America
300 S Tryon	Uptown	Spectrum Properties	638,000	200,000	31.6%	3Q 2017	\$35.50	Barings
615 S College	Uptown	Portman	381,000	148,700	39.0%	2Q 2017	\$34.50-\$35.50	Regions, BDO, WeWork
Dimensional Fund Advisors	Midtown/South End	Cousins	285,000	285,000	100.0%	4Q 2018	NA	Dimensional Fund Advisors
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	
1515 Montford Park	Park Road	Grubb Properties	110,000	26,440	24.0%	1Q 2018	\$25.00	Pfeiffer University
Harding Place	Midtown/Randolph Rd	CitiSculpt/Armada Hoffer	67,000	0	0.0%	1Q 2018	\$34.00	

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- The Charlotte Observer
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## RECENT INVESTMENT SALES

Building	Submarket	RBA	Sale Price	Price/SF
BB&T Center	Uptown	553,000	\$148,500,000	\$269.00
First Citizens Bank Plaza	Uptown	475,043	\$79,000,000	\$166.00
Rotunda Building	SouthPark	230,790	\$60,000,000	\$260.00
Sherrill Building	South I-485	146,804	\$35,000,000	\$238.00
301 S McDowell	Uptown	184,144	\$24,500,000	\$133.00

## SIGNED LEASE TRANSACTIONS

Tenant	Building	Submarket	Size	Type
Verizon Wireless	2401 Sardis Rd	Matthews	92,259	New
Cardinal Innovations Healthcare	NASCAR Plaza	Uptown	69,271	New
Chicago Bridge & Iron	500 E Morehead	Midtown/South End	63,120	New
Junior Achievement of Central Carolinas	Camp North End	Plaza Midwood/NODA	30,000	New
Industrious	Bank of America Plaza	Uptown	21,465	New

## OFFICE STATISTICS BY TYPE

Building Class	Buildings	Inventory	Vacant Space	Vacancy Rate	YTD 2017 Absorption	Direct Asking Rent (PSF)
Class A	222	35,564,202	4,439,565	12.5%	404,885	\$28.18
Class B	315	23,337,399	2,221,700	9.5%	159,863	\$20.01
<b>MARKET TOTALS</b>	<b>537</b>	<b>58,901,601</b>	<b>6,661,265</b>	<b>11.3%</b>	<b>564,748</b>	<b>\$25.29</b>

LINCOLN  
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