MARKET RESOURCE

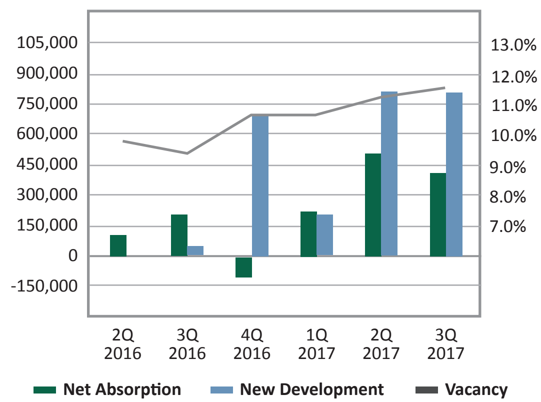
Charlotte, North Carolina - *OFFICE MARKET*

Q3 2017

OFFICE MARKET SNAPSHOT

	3Q 2017	2Q 2017	CHANGE
Market Supply (SF)	60,130,885	59,303,426	▲
Under Construction (SF)	1,831,643	2,489,372	▼
Direct Vacancy (%)	11.2%	10.7%	▲
Total Vacancy (%)	11.6%	11.1%	▲
Total Net Absorption (SF)	420,872	519,609	▼
YTD Net Absorption (SF)	1,129,626	708,754	▲
Direct Asking Rent	$25.65	$24.81	▲
Class A Direct Asking Rent	$28.55	$27.66	▲
Class B Direct Asking Rent	$20.31	$19.93	▲

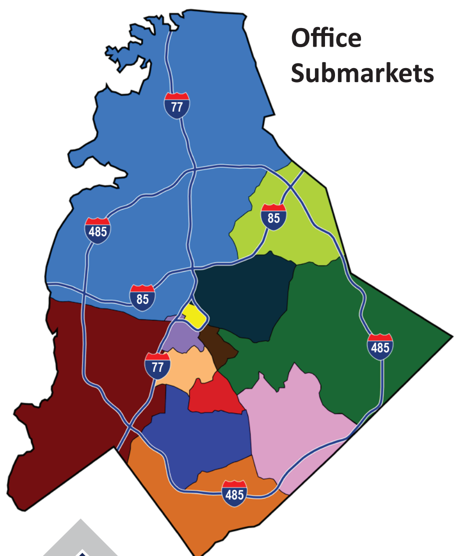
HISTORICAL VACANCY & NET ABSORPTION



HIGHLIGHTS

- Metro Charlotte's unemployment rate tied for the fifth lowest rate out of the state's 15 metro areas in August
- Commercial building demolition permits are on pace to hit about 175 this year – a three-year high and more than double the previous two years
- Ally Financial signed on as a 530,000 square foot anchor tenant in the long-awaited Crescent Communities' Ally Charlotte Center - formerly the Tryon Place development in uptown
- Camp North End was approved by City Council to allow 1.5 million square feet of office space, 65,000 square feet of light industrial, 200,000 square feet of retail services, 80,000 square feet of eating, drinking, and entertainment establishments, and 1,500 multifamily units on 75 acres

Office Submarkets



OFFICE MARKET STATISTICS

Submarket	Inventory	Vacant Space	Vacancy Rate	3Q 2017 Absorption	3Q 2016 Absorption	Completions	Construction	Direct Asking Rate
UPTOWN	19,382,874	2,244,733	11.6%	45,337	-70,249	1	853,073	$31.08
MIDTOWN/RANDOLPH RD	1,626,360	106,868	6.6%	17,766	3,045	1	90,438	$30.70
MIDTOWN/SOUTH END	3,126,566	186,407	6.0%	-54,580	-16,727	0	292,933	$29.52
URBAN TOTALS	**24,135,800**	**2,538,008**	**10.5%**	**8,523**	**-83,931**	**2**	**1,236,444**	**$30.92**
AIRPORT	10,717,294	1,443,701	13.5%	168,010	103,051	0	370,469	$20.15
EAST	1,241,446	179,657	14.5%	-16,777	-17,585	0	30,000	$16.65
MATTHEWS	1,092,460	250,927	23.0%	6,556	-14,860	0	0	$18.27
NORTH	3,095,144	245,243	7.9%	763	89,654	0	0	$22.32
PARK ROAD	635,563	64,739	10.2%	-15,787	511	0	0	$26.11
PLAZA MIDWOOD/NODA	452,173	0	0.0%	0	0	0	169,730	$16.60
SOUTH CHARLOTTE	1,442,767	89,865	6.2%	44,079	-36,787	0	0	$21.10
SOUTH I-485	5,973,728	628,464	10.5%	299,847	48,164	1	25,000	$29.32
SOUTHPARK	5,081,204	720,439	14.2%	-18,805	36,285	0	0	$30.25
UNIVERSITY	6,263,306	819,949	13.1%	-55,537	71,851	0	0	$21.88
SUBURBAN TOTALS	**35,995,085**	**4,442,984**	**12.3%**	**412,349**	**280,284**	**1**	**595,199**	**$23.05**
CHARLOTTE TOTALS	**60,130,885**	**6,980,992**	**11.6%**	**420,872**	**196,353**	**3**	**1,831,643**	**$25.64**

Market Data Source: CoStar data pulled 10.2.17 | 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)**
Legacy Union	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
Dimensional Fund Advisors	Midtown/South End	Cousins	285,000	285,000	100.0%	4Q 2018	NA	Dimensional Fund Advisors
The Hub at Waverly	South	Childress Klein	154,000	0	0.0%	3Q 2017	$32.50-$35.00	
1515 Montford Park	Park Road	Grubb Properties	110,000	26,440	24.0%	1Q 2018	$25.00	Pfeiffer University
Tompkins Hall	Plaza Midwood/NODA	White Point Partners	83,000	83,000	100.0%	2Q 2018	NA	Duke Energy
Harding Place	Midtown/Randolph Rd	CitiSculpt/Armada Hoffler	67,000	0	0.0%	2Q 2018	$36.00	
300 W Summit Avenue	Midtown/South End	Stiles	64,000	0	0.0%	3Q 2018	Withheld	
Bowers - Building B	Airport	White Point Partners	31,500	31,500	0.0%	1Q 2018	NA	SentryOne

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- *The Charlotte Observer*
- *Lincoln Harris Research*

RECENT INVESTMENT SALES				
Building	**Submarket**	**RBA**	**Sale Price**	**Price/SF**
200 S Tryon	Uptown	215,100	$34,900,000	$162.00
Lakepointe Corporate Center 5	Airport	113,000	$18,800,000	$166.00
Lakepointe Corporate Center 3	Airport	114,000	$10,200,000	$90.00
301 Hawthorne Lane	Midtown/Randolph Rd	18,075	$6,700,000	$371.00
600 S College Street	Uptown	44,000	$6,400,000	$145.00

SIGNED LEASE TRANSACTIONS				
Tenant	**Building**	**Submarket**	**Size**	**Type**
Charter Communications	9300 Arrowpoint Blvd	Airport	145,600	New
NN Inc.	The Hub at Waverly	South I-485	50,000	New
James, McElroy & Diehl	525 N Tryon	Uptown	49,000	New
Sirona Dental Inc.	13320 Ballantyne Corporate Pl	South I-485	28,500	New
Passport Inc.	First Citizens Bank Plaza	Uptown	27,000	New

OFFICE STATISTICS BY TYPE						
Building Class	**Buildings**	**Inventory**	**Vacant Space**	**Vacancy Rate**	**YTD 2017 Absorption**	**Direct Asking Rent (PSF)**
Class A	227	36,868,197	4,775,042	13.0%	949,571	$28.55
Class B	314	23,262,688	2,205,950	9.5%	180,055	$20.31
MARKET TOTALS	**541**	**60,130,885**	**6,980,992**	**11.6%**	**1,129,626**	**$25.65**

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