

Charlotte

Office | Q2 2023 Market Report

Quarterly Shifts

↑ Vacancy
0.5%

↑ Average Rent
\$0.09/SF

↑ Net Absorption
170,400 SF

*Report includes direct, Class A & B data

Occupier's Perspective

Available office sublease space in Charlotte has tripled since the pandemic. Sublet space now surpasses 3.4M square feet.

Activity remains strong at new trophy assets in South End and Uptown where vacancy is at 10.3%.

Upfit costs have begun to level out, resulting in less out-of-pocket expenses for tenants looking to relocate into new office space.

Vacancy rates in Charlotte sit at 17.8% and we continue to see companies right-size and consolidate their space throughout the MSA. Duke Energy is consolidating its footprint into the newly completed Duke Energy Plaza resulting in a 60% decrease in their overall square footage. Wells Fargo is vacating Two Wells Fargo and will backfill a portion of the space Duke Energy vacated at 550 S Tryon Street. This movement added to the overall quarterly net absorption of -68,441 SF in direct, Class A & B space.

The pipeline for buildings under construction has thinned, which contributed to an increase in rents this quarter. Average rental rates increased to \$35.08/RSF this quarter and **tenants continue to look for efficiencies in their footprint making workplace strategies a valuable asset for firms evaluating their real estate.**

Positive net absorption this quarter illustrates that **market activity has increased** supporting the continued interest from larger national companies looking to relocate to Charlotte from other parts of the country.

Submarket Movement

Vacancy Rate	QOQ Change	Direct Asking Rent (\$/SF)	Submarket
23.2%	1.6% ▲	\$27.65	University
12.5%	-1.3% ▼	\$27.71	Airport
14.1%	-0.3% ▼	\$29.26	South Charlotte
17.2%	-1.6% ▼	\$29.91	Northeast/I-77
17.6%	1.0% ▲	\$36.14	CBD
9.6%	-29.7% ▼	\$36.39	Park Road
28.2%	1.3% ▲	\$36.75	South/485
17.7%	0.0% ●	\$38.34	SouthPark
52.6%	3.0% ▲	\$41.32	Plaza Midwood/NoDa
13.8%	0.3% ▲	\$47.26	Midtown/SouthEnd

NC Economic Development

28,000
New Jobs
Created

\$19B+
Capital
Investment

\$1.55B
New Annual
Payroll

Source: Economic Development Partnership of NC 2022 Annual Report