

Charlotte

Office | Q2 2024 Market Report

Quarterly Snapshot

↑ Average Rent
\$39.67/SF

↑ Vacancy
21.3%

↑ Net Absorption
-1,306,809 SF

Occupier's Perspective

Newer buildings in desirable submarkets are driving rents to record highs. Tenants are placing an emphasis on quality over quantity.

In the face of high construction costs, speculative suites continue to garner tenant demand as occupiers look for solutions that require minimal out of pocket expenses.

Large corporate relocations have slowed with few leases larger than 50,000 SF signed over the past year. Tenants who can occupy a full floor are well positioned to receive above market concessions for their tenancy.

The flight to quality continues to be a major theme, and tenants are seeking out areas like South End that have done a good job placemaking. The constraint on supply of new, highly amenitized buildings will continue to push rents and force tenants to carefully consider office utilization.

Conversely, product built prior to 2010 is suffering from record vacancy due to the lack of amenities and functional obsolescence. Tenants are still carefully evaluating space needs and are largely unwilling to commit to long term leases. Sublease availabilities have leveled off as tenants select plug & play space that requires limited or no capital investment. Owners who can deliver speculative suites will have the upper hand in competing for tenants, especially as the pipeline of viable sublease space moves off the market.

Overall, Charlotte's economic fundamentals are stable, however elevated construction pricing and the strict lending environment require both Landlords and Tenants to get creative in structuring deal terms. Office landlords will continue to pursue credit tenants aggressively, and there are opportunities in the market for these tenants to secure favorable deal terms.

Recent Transactions

Tenant	Size (SF)	Submarket	Type	Building
Leon Levine Foundation	24,134 SF	Park Rd	New Lease	Office
Asana Partners	23,382 SF	South End	New Lease	Office
ProgressiveAE	16,475 SF	Northeast/I-77	New Lease	Office

Submarket Movement

Vacancy Rate	QOQ Change	Direct Asking Rent (\$/SF)	Submarket
38.4%	▲	\$30.23	University
17.7%	▲	\$31.36	Northeast/I-77
15.3%	▼	\$32.36	Airport
15.2%	▲	\$34.80	South Charlotte
11.3%	▲	\$34.82	Park Road
27.3%	◆	\$40.56	South/485
43.3%	▼	\$41.81	Plaza Midwood/NoDa
19.0%	▼	\$43.24	CBD
15.5%	▼	\$43.27	Midtown/Randolph
16.9%	▲	\$44.48	Midtown/SouthEnd
20.8%	▼	\$45.89	SouthPark