

Office Market Report

The uncertainty in return to office plans coupled with corporate hesitancy in long term lease decisions impacted Charlotte's office market in Q1 2021. Vacancy is 10.28%, well above the region's 10-year average. Office rents have plateaued but are forecasted to bottom out in early '22 before beginning to rebound. All that said, Charlotte continues to be an attractive place for corporate relocations and expansion and a turnaround would very likely outpace other metros in the United States. Let us not forget that Charlotte led the nation in office rent growth over the past several years.



Rental and Vacancy Rates

Direct Asking Rent (\$/SF)	Total Vacancy Rate	YoY Change
\$38.06	CBD Class A 13.4%	▲ 7.0%
\$26.98	CBD Class B 5.9%	▲ 2.3%
\$37.52	South/485 Class A 13.8%	▲ 3.0%
\$31.88	South/485 Class B 7.3%	▲ 1.8%
\$38.36	Midtown/SouthEnd Class A 18.0%	▲ 10.5%
\$31.77	Midtown/SouthEnd Class B 6.2%	▲ 1.5%
\$28.92	Airport Class A 13.3%	▲ 6.6%
\$25.82	Airport Class B 18.7%	▲ 1.0%
\$39.96	Southpark Class A 15.4%	▲ 8.1%
\$32.59	Southpark Class B 14.1%	▲ 5.8%

Recent Transactions

Tenant	Size	Submarket	Sector
1 Skookum	25,150 SF	CBD	Office
2 Childcare Solutions	21,038 SF	Airport	Office
3 Resident Culture	16,843 SF	Midtown	Office
4 BSI Solutions	13,784 SF	CBD	Office
5 Azura Pest Control	13,511 SF	Airport	Office
6 American Health Research	10,953 SF	Midtown	Office
7 Vesuvius	10,692 SF	Airport	Office

Occupier's Perspective

5 largest submarkets by total inventory: CBD, Airports, Midtown/SouthEnd, University and South/485.

We recommend that occupiers begin to formulate their strategy for renewal or relocation a minimum of 12 months from lease expiration.

Market Trends

Highwoods Properties acquires 3 Charlotte buildings in \$769 million deal that includes other assets in Raleigh and Atlanta.

Uncertainty in Charlotte's office market as vacancy continues to rise as sublease space is abundant.

Return to work plans. Major employers, such as Bank of America and Wells Fargo plan to be back in the office after Labor Day.