



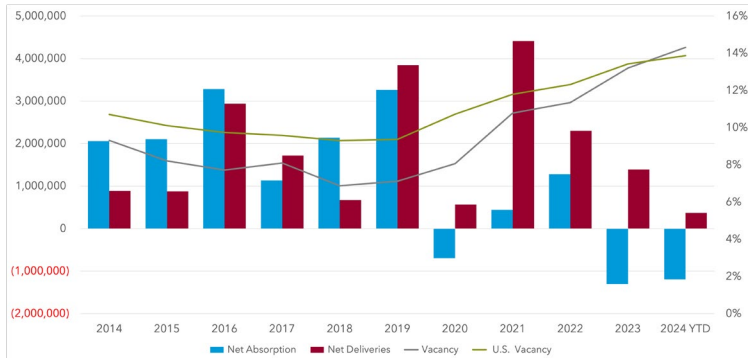
OFFICE MARKET OVERVIEW

GREG PIERATT, *President, Principal*; MATT FRAZEE, *Principal*

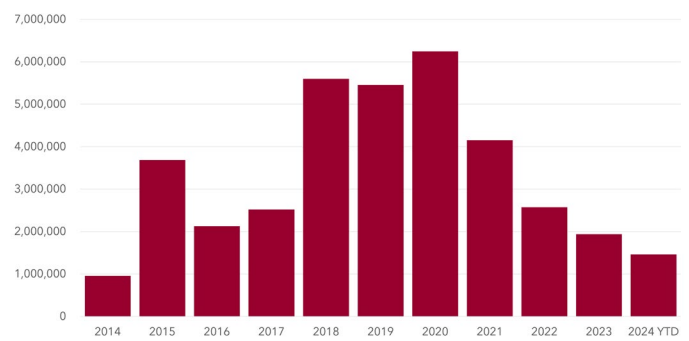
Charlotte's office market faced increasing vacancies and a sharp decline in leasing activity in Q2 2024. The vacancy rate peaked at 14.3%, driven by major employer consolidations and move-outs. Notable deals included Vanguard's purchase of Centene's abandoned campus. Despite a low construction pipeline, with only 1.5 million SF under construction, pre-leasing rates are under 25%. Rent growth is bifurcated, with new high-quality spaces seeing increases while older properties struggle. Sales volume dropped significantly, dominated by owner-user transactions and smaller deals, reflecting cautious institutional investment. The market anticipates a slow recovery amid economic uncertainties.

MARKET INDICATORS	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
▲ 12 Mo. Net Absorption SF	(1,327,069)	(1,396,059)	(1,302,729)	(660,864)	78,867
▲ Vacancy Rate	14.24%	13.96%	13.21%	12.65%	12.52%
▲ Avg NNN Asking Rate PSF	\$32.95	\$32.84	\$32.67	\$32.44	\$32.12
▼ SF Under Construction	1,462,165	1,814,715	1,936,612	2,968,878	2,747,935
▲ Inventory SF	137,053,193	136,826,928	136,681,375	135,901,896	135,875,009

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
2405 Governor Hunt Road Charlotte, NC	700,000 SF	\$117,000,000 \$167.14 PSF	The Vanguard Group Centene	Class A
10100 Park Cedar Drive Charlotte, NC	51,982 SF	\$7,800,000 \$150.05 PSF	Mava Capital Waters Investments, Inc.	Class B
511 Yellowstone Drive Charlotte, NC	24,000 SF	\$6,500,000 \$270.83 PSF	Charlotte-Mecklenburg Bd of Edu Mecklenburg Bar Foundation	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
9335 Harris Corners Parkway Charlotte, NC	28,278 SF	CP Group, Siguler Guff	Truist Insurance Holdings	Arts, Entertainment & Recreation
1040 Red Ventures Drive Fort Mill, SC	26,045 SF	Yujie Zhang, Wellman Building LLC	Department of Homeland Security	Professional, Scientific & Technical Services
3600 South Boulevard Charlotte, NC	19,925 SF	Beacon Partners, Thrift CRE	CPL	Professional, Scientific & Technical Services

The information and details contained herein have been obtained from third-party sources believed to be reliable, however, Lee & Associates has not independently verified its accuracy. Lee & Associates makes no representations, guarantees, or express or implied warranties of any kind regarding the accuracy or completeness of the information and details provided herein, including but not limited to, the implied warranty of suitability and fitness for a particular purpose. Interested parties should perform their own due diligence regarding the accuracy of the information.

The information provided herein, including any sale or lease terms, is being provided subject to errors, omissions, changes of price or conditions, prior sale or lease, and withdrawal without notice. Third-party data sources: CoStar Group, Inc., The Economist, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Congressional Budget Office, European Central Bank, GlobeSt.com, CoStar Property, and Lee & Associates Proprietary Data. ©

© Copyright 2023 Lee & Associates all rights reserved. Third-party Image sources: sorbis/shutterstock.com, shutterstock.com, pixabay.com, istock.com