

Leasing activity outpaces 2018 with large occupiers active throughout the year

With several significant corporate relocations into the Charlotte market seen throughout the year, more than 5.0 million square feet (msf) were leased in total in 2019. This represents a 42.9% increase over activity seen in 2018 (3.8 msf). This quarter saw its fair share of notable transactions with Lowe's subleasing 200,992 square feet (sf) in the Central Business District (CBD) as it prepares for a new headquarters in 2021. Law firm K&L Gates signed for 53,000 sf at 300 S Tryon Street (CBD) and Epiq Global took 42,837 sf of sublease space at 4064 Colony Road in the SouthPark submarket. Notably, two of the top five transactions of the quarter were subleases.

Availability tightens with stronger demand, competition high for prime locations and new buildings

With stronger demand, availability tightened throughout the market over 2019. Overall availability currently stands at 12.0%, down 200 basis points year over year. New product remains a top choice and 56.0% of the current construction pipeline has been preleased to-date. Tenants with large contiguous space needs are seeing few immediate options in the market's current state. This tightening in options continues to put upward pressure on asking rents. The market-wide overall average asking rent ended the fourth quarter at \$28.89 per square foot (psf), a 4.8% increase over the year.

Development activity spreads outside of the Central Business District

New development activity is bringing renewed interest to rising areas outside of the CBD, including the South End and SouthPark submarkets. One of the quarter's biggest announcements included yet another development plan in the South End submarket. Atlanta developer Portman Holdings is developing a mixed-use tower at 2151 Hawkins Street. Much of the 16-story building will be dedicated to 315,000 sf of office space. Construction will begin in early 2020 with hopes to deliver by the third quarter of 2021. Other developments that have already broken ground in South End include the LendingTree Headquarters (Vantage South End, 2021 delivery) and the Lowe's headquarters (Design Center Tower, late 2021 delivery). Reflective of the growing activity in South End, it is now the most expensive submarket in Charlotte (\$36.88 psf), officially surpassing the Central Business District (\$35.20).

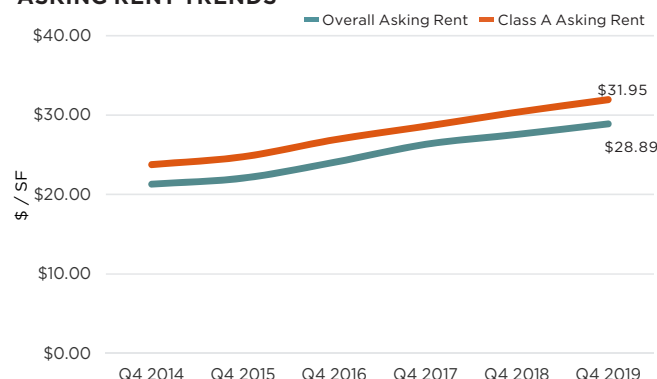
Outlook

- Infrastructure change and transit upgrades (such as the Silver Line) will help Charlotte transform into a metropolitan city with quality options outside of the Central Business District
- In the coming year, tenants can expect limited availability of top-end options as the flight to quality continues and aggressive preleasing of new development carries into 2022 and 2023
- Charlotte's economy shows no sign of slowing and the unemployment rate is expected to continue to decrease

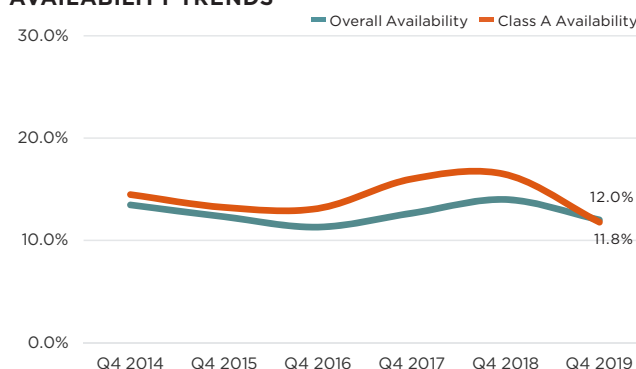
KEY STATISTICS

	Q4 2018	Q4 2019	y-o-y Change
Inventory	63.8 MSF	63.9 MSF	▲
Availability Rate	14.0%	12.0%	▼
Asking Rental Rate	\$27.56	\$28.89	▲
Class A Asking Rental Rate	\$30.36	\$31.95	▲
Quarterly Leasing Activity	0.9 MSF	0.9 MSF	◄►

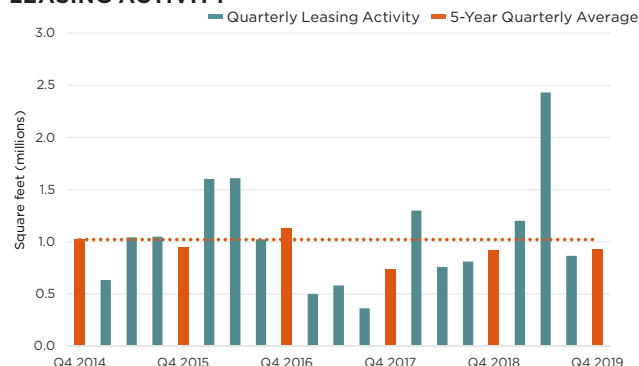
ASKING RENT TRENDS



AVAILABILITY TRENDS



LEASING ACTIVITY



MAJOR TRANSACTIONS

48.7%

of major transactions were **new locations**

70.1%

of large transactions occurred in the **CBD** submarket

45.7%

Retail represented 45.7% of major transactions

Tenant	Square feet	Address	Transaction type	Submarket	Industry
Lowe's	200,922	201 S College Street	Sublease	CBD	Retail
K & L Gates	53,000	300 S Tryon Street	New Location	CBD	Legal Services
Epiq	42,837	4064 Colony Road	Sublease	SouthPark	Professional Services
AmWins	35,233	2550 W Tyvola Road	New Location	West	Financial Services
Maestro Health	31,475	2401 Sardis Road N	New Location	East Charlotte	Healthcare
Commercial Credit Group	27,455	525 N Tryon Street	New Location	CBD	Financial Services
GSA - Social Security Administration	16,122	121 W Trade Street	New Location	CBD	Government
RSM US LLP	10,993	300 S Tryon Street	Expansion	CBD	Professional Services
Surgical Specialists	8,114	7300 Carmel Executive Park	New Location	Ballantyne / Highway 51	Healthcare
Dogwood State Bank	6,993	5955 Carnegie Boulevard	New Location	SouthPark	Financial Services

Source Savills Research

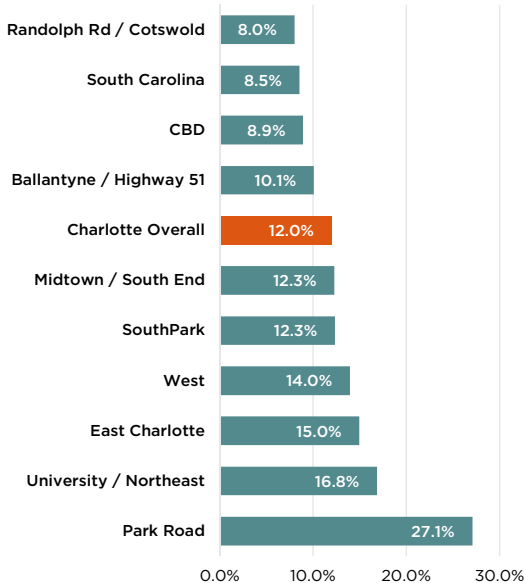
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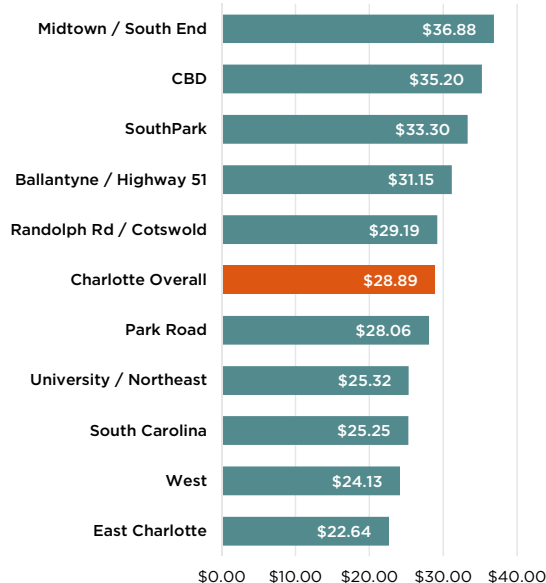
AVAILABILITY RATE COMPARISON

Charlotte Submarkets



RENTAL RATE COMPARISON (\$/SF)

Charlotte Submarkets



Unless otherwise noted, all rents quoted throughout this report are average asking gross (full service) rents per square foot (psf). Statistics are calculated using both direct and sublease information. Current and historical availability and rent data are subject to change due to changes in inventory.

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