

Availability rates remain high, but declining

While still elevated, availability in Charlotte saw some decline over the past year. Overall availability decreased 130 basis points year-over-year, ending Q1 at 13.0% - on par with levels seen four years ago. Class A availability saw a more pronounced decline, dropping 230 basis points over the year to 14.6%. Overall availabilities range from just 8.2% in the Randolph Road/Cotswold submarket to 16.8% in the University/Northeast submarket. Tightening is occurring at a much more rapid pace in the CBD submarket where availability fell 260 basis points over the year to 12.7%. Asking rents, in general, have increased over the past year. Overall rent rose 6.3% to \$27.69 per square foot (psf) year-over-year, while class A asking rent increased by 6.7% over the same period to \$30.66 psf. Asking rents rose in every submarket except South Carolina, which declined year-over-year by 4.3%, to \$17.20 psf.

Leasing activity starts strong, particularly in the CBD

Total first-quarter leasing activity stood at nearly 1.2 million square feet (msf), down 9.7% year-over-year, but trending higher than the five-year average. Aside from one “mega deal” in the quarter, very few large leases were seen, and transactions averaged 9,100 square feet (sf) per lease. Activity was particularly robust in the CBD, where 67.6% of major transactions occurred. Big four accounting firm KPMG is shifting within the submarket, relocating to 55,906 sf at a new development at 620 S Tryon Street. The building, Legacy Union, is underway and expected to deliver more than 850,000 sf of new inventory to the market later this year. KPMG will join Bank of America, which committed to 500,000 sf in the project in 2017, bringing the pre-lease rate of the tower to 72.5%.

Financial services industry drives activity, Wells Fargo signs full-building lease

The financial services industry continues to fuel demand in the market, accounting for 65.3% of major transactions signed this quarter. Wells Fargo committed to leasing all of 300 South Brevard Street in the CBD submarket this quarter and plans to shuffle employees from around the region to fill the 331,071-sf space. Lincoln Financial Group also took new space this quarter, leasing 42,980 sf at 13830 Ballantyne Corporate Place.

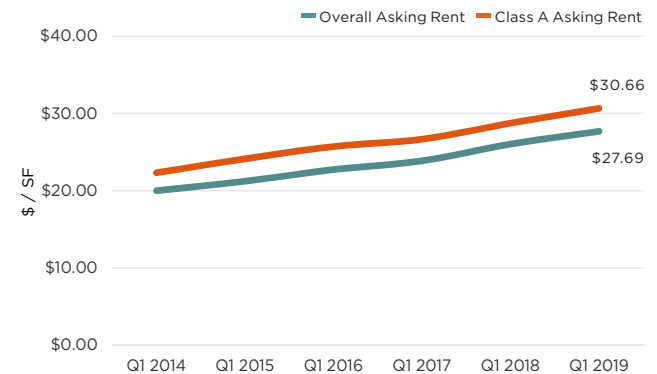
Outlook

- Though options remain plentiful, Charlotte is beginning to see some tightening in available space and upward pressure on asking rents
- The first quarter saw strong tenant demand, with financial services tenants particularly active
- Charlotte employment is expected to grow by 136,428 jobs in aggregate (1.3% per year) over the next five years

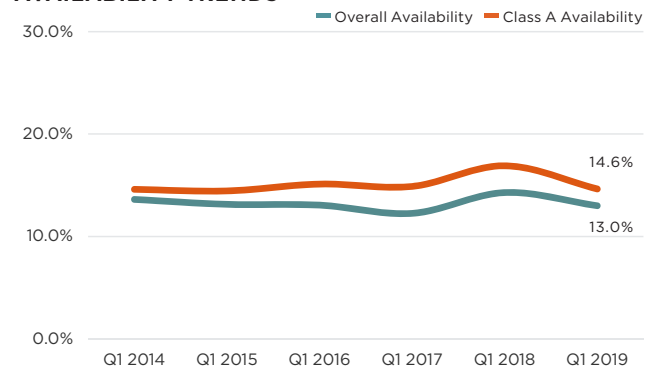
KEY STATISTICS

	Q1 2018	Q1 2019	y-o-y Change
Inventory	62.0 MSF	63.6 MSF	▲
Availability Rate	14.3%	13.0%	▼
Asking Rental Rate	\$26.04	\$27.69	▲
Class A Asking Rental Rate	\$28.74	\$30.66	▲
Quarterly Leasing Activity	1.3 MSF	1.2 MSF	▼

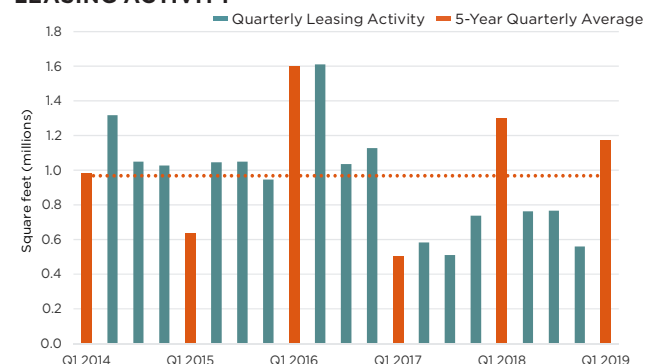
ASKING RENT TRENDS



AVAILABILITY TRENDS



LEASING ACTIVITY



MAJOR TRANSACTIONS

97.2%

of major transactions were **new market entrants or relocations**

67.6%

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

65.3%

Financial services represented 65.3% of major transactions

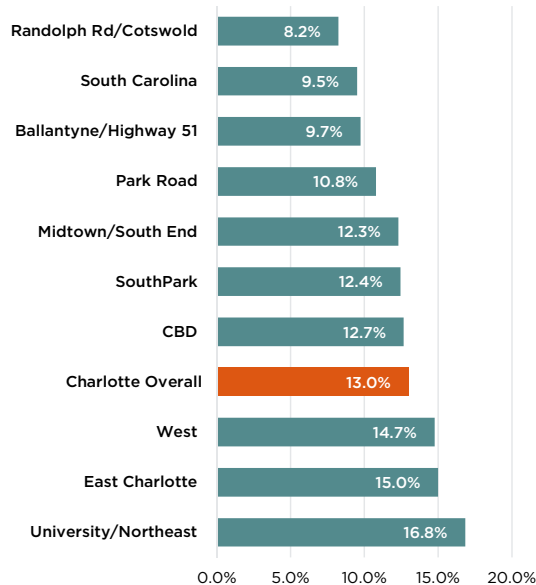
Tenant	Square feet	Address	Transaction type	Submarket	Industry
Wells Fargo	331,071	300 S Brevard Street	New Location	CBD	Financial Services & Insurance
Charter Communications	61,121	8333 Forest Point Boulevard	New Location	West	TAMI
KPMG	55,906	620 S Tryon Street	Relocation	CBD	Professional Services
Lincoln Financial Group	42,980	13830 Ballantyne Corporate Place	New Location	Ballantyne / Highway 51	Financial Services & Insurance
Charlotte Radiology	16,134	3816 Latrobe Drive	Renewal	Randolph Rd/ Cotswold	Healthcare
DSV Air & Sea Inc.	13,689	2105 Water Ridge Parkway	New Location	West	Transportation & Logistics
Armstrong Transport	13,328	8535-8615 Cliff Cameron Drive	New Location	University / Northeast	Transportation & Logistics
Precision Lending	13,310	4201 Congress Street	New Location	SouthPark	TAMI
Breccia Construction	13,297	7500 E Independence Boulevard	New Location	East Charlotte	Professional Services
Scynexis Inc (Paetec)	11,936	10150 Mallard Creek Road	New Location	University / Northeast	Professional Services

Source Savills Research

For more information, please contact us:

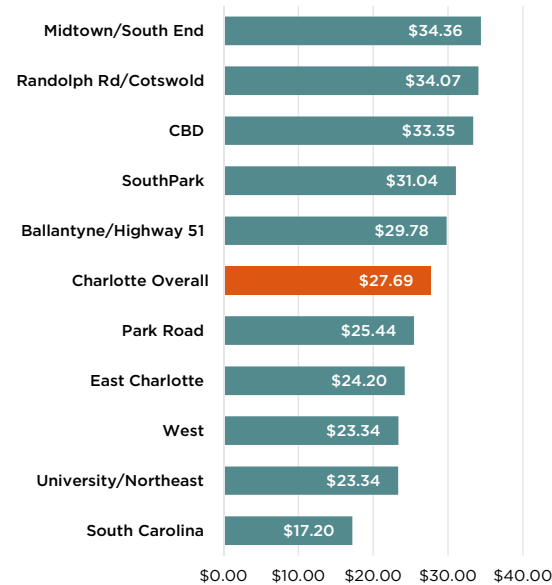
AVAILABILITY RATE COMPARISON

Charlotte Submarkets



RENTAL RATE COMPARISON (\$/SF)

Charlotte Submarkets



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Unless otherwise noted, all rents quoted throughout this report are average asking gross (full service) rents 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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