

Charlotte

Office market snapshot | Q2 2024

In the second quarter of 2024, office sales volume continued to decline, recording the lowest period of investment volume since 2009. The city's diversified economy and affordable cost of living attracted businesses leading to an increase in leasing activity. This activity, coupled with limited new construction, helped the availability rate to decline for the first time since 1Q 2023.

1.0 msf

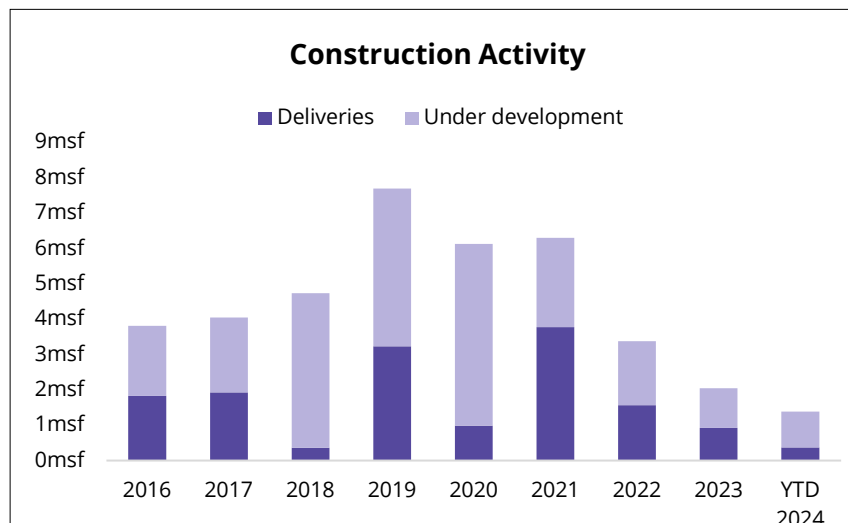
At the end of 2Q24 there was 1.0 msf of office product under construction and just one delivery so far this year.

23.1%

Total availability dropped 70 bps quarter-over-quarter, driven partially by an increase in sublease leasing activity.

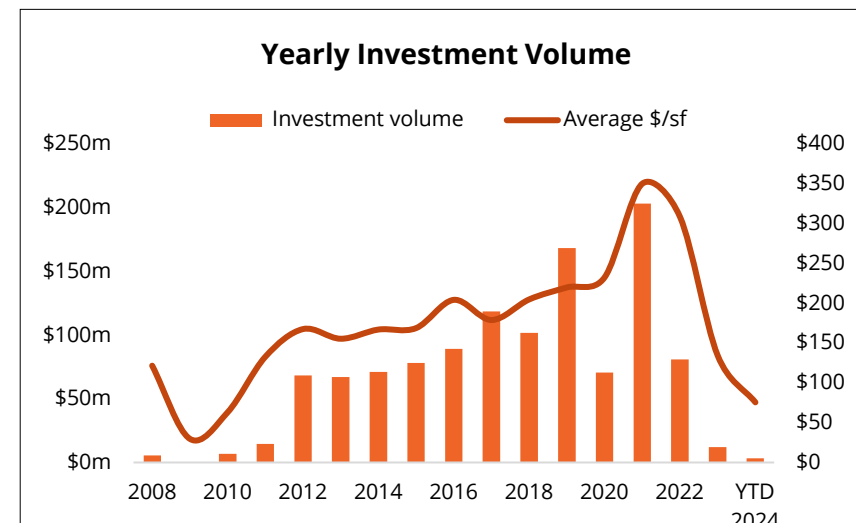
\$31.9 m

The convergence of heightened cost of debt and the adoption of remote work models continues to stifle office investment volumes.



Office construction is down 80% from the peak 5.1 msf in 2020. This downward trend will help the vacancy rate to stabilize as demand for office space begins to increase in the market, and Bank of America vacates two buildings in uptown Charlotte by 2025 as they consolidate their operations.

Source: AVANT by Avison Young, CoStar



Office sales volume has fallen considerably since 2021, as rising interest rates tightened lending standards and banks remain skeptical of office user prospects in the near-term. If an interest rate cut does happen in the second half of the year, and leasing activity continues its upward trend, then investment sales activity may increase.

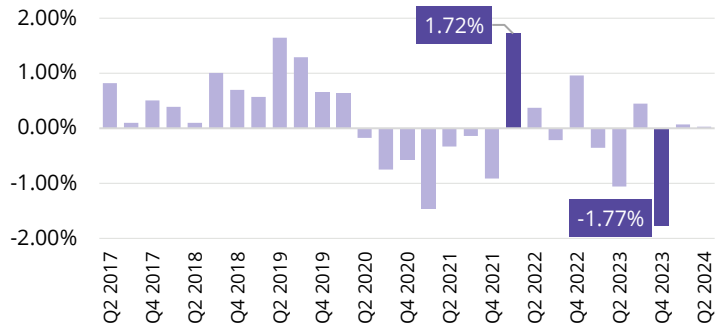
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Charlotte

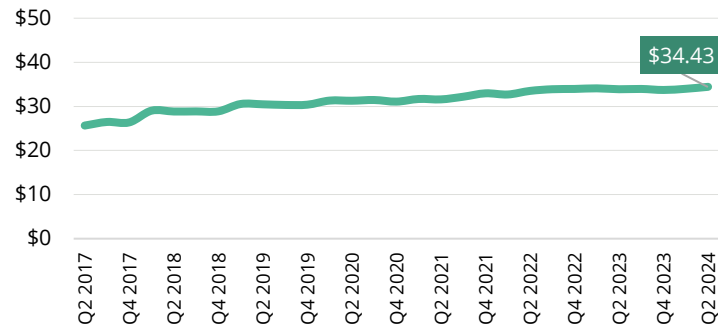
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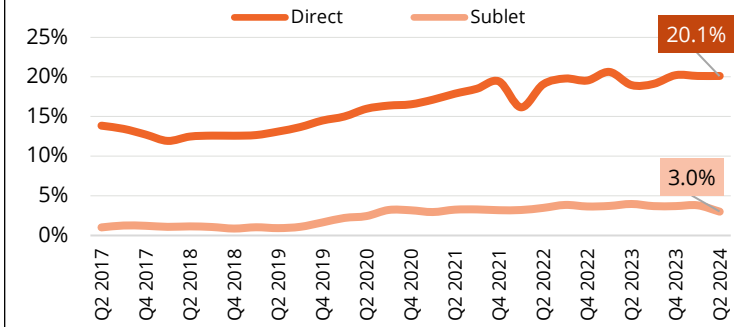
Net absorption as a % of inventory



Direct asking rents (psf/FS)



Availability



Recent leasing activity

Tenant	Address	Size (sf)	Transaction type	Lease type
Quint Events	9335 Harris Corners Pky	28,278	Direct	Renewal
Power Engineers	1041 Red Ventures Dr	26,045	Direct	Renewal
Leon Levine Foundation	4600 Park Rd	24,134	Direct	New
CPL	3600 South Blvd	19,925	Direct	New

Recent sales activity

Buyer	Address	Sale price	\$/sf	Seller
KHP Cap Partners	212 S Tryon St	\$19,300,000	\$95	Spalding & Slye Investments
Woodside Capital	Regency Executive Park Bldgs 1 & 4	\$12,647,637	\$66	CapRocq

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	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct availability	Sublet availability	Total availability	Net absorption (QTD)	Net absorption % of inventory (YTD)	Annual direct asking rent psf FS
CBD	24,290,129	-	504,000	19.9%	2.0%	21.9%	60,155	(0.3%)	\$37.18
Midtown/South End	7,516,311	370,000	-	14.5%	0.7%	15.2%	8,976	0.6%	\$48.19
Plaza Midwood/Noda	1,662,875	-	280,157	33.8%	0.9%	34.7%	54,254	5.3%	\$42.76
Urban Subtotal	33,470,005	370,000	784,157	19.5%	1.7%	21.2%	123,385	0.2%	\$39.13
Airport	11,234,129	-	-	19.7%	3.3%	22.9%	79,157	(0.3%)	\$26.88
East Charlotte	1,807,987	-	-	17.8%	0.0%	17.8%	1,041	(1.0%)	\$21.15
North Charlotte	4,245,314	-	226,759	19.8%	1.9%	21.7%	(147,473)	(2.7%)	\$34.08
Park Road	845,731	-	-	18.0%	2.4%	20.5%	(19,911)	3.0%	\$31.87
South Carolina	3,471,336	-	-	16.7%	13.9%	30.6%	(7,127)	0.9%	\$25.80
South Charlotte	1,643,034	-	-	12.7%	0.7%	13.4%	(17,991)	(1.1%)	\$28.17
South/485	6,327,308	-	-	27.6%	4.4%	32.0%	10,090	(0.6%)	\$36.87
Southeast Charlotte	1,194,797	-	-	10.6%	0.0%	10.6%	(2,289)	2.5%	\$23.18
SouthPark	4,765,580	-	-	18.8%	4.0%	22.8%	12,056	(3.2%)	\$39.15
University	7,031,483	-	-	23.8%	4.4%	28.2%	(11,660)	2.4%	\$27.39
Suburban Subtotal	42,566,699	-	226,759	20.6%	4.1%	24.7%	(104,107)	(0.2%)	\$30.67
Market total	76,036,704	370,000	1,010,916	20.1%	3.0%	23.1%	19,278	(0.1%)	\$34.43