

MARKET FUNDAMENTALS

	YOY Chg	Outlook
23.1% Vacancy Rate	▼	▼
637.7K YTD Net Absorption, SF	▲	▲
\$35.45 Asking Rent, PSF (Overall, All Property Classes)	▲	▲

ECONOMIC INDICATORS*

	YOY Chg	Outlook
1.4M Charlotte Employment	▲	▲
3.5% Charlotte Unemployment Rate	▼	▲
4.2% U.S. Unemployment Rate	▲	▲

Source: BLS

* 2026Q3 figures are based on latest available data

ECONOMY

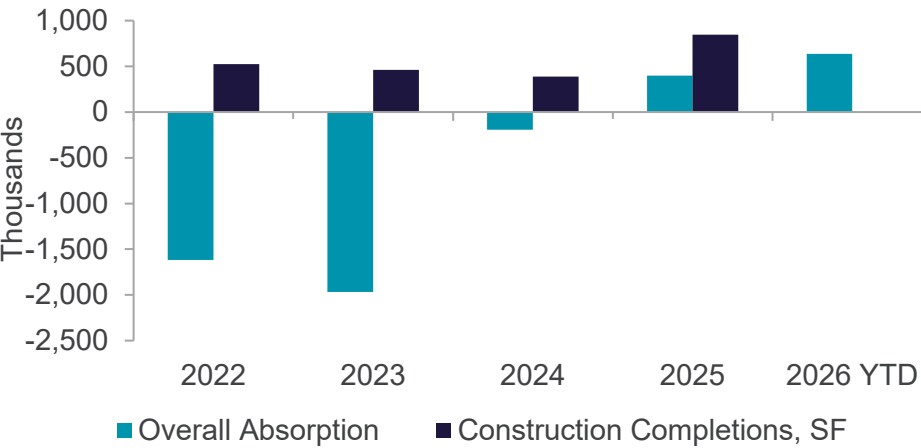
The Charlotte economy continued to expand, driven by employment growth in office-using job sectors. The Metro ranked fifth in job growth among U.S. markets tracked by Cushman & Wakefield Research, adding 20,600 jobs year-over-year (YOY), a 1.5% increase. Professional and business services (3.5%) and financial services (1.1%) recorded notable gains over that same period, reinforcing Charlotte’s position as a major U.S. financial hub.

DEMAND

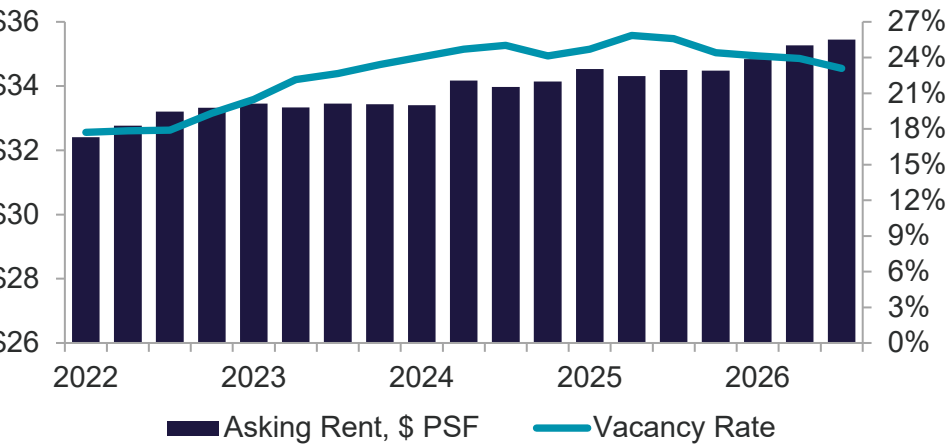
New leasing activity slowed in Q3, totaling more than 558,000 square feet (sf), bringing the year-to-date (YTD) figure to 2.7 million square feet (msf). Following four consecutive quarters exceeding 1.0 msf, Q3 recorded the lowest quarterly leasing volume in ten quarters. Leasing activity was concentrated in Charlotte’s urban core submarkets—Central Business District (CBD)/Uptown and Midtown/South End—with nearly 140,000 sf inked in Q3, followed by the South/485 submarket at 106,155 sf. In the largest deal of the quarter, wood product manufacturer Huber Engineered Woods leased 51,500 sf, expanding and relocating from the University submarket to Savona Mill, an adaptive reuse development in FreeMoreWest. Despite the quarterly slowdown, the market remained active with more than 10 requirements exceeding 100,000 sf. Limited availability in the newest and highest-quality buildings has prompted some occupiers to consider older vintage Class A space as an interim solution while awaiting development.

Occupancy gains reached nearly 350,000 sf in Q3, the second-largest quarterly gain in five years, bringing YTD net absorption to nearly 638,000 sf, the highest annual pace in over five years. CBD/Uptown led all submarkets with more than 150,000 sf of quarterly occupancy gains, including American Express’ nearly 98,000-sf move-in at Legacy Union – 6Hundred and Huntington National Bank’s 43,000-sf expansion on the top two floors of One South at the Plaza. The University submarket also recorded strong absorption as Mecklenburg County occupied nearly 98,000 sf at 10101 David Taylor Dr. Previously-signed leasing is anticipated to support further occupancy gains through 2026 and into 2027 as multiple larger tenants complete buildouts and move into their space.

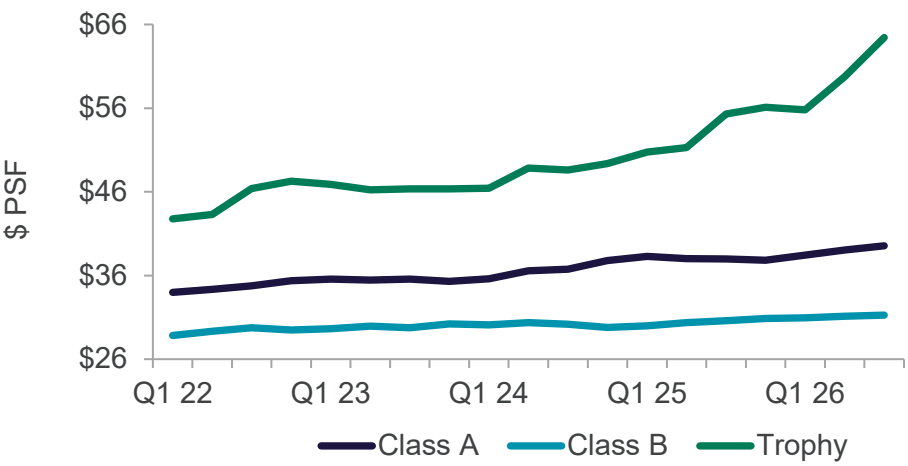
SPACE DEMAND / DELIVERIES



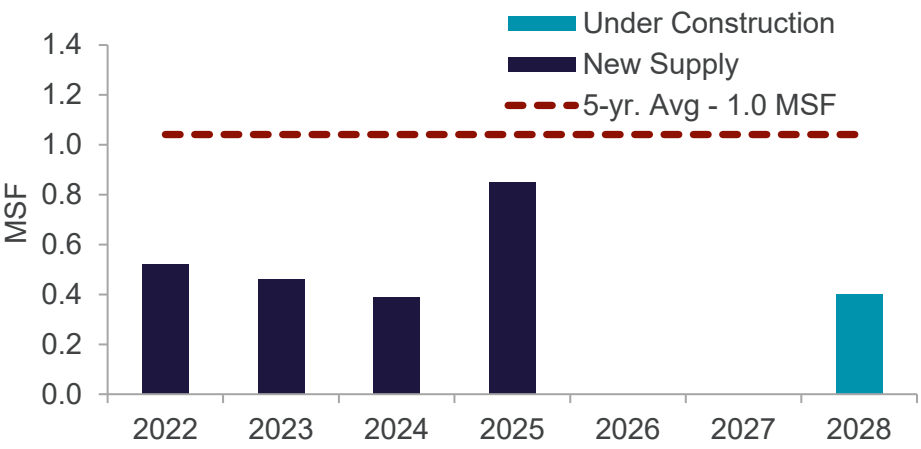
OVERALL VACANCY & ASKING RENT



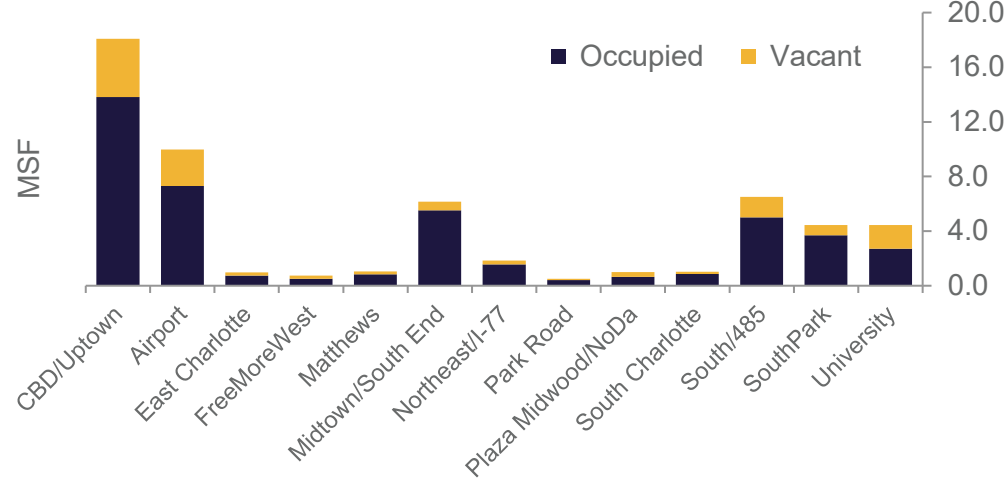
ASKING RENT COMPARISON



NEW SUPPLY



SUBMARKET COMPARISON



SUPPLY

Overall vacancy declined 80 basis points (bps) quarter-over-quarter (QOQ) and 250 bps YOY to 23.1%, extending the market’s recovery from its 25.9% peak in Q2 2025. Occupancy gains from leasing in previous quarters contributed to the decline as tenants completed their buildouts and occupied their spaces. The urban core submarkets recorded a three-year-low as vacancy declined to 20.2% overall, a 70-bp drop QOQ. The vacant supply of Charlotte’s trophy space, the top-tier assets comprising 15.2% of market inventory, continued to shrink further as it fell to just 3.9% in Q3, a 630-bp drop YOY, further limiting the available options in Charlotte’s premier offerings.

Two build-to-suit projects for AmWins and TowneBank began site work in SouthPark during Q3, ahead of anticipated vertical construction. Together, the projects will include 100,500 sf of additional space available for lease across multiple floors. While only one project is currently under construction, strong preleasing and demand for the newest assets are anticipated to move speculative projects forward even as headwinds from rising interest rates increase financing costs for developers.

PRICING

Average asking rental rates increased 0.5% QOQ to \$35.45 per square foot (psf), while Class A rates rose by 1.3% to \$39.55 psf. Tight trophy availability in Charlotte’s urban core continued to push asking rents higher, reaching record of \$64.44 psf and commanding a 50.2% premium over other Class A assets in the urban core. As trophy vacancy is anticipated to shrink further, demand may shift toward other Class A buildings, supporting additional rent growth.

INVESTMENT SALES

Office sales activity was unabated in Q3 despite elevated vacancy higher financing costs. The largest transaction of the quarter was Beacon Partners’ \$97.1M sale of The Station at LoSo, a two-building Midtown/South End portfolio developed in 2023 and 2024 to Corebridge Real Estate Investors and Crestlight Capital. The mixed-use project was 96.0% leased upon sale and provides strong retail activation and lite rail connectivity. Other notable transactions included Investicore’s \$64.0M purchase of ThExchange, a 13-building Class B suburban office portfolio in the Airport submarket and Atrium Health’s \$24.5M owner-user acquisition of the fully vacant Escent Research Park in the University submarket.

OUTLOOK

- Demand is anticipated to shift towards vintage Class A and Class B product as limited availability and fewer large-block options within Charlotte’s trophy inventory push tenants to consider alternative space.
- Vacancy is expected to decline further as minimal new construction and the conversion or demolition of obsolete properties reduce available office inventory.
- Record trophy asking rents are anticipated to support asking rate growth across the broader market as demand shifts toward more accessible alternatives.

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
CBD/Uptown Totals	18,073,041	4,034,674	216,624	23.5%	150,349	236,561	886,014	0	\$38.51	\$43.15
Airport	9,966,416	1,475,877	1,183,352	26.7%	38,002	110,099	444,722	0	\$28.36	\$28.21
East Charlotte	976,024	221,910	10,401	23.8%	3,832	9,945	6,772	0	\$21.20	-
FreeMoreWest	745,500	248,129	0	33.3%	34,503	7,692	57,931	0	\$44.47	\$44.47
Matthews	1,037,884	205,115	0	19.8%	-1,503	-12,249	19,273	0	\$23.50	-
Midtown/South End	6,164,327	623,840	15,509	10.4%	13,483	185,853	258,088	400,000	\$47.00	\$48.51
Northeast/I-77	1,844,253	252,540	24,254	15.0%	-16,511	21,379	86,394	0	\$30.29	\$30.88
Park Road	506,133	80,183	1,776	16.2%	844	31,085	66,343	0	\$35.79	\$36.08
Plaza Midwood/NoDa	994,504	339,421	18,331	36.0%	9,269	4,012	37,068	0	\$46.49	\$46.49
South Charlotte	1,025,903	176,141	0	17.2%	153	25,005	116,945	0	\$29.80	\$30.36
South/485	6,507,341	1,418,070	88,763	23.2%	22,741	-59,825	314,542	0	\$40.76	\$47.09
SouthPark	4,436,509	691,498	40,395	16.5%	37,350	48,862	389,389	0	\$41.05	\$49.49
University	4,438,255	1,593,401	136,277	39.0%	56,826	29,328	36,855	0	\$26.65	\$26.91
Suburban Totals	38,643,049	7,326,125	1,519,058	22.9%	198,989	401,186	1,834,322	400,000	\$33.36	\$36.96
CHARLOTTE TOTALS	56,716,090	11,360,799	1,735,682	23.1%	349,338	637,747	2,720,336	400,000	\$35.45	\$39.55

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Savona Mill	FreeMoreWest	Huber Engineered Woods	51,428	New Lease
Ballantyne Three	South/485	Amerit Fleet Solutions, Inc.	43,736	Sublease
Crawford Building	South/485	Lincoln Financial	42,130	Renewal*
1431 West Morehead	Midtown/South End	Confidential	29,802	New Lease
McAlpines Centre	Matthews	Charlotte Works	25,901	Renewal*
Carmel Park II	South Charlotte	McKim & Creed	20,935	New Lease
Harris Building	South/485	Undisclosed	20,329	New Lease

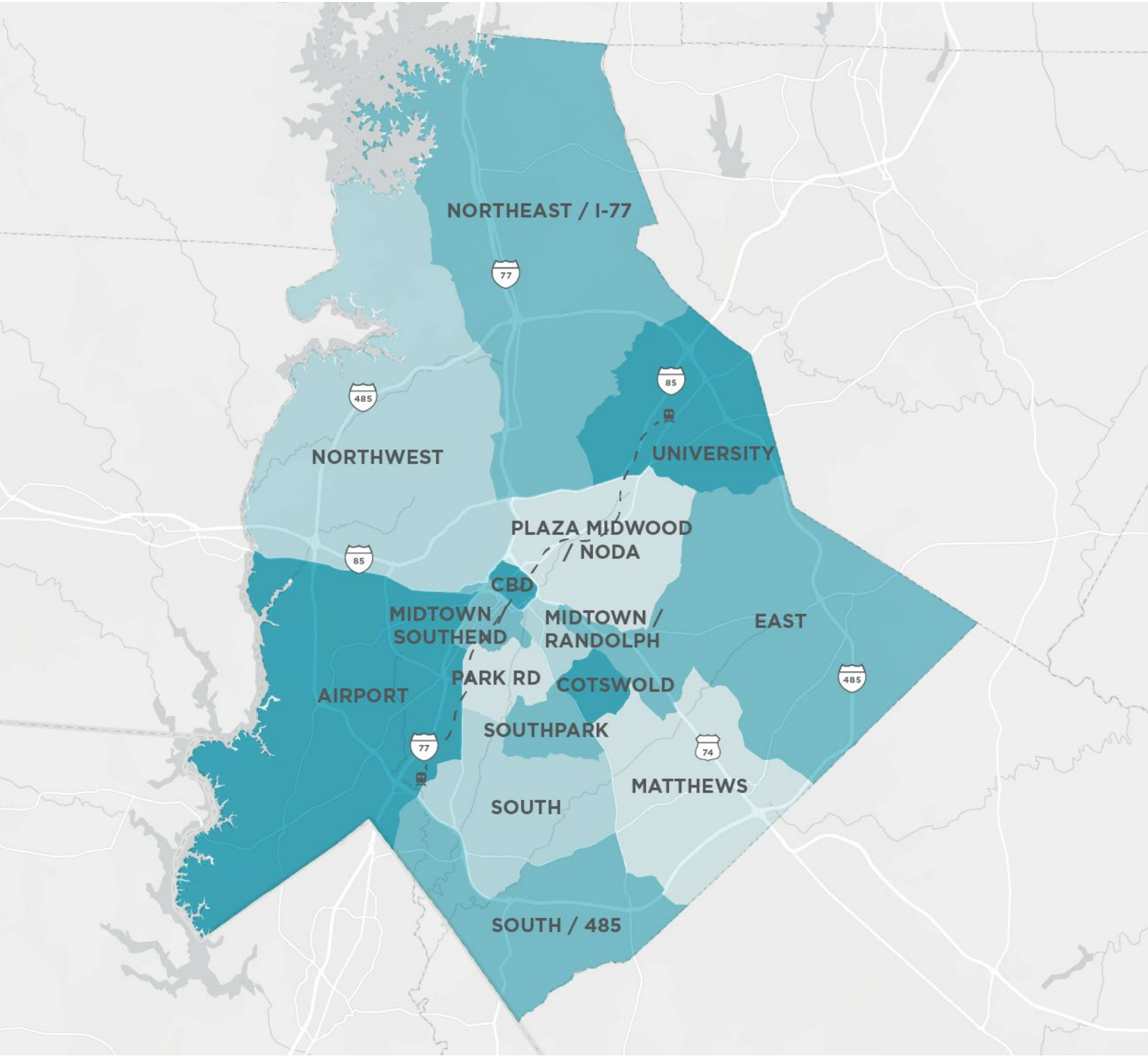
*Renewals not included in leasing statistics

TROPHY ASSET* STATISTICS YOY COMPARISON

QUARTER	INVENTORY (SF)	OVERALL VACANCY RATE	OVERALL ASKING RENTS	YTD OVERALL NET ABSORPTION (SF)	YTD NEW LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	YTD COMPLETIONS (SF)
Q3 2025	8,520,416	10.2%	\$55.29	449,288	396,750	400,000	704,063
Q3 2026	8,520,416	3.9%	\$64.44	383,371	196,196	400,000	0

*Trophy Assets: top-tier properties representing 15.2% of Charlotte office inventory

OFFICE SUBMARKETS



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