

# Charlotte

Office market snapshot | Q4 2023

In the fourth quarter of 2023, office sales volume continued to decline, recording the lowest period of investment volume in two decades. The city's diversified economy and affordable cost of living attracted businesses, and despite concerns of potential oversupply and work from home trends, the market demonstrated resilience and catered to the needs of an increasingly remote and hybrid workforce.

## 1.98msf

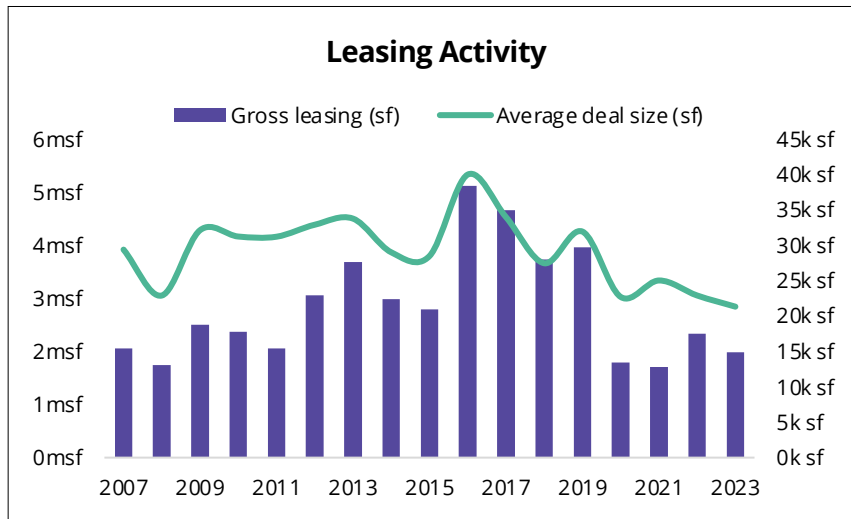
Leasing activity in 2023 fell shy of 2022 levels, but surpassed leasing in 2020 & 2021, while average deal size has leveled out around 20k sf.

## 24.5%

Direct and sublease availability has risen 30 bps since last quarter, as nearly 100k sf of available sublease space has come to market in Q4.

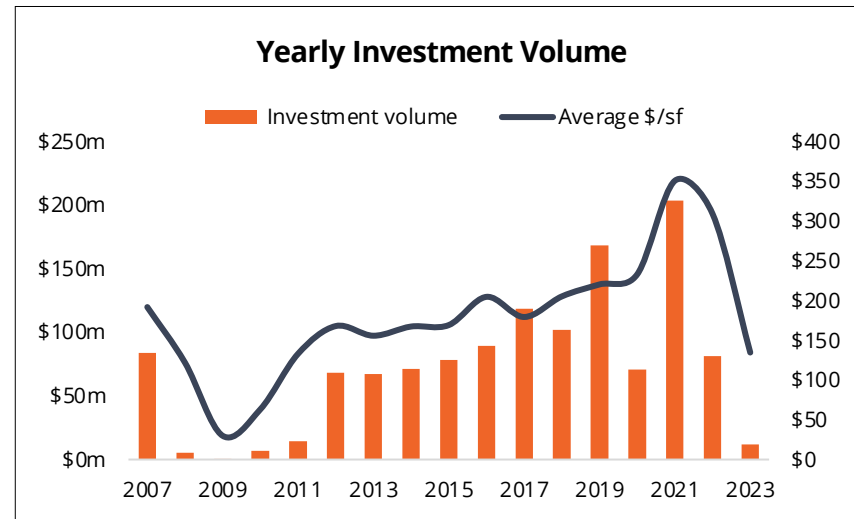
## \$120.6m

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



Leasing volume rose to outpace 2020 & 2021 levels, while average deal size is hovering around 20k sf, the lowest average deal size in 20 years. About 3.2msf of sublet space remains available and several large blocks are vacant in both urban and suburban submarkets.

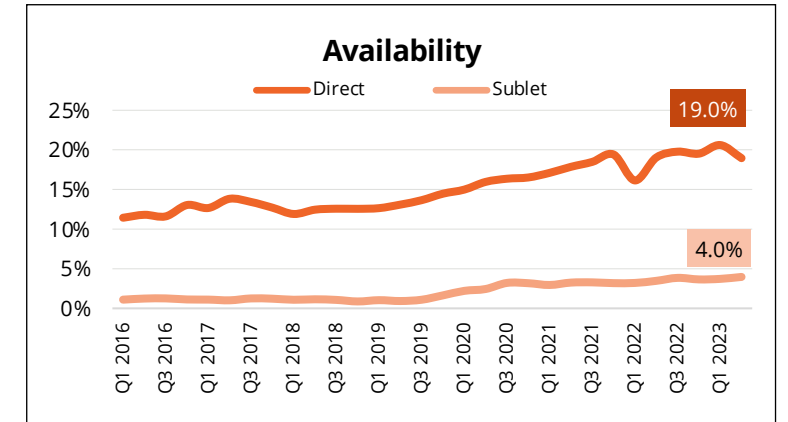
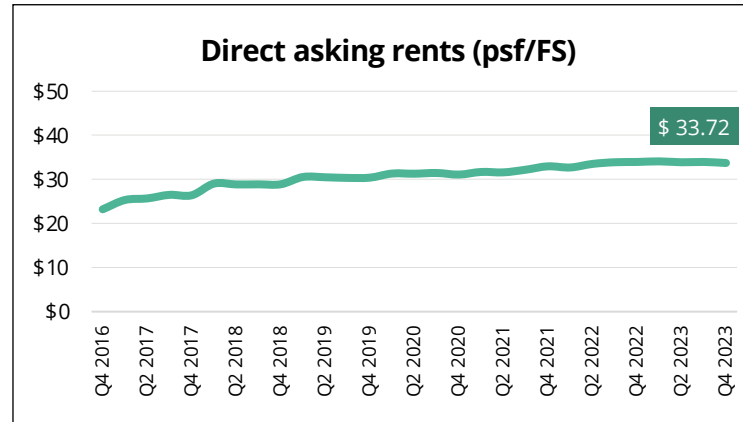
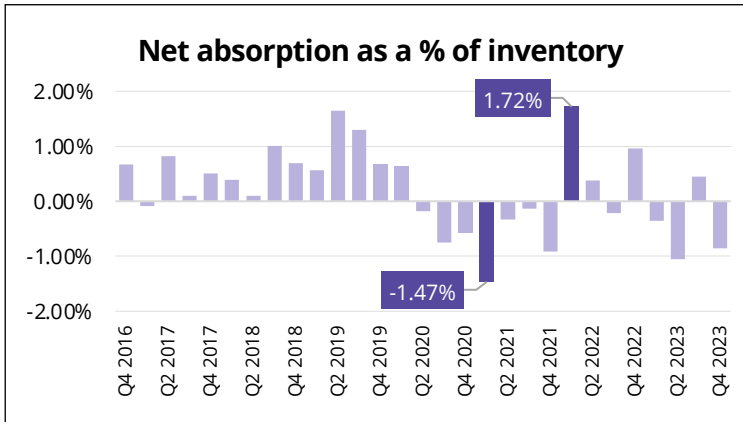
Source: AVANT by Avison Young, CoStar



Office sales volume has fallen considerably heading into 2024, as rising interest rates tightened lending standards and banks remain skeptical of office user prospects in the near-term. Sales volume decreased 86% year-over-year in 2023, closing a total of \$120.6m trailing 12-months.

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### Recent leasing activity

Tenant	Address	Size (sf)	Transaction type	Lease type
TTX Company	2151 Hawkins St	68,906	Direct	New
Orano Group	10101 David Taylor Dr	31,202	Direct	New
SERC Reliability Corp	13320 Ballantyne Corp Pl	28,525	Direct	New
BNI Global	3430 Toringdon Way	25,375	Direct	New

### Recent sales activity

Buyer	Address	Sale price	\$/sf	Seller
Perkins Fund	2118 Water Ridge Pky	\$15,000,000	\$139	AEW Capital
Terwilliger Pappas	11301 Carmel Commons Blvd	\$10,980,000	\$151	Quarry Capital
Souder Properties	534 River Crossing Dr	\$4,000,000	\$66	Auto-Owners Ins
Skyla Credit Union	728 Central Ave	\$3,000,000	\$580	Private

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## Get in touch

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	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct availability	Sublet availability	Total availability	Total availability change (YoY)	Net absorption % of inventory (QTD)	Net absorption % of inventory (YTD)	Annual direct asking rent psf FS
CBD	24,542,816	-	504,000	20.5%	2.3%	22.8%	8.1%	(82,135)	(5.0%)	\$39.66
Midtown/South End	7,337,636	340,120	393,000	14.9%	1.1%	16.0%	(1.5%)	89,270	5.5%	\$40.39
Plaza Midwood/Noda	1,662,875	86,000	210,000	35.6%	0.0%	35.6%	(1.5%)	19,072	8.8%	\$32.12
<b>Urban Subtotal</b>	<b>33,543,327</b>	<b>426,120</b>	<b>1,107,000</b>	<b>20.0%</b>	<b>1.9%</b>	<b>21.9%</b>	<b>5.5%</b>	<b>26,207</b>	<b>-2.0%</b>	<b>\$39.32</b>
Airport	11,235,508	190,000	-	19.5%	8.3%	27.8%	3.7%	(199,094)	(1.5%)	\$29.19
East Charlotte	1,807,987	-	106,000	17.0%	0.0%	17.0%	3.2%	4,180	2.4%	\$23.87
North Charlotte	4,323,459	262,000	26,759	21.5%	0.0%	21.5%	(3.6%)	27,517	6.0%	\$30.98
Park Road	845,731	-	-	23.6%	1.9%	24.5%	(6.6%)	(65,535)	8.7%	\$32.35
South Carolina	3,471,336	-	-	17.4%	15.6%	33.0%	9.5%	(15,491)	(7.7%)	\$31.09
South Charlotte	1,713,671	-	-	11.5%	0.2%	11.7%	2.7%	(426)	(0.2%)	\$29.08
South/485	6,327,308	-	-	27.0%	4.4%	31.4%	7.0%	(57,551)	(3.9%)	\$39.35
Southeast Charlotte	1,097,404	-	-	10.2%	0.3%	10.5%	(8.9%)	932	2.5%	\$26.32
SouthPark	4,720,223	-	45,357	13.9%	2.8%	16.7%	1.8%	(35,128)	(0.7%)	\$41.50
University	7,145,611	-	-	27.6%	3.5%	31.1%	6.5%	(314,606)	(1.2%)	\$29.11
<b>Suburban Subtotal</b>	<b>42,688,238</b>	<b>452,000</b>	<b>178,116</b>	<b>36.5%</b>	<b>5.1%</b>	<b>25.8%</b>	<b>3.6%</b>	<b>-655,202</b>	<b>-0.9%</b>	<b>\$31.89</b>
<b>Market total</b>	<b>76,231,565</b>	<b>878,120</b>	<b>1,285,116</b>	<b>29.27%</b>	<b>3.68%</b>	<b>24.12%</b>	<b>4.44%</b>	<b>-628,995</b>	<b>-1.10%</b>	<b>\$33.72</b>