MARKETBEAT
CHARLOTTE
OFFICE Q2 2026

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
23.9% Vacancy Rate	▼	▼
299.2K YTD Net Absorption, SF	▲	▲
$35.23 Asking Rent, PSF *(Overall, All Property Classes)*	▲	▲

ECONOMIC INDICATORS*

	YOY Chg	Outlook
1.4M Charlotte Employment	▲	▲
4.0% Charlotte Unemployment Rate	▲	▲
4.2% U.S. Unemployment Rate	–	▲

Source: BLS
** 2026Q2 figures are based on latest available data*

ECONOMY

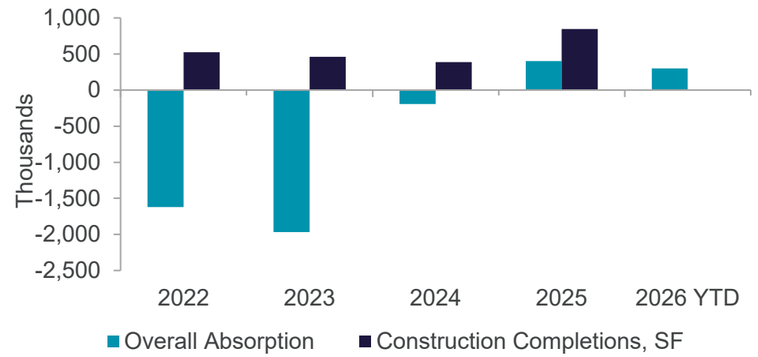
The Charlotte economy maintained strong momentum through the first half of 2026 as net migration supported job growth and the region attracted several major office-using investments. Nonfarm employment grew by 1.3% year-over-year (YOY), adding 17,800 jobs and making Charlotte the seventh-fastest-growing metro over that period among the more than 100 markets tracked by Cushman & Wakefield Research. In a major investment win for Charlotte, SMBC Group, one of Japan's largest banking institutions, announced plans to create 2,000 new jobs and invest $50.5M to establish its second U.S. headquarters. The announcement has already translated into new leasing in Q2.

DEMAND

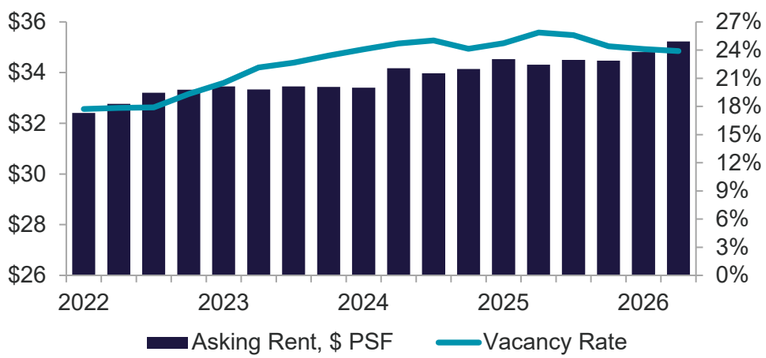
Charlotte's office market recovery continued through Q2 as several large leases sustained healthy demand. New leasing activity totaled 931,625 square feet (sf) in Q2, bringing the 12-month trailing total to more than 4.5 million square feet (msf), demonstrating an uptick in recent leasing. Financial institutions continued to drive deal volume, representing 54.8% of quarterly new leasing activity. Notably, Capital Group and SMBC, both of which recently announced significant economic investments in the region, accounted for a combined 389,683 sf of new leases. First Citizens Bank also expanded its Central Business District (CBD)/Uptown footprint by 40,072 sf. These leases reinforced CBD/Uptown's position as Charlotte's premier office submarket, which accounted for 53.5% of all new leasing volume in Q2 as tenants increasingly pursued vintage Class A space amid dwindling availability in trophy assets.

Occupancy gains totaled 127,353 sf in Q2, bringing the year-to-date (YTD) figure to nearly 300,000 sf and marking the fourth consecutive quarter of absorption gains. Tenants continued to gravitate towards high-quality space, with Class A absorption measuring 118,855 sf in Q2 and 270,802 sf YTD. Notable move-ins in Q2 included SouthState Bank and Aon, which combined to occupy more than 53,000 sf at 110 East in the Midtown/South End submarket. Schweitzer Engineering and United Infrastructure also occupied more than 52,000 sf in Four Coliseum Centre in the Airport submarket while Pike Electric occupied nearly 51,000 sf in the CBD/Uptown submarket. With several recently signed leases still awaiting occupancy, positive absorption is expected to continue, supporting further declines in vacancy.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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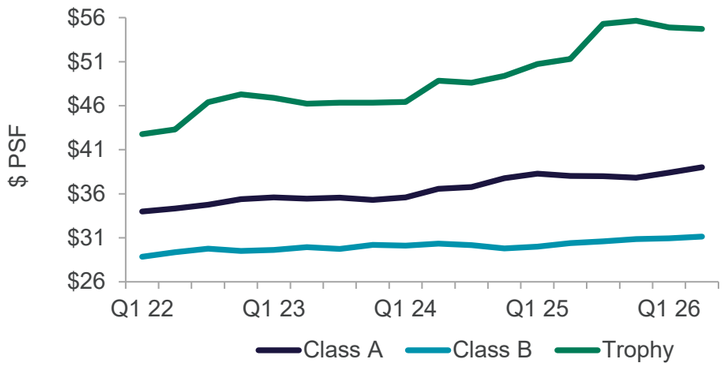
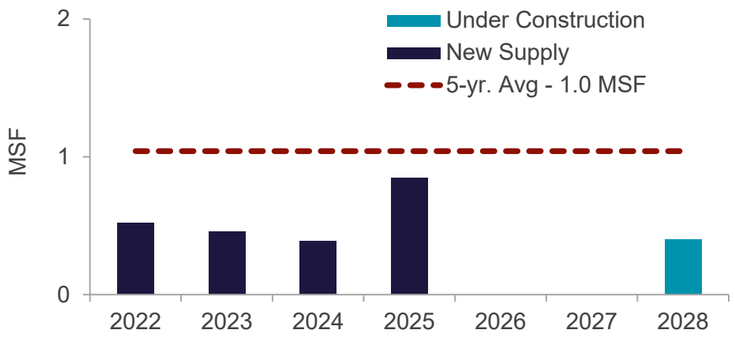
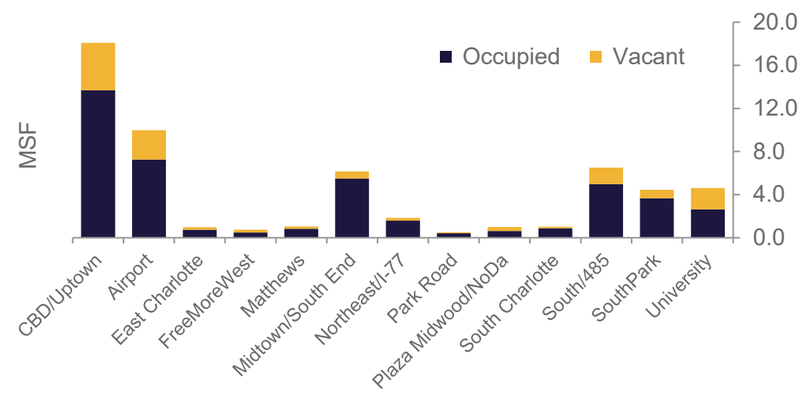
ASKING RENT COMPARISON



NEW SUPPLY



SUBMARKET COMPARISON



SUPPLY

Overall vacancy fell for the fourth consecutive quarter, decreasing by 30 basis points (bps) quarter-over-quarter (QOQ) to 23.9%, down 200 bps YOY, extending the market's recovery from its historic high of 25.9% in Q2 2025. Class A vacancy mirrored the broader market, declining 30 bps QOQ and 140 bps YOY as flight-to-quality persisted. Trophy assets, representing 15.2% of the inventory and the highest quality office space in the Metro, posted a vacancy rate of just 5.3% in Q2 and is expected to tighten further as tenants occupy recently leased space. Vacancy improvements were broad-based, with 11 of the 13 submarkets recording YOY declines. Urban core submarkets like Midtown/South End have benefited from leasing of trophy assets, as vacancy fell by 530 bps YOY to 10.7% overall, driven largely by tenants at 110 East who began to occupy space. Suburban submarkets with a high concentration of Class A space like South/485 and South Park have also recorded significant annual declines, with vacancy falling by 510 bps and 160 bps respectively. Limited new supply and heightened demand are expected to support further vacancy improvements through year-end, especially among well-positioned Class A assets.

The office development pipeline was unchanged QOQ with no new groundbreakings recorded and Queensbridge Collective remaining the only active project under construction. Although leasing momentum has improved, developers are likely to require substantial preleasing before advancing new projects as elevated construction costs and asking rates continue to constrain speculative development.

RENTAL RATES

Average asking rental rates increased 1.2% QOQ to $35.23 per square foot (psf) as an uptick in leasing activity and continued flight-to-quality drove rates. Class A rents rose an even steeper 1.6% QOQ to $39.01 psf. Trophy asking rents reached $54.71 psf, jumping 6.7% YOY, with rates reaching the $70.00-psf range in the newest product, as limited availability continued to constrain supply within the market's highest-quality buildings. With trophy availability remaining limited, landlords of other well-located Class A properties are expected to gain additional pricing power as tenants compete for a shrinking pool of high-quality space.

INVESTMENT SALES

The most notable sale of the quarter was for Two Wells Fargo in the CBD/Uptown for $36.5M: Riverside Investment & Development and Singerman Real Estate acquired the 3.4 acre site, a full city block that contains two office towers, an atrium and a 570-space parking garage for a mixed-use redevelopment that will reduce and renovate the office component down to 250,000 sf while introducing multifamily, retail, and hospitality uses. The remainder of Q2 investment activity was in the suburbs. In the Airport submarket, Onward Investors acquired two portfolios (Three, Five, and Six Coliseum Centre and LakePointe Corporate Center III and V) for a combined $77.0M, while Hilltide Capital purchased 1515 Montford for $22.8M from Grubb Properties in the Park Road submarket. Together, the suburban acquisitions averaged 80.0% occupancy, reflecting investor confidence in well-leased suburban assets.

OUTLOOK

- Robust leasing volume over recent quarters is anticipated to translate into strong occupancy gains as recently signed tenants take occupancy in the coming quarters, outweighing expected tenant move-outs.
- As trophy availability remains constrained, demand is expected to continue shifting towards other Class A and more vintage assets, contributing to further vacancy declines.
- Pricing is expected to continue increasing as Class A assets establish the market's pricing benchmark, supporting rent growth across other competitive properties.

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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	4,179,751	216,624	24.3%	15,753	90,663	802,220	0	$38.34	$42.81
Airport	9,966,416	1,529,409	1,174,921	27.1%	61,338	66,047	350,417	0	$28.18	$28.22
East Charlotte	976,024	225,518	10,401	24.2%	1,231	6,337	4,325	0	$21.25	-
FreeMoreWest	745,500	265,179	0	35.6%	-4,432	-6,462	4,219	0	$42.81	$42.81
Matthews	1,037,884	203,612	0	19.6%	1,019	-10,746	14,481	0	$22.97	-
Midtown/South End	6,163,043	646,011	15,509	10.7%	-492	163,607	180,446	400,000	$46.15	$47.16
Northeast/I-77	1,835,783	234,340	24,254	14.1%	6,595	37,890	57,436	0	$29.84	$30.30
Park Road	506,133	83,004	0	16.4%	22,226	30,241	47,414	0	$34.84	$35.00
Plaza Midwood/NoDa	994,504	337,822	29,199	36.9%	-8,558	-5,257	17,730	0	$46.34	$46.34
South Charlotte	1,025,903	154,799	0	15.1%	11,725	44,140	54,742	0	$28.91	$29.56
South/485	6,507,872	1,449,291	86,423	23.6%	29,101	-90,465	161,199	0	$40.59	$46.98
SouthPark	4,436,509	718,497	54,454	17.4%	-19,401	7,110	336,259	0	$40.45	$48.71
University	4,598,546	1,808,148	144,271	42.5%	11,248	-33,926	17,501	0	$26.99	$28.36
Suburban Totals	38,794,117	7,655,630	1,539,432	23.7%	111,600	208,516	1,246,169	400,000	$33.25	$36.54
CHARLOTTE TOTALS	**56,867,158**	**11,835,381**	**1,756,056**	**23.9%**	**127,353**	**299,179**	**2,048,389**	**400,000**	**$35.23**	**$39.01**

**Rental rates reflect full service asking*

KEY LEASE TRANSACTIONS Q2 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
One Independence Center	CBD/Uptown	Capital Group	196,940	New Lease
301 South College	CBD/Uptown	SMBC	192,743	New Lease
First Citizens Bank	CBD/Uptown	TEKsystems	57,552	Renewal*
First Citizens Bank	CBD/Uptown	First Citizens Bank	40,072	Expansion
Gragg Building	South/485	CitiGroup	31,105	Expansion
First Citizens Bank	CBD/Uptown	Federal Public Defenders	25,750	New Lease
Whitehall Corporate Center VI	Airport	Sundt Construction	23,517	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)
Q2 2025	8,632,103	11.1%	$51.29	374,172	267,241	0	704,063
Q2 2026	8,632,103	5.4%	$54.71	287,023	149,779	400,000	0

**Trophy Assets represent the top-tier of Charlotte office inventory*

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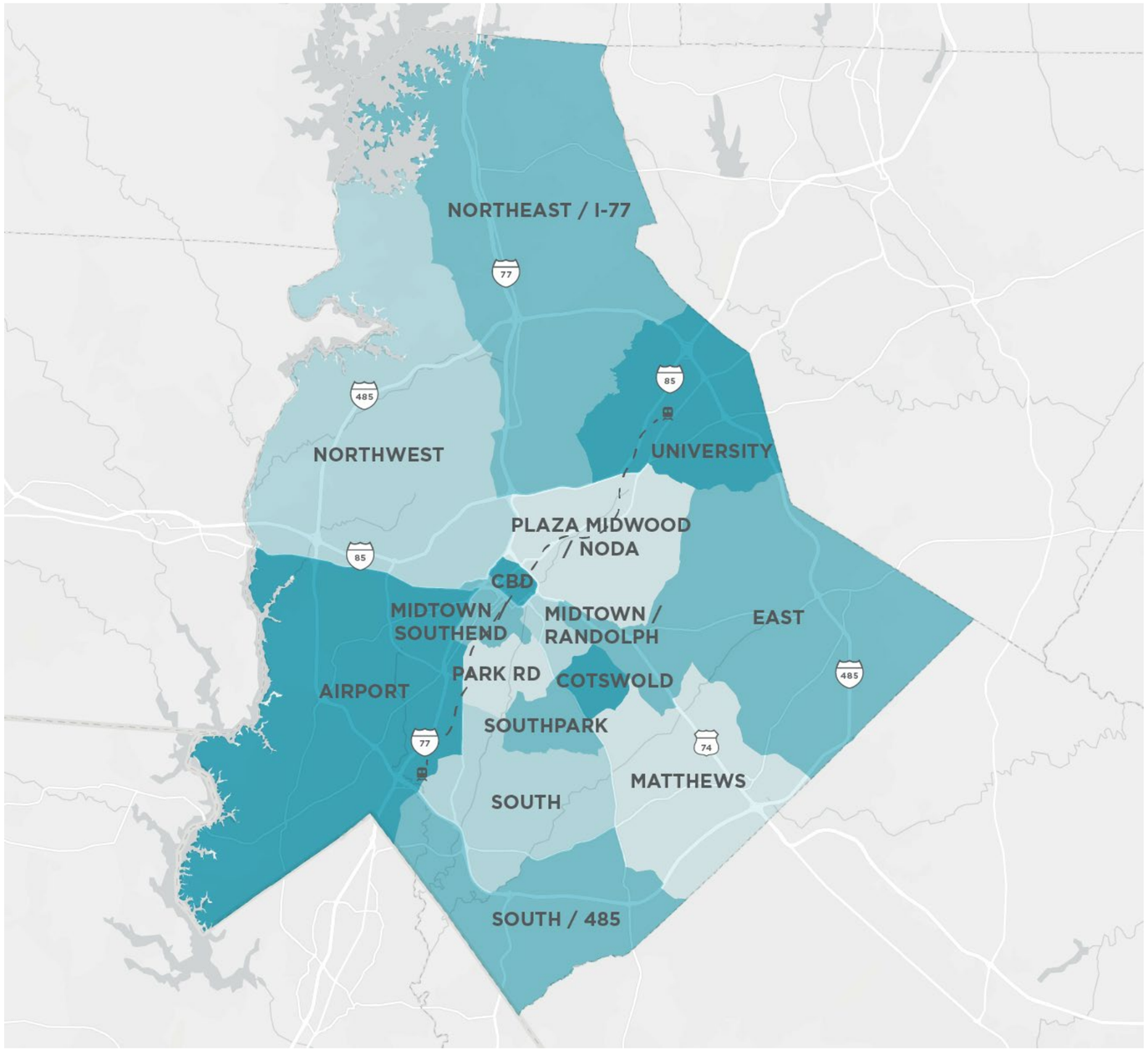
OFFICE SUBMARKETS



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