



Charlotte

- Charlotte's office market gained momentum in Q3 2026, with absorption broadening across both urban and suburban submarkets, pointing to a wider demand recovery.
- Quality and location continue to drive performance, with well-positioned assets tightening while older, undifferentiated properties face sustained pressure in a bifurcated market.
- A constrained development pipeline is limiting new supply options, positioning upgraded existing buildings to capture near-term demand as available space continues to shrink.

Charlotte's office market posted its strongest quarter of 2026 in Q3, with total absorption of 454,723 s.f., pushing year-to-date absorption to 511,356 s.f. Total available space has fallen by approximately 1.9 million s.f. year-to-date, from 15.4 million s.f. at year-end 2025 to 13.5 million s.f. today. Total vacancy fell to 18.5%, its lowest level since 2022, and the overall direct asking rent reached \$38.09 p.s.f., a 10.7% increase over Q3 2025.

The flight-to-quality dynamic continues to sharpen. Class A vacancy stood at 19.8% with direct asking rents at \$41.02 p.s.f., while Class B vacancy remained elevated at 21.4%. Midtown/South End vacancy compressed to just 7.8% with direct rents at \$47.15 p.s.f., while Uptown — bolstered by the delivery of the renovated 301 S Tryon — saw vacancy edge down to 20.2% and rents rise to \$41.56 p.s.f.. Demand also broadened geographically — Suburban Charlotte led the quarter's gains, with Airport, Ballantyne and SouthPark among the top contributors, and Q3's largest new lease, Huber Engineered Woods' 51,428-s.f. commitment in FreeMoreWest, underscoring activity beyond the core. Leasing velocity reached 327,627 s.f. across 44 deals.

The only project under construction remains the 400,000-s.f. Queensbridge Collective in Midtown/South End, 85.4% preleased ahead of its 2028 delivery. With limited new supply, well-located and upgraded existing buildings are capturing demand in the interim. Total availability stood at 20.1%, down from a peak of 25.8% in late 2024.

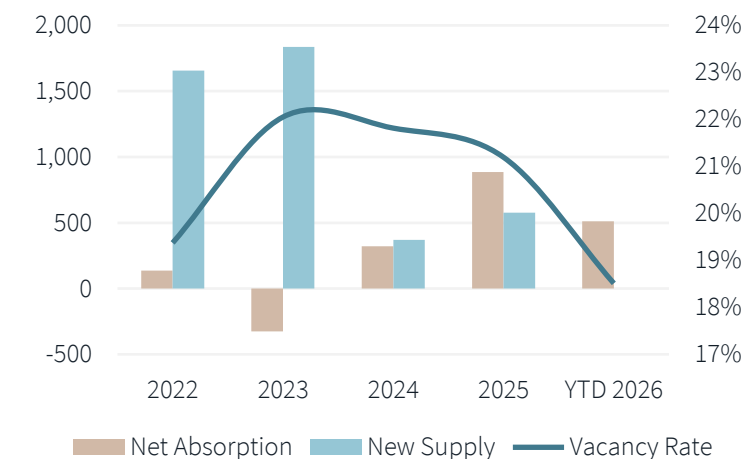
Outlook

Vacancy is forecast to continue declining and direct rents are projected to trend upward, supported by limited new supply and sustained tenant preference for quality space. Class B assets will face ongoing pressure as the quality gap widens, though well-located or renovated product may find traction with cost-conscious occupiers. The market's trajectory increasingly reflects a bifurcation between nodes of genuine scarcity and a longer tail of secondary supply where owners will need to remain competitive on pricing and concessions.

Fundamentals		Forecast
YTD net absorption	511,356 s.f.	↑
Total vacancy	18.5%	↓
Class A direct asking rent	\$41.63 p.s.f.	↑
Overall direct asking rent	\$38.09 p.s.f.	↑
Concessions	Stable	→
Under development	400,000 s.f.	→
Preleased	85.4%	→

Historical supply and demand trends

s.f. (thousands)



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