Urban prime drives leasing activity while available space becomes scarce

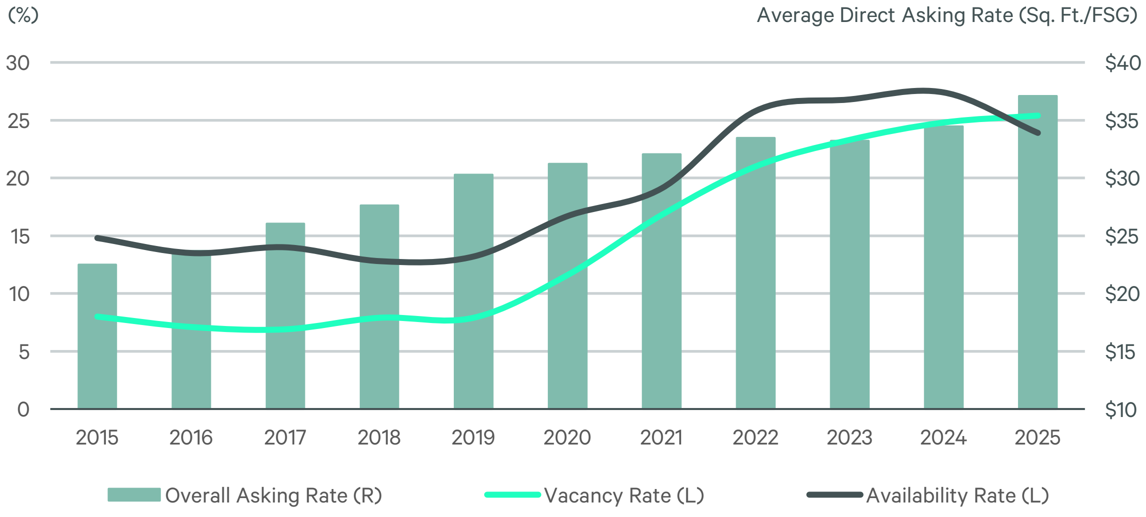
▼25.4%	▲511k	▲$37.10	▲$52.44	▲401k
Total Vacancy Rate	Sq. Ft. Total Net Absorption	Overall FSG / Direct Asking Rate	Prime FSG / Direct Asking Rate	Sq. Ft. Under Construction

Note: Arrows indicate change from previous quarter.

Key Takeaways

- The market recorded a total vacancy rate of 25.4% in Q4 2025, reflecting a 75-basis point (bps) decrease quarter-over-quarter. Class A vacancy fell 91 bps to 23.4%, supported by stronger absorption in prime assets, totaling 510,627 sq. ft. during the quarter. This brings year-to-date absorption to 277,189 sq. ft., a 327% increase from the prior year.
- Leasing activity remained elevated, with 5.2 million sq. ft. transacted in 2025, including 3.9 million sq. ft. of new leases or expansions. Notable commitments this quarter included Scout Motors' 143,903 sq. ft. lease at Commonwealth in North End and American Express' 90,816 sq. ft. lease at Legacy Union Phase IV.
- Prime direct asking rents increased 8.8% increase year-over-year, with double-digit rent growth in the urban core supported by consistent large-block leasing activity in 2025.
- Construction volume increased at Queensbridge Collective, where the office footprint expanded by two floors, bringing the total space under construction to 401,000 sq. ft. Nearly 70% of year-to-date deliveries were pre-leased, signaling strong tenant demand for prime and Class A space, despite elevated overall market vacancy levels.

FIGURE 1: Total Vacancy, Availability & Asking Rate



Note: Vacancy exceeds Availability in 2025 due to leased, not yet occupied (vacant not available) space undergoing interior buildout.

Source: CBRE Research Q4 2025

Market Fundamentals

Charlotte's office market posted incremental improvement this quarter, with total vacancy at 25.4%, reflecting a 75-bps decline quarter-over-quarter. Class A vacancy decreased to 23.4% after a 91-bps reduction. Year-to-date net absorption reached 277,189 sq. ft., supported by sustained Class A activity totaling 333,640 sq. ft. Positive absorption was primarily aided by four tenants at One South at the Plaza collectively occupying nearly 75,000 sq. ft. and Traveler's Insurance occupying 66,211 sq. ft. at Hixon Building. In total, 15 buildings reported at least 10,000 sq. ft. of positive movement, with activity led by a diverse mix of tenants, most notably in fin-tech and legal services.

Prime direct asking rents continued to rise at a double-digit pace year-over-year in the urban core submarkets, with select top-tier spaces exceeding $70 per sq. ft., driven by competition for high-quality product. Midtown's average prime direct rate reached $64.24 per sq. ft., with its recent rental rate growth supported by several multi-floor announcements in new construction.

Leasing Trends

Leasing activity remained strong through 2025, totaling 5.2 million sq. ft. total for the year, with 3.9 million sq. ft. attributed to new leases or expansions. When compared to the total market inventory of 62.8 million sf, this represents 6.2% of the market leased through new deals and 8.3% of the market involved in overall leasing activity.

The quarter's activity was led by Scout Motors' 143,903 sq. ft. commitment at Commonwealth in the North End submarket, while the largest lease of 2025 was Moore & Van Allen's takedown of 206k sq. ft. at Queensbridge Collective in Q3.

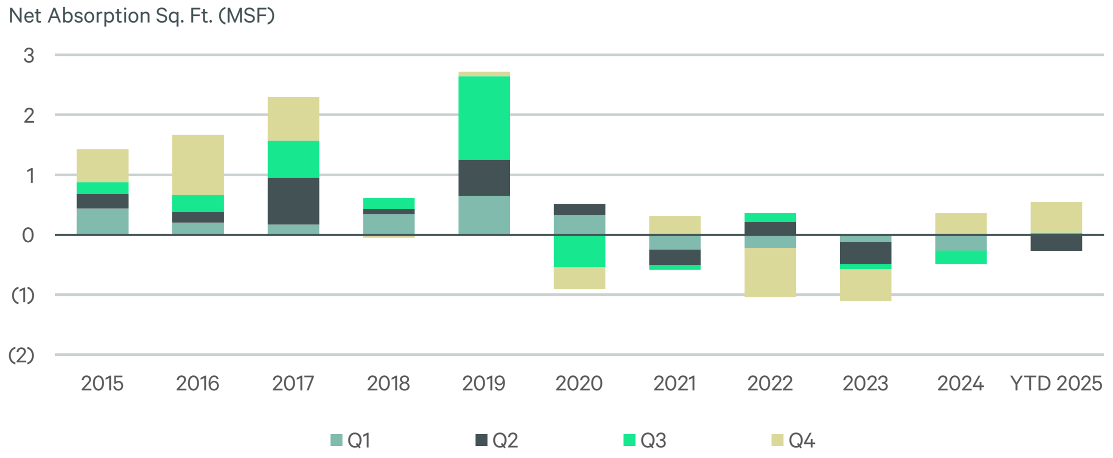
Active tenant demand totals 2.5 million sq. ft., with Financial Services, Legal Services, and Logistics accounting for 1.3 million sq. ft., or 52.0% of the total. Inbound demand continues to position Charlotte competitively on a national scale, with total leasing activity in 2025 rising 72.5% over 2024. Midtown and Uptown submarkets led overall leasing: while South End recorded just above 1 million sq. ft. and Uptown just under 1 million sq. ft., highlighting activity in the core submarkets.

FIGURE 2: Q4 2025 Leasing Activity

Property Name	Submarket	Tenant Name	Size (Sq. Ft.)	Lease Type
Commonwealth	North End	Scout Motors	143,903	New Lease
Legacy Union – Phase IV	Uptown/CBD	American Express	90,816	New Lease
Regions 615	Uptown/CBD	Regions Bank	88,646	Renewal/Expansion
Queensbridge Collective	Midtown	Pacific Life Insurance Co.	68,000	New Lease
Queensbridge Collective	Midtown	Ernst & Young	44,471	New Lease

Source: CBRE Research Q4 2025

FIGURE 3: Historical Net Absorption



Source: CBRE Research Q4 2025

Development & Investment

Investment sales activity this quarter remained steady, highlighted by Highwoods Properties' acquisition of Legacy Union Phase IV, a prime office building in Uptown completed in 2024. The $223 million transaction, equating to $539.82 per sq. ft., was the largest of the quarter and contributed significantly to the overall sales volume of $482 million across 33 transactions in Q4. This brings the year-to-date investment sales volume to $890 million, equating to $232.79 per sq. ft. The buyer pool in 2025 was more evenly spread across private investor, REIT, and institutional groups than in prior years.

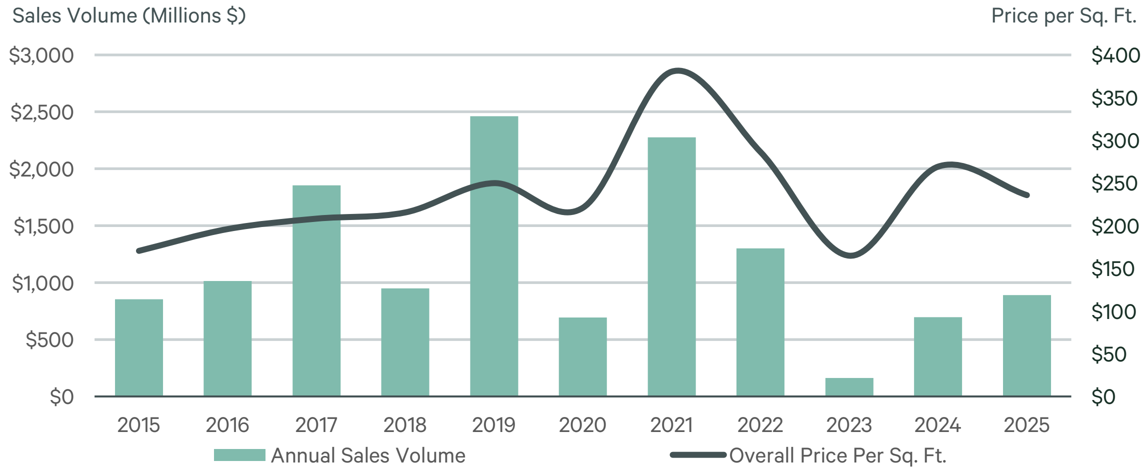
While no new construction projects broke ground, Queensbridge Collective announced an expansion of its office footprint by two floors, pushing the property's total office space to 401,000 sq. ft. and reducing planned multifamily space. No construction projects completed this quarter, though year-to-date deliveries stand at 793,000 sq. ft., with nearly 70% pre-leased. There were no active groundbreakings during the quarter; however, pre-leasing activity for next-up proposed properties in the urban core has commenced. With developers dusting off the proposed pipeline, local experts expect construction starts in 2026, potentially for multiple office developments.

Economic Outlook

Charlotte's metropolitan statistical area, gaining 157 residents daily and anticipating over 8,800 new jobs from company arrivals and expansions, positions the market for further population growth. With only a handful of prime full floors available, demand is expected to drive pre-leasing, new construction, and spillover into Class A space. The notion that a new development project reduced the percentage of multifamily allocation and raised the office allocation is a testament to the strengthening view from the capital markets world that office investments are on the precipice of yielding higher returns than in the recent past.

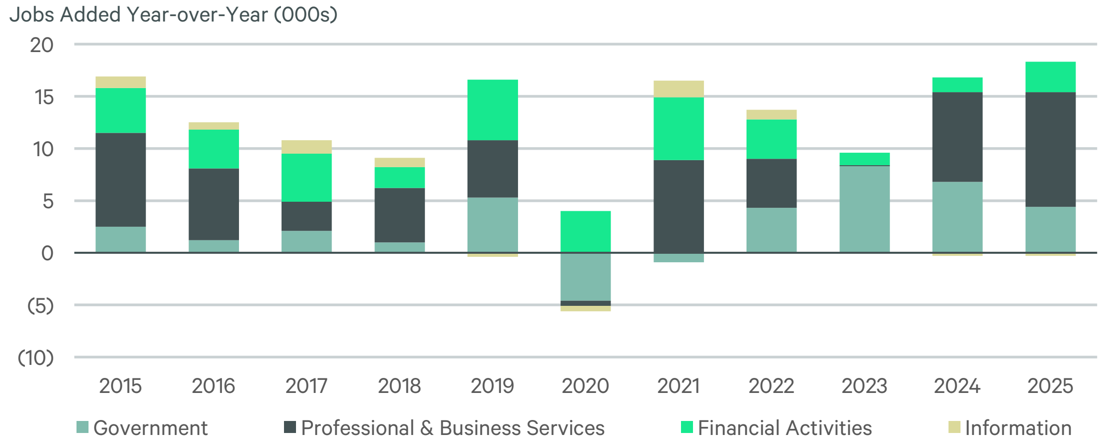
Leasing activity has been distributed across a range of industries this year, with the automotive, fintech, and legal services sectors each securing leases of 50,000 sq. ft. or more. New construction prime asking rents exceed $70 per sq. ft. and are projected to rise 6% annually.

FIGURE 4: Sales Activity



Source: Real Capital Advisors & CBRE Research Q4 2025

FIGURE 5: Office-Using Employment Growth



Source: Bureau of Labor Statistics - November 2025

Market Statistics by Submarket & District

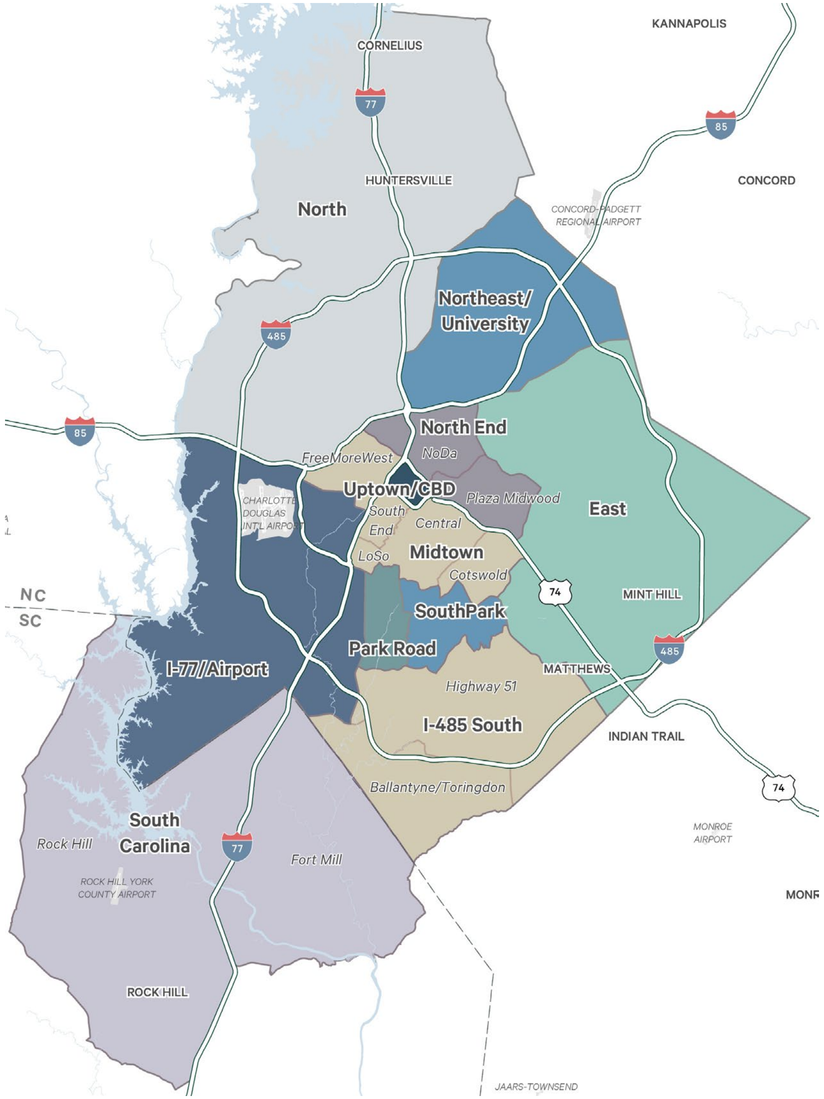
Office Statistics by Submarket	Inventory (Sq. Ft.)	Total Vacancy Rate (%)	Total Availability Rate (%)	Under Construction (Sq. Ft.)	Avg. Lease Rate ($/Sq. Ft./YR FSG)	Q4 Net Absorption (Sq. Ft.)	2025 Net Absorption (Sq. Ft.)
East	1,940,511	27.4	25.3	-	20.82	10,023	(30,275)
I-485 South	7,124,002	25.2	28.7	-	39.40	112,177	228,206
I-77/Airport	9,954,009	30.8	30.1	-	26.82	48,523	(103,585)
Midtown	7,391,881	17.4	14.0	400,720	48.55	143,773	603,010
North	2,012,268	14.3	15.7	-	30.89	12,066	(9,309)
North End	1,280,836	44.7	35.2	-	41.76	534	(9,828)
Northeast/University	4,549,517	39.5	31.9	-	28.41	44,913	(240,855)
Park Road	522,278	20.6	24.6	-	33.09	911	2,971
South Carolina	3,065,876	32.4	31.9		28.98	11,584	(22,038)
SouthPark	4,463,620	18.4	16.7	-	39.87	(9,869)	59,792
Uptown/CBD	20,899,715	23.0	21.7		39.87	135,992	19,723
MARKET TOTAL	**62,844,513**	**25.4%**	**23.9%**	**400,720**	**$37.10**	**510,627**	**277,189**

Office Statistics by Class	Inventory (Sq. Ft.)	Total Vacancy Rate (%)	Total Availability Rate (%)	Under Construction (Sq. Ft.)	Avg. Lease Rate ($/Sq. Ft./YR FSG)	Q4 Net Absorption (Sq. Ft.)	2025 Net Absorption (Sq. Ft.)
Class A	42,848,514	23.4	23.0	400,720	38.57	383,454	333,640
Class B	18,847,819	30.3	26.4	-	28.63	102,345	(48,741)
Class C	1,148,180	18.8	20.0	-	28.01	24,828	(7,710)
MARKET TOTAL	**62,844,519**	**25.4%**	**23.9%**	**400,720**	**$37.10**	**510,627**	**277,189**

Office Statistics: Prime Office Only	Inventory (Sq. Ft.)	Total Vacancy Rate (%)	Total Availability Rate (%)	Under Construction (Sq. Ft.)	Avg. Lease Rate ($/Sq. Ft./YR FSG)	Q4 Net Absorption (Sq. Ft.)	2025 Net Absorption (Sq. Ft.)
Urban	6,275,963	10.3	3.9	400,720	54.77	149,256	561,237
Suburban	809,831	12.1	7.0	-	42.72	7,029	7,029
MARKET TOTAL	**7,085,794**	**10.5%**	**4.2%**	**400,270**	**$52.44**	**156,285**	**568,266**

Source: CBRE Research Q4 2025

Submarket Map



CBRE Offices

South End Charlotte

1120 S Tryon St, Suite 200
Charlotte, NC 28203

Survey Criteria

Includes all office buildings 20,000 square feet and larger, excluding owner-user and medical properties, located in Mecklenburg County and portions of York and Lancaster Counties. Only buildings that have commenced construction, as evidenced by site excavation or foundation work, are included.

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