

A wide-angle photograph of the Charlotte skyline under a bright blue sky with scattered white clouds. The skyline features a variety of skyscrapers, including the Bank of America Corporate Center and the Duke Energy Building. A construction crane is visible on the right side of the skyline.

NEWMARK

Market Overview
Charlotte Office

4Q25

An aerial photograph of a residential neighborhood. The image shows a mix of modern, multi-story apartment buildings with flat roofs and traditional single-family houses with gabled roofs. The area is lush with green trees and well-maintained lawns. A street with parked cars runs through the middle of the neighborhood.

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Market Observations



Economy

- The market's unemployment rate increased by 11 basis points year over year to 3.9%, remaining well below both the metro's five-year average of 4.5% and the national average of 4.4%.
- Annual nonfarm payroll growth in Charlotte has increased, growing to 1.4 million jobs by the end of the September 2025. This represents year over year growth of 2.6%, which is higher than the five-year average of 2.0%.
- Most sectors reported year over year employment growth, with education and healthcare leading job gains at 5.7% and mining and construction close behind at 5.1%.
- The Charlotte metro had a record high 383,850 jobs at the end of September 2025, reflecting a 3.3% increase year over year. Despite a contraction in the information sector, gains in other office-using industries offset this decline.



Leasing Market Fundamentals

- Rental rates increased by 0.5% on a quarterly basis and 1.1% on an annual basis to \$34.39, however rates remain 0.4% lower than the record high reported during the second quarter of 2025.
- With 95,692 SF of net absorption in the fourth quarter of 2025, vacancy edged down to 27.7%, a 17-basis point decrease from the previous quarter.
- The under-construction pipeline surged as Queensbridge Collective broke ground, pushing the pipeline to 597,455 SF, or 1.1% of the market's inventory.
- Total leasing activity in the Charlotte metro increased by 1.4% quarter over quarter and surged 78.8% year over year to 1.4 MSF. Overall, the quarter's activity was 28.3% higher than average fourth quarter leasing volume of 1.1 MSF reported over the past 16 years.



Major Transactions

- Scout Motors signed the largest lease of the fourth quarter of 2025, taking 143,903 SF and establishing its corporate headquarters at Commonwealth. The Volkswagen-backed electric vehicle manufacturer leased the entire office component of 1332 Central Avenue. The office will also support the firm's plant in Blythewood, South Carolina. Upon completion, Scout is expected to employ 1,200 workers at the office and bring \$206.9 million in investment to the region.
- Each of the top five leases signed during the quarter were direct new deals, suggesting that tenants are seizing on current market conditions to secure favorable terms.
- Three of the top five leases were signed by financial institutions, under-scoring Charlotte's reputation as a major financial hub. A notable example can be found with Pacific Life Insurance Company and Ernst & Young, accounting for about 115,000 SF of space, each pre-leasing space at Queensbridge Collective.
- New entries to the market and regional office consolidations were a key driver of demand this quarter, accounting for the fourth quarter's four largest deals.



Outlook

- The Charlotte office market is projected to experience moderate growth over the next several years as the construction pipeline picks up steam, leasing momentum continues to build, and historical levels of vacancy level off and eventually begin to gradually decline.
- Preleasing will continue to be an important consideration in the construction pipeline and future office ground breaks, with financing being available to projects which have attracted leasing activity from tenants looking to trade-up their office space. A notable illustration can be found in Queensbridge Collective, which broke ground during the fourth quarter after securing leases that would fill roughly 90% of the building.
- Vacancy rates ticked down during the fourth quarter to 27.7%. This indicates that although vacancy rates will likely remain elevated in the near-term, they can be expected to flatten out and then gradually decrease as demand catches up with new supply.
- Class A office space is still at a premium, but the gap between class A and B asking rents has narrowed, indicating that pricing power for class A space is softening while demand for class B space is on the rise.

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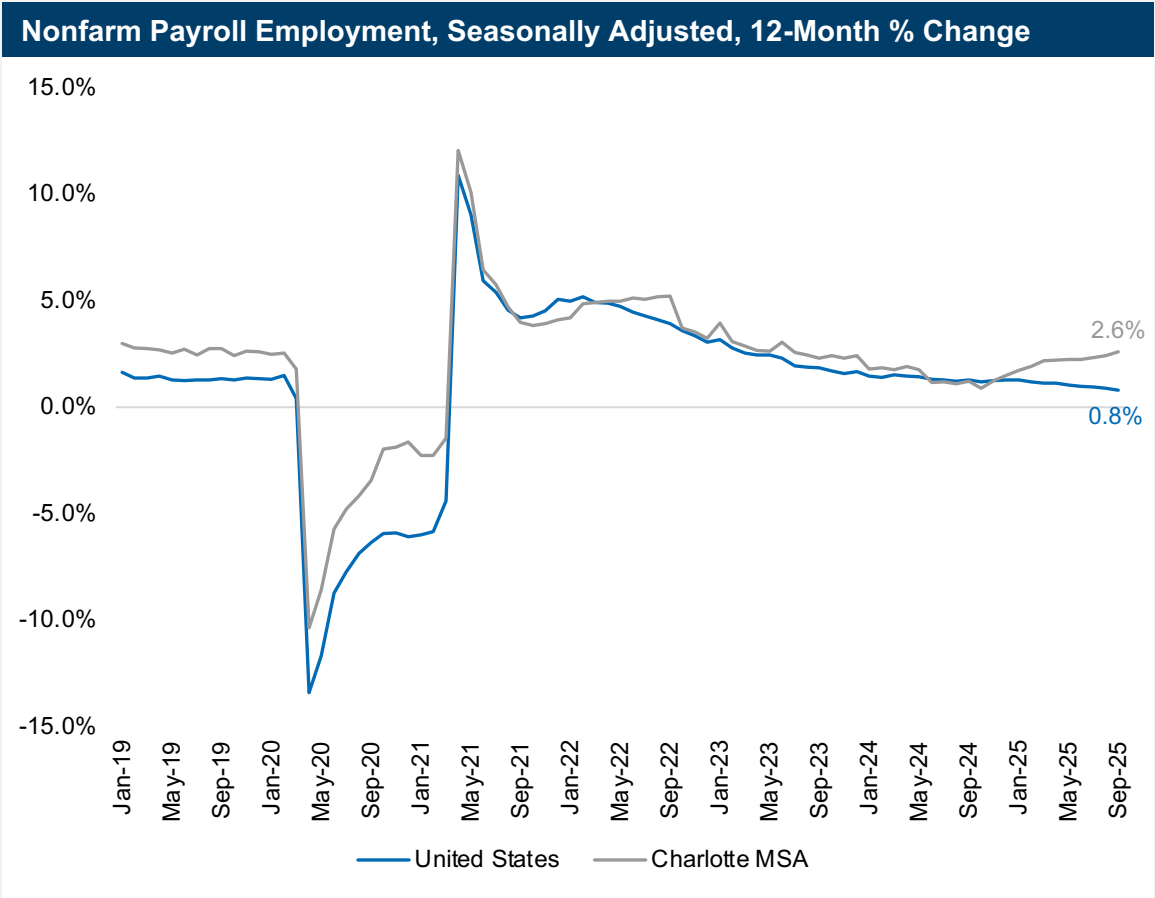
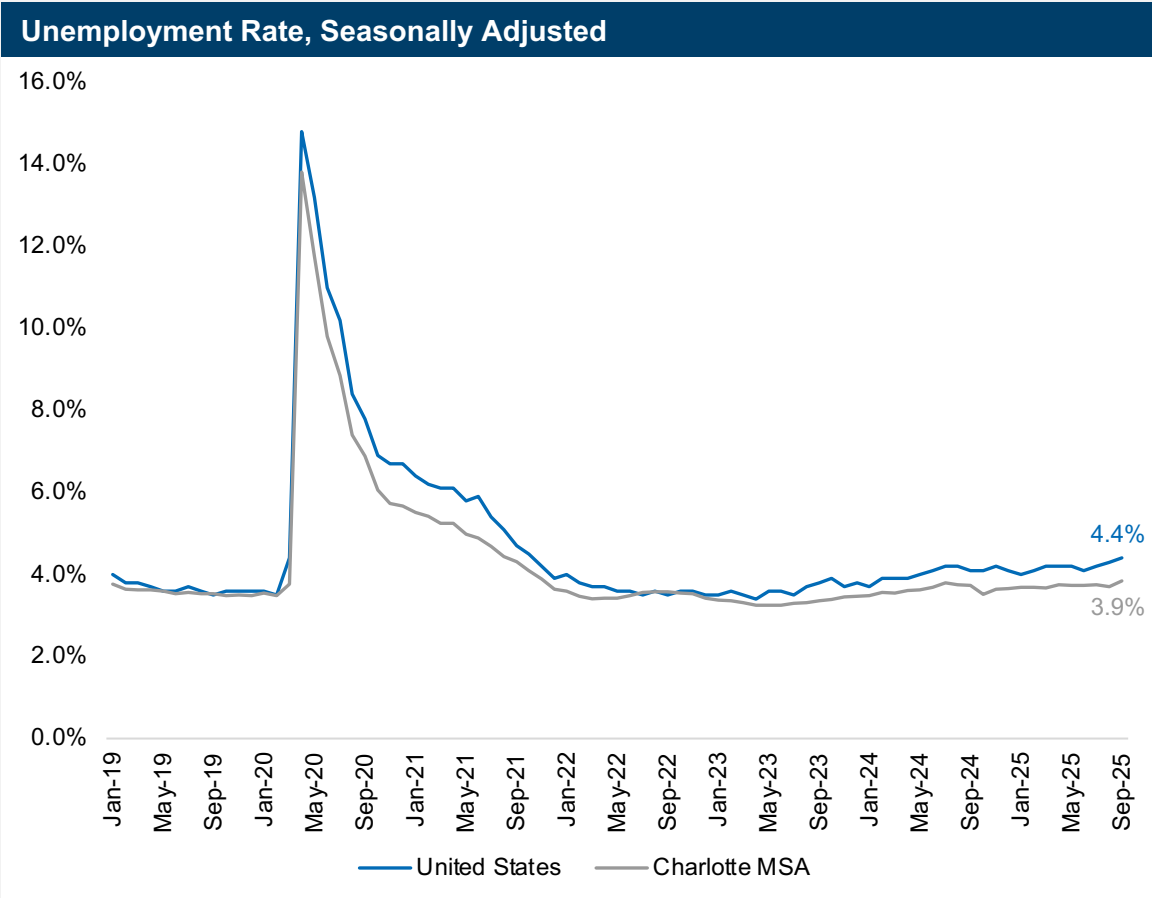
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Economy



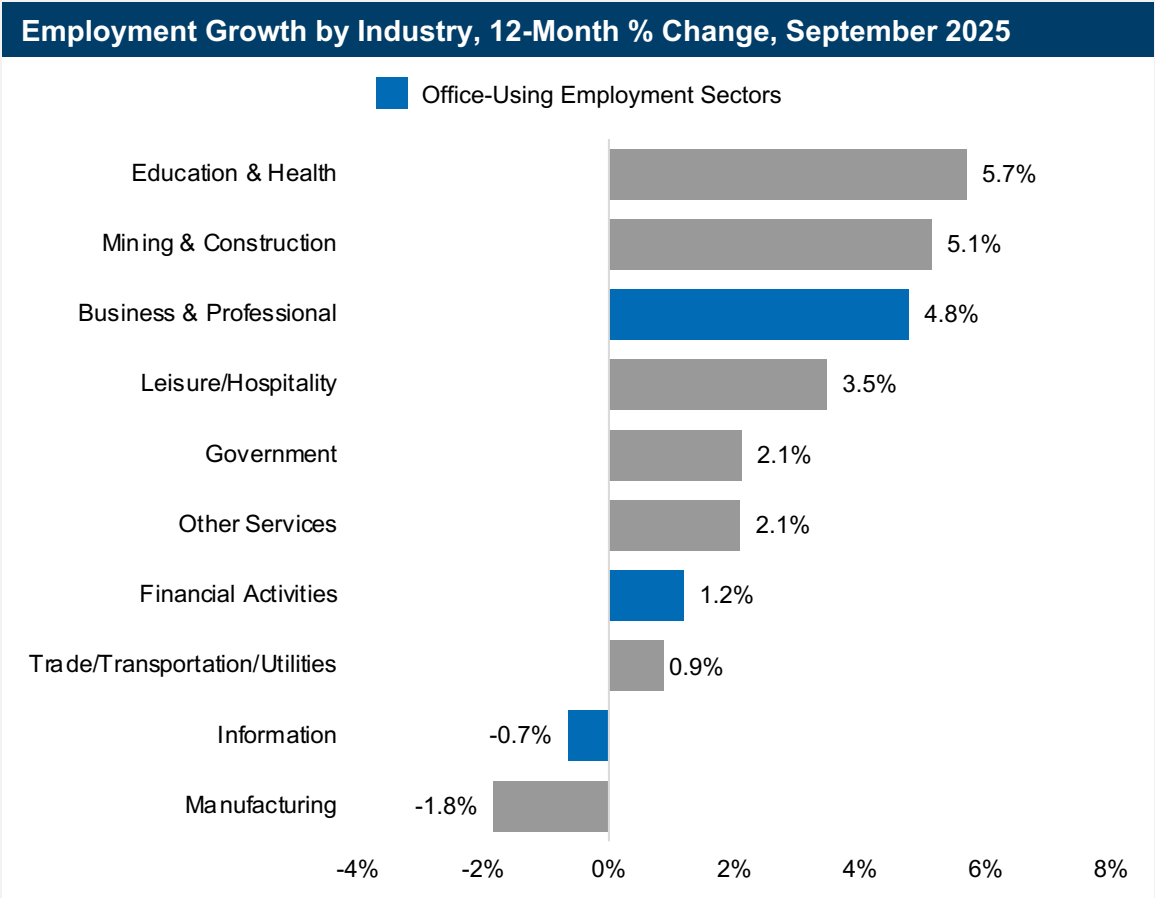
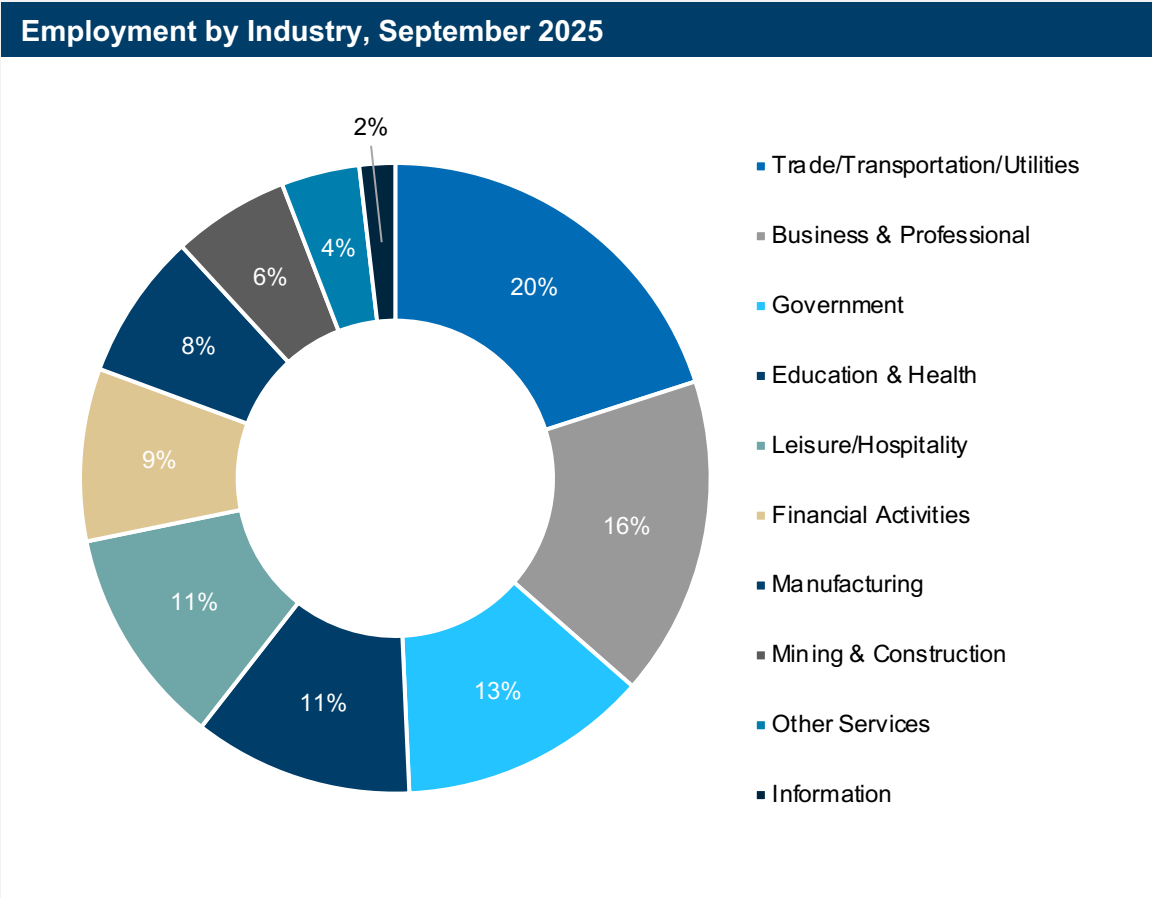
Job Growth Accelerates While Unemployment Ticks Up

Charlotte’s unemployment rate and nonfarm payroll growth both continued to outperform the United States in the fourth quarter of 2025. The market’s seasonally adjusted unemployment rate inched up 11 basis points to 3.9% on a yearly basis, however it remains below the national average of 4.4% and the metro’s five-year average unemployment rate of 4.5%. In contrast, Charlotte’s nonfarm payrolls surged by 138 basis points year over year to 2.6%, driven by a significant increase in employment in several industries including education and health, mining and construction and professional and business.



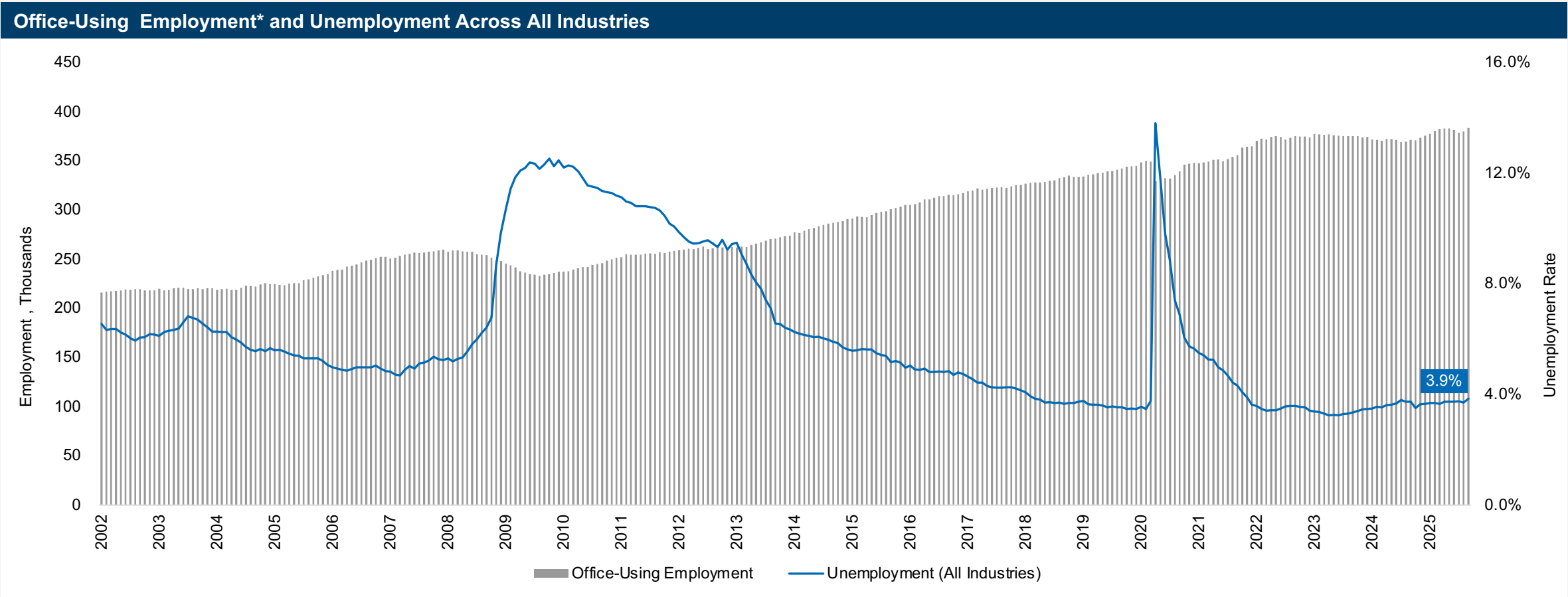
Most Employment Sectors Continue to Grow

Charlotte, known for its strength in the financial activities sector, has two main employment industries: trade/transportation/utilities and business and professional services, which account for 20.1% and 16.3% of total jobs, respectively. Notably, professional and business services remains the market’s largest office-using employment sector. Most industries reported year-over-year job growth, except for the office-using information sector and manufacturing, which reported declines in employment growth of 0.7% and 1.8%, respectively. The two other office-using industries reflected yearly increases, with financial activities expanding by 1.2% and professional services growing by 4.8%.



Office-Using Employment Grows to a Record High

Office-using employment in the Charlotte grew to a record high of 383,850 jobs as of the end of September 2025, reflecting a 3.3% increase year over year. While employment in the information industry has contracted, gains in other office-using sectors offset this decline, leading to an uptick in overall office-using employment year over year. In contrast, mounting job losses in the information and manufacturing sectors have pushed the overall unemployment rate up by 11 basis points year over year to 3.9%.



Source: U.S. Bureau of Labor Statistics, Charlotte MSA
*Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information.

Charlotte Gross Metropolitan Product

Gross metropolitan product continues to increase despite economic headwinds, albeit at a slower rate. Most recently, gross metropolitan product rose 1.8% year over year to reach a new all-time high of roughly \$275.4 billion.

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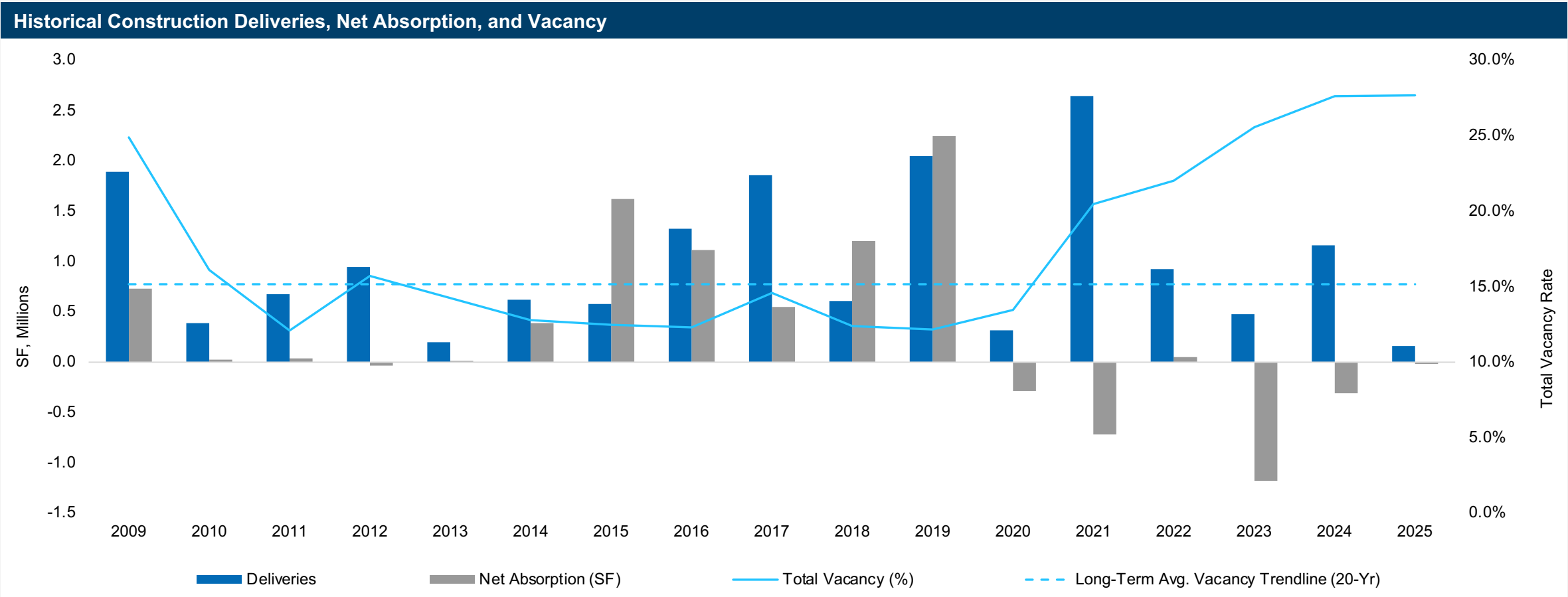
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Leasing Market Fundamentals



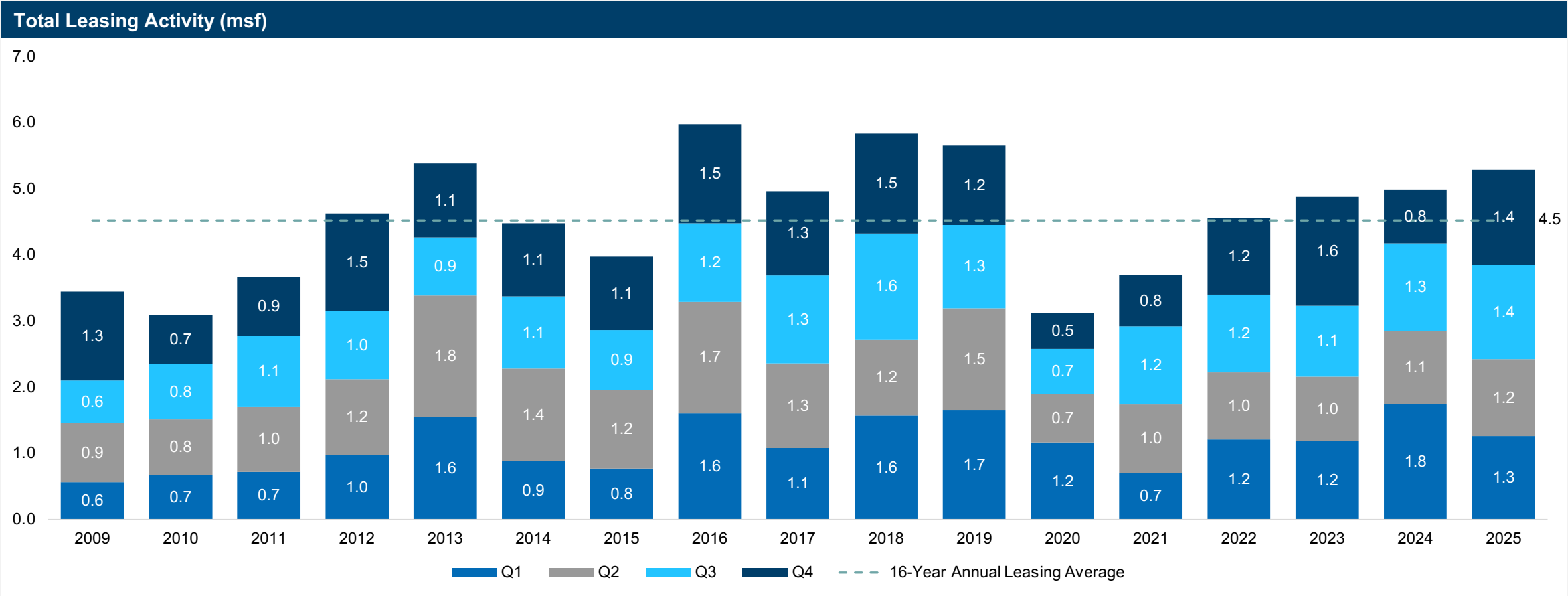
Additional Occupancies and No New Supply Continue to Push Vacancy Down

No office deliveries occurred during the fourth quarter of 2025. Vacancy rates have been trending upward since 2020 due to historically high levels of availability coupled with deliveries of new office space. Move-ins began to outpace move-outs during the third quarter of 2025, with the trend continuing in the fourth quarter, leading to 95,692 SF of positive net absorption. As a result, the vacancy rate fell 17 basis points quarter over quarter to 27.2%. Although vacancy rates are expected to remain elevated in the near-term, the muted construction pipeline will allow existing vacant space more time to be absorbed. Overall, vacancy rates are expected to flatten out before gradually decreasing as demand catches up with excess supply.



Leasing Activity Continues to Pick Up Steam

Leasing activity in Charlotte totaled 1.4 MSF in the fourth quarter of 2025, representing increases of 1.4% quarter over quarter and 78.8% year over year, exceeding the 16-year fourth-quarter average of 1.2 MSF. The uptick in leasing volume is due in part to firms, such as Scout Motors, AT&T and American Express, being attracted to North Carolina’s pro-business policies and electing to establish their corporate or regional headquarters in the metro. Annual leasing activity has been steadily increasing in the market since the onset of the pandemic in 2020. An illustrative example of this can be found in average deal size. Office deals signed during the fourth quarter of 2025 averaged 6,871 SF, reflecting increases of 0.4% quarter over quarter and 37.9% year over year.



Class A Inventory Outperforms Overall Office Market

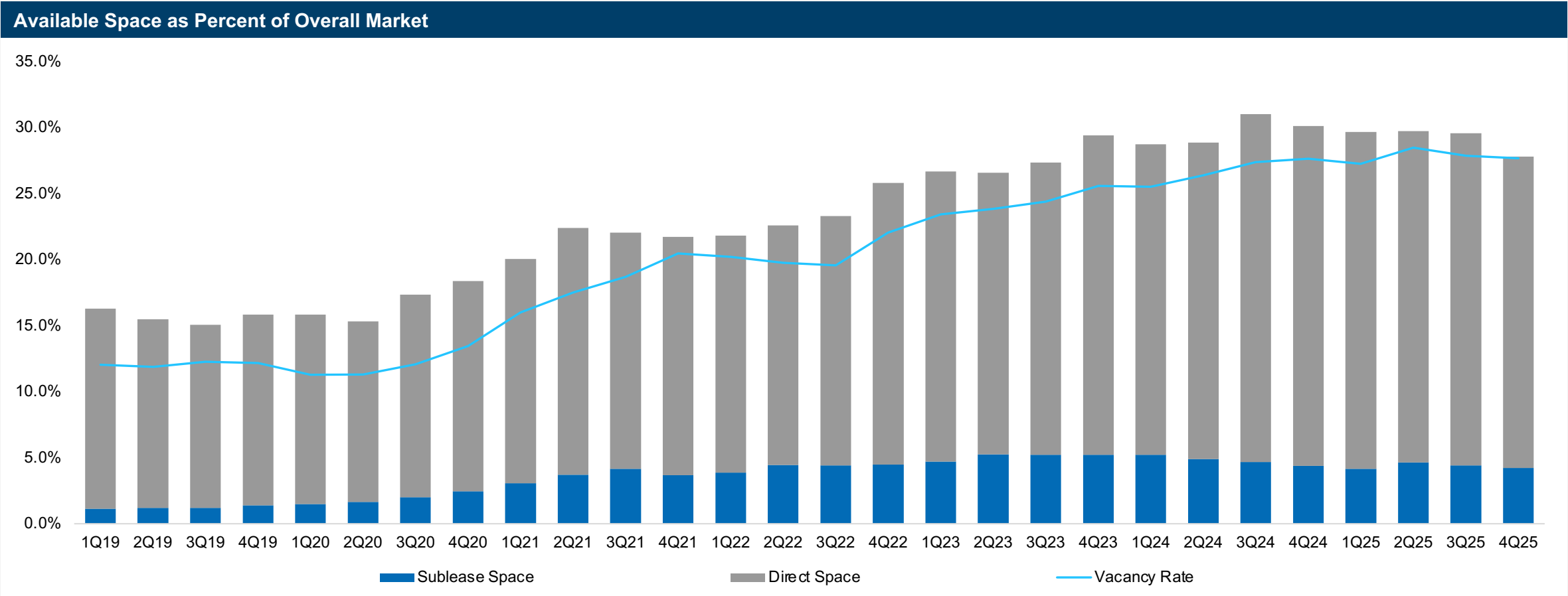
Inventory of Class A office space in the Charlotte market has been consistently growing over the past several years and now totals 42.1 million sq ft, up 1% from 41.6 million sq ft at the end of the fourth quarter of 2021. Class A inventory is a significant 30% of the overall office market, up from 27% at the end of the fourth quarter of 2021. Moreover, Class A inventory, which accounted for 30.1% of the total office inventory at the end of the fourth quarter of 2021, is higher than the overall office inventory rate of 27.1% that the market is reporting. This is indicative of the fact that owners are shifting space to more **premium** buildings in terms of space in high quality, well-located offices. Class A inventory is expected to

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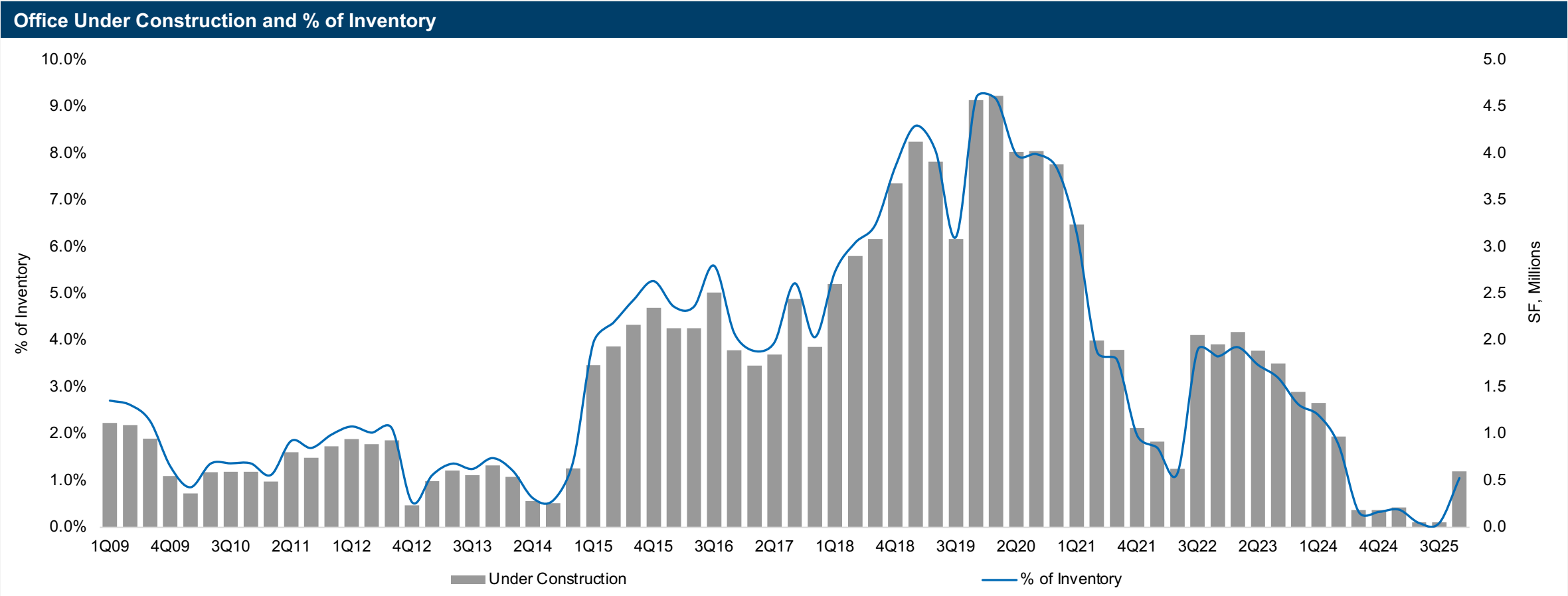
Quarterly Declines in Direct and Sublet Availability Push Vacancy Down

Direct and sublease availabilities declined by 159 basis points and 18 basis points on a quarterly basis, respectively. Meanwhile, overall vacancy declined by 17 basis points quarter over quarter to 27.6%. Sublease availability has been generally trending downward since the peak of 5.2% was reported in the first quarter of 2024. Direct availability has also been trending downward since reporting a peak of 26.4% during the third quarter of 2024. Availabilities and vacancy are expected to continue to decline as the market works through deliveries that have occurred over recent years and new office groundbreakings remain muted, giving the market time to reach equilibrium.



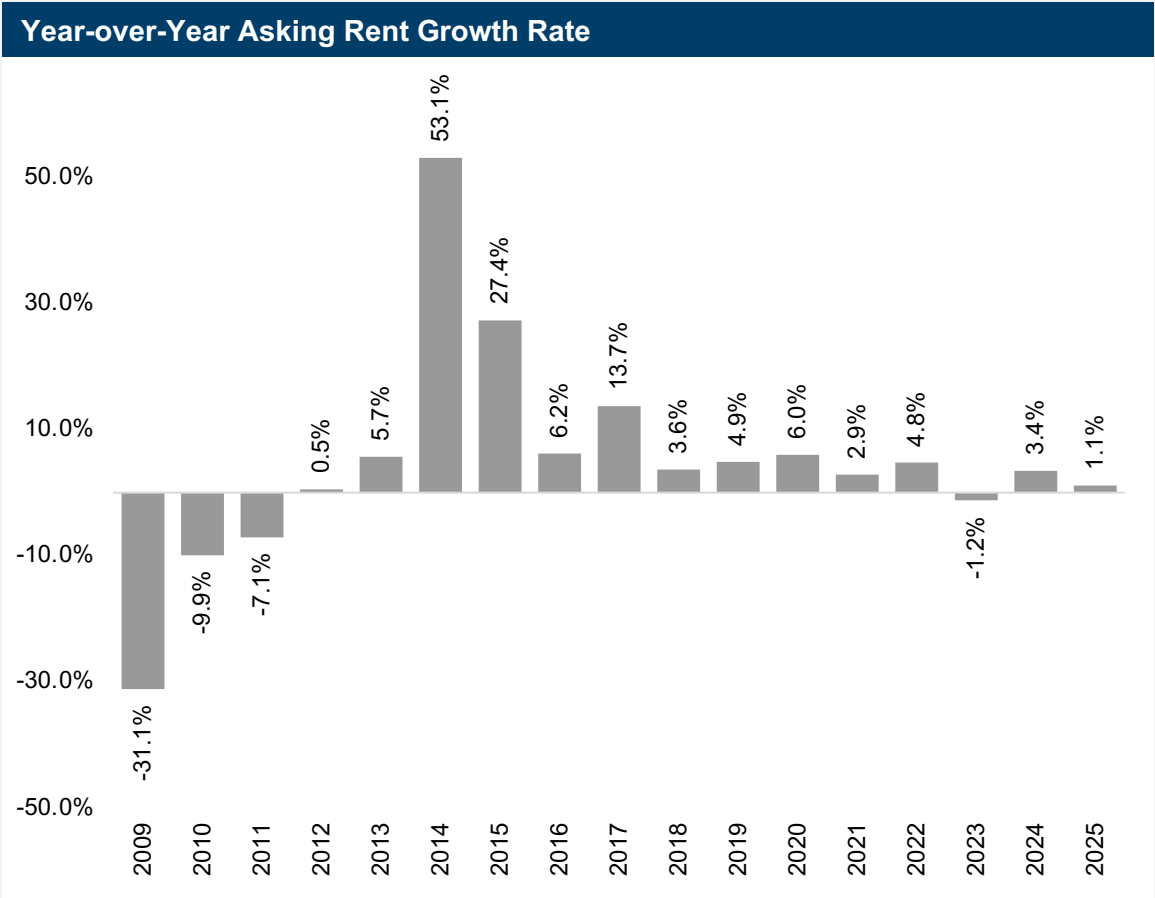
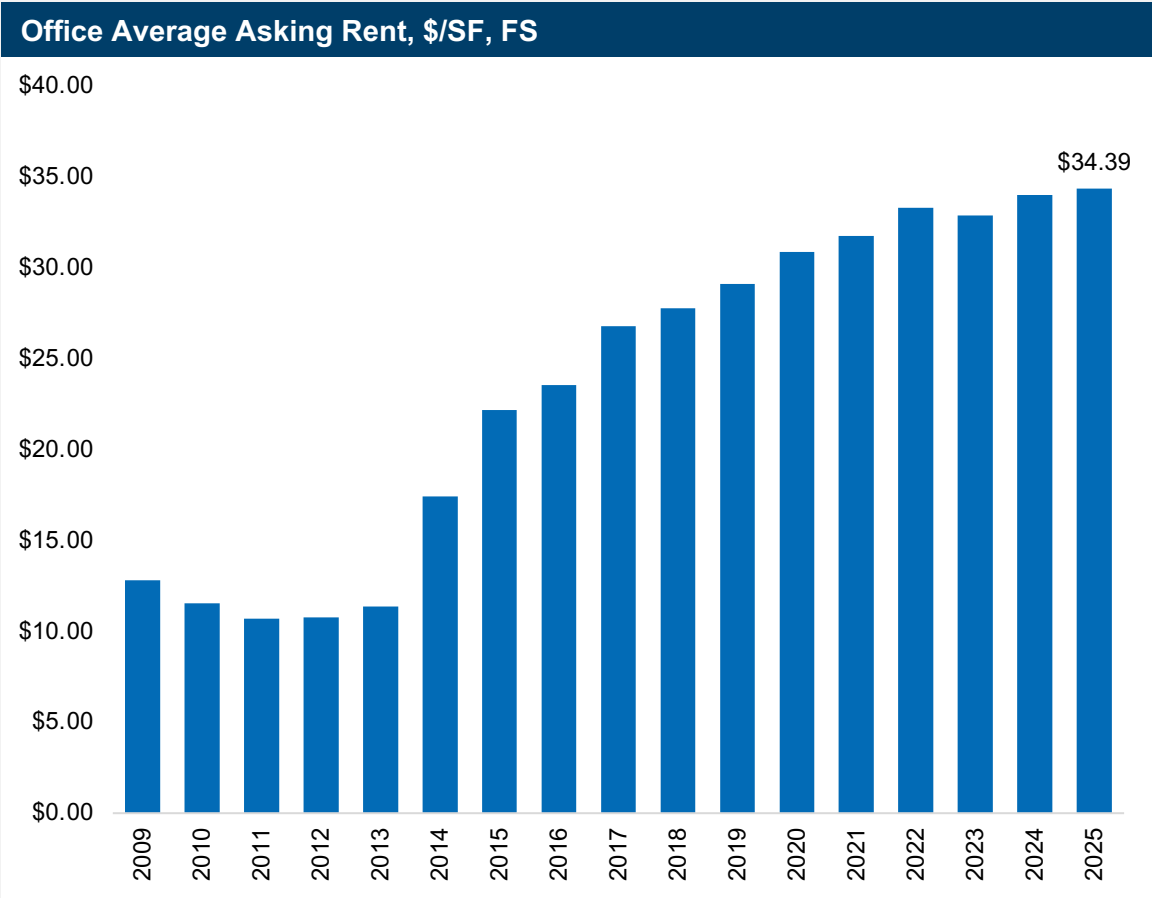
Queensbridge Collective Spikes Construction Activity

Queensbridge Collective – a mixed-use development in Midtown/Southend – broke ground during the fourth quarter of 2025, spiking the under-construction pipeline to 597,455 SF. Previously, the under-construction pipeline had been stagnant and generally declining due to high existing levels of availability combined with continued constraints on capital that have curbed new groundbreakings. The groundbreaking was catalyzed by pre-leasing activity from Moore & Van Allen (206,000 SF), Pacific Life Insurance Company (68,667 SF) and Ernst & Young (45,778 SF). The uptick in demand for space in Queensbridge Collective has further compelled the developer to re-design the building plans to convert two floors from multifamily to office space use. After the recent surge in construction activity, the under-construction pipeline now represents 1.1% of market inventory.



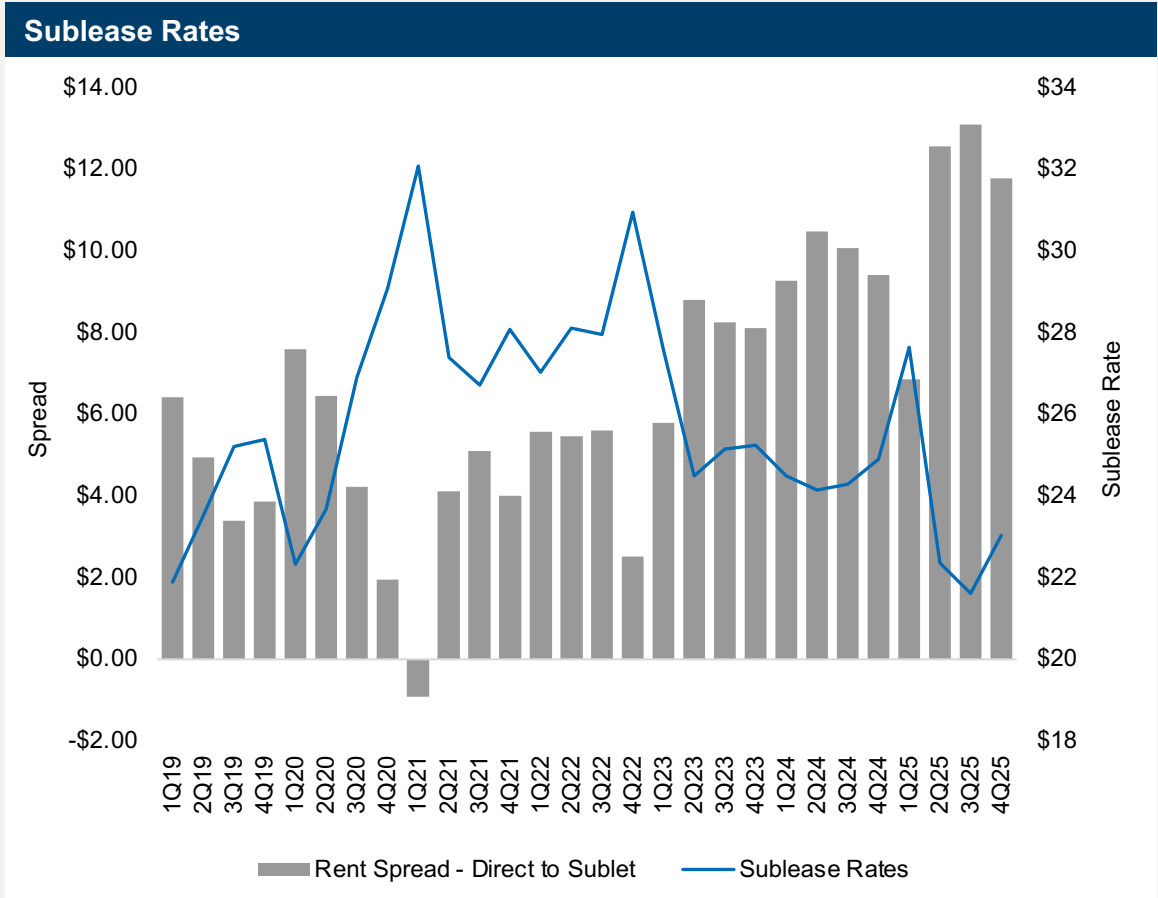
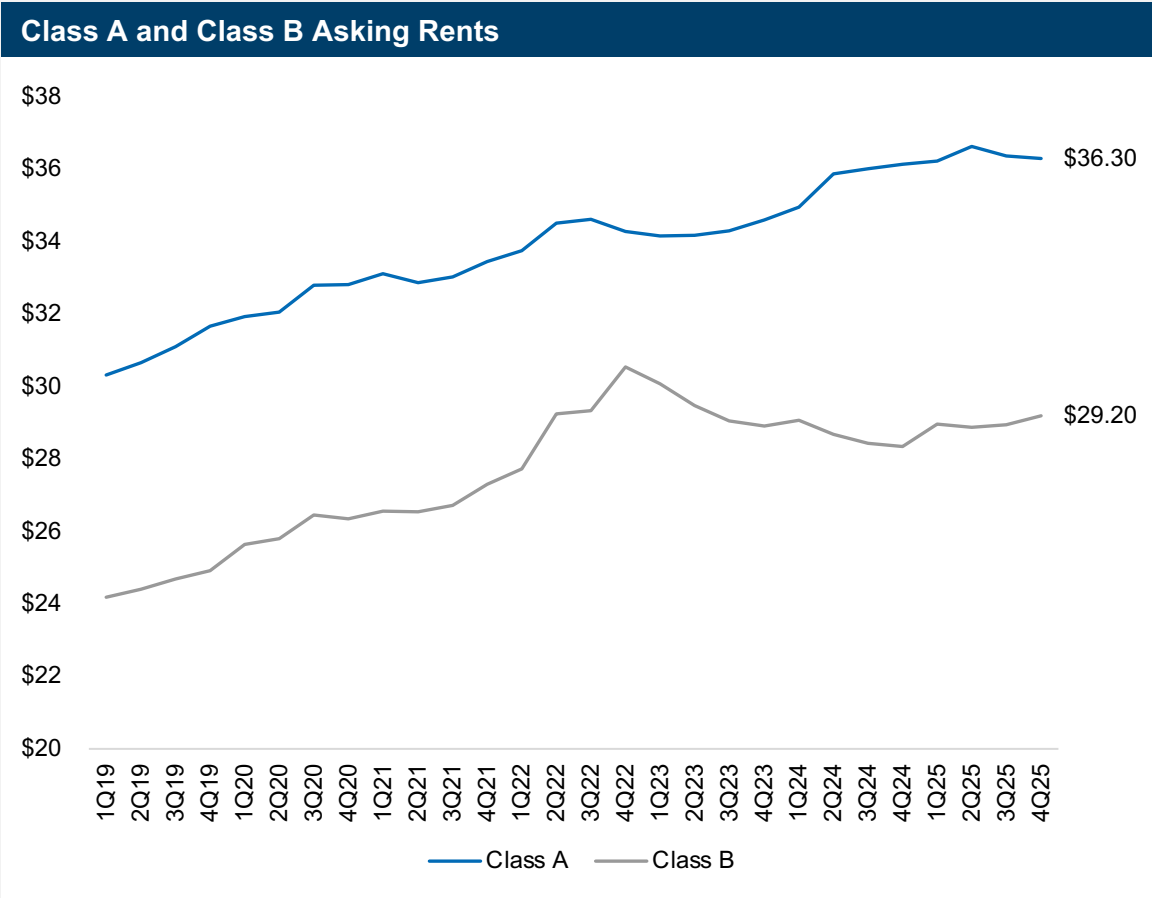
Elevated Vacancy Keeps Rent Growth Muted

Charlotte’s average asking rents increased by 0.5% quarter over quarter to \$34.39/SF. Asking rents remain 0.4% below the record high reported during the second quarter of 2025. Additionally, asking rent growth has waned significantly year over year, from 3.4% in 2024 to 1.1% through the fourth quarter of 2025. The flat growth reflects the elevated levels of vacant space and economic uncertainty driving landlords to curb the pace of asking rent increases.



Pricing Power for Class A Space Continues to Soften

As of the end of the fourth quarter of 2025, Class A asking rents dipped quarter over quarter to \$36.30/SF, representing a 0.2% decrease. Class B office space reported \$29.20/SF in asking rents in the same period, reflecting a quarter-over-quarter increase of 0.9%. The spread in asking rents between the two classes decreased by \$0.33/SF quarter over quarter to \$7.10/SF, reflecting the dwindling levels of vacant trophy Class A space. Between the third and fourth quarters of 2025, direct rents increased by 0.3% to \$34.81/SF and sublease rates climbed by 6.6% to \$23.03/SF.



The Flight to Quality Office Space Continues

Scout Motors signed the largest lease of the fourth quarter of 2025, taking 143,903 SF and establishing its corporate headquarters at Commonwealth in Plaza Midwood/NoDa. Each of the top five leases signed during the quarter were direct new deals, suggesting that tenants are seizing on current market conditions to secure favorable terms. Three of the top five leases were signed by financial institutions, under-scoring Charlotte’s reputation as a major financial center. A notable example can be found with Pacific Life Insurance Company and Ernst & Young, accounting for about 115,000 SF of pre-leased space at Queensbridge Collective, driving the project to break ground before year-end. New entries to the market and regional office consolidations were a key driver of demand this quarter, accounting for the fourth quarter’s four largest deals.

| Notable 4Q25 Lease Transactions | | | | |
|---|-------------------------|--------------------|------------|-------------|
| Tenant | Building(s) | Submarket | Type | Square Feet |
| Scout Motors | Commonwealth | Plaza Midwood/NoDa | Direct New | 143,903 |
| Volkswagen-backed electric vehicle manufacturer Scout Motors has leased the entire office component of 1332 Central Avenue. It will serve as the corporation’s headquarters and support the firm’s plant in Blythewood, South Carolina. Upon completion, Scout is expected to employ 1,200 workers at the office and bring \$206.9 million on investment to the region. | | | | |
| AT&T | Innovation Park | University | Direct New | 99,130 |
| Dallas-based telecom giant AT&T has re-entered the Charlotte market, leasing 99,103 SF at 8505 IBM Drive. The lease reflects AT&T’s broader strategy to consolidate office operations into a smaller number of regional hubs. Notably, the firm previously closed its Charlotte office in 2015, underscoring the strategic shift represented by this transaction. | | | | |
| American Express | Legacy Union – Phase IV | CBD | Direct New | 90,816 |
| Financial services firm American Express will be entering the Charlotte market when it opens its office at 600 South Tryon Street. | | | | |
| Pacific Life Insurance Company | Queensbridge Collective | Midtown/Southend | Direct New | 68,667 |
| Pacific Life Insurance company chose 1111 South Tryon as the location of its East Coast headquarters. They will occupy the 29 th through 31 st floors once the project is completed. | | | | |
| Ernst & Young | Queensbridge Collective | Midtown/Southend | Direct New | 45,778 |
| Accounting firm Ernst & Young preleased the 25 th and 26 th floors of 1111 South Tryon. They will join Moore & Van Allen PLLC, Pacific Life Insurance Company and Pamlico Capital once the building is completed in 2027. | | | | |

03

Market Statistics & Map



Charlotte Office Submarket Map

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Charlotte Office Submarket Overview -- All Classes

Submarket Statistics -- All Classes

| Total Inventory SQ. FT. | 2022 Construction SQ. FT. | Total Inventory Units | 2022 Construction Units | 2023 Construction Units | 2024 Construction Units | 2025 Construction Units | 2026 Construction Units | 2027 Construction Units |
|----------------------------|---------------------------------|--------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|----------------------------|---------------------------------|--------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|

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|--------------------|------------|---------|--------|---------|---------|---------|---------|---------|
| Grade I Leasable | 25,000 | - | 26,175 | 1,000 | 500 | - | 257,100 | 257,100 |
| Grade II Leasable | 100,000 | - | 26,175 | 11,000 | 10,000 | 200,000 | 200,000 | 200,000 |
| Grade III Leasable | 2,100,000 | - | 26,175 | 110,000 | 200,000 | 200,000 | 200,000 | 200,000 |
| Other Leasable | 1,000,000 | - | 17,000 | 40,000 | 100,000 | 200,000 | 200,000 | 200,000 |
| Inventory | 30,000 | - | 33,750 | - | - | - | - | - |
| Total Leasable | 3,350,000 | - | 90,125 | 161,000 | 210,000 | 400,000 | 400,000 | 400,000 |
| Subtotal | 26,175,000 | 200,000 | 26,175 | 171,000 | 210,000 | 200,000 | 200,000 | 200,000 |
| Market | 26,175,000 | 200,000 | 26,175 | 171,000 | 210,000 | 200,000 | 200,000 | 200,000 |

Charlotte Office Submarket Overview – Class A

Submarket Statistics – Class A

| Total Inventory SQFT | Total Occupied SQFT | Total Leasing SQFT | Net Absorption SQFT | Gross Absorption SQFT | Other Types & Leasing Rate Percent |
|-------------------------|------------------------|-----------------------|------------------------|--------------------------|---------------------------------------|
|-------------------------|------------------------|-----------------------|------------------------|--------------------------|---------------------------------------|

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|-----------------|------------|------------|--------|--------|--------|--------|
| Total Inventory | 451,100 | - | 25,175 | 15,000 | 15,000 | 25,175 |
| Total Occupied | 1,000,000 | - | 25,175 | 15,000 | 15,000 | 25,175 |
| Total Leasing | 1,000,000 | - | 25,175 | 15,000 | 15,000 | 25,175 |
| Total Inventory | 50,000 | - | 25,175 | - | - | - |
| Total Occupied | 1,110,000 | - | 25,175 | 25,000 | 15,000 | 25,175 |
| Total Leasing | 1,000,000 | - | 25,175 | 15,000 | 15,000 | 25,175 |
| Total Inventory | 25,175,000 | 25,175,000 | 25,175 | 25,000 | 15,000 | 25,175 |
| Market Total | 25,175,000 | 25,175,000 | 25,175 | 25,000 | 15,000 | 25,175 |

Charlotte Office Submarket Overview – Class B

| Submarket Statistics – Class B | | | | | | |
|--------------------------------|-------------------------|-------------------------|-------------------------|---------------------|---------------------|---------------------|
| | Total Inventory 2017 | Total Inventory 2016 | Total Inventory 2015 | 2017 Occupancy % | 2016 Occupancy % | 2015 Occupancy % |

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|--------------|-----------|--------|-----------|-------|-------|-------|
| Class B | 1,100,000 | - | 1,100,000 | 85.0% | 85.0% | 85.0% |
| Class B | 200,000 | - | 200,000 | 85.0% | 85.0% | 85.0% |
| Class B | 1,100,000 | - | 1,100,000 | 85.0% | 85.0% | 85.0% |
| Class B | 1,100,000 | - | 1,100,000 | 85.0% | 85.0% | 85.0% |
| Class B | 200,000 | - | 200,000 | 85.0% | 85.0% | 85.0% |
| Class B | 1,100,000 | 27,000 | 1,100,000 | 85.0% | 85.0% | 85.0% |
| Market Total | 1,100,000 | 27,000 | 1,100,000 | 85.0% | 85.0% | 85.0% |

4Q25 Texas Office Market Overview



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| | | |
|---------------------------------|---------|---------|
| Market Overview | | |
| Q4 2025 | Q4 2024 | Q4 2023 |
| Direct Leasing Rate (2025-2026) | 55.0% | 55.0% |
| Market Leasing Rate (2025-2026) | 55.0% | 55.0% |
| Total Leasing Rate (2025-2026) | 55.0% | 55.0% |

04

Supplemental Analysis



Charlotte Office Market



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