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**Commercial Real Estate**

# Lack of new office space to be key driver of Charlotte's commercial real estate market in 2024



110 East, a 370,000-square-foot office tower in South End developed by Stiles and Shorenstein Properties, is slated to deliver in March.

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By [Elise Franco](#) – Staff Writer, Charlotte Business Journal  
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Does the final quarter of 2023 provide a peek into what to expect from Charlotte commercial real estate in the months ahead? At least one local expert seems to think so.

A new report from Chicago-based commercial real estate firm JLL outlined the story of Q4, much of which centers around a dwindling supply of new office inventory. Charlotte has about 67.9 million square feet of available inventory throughout the entire metropolitan area with less than 1 million square feet of new office product under construction, the report showed.

Over the next year, 935,000 square feet of new office space is expected to deliver, the majority of which belongs to [Stiles and Shorenstein Properties' 110 East in South End](#) and [Lincoln Harris' 600 South Tryon, the fourth tower at the Legacy Union development in uptown](#). Bryan White, JLL's executive managing director of brokerage leasing, said that because the flight-to-quality trend is still playing out in Charlotte and across all major office markets, those properties will lease up quickly, leaving a gap in new product for several years.

"The reality, with where our lending markets are, is we're not going to see any new construction for some time because that pipeline is stopped," he said. "Even if we do see projects like (Queensbridge Collective or Carson & Tryon) start work, you're still within a 24- to 36-month gap with no new product."

Several major construction projects delivered during the fourth quarter, including [22Thirteen](#), [Pass41](#) and [Savona Mill](#), totaling 347,000 square feet of new office space in the overall metro area.

Direct vacancy for office has remained consistent over the last several quarters, and sits at about 19%, according to the report. White said that hasn't been a surprise, and he believes vacancy numbers will begin to slowly decrease around the third quarter of 2024

as the swell of available sublease space dwindles. Office sublease currently comprises about 3% of the total space available.

Additionally, companies continue to solidify workplace policies that will bring employees back to the office on a more regular basis. White said this will help in determining real estate needs moving forward, and companies will eventually look toward older, Class A product vacated over the last few years in lieu of newer space.

"If you're focusing on the core markets like South End, midtown, FreeMoreWest and uptown, you are going to have existing product that is not brand new that will still lease," he said. "I suspect leasing rates are going to remain consistent. That shows the strength in our market and how well poised it is as companies continue to solidify workplace policies. With no new development immediately coming into the pipeline, it'll create some opportunity for those buildings that have not leased to do so."

White said the overall story for the start of 2024 will be similar to the last quarter. "I think Q4 (2023) will blur into Q1 (2024). A lot of the main messages are very consistent with what we're going to see over the next two or three quarters."

## T H E L I S T

# Charlotte's largest commercial real estate developers [1-year activity]

Local square feet developed, 2022

Rank	Prior Rank	Business name/prior rank
1	1	NorthPoint Development
2	2	Northwood Ravin
3	3	Rockefeller Group

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