



CONSTRUCTION ACTIVITY



UNDER CONSTRUCTION **22,546**

UNITS DELIVERED (YTD) **9,377**

MARKET FUNDAMENTALS



VACANCY RATE **7.7%**

YEAR-OVER-YEAR CHANGE **-30bps**

ASKING RENTS **\$1,591**

YEAR-OVER-YEAR CHANGE **-1.5%**

TRANSACTION ACTIVITY (YTD)



MEDIAN PRICE PER UNIT **\$210,700**

CHARLOTTE MULTIFAMILY 2Q 2025

MARKET INSIGHTS

Sustained demand keeps pace with elevated deliveries

HIGHLIGHTS

- Property performance in the Charlotte multifamily market was strong during the second quarter, as absorption reached a four-year high and vacancy continued to decline. While rents remained nearly flat, leasing activity held firm. The pace of deliveries remains elevated, though the pipeline is beginning to thin as new starts slow.
- Vacancy conditions have improved for three consecutive quarters since peaking in the third quarter of 2024. The vacancy rate declined by 30 basis points during the second quarter to 7.7%. Year over year, area vacancy is down 30 basis points.
- After an uptick in the previous quarter, rents went nearly unchanged in recent months. Current asking rents are \$1,591 per month, down 1.5% from one year ago. Like many Southeast markets, apartment operators in Charlotte have prioritized occupancy over rent growth amid elevated levels of new construction.
- Sales activity during the second quarter lagged historical norms. Total transactions during the past three months were down 38% from the region's trailing 10-year average for the second consecutive quarter. Pricing has trended higher in recent months, as the median price year to date is \$210,700, up 19% from 2024. Average cap rates remain near 5%.

CHARLOTTE MULTIFAMILY MARKET OVERVIEW

Operating conditions in the Charlotte multifamily market are continuing to stabilize as flat rental trends over the past two years have spurred heightened demand and declining vacancy conditions. For the first time since the fourth quarter of 2021, the year-over-year vacancy rate declined. Strong demand is driving the recent vacancy improvement, with absorption hitting seasonal highs in each of the last two quarters. During the first half, apartments recorded net move-ins exceeding 7,700 units, outpacing the previous peak in 2021 by 15% and more than double the region's trailing 10-year average. Vacancy has stabilized in the larger Charlotte submarkets, including South Charlotte, North Charlotte, West Charlotte, University, and East Charlotte. Rent growth in each of these submarkets was slightly negative year over year, as landlords prioritize occupancy amid elevated supply growth.

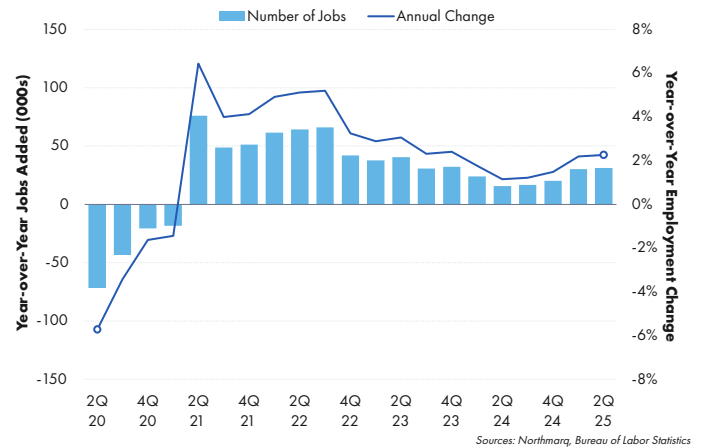
Transaction volume in the Charlotte multifamily investment market trended lower in recent months, as sales velocity was down 13% from the first quarter to the second quarter. Sales activity to this point in 2025 lags levels recorded in the same period last year by nearly 30%. Pricing rose in recent periods after bottoming in 2024. The median price during the past six months was \$210,700 per unit, up 19% from last year. Despite the recent uptick, the median price to this point in the year is down 22% from peak levels recorded in 2022. Investors have acquired assets across vintages; properties built in the 1980s accounted for 40% of sales during the first half of 2025, while one-third of transactions involved assets delivered in the 2020s. Recent sales velocity has been prominent in the traditionally active submarkets, with East Charlotte and South Charlotte leading in volume so far in 2025, a trend that also held true last year.

EMPLOYMENT

- Following a slowdown in 2024, employment growth in Charlotte is accelerating in 2025. Area employers added 31,100 workers during the past year, an increase of 2.3%. Despite the recent growth, the pace set during the past 12 months is below the region's annual average from 2014 to 2024 of 2.6%.
- Employment levels in the financial sector have been relatively flat since peaking in July of last year. Year over year, this sector expanded by 0.7%, adding 800 jobs.
- Although employment growth in the financial sector was mild in recent periods, Charlotte remains one of the nation's prominent financial hubs. Citigroup announced that the company will invest \$16.1 million to hire 510 new workers in Charlotte. Additionally, Asset Mark, a financial advisory company based out of California, plans to create 250 jobs in Charlotte over the next five years.
- FORECAST:** Employment growth in 2025 is projected to outpace last year's levels but remain modest overall. Area employers are expected to add approximately 25,000 positions this year, representing a 1.8% increase.

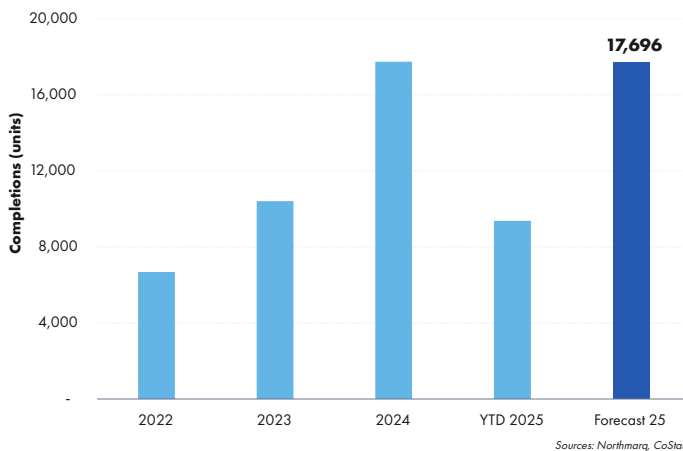
Area employers added 31,100 workers during the past year.

EMPLOYMENT OVERVIEW



Projects totaling more than 5,100 units came online during the second quarter.

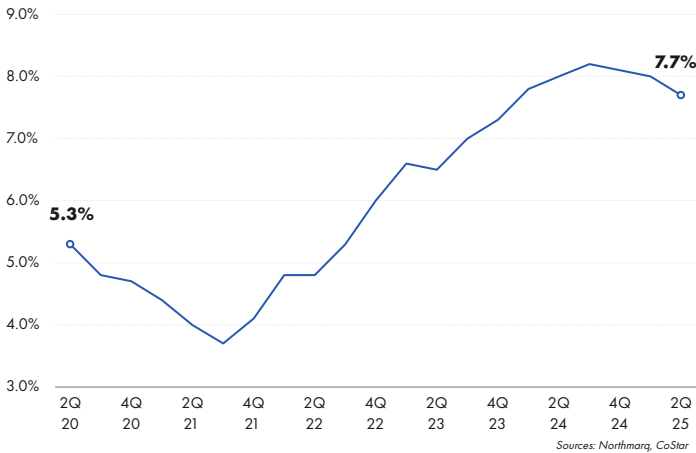
DEVELOPMENT TRENDS



- Multifamily completions continue at an elevated pace. Projects totaling more than 5,100 units came online during the past three months, adding to the roughly 4,200 units that were delivered in the first quarter.
- The development pipeline continues to contract as new starts slow amid elevated inventory growth. Projects totaling approximately 22,500 units are currently under construction in Charlotte, a 14% decline from one year ago.
- While construction activity is dispersed across the metro, the northern area holds the highest concentration. The North Charlotte submarket currently leads with more than 3,800 units under construction, followed by the Huntersville/Cornelius submarket, which has roughly 2,700 units underway.
- Multifamily permitting declined in recent months after an uptick during the previous quarter. Developers pulled permits for approximately 1,150 units during the second quarter, down 53% from levels recorded in the first three months of 2025.
- FORECAST:** Following a rapid pace of completions in the first half, multifamily deliveries are expected to slow in the second half of 2025. Projects totaling 17,696 units are slated for completion this year, closely tracking the region's peak recorded last year. With permitting activity trending lower, inventory growth is likely to return to more typical levels in the years ahead.

Year over year, the vacancy rate is down 30 basis points.

VACANCY TRENDS



VACANCY

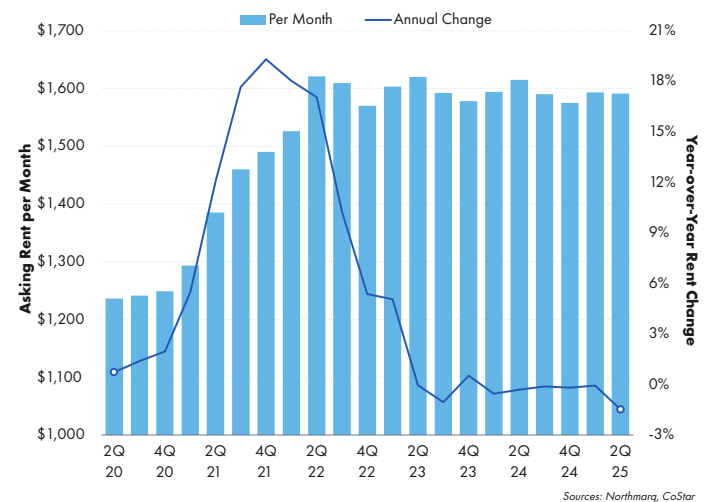
- The vacancy rate continued to trend lower in recent months, building upon improvements recorded in the preceding two quarters. Area vacancy declined by 30 basis points during the second quarter to 7.7%. Year over year, the rate is down 30 basis points, marking the first decrease in a 12-month period since the fourth quarter of 2021.
- Over the past year, vacancy has stabilized in most of the Charlotte area's largest submarkets. South Charlotte and North Charlotte each posted vacancy improvements of 10 basis points during the past year, while vacancy in West Charlotte held steady at 7.7%.
- Vacancy trends were favorable in several outlying areas. Over the past year, the vacancy rate in York County declined by 60 basis points to 7.3%. Huntersville/Cornelius and Gaston County each recorded 120-basis-point improvements during the same period.
- The vacancy rate for Class A properties closed the first half at 7.9%, down 20 basis points from one year ago. Absorption in top-tier assets reached a new high, with more than 3,500 net move-ins recorded during the first six months of 2025. In comparison, first-half absorption in Class A properties has averaged approximately 2,200 units over the past decade.
- FORECAST:** Following improvement in the first half of the year, the vacancy rate is expected to rise modestly in the coming months as elevated new supply comes online. Despite this temporary increase, the rate is projected to end 2025 at 8.0%, slightly below year-end 2024 levels.

RENTS

- Asking rent growth in Charlotte was nearly flat in recent months following positive growth during the first quarter. Apartment rents declined by 0.1% during the second quarter to \$1,591 per month. Year over year, rents are down 1.5%.
- Areas with the most significant inventory growth are experiencing the sharpest asking rental rate declines. In the LoSo-Lower South End area, inventory has expanded by 58% during the past year, while rents have dropped by nearly 5% during the same timeframe.
- York County posted the steepest rent growth in the region during the past year. Asking rents in York County are currently \$1,543 per month, up 2% annually.
- FORECAST:** Apartment rents are projected to remain relatively flat through the second half of 2025. Local rents are forecast to close the year around \$1,595 per month, up 1.3% annually, with the bulk of that increase occurring during the first quarter.

Apartment rents declined by 0.1% during the second quarter.

RENTS TRENDS

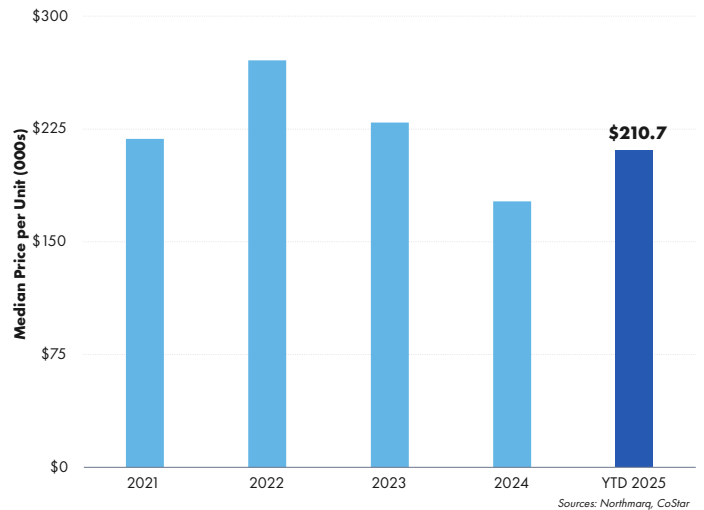


MULTIFAMILY SALES

- Sales activity in Charlotte's multifamily market has slowed in recent months. Sales velocity during the second quarter was down 46% compared to the same period last year.
- Pricing has improved up to this point in the year after a sharp decline in 2024. The median price through the first half of 2025 is \$210,700 per unit, up 19% from last year. Although pricing is up from 2024, current levels still lag pricing recorded from 2021 to 2023.
- Cap rates continued to average 5% in the second quarter. In 2024, cap rates averaged between 5.25% to 5.5% for most of the year.

The median sale price through the first half of 2025 is \$210,700 per unit.

INVESTMENT TRENDS



RECENT TRANSACTIONS MULTIFAMILY SALES ACTIVITY

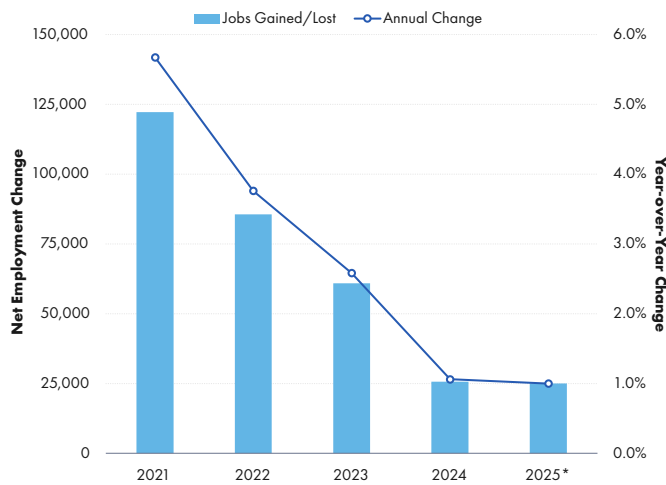
PROPERTY NAME	STREET ADDRESS	YEAR BUILT	UNITS	SALES PRICE	PRICE/UNIT
Broadstone Optimist Park	2010 N Brevard St., Charlotte	2023	323	\$91,500,000	\$283,282
Evolve at Parkway	50 Fenway Pl., Concord	2023	300	\$68,750,000	\$229,167
Metro University City	404 Gallop Ln., Charlotte	2020	309	\$65,100,000	\$210,680
Berkshire Place Apartments	7700 Cedar Point Ln., Charlotte	1982	240	\$39,000,000	\$162,500
Woodford Estates	4630 Central Ave., Charlotte	1985/2019	228	\$32,200,000	\$141,228

LOOKING AHEAD

Inventory growth is projected to continue, with annual completions slated to roughly match the peak levels recorded last year. Trends recorded during the first half of the year will likely continue in the coming months, with rents forecast to remain within current ranges and strong absorption keeping vacancy increases suppressed. Vacancy may inch higher through the end of the year due to continued inventory expansion, but the rate will likely close the year below levels recorded at the end of 2024. The LoSo-Lower South End submarket is positioned for strong performance in the coming months. Since early 2023, apartment inventory has nearly doubled in this submarket. The development pipeline contracted sharply in recent months, while the vacancy rate has fallen by 140 basis points year over year. Vacancy is expected to remain stable in the near term, with rents projected to rise in the years ahead.

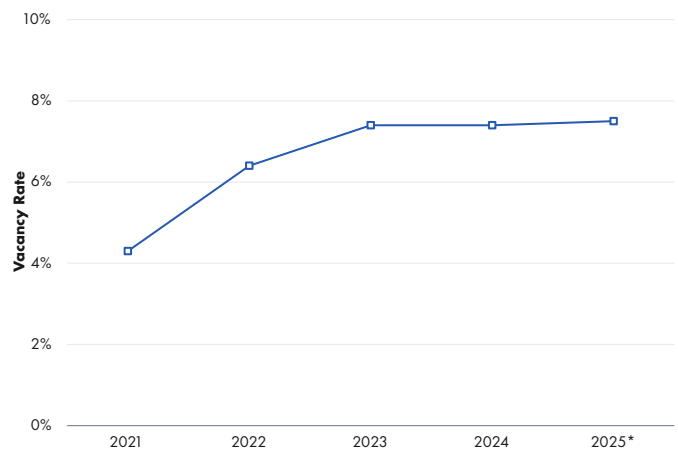
Sales velocity in the Charlotte multifamily market is expected to accelerate in the coming months, though total transaction volume for the full year will likely trail 2024 levels. Newer builds should continue to represent a significant share of sales through year end, driven by rapid supply growth and record-high demand for top-tier units over the past 18 months. The LoSo-Lower South End submarket is poised for increased sales activity in the coming years, supported by improving fundamentals and a slowing pace of new inventory. Since 2020, more than a dozen Class A properties have come online in this area, but only a few have sold. Strong demand and rapid lease-ups in the Lower South End signal promising investment potential. Meanwhile, traditional investment strongholds like South Charlotte, East Charlotte, and University submarkets are expected to remain primary drivers of sales in the near term.

EMPLOYMENT FORECAST



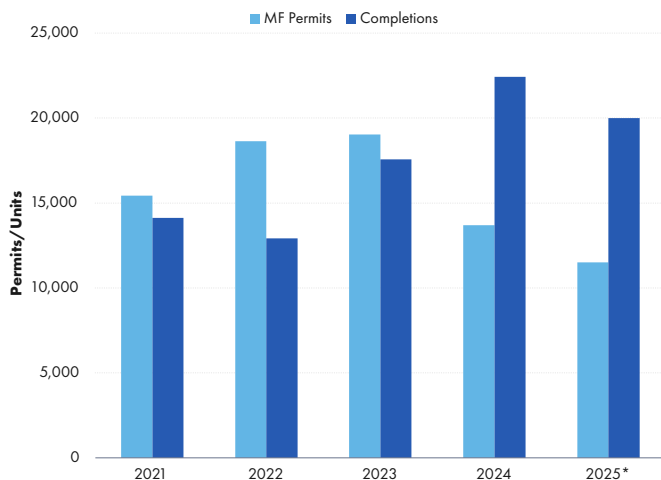
* Year End Forecast
Sources: Northmarq, Bureau of Labor Statistics

VACANCY FORECAST



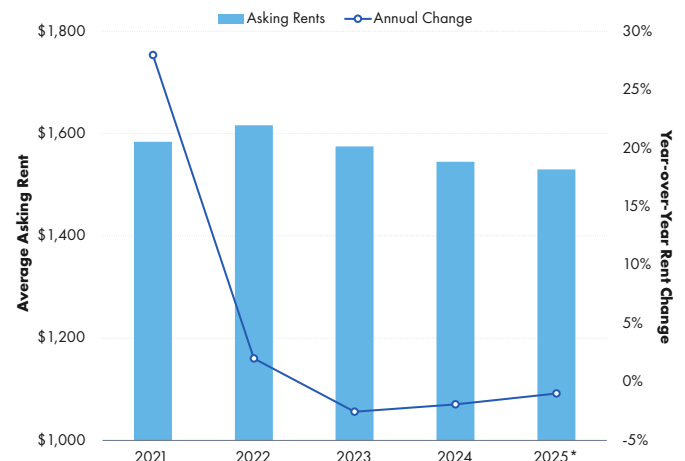
* Year End Forecast
Sources: Northmarq, Apartment Insights

CONSTRUCTION & PERMITTING FORECAST



* Year End Forecast
Sources: Northmarq, Apartment Insights, Census Bureau

RENTS FORECAST



* Year End Forecast
Sources: Northmarq, Apartment Insights



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