

Asking rents post quarterly increase

CONSTRUCTION ACTIVITY



UNDER CONSTRUCTION **21,152**

UNITS DELIVERED (YTD) **3,553**

MARKET FUNDAMENTALS



VACANCY RATE **8.7%**

YEAR-OVER-YEAR CHANGE **+70bps**

ASKING RENTS **\$1,559**

YEAR-OVER-YEAR CHANGE **-2.1%**

TRANSACTION ACTIVITY (YTD)



MEDIAN PRICE PER UNIT **\$255,500**

CHARLOTTE MULTIFAMILY Q1 2026

HIGHLIGHTS

- Multifamily property performance in Charlotte was mixed during the first quarter, while rents advanced even as vacancy conditions continued to soften. Supply growth slowed following peak levels of completions in 2025. The roughly 3,350 units delivered during the past three months were 24% below levels recorded in the same period last year.
- Supply-side pressures have pushed the vacancy rate higher for three consecutive quarters. During the first quarter, area vacancy rose 30 basis points to 8.7%. Year over year, the rate is up 70 basis points.
- Asking rents inched higher after declining by 2% during the second half of 2025. Local rents increased by 0.4% during the first three months of the year to \$1,559 per month. Annually, rents are down 2.1%.
- Sales activity remains limited, as investors have been selective. To this point in the year, the median price is \$255,500 per unit, up 21% from 2024 levels. The transaction mix has skewed toward new builds. Year to date, properties built since 2020 have accounted for 75% of transactions.

CHARLOTTE MULTIFAMILY MARKET OVERVIEW

The heightened supply growth of recent years continues to apply upward pressure on vacancy conditions, despite solid absorption. Employment growth has supported consistent renter demand in Charlotte, with apartments recording net move-ins of approximately 2,300 units during the first quarter. Longer term, demand has been elevated in the South End and Lower South End submarkets. Together, these areas recorded net move-ins of more than 3,800 units during the past 12 months, accounting for 30% of Charlotte's absorption during that time frame. In recent years, multifamily and commercial development has surged in the South End and Lower South End submarkets, and momentum continues. During the past six months, several large office leases have been signed in LoSo and South End, while restaurant and retail concepts have either opened or announced plans to enter the area.

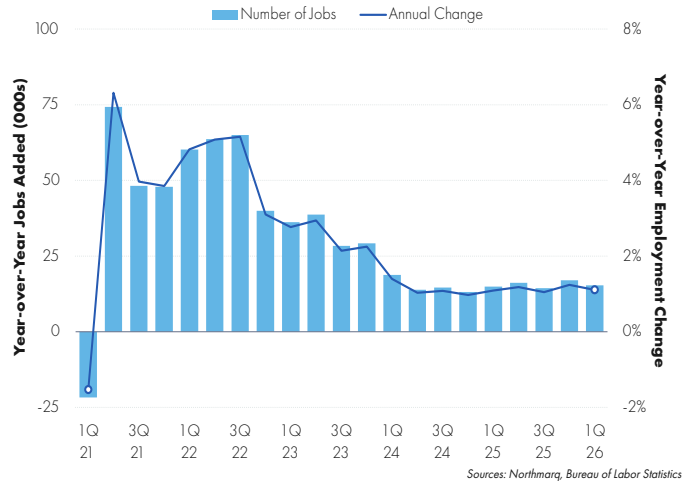
Total sales in the Charlotte multifamily market declined to start 2026, following already limited activity in the prior year. Sales activity during the first quarter trailed levels recorded in the preceding three months by 50% and was 56% below the same period last year. Among the properties that did change hands, there was a clear preference for new builds. The oldest property that sold during the first three months of the year was completed in 2018. A similar trend was recorded in 2025, but not to the same degree. Last year, 2010s- and 2020s-vintages accounted for a combined 58% of sales. More recently, assets that came online during the elevated supply growth of 2024 have begun to trade. Prior to the fourth quarter of 2025, assets built in 2024 had yet to sell. During the past six months, three 2024-built properties have changed hands.

EMPLOYMENT

- Annual employment growth in Charlotte has ranged between 1.0% and 1.2% going back to the second quarter of 2024. Year over year, area employers expanded payrolls by 15,300 positions, an increase of 1.1%.
- The labor market was anchored by gains in the healthcare and social assistance sector as well as the professional and business services sector. During the past year, total employment in healthcare and social assistance increased by 16,800 workers, while professional and business services added 4,100 employees.
- Charlotte was recently selected by SMBC as the company’s second U.S. headquarters. The Japanese bank will locate in Uptown and is expected to invest more than \$50 million by fall of next year. By 2032, SMBC plans to create approximately 2,000 jobs in Charlotte.
- **FORECAST:** The pace of new hires should accelerate in 2026, exceeding job additions recorded in each of the past two years. Total employment is projected to rise by 1.4% for the full year, with an increase of 20,000 workers.

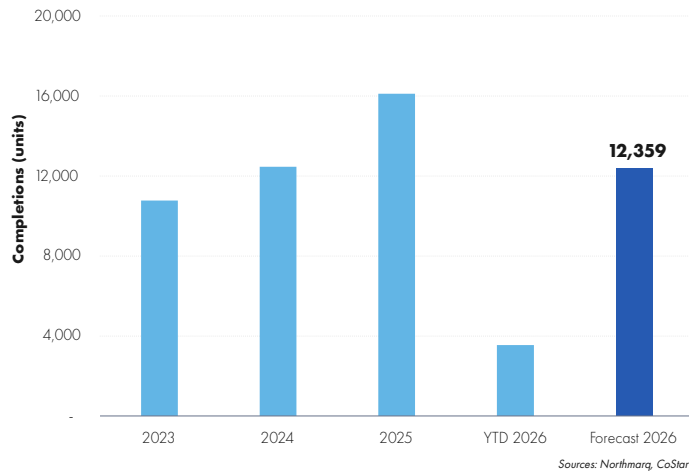
Year over year, Charlotte employers hired 15,300 workers.

EMPLOYMENT OVERVIEW



Approximately 21,150 units are currently under construction.

DEVELOPMENT TRENDS

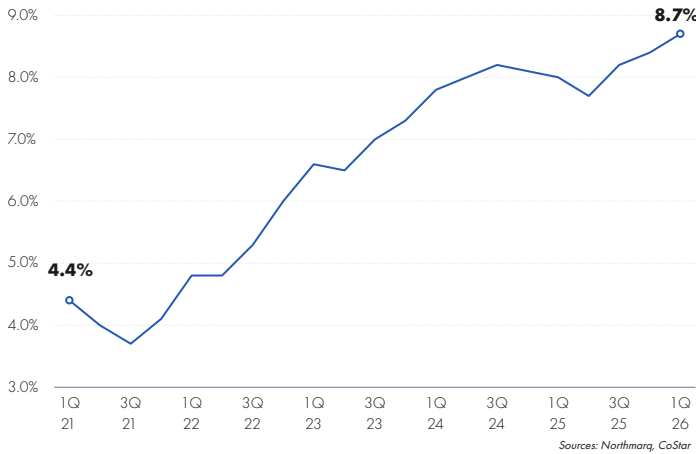


DEVELOPMENT & PERMITTING

- The pace of multifamily deliveries accelerated from the fourth quarter into the first quarter, mirroring trends recorded last year. Despite the increase, projects totaling roughly 3,550 units came online during the first quarter, down 24% from the same period last year, which began a record-setting pace for supply growth.
- Projects totaling approximately 21,150 units are currently under construction in Charlotte, down 13% from one year ago. Development starts have slowed, with nearly 8,000 units breaking ground in 2025, compared to 11,700 units in 2024.
- Multifamily permitting remained light in the opening months of the year, with developers pulling permits for roughly 1,000 units during the first quarter. During the past five years, quarterly permitting activity has averaged roughly 2,000 units.
- **FORECAST:** Completions are expected to remain elevated but will likely lag the peak levels recorded in 2025. Projects totaling 12,359 units are projected for delivery in 2026, down 23% from last year and closely tracking levels recorded in 2024.

Year over year, apartment vacancy is up 70 basis points.

VACANCY TRENDS



VACANCY

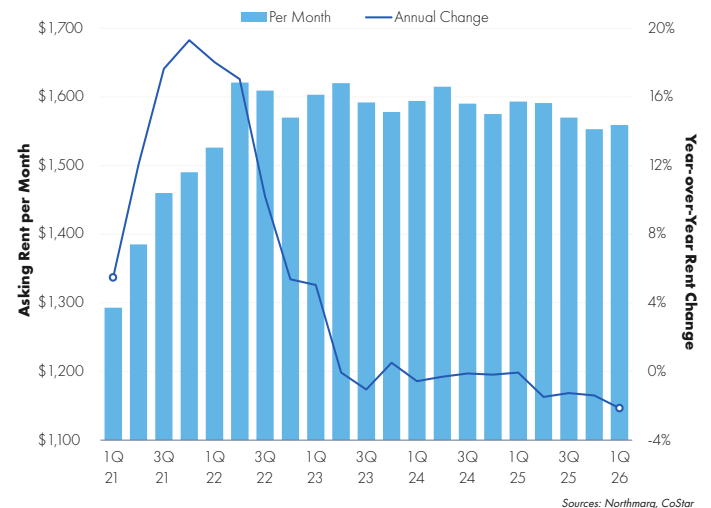
- Vacancy conditions in Charlotte continued to soften in recent months. Area vacancy rose by 30 basis points during the first quarter to 8.7%. This marks three consecutive quarters of the rate trending higher. Year over year, vacancy is up 70 basis points.
- Vacancy rose across most submarkets during the past 12 months. Despite strong demand, the vacancy rate in the South End trended higher by 50 basis points year over year to 7.2%. Apartments in this submarket posted net move-ins for more than 2,600 units during the past year, the highest total of any submarket in the region during that time frame.
- Top-tier vacancy is elevated after three years of supply growth. As of the end of the first quarter, Class A vacancy stands at 9.1%, up 100 basis points from one year ago.
- **FORECAST:** As supply growth slows, vacancy conditions are expected begin stabilizing. The vacancy rate is projected to close the year at 8.5%, representing a 10-basis-points increase year over year.

RENTS

- Asking rents in Charlotte inched higher to begin 2026 after trending lower during the second half of 2025. Apartment rents rose by 0.4% during the first quarter to \$1,559 per month. During the past year, rents are down 2.1%.
- Apartment rents declined in nearly every submarket in recent periods. The South End remains the most expensive submarket in the area by more than \$260 per month and has posted more resilient performance. Year over year, rents in this submarket declined by just 1.4% to \$2,246 per month.
- Rents for Class A properties declined 1.9% during the past 12 months to \$1,865 per month. Rental trends for top-tier assets closely tracked the market’s overall rate of change.
- **FORECAST:** Area rents are expected to increase in 2026 after trending lower in the previous two years. Average rents are forecast to advance 0.5% for the full year, reaching \$1,560 per month.

Apartment rents rose by 0.4% during the first quarter.

RENTS TRENDS

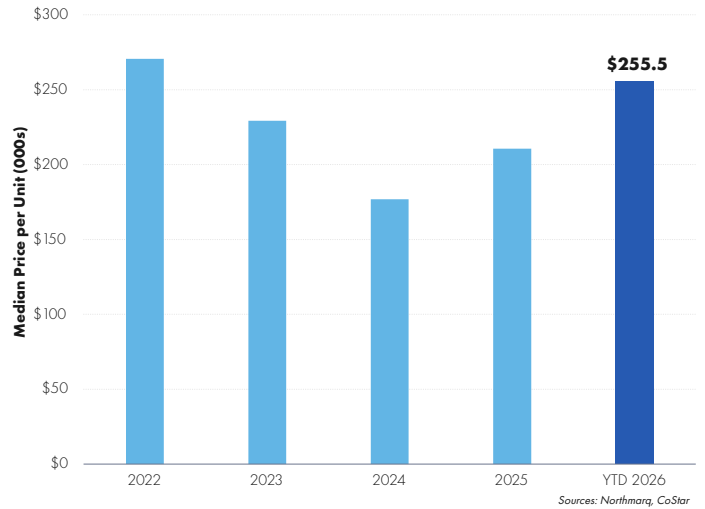


MULTIFAMILY SALES

- Sales activity in Charlotte remained limited in the opening months of the year. Total sales during the first quarter lagged levels recorded in the same period of last year by 56%. New builds accounted for all first quarter sales, following a year in which roughly 40% of sales were 2020s-vintage assets.
- Pricing trended higher as the transaction mix skewed further towards recently built properties. Year to date, the median sale price is \$255,500 per unit, up 21% from levels recorded in 2025.
- Cap rates decreased to start 2026. Rates averaged approximately 4.75% during the first three months of the year. During the fourth quarter, cap rates averaged roughly 5%.

Year to date, the median sale price is \$255,500 per unit.

INVESTMENT TRENDS



RECENT TRANSACTIONS MULTIFAMILY SALES ACTIVITY

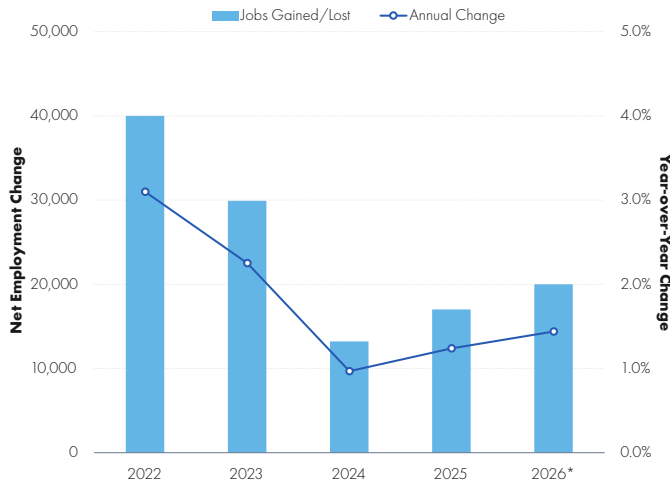
PROPERTY NAME	STREET ADDRESS	YEAR BUILT	UNITS	SALES PRICE	PRICE/UNIT
NoDa Flats	2509 N Davidson St., Charlotte	2020	273	\$75,000,000	\$274,725
The Wrenley	2020 Winters Eve Drive, Charlotte	2024	300	\$58,640,000	\$195,467
Cottages of Monroe	3380 Taylor Morrison Way, Monroe	2024	151	\$41,250,000	\$273,179
Laurel View	350 Joshua Place N.W., Concord	2018	174	\$41,390,000	\$237,874

LOOKING AHEAD

Property fundamentals in the Charlotte multifamily market are forecast to stabilize in the coming quarters as supply growth moderates. Completion totals in 2026 are expected to lag levels recorded in 2025 by 23%, and vacancy is projected to come down slightly. Renter demand should be supported by gains in the local labor market. Employment growth will likely accelerate in the coming quarters, building on the combined 30,000 job additions of the past two years. Further, one of the region’s largest submarkets, University, is poised for improved performance in the coming years. After rapid supply growth in the area in recent years, the development pipeline has fallen sharply to just 800 units. Three years ago, more than 4,000 units were under construction in the area. Fundamentals in the University submarket are expected to begin improving as completions decline.

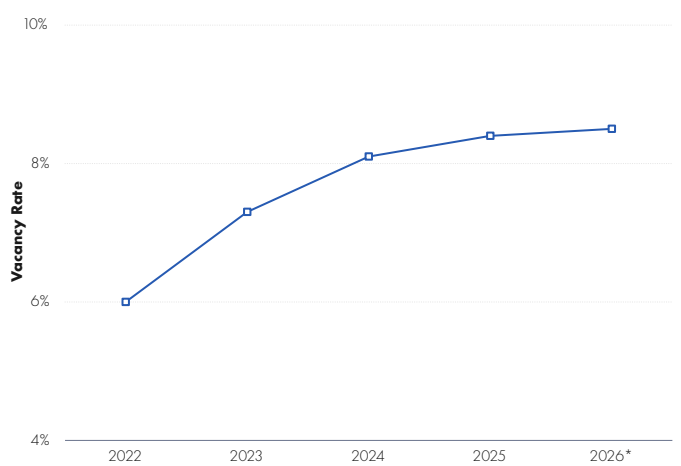
Multifamily sales activity in Charlotte is expected to accelerate following the lightest quarter for transactions in nearly three years. Activity at the beginning of this year was dominated by new builds, but the transaction mix will likely shift to include some older vintages in the coming quarters. While the pool of assets that will change hands throughout the remainder of the year will likely expand, recently built properties will remain a key component of regional investment activity. More than 28,500 units came online across the Charlotte region in 2024 and 2025, and many of these projects are expected to be made available for acquisition in the coming periods. The LoSo and the South End submarkets should be active; these submarkets accounted for roughly one quarter of supply growth during the past two years while continuing to post some of the strongest demand in the metro.

EMPLOYMENT FORECAST



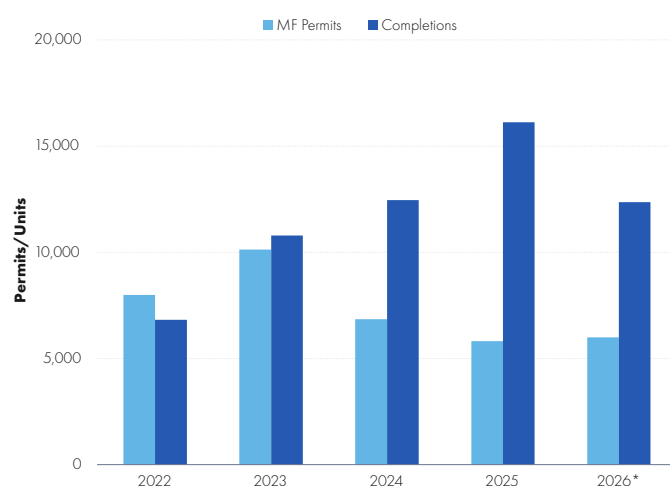
* Year End Forecast
Sources: Northmarq, Bureau of Labor Statistics

VACANCY FORECAST



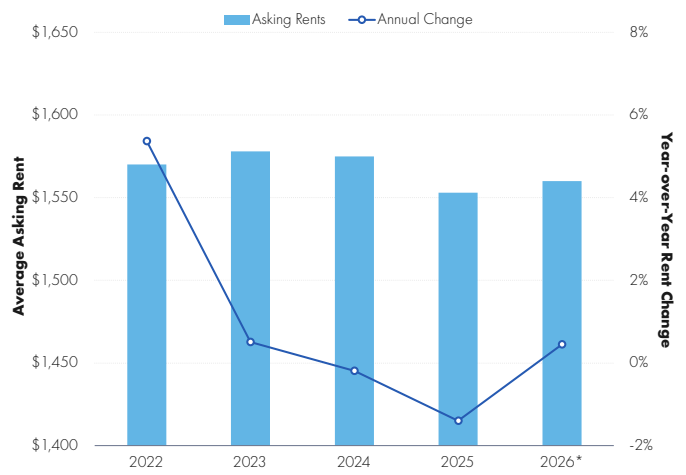
* Year End Forecast
Sources: Northmarq, CoStar

CONSTRUCTION & PERMITTING FORECAST



* Year End Forecast
Sources: Northmarq, CoStar, Census Bureau

RENTS FORECAST



* Year End Forecast
Sources: Northmarq, CoStar



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