Northmarq

CONSTRUCTION ACTIVITY

UNDER CONSTRUCTION	20,651
UNITS DELIVERED (YTD)	6,458

MARKET FUNDAMENTALS

VACANCY RATE	8.5%
YEAR-OVER-YEAR CHANGE	+80bps
ASKING RENTS	$1,568
YEAR-OVER-YEAR CHANGE	-1.4%

TRANSACTION ACTIVITY (YTD)

MEDIAN PRICE PER UNIT	$216,700

CHARLOTTE MULTIFAMILY
Q2 2026

MARKET INSIGHTS

Absorption gains momentum as deliveries slow

HIGHLIGHTS

- Operating conditions in the Charlotte multifamily market performed well during the second quarter, with vacancy improving and rents ticking higher. Renter demand was elevated, with net move-ins totaling roughly 4,800 units during the past three months, nearly double the level recorded in the previous quarter.
- The vacancy rate declined for the first time in three quarters. During the second quarter, area vacancy decreased 20 basis points to 8.5%. Year over year, the rate is up 80 basis points.
- Asking rents advanced in back-to-back quarters for the first time in two years. Apartment rents increased by 0.6% during the second quarter to $1,568 per month. Despite recent gains, rents remain down 1.4% year over year as declines recorded throughout 2025 continue to weigh on annual performance.
- The pace of multifamily sales continues to slow. Year to date, total sales trail the first-half average of the past 10 years by 71%. The median sale price in 2026 is $216,700 per unit, up 3% from last year.

CHARLOTTE MULTIFAMILY MARKET OVERVIEW

Absorption rates picked up as the labor market continued to expand in Charlotte. Net move-ins totaling approximately 4,800 units during the second quarter marked a quarterly peak for the region, helping to drive vacancy lower. Vacancy conditions have also benefited from the slower pace of supply growth in recent periods as development cools from the peak levels recorded last year. Further, the development pipeline is moderating alongside completions. Areas such as North Charlotte, Huntersville/Cornelius, and University posted steep declines in construction activity during the past year. Despite recent improvements, rents have gradually trended lower during the past three years. Charlotte's largest submarkets have recorded the steepest declines in recent periods, while rent growth in secondary areas such as South End and York County has remained nearly flat year over year.

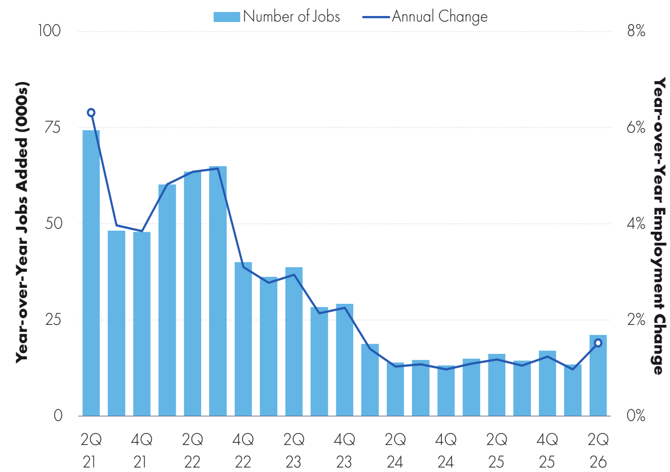
Transactions remain limited in the Charlotte multifamily investment market, with activity slowing from the first quarter to the second quarter. Investment shifted toward older properties in recent months after every significant sale during the first quarter involved an asset built within the past 10 years. Following the recent uptick in sales for older properties, the year-to-date transaction mix is more consistent with last year's, with apartments built from 1960 to 1999 accounting for one-third of sales. Despite the recent shift in activity, new builds have generally dominated the sales mix. To this point in the year, 2020s-vintage assets account for 50% of sales after comprising more than 40% of transactions in 2025. During the past 18 months, University, South Charlotte, and East Charlotte, specifically the Optimist Park submarket, have posted the most activity for properties built within the past six years.

EMPLOYMENT

- Employment growth in Charlotte has accelerated in recent periods. During the past year, area employers expanded payrolls by 21,100 workers, an increase of 1.5%. During 2024 and 2025, year over year growth averaged 1.2%.
- The professional and business services sector is recovering after contracting from late 2023 through mid-2025. Employment in this sector rose by 2.6% during the past 12 months, adding 5,800 workers. Despite the gains, employment remains 5,500 positions below its peak, though the gap continues to narrow.
- Financial services company, Capital Group, recently signed a lease for nearly 200,000 square feet of space at the One Independence Center in Uptown Charlotte. The lease went into effect during the second quarter and will serve as the company's East Coast headquarters. Capital Group plans to create roughly 600 jobs in the region in the coming years.
- **FORECAST:** Hiring activity is expected to accelerate as overall employment growth returns to levels closer to historical norms following softer gains in 2024 and 2025. Total employment is expected to increase by 25,000 positions in 2026, a 1.8% increase.

Employers added 21,100 jobs during the past year.

EMPLOYMENT OVERVIEW



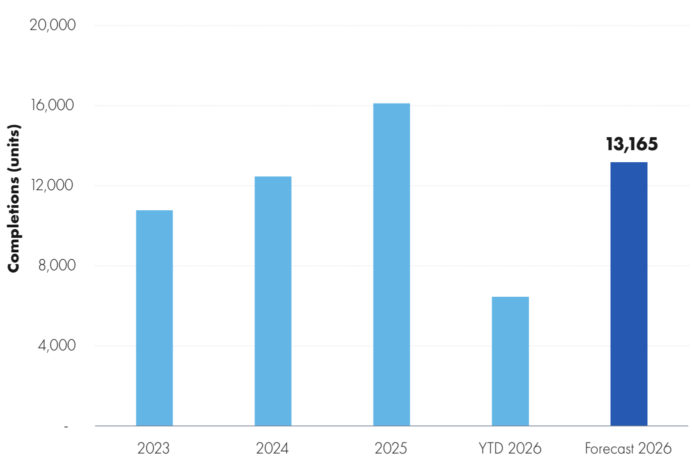
Sources: Northmarq, Bureau of Labor Statistics

DEVELOPMENT & PERMITTING

- Year to date, projects totaling roughly 6,500 units have come online in Charlotte, down 31% from the same period last year. Despite the pullback from recent highs, deliveries remain elevated compared to long-term trends. Prior to the supply surge that began in 2023, developers completed an average of 8,400 units per year from 2017 to 2022.
- The development pipeline continues to shrink. Projects totaling approximately 20,650 units are currently under construction, down 8% from levels recorded one year ago.
- Multifamily permitting picked up in recent months. Developers pulled permits for more than 2,400 units during the second quarter, up 11% from the preceding three months.
- **FORECAST:** Completions through the end of the year are projected to closely track the pace set year to date. Projects totaling 13,165 units are expected to come online in 2026, down 18% from last year's heightened levels.

Approximately 20,650 units are under construction.

DEVELOPMENT TRENDS

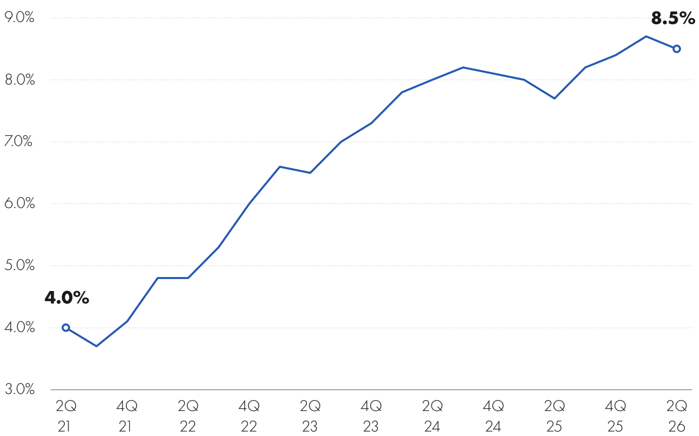


Sources: Northmarq, CoStar

VACANCY

During the second quarter, vacancy declined 20 basis points.

VACANCY TRENDS



Sources: Northmarq, CoStar

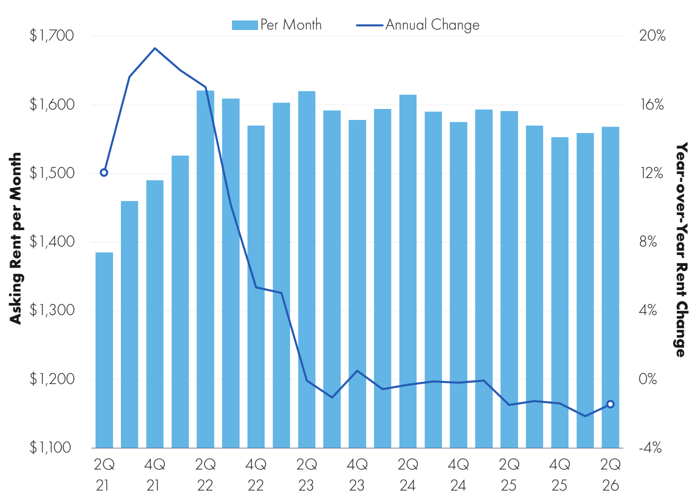
- Vacancy in Charlotte improved in recent months after trending higher in previous periods. During the second quarter, the vacancy rate declined 20 basis points to 8.5%. Still, area vacancy is up 80 basis points from one year ago.
- During the past 12 months, vacancy trended higher in most submarkets throughout the region. Cabarrus County was one of the few areas to record an improvement during this time frame. Year over year, the vacancy rate in this submarket declined 30 basis points to 6.4%.
- While vacancy rose across all asset classes, rates remain highest in the top-tier of properties. Vacancy for Class A properties increased by 110 basis points year over year to 9.0%.
- **FORECAST:** The vacancy rate is projected to close the year at 8.5% as supply growth declines from recent highs. Area vacancy is expected to begin declining in 2027.

RENTS

- Rents in Charlotte have pushed higher in two consecutive quarters. Asking rents advanced by 0.6% during the past three months to $1,568 per month. Despite the recent increases, rents are down 1.4% annually.
- Rents declined in most submarkets during the past 12 months, with the steepest decreases posted in the area's largest submarkets as these areas continue to absorb the elevated supply growth of recent years. In East Charlotte, rents trended lower by 2.8% year over year, while rents in both South and North Charlotte fell 2.6% during the same period.
- While current Class A rental rates are down from one year ago, top-tier rents continued to advance on a quarterly basis during the first half of the year. During the past six months, top-tier rents rose by 1.2% to $1,886 per month. The pace of growth was in line with the first-half increases recorded in each of the past two years.
- **FORECAST:** Asking rents are projected to advance on an annual basis for the first time since 2023. Area rents are forecast to close the year at $1,560 per month, up 0.5% from the end of 2025.

Rents advanced by 0.6% during the past three months.

RENTS TRENDS



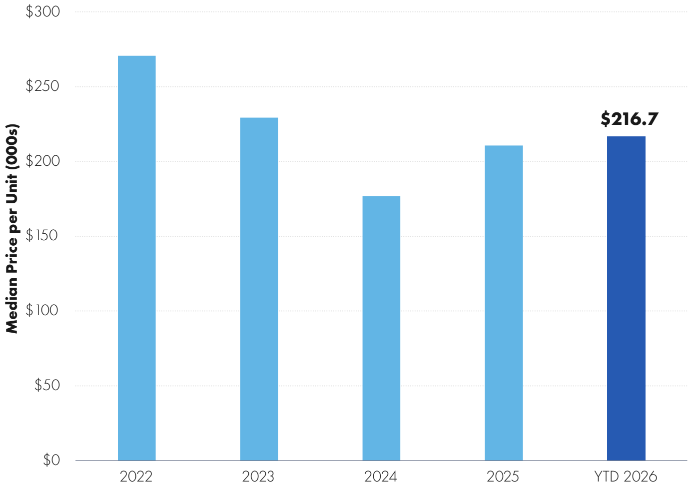
Sources: Northmarq, CoStar

MULTIFAMILY SALES

- The pace of multifamily sales in Charlotte has slowed considerably year to date. To this point in 2026, total sales are trailing levels recorded in the same period of last year by 65%. After recent builds dominated the transaction mix earlier in the year, older properties resumed changing hands, with 1960s and 1990s vintage assets selling during the second quarter.
- Pricing has gradually trended higher since decreasing in 2024. Year to date, the median sale price is $216,700 per unit, up 3% from 2025.
- Cap rates averaged approximately 5% during the last six months, closely tracking metrics posted in 2025. Since the beginning of last year, rates have generally ranged between 4.7% and 5.25%.

Year to date, the median price is $216,700 per unit.

INVESTMENT TRENDS



Sources: Northmarq, CoStar

RECENT TRANSACTIONS MULTIFAMILY SALES ACTIVITY

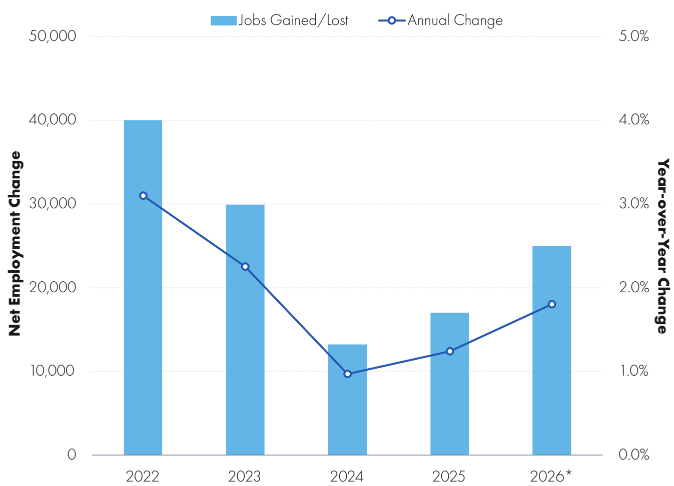
PROPERTY NAME	STREET ADDRESS	YEAR BUILT	UNITS	SALES PRICE	PRICE/UNIT
NoDa Flats	2509 N Davidson St., Charlotte	2020	273	$75,000,000	$274,725
The Wrenley	2020 Winters Eve Drive, Charlotte	2024	300	$58,640,000	$195,467
Cottages of Monroe	3380 Taylor Morrison Way, Monroe	2024	151	$41,250,000	$273,179
Laurel View	350 Joshua Place N.W., Concord	2018	174	$41,390,000	$237,874
Belmont Heights	199 Belmont Mt. Holly Road, Belmont	1991	176	$31,152,000	$170,000
Sharon Oaks	4701 Arching Oak Lane, Charlotte	1961	98	$14,100,000	$143,878

LOOKING AHEAD

Vacancy conditions in the Charlotte multifamily market are expected to hold steady through the end of 2026, supported by lessening supply-side pressures. While completions will finally slow after accelerating in recent years, the local labor market should prove to be strong enough to support renter demand. Steadier vacancy conditions should allow for a more stable outlook for market rents, and trends in the coming quarters will be telling. In the previous four years, rents dipped lower during the third and fourth quarters. Even modest rent declines during the second half would represent improvement, as quarterly decreases in the second half of previous years have generally exceeded 1%.

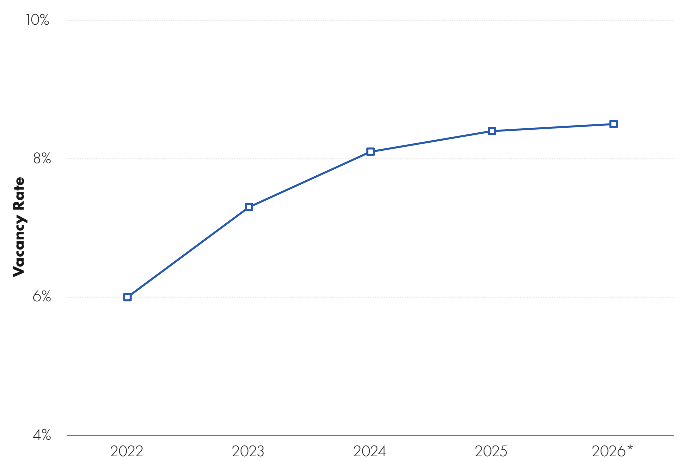
Sales activity in the Charlotte multifamily market should accelerate through the end of the year after a slow start to 2026. Assuming the recent uptick in absorption rates carries over into the second half, investors may be motivated to pursue acquisitions as the operational outlook brightens. During the past year, investor and renter demand has been concentrated in newer low-rise and mid-rise buildings. These properties should continue to attract investors and make up the majority of sales in the coming quarters. Investors are expected to target properties in higher absorption areas, specifically North Charlotte, which has been one of the more active submarkets in the region in recent years, but has recorded minimal sales during the past 18 months.

EMPLOYMENT FORECAST



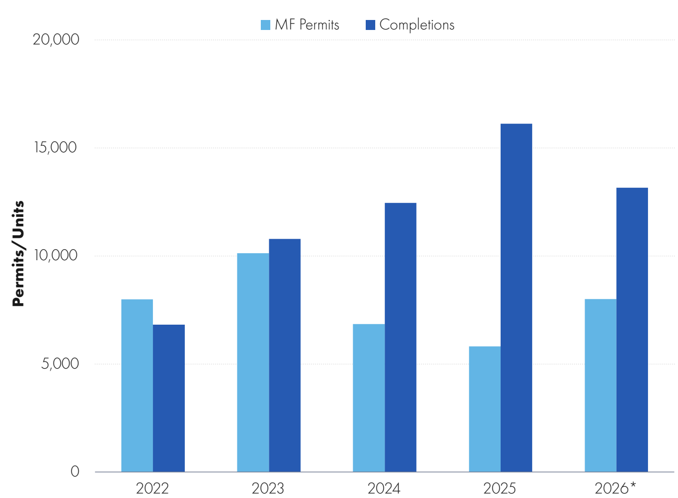
** Year-End Forecast*
Sources: Northmarq, Bureau of Labor Statistics

VACANCY FORECAST



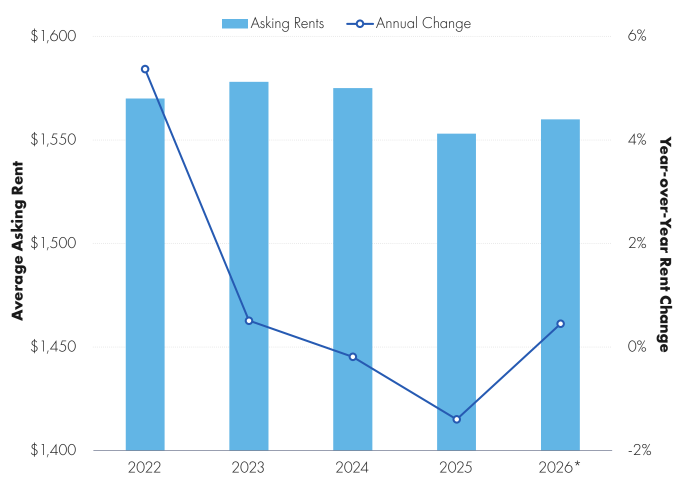
** Year-End Forecast*
Sources: Northmarq, CoStar

CONSTRUCTION & PERMITTING FORECAST



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

RENTS FORECAST



** Year-End Forecast*
Sources: Northmarq, CoStar

FOR MORE INFORMATION, **PLEASE CONTACT**

CHARLOTTE INSTITUTIONAL INVESTMENT SALES

ANDREA HOWARD
Regional Managing Director, Investment Sales
704.595.4280
ahoward@northmarq.com

JEFF GLENN
Managing Director, Investment Sales
919.322.4769
jglenn@northmarq.com

JOHN CURRIN
Managing Director, Investment Sales
704.595.4276
jcurrin@northmarq.com

JAMES DORSETT
Vice President, Investment Sales
704.927.4330
jdorsett@northmarq.com

AUSTIN JACKSON
Senior Vice President, Investment Sales
317.777.3778
ajackson@northmarq.com

CHARLOTTE DEBT + EQUITY

FARON THOMPSON
Regional Managing Director, Debt + Equity
404.237.2456
fthompson@northmarq.com

GRANT HARRIS
Vice President, Debt + Equity
704.935.7029
gharris@northmarq.com

DAVID VINSON
Managing Director, Debt + Equity
919.322.4767
dvinson@northmarq.com

PETE O'NEIL, *National Director, Research* | 602.508.2212 | poneil@northmarq.com

JOHN TAGG, *Research Manager* | 972.455.4916 | jtagg@northmarq.com

SAM TIFFANY, *Senior Market Analyst* | 602.955.7102 | stiffany@northmarq.com

ABOUT **NORTHMARQ**

Northmarq is one of the largest privately held commercial real estate firms in the United States, combining a nationwide presence with deep local expertise. With more than 50 offices across the country, we provide a full suite of debt, equity, investment sales, loan servicing and fund management solutions for a comprehensive range of property types. Our unique structure allows us to connect clients with the best opportunities, yet be nimble enough to ensure access to every expert across our company. The firm manages a loan servicing portfolio of over $80 billion and has completed $91.3 billion in transactions over the past four years. At Northmarq, collaboration fuels results, helping clients achieve success in every market, nationwide. For more information, visit www.northmarq.com.