

Employment growth surges ahead of national average

CONSTRUCTION ACTIVITY



UNDER CONSTRUCTION **22,799**

UNITS DELIVERED (YTD) **16,116**

MARKET FUNDAMENTALS



VACANCY RATE **8.4%**

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

ASKING RENTS **\$1,553**

YEAR-OVER-YEAR CHANGE **-1.4%**

TRANSACTION ACTIVITY (YTD)



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

CHARLOTTE MULTIFAMILY Q4 2025

HIGHLIGHTS

- Heightened supply growth in the Charlotte multifamily market put pressure on property fundamentals during the fourth quarter, as vacancy rose and rents declined. Projects totaling more than 16,100 units came online in 2025, a peak for the region.
- Vacancy conditions continued to soften in recent months after improving during the first half. Area vacancy increased by 20 basis points during the final three months of the year to 8.4%. In 2025, the rate rose 30 basis points.
- Asking rents declined by 1.1% during the fourth quarter to \$1,553 per month. During the past year, rents are down 1.4%.
- Sales activity in the Charlotte multifamily investment market declined during the past year after rebounding in 2024. Total sales in 2025 lagged levels recorded in 2024 by 33%. Pricing trended higher, as the median price in 2025 was \$210,700 per unit, up 19% from last year.

CHARLOTTE MULTIFAMILY MARKET OVERVIEW

Property fundamentals in the Charlotte multifamily market softened during the second half of the year as supply growth remained elevated. Vacancy continues to trend upward, but the pace of increases has leveled off. The rate rose by 30 basis points during the past year after increasing by 80 basis points in 2024. Robust demand kept vacancy increases in check. Apartments posted net move-ins for more than 14,500 units in 2025, outpacing last year's peak levels by 15%. Absorption was concentrated in North Charlotte, South End, and West Charlotte. These three areas combined for more than half of the net move-ins during the past year, despite representing only 25% of the market's inventory. Renter demand is supported by one of the strongest employment markets in the country. The professional and business services sector rebounded in 2025, elevating overall regional employment conditions.

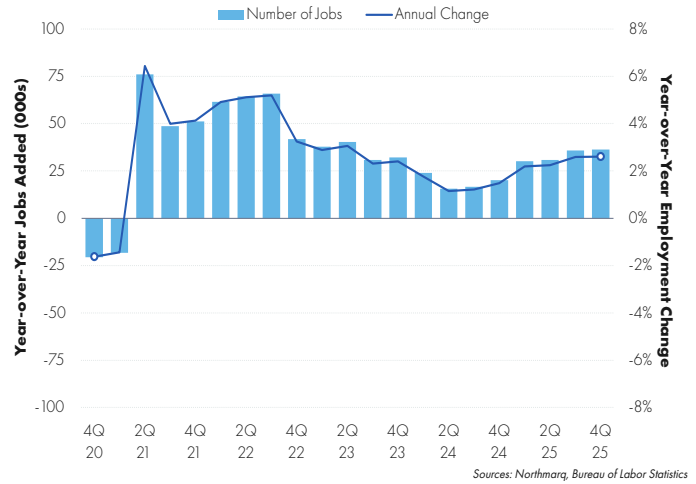
Total sales in the Charlotte multifamily investment market declined from 2024 to 2025. Pricing rose in recent quarters after declining in 2024. The median sale price was \$210,700 per unit in 2025, up 19% from one year ago. Despite the increase, pricing lagged levels recorded from 2021 to 2023. Investors targeted 2020s and 1980s vintage assets in 2025, as properties built in the 2020s made up 42% of sales during the past year, while 1980s builds accounted for 27%. Many of the new properties that sold have been operational for a few years, with builds from 2020, 2021, and 2023 making up nearly every transaction for 2020s-vintages. Almost none of the inventory that came online in 2024 and 2025 has changed hands to this point. Cap rates averaged approximately 5.0% throughout 2025, down slightly from levels recorded in 2024.

EMPLOYMENT

- The pace of new hiring in Charlotte accelerated from 2024 to 2025 even as most major markets struggled. During the past year, total employment expanded by 36,300 workers, an increase of 2.6%. In 2024, local employers added 20,200 positions.
- White-collar sectors were the primary drivers for the job additions over the past year. In 2025, the professional and business services and financial sectors hired 10,300 and 3,000 employees, respectively.
- Maersk, a Danish shipping company, recently named Charlotte as the site of its North American headquarters. The expansion is expected to create more than 500 local jobs, building on the company’s existing workforce of over 600 employees in the area.
- **FORECAST:** Total employment is expected to continue to expand in the coming year, but at a more modest pace. Area employers are projected to increase payrolls by 25,000 workers in 2026, an increase of 1.8%.

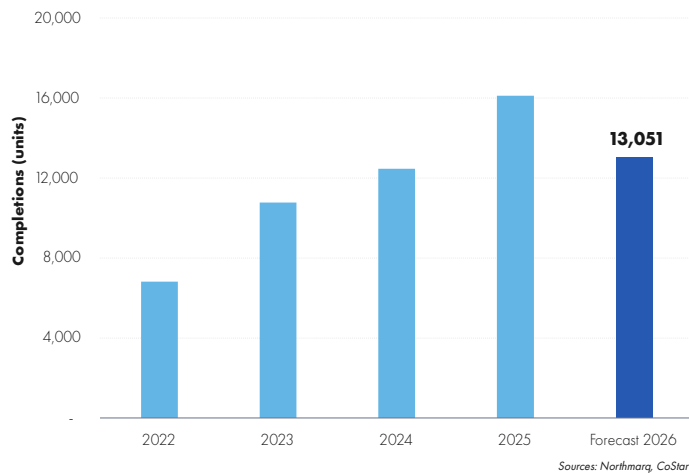
During the past year, employment expanded by 36,300 workers.

EMPLOYMENT OVERVIEW



Projects totaling roughly 16,100 units came online during 2025.

DEVELOPMENT TRENDS

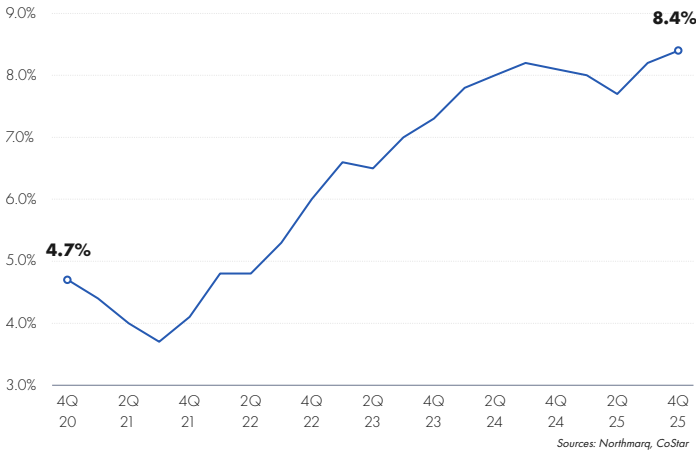


DEVELOPMENT & PERMITTING

- Multifamily completions in Charlotte peaked in 2025, building on an already strong year of supply growth in 2024. Projects totaling roughly 16,100 units came online during 2025, exceeding levels recorded last year by 29%.
- Nearly 22,800 units were under construction at the end of 2025, down 7% from one year ago. North Charlotte remains the most active area for construction, accounting for 20% of the pipeline. In North Charlotte, development is concentrated near Route 29, between Sugar Creek Road and I-277.
- Following peak levels in 2023, multifamily permitting has remained muted. Developers pulled permits for approximately 6,500 units in 2025, down 5% from levels recorded in 2024.
- **FORECAST:** The pace of multifamily deliveries is expected to taper from peak levels, though annual completions should remain above trend. Projects totaling 13,051 units are forecast to come online in 2026, down 19% from 2025, but 37% above the average of the past decade.

Vacancy is up 30 basis points annually.

VACANCY TRENDS



VACANCY

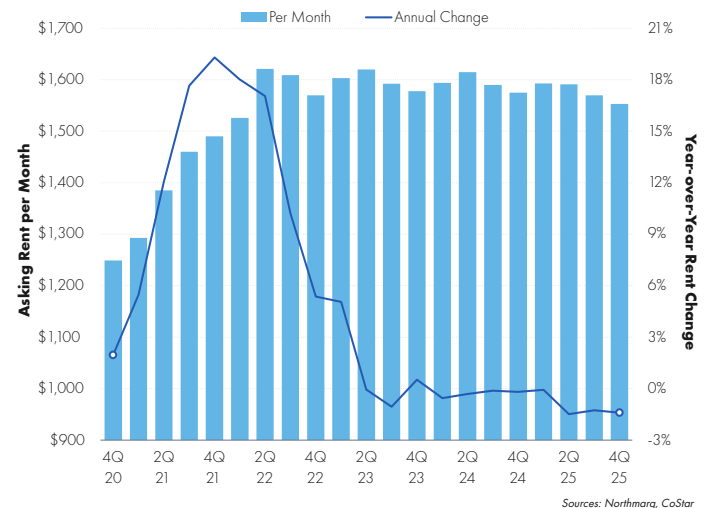
- The vacancy rate in Charlotte rose again during the fourth quarter, increasing 20 basis points to 8.4%. Vacancy conditions improved during the first half of 2025 but climbed during the past six months. Vacancy is up 30 basis points annually.
- Vacancy conditions in York County performed well in 2025, with the rate remaining well below the overall market. The submarket’s vacancy rate closed the year at 6.8%, down 60 basis points from one year ago.
- Class A vacancy remains elevated in the face of strong inventory additions. Top-tier vacancy rose by 40 basis points in 2025, reaching 8.8%. Despite vacancy conditions softening, demand for Class A units was elevated again in 2025. Top-tier apartments absorbed roughly 6,300 units during the past year, building upon last year’s peak of net move-ins for more than 6,400 units.
- **FORECAST:** Vacancy increases should continue to level off as supply growth slows. The vacancy rate is projected to close the coming year at 8.5%, up 10 basis points annually.

RENTS

- Area rents continue to trend lower. During the fourth quarter, apartment rents in Charlotte declined by 1.1% to \$1,553 per month. Rents decreased by 1.4% in 2025. In the past four years, rental growth has been stronger in the first half than in the second half.
- While nearly every submarket recorded rent declines in 2025, asking rents advanced in York County. During the past year, rents in York County increased by 1.4% to \$1,522 per month.
- Top-tier rents declined 1.6% during the past 12 months to \$1,854 per month. Class A rents have been gradually trending lower since 2022.
- **FORECAST:** Rent growth is projected to rebound in 2026, but gains will be modest. Apartment rents are forecast to close the coming year at \$1,560 per month, up 0.5% annually.

Asking rents advanced in York County during the past year.

RENTS TRENDS

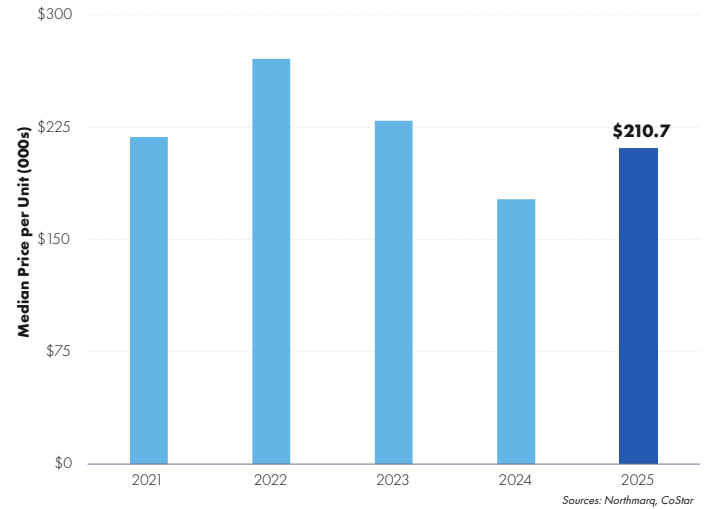


MULTIFAMILY SALES

- Sales activity in 2025 lagged levels recorded last year as well as the region’s long-term norm. Total sales in Charlotte during 2025 were down 33% from 2024.
- Pricing trended higher during the past year after a significant decline in 2024. The median sale price in 2025 was \$210,700 per unit, up 19% from last year. Recently delivered communities continued to account for the greatest share of the sales mix, and the spread increased. Properties built since 2020 made up 42% of sales, up from 26% in 2024.
- Cap rates remained stable throughout 2025, averaging roughly 5.0% during the fourth quarter. By comparison, cap rates averaged between 5.25% and 5.5% in 2024.

The median sale price in 2025 was \$210,700 per unit.

INVESTMENT TRENDS



RECENT TRANSACTIONS MULTIFAMILY SALES ACTIVITY

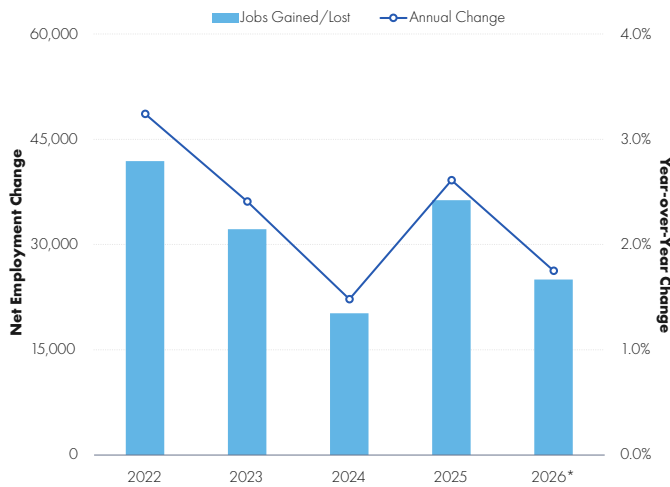
PROPERTY NAME	STREET ADDRESS	YEAR BUILT	UNITS	SALES PRICE	PRICE/UNIT
Hawkins Press	2200 Dunavant St., Charlotte	2024	426	\$160,150,000	\$375,939
Loft One35	135 W Morehead St., Charlotte	2016	298	\$94,000,000	\$315,436
Tapestry Tyvola	2051 Establishment Way, Charlotte	2022	297	\$66,231,000	\$223,000
Presley Oaks	4915 Misty Oaks Drive, Charlotte	1996	318	\$65,150,000	\$204,874
Tryon Farms	15120 Wylie Way, Charlotte	2020	240	\$58,800,000	\$245,000
Palmetto Place	6000 Palmetto Place, Fort Mill	1996	184	\$27,670,000	\$150,380

LOOKING AHEAD

Operating conditions in the Charlotte multifamily market are expected to stabilize in 2026 as supply growth tapers. Projects totaling approximately 13,000 units are slated for completion, down 19% from last year. Fewer new units will likely keep the vacancy rate in the mid-8% range after rates rose in each of the past four years. Continued demand will also play a large role in vacancy stabilization. Absorption rates in 2026 may lag levels recorded in 2025, but strong labor conditions should ensure that net move-ins keep pace with the coming deliveries. Demand varied throughout 2025, with a few areas accounting for most of the absorption. Net move-ins in the region’s largest submarket, South Charlotte, lagged in 2025. Given construction activity, average occupancy in this area may remain flat in the near term, but as development slows, vacancy should ultimately trend lower.

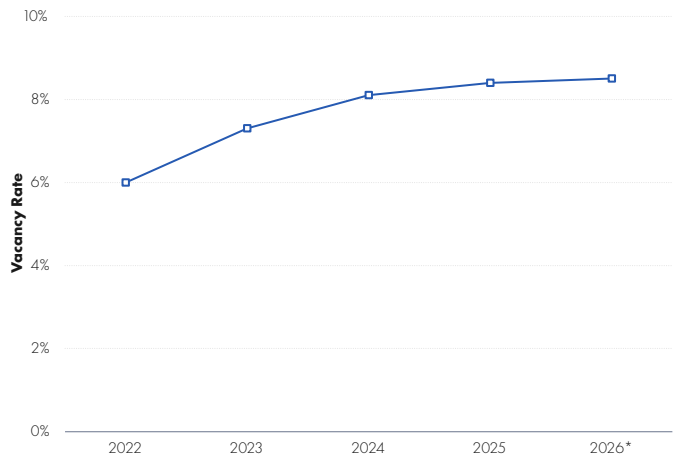
The pace of multifamily sales in the Charlotte investment market is expected to accelerate in the coming year, and sales in 2026 should exceed the light levels recorded in 2025. The transaction mix may shift further towards 2020s vintages in the coming periods as these properties stabilize. Investors in Charlotte have been keen on new builds in recent quarters, but much of the supply growth of the past two years has yet to trade. Assuming trends recorded in 2025 carry over into the coming years, some of the more than 28,000 units that were delivered in 2024 and 2025 should begin to change hands. Activity in North Charlotte should pick up after being light in recent quarters. North Charlotte is recording the highest levels of construction in the region. As the pipeline begins to deplete in this submarket and fundamentals adjust, this could emerge as more prevalent area of investor interest.

EMPLOYMENT FORECAST



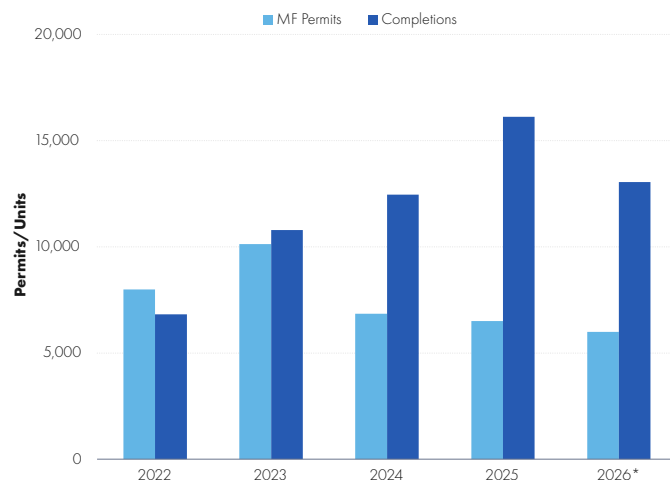
* Year End Forecast
Sources: Northmarq, Bureau of Labor Statistics

VACANCY FORECAST



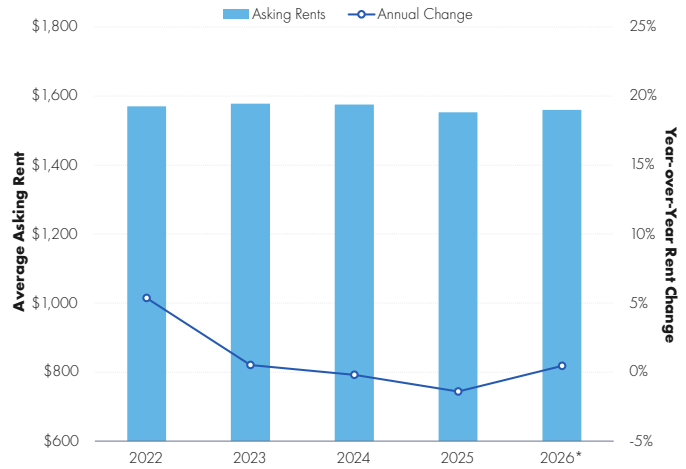
* Year End Forecast
Sources: Northmarq, CoStar

CONSTRUCTION & PERMITTING FORECAST



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

RENTS FORECAST



* Year End Forecast
Sources: Northmarq, CoStar



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