Market Momentum

Key drivers in Charlotte Region Commercial Real Estate.

July 2026

From the C-Suite:

As of the **second quarter of 2026**, the U.S. economy remained resilient but showed signs of moderating growth. Moody's Analytics expects real GDP growth of about 2.6% for 2026 overall, supported by strong business investment, particularly in artificial intelligence and technology infrastructure, even as labor market conditions soften and inflation remains above the Federal Reserve's 2% target. The Bureau of Economic Analysis reported that real GDP grew at a 2.1% annualized rate in the first quarter, while the Atlanta Fed's model estimated second-quarter growth at roughly 1.6%, indicating slower but still positive economic momentum. Meanwhile, the unemployment rate stood at 4.2% in June 2026 and inflation pressures persisted, creating a challenging environment for balancing growth and price stability. For commercial real estate (CRE), the current economic backdrop is generally **supportive, but highly sector-dependent.**

- **Industrial properties** remain one of the healthiest segments. Continued investment in technology, manufacturing, logistics, and AI infrastructure is supporting demand for warehouses, distribution centers, and specialized facilities such as data centers.
- **Office properties** continue to face challenges. While economic growth remains positive, a softer labor market and limited job growth reduce the need for additional office space.
- **Multifamily housing** is in a relatively balanced position. Steady employment and household formation support demand, but slower economic growth and affordability concerns may constrain rent growth in some markets.
- **Retail properties** are benefiting from continued consumer spending, but performance varies widely by location and tenant mix. Necessity-based retail and well-located centers are generally outperforming discretionary retail. Positive GDP growth supports consumer activity, though persistent inflation pressures household budgets.

Bottom line: The economy is not signaling a recession, which is positive for CRE. However, slower GDP growth, a cooling labor market, and structural shifts in how companies use space mean investors should favor sectors tied to logistics, housing, healthcare, and data infrastructure while remaining cautious on traditional office assets.

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On the Ground & By the Numbers:

First Quarter 2026 Charlotte Region market summary from SiteIndex/Moody's CRE

Office	Retail	Industrial*	Multifamily
22.9% vacancy rate	**9.4%** vacancy rate	**11.9%** vacancy rate	**10.4%** vacancy rate
0 SF built	**42,000** SF built	**698,000** SF built	**2,143** units built
-30,000 SF absorbed	**42,000** SF absorbed	**55,000SF** absorbed	**1,514** units absorbed

*Warehouse/Distribution

Source: SiteIndex Q1- period ending 3/31/2026

- **Slow & Steady wins the race** – continued job & population growth in the region supports the overall market.

- **Office vacancy climbs**. During May, asking rents built upon April's 0.2% increase, advancing by an additional 0.2% to $31.44. The market has now experienced three consecutive monthly gains in asking rent, for a cumulative total of 0.6%. At the same time, the May vacancy rate rose to 23.2%. Between now and year's end, 30,000 square feet of competitive office stock will be introduced to the metro, and Moody's estimates that net total absorption will be positive 325,000 square feet, bringing the vacancy rate back down. No new space was delivered in the first quarter.

- **Retail in the region remains steady**. Asking rents built upon April's 0.6% increase, advancing by an additional 0.6% to $21.25. The market has now experienced six consecutive monthly gains in asking rent, for a cumulative total of 2.9%, as vacancy crept up to 9.7% in May. From a historical perspective, the May vacancy rate is 0.3 percentage points higher than the 9.4% average recorded since the beginning of Q2 2016.

- **Industrial still faces headwinds as inventory and rents grow**. Asking rents drifted upward 0.1% in May, bringing the average up to $6.74. Since the same reporting period last year, asking rents have risen by 2.9%, up from $6.55. Total employment in the Charlotte metropolitan area grew by 4,200 jobs during the first quarter, amounting to a growth rate of 0.3%, while industrial employment remained essentially flat.

- **Multifamily continues slowdown** as new units outpace absorption. After finishing April with no change, asking rents declined by 0.1% to $1,546. Mean unit prices in the metro are as follows: studios $1,303, one bedrooms $1,396, two bedrooms $1,643, and three bedrooms $1,892. Since the same reporting period last year, asking rents have advanced by 2.1%, up from $1,513.

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