Market Momentum

Key drivers in Charlotte Region Commercial Real Estate.

October 2026

From the C-Suite: Economic Backdrop & Macro Drivers

As of the **third quarter of 2026**, the U.S. and regional economies demonstrate sustained resilience alongside moderating expansion. Nationwide real GDP growth is projected by Moody's Analytics at approximately 2.6% for full-year 2026, bolstered by persistent corporate capital commitments in artificial intelligence, technology infrastructure, and regional logistics nodes. In the Charlotte metropolitan area, broader employment expanded by 0.3% during the third quarter (adding 4,700 nonagricultural jobs), while household median income growth registered at 1.1%. Overall commercial real estate (CRE) conditions in Charlotte remain generally **supportive, but highly sector dependent** as individual asset classes navigate supply normalization.

- **Industrial properties** remain a key structural performer. Continuous regional growth in logistics, advanced manufacturing, and technology infrastructure continues to drive positive net absorption (721,000 SF in Q3), helping vacancy drift downward to 11.4%.
- **Office properties** showed constructive absorption momentum during Q3. Asking rents rose for the seventh consecutive month to $31.61/SF, and quarterly net absorption reached positive 422,000 SF, reducing vacancy by 80 basis points to 21.7%.
- **Multifamily housing** is maintaining steady demand while digesting significant supply deliveries. Third-quarter completions totaled 3,259 units, which were counterbalanced by 2,865 units of positive net absorption, keeping vacancy steady at 10.1%.
- **Retail properties** continue to hold solid pricing power with asking rents at $21.25/SF and effective rents up 3.2% year-over-year. Necessity-based, grocery-anchored centers and prime corridors in South Charlotte lead the market.

Bottom line: The absence of economic recession provides a solid baseline for Charlotte real estate. However, sector divergence dictates investment strategy: institutional capital favors logistics, prime mixed-use, healthcare, and high-quality residential, while traditional office assets require selective, asset-specific positioning.

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On the Ground & By the Numbers: Q3 2026 Market Summary

The table below synthesizes key third-quarter 2026 performance indicators across Charlotte's core commercial property sectors based on Moody's Analytics CRE market area reports (period ending September 30, 2026):

Sector	Asking Rent	Effective Rent	Vacancy Rate	Q3 Deliveries	Q3 Absorption	Total Inventory
Industrial (Warehouse)	$6.78 / SF	$6.38 / SF	11.4% (-30 bps)	194,000 SF	+721,000 SF	162.88M SF
Office	$31.61 / SF	$26.02 / SF	21.7% (-80 bps)	0 SF	+422,000 SF	57.86M SF
Multi-Family	$1,565 / Unit	$1,478 / Unit	10.1% (0 bps)	3,259 Units	+2,865 Units	231,582 Units
Retail	$21.25 / SF	$18.75 / SF	9.9% (-10 bps)	58,000 SF	+89,000 SF	29.06M SF

Industrial (Warehouse/Distribution): Steady Absorption & Lower Vacancy

The Charlotte industrial market demonstrated accelerated space absorption during Q3 2026. Quarterly net absorption reached **721,000 square feet**, comfortably outpacing quarterly completions of 194,000 square feet and producing a construction-to-absorption ratio of 0.3. Consequently, metropolitan industrial vacancy dropped 30 basis points quarter-over-quarter (and 10 bps from August) to finish September at **11.4%**. September asking rents advanced to $6.78 per square foot (up 0.6% from Q2), while effective rents reached $6.38 per square foot (a 1.4% quarter-over-quarter increase), representing the market's fastest rate of rent expansion since June 2025. Over the trailing 12 months, cumulative market absorption totaled 1.363 million square feet. Moody's tracks an additional 1.3 million square feet expected to deliver by year-end 2026, with full-year net absorption projected at positive 1.4 million square feet, guiding vacancy to close 2026 at 11.2%.

Office Market: Rent Growth & Constructive Q3 Net Absorption

The Charlotte industrial market demonstrated accelerated space absorption during Q3 2026. Quarterly net Charlotte's office sector delivered notable gains in third quarter of 2026, outperforming several Sun Belt peers. Office asking rents rose to **$31.61 per square foot** in September, marking seven consecutive months of asking rent appreciation. Effective rents grew 1.0% quarter-over-quarter to $26.02 per square foot. Driven by steady tenant expansion in banking and professional services across prime submarkets like Uptown and SouthPark, third-quarter net absorption surged to **+422,000 square feet** with zero new competitive completions introduced during the quarter. This robust demand reduced metro office vacancy by 80 basis points quarter-over-quarter to 21.7%, the lowest vacancy level recorded in Charlotte since May 2024. Year-to-date, net absorption stands at 690,000 square feet against completions of just 49,000 square feet. For full-year 2026, Moody's anticipates asking rents will reach $31.66/SF, while vacancy is projected to end the year at 21.9% as 30,000 SF of remaining space completes.

Multifamily Housing: Robust Absorption Balances Heavy Deliveries

Charlotte's apartment market continues to absorb one of the heaviest delivery pipelines in the nation. During Q3 2026, developers completed **3,259 units**, bringing total metropolitan inventory to 231,582 units. Strong immigration and household growth drove **2,865 units** of net absorption in Q3 (and 12,252 units over the trailing 12 months), producing a balanced construction-to-absorption ratio of 1.1. Vacancy held flat quarter-over-quarter at **10.1%** (down 20 bps from August). Asking rents rose to $1,565 per unit ($1,478 effective rent, up 0.9% from Q2). Moody's forecasts full-year 2026 asking rents to reach $1,569/unit with vacancy tightening to 9.7% as new supply additions moderate.

Retail Sector: Strong Pricing Power & Essential Corridor Resilience

Retail property fundamentals remained solid in Q3 2026, characterized by steady pricing power in grocery anchored and affluent submarkets. September asking rents held at **$21.25 per square foot** ($18.75 effective rent, up 3.2% year-over-year). Metropolitan vacancy edged down 10 basis points in Q3 to **9.9%** on total inventory of 29.06 million square feet. Third-quarter completions totaled 58,000 square feet against net absorption of 89,000 square feet (construction-to-absorption ratio of 0.7). The South submarket (Ballantyne, SouthPark) continues to hold the highest concentration of retail space (9.9 million SF, or 34.1% of metro inventory) and strongest rent growth. Asking rents are expected to end 2026 at $21.36 per square foot.

Market Outlook & Strategic Investment Conclusions

Charlotte's commercial real estate is entering a phase of normalization. Regional demographic tailwinds—including continuous population growth, healthcare expansion, and financial services employment—provide an essential demand cushion. Near-term investment opportunities favor assets directly aligned with logistics access, housing to support population growth, and high-quality transit-adjacent mixed-use projects.

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