CHARLOTTE Q1 2026

Q1 2026 MULTIFAMILY MARKET SNAPSHOT

KEY TAKEAWAYS

1. Trailing four-quarter absorption fell modestly short of annual deliveries, a gap that narrowed meaningfully from the prior-year period when demand trailed supply by approximately 3,700 units, reflecting a market that is progressively closing the supply-demand imbalance.

2. The active pipeline of 17,170 units has contracted nearly 50% from its 2023 peak while annual construction starts are down 27% from a year ago, signaling a materially thinner delivery environment by 2027.

3. Average rents remained down on an annual basis, but the 0.1% quarterly gain in Q1 marks the first sequential increase after two consecutive quarters of decline. Occupancy levels have been declining since mid-2025 but are expected to stabilize starting in Q2 as the gap between demand and supply shrinks further.

AVERAGE RENT
$1,573

ANNUAL RENT CHANGE
-2.4%

OCCUPANCY RATE
91.3%

YOY OCCUPANCY CHANGE
-90 BASIS POINTS

NET ABSORPTION
12,872 T4Q

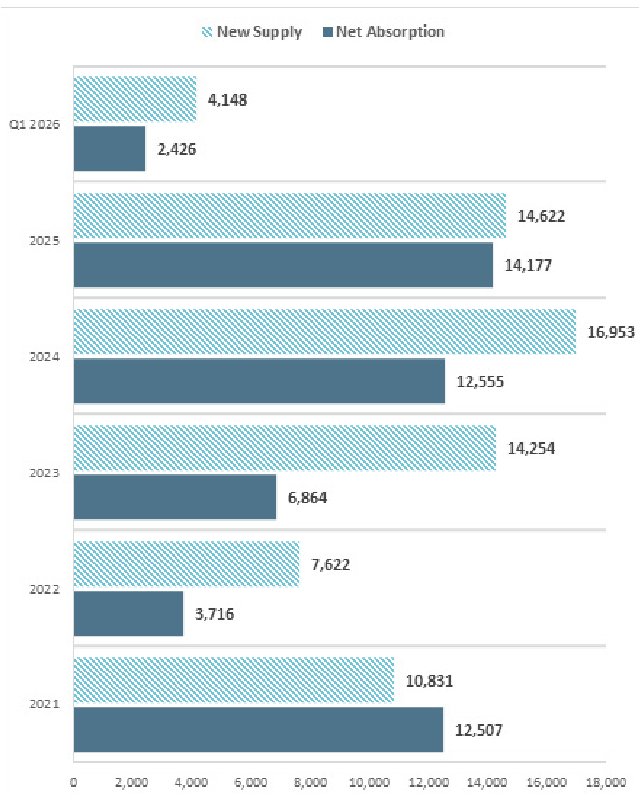
UNIT COMPLETIONS
14,284 T4Q

DEMAND TRENDS

Charlotte's multifamily market absorbed 2,426 units in Q1 2026, down from 3,731 a year ago. On a trailing 12-month basis, absorption totaled 12,872 units, a moderation from the 13,725 units absorbed in the comparable prior-year period, and fell short of the 14,284 units delivered over the same window. The narrowing gap between absorption and deliveries reflects improving supply-demand alignment rather than a fundamental weakening in renter demand.

By submarket, South End led with 2,706 trailing 12-month units absorbed against 2,728 delivered, effectively matching supply. West Charlotte followed with 2,044 absorptions over the past year, and North Charlotte posted 1,637 absorptions during this period. The weakest performers were Lincoln County (-39 units) and Uptown Charlotte (2 units), with South Charlotte posting just 57 units of absorption against 420 deliveries. Lincoln County's negative absorption despite receiving no new supply points to potential organic demand softness.

UNIT COMPLETIONS VS NET ABSORPTION



UNIT COMPLETIONS

4,148 Q1 2026

NET ABSORPTION

2,426

CONSTRUCTION TRENDS

Developers delivered 4,148 units in Q1 2026, bringing trailing 12-month completions to 14,284 units across Charlotte's 249,709-unit inventory. That figure represents an 18% decline from the 17,411 units completed in the prior four-quarter period, a clear signal that the delivery wave is cresting. With 17,170 units still under construction, representing 6.9% of existing inventory, near-term supply pressure remains real, but the directional trend is unmistakably toward moderation. Trailing 12-month construction starts totaled 8,125 units, down 27% from the prior-year starts figure of 11,068. Overall, Charlotte is transitioning from peak delivery into a late-cycle normalization phase.

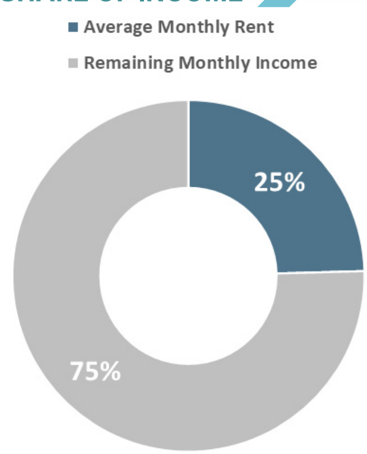
Active construction is concentrated in North Charlotte (3,998 units), South Charlotte (2,259 units), East Charlotte (1,680 units), University (1,456 units), and Huntersville/Cornelius (1,299 units), which together account for approximately 63% of the metro pipeline. North Charlotte alone represents 23% of all units underway. Submarkets carrying no active construction include Lancaster County, Rowan County, and York County.

RENT TRENDS

Average effective rents in Charlotte stood at $1,573 per unit in Q1 2026, edging up 0.1% quarter-over-quarter, the first sequential gain after back-to-back quarterly declines of -1.8% and -1.1% in Q3 and Q4 2025, respectively. On an annual basis, however, rents remain down 2.4%, reflecting the cumulative pressure exerted by two-plus years of elevated deliveries. One quarter of sequential stabilization does not yet constitute a trend, but the inflection in the quarterly trajectory is worth noting as a potential early signal of a floor forming. As deliveries pull back and lease-up concessions gradually burn off, the conditions for rent stabilization are building. Whether that stabilization holds through mid-2026 will depend heavily on the pace at which the 17,170-unit pipeline converts to deliveries and the market's capacity to absorb them. The year-end 2026 forecast projects annual rent growth of approximately -0.2%, a meaningful improvement from the current rate.

Pricing pressure is broadly distributed but not universal across the market’s 18 submarkets. Uptown Charlotte is the clear negative outlier at -5.1% annually, followed by East Charlotte at -4.1% and Huntersville/Cornelius at -4.2%. Lancaster County leads the market at +3.9%, and Union County is also positive at +0.9%, both benefiting from limited or zero trailing deliveries. South End commands the highest rents in the metro at $2,097 but posted a -2.4% annual decline, reflecting that even premium submarkets have not been immune to concession pressure.

MONTHLY RENT AS SHARE OF INCOME



AVERAGE MONTHLY RENT

$1,573

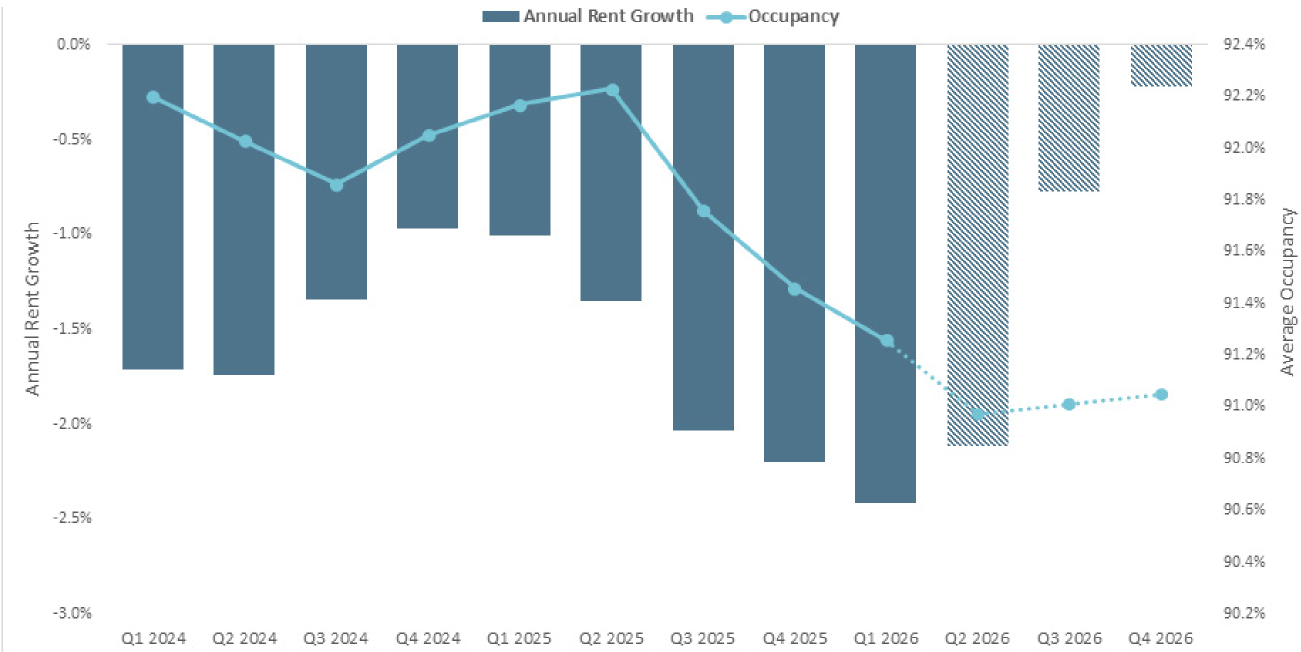
RENT & OCCUPANCY

SUBMARKET TOP 10 EFFECTIVE ANNUAL RENT GROWTH

#	Submarket	Inventory of Units	Q1 2026 Occupancy	Annual Occupancy Change	Q1 2026 Effective Annual Rent Growth	Annual Effective Rent/Unit
1	Lancaster County	3,667	92.1%	0.2%	3.9%	$1,692
2	Union County	5,472	93.0%	1.6%	0.9%	$1,568
3	Gaston County	11,522	92.7%	-0.4%	-0.6%	$1,394
4	Iredell County	11,320	88.8%	-1.3%	-0.8%	$1,484
5	LoSo	5,956	89.3%	1.5%	-1.0%	$1,664
6	Lincoln County	1,795	93.4%	-2.2%	-1.1%	$1,380
7	West Charlotte	22,115	90.7%	-1.9%	-1.4%	$1,488
8	York County	15,243	92.5%	0.3%	-1.4%	$1,476
9	North Charlotte	20,561	91.5%	-0.8%	-1.5%	$1,567
10	Cabarrus County	12,106	91.8%	-1.2%	-1.8%	$1,480

FULL SUBMARKET TABLE IN APPENDIX

ANNUAL RENT GROWTH AND OCCUPANCY



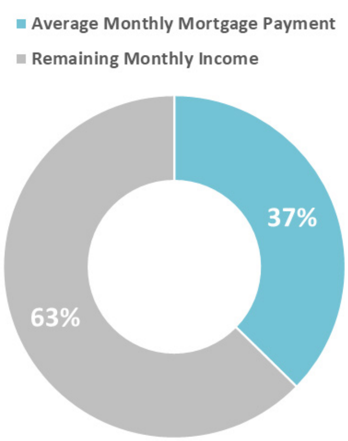
RENT & OCCUPANCY

OCCUPANCY TRENDS

Stabilized occupancy in Charlotte stands at 91.3% in Q1 2026, down 91 basis points year over year and 20 basis points sequentially, with the quarterly rate of compression slowing relative to earlier in the cycle. The current rate sits well below the pre-pandemic average of 94.3% and the 10-year average of 93.9%, driven primarily by trailing deliveries of 14,284 units outpacing absorption of 12,872 units over the same window. The year-end 2026 forecast projects stabilized occupancy of approximately 91.1%, suggesting the compression phase is approaching a floor.

Submarket occupancy spans from 93.4% in Lincoln County to 88.8% in Iredell County. Among active construction submarkets, South End holds 92.9% despite 2,728 trailing deliveries, the strongest performance among supply-heavy submarkets. North Charlotte at 91.5% has maintained its footing despite carrying the largest active pipeline in the metro. University (89.9%) and East Charlotte (89.8%) carry the heaviest lease-up drag, while LoSo (89.3%) and Uptown Charlotte (90.2%) also lag the metro average. Iredell County at 88.8% posted 130 basis points of annual decline despite trailing demand nearly doubling trailing supply, suggesting its occupancy weakness predates the current delivery cycle rather than being caused by it.

MONTHLY MORTGAGE AS SHARE OF INCOME



AVERAGE MONTHLY MORTGAGE

$2,390

MARKET OUTLOOK

Charlotte is navigating the final stages of one of its most active supply cycles. Trailing completions are running 18% below their prior-year pace, the active pipeline is contracting from its peak, and starts have fallen sharply, translating to meaningfully fewer deliveries in 2027 and beyond. As the remaining pipeline works through completion and lease-up, the absorption-to-delivery gap that has pressured occupancy and rents through 2024 and 2025 should progressively narrow.

Recovery in rents and occupancy will depend on Charlotte's ability to sustain quarterly absorption as the final wave of units delivers. The metro's economic base, anchored in financial services, healthcare, and technology through major employers including Bank of America, Wells Fargo, Atrium Health, and a growing data center and advanced manufacturing cluster, provides a durable demand foundation. Concession burn-off across the metro's active construction submarkets represents the key near-term variable determining how quickly effective rents can stabilize.

Submarket recovery will vary based on pipeline weight, trailing absorption performance, and the depth of local demand, and metro-level improvement will mask continued divergence across the 18 tracked submarkets. Submarkets with limited forward pipelines and positive trailing absorption are best positioned to register improvement first. The principal risks to the recovery timeline are any further softening in the regional labor market or deterioration in consumer sentiment, either of which could constrain household formation and slow the absorption pace needed to sustain current momentum.

To gain further insights, contact our team:

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APPENDIX

SUBMARKET FUNDAMENTALS

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10	Cabarrus County	12,106	91.8%	-1.2%	-1.8%	$1,480
11	South End	17,176	92.9%	-0.5%	-2.4%	$2,097
12	University	25,826	89.9%	-1.0%	-2.6%	$1,487
13	Rowan County	2,669	92.8%	1.6%	-2.9%	$1,202
14	South Charlotte	35,877	92.1%	-0.9%	-3.3%	$1,557
15	South Park	12,615	91.7%	-0.6%	-3.7%	$1,798
16	East Charlotte	27,725	89.8%	-1.6%	-4.1%	$1,413
17	Huntersville/Cornelius	9,027	92.4%	-1.6%	-4.2%	$1,672
18	Uptown Charlotte	8,753	90.2%	-1.6%	-5.1%	$1,824