CHARLOTTE Q2 2026

Q2 2026 MULTIFAMILY MARKET SNAPSHOT

KEY TAKEAWAYS

1. Demand accelerated meaningfully in Q2, marking the strongest quarterly performance in over a year and nearly closing the gap between absorption and deliveries. That resilience reflects Charlotte's status as the nation's second-largest banking hub and one of the fastest-growing large metros in the country.

2. The pipeline is contracting meaningfully, with starts down sharply and the under construction total shrinking, pointing to real delivery relief through 2027, even as the market remains among the more supply-heavy in the Sun Belt today.

3. Rents remain down year-over-year, but quarterly losses have narrowed sharply, while occupancy sits comfortably in the middle of Charlotte's Southeast peer group, suggesting the market is nearing a trough rather than continuing to deteriorate.

AVERAGE RENT
$1,507

ANNUAL RENT CHANGE
-3.9%

OCCUPANCY RATE
91.6%

YOY OCCUPANCY CHANGE
-70 BASIS POINTS

NET ABSORPTION
14,058 T4Q

UNIT COMPLETIONS
14,963 T4Q

DEMAND TRENDS

A total of 5,084 units of net absorption were recorded in Q2 2026, nearly doubling the 2,556 units absorbed in the prior quarter and marking the strongest quarterly leasing performance in over a year. Trailing 12-month absorption reached 14,058 units, closely tracking the 14,963 units delivered over the same period. This near-equilibrium between supply and demand represents a meaningful improvement from conditions a year ago, when deliveries were outpacing absorption by a wider margin. Four consecutive quarters of positive net absorption underscore the durability of renter demand. The acceleration reflects Charlotte's core demand drivers, including steady in-migration, a diversified employment base anchored by financial services and healthcare, and relative affordability compared to gateway markets. Sustained demand at this level will be important given 16,694 units remain under construction, though the narrowing gap between absorption and completions provides growing confidence

Demand was broadly distributed, with 17 of 18 submarkets recording positive trailing 12-month absorption. South End led with 2,470 units absorbed, well exceeding its 1,097 deliveries and reflecting strong renter preference for urban, amenity-rich locations. North Charlotte absorbed 2,073 units against 3,022 completions, indicating healthy demand even in the metro's heaviest delivery corridor. West Charlotte also stood out, with 2,028 units absorbed against 1,990 delivered, essentially full absorption of new supply.

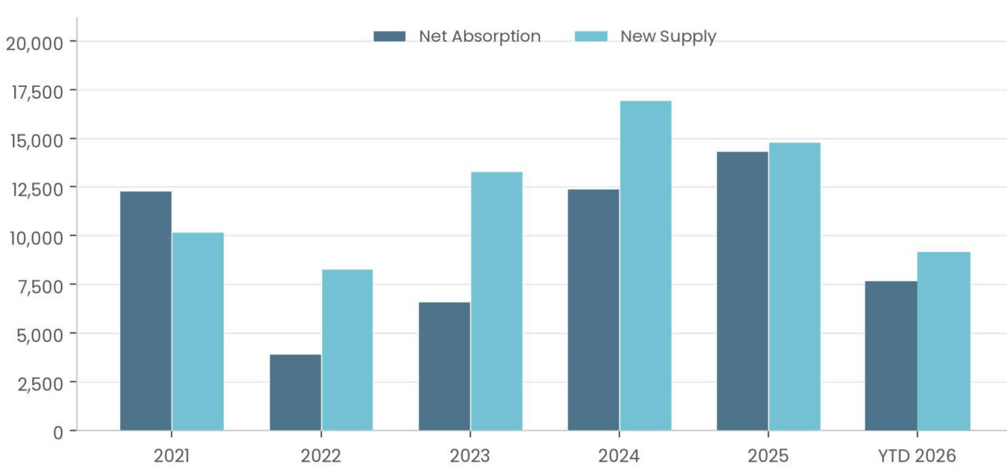
CONSTRUCTION TRENDS

Charlotte's construction pipeline continued to ease in Q2 2026, though supply-side pressure remains elevated relative to national norms. Developers delivered 4,998 units during the quarter, bringing trailing 12-month completions to 14,963 units. While delivery volume remains elevated, it has declined 17% from the prior four-quarter period, confirming that the market has moved past peak supply pressure. As of Q2 2026, 16,694 units remain under construction, representing 6.5% of existing inventory, a ratio that still places Charlotte among the more supply-heavy Sun Belt markets but is trending in the right direction.

The forward pipeline continues to contract. Trailing 12-month starts totaled 9,843 units, down from 11,865 a year ago, reflecting tighter lending conditions and developer caution following several quarters of rent compression. That 17% decline in new starts, combined with an 23% contraction in the under-construction pipeline over the past four quarters, signals that deliveries should decelerate further through 2027, gradually alleviating the supply-side pressure that has weighed on fundamentals.

Activity is concentrated in a handful of submarkets. North Charlotte (2,577 units), South Charlotte (2,043 units), East Charlotte (1,604 units), and University (1,366 units) collectively account for roughly 45% of the active pipeline. Huntersville/Cornelius, which absorbed 960 units against 2,036 delivered, carries another 1,286 units under construction, a ratio that warrants monitoring given the submarket's -10.0% rent decline. Union County, by contrast, has 1,083 units underway while posting 4.1% rent growth, suggesting its pipeline is demand-supported.

UNIT COMPLETIONS VS NET ABSORPTION



NET ABSORPTION
5,084

UNIT COMPLETIONS
4,998
Q2 2026

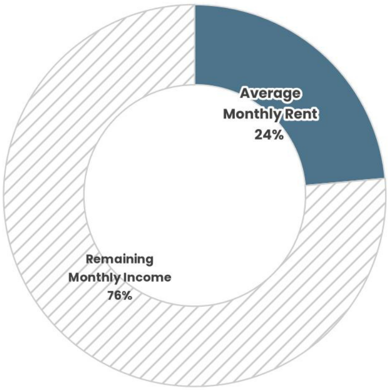
RENT TRENDS

Rent performance in Charlotte's multifamily market showed early signs of stabilization in Q2 2026. Average effective rent stood at $1,507 per unit, reflecting a 0.3% quarter-over-quarter decrease and a 3.9% year-over-year decline. While the market has now recorded five consecutive quarters of rent contraction, momentum is shifting, with quarterly declines decelerating materially from -1.8% in Q3 2025 to -0.3% in each of the last two quarters, suggesting the market is approaching a trough.

Charlotte's rent trajectory, while still negative on an annual basis, is clearly improving relative to where the market stood a few quarters ago, and the sharp deceleration in quarterly declines puts it on a faster path to stabilization than several Southeast peers still working through heavier concession activity. That improvement reflects Charlotte's construction pipeline contracting meaningfully faster than the rate at which deliveries are being absorbed, setting up favorable conditions for year-over-year comparisons to turn positive by mid-2027 if current momentum holds.

Rent performance varies considerably across Charlotte's submarkets. Union County (+4.1%) and York County (+0.3%) are the only submarkets posting positive annual growth, benefiting from limited new supply. At the other end, Huntersville/Cornelius recorded an extensive decline, reflecting heavy lease-up competition from 2,036 units delivered. North Charlotte (-5.6%), East Charlotte (-5.5%), and University (-5.4%) also remain under significant pressure, with 15 of 18 submarkets still in negative territory.

MONTHLY RENT AS SHARE OF INCOME



AVERAGE MONTHLY RENT

$1,507

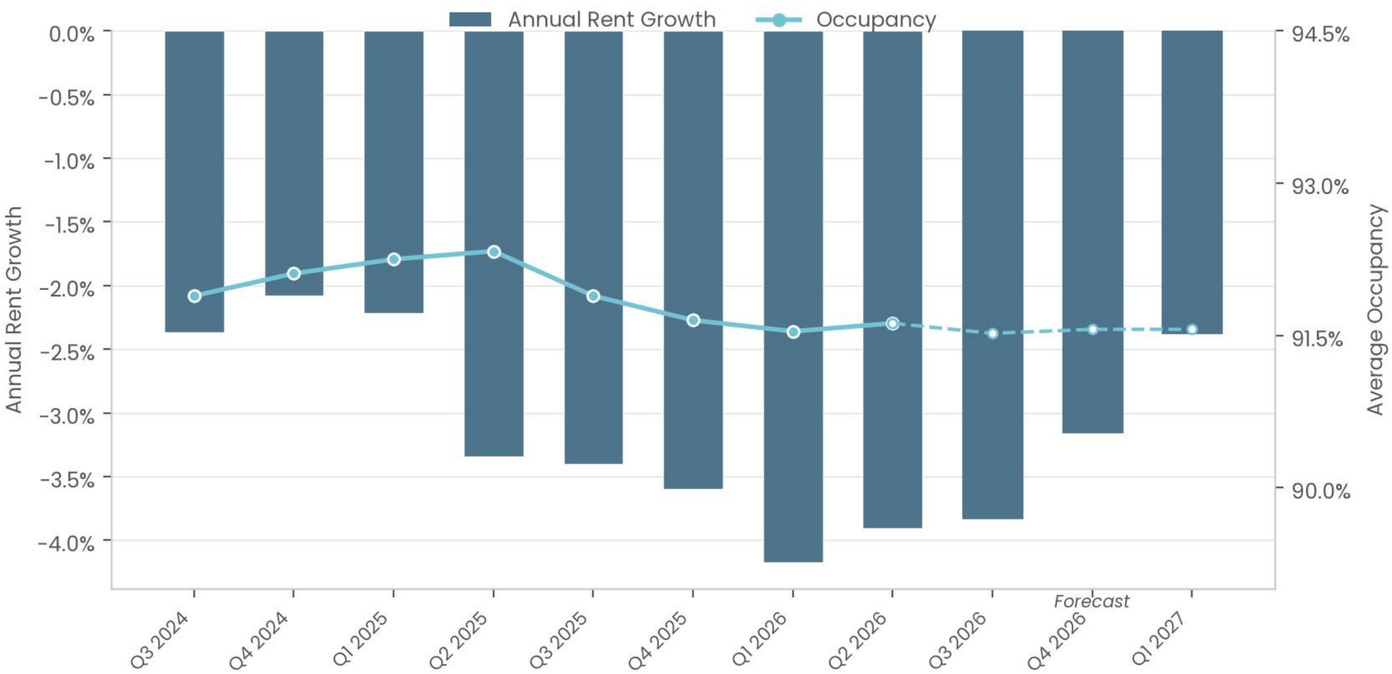
RENT & OCCUPANCY

SUBMARKET TOP 10 EFFECTIVE ANNUAL RENT GROWTH

#	Submarket	Inventory of Units	Q2 2026 Occupancy	Annual Occupancy Change	Q2 2026 Effective Annual Rent Growth	Annual Effective Rent/Unit
1	Union County	5,572	93.2%	0.5%	4.1%	$1,535
2	York County	15,291	93.4%	1.1%	0.3%	$1,504
3	Rowan County	2,767	91.8%	-0.8%	0.2%	$1,226
4	Gaston County	11,561	92.7%	-0.4%	-0.4%	$1,377
5	Lancaster County	3,667	93.0%	1.4%	-0.5%	$1,560
6	Lincoln County	1,804	93.1%	-2.0%	-1.3%	$1,346
7	South End	17,157	93.3%	-0.4%	-1.8%	$2,041
8	LoSo - Lower South End	6,004	86.7%	-3.7%	-2.5%	$1,515
9	Cabarrus County	12,479	92.3%	-0.6%	-2.9%	$1,440
10	West Charlotte	22,057	90.2%	-2.1%	-3.1%	$1,422

FULL SUBMARKET TABLE IN APPENDIX

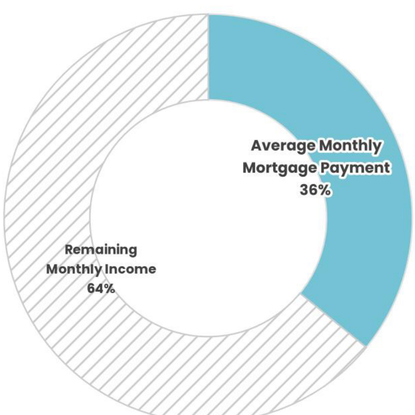
ANNUAL RENT GROWTH AND OCCUPANCY



RENT & OCCUPANCY

OCCUPANCY TRENDS

MONTHLY MORTGAGE AS SHARE OF INCOME



AVERAGE MONTHLY MORTGAGE

$2,296

Charlotte's occupancy recovery gained a bit of traction in Q2 2026. Average stabilized occupancy reached 91.6%, edging up 10 basis points quarter-over-quarter while declining 70 basis points year-over-year. The sequential improvement, though modest, marks the first quarterly occupancy gain in recent memory and coincides with Q2's stronger absorption. With trailing 12-month demand nearly matching supply, the compression cycle appears to be losing momentum, positioning occupancy for potential stabilization in the quarters ahead.

Charlotte's current occupancy level sits comfortably in the middle of its Southeast peer group, trailing Norfolk, Miami, Fort Lauderdale, Raleigh, Richmond, Orlando, and Nashville, while running ahead of Tampa, Jacksonville, Atlanta, and Memphis. That mid-pack positioning is a reasonable showing given Charlotte's heavier delivery load relative to several regional peers, and further occupancy gains will depend on how quickly that pipeline continues to thin. The pace of pipeline contraction will be a key variable, as starts continue to pull back, the ratio of stabilized to lease-up inventory should shift favorably.

Submarket occupancy ranged from 93.4% in York County to 86.7% in LoSo - Lower South End. South End (93.3%) and Union County (93.2%) demonstrate that submarkets with strong demand fundamentals can maintain tight conditions even in a heavy supply cycle. North Charlotte and South Charlotte, two of the most active construction corridors, have held occupancy above 91%, suggesting developers have largely targeted locations where demand can support new inventory. Iredell County (89.6%) and West Charlotte (90.2%) reflect more acute softness.

MARKET OUTLOOK

Charlotte is navigating the late stages of a significant supply cycle. Near-term completions will remain elevated, but the pipeline's contraction over the past four quarters signals meaningful relief ahead, and absorption has nearly matched deliveries on a trailing basis, evidence that demand remains durable enough to digest remaining supply. That durability isn't accidental. Charlotte is the second-largest banking hub in the country behind New York, alongside a diversifying base that includes Duke Energy, Atrium Health, and a growing technology sector. The metro's population is growing at roughly three times the national rate, with household income projected to outpace the national benchmark even as its cost of living remains below peer Sun Belt markets, a combination that has let Charlotte absorb an unusually large supply wave without the kind of prolonged occupancy pressure seen in more saturated competitors.

Rents have declined for five consecutive quarters, but the deceleration in quarterly losses suggests the market is approaching an inflection point. As concessions dissipate and the delivery wave subsides, conditions should become increasingly supportive of stabilization through late 2026 and into 2027, though the timing will vary by submarket, with areas carrying limited remaining pipeline and strong demand leading the way.

An additional 8,854 units are projected to deliver through Q1 2027, testing absorption capacity over the near term. Forecasts point to rent performance and occupancy both stabilizing by early 2027. South End, York County, and Union County, where demand has outpaced supply, are positioned to recover earliest, while North Charlotte and Huntersville/Cornelius face a longer path given their concentrated pipelines. Overall, Charlotte's combination of a rapidly thinning supply pipeline and a durable, diversified demand base positions the market to move decisively from correction to recovery as 2026 progresses into 2027.

Sources: Costar; U.S. Census Bureau; Federal Reserve Bank of St. Louis; National Association of Realtors

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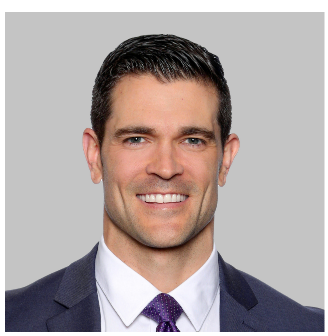

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APPENDIX

SUBMARKET FUNDAMENTALS

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10	West Charlotte	22,057	90.2%	-2.1%	-3.1%	$1,422
11	South Charlotte	36,674	92.4%	-0.3%	-4.3%	$1,521
12	South Park	12,711	91.9%	-0.8%	-4.6%	$1,707
13	Uptown Charlotte	8,994	91.8%	-0.8%	-5.1%	$1,751
14	Iredell County	11,587	89.6%	-0.6%	-5.4%	$1,385
15	University	26,817	90.6%	-0.5%	-5.4%	$1,387
16	East Charlotte	27,939	90.7%	-1.1%	-5.5%	$1,356
17	North Charlotte	22,385	91.5%	-1.1%	-5.6%	$1,442
18	Huntersville/Cornelius	9,705	92.5%	-1.2%	-10.0%	$1,552