

INVESTMENT FORECAST

Retail
Charlotte

IPA
INSTITUTIONAL
PROPERTY
ADVISORS

2026

Decelerating Deliveries Help Tighten Vacancy, Strengthening Investor Appeal in Select Submarkets

Big-box, single-tenant demand stands out. Charlotte headed into 2026 with accelerating net absorption while maintaining one of the 10 lowest vacancy rates among major markets. This momentum has primarily been driven by big-box, single-tenant move-ins, most of which involved supermarkets like Publix, Harris Teeter, and Lowes Foods. Fitness concepts also contributed notably. At the same time, smaller-format, single-tenant leasing velocity has slowed modestly, with discount retailers still accounting for a large share of recent activity. Multi-tenant properties also head into the new year with muted net absorption after an extended stretch of strong demand from 2020 through 2024. However, a narrowing development pipeline constituting an overwhelming share of build-to-suits with scant multi-tenant formats is expected to bring some relief to this segment of the market in the coming year.

Investment appeal strengthens in key areas. Growth in the average price per square foot accelerated in 2025 after posting the two slowest years of appreciation since the period immediately following the financial crisis. Transaction activity followed a similar trajectory, with velocity improving in the second half of the year after a subdued start. This momentum could extend into 2026 as metrowide vacancy trends modestly improve. Select western outlying counties, including York, Gaston, and Cleveland, where vacancy rates remained under 4 percent as of early 2026, are likely to attract heightened investor interest. Pockets along the Interstate 485 corridor in South and Southwest Charlotte, as well as areas north of Matthews in Southeast Charlotte, may also draw capital from investors targeting sub-\$5 million deals, supported by improving small-footprint leasing activity following a period of declining net absorption.

2026 MARKET FORECAST

+1.7%



Employment: Total employment, up nearly 15 percent over the past five years, is expected to expand at a slower rate in 2026. Still, the pace of growth will rank among the five fastest major markets.

690,000
sq. ft.



Construction: The metro's development pipeline is expected to shrink modestly in the coming year, as inventory is forecast to expand by 0.5 percent, less than half the long-term annual average.

-10 bps



Vacancy: Slowing construction and strengthening net absorption combine to bring vacancy down modestly to 3.5 percent by year-end, 40 basis points below the metro's trailing 10-year mean.

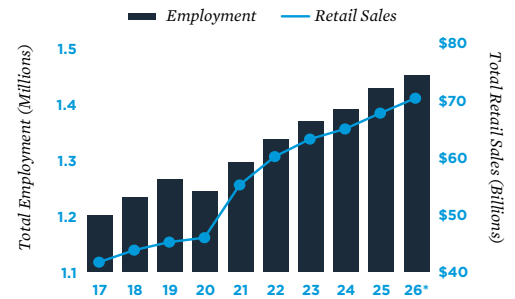
+4.7%



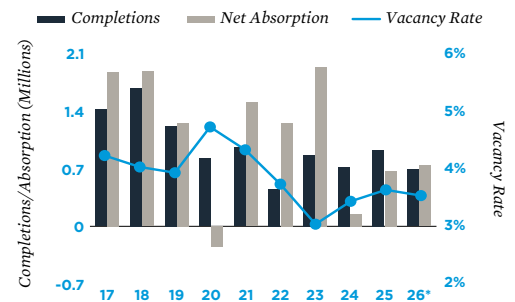
Rent: Tight availability supports accelerating growth in asking rent, expected to rank as the fastest among major markets in 2026. The rate will reach \$22.70 per square foot come year-end.

INVESTMENT: *The NoDa area could see improving demand in the coming years as a notable concentration of multifamily development delivers, potentially supporting increased investor interest in nearby retail assets.*

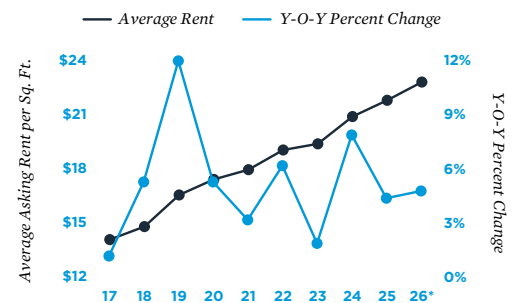
Economic Trends



Supply and Demand



Rent Trends



* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

IPA Retail

Gregory A. LaBerge

Senior Vice President, National Division Leader

Tel: (818) 212-2250 | glaberge@ipausa.com

Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of January 2026. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Sales data includes transactions valued at \$1,000,000 and greater unless otherwise noted. Forecasts for employment and office data are made during the fourth quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events and this is not a guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.