INVESTMENT FORECAST

IPA | INSTITUTIONAL PROPERTY ADVISORS

Office

Charlotte Metro Area

2026

Steady Leasing Activity and Subsiding Headwind Accompany Diminishing Construction

Corporate expansions continue fueling demand. Charlotte's progress in recent years has been illustrated by office-using employment growth that ranked seventh fastest among major markets since 2023, in part due to corporate relocations to the metro. Firms such as Daimler Truck Financial Services and AssetMark are set to add several hundred office-using roles in the coming year. Citigroup and SoFi have also announced Charlotte expansions, reinforcing near-term demand. Further supporting this, leasing activity in the second half of 2025 nearly matched the pace recorded a year prior, suggesting positive net absorption ahead. Large-scale consolidations have also shown signs of tapering, while properties over 50,000 square feet constituted nearly all the space absorbed in 2025. Smaller formats, however, maintain vacancy near their trailing decade low. Coupled with a sharp pullback in deliveries in 2026, the metro's vacancy will tighten for a third consecutive year, supporting accelerating rent growth across formats.

Momentum builds as pricing stabilizes. Following three years of decline, the average price per unit in Charlotte's office market reached an inflection point in 2025. At the same time, transaction velocity showed signs of modest acceleration in the second half of the year as investor confidence is building amid strengthening fundamentals and easing macroeconomic uncertainty. Trading activity for post-2000 assets, particularly those priced over $20 million, accelerated over the past two years amid a resurgence of REIT and institutional capital. Supported by rapid vacancy improvement in this vintage since late 2024, these assets will likely continue garnering attention. Meanwhile, Class B/C assets could see increased activity from private investors in 2026, after vacancy fell below the long-term norm and rent growth reemerged in 2025.

2026 MARKET FORECAST

+1.0% — **Employment:** The metro adds 14,000 new jobs in 2026, including 3,500 traditionally office-using roles. This 0.9 percent expansion in office-using employment ranks eighth fastest among major markets.

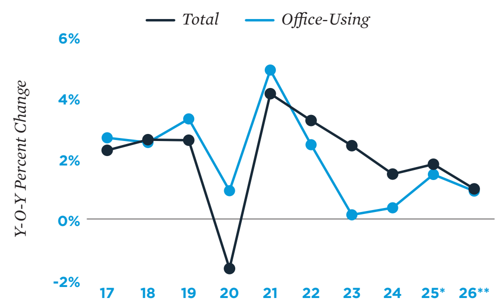
240,000 *sq. ft.* — **Construction:** Following over 1 million square feet of deliveries in 2025, a sharply contracting pipeline expands the metro's inventory by only 0.2 percent, the smallest increase since at least 2007.

-50 bps — **Vacancy:** A rapidly narrowing delivery slate will allow further vacancy tightening in 2026. Still, at 15.1 percent come year-end, the rate remains well above its 2015-2019 average of 10.6 percent.

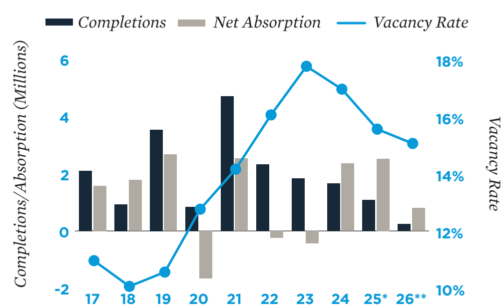
+3.8% — **Rent:** With vacancy ending the year 270 basis points below its 2023 peak, rent growth is poised to accelerate to its fastest pace since 2022, lifting the metro's rate to $32.60 per square foot in December.

INVESTMENT: *With vacancy tightening to the 10th lowest of U.S. submarkets with over 13 million square feet of inventory in 2025, the South End-Elizabeth corridor is positioned to continue building investment momentum.*

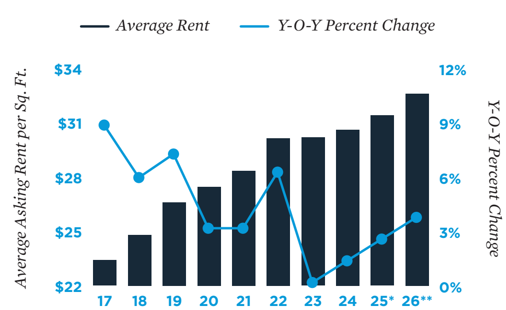
Employment Trends



Supply and Demand



Rent Trends



* Estimate ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

IPA Office

Alan L. Pontius

Senior Managing Director, National Division Leader

Tel: (415) 963-3000 | apontius@ipausa.com