Intelligent Investment

2026
U.S. Real Estate Market Outlook Midyear Review

REPORT

CHARLOTTE

CBRE RESEARCH
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Office Market Outlook

01

Rising SouthPark demand challenges urban core dominance

While Midtown and Uptown continue to anchor leasing activity and lead net absorption into 2026, SouthPark has emerged as a credible competitor to the urban core, as tenants are drawn to its increasingly urban feel, proximity to Charlotte's most affluent neighborhoods and retail, and its long-established finance and law firm tenant base. Intensifying demand and limited options — only two existing buildings can accommodate requirements of 20,000 sq. ft. or larger — have prompted new build-to-suit office announcements. SouthPark asking rents have risen into the low-$50 range, underscoring the submarket's growing appeal for high-quality tenants.

02

Benchmark rents rise as new supply timelines take focus

Prime office rents continue to test new benchmarks, with asking rents exceeding $70 per sq. ft. and new construction achieving rates in the mid-$60s. While CBRE Econometric Advisors (EA) forecasts annual prime office rent growth of 6% over the next three years, this velocity is dependent on future construction starts; office development is expected to gain momentum in the second half of 2026. Overall market rents are projected to rise about 4.0% through mid-2027, ranking third nationally behind New York and San Francisco and outpacing Dallas and Atlanta.

03

Limited prime options persist amid consistent large-block activity

Availability in newer infill assets remains highly constrained, with prime vacancy below 4%. Year-to-date, seven deals larger than 50,000 sq. ft. have been signed, totaling roughly 800,000 sq. ft., yet active requirements above that threshold still exceed 1 million sq. ft. Only one prime property can accommodate a user of 50,000 sq. ft. or more, underscoring the limited options at the top of the market. Vacancy is projected to gradually decline over the next year and trend below Tier 1 averages by late 2026, though developers remain dependent on substantial preleasing to secure construction financing.

Key Takeaways

For Owners

— Development momentum in late 2026 still depends heavily on securing large commitments upfront. Meanwhile, availability in top-tier product is still tightening and landlord pricing power is increasing. Owners of high-quality assets are best positioned to capture some of the highest rent growth in the U.S., supported by demand outpacing supply at the top of the market.

— Tenants are beginning to look to the pipeline rather than existing available space. As the recently delivered supply dwindles, build-to-suit options have emerged as a credible alternative for large tenants, potentially redistributing future leasing activity geographically.

— Repositioning is redefining office's role in Uptown. With ~3 million sq. ft. of conversions underway or announced, owners must evaluate whether their assets can remain competitive as office space long-term or fit into the broader shift toward mixed-use in the urban core.

For Tenants

— Large, high-quality options are increasingly constrained. Tenants with sizable requirements face limited near-term choice at the top of the market.

— Rents are rising in the best buildings and submarkets. Prime rents pushing into the $60–$70+ range mean tenants targeting top-tier space should expect continued upward pricing pressure.

— With options for the most desirable space dwindling, tenants are more frequently considering buying their office, rather than leasing, to fully commit and control their real estate's future.

Office Market Outlook (cont.)

04

Clearing space to rebuild the core: uptown leads conversion surge

Over the past five years, office space removal in Charlotte has been primarily smaller-scale and demolition-led, affecting both urban and suburban assets and making way for grocery stores, light industrial, and apartments. Recent announcements now mark a sharp pivot to large-scale reuse in Uptown, led by tower conversions like 301 S Tryon, 400 S Tryon, and 200 N College. With 2 million sq. ft. announced this year, and roughly 1 million sq. ft. already underway, these Uptown projects signal a notable shift from clearing obsolete market inventory to repositioning core assets at scale.

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- Rents are rising in the best buildings and submarkets. Prime rents pushing into the $60–$70+ range mean tenants targeting top-tier space should expect continued upward pricing pressure.
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Industrial Market Outlook

01

Leasing strength offsets supply growth ahead of potential vacancy uptick

With approximately 3 million sq. ft. absorbed and 7.5 million sq. ft. of leasing activity year-to-date, demand remains positive. Vacancy has declined by 40 basis points (bps), reflecting moderate tightening. While nationally, new construction completions are near cyclical lows, Charlotte's construction pipeline has increased to 5.4 million sq. ft., adding supply relative to earlier expectations. New speculative construction adds to roughly 22 million sq. ft. of existing vacancy and will likely cause vacancy to increase further going into 2027. CBRE EA forecasts the current 7.1% vacancy rate to increase by 40 bps by year-end, bringing local vacancy closer to, but still below, the national average. Driven by rising rates for flex space and strong demand for modern 200,000 to 350,000 sq. ft. warehouse, CBRE forecasts asking rents to grow by up to 2.3% in the coming year.

02

Big-box demand remains a core driver of leasing

Demand for large-format space continues to track in line with expectations. Big-box leasing, particularly within the 200,000 to 500,000 sq. ft. range, remains a primary driver of activity as retailers and 3PLs continue to optimize and consolidate distribution networks. Recent transactions reinforce the sustained preference for modern, high-clear facilities in well-located corridors with strong access to labor and transportation infrastructure. Several large leases in the 200,000–400,000 sq. ft. range are expected to remove an additional 2 million sq. ft. (roughly 70 bps) from availability in the second half of 2026, and the more than 6 million sq. ft of active tenants in the market seeking more than 200,000 sq. ft. of space support the role of big box as a key component of overall market demand.

Key Takeaways

For Owners

— Leasing momentum remains supportive, with 7.5 million sq. ft. of activity helping drive near-term tightening; however, rising construction and remaining vacancy signal potential softening into 2027.

— Modern, well-located large-format facilities continue to capture outsized demand and rent growth, particularly among big-box, e-commerce, and 3PL users, while older or less competitive assets face increasing leasing pressure.

— Capital deployment remains measured, creating opportunities for owner-users to compete effectively for acquisitions as institutional bidding intensity has yet to fully return.

For Tenants

— Availability has tightened modestly, but with additional supply underway, tenants retain some leverage. Competition will remain strong, and tenants should act with urgency for best-in-class facilities with ideal interstate connectivity.

— Tenants should review market fundamentals to prepare for sticker shock of renewals. Market rents have risen rapidly in recent years, and rate-sensitive companies will need to plan ahead.

— Owner-user acquisition remains a viable strategy, as reduced institutional competition has improved tenants' ability to secure assets despite a more selective investment environment.

Industrial Market Outlook (cont.)

03

Development constraints persist as costs and policy diverge across state borders

Regulatory constraints remain a key influence on development, with data center growth emerging as a point of divergence. Mecklenburg County has enacted a moratorium on data centers, while surrounding markets remain receptive, capturing potential spillover demand from more than 1 million sq. ft. of data center-related suppliers. At the same time, higher tax burdens in South Carolina are limiting speculative development. Elevated operating costs and complex fee structures are impacting deal feasibility, causing some projects to lose tenants despite lower base rents.

04

Investment activity slows as owner-users gain ground

Investment sales activity has yet to accelerate as anticipated, with 2026 trending behind prior years to date. While capital remains available, deployment has been measured, and the anticipated broadening of the buyer pool has not materialized. In this environment, owner-users have been more competitive and are successfully securing acquisitions, rather than being consistently outbid by institutional investors. This shift suggests a more selective and cautious investment landscape in the near term, despite underlying capital availability.

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All data attributed to CBRE Econometric Advisors in this report is sourced from the CBRE Econometric Advisors Q1 2026 Forecast, published May 2026.

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