

Charlotte, Raleigh Named No. 1 And No. 2 Retail Markets In U.S.

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Charlotte and Raleigh have emerged as the top two retail markets in the country, according to [Marcus & Millichap's 2026 Retail Investment Forecast Report](#) published March 12.



The report weighs a mixture of forward-looking economic indicators and supply-and-demand variables over a 12-month period.

Nationwide, the retail sector exhibited resiliency in 2025, with a rise in vacancy in the first half of the year followed by surging demand to finish the year strong, the report stated.

Charlotte ended the year with accelerating net absorption while holding one of the 10 lowest vacancy rates among major markets, according to the report. Momentum in the city was driven by big-box, single-tenant move-ins. Those included new leases by supermarkets such as Publix, Harris Teeter and Lowes Foods.

Andrew Margulies, Marcus & Millichap's senior managing director of investments for the Carolinas, told *Bisnow* that soft goods discount chains like T.J. Maxx, Marshalls and Burlington were also key drivers of positive retail activity in Charlotte, reflecting the budget-consciousness of many consumers.

"That category has really excelled over the past five to seven years in terms of new store accounts, fewer store closures, actually just adding more stores and absorbing more space," Margulies said.

The metro area experienced slowing construction and growing net absorption, combining for a 3.5% vacancy rate. That's 40 basis points under the city's trailing 10-year average, according to the report.

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Raleigh-Durham actually weathered the departures of several notable big-box retailers, and its positive retail fundamentals were driven by small-shop demand. A rise in completed projects in Raleigh-Durham helped vacancy to tick up slightly to 3.0%, but that still ranked second-lowest among major U.S. markets.

Marcus & Millichap's report noted that years of "robust in-migration and household formation" have supported significant demand for retail space throughout the Southeast. Margulies said there is almost unlimited appetite right now for well-located retail centers in both Charlotte and Raleigh, putting upward pressure on pricing.

"In some cases for the same asset that may have sold 12 months ago at one price, today actually could be worth more just from cap rate compression," he said.

As office vacancy remains high after boom years in the state and the region still working off a glut of multifamily overbuilding, retail has become the coveted asset class in the area, Margulies said.

"From a financing perspective, it is one of the most coveted asset classes for investing and commercial real estate," he said. "If you lose a tenant in a building, you sometimes have two, three, four, five, six options of other tenants you could backfill the space with."