



Charlotte multifamily market report

Q4 2023

**AVISON
YOUNG**

Multifamily insights

01

Rent Growth

At the close of 2023, rent growth in Charlotte moderated as supply substantially increased and apartment demand reached an all-time high. Average annual rent growth per unit in Charlotte totaled **1.1%** in 4Q23 and while the pace of rent growth has moderated, the market's average has **remained positive** since the third quarter of 2020 while concession values for existing inventory average **\$56.00**. As rent growth slowed, renewal lease rate trade-outs outperformed new lease trade-outs by **610 bps** in 4Q23.

02

Supply and Demand

Charlotte landed as the **#5** market in the U.S. for highest annual apartment demand at the close of 2023. The fourth quarter saw demand of **2,498 units, increasing 87%** quarter over quarter. New multifamily supply hit an **all-time quarterly high** in Charlotte at **4,171 units** representing the largest quarterly sum on record. Inventory delivered in the last 12 months achieved an average effective rent of **\$1.73 psf**, while existing inventory resulted in an average effective rent of **\$1.63 psf** in 4Q23.

03

Capital Markets

Price disruption and elevated interest rates continued to burden investment sales in 2023. Despite these headwinds, the region's **job growth** and **strong economic fundamentals** have continued to bolster multifamily performance in the region. Over the last 12 months multifamily remained the **largest share** of total investment sales across all property types, representing **46%** of investor allocations. Trailing 12-month apartment sales volume reach **\$1.9B** at the close of 2023.

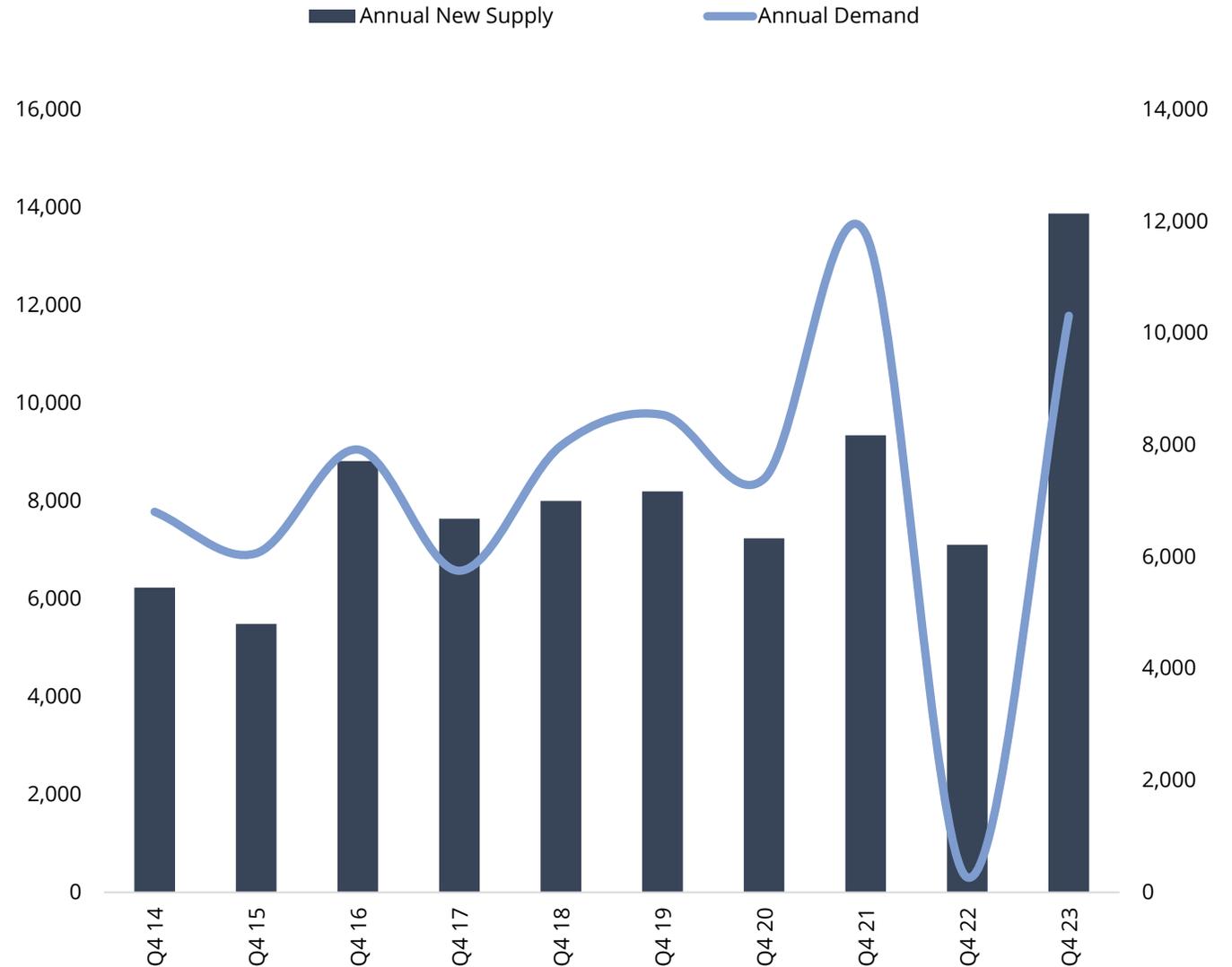


Supply and demand

10,316 units

Annual net demand

New apartment completions remain elevated as **13,880 units** delivered in the last twelve months, increasing local inventory base by **6.4%**. Annual net demand skyrocketed in 2023, increasing by over **90%** year-over-year. Properties that delivered in the last twelve months reported an average effective rent of **\$1,816**, or **\$1.73** per square foot, resulting in an average concession value of **\$184**.



Source: RealPage, Avison Young

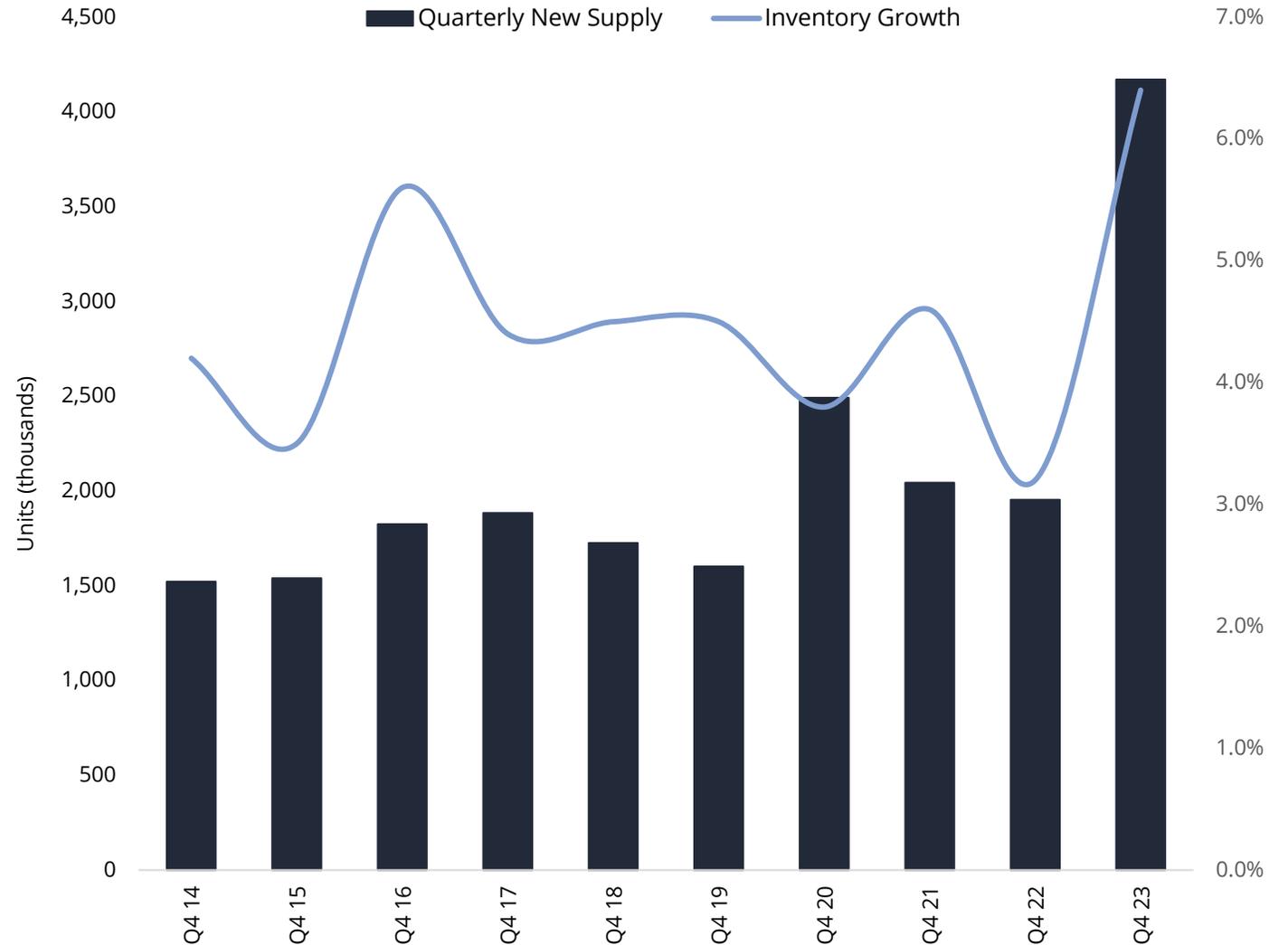
Inventory Snapshot

6.4%

Inventory Growth

In the fourth quarter, **4,171 units** were delivered pushing annual deliveries in the market to **13,880 units**. At the close of fourth quarter, **38,178 units** were under construction. Completions are expected to cool off in response to moderating construction starts and softening market fundamentals.

On the supply side, permits for **9,863** multifamily units were issued in the 12 months ending in November 2023, up **1,869** units from the previous year's totals.

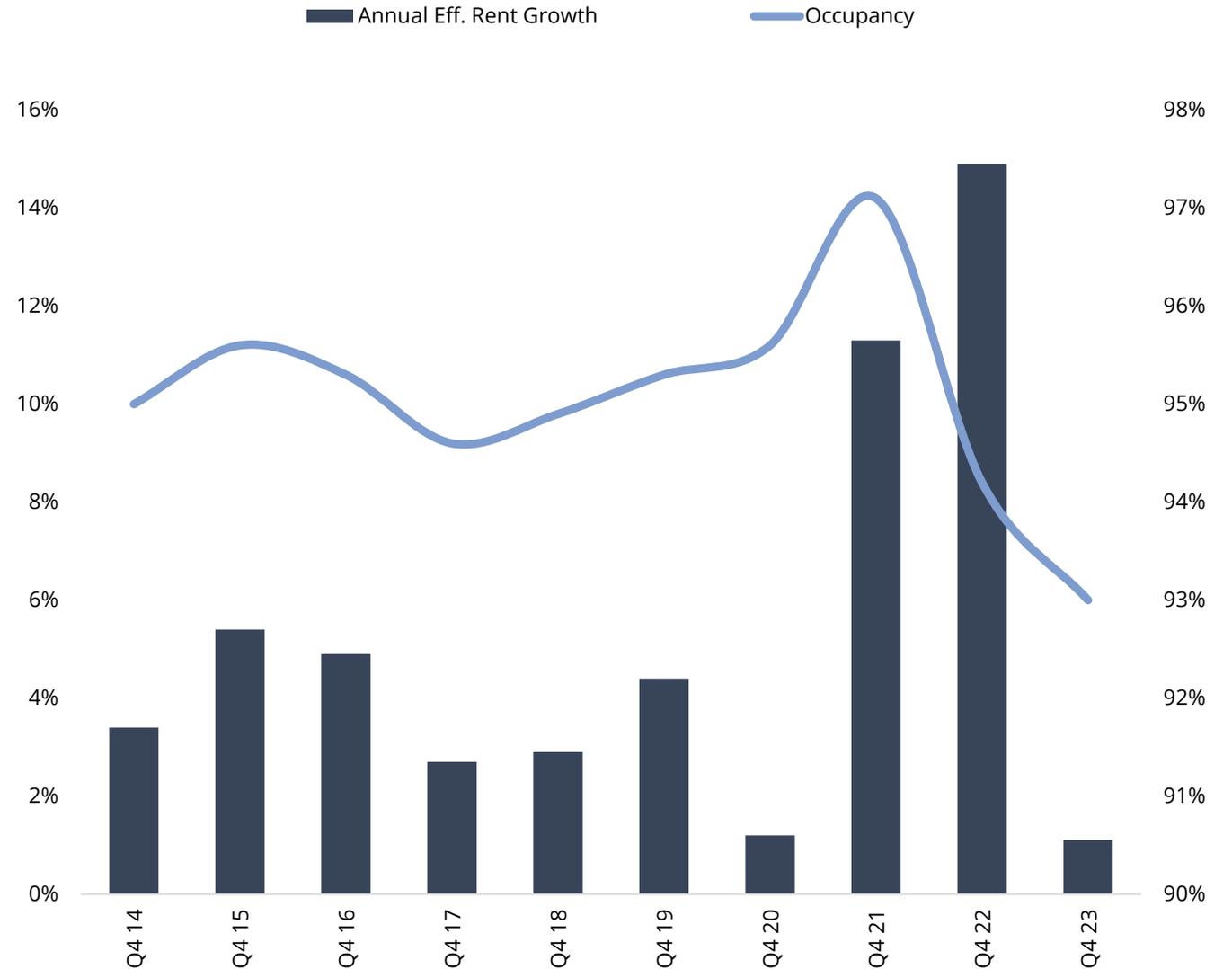


Effective Rental Rates

\$1.62

Effective asking rate/psf

Average effective rent growth per unit totaled **1.1%** year-over-year as pricing continued to soften after record high rent growth levels above **15%** in 4Q22. Despite a decline in the pace of annual rent growth, Charlotte continues to experience positive rent growth and has done so consecutively since the onset of the pandemic. The renewal lease rate trade out in 4Q23 was **4.2%**.



Source: RealPage, Avison Young

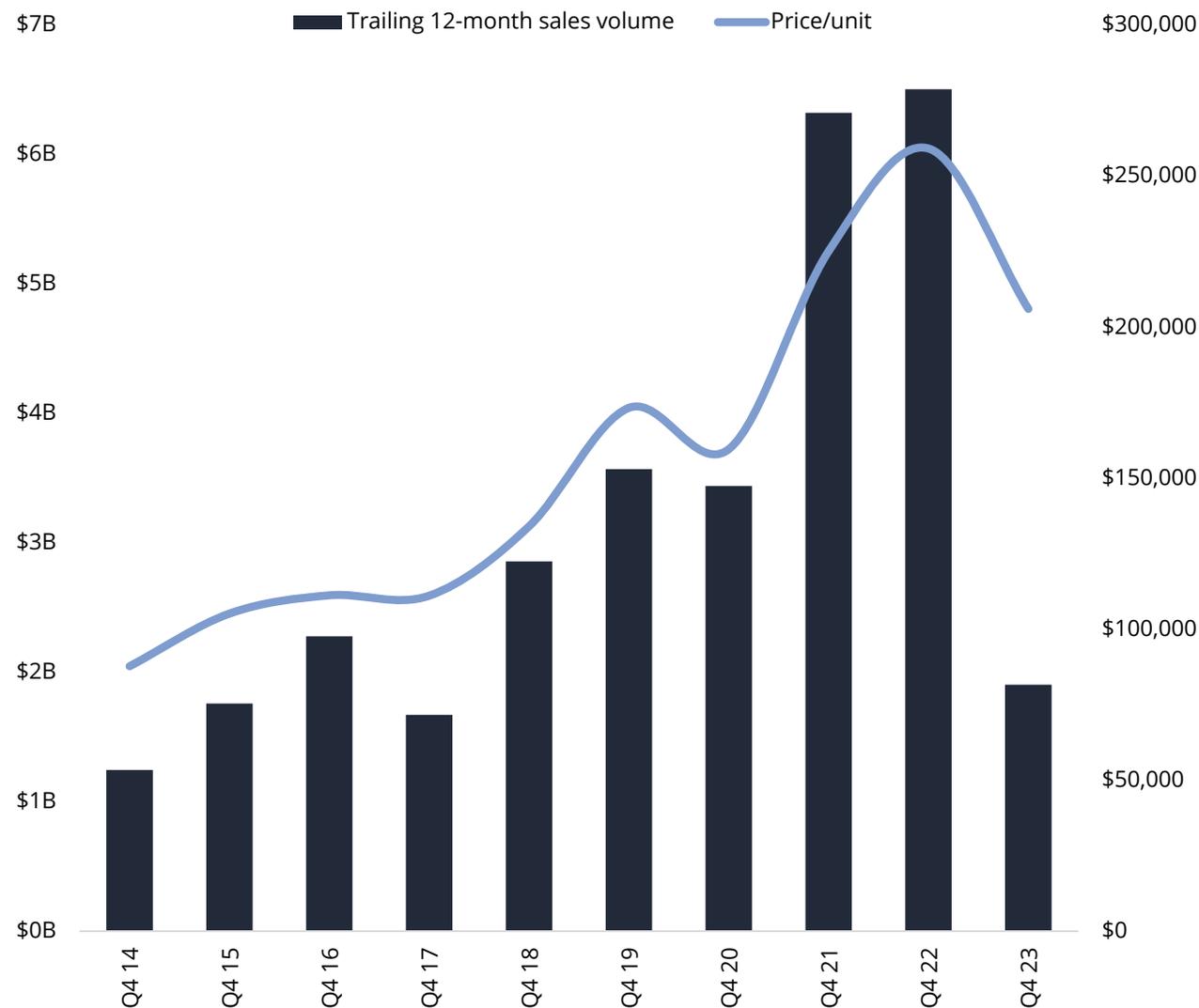
Investment sales

\$1.9B

Trailing 12-month sales volume

Multifamily assets represented the majority share (**46%**) of investment capital in Charlotte, as trailing 12-month sales volume totaled **\$1.9B**. Private funds remain the largest capital composition year to date accounting for **70%** of multifamily transactions in Charlotte.

The November 2023 disposition of **MAA Optimist Park**, a 352-unit property, for **\$107M**, was the largest transaction in the last twelve months.



Source: Real Capital Analytics, Avison Young

Multifamily market activity

Notable sales activity – last 12 mos.

Property	Seller	Submarket	Total units	Total sales price (\$M)	Avg. unit size	Avg. price/unit	Avg. effective rent/sf
MAA Optimist Park*	Wood Partners	North Charlotte	352	\$107	974	\$303,977	\$2.06
Cortland South End	PGIM Real Estate	Uptown/South End	331	\$104	907	\$314,199	\$2.07
Providence Court	Carroll Organization, Prudential	Matthews/SE Charlotte	420	\$104	1,080	\$247,619	\$1.51
Elwood*	Greystar Management	Matthews/SE Charlotte	350	\$101	948	\$289,429	\$1.57
Sycamore at Tyvola	Switzenbaum & Associates	Southwest Charlotte	288	\$96.3	1,042	\$334,375	\$1.55
Retreat at McAlpine Creek	Waterton Associates	Ballantyne	400	\$81.6	996	\$203,875	\$1.66
The Indigo at Cross Creek	Taft Family Ventures	Rock Hill/Fort Mill	300	\$76.0	1,134	\$253,333	\$1.34
Station at Poplar Tent	Carter Multifamily	Concord/Kannapolis/Salisbury	312	\$74.7	1,139	\$239,423	\$1.44
Greys Harbor at Lake Norman	BREIT	Huntersville/Cornelius	312	\$72.5	1,039	\$232,372	\$1.48
Redcliffe at Kenton Place	King Properties	Huntersville/Cornelius	314	\$72.0	997	\$229,299	\$1.37
Concord Ridge	Southwood Realty	Concord/Kannapolis/Salisbury	336	\$71.3	898	\$212,054	\$1.57
Apartments at Brayden	White Oak Partners	Rock Hill/Fort Mill	332	\$70.0	927	\$210,843	\$1.84
Mason at Six Mile Creek	Blackstone	Rock Hill/Fort Mill	300	\$69.3	986	\$230,833	\$1.63

* Lease-Up; Lease-Up % is noted as percent in lease-up at the time of sale. MAA Optimist Park (78%).

Notable development

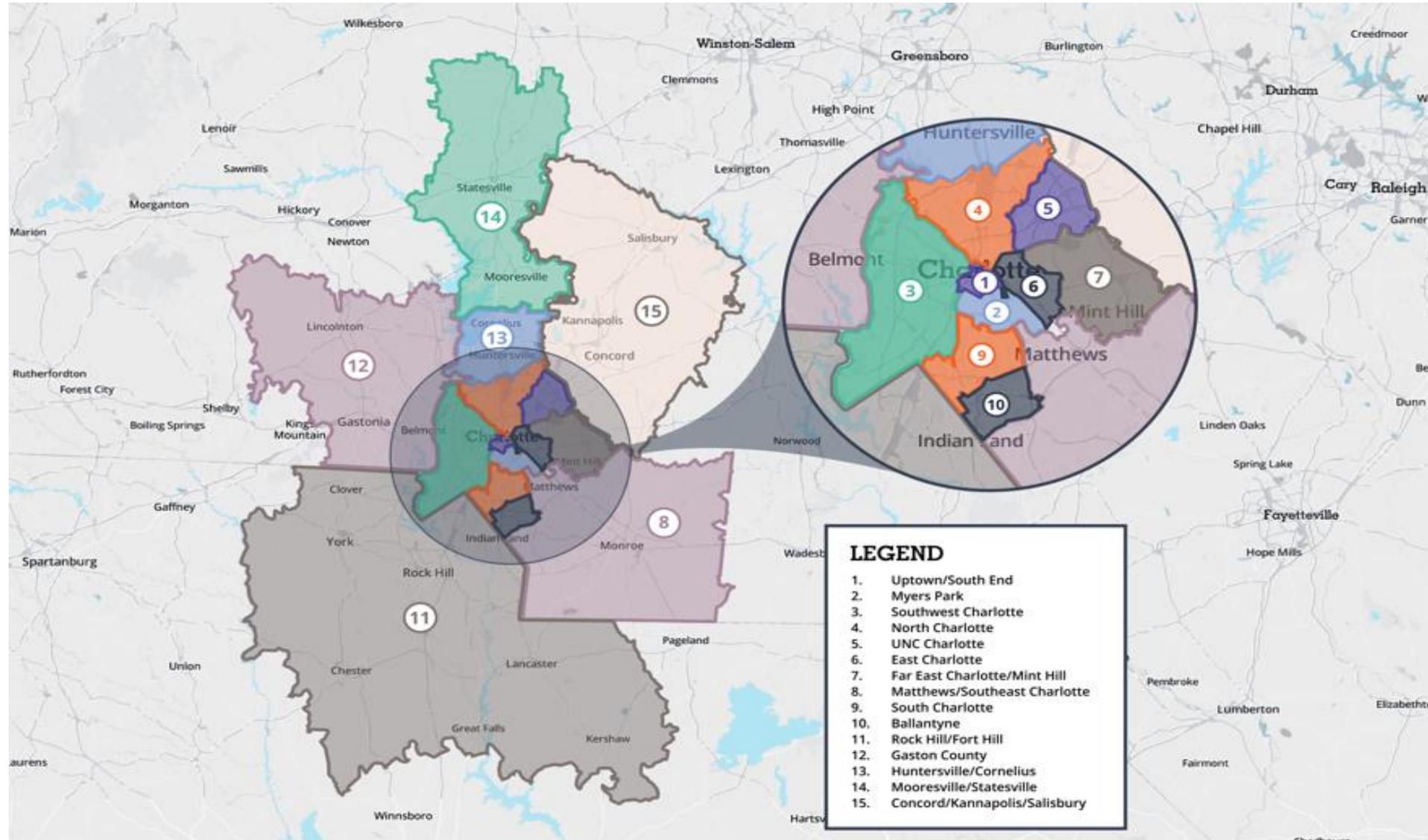
Property	Submarket	Property status	Total units	Property type	Developer
Kairoi Loso	Southwest Charlotte	Under construction	517	Wrap	Kairoi Residential
River District I	Southwest Charlotte	Under construction	514	Garden	Crescent Communities
Hanover South End	Southwest Charlotte	Under construction	441	Wrap	Hanover Company
Hawkins Press	Uptown/South End	Under construction	426	Wrap	Kettler
Revere at Mooresville	Mooresville/ Statesville	Under construction*	424	Garden	Gross Residential
Brooklyn Village South IA	Uptown/South End	Under construction	420	Garden	BK Partners

*Under construction/Lease-Up

Multifamily submarket activity

By Submarket	Existing units	Occupancy %	Annual Supply	Annual Demand	Under construction	Average effective rents	
					(units)	Rent/unit	Rent/psf
Ballantyne	8,750	93.5%	162	108	715	\$1,775	\$1.69
East Charlotte	18,529	93.6%	797	503	1,288	\$1,373	\$1.55
Matthews/Southeast Charlotte	11,736	92.9%	446	212	884	\$1,548	\$1.60
Myers Park	13,016	93.7%	538	448	1,480	\$1,770	\$1.86
North Charlotte	18,992	92.6%	2,015	1,689	6,507	\$1,512	\$1.55
South Charlotte	12,786	92.2%	19	-102	239	\$1,459	\$1.51
Southwest Charlotte	25,109	93.3%	1,898	1,436	9,073	\$1,509	\$1.58
UNC Charlotte	23,123	92.1%	3,065	2,688	3,989	\$1,451	\$1.47
Uptown/South End	22,395	92.6%	1,227	936	5,774	\$2,032	\$2.28
Submarket Subtotal	154,436	92.9%	10,167	7,918	29,949	\$1,603	\$1.68
Outlying Submarkets							
Concord/Kannapolis/Salisbury	16,255	93.2%	1,029	771	1,776	\$1,423	\$1.49
Far East Charlotte/Mint Hill	6,703	93.1%	195	64	562	\$1,265	\$1.43
Gaston County	11,769	95.2%	361	176	634	\$1,382	\$1.46
Huntersville/Cornelius	7,779	93.5%	216	129	2,217	\$1,620	\$1.61
Morrisville/Statesville	10,634	92.0%	1,153	856	1,762	\$1,411	\$1.45
Rock Hill/Fort Mill	19,607	93.5%	759	340	1,278	\$1,504	\$1.45
Outlying Submarkets Subtotal	72,747	93.4%	3,713	2,336	8,229	\$1,434	\$1.48
Market Total	227,183	93.1%	13,880	10,254	38,178	\$1,556	\$1.62
YoY change in							
By asset class	Occupancy %	Occupancy	Area per unit	Eff. rent/unit	Eff. rent/psf	Concession Value	Concession as a % of asking rents
Class A	93.0%	-0.8%	916	\$1,963	\$2.14	\$80.00	4.3%
Class B	92.9%	-0.5%	960	\$1,508	\$1.57	\$49.00	3.2%
Class C	93.4%	-0.7%	994	\$1,317	\$1.33	\$51.00	3.7%

Charlotte submarket map



For more market insights and information
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