



Charleston multifamily market report

Q4 2023

**AVISON
YOUNG**

Multifamily insights

01

Top Performer in Job Growth

The Charleston-North Charleston metro was one of the **top performers in the nation for job growth*** as of December 2023 with a **6%** annual growth change in employment. The combination of steady and fast-growing industries such as manufacturing and high-tech trades provides the Charleston region with the infrastructure to continue to be one of the national **leaders for growth** in the future.

**Bureau of Labor Statistics, RealPage*

02

Supply and Demand

While overall demand certainly moderated in 2023, Charleston was one of the few markets in the country that did not report any **net move-outs** during the 2022-2023 slump. The fourth quarter experienced new supply levels of just **189 units**, bringing annual totals to **1,511 units**. Year-over-year renewal lease term rates remained steady at **11.6%** in Q4 23.

03

Capital Markets

The region's economic fundamentals are expected to bolster investment sales performance in 2024. In the last 12 months, multifamily sales volume remained the **largest share** of total investments across all property types, representing **51%** of investor allocations. Trailing 12-month apartment sales volume reached **\$754M** across **21** properties and over **4,400** units in the Charleston market.



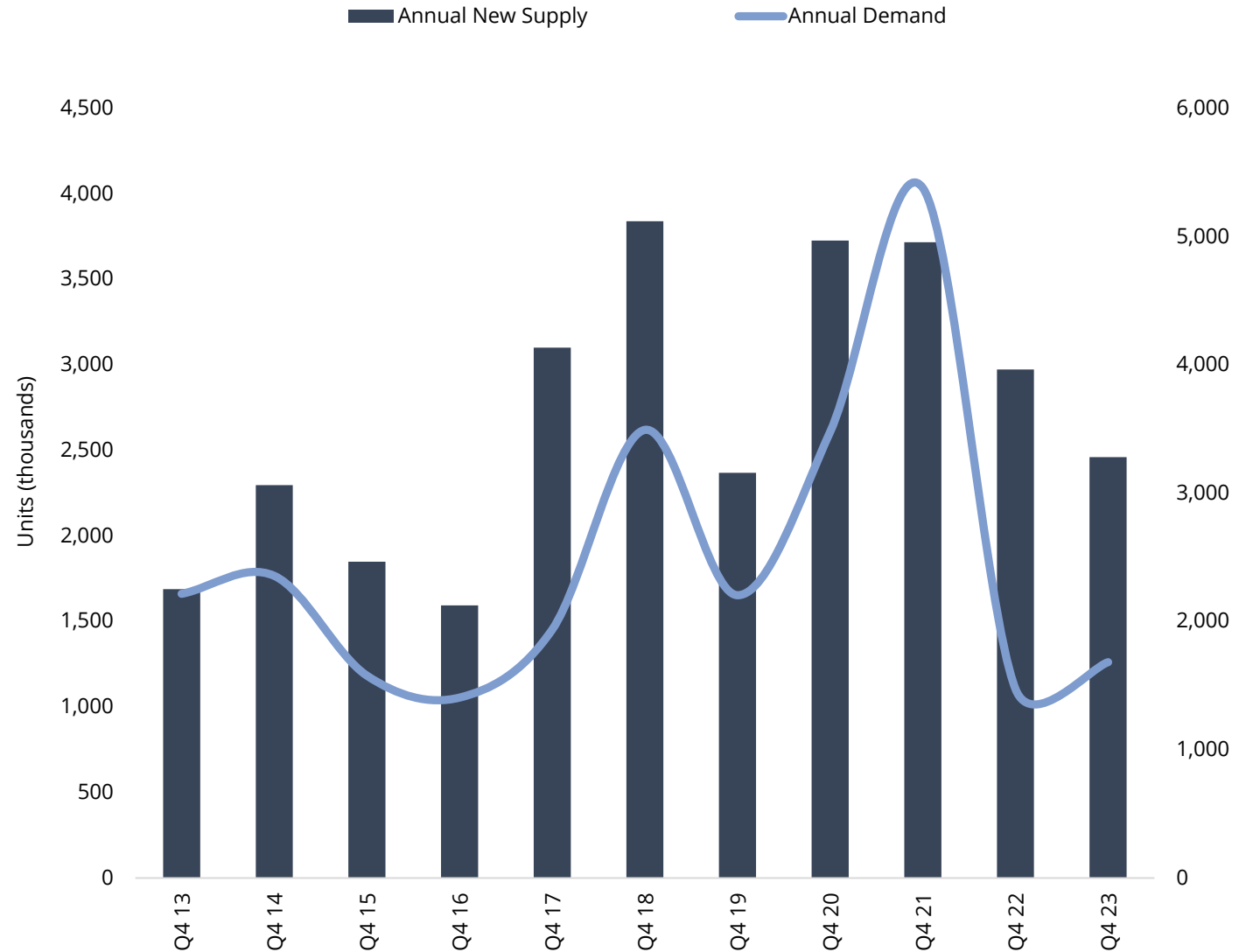
Supply and demand

1,683 units

Annual net demand

Apartment demand gained some traction after a **73%** decline in 2022. Annual totals in Q4 23 climbed to **1,683 units**. New supply remains above annual demand levels as **2,461 units** delivered in the last twelve months, increasing local inventory by **3.5%**.

Properties that delivered in the last twelve months reported an average effective rent of **\$2,106**, or **\$1.89** per square foot, resulting in an average **concession value** of **\$161**, compared to an average **concession** of **\$85.00** for existing assets.



Source: RealPage, Avison Young

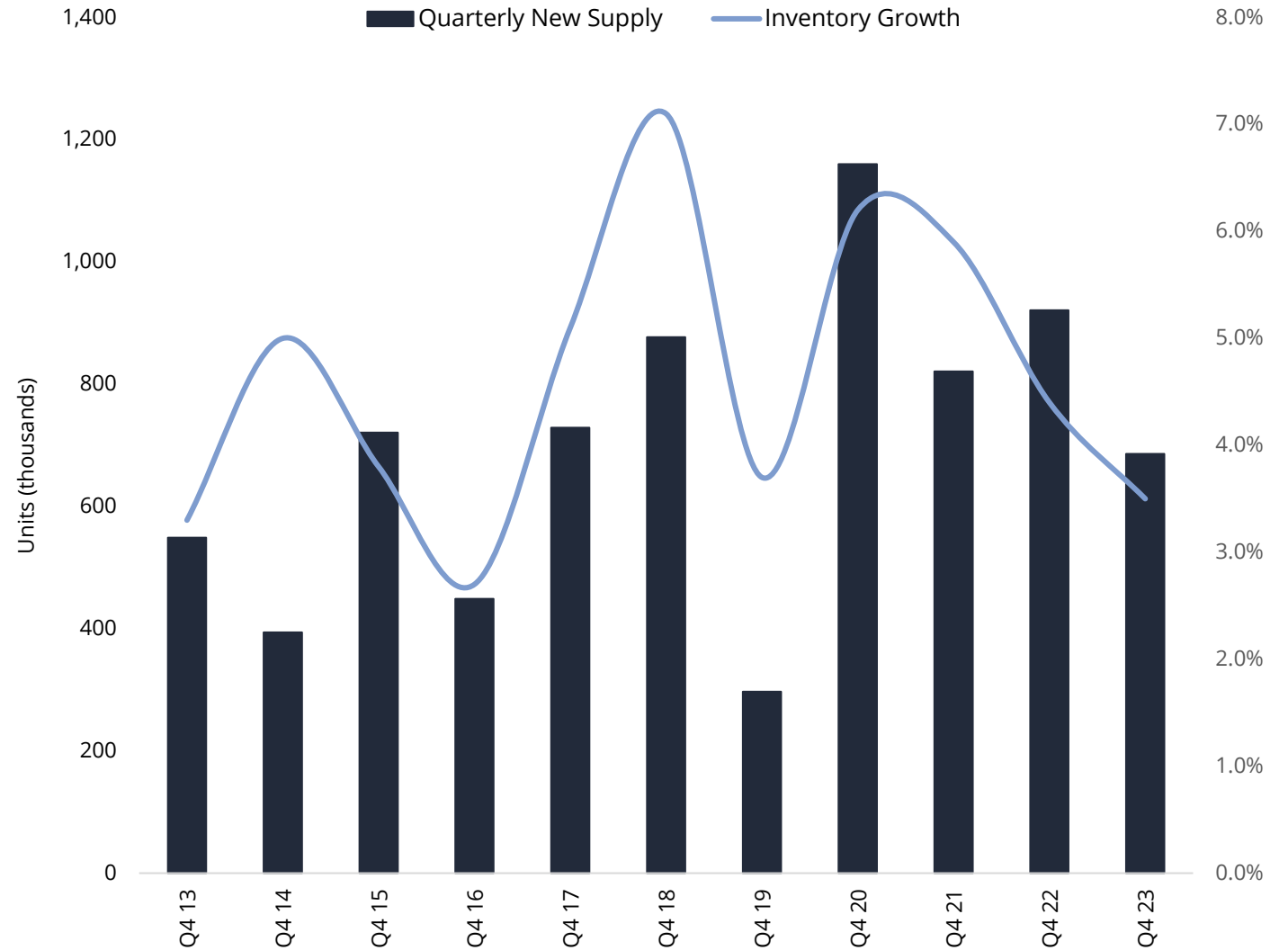
Inventory Snapshot

10.7%

Inventory Under Construction

As expected, completions cooled off in response to moderating construction starts and softening market fundamentals. In the fourth quarter, **686 units** were delivered, a **26%** decrease from Q4 2022. At the close of fourth quarter, **7,758 units** were underway, representing a **10.7%** rate of inventory under construction.

Permits for **2,618** multifamily units were issued in the 12 months ending in November 2023, down **369** units from the previous year's total.



Source: RealPage, Avison Young

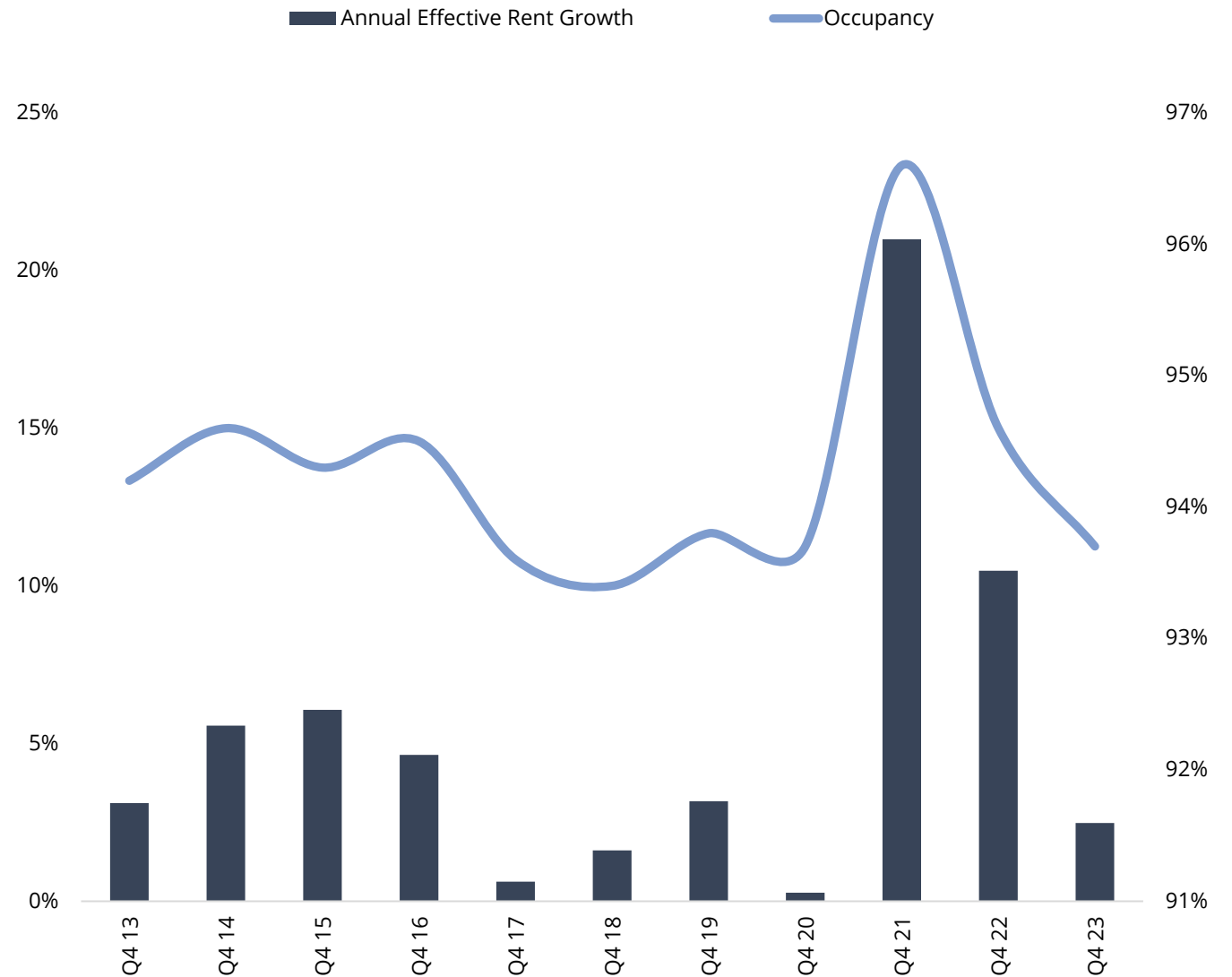
Effective Rental Rates

\$1.79

Effective asking rate/psf

Annual effective rent growth remained positive at **2.5%** at the close of 2023. Class B product reported the largest decline in effective rent growth, down **2.0%** in Q4 2023. Occupancy rates in the Charleston market remain positive at **94%**.

At the close of 2023, the percent of units offering concessions reached **15%**, up from **9%** in 2022.



Source: RealPage, Avison Young

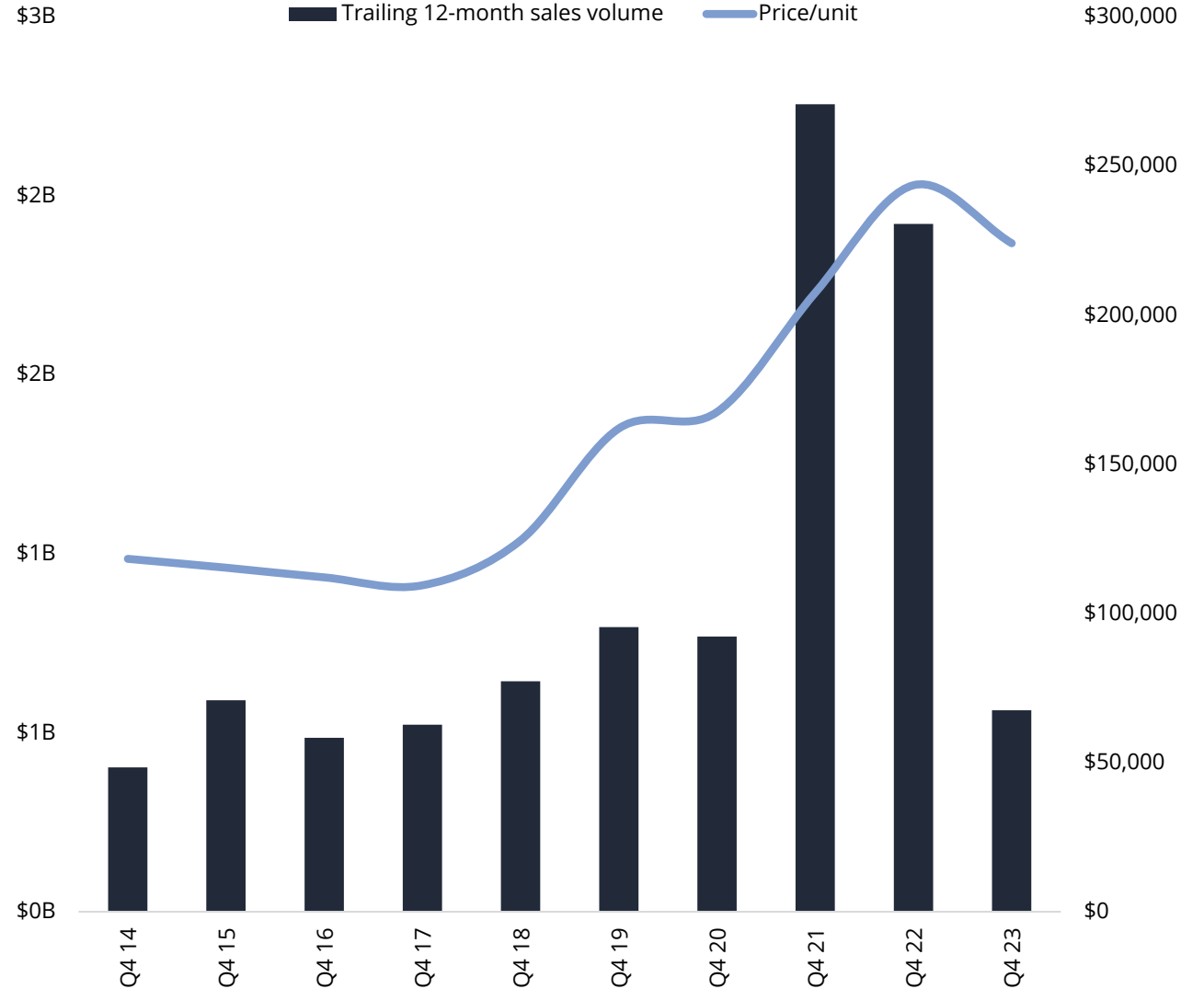
Investment sales

\$563M

Trailing 12-month sales volume

Trailing 12-month volume totaled **\$563M** with an average cap rate of **5.3%**. In April 2023, the disposition of **Atlantic Beach House**, a 224-unit asset in Mount Pleasant, sold for **\$112M**, the largest transaction in the last twelve months.

While **private funds** remain the largest capital composition of multifamily transactions at **54%**, **institutional capital** gained significant ground in 2023, representing **29%** of the total buyer composition in Charleston.



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
Atlantic Beach House	Middle Street Partners	Downtown/Mount Pleasant/Islands	224	\$112	941	\$500,000	\$3.33
Aventon Mikasa*	Aventon	Downtown/Mount Pleasant/Islands	336	\$96.4	1,002	\$286,905	NA
Ansley Commons	Blackstone Real Estate Income Trust	Summerville/Northwest Charleston	270	\$64.1	1,023	\$237,407	\$1.50
Newbrook at Point Hope	Woodfield Investments	Downtown/Mount Pleasant/Islands	264	\$62.0	1,027	\$234,848	\$2.05
Arbor Village	American Landmark; JV: Electra	Summerville/Northwest Charleston	240	\$48.4	1,029	\$201,667	\$1.58
The Retreat at Carlile	Rivermoor Investments	Summerville/Northwest Charleston	148	\$20.6	1,429	\$139,100	\$1.33
Enclave at West Ashley	Collett	West Ashley	71	\$15.9	1,340	\$223,944	\$1.55
Retreat at Palm Pointe	Cohen Investment Group	North Charleston/Goose Creek	112	\$13.3	650	\$118,304	\$1.58

*Under Construction

Notable development

Property	Submarket	Property status	Total units	Property type	Developer
Crescent Pointe	North Charleston/Goose Creek	Under Construction/Lease-Up	480	Garden	Phillips Management Group
Sawmill	Summerville/Northwest Charleston	Under Construction	474	Garden	Lee & Associates
Aventon Pearl	Downtown/Mount Pleasant/Islands	Under Construction	394	Garden	Aventon
One Nexton One	Summerville/Northwest Charleston	Under Construction	351	Garden	Crosland Southeast
Founders Yard	West Ashley	Under Construction	341	Garden	The High Companies
The Willow	North Charleston/Goose Creek	Under Construction	338	Garden	Monday Properties
Aventon Noelle	Downtown/Mount Pleasant/Islands	Under Construction	336	Garden	Aventon
Montague Corners	North Charleston/Goose Creek	Under Construction	336	Garden	CP Capital/Greystar
Courier Square	Downtown/Mount Pleasant/Islands	Planned	333	Tower	Greystar

Multifamily submarket activity

By Submarket	Existing units	Occupancy %	Annual Demand	Annual Supply	Under construction	Average effective rents	
					(units)	Rent/unit	Rent/psf
Downtown/Mount Pleasant/Islands	25,030	94.0%	504	850	2,630	\$2,179	\$2.26
North Charleston/Goose Creek	19,783	93.7%	721	959	1,629	\$1,496	\$1.56
Summerville/Northwest Charleston	15,971	93.0%	519	558	3,003	\$1,586	\$1.60
West Ashley	11,900	94.1%	-61	94	496	\$1,635	\$1.65
Market Total	72,684	93.7%	1,683	2,461	7,758	\$1,749	\$1.79

By asset class	Occupancy %	YoY change in				Concession	Concession as a %
		Occupancy	Area per unit	Eff. rent/unit	Eff. rent/psf	Value	of asking rents
Class A	94.4%	-0.7%	900	\$2,271	\$2.52	\$125.00	5.3%
Class B	94.0%	-0.3%	982	\$1,722	\$1.75	\$84.00	4.6%
Class C	93.8%	-0.2%	1,016	\$1,429	\$1.41	\$52.00	3.4%

For more market insights and information
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