



Charlotte multifamily market report

Q1 2024

**AVISON
YOUNG**

Charlotte multifamily insights

01

Supply and Demand

Charlotte ranks **11th** in the nation for **inventory growth** since 2019, yet demand has also reached market highs. Charlotte reported a **16.4%** increase in renter households in the last three years, one of the nation's **fastest-growing renter bases***, indicating how strong demand has been. Absorption in Q124 totaled **3,314 units**, increasing **34%** quarter over quarter. Supply levels hit a **10-year record high** in Charlotte at **3,842 units** representing the largest quarterly sum on record.

**Source: RealPage Analytics*

02

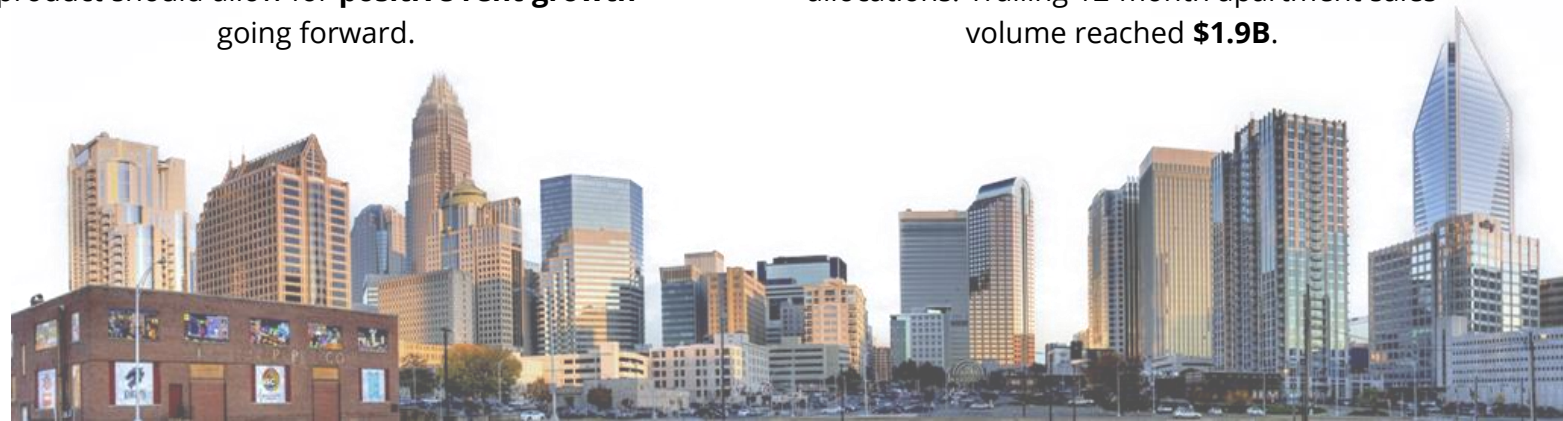
Rent Growth

Rent growth momentum will be compressed in the near-term as Charlotte maintains one of the **largest supply pipelines** in the nation. Annual effective rent growth in Charlotte was reported at **-2.6%** in Q124. Occupancy also remained muted due to elevated supply levels. While construction starts are expected to decline in 2025, renter demand and the pace of absorption in new product should allow for **positive rent growth** going forward.

03

Capital Markets

Investment sales hit pause in the beginning of 2024. In spite of 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 reached **\$1.9B**.



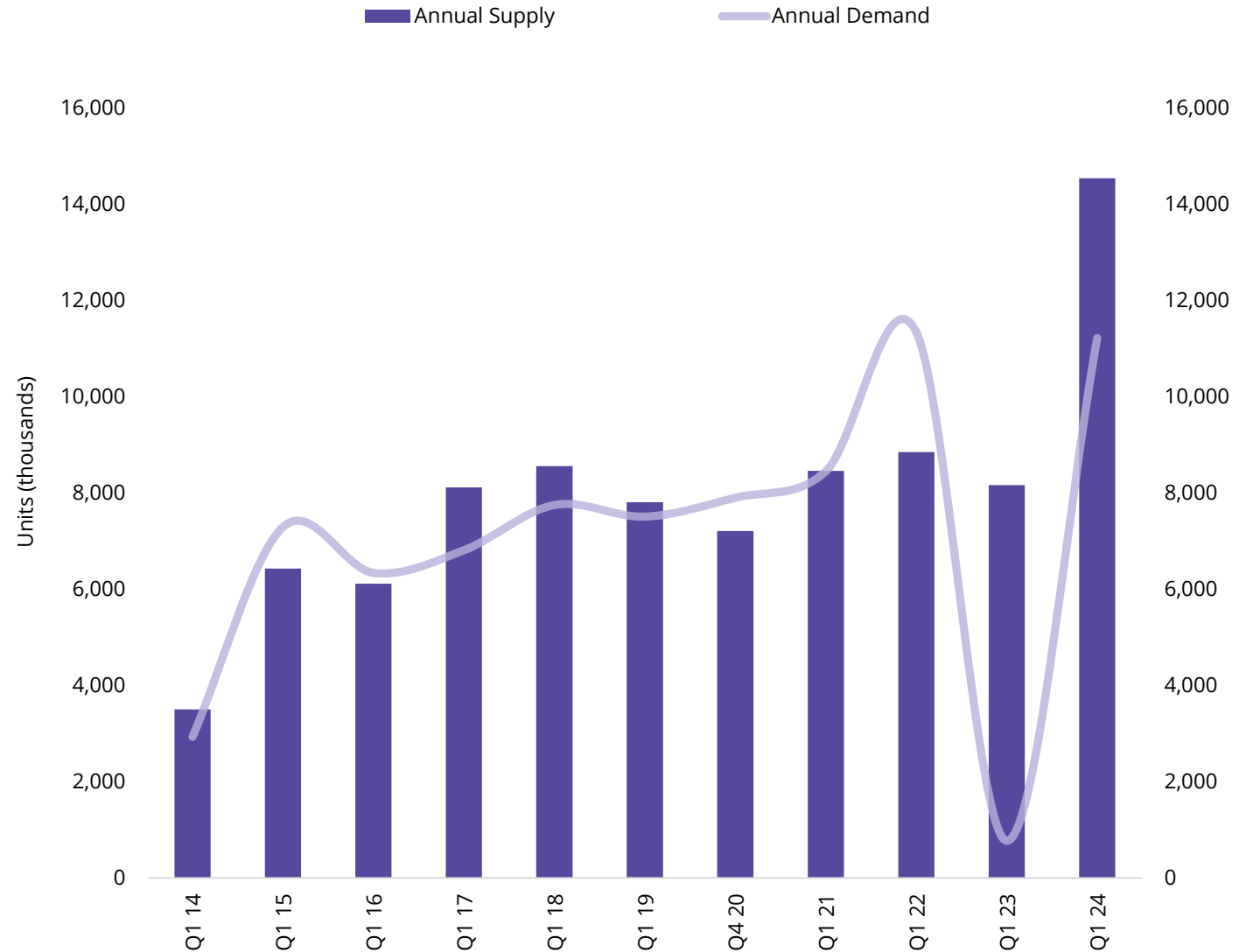
Supply and demand

11,224 units

Annual demand

Annual multifamily supply remains elevated as **14,549 units** delivered in the last twelve months, increasing local inventory base by **6.4%**. Annual demand rebounded in the first quarter, increasing by over **93%** year-over-year.

Properties that delivered in the last twelve months reported an average effective rent of **\$1,843**, or **\$1.71** per square foot, resulting in an average concession value of **\$197**.



Source: RealPage, Avison Young Research

Inventory Snapshot

6.7%

Inventory Growth

In the first quarter, **3,842 units** were delivered pushing annual deliveries in the market to **14,549 units**. At the close of Q1, **34,197 units** were under construction. Completions are expected to moderate in response to a steady decline in construction starts.

On the supply side, permits for **8,832** multifamily units were issued in the 12 months ending in February 2024, down **1,295** units from the previous year's totals.



Source: RealPage, Avison Young Research

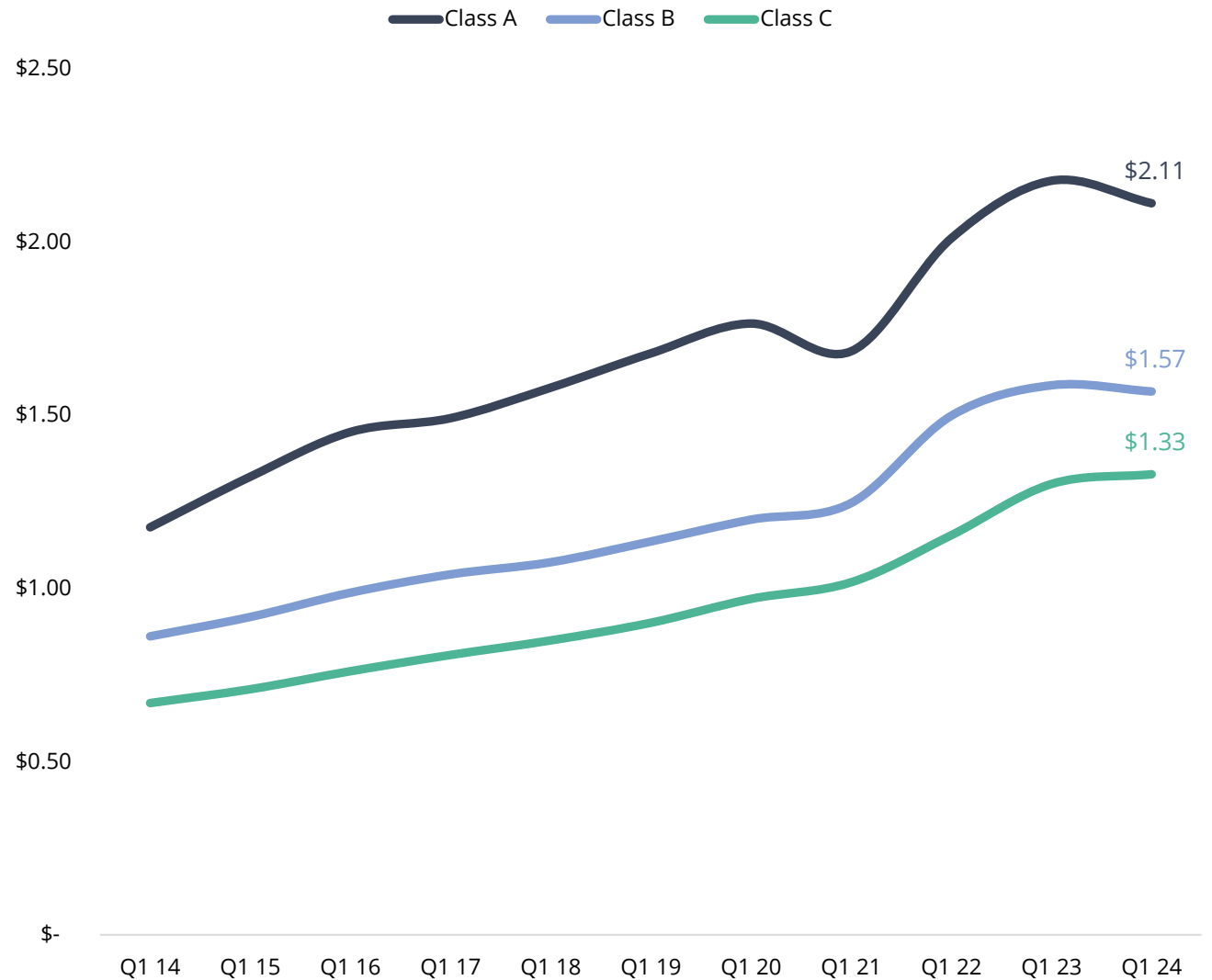
Effective Rental Rates

\$1.62

Average effective rate/psf

Annual effective rent growth decreased by **2.6%**, while quarter-over-quarter rent growth remained relatively flat. The **Huntersville/Cornelius** submarket posted the **highest effective rent growth (1.6%)** in the overall Charlotte market. Average occupancy rates remain healthy at **93%**.

At the close of Q1 24, the percent of units offering concessions increased to **24%**, up **120-bps** year-over-year.



Source: RealPage, Avison Young Research

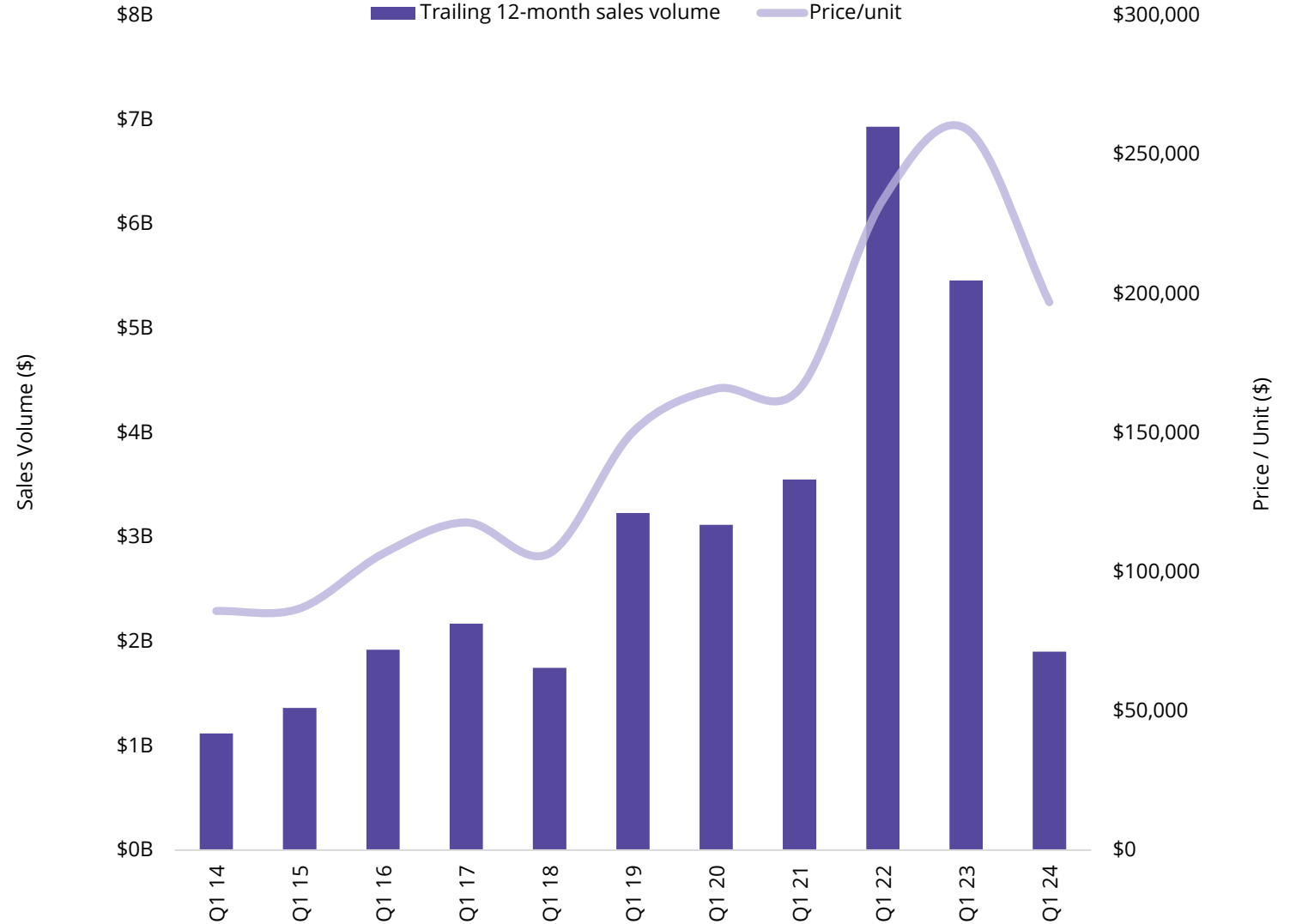
Investment sales

\$1.9B

Trailing 12-month sales volume

Multifamily assets represented **45% 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 **65%** of multifamily transactions.

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 Research

Multifamily market activity

Notable sales – last 12 mos.

Property	Seller	Submarket	Total units	Total sales price (\$M)	Avg. unit size	Avg. price/unit	Cap rate	Avg. effective rent/sf
MAA Optimist Park*	Wood Partners	North Charlotte	352	\$107	974	\$303,977	-	\$2.11
Cortland South End	PGIM Real Estate	Uptown/South End	331	\$104	907	\$314,199	-	\$2.24
Elwood*	Greystar Management	Matthews/SE Charlotte	350	\$101	948	\$289,429	-	\$1.57
Retreat at McAlpine Creek	Waterton Associates	Ballantyne	360	\$81.6	996	\$203,875	5.3%	\$1.58
Greys Harbor at Lake Norman	BREIT	Huntersville/Cornelius	312	\$72.5	1,039	\$232,372	5.1%	\$1.39
The Alcove at Birkdale Village	King Properties	Huntersville/Cornelius	314	\$72.0	996	\$229,299	-	\$1.54
Concord Ridge	Southwood Realty	Concord/Kannapolis/Salisbury	336	\$71.3	898	\$212,054	5.1%	\$1.33
Mason at Six Mile Creek	Blackstone	Rock Hill/Fort Mill	300	\$69.3	986	\$230,833	5.0%	\$1.47
Presley Uptown	JLL IPT; JV: Penler	Uptown/South End	230	\$65.8	825	\$286,087	-	\$2.06
Avalon Mooresville	Blackstone	Mooresville/Statesville	203	\$52.1	1,028	\$256,650	-	\$1.50
1010 Dilworth	PGIM Real Estate	Uptown/South End	184	\$51.9	785	\$281,821	-	\$2.13

* Lease-Up; Lease-Up % is noted as the percent in lease-up at the time of sale. MAA Optimist Park (45%); Elwood (63%).

Notable development

Property	Submarket	Property status	Total units	Property type	Developer
5Line	Southwest Charlotte	Under construction	517	Wrap	Kairoi Residential
River District I	Southwest Charlotte	Under construction	514	Garden	Crescent Communities
Evolve at Lake Norman	Mooresville/Statesville	Under construction	488	Garden	Evolve Companies
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

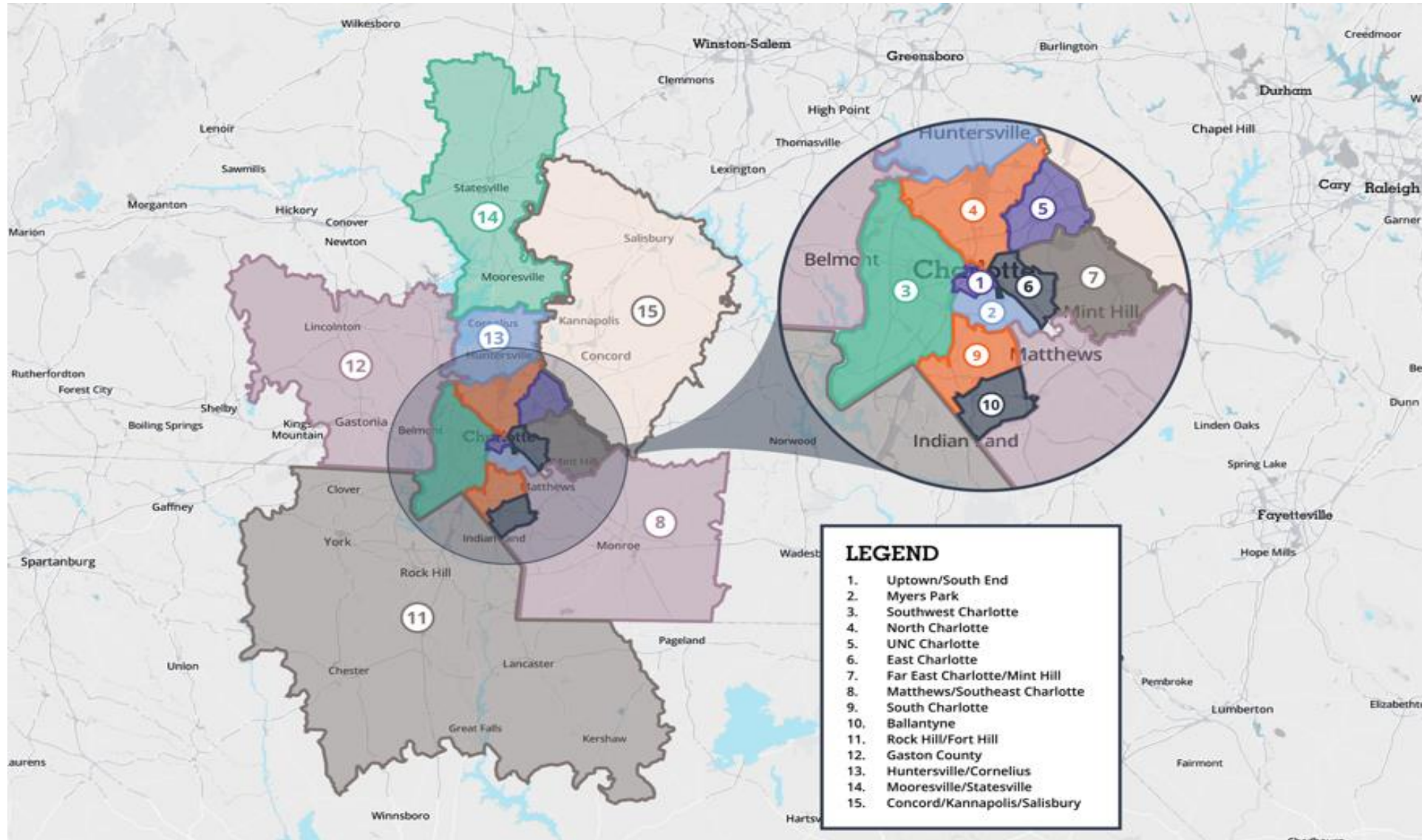
* Under Construction / Lease-Up

Multifamily submarket activity

By Submarket	Existing units	Occupancy %	Annual Supply	Annual Demand	Under construction	Average effective rents	
					(units)	Rent/unit	Rent/psf
Ballantyne	8,873	93.5%	285	225	721	\$1,758	\$1.67
East Charlotte	18,529	93.3%	615	324	1,292	\$1,389	\$1.57
Matthews/Southeast Charlotte	11,777	92.5%	283	78	719	\$1,529	\$1.58
Myers Park	13,223	93.1%	643	445	1,170	\$1,754	\$1.84
North Charlotte	19,575	92.8%	2,249	1,955	4,964	\$1,496	\$1.55
South Charlotte	13,130	92.9%	140	171	755	\$1,456	\$1.51
Southwest Charlotte	25,432	93.2%	2,298	1,884	8,223	\$1,506	\$1.58
UNC Charlotte	23,580	91.4%	2,869	2,290	3,248	\$1,442	\$1.47
Uptown/South End	22,732	92.4%	1,393	1,078	5,452	\$2,011	\$2.26
Submarket Subtotal	156,851	92.8%	10,775	8,450	26,544	\$1,593	\$1.67
Outlying Submarkets							
Concord/Kannapolis/Salisbury	16,093	93.1%	610	363	1,789	\$1,420	\$1.48
Far East Charlotte/Mint Hill	6,783	92.9%	275	184	287	\$1,268	\$1.43
Gaston County	11,917	93.9%	398	164	252	\$1,384	\$1.46
Huntersville/Cornelius	7,779	93.3%	162	110	2,712	\$1,636	\$1.63
Morrisville/Statesville	11,058	93.2%	1,391	1,308	1,648	\$1,426	\$1.47
Rock Hill/Fort Mill	19,806	93.6%	938	575	965	\$1,487	\$1.44
Outlying Submarkets Subtotal	73,436	93.3%	3,774	2,704	7,653	\$1,437	\$1.49
Market Total	230,287	92.9%	14,549	11,154	34,197	\$1,550	\$1.62

By asset class	Occupancy %	YoY change in			Eff. rent/unit	Eff. rent/psf	Concession Value	Concession as a % of asking rents
		Occupancy	Area per unit	Area per unit				
Class A	92.6%	-1.1%	920	\$1,942	\$2.11	\$91.00	4.7%	
Class B	93.0%	-0.8%	959	\$1,504	\$1.57	\$56.00	3.6%	
Class C	93.1%	-1.6%	991	\$1,318	\$1.33	\$58.00	4.2%	

Charlotte submarket map



For more market insights and information
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