



# Charleston multifamily market report

Q3 2024

**AVISON  
YOUNG**

# Multifamily insights

## 01

### Demand

Net apartment demand of **2,982 units** in Q3 proved that absorption has steadily increased after a significant drop mid-2022. The spring leasing season in Charleston topped expectations and has fueled recent optimism among multifamily operators.

Annual effective rent growth was relatively **unchanged at 0.34%** as supply levels continue to outpace demand in the near-term.

## 02

### Supply

Construction starts have fallen **below pre-pandemic levels** in part due to high interest rates that have squeezed project feasibility. This decrease in construction activity is anticipated to reduce supply pressures in the near term, leading to fewer completions by late 2025. In the last twelve months, new completions totaled **3,685 units**, pushing inventory growth to **4.8%**.

## 03

### Capital Markets

In the last 12 months, multifamily sales volume remained the **largest share** of total investments across all property types while private funds represented **85%** of capital allocations. Trailing 12-month apartment sales volume reached **\$745M** across **18** properties and **3,552** units in the Charleston market. The trailing 12-month average cap rate was **5.3%** at the close of the second quarter.

# Supply and demand

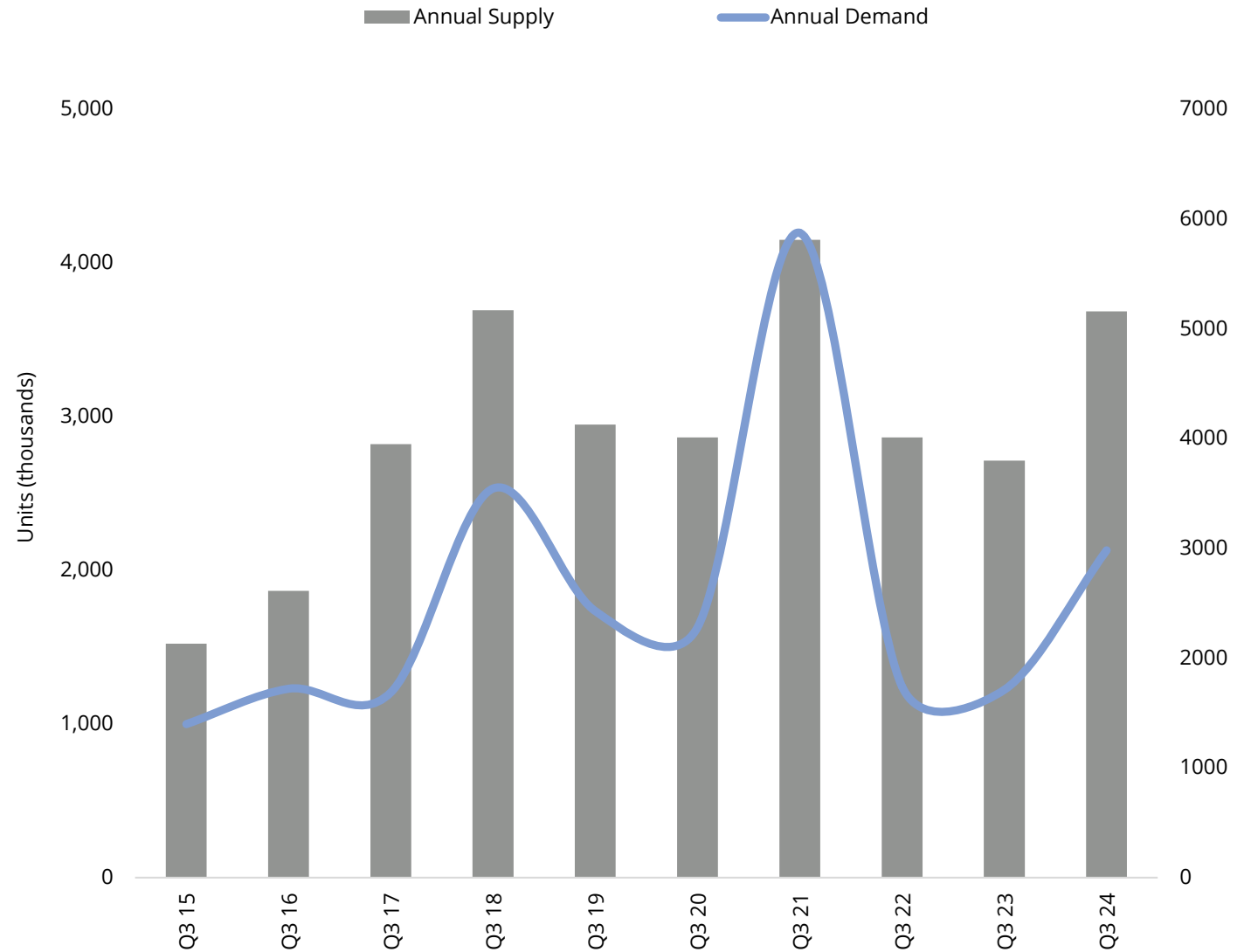
# 2,982 units

## Annual net demand

Apartment demand gained solid traction after a **70%** decline in 2022. Annual totals in Q3 climbed to **2,982 units**. New supply remains above annual demand levels as **3,685 units** delivered in the last twelve months, increasing local inventory by **4.5%**.

\*Properties delivered in the last twelve months reported an average effective rent of **\$2,123**, or **\$1.84** per square foot, resulting in an average **concession value** of **\$203.00**.

*\*Conventional units that are planned, under construction or in lease-up that are included in the RealPage pipeline lease-up trend (based on a trailing 12-month period)*



Source: RealPage, Avison Young

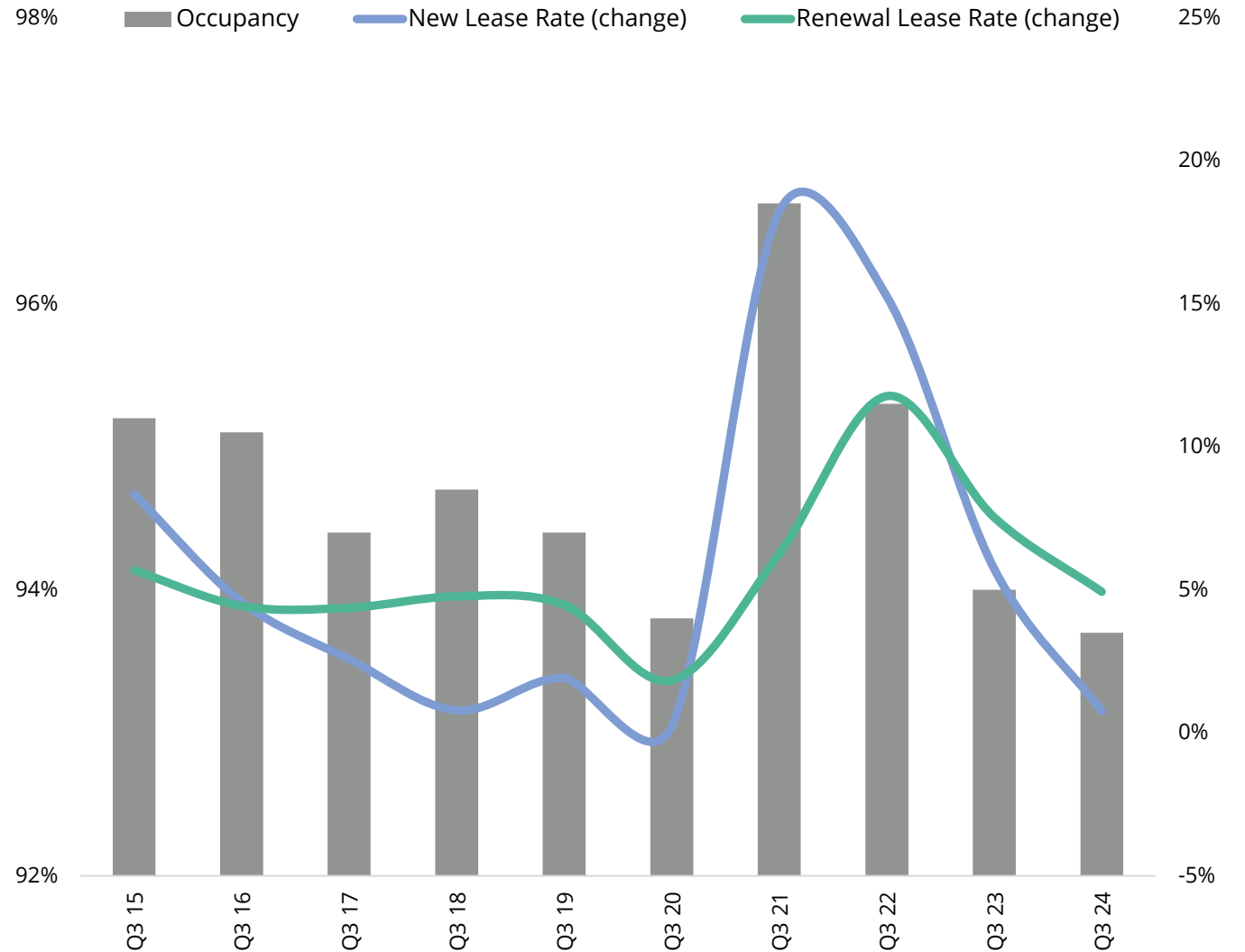
# Occupancy vs. Lease Rates

# 94%

## Occupancy Rate

Charleston's occupancy rate remains healthy at **94%** in Q3 as demand levels continue to rebound after a decline in early 2022. Supply levels have helped trade out rates for both new and renewal leases remain positive. Renewal lease trade-outs were reported at **4%** in Q3.

Permits for **1,288** multifamily units were issued in the 12 months ending in August 2024, down **785** units from the previous year's total indicating that supply levels will likely moderate in 2025.



Source: RealPage, Avison Young

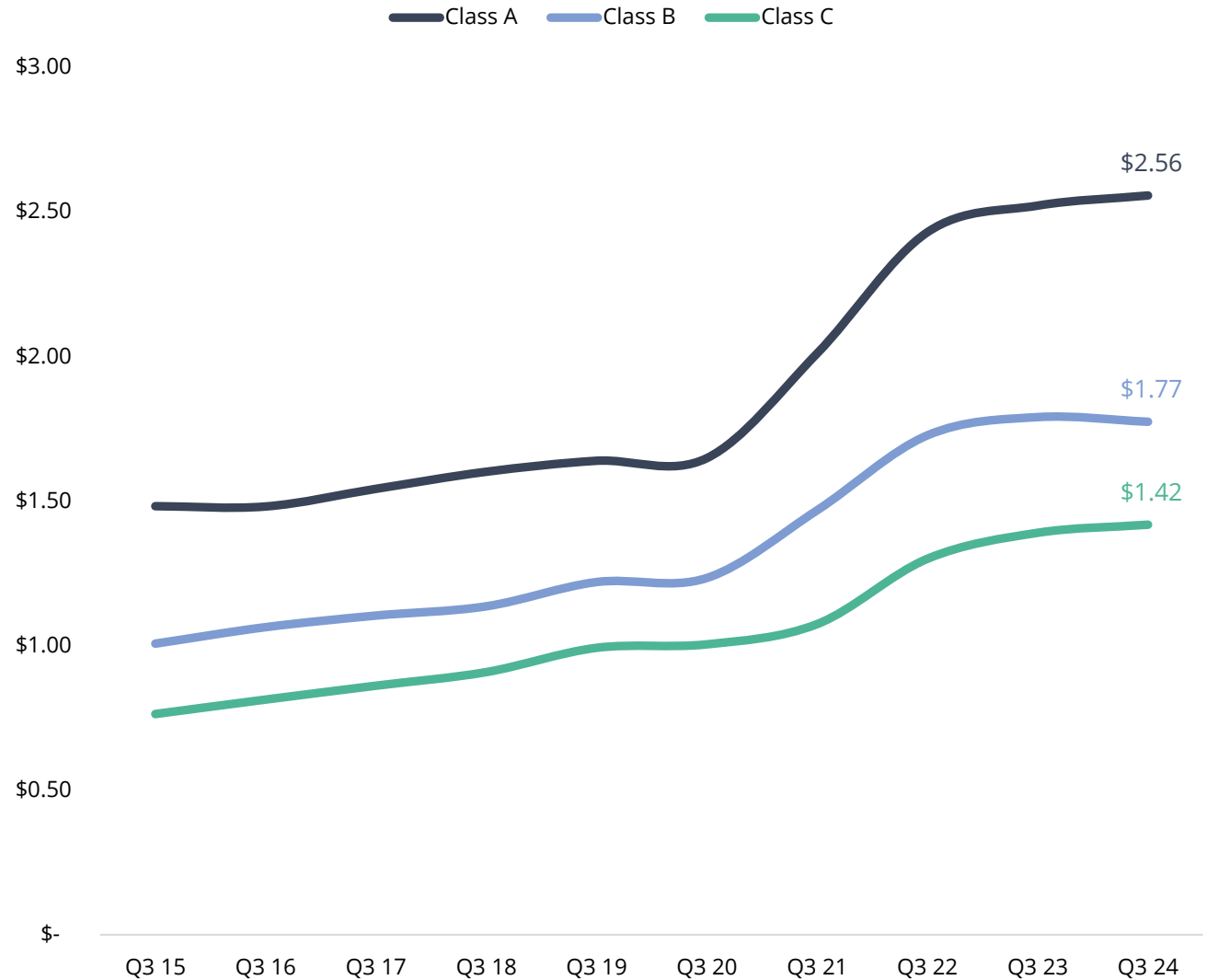
# Effective Rental Rates

# \$1.83

Effective asking rate/psf

Annual effective rent growth for new leases remained relatively unchanged at **0.34%**. Class A product reported the largest gain in effective rent growth, up **1%** in Q3.

The percent of units offering concessions reached **28%**, up **140 bps** quarter-over-quarter. Average concession rates as a percentage of asking rents reached **3.5%** at the close of Q3.



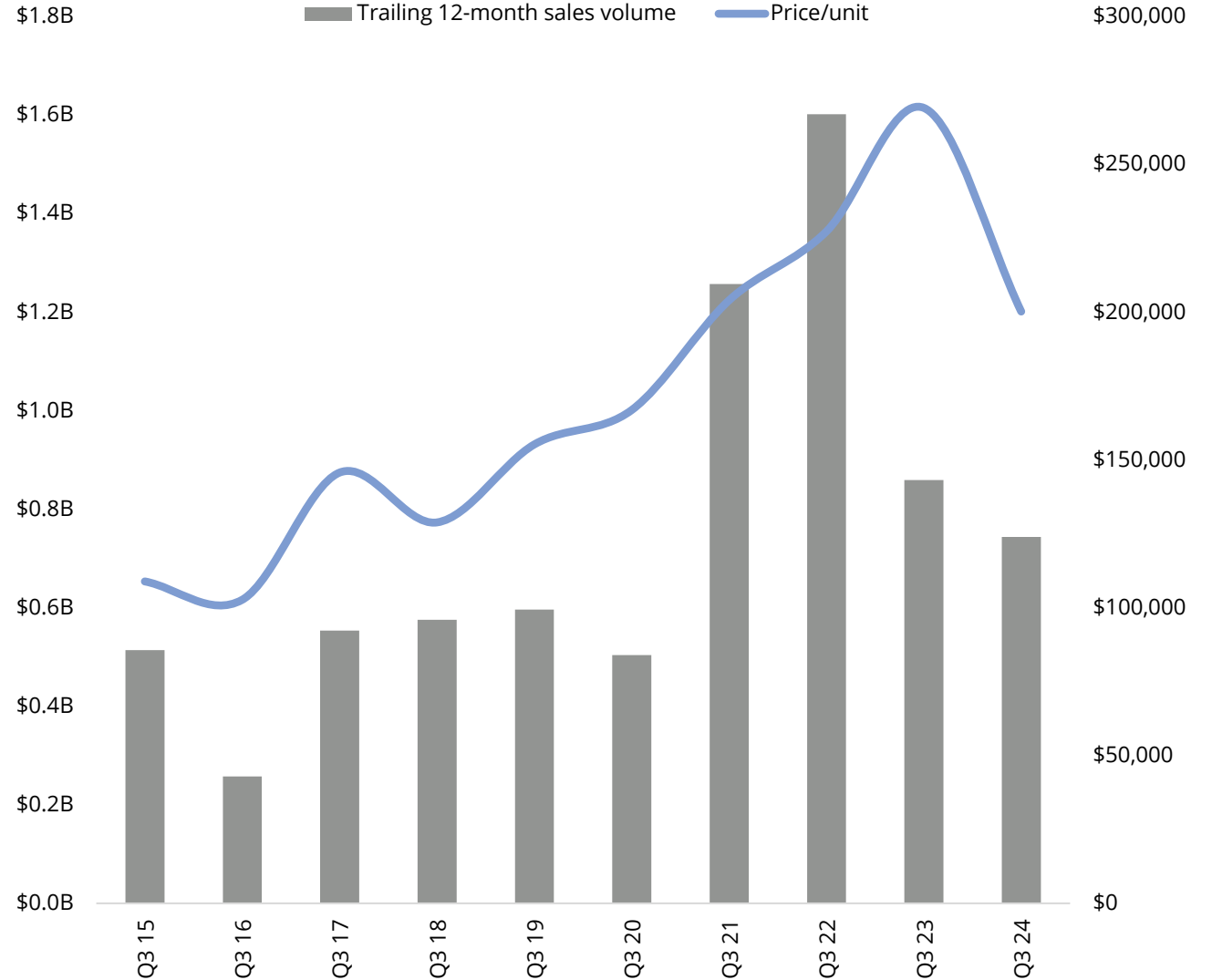
# Investment sales

# \$745M

## Trailing 12-month sales volume

Trailing 12-month volume totaled **\$745M** with an average price per unit of **\$200,153**. In January, the disposition of **Magnolia Charleston**, a 320-unit asset that is currently under construction in the Downtown/Mount Pleasant/Islands submarket, sold for **\$93M**, the largest transaction in the last twelve months.

**Private funds** remain the largest capital composition of multifamily transactions at **85%**, **institutional capital** represented **15%** of the total buyer composition in Charleston.



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
Magnolia Charleston	Middle Street Partners		320	\$93		\$290,625	-
Paxton Point Hope	VTT Management	North Charleston/Goose Creek	274	\$71	1,008	\$260,036	\$1.94
The Harrison at Windsor Mill	American Landmark	North Charleston/Goose Creek	312	\$65	900	\$209,295	\$1.67
The Isley at Windsor Mill	LIV Development	North Charleston/Goose Creek	332	\$65	977	\$196,687	\$1.66
Newbrook at Point Hope	Woodfield Investments	Downtown/Mount Pleasant/Islands	264	\$62	1,027	\$234,848	\$1.94
The Apartments at Shade Tree	Wicker Park Capital	Downtown/Mount Pleasant/Islands	248	\$61	911	\$246,976	\$1.89
Sage at Ingleside	Global State Investments	North Charleston/Goose Creek	304	\$60	1,002	\$197,368	\$1.67

*\*Under Construction*

## Notable development

Property	Submarket	Property status	Total units	Property type	Developer
Sawmill	Summerville/Northwest Charleston	Under Construction	474	Garden	Lee & Associates
Aventon Pearl	Downtown/Mount Pleasant/Islands	Under Construction	394	Garden	Aventon
Aventon Noelle	Downtown/Mount Pleasant/Islands	Under Construction	336	Garden	Aventon
Camellia at One Nexton	Summerville/Northwest Charleston	Under Construction/Lease-Up	351	Garden	Crosland Southeast
The Willow	North Charleston/Goose Creek	Under Construction/Lease-Up	338	Garden	Monday Properties
The Radler	Summerville/Northwest Charleston	Under Construction/Lease-Up	324	Garden	Sharbell Development
Emblem Cane Bay North I	Summerville/Northwest Charleston	Under Construction/Lease-Up	312	Garden	Querterra/Nuveen LLC
Courier Square	Downtown/Mount Pleasant/Islands	Planned	333	Tower	Greystar
The Darby	North Charleston/Goose Creek	Planned	331	Wrap	FIDES Development

## Multifamily submarket activity | Q3 2024

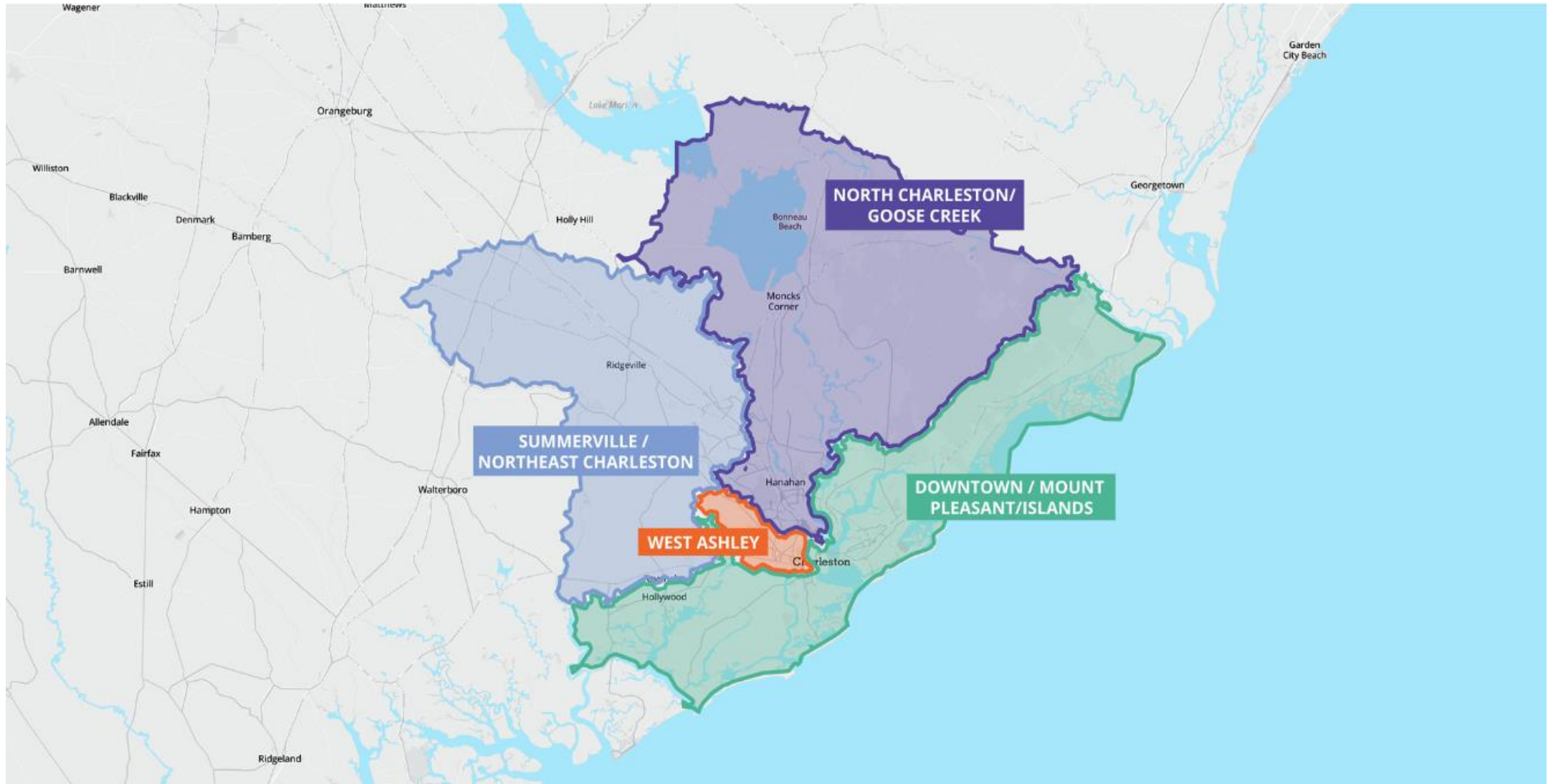
By Submarket	Existing units	Occupancy %	Annual Demand	Annual Supply	Under construction		Average effective rents	
					(units)		Rent/unit	Rent/psf
Downtown/Mount Pleasant/Islands	25,707	93.7%	883	1,063	2,002		\$2,226	\$2.32
North Charleston/Goose Creek	20,923	93.9%	1,113	1,311	600		\$1,536	\$1.60
Summerville/Northwest Charleston	16,650	92.8%	620	919	2,472		\$1,623	\$1.62
West Ashley	12,292	94.4%	351	392	104		\$1,657	\$1.69
<b>Market Total</b>	<b>75,572</b>	<b>93.7%</b>	<b>2,967</b>	<b>3,685</b>	<b>5,178</b>		<b>\$1,780</b>	<b>\$1.83</b>

## Asset class performance | Q3 2024

By asset class	Occupancy %	YoY change in	Average Unit Size	Eff. Rent/unit	Eff. Rent/psf	Concession	Concession as a %
		Occupancy	(sf)			Value	of asking rent
Class A	93.5%	-0.9%	906	\$2,315	\$2.56	\$111.00	4.6%
Class B	93.8%	-0.3%	979	\$1,736	\$1.77	\$54.00	3.0%
Class C	93.6%	-0.2%	1,023	\$1,450	\$1.42	\$52.00	3.4%



# Charleston submarket map



For more market insights and information  
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