



Charleston multifamily market report

Q2 2024

**AVISON
YOUNG**

Multifamily insights

01

Top Performer in Job Growth

The Charleston-North Charleston ranked **#1 in the U.S.** for employment growth in June at **5%**, up **60 bps** from May.* 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

Due to significant population growth (, the demand for new apartment developments has surged, with Charleston experiencing some of the highest demand volumes nationwide. New supply levels are expected to double in the next year (**11%** growth rate). Year-over-year net demand rebounded significantly pushing absorption totals to **2,504 units**, levels not since early 2021.

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 **80%** of capital allocations. Trailing 12-month apartment sales volume reached **\$544M** across **12** properties and **2,548** units in the Charleston market. The trailing 12-month average cap rate was **5.2%** at the close of the second quarter.

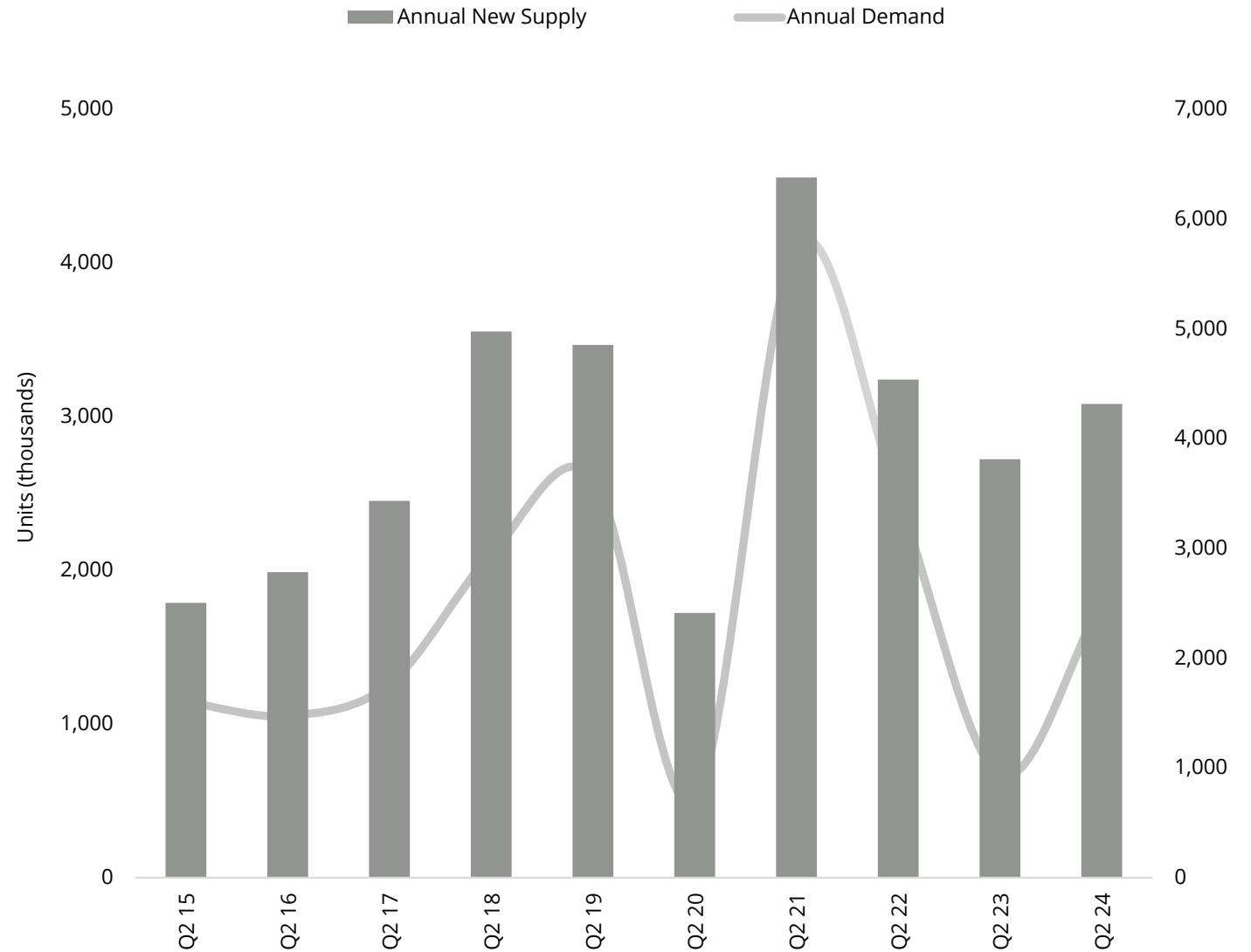
Supply and demand

2,504 units

Annual net demand

Apartment demand gained solid traction after a **73%** decline in 2022. Annual totals in Q2 climbed to **2,504 units**. New supply remains above annual demand levels as **3,083 units** delivered in the last twelve months, increasing local inventory by **4%**.

Properties that delivered in the last twelve months reported an average effective rent of **\$2,138**, or **\$1.87** per square foot, resulting in an average **concession value** of **\$185**, compared to an average **concession** of **\$84.00** for existing assets.



Source: RealPage, Avison Young

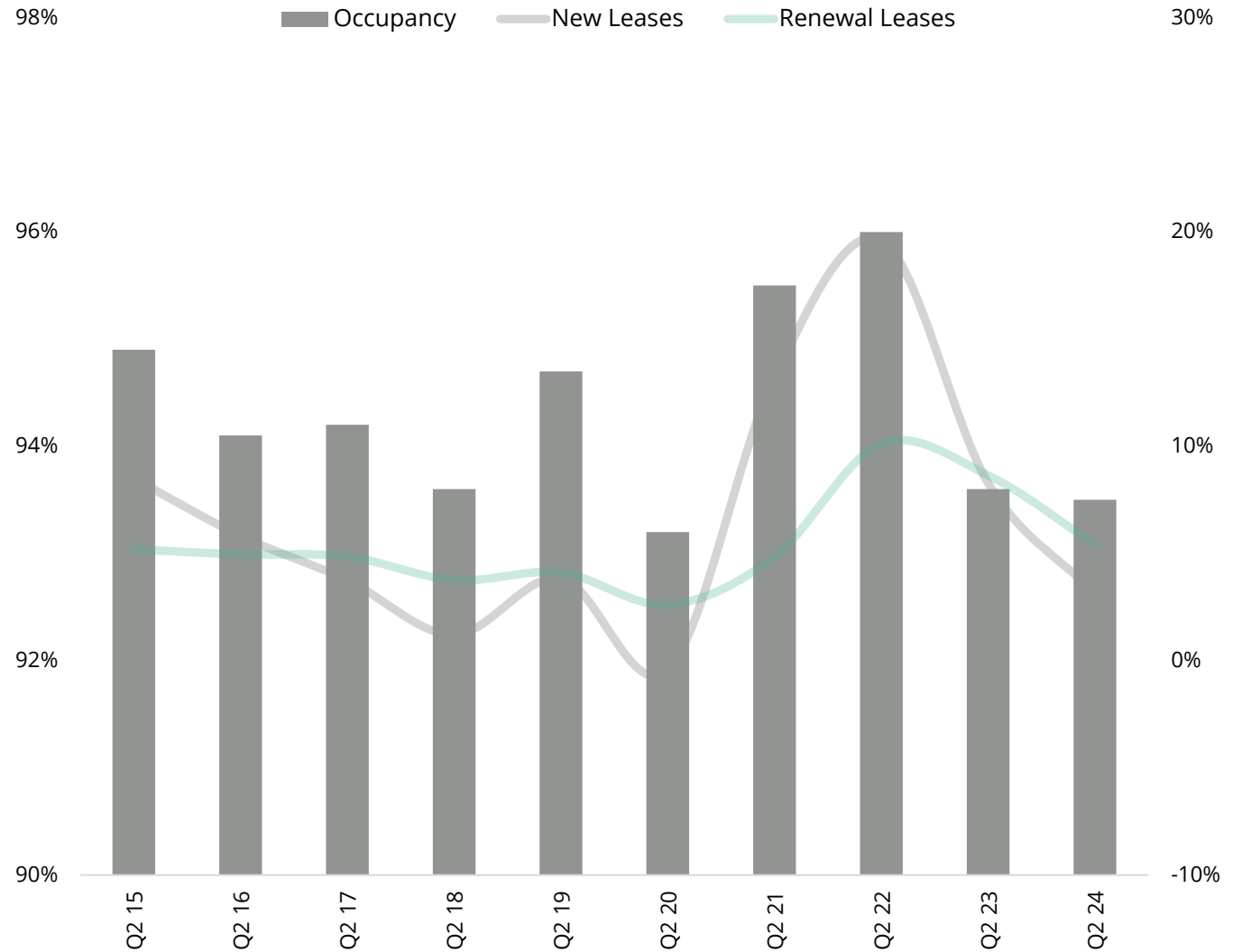
Occupancy vs. Rent Change

94%

Occupancy Rate

Charleston's occupancy rate remains healthy at **94%** in Q2 as demand levels reach record highs. Supply levels have helped trade out rates for both new and renewal leases remain positive. Renewal lease trade-outs were reported at **5%** in Q2.

Permits for **1,832** multifamily units were issued in the 12 months ending in May 2024, down **241** units from the previous year's total indicating that supply levels may slow in 2025.



Source: RealPage, Avison Young

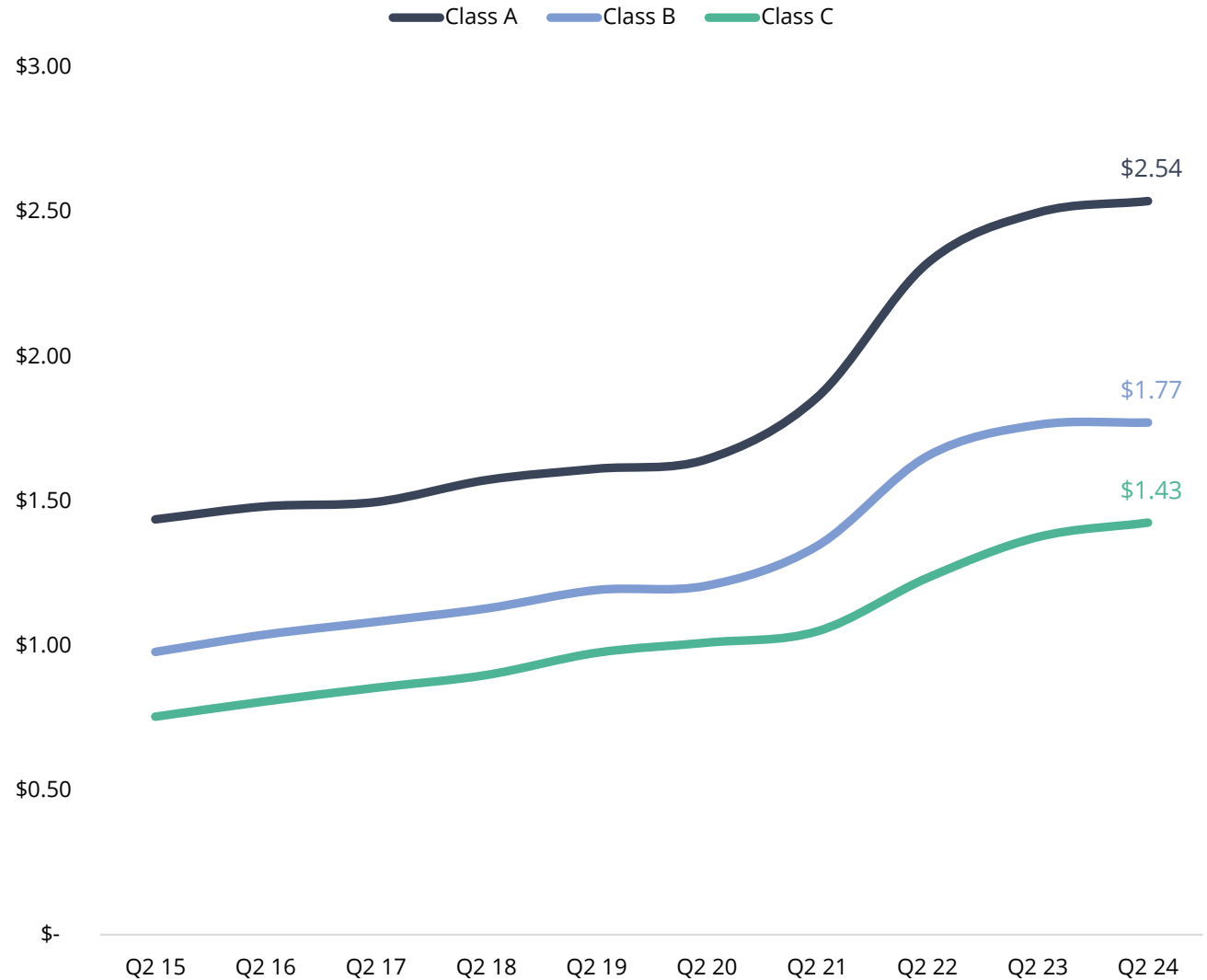
Effective Rental Rates

\$1.81

Effective asking rate/psf

Annual effective rent growth remained positive at **2%** at the close of Q2. Class C product reported the largest gain in effective rent growth, up **4%** in Q2.

At the close of Q2, the percent of units offering concessions reached **19%**, up from **70 bps**. Average concession rates as a percentage of asking rents reached **5%** at the close of Q2.



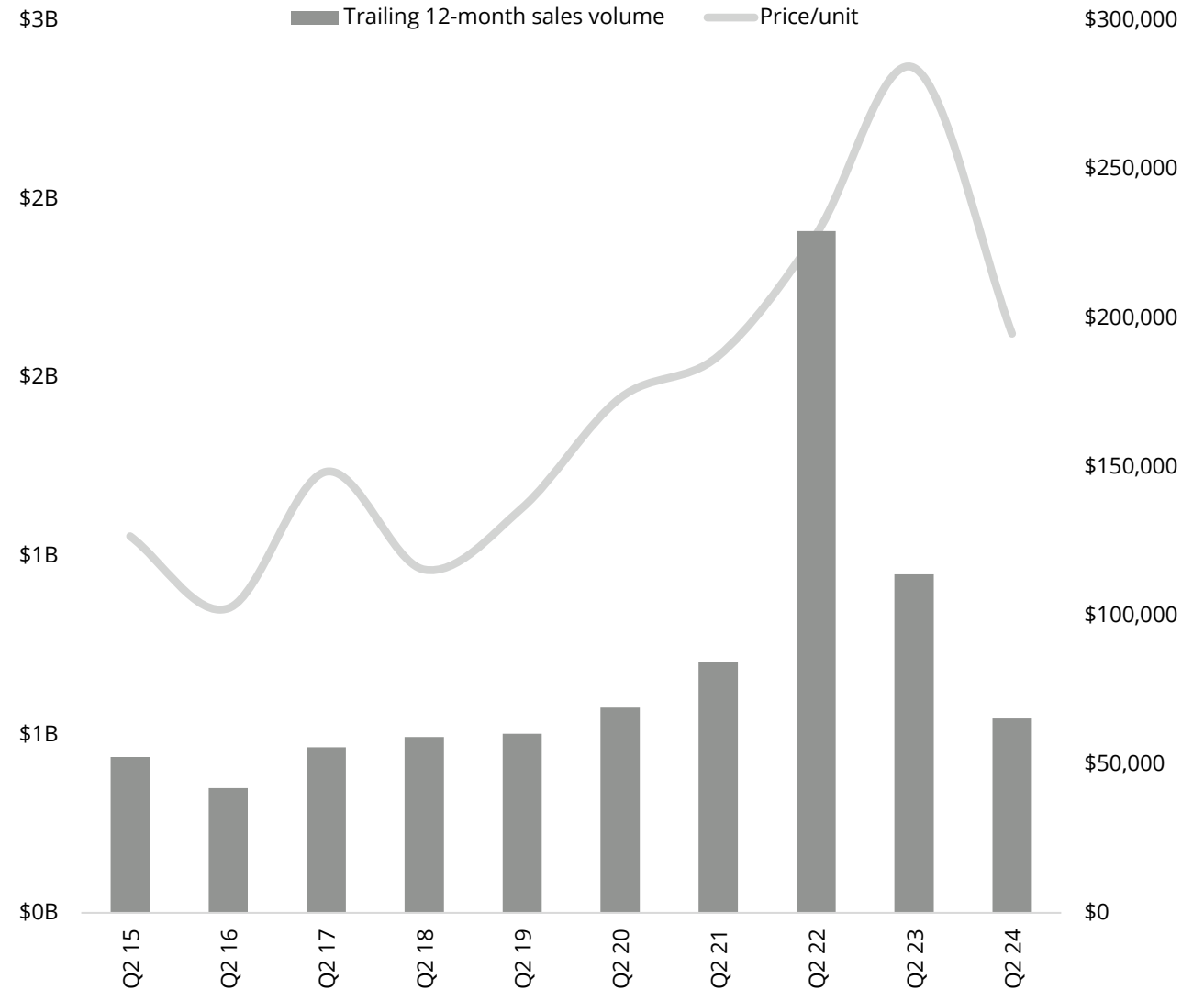
Investment sales

\$544M

Trailing 12-month sales volume

Trailing 12-month volume totaled **\$544M** with an average cap rate of **5.2%**. In January, the disposition of **Atlantic Daniel Island**, a 320-unit asset 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 **80%**, **institutional capital** represented **21%** 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
Atlantic Daniel Island*	Middle Street Partners, Trei Real Estate	Downtown/Mount Pleasant/Islands	320	\$93	1,002	\$290,625	-
The Harrison at Windsor Hill	American Landmark	North Charleston/Goose Creek	312	\$65	900	\$209,295	\$1.69
The Livano North Charleston	LIV Development	North Charleston/Goose Creek	332	\$65	977	\$196,687	\$1.79
Newbrook at Point Hope	Woodfield Investments	Downtown/Mount Pleasant/Islands	264	\$62	1,027	\$234,848	\$1.99
The Preserve at Essex Farms	B&M Management	West Ashley	284	\$60	921	\$210,739	\$1.87
Madison at Harper Place	Madison Capital Group	West Ashley	186	\$50	1,032	\$251,282	\$1.78
Greenwood at Ashley River	Brick Lane Real Estate	North Charleston/Goose Creek	280	\$31	938	\$112,232	\$1.77

*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
One Nexton One	Summerville/Northwest Charleston	Under Construction	351	Garden	Crosland Southeast
Founders Yard	West Ashley	Under Construction/Lease-Up	341	Garden	The High Companies
The Willow	North Charleston/Goose Creek	Under Construction/Lease-Up	338	Garden	Monday Properties
Aventon Noelle	Downtown/Mount Pleasant/Islands	Under Construction	336	Garden	Aventon
Asher	North Charleston/Goose Creek	Under Construction/Lease-Up	336	Garden	CP Capital/Greystar
Courier Square	Downtown/Mount Pleasant/Islands	Planned	333	Tower	Greystar
The Darby	North Charleston/Goose Creek	Planned	331	Wrap	FIDES Development

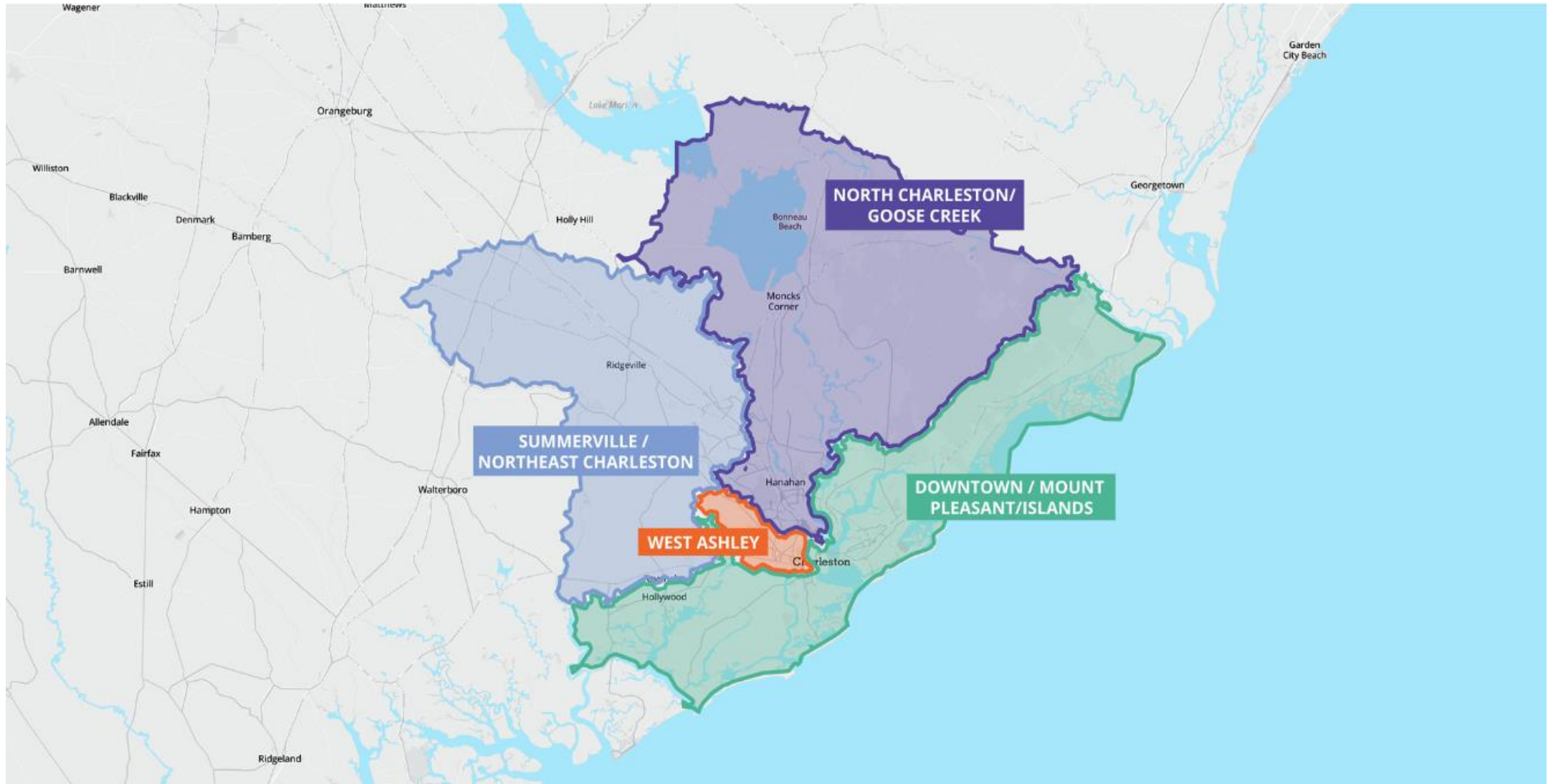
Multifamily submarket activity | Q2 2024

By Submarket	Existing units	Occupancy %	Annual Demand	Annual Supply	Under construction	Average effective rents	
					(units)	Rent/unit	Rent/psf
Downtown/Mount Pleasant/Islands	25,410	93.2%	622	868	2,299	\$2,197	\$2.28
North Charleston/Goose Creek	20,412	93.5%	1,089	1,281	1,119	\$1,512	\$1.59
Summerville/Northwest Charleston	16,315	93.1%	534	707	2,807	\$1,620	\$1.61
West Ashley	12,127	94.1%	259	227	269	\$1,635	\$1.66
Market Total	74,264	93.5%	2,504	3,083	6,494	\$1,761	\$1.81

Asset class performance | Q2 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	93.3%	-0.8%	901	\$2,286	\$2.54	\$124.00	5.3%
Class B	93.4%	0.1%	978	\$1,732	\$1.77	\$78.00	4.4%
Class C	93.7%	-0.3%	1,023	\$1,458	\$1.43	\$73.00	4.8%

Charleston submarket map



For more market insights and information
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