



# Charlotte multifamily market report

Q2 2024

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**AVISON  
YOUNG**

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# Charlotte multifamily insights

## 01

### Supply and Demand

Charlotte continues to rank among the nation's highest in multifamily supply hitting a **10-year record of 3,842 units**, the largest quarterly sum in the market to date. Yet like many metros across the South region, demand is now also surging at a record pace. Charlotte reported a **16.4%** increase in renter households in the last three years, one of the nation's **fastest-growing renter bases\***. Absorption in Q2 totaled **3,092 units**, increasing **23%** year-over-year.

*\*Source: RealPage Analytics*

## 02

### Rent Growth

Rent growth momentum has been compressed due to supply surges and the increase of new assets in lease-up. Annual effective rent growth in Charlotte was reported at **-3.1%** in Q2. Occupancy also remained flat at roughly **93%**. As renter demand increases, and supply levels weaken Charlotte should see **positive rent growth** going forward.

## 03

### Capital Markets

Despite 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 **48%** of investor allocations. Trailing 12-month apartment sales volume reached **\$2.4B**, largely bolstered by the **\$193M** disposition of **The Ellis** in Uptown Charlotte.



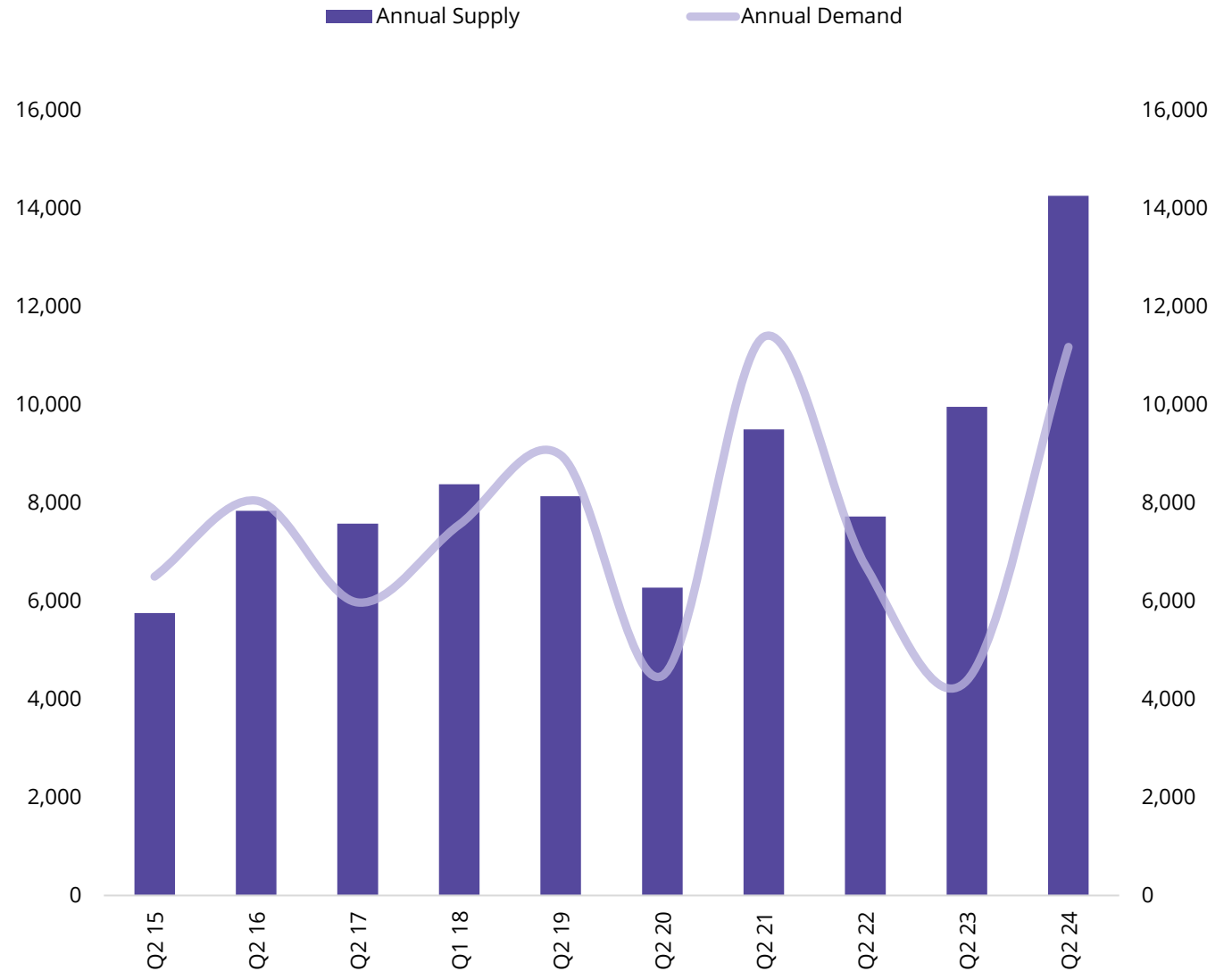
# Supply and demand

# 11,181 units

## Annual demand

Multifamily supply remains elevated as **14,260 units** delivered in the last twelve months, increasing local inventory base by **6.5%**. Annual demand gained significant ground in Q2, the highest reported since Q2 2021.

Properties that delivered in the last twelve months reported an average effective rent of **\$1,851**, or **\$1.69** per square foot, resulting in an average concession value of **\$204**. In comparison, existing assets reported an average effective rent of **\$1,571** per unit (**\$1.64 psf**) offering average concession values of **\$77.00**.



Source: RealPage, Avison Young Research

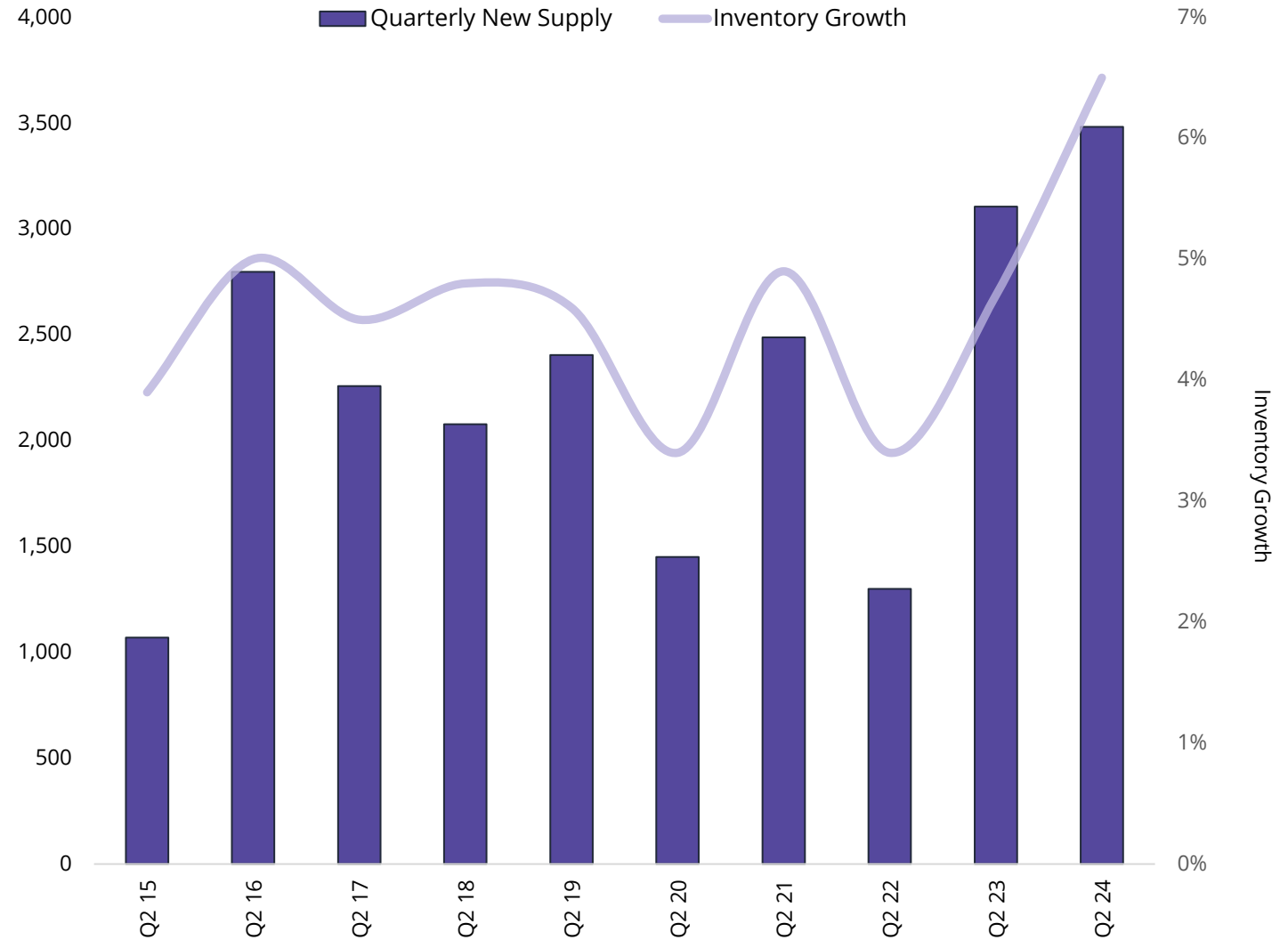
# Inventory Snapshot

# 6.5%

## Inventory Growth

In the second quarter, **3,482 units** were delivered pushing annual supply in the market to **14,260 units**. At the close of Q2, **33,056 units** were under construction. Completions are expected to moderate in response to a steady decline in construction pricing and multifamily permitting.

In Charlotte, permits for **7,544 multifamily units** were issued in the 12 months ending in February 2024, down **2,583 units (-16%)** from the previous year's totals.



Source: RealPage, Avison Young Research

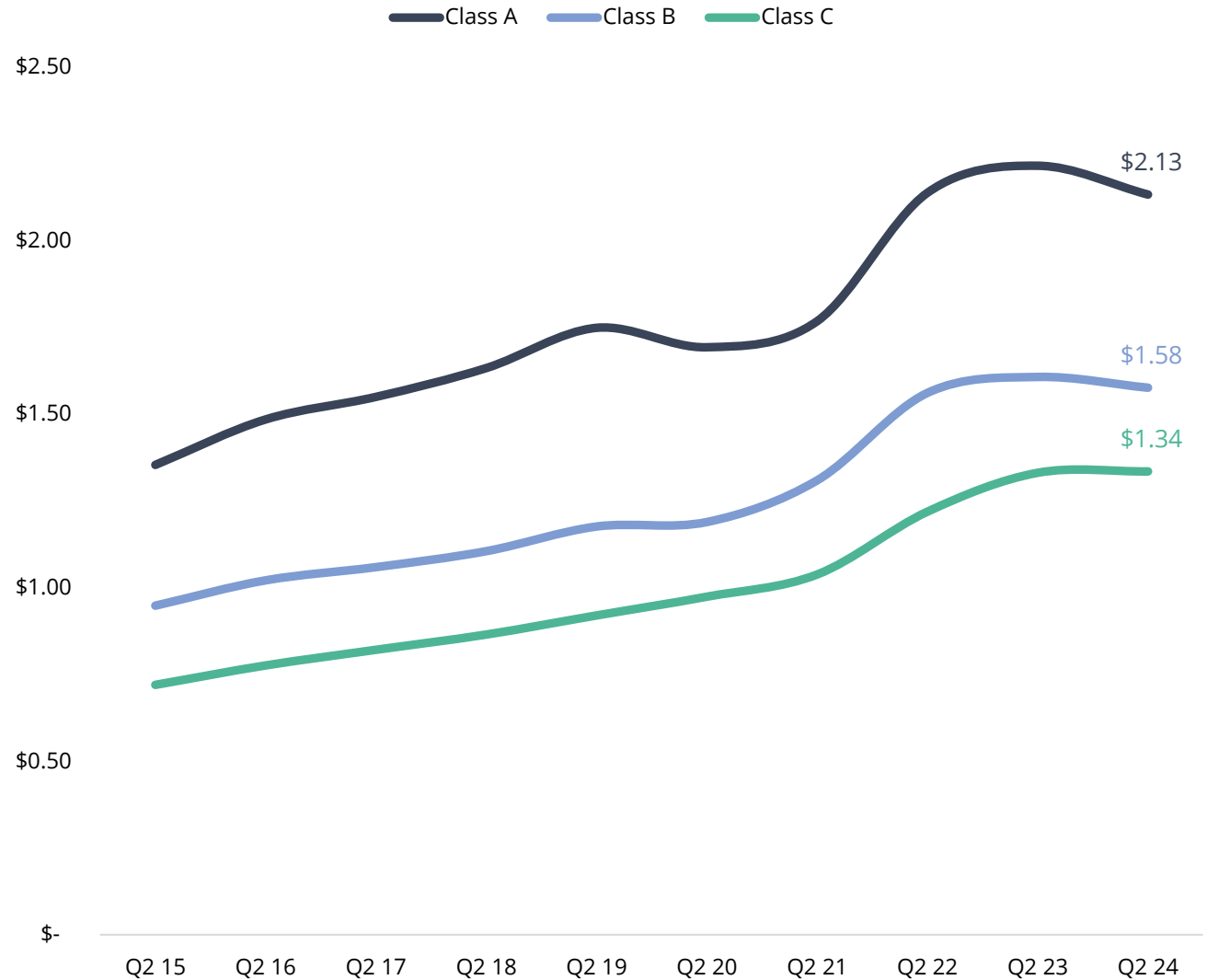
# Effective Rental Rates

# \$1.62

Average effective rate/psf

Annual effective rent growth declined by **3.1%**, while quarter-over-quarter rent growth continues to remain relatively flat. Average occupancy rates remain healthy in the Charlotte market at **93%**.

At the close of Q2, the percent of units offering concessions jumped to **21%**, up **90-bps** year-over-year. The **Myers Park** submarket reported the highest concession value of any other submarket at **\$131.00**.





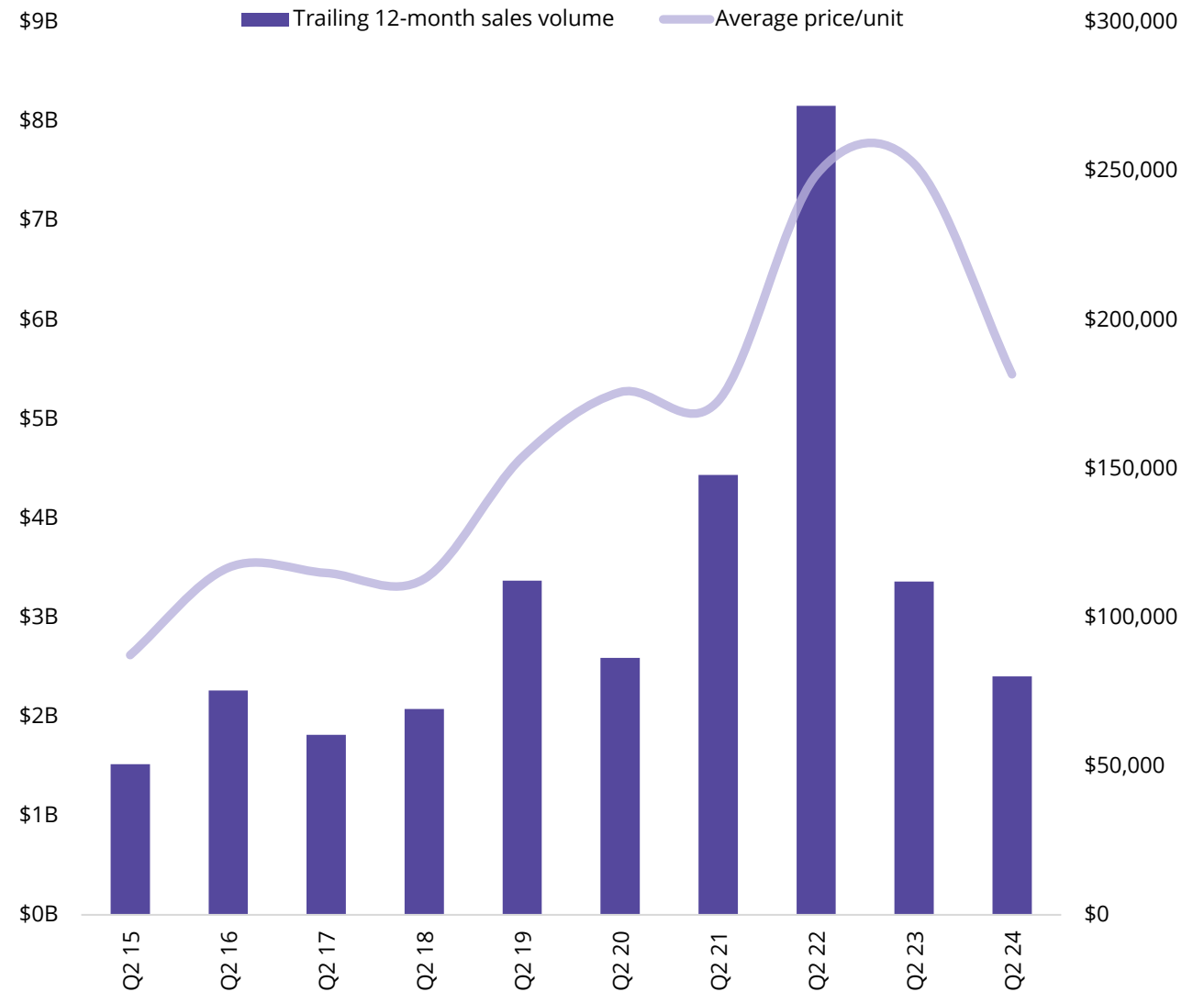
# Investment sales

# \$2.4B

## Trailing 12-month sales volume

Multifamily assets represented **48% of total investment** capital in Charlotte, as trailing 12-month sales volume totaled **\$2.4B**. Private funds remain the largest capital composition year to date accounting for **55%** of multifamily transactions.

As part of the **\$2.1B** Quarterra US Apartment portfolio disposition, **The Ellis I&II** (549-units), traded for **\$193M** and 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
The Ellis (Ellis I & II)*	Quarterra	Uptown/Southend	549	\$193	965	\$351,010	-	\$2.22
MAA Optimist Park**	Wood Partners	North Charlotte	352	\$107	974	\$303,977	-	\$2.13
Cortland South End	PGIM Real Estate	Uptown/South End	331	\$104	907	\$314,199	-	\$2.32
Elwood**	Greystar Management	Southpark	350	\$101	948	\$289,286	-	\$1.60
Retreat at McAlpine Creek	Waterton Associates	Ballantyne	400	\$82	996	\$203,875	5.3%	\$1.58
Chestnut Farm	BREIT	Matthews/Southeast Charlotte	256	\$80	1,032	\$312,500	-	\$1.68
Greys Harbor At Lake Norman	BREIT	Huntersville/Cornelius	312	\$72.5	1,039	\$232,372	5.1%	\$1.45
Redcliffe at Kenton Place	King Properties	Huntersville/Cornelius	314	\$72	996	\$229,299	-	\$1.54
Concord Ridge	Southwood Realty/Triangle	Concord/Kannapolis/Salisbury	336	\$71	898	\$212,054	5.1%	\$1.33
The Mason At Six Mile Creek	Blackstone	Rock Hill/Fort Mill	300	\$69	986	\$230,833	5.0%	\$1.47
Sardis Place At Matthews	Cortland	Matthews/Southeast Charlotte	420	\$67	981	159,524	-	\$1.46

\* Portfolio Sale: 18-property portfolio, \$193M of \$2.1B.

\*\* 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
River District I	Southwest Charlotte	Under construction	514	Garden	Crescent Communities
Hanover South End	Uptown/South End	Under construction	441	Tower	Hanover Company
5Line	Southwest Charlotte	Under construction	435	Garden	Kairoi Residential
Kairoi Clanton	Southwest Charlotte	Under construction	404	Wrap	Kairoi Residential
Hawkins Press*	Uptown/South End	Under construction/lease-up	426	Tower	Kettler/Akridge
Allora Ashley Park*	Southwest Charlotte	Under construction/lease-up	348	Garden	Trammell Crow Residential
Queens Park Commons	North Charlotte	Planned	600	Wrap	Flywheel Group

\* Under Construction / Lease-Up

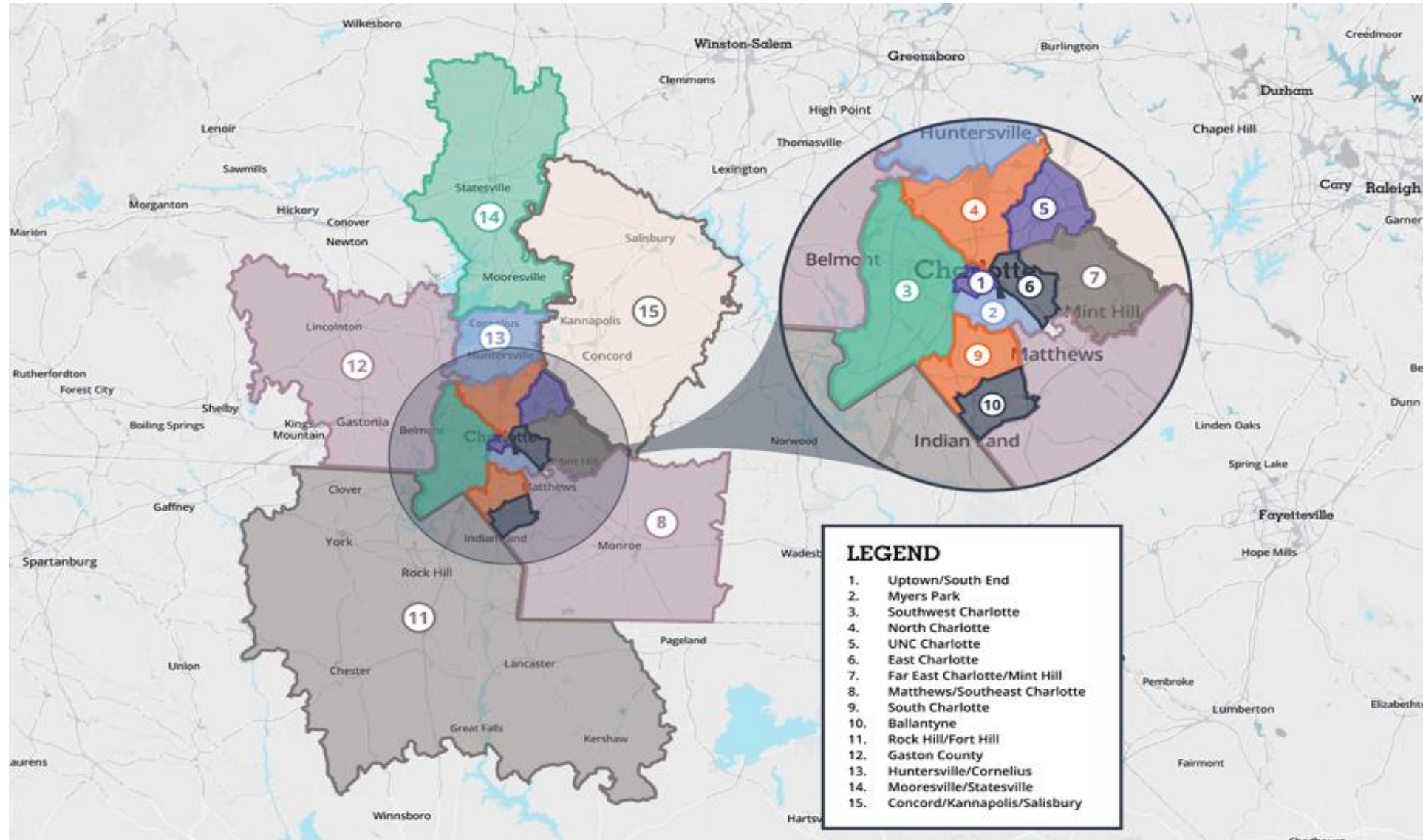
# Multifamily submarket activity

By Submarket	Existing units	Occupancy %	Annual Supply	Annual Demand	Under construction	Average effective rents	
					(units)	Rent/unit	Rent/psf
Ballantyne	8,873	93.6%	285	237	721	\$1,769	\$1.68
East Charlotte	18,528	92.8%	370	133	1,681	\$1,403	\$1.59
Matthews/Southeast Charlotte	11,749	92.5%	122	-38	1,055	\$1,540	\$1.60
Myers Park	13,125	92.7%	526	248	1,386	\$1,757	\$1.85
North Charlotte	20,231	92.8%	2,561	2,213	4,469	\$1,488	\$1.54
South Charlotte	13,166	93.0%	138	150	719	\$1,490	\$1.53
Southwest Charlotte	26,035	93.7%	2,366	2,234	7,200	\$1,496	\$1.57
UNC Charlotte	24,328	90.7%	2,731	2,073	2,488	\$1,439	\$1.47
Uptown/South End	22,984	92.5%	1,483	1,158	6,043	\$2,027	\$2.26
<b>Submarket Subtotal</b>	<b>159,019</b>	<b>92.7%</b>	<b>10,582</b>	<b>8,408</b>	<b>25,762</b>	<b>\$1,601</b>	<b>\$1.67</b>
<b>Outlying Submarkets</b>							
Concord/Kannapolis/Salisbury	16,272	92.9%	406	79	1,898	\$1,447	\$1.51
Far East Charlotte/Mint Hill	6,833	93.1%	325	287	216	\$1,293	\$1.46
Gaston County	12,119	93.4%	585	434	49	\$1,395	\$1.47
Huntersville/Cornelius	7,779	93.6%	108	87	2,915	\$1,647	\$1.64
Mooresville/Statesville	11,089	93.1%	1,126	1,003	1,501	\$1,427	\$1.47
Rock Hill/Fort Mill	20,056	93.9%	1,128	883	715	\$1,495	\$1.45
<b>Outlying Submarkets Subtotal</b>	<b>74,148</b>	<b>93.3%</b>	<b>3,678</b>	<b>2,773</b>	<b>7,294</b>	<b>\$1,451</b>	<b>\$1.50</b>
<b>Market Total</b>	<b>233,167</b>	<b>93.1%</b>	<b>14,260</b>	<b>11,181</b>	<b>33,056</b>	<b>\$1,556</b>	<b>\$1.62</b>

By asset class	YoY change in			Eff. rent/unit	Eff. rent/psf	Concession Value	Concession as a % of asking rents
	Occupancy %	Occupancy	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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