



# Charlotte multifamily market report

Q3 2024

**AVISON  
YOUNG**

# Charlotte multifamily insights

## 01

### Supply and Demand

Charlotte ranks among the nation's highest in multifamily supply levels hitting a **record-setting 15,527 units annually**. Still, absorption is also escalating at an unprecedented rate of **13,102 units**, reaching the **highest levels ever recorded** in the market. As a **key driver of job and population growth**, especially in the young adult sector, Charlotte will continue to see housing demand striving to meet expanding supply.

## 02

### Rent Growth

The surge in supply has weakened pricing leverage of owners and operators, resulting in a **2.8% cut** in effective asking rents over the past year. All of Charlotte's 15 submarkets experienced declining rents in Q3 with the steepest cuts in the **UNC Charlotte** and **Southwest Charlotte** submarkets. As of Q3's close, **30,647 units** were under construction, indicating that the supply wave in Charlotte has yet to crest.

## 03

### Capital Markets

Investment sales activity experienced an **increase** year-over-year, albeit a moderate **+2%**, after the Fed's recent decision to place downward pressure on interest rates in Q3 24, as the 10-year Treasury rate dipped to **4%**. Trailing 12-month apartment sales reached **\$2.5B**, largely bolstered by the **\$188M** disposition of The Ellis in Uptown Charlotte.



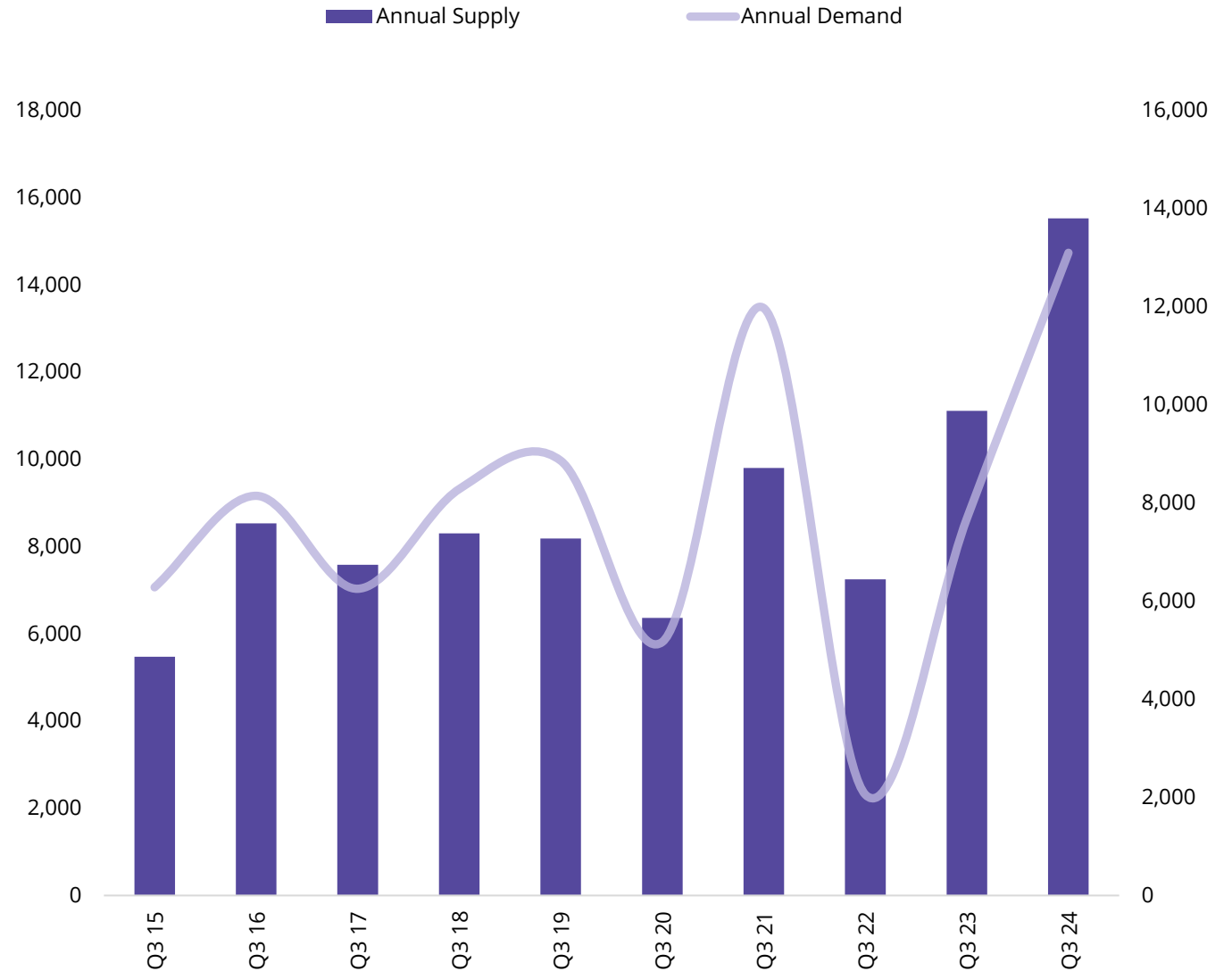
# Supply and demand

# 13,102 units

## Annual demand

Multifamily supply remains elevated as **15,527 units** delivered in the last twelve months, increasing local inventory base by **7.0%**. Annual demand continues to gain significant ground in Q3, the **highest reported** since Q3 2021.

Properties that delivered in the last year reported an average effective rent of **\$1,858**, or **\$1.65** per square foot, resulting in an average concession value of **\$228.00**. In comparison, existing assets reported an average effective rent of **\$1,557** per unit (**\$1.62 psf**) offering average concession values of **\$71.00**.



Source: RealPage, Avison Young Research

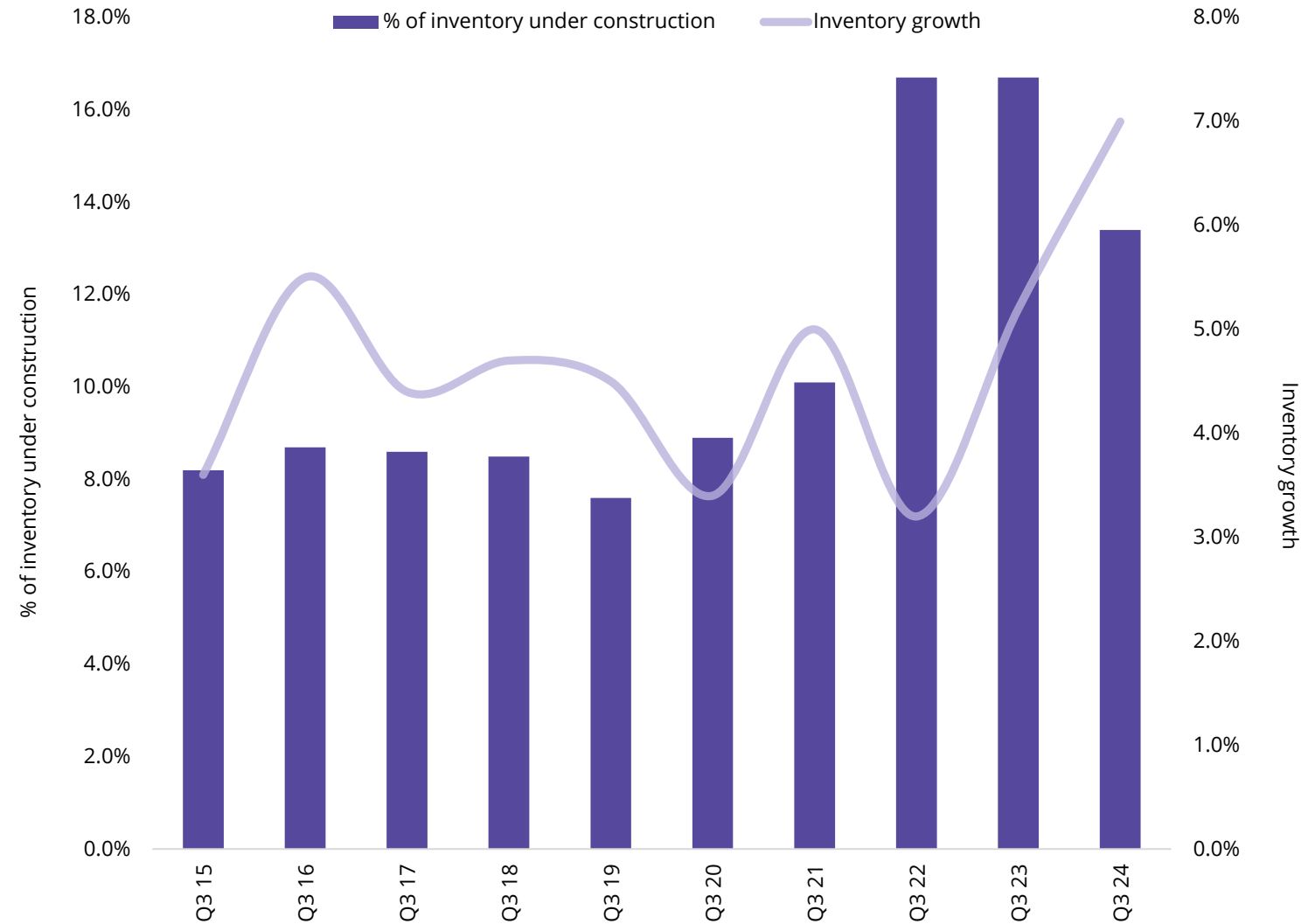
# Inventory snapshot

# 13.4%

## Inventory under construction

In the third quarter, **5,354 units** were delivered pushing annual deliveries in the Charlotte market to **15,527 units**. There were **30,647 multifamily units under construction** at the close of Q3.

Permits for **8,493 multifamily units** were issued in the 12 months ending in August 2024, down **1,634 units** from the previous year's totals.



# Effective Rental Rates

# \$1.62

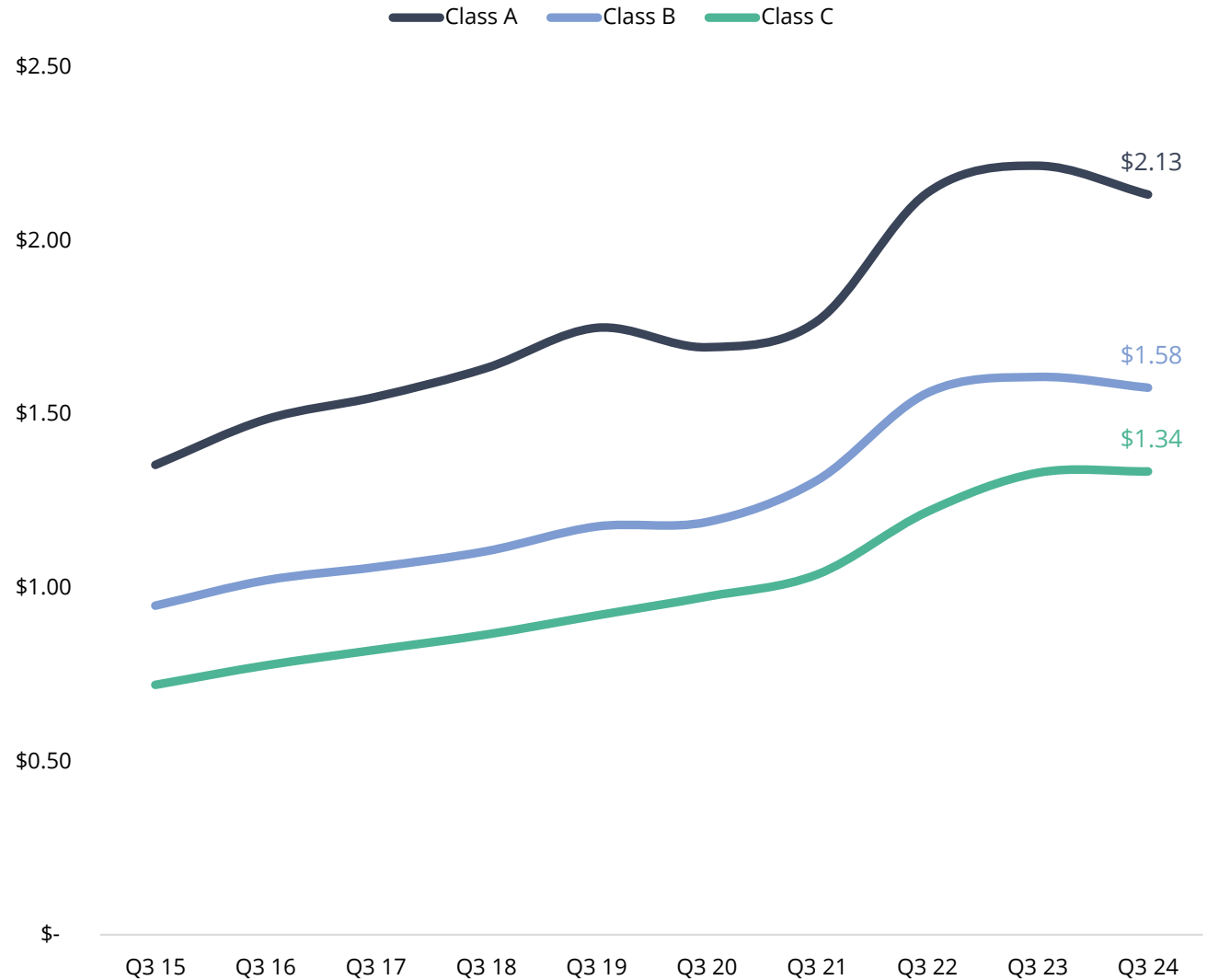
Average effective rate/psf

Annual effective rent growth declined by **2.8%**, while quarter-over-quarter rent change remained flat. Average occupancy rates in Charlotte continue to hover around **93%**.

The percent of units offering concessions jumped to **27%**. The **North Charlotte** submarket reported the lowest percentage of units offering concessions at **16%**.

\*Assets delivered in the last twelve months, achieved effective rents of **\$1,858**, resulting in an average concession value of **\$227.65**.

*\*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 Research



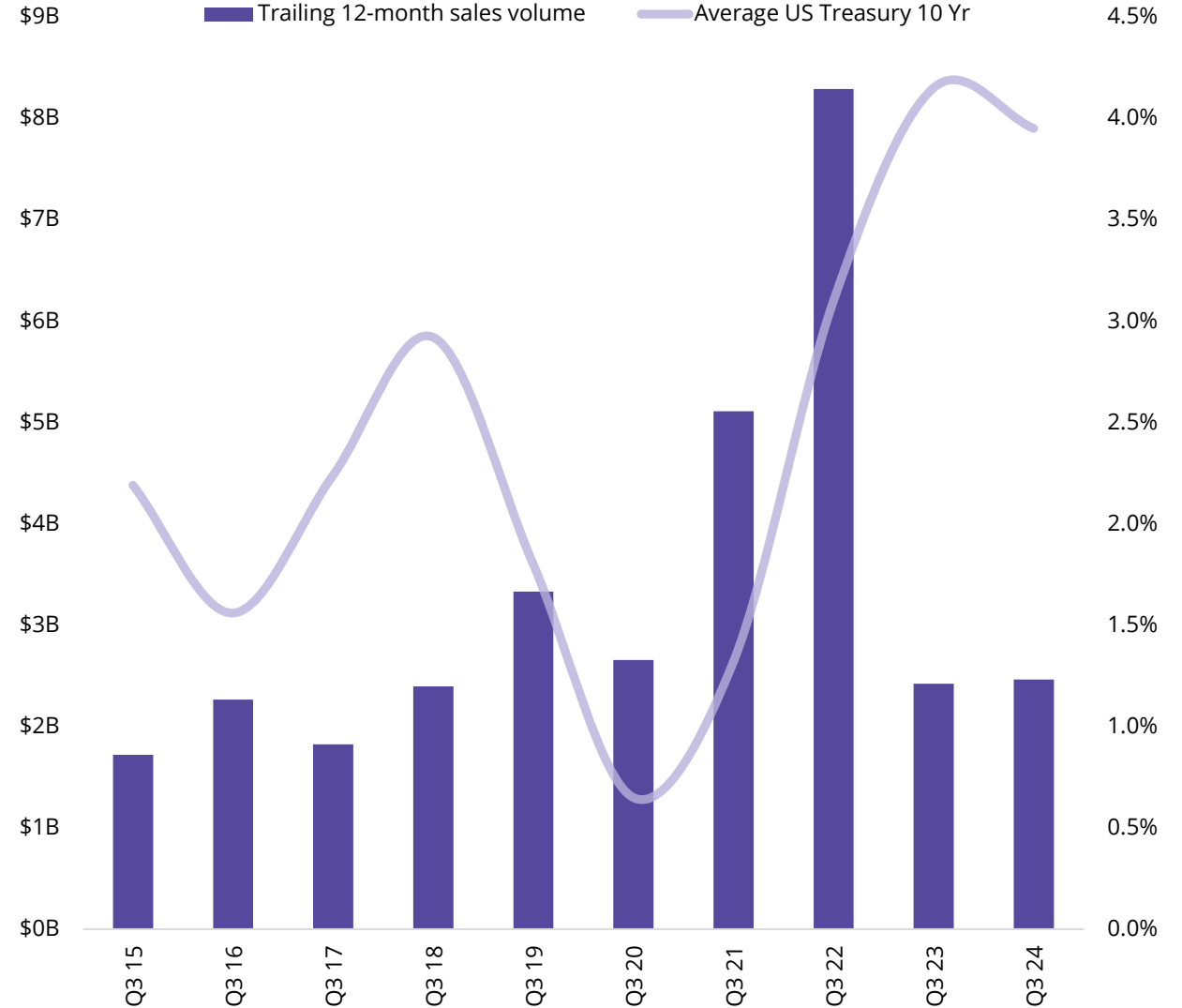
# Investment sales

# \$2.5B

## Trailing 12-month sales volume

Multifamily assets represented **48% of total investment** capital in Charlotte, as trailing 12-month sales volume totaled **\$2.5B**. Private funds remain the largest capital composition year to date accounting for **61%** of multifamily transactions.

As part of the **\$2.1B** Quarterra US Apartment portfolio disposition, **The Ellis I&II** (549-units), traded for **\$188M** and was the largest transaction in the last twelve months.



Source: Real Capital Analytics, Avison Young Research, FRED Economics

# 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/South End	549	\$188	965	\$343,074	4.3%	\$2.04
Museum Tower	Childress Klein Properties	Uptown/South End	394	\$156	924	\$389,594	-	\$2.73
Rush Charlotte**	TPG Real Estate	UNC Charlotte	887 beds	\$114	1,059	\$343,373	-	\$2.79
MAA Optimist Park***	Wood Partners	North Charlotte	352	\$107	974	\$303,977	-	\$2.13
Retreat at McAlpine Creek	Waterton Associates	Ballantyne	400	\$82	996	\$203,875	5.3%	\$1.63
Chestnut Farm	BREIT	Matthews/Southeast Charlotte	256	\$80	1,032	\$312,500	-	\$1.70
Langtree Lake Norman	Langtree Development	Mooresville/Statesville	300	\$76	1,097	\$253,333	-	\$1.49
Avana Matthews	Cortland	Matthews/Southeast Charlotte	420	\$67	981	\$159,524	5.7%	\$1.45
Presley Uptown	JLL IPT; JV: Penler	Uptown/South End	230	\$66	825	\$286,087	-	\$2.09
Solis Millennium	Pappas Properties	Southwest Charlotte	250	\$65	998	\$261,600	-	\$1.71
Maxwell at Highland Creek	Knightvest Capital; JV: Transwestern	North Charlotte	338	\$65	962	\$191,272	-	\$1.56

\* Portfolio Sale: 18-property portfolio, \$188M of \$2.1B

\*\* Student Housing

\*\*\* Lease-Up; Lease-Up % is noted as the percent in lease-up at the time of sale. MAA Optimist Park (79%).

## Notable development

Property	Submarket	Property status	Total units	Property type	Developer
5Line	Southwest Charlotte	Under construction	435	Garden	Kairoi Residential
Camden South Charlotte	Ballantyne	Under construction	420	Garden	Camden Property Trust
Kairoi Clanton	Southwest Charlotte	Under construction	404	Wrap	Kairoi Residential
Southerly at LoSo	Myers Park	Under construction	403	Tower	Embrey
Hanover South End	Uptown/South End	Under construction/lease-up	441	Tower	Hanover Company
1427 South Boulevard	Uptown/South End	Planned	450	Tower	Akridge/Kettler
Brooklyn and Church	Uptown/South End	Planned	448	Tower	MRP Realty/Asana Partners

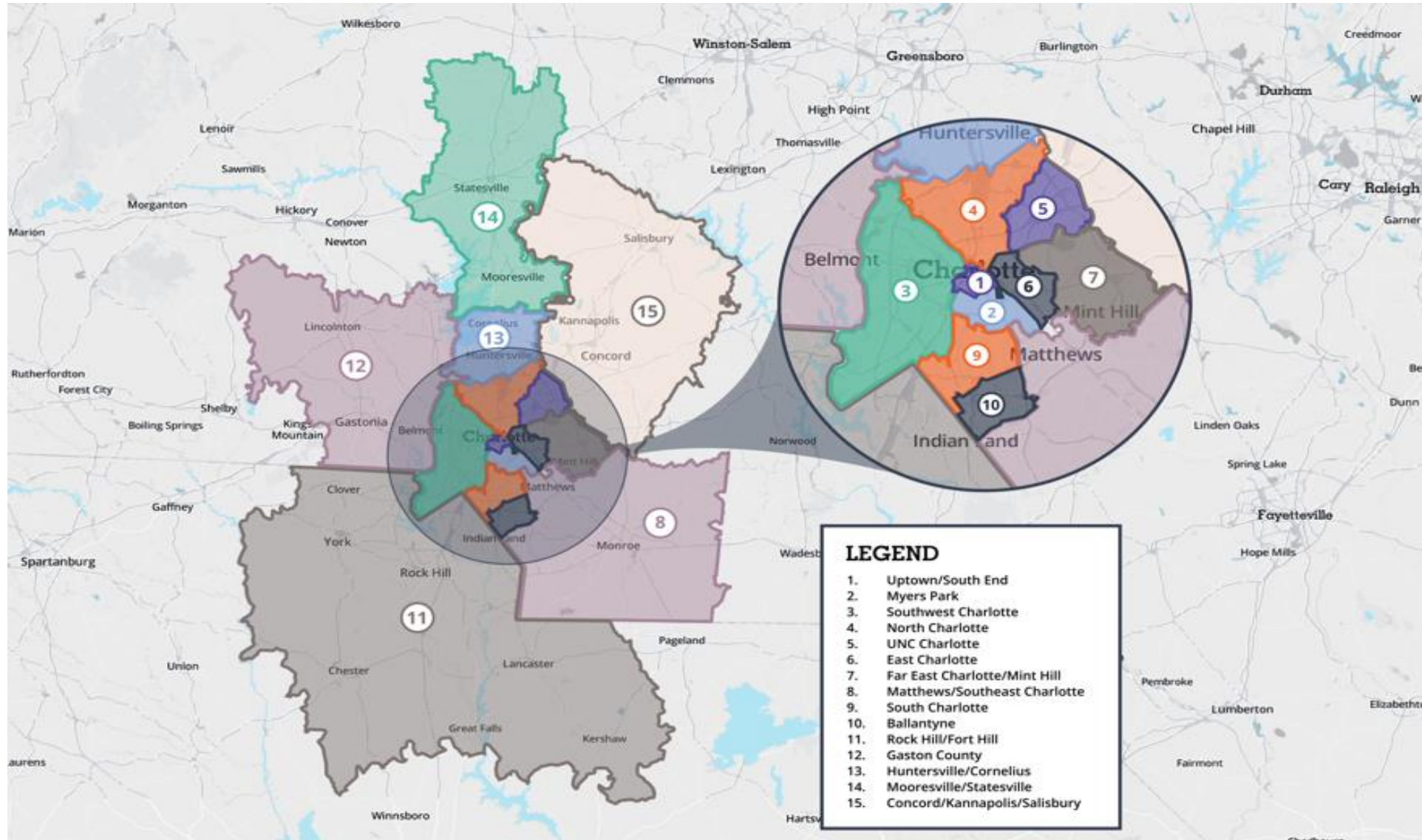
# Multifamily submarket activity

By Submarket	Existing units	Occupancy %	Annual Demand	Annual Supply	Under construction	Average effective rents	
					(units)	Rent/unit	Rent/psf
Ballantyne	8,873	93.7%	183	228	228	\$1,820	\$1.72
East Charlotte	18,557	92.7%	-102	180	1,951	\$1,402	\$1.59
Matthews/Southeast Charlotte	11,764	92.6%	-4	149	1,006	\$1,542	\$1.60
Myers Park	13,362	92.2%	147	430	1,389	\$1,754	\$1.85
North Charlotte	20,835	92.9%	2,588	2,837	4,547	\$1,497	\$1.54
South Charlotte	13,202	93.0%	150	141	683	\$1,472	\$1.52
Southwest Charlotte	27,345	93.5%	3,125	3,306	5,972	\$1,500	\$1.57
UNC Charlotte	24,816	9.5%	1,974	2,620	1,995	\$1,439	\$1.47
Uptown/South End	23,827	92.4%	1,634	2,032	4,664	\$2,002	\$2.23
<b>Submarket Subtotal</b>	<b>162,581</b>	<b>83.6%</b>	<b>9,695</b>	<b>11,923</b>	<b>22,435</b>	<b>\$1,603</b>	<b>\$1.68</b>
<b>Outlying Submarkets</b>							
Concord/Kannapolis/Salisbury	16,389	93.8%	415	426	2,570	\$1,447	\$1.50
Far East Charlotte/Mint Hill	6,941	93.9%	368	383	680	\$1,294	\$1.46
Gaston County	12,168	94.1%	445	595	0	\$1,404	\$1.47
Huntersville/Cornelius	8,091	93.6%	342	366	2,906	\$1,638	\$1.63
Mooresville/Statesville	11,289	93.9%	1,014	1,078	1,301	\$1,412	\$1.45
Rock Hill/Fort Mill	20,248	94.3%	823	756	755	\$1,524	\$1.47
<b>Outlying Submarkets Subtotal</b>	<b>75,126</b>	<b>93.9%</b>	<b>3,407</b>	<b>3,604</b>	<b>8,212</b>	<b>\$1,453</b>	<b>\$1.50</b>
<b>Market Total</b>	<b>237,707</b>	<b>93.0%</b>	<b>13,102</b>	<b>15,527</b>	<b>30,647</b>	<b>\$1,557</b>	<b>\$1.62</b>

By asset class	Occupancy %	YoY change in	Average unit size		Concession Value	Concession as a % of asking rent	
		Occupancy	(sf)	Eff. rent/unit			Eff. rent/psf
Class A	92.6%	-1.3%	905	\$1,912	\$2.11	\$101	5.6%
Class B	93.2%	-0.2%	962	\$1,516	\$1.58	\$65	4.3%
Class C	93.2%	-1.0%	1,004	\$1,344	\$1.34	\$70	5.0%



# Charlotte submarket map



For more market insights and information  
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