



# Wilmington multifamily market report

Q2 2024

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**AVISON  
YOUNG**

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# Multifamily insights

## 01

### #1 Market in Renter Household Growth in the U.S.

Wilmington was recognized as the **fastest-growing renter base** market in the U.S, with a reported **25%** increase in renter household growth since 2020. (2020-2023). Inventory levels have spiked at roughly **30%** since 2019, contributing to the majority increase in renter-base households. In correlation to supply totals increasing, demand has been propelled by demographic trends, most notably the population growth of **5.5%**, which has exceeded the national growth average since 2019.

## 02

### Supply and Demand

Supply levels will remain a vital theme in Wilmington through the close of 2025, as inventory growth is expected to reach **15%** (2024-2025 totals). Despite elevated supply, a decline in new starts indicates that the Wilmington market may not experience a lengthy supply overhang, especially considering a significant rebound in recent apartment demand. Wilmington experienced a **23%** decline in new starts in year-end February 2024.

## 03

### Capital Markets

Investment sales volume rebounded in the first half of the year, with **\$67M** of total apartment sales occurring in the opening three months of 2024. Trailing 12-month apartment sales volume reached **\$111M** with an average cap rate of **5.9%**. Private investors accounted for **50%** of investment volume in Wilmington in the last twelve months. Rising interest rates and unforgiving lending conditions are expected to continue to dampen deal flow into 2025.



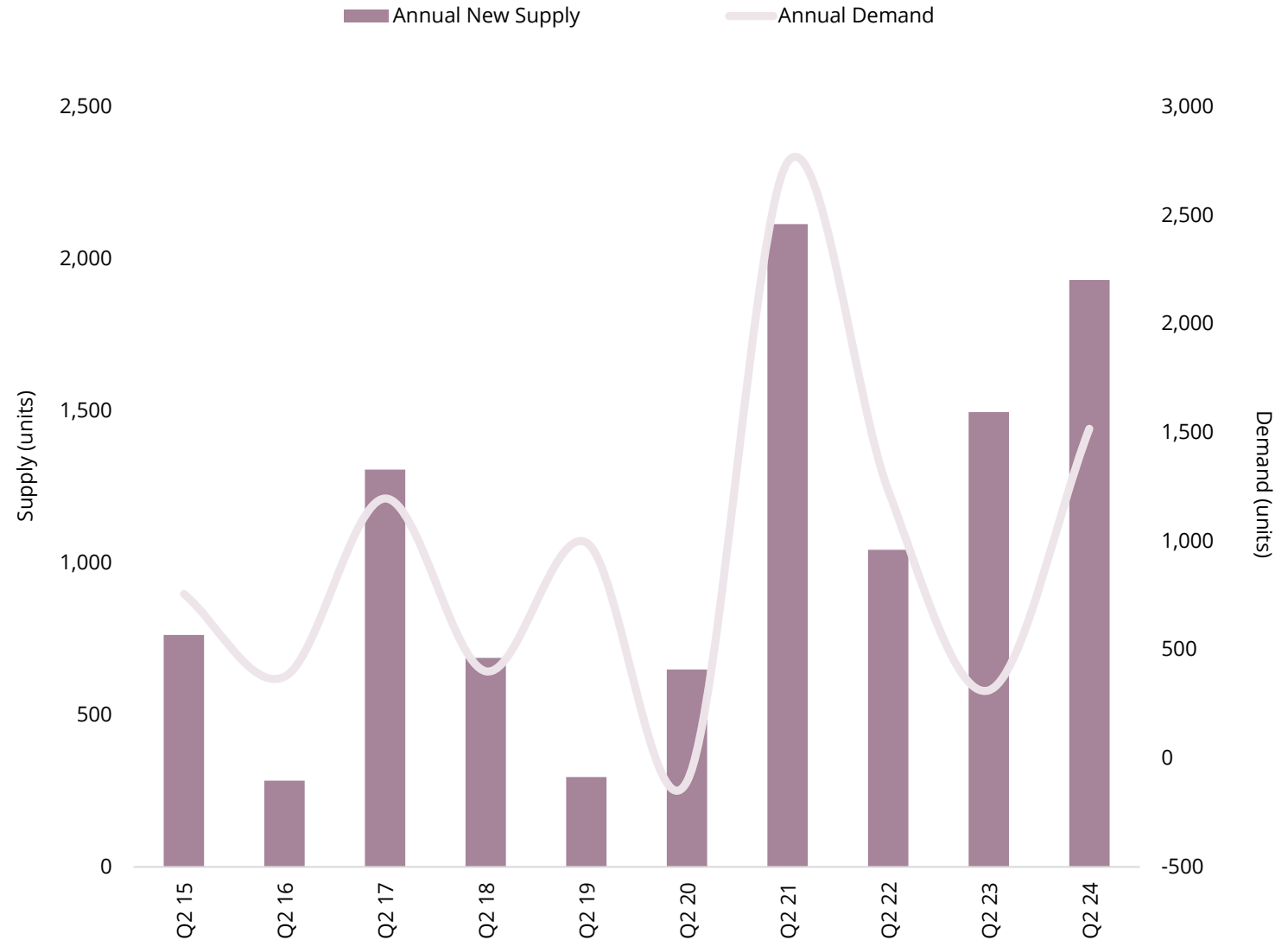
# Supply and demand

# 1,518 units

## Annual Demand

Apartment demand rebounded in Wilmington after a **79%** decline in 2023. Annual totals in Q2 climbed to **1,518 units**. New supply remains above annual demand levels as **1,931 units** delivered in the last twelve months, increasing local inventory by **7%**.

Demand in Wilmington has been primarily driven by elevated population growth, which has outpaced the national average since 2019. In the last three years, Wilmington's population growth has grown **5.5%**.





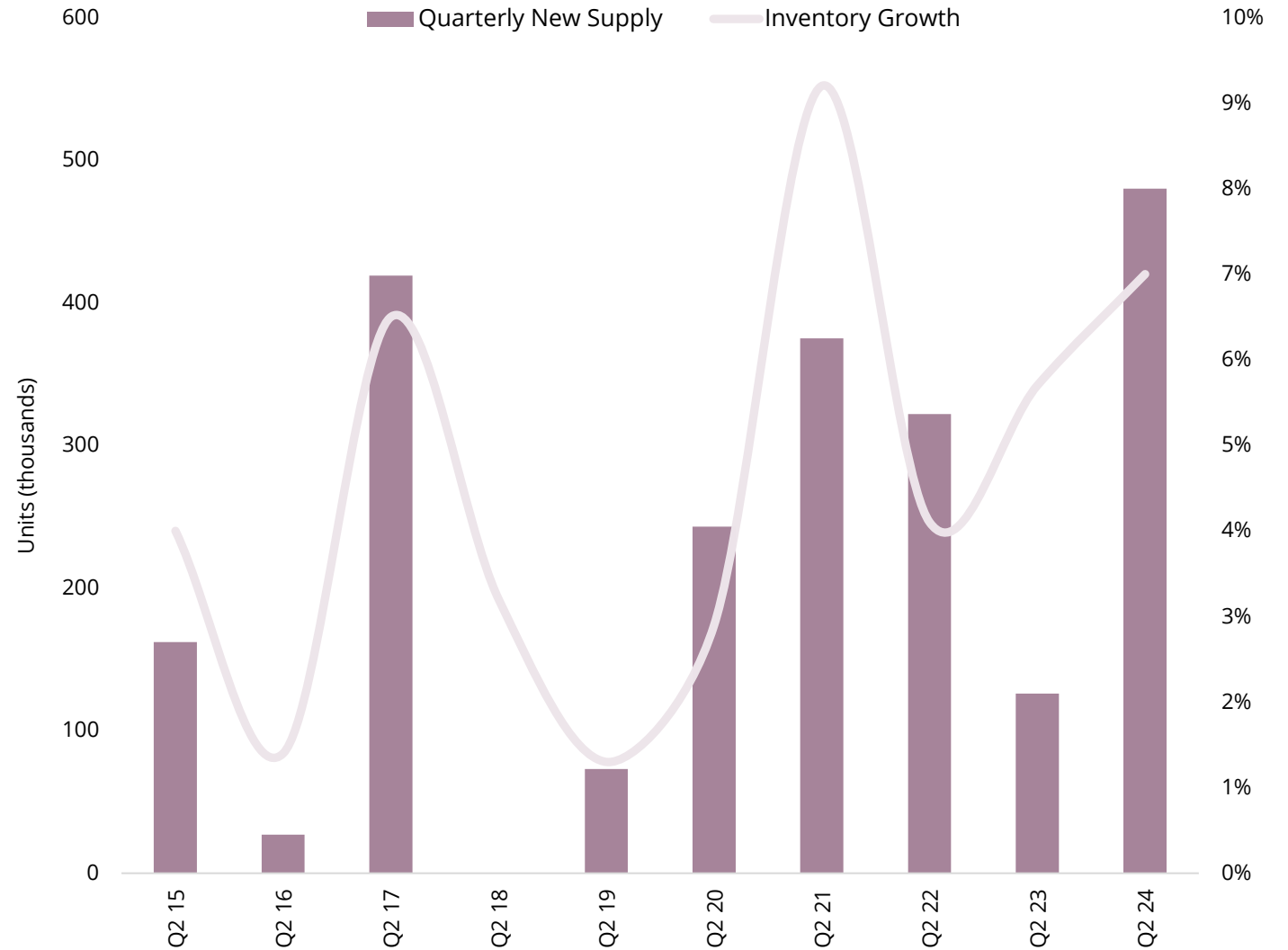
# Inventory Snapshot

# 11%

## Inventory Under Construction

Delivery totals rebounded significantly in the second quarter as **480 units** came online, a **74%** increase from Q2 2023. At the close of Q2, **3,214 units** were underway, representing a **11%** rate of inventory under construction.

Permits for **1,205** multifamily units were issued in the 12 months ending in May 2024, down **330** units from the previous year's total.



Source: RealPage, Avison Young

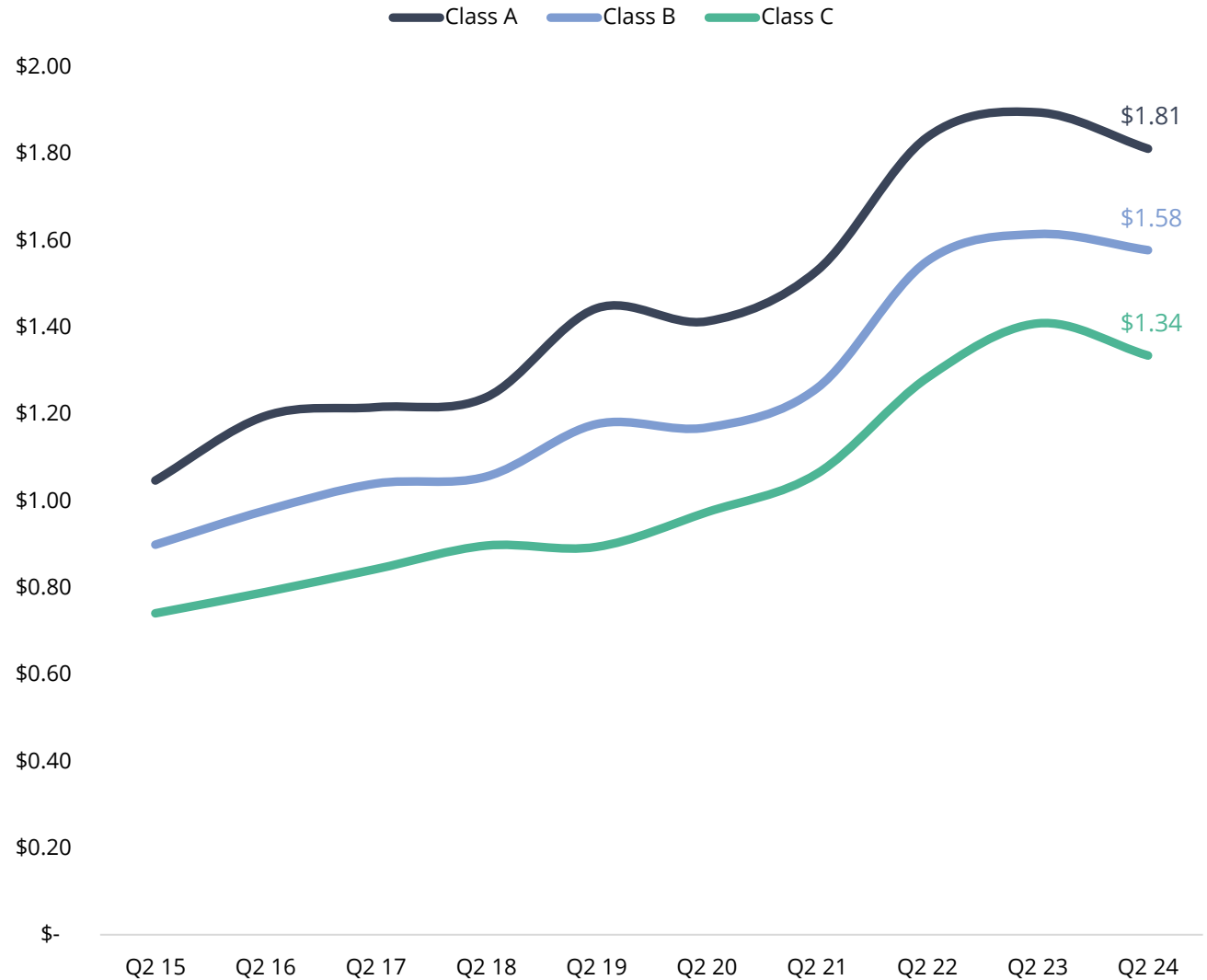
# Effective Rental Rates

# \$1.79

Effective asking rate/psf

Annual effective rent growth declined by **4%** at the close of the second quarter. Class C product reported the largest decline in effective rent growth, down **5.5%** in Q2. Occupancy rates in the Wilmington market remain positive at **93%**.

At the close of Q2, the percent of units offering concessions jumped to **30%**, with an average concession value of **\$78.00**.



# Investment sales

# \$111M

## Trailing 12-month sales volume

Trailing 12-month volume totaled **\$111M** with an average cap rate of **5.9%**. In January 2024, the disposition of **Amberleigh South**, a 287-unit asset in North Wilmington, sold for **\$68M**, the largest transaction in the last twelve months. The asset was **98%** occupied at the time of sale.

While **private funds** remain the largest capital composition of multifamily transactions at **50%**.



Source: CoStar Analytics, Avison Young

# Multifamily market activity

## Notable sales activity – last 24 mos.

Property	Seller	Submarket	Total units	Total sales price (\$M)	Avg. unit size	Avg. price/unit	Avg. effective rent/sf
Palisades at Surf City	Evolve Companies	North Wilmington	336	\$84	988	\$250,000	\$1.50
Amberleigh South	Flournoy Companies	North Wilmington	287	\$68	917	\$236,063	\$1.68
Riverwood Apartments	Cape Fear Development	South Wilmington	206	\$59	1,155	\$283,738	\$1.53
Palisades at Lewis Creek	McAdams Homes	North Wilmington	192	\$54	1,052	\$282,292	\$1.51
Myrtle Landing*	Spyglass Capital Partners	South Wilmington	144	\$43	1,136	\$299,326	\$1.67
The Preserve at Pine Valley	Latitude Management	South Wilmington	219	\$40	811	\$181,507	\$1.60
Deerbrook	Ritz Banc Group	North Wilmington	152	\$26	1,014	\$167,763	\$1.28

\*Townhomes

## Notable development

Property	Submarket	Property status	Total units	Property type	Developer
The Residences at Galleria I	South Wilmington	Under construction	366	Wrap	Johnson Development Associates
Center Point	South Wilmington	Under construction	351	Tower	Swain & Associates
The Hamlet at Barclay West I	South Wilmington	Under construction	290	Garden	Middleburg Communities
230 Government Center Drive	South Wilmington	Under construction	283	Garden	Cape Fear Development
Sidbury Landing	North Wilmington	Under construction	219	Garden	H&H Homes
The Range on Oleander	South Wilmington	Under construction/lease-up	346	Garden	East West Partners
Argento at Riverlights	South Wilmington	Under construction/lease-up	286	Garden	The Sterling Group
Ansley Park	South Wilmington	Under construction/lease-up	276	Garden	Core Property Capital
The Avenue	North Wilmington	Planned	525	Podium	The Carroll Companies
Passeo	South Wilmington	Planned	298	Wrap	Bella Vista; Craig Davis Properties

## Multifamily submarket activity | Q2 2024

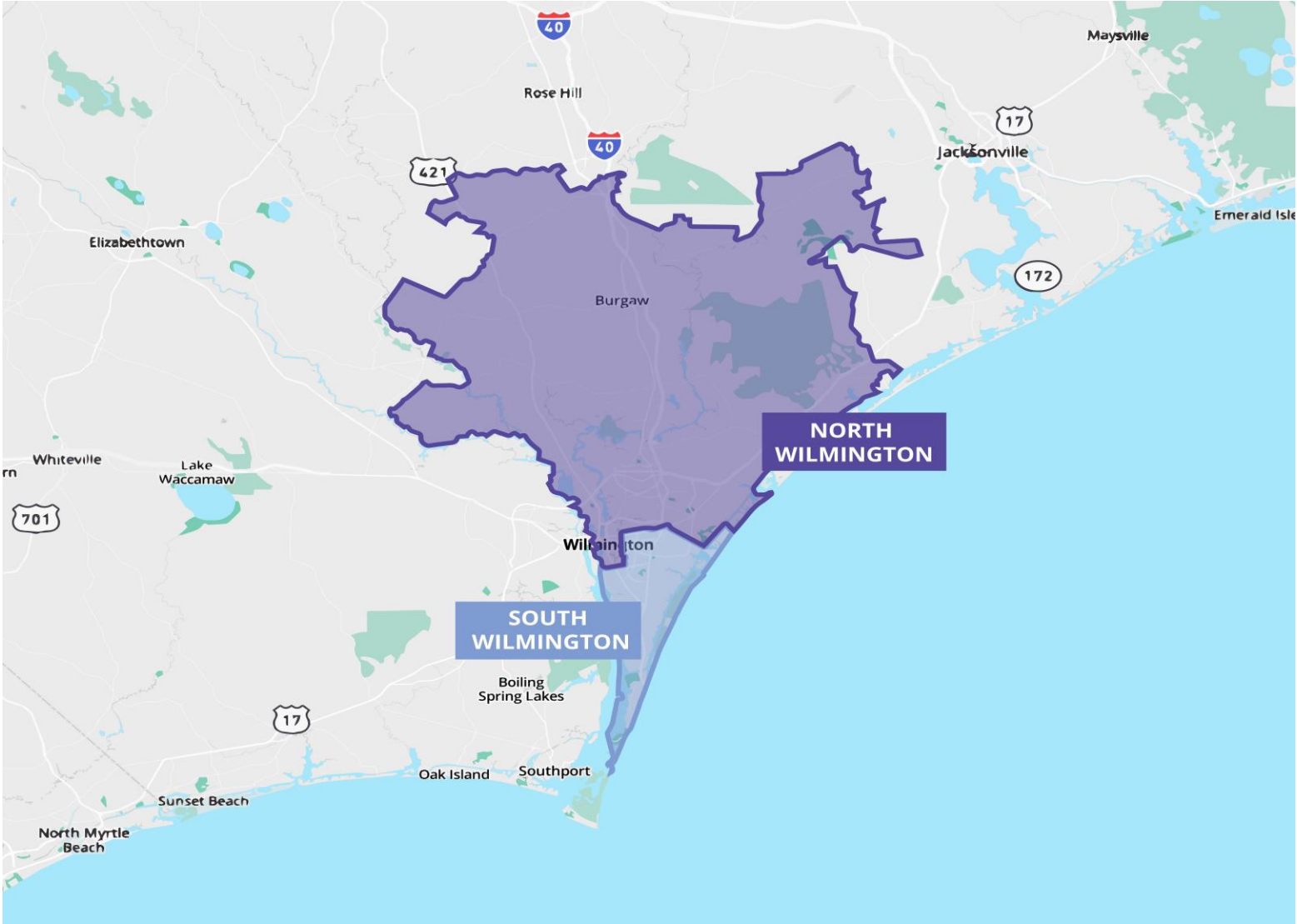
By Submarket	Existing units	Occupancy %	Annual Demand	Annual Supply	Under construction (units)	Average effective rents	
						Rent/unit	Rent/psf
North Wilmington	12,964	92.7%	750	976	811	\$1,525	\$1.61
South Wilmington	16,649	91.8%	771	955	2,403	\$1,422	\$1.52
<b>Market Total</b>	<b>29,613</b>	<b>92.2%</b>	<b>1,521</b>	<b>1,931</b>	<b>3,214</b>	<b>\$1,470</b>	<b>\$1.56</b>

## Asset class performance | Q2 2024

By asset class	Occupancy %	YoY change in Occupancy	Average Unit Size (sf)	Eff. Rent/unit	Eff. Rent/psf	Concession Value	Concession as a % of asking rent
Class A	92.7%	-0.6%	951	\$1,723	\$1.81	\$116.00	6.3%
Class B	92.0%	-0.7%	914	\$1,443	\$1.58	\$67.00	4.3%
Class C	92.2%	-1.7%	976	\$1,303	\$1.34	\$77.00	5.6%



# Wilmington submarket map



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