



Wilmington multifamily market report

Q3 2024

**AVISON
YOUNG**

Multifamily insights

01

Supply and Demand

Wilmington is one of **the nation's best** performers in inventory growth, with a roughly **30% increase** since 2019. Demand has increased alongside rising supply levels, driven largely by demographic trends including a **5.5% population increase** since 2019, **outpacing the national growth** average. Wilmington was also 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).

02

Rent Growth

Over the last four quarters, **occupancy** has dipped in Wilmington, thus landlords have lost pricing power and rents have been **mostly flat** over the past year, changing just **-1.7%**. Asking rents have declined the most among **Class A** assets, changing **-4.8%** year-over-year, while rents have remained stable in Class C properties. A decline in new starts indicates that Wilmington may not experience a lengthy supply overhang, allowing rents to return to historic norms.

03

Capital Markets

Year-over-year investment sales volume totaled **\$153M** in the last twelve months, **down 54**, with a reported average cap rate of **6.0%**. 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.



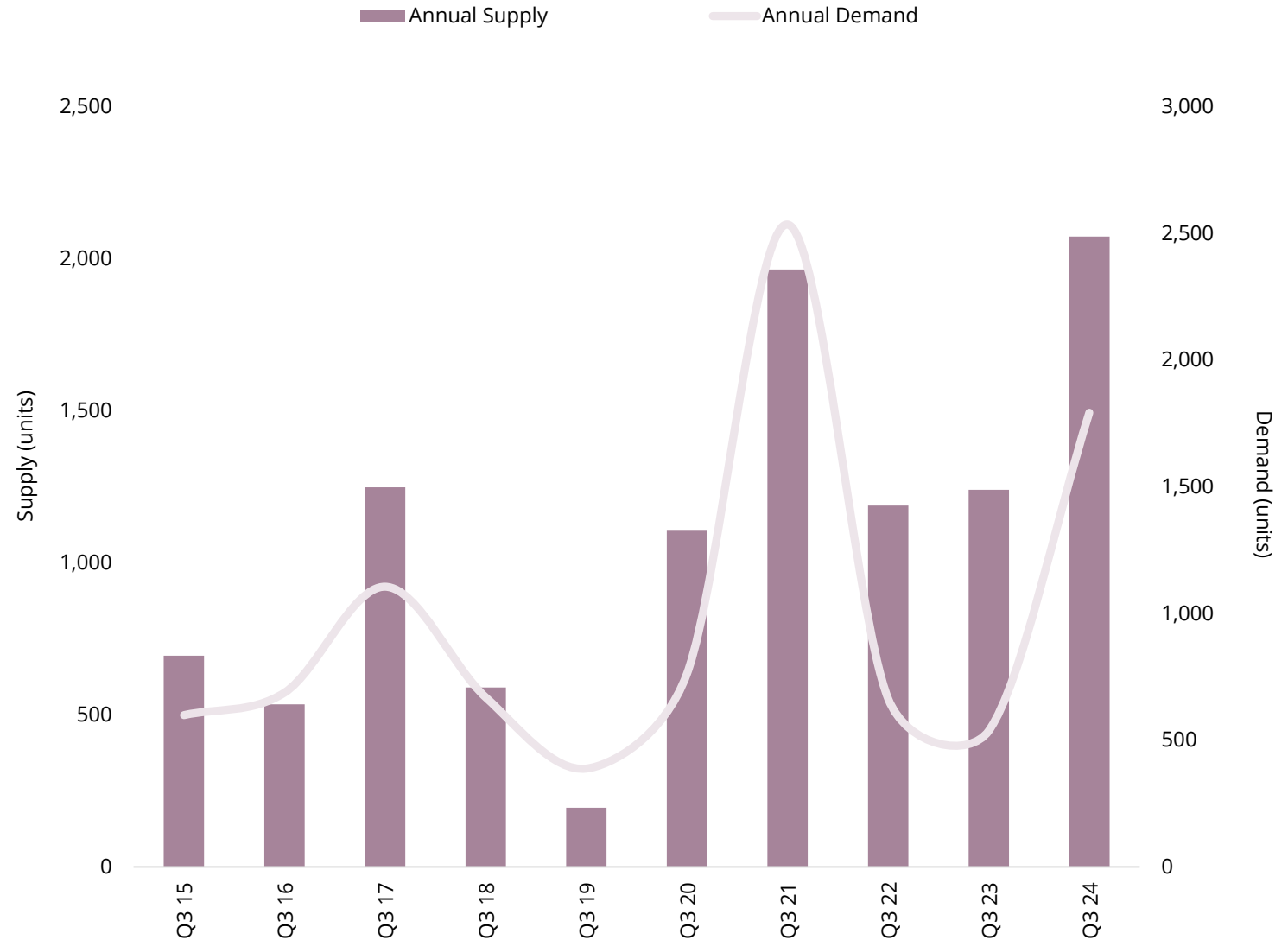
Supply and demand

1,793 units

Annual Demand

Apartment demand rebounded in Wilmington after a **79%** decline in 2023. Annual demand totals in Q3 climbed to **1,793 units**. New supply remains above annual demand levels as **2,074 units** delivered in the last twelve months, increasing the annual net inventory ratio by **7.4%**.

Demand in Wilmington is primarily driven by increasing population growth, which has outpaced the national average since 2019. Employment growth of 13.2% over the last five years has also driven demand.



Source: RealPage, Avison Young

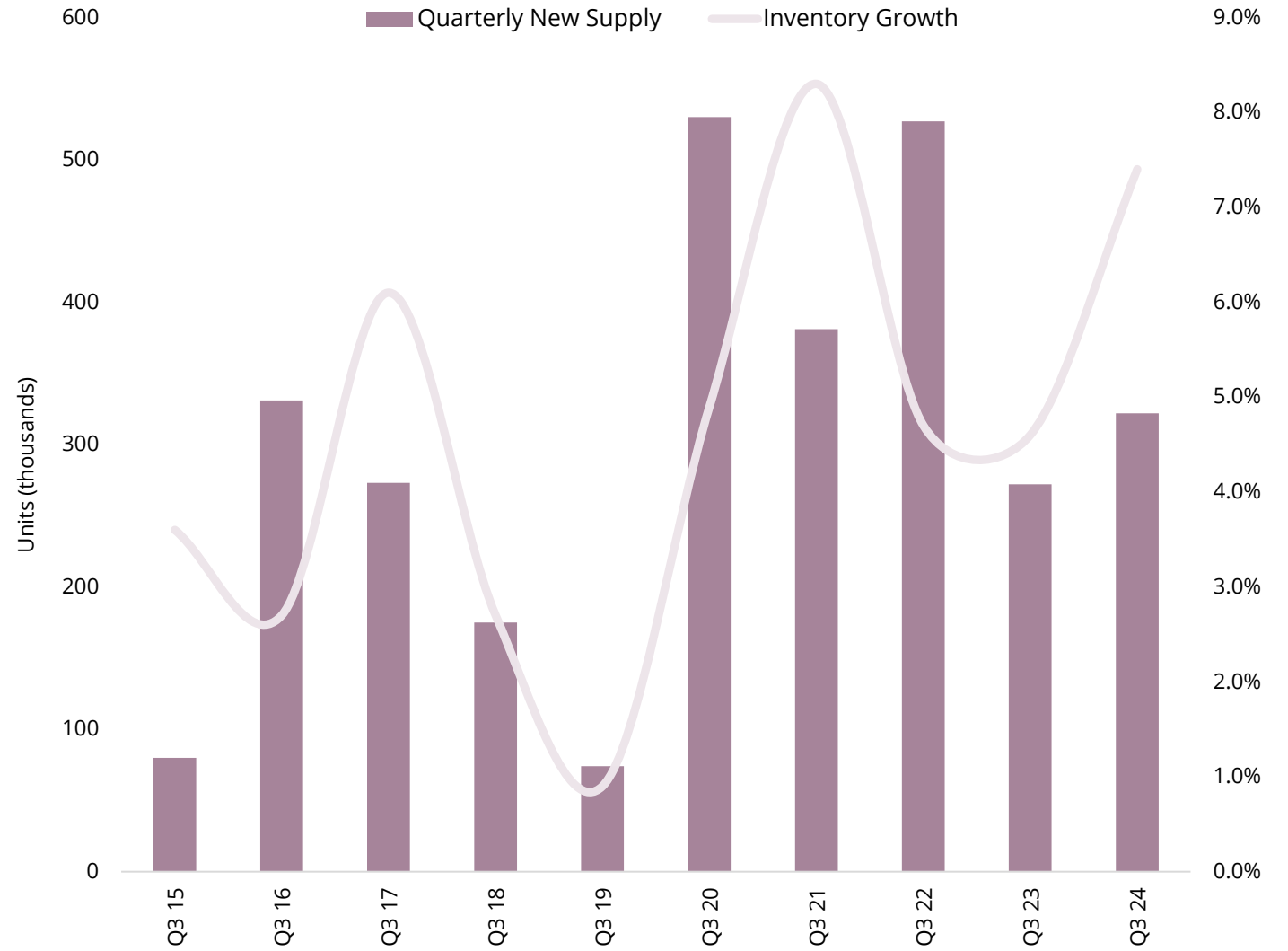
Inventory Snapshot

9.3%

Inventory Under Construction

Delivery totals rebounded in the third quarter as **322 units** came online, a **15%** increase from Q3 2023. At the close of Q3, **2,799 units** were underway, representing a **9.3%** rate of inventory under construction.

Permits for **1,203** multifamily units were issued in the 12 months ending in September 2024, down **40%** from the previous year's total.



Source: RealPage, Avison Young

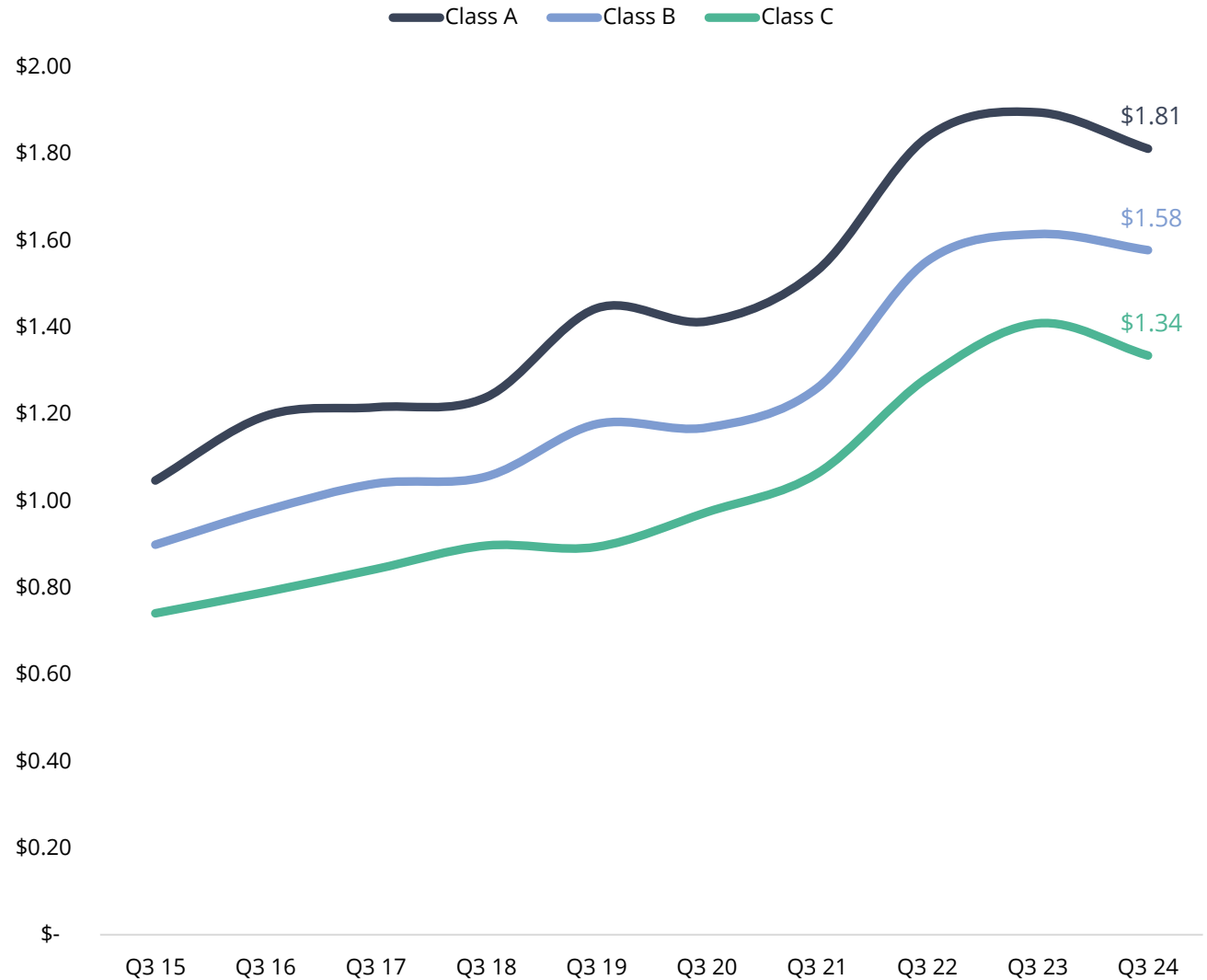
Effective Rental Rates

\$1.58

Effective asking rate/psf

Annual effective rent growth declined by **1.8%** at the close of the third quarter. Class A product saw the largest decline in effective rent growth, down **4.8%** in Q3. Occupancy rates in the Wilmington market remain positive at **93%**.

At the close of Q3, the percent of units offering concessions was reported at **24%**, with average concession values totaled **\$52.00**.



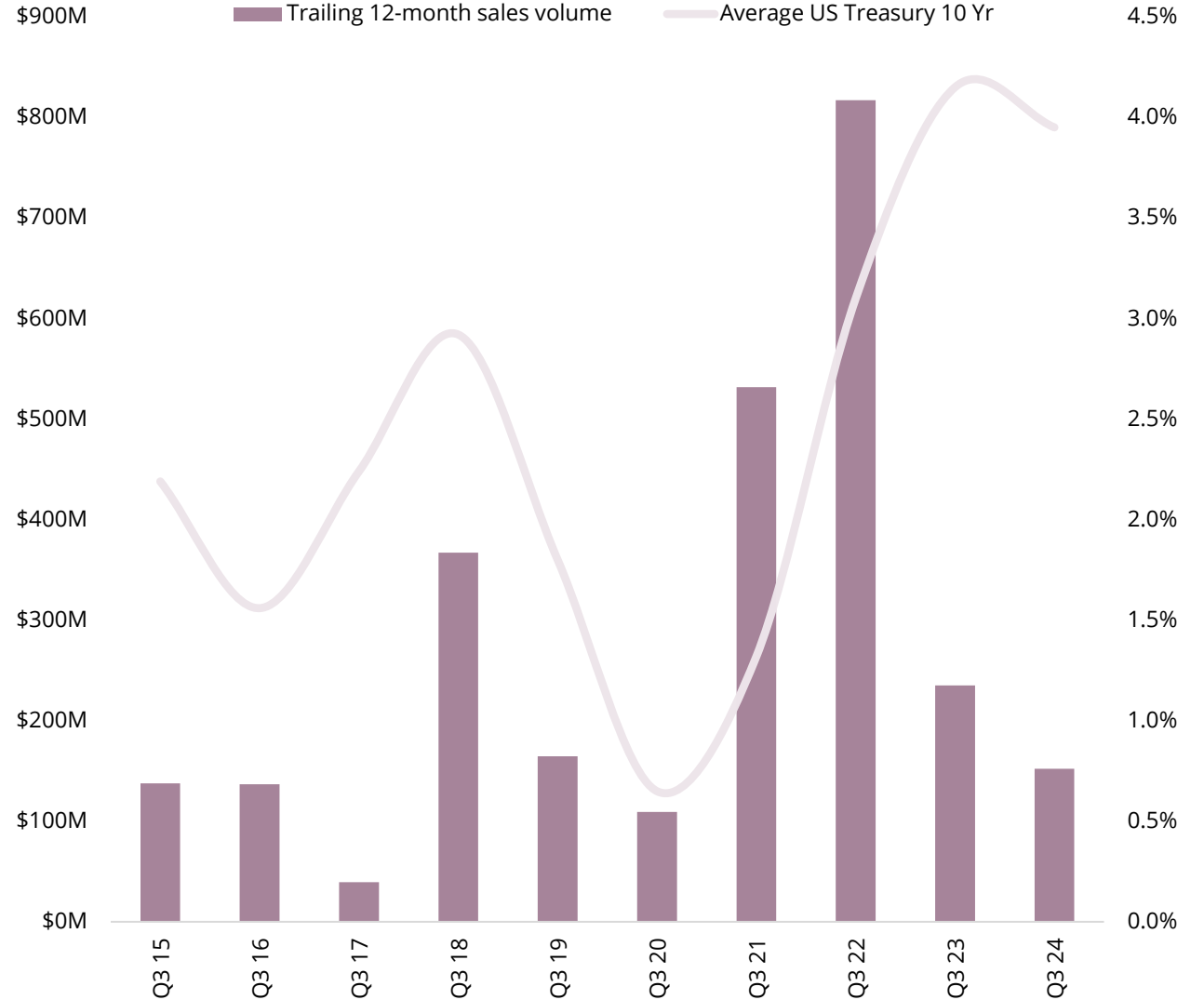
Investment sales

\$153M

Trailing 12-month sales volume

Trailing 12-month volume totaled **\$153M** with an average price per unit of **\$191,784**. Private investors have been the main force behind Wilmington's sales volume over the past year, making up roughly **50%** of all transactions. This trend comes as rising interest rates and strict lending criteria have slowed down deal activity from other buyer types.

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.



Source: CoStar Analytics, Avison Young, FRED Economics

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
Amberleigh South	Flournoy Companies	North Wilmington	287	\$68	917	\$236,063	\$1.68
Beaumont Oaks at Porters Neck	Murray Farm Rentals LLC	North Wilmington	238	\$48	1,142	\$201,345	\$1.36
Wilmington Commons	Pearlmark RE Partners	South Wilmington	291	\$36	547	\$150,403	\$1.96
The Coastal	Lucern Capital Partners LLC	South Wilmington	119	\$19	1,286	\$184,558	\$1.38
Harper Landing	Lucern Capital Partners LLC	South Wilmington	96	\$17	1,090	\$171,943	\$1.45

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

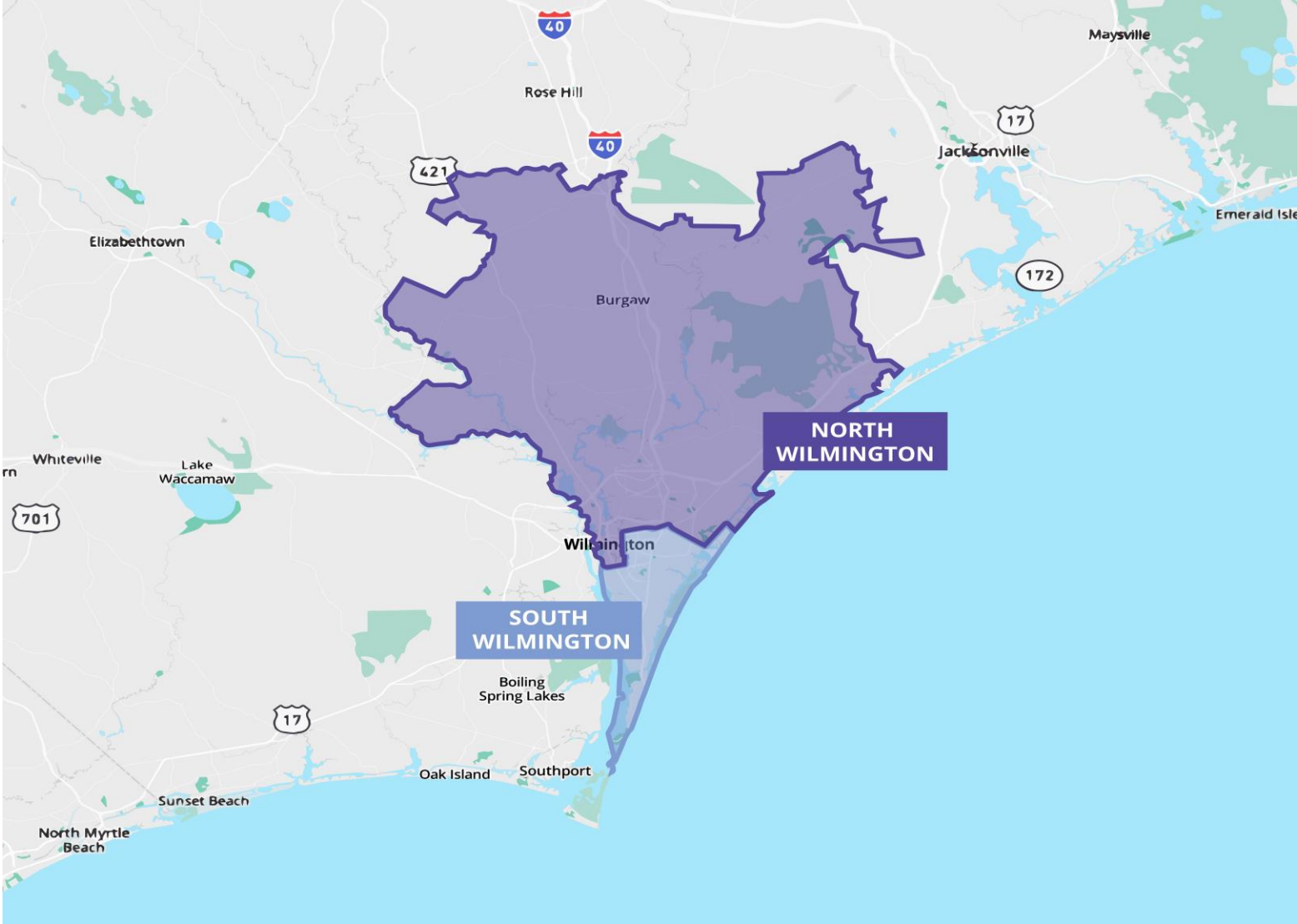
Multifamily submarket activity | Q3 2024

By Submarket	Existing units	Occupancy %	Annual Demand	Annual Supply	Under construction (units)	Average effective rents	
						Rent/unit	Rent/psf
North Wilmington	13,082	93.7%	782	935	693	\$1,537	\$1.62
South Wilmington	16,946	92.6%	1,011	1,139	2,106	\$1,452	\$1.55
Market Total	30,028	93.1%	1,793	2,074	2,799	\$1,491	\$1.58

Asset class performance | Q3 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	94.0%	-0.6%	935	\$1,717	\$1.84	\$63.00	3.1%
Class B	92.9%	-0.4%	904	\$1,451	\$1.61	\$49.00	3.2%
Class C	92.7%	-0.8%	996	\$1,361	\$1.37	\$53.00	3.7%

Wilmington submarket map



For more market insights and information
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