



MULTIFAMILY REPORT

Charlotte Works It Out

January 2025



Supply Hits Decade High

Job Gains Outpace Nation

Rent Movement Remains Negative

CHARLOTTE MULTIFAMILY



High Supply Pushes Asking Rents Down

Despite a wave of deliveries, the Charlotte multifamily market showed positive signs as the year ended. During the seasonal slowdown, average advertised asking rents were down 0.4% on a trailing three-month basis as of November, to \$1,577. Still, rent movement was positive for five consecutive months last year, between April and August. And somewhat surprisingly, occupancy in stabilized assets inched up 10 basis points year-over-year, to 93.9%, as of November.

Employment in Charlotte expanded 1.8% as of September, 40 basis points above the national average. Charlotte added 28,600 net jobs over 12 months, with the area's unemployment at a tight 3.4% as of October. That was 70 basis points below the U.S. figure, according to preliminary data from the Bureau of Labor Statistics. Education and health services, which led growth, could see an additional boost from the ongoing development of a 1.1 million-square-foot hospital. The \$900 million project is slated for delivery in 2027.

Charlotte deliveries totaled 12,048 units through November, nearly double the national figure. The figure marked a decade high and represented 5.3% of existing stock. However, construction starts dwindled last year through November, down some 50% compared to the same period in 2023. Meanwhile, investment slowed, with volume at about half of 2023's total.

Market Analysis | January 2025

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On the cover: Photo by Jonathan Ardila/iStockphoto.com

Recent Charlotte Transactions

The Artizia at LoSo



City: Charlotte, N.C.
Buyer: Ares Management
Purchase Price: \$96 MM
Price per Unit: \$272,857

Aventine



City: Huntersville, N.C.
Buyer: Claremont Cos.
Purchase Price: \$73 MM
Price per Unit: \$253,299

Ashford Place



City: Charlotte, N.C.
Buyer: Brookfield Properties
Purchase Price: \$71 MM
Price per Unit: \$156,876

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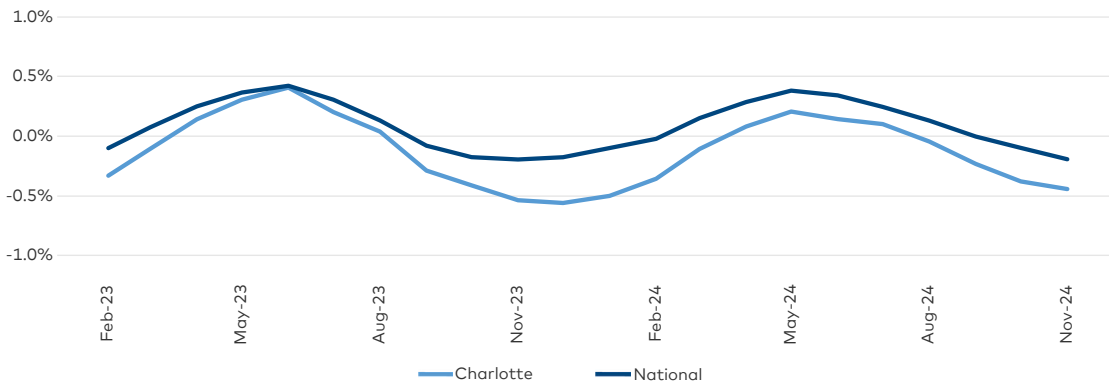


City: Charlotte, N.C.
Buyer: McDowell Properties
Purchase Price: \$42 MM
Price per Unit: \$193,287

RENT TRENDS

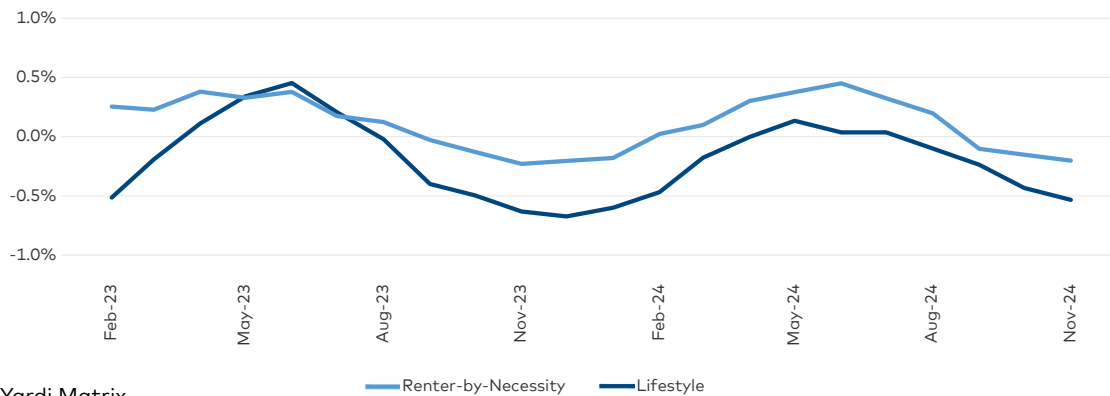
- ▶ The average advertised asking rent in Charlotte was down 0.4% on a trailing three-month (T3) basis through November 2023, to \$1,577. That was 20 basis points lower than the U.S. figure. While the Charlotte average was down 1.9% year-over-year, the metro recorded positive rent movement on a T3 basis for five consecutive months, between April and August. Meanwhile, the national figure was up 0.9% over 12 months, to \$1,744, as of November.
- ▶ Both quality segments recorded slowdowns in Charlotte. Advertised asking rates in working-class Renter-by-Necessity assets were down 0.2%, on a T3 basis, to \$1,328. Meanwhile, Lifestyle properties registered a larger slide, down 0.5%, to \$1,675.
- ▶ The metro's average overall occupancy rate in stabilized properties stood at 93.9% as of November, a 10-basis-point uptick year-over-year. Lifestyle figures saw improvement, up 20 basis points, to 93.7%. Meanwhile, occupancy in RBN assets was down 20 basis points, but stood relatively higher, at 94.3%.
- ▶ Rent movement was uneven across Charlotte in the 12 months ending in November, with contractions registered in more than half of the 52 submarkets tracked by Yardi Matrix. Most of the metro's core, for example, was in negative territory. The Second Ward (-4.6% to \$1,845), Morningside (-2.6% to \$1,752) and Myers Park (-5.6% to \$2,003) all recorded contractions. Up-town, the metro's most expensive submarket, also registered a decrease (-6.2% to \$2,215).

Charlotte vs. National Rent Growth (Trailing 3 Months)



Source: Yardi Matrix

Charlotte Rent Growth by Asset Class (Trailing 3 Months)



Source: Yardi Matrix

ECONOMIC SNAPSHOT

- ▶ Charlotte added 28,600 net jobs in the 12 months ending in September 2024. Employment grew 1.8%, 40 basis points above the national rate. Most sectors recorded growth, with the exception of trade, transportation and utilities, as well as manufacturing and information, which lost a combined 3,300 positions.
- ▶ Education and health services (8,800 jobs) and government (8,300 jobs) led gains, with leisure and hospitality (5,800 jobs) rounding out the top three.
- ▶ Charlotte's unemployment rate clocked in at 3.4% as of October, 70 basis points below the national rate, according to preliminary data from the Bureau of Labor Statistics. Unemployment in the metro was also 30 basis points lower than North Carolina's rate, which stood at 3.7%. In the 12 months ending in September 2024, Charlotte reached its best unemployment rate in December 2023, at 3.1%.
- ▶ Atrium Health's \$900 million, 448-bed hospital tower in midtown Charlotte topped out in December, after it broke ground in July 2023. The 12-story, 1.1 million-square-foot building at 1000 Blythe Blvd. will feature operating rooms, diagnostics and imaging, inpatient beds and an expanded emergency room. The project is slated for delivery in 2027.

Charlotte Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
65	Education and Health Services	150.8	10.9%
90	Government	179.4	13.0%
70	Leisure and Hospitality	155	11.2%
60	Professional and Business Services	235	17.0%
55	Financial Activities	123	8.9%
15	Mining, Logging and Construction	79.9	5.8%
80	Other Services	55.1	4.0%
50	Information	25.6	1.8%
30	Manufacturing	107.6	7.8%
40	Trade, Transportation and Utilities	272.6	19.7%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- ▶ Charlotte's population grew by 43,406 people in 2022. This marked a 1.7% expansion, more than four times the U.S. expansion rate.
- ▶ Metro Charlotte added some 1 million residents since the 2010 Census, recording a whopping 58% expansion.

Charlotte vs. National Population

	2019	2020	2021	2022
National	324,697,795	326,569,308	329,725,481	331,097,593
Charlotte	2,545,560	2,595,027	2,625,282	2,668,688

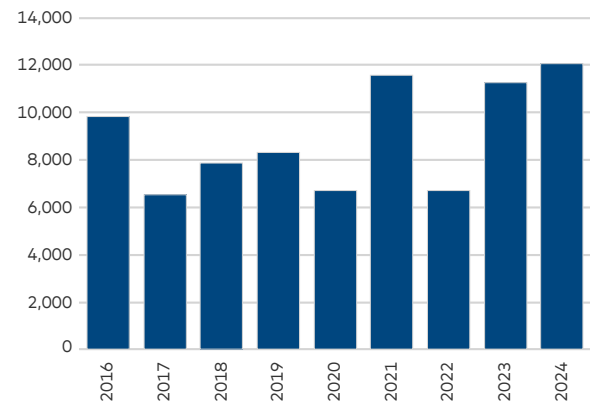
Source: U.S. Census

SUPPLY

- ▶ Developers completed 12,048 units in 2024 through November, already surpassing the 2021 decade high. That represented 5.3% of existing stock, almost double the 2.7% national pace. All but 10 properties were in the Lifestyle segment.
- ▶ Charlotte had 34,648 units under construction as of November, along with an additional 90,000 in the planning and permitting stages. Development was concentrated in upscale projects, which comprised 85% percent of units, while RBN and fully affordable apartments accounted for the remaining 15%.
- ▶ Constructions starts dwindled significantly, with limited capital availability being the main reason. Developers started work on 8,438 units across 36 projects in the first 11 months of 2024. That marked a nearly 50% decrease compared to the 16,507 units across 75 projects that started construction during the same period in 2023.
- ▶ Of the 52 submarkets tracked by Yardi Matrix, 36 had projects underway. Tryon Hills led with 4,600 units, followed by the only two other submarkets to cross the 3,000-unit mark: Colonial Village–Montclair (3,664 units under construction) and Southside Park–West Blvd. (3,315 units).

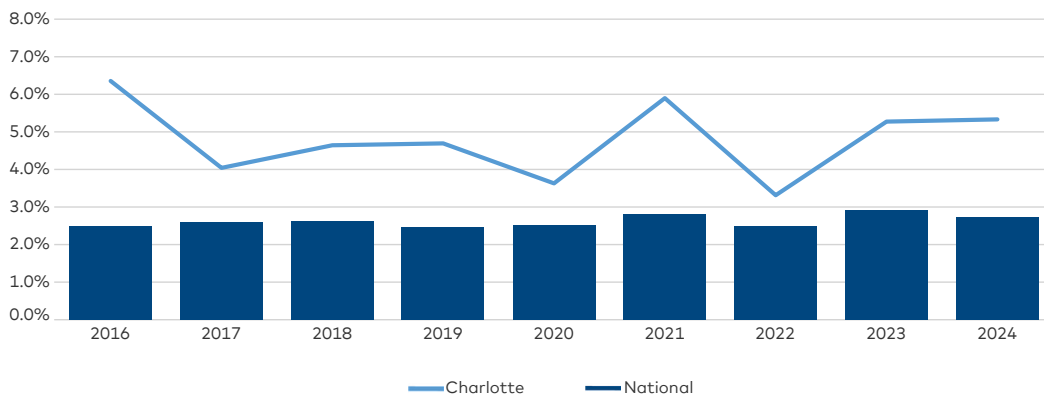
- ▶ The 701-unit Westrow is the largest community underway and is located in the Belmont market. Crescent Communities broke ground in January 2024 and the project is slated for delivery in late 2025. Westrow is part of the 500-acre master-planned The River District development.

Charlotte Completions (as of November 2024)



Source: Yardi Matrix

Charlotte vs. National Completions as a Percentage of Total Stock (as of November 2024)

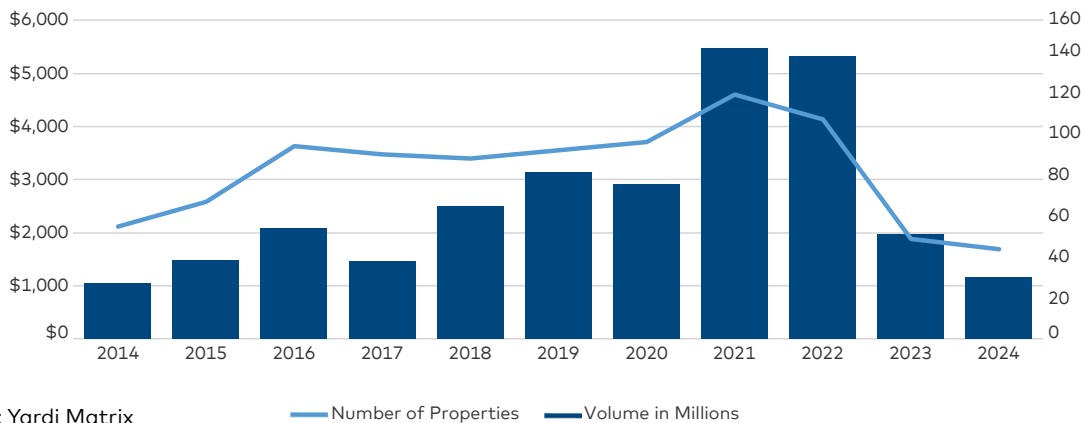


Source: Yardi Matrix

TRANSACTIONS

- ▶ Investors traded \$1.2 billion rental assets last year through November in Charlotte. That was roughly half the volume registered in the same time frame of 2023. It was also far behind the peak years of 2021 and 2022, which combined totaled more than \$10 billion combined.
- ▶ Sales composition through November was slightly tilted toward the RBN segment, as 28 of the 44 assets that changed hands were Renter-by-Necessity properties. The price per unit fell, with the metro's \$158,936 average significantly below the \$223,421 figure recorded in 2023. The national average clocked in at \$192,050.
- ▶ Four markets exceeded the \$100 million mark for multifamily transactions during the 12 months ending in November. Southwest Charlotte was in the lead, with \$225 million in assets changing hands. It was followed by North Charlotte (\$185 million) and Colonial Village–Montclair (\$166 million).

Charlotte Sales Volume and Number of Properties Sold (as of November 2024)



Source: Yardi Matrix

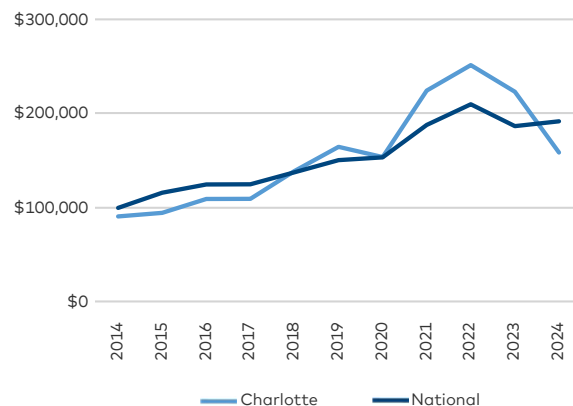
Top Submarkets for Transaction Volume¹

Submarket	Volume (\$MM)
Southwest Charlotte	225
North Charlotte	185
Colonial Village–Montclair	166
Pineville	163
Coventry Woods–East Forest	105
Mooresville	91
Matthews	84

Source: Yardi Matrix

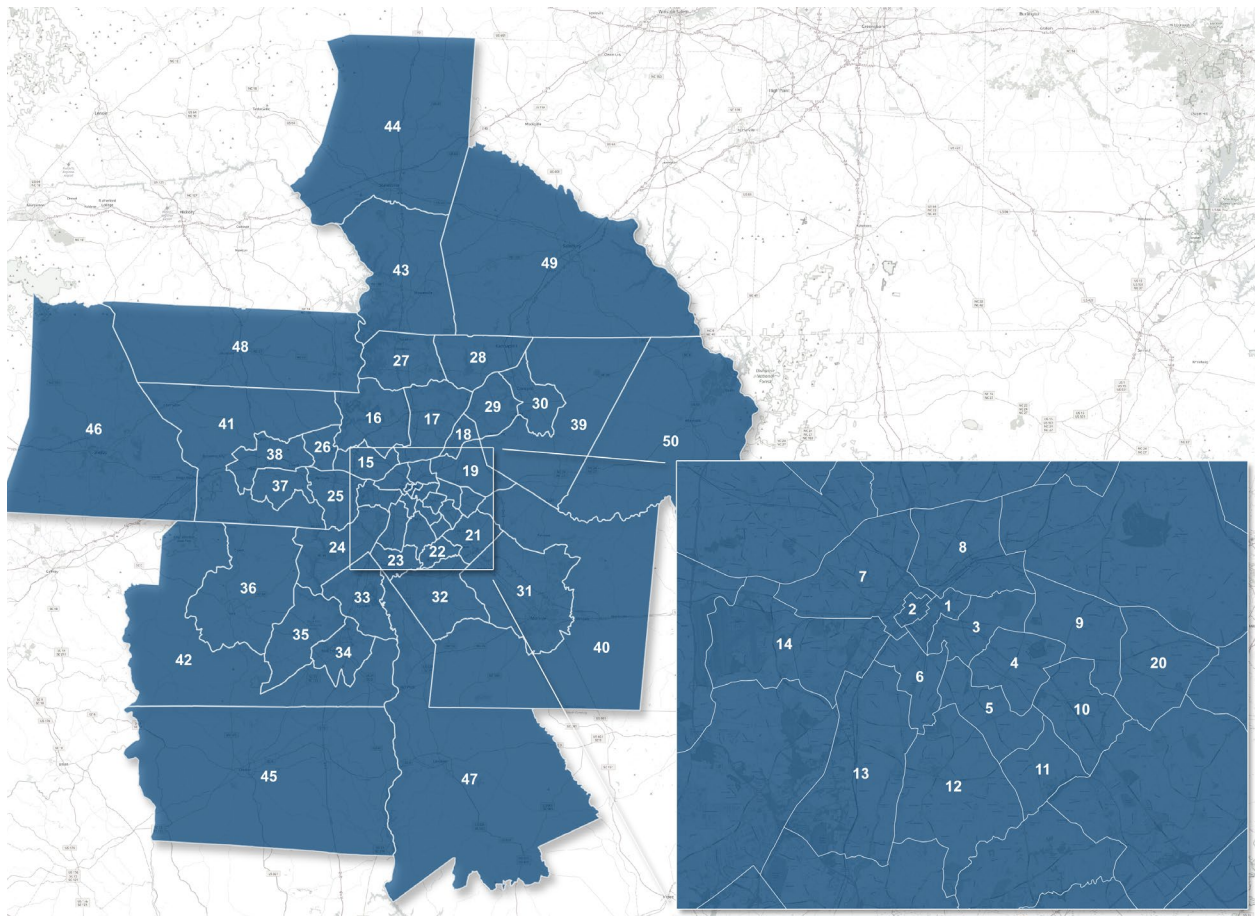
¹ From December 2023 to November 2024

Charlotte vs. National Sales Price per Unit



Source: Yardi Matrix

CHARLOTTE SUBMARKETS



Area No.	Submarket
1	Second Ward
2	Uptown
3	Morningside
4	Briarcreek-Oakhurst
5	Cotswold
6	Myers Park
7	Third Ward-Lakewood
8	Tryon Hills
9	Eastland-Windsor Park
10	Coventry Woods-East Forest
11	Stonehaven-Lansdowne
12	Foxcroft
13	Colonial Village-Montclair
14	Southside Park-West Blvd.
15	Northwest Charlotte
16	Wedgewood
17	North Charlotte

Area No.	Submarket
18	UNC at Charlotte
19	Hidden Valley-Oak Forest
20	Becton Park-Marlwood
21	Matthews
22	Wessex Square
23	Pineville
24	Southwest Charlotte
25	Belmont
26	Mount Holly
27	Huntersville
28	Kannapolis
29	Concord-West
30	Concord-East
31	Monroe
32	Ballantyne-Providence
33	Fort Mill
34	Rock Hill-East

Area No.	Submarket
35	Rock Hill-West
36	York
37	Gastonia-South
38	Gastonia-North
39	Outlying Cabarrus County
40	Outlying Union County
41	Outlying Gaston County
42	Outlying York County
43	Mooresville
44	Statesville-North Iredell County
45	Chester County
46	Cleveland County
47	Lancaster County
48	Lincoln County
49	Rowan County
50	Stanly County

DEFINITIONS

Lifestyle households (renters by choice) have wealth sufficient to own but have chosen to rent. Discretionary households, most typically a retired couple or single professional, have chosen the flexibility associated with renting over the obligations of ownership.

Renter-by-Necessity households span a range. In descending order, household types can be:

- *A young-professional*, double-income-no-kids household with substantial income but without wealth needed to acquire a home or condominium;
- *Students*, who also span a range of income capability, extending from affluent to barely getting by;
- *Lower-middle-income ("gray-collar") households*, composed of office workers, policemen, firemen, technical workers, teachers, etc.;
- *Blue-collar households*, which barely meet rent demands each month and likely pay a disproportionate share of their income toward rent;
- *Subsidized households*, which pay a percentage of household income in rent, with the balance of rent paid through a governmental agency subsidy. Subsidized households, while typically low income, extend to middle-income households in some high-cost markets, such as New York City;
- *Military households*, subject to frequency of relocation.

These differences can weigh heavily in determining a property's ability to attract specific renter market segments. The five-star resort serves a very different market than the down-and-outer motel. Apartments are distinguished similarly, but distinctions are often not clearly definitive without investigation. The Yardi® Matrix Context rating eliminates that requirement, designating property market positions as:

Market Position	Improvements Ratings
Discretionary	A+ / A
High Mid-Range	A- / B+
Low Mid-Range	B / B-
Workforce	C+ / C / C- / D

The value in application of the Yardi® Matrix Context rating is that standardized data provides consistency; information is more meaningful because there is less uncertainty. The user can move faster and more efficiently, with more accurate end results.

The Yardi® Matrix Context rating is not intended as a final word concerning a property's status—either improvements or location. Rather, the result provides reasonable consistency for comparing one property with another through reference to a consistently applied standard.

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