

# Charlotte 2024 Market Forecast

## MARKET SNAPSHOT



**AVERAGE RENT**  
**\$1,533** 4Q 2023  
**\$1,564** 4Q 2024



**2024 RENT CHANGE**  
**2.0%**



**OCCUPANCY RATE**  
**92.2%** 4Q 2023  
**91.9%** 4Q 2024



**4Q 2024 OCCUPANCY CHANGE**  
**-30 points**



**EMPLOYMENT\***  
**1.35M** 2023  
**1.37M** 2024



**UNEMPLOYMENT RATE\*\***  
**3.2%** 2023  
**3.7%** 2024

\* Please note that these employment figures have been adjusted for seasonal variations and are based on Moody's Analytics forecast as of January 1, 2024.

\*\* Please note that these unemployment rates are estimates that have not been adjusted for seasonal variations, and they are derived from Moody's Analytics forecast as of January 1, 2024.

## KEY TAKEAWAYS

- The multifamily market in Charlotte is poised to gain some balance back with the forecasted absorption of 14,028 units in 2024, nearly meeting the record 16,800 units anticipated to deliver this year.
- Despite a slight expected decline in the occupancy rate from 92.2% to 91.9%, the enduring demand in West Charlotte, North Charlotte, University, and East Charlotte ensures a robust market with notable gains in absorption.
- Charlotte's multifamily sector is experiencing a thriving expansion, with an efficient construction pipeline representing 14.7% of the existing inventory. Projections for the addition of almost 17,000 units in the next four quarters further solidify the city's reputation as a dynamic and flourishing market.

## Supply & Demand

### 2024 FULL YEAR FORECAST

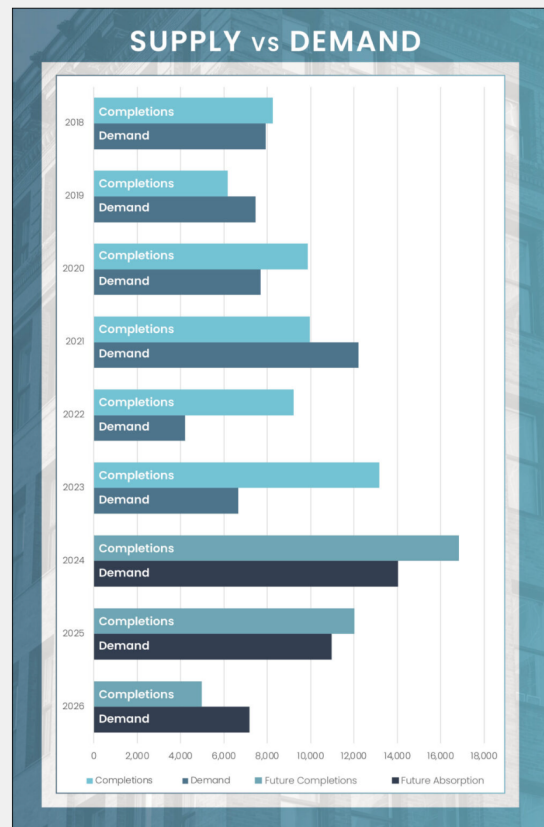


**14,028 Units**  
 FORECASTED ABSORPTION



**16,827 Units**  
 FORECASTED NEW SUPPLY

## Annual Demand Vs Completions





### Demand / Occupancy Outlook

In 2024, Charlotte's multifamily market is expected to see a surge in demand, with absorption nearly doubling to 14,028 units, despite the introduction of 16,827 new units potentially nudging the occupancy rate down slightly from 92.2% to 91.9%. The strong demand, especially in areas like West, North, University, and East Charlotte, driven by in-migration from pricier cities like New York, continues to underpin the market's robustness, even amidst a slight oversupply.

### New Supply Outlook

Charlotte's multifamily real estate sector has seen remarkable growth in recent years, largely driven by significant in-migration to the area. The market stands out with one of the fastest-growing construction pipelines in the nation relative to its existing inventory. Last year alone, the completion of an impressive 13,166 new units was recorded. Looking ahead, the forecast suggests an influx of nearly 17,000 units over the next four quarters, which will easily set a record for annual deliveries in Charlotte. The bulk of construction activity is concentrated in key submarkets: South End, West Charlotte, and North Charlotte, which together represent over half of the metro-wide construction pipeline at 53%.

## Occupancy & Rent Trends

### RENT VS OWN MONTHLY PAYMENT



**\$2,998**

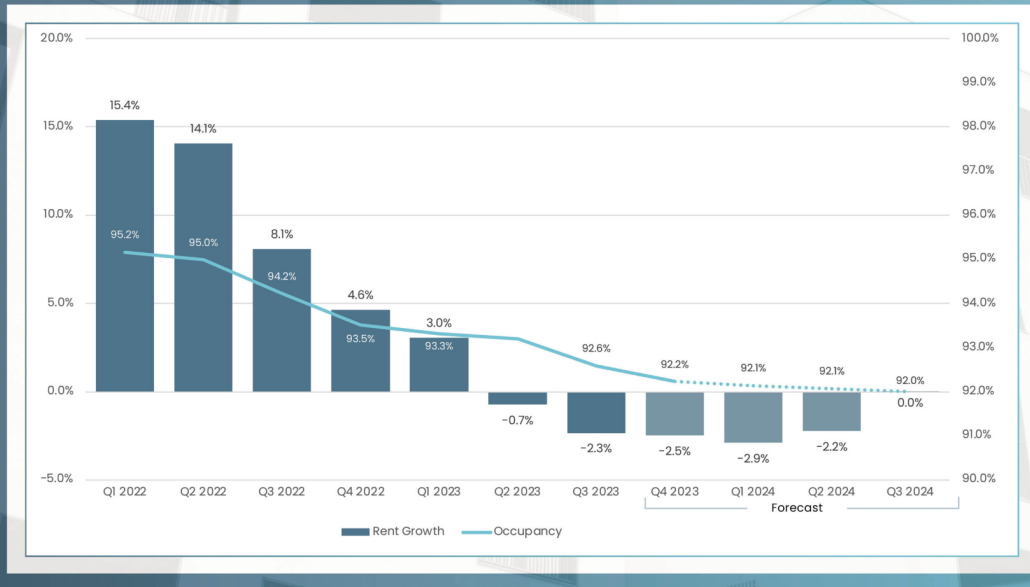
Average Monthly Mortgage Payment



**\$1,533**

Average Monthly Rent

### RENT vs OCCUPANCY



### 2024 RENT TRENDS OUTLOOK

The influx of new supply last year led to heightened competition, resulting in a significant downturn in the latter months. By the final quarter, the year-over-year rental growth rate had fallen to -2.5%, with average rents dipping to \$1,533. As we look towards 2024, there is optimism for a rebound in rent growth, with forecasts suggesting a 2.0% increase year-over-year. Particularly in high-demand areas like Uptown Charlotte, a more substantial growth rate of 2.8% is expected, and even more affordable regions, such as Chester County, are projected to see positive movements. Nevertheless, the anticipated continual influx of new supply is expected to temper the pace of rent growth throughout the year.



## Submarket Rent & Occupancy

Submarket	Q4 2023 Stabilized Occupancy	Q4 2024 Stabilized Occupancy (f)	Annual Occupancy Change (2024/2023)	Q4 2023 Average Monthly Rent	Q4 2024 Average Monthly Rent (f)	Annual Rent Change (2024/2023)
Cabarrus County	92.7%	92.4%	-0.3%	\$1,445	\$1,483	2.6%
Chester County	93.8%	93.4%	-0.4%	\$466	\$479	2.8%
East Charlotte	93.0%	92.7%	-0.3%	\$1,408	\$1,436	1.9%
Gaston County	93.7%	93.5%	-0.3%	\$1,344	\$1,373	2.2%
Huntersville/Cornelius	94.0%	93.8%	-0.2%	\$1,594	\$1,624	1.9%
Iredell County	91.7%	91.3%	-0.4%	\$1,480	\$1,515	2.4%
Lancaster County	92.8%	92.5%	-0.3%	\$1,477	\$1,517	2.7%
Lincoln County	91.0%	90.6%	-0.5%	\$1,314	\$1,345	2.4%
LoSo	95.2%	95.0%	-0.2%	\$1,606	\$1,624	1.1%
North Charlotte	92.5%	92.2%	-0.3%	\$1,460	\$1,484	1.6%
Rowan County	91.9%	91.5%	-0.5%	\$1,238	\$1,256	1.5%
South Charlotte	91.5%	91.2%	-0.4%	\$1,523	\$1,554	2.0%
South End	93.8%	93.6%	-0.2%	\$2,017	\$2,045	1.4%
South Park	89.5%	89.2%	-0.4%	\$1,845	\$1,883	2.1%
Union County	92.9%	92.9%	0.0%	\$1,542	\$1,571	1.9%
University	91.0%	90.6%	-0.4%	\$1,468	\$1,498	2.0%
Uptown Charlotte	91.9%	91.7%	-0.3%	\$1,995	\$2,050	2.8%
West Charlotte	92.8%	92.5%	-0.3%	\$1,432	\$1,457	1.7%
York County	92.2%	91.9%	-0.4%	\$1,417	\$1,449	2.3%
<b>Market</b>	<b>92.2%</b>	<b>91.9%</b>	<b>-0.3%</b>	<b>\$1,533</b>	<b>\$1,564</b>	<b>2.0%</b>

## Submarket Construction Pipeline



216,220

4Q 2023 Unit Inventory



31,773

Number of Units Under Construction



16,820

Number of Units UC Delivering  
In the Next 4 Quarters

Submarket	Unit Inventory: 3Q 2023	Units Under Construction	% of Existing Inventory UC	% of Total UC	Units UC Delivering in the Next 4 Quarters
Cabarrus County	11,206	299	3%	2.3%	294
Chester County	209	0	0%	0.0%	0
East Charlotte	26,074	1,673	6%	12.9%	1,574
Gaston County	11,166	498	4%	3.8%	493
Huntersville/Cornelius	7,051	966	14%	7.4%	566
Iredell County	9,581	1,200	13%	9.2%	737
Lancaster County	3,068	1,183	39%	9.1%	1,181
Lincoln County	1,677	0	0%	0.0%	0
LoSo	3,464	2,924	84%	22.5%	1,858
North Charlotte	15,528	4,995	32%	38.4%	2,017
Rowan County	2,050	480	23%	3.7%	239
South Charlotte	36,583	840	2%	6.5%	522
South End	11,277	6,292	56%	48.3%	1,862
South Park	12,156	488	4%	3.7%	244
Union County	4,250	760	18%	5.8%	757
University	21,796	2,889	13%	22.2%	1,267
Uptown Charlotte	8,148	105	1%	0.8%	101
West Charlotte	16,279	5,672	35%	43.6%	2,851
York County	14,657	509	3%	3.9%	257
<b>Market</b>	<b>216,220</b>	<b>31,773</b>	<b>14.7%</b>	<b>100.0%</b>	<b>16,820</b>



# Sales Activity

The multifamily investment landscape in Charlotte saw a marked deceleration in 2023, with investment sales totaling \$1.5 billion, reflecting a stark 65% downturn from the year before. This downturn has set the stage for a period of subdued transaction volumes, influenced by prevailing financing uncertainties and the ongoing process of pricing discovery. Despite these immediate hurdles, the intrinsic allure of Charlotte's multifamily market continues to hold strong. With an anticipated rebound in absorption rates and the completion of new high-end units on the horizon, investor interest is expected to reignite, fostering a resurgence in market activity.

## Most Active Buyers (Previous 24 Months)

1. MAA REIT
2. GV&A RE Investments
3. Southwood Realty/Triangle
4. Bell Partners

## Most Active Sellers (Previous 24 Months)

1. Greystar
2. Crescent Communities
3. PGIM Real Estate
4. Starwood Capital

## TRANSACTION VOLUME

# \$1.5B (p)

2023 Transaction Volume

# -65%

Y-O-Y Change

# 34 YTD

Individual Transaction Count

# \$250.0k\*

Price Per Unit

# -3.5%

Annual PPU Price Change

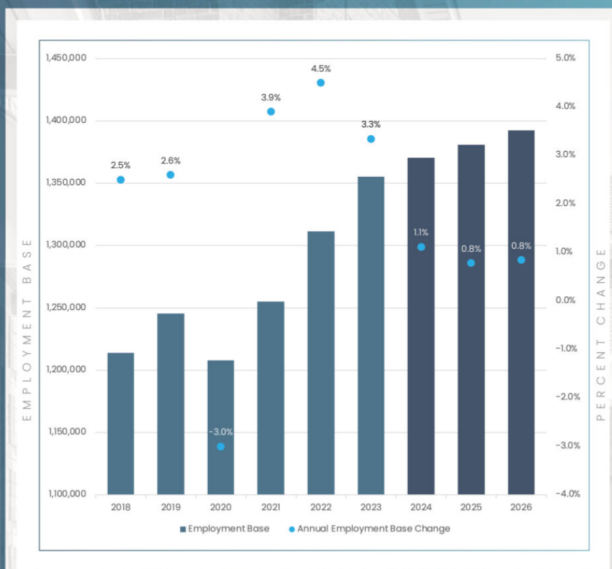
\* Trailing 4Q average PPU

\* Preliminary Data from RCA - Individual transaction \$2.5M +

P=Preliminary

# Employment Forecast

## EMPLOYMENT SECTOR FORECAST



## Forecasted 2024 Employment Sector Growth

Sector	Employment Change 2023 to 2024	Percent Change
<b>Overall Employment</b>	<b>15,100</b>	<b>1.1%</b>
Manufacturing	(800)	-0.7%
Construction	(900)	-1.2%
Trade, Transport, & Utilities	5,200	1.8%
Information	100	0.8%
Financial Activities	1,400	1.1%
Professional & Business Services	(1,000)	-0.4%
Education & Health Services	4,000	2.7%
Government	2,800	1.7%
Leisure & Hospitality	5,200	3.4%
Natural Resources & Mining	0	0.0%
Other Services	(200)	-0.4%

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# Economic Outlook

Our forecasts indicate a promising outlook for the Charlotte market, with an anticipated addition of 15,100 new jobs, marking a 1.1% expansion. This job growth has historically been paralleled by a steady stream of new residents, underscoring the region's attractiveness. Notably, the Trade, Transport, & Utilities sector and the Leisure & Hospitality industry are poised to be significant contributors to this employment surge, with each sector expected to add 5,200 jobs.

While the healthcare sector remains the largest employer in Charlotte, the financial services industry is a pivotal component of the local economy. The city hosts the headquarters of major financial institutions such as Bank of America and Truist, and other significant players like Wells Fargo, Ally, and U.S. Bank also have substantial employment footprints in the area. Beyond these sectors, Charlotte is set to gain from federal investments aimed at bolstering electric vehicle, solar, and semiconductor manufacturing industries, further diversifying its economic base.

The continuous influx of individuals from higher-cost areas in the Northeast further strengthens the Charlotte economy, contributing to its vibrancy and resilience. This trend reflects the city's appeal as a burgeoning economic hub, offering a blend of job opportunities across various sectors.

Sources: Costar; Yard Matrix; BLS; MSCI; Moody's Analytics

TO GAIN FURTHER INSIGHTS INTO THE CHARLOTTE MARKET PLEASE REACH OUT TO OUR NATIONAL TEAM



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