



MULTIFAMILY REPORT

Charlotte's Turning Point

Summer 2020

Investment Activity Dwindles

Demographic Expansion Continues

Financial Activities, Construction Fare Well

CHARLOTTE MULTIFAMILY



Queen City Hits the Brakes

Despite the ongoing pandemic, steady fundamentals kept Charlotte's multifamily market relatively healthy in the first half of 2020, with rent gains mirroring the national trend. The average rent in the metro contracted just 0.3% in the second quarter, hitting \$1,193. Meanwhile, the U.S. average slid to \$1,457.

More than 1.1 million North Carolinians applied for unemployment benefits between March 15 and June 30, according to the N.C. Division of Employment Security. All employment sectors excluding financial activities and construction contracted year-over-year through May, bringing the jobless rate to 13.2%, according to preliminary data from the U.S. Bureau of Labor Statistics. To partly offset the effects of the health crisis, \$30 million of the federal coronavirus aid bill was set aside for small businesses. Large investments are also planned for the metro. Centene, a health care administration company, intends to spend \$1 billion on a 1 million-square-foot East Coast headquarters, a move expected to generate 6,000 jobs.

Transaction activity dampened notably after the pandemic hit, with deals totaling only \$464 million in the first half of 2020. Meanwhile, developers delivered 2,313 units and had another 14,249 apartments under construction as of June. Considering the current economic climate, we expect Charlotte rents to contract 3.4% this year.

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Recent Charlotte Transactions

Stone Ridge



City: Charlotte, N.C.
Buyer: Investors Management Group
Purchase Price: \$53 MM
Price per Unit: \$166,274

Braxton at Lake Norman



City: Mooresville, N.C.
Buyer: Handford Capital
Purchase Price: \$50 MM
Price per Unit: \$215,323

Solis Keltonwood at Berewick



City: Charlotte, N.C.
Buyer: Myers Apartment Group
Purchase Price: \$44 MM
Price per Unit: \$191,000

511 Queens



City: Charlotte, N.C.
Buyer: Sherman Residential
Purchase Price: \$20 MM
Price per Unit: \$313,281