

YARDI[®] Matrix

Charlotte's Boom

Multifamily Report Spring 2017

RBN-Lifestyle Gap Widens

Development Targets Uptown

Sales Volume Hits Post-Bubble Best

Sixth St
McDowell St
NEXT RIGHT

CHARLOTTE MULTIFAMILY

YARDI® Matrix

Market Analysis

Spring 2017

Contacts

Paul Fiorilla

Associate Director of Research
Paul.Fiorilla@Yardi.com
(800) 866-1124 x5764

Jack Kern

Director of Research and Publications
Jack.Kern@Yardi.com
(800) 866-1124 x2444

Author

Laura Calugar

Associate Editor

Demand Reigns in Queen City

The Charlotte multifamily market is one of the best-performing in the country, with healthy demand, job increases and strong growth potential. Charlotte's apartment boom has shown no signs of slowing down, though rent growth is decelerating due to an increasing supply and affordability issues.

The metro has established itself as a thriving financial, tech and logistics center for the entire Southeast, with nearly 19,000 new hires last year. Large-scale developments underway include the \$600 million Hard Rock Hotel and Casino in King Mountain, the \$520 million rail revamp between Charlotte and Raleigh, and the \$2.5 billion airport expansion.

Growth in the multifamily market is enormous. Developers are focusing on live-work-play communities, especially in Uptown Charlotte. Though cranes are in full flight in the city's urban core, development also stretches into the suburbs. High demand in the Renter-by-Necessity segment is pushing up rents. Due to the metro's favorable demographics and potential for higher yields, investor appetite has not diluted and transaction activity reached \$1.9 billion last year, a new cycle high. The significant amount of new units coming online and the 95.2% occupancy rate have not scared developers, as most of the upcoming deliveries are aimed at Lifestyle renters. We expect demand and supply to remain high, with rents growing by 3.8% in 2017.

Recent Charlotte Transactions

Cascades of Northlake



City: Charlotte
Buyer: Cortland Partners
Purchase Price: \$83 MM
Price per Unit: \$145,011

Loft 135



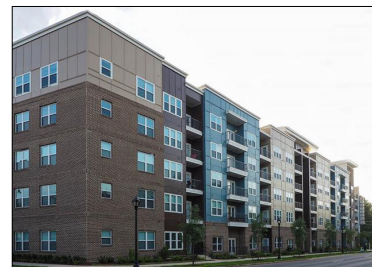
City: Charlotte
Buyer: Wafra Investment Advisory Group
Purchase Price: \$79 MM
Price per Unit: \$263,423

Berkshire Dilworth



City: Charlotte
Buyer: Berkshire Group
Purchase Price: \$75 MM
Price per Unit: \$252,905

Midtown 205



City: Charlotte
Buyer: CWS Capital Partners
Purchase Price: \$63 MM
Price per Unit: \$242,720

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Hollie Zepke

Audience Development Specialist
Hollie.Zepke@Yardi.com
(800) 866-1124 x5389