CHARLOTTE
MULTIFAMILY REPORT

THIRD QUARTER 2017

MARKET AT A GLANCE

OCCUPANCY RATE 95.5%
Down **20 bps** since 3Q16

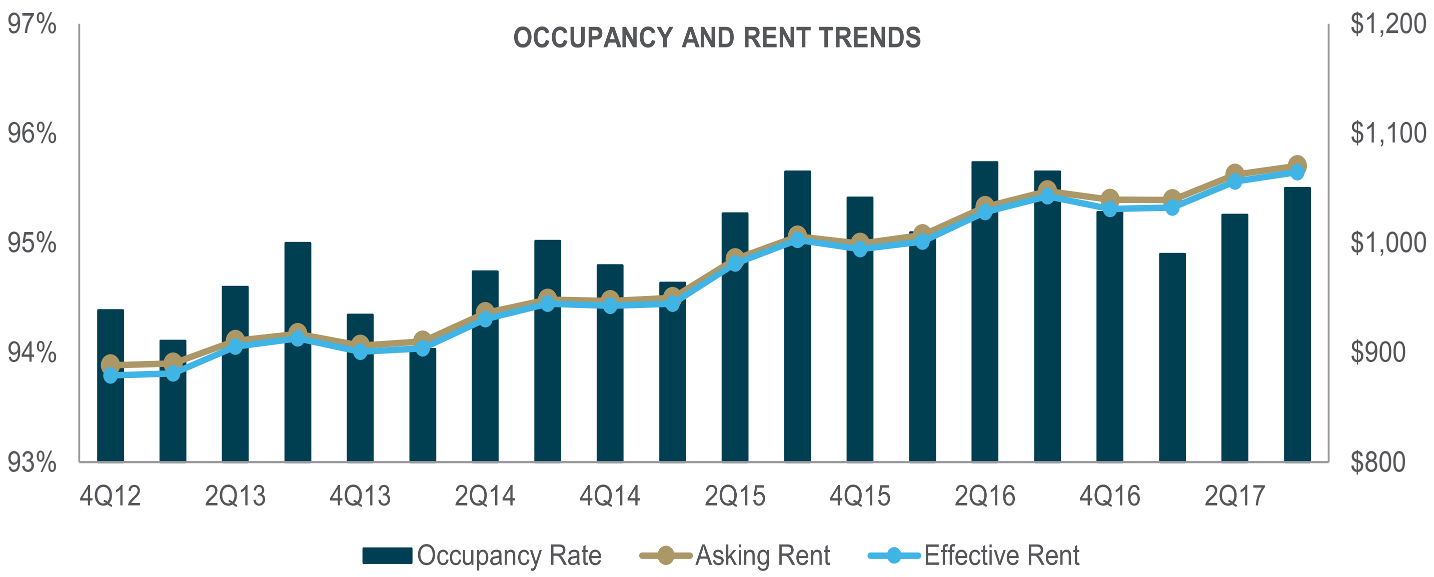
ASKING RENT $1,070
Up **2.2%** since 3Q16

CONCESSIONS 0.5%
Up **20 bps** since 3Q16

OCCUPANCY AND RENT TRENDS

APARTMENT OPERATORS LOWER CONCESSIONS AS OCCUPANCY RISES

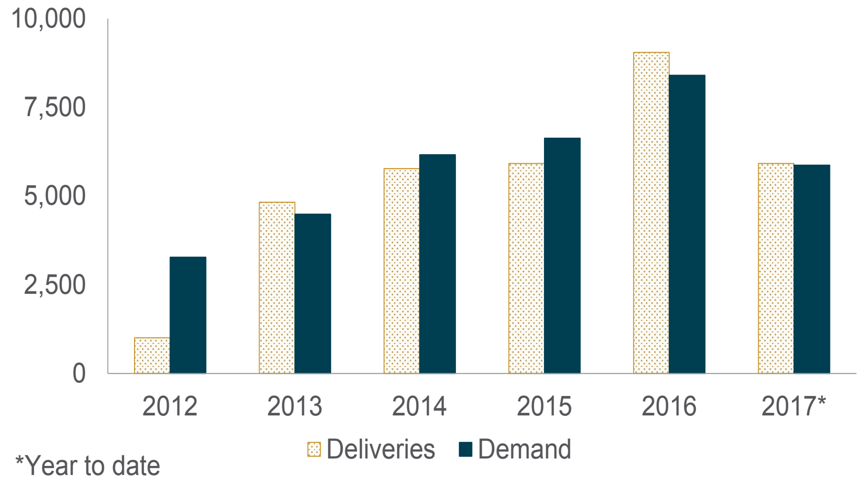
Healthy rental demand shifted occupancy up in the Charlotte metropolitan area during the third quarter. Residents newly occupied 2,395 net units metrowide during the last three months, with the Downtown area leading leasing activity. Renters were attracted to the metro-high new inventory in the submarket to help push occupancy up to 95.2% in September. Builders completed construction on 728 units in the Downtown area during the third quarter, the largest of which was the final phase of the 394-unit Museum Tower luxury community. Metrowide, 2,223 units were delivered in the last three months, down slightly from the 2,438 units added to the inventory in the second quarter. With leasing activity outpacing multifamily inventory growth, Greater Charlotte occupancy ticked up 20 basis points from June to 95.5% in September. Operators capitalized on the rising occupancy by lowering concessions an average 10 basis points to 0.5% of asking rent. At the same time, average asking rent increased 0.8% to $1,070 per month in September. In the highly sought Downtown submarket, asking rent advanced 1.9% quarter over quarter to $1,839 per month.



DELIVERIES AND DEMAND

DELIVERIES 5,919 Units YTD

NET ABSORPTION 5,870 Units YTD



ECONOMIC TRENDS

	2016	Change	2017
UNEMPLOYMENT*	4.7%	-90 BPS CHANGE	3.8%
EMPLOYMENT*	1.15m	2.1% CHANGE	1.18m
EXISTING SFH SALES**	42.6k	12.0% CHANGE	47.7k
MEDIAN SFH PRICE**	$211.7k	3.0% CHANGE	$218.1k
10-YEAR TREASURY**	1.63%	60 BPS CHANGE	2.20%

**August; **September*

Total nonfarm employment expanded 2.1%, or by 24,000 net jobs, annually through August 2017 in the Charlotte metropolitan area. While hiring decelerated from the 3.6% expansion the year before, local growth outpaced the 1.4% national average increase since August 2016. Greater Charlotte employers in the professional and business services sector provided a significant boost to the economy, creating 11,000 new positions for a 5.6% expansion annually. Hiring expanded in the segment from the year before when 9,900 personnel were recruited for a 5.3% increase. A deceleration in hiring in the trade, transportation, and utilities sector contributed to the metrowide slowdown. After companies in the sector added 7,800 new jobs annually through August 2016, the largest sector in the metro grew 0.7% with 1,700 hires in the following year. With a majority of employment sectors posting gains, the Charlotte unemployment rate was 3.8% in August 2017, down 90 basis points year over year. The downshift moved jobless claims to the lowest level since the third quarter of 2000.

SUBMARKET BREAKDOWN

	OCCUPANCY		AVG RENT INCREASE		AVG RENT		NET ABSORPTION		DELIVERED UNITS	
SUBMARKET NAME	3Q16	3Q17	3Q16	3Q17	3Q16	3Q17	3Q17	ANNUAL	3Q17	ANNUAL
Carmel	95.0%	94.5%	3.3%	1.9%	$1,176	$1,198	45	234	80	325
Concord/North Concord	95.8%	95.9%	10.7%	1.0%	$950	$960	8	196	0	196
Downtown	95.8%	95.2%	1.8%	6.6%	$1,725	$1,839	734	1,207	728	1,311
East Charlotte - Albemarle Corridor	95.5%	95.9%	9.4%	5.7%	$898	$950	53	114	0	40
East Charlotte - Central Ave.	97.1%	97.0%	11.4%	6.0%	$941	$998	18	179	0	189
Fairview North	95.4%	94.8%	7.7%	5.5%	$1,248	$1,317	159	482	129	571
Gaston County	94.4%	94.1%	6.3%	3.6%	$815	$845	1	233	0	272
Harris Blvd/Mallard Creek Church Rd	95.7%	95.3%	3.8%	4.0%	$1,002	$1,042	-1	647	0	750
Iredell County	94.4%	95.7%	4.6%	-0.4%	$943	$940	130	499	156	446
Lancaster County	94.4%	93.7%	-	2.1%	$1,308	$1,335	-3	-11	0	0
N. Tryon St. - The Plaza	95.7%	96.3%	-1.1%	4.4%	$869	$907	19	484	0	441
North Pineville	95.8%	95.5%	3.1%	4.3%	$995	$1,038	170	181	92	253
Northwest Charlotte	95.5%	95.3%	2.7%	3.0%	$1,097	$1,130	172	697	192	749
Rock Hill	95.9%	95.3%	4.8%	5.3%	$933	$983	208	592	168	704
Rowan County	95.9%	96.5%	3.2%	1.8%	$730	$743	448	446	436	436
Union County	94.9%	95.2%	9.3%	3.6%	$1,003	$1,039	15	241	32	245
West - Charlotte Airport	95.3%	95.1%	3.8%	-0.8%	$1,395	$1,384	219	673	210	733
TOTALS	**95.7%**	**95.5%**	**4.1%**	**2.2%**	**$1,047**	**$1,070**	**2,395**	**7,096**	**2,223**	**7,661**

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