

What's on the horizon for Charlotte's apartment market this year

Don't expect Charlotte's pipeline of new apartments to lose steam in 2020. The Queen City is among several metro areas slated to lead the nation in new apartment supply this year, according to a recent RealPage Inc. report on market performance in the fourth quarter of 2019.

To be more specific, RealPage (NASDAQ: RP) pegs the number of new apartments to come online across the Charlotte metro this year at 9,130 — up 42%, or by nearly 2,700 units, from the 6,437 new apartments in 2019.

It's anticipated that the Dallas-Forth Worth market will continue as the nation's leader in apartment deliveries, with nearly 26,000 new units scheduled for completion in 2020, [according to the report](#) by the Texas-based company, which provides software and data analytics to the real estate industry.

The metros that RealPage put ahead of Charlotte for anticipated apartment deliveries this year are Dallas; Los Angeles; Washington, D.C.; Houston; Atlanta; Seattle; Boston; Phoenix; New York; Newark/Jersey City, New Jersey; and Denver, respectively. Of those markets, the sprawling metropolitan of Los Angeles had the largest projected year-over-year growth, percentage-wise, with an uptick of 131%, followed by Boston at 119% and Houston at 111%.

“Developers have struggled to produce enough new housing to meet demand in recent years,” said Greg Willett, chief economist at RealPage, in the report. “However, the volume of apartments on the way in 2020 certainly could test the market’s ability to absorb a big block of additional units in a short time frame.

“The big jump in deliveries during 2020 means it’s likely that occupancy will slip a little from 2019’s record level. Pricing concessions, including periods of free rent, should be common at the new properties building an initial base of residents. Rent growth should slow for existing luxury projects in neighborhoods where construction is heaviest.”

Across the nation, nearly 371,000 apartments are scheduled to deliver this year — up 50% from the 246,799 units that came on the market in 2019. RealPage said that

number for 2020 would mark the most new units delivered in a given year during the past three decades, adding that the new supply would add about 17% to the 2 million-plus apartments built in the past 10 years.

As for increasing rents, the Charlotte metro is also a national leader as is the Raleigh-Durham area. North Carolina's two largest markets tied at No. 6 for posting annual growth in new-lease rents of 4.5% in last year's fourth quarter.

Phoenix had the highest yearly rental gains at 8.1%, followed by Las Vegas at 5.7% and Nashville, Tennessee, at 5.2%. Greensboro was also on the leaderboard with rental growth of 4.8% in Q4.

In the first quarter of 2019, Charlotte-area rents grew 4%, according to RealPage data.

Despite the growth, Charlotte's average monthly rent of \$1,172 remains almost \$250 lower than the national average of \$1,414 per month.

RealPage calculates rent across all floorplans in market-rate properties.

Occupancy in the local apartment market stood at 95.3%, up a slight 0.4%, to end 2019. That's almost equal to the nationwide occupancy rate of 95.8%.