

# VIEWPOINT



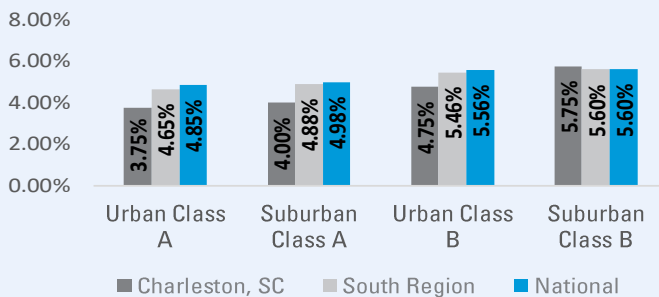
## 2023 CHARLESTON, SC MULTIFAMILY ANNUAL REPORT

An Integra Realty Resources Publication / irr.com

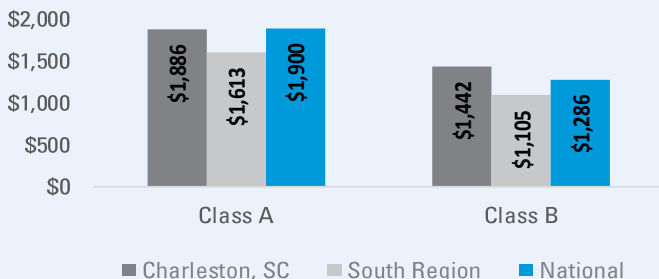
### Market Rate Indicators (Y/Y)

Categories	Class A	Class B
Going In Cap Rate (%)	▲	▼
Asking Rent (\$/Unit)	▲	▲
Vacancy Rate (%)	▼	▼

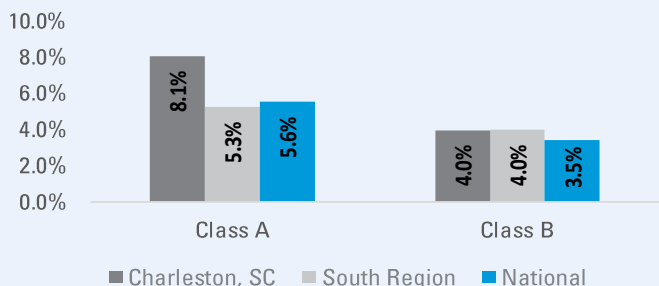
### Going In Cap Rate Comparisons (%)



### Asking Rents (\$/Unit)



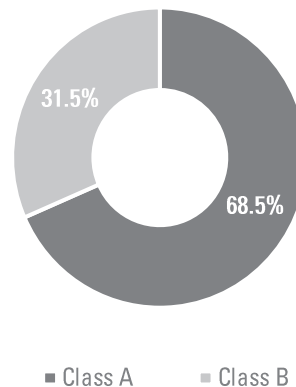
### Vacancy Rates (%)



### Charleston, SC Multifamily Market Overview

The Charleston multifamily market was active over the first 7 months of 2022. Activity has slowed over the remainder of the year due to rising interest rates. Population and employment growth in the Charleston metro area continue to be the driving factors. Many out-of-town investors for multifamily properties look to the projected growth as the primary reason to invest in the market. Proximity to major employers such as Boeing, Volvo and Mercedes Benz are driving new suburban development. Most new, Class A development has been on the upper peninsula, or "NoMo" area as well as Summerville/Ladson/North Charleston, Cainho peninsula and West Ashley. The apartment development in Mount Pleasant has continued with no new construction in that submarket. Many Class B and C properties are being purchased for renovation and subsequent "re-tenanting" in order to maximize rental rates and value. Rental rates in all property classes continue to rise. Vacancy rates have declined in spite of new inventory coming online due to population growth. The Class A rent growth and relative rent affordability is also driving Class B and C rent growth. Capitalization rates declined over the first half of 2022. With continued inflation and rising interest rates, rental rate growth should stabilize and capitalization rates are expected to increase. The looming recession should slow overall market activity. The overall growth projected for the Charleston metro area bodes well for the long-term outlook for the multifamily market. Thus, we project an overall positive, long-term outlook for the Charleston metro area multifamily market.

### Distribution of Total Inventory



51,867 Units  
Multifamily Inventory

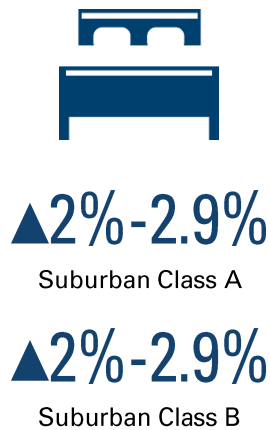
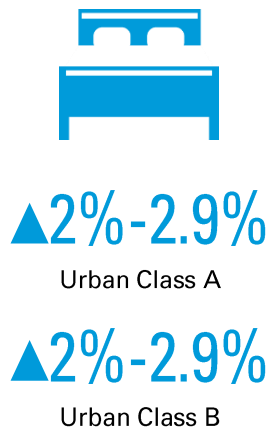
0.00% - 12 Mo. Proj.  
Construction/Inventory

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## Change In Value Next 12 Months



## Market Cycle: Hypersupply Stage 2



- Moderate/High New Construction
- Med/Low Rental Rate Growth
- Moderate/Low Employment Growth
- Increasing Vacancy Rates
- Low/Negative Absorption

## Forecasts

### Charleston, SC 12-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Going-In Cap Rates	Increase 25-49 bps	Increase 25-49 bps	Increase 25-49 bps	Increase 25-49 bps
Discount Rate	Increase 25-49 bps	Increase 25-49 bps	Increase 25-49 bps	Increase 25-49 bps
Reversion Rate	Increase 25-49 bps	Increase 25-49 bps	Increase 25-49 bps	Increase 25-49 bps
Construction (Units)	0			
Market Rent Change	+3.00%	+3.00%	+3.00%	+3.00%
Expense Rate Change	+3.00%	+3.00%	+3.00%	+3.00%
Years to Balance	2			

### Charleston, SC 36-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Market Rent Change	+13.05%			
Change in Value	Increase 2%-2.9%	Increase 2%-2.9%	Increase 2%-2.9%	Increase 2%-2.9%

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