

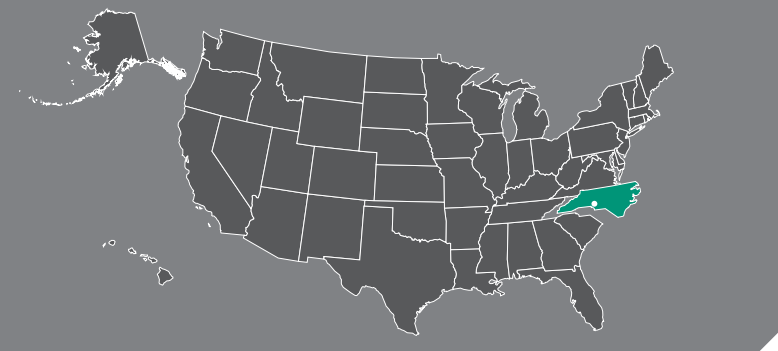
HUD PD&R Housing Market Profiles

Charlotte-Gastonia-Rock Hill, North Carolina-South Carolina



Quick Facts About Charlotte-Gastonia-Rock Hill

- **Current sales market conditions: slightly soft.**
- **Current apartment market conditions: balanced.**
- **The metropolitan area has the second largest banking center in the nation after New York City.**



By Tammy Fayed | As of March 1, 2014

Overview

The Charlotte-Gastonia-Rock Hill (hereafter, Charlotte) metropolitan area includes five counties in southwest North Carolina and one county in northeast South Carolina. The principal city, Charlotte, is at the intersection of Interstates 77 and 85, which connect northern and eastern North Carolina to Atlanta farther south. As a result of its vital location in the Southeast and its easy access to the Charlotte Douglas International Airport, the city has become a regional business and leisure transportation center. During the 3 months ending February 2014, the transportation and utilities sector increased 4.9 percent, or by 1,800 jobs, and was one of the fastest growing nonfarm payroll sectors.

- As of March 1, 2014, the population in the metropolitan was estimated at 1.88 million.
- Since April 1, 2010, population growth has averaged 31,150 people a year, down from an average of 41,250 people a year from 2008 through 2009.
- As the economy improved during the past year, net in-migration increased to an estimated 65 percent of population growth compared with 59 percent of growth from 2009 through 2011 and 78 percent of growth during the peak growth period from 2005 through 2007.



PD&R

Nonfarm payrolls in the Charlotte area continued a period of growth that began in 2011.

	3 Months Ending		Year-Over-Year Change	
	February 2013 (thousands)	February 2014 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	862.9	884.2	21.3	2.5
Goods-producing sectors	112.2	115.2	3.0	2.7
Mining, logging, and construction	39.2	42.2	3.0	7.7
Manufacturing	73.1	73.0	-0.1	-0.1
Service-providing sectors	750.7	769.0	18.3	2.4
Wholesale and retail trade	141.4	145.8	4.4	3.1
Transportation and utilities	36.6	38.4	1.8	4.9
Information	22.0	22.2	0.2	0.9
Financial activities	73.5	75.3	1.8	2.4
Professional and business services	139.7	147.5	7.8	5.6
Education and health services	89.2	89.8	0.6	0.7
Leisure and hospitality	92.3	94.4	2.1	2.3
Other services	30.7	31.2	0.5	1.6
Government	125.4	124.4	-1.0	-0.8
	(percent)	(percent)		
Unemployment rate	9.6	6.6		

Note: Numbers may not add to totals because of rounding.
Source: U.S. Bureau of Labor Statistics

Economic Conditions

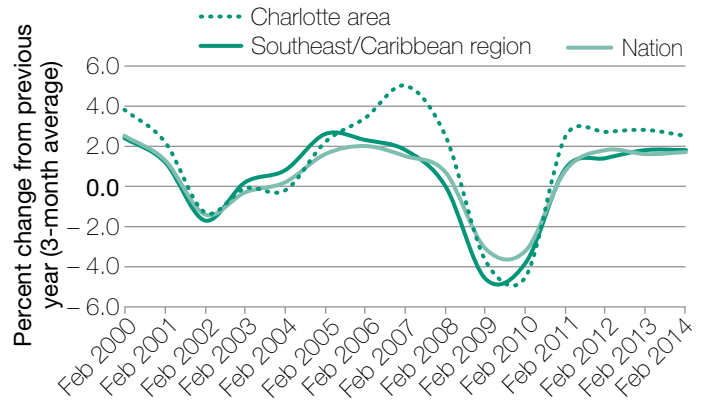
Two of the largest employers in the Charlotte metropolitan area, Wells Fargo & Company and Bank of America Corporation, are part of the financial activities sector, which accounts for approximately 10 percent of nonfarm payroll jobs in the metropolitan area compared with 6 percent of nonfarm payroll jobs in the nation.

During the 3 months ending February 2014—

- Nonfarm payrolls increased by 21,300 jobs, or 2.5 percent, to 884,200 jobs, led by the professional and business services sector, which increased by 7,800 jobs, or 5.6 percent.
- The financial activities sector increased by 1,800 jobs, or 2.4 percent, despite recent layoffs in the mortgage industry, including by Wells Fargo and Bank of America.
- The unemployment rate decreased from 9.6 to 6.6 percent as a result of moderate increases in resident employment and a slight decline in the labor force.

Electrolux AB announced plans to expand its North American headquarters by building a six-story, \$85 million office tower next to its current headquarters in north Charlotte. The expansion will add 810 jobs by 2017, more than doubling the current number of Electrolux employees in the city.

Nonfarm payroll growth in the Charlotte area slowed during the past year but continued at a moderate pace.



Note: Nonfarm payroll jobs.
Source: U.S. Bureau of Labor Statistics

Largest employers in the Charlotte area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Carolinas HealthCare System	Education and health services	32,500
Wells Fargo & Company	Financial activities	20,600
Bank of America Corporation	Financial activities	15,000

Note: Excludes local school districts.
Source: Charlotte Chamber of Commerce

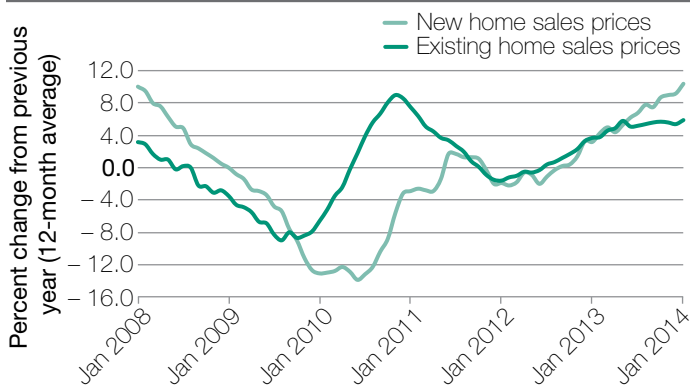
Sales Market Conditions

The sales housing market in the Charlotte metropolitan area is slightly soft but improving. The percentage of home loans that were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned) status has decreased dramatically since peaking at 8.1 percent in February 2010 (Black Knight Financial Services, Inc.). Distressed loans and REO properties fell from 6.6 percent in February 2013 to 4.7 percent in February 2014, virtually the same as the state rate of 4.6 percent.

During the 12 months ending January 2014—

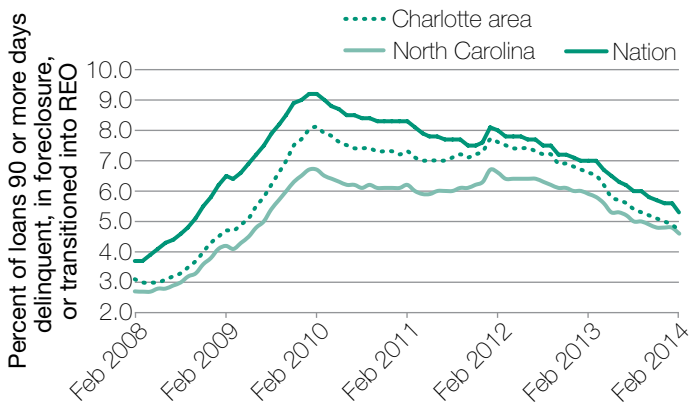
- Existing home sales (including single-family homes, townhomes, and condominiums) increased 25 percent, fueled by job growth and greater in-migration, to 33,850 homes (CoreLogic, Inc.), 17 percent of which were REO and short sales.

Illustrating the improving sales market conditions in the Charlotte area, sales prices continued an upward trend that began in 2012.



Note: Includes single-family homes, townhomes, and condominiums. Source: CoreLogic, Inc.

The distressed loan rate reached its lowest percentage in the Charlotte area since 2009.



REO = Real Estate Owned. Source: Black Knight Financial Services, Inc.

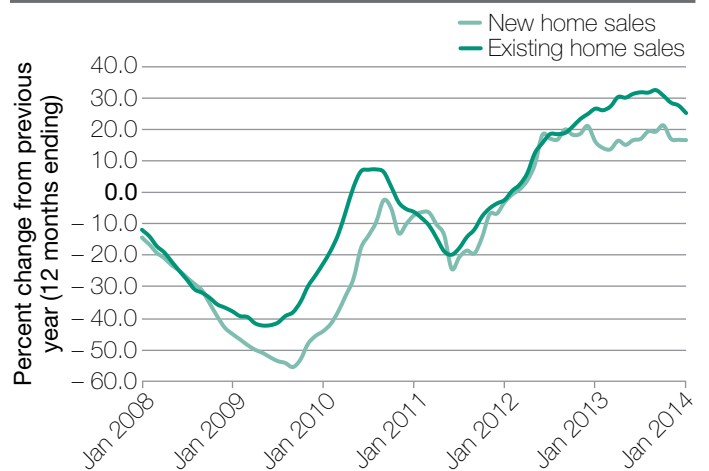
- Distressed home sales peaked at 35 percent of sales in January 2010.
- The average sales price of an existing home was \$212,900, a 6-percent increase from a year earlier.
- New home sales (including single-family homes, townhomes, and condominiums) increased 17 percent, to 7,600, at an average sales price of \$258,600, 10 percent more than a year ago.

Although single-family construction activity remains far below the peak from the past decade, activity has increased since 2012 with the improving economy.

- During the 3 months ending February 2014, approximately 2,200 single-family homes were permitted, an increase of 280 homes from the same period a year earlier (preliminary data).

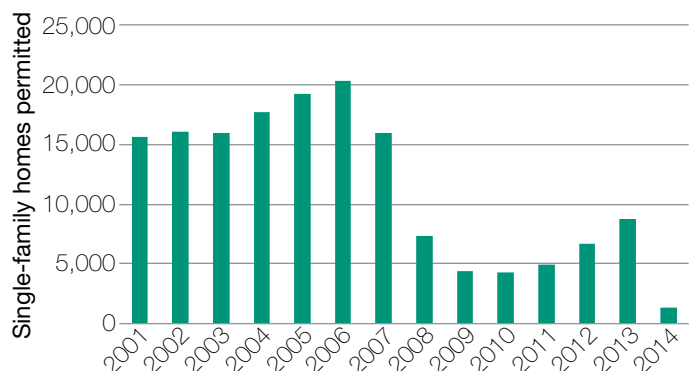
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As a result of the improving economy and increased migration, home sales increased in the Charlotte area.



Note: Includes single-family homes, townhomes, and condominiums. Source: CoreLogic, Inc.

In 2013, single-family home permitting in the Charlotte area reached its highest level since 2007.



Note: Includes preliminary data from January 2013 through February 2014. Source: U.S. Census Bureau, Building Permits Survey



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- In 2013, permits were issued for approximately 8,800 homes, more than in any year since 2007.
- Approximately 4,550 homes were permitted annually from 2009 through 2011.

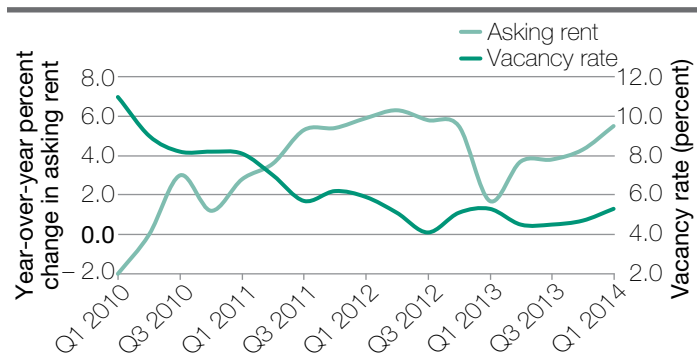
Apartment Market Conditions

The apartment market in the Charlotte metropolitan area is balanced. Because of the sales housing market crisis and resulting increase in apartment demand, occupancy and rent growth were strong during the past 3 years.

- During the first quarter of 2014, the apartment vacancy rate in the metropolitan area was 5.3 percent, unchanged from the first quarter of 2013 but down from 11.0 and 8.1 percent during the first quarters of 2010 and 2011, respectively (MPF Research).
- In the first quarter of 2014, the average rent increased 5.5 percent from the same quarter a year ago, to \$869.
- The vacancy rate declined most in the MPF Research-defined Concord market area, falling from 6.0 percent during the first quarter of 2013 to 4.7 percent during the first quarter of 2014.
- The East Charlotte market area had the greatest increase in average rent, of 8.5 percent, to \$677, but remained the second least expensive market area in the metropolitan area.

Multifamily construction was more concentrated in consolidated Charlotte-Mecklenburg County than single-family production. Approximately 90 percent of multifamily units permitted in 2013 were in the consolidated area.

Despite more than 5,000 apartment completions during the past year, rents in the Charlotte area continued to rise.

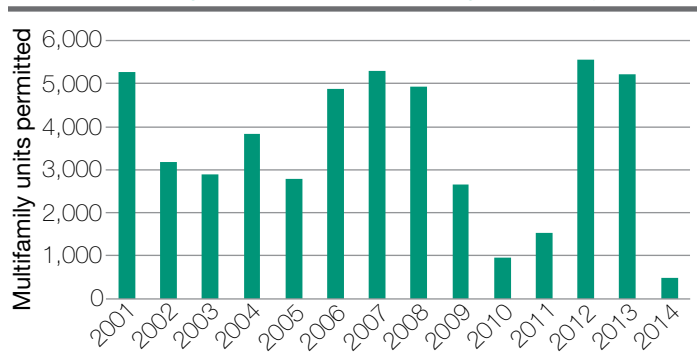


Source: MPF Research

- Nearly 45 percent of all homes permitted in the metropolitan area in 2013 were in consolidated Charlotte-Mecklenburg County, including Creekshire Village and Creekshire Estates, new single-family home subdivisions in southwest Charlotte, near the South Carolina border, where homes are primarily priced in the \$200,000-to-\$350,000 range.

- During the 3-month period ending February 2014, multifamily permitting decreased 44 percent from the unusually high number of units permitted during the same period in 2013, to approximately 1,175 units, more than 95 percent of which are estimated to be apartments.
- In 2012 and 2013, interest in development increased dramatically in response to the tightening apartment market and strong rent growth, and an average of 5,400 units were permitted annually, the most since 2007. By comparison, an average of 1,700 units were permitted annually from 2009 through 2011.
- Approximately 9,600 apartments are currently under construction (MPF Research). As a result, the vacancy rate is expected to rise in the next 12 months.
- Several properties of more than 300 units each are currently under construction, including South Mint Apartments, a 352-unit apartment tower in downtown Charlotte (known as Uptown) and Crescent SouthPark, a 321-unit property in the SouthPark neighborhood. Rents for the two properties have not yet been announced.

After 2 years of near record-level multifamily construction, the number of units permitted in the Charlotte area fell during the 3 months ending February 2014.



Note: Includes preliminary data from January 2013 through February 2014. Source: U.S. Census Bureau, Building Permits Survey

