

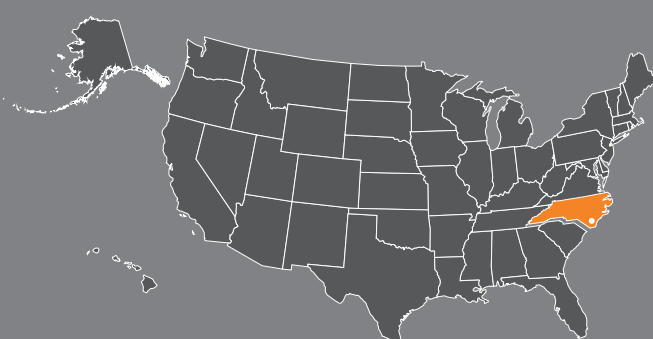
HUD PD&R Housing Market Profiles

Wilmington, North Carolina



Quick Facts About Wilmington

- **Current sales market conditions: slightly soft.**
- **Current apartment market conditions: slightly tight.**
- **The city of Wilmington is home to EUE/Screen Gems Studios, the largest film and television production facility in the nation based outside California.**



By Adam Tubridy | As of May 1, 2014

Overview

The Wilmington metropolitan area, which comprises Brunswick, New Hanover, and Pender Counties on the coast of North Carolina, contains approximately 90 miles of white sand beaches.

- As of May 1, 2014, the population of the metropolitan area was estimated at 388,500, an average increase of 6,425, or 1.7 percent, annually since April 2010.
- Net in-migration has accounted for approximately 90 percent of population growth since 2010.
- The population grew by an average of 11,750, or 3.8 percent, annually from 2003 through 2007, when economic conditions were strong. Population growth then slowed to average 6,175 people, or 1.7 percent, annually from 2008 through 2010.



Nonfarm payrolls in the Wilmington area grew significantly during the past year.

| | 3 Months Ending | | Year-Over-Year Change | |
|------------------------------------|---------------------------|---------------------------|-------------------------|---------|
| | April 2013 (thousands) | April 2014 (thousands) | Absolute (thousands) | Percent |
| Total nonfarm payrolls | 138.6 | 143.1 | 4.5 | 3.2 |
| Goods-producing sectors | 14.7 | 15.1 | 0.4 | 2.7 |
| Mining, logging, and construction | 7.3 | 8.0 | 0.7 | 9.6 |
| Manufacturing | 7.4 | 7.1 | -0.3 | -4.1 |
| Service-providing sectors | 123.9 | 128.1 | 4.2 | 3.4 |
| Wholesale and retail trade | 23.7 | 24.4 | 0.7 | 3.0 |
| Transportation and utilities | 4.3 | 4.3 | 0.0 | 0.0 |
| Information | 2.8 | 2.9 | 0.1 | 3.6 |
| Financial activities | 6.1 | 6.6 | 0.5 | 8.2 |
| Professional and business services | 16.2 | 16.8 | 0.6 | 3.7 |
| Education and health services | 17.7 | 18.3 | 0.6 | 3.4 |
| Leisure and hospitality | 20.6 | 21.9 | 1.3 | 6.3 |
| Other services | 5.2 | 5.3 | 0.1 | 1.9 |
| Government | 27.3 | 27.7 | 0.4 | 1.5 |
| | (percent) | (percent) | | |
| Unemployment rate | 8.9 | 6.6 | | |

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

Economic Conditions

Economic conditions in the Wilmington metropolitan area have improved since 2011 after recording 3 consecutive years of average annual payroll declines from 2008 through 2010 of 3,800 jobs, or 2.6 percent.

During the 3 months ending April 2014—

- Nonfarm payrolls increased by 4,500 jobs, or 3.2 percent, to an average of 143,100 jobs compared with payrolls during the 3 months ending April 2013, after an increase of 2,700 jobs, or 2.0 percent, a year earlier.
- The leisure and hospitality sector led job growth, adding 1,300 jobs, a 6.3-percent increase. The increase reflects an expanding tourism industry, which has an annual economic impact on the metropolitan area of nearly \$1 billion (North Carolina Department of Commerce).

Largest employers in the Wilmington area

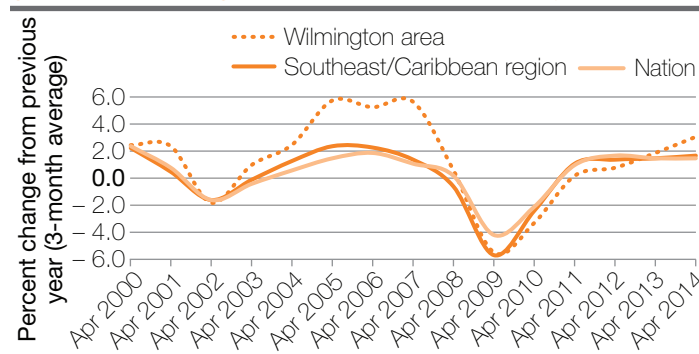
| Name of Employer | Nonfarm Payroll Sector | Number of Employees |
|--|-------------------------------|---------------------|
| New Hanover Regional Medical Center | Government | 4,750 |
| University of North Carolina at Wilmington | Government | 1,900 |
| Pharmaceutical Product Development, LLC | Education and health services | 1,500 |

Note: Excludes local school districts and retail chains.
Source: Wilmington Chamber of Commerce

- The only sector to record net job declines in the metropolitan area was the manufacturing sector, which lost 300 jobs, or 4.1 percent, compared with payrolls during the 3 months ending April 2013. Approximately 600 employees and contractors lost their jobs when DAK Americas LLC, a chemical manufacturer, closed a plant in Brunswick County in December 2013.
- The average unemployment rate decreased to 6.6 percent from 8.9 percent during the same 3 months a year earlier and a peak of 10.4 percent in 2012.

Castle Branch, Inc., a background and credential verification firm, is building a new headquarters in the city of Wilmington. The firm currently employs approximately 230 workers in the city of Wilmington and plans to add 420 jobs during the next 3 years.

Job growth in the Wilmington area has outpaced growth in the region and nation since early 2013.



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

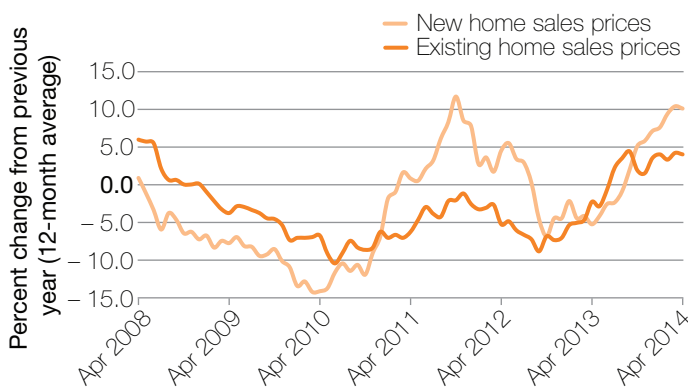


Sales Market Conditions

The sales housing market in the Wilmington metropolitan area is currently slightly soft, an improvement compared with the soft conditions that existed before 2012. During the 12 months ending April 2014, approximately 8,000 existing single-family homes, townhomes, and condominiums sold, a decrease of 100 homes, or 1 percent, from the 12 months ending April 2013. The average existing home sales price increased 5 percent, to \$229,600 (Metrostudy, A Hanley Wood Company). Recent employment growth and eased access to credit contributed to increased sales demand.

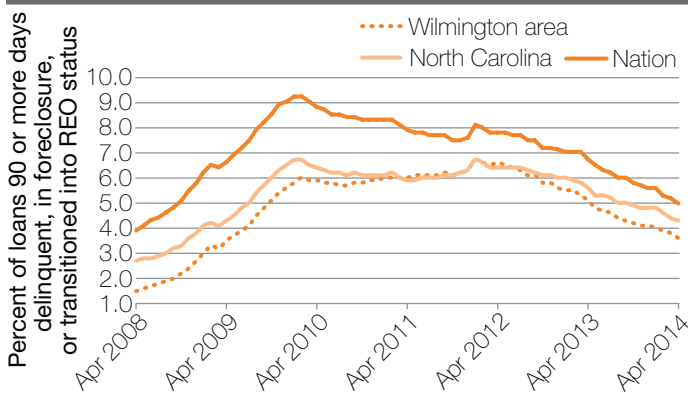
- From 2009 through 2011, an average of 5,625 existing homes sold annually.
- Purchases by absentee owners accounted for 40 percent of all home sales in the metropolitan area during the 12 months ending April 2014, more than the 30 percent of sales they comprised nationally. These sales include purchases by investment

After several years of decline, existing home sales prices in the Wilmington area have increased since mid-2013.



Note: Includes single-family homes, townhomes, and condominiums.
Source: Metrostudy, A Hanley Wood Company

The Wilmington area had a lower percentage of distressed loans than North Carolina and the nation.



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

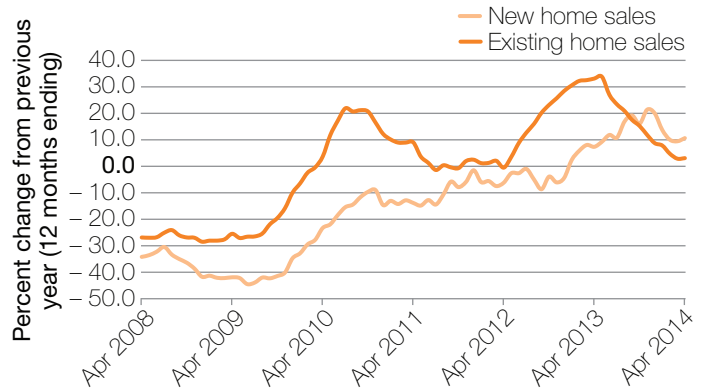
groups, as second homes, and by homeowners planning to retire and move to the metropolitan area at a later date (Metrostudy, A Hanley Wood Company).

- New home sales increased 8 percent, to 1,375 homes, during the 12 months ending April 2014, and new home sales prices increased 8 percent, to \$237,600.
- The percentage of home loans that were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned) status was 3.6 percent in April 2014, down from 5.1 percent a year earlier (Black Knight Financial Services, Inc.).

Home builders responded to increases in the volume and price of home sales in the Wilmington metropolitan area by increasing homebuilding activity, as measured by the number of single-family homes permitted.

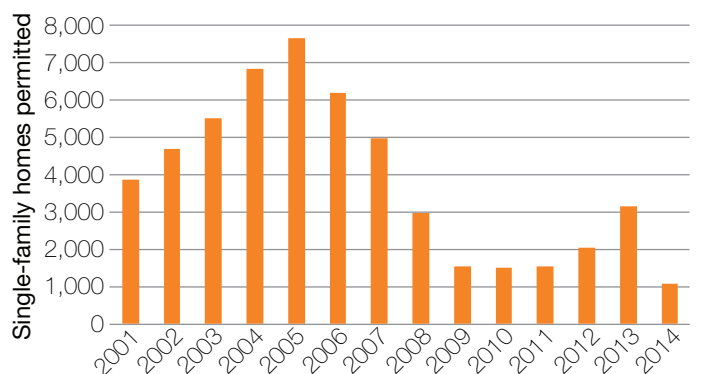
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Improved economic conditions in the Wilmington area have led to an increase in existing home sales since 2012.



Note: Includes single-family homes, townhomes, and condominiums.
Source: Metrostudy, A Hanley Wood Company

Single-family construction in the Wilmington area increased in recent years but remained much less than peak levels.



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



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- During the 3 months ending April 2014, approximately 275 homes were permitted, an increase of 50 homes, or 21 percent, from the 3 months ending April 2014 (preliminary data).
- By comparison, an average of 130 homes were permitted during the corresponding 3-month periods from 2009 through 2012.

Apartment Market Conditions

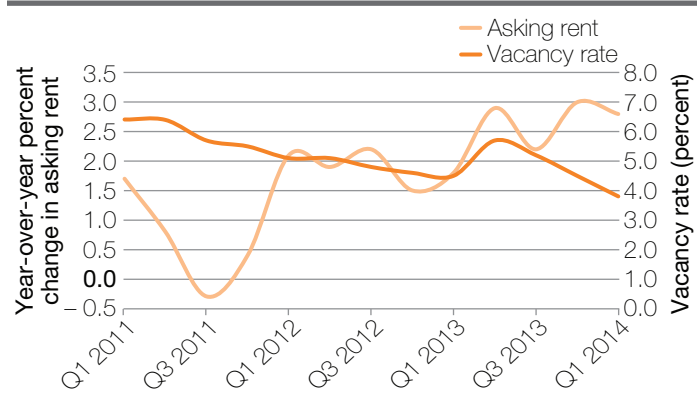
Apartment market conditions in the Wilmington metropolitan area are currently slightly tight. The market improved during the past 4 years because of increased demand for rental units and minimal multifamily construction activity from 2009 through 2011.

During the first quarter of 2014—

- The apartment vacancy rate in the metropolitan area was 3.8 percent, down from 4.5 percent during the first quarter of 2013 (Reis, Inc.). The apartment vacancy rate peaked at 9.8 percent in 2009.
- The average asking rent increased 3 percent from the same quarter a year ago, to \$763. The average rent has increased every year since 2011.
- The average rents were \$664, \$778, and \$983 for one-, two-, and three-bedroom apartments, respectively.

Apartment construction is concentrated in New Hanover County. Since 2010, more than 90 percent of all apartment units permitted in the metropolitan area have been in this county.

Apartment rents in the Wilmington area have increased each year since 2011 because of increasing demand for rental units.

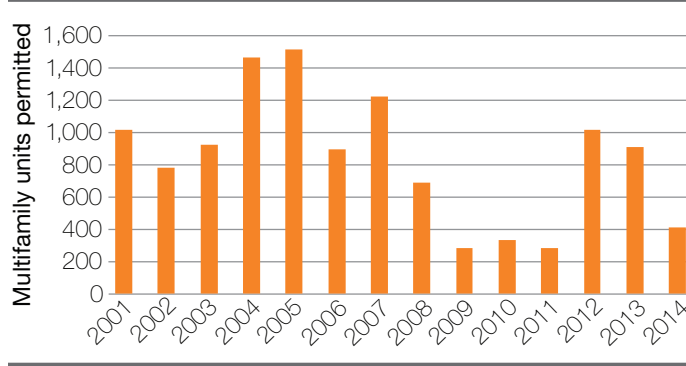


Source: Reis, Inc.

- Since 2010, approximately 60 percent of single-family home construction in the metropolitan area has occurred in Brunswick County. Brunswick Forest, a 4,500-acre planned community, started the second phase of the Park Landing neighborhood in 2014. Home prices in this neighborhood start at approximately \$300,000.

- During the 3 months ending April 2014, approximately 270 units were permitted compared with the 90 units permitted during the same 3 months a year ago (preliminary data).
- By comparison, an average of 500 units were permitted during the 3 months ending April from 2004 through 2008, and an average of 85 units were permitted during the same 3 months from 2009 through 2011.
- Approximately 1,245 apartments are currently under construction. As these units enter the market, the apartment vacancy rate is expected to rise.
- From 2000 through 2009, approximately one-third of all multifamily construction consisted of condominiums, but no condominium construction activity has occurred since 2010.
- Properties under construction include the 112-unit City Block Apartments in downtown Wilmington and the 145-unit Tiburon Parc Apartments in south Wilmington. Proposed rents at the two properties are expected to start at \$850 and \$950, respectively, for a one-bedroom apartment.

Multifamily construction in the Wilmington area has increased since 2012 compared with construction during the previous 3 years because of increasing rents and decreasing vacancies.



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

