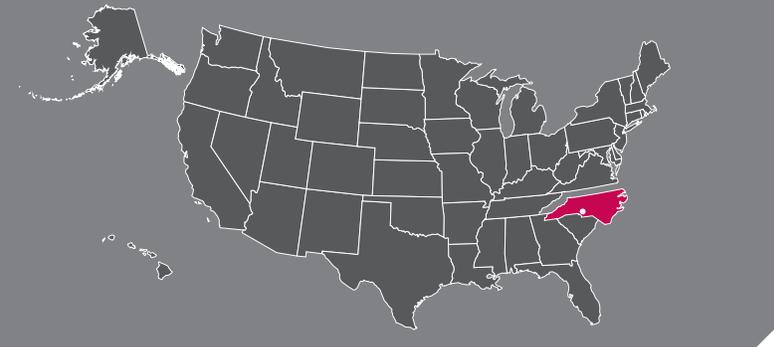


HUD PD&R Housing Market Profiles

Charlotte-Concord-Gastonia, North Carolina-South Carolina

Quick Facts About Charlotte-Concord-Gastonia

- **Current sales market conditions: balanced.**
- **Current rental market conditions: balanced.**
- **Tourism has become an increasingly important part of the economy in the metropolitan area since 2010, when the NASCAR Hall of Fame opened in the city of Charlotte. The economic impact of domestic tourism in Mecklenburg County, which includes the city of Charlotte, rose by an average annual 7 percent from \$3.73 billion in 2010 to \$4.61 billion in 2013 (North Carolina Department of Commerce; the most recent data available).**



By Casey M. Blount | As of July 1, 2015

Overview

The Charlotte-Concord-Gastonia (hereafter, Charlotte) metropolitan area consists of seven counties (Cabarrus, Gaston, Iredell, Lincoln, Mecklenburg, Rowan, and Union) in North Carolina and three counties (Chester, Lancaster, and York) in South Carolina. The metropolitan area is a regional center for energy, health care, trade, and tourism. Charlotte, considered the second largest banking center in the nation, is home to the headquarters of Bank of America Corporation and the east coast operations center for Wells Fargo.

- As of July 1, 2015, the estimated population of the Charlotte metropolitan area was 2.42 million. Improving economic conditions have contributed to average net in-migration of 26,850 people annually since 2010. Lower than usual net natural change (resident births minus resident deaths), which averaged only 12,600 a year, limited population growth to an average of 39,450 people, or 1.7 percent, annually during the period, however.
- From 2008 to 2010, job losses contributed to slowed net in-migration, which averaged only 20,050 people a year. Population growth averaged 36,050 people, or 1.7 percent, a year during the period as net natural change averaged 16,050 people a year.
- Population growth averaged 62,050 people, or 3.2 percent, a year from 2003 to 2008, as strong job growth resulted in average net in-migration of 46,500 people a year. Net natural change averaged 15,550 people a year during the period.

In the Charlotte area, every sector added jobs year over year and all but three expanded at least 2.0 percent.

	3 Months Ending		Year-Over-Year Change	
	June 2014 (thousands)	June 2015 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	1,065.9	1,101.3	35.4	3.3
Goods-producing sectors	151.5	157.7	6.2	4.1
Mining, logging, and construction	52.1	56.1	4.0	7.7
Manufacturing	99.4	101.6	2.2	2.2
Service-providing sectors	914.4	943.6	29.2	3.2
Wholesale and retail trade	171.7	179.0	7.3	4.3
Transportation and utilities	45.1	45.5	0.4	0.9
Information	24.4	24.8	0.4	1.6
Financial activities	79.7	82.9	3.2	4.0
Professional and business services	176.5	180.1	3.6	2.0
Education and health services	109.4	113.1	3.7	3.4
Leisure and hospitality	121.5	129.1	7.6	6.3
Other services	37.3	38.1	0.8	2.1
Government	148.9	150.9	2.0	1.3
	(percent)	(percent)		
Unemployment rate	6.1	5.5		

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

Economic Conditions

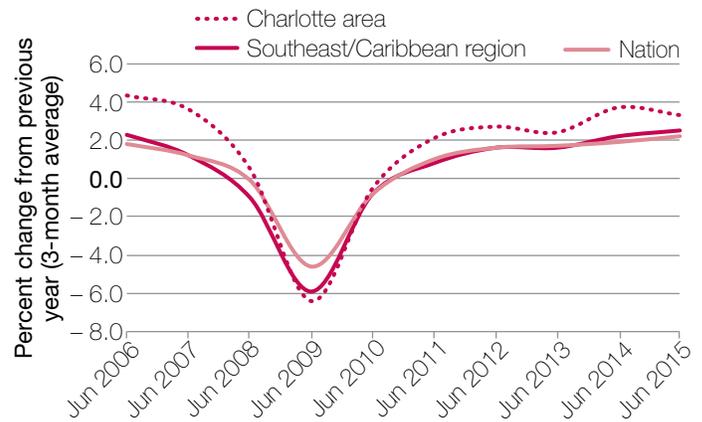
Economic conditions in the Charlotte metropolitan area have improved significantly after 3 years of job losses during the late 2000s. From the end of 2010 through 2014, the metropolitan area added an average annual 27,850 jobs, or 2.8 percent, with total nonfarm payrolls surpassing the prerecession high of 1.02 million jobs in 2007 by the end of 2013.

During the 3 months ending June 2015—

- Nonfarm payrolls averaged 1.10 million jobs, an increase of 35,400 jobs, or 3.3 percent, compared with the number of jobs during the same 3-month period in 2014, resulting from growth in all 11 sectors. The rate of job growth in the metropolitan area was well above the rate of 2.2 percent for the nation.
- The leisure and hospitality and the wholesale and retail trade sectors added the most jobs, 7,600 and 7,300, increases of 6.3 and 4.3 percent, respectively.
- The fastest job growth (in percentage terms) occurred in the mining, logging, and construction sector, which added 4,000 jobs, or 7.7 percent, in part because of a significant increase in residential (single-family plus multifamily) permitting activity, which rose 31 percent from the 3 months ending June 2014.
- The unemployment rate declined to 5.5 percent, down from 6.1 percent during the same period in 2014 and well below the average of 11.8 percent from the end of 2008 through 2010.

continued on page 3

Job growth in the Charlotte area has exceeded the national rate since mid-2010.



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	35,000
Wells Fargo	Financial activities	22,000
Wal-Mart Stores, Inc.	Wholesale and retail trade	16,100

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



continued from page 2

More than 50 percent of the population of the nation lives within 650 miles of the city of Charlotte, making the metropolitan area an attractive location for corporations. The corporate headquarters of 15 Fortune 1000 firms are based within the metropolitan area and contribute an estimated \$67 billion of total economic impact each year (Charlotte Chamber of Commerce). The professional and business services sector, which includes the management of companies and enterprises industry, is the largest sector in the metropolitan

area and has contributed significantly to recent economic growth. The sector added more jobs than any other sector from the end of 2010 through 2014, expanding by an average annual 7,625 jobs, or 4.9 percent. Notable expansions during the period took place at Connexions, a technology and business services provider that added 1,200 jobs as part of an expansion in 2011, and Convergys, a customer and information management provider that added a combined 1,600 jobs at two facilities in the metropolitan area in 2013.

Sales Market Conditions

The sales housing market in the Charlotte metropolitan area is currently balanced, with an estimated sales vacancy rate of 2.0 percent, down from 2.8 percent in 2010. During the 12 months ending May 2015, new home sales decreased slightly, but the average sales price for new homes continued a steady increase that began in 2012. The number of existing homes sold has increased each year since the end of 2011 despite a rapid decline in real estate owned (REO) sales, which has contributed to increasing existing home sales prices. The percentage of home loans in the Charlotte metropolitan division that were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into REO status declined from 4.2 percent in June 2014 to 3.5 percent in June 2015 (Black Knight Financial Services, Inc.). The current rate is lower than the 3.6-percent rate for North Carolina and the 4.1-percent rate for the nation.

During the 12 months ending May 2015—

- The number of new homes sold totaled 8,275, down from 8,300 during the 12 months ending May 2014 but more than the average of 6,225 a year from 2009 through 2012 (CoreLogic, Inc., with adjustments by the analyst).

Improving economic conditions and a declining number of REO properties have contributed to increased home prices in the Charlotte area since mid-2012.



Note: Includes single-family homes, townhomes, and condominiums. Source: CoreLogic, Inc., with adjustments by the analyst

- Existing home sales totaled 39,900, up 13 percent from the 35,350 homes sold during the 12-month period ending May 2014 and well above the average of 23,100 a year from 2009 through 2011. The increase in existing home sales occurred despite a decline in REO sales, which decreased 13 percent to 2,500. Regular resales are more than double the average of 17,400 annually from 2009 through 2011, whereas REO sales are down 40 percent from the average of 4,050 a year during the same period.
- The average sales price for new homes was \$283,500, a 7-percent increase from the average price during the previous 12 months and up 3 percent from the previous peak of \$274,600 during the 12 months ending May 2008.
- The average sales price for existing homes was \$216,700, an increase of 3 percent compared with the average price during the 12 months ending May 2014. The average sales price for existing homes increased an average of 4 percent a year from the end of 2011 through 2014.

continued on page 4

New and existing home sales in the Charlotte area have generally increased since bottoming out in 2012.



Note: Includes single-family homes, townhomes, and condominiums. Source: CoreLogic, Inc., with adjustments by the analyst

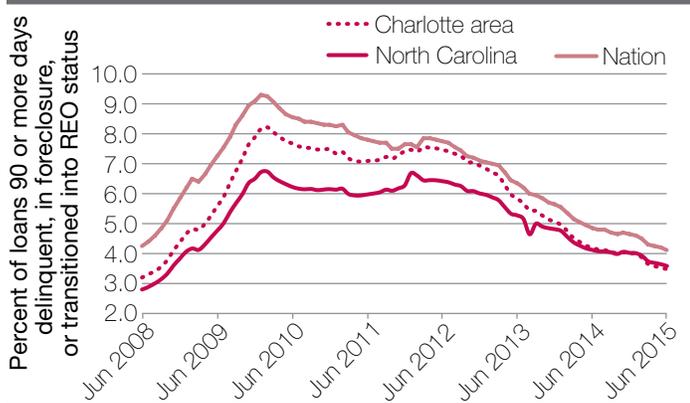


continued from page 3

Single-family home construction activity, as measured by the number of single-family homes permitted, has increased each year since the end of 2010 but remains well below prerecessionary levels.

- The number of single-family homes permitted increased to 11,600 during the 12 months ending June 2015, up 7 percent from 10,850 homes permitted during the previous 12 months (preliminary data).
- Single-family construction activity averaged 8,100 homes permitted annually from 2011 through 2013, up from an average of 6,925 homes a year from 2008 through 2010 but well below the average of 22,850 each year from 2004 through 2006.

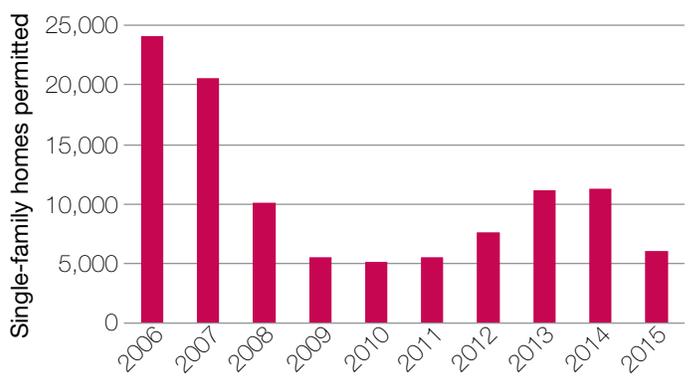
The rate of seriously delinquent mortgages and REO properties in the Charlotte area was below the rate for North Carolina for the first time since 2008.



REO = real estate owned.
Source: Black Knight Financial Services, Inc.

- Mecklenburg and Union Counties have accounted for approximately one-half of the single-family home construction in the Charlotte metropolitan area since 2011. Bryant Homes, west of downtown Charlotte, began as a 550-home project in 2007 but stalled as a result of the housing crisis. Development resumed in 2013 after the project was downsized to 250 units. New homes are currently available with prices starting at \$220,000 for a 1,400-square-foot, three-bedroom home and \$280,000 for a 2,150-square-foot, four-bedroom home.

Single-family home permitting in the Charlotte area has increased each year since 2011 but remains well below prerecessionary levels.



Note: Includes preliminary data from January 2015 through June 2015.
Source: U.S. Census Bureau, Building Permits Survey

Apartment Market Conditions

Rental housing market conditions in the Charlotte metropolitan area are currently balanced, with increased rental household growth contributing to the absorption of excess units since the early 2010s. Elevated levels of multifamily permitting have recently begun to put upward pressure on vacancy rates, however.

- The estimated vacancy rate for all rental units (including renter-occupied single-family homes, manufactured homes, and apartment units) was 5.7 percent as of July 1, 2015, down from 11.5 percent in 2010.
- The apartment market, which represents approximately 56 percent of all rental units in the metropolitan area, had a vacancy rate of 5.0 percent in the second quarter of 2015, up slightly from 4.9 percent a year earlier but well below the 9.1-percent rate in the second quarter of 2010 (MPF Research). Net in-migration

has contributed significantly to rental absorption, as vacancy rates have remained relatively stable despite 7,325 new apartment units entering the market since the second quarter of 2014.

- The average monthly apartment asking rent was \$950 in the second quarter of 2015, a 7.0-percent increase from the second quarter of 2014 and a 27.2-percent increase from the second quarter of 2010.

Builders responded to tightening rental market conditions with near-record levels of multifamily construction beginning in 2012.

- During the 12 months ending June 2015 multifamily construction, as measured by the number of units permitted, totaled 7,675 units compared with the 5,850 units permitted during the previous 12-month period (preliminary data).

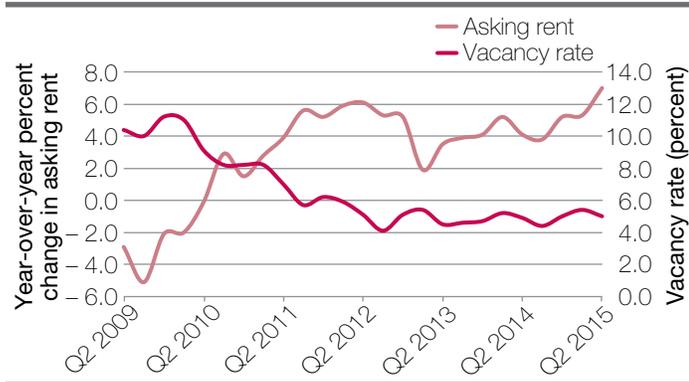
continued on page 5



continued from page 4

- Multifamily permitting averaged 6,225 units a year from 2012 through 2014, including 7,225 units in 2014, the second highest annual total since the mid-1980s. The surge was partly in response to rising net in-migration since 2010 and an increased proportion of renter households, which is currently estimated at 36.6 percent, up from 32.1 percent in April 2010.
- From 2006 through 2008, multifamily permitting averaged 5,400 units annually before declining to an average of 1,725 units each year from 2009 through 2011 in response to an inventory surplus caused by slowed net in-migration and a significant number of single-family homes entering the rental market in the late 2000s.

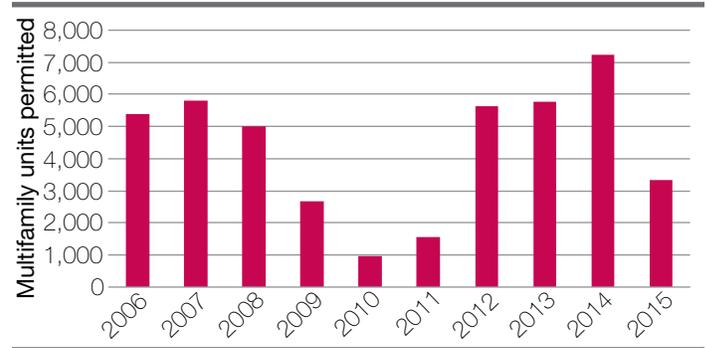
Vacancy rates have remained stable in the Charlotte area despite a surge in new apartment construction since 2012.



Source: MPF Research

- Approximately 71 percent of the apartment units completed in the metropolitan area during the past year are in Mecklenburg County. The 118-unit second phase of Rock Creek at Ballantyne Commons was completed in June 2015 in the upscale neighborhood of Ballantyne, within the city of Charlotte. Rents range from \$940 to \$1,475 for one-bedroom units, from \$1,200 to \$1,825 for two-bedroom units, and from \$1,425 to \$2,575 for three-bedroom units. Morehead West Apartments, a 211-unit development in southwest Charlotte, was completed in early 2015. Studio units currently rent for \$1,050, with rents for one-bedroom units ranging from \$910 to \$1,075 and rents for two-bedroom units ranging from \$1,375 to \$1,650.

Developers responded to strong rent growth with near-record levels of multifamily permitting in the Charlotte area during the past 2 years.



Note: Includes preliminary data from January 2015 through June 2015. Source: U.S. Census Bureau, Building Permits Survey

