

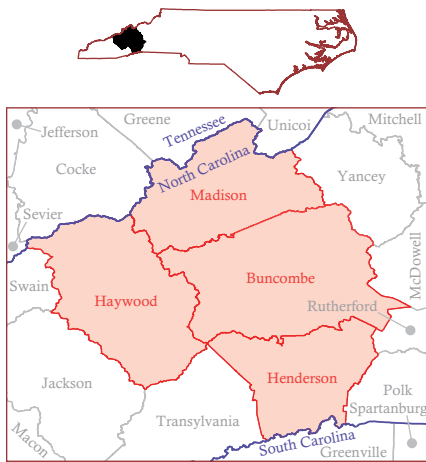


Asheville, North Carolina

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of June 1, 2016



Housing Market Area



The Asheville Housing Market Area (HMA), coterminous with the Asheville, NC Metropolitan Statistical Area, comprises Buncombe, Haywood, Henderson, and Madison Counties in western North Carolina and includes the principal city of Asheville. The HMA is a year-round destination for tourists, with attractions such as the Blue Ridge Parkway, the River Arts District, and the Biltmore Estate. Built between 1889 and 1895, the Biltmore Estate remains the largest privately owned residence in the United States.

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Summary

Economy

The economy of the Asheville HMA has strengthened each year since 2011, and nonfarm payrolls currently are at record high levels. During the 12 months ending May 2016, nonfarm payrolls increased by 4,900 jobs, or 2.7 percent, compared with an increase of 3,700 jobs, or 2.1 percent, a year earlier. During the 3-year forecast period, the rate of nonfarm payroll growth is expected to slow slightly to an average annual increase of 4,000 jobs, or 2.2 percent. Table DP-1 at the end of this report provides additional employment data.

Sales Market

Sales housing market conditions in the HMA were balanced as of June 1, 2016, compared with soft conditions in April 2010. The current sales vacancy rate is estimated at 1.9 percent, down from 3.2 percent in 2010. Demand for 4,750 new homes is forecast during the next 3 years (Table 1). The 560 homes currently under construction and a portion of the estimated 26,500 other vacant housing units that may

reenter the sales market will satisfy some of the demand during the forecast period.

Rental Market

Rental housing market conditions currently are slightly soft in the HMA. As of June 1, 2016, the rental vacancy rate was an estimated 7.0 percent, down from 10.6 percent in April 2010. During the forecast period, demand is estimated for 2,975 new market-rate rental units (Table 1). The 740 units currently under construction will meet a portion of the demand.

Table 1. Housing Demand in the Asheville HMA During the Forecast Period

	Asheville HMA	
	Sales Units	Rental Units
Total demand	4,750	2,975
Under construction	560	740

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of June 1, 2016. A portion of the estimated 26,500 other vacant units in the HMA will likely satisfy some of the forecast demand. Sales demand includes an estimated demand for 300 mobile homes. The forecast period is June 1, 2016, to June 1, 2019.

Source: Estimates by analyst

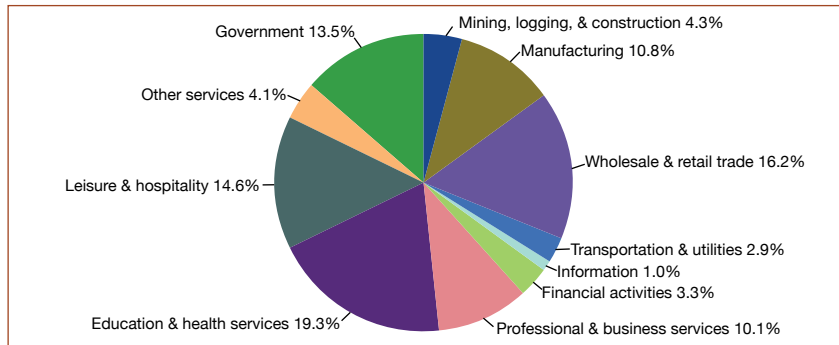
Economic Conditions

The overall economic health of the Asheville HMA historically has been related to growth in industries associated with hospitality, leisure, and retail trade. The leisure and hospitality and the wholesale and retail trade sectors combined account for approximately 30 percent of jobs in the HMA (Figure 1) and have since the early 1990s. Beginning in 2000, however, job growth in the HMA began transitioning to a professional workforce, as hundreds of jobs were added during the decade in fields such as architectural and engineering services, consulting, and business support services. During the same period, the medical profession in the HMA recorded unprecedented growth at various hospitals and in industries such as home health care. As a result, the education and health

services sector increased an average of 3.7 percent annually from 2000 through 2009, the largest growth of any sector during the period and the only sector in the HMA to add jobs during each of those years. The professional and business services and the education and health services sectors combined accounted for approximately 20 percent of jobs in the HMA in 2000; that figure rose 10 percentage points, to nearly 30 percent of jobs, by 2010.

Somewhat mirroring the national economic downturn, economic conditions in the HMA worsened from 2008 through 2010. Payroll declines during the period averaged 3,200 jobs, or 1.9 percent, annually and were widespread, with the largest job losses occurring in the manufacturing, the professional and business services, and the mining, logging, and construction sectors. Job losses in the manufacturing sector, which averaged 1,000 jobs, or 5.2 percent, annually, were attributed to a continuation of outsourcing many textile operations, a trend that began in the 1990s. Declines in professional and business services, which averaged 600 jobs, or 3.9 percent, annually, were most prevalent in the management and administrative services industries. An average annual decline of 1,500 jobs, or 14.2 percent, occurred in the mining, logging, and construction sector, largely in response to slowing residential construction activity. Beginning in the fall of 2010, the economy of the HMA began to recover, spurred by job creation in the education and health services sector, which included hiring at Mission Health System, the top employer in the HMA, with a current workforce of 10,700 (Table 2). During the same

Figure 1. Current Nonfarm Payroll Jobs in the Asheville HMA, by Sector



Note: Based on 12-month averages through May 2016.

Source: U.S. Bureau of Labor Statistics

Table 2. Major Employers in the Asheville HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Mission Health	Education & health services	10,700
Asheville-Buncombe Technical Community College	Government	1,000–2,999
Biltmore Company	Leisure & hospitality	1,000–2,999
Buncombe County Government	Government	1,000–2,999
Charles George VA Medical Center-Asheville, NC	Government	1,000–2,999
City of Asheville	Government	1,000–2,999
Ingles Markets, Inc.	Multiple sectors	1,000–2,999
Omni Grove Park Inn	Leisure & hospitality	1,000–2,999
CarePartners Health Services	Education & health services	750–999
Eaton	Manufacturing	750–999

Note: Excludes local school districts.

Source: Asheville Area Chamber of Commerce Business & Industry Directory, 2016

period, redevelopment in the River Arts District, an area just west of downtown Asheville, and grants provided by the American Recovery and Reinvestment Act of 2009, which funded several public works projects and energy efficiency programs, helped stabilize and fuel the local economy. Payrolls rose by an average of 2,600 jobs, or 1.5 percent, annually from 2011 through 2014, fully recovering and surpassing the previous 2007 peak.

During the 12 months ending May 2016, nonfarm payrolls increased by

4,900 jobs, or 2.7 percent, from the same period a year ago, to 183,900, the highest level of jobs ever recorded in the Asheville HMA (Table 3). By comparison, average nonfarm payrolls increased by 3,700 jobs, or 2.1 percent, during the 12 months ending May 2015. During the 12 months ending May 2016, the professional and business services and the education and health services sectors accounted for more than 50 percent of total payroll growth in the HMA. The professional and business services sector gained 1,300 jobs, a 7.6-percent increase from a year ago, in large part because of gains in the architectural and engineering industries. The education and health services sector increased by 1,200 jobs, or 3.5 percent, during the same period. Approximately one-half of the net gains in the education and health services sector during the past year are attributed to hiring at Mission Health System. Increased hiring during the 12 months ending May 2016 resulted in a decline in the unemployment rate in the HMA, to 4.4 percent, an improvement from the 4.7-percent rate recorded during the 12 months ending May 2015 (Figure 2).

Although rapid growth has occurred in other employment sectors, the impact of tourism on the HMA remains a critical component to the local economy. During the 12 months ending May 2016, the leisure and hospitality sector increased by 700 jobs, or 2.7 percent, from the same period a year ago. Buncombe County, the most populous county in the HMA, attracted nearly 10 million visitors during 2014 (the most recent data available), which helped support more than 25,000 local jobs. Tourism has an annual economic impact of \$2.6 billion on

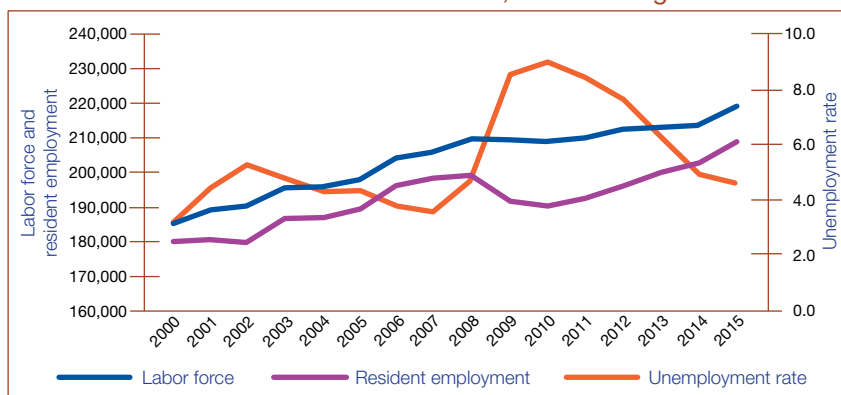
Table 3. 12-Month Average Nonfarm Payroll Jobs in the Asheville HMA, by Sector

	12 Months Ending		Absolute Change	Percent Change
	May 2015	May 2016		
Total nonfarm payroll jobs	179,000	183,900	4,900	2.7
Goods-producing sectors	26,900	27,800	900	3.3
Mining, logging, & construction	7,500	7,900	400	5.3
Manufacturing	19,500	19,900	400	2.1
Service-providing sectors	152,000	156,100	4,100	2.7
Wholesale & retail trade	28,900	29,700	800	2.8
Transportation & utilities	4,900	5,300	400	8.2
Information	1,900	1,800	-100	-5.3
Financial activities	6,000	6,000	0	0.0
Professional & business services	17,200	18,500	1,300	7.6
Education & health services	34,400	35,600	1,200	3.5
Leisure & hospitality	26,100	26,800	700	2.7
Other services	7,300	7,600	300	4.1
Government	25,300	24,800	-500	-2.0

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through May 2015 and May 2016.

Source: U.S. Bureau of Labor Statistics

Figure 2. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Asheville HMA, 2000 Through 2015



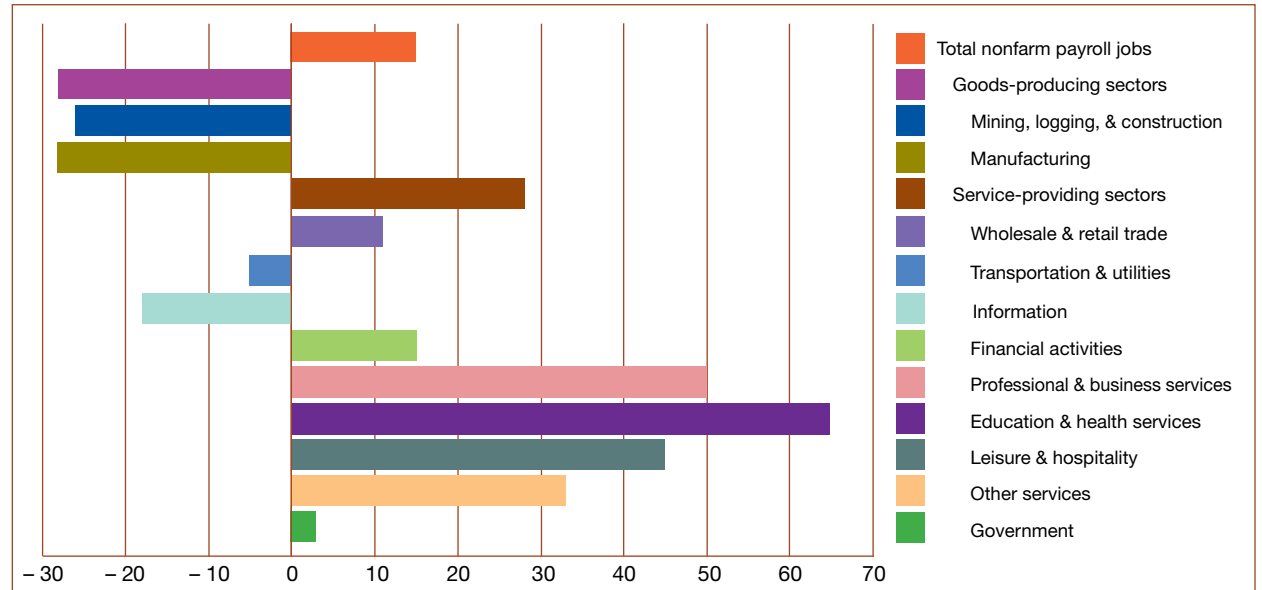
Source: U.S. Bureau of Labor Statistics

Buncombe County, and without it, the unemployment rate would be approximately 16 percent (Asheville Convention and Visitors Bureau, Report by Tourism Economics). Several hotels currently are under construction in downtown Asheville to accommodate visitors, including the AC Hotel, a 128-unit, \$30 million dollar venture that is expected to open by the end of 2016. Less than 0.5 mile to the west, Cambria Suites, a 136-unit \$27 million dollar hotel is also under construction with an expected completion date in 2017. Among the many attractions in the HMA, the Biltmore Estate, the largest privately owned home in the United States, draws more than 1 million visitors a year to the HMA.

After declining every year since the mid-1990s, the manufacturing sector recorded job gains for the fifth consecutive year. During the 12 months ending May 2016, the manufacturing sector increased by 400 jobs, or 2.1 percent, compared with employment during the same period a year ago. Hiring in the manufacturing sector during the past 5 years has transitioned away from textile manufacturing, which was most associated with growth in the sector before the 2000s, to manufacturing of much more advanced components, such as auto parts, high-efficiency cooling pumps for pharmaceutical and biotech refrigeration, and ceramic matrix composites for aircraft engines. In addition, the resurgence

of the manufacturing sector is partially attributed to craft beer. The HMA is home to three of the nation's 10 largest craft brewers—Sierra Nevada, Oskar Blues, and, most recently, New Belgium Brewing. In 2012, New Belgium Brewing announced a plan to invest \$140 million over 7 years to redevelop an old brownfield adjacent to the River Arts District into a state-of-the-art brewing facility. The new facility opened in May 2016 and expects to create more than 150 new jobs by 2020, with an average annual wage exceeding \$50,000. The craft beer industry in Asheville had a \$3.8 billion impact statewide (Beer Institute and National Beer Wholesalers Association).

During the 3-year forecast period, non-farm payrolls in the Asheville HMA are estimated to increase by an average of 2.2 percent annually, a slight moderation from the current level of growth. Job gains are expected to be strongest during the first year of the forecast period, with an estimated 2.5-percent increase. Payroll increases are expected to slow slightly to 1.9 percent by the third year. Gains are anticipated in tourism-related industries, although the strongest job growth is expected to occur in the professional and business services and the education and health services sectors, a continuation of the trend since 2000 (Figure 3).

Figure 3. Sector Growth in the Asheville HMA, Percentage Change, 2000 to Current

Note: Current is based on 12-month averages through May 2016.

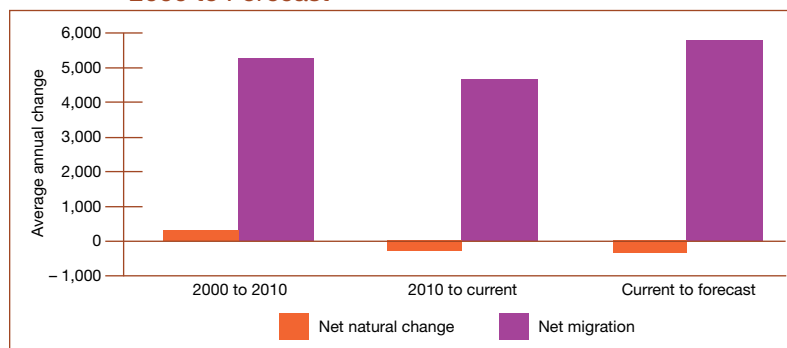
Source: U.S. Bureau of Labor Statistics

Population and Households

As of June 1, 2016, the population of the Asheville HMA is estimated at 452,100, reflecting an average annual increase of 4,425, or 1.0 percent, from 424,858 on April 1, 2010. As of July 1, 2015, the city of Asheville had a population of 88,512, accounting for approximately 20 percent of the HMA population, unchanged

from 2010, and up slightly from 19 percent in 2000 (U.S. Census Bureau). By comparison, Buncombe County, of which the city of Asheville is the county seat, accounts for approximately 60 percent of the current population in the HMA, unchanged for nearly a century.

Net in-migration to the HMA has been the primary component of population growth since 2000 (Figure 4). From 2000 to 2010, the population of the HMA increased by an average of 5,575, or 1.4 percent, annually. Population growth fluctuated during the decade and was influenced mostly by labor market conditions. From 2000 to 2005, the population grew by an average of 5,150, or 1.4 percent, annually (U.S. Census Bureau, July 1 estimates). During the period, net

Figure 4. Components of Population Change in the Asheville HMA, 2000 to Forecast

Notes: The current date is June 1, 2016. The forecast date is June 1, 2019.

Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

in-migration averaged 4,950 people annually, representing approximately 95 percent of population growth. From 2005 to 2007, population growth accelerated to an average of 7,725 people, or 1.9 percent, annually because of strong job gains from 2006 through 2007. During the period, net in-migration averaged 7,400 people annually, with the percentage of population growth represented by net natural change (resident births minus resident deaths) remaining relatively unchanged from the first half of the decade, at 5 percent. Population growth slowed to 1.4 percent from 2007 to 2008 and slowed further to 1.0 percent from 2008 to 2010, in response to substantial job losses during the period. From 2007 to 2010, net in-migration declined to an average of 4,200 people annually and represented approximately 90 percent of population growth.

From 2010 to the current date, population growth averaged 4,425, or 1.0 percent, annually. Growth slowed to an average annual rate of 0.8 percent from 2010 to 2012 despite moderate job growth, but has risen to an average annual rate of 1.2 percent since 2012 as the economic recovery accelerated. Net in-migration has accounted for all the population growth since 2010 and averaged 4,500 people annually because of strong job gains during the period, particularly from 2012 through the current period. Historically, migration figures have also been the result of strong demographic trends in the HMA. The dependency ratio, which is defined by the American Community Survey (ACS) and Population Estimates Program as the proportion of the population not in the workforce who are dependent on those of working age, increased in the HMA

each year from 2010 to 2015, to 66.5 percent (2015 1-year ACS). With nearly two-thirds of the population either younger than age 18 or older than age 65, a slight net natural decline has occurred each year since 2010 that is likely to continue during the next 3 years.

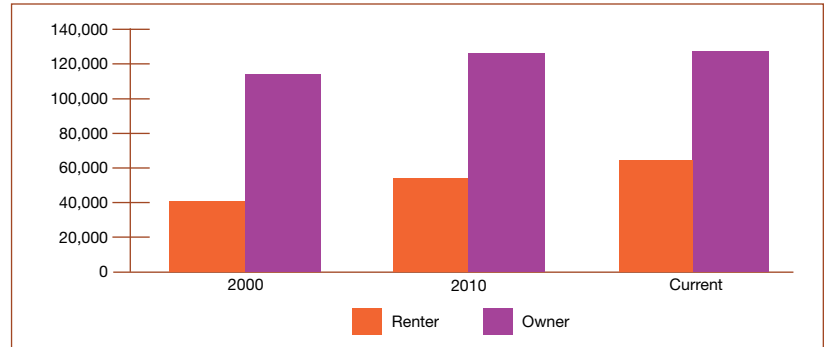
During the 3-year forecast period, the population of the HMA is expected to increase by an average of 5,475, or 1.2 percent, annually, similar to the rate of growth since 2012. Net in-migration will continue to account for all of the population growth in the HMA, as employment prospects are expected to remain strong through 2019.

The number of households in the Asheville HMA has increased at a much slower rate since 2010 than during the previous decade, mirroring the decline in population growth, but also a function of housing affordability. Since 2010, the number of households has increased 1.0 percent, or by 1,850 households, annually compared with an average annual increase of 1.5 percent, or 2,575 households, during the past decade. The homeownership rate in the HMA declined from 73.7 percent in 2000 to 69.8 percent in 2010, partially because of the local and national economic downturn during the late 2000s. The declining rate of homeownership has continued since 2010, with a current rate of 66.5 percent despite rapidly improving economic conditions since 2011. Although job gains have occurred for 5 consecutive years, increases in home sales prices throughout the HMA have outpaced wage inflation, resulting in downward pressure on the homeownership rate. The current number of households in the HMA is estimated at 191,400.

Figure 5 illustrates the number of households by tenure for 2000, 2010, and the current date. During the forecast period, the number of households in

the HMA is expected to increase by 2,425, or 1.3 percent, annually, to approximately 198,700 households by June 1, 2019 (Figure 6).

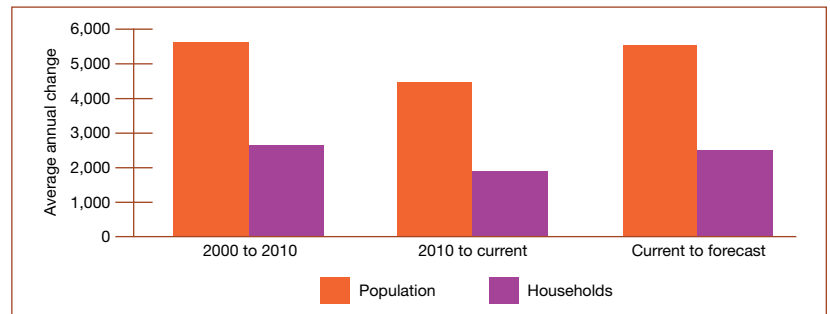
Figure 5. Number of Households by Tenure in the Asheville HMA, 2000 to Current



Note: The current date is June 1, 2016.

Sources: 2000 and 2010–2000 Census and 2010 Census; current—estimates by analyst

Figure 6. Population and Household Growth in the Asheville HMA, 2000 to Forecast



Notes: The current date is June 1, 2016. The forecast date is June 1, 2019.

Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

Housing Market Trends

Sales Market

The sales housing market in the Asheville HMA currently is balanced, with a 1.9-percent vacancy rate, down significantly from 3.2 percent in 2010. The current inventory of unsold homes in the HMA also is down significantly, to 4.5 months of supply in May 2016 from 8.6 months of supply a year earlier. The cities of Asheville

and Hendersonville, in Buncombe and Henderson counties, respectively, are the two most-active sales markets in the HMA and currently have 3.0-month and 3.5-month inventories of unsold homes, respectively (Land of the Sky Association of Realtors®). By comparison, the cities of Asheville and Hendersonville recorded respective

Housing Market Trends

Sales Market *Continued*

5.5- and 8.0-month supplies during May 2015. The inventory of unsold homes throughout the HMA has declined steadily from a peak of 16.2 months in 2010.

Home sales in the HMA continued to increase during the past year, a trend that began in the second quarter of 2012. During the 12 months ending May 2016, the number of new and existing homes sold in the HMA increased by 920, or 10 percent, to 10,050—the largest number of homes sold during any 12-month period in the HMA since June 2008 (CoreLogic, Inc., with adjustments by the analyst). By comparison, from 2007 through 2011, new and existing home sales declined an average of 19 percent annually, from 12,900 to 5,650. Since 2000, existing home sales in the HMA have accounted for approximately 90 percent of all transactions because of the high cost associated with building in mountainous terrain. During the 12 months ending May 2016, existing home sales increased to 9,300, up 9 percent from the 8,525 homes sold during the previous 12-month period and up nearly 90 percent since reaching a low of 4,925 homes sold during the 12 months ending June 2011. Average existing home sales prices in the HMA peaked at \$215,600 during April 2008 before declining for 3 consecutive years to a low of \$180,900, recorded in December 2011. Conversely, from 2012 through 2013, the average existing home sales price increased more than 5 percent, coinciding with improved economic conditions. During the 12 months ending May 2016, existing home sales prices averaged \$220,600, up nearly 7 percent from a year earlier, surpassing the previous peak.

Despite representing a small proportion of overall sales, new home sales in the HMA have increased rapidly during the past year and are at the highest level since the 12 months ending June 2010. During the 12 months ending May 2016, new home sales increased to 770, up 24 percent from the 620 homes sold during the previous 12-month period. New home sales peaked at 2,350 homes sold during the 12 months ending July 2007 and then declined an average of 22 percent annually from 2008 through 2012, to 480 homes sold. New home sales improved significantly in 2013, increasing 31 percent, to 640 homes sold, as the price differential between new and existing homes, on average, was less than \$7,000. By comparison, from 2005 through 2007, when new home sales were strongest, the spread between new and existing home prices averaged more than \$60,000. In 2014, the new home sales price increased more than 13 percent, which resulted in a 5-percent decline in the number of homes sold. Conversely, during 2015, new home sales prices declined by 1 percent, which prompted a 14-percent jump in sales. Currently, the new home sales price in the Asheville HMA is \$237,900, up 2 percent, from \$232,500 during the 12 months ending May 2015, but it remains well below the peak of \$302,800 during the 12 months ending May 2009.

Modest levels of single-family homebuilding activity since 2008 and increased demand for new homes allowed for the sales market to return to a balanced condition during the past year. From 2000 through 2006, single-family homebuilding activity in the HMA, as measured by the

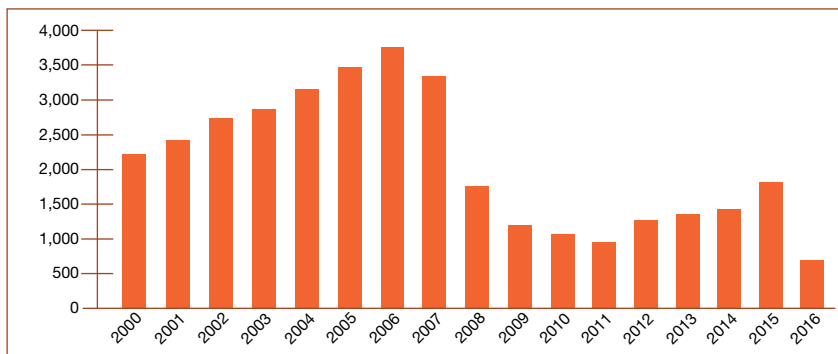
number of single-family homes permitted, increased each year, from 2,200 homes permitted in 2000 to 3,750 homes permitted in 2006, before declining slightly to 3,325 homes in 2007 (Figure 7). Building activity then fell significantly in 2008, to 1,750 homes permitted, at the onset of the national recession and housing crisis—a decline of nearly 50 percent from the previous year. In 2009, homebuilding activity declined further, to 1,175 homes permitted, a trend that continued through 2011, when 930 homes were permitted—the lowest level of building activity recorded in the HMA since at least 1980. From 2012 through 2014, single-family homebuilding activity increased modestly, with permitting levels increasing from 1,275 homes in 2012 to 1,400 homes in 2014, a result of improving economic conditions. During the 12 months ending May 2016, approximately 1,600 homes were permitted (preliminary data), a 7-percent increase from the 1,500 homes permitted during the previous 12 months.

New home construction is primarily concentrated in and around the cities

of Asheville and Hendersonville; however, a master-planned community in Biltmore Lake, which is approximately 10 miles southwest of Asheville, is also an active area. Biltmore Lake, an upscale subdivision, consists of 650 home sites with prices starting at \$400,000. Biltmore Lake was the top-selling planned community in western North Carolina during 2015, the most recent data available, with 72 homes closed (Biltmore Farms, LLC.). Approximately 25 miles south of the city of Asheville, in Hendersonville, new home prices start at \$170,000, with home sizes ranging from a three-bedroom, two-bathroom 1,257-square-foot home to a three-bedroom, three-bathroom 2,149-square-foot home. In Weaverville, 10 miles north of the city of Asheville, new homes adjacent to Lake Louise start at \$180,000 for a three-bedroom, two-bathroom home.

During the next 3 years, demand is expected to remain relatively stable and total 4,750 new homes, including single-family homes, townhomes, and condominium units (Table 1). The 560 homes currently under construction will meet a portion of the forecast demand. In addition, some of the estimated 26,500 other vacant units may reenter the market and satisfy part of the forecast demand. Approximately one-half of the demand is expected to be for homes priced between \$200,000 and \$299,999. Table 4 presents detailed information on the estimated demand for new market-rate sales housing, by price range, in the Asheville HMA during the 3-year forecast period.

Figure 7. Single-Family Homes Permitted in the Asheville HMA, 2000 to Current



Notes: Includes townhomes. Current includes data through May 2016.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Asheville HMA During the Forecast Period

Price Range (\$)		Units of Demand	Percent of Total
From	To		
160,000	199,999	670	15.0
200,000	249,999	1,075	24.0
250,000	299,999	1,200	27.0
300,000	349,999	760	17.0
350,000	399,999	400	9.0
400,000	499,999	220	5.0
500,000	and higher	130	3.0

Notes: The 560 homes currently under construction and a portion of the estimated 26,500 other vacant units in the HMA will likely satisfy some of the forecast demand. Demand for 300 mobile homes during the forecast period is excluded from this table. The forecast period is June 1, 2016, to June 1, 2019.

Source: Estimates by analyst

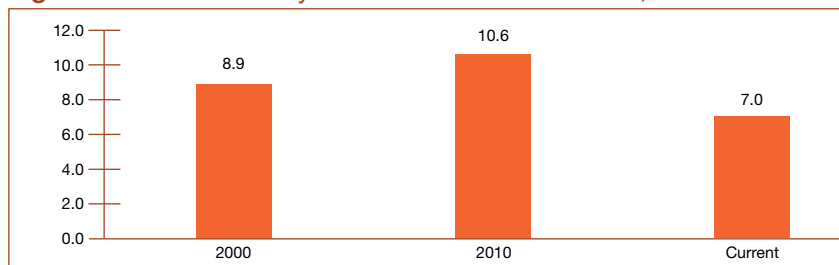
Rental Market

Rental housing market conditions in the Asheville HMA are slightly soft despite strong job gains because of high levels of apartment completions since 2015. The current overall rental vacancy rate is estimated at 7.0 percent, which is lower than the rate of 10.6 percent in April 2010 (Figure 8). Similarly, the apartment vacancy rate was 7.7 percent during the 12 months ending May 2016, down from 9.8 percent a year ago (ALN Systems, Inc.). The apartment vacancy rate improved during the past year but is up substantially from the average vacancy rate of 3.0 percent during the 12 months ending May 2014. Since 2015, approximately 1,750 apartment units have been completed in the HMA, of which 1,450 have been absorbed. Although only 1,100 units have been permitted during the past 2 years,

nearly one-half of the units permitted during 2013 were delayed for various reasons, including inspection backlogs, and were not completed until the first quarter of 2015.

An influx of apartment units that have been completed during the past 18 months contributed to soft apartment market conditions and high vacancies, particularly for units built since 2010. During the 12 months ending May 2016, the apartment vacancy rate for units built since 2010, excluding units in lease up, averaged 13.0 percent. By comparison, during the same period, the apartment vacancy rate for units built before 2010 averaged 4.0 percent. Effective rents in the HMA continue to increase despite nearly 2,000 new apartment units that have come online in the HMA since 2015. During the 12 months ending May 2016, the average effective rent for all apartment units in the HMA increased 2 percent, to \$1,050, compared with the rents recorded a year ago. Increases in effective rents varied by location during the past year and were strongest outside the principal city of Asheville. In Arden, approximately 10 miles south of the city of Asheville, effective rents for

Figure 8. Rental Vacancy Rates in the Asheville HMA, 2000 to Current



Note: The current date is June 1, 2016.

Sources: 2000 and 2010–2000 Census and 2010 Census; current—estimates by analyst

all apartments increased more than 13 percent, to \$1,275, during the 12 months ending May 2016, up from \$1,125 a year ago. Farther south, in Hendersonville, effective rents increased 4 percent, to \$810, during the past year, up from \$780 during the 12 months ending May 2015. By comparison, in the city of Asheville, effective rents remained unchanged from a year ago, at \$1,050.

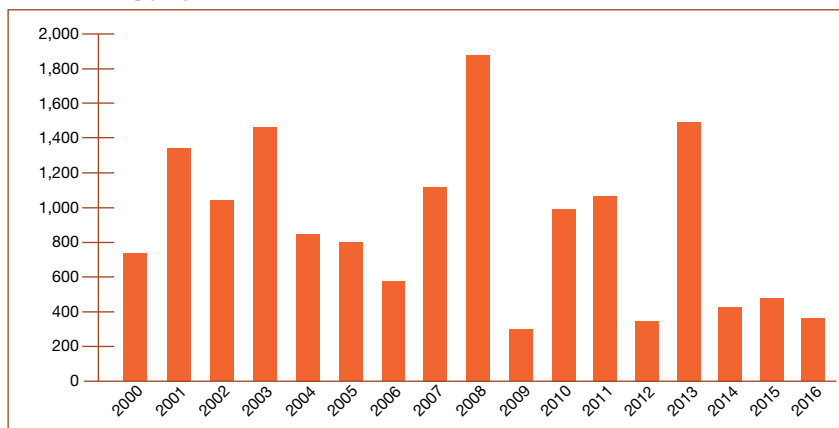
Multifamily construction activity in the HMA, as measured by the number of units permitted, has varied significantly year to year since 2000. Although the level of activity in the HMA has varied, no consecutive 3-year period since 2000 has averaged fewer than 700 units permitted annually (Figure 9). From 2004 through 2006, a period of significant growth in the homeownership rate in the HMA, multifamily construction activity averaged 740 units permitted annually. By comparison, from 2001 through 2003, an average of 1,275 units were permitted annually. Multifamily homebuilding activity surged from 2007 through 2008 to an average of 1,500 units annually in response to accelerating home prices and an increase in the number of new households opting

to rent. The level of multifamily units permitted fell to a decade low of 290 units during 2009 in response to a reduction in demand caused, in part, by significant job losses during the worst of the local recession. As the local economy began to improve, multifamily home permitting activity increased during 2010 and 2011 to an average of 1,025 units annually. Permitting slowed again in 2012, to 340 units, allowing the absorption of several hundred apartments. During 2013, approximately 1,500 multifamily units were permitted, the highest level recorded in the HMA since 2008, as apartment vacancies dipped to nearly 3 percent. During the 12 months ending May 2016, 640 multifamily units were permitted (preliminary data), an increase from the 460 units permitted during the previous 12 months.

Developments currently under construction include the \$15 million, 62-unit Eagle Market Place, a mixed-income development in downtown Asheville. Eagle Market Place, which is expected to be complete by December 2016, will consist of one-, two-, and three-bedroom units with rents ranging from \$251 to \$776 for 32 income-restricted units and \$1,140 to \$1,400 for 30 market-rate units. Farther south, the 254-unit River Mill Lofts currently is under construction. Just east of Biltmore Village and adjacent to the Swannanoa River, River Mill Lofts will offer two- and three-bedroom units with rents starting at \$1,100. The first units at River Mill Lofts are expected to come online during the first quarter of 2017.

During the 3-year forecast period, demand for new market-rate rental housing in the Asheville HMA is estimated at 2,975 units, with rental

Figure 9. Multifamily Units Permitted in the Asheville HMA, 2000 to Current



Notes: Excludes townhomes. Current includes data through May 2016.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

demand decreasing slightly during each year of the 3-year period (Table 1). Rental housing demand is expected to be greatest for one-bedroom units with rents ranging from \$1,200 to \$1,399 (Table 5). The current excess supply of available vacant units and

a portion of the 740 units currently under construction that are expected to be complete during the next 12 months are likely to satisfy most of the demand during the first year of the forecast period.

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Asheville HMA During the Forecast Period

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
850 to 1,049	20	1,000 to 1,199	200	1,250 to 1,449	150	1,500 to 1,699	35
1,050 or more	10	1,200 to 1,399	600	1,450 to 1,649	510	1,700 to 1,899	65
		1,400 to 1,599	330	1,650 to 1,849	580	1,900 to 2,099	30
		1,600 or more	200	1,850 or more	220	2,100 or more	15
Total	30	Total	1,325	Total	1,450	Total	150

Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The 740 units currently under construction will likely satisfy some of the estimated demand. The forecast period is June 1, 2016, to June 1, 2019. Source: Estimates by analyst

Data Profile

Table DP-1. Asheville HMA Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total resident employment	179,809	190,504	211,500	0.6	1.9
Unemployment rate	3.2%	9.0%	4.4%		
Nonfarm payroll jobs	160,500	166,400	183,900	0.4	1.9
Total population	369,171	424,858	452,100	1.4	1.0
Total households	154,290	179,917	191,400	1.5	1.0
Owner households	113,781	125,590	127,300	1.0	0.2
Percent owner	73.7%	69.8%	66.5%		
Renter households	40,509	54,327	64,100	3.0	2.7
Percent renter	26.3%	30.2%	33.5%		
Total housing units	175,331	213,637	225,300	2.0	0.9
Owner vacancy rate	1.9%	3.2%	1.9%		
Rental vacancy rate	8.9%	10.6%	7.0%		
Median Family Income	NA	\$55,700	\$55,900	NA	0.1

NA = data not available.

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through May 2016. Median Family Incomes are for 1999, 2009, and 2015. The current date is June 1, 2016.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
 2010: 4/1/2010—U.S. Decennial Census
 Current date: 6/1/2016—Analyst’s estimates
 Forecast period: 6/1/2016–6/1/2019—Analyst’s estimates

The metropolitan statistical area definition in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated February 28, 2013.

Demand: The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

Other Vacant Units: In the U.S. Department of Housing and Urban Development’s (HUD’s) analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as “other” vacant by the Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits.

As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.

For additional data pertaining to the housing market for this HMA, go to huduser.gov/publications/pdf/CMARtables_AshvilleNC_17.pdf.

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This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by HUD’s Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to huduser.gov/portal/ushmc/chma_archive.html.