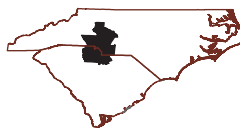
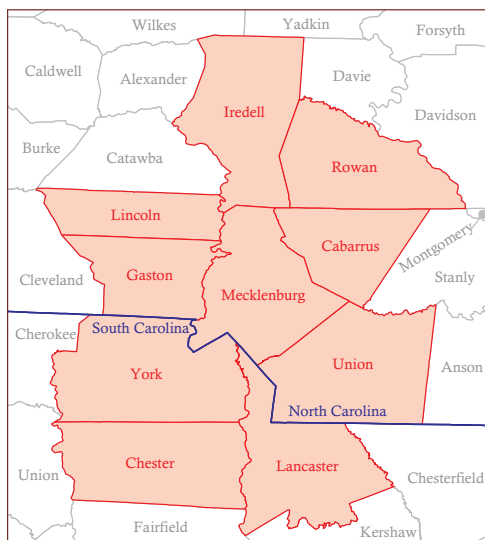




Charlotte-Concord-Gastonia, North Carolina-South Carolina

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of November 1, 2015

PD&R



Housing Market Area

The Charlotte-Concord-Gastonia Housing Market Area (hereafter, the Charlotte HMA) is coterminous with the Charlotte-Concord-Gastonia, NC-SC Metropolitan Statistical Area, along the border between North Carolina and South Carolina. For purposes of this report, the 10-county HMA is divided into three submarkets: (1) the Central submarket comprises Mecklenburg and Union Counties in North Carolina; (2) the North Carolina Suburbs submarket comprises Cabarrus, Gaston, Iredell, Lincoln, and Rowan Counties in North Carolina; and (3) the South Carolina Suburbs submarket comprises Chester, Lancaster, and York Counties in South Carolina.

Summary

Economy

Economic conditions in the Charlotte HMA have strengthened significantly after 3 years of job losses during the late 2000s. During the 12 months ending October 2015, nonfarm payrolls averaged 1.10 million jobs, an increase of 37,200 jobs, or 3.5 percent, following an increase of 35,100 jobs, or 3.4 percent, during the previous 12-month period. The unemployment rate declined to 5.4 percent during the 12 months ending October 2015, down from 6.3 percent during the 12 months ending October

2014. Nonfarm payrolls are expected to increase by an average of 36,550 jobs, or 3.3 percent, a year during the next 3 years.

Sales Market

Sales housing market conditions in the HMA range from slightly soft to balanced. The overall sales vacancy rate is estimated at 2.2 percent, down from 2.8 percent in 2010. During the 3-year forecast period, demand is expected for 36,150 new homes (Table 1). The 6,325 homes currently under construction and a portion of the estimated 35,950 other vacant units in the HMA that may reenter the sales market will satisfy some of the forecast demand.

Rental Market

Rental housing market conditions in the HMA currently range from balanced to tight, with increased rental household growth contributing to the absorption of excess units since the late 2000s. The overall rental vacancy rate is estimated at 5.6 percent, down from 11.5 percent in April 2010. The apartment vacancy rate was 4.2 percent during the third quarter of 2015, down from 4.4 percent a year earlier (MPF Research). During the forecast period, demand is expected for 21,350 new rental units (Table 1). The 9,475 units currently under construction will satisfy some of the forecast demand.

Market Details

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Table 1. Housing Demand in the Charlotte HMA* During the Forecast Period

	Charlotte HMA*		Central Submarket		North Carolina Suburbs Submarket		South Carolina Suburbs Submarket	
	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units
Total demand	36,150	21,350	19,000	15,000	9,225	3,050	7,925	3,300
Under construction	6,325	9,475	2,825	7,175	1,800	1,125	1,700	1,175

* Charlotte-Concord-Gastonia HMA.

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of November 1, 2015. A portion of the estimated 35,950 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is November 1, 2015, to November 1, 2018.

Source: Estimates by analyst

Economic Conditions

The Charlotte HMA, which is considered the second largest banking center in the nation, was hit relatively hard by the economic downturn in the late 2000s but experienced a strong recovery that began in 2011. The HMA lost an average of 22,900 jobs, or 2.3 percent of total nonfarm payrolls, each year from 2008 through 2010, more than the national rate of 1.9 percent during the period. From 2011 through 2014, however, the HMA added an average of 27,800 jobs, an increase of 2.8 percent, each year, well

above the national rate of 1.6 percent. During the 12 months ending October 2015, nonfarm payrolls averaged 1.10 million jobs, an increase of 37,200 jobs, or 3.5 percent, from the previous 12 months (Table 2), after an increase of 35,100 jobs, or 3.4 percent, during the 12 months ending October 2014. The current number of jobs is 6.9 percent greater than the prerecession high of 1.02 million in 2007. The leisure and hospitality sector added the most jobs during the 12 months ending October 2015, increasing by 7,400 jobs, or 6.3 percent. The sector increased by an average of 4,400 jobs, or 4.1 percent, a year from 2011 through 2014 and has benefitted from improving economic conditions in the HMA and the nation, and from the opening of the NASCAR Hall of Fame in mid-2010. Due in part to a 3-percent increase in residential (single-family plus multifamily) construction in the HMA and a 41-percent increase in commercial building permitting in Mecklenburg County, the mining, logging, and construction sector was the fastest growing sector (in percentage terms) in the HMA during the 12 months ending October

Table 2. 12-Month Average Nonfarm Payroll Jobs in the Charlotte HMA,* by Sector

	12 Months Ending		Absolute Change	Percent Change
	October 2014	October 2015		
Total nonfarm payroll jobs	1,058,800	1,096,000	37,200	3.5
Goods-producing sectors	150,900	157,500	6,600	4.4
Mining, logging, & construction	51,700	56,200	4,500	8.7
Manufacturing	99,200	101,300	2,100	2.1
Service-providing sectors	907,900	938,500	30,600	3.4
Wholesale & retail trade	172,300	178,800	6,500	3.8
Transportation & utilities	45,100	46,500	1,400	3.1
Information	24,500	25,000	500	2.0
Financial activities	79,800	83,200	3,400	4.3
Professional & business services	174,700	179,700	5,000	2.9
Education & health services	109,700	113,000	3,300	3.0
Leisure & hospitality	118,100	125,500	7,400	6.3
Other services	37,000	38,100	1,100	3.0
Government	146,800	148,600	1,800	1.2

* Charlotte-Concord-Gastonia HMA.

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through October 2014 and October 2015.

Source: U.S. Bureau of Labor Statistics

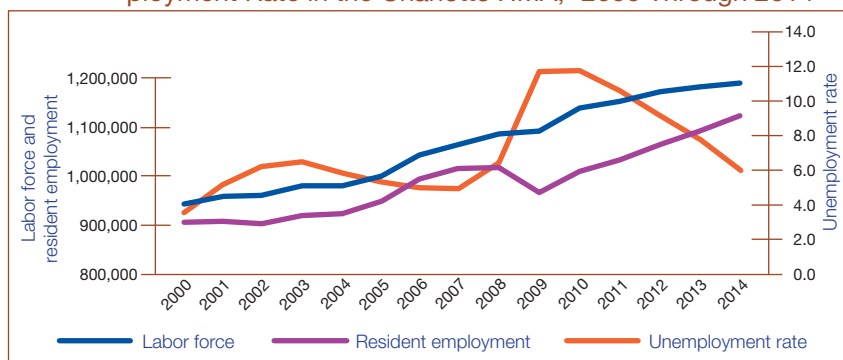
2015. Nonfarm payrolls in the sector averaged 56,200 during the period, an increase of 4,500 jobs, or 8.7 percent, from the previous 12-month period.

The sector expanded by an average of 2,500 jobs, or 5.2 percent, a year from 2012 through 2014 but remains below the prerecession high of 71,100 jobs in 2007. From 2008 through 2011, the sector lost an average of 6,500 jobs, or 10.9 percent, a year. The unemployment rate in the HMA declined to 5.4 percent during the 12 months ending October 2015, down from 6.3 percent during the 12 months ending October 2014 and less than one-half of the peak of 11.9 percent in 2009 (Table DP-1 at the end of this report). The national rate was also 5.4 percent during the 12 months ending October 2015, down from both the 6.4-percent

rate during the previous 12 months and the peak 9.6-percent rate in 2010. Figure 1 shows trends in the labor force, resident employment, and the unemployment rate from 2000 through 2014.

The HMA is a regional center for finance, energy, health care, trade, and tourism. Situated within 650 miles of more than one-half of the total population of the nation, the HMA is an attractive location for corporations and is home to the headquarters of 17 Fortune 1,000 companies—including Bank of America Corporation, Lowe's Companies, Inc., and Duke Energy Corporation—and the east coast operations center for Wells Fargo & Company (Charlotte Chamber of Commerce [CCC]). As a result, the professional and business services sector, which includes the management of companies and enterprises, administrative, support, and waste management industries, is currently the largest in the HMA. During the 12 months ending October 2015, the sector expanded by 5,000 jobs, or 2.9 percent, to 179,700 jobs, or 16.4 percent of total nonfarm payrolls in the HMA (Figure 2). The sector recorded only 1 year of job losses during the economic downturn and began adding jobs a year sooner than most sectors in the HMA. After declining by 11,800 jobs, or 7.8 percent, in 2009, the sector added 6,800 jobs, an increase of 4.9 percent, in 2010. During the next 4 years, the sector added the most jobs in the HMA, expanding by an average of 7,600 jobs, or 4.9 percent, a year and surpassed the wholesale and retail trade sector in size in 2014. Notable expansions during the period took place at Connexions Inc., a technology and business services provider that added 1,200 jobs as part

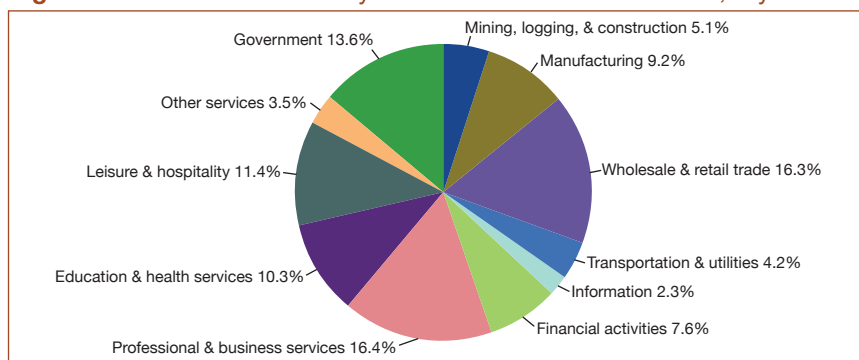
Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Charlotte HMA,* 2000 Through 2014



* Charlotte-Concord-Gastonia HMA.

Source: U.S. Bureau of Labor Statistics

Figure 2. Current Nonfarm Payroll Jobs in the Charlotte HMA,* by Sector



* Charlotte-Concord-Gastonia HMA.

Note: Based on 12-month averages through October 2015.

Source: U.S. Bureau of Labor Statistics

of an expansion in 2011, and Convergys Corporation, a customer and information management provider that added a combined 1,600 jobs at two facilities in the HMA in 2013.

In total, headquarters operations have an estimated economic impact of \$67 billion in the Charlotte HMA (CCC). A significant amount of that impact occurs via spending that supports the wholesale and retail trade sector, which was the largest sector in the Charlotte HMA from 2000 to 2014 (the analysis in this report considers only activity since 2000). During the 12 months ending October 2015, nonfarm payrolls in the sector averaged 178,800 jobs, an increase of 6,500 jobs, or 3.8 percent, from the previous 12-month period. The sector increased by an average of 4,000 jobs, or 2.5 percent, a year from 2011 through 2014 after declining by an average of 4,200 jobs, or 2.5 percent, a year from 2008 through 2010. The retail trade subsector accounted for 73 percent of the job growth in the sector from 2011 through 2014 after accounting for about one-half of the jobs lost during the decline. Of the 10 largest employers in the HMA, 4 are in the retail trade subsector, including Wal-Mart Stores, Inc., and Harris Teeter Supermarkets, Inc., with employment

of 16,100 and 8,250, respectively (Table 3). Delhaize America, Inc., which operates Food Lion grocery stores, employs 6,900 people in the HMA.

The education and health services sector has been the fastest growing sector in the HMA since 2000 and is the only sector to have added jobs each year during the period (Figure 3). Anchored by Carolinas HealthCare System, which is the largest employer in the HMA, with 35,000 employees, the sector accounted for 113,000 jobs during the 12 months ending October 2015, an increase of 3,300 jobs, or 3.0 percent, from the 12 months ending October 2014. From 2000 through 2014, the sector expanded by an average of 3,000 jobs, or 3.5 percent, annually, as population growth generated increased demand for health care. The health services industry has accounted for more than 80 percent of the job growth in the sector since 2000 due, in part, to several notable hospital openings and expansions during the period. In 2004, Novant Health opened a 118,000-square-foot women's center at its Presbyterian Medical Center in the city of Charlotte and a new medical center in the city of Huntersville. More recently, Carolinas HealthCare System created nearly 800 new jobs after more than doubling the size of its medical center in the city of Pineville. The expansion and renovation of the facility cost an estimated \$300 million and was completed in 2013.

During the 3-year forecast period, nonfarm payroll growth is expected to remain strong at an average of 36,550 jobs, or 3.3 percent, annually. Job gains will likely occur in most sectors, with growth in the professional and business services, the financial

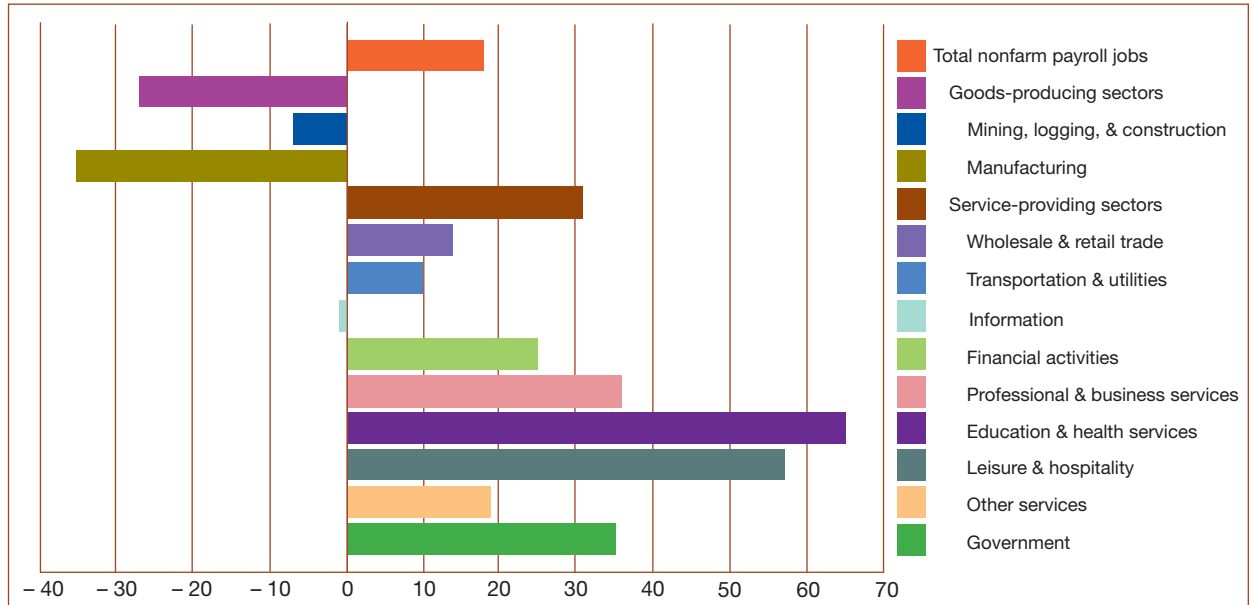
Table 3. Major Employers in the Charlotte HMA*

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Carolinas HealthCare System	Education & health services	35,000
Wells Fargo & Company	Financial activities	22,000
Wal-Mart Stores, Inc.	Wholesale & retail trade	16,100
Bank of America Corporation	Financial activities	15,000
Lowe's Companies, Inc.	Wholesale & retail trade	12,950
Novant Health	Education & health services	11,000
American Airlines	Transportation & utilities	10,600
Harris Teeter Supermarkets, Inc.	Wholesale & retail trade	8,250
Duke Energy Corporation	Transportation & utilities	7,800
Delhaize America, Inc.	Wholesale & retail trade	6,900

* Charlotte-Concord-Gastonia HMA.

Notes: Excludes local school districts. Data include military personnel, who are generally not included in nonfarm payroll survey data.

Source: Charlotte Chamber of Commerce

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

* Charlotte-Concord-Gastonia HMA.

Note: Current is based on 12-month averages through October 2015.

Source: U.S. Bureau of Labor Statistics

activities, and the education and health services sectors expected to support gains in the wholesale and retail trade, the mining, logging, and construction, and the leisure and hospitality sectors. Red Ventures, a marketing and technology company, recently announced plans to create 500 jobs in the city of Charlotte and as many as 1,500 additional jobs in York County by doubling the size of its headquarters. Also in the city of Charlotte, CPI Security Systems, Inc., is expanding its headquarters

and plans to add 300 jobs over the next 2 years, and Dimensional Fund Advisors, a Texas-based investment firm, announced plans to open a new east coast regional office, which will create 320 jobs. Novant Health recently broke ground on a \$60 million renovation and expansion of the Charlotte Orthopedic Hospital, which is expected to be complete by late 2017, and OurHealth, a provider of onsite and near-site primary care clinics, will create 60 jobs when it opens five locations in the HMA beginning in January 2016.

Population and Households

The Charlotte HMA encompasses 21 percent of the total population of North Carolina and 7 percent of the total population of South Carolina. As of November 1, 2015, the estimated population of the HMA is 2.44 million, reflecting an

average annual increase of 39,750, or 1.7 percent, since April 2010 (Figure 4). As compared with the 2008-to-2010 period, net natural change (resident births minus resident deaths) has decreased since 2010, offsetting increased net in-migration, and

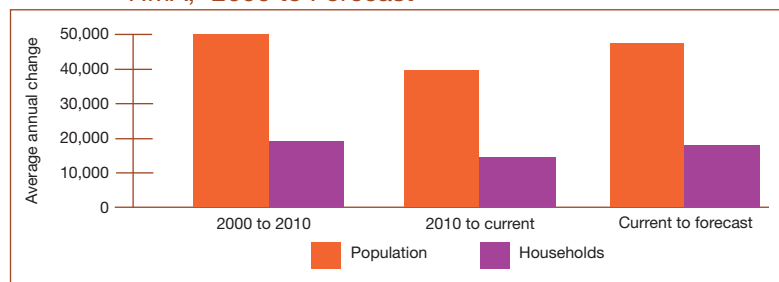
population growth has remained largely unchanged from the rate during the late 2000s. Net in-migration has averaged 27,200 people a year and accounted for 68 percent of total population growth since 2010 (Figure 5). Weak economic conditions limited net in-migration to an average of only 21,050, or 56 percent of total population growth, from 2008 to 2010 (Census Bureau population estimates as of July 1, and decennial census counts). Net natural change has averaged only 12,550 people a year since 2010 compared with the average of 16,250 a year from 2008 to 2010, however. Prior to the economic downturn, the population of the HMA increased by an average of 61,150, or 3.2 percent,

annually from 2003 to 2007, while net in-migration averaged 46,000 people annually and accounted for 75 percent of total population growth (Census Bureau population estimates as of July 1).

The population of the Central submarket, which includes the city of Charlotte, is currently estimated at 1.27 million. Population growth in the submarket has averaged 26,000 people, or 2.2 percent, a year since April 2010, up from an average of 22,450, or 2.1 percent, a year from 2008 to 2010, when the HMA lost jobs. Population growth averaged 37,200 people, or 3.9 percent, a year from 2003 to 2007, when the HMA added jobs. Net in-migration averaged 11,350 a year from 2008 to 2010 and has increased to an average of 16,400 a year since 2010. From 2003 to 2007, net in-migration averaged 26,750 people a year.

The population of the North Carolina Suburbs submarket is currently estimated at 800,500, an average increase of 7,225, or 0.9 percent, a year since April 2010. Population growth averaged 14,950 people, or 2.2 percent, a year from 2003 to 2007 but declined to 7,875, or 1.1 percent, a year from 2008 to 2010. Improving economic conditions throughout the HMA have contributed to increased net in-migration to the submarket since 2010, but decreased net natural change has resulted in slower overall population growth. Since 2010, net in-migration has averaged 5,575 people a year, up from an average 4,475 a year from 2008 to 2010. Net natural change has averaged only 1,650 people a year since 2010, well below the average of 3,400 from 2009 to 2010, however. By comparison, net in-migration and net natural change averaged 11,800 and 3,125 a year, respectively, from 2003 to 2007.

Figure 4. Population and Household Growth in the Charlotte HMA, * 2000 to Forecast

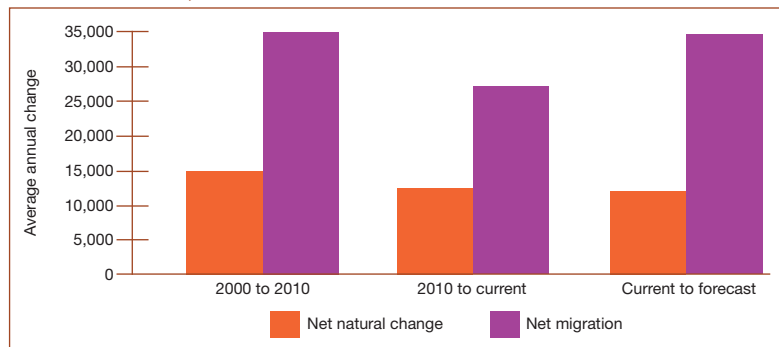


* Charlotte-Concord-Gastonia HMA.

Notes: The current date is November 1, 2015. The forecast date is November 1, 2018.

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

Figure 5. Components of Population Change in the Charlotte HMA, * 2000 to Forecast



* Charlotte-Concord-Gastonia HMA.

Notes: The current date is November 1, 2015. The forecast date is November 1, 2018.

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

The South Carolina Suburbs submarket has been the faster growing of the two suburban submarkets, in percentage terms, since April 2000, partially because relatively low taxes in the state have attracted new residents from North Carolina. The population of the submarket is currently estimated at 372,100, an average annual increase of 6,500, or 1.9 percent, since April 2010. Population growth averaged 6,975 people, or 2.1 percent, a year from 2008 to 2010 and 9,025, or 3.1 percent, a year from 2003 to 2007. Net in-migration has averaged 5,225 people a year and accounted for 80 percent of total population growth in the submarket since 2010. By comparison, net in-migration averaged 5,250 a year, or 75 percent of population growth, from 2008 to 2010 and 7,475 a year, or 83 percent of total population growth, from 2003 to 2007.

During the next 3 years, population growth in the Charlotte HMA is expected to increase to an average of 47,000 people, or 1.9 percent, each year as economic conditions continue to improve. The population of the Central submarket is expected to expand by an average of 29,350, or 2.3 percent, a year while the population of the North Carolina Suburbs submarket is expected to increase by an average of 9,225, or 1.1 percent, a year. The most significant increase in population growth is expected to occur in the South Carolina Suburbs submarket, where the population is expected to expand by an average of 8,625, or 2.3 percent, a year, as recently passed tax legislation in North Carolina is likely to increase the difference in tax burden between the two states.

Household growth in the HMA remains below the average growth rate from 2000 to 2010, but has

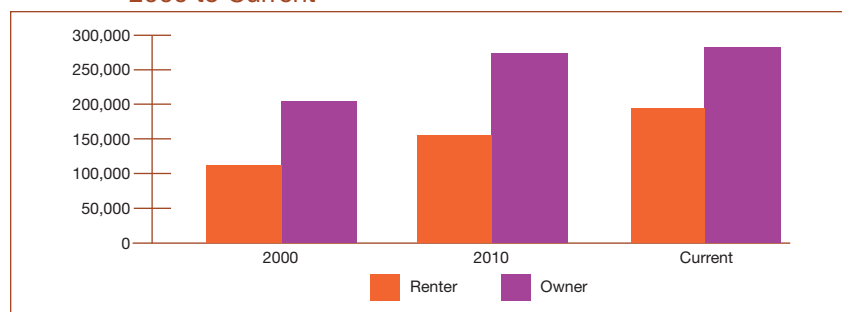
increased since the late 2000s. As of November 1, 2015, the number of households in the HMA is estimated at 926,700, reflecting average annual growth of 13,950, or 1.6 percent, since 2010 compared with average growth of 19,000, or 2.6 percent, a year from 2000 to 2010. The Central submarket has added an average of 8,875 households, an increase of 2.0 percent, annually since 2010. The number of households has increased in the North Carolina Suburbs submarket at an average annual rate of 0.9 percent, or 2,550, and in the South Carolina Suburbs submarket at an average annual rate of 1.9 percent, or 2,575. By comparison, from 2000 to 2010, the Central submarket increased by an average of 11,350 households, or 3.1 percent, annually, the North Carolina Suburbs submarket added an average of 4,550 households, an increase of 1.7 percent, annually, and the South Carolina Suburbs submarket increased by an average of 3,125 households, or 2.8 percent, annually. Foreclosure rates in the HMA have been below the average for the nation since the late 2000s, yet the housing crisis has resulted in decreased homeownership in all three submarkets since 2010. Homeownership rates in the Central, North Carolina Suburbs, and South Carolina Suburbs submarkets are currently estimated at 59.1, 67.5, and 71.1 percent, down from 63.9, 71.3, and 73.3 percent in 2010, respectively.

During the next 3 years, household growth in the HMA is expected average 17,350, or 1.8 percent, annually. The South Carolina Suburbs submarket is expected to increase by an average of 3,475 households, or 2.4 percent, annually, the fastest rate in the HMA. Household growth in the Central

submarket is expected to increase to an average annual rate of 2.1 percent, or 10,550 households, while the number of households in the North Carolina Suburbs submarket increases

by an average annual rate of 1.1 percent, or 3,325 households. Figures 6, 7, and 8 show the number of households by tenure in each submarket from 2000 to the current date.

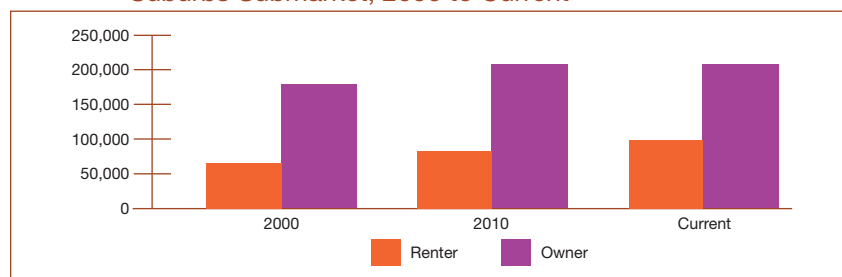
Figure 6. Number of Households by Tenure in the Central Submarket, 2000 to Current



Note: The current date is November 1, 2015.

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

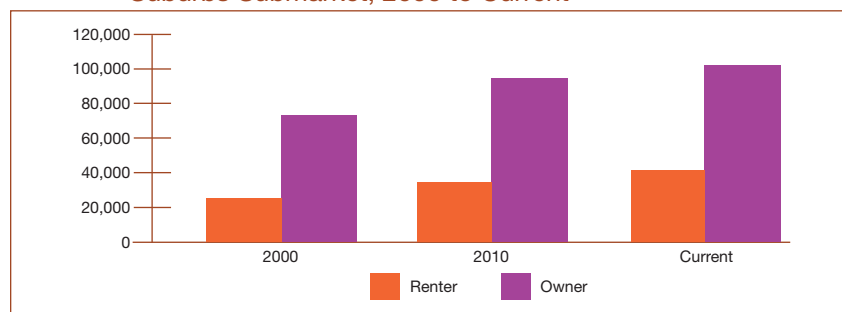
Figure 7. Number of Households by Tenure in the North Carolina Suburbs Submarket, 2000 to Current



Note: The current date is November 1, 2015.

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

Figure 8. Number of Households by Tenure in the South Carolina Suburbs Submarket, 2000 to Current



Note: The current date is November 1, 2015.

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

Housing Market Trends

Sales Market—Central Submarket

The sales housing market in the Central submarket is currently balanced as job growth, increased net in-migration, and low levels of new home construction have contributed to the absorption of the excess inventory created in the late 2000s. As of November 2015, the sales vacancy rate is estimated at 2.2 percent, down from 3.1 percent in April 2010 (Table DP-2 at the end of this report). An estimated 2.9-month supply of inventory exists in Mecklenburg County and a 3.4-month supply of inventory exists in Union County as of October 2015, down from a 3.9-month supply and 4.3-month supply, respectively, during October 2014 (Charlotte Regional Realtor® Association [CRRA]).

The number of new home sales in the submarket has stabilized since the national recession but remains well below the peak levels of the mid-2000s. The average sales price of a new home, however, has increased each year since 2012 and surpassed the prerecession high in 2014. The number of new homes sold in the submarket decreased to 4,075 during the 12 months ending October 2015, down 11 percent from 4,550 during the previous 12 months. The average sales price of a new home increased 6 percent, from \$288,300 to \$305,600 (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). The number of new homes sold peaked at 14,250 in 2006 but declined at an average annual rate of 27 percent, to a low of 3,000, in 2011. An average of 4,175 new homes sold each year from 2012 through 2014. The average sales price of a new home peaked at \$285,500 in 2008 but then declined an average of 7 percent annually, to \$229,900 in 2011. From 2012 through 2014, the average price

of a new home increased to \$293,400, an average annual increase of 8 percent. New condominium sales were a notable factor in the submarket during the 2000s but have declined significantly since. The number of new condominiums sold averaged 770 a year and accounted for 10 percent of all new home sales from 2006 through 2010. From 2011 through 2014, new condominium sales averaged 150 a year and accounted for only 4 percent of all new home sales. During the 12 months ending October 2015, 45 new condominiums sold, which represents 1 percent of all new home sales.

Reduced levels of new home construction have resulted in significant improvements in the market for existing homes in the submarket since the end of 2012. The number of existing homes sold in the submarket totaled 24,850 during the 12 months ending October 2015, up 11 percent from 22,300 during the previous 12 months. The average sales price of an existing home increased to \$248,200 during the 12 months ending October 2015, a 2-percent increase from \$243,700 during the 12 months ending October 2014. Existing home sales peaked at 31,750 in 2006 but declined an average annual 26 percent to a low of 12,850 in 2009. The number of existing homes sold remained relatively stable from 2009 through 2011 but increased an average of 18 percent a year from 2012 to 2014. After reaching a high of \$227,700 in 2007, the average sales price of an existing home in the submarket declined by an average annual 4 percent to a low of \$210,400 in 2009. The average sales price for an existing home averaged \$217,800 from 2010 through 2012 before increasing an average annual

Housing Market Trends

Sales Market—Central Submarket *Continued*

6 percent, to \$244,600, in 2014. The recent increase in the price of existing homes is due, in part, to a decline in the number of real estate owned (REO) sales, which peaked at 35 percent of existing home sales during the 12 months ending October 2011 but accounted for only 11 percent of existing home sales during the 12 months ending October 2015, down from 15 percent during the previous 12 months.

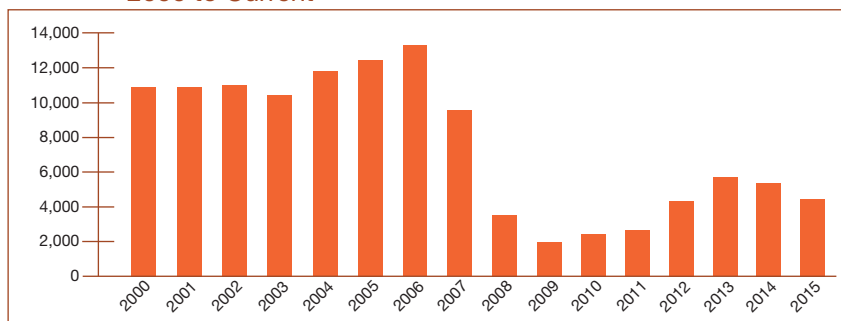
Although elevated levels of home construction in the mid-2000s resulted in excess inventory, the Central submarket fared relatively well compared with the rest of the nation during the housing crisis. The percentage of home loans in the submarket that were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into REO status has been below the national rate since January 2008 and peaked at only 8.2 percent in February 2010, more than a full percentage point less than the high of 9.2 percent for the nation, which occurred in January 2010 (Black Knight Financial Services, Inc.). As of October 2015, the rate in the submarket was 3.1 percent, down from 3.8 percent during October 2014. By comparison, the national rate was 4.2 percent as of October 2015, down from 4.7 percent during October 2014.

Single-family home construction, as measured by the number of homes permitted, has generally trended upward in the submarket since the end of 2010 but remains below the historically high levels reached during the housing boom in the mid-2000s. During the 12 months ending October 2015, 5,225 single-family homes were permitted, a 5-percent decrease from 5,475 homes during the previous 12 months (preliminary data). An average of 5,100 single-family homes were permitted each year from 2012 through 2014, up from an average of 2,300 homes each year from 2009 through 2011 but below the average of 12,500 homes each year from 2004 through 2006 (Figure 9). The majority of the recent construction has occurred in and around the city of Charlotte, with several notable developments located to the south of downtown.

In south Charlotte, Pulte Homes is currently developing Park South Station. Prices start at \$226,000 for 1,800-square-foot townhomes and at \$258,000 for single-family homes ranging in size from 2,025 to 2,525 square feet. At McCullough, a new home development in the city of Pineville, prices start in the low \$300,000s for new homes ranging in size from 2,200 to 3,300 square feet. Approximately 7 miles southeast of downtown Charlotte, Arbor Way offers new homes ranging in size from 3,100 to 4,025 square feet, with prices starting at \$470,000.

During the 3-year forecast period, demand is expected for 19,000 new homes (Table 1). The 2,825 homes currently under construction will meet part of the demand. Demand is estimated to increase each year during the forecast period and to

Figure 9. Single-Family Homes Permitted in the Central Submarket, 2000 to Current



Notes: Includes townhomes. Current includes data through October 2015.

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

Housing Market Trends

Sales Market—Central Submarket Continued

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

Price Range (\$)		Units of Demand	Percent of Total
From	To		
190,000	239,999	2,850	15.0
240,000	289,999	2,850	15.0
290,000	339,999	4,750	25.0
340,000	389,999	3,800	20.0
390,000	439,999	2,850	15.0
440,000	and higher	1,900	10.0

Notes: The 2,825 homes currently under construction and a portion of the estimated 11,850 other vacant units in the submarket will likely satisfy some of the forecast demand. The forecast period is November 1, 2015, to November 1, 2018.

Source: Estimates by analyst

be greatest for single-family homes priced from \$290,000 to \$339,999 (Table 4). Significant demand is also expected for single-family homes priced from \$340,000 to \$389,999. An estimated 11,850 other vacant units are currently in the inventory, a portion of which may reenter the sales market and satisfy some of the forecast demand.

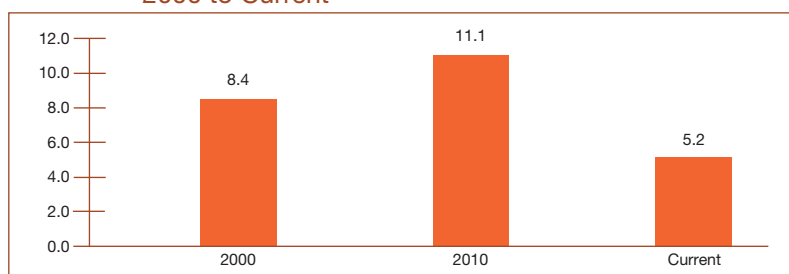
Rental Market—Central Submarket

Rental housing market conditions in the Central submarket are currently tight, as relatively slow multifamily construction in the late 2000s and increased rental household growth have contributed to sharply declining vacancy rates. The overall rental vacancy rate is currently estimated at 5.2 percent, down from 11.1 percent in April 2010 (Figure 10). The apartment market is also tight, with a vacancy rate of 4.0 percent during the third quarter of 2015, down from 4.5 percent during the same period in 2014 and well below the 7.8-percent rate during the third quarter of 2010 (MPF Research). During the third quarter of 2015, apartment vacancy rates in the submarket ranged from 3.0 percent in the MPF Research-defined Myers Park and Matthews-Southeast Charlotte market areas to

5.4 percent in the Far East Charlotte-Mint Hill market area. The average rent in the submarket was \$1,003 during the third quarter of 2015, an 8-percent increase from \$927 during the third quarter of 2014. During the third quarter of 2015, the highest average rent in the submarket was \$1,435 in the Uptown-South End market area, where much of the new apartment construction is occurring, and the East Charlotte market area had the lowest average rent at \$759.

Builders have responded to tight rental market conditions with record levels of multifamily construction since 2013. During the 12 months ending October 2015, 4,825 multifamily units were permitted, down 19 percent from 5,950 units during the 12 months ending October 2014 (preliminary data). An average of 5,875 units a year were permitted in 2013 through 2014, a record high for a 2-year period. By comparison, an average of 1,800 units were permitted each year from 2009 through 2011 and an average of 4,600 units were permitted each year from 2006 through 2008 (Figure 11). Nearly all the recent multifamily construction has occurred in Mecklenburg County and was concentrated in the city of Charlotte.

Figure 10. Rental Vacancy Rates in the Central Submarket, 2000 to Current



Note: The current date is November 1, 2015.

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

Housing Market Trends

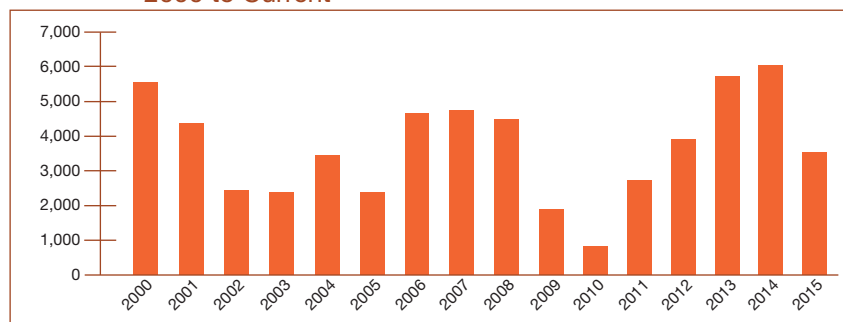
Rental Market—Central Submarket Continued

Multifamily development has been particularly active in the Uptown-South End market area, where 2,975 new apartment units have been completed since the first quarter of 2013 and nearly 4,000 additional units are currently under construction. The 111-unit second phase of Silos South End opened in the market area in mid-2015. Rents range from at \$1,210 to \$1,550 for studio units, from \$1,375 to \$1,740 for one-bedroom units, and from \$1,820 to \$2,625 for two-bedroom units. SkyHouse, a 24-story, 336-unit, luxury apartment tower was completed in August 2015. Rents start at \$1,280 for studio units, \$1,450 for one-bedroom units, \$2,210 for two-bedroom units, and \$2,940 for three-bedroom units. A second 336-unit tower is currently under construction, with completion expected by early 2017. Elsewhere in the submarket, Ashton Reserve

at Northlake completed a 151-unit second phase in the North Charlotte market area in August 2015, with rents starting at \$925 for one-bedroom units, \$1,125 for two-bedroom units, and \$1,299 for three-bedroom units. Crescent SouthPark, a 320-unit apartment development in the Myers Park market area, opened in early 2015. Rents range from \$1,150 to \$1,875 for one-bedroom units and from \$1,850 to \$2,600 for two-bedroom units. In the Huntersville-Cornelius market area, Waterford at The Park, which opened in early 2015, offers 230 apartments with rents starting at \$890 for a one-bedroom unit, \$1,100 for a two-bedroom unit, and \$1,375 for a three-bedroom unit.

During the 3-year forecast period, demand is expected for 15,000 new rental units in the Central submarket (Table 1). Demand is expected to increase each year during the period and to be strongest for one-bedroom units with monthly rents ranging from \$890 to \$1,089 (Table 5). Significant demand is also expected for two-bedroom units with monthly rents ranging from \$1,100 to \$1,299. The 7,175 new rental units under construction and an estimated 2,325 additional units currently in the pipeline will likely satisfy much of the demand during the next 2 years.

Figure 11. Multifamily Units Permitted in the Central Submarket, 2000 to Current



Notes: Excludes townhomes. Current includes data through October 2015.

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

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Central Submarket 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
700 to 899	1,275	890 to 1,089	4,475	1,100 to 1,299	3,375	1,375 to 1,574	2,450
900 or more	230	1,090 or more	790	1,300 to 1,499	900	1,575 to 1,774	940
				1,500 or more	230	1,775 or more	380
Total	1,500	Total	5,250	Total	4,500	Total	3,750

Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The 7,175 units currently under construction will likely satisfy some of the estimated demand. The forecast period is November 1, 2015, to November 1, 2018.

Source: Estimates by analysts

Sales Market—North Carolina Suburbs Submarket

The sales housing market in the North Carolina Suburbs submarket has improved significantly since 2010 but remains slightly soft. The submarket covers 41 percent of the land area of the Charlotte HMA, including Lake Norman, a popular location for second homes, and several areas that sit on the edge of commuting distance to the city of Charlotte. As a result, the submarket experienced more speculative construction than the other two submarkets prior to the housing crisis. The North Carolina Suburbs submarket has benefitted from a substantial amount of investment during the recovery, however. The sales vacancy rate in the submarket is currently estimated at 2.3 percent, down from 2.6 percent in April 2010 (Table DP-3 at the end of this report). As of October 2015, available housing inventories in the submarket ranged from a 3.1-month supply in Cabarrus County to a 5.3-month supply in Iredell County (CRRRA). By comparison, available housing inventories in the submarket ranged from a 4.6-month supply in Cabarrus County to a 7.6-month supply in Lincoln County during October 2014.

Both the number of new home sales and the average new home sales price in the submarket have increased each year since 2012, but both remain well below the levels in the leadup to the housing crisis. During the 12 months ending October 2015, the number of new homes sold in the submarket increased 19 percent, to 2,175, after a 21-percent increase during the previous 12 months. The average sales price of a new home increased 5 percent, from \$263,000 to \$277,000 (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). The number of

new homes sold peaked at 5,200 in 2006 but declined at an average annual rate of 26 percent, to a low of 1,175 in 2011. From 2012 through 2014, the number of new homes sold increased an average annual 17 percent, to 1,875. The average sales price of a new home peaked at \$267,800 in 2007 before declining an average of 5 percent annually, to \$220,000 in 2011. From 2012 through 2014, the average price of a new home rose to \$265,200, an average annual increase of 6 percent.

The market for existing homes has improved in the submarket since 2012. The number of existing homes sold in the submarket totaled 12,700 during the 12 months ending October 2015, up 3 percent from 12,350 during the previous 12 months. The average sales price of an existing home increased to \$180,900 during the 12 months ending October 2015, an 8-percent increase from \$167,000 during the 12 months ending October 2014. Existing home sales peaked at 15,800 in 2006 but declined an average annual 22 percent to a low of 7,450 in 2007. The number of existing homes sold remained relatively stable in 2010 and 2011 but increased an average of 18 percent a year from 2012 through 2014. The average sales price of an existing home in the submarket peaked at \$183,500 in 2007 but declined an average annual 7 percent to a low of \$157,400 in 2009. From 2010 through 2014, the average sales price of an existing home varied from a low of \$159,000 in 2011 to a high of \$174,300 in 2012. A decline in the number of REO sales has contributed to an increase in existing home sales prices during the past year. REO sales accounted for 15 percent of existing home sales during the 12 months

Housing Market Trends

Sales Market—North Carolina Suburbs Submarket *Continued*

ending October 2015, down from 22 percent during the previous 12 months and well below the high of 36 percent during the 12 months ending October 2011. The percentage of home loans in the submarket that were seriously delinquent or had transitioned into REO status was 3.7 percent during October 2015, down from 4.5 percent during October 2014 and well below the high of 8.0 percent in June 2010 (Black Knight Financial Services, Inc.).

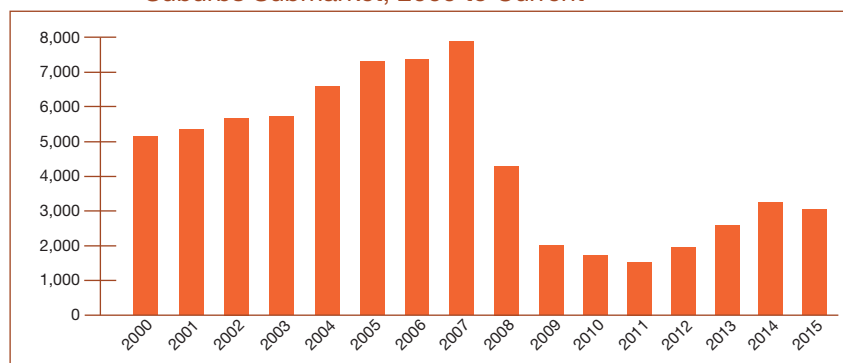
Purchases by investors have become an increasingly important part of the sales market recovery in the submarket. Home purchases made by absentee owners accounted for an average of 18 percent of all home sales from 2005 through 2009 but increased to 24 percent from 2010 to 2012, partially because of investment in distressed (seriously delinquent or in REO) properties. In 2013 and 2014, purchases by absentee owners increased to 29 percent of all home sales in the North Carolina Suburbs submarket, the highest rate of the three submarkets in the HMA, with increasing home prices in the urban core of the HMA putting pressure on investors to look for better deals in the outlying areas (Metrostudy, A Hanley Wood Company, with adjustments by the analyst).

Single-family home construction, as measured by the number of homes permitted, has generally trended upward in the submarket since the end of 2012 but remains below the historically high levels reached during the housing boom in the mid-2000s. During the 12 months ending October 2015, 3,350 single-family homes were permitted, a 21-percent increase from 2,775 homes during the previous 12 months (preliminary data). An average of 2,600 single-family homes were permitted each year from 2012 through 2014, up from an average of 1,750 homes each year from 2009 through 2011 but well below the average of 7,525 homes each year during a 3-year peak from 2005 through 2007 (Figure 12).

Much of the recent new home development has occurred northeast of the city of Charlotte, particularly in the city of Concord, which straddles Interstate 85. At Brookvue, which is 4 miles west of Interstate 85, prices range from \$252,000 to \$416,000 for new single-family homes ranging in size from 2,000 to 4,100 square feet. To the east of Interstate 85, Ryan Homes is currently developing The Mills at Rocky River, where new single-family homes range in size from 1,950 to 3,300 square feet, with prices starting in the low \$200,000s.

During the 3-year forecast period, demand is expected for 9,225 new homes (Table 1). The 1,800 homes currently under construction will meet part of the demand. Demand is estimated to increase each year during the forecast period and to be greatest for single-family homes priced from \$240,000 to \$289,000 (Table 6). An estimated 17,500 other vacant units are currently in the inventory, a portion of which may reenter the sales market and satisfy some of the forecast demand.

Figure 12. Single-Family Homes Permitted in the North Carolina Suburbs Submarket, 2000 to Current



Notes: Includes townhomes. Current includes data through October 2015.

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

Housing Market Trends

Sales Market—North Carolina Suburbs Submarket Continued

Table 6. Estimated Demand for New Market-Rate Sales Housing in the North Carolina Suburbs Submarket During the Forecast Period

Price Range (\$)		Units of Demand	Percent of Total
From	To		
140,000	189,999	1,375	15.0
190,000	239,999	1,850	20.0
240,000	289,999	2,300	25.0
290,000	339,999	1,850	20.0
340,000	389,999	1,375	15.0
390,000	and higher	460	5.0

Notes: The 1,800 homes currently under construction and a portion of the estimated 17,500 other vacant units in the submarket will likely satisfy some of the forecast demand. The forecast period is November 1, 2015, to November 1, 2018.

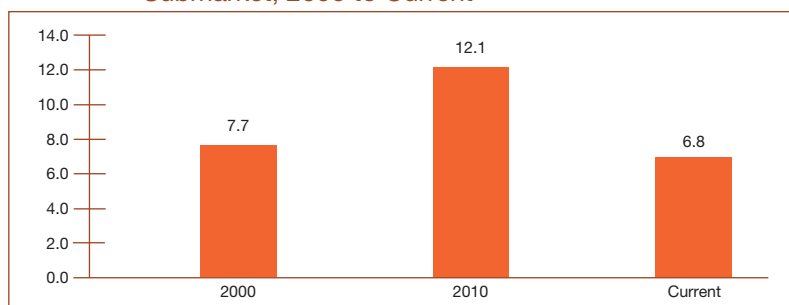
Source: Estimates by analyst

Rental Market—North Carolina Suburbs Submarket

Rental housing market conditions in the North Carolina Suburbs submarket are balanced, with an overall rental vacancy rate currently estimated at 6.8 percent, down from 12.1 percent in April 2010 (Figure 13). Single-family homes comprise approximately 50 percent of the rental market in the submarket (2011–2013 American Community Survey [ACS] 3-year data), and the vacancy rate for apartments is notably lower than the overall rate. During the third quarter of 2015, the apartment vacancy rate in the submarket was 5.5 percent, up from 4.1 percent during the third quarter of 2014, due, in part, to a number of new apartment projects being completed during the past year. The apartment vacancy rate was 11.6 percent during the third

quarter of 2010 (MPF Research). Apartment vacancy rates ranged from 4.0 percent in the MPF Research-defined Concord-Kannapolis-Salisbury market area to 7.8 percent in the Mooresville-Statesville market area. The average apartment rent in the submarket was \$809 during the third quarter of 2015, a 6-percent increase from \$762 during the third quarter of 2014. Apartment rents ranged from \$724 in the Gaston County market area to \$906 in the Mooresville-Statesville market area, which includes Lake Norman and has accounted for much of the recent new apartment construction in the submarket.

Multifamily construction, as measured by the number of multifamily units permitted, was relatively low from 2006 through 2014 but increased significantly during the past year as net in-migration increased and existing inventory was absorbed. During the 12 months ending October 2015, 1,125 multifamily units were permitted, up from 380 units during the 12 months ending October 2014 (preliminary data). An average of 520 units were permitted each year from 2006 through 2014, down from an average of 1,000 units

Figure 13. Rental Vacancy Rates in the North Carolina Suburbs Submarket, 2000 to Current

Note: The current date is November 1, 2015.

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

Housing Market Trends

Rental Market—North Carolina Suburbs Submarket Continued

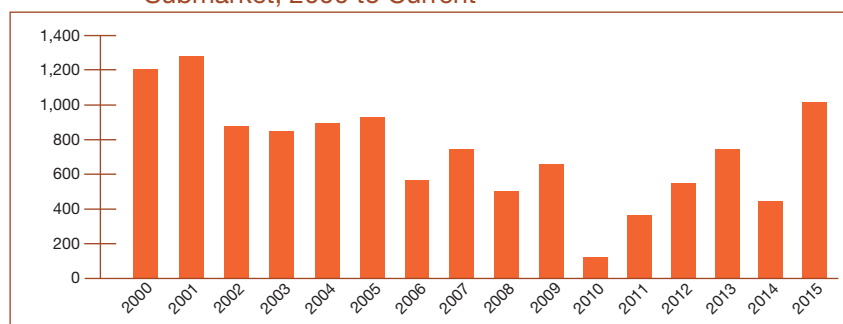
a year from 2000 through 2005 (Figure 14). Recent multifamily construction has been highly concentrated in the northern part of the submarket, with Cabarrus and Iredell Counties accounting for approximately 78 percent of the multifamily units permitted from 2012 through 2014.

New developments in the submarket include The Grove at Morrison Plantation, a 281-unit project, which was completed in late 2014 in the city

of Mooresville. Rents start at \$875 for one-bedroom units, \$1,245 for two-bedroom units, and \$1,525 for three-bedroom units. Hawthorne at Concord, which consists of 253 units in the city of Concord, was also completed in late 2014 and offers one-bedroom units with rents starting at \$920, two-bedroom units with rents starting at \$1,210, and three-bedroom units with rents starting at \$1,500.

Demand is expected for 3,050 new rental units in the North Carolina Suburbs submarket during the 3-year forecast period (Table 1). Demand is expected to remain relatively stable during the period and to be strongest for two-bedroom units, particularly with monthly rents ranging from \$950 to \$1,149 (Table 7). The 1,125 new rental units under construction and 430 additional units that are currently in the pipeline will likely satisfy some of the demand.

Figure 14. Multifamily Units Permitted in the North Carolina Suburbs Submarket, 2000 to Current



Notes: Excludes townhomes. Current includes data through October 2015.

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

Table 7. Estimated Demand for New Market-Rate Rental Housing in the North Carolina Suburbs Submarket 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
620 to 819	140	740 to 939	820	950 to 1,149	800	1,125 to 1,324	600
820 or more	15	940 or more	90	1,150 or more	270	1,325 to 1,524	270
						1,525 or more	45
Total	150	Total	920	Total	1,075	Total	920

Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The 1,125 units currently under construction will likely satisfy some of the estimated demand. The forecast period is November 1, 2015, to November 1, 2018.

Source: Estimates by analysts

Sales Market—South Carolina Suburbs Submarket

The sales housing market in the South Carolina Suburbs submarket is currently balanced, with a vacancy rate estimated at 2.0 percent, down from 2.4 percent in April 2010 (Table DP-4 at the end of this report). As of October 2015, available housing inventories in the submarket ranged from a 3.1-month

supply in York County to a 3.6-month supply in Lancaster County (CRRA). By comparison, available housing inventories in the submarket ranged from a 4.4-month supply in York County to a 4.6-month supply in Lancaster County during October 2014.

Housing Market Trends

Sales Market—South Carolina Suburbs Submarket Continued

The number of new home sales in the submarket has increased each year since 2012 but remains below the peak levels of the mid-2000s. New home development has been concentrated in the more expensive parts of the submarket, and the average sales price of a new home has exceeded the prerecession high since 2014. During the 12 months ending October 2015, the number of new homes sold in the submarket increased 19 percent, to 2,400, after a 20-percent increase during the previous 12 months. The average sales price of a new home increased 4 percent, to \$302,600, after an 8-percent increase during the previous 12-month period (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). The number of new homes sold peaked at 3,800 in 2007 but declined at an average annual rate of 27 percent, to a low of 1,075 in 2011. From 2012 through 2014, the number of new homes sold increased an average annual 25 percent, to 2,150. The average sales price of a new home reached \$282,900 in 2008 but then declined an average of 8 percent annually to a low of \$239,500 in 2010. From 2011 through 2014, the average price of a new home increased to \$290,900, an average annual increase of 5 percent.

After 6 consecutive years of decline that began in 2006, the number of existing home sales in the submarket has increased each year since 2012. The average sales price of an existing home has also increased each year since 2012 and currently exceeds the average prices of the mid-2000s. The number of existing homes sold in the submarket totaled 5,800 during the 12 months ending October 2015, up 15 percent from 5,025 during the previous 12 months. The average

sales price of an existing home was \$202,700 during the 12 months ending October 2015, a 7-percent increase from \$190,300 during the 12 months ending October 2014. Existing home sales totaled 8,325 in 2005, and then declined an average annual 15 percent to a low of 3,125 in 2011. Existing home sales increased an average of 18 percent a year, to 5,125, in 2014, however. The average sales price of an existing home in the submarket reached a prerecession high of \$181,800 in 2007 but declined an average annual 6 percent to a low of \$160,000 in 2009. From 2012 through 2014, the average sales price of an existing home increased an average of 4 percent, to \$191,200. Declining numbers of REO sales have contributed to the recent increase in existing home sales prices. During the 12 months ending October 2015, REO sales accounted for 11 percent of existing home sales, down from 15 percent during the previous 12 months and well below the high of 25 percent during the 12 months ending October 2011. The percentage of home loans in the submarket that were seriously delinquent or had transitioned into REO status was 4.0 percent during October 2015, down from 4.5 percent during October 2014 and well below the high of 7.6 percent in July 2012 (Black Knight Financial Services, Inc.).

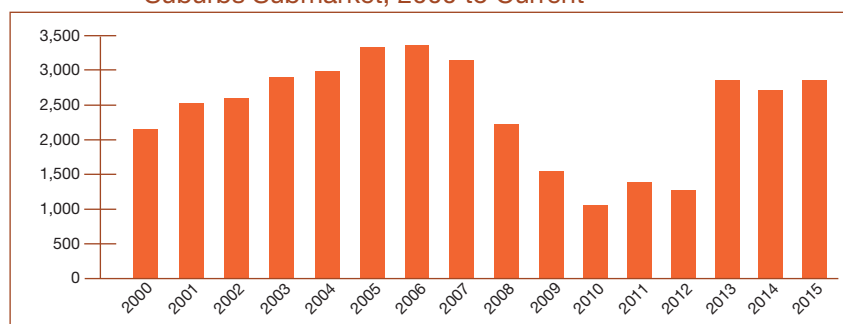
Single-family home construction, as measured by the number of homes permitted, has increased substantially since 2013 and is nearing the levels of the mid-2000s. During the 12 months ending October 2015, 3,050 single-family homes were permitted, an 11-percent increase from 2,750 homes during the previous 12 months (preliminary data). An average of 2,800

Housing Market Trends

Sales Market—South Carolina Suburbs Submarket Continued

single-family homes were permitted each year in 2013 and 2014, up from an average of 1,325 homes each year from 2009 through 2012. By comparison, an average of 3,275 homes were permitted each year during a 3-year peak from 2005 through 2007 (Figure 15). Most new single-family development is occurring in the northern part of the submarket. York County, which is directly southwest of the Central submarket, is a popular location for residents with jobs in the city of Charlotte. The county comprises approximately 66 percent of all owner households in the South Carolina Suburbs submarket (2010–2014 ACS 5-year data). Lancaster County, which has a median age of 41 years, notably higher than the national median of 38 years, has become a popular destination for retirees (2014 ACS 1-year data).

Figure 15. Single-Family Homes Permitted in the South Carolina Suburbs Submarket, 2000 to Current



Notes: Includes townhomes. Current includes data through October 2015.

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

Table 8. Estimated Demand for New Market-Rate Sales Housing in the South Carolina Suburbs Submarket During the Forecast Period

Price Range (\$)		Units of Demand	Percent of Total
From	To		
170,000	219,999	790	10.0
220,000	269,999	1,575	20.0
270,000	319,999	1,575	20.0
320,000	369,999	1,975	25.0
370,000	419,999	1,200	15.0
420,000	and higher	790	10.0

Notes: The 1,700 homes currently under construction and a portion of the estimated 6,600 other vacant units in the submarket will likely satisfy some of the forecast demand. The forecast period is November 1, 2015, to November 1, 2018.

Source: Estimates by analyst

Riverwalk, a 1,008-acre, master-planned community along the Catawba River in the city of Rock Hill, will eventually include as many as 850 single-family homes, 250 townhomes, and 1,250 apartment units in addition to shops, restaurants, and office space. The first three phases of homes are nearly complete, with a fourth scheduled to open by the summer of 2016. Prices currently start at \$239,900 for three-bedroom townhomes and \$286,800 for single-family homes ranging in size from three to four bedrooms. At Lake Ridge, a 435-acre master planned community on Lake Wylie, near the North Carolina-South Carolina border, prices range from the low \$300,000s to the low \$400,000s for new single-family homes starting at 2,175 square feet. Located in the northern tip of Lancaster County, Sun City Carolina Lakes, a retirement community developed by Del Webb, has been the single most active new home development in the submarket in 2015 (Metrostudy, A Hanley Wood Company). New homes in the community range in size from 1,250 to 2,875 square feet, generally smaller than nearby communities that are not oriented to seniors, with prices starting in the low \$200,000s.

During the 3-year forecast period, demand is expected for 7,925 new homes (Table 1). The 1,700 homes currently under construction will meet part of the demand. Demand is expected to increase each year during the forecast period and to be greatest for single-family homes priced from \$320,000 to \$369,999 (Table 8). An estimated 6,600 other vacant units are currently in the inventory, a portion of which may reenter the sales market and satisfy some of the forecast demand.

Housing Market Trends

South Carolina Suburbs Submarket Continued

Rental Market—South Carolina Suburbs Submarket

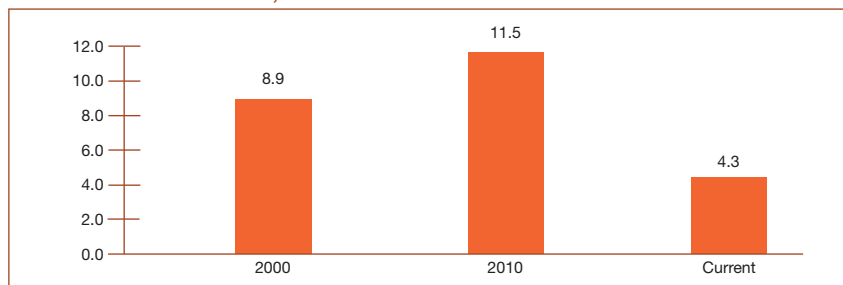
The rental housing market in the South Carolina Suburbs submarket is currently tight, with an estimated overall rental vacancy rate of 4.3 percent, down from 11.5 percent in April 2010 (Figure 16). The apartment vacancy rate is lower than the overall rate because slow multifamily construction in the late 2000s allowed for much of the available apartment inventory to be absorbed. During the third quarter of 2015, the apartment vacancy rate in the submarket was 2.6 percent, down from 3.8 percent during the third quarter of 2014 and down substantially from 8.5 percent during the third quarter of 2014 (MPF Research). The average rent in the submarket was \$863 during

the third quarter of 2015, a 4-percent increase from \$827 during the third quarter of 2014.

Builders have responded to tight apartment market conditions with very high levels of multifamily construction, as measured by the number of multifamily units permitted, during the past 24 months (Figure 17). During the 12 months ending October 2015, 870 multifamily units were permitted, up from 580 units during the 12 months ending October 2014 (preliminary data). In 2014, 1,475 units were permitted, 16 percent more than the previous high of 1,275 in 2000. By comparison, an average of 370 units were permitted each year from 2008 through 2012 and an average of 470 units were permitted each year from 2001 through 2007. Recent multifamily construction has been concentrated in York County. The cities of Fort Mill, Rock Hill, and Tega Cay, which are along Interstate 77 in the northern part of York County, combined to account for more than one-half of the multifamily units permitted since 2013.

Gateway at Rock Hill, a 312-unit apartment development in the city of Rock Hill, was completed in August 2015 with rents starting at \$875 for one-bedroom units, \$1,095 for two-bedroom units, and \$1,295 for three-bedroom units. Elsewhere in Rock Hill, the first phase of apartments at Riverwalk, which consists of 144 units, is currently preleasing. Rents start at \$900 for one-bedroom units, \$1,200 for two-bedroom units, and \$1,600 for three-bedroom units.

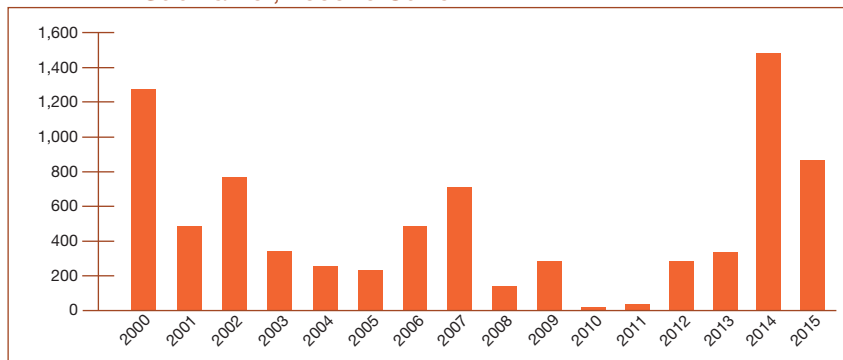
Figure 16. Rental Vacancy Rates in the South Carolina Suburbs Submarket, 2000 to Current



Note: The current date is November 1, 2015.

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

Figure 17. Multifamily Units Permitted in the South Carolina Suburbs Submarket, 2000 to Current



Notes: Excludes townhomes. Current includes data through October 2015.

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

Housing Market Trends

Rental Market—South Carolina Suburbs Submarket Continued

During the 3-year forecast period, demand is expected for 3,300 new rental units in the South Carolina Suburbs submarket (Table 1). Demand is expected to be strongest for one-bedroom units with monthly rents ranging from

\$790 to \$989 (Table 9). The 1,175 new rental units under construction and 340 additional units that are currently in the pipeline will likely satisfy some of the demand.

Table 9. Estimated Demand for New Market-Rate Rental Housing in the South Carolina Suburbs Submarket 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
650 to 849	150	790 to 989	980	1,000 to 1,199	790	1,175 to 1,374	690
850 or more	15	990 or more	170	1,200 or more	200	1,375 to 1,574	250
						1,575 or more	50
Total	160	Total	1,150	Total	990	Total	990

Notes: Monthly rent does not include utilities or concessions. Numbers may not add to totals because of rounding. The 1,175 units currently under construction will likely satisfy some of the estimated demand. The forecast period is November 1, 2015, to November 1, 2018.

Source: Estimates by analysts

Data Profiles

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

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total resident employment	907,432	1,006,841	1,153,000	1.0	2.8
Unemployment rate	3.4%	11.7%	5.4%		
Nonfarm payroll jobs	930,100	953,600	1,096,000	0.2	2.9
Total population	1,717,372	2,217,012	2,439,000	2.6	1.7
Total households	658,711	848,745	926,700	2.6	1.6
Owner households	456,635	575,908	590,300	2.3	0.4
Percent owner	69.3%	67.9%	63.7%		
Renter households	202,076	272,837	336,400	3.0	3.8
Percent renter	30.7%	32.1%	36.3%		
Total housing units	707,177	936,452	995,800	2.8	1.1
Owner vacancy rate	2.0%	2.8%	2.2%		
Rental vacancy rate	8.2%	11.5%	5.6%		

* Charlotte-Concord-Gastonia HMA.

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through October 2015. The current date is November 1, 2015.

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

Table DP-2. Central Submarket Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total population	819,131	1,120,920	1,266,000	3.2	2.2
Total households	316,806	430,077	479,600	3.1	2.0
Owner households	205,330	274,738	283,400	3.0	0.6
Percent owner	64.8%	63.9%	59.1%		
Rental households	111,476	155,339	196,200	3.4	4.3
Percent renter	35.2%	36.1%	40.9%		
Total housing units	338,475	471,380	508,600	3.4	1.4
Owner vacancy rate	2.3%	3.1%	2.2%		
Rental vacancy rate	8.4%	11.1%	5.2%		

Notes: Numbers may not add to totals because of rounding. The current date is November 1, 2015.

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

Table DP-3. North Carolina Suburbs Submarket Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total population	638,208	760,227	800,500	1.8	0.9
Total households	244,796	290,231	304,450	1.7	0.9
Owner households	179,197	207,048	205,500	1.5	- 0.1
Percent owner	73.2%	71.3%	67.5%		
Rental households	65,599	83,183	98,950	2.4	3.2
Percent renter	26.8%	28.7%	32.5%		
Total housing units	263,305	323,488	334,000	2.1	0.6
Owner vacancy rate	1.7%	2.6%	2.3%		
Rental vacancy rate	7.7%	12.1%	6.8%		

Notes: Numbers may not add to totals because of rounding. The current date is November 1, 2015.

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

Table DP-4. South Carolina Suburbs Submarket Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total population	260,033	335,865	372,100	2.6	1.9
Total households	97,109	128,437	142,750	2.8	1.9
Owner households	72,108	94,122	101,500	2.7	1.4
Percent owner	74.3%	73.3%	71.1%		
Rental households	25,001	34,315	41,250	3.2	3.4
Percent renter	25.7%	26.7%	28.9%		
Total housing units	105,397	141,584	153,300	3.0	1.4
Owner vacancy rate	2.0%	2.4%	2.0%		
Rental vacancy rate	8.9%	11.5%	4.3%		

Notes: Numbers may not add to totals because of rounding. The current date is November 1, 2015.

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: 11/1/2015—Analyst's estimates
 Forecast period: 11/1/2015–11/1/2018—
 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_Charlotte_Concord_GastoniaNC_SC_16.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.