

Housing Market Profile

Southeast/Caribbean • HUD Region IV



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

Located east of the Blue Ridge Mountains, the Charlotte-Gastonia-Rock Hill metropolitan area, which traverses the border between North Carolina and South Carolina, consists of Anson, Cabarrus, Gaston, Mecklenburg, and Union Counties in North Carolina and York County, South Carolina. As of January 1, 2012, the population of the metropolitan area was estimated at 1,812,000, which reflects an average annual gain of 30,600, or 1.7 percent, since April 1, 2010, compared with an average annual increase of 55,300, or 3.5 percent, from 2005 through 2009. Because of job losses beginning in June 2008, in-migration has declined since 2010, to approximately 27,400 people a year, or 51 percent of the population growth in the metropolitan area. This compares with an average of about 40,400 people a year, or 72 percent of population growth, from 2005 to 2009. The city of Charlotte, with a population of about 731,400 in April 2010, is located in Mecklenburg County and is the largest city in North Carolina. The largest employers in the metropolitan area are Carolinas HealthCare System, with 27,400 employees; Wells Fargo Bank, N.A., with 20,500 employees; and Bank of America Corporation, with 15,000 employees. The area is also home to the University of North Carolina at Charlotte (UNC Charlotte), which enrolls 25,000 students, employs about 3,000 faculty and staff, and has an annual economic impact estimated at about \$9 billion on the metropolitan area.

Economic conditions are improving in the metropolitan area after losing nearly 60,000 nonfarm payroll jobs, or 7 percent of total nonfarm employment, from 2009 through 2010. During 2011, total nonfarm payrolls in the metropolitan area expanded by 3,700, or 0.5 percent, to 804,500 jobs compared with employment during 2010. The largest additions were in the professional and business services sector, which increased by 2,700 jobs, or 2.1 percent, and the wholesale trade subsector, which grew by 2,400 jobs, or 5.6 percent, compared with the number of jobs in 2010. In August 2011, Connexions, Inc., opened a new call center in Charlotte, adding 800 jobs, and expanded employment at its Concord, North Carolina, facility by 400 jobs. Following a \$135 million plant expansion that added 700 employees at its Charlotte Energy Hub facility in November 2011, Siemens USA began manufacturing

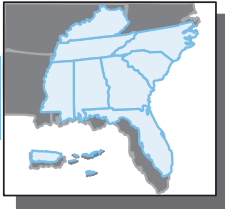
large gas turbines. The largest declines in nonfarm payrolls during 2011, compared with 2010 payrolls, were in the local government subsector, which decreased by 3,700 jobs, or 3.2 percent, and the mining, logging, and construction sector, which lost 1,700 jobs, or 4.5 percent, because of reduced homebuilding activity. The average unemployment rate during the 12 months ending November 2011 declined to 10.8 percent from 11.7 percent during the previous 12 months.

The sales housing market in the Charlotte-Gastonia-Rock Hill metropolitan area is soft despite the improving economy. As of January 1, 2012, the estimated sales vacancy rate is 2.2 percent compared with a 2.9-percent rate in April 2010. According to the North Carolina Association of REALTORS®, about 22,950 new and existing single-family homes, townhomes, and condominiums sold in the metropolitan area during 2011, up 4 percent from 2010. Home sales in the metropolitan area averaged about 40,250 a year from 2005 through 2007 compared with 23,700 a year from 2008 through 2010. During 2011, the average sales price of a home sold in the area decreased to \$200,300, down 3 percent from 2010. According to LPS Applied Analytics, in December 2011, 6.3 percent of home loans in the metropolitan area were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), up from 6.1 percent in December 2010.

Homebuilding activity, as measured by the number of building permits issued, is beginning to increase in the metropolitan area in response to increased sales. Based on preliminary data, during 2011, permits were issued for about 4,900 single-family homes, up 8 percent from 2010. In comparison, an average of 5,400 homes was permitted annually from 2008 through 2010, and an average of 19,000 homes was permitted annually from 2005 through 2007. New home developments include the Telfair subdivision, located southeast of Charlotte in Mint Hill, North Carolina, featuring five-bedroom, three-bathroom homes starting at \$265,900, and the Olmsted subdivision, north of Charlotte in Huntersville, with four-bedroom, three-bathroom homes starting at \$369,900.

Overall rental housing market conditions in the metropolitan area are soft but are improving because of job growth and fewer new units entering the rental housing market during the past 2 years. The overall rental vacancy rate, as of January 1, 2012, is estimated to be 8.2 percent, a decrease from the 11.4-percent rate in April 2010. According to the most recent Real Data survey for the Charlotte area, the apartment vacancy rate in September 2011 was 7.2 percent compared with 11.1 percent in





September 2010. The average apartment rent in the area was \$780 in September 2011, up 8 percent from September 2010. In September 2011, average rents in the metropolitan area for one-, two-, and three-bedroom apartment units were \$690, \$797, and \$922, respectively. About 20,000 students at UNC Charlotte reside off campus, which significantly affects the rental housing market surrounding the university. In September 2011, the submarket that includes the university, defined by Real Data as Northeast-3, reported average rents for one-, two-, and three-bedroom apartment units of \$695, \$842, and \$1,077, respectively. The vacancy rate for the Northeast-3 submarket was 6.5 percent in September 2011 compared with 7.9 percent

in September 2010. Average rent in the Northeast-3 submarket was \$897 in September 2011, up 4 percent from September 2010.

Building permits were issued for nearly 1,300 multifamily units during 2011, about 20 percent more than the 1,075 units permitted during 2010, based on preliminary data. An average of 5,000 multifamily units was permitted each year from 2006 through 2008, followed by about 2,650 units in 2009 and 900 units in 2010. The 300-unit Mallard Creek Apartments complex in northwest Mecklenburg County, which began construction in September 2011, expects rents for one-, two-, and three-bedroom units to be \$810, \$1,005, and \$1,150, respectively.