

# Housing Market Profile

Southeast/Caribbean • HUD Region IV



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

The Charlotte-Gastonia-Rock Hill metropolitan area consists of Anson, Cabarrus, Gaston, Mecklenburg, and Union Counties in North Carolina and York County in South Carolina. As of January 1, 2013, the population of the metropolitan area was estimated at 1.84 million, which reflects an average annual gain of 30,250, or 1.7 percent, since April 1, 2010. Charlotte is the largest city in North Carolina and contains approximately 42 percent of the population in the metropolitan area.

The economy of the metropolitan area has improved since 2010, after 2 years of declining payrolls. The metropolitan area lost 51,300 jobs, or 6.0 percent of all nonfarm payrolls, in 2009 and lost 2,400 jobs, or less than 1.0 percent, in 2010. During 2012, nonfarm payrolls in the metropolitan area increased by 12,700 jobs, or 1.5 percent, to 839,400 jobs compared with nonfarm payrolls in 2011. Despite the recent job gains, nonfarm payrolls remain below the peak of 861,200 jobs recorded in 2008. The largest nonfarm payroll gains during 2012 occurred in the professional and business services sector, which increased by 4,925 jobs, or 3.6 percent, and in the trade sector, which increased by 3,550 jobs, or 2.6 percent. Only two sectors recorded job losses; the government sector declined by 1,125 jobs, or 1.0 percent, and the leisure and hospitality sector declined by 1,525 jobs, or 1.7 percent. Most job losses in the government sector were concentrated in the local government subsector. The largest employers in the metropolitan area are Carolinas HealthCare System, with 27,450 employees, Wells Fargo Bank, N.A., with 20,500 employees, and Bank of America Corporation, with 15,000 employees. Because of the large number of jobs in the financial activities sector, the city of Charlotte is an important banking center in the United States. The financial activities sector increased by 610 jobs, or less than 1.0 percent, during 2012 compared with the number of jobs recorded in the sector in 2011. TZ Insurance Solutions LLC, which opened a new location in the metropolitan area in October 2012, contributed to the increase in the financial activities sector by hiring 120 employees during the past year. During 2012, the unemployment rate decreased from 10.9 percent in 2011 to 9.6 percent.

The sales housing market in the Charlotte-Gastonia-Rock Hill metropolitan area is soft, although conditions improved during the past year. As of January 1, 2013, the estimated sales vacancy rate was 2.1 percent compared with the 2.9-percent rate recorded in April 2010. According to the Charlotte Regional Realtor® Association, during 2012, the number of new and existing home sales increased 21 percent, to 21,850 homes sold, compared with the number of homes sold in 2011. The home sales level exceeds the average of 18,600 homes sold annually from 2008 through 2010 but remains well below the average of 33,000 homes sold annually from 2005 through 2007, when homebuilding peaked. During 2012, the average home sales price increased nearly 4 percent, to \$211,900, from 2011. According to Hanley Wood, LLC, during 2012, new home sales activity in the metropolitan area increased 13 percent, to 4,875 homes sold, and the average new home sales price increased 5 percent, to \$239,900, from 2011. New home sales were widespread throughout the metropolitan area in many subdivisions, such as Ardrey Woods, where 55 homes sold, up from 30 homes sold in 2011, and the average home sales price increased nearly 8 percent, to \$310,000. By comparison, during 2007 through 2010, the number of new homes sold in the Ardrey Woods subdivision averaged 25 homes with an average sales price of \$324,700. The average size of new homes sold in Ardrey Woods typically ranges from 2,450 to 3,100 square feet. In the metropolitan area, fewer new listings and an increase in the number of homes sold, reduced the available inventory of new and existing homes to a 5-month supply in December 2012 compared with the 9-month supply recorded in December 2011. According to LPS Applied Analytics, as of December 2012, 6.8 percent of home loans in the metropolitan area were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned), down from 7.3 percent in December 2011.

Single-family homebuilding activity in the metropolitan area increased during the past year because builders responded to a lower inventory of homes for sale and to increased home sales activity. Based on preliminary data, during the 12 months ending November 2012, single-family permits were issued for 6,500 homes, up 37 percent from the 4,750 homes permitted during the previous 12 months. The current level of permitting exceeds the average of 5,425 homes permitted annually from 2008 through 2010 but remains below the average of 18,250 homes permitted annually from 2005 through 2007.



The apartment market in the Charlotte-Gastonia-Rock Hill metropolitan area is currently balanced to tight. According to MPF Research, the apartment vacancy rate was 5.1 percent in the fourth quarter of 2012, down from 6.2 percent in the fourth quarter of 2011. During the fourth quarter of 2012, rents increased 5 percent, to \$830, compared with rents in the fourth quarter of 2011. The apartment vacancy rate in the Uptown submarket in the city of Charlotte was 5.9 percent as of the fourth quarter of 2012, up from 3.2 percent in the fourth quarter of 2011. Rents in Uptown increased 4 percent, to \$1,250, during the fourth quarter of 2012 compared with rents during the fourth quarter of 2011. The VUE Charlotte on 5th, a recently completed 400-unit highrise in Uptown, is currently in lease up with asking rents starting at \$1,300 for a one-bedroom unit, \$2,475 for a two-bedroom unit, and \$4,000 for a three-bedroom unit. The Myers Park submarket, south of Uptown, had an apartment vacancy rate of 3.5 percent in the fourth quarter of 2012, down from 5.6 percent in the fourth quarter of 2011. Because of tight conditions in the Myers Park submarket during the fourth quarter of 2012, rents increased more than 4 percent, to \$930, compared with rents in the fourth quarter of 2011. The University of North Carolina at Charlotte (UNC Charlotte) enrolls 25,300 students,

20,200 of whom seek off-campus housing. During the fourth quarter of 2012, the University submarket, which includes UNC Charlotte, had an apartment vacancy rate of 5.1 percent, down from 6.2 percent in the fourth quarter of 2011. Rents increased 4.5 percent during the fourth quarter of 2012, to \$920, compared with rents in the fourth quarter of 2011.

Multifamily building activity in the metropolitan area increased because builders responded to the tightening market and rising rents. Based on preliminary data, multifamily permitting more than tripled in the metropolitan area during the 12 months ending November 2012, when 5,125 multifamily units were permitted, up from 1,400 units permitted during the previous 12 months. The current level of permitting exceeds the average of 1,875 units permitted annually in 2009 and 2010 and exceeds the average of 5,050 units permitted annually during the peak years of 2006 through 2008. The metropolitan area currently has 4,950 apartment units under construction. The Myers Park submarket has 670 units under construction, but none are expected to be complete in 2013. The Uptown submarket has more than 1,575 units under construction, with 1,475 units expected to be complete in 2013.