



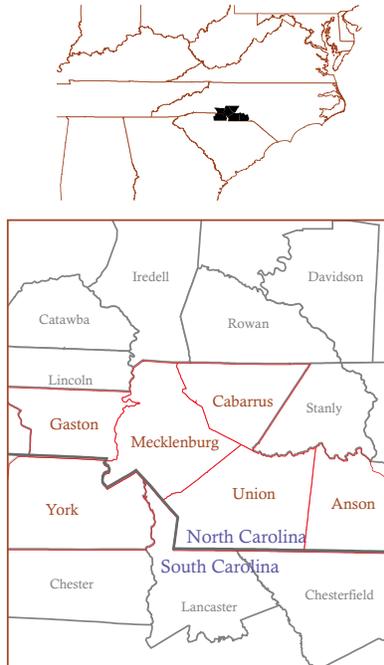
Charlotte, North Carolina-South Carolina

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of April 1, 2007



Summary

Housing Market Area



The Charlotte, North Carolina-South Carolina Housing Market Area (HMA) is coterminous with the Charlotte-Gastonia-Concord, North Carolina-South Carolina Metropolitan Statistical Area (MSA). For purposes of this report, the HMA is divided into three submarkets: the Mecklenburg County submarket; the Western Counties submarket, which includes Gaston County, North Carolina, and York County, South Carolina; and the Eastern Counties submarket, which is composed of the North Carolina counties of Cabarrus, Union, and Anson. Located in Mecklenburg County, Charlotte is the largest city in North Carolina.

Economy

The Charlotte HMA is the second largest banking center in the nation; area banks have \$1.9 billion in assets. Wachovia Corporation and Bank of America Corporation are headquartered in Charlotte. During the 12 months ending March 2007, employment in the financial activities sector increased by 7.3 percent, making the sector one of the fastest growing employment sectors in the HMA. During the same period, non-farm employment in the HMA was strong, increasing by 3.6 percent. Employment during the forecast period is expected to increase by an average of 3.2 percent annually, with job growth concentrated in the financial services and professional and business services sectors.

Sales Market

The sales market in the HMA is balanced but softening. Record-setting

single-family homebuilding since 2000 increased the sales vacancy rate slightly to 2.4 percent from 2.2 percent in 2000. During the forecast period, strong economic growth and household growth are expected to result in demand for 54,550 new sales units (see Table 1).

Rental Market

The rental market in the HMA is balanced. Strong population and renter household growth during the past 2 to 3 years, coupled with a decline in the construction of rental units, have allowed the market to recover from overbuilding that occurred during the late 1990s and early 2000s. Currently, the overall rental vacancy rate is estimated at 7 percent (see Table DP-1). During the forecast period, demand is expected for a total of 11,600 new rental units (see Table 1).

Market Details

Economic Conditions	2
Population and Households	4
Housing Market Trends	6
Data Profiles	16

Table 1. Housing Demand in the Charlotte HMA, 3-Year Forecast, April 1, 2007 to April 1, 2010

	Charlotte HMA		Mecklenburg County Submarket		Western Counties Submarket		Eastern Counties Submarket	
	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units
Total Demand	54,550	11,600	26,800	8,200	10,550	1,950	17,200	1,450
Under Construction	7,450	3,400	4,250	3,400	1,225	0	1,975	0

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of April 1, 2007.

Source: Estimates by analyst

Economic Conditions

Nonfarm employment in the Charlotte HMA is divided among many employment sectors and continues to expand. During the 12 months ending March 2007, employment increased by 28,800 jobs, or 3.6 percent, to 827,300 jobs (see Table 2). Employment changed by less than 1 percent each year from 2002 to 2004, but, in 2005 and 2006, employment growth acceler-

ated to 2.9 and 3.6 percent, respectively. Current employment growth represents a return to a more typical rate for the HMA, which averaged approximately 3.8 percent annual growth, or 21,000 jobs, during the 1990s. Although job gains during the past 12 months occurred in multiple service sectors, 40 percent of the growth occurred in the financial activities and professional and business services sectors. Employment in the financial activities sector increased by 5,300 jobs, primarily as a result of hiring by financial and investment services companies. New marketing and consulting jobs helped increase employment in the professional and business services sector by 6,300 jobs. Employment in the education and health services sector expanded by 3,500 jobs during the past 12 months, primarily from employment increases in medical facilities and home healthcare businesses. For the 12 months ending March 2007, the unemployment rate in the HMA declined to an average of 4.7 percent from 5.0 percent a year earlier (see Figure 1).

Table 2. 12-Month Average Employment in the Charlotte HMA, by Sector

Employment Sector	12 Months Ending March 2006	12 Months Ending March 2007	Percent Change
Total Nonfarm Employment	798,500	827,300	3.6
Goods Producing	136,400	140,600	3.1
Natural Resources, Mining, & Construction	53,500	57,900	8.2
Manufacturing	82,900	82,700	-0.2
Service Providing	662,200	686,700	3.7
Trade	132,800	136,700	2.9
Transportation & Utilities	35,800	36,300	1.4
Information	21,500	21,600	0.5
Financial Activities	72,800	78,100	7.3
Professional & Business Services	118,600	124,900	5.3
Education & Health Services	68,800	72,300	5.1
Leisure & Hospitality	74,400	76,700	3.1
Other Services	36,700	37,600	2.5
Government	100,900	102,400	1.5

Notes: Based on 12-month averages through March 2006 and March 2007. Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

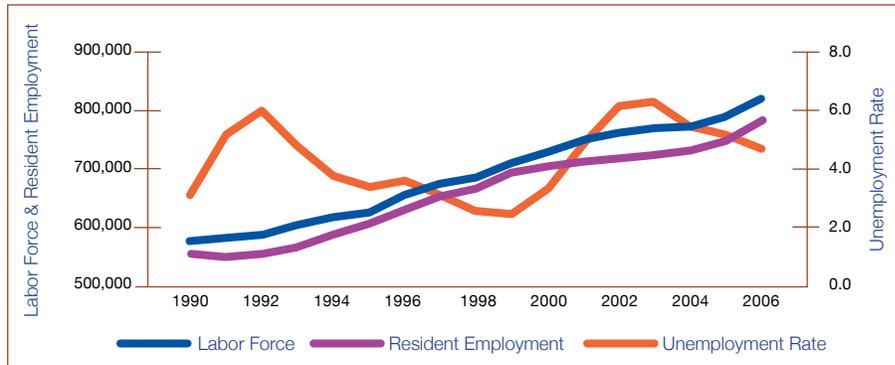
Since 2000, the financial activities sector has been one of the fastest growing employment sectors in the HMA, increasing by an average of 3,400 jobs, or 6 percent, annually between 2000 and 2006. Currently, the financial activities sector accounts for 78,100 jobs in the HMA, or approximately 9 percent of nonfarm employment (see Figure 2). Wachovia Corporation and Bank of America Corporation, two of the largest banks in the United States, are headquartered in the city of Charlotte. Together, the two corporations provide approximately 34,000 jobs and account for 44 percent of employment in the financial activities sector. Other major

private-sector employers in the HMA are listed in Table 3.

With a fall 2006 enrollment of more than 21,500 students, The University of North Carolina at Charlotte (UNC Charlotte) employs nearly 3,700 faculty and staff. University Research Park, the sixth largest university-affiliated research park in the United States, employs an additional 25,000 people. Students and university staff serve as a catalyst for economic and housing development in the northeastern portion of Mecklenburg County.

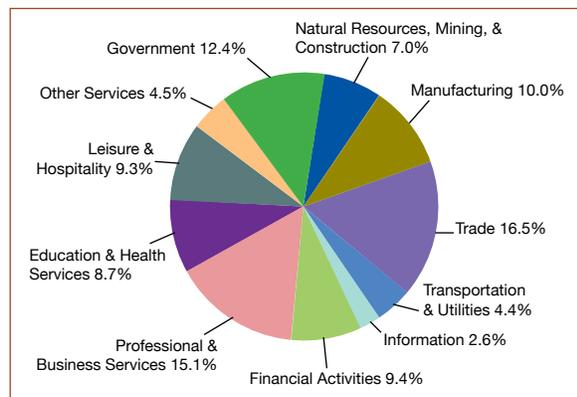
The National Association for Stock Car Auto Racing, Inc., (NASCAR) has a major economic impact on the Charlotte area. Located in Concord, North Carolina, Lowe's Motor Speedway hosts several races and other automotive events each year, and several NASCAR teams are headquartered in the area. A 2006 study from UNC Charlotte estimates that, in 2005, NASCAR had a total direct annual impact of \$2.9 billion on the Charlotte region and accounted for 10,500 jobs in the area. Charlotte has been chosen as the location for the NASCAR Hall of Fame, which broke ground in January 2007 and is expected to open in 2010. The attraction is

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Charlotte HMA, 1990 to 2006



Source: U.S. Bureau of Labor Statistics

Figure 2. Current Employment in the Charlotte HMA, by Sector



Note: Based on 12-month averages through March 2007.
Source: U.S. Bureau of Labor Statistics

Table 3. Major Employers in the Charlotte HMA

Name of Employer	Employment Sector	Number of Employees
Carolinas HealthCare System	Health Services	26,283
Wachovia Corporation	Financial Activities	20,000
Bank of America Corporation	Financial Activities	13,960
Wal-Mart Stores, Inc.	Retail Trade	12,918
Food Lion, LLC	Retail Trade	8,658
Duke Energy Corporation	Utilities	7,500
Adecco S.A.	Business Services	5,000
US Airways, Inc.	Transportation	4,981

Note: Figures from survey conducted in January 2007.
Source: Charlotte Chamber of Commerce

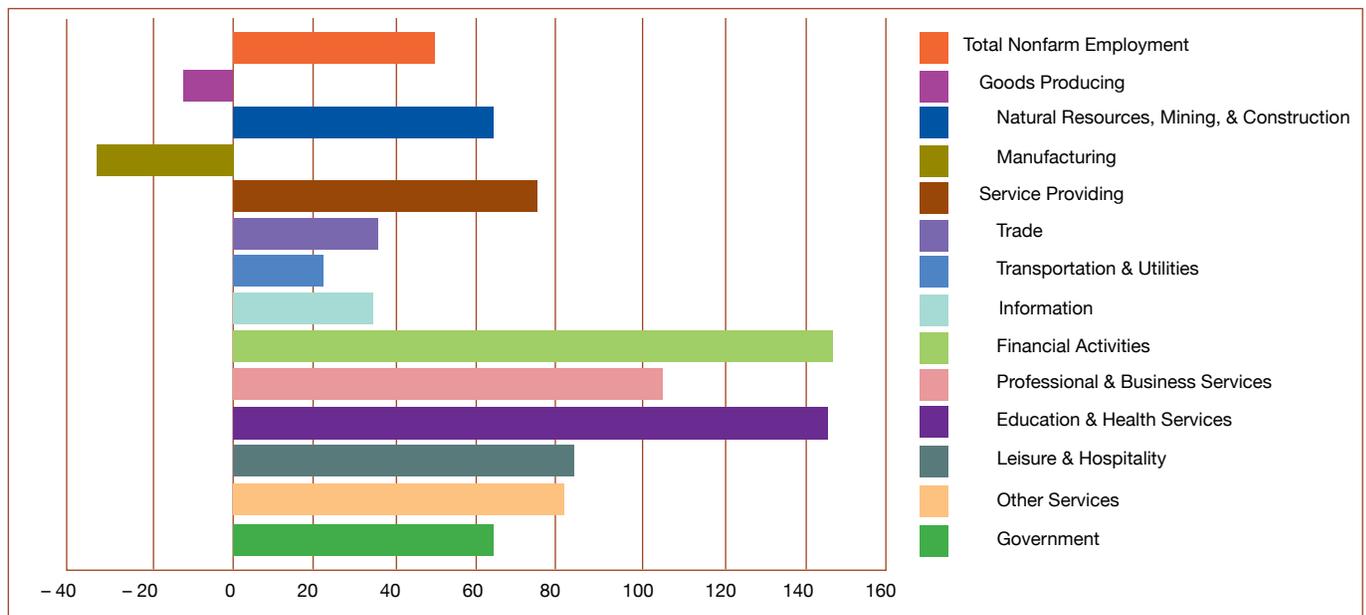
expected to draw 400,000 visitors annually, create 750 new jobs, and have an annual economic impact of more than \$60 million.

Since 1990, employment in the manufacturing sector has declined by 33 percent (see Figure 3). Manufacturing fell from 23 percent of nonfarm employment in the HMA in 1990 to 10 percent in the past 12 months. Losses in textile manufacturing employment accounted for 70 percent of all manufacturing job losses. In 2003,

the Pillowtex Corporation filed for bankruptcy and laid off more than 5,000 workers in North Carolina, including 4,000 workers in Cabarrus County, the largest single layoff in the history of the state.

During the 3-year forecast period, nonfarm employment is expected to increase by an average of 3.2 percent annually, with gains in multiple sectors. Growth is expected to be concentrated in the financial services and professional and business services sectors.

Figure 3. Sector Growth in the Charlotte HMA, Percent Change, 1990 to Current



Note: Current is based on 12-month averages through March 2007.

Source: U.S. Bureau of Labor Statistics

Population and Households

Because of strong employment growth, relatively affordable housing, and a mild climate, population in the Charlotte HMA has grown rapidly during the past two decades from 1 million in 1990

to 1.6 million as of the current date (see Table DP-1). Since 2000, annual population growth has accelerated to an average of 43,200 a year (see Figure 4), 12,600 more a year than in the 1990s. In the late 1990s,

population growth was highest in the southern portion of Mecklenburg County; however, growth during the past 3 years has shifted to the northern part of the county where a new section of Interstate 485 (I-485) has been completed, providing outlying areas of the county with more convenient access to other areas of the HMA. Growth in both the Western Counties and Eastern Counties submarkets has been strong (see Tables DP-3 and DP-4) due to steady employment growth in the suburban counties and the availability of relatively affordable housing for commuters to Mecklenburg County. Currently, 52 percent of the population in the HMA resides in Mecklenburg County, 25 percent resides in the Western Counties submarket, and

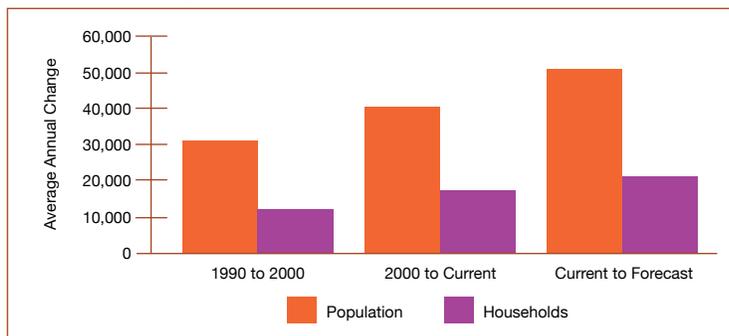
23 percent resides in the Eastern Counties submarket.

As employment growth continues to be strong during the forecast period, population growth is expected to accelerate to an average of 50,300 a year. By the end of the forecast period, the population in the HMA is expected to reach nearly 1.8 million. Average population growth in each submarket is expected to exceed submarket growth levels that have occurred since 2000.

Since 2000, 71 percent of population growth in the HMA, or 30,850 people (see Figure 5), has come from net in-migration, primarily from northern states and from outlying counties of North Carolina. In both the Western Counties and Eastern Counties submarkets, more than 75 percent of population growth has come from net in-migration. The trend is expected to continue in the forecast period as strong employment growth continues to attract young professionals and families and the warmer climate attracts retirees.

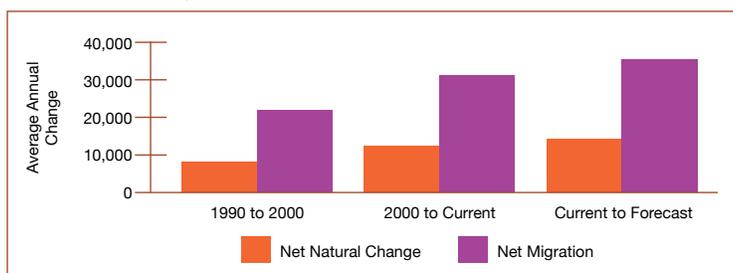
During the past two decades, household growth in the HMA has been strong due to increases in employment and in-migration. During the 1990s, the number of households increased by an average of 12,250, or 2.8 percent, each year. Since 2000, household growth has accelerated to an average of 17,300 units, or 3.1 percent, annually. Currently, an estimated 631,600 households reside in the HMA, with 54 percent living in Mecklenburg County. During the forecast period, the number of households is expected to reach 692,000.

Figure 4. Population and Household Growth in the Charlotte HMA, 1990 to Forecast



Sources: 1990 and 2000—U.S. Census; current and forecast—estimates by analyst

Figure 5. Components of Population Change in the Charlotte HMA, 1990 to Forecast



Sources: 1990 and 2000—U.S. Census; current and forecast—estimates by analyst

Housing Market Trends

Sales Market—Mecklenburg County Submarket

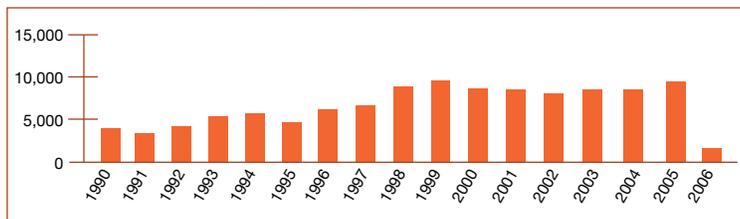
The current sales housing market in the Mecklenburg County submarket is balanced, with an estimated sales vacancy rate of 2.5 percent (see Table DP-2). Although population and household growth have been strong since 2000, record-level housing construction has resulted in a slight increase in the sales vacancy rate since 2000. In 2006, single-family construction activity, as measured by the number of homes permitted, increased 10 percent to 9,300 homes, the highest number since 1999 (see Figure 6). For the 12 months ending March 2007, the rate of single-family building permits issued slowed to 1 percent for a total of approximately 9,075 single-family units. Low interest rates and favorable lending terms have resulted in an increase in the home-

ownership rate in the county from 62.3 percent in 2000 to a current rate of 64.5 percent, or 218,200 owner households (see Figure 7). In the late 1990s, housing construction was concentrated in southern Mecklenburg County, but the expansion of I-485 and the continued growth of UNC Charlotte have shifted a large portion of sales construction to the northern part of the county.

During the past 5 years, housing construction has also increased dramatically in downtown Charlotte. According to Charlotte Center City Partners, approximately 6,800 housing units are located in downtown Charlotte. A survey conducted by the organization found that most downtown residents are young, single professionals who moved downtown to be close to work. Approximately 90 percent of the 8,000 new housing units scheduled to be completed in downtown Charlotte during the next 3 years will be condominiums. According to data from Carolina Multiple Listing Services, Inc., 534 homes were sold in downtown Charlotte in 2006, a 76-percent increase compared with the number of homes sold in 2005, primarily due to the increasing availability of new condominiums. The average sales price of homes in downtown Charlotte increased by more than \$50,000, or 18 percent, from 2005 sales prices to \$320,918 in 2006 because more high-end condominium units were sold in the area.

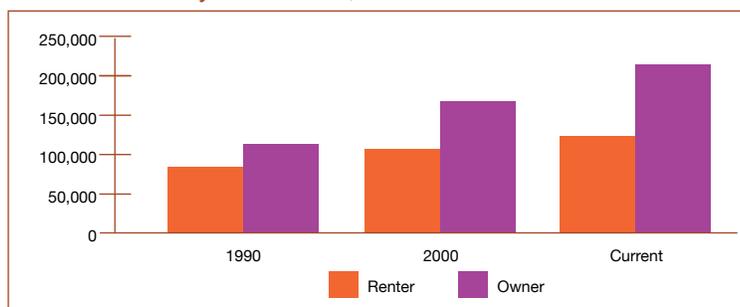
The number and price of existing homes sold have increased steadily in recent years in the Mecklenburg County submarket. According

Figure 6. Single-Family Building Permits Issued in the Mecklenburg County Submarket, 1990 to 2007



Notes: Includes only single-family units. Includes data through March 2007.
Source: U.S. Census Bureau, Building Permits Survey

Figure 7. Number of Households by Tenure in the Mecklenburg County Submarket, 1990 to Current



Sources: 1990 and 2000—U.S. Census; current—estimates by analyst

Housing Market Trends

Sales Market—Mecklenburg County Submarket *Continued*

to data from Carolina Multiple Listing Services, Inc., 21,413 new and existing homes were sold in the county in 2006, an increase of 2,288 homes, or 12 percent, from 2005. During the same period,

the average sales price of homes increased 4 percent to \$219,122. The largest number of homes was sold in the rapidly growing northern portion of Mecklenburg County, where 4,010 homes were sold during 2006 at an average price of \$194,009. Starter homes with two bathrooms, a one-car garage, and limited amenities can be purchased starting at \$115,000 in newly developed neighborhoods away from downtown Charlotte.

During the 3-year forecast period, demand is expected for 26,800 homes. A portion of that demand will be met by 4,250 single-family homes, condominiums, and town-houses currently under construction. See Table 4 for a breakdown of estimated demand for new sales housing by price range.

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Mecklenburg County Submarket, April 1, 2007 to April 1, 2010

Price Range (\$)		Units of Demand	Percent of Total
From	To		
115,000	149,999	250	0.9
150,000	174,999	2,675	10.0
175,000	199,999	2,700	10.1
200,000	224,999	4,050	15.1
225,000	249,999	5,375	20.1
250,000	299,999	4,025	15.0
300,000	399,999	4,000	14.9
400,000	499,999	2,650	9.9
500,000	and higher	1,075	4.0

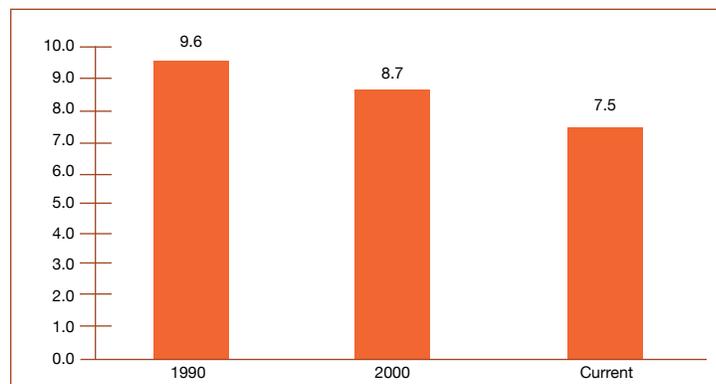
Source: Estimates by analyst

Rental Market—Mecklenburg County Submarket

The rental housing market in the Mecklenburg County submarket is balanced, with an overall estimated vacancy rate of 7.5 percent, as shown in Figure 8. The apartment market has tightened during the past 2 years after the vacancy rate reached a

high of more than 12 percent in 2002. A slowdown in the construction of multifamily rental units, as measured by the number of units permitted, combined with a gradual increase in renter households, accounts for the decrease in the vacancy rate. See Figure 9 for trends in multifamily building permits. The construction of rental housing slowed dramatically beginning in 2002 compared with the levels of production recorded in the previous 6 years. In addition, 20 percent of the multifamily units permitted since 2000 have been condominiums, resulting in an even greater decline in the development of rental units than permit figures show. During the 12 months ending March 2007, permits were issued

Figure 8. Rental Vacancy Rates in the Mecklenburg County Submarket, 1990 to Current



Sources: 1990 and 2000—U.S. Census; current—estimates by analyst

Housing Market Trends

Rental Market—Mecklenburg County Submarket *Continued*

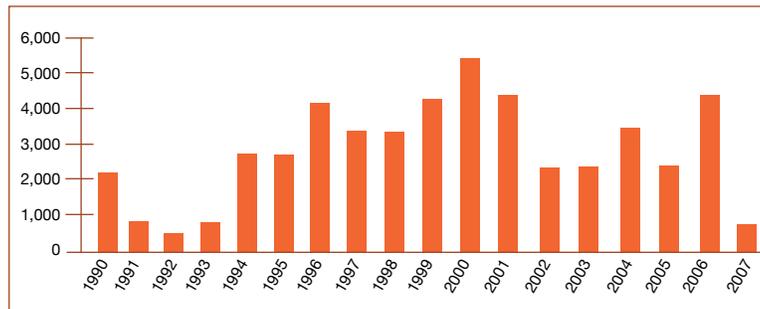
for approximately 4,500 multifamily units, a 56-percent increase from the previous 12-month period. Although building permits for apartments increased during the past 12 months, the dramatic increase in condominium construction in the county, particularly in downtown Charlotte, has also contributed to the increase in permits for multifamily units. Condominiums accounted for an estimated 25 percent of multifamily units permitted during the past 12 months.

According to a RealData, Inc., survey in February 2007, the average

rent for apartments in the Mecklenburg County submarket was \$727, an increase of nearly 6 percent from the average rent of \$687 in February 2006. Rents were significantly higher in downtown Charlotte than in any other RealData submarket and averaged \$1,133. According to RealData, Inc., in February 2007, 470 apartments were under construction near UNC Charlotte and the new northern section of I-485 and 760 apartments were under construction near the new southwestern section of I-485 that connects I-77 with I-85.

During the 3-year forecast period, demand is expected for 8,200 rental units in the Mecklenburg County submarket. See Table 5 for a breakdown of estimated demand for rental housing by rent range and number of bedrooms. Because an estimated 3,400 rental units are currently under construction, additional units will not be needed until the 2nd and 3rd years of the forecast period.

Figure 9. Multifamily Building Permits Issued in the Mecklenburg County Submarket, 1990 to 2007



Notes: Includes all multifamily units in structures with two or more units. Includes data through March 2007.

Source: U.S. Census Bureau, Building Permits Survey

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Mecklenburg County Submarket, April 1, 2007 to April 1, 2010

1 Bedroom		2 Bedrooms		3 or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
700	2,025	800	4,600	900	1,575
750	1,775	850	3,800	950	1,425
800	1,650	900	3,500	1,000	1,275
850	1,475	950	3,125	1,050	1,100
900	1,300	1,000	2,700	1,100	920
950	1,100	1,050	2,300	1,150	810
1,000	910	1,100	1,925	1,200	710
1,100	730	1,200	1,550	1,300	520
1,200	590	1,300	1,000	1,400	380
1,300	470	1,400	690	1,500	270
1,400	1,000	1,500	1,100	1,600	590
and higher		and higher		and higher	

Notes: Distribution above is noncumulative. Demand shown at any rent represents demand at that level and higher.

Source: Estimates by analyst

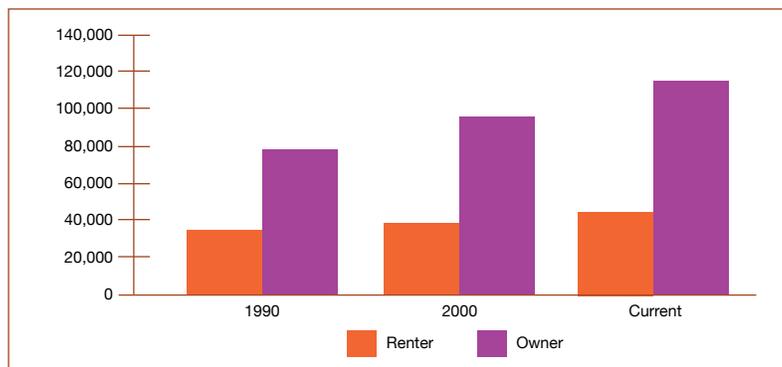
Sales Market—Western Counties Submarket

Since 2000, demand for sales housing units in the Western Counties submarket has been strong. The number of owner households has increased to an estimated 115,400 and the homeownership rate has increased to 72.8 percent from 70.8 percent in 2000 (see Figure 10 and Table DP-3). Because owner household growth has been strong, the sales housing market in the Western Counties submarket has remained balanced, although the vacancy rate has increased as a result of a high level of new home construction. The sales vacancy rate increased from 2 percent in 2000 to a current estimate of 2.5 percent. Between 2000 and 2006, building permits were issued for an average of 3,550 single-family homes annually,

outpacing the average of 2,750 new owner households formed annually during the period. In 2006, a record 4,300 single-family homes were permitted, 55 percent more than the nearly 2,800 homes permitted in 2000 (see Figure 11). Since 2000, the unincorporated areas of York County have accounted for 60 percent of single-family home construction in the submarket because of the availability of land for new subdivisions.

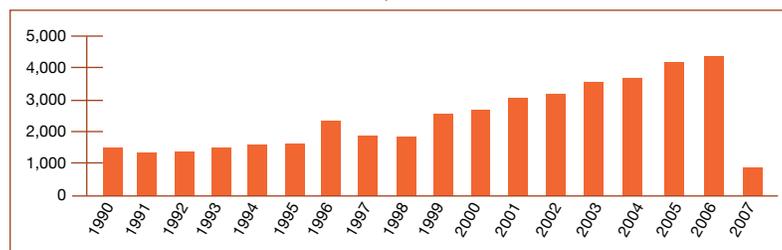
According to data from Carolina Multiple Listing Services, Inc., the number of existing homes sold in the submarket increased from 5,070 units in 2005 to 5,734 units in 2006, a 13-percent increase. In York County, home sales in 2006 were up 17 percent to 3,043 units. Moderate job growth in York County and the large number of residents commuting to work in Mecklenburg County have increased demand for sales housing in York County. In 2000, 23,900 residents of York County commuted to jobs in Mecklenburg County. Second-home purchases also make up a portion of sales housing demand in the county, particularly near Lake Wylie. In Gaston County, sales increased by nearly 9 percent to 2,691 homes in 2006. Increases in home sales in Gaston County have been fueled primarily by an increase in the number of commuters who are employed in Mecklenburg County. According to the 2000 Census, approximately 26 percent of the workers in Gaston County commuted to Mecklenburg County for employment. Because of the relative affordability of homes in

Figure 10. Number of Households by Tenure in the Western Counties Submarket, 1990 to Current



Sources: 1990 and 2000—U.S. Census; current—estimates by analyst

Figure 11. Single-Family Building Permits Issued in the Western Counties Submarket, 1990 to 2007



Notes: Includes only single-family units. Includes data through March 2007.

Source: U.S. Census Bureau, Building Permits Survey

Housing Market Trends

Sales Market—Western Counties Submarket *Continued*

Gaston County compared with those in Mecklenburg County, the number of commuters to Mecklenburg County is estimated to have increased since 2000.

The sales price of a home in the Western Counties submarket averaged \$190,450 in 2006, an increase of nearly 10 percent from 2005. Prices increased faster in

this submarket than in any other submarket in the HMA. In York County, the average price of a home was \$240,855. The average sales price for a home near Lake Wylie in York County, including seasonal and second homes, increased by 20 percent to \$417,444 in 2006 and had a significant impact on the average home sales price for the submarket. Excluding Lake Wylie properties, the average price for a home in York County increased by 4 percent to \$196,216. The average sales price for a home in Gaston County increased by 6 percent to \$133,451.

During the 3-year forecast period, demand is expected for 10,550 new sales units. An estimated 1,225 homes are currently under construction in the submarket. See Table 6 for a breakdown of estimated demand for new sales housing in the Western Counties submarket by price range.

Table 6. Estimated Demand for New Market-Rate Sales Housing in the Western Counties Submarket, April 1, 2007 to April 1, 2010

Price Range (\$)		Units of Demand	Percent of Total
From	To		
100,000	124,999	530	5.0
125,000	149,999	1,250	11.8
150,000	174,999	1,575	14.9
175,000	199,999	2,125	20.1
200,000	224,999	1,900	18.0
225,000	249,999	1,050	10.0
250,000	299,999	640	6.1
300,000	399,999	530	5.0
400,000	499,999	420	4.0
500,000	and higher	530	5.0

Source: Estimates by analyst

Rental Market—Western Counties Submarket

The rental housing market in the Western Counties submarket is currently balanced. Since 2000, the overall rental vacancy rate in the submarket has declined slightly from 7.8 percent to a current estimate of 7.0 percent (see Figure 12). The construction of multifamily units, as measured by the number of units permitted, increased significantly in the submarket during the mid-1990s (see Figure 13). Nearly all multifamily units produced in the submarket were apartments. Construction activity peaked in 2000 at 1,400 units, resulting in an upward trend in the vacancy rate

beginning in 2001. According to RealData, Inc., the apartment vacancy rate in York County reached a high of 16.8 percent in August 2002 due to the large number of new units that became available at the same time but the rate declined gradually to 6.3 percent in February 2007, and conditions are now balanced. Despite sharp cutbacks in apartment construction in Gaston County since 2000, the apartment market in the county has remained soft longer than it has in York County because of the loss of more than 5,600 manufacturing jobs in Gaston County from 2001 to

Housing Market Trends

Rental Market—Western Counties Submarket *Continued*

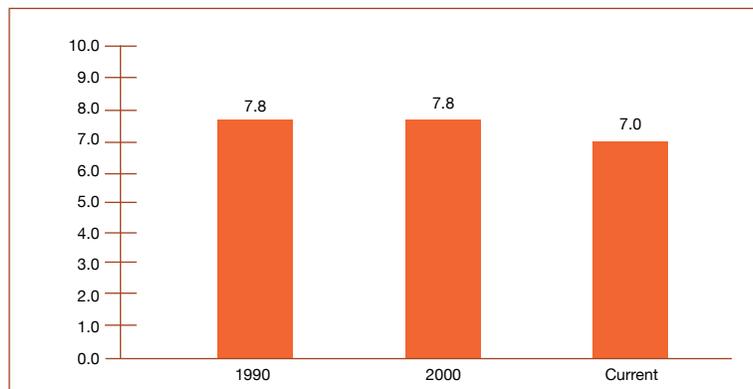
2006. The apartment vacancy rate in Gaston County reached a high of 11.6 percent in February 2003 but declined to 8 percent in February 2007; however, RealData, Inc., reports that more than half of all apartment managers surveyed in Gaston County would not disclose occupancy or rental information.

For this reason, we estimate that the vacancy rate in the county exceeded the reported 8 percent.

According to RealData, Inc., the average rent in York County was \$662 in February 2007, an increase of nearly 6 percent from the average recorded in February 2006. In Gaston County, rents averaged \$615 in February 2007, an increase of nearly 6 percent from the average recorded a year earlier. Because of the number of apartment properties in Gaston County that would not disclose rental rates, we estimate that average rents in the county are lower than the reported rates.

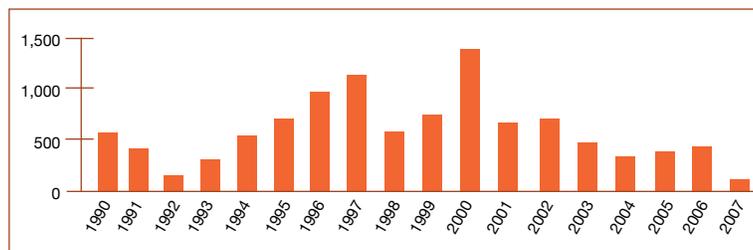
During the 3-year forecast period, demand is expected for 1,950 new rental units in the Western Counties submarket. See Table 7 for demand for rental housing by rent range and number of bedrooms. Because of the slightly soft rental market conditions in Gaston County, new units will be needed primarily in York County. Any units produced in Gaston County would not be needed until the 2nd or 3rd year of the forecast period to let the current supply of excess vacant units be absorbed.

Figure 12. Rental Vacancy Rates in the Western Counties Submarket, 1990 to Current



Sources: 1990 and 2000—U.S. Census; current—estimates by analyst

Figure 13. Multifamily Building Permits Issued in the Western Counties Submarket, 1990 to 2007



Notes: Includes all multifamily units in structures with two or more units. Includes data through March 2007.

Source: U.S. Census Bureau, Building Permits Survey

Housing Market Trends

Rental Market—Western Counties Submarket *Continued*

Table 7. Estimated Demand for New Market-Rate Rental Housing in the Western Counties Submarket, April 1, 2007 to April 1, 2010

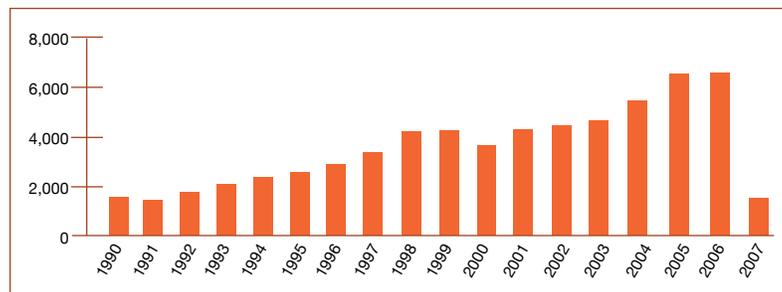
1 Bedroom		2 Bedrooms		3 or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
600	500	700	1,050	800	400
650	440	750	900	850	360
700	400	800	830	900	320
750	360	850	740	950	280
800	320	900	640	1,000	230
850	270	950	540	1,050	200
900	220	1,000	460	1,100	180
1,000	180	1,100	370	1,200	130
1,100	140	1,200	240	1,300	100
1,200	110	1,300	160	1,400	70
1,300	240	1,400	260	1,500	150
and higher		and higher		and higher	

Notes: Distribution above is noncumulative. Demand shown at any rent represents demand at that level and higher.

Source: Estimates by analyst

Sales Market—Eastern Counties Submarket

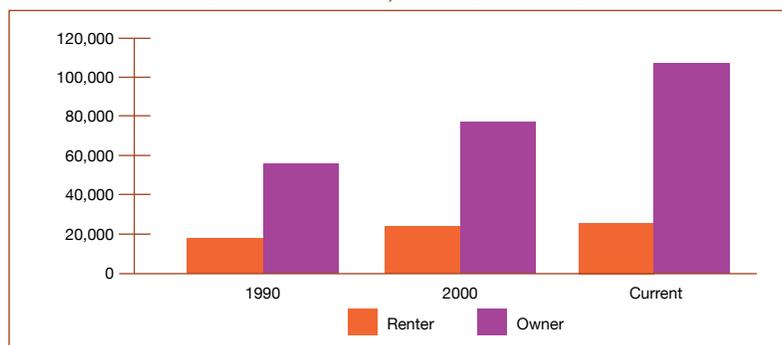
Figure 14. Single-Family Building Permits Issued in the Eastern Counties Submarket, 1990 to 2007



Notes: Includes only single-family units. Includes data through March 2007.

Source: U.S. Census Bureau, Building Permits Survey

Figure 15. Number of Households by Tenure in the Eastern Counties Submarket, 1990 to Current



Sources: 1990 and 2000—U.S. Census; current—estimates by analyst

Despite a record number of single-family building permits issued each year beginning in 2001 (see Figure 14), household growth has been strong enough for the sales housing market in the Eastern Counties submarket to remain balanced; the vacancy rate has increased only slightly, from 1.8 percent in 2000 to a current rate of 1.9 percent. Correspondingly, the homeownership rate has increased from 77.3 percent in 2000 to a current estimate of 80.4 percent, the highest rate of increase of any submarket in the HMA, due to the availability of relatively affordable housing and access to employment in Mecklenburg County. Currently, 108,400 owner households are in the submarket, as shown in Figure 15. See Table DP-4 for additional trends in housing and vacancies in the submarket since 1990.

According to Carolina Multiple Listing Services, Inc., 8,026 existing homes were sold in the Eastern Counties submarket in 2006, an increase of 14 percent from the number sold in the previous year. More than half of all homes sold in the submarket, or 4,312 homes, were located in Union County, an increase of 9 percent from the number of homes sold in Union County in 2005. During the past two decades, Union County has become an alternative for homeowners seeking relatively affordable homes and larger lots than those in Mecklenburg County. Since 2000, the development of more retail and services for Union County residents has accelerated household growth.

In Cabarrus County, 3,554 existing homes were sold in 2006, up by 20 percent from the number sold in 2005. Strong household growth primarily from residents commuting to Mecklenburg County has fueled demand for new owner housing in Cabarrus County. Unlike Union County, which has had a rapid influx of new residents since 2000, population and household growth in Cabarrus County has been more stable. Because residential development has been more extensive than it has been in Union County and because Cabarrus County covers a smaller geographical area, the development of new housing sales units since 2000 has primarily been in subdivisions with higher density than subdivisions in Union County.

According to data from Carolina Multiple Listing Services, Inc., in 2006, the overall home sales price in the Eastern Counties submarket

averaged \$230,968, a 5-percent increase from the average price recorded in 2005. Home prices in Union County averaged \$277,086, significantly higher than prices in the other two counties in the submarket, partially due to the amount of land included with homes in the county. Home prices in Cabarrus County averaged \$181,663, an increase of 6 percent from prices recorded in 2005.

In 2006, a record 6,700 single-family homes were permitted in the submarket, an increase of less than 1 percent from the number permitted in 2005. Union County accounted for 59 percent of all single-family building permits issued in the submarket in 2006, compared with 40 percent for Cabarrus County and less than 1 percent for Anson County. During the 12-month period ending March 2007, building permits were issued for 6,400 single-family units in the submarket, an 8-percent decline from the unusually high number issued during the previous 12 months.

During the 3-year forecast period, demand is expected for 17,200 sales units in the Eastern Counties submarket. An estimated 1,975 homes are currently under construction in the submarket. Because the submarket is primarily made up of single-family communities, the construction of condominiums has been very limited. Nearly all demand is expected to be satisfied by the construction of single-family homes. See Table 8 for estimated demand for new sales housing by price range.

Table 8. Estimated Demand for New Market-Rate Sales Housing in the Eastern Counties Submarket, April 1, 2007 to April 1, 2010

Price Range (\$)		Units of Demand	Percent of Total
From	To		
100,000	124,999	860	5.0
125,000	149,999	1,725	10.0
150,000	174,999	2,750	16.0
175,000	199,999	3,100	18.0
200,000	249,999	3,450	20.1
250,000	299,999	2,750	16.0
300,000	399,999	860	5.0
400,000	499,999	680	4.0
500,000	and higher	1,025	6.0

Source: Estimates by analyst

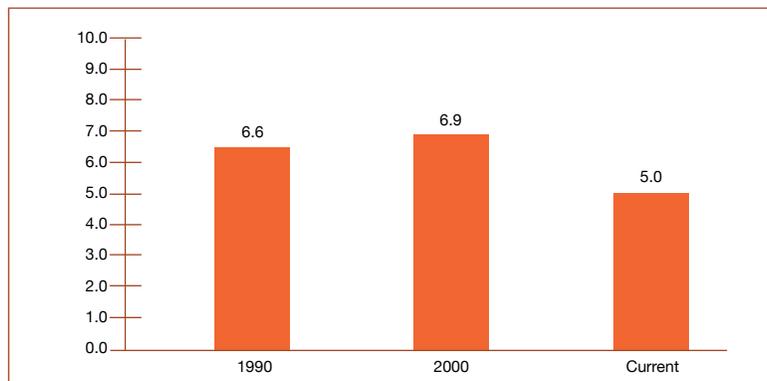
Rental Market—Eastern Counties Submarket

The rental housing market in the Eastern Counties submarket is currently balanced, with a vacancy rate of 5 percent (see Figure 16). Nearly all multifamily units constructed in the submarket have been apartments, and building permits have

declined each year since 2000 from a high of more than 1,200 units in 1999 (see Figure 17). Despite the strong shift toward homeownership in the submarket, rental units were absorbed due to a slowdown in apartment construction and stable renter household growth. As a result, the rental market has tightened since 2000, when the vacancy rate was 6.9 percent (see Table DP-4).

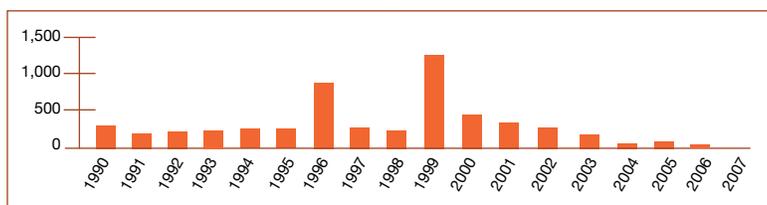
Approximately 65 percent of all multifamily rental units in the Eastern Counties submarket are located in Cabarrus County, where transportation routes into Charlotte are the most accessible. Since 2000, multifamily construction has remained highest in Cabarrus County, accounting for 55 percent of the submarket total. In 1999, more than 90 percent of the record-setting multifamily building permit activity occurred in Cabarrus County. As a result, RealData, Inc., reports that the apartment vacancy rate increased from 7.1 percent in August 1999 to more than 14 percent in February 2002. With the cutback in

Figure 16. Rental Vacancy Rates in the Eastern Counties Submarket, 1990 to Current



Sources: 1990 and 2000—U.S. Census; current—estimates by analyst

Figure 17. Multifamily Building Permits Issued in the Eastern Counties Submarket, 1990 to 2007



Notes: Includes all multifamily units in structures with two or more units. Includes data through March 2007.

Source: U.S. Census Bureau, Building Permits Survey

production that has occurred since 2000 and strong renter household growth, the market has absorbed the excess vacant units and has become balanced again. In February 2007, the vacancy rate in Cabarrus County was 5.8 percent and rents in the county averaged \$615, a 4-percent increase from average rents recorded in February 2006.

Commuting to Charlotte from Union County is more time consuming than commuting from Cabarrus County. For that reason, apartments in Union County are mainly constructed for people employed in the county. Although the stock of multifamily rental housing historically has not been as large in Union County as it has been in Cabarrus County, approximately 45 percent of multifamily construction that has occurred since 2000 is located in Union County. Strong population growth and rapid employment growth in the county have spurred the development of new rental properties. The smaller rental stock has resulted in larger swings in

vacancy rates. According to Real-Data, Inc., the apartment vacancy rate in the county was 7.9 percent in August 1999. The addition of fewer than 200 apartments each year resulted in a dramatic increase in the vacancy rate to more than 18 percent in August 2003. The decline in apartment construction during the past 2 years has influenced the market, which has become tight, with an apartment vacancy rate of 4.3 percent in February 2007 and an average rent increase of more than 3 percent to \$623.

During the forecast period, demand is expected for 1,450 new rental units. Most new units are expected to be needed in Cabarrus County; however, an increasing population and a larger rental stock should allow for development of a limited number of rental units each year in Union County without causing dramatic increases in the vacancy rate. See Table 9 for estimated demand for rental housing in the submarket by rent range and number of bedrooms.

Table 9. Estimated Demand for New Market-Rate Rental Housing in the Eastern Counties Submarket, April 1, 2007 to April 1, 2010

1 Bedroom		2 Bedrooms		3 or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
700	510	800	730	900	210
750	450	850	600	950	200
800	410	900	550	1,000	180
850	370	950	500	1,050	150
900	330	1,000	430	1,100	130
950	270	1,050	360	1,150	110
1,000	230	1,100	300	1,200	100
1,100	180	1,200	250	1,300	70
1,200	150	1,300	160	1,400	50
1,300	120	1,400	110	1,500	40
1,400	250	1,500	170	1,600	80
and higher		and higher		and higher	

Notes: Distribution above is noncumulative. Demand shown at any rent represents demand at that level and higher.

Source: Estimates by analyst

Table DP-1. Charlotte HMA Data Profile, 1990 to Current

	1990	2000	Current	Average Annual Change (%)	
				1990 to 2000	2000 to Current
Total Resident Employment	562,394	709,332	794,309	2.3	1.6
Unemployment Rate (%)	3.2	3.4	4.7		
Nonfarm Employment	550,200	766,800	827,300	3.4	1.1
Total Population	1,024,643	1,330,448	1,633,000	2.6	3.0
Total Households	387,925	510,516	631,600	2.8	3.1
Owner Households	254,932	344,848	442,000	3.1	3.6
Percent Owner (%)	65.7	67.5	70.0		
Renter Households	132,993	165,668	189,600	2.2	1.9
Percent Renter (%)	34.3	32.5	30.0		
Total Housing Units	415,715	546,447	685,900	2.8	3.3
Owner Vacancy Rate (%)	1.9	2.2	2.4		
Rental Vacancy Rate (%)	8.8	8.2	7.0		
Median Family Income	NA	NA	\$60,200	NA	NA

Notes: Median family incomes are for 1989, 1999, and 2007. NA = data are not available.

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

Table DP-2. Mecklenburg County Submarket Data Profile, 1990 to Current

	1990	2000	Current	Average Annual Change (%)	
				1990 to 2000	2000 to Current
Total Population	511,433	695,454	856,700	3.1	3.0
Total Households	200,219	273,416	338,100	3.2	3.1
Owner Households	119,563	170,393	218,200	3.6	3.6
Percent Owner (%)	59.7	62.3	64.5		
Rental Households	80,656	103,023	119,900	2.5	2.2
Percent Renter (%)	40.3	37.7	35.5		
Total Housing Units	216,416	292,780	366,900	3.1	3.3
Owner Vacancy Rate (%)	2.5	2.4	2.5		
Rental Vacancy Rate (%)	9.6	8.7	7.5		
Median Family Income	NA	NA	NA	NA	NA

Notes: Median family incomes are for 1989, 1999, and 2007. NA = data are not available.

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

Table DP-3. Western Counties Submarket Data Profile, 1990 to Current

	1990	2000	Current	Average Annual Change (%)	
				1990 to 2000	2000 to Current
Total Population	306,590	354,979	408,300	1.5	2.0
Total Households	112,353	134,987	158,600	1.9	2.3
Owner Households	79,059	95,530	115,400	1.9	2.7
Percent Owner (%)	70.4	70.8	72.8		
Rental Households	33,294	39,457	43,200	1.7	1.3
Percent Renter (%)	29.6	29.2	27.2		
Total Housing Units	119,571	144,903	174,100	1.9	2.7
Owner Vacancy Rate (%)	1.3	2.0	2.5		
Rental Vacancy Rate (%)	7.8	7.8	7.0		
Median Family Income	NA	NA	NA	NA	NA

Note: Median family incomes are for 1989, 1999, and 2007. NA = data are not available.

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

Table DP-4. Eastern Counties Submarket Data Profile, 1990 to Current

	1990	2000	Current	Average Annual Change (%)	
				1990 to 2000	2000 to Current
Total Population	206,620	280,015	368,000	3.1	4.0
Total Households	75,353	102,113	134,900	3.1	4.1
Owner Households	56,310	78,925	108,400	3.4	4.6
Percent Owner (%)	74.7	77.3	80.4		
Rental Households	19,043	23,188	26,500	2.0	1.9
Percent Renter (%)	25.3	22.7	19.6		
Total Housing Units	79,728	108,764	144,900	3.2	4.2
Owner Vacancy Rate (%)	1.5	1.8	1.9		
Rental Vacancy Rate (%)	6.5	6.9	5.0		
Median Family Income	NA	NA	NA	NA	NA

Notes: Median family incomes are for 1989, 1999, and 2007. NA = data are not available.

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

Data Definitions and Sources

1990: 4/1/1990—U.S. Decennial Census

2000: 4/1/2000—U.S. Decennial Census

Current date: 4/1/2007—Analyst's estimates

Forecast period: 4/1/2007–4/1/2010—Analyst's estimates

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.

For additional data pertaining to the housing market for this HMA, go to www.huduser.org/publications/pdf/CMARtables_CharlotteNC.pdf.

Contact Information

Tammy Fayed, Field Economist
Atlanta HUD Regional Office
404-331-5001, ext. 2475
tammy.fayed@hud.gov

This analysis has been prepared for the assistance and guidance of the U.S. Department of Housing and Urban Development (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 wishes to express 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 www.huduser.org/publications/econdev/mkt_analysis.html.