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FEDERAL HOUSING ADMINISTRATION
WASHINGTON, D.C. 20410

Analysis of the

WILMINGTON, NORTH CAROLINA HOUSING MARKET

as of April 1, 1972

A Report by the
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION
WASHINGTON, D.C. 20410

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Housing Market Analysis
Wilmington, North Carolina, as of April 1, 1972

Foreword

This analysis has been prepared for the assistance and guidance of the Department of Housing and Urban Development in its operations. The factual information, findings, and conclusions may be useful also to builders, mortgagees, and others concerned with local housing problems and trends. The analysis does not purport to make determinations with respect to the acceptability of any particular mortgage insurance proposals that may be under consideration in the subject locality.

The factual framework for this analysis was developed by the Economic and Market Analysis Division as thoroughly as possible on the basis of information available on the "as of" date from both local and national sources. Of course, estimates and judgments made on the basis of information available on the "as of" date may be modified considerably by subsequent market developments.

The prospective demand or occupancy potentials expressed in the analysis are based upon an evaluation of the factors available on the "as of" date. They cannot be construed as forecasts of building activity; rather, they express the prospective housing production which would maintain a reasonable balance in demand-supply relationships under conditions analyzed for the "as of" date.

Department of Housing and Urban Development
Federal Housing Administration
Economic and Market Analysis Division
Washington, D. C.

HOUSING MARKET ANALYSIS - WILMINGTON, NORTH CAROLINA
AS OF APRIL 1, 1972

The Wilmington, North Carolina, Housing Market Area (HMA) is defined as New Hanover County, North Carolina. The population of the HMA was estimated at 86,000 persons in April 1972, including 46,350 in the city of Wilmington.

The location of three major industrial plants, General Electric, Hercules, and DuPont, in this area in 1967 had a considerable effect upon the HMA. It established a viable industrial base and it provided the impetus for increased population and household growth which was to continue despite employment losses between 1970 and 1971. With anticipated total employment gains of 1,800 jobs a year in the forecast period, April 1972 to April 1974, demand for unsubsidized housing will be strong. The anticipated occupancy potential for subsidized housing, because of high levels of construction and other market considerations, is lower than in previous years.

Anticipated Housing Demand

It is anticipated that demand for unsubsidized housing will total 900 units a year, including 800 single-family residences and 100 multifamily units. Sales housing demand will be concentrated in three-bedroom houses in the \$25,000 to \$35,000 price class. Garden apartments and townhouses should best meet market demand for rental units. In addition, there is an estimated annual demand for 250 mobile homes over the forecast period. Distributions of demand for single-family houses by price class and multifamily units by bedroom size and gross monthly rents are presented in table I.

Occupancy Potential for Subsidized Housing

Federal assistance in financing costs for new housing for low- or moderate-income families may be provided through a number of different programs administered by HUD: monthly rent supplements in rental projects financed under Section 221(d)(3); partial payment of interest on home mortgages insured under Section 235; partial interest payment on project mortgages insured under Section 236; and federal assistance to local housing authorities for low-rent public housing.

The estimated occupancy potentials for subsidized housing are designed to determine, for each program (1) the number of families and individuals who can be served under the program and (2) the proportion of these households that can reasonably be expected to seek new subsidized housing during the forecast period. Household eligibility for the Section 235 and Section 236 programs is determined primarily by evidence that household or family income is below established limits but sufficient to pay the minimum achievable rent or monthly payment for the specified program. Insofar as the income requirement is concerned, all families and individuals with income below the income limits are assumed to be eligible for public housing and rent supplement; there may be other requirements for eligibility, particularly the requirement that current living quarters be substandard for families to be eligible for rent supplements. Some families may be alternatively eligible for assistance under more than one of these programs or under other assistance programs using federal or state support. The total occupancy potential for federally assisted housing approximates the sum of the potentials for public housing and Section 236 housing. For the Wilmington HMA, the total occupancy potential is estimated to be 395 units annually (see table II).

Section 235 and Section 236. Subsidized housing for households with low to moderate incomes may be provided under either Section 235 or Section 236. Moderately-priced subsidized sales housing for eligible families can be made available through Section 235. Subsidized rental housing for the same families in the same income range may be alternatively provided under Section 236; the Section 236 program contains additional provisions for subsidized rental units for elderly couples and individuals. In the Wilmington HMA, it is estimated (based on regular income limits) that, for the period April 1, 1972 to April 1, 1974, there is an estimated annual occupancy potential for a total of 110 subsidized family units, utilizing either Section 235 or Section 236, or a combination of the two programs. In addition, there is an annual potential of about 50 units for elderly couples and individuals.

The current inventory under these programs consists of 208 units of Section 236 housing and about 600 units of new Section 235 housing. Two projects comprise the total of Section 236 housing. The first is completely occupied and has a waiting list of 100 families. The second is a 117-unit development which began renting in September 1971 and as of March 20, 1972 had 88 occupied units. All of the 50 one- and two-bedroom units are rented with about 10 on the waiting list, while 37 of the three- and four-bedroom units are rented. Based on the experience of these projects, it appears that additional Section 236 units of one- and two-bedroom size could be marketed successfully. A large number of new Section 235 houses were insured in the last two years, 268 in 1970 and 329 in 1971. This housing satisfied a backlog of initial

demand and a more moderate rate of construction should be encouraged in the future to maintain market equilibrium.

Public Housing and Rent Supplement. These two programs serve households in essentially the same low-income group, although the occupancy potential for rent supplement is generally more restrictive because the principal source of occupants is families residing in substandard housing.

In the Wilmington HMA, the annual potential for public housing is estimated at 190 units for families and 105 units for the elderly. Under the rent supplement program, the potential among the elderly is unchanged but for families it is reduced to 75 units. These potentials are not additive since many of the families and all of the elderly eligible for rent supplements also are eligible for public housing.

There are 1,287 units of public housing in the HMA, including approximately 325 units occupied by the elderly. All units are occupied and there is a waiting list of 400 families and 750 elderly. The Housing Authority has 673 units under construction: a 151-unit high-rise apartment building, for the elderly, 200 units of Turnkey III, and 322 family units. The inventory of rent supplement housing is almost entirely comprised of 100 units in a Section 236 project of which about two-thirds are elderly occupied. There is a waiting list of 120 for this project, 100 of which are for one-bedroom units.

It should be noted that the completion of the units now under construction would more than satisfy the current waiting list for families. In addition, the stock of low-rent public housing would then have housed a very substantial proportion of the estimated total number of families and elderly couples and individuals whose incomes make them eligible for public housing. Accordingly, the absorption of this housing should be observed carefully before funds are reserved for additional low-rent public housing in the area.

Sales Market

The new sales market in the HMA is in a transitional state. The transition is being made from houses in the under \$20,000 price class to houses in the \$25,000 and over price class. There are indications that the lower priced market is not as strong as the higher priced one. Of the 136 houses in the \$20,000 and over price class enumerated by the FHA Unsold Inventory Survey of January 1972, only three percent were unsold after being on the market more than one month. The record for houses under \$20,000, including Section 235 units, is not as good. Of the 366 units surveyed, 14 percent were unsold after being on the market one month or longer. New three-bedroom houses are offered in suburban subdivisions which make up the 60 to 75 percent of the new sales housing which is built speculatively.

There is a good sales market for existing houses in the \$20,000 to \$30,000 price class, but the market deteriorates in the \$15,000 to \$20,000 price range. A reduction in the production of housing in the lower price range should strengthen this segment of the market.

Rental Market

Most of the vacancies in the rental market can be found in older converted single-family residences, single-family houses, and apartments which are not competitive with the newer apartments in the HMA. The newer apartments, which typically offer air-conditioning, carpet, dishwasher, and terrace, have no vacancies and long waiting lists. These apartments, generally located in the city of Wilmington, are garden apartments with shelter rent ranging from \$150 to \$170 for a two-bedroom unit.

Economic Factors

Both the civilian work force and total employment declined between 1970 and 1971 for the first time in a decade. The former decreased by 990 persons, the latter by 1,370. These losses compare to a net gain of 10,980 persons in civilian work force between 1962 and 1970, and a net gain of 11,590 jobs in total employment. The unemployment rate reached 3.9 percent in 1971.

Nonagricultural wage and salary employment decreased by 1,160 jobs, from 32,350 to 31,190, between 1970 and 1971. The bulk of these losses occurred in manufacturing employment. Prior to 1970, wage and salary employment increased in nine consecutive years as 11,050 jobs were added. The most substantial increases occurred between 1967 and 1970 with the addition of 5,360 jobs, coincident with the opening of operations of the General Electric, Hercules, and DuPont plants. Although the manufacturing sector has been strengthened, most of the nonagricultural wage and salary employment continues to be provided by the nonmanufacturing sector.

Despite a loss of 740 jobs between 1970 and 1971, from 9,830 to 9,090, growth in the manufacturing sector has been consistently good. In the early 1960's, it was the textile and apparel industries which were the two big employers. Since 1966, the metals industry has gained prominence and by 1969 it was employing more people than any other industry.

The nonmanufacturing sector, which employed approximately 22,100 persons in 1971, has gained employment in every year since 1962 except between 1970 and 1971 when 420 jobs were lost. The trade, service, and government sectors provided the bulk of the employment and growth in this sector over the decade. Even in years of moderate growth in the manufacturing sector, nonmanufacturing employment continued to grow at a good rate.

The economic downturn which the local economy experienced between 1970 and 1971 was a reversal of a long-term trend of consistent employment growth. The newly expanded and diversified industrial base should result in significant economic recovery and growth over the forecast period. Total employment is expected to increase by about 1,800 jobs annually, including 1,580 in nonagricultural wage and salary employment. Manufacturing employment should gain 480 jobs annually with the chemical and metals industries accounting for more than half of the increase. Trade, services, and government should each gain between 150 and 250 jobs annually contributing toward nonmanufacturing anticipated annual increase of 1,100 jobs (see table III).

Income. In 1972, the median annual income of all families in the Wilmington HMA, after deduction of federal income tax, was \$8,190. The median after-tax income for two- or more-person renter households was about \$7,000. Median after-tax income has increased by about 50 percent since 1959. Detailed distributions of all families and renter households by income class are presented in table IV.

Demographic Factors. The population of the Wilmington HM was estimated at 86,000 persons in April 1972. This figure represents an average annual increase of 1,500 persons since April 1970 as compared to an average annual increase of 1,125 between April 1960 and April 1970. Population growth increased significantly after 1967 as in-migration increased in response to growing employment opportunities.

Over the next two years, the population of the HMA is expected to increase by an average of 1,700 persons annually, based largely on anticipated economic gains during the next two years.

There were about 28,450 households in the HMA in April 1972, representing, an average annual increase of 910 households from the April 1970 count of 26,623. Household growth paralleled the trend of population growth over the decade, increasing by an average of 570 households from 1960 to 1970. Household growth during the forecast period is expected to average 975 households per year. Population and household trends from 1960 to 1974 are presented in table V.

Housing Factors. The housing inventory of the Wilmington HMA totaled 33,800 units in April 1972, an increase of about 2,325 units since April 1970. The net gain resulted from the addition of 2,165 units through new construction, the loss of 430 units through demolition and the addition of 590 mobile homes. Between April 1960 and April 1970 the inventory increased by about 6,900 units, with most of the increase occurring in the second half of the decade. More than half of the increase in inventory of single-family construction since 1966 has been located in suburban subdivisions. The total of the HMA's housing inventory also includes a large number of seasonal houses, 1,798 in 1960 and 2,424 in 1970, which has contributed to the increase in the number of vacant housing units.

Privately-financed residential construction totaled approximately 920 units in 1971, a decrease of about 100 units from 1970. Residential construction reached its peak in 1967 with 1,049 units and was over 1,000 in 1968 indicating the increased demand for housing following the increases in employment. Single-family construction activity has been erratic since 1966. A high rate of construction in 1970 and 1971 has contributed to a relatively high vacancy rate. Single-family construction outside the city of Wilmington has been about double that of the city from 1966 to 1971. Multifamily construction, in contrast, is located almost exclusively within the city. Considerable multifamily activity occurred between 1966 and 1969, with very little activity subsequently. The trend of building activity is presented in table VI.

In April 1972, there were approximately 5,350 vacant housing units in the HMA, including 1,650 available vacant and 3,700 other vacant. The available vacant includes 500 units for sale and 1,150 for rent, equal to a homeowner vacancy rate of 2.7 percent and a renter vacancy rate of 10.0 percent. The homeowner vacancy rate shows an increase of 0.3 percent since the April 1970 Census, while the renter vacancy rate decreased by 0.1 percent (see table VII).

Table I

Estimated Annual Demand for Nonsubsidized New Housing
Wilmington, North Carolina, Housing Market Area
April 1, 1972 to April 1, 1974

Single-family Houses

<u>Price class</u>	<u>Annual number of units</u>
Under \$22,499	170
\$22,500 - 24,999	100
25,000 - 29,999	230
30,000 - 34,999	150
35,000 and over	<u>150</u>
Total	800

Multifamily units

<u>Gross monthly rent</u>	<u>Unit Size</u>			
	<u>Efficiency</u>	<u>One bedrooms</u>	<u>Two bedrooms</u>	<u>Three or more bedrooms</u>
\$100 - \$109	5	-	-	-
110 - 119	-	-	-	-
120 - 129	-	-	-	-
130 - 139	-	15	-	-
140 - 149	-	10	-	-
150 - 159	-	10	15	-
160 - 169	-	5	10	-
170 - 179	-	-	10	5
180 - 199	-	-	5	-
200 - 219	-	-	5	-
220 and over	-	-	<u>5</u>	-
Total	<u>5</u>	<u>40</u>	<u>50</u>	<u>5</u>

Source: Estimated by Housing Market Analyst.

Table II

Estimated Annual Occupancy Potential for Subsidized Housing
Wilmington, North Carolina, Housing Market Area
April 1972 to April 1974

	<u>Section 235 and 236^{a/}</u>	<u>Public housing</u>	<u>Total for both programs</u>
A. <u>Families</u>			
1 bedroom	20	25	45
2 bedrooms	45	65	110
3 bedrooms	30	40	70
4+ bedrooms	15	30	45
Total	<u>110</u>	<u>160^{b/}</u>	<u>270</u>
B. <u>Elderly</u>			
Efficiency	30	45	75
1 bedroom	20	25	45
Total	<u>50</u>	<u>70^{c/}</u>	<u>120</u>

a/ Estimates are based on regular income limits.

b/ About 40 percent of these families are eligible for rent supplements.

c/ All of these elderly couples and individuals are eligible for rent supplements.

Source: Estimated by Housing Market Analyst.

Table III

Civilian Work Force Components
Wilmington, North Carolina, Housing Market Area
1962 to 1971
 (annual averages)

	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u> ^{1/}
Civilian work force	28,480	29,510	30,840	32,060	33,170	34,210	35,640	37,680	39,460	38,470
Unemployment, number	1,860	1,710	1,970	1,620	1,260	1,430	1,250	1,070	1,250	1,500
Percent of work force	6.5	5.8	6.4	5.1	3.8	4.2	3.5	2.8	3.2	3.9
Employment, total	26,620	27,800	28,870	30,440	31,910	32,780	34,390	36,610	38,210	36,480
Nonag. wage & salary	21,300	22,220	22,940	24,500	26,000	26,990	28,560	30,600	32,350	31,190
Manufacturing	6,400	6,540	6,520	6,940	7,570	7,880	8,350	9,380	9,830	9,090
Food	710	690	700	670	710	760	720	780	780	750
Textiles	1,635	1,580	1,470	1,480	1,530	1,230	1,170	1,260	1,440	1,270
Apparel	1,530	1,510	1,540	1,660	1,800	1,770	1,800	1,770	1,960	1,810
Lumber & wood	835	865	860	910	1,020	1,020	990	960	910	730
Chemicals	510	545	600	700	720	880	1,010	1,040	960	790
Metals	720	850	830	870	1,050	1,070	1,000	2,010	2,290	2,390
Machinery	50	50	50	50	120	440	840	650	550	470
Other	410	450	470	600	620	710	820	910	940	880
Nonmanufacturing	14,900	15,680	16,420	17,560	18,430	19,110	20,210	21,220	22,520	22,100
Construction	1,160	1,540	1,540	1,640	1,880	1,840	1,880	2,180	2,110	1,960
Trans., comm., & pub utils.	1,920	2,050	2,110	2,270	2,440	2,710	2,810	2,800	2,890	2,870
Trade	4,990	5,150	5,460	5,590	5,640	5,870	6,110	6,680	7,360	7,080
Fin., ins., & real estate	1,010	1,010	1,050	1,050	1,030	1,040	1,140	1,190	1,220	1,210
Service	2,740	2,800	3,050	3,290	3,500	3,560	3,750	3,890	4,190	4,010
Government	3,050	3,090	3,180	3,690	3,890	4,030	4,450	4,380	4,640	4,850
Other	30	40	30	30	50	60	70	100	110	120
All other employment	4,560	4,720	5,150	5,300	5,280	5,220	5,300	5,520	5,390	5,190
Agricultural employment	760	860	780	640	630	570	530	490	470	460

^{1/} Preliminary data - may not add to totals.

Source: Employment Security Commission of North Carolina.

Table IV

Percentage Distribution of All Families and Renter Households
By Estimated Annual Income After Deduction of Federal Income Tax
Wilmington, North Carolina, Housing Market Area
1959-1972

<u>Annual income</u>	<u>1959</u>		<u>1972</u>	
	<u>All families</u>	<u>Renter households^{a/}</u>	<u>All families</u>	<u>Renter households^{a/}</u>
Under \$ 2,000	16	19	4	5
\$ 2,000 - 2,999	13	18	5	6
3,000 - 3,999	17	22	5	8
4,000 - 4,999	18	15	7	9
5,000 - 5,999	12	12	8	11
6,000 - 6,999	10	7	10	10
7,000 - 7,999	7	3	9	9
8,000 - 8,999	3	1	8	8
9,000 - 9,999	1	1	8	8
10,000 - 12,499	1	1	14	13
12,500 - 14,999	1	1	10	5
15,000 and over	1	-	12	8
Total	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
Median	\$4,210	\$3,540	\$8,190	\$7,000

Source: Estimated by Housing Market Analyst.

Table V

Population and Household Trends
Wilmington, North Carolina, Housing Market Area
April 1960-April 1974

<u>Population</u>	<u>April 1960</u>	<u>April 1970</u>	<u>April 1972</u>	<u>April 1974</u>	<u>Average annual change^{a/}</u>		
					<u>1960-1970</u>	<u>1970-1972</u>	<u>1972-1974</u>
HMA total	<u>71,742</u>	<u>82,996</u>	<u>86,000</u>	<u>89,400</u>	<u>1,125</u>	<u>1,500</u>	<u>1,700</u>
Wilmington	<u>44,013</u>	<u>46,169</u>	<u>46,350</u>	<u>46,500</u>	<u>220</u>	<u>100</u>	<u>100</u>
Remainder	<u>27,729</u>	<u>36,827</u>	<u>39,650</u>	<u>42,900</u>	<u>910</u>	<u>1,400</u>	<u>1,600</u>
 <u>Households</u>							
HMA total	<u>20,932</u>	<u>26,623</u>	<u>28,450</u>	<u>30,400</u>	<u>570</u>	<u>910</u>	<u>975</u>
Wilmington	<u>13,111</u>	<u>15,639</u>	<u>16,150</u>	<u>16,700</u>	<u>250</u>	<u>250</u>	<u>275</u>
Remainder	<u>7,821</u>	<u>10,984</u>	<u>12,300</u>	<u>13,700</u>	<u>320</u>	<u>660</u>	<u>700</u>

a/ May not add to totals due to rounding.

Source: 1960 and 1970 Censuses of Population and Housing, and estimates by Housing Market Analyst.

Table VI
Trend of Residential Construction
Wilmington, North Carolina, Housing Market Area
1966-1972

<u>Unsubsidized</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>Jan.- Feb. 1972</u>
Wilmington HMA	715	1,049	1,012	827	1,014	920	137
Single-family	405	579	783	596	903	880	137
Multifamily	310	470	229	231	111	40	-
Wilmington	437	622	370	389	362	300	104
Single-family	135	189	172	182	300	280	104
Multifamily	302	433	198	207	62	20	-
Remainder	278	427	642	438	652	620	33
Single-family	270	390	611	414	603	600	33
Multifamily	8	37	31	24	49	20	-
<u>Subsidized</u>							
Public housing	-	-	-	-	150	322	-
Section 236	-	-	-	208	-	-	-
Section 221(d)(3) RS	-	-	104	-	-	-	-
Turnkey III	-	-	-	-	-	200	-
Section 235	-	-	-	100	368	129	-

Sources: U.S. Bureau of the Census Construction Reports, local building departments, and estimates by Housing Market Analyst.

Table VII
Housing Inventory, Tenure and Vacancy
Wilmington, North Carolina, Housing Market Area
April 1960 to April 1972

	<u>April 1960</u>	<u>April 1970</u>	<u>April 1972</u>
Total housing inventory	<u>24,578</u>	<u>31,475</u>	<u>33,800</u>
Total occupied	<u>20,932</u>	<u>26,623</u>	<u>28,450</u>
Owner occupied	<u>12,196</u>	<u>16,733</u>	<u>18,050</u>
Percent of all occupied	58.3	62.9	63.4
Renter occupied	8,736	9,890	10,400
Percent of all occupied	41.7	37.5	36.6
Vacant housing units	<u>3,646</u>	<u>4,852</u>	<u>5,350</u>
Available vacant	<u>1,214</u>	<u>1,519</u>	<u>1,650</u>
For sale	<u>203</u>	<u>403</u>	<u>500</u>
Homeowner vacancy rate	1.6%	2.4%	2.7%
For rent	1,011	1,116	1,150
Renter vacancy rate	10.4%	10.1%	10.0%
Other vacant ^{a/}	2,432	3,333	3,700

^{a/} Includes dilapidated units, seasonal units, units rented or sold and awaiting occupancy, and units held off the market for absentee owners or other reasons.

Sources: 1960 and 1970 Censuses of Housing and estimates by Housing Market Analyst.

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