

# Multifamily Metro Outlook

## Charlotte - Fall 2019

### Overview

- Charlotte's rental market is likely to ease modestly in the near future as a wave of new supply is added to a generally strong economy. The recession and housing crisis had a painful impact in Charlotte, especially since the metro has become a major financial center. But conditions have turned around, with solid job growth returning to what will likely be a long-term expansion of the area.
- Charlotte's long-term housing demands will stimulate a steady supply of new inventory. Exceptional growth is forecasted particularly for the 20-34 demographic, a prime renting cohort. And overall, the metropolitan area has been experiencing robust population growth: in the year-ending Q2 2019, the population expanded +1.8 percent, compared to +0.6 percent nationally. Moody's forecasts that population growth through 2023 will be well above the national average at +1.9 percent per year.
- Charlotte has recovered all the jobs it lost in the Great Recession and has seen strong growth in recent quarters. In the year-ending Q2 2019, the area added nearly +27,000 jobs — growing +2.0 percent — compared to +1.5 percent nationally. Forecasts indicate that the area will likely have well-above-average job growth through 2023, though near-term volatility related to the financial industry job concentration is possible.
- Charlotte's economy is in the midst of a long-term change. Once a manufacturing city, Charlotte is now transitioning into a service-economy city. When its two largest employers — Wachovia and Bank of America — went through a tumultuous period of industry change, the North Carolina metropolis was able to weather through the storm. Given the volatility of financial markets (and the metro's concentration of financial jobs), the metro is likely headed for a moderating growth period relative to its more recent exceptional growth, though it's still performing considerably better than national averages.

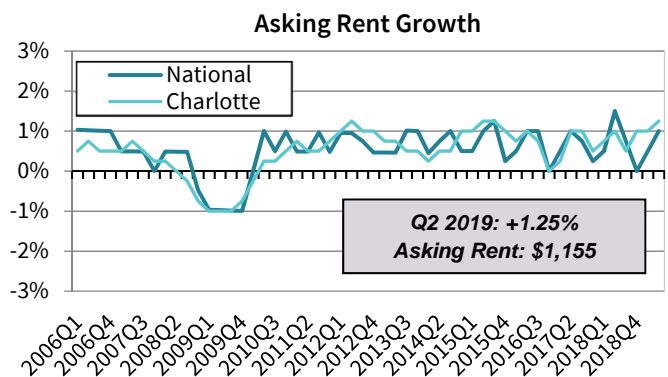
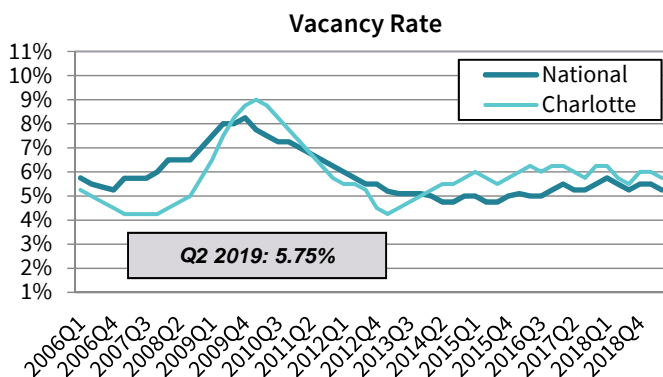
### Development

- Apartment development is on the rise in Charlotte. Completed buildings will likely hit near-record levels in the next year or two. There are currently 10,300 apartments underway and 39,300 completed since 2014. In addition, Charlotte has an ample supply of undeveloped land that could be used for future housing development.
- Since the beginning of 2006, around 15,200 condo units were completed in Charlotte, but fewer than 500 are underway and due to be completed through Q4 2020. Although most of the earlier development entered the rental market in the luxury segment, this potential supply of housing bears watching.

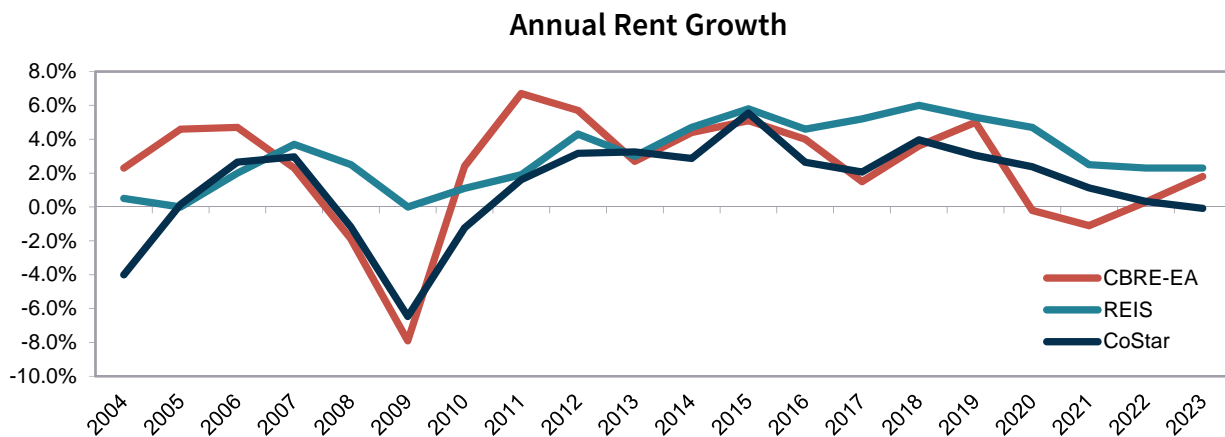
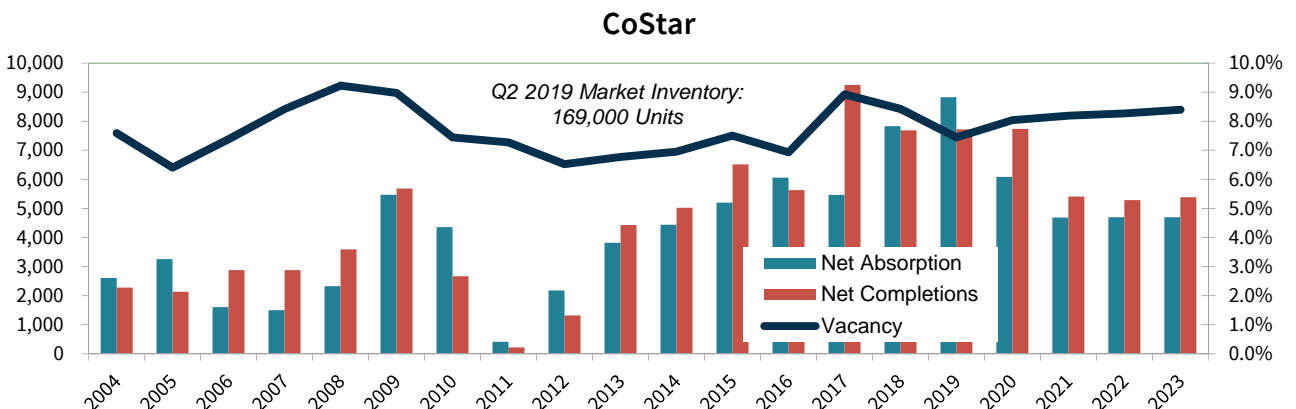
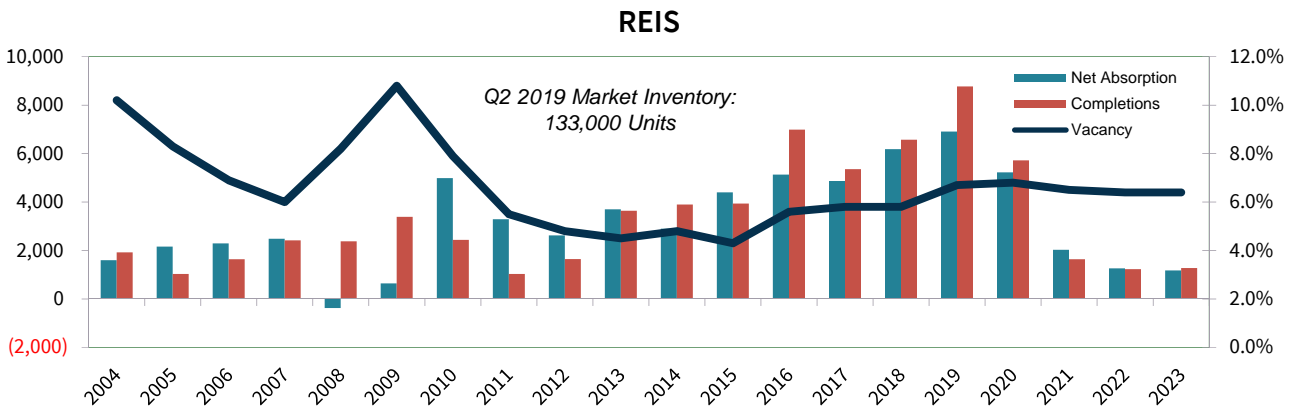
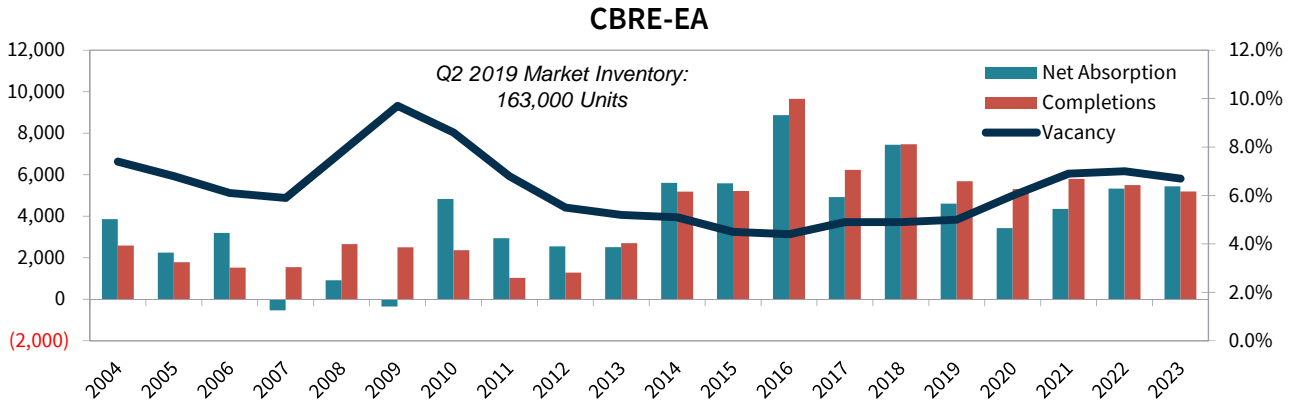
### Outlook

- The metro's rental market will likely ease up soon as a large volume of new supply enters into a generally strong economy. While vacancies may soon rise, the strength of the area's job market should keep rent growth positive and the market generally healthy. Were the metro more constrained geographically, with fewer units in the pipeline, it would likely be a stronger performer among the major metros.
- Charlotte's long-term favorable economic and demographic forecast should allow for a healthy expansion of its rental market. The metro's concentration of young people (a large portion of its population fall in the 20 – 34 age group), coupled with the strong trend of people relocating to the city, will likely boost new rental development. While a robust long-term expansion of the local economy is all but certain, the metro's economy is likely to see significant — and somewhat volatile — peaks and valleys along the way.

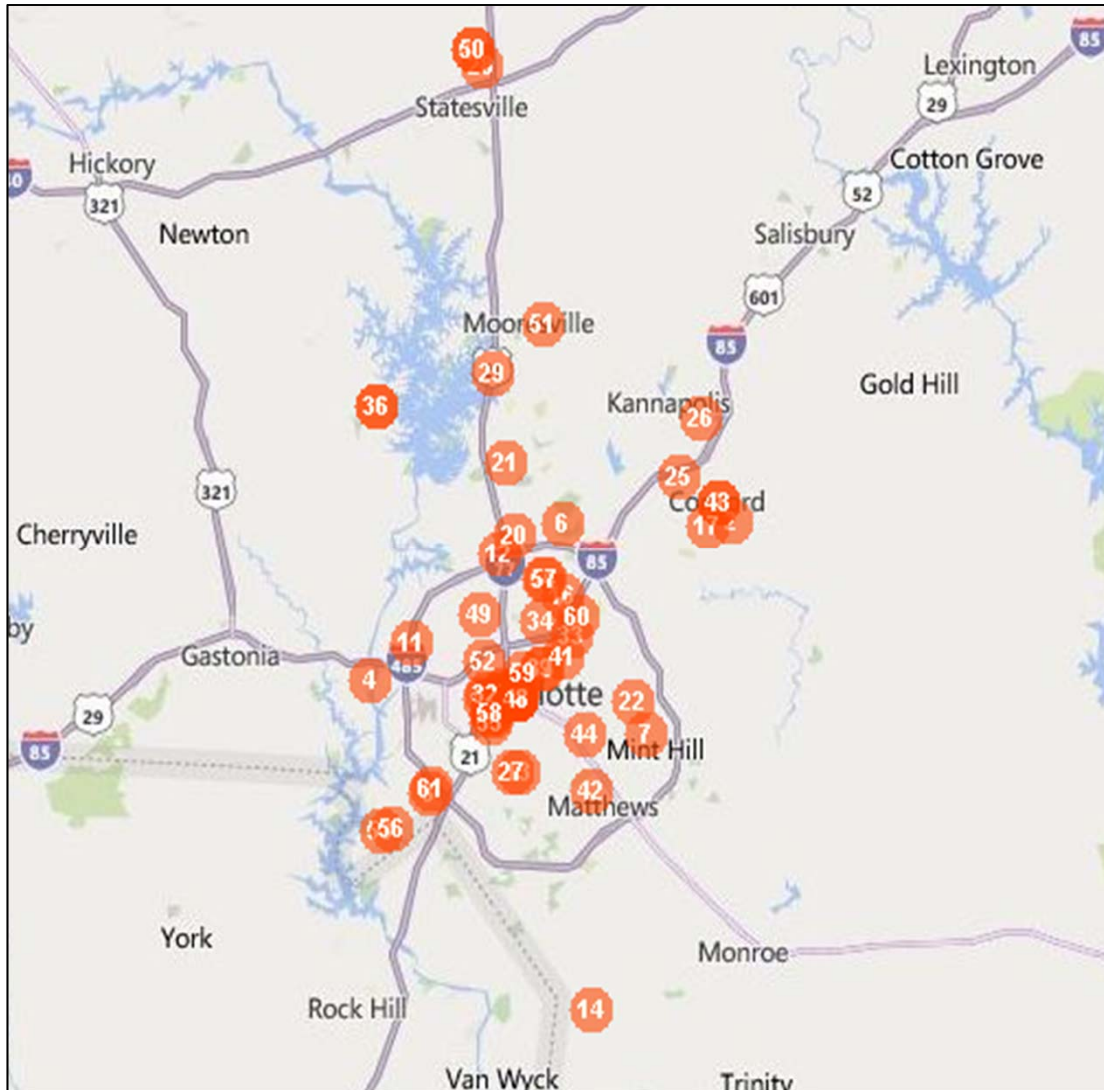
### Vacancy and Rent Composite Estimates



Source: Fannie Mae Multifamily and Economics Research



**Construction Bidding/Underway  
(61 projects/10,300 Units/11.5 M Sq. Feet)**



CBRE-EA Submarket	Number of Projects	Total Sq Ft (000's)	Total Units
Charlotte Outer North	7	695	528
Concord/North Concord	6	482	474
Downtown	11	1501	1223
East Charlotte - Albemarle Corridor	3	331	290
Fairview North	3	1227	1180
Gaston County	1	207	172
Harris Blvd/Mallard Creek Church Rd	7	1502	1366
N. Tryon St. - The Plaza	7	1447	1482
North Pineville	3	787	748
Northwest Charlotte	2	277	271
Rock Hill	1	69	72
Union County	2	330	317
West - Charlotte Airport	8	2615	2198

Source: Dodge Data & Analytics SupplyTrack

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**Fannie Mae Multifamily Economics and Research**  
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## Sources Used

- CBRE-Econometric Advisors
- Bureau of Labor Statistics
- Census Bureau
- CoStar
- Dodge Data & Analytics SupplyTrack
- Moody's Analytics
- Real Capital Analytics
- RealPage
- Reis, Inc.

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