



## Multifamily Metro Outlook: Charlotte Winter 2018-19

### 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, particularly since the metro has become a major financial center. But conditions have turned around in the metro with solid job growth returning to what will likely be a long-term expansion of the area.

Charlotte’s long-term demand fundamentals are favorable for a steady supply of new multifamily inventory, with strong growth forecasted for the key age 20-34 prime renting cohort. Overall, the area has been experiencing robust population growth: in the year ending Q3 2018, the population expanded 2.1 percent, compared to 0.7 percent nationally. Moody’s forecasts that population growth through 2022 will be well above the national average at 2.1 percent per year .

Charlotte has recovered all the jobs it lost in the Great Recession, and it has seen strong growth in recent quarters. In the year ending Q3 2018, the area added nearly 29,200, jobs growing 2.4 percent, compared to national growth averaging 1.7 percent. Forecasts indicate that the area will have well-above average job growth through 2022, though near-term volatility related to its financial industry job concentration is possible.

Charlotte's economy is in the midst of a long-term change. Formerly a manufacturing city, it is still transitioning into a service-economy city. It has coped well with its two largest employers (Wachovia and Bank of America) going through a tumultuous period of industry change. Given the volatility of financial markets, the metro is likely headed for a moderating growth period, relative to its more recent exceptional growth, though still considerably better than national averages..

### Development

Apartment development is on the rise in Charlotte. Completions will likely hit near-record levels in the next year or two. There are currently 9,100 apartments underway and 36,300 completed since 2013. In addition, Charlotte has an ample supply of undeveloped land that could be utilized for future housing development.

Since the beginning of 2006, around 14,000 condo units were completed in Charlotte, but only 640 are underway and due to be completed through year-end 2019.

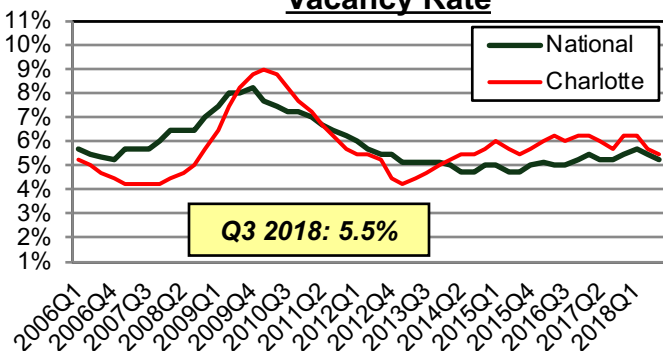
### Outlook

The metro’s for-rent market is likely in for near-term easing as a large volume of new supply enters the generally strong economy. While vacancies may rise in the near term, 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.

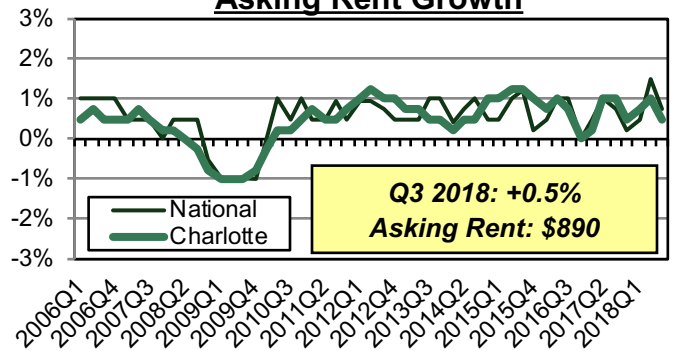
Charlotte’s long term favorable economic and demographic forecast should allow for healthy expansion of its for-rent market. The metro’s concentration of young people, coupled with its strong in-migration trends will present opportunity for new for-rent development to be absorbed over the forecast horizon. While a robust long-term expansion of the local economy is probable, the metro’s economy is also likely to see significant peaks and valleys along the way.

## Vacancy and Rent Composite Estimates

### Vacancy Rate

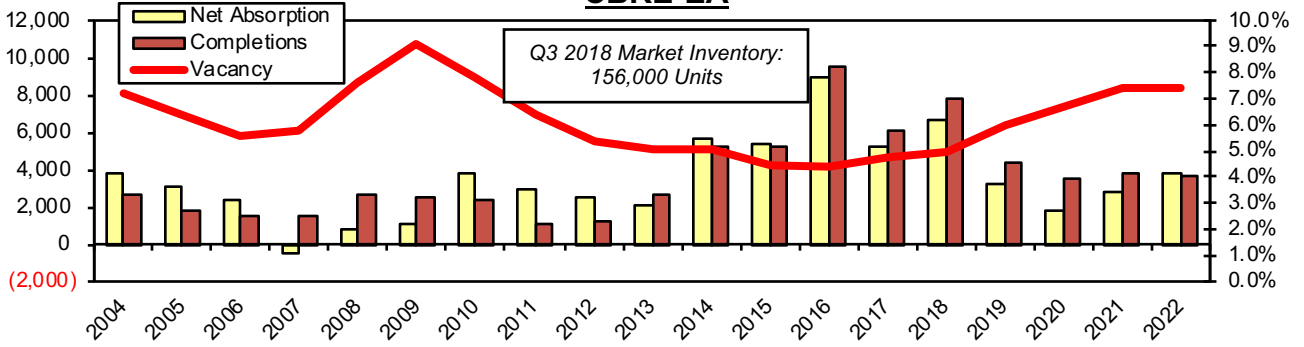


### Asking Rent Growth

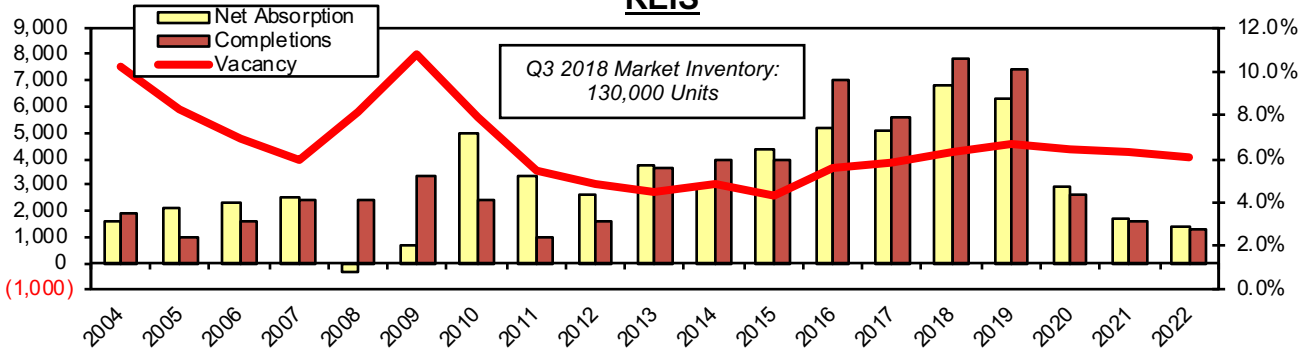


Source: Fannie Mae Multifamily and Economics Research

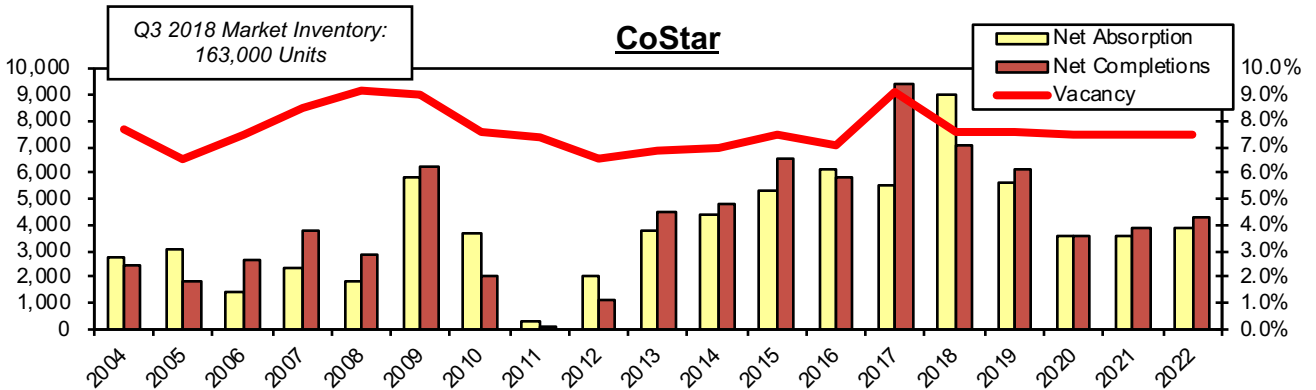
### CBRE-EA



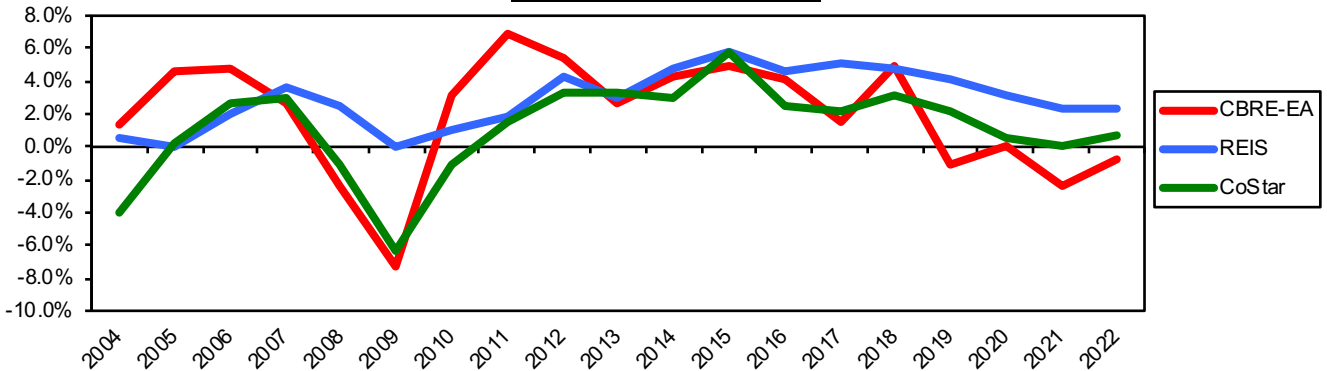
### REIS



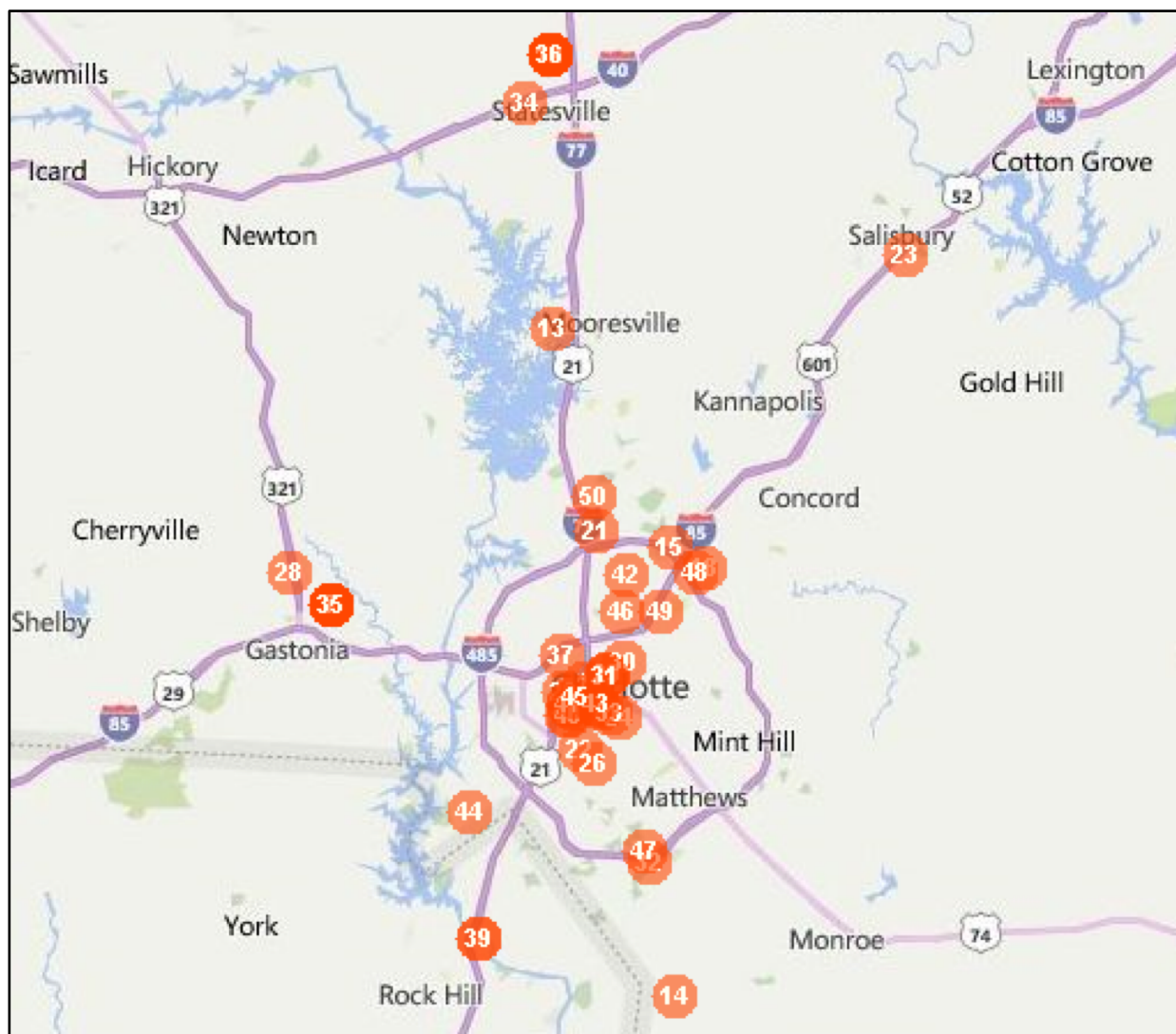
### CoStar



### Annual Rent Growth



**Construction Bidding/Underway**  
**(50 projects/9,100 Units/10.0 M Sq. Feet)**



CBRE-EA Submarket	Number of Projects	Total Sq Ft (000's)	Total Units
Carmel	2	958	929
Charlotte Outer North	9	331	263
Downtown	1	400	400
East Charlotte - Central Ave.	5	780	692
Fairview North	3	927	812
Gaston County	7	192	205
Harris Blvd/Mallard Creek Church Rd	8	1927	1859
N. Tryon St. - The Plaza	4	838	909
North Pineville	1	240	246
Rock Hill	2	124	116
Union County	1	302	245
West - Charlotte Airport	7	2944	2442

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## Fannie Mae Multifamily Economics and Market Research

Tim Komosa, Economist

### Sources Used

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

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