



## Multifamily Metro Outlook: Charlotte Winter 2018

### 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 is a major financial center. However, 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 apartment inventory, with exceptional growth forecasted for the key age 20-34 prime renting cohort. Overall, the area has experienced robust population growth: in the year ending Q3 2017, the population expanded 2.0 percent, compared to 0.8 percent nationally. Moody's forecasts that population growth through 2021 of 2.4 percent per year will also be well above the national average.

Since the Great Recession, Charlotte recovered all the jobs it lost and saw strong growth in recent quarters. In the year ending Q3 2017, the area added nearly 24,000 jobs, growing 2.1 percent, compared to 1.4 percent nationally. Although financial service industry jobs were recently a point of concern in the area, Charlotte has had solid job growth in the segment. Forecasts indicate that the area is likely to have well above average job growth through 2022, though near-term volatility related to the financial industry job concentration is possible.

Additionally, 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; and it has coped well with its two largest employers (Wachovia and Bank of America) going through a tumultuous period of industry change. Given the inherent volatility of financial markets, the metro is likely headed for a moderating growth period, relative to its more recent exceptional growth. Growth, however, is still expected to be considerably better than national averages.

### Development

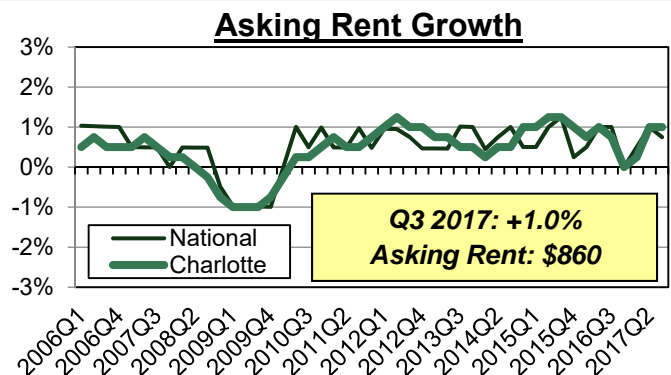
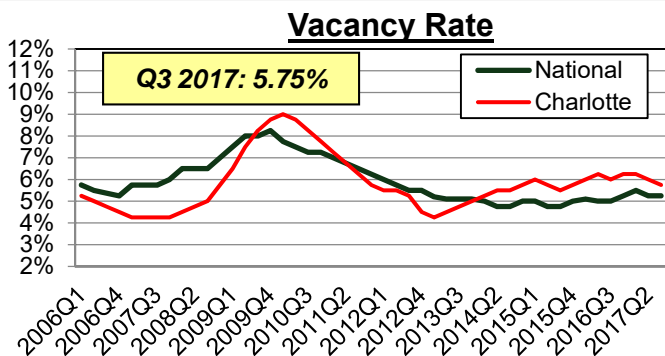
Apartment development is on the rise in Charlotte. Completions will likely hit near-record levels in the next year or two. There are currently 11,000 apartments underway and 28,800 completed since 2012. In addition, Charlotte has an ample supply of undeveloped land that could be utilized for future housing development.

### Outlook

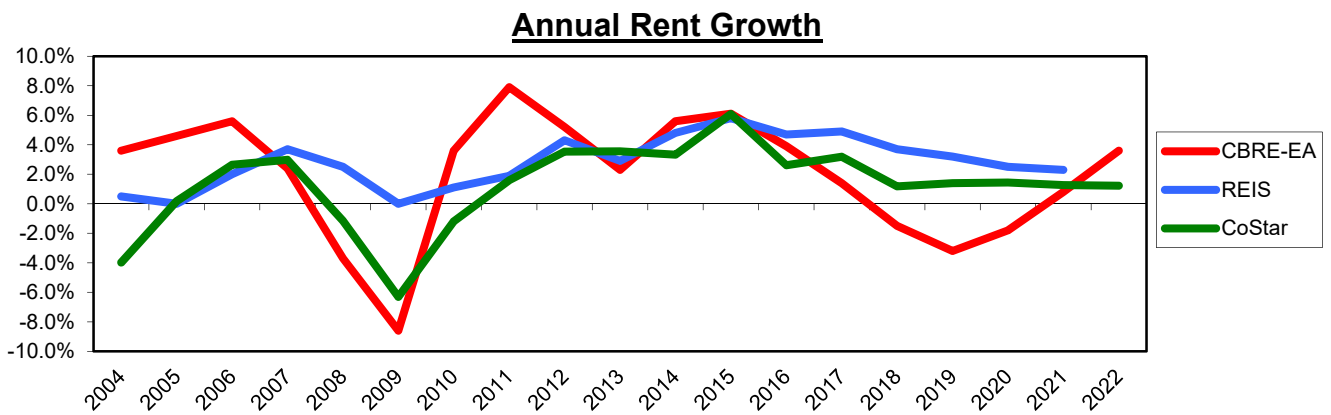
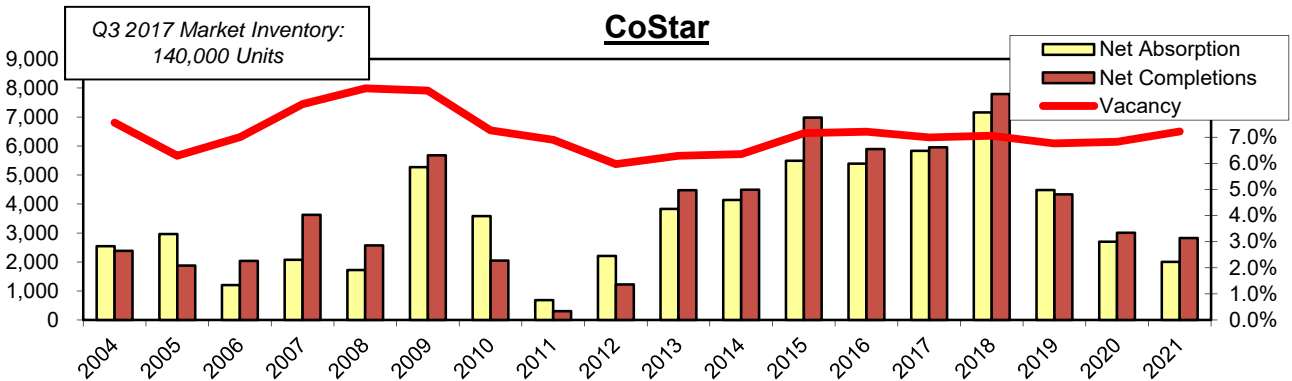
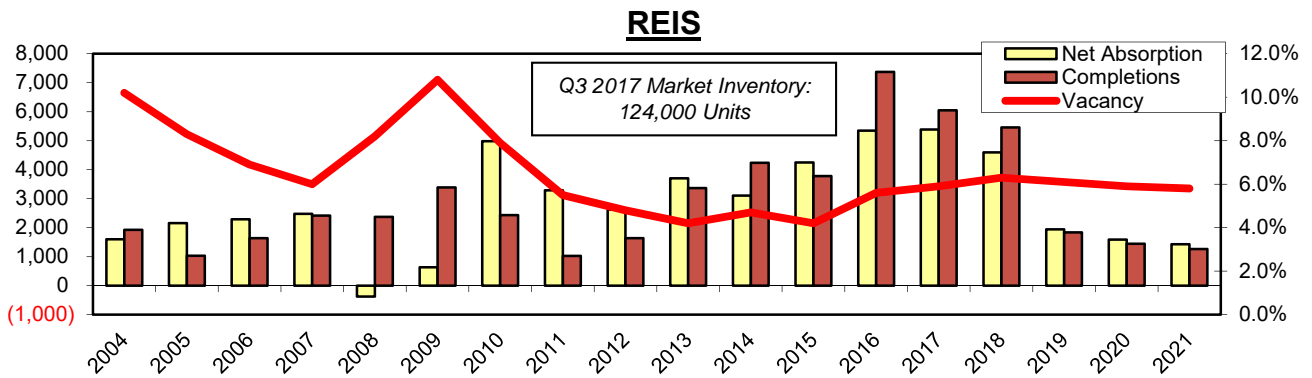
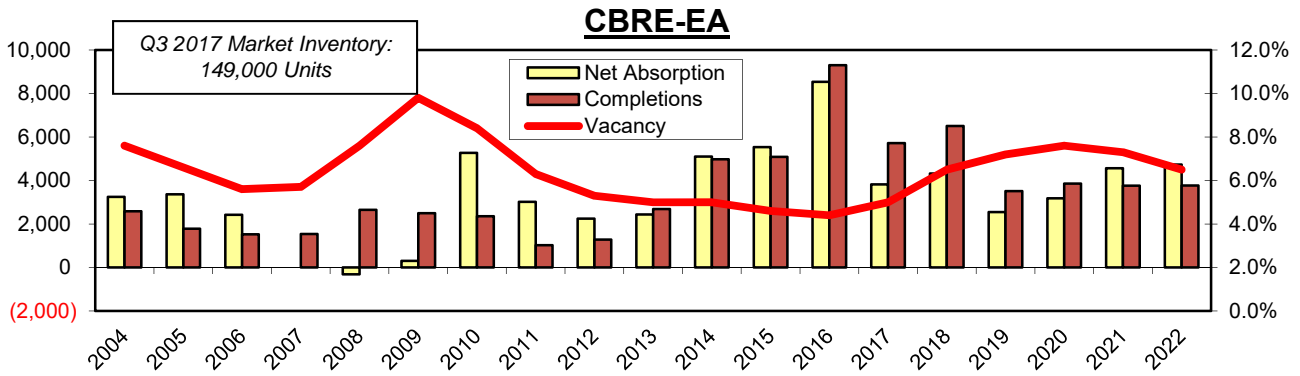
The metro's for-rent market is likely in for near-term easing as a large volume of new supply enters the generally strong economy. While vacancies are likely to rise in the near term, the strength of the area's job market should keep rent growth positive and the market healthy.

Charlotte's long-term favorable economic and demographic forecast should allow for healthy expansion of its for-rent market. Its concentration of young people, coupled with its strong in-migration trends, will likely present opportunity for new for-rent development to be absorbed over the forecast horizon. Were the metro more constrained geographically, with fewer new units in the pipeline, it would likely be a stronger performer among the country's large metros.

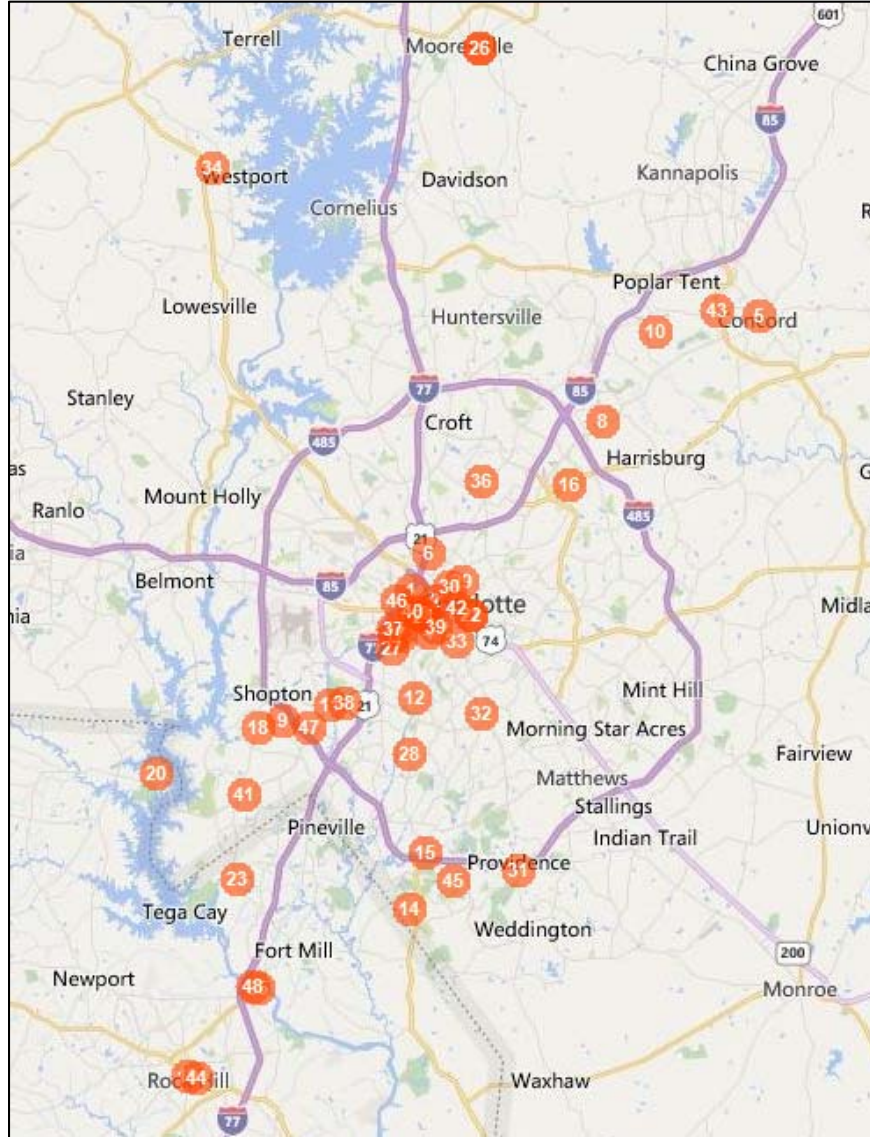
### Vacancy and Rent Composite Estimates



Source: Fannie Mae Multifamily and Economics Research



**Construction Bidding/Underway**  
**(48 projects/11,000 Units/13.3 M Sq. Feet)**



CBRE-EA Submarket	Number of Projects	Total Sq Ft (000's)	Total Units
Carmel	5	1987	1774
Charlotte Outer North	3	148	259
Concord/North Concord	3	535	638
Downtown	5	2326	1737
East Charlotte - Central Ave.	5	663	552
Fairview North	2	726	663
Harris Blvd/Mallard Creek Church Rd	3	1241	724
N. Tryon St. - The Plaza	4	863	839
North Pineville	4	952	901
Rock Hill	7	2082	844
West - Charlotte Airport	7	1791	2098



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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
- Moody's Analytics
- Real Capital Analytics
- Reis, Inc.

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