

# NORTH CAROLINA STATE OF THE MARKET

FEBRUARY 2023



Economic Forecast

Apartment Association of North Carolina

1

## AGENDA

- North Carolina Economic Update
- Charlotte Multifamily Market
- Triangle Multifamily Market
- Triad Multifamily Market
- Asheville, Wilmington, Fayetteville & Greenville Multifamily Markets

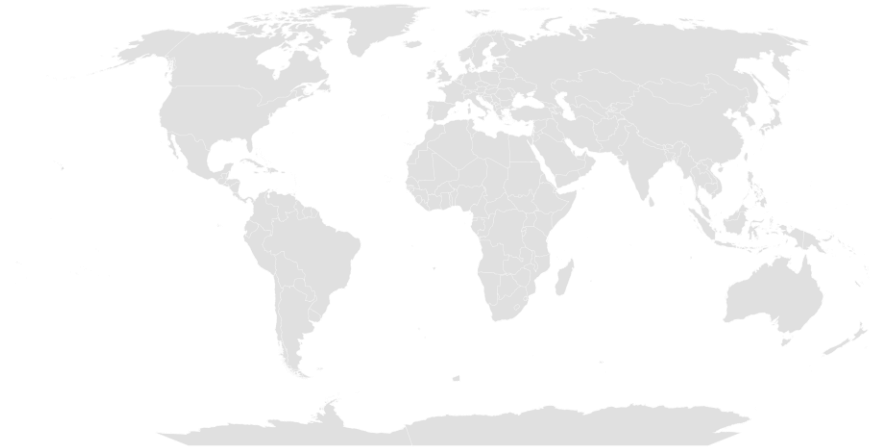


Economic Forecast

Apartment Association of North Carolina

2

## Population Shifting to Lower-Cost States



### Top States for Population Growth, 2021-2022

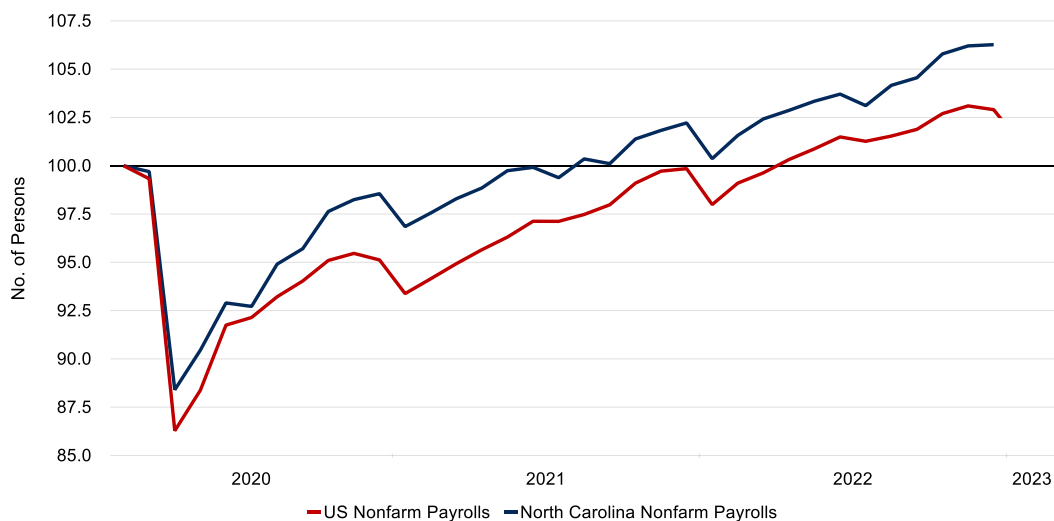
Florida	1.9%
Idaho	1.8%
South Carolina	1.7%
Texas	1.6%
South Dakota	1.5%
Montana	1.5%
Delaware	1.4%
Arizona	1.3%
<b>North Carolina</b>	<b>1.3%</b>
Utah	1.2%

Powered by Bing  
© Australian Bureau of Statistics, GeoNames, Microsoft, NavInfo, OpenStreetMap, TomTom, Zenix



3

## North Carolina vs. US Job Recovery

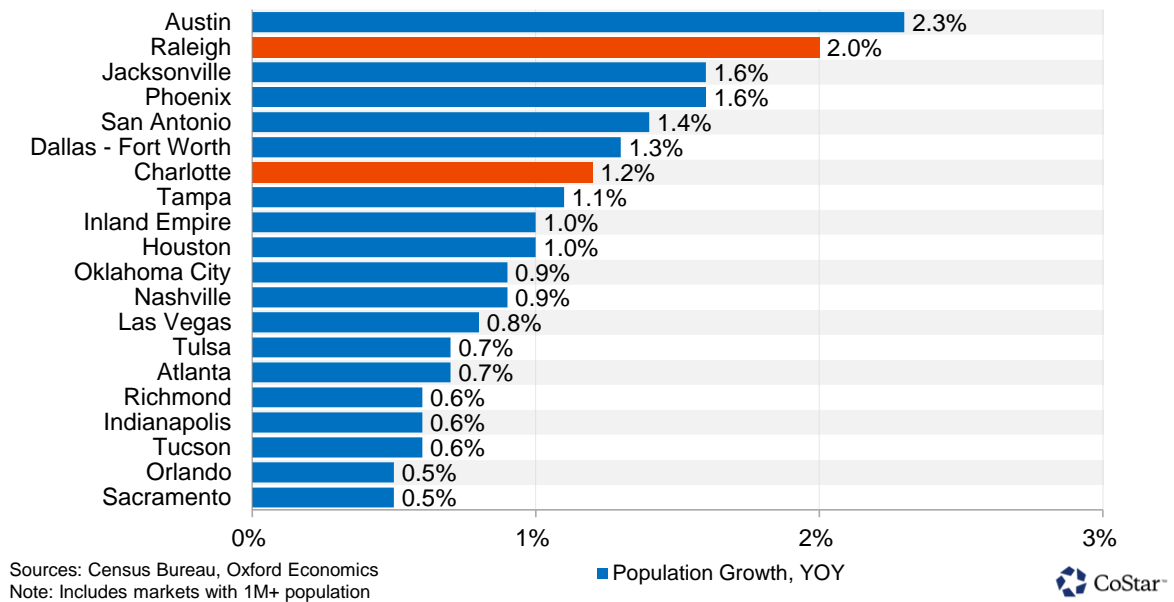


Source: U.S. Bureau of Labor Statistics (BLS), 12/2022



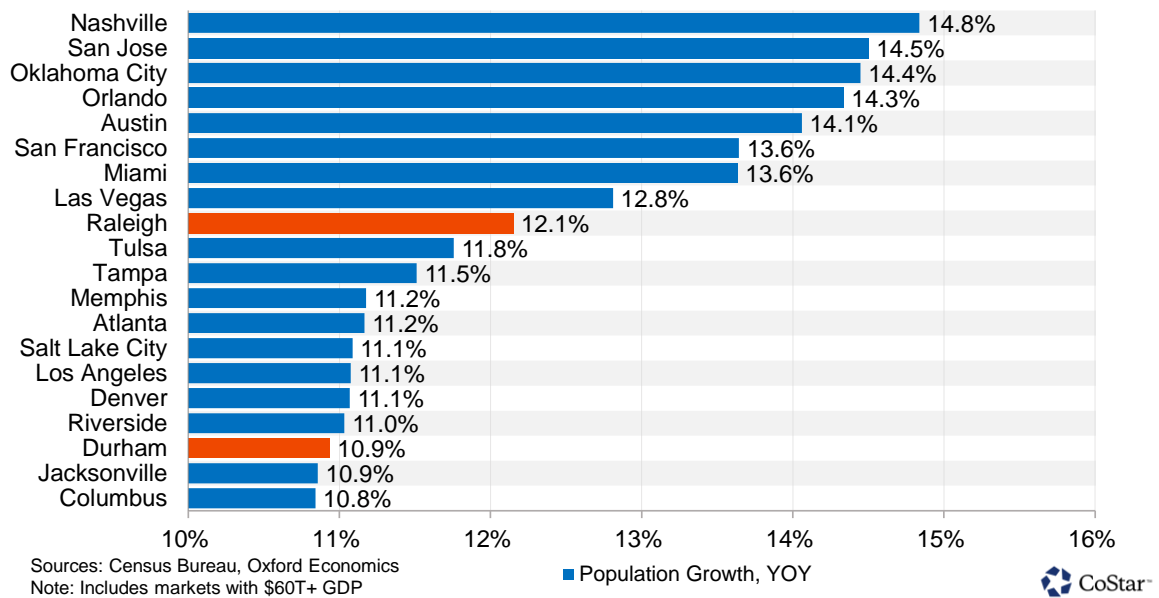
4

## Population Growth Large Metros, 2020-2021



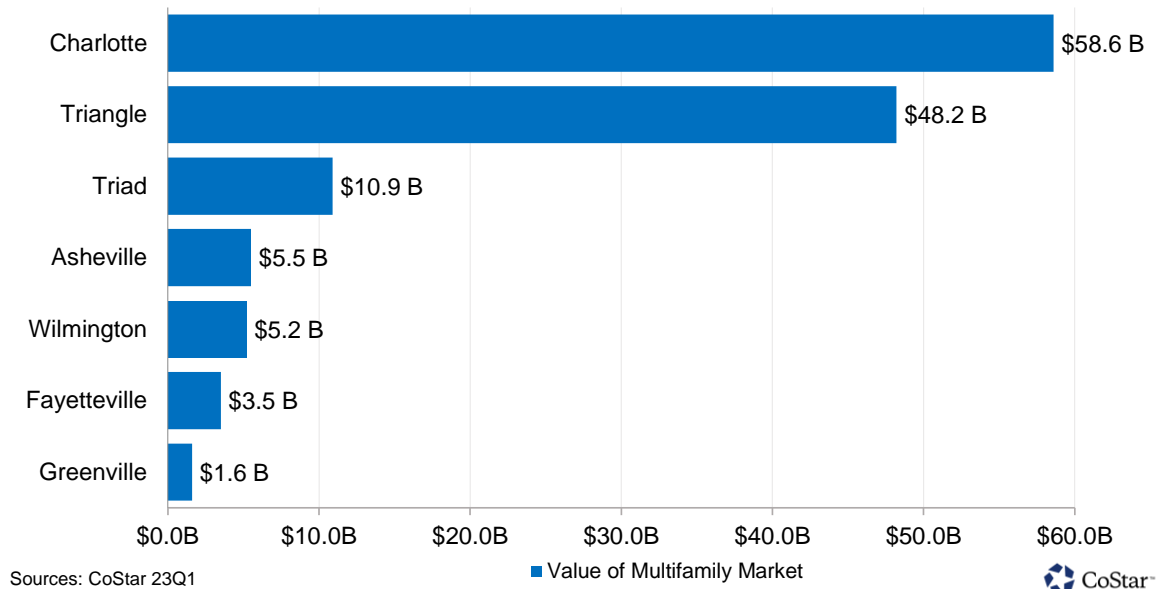
5

## GDP Growth Large Metros, 2020-2021



6

## North Carolina Multifamily Market Size Comparison

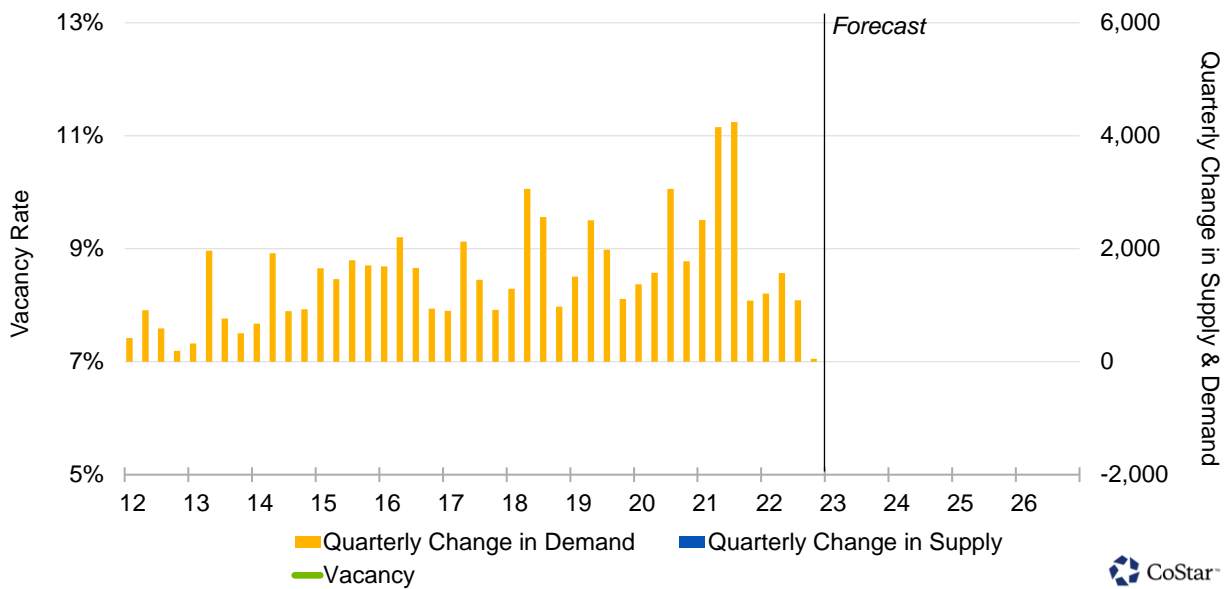


7



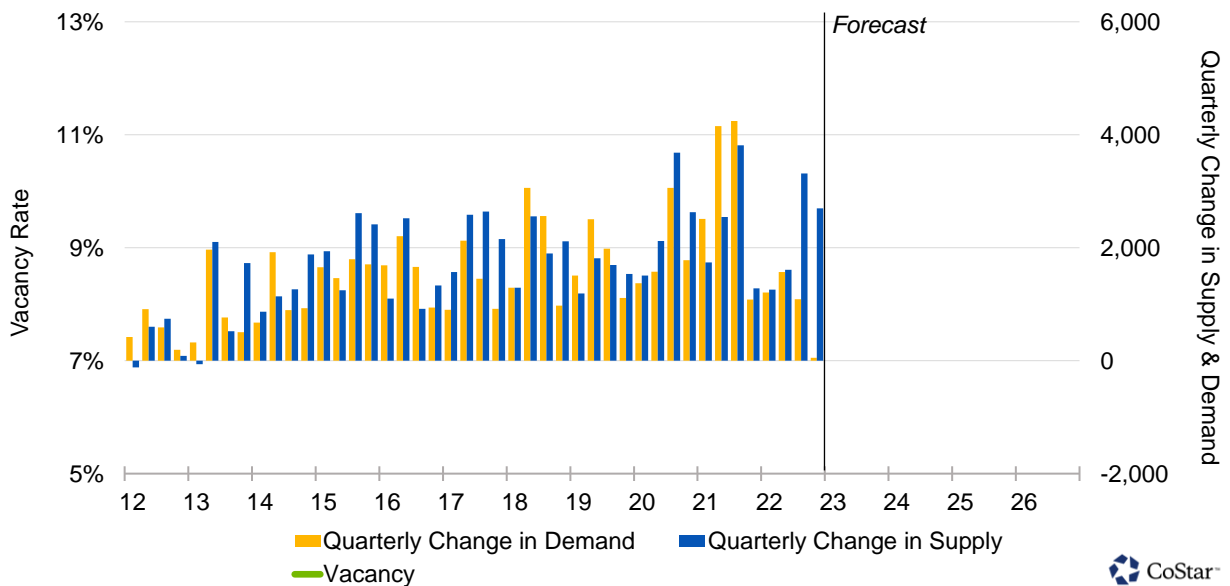
8

## Charlotte Multifamily Supply, Demand, and Vacancy



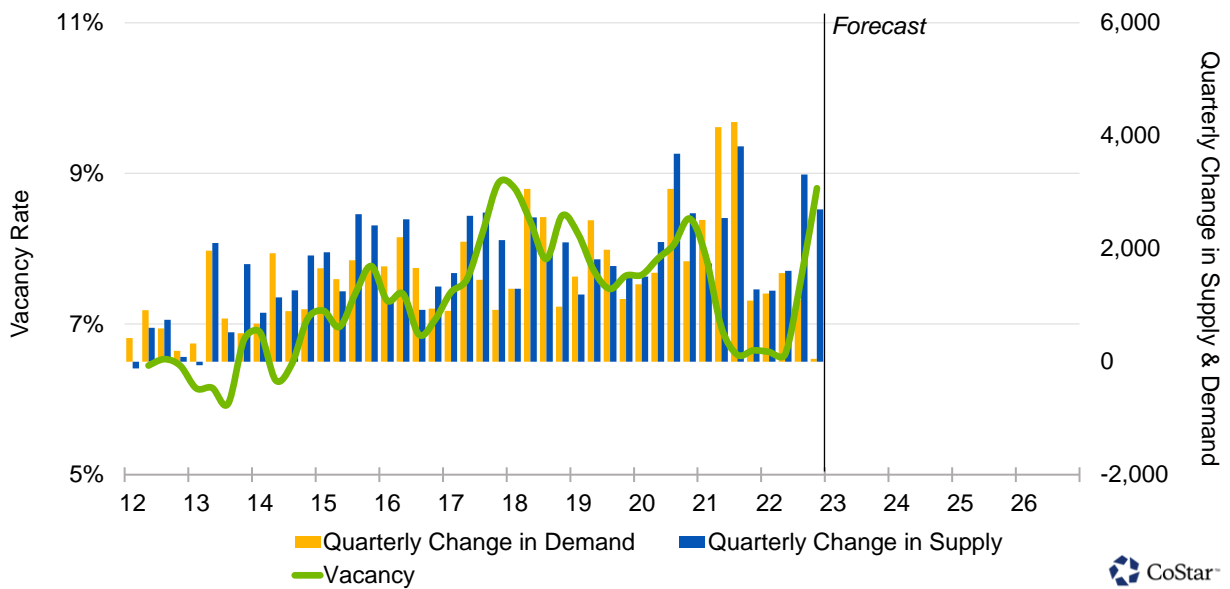
9

## Charlotte Multifamily Supply, Demand, and Vacancy



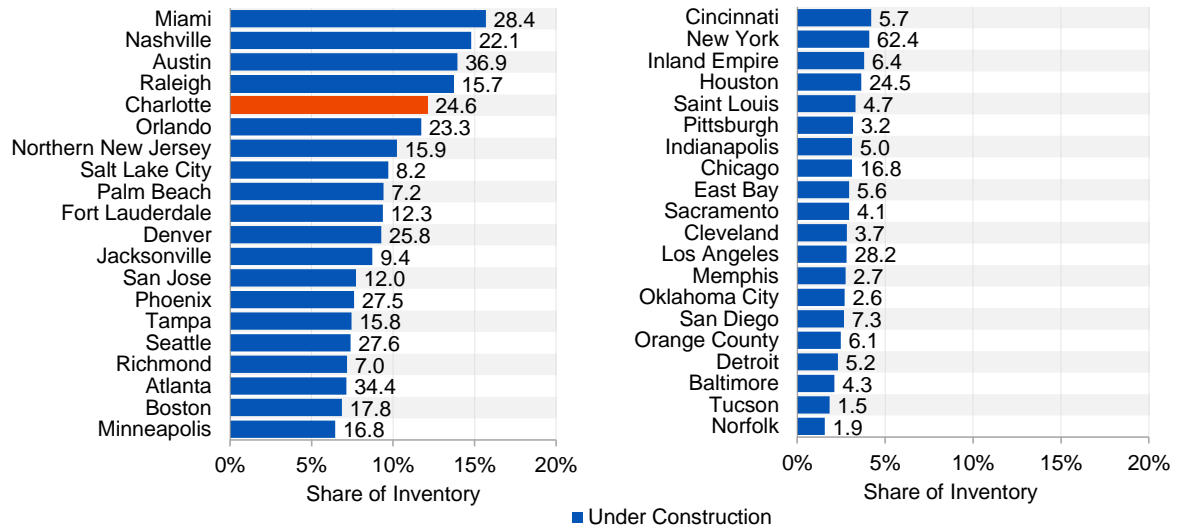
10

## Charlotte Multifamily Supply, Demand, and Vacancy



11

## Units Under Construction As Share of Inventory

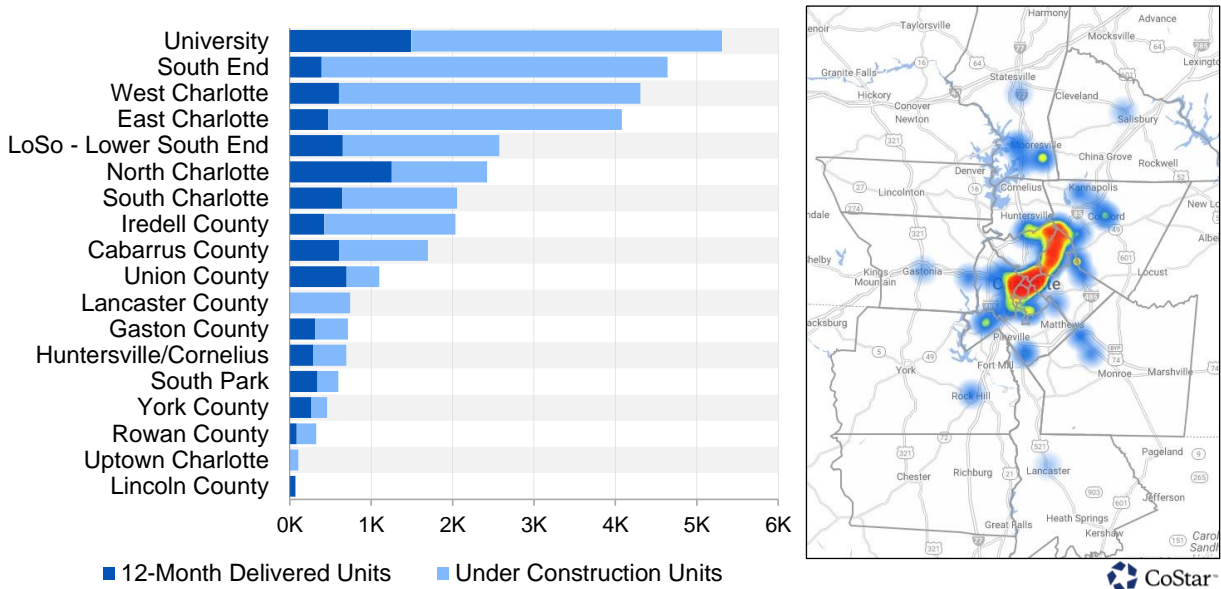


Note: Includes markets with 75,000+ units inventory. Labels show Under Construction in Thousand Units.

CoStar

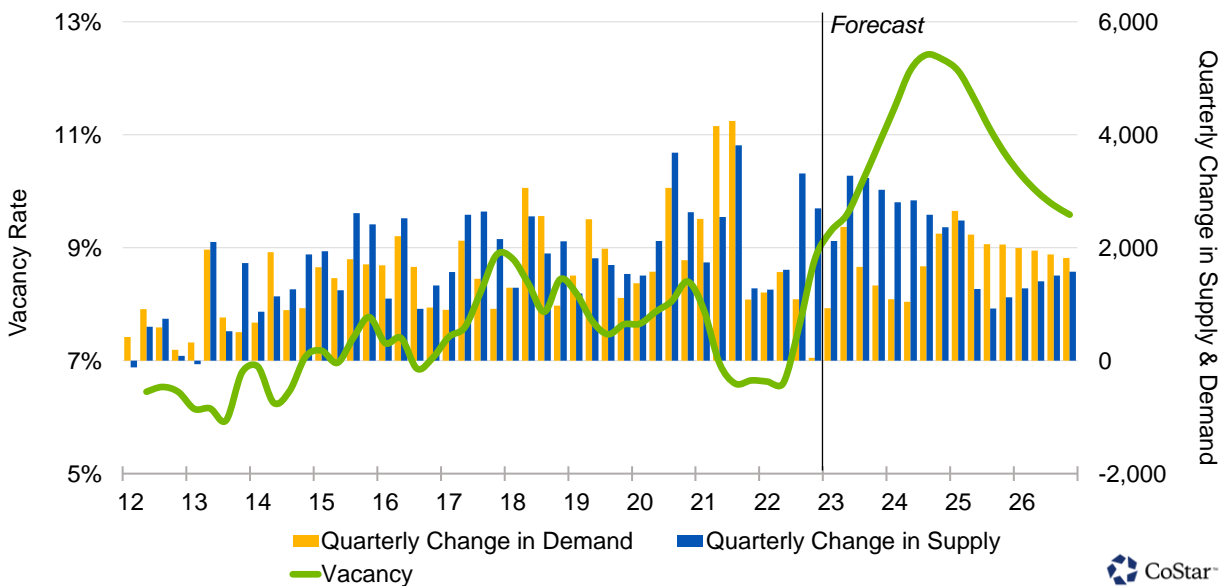
12

## South End, University Top Submarkets for Development



13

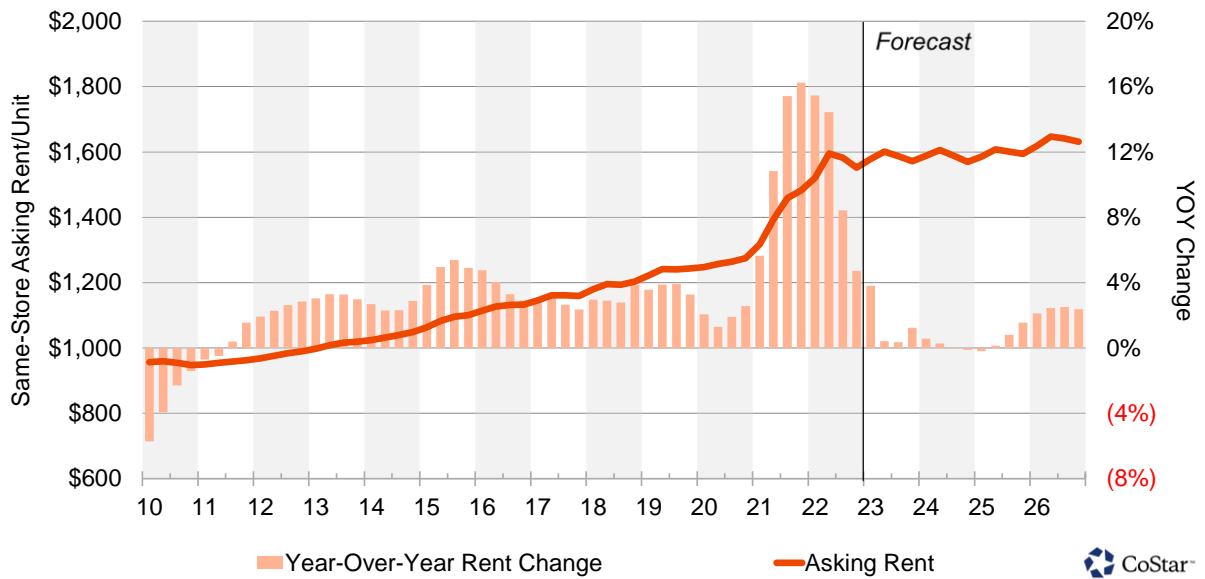
## Charlotte Multifamily Supply, Demand, and Vacancy



14



## Charlotte Multifamily Rents and Rent Growth



15



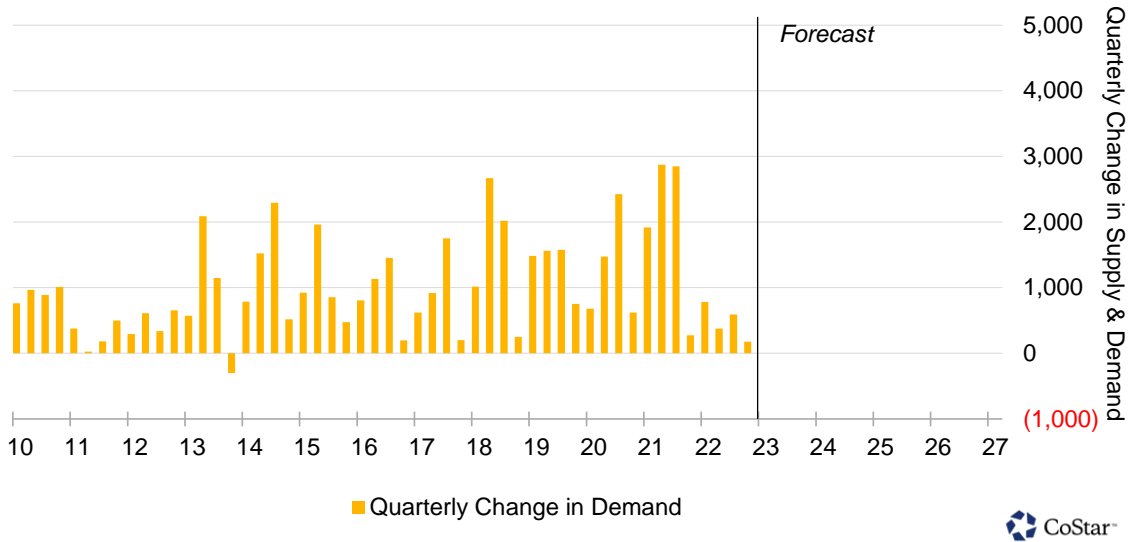
Economic Forecast

Apartment Association of North Carolina

16

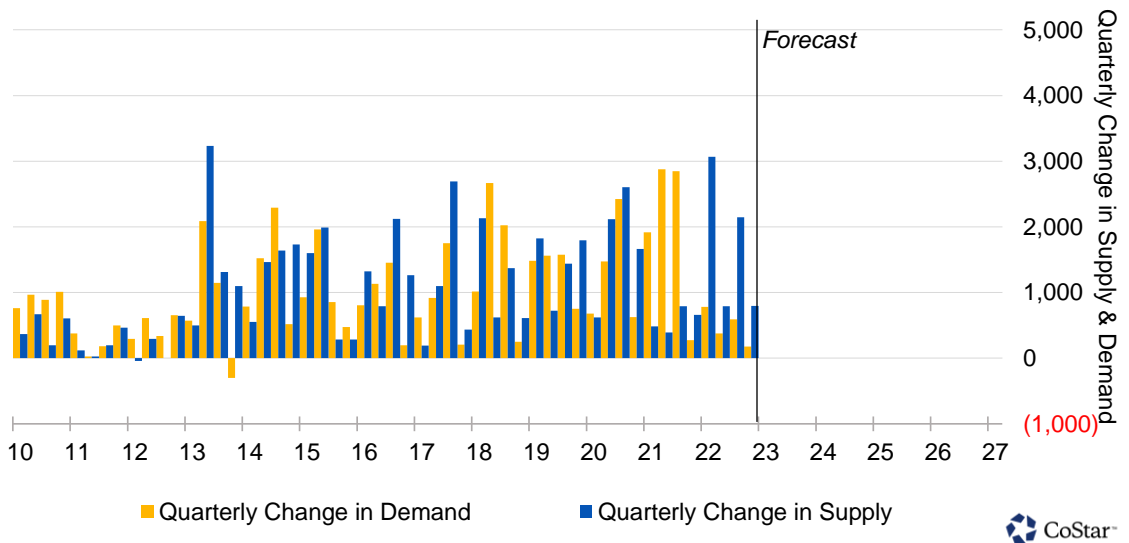


## Triangle Apartment Supply, Demand, and Vacancy



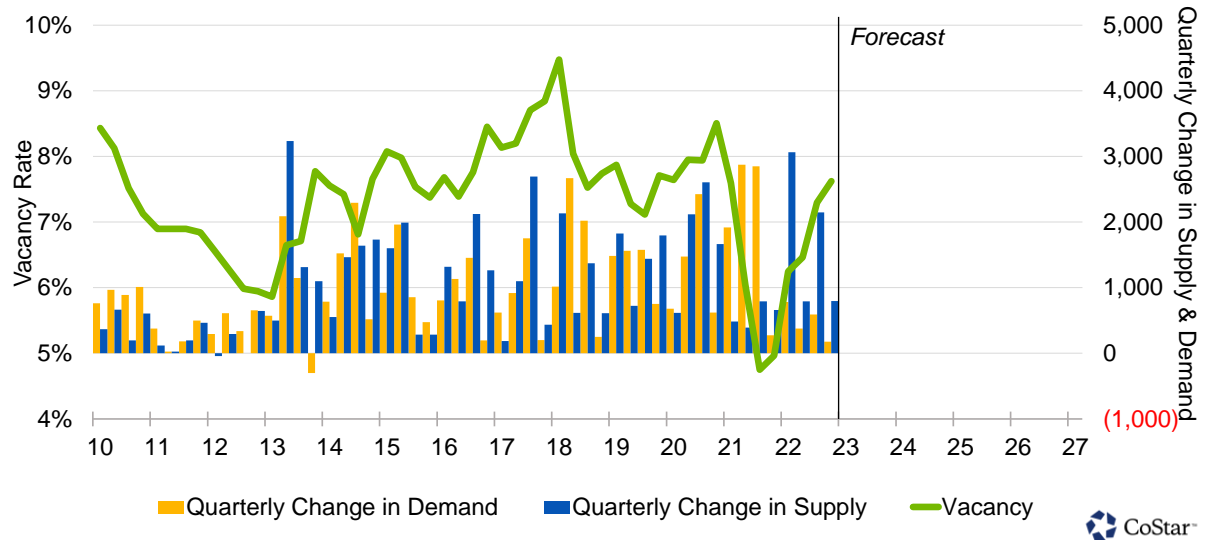
17

## Triangle Apartment Supply, Demand, and Vacancy



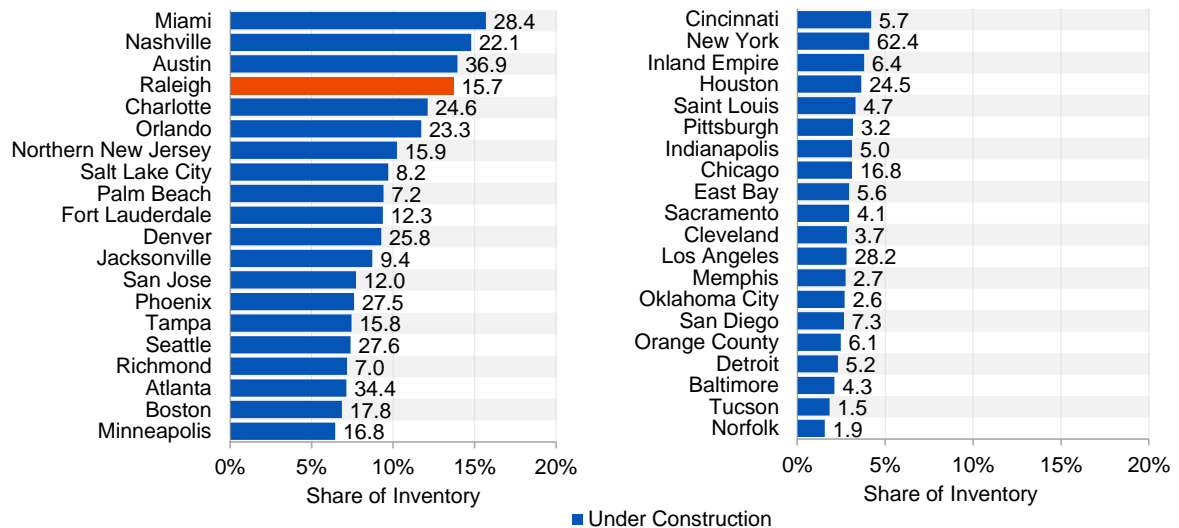
18

## Triangle Apartment Supply, Demand, and Vacancy



19

## Units Under Construction As Share of Inventory

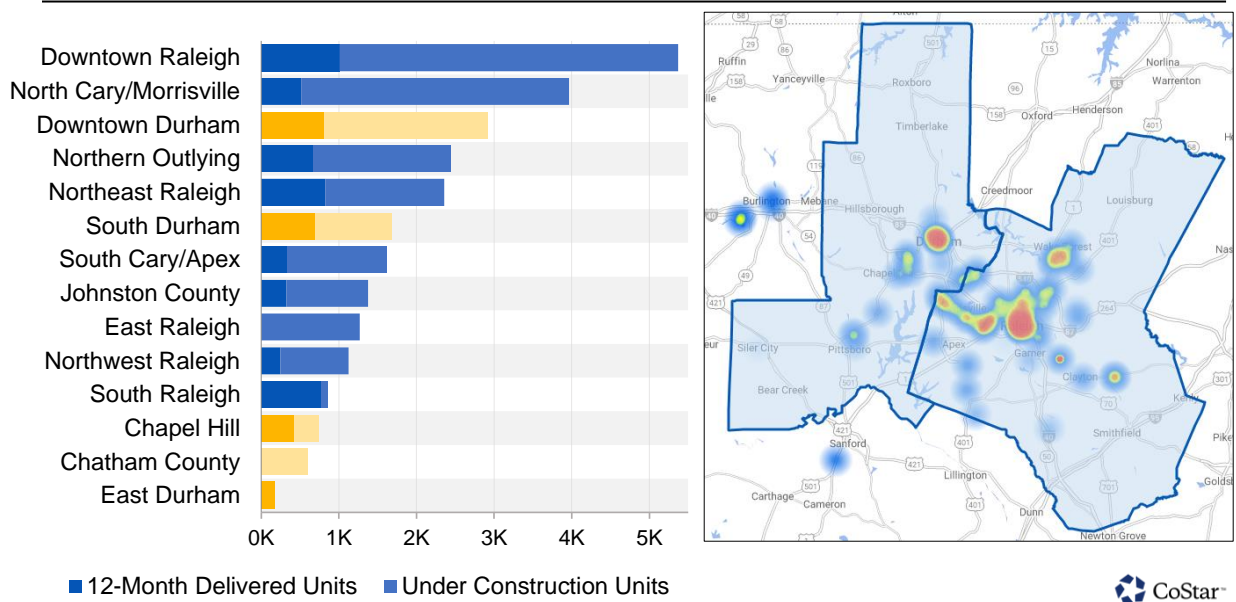


Note: Includes markets with 75,000+ units inventory. Labels show Under Construction in Thousand Units.

CoStar

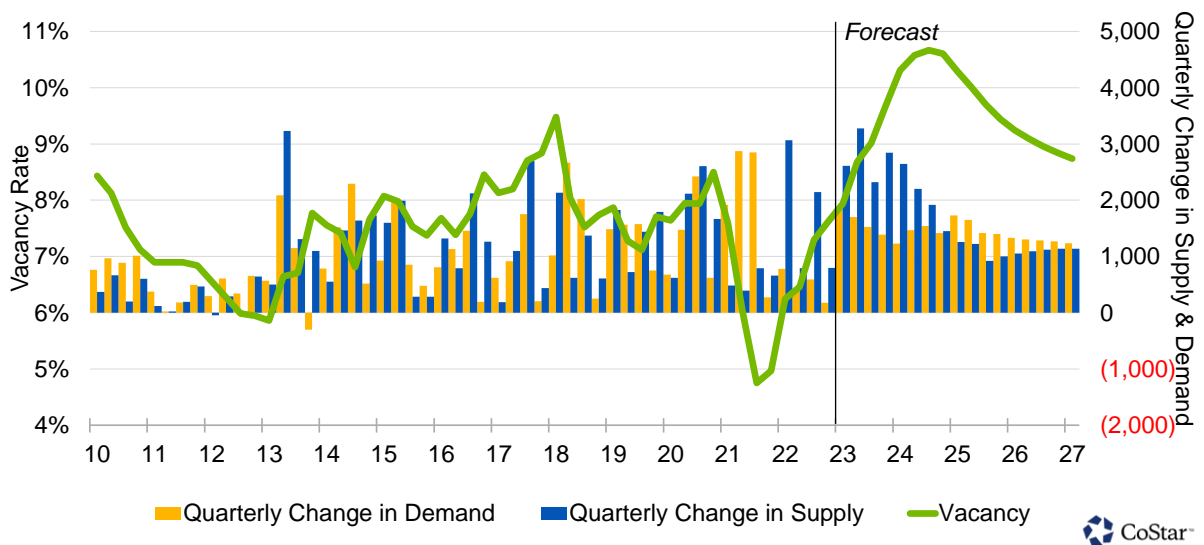
20

## Under Construction & Recently Delivered by Submarket



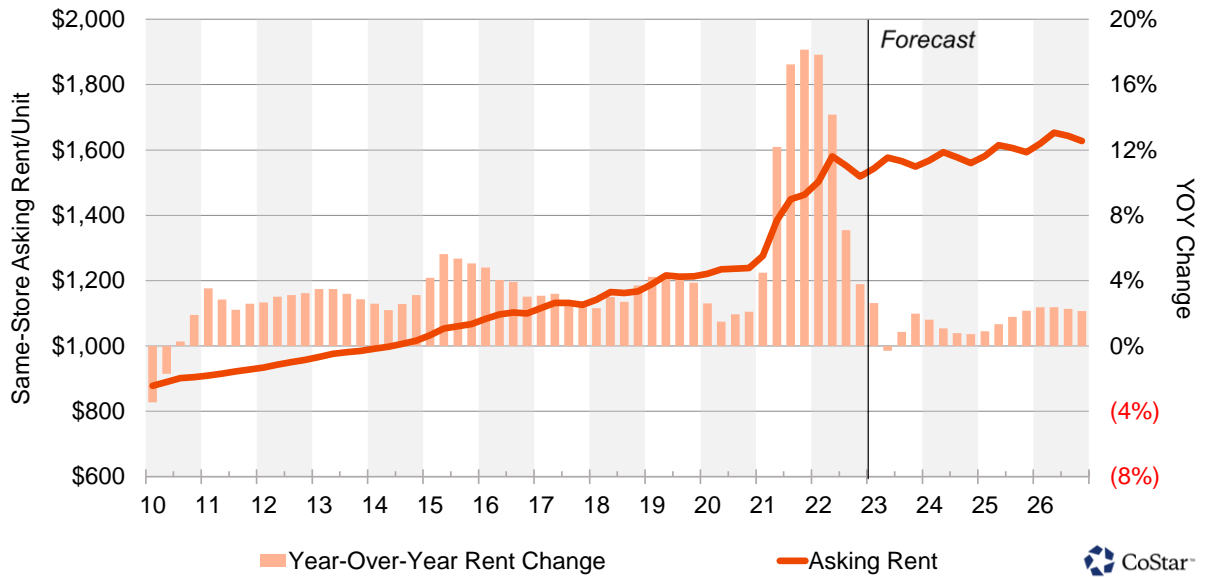
21

## Triangle Apartment Supply, Demand, and Vacancy



22

## Triangle Multifamily Rents and Rent Growth



23

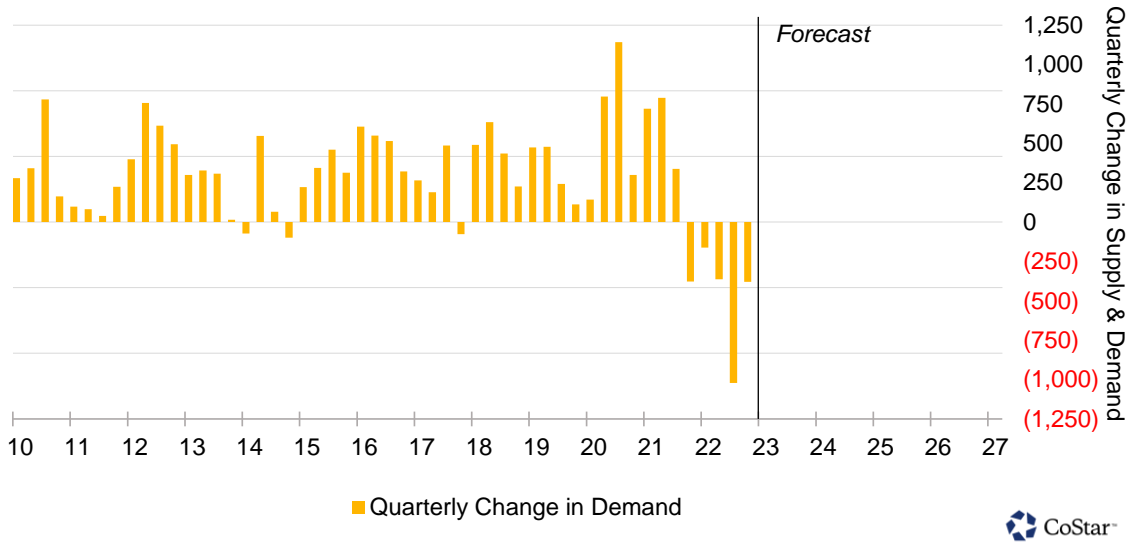


Economic Forecast

Apartment Association of North Carolina

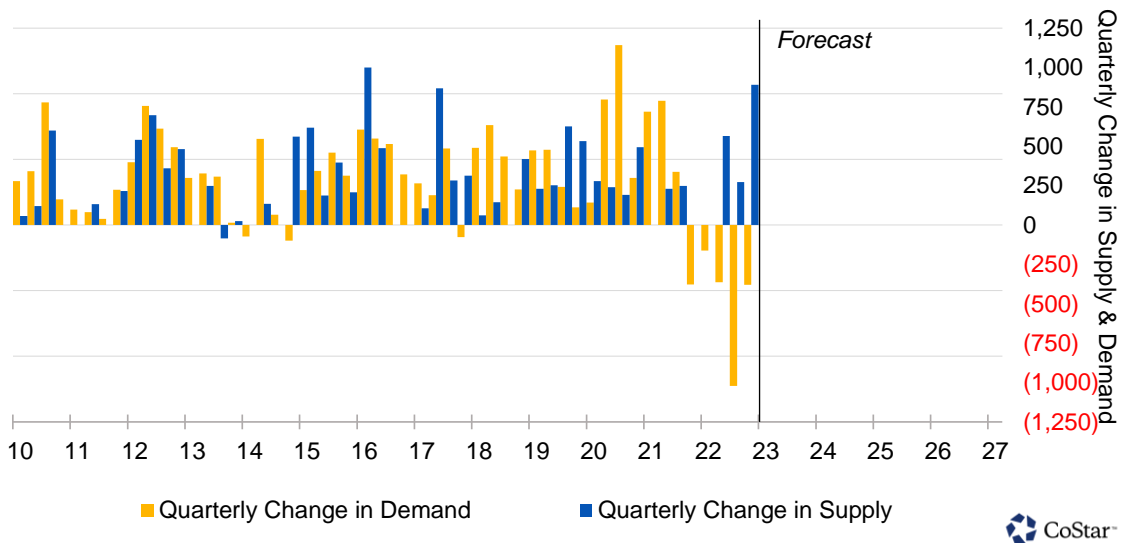
24

## Triad Apartment Supply, Demand, and Vacancy



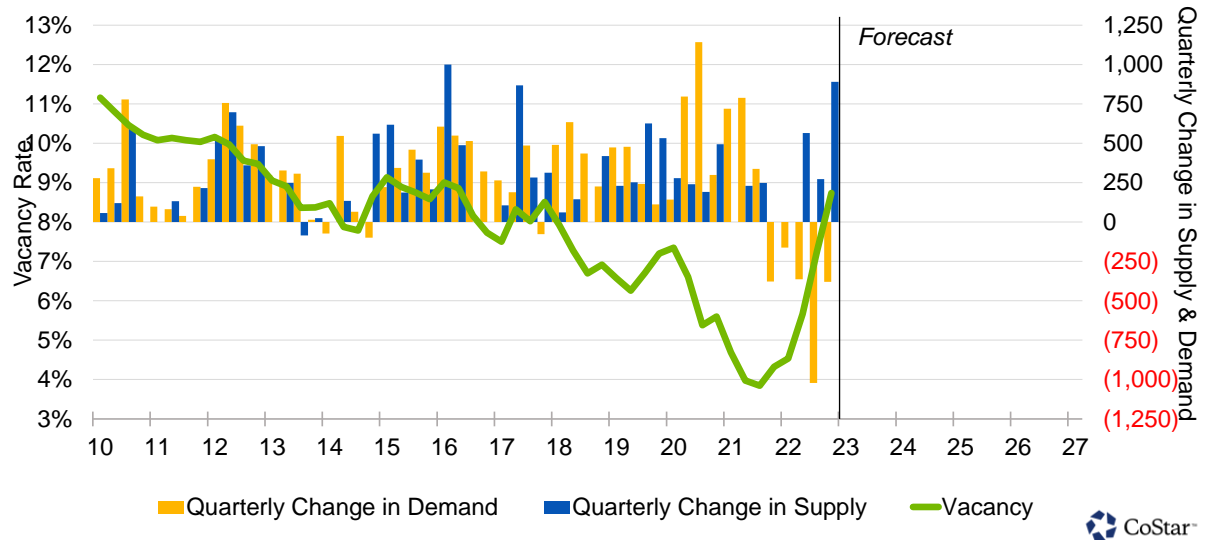
25

## Triad Apartment Supply, Demand, and Vacancy



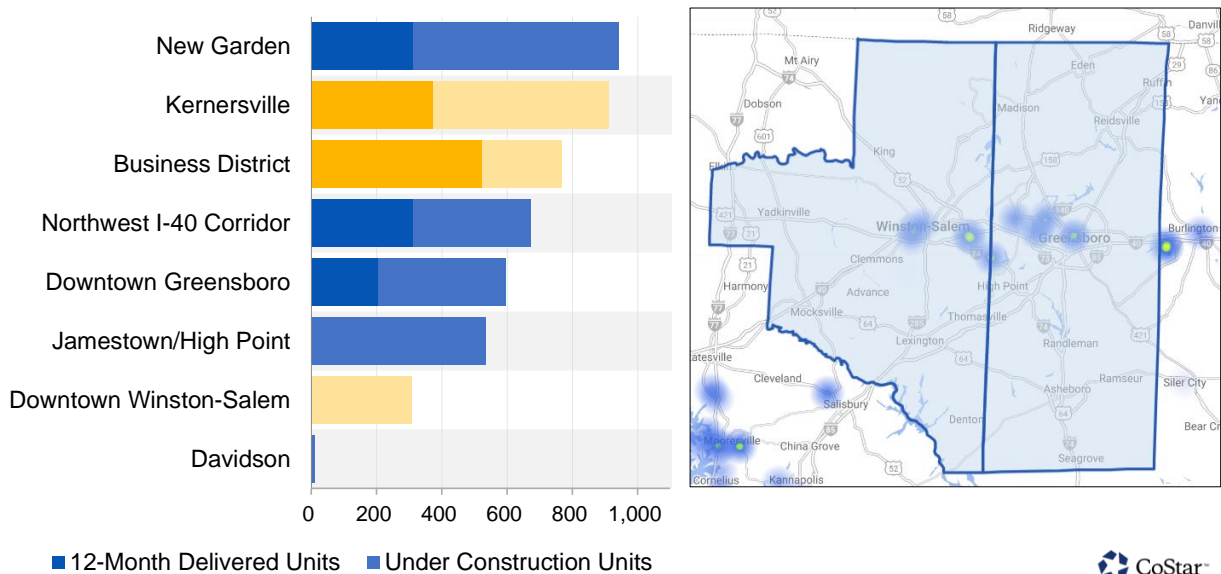
26

## Triad Apartment Supply, Demand, and Vacancy



27

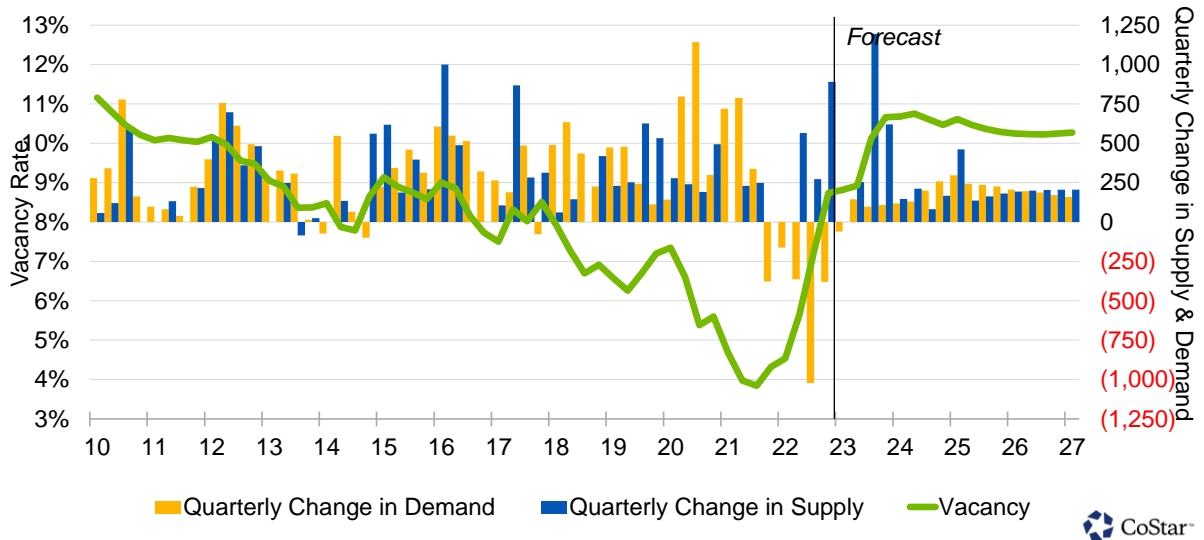
## Under Construction & Recently Delivered by Submarket



28

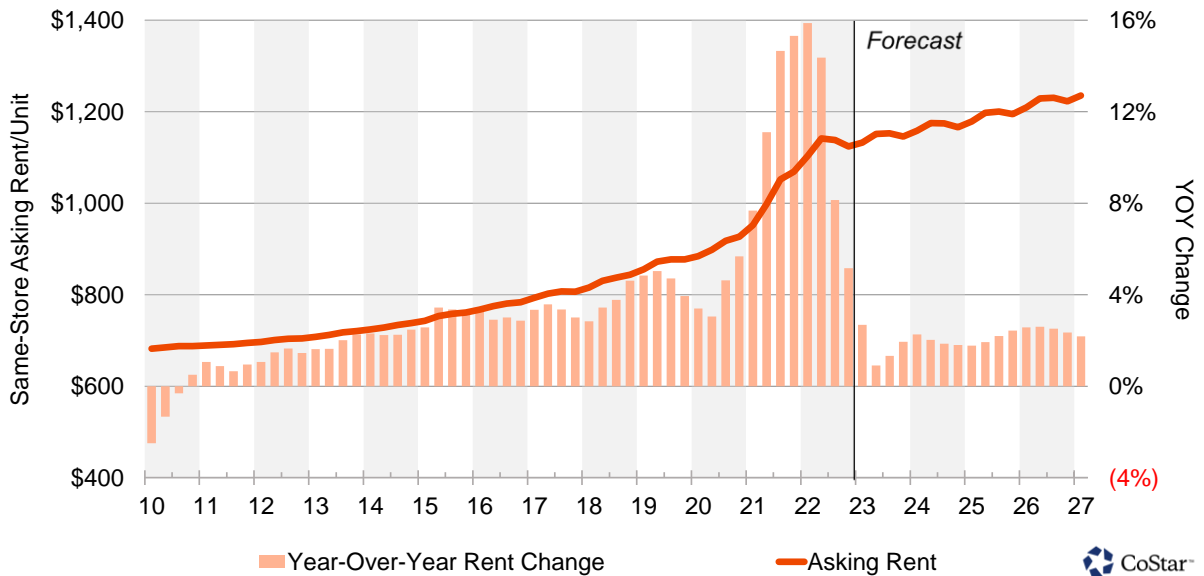


## Triad Apartment Supply, Demand, and Vacancy



29

## Triad Multifamily Rents and Rent Growth

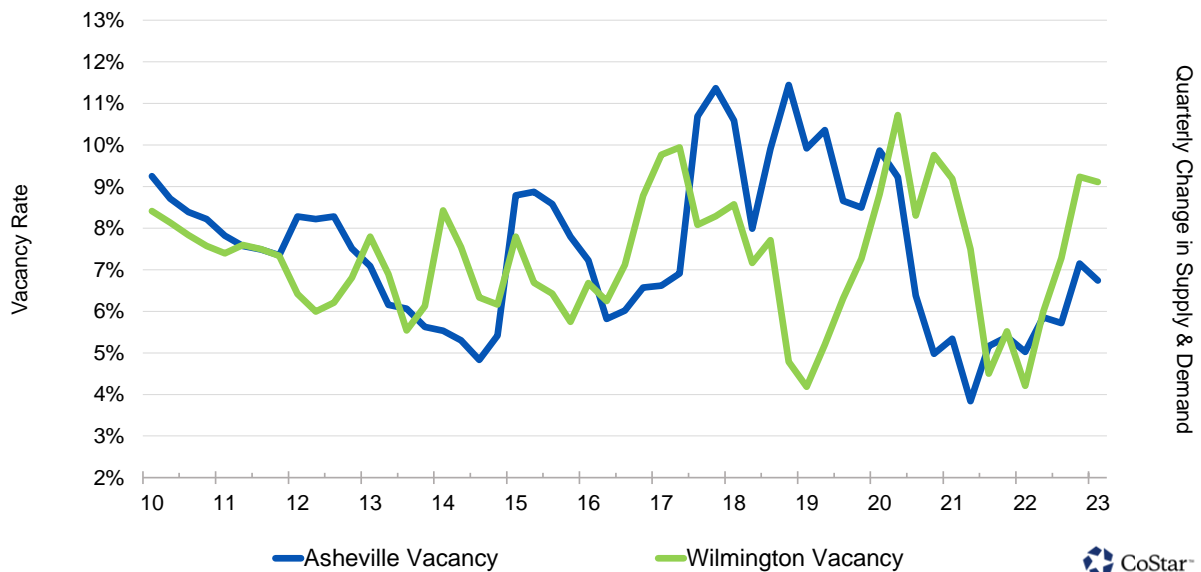


30



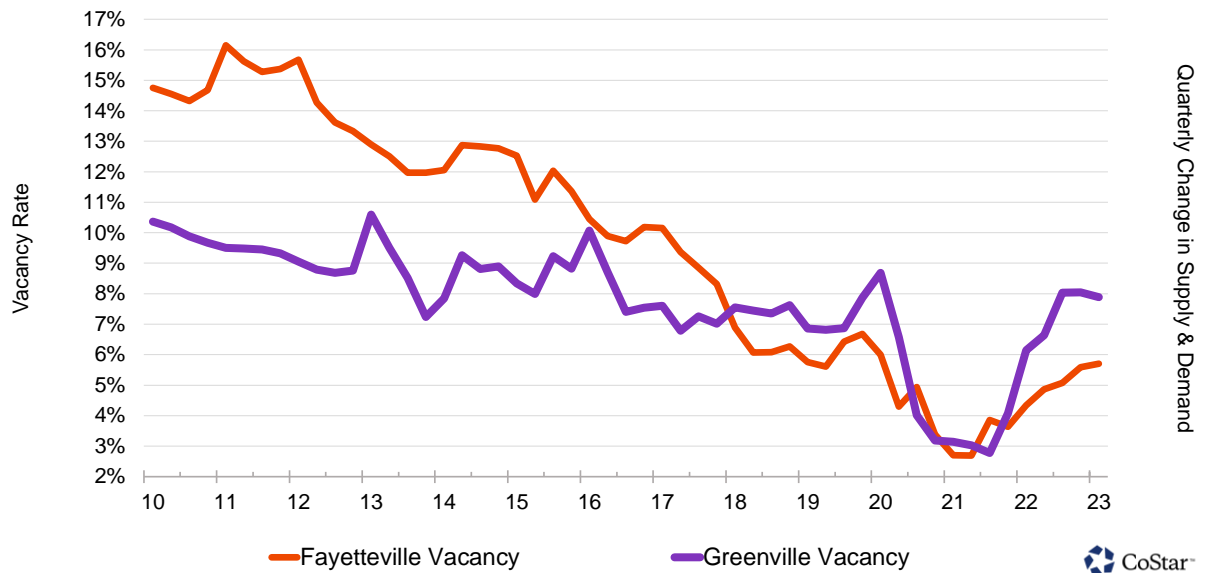
31

## Asheville & Wilmington Vacancy



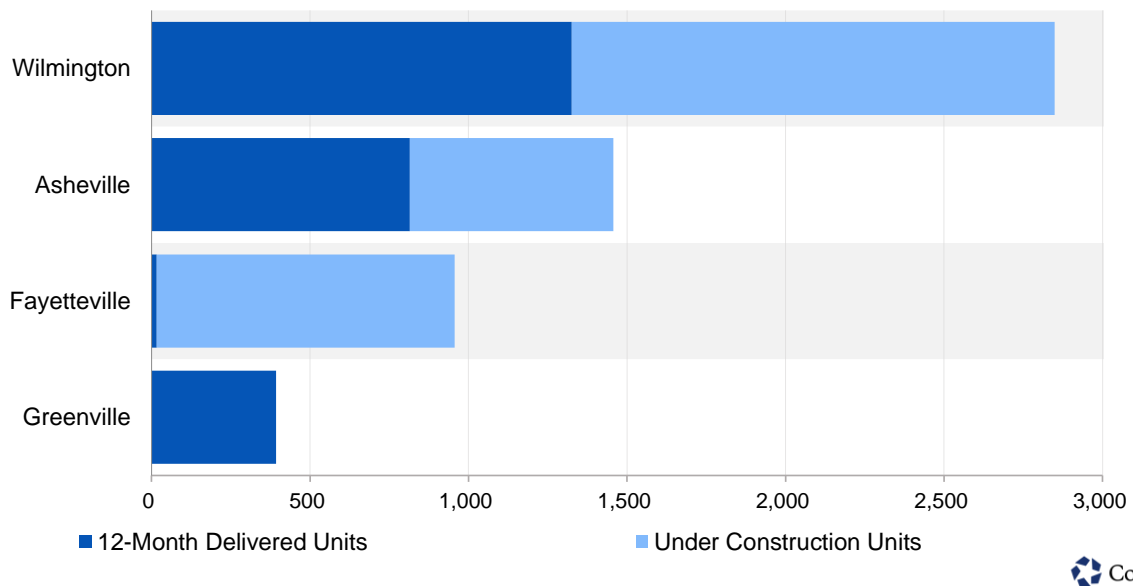
32

## Fayetteville & Greenville Vacancy



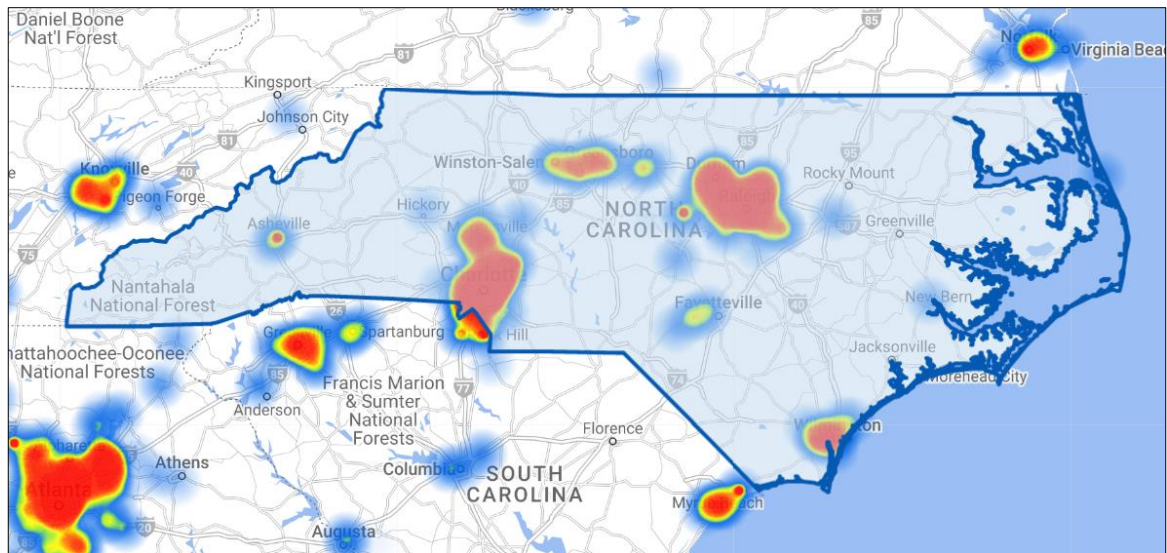
33

## North Carolina's Smaller Markets Have Some Development Activity



34

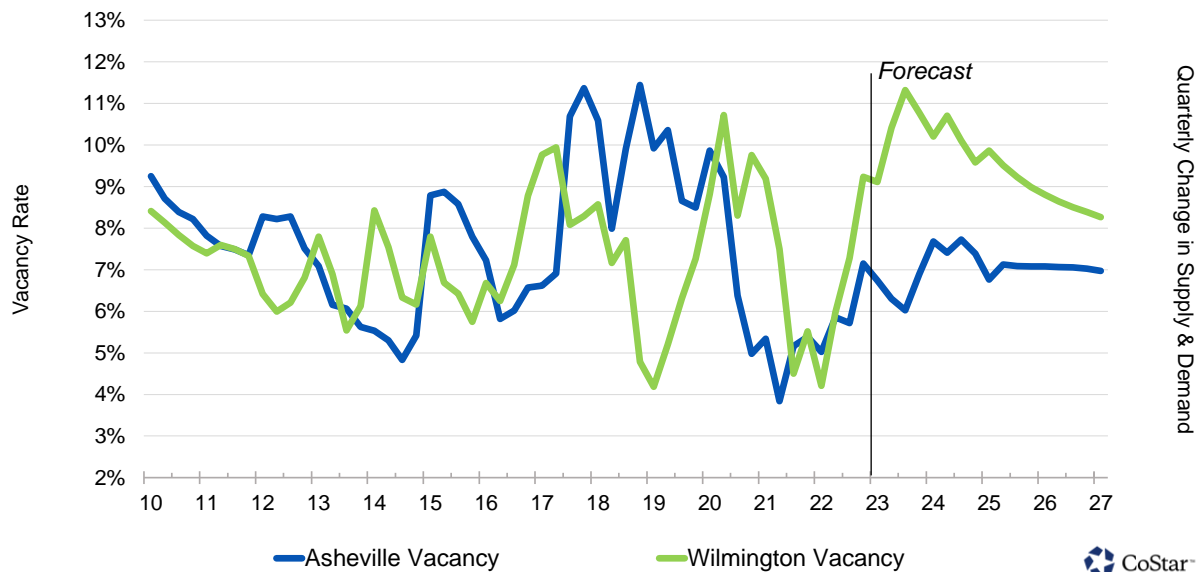
## North Carolina Pipeline



CoStar™

35

## Asheville & Wilmington Vacancy Forecast

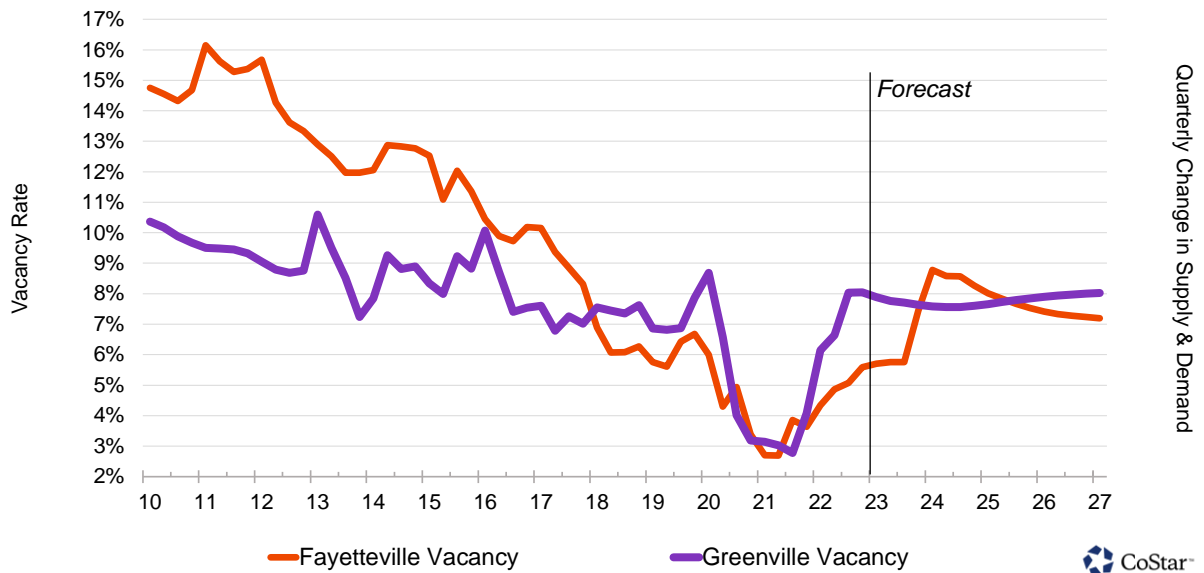


Source: CoStar, 23Q1

CoStar™

36

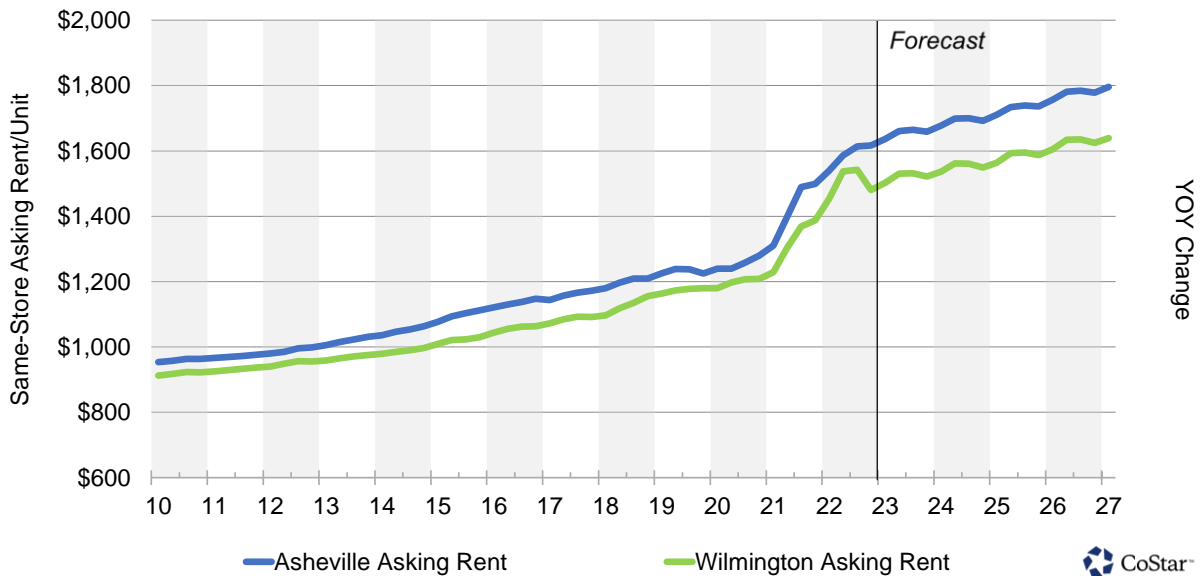
## Fayetteville & Greenville Vacancy Forecast



Source: CoStar, 23Q1

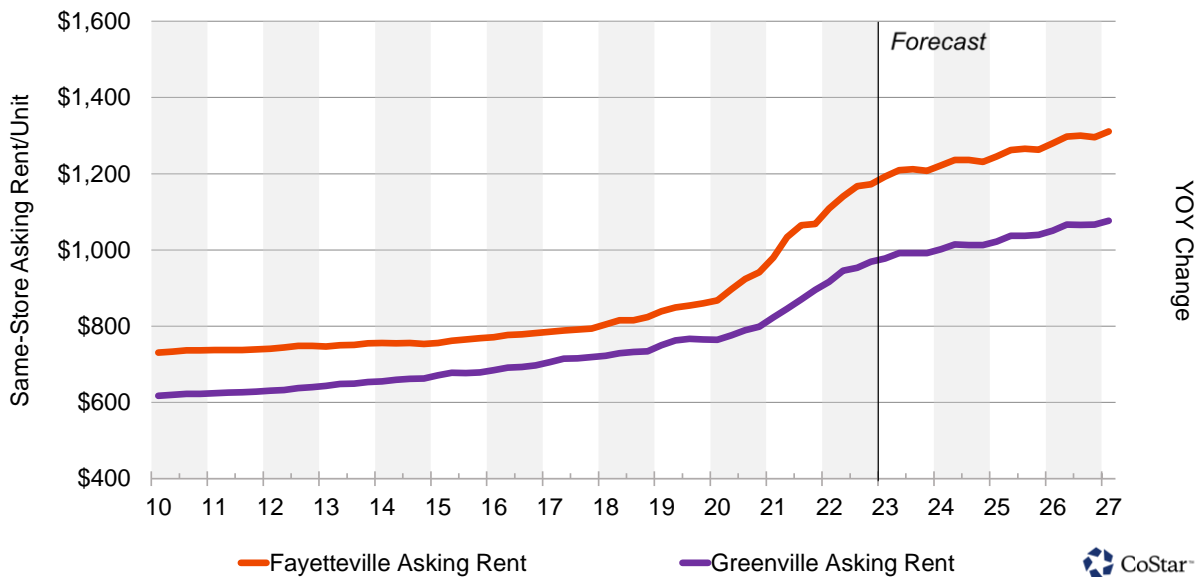
37

## Asheville & Wilmington Rents



38

## Fayetteville & Greenville Rents



39

## Major Trends in North Carolina CRE

- North Carolina is doing well economically. The state is a post-pandemic winner in terms of population, jobs, and GDP.
- In Charlotte, the Triangle, Asheville, and Wilmington, multifamily absorption stayed positive in 2022, but was much lower than in recent years.
- The Triad, Fayetteville, and Greenville, experienced negative net absorption in 2022. In Fayetteville this was the second year in a row of negative absorption.
- Charlotte, the Triangle, and to a lesser degree Wilmington, have robust pipelines that will likely drive vacancy higher.
- Rents across North Carolina climbed sharply in 2021 and the first half of 2022. In most markets rents peaked then declined in the second half of 2022, but Asheville, Fayetteville and Greenville were exceptions that kept rising. CoStar

40



# Thank You!



**Nick Leverett**  
**Director of Market Analytics**  
 nleverett@costar.com

These CoStar materials contain financial and other information from a variety of public and proprietary sources. CoStar Group, Inc. and its affiliates (collectively, "CoStar") have assumed and relied upon, without independent verification, the accuracy and completeness of such third party information in preparing these materials.

The modeling, calculations, forecasts, projections, evaluations, analyses, simulations, or other forward-looking information prepared by CoStar and presented herein (the "Materials") are based on various assumptions concerning future events and circumstances, which are speculative, uncertain and subject to change without notice. You should not rely upon the Materials as predictions of future results or events, as actual results and events may differ materially. All Materials speak only as of the date referenced with respect to such data and may have materially changed since such date. CoStar has no obligation to update any of the Materials included in this document. You should not construe any of the data provided herein as investment, tax, accounting or legal advice.

CoStar does not represent, warrant or guaranty the accuracy or completeness of the information provided herein and shall not be held responsible for any errors in such information. Any user of the information provided herein accepts the information "AS IS" without any warranties whatsoever. To the maximum extent permitted by law, CoStar disclaims any and all liability in the event any information provided herein proves to be inaccurate, incomplete or unreliable.

© 2023 CoStar Realty Information, Inc. No reproduction or distribution without permission.