

The Charlotte-Concord-Gastonia, NC-SC commercial real estate market is modest compared to the overall market.  
NAR Commercial Market Conditions Index: 52

The apartment sector is experiencing faster rent growth than nationally.

There is a loss in office occupancy and office rent growth is weaker than nationally.

In the industrial sector, the industrial vacancy rate is higher than nationally and less construction is underway than nationally.

Its retail trade jobs are growing faster than nationally.

In the hotel/lodging sector, leisure and hospitality jobs are shrinking. There is a lower share of businesses openings than nationally.

In 2019, the area experienced net in-migration.

Commercial transactions are likely to pick up in the second half of 2021 and in 2022 as more people get vaccinated and more businesses open. Higher fiscal spending and monetary accommodation will boost growth nationally and in the area.

### I. Economic and Demographic Indicators

|  | Charlotte-Concord-Gastonia, NC-SC |             |             | U.S.        |             |             |   |
|--|-----------------------------------|-------------|-------------|-------------|-------------|-------------|---|
|  | Dec_20                            | Nov_20      | Dec_19      | Dec_20      | Nov_20      | Dec_19      |   |
| Total non-farm employment ('000)             | 1,191                             | 1,185       | 1,253       | 143,700     | 144,121     | 152,846     |   |
| Y/Y chg.in nonfarm payroll employment ('000) | (63)                              | (68)        | 26          | (9,146)     | (8,974)     | 2,014       | <i>job pace is stronger than national pace</i>              |
| Y/Y % chg. in nonfarm payroll employment     | -5.0%                             | -5.4%       | 2.1%        | -6.0%       | -5.9%       | 1.3%        | <i>lower unemployment rate than nationally</i>              |
| Unemployment rate (%)                        | 6.1%                              | 6.1%        | 3.3%        | 6.7%        | 6.7%        | 3.6%        |   |
| Average weekly wages                         | \$1,131                           | \$1,141     | \$1,079     | \$1,038     | \$1,030     | \$973       | <i>wages are higher than national average</i>               |
|  | <b>2019</b>                       | <b>2018</b> | <b>2017</b> | <b>2019</b> | <b>2018</b> | <b>2017</b> |   |
| GDP growth (%)                               | 1.5%                              | 3.1%        | 2.3%        | 2.2%        | 3.0%        | 2.3%        | <i>economy is growing faster than nationally.</i>           |
| Median household income                      | \$66,399                          | \$62,068    | \$61,156    | \$87,470    | \$84,423    | \$81,284    | <i>median household income is lower than national level</i> |
| Population ('000)                            | 2,637                             | 2,593       | 2,550       | 328,330     | 326,838     | 325,122     |   |
| Population growth (%)                        | 1.7%                              | 1.7%        | 2.0%        | 0.5%        | 0.5%        | 0.6%        | <i>faster population growth than nationally</i>             |
| Net domestic migration ('000)                | 28.1                              | 26.0        | 31.3        | 0           | 0           | 0           | <i>net in-migration</i>                                     |

### II. Multifamily/1

|  | Charlotte-Concord-Gastonia, NC-SC |         |         | U.S.      |           |           |  |
|--|-----------------------------------|---------|---------|-----------|-----------|-----------|--|
|  | Q4_20                             | Q3_20   | Q4_19   | Q4_20     | Q3_20     | Q4_19     |  |
| Homeownership rate                       | 74.9%                             | 72.7%   | 72.8%   | 65.8%     | 67.4%     | 65.1%     |  |
| Rental vacancy rate                      | 6.3%                              | 6.7%    | 8.3%    | 6.5%      | 6.4%      | 6.4%      | <i>vacancy rates are lower than nationally</i>                   |
| 12-month total: 5+ unit building permits | 5,753                             | 5,735   | 8,081   | 416,171   | 415,791   | 460,604   | <i>5-unit building permits are not rising as fast</i>            |
| 12-month total: all building permits     | 23,691                            | 23,388  | 23,474  | 1,434,816 | 1,408,516 | 1,351,930 |  |
| Ratio of jobs created to permits ('000)  | (3)                               | (3)     | 1       | (6)       | (6)       | 1         | <i>stronger job creation vs. housing permits than nationally</i> |
| Apartment rent (end of quarter)          | \$1,144                           | \$1,139 | \$1,141 | \$1,114   | \$1,129   | \$1,129   | <i>faster rent growth than nationally</i>                        |

### III. Office/2

|  | Charlotte-Concord-Gastonia, NC-SC |        |        | U.S.    |         |         |   |
|--|-----------------------------------|--------|--------|---------|---------|---------|---|
|  | Q4_20                             | Q3_20  | Q4_19  | Q4_20   | Q3_20   | Q4_19   |   |
| Net absorption from prior quarter (million sq. ft.)  | (0.49)                            | (0.54) | 0.19   | (43.03) | (39.23) | 15.50   | <i>loss in office occupancy</i>                             |
| Vacancy rate   | 13.2%                             | 12.1%  | 10.2%  | 16%     | 14%     | 13%     | <i>office vacancy is lower than nationally</i>              |
| Asking rent per sq.ft.                               | \$29.0                            | \$29.3 | \$29.8 | \$35.1  | \$34.7  | \$33.2  | <i>office rent growth is weaker than nationally</i>         |
| Total inventory of available space (million sq. ft.) | 53.8                              | 53.1   | 53.8   | 5,368.7 | 5,367.4 | 5,338.4 |   |
| Under construction (million sq.ft.)                  | 4.4                               | 4.8    | 5.4    | 123.8   | 131.5   | 130.0   |   |
| % under construction to inventory                    | 8.3%                              | 9.0%   | 10.0%  | 2.3%    | 2.5%    | 2.4%    | <i>more office construction is underway than nationally</i> |

### IV. Industrial/3

|  | Charlotte-Concord-Gastonia, NC-SC |       |        | U.S.     |          |          |  |
|--|-----------------------------------|-------|--------|----------|----------|----------|--|
|  | Q4_20                             | Q3_20 | Q4_19  | Q4_20    | Q3_20    | Q4_19    |  |
| Net absorption from prior quarter (million sq. ft.)  | 0.82                              | 0.43  | (0.18) | 89.8     | 77.0     | 80.8     | <i>increase in industrial space occupancy</i>            |
| Vacancy rate   | 8.0%                              | 8.0%  | 6.2%   | 5.2%     | 5.2%     | 4.9%     | <i>industrial vacancy rate is higher than nationally</i> |
| Asking rent per sq.ft.                               | \$5.2                             | \$5.3 | \$5.5  | \$6.8    | \$6.6    | \$6.5    | <i>rents are not rising as fast as nationally</i>        |
| Total inventory of available space (million sq. ft.) | 161.5                             | 160.6 | 199.2  | 15,233.9 | 15,136.4 | 15,002.3 |  |
| Under construction (million sq.ft.)                  | 2.1                               | 1.8   | 2.1    | 328.0    | 308.8    | 325.6    |  |
| % under construction to inventory                    | 1.3%                              | 1.1%  | 1.1%   | 2.2%     | 2.0%     | 2.2%     | <i>less construction is underway than nationally</i>     |

### V. Retail

|   | Charlotte-Concord-Gastonia, NC-SC |        |        | U.S.   |        |        |   |
|---|-----------------------------------|--------|--------|--------|--------|--------|---|
|   | Dec_20                            | Nov_20 | Dec_19 | Dec_20 | Nov_20 | Dec_19 |   |
| Retail trade payroll workers ('000)           | 133.9                             | 130.3  | 132.2  | 15,755 | 15,488 | 16,102 |   |
| % share to nonfarm payroll employment         | 11.2%                             | 11.0%  | 10.5%  | 11.0%  | 10.7%  | 10.5%  | <i>larger fraction of retail jobs than nationally</i>       |
| Y/Y change ('000)                             | 1.7                               | -1.8   | -1.1   | -347.1 | -540.1 | -94.9  |   |
| Y/Y % change                                  | 1.3%                              | -1.4%  | -0.8%  | -2.2%  | -3.4%  | -0.6%  | <i>retail trade jobs are growing faster than nationally</i> |
| Credit and debit card spending (Jan 4-31=100) | -3.7%                             | -3.5%  | -      | -4.2%  | -4.5%  | -      | <i>stronger consumer spending than nationally</i>           |

### VI. Hotel/Lodging

|  | Charlotte-Concord-Gastonia, NC-SC |        |        | U.S.      |           |        |   |
|--|-----------------------------------|--------|--------|-----------|-----------|--------|---|
|  | Dec_20                            | Nov_20 | Dec_19 | Dec_20    | Nov_20    | Dec_19 |   |
| Leisure and hospitality payroll workers ('000) | 108.1                             | 109.7  | 143.9  | 12,858    | 13,418    | 16,474 |   |
| % share to nonfarm payroll employment          | 9.1%                              | 9.3%   | 11.5%  | 8.9%      | 9.3%      | 10.8%  | <i>larger share of leisure/hospitality jobs than nationally</i> |
| Y/Y change ('000)                              | -35.8                             | -33.3  | 6.3    | (3,616.0) | (3,041.0) | 388.0  |   |
| Y/Y % change                                   | -24.9%                            | -23.3% | 4.6%   | -21.9%    | -18.5%    | 2.4%   | <i>leisure and hospitality jobs are shrinking</i>               |
| Number of small business openings(Jan4-31=100) | -50.5                             | -49.2  | -      | -47.2     | -45.2     | -      | <i>lower share of businesses openings than nationally</i>       |

Data sources: US Census Bureau, US Bureau of Labor Statistics, US Bureau of Economic Analysis, ApartmentList (rent growth), Cushman and Wakefield (office, industrial)

Credit card spending is from Affinity Solutions via Opportunity Insights downloaded from Haver. Some markets may not have data.

Number of small business openings is from Womply via Opportunity Insights downloaded from Haver. Some markets may not have data.

1 Apartment rent growth is from ApartmentList.com.

2 Covers the market of: Charlotte

3 Covers the market of: Charlotte

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