



RMA REAL ESTATE BREAKFAST

MAY 15, 2019



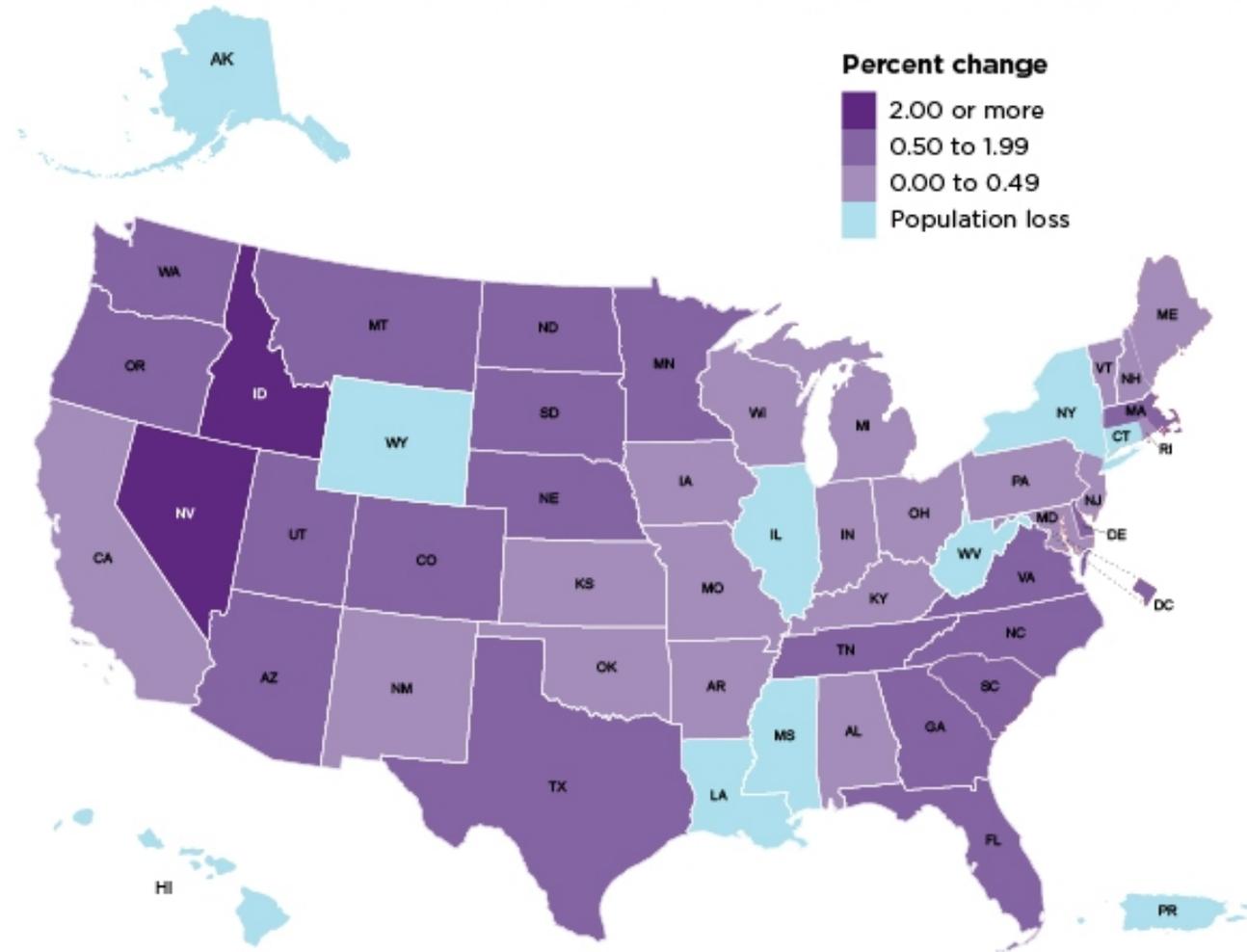
PEOPLE

United States: *Population Growth*

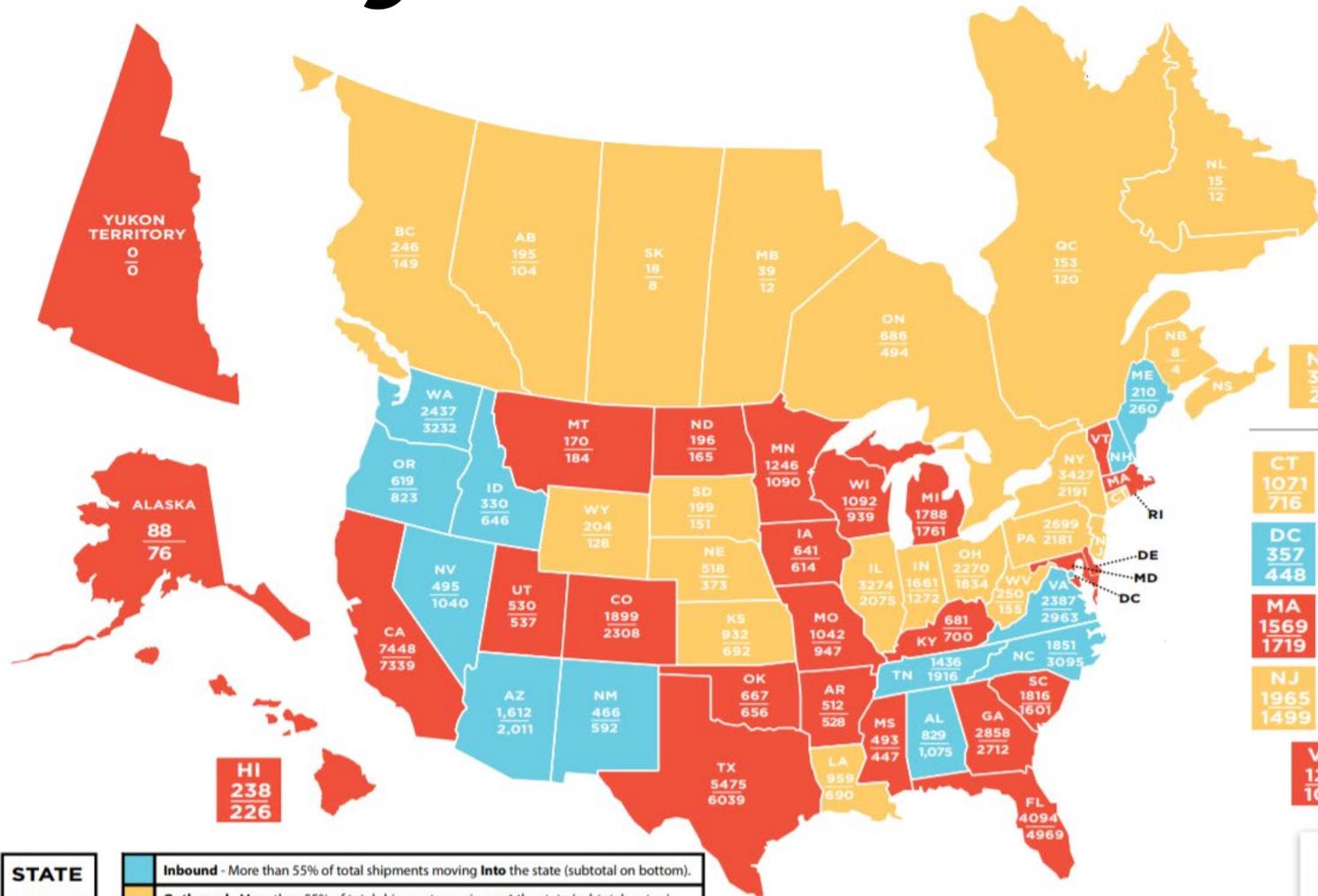
- »» Idaho and Nevada are fastest growing by percent (2017-2018)
- »» In the last year, North Carolina was
 - »» Fifth by absolute growth (+112,820 people)
 - »» Tenth by percent (+1.5%)
- »» Losses experienced in nine states, plus Puerto Rico

How Does Your State Stack Up?

Population Change for States (and Puerto Rico)
From July 1, 2017, to July 1, 2018



United States: *Net Migration*



STATE	Inbound - More than 55% of total shipments moving into the state (subtotal on bottom).	Outbound - More than 55% of total shipments moving out the state (subtotal on top).	Balanced - Inbound and outbound individually represent 55% or less of total shipments.
Outbound			
Inbound			

U.S.	
67.8%	Nevada
66.2%	Idaho
62.6%	North Carolina
57.3%	New Hampshire
57.2%	Tennessee
57.1%	Oregon
57.0%	Washington
56.5%	Alabama
56.0%	New Mexico
55.7%	Washington D.C.

INBOUND

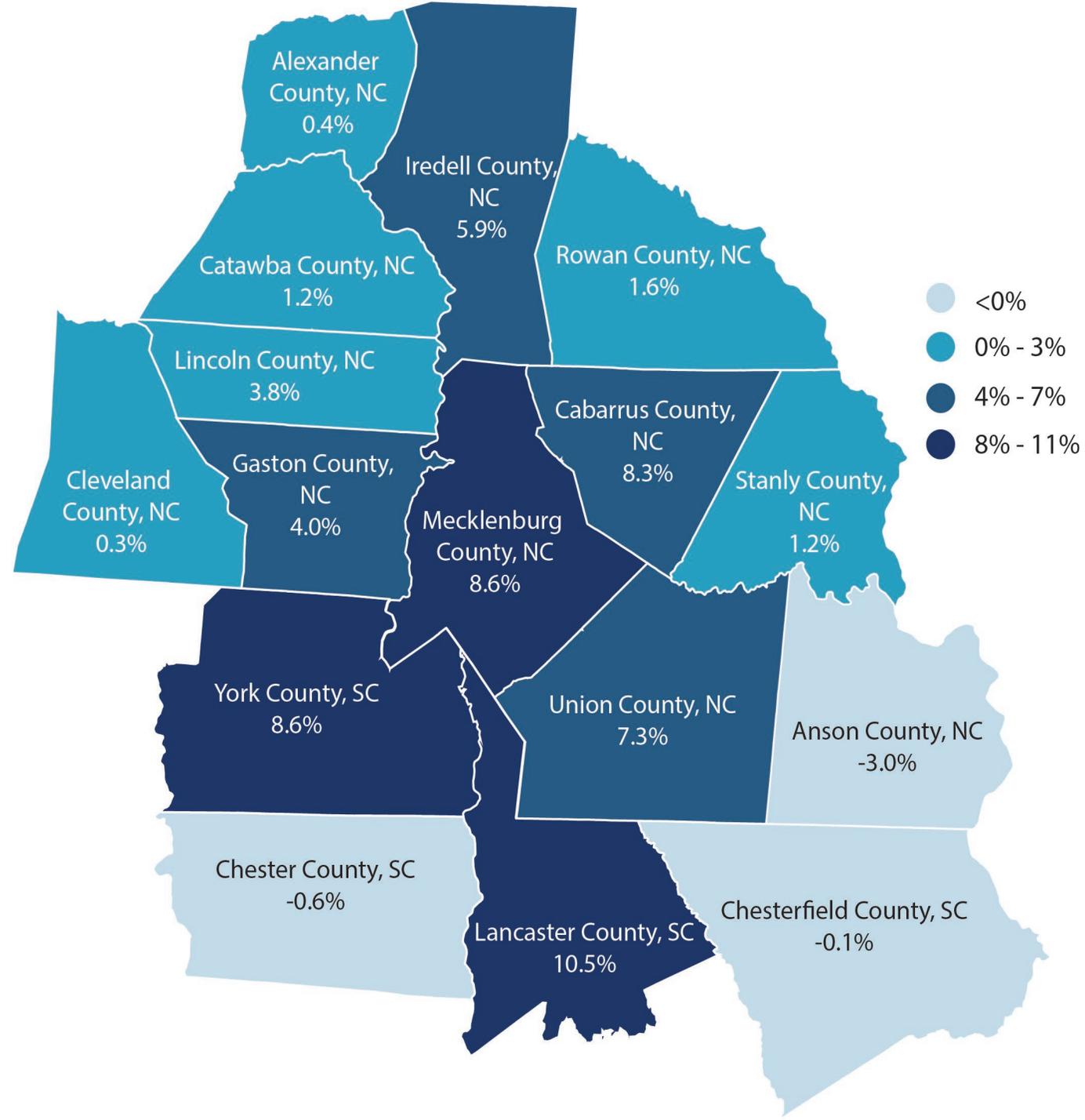
U.S.	
61.7%	West Virginia
61.4%	Wyoming
61.2%	Illinois
61.0%	New York
59.9%	Connecticut
58.2%	Louisiana
58.1%	Nebraska
57.4%	Kansas
56.9%	South Dakota
56.7%	New Jersey

OUTBOUND



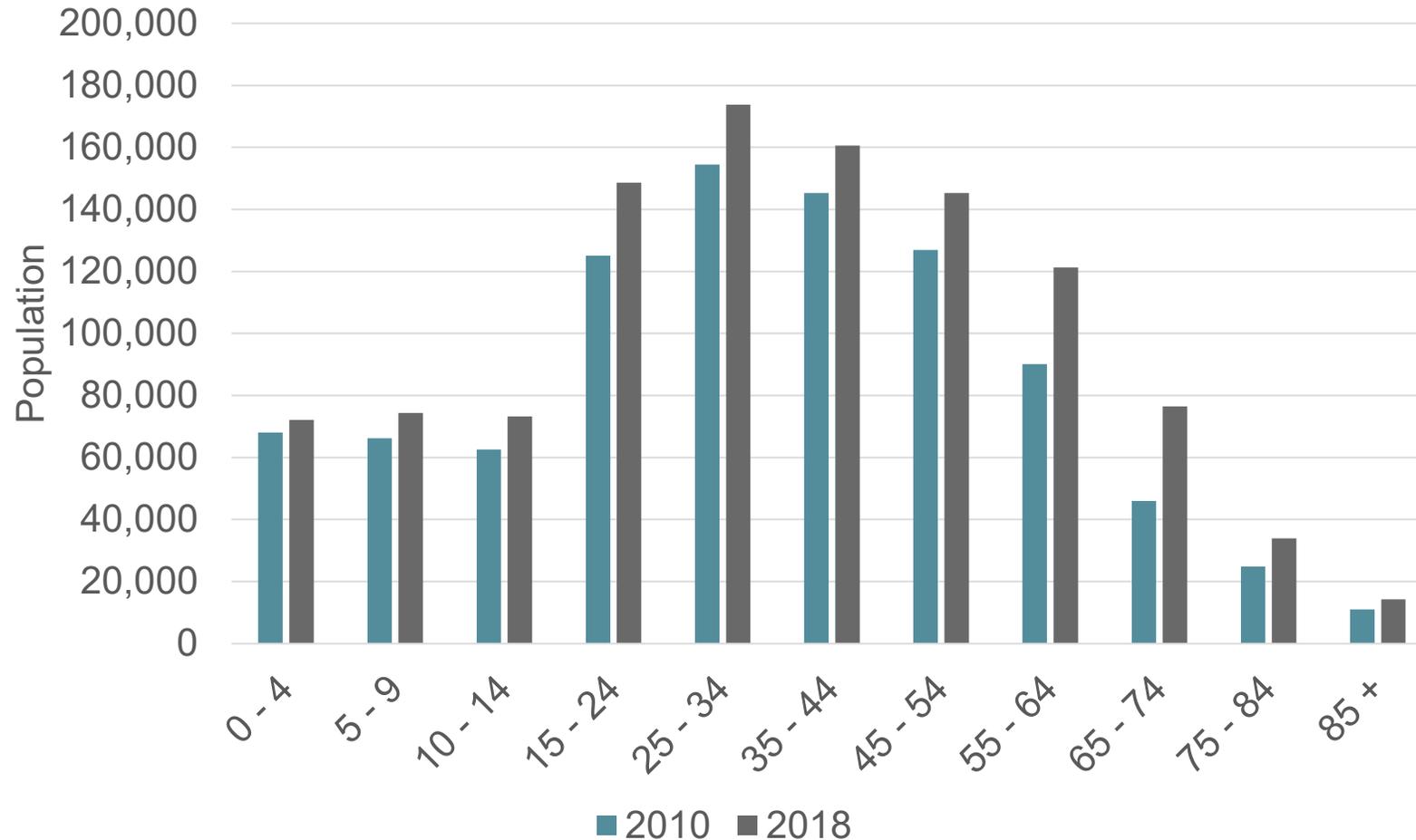
Charlotte Region: *Population Growth*

- » Nearly 359,000 new people were added to the Charlotte region (2014-2018)
- » Mecklenburg captured 48% of growth
- » More than 100 people are moving to Charlotte MSA each day
 - » 40% move to area for new job, a relocation or to seek employment
 - » High share of young professionals



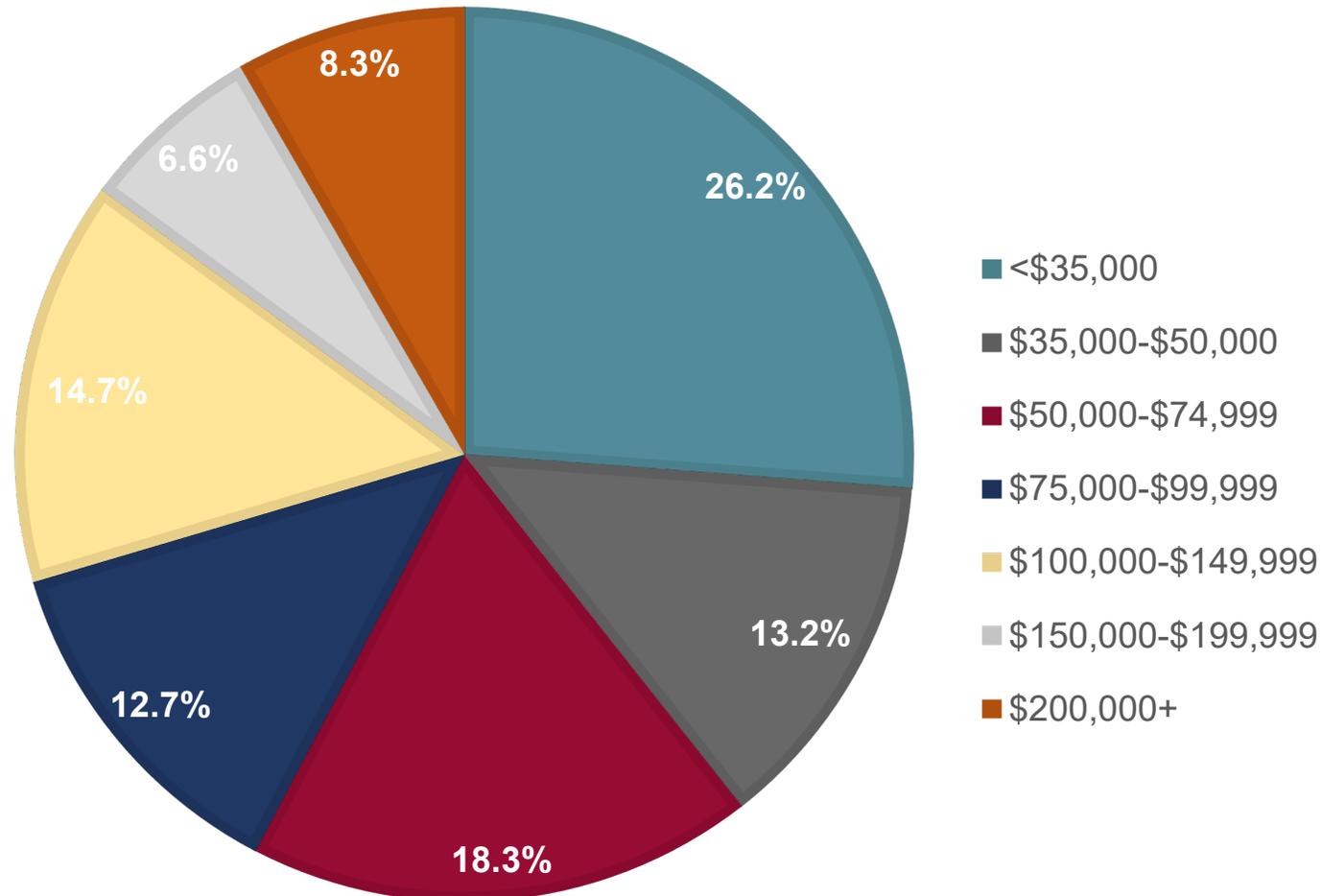
Charlotte Region: *Population by Age*

Population by Age Cohort, Mecklenburg County, 2010-2018



Charlotte Region: *Household Income*

Share of Households by Income, Mecklenburg County, 2010-2018



Mecklenburg County: *Economic Mobility*



Provide Jobs and Opportunities

There were 26,597 people looking for work compared to 50,430 job openings.

In the past year, the county's unemployment rate has gone from 4.6% to 4.1%.



Ensure Access to Affordable Housing and Health Services

Rent was unaffordable for 48.1% of renters.

13.9% did not have health insurance.

There are 405 residents for every mental health provider.



Address Structural Barriers to Equality

32.2% of residents are low-income (\$48,600 or less for a family of four).

The richest 5% of households have an average income 30 times greater than the poorest fifth and 7 times the typical household.

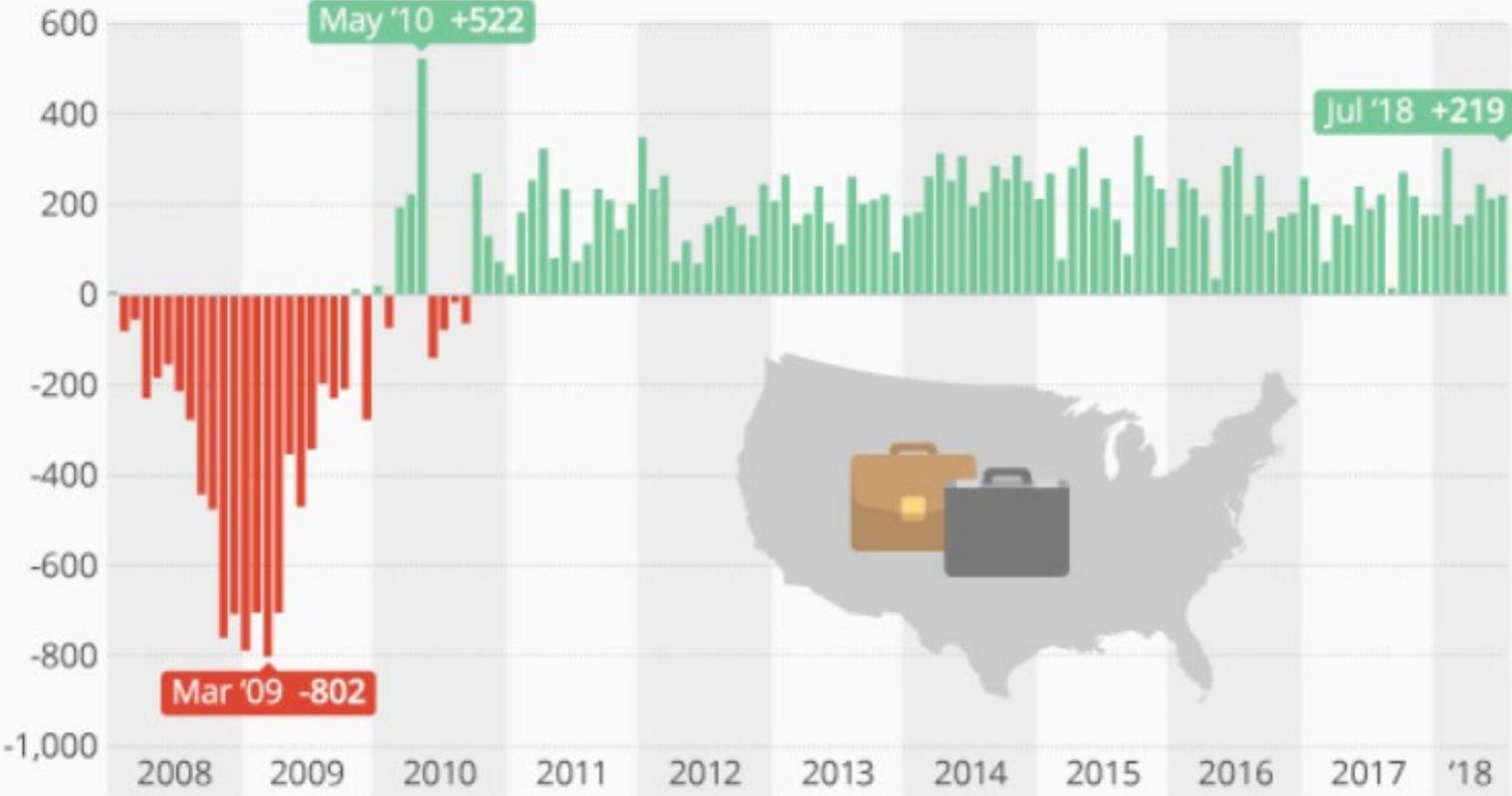


JOBS

United States: *Job Growth*

94 Months Of Continuous U.S. Job Growth

Seasonally-adjusted non-farm job creation in the U.S. from 2008 to 2018 (in thousands)*

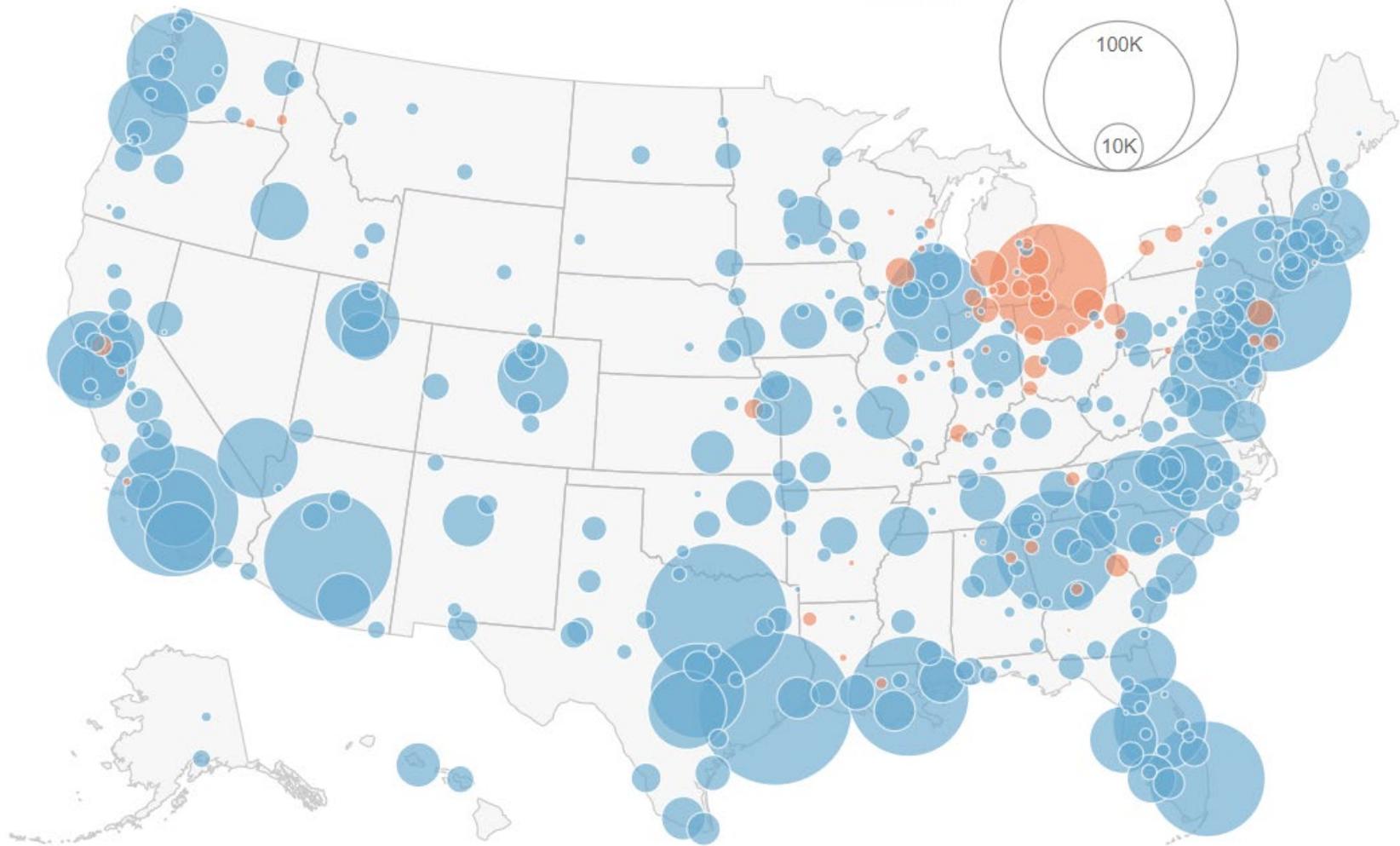
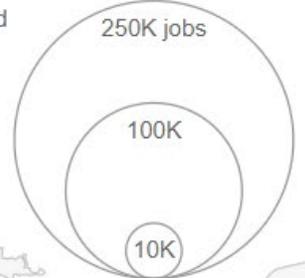


* Bureau of Labor Statistics data is from January 2008 to June 2018.
July 2018 data is from ADP.

United States: *Job Growth*

2005-2006 (November)

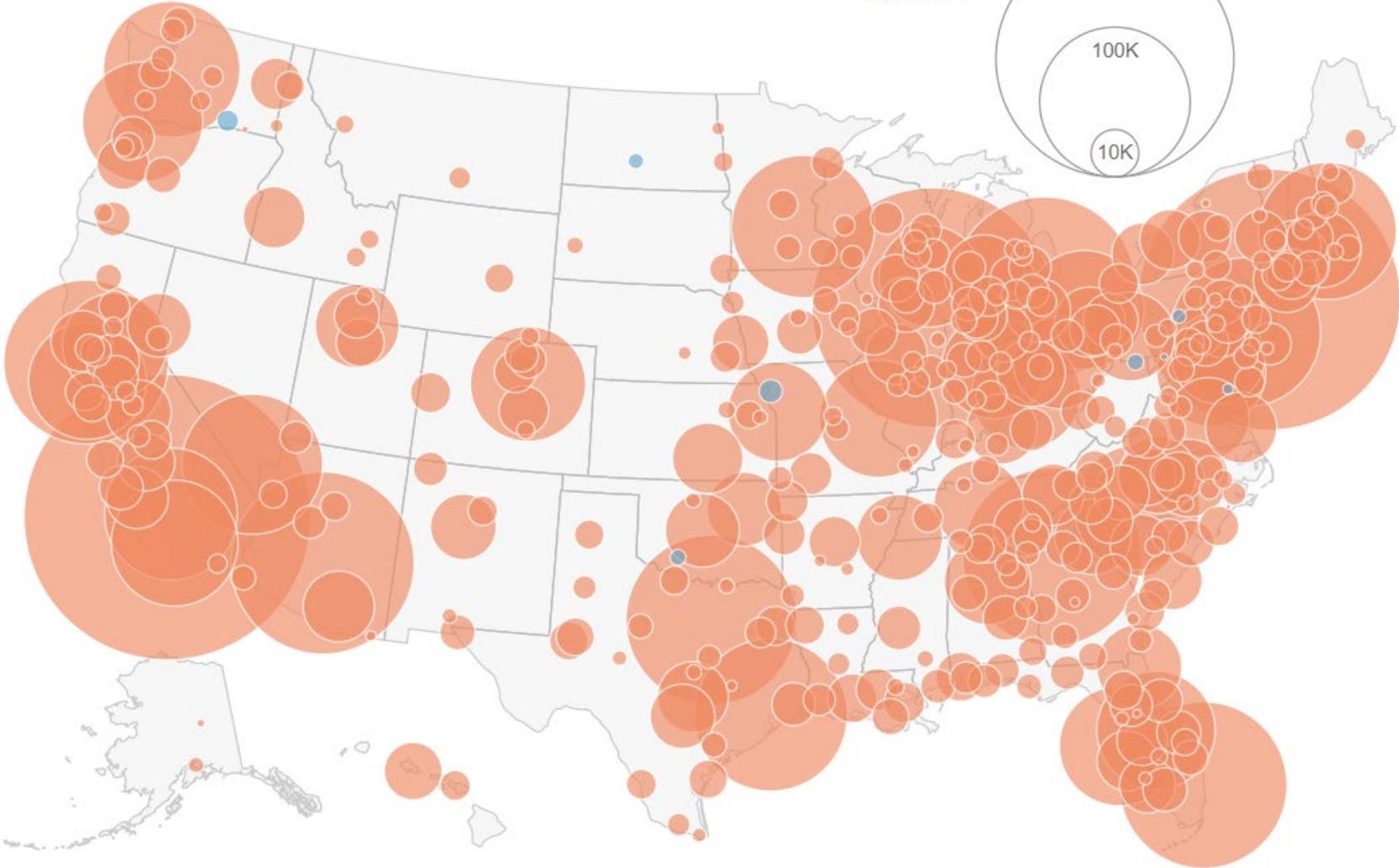
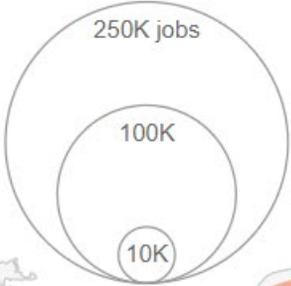
- jobs gained
- jobs lost



United States: *Job Growth*

2008-2009 (November)

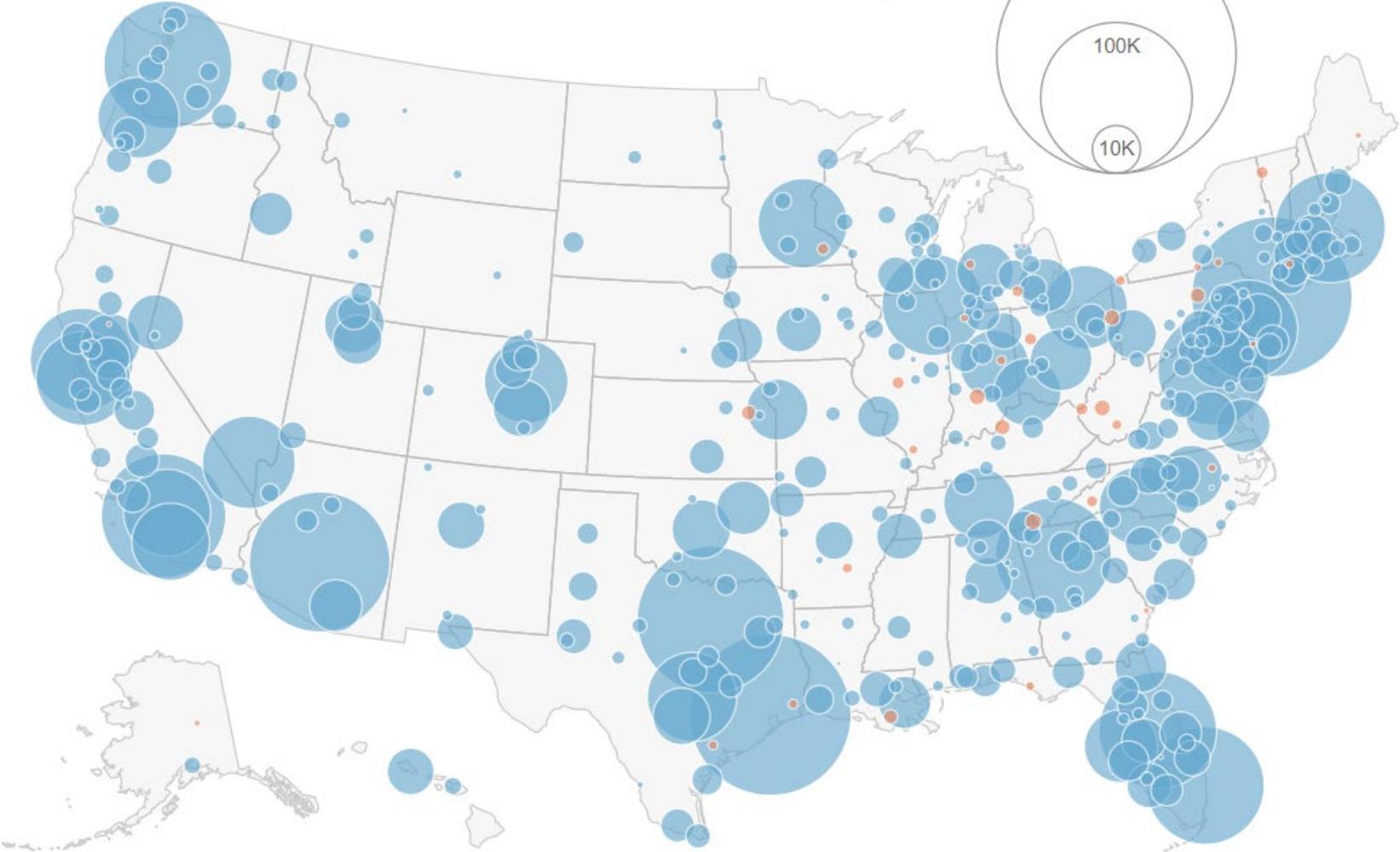
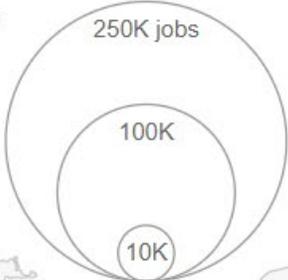
- jobs gained
- jobs lost



United States: *Job Growth*

2017-2018 (November)

- jobs gained
- jobs lost

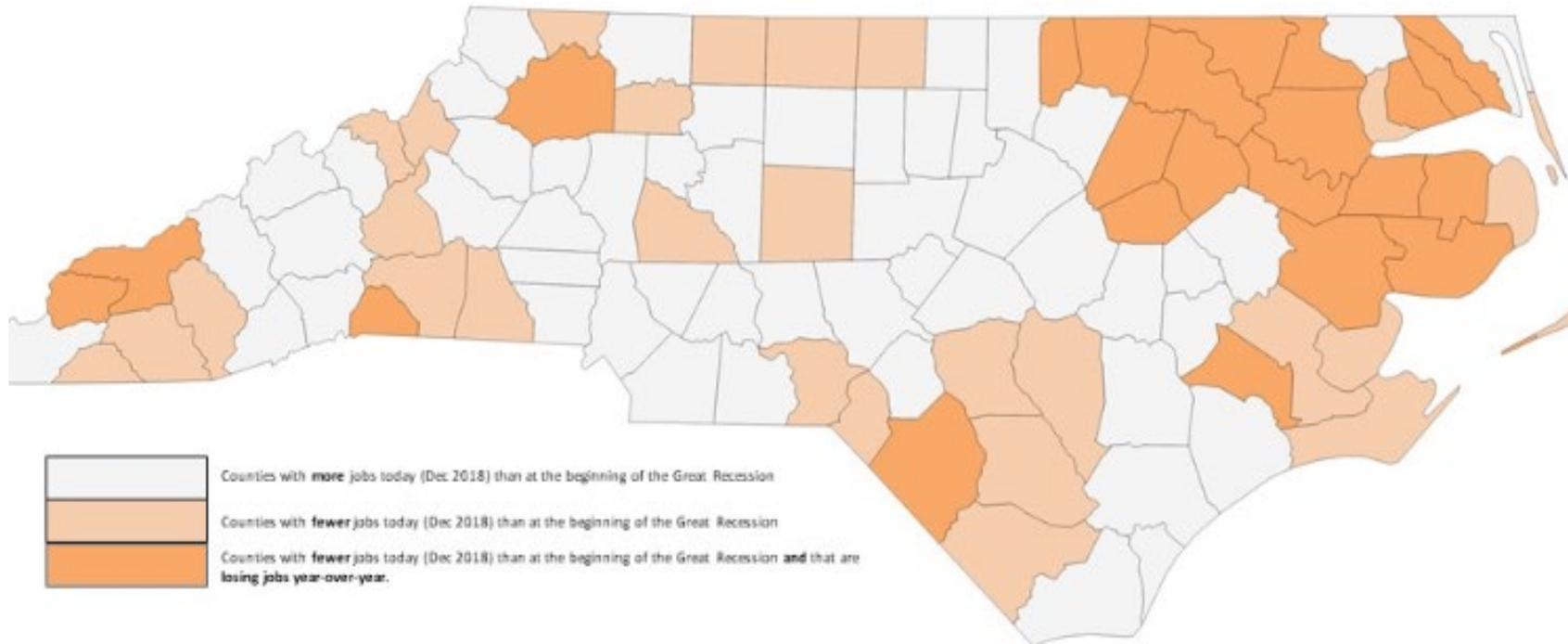


North Carolina: *Job Growth*



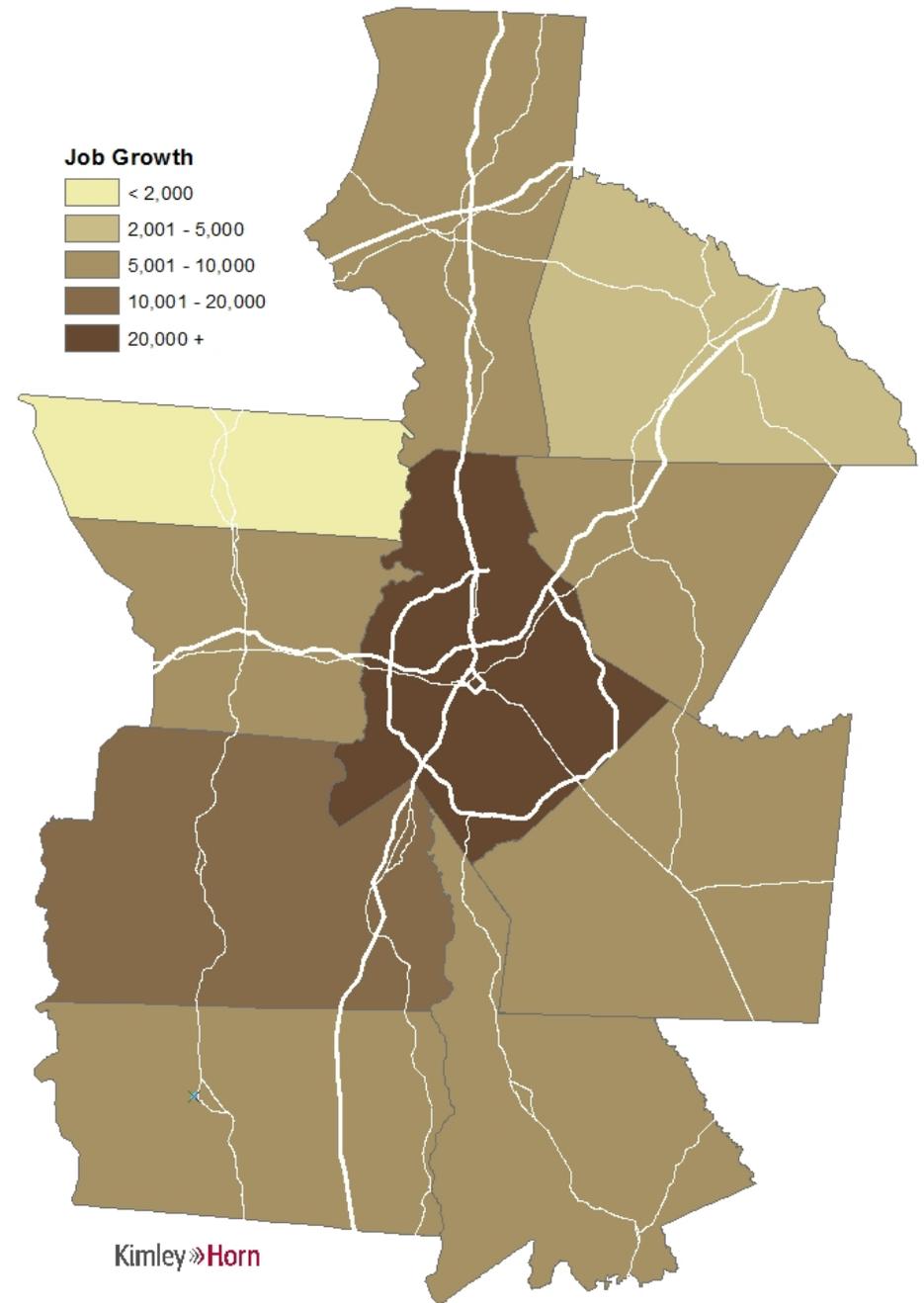
Employment growth is not equitable
across North Carolina counties.

NC county level job growth trends from December 2007 to December 2018



Attraction: Charlotte

- »» Charlotte MSA added over 325,000 jobs in the last five years
- »» Mecklenburg hosts 60% of regional jobs, but 65% of five-year increase
- »» Urban core has highest shares of:
 - »» Finance (85% of region)
 - »» Information (82%)
 - »» Management (76%)
 - »» Professional and Technical Services (75%)



Charlotte Region: *Skilled Workforce*

- » Home to six Fortune 500 headquarters, including BOA, Duke Energy, and Lowes
- » Over 23,000 graduates from 49 higher education campuses throughout the region
- » Strong increases in focus sectors:
 - » Advanced Manufacturing (+11.8%)
 - » Logistics & Distribution (+27.4%)
 - » Health (+8.2%)
 - » IT (+55.6%)
 - » Financial Services (+12.2%)





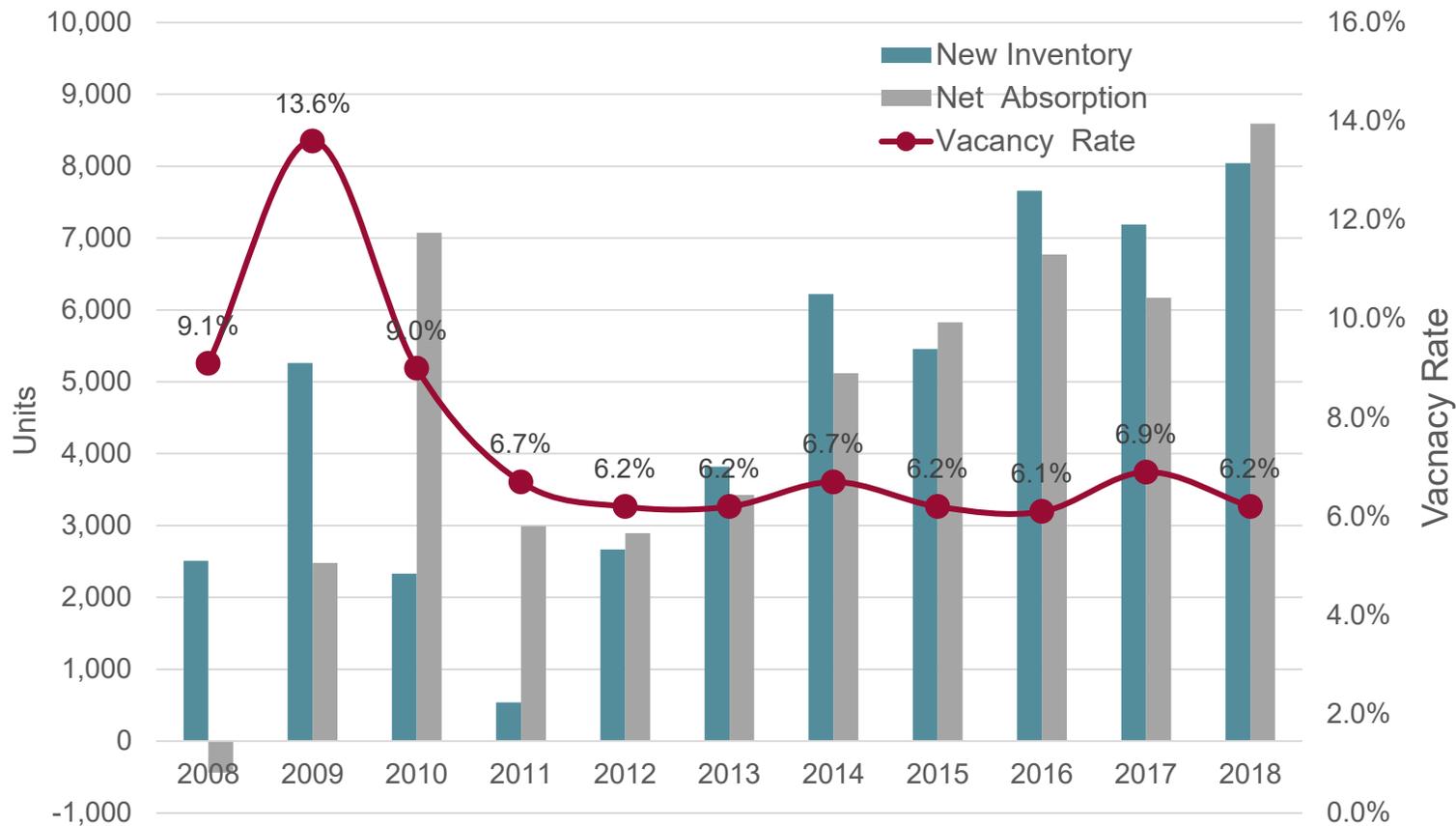
APARTMENTS

Apartment Sector Fundamentals

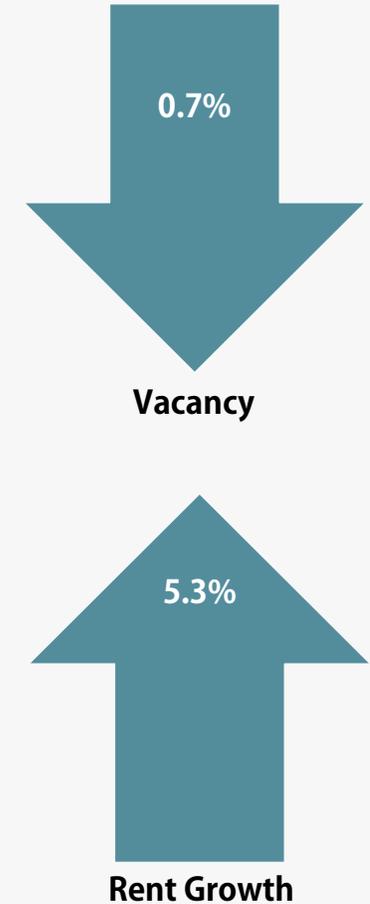
- »» Even with continued strong construction activity over the past decade, the apartment sector has continued to perform very well
- »» Rental rate growth, which has been above the long-term average, is expected to cool slightly
- »» Vacancy rates and occupancy are optimistic for 2019 and 2020

Local Apartment Indicators

Annual Apartment Completions and Net Absorption, Charlotte Apartment Market, 2008-2018



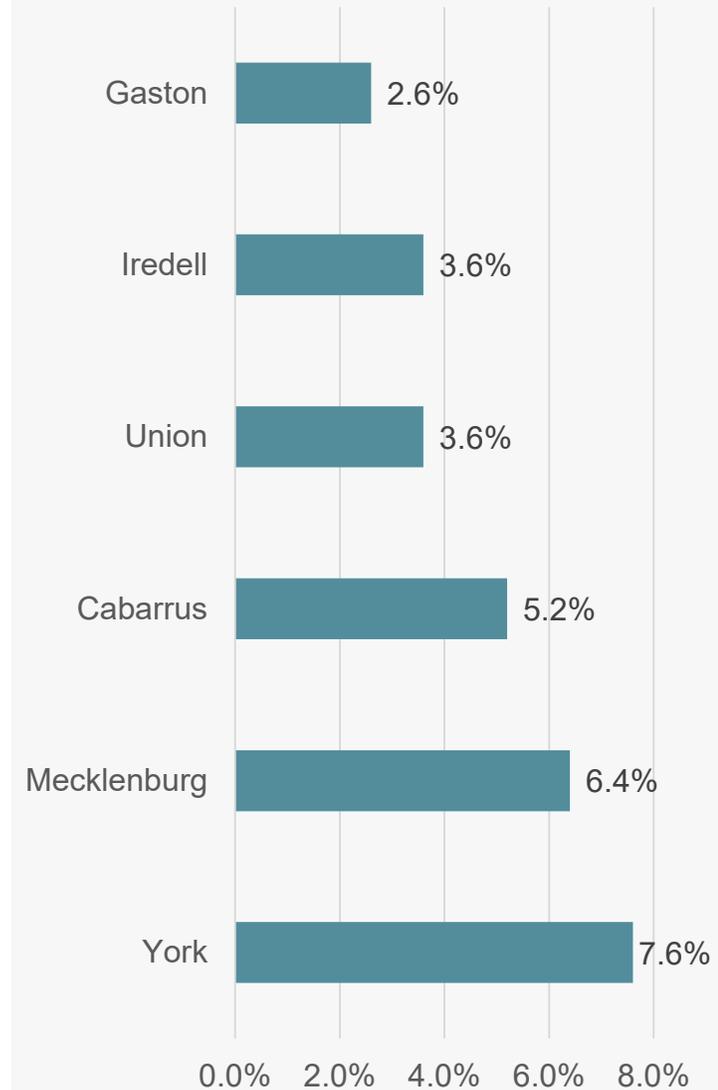
Source: Real Data



Vacancy

- »» Every county in the Charlotte apartment market has vacancy rates at or below 7%
- »» Gaston, Iredell, and Union have extremely low aggregates
- »» Comprising nearly 90% of the development pipeline, within Mecklenburg County:
 - »» Southeast-1 is highest at 10.7%, followed by Downtown at 10.1%
 - »» Of the 14 Charlotte submarkets, only four have vacancy rates above 7%

Vacancy Rate Comparison, 1h 2019

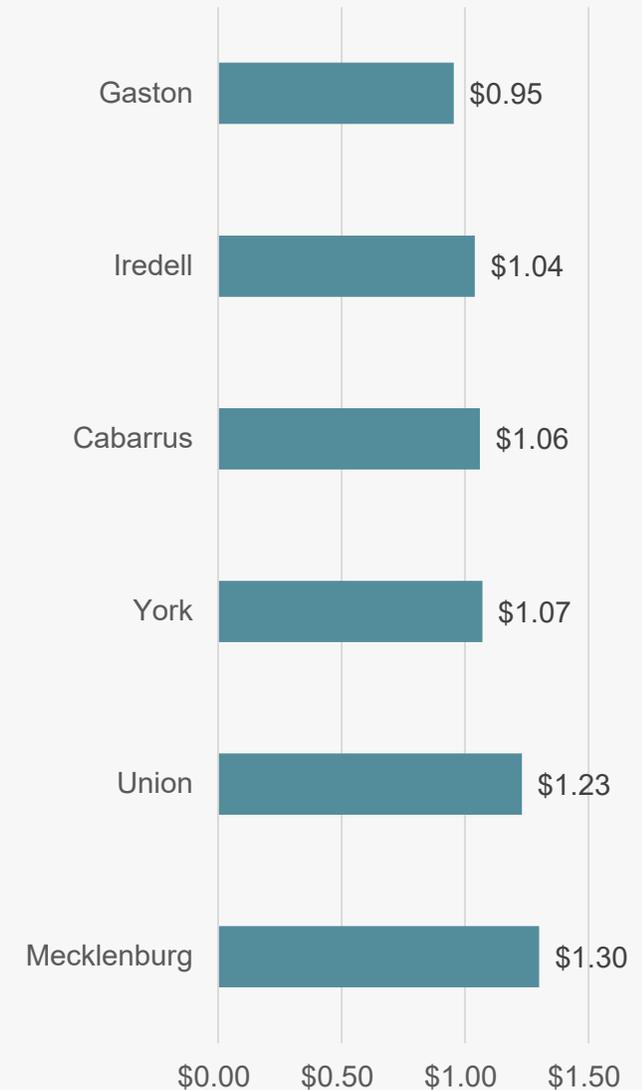


Source: Real Data

Lease Rates

- » Average rent per square foot in the region now at \$1.25, up 5.3% in one year
- » Mecklenburg has notable premium over suburban counties
- » Highest lease rates overlap with transit access:
 - » Downtown = \$2.12
 - » Southeast = \$1.81
- » Concessions have not slowed annual rent increases (yet)

Lease Rate Comparison, 1h 2019

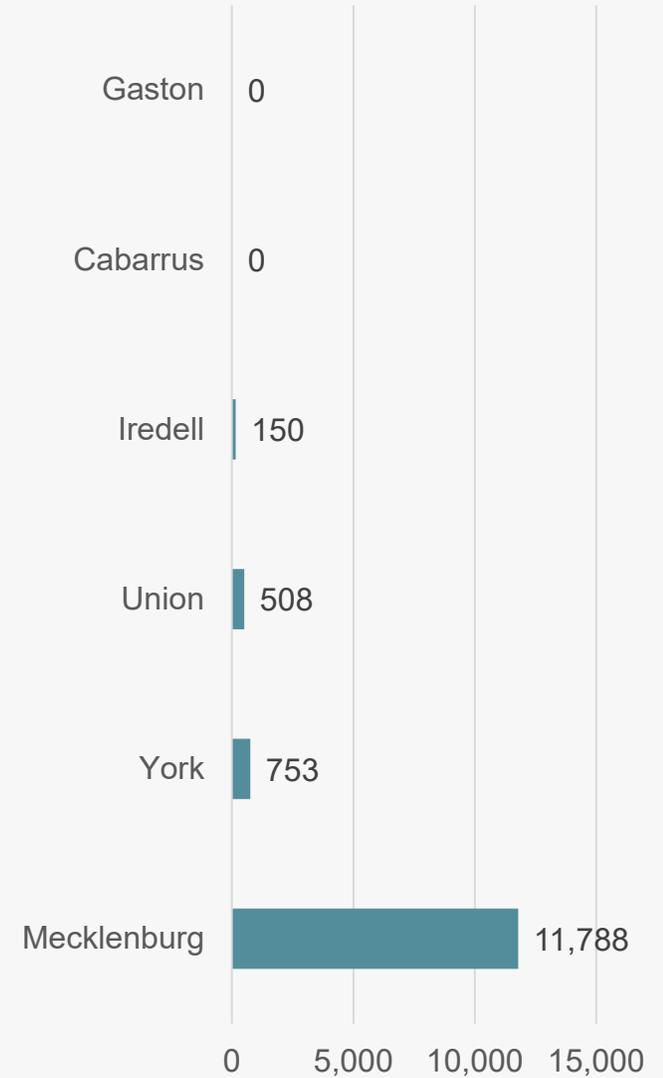


Source: Real Data

Pipeline

	2018(1h)	2018(2h)	2019(1h)
Under Construction	13,946	11,337	13,199
Proposed	13,067	13,030	9,929

Units Under Construction, 1h 2019



Source: Real Data

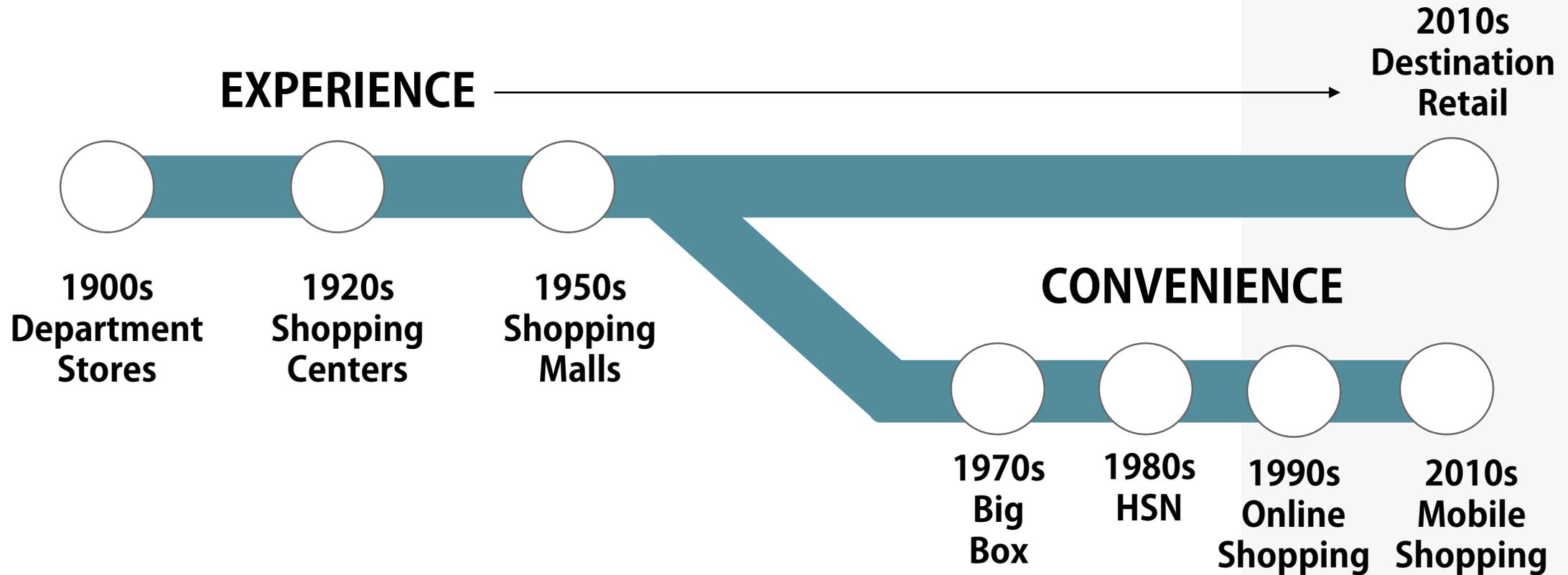


RETAIL

Retail Sector Fundamentals

- »» Sector is continuing to experience a fundamental shift based on how and where people shop
- »» Retail availability rates in 2018 were the lowest they've been post-Recession
- »» Retail rental rate growth reached a post-Recession high in 2017 before moderating in 2018
- »» Vacancy rates and occupancy are more optimistic for 2019 and 2020 than they were six months ago

Retail Evolution



Return to experience retail...

» Older center
reinvention



» Urban streets and
mixed-use surging
in value

BONOBOS

» Grocery diversity

WARBY PARKER
eyewear

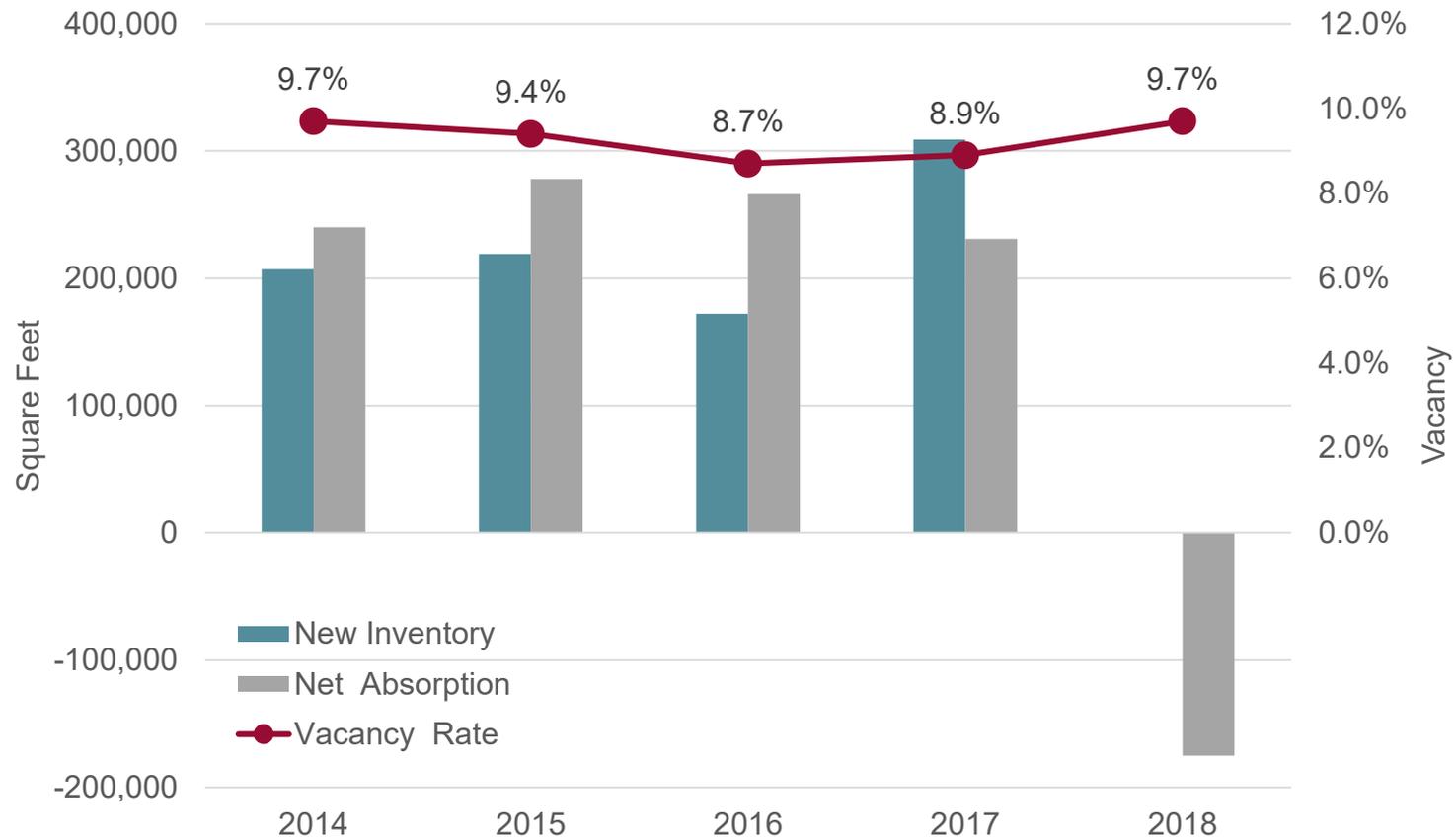


» Clicks to bricks

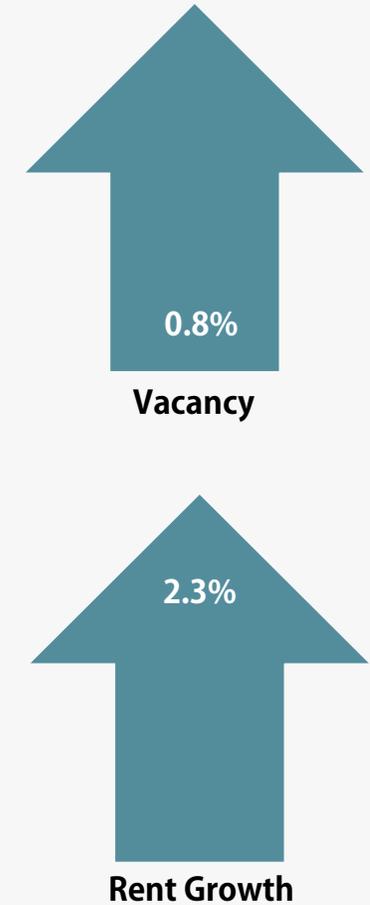
amazon

Local Retail Indicators

Annual Retail Completions and Net Absorption, Charlotte Market, 2014-2018



Source: REIS





05

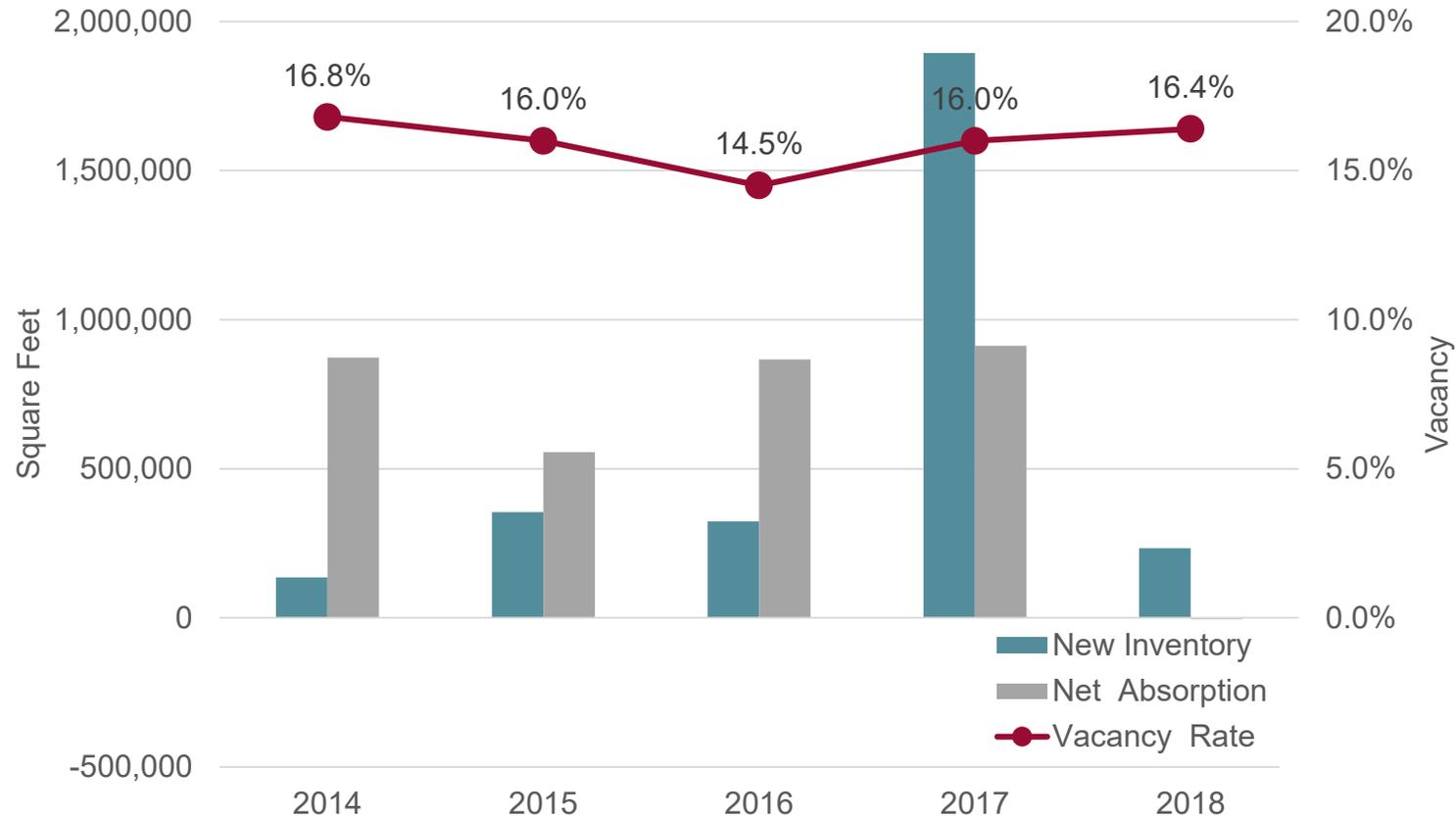
OFFICE

Office Sector Fundamentals

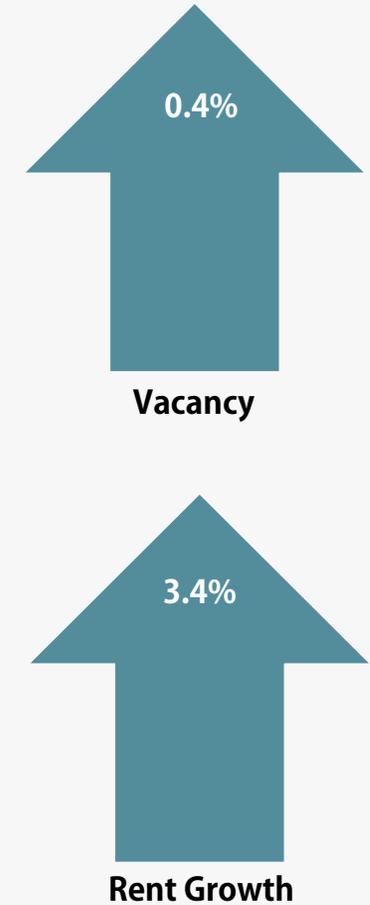
- »» Office vacancy rates reversed a seven-year decline in 2017, before moderating in 2018
- »» Office rental rates increased 2.5% in 2018, above the 20-year average of 1.9%; expected to moderate in 2020 and beyond
- »» Vacancy rates and occupancy are more optimistic for 2019 and 2020 than they were six months ago

Local Office Indicators

Annual Office Completions and Net Absorption, Charlotte Office Market, 2014-2018



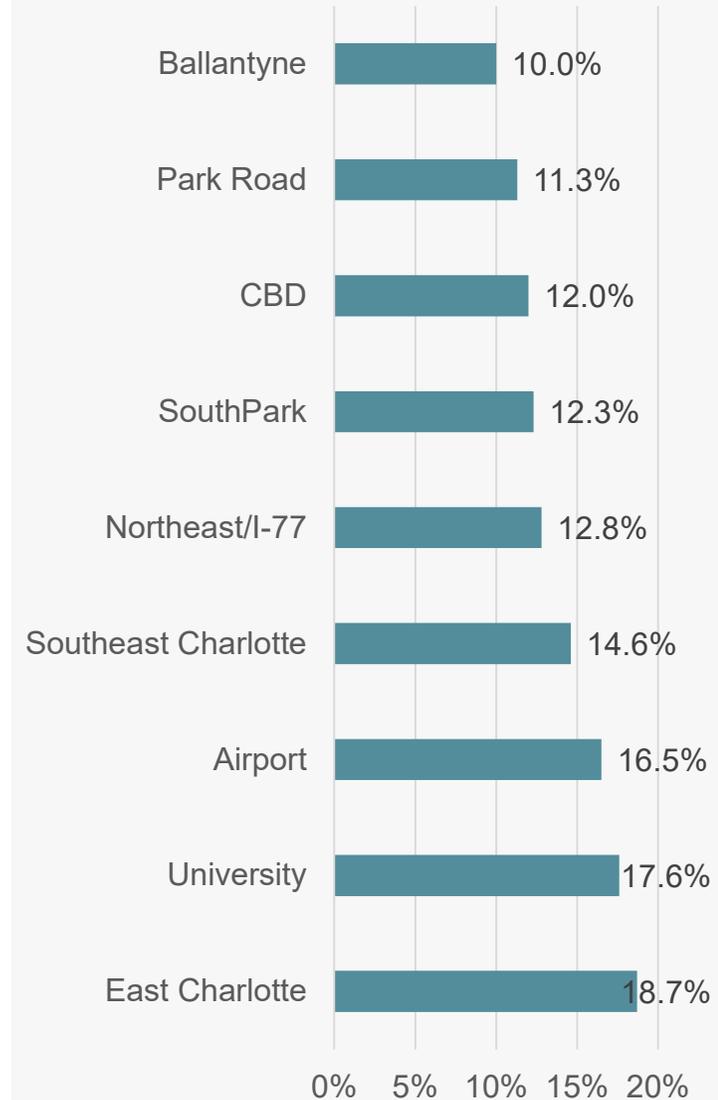
Source: REIS



Vacancy

- » Central core office space is generally performing stronger than Suburban
 - » CBD = 12.0%
 - » Suburban = 14.3%
- » Midtown/South End has the lowest vacancy rate at 10%, despite strong deliveries
- » Co-working spaces continue to attract attention
- » Transit is impacting investments

Vacancy Rate Comparison, 1h 2019

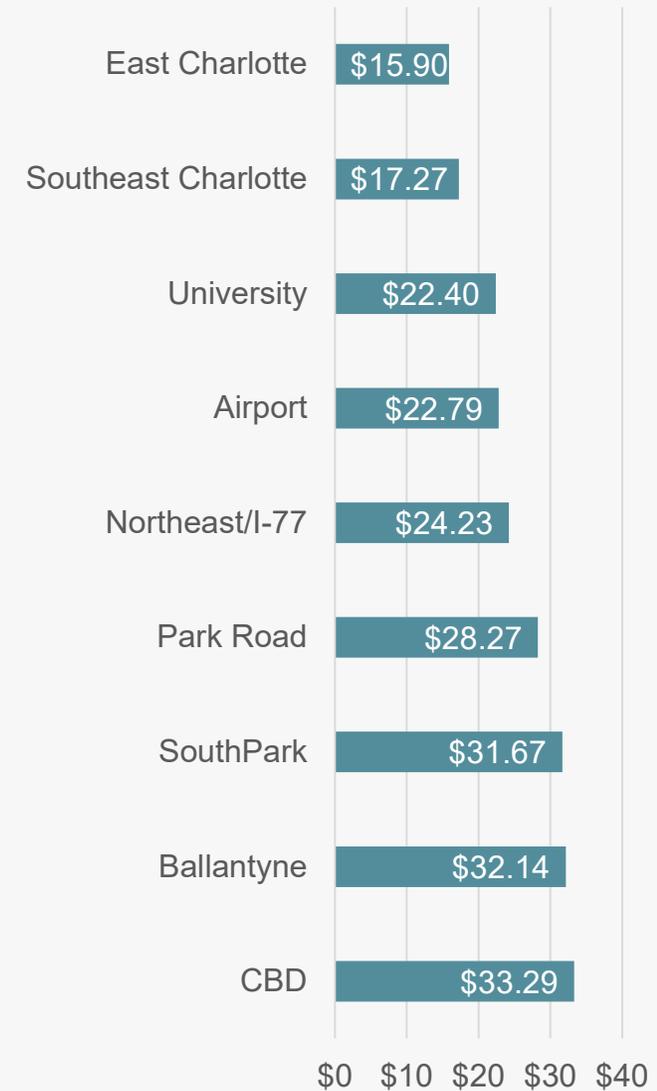


Source: JLL

Lease Rates

- »» Overall market averages \$28.79 psf
 - »» Class A = \$30.88 psf
 - »» Class B/C = \$23.11 psf
- »» Central business district (Uptown and Midtown) has the highest rates, averaging \$33.29 psf
- »» Lower rates are focused in areas with limited new investment

Lease Rate Comparison, 1h 2019

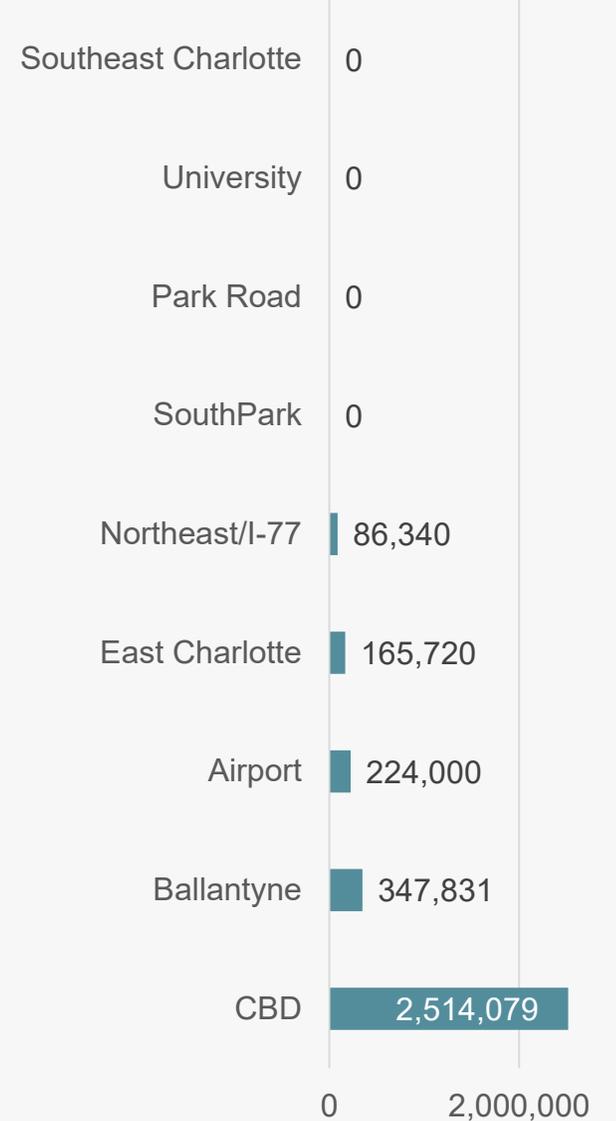


Source: JLL

Pipeline

- » +3.3 M square feet of new office space under construction
- » 75% development in CBD

Square Feet Under Construction, 1h 2019



Source: JLL



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