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Charlotte's New Housing Market

4Q 2012

REALTOR EXPO

March 7th

2013

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Charlotte Realtor[®] EXPO
March 7, 2013
Market Briefing 2012 Q4

Bill Miley

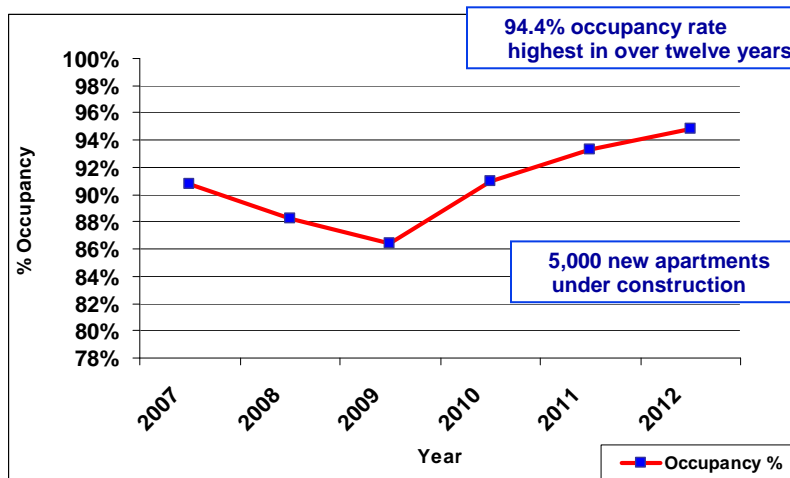
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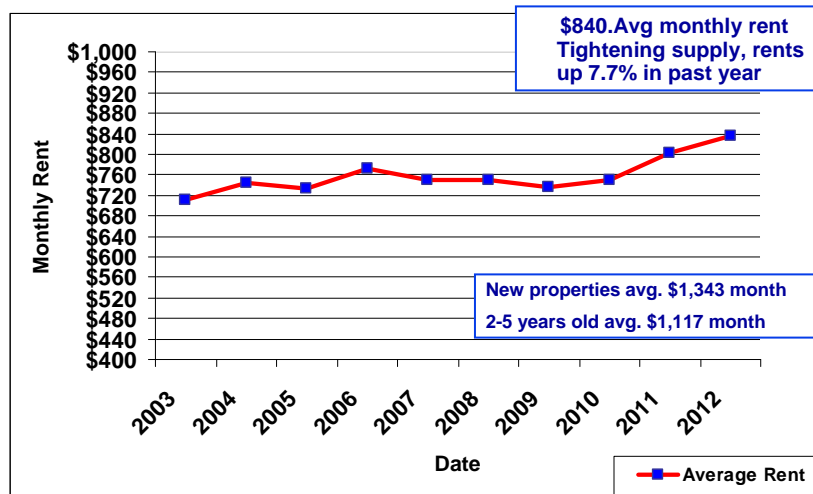


Charlotte Apartment Market

CHARLOTTE APARTMENT OCCUPANCY 2007 – 2012



CHARLOTTE APARTMENT RENTAL RATES 2003 – 2012



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New Housing Activity

Primary Research from Metrostudy

- 500 field research personnel
- Drive 500,000 miles every 90 days (in 2 weeks)
- Inspect more than 4 million subdivision lots in 38,000 subdivisions in 18 states
- Track **visually** specific new housing data
 - Housing Starts (*Foundation Started*)
 - New home Closings (*Move-in's from Previous Quarter*)
 - Vacant Developed Lot Inventory (*Ready to build on*)
 - Under Construction Homes (*Foundation to Completion*)
 - Finished Vacant (new) homes (*100% Complete*)
 - Occupied Homes
 - *Future Lot Inventory (Zoned and Approved)*

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A Network of Strategically Located offices
In Key Markets throughout the U.S



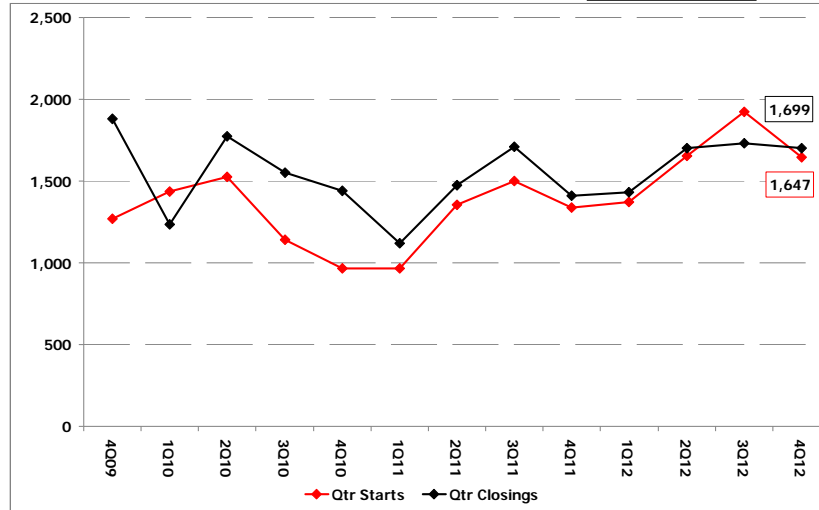
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CHARLOTTE 4Q12 QUARTERLY STARTS and CLOSINGS

*S. F. Detached
Townhomes
condos*



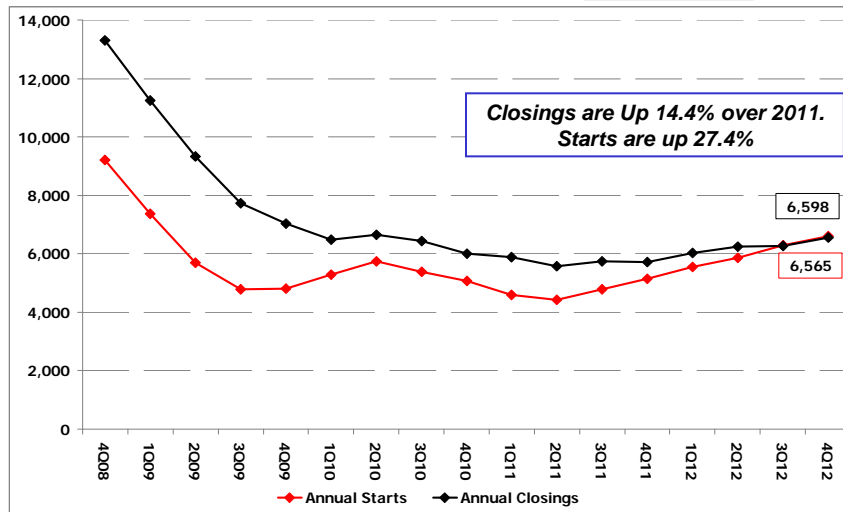
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CHARLOTTE 4Q12 ANNUAL STARTS and CLOSINGS

*S. F. Detached
Townhomes
condos*



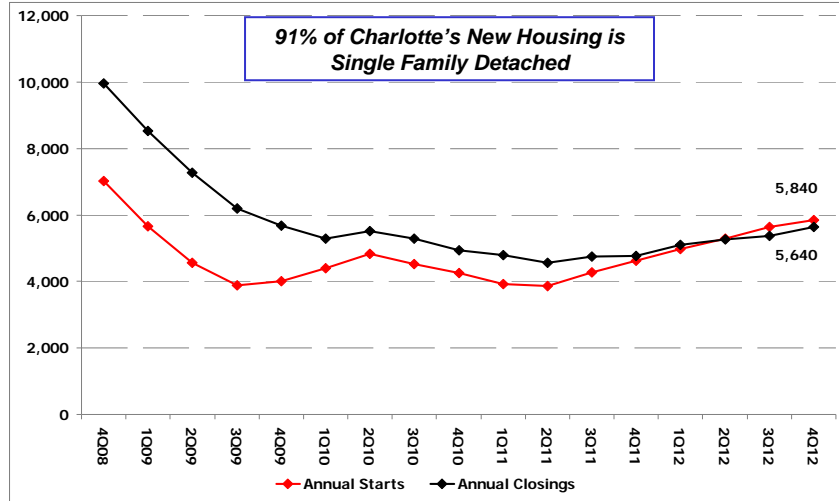
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ANNUAL STARTS AND CLOSINGS **DETACHED PRODUCT**



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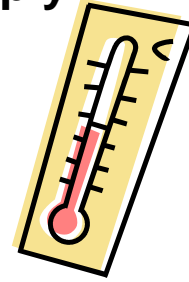
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Charlotte
New Housing Inventory
2012 Q4

Inventory: Months of Supply

- How we measure the *Temperature* of a housing market.
- *Equilibrium (TOTAL): 7-8 MOS*
- *Equilibrium (FINISHED): 2-3 MOS*



Example:

$$\frac{\text{Total Inventory}}{\text{Annual Closings}/12}$$

70 Houses

120 Annual Closings

(120/12 or 10 closings a month)

= 70/10 or a *7 Month Supply*

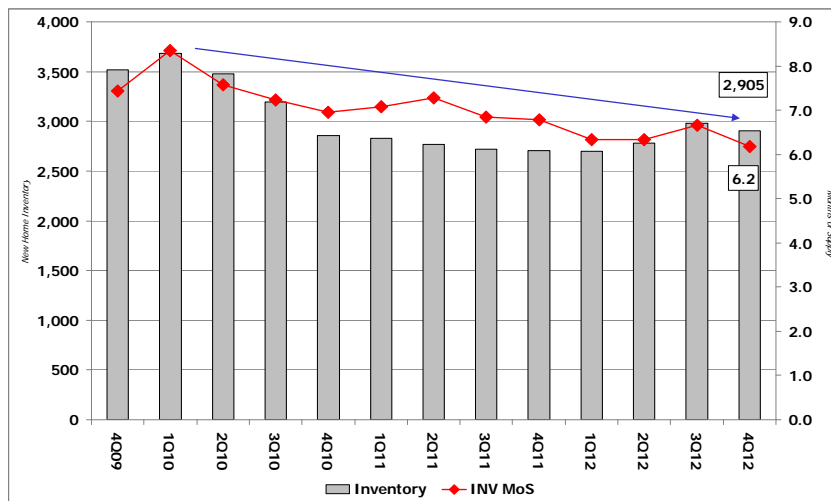
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HOUSING INVENTORY BY QUARTER - DETACHED PRODUCT

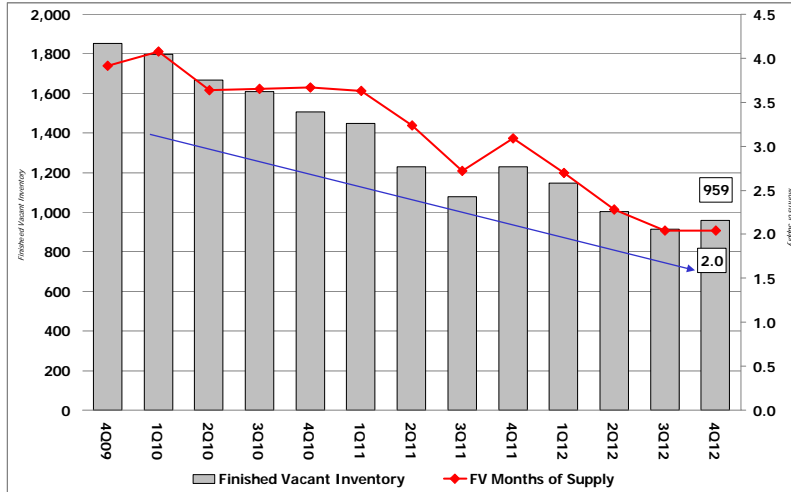


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CHARLOTTE 4Q12 FINISHED VACANT INVENTORY -- DETACHED PRODUCT



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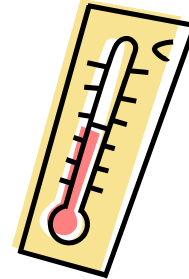
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Charlotte Vacant Lot Trends

VACANT LOTS - Months of Supply

- How we measure the **Supply-Demand** dynamics in vacant lot supplies.
- **Equilibrium: 24-30 MOS**



$$\frac{\text{Total Vacant Lots}}{\text{Annual Starts}/12}$$

Example:

240 Vacant Lots
 144 Annual Starts
 (144/12 or 12 starts per month)
 = 240/12 or a **20 Month Supply**

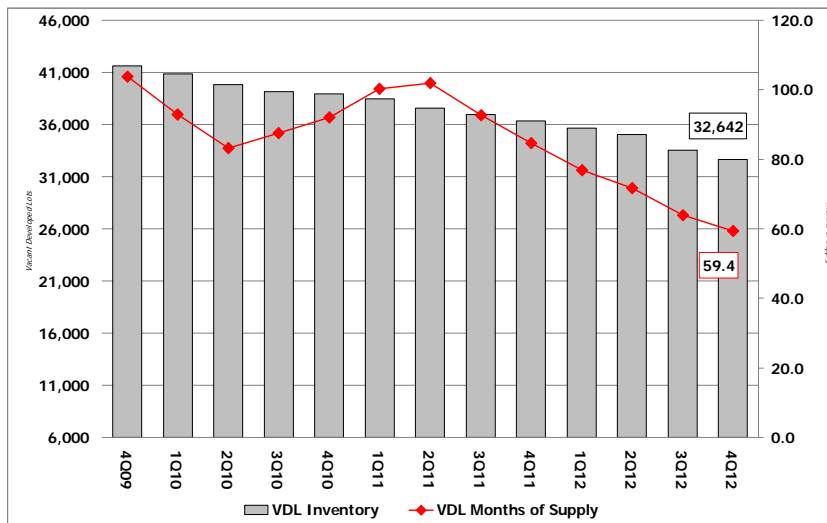
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HISTORICAL SUMMARY OF VACANT DEVELOPED LOTS

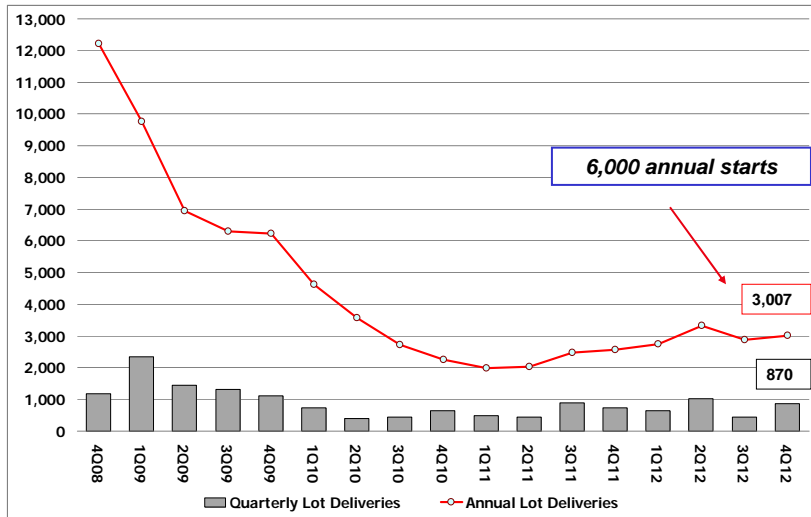


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CHARLOTTE 4Q12 ANNUAL LOT DELIVERIES



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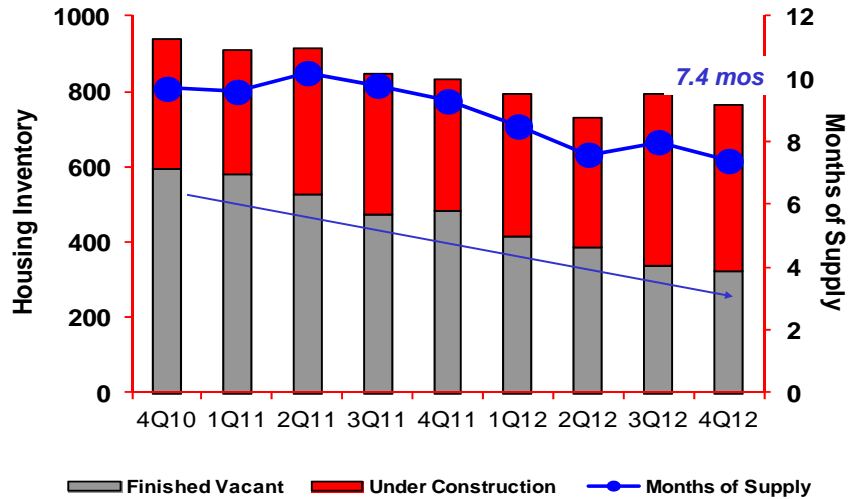
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**Charlotte Market Areas by Geography
New Housing Activity
2012 Q4**

CHARLOTTE 4Q12
 NORTH MECKLENBURG COUNTY
 TOTAL HOUSING INVENTORY BY QUARTER

*S. F. Detached
 Townhomes
 condos*

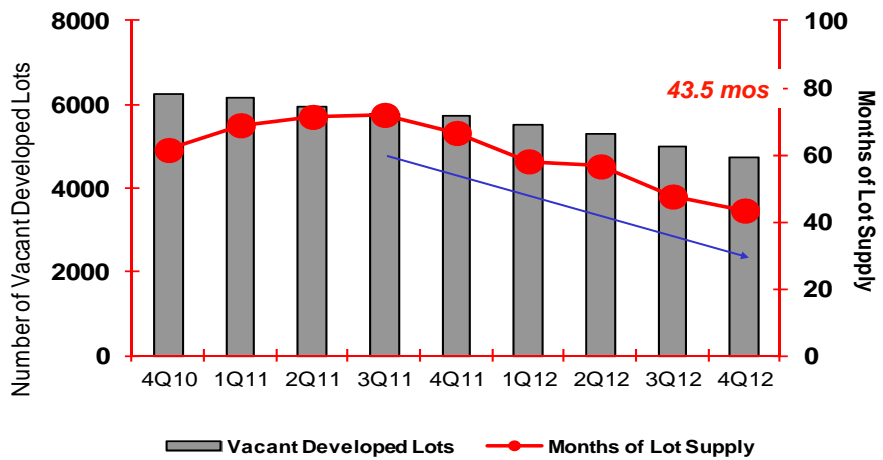


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CHARLOTTE 4Q12
 NORTH MECKLENBURG COUNTY
 VACANT DEVELOPED LOTS BY QUARTER



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Single Family Detached

GEOGRAPHICALLY DEFINED MARKET AREAS DETACHED HOUSING and VACANT LOT INVENTORY ANALYSIS 4Q12

Market Areas	Avg Base Price	Avg Square Feet	Total Detached Housing Inventory	Total Inv MOS	Finished Vacant Detached Inventory	Fin Vac MOS	Fin Vac % of Total	Vacant Developed Lots	VDL MOS
NMCKL	\$185,400	2,245	601	6.4	220	2.3	36.6%	3,619	37.8
SMCKL	\$278,000	2,730	520	6.5	201	2.5	38.7%	3,214	38.6
CBRS	\$246,400	2,642	298	5.6	78	1.5	26.2%	2,248	42.0
IRDL	\$224,800	2,560	129	5.0	41	1.6	31.8%	3,354	141.0
GAST	\$184,100	2,330	163	5.1	76	2.4	46.6%	2,248	74.0
UNION	\$286,800	3,028	463	6.6	140	2.0	30.2%	3,222	41.1
LINC	\$226,000	2,367	48	6.3	8	1.1	16.6%	1,883	249.0
SC (Lanc & York)	\$236,230	2,624	664	6.3	204	1.9	30.7%	6,482	48.6

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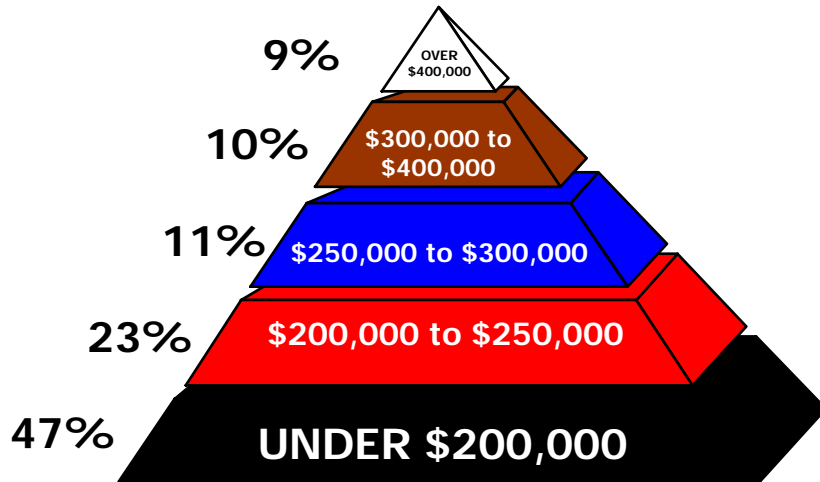


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Charlotte
Home Prices
2012 Q4

CHARLOTTE BY PRICE - ALL PRODUCT

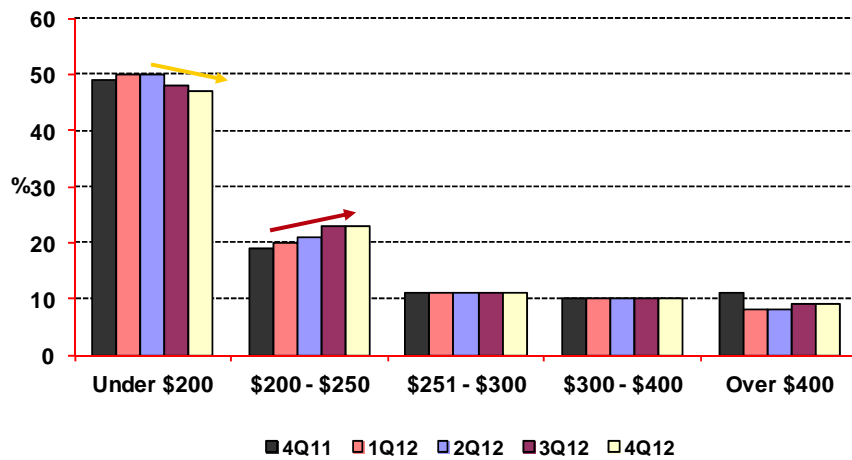


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CHARLOTTE 4Q11-4Q12 HISTORICAL PRICE POINT COMPARISON



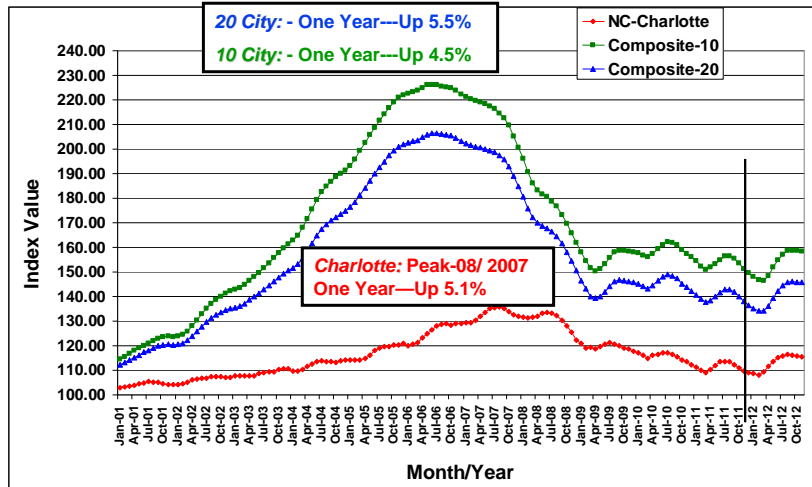
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Case Shiller Housing Index - 1 Year Change

January 29th, 2013 release date
(Data thru NOVEMBER 2012)

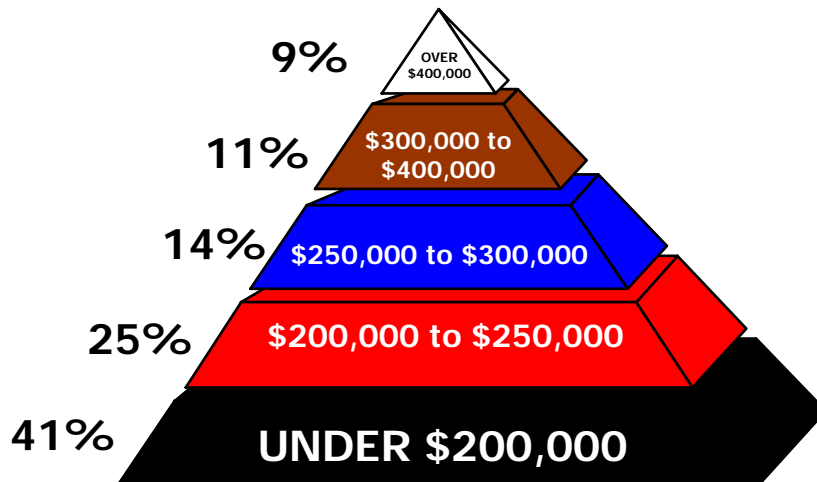


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CHARLOTTE BY PRICE - DETACHED



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CHARLOTTE BY PRICE – *DETACHED*

PRICE	1000 150999	151000 199999	200000 249999	250000 299999	300000 349999	350000 449999	450000 549999	550000 99999999
% Annual Starts	15%	25%	24%	14%	8%	7%	3%	4%
MOS	6.1	4.8	5.9	6.9	7.7	7.5	9.9	9.0
% VDL Inventory	14%	19%	18%	12%	9%	11%	5%	13%
MOS	51.3	43.3	41.4	48.9	58.1	88.3	112.2	185.6

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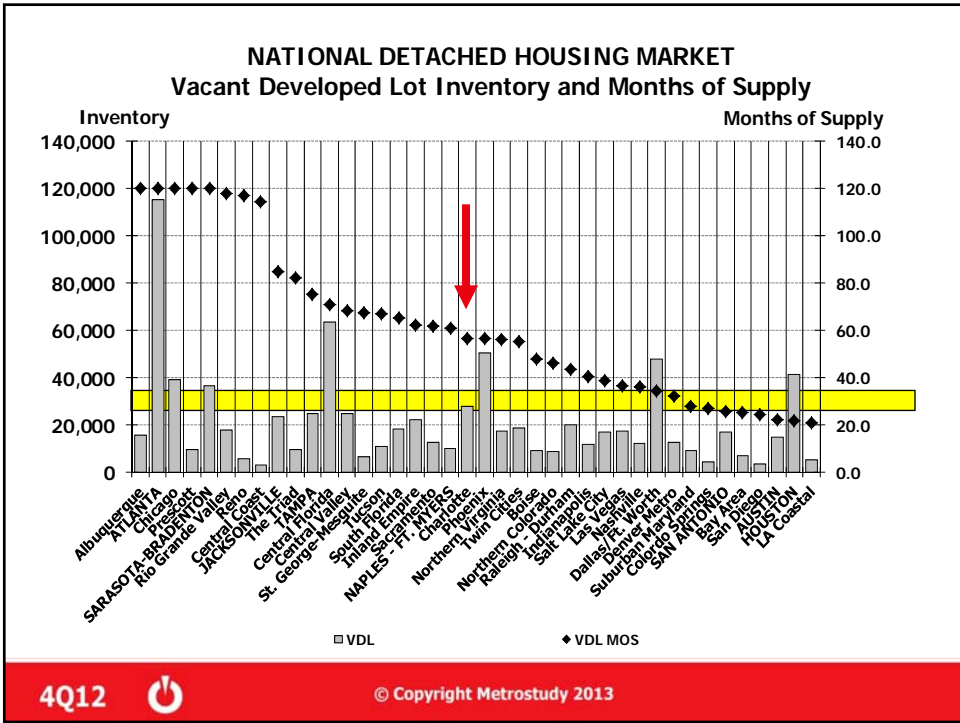
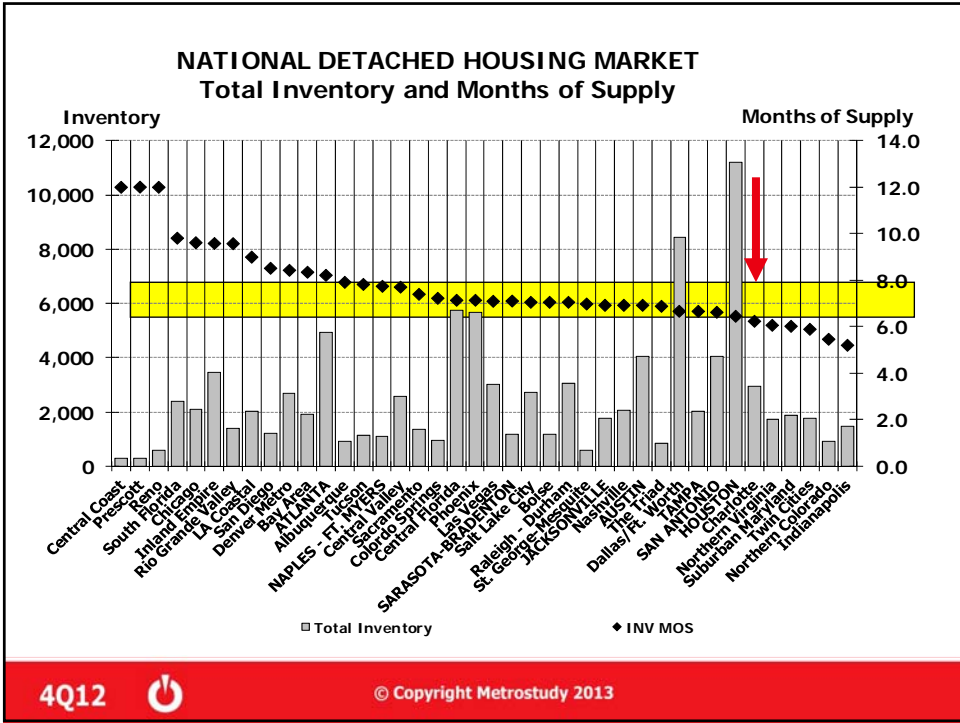


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**The National Single Family Detached
New Housing Market**





Charlotte Conclusions 2012 Q4

CHARLOTTE NORTH CAROLINA *4Q12*



***STAYING AHEAD OF THE
RECOVERY CURVE***

***OBSTACLES THAT MAY
BE ENCOUNTERED IN
THE NEAR FUTURE***

PLAN ACCORDINGLY



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STAYING AHEAD OF THE CURVE



VACANT DEVELOPED LOT SHORTAGES

- Most A and B lots are already gone
- Don't buy lots in weak locations that buyers don't want

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4Q12 VACANT DEVELOPED LOT SUPPLY

Criteria:

- Active Detached Subdivisions Only
- A Minimum of 8 VDL ----- 755

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A Lots	24 or more Annual Starts	66 Subd.	19.7 MOS	23
B+ Lots	18 to 23 Annual Starts	38 Subd.	19.6 MOS	30
B- Lots	12 to 17 Annual Starts	50 Subd.	32.8 MOS	37
C Lots	6 to 11 Annual Starts	77 Subd.	67.1 MOS	71
D Lots	1 to 5 Annual Starts	155 Subd.	181.4 MOS	202
F Lots	Zero Annual Starts	369 Subd**		

** 155 of these Subdivisions have less than 14 VDL

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STAYING AHEAD OF THE CURVE



SKILLED LABOR SHORTAGES



- *Trades had to let many of their crews go over the past four years*
- *Forced to go into new lines of work or move to where they could find jobs*

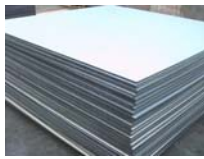
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STAYING AHEAD OF THE CURVE



MATERIAL SHORTAGES



- *Material delays cost money and closings*
- *Investigate additional Sources*

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STAYING AHEAD OF THE CURVE



- **Identify your weakest links**
- **Longer loan approvals mean a higher potential for cancellations and unhappy customers**
- **Trying to rush home completion, inspections, and the loan process, compromises quality and creates stress----**
- **----- Which results in lower Customer Satisfaction and Referrals**

Expect Professionalism, accept nothing less!

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**...Now You Know,
And Thank You For Inviting Me.**