

ECONOMIC DEVELOPMENT FORUM

Friendship Missionary Baptist Church

Conference Center

Wednesday, February 25, 2009

9:30 a.m.-11 a.m.



Speaker S E R I E S

CHARLOTTE REGIONAL
REALTOR® ASSOCIATION



MODERATOR



VICTOR GUZMAN

Victor Guzman is the 2009 CRRA Diversity Council chair. He is the owner of the Guzman Group, a real estate firm specializing in residential and commercial sales and listings. Guzman earned a bachelor's degree in business administration from National University while serving in the Navy.

PANEL MEMBERS



DR. JOHN CONNAUGHTON UNC-Charlotte - Professor of Economics

Dr. John Connaughton joined the UNC-Charlotte faculty in 1978. He is the director of the UNC Charlotte Economic Forecast, which is recognized as the leading source of economic information for North Carolina. Connaughton has authored economic-impact studies that have received widespread attention. His work is frequently quoted in local and national publications, and his study on the Superconducting Super Collider is cataloged in the U.S. Library of Congress.

He holds a doctorate from Northeastern University, a master's degree from Northeastern University and a bachelor's degree from Boston State College.



JEFF EDGE, CEcD Senior Vice President, Economic Development Charlotte Chamber of Commerce

A native of Tennessee and graduate of Furman University, Edge has more than 25 years of experience in economic development in North and South Carolina. Edge has worked with the Charlotte Chamber of Commerce since 1988 and has been involved with the recruitment of more than 200 new companies to Charlotte, most of which focus on manufacturing and distribution. He serves on the advisory board of the Polymers Center of Excellence, the board of the N.C. Industrial Extension Service, and he is a member of the Industrial Asset Management Council (IAMC).

PANEL MEMBERS



ANNE MARIE HOWARD, ESQ.

CEO, Charlotte Regional Realtor® Association & Carolina Multiple Listing Services, Inc.

Anne Marie Howard, Esq. has been chief executive officer of the Charlotte Regional Realtor® Association since February 2001. She was general counsel for the association for seven months before her appointment as CEO. Prior to that, Howard served as deputy executive director of the Real Estate and Building Industry Coalition (REBIC) from 1995 to 2000.

Before moving to Charlotte, Howard lobbied for the American Association of PPOs and the Health Insurance Association of America. In addition to a bachelor's degree in English and philosophy from Creighton University, Howard earned a law degree from The Catholic University of America in Washington, D.C., while working full time on Capitol Hill.

Howard was named one of the Charlotte Business Journal's "40 under 40" in 2001 and was recently named one of 2009's "Fifty Most Influential Women" by The Mecklenburg Times. She served on the executive committee of the Housing Charlotte 2007 Implementation Committee, and was co-chair of the Incentive-Based Inclusionary Housing Policies Subcommittee. Howard was appointed by the National Association of Realtors® (NAR) 2008 president, Dick Gaylord, to serve on the NAR Board of Directors representing large regional MLSs. In addition, Gaylord appointed Howard to the 2008 NAR Housing Summit and Governance Presidential Advisory Group.



The Components of Success

Both companies and individuals are attracted to the thriving Charlotte region. Booming with economic and commercial activity, Charlotte has all the advantages of one of the most rapidly growing metropolitan areas in the nation. Yet the people are warm and friendly and many areas still retain their small town flavor.

Located in the Piedmont region of the Carolinas, Charlotte is two hours east of the Appalachian Mountains and three hours west of the Atlantic Ocean. New York City is 631 miles to the northeast and Atlanta is 256 miles to the southwest.

Rich In History

Although settled by the Scotch-Irish in the 1740s, the Charlotte area also felt the strong influence of German colonists who came south about the same time. In fact, the city owes its name to German born Queen Charlotte, wife of England's King George III, and the county to her birthplace of Mecklenburg. That's also why Charlotte is referred to as the "Queen City" and why the Bank of America building has a crown architecturally incorporated into its design.

From its modest beginnings as a small village, Charlotte abruptly attained city status with America's first discovery of gold in 1799. It was also the first small step in establishing the city as a financial center. Charlotte was the gold mining capital of the country until the California Gold Rush fifty years later.

It was about that time that the cotton industry moved south from New England. By 1903, the Charlotte area was clearly defined as a textile leader.

But the real driving force propelling business activities was the arrival of the railroad. Today, Charlotte is a major distribution hub and is at the center of the largest consolidated rail system in the United States.

Exceptional Market Access

Charlotte is the center of the nation's sixth largest urban region. This fact is startling considering that Charlotte, a mid-sized city with a population of 716,874, is the largest city within the region. Of the major distribution centers in the Southeast, Charlotte has 6.9 million and Atlanta has 8.1 million people living within a 100-mile radius. This radius population well exceeds Miami's 6 million and the 2.6 million around Memphis.

As a result, Charlotte has emerged as a financial, distribution and transportation center for the entire urban region. In addition, Charlotte has developed into a major wholesale center with the highest per capita sales in the United States.

Quality Business Environment

Charlotte serves as headquarters for many major national and international companies. During the past ten years, 7,309 new firms have invested \$12.0



billion in new Charlotte facilities. Abundant modern office space is conveniently located throughout the city. At any given time, Charlotte has 5 million square feet vacant and available for lease.

Dun & Bradstreet lists 956 companies in their Million Dollar Data Base with facilities in Charlotte-Mecklenburg. In addition, 325 of the Fortune 500 companies have facilities here, nine of which are headquartered in the Charlotte area, ranking Charlotte 6th nationally in the number of headquartered firms.

Financial Powerhouse

Charlotte is renowned for its vibrant banking sector. With more than \$3.3 trillion in assets, it is the second largest financial center in the nation, behind only New York. By comparison, Atlanta has assets of only \$183 billion and Miami \$0.8 billion. Bank of America, the nation's second largest bank is headquartered here. In total, 20 banks with more than 229 local branches, as well as a Federal Reserve Branch, are located in Charlotte. Our banks provide a wealth of services to commercial and individual customers and are leaders in the financial services industry.

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Manufacturing Center of the Carolinas

Charlotte is also a major manufacturing force. Mecklenburg County has 1,373 producers generating an annual payroll of nearly \$2 billion. The region has 3,253 manufacturers that employ over 137,000 workers. Every major manufacturing sector is represented including industrial machinery and metal working industries along with computer and electronic products and bio-medical facilities.

Growing Number of International Companies

The growing number of international companies is of increasing importance to the Charlotte area. Over 740 foreign-owned companies have Charlotte area facilities, representing over half of all foreign companies in North Carolina.

Serving the international needs of the business community, Charlotte is a port of entry with fully staffed U.S. Customs and Citizenship and Immigration offices. The Charlotte Foreign Trade Zone (FTZ #57) and an inland port facility are located here.

Sound Fiscal Management

Two elected bodies serve the Charlotte area: the mayor and eleven members of the city council, plus the nine members of the county commission. Both use a manager form of government, with a full-time manager for each.

Under its state constitution, North Carolina must operate all levels of state and local governments with balanced operating budgets (i.e., annual expenditures cannot exceed revenues). This sound fiscal management by government officials assures a high level of public services at a reasonable tax rate. The per capita state and local taxes for Charlotte residents are the 20th lowest in the United States. The best municipal bond credit ratings possible are consistently awarded to city, county and state by both rating services. Only one other community in the nation can make this statement.

Economical Utilities

Utilities are economical in Charlotte when compared to most U.S. locations. Duke Energy Corporation, a national leader in the utilities industry, generates power to the area from an efficient combination of nuclear, coal-fired and hydroelectric facilities with rates 15% below the national average. A plentiful supply of natural gas is available from Piedmont Natural Gas. Telephone and telecommunications services are provided locally by over 30 companies. Long distance service is provided by a wide variety of telecommunications firms.

A jewel in the city crown is its generous and high quality water supply from a mountain stream into the Catawba River. The countywide water system provides service to more than 750,000 customers. The system has a maximum daily treatment capacity of 242 million gallons with an average daily usage of 105 million gallons. Wastewater treatment daily capacity is 123 million gallons with average usage of 78 million gallons per day. Water and sewer rates are among the lowest in the nation.

Transportation Hub

Charlotte is served by an excellent state and federal highway network, including major north-south and east-west interstate arteries, and a modern, expanded international airport terminal. In addition, eleven major airlines offer direct and nonstop daily flights to 178 cities. International travelers appreciate the nonstop flights to Frankfurt, Munich, London, Toronto, Mexico and the Caribbean. Each year over 17 million passengers board planes at Charlotte Douglas International Airport, ranking it the 18th most active air transportation center in the nation.

The Charlotte region is also the center of the country's largest consolidated rail system. Two major rail systems, Norfolk Southern Railway and CSX Transportation, link 43,200 miles of rail between Charlotte and 23 eastern states. Each offers piggyback facilities combining with 327 trucking firms located here. Direct connections are provided to the Ports of Wilmington, Morehead City and Charleston.

Superior Education

Serving over 132,281 students, the Charlotte-Mecklenburg school system is the largest in the Carolinas and is the 23rd largest in the nation. Student achievement test results are consistently above the national average at all grade levels. The district's Family Choice Plan allows parents to choose which school their child will attend. Offerings range from traditional school settings to magnet schools with specialized curriculum. To learn more about the schools visit www.cms.k12.nc.us.

In addition, the Charlotte area has an outstanding system of higher education. We are fortunate to have 34 colleges and universities that serve over 175,952 students. The University of North Carolina at Charlotte is considered to be one of the best education values available. Central Piedmont Community College is one of the top five two-year institutions in the country. Twenty-two other colleges and universities are located in the Charlotte area.



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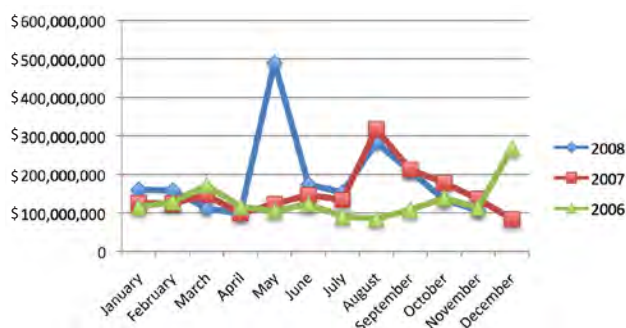


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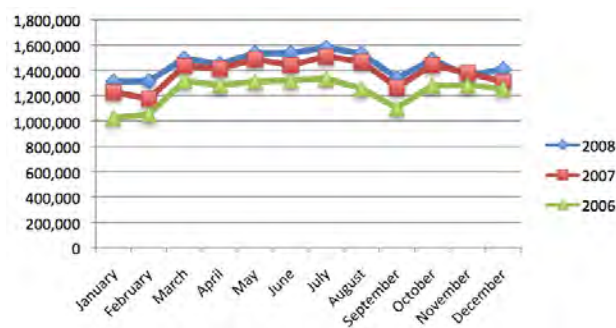
Positive Charlotte Indicators

- » Population continues to grow. Charlotte continues to lead the nation with in-migration of young, educated workers.
- » Non-residential construction is running nearly 20 percent above 2007, which is on target to surpass \$2.1 billion as an all-time record.
- » More construction cranes are in Charlotte's skyline than ever before.
- » There is a three month supply of vacant new homes in Charlotte compared to an 11 month supply nationally.
- » Cost of living in Charlotte continues to be nearly 6 percent below the national average. Construction cost is 20 percent below the nation's.
- » Air passenger enplanements in 2008 at Charlotte Douglas International Airport are 5 percent above 2007's record year, which surpassed 17.3 million passengers. International passengers are up 5 percent.
- » Charlotte continues to have the fourth strongest housing markets in the nation. 2008 saw more than 11,000 new residential units added.
- » Charlotte continues to be the nation's second largest banking center with \$3.3 trillion in headquartered assets.
- » Charlotte continues to add jobs and business investment. In 2008, 1,337 businesses added 12,165 new jobs and invested over \$2.3 billion in a record 27.6 million square feet of new facilities.
- » New business prospects continue to consider Charlotte for new facilities. Each week on average ten new companies seek information from our staff and four visit the city for a closer look.

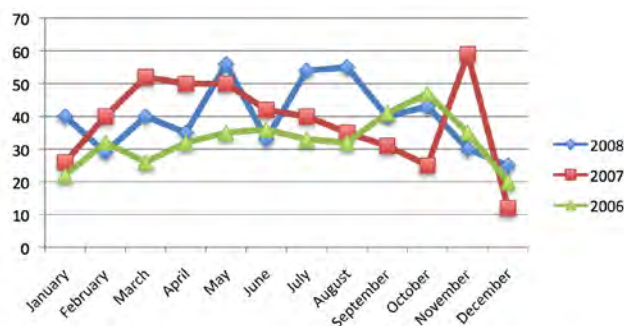
Non-Residential Permit Value



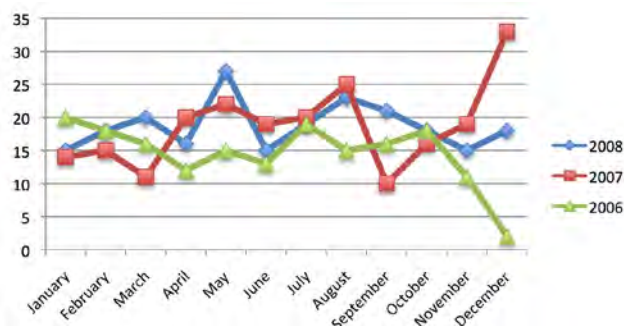
Passenger Enplanements



New Chamber Economic Development Projects



Chamber Economic Development Client Visits



National Housing Outlook

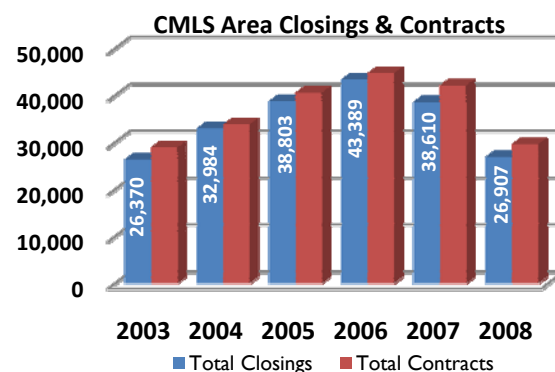
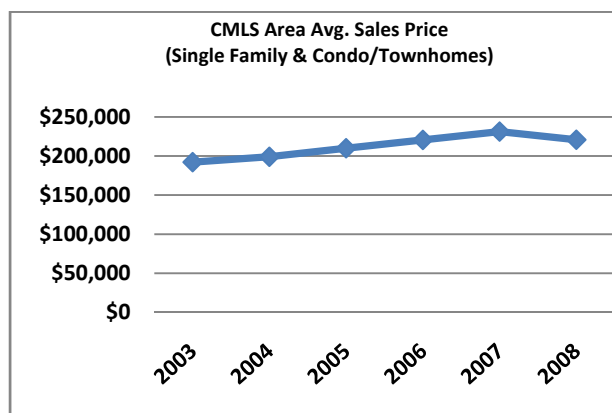
Led by a surge of sales in the West, existing-home sales rose unexpectedly while inventory declined, according to the National Association of Realtors®. Existing-home sales – including single-family, townhomes, condominiums and co-ops – jumped 6.5 percent to a seasonally adjusted annual rate of 4.74 million units in December from a downwardly revised pace of 4.45 million units in November, but are 3.5 percent below the 4.91 million-unit pace in December 2007. For all of 2008 there were 4,912,000 existing-home sales, which was 13.1 percent below the 5,652,000 transactions recorded in 2007. This is the lowest volume since 1997 when there were 4,371,000 sales.

- **Existing-Home Sales (December) – 4.74 million units* - down 3.5%**
- **Existing-Home Median Price (December) \$175,400 down 15.3%**
- **Housing Starts (December) 550,000 units**
- **New Home Sales (December) 331,000 units – down 5.3%**
- **Pending Home Sales Index dropped to 87.7 in December 2008**
(The index, released in December, accurately predicted tepid home sales in December and forecasted weak results for January as well.)

The Charlotte Region

In the region, the housing market shows a return in contracts and closings to 2003 levels. December 2008 brought the grim reality of a 47 percent decrease in closings compared to last year. January's closing numbers were no better, declining 6.8 percent over December's closings to 1,258. The one bright point is that pricing overall has remained steady throughout the region – although there are fluctuations. The region, and for that matter North Carolina, never experienced the type of down market that California, Florida and Arizona are experiencing. We began 2008 with pricing at about \$218,000 and ended the year down 8.3 percent at \$200,226. January's average sales price dipped to \$189,048, a decrease of 13.5 percent over last January 2008.

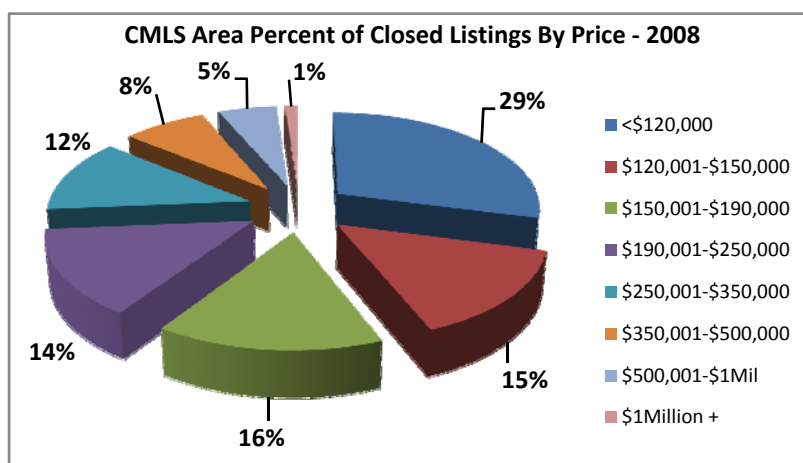
CMLS – Total Closings, Sales Volume, Contracts & Average Sales Price				
	Total Closings	Total Sales Volume	Total Contracts	Avg. Sales Price (Year)
2003	25,426	\$4,882,859,892	28,932	\$192,042
2004	33,114	\$6,586,970,652	33,838	\$198,918
2005	38,818	\$8,147,937,018	40,557	\$209,901
2006	43,748	\$9,646,871,480	44,717	\$220,510
2007	39,983	\$9,242,870,110	42,141	\$231,170
2008	27,710	\$6,114,765,700	29,643	\$220,670



Positive Indicators



- Nationally, pending home sales increased as more buyers took advantage of improved affordability conditions, according to the National Association of Realtors®. Big gains in the South and Midwest offset modest declines in other regions. The Pending Home Sales Index, a forward-looking indicator based on contracts signed in December, rose 6.3 percent to 87.7 from an upwardly revised reading of 82.5 in November, and is 2.1 percent higher than December 2007 when it was 85.9.
- Locally, CMLS residential contracts reported in January (1,841) increased 43.3 percent over last month when contracts totaled 1,285.
- In the southern region of the U.S., existing-home sales rose 7.4 percent to an annual pace of 1.74 million in December, but are 11.2 percent lower than December 2007.
- The median price in the South (southern U.S.) was \$158,600, which is down 8.0 percent from a year ago. According to CMLS results for January 2009, the median sales price for homes in Mecklenburg county was \$148,125.



- 29% of all homes closed last year were \$120,000 or less
- 15% were between \$120,000 - \$150,000
- 75% of homes sold/closed in 2008 were between \$120,000 to \$250,000
- In 2008 even facing a down economy - 1,737 or 6.4% of homes sold were at a price of \$500,000 or more.

The Charlotte Regional Realtor® Association (CRRA) is a trade association that provides its more than 8,000 Realtor® members with the resources and services they need to conduct ethical, professional, successful, and profitable businesses. CRRA is dedicated to being the region's primary resource for residential real estate information and market activity. The association operates the Carolina Multiple Listing Services, Inc. (CMLS), which has more than 10,000 Subscribers and is the private cooperative Realtors® use for access to tens of thousands of residential listings in seven counties, including the high-growth Charlotte area and areas outside the seven counties.

FIRST-TIME HOMEBUYER TAX CREDIT
As Modified in the American Recovery and Reinvestment Act
Major Modifications Shaded
February 2009

FEATURE	CREDIT AS CREATED JULY 2008 APPLIES TO ALL QUALIFIED PURCHASES ON OR AFTER APRIL 9, 2008	REVISED CREDIT – EFFECTIVE FOR PURCHASES ON OR AFTER JANUARY 1, 2009 AND BEFORE DECEMBER 1, 2009
Amount of Credit	Lesser of 10 percent of cost of home or \$7500	Maximum credit amount increased to \$8000
Eligible Property	Any single family residence (including condos, co-ops, townhouses) that will be used as a principal residence.	No change All principal residences eligible.
Refundable	Yes. Reduces (or can eliminate) income tax liability for the year of purchase. Any unused amount of tax credit refunded to purchaser.	No change Purchasers will continue to receive refund for unused amount when tax return is filed.
Income Limit	Yes. Full amount of credit available for individuals with adjusted gross income of no more than \$75,000 (\$150,000 on a joint return). Phases out above those caps (\$95,000 and \$170,000).	No change Same income limits continue to apply.
First-time Homebuyer Only	Yes. Purchaser (and purchaser's spouse) may not have owned a principal residence in 3 years previous to purchase.	No change Still available for first-time purchasers only. Three-year rule continues to apply.
Revenue Bond Financing	No credit allowed if home financed with state/local bond funding.	Purchasers who utilize revenue bond financing can use credit.
Repayment	Yes. Portion (6.67% of credit or \$500) to be repaid each year for 15 years, starting with 2010 tax filing.	No repayment for purchases on or after January 1, 2009 and before December 1, 2009
Recapture	If home sold before 15-year repayment period ends, then outstanding balance of repayment amount recaptured on sale.	If home is sold within three years of purchase, entire amount of credit is recaptured on sale. Applies only to homes purchased in 2009.
Termination	July 1, 2009 (But note program changes for 2009)	December 1, 2009
Effective Date	Purchases on or after April 9, 2008 and before January 1, 2009. Repayment to begin for 2010 tax year.	All revisions are effective as of January 1, 2009



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