

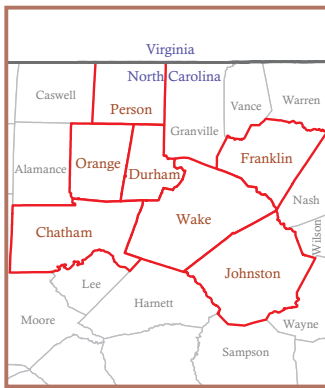
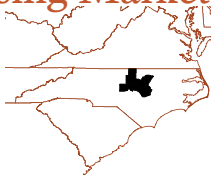


Raleigh-Durham, North Carolina

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of January 1, 2010



Housing Market Area



The Raleigh-Durham Housing Market Area (HMA) includes the combined Raleigh-Cary and Durham-Chapel Hill, North Carolina Metropolitan Statistical Areas, which consist of seven counties. For purposes of this report, the HMA has been divided into three submarkets: the Wake County submarket, which includes the state capital city of Raleigh; the Durham County submarket, which includes the city of Durham; and the Remainder submarket, which includes Chatham, Franklin, Johnston, Orange, and Person Counties.

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Summary

Economy

Economic conditions have weakened in the Raleigh-Durham HMA during the past 2 years. In 2009, nonfarm employment in the HMA declined by 28,500 jobs, or 3.5 percent, to an average of 783,900 jobs. The unemployment rate was 8.4 percent, the highest rate in more than 20 years. During the past decade, high technology and biotechnology research and development have become more important to the local economy. The HMA is expected to add more than 35,000 jobs during the 3-year forecast period.

Sales Market

The home sales market in the Raleigh-Durham HMA is soft in all submarkets due to overbuilding and

lower demand. Sales vacancy rates exceed 2 percent and other vacant units that are being held off the market have increased since 2000. During the next 3 years, an estimated 29,950 new market-rate homes will be needed in the HMA, a portion of which will be satisfied by 1,875 homes currently under construction. (See Table 1.)

Rental Market

The rental market in the HMA is soft in all submarkets; the overall rental vacancy rate is estimated at 10 percent. During the 3-year forecast period, approximately 2,900 new market-rate rental units will be needed to achieve balanced market conditions. The 1,660 units currently under construction will satisfy a portion of the demand. (See Table 1.)

Table 1. Housing Demand in the Raleigh-Durham HMA, 3-Year Forecast, January 1, 2010 to January 1, 2013

	Raleigh-Durham HMA		Wake County Submarket		Durham County Submarket		Remainder Submarket	
	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units
Total Demand	29,950	2,900	19,800	2,550	2,400	200	7,750	150
Under Construction	1,875	1,660	1,175	500	200	800	500	360

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of January 1, 2010. A portion of the estimated 33,300 other vacant units in the HMA will likely satisfy some of the forecast demand.

Source: Estimates by analyst

Economic Conditions

The Raleigh-Durham HMA is home to three large universities: North Carolina State University (NC State) in Wake County, Duke University (Duke) in Durham County, and The University of North Carolina at Chapel Hill (UNC Chapel Hill) in Orange County. The universities, which enroll more than 76,000 students and employ a total of 39,000 campus and medical school employees, report budgets that total \$7.3 billion annually and impact the local economy as employment centers and sources of skilled employees. The region is known as the Research Triangle,

or the Triangle, in reference to the relationship between the three universities and the community. As a result, research and development companies have located operations in the Triangle, particularly in Research Triangle Park (RTP), which is located on the border of Durham and Wake Counties and houses approximately 170 companies that employ 42,000 full-time and 10,000 contract employees. Leading employers in the HMA, including some that are located in RTP, are shown in Table 2.

After declining in the early years of the 2000s, nonfarm employment increased from 2004 through 2007 by an average of 30,150 jobs, or 4.2 percent. With the recent slowdown in housing and financial markets, nonfarm employment declined by 28,500 jobs, or 3.5 percent, in 2009 (see Table 3). As a result of the employment slowdown, the unemployment rate increased from 3.7 percent in 2007 to 4.9 percent in 2008 and to 8.4 percent in 2009, the highest annual unemployment rate for the HMA in more than 20 years. Figure 1 illustrates trends since 1990 in labor force, resident employment, and unemployment in the HMA.

In 2009, employment in the mining, logging, and construction sector declined more than in any other sector in the HMA, decreasing by 9,500 jobs, or 20 percent. Job losses were primarily a result of declines in residential construction; permits for single-family and multifamily units each decreased by more than 50 percent in the past 2 years. Manufacturing employment continued its long-term decline in the HMA, as it has in most areas of North Carolina. In 2009, employment in the manufacturing sector decreased by 8,700 jobs, or 12 percent. The sector has declined by 23 percent since 2000, despite an increase in the manufacturing of advanced products such as pharmaceuticals, LED (light-emitting diode) lighting, automobile

Table 2. Major Employers in the Raleigh-Durham HMA

Name of Employer	Employment Sector	Number of Employees
Duke University & Duke University Health System	Education & Health Services	33,300
International Business Machines (IBM) Corporation	Manufacturing	11,530
The University of North Carolina at Chapel Hill	Government	11,200
North Carolina State University	Government	8,200
WakeMed Health & Hospitals	Education & Health Services	7,500
GlaxoSmithKline, plc	Manufacturing	5,000
Progress Energy	Transportation & Utilities	5,000
SAS Institute, Inc.	Information	4,149
Rex Healthcare	Education & Health Services	4,000
Cisco Systems, Inc.	Professional & Business Services	3,400

Sources: Durham Chamber of Commerce; Wake County Chamber of Commerce; individual employers

Table 3. 12-Month Average Employment in the Raleigh-Durham HMA, by Sector

	12 Months Ending December 2008	12 Months Ending December 2009	Percent Change
Total Covered Employment	812,400	783,900	- 3.5
Goods Producing	121,000	102,800	- 15.0
Mining & Logging	47,600	38,100	- 20.0
Construction	73,400	64,700	- 11.9
Manufacturing	691,400	681,100	- 1.5
Service Providing	112,600	106,800	- 5.2
Wholesale & Retail Trade	14,900	14,100	- 5.4
Transportation & Utilities	21,100	20,800	- 1.4
Information	40,700	39,900	- 2.0
Financial Activities	123,900	117,000	- 5.6
Professional & Business Services	113,800	116,600	2.5
Education & Health Services	71,900	71,600	- 0.4
Leisure & Hospitality	45,500	45,500	0.0
Other Services	147,100	149,000	1.3
Government	360,600	365,100	1.2

Notes: Based on 12-month averages through December 2008 and December 2009. Numbers may not add to totals because of rounding.

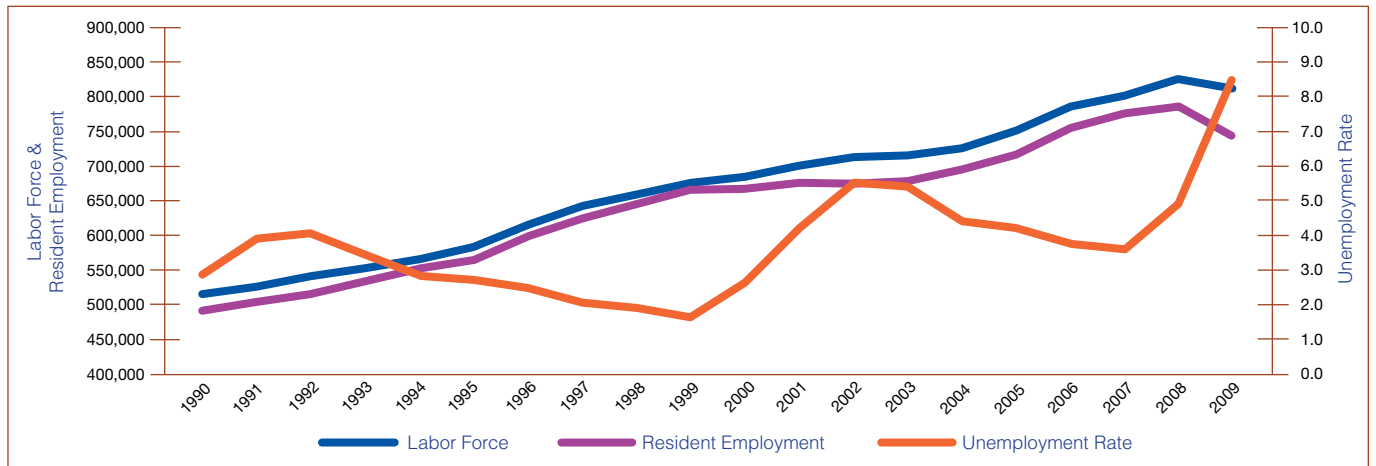
Source: U.S. Bureau of Labor Statistics

fabrics, advanced filters, and surgical supplies. Expansion and relocation of new firms to the HMA for advanced manufacturing have not been sufficient to offset the declines in more traditional manufacturing products, such as apparel, tobacco products, and furniture. As a result of declines in employment sectors that reduced demand for business support services, employment in the professional and business services sector decreased by 6,900 jobs, or 5.6 percent, in 2009. The sector typically is one of the fastest growing sectors in the HMA and accounted for 16 percent of nonfarm employment growth from 2000 through 2008.

The only two sectors to add jobs in 2009 were the education and health

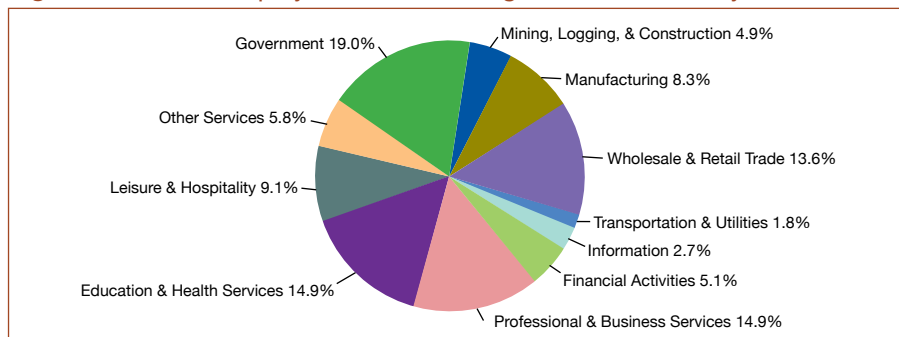
services sector and the government sector. Employment in the education and health services sector increased by 2,800 jobs, or 2.5 percent. The combination of expanding private schools and universities and the need for healthcare services to support an increasing population account for the growth in the sector. Each of the three largest universities has a medical school and an affiliated teaching hospital, which provide research opportunities for medical professionals and health care for the community. As Figure 2 shows, the government sector currently accounts for 19 percent of total employment in the HMA, increasing employment stability in the area. Government employment is concentrated in Raleigh, the state capital,

Figure 1. Trends in Labor Force, Resident Employment, Unemployment Rate in the Raleigh-Durham HMA, 1990 to 2009



Source: U.S. Bureau of Labor Statistics

Figure 2. Current Employment in the Raleigh-Durham HMA, by Sector



Note: Based on 12-month averages through December 2009.

Source: U.S. Bureau of Labor Statistics

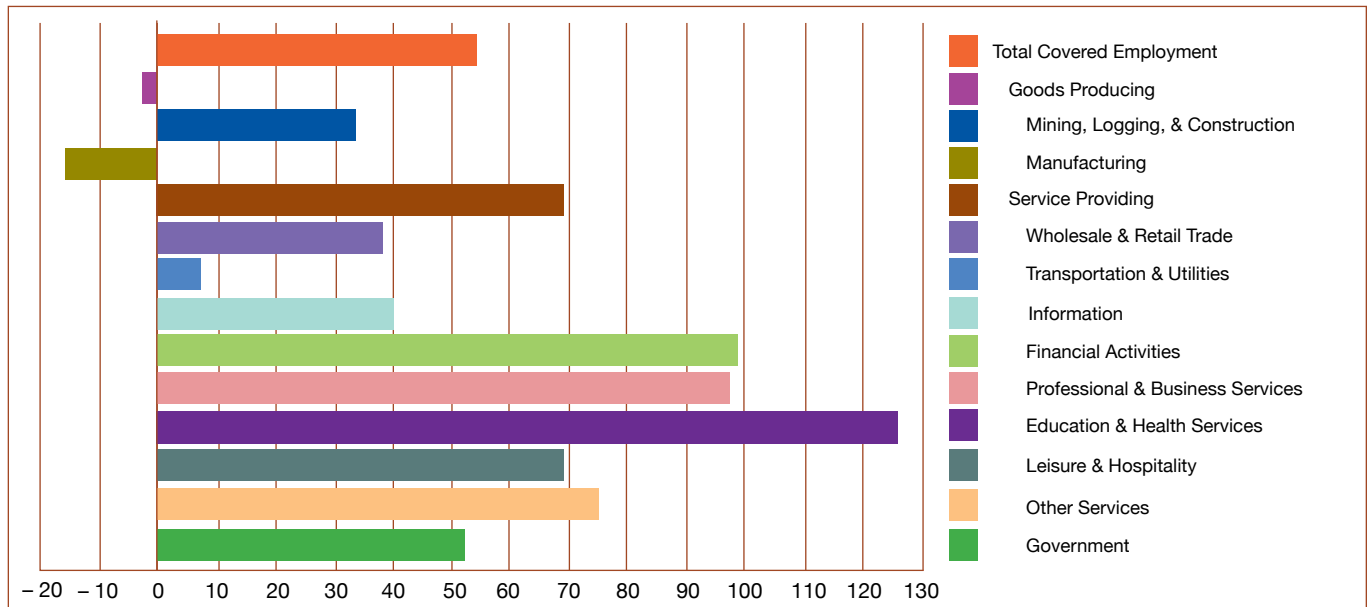
and at the state universities of NC State and UNC Chapel Hill. In 2009, government employment in the HMA increased by 1,900 jobs, or 1.3 percent, primarily in the state government sub-sector. Figure 3 shows the percentage change in employment in each sector since 1990.

During the forecast period, employment in the HMA is expected to stabilize in the first year and increase by an estimated 2.7 percent annually by the

third year. By the end of the forecast period, employment is expected to reach 819,300, an average increase of 1.4 percent annually during the next 3 years. Existing businesses in the HMA have announced approximately 1,000 new jobs, including expansions of 300 jobs by Credit Suisse Group AG and 280 jobs by Affiliated Com-

puter Services, Inc. The education and health services sector is expected to remain one of the leading growth sectors. As more jobs are added in other sectors, employment in the professional and business services sector is expected to increase at a strong pace, returning it to one of the leading growth sectors.

Figure 3. Sector Growth in the Raleigh-Durham HMA, Percentage Change, 1990 to Current



Note: Current is based on 12-month averages through December 2009.

Source: U.S. Bureau of Labor Statistics

Population and Households

As of January 1, 2010, the population in the Raleigh-Durham HMA is estimated at 1.6 million (see Table DP-1 at the end of this report). From 2000 to 2007, population increased rapidly because of strong employment growth, educational opportunities, and a temperate climate. Census estimates indicate the population increased by an average of 41,150 a year, or at a compound rate of 3.1 percent from 2000 to 2007. During the past 2 years, population growth slowed to an estimated average of 33,450, or 2.2 percent,

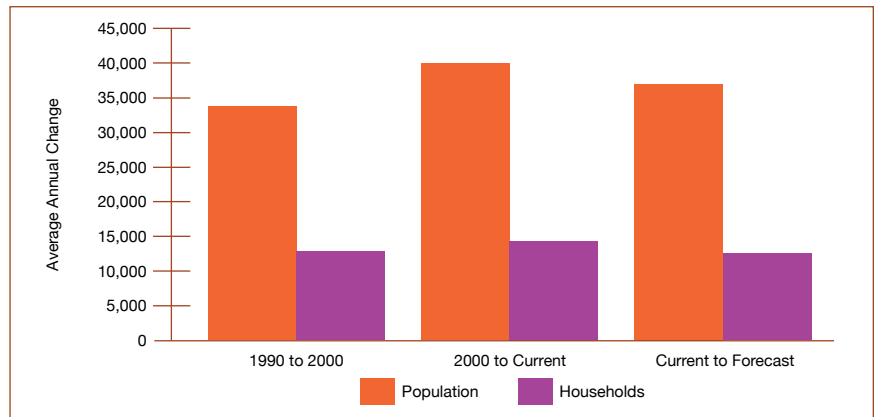
as the economy of the HMA slowed. Nearly 70 percent of the population growth in the HMA since 2000 has occurred in Wake County because of its proximity to employment centers. Population growth has been rapid in the towns of Cary, Wake Forest, Holly Springs, and Apex, representing increases of 34 percent to more than 100 percent since 2000. Population growth in Durham County has been limited by building restrictions in watershed areas. During the forecast period, the population in the HMA

is expected to increase at an average rate of 2.3 percent a year while the economy continues to recover. By the end of the forecast period, the population is expected to reach 1.7 million and the number of households is expected to reach 651,300. See Figure 4 for population and household estimates from 1990 through the forecast period.

Economic growth, particularly in education and research, has made the

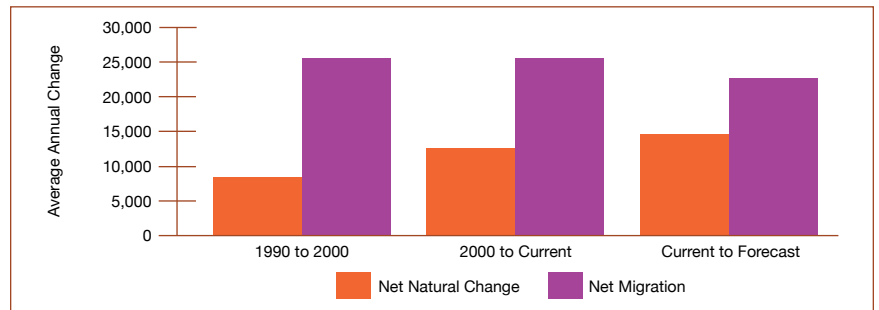
HMA attractive for young professionals and families. As a result, the net natural increase (resident births minus resident deaths), which represented 25 percent of population growth during the 1990s, increased to 33 percent of population growth since 2000 (see Figure 5). During the forecast period, net natural increase is expected to account for an even larger share of population growth.

Figure 4. Population and Household Growth in the Raleigh-Durham HMA, 1990 to Forecast



Sources: 1990 and 2000—1990 Census and 2000 Census; current and forecast—estimates by analyst

Figure 5. Components of Population Change in the Raleigh-Durham HMA, 1990 to Forecast



Sources: 1990 and 2000—1990 Census and 2000 Census; current and forecast—estimates by analyst

Housing Market Trends

Sales Market—Wake County Submarket

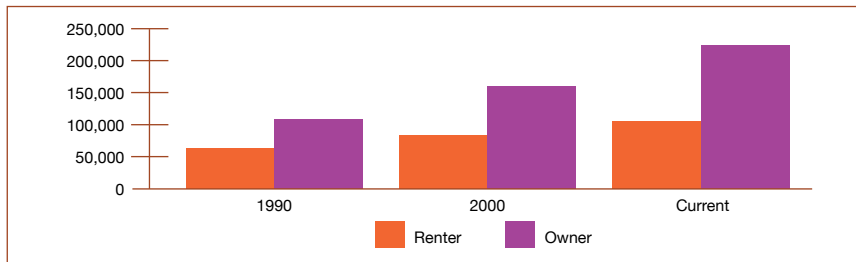
The sales housing market in the Wake County submarket is currently soft, with an estimated vacancy rate of 2.8 percent, as shown in Table DP-2. Job losses, more stringent mortgage underwriting, and overbuilding have resulted in an increase in the vacancy rate from the 2.5-percent rate recorded in 2000. Although owner households have increased to an estimated 226,600 (see Figure 6), production of new sales housing during the middle of the decade exceeded household formation by an estimated 2,000 units a year. The number of building permits issued was highest from 2005 to 2007, when more than 11,000 single-family homes were permitted each year before declining sharply in 2008 and 2009 (see Figure 7). After a decline of 6,200 homes, or 54 percent, in 2008,

permits decreased by 1,600 homes, or 31 percent, to approximately 3,650 in 2009. Fewer single-family permits were issued in 2009 than in any year since the early 1990s. During the past 5 years, single-family home construction in the submarket has been concentrated in Raleigh and Cary. In 2009, approximately 35 and 20 percent of all single-family permit activity occurred in Raleigh and Cary, respectively.

According to data from Triangle Multiple Listing Service, Inc., from 2002 to 2008, an average of nearly 17,000 new and existing homes were sold in the Wake County submarket. Sales peaked in 2006 at 20,900 homes. Sales began to decline significantly in 2008 as employment and population growth slowed. Approximately 12,000 homes were sold in Wake County in 2009, a decrease of 1,860 homes from the number sold in 2008, or 13 percent. The median sales price decreased by nearly 7 percent to \$199,000 in 2009 from a high of \$213,000 in 2008. New three-bedroom, two-bathroom starter homes can be purchased in smaller towns in the submarket starting at \$150,000.

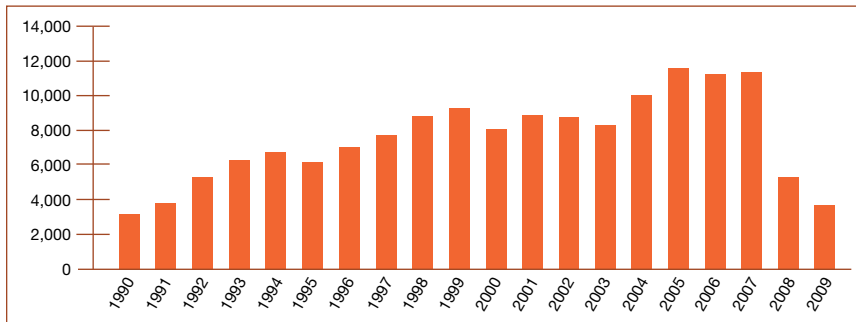
During the 3-year forecast period, demand for 19,800 new homes is expected in the Wake County submarket, not including the demand for an estimated 100 mobile homes. An estimated 9,700 homes will be needed during the first and second years of the forecast period combined as excess vacant units are absorbed and employment growth remains below average for the area. With the anticipated employment increases in the third year of the forecast period, demand is expected for an additional 9,100 units. The completion of an estimated 1,175 for-sale units currently under construction will meet

Figure 6. Number of Households by Tenure in the Wake County Submarket, 1990 to Current



Sources: 1990 and 2000—1990 Census and 2000 Census; current—estimates by analyst

Figure 7. Single-Family Building Permits Issued in the Wake County Submarket, 1990 to 2009



Notes: Includes only single-family units. Includes data through December 2009.

Source: U.S. Census Bureau, Building Permits Survey, adjusted based on local information

Housing Market Trends

Sales Market—Wake County Submarket *Continued*

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Wake County Submarket, January 1, 2010 to January 1, 2013

Price Range (\$)		Units of Demand	Percent of Total
From	To		
150,000	199,999	2,950	14.9
200,000	249,999	7,900	39.9
250,000	299,999	5,950	30.1
300,000	349,999	1,600	8.1
350,000	399,999	600	3.0
400,000	449,999	400	2.0
450,000	499,999	200	1.0
	and higher	200	1.0

Source: Estimates by analyst

a portion of the demand. In addition, the number of other vacant units has increased by more than 13,000 units since 2000 to an estimated 18,000. Some of these units are also likely to come back on the market during the forecast period. During the next 3 years, demand for new homes is expected to be strongest in the \$200,000 to \$250,000 range. See Table 4 for a breakdown of estimated market-rate sales demand by price.

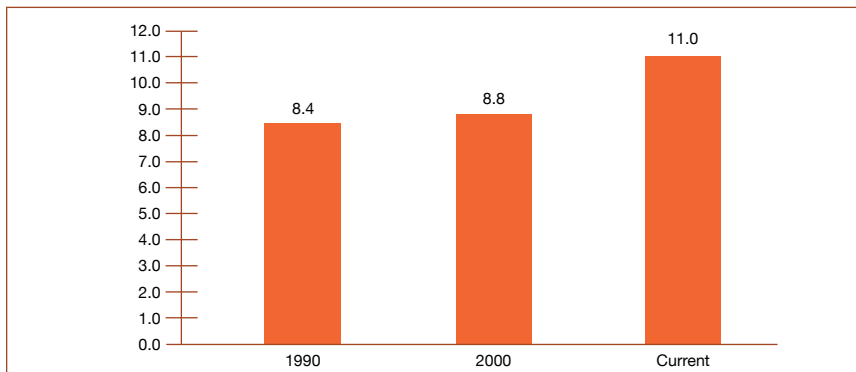
Rental Market—Wake County Submarket

The rental housing market in the Wake County submarket is currently soft, with an estimated vacancy rate of 11 percent, primarily resulting from overbuilding during the past 4 years. (See Figure 8 for rental vacancy rates since 1990.) In the middle of the decade, when the apartment market in Wake County was relatively balanced and

low-interest financing was readily available, the number of multifamily units permitted increased from 820 units in 2005 to more than 4,000 units in 2006. As home sales began to slow toward the end of 2007, a significant number of single-family and condominium units were offered for rent and some condominium developments were completed as apartments. In January 2008, the apartment market remained balanced, with a 7.9-percent vacancy rate reported by Real Data, and attracted additional development because other markets in the state had become soft. Builders focused on Wake County because the demand for apartments in the county remained strong. As a result, the number of multifamily units permitted increased to a high of nearly 5,000 units in 2008 (see Figure 9). When the units under construction from 2006 to 2008 began entering the market, the demand for rental units declined, causing the vacancy rate to increase to 9.6 percent in January 2009 and to 10.1 percent in January 2010. In January 2010, the average rent for an apartment in Wake County was \$739, down 3 percent from \$763 in January 2008.

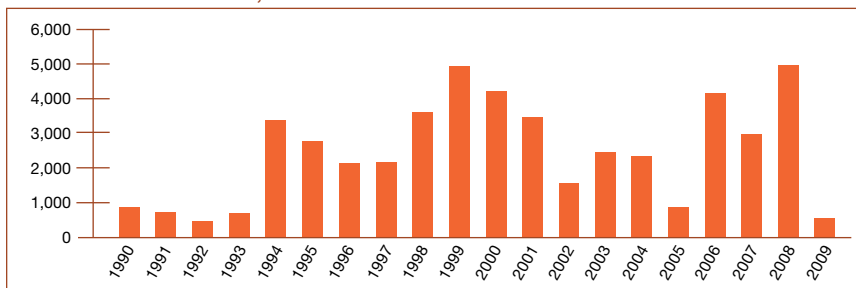
NC State, with an enrollment of 33,900 students, has a significant effect on the rental market in central Wake County and accounts for an estimated 10 percent of the rental

Figure 8. Rental Vacancy Rates in the Wake County Submarket, 1990 to Current



Sources: 1990 and 2000—1990 Census and 2000 Census; current—estimates by analyst

Figure 9. Multifamily Building Permits Issued in the Wake County Submarket, 1990 to 2009



Notes: Includes all multifamily units in structures with two or more units. Includes data through December 2009.

Source: U.S. Census Bureau, Building Permits Survey

Housing Market Trends

Rental Market—Wake County Submarket *Continued*

market in the county. According to Real Data, 700 apartments were absorbed in central Wake County in 2009, while 760 new units were completed, resulting in an apartment vacancy rate of 9.1 percent in January 2010, unchanged from the rate in January 2009. The vacancy rate in the submarket fluctuates seasonally as students move in and out. According to Real Data, the average rent for an apartment in central Wake County was \$734 in January 2010, up 3 percent from a year earlier.

During the 3-year forecast period, demand for 2,550 rental units is expected in the Wake County submarket. A portion of the demand will be met by the 500 units currently under construction. Additional units will not be needed until the third year of the forecast period when excess vacant units have been absorbed and employment begins to increase more rapidly. See Table 5 for the estimated demand for market-rate rental units by monthly rents.

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Wake County Submarket, January 1, 2010 to January 1, 2013

One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
800 to 999	280	900 to 1,099	590	1,000 to 1,199	145
1,000 to 1,199	215	1,100 to 1,299	360	1,200 to 1,399	85
1,200 to 1,399	100	1,300 to 1,499	275	1,400 to 1,599	55
1,400 to 1,599	70	1,500 to 1,699	115	1,600 to 1,799	25
1,600 to 1,799	60	1,700 to 1,899	70	1,800 to 1,999	15
1,800 or more	45	1,900 or more	30	2,000 or more	15
Total	770	Total	1,440	Total	340

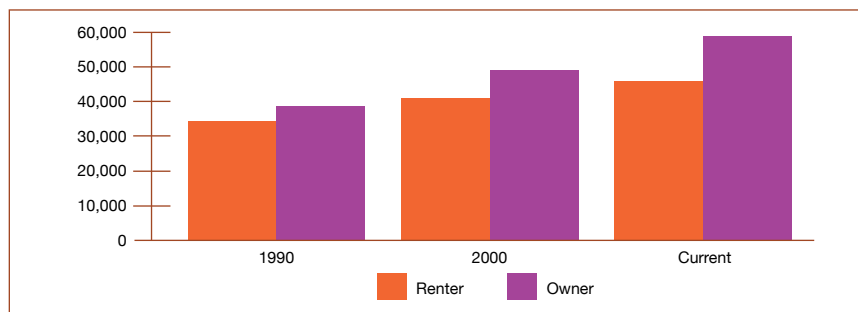
Source: Estimates by analyst

Sales Market—Durham County Submarket

The sales market in the Durham County submarket is currently soft, with an estimated vacancy rate of 2.7 percent, up from 2.3 percent in 2000. See Table DP-3 for trends in sales vacancy rates. Despite an increase in current owner households to 58,300 (see Figure 10), the vacancy rate increased as a result of higher

single-family home construction in the submarket from 2003 to 2006. As shown in Figure 11, building permits were issued for a record of more than 2,250 single-family homes in 2005 before declining in each of the following years. In 2009, permits declined by 380 homes, or 33 percent, to 780, the lowest annual number of homes permitted in the submarket in 20 years.

Figure 10. Number of Households by Tenure in the Durham County Submarket, 1990 to Current



Sources: 1990 and 2000—1990 Census and 2000 Census; current—estimates by analyst

According to data from Triangle Multiple Listing Service, Inc., an average of nearly 4,000 new and existing homes were sold in the Durham County submarket from 2002 to 2008. Home sales peaked in 2006, with 4,770 homes sold. In 2009, home sales decreased by 270, or 8 percent, to 3,200 after declining 26 percent in 2008. In 2009, the median price of a home was

Housing Market Trends

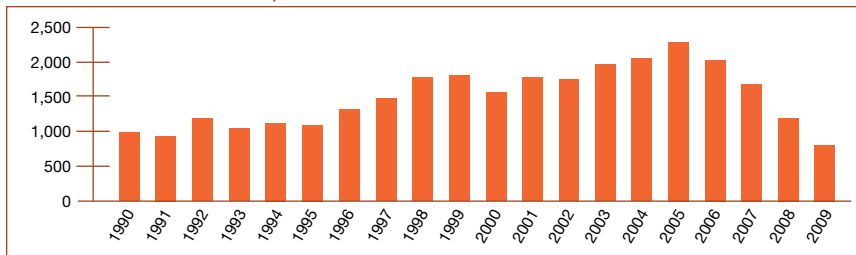
Sales Market—Durham County Submarket *Continued*

\$171,200, virtually unchanged from the price in 2008. New three-bedroom, two-bathroom single-family homes can be purchased in a few Durham neighborhoods starting at \$150,000. New townhomes in Durham can be

purchased starting at \$140,000.

During the 3-year forecast period, demand is expected for 2,400 homes, not including an estimated demand for 50 mobile homes. The 200 homes currently under construction are expected to satisfy a portion of the demand. In addition, the number of other vacant units has increased from 2,411 in 2000 to 5,800 units in 2009. Some of these units are also likely to come back on the market during the forecast period. During the first year of the forecast period, units under construction and current vacant units will satisfy the demand. An estimated 1,000 and 1,200 units will be needed during the second and third years of the forecast period, respectively. During the next 3 years, more new homes are expected to be sold in the \$200,000-to-\$250,000 range than in any other price range. Table 6 shows demand for new market-rate sales housing by sales price.

Figure 11. Single-Family Building Permits Issued in the Durham County Submarket, 1990 to 2009



Notes: Includes only single-family units. Includes data through December 2009.

Source: U.S. Census Bureau, Building Permits Survey, adjusted based on local information

Table 6. Estimated Demand for New Market-Rate Sales Housing in the Durham County Submarket, January 1, 2010 to January 1, 2013

Price Range (\$)		Units of Demand	Percent of Total
From	To		
140,000	174,999	120	5.0
175,000	199,999	360	15.0
200,000	224,999	480	20.0
225,000	249,999	480	20.0
250,000	299,999	650	27.1
300,000	349,999	120	5.0
350,000	399,999	120	5.0
400,000	and higher	70	2.9

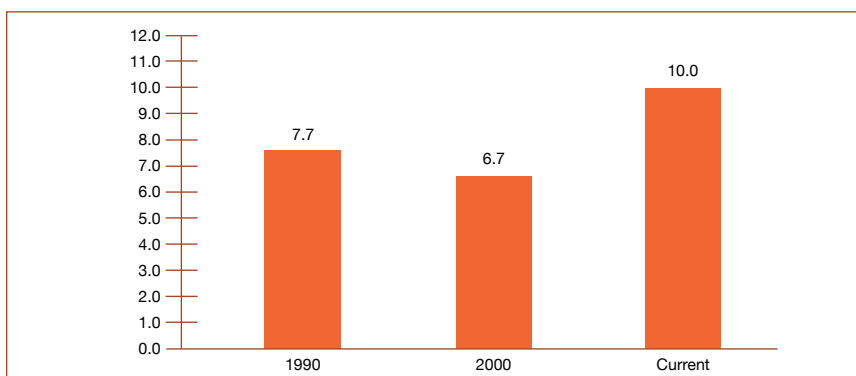
Source: Estimates by analyst

Rental Market—Durham County Submarket

The rental market in the Durham County submarket is currently soft, with an estimated overall rental vacancy rate of

10 percent (see Figure 12). Because of overbuilding during the beginning of the decade, the rental vacancy rate has increased significantly from 6.7 percent in 2000. As Figure 13 illustrates, the number of multifamily units permitted increased from 1999 to 2002, averaging approximately 1,450 units a year. As a result, according to Real Data the apartment vacancy rate in the submarket increased from 5.6 percent in January 2000 to a high of 14.5 percent in January 2003. The vacancy rate has remained near or above 10 percent since that time. Apartment construction since 2004 declined enough to keep the vacancy

Figure 12. Rental Vacancy Rates in the Durham County Submarket, 1990 to Current



Sources: 1990 and 2000—1990 Census and 2000 Census; current—estimates by analyst

Housing Market Trends

Rental Market—Durham County Submarket *Continued*

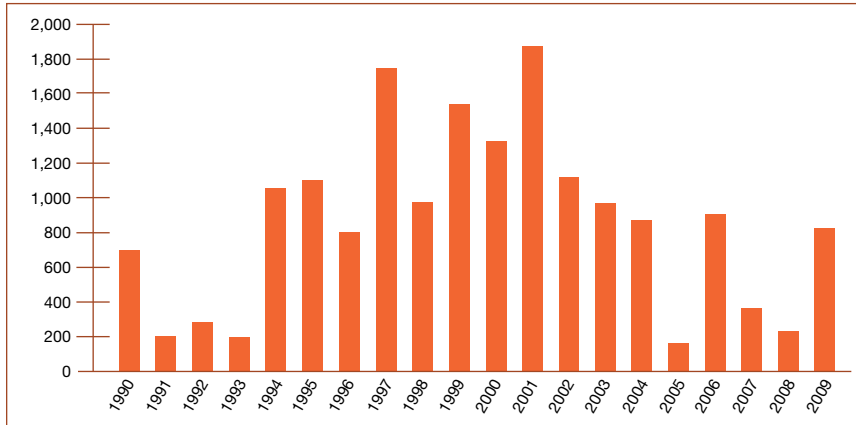
rate stable but not enough to allow the market to become balanced. In January 2010, the vacancy rate increased slightly to 9.9 percent from 9.5 percent in January 2009. According to Real Data, the average rent for apartments in the Durham County

submarket was \$771 in January 2010, an increase of less than 1 percent from the rent in January 2009.

Located in the Durham County submarket with a total enrollment of 13,650 students, Duke is a catalyst for apartment construction surrounding the university. Students make up an estimated 10 percent of renter households in the submarket. As with the overall market, overbuilding has resulted in a vacancy rate above 10 percent in the northern portion of the county near the university. According to Real Data, the vacancy rate in northern Durham County was 9.3 percent in January 2008 but increased to 10.8 percent in January 2009 and 11 percent in January 2010. Rents in northern Durham County averaged \$720 in January 2010, virtually unchanged from rents in January 2009.

Demand is estimated for an additional 200 rental units in the Durham County submarket during the 3-year forecast period. The 800 units currently under construction will be sufficient to accommodate demand during the next 3 years. No additional units will be needed during the forecast period beyond what is currently in the pipeline. See Table 7 for a breakdown of estimated rental demand by rental rates.

Figure 13. Multifamily Building Permits Issued in the Durham County Submarket, 1990 to 2009



Notes: Includes all multifamily units in structures with two or more units. Includes data through December 2009.

Source: U.S. Census Bureau, Building Permits Survey

Table 7. Estimated Demand for New Market-Rate Rental Housing in the Durham County Submarket, January 1, 2010 to January 1, 2013

One Bedroom		Two Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
700 to 899	20	800 to 999	60
900 to 1,099	15	1,000 to 1,199	35
1,100 to 1,299	10	1,200 to 1,399	30
1,300 to 1,499	10	1,400 to 1,599	20
Total	55	Total	145

Source: Estimates by analyst

Sales Market—Remainder Submarket

With a current vacancy rate estimated at 2.1 percent (see Table DP-4), the sales housing market in the Remainder submarket is currently soft. Owner households have increased from 100,249 in 2000 to a current estimate of 127,800 (see Figure 14), but the production of new sales housing outpaced owner household formation by an estimated 800 homes a year. From 2001 to 2006, an average of 4,000 single-family homes was permitted in the six counties that make

up the Remainder submarket, with a high of approximately 4,350 homes in 2005. In 2008 and 2009, the number of single-family homes permitted declined to 2,275 and 1,300 homes, respectively. See Figure 15 for an illustration of single-family building permit trends since 1990.

According to Triangle Multiple Listing Service, Inc., an average of nearly 1,700 new and existing homes was sold in Orange County between 2002

Housing Market Trends

Sales Market—Remainder Submarket *Continued*

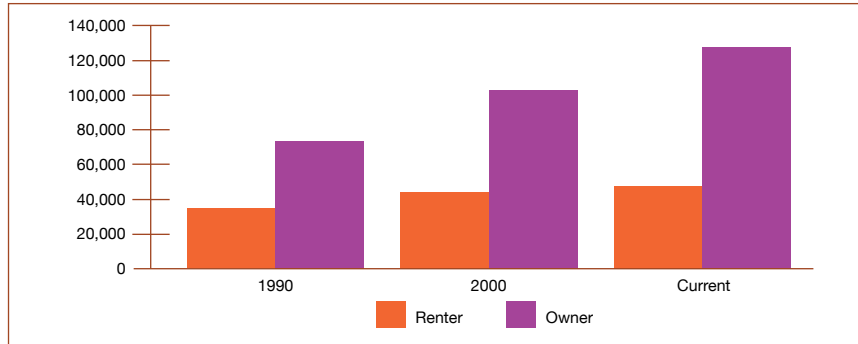
and 2008, with a high of approximately 1,900 homes sold in 2005. As a result of slowing population growth, tighter credit standards, and job losses, homes sales were down 11 percent in 2009 to 1,140 from 2008. Because

of the larger home and lot sizes and newer construction in Orange County, the median sales price, which increased 1 percent in 2009 to \$258,000, is the highest in the HMA.

In more rural Johnston County, where homes are relatively more affordable, sales averaged 2,675 homes annually between 2002 and 2008. Home sales decreased by 25 percent in 2008 to 2,350 homes and 14 percent in 2009 to 2,025 homes. The median sales price peaked at \$161,600 in 2008 but declined by 7 percent in 2009 to \$150,000.

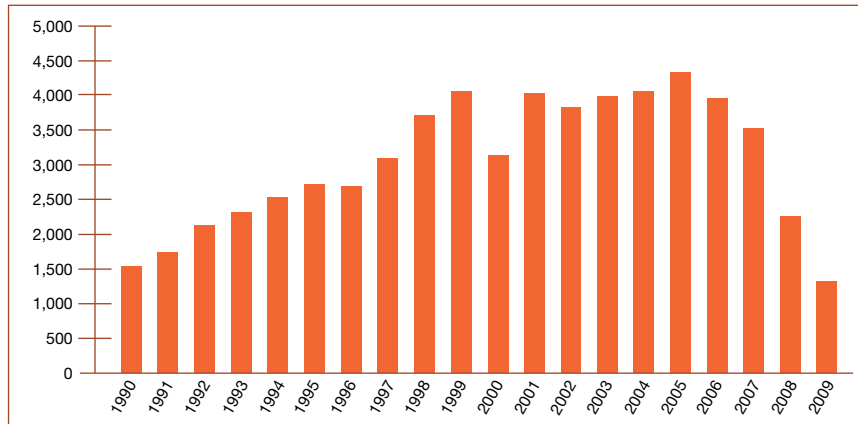
During the next 3 years, demand for an estimated 7,750 homes, not including an estimated demand for 300 mobile homes, is expected in the submarket. A portion of demand will likely be met by the 500 units currently under construction and by some of the 10,000 currently other vacant units that may begin to enter the market as sales market conditions improve. Table 8 illustrates estimated demand for sales units in the submarket by sales price.

Figure 14. Number of Households by Tenure in the Remainder Submarket, 1990 to Current



Sources: 1990 and 2000—1990 Census and 2000 Census; current—estimates by analyst

Figure 15. Single-Family Building Permits Issued in the Remainder Submarket, 1990 to 2009



Notes: Includes only single-family units. Includes data through December 2009.

Source: U.S. Census Bureau, Building Permits Survey

Table 8. Estimated Demand for New Market-Rate Sales Housing in the Remainder Submarket, January 1, 2010 to January 1, 2013

Price Range (\$)		Units of Demand	Percent of Total
From	To		
130,000	149,999	390	5.0
150,000	174,999	780	10.1
175,000	199,999	1,550	20.0
200,000	249,999	2,700	34.8
250,000	299,999	1,550	20.0
300,000	349,999	390	5.0
350,000	399,999	160	2.1
400,000	and higher	230	3.0

Source: Estimates by analyst

Rental Market—Remainder Submarket

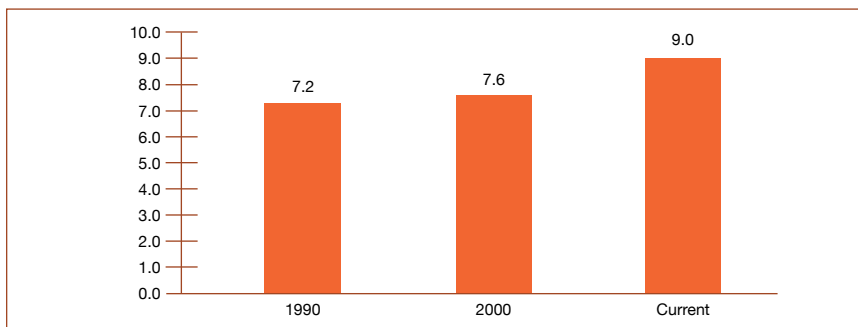
The rental market in the Remainder submarket is currently soft; the overall rental vacancy rate is estimated at 9 percent (see Figure 16). Since 2000, the vacancy rate has increased from 7.6 percent as a result of increased apartment construction and slowing economic conditions toward the end of the decade. With an enrollment of 28,900 students in the fall of 2009, UNC Chapel Hill is located in Orange County, which is the largest apartment market in the submarket.

Because of restrictions on land use and availability surrounding the university, the submarket has not had the same degree of overbuilding seen in Wake and Durham Counties, as permit data in Figure 17 illustrates. An average of 220 multifamily units was permitted annually from 2000 to 2008. Permits increased slightly in 2009 to 380 units. As these units come on line, the vacancy rate is expected to increase in 2010.

According to Real Data, the apartment vacancy rate in Orange County fluctuated during the past 5 years from a high of 14.9 percent in January 2006 to a low of 5.5 percent in January 2009. In January 2010, Real Data reported the apartment vacancy rate at 8.2 percent. Because the university students account for an estimated 50 percent of renter households in Orange County, the vacancy rate is typically higher and absorption is lower during the summer. The vacancy rate during the intervening summer months in 2009 was 11 percent. The average rent in Orange County was \$770 in January 2010, down nearly 3 percent from the average rent in January 2009.

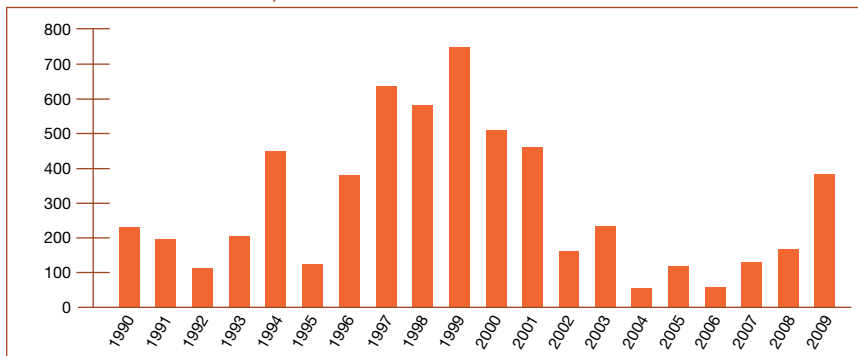
During the 3-year forecast period, demand for 150 new market-rate rental units is expected in the Remainder submarket. The 360 rental units currently under construction will meet the demand. No additional rental units will be needed during the forecast period. See Table 9 for the estimated demand for market-rate rental units by monthly rents.

Figure 16. Rental Vacancy Rates in the Remainder Submarket, 1990 to Current



Sources: 1990 and 2000—1990 Census and 2000 Census; current—estimates by analyst

Figure 17. Multifamily Building Permits Issued in the Remainder Submarket, 1990 to 2009



Notes: Includes all multifamily units in structures with two or more units. Includes data through December 2009.

Source: U.S. Census Bureau, Building Permits Survey

Table 9. Estimated Demand for New Market-Rate Rental Housing in the Remainder Submarket, January 1, 2010 to January 1, 2013

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
To 199	0	800 to 999	10	900 to 1,099	115	1,100 to 1,299	25
Total	0	Total	10	Total	115	Total	25

Source: Estimates by analyst

Data Profiles

Table DP-1. Raleigh-Durham HMA Data Profile, 1990 to Current

	1990	2000	Current	Average Annual Change (%)	
				1990 to 2000	2000 to Current
Total Resident Employment	499,970	668,017	742,000	2.9	1.2
Unemployment Rate (%)	2.9	2.7	8.5		
Nonfarm Employment	508,600	686,000	783,900	3.0	1.5
Total Population	885,725	1,223,564	1,605,500	3.3	2.8
Total Households	345,929	475,182	613,300	3.2	2.7
Owner Households	211,589	307,995	412,700	3.8	3.0
Percent Owner (%)	61.2	64.8	67.3		
Renter Households	134,340	167,187	200,600	2.2	1.9
Percent Renter (%)	38.8	35.2	32.7		
Total Housing Units	371,858	511,116	680,550	3.2	3.0
Owner Vacancy Rate (%)	2.1	2.3	2.6		
Rental Vacancy Rate (%)	7.9	8.0	10.3		
Median Family Income	NA	NA	NA		

NA = Data not available.

Note: Employment data represent annual averages for 1990, 2000, and the 12 months through December 2009.

Sources: Estimates by analyst; U.S. Census Bureau; U.S. Department of Housing and Urban Development

Table DP-2. Wake County Submarket Data Profile, 1990 to Current

	1990	2000	Current	Average Annual Change (%)	
				1990 to 2000	2000 to Current
Total Population	423,380	627,846	889,400	4.0	3.6
Total Households	165,743	242,040	333,800	3.9	3.4
Owner Households	101,003	159,446	226,600	4.7	3.7
Percent Owner (%)	60.9	65.9	67.9		
Rental Households	64,740	82,594	107,200	2.5	2.7
Percent Renter (%)	39.1	34.1	32.1		
Total Housing Units	177,146	258,953	371,575	3.9	3.8
Owner Vacancy Rate (%)	2.3	2.5	2.8		
Rental Vacancy Rate (%)	8.4	8.8	11.0		
Median Family Income	\$44,302	\$67,149	NA	4.2	

NA = Data not available.

Note: Median family incomes are for 1989 and 1999.

Sources: Estimates by analyst; U.S. Census Bureau; U.S. Department of Housing and Urban Development

Table DP-3. Durham County Submarket Data Profile, 1990 to Current

	1990	2000	Current	Average Annual Change (%)	
				1990 to 2000	2000 to Current
Total Population	181,835	223,314	260,900	2.1	1.6
Total Households	72,297	89,015	103,500	2.1	1.6
Owner Households	38,293	48,300	58,300	2.3	1.9
Percent Owner (%)	53.0	54.3	56.3		
Rental Households	34,004	40,715	45,200	1.8	1.1
Percent Renter (%)	47.0	45.7	43.7		
Total Housing Units	77,710	95,452	115,950	2.1	2.0
Owner Vacancy Rate (%)	2.3	2.3	2.7		
Rental Vacancy Rate (%)	7.7	6.7	10.0		
Median Family Income	\$38,578	\$53,223	NA	3.3	

NA = Data not available.

Note: Median family incomes are for 1989 and 1999.

Sources: Estimates by analyst; U.S. Census Bureau; U.S. Department of Housing and Urban Development

Table DP-4. Remainder Submarket Data Profile, 1990 to Current

	1990	2000	Current	Average Annual Change (%)	
				1990 to 2000	2000 to Current
Total Population	280,510	372,404	455,200	2.9	2.1
Total Households	107,889	144,127	176,000	2.9	2.1
Owner Households	72,293	100,249	127,800	3.3	2.5
Percent Owner (%)	67.0	69.6	72.6		
Rental Households	35,596	43,878	48,200	2.1	1.0
Percent Renter (%)	33.0	30.4	27.4		
Total Housing Units	117,002	156,711	193,025	3.0	2.2
Owner Vacancy Rate (%)	1.7	1.9	2.1		
Rental Vacancy Rate (%)	7.2	7.6	9.0		
Median Family Income	NA	NA	NA		

NA = Data not available.

Sources: Estimates by analyst; U.S. Census Bureau; U.S. Department of Housing and Urban Development

Data Definitions and Sources

1990: 4/1/1990—U.S. Decennial Census

2000: 4/1/2000—U.S. Decennial Census

Current date: 1/1/2010—Analyst's estimates

Forecast period: 1/1/2010–1/1/2013—Analyst's estimates

Demand: The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

Other Vacant Units: In HUD's analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; units held for seasonal, recreational, or occasional use; units used by migrant workers; and the category specified as "other" vacant by the Census Bureau.

For additional data pertaining to the housing market for this HMA, go to www.huduser.org/publications/pdf/CMARtables_Raleigh-DurhamNC_10.pdf.

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This analysis has been prepared for the assistance and guidance of the U.S. Department of Housing and Urban Development (HUD) in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by HUD's Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to
www.huduser.org/publications/econdev/mkt_analysis.html.