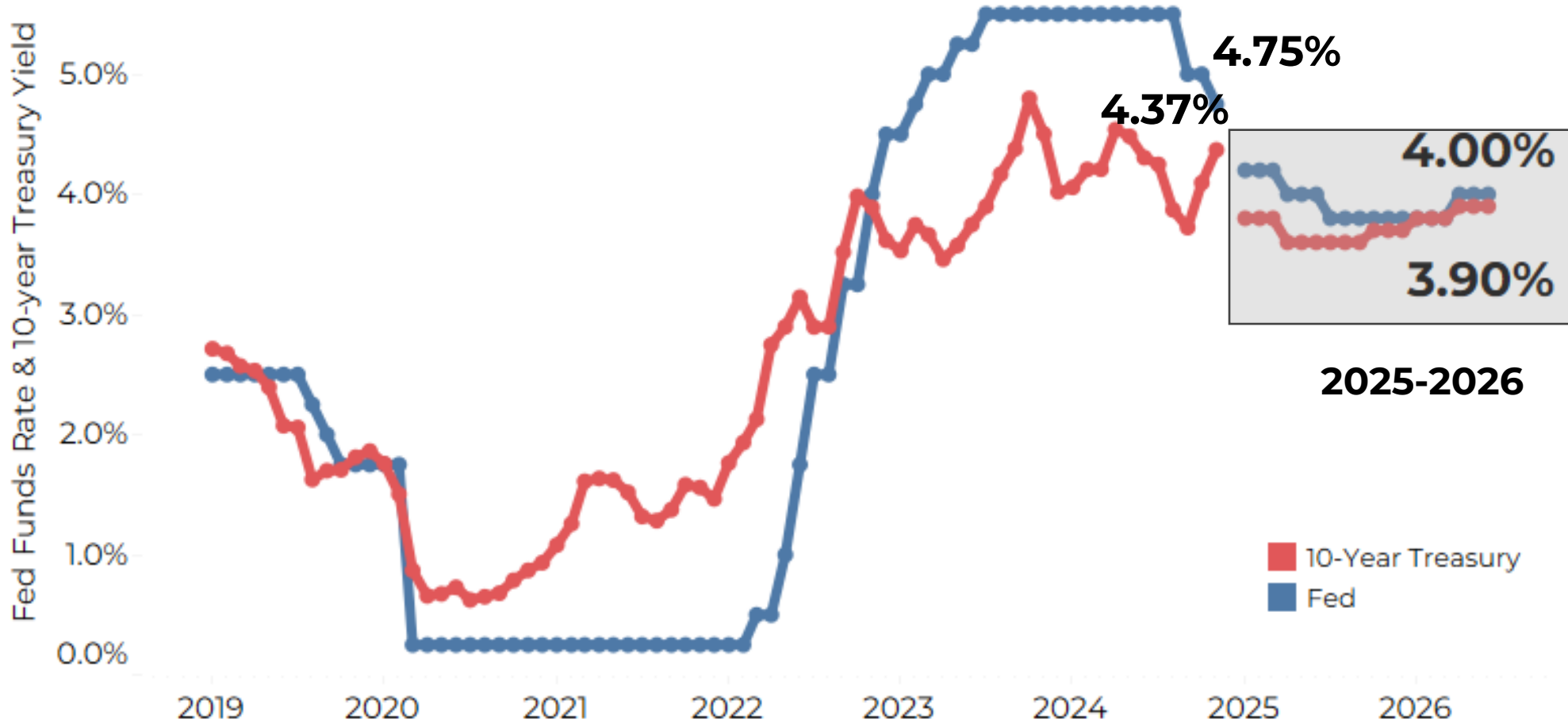


The State of the Commercial Real Estate in North Carolina

**NADIA EVANGELOU | Senior Economist & Director of
Real Estate Research
National Association of REALTORS®**

Federal Reserve cut rates twice so far



Source: Federal Reserve

Mitigating the impact of higher tariffs on inflation

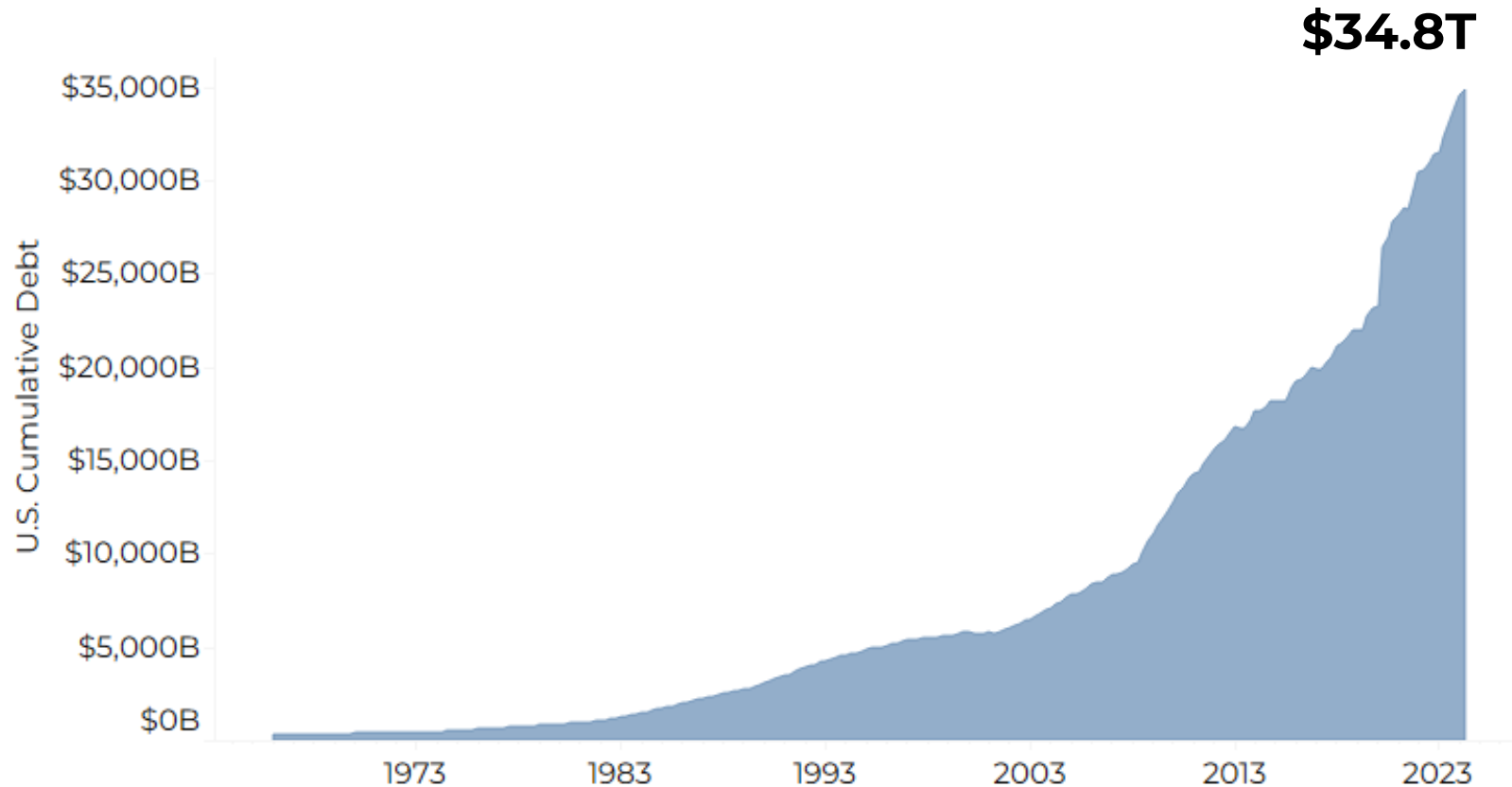


Strategies:

- Subsidies for domestic industries.
- Trade Diversification.
- Promoting Innovation and Productivity.
- Temporary tax relief for businesses and consumers.

Source: U.S. Bureau of Labor Statistics

Mitigating the impact of tax cuts on the deficit



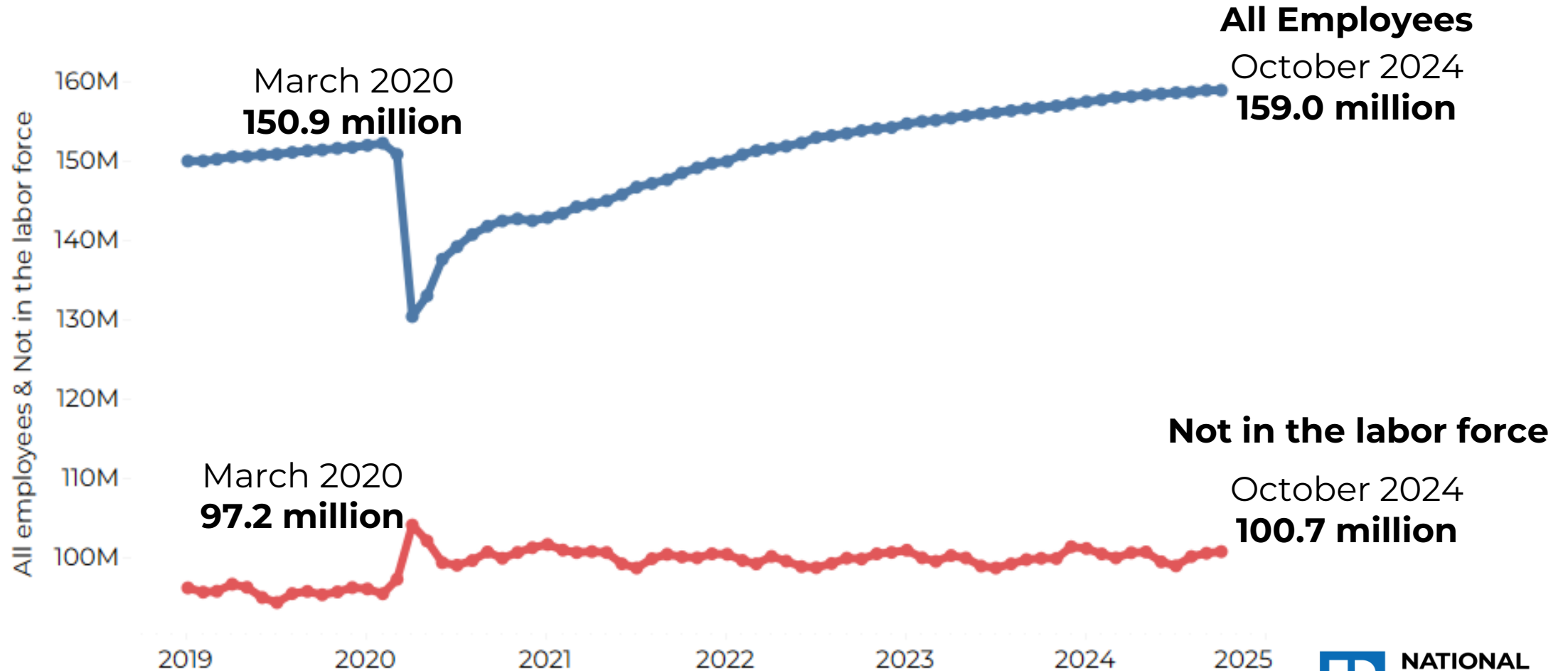
Strategies:

- Encouraging Job Creation
- Reducing Government Spending
- Shifting certain responsibilities to state and local governments

Source: U.S. Department of the Treasury

Robust Job Market

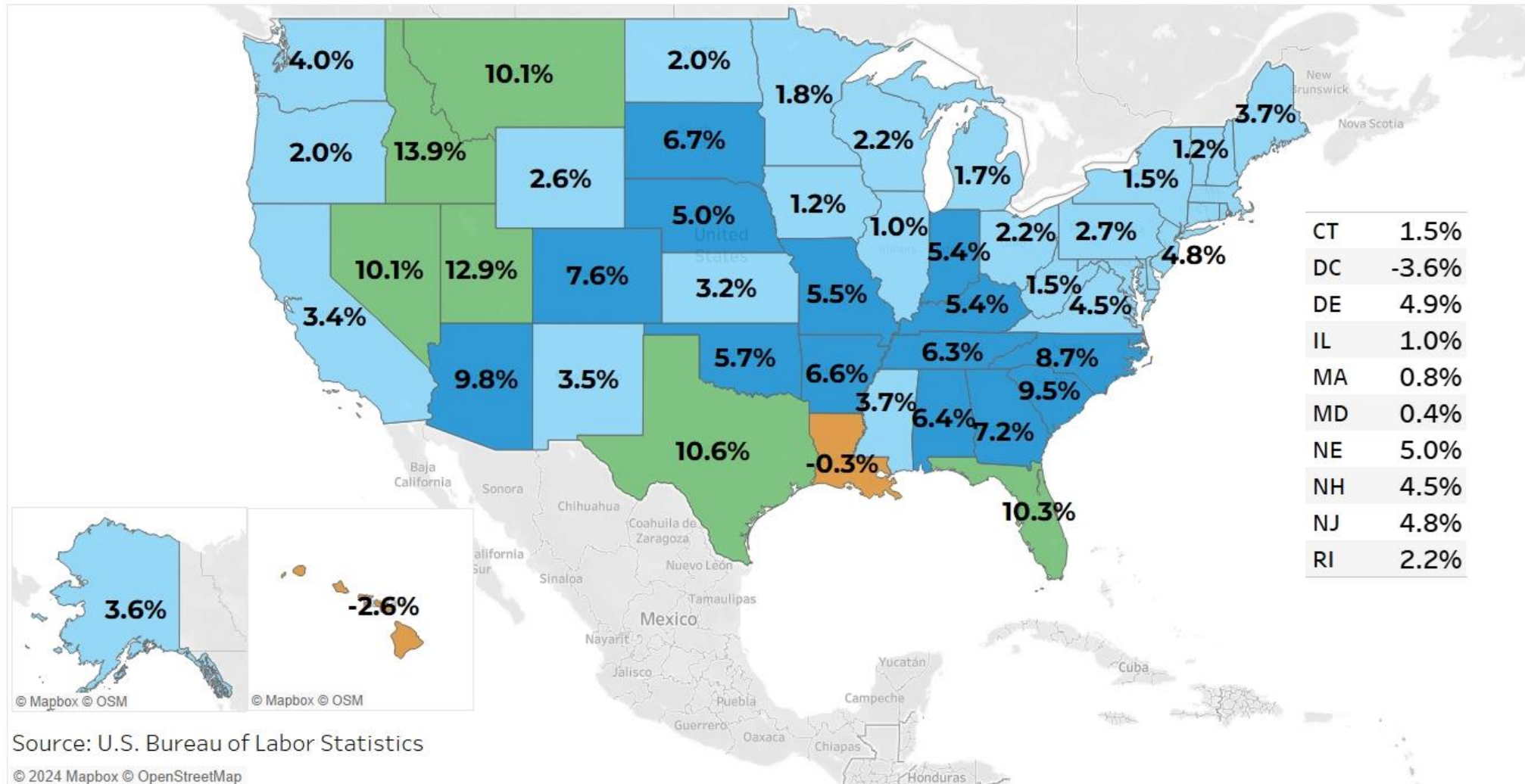
But 5 million people still missing from the labor force compared to pre-pandemic



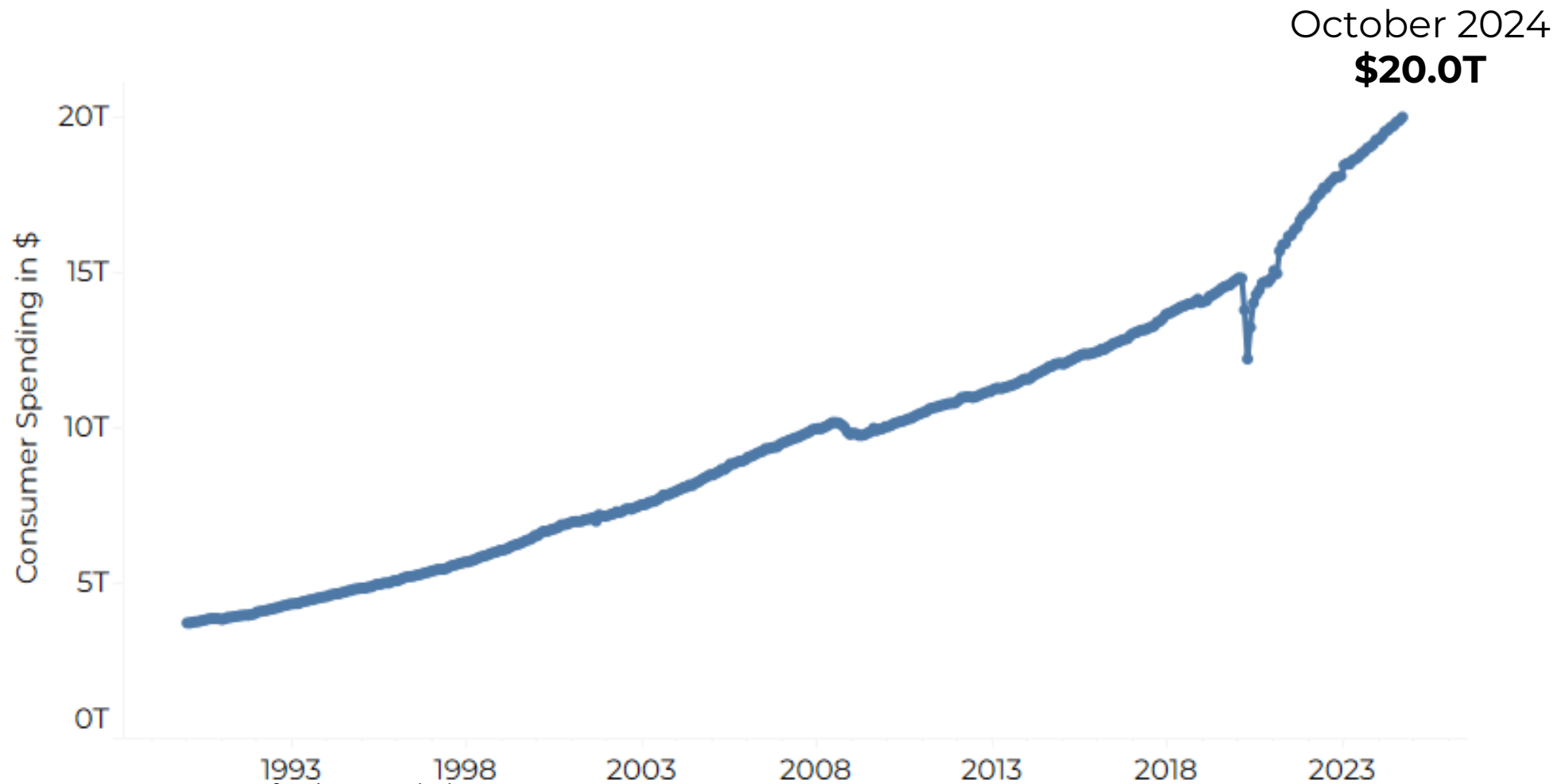
Source: U.S. Bureau of Labor Statistics

9% more jobs than pre-pandemic in North Carolina

Employment % Change from pre-COVID-19 to October 2024



Strong consumer spending

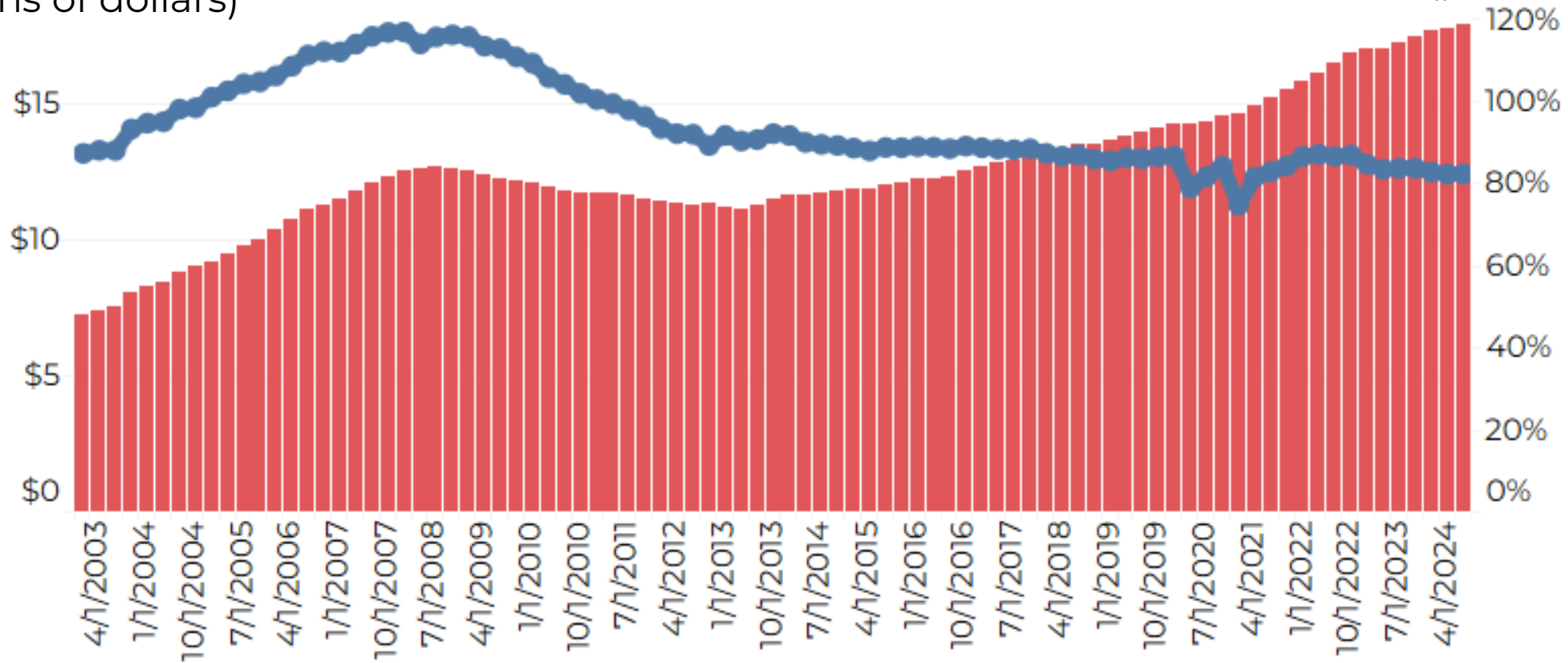


Source: U.S. Bureau of Labor Statistics

Income grows faster than debt for households

Total debt balance
(trillions of dollars)

Debt-to-income
ratio (percent)



Source: Federal Reserve Bank of New York

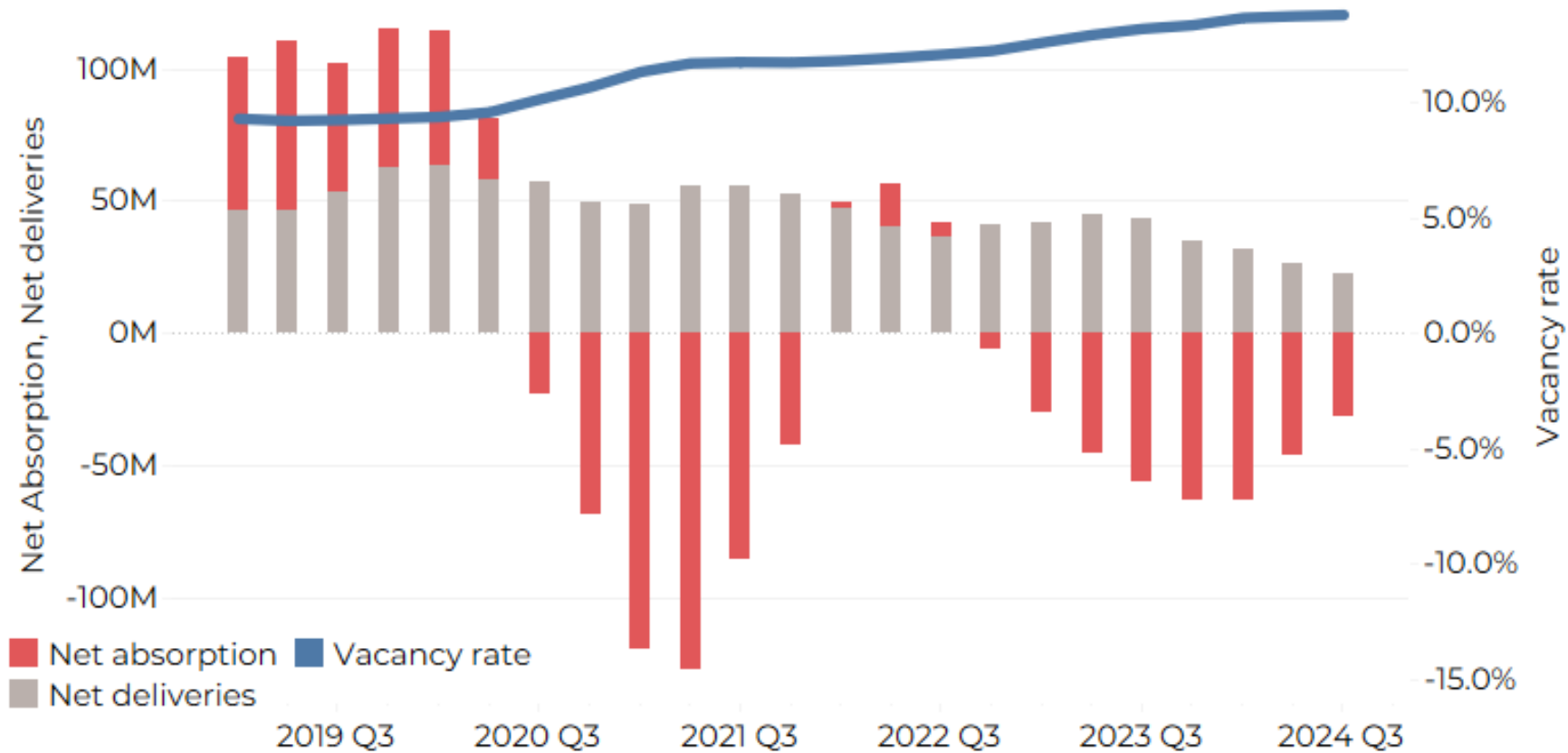
■ Debt to Income Ratio ■ Total Household Debt

Office - Nationwide

Net absorption in the last 12 months: -31.6 million sq.ft.

Rent growth in the last 12 months: 1.1%

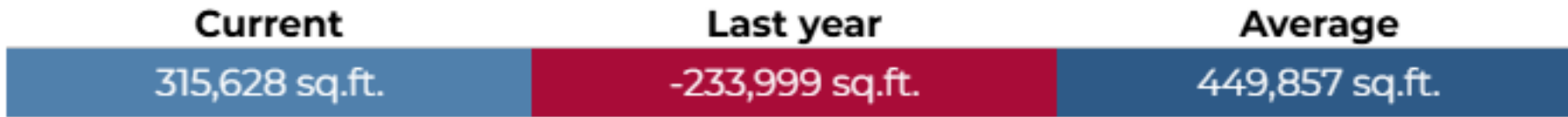
Vacancy rate: 13.8%



Source: CoStar

Durham and Raleigh turned net office absorption positive this year

Durham - NC

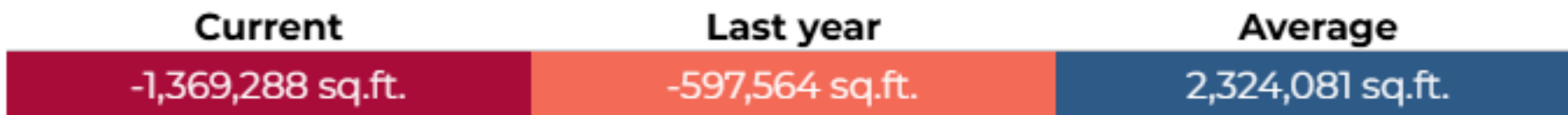


Raleigh - NC



But, not Charlotte

Charlotte - NC



Source: CoStar

Strong net migration gains in Charlotte, Raleigh and Wilmington

Among the top 25 metro areas with the largest net migration gains in 2023



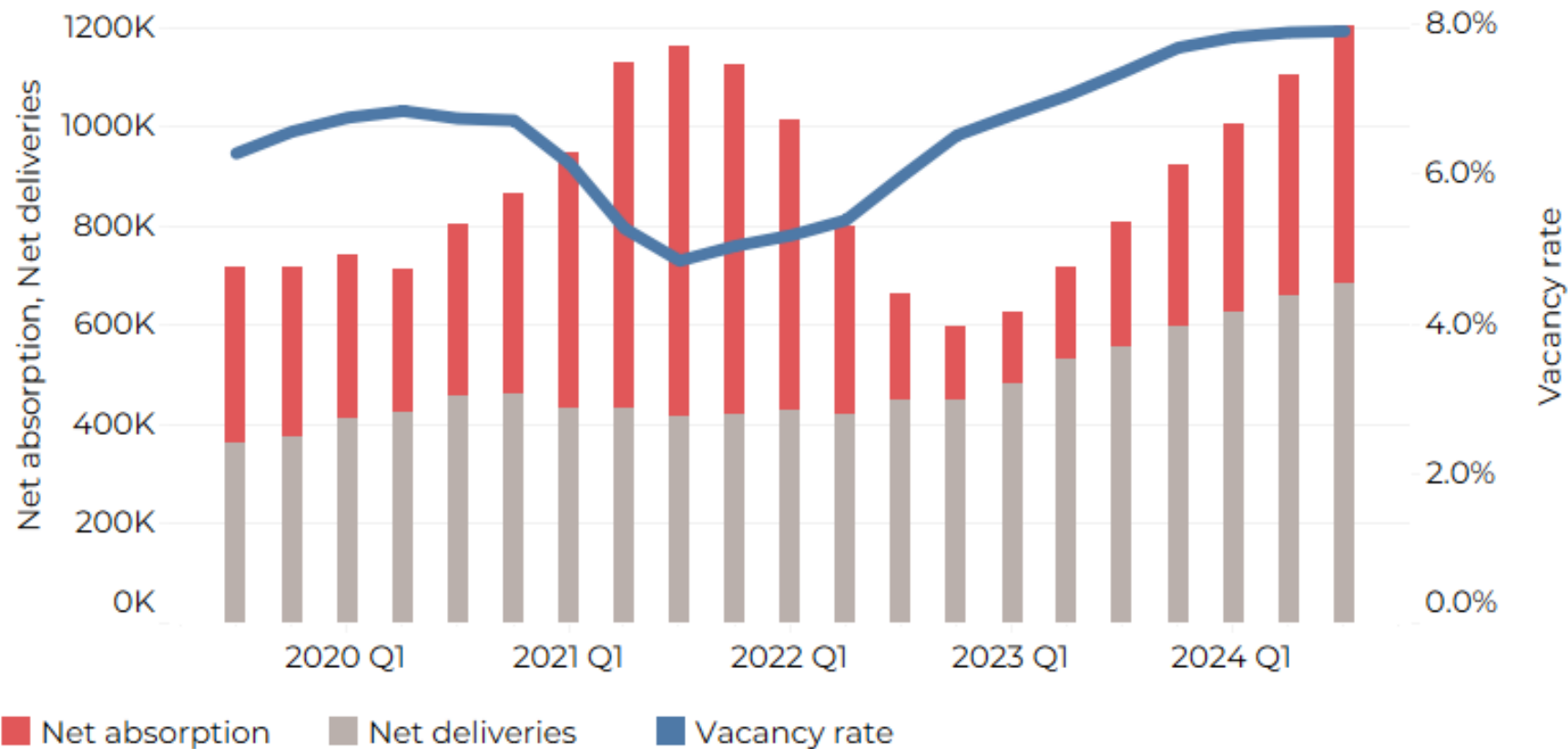
Metro area	Net Migration 2023
Dallas-Fort Worth-Arlington, TX	101,419
Houston-Pasadena-The Woodlands, TX	92,198
Tampa-St. Petersburg-Clearwater, FL	54,660
Orlando-Kissimmee-Sanford, FL	46,794
Atlanta-Sandy Springs-Roswell, GA	42,512
Charlotte-Concord-Gastonia, NC-SC	40,670
San Antonio-New Braunfels, TX	36,313
Phoenix-Mesa-Chandler, AZ	35,892
Jacksonville, FL	34,143
Austin-Round Rock-San Marcos, TX	33,412
Miami-Fort Lauderdale-West Palm Beach, FL	32,663
Lakeland-Winter Haven, FL	29,364
Nashville-Davidson--Murfreesboro--Franklin, TN	24,246
North Port-Bradenton-Sarasota, FL	22,777
Raleigh-Cary, NC	21,364
Deltona-Daytona Beach-Ormond Beach, FL	19,187
Port St. Lucie, FL	17,415
Palm Bay-Melbourne-Titusville, FL	16,326
Greenville-Anderson-Greer, SC	16,216
Charleston-North Charleston, SC	16,127
Ocala, FL	16,015
Myrtle Beach-Conway-North Myrtle Beach, SC	15,724
Knoxville, TN	14,858
Wilmington, NC	13,801

Multifamily-Nationwide

Net absorption in the last 12 months: 522,089 units

Rent growth in the last 12 months: 1.2%

Vacancy rate: 7.9%



Source: CoStar

North Carolina has higher vacancy rates due to more supply

	Rent growth	Vacancy Rate	Change of 12-month Net Absorption	Change of 12-month Net Deliveries
Charlotte	-0.9%	12.0%	138.2%	24.1%
Durham	-1.8%	12.0%	447.0%	180.5%
Greensboro	1.8%	8.4%	262.3%	67.0%
Raleigh	-2.7%	12.0%	132.7%	23.3%
Wilmington	-1.0%	12.7%	31.5%	-40.1%
U.S.	1.2%	7.9%	108.1%	23.0%

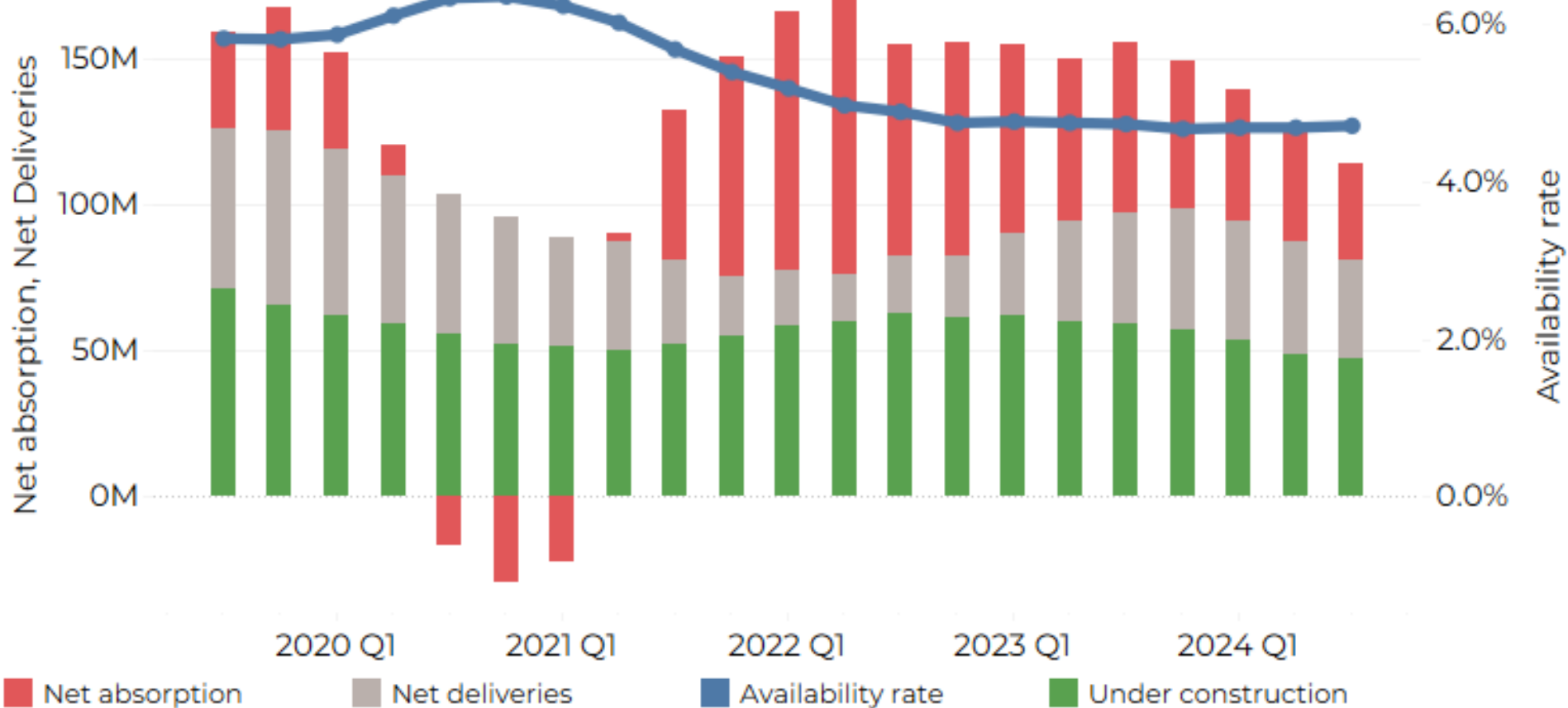
Source: CoStar

Retail-Nationwide

Net absorption in the last 12 months: 32.9 million sq.ft

Rent growth in the last 12 months: 2.5%

Vacancy rate: 4.1%



Source: CoStar

Less available retail space in North Carolina

	Rent growth	Vacancy rate	Availability rate	Change of 12-month Net Absorption	Change of 12-month Net Deliveries
Charlotte	4.0%	2.8%	3.3%	-76.8%	-40.6%
Durham	4.6%	2.0%	2.5%	-78.3%	-101.6%
Greensboro	3.3%	3.7%	3.3%	-33.7%	144.1%
Raleigh	5.5%	2.3%	3.0%	-16.0%	298.4%
Wilmington	4.3%	1.4%	2.1%	-109.1%	267.8%
U.S.	2.5%	4.1%	4.7%	-43.2%	-11.3%

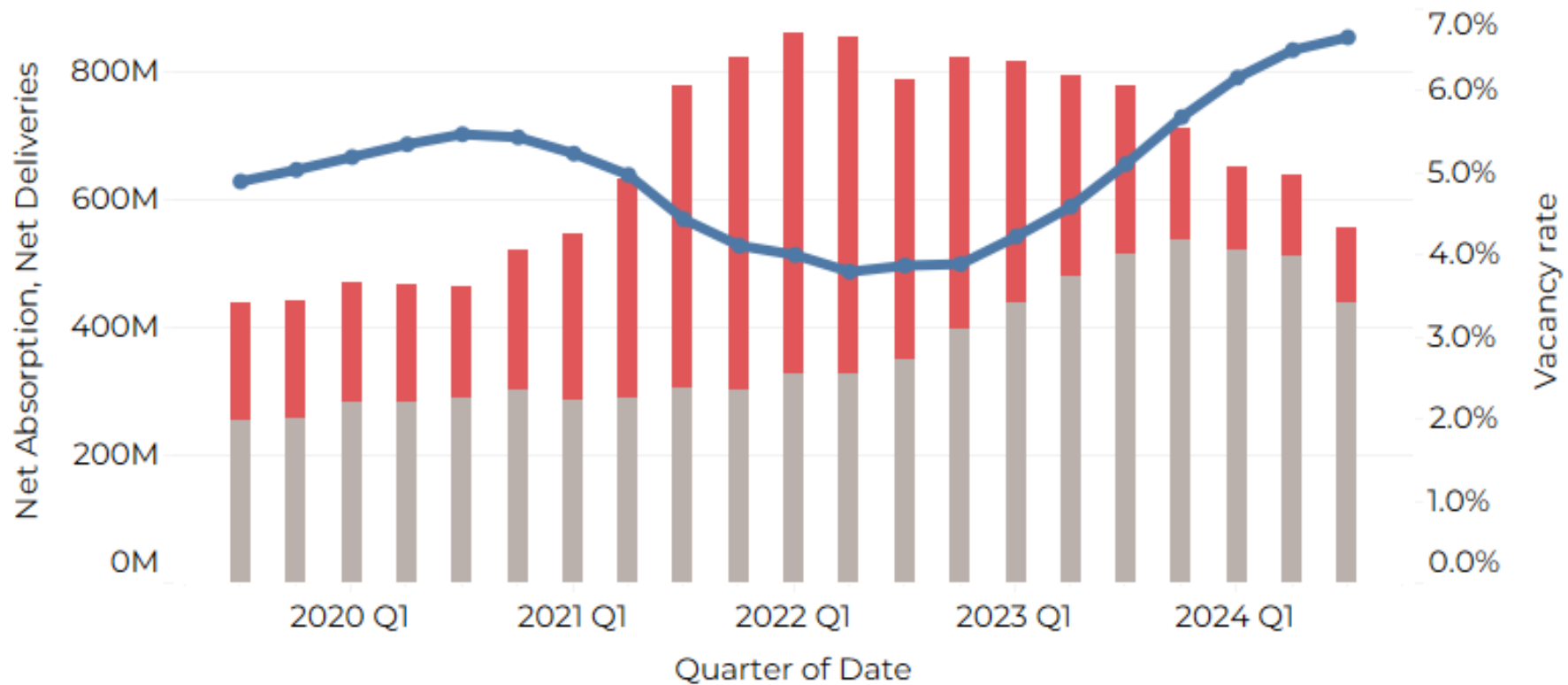
Source: CoStar

Industrial-Nationwide

Net absorption in the last 12 months: 119.4 million sq.ft

Rent growth in the last 12 months: 3.4%

Vacancy rate: 6.6%



Net absorption Net deliveries Vacancy rate

Source: CoStar

Industrial sector is performing better in North Carolina

	Rent growth	Vacancy rate	Change of Net Absorption	Change of Net Deliveries
Charlotte	4.5%	8.6%	-110.4%	1.5%
Durham	5.3%	5.8%	-53.1%	-34.6%
Greensboro	5.4%	4.7%	-165.2%	-27.2%
Raleigh	5.4%	7.0%	83.5%	3.7%
Wilmington	5.3%	2.9%	56.4%	39.6%
U.S.	3.4%	6.6%	-54.5%	-15.1%

Source: CoStar

THANK YOU.



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