



January 10, 2017

Mr. Jeff Staudinger  
Community & Economic Development Department  
City of Asheville  
70 Court Plaza, 5th Floor  
Asheville, North Carolina 28802

Re: Apartment Market Update – Buncombe County

Dear Mr. Staudinger:

Bowen National Research has completed an updated survey of apartment rentals in Buncombe County, North Carolina. The survey includes over 100 multifamily rental properties and encompasses detailed data on rents, vacancies, amenities, unit sizes (both by bedroom and square footage), age of product, quality of product, utility structure, parking alternatives, voucher use, rent specials or concessions, and other product details. We have also identified the status of multifamily rental projects currently under construction, planned or proposed for development within the county.

#### Background

Bowen National Research completed on behalf of the Asheville Regional Housing Consortium a Regional Housing Needs Assessment in late 2014 that included the counties of Buncombe, Henderson, Madison and Transylvania. Per the request of the Community & Economic Development Department of the city of Asheville, this update includes only Buncombe County.

The original Housing Needs Assessment involved the analysis of detailed economic, demographic and housing metrics that were used to assess the overall housing market conditions and development opportunities of the region. The focus of this update is to report and analyze the latest multifamily rental housing data and trends, as well as identify multifamily product in the development pipeline. This analysis enables us to assess recent trends in the multifamily rental housing market, with emphasis on changes in rents, vacancies and incentives (e.g. rent concessions). It also allows us to assess improvements or declines in the market since late 2014, and to identify potential challenges that might exist. This update does not include an assessment of recent economic or demographic characteristics and trends.

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## **Key Findings**

***The county's overall multifamily rental housing market has experienced an increase in vacancies over the past two years:*** The overall Buncombe County multifamily rental supply occupancy rate of 99.2% (0.8% vacancy rate) from 2014 decreased to a current 97.3% occupancy rate (2.7% vacancy rate). The number of vacant units increased from 99 in 2014 to 337 to 2016.

***The county's market-rate inventory experienced a decline in overall occupancy rate in 2016 but demand for such housing remains relatively strong.*** The market-rate supply is currently operating at a 96.4% occupancy rate, which is lower than the 2014 market-rate occupancy rate of 98.8%. Despite this decline in the market-rate's occupancy rate, this 96.4% occupancy rate is still above the national average of 95.1%.

***The occupancy rate among the affordable rentals such as Tax Credit and government-subsidized housing remains near 100% and there remains pent-up demand for such housing.*** None of the 2,348 government-subsidized units (serving households with incomes at or below 50% of Area Median Household Income) in the market are available, while only one of the 967 Tax Credit units (serving households with incomes at or below 60% of AMHI) is vacant. The surveyed government-subsidized product has a combined 601 households on wait lists, while the surveyed Tax Credit supply has 586 households on wait lists. As such, there is clear pent-up demand for housing affordable to low-income households.

***Most of the new rental product developed in the county over the past two years has involved high-end market-rate product, while only a couple of properties affordable to low-income households have been developed during this time:*** Of the seven newest multifamily projects we identified and surveyed in the county, two have been built under the Low-Income Housing Tax Credit program and five have been developed as market-rate projects. The two Tax Credit projects, which target low-income households, have a combined occupancy rate of 100.0%, while the five newest market-rate projects have a combined 95.8% occupancy rate. As such, the market has responded well to new market-rate product.

***Market-rate rents have increased at an annual rate of 4.4% over the past year, while Tax Credit rents have increased at 0.9% during this time:*** The overall market-rate rental supply had an average rent increase of 4.4% over the past year (the national average was 3.0%), with the greatest average increases of 5.2% for a two-bedroom unit, 4.3% for a three-bedroom unit, and 4.2% for a one-bedroom unit. Tax Credit rents, which are limited by program restrictions, increased 0.9% over the past year.

***There are 36 multifamily rental properties in the development pipeline in the county, with approximately 4,647 units that could be added over the next couple of years:*** There are 1,970 multifamily rental units under construction and an additional 2,677 units either planned or proposed. Most of the units (3,799) in the development pipeline are market-rate, while 519 involve Tax Credit product and 329 appear to be affordable (receiving some type of assistance).

## **Multifamily Apartments**

Based on our recent (October-November 2016) research, we identified and personally surveyed by telephone 105 multifamily housing projects containing a total of 12,606 units within Buncombe County. These rentals, which include a variety of project/product types (e.g. market-rate, Tax Credit and government-subsidized), have a combined occupancy rate of 97.3%. This occupancy rate is lower than the 99.2% occupancy rate reported in late 2014 as part of the original Housing Needs Assessment.

<b>Buncombe County – Overall Occupancy Rate</b>		
<b>2014</b>	<b>2016</b>	<b>Percent Change</b>
99.2%	97.3%	-1.9%

As the preceding table illustrates, the county’s multifamily rental housing occupancy rate declined by 1.9 percentage points. Despite this decline, the current overall occupancy rate of 97.3% is still considered to be high. Typically, healthy and well-balanced rental housing markets have overall occupancy levels of around 95%. The Buncombe County rental supply continues to operate at a high occupancy level, despite the introduction of more than 1,000 multifamily rental units since late 2014.

The following table summarizes the distribution of projects and units by project type (e.g. market-rate, tax credit, and government-subsidized) and compares the current occupancy rates with the occupancy rates from late 2014 (Note: decreases in occupancy for 2016 are shown in red). Tax Credit product is restricted to households with incomes of up to 60% of Area Median Household Income (AMHI), while subsidized product is restricted to 50% of AMHI.

<b>Surveyed Multifamily Apartments (2014)</b>				
<b>Project Type</b>	<b>Projects Surveyed</b>	<b>Total Units</b>	<b>Vacant Units</b>	<b>Occupancy Rate</b>
Market-rate	68	8,259	99	98.8%
Market-rate/Tax Credit	1	160	0	100.0%
Market-rate/Government-Subsidized	1	123	0	100.0%
Tax Credit	16	718	0	100.0%
Tax Credit/Government-Subsidized	2	200	0	100.0%
Government-Subsidized	25	2,609	0	100.0%
<b>Total</b>	<b>113</b>	<b>12,069</b>	<b>99</b>	<b>99.2%</b>
<b>Surveyed Multifamily Apartments (2016)</b>				
<b>Project Type</b>	<b>Projects Surveyed</b>	<b>Total Units</b>	<b>Vacant Units</b>	<b>Occupancy Rate</b>
Market-rate	62	8,941	336	96.2%
Market-rate/Tax Credit	1	160	1	99.4%
Market-rate/Government-Subsidized	2	403	0	100.0%
Tax Credit	19	825	0	100.0%
Tax Credit/Government-Subsidized	8	571	0	100.0%
Government-Subsidized	13	1,706	0	100.0%
<b>Total</b>	<b>105</b>	<b>12,606</b>	<b>337</b>	<b>97.3%</b>

Among the 105 multifamily projects surveyed in the county, 85 are non-subsidized (market-rate and Tax Credit) projects containing 10,258 units. These non-subsidized units are 96.7% occupied, which is slightly lower than the 98.9% occupancy rate from 2014. The remaining 20 projects contain 2,348 government-subsidized units, which are 100.0% occupied. This is unchanged from 2014.

The 20 government-subsidized projects we surveyed within the county operate under the HUD Section 8, HUD Section 202, HUD Section 236, Rural Development 515 and Public Housing programs. The government-subsidized units (both with and without Tax Credits) in the county are summarized as follows.

Subsidized Tax Credit				
Bedroom	Baths	Units	% Vacant (2016)	% Vacant (2014)
One-Bedroom	1.0	133	0.0%	0.0%
Two-Bedroom	1.0	237	0.0%	0.0%
Two-Bedroom	1.5	4	0.0%	-
Three-Bedroom	1.0	98	0.0%	0.0%
Four-Bedroom	1.5	42	0.0%	0.0%
<b>Total Subsidized Tax Credit</b>		<b>514</b>	<b>0.0%</b>	<b>0.0%</b>
Government-Subsidized				
Bedroom	Baths	Units	% Vacant (2016)	% Vacant (2014)
Studio	1.0	258	0.0%	0.0%
One-Bedroom	1.0	585	0.0%	0.0%
Two-Bedroom	1.0	518	0.0%	0.0%
Two-Bedroom	1.5	49	0.0%	0.0%
Two-Bedroom	2.0	2	0.0%	-
Three-Bedroom	1.0	312	0.0%	0.0%
Three-Bedroom	1.5	24	0.0%	0.0%
Three-Bedroom	2.0	2	0.0%	-
Four-Bedroom	1.0	20	0.0%	0.0%
Four-Bedroom	1.5	42	0.0%	0.0%
Four-Bedroom	2.0	-	-	0.0%
Five-Bedroom	1.5	22	0.0%	0.0%
<b>Total Subsidized</b>		<b>1,834</b>	<b>0.0%</b>	<b>0.0%</b>

The subsidized Tax Credit units are 100.0% occupied and the government-subsidized units are also 100.0% occupied. These occupancy rates among all subsidized projects in the county indicate a strong market for low-income housing. As shown later in this analysis, most projects with government-subsidized units operate with wait lists, which demonstrate the pent-up demand for such housing.

The following table summarizes the breakdown of non-subsidized rental housing units we surveyed in the county. This includes market-rate and Tax Credit units. Market-rate units are generally unrestricted units that typically do not receive any type of government financial assistance or operate under any type of rent or income limitations. While Tax Credit rental housing is limited in terms of the maximum income a resident has (restricted to no more than 60% of Area Median Household Income) and the maximum rent that can be charged, these units do not receive any type of subsidy to the resident or property owner. Specifically, the table below compares both the median collected rents and vacancy rates by bedroom/bathroom type for 2016 with the original 2014 survey data. It is important to point out that the collected rents shown in this analysis refer to the tenant-paid rents and do not account for any tenant-paid utilities, which can typically add at least an additional 10% to the overall tenant housing costs.

Market-rate					
Bedroom	Baths	% Vacant (2014)	% Vacant (2016)	Median Collected Rent (2014)	Median Collected Rent (2016)
Studio	1.0	1.0%	2.5%	\$667	\$875
One-Bedroom	1.0	1.2%	4.1%	\$830	\$935
Two-Bedroom	1.0	1.7%	4.0%	\$800	\$941
Two-Bedroom	1.5	0.6%	2.1%	\$915	\$960
Two-Bedroom	2.0	1.4%	3.7%	\$1,022	\$1,144
Two-Bedroom	2.5	0.0%	2.3%	\$1,031	\$1,180
Three-Bedroom	1.0	0.0%	0.0%	\$739	\$799
Three-Bedroom	1.5	0.0%	1.3%	\$1,000	\$1,035
Three-Bedroom	2.0	1.2%	3.7%	\$1,242	\$1,350
Three-Bedroom	2.5	0.0%	1.3%	\$1,303	\$1,455
Three-Bedroom	3.0	0.0%	-	\$1,100	-
Three-Bedroom	3.5	-	0.0%	-	\$6,000
Four-Bedroom	1.5	0.0%	0.0%	\$789	\$949
Four-Bedroom	2.0	0.0%	0.0%	\$1,005	\$1,225
Five-Bedroom	3.0	0.0%	-	\$1,000	-
<b>Total Market-rate</b>		<b>1.2%</b>	<b>3.6%</b>	-	-
Tax Credit, Non-Subsidized					
Bedroom	Baths	% Vacant (2014)	% Vacant (2016)	Median Collected Rent (2014)	Median Collected Rent (2016)
Studio	1.0	0.0%	0.0%	\$222	\$257
One-Bedroom	1.0	0.0%	0.0%	\$467	\$470
Two-Bedroom	1.0	0.0%	0.0%	\$531	\$543
Two-Bedroom	2.0	0.0%	0.0%	\$388	\$652
Three-Bedroom	1.0	0.0%	1.7%	\$658	\$665
Three-Bedroom	2.0	0.0%	0.0%	\$580	\$615
Four-Bedroom	1.5	0.0%	0.0%	\$706	\$713
Four-Bedroom	2.0	0.0%	0.0%	\$335	\$385
<b>Total Tax Credit</b>		<b>0.0%</b>	<b>0.1%</b>	-	-

As the preceding table illustrates, the market-rate units (includes units in mixed-income projects, as well as within entire market-rate projects) have an overall vacancy rate of 3.6%, an increase from the 1.2% vacancy rate in 2014. Regardless, Buncombe County’s 3.6% vacancy rate is still below the national rental vacancy rate of 4.9%, according to Axiometrics’ 3<sup>rd</sup> Quarter 2016 report. Buncombe County’s vacancy rates are generally similar among the different bedroom/bathroom configurations. The vacancy rate among the Tax Credit supply is extremely low at 0.1%, with only one vacant unit among the 967 total Tax Credit units surveyed in the county. There were no vacancies among the Tax Credit units in 2014. As a result, there remains limited availability among Tax Credit housing in the market.

The following table compares the median collected rents by bedroom type, regardless of the number of bathrooms offered. It should be noted that because there are numerous combinations of bedrooms and bathrooms, we have taken the average of the lowest and highest median rents for each bedroom/bathroom configuration to derive a median rent for each overall bedroom type.

Median Market-Rate Collected Rent by Bedroom							
Studio		One-bedroom		Two-bedroom		Three-bedroom	
2014	2016	2014	2016	2014	2016	2014	2016
\$667	\$875	\$830	\$930	\$916	\$1,061	\$1,021	\$1,127

While the median collected rents have increased significantly among the market-rate supply since 2014, much of this increase is attributed to the relatively large number of market-rate inventory that has been added to the market during the past two years. According to local apartment managers and leasing representatives, rents for market-rate rentals are increasing at an average annual rate of 4.4%. This is higher than the national average of 3.0%, according to Axiometrics’ 3<sup>rd</sup> Quarter 2016 report. This increase in rents indicates that demand for market-rate rental housing remains strong despite the large amount of new inventory added to the market during the past two years. As the table on the preceding page also illustrates, median collected Tax Credit rents by the different bedroom/bathroom configurations in the county have also increased over the past two years, but not to the degree the market-rate rents increased. According to area apartment managers, rents for Tax Credit product is increasing at an annual rate of around 0.9%. It is important to point out that Tax Credit projects have programmatic rent limits for which they cannot exceed. Therefore, rent growth among Tax Credit product is often limited by program restrictions and not market demand.

The following is a distribution of all units surveyed by year built for the county:

Year Built	Projects	Units	Vacancy Rate
Before 1970	17	782	2.4%
1970 to 1979	8	1,403	1.4%
1980 to 1989	11	1,362	2.1%
1990 to 1999	10	1,076	3.6%
2000 to 2005	15	1,699	2.6%
2006	1	50	0.0%
2007	1	148	2.0%
2008	2	443	3.4%
2009	3	426	3.3%
2010	1	60	0.0%
2011	3	654	4.3%
2012	3	518	0.4%
2013	1	52	0.0%
2014	1	22	0.0%
2015-2016*	9**	1,563	8.0%

\*As of October

\*\* Includes newly developed projects and new phases of older (pre-2015) product.

Nearly 23% of all apartments surveyed were built prior to 1980. These older apartments have a vacancy rate of 1.8%, slightly lower than the overall market. There were a total 1,563 units added to the market in 2015 and 2016. These newer units have an overall vacancy rate of 7.4%, higher than the overall market vacancy rate of 2.7%. This high vacancy rate is attributed to several projects that are still in their initial lease-up phases. When these projects are excluded, the vacancy rate for product built in 2015 and 2016 is only 1.0%. This indicates that the market is responding extremely well to new rental product.

Because the quality of product can have a significant impact on the achievable rents and vacancies, particularly for market-rate supply, we rated each property surveyed on a scale of "A" through "F". All market-rate properties were rated based on quality and overall appearance (i.e. aesthetic appeal, building appearance, landscaping and grounds appearance). Following is a distribution by quality rating, units, vacancies, and median net rents by quality rating for the area's market-rate supply.

Market-rate Properties				Median Collected Rent				
Quality Rate	Projects	Total Units	Vacancy Rate	Studio	One-Br.	Two-Br.	Three-Br.	Four+-Br.
A+	3	419	0.7%	-	\$1,230	\$1,545	\$1,625	-
A	16	3,516	4.9%	\$875	\$963	\$1,165	\$1,455	-
A-	5	746	4.7%	-	\$890	\$1,084	\$1,405	-
B+	11	2,493	2.6%	\$775	\$930	\$1,060	\$1,269	-
B	11	1,529	3.4%	\$750	\$850	\$1,025	\$1,195	\$1,225
B-	5	255	2.0%	-	\$725	\$656	\$732	\$732
C+	2	64	0.0%	-	\$725	\$850	-	-
C	10	217	0.5%	\$500	\$600	\$759	\$859	\$949
C-	2	52	1.9%	\$650	\$795	\$775	\$875	-

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Vacancies are the highest among properties with ratings of A and A-, but are relatively low regardless of quality. Interestingly, market-rate vacancies are the lowest among the lowest quality product which generally have the lowest rents. As such, it appears that there is some price sensitivity in the market and that renters will likely live in lower quality product as long as rents are affordable.

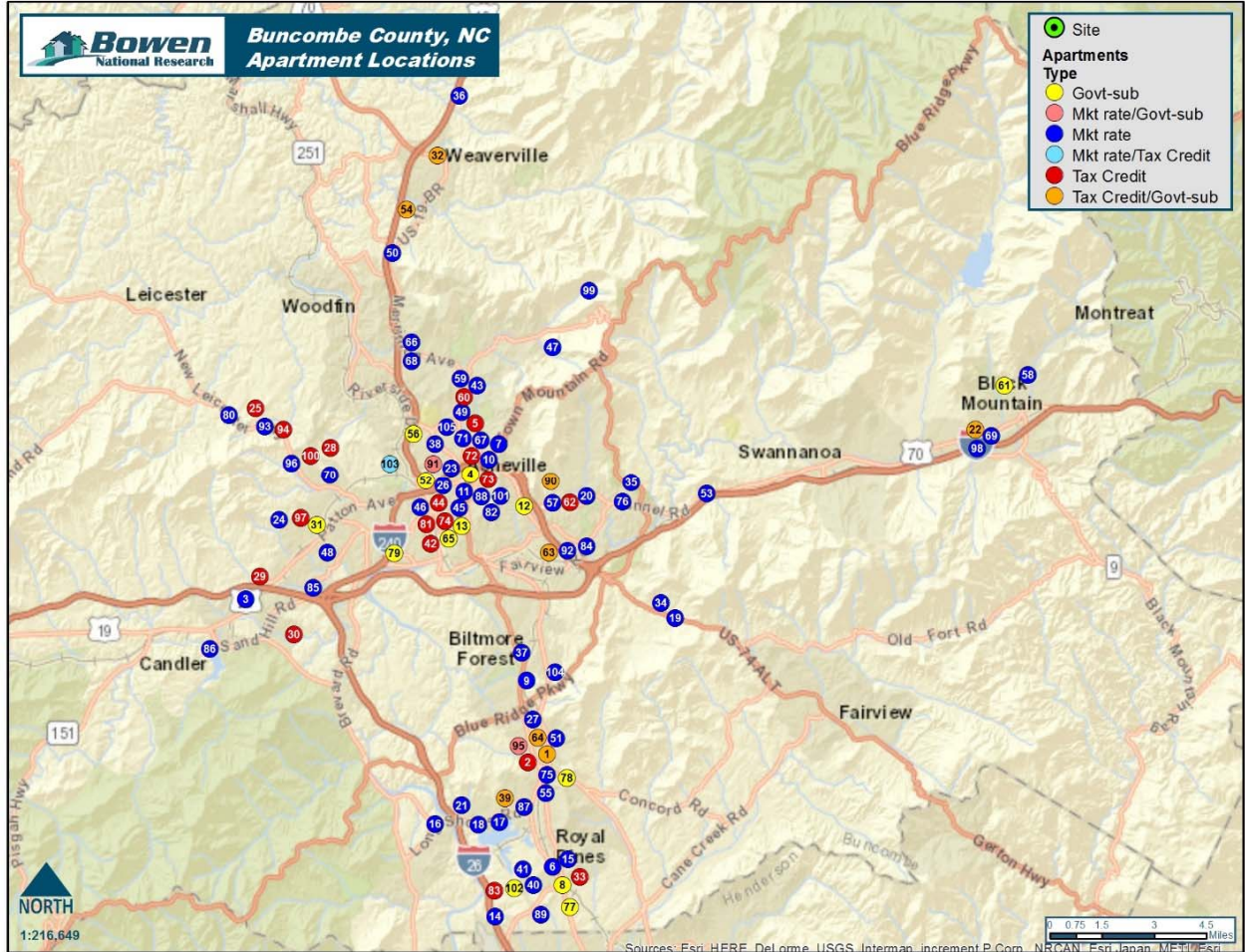
Of the 105 multifamily properties surveyed, 45 operate with a wait list for prospective renters seeking available housing. The following table summarizes the wait lists by project type.

Multifamily Rental Housing Wait Lists Buncombe County		
Project Type	Projects with Wait Lists	Households on Wait List
Market-Rate	13	299
Tax Credit	14	586
Government-Subsidized	18	601
Overall	45	1,486

Each of the different product types have at least some projects operating with wait lists. The most prominent product type with wait lists is among the affordable (e.g. Section 8, Public Housing, etc.) product. All affordable projects are fully occupied and 18 of these projects operate with wait lists, with a total of 601 households. This indicates that four in five projects with government-subsidized units operate with a wait lists. As such, there is significant pent-up demand for housing that is affordable to very low-income households, which are generally households with incomes well below 50% of Area Median Household Income (AMHI). However, it is important to point out that Tax Credit properties, which generally serve households with incomes between 40% and 60% of AMHI, also operate with wait lists. In fact, of the 20 Tax Credit projects in the market, 14 (70%) operate with a wait list. These Tax Credit wait lists have a combined total of 586 households, which indicate the strong level of pent-up demand for such housing. While not as prominent, 13 of the market-rate properties surveyed in the market operate with a wait list, representing 20% of the projects offering market-rate units. There are nearly 300 households on wait list at area market-rate properties.



The map below shows the location of the surveyed rental housing supply by program type.



**Recent Multifamily Development**

There were seven multifamily projects identified in the market that were built in 2015, though some have units that were also constructed in 2016. While these may not represent all new multifamily product recently added to the market, they provide sufficient information on the market’s response to new product and the characteristics of such product. The following table provides an overview of the market’s newest product.

Map I.D.	Project Name	Year Built	Total Units	Occupancy Rate	Waiting List	Target Market
6	Ansley at Roberts Lake	2015	296	99.0%	None	General-Occupancy; Market-rate; Families
15	Avalon at Sweeten Creek	2015	192	95.8%	None	General-Occupancy; Market-rate; Families
16	Aventine	2015	312	90.7%	None	General-Occupancy; Market-rate; Families
25	Carmel Ridge	2015	80	100.0%	300 H.H.	General Occupancy; Tax Credit
75	Palisades Apt. Homes	2015	224	97.3%	None	General-Occupancy; Market-rate; Families
82	Retreat at Hunt Hill	2015	180	97.8%	None	General-Occupancy; Market-rate; Families
94	Villas at Fallen Spruce	2015	55	100.0%	None	Seniors (Age 55+); Tax Credit

H.H. – Households

The two Tax Credit projects, which target low-income households, have a combined occupancy rate of 100.0%, indicating a very strong demand for affordable housing in the market. One of these projects maintains a 300-household wait list. The five newest market-rate projects have occupancy rates ranging from 90.7% to 99.0%, with four of the projects operating with occupancy rates above 95.0%. As such, the market has responded well to new market-rate product.

Evaluating the initial lease-up rates of newly developed product can provide insight as to the market’s response to such product and ultimately the level of demand for rental product. Typically, in healthy rental housing markets, average absorption rates for market-rate product generally range from around 18 to 30 units per month, while Tax Credit product typically averages around 10 to 15 units per month. Of the new projects reporting initial lease-up information in the subject market, the market-rate product was experiencing average absorption rates between 13 and 17 units per month. This is slightly lower than normal but not surprising given the fact that several projects began lease-up around the same time. The two Tax Credit projects experienced initial lease-up rates of at least 20 units per month. These are rapid absorption rates and positive indications of the very strong level of demand for rental product that serves low-income households.

The collected rents for the new rental projects, as well as their unit mixes and vacancies by bedroom are listed in the following table:

Map I.D.	Project Name	Collected Rent/Percent of AMHI (Number of Units/Vacancies)			
		Studio	One-Br.	Two-Br.	Three-Br.
6	Ansley at Roberts Lake	-	\$935-\$1,390 (90/1)	\$1,325-\$1,485 (177/1)	\$1,550-\$1,680 (29/1)
15	Avalon at Sweeten Creek	-	\$930-\$955 (66/3)	\$1,060-\$1,075 (94/2)	\$1,385-\$1,395 (32/3)
16	Aventine	-	\$963-\$1,273 (133/13)	\$1,180-\$1,479 (134/13)	\$1,635-\$1,995 (45/3)
25	Carmel Ridge*	-	\$247/30% AMI (5/0) \$543/60% AMI (5/0)	\$289/30% AMI (10/0) \$652/60% AMI (40/0)	\$323/30% AMI (5/0) \$743/60% AMI (15/0)
75	Palisades Apt. Homes	-	\$925-\$945 (72/2)	\$1,065-\$1,144 (108/3)	\$1,330-\$1,355 (44/1)
82	Retreat at Hunt Hill	\$975-\$1,020 (18/1)	\$1,120-\$1,325 (89/2)	\$1,420-\$1,550 (73/1)	-
94	Villas at Fallen Spruce*	-	\$234/30% AMI (9/0) \$442/50% AMI (12/0) \$546/60% AMI (12/0)	\$275/30% AMI (4/0) \$525/50% AMI (9/0) \$650/60% AMI (9/0)	-

\*Tax Credit property with income and rent restrictions  
AMI – Area Median Income

New market-rate rentals have base rents starting at \$975 for a studio unit, \$925 for a one-bedroom unit, \$1,060 for a two-bedroom unit, and \$1,330 for a three-bedroom unit. New Tax Credit rental product has rents generally no more than about 50% of the lowest market-rate rents. The highest Tax Credit rents among the new supply are \$546 for a one-bedroom unit, \$652 for a two-bedroom unit, and \$743 for a three-bedroom unit. The Tax Credit rents at these new projects are likely contributing to the market’s very strong response to new Tax Credit product.

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## Development Pipeline

According to area planning and building representatives, there are currently 33 rental housing projects planned and/or under construction within Buncombe County. These projects are summarized on the following pages.

Project Name & Address	Type	Units	Developer	Status/Details
Ascot Point Apartments 14 Ascot Point Circle/Asheville	Market-rate	104	Ascot Place Phase I	<b>Under Construction</b> /Phase III of existing property of 334 units, estimated completion fall 2017
Eagle Market Place 19 Eagle Street/Asheville	Market-rate & Affordable	62	Mountain Housing Opportunities	<b>Under Construction</b> /32 LIHTC units & 30 market-rate units, estimated completion early 2017
Florence Street/Beaucatcher Flats 129 Florence Street/Asheville	Market-rate	97	Partners in Mercy/ Beauxwright	<b>Under construction</b> /Estimated rent for one-bedroom is \$1,050, 106 parking spaces
Givens Gerber Park II 50 Gerber Road/Asheville	Affordable	82	Givens Estates	<b>Under Construction</b> , Affordable market-rate for older adults (age 55+); Expected completion for late 2017
Givens Gerber Park III 50 Gerber Road/Asheville	Affordable	60	Givens Estates	<b>Under Construction</b> , targeting seniors age 55+ earning 30%, 50%, and 60% AMHI, estimated completion fall of 2017
Greymont Village 234 Sardis Road/Asheville	Market-rate	108	Carrol Investments	<b>Under Construction</b> , 108 units estimated completion summer of 2017, plans for a total of 356 units in multiple phases
Hawthorne at Mills Gap 60 Mills Gap Road/Arden	Market-rate	256	Pullman Properties	<b>In Technical Review Committee</b>
Hawthorne at Weaverville US 25 and Monticello Road/Weaverville	Market-rate	168	Hawthorne Residential Partners	<b>Under Construction</b> / One-, two- and three-bedroom luxury apartments, estimated completion spring of 2017
Patton Place 248 Patton Avenue/Asheville	Market-rate	116	Delray Ventures	<b>Under Construction</b> /Studios, one- and two-bedrooms, estimated completion fall of 2017
River Mill Lofts Thompson Court/Asheville	Market-rate	254	M Realty LLC	<b>Under Construction</b> /Mixed-use retail and apartments
The District (AKA Biltmore Village) 100 District Drive/Asheville	Market-rate	293	Flournoy Companies	<b>Under Construction</b> / Mixed-use, retail and one-, two- and three-bedrooms, estimated completion date in winter 2017
The Garage Apartments 56 South Lexington Avenue/Asheville	Market-rate	32	Public Interest Projects	<b>Under Construction</b> / Mixed-use, retail and one- and two-bedroom units in five story building
Chrysler Lofts 150 Coxe Avenue/Ashville	Market-rate	48	Cox Avenue Properties	<b>In Technical Review Committee</b>
TBD 55 S. Market Street/ Asheville	Market-rate	140	Estates & Companies, Inc	<b>In Technical Review Committee</b>
ABCCM Veteran's Housing Project 1401 Tunnel Road/Asheville	Affordable	88	Asheville Buncombe Christian Ministries (ABCCM)	<b>In Council Review/Six-story, 96-unit veteran housing development</b>
Biltmore Park Apartments II 51 Thetford Street/ Asheville,	Market-rate	56	Town Square West	<b>Approved by Technical Review Committee</b>

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Project Name & Address	Type	Units	Developer	Status/Details
Broad Street Mixed-use 135 Broad Street/Asheville	Market-rate	3	Broad Properties	<b>Approved by Technical Review Committee/</b> First floor office space, three apartments second floor
Collier Avenue Apartments 11 Collier Avenue/Asheville	Market-rate	49	Collier Avenue Properties	<b>In Technical Review Committee/</b> Four stories, one- and two-bedroom units, two-level parking garage
Courtland Avenue 141 Courtland Avenue/Asheville	Market-rate	13	Asheville Buncombe Christian Ministries (ABCCM)	<b>Under Review/</b> The conversion of three existing group home buildings into multi-family units.
Ledford Site Apartments 185 Coxe Avenue/Asheville	Market-rate	118	South Slope Holdings, LLC	<b>Approved by Technical Review Committee/</b> Five-story with 288 space parking garage
Lee Walker Heights 50 Wilbur Avenue/Asheville	Affordable	212	Asheville Housing Authority	<b>In final review, Technical Review Committee/</b> Planned replacement housing for 96-unit public housing development planned for demolition, includes 10,975 square feet of commercial space. Proposed in two phases with phase one construction of four of nine buildings. The Project did not receive funding in August 2016, but development plans to reapply
Hill Ridge 29 Oak Hill Drive/Asheville	Affordable	72	Oak Hill Group, LLC	<b>In Technical Review Committee; 36 market-rate and 36 affordable units</b>
RAD Lofts 146 & 179 Roberts Street/Asheville	Market-rate & Affordable	230 MR 13 AFF	RAD Lofts, LLC	<b>In Technical Review Committee/</b> 243 residential units, retail and office space
Simpson Street 42 Simpson Street/Asheville	Affordable	70	York Real Estate Investment & Beaucatcher Commons	<b>In Technical Review Committee/</b> One-bedroom units at 60% AMHI, some units set aside for homeless, developer Beaucatcher Commons committed to providing the affordable units for 20 years
Skyland Exchange 55 Miami Circle; 70 Allen Avenue/Asheville	Market-rate & Affordable	261 MR 29 AFF	Hathaway Development Miami Made, LLC	<b>In final review, Technical Review Committee/</b> One-, two- and three-bedroom units, projected rents would range from \$850 to \$1,350, estimated completion fall 2017
White Oak Grove 275 Hazed Mill Road/Asheville	Market-rate & Affordable	97 MR 11 AFF	White Oak Grove, LLC	<b>In Technical Review Committee</b>
Haven at Enka Lake 100 Laurel Oak Drive/Chandler	Market-rate	258	Faison Northview	<b>Under Construction/</b> One-, two-and three-bedrooms, rents will range from \$900-\$1,350.
Asheville Buncombe Educational Housing 180 Erwin Hills Road/Asheville	Market-rate	24	Eblen Charities	<b>Under Construction/</b> Housing for city and county teachers, rent for the two-bedroom, two-bath apartments will be \$915, estimated completion summer 2017
Ashville Exchange Apartments 105 Exchange Circle /Asheville	Market-rate	312	Hathaway Development	<b>Under Construction/</b> One-, two-and three-bedrooms, estimated completion spring 2017

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Project Name & Address	Type	Units	Developer	Status/Details
Perry Lane Apartments 8 Old Smokey Trail/Arden	Affordable	120	Fred Mills Sr.	<b>Buncombe County Board of Adjustments approved/</b> Received LIHTC funding August 2016
East Haven Apartments 2240 U.S 70/Swannonoa	Affordable	95	Civil Design Concepts & Mountain Housing Opportunities	<b>Buncombe County Board of Adjustments approved</b>
Long Shoals Apartment 1849 Brevard Road/Arden	Market-rate	472	Civil Design Concepts	<b>Buncombe County Board of Adjustments approved</b>
Blue Ridge Crossing 30 Garrison Branch/Weaverville	Market-rate	224	Austin Development	<b>Buncombe County Board of Adjustments approved/</b> Nine buildings, along with a saltwater pool, fitness, dog park and nature trails.

TBD-To be determined

MR-Market-rate

AFF-Affordable

NA-Not Available

The following table illustrates the aggregate number of multifamily projects and units in the development pipeline, distinguishing between supply that is planned/proposed and the product currently under construction. It should be noted that some projects operate under multiple programs, therefore the total number (38) of *projects* in the table below exceeds the actual number (33) of projects in the pipeline.

Product Type	Planned/Proposed		Under Construction		Total	
	Projects	Units	Projects	Units	Projects	Units
Market-rate	14	2,003	12	1,796	26	3,799
Tax Credit	3	427	2	92	5	519
Affordable	6	247	1	82	7	329
Total	23	2,677	15	1,970	38	4,647

Overall, there are 33 multifamily rental projects in the county's development pipeline (five projects operate under multiple programs). The projects represent a potential total of 4,647 new units. Of these new potential projects, 15 are actually under construction with a total of 1,970 units. The other projects are either planned or proposed with a total of 2,677 potential rental units. The large majority of rental units (3,799) in the development pipeline are market-rate units, of which 1,796 units are currently under construction and an additional 2,003 are either planned or proposed. While market-rate product is the primary product being added to the market, there are units that will be affordable to low-income households. This includes 519 units (427 planned/proposed and 92 under construction) that operate under the Tax Credit or similar program and 329 units (247 planned/proposed and 82 under construction) that operate with some type of assistance and are classified as "affordable." Overall, more than four in five units in the development pipeline will serve higher income households, while less than one in five units will serve low-income households.

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## Conclusions/Recommendations

Overall, the Buncombe County multifamily rental housing market continues to operate with generally high occupancy rates, though the market-rate inventory's occupancy rate decreased from 98.8% in 2014 to 96.4% in 2016. It is believed that much of this decrease is attributed to new product added to the market during the past two years. There remain no vacancies among the government-subsidized product, which is unchanged from 2014. The 100% Tax Credit supply occupancy rate in 2014 decreased to 99.9% in 2016, the result of only one vacant unit among the 967 Tax Credit units surveyed in the market. With all rental housing segments (e.g. market-rate, Tax Credit, and government-subsidized) operating with wait lists, there continues to be pent up demand for rental housing in the county.

With a confirmed 1,970 rental housing units currently under construction in the county and a potential 2,677 additional units either planned or proposed for development, it will be important for both the public and private sectors to monitor the local rental housing market for signs of it becoming saturated, particularly for market-rate housing. While occupancy rates remain relatively high and rent increases exceed national averages, the market could reach a point of saturation in the near future. Such indicators of a saturated market would be an increase in vacancies, with the market occupancy rate dropping below 95.0%. Additionally, stagnant rent growth or rent concessions will be indicators that the market is becoming overbuilt. As such, area stakeholders should be monitoring the market for such trends on a regular basis, possibly no less than quarterly.

Additionally, with the market-rate supply showing a decline in the overall occupancy rate and a potential 3,799 market-rate units in the development pipeline, it is recommended that public entities insure that proper due diligence showing the support for each individual project being considered for development is completed. Such due diligence would include market feasibility studies and appraisals that indicate not only the level of support for each proposed project but also an analysis of the potential impact each project may have on the market.

We hope you find this updated information and analysis helpful.

Respectfully,



Patrick M. Bowen  
President