

# ECONOMIC INDICATORS

CITY OF CHARLOTTE  
OFFICE OF STRATEGY AND BUDGET

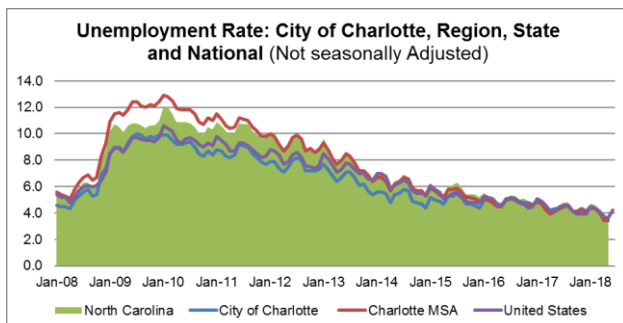
August 2, 2018

## About the Report and Highlights

This report provides the latest economic data on the nation, state and Charlotte region (Charlotte Metropolitan Statistical Area). Economic indicators presented include; unemployment, employment, housing and residential construction, sales tax revenues, consumer and small business confidence, real gross domestic product, and consumer price index. Some key highlights of the report include:

- The City of Charlotte's unemployment rate in May 2018 was 3.6 percent (a 17-year low)
- The Charlotte MSA nonfarm employment grew in May 2018 by 2.5 percent which represents 30 percent of the state's total job growth over the previous 12 months
- Charlotte's average home sales price increased by 7.6 percent in June 2018 compared to June 2017
- Housing permits issued increased by 21 percent in the first half of 2018 compared to same time period last year
- Year-to-date General Fund sales tax revenue grew by 8.5 percent compared to same period last year
- Consumer confidence and small business optimism are all relatively high compared to historical standards
- Between 2015 and 2016, Charlotte MSA Gross Domestic Product (GDP) grew by 3.4 percent; a growth rate more than double that of the nation's GDP which grew at 1.5 percent and almost three times that of the state of North Carolina which stood at 1.2 percent over the same period
- Compared to June 2017, consumer price index increased by 2.9 percent (not seasonally adjusted)

## Unemployment



Source: Bureau of Labor Statistics and N.C. Dept of Commerce  
May 2018 figures are preliminary, subject to revision

The City of Charlotte's unemployment rate (not seasonally adjusted) stood at 3.6 percent in May 2018, falling down by 70 basis points from 4.3 percent in May 2017. The chart below shows month-over-month unemployment rate, not seasonally adjusted. Charlotte region's unemployment rate remained unchanged at 3.4 percent, a rate slightly lower than the City's.

The national unemployment rate was 3.6 percent down from 4.1 percent in May 2017. Charlotte region's unemployment rate continues to be lower than the state and national rates.

With a relatively buoyant economy, a robust labor and housing market, people are continually moving to the Charlotte metro area looking for work.

Unemployment Rate: Charlotte Region and Comparisons			
	May 2018	May 2017	Change
Charlotte MSA	3.4%	4.1%	-0.7%
Raleigh MSA	3.2%	3.8%	-0.6%
Winston-Salem MSA	3.5%	4.2%	-0.7%
Atlanta MSA	3.4%	4.4%	-1.0%
North Carolina	3.7%	4.3%	-0.6%

Source: Bureau of Labor Statistics and North Carolina Department of Commerce  
May 2018 numbers are preliminary estimates and subject to revision

## **Jobs/Employment**

Statewide nonagricultural employment (seasonally unadjusted) increased year-over-year in May 2018 by 2.3 percent (adding 97,800 jobs) to 4.5 million jobs from about 4.4 million jobs in May 2017. The Charlotte MSA area nonfarm employment grew year-over-year in May 2018 by 2.5 percent (adding 29,200 jobs) to 1.21 million jobs from 1.18 million jobs in May 2017. These 29,200 additional jobs represent 30 percent of the state's total job growth over the period.

The Charlotte MSA is adding jobs faster than the state and the nation. Employment grew by 1.6 percent at the national level, a growth rate significantly lower than that of the Charlotte MSA which stood at 2.5 percent over the same period.

Year-over-Year Job Change and Growth in Select Industries, May 2018 (Not Seasonally Adjusted)				
Industry Sector	Charlotte MSA		North Carolina	
	Change	Growth	Change	Growth
Construction of Buildings	500	4.20%	3,800	8.70%
Information	1,200	4.40%	4,400	5.60%
Professional & Business Services	4,500	2.20%	28,700	4.70%
Trade, Transportation, & Utilities	6,800	2.80%	22,200	2.70%
Financial Activities	3,000	3.30%	5,900	2.50%
Manufacturing	-1,100	-1.00%	8,500	1.80%
Education & Health Services	4,800	4.00%	9,800	1.60%
Local Government	8,200	6.50%	5,300	1.10%
Government	8,300	5.30%	5,800	0.80%
State Government	200	1.00%	1,300	0.60%
Leisure & Hospitality	2,000	1.40%	2,500	0.50%
Federal Government	-100	-1.00%	-800	-1.10%

Source: U.S. Bureau of Labor Statistics

In the Charlotte MSA, job losses were recorded in the Manufacturing and Federal Government sectors. The table above provides a breakdown of year-over-year job change and growth in select industries. Both Manufacturing and the Federal Government employment fell by one percent losing 1,100 jobs and 100 jobs respectively. Construction of buildings, Information, Education and Health Services, and Local Government all grew by at least four percent over the period. At the state level, Construction of Buildings grew overwhelmingly by 8.7 percent between May 2017 and May 2018. Only the Federal Government sector saw employment losses over the same period at the state level.

## **Firm Relocations and Expansions by Industry, 2018 Q1**

The Charlotte Chamber publishes the Growth Report every quarter which tracks announced openings, hiring, investments and expansions of private sector businesses in Mecklenburg County. This report captures only major gross increases in jobs; it does not account for smaller, new or expanded businesses, firm closures, or workforce reductions. In the first quarter of 2018,

<b>Firm Relocations and Expansions by Industry, 2018 Q1</b>				
<b>Industry Sector</b>	<b>No. of Firms</b>	<b>Jobs</b>	<b>Square Feet</b>	<b>Investment announced</b>
Manufacturing	19	434	348,910	\$22,455,800
Professional, Scientific & Tech Svcs	39	570	74,413	\$18,448,667
Finance and Insurance	13	68	27,250	\$8,267,960
Retail Trade	24	1,587	202,690	\$6,304,872
Real Estate Rental and Leasing	6	18	8,500	\$5,550,000
Accommodation and Food Services	52	351	63,245	\$4,443,000
Other Services	13	21	18,631	\$2,533,788
Construction	15	57	53,200	\$1,883,908
Transportation and Warehousing	7	42	73,284	\$1,783,406
Health Care and Social Assistance	6	15	13,182	\$957,938
Arts, Entertainment, and Recreation	10	21	8,930	\$796,000
Admin & Sup & Waste Mgmt Svcs	3	4	-	\$572,193
Wholesale Trade	3	-	158,655	\$279,449
Information	4	20	-	\$100,000
Public Administration	7	10	2,000	\$15,000
Educational Services	5	15	-	\$0
<b>Total</b>	<b>227</b>	<b>3,233</b>	<b>1,052,890</b>	<b>\$74,391,981</b>

the Chamber reports the addition of more than 3,200 jobs coupled with more than \$74 million in capital investments in Charlotte-Mecklenburg. The table adjacent provides a breakdown of these jobs and investment by industry sector.

Source: The Growth Report, Charlotte Chamber, July 2018

## **Charlotte Area Housing Market**

### **Home Sales Activity**

Charlotte's year-over-year home sales in June 2018 decreased by 17.4 percent from 1,868 homes sold to 1,543. For the entire Charlotte MSA that rate fell by 10.3 percent over the same period. The average sales price of homes sold in Charlotte increased by 7.6 percent in June 2018 to \$332,279 from \$308,915 last year. For the MSA, average sales price increased by 4.1 percent. The number of days a home stays on the market until sale has fallen from 31 to 29 days. Properties for the MSA area stay longer in the market but the number of days has also fallen from 44 to 38 days. The inventory of homes available for supply continues to decline, falling from 2,602 units available in June 2017 to about 2,314 homes available in June 2018, a decline of about 11.1 percent. There is more heat on home sales in Charlotte than the entire MSA area as seen in lower months of supply in inventory and stronger growth in both median and average sales prices.

City of Charlotte Housing Market Activity						
	City of Charlotte			Charlotte MSA		
	Jun-17	Jun-18	Change (%)	Jun-17	Jun-18	Change (%)
New Listings	1,821	1,907	+4.7%	4,973	5,038	+1.3%
Pending Sales	1,556	1,665	+7.0%	3,996	4,380	+9.6%
Closed Sales	1,868	1,543	-17.4%	4,549	4,080	-10.3%
Median Sales Price	\$243,000	\$251,000	+3.3%	\$249,000	\$252,500	+1.4%
Average Sales Price	\$308,915	\$332,279	+7.6%	\$294,971	\$307,175	+4.1%
% of Original List Price Received	98.7%	98.6%	-0.1%	97.9%	98.0%	+0.1%
List to Close	80	72	-10.0%	89	81	-9.0%
Days on Market Until Sale	31	29	-6.5%	44	38	-13.6%
Inventory of Homes for Sale	2,602	2,314	-11.1%	8,578	7,458	-13.1%
Months' Supply of Inventory	1.9	1.7	-10.5%	2.5	2.1	-16.0%

Source: The Charlotte Regional Realtor Association, Local Market Update for June 2018

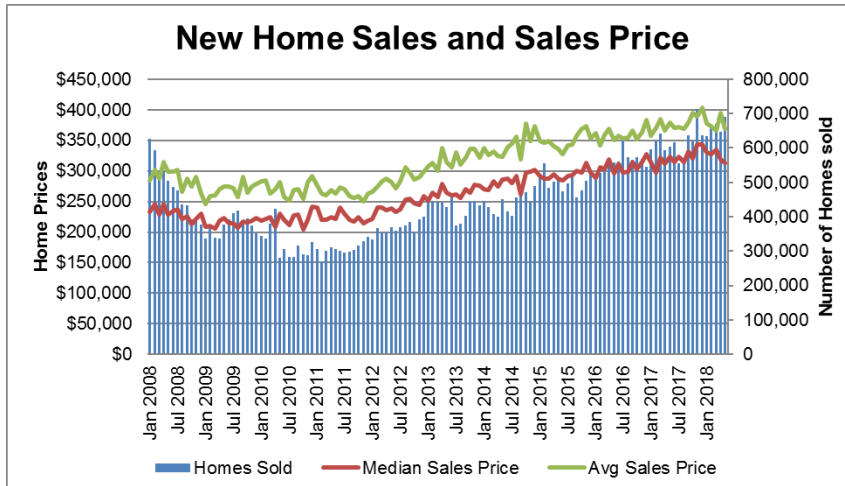
Data from the Charlotte Regional Realtor Association (CRRA) shows that in June 2018, the number of homes sold declined in six of the ten cities in the CRRA region for which data is readily available compared to June 2017. Average sales price declined in two of the ten cities over the same period (9.4 percent decline in Davidson and 2.7 percent decline in Waxhaw). The cities of Davidson, Matthews, Mooresville and Waxhaw are averaging home sale prices greater than the City of Charlotte's.

Select Cities Housing Activity						
City	Number of Homes Sold			Average Sale Price		
	Jun-17	Jun-18	Change	Jun-17	Jun-18	Change
Charlotte	1,868	1,543	-17.4%	\$308,915	\$332,279	7.6%
Concord	240	245	2.1%	\$232,166	\$242,719	4.5%
Davidson	48	58	20.8%	\$478,660	\$433,744	-9.4%
Gastonia	154	146	-5.2%	\$169,361	\$173,387	2.4%
Huntersville	215	160	-25.6%	\$319,457	\$324,862	1.7%
Matthews	146	118	-19.2%	\$328,886	\$337,991	2.8%
Monroe	99	107	8.1%	\$212,823	\$228,821	7.5%
Mooresville	223	212	-4.9%	\$339,334	\$408,124	20.3%
Statesville	74	84	13.5%	\$169,801	\$198,511	16.9%
Waxhaw	168	150	-10.7%	\$481,244	\$468,240	-2.7%

Source: The Charlotte Regional Realtor Association, Local Market Update for June 2018

## National Housing Market

Sales of new single-family houses in May 2018 were at a seasonally adjusted rate of 689,000 compared to 604,000 in May 2017, a growth of 14.1 percent. Compared to April 2018, the number of homes sold increased by 6.7 percent. Median sales price of new homes sold fell from \$323,600 in May 2017 to \$313,000 in May 2018, a decline in growth of 3.3 percent. Average sales price fell by 2.6 percent over the same period. The seasonally adjusted months' supply at current sales rate (number of months) of new homes available for sale fell from 5.4 months to 5.2 months over the same period. New housing stock or inventory that is available for sale increased from 271,000 to



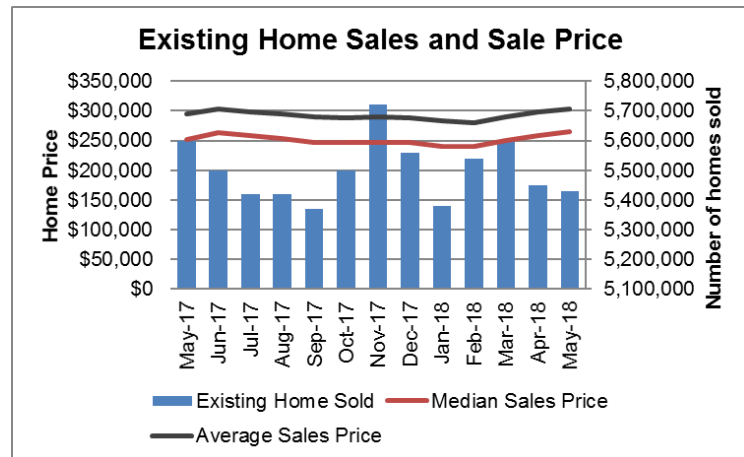
Source: US Census Bureau, HUD, June 25, 2018

299,000 for single-family homes. See chart to the left of new home sales and sales price at the national level since January 2008.

Existing home sales fell for the third straight month in May 2018. Sales of existing homes in May 2018 were at a seasonally adjusted rate of 5.43 million homes compared to 5.6 million homes sold same time last year. This represents a decline in the number of

existing homes sold by three percent. Low housing supply seems to be the culprit impeding sales coupled with rising prices and mortgage interest rates. About 39.9 percent of people buying homes are buying homes in the price range of \$100,000 to \$250,000 and 36.4 percent of home buyers are buying homes in the range of \$250,000 to \$500,000.

Median existing-home sales price in May 2018 was \$264,000, which is 4.9 percent higher than the May 2017 price of \$252,500. Average existing-home sales price also increased by 3.1 percent over the same period from \$294,300 to \$303,500. Comparing year-over-year figures, existing housing inventory fell by 6.1 percent from 1.97 million existing homes available for sale in May 2017 to 1.85 million homes in May 2018. In terms of days on market until sale, properties stayed on the market for 26 days in May 2018 compared to 27 days in May 2017. The chart above provides a visual on existing home sales activity and sale price at the national level.

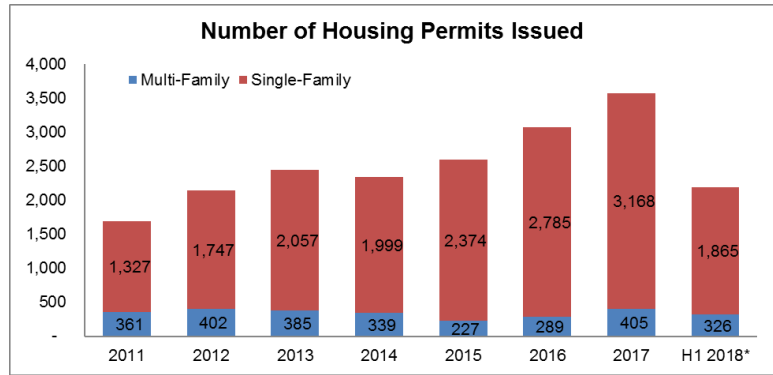


Source: National Association of Realtors (NAR)

### Charlotte Residential Building Permits

The chart below presents building permits activity data in Charlotte since 2011. In the first of half of 2018, there were 2,191 housing permits issued in the city of Charlotte. Compared to same period

last year which saw 1,818 permits issued, this represents a 21 percent increase. Multi-family permits issued increased by 88 percent and single-family increased by 13 percent over the period. Comparing 2011 to 2017 annual figures, building permits issued has more than doubled, growing by 112 percent representing an annual growth rate of about 16 percent.

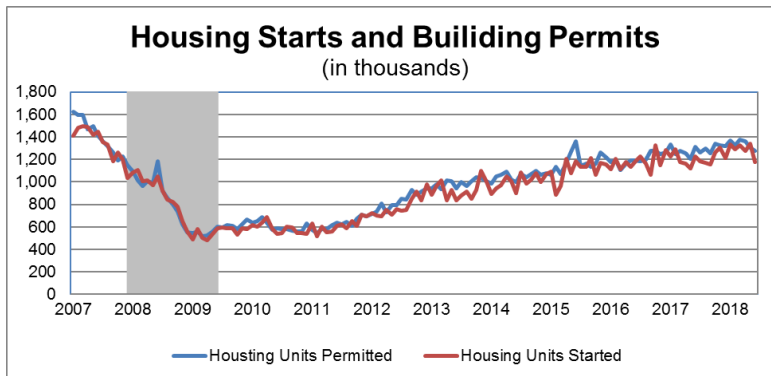


\*H1 2018 represents the first half of 2018

Source: Mecklenburg County's Land Use & Environmental Services Agency

## National New Residential Construction

Privately-owned housing units authorized by building permits in June 2018 were at a seasonally adjusted annual rate of 1,273,000, a three percent decline in growth compared to June 2017.



Source: U.S. Census Bureau, HUD, July 18, 2018

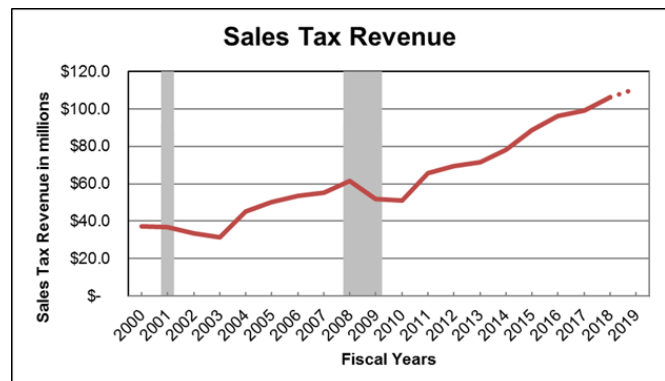
In June 2018, housing units started were at 1,173,000, which is a 4.2 percent drop below the June 2017 rate of 1,225,000. The adjacent chart shows housing units permitted and started since 2007. Single family housing starts were at a rate of 858,000 and for units in buildings with five units, the rate was 304,000. The Census Bureau defines the start of construction when excavation

begins for the footings or foundation of a building.

## Revenues and Business Climate

### Sales Tax Revenues

The North Carolina Department of Revenue which administers the sales tax, reports local government sales and use tax distributions every month typically around the 10<sup>th</sup> of each month. Between FY 2010 and FY 2017, the general fund portion of sales tax revenue almost doubled, increasing by 95 percent from \$50.8 million to \$99.3 million (see sales tax chart adjacent). Comparing year to date figures, sales tax revenue now stands at \$97.9 million (June 2018 has not yet been released), increasing 8.5



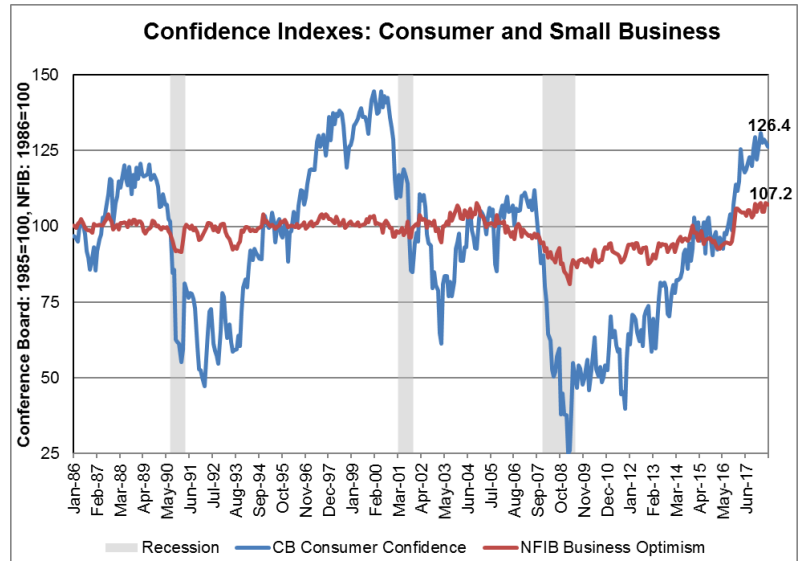
Source: North Carolina Department of Revenue, Local Government Sales and Use Tax Distribution

percent over the same period last year. A key variable affecting the amount of sales tax distributed is sales tax refunds to nonprofit entities that make purchases in the city. While it is hard to predict

refunds as they are processed in a predictable fashion, the economy continues to grow and revenue growth is expected to remain solid at the end of FY 2018.

## Consumer and Small Business Confidence

Consumer expectations remain relatively high by historical standards. The Consumer confidence index is published by the Conference Board and measures the degree of optimism that consumers feel about the economy and their personal financial situation. According to latest reports published for June 2018, the index decreased in June following an increase in May 2018. Consumers' assessment of present-day conditions was relatively unchanged while for the short-term outlook, consumers' optimism eased. Consumers anticipating business conditions will improve over the next six months decreased, while those expecting the economy to worsen increased slightly.

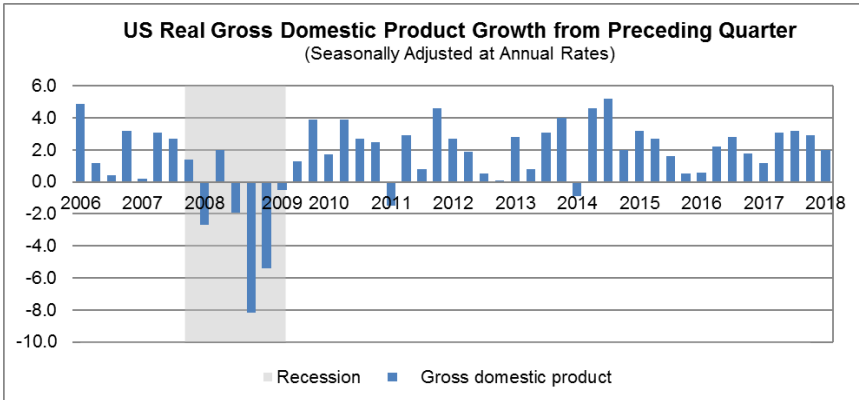


Source: The Conference Board and National Federation of Independent Business

In May 2016, small business optimism reached its second-highest level ever in the index's 45-year history rising by three points to 107.8. In June 2016, the index posted its sixth highest reading in its history at 107.2, down 0.6 points from May 2018. The index is a composite of ten seasonally adjusted components that provide an indication of the health of small businesses. The June 2018 survey report showed small business owners reporting some of the strongest nominal sales, some with plans to invest in additional inventories and some with plans to create new jobs. The report identified finding qualified workers as the single most important business problem they continue to face. The chart above shows the month-to-month fluctuations in both the consumer and small business confidences since 1986, including recession time periods.

## Real Gross Domestic Product

The U.S. Bureau of Economic Analysis publishes real Gross Domestic Product (GDP) at the metropolitan statistical area (MSA) level. GDP measures the total value of all goods and services produced within a given area in a particular period of time. Real GDP by MSA is an inflation-adjusted measure of each MSA's gross product that is based on national prices for the goods and services produced within the MSA. Data for MSAs are published annually while data for the nation is published quarterly. Between 2015 and 2016, Charlotte MSA grew by 3.4 percent; a growth rate more than double that of the nation's, which grew at 1.5 percent and almost three times that of the state of North Carolina which stood at 1.2 percent over the same period. At the state level, the gross state product grew by 2.3 percent in 2017 and forecasters from the Belk College of Business expect a growth rate of 2.7 percent over the 2017 level.



Source: U.S. Bureau of Economic Analysis

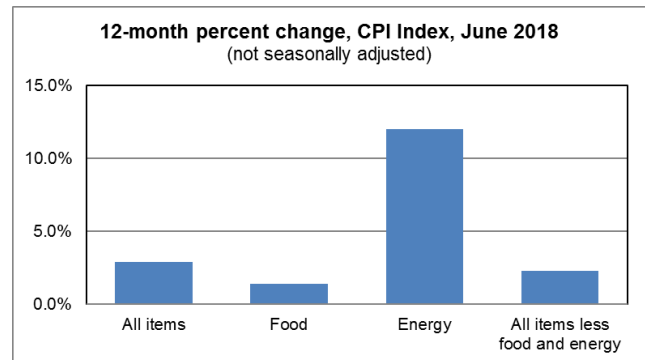
At the national level, the Bureau of Economic Analysis reported real GDP increased at an annual rate of two percent in the first quarter of 2018 according to their third estimate. Though positive, this represents a deceleration in growth compared to the fourth quarter of 2017 where GDP increased by 2.9 percent (see chart above). The increase in GDP is a result of positive

contributions from nonresidential fixed investment, personal consumption expenditures, federal government spending, and state and local spending that were partly offset by negative contributions from residential fixed investment and private inventory investment. Imports, which also help reduce GDP, increased. Deceleration was due to slower growth in exports, personal consumption expenditures, state and local government spending, and national defense federal government spending.

### Consumer Price Index

The Bureau of Labor Statistics defines the Consumer Price Index (CPI) as the average change over time in prices paid by urban consumers for a market basket of consumer goods and services. The BLS publishes this data monthly on a seasonally-adjusted and not seasonally adjusted basis. In June 2018, CPI for All Urban Consumers (CPI-U) increased 0.1 percent on a seasonally adjusted basis after increasing by 0.2 percent in May 2018.

Compared to June 2017, CPI-U increased by 2.9 percent not seasonally adjusted (see the CPI Index 12-month change chart). Among the major expenditure categories, energy rose by 12 percent over the 12-month period primarily due to increases in the fuel oil and motor fuel sub categories. The food expenditure category grew by 1.4 percent and the ‘all items less food and energy’ category grew by 2.3 percent over the same period with notable increases in motor vehicle insurance, hospital services and rent of primary residence.



Source: U.S. Bureau of Labor Statistics