

ECONOMIC INDICATORS

CITY OF CHARLOTTE
OFFICE OF STRATEGY AND BUDGET

September 10, 2019

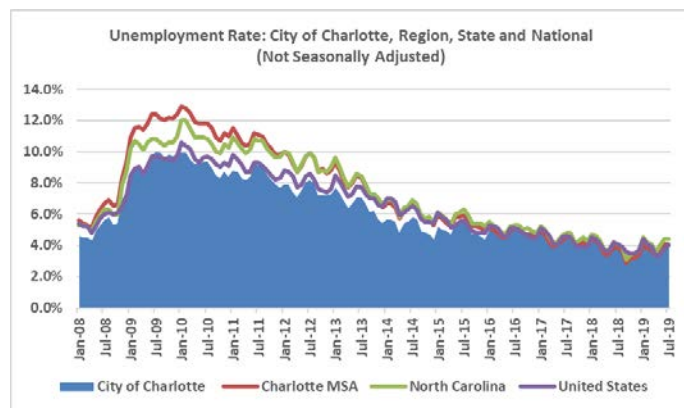
About the Report and Highlights

This report provides latest economic data on the national, state and the 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 July 2019 was 4.2 percent
- The Charlotte MSA nonfarm employment grew in July 2019 by 2.6 percent which represents about 38 percent of the state total job growth over the previous 12 months
- City of Charlotte's average home sales price increased by 11.1 percent and number of homes sold fell by 4.9 percent in July 2019 compared to July 2018
- Number of housing units permitted in the city of Charlotte increased by 54 percent between 2017 and 2018 increasing from 8,356 units permitted to 12,828 housing units permitted
- General Fund Sales tax revenue grew by 5.3 percent in FY 2019 compared to the same time period in FY 2018
- Consumer confidence and small business optimism are all high compared to historical standards and have rebounded following the softening we saw over the past few months
- Between 2016 and 2017, Charlotte MSA GDP grew by 3.5 percent; a growth rate higher than that of the nation's which grew at 2.2 percent and about one and half times that of the state of North Carolina which stood at 2.3 percent over the same period
- Compared to July 2018, consumer price index increased by 1.8 percent in July 2019, not seasonally adjusted. The energy component of the index fell by two percent

Unemployment

The City of Charlotte's unemployment rate (not seasonally adjusted) stood at 4.2 percent in July 2019, increasing by 10 basis points from 3.9 percent in July 2018. The chart on the right shows month-over-month unemployment rate, not seasonally adjusted. Charlotte region's unemployment rate stood at 4.0 percent, a rate slightly lower than that of the City. The national



Source: Bureau of Labor Statistics and North Carolina Department of Commerce
July 2019 numbers are preliminary estimates and subject to revision

Unemployment Rate: Charlotte Region and Comparison Areas			
	Jul-19	Jul-18	Change
Charlotte MSA	4.0%	3.9%	0.1%
Raleigh MSA	3.9%	3.6%	0.3%
Winston-Salem MSA	4.3%	4.0%	0.3%
Atlanta MSA	3.5%	4.0%	-0.5%
North Carolina	4.4%	4.1%	0.3%
United States	4.0%	4.1%	-0.1%

unemployment rate was 4.0 percent, down from 4.1 percent in July 2018. Charlotte region's unemployment rate continues to be lower than the state's 4.4 percent but the same with the national average in July 2019.

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

Source: Bureau of Labor Statistics and North Carolina Department of Commerce
July 2019 numbers are preliminary estimates and subject to revision

Jobs/Employment

Statewide nonagricultural employment (seasonally unadjusted) increased year-over-year in July 2019 by 1.9 percent (adding 83,000 jobs) to 4.52 million jobs from about 4.44 million jobs in July 2018. The Charlotte MSA area nonfarm employment grew year-over-year in July 2019 by 2.6 percent (adding

Year-over-Year Job Change and Growth in Select Industries, July 2019 (Not Seasonally Adjusted)				
Industry Sector	Charlotte MSA		North Carolina	
	Change	Growth	Change	Growth
Construction of Buildings	500	4.0%	1,700	3.5%
Manufacturing	1,700	1.5%	(3,400)	-0.7%
Trade, Transportation, & Utilities	6,500	2.7%	26,700	3.2%
Information	600	2.0%	1,100	1.4%
Financial Activities	3,400	3.6%	8,800	3.6%
Professional & Business Services	9,600	4.6%	9,600	1.5%
Management of Companies & Enterprises	1,500	3.6%	1,300	1.5%
Education & Health Services	4,900	4.0%	10,200	1.7%
Leisure & Hospitality	6,900	4.7%	20,900	4.0%
Other Services	2,600	6.3%	6,300	4.0%
Government	(1,500)	-1.1%	4,700	0.7%
Federal Government	100	1.0%	2,200	3.0%
State Government	100	0.5%	3,500	1.8%
Local Government	(1,700)	-1.6%	(1,000)	-0.3%
Total Nonfarm	31,600	2.6%	83,000	1.9%

Source: US Bureau of Labor Statistics

31,600 jobs) to 1.23 million jobs from 1.20 million jobs in June 2018. These 31,600 additional jobs represent about 38 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 1.5 percent at the national level, a growth rate lower than that of the Charlotte MSA which stood at 2.6 percent over the same period.

In the Charlotte region, job losses were recorded in the Government sector. The table above provides a breakdown of year-over-year job change and growth in select industry sectors. The Government sector employment fell by 1.1 percent

losing 1,700 jobs. Construction of Buildings, Education and Health Services, and Professional and Business Services, Leisure and Hospitality and Other Services all grew by at least four percent over the period. At the state level, the Leisure and Hospitality and Other Services sectors all saw growth rates above four percent between July 2018 and July 2019.

Firm Relocations and Expansions, Second Quarter 2019

The Charlotte Regional Business Alliance 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 second quarter of 2019, the Alliance reported the addition of almost 3,500 jobs by 13 projects coupled with more than \$250.1 million in capital investments in the Charlotte region.

In 2018, there was a total of 118 projects adding nearly 12,000 net new jobs with capital investments totaling \$1.53 billion in the region.

The chart to the right

provides a breakdown of these jobs and investment by quarter, since the third quarter of 2018.

Q2 2019		Q1 2019	
PROJECTS 13	JOB 3,431	PROJECTS 25	JOB 909
CAPITAL INVESTMENT \$250.1M		CAPITAL INVESTMENT \$93.6M	
Q4 2018		Q3 2018	
PROJECTS 38	JOB 5,699	PROJECTS 24	JOB 2,904
CAPITAL INVESTMENT \$613.3M		CAPITAL INVESTMENT \$561.7M	
TOTAL	PROJECTS 100	JOB 12,943	CAPITAL INVESTMENT \$1.5B

Source: The Growth Report, Charlotte Chamber, Q2 2019

Charlotte Area Housing Market

Home Sales Activity

The city of Charlotte's year-over-year home sales fell by 4.9 percent from 1,512 homes sold in July 2018 to 1,438 homes sold in July 2019. For the entire Charlotte region, that rate fell by 1.3 percent over the same period. The average sales price of homes sold in Charlotte rose by 11.1 percent in July 2019 to \$341,390 from \$307,154 the same time last year. For the Charlotte region, average sales price increased by 7.8 percent. The number of days a home stays on the market until sale increased from 30 days to 36 days in the city of Charlotte. Properties in the region stay longer in the market than in the City and the number of days has increased from 42 to 44 days. The inventory of homes available for sale decreased from 2,828 units available in July 2018 to 2,535 homes available in July 2019, a decrease of about 10.4 percent. With the low inventory challenges as seen in the city, there's more heat on home sales activity in Charlotte than the entire region as seen in its continuous lower months of supply in inventory.

City of Charlotte Housing Market Activity						
	City of Charlotte			Charlotte Region		
	Jul-18	Jul-19	Percent Change	Jul-18	Jul-19	Percent Change
New Listings	1,722	1,750	+1.6%	5,616	5,583	-0.6%
Pending Sales	1,369	1,672	+22.1%	4,490	5,206	+15.9%
Closed Sales	1,512	1,438	-4.9%	4,688	4,627	-1.3%
Median Sales Price	\$233,000	\$265,950	+14.1%	\$240,000	\$265,000	+10.4%
Average Sales Price	\$307,154	\$341,390	+11.1%	\$290,632	\$313,281	+7.8%
Percent of Original List Price Received	98.1%	97.5%	-0.6%	97.3%	97.1%	-0.2%
List to Close	73	77	+5.5%	84	85	+1.2%
Days on Market Until Sale (Cumulative)	30	36	+20.0%	42	44	+4.8%
Inventory of Homes for Sale	2,828	2,535	-10.4%	11,123	9,416	-15.3%
Months' Supply of Inventory	2.1	1.9	-9.5%	2.7	2.3	-14.8%

Source: The Charlotte Regional Realtor Association, Local Market Update for July 2019

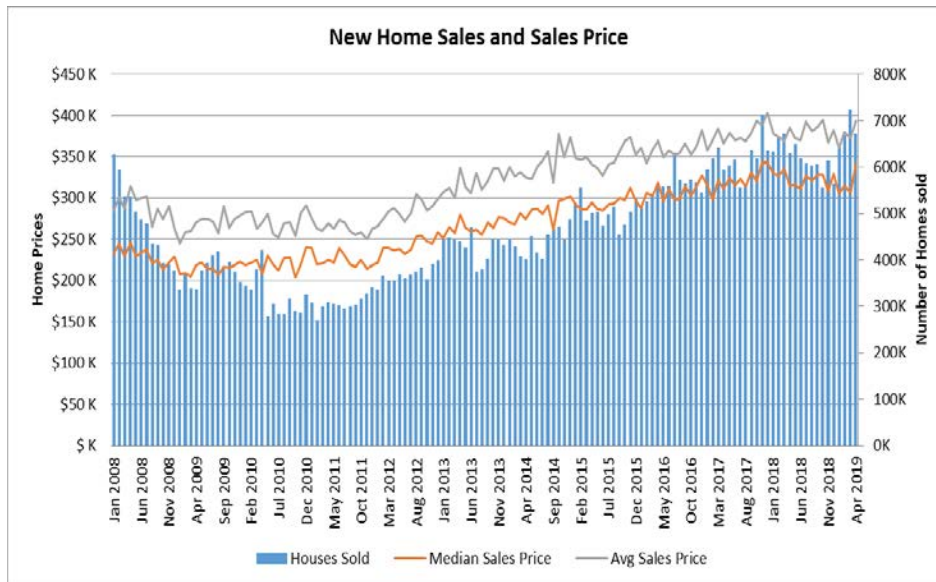
Data from the Charlotte Regional Realtor Association (CRRA) shows that in July 2019, number of homes sold declined in four of the ten selected cities in the Charlotte region for which data is readily available compared to July 2018. Average sales price increased in all of the ten cities over the same period. The cities of Davidson, Huntersville, Matthews, Mooresville and Waxhaw are averaging home sale prices greater than the City of Charlotte's. See the table in the next page showing number of homes sold in these cities coupled with their average sale prices.

Select Cities Housing Activity						
City	Number of Homes Sold			Average Sale Price		
	Jul-18	Jul-19	Change	Jul-18	Jul-19	Change
Charlotte	1,512	1,438	-4.9%	\$307,154	\$341,390	+11.1%
Concord	227	223	-1.8%	\$244,911	\$273,264	+11.6%
Davidson	52	51	-1.9%	\$454,915	\$503,611	+10.7%
Gastonia	112	131	+17.0%	\$191,381	\$192,937	+0.8%
Huntersville	163	174	+6.7%	\$324,471	\$341,595	+5.3%
Matthews	135	136	+0.7%	\$329,252	\$369,307	+12.2%
Monroe	92	104	+13.0%	\$240,868	\$242,523	+0.7%
Mooresville	210	187	-11.0%	\$387,926	\$391,476	+0.9%
Statesville	80	103	+28.8%	\$178,128	\$205,662	+15.5%
Waxhaw	134	140	+4.5%	\$476,500	\$491,091	+3.1%

Source: The Charlotte Regional Realtor Association, Local Market Update for July 2019

National Housing Market

The sales of new single-family houses in July 2019 were at a seasonally adjusted rate of 635,000 compared to 609,000 in July 2018, an increase of 4.3 percent. Compared to June 2019, the number of



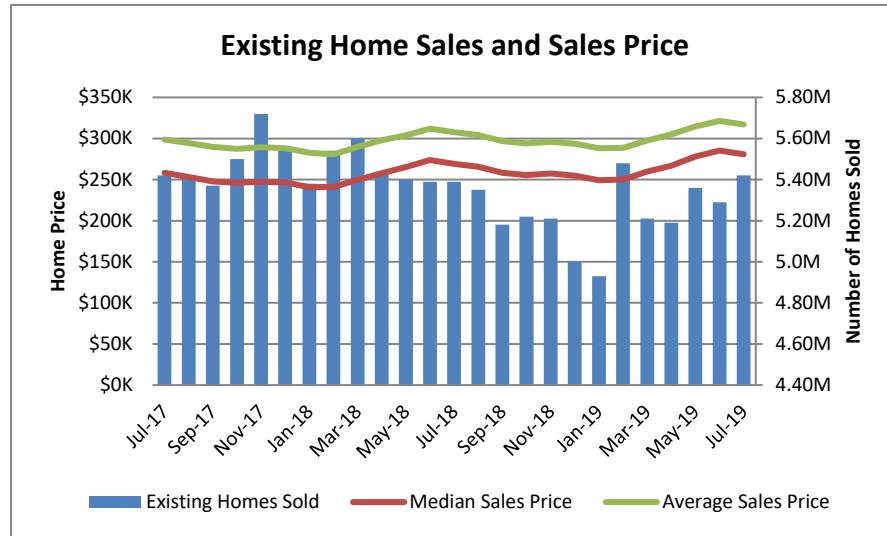
homes sold decreased by 12.8 percent.

Median sales price of new homes sold fell by 4.5 percent from \$327,500 in July 2018 to \$312,800 in July 2019. Average sales price fell by 1.1 percent over the same period.

The seasonally adjusted months' supply at current sales

rate (number of months) of new homes available for sale increased from 6.1 months to 6.4 months over the same period. New housing stock or inventory that's available for sale increased from 314,000 to 337,000 single-family homes over the same period. See the chart above of new home sales and sales price at the national level since January 2008.

Existing home sales increased in July 2019 compared to same period last year at the national level. Sales of existing homes in July 2019 were at a seasonally adjusted rate of 5.42 million homes compared to



5.39 million homes sold same time last year. This represents an increase in the number of existing homes sold by 0.6 percent. The recent declines in mortgage rates increases housing affordability. However, low housing supply continues to push up home prices. About 36.6 percent of people buying homes are buying homes in the price range of \$100,000 to \$250,000 and 39.1

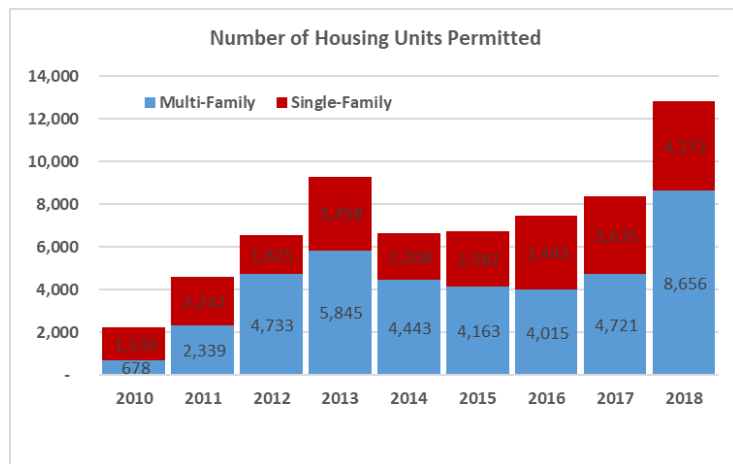
Source: National Association of Realtors (NAR)

percent of home buyers are buying homes in the range of \$250,000 to \$500,000.

Median existing-home sales price in July 2019 was \$280,800, which is 4.3 percent higher than the July 2018 price of \$269,300. Average existing-home sales price also increased by 3.1 percent over the same period from \$317,100 to \$307,600. Existing unsold housing inventory at the end of July 2019 stood at 1.89 million, a 1.6 percent decrease from 1.92 million a year ago. In terms of days on market until sale, properties stayed on the market for 29 days in July 2019 up from 27 days a year ago. The chart above provides a visual on existing home sales activity and sale price at the national level.

Charlotte Residential Building Permits

The adjacent chart presents building permits activity data in Charlotte since 2010. In 2018, there were 12,828 housing units permitted in the city of Charlotte. Compared to 2017 which saw 8,356 units permitted, this represents a 54 percent increase. Multi-family units permitted increased by 83 percent and for single-family; it increased by 15 percent over the period. Comparing 2011 to 2018 annual figures, building permits issued has more than doubled growing by 180 percent representing an annual growth rate of about 26 percent.

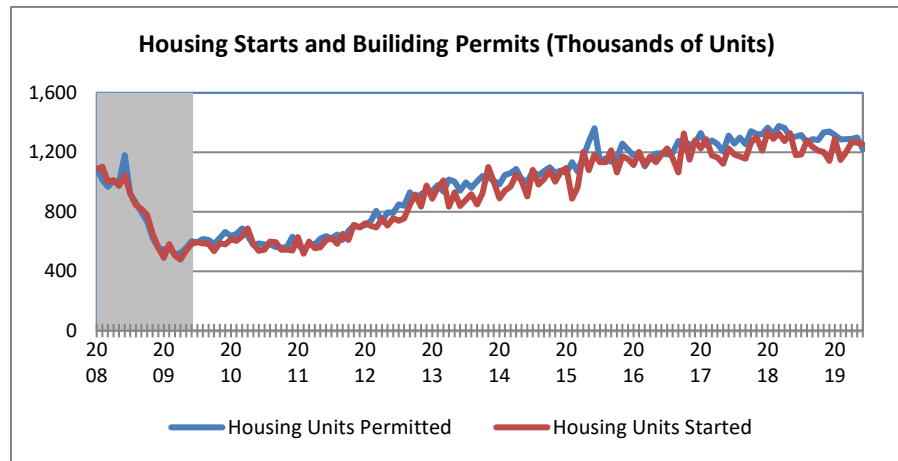


Source: Mecklenburg County's Land Use & Environmental Services Agency

National New Residential Construction

Privately-owned housing units authorized by building permits in July 2019 were at a seasonally adjusted annual rate of 1.34 million, a 1.5 percent increase compared to the July 2018 rate of 1.32 million.

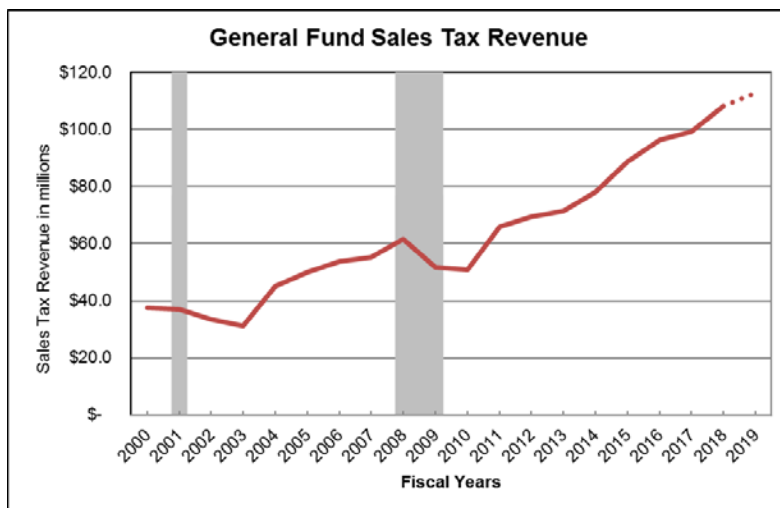
In July 2019, housing units started were at a seasonally adjusted annual rate of 1.19 million which represents a 0.6 percent increase compared to the July 2018 rate of 1.18 million. See the right chart showing housing units permitted and started since 2008. Single family housing starts were at a rate of 876,000 and for units in buildings with five units or more, the rate was 303,000. The Census Bureau defines the start of construction when excavation begins for the footings or foundation of a building.



Source: U.S. Census Bureau, HUD, August 16, 2019

Sales Tax Revenues

The North Carolina Department of Revenue which administers the sales tax, reports local government



Source: NC Department of Revenue, Local Government Sales & Use Tax Distribution

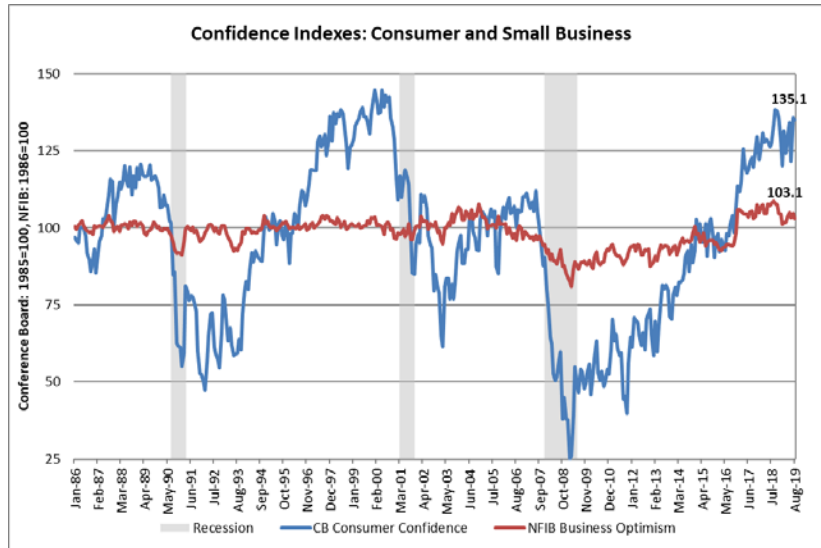
sales and use tax distributions every month typically around the 10th of each month. Between FY 2010 and FY 2017, the general fund portion of sales tax revenue almost doubled, increasing by 95 percent from \$50.8 million to \$99.3 million (see sales tax chart to the left). Comparing year over year figures, sales tax revenue for FY 2018 was \$108.1 million, increasing 8.9 percent over FY 2017. 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 non-technical fashion, the economy continues to grow and revenue growth is expected to remain steady in FY 2019.

Comparing year-over-year actuals, general fund sales tax revenue grew by 5.3 percent compared to FY 2018 primarily due to relatively high sales tax refunds.

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. The index decreased marginally in August 2019 following a significant increase in July 2019. The index decreased from 135.7 in July 2019 to 135.1 in August 2019, after increasing in July. Consumers' assessment of present-day conditions remained relatively unchanged compared to last month's and for the short-term outlook; consumers' expectations decreased based on a less optimistic view of future business conditions.



Source: The Conference Board and National Federation of Independent Business

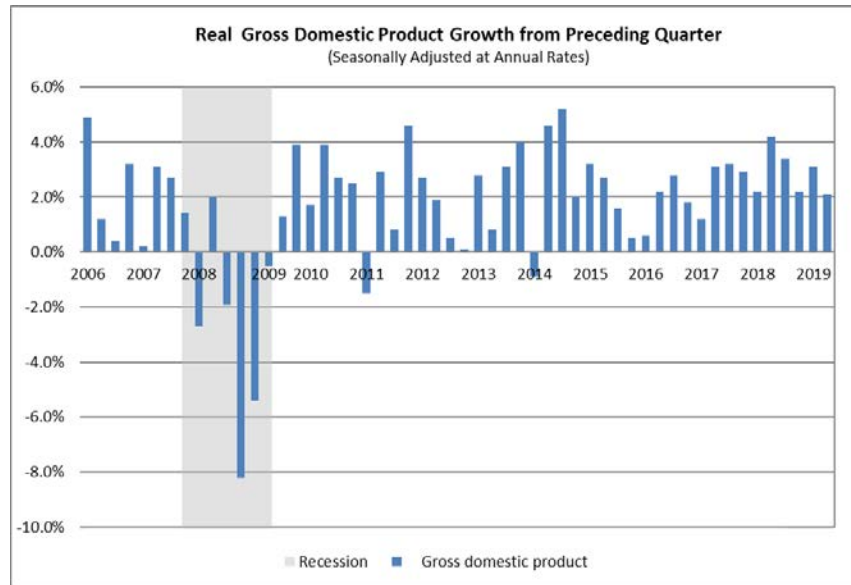
In May 2018, small business optimism reached its third-highest level ever in the index's 45-year history rising by three points to 107.8. In August 2018, the index increased to 108.8, a new record high in the survey's 45-year history, topping the July 1983 high of 108. In August 2019, the index continued its historic trend with a high value of 103.1 falling from 104.7 the previous month. The index is a composite of ten seasonally adjusted components that provide an indication of the health of small businesses. Six of the components fell, three improved and one remained unchanged. The August 2019 survey report showed the uncertainty index rising substantially by four points. Business owners are pessimistic about business conditions in the coming months and maintain no qualified workers are a major impediment to their growth. The report also showed that more business owners expecting credit conditions to relax. 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 2016 and 2017, Charlotte MSA grew by 3.5 percent; a growth rate higher than that of the nation's which grew at 2.2 percent and about one and a half times that of the state of North Carolina which stood at 2.3 percent over the same period. At the state level, the gross state product grew by 2.9 percent in 2018

and forecasters from the Belk College of Business expect a growth rate of 2.8 percent over the 2018 level in 2019.

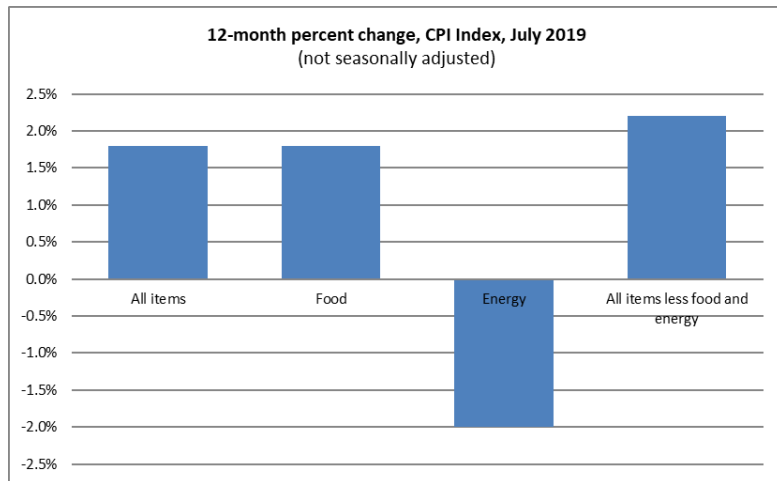
At the national level, the Bureau of Economic Analysis reported real GDP increased at an annual rate of 2.1 percent in the second quarter of 2019 according to their “advance” estimate after increasing 3.1 percent in the first quarter of 2019. The increase in real GDP was because of positive contributions from personal consumption expenditures (PCE), federal government



spending, and state and local government spending, that were partly offset by negative contributions from exports, private inventory investment, nonresidential fixed investment and residential fixed investment. Imports which also help reduce GDP, increased. The acceleration in real GDP in the second quarter of 2019 was due to accelerations in PCE and 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 July 2019, CPI for All Urban Consumers (CPI-U) increased by 0.3 percent on a seasonally adjusted basis after rising by 0.1 percent in June 2019. Compared to July 2018, CPI-U increased by 1.8 percent not seasonally adjusted (see the CPI Index 12-month change chart). Among



Source: US Bureau of Labor Statistics

the major expenditure categories, energy fell by two percent over the 12-month period due to falling prices in energy commodities such as fuel oil and motor fuel. The food expenditure category grew by 1.8 percent and the ‘all items less food and energy’ category grew by 2.2 percent over the same period with notable increases in tobacco and smoking products, and rent of primary residence.