

# ECONOMIC INDICATORS

CITY OF CHARLOTTE  
OFFICE OF STRATEGY AND BUDGET

June 24, 2019

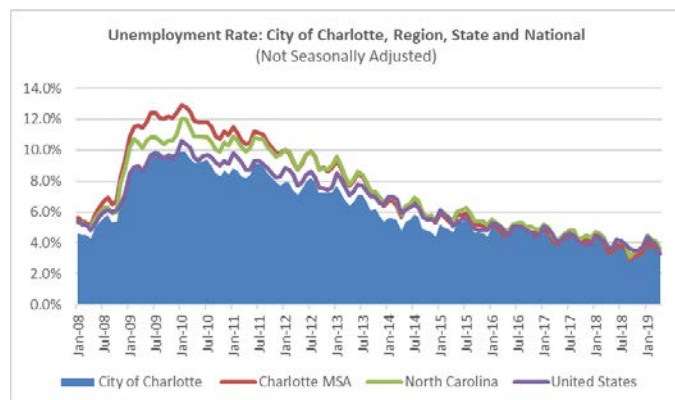
## About the Report and Highlights

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 April 2019 was 3.4 percent
- The Charlotte MSA nonfarm employment grew in January 2019 by 2.5 percent which represents about 45 percent of the state total job growth over the previous 12 months
- City of Charlotte's average home sales price increased by 6.8 percent and number of homes sold fell by 9.1 percent in May 2019 compared to May 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 5.1 percent in the first nine months of 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 May 2018, consumer price index increased by 1.8 percent in May 2019, not seasonally adjusted. The energy component of the index fell by 0.5 percent

## Unemployment

The City of Charlotte's unemployment rate (not seasonally adjusted) stood at 3.4 percent in April 2019, falling by 20 basis points from 3.6 percent in April 2018. The chart on the right shows month-over-month unemployment rate, not seasonally adjusted. Charlotte region's unemployment rate stood at 3.3 percent, a rate slightly lower than that of the City. The national



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

unemployment rate was 3.3 percent, down from 3.7 percent in April 2018. Charlotte region's unemployment rate continues to be lower than the state and and the same as the national rate.

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 Comparison Areas			
	Apr-19	Apr-18	Change
Charlotte MSA	3.3%	3.4%	-0.1%
Raleigh MSA	3.1%	3.2%	-0.1%
Winston-Salem MSA	3.4%	3.4%	0.0%
Atlanta MSA	3.0%	3.6%	-0.6%
North Carolina	3.6%	3.7%	-0.1%
United States	3.3%	3.7%	-0.4%

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

## Jobs/Employment

Statewide nonagricultural employment (seasonally unadjusted) increased year-over-year in April 2019 by 1.5 percent (adding 66,800 jobs) to 4.56 million jobs from about 4.50 million jobs in April 2018. The Charlotte MSA area nonfarm employment grew year-over-year in April 2019 by 2.5 percent (adding

Year-over-Year Job Change and Growth in Select Industries, April 2019 (Not Seasonally Adjusted)				
Industry Sector	Charlotte MSA		North Carolina	
	Change	Growth	Change	Growth
Construction of Buildings	500	4.1%	2,300	4.9%
Manufacturing	2,700	2.5%	400	0.1%
Trade, Transportation, & Utilities	5,500	2.3%	19,600	2.4%
Information	800	2.8%	100	0.1%
Financial Activities	1,500	1.6%	3,300	1.4%
Professional & Business Services	11,900	5.8%	15,100	2.4%
Management of Companies & Enterprises	1,400	3.4%	800	1.0%
Education & Health Services	5,200	4.2%	10,700	1.7%
Leisure & Hospitality	4,900	3.5%	16,800	3.4%
Other Services	1,600	3.9%	900	0.6%
Government	(1,700)	-1.1%	(1,200)	-0.2%
Federal Government	200	1.9%	1,800	2.5%
State Government	200	1.0%	800	0.4%
<b>Local Government</b>	<b>(2,100)</b>	<b>-1.7%</b>	<b>(3,800)</b>	<b>-0.8%</b>
<b>Total Nonfarm</b>	<b>29,800</b>	<b>2.5%</b>	<b>66,800</b>	<b>1.5%</b>

Source: US Bureau of Labor Statistics

29,800 jobs) to 1.23 million jobs from 1.20 million jobs in April 2018. These 29,800 additional jobs represent about 45 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 1.7 percent at the national level, a growth rate lower than that of the Charlotte MSA which stood at 2.5 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, Management of Companies and Enterprises, Leisure and Hospitality and Other Services all grew by at least three percent over the period. At the state level, Construction of Buildings, and Leisure and Hospitality all saw growth rates above three percent between April 2018 and April 2019.

### Firm Relocations and Expansions, First Quarter 2019

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, the Charlotte Chamber reported the addition of almost one thousand jobs by 25 projects coupled with more than \$93.6 million in capital investments in the Charlotte region.

In 2018, there was a total of 118 projects/companies adding nearly 12,000 net new jobs with capital investments totaling \$1.53 billion. The chart to the right provides a breakdown of these jobs and investment by quarter, since the second quarter of 2018.

Q1 2019		Q4 2018	
PROJECTS <b>25</b>	JOB <b>909</b>	PROJECTS <b>38</b>	JOB <b>5,699</b>
CAPITAL INVESTMENT <b>\$93.6M</b>		CAPITAL INVESTMENT <b>\$613.3M</b>	
Q3 2018		Q2 2018	
PROJECTS <b>24</b>	JOB <b>2,904</b>	PROJECTS <b>27</b>	JOB <b>1,395</b>
CAPITAL INVESTMENT <b>\$561.7M</b>		CAPITAL INVESTMENT <b>\$182.6M</b>	
<b>TOTAL</b>	PROJECTS <b>114</b>	JOB <b>10,907</b>	CAPITAL INVESTMENT <b>\$1,451.2M</b>

Source: The Growth Report, Charlotte Chamber, Q1 2019

## Charlotte Area Housing Market

### Home Sales Activity

The city of Charlotte's year-over-year home sales fell by 9.1 percent from 1,689 homes sold in May 2018 to 1,536 homes sold in May 2019. For the entire Charlotte region, that rate increased by 0.5 percent over the same period. The average sales price of homes sold in Charlotte rose by 6.8 percent in May 2019 to \$352,857 from \$330,345 the same time last year. For the Charlotte region, average sales price increased by 3.4 percent. The number of days a home stays on the market until sale increased from 29 days to 37 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 46 to 51 days. The inventory of homes available for sale decreased from 2,585 units available in May 2018 to 2,555 homes available in May 2019, a decrease of about 1.2 percent. There's more heat on home sales activity in Charlotte than the entire region as seen in its lower months of supply in inventory.

City of Charlotte Housing Market Activity						
	City of Charlotte			Charlotte Region		
	May-18	May-19	Percent Change	May-18	May-19	Percent Change
New Listings	2,061	2,192	+6.4%	6,408	6,587	+2.8%
Pending Sales	1,589	1,830	+15.2%	4,797	5,627	+17.3%
Closed Sales	1,689	1,536	-9.1%	4,841	4,864	+0.5%
Median Sales Price	\$250,000	\$267,000	+6.8%	\$245,900	\$259,900	+5.7%
Average Sales Price	\$330,345	\$352,857	+6.8%	\$299,723	\$309,859	+3.4%
Percent of Original List Price Received	98.5%	98.0%	-0.5%	97.5%	97.3%	-0.2%
List to Close	74	75	+1.4%	88	88	0.0%
Days on Market Until Sale (Cumulative)	29	37	+27.6%	46	51	+10.9%
Inventory of Homes for Sale	2,585	2,555	-1.2%	10,506	9,443	-10.1%
Months' Supply of Inventory	1.9	1.9	0.0%	2.6	2.3	-11.5%

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

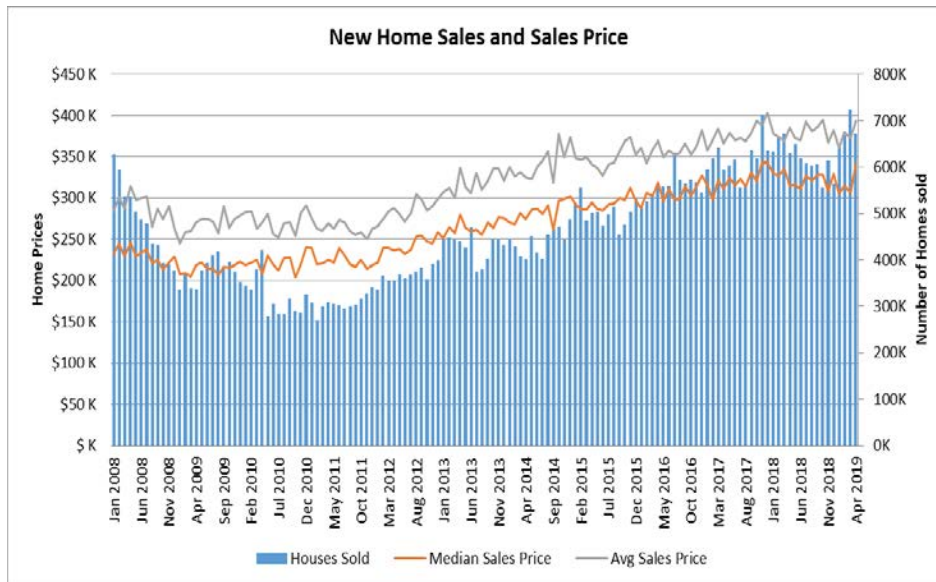
Data from the Charlotte Regional Realtor Association (CRRA) shows that in May 2019, number of homes sold declined in three of the ten selected cities in the Charlotte region for which data is readily available compared to May 2018. Average sales price increased in all but five of the ten cities over 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		
	May-18	May-19	Change	May-18	May-19	Change
Charlotte	1,689	1,536	-9.1%	\$330,345	\$352,857	+6.8%
Concord	246	205	-16.7%	\$264,008	\$254,068	-3.8%
Davidson	46	56	+21.7%	\$446,766	\$446,666	0.0%
Gastonia	121	137	+13.2%	\$176,294	\$184,413	+4.6%
Huntersville	185	179	-3.2%	\$338,138	\$325,145	-3.8%
Matthews	144	139	-3.5%	\$333,719	\$362,273	+8.6%
Monroe	87	114	+31.0%	\$215,561	\$227,519	+5.5%
Mooresville	198	211	+6.6%	\$429,761	\$407,764	-5.1%
Statesville	92	103	+12.0%	\$185,881	\$187,757	+1.0%
Waxhaw	114	130	+14.0%	\$446,622	\$442,198	-1.0%

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

## National Housing Market

Sales of new single-family houses in April 2019 were at a seasonally adjusted rate of 673,000 compared to 629,000 in April 2018, an increase of seven percent. Compared to March 2019, the number of homes



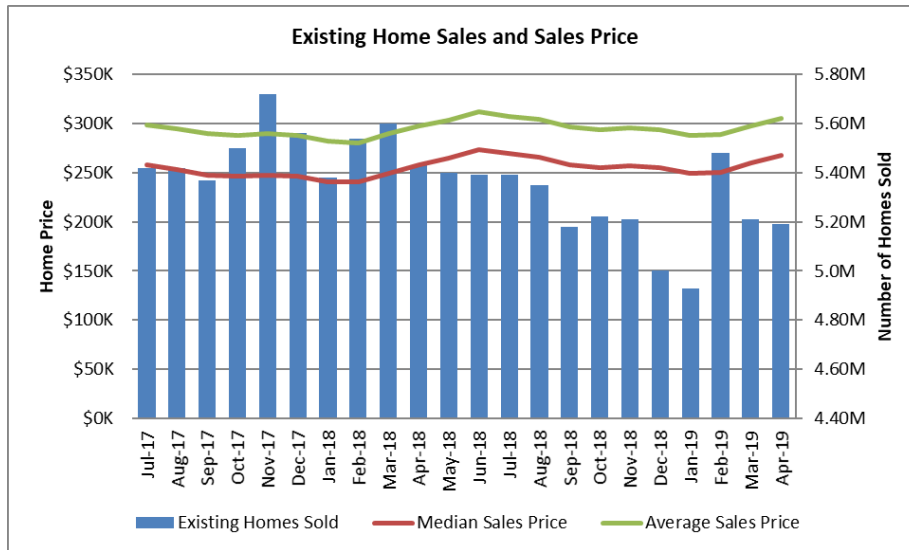
Source: U.S. Census Bureau, HUD, May 23, 2019

sold fell by 6.9 percent. Median sales price of new homes sold increased from \$314,400 in April 2018 to \$342,200 in April 2019, a growth of about 8.8 percent. Average sales price increased by 2.2 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 5.7 months to 5.9 months over the same period. New housing stock or inventory that's available for sale increased from 299,000 to 332,000 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 fell for the twelfth straight month in April 2019 compared to same period last year at the national level. Sales of existing homes in April 2019 were at a seasonally adjusted rate of 5.19



million homes compared to 5.43 million homes sold same time last year. This represents a decline in the number of existing homes sold by 4.4 percent. Low housing supply seems to be the culprit impeding sales coupled with rising prices and mortgage interest rates. About 38.2 percent of people buying homes are buying homes in the price range of \$100,000 to

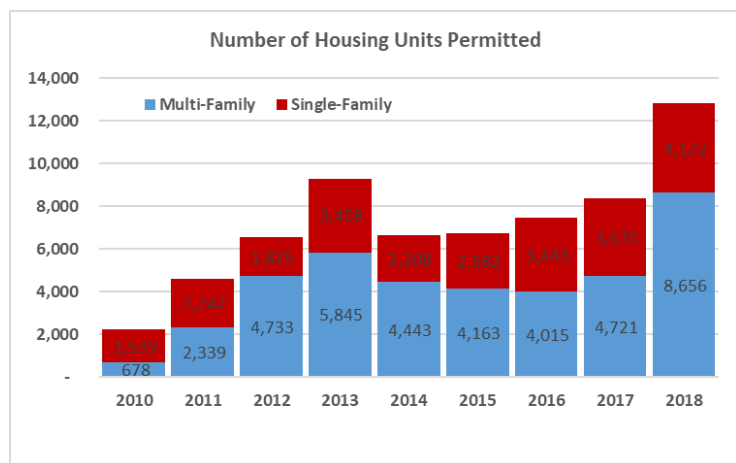
Source: National Association of Realtors (NAR)

\$250,000 and 37 percent of home buyers are buying homes in the range of \$250,000 to \$500,000.

Median existing-home sales price in April 2019 was \$267,300, which is 3.6 percent higher than the April 2018 price of \$257,900. Average existing-home sales price also increased by 2.5 percent over the same period from \$297,800 to \$305,200. Existing unsold housing inventory at the end of April 2019 stood at 1.83 million which represents an increase from 1.8 million a year ago. In terms of days on market until sale, properties stayed on the market for 24 days in April 2019 down from 26 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.

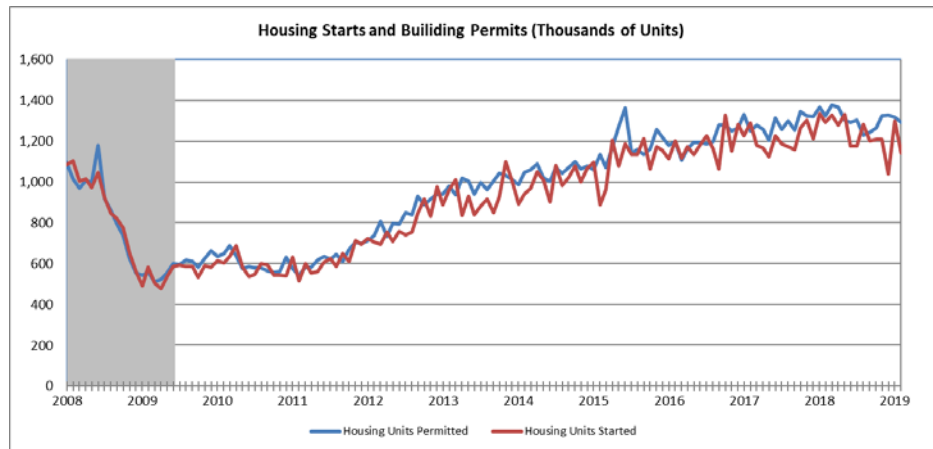


Source: Mecklenburg County's Land Use & Environmental Services Agency

## National New Residential Construction

Privately-owned housing units authorized by building permits in May 2019 were at a seasonally adjusted annual rate of 1.29 million, a 0.5 percent decline compared to the May 2018 rate of 1.30 million.

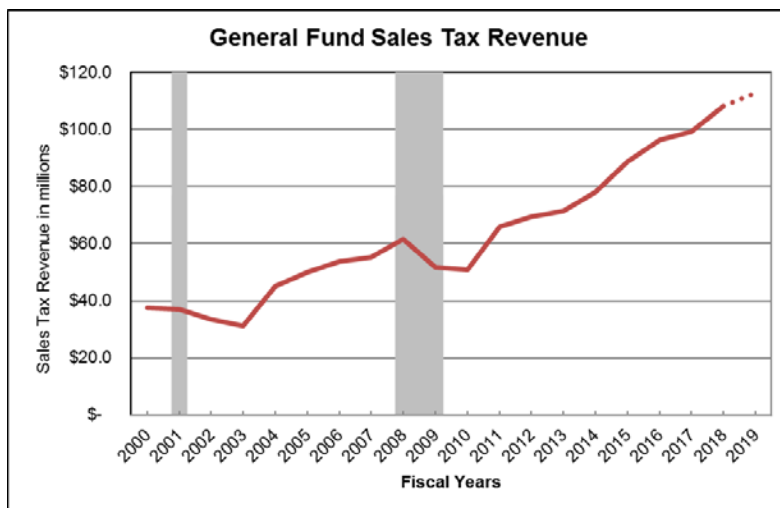
In May 2019, housing units started were at a seasonally adjusted annual rate of 1.27 million which represents a 4.5 percent decline compared to the May 2018 rate of 1.33 million. See the right chart showing housing units permitted and started since 2008. Single family housing starts were at a rate of 820,000 and for units in buildings with five units or more, the rate was 436,000. 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, June 18, 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

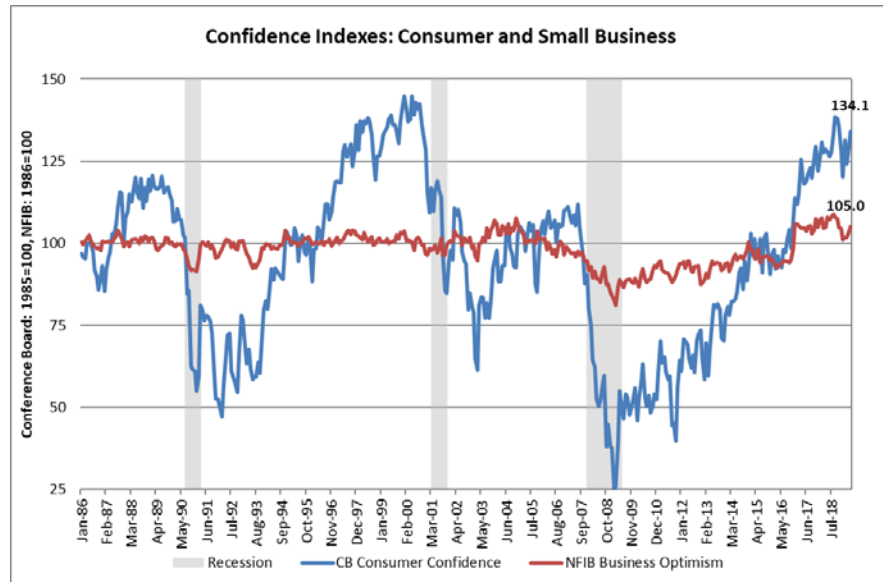
sales and use tax distributions every month typically around the 10<sup>th</sup> of each month. Between FY 2010 and FY 2017, the general fund portion of sales tax revenue almost doubled, increasing by 95 percent from \$50.8 million to \$99.3 million (see sales tax chart to the left). Comparing year over 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.

The first nine months of sales tax data for FY 2019 has been released. Comparing year-over-year actuals, general fund sales tax revenue grew by 5.1 percent compared to same time period in 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 increased in May 2019 following an increase in April 2019. The index increased from 129.2 in April 2019 to 134.1 in May 2019, after falling in March. Consumers' assessment of present-day conditions improved compared to last month's and for the short-term outlook; consumers' expectations increased based on a more 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 May 2019, the index continued its historic trend with a high value of 105.0. The index is a composite of ten seasonally adjusted components that provide an indication of the health of small businesses. The May 2019 survey report showed that businesses are optimistic about future business conditions and see the current period as a good time to expand and make capital outlays. The report also showed that earnings, job creation and compensation remained strong. The chart above shows the month-to-month fluctuations in both the consumer and small business confidences since 1986 including recession time periods.

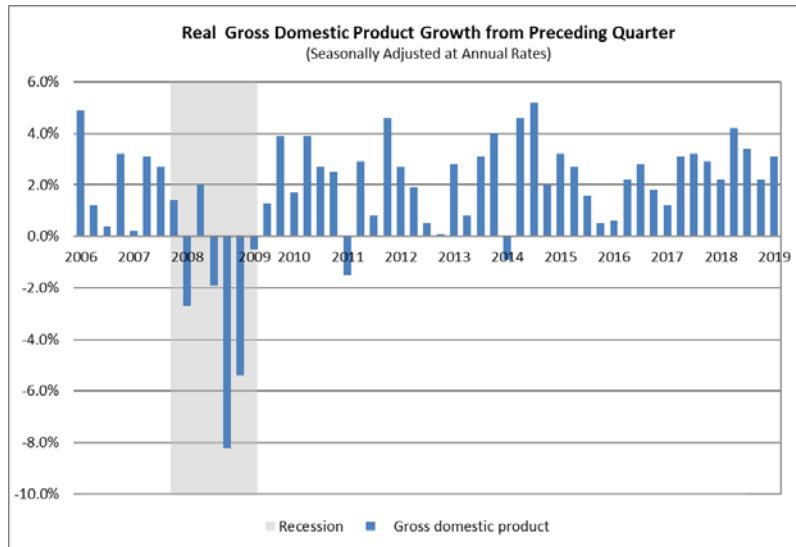
## Real Gross Domestic Product

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 2.3 percent in 2017



and forecasters from the Belk College of Business expect a growth rate of 2.7 percent over the 2017 level in 2018.

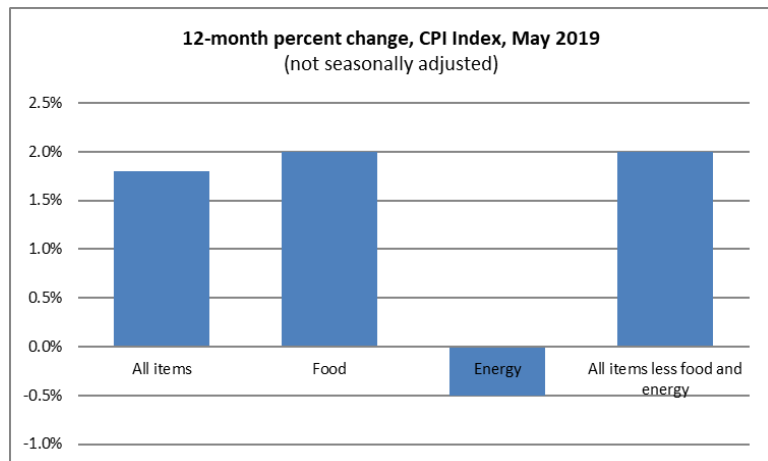
At the national level, the Bureau of Economic Analysis reported real GDP increased at an annual rate of 3.1 percent in the first quarter of 2019 according to their “second” estimate after increasing 2.2 percent in the fourth quarter of 2018. The increase in real GDP was because of positive contributions from personal consumption expenditures (PCE), private inventory investment, nonresidential fixed investment, exports and state and local government spending, that were partly offset by negative contributions from residential fixed investment, and state and local government spending. Imports which also help reduce GDP, decreased. The acceleration in real GDP in the first quarter of 2019 was due to accelerations in state and local government spending, private inventory investment and in exports.



Source: U.S. Bureau of Economic Analysis

### 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 May 2019, CPI for All Urban Consumers (CPI-U) increased by 0.1 percent on a seasonally adjusted basis after rising by 0.3 percent in April 2019. Compared to May 2018, CPI-U increased by 1.8 percent not seasonally adjusted (see the CPI Index 12-month change chart). Among the major expenditure categories, energy fell by 0.5 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 two percent as well as the ‘all items less food and energy’ category over the same period with notable increases in tobacco and smoking products, and rent of primary residence.



Source: US Bureau of Labor Statistics