

# ECONOMIC INDICATORS

CITY OF CHARLOTTE  
OFFICE OF STRATEGY AND BUDGET

March 9, 2019

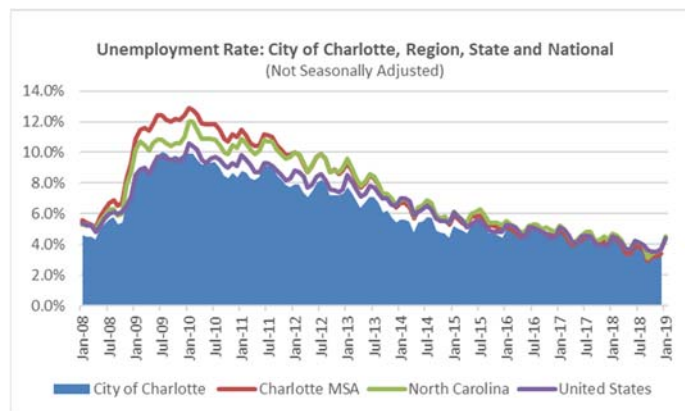
## About the Report and Highlights

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 December 2018 was 3.5 percent
- The Charlotte MSA nonfarm employment grew in December 2018 by two percent which represents about 29 percent of the state total job growth over the previous 12 months
- City of Charlotte's average home sales price fell by one percent and number of homes sold fell by nine percent in January 2019 compared to January 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 3.2 percent in the first half of FY 2019 compared to the first half of FY 2018
- Consumer confidence and small business optimism are all high compared to historical standards even though they both have seen declines 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 January 2018, consumer price index increased by 1.6 percent in January 2019, not seasonally adjusted

## Unemployment

The City of Charlotte's unemployment rate (not seasonally adjusted) stood at 3.5 percent in December 2018, falling by 60 basis points from 4.1 percent in December 2017. The chart on the right shows month-over-month unemployment rate, not seasonally adjusted. Charlotte region's unemployment rate stood at 3.4 percent, a rate slightly lower than that of the City. The national



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

unemployment rate was 3.7 percent, down from 3.9 percent in December 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 Comparison Areas			
	Dec. 2018	Dec. 2017	Change
Charlotte MSA	3.4%	4.1%	-0.7%
Raleigh MSA	3.3%	3.8%	-0.5%
Winston-Salem MSA	3.6%	4.1%	-0.5%
Atlanta MSA	3.6%	4.1%	-0.5%
North Carolina	3.7%	4.3%	-0.6%
United States	3.7%	3.9%	-0.2%

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

## Jobs/Employment

Statewide nonagricultural employment (seasonally unadjusted) increased year-over-year in December 2018 by 1.9 percent (adding 84,500 jobs) to 4.57 million jobs from about 4.48 million jobs in December

Year-over-Year Job Change and Growth in Select Industries, December 2018 (Not Seasonally Adjusted)				
Industry Sector	Charlotte MSA		North Carolina	
	Change	Growth	Change	Growth
Construction of Buildings	500	4.1%	1,600	3.6%
Manufacturing	100	0.1%	7,200	1.5%
Trade, Transportation, & Utilities	6,500	2.6%	23,000	2.7%
Information	700	2.5%	1,900	2.4%
Financial Activities	2,100	2.2%	7,900	3.4%
Professional, Scientific, & Technical Services	7,000	9.7%	12,400	5.1%
Management of Companies & Enterprises	3,100	7.5%	4,000	4.8%
Education & Health Services	4,200	3.4%	13,400	2.2%
Leisure & Hospitality	(2,400)	-1.7%	9,700	2.0%
Other Services	400	1.0%	(2,100)	-1.4%
Government	3,400	2.1%	4,600	0.6%
Federal Government	300	2.9%	600	0.8%
State Government	100	0.5%	500	0.2%
Local Government	3,000	2.3%	3,500	0.8%
<b>Total Nonfarm</b>	<b>24,500</b>	<b>2.0%</b>	<b>84,500</b>	<b>1.9%</b>

Source: US Bureau of Labor Statistics

2017. The Charlotte MSA area nonfarm employment grew year-over-year in December 2018 by two percent (adding 24,500 jobs) to 1.24 million jobs from 1.21 million jobs in December 2017. These 24,500 additional jobs represent about 29 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 1.8 percent at the national level, a

growth rate lower than that of the Charlotte MSA which stood at two percent over the same period.

In the Charlotte region, job losses were recorded in the Leisure and Hospitality sectors. The table above provides a breakdown of year-over-year job change and growth in select industry sectors. Leisure and

Hospitality sector employment fell by 1.7 percent losing 2,400 jobs. Construction of Buildings, Education and Health Services, Management of Companies and Enterprises; and Professional, Scientific, & Technical Services all grew by at least three percent over the period. At the state level, Construction of Buildings, Financial Activities, Management of Companies & Enterprises; and Professional, Scientific and Technical Services sectors all saw growth rates above three percent between December 2017 and December 2018.

### Firm Relocations and Expansions, 4<sup>th</sup> Quarter 2018

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 fourth quarter of 2018, the Charlotte Chamber reported the addition of almost six thousand jobs by 38 projects coupled with more than \$613.3 million in capital in the Charlotte region.

In total, there has been a total of 118 projects/companies adding nearly 35,000 net new jobs with capital investments totaling \$1.53 billion in 2018. The chart to the right provides a breakdown of these jobs and investment by quarter in 2018.

FIRST QUARTER		SECOND QUARTER	
PROJECTS	JOB	PROJECTS	JOB
29	1,729	27	1,395
CAPITAL INVESTMENT		CAPITAL INVESTMENT	
\$171.3M		\$182.6M	
THIRD QUARTER		FOURTH QUARTER	
PROJECTS	JOB	PROJECTS	JOB
24	2,904	38	5,699
CAPITAL INVESTMENT		CAPITAL INVESTMENT	
\$561.7M		\$613.3M	
<b>2018 TOTAL</b>	PROJECTS	JOB	CAPITAL INVESTMENT
	118	11,727	\$1,528.9M

Source: The Growth Report, Charlotte Chamber, March 2019

## Charlotte Area Housing Market

### Home Sales Activity

The city of Charlotte's year-over-year home sales decreased by nine percent from 837 homes sold in January 2018 to 920 homes sold in January 2019. For the entire Charlotte region, that rate also fell by nine percent over the same period. The average sales price of homes sold in Charlotte fell by one percent in January 2019 to \$281,482 from \$284,362 the same time last year. For the Charlotte region, average sales price increased by 1.9 percent. The number of days a home stays on the market until sale increased from 47 days to 52 days in the City of Charlotte. Properties in the region stay longer in the market than in the City but the number of days has fallen from 62 to 59 days. The inventory of homes available for supply increased from 1,955 units available in January 2018 to 2,209 homes available in January 2019, an increase of about 13 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		
	Jan-18	Jan-19	Percent Change	Jan-18	Jan-19	Percent Change
New Listings	1,284	1,437	+11.9%	4,023	4,543	+12.9%
Pending Sales	1,127	1,364	+21.0%	3,490	4,010	+14.9%
Closed Sales	920	837	-9.0%	2,759	2,510	-9.0%
Median Sales Price	\$216,750	\$225,000	+3.8%	\$215,000	\$226,000	+5.1%
Average Sales Price	\$284,362	\$281,482	-1.0%	\$263,294	\$268,271	+1.9%
Percent of Original List Price Received	97.2%	96.2%	-1.0%	96.0%	95.6%	-0.4%
List to Close	95	97	+2.1%	105	105	0.0%
Days on Market Until Sale (Cumulative)	47	52	+10.6%	62	59	-4.8%
Inventory of Homes for Sale	1,955	2,209	+13.0%	9,027	8,723	-3.4%
Months' Supply of Inventory	1.4	1.7	+21.4%	2.2	2.2	0.0%

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

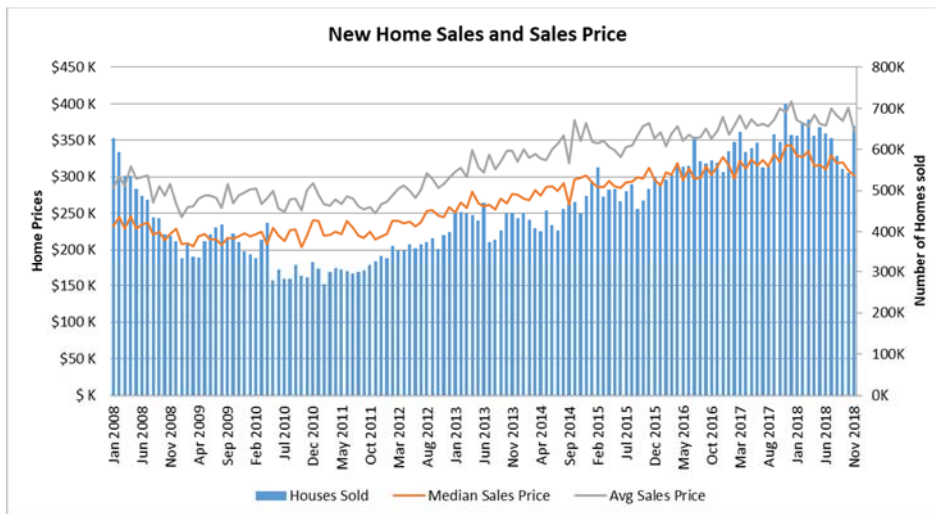
Data from the Charlotte Regional Realtor Association (CRRA) shows that in January 2019, number of homes sold declined in seven of the ten selected cities in the Charlotte region for which data is readily available compared to January 2018. Average sales price increased in all but five of the ten cities 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		
	Jan-18	Jan-19	Change	Jan-18	Jan-19	Change
Charlotte	920	837	-9.0%	\$284,362	\$281,482	-1.0%
Concord	130	120	-7.7%	\$225,202	\$237,874	+5.6%
Davidson	24	15	-37.5%	\$447,801	\$471,385	+5.3%
Gastonia	83	83	0.0%	\$150,410	\$174,395	+15.9%
Huntersville	77	81	+5.2%	\$326,852	\$324,042	-0.9%
Matthews	55	63	+14.5%	\$327,824	\$361,913	+10.4%
Monroe	57	51	-10.5%	\$224,877	\$216,345	-3.8%
Mooresville	114	93	-18.4%	\$373,068	\$396,504	+6.3%
Statesville	64	44	-31.3%	\$171,087	\$129,081	-24.6%
Waxhaw	58	50	-13.8%	\$467,527	\$426,418	-8.8%

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

## National Housing Market

Sales of new single-family houses in December 2018 were at a seasonally adjusted rate of 621,000 compared to 636,000 in December 2017, a decline of 2.4 percent. Compared to November 2018, the number of homes sold fell by 5.5 percent. Median sales price of new homes sold decreased from



Source: U.S. Census Bureau, HUD, March 5, 2019

\$343,300 in December 2017 to \$318,600 in December 2018, a decline of about 7.2 percent. Average sales price fell by 6.4 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 5.5 months to 6.6 months over the same period. New housing stock or inventory that's available for sale increased from 294,000 to 344,000 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 tenth straight month in January 2019 compared to same period last year at the national level. Sales of existing homes in January 2019 were at a seasonally adjusted rate of 4.94



Source: National Association of Realtors (NAR)

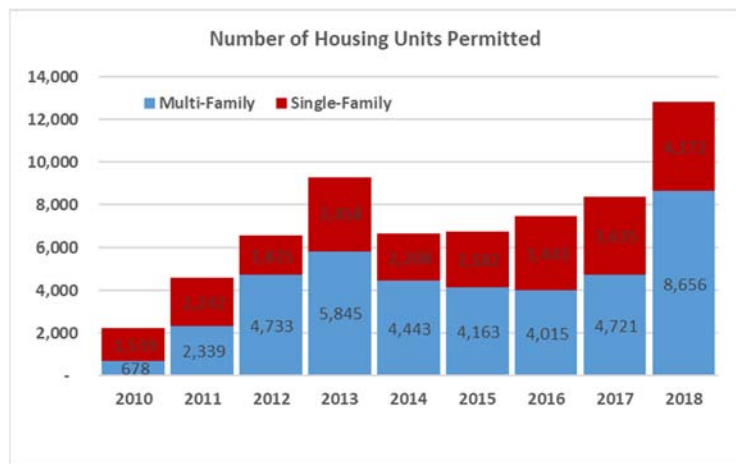
million homes compared to 5.38 million homes sold same time last year. This represents a decline in the number of existing homes sold by 8.2 percent. Low housing supply seems to be the culprit impeding sales coupled with rising prices and mortgage interest rates. About 39.6 percent of people buying homes are buying homes in the price range of \$100,000 to \$250,000 and 34.4 percent

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

Median existing-home sales price in January 2019 was \$247,500, which is 2.8 percent higher than the January 2018 price of \$240,800. Average existing-home sales price also increased by 1.5 percent over the same period from \$282,600 to \$286,800. Existing unsold housing inventory at the end of January 2019 stood at 1.59 million which represents an increase from 1.52 million a year ago. In terms of days on market until sale, properties stayed on the market for 49 days in January 2019 up from 42 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.

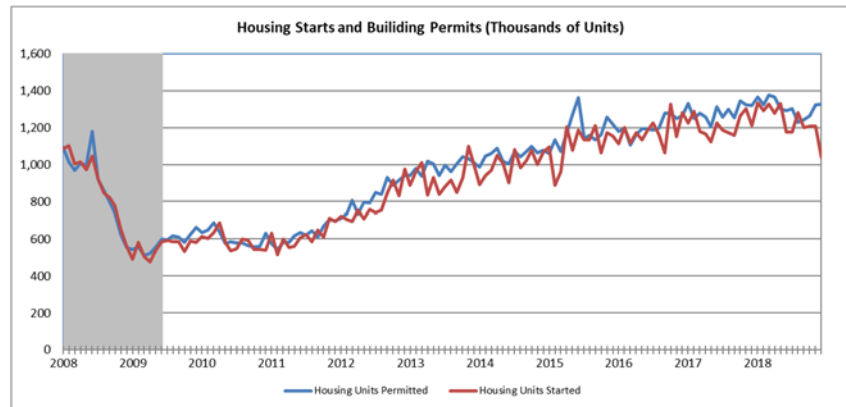


Source: Mecklenburg County's Land Use & Environmental Services Agency

## National New Residential Construction

Privately-owned housing units authorized by building permits in December 2018 were at a seasonally adjusted annual rate of 1.33 million, a 0.5 percent increase compared to the December 2017 rate of 1.32 million.

In December 2018, housing units started were at a seasonally adjusted annual rate of 1.04 million which represents a 14.3 percent decline compared to the December 2017 rate of 1.21 million. See the right chart showing housing units permitted and started

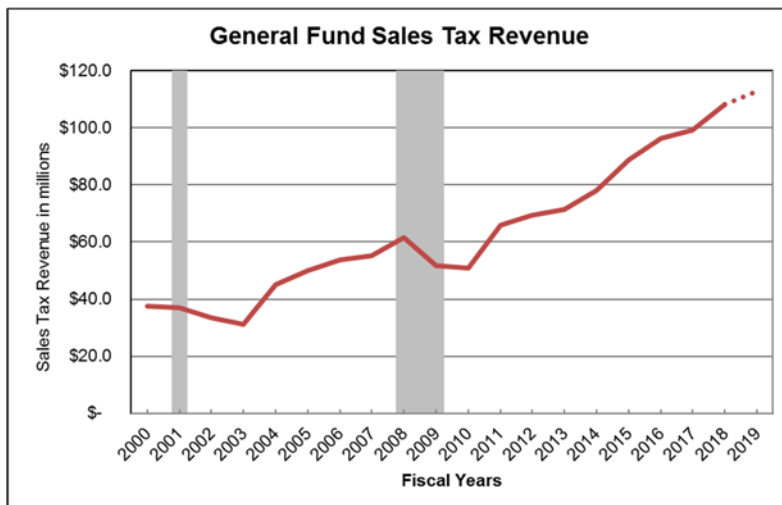


Source: U.S. Census Bureau, HUD, March 8, 2019

since 2008. Single family housing starts were at a rate of 740,000 and for units in buildings with five units or more, the rate was 278,000. The Census Bureau defines the start of construction when excavation begins for the footings or foundation of a building.

## 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.



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

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

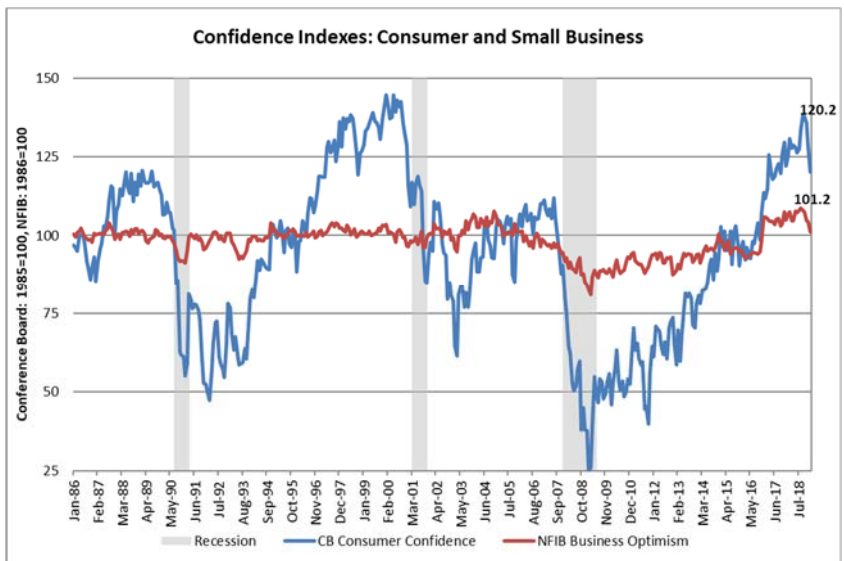
make purchases in the City. While it is hard to predict refunds as they are processed in a non-technical fashion, the economy continues to grow and revenue growth is expected to remain steady in FY 2019.

The first half of sales tax data for FY 2019 has been released. Comparing year-over-year actuals, general fund sales tax revenue grew by 3.2 percent compared to first half of 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. In January 2019, the index decreased in January following a decrease in December 2018. The index decreased from 128.1 in December 2018 to 120.2 in January 2019, the lowest reading



Source: The Conference Board and National Federation of Independent Business

in a year and a half. Consumers' assessment of present-day conditions declined compared to last month's and for the short-term outlook; consumers' expectations decreased slightly based on a less optimistic view of future business conditions. The declines in both current assessment and expectations could be directly attributed to the partial government shutdown and the unstable financial markets.

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 January 2019, the index continued its historic trend with a high value of 101.2, albeit a decline. The index is a composite of ten seasonally adjusted components that provide an indication of the health of small businesses. The January 2019 survey report showed that the decline resulted from less optimism in expected business conditions and expected real sales and small business owners continue to face labor challenges but are raising compensation. The report identified small business owners' concerns about future sales growth and business conditions later in the year. 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

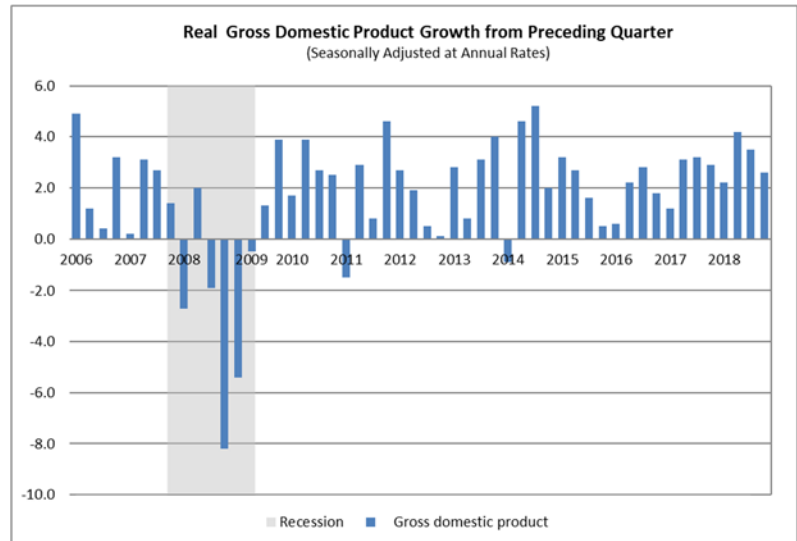
The U.S. Bureau of Economic Analysis publishes real Gross Domestic Product (GDP) at the metropolitan statistical area (MSA) level. GDP measures the total value of all goods and services produced within a given area in a particular period of time. Real GDP by MSA is an inflation-adjusted measure of each 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 2.6 percent in the fourth quarter of 2018 according to their initial estimate after increasing 3.4 percent in the third 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 federal 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, increased. The deceleration in real GDP in the fourth quarter of 2018 was due to slower growth in private inventory investment, PCE, and federal government, state and local government spending.

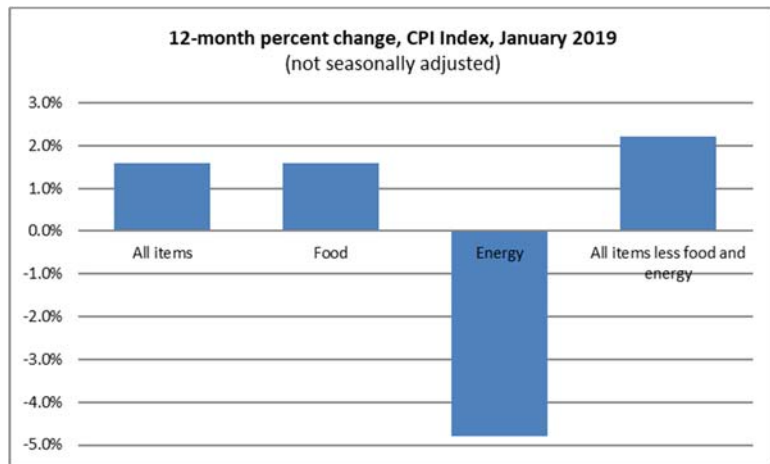


Source: U.S. Bureau of Economic Analysis

### 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 January 2019, CPI for All Urban Consumers (CPI-U) remained unchanged on a seasonally adjusted basis after falling by 0.1 percent in

December 2018. Compared to January 2018, CPI-U increased by 1.6 percent not seasonally adjusted (see the CPI Index 12-month change chart). Among the major expenditure categories, energy fell by 4.8 percent over the 12-month period primarily due to falling prices in energy commodities such as fuel oil and motor fuel. The food expenditure category grew by 1.6 percent and the ‘all items less food and energy’ category grew by 2.2 percent over the same period with notable increases in motor vehicle insurance, tobacco and smoking products, and rent of primary residence.



Source: US Bureau of Labor Statistics