

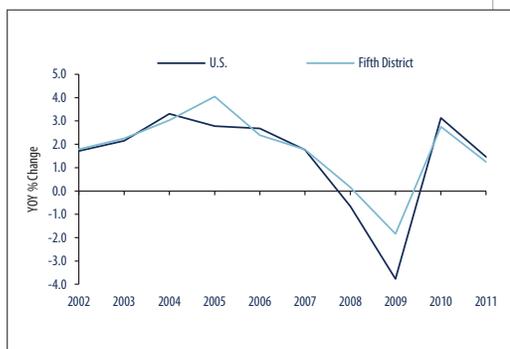
# Regional Profiles



## Economic Profile - Fifth District

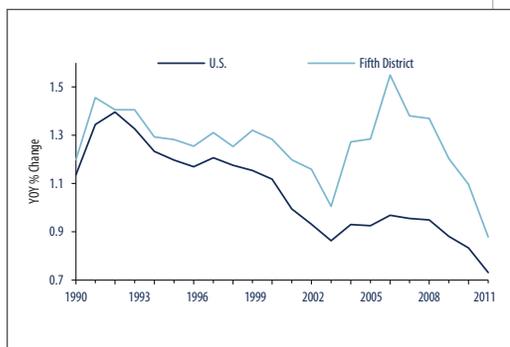
Many economic indicators in the Fifth Federal Reserve District showed signs of modest improvement in 2011. Real output growth was slightly lower than that of the nation. Employment grew steadily throughout the year and unemployment consistently decreased. Signals from real estate markets were mixed, with building permits increasing for the first time since 2005 and home prices continuing to decline.

Figure 1: Real GDP



SOURCE: Bureau of Economic Analysis/Haver Analytics

Figure 2: Population



SOURCE: U.S. Census Bureau/Haver Analytics

### Economic Contribution

- Output in the Fifth District grew at a real rate of 1.2 percent and was nominally valued at over \$1.5 trillion in 2011.
- Output growth in 2011 was notably less than the 2.8 percent growth in 2010, following a similar pattern to the national decrease from 3.1 percent in 2010 to 1.5 percent in 2011.
- For the sixth consecutive year, North Carolina led the District in output with its \$439.9 billion nominal gross state product (GSP) contributing 29.1 percent of District output.
- West Virginia posted the highest real GSP growth of 4.5 percent in 2011.

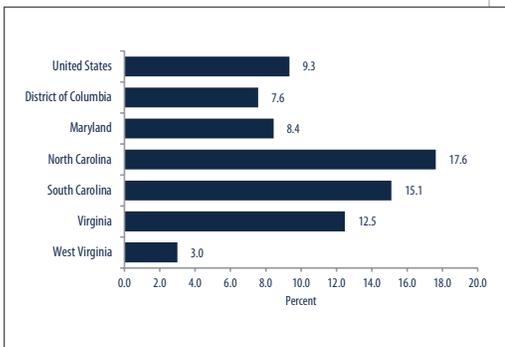
- Thirty-nine of the District's 42 MSAs experienced positive growth in real output in 2010—the most recent year for which data are available. This was a far cry from the 11 metro areas that posted positive growth in 2009.
- The Morgantown, WV MSA had the most marked increase in real output of 7.4 percent.
- The Washington, D.C. metro area's \$425.2 billion in output accounted for 29.1 percent of nominal output in the Fifth District.
- In 2010, the Washington, D.C. metro area not only produced nearly three times as much output as the next highest MSA (Baltimore, MD), but it also produced more than any entire state in the District.

### Population

- The Fifth District had 30.7 million residents in 2011, making up 9.9 percent of the nation's population.
- Population growth in the District slowed for the fifth consecutive year in 2011; nonetheless, the District's growth rate of 0.9 percent remained above the national rate (0.7 percent).

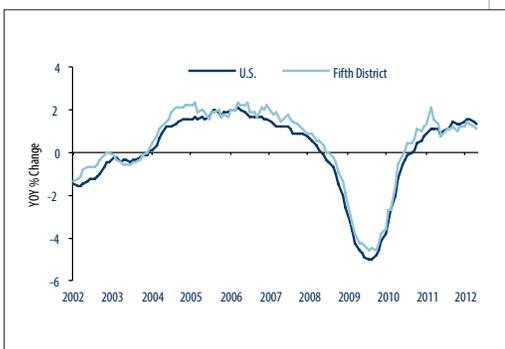
## ECONOMIC PROFILE

**Figure 3: Population Change (2001–2011)**



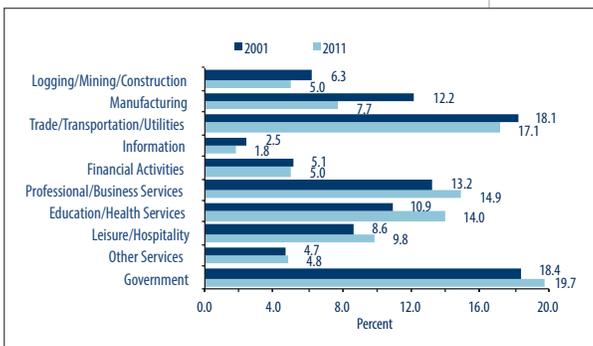
SOURCE: U.S. Census Bureau/Haver Analytics

**Figure 4: Payroll Employment**



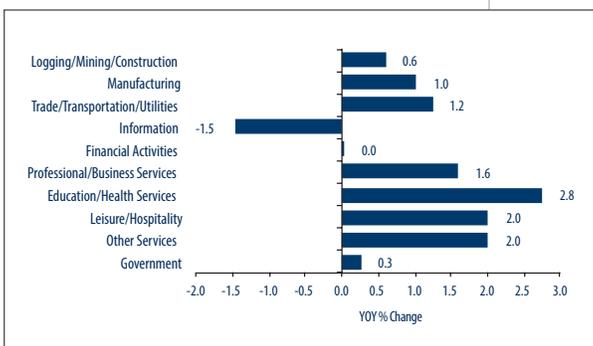
SOURCE: Bureau of Labor Statistics/Haver Analytics

**Figure 5: Employment Share by Industry**



SOURCE: Bureau of Labor Statistics/Haver Analytics

**Figure 6: Change in Employment by Industry (December 2011)**



SOURCE: Bureau of Labor Statistics/Haver Analytics

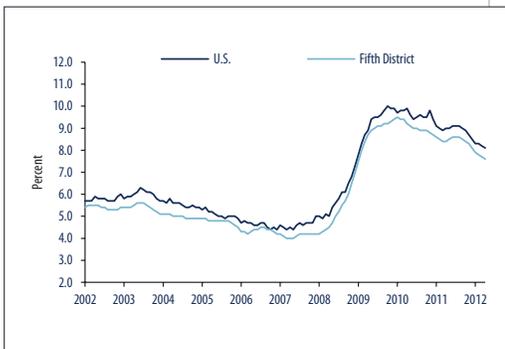
- The fastest growing jurisdiction in 2011 was the District of Columbia at 2.2 percent, while the slowest growing was West Virginia at 0.1 percent.
- North Carolina remained the most populated jurisdiction in 2011 with its 9.7 million residents accounting for 31.4 percent of the District's population.
- West Virginia, which has not had higher population growth than the nation since 1977, continued that trend as the only jurisdiction to grow slower than the nation.
- Thirty-three of the Fifth District's 42 metro areas experienced population growth in 2011, with the Raleigh-Cary, NC MSA growing the most rapidly at 2.3 percent and the Danville, VA MSA falling the quickest at 0.6 percent.
- The Washington, D.C. MSA was the most populated MSA in 2011, with its 5.7 million residents contributing 18.6 percent of the Fifth District's population. The Washington, D.C. MSA has been the most populated MSA in the Fifth District for as long as data have been available.

### Labor Market

- Total nonfarm payroll employment in the Fifth District grew 1.3 percent (168,600 jobs) in 2011, following a year of similar growth in 2010.
- Every District jurisdiction reported gains in payroll employment in 2011, with the District of Columbia posting the highest growth of 2.8 percent (20,000 jobs) and Virginia reporting the highest absolute increase of 46,500 jobs.
- Employment in the goods-producing sector in the District increased 0.9 percent (14,600 jobs) in 2011, the first employment gain since 2004. This growth was particularly noteworthy since goods-producing industries cut employment 1.0 percent (16,800 jobs) in 2010, 12.2 percent (240,500 jobs) in 2009, and 8.1 percent (173,700 jobs) in 2008.
- Employment in the manufacturing industry expanded 1.0 percent (10,600 jobs) in 2011, while employment in the logging, mining, and construction industry increased 0.6 percent (4,000 jobs).
- The service-providing sector continued its growth from 2010, generating 154,000 new jobs (1.3 percent). The majority of this growth came from private service-providers, which increased employment

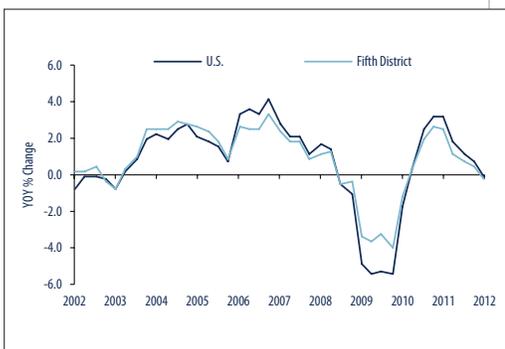
## ECONOMIC PROFILE

**Figure 7: Unemployment Rate**



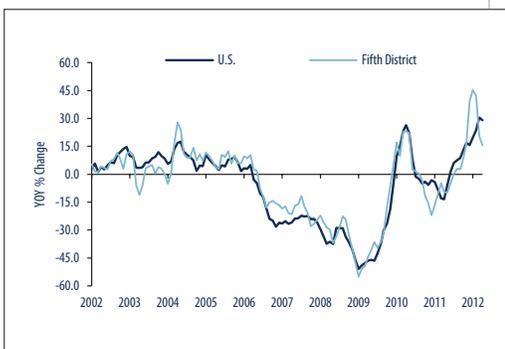
SOURCE: Bureau of Labor Statistics/Haver Analytics

**Figure 8: Real Per Capita Income**



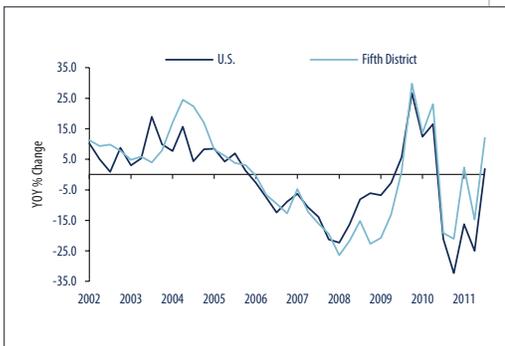
SOURCE: Bureau of Economic Analysis/Haver Analytics

**Figure 9: Building Permits Issued (3-month moving average)**



SOURCE: U.S. Census Bureau/Haver Analytics

**Figure 10: Existing Home Sales**



SOURCE: National Association of Realtors/Haver Analytics

by 1.6 percent (147,200 jobs). Leading the way was the education and health services industry which grew 2.8 percent (51,000 jobs).

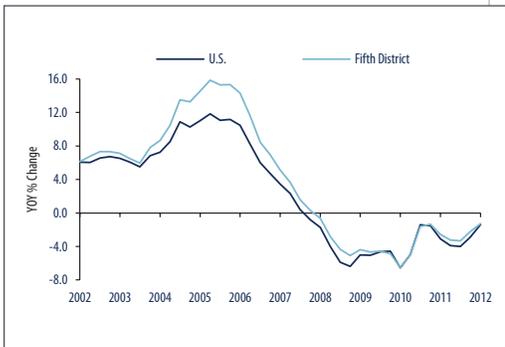
- The government reported a small employment increase of 0.3 percent, which resulted in an additional 6,800 jobs.
- Thirty-one of 42 District MSAs increased employment in 2011, led by the Blacksburg, VA metro area, which posted 5.9 percent growth (4,100 jobs).
- Meanwhile, the Washington, D.C. MSA experienced the largest absolute growth in employment as Beltway employers hired 27,100 net new workers.
- The Rocky Mount, NC MSA recorded the largest decrease in employment, losing 1.8 percent (1,100 jobs).
- From December 2011 to May 2012, payroll employment in the Fifth District grew 0.3 percent (46,100 jobs).
- Both the education and health services industry and the professional and business services industry began 2012 by expanding employment, hiring 23,800 workers and 17,700 workers, respectively, by May.

### Household Conditions

- By the end of 2011, unemployment in the Fifth District had dropped 0.6 percentage point to 8.1 percent, which was below the national rate of 8.5 percent. It continued to drop in 2012, reaching 7.6 percent in May and remaining below the national rate of 8.2 percent.
- Maryland, Virginia, and West Virginia reported unemployment rates below the national rate in December 2011, whereas North Carolina, South Carolina, and the District of Columbia reported jobless rates above the national rate.
- Virginia posted the lowest unemployment rate in the District at 6.1 percent in December 2011, while North Carolina posted the highest unemployment rate of 10.4 percent. Virginia has had the lowest unemployment rate in the District since February 2009.
- Of the Fifth District's metro areas, the Charlottesville, VA MSA posted the lowest unemployment rate (4.9 percent) at the end of 2011, while the Rocky Mountain, NC MSA reported the highest rate (13.6 percent).
- Nominal personal income in the Fifth District reached almost \$1.3 trillion, comprising nearly 9.9 percent of the nation's total nominal personal income.
- Personal income in the Fifth District grew at a real rate of 2.1 percent in 2011, which was lower than the national rate of 2.6 percent.

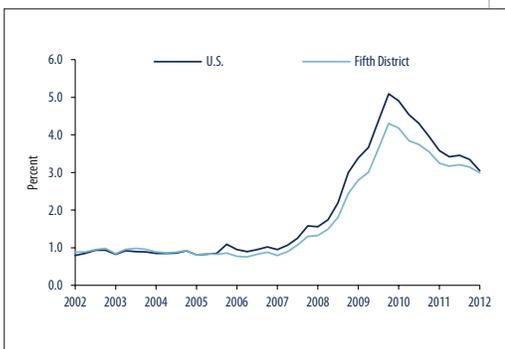
## ECONOMIC PROFILE

**Figure 11: House Price Index**



SOURCE: Federal Housing Finance Agency/HAVAR Analytics

**Figure 12: 90+ Day Mortgage Delinquency Rate**



SOURCE: Mortgage Bankers Association/HAVAR Analytics

**Figure 13: Foreclosure Starts Rate**



SOURCE: Mortgage Bankers Association/HAVAR Analytics

### Real Estate Conditions

- The number of new residential building permits in the Fifth District increased for the first time since 2005, experiencing a growth of 9.5 percent (7,989 permits). This was nearly triple the national growth of new building permits, which was 3.2 percent.
- The number of housing starts in the Fifth District increased by 1.9 percent (1,660 houses) in 2011, about half of the national 3.7 percent growth rate.
- Home values in the Fifth District, which have depreciated since the fourth quarter of 2007, continued to do so in 2011, falling 2.2 percent over the year. This was a sharper decline than that in 2010 (1.4 percent).
- House prices declined in five of the Fifth District's six jurisdictions over 2011, with North Carolina reporting the sharpest decline (2.9 percent).
- The District of Columbia was the only jurisdiction to post a year-over-year home price increase in 2011, with growth of 1.7 percent.
- In the first quarter of 2012, house prices again decreased in every Fifth District jurisdiction except the District of Columbia.
- The 90+ day mortgage delinquency rate in the Fifth District declined by 0.4 percentage point to 3.2 percent over 2011.
- The prime 90+ day mortgage delinquency rate fell from 2.2 percent to 1.8 percent, while the subprime rate fell from 13.3 percent to 10.6 percent in 2011. Nonetheless, these rates are still as high as those in early 2009.
- The share of mortgages in foreclosure increased throughout 2011, reaching 3.1 percent by the end of the year. This was a 0.3 percentage point increase, whereas the national foreclosure rate decreased by 0.3 percentage point to reach 4.4 percent.
- The prime mortgage foreclosure rate increased by 0.2 percentage point to 2.3 percent in 2011, while the subprime rate increased by 1.0 percentage point to 10.9 percent.

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