

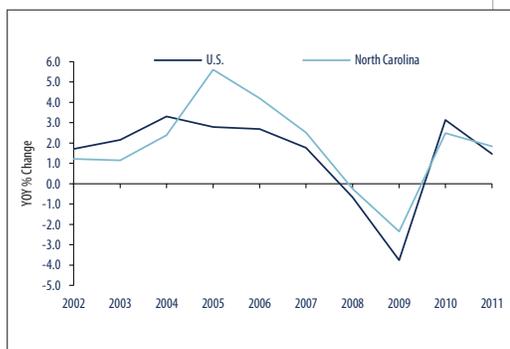
Regional Profiles



Economic Profile - North Carolina

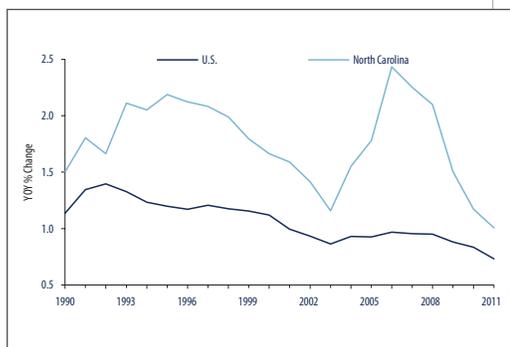
In 2011, North Carolina continued the limited economic recovery that began in 2010, with moderate increases in payroll employment, per capita income, and gross state product. Real estate markets also began to show positive signs, from the increase in house prices to the decrease in mortgage delinquencies. Although the unemployment rate decreased modestly, its persistently high levels reflect the continued fragility of the state economy.

Figure 1: Real GDP



SOURCE: Bureau of Economic Analysis/Haver Analytics

Figure 2: Population



SOURCE: U.S. Census Bureau/Haver Analytics

Economic Contribution

- North Carolina's gross state product (GSP) rose at a real rate of 1.8 percent during 2011—notably less than the 2010 increase of 2.5 percent—and was nominally valued at \$439.9 billion.
- North Carolina continued to have the highest GSP in the Fifth District, making up 29.1 percent of the District's output and 2.9 percent of the nation's.
- Output grew in all 14 metro areas in North Carolina in 2010—the most recent year for which data are available—and performance improved from 2009, when output decreased in ten metro areas.
- The Durham MSA led the way with a 6.6 percent output increase in 2010 after a minor increase of 1.0 percent in 2009.

Population

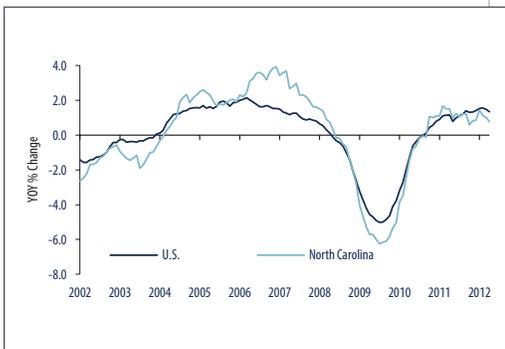
- North Carolina's population grew 1.0 percent in 2011, faster than the national rate of 0.7 percent, to reach 9.7 million people. However, growth had decelerated previously for six consecutive years.
- Thirteen of the 14 MSAs in North Carolina experienced positive population growth, while only 52 of 100 counties saw an increase in population.
- The Raleigh MSA population increased the most, 2.3 percent, while the Hickory MSA declined the sharpest at a rate of 0.2 percent.

Labor Market Conditions

- North Carolina experienced a very inconsistent job market in 2011, with employment rising and falling repeatedly during the year. By the end of the year, employment in North Carolina had increased only 0.9 percent (33,300 jobs).
- The 33,300 job increase in 2011 was slightly lower than the 42,100 jobs added in 2010.

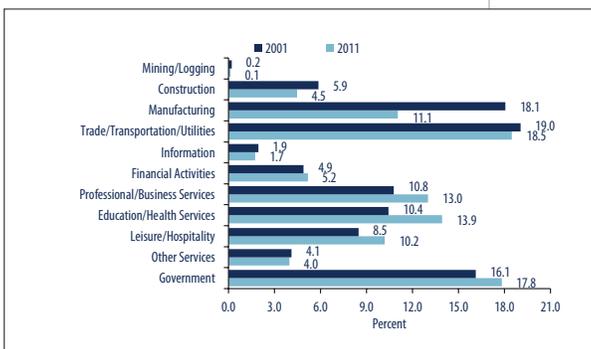
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Figure 3: Payroll Employment



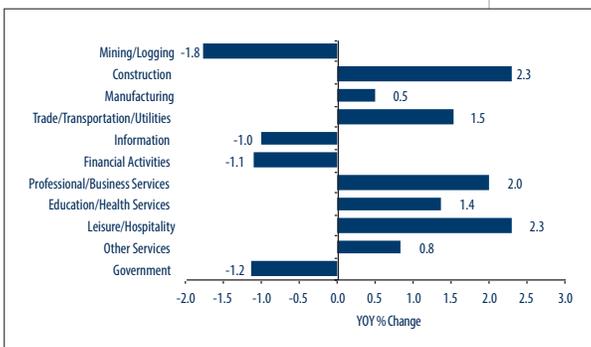
SOURCE: Bureau of Labor Statistics/Haver Analytics

Figure 4: Employment Share by Industry



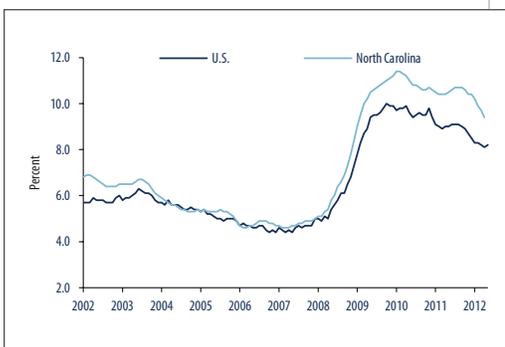
SOURCE: Bureau of Labor Statistics/Haver Analytics

Figure 5: Change in Employment by Industry (December 2011)



SOURCE: Bureau of Labor Statistics/Haver Analytics

Figure 6: Unemployment Rate

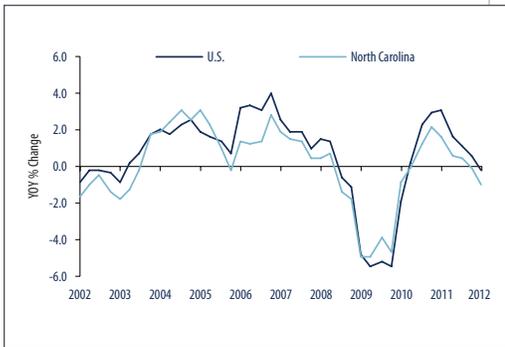


SOURCE: Bureau of Labor Statistics/Haver Analytics

- The North Carolina employment expansion in 2011 was less than the Fifth District's 1.5 percent (226,300 jobs) increase and less than the United States' 1.4 percent (1,522,000 jobs) increase.
- From December 2011 through May 2012, North Carolina added 6,800 jobs. Service-providers alone added 14,500 jobs in that period.
- Goods-producing industries increased hiring for the first time since early 2007 as employment in these industries increased 1.0 percent (6,000 jobs) in 2011.
- The construction industry began to bounce back slightly as employment increased 2.3 percent (4,000 jobs) following a 4.2 percent decrease (7,700 jobs) in 2010.
- The manufacturing industry expanded 0.5 percent (2,100 jobs) in 2011, a slight improvement over the small decline in employment (300 jobs) in 2010.
- Private service-providers continued to be of critical importance in the North Carolina economy, accounting for 66.6 percent of total payroll employment in December 2011.
- Employment increased 1.0 percent (35,500 jobs) in 2011 among private service-providers.
- The leisure and hospitality industry grew faster than any other private service-providing industry in 2011, expanding 2.3 percent (9,000 jobs).
- The education and health services industry grew 1.4 percent (7,400 jobs), driven by the 7.4 percent (6,100 jobs) growth in education services.
- Financial activities, which declined 1.1 percent (2,300 jobs), and information services, which declined 1.0 percent (700 jobs), were the only private-service providing industries to lose jobs in 2011.
- In North Carolina, the government sector cut jobs at a rate of 1.2 percent (8,200 jobs) in 2011. On the other hand, from December 2011 to May 2012 government employment in the state increased by 3,000 jobs.
- Ten of the 14 metropolitan areas in North Carolina saw increases in employment in 2011, which was the same number that posted employment gains in 2010.
- The Fayetteville MSA led the way, increasing employment 2.2 percent (2,400 jobs) while the Rocky Mount MSA lost 2.8 percent of its jobs (1,700 jobs).

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Figure 7: Real Per Capita Income



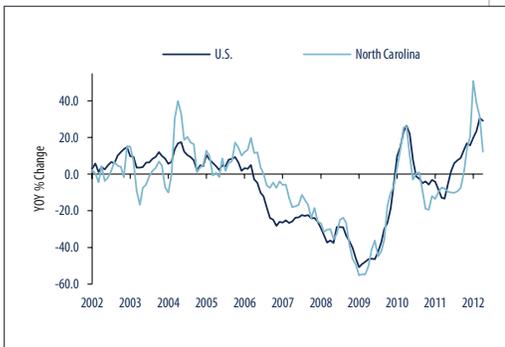
SOURCE: Bureau of Economic Analysis/Haver Analytics

Figure 8: Nominal Per Capita Income (2010)

Highest Per Capita Income			Lowest Per Capita Income		
County	Per Capita Income (\$)	YoY % Change	County	Per Capita Income (\$)	YoY % Change
Orange	46,713	2.7	Tyrrell	23,925	3.8
Chatham	45,804	2.4	Warren	24,047	0.6
Onslow	43,990	3.9	Graham	24,468	3.4
Mecklenburg	43,882	3.9	Robeson	24,599	0.6
Cumberland	42,523	4.1	Anson	24,822	2.1

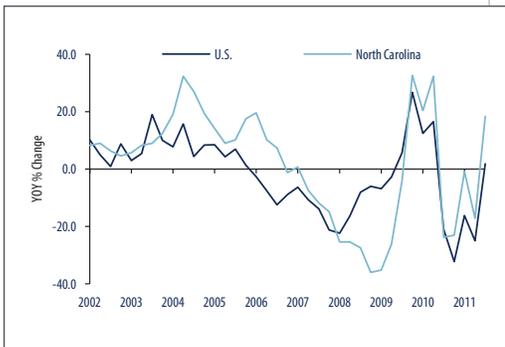
SOURCE: Bureau of Economic Analysis/Haver Analytics

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

Household Conditions

- The North Carolina unemployment rate declined slightly from 10.6 percent in December 2010 to 10.4 percent in December 2011. The national unemployment rate fell from 9.4 percent to 8.5 percent over the same time period, further highlighting North Carolina's slow improvement.
- North Carolina tied with Mississippi for the fourth highest unemployment rate in the nation in 2011.
- Unemployment in North Carolina fell to 9.4 percent by May 2012.
- The decrease in the labor force of 17,424 workers played a role in the decrease in the unemployment rate in the first part of 2012 because most of the workers who left the ranks of the unemployed also left the labor force.

- Unemployment rates increased in five of North Carolina's 14 metropolitan areas in 2011, with the Jacksonville MSA increasing the most from 8.7 to 9.3 percent.
- The Rocky Mount MSA unemployment rate rose to 14.1 percent by the end of 2011, making it the state's highest unemployment rate.

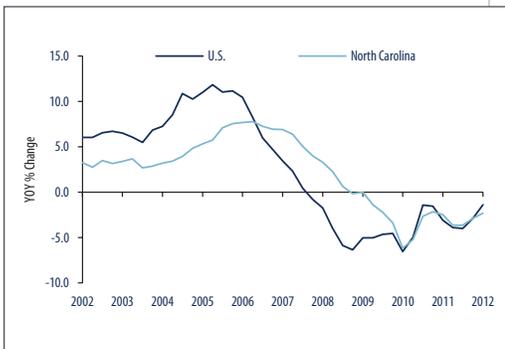
- Nominal per capita income increased to \$36,164 in North Carolina by the end of 2011.
- Nominal per capita income in the United States rose to \$41,663 in the year, widening the gap between the nation and the Tar Heel State.
- Real per capita income in North Carolina rose 0.8 percent in 2011, notably less than the 1.8 percent national increase in real per capita income.
- In 2010—the latest year for which data are available—Orange County had the state's highest nominal per capita income (\$46,713) for the third consecutive year.
- Tyrrell County had the state's lowest nominal per capita income of \$23,925 in 2010.

Real Estate Conditions

- After a brief recovery in 2010, housing starts stumbled in 2011, falling 5.5 percent to 32,882 units.
- New residential construction permits fell 3.2 percent to 32,804 permits in 2011, remaining well below the 2006 peak of 99,702.
- Home values in North Carolina fell 2.9 percent in 2011, the exact same decline as the nation.

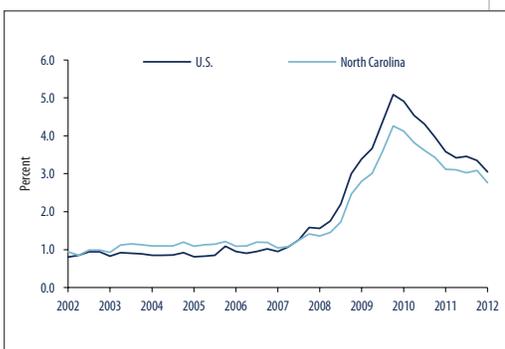
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Figure 11: House Price Index



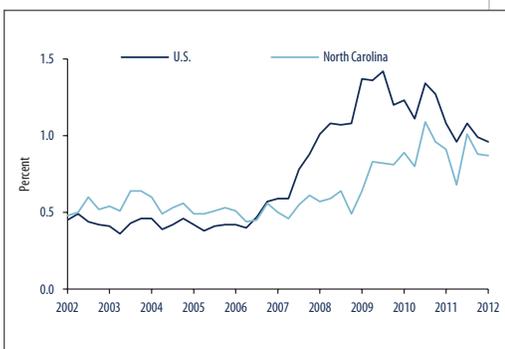
SOURCE: Federal Housing Finance Agency/HAVAR Analytics

Figure 12: 90+ Day Mortgage Delinquency Rate



SOURCE: Mortgage Bankers Association/HAVAR Analytics

Figure 13: Foreclosure Starts Rate



SOURCE: Mortgage Bankers Association/HAVAR Analytics

- Fayetteville, with a 0.1 percent increase in home prices, was the only metro area in North Carolina to report an appreciation in 2011.
- The Jacksonville and Wilmington metro areas both reported 6.2 percent decreases in home prices in 2011. Although Wilmington is frequently the MSA with the sharpest decline, Jacksonville had never experienced greater than a 3.0 percent year-over-year drop in prices before the second quarter of 2011.
- For the fourth consecutive year, the delinquency rate for borrowers at least 90 days behind on their mortgage payment remained below the national level in 2011, falling to 3.1 percent.
- The subprime mortgage 90+ day delinquency rate continued to decline to 10.1 percent, a little above the national level of 9.9 percent.
- The percentage of total mortgages in foreclosure rose again to 3.1 percent, but stayed notably below the national rate of 4.4 percent.
- A record 2.3 percent of all prime mortgages and 10.2 percent of all subprime mortgages were in foreclosure by the end of 2011.

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