

NORTH CAROLINA

December Summary

Reports on North Carolina's economy were mostly positive in recent months. Payroll employment rose and the unemployment rate edged lower while housing market reports were somewhat positive.

Labor Markets: Employers in North Carolina added 27,900 jobs (0.6 percent) in October. Job gains were evident in a majority of industries in the month, with the largest coming from leisure and hospitality (11,500 jobs). Notable increases were also reported in professional and business services (7,000 jobs), trade, transportation, and utilities (4,500 jobs), and education and health services (3,800 jobs). On the downside, the government sector lost 2,300 jobs in October, and smaller losses were reported in information and mining and logging. Since October 2017, total employment in North Carolina rose 2.3 percent (103,500 jobs) as every industry added jobs except for mining and logging. The bulk of the net jobs added since last October were in the professional and business services and the trade, transportation, and utilities industries, which added 29,400 and 19,700 jobs, respectively. Meanwhile, the largest percentage gain came from the construction sector (5.1 percent or 10,600 jobs).

Household Conditions: North Carolina's unemployment rate ticked down 0.2 percentage point to 3.6 percent in October, which marked the state's lowest unemployment rate since April 1999. In the third quarter of 2018, the share of North Carolina mortgages with payments 90 or more days past due edged up to 1.2 percent. Delinquency rates for fixed and adjustable rate loans increased in the third quarter to 0.9 percent and 1.8 percent, respectively. In the second quarter of 2018, real personal income in North Carolina rose 0.6 percent and was up 2.3 percent since the second quarter of 2017.

Housing Markets: North Carolina issued 5,022 new residential permits in October, up 18.3 percent from the prior month but down 14.9 percent from October 2017. The Charlotte MSA issued the most permits in August (1,666 permits) while the Wilmington MSA reported the largest percentage increase in the month by issuing 353 permits—more than seven times the number of permits issued in the prior month. North Carolina housing starts totaled 54,700 in October, up 13.8 percent from the prior month but down 19.0 percent on a year-over-year basis. According to CoreLogic Information Solutions, North Carolina home values appreciated 0.4 percent in September and appreciated 5.2 percent since September 2017.

A Closer Look at...State Tax Revenues

State Tax Collections in Q4-2017: \$6,495 million

Change from Q4-2016: 1.9%

State Tax Collections in Calendar Year 2016: \$26,,864 million

Change from 2016: 0.8%

Largest Year-over-Year (Year-to-Date) Changes Since 2003:

Increase: 17.1% in Q2:2015

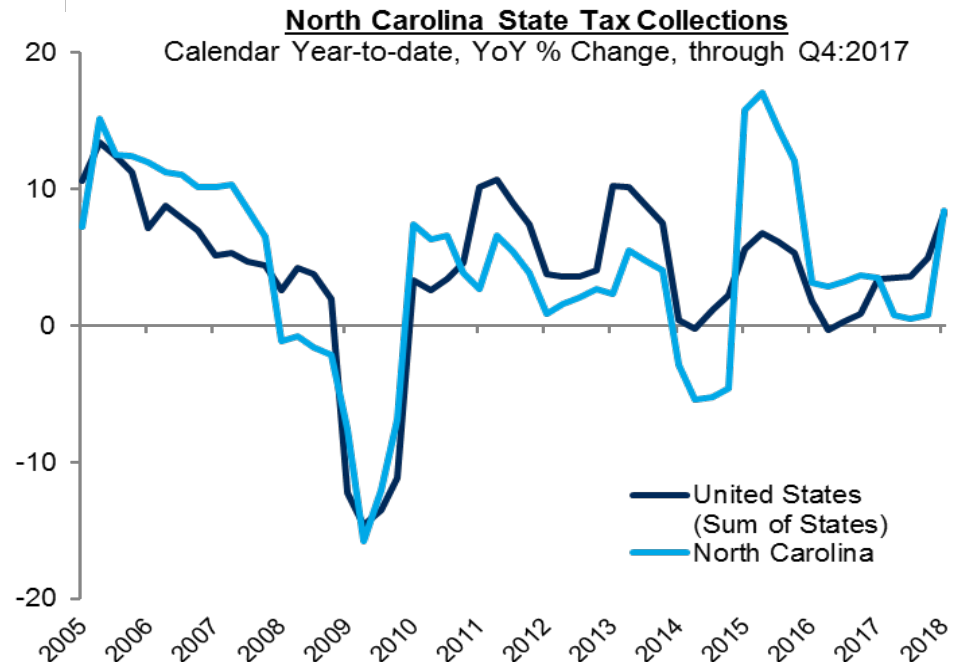
Decrease: -15.8% in Q2:2009

Largest Sources of Tax Revenue - Share of Total (2017):

Individual Income Tax: 41.6%

General Sales Tax: 34.2%

Motor Fuel Sales Tax: 6.0%



NORTH CAROLINA

Labor Market Conditions

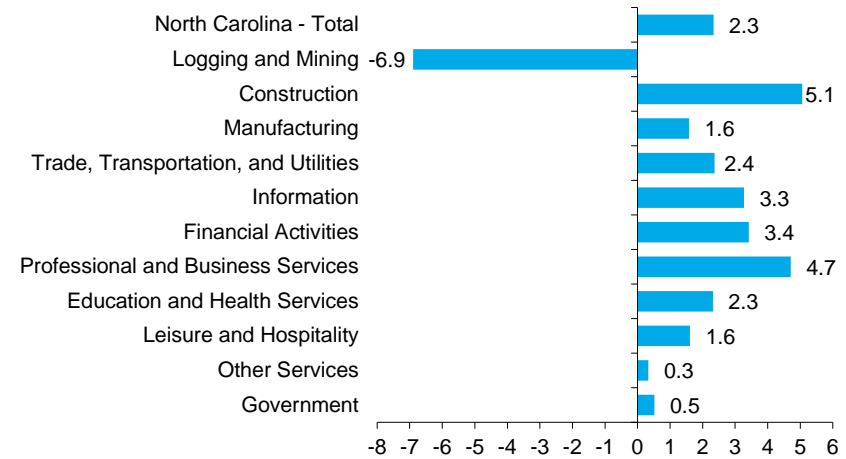
| Payroll Employment (SA) | Period | Level (000s) | MoM % Change | YoY % Change |
|--------------------------------------|---------|--------------|--------------|--------------|
| United States - Total | October | 149,750.0 | 0.17 | 1.71 |
| Fifth District - Total | October | 15,011.7 | 0.42 | 1.76 |
| North Carolina - Total | October | 4,538.9 | 0.62 | 2.33 |
| Logging and Mining | October | 5.4 | -1.82 | -6.90 |
| Construction | October | 220.2 | 0.27 | 5.06 |
| Manufacturing | October | 474.4 | 0.08 | 1.58 |
| Trade, Transportation, and Utilities | October | 853.1 | 0.53 | 2.36 |
| Information | October | 82.1 | -0.24 | 3.27 |
| Financial Activities | October | 242.0 | 0.75 | 3.42 |
| Professional and Business Services | October | 654.1 | 1.08 | 4.71 |
| Education and Health Services | October | 614.3 | 0.62 | 2.32 |
| Leisure and Hospitality | October | 504.0 | 2.34 | 1.61 |
| Other Services | October | 151.1 | 0.60 | 0.33 |
| Government | October | 738.2 | -0.31 | 0.52 |

Metro Payroll Employment (NSA)

| Period | Level (000s) | YoY % Change |
|-----------------------------------|--------------|--------------|
| Asheville MSA - Total | 195.1 | 0.67 |
| Charlotte MSA - Total | 1,232.4 | 2.39 |
| Durham MSA - Total | 319.5 | 1.82 |
| Fayetteville MSA - Total | 132.4 | 1.61 |
| Greensboro-High Point MSA - Total | 369.4 | 2.04 |
| Raleigh-Cary MSA - Total | 645.4 | 3.33 |
| Wilmington MSA - Total | 126.0 | -0.24 |
| Winston-Salem MSA - Total | 271.7 | 2.10 |

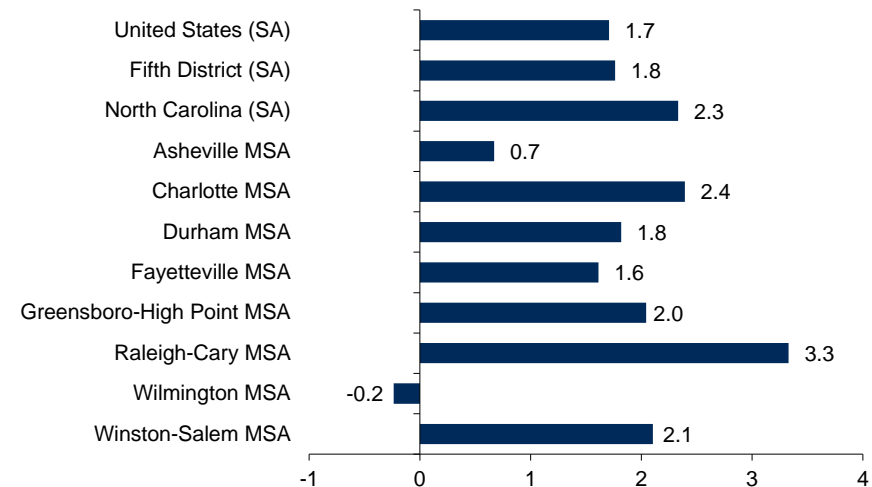
North Carolina Payroll Employment Performance

Year-over-Year Percent Change in October 2018



North Carolina Total Employment Performance

Year-over-Year Percent Change in October 2018



SNAPSHOT

A MONTHLY UPDATE OF THE FIFTH DISTRICT ECONOMY

December 2018

FEDERAL RESERVE BANK OF RICHMOND

NORTH CAROLINA

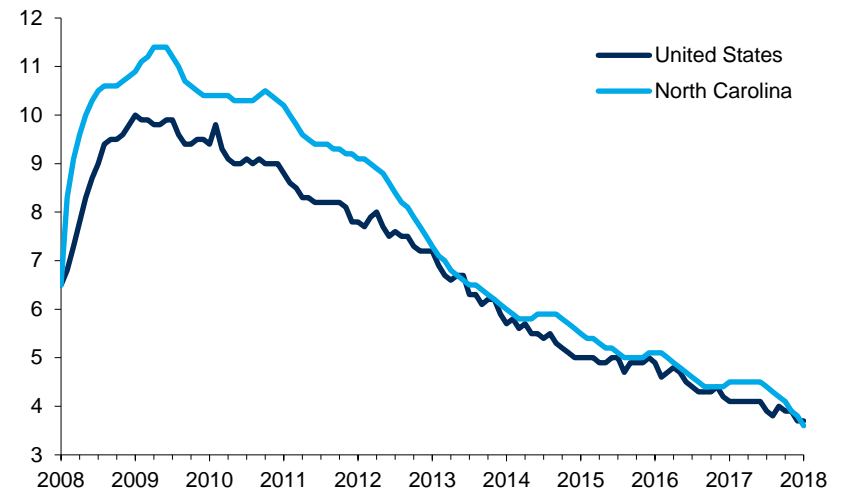
Labor Market Conditions

| Unemployment Rate (SA) | October 18 | September 18 | October 17 |
|---------------------------|------------|--------------|------------|
| United States | 3.7 | 3.7 | 4.1 |
| Fifth District | 3.6 | 3.7 | 4.2 |
| North Carolina | 3.6 | 3.8 | 4.5 |
| Asheville MSA | 2.9 | 2.8 | 3.7 |
| Charlotte MSA | 3.2 | 3.2 | 4.2 |
| Durham MSA | 3.1 | 3.0 | 3.9 |
| Fayetteville MSA | 4.6 | 4.5 | 5.6 |
| Greensboro-High Point MSA | 3.6 | 3.5 | 4.7 |
| Raleigh-Cary MSA | 3.0 | 2.9 | 3.9 |
| Wilmington MSA | 3.8 | 3.6 | 4.3 |
| Winston-Salem MSA | 3.3 | 3.2 | 4.3 |

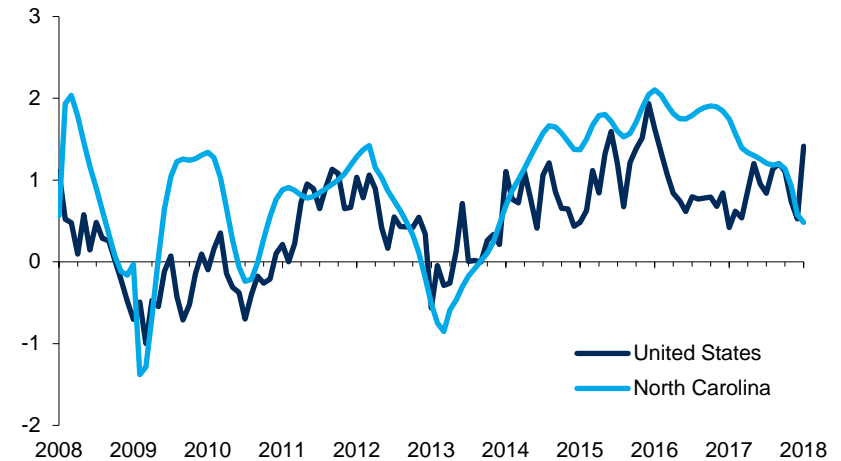
| Civilian Labor Force (SA) | Period | Level (000s) | MoM % Change | YoY % Change |
|---------------------------|---------|--------------|--------------|--------------|
| United States | October | 162,637 | 0.44 | 1.41 |
| Fifth District | October | 16,067 | 0.00 | 0.32 |
| North Carolina | October | 4,992 | -0.01 | 0.48 |
| Asheville MSA | October | 230 | 0.39 | -0.39 |
| Charlotte MSA | October | 1,344 | 0.65 | 1.08 |
| Durham MSA | October | 300 | 0.50 | 1.18 |
| Fayetteville MSA | October | 148 | 0.96 | -0.07 |
| Greensboro-High Point MSA | October | 371 | 0.81 | 0.68 |
| Raleigh-Cary MSA | October | 717 | 0.65 | 2.02 |
| Wilmington MSA | October | 144 | 0.98 | -1.64 |
| Winston-Salem MSA | October | 328 | 0.98 | 0.98 |

| Initial Unemployment Claims (NSA) | Period | Level | MoM % Change | YoY % Change |
|-----------------------------------|---------|---------|--------------|--------------|
| United States | October | 899,848 | 30.95 | -6.91 |
| Fifth District | October | 69,761 | 23.44 | 27.69 |
| North Carolina | October | 28,579 | 34.86 | 146.05 |

North Carolina Unemployment Rate
Through October 2018



North Carolina Labor Force
Year-over-Year Percent Change through October 2018



SNAPSHOT

A MONTHLY UPDATE OF THE FIFTH DISTRICT ECONOMY

December 2018

FEDERAL RESERVE BANK OF RICHMOND

NORTH CAROLINA

Household Conditions

| Real Personal Income (SA) | Period | Level (\$mil) | QoQ % Change | YoY % Change |
|---------------------------|--------|---------------|--------------|--------------|
| United States | Q2:18 | 16,182,803 | 0.57 | 2.39 |
| Fifth District | Q2:18 | 1,557,124 | 0.52 | 1.95 |
| North Carolina | Q2:18 | 437,233 | 0.55 | 2.32 |

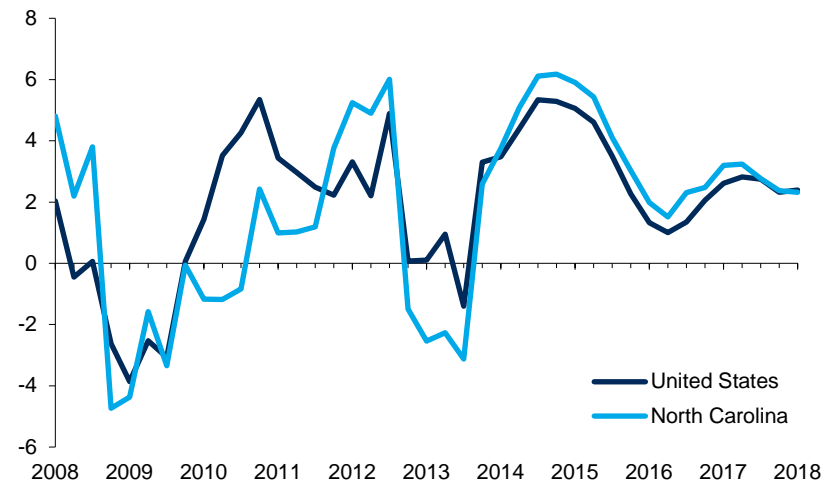
| Median Family Income | Period | Level (000s) | QoQ % Change | YoY % Change |
|---------------------------|--------|--------------|--------------|--------------|
| Asheville MSA | Q3:18 | 61.3 | 0.00 | 0.00 |
| Charlotte MSA | Q3:18 | 74.1 | 0.00 | 4.81 |
| Durham MSA | Q3:18 | 80.6 | 0.00 | 9.96 |
| Fayetteville MSA | Q3:18 | 53.5 | 0.00 | 2.29 |
| Greensboro-High Point MSA | Q3:18 | 60.5 | 0.00 | 5.77 |
| Raleigh-Cary MSA | Q3:18 | 84.3 | 0.00 | 5.11 |
| Winston-Salem MSA | Q3:18 | 62.5 | 0.00 | 9.84 |

| Non-Business Bankruptcies | Period | Level | QoQ % Change | YoY % Change |
|---------------------------|--------|---------|--------------|--------------|
| United States | Q3:18 | 187,490 | -6.33 | -1.08 |
| Fifth District | Q3:18 | 15,279 | -8.80 | -0.85 |
| North Carolina | Q3:18 | 3,308 | -7.68 | -3.98 |

| Mortgage Delinquencies (% 90+ Days Delinquent) | Q3:18 | Q2:18 | Q3:17 |
|--|-------|-------|-------|
| United States | | | |
| All Mortgages | 1.14 | 1.25 | 1.29 |
| Conventional - Fixed Rate | 0.83 | 0.94 | 0.98 |
| Conventional - Adjustable Rate | 1.85 | 1.97 | 2.17 |
| North Carolina - All Mortgages | | | |
| All Mortgages | 1.21 | 1.15 | 1.32 |
| Conventional - Fixed Rate | 0.89 | 0.86 | 0.99 |
| Conventional - Adjustable Rate | 1.79 | 1.67 | 1.97 |

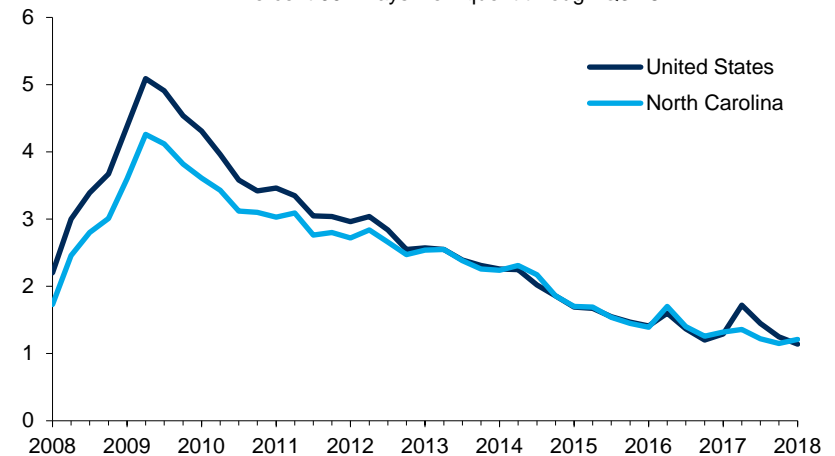
North Carolina Real Personal Income

Year-over-Year Percent Change through Q2:18



North Carolina Mortgage Delinquencies

Percent 90+ Days Delinquent through Q3:18



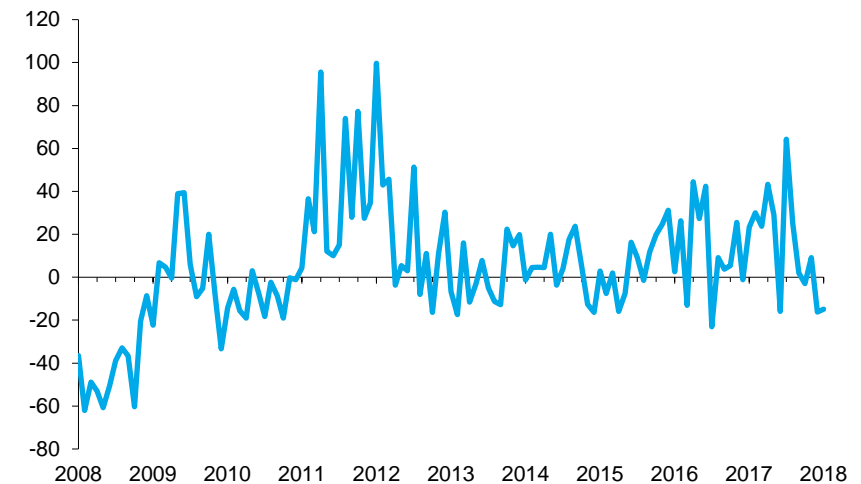
NORTH CAROLINA

Real Estate Conditions

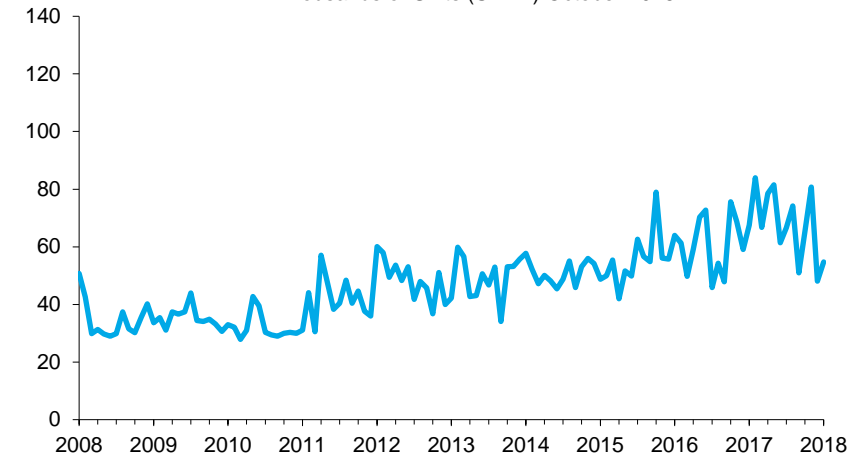
| Permits: New Private Housing Units | Period | Level | MoM % Change | YoY % Change |
|------------------------------------|---------|---------|--------------|--------------|
| United States | October | 112,566 | 13.27 | -1.27 |
| Fifth District | October | 12,808 | 5.12 | -10.28 |
| North Carolina | October | 5,022 | 18.25 | -14.87 |
| Asheville MSA | October | 228 | -25.00 | -12.64 |
| Charlotte MSA | October | 1,666 | -4.75 | -33.25 |
| Durham MSA | October | 400 | 21.21 | -0.25 |
| Fayetteville MSA | October | 58 | 7.41 | -27.50 |
| Greensboro-High Point MSA | October | 204 | 60.63 | 20.00 |
| Greenville MSA | October | 16 | -61.90 | -64.44 |
| Hickory MSA | October | 6 | 25.00 | --- |
| Jacksonville MSA | October | 111 | 326.92 | 48.00 |
| Raleigh-Cary MSA | October | 864 | 1.89 | -11.29 |
| Wilmington MSA | October | 353 | 702.27 | -21.38 |
| Winston-Salem MSA | October | 237 | 26.74 | 18.50 |

| Total Private Housing Starts (SAA) | Period | Level (000s) | MoM % Change | YoY % Change |
|------------------------------------|---------|--------------|--------------|--------------|
| United States | October | 1,228 | 1.49 | -2.92 |
| Fifth District | October | 140 | 1.17 | -14.62 |
| North Carolina | October | 54.7 | 13.81 | -18.99 |

North Carolina New Housing Units
Year-over-Year Percent Change through October 2018



North Carolina Housing Starts
Thousands of Units (SAAR) October 2018



SNAPSHOT

A MONTHLY UPDATE OF THE FIFTH DISTRICT ECONOMY

December 2018

FEDERAL RESERVE BANK OF RICHMOND

NORTH CAROLINA

Real Estate Conditions

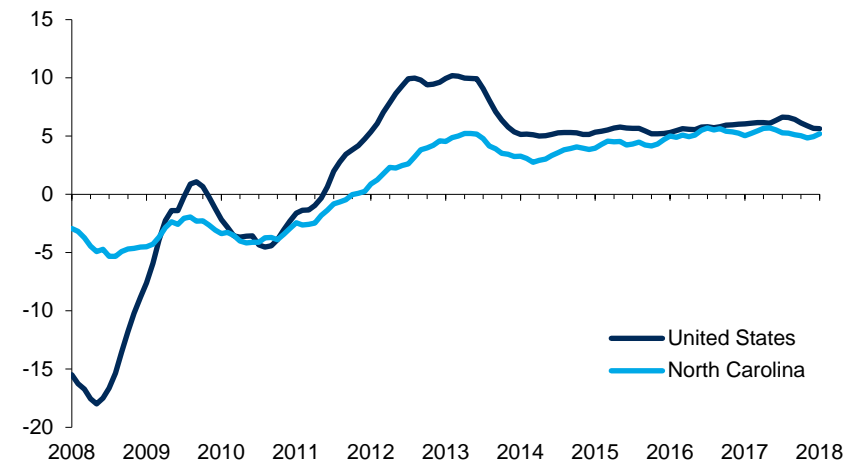
| House Price Index (2000=100) | Period | Level | MoM % Change | YoY % Change |
|------------------------------|-----------|-------|--------------|--------------|
| United States | September | 204 | 0.37 | 5.63 |
| Fifth District | September | 203 | 0.09 | 3.90 |
| North Carolina | September | 161 | 0.36 | 5.19 |
| Asheville MSA | September | 220 | 0.55 | 5.26 |
| Charlotte MSA | September | 167 | 0.33 | 5.76 |
| Durham MSA | September | 169 | 0.26 | 6.11 |
| Fayetteville MSA | September | 126 | -0.51 | 1.76 |
| Greensboro-High Point MSA | September | 133 | 0.51 | 4.64 |
| Greenville MSA | September | 134 | -0.27 | 4.35 |
| Hickory MSA | September | 146 | 0.03 | 7.02 |
| Jacksonville MSA | September | 149 | 0.36 | 3.29 |
| Raleigh-Cary MSA | September | 159 | 0.39 | 4.90 |
| Wilmington MSA | September | 184 | 0.36 | 2.90 |
| Winston-Salem MSA | September | 149 | 0.71 | 6.31 |

| Median Home Sales Price - NAR (N:) | Period | Level (\$000s) | QoQ % Change | YoY % Change |
|------------------------------------|--------|----------------|--------------|--------------|
| Charlotte MSA | Q3:18 | 245 | -2.93 | 5.06 |
| Durham MSA | Q3:18 | 282 | -2.18 | 7.63 |
| Greensboro-High Point MSA | Q3:18 | 171 | 2.58 | 4.40 |
| Raleigh-Cary MSA | Q3:18 | 288 | -0.96 | 7.59 |

| Median Home Sales Price - NAHB | Period | Level (\$000s) | QoQ % Change | YoY % Change |
|--------------------------------|--------|----------------|--------------|--------------|
| Asheville MSA | Q3:18 | 264 | 1.15 | 5.18 |
| Charlotte MSA | Q3:18 | 240 | -2.04 | 5.73 |
| Durham MSA | Q3:18 | 260 | 0.78 | 10.64 |
| Fayetteville MSA | Q3:18 | 133 | -0.75 | 0.00 |
| Greensboro-High Point MSA | Q3:18 | 161 | 0.00 | 0.63 |
| Raleigh-Cary MSA | Q3:18 | 300 | 0.33 | 7.14 |
| Winston-Salem MSA | Q3:18 | 160 | -1.23 | 6.67 |

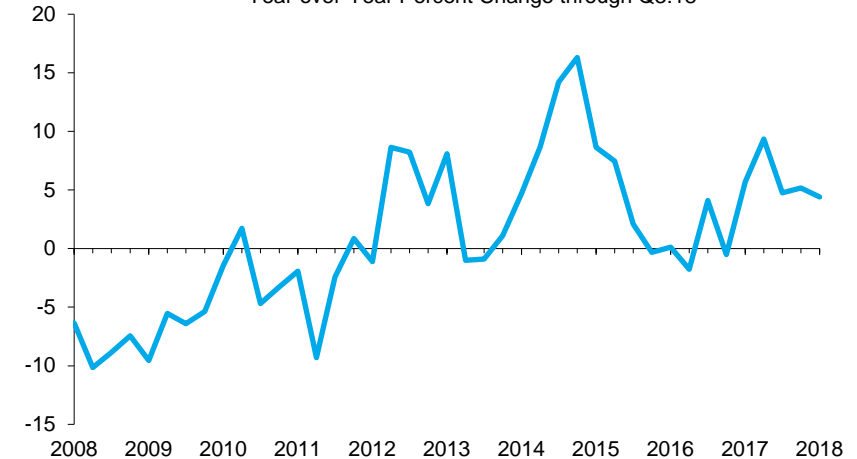
North Carolina House Price Index (CoreLogic)

Year-over-Year Percent Change through September 2018



Greensboro MSA Median Home Sales Price (NAR)

Year-over-Year Percent Change through Q3:18



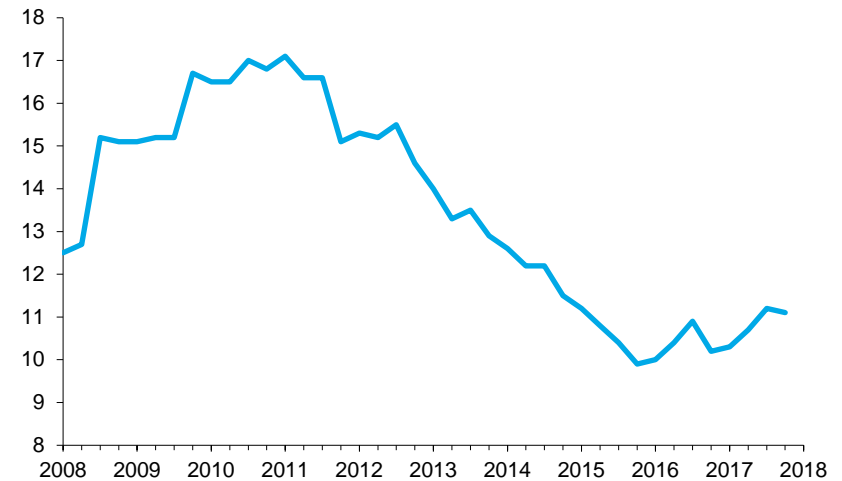
NORTH CAROLINA

Real Estate Conditions

| Housing Opportunity Index (%) | Q3:18 | Q2:18 | Q3:17 |
|-------------------------------|-------|-------|-------|
| Asheville MSA | 49.3 | 50.0 | 58.4 |
| Charlotte MSA | 65.2 | 64.6 | 70.2 |
| Durham MSA | 66.9 | 65.7 | 68.2 |
| Fayetteville MSA | 74.4 | 73.0 | 75.3 |
| Greensboro-High Point MSA | 72.6 | 72.6 | 74.9 |
| Raleigh-Cary MSA | 60.7 | 61.9 | 65.9 |
| Winston-Salem MSA | 79.8 | 76.0 | 78.6 |

| Commercial Vacancy Rates (%) | Q2:18 | Q1:18 | Q2:17 |
|------------------------------|-------|-------|-------|
| Office Vacancies | | | |
| Raleigh/Durham | 7.7 | 8.3 | 7.2 |
| Charlotte | 11.1 | 11.2 | 10.2 |
| Retail Vacancies | | | |
| Raleigh/Durham | 4.4 | 4.9 | 4.9 |
| Charlotte | 5.1 | 5.1 | 5.4 |
| Industrial Vacancies | | | |
| Raleigh/Durham | 7.0 | 7.1 | 7.0 |
| Charlotte | 7.4 | 7.7 | 7.0 |

Charlotte MSA Office Vacancy Rate
Through Q2:18



Raleigh/Durham CSA Industrial Vacancy Rate
Through Q2:18

