

US, NC, and Local Area Economic Conditions

Four-County EMC

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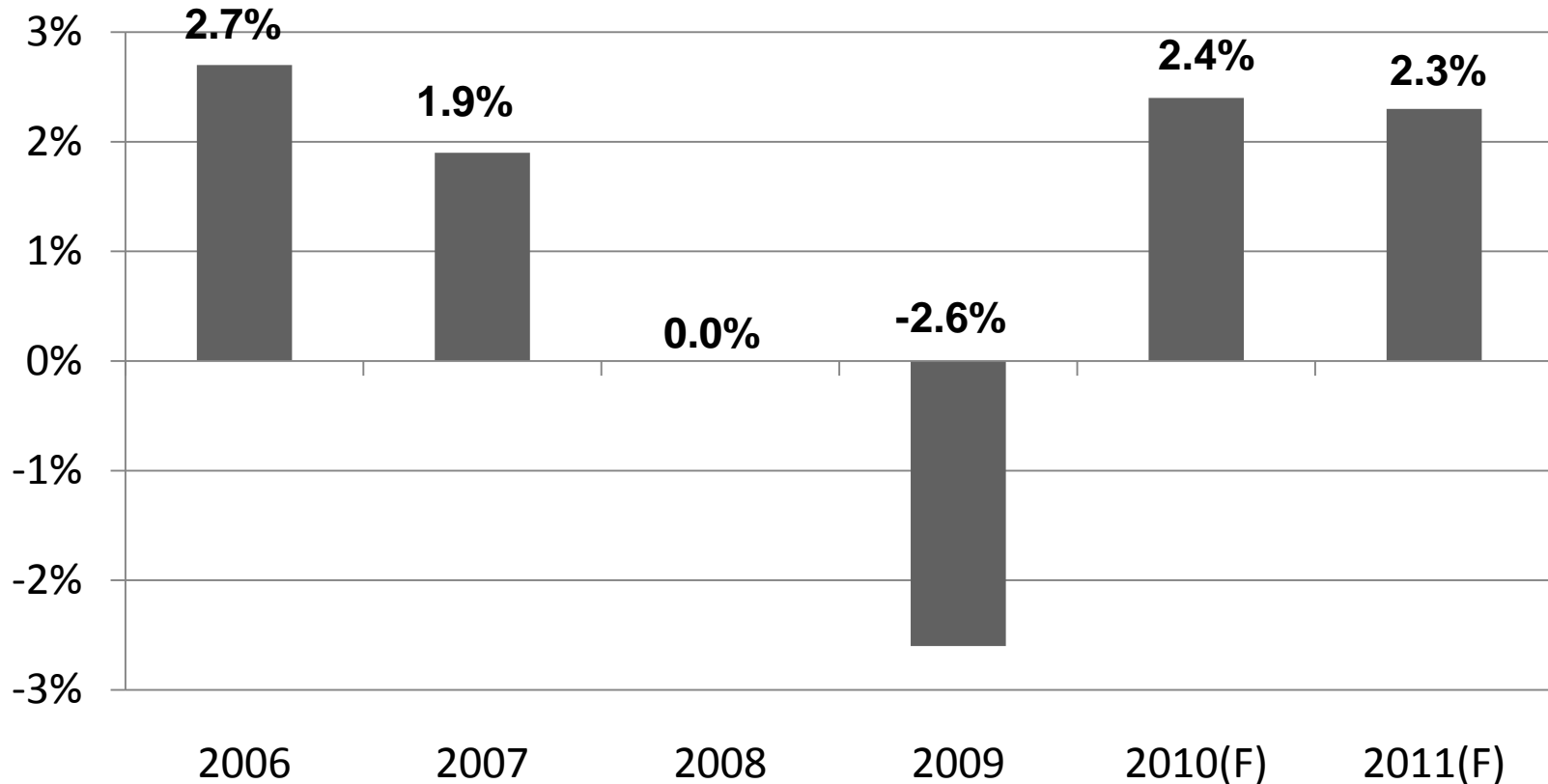
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Web Slides

- <http://www.csb.uncw.edu/cbes/events/index.htm>

US Economic Growth



Source: U. S. Department of Commerce; Weekly Economic & Financial Commentary, Economics Group, Wells Fargo Securities, July 9, 2010.

June 2010 US Employment Report

- Nonfarm employment fell 125,000 in June.
 - Temporary 2010 Census employment fell 225,000.
 - Private sector employment rose 83,000.
- The unemployment rate fell to 9.5%.

| Socioeconomic Group | Unemployment Rate (%) |
|---------------------|-----------------------|
| Whites | 8.6 |
| Blacks | 15.4 |
| Adult Men | 9.9 |
| Adult Women | 7.8 |
| Teenagers | 25.7 |
| Hispanics | 12.4 |

June 2010 US Employment Report Cont.

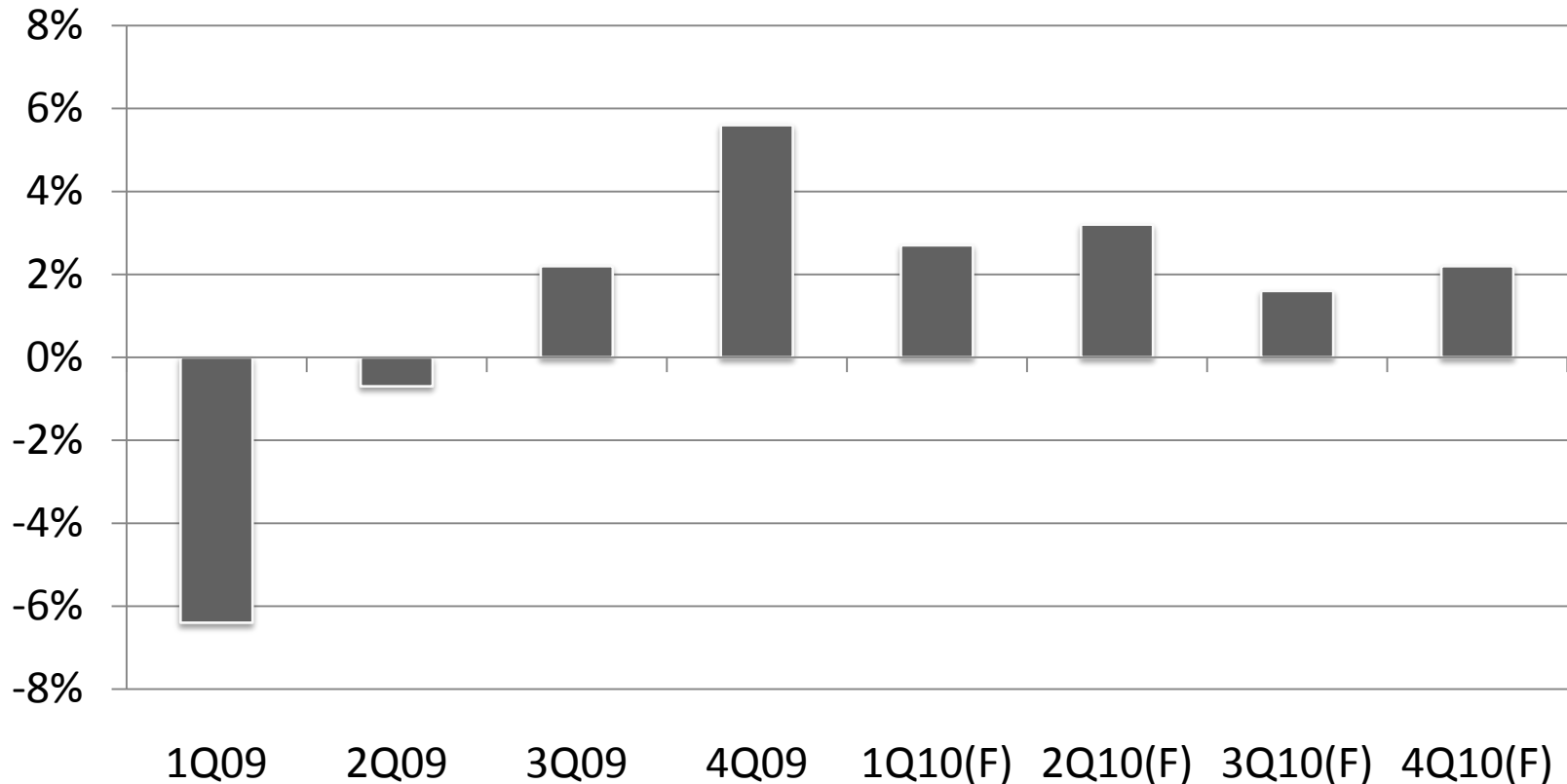
- Long-term unemployment (≥ 27 weeks)
 - Unchanged at 6.8 million
 - 45.5% of total unemployed
- Re-entrants to the labor force fell 286,000.
- Involuntary part-time employment fell 343,000.
- The number of discouraged workers is up 414,000 from one year ago.

June 2010 US Employment Report Cont.

| Employment Gains | Employment Losses | Employment Unchanged |
|-----------------------------------|-----------------------------|----------------------|
| Leisure & Hospitality | Construction | State Government |
| Professional & Business Services | Federal Government (Census) | Local Government |
| Temporary Help Services | | Wholesale Trade |
| Management & Technical Consulting | | Retail Trade |
| Business Support Services | | Information |
| Transportation & Warehousing | | Financial Activities |
| Health Care | | |
| Mining | | |
| Manufacturing | | |

US Economic Growth

(Quarterly Change at an Annual Rate)



Source: U. S. Department of Commerce; Weekly Economic & Financial Commentary, Economics Group, Wells Fargo Securities, July 9, 2010.

Did Homebuyer Tax Incentives Create a False Sense of Security?

- Negative news
 - Recent data showing a 2.2% fall in existing home sales were likely distorted due to the expiring homebuyers' tax credit.
 - New home sales fell to the lowest level on record in May 2010.
 - A likely cause was the rush to meet the April 30 contract signing deadline for the tax credit.

Did Homebuyer Tax Incentives Create a False Sense of Security?

- Positive news
 - Home prices rose 0.8% in April, the second consecutive monthly gain.
 - A likely cause was the higher sales volume fueled by the tax credit.
 - Greenspan's recent (late July 2010) comments
 - Greater probability of “double dip” if home prices fall by 5-6%.
- As the effect(s) of the tax credit diminish, the outlook for the housing sector is very uncertain.
 - Home prices will likely come under pressure (code for not rise, possibly fall) as delinquencies and foreclosures continue to rise.

The Outlook

- No change in the federal funds rate (the inter-bank lending rate) is anticipated for some time.
 - The most recent Federal Open Market Committee (FOMC) statement indicates that the economy has stopped strengthening.
- Housing and commercial real estate remain weak.
 - The FOMC statement indicates that housing starts remain at a depressed level.
- An end to the excess in housing inventory and a return to a “regular” housing market may not occur until well into 2011 or 2012.

The Outlook Cont.

- No “W” (double dip)
 - All of the major components of the economy continue to grow.
 - Little inflation pressure
 - Consumer spending (70% of GDP)
 - Wages and salaries grew 4.4% over 2Q10.
 - Consumer confidence fell sharply during June.
 - Slow job growth
 - “Hard-to-get” jobs rose .
 - “Plentiful” jobs fell.

The Outlook Cont.

- An “underwater V” recovery is likely.
 - Initially, the upside of the “V” merely reflects less negative news.
- Manufacturing is playing a larger role than originally anticipated.
 - Firms are rebuilding inventories following an unusually long two-year drawdown.
- Growth in the service sector is less robust but is broadening and gaining momentum.

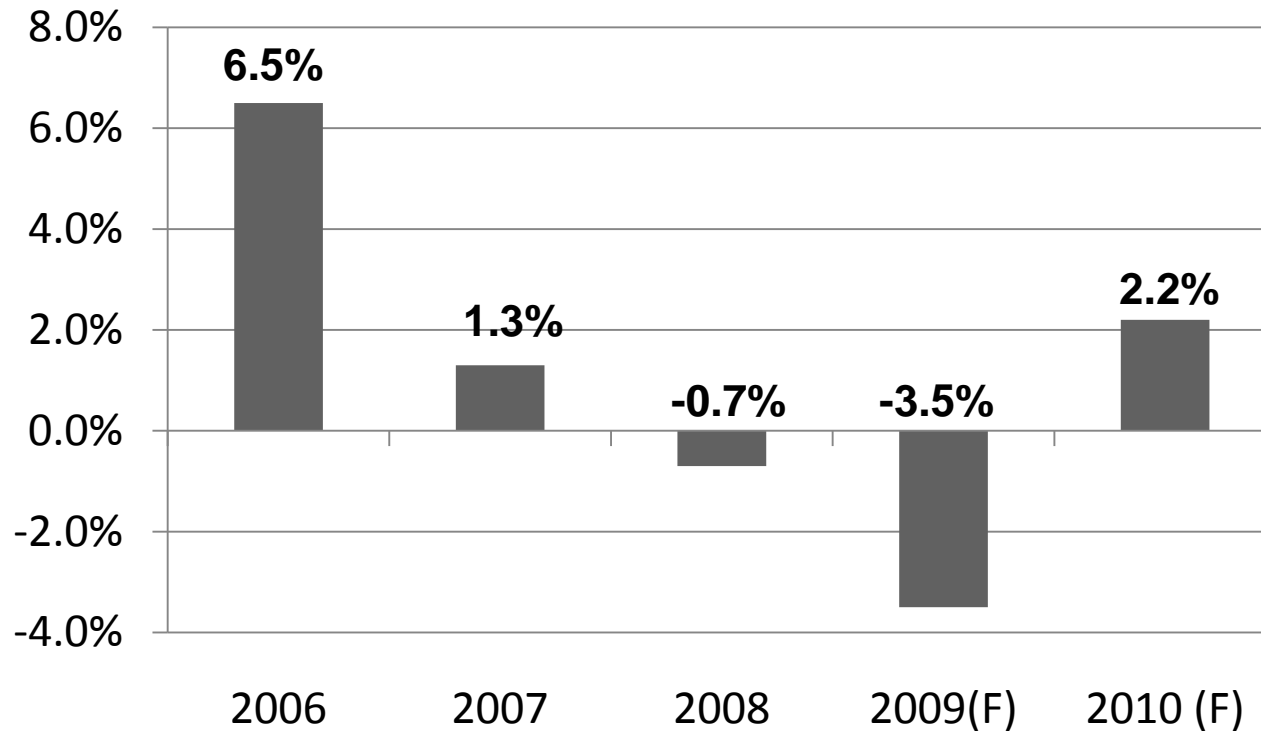
Risks

- Sovereign debt crisis
 - PIIGS (Portugal, Ireland, Italy, Greece, and Spain)
- Export demand
- Strength of consumer spending
 - Loss of household wealth
 - Relatively high debt burdens
 - Tight consumer credit
 - Weak growth (perhaps no change) in disposable income

The Fallacy of “Getting Back to Where We Were”

- “Where we were” was out-of-step with long-term sustainable economic growth.
- Policy proposals aimed at “returning us to where we were” are at odds with the economic reality of the excesses of the previous expansion that were fueled by lax qualifications for housing finance and a highly-leveraged consumer.
 - As a result , economic growth is likely to be lower over the next five years than during the five years prior to the current recession.

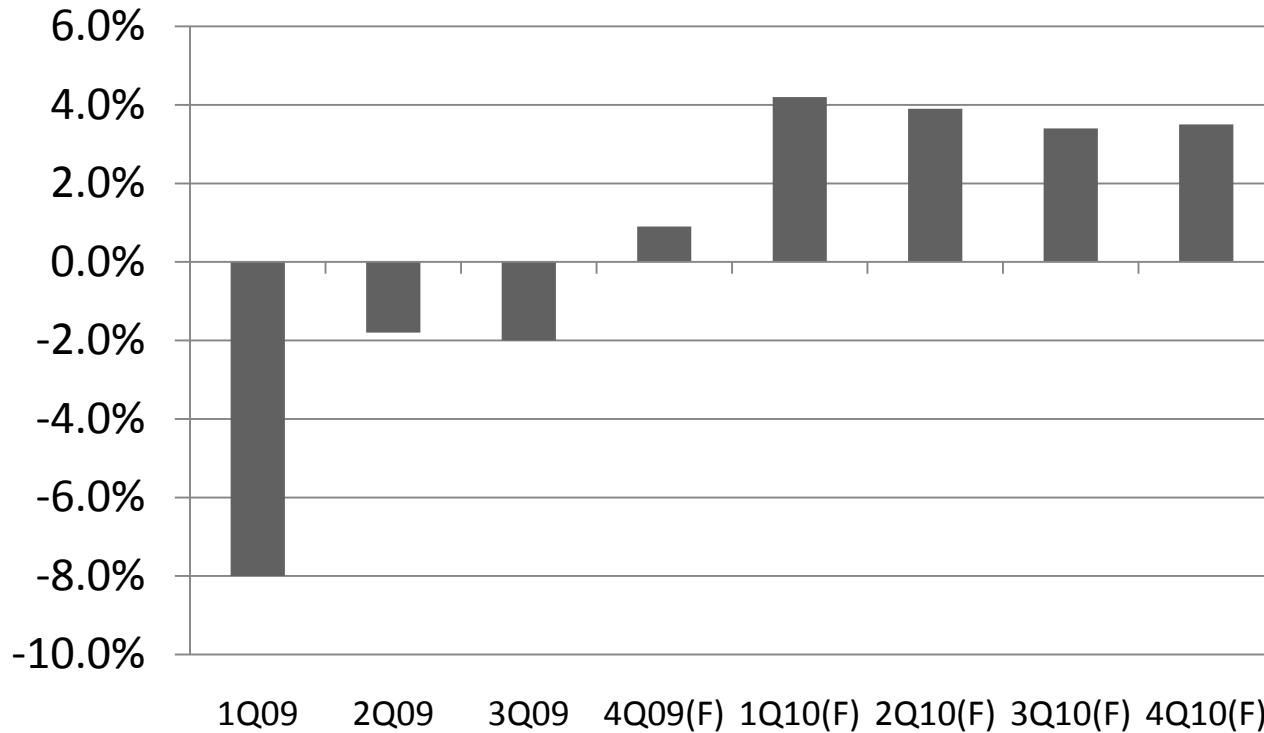
NC Economic Growth



Source: UNC Charlotte North Carolina Economic Forecast, June 1, 2010.

NC Economic Growth

(Quarterly Change at an Annual Rate)



Source: UNC Charlotte North Carolina Economic Forecast, June 1, 2010.



NC Review

- 2009 average monthly employment was the lowest in five years.
- The 2009 average monthly unemployment rate was the highest in at least 25 years.
 - The 2Q10 unemployment rate of 10.4% was 70 basis points (0.7 percentage points) below the 25-year high of 11.1% reached in 4Q09.

June 2010 NC Employment

- Unemployment rate fell to 10.4%.
 - Rate has fallen for four consecutive months.
- Employment fell by 5,600 to slightly less than 4.1 million.
- Unemployment fell by 20,500 to around 450,000.

| Employment Gains | Employment Losses |
|----------------------------------|--------------------|
| Leisure & Hospitality | Government |
| Professional & Business Services | Teaching Positions |
| | Construction |
| | Trade |
| | Transportation |
| | Utilities |

NC Outlook

- The State's economy should perform better than that of many large western states (viz., California and Arizona) and mid-west states (viz., Michigan and Ohio).
- Strong growth is still at least a year away as employment slowly recovers through the rest of 2010.

2009 Area County Population Age Distribution

| County | 0-19 | 20-29 | 30-39 | 40-49 | 50-59 | 60 & Over | Total |
|------------|--------------------|--------------------|--------|--------|--------|-----------|---------|
| Bladen | 8,610 | 3,577 | 4,082 | 4,551 | 4,949 | 7,069 | 32,838 |
| % of Total | 26.2 | 10.9 | 12.4 | 13.9 | 15.1 | 21.5 | |
| Duplin | 15,130 | 6,660 | 7,614 | 7,657 | 7,123 | 9,814 | 53,998 |
| % of Total | 28.0 | 12.3 | 14.1 | 14.2 | 13.2 | 18.2 | |
| Pender | 12,485 | 5,604 | 6,336 | 8,019 | 8,446 | 12,618 | 53,508 |
| % of Total | 23.3 | 10.5 | 11.8 | 15.0 | 15.8 | 23.6 | |
| Sampson | 18,110 | 7,835 | 9,210 | 9,247 | 8,639 | 12,039 | 65,080 |
| % of Total | 27.8 | 12.0 | 14.2 | 14.2 | 13.3 | 18.5 | |
| Total | 54,335 | 23,676 | 27,242 | 29,474 | 29,157 | 41,540 | 205,424 |
| % of Total | <u>26.5</u> | <u>11.5</u> | 13.3 | 14.3 | 14.2 | 20.2 | |

Source: NC Department of Commerce.

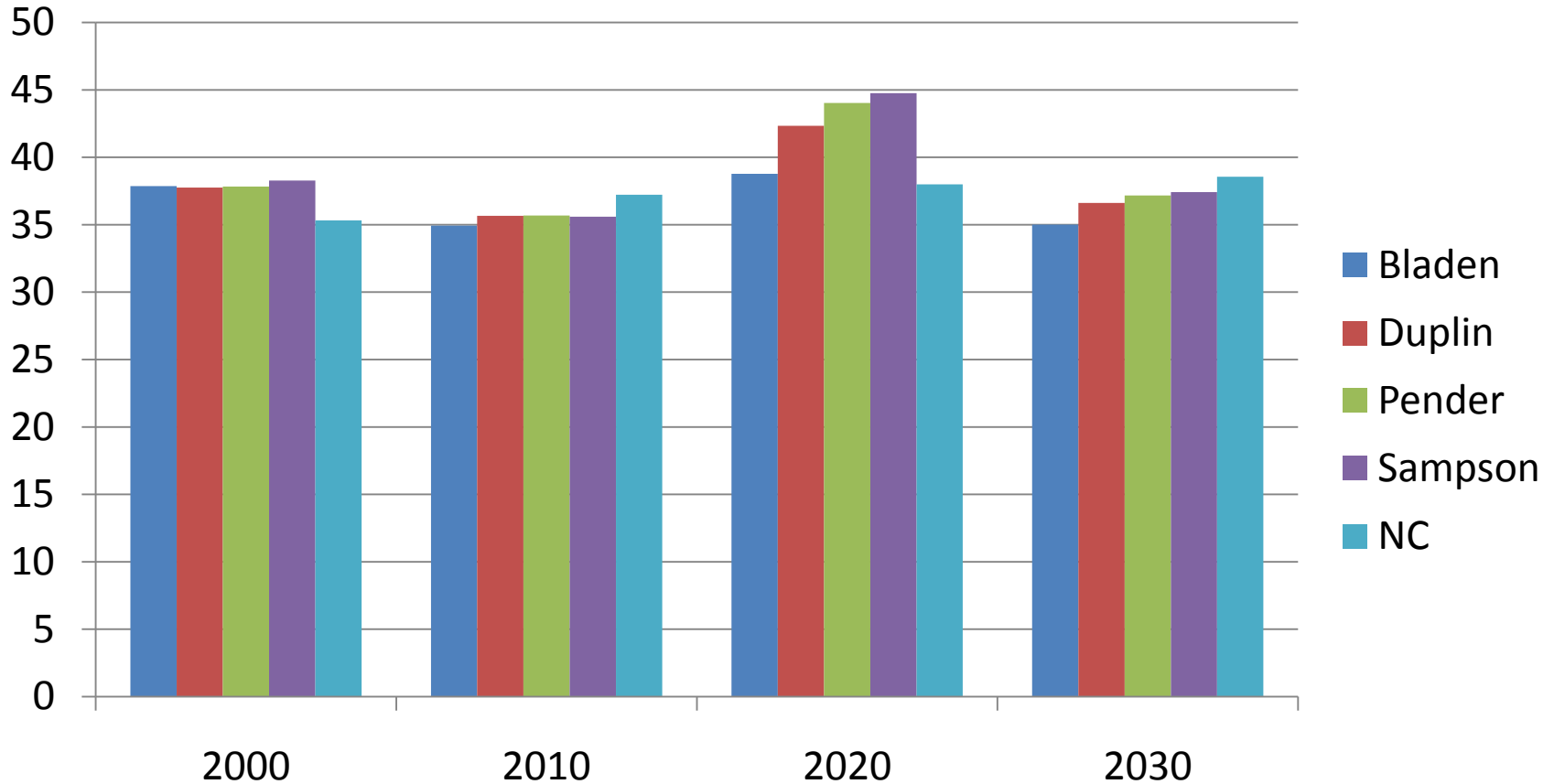


Area County Population Trends

| County | 2000 | 2010 | % Change 2000-10 | 2020 | % Change 2010-20 | 2030 | % Change 2020-30 |
|---------|-----------|-----------|------------------|------------|--------------------|------------|------------------|
| Bladen | 32,278 | 31,872 | -1.3 | 31,305 | <u>-1.8</u> | 31,259 | -0.1 |
| Duplin | 49,063 | 54,126 | 10.3 | 58,390 | 7.9 | 62,655 | 7.3 |
| Pender | 41,082 | 54,601 | 32.9 | 69,551 | <u>27.4</u> | 84,500 | 21.5 |
| Sampson | 60,161 | 65,945 | 9.6 | 71,217 | 8.0 | 76,490 | 7.4 |
| Total | 182,584 | 206,544 | 13.1 | 230,463 | 11.6 | 254,904 | 10.6 |
| NC | 8,047,764 | 9,519,300 | 18.3 | 10,879,960 | 17.4 | 12,204,161 | 12.2 |

Source: Office of State Budget and Management, Office of the Governor, State of North Carolina.

Area County Median Age



Source: Office of State Budget and Management, Office of the Governor, State of North Carolina.

Area County Demographics

| Characteristic | Bladen | Duplin | Pender | Sampson |
|--------------------------|-------------------|-------------------|---------------------------------|----------------------|
| Population (2009) | 32,838 | 53,998 | 53,508 | <u>65,080</u> |
| Education (2009) | | | | |
| Average SAT (2400 scale) | 1,294 | 1,339 | <u>1,419</u> | 1,301 |
| High School Graduate | 16,855 (74.9%) | 25,200 (70.6%) | 30,825 <u>(80.4%)</u> | 31,876 (73.6%) |
| Bachelor's Degree | 2,806 (12.5%) | 4,163 (11.7%) | 5,685 <u>(14.8%)</u> | 5,304 (12.2%) |
| Housing (2009) | | | | |
| Total | 16,534 | 23,166 | 27,350 | <u>28,202</u> |
| Owner-Occupied | 10,551 | 15,184 | 17,615 | 17,961 |
| Median Value | \$88,053 | \$105,242 | <u>\$130,189</u> | \$109,403 |
| Renter-Occupied | 3,040 | 5,074 | 3,829 | <u>6,443</u> |

Source: NC Department of Commerce.



Area County Demographics Cont.

| Characteristic | Bladen | Duplin | Pender | Sampson |
|------------------------|-------------|--------------------|------------------------|---------------------------|
| Income (2009) | | | | |
| Per Capita | \$17,929 | \$17,632 | <u>\$22,546</u> | \$18,254 |
| Median Household | \$33,259 | \$36,913 | <u>\$46,204</u> | \$39,302 |
| Retail Sales (2009) | | | | |
| Establishments | 220 | 438 | 316 | <u>476</u> |
| Revenues (\$ Millions) | \$236.7 | \$333.5 | \$164.8 | <u>\$531.1</u> |
| Sales/Business | \$1,075,871 | \$761,463 | \$521,440 | <u>\$1,115,674</u> |
| Health Care (2008) | | | | |
| MDs/10,000 Population | 5.6 | 5.6 | 3.9 | <u>8.6</u> |
| RNs/10,000 Population | 49.7 | <u>52.6</u> | 36.7 | <u>52.3</u> |

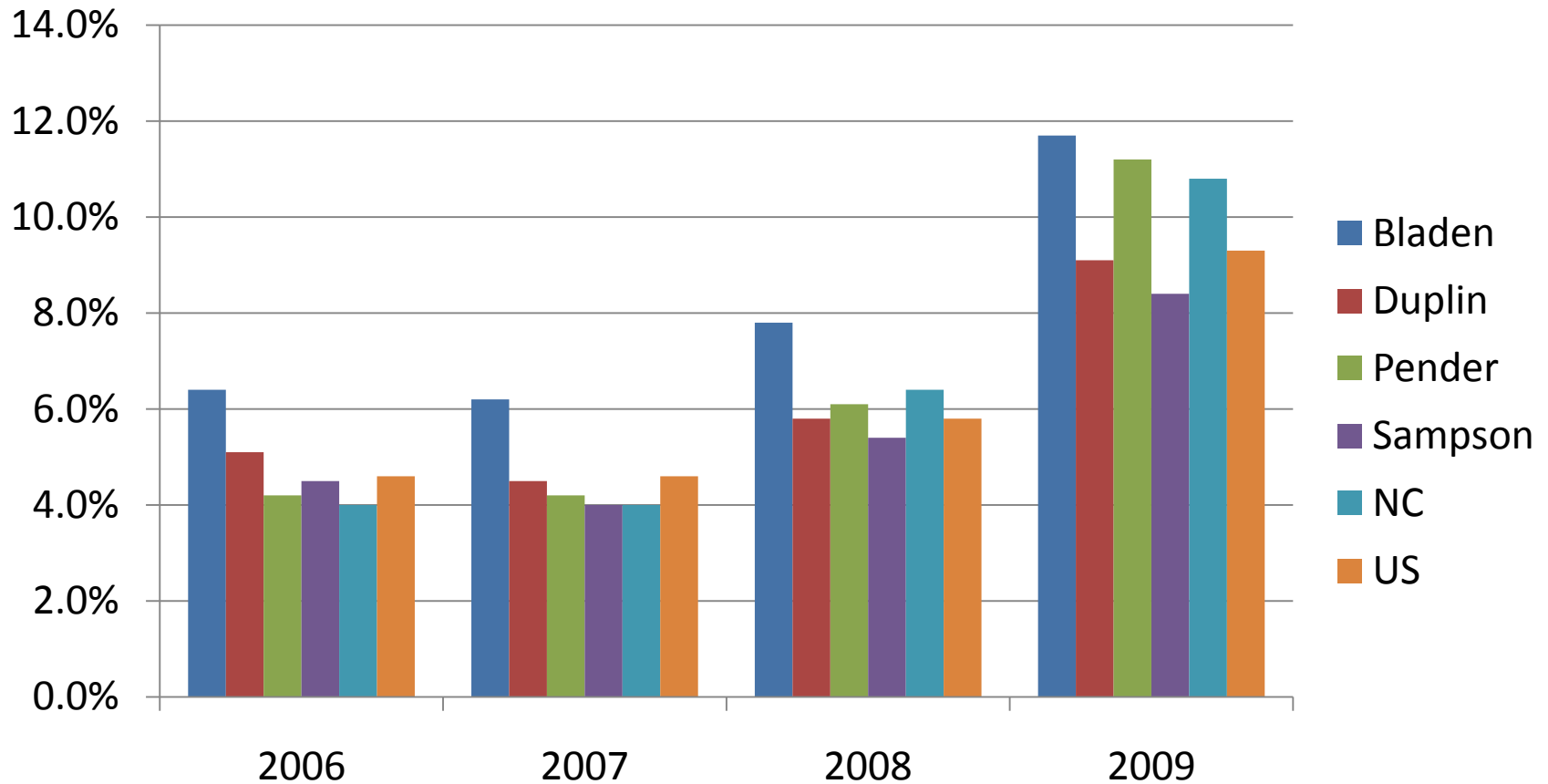
2009 Area Employment and Wages

| NAICS Sector | Employment | % of Total | % Change 2007 | Average Annual Wages | % of State Average |
|---------------------------------|----------------------|------------|---------------------|------------------------|--------------------|
| Manufacturing | <u>14,966</u> | 24.4 | | \$32,543 | 66.7 |
| Local Government | 9,610 | 15.7 | 2.0 | \$34,538 | 89.4 |
| Agriculture | 6,958 | 11.4 | -4.5 | \$26,429 | 97.0 |
| Health Care & Social Assistance | 6,953 | 11.3 | -0.7 | \$28,152 | 69.1 |
| Educational Services | 5,961 | 9.7 | -3.9 | \$34,575 | 88.0 |
| Retail Trade | 5,838 | 9.5 | -2.4 | \$20,786 | 86.4 |
| Public Administration | 4,607 | 7.5 | 3.0 | \$34,552 | 81.2 |
| Accommodation & Food Services | 3,300 | 5.4 | -5.6 | <u>\$11,728</u> | 83.0 |
| State Government | 2,394 | 3.9 | 1.7 | \$35,704 | 80.9 |
| Wholesale Trade | 2,242 | 3.7 | <u>-20.0</u> | <u>\$40,190</u> | 70.9 |
| Construction | 2,144 | 3.5 | <u>-26.2</u> | \$29,793 | 76.7 |
| Total | 61,270 | | -5.3 | \$29,670 | 74.6 |

Source: NC Employment Security Commission.



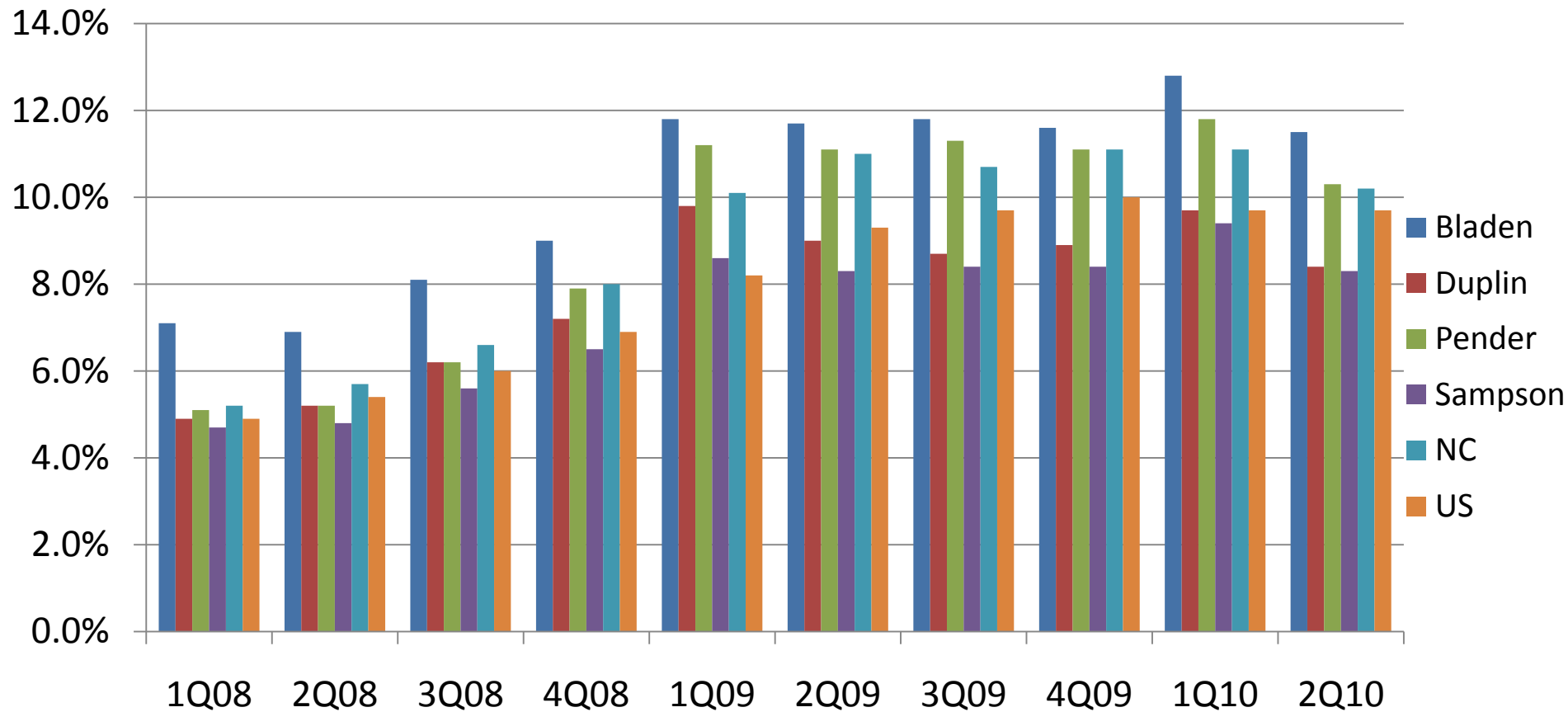
Unemployment Rates



Source: NC Employment Security Commission; Bureau of Labor Statistics, US Department of Labor.



Unemployment Rates



Source: NC Employment Security Commission; Bureau of Labor Statistics, US Department of Labor.



Area Personal Income

| Year | % Change in Total Personal Income | % Change in Personal Income/Capita |
|---------|-----------------------------------|------------------------------------|
| 2000-01 | 4.8 | 3.8 |
| 2001-02 | -2.9 | -3.6 |
| 2002-03 | 4.7 | 3.9 |
| 2003-04 | 10.1 | 8.8 |
| 2004-05 | 6.8 | 5.7 |
| 2005-06 | 3.4 | 1.7 |
| 2006-07 | 7.1 | 5.7 |
| 2007-08 | 4.2 | 2.8 |

Source: Bureau of Economic Analysis, US Department of Commerce.

Taxable Real Property Growth Rates

| Fiscal Year | Bladen | Duplin | Pender | Sampson | Total | NC |
|-----------------|--------|--------|--------|---------|-------|-------|
| 2003-04/2004-05 | 2.3% | 2.4% | 5.7% | 1.4% | 3.2% | 8.6% |
| 2004-05/2005-06 | 1.6% | 2.5% | 5.8% | 2.2% | 3.5% | 8.3% |
| 2005-06/2006-07 | 2.9% | 4.2% | 8.7% | 2.8% | 5.3% | 7.4% |
| 2006-07/2007-08 | 50.9% | 4.1% | 5.9% | 2.1% | 10.4% | 14.6% |
| 2007-08/2008-09 | 8.1% | 3.8% | 4.1% | 2.5% | 4.4% | 11.2% |
| 2008-09/2009-10 | -6.5% | 23.1% | 0.9% | 1.0% | 4.2% | 4.6% |

Source: NC Department of Revenue.

ARRA Allocated Funds

| Area | % of Total | Area | % of Total |
|----------------------------------|------------|---------------------------------|---------------|
| Increased Unemployment Insurance | 20.2 | Weatherization | 3.0 |
| Highway & Bridge Projects | 14.1 | Housing & Community Development | 1.3 |
| Safety Net | 12.9 | Community Services | 1.2 |
| Local School Districts | 12.9 | Workforce Investment Act | 1.0 |
| Education Stabilization | 8.9 | Justice & Public Safety | 0.8 |
| Human Services | 7.0 | Transit/Rail/Air | 0.3 |
| Clean Water & Drinking Water | 5.8 | Energy Conservation | 0.01 |
| Federal Direct Awards & Spending | 5.4 | Total | \$115,278,970 |
| Public Safety Stabilization | 5.3 | | |



Source: NCRecovery.com.

Special Thanks



Quarterly Barometer

- <http://www.csb.uncw.edu/cbes/newsletter/index.htm>