

ECONOMIC INDICATORS

CITY OF CHARLOTTE
OFFICE OF STRATEGY AND BUDGET

September 29, 2020

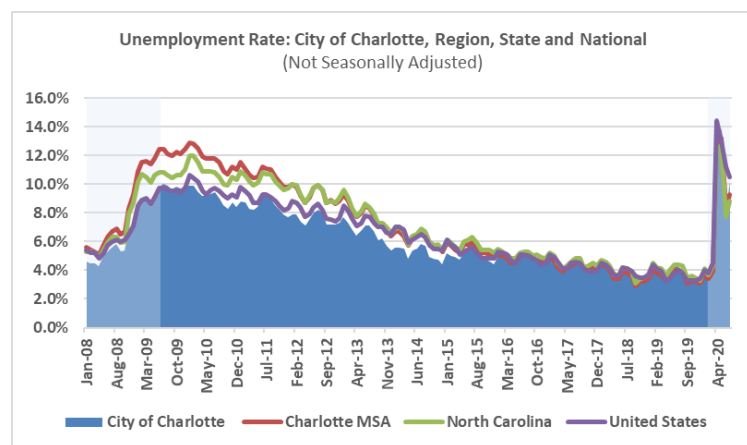
About the Report and Highlights

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 July 2020 was 10.2 percent
- The Charlotte MSA nonfarm employment fell in July 2020 by 7.9 percent which represents about 29.2 percent of the state total job loss over the previous 12 months
- City of Charlotte’s average home sales price increased by 14.9 percent and number of homes sold decreased by 5.5 percent in August 2020 compared to August 2019
- As of August 2020, the year-to-date number of housing units permitted in the city of Charlotte increased by 33.6 percent compared to the same time period last year increasing from 5,985 units to 7,993 housing units permitted.
- General Fund Sales tax revenue grew by three percent in FY 2020 compared to FY 2019
- Consumer confidence and small business optimism have fallen over the past few months due to the reduction in economic activity resulting from the coronavirus outbreak
- Between 2017 and 2018, Charlotte MSA GDP grew by 2.1 percent; a growth rate lower than that of the nation’s which grew at 2.9 percent and that of the state of North Carolina which stood at 2.4 percent over the same period
- Compared to August 2019, consumer price index increased by 1.3 percent in August 2020, not seasonally adjusted. The energy component of the index fell by nine percent

Unemployment

The City of Charlotte’s unemployment rate (not seasonally adjusted) stood at 10.2 percent in July 2020, increasing by 600 basis points from 4.2 percent in July 2019. The chart on the right shows month-over-month unemployment rate, not seasonally adjusted. Charlotte region’s unemployment rate stood at 9.3 percent, a rate slightly lower than that of the City.



Source: Bureau of Labor Statistics and North Carolina Department of Commerce
July 2020 numbers are preliminary estimates and subject to revision

The national unemployment rate was 10.5 percent, up from four percent in July 2019. Charlotte region's unemployment rate continues to be lower than the national rate but slightly higher than the state's.

With the pandemic currently ongoing, the nation and states have seen very high jobless claims as economic activity has stalled and people are put out of work. With the possibility of a secondwave of the virus in sight, we might see an increase in the unemployment rate.

	Jul-20	Jul-19	Change
Charlotte MSA	9.3%	3.9%	+5.4%
Raleigh MSA	8.0%	3.8%	+4.2%
Winston-Salem MSA	8.9%	4.1%	+4.8%
Atlanta MSA	8.5%	3.6%	+4.9%
North Carolina	8.8%	4.4%	+4.4%
United States	10.5%	4.0%	+6.5%

Source: Bureau of Labor Statistics and North Carolina Department of Commerce
 July 2020 numbers are preliminary estimates and subject to revision

Jobs/Employment

Statewide nonagricultural employment (seasonally unadjusted) decreased year-over-year in July 2020 by 7.3 percent (losing 330,300 jobs) to 4.19 million jobs from about 4.52 million jobs in July 2019. The

Industry Sector	Charlotte MSA		North Carolina	
	Change	Growth	Change	Growth
Construction of Buildings	600	4.3%	(3,700)	-7.0%
Manufacturing	(8,100)	-7.2%	(41,500)	-8.7%
Trade, Transportation, & Utilities	(8,000)	-3.2%	(29,800)	-3.5%
Information	(1,400)	-5.8%	(4,900)	-6.4%
Financial Activities	2,000	1.9%	0	0.0%
Professional & Business Services	(11,500)	-5.4%	(30,800)	-4.7%
Management of Companies & Enterprises	0	0.0%	(1,800)	-2.1%
Education & Health Services	(10,100)	-8.0%	(44,400)	-7.1%
Leisure & Hospitality	(45,900)	-30.4%	(133,400)	-24.8%
Other Services	(1,600)	-3.7%	(3,100)	-1.9%
Government	(10,700)	-8.0%	(30,900)	-4.8%
Federal Government	200	1.9%	1,400	1.9%
State Government	(2,600)	-14.3%	(13,800)	-7.3%
Local Government	(8,300)	-7.9%	(18,500)	-4.9%
Total Nonfarm	(96,300)	-7.9%	(330,300)	-7.3%

Source: US Bureau of Labor Statistics

Charlotte MSA area nonfarm employment declined year-over-year in July 2020 by 7.9 percent (losing 96,300 jobs) to 1.13 million jobs from 1.22 million jobs in July 2019. These 96,300 lost jobs represent about 29.2 percent of the state's total job loss over the period.

The Charlotte MSA is losing jobs faster than the state and the nation. Employment fell by 7.7 at the national level, a rate higher

than that of the Charlotte MSA which fell by 7.9 percent over the same period.

In the Charlotte region, job losses were recorded in every sector except Construction of Buildings, Financial Activities, Management of Companies and Enterprises and the Federal Government sectors. The table above provides a breakdown of year-over-year job change and growth in select industry sectors. The Federal Government sector employment increased by 1.9 percent gaining 200 jobs. Leisure and Hospitality, and State Government are the hardest hit sectors in the region. At the state level, the Leisure and Hospitality sector has seen an overwhelming decline in employment of almost 25 percent over the one-year period.

Firm Relocations and Expansions, 2nd Quarter 2020

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 second quarter of 2020, the Charlotte Chamber reported the addition of more than 2,500 jobs by 22 projects making a \$1.2 billion in capital investment in the Charlotte region.

In total, there has been a total of 90 projects/companies adding nearly 10,000 net new jobs with capital investments totaling \$2.5 billion over the last four quarters. The chart to the right provides a breakdown of these jobs and investment by quarter since the third quarter of 2019.

Quarter	Projects	Jobs Announced	Capital Investment Announced (in \$ millions)
2Q 2020	22	2,651	\$1,168
1Q 2020	18	832	\$323.60
4Q 2019	25	1,760	\$754
3Q 2019	25	4,101	\$222.7
4-quarter total	90	9,344	\$2,468

Source: The Growth Report, Charlotte Chamber, September 2020

Charlotte Area Housing Market

Home Sales Activity

The city of Charlotte's year-over-year home sales decreased by 5.5 percent from 1,644 homes sold in August 2019 to 1,553 homes sold in August 2020. For the entire Charlotte region, that rate fell by 1.3 percent over the same period. The average sales price of homes sold in the city of Charlotte rose by 14.9 percent in August 2020 to \$383,397 from \$333,765 the same time last year. For the Charlotte region, average sales price increased by 13.4 percent. The number of days a home stays on the market until sale decreased from 36 days to 29 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 44 to 39 days. The inventory of homes available for sale decreased from 2,930 units available in August 2019 to 1,645 homes available in August 2020, a decrease of about 43.9 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 and days on market until sale.

City of Charlotte Housing Market Activity						
	City of Charlotte			Charlotte Region		
	Aug-19	Aug-20	Percent Change	Aug-19	Aug-20	Percent Change
New Listings	1,881	1,801	-4.3%	5,687	5,572	-2.0%
Pending Sales	1,545	1,864	+20.6%	4,677	5,915	+26.5%
Closed Sales	1,644	1,553	-5.5%	5,020	4,957	-1.3%
Median Sales Price	\$255,000	\$293,250	+15.0%	\$257,000	\$290,000	+12.8%
Average Sales Price	\$333,765	\$383,397	+14.9%	\$309,448	\$350,986	+13.4%
Percent of Original List Price Received	97.3%	99.2%	+2.0%	96.9%	98.5%	+1.7%
List to Close	82	80	-2.4%	88	86	-2.3%
Days on Market Until Sale (Cumulative)	36	29	-19.4%	44	39	-11.4%
Inventory of Homes for Sale	2,930	1,645	-43.9%	10,679	5,203	-51.3%
Months' Supply of Inventory	2.2	1.1	-50.0%	2.6	1.2	-53.8%

Source: The Charlotte Regional Realtor Association, Local Market Update for August 2020

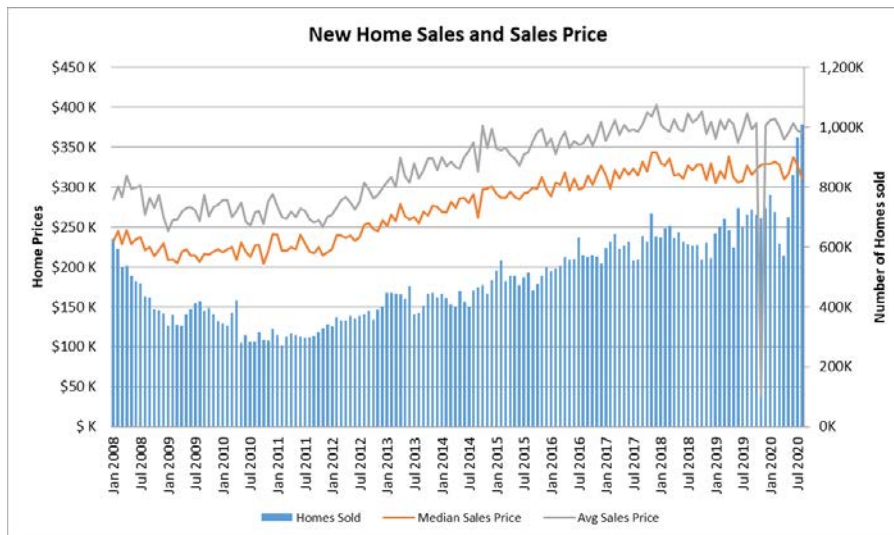
Data from the Charlotte Regional Realtor Association (CRRA) shows that in August 2020, number of homes sold declined in four of the ten selected cities in the Charlotte region for which data is readily available compared to August 2019. Average sales price increased in all but two of the ten cities over 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		
	Aug-19	Aug-20	Change	Aug-19	Aug-20	Change
Charlotte	1,644	1,553	-5.5%	\$333,765	\$383,397	+14.9%
Concord	240	208	-13.3%	\$265,539	\$301,037	+13.4%
Davidson	47	69	+46.8%	\$446,610	\$585,082	+31.0%
Gastonia	136	131	-3.7%	\$179,470	\$214,405	+19.5%
Huntersville	180	177	-1.7%	\$339,930	\$387,946	+14.1%
Matthews	103	128	+24.3%	\$359,781	\$381,810	+6.1%
Monroe	117	118	+0.9%	\$256,082	\$253,522	-1.0%
Mooresville	219	235	+7.3%	\$371,498	\$479,981	+29.2%
Statesville	95	104	+9.5%	\$253,545	\$215,837	-14.9%
Waxhaw	134	160	+19.4%	\$481,721	\$528,360	+9.7%

Source: The Charlotte Regional Realtor Association, Local Market Update for August 2020

National Housing Market

Sales of new single-family houses in August 2020 were at a seasonally adjusted rate of 1,011,000 compared to 706,000 in August 2020, an increase of 43.2 percent. Compared to July 2020, the number



Source: U.S. Census Bureau, HUD, September 24, 2020

of homes sold increased by 4.8 percent. Median sales price of new homes sold decreased from \$327,000 in August 2019 to \$312,800 in August 2020, a decline of about 4.3 percent. Average sales price fell by six percent over the same period.

The seasonally adjusted months' supply at current sales rate (number of months) of new homes available for sale

decreased from 5.5 months to 3.3 months over the same period. New housing stock or inventory that's available for sale decreased from 325,000 to 282,000 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 increased in August 2020 compared to same period last year at the national level. Sales of existing homes in August 2020 were at a seasonally adjusted rate of six million homes compared to 5.43 million homes sold same time last year. This represents an increase in the number of existing



Source: National Association of Realtors (NAR)

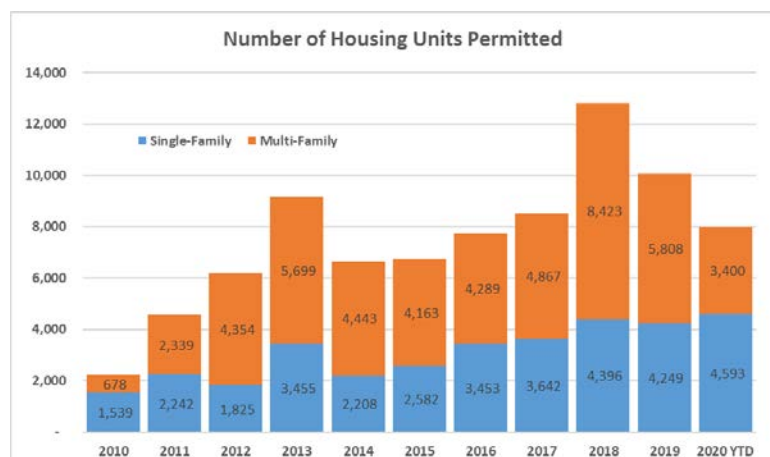
homes sold by 10.5 percent. There has been an increase in housing demand with mortgage rates at an all-time low. About 32.7 percent of people buying homes are buying homes in the price range of \$100,000 to \$250,000 and 41.2 percent of home buyers are buying homes in the range of \$250,000 to \$500,000.

Median existing-home sales price in August 2020 was \$310,600, which is 11.4 percent higher than the August 2019 price of \$278,800. Average existing-home sales price also increased by 8.8 percent over the same period from \$314,900 to \$342,500. Existing unsold housing inventory at the end of August 2020 stood at 1.49 million which represents a decrease from 1.83 million a year ago. In terms of days on market until sale, properties stayed on the market for 22 days in August 2020 down from 31 days a year ago. The chart above provides a visual on existing home sales activity and sale price at the national level.

Median existing-home

Charlotte Residential Building Permits

The adjacent chart presents building permits activity data in Charlotte since 2010. Year-to-date 2020 numbers show that there is a total of 7,993 housing units permitted in the city of Charlotte. Compared to the same time period in 2019, a total of 5,985 units had been permitted representing a 33.6 percent increase. Multi-family units permitted decreased by 3.8 percent and for single-family; it increased by 87.4 percent over the period. Comparing 2013 to 2019 annual figures, building permits issued increased by 10 percent representing an annual growth rate of about 1.6 percent.

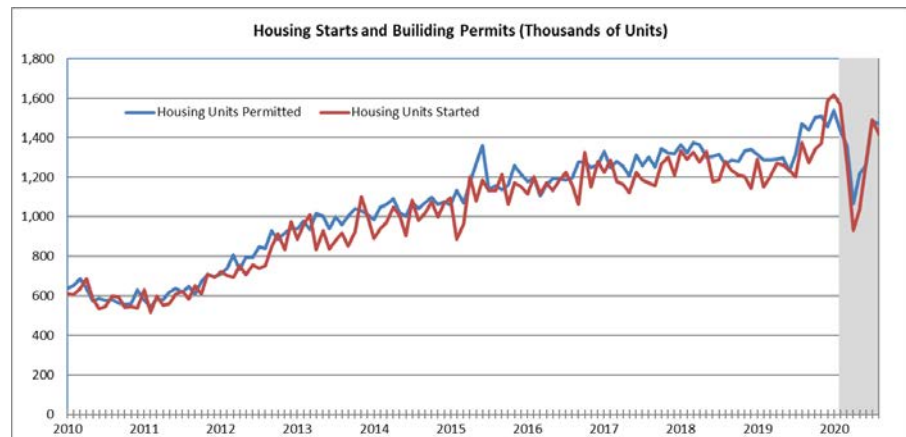


Source: Mecklenburg County's Land Use & Environmental Services Agency

National New Residential Construction

Privately-owned housing units authorized by building permits in August 2020 were at a seasonally adjusted annual rate of 1.47 million, a 0.1 percent decline compared to the August 2019 rate of 1.471 million.

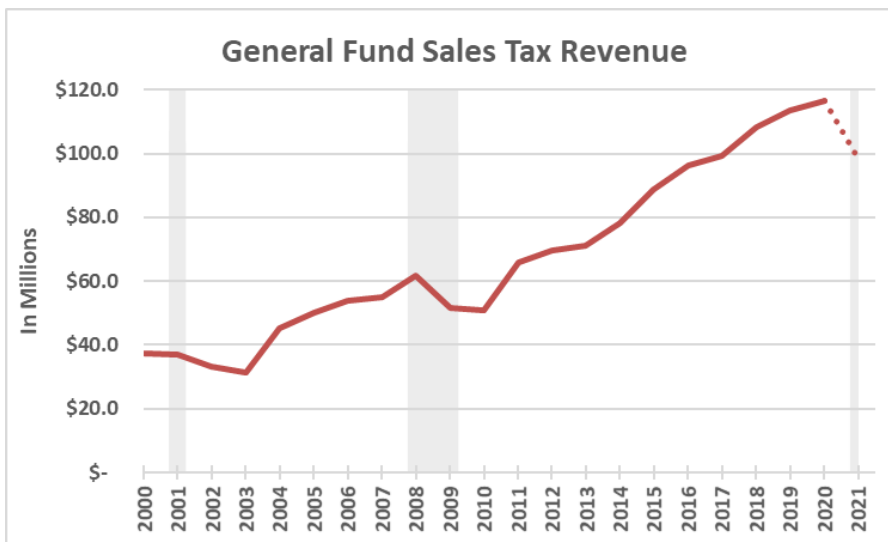
In August 2020, housing units started were at a seasonally adjusted annual rate of 1.42 million which represents a 2.8 percent increase compared to the August 2019 rate of 1.38 million. See the right chart showing housing units permitted and started since 2010. Single-family housing starts were at a rate of 1,021,000 and for units in buildings with five units or more, the rate was 375,000. The Census Bureau defines the start of construction when excavation begins for the footings or foundation of a building.



Source: U.S. Census Bureau, HUD, September 17, 2020

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 10th of each month. Between FY 2015



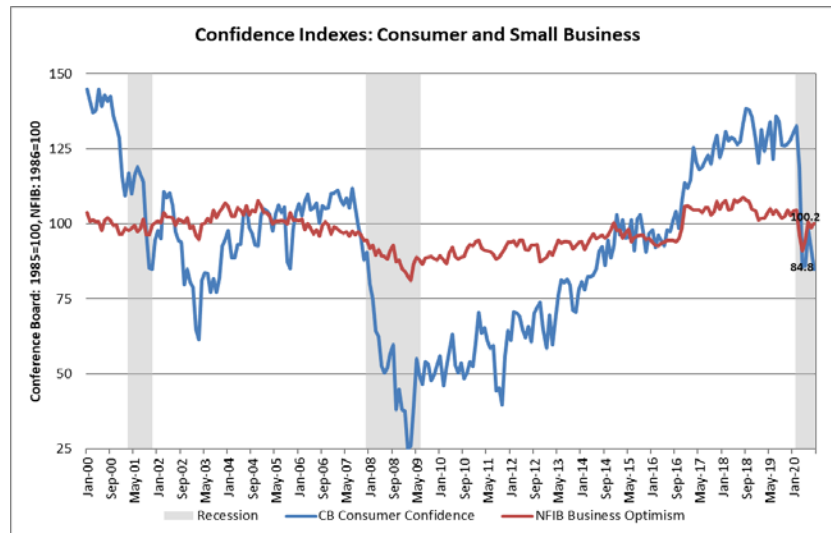
Source: NC Department of Revenue. Local Government Sales & Use Tax Distribution

and FY 2020, the general fund portion of sales tax revenue increased by 31 percent from \$88.9 million to \$116.7 million (see sales tax chart to the left). Comparing year over year figures, sales tax revenue for FY 2020 was \$116.7 million, increasing by three percent over FY 2019. 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 current effects of the pandemic on the economy leaves room for high uncertainty on the direction of the growth in sales tax revenues.

Consumer and Small Business Confidence

Consumer expectations fell to its lowest level in six years according to the survey from the Conference Board. The consumer confidence index published by the Conference Board measures the degree of optimism that consumers feel about the economy and their personal financial situation. The index decreased in August 2020 following a decline in July 2020. The index decreased from 91.7 in July 2020 to 83.6 in August 2020.



Source: The Conference Board and National Federation of Independent Business

Consumers' assessment of present-day conditions in the face of still-high virus cases worsened. Consumer expectations about future conditions also worsened based on a more pessimistic view for income, business and labor market conditions.

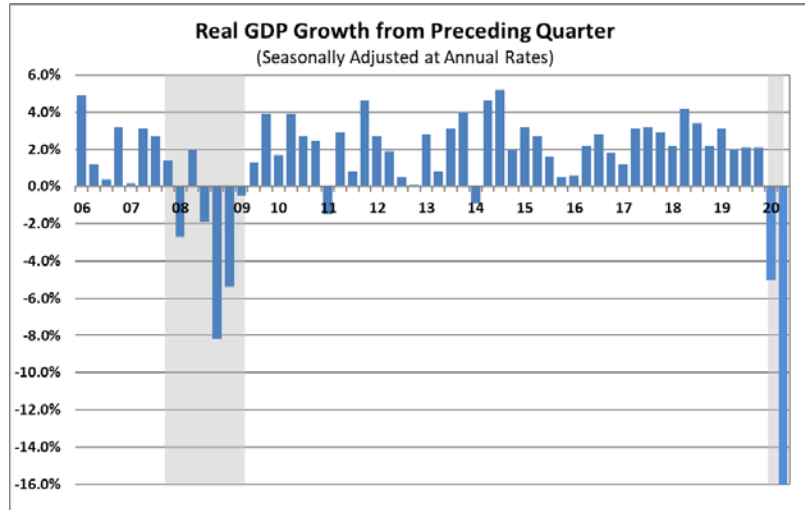
In May 2018, small business optimism reached its third-highest level ever in the index's 45-year history rising by three points to 107.8. In March 2020, the index fell 8.1 points to 96.4, the largest month-over-month decrease in the survey's 46-year history due to the COVID-19 outbreak. In August 2020, the index increased to 100.2. The index is a composite of ten seasonally adjusted components that provide an indication of the health of small businesses. The August 2020 survey report showed that seven of the ten index components improved, two declines and one remained unchanged. The survey's uncertainty index rose two points to 90, reaching its second highest reading since March 2017. Small business owners reported improvements in the economy as job openings and plans to hire increased. 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 2017 and 2018, Charlotte MSA grew by 2.1 percent; a growth rate lower than that of the nation which grew at 2.9 percent and the state of North Carolina which stood at 2.4 percent over the same period.

At the national level, the Bureau of Economic Analysis reported real GDP decreased at an annual rate of 31.7 percent in the second quarter of 2020 according to their “second” estimate after decreasing by five percent in the first quarter of 2020.

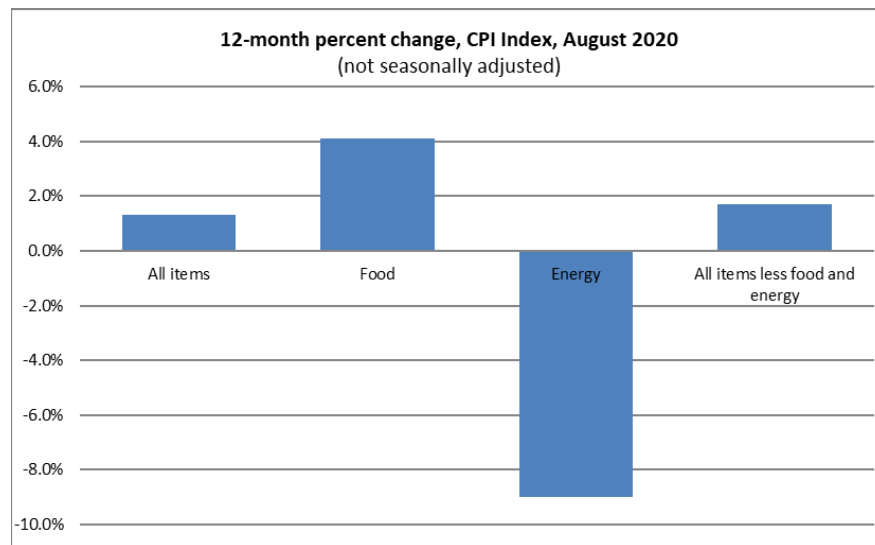
The decrease in real GDP was because of negative contributions from personal consumption expenditures (PCE), private inventory investment, nonresidential fixed investment, residential fixed investment, exports, and state and local government spending that were partly offset by positive contributions from federal government spending. Imports which also help reduce GDP, decreased.



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.



Source: US Bureau of Labor Statistics

From one month to the next basis, in August 2020, CPI for All Urban Consumers (CPI-U) increased by 0.4 percent on a seasonally adjusted basis after increasing by 0.6 percent in July 2020. Compared to August 2019, CPI-U increased by 1.3 percent not seasonally adjusted (see the CPI Index 12-month change chart).

Among the major expenditure categories, energy fell by nine 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 4.1 percent and the ‘all items less food and energy’ category grew by 1.7 percent over the same period with notable increases in used cars and trucks, tobacco and smoking products, and medical services.