

ECONOMIC INDICATORS

CITY OF CHARLOTTE
OFFICE OF STRATEGY AND BUDGET

January 26, 2023

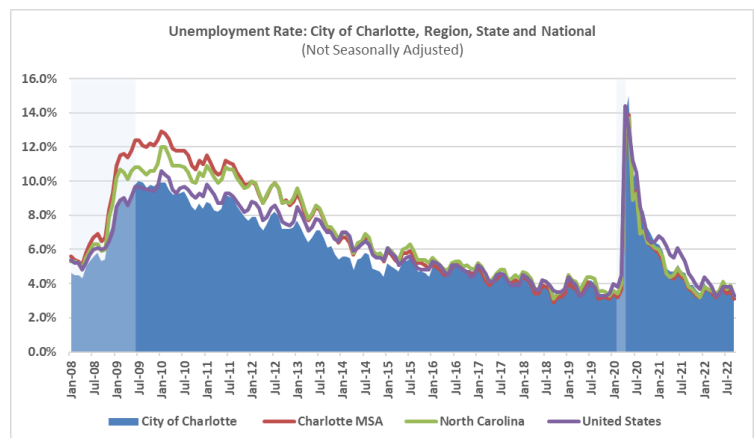
About the Report and Highlights

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 November 2022 was 3.7 percent
- The Charlotte MSA nonfarm employment increased in December 2022 by 4.6 percent which represents about 31.4 percent of the state total job growth over the last 12 months
- City of Charlotte’s median home sales price increased by 8.2 percent and number of homes sold decreased by 42.6 percent in December 2022 compared to December 2021
- The number of housing units permitted in the city of Charlotte in the first nine months of 2022 increased by 16.7 percent compared to the same time period last year increasing from 9,395 units permitted in the first nine months of 2021 to 10,968 units
- General Fund Sales tax revenue grew by 15.7 percent in the first four months of FY 2023 compared to same time period last fiscal year
- Consumer confidence rose sharply in December 2022 as consumers had a favorable view of the economy and jobs while small business optimism fell primarily due to inflationary concerns
- Between 2020 and 2021, Charlotte MSA GDP grew by 6.6 percent; a growth rate better than that of the nation’s which grew at 5.9 percent but lower than that of the state of North Carolina which grew by seven percent over the same period
- Compared to December 2021, consumer price index increased by 6.5 percent in December 2022, not seasonally adjusted. The food component of the index grew by 10.4 percent, the energy component by 7.3 percent and all items less food and energy grew by 5.7 percent

Unemployment

The City of Charlotte’s unemployment rate (not seasonally adjusted) stood at 3.7 percent in November 2022, rising by 10 basis points from 3.6 percent in November 2021. The chart on the right shows month-over-month unemployment rate, not seasonally adjusted. Charlotte region’s unemployment rate stood at 3.5 percent, a rate lower than



Source: Bureau of Labor Statistics and North Carolina Department of Commerce
December 2022 numbers are preliminary estimates and subject to revision

that of the City and the state's which stood at 3.8 percent.

The national unemployment rate was 3.4 percent, down from 3.9 percent in November 2021. The national unemployment rate remains close to a historic low mark of 3.4 percent.

The broadest measure of underemployment which includes workers who are out of the labor force but would take a job if offered and workers who are working part-time but would prefer full-time work also fell to its historic low levels at 6.7 percent.

Unemployment Rate: Charlotte Region and Comparison Areas			
	Nov-22	Nov-21	Change
Charlotte MSA	3.5%	3.6%	-0.1%
Raleigh MSA	3.2%	3.1%	+0.1%
Winston-Salem MSA	3.7%	3.6%	+0.1%
Atlanta MSA	2.7%	2.9%	-0.2%
North Carolina	3.2%	3.4%	-0.2%
United States	3.3%	3.9%	-0.6%

Source: Bureau of Labor Statistics and North Carolina Department of Commerce
November 2022 numbers are preliminary estimates and subject to revision

Jobs/Employment

Statewide nonagricultural employment (seasonally unadjusted) increased year-over-year in December 2022 by four percent (adding 186,400 jobs) to 4.9 million jobs from about 4.7 million jobs in December 2021. The Charlotte MSA area nonfarm employment increased year-over-year in December 2022 by 4.6

Year-over-Year Job Change and Growth in Select Industries, December 2022 (Not Seasonally Adjusted)				
Industry Sector	Charlotte MSA		North Carolina	
	Change	Growth	Change	Growth
Construction of Buildings	900	6.3%	3,400	6.4%
Manufacturing	2,000	1.9%	7,900	1.7%
Trade, Transportation & Utilities	6,100	2.2%	6,000	0.6%
Information	100	0.4%	2,800	3.5%
Financial Activities	7,100	6.2%	13,000	4.7%
Professional & Business Services	9,700	4.4%	43,500	6.3%
Management of Companies & Enterprises	1,700	4.0%	1,400	1.8%
Education & Health Services	8,000	6.2%	29,700	4.6%
Leisure & Hospitality	17,000	13.3%	47,100	9.9%
Other Services	2,800	6.0%	10,000	6.1%
Government	1,200	0.8%	14,500	2.0%
Federal	(300)	-2.8%	800	1.0%
State Government	(200)	-1.0%	(4,900)	-2.4%
Local Government	1,700	1.3%	18,600	4.1%
Total Nonfarm	58,500	4.6%	186,400	4.0%

Source: US Bureau of Labor Statistics

percent (adding 58,500 jobs) to 1.34 million jobs from 1.28 million jobs in December 2021. These 58,500 added jobs represent about 31.4 percent of the state's total job gain over the period.

The Charlotte MSA is adding jobs at a faster pace than the state and the nation. Total nonfarm employment increased by 2.9 percent at the national level, a

rate lower than that of the Charlotte MSA which increased by 4.6 percent over the same period.

In the Charlotte region, job gains were recorded in every sector except in the Federal and State Government sectors. The table above provides a breakdown of year-over-year job change and growth in select industry sectors between December 2022 and December 2021. Federal employment fell by 2.8 percent losing 300 jobs and State Government employment fell by one percent losing 200 jobs. Construction of Buildings, Financial Activities, Professional and Business Services, Management of Companies and Enterprises, Education and Health Services, Leisure and Hospitality, and Other Services all grew by at least four percent over the period. At the state level, Construction of Buildings, Financial Activities, Professional and Business Services, Education and Health Services, Leisure and Hospitality, Other Services and Local Government sectors saw a growth of at least four period over the one-year period.

Firm Relocations and Expansions, Third Quarter 2022

The Charlotte Regional Alliance publishes the Growth Report every quarter which tracks announced openings, hiring, investments and expansions of private sector businesses in the Charlotte region. This report captures only major gross increases in jobs (including announcements); it does not account for smaller new or expanded businesses, firm closures, or workforce reductions.

In the third quarter of 2022, the Charlotte Regional Alliance reported the addition of more than 300 jobs by 15 projects making \$102 million in capital investments in the Charlotte region.

Quarter	Projects	Jobs Announced	Capital Investment Announced (\$M)
Q4 2021	26	1,640	\$364.9
Q1 2022	16	4,680	\$2,181.6
Q2 2022	14	985	\$304.1
Q3 2022	15	319	\$102.4
4-quarter total	71	7,624	\$2,952.0

Source: The Growth Report, Charlotte Regional Alliance, January 2023

In sum, there was a total of 71 projects/companies representing almost 8,000 net new jobs with capital investments totaling almost

three billion dollars over the last four quarters. The table above provides a breakdown of these jobs and investment by quarter since the fourth quarter of 2021.

In the third quarter of 2022, nearly 75 percent of the announced jobs and investments came from existing businesses in the region with most of the announcements being in the manufacturing and distribution sectors.

Charlotte Area Housing Market

Home Sales Activity

The city of Charlotte's year-over-year home sales decreased by 42.6 percent from 1,113 homes sold in December 2021 to 641 homes sold in December 2022. For the entire Charlotte region, that rate fell by 37.7 percent over the same period. The average sales price of homes sold in the city of Charlotte rose by 10.1 percent in December 2022 to \$496,911 from \$451,526 the same time last year. For the Charlotte region, average sales price increased by 7.3 percent. The number of days a home stays on the market until sale increased from 20 days to 40 days in the city of Charlotte. Properties in the region stay a little longer in the market than in the City and the number of days has increased from 20 to 41 days. The inventory of homes available for sale increased from 1,154 units available in December 2021 to 1,711 homes available in December 2022, an increase of about 48.3 percent. Although inventory has increased, buyers are still faced with relatively low inventory and high mortgage rates.

City of Charlotte Housing Market Activity						
	City of Charlotte			Charlotte Region		
	Dec-21	Dec-22	Percent Change	Dec-21	Dec-22	Percent Change
New Listings	1,113	641	-42.4%	3,518	2,418	-31.3%
Pending Sales	1,148	694	-39.5%	3,657	2,472	-32.4%
Closed Sales	1,510	867	-42.6%	4,919	3,065	-37.7%
Median Sales Price	\$369,478	\$399,900	+8.2%	\$349,990	\$373,625	+6.8%
Average Sales Price	\$451,526	\$496,911	+10.1%	\$407,272	\$436,920	+7.3%
Percent of Original List Price Received	100.8%	95.3%	-5.5%	100.2%	94.7%	-5.5%
List to Close	78	100	+28.2%	75	99	+32.0%
Days on Market Until Sale (Cumulative)	20	40	+100.0%	20	41	+105.0%
Inventory of Homes for Sale	1,154	1,711	+48.3%	4,206	6,479	+54.0%
Months' Supply of Inventory	0.7	1.4	+100.0%	0.8	1.6	+100.0%

Source: The Charlotte Regional Realtor Association, Local Market Update for December 2022

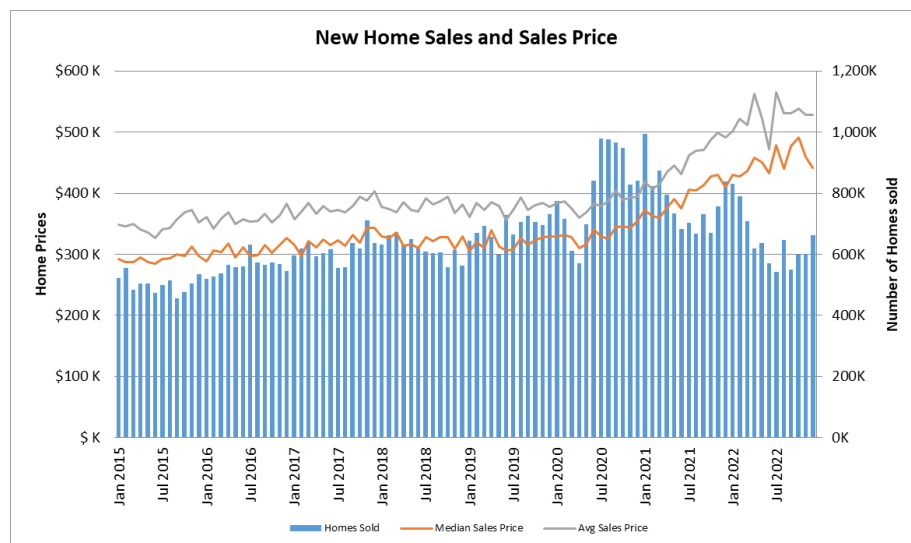
Data from the Charlotte Regional Realtor Association (CRRA) shows that in December 2022, number of homes sold declined in all of the ten selected cities in the Charlotte region for which data is readily available compared to December 2021. Average sales price increased in eight of the ten cities over the same period but Davidson and Gastonia saw decreases. 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		
	Dec-21	Dec-22	Percent Change	Dec-21	Dec-22	Percent Change
Charlotte	1,510	867	-42.6%	\$451,526	\$496,911	+10.1%
Concord	211	106	-49.8%	\$372,784	\$374,943	+0.6%
Davidson	42	31	-26.2%	\$705,423	\$647,805	-8.2%
Gastonia	168	109	-35.1%	\$285,716	\$283,099	-0.9%
Huntersville	154	101	-34.4%	\$512,352	\$569,865	+11.2%
Matthews	142	72	-49.3%	\$429,554	\$514,570	+19.8%
Monroe	123	76	-38.2%	\$342,408	\$398,506	+16.4%
Mooresville	171	147	-14.0%	\$568,663	\$573,304	+0.8%
Statesville	90	66	-26.7%	\$262,120	\$263,086	+0.4%
Waxhaw	103	58	-43.7%	\$633,541	\$683,366	+7.9%

Source: The Charlotte Regional Realtor Association, Local Market Update for December 2022

National Housing Market

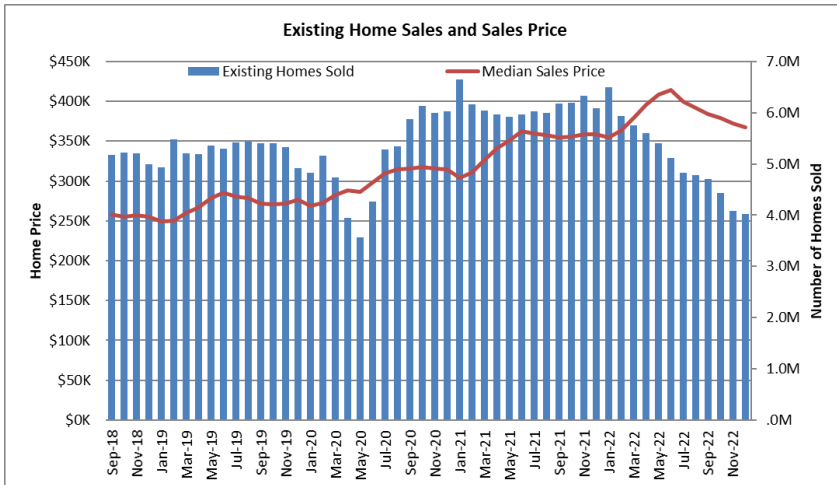
Sales of new single-family houses in December 2022 were at a seasonally adjusted rate of 616,000 compared to 839,000 in December 2021, a decrease of 26.6 percent. Compared to November 2022, the



Source: U.S. Census Bureau, HUD, January 26, 2023

number of homes sold increased by 2.3 percent. Median sales price of new homes sold increased from \$410,000 in December 2021 to \$442,100 in December 2022, an increase of about 7.8 percent. Average sales price rose by 7.6 percent over the same period.

The seasonally adjusted months' supply at current sales rate (number of months) of new homes available for sale increased from 5.6 months to nine months over the same period. New housing stock or inventory that's available for sale increased from 389,000 to 461,000 units over the same period. See the chart above of new home sales and sales price at the national level since January 2015.



Source: National Association of Realtors (NAR)

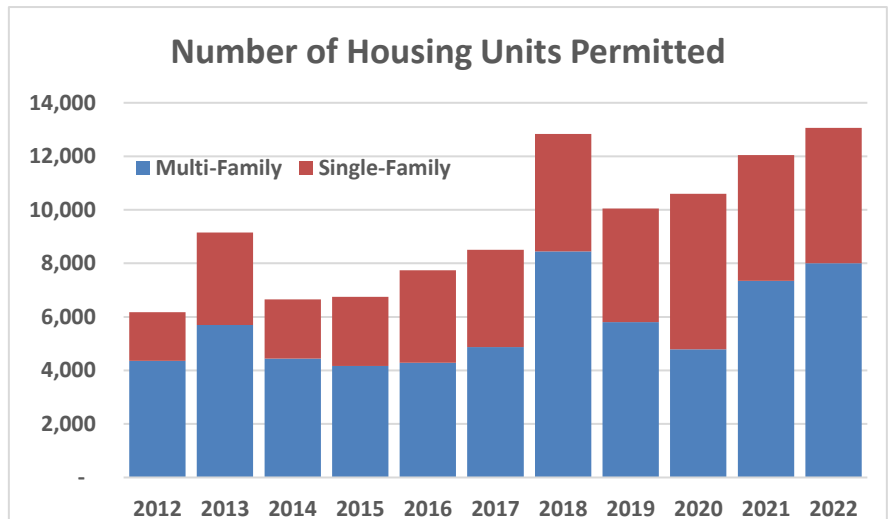
Existing home sales decreased in December 2022 compared to same period last year at the national level. Sales of existing homes in September 2022 were at a seasonally adjusted rate of 4.02 million homes compared to 6.09 million homes sold same time last year. This represents a decrease in the number of existing homes sold by 34 percent. With the steady increase in interest rate by the Federal Reserve and the relatively high home prices, buyers

are likely holding out. About 24 percent of people buying homes are buying homes in the price range of \$100,000 to \$250,000 and 27 percent of home buyers are buying homes \$500,000 and above.

Median existing-home sales price in December 2022 was \$366,900, which is 2.3 percent higher than the December 2021 price of \$358,800 which marks 130 consecutive months of year-over-year increases, the longest-running streak on record. Existing unsold housing inventory at the end of December 2022 stood at 970,000 units which represents an increase from 880,000 a year ago. In terms of days on market until sale, properties stayed on the market for 26 days in December 2022 up from 19 days a year ago. The chart above provides a visual on existing home sales activity and median sale price at the national level.

Charlotte Residential Building Permits

The adjacent chart presents building permits activity data in Charlotte since 2012. In 2022, total number of housing units permitted increased by 8.4 percent from 12,048 units permitted in 2021 to 13,064 units. Multi-family units permitted increased by 8.9 percent from 7,345 units to 8,001 units and for single-family; it increased by 7.7 percent 4,703 units to 5,063 units over the period. Comparing 2013 to 2022 annual figures, building permits issued increased by 42.7 percent representing an annual growth rate of about 4.3 percent. Single-family units permitted grew an annual rate of 4.7 percent while multi-family units permitted grew at an annual rate of four percent over the 10-year period.

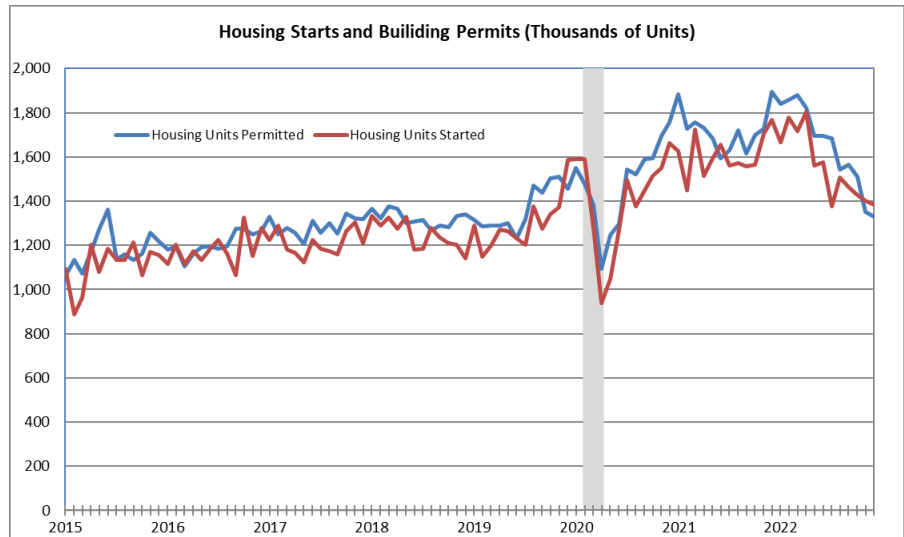


Source: Mecklenburg County's Land Use & Environmental Services Agency

National New Residential Construction

Privately-owned housing units authorized by building permits in December 2022 were at a seasonally adjusted annual rate of 1.33 million, a 29.9 percent decline compared to the December 2021 rate of 1.90 million.

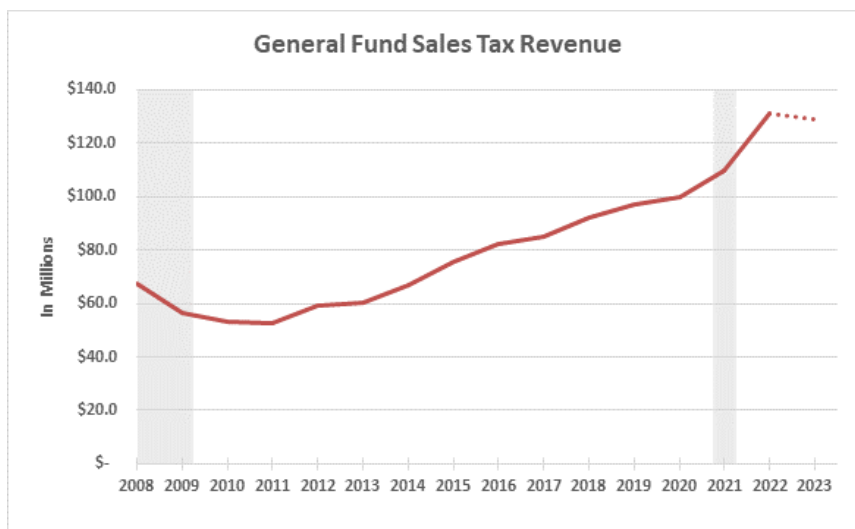
In December 2022, housing units started were at a seasonally adjusted annual rate of 1.38 million which represents a 21.8 percent decline compared to the December 2021 rate of 1.77 million. See the right chart showing housing units permitted and started since 2015. Single-family housing starts were at a rate of 730,000 and for units in buildings with five units or more, the rate was 555,000. 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, January 19, 2023

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. Comparing the first



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

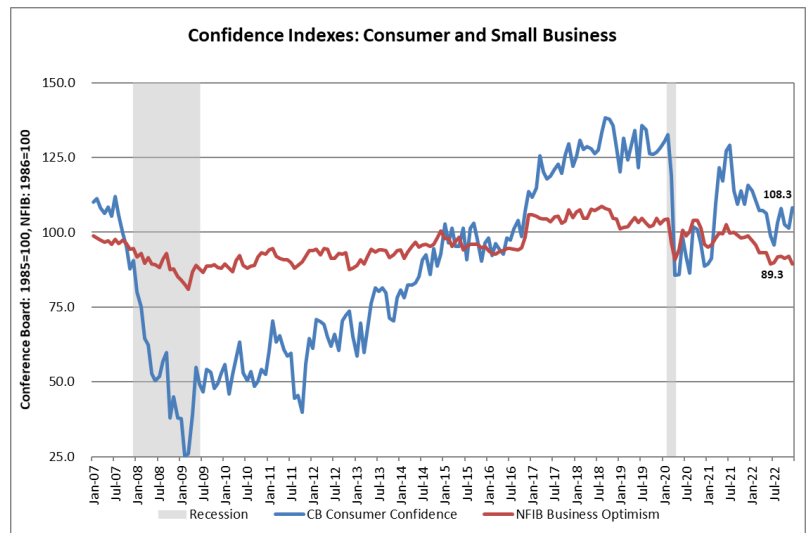
four months of collection in FY 2023 to the same time period in the last fiscal year, the general fund portion of sales tax revenue increased by 15.7 percent. Consumer spending coupled with high prices of goods and services is helping boost sales tax revenue collections. A key variable affecting the 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 relatively strong consumer demand and higher prices is positively impacting sales tax revenue growth in the short term although that demand is tapering as the risk of a recession grows.

Consumer and Small Business Confidence

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 increased in December 2022 after consecutive declines over the past two months. The index increased from 101.4 in November 2022 to 108.3 in December 2022.

Consumers' assessment of present-day business conditions improved due to consumers' more favorable view of the economy and jobs. Consumer expectations about future conditions also improved based on a less pessimistic view for business and labor market conditions. Inflation expectations fell to their lowest level since September 2021. However, the proportion of consumers planning to make big ticket purchases such as homes, automobiles and other major appliances over the next six months decreased.



Source: The Conference Board and National Federation of Independent Business

In May 2018, small business optimism reached its third-highest level ever in the index's 49-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 49-year history due to the COVID-19 outbreak. In December 2022, the index decreased to 89.8 marking the 12th consecutive month below the 49-year average of 98. The index is a composite of ten seasonally adjusted components that provide an indication of the health of small businesses. The December 2022 survey report showed that the index decreased to 89.8, down 2.6 points from November 2022. The December report showed that eight of the index components declined, one increased while one remained unchanged. A net 43 percent of small business owners reported raising average selling prices, a decrease of about eight points. A net 32 percent of owners still say inflation remains their single most important business problem. Eight percent of owners cited labor costs as their top business problem and 23 percent said labor quality was their top business problem. The chart above shows the month-to-month fluctuations in both the consumer and small business confidences since 2007 including recession time periods.

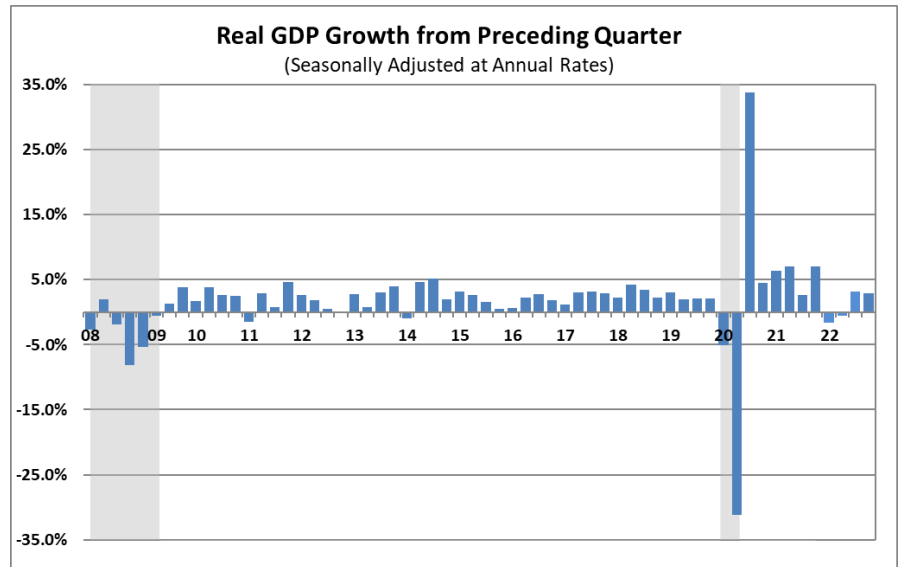
Real Gross Domestic Product

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 2020 and 2021, Charlotte MSA increased by 6.6 percent; a growth rate higher than that of the nation

which grew by 5.9 percent but lower than the state of North Carolina which grew by seven percent over the same period.

At the national level, the Bureau of Economic Analysis reported real GDP increased at an annual rate of 2.9 percent in the fourth quarter of 2022 according to their “advance” estimate after increasing by 3.2 percent in the third quarter. The increase in real GDP was because of positive contributions from personal consumption expenditures (PCE), private inventory investment, nonresidential fixed investment, federal government spending, and state and local government spending.

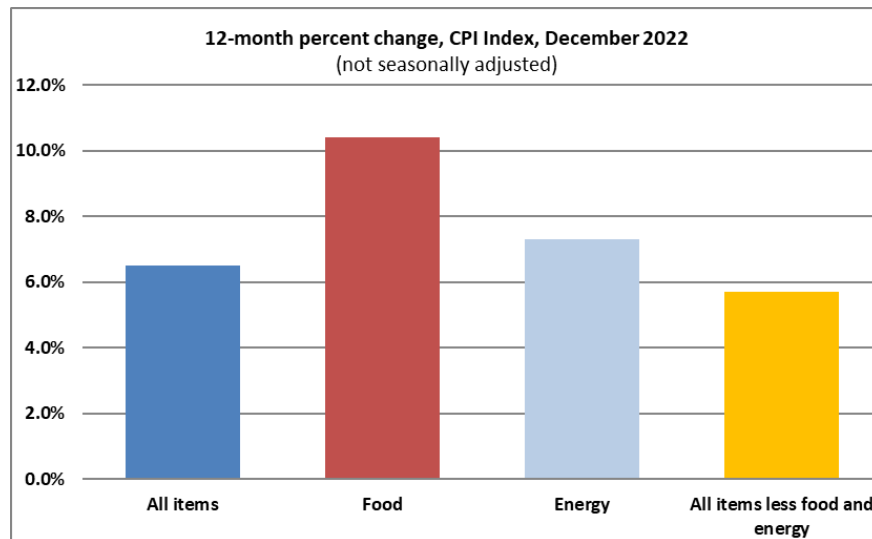
Those increases were partly offset by decreases in residential fixed investment and exports. Imports also decreased.



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 seasonally-unadjusted basis.



Source: US Bureau of Labor Statistics

From one month to the next basis, in December 2022, CPI for All Urban Consumers (CPI-U) decreased by 0.1 percent on a seasonally adjusted basis after increasing by 0.1 percent in October 2022. Compared to December 2021, CPI-U increased by 6.5 percent, not seasonally adjusted. Among the major expenditure

categories, energy increased by 7.3 percent over the 12-month period primarily due to rise in price in fuel oil and energy services. The food expenditure category grew by 10.4 percent and the ‘all items less food and energy’ category grew by 5.7 percent over the same period with notable increases in transportation services including motor vehicle insurance and airline fares.