North Carolina Economic Report

2023 2nd Quarter

Highlights:

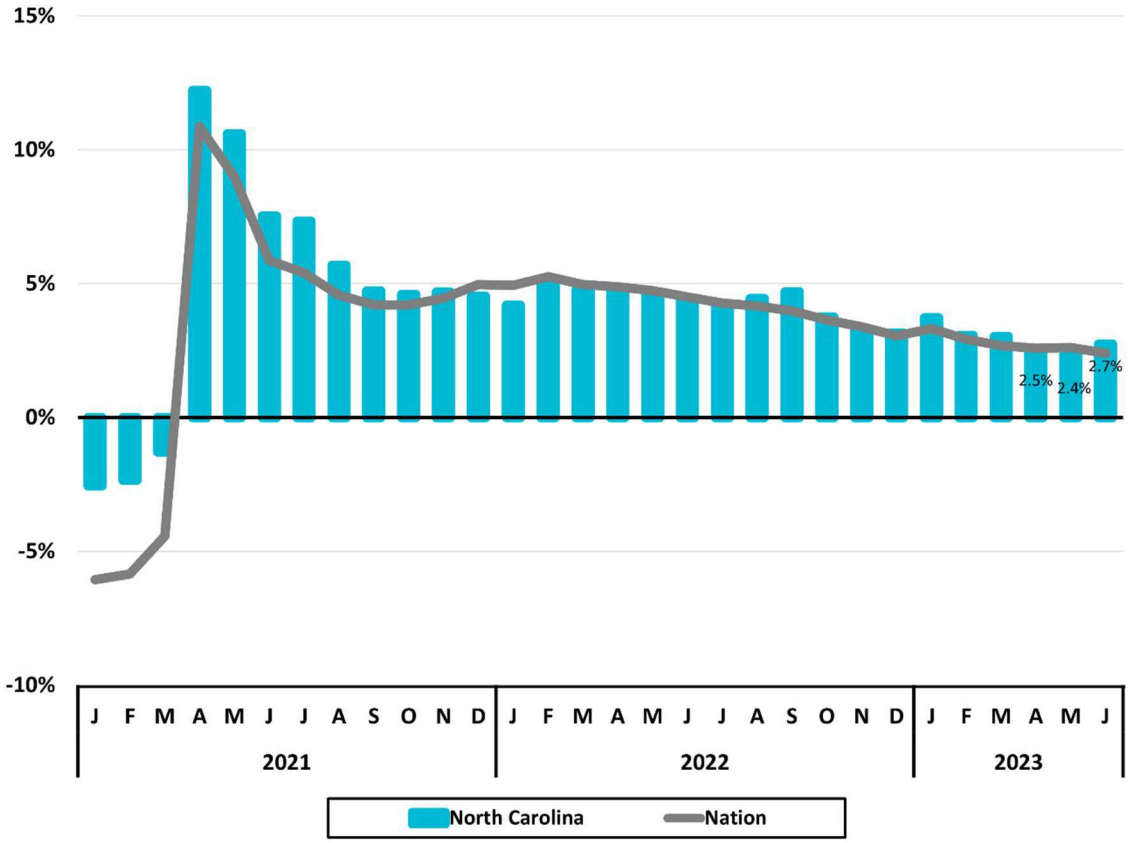
DMJPS is pleased to provide a statewide quarterly economic report with highlights of North Carolina's fifteen metros for the 2nd Quarter of 2023. These state indicators show sustained and positive growth amidst a continued low unemployment rate.

- In the second quarter of 2023, employment in North Carolina averaged just over 4.9 million, marking a high point for the state. Charlotte metro topped the state's fifteen metros with a 3.5 percent gain compared to a year earlier.
- North Carolina's second quarter average unemployment rate was on par with the national rate at 3.4 percent. Asheville metro's 2.7 percent unemployment rate was the lowest of the state's metros and the only metro with a second quarter average below three percent.
- Education and Health Services led the state's major industry employment growth by adding 28,200 jobs in the second quarter when compared to a year earlier.
- The private industry average hourly wage in North Carolina was $30.84 in the second quarter, a slight drop compared to the first quarter in 2023.
- Estimated permit activity for new residential building in North Carolina totaled 25,001 units in the second quarter with a value of $5.8 billion.
- Taxable retail sales in North Carolina totaled $58.8 billion in the second quarter for a 1.7 percent increase compared to a year earlier.
- *Special feature, components of population change:* of the three primary sources of population change in North Carolina between 2021 and 2022, domestic change accounted for seventy-five percent of the state's population increase. Only five percent was attributed to natural change, i.e., births over deaths.

Detailed Analysis:
Employment

In the second quarter of 2023, *employment* averaged 4,917,400 employees in the state of North Carolina. This marked the highest quarterly average of any quarter on record for North Carolina. Employment increased by an average of 2.5 percent for a gain of approximately 121,500 new jobs from a year earlier (Figure 1). North Carolina's growth rate matched the nation's second quarter average of 2.5 percent.

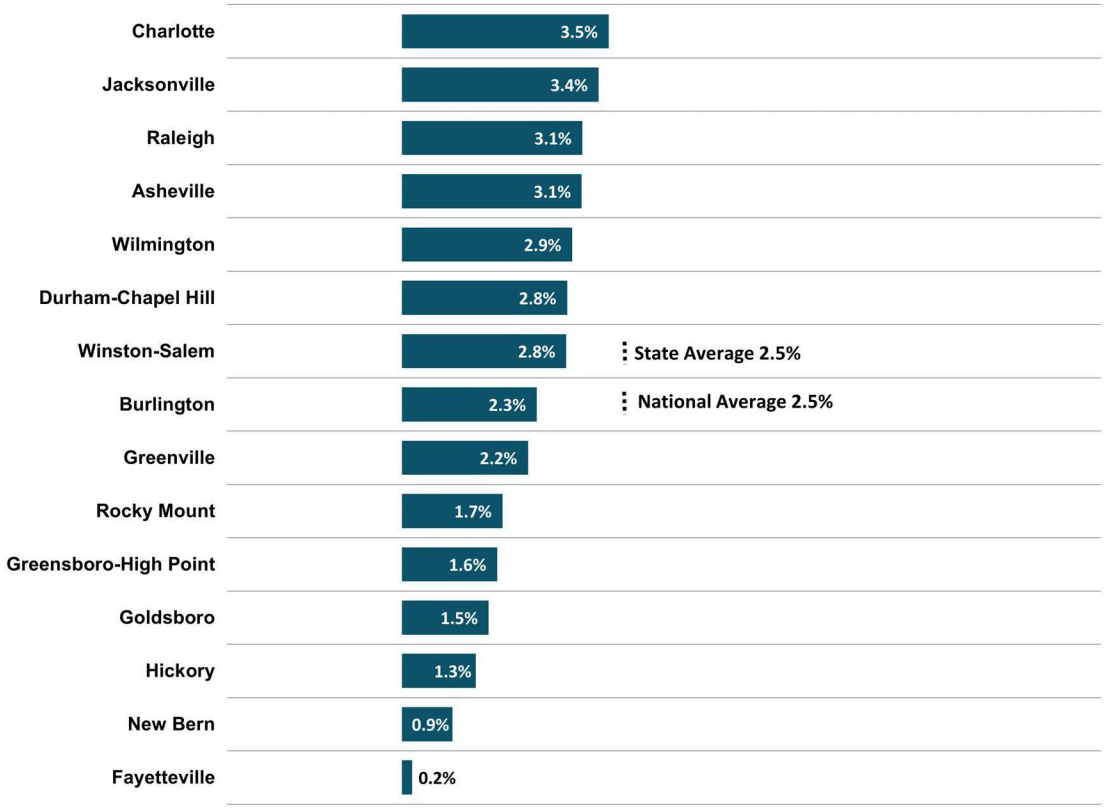
Figure 1
North Carolina Total Employment
Monthly Year-to-Year
Percent Change



Source: US Bureau of Labor Statistics

Each of North Carolina's fifteen metros gained *employment* in the second quarter of 2023 compared to a year earlier (Figure 2). The state's fastest growing metro was Charlotte with a 3.5 percent gain compared to a year earlier. Jacksonville metro followed closely at 3.4 percent. Seven of the state's fifteen metros outpaced both the state and national 2.5 percent growth rates in the second quarter.

Figure 2
2023 2Q Average
North Carolina Metros
Employment One-Year Percent Change

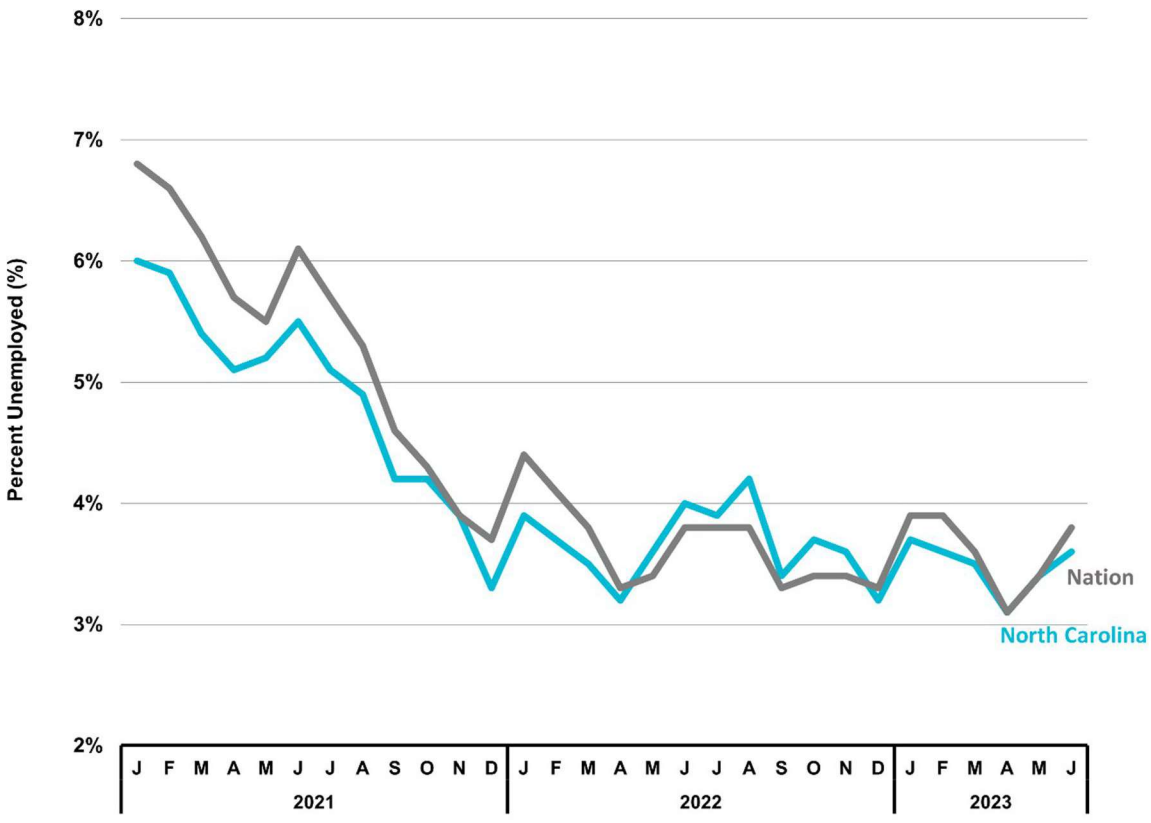


Source: US Bureau of Labor Statistics

North Carolina's *unemployment rate* averaged 3.4 percent in the second quarter of 2023 which was on par with the national second quarter average, also 3.4 percent (Figure 3). This marked eight consecutive quarters with an average unemployment rate below five percent. The second quarter 2023 unemployment rate translated into approximately 177,300 unemployed residents, down 4.5 percent compared to a year earlier.

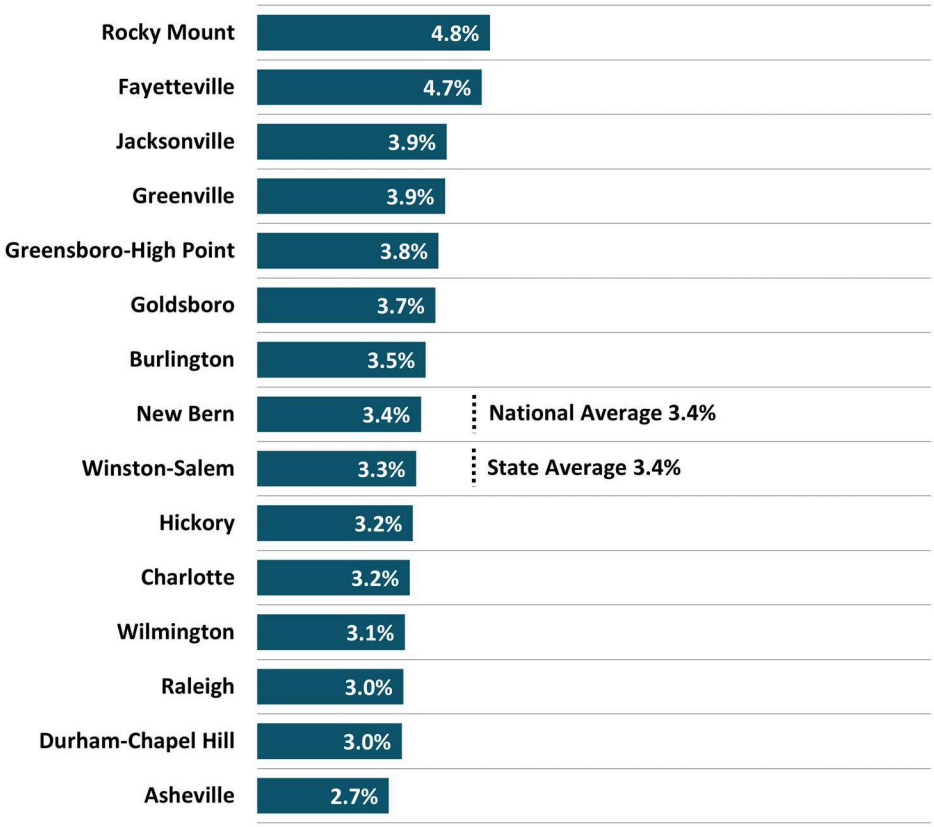
Asheville metro had the lowest second quarter average unemployment rate of the fifteen state metros at 2.7 percent and was the only metro with an unemployment rate below three percent (Figure 4). Seven of the state's fifteen metros experienced unemployment rates that were below the overall state and national rates.

Figure 3
North Carolina
Unemployment Rate (%)



Source: US Bureau of Labor Statistics

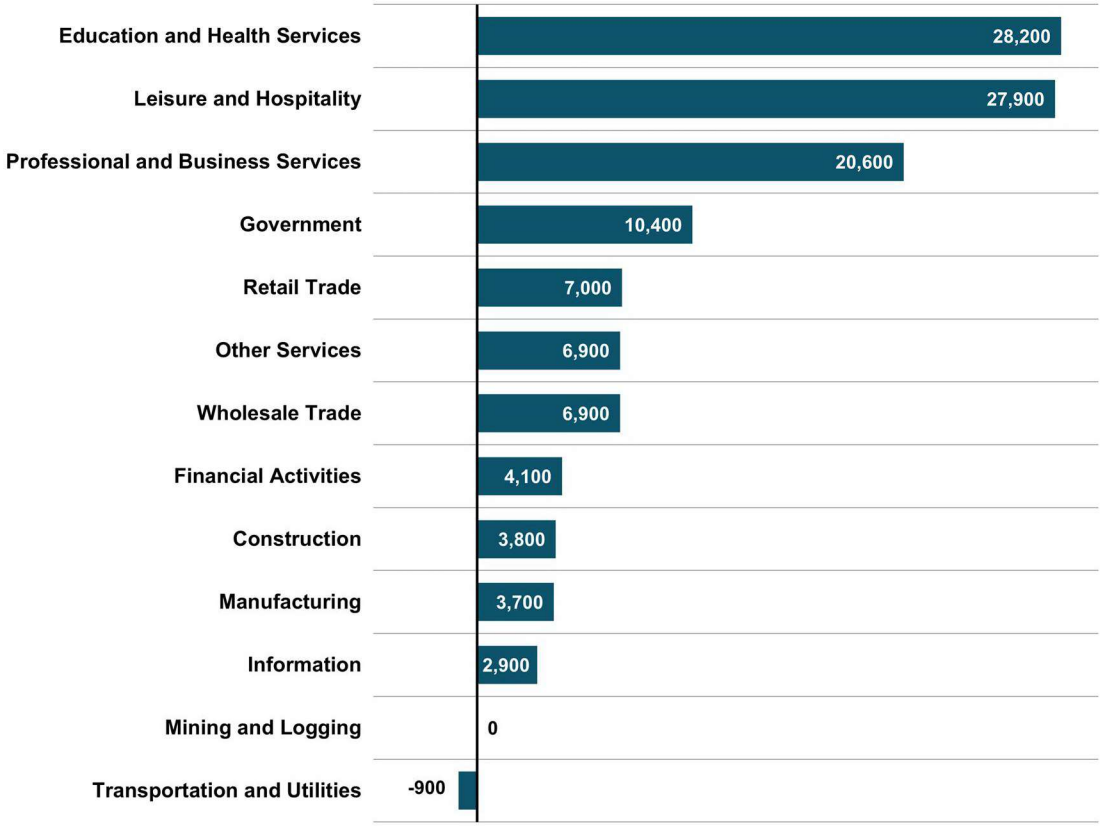
Figure 4
North Carolina Metros
Unemployment Rate (%)
2023 2Q Average



Source: US Bureau of Labor Statistics

All but one of North Carolina's *major industry* sectors added employment in the second quarter of 2023 when compared to a year earlier (Figure 5). Education and Health Services led major industry growth with a net gain of 28,200 jobs. Leisure and Hospitality added 27,900 jobs and Professional and Business Services added 20,600 new jobs. Collectively, these three major industries made up 63.1 percent of the state's overall year-to-year net gains.

Figure 5
North Carolina – 2023 2Q
Major Industry Employment
One-Year Change

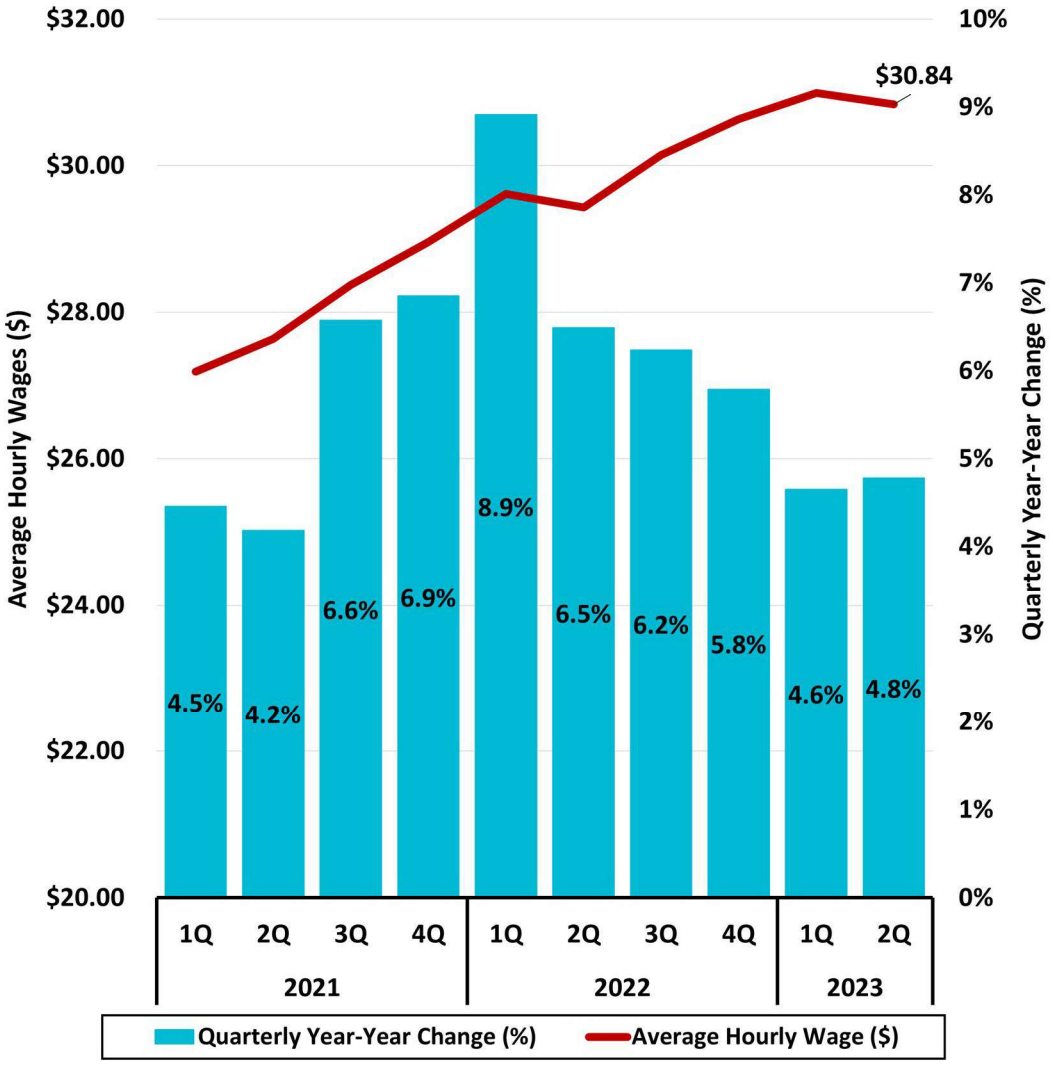


Totals rounded to nearest 100.
Source: US Bureau of Labor Statistics

Wages

Private industry *average hourly wages* in North Carolina averaged $30.84 in the second quarter of 2023 (Figure 6). This represented a drop compared to the first quarter but marked the second highest quarterly average dating back to 2007. The state experienced a 4.8 percent increase compared to a year earlier.

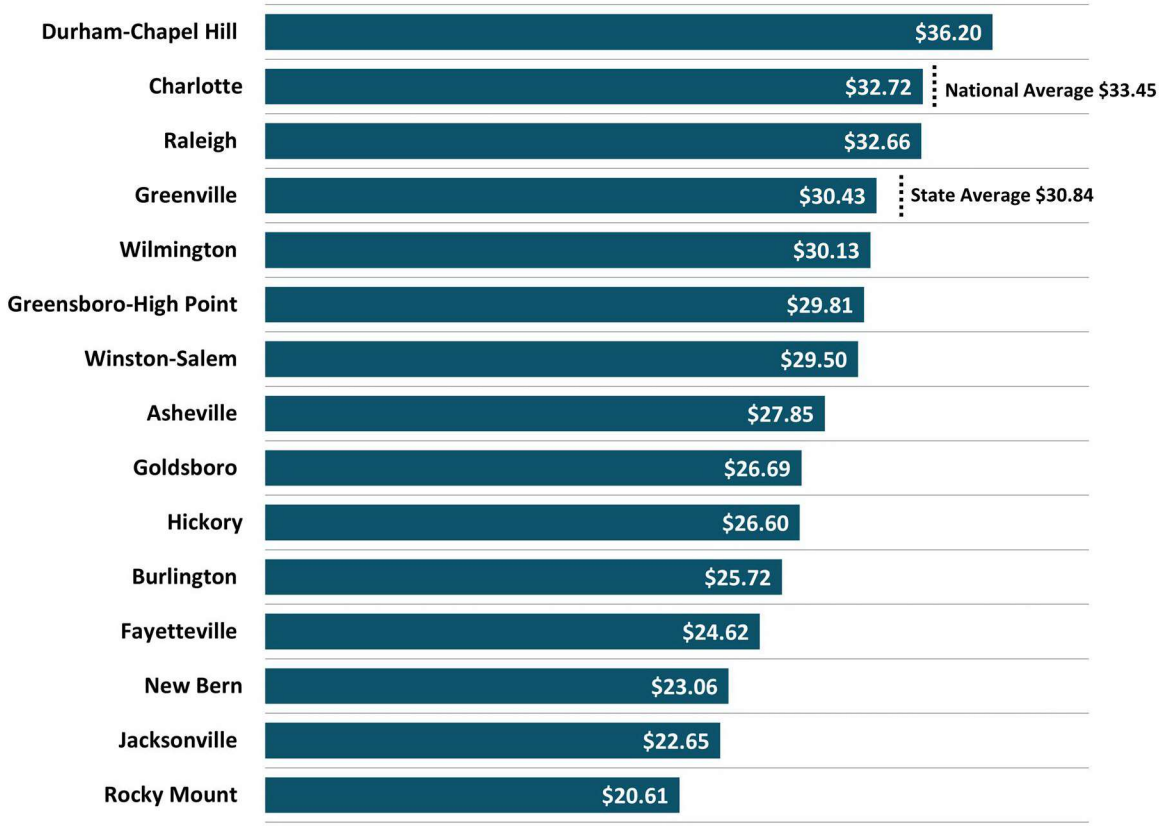
Figure 6
North Carolina
Average Hourly Wages
Private Industry



Source: NC Department of Commerce

Durham-Chapel Hill led the state's fifteen metros with a second quarter average hourly wage of $36.20 and was the only metro to exceed both the state's average of $30.84 and the national average of $33.45 (Figure 7). Charlotte ($32.72) and Raleigh ($32.66) did not exceed the national average, however, they were each greater than the overall state average in the second quarter.

Figure 7
North Carolina Metros – 2023 2Q
Average Hourly Wages
Private Industry

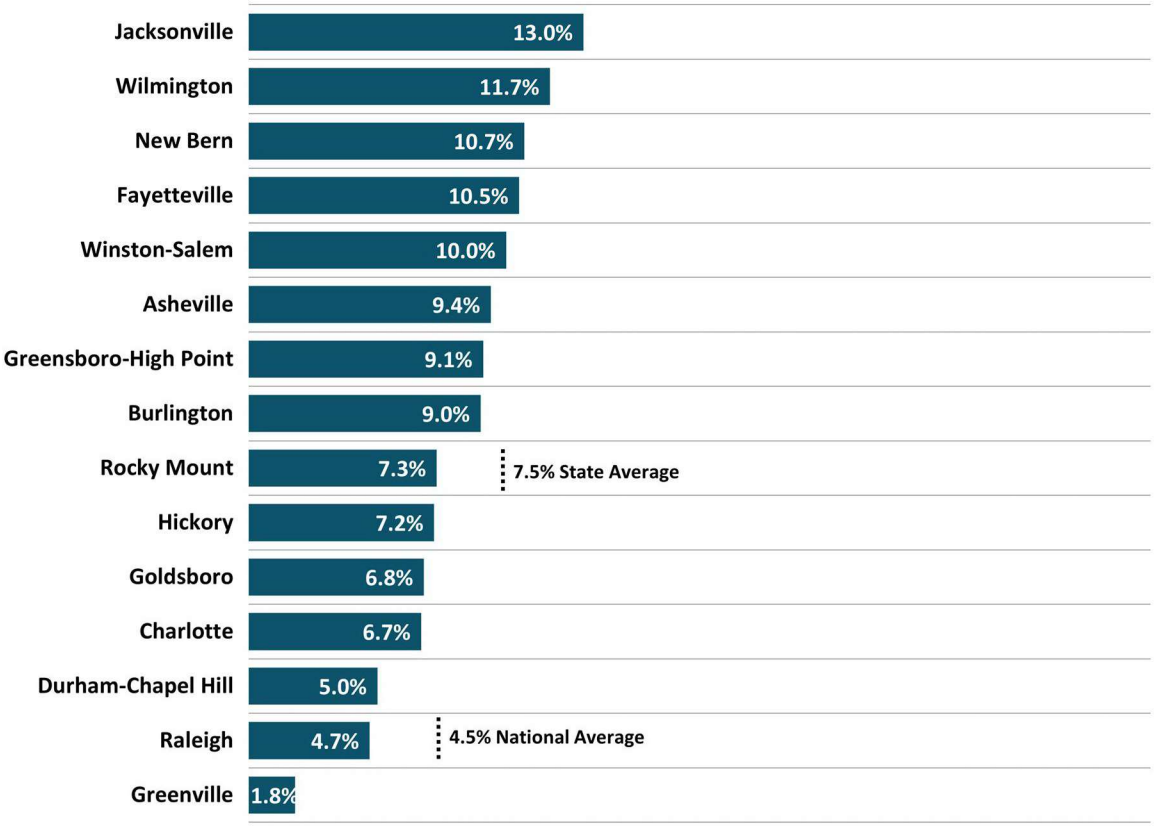


Source: NC Department of Commerce

Housing

At 7.5 percent, the state of North Carolina's *same-home annual appreciation rate* in the second quarter exceeded the national average of 4.5 percent (Figure 8). Jacksonville metro ranked first among the fifteen state metros at 13.0 percent. Eight of the state metros experienced appreciation rates that surpassed the overall state average while only one metro, Greenville at 1.8 percent, experienced an appreciation rate that was below the national average.

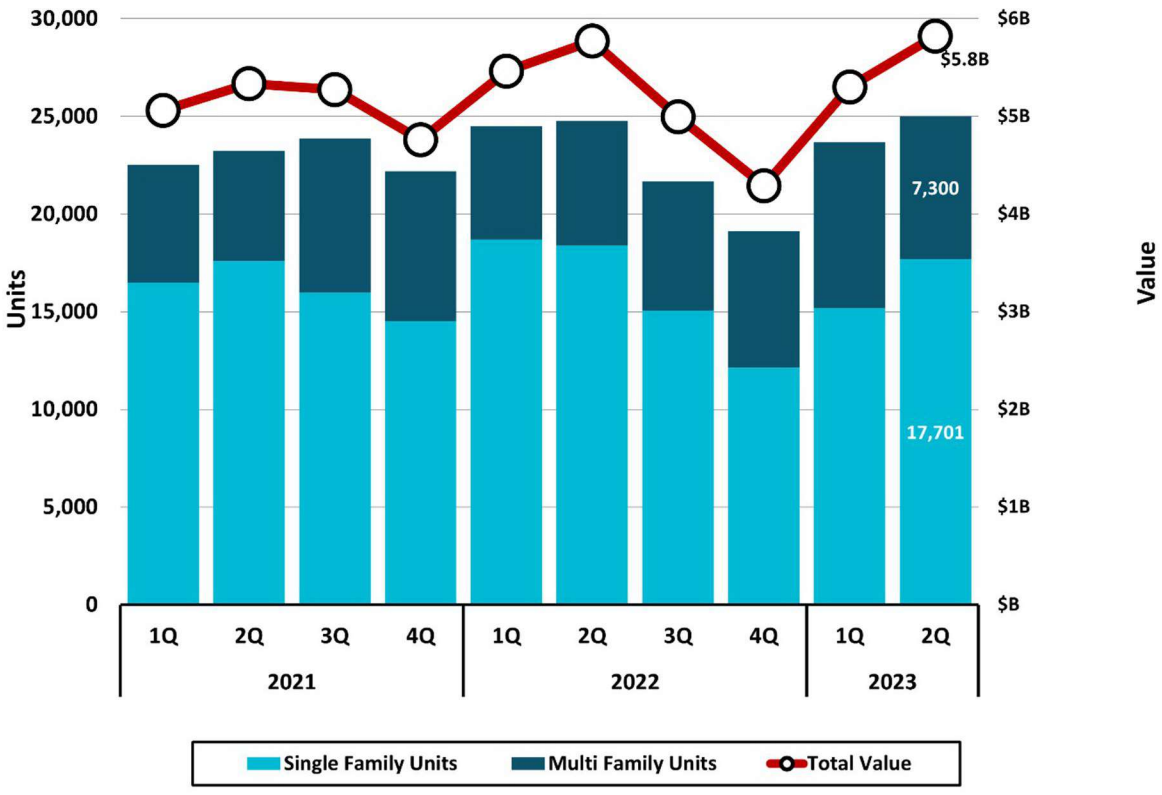
Figure 8
North Carolina Metros
Same-Home Annual Appreciation Rate (%)
2023 2Q



Source: Federal Reserve Bank of St. Louis

Estimated permit activity for new *residential building* in the state of North Carolina totaled 25,001 units in the second quarter of 2023 with a value of $5,822,069,000 (Figure 9). In percentage terms, both the total number of units permitted and the total value were each up just under one percent from a year earlier. Permitted multi-family units totaled 7,300 and accounted for 29.2 percent of total units.

Figure 9
North Carolina
Estimated Residential Building Permits Activity*



*Based on a survey of permitting agencies. The Census Bureau provides estimates for any missing agency data, which typically amounts to less than 20% of the total permits.
Source: US Census Bureau

Retail Sales

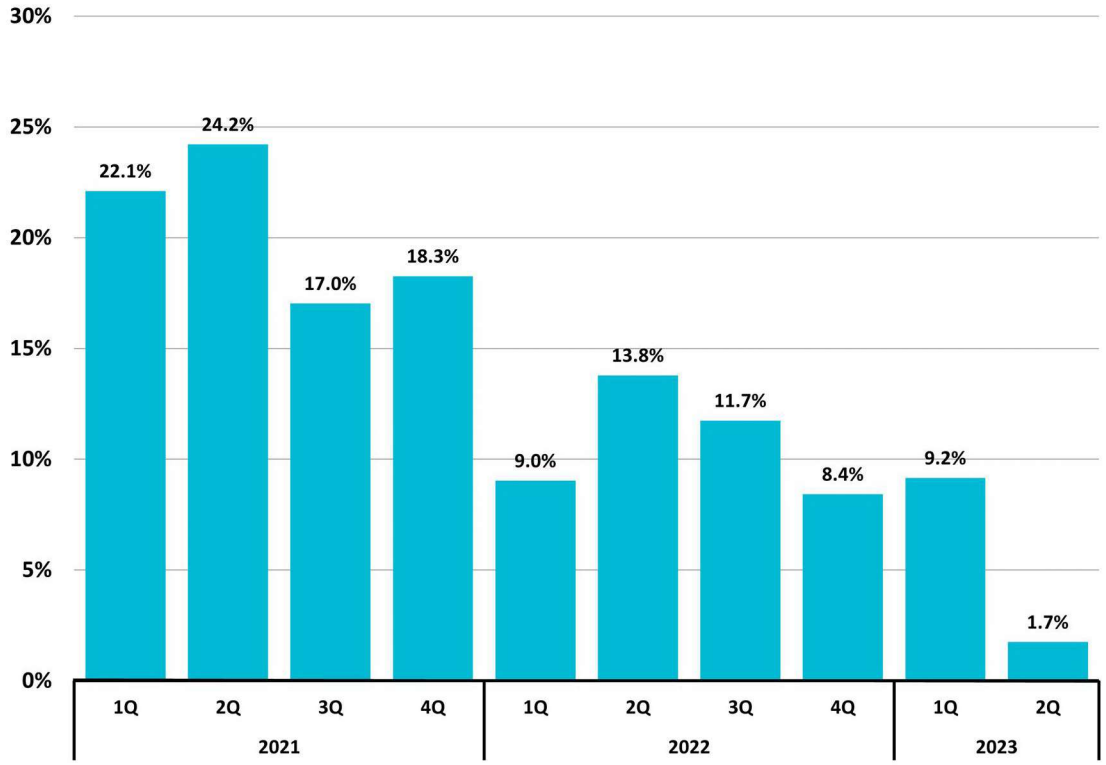
Taxable retail sales in North Carolina totaled $58,828,981,431 ($58.8 billion) in the second quarter of 2023, a 1.7 percent increase compared to a year earlier (Figure 10 and Figure 11). Taxable retail sales for each second quarter have increased steadily in dollar amount since 2020.

Figure 10
North Carolina
Total Taxable Retail Sales



Includes collections of penalties, interest, and sales & use tax; and may reflect activity from prior periods.
Source: NC Department of Revenue

Figure 11
North Carolina
Total Taxable Retail Sales
Quarterly Year-to-Year Change (%)

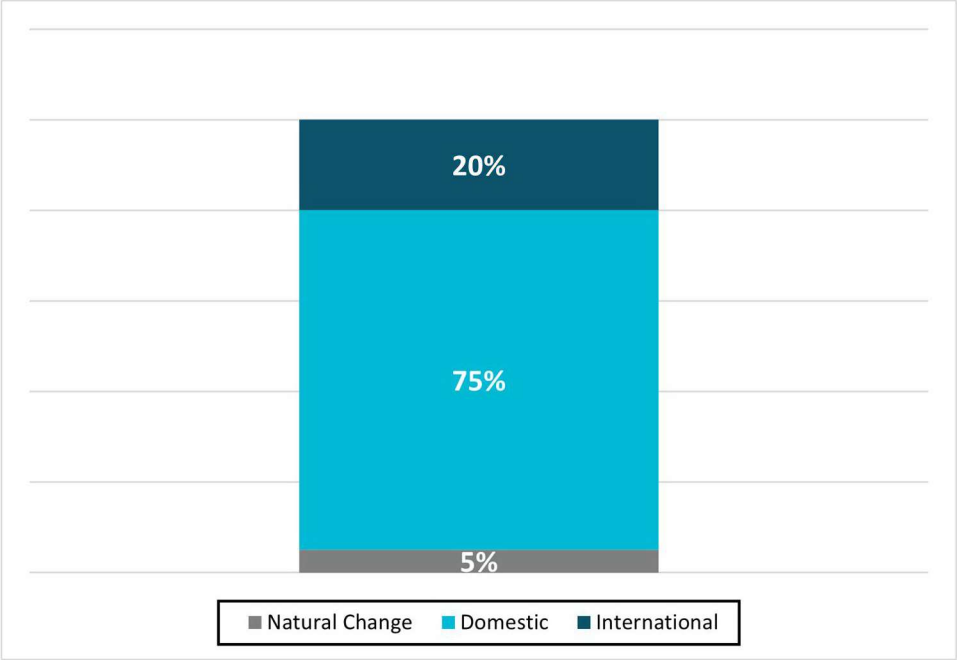


Includes collections of penalties, interest, and sales & use tax; and may reflect activity from prior periods.
Source: NC Department of Revenue

Special Feature:
Components of Population Change

Between 2021 and 2022, the U.S. Census Bureau estimated population growth of roughly 133,100 new residents in North Carolina. Only five percent of growth was attributed to natural change, i.e., births over deaths. Twenty percent was attributed to new residents from another country. Most population growth, or seventy-five percent, was attributed to domestic change, i.e., new residents from within the United States.

Figure 12
North Carolina
2021-2022 Components of Population Change



Source: US Census Bureau

The business landscape is complex. Need help?
Contact DMJPS CPAs + Advisors

DMJPS is a tax, assurance, and advisory firm that routinely solves complex matters for privately-held businesses, nonprofits, individuals, and corporations using a wide range of specialized solutions.

End note: Data in this report reflects a point in time, September 2023, and may be subject to periodic adjustment.