

The Outer Banks Economy

James (Jim) Kleckley, PhD

Director, Bureau of Business Research

KleckleyJ@ecu.edu

May 2011

Bureau of Business Research

“A front door to faculty expertise in the ECU College of Business”

- Applied research, education, and training using the appropriate College expertise
- Storehouse of economic and business data
- Forecast modeling (Nation, North Carolina, NC Counties) and special use modeling for business and government
- Impact models using IMPLAN
- Special projects and studies

OUTLINE

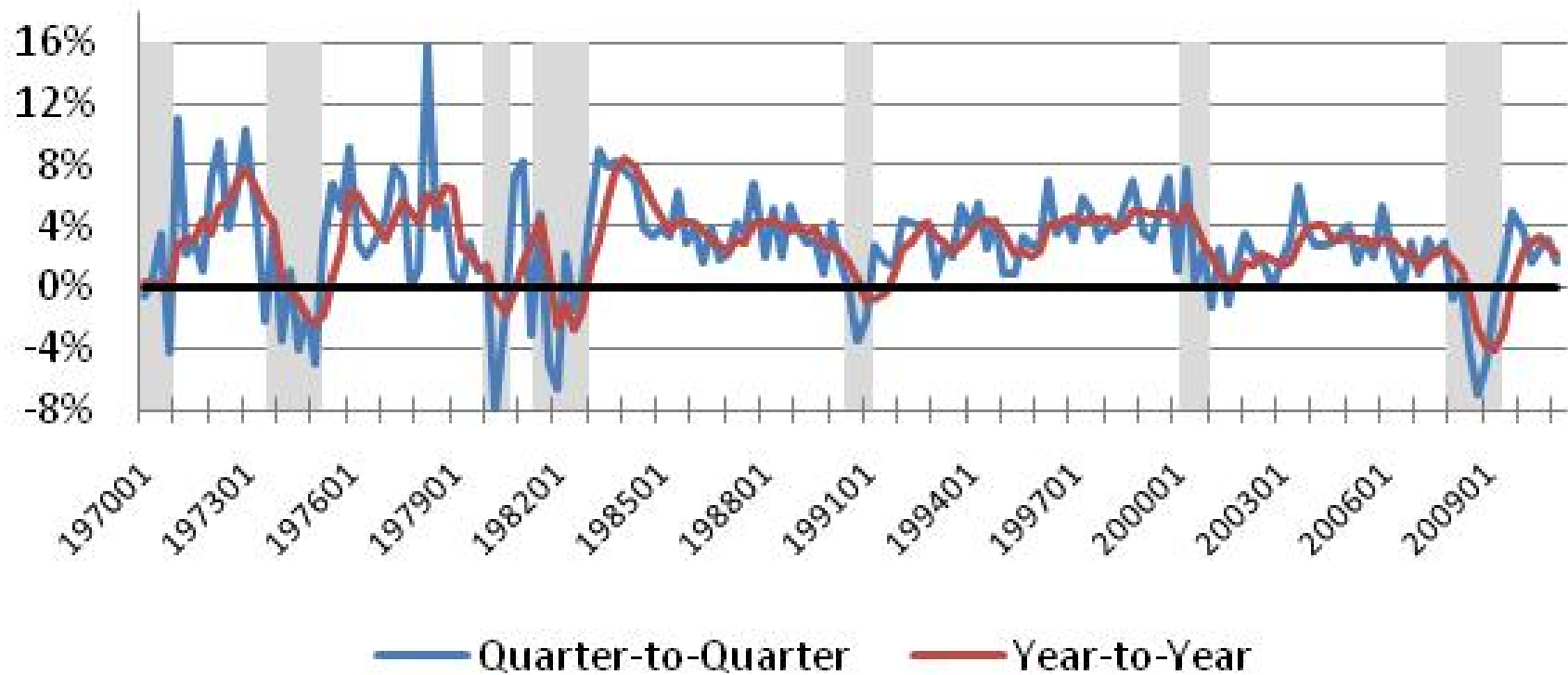
History and Forecasts

- The National Economy
- The State Economy
- The Outer Banks Economy

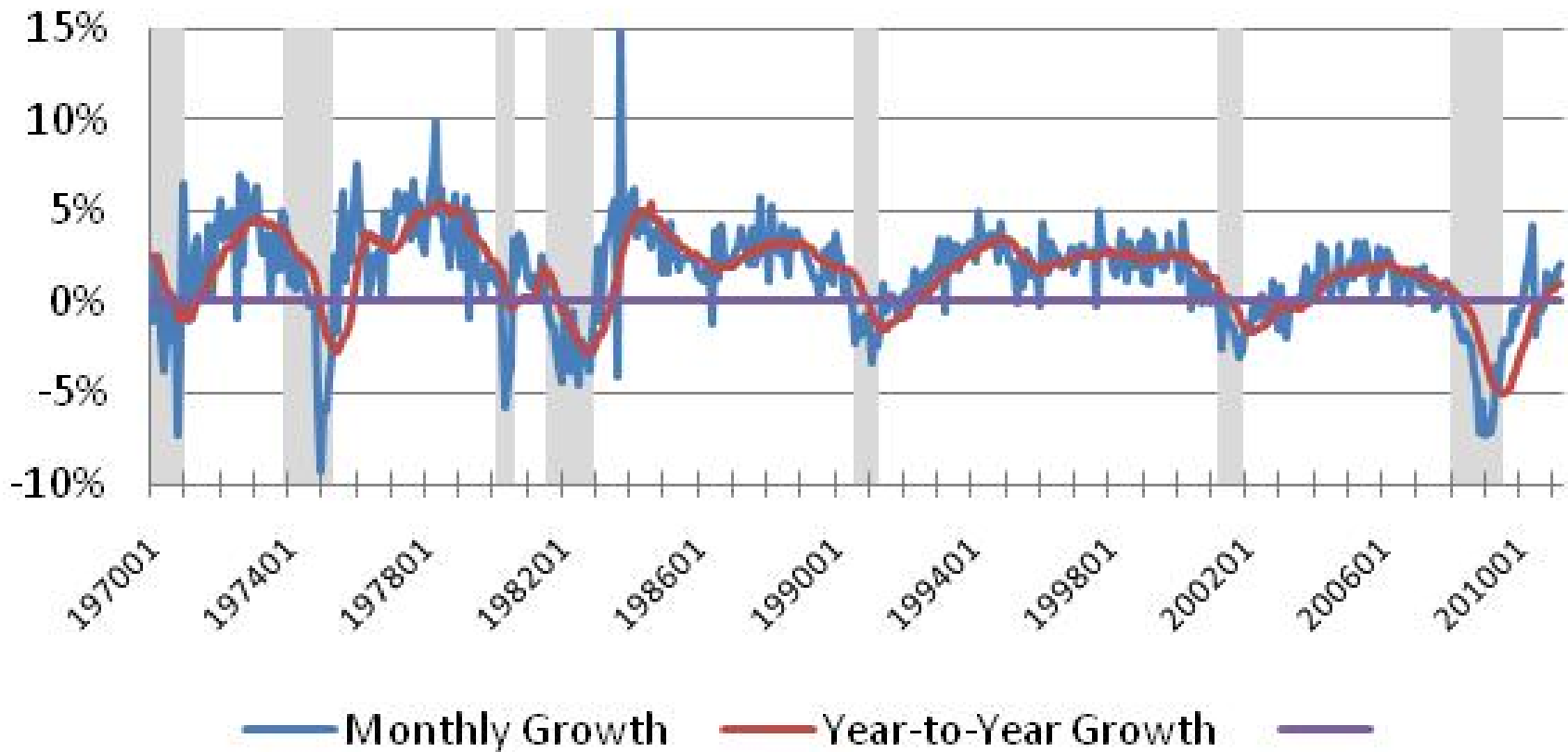
- The National Economy

Real Gross Domestic Product

Percent Change

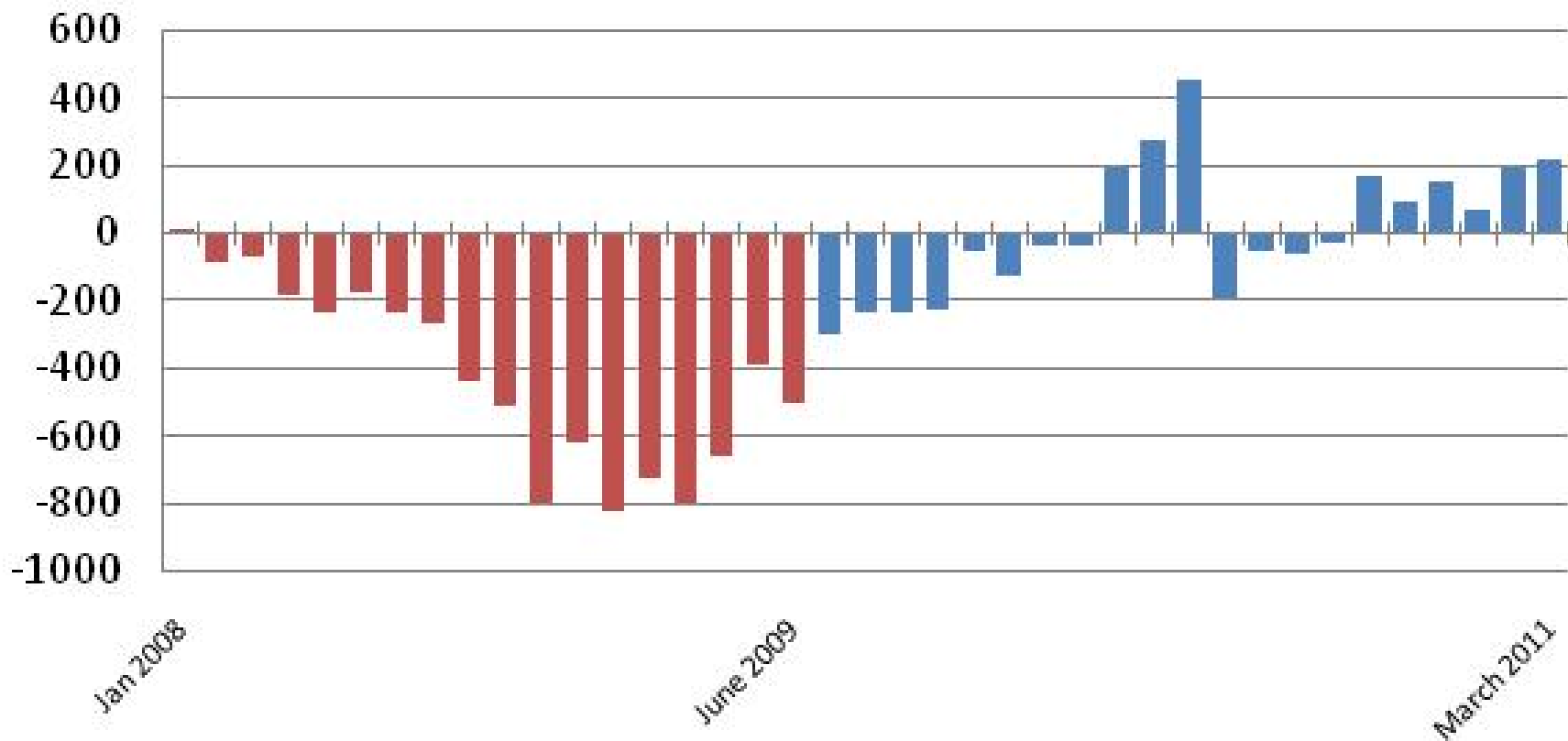


US Establishment Employment

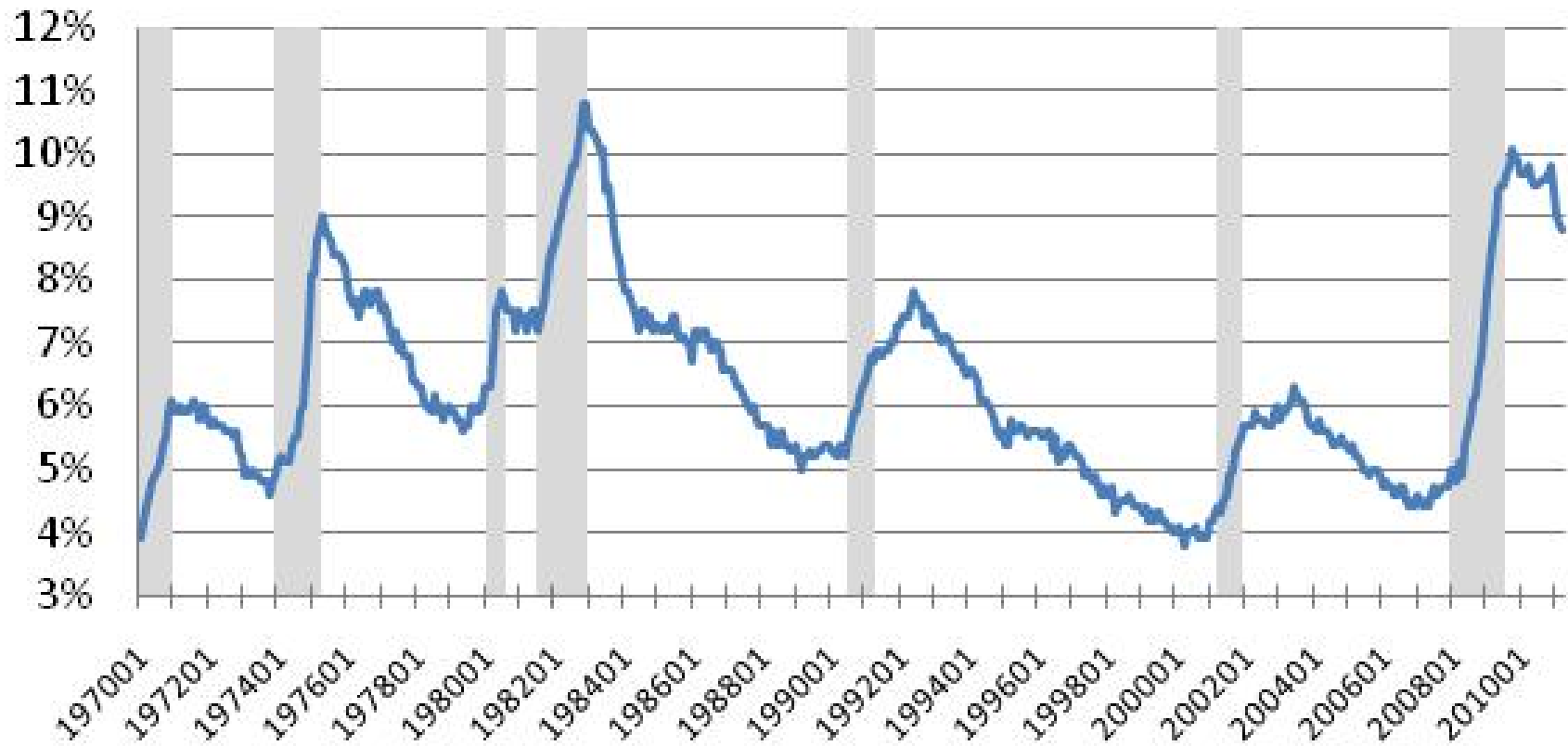


US Establishment Employment

Monthly Net Job Gain & Loss

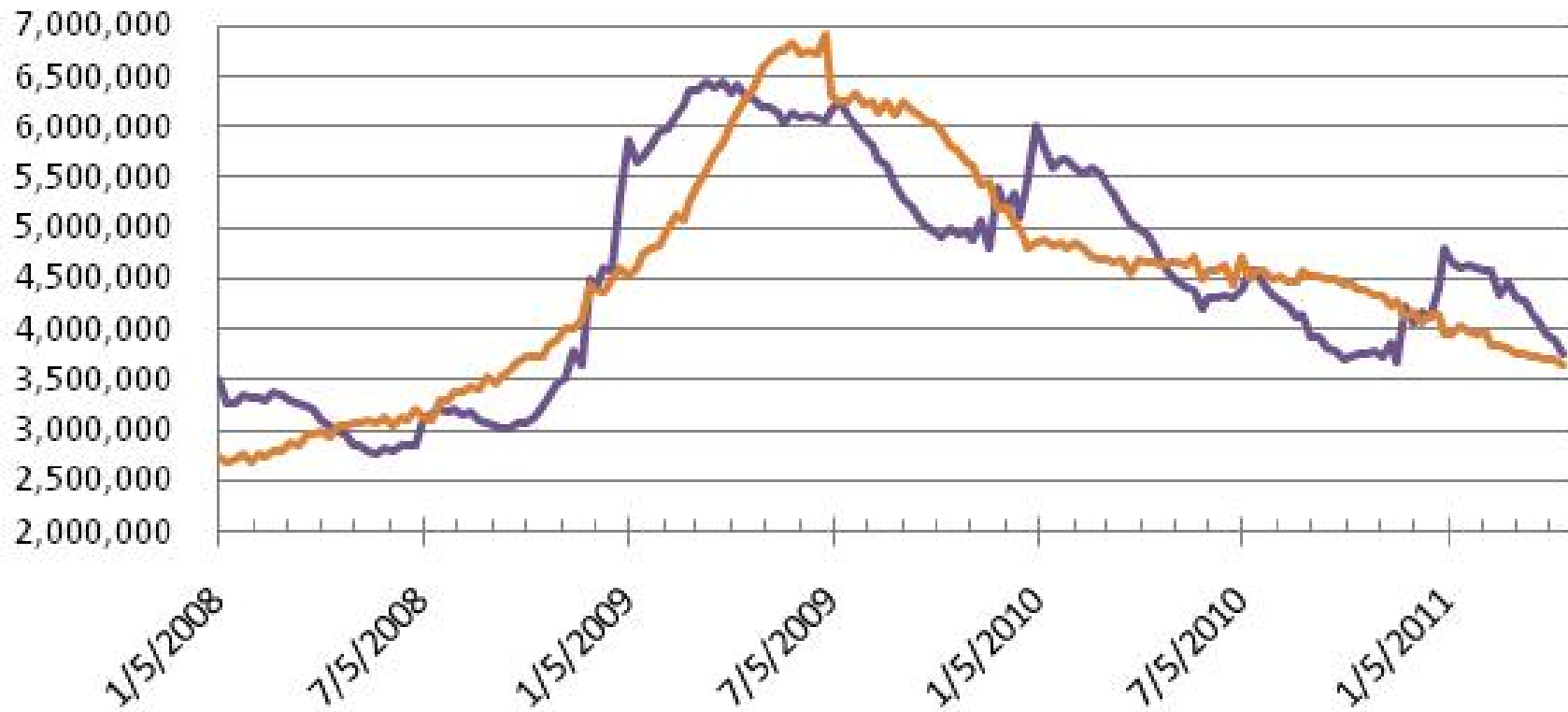


US Civilian Unemployment Rate



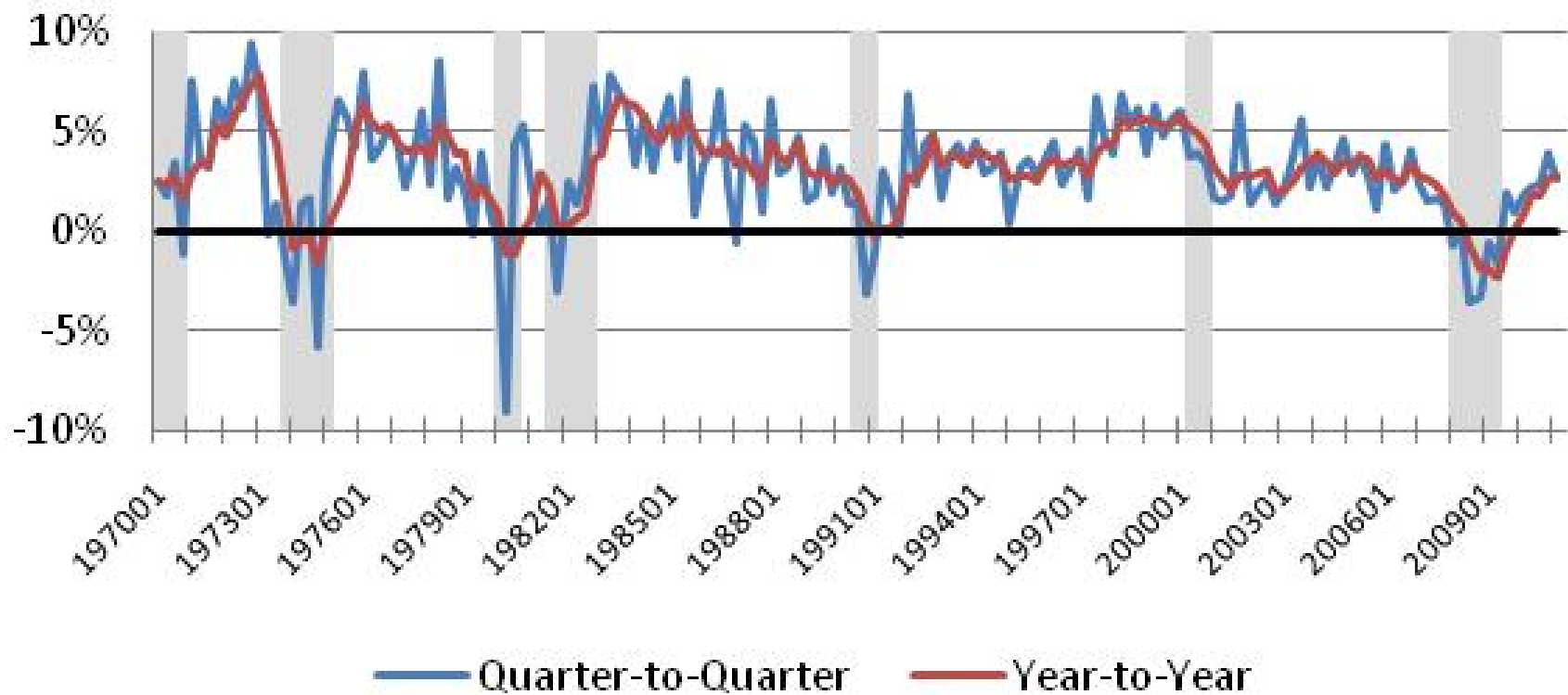
United States: UI Weekly Claims

NSA SA



Real Consumption Expenditures

Percent Change



US Retail & Food Service Sales

Millions of Dollars



US Retail Sales

March 2011

	Change Since December 2008	One year Change	Change Since November 2007
Total Retail & Food Service Sales	16.00%	7.10%	5.20%
Food Services & Drinking Places (Restaurants and Bars)	7.83%	5.11%	10.33%
Food and Beverage (Grocery Stores)	8.02%	3.93%	10.75%
Gas	54.55%	16.73%	11.75%
Motor Vehicles & Parts	22.78%	9.96%	-7.41%
Other Durable	5.61%	4.13%	-7.73%
FURNITURE	2.57%	2.68%	-14.42%
ELECTRONICS AND APPLIANCES	4.26%	2.91%	-4.01%
BUILDING MATERIAL	7.10%	5.04%	-6.68%
Other Nondurable	13.48%	5.87%	11.57%
HEALTH AND PERSONAL CARE	10.69%	6.33%	14.96%
CLOTHING AND CLOTHING ACCESSORIES	12.68%	3.37%	1.81%
SPORTING GOODS ET AL.	13.87%	6.13%	5.93%
GENERAL MERCHANDISE	6.12%	2.51%	7.68%
MISC STORE RETAILERS	16.52%	7.31%	5.89%
NONSTORE RETAILERS	29.42%	12.40%	27.06%

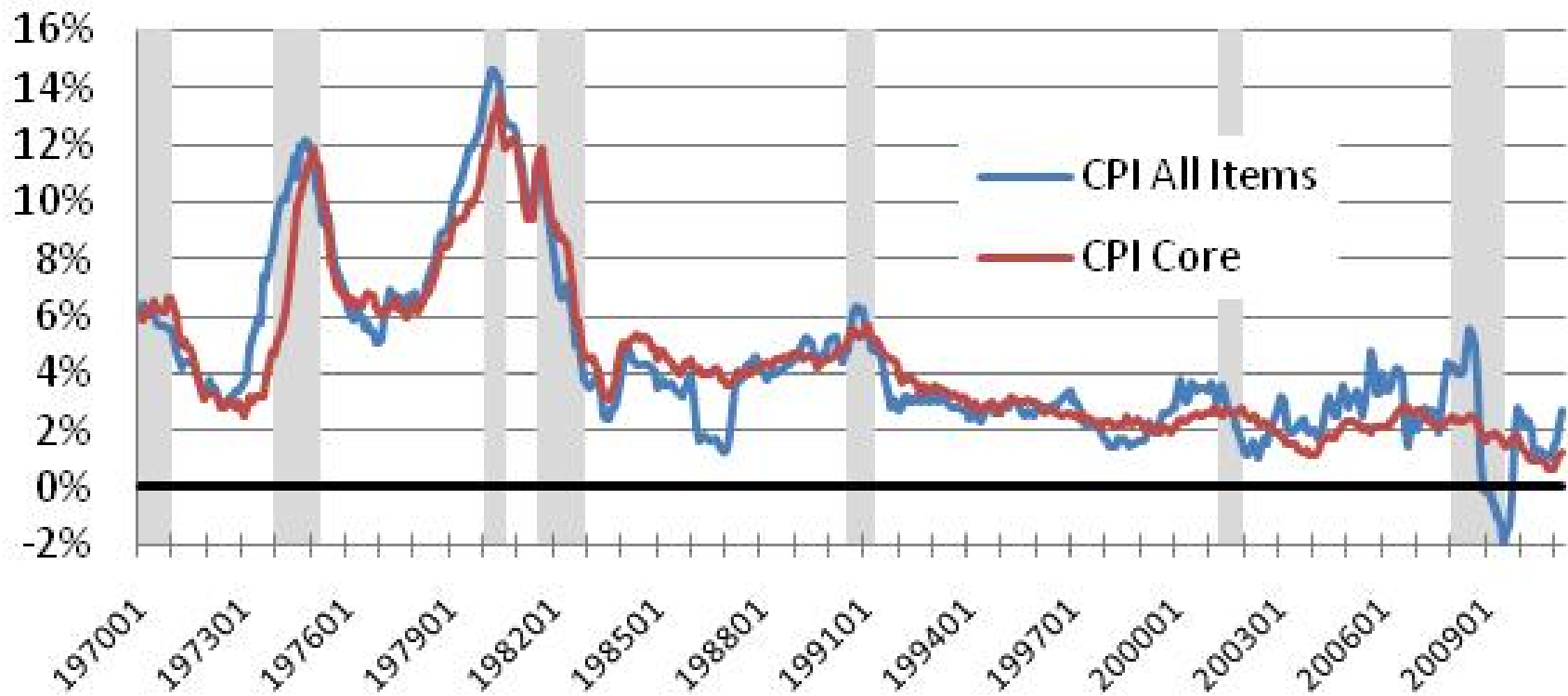
Real Retail Gasoline Price

March 2011 Dollars



Consumer Prices

Year-to-Year Change



Conventional Mortgage Rate



Building Permits

Thousands of Units



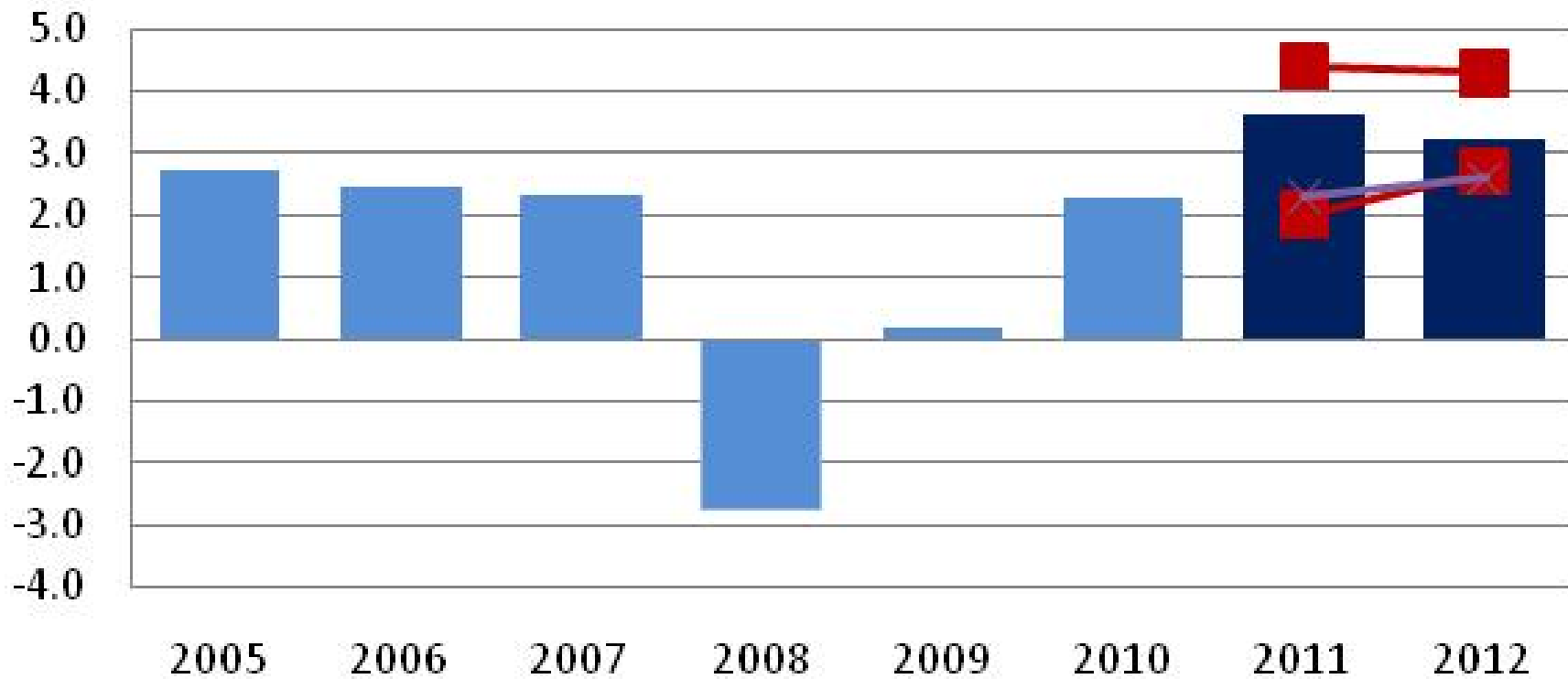
NABE Forecast

Forecast panel of about 50 professional economists and members of the National Association for Business Economics (NABE)

NABE forecast was completed in February
BBR forecast was completed in May

Real GDP

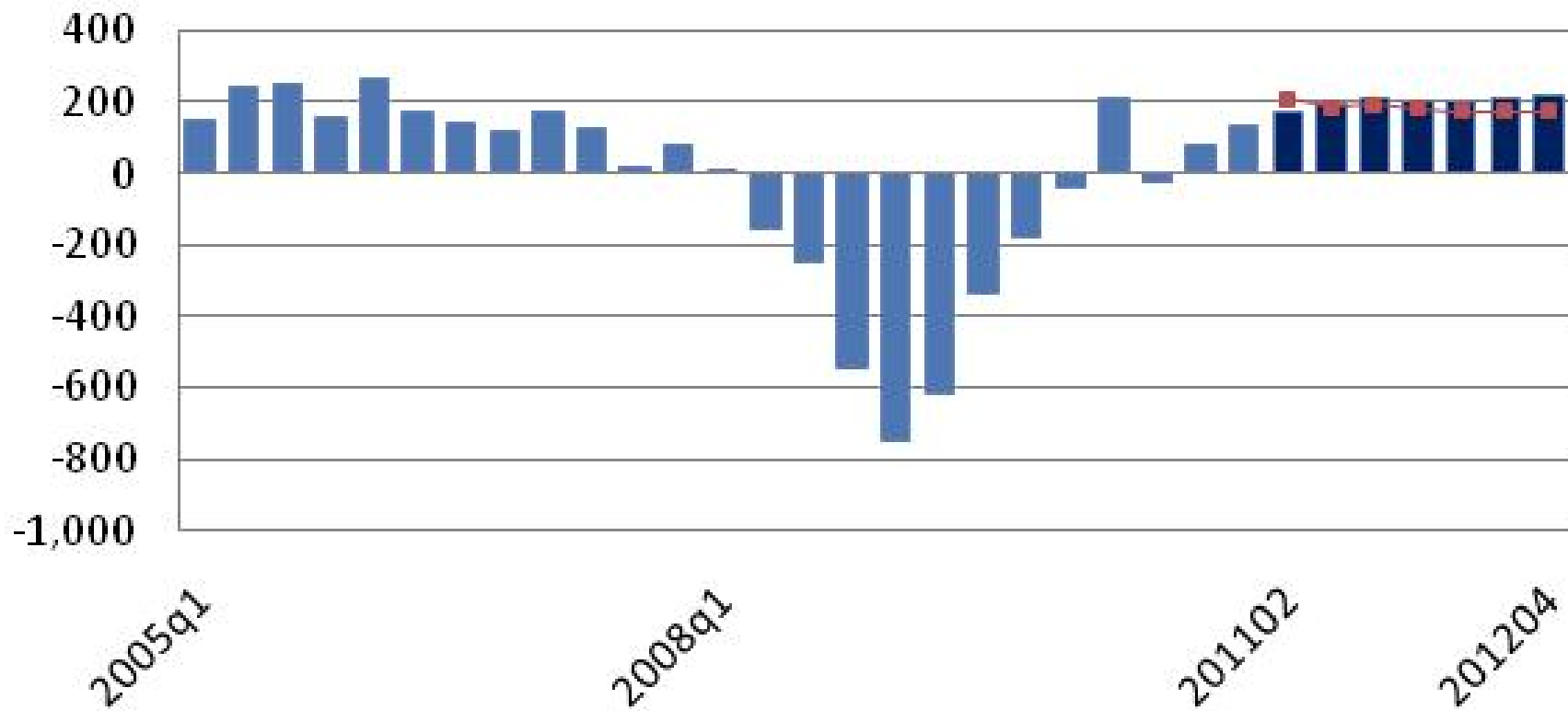
(Q4/Q4 Percent Change)



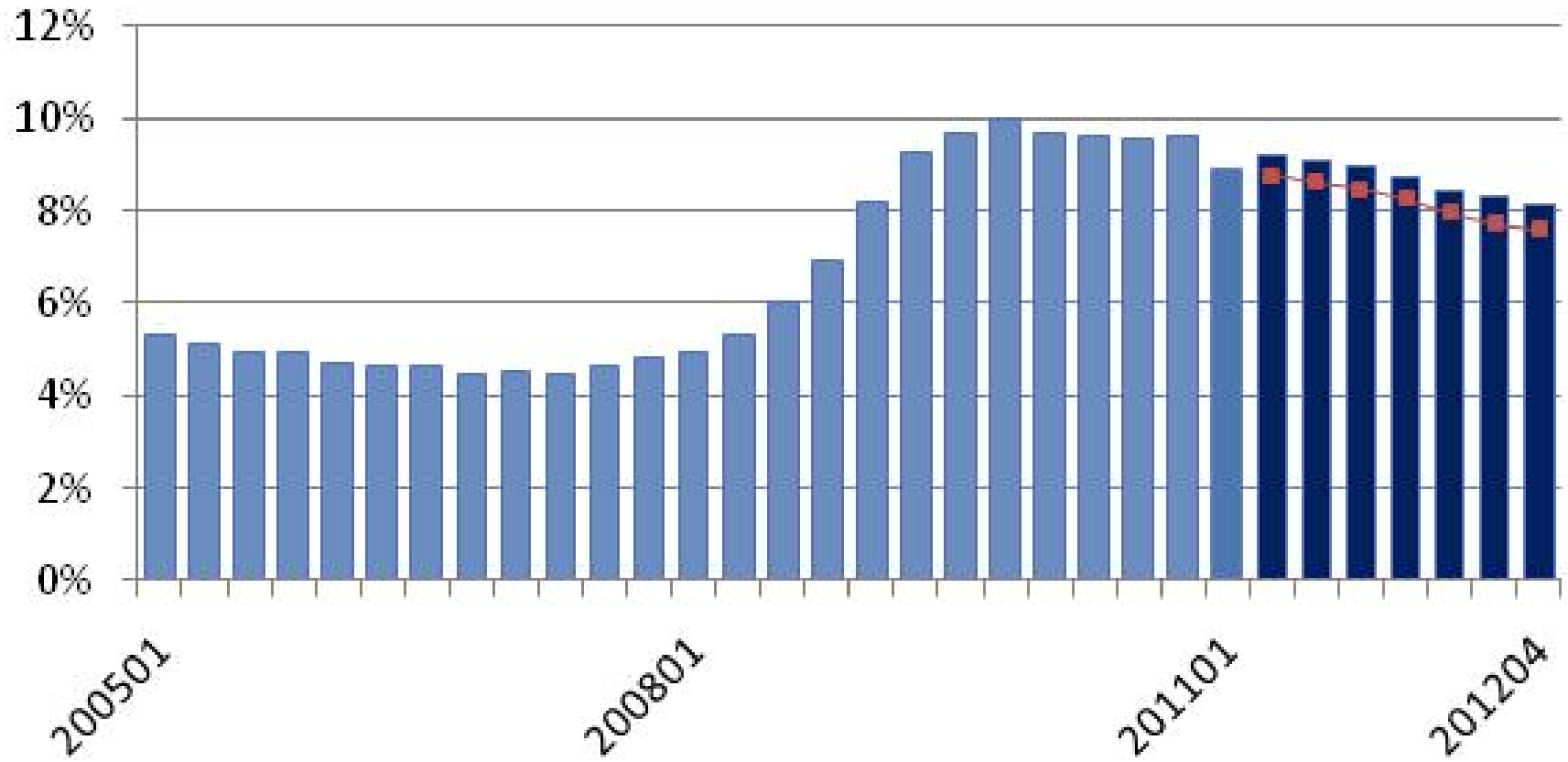
National Association for Business Economics, February 2011; BBR Forecast May 2011

Change in US Establishment Employment

Average Monthly Change



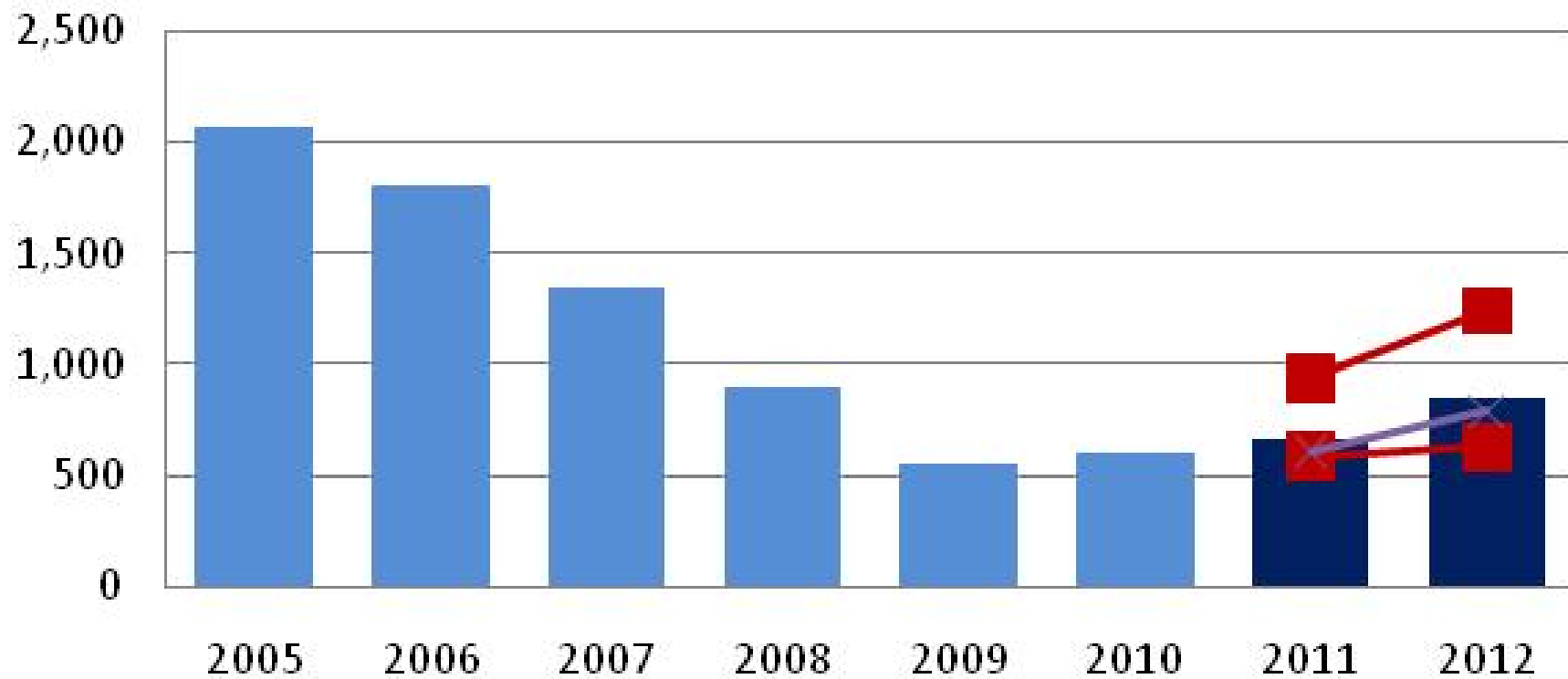
US Unemployment Rate



National Association for Business Economics, February 2011; BBR Forecast May 2011

Housing Starts

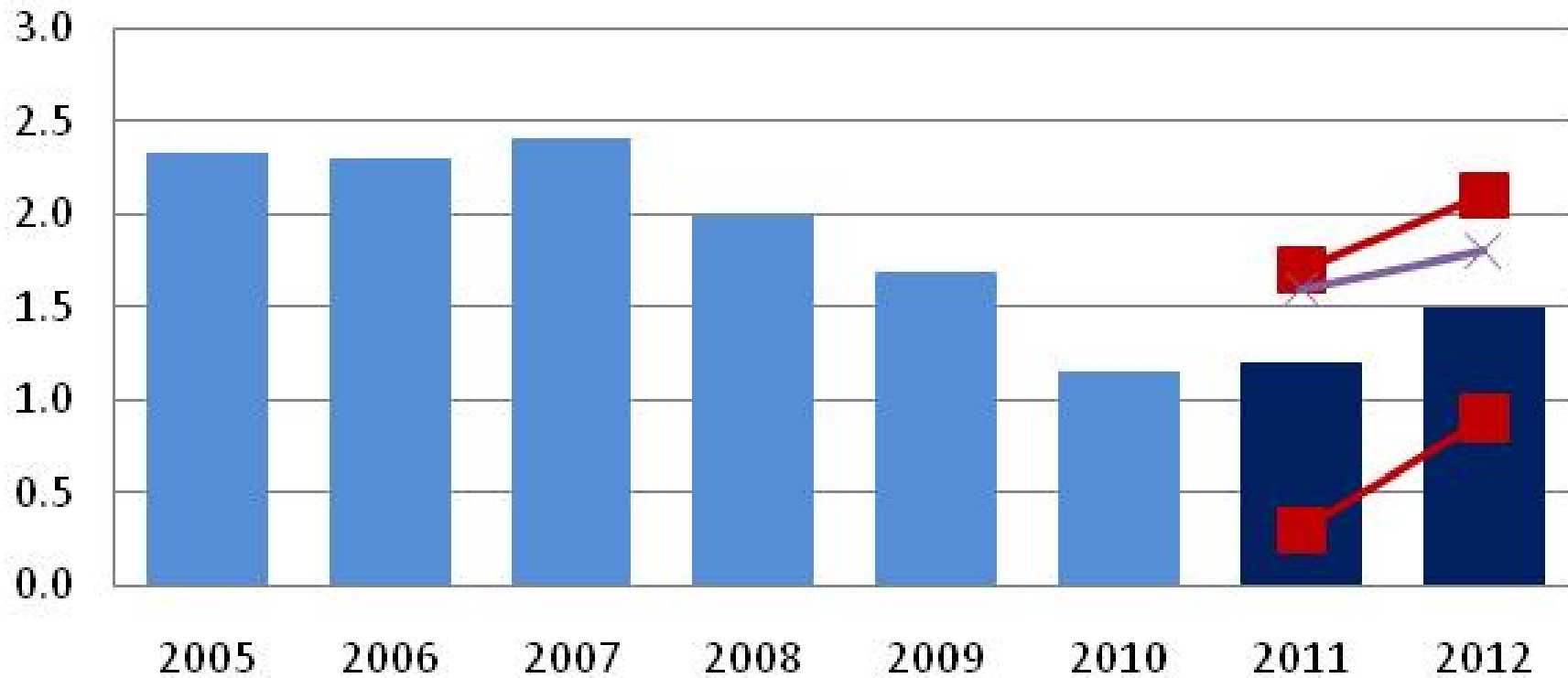
(Millions of Units)



National Association for Business Economics, February 2011; BBR Forecast May 2011

PCE Prices, Less Food and Energy

(Q4/Q4 Percent Change)



National Association for Business Economics, February 2011; BBR Forecast May 2011

US Forecast

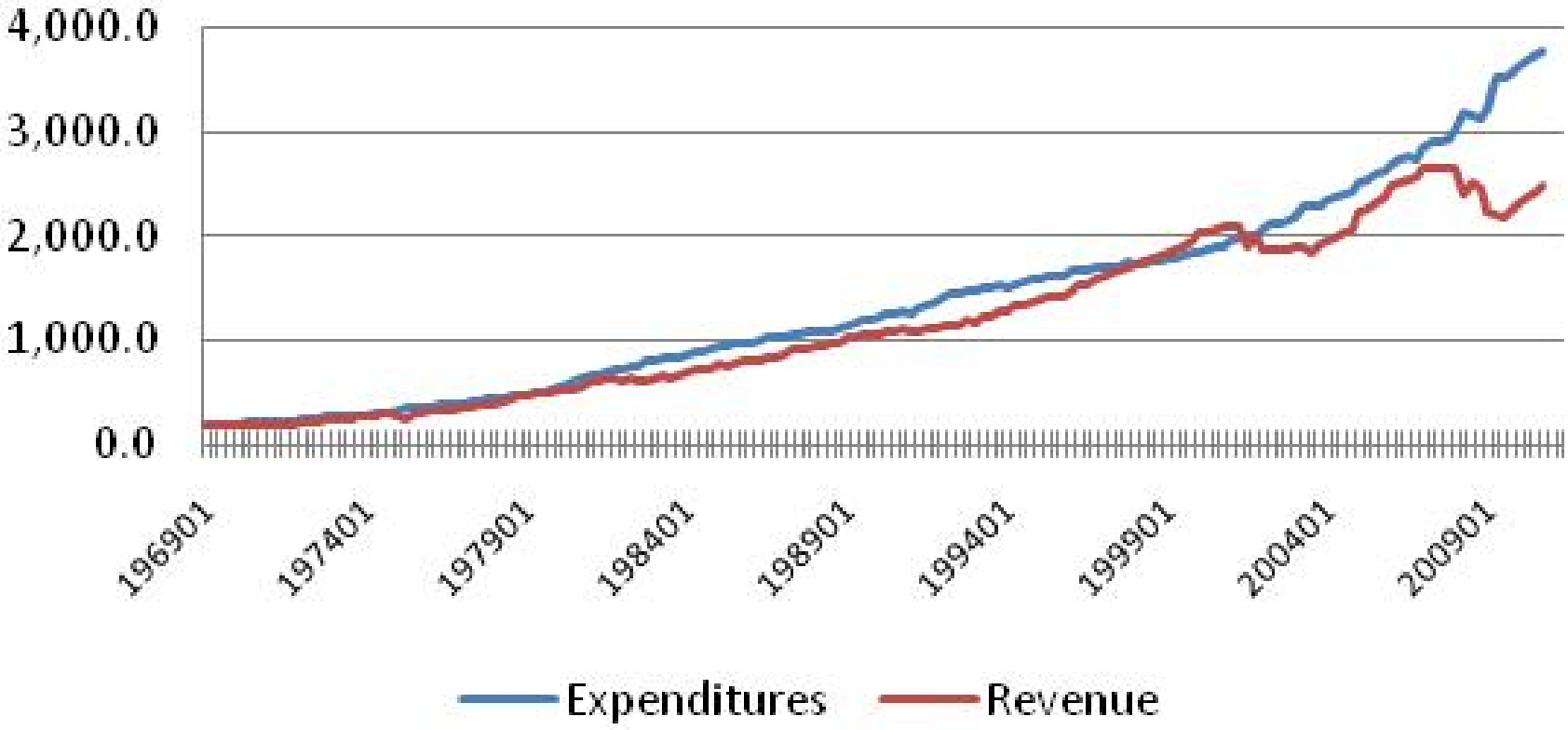
- Economic recovery should remain firmly on track, but at an historically sluggish pace
- Household spending has been increasing, but the growth rate should flatten.
- Housing construction should begin to recover, but activity is expected to remain relatively low
- Overall Inflation should increase modestly, but interest rates should remain low

Risks to the Forecast

- US Budget Deficit
 - Tax and Budget Reform
- Unwinding the monetary “fix”
- Energy Prices and Dependency
- Middle East “issues”
- Health Care Implementation
- Immigration Reform
- The “European Union” Debt Problem
 - => Which could be the US if we don't act

Federal Government Budget

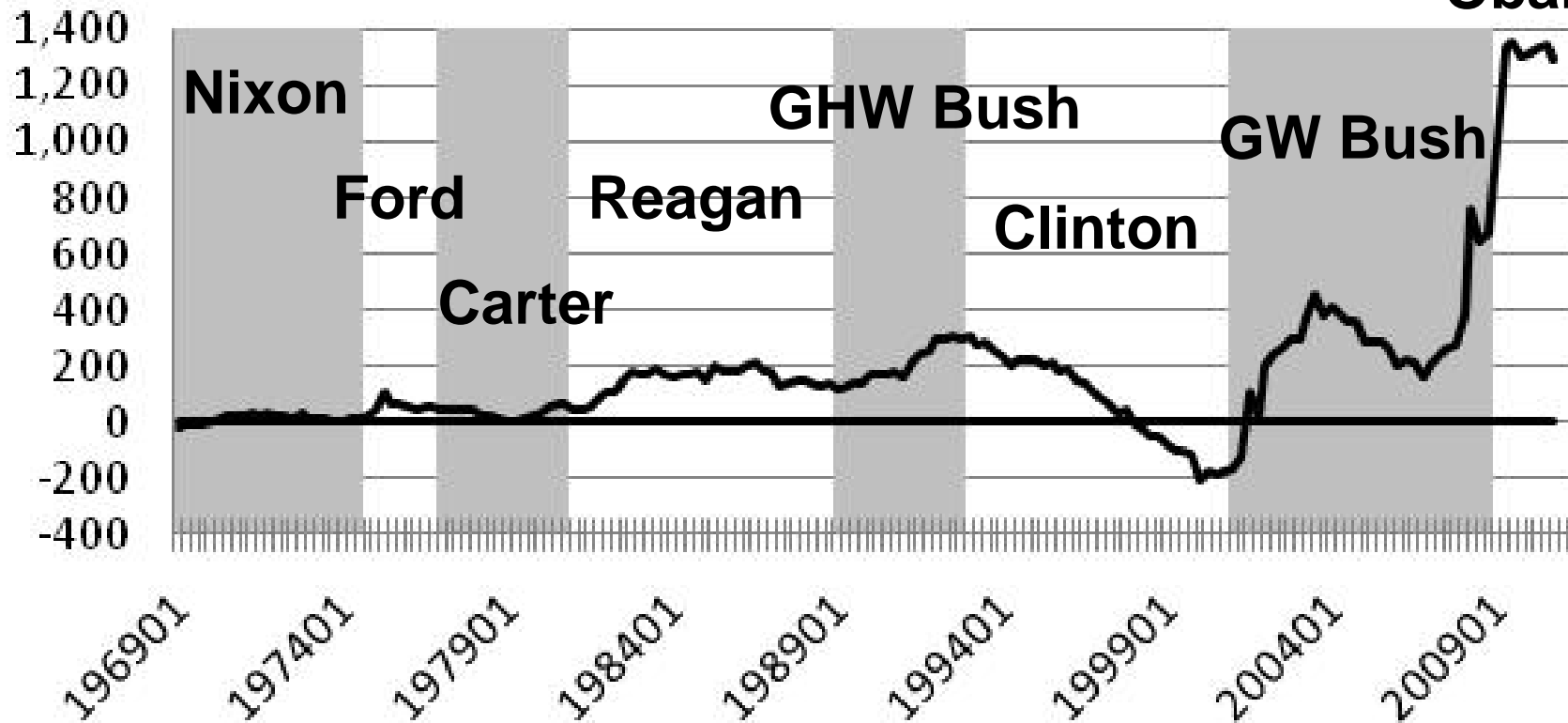
(Billions of Dollars)



Federal Deficit

(Billions of Dollars)

Obama

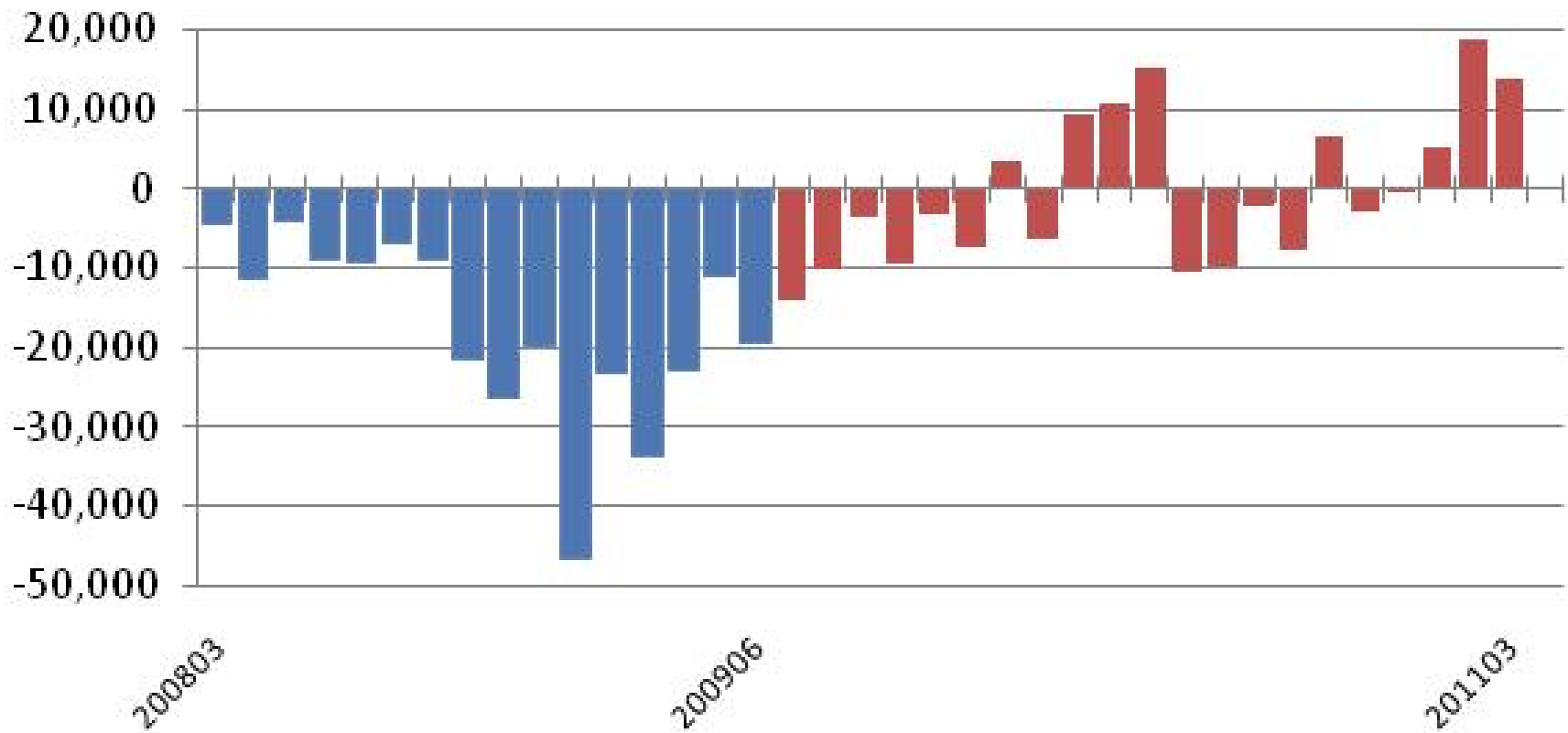


- The State Economy

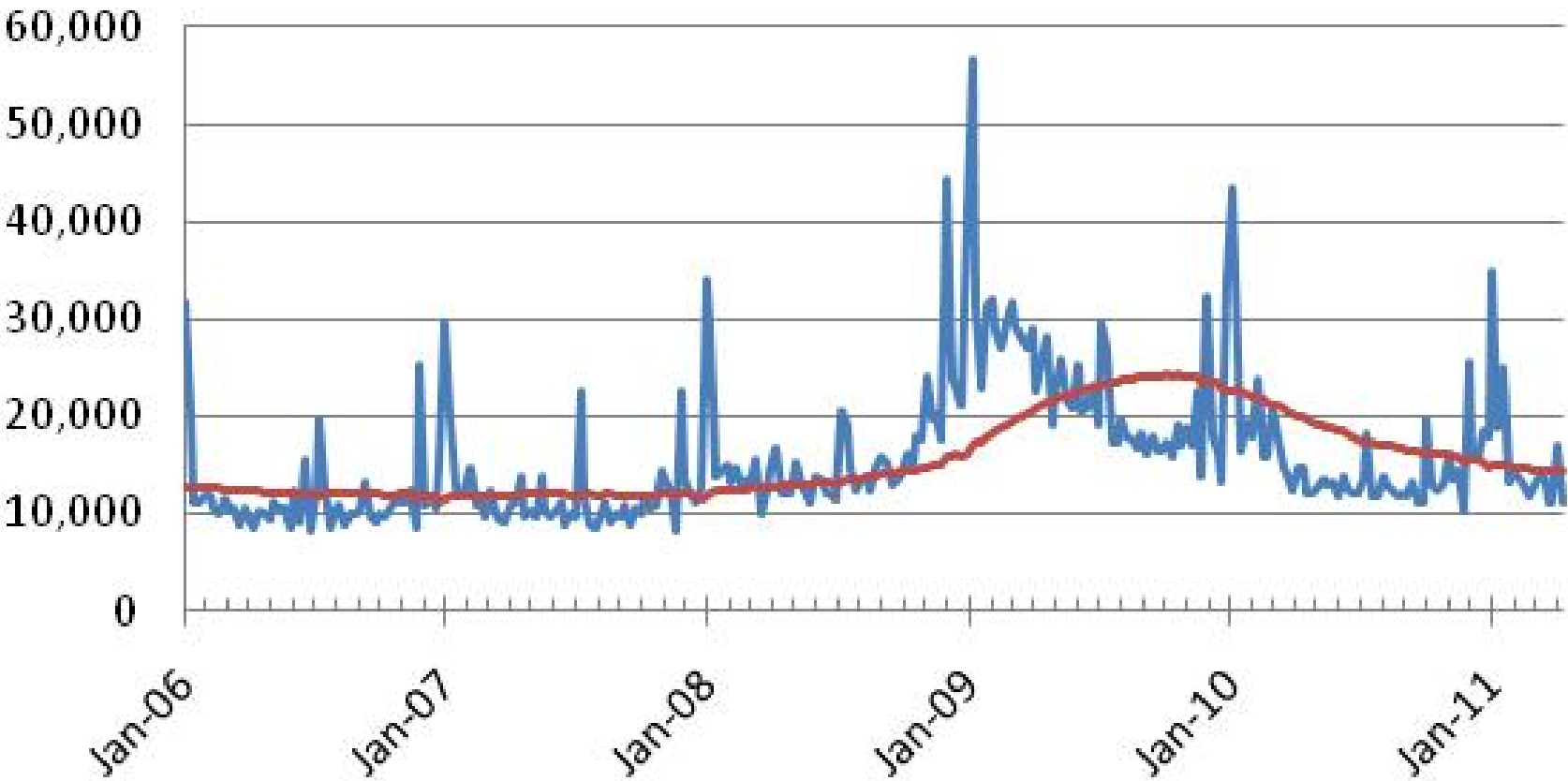
- **The State Economy**

- ➔ decisions from Raleigh matter in all parts of NC and to all North Carolinians

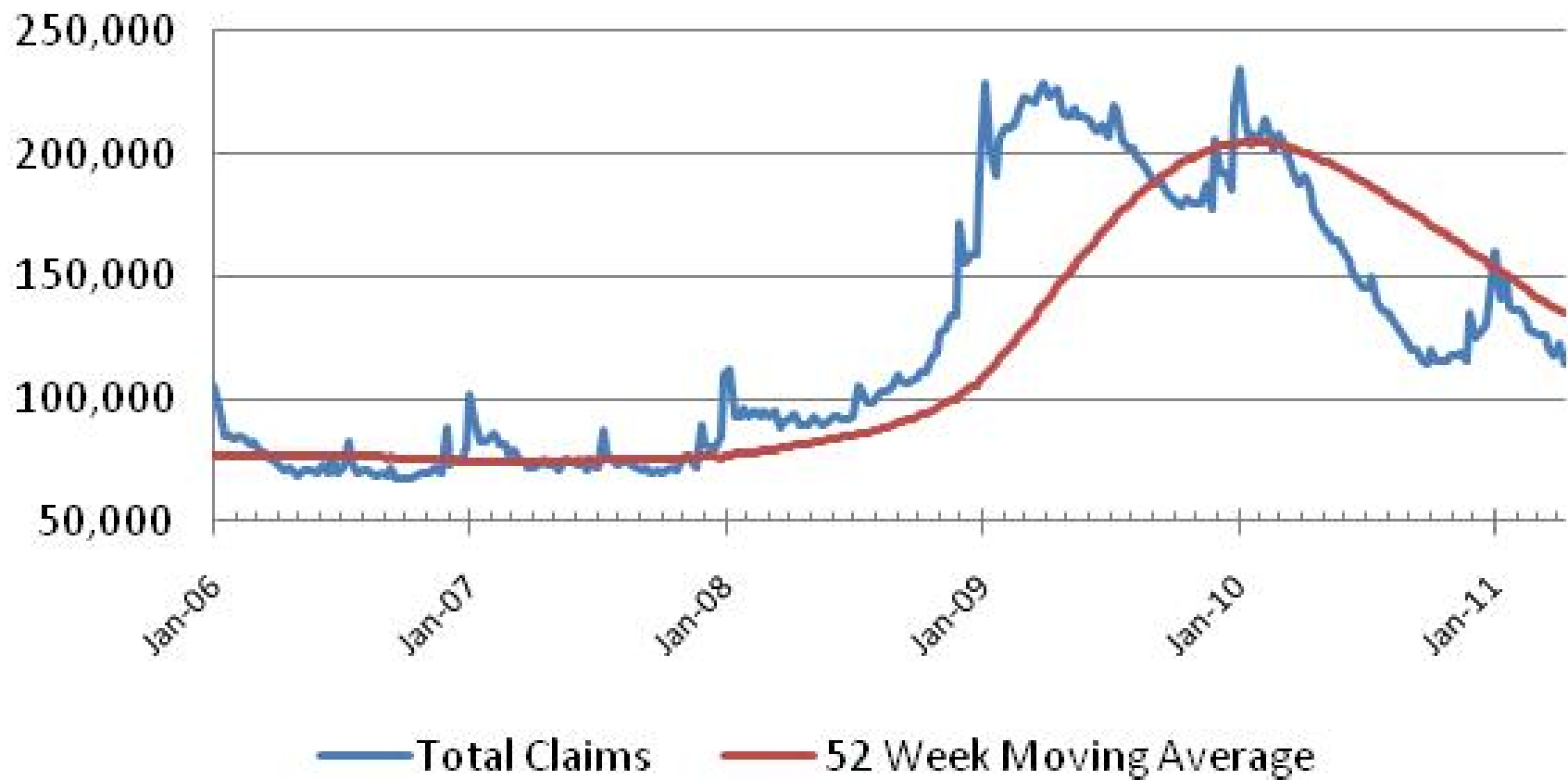
Monthly Employment Change North Carolina



North Carolina: Initial Claims



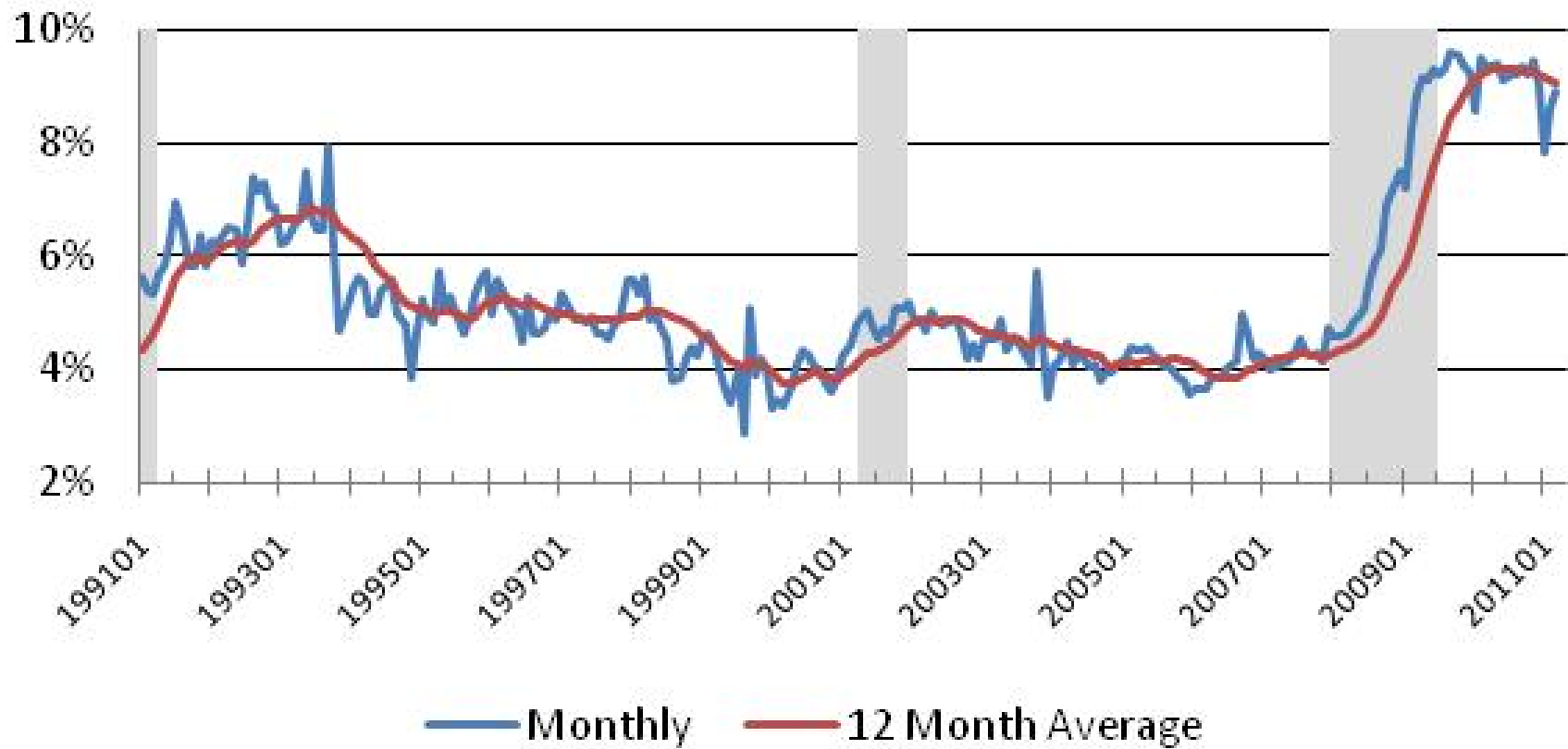
North Carolina: UI Average Weekly Claims



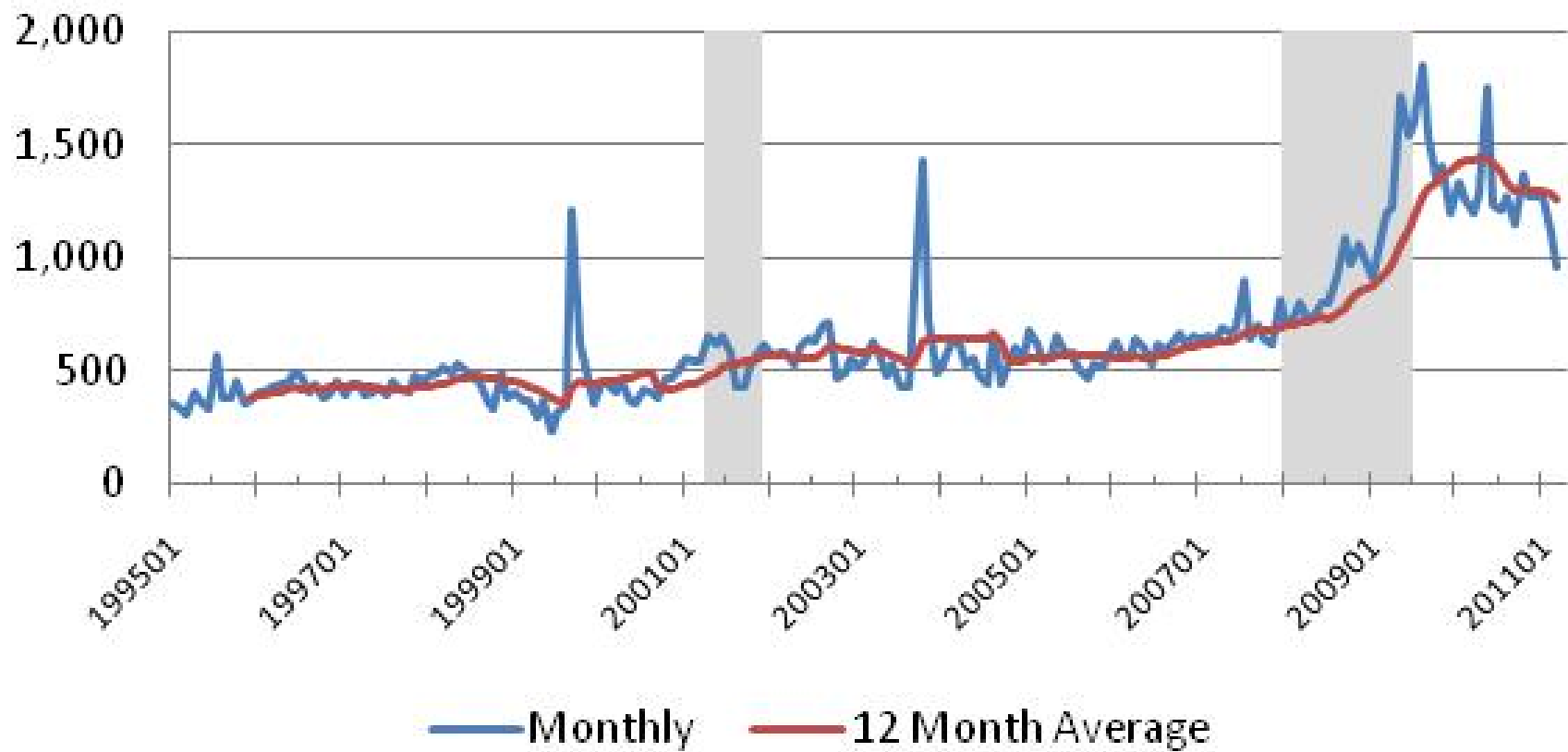
- The Outer Banks Economy

OBX Unemployment Rate

Percent of Labor Force



OBX Insured Unemployment Average Weekly Claimants



Seasonally adjusted by BBR

Seasonally Adjusted Unemployment Rates

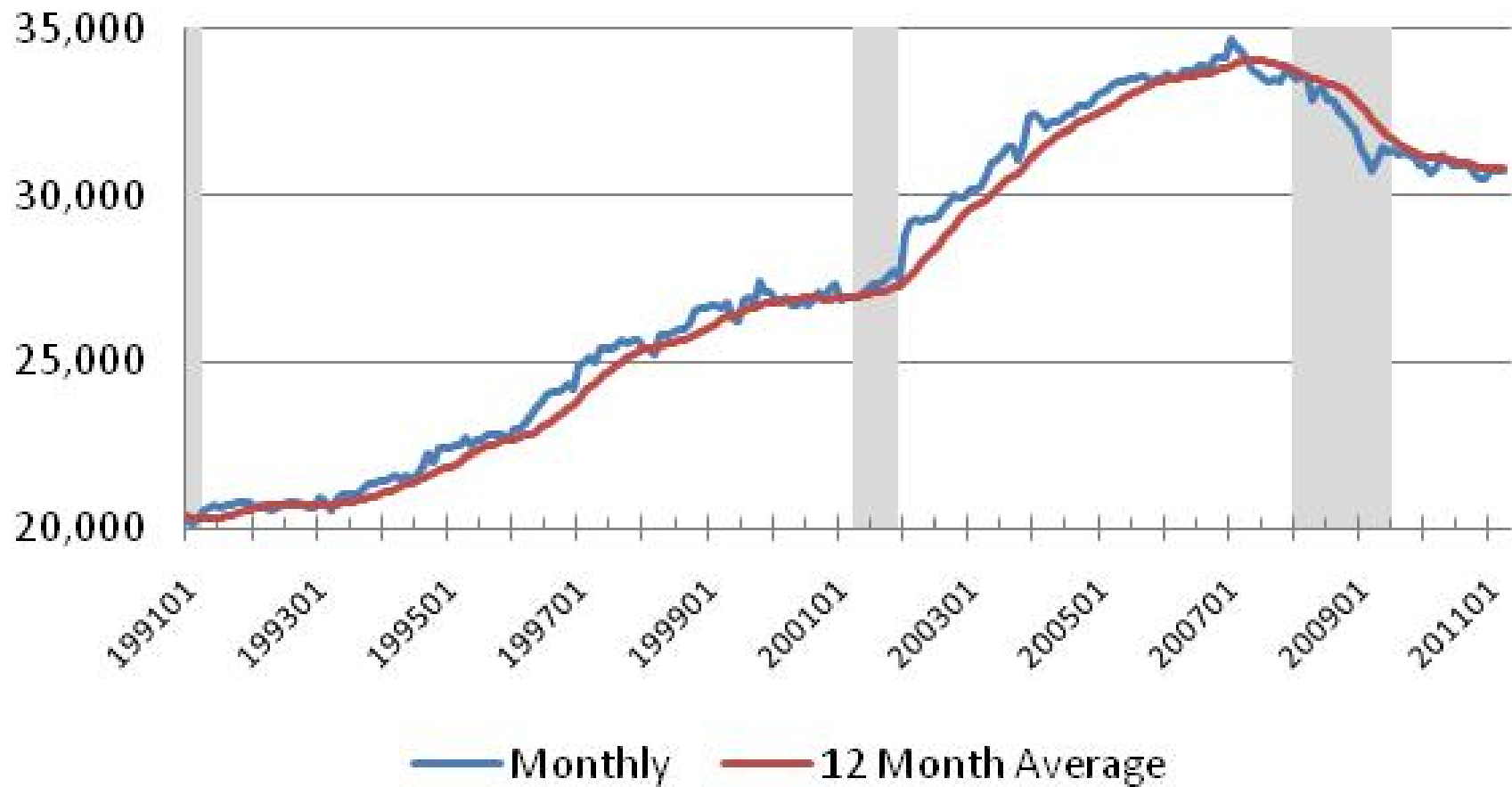
Sorted within Group (Lowest to Highest)

March 2011

	Unemployment Rate	Rank	Unemployment Rate
		1	Orange 6.3%
		6	Wake 7.4%
		7	Durham 7.4%
Virginia	6.4%		
<i>United States</i>	8.9%		
Tennessee	9.5%	3	Gates 6.7%
North Carolina	9.8%	4	Currituck 6.7%
Georgia	10.2%	11	Hyde 7.7%
South Carolina	10.2%	15	Camden 8.1%
		23	Pasquotank 8.6%
		35	Tyrrell 9.4%
		37	Hertford 9.4%
		45	Perquimans 9.9%
		47	Beaufort 9.9%
Research Triangle Regional Partnership	8.0%	56	Dare 10.2%
AdvantageWest Economic Development Group	9.5%	63	Chowan 10.4%
North Carolina's Eastern Region	9.6%	68	Martin 10.7%
Piedmont Triad Partnership	9.9%	74	Washington 11.2%
North Carolina's Northeast Commission	9.9%	79	Bertie 11.4%
North Carolina's Southeast Commission	10.1%	81	Northampton 11.5%
Charlotte Regional Partnership	10.2%	90	Halifax 12.2%

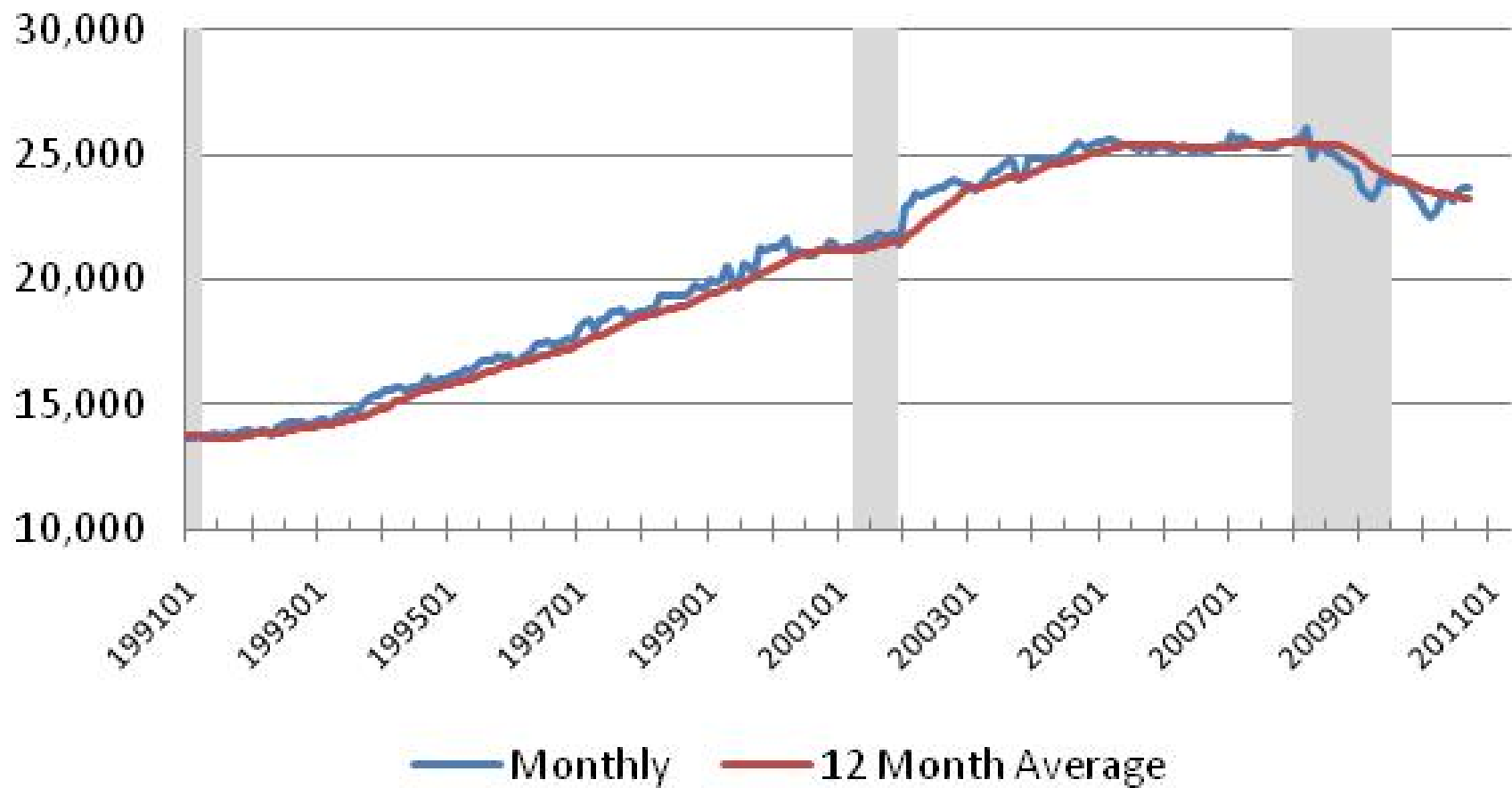
Counties and regions are seasonally adjusted by BBR. The Nation and State rates are from BLS while the unadjusted data is from ESC of NC.

OBX Resident Employment



Seasonally adjusted by BBR

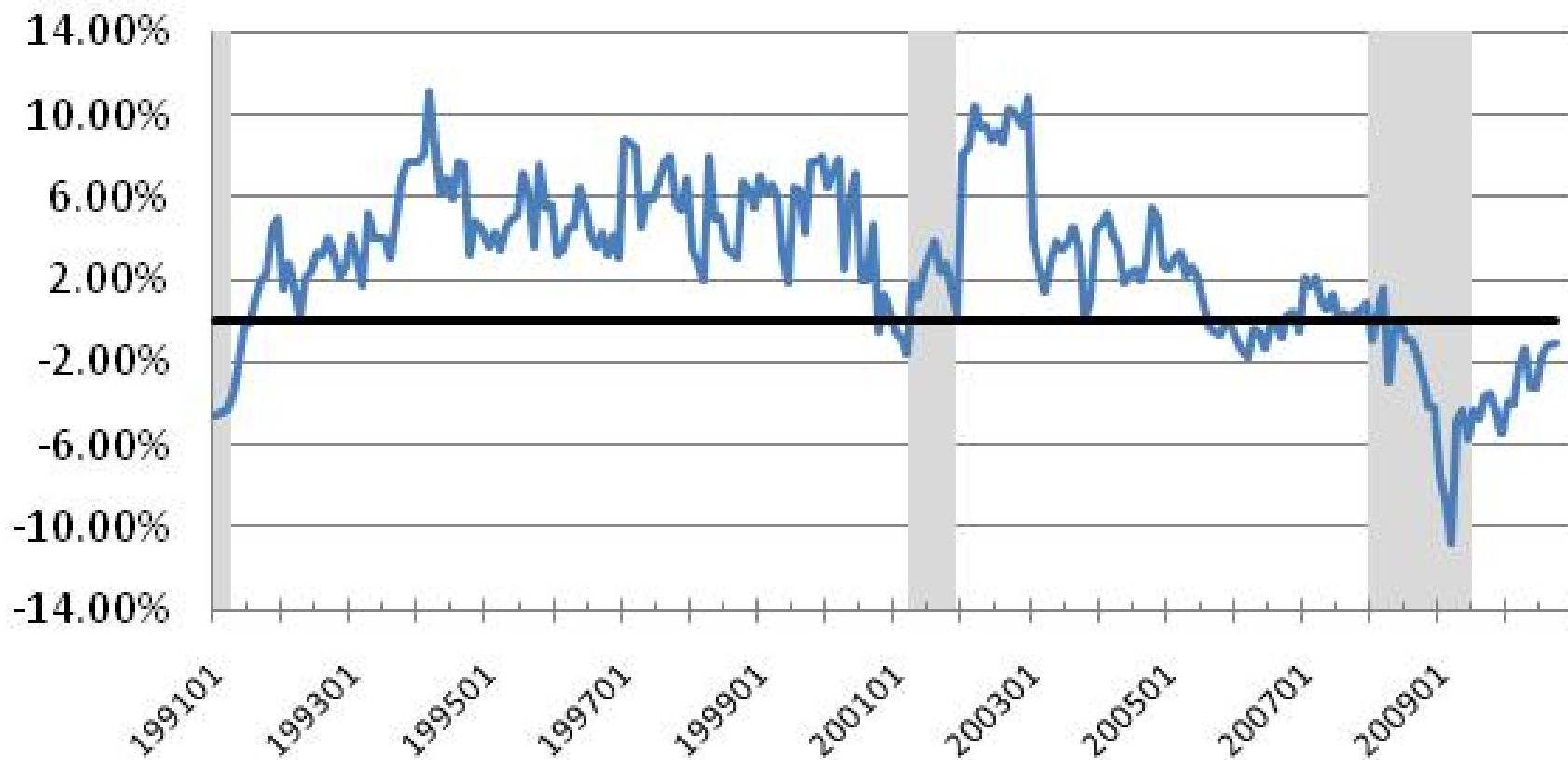
OBX Industry Employment



Seasonally adjusted by BBR

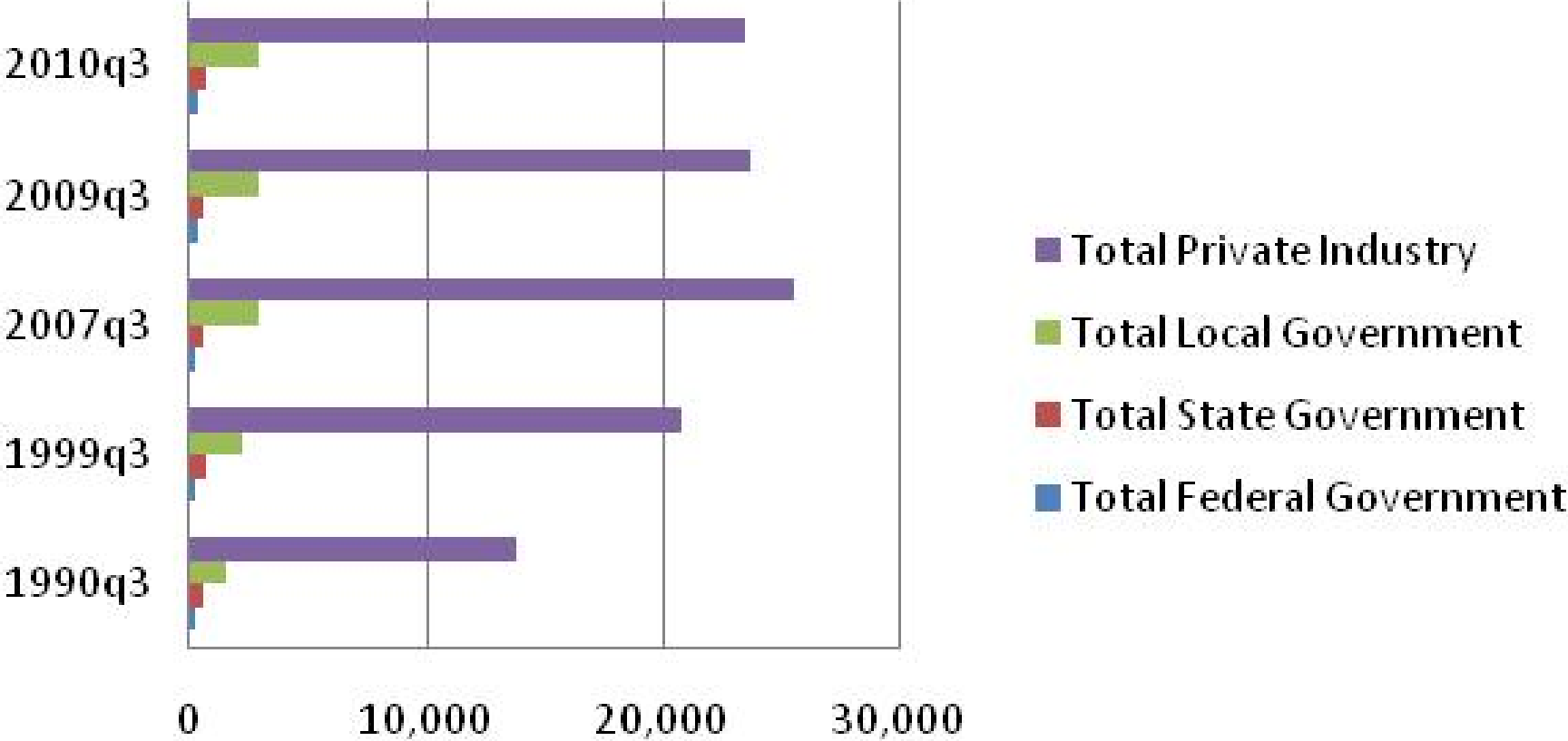
OBX Industry Employment

Year-to-Year Change

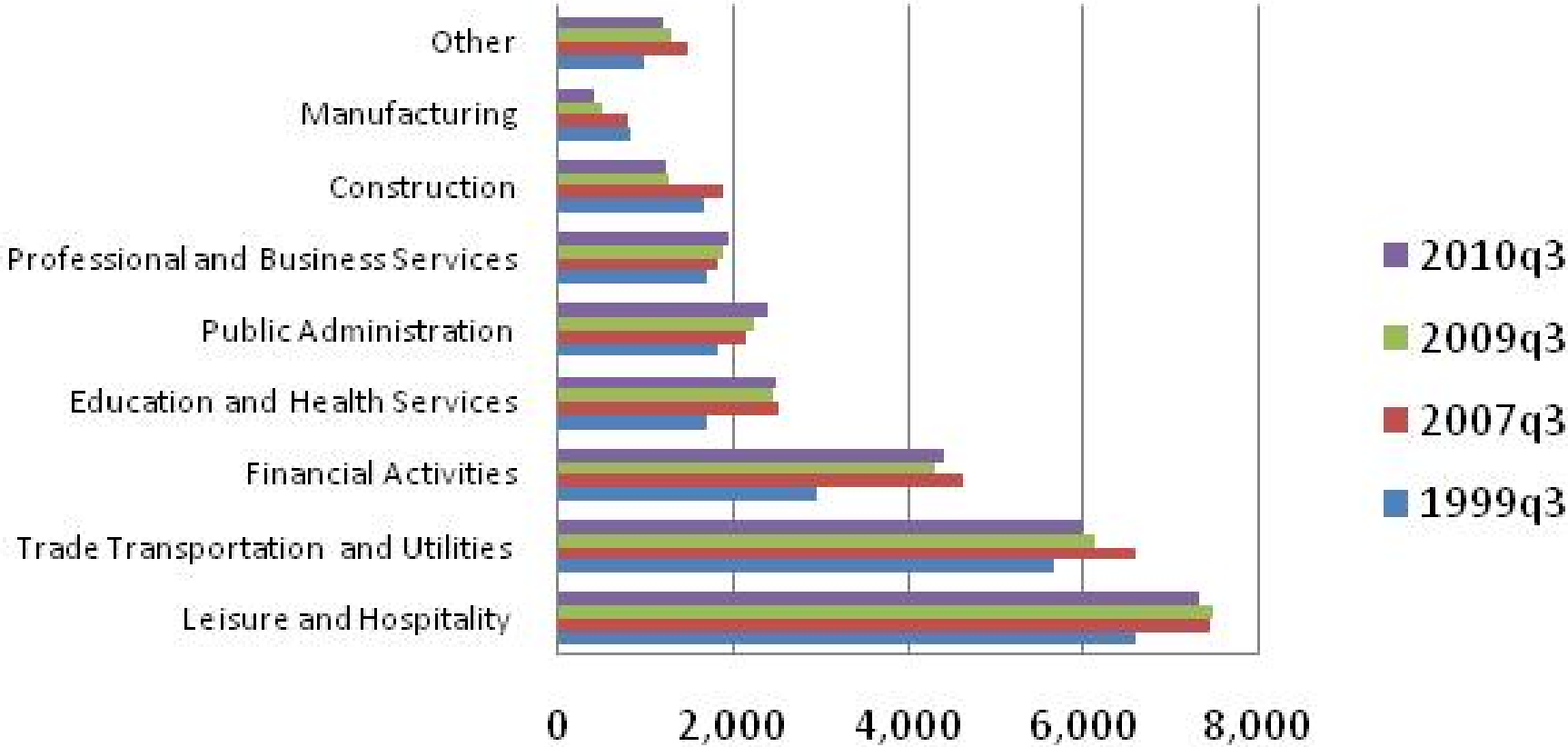


Seasonally adjusted by BBR

OBX Industry Profile

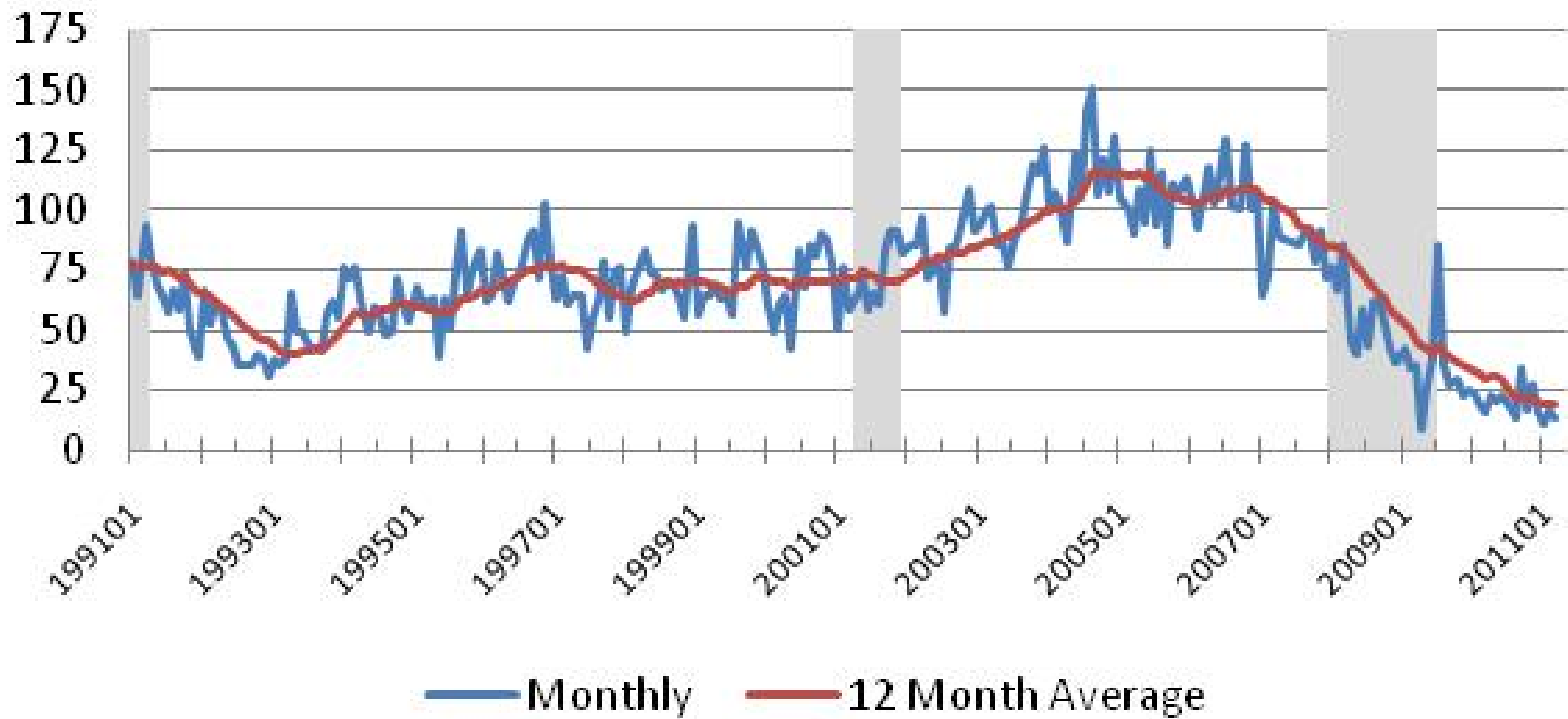


OBX Industry Profile



OBX Building Permits

Number of Units



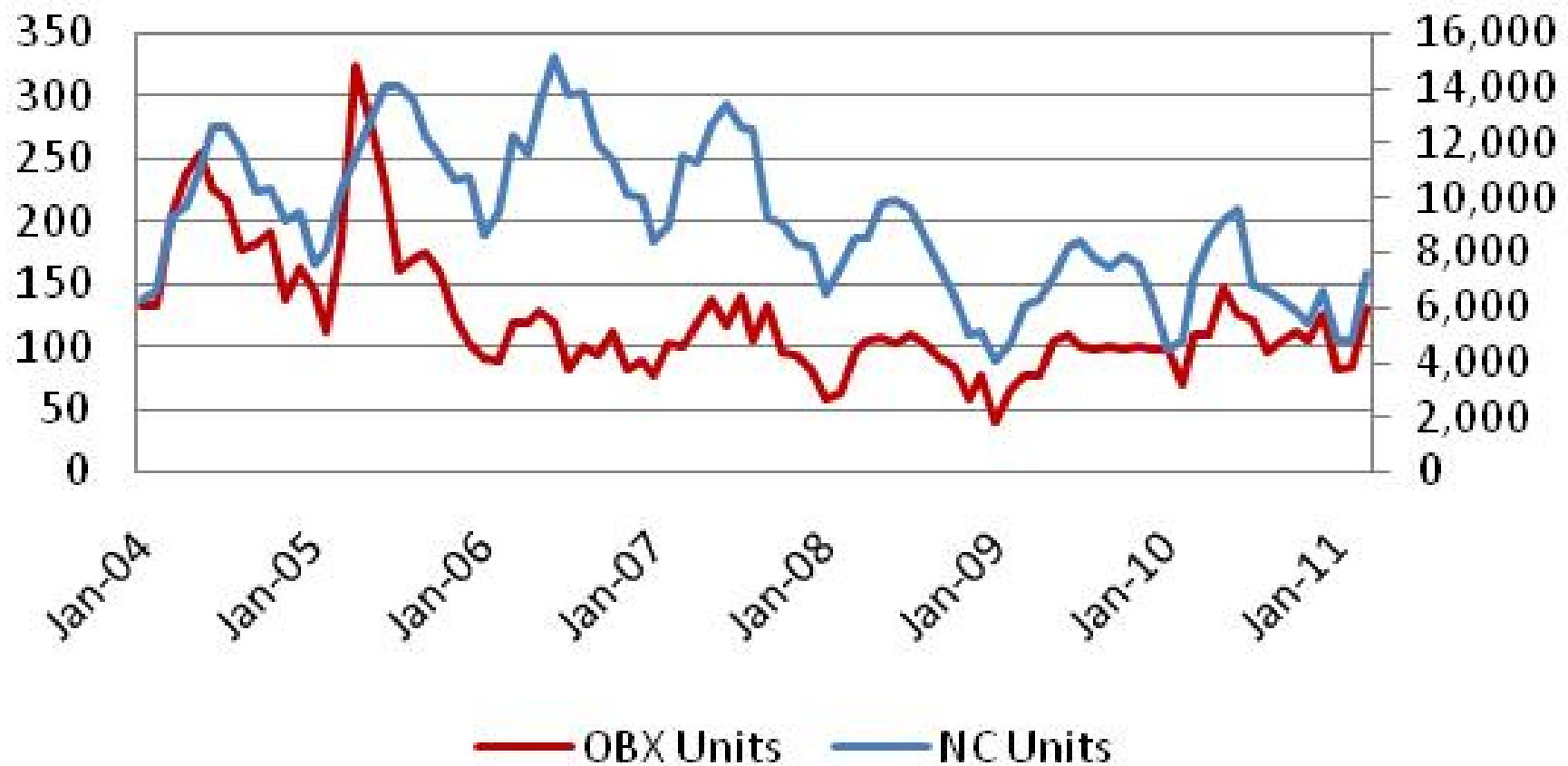
Not Seasonally Adjusted

OBX Building Permit Average Value Twelve Month Average

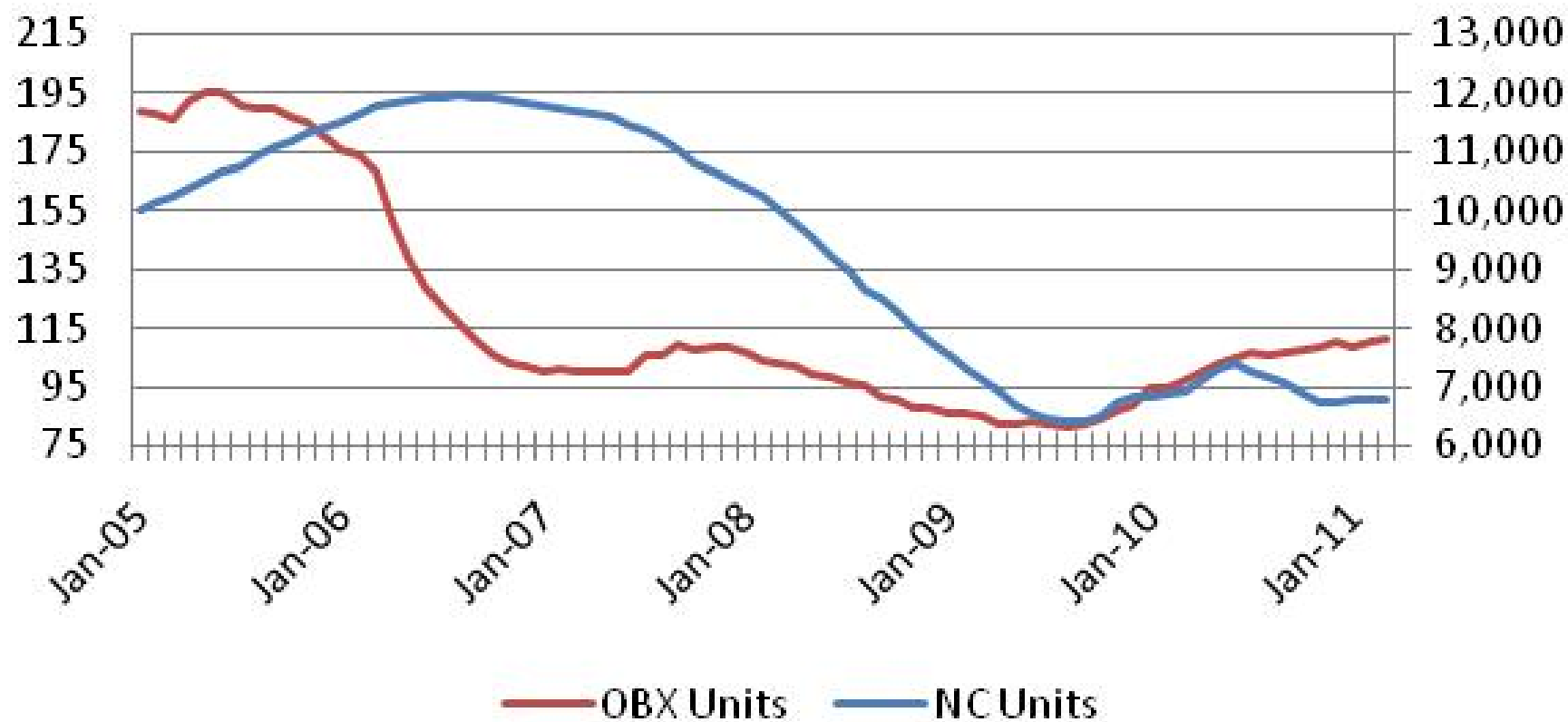


Not Seasonally Adjusted

NC Association of Realtors Existing Home Sales: Units

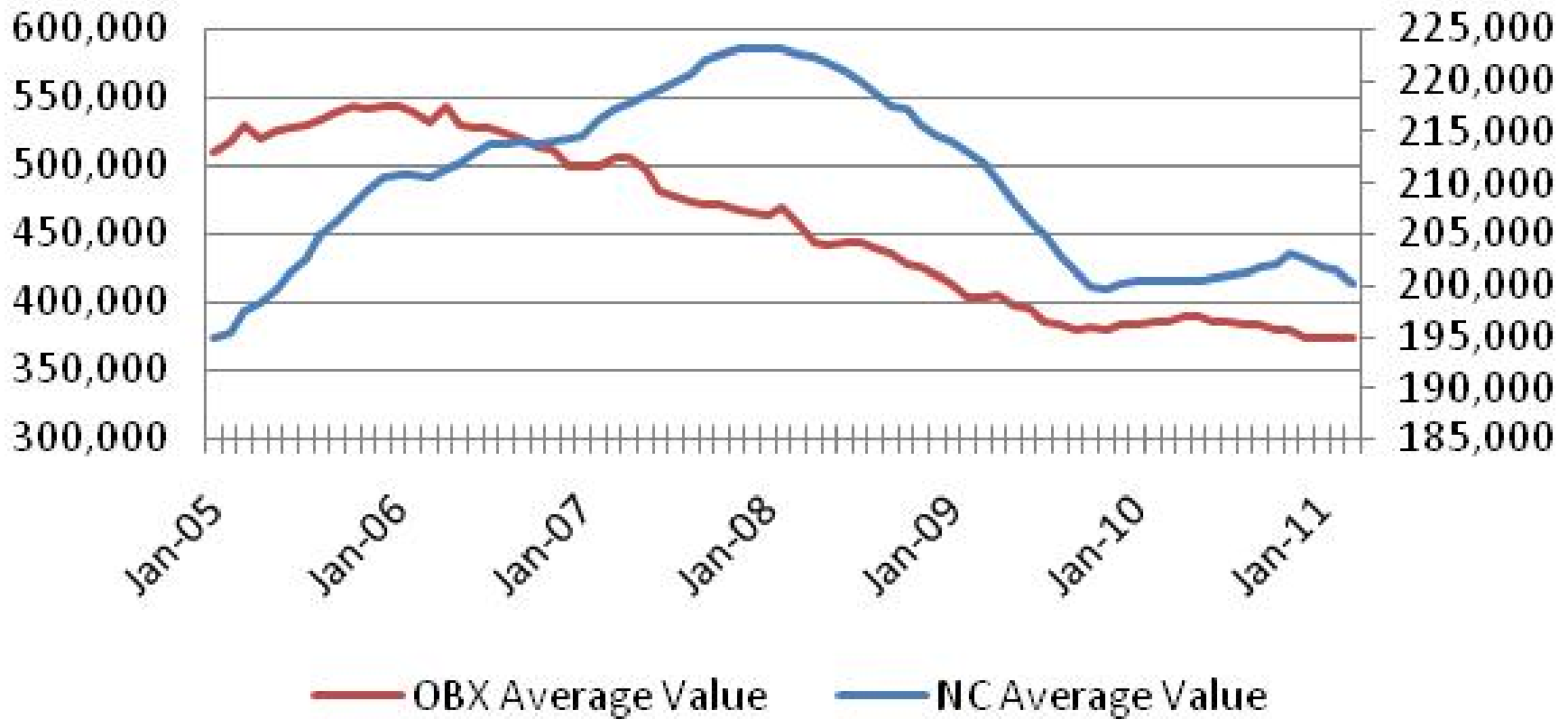


NC Association of Realtors Existing Home Sales: Units



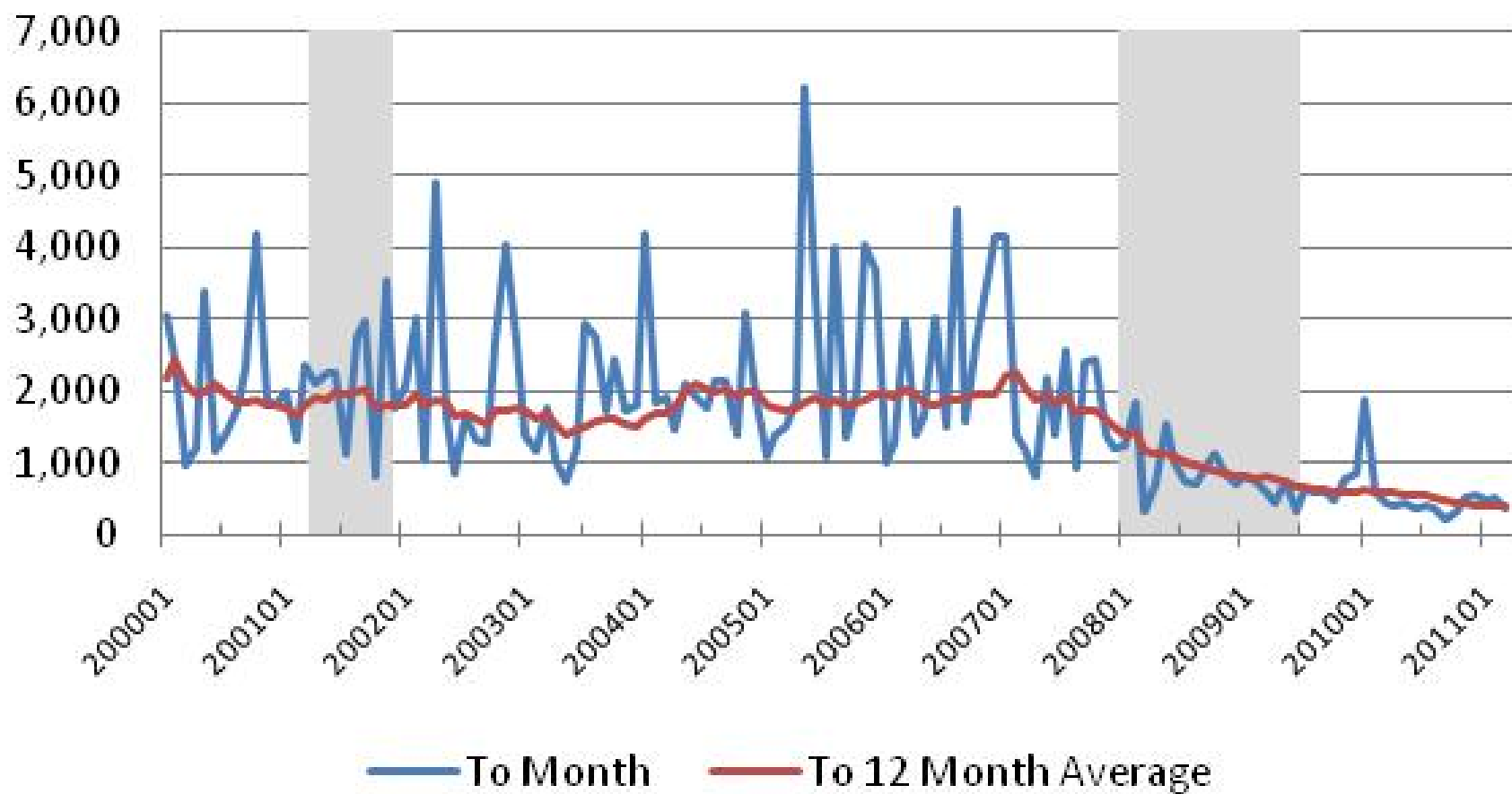
Twelve month moving average

NC Association of Realtors Existing Home Sales: Average Cost



Twelve month moving average

OBX Foreclosures per Housing Unit

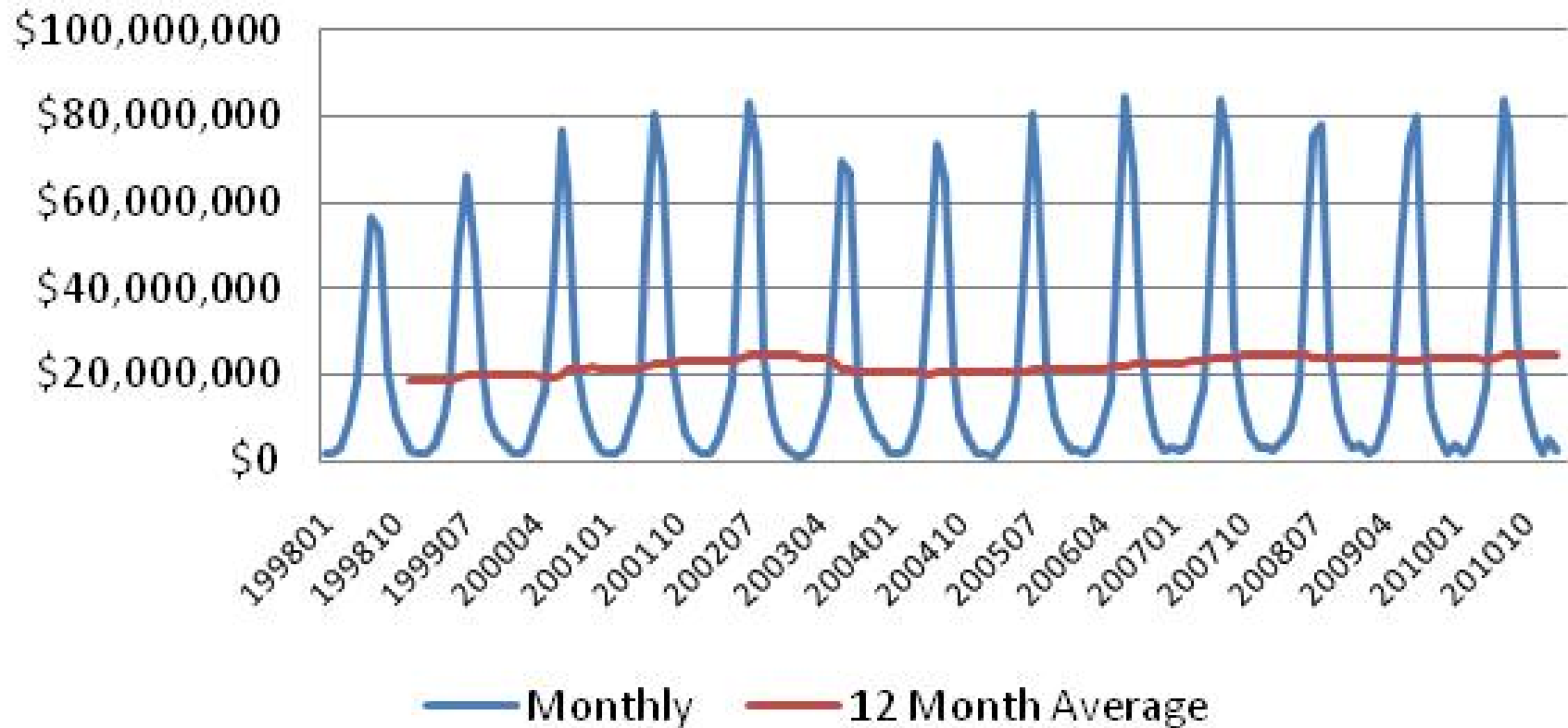


OBX Population and Housing Year-to-Year Percent Change



Real Occupancy Tax Base

Dare County



Real Occupancy Tax Base

Dare County, Twelve Month Average



Compiled by BBR using Dare County Tax Records

Real Occupancy Tax Base

Year-to-Year Change in 12 Month Average

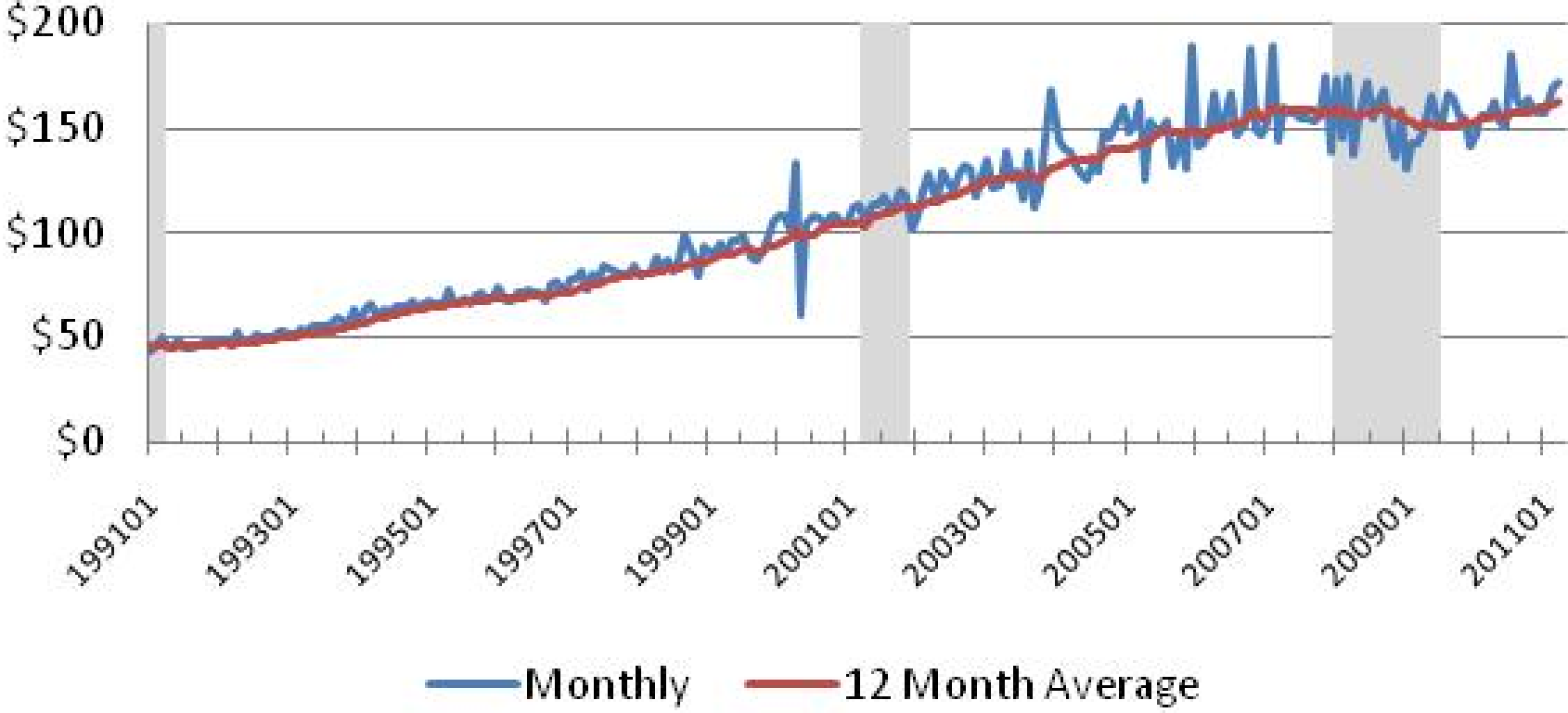
Dare County



Compiled by BBR using Dare County Tax Records

OBX Retail Sales

Millions of Dollars, SA

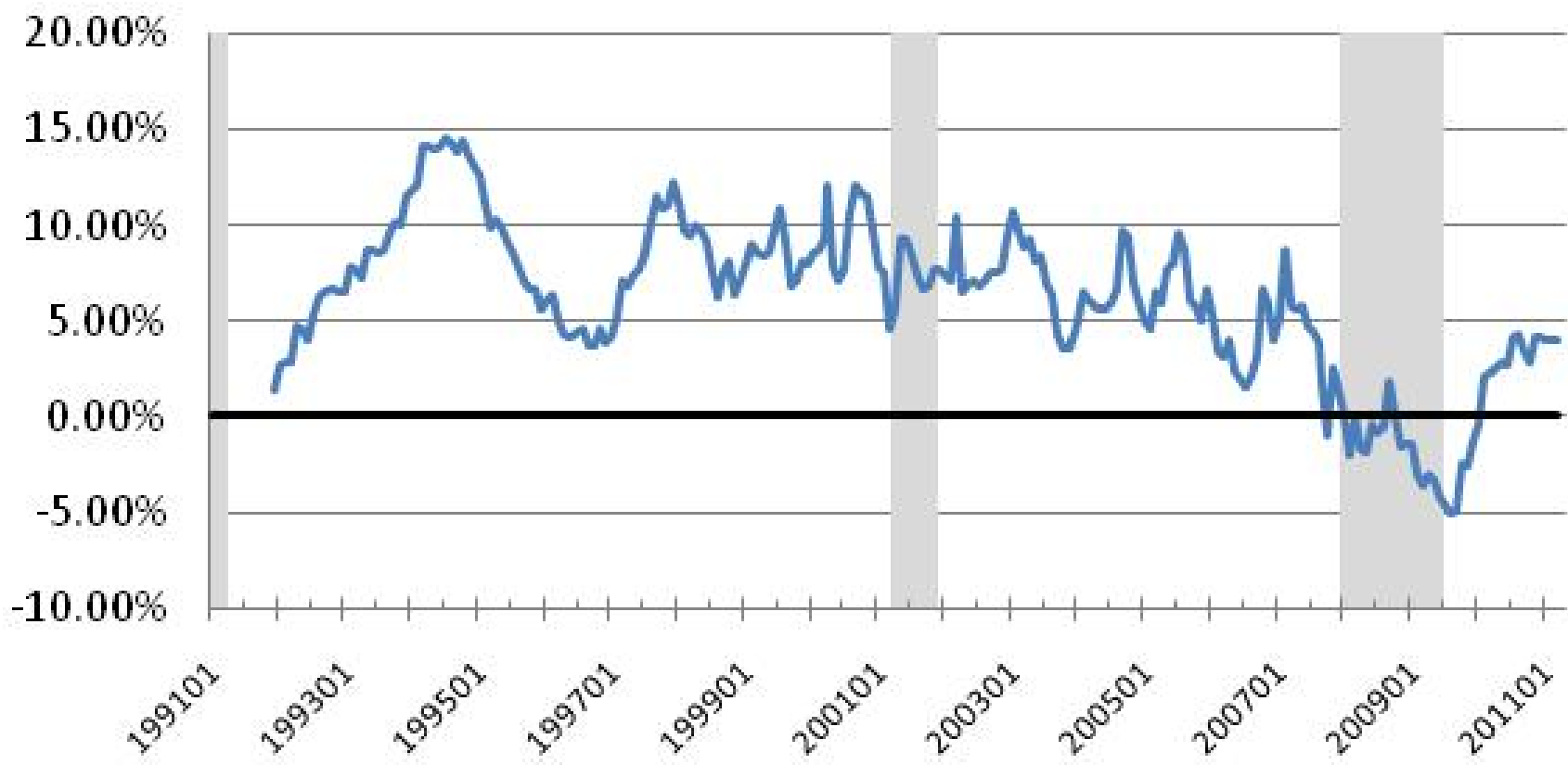


Seasonally adjusted by BBR

Data for February 2011 and March 2011 are estimated by BBR

OBX Retail Sales

Year-to-Year Percent Change in 12 Month Moving Average



The Outer Banks Forecast

- **Tourists will continue to come**
 - Spending patterns should remain conservative
 - Gas Prices will matter (both increases and decreases)
 - Ever changing competitive environment
- **The national economy will be growing as we come to the summer, but not at a fast pace**
 - Share of the market to the “drive to” locations
- **Construction should remain sluggish**
 - Structural change in demand
 - Excess inventory
 - Affordability

Outer Banks Visitors and Spending

Timing of national growth continues to be important

Gas prices will affect spending

Maintenance & Opportunities

- Maintain the flow of current visitors
 - Increased competition from other locations
 - Keep the beaches
- Expand the tourism base
 - New visitors, new services, and more “package” choices
 - Minimize the seasonality
- Cost Savings and other Sustainable Measures
 - Recycling
 - Energy conservation
- Sustainable Construction and Refurbishment

It's up to YOU

- TOURISM is ECONOMIC DEVELOPMENT
- Be proactive in searching for new businesses in other industries