





## Employment

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## Some quick notes on the North Carolina economy

- The North Carolina labor market added 164,800 between April 2021 and April 2022.
- The economy has 157,000 more jobs than April 2019 and has recovered all the pandemic related losses.
- Labor force participation as of May 2022 was 61% which is 0.5 percentage points below the levels reached in May 2019. While the LFR is still below pre-pandemic levels, it has significantly improved from the lows of 57.7% reached in May 2020.
- Unemployment rate as of May 2022 was 3.6% which is now below the 3.9% reached in May 2019. During the height of the pandemic, unemployment rate reached a high of 13.9% in March 2020.

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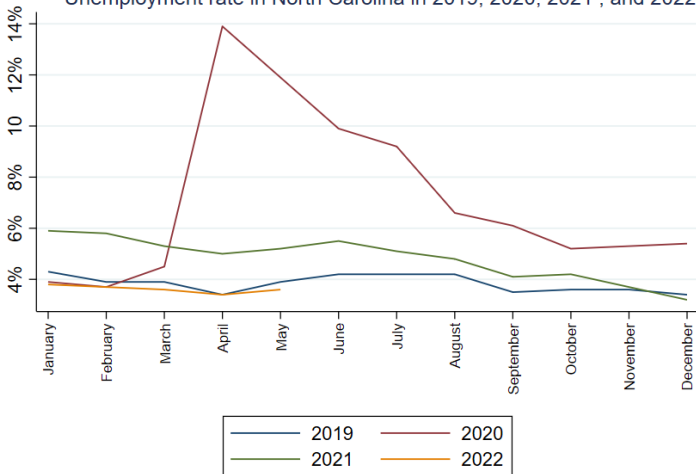
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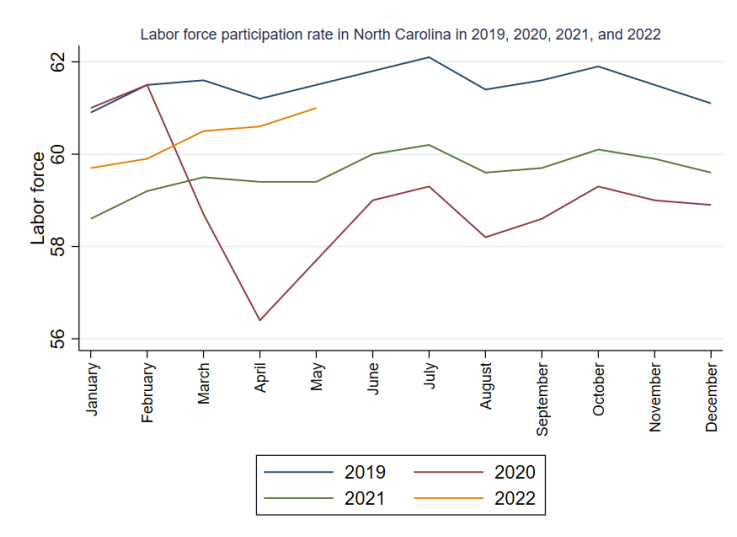


# Unemployment rate

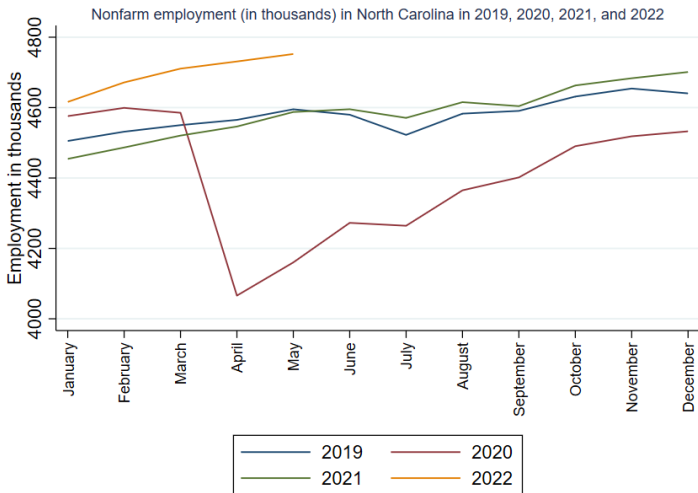
Unemployment rate in North Carolina in 2019, 2020, 2021, and 2022



# Labor force participation rate

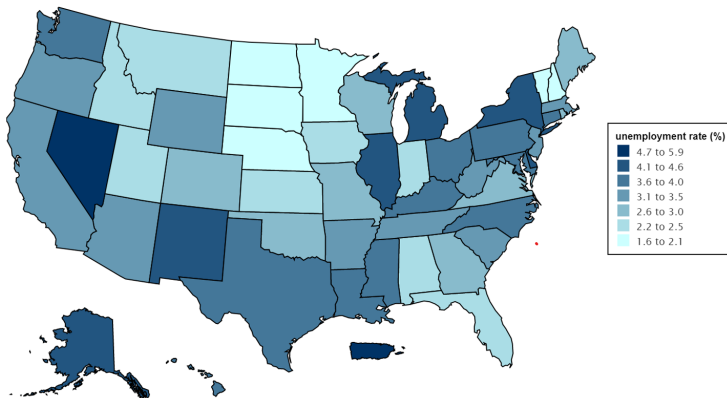


# Employment



# Unemployment rates across states

Unemployment rates by state, not seasonally adjusted, May 2022

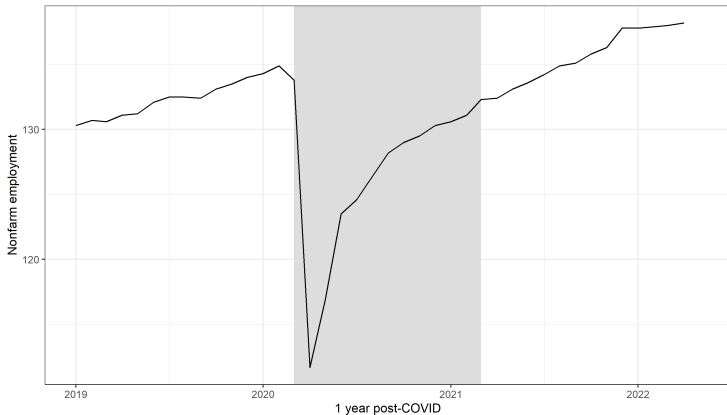


## Employment at the metro level

As of April 2022, employment in the Wilmington metropolitan area is now higher than the same month in 2019.

Nonfarm wage employment, Wilmington (March 2019 to March 2022)

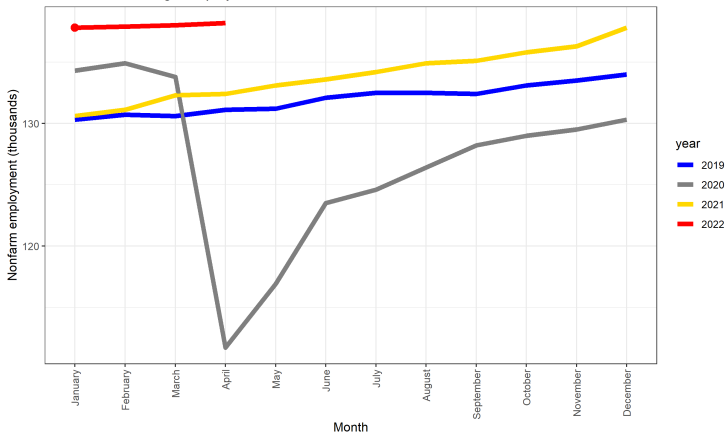
Shaded area=March 2020 to March 2021



## Employment at the metro level

From an aggregate standpoint, employment has not only recovered all the COVID related losses but the metro has more than 7,100 more jobs in April 2022 than in April 2019

Total Nonfarm wage employment in 2019, 2020, 2021, and 2022



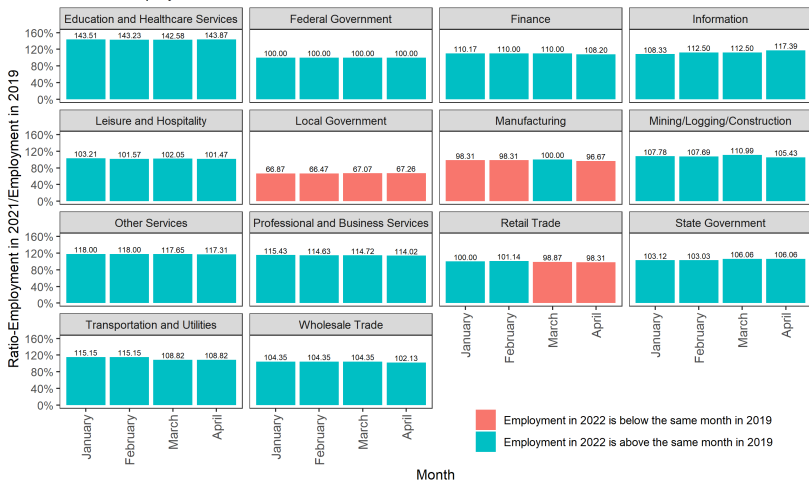
# Let's zoom into Wilmington

Percentage change in employment in 2022 relative to the same month in 2021



# Relative to 2019

Ratio of employment in 2022 relative to the same month in 2019

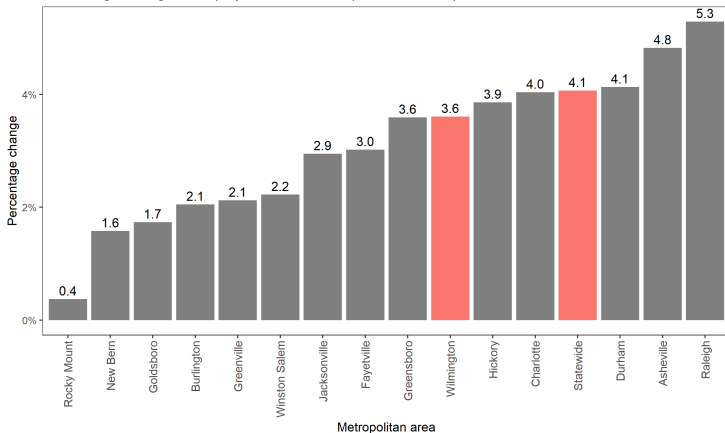




## Employment at the metro level

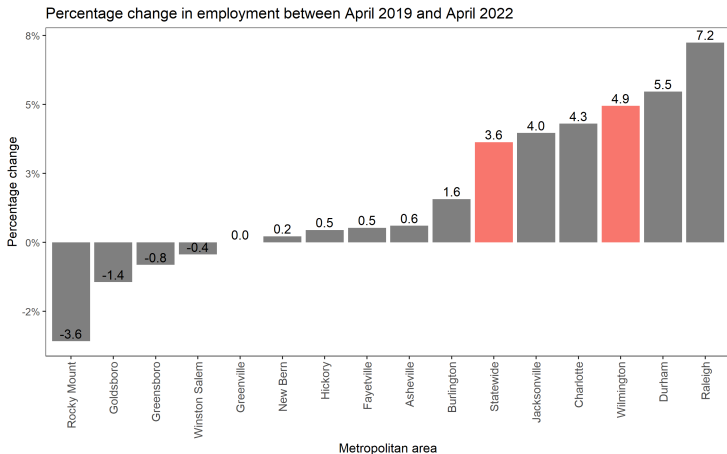
All the Metropolitan areas have more jobs in April 2022 than they did in April 2021

Percentage change in employment between April 2021 and April 2022



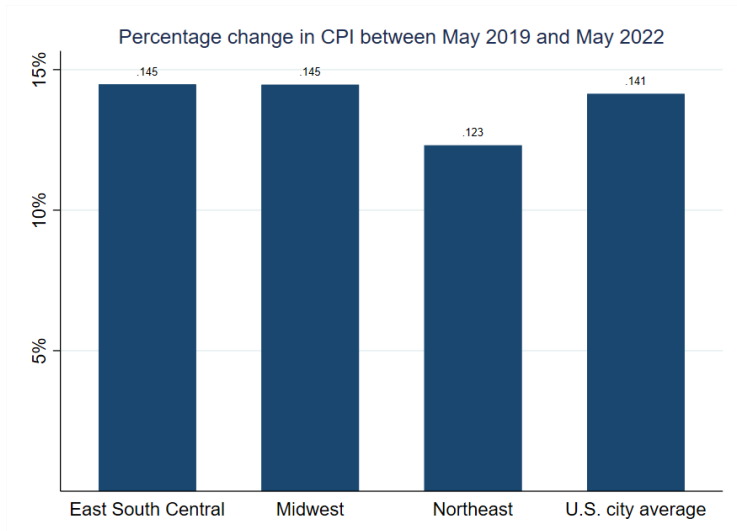
## Employment at the metro level

Not all metropolitan have reached their pre-pandemic employment levels.



## CPI and what it means

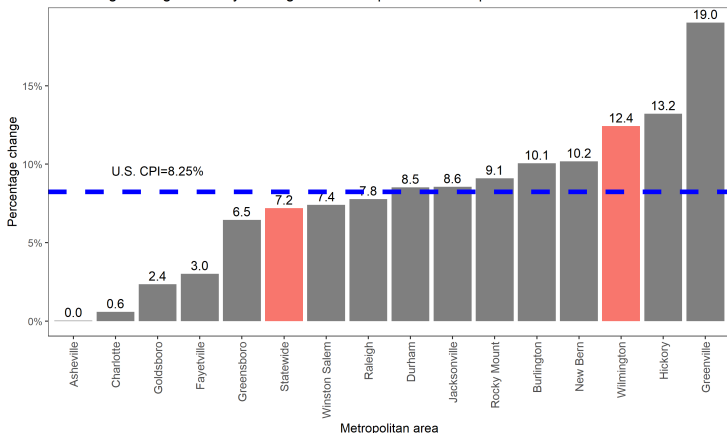
Between May 2019 and May 2022, prices have increased by 14%



## Earnings at the metro level

On average, earnings increased by 7.2% between April 2021 and April 2022. The U.S. CPI, during the same period, was 8.25%.

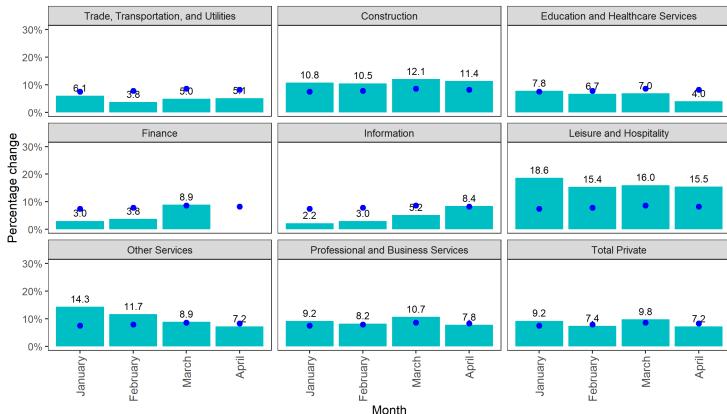
Percentage change in hourly earnings between April 2021 and April 2022



# Significant variation in earnings growth across sectors

Purchasing power is largely determined by sector of employment

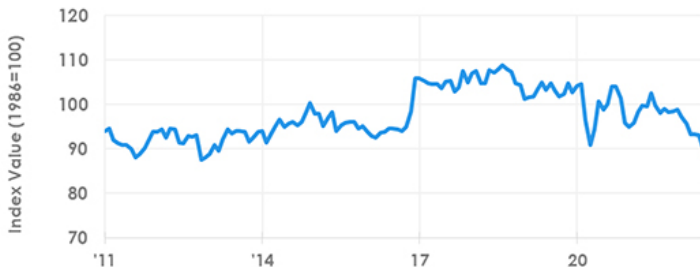
Percentage change in hourly earnings in 2022 relative to the same month in 2021 and U.S. CPI



## Small businesses are expressing less optimism about the economy

### Small Business Optimism Index at 89.5

Based on 10 survey indicators, seasonally adjusted, Jan. '10 – Jun. '22



- The Optimism Index fell 3.6 points in June to 89.5. This is the sixth consecutive month below the 48-year average of 98. The Index has declined every month this year through June. All 10 Index components declined.
- Thirty-four percent of owners reported that inflation was their single most important problem in operating their business, an increase of 6 points from May and the highest level since 1980 Q4.
- Owners expecting better business conditions over the next six months decreased 7 points to a net negative 61 percent, the lowest level recorded in the 48-year survey. Expectations for better business conditions have deteriorated every month since January.

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## NC lead survey

- Finding enough workers is the top concern
- Most businesses are meeting or exceeding their revenue expectations
- Remote work has decreased over the past 3 months
- Employers still plan to hire workers, increase wages and training, and invest in new technology
- Business optimism remains high, but cracks may be showing



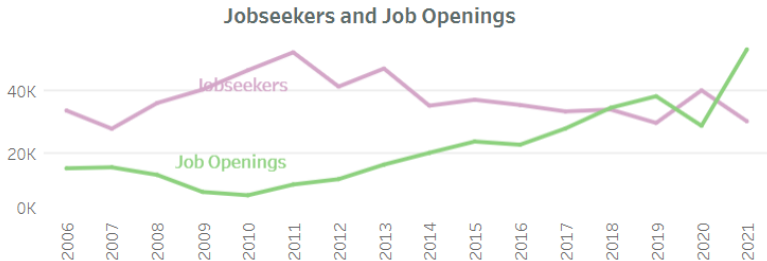








# In some sectors, there are still considerably more openings than job seekers



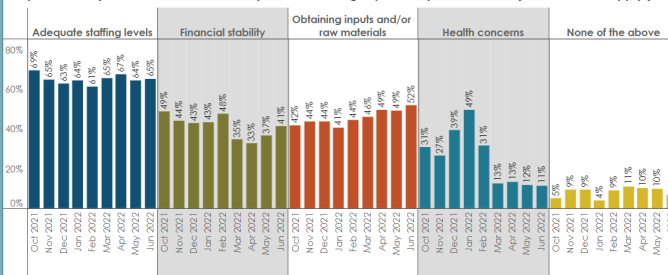
# Current status

From 1 (Poor) to 10 (Excellent), how would you rate the current state of your business?

Monthly Average

October 2021	6.7
November 2021	7.0
December 2021	6.9
January 2022	6.7
February 2022	6.6
March 2022	7.0
April 2022	7.2
May 2022	6.8
June 2022	7.0

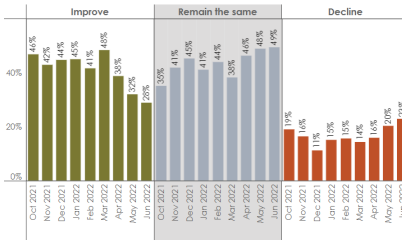
Do you currently have concerns about any of the following aspects of your business? (Check all that apply.)



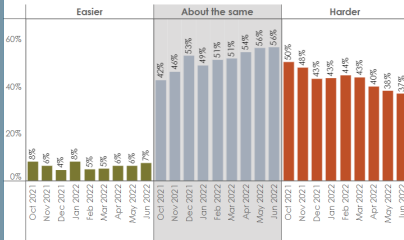


# Forecasting the future

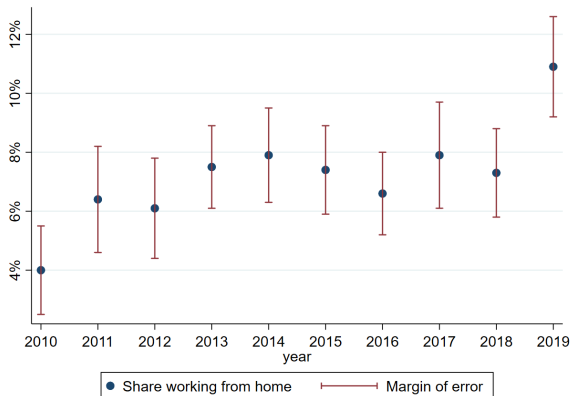
Looking forward, do you anticipate business conditions for your company will improve, remain the same, or decline over the next six months?



Looking forward, do you believe your ability to find qualified workers will be easier, about the same, or harder six months from now?



## Working from home a fad?



The share of people working from home has increased from 4% in 2010 to almost 11% in 2019 which is a 6.9 percentage point increase. This change, while not unique to New Hanover county as 31 other counties saw increases, is much more pronounced.

# Population

Over the course of the past three decades, net migration accounted for approximately two thirds of North Carolina's population growth.

The state added 93,985 putting in fourth place in terms of absolute increases in population.

At the national level, office occupancy is still only at about 40% of pre-pandemic level.



## KASTLE BACK TO WORK BAROMETER

Weekly Occupancy Report from Kastle Access Control System Data

4.4.22

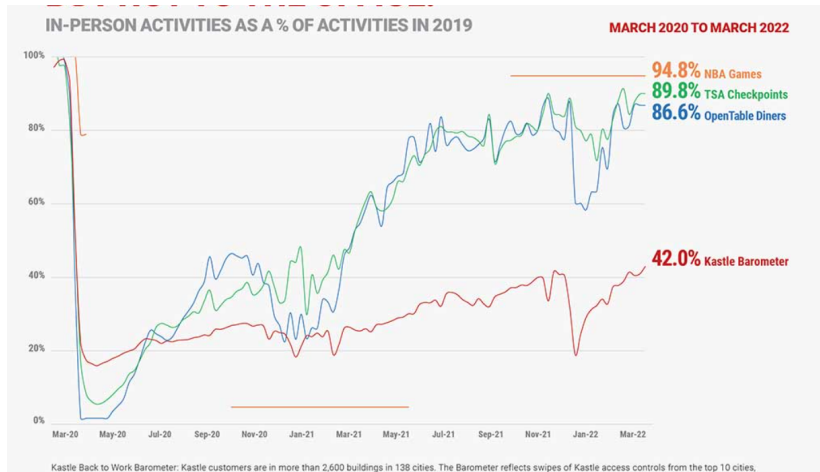
### OCCUPANCY OVER TIME - MARCH 6, 2020 TO MARCH 30, 2022



\*On March 22, 2021, Kastle moved from daily to weekly data reporting to provide a more robust and comprehensive picture of office occupancy. We have also recalculated data



Interestingly, the return to the office has lagged other in-person activities by a large margin

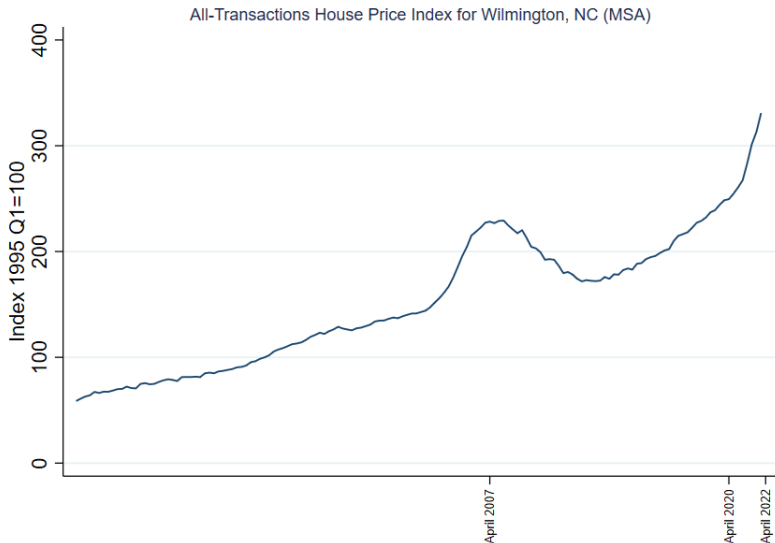


## Three of the most dynamic metros in the country are in North Carolina

### TOP 25 METROPOLITAN AREAS

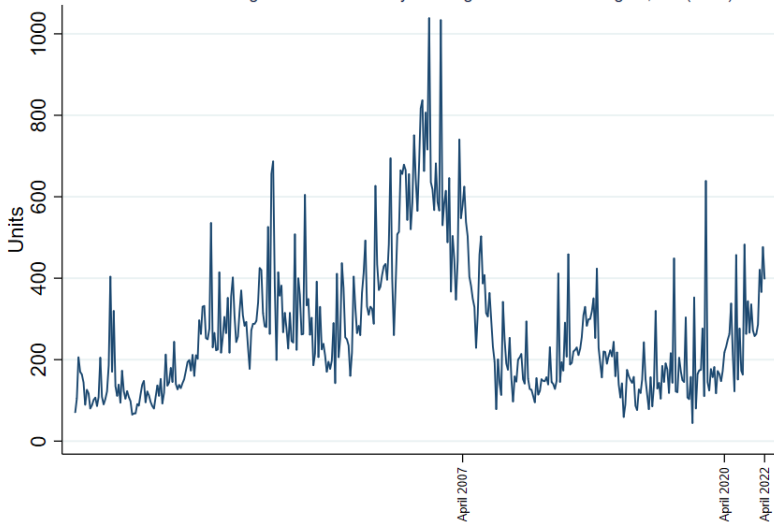
1. San Jose-Sunnyvale-Santa Clara, California
2. The Villages, Florida
3. San Francisco-Oakland-Berkeley, California
4. St. George, Utah
5. Provo-Orem, Utah
6. Logan, Utah-Idaho
7. Austin-Round Rock-Georgetown, Texas
8. Bend, Oregon
9. Boulder, Colorado
10. Naples-Marco Island, Florida
11. Seattle-Tacoma-Bellevue, Washington
12. Boise City, Idaho
13. Salt Lake City, Utah
14. Reno, Nevada
15. San Diego, California
16. Ogden-Clearfield, Utah
17. Coeur d'Alene, Idaho
18. Fort Collins, Colorado
19. Durham-Chapel Hill, North Carolina
20. Crestview-Fort Walton Beach-Destin, Florida
21. Fayetteville-Springdale-Rogers, Arkansas
22. Colorado Springs, Colorado
23. Raleigh-Cary, North Carolina
24. Bremerton-Silverdale-Port Orchard, Washington
25. Wilmington, North Carolina

# Housing Price index in the Wilmington metro

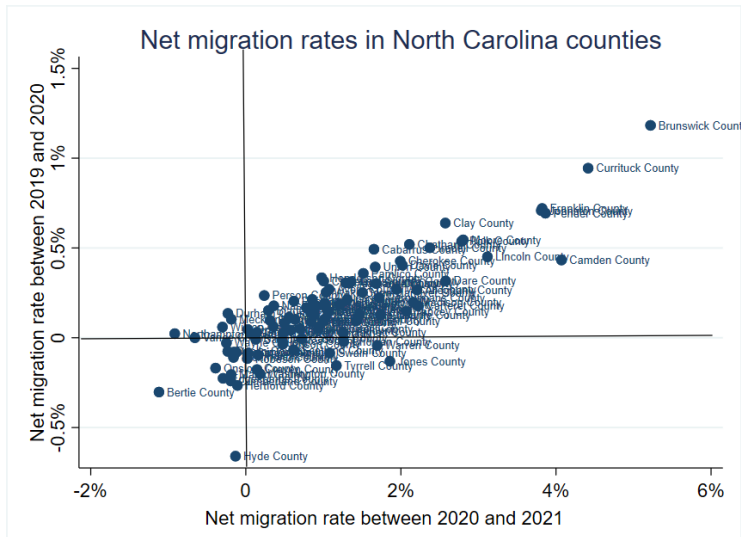


# Building permits

New Private Housing Units Authorized by Building Permits for Wilmington, NC (MSA)

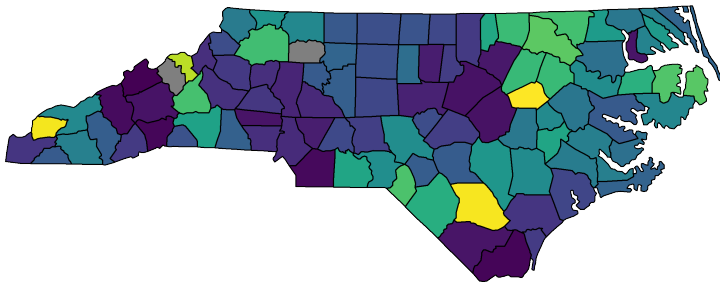


# Migration

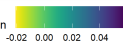


# Labor force participation at the state level is still below pre-pandemic levels but it has been trending up

Percentage change in labor force participation between May 2021 and May 2022

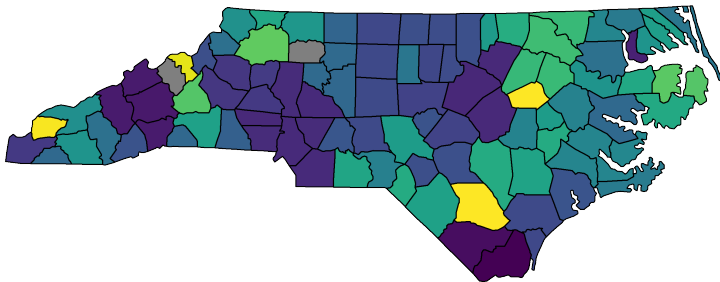


Percentage change in labor force participation

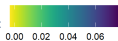


# Employment is higher in May 2022 than in May 2021 in almost all counties

Percentage change in employment between May 2021 and May 2022



Percentage change in employment



## The tone is shifting

- US household net worth dropped in Q1 of 2022, the first dip in two years, per the Federal Reserve. This was largely driven by the stock market's recent downtown.
- Overall, household net worth decreased by \$540B to \$149.3T.
- Household net worth is determined by subtracting liabilities from assets.
- Liabilities which include debt, grew 8.3%, slightly more than last quarter. Assets include the things you own, like real estate. Real estate values jumped \$1.6T this quarter, but that was not enough to fully offset a \$3T drop in the value of corporate equities -AKA stocks- held by households.



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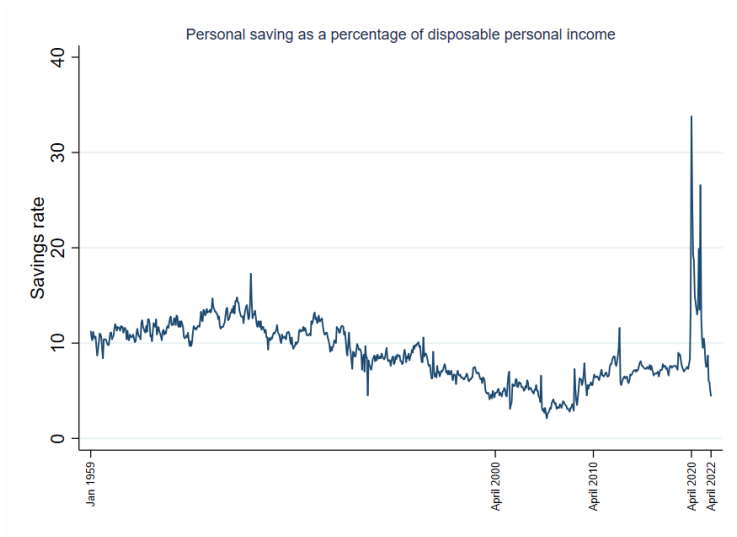
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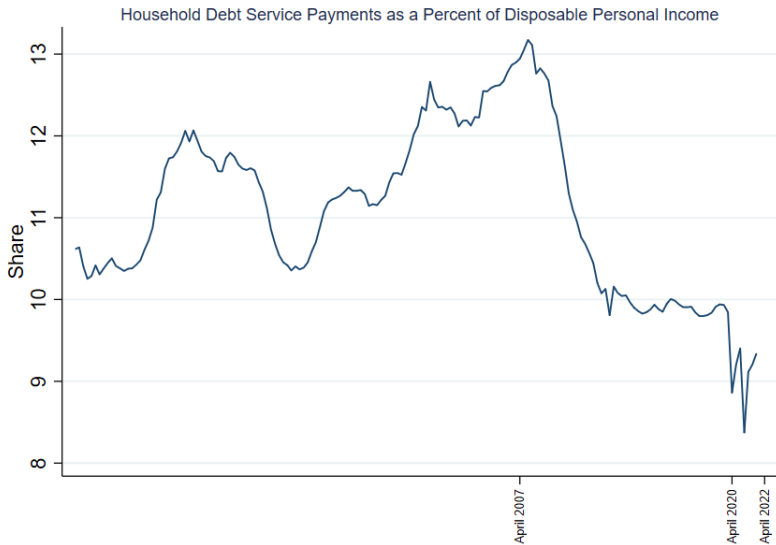
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# Are people still flush with cash?



## What about debt?



## Cracks in the U.S. economy

# 30-year mortgage rate surges to 6.28%, up from 5.5% just a week ago

I'm sorry to say that we're asking about 8% of our employees to leave Redfin today, or about 6% if you include the people of RentPath and Bay Equity. For the next few hours, managers will call the people leaving. When we're done with the calls, I'll send out a note. We'll host a brief all-hands meeting at 11 a.m. PDT to answer any questions, which you can submit via this form. Redfin will also announce the layoff to the public, posting this message to our blog.

### Demand Is Off By 17%

To all the departing people who put your faith in Redfin, I'm sorry we can't keep our commitment to you. With May demand 17% below expectations, we don't have enough work for our agents and support staff, and fewer sales leaves us with less money for headquarters projects.

## Where does this leave us?

- Considerable uncertainty about the trajectory of inflation and how the Federal reserve will react to it.
- A number of public companies have started laying off employees and sounding the alarm about an incoming recession.
- The local labor market, however, remains healthy for the time being.

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## Continued

- The sharp increase in interest rates will, undoubtedly, considerably affect demand for housing.
- We should, however, expect considerable heterogeneity.
- Recessions are difficult to predict but we are likely to see a slowdown in the upcoming quarters.
- Wages, for the time being, are keeping up with inflation but that is unlikely to last.

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- Oil prices and their downstream ramifications.
- Supply chain issues.
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