

Economic Indicators Newsletter

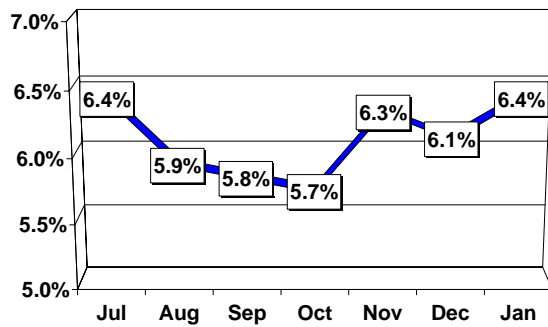
Reporting Economic Trends in the Hickory-Morganton-Lenoir NC Metropolitan Statistical Area (MSA)

Civilian Labor Force

After falling to 5.7% in October 2006, the Hickory Metro unemployment rate rose to 6.4% in January 2007, with 11,332 persons unemployed (Figure 1). The size of the region's labor force in January 2007 exceeded that of January 2006 – the first yearly increase in the Hickory Metro labor force since 2001. The Hickory Metro's unemployment ranking versus other NC Metro Areas remained unchanged at 13th out of 14 MSAs for the sixth consecutive quarter (Table 1). Unemployment rose statewide from October to January, increasing from 4.5% to 5.0%. This is a slightly slower rate of increase (0.5%) than the Hickory MSA's (0.7%). County unemployment rates for January 2007 were: Alexander 4.8%, Burke 6.1%, Caldwell 8.6% and Catawba 5.8%.

Figure 1.

MSA Unemployment, Jul. 2006 – Jan. 2007



Source: NC Employment Security Commission, 2007.

Table 1.

MSA Unemployment Rate, January 2007

Raleigh-Cary	3.7%
Asheville	4.0%
Durham	4.0%
Jacksonville	4.5%
Wilmington	4.5%
Winston-Salem	4.5%
Goldsboro	4.7%
Charlotte-Gastonia-Concord	4.8%
Greensboro-High Point	5.1%
Greenville	5.2%
Burlington	5.6%
Fayetteville	5.6%
Hickory-Morganton-Lenoir	6.4%
Rocky Mount	6.5%

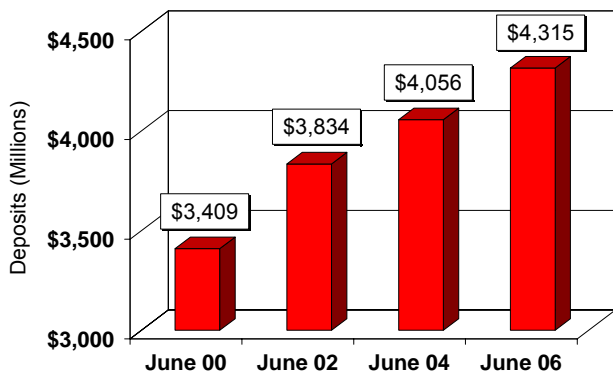
Source: NC Employment Security Commission, 2007.

Bank Deposits

Between June 2000 and June 2006, Hickory MSA bank deposits increased by \$906 million or 26.6% (Figure 2). In June 2006, deposits across the MSA equaled \$4.315 billion, or \$259 million more than in June 2004. Growth in bank deposits in the Greater Hickory Metro has remained remarkably steady in the face of the 2001 economic downturn and job losses in the manufacturing industry.

Figure 2.

MSA Bank Deposits (\$ Millions), June 2000 - 2006



Source: Federal Deposit Insurance Corporation (FDIC), 2007

On a county level, Caldwell residents, though facing higher unemployment than other Hickory Metro Counties, increased bank deposits by \$65 million from 2004 to 2006 (Table 2). All four Metro Counties moved higher in '06 relative to other NC Counties, with Catawba moving up to 8th in the state in deposits. Alexander's bank deposits increased in '06 after declining slightly between 2002 and 2004.

Table 2.

Bank Deposits (\$ Millions)

County	June 02	June 04	June 06	NC Rank 06
Alexander	\$ 326	\$ 325	\$ 334	62nd
Burke	\$ 650	\$ 658	\$ 706	38th
Caldwell	\$ 720	\$ 752	\$ 817	33rd
Catawba	\$ 2,138	\$ 2,322	\$ 2,458	8th

Source: Federal Deposit Insurance Corporation (FDIC), 2007



“EIN Spotlight”

The Aging of the Hickory Metro Workforce

The age of a region's workforce can be viewed as an important indicator of economic health. This *EIN* Spotlight compares the age of the workforce in the Hickory Metropolitan Statistical Area (MSA) to other Metro areas in North Carolina, and examines the reasons behind these rankings. The Spotlight also compares the average age of laborers in eleven different industries in the Hickory Metro, and considers job possibilities for younger, new employees in each industry.

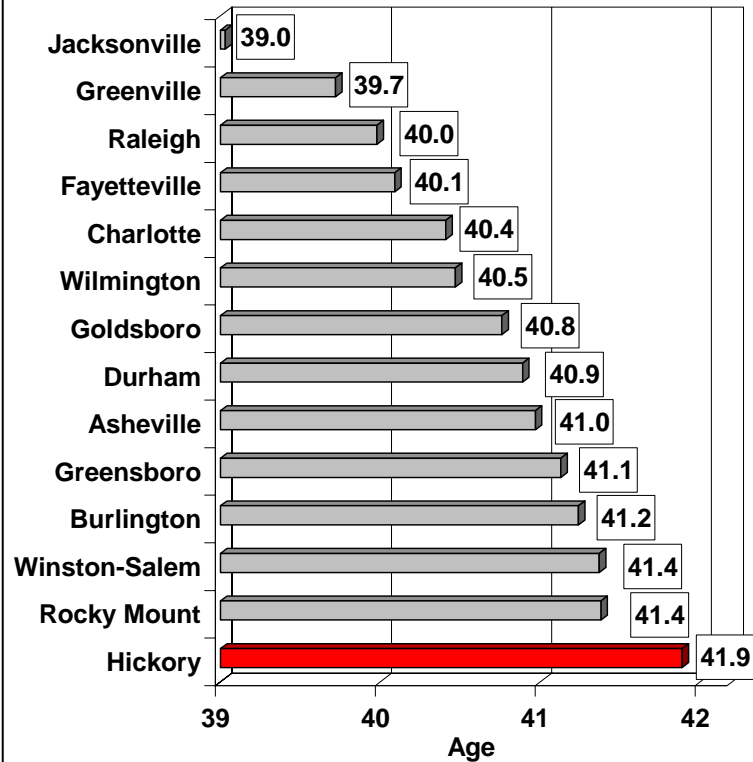
At an average age of 41.9 years, the Hickory MSA has the oldest workforce of North Carolina Metro regions (Figure 3). This is 1 year and 4 months older than the NC Metro average of 40.6 years and almost 3 years older than the workforce of the Jacksonville MSA (the state's youngest). Identified below are three factors which contribute to the results seen in Figure 3.

First, the Hickory Metro is the largest NC MSA without a public four-year university, which tends to attract younger residents. Of all NC Metro areas, only Hickory and Rocky Mount have neither a public university nor a military base to act as a magnet for young persons and their families. Without these institutions to attract young adults, Hickory and Rocky Mount lead the state in worker age and tend to retain older employees while young adults travel to college or the service elsewhere. As evidence of this loss of young adults, the number of workers in the Hickory Metro's restaurant and entertainment industries declines from age 19 to age 25.

Second, manufacturing employees tend to be older than workers in service industries (this will be discussed in more detail below). The Hickory MSA has by far the highest percentage of its workforce (33.3%) engaged in manufacturing of any NC Metro (Table 3).

Third, the Hickory Metro has a smaller urban center to attract young persons to employment with major corporations, entertainment venues and recreation activities compared to other Metro areas in North Carolina. A 2006 survey of 1,133 students in Hickory MSA high schools by the Western Piedmont Workforce Development Board indicated that the largest request for community change by high school students was to increase recreation opportunities. The Metro's high school and college age persons must often travel to Charlotte for large entertainment events including rock concerts, professional football, basketball and NASCAR. They also leave the Metro area to participate in urban recreation, such as large city nightlife, amusement parks or

Figure 3.
Average Age of Workforce, by NC MSA
(4th Quarter, 2005)



Source: US Census, *Local Employment Dynamics* (2007)

Table 3.
NC MSA Workforce Engaged in
Manufacturing, (4th Quarter 2005)

NC MSA	Percentage Engaged in Manufacturing (4 th Quarter 2005)
Hickory	33.3%
Burlington	20.7%
Rocky Mount	18.9%
Greensboro	18.4%
Durham	16.4%
Winston-Salem	15.2%
Goldsboro	14.1%
Asheville	12.8%
Greenville	10.1%
Charlotte	10.0%
Fayetteville	8.7%
Raleigh	6.6%
Wilmington	6.4%
Jacksonville	2.3%

Source: NC Employment Security Commission, 2007



The Aging of the Hickory Metro Workforce

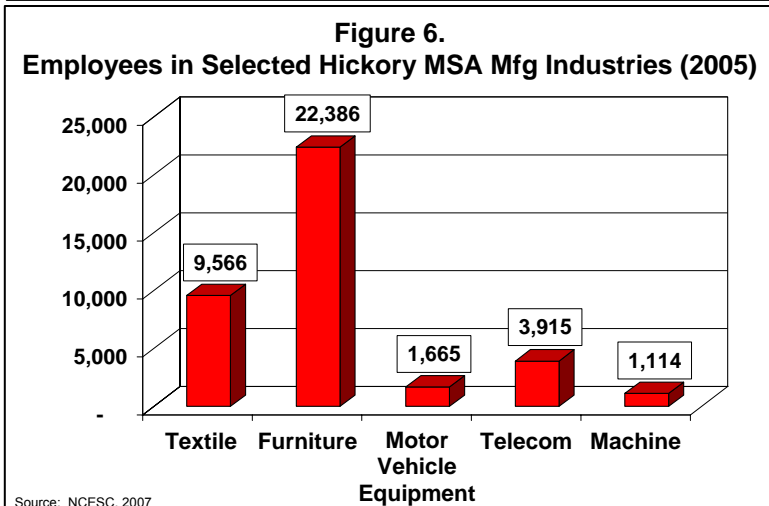
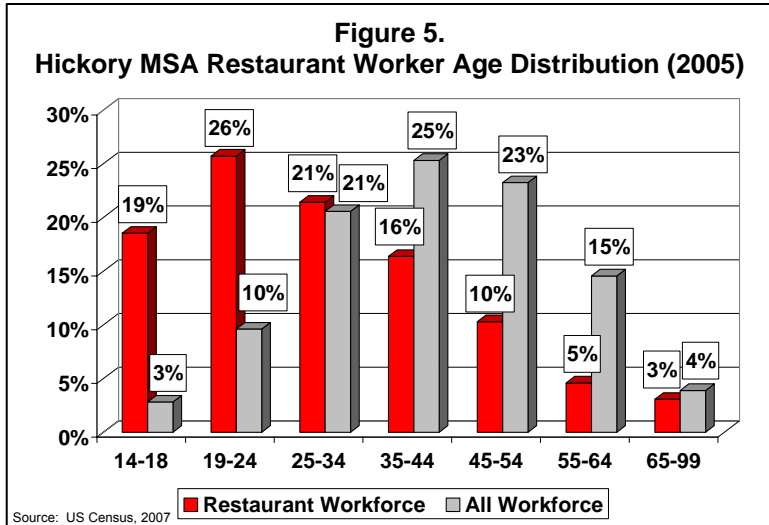
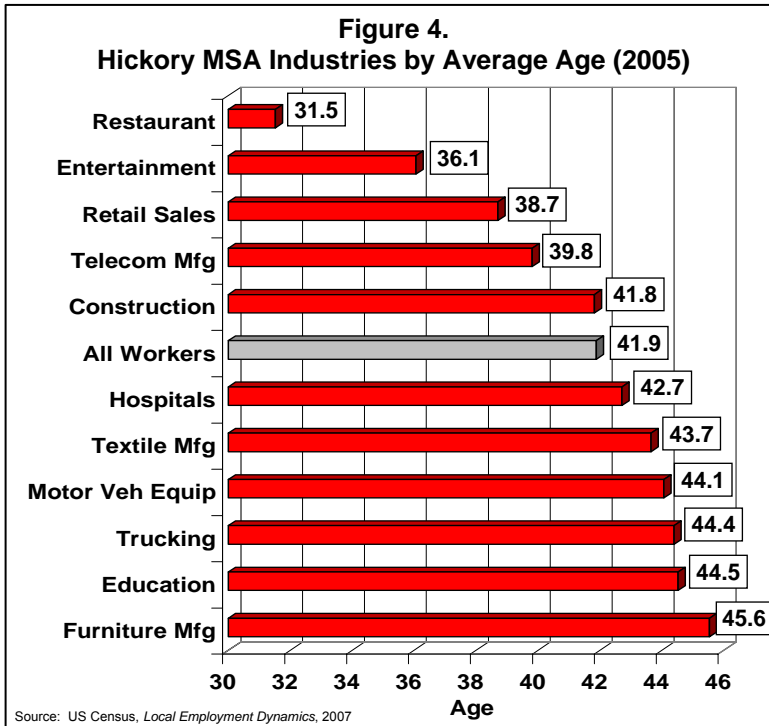
zoos. Such opportunities can persuade young adults to begin their working lives in areas that possess these attractions.

Figure 4 indicates the average (mean) age of employees for eleven industries in the Hickory Metro. The restaurant industry employs, by far, the youngest workforce, with 19% of employees between ages 14-18, an age group which composes 3% of the workforce as a whole (Figure 5).

With an average age of 44.6 years, the education sector has one of the oldest workforces in the Hickory MSA. Many baby boomers became teachers during increased government spending on education as part of the Great Society program in the 1960s and 1970s. Since the 1980s, schools have faced difficulty in replenishing the ranks of teachers and administrators. With the aging of the area's teaching workforce and particularly the imminent retirement of many teachers from the baby boom generation, finding sufficient numbers of educators from a shrinking pool of young adults will continue to pose a serious challenge for school districts across the Hickory Metro.

The age of workers in manufacturing industries varies by type of industry. The number of employees in furniture manufacturing dwarfs all others. As of the 4th quarter 2005, there were 22,386 persons employed in Hickory Metro furniture, compared to 9,566 in Textiles and less than 4,000 in any other manufacturing sector (Figure 6).

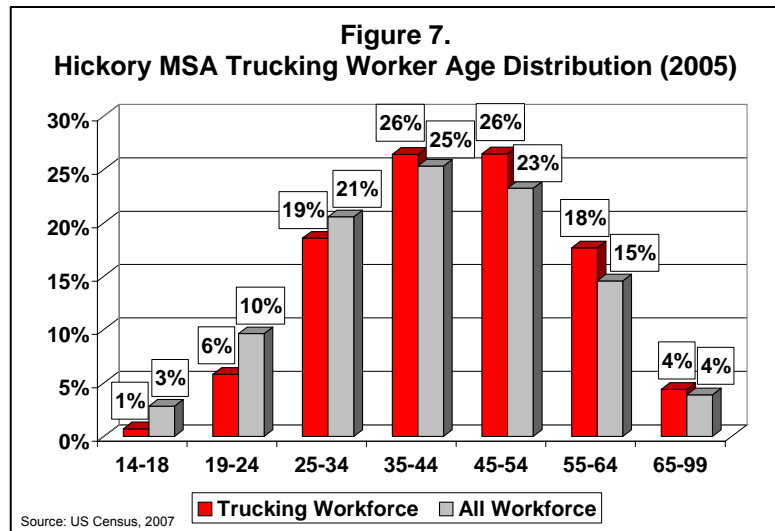
Furniture workers comprise the oldest workforce in the Hickory Metro with an average of 45.6 years of age. Though the furniture industry in the region has suffered in recent years, it remains the largest manufacturing employer with 23,063 workers (NCESC, 2005). Ten-year forecasts for furniture manufacturing by the US Bureau of Labor Statistics have predicted only small changes (a loss or gain of no more than 2%) through 2016. With a very old workforce and predictions of relative stability, the region's leaner furniture industry may again become an attractive option for younger workers.





The Aging of the Hickory Metro Workforce

Trucking was identified as one of the region's "green zone" industries in the Western Piedmont Workforce Development Board's 2006 *Industrial Growth Analysis Update*, meaning that it pays better than the Metro's average salary and its workforce is expected to grow over the next 10 years. As Figure 7 indicates, only 26% of this industry's workforce is under the age of 35 while nearly half are over age 45. As a result of these factors, the aging of the trucking workforce in the Hickory Metro may provide an opportunity for young adults to enter a career field with four advantages: higher than average pay, projected industry growth, employment without a college degree, and an industry workforce which is aging into retirement years.



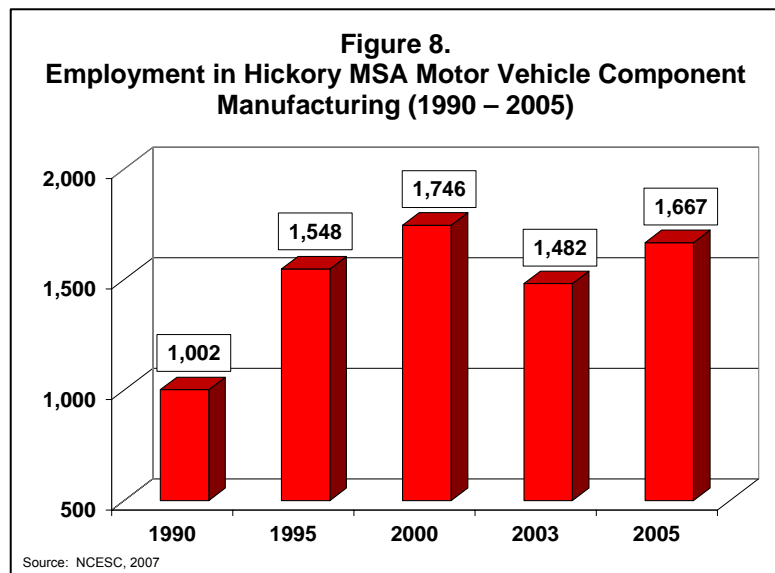
With an average employee age of 38.8 years, "Telecommunications Manufacturing" employs the youngest workers of all major manufacturing industries in the Hickory Metro. About 40% of telecom employees are age 34 and younger and only 10% are over age 55. This is significant, especially in light of the fact that telecom manufacturing pays, by far, the highest average annual salary for workers of any Metro manufacturing industry (Table 4). Unfortunately, this industry suffered greatly in the region from 1999-2005, dropping from 8,539 workers to 3,816 – a loss of 55.3%. Nonetheless, it is a positive sign that the Hickory MSA is able to attract and maintain a sufficient number of highly trained young adults to supply its telecommunications production facilities.

Table 4.
Average Wages for Selected Hickory MSA Manufacturing Industries (2005)

INDUSTRY	SALARY
Telecom	\$ 56,264
Motor Vehicle Parts	\$ 43,836
Machinery	\$ 40,404
Furniture	\$ 31,564
Textiles	\$ 29,245

Source: NCESC, 2007

The Motor Vehicle Component manufacturing industry employed 1,684 persons in the Hickory MSA in 2005. After some losses in the region during the economic downturn of 2001, this industry expanded its employment by 12.5% from 2003 to 2005 and is projected by the U.S. Bureau of Labor Statistics to experience moderate growth through 2016. The workforce of this industry has an average age of 44.1 years, compared with the Hickory MSA's average worker age of 41.9 years. As a result of the industry's high pay, projected growth and an older workforce, Motor Vehicle Component manufacturing may be an attractive employment option for the region's young adults in the foreseeable future.





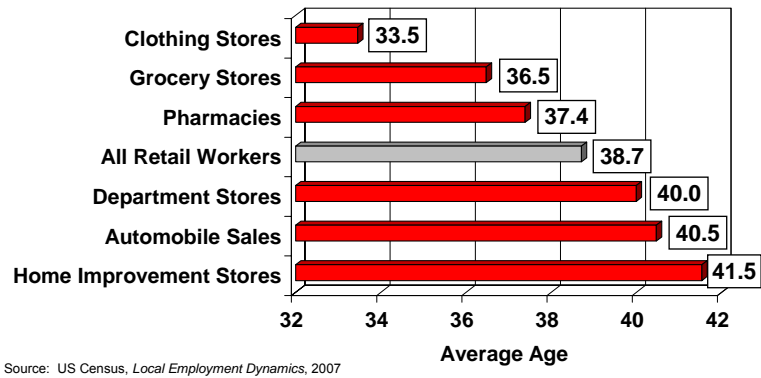
The Aging of the Hickory Metro Workforce

Retail sales in the Hickory Metro is a sizeable industry, employing 17,952 workers at an average age of 38.7 years. Figure 9 displays the average ages of the six largest sectors within the region's retail industry, each employing more than 1,000 persons. Overall, persons employed in retail sales earn low annual wages, averaging only \$22,698 per year, though many of these employees are part time. Though retail employs a generally young workforce and pays low wages overall, the industry has a range of average ages and salaries, depending on the type of venue.

The highest-paying major retail stores are automobile dealerships, where 2,590 persons in the Hickory Metro earn an average annual wage of \$37,534 (Table 5). Automobile sales employees are also among the oldest in the retail industry, with an average age of 40.5 years. Similar to trucking, this industry contains four factors which can work together to the advantage of younger workers: high pay, predictions of growth, an older existing workforce, and possible employment without a college degree.

Department store retailers employ the most workers of any retail sector in the Hickory Metro. At \$16,692 per year, these employees earn some of the lowest retail wages in the region. Figure 10 displays the age distribution of the department store workforce (*Note: the sector "Department Stores" includes general retailers such as K-Mart, Sears and Target, while the sector "Clothing Stores" includes retailers selling primarily apparel goods, such as Hamrick's and Goody's*). Although the number of teen workers in this industry is greater than the regional average, over 75% of department store employees are age 25 or older, with an average age of 40.0 years. Thus, many workers in the Hickory MSA's department stores who are earning these low wages are in the prime of their working years. The number of these workers age 65 and over is 7% of the department store workforce, compared with 4% of Hickory Metro employees overall.

Figure 9. Hickory MSA Retail Employee Age by Industry Sector (2005)



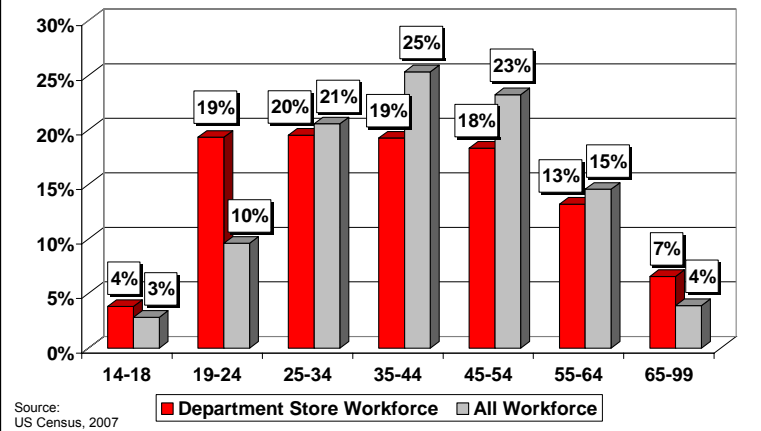
Source: US Census, Local Employment Dynamics, 2007

Table 5. Wages and Number of Workers for Hickory MSA Retail Sales Sectors (4th Quarter 2005)

Industry	Annual Salary	No. of Employees
Automobile Sales	\$ 37,544	2,590
Pharmacies	\$ 28,912	1,138
Home Improvement	\$ 26,780	1,350
Department Stores	\$ 16,692	3,332
Grocery Stores	\$ 15,184	2,901
Clothing Stores	\$ 13,468	1,247

Source: NCESC, 2007

Figure 10. Age Distribution of Hickory MSA Department Store Workforce (2005)



Source: US Census, 2007

In summary, the workforce of the Hickory Metro is the oldest of any MSA in North Carolina. The reasons behind this include young people seeking college, military or career opportunities elsewhere. Generally, the region's major manufacturing industries employ older workers, especially furniture and textiles, though machinery and telecom manufacturing tends to employ younger workers. The trucking sector employs an older workforce and holds opportunity for younger workers. Retail sectors pay low wages and employ younger workers, though there are many older employees in the industry as well.

Increases in Hickory Metro Vehicle Traffic from 2003 to 2005

The amount of automobile traffic in a given area can be a measure of many factors, including commercial activity, environmental pollution and workforce commuting patterns. An earlier edition of the *Economic Indicators Newsletter* (Vol. 8 No. 2) included a feature article regarding traffic patterns in the Hickory Metro based on 2003 data. This year, traffic count data collected in 2005 have been released by the NC Department of Transportation. Table 6 lists roads with average daily traffic (ADT) counts of 20,000 or more within the Metro that experienced the largest percentage gains from 2003 to 2005. This article will identify and examine changes on several of these roads (*note: ADT counts are for 24-hour, two-way traffic, including automobiles and commercial tractor-trailers*).

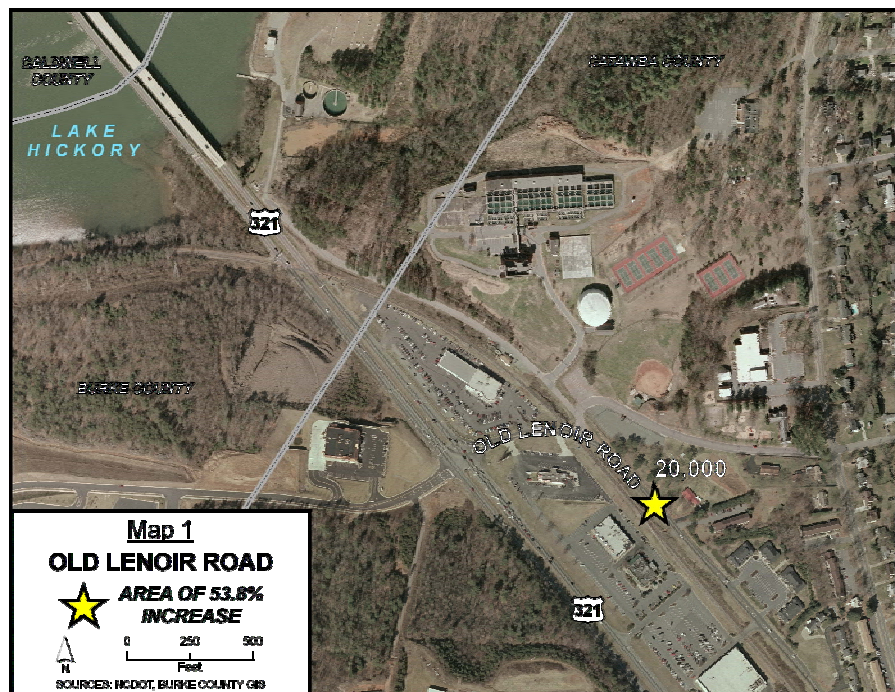
Table 6. Ten Largest Percentage Gains of Daily Traffic in Hickory MSA, 2003 to 2005*					
2003 ADT	2005 ADT	2003-05 CHANGE	ROAD	LOCATION	COUNTY
13,000	20,000	53.8%	Old Lenoir Rd.	East of US 321 (behind Lowe's Foods, Hickory)	Catawba
28,000	40,000	42.9%	US 321	North of NC 127 (Brookford)	Catawba
30,000	41,000	36.7%	US 321	North of US 64 junction, Smith Crossroads (Lenoir)	Caldwell
17,000	22,000	29.4%	US 321	Southeast of junction with Main St. (North Lenoir)	Caldwell
37,000	45,000	21.6%	L-R Blvd.	Immediately north of I-40 (Hickory)	Catawba
24,000	29,000	20.8%	US 321	South of US 321 Exit 33 (Startown Rd)	Catawba
32,000	38,000	18.8%	NC 127	At 27th Ave (near new Lowe's Hardware, Hickory)**	Catawba
22,000	26,000	18.2%	16th St. NE	South of 12th Av NE (near Geppetto's Pizza, Hickory)	Catawba
17,000	20,000	17.6%	1st St W	Just east of Section House Rd. (Conover)	Catawba
20,000	23,000	15.0%	Burke-mont Ave.	North of I-40 (in front of WPCC, Morganton)	Burke

Source: NC Department of Transportation (2006)

* Of all roads carrying at least 20,000 vehicles per day in 2005. Roads with two or more nearby traffic count areas having similar vehicle counts were not duplicated in this chart.

** Note: Traffic on NC 127 in this area may have been reduced since this data was collected due to the opening of McDonald Parkway.

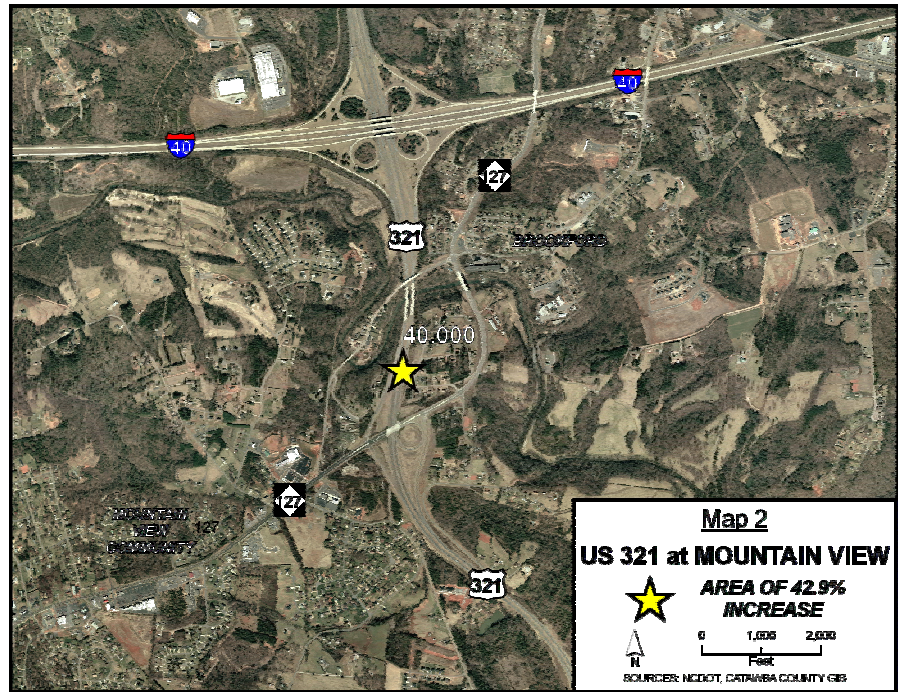
Experiencing the greatest traffic growth among the Hickory Metro's major roads was Old Lenoir Road. This road runs to the northwest from downtown Hickory and meets US 321 just south of the Lake Hickory bridge to Caldwell County. The section of Old Lenoir Road with the greatest increase lies adjacent to the parking lot for Lowe's Foods and the old McGuffey's restaurant (Map 1). Traffic here grew from 13,000 vehicles per day in 2003 to 20,000 in 2005, an increase of 53.8%. During the same period, traffic on US 321 in the vicinity remained nearly steady, dropping from 33,000 vehicles per day in 2003 to 32,000 in 2005 – a loss of 3%. Traffic on US 321 in southern



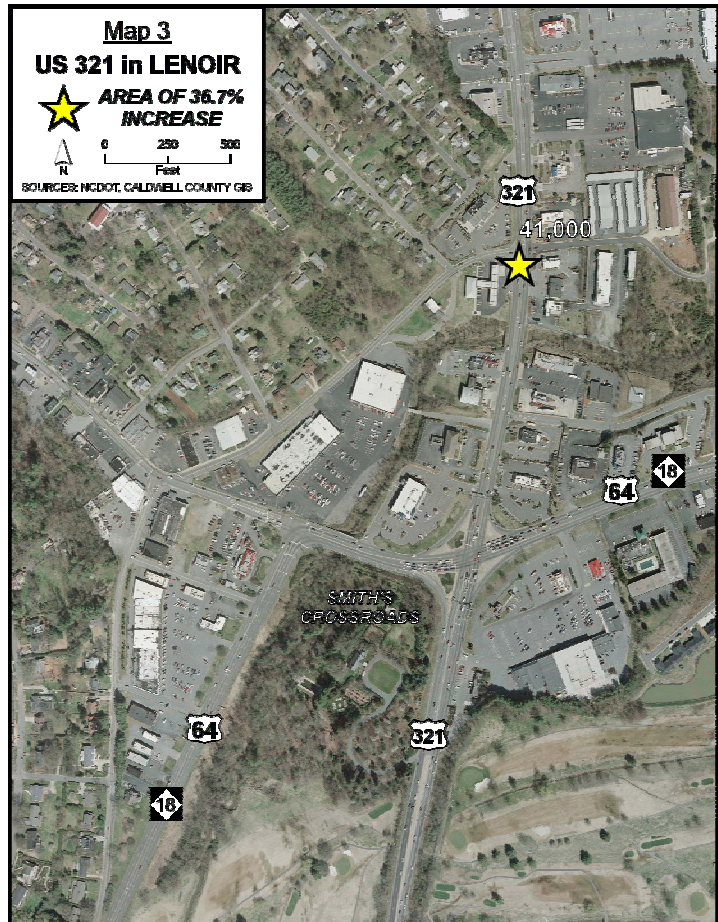
Caldwell County also experienced a small loss. One factor which may contribute to ADT growth on Old Lenoir Road may be the large number of persons moving to the Grace Chapel area of southern Caldwell County. These residents may have discovered that Old Lenoir Road offers four-lane access to central

Hickory with fewer delays than traveling on US 321 South. Future traffic on Old Lenoir Road may be reduced by a planned connector between Clement Boulevard and Geitner Road.

The Hickory Metro's second-largest percentage increase and the highest increase in number of vehicles of any major road from 2003 to 2005 was US 321 between the Mountain View exit (NC 127) and I-40. Here traffic grew by 12,000 vehicles per day in two years, from 28,000 in 2003 to 40,000 in 2005 (a growth of 42.9%). Two major factors appear to be causing traffic growth in this area. The first is a general rise in the use of US 321 south of Hickory to and from Lincolnton and the Charlotte Metro which has increased steadily since the route opened in 1998. This has been enhanced by commercial trucks choosing this route from Charlotte instead using of I-77 to I-40.



A second factor in traffic growth is an increase of housing in the Mountain View community. Housing and traffic growth have been strong both near the intersection of US 321 and NC 127, leading into Mountain View, as well as further south at the intersection of US 321 and River Road, an area with significant housing development in the past decade. Both these areas feed into US 321 along interstate-style ramps, with many commuters from Mountain View using US 321 as their route into Hickory. One alternate route from Mountain View into West and Downtown Hickory, Old NC 127 through Brookford, shrank in traffic from 2003 – 2005, though this may be due to the opening of the new Brookford Highway. At the same time, traffic on alternate routes from Mountain View to Southeast Hickory, such as Catawba Valley Boulevard, grew rapidly (26.3%).



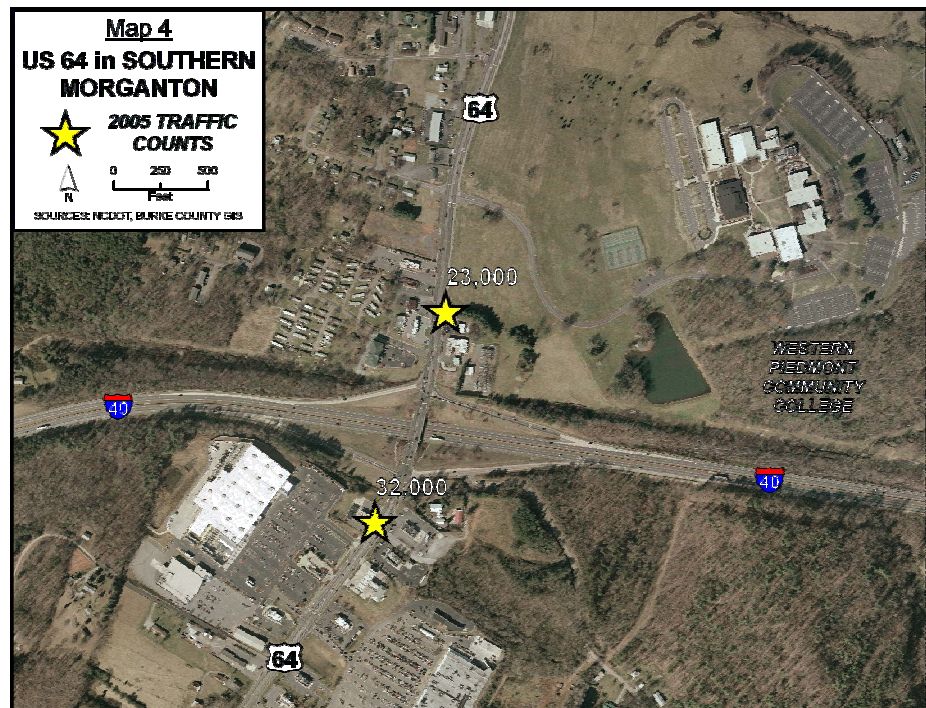
The third-largest percentage increase on Hickory Metro major roads occurred along US 321 in Lenoir (Map 3). This area is on the Highway north of its intersection with US 64 / NC 90, known as Smith's Crossroads. Along this section of US 321, traffic increased between 36.7% from 2003 to 2005 with a growth of 11,000 vehicles per day, from 30,000 to 41,000. In this area, US 321 carries an equivalent load to some portions of I-40 in the region (for example, I-40 in western Burke County carries only 27,000 vehicles per day).

While traffic along US 321 in Lenoir grew in 2005, ADT in downtown Lenoir indicated mixed growth, with three downtown areas showing an increase in traffic from

2003 to 2005 and two areas showing a decline. Traffic declined on US 321 both north of Lenoir towards Boone (possibly due to road construction) and also south of Lenoir towards Hickory. ADT on US 64 and NC 18 eastward towards Taylorsville and Wilkesboro showed only moderate increases. As a result, it appears that the strong increase of traffic experienced on US 321 along Lenoir's commercial district was likely generated by economic activity within that area.

Lenoir-Rhyne Boulevard north of Interstate 40 in Hickory underwent a 21.6% growth in traffic, increasing from 37,000 cars per day in 2003 to 45,000 in 2005. This vehicle increase indicates continued growth in retail, medical, entertainment and commercial venues in Southeast Hickory. Recently McDonald Parkway opened from I-40 Exit 126 northward to Springs Road. This multilane thoroughfare is a new route for commuters from Northeast Hickory and Viewmont to reach Interstate 40 and the commercial area of Southeast Hickory. The parkway is also useful for Alexander and Caldwell County residents who typically travel to Hickory on NC 127. The effect of the McDonald Parkway on Lenoir-Rhyne Boulevard traffic will be examined when 2007 traffic counts are released in 2008.

The fastest ADT growth in Burke County from 2003 to 2005 occurred on US Highway 64 (Burkemont Avenue) just north of Interstate 40 (Exit 103) near the entrance to Western Piedmont Community College (Map 4). At that location from 2003 to 2005, average daily traffic increased from 20,000 to 23,000 vehicles, for a gain of 15.0%. This portion of US 64 is the primary entry point from the Interstate to reach downtown Morganton, the community college, the NC School for the Deaf and a major furniture manufacturing complex. The downtown Morganton area to which this road leads northward also showed signs of traffic



growth: of eight monitored sites in the City's central business district, one lost traffic, one was unchanged and six gained in activity, with increases ranging from 2.2% to 16.3%. Daily traffic also grew on US 64 from I-40 southward to a major shopping center. Vehicles traversing that area grew from 30,000 to 32,000 per day from 2003 to 2005 (which made it the busiest non-interstate section of road in Burke County). Traffic in this area experiences significant congestion during weekdays, with vehicles coming from the East onto the westbound exit ramp often backing onto the Interstate during the morning commute. Interstate traffic immediately east and west of Exit 103 also experienced an increase from 2003 to 2005, as did all sections of I-40 in eastern Burke County. Western sections of the Interstate past Jamestown Road, however, experienced a decline of traffic, with a 3.0% drop near Causby Road (Exit 98) increasing to a loss of 7.4% at Dysartsville Road (Exit 94).

Vehicle counts in areas of southern Alexander County along NC 127 and NC 16 grew moderately, in step with traffic on these same highways in Viewmont and north of Conover, respectively. The largest percentage traffic gain of a major road in the central portion of the County occurred along US 64 / NC 90 west of Taylorsville. This is the area just before the highways divide, with NC 90 running eastward through Taylorsville, and US 64 bypassing the City to the South (Map 5). At this location, daily traffic grew 6.9%, rising from 8,700 vehicles in 2003 to 9,300 in 2005. Generally, however, traffic counts in Alexander County experienced little change from 2003 to 2005.

Economic Impact and Trends of the Restaurant Industry in the Greater Hickory Metro

The Hickory MSA's restaurant industry is a major employer of service workers. As of 2006 restaurants employ 10,480 persons in the region, or 6.3% of the entire workforce. This is more workers than in the Metro's textile industry. According to figures from the US Census and *Sales & Marketing Magazine (S&MM)* ("Survey of Buying Power," 2005), restaurant sales in the Hickory Metro totaled \$368.3 million, or \$1,043 per resident. This represents 16.4% of all taxable sales in the Metro area. Because "eating out" is not a necessity in daily life (as opposed to gasoline, for example), the restaurant industry can be particularly vulnerable to fluctuations in the local economy and the region's tourism base. This article will examine the industry's prevalence in the region as well as growth, wages and what types of eating establishments are appearing as residents of the Hickory Metro increasingly choose to dine out rather than stay at home.

Table 7 shows 2006 data for the number of restaurants per capita in all Metro areas of North Carolina. Generally, regions with greater population have higher restaurant densities, with Charlotte, Greensboro and Raleigh in the top half of the list. Leading all areas, however, is the Wilmington MSA, whose sizeable beach tourist industry supports many eating establishments. The mountain-based tourist industry in the Asheville Metro is also the likely reason for that area's high number of restaurants per capita. The Hickory MSA, however, has significantly fewer restaurants per resident than larger and heavily tourist-driven metro regions. With one eating establishment per 681 persons, its relatively low density of restaurants is equivalent to smaller and mostly military-driven metro areas of the state's inland coastal plain. Two factors may be contributing to the relatively low number of restaurants in Hickory Metro. The first factor is average wages for the region's workers: At \$30,316 per year, the Hickory MSA ranks twelfth out of fourteen NC Metro regions in average worker pay (Source: NCEC, 2006). This leaves less money for residents to spend eating out. The second factor is that residents of the Hickory Metro spend only 45.5% of their food dollars in restaurants – the fourth lowest percentage of eating out in of any Metro in the state (*S&MM*, "Survey of Buying Power" 2005).

NC Metro Area	Restaurants Per Capita
Wilmington	1 : 456
Charlotte	1 : 542
Asheville	1 : 544
Durham	1 : 573
Greensboro-HP	1 : 586
Raleigh-Cary	1 : 604
Burlington	1 : 608
Winston-Salem	1 : 614
Greenville	1 : 628
Jacksonville	1 : 635
Hickory	1 : 681
Fayetteville	1 : 694
Rocky Mount	1 : 736
Goldsboro	1 : 771

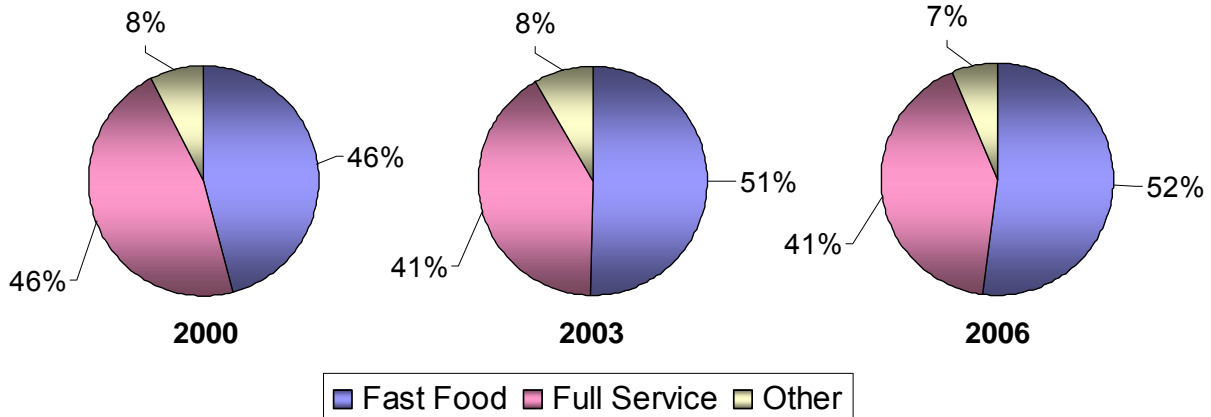
Source: NCEC (2007)

Year	Restaurants	Employees	Average Annual Wage*
2000	492	9,991	\$ 11,065
2003	502	9,538	\$ 10,718
2006	521	10,480	\$ 10,738

Source: NCEC (2007)
* does not include wages from tips

Table 8 lists the number of restaurants in the Hickory Metro in 2000, 2003 and 2006. The table also indicates the number of restaurant employees and their average annual wages during these years (regarding wages, it is important to note that many restaurant workers are part-time and that these amounts do not include tips). Despite a low number of restaurants relative to other NC Metro areas, the number of eating places in the Hickory Metro continues to grow. During the economic downturn of 2000 – 2003, the number of restaurants in the region grew by ten establishments (4.9%), though the number of restaurant workers shrank by 453 workers, (-4.5%). Annual restaurant wages from 2000 to 2003 fell by \$347 (-3.1%). From 2003 to 2006 the net number of eating establishments grew by nineteen, while the number of employees rebounded strongly, adding 900 new workers. The region's average salary for these workers, however, did not recover and remains significantly below 2000 levels.

Figure 11.
"Fast Food" versus Full Service Restaurants in the Hickory MSA (2000, 03, 06)

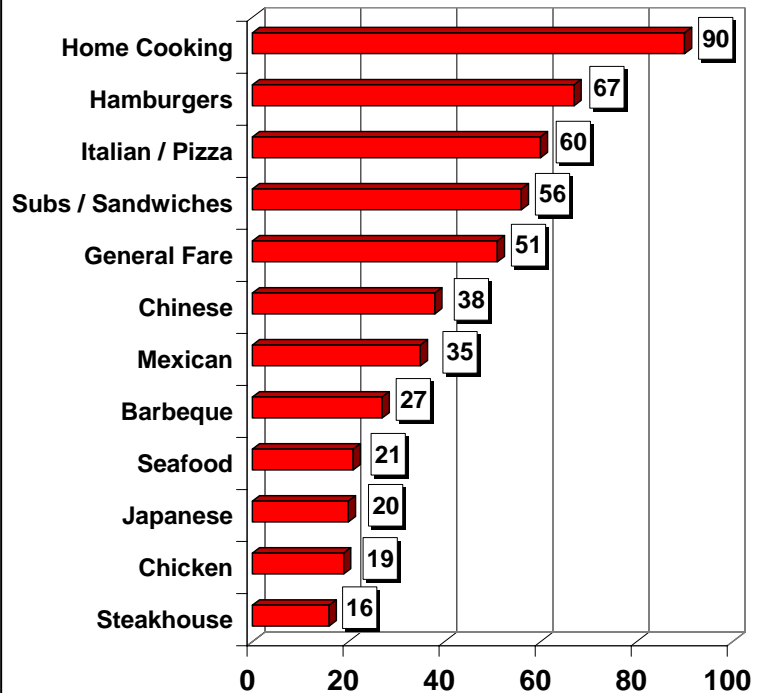


Source: NCESC, 2007

Restaurant trends in the Hickory Metro responded to the economic downturn of 2000-03 by shifting toward fast food and away from traditional full-service formats (Figure 11). Fast food venues, which generally offer cheaper prices than full-service dining establishments, supplanted full-service eating places as the majority type of restaurant in the region by 2003, and continued to lead the industry in 2006. Due to the fact that fast food employees generally do not collect tips and since NC Employment Security Commission wage figures do not include gratuity, this trend towards fast food restaurants in the Hickory Metro may indicate a greater loss in average total wages for restaurant workers throughout the region than official statistics alone would imply.

Figure 12 indicates the number of restaurants in the Hickory Metro by category of cuisine as of January 2007. Categories with at least 15 establishments in the region are shown on the chart. Leading the way with ninety locations was the category of "home cooking." This category was composed entirely of locally-owned, non-franchised establishments specializing in traditional fare (note: this does not include seafood restaurants, barbeque restaurants and steakhouses, each of which has its own category). "Home cooking" was the only category of the region's top four types of restaurants which was not at least partially composed of regional or national chains. The frequency of barbeque restaurants, steakhouses and seafood venues (including "fish camps"), which have historically been prevalent throughout the Hickory Metro, has eroded during the past decade and the number of these establishments has fallen considerably behind the quantity of both fast food and ethnic eateries in the region.

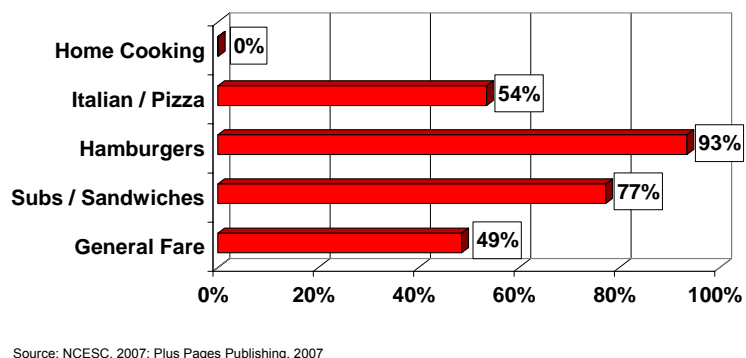
Figure 12.
Hickory MSA Restaurants by Type of Cuisine (January 2007)



Source: NCESC, 2007; Plus Pages Publishing, 2007

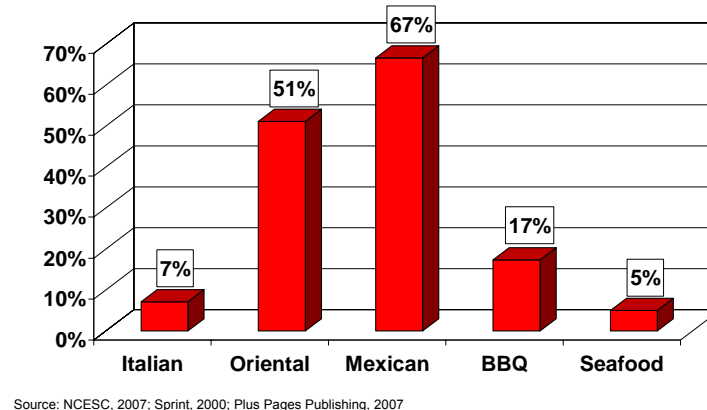
Figure 13 illustrates the percentage of restaurants that were franchised in the region by cuisine type as of January 2007. The category of “hamburgers” was composed of the highest percentage of franchises (93%) of any category. Fifty-four percent of the Italian/Pizza locations were chain restaurants (including delivery-only), though there were a significant number of local non-chain eateries as well. Seventy-seven percent of restaurants in the category of “Subs/Sandwiches” were national or regional chains. This is due in large part to a rapid growth of new outlets located within convenience stores and gas stations. About half of the Hickory Metro’s restaurants (49%) in the “General Fare” category were regional or national chains, the largest of which are able to attract consumers to an area and lend prestige to communities which have the resources to acquire and support one.

Figure 13.
**Percentage of Restaurants as Franchises,
By Cuisine Category in Hickory MSA (Jan. 2007)**



One of the most visible signs of change in the Hickory Metro’s restaurant industry over the past decade is the number of venues which offer ethnic fare. As of January 2007, the following ethnicities have restaurants in the region (followed by the number of venues): Italian (60), Chinese (38), Mexican (35), Japanese (20), Hmong (3), Thai (3), Caribbean (2), Vietnamese (2), German (1) and Greek (1). Combined, ethnic food establishments account for nearly one-third (31.7%) of all Hickory Metro restaurants. Figure 14 indicates the percentage of growth from 2000 to 2007 in the number of restaurants for the categories of Italian, Oriental (Chinese, Japanese and other Asian cuisine combined), Mexican, barbeque and seafood. Mexican restaurants experienced the highest growth, from 21 establishments in 2000 to 35 in 2007, or a gain of 67%. Oriental restaurants also grew strongly from 43 to 65 establishments. Oftentimes, these venues are staffed by employees of the same ethnicity as the cuisine offered. Ethnic restaurants serve an important function in the community by offering legitimate opportunities of employment for Hispanic and Asian persons in an environment where their ethnic background can be valued by the public.

Figure 14.
**Percentage Increase in Types of Restaurants
in Hickory MSA (2000 - 2007)**



In summary, the restaurant industry in the Hickory MSA is not large relative to most other North Carolina Metro regions. This is likely due to lower average worker pay in the Hickory Metro and a tendency for its residents to spend their food dollars heavily in grocery stores. Nonetheless, restaurants employ over 10,000 persons in the region, and the number of eating establishments and food service workers is increasing. Between 2000 and 2006, a shift towards low-cost and convenience in food service has made fast-food the predominant type of restaurant in the region. The shift towards fast food has likely also contributed to lower overall wages for Hickory Metro restaurant workers. Nationally- and regionally-franchised restaurants make up a significant and growing portion of the Metro’s eating venues, especially in the categories of hamburgers, Italian/pizza and subs/sandwiches. The number of ethnic food establishments is expanding rapidly – especially Mexican and Asian venues – and constitute nearly one-third of the eateries in the region. These ethnic restaurants often offer a place of employment for immigrants of the same cultural background as the cuisine offered.

Economic Indicators Newsletter
Western Piedmont
Council of Governments
P.O. BOX 9026
Hickory, NC 28603
www.wpcog.org



Writer Tom Bell, MSG
Editor Taylor Dellinger, GISP
taylor.dellinger@wpcog.org

Contributing Editors John T. Kenny, AICP
H. DeWitt Blackwell, Jr., AICP

Future EIN Topics:

- Hickory-Morganton-Lenoir MSA Retail Sales
- Hickory-Morganton-Lenoir MSA Gender Employment Trends
- Hickory-Morganton-Lenoir MSA Educational Attainment

EIN Sponsors



EIN Supporters

