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Economic Indicators Newsletter

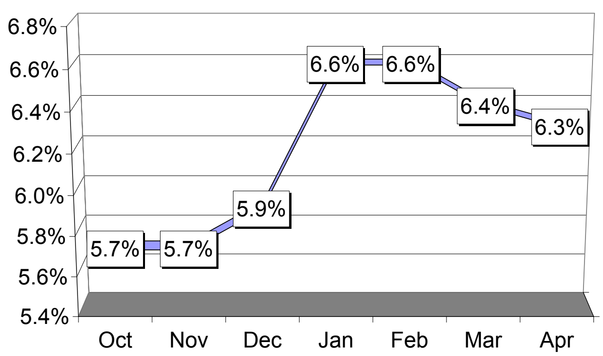
Reporting Economic Trends in the Hickory-Morganton-Lenoir NC Metropolitan Statistical Area (MSA)

Civilian Labor Force

The Hickory MSA's unemployment rate rose nearly 1% between October 2007 and January 2008 to 6.6% (Figure 1). Between January and April the region's unemployment rate fell slightly to 6.3%. The increase in unemployment is due to weakening economic conditions and several company layoffs in fourth quarter 2007 and first quarter 2008. Compared to other North Carolina Metros, the Hickory MSA is maintaining the second highest unemployment rate in the State (Table 1). Hickory MSA County unemployment rates for April 2008 were Alexander 6.0%, Burke 7.1%, Caldwell 6.3% and Catawba 5.9%.

Figure 1.

MSA Unemployment, Oct. 2007 – Apr. 2008



Source: NC Employment Security Commission, 2008.

Table 1. MSA Unemployment Rate, April 2008	
Raleigh-Cary	4.0%
Asheville	4.1%
Durham	4.1%
Wilmington	4.5%
Jacksonville	4.8%
Winston-Salem	4.9%
Goldsboro	5.0%
Charlotte-Gastonia-Concord	5.2%
Greensboro-High Point	5.3%
Fayetteville	5.3%
Burlington	5.4%
Greenville	5.6%
Hickory-Morganton-Lenoir	**6.3%**
Rocky Mount	7.5%

Source: NC Employment Security Commission, 2008.

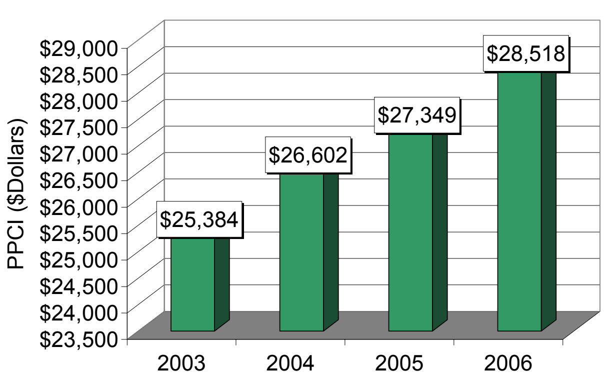
Per Capita Personal Income

One way to measure a region's economic situation is by studying Per Capita Personal Income or PCPI data. PCPI in the Hickory Metro rose from $25,384 in 2003 to $28,518 in 2006 (Figure 2). The 12.3% growth in Hickory MSA PCPI is higher than the US rate of inflation between 2003 and 2006 (9.6%). The Hickory MSA's PCPI growth rate, however, is less than the national average increase (16.5%) or the North Carolina average increase (15.6%) from 2003 to 2006. In 2003 the Hickory MSA ranked 264 out of the nation's 364 metro areas in PCPI (Ranking of 1 equals highest PCPI in US). By 2006 the region had fallen to 285th in personal per capita income in the US. The decline in the rankings is most likely due to the loss of manufacturing jobs in the Hickory MSA.

Hickory MSA 2003 to 2006 PCPI growth rates by County were Alexander 9.5%, Burke 14.5%, Caldwell 9.4% and Catawba 12.9%. Catawba County's personal per capita income exceeded $30,000 for the first time in 2006 (Table 2).

Figure 2.

Hickory MSA Personal Per Capita Income (PPCI), 2003-2006



Source: US Bureau of Economic Analysis, 2008.

Table 2. Per Capita Personal Income 2003 – 2006				
County	**2003**	**2004**	**2005**	**2006**
Alexander	$24,598	$26,233	$26,760	$26,936
Burke	$23,841	$25,113	$25,945	$27,295
Caldwell	$25,148	$26,411	$26,814	$27,520
Catawba	$26,632	$27,681	$28,598	$30,074

Source: US Bureau of Economic Analysis, 2008.

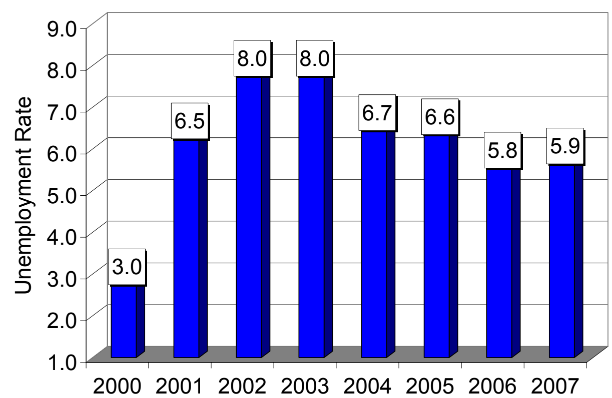
"*EIN* Spotlight"

Hickory MSA Employment Trends

Employment is a critical issue facing the Hickory MSA. A look a Figure 3 shows how unemployment rates in the region, after increasing to 8.0% in 2002 and 2003, declined to annual average of 5.9% in 2007. While this trend shows that fewer people that are "seeking work" are unemployed, it does not reveal the full picture of job losses, or job gains in the region over the past seven years. This *EIN Spotlight* will examine employment trends in the Hickory MSA between third quarter 2000 and third quarter 2007. The *Spotlight* will also compare the Hickory MSA counties to employment in other areas in North Carolina. The last part of the article will analyze recent employment patterns over the past 12 months and examine whether these trends will continue in 2008 and 2009.

Figure 3.

Hickory MSA Unemployment Rate, 2000-2007

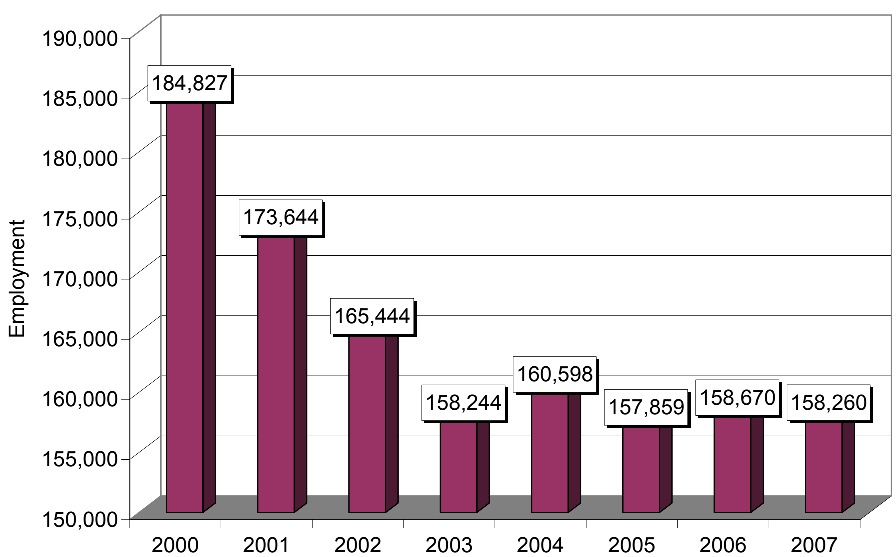


Source: NCESC, 2008.

Hickory MSA employment totals from third quarter 2000 to third quarter 2007 are shown in Figure 4. At its peak in 2000, the Hickory Metro had 184,827 jobs covered under the North Carolina Employment Security Act. Between 2000 and 2003, Hickory Metro employment lost 26,583 jobs to 158,244. After growing to 160,598 persons in 2004, employment fell again to 157,859 in 2005. Over the past two years the Hickory MSA has had a net employment gain of only 401 jobs.

Figure 4.

Hickory MSA Employment, Third Quarter 2000-2007



Source: NCESC, 2008.

It is interesting to note that the region's unemployment rate between 2003 and 2007 has declined to 5.9% since 2000, although approximately the same number of persons are employed in 2003 as in 2007. This means that some people that were seeking work in 2003 have either left the region to pursue employment opportunities in other areas or are no longer actively seeking employment.

While Figure 4 reveals trends in total employment across the Hickory MSA, it fails to show which sectors are gaining or losing employment over the past seven years. Table 3 on page 3 analyzes employment changes by sector between third quarter 2000 and 2007 as well as the percentage of total employment for each sector in 2000 and 2007. In third quarter 2000 the Hickory MSA had 79,072 manufacturing jobs. Over 42% of all jobs in the Hickory Metro were related to manufacturing. Between third quarter 2000 and third quarter 2007 a total of 29,466 manufacturing jobs were lost in the region. By third quarter 2007 about 31.3% of all Hickory Metro jobs were in manufacturing. This is still nearly three times the national average (11%) of manufacturing employment to total employment.

Hickory MSA Employment Trends

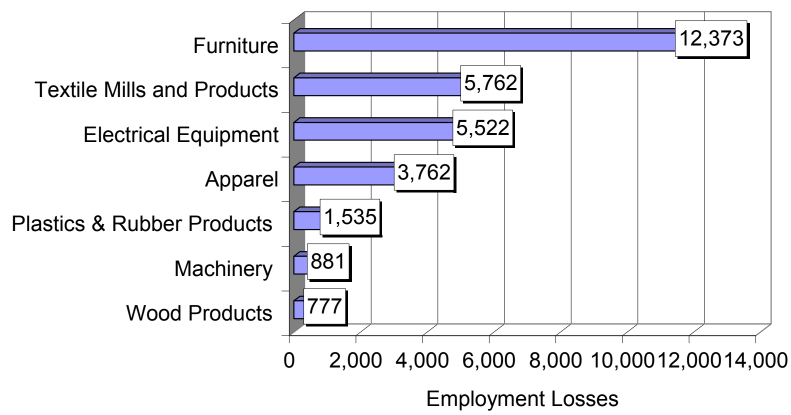
Table 3. Change in Hickory MSA Employment by Sector, Third Quarter 2000-2007							
Industry Sector	**2000 Jobs**	**2007 Jobs**	**Change in Jobs**	**% Change in Jobs**	**% of Total Jobs 2000**	**% of Total Jobs 2007**	**Change in % of Total Jobs**
Construction	6,435	5,295	-1,140	-17.7%	3.5%	3.3%	-0.2%
Manufacturing	79,072	49,606	-29,466	-37.3%	42.8%	31.3%	-11.5%
Trade*	24,987	22,633	-2,354	-9.4%	13.5%	14.3%	0.8%
Educational Services	10,130	11,020	890	8.8%	5.5%	7.0%	1.5%
Health Care and Social Assistance	17,791	20,906	3,115	17.5%	9.6%	13.2%	3.6%
Accommodation and Food Services	10,647	10,848	201	1.9%	5.8%	6.9%	1.1%
Other Services**	27,154	28,642	1,488	5.5%	14.7%	18.1%	3.4%
Public Administration	7,337	7,899	562	7.7%	4.0%	5.0%	1.0%
Other Employment***	1,274	1,411	137	10.8%	0.7%	0.9%	0.2%
Total Employment	**184,827**	**158,260**	**-26,567**	**-14.4%**	**100.0%**	**100.0%**	**0.0%**

* Trade includes wholesale trade and retail trade ** Other Services includes transportation and warehousing, information, finance and insurance, real estate rental and leasing, professional and technical services, management of companies and enterprises, administrative and waste services, and arts, entertainment, and recreation sectors ***Other Employment includes agriculture and forestry, mining, utilities and unclassified sectors
Source: NCESC, 2008.

Four Hickory MSA manufacturing sectors have been particularly hard hit over the past seven years: furniture, textiles, electrical equipment and apparel. Of the 29,466 manufacturing job losses since 2000, 12,373 or 42% are in the furniture industry (Figure 5). About 53% of all textile jobs in the Hickory MSA have been lost since 2000. The employment declines in "electrical equipment," seen in Table 5, are mostly in the region's communication wire production industries (coaxial and fiber optic cable). The Hickory MSA's apparel industry has also been hit hard in recent years. The industry has suffered a 62% decrease in total jobs between 2000 and 2007.

Figure 5.

Hickory MSA Manufacturing Losses, 2000-2007



Source: NCESC, 2008.

Data in Table 3 also reveals that other industry sectors besides manufacturing have lost jobs since third quarter 2000. Employment in the construction sector, for instance, has fallen by 1,140 jobs (17.7% loss). This trend has been due to a number of factors including losses in the manufacturing sector, higher construction costs, housing mortgage problems and weakening economic conditions. Another sector that has suffered job cuts in Hickory MSA is the "trade" sector, which includes both wholesale and retail businesses. Trade employment has declined 9.4% from 24,987 workers in third quarter 2000 to 22,633 in third quarter 2007. It would seem that these businesses, particularly smaller retailers, are also being hurt by the loss of manufacturing employment.

It is important to note that not all industry sectors in the Hickory MSA are losing employment. Data in Table 3 also reveal that several service sectors have experienced significant job growth over the past seven years. The biggest increase has been in the "health care and social assistance" (social assistance includes individual and family counseling, emergency and other relief services, vocational rehab and child day care). The number of jobs in health care/social assistance has grown from 17,791 in 2000 to 20,906 in 2007. In 2000 health care/social assistance represented 9.6% of all jobs in the Hickory MSA. In 2007 about 13.2% of all jobs in the region were from health care/social assistance. There are several factors behind these job increases. As the baby boomers grow older and new retirees migrate to the region, the need for health care services continues to grow. Social assistance employment has also increased as demand for child care services have risen and the need for counseling after job loss has grown.

Hickory MSA Employment Trends

Education employment in the Hickory Metro has grown 8.8% to 11,020 in 2007. Job growth in this sector has occurred for a variety of reasons including increases in K-12 student enrollments and more persons seeking additional higher education to enter new career fields as the region losses traditional manufacturing jobs. The Hickory MSA also has more educational opportunities in 2007 than in 2000 at the three community colleges in the region as well as at Lenoir-Rhyne and the Hickory Metro Higher Education Center.

Another category which received a sizable increase in employment is “other services” which includes transportation and warehousing, information, finance and insurance, real estate rental and leasing, professional and technical services, management of companies and enterprises, administrative and waste services and arts, entertainment and recreation sectors. This industry group gained 1,488 jobs from 2000 to 2007. Most of the growth in “other services” was from an increase in administrative temporary workers.

Comparison of Hickory MSA Changes with Other NC MSAs

Table 4 compares the percentage of employment changes by industry of North Carolina Metro areas between third quarter 2000 and third quarter 2007. In the construction sector, for example, the Hickory MSA had the third largest percentage drop (17.7%) in employment behind the Goldsboro (22.9% decline) and Rocky Mount MSAs (21.1% decline).

Table 4.
NC MSA Percentage Change in Employment by Industry, Third Quarter 2000 to 2007

NC MSA	Construction	Manufacturing	Trade*	Education	Health Care and Social Assistance	Hotels and Food Services	Other Services **	Public Admin
Asheville	12.5%	-24.0%	6.3%	20.0%	22.6%	29.1%	10.0%	3.2%
Burlington	7.4%	-41.3%	-0.1%	47.8%	17.8%	32.0%	-6.1%	-2.7%
Charlotte	14.4%	-28.7%	4.9%	40.7%	45.2%	27.8%	8.3%	9.8%
Durham	-0.8%	-19.1%	15.6%	14.9%	32.5%	16.5%	3.1%	4.3%
Fayetteville	15.0%	-33.7%	-1.1%	23.8%	42.1%	17.3%	8.5%	-3.7%
Goldsboro	-22.9%	-14.0%	-3.6%	11.2%	22.8%	10.0%	-10.7%	-2.8%
Greensboro	-0.1%	-25.6%	2.8%	21.0%	27.9%	25.8%	-2.3%	-7.0%
Greenville	16.6%	-26.0%	-2.0%	29.8%	47.6%	15.1%	-5.2%	4.6%
Hickory	**-17.7%**	**-37.3%**	**-9.4%**	**8.8%**	**17.5%**	**1.9%**	**5.5%**	**7.7%**
Jacksonville	9.3%	-40.6%	3.6%	24.2%	26.1%	18.3%	16.6%	-17.7%
Raleigh-Cary	26.9%	-15.3%	9.0%	47.1%	52.8%	33.2%	12.9%	18.3%
Rocky Mount	-21.1%	-43.1%	10.2%	10.3%	21.4%	13.4%	2.6%	2.1%
Wilmington	30.2%	-26.0%	26.5%	17.6%	35.4%	34.1%	27.6%	16.8%
Winston-Salem	-7.2%	-26.3%	0.4%	19.5%	47.9%	23.7%	-8.2%	-5.5%

* Trade includes wholesale trade and retail trade ** Other Services includes transportation and warehousing, information, finance and insurance, real estate rental and leasing, professional and technical services, management of companies and enterprises, administrative and waste services, and arts, entertainment, and recreation sectors
Source: NCESC, 2008.

There is no question that the Hickory MSA has been hit hard by manufacturing jobs losses over the past seven years. The Hickory MSA has lost 37.3% of its manufacturing jobs since 2000. In terms of percentage job loss, however, the Hickory MSA did not suffer the biggest percentage drop in manufacturing among the State’s 14 MSAs. Data in Table 4 reveals that the Rocky Mount, Burlington and Jacksonville MSAs had a greater percentage decrease in manufacturing jobs than Hickory, although combined the total number of manufacturing losses (15,628) is much less than the Hickory MSA manufacturing decline (29,466).

The Hickory MSA has been impacted more by manufacturing losses than other metro areas since such a large percentage of its workforce is tied to manufacturing. Table 5 on page 5 compares percentage employment by industry sector in third quarter 2000 and 2007 between the Hickory MSA and rest of the NC MSAs. In third quarter 2000, 42.8% of Hickory MSA jobs were in manufacturing while 15.9% of jobs in the other NC MSAs (combined) were in manufacturing. By third quarter 2007 manufacturing employment had fallen to 31.3% of all jobs in the Hickory MSA and 10.9% of jobs in the other NC MSAs. While manufacturing employment in the other NC MSAs is close to the national average of manufacturing employment (10.1%), the Hickory MSA is still approximately three times the national average. This means that the Hickory MSA’s economy continues to be more susceptible to manufacturing jobs losses than other areas in North Carolina.

Hickory MSA Employment Trends

Table 5.
MSA Comparison of Percentage Employment by Industry, 2000-2007

Industry	Third Quarter 2000		Third Quarter 2007	
	Hickory MSA	Other NC MSAs	Hickory MSA	Other NC MSAs
Construction	3.5%	6.2%	3.3%	6.5%
Manufacturing	42.8%	15.9%	31.3%	10.9%
Trade*	13.5%	16.4%	14.3%	16.1%
Educational Services	5.5%	6.8%	7.0%	8.0%
Health Care and Social Assistance	9.6%	10.2%	13.2%	13.1%
Accommodation and Food Services	5.8%	7.5%	6.9%	8.8%
Other Services**	14.7%	30.5%	18.1%	30.0%
Public Administration	4.0%	5.4%	5.0%	5.3%
Other***	0.7%	1.1%	0.9%	1.3%

*Trade includes wholesale trade and retail trade ** Other Services includes transportation and warehousing, information, finance and insurance, real estate rental and leasing, professional and technical services, management of companies and enterprises, administrative and waste services, and arts, entertainment, and recreation sectors ***Other Employment includes agriculture and forestry, mining, utilities and unclassified sectors
Source: NCESC, 2008.

Table 4 (page 4) also reveals some interesting comparisons of service sector employment in the Hickory MSA versus the other metro areas in North Carolina. Trade (wholesale/retail) employment in the Hickory Metro fell 9.4% between third quarter 2000 and third quarter 2007. This was the biggest percentage decline of any metro area in North Carolina. In comparison, three metro areas (Durham, Rocky Mount and Wilmington) saw double digit percentage gains in trade employment since 2000. It would appear that the Hickory MSA's manufacturing losses and economic slowdown have impacted trade employment in the region more than other areas in the state.

The Hickory MSA's education sector grew 8.8% between 2000 and 2007. While this growth may seem impressive, compared to the other metro areas in North Carolina the Hickory MSA had the smallest percentage increase in education employment of any metro area in North Carolina. A similar MSA comparison can be with employment growth in the health care and social assistance sector. The Hickory MSA's health care and social assistance sector grew 17.5% since 2000. Again, this growth is the lowest of any metro area in North Carolina. Nine of the 14 MSAs in the state have experienced a greater than 25% increase in health care/social assistance employment since 2000.

Another interesting sector to study is accommodation and food services. The Hickory MSA has seen a net increase in accommodation and food services jobs of just 1.9%. All other NC MSAs experienced at least 10% growth in this industry sector. There are several reasons why the Hickory MSA's accommodation and food service growth is lagging behind other Metros in North Carolina. First, tourism and hotel construction has been growing at a much faster rate in metro areas located in the mountains or coast (Asheville/Wilmington) or in the State's larger business centers (Charlotte/Greensboro/Raleigh) than in Hickory MSA. Many restaurants in the Hickory MSA have also failed since 2000. The Hickory MSA also has a higher proportion of fast food and self service restaurants which generally hire fewer employees.

The Hickory MSA has fared better than several other MSAs in the state in the category of "other services." The sector includes transportation and warehousing, information, finance and insurance, real estate rental and leasing, professional and technical services, management of companies and enterprises, administrative and waste services and arts, entertainment, and recreation sectors. Between 2000 and 2007 "other services" grew by 5.5% in the Hickory Metro. Seven of the 14 NC Metros either lost employment in this group, or increased less than Hickory Metro.

While employment in "other services" has grown in the Hickory MSA over the past seven years, the region still has a far lower percentage of workers employed in this sector compared to other NC Metros. In 2000 about 14.7% of Hickory MSA workers were in other services. Approximately 30.5% of workers in the other NC Metros were employed in the industries that make up other services. In 2007 the percentage of Hickory MSA persons working in other services had grown to 18.1% while statewide the percentage of workers fell slightly to 30.0%. The discrepancy in the percentage of workers employed in other services between the Hickory MSA and other NC MSAs is caused by more finance and insurance and professional and technical service jobs being located in the other MSAs such as Raleigh, Durham, Greensboro and Charlotte, plus the Hickory MSA has a higher percentage of manufacturing jobs than the rest of the state.

Hickory MSA County Level Employment Trends

Besides looking at region as a whole, it is interesting to study Hickory MSA county level employment trends. Table 6 shows total county level employment between third quarter 2000 and third quarter 2007. Alexander County has lost 7.7% of its employment base since third quarter 2000. A net decrease of 4,843 jobs has occurred in Burke County. More than one in five jobs has been cut in Caldwell County over the past seven years. Employment in Catawba County fell from 101,913 in 2000 to 85,435 in 2003. Since 2003 Catawba County total employment has risen back to 88,558 jobs.

Table 6.
Hickory MSA County Level Employment, Third Quarter 2000 to Third Quarter 2007

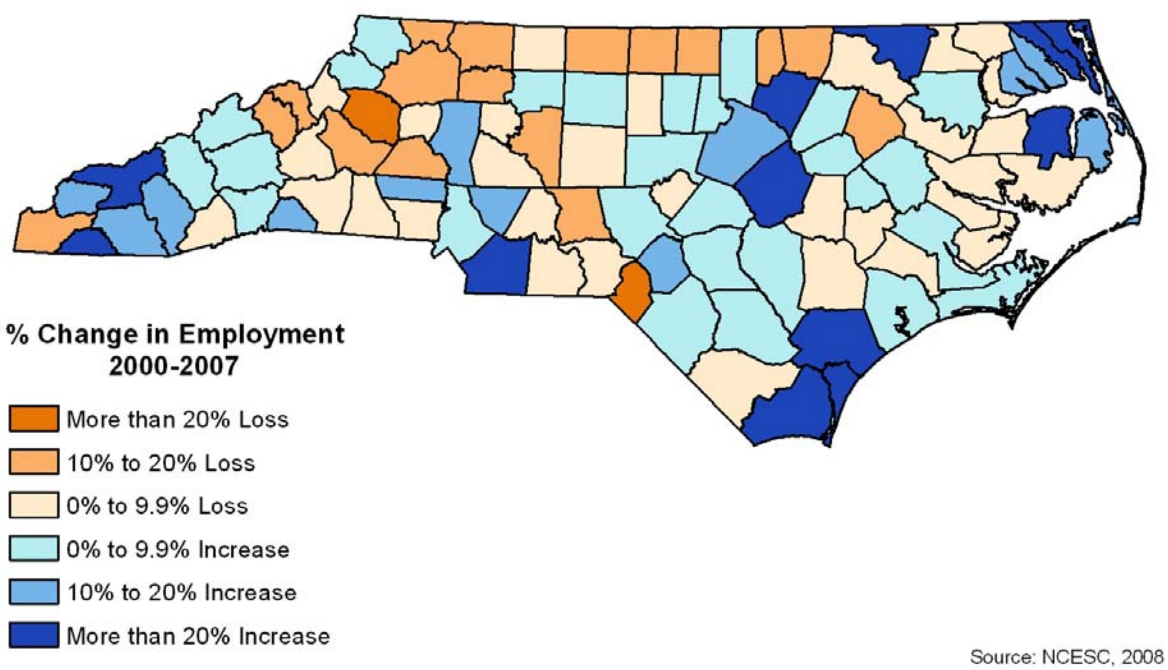
County	2000	2001	2002	2003	2004	2005	2006	2007	Change 00-07	% Chg. 00-07
Alexander	10,810	10,106	9,879	9,760	10,098	10,049	10,159	9,979	-831	-7.7
Burke	37,211	34,962	33,780	32,903	33,740	33,695	33,797	32,368	-4,843	-13.0
Caldwell	34,893	32,378	32,031	30,146	29,962	28,371	27,400	27,355	-7,538	-21.6
Catawba	101,913	96,198	89,755	85,435	86,797	85,742	87,313	88,558	-13,355	-13.1

Source: NCESC, 2008.

Data in Figure 6 confirm that Hickory Metro counties have been hit hard by significant job losses compared to other areas in North Carolina. Only Scotland County had a greater percentage decrease in jobs (23.1%) than Caldwell County (21.6%) between 2000 and 2007. Burke and Catawba are two of a small handful of counties that suffered percentage employment declines of 10% to 20% from 2000 to 2007. It would appear from the data in Figure 6 that in general counties located in the foothills of North Carolina or along the Virginia border had the greatest percentage job losses due mostly to significant manufacturing declines.

Figure 6.

Percentage Employment Change by County, 2000-2007



Hickory MSA Employment Trends

Changes in Alexander County employment by industry sector are displayed in Table 7. Alexander lost more than 25% of its manufacturing jobs between third quarter 2000 and 2007. Even with these job losses, 44.1% of Alexander's workforce is still employed by manufacturing. The biggest employment gain is in public administration, which gained 412 jobs thanks to the new State corrections facility. Educational services grew by 184 workers (29.8%) due to employment gains in the Alexander County School System and Catawba Valley Community College-Alexander Campus.

Table 7.
Change in Alexander County Employment by Sector, Third Quarter 2000-2007

Industry Sector	2000 Jobs	2007 Jobs	Change in Jobs	% Change in Jobs	% of Total Jobs 2000	% of Total Jobs 2007	Change in % of Total Jobs
Construction	379	309	-70	-18.5%	3.5%	3.1%	-0.4%
Manufacturing	5,870	4,396	-1,474	-25.1%	54.3%	44.1%	-10.2%
Trade*	997	903	-94	-9.4%	9.2%	9.0%	-0.2%
Educational Services	617	801	184	29.8%	5.7%	8.0%	2.3%
Health Care and Social Assistance	640	659	19	3.0%	5.9%	6.6%	0.7%
Accommodation and Food Services	529	620	91	17.2%	4.9%	6.2%	1.3%
Other Services**	1,115	1,262	147	13.2%	10.3%	12.6%	2.3%
Public Administration	446	858	412	92.4%	4.1%	8.6%	4.5%
Other Employment***	217	171	-46	-21.2%	2.0%	1.7%	-0.3%
Total Employment	**10,810**	**9,979**	**-831**	**-7.7%**	**100.0%**	**100.0%**	**0.0%**

* Trade includes wholesale trade and retail trade ** Other Services includes transportation and warehousing, information, finance and insurance, real estate rental and leasing, professional and technical services, management of companies and enterprises, administrative and waste services, and arts, entertainment, and recreation sectors ***Other Employment includes agriculture and forestry, mining, utilities and unclassified sectors
Source: NCESC, 2008.

Between 2000 and 2007 Burke County lost 4,660 manufacturing jobs, mostly in the furniture, textiles and apparel industries (Table 8). In 2000 37.6% of jobs in Burke County were in manufacturing; by 2007 only 28.9% of jobs were in manufacturing. The economic slowdown caused construction employment to fall 22.1% to 811 in 2007. Burke County has also suffered a large decline in trade employment. More than 1,000 jobs in wholesale/retail trade have been lost since third quarter 2000.

Table 8.
Change in Burke County Employment by Sector, Third Quarter 2000-2007

Industry Sector	2000 Jobs	2007 Jobs	Change in Jobs	% Change in Jobs	% of Total Jobs 2000	% of Total Jobs 2007	Change in % of Total Jobs
Construction	1,041	811	-230	-22.1%	2.8%	2.5%	-0.3%
Manufacturing	14,001	9,341	-4,660	-33.3%	37.6%	28.9%	-8.8%
Trade*	4,163	3,160	-1,003	-24.1%	11.2%	9.8%	-1.4%
Educational Services	2,652	2,753	101	3.8%	7.1%	8.5%	1.4%
Health Care and Social Assistance	6,711	7,206	495	7.4%	18.0%	22.3%	4.2%
Accommodation and Food Services	2,169	2,132	-37	-1.7%	5.8%	6.6%	0.8%
Other Services**	3,869	4,137	268	6.9%	10.4%	12.8%	2.4%
Public Administration	2,449	2,586	137	5.6%	6.6%	8.0%	1.4%
Other Employment***	156	242	86	55.1%	0.4%	0.7%	0.3%
Total Employment	**37,211**	**32,368**	**-4,843**	**-13.0%**	**100.0%**	**100.0%**	**0.0%**

* Trade includes wholesale trade and retail trade ** Other Services includes transportation and warehousing, information, finance and insurance, real estate rental and leasing, professional and technical services, management of companies and enterprises, administrative and waste services, and arts, entertainment, and recreation sectors ***Other Employment includes agriculture and forestry, mining, utilities and unclassified sectors
Source: NCESC, 2008.

The biggest industry employment gain in Burke County over the past seven years has been health care and social assistance. As the baby boomers in Burke continue to grow older and as more retirees migrate to the County, the need for health care services is increasing over time. In 2007 health care and social assistance jobs totaled 22.3% of all employment in Burke County. With the decline in manufacturing jobs and the increase in health care/social assistance employment likely to continue, it is possible that "health care and social assistance" will become the largest employer in Burke County over the next five to ten years.

Hickory MSA Employment Trends

Caldwell County's manufacturing workforce has declined more than 50% from 15,936 in 2000 to 7,470 in 2007 (Table 9). Much of these losses have due to job cuts in the County's furniture industry. "Other services" decreased by more than 1,000 jobs between 2000 and 2007. These losses occurred in the transportation and warehousing, professional and technical services and management sectors.

Table 9.
Change in Caldwell County Employment by Sector, Third Quarter 2000-2007

Industry Sector	2000 Jobs	2007 Jobs	Change in Jobs	% Change in Jobs	% of Total Jobs 2000	% of Total Jobs 2007	Change in % of Total Jobs
Construction	1,390	1,037	-353	-25.4%	4.0%	3.8%	-0.2%
Manufacturing	15,936	7,470	-8,466	-53.1%	45.6%	27.3%	-18.2%
Trade*	3,957	4,791	834	21.1%	11.3%	17.5%	6.2%
Educational Services	2,202	2,903	701	31.8%	6.3%	10.6%	4.3%
Health Care and Social Assistance	2,996	3,534	538	18.0%	8.6%	12.9%	4.4%
Accommodation and Food Services	1,378	1,510	132	9.6%	3.9%	5.5%	1.6%
Other Services**	5,600	4,507	-1,093	-19.5%	16.0%	16.5%	0.5%
Public Administration	1,266	1,306	40	3.2%	3.6%	4.8%	1.2%
Other Employment***	257	297	40	15.6%	0.7%	1.1%	0.4%
Total Employment	**34,982**	**27,355**	**-7,627**	**-21.8%**	**100.0%**	**100.0%**	**0.0%**

*Trade includes wholesale trade and retail trade ** Other Services includes transportation and warehousing, information, finance and insurance, real estate rental and leasing, professional and technical services, management of companies and enterprises, administrative and waste services, and arts, entertainment, and recreation sectors ***Other Employment includes agriculture and forestry, mining, utilities and unclassified sectors
Source: NCESC, 2008.

Although the "other services" sector lost employment, other industry sectors in Caldwell County experienced employment gains over the past seven years. The numbers of workers in education services increased from 2,202 to 2,903 due to gains at Caldwell Community College and Technical Institute and the Caldwell County School System. Health care and social services employment increased 18.0% while accommodation and food service employment grew 9.6% from 2000 to 2007.

Nearly 15,000 manufacturing jobs have been lost in Catawba County since third quarter 2000 (Table 10). These declines have occurred in four major areas: furniture, textiles, electrical equipment (coaxial and fiber optic cable) and apparel. Construction employment has fallen 13.4% since 2000 while trade employment has fallen 13.2%.

Table 10.
Change in Catawba County Employment by Sector, Third Quarter 2000-2007

Industry Sector	2000 Jobs	2007 Jobs	Change in Jobs	% Change in Jobs	% of Total Jobs 2000	% of Total Jobs 2007	Change in % of Total Jobs
Construction	3,625	3,138	-487	-13.4%	3.6%	3.6%	0.0%
Manufacturing	43,265	28,399	-14,866	-34.4%	42.5%	32.5%	-10.0%
Trade*	15,869	13,779	-2,090	-13.2%	15.6%	15.8%	0.2%
Educational Services	4,259	4,563	304	7.1%	4.2%	5.2%	1.0%
Health Care and Social Assistance	7,444	9,507	2,063	27.7%	7.3%	10.9%	3.6%
Accommodation and Food Services	6,571	6,586	15	0.2%	6.4%	7.5%	1.1%
Other Services**	17,057	17,537	480	2.8%	16.7%	20.1%	3.3%
Public Administration	3,176	3,149	-27	-0.9%	3.1%	3.6%	0.5%
Other Employment***	648	731	83	12.8%	0.6%	0.8%	0.2%
Total Employment	**101,914**	**87,389**	**-14,525**	**-14.3%**	**100.0%**	**100.0%**	**0.0%**

*Trade includes wholesale trade and retail trade ** Other Services includes transportation and warehousing, information, finance and insurance, real estate rental and leasing, professional and technical services, management of companies and enterprises, administrative and waste services, and arts, entertainment, and recreation sectors ***Other Employment includes agriculture and forestry, mining, utilities and unclassified sectors
Source: NCESC, 2008.

The biggest job increases in Catawba County between third quarter 2000 and third quarter 2007 has been in health care/social assistance. Employment is this sector grew 27.7% from 7,444 to 9,507. Growth in this sector has been driven by a number of factors including the aging of baby boomer residents in Catawba and the rest of the region, the migration of older working adults and retirees into the Hickory Metro and growth at

Hickory MSA Employment Trends

Catawba Valley and Frye Regional Medical Centers. Other industry sectors including accommodation and food services and pubic administration have shown little net change in employment since 2000.

Recent Employment Trends, Third Quarter 2006 to Third Quarter 2007

Analyzing long term employment trends gives a sense of how the Hickory MSA economy is changing over time. It is also important, however, to study short term employment patterns over the past 12 months. Figure 7 shows the largest employment decreases by sector between third quarter 2006 and third quarter 2007. The furniture sector has lost 1,525 jobs over the past twelve months. Many of these declines have occurred in Burke and Caldwell counties. The apparel industry has also experienced significant layoffs since third quarter 2006. More than 800 apparel jobs in the region have been cut over the past year.

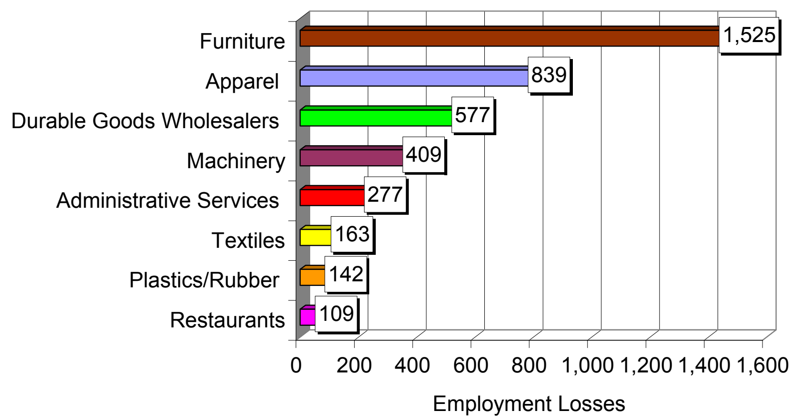
Several service sectors have also suffered job losses. Durable goods-wholesales jobs have been declining due to weakening economic conditions and the drop in furniture production in the area. Administrative and support services have fallen by 277 jobs between 2006 and 2007. Restaurant employment has also been falling due to the region's economic situation.

The largest employment growth over the last 12 months has been in education services as more opportunities for higher education become available in the region (Figure 8). Another sector which has grown substantially (471 jobs) is social assistance, which includes counseling and child day care services. General merchandise store employment increased by 321 workers between third quarter 2006 and 2007 as Wal-Mart expands in the region.

While overall manufacturing continues to suffer from job losses, several individual manufacturing sectors have been gaining employment over the past year. Two of these sectors: primary metals and electrical equipment manufacturing reflect gains at copper and fiber optic wire manufacturers that lost thousands of jobs between 2000 and 2006.

Figure 7.

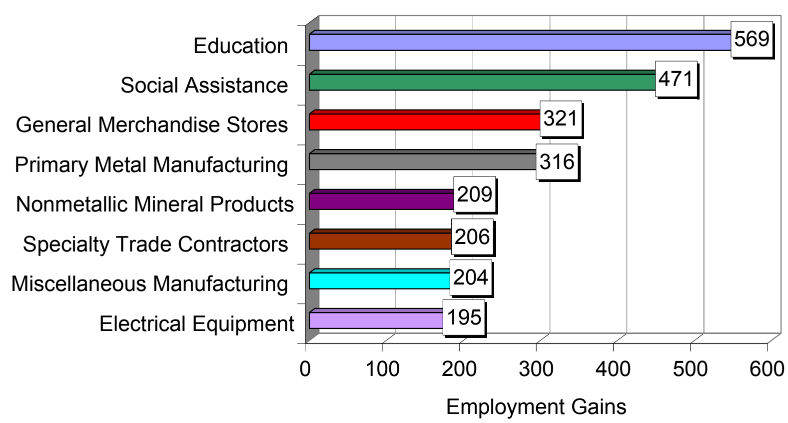
Largest Hickory MSA Jobs Losses, 2006-2007



Source: NCESC, 2008.

Figure 8.

Largest Hickory MSA Job Gains, 2006-2007



Source: NCESC, 2008.

Summary

North Carolina Employment Security Commission data clearly indicates that the Hickory MSA has been one of the hardest hit areas in terms of job loss, particularly in manufacturing since 2000. The data also shows that while some service sector growth has occurred in the Hickory Metro since 2000, other NC MSAs appear to be growing service jobs at a faster rate than the Hickory MSA. Industry sectors that are currently gaining employment in the Hickory Metro include education, social assistance and general merchandise stores.

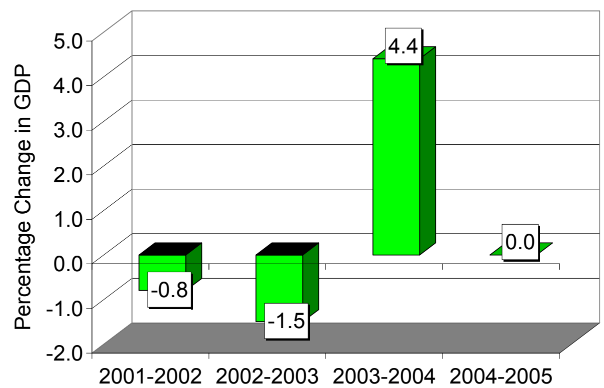
Hickory MSA Gross Domestic Product

Gross Domestic Product or GDP is used by economists to determine the economic vitality of a region. A "positive" GDP means that an area is experiencing economic expansion while a negative GDP means that a local economy is shrinking or in "recession." Until recently GDP data was only available for the nation and for states. In September 2007 the Bureau of Economic Analysis (BEA) released its first ever GDP data by metropolitan statistical area. Currently BEA has GDP estimates for MSAs from 2001 to 2005. In fall 2008 BEA hopes to have GDP data for 2006 and 2007.

BEA defines GDP by metropolitan area as "the measure of the market value of final goods and services produced within a metropolitan area over a particular period of time." Metropolitan GDP is BEA's preferred and most comprehensive measure of economic activity in a particular region. Figure 9 shows change in Hickory MSA GDP from 2001 to 2005, the most recent year of data currently available from BEA. Between 2001 and 2002 GDP fell by 0.8% and the Hickory MSA GDP declined by 1.5% between 2002 and 2003. The data thus shows that between 2001 and 2003 the Hickory MSA economy was shrinking and thus was in recession. The GDP data also corresponds with the job losses that the region suffered between 2001 and 2003 (see the *EIN Spotlight* for more details).

Figure 9.

Hickory MSA % Change in GDP, 2001-2005



Source: BEA, 2008.

Data in Figure 9 also shows that the Hickory MSA experienced an economic recovery between 2003 and 2004 as GDP rose a healthy 4.4%. GDP remained unchanged between 2004 and 2005. The Hickory MSA ranked 327 (ranking of 1 equals best GDP growth) out of 363 MSAs in terms of GDP percentage growth in 2005.

Table 11 includes gross domestic product estimates for each NC MSA and the percentage change in GDP from 2001 to 2005. In 2005 gross domestic products ranged from $2.9 billion in Goldsboro to $39.7 billion in Raleigh-Cary. When adjusted for inflation, the Hickory MSA's GDP has increased by only $206 million between 2001 and 2005. Only the Burlington MSA experienced a slower percentage increase in GDP (1.5%) than the Hickory MSA (2.0%). The Charlotte MSA had the greatest percentage increase in GDP (19.5%) from 2001 to 2005 among the State's 14 MSAs.

Table 11.
NCMSA Gross Domestic Product (Adjusted for Inflation), 2001-2005

	GDP ($Millions adjusted for inflation)					Percent Change				
NCMSA	2001	2002	2003	2004	2005	2001 - 2002	2002 - 2003	2003 - 2004	2004 - 2005	2004 - 2005 Rank
Asheville	9,615	9,781	10,031	10,408	10,789	1.7	2.6	3.8	3.7	128
Burlington	3,645	3,755	3,606	3,656	3,701	3.0	-4.0	1.4	1.2	264
Charlotte	80,839	86,519	87,082	91,010	96,587	7.0	0.7	4.5	6.1	46
Durham	20,762	22,042	22,905	22,949	24,283	6.2	3.9	0.2	5.8	54
Fayetteville	9,613	9,733	9,963	10,208	10,761	1.2	2.4	2.5	5.4	65
Goldsboro	2,855	2,830	2,795	2,931	2,926	-0.9	-1.2	4.9	-0.2	331
Greensboro	26,666	26,358	26,490	26,539	27,368	-1.2	0.5	0.2	3.1	153
Greenville	4,160	4,223	4,232	4,225	4,415	1.5	0.2	-0.2	4.5	93
Hickory	**10,336**	**10,255**	**10,098**	**10,540**	**10,542**	**-0.8**	**-1.5**	**4.4**	**0.0**	**327**
Jacksonville	3,876	3,587	3,688	4,002	4,242	-7.5	2.8	8.5	6.0	50
Raleigh	36,141	36,158	36,595	37,729	39,690	0.0	1.2	3.1	5.2	69
Rocky Mount	4,756	4,803	4,815	4,918	4,997	1.0	0.2	2.1	1.6	248
Wilmington	9,453	9,188	9,378	9,799	10,491	-2.8	2.1	4.5	7.1	25
Winston-Salem	18,563	17,855	18,222	18,732	19,153	-3.8	2.1	2.8	2.2	211

Source: BEA, 2008.

Results in Table 12 clearly show why the Hickory MSA's Gross Domestic Product growth is lagging behind other metro areas in the State. Manufacturing GDP in the Hickory Metro, when adjusted for inflation, has fallen from $4.16 billion in 2001 to $3.98 billion in 2005. GDP in the construction sector fell by $79 million between 2001 and 2005.

Table 12.
Hickory MSA GDP by Industry Sector (Adjusted for Inflation $Millions), 2001-2005

Industry	2001	2002	2003	2004	2005	Change	% Change
Agriculture	126	92	92	104	108	-18	-14.3%
Construction	372	326	287	281	293	-79	-21.2%
Manufacturing	4,156	3,979	3,831	4,110	3,978	-178	-4.3%
Transportation and Utilities	503	514	545	570	600	97	19.3%
Wholesale Trade	576	567	578	607	602	26	4.5%
Retail Trade	714	740	782	787	815	101	14.1%
Information	86	82	86	98	113	27	31.4%
Finance and Insurance	392	398	347	351	345	-47	-12.0%
Education and Health Care	670	690	721	733	755	85	12.7%
Professional and Business Services	490	610	594	631	640	150	30.6%
Entertainment	57	40	42	44	43	-14	-24.6%
Accommodation	30	25	25	22	22	-8	-26.7%
Food Service	194	175	179	184	181	-13	-6.7%
Government	971	945	936	961	965	-6	-0.6%
Other Industry	999	1,072	1,053	1,057	1,082	83	8.3%
Total	**10,336**	**10,255**	**10,098**	**10,540**	**10,542**	**206**	**2.0%**

Source: BEA, 2008.

The biggest growth in Hickory MSA GDP has been in professional and business services, which has increased by $150 million since 2001. This sector includes a variety of professions including management, administrative services, business support services, legal services, computer services and veterinary services. GDP in retail trade increased from $714 million in 2001 to $815 million in 2005. Education and health care GDP grew 12.7% ($85 million) between 2001 and 2005.

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Future EIN Topics:

- **Hickory-Morganton-Lenoir MSA Wage Trends**
- **Hickory-Morganton-Lenoir MSA Housing Trends**
- **Hickory-Morganton-Lenoir MSA 2007 American Community Survey (ACS) Results**