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Experts: N.C. to do well in 2007 But economy looks even brighter in '08

Raleigh | The North Carolina economy will get off to a slow start in 2007 but should be cooking by this time next year, economists announced during the N.C. Bankers Association annual forecasting forum Tuesday.

The economy in Southeastern North Carolina, even with a real estate slowdown, should sizzle in 2007, growing at twice the rate of the state as a whole.

The state economy should grow about 2.7 percent this year, which is a little faster than the United States as a whole for the year but less than the 3.1 percent growth seen in 2006, said Harry Davis, economist for the bankers association and an Appalachian State University professor.

The economy should pick up steam throughout the year, he said, raising the possibility for major growth in 2008.

The gross domestic product of the entire country, which includes all goods and services produced by its workers, should grow by 2 percent in the first three months of this year and be at 3 percent a year from now.

The rate of growth is a broad indicator of economic health. A growing economy means more opportunity for business owners and consumers and more jobs for workers.

Last year saw solid growth, Davis said, but high energy prices, declines in manufacturing and a decline in the real estate boom were combining to make growth slower, he said.

Even so, the declines won't be that bad.

"We're in for a soft landing," Davis said.

The analysis makes sense, said Windell Daniels, president of Wilmington-based United National Tours.

"Business is good," said Daniels, who said he plans to buy new buses and hire more drivers this year. "People are moving into Wilmington as fast as they can, and growth this year will be good." North Carolina is still rated as one of the fastest-growing states in the country and, with its climate, available land and attractiveness to newcomers, is expected to be for some time.

Knight Kiplinger, editor in chief of the influential *Kiplinger Letter*, said 30 percent of all growth in the country until 2030 will occur in just 11 states - a group that includes North Carolina.

The state should add "at least 71,000 new jobs" in 2007, Davis said. As of November, North Carolina's economy generated 120,000 jobs in 2006.

Davis and Kiplinger made presentations as part of a forum attended by more than 1,000 business leaders Tuesday in Research Triangle Park.

Woody Hall, an economist and professor at the University of North Carolina Wilmington, attended the forum and said afterward that he felt Davis' projections may be a bit too optimistic.

"He's more bullish than most," said Hall, who has studied the Southeastern North Carolina economy for decades.

He said he expects the downturn in manufacturing to be a greater drag on growth in 2007 that Davis projected.

Even so, Hall's own forecast for the economy in New Hanover, Pender and Brunswick counties is robust.

The continuing influx of new residents will give the three-county region a growth rate of about 8 percent in 2007, Hall said.

But like Davis, Hall said he expected the state and national economies to get off to a slow start this year and then accelerate.

"There will be a rebound in 2008," Hall said.
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