

UNIVERSITY OF NORTH CAROLINA WILMINGTON

News and Events

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UNCW Economist Predicts Strong Growth for Local Economy

Wilmington, NC - Following growth of eight percent during the first half of 2006 and likely growth of nine percent for the entire year, the local economy of Brunswick, New Hanover, and Pender counties is forecasted to expand by approximately eight percent over 2007, predicted William W. Hall, Jr., senior economist with the Center for Business and Economics Services at the UNCW Cameron School of Business.

During a presentation at the third annual Economic Outlook Conference held on the UNCW campus Oct. 10, Hall attributed the robust economic growth to several factors, most noticeably continued strong growth in the retail and professional services sectors. Working with the now semi-retired Claude Farrell, Hall has tracked the economy of Southeastern North Carolina for more than 20 years as part of his work with the center.

Reviewing the most current 2006 data, Hall noted that local economic growth during the first quarter of the year was very strong. Growth is forecast to be equally strong during the third quarter of the year. Fourth quarter 2006 growth, though not as robust as third quarter growth, will likely be double that of fourth quarter 2005 growth.

The retail trade sector of the local economy continues to perform well. For the year ending May 2006, retail sales tax collections were up by almost 12 percent. First quarter 2006 collections were at the highest quarterly total since data were first collected in 2000. The professional services sector -- health care, education, and business services -- shows substantial employment gains, and, when combined with the retail sector, accounts for three out of four jobs in the three-county area.

Despite relatively high gasoline prices, the tourism sector continues to show strength. Hall stated that collections from the first three-percent room occupancy tax levied in New Hanover County grew an average of more than six percent per year over the period 2002-2005. For the year ending July 2006, these collections were up by more than nine percent.

Hall noted that residential construction in New Hanover County has slowed substantially. In sharp contrast, nonresidential construction has surged in the county. For the year ending August 2006, residential permits are down almost 27 percent, but nonresidential permits are up nine percent. Hall observed that residential activity peaked during first quarter 2006, and, based upon historical patterns, it could take up to two years before inventory adjustments work themselves out. His major hedge is that no major tropical event or terrorism act occur next year.

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