

Area economy still growing, but at slower pace

UNCW economist predicts 5 percent growth for 2007, 4.5 percent for 2008

BY SARAH BON

The Wilmington region is expected to grow next year at double the rate of North Carolina and the entire United States, yet the predicted 4.5 percent growth rate is a slowdown from recent years.

“We’re still moving forward,” said Dr. William “Woody” Hall Jr., senior economist at the University of North Carolina Wilmington’s Cameron School of Business. “We’re just going forward less rapidly.”

Hall unveiled his 2008 forecast at the school’s fourth annual Economic Outlook Conference last month and noted that his 2007 forecast of 8 percent growth likely will fall short. Instead, he expects the economy to grow 5 percent this year.

Dr. Ravija Badarinathi, a professor of statistics in the university’s Department of Information Systems and Operations Management, collaborated with Hall on the annual forecast. The one caveat to the prediction is that no major tropical event or terrorism event occurs.

Economic growth in the three-county region started dipping in the fourth quarter of 2006 and continued to slow through the first quarter of 2007, Hall said. Part of the slowdown is due to a decrease in building activity in late 2006. New construction continues to be behind the record levels

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of previous years.

Nationally, construction analysts forecast the downturn in housing will reach its low point no earlier than the third quarter of 2008. Recent figures suggest that local new residential construction – measured by single-family building permit data – may already be testing a cyclical low, Hall said.

While growth is slowing, job creation is increasing, with more than 9,600 jobs added since July 2006 – a 6 percent jump. Of those jobs, 6,500 were added since the beginning of 2007 – a 4 percent increase.

The 4 percent July 2007 seasonally adjusted unemployment rate for the three-county area virtually was unchanged compared to the same month last year at 3.9 percent. For July 2007, New Hanover County weighed in with the lowest unemployment rate at 3.6 percent, followed by Pender County at 4.4 percent and then Brunswick County at 4.7 percent.

The region’s unemployment rate fared better than the state – 4.9 percent – and the nation – 4.6 percent.

