

The Carolinas Economies' Growth to Moderate in 2024

The Carolinas economies are forecasted to grow by 2.6% in 2024, somewhat below 2023's growth of 3.0%, but above Comerica's forecast for the national economy. Following solid growth in 2023, employment growth in the Carolinas is expected to moderate, with the unemployment rate anticipated to tick higher in the financial services sector, a pillar industry in the region. The unemployment rate is forecast to rise to 3.8%, a notch below Comerica's 2024 national unemployment rate projection. Moderate employment growth and the higher unemployment rate are expected to weigh on total personal income growth, which is set to modestly outpace inflation.

The Carolinas were big beneficiaries of interstate migration trends that swept the nation in the early years of the pandemic. Despite fewer job opportunities than in 2021 or early 2022, the region's mild weather, low cost of living, and lower taxes than much of the Northeast are positives for the Carolinas, helping population growth to register around the same pace this year as in 2023.

As with the rest of the country, sharp increases in house prices and high mortgage rates have strained housing affordability and weighed on housing sales and construction activity. Residential construction is expected to rise at a more modest pace of 1.6% in 2024, led by single-family construction. Rental vacancy rates are elevated, especially in South Carolina. As a result, multi-family construction is projected to ease this year. Like much of the country, demand for housing exceeds supply in the Carolinas, fueling sharp price gains last year. House price increases are set to moderate this year, but remain solid in historical comparison. Slower growth of employment and personal income growth next year, along with more listings of new homes, are forecast to slow house price increases further.

Carolinas Economic Outlook											
	1Q'24p	2Q'24f	3Q'24f	4Q'24f	1Q'25f	2Q'25f	3Q'25f	4Q'25f	2023a	2024f	2025f
State Output											
Real GDP (Chained 2017 Billions \$)	903	906	910	915	918	923	927	933	886	908	925
Percent Change Annualized	1.9	1.6	1.6	2.2	1.5	2.1	1.8	2.7	3.0	2.6	1.9
Labor and Demographics											
Payroll Jobs (Millions)	7.3	7.4	7.4	7.4	7.4	7.5	7.5	7.5	7.2	7.4	7.5
Percent Change Annualized	2.0	1.6	1.3	1.5	1.5	1.3	1.6	1.6	2.7	1.7	1.5
Unemployment Rate (Percent)	3.6	3.7	3.9	3.9	3.9	4.1	4.1	4.1	3.3	3.8	4.0
Population (Millions)	16.3	16.4	16.4	16.5	16.5	16.6	16.6	16.7	16.2	16.4	16.6
Percent Change Annualized	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.3	1.1	1.1
Personal Income											
Total Personal Income (Nominal Billions \$)	987	996	1,004	1,013	1,028	1,034	1,044	1,056	957	1,000	1,040
Percent Change Annualized	6.2	3.5	3.5	3.4	6.0	2.6	3.7	4.8	5.7	4.5	4.0
Housing											
Housing Starts (Thousands, Annual Rate)	136.0	137.2	138.7	139.5	140.2	141.6	143.5	145.3	135.7	137.9	142.7
Percent Change Annualized	-6.1	3.4	4.5	2.3	2.1	3.9	5.6	5.1	3.9	1.6	3.5
Single-Family Housing Starts (1,000s Units, Annual Rate)	111.3	112.4	113.7	114.4	115.0	116.1	117.7	119.5	107.0	113.0	117.1
Multi-Family Housing Starts (1,000s Units, Annual Rate)	24.7	24.8	25.0	25.1	25.2	25.5	25.8	25.9	28.7	24.9	25.6
House Price Index, FHFA (1991 Q1=100, SA)	436	437	441	446	457	456	458	462	410	440	458
Year/Year Percent Change	9.2	7.8	6.5	5.5	4.9	4.2	3.8	3.5	7.8	7.2	4.1
a = actual p=provisional f = forecast											

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