

# REGIONAL ECONOMIC SNAPSHOT

UPDATED AS OF JANUARY 2025

**EMPOWERING  
AMERICAN CITIES**



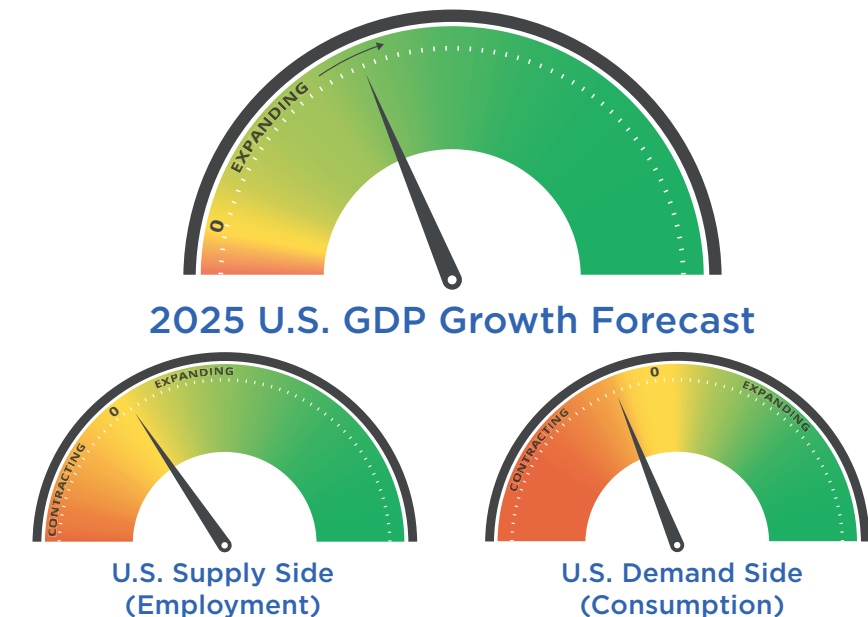
FIFTH THIRD / UNC KENAN INSTITUTE

**In our base-case scenario, we expect slowing, middling growth in 2025, as interest rates and inflation remain elevated and federal policies drag on the national economy.**

The U.S. economy showed resilience in 2024, growing at essentially the same pace as the previous year, outperforming our expectations. We expect job creation and consumer spending to slow in 2025 yet remain strong enough to power the economy through policy-induced turbulence and other economic headwinds, which could entail inflationary conditions and a persistently tight housing market.

Uncertainty is high regarding policies that could take effect, including on interest rates, tariffs, immigration, regulation and taxation. Our base-case scenario incorporates a moderate version of these policies, finding that these changes would slightly rein in growth compared with a “no new policy” scenario.

All the 150 Extended Metropolitan Areas (EMAs) that we track in the United States are expected to see slower rates of growth than in the previous year. Despite weaker growth, the data indicate that every one of these microeconomies will expand in 2025, yet some will fare better than others. Areas with a large manufacturing base and those that have benefited



The color spectrum indicates a distribution that ranges from negative (red) to positive (green), with zero set to yellow. The barometers reflect each indicator's historical distribution.

from strong housing will be among the hardest hit, as elevated interest rates continue to take a toll on interest-sensitive sectors.

On the supply side, job creation is expected to slow meaningfully. Some sectors, notably Manufacturing, will experience job loss, while Education and Health will continue its expansion, albeit at a somewhat slower pace. The employment slowdown will weigh on wage growth, which should lessen price pressures. Stringent immigration policies, new tariffs and a lack of housing, however, would counter deflationary trends, keeping inflation above target throughout the year.

On the demand side, elevated interest rates, above-target inflation and slow-

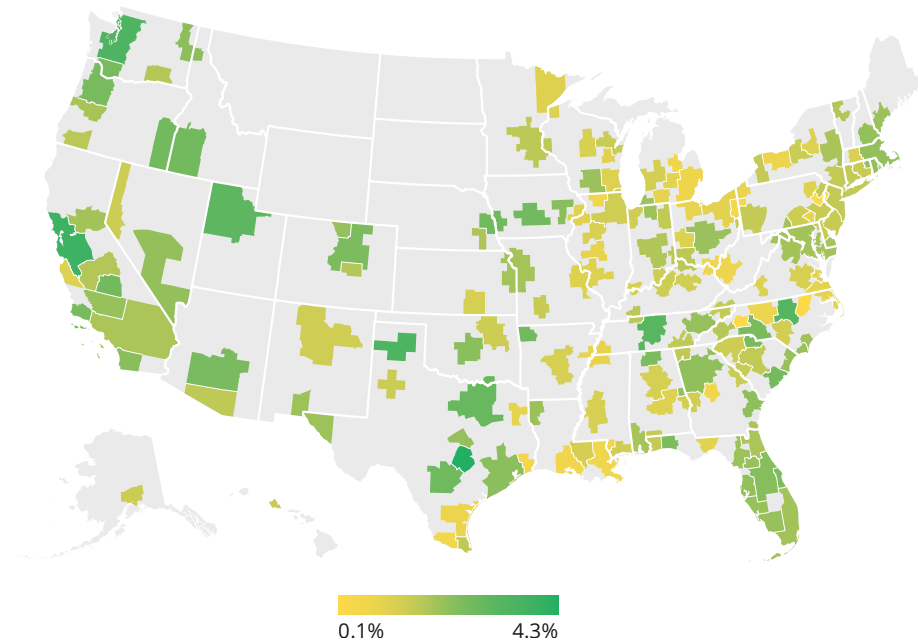
ing job and wage growth will dampen but not swamp consumer spending. Meanwhile, sluggish housing activity will worsen shortages in many areas, keeping home prices aloft. Household and business balance sheets remain healthy in aggregate, yet a growing minority of consumers exhibit signs of financial stress.

Heightened policy uncertainty means more risk and more potential outcomes; some policies may boost consumer and business sentiment – and thus spending and investment – in the near term. Both our base case (with new policies) and alternative scenarios (without them) project a “soft landing” – the base case reflects a less desirable path, yet it is still a largely benign outlook for 2025.

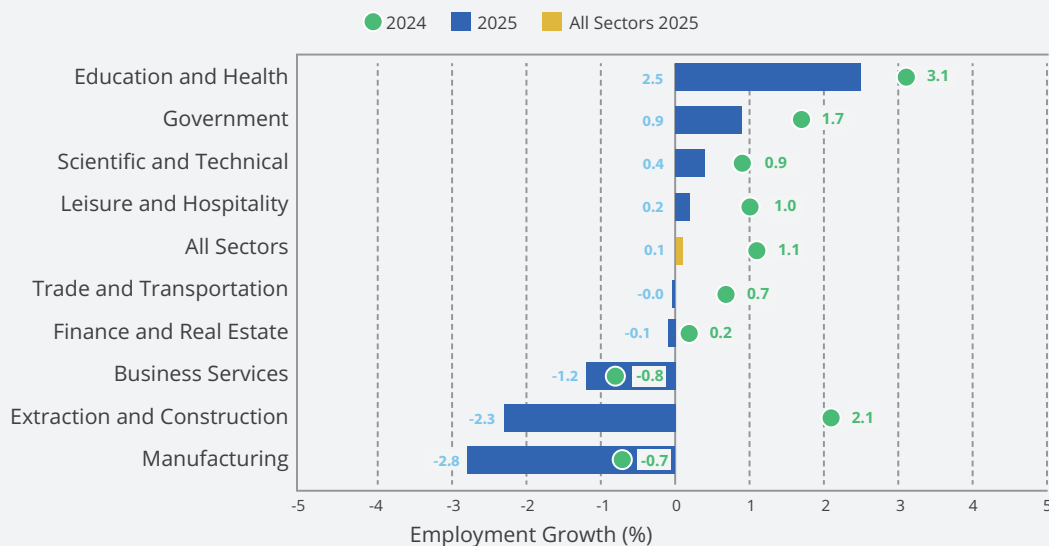
Data sources from the Census, Bureau of Labor Statistics and Bureau of Economic Analysis and estimates from the Kenan Institute and Fifth Third Bank. The range of the national barometers is based on historical performance of U.S. measures since 1990. For more information, visit [kenaninstitute.unc.edu/american-growth-project](https://kenaninstitute.unc.edu/american-growth-project).

## EMA Economic Performance 2025 Growth Forecast

The map illustrates the divergence in economic growth among EMAs. All our EMAs are expected to grow in 2025 but at a slower pace; many will experience solid growth while some will barely grow. The areas experiencing the fastest recent growth – often beneficiaries of innovation and migration – are likely to continue to outpace the rest of the country. Many of these EMAs have built up reserves of capital in the form of skilled labor, technological infrastructure and other investments, which will limit the downturn in demand. Meanwhile, cities that rely on sectors expected to be most affected by the slowdown, such as Manufacturing, will underperform. Areas where labor constraints and housing trends are centrally important to the economy will be hampered by stubbornly elevated home prices and interest rates.



## U.S. Employment Growth by Sector 2025 vs. 2024



■ The pace of hiring in 2025 is expected to slow meaningfully across the U.S. in all major sectors, with employment contracting in several sectors and net job growth of only 0.1% for the year.

■ The Extraction and Construction sector is expected to experience the biggest slowdown, swinging from healthy growth to contraction as high interest rates and potential labor shortages drag on construction.

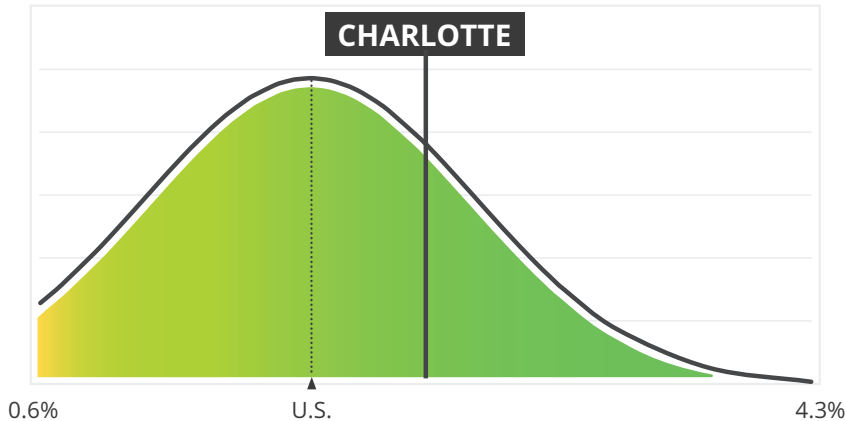
■ We expect continued slowing in Leisure and Hospitality, as pent-up demand from the pandemic years levels off and job growth flattens.

# CHARLOTTE REGION

## Extended Metropolitan Area\*

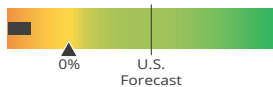
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2025 GDP Growth  
Distribution of 50 Largest EMAs



- The Charlotte economy is projected to experience solid growth in overall economic activity in 2025.
- Compared with the 50 largest EMAs by population, Charlotte ranks 11th, with projected growth above the national average.

### Supply Side (Employment)

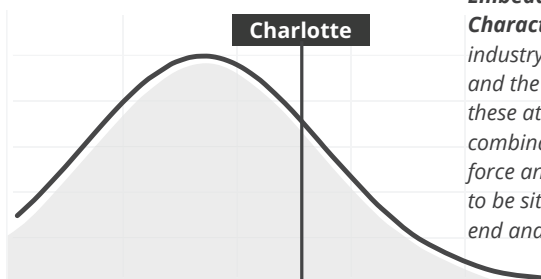


### Demand Side (Consumption)



- The Charlotte EMA has weak supply-side characteristics, with modest expected job losses, and soft overall demand, as reflected in sluggish housing activity.

### Embedded Local Growth Characteristics



**Embedded Local Growth Characteristics** refers to an EMA's industry and demographic makeup and the potential economic growth that these attributes generate. EMAs with a combination of a highly skilled workforce and productive industry mix tend to be situated at the distribution's high end and generate faster growth.

- Relative to other EMAs, Charlotte's sectoral mix (illustrated on Page 4) is weighted toward industries that create high output per worker and its demographic composition is favorable for future growth.

### Key Takeaways

- 1 The U.S. economy's projected slowdown in 2024 poses challenges for the Charlotte Region, and yet the area's advanced industry mix make it a regional beacon of sustained growth.
- 2 Uncertainty regarding interest rates and other federal policy will hamper growth, particularly in the Finance and Real Estate sector, which is Charlotte's largest and most productive sector measured by output.
- 3 New housing permits declined in 2024, indicating softening consumer demand and elevated housing costs in the year ahead.

### Outlook



The Charlotte metro region is consistently recognized as one of the top places to live and work in the United States. Nestled between two top-10 US states for business, Charlotte also boasts a top-10 connected international airport and is in close proximity to three major ports. Low cost of business, great infrastructure, a growing and talented labor force as well as a highly successful and diverse mix of business all combine to make the Charlotte region one of the country's best choices to own and operate a business. Fifth Third is proud to partner with business and community leaders throughout the region to make this area a great place to call home.

Lee Fite,  
Regional President,  
Carolinas

\* Counties included in analysis: North Carolina: Anson, Cabarrus, Cleveland, Gaston, Iredell, Lincoln, Mecklenburg, Rowan, Stanly and Union; South Carolina: Chester, Lancaster and York

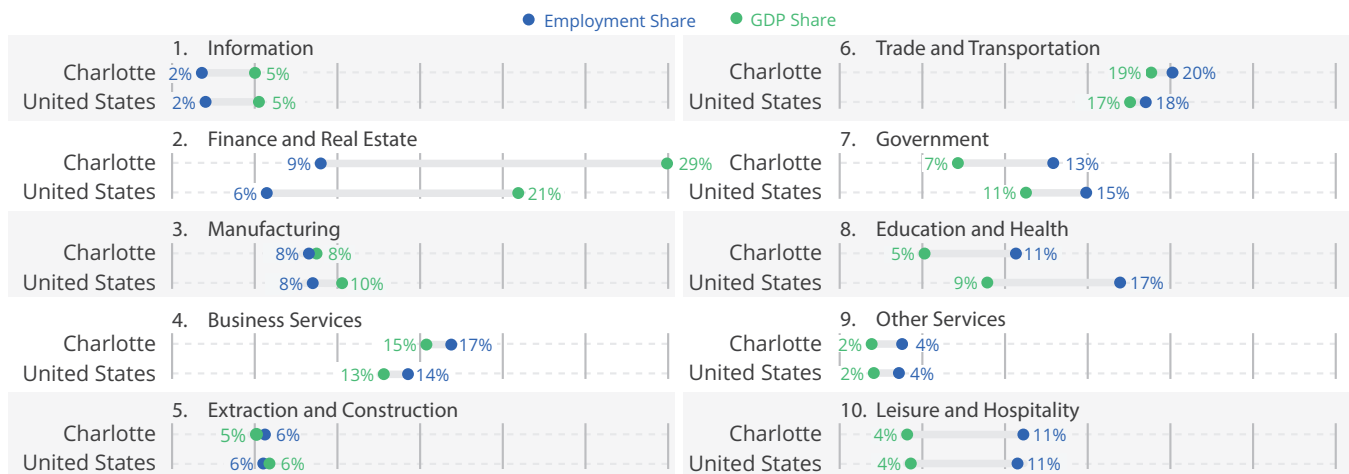
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## Challenges and Opportunities

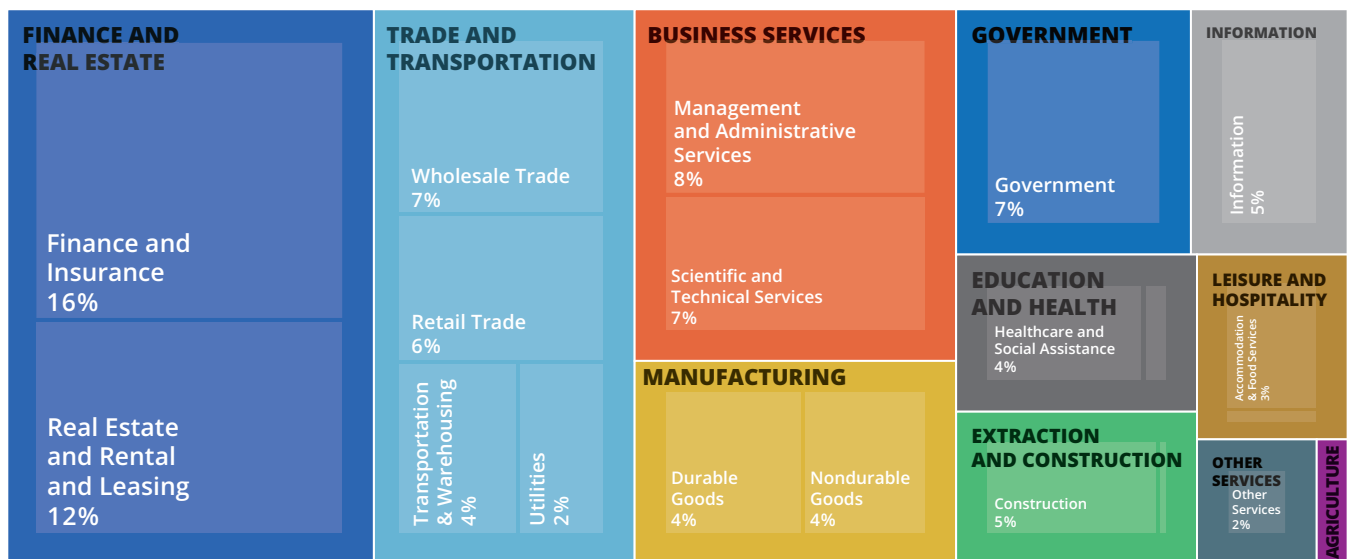
- **Challenge:** Labor is a key challenge in the region, as matching worker abilities with dynamic industry demands is a constant need, and developing a skilled young workforce is a perennial issue.
- **Opportunity:** There is great potential for partnerships with the Charlotte Region's universities, community colleges and civic organizations to enact worker training programs that would develop a homegrown workforce to match the area's mature mix of industries.
- **Challenge:** Charlotte's Information sector accounts for only 2% of its workforce and should be targeted for expansion, as it is an especially productive industry and a sector primed for growth this century.
- **Opportunity:** With its established industries – particularly in the Finance and Real Estate and Manufacturing sectors – and excellent transit infrastructure to leverage, Charlotte is well prepared to grow its Information industry.

## How Productive Are Charlotte's Industries?

### Sector Employment and GDP Shares Ranked by U.S. Labor Productivity



## Charlotte Sector GDP Share



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