

# REGIONAL ECONOMIC SNAPSHOT

**EMPOWERING  
AMERICAN CITIES**

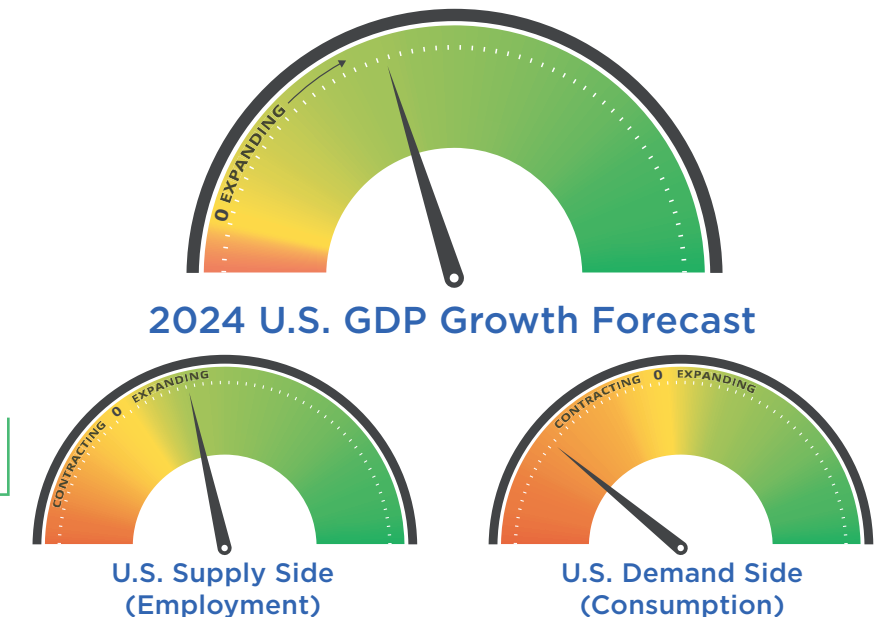


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In our base-case scenario, we expect solid but slowing growth in 2024 with a mild recession starting late in the year, as Federal Reserve rate hikes continue to ripple through financial conditions and pricing pressures cool the national economy.

Most of the microeconomies in the United States are expected to see somewhat slower rates of growth than in the previous year, which is reflected in our projections for Extended Metropolitan Areas. Despite weaker growth, the data indicate that nearly every one of the 150 largest EMAs in the U.S. will expand in 2024. While we expect recessionary conditions by the end of the year, varied economic fortunes indicate the slowdown will be experienced unevenly. Cities with a large manufacturing base as well as those that have benefited from the recent housing boom are expected to be among the hardest hit as high interest rates take their toll on interest-sensitive spending sectors.

On the supply side of the U.S. economy, job creation is expected to slow. Some sectors, most notably Manufacturing, will experience job loss, while Education and Health will continue their upward trajectory, al-



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.

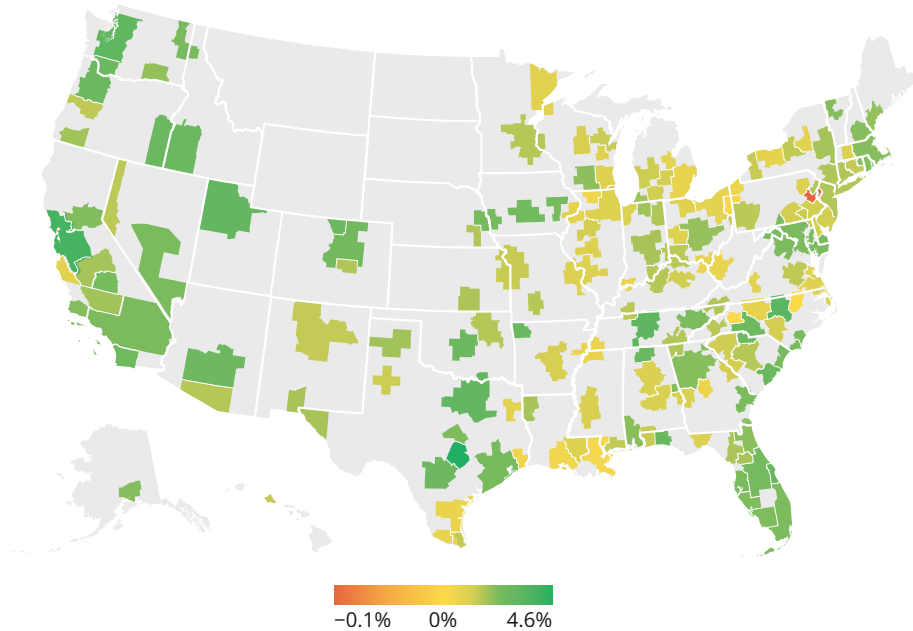
beit at a somewhat slower pace. The employment slowdown will continue to weigh on overall wage growth, ultimately lessening price pressures, although inflation is likely to remain somewhat above target during the next 12 months.

On the demand side, high interest rates, elevated inflation, and slowing job and wage growth will dampen consumer spending. Housing shortages have kept home prices aloft, and the combination of high interest rates and home prices are undercutting home affordability and housing activity. Mitigating factors, however, should limit the damage. Modest overall job gains – with significant variation across sectors and EMAs – imply that most households will re-

tain spending power. While unprecedented levels of savings have been drawn down, household and business balance sheets remain healthy in aggregate, but a significant and growing minority of consumers are exhibiting signs of financial stress.

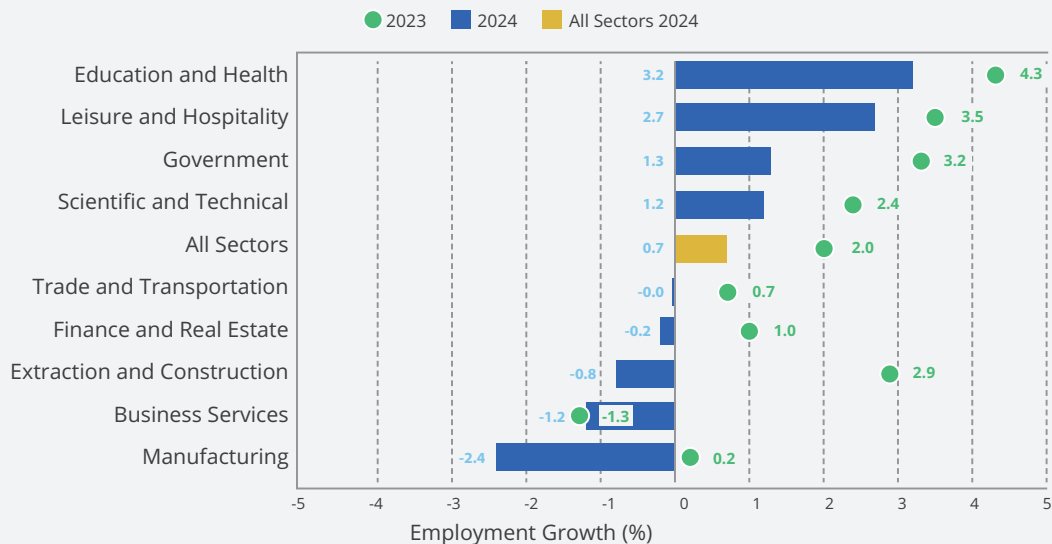
All of these and other factors are expected to yield a mild and short-lived downturn for the U.S. beginning in Q4, which will likely increase disparities in growth dynamics across EMAs. In addition to our base case of a slowdown turning into recessionary conditions, there is a significant, yet less likely, “soft landing” scenario in which the economy continues to power through headwinds with U.S. consumers fueling a solid expansion.

## EMA Economic Performance 2024 Growth Forecast



The map illustrates the divergence in economic growth among EMAs. All but one of our EMAs are anticipated to grow in 2024, many will experience solid growth, and the one microeconomy projected to contract will do so by only the slightest margin. The areas experiencing the fastest recent growth – often beneficiaries of innovation and migration – are likely to continue to outpace the rest of the country. 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 and eventual recession, such as Manufacturing, will underperform. Areas where labor constraints and housing trends are centrally important to the economy will likely be hampered by stubbornly elevated home prices and interest rates.

## U.S. Employment Growth by Sector 2024 vs. 2023



■ The pace of hiring in 2024 is expected to slow across the U.S. in all major sectors, with employment contracting in several sectors and net job growth of only 0.7% for the year.

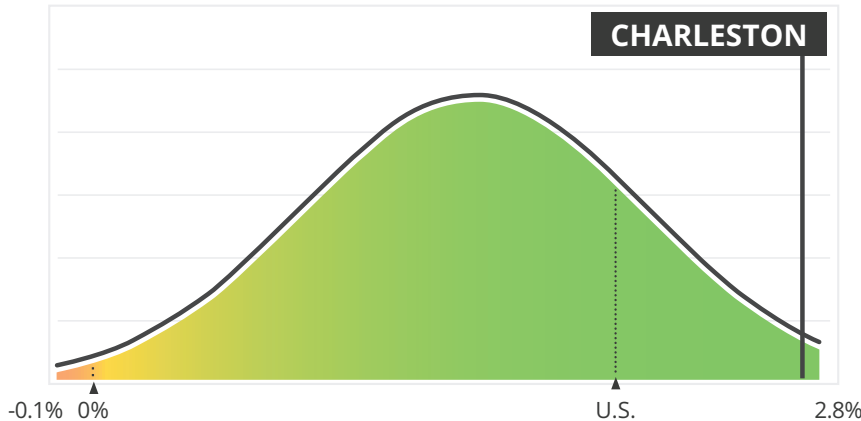
■ The Extraction and Construction sector is expected to experience the biggest slowdown, swinging from healthy growth to contraction as high interest rates create drag on construction in particular.

■ We expect a modest slowdown in Leisure and Hospitality, though there is higher-than-usual uncertainty in this prediction because of pent-up demand from the pandemic years.

# GREATER CHARLESTON

Extended Metropolitan Area\*

**2024 GDP Growth**  
Distribution of 100 Midsize EMAs

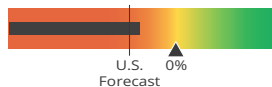


- Greater Charleston is projected to experience healthy growth in overall economic activity in 2024.
- Compared with other midsize EMAs, Charleston is among the top 10 performers, with projected GDP growth above the U.S. average, owing to its strong structural growth characteristics.

## Supply Side (Employment)

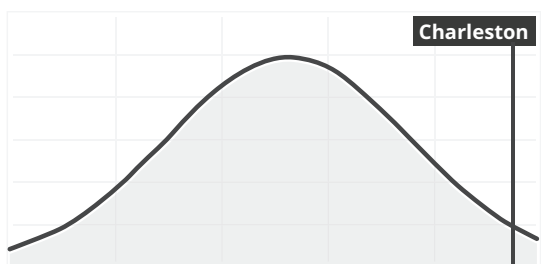


## Demand Side (Consumption)



- The Charleston EMA has moderate supply-side characteristics, with middling expected job creation, and soft overall demand, as reflected in sluggish housing activity.

## Embedded Local Growth Characteristics



### Embedded Local Growth

**Characteristics** refers to the 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.

- Charleston's sectoral mix (illustrated on Page 4), demographic balance and migration patterns indicate a strong potential growth engine.

## Key Takeaways

- The U.S. economy's projected slowdown in 2024 poses challenges for some Charleston industries, particularly in the Manufacturing sector, and yet the area's diversifying business base and international renown as a travel destination are foundational for long-term economic health.
- Charleston's Information and Finance and Real Estate sectors are undersized relative to the national average, highlighting an opportunity for additional investment in these high-output industries.
- The EMA's growing population and natural land constraints impose an imperative that Charleston invest in its transportation and housing infrastructure.

## Outlook



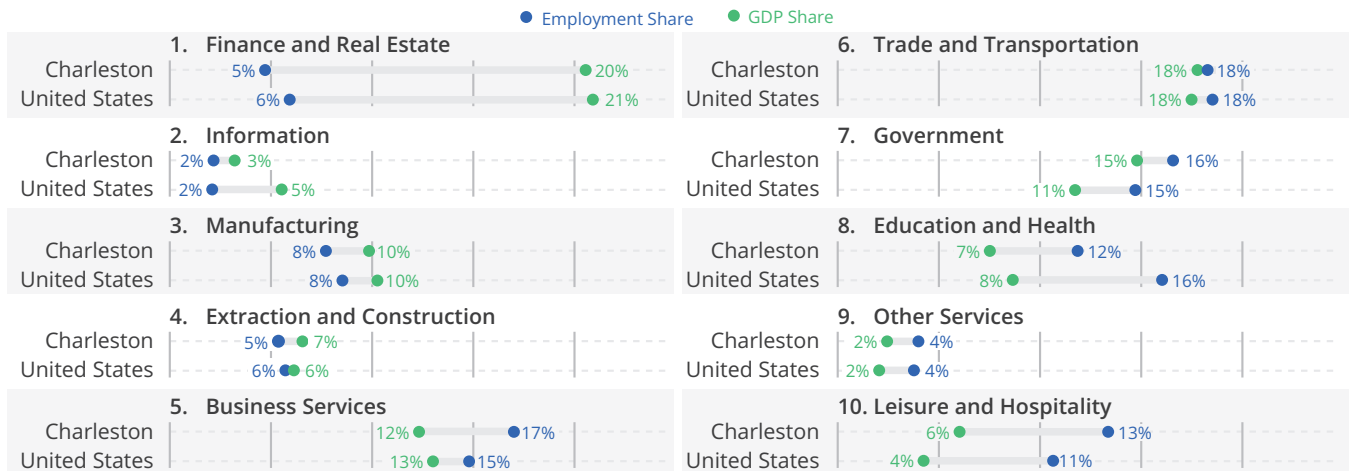
*With a strong economy and great quality of life, Charleston is consistently recognized as one of America's favorite cities. The Charleston-North Charleston market, which includes Berkeley, Charleston and Dorchester counties, is ranked in the top 10 in the U.S. as a growth market among midsize cities, with vital industries including advanced manufacturing, healthcare, logistics, technology and tourism. Greater Charleston also benefits from direct access to the South Carolina Port Authority. Through strong local leadership and a culture of innovation, Greater Charleston continues to attract investment and provide opportunities for business success.*

*Lee Fite, Regional President,  
Carolinas*

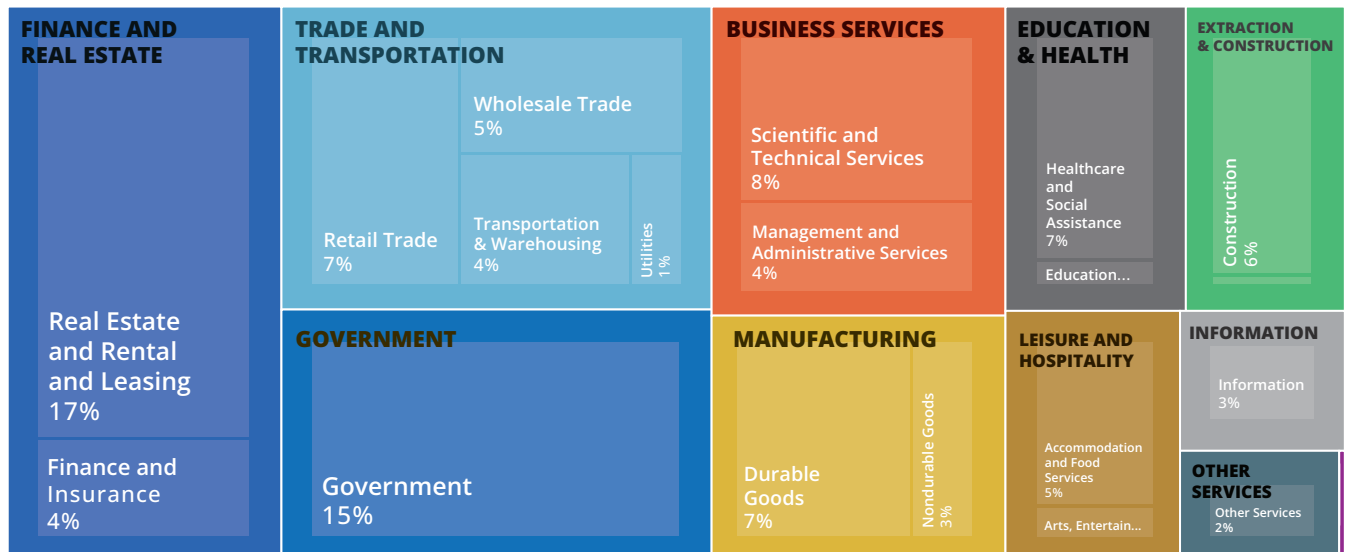
## Challenges and Opportunities

- **Challenge:** The Business Services sector occupies a disproportionately large share of Greater Charleston's workforce and yet accounts for less output per worker than the sector's national average.
- **Opportunity:** Home to a major port connecting the region's industries with global partners, Charleston is well situated to grow its logistics, scientific and technical services industries, promoting economic resilience and sustained growth.
- **Challenge:** Greater Charleston has a relatively small yet productive Education and Health workforce, which may suggest a shortage of medical professionals, since productivity is calculated as output per worker.
- **Opportunity:** With an expanding population base and excellent healthcare facilities, Charleston has opportunities for investments in the area's healthcare industries, expanding a stable sector that tends to exhibit sustained growth.

## How Productive Are Charleston's Industries? Sector Employment and GDP Shares Ranked by U.S. Labor Productivity



## Charleston Sector GDP Share



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