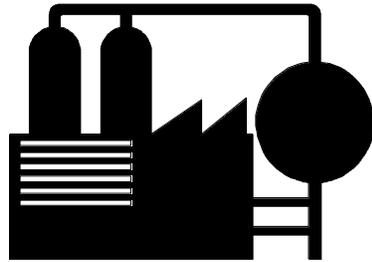


SECTION TEN: **Economic Development**



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Economic development has been the underlying emphasis for most planning projects in Catawba County over the past 15 years. The progressive and successful FORESIGHT strategic planning process has long been billed as “Catawba County’s Continuing Search for Economic Excellence.” Documents such as the FORESIGHT US 321 Task Force Report and the US 321 Corridor District Plan revolved around creating an environment conducive to high quality, clean commercial and industrial development. The County’s Comprehensive Plan, VisionQuest 2010, also addressed the critical relationship between continued economic development and other County goals.

The 1989 FORESIGHT Environmental Scan is introduced as follows: “More jobs, more restaurants and shops, additional motels and furniture outlets, more large and small shopping centers, heavy traffic congestion at the US Highway 70 and Lenoir-Rhyne Boulevard — all these easily noticed signs point to the rapid growth in the economy of the County. Will this growth continue?” In 1989, that question could have prophetically been answered with a resounding ‘yes.’ If the same question were asked now, the answer is likely to be another ‘yes.’

Economic Investment

Catawba County has experienced a significant diversification of its industrial base over the past twenty years. Since its establishment, the Catawba County Economic Development Corporation (EDC) has facilitated and provided assistance for the location of new industries or the expansion of existing industries. The EDC’s main objectives are to: 1) retain existing industries; 2) recruit new and diverse industries; and 3) locate industrial development in appropriate locations. Since 1978, only 42 of the 177 new or expanded projects in Catawba County (that the EDC has been actively involved in) have been related to furniture or textile production. During the past twenty years, these two historically dominant industries together accounted for only 14% of all new investment in the County where the EDC was involved. During the same twenty-year period, the manufacturing of fiber optic cable, coaxial cable, satellites, and electronic equipment has collectively accounted for nearly 50% of all new investment that the EDC has helped facilitate. Aside from the increase in tax base, these high-tech industrial investments provide new jobs with significant wage increases (\$15 per hour and up). The other major investments have been primarily made to support the production of paper products, rubber and plastic products, foam insulation and automotive products (gears, transmissions, etc.). These investment trends indicate a major shift towards industrial diversification as noticed by the Wall Street Journal in an article on December 28, 1998 which stated that “Hickory and dozens of Southern cities like it have undergone massive transformations that have left them more resilient and better equipped to handle

economic upheaval.”

Employment and Labor Force

For the non-resident, who has not visited Catawba County in ten or twenty years, the description of the economy would likely be ‘...*textiles, furniture and more furniture.*’ To some extent this description still holds true. However, over the past 10-15 years, Catawba County has been on the path to diversification. Corporations such as CommScope, Alcatel and Siecor have made large investments in Catawba County, investments which have generated higher-paying, higher skilled employment opportunities with them. CommScope and Siecor are now two of the County’s three largest employers (see Table 10.1). Other major public or quasi-public employers include Catawba County Public Schools and Frye Regional Medical Center (both over 1,500 employees), Catawba County Government and Catawba Memorial Hospital (both over 1,000 employees). Hickory Public Schools, Newton-Conover Public Schools, the City of Hickory, Catawba Valley Community College all have a labor force of at least 500. Service-sector establishments such as Western Steer/Mom & Pop’s Inc., K-Mart, Wal-Mart and Winn-Dixie also employ at least 500 people.

Table 10.1
Major Private Sector Employers, Catawba County, 1998.

Employer	Type of Business	# of Employees
1. Century Furniture Company	Furniture	2,500
2. CommScope, Inc.	Cable Manufacturer	1,700
3. Siecor Corporation	Fiber Optic Cable	1,500
4. Hickory Springs Mfg. Co., Inc.	Furniture Supplies	1,400
5. The Lane Company	Furniture	1,350
6. Merchants Distributors, Inc.	Grocery Wholesale	1,300
7. Broyhill Furniture Industries	Furniture	1,050
8. Sherrill Furniture Company	Furniture	880
9. Shuford Mills, Inc.	Textiles & Tape	840
10. Bassett Furniture Industries	Furniture	740
11. Carolina Mills, Inc.	Textiles	710
12. Joan Fabrics, Inc.	Upholstered Fabrics	690

Source: Catawba County Audit Report, 1999.

Catawba County is fortunate to have a large labor force (10th in the State) from which to draw employees. As described in the ‘Population and Demographics’ section of this Report,

Catawba County has consistently promoted one of the larger labor pools in the State. Furthermore, statistics reveal that Catawba County has long been a significant employment hub in the State and has never been a bedroom County. The County’s position as an employment hub is evidenced by the high level of non-resident workers or ‘in-commuters’ (ranked 3rd in NC).

Unfortunately the local unemployment rate has consistently been well below 5% for a number of years thus making the available labor pool for new or expanded industries somewhat of a problem. To date, this problem has not proved to be the single determining factor in the loss of any new investment. However, this issue can play a factor in decisions to establish or expand a business or industry in the County.

The low unemployment rate is evidenced by the slowing job growth in the County. During the 1970s and 1980s Catawba County experienced its boom in new business investments and job growth. From 1970 to 1990, County employment grew by more than fifty percent. The 1990s has seen continued business investment but much slower job growth. This trend is expected to continue with only a projected 17% growth in employment from 2000-2020.

**Table 10.2
Historical and Projected Job Growth, Catawba County, 1970-2020**

Year	1970	1980	1990	2000*	2010*	2020*
Employment	60,100	74,270	98,580	113,010	124,700	133,850
Percent Growth over Previous Decade	NA	23.58%	32.73%	14.64%	10.30%	7.34%

Source: U.S. Dept. Of Commerce (1970-1990), Woods & Poole Economics, Inc., 1998 (projections 2000-2020).

The projected slowdown in employment should not be of great alarm to community leaders. Perhaps more important than employment trends is the amount of commercial and industrial investment occurring in the County. The County can still pursue the attraction of clean, high-tech, high-investment ventures that will have low employment needs that will typically leave the existing labor force largely untapped. Maintaining and improving the County’s ‘quality of life’ (parks, libraries, good schools, good transportation, etc.) will perhaps be the major investment necessary by local governments to attract such industries.

Historical Employment Trends and Economic Diversity

It is clear from the data produced by the EDC that *industrial* investment in Catawba County is becoming more diverse. Certain industries are booming, others are more stagnant, even

declining in production and labor force. While the industrial base is certainly shifting, the entire local economy is experiencing a change as well. As described in other parts of this Report, Catawba County has seen a steady move away from an economy dominated by manufacturing and goods-producing to a more diverse economy including heavy growth in service-producing establishments (e.g., restaurants, banks, professional offices, retail stores). From 1986 to 1996, service producing employment has grown 39.6% (see Table 10.3). There has been very sharp growth in virtually all service sector employment categories except perhaps in ‘finance/insurance/real estate’ where a slower 4.1% growth occurred from 1991-1996. Much of this rapid service sector growth has likely occurred as a direct result of the significant increase in the number of higher paying jobs. Many of these new jobs have come from the construction of production facilities and corporate headquarters by companies such as Siecor and CommScope. These higher wages create more individual disposable income which, in turn, creates more demand for services such as entertainment, retail and restaurants.

Table 10.3
Change in Non-Agriculture Service Producing
Employment 1986-1991 and 1991-1996.

Employment Category	% Change in Employment 1986-1991	% Change in Employment 1991-1996
Transportation, Communications, Public Utilities	31.5%	21.3%
Trade	14.0%	17.4%
Finance, Insurance, Real Estate	13.2%	4.1%
Service & Miscellaneous	23.0%	32.8%
Government	26.4%	13.9%
Total Change in Service Producing Employment	19.4%	20.2%

Source: Civilian Labor Force Estimates for North Carolina, N.C. Employment
Security Commission.

By comparison, non-agriculture goods-producing employment has increased at a much slower rate - 5.8% from 1986-1991 (see Table 10.4). Downward trends in apparel and textile employment have been especially significant. Furniture and wood-related employment has not decreased but has seen virtually no growth over the past ten years.

Table 10.4
Change in Non-Agriculture Goods Producing
Employment 1986-1991 and 1991-1996.

Employment Category	% Change in Employment 1986-1991	% Change in Employment 1991-1996
Construction/Mining	5.6%	7.6%
Food Products*	-14.0%	106.5%
Textiles	1.7%	-8.1%
Apparel	-91.7%	-18.2%
Lumber and Wood Products	2.1%	2.8%
Furniture and Fixtures	7.0%	0.3%
Paper Products	3.4%	0.9%
Printing	0.0%	-7.4%
Chemicals*	**	-27.3%
Rubber, Plastics, Foam	36.6%	31.0%
Stone, Clay and Glass*	-10.5%	-11.8%
Metal Products	24.9%	48.8%
Machinery and Equipment	8.6%	-7.4%
Miscellaneous Manufacturing	70.2%	-20.0%
Total Change in Goods Producing Employment	1.9%	3.9%

Source: Civilian Labor Force Estimates for North Carolina, N.C. Employment Security Commission, 1998. * These categories of employment included less than 1,000 jobs in any year. ** data included in 'other manufacturing'

Employment Projections

Year 2000 estimates indicate that manufacturing (39%), retail (18%) and service (17%) industries will constitute nearly three-fourths of all jobs in Catawba County. Government and wholesale trade employment will constitute another thirteen percent. Expressed as a

percent of total employment, Catawba County's manufacturing workforce is estimated to be ranked 10th in the State. The County's percentage of total employment in farming (91st in NC), services (80th in NC) and government (99th in NC) are in the bottom ten percent in the State.

Table 10.5
Estimated Employment by Sector; Catawba County; 2000.

Employment Sector	2000 estimated	Percent of Total
Farm Employment	710	0.63%
Forestry, Fishing, Agriculture Services	670	0.59%
Mining	60	0.05%
Construction	4,320	3.82%
Manufacturing	44,060	38.99%
Transportation, Communications, Public Utilities	4,860	4.30%
Wholesale Trade	6,500	5.75%
Retail Trade	20,400	18.05%
Finance, Insurance, Real Estate	3,250	2.88%
Services	19,110	16.91%
Federal Government	990	0.88%
Local, State Government	8,080	7.15%
Totals	113,010	100.00%

Source: Woods & Poole Economics, Inc., 1998

Catawba County has historically been a manufacturing based economy. In 1970, nearly 53% of County employment was in the manufacturing sector. It is projected that by 2020 manufacturing jobs will represent only 35% of the total employment base. Even with such a significant decrease in manufacturing jobs, the County will still rank 11th in North Carolina in such employment. This suggests a state- and nation-wide trend away from manufacturing-based economies. As discussed in the 'Population and Demographics' section, farm employment will decrease as dramatically as manufacturing jobs. Conversely, service sector jobs (10% of the employment base in 1970) are expected to increase (projected at 19% in 2020).

According to the U.S. Department of Commerce, during the 1990s Catawba County experienced increases of over 31% in service, retail and transportation/communications/public utilities jobs. During the same time period, the County had job losses from the federal government (down 6%), farms (down 4%), mining operations (down 14%) and Finance/Insurance/Real Estate jobs (down 13%). It is projected that from 2000-2010 all employment sectors of the County except farming (down 6%) and construction (nearly static) will experience job growth but at a slower pace (10.3% job growth compared with 14.7% the previous decade). Table 10.6 shows these employment trends. *Note: the 1990-2000 historical and estimated data shown on Table 10.6 are slightly different than the data produced by the N.C. Employment Security Commission and described in previous parts of this section. However, both sources agree on the general trends.*

Table 10.6
Projected Employment Growth by Sector; Catawba County; 1990-2010.

	1990 actual	2000 estimated	Change 1990- 2000	2010 projected	Change 2000- 2010
Farm Employment	740	710	-4.05%	670	-5.63%
Forestry, Fishing, Agriculture Services	400	670	67.50%	820	22.39%
Mining	70	60	-14.29%	70	16.67%
Construction	4,290	4,320	0.70%	4,310	-0.23%
Manufacturing	42,370	44,060	3.99%	46,180	4.81%
Transportation, Communications, Public Utilities	3,610	4,860	34.63%	5,380	10.70%
Wholesale Trade	5,870	6,500	10.73%	7,050	8.46%
Retail Trade	15,550	20,400	31.19%	23,770	16.52%
Finance, Insurance, Real Estate	3,720	3,250	-12.63%	3,340	2.77%
Services	14,200	19,110	34.58%	22,530	17.90%
Federal Government	1,050	990	-5.71%	1,100	11.11%
Local, State Government	6,690	8,080	20.78%	9,470	17.20%
Totals	98,560	113,010	14.66%	124,690	10.34%

Source: Woods & Poole Economics, Inc., 1998 (estimates and projections beyond 1995); US Dept. Of Commerce, (1990-1995).

Retail Sales

Catawba County has historically been a competitive market for new commercial and retail development. In 1995, Catawba County ranked seventh in North Carolina in retail sales per capita (\$14,501). In recent years, Catawba County has seen an explosion of commercial development along the Highway 70 corridor, especially between Startown Road and Lenoir Rhyne Boulevard which will help continue to expand the level of retail sales generated in the County.

From 1992 to 2010, it is expected that retail sales in Catawba County will increase by 35% (from \$1.201 million to \$1.625 million).

Determining the type of businesses that generate retail sales is important in projecting future demands for certain goods and services in the future. It can also help communities plan for the type of commercial land use patterns that may be appropriate for the future. In Catawba County (and often in other places), automobile dealers generate the most retail sales (22% of total in 1992), followed by food stores, general merchandise stores, and restaurants/bars.

Table 10.7
Retail Sales Projections by Business Type, 1992-2010

Business Type	Actual 1992 Retail Sales	1992 % of Total	Projected 2010 Retail Sales	Projected Increase 1992-2010
Building Materials	\$85,540,000	7.12%	\$116,970,000	36.74%
General Merchandise	\$169,770,000	14.13%	\$237,950,000	40.16%
Food Stores	\$204,580,000	17.03%	\$221,400,000	8.22%
Automobile Dealers	\$264,380,000	22.01%	\$405,660,000	53.44%
Gasoline Service Stations	\$63,190,000	5.26%	\$81,010,000	28.20%
Apparel and Accessories	\$59,390,000	4.94%	\$68,430,000	15.22%
Furniture, Home Furnishings	\$94,020,000	7.83%	\$139,880,000	48.78%
Eating and Drinking Places	\$115,470,000	9.61%	\$166,230,000	43.96%
Drug Stores	\$46,480,000	3.87%	\$63,480,000	36.57%
Misc. Retail Stores	\$98,500,000	8.20%	\$124,430,000	26.32%
Totals	\$1,201,320,000	100.00%	\$1,625,440,000	35.30%

Source: U.S. Department of Commerce, 1992; Woods & Poole Economics, 1998.

The businesses that are expected to experience the largest increase in retail sales from 1992 through 2010 are automobile dealers (53% growth), furniture/home furnishings (49% growth), eating/drinking establishments (44% growth). Food stores are expected to experience the slowest growth among the different sectors of County's retail economy (8% growth). Apparel/accessories establishments are projected to also see slower growth (15%).

VisionQuest 2010 Applicability

The County's Comprehensive Plan, VisionQuest 2010, describes the County's Economic Development Goal as follows: *"To foster an environment conducive to retaining and attracting a wide variety of businesses in order to provide employment opportunities and adequate revenue to meet anticipated service needs."* VisionQuest also lists 13 policies and two recommended actions related to economic development. These have been addressed as part of the Growth Strategies Report.