Quick Facts About Rocky Mount

- Current sales market conditions: soft.
- Current apartment market conditions: slightly tight.
- The Rocky Mount Brewmill, which is a redevelopment of the Rocky Mount Mills, a cotton mill along the Tar River built during the 19th century, will be the first incubator for craft breweries in North Carolina. The first new businesses in the mill are expected to open by the end of 2015, and the renovation of the main mill in the 350,000 square-foot facility is scheduled to begin during 2016. The cotton mill was once an economic engine for the area but has been dormant for nearly 20 years.

Overview

The Rocky Mount metropolitan area comprises Edgecombe and Nash Counties in the coastal plain of northeastern North Carolina. The principal city of the metropolitan area is Rocky Mount, which is less than 60 miles east of Raleigh, the state capital, and accounts for nearly 40 percent of the population in the metropolitan area. Weak economic conditions have resulted in net out-migration and population declines since 2010; however, the metropolitan area economy appears to be stabilizing as the number of jobs lost has decreased during the past 2 years. Every year from 2000 to 2010, the population increased and net in-migration occurred (Census Bureau population estimates, as of July 1).

- As of October 1, 2015, the population of the Rocky Mount metropolitan area is estimated at 148,700, reflecting an average annual decrease of 670, or 0.4 percent, since April 2010.
- From 2000 to 2010, the population of the Rocky Mount metropolitan area increased at an average annual rate of 940, or 0.6 percent.
- Since 2010, net out-migration has averaged 890 people a year. By contrast, from 2000 to 2010, net in-migration to the metropolitan area averaged 450 people annually and accounted for 48 percent of the population growth.
Although nonfarm payroll jobs continued to decline in the Rocky Mount area, economic conditions began to stabilize.

<table>
<thead>
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<th>Economic Conditions</th>
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Economic conditions in the Rocky Mount metropolitan area are weak but are showing signs of stabilizing. Although the current level of nonfarm payrolls remains 17 percent less than the peak level, which was reached in 2000, declines in nonfarm payroll jobs have slowed during the past 2 years.

During the 12 months ending September 2015—

- Nonfarm payrolls decreased by 300 jobs, or 0.5 percent, to 56,500 jobs—the same rate of decline as during the previous 12 months. By comparison, from 2008 through 2012, nonfarm payrolls decreased at an average annual rate of nearly 1,700 jobs, or 2.7 percent.

- The professional and business services and the trade, transportation, and utilities sectors added 200 and 100 jobs, or 3.7 and 0.9 percent, respectively. From 2008 through 2012, the leisure and hospitality sector was the only sector in the metropolitan area with a net job gain, adding 100 jobs during the period.

- Despite a decline of 400 jobs, or 3.9 percent, in the manufacturing sector, the number of jobs in the sector remained essentially unchanged from the average during the previous 3 years, as the manufacturing sector, which has historically been the anchor of the economy in the metropolitan area, stabilized after years of decline.

- During the past 2 years, the number of job losses have decreased in the Rocky Mount area; however, the region and nation have added jobs for more than 4 years.

### Largest employers in the Rocky Mount area

<table>
<thead>
<tr>
<th>Name of Employer</th>
<th>Nonfarm Payroll Sector</th>
<th>Number of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated Diesel Company</td>
<td>Manufacturing</td>
<td>1,000+</td>
</tr>
<tr>
<td>Hospira, Inc.</td>
<td>Trade, transportation, and utilities</td>
<td>1,000+</td>
</tr>
<tr>
<td>Nash UNC Health Care</td>
<td>Education and health services</td>
<td>1,000+</td>
</tr>
</tbody>
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Note: Excludes local school districts.
Sources: Quarterly Census of Employment and Wages largest employers; North Carolina Employment Security Commission

Note: Numbers may not add to totals because of rounding.
Source: U.S. Bureau of Labor Statistics

Note: Nonfarm payroll jobs.
Source: U.S. Bureau of Labor Statistics
The average unemployment rate in the metropolitan area decreased to 8.1 percent from 9.2 percent during the previous 12 months. The rate was higher than the rate of 5.6 percent in North Carolina and the average national rate of 5.4 percent but much lower than the 13.5-percent average annual rate in the metropolitan area from 2009 through 2011.

The decrease in the average unemployment rate for the Rocky Mount metropolitan area was attributed to a decline of 850 people, or 1.3 percent, in the labor force rather than to growth in resident employment, which remained essentially unchanged. These declines represented improvement from the previous 12 months, however, when the labor force decreased by 2,400 people, or 3.4 percent, and resident employment declined by 430 workers, or 0.7 percent.

Nutkao USA, Inc., an international producer of nut-based spreads, creams, and fillings, opened a 100,000-square-foot nut butter manufacturing facility in the city of Rocky Mount in June 2015. During the next 5 years, Nutkao USA, Inc., plans to create 100 new jobs and invest more than $17 million in the metropolitan area (Carolinas Gateway Partnership). The Rocky Mount Brewmill has come to an agreement to lease space to its first tenants—Koi Pond Brewing Company; SpringBoardNC Inc., a nonprofit organization led by local business leaders; and Sweet Taters Restaurant & Brewery. The number of jobs to be added is uncertain.

Sales Market Conditions

Sales housing market conditions are soft in the Rocky Mount metropolitan area because of weak economic conditions and tight mortgage lending practices, which have led to low levels of owner household formation. The sales vacancy rate as of October 1, 2015, is estimated at 2.5 percent, essentially unchanged from the 2.4-percent rate in April 2010. The number of homes sold (including single-family homes, townhomes, and condominiums) increased during 2013 and 2014 but decreased during 2015, and average home sales prices have remained relatively unchanged during the past 5 years. During the 12 months ending June 2015 (the best representative data available), existing home sales totaled 1,200, a 6-percent decline from the 1,275 home sales recorded during the previous 12 months (CoreLogic, Inc., with adjustments by the analyst). By comparison, from 2010 through 2012, existing home sales, which averaged 1,050 annually, were 13 percent less than current levels. During the 12 months ending June 2015, the average sales price of existing homes was $92,250, down 1 percent from the average of $93,600 during the previous 12 months and essentially unchanged from the average sales price of $92,650 from 2010 through 2012.

During the 12 months ending June 2015, new home sales totaled 75, down slightly from 80 new homes sold during the same period a year earlier, and accounted for 6 percent of all home sales. By comparison, from 2010 through 2012, new home sales averaged 90 new homes sold annually, accounting for 8 percent of all home sales.

In the Rocky Mount area, the number of existing home sales declined slightly during 2015, and the number of new homes sales has decreased since 2014.

During the past 2 years, average home sales prices have increased for new homes but have decreased slightly for existing homes in the Rocky Mount area.
• The average new home sales price during the 12 months ending June 2015 increased 2 percent, to $191,600, from the same period a year earlier and was 11 percent greater than the average sales price of $173,100 from 2010 through 2012.

• As of September 2015, 6.4 percent of home loans in the Rocky Mount metropolitan area were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into REO status, down from 6.8 percent a year earlier, and down from a peak of 9.5 percent in January 2010 (Black Knight Financial Services, Inc.).

• During June 2015, the percentage of underwater mortgages in the Rocky Mount metropolitan area was estimated at 9 percent, unchanged from June 2014 but down from the 16-percent rate in early 2013. The rate in the metropolitan area in June 2015 was on par with the nation at 9 percent but above the statewide rate of 6 percent (CoreLogic, Inc.).

Soft sales housing market conditions in the metropolitan area resulted in historically low levels of single-family homebuilding activity, as measured by the number of homes permitted. Single-family home permitting increased slightly, to 200 homes, during 2014 compared with 190 homes during 2013. By comparison, single-family homebuilding activity averaged 170 homes from 2010 through 2012 and 680 homes during the peak period from 2000 through 2007.

During 2014—

• The level of single-family permitting was greatest in Nash County, which accounted for 85 percent of the total in the Rocky Mount metropolitan area.

• Homebuilding activity increased in Nash County, where the number of single-family homes permitted increased to 170 from 160 homes a year earlier, and in Edgecombe County, where the number of single-family homes permitted increased to 30 from 25 homes during 2013.

• Mill houses overlooking the Tar River in the city of Rocky Mount, which were single-family homes mostly built from the 1880s through the 1910s to house workers at the Rocky Mount Mills, are currently being renovated. The units range from 850 to 1,600 square feet with rents for one-, two-, and three-bedroom units starting at $950, $1,150, and $1,250 respectively. Within the next 3 years, 92 homes in the Mill Village are expected to be renovated.

• The share of seriously delinquent loans and REO properties in the Rocky Mount area has decreased more than 3 percentage points since peaking in 2010.

The share of seriously delinquent loans and REO properties in the Rocky Mount area has decreased more than 3 percentage points since peaking in 2010.

![Graph showing the percentage of loans 90 or more days delinquent, in foreclosure, or transitioned into REO](image)

REO = real estate owned.

Source: Black Knight Financial Services, Inc.

Although single-family home permitting increased in the Rocky Mount area during 2013 and 2014, activity has been historically low since 2008.

![Graph showing single-family homes permitted](image)

Source: U.S. Census Bureau, Building Permits Survey

Apartment Market Conditions

Apartment market conditions in the Rocky Mount metropolitan area are slightly tight; however, the number of traditional market-rate apartment complexes with 40 or more units is limited in the metropolitan area. During the third quarter of 2015, the apartment vacancy rate in the metropolitan area decreased to 4.1 percent from 5.2 percent during the same period a year earlier, and it was down from the 6.6-percent rate in 2012 (Reis, Inc.). The apartment vacancy rate in the metropolitan area has been 5.0 percent or less for four consecutive quarters and was 3.2 percent for apartment units built since 1990. During the third quarter of 2015, the average monthly asking rent in the Rocky Mount metropolitan area increased 1.2 percent, to $577, compared with the average rent during the third quarter of 2014 and was 40 percent less than in the nearby Reis, Inc.-defined Raleigh-Durham market area.
During the third quarter of 2015—

- In the Rocky Mount metropolitan area, the apartment vacancy rate was nearly 3 percentage points less than the 6.9-percent rate in the Raleigh-Durham market area and slightly less than the 4.2-percent rate nationwide.
- The average monthly asking rents in the Rocky Mount metropolitan area for one-bedroom, two-bedroom, and three-bedroom units were $502, $589, and $715, respectively, increasing 2 percent for one- and two-bedroom units and decreasing 1 percent for three-bedroom units from a year earlier.
- For apartments built since 2000, the average rent was only 2 percent greater than the overall average rent, which compared with a difference of 16 percent in the Raleigh-Durham market area.

Extremely limited multifamily production since 2006 in the Rocky Mount area has led to declines in the apartment vacancy rate; however, average asking rents have remained essentially unchanged, increasing 3 percent during the past 3 years.

Multifamily building activity, as measured by the number of units permitted, has been extremely limited in the metropolitan area for nearly a decade. Despite the relatively low apartment vacancy rate in the metropolitan area, years of weak economic conditions, combined with the large supply of relatively inexpensive rental housing, including single-family homes for rent, and net out-migration have discouraged new multifamily construction in the metropolitan area.

- During the 2014, 15 multifamily units were permitted, down from 60 units permitted during the same period a year earlier.
- By comparison, multifamily building activity averaged 30 units annually from 2006 through 2012, down from 170 units annually from 2000 through 2005.
- The Beal Street affordable housing development in the city of Rocky Mount is scheduled to break ground in the spring of 2016. The development will include 80 low-income housing tax credit rental units, which will be rented at 60 percent of the area median income or less.

Multifamily building activity has been historically low in the Rocky Mount area for nearly a decade.

Source: Reis, Inc.

Source: U.S. Census Bureau, Building Permits Survey