

ECONOMIC TRENDS

Two successive documents, the *Report to the Henderson County Board of Commissioners by the Committee on Economic Development* and the *Henderson County Economic Development Master Plan*, generally agree that Henderson County's economy is composed of the four basic components: *Industrial / Manufacturing, Tourism, Commercial, and Agriculture*, in rank order. (These reports will be addressed in more detail, below).

Underlying these four basic components of the county's economy are two primary foundations: the natural environment (those ecological and landscape features and functions upon which the economy is built) and the people (from which the economy derives its energy, intelligence, and for whose benefit the economy operates). The following information reviews the components of the county economy in some detail.

Income Structure

The measurement and comparison of various income levels helps to quantify the economic viability of a community. Per capita income is defined as the average income for every individual man, woman, and child within a unit. When viewed in comparison with median family income and median household income, the overall strength of the local economy can be determined. Figure ET.1 shows the income per capita, median household income, and median income of Henderson County residents.

Figure ET.1 Income Characteristics Henderson County 1970 – 2000				
	1970	1980	1990	2000
Income per capita¹	\$3,296	\$8,892	\$18,365	\$26,839
Median family income²	\$6,828	\$16,503	\$31,331	\$49,800
Median household income³	No data	\$14,177	\$29,819	\$39,187 ¹
Source: ¹ Woods & Poole Economics, Inc.; ² N.C. Department of Commerce 2001 data; ³ N.C. State Data Center				

In 1990, the per capita income in Henderson County ranked 12th in the State and was 6% higher than the state average. The county's per capita income increased by approximately 202% between 1980 and 2000, an average increase of approximately 10% each year during that period. According to Woods & Poole and the N.C. Department of Commerce, Henderson County's income per capita was only a fraction less than the State's income per capita in 2000.

The median household and family incomes were also only slightly less than the state averages. According to the figures detailed in Figure ET.1 above, the median family

Figure ET.2 Henderson County Family Income Characteristics 1970 – 2000				
Families with income under:	1970	1980	1990	2000
\$5,000	4,134	1,375	622	n/a
\$9,999	4,656	2,962	1,093	1,039
Families with income:				
\$10,000-14,999	2,335	3,387	1,777	1,153
\$15,000-24,999	768	5,438	4,238	3,225
\$25,000-49,999	228	3,773	9,008	9,633
\$50,000 or more	44	506	4,558	14,401

Source: U.S. Census Bureau

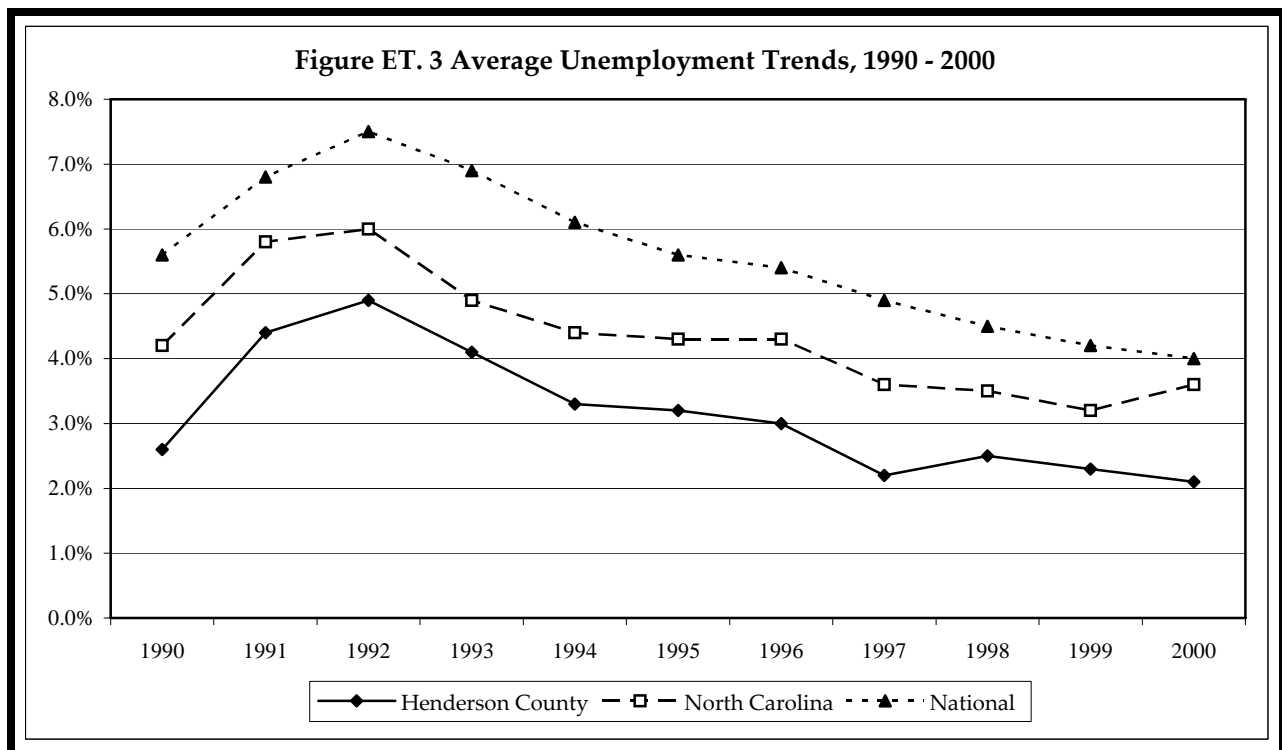
and median household incomes increased by upwards of 200% during the period between 1980 and 2000.

The number of families with income under \$5,000 decreased by 85% between 1970 and 1990

(Figure ET.2), and the number of families with income above \$25,000 increased dramatically during the same period.

Employment Status

Over the years Henderson County has maintained an unemployment rate that is consistent with neighboring counties and below the state average. Between 1990 and 2000, the county’s unemployment rate has been below the state and national averages, as shown in Figure ET.3.



Source: Based on N.C. Employment Security Data

Labor force is defined by the US Census as including all persons who are able to work, and who are sixteen years of age or older. This includes employed and unemployed persons. The N.C. Department of Commerce holds that 43.9% of the county's population was in the labor force in 1999. N.C. Employment Security Commission data indicates that Henderson County's labor force increased from 32,329 persons in 1990 to 38,593 in 2001, which is a 17.1% increase. This correlates closely with the net migration into the county during the same period. Overall, Henderson County has maintained a consistently increasing civilian labor force. (Figure ET.4)

Figure ET. 4 Henderson County Employment Characteristics 1990-2002				
	Labor Force	Employed	Unemployed	Unemployment Rate
1990	32,329	31,482	847	2.6%
1991	32,536	31,113	1,423	4.4%
1992	32,616	31,016	1,600	4.9%
1993	32,726	31,390	1,336	4.1%
1994	34,242	33,112	1,130	3.3%
1995	34,656	33,543	1,113	3.2%
1996	35,506	34,446	1,060	3.0%
1997	35,810	35,034	776	2.2%
1998	35,746	34,835	911	2.5%
1999	37,286	36,426	860	2.3%
2000	38,300	37,484	816	2.1%
2001	38,593	37,293	1,300	3.4%
2002 (Jan)	37,848	36,064	1,784	4.7%
Source: N.C. Employment Security Commission				

Employment by Industry

Figures ET.5 & ET.6 indicate that the largest percentage of the county's workforce (approximately 65%) is found within the manufacturing, service, and retail trade sectors, as has been the case during much of period between 1970 and 2000.

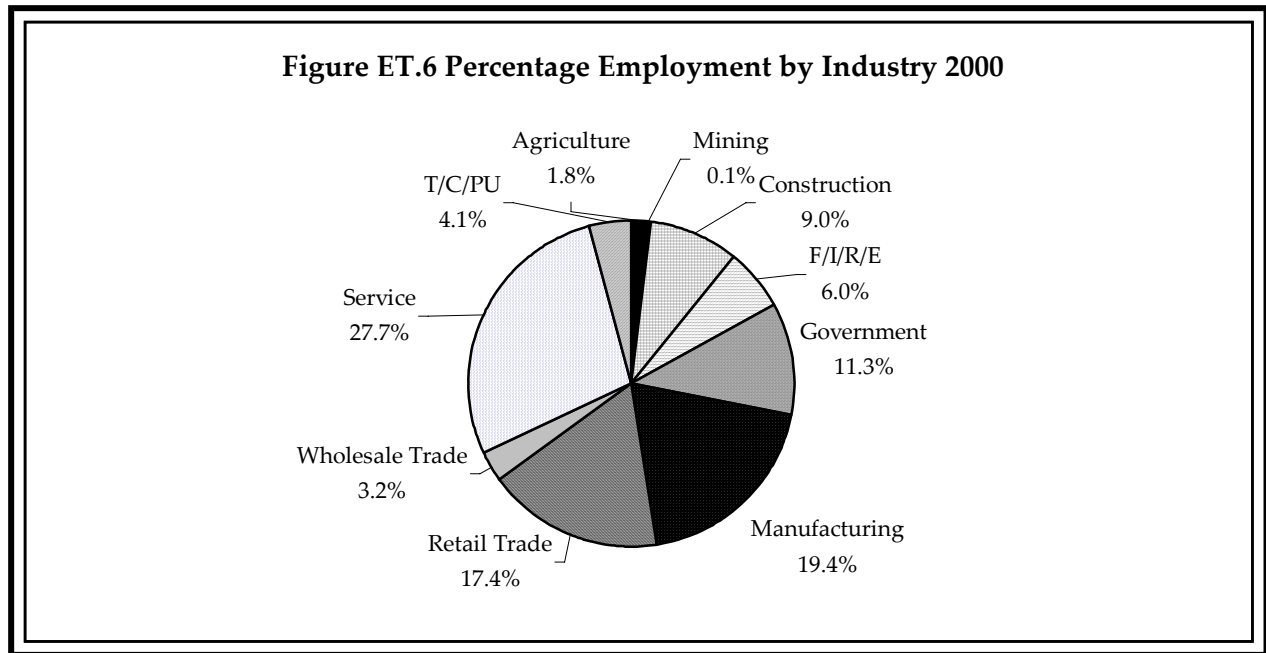
An interesting shift in employment occurred between 1980 and 2000 as manufacturing took second place in employment to service trades. In 1980, the largest employment sector was manufacturing, followed by services and retail trade. Then, during the 1990s and into 2000, the largest sector of employment became services (27.7% of total employment), followed by manufacturing (19.4%) and retail trade (17.4%). In comparison, the State percentages for service trades and manufacturing in 2000 were 27% and 17%, respectively.

The lowest employment in Henderson County has historically been in the areas of mining, agriculture, and wholesale trade, where only 5% of the county's labor force was employed in 2000. However, as would be expected in a county with substantial agriculture, Henderson County's percentage was higher than the State average in percentage employment for that sector.

Employment by Industry (in thousands)	1970	1980	1990	2000
Agriculture	0.11	0.49	0.55	0.79
Mining	0.03	0.01	0.02	0.05
Construction	04.4	1.93	2.99	4.04
Finance/Insurance/Real Estate	0.95	1.90	1.84	2.72
Government	1.80	3.05	4.12	5.10
Manufacturing	4.75	6.70	7.66	8.75
Retail Trade	2.48	3.97	6.47	7.84
Wholesale Trade	0.26	0.51	0.93	1.44
Service	3.76	4.95	8.07	12.49
Transportation/Communications/Public Utilities	0.79	0.88	1.62	1.85

Source: Woods & Poole Economics, Inc.

Service trades include low-skill, low-paying jobs as well as high-skill, high-paying jobs. According to an U.S. Bureau of Economic Analysis report for the region, the health care field employed 37% of the services sector in 1999 at an average annual wage of \$34,547. While still the most rapidly growing sub-category, business-related services made up approximately 18% of the services sector with an average annual wage of only \$18,420 for the region.



Source: Woods and Poole Economics, Inc.

T/C/PU=Transportation/Communications/Public Utilities

F/I/R/E= Finance/Insurance/Real Estate

Although manufacturing / industry was in second place to services in percentage of employment in 2000 and many of the surrounding counties have lost manufacturing industries, Henderson County maintained a solid reputation for attracting and retaining industry throughout the 1990's, which translates into more jobs for the county's residents, as well as a strong economy for the county and region as a whole. Although recent years have brought the closing of several important industrial employers across the region, Henderson County's high quality of life and strategic location offer hope for the future.

Tourism

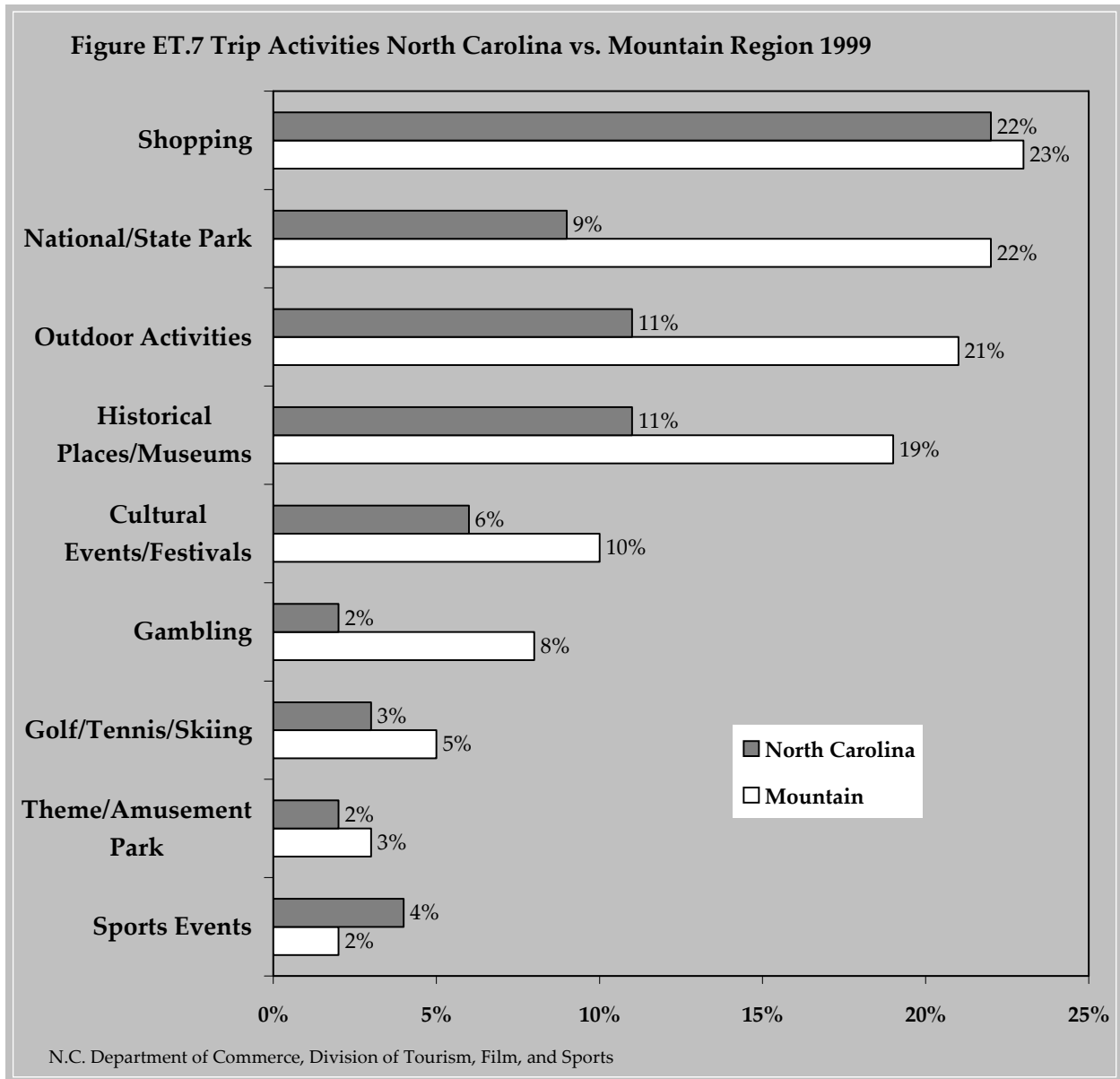
The county has benefited from tourism since its settlement in the early 1800s when low-country residents came to this area to escape the intense heat. Then, as now, visitors came to this area to enjoy the scenic beauty, mild climate, and the clean, biologically diverse, natural environment.

The following is a summary of the impact of tourism on the Western North Carolina economy for the year 1999:

- 26% of all visitors (12 million persons) to North Carolina as a whole visited the mountains.
- 89% of visitors came for pleasure rather than business or other purposes.

- 39% paid for their lodging and stayed an average of 2.2 nights.
- 49% of those visitors spent between \$100 and \$500 in the region.

Figure ET.7, below, distributes 1999 visitor trips across major activity categories.



Henderson County attracts a significant portion of the region’s tourist trade (Figure ET.8):

- In 2003, Henderson County ranked seventeenth in travel impact among North Carolina’s 100 counties and second among the 24 counties in the Advantage West (mountain) region.
- Tourism in Henderson County generated an economic impact of approximately \$161.76 million in 2002. This was a 2.4% increase over 2001 figures and a 50% increase over 1990 figures.
- According to the Henderson County Travel and Tourism Department, there were more than 2,180 jobs in 2002 that were directly attributable to travel and tourism within the county. This travel and tourism influx resulted in state and local tax revenues of \$15.59 million.
- Over the last twenty years, tourism in Henderson County has grown by more than 300%, which equates to approximately 21% annual growth.

Figure ET. 8 N.C. County Tourism Summary Statistics 2002					
Henderson County	Expenditures (\$millions)	Payroll (\$millions)	Employment (thousands)	State Tax Receipts (\$millions)	Local Tax Receipts (\$millions)
	161.76	36.59	2.18	7.84	7.75
Source: N.C. Department of Commerce					

Wages by Employment Sector

The services industry, while being the top employer in Henderson County for a decade, had the lowest average annual wage of \$17,273 in 1999. Meanwhile, manufacturing as the second largest employer had the highest average wage of \$36,611 that same year (Figure ET.9). Not far behind, with the highest annual average wages around \$34,000, were the Finance/Insurance/Real Estate and Transportation/Communications/Public Utilities sectors. Other low-wage industries were agriculture and retail trade, which had average annual salaries ranging from \$18,453 to \$22,985 in 1999.

Poverty Status

According to the U.S. Census Bureau there were approximately 8,526 Henderson County residents living below the federal poverty level. The Census also estimated that 14.5% of the county’s children (18 years and younger) lived below the poverty level during the same period. These percentages have fluctuated only slightly during the last

few decades. In comparison, the percentage of persons living below the poverty level for the State was 12.3%.

Figure ET. 9 Average Annual Wage by Industry 1999		
Industry	1999 Annual Avg. Wage	% of N.C. Avg. Wage
Agriculture	\$18,453	92.2%
Construction	\$27,532	93.9%
Finance/Insurance/Real Estate	\$34,688	78.7%
Government	\$27,651	92.5%
Manufacturing	\$36,611	105.7%
Retail Trade	\$22,985	82.9%
Wholesale Trade	\$29,331	74.9%
Service	\$17,273	102.9%
Transportation/Communications/Public Utilities	\$34,715	88.2%
Total Workforce	\$27,023	91.7%

Source: N.C. Department of Commerce