2017

Strategic Economic Development Plan

Prepared by Sanford Holshouser Economic Development Consulting, LLC

Table of Contents

Executive Summary

Carteret County possesses the quality of life assets that are the envy of many. Pristine beaches, attractive waterfronts, a variety of shopping options, and historical sites all attract visitors to flock to the County each season. Further, the public schools, medical facilities and providers, and a safe environment attract full-time residents as well. Another component crucial to the balance of an area's economy is the business and industry sector. While Carteret has a vibrant existing business base, is home to one of two North Carolina Ports facilities, and its transportation corridors are being enhanced, the County is experiencing slight growth at best. It is a well-accepted adage that if you are not growing, you are going to decline.

Primary responsibility for the recruitment of new industry, the retention and assistance with expansions of existing industry, and support for the development of a business climate that is conducive to the establishment and growth of small business and entrepreneurial enterprises is vested in the economic development organization which serves that location. Economic development agencies are structured in many ways and are tailored to meet the needs and requirements of its territory. Until recently, the economic development program for Carteret County was implemented and managed by the Economic Development Council (EDC). The EDC is a 501(C)(3) organization, funded by a combination of public and private funds, with the major funding source being the County. For a multitude of reasons, the relationship between the EDC and the Carteret County commissioners became frayed and after several attempts to forge a working relationship with the EDC staff and board, the commissioners came to the conclusion that the situation was untenable and decided to cease funding the organization and chart a new course for economic development in Carteret County. According to one citizen with knowledge of the economic development program, “It was obvious that the EDC was plagued by inactivity for several years.” This statement seems to be verified by information obtained from research of Department of Commerce records that showed that the Department had not received any new data requested that is used for marketing and client recruitment for over a decade, and the County has not been in consideration by a client since 2015. To chart the new course, commissioner authorized the development of this Strategic Economic Development Plan to ensure effectiveness in this area moving forward.

To construct the plan, SHEDC followed the required steps to answer three fundamental questions: “Where are we?”, “Where do we want to go?”, and “How do we get there?” An advisory group was formed to provide input and guidance to the consulting team and included business, educational, community, and governmental leaders, board members, and staff.

Data researched and analysis performed for the plan involved an in-depth review of the economic development product (building and sites,) and an economic and demographic profile of the County.

The analysis in this section also typically has, as a critical component, a thorough review of the economic development organization, its budget, annual plan of work, marketing program and materials, client activity, etc. However, as the director left his position before the request for information could be made, and board members contacted could not provide the information, there was very little data available to be examined. The analysis of the organization relied primarily on data gleaned from the research of the NC Department of Commerce records, anecdotal information from the regional economic development professionals, and various websites. The County was benchmarked with other economic development organizations in the region and with some that share similar attributes in Virginia. The information gathered from these activities established, "Where are we?"

A SWOT analysis was conducted which produced data from internal and external sources. Information was gathered through various means including individual interviews, focus groups, and an online survey. In all, over 40 individuals participated in the SWOT exercise. The next step was a comparative analysis of the economic development organizations in the counties adjacent to Carteret and two further South along the coast that share similar attributes and challenges. The intent of the comparative analysis was to identify successful organizational models that may have applicability in Carteret.

A Target Industry Analysis (TIA) was part of the assessment of "Where are we?" and typically begins with a validation of the area's current targets. However, as there was no one from the EDC to discuss their current target sectors, this information was not available. There are industry clusters listed on the EDC website, but it is not clear if there are any targeted marketing activities focused on those clusters. Consequently, the consulting team made certain assumptions based on information taken from the website, interviews with regional and state economic development professionals, and our knowledge of the County, and identified several sectors as a starting point for the analysis. The TIA validated those targets and identified others that were the best fit for Carteret based on many factors including demographics, workforce, existing industry clusters, growth potential in the County, region, and nation, among others. Potential economic development product was identified for further review and methods to control and develop the properties were listed and described. The data sets from the SWOT, Organizational Comparative Analysis, the TIA, and Product Identification were all combined to determine, "Where do we want to go?"

The analysis performed and data gathered in the effort to pinpoint where Carteret is, joined with the information assembled in determining where the County wants to go, created the basis on which the elements of "How do we get there?" were crystallized. This section of the plan contains recommendations that the Sanford Holshouser team believes are crucial to reestablishing a viable, effective economic development program, and position the County for future success. Recommendations include action steps and are contained in a matrix to allow for the progress toward accomplishment of goals to be monitored and evaluated. The recommendations, which are implementation items, are both short and long-term and are too numerous and some too complicated to be accomplished in any one year. The consulting team suggests that the person tasked with managing and operating the economic development program for Carteret, in conjunction with the County Commissioners and any advisory board appointed to provide support and guidance for the program, create an annual plan of work from the recommendations so that sufficient resources can be focused on those items to ensure that the Strategic Plan is implemented effectively and efficiently.

Carteret County is described on the Chamber of Commerce's website as "the most desirable location for business and leisure in North Carolina." While the tourism and leisure element of this statement is undeniable, the promotion of Carteret as a business location needs some attention and effort. This Plan provides strategies to enhance the County's desirability as a business location and charts a course for future growth.

Sanford Holshouser is honored to have had the opportunity to work with the County in the development of this Strategic Economic Development Plan.

Economic Development Organizational Review

The current structure for implementation of economic development in Carteret County is the Economic Development Corporation (EDC), which is a public-private organization. However, the effort is in transition, and the ultimate structure, governance, management, funding, and program is yet to be determined and based partially on recommendations in this report.

In the International Economic Development Council's (IEDC) publication, "Introduction to Economic Development," it is rightly stated that; "Public-private partnerships are long-term shared commitments between the public and private sectors designed to pursue common goals related to the social, political and business environment in a community." What the IEDC alludes to in this quotation is that there are several core attitudes and attributes that must be present between partners in a public-private economic development organization which includes: collaboration, trust, communication, a common purpose, and common goals. When just one of these key elements is missing between an organization's partners, conducting successful economic development for a locality, region or state is greatly diminished or even completely derailed. The current situation in Carteret County, the lack of communication that exists between the County Commissioners and the Board of the EDC, points to the fact that economic development in the county is broken.

Typically, an analysis of an economic development organization for consideration in a strategic plan includes gathering and analyzing data readily available (the web, published, etc.) with a great deal of information provided by the organization. The current state of flux with Carteret's economic development efforts has precluded SHEDC from obtaining sufficient information from the EDC or the county to follow its normal investigatory process in conducting an organizational review. Therefore, a modified approach has been adopted to focus on what an effective economic development organization should look like and, where possible, to include information gleaned from a variety of sources; but mainly anecdotal. The elements of an organization typically reviewed are as follows.

Program of Work:

To determine the focus of the organization in programming (focus on business recruitment, business retention and expansion, small business/entrepreneurial development, tourism, etc.) a review of information mainly through strategic plans and organizational information provided is conducted. In 2015, the EDC developed an Economic Development Action Plan (EDAP). Although this plan provided some background information for a review of the organization; and, can serve as an implementation tool in conjunction with this strategic economic development plan, it was deemed of minimal value to the development of this plan. The two reasons are:

1. The EDAP was produced by the EDC but not adopted by the Carteret County Board of Commissioners; making it essentially a non-viable path for economic development efforts in Carteret County

2. The EDAP was not, in the consulting team's opinion, an economic development strategic plan. In particular, it did not investigate in detail the key areas of product development and target sector identification and analysis; both of which are

critical to successful economic development. Additionally, it seemed more oriented toward community development and not solely toward economic development.

Based on the input from focus groups and one-on-one interviews conducted for this strategic plan, demographic and economic profile and target sector analysis conducted for this strategic plan it would appear that Carteret County's program of work going forward should incorporate business attraction (degree and success depends upon having available sites and buildings), business retention and expansion (BRE), small business/entrepreneurial development (existing and attracting high skilled high wage earners), and tourism related development (fostering tourism venues and assets and recruiting companies that serve the tourism sector). The mix of these elements and the focus put on each will change over time as assets in the community change and evolve. But, they should be at the core of the economic development focus of the county which best fits its past, present, and future assets and opportunities.

Staffing

A review of staffing levels and types are used to determine if there are sufficient human resources to implement the program and to reach strategic goals as outlined in the organization's strategic plan. Analyzing current staff levels in terms of its ability to carry out the mission is not possible as there is no staff and the mission itself is still to be determined. At a minimum, the organization should have at least a staff of two, a director and a support person. However, an average level of staffing based on an analysis of the economic development organizations in four peer counties in North Carolina (Craven, Onslow, New Hanover, and Brunswick) and three localities in Virginia with similar profiles to Carteret County (James City County, York County and City of Williamsburg) is three (actual average 2.85). If an additional staff person is added, areas of focus should or could be: small business/entrepreneurial development with a component of business retention and expansion responsibilities; product development/redevelopment, or research. Having a staff person with expertise in one or more of these areas will help focus efforts on specific areas of the program perhaps not addressed sufficiently and effectively in the past.

Marketing and Project Activities

A review and analysis of published (print and electronic) materials, website, tabulations of marketing efforts and results (number of leads, prospective projects, project announcements), activities/relationships with allies, etc. are normally conducted to gauge efforts and results of the economic development program. The analysis is conducted mainly on information provided by the subject organization and collected through data published by the state and other readily available sources (the internet, published reports, lists, etc.). The amount of information provided by the organization has been sparse. However, a review of the website and some proposed marketing "slick sheets" from the EDC have provided some insight. Additionally, research of the Economic Development Partnership of North Carolina (EDPNC) and the Department of Commerce (DOC) data provided some anecdotal information, which helped form a surficial analysis to serve as a basis for review of activities.

Regarding the current website, it is attractive overall and easy to navigate. The two main issues are that there is no clear statement of Carteret's value proposition or brand and not enough hard economic development data that would create an interest in the county as a location by a company or site consultant. To the former point, Carteret County must brand itself as not just a great place to live but must clearly state the value and assets it possesses that are unique or special as a location for businesses. If that message or value statement is being provided, it is either subservient to the quality of life message or hidden within the information provided on the site. It should be the prime message displayed prominently on the web landing page and reinforced through other information provided in other sections of the website. There are various pieces of information that focus on community assets (tourism, quality of life, etc.) but not much, if any information is provided on product, incentives, demographic and workforce (quality and quantity), access to markets, etc. The site selection process to locate a new or expanded facility is a process of elimination. In today's climate, the tool used by companies and their consultants to begin the process is the websites of those localities or regions that fit their geographic requirements. A company or consultant will often eliminate a locality from consideration strictly based on the information (or lack thereof) provided on their website. If Carteret County is to effectively pursue business recruitment then it must rectify the issues of messaging and data provided on its website; its portal presented to the world of leads and prospective projects. As a guide to the data and information that should be easily available on an economic development focused website, Site Selection Magazine publishes an annual list of top location factors considered by companies and their location consultants when evaluating new locations. Carteret County should generate information in a variety of forms and delivery outlets to address those items that are important to prospects. The latest list of factors in priority order are:

- 1st. Availability of Skilled Labor
- 2nd. Highway Accessibility
- 3rd. Quality of Life
- 4th. Occupancy OR Construction Costs
- 5th. Available Buildings
- 6th. Labor Costs
- 7th. Corporate Tax Rate
- 8th. Proximity to Major Markets
- 9th. State and Local Incentives
- 10th. Energy Availability and Costs

The only marketing literature available for review was three proposed "slick sheets" resultant from the EDAP produced in 2015. Many of the same comments made regarding the website are applicable to the sheets. There is no clear and compelling value proposition stated or feel of a Carteret County brand, and none of the slicks provided data typically sought by those making location decisions. Any materials produced must reflect and reinforce messages, brand, and information provided on all marketing outlets (the web, print, social media, etc.)

Regarding marketing activities, determining what strategies have been employed was not possible. Regardless of those actions, it is the results produced which are the "proof in the pudding" and an indication of the effectiveness in achieving program goals for the EDC and the county. Without data from the EDC, calls were made to the DOC and the EDPNC to request any information they possessed on the two to three-year history of leads, projects, location considerations, and any other information that might be useful in evaluating the effectiveness of the economic development program. The singular surprising finding was that according to the information obtained from the Dept. of Commerce, Carteret County had not provided any information of the type sought by the state for their databases/records since 2006. Furthermore, the last project the state has on record for which Carteret was being considered, was in the fall of 2015. These findings seem to show there is no evidence to support the statement on the EDC website: "The EDC works with the NC Department of Commerce…" State economic development organizations are critical allies for local and regional economic development programs. State programs are key sources of leads, referrals, funding, and much more. A concerted effort to cultivate relationships and collaborations with the state organization and its staff is a must for local economic development programs. In the past two years, the regional representative of the EDPCN has had little or no interaction with the EDC because, it would appear, mainly as a choice by former EDC management. Likewise, the relationship with the NC East Alliance, although somewhat better than with the state as evidenced by some of the county's product being listed on the region's website, has been less than productive. Going forward, Carteret county MUST change this course and engage the benefits of the state and regional economic development organizations, and reach out to other project lead generators (site consultants, regional organizations, utilities, etc.) by consciously developing meaningful partnerships and relationships.

Funding/Budget

Typically, a review of two to three years of budgets provided by the organization and compared with the goals outlined in a strategic plan and marketing plan of activities would be conducted in an organizational analysis. No budgetary information for the EDC could be obtained after numerous requests. The focus of a budget review is to ensure that sufficient resources are dedicated to the efforts of the organization to allow progress toward the achievement of its goals. Budgets are dependent on the staffing (quantity and levels), marketing and project activities, funding sources (and reliability of those sources), and must align with the objectives, goals and resultant actions identified in a strategic plan. To provide perspective on what a budget for an economic development organization should be, budgets were obtained from the four North Carolina peer county economic development organizations. The non-personnel budget average of the four programs is approximately $250,000. However, this number may be on the high side given the wide range of budgets amounts and the ability of two of the four localities to fund at a very high level. These programs are mature, fully functional and this average is noted for reference purposes. Carteret will need to ramp up its program to get to the level of the peer programs, and the organization should be funded accordingly.

Conclusion

Based on the lack of information either kept or provided by the EDC and on the current poor relationship between the EDC and the County; it is deemed that professional, quality and effective economic development in Carteret County is not currently being conducted. Having outstanding community assets and a great quality of life (which Carteret has in spades) alone are not sufficient to created diverse economic success for the future of the county and its citizens. Carteret County must take a hard and honest look at what is broken and implement solutions that will create a professional economic development organization and program, with a clear and unique brand and value proposition, strategic goals, guidance toward those goals through a marketing plan and efforts, and sufficient staffing and budgets to support the program. Finally, the program must be firmly based on a shared vision and common goals, cooperation and collaboration within the county and with the NC East Alliance, the Economic Development Partnership of NC, and the NC Department of Commerce, and embracing the best that public-private partnerships can contribute to the future success of economic development for Carteret County.

Economic and Demographic Profile

Carteret County, North Carolina

August 2017

Population

According to the 2010 U.S. Census, Carteret had a population of 66,469, representing a 1.13% annual growth from the 2000 U.S. Census population of 59,383. The 2010 data also indicated that Carteret County ranked 39th in population out of the 100 counties in the State of North Carolina.

Estimated/Projected Growth

According the datasets utilized by SHEDC, it is estimated that the population of Carteret, at the end of 2016, was 71,724 which represents an annual growth rate of .76% from the 2010 Census. This rate is lower than that of the State of NC, but in line with the growth of the US. It is projected that from 2016 to 2021, Carteret County will experience annual growth rate of 1.17%, arriving at a population of 76,029 in 2021.

Veterans

According to the 2010 U.S. Census, 16.2% of Carteret County's population were Veterans. This is significantly higher than that of the State of NC and the United States. Veterans typically look for affordable housing, excellent school systems, access to healthcare, and recreational opportunities in their communities.

Annual Population Growth, Estimates, and Projections

	2000	*AGR*	*2010*	*AGR*	*2016*	*AGR*	*2021*
Carteret County	59,383	1.13%	66,469	.76%	71,724	1.17%	76,029
State of NC		1.71%		1.12%		1.16%	
United States		.93%		.75%		.84%	

2016 Population Percentages by Sex

	Male	*Female*
Carteret County	49.9	50.1
State of NC	48.9	51.1
United States	49.3	50.7

2010 Population Percentage of Veterans

Carteret County	16.2
State of NC	9.6
United States	8.7

2016 Population Percentages by Race and Ethnicity

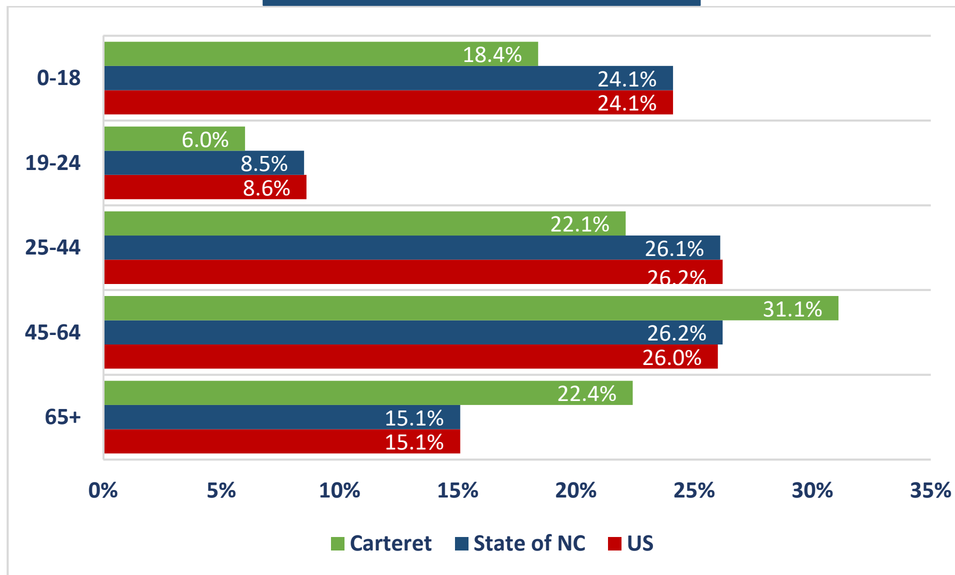
	Carteret	*State of NC*	*United States*
White Alone	87.8	66.9	70.5
Black Alone	6.2	21.6	12.8
American Indian Alone	.5	1.3	1.0
Asian Alone	1.3	2.8	5.5
Pacific Islander Alone	0.1	0.1	0.2
Some Other Race Alone	1.7	4.8	6.8
Two or More Races	2.4	2.5	3.3
Hispanic Alone (Any Race)	4.9	9.4	17.9

Source: U. S. Census Bureau, Census 2010 Summary File 1. ESRI forecasts for 2016 and 2021.

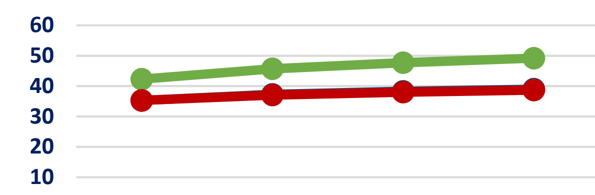
Population by Age Cohort

In the 2016 population age cohorts, the county has a significantly lower percentage population of the cohorts 25–44 and below, but significantly higher in the 45-64 and above than those of the State and the U.S. These findings will be addressed on the following page.

2016 Age Cohort



Median Age Trends



	2000	2010	2016	2021
Carteret County	42.3	45.7	47.7	49.2
State of NC	35.3	37.3	38.3	39
United States	35.3	37.1	38	38.7

Carteret County State of NC United States

Source: U. S. Census Bureau, Census 2010 Summary File 1. ESRI forecasts for 2016 and 2021. American Fact Finder, Census 2000 Summary File 1.

2016 Median Age

Carteret County	47.7
State of NC	38.3
United States	38.0

The median age has been on the rise since 1980, with a median age of 30. It is expected to continue rising over the next several years, as the life expectancy continues to increase, the baby boomers age, and the US fertility rates continue to decline.

Population Change by Age Cohort in Percentages

	2016	2021	Net Change
	71,724	**76,029**	**4,305**
0-4	4.5	4.3	(0.2)
5-9	4.8	4.5	(0.3)
10-14	5.1	5.1	0.0
15-19	4.9	4.9	0.0
20-24	5.1	4.4	(0.7)
25-34	11.2	10.7	(0.5)
35-44	11.0	11.3	0.3
45-54	14.0	12.3	(1.7)
55-64	17.0	16.8	(0.2)
65-74	13.7	15.4	1.7
75-84	6.4	7.8	1.4
85 +	2.3	2.5	0.2

With an increasing elderly population, the demand for age-related services and infrastructure increase as well. There will be an increase in demand for nursing homes and assisted living facilities, as well as healthcare providers and in-home healthcare providers. It is also quite possible that there will be an additional need for public transportation.

Source: U. S. Census Bureau, Census 2010 Summary File 1. ESRI forecasts for 2016 and 2021. CDC, Nation Center for Health Statistics

Population by Age Cohort

As previously noted in this analysis, in comparing Carteret County to the State of NC and the United States, which mirror each other in the age cohort percentages distribution, Carteret is significantly lower in the younger cohorts (0-44) and significantly higher in the older (45 +).

Carteret's predicated population change presents challenges and opportunities. The only age cohorts that are projected to experience growth, except for the 35-44 cohort, are those 65 years and above. This presents challenges with a higher demand for elder services and opportunities for businesses that provide goods and services demanded by an elderly population.

The projections also show a significant decline in the prime working cohorts, those between ages 25 and 54. This projected decline translates into a smaller labor pool and negatively impacts the county's ability to attract business and industry.

Carteret County leadership needs to take note of the predicted population changes and formulate strategies to hopefully reverse these trends.

Education

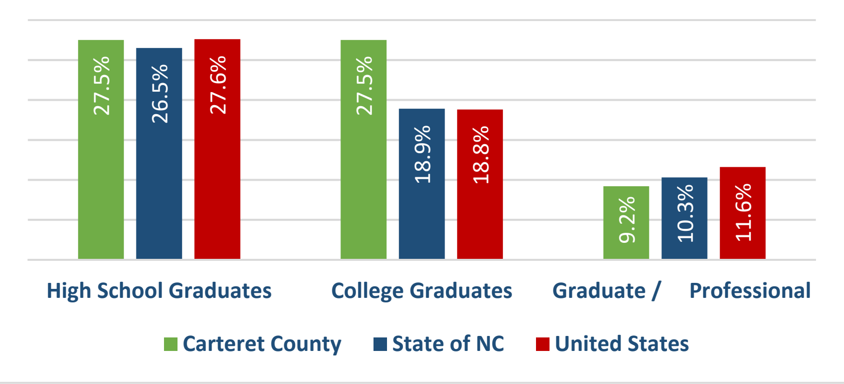
Educational Attainment

The percentage of high school graduates aged 25 years old and over essentially mirrors those of the State and the U.S. In terms of college graduates, the county has a significantly higher percentage of residents with a college degree, and is in line with the State and the U.S. in the number of residents with a graduate or professional degree.

SAT Scores

Carteret County Public Schools is a definite asset to the county, and should be highlighted in any recruitment efforts. Data shows that the students who participated in the SAT in 2016 scored well-above their peers in the State of NC as well as the U.S.

2016 Educational Attainment (25+)



SAT Scores

	Carteret County			State of NC	United States
	2014	2015	2016	2016	2016
Percent Tested	50.3%	49.2%	42.8%	58.2%	45.8%
Math	539	530	**544**	508	494
Critical Reading	534	519	**537**	502	487
Writing	506	492	**507**	475	472
Math & Critical Reading	1073	1049	**1081**	1010	981
Math, Critical Reading, and Writing	1579	1541	**1588**	1485	1453

Source: U. S. Census Bureau, Census 2010 Summary File 1. ESRI forecasts for 2016. NCPublicschools.org, SAT Report

Households

There are four pillars to economy: residential, retail, commercial and industrial. There is a symbiotic relationship among the four pillars, with each playing a vital role in a community's economy.

Annual Household Growth

Carteret's household figures (shown in the first chart) indicate a growing trend in the number of households. According to the data, it is growing at a slightly faster rate than the State and a significantly higher rate than the US.

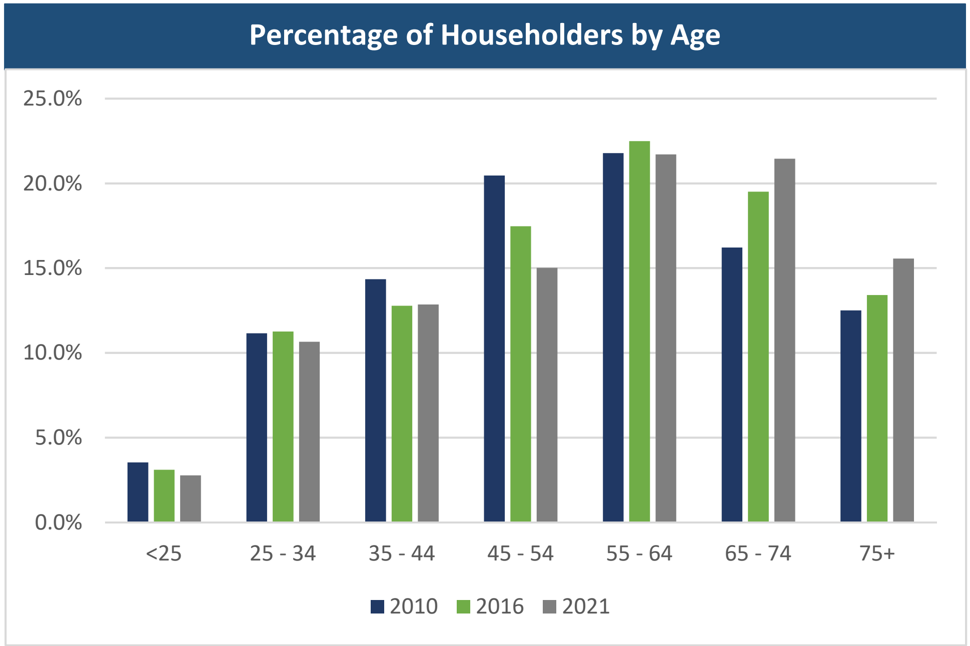
Percentage of Householders by Age

The data in the second chart indicates that Carteret is in or is projected to be in a decline in the number of householders in the age cohorts of <25 through age 54. The declines in the householder age cohorts reflect the projected declines in population in each respective age group. As the prime working age is 25 – 54, and with such a decline in the number of householders and population in that range, Carteret's base economy could be negatively impacted if these trends are not addressed.

While Carteret's economy is tourism-based, strategies, as set forth in this plan, should

Annual Household Growth, Estimates, and Projections

	2010	AGR	2016	AGR	2021
Carteret	28,870	1.27%	31,134	1.17%	32,999
State of NC		1.07%		1.10%	
United States		0.71%		0.79%	



Source: U. S. Census Bureau, Census 2010 Summary File 1. ESRI forecasts for 2016 and 2021.

***Percentage of Householders by Age** (cont.)*

be implemented to diversify the county's economy, increasing the number of good paying jobs and capital investment. Further, strategies to expand affordable housing options need to be incorporated into future actions.

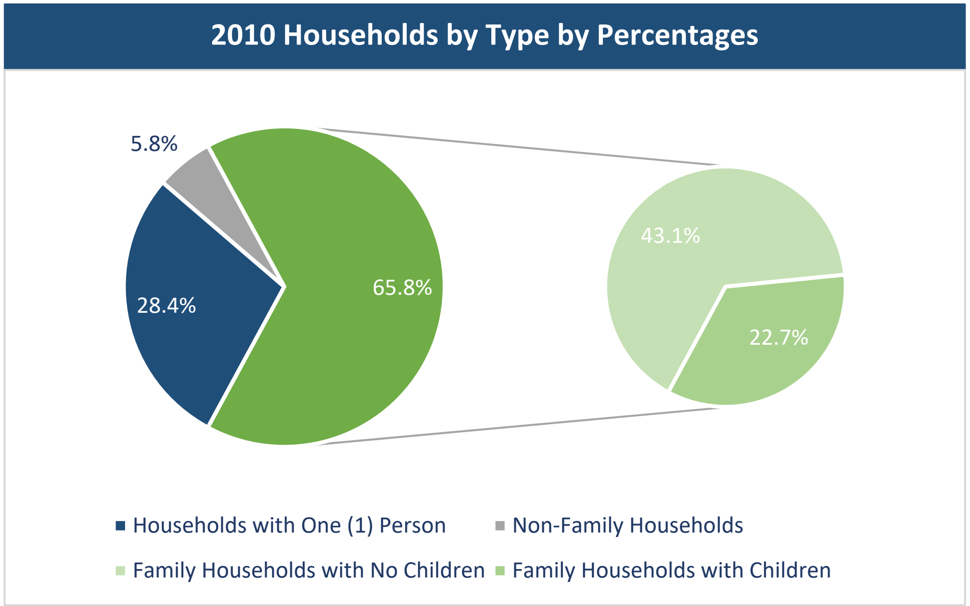
2010 Households by Type

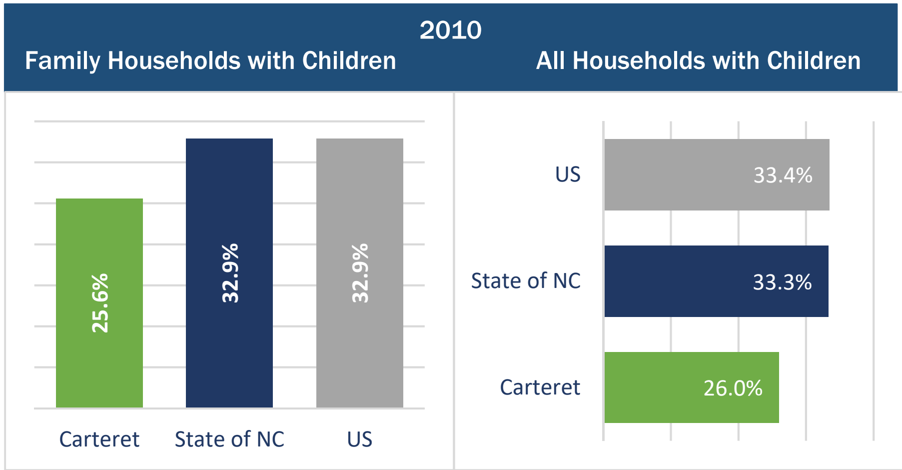
Because the 2016 Households by Type demographic data is not yet available, we had to go back to the U.S. Census for 2010.

As you will see, in the first chart, the majority of Carteret's households are occupied by families (65.8%), with 28.4% living alone, and 5.8% cohabitating with one or more unrelated persons. In comparison, the state has 66.7% and the United States has 66.4% family households *(not shown).*

As noted above, Carteret County has a 65.8% concentration of Family Households, but it only 25.6% of those family households have related children in comparison to the State of NC and the US, both with 32.9%.

In terms of percentage of all households with children, Carteret is again lower than with 26%, compared to the State with 33.3% and the US with 33.4%.





Source: U. S. Census Bureau, Census 2010 Summary File 1. ESRI forecasts for 2016 and 2021.

Income

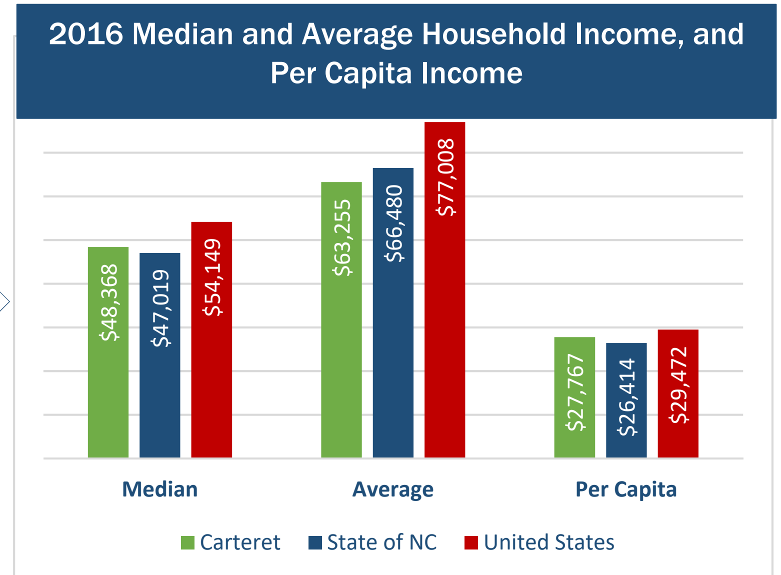
Household Incomes

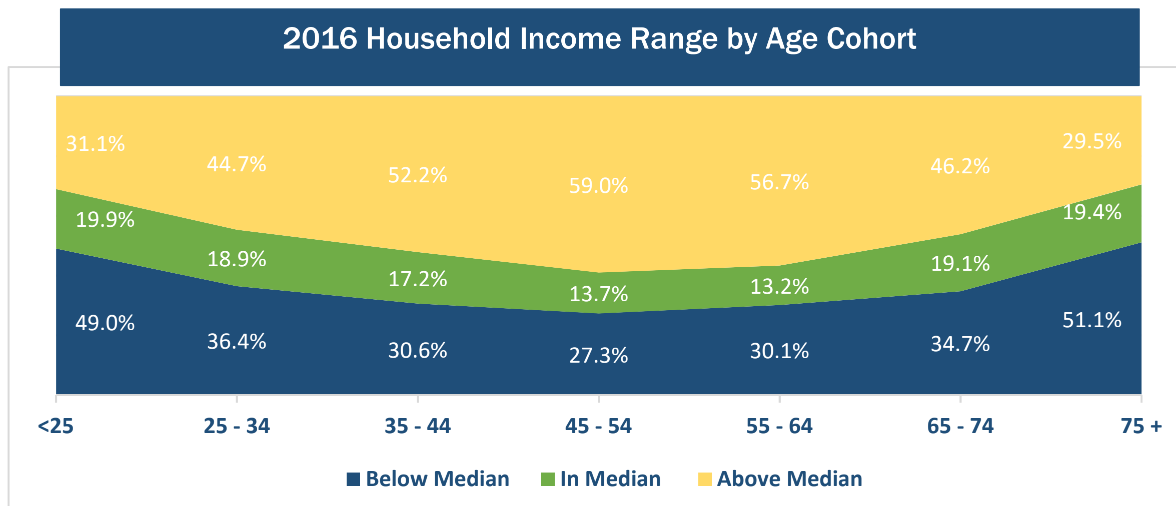
Comparing the household income categories for 2016 (first chart), Carteret County is slightly higher in the Median and Per Capita categories, and slightly lower in the Average income category than the State of NC. Carteret County and the State maintain positions lower than the United States in all categories.

Households Above and Below the Median Income Sector

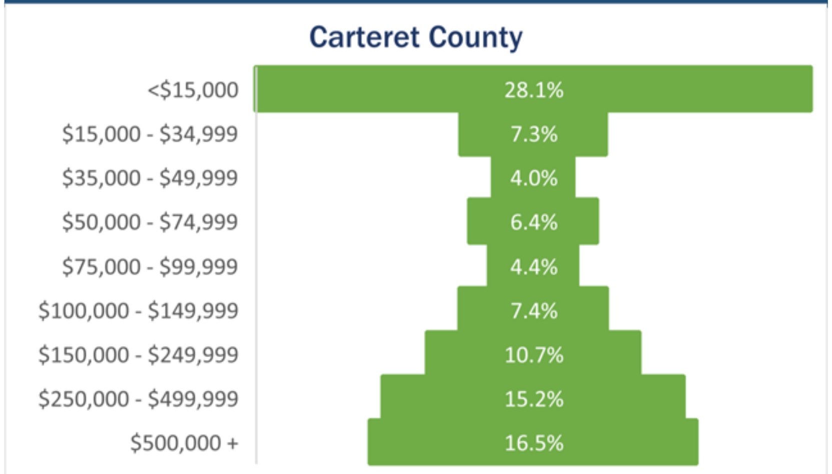
In the second chart, you can see that Carteret's highest household income age cohort is the 45 – 54, with 59.0% of the households with an annual income higher than the median. In comparison, the 75+ age cohort has 51.1% earning below the median.

A community's median household income is an indicator of the quality of life of its residents.



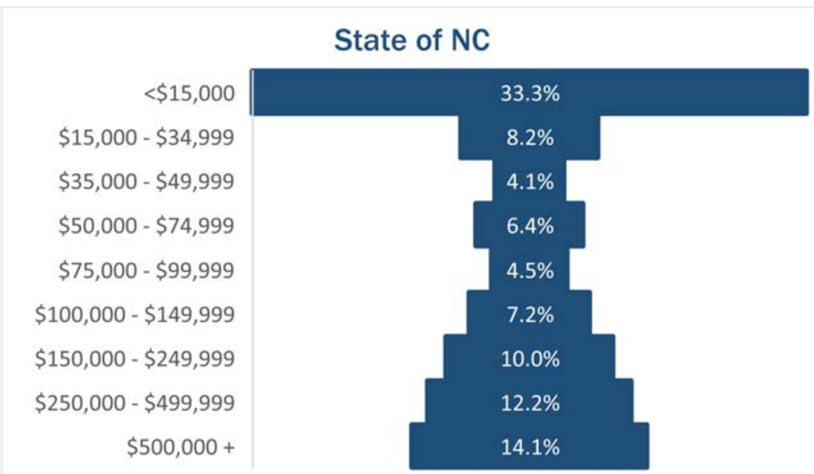


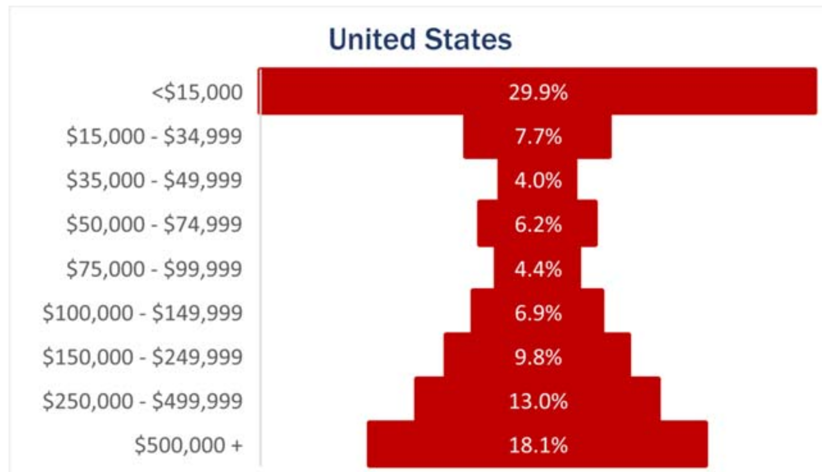
2016 Net Worth Profile – Carteret County



Net Worth Profiles

Carteret County's 2016 net worth profile is outlined in the first chart. One noticeable finding is that nearly one-third of Carteret's households have a net worth of $250,00 and over. This is significant, as the profile shows that only one-quarter of the State's households have a $250,000+ worth.





Source: U. S. Census Bureau, Census 2010 Summary File 1. ESRI forecasts for 2016 and 2021.

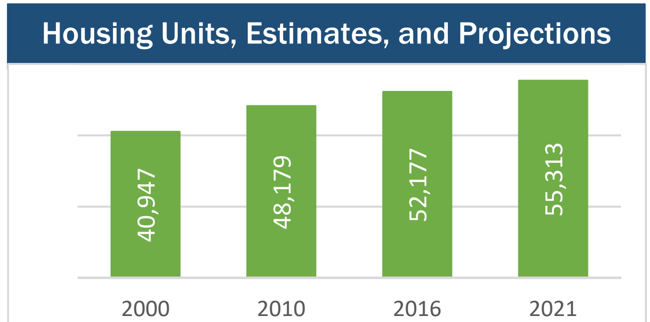
Housing

Housing Units Growth

While the US new homes sales market is starting to rise, until recently the market had been experiencing a decline since the Great Recession. Carteret County, however, is and is expected to continue to experience a steady growth. In the second chart (Housing Units, Annual Growth Rates by Percentages), you can see that from 2000 to 2010, the AGR for Carteret was 1.6%. Based on data obtained by Esri, compiled with their forecasting models, it is projected that during the 2010-2021 period, the county will continue to see growth in new home sales, as will the State of North Carolina and the United States, but at slower rates.

Status and Tenure

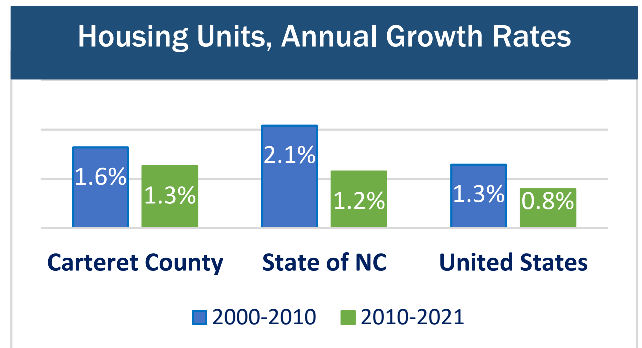
There is a national trend in the status and tenure of housing units that the number of renter occupied units is rising. Carteret is also following that trend, as is outlined in the third chart. Data has shown a significant increase in home sales to "'landlords" as the demand for rental units has increased as well.

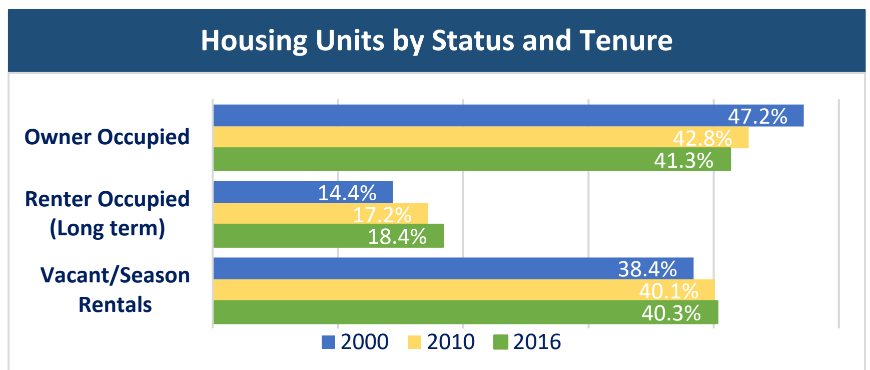


Forecasts predict that in 2021 there will be over 55,000 housing units in Carteret County.

Last year, 37 percent of homes sold were acquired by buyers who didn't occupy them.

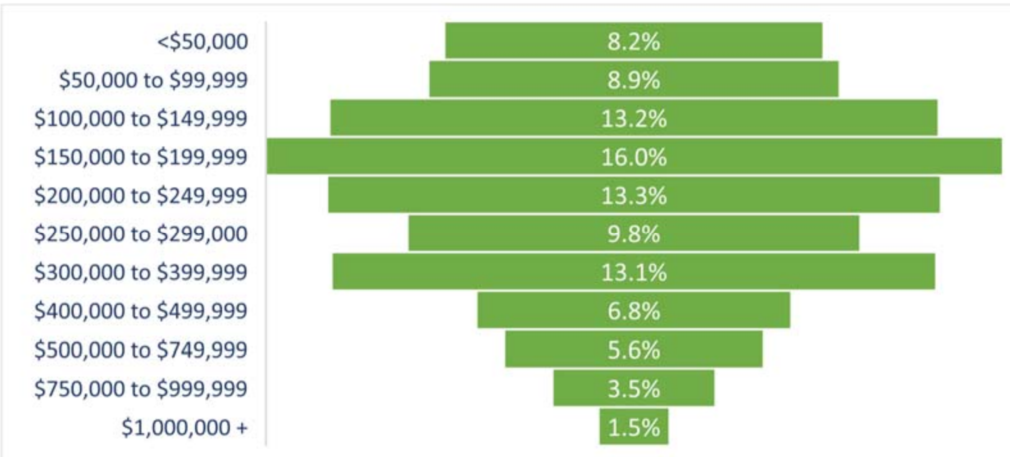
www.realtytrac.com/news/company-news/analyzing-the-who-behind-recent-real-estate-boom/>
published by Attom Data Solutions and ClearCapital.com Inc.



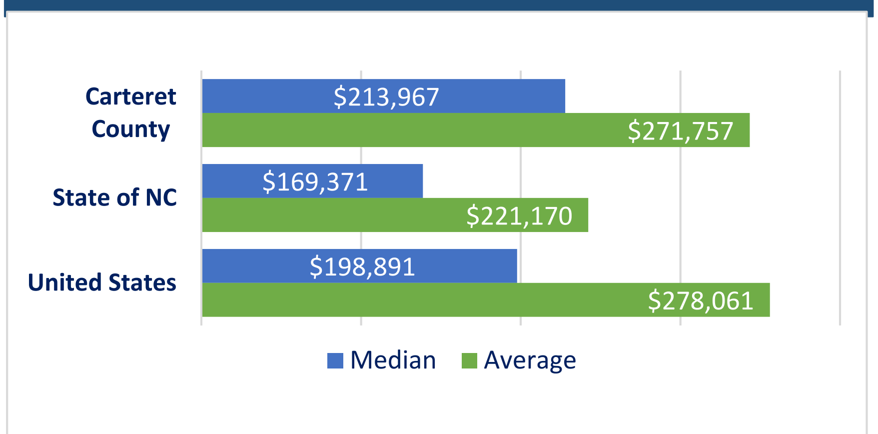


Source: U. S. Census Bureau, Census 2010 Summary File 1. ESRI forecasts for 2016 and 2021. American Fact Finder, Census 2000 Summary File 1.

2016 Owner Occupied Housing Units by Value



2016 Home Values, Median and Average (ALL)



Source: U. S. Census Bureau, Census 2010 Summary File 1. ESRI forecasts for 2016 and 2021. American Fact Finder, Census 2000 Summary File 1.

Home Values

Carteret County's largest home value sector is the $150,000 to $199,999, while the largest sector for the State and the United States is $100,000 to $149,000.

Median Home Values

As shown in the second chart, the County's median home value for 2016 is $213,967, higher than the State and the United States.

Average Home Values

Carteret's average home value $271,757, higher than that of the State at $221,170, but slightly lower that than of the United States at $278,061.

Mortgage Status

Data from the 2010 Census indicates that Carteret has a lower percentage of homeowners carrying a mortgage or loan, than the numbers for the State or the US. This can be attributable, in part, to an older population.

2010 Mort. Status	Mort. /Loan	Free & Clear
Carteret County	61.4%	38.6%
State of NC	69.7%	30.3%
United States	69.7%	30.3%

Labor Force

Unemployment

Carteret's unemployment rate, as of June 2017, was 3.9%. This rate is lower than that of the State which is 4.2% and that of the United States rate of 4.4%.

The data highlights a potential problem that Carteret may face in its quest to attract new business and capital investment to the county. The small number of available workers in the labor pool may not provide the quality and diversity of employees needed by a new company locating in the county. Workforce development strategies to improve the quality, and to encourage greater participation in the labor pool should be formulated. Other strategies to attract new residents to the area, increasing the population and thereby, the labor pool as well, should also be developed.

Jun 2017 – Carteret Employment

Employed	31,542
Unemployed	1,293
Unemployment Rate	3.9

The average travel time for a Carteret County resident/worker is 23.3 minutes.

2016 Employed Population 16+ By Occupation

White Collar	**57.7%**
Management/Business/Financial	13.1%
Professional	20.5%
Sales	12.5%
Administrative Support	11.5%
Services	**19.3%**
Blue Collar	**23.0%**
Farming/Forestry/Fishing	1.5%
Construction/Extraction	6.3%
Installation/Maintenance/Repair	4.8%
Production	4.9%
Transportation/Material Moving	5.5%

2015 Commuting Patterns of Residents	
Work in state and in county of residence	74.8%
Work in state outside county of residence	23.4%
Work outside state of residence	1.9%

Source: U. S. Census Bureau, Census 2010 Summary File 1. ESRI forecasts for 2016 and 2021. AccessNC.NCCommerce.com

Industry

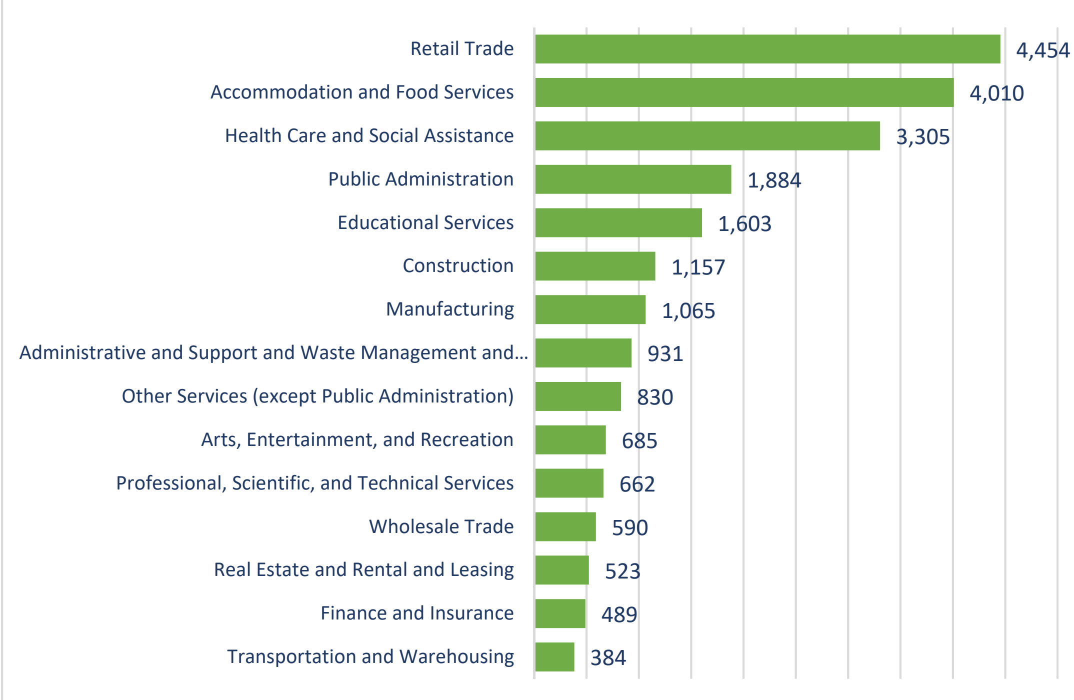
Employment by Industry

Carteret County's top five employment sectors for 2016 are Retail Trade, Accommodation and Food Services Health Care and Social Assistance, Public Administration, and Educational Services which represent 51.2% of the jobs in the county.

Retail Trade

Retail, while important to the quality of life, typically "recycles" dollars within the community, instead of bringing in dollars from the outside. However, as a large segment of the Carteret County economy is tourism, and tourism drives retail, a substantial portion of the county's retail dollars are coming from outside the local retail sales area. These retail dollars are deemed basic, the same as manufacturing, adding new wealth and growing the economy.

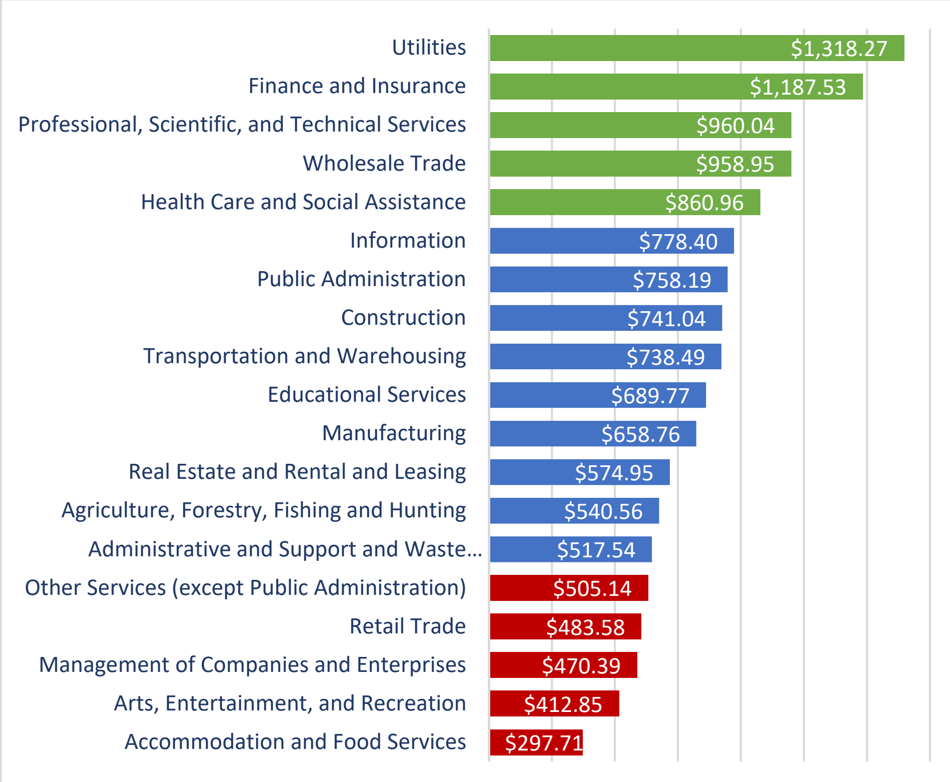
2016 Annual Employment by Industry Sector



2016 Avg. Annual Wages of Top Five Industry	
Retail Trade	$466.66
Accommodation and Food Services	$309.14
Health Care and Social Assistance	$874.12
Public Administration	$736.81
Educational Services	$706.67

Source: NC Department of Commerce, LEAD.

1st Qtr. 2017 Average Weekly Wage by Industry Sector



1st. Qtr. 2017 Top Five Industry Sector Employment	
Retail Trade	19.4%
Accommodation and Food Services	17.5%
Health Care and Social Assistance	14.4%
Public Administration	8.2%
Educational Services	7.0%

Average Weekly Wages

Wages by Industry

In the 1st qtr. Of 2017, the top five industry sector weekly wage earners were:

1. Utilities
2. Finance and Insurance
3. Professional, Scientific, and Tech. Services
4. Wholesale Trade
5. Health Care and Social Assistance

Of the top five employment sectors, only Health Care and Social Assistance, with 14.4% of the total employment, appears in the top five weekly wage earners for Carteret.

In comparison, two of the top five employment sectors for Carteret, Retail Trade and Accommodation and Food Services, with 37% of the total employment appear in the bottom five wage earners.

Source: NC Department of Commerce, LEAD.

Economic Development Product Assessment

Economic development product is defined as available sites and buildings that can meet the needs of a company that is seeking a new location. For Carteret to attract the types and quality companies that it desires to have located in the county, it is essential that it has an adequate inventory of sites and buildings. It has often been said that "you can't sell out of an empty wagon," so it follows that part of the development of any comprehensive plan must include an honest and candid assessment of the state of the organization's "wagon." The product assessment will also compare the county's inventory with those of the counties which were identified as being similar in nature, or close in proximity, to Carteret.

Site selection is actually a process of elimination and today that process almost always begins with a search of properties on the internet. Site selectors, whether consultants or company staff assigned to the task of identifying sites for a new facility are looking for ways to eliminate a location, and the quicker, the better. If a site or building that matches their criteria is not quickly and easily found, that location is eliminated and the organization never knows that it was ever considered as a locale. Logically then, the place to begin the Product Assessment would be the internet, and the first place to search for available properties would be the NC Department of Commerce/Economic Development Partnership of North Carolina (EDPNC) website. AccessNC provides listings and information on sites and buildings for all North Carolina counties that submit information on their available product. Carteret has no sites or buildings listed in this database. The county would likely be eliminated from an active search at this point. However, if the NC East Alliance or the Carteret EDC websites were searched, the county may remain under consideration as it has a few sites and buildings listed there. The term may is used because, although there are sites and buildings listed, the options are very limited, so the project would have to have siting needs that fit in this narrow range. Therefore, it is critical that Carteret improve its product inventory through some means if it desires to be competitive in the attraction of new capital investment and jobs. Further, it is essential that Carteret's product is promoted as widely as possible, and that includes the current inventory regardless of how limited it may be. It absolutely must be included in the AccessNC inventory, as this is most certainly where the search for a site or building begins. Steps should be taken to have the current properties listed on AccessNC as soon as possible, with additional properties added as they are identified.

The economic development product inventory of any area changes constantly. Therefore, for the purposes of this study, we will compare the Carteret properties listed on the EDC and NC East Alliance websites with those from Craven, Onslow, Pender, New Hanover, and Brunswick counties listed with AccessNC at the point in time this information was generated.

The Carteret EDC website lists sites in two industrial parks; the Crystal Coast Business Park and Jarrett Bay Marine Industrial Park. The description of the Crystal Coast park gives general information about the property and available lot sizes of 1.02 to 13.78 acres but does not offer any photos of the sites, nor the more specific information on infrastructure, etc. found on sites listed on AccessNC. Lot sizes in Jarrett Bay are listed as from 1.1 to 27.4 acres, but again no specific information regarding infrastructure or aerial photos are available. There are no buildings listed on the website although it does state that the EDC will provide prospects with "extensive information on available sites, buildings, and office space," and to initiate a confidential search, contact the EDC. This may work if, and only if, a prospect had a very strong desire to locate in Carteret, but for the vast majority of searches the county would be eliminated. The website listing of product and its offer to" provide extensive information" is severely lacking.

The information and number of available sites and buildings are a bit better on The NC East Alliance website. Carteret has 11 sites and four buildings on the Alliance website. Of the 11 sites, nine are located in Jarrett Bay Marine Industrial Park. The combined acreage for the nine sites totals 18.68. This contradicts the information on the EDC site, which states that a lot of 27.4 acres is available in Jarrett Bay. The site size in the Crystal Coast Park is cited as 58 acres and has no price information other than "varies according to lot size." The site does provide some general information on the properties such as; address, rail/barge access, sales price (for some), basic utility information, as well as some aerial photographs.

From the review of the three websites, the following conclusions could be drawn: one, what sites and buildings are actually available in Carteret County is uncertain, and two, assuming the best scenario of all three sites, the inventory is inadequate to support a robust recruitment program. Clearly, work must be done to identify and secure quality sites and buildings for the product inventory and to ensure that these properties are included on as many marketing sites as possible.

Comparing Carteret's inventory to those of the counties listed above further highlights the non-competitive position the county finds itself.

Industrial Sites/Acreage	Carteret	Craven	Onslow	Pender	New Hanover	Brunswick
5 - 10						
11 - 25	3	3	4	2	1	1
26 - 50		2	2		1	
51 - 100		3	1		1	1
101 - 200					2	
201 - 500				1	1	1
500+						2
Total Sites	3	8	7	3	6	5

Buildings/Sq. Ft.	Carteret	Craven	Onslow	Pender	New Hanover	Brunswick
5,000 - 10,000	2				1	
10,001 - 25,000	1	7	1		2	1
25,001 - 50,000			1	1	2	1
50,001 - 100,000		3		1	2	1
100,001 - 200,000	1				1	2
200,001 - 500,000				1	2	1
500,000+						1
Total Buildings	4	10	2	3	10	7

Craven County lists seven available sites, the largest being 88 acres and the smallest 15. The distribution, as shown in the chart is: three in the 10-25-acre range, two are between 25 and 50 acres, and three are 50 to 100 acres. Craven needs to expand its inventory, but it does have a decent selection of sites in varying acreages. In the industrial building category, Craven has ten facilities available from 80,000 sq. ft. down to 12,000 sq. ft. The vast majority, 70%, are 25,000 sq. ft. or smaller.

There are seven available sites listed for Onslow County on AccessNC. Five of the seven are less than 25 acres, and the largest is 59 acres. Onslow has only two available buildings listed on the website, one a 50,000-sq. ft. shell building and an 18,000-sq. ft. facility that is touted as a "plug and play" call center. Onslow's product inventory also needs enhancements, but it is still in better condition than Carteret's.

Pender County's stock includes three properties, two of which are 14 acres each, and the third is listed as 431 acres. But as is the case in many listings not only in North Carolina but other states as well, the total acreage in not the entire story and can sometimes be misleading. The largest contiguous site of the total 431 is 150 acres. This is still a good size site and could handle most large projects, but it is not a 431-acre property. Pender has three buildings in its inventory; 448,000 sq. ft., 52,000 sq. ft., and a 40,000-sq. ft. shell building.

Wilmington/New Hanover's inventory may be smaller than might be expected given the level of business activity in the county, the city of Wilmington, and the state ports, but it offers a number of sites and buildings options, distributed evenly over the size spectrum. For example, although there are only six sites listed they provide a wide range of lot sizes. The properties include acreages of 440 (maximum contiguous-216), 160 (maximum contiguous-109), 158, 87, 34, and 25. As can be seen, there is a very good selection of sites that could accommodate the majority of projects. Available buildings in New Hanover also are distributed according to size with one at 10,000 sq. ft., two between 10,000 and 25,000 sq. ft., two from 25,000-50,000 sq. ft., two in the 50,000 to 100,000 sq. ft. category, one at 100,000 sq. ft., and two large facilities of 215,000 and 292,000+ sq. ft. However, there is a potential negative in the building stock as the overwhelming majority of the facilities are for lease only. A possible explanation of this is that many of the buildings may be considered to be suitable for warehousing and distribution associated with port activities and some are office space.

Although the number of available sites for Brunswick County is small, five, the acreage is most impressive. There is one that is 12 acres, one of 60 acres, a 280-acre tract, and two industrial parks of 1000 acres each. All sites list their entire acreage as being available. And not only do the two large acreage sites, the International Logistic Park of NC and the Mid-Atlantic Logistics Center offer huge site sizes, but the acreage is priced very low, \$21,000 and \$20,000 per acre respectively. Brunswick also possesses a good range of available buildings with seven evenly distributed from the smallest at 18,000 sq. ft. to the largest of 336,000+ sq. ft. As with New Hanover, the biggest negative of the Brunswick building inventory is that four of the seven are available only to be leased.

Carteret's industrial product inventory places it in a decidedly disadvantaged position. The development of this Plan will produce a listing of identified target industry sectors, a suggested new approach to economic development, and other strategies focused on attracting jobs and capital investment to the county. However, all that will be for naught unless, in the simplest terms, there is somewhere to locate the businesses that are being recruited. Therefore, high on the list of priorities must be the improvement of the economic development product inventory, Carteret must fill its wagon.

Later in the report, there will be a discussion and recommendations on properties that should be analyzed for potential inclusion in the inventory. Various methods of securing the properties suggested development steps, and potential partners are also discussed, along with other approaches to extend the reach of the county to increase the potential number and size of industrial properties for recruitment purposes.

SWOT Analysis

For numerous reasons, a SWOT Analysis (Strengths, Weaknesses, Opportunities, and Threats) is an essential part of the development of any strategic economic development plan. The SWOT allows for wide participation in the process, creates a sense of ownership in the final product, and identifies areas, both positive and negative, for future focus. Many of the elements incorporated in this plan were derived from the data gathered during the SWOT Analysis.

Local leaders, as well as economic development allies from outside Carteret who regularly interact with the economic development office on various projects, contributed information for the analysis. To arrive at the county's true state in terms of economic development, it is important to solicit information and observations from both internal and external sources to provide different perspectives. Input from internal sources gives an in-depth understanding of local issues and current situations, while external views are from a broader perspective, and provide comparisons and contrasts with other communities. Data was gathered through focus groups, individual interviews, and an online survey. In all, over 40 individuals provided input for the analysis. The responses indicate what participants believe is important about the community as well as what challenges must be overcome in order to realize the growth needed to sustain and grow an economy.

Opinions were also solicited from the participants on several aspects of economic development and the existent business community in Carteret. As with the analysis of any data, the consulting team was searching for dominant themes and trends that ran throughout the responses, and several were found. In fact, the results were consistent across all the various sources and acknowledged as being a true accounting of the current state of affairs by members.

Recommendations and implementation/action steps were formulated for items deemed to be those which would have the most impact, both positive and negative, on the county's economic development efforts. The impacts of these items are short, medium, and long term. In the case of those items which are medium and long, the sooner strategies are put into place to address the respective issues, the sooner the rewards will be realized, or a negative situation can be diminished or eliminated. The recommendations, derived from the SWOT Analysis are contained within the category in which they best fit, such as Economic Development Organization, Product Development, or Collaborations/Partnerships, which make up the Recommendations Section later in this report.

The consulting team believes the salient points of the Analysis are listed below.

Local

Top ***strengths*** identified were:

- Schools - among the best in the state
- Location – beaches, access to water, quality of life-coastal lifestyle
- Military presence – provides employment and business opportunities
- Low tax rate – possible because of the high-value beach real estate, valuable recruiting tool for businesses and individuals alike
- Hospital – high quality of healthcare service

While positive in their comments about the county in general, participants cited the following ***weaknesses***:

- Location – distance from larger communities, services, amenities
- Labor Force – hard to fill existing job vacancies, low skill levels of labor pool
- Infrastructure – lack of water and sewer limiting growth in several sectors, including hospitality, commercial, and residential
- Transportation – lack of interstate access, congestion, (recent, and future improvements to US 70 acknowledged)
- Economic Development Organization/Efforts – lack of any direction, lack of activity

Opportunities on which Carteret should capitalize were identified as:

- Quality of Life – use as an attracting factor for small business, entrepreneurs, and those businesses that "could locate anywhere."
- Information Technology Infrastructure – leverage this to attract high IT companies and start-ups, high paying IT jobs
- Business Retention and Expansion activities – especially with small business and entrepreneurial development
- N.C. Ports – identify what the true opportunities are with the ports and develop strategies based on that information
- US 70 Improvements – improvements to US 70 have reduced the travel time and congestion between Carteret and I-95, the Triangle Region and other significant economic development areas

Lastly, the items that pose the greatest ***threats*** to economic growth and prosperity were noted to be:

- Lack of an effective economic development organization – without a focused, intentional program, economic development will come due to chance, and may or may not be what is best for the community as a whole.
- Over regulation – this includes regulations on sea level rise, flood mapping, and environmental. All can and are having negative effects on development in the county
- BRAC – which would directly affect military installations, as well as those companies and businesses that provide goods, supplies, and services to the bases
- Workforce – without an available workforce, recruitment of new businesses, and the expansion of existing companies will be difficult if not impossible
- Not addressing infrastructure issues – again the lack of infrastructure, primarily water and sewer are the limiting factor to growth in several sectors

Participants were also asked what factors were responsible for Carteret's success over the past five years, what businesses are missing in the county, what key investments need to be made to support economic development, and where should the county focus its economic development efforts.

Success factors cited were:

- Efforts to make Carteret the "complete package" – beaches, amusement, shopping, etc.
- Low tax rate – attractive to both individuals and businesses
- Real estate – vacation and second homes
- Growth of small business and entrepreneurs
- Schools – among the best in the state, anecdotal evidence that people relocate to the county for the quality education provided by Carteret County Schools

Causes of past ***failures*** were attributed to:

- Lack of Infrastructure – primarily water and sewer – limiting growth in all sectors, residential, commercial, and industrial
- Economic development organization – lacks direction, focus, ineffectual
- Lack of county unity – no common focus, bickering, opposing factors
- No growth attitudes – NIMBY "*Not in my backyard*" individuals and groups
- Isolated location – too far away from population centers and major transportation corridors

Opinions as to what businesses are ***missing*** from Carteret County were:

- Tech based companies
- Marine trades
- Entertainment/Amusement
- Manufacturing/light manufacturing
- Military/Defense related companies

Although it was acknowledged that companies in each sector were present in the county, respondents believe that these sectors are underrepresented. It was noted in response to this question, as well as others, that loss of amusement and entertainment facilities and venues to real estate development had created a void in that sector. These types of businesses are needed to support tourism attraction, and therefore, great opportunities in this sector are present in Carteret.

Key investments Carteret should make to foster economic development and growth as identified by the participants were:

- Technology Infrastructure – to support the recruitment of individuals and businesses in this sector
- Other Infrastructure – including water/sewer, transportation improvements, etc.
- Schools – enhancements to make them even better, this included the public schools and Carteret Community College
- Economic Development – the county needs to be more actively involved in economic development efforts and activities that will provide opportunities for the citizens
- Product Development – buildings and sites to accommodate companies and support recruitment and expansion opportunities need to be identified and secured

The ranked economic development priorities for Carteret were:

1st. Business Park/Site Development/Product Development
2nd. Existing Industry Support
3rd. Marketing (research) for Business Recruitment
4th. Retail Development
5th. Small Business/Entrepreneurial Development

Economic Development Allies

Economic development professionals from the NC East Alliance and the Economic Development Partnership of North Carolina (EDPNC), who have deep experience in working with Carteret and its economic development organization were contacted to get their input for the Plan. Their interviews yielded interesting and valuable insights and suggested actions that would better position the county for future success. The comments about Carteret and its potential were mostly positive, but there were some cautionary notes as well. In general, there was a consensus that better working relationships need to be established between the county and both organizations. One comment was made that the state is lacking any good knowledge of what Carteret has to offer. This would make it difficult, if not impossible for the state to market the county. The desire to work with, and to assist Carteret in its economic development efforts remains strong, so it will be in the best interest of the county to reach out and reestablish the relationships with the NC East Alliance and the EDPNC as soon as possible.

> ***Strengths*** noted were consistent with those cited internally and include the public schools, beaches, and the Ports. One not noted by the local group was the presence of NCSU, UNC, Duke, NOAA, CAMA, Marine Fisheries, etc. which have a focus on coastal research.
>
> ***Weaknesses*** identified included a lack of direction, no unified vision, and its location in terms of logistics. This refers to 50% of a distribution circle with Carteret at the center, would be in the Atlantic Ocean. However, this is also the case with many coastal communities that have a robust economy and economic development program; Wilmington, Charleston, SC, Savannah, GA, and the Hampton Roads Region, VA to name a few. So, this should not be viewed as an obstacle that cannot be overcome.

Numerous opportunities were cited by the economic professionals, some of which were in addition to those of the local groups. They included:

- Capitalizing on the resources represented by the presence of the universities, NOAA, CAMA, Marine Fisheries, etc.- There is great potential for businesses being spun out of these entities. The research done in the Marine and Life Science sectors holds exciting potential for business start-ups and entrepreneurs. It was noted that two businesses came out of university research conducted in Carteret County that eventually located in the Triangle primarily because there was no place for them in the county-here is a clear opportunity to leverage these assets. In addition, the designation of the facilities, or the establishment of a "Millennial Campus" would also pay dividends. Research
- Biotech sector-resources previously dedicated to the county by the Biotech Center should be used to promote this sector.
- Establish a business-friendly climate focused on attracting entrepreneurs, and small to mid-size companies, especially those that could locate anywhere. It was noted that Carteret already has businesses that fit this category. It was noted that one business owner had made the statement that “when we visit our companies, we want

to like the place." In addition, millennials choose where they want to live and then find or create a job. Carteret's excellent quality of life is a tremendous asset in attracting these entrepreneurs and small business owners.

- Establish Accelerator/Co-Working Space/Incubator facility-this would provide the needed space noted in the items above.
- The Port-it is not a container port and may never be. Carteret needs to know what the Port's real potential is for economic development. Carteret should push the Ports Authority to define the role of the Port and identify opportunities for the county including how to leverage its usage by the military and future plans for Radio Island.
- The Carteret County Public Schools are among the tops in the state. In fact, one scientist noted that he moved his business and family to Carteret explicitly so his children could attend the public schools. This further highlights that the county should include in it targets those companies that are not bound by geographic restraints and use the quality of the public schools as an attracting factor.
- Beaches-develop strategies to tap wealthy tourist, second home owners for business recruitment.
- Product Development to accommodate targets-identify and develop property and buildings for industrial recruitment. This could include a virtual shell building.
- Development of additional amusement and entertainment offerings-it was noted that Carteret is lacking in this area and an assessment of other beach counties should be conducted to identify strategies to address this missing segment.
- Leveraging labor force of trailing military spouses.
- Increased emphasis on targeting Defense related companies.

Those interviewed identified the lack of focus or direction in terms of economic development as a major ***threat*** for Carteret County. There is no one leading economic development and no known cohesive program, which will cause the county to miss out on a great deal of opportunities that come through the state and the Alliance.

The ***second threat*** noted was transportation and in particular, the congestion that occurs during the summer tourist season. It was noted that Spirit Air at one time shipped its product from the Morehead Port. However, due to the congestion on the highways, the traffic patterns, and the delays they created in the summer, primarily from Thursday afternoon on, Spirit Air has rerouted its product to be shipped out of the ports at Wilmington because of easier, more timely access.

As noted throughout, the data gathered during the SWOT exercise provided valuable insight and information that was incorporated into the recommendations and implementation items, which are the product of the strategic planning process.

Economic Development Organization Comparative Analysis

In evaluating an organization, it is important to put it in context of peer organizations responsible for conducting economic development in their localities. Comparative analysis will help an organization benchmark itself today and define aspirational goals for the future. This type of comparative analysis can also identify creative ways and means for defining, building and implementing an effective program.

The organizational structures engaged to execute economic development programs are as numerous and diverse as the municipalities, counties, regions, etc. which they serve. They run the gamut from totally publicly funded and controlled to organizations, that for the most part, are funded and controlled by the private-sector. The caveat "for the most part" refers to the fact that it is difficult to divorce the public sector from the economic development process because there are so many aspects that fall squarely in the public domain. Areas such as roads, water and sewer services, incentives are all items that must have public support, and in most cases, are better handled by public agencies.

The four organizations that were analyzed for best practices were: the Craven 100 Alliance, Jacksonville-Onslow Economic Development, Wilmington Business Development, and Brunswick County Economic Development. As would be expected, there are some similarities and some differences in the programs, and they range from a county agency in Brunswick to a mostly private organization in Wilmington.

All four have private-sector connections and can access private funds to assist in marketing and recruitment activities. Sanford Holshouser firmly believes that this private-sector support is a vital aspect of any successful economic development effort. Each share as a mission component the direct attraction of new capital investment and new jobs, and the support of their existing business base. With the exception of Brunswick County, they are governed by boards that contain both public and private representation and reflect the corporate documents of the respective organizations and any agreements/contracts with public agencies. Brunswick, being a county agency is under the ultimate direction of the county commissioners via the manager and department head. Wilmington operates with four full-time and two contractual employees, Jacksonville-Onslow has three, Craven two, and Brunswick has one, with the ability to tap others within the Planning Department for assistance on an as needed basis. Based on interviews with the Directors of each organization, the following summary information is provided:

In summary:

Organization

All four organizations currently operate with or are in the process of establishing a partnership with a private fundraising entity-a public/private model of economic development.

Staff

On average, the organizations have three staff members; usually a Director, Administrative Assistant and subject specific (BRE, marketing, research, business development) person. One organization hires 1099 contract employees to carry out specific duties.

Budget

- $252,000 – Average Marketing and Recruitment, Association Dues
- Funding Mix Average – 65% Public, 35% Private

Program

- Business Attraction - 100%
- Business Retention and Expansion - 75%
- Small Business/Entrepreneurial Development - 75% with 50% supporting others in this effort
- Tourism - 0%
- Other: Workforce Development
  Development of Collaborative Relationships with Local and State "Allies" (Chambers of Commerce, NC-EDP, Community College, Utilities, etc.)

Promotional

- Web – 100%
- Events (with Allies) – 100%
- Social Media – 75%
- Tradeshows and Conferences – 75%

Results/Year

- Leads – 56 Avg.
- Visits to Area – 6 Avg.
- Announcements (Wins) – 4.25 Avg.
- BRE Announcements – 3.0 Avg. (equals 71% of Announcements)

Success Measures

- Number of RFIs Responded To
- Positive Feedback from Commissioners and Board Members
- Jobs Created
- Defining Measures are Complicated - In Transition Trying to Elevate Metrics
- No Formal Metrics (2 respondents)

Product

Each comparative organization cited lack of product or low degree of readiness of product as being their greatest challenge.

In addition to inquiry and analysis into the previous attributes, each Director was asked some open-ended questions to gather input on various issues. The responses to these questions are valuable for Carteret County in trying to modify and reinvigorate its economic development efforts. The questions and responses were:

1. ***To what do you attribute your successes?***

   Themes that were repeated include:

   - Community and Board Support
   - Common Goals (everyone on the same page)
   - Flexibility of the Organization
   - Having the "Right" People with the "Right" Attitude and Work Ethics (dogged/bull dogs and best customer service)

2. ***When there were times when you weren't successful (e.g., winning a project), to what can you attribute that?***

   - Lack of appropriate level of support from the state
   - Not aggressive enough on incentives
   - Responding to something that wasn't really us
   - Not competitive with others due to our location, workforce and other factors some of which we cannot change
   - Lack of quantity of workforce vs. larger metros
   - Not developing a creative and compelling case for locating here

3. ***If you only had one thing you could advise an economic development organization to concentrate on in order to be consistently effective, what would that be?***

   - Collaboration!! You must have partners in order to get things done. We spend a good amount of time developing partners and relationships.
   - Build and maintain relationships with a wide variety of local, regional, state and national "allies." Leverage those relationships to find opportunities.
   - Get the public and private sectors aligned even if they don't form a formal partnership.
   - Customer service should be at the top of the focus of the organization. Hire the right people; we are in a people business. Hire the right person to run the organization; someone who is tactical and can "survive" the job and dealing with multiple types and layers of people and organizations.

Target Industry Analysis

Carteret County, North Carolina

August 2017

Table of Contents

Executive Summary

The purpose of this Target Industry Analysis is to identify potential industry sectors, for Carteret County, North Carolina. Before undertaking target marketing activities, business development programs, or entrepreneurial development programs, it is critically important proper analysis and research be done. Matching the strengths and assets of Carteret County with the needs of growing and expanding companies is vital to the success of targeting. For this study, we looked at area advantages, both in Carteret County and the surrounding region. These advantages can be built upon to expand the economic base, create jobs, and new investment.

We factored in economic and demographic trends, national and local industry growth, location quotients, and current industry assets in the region. In addition, we evaluated industry and company types who would find Carteret County attractive. Carteret County offers a competitive business environment, in a diversified cross section of manufacturing industries. We also want to recognize tourism as an economic driver, the presence of military bases in the region, and the overall quality of life along the Crystal Coast.

Based on our research and analysis, we recommend the following target industry targets:

- Marine Industries
- Business Services
- Construction Products
- Production Technology
- Wood Products and Furniture

Overall, our objective is not only to find the most feasible industries, but also the most desirable to recommend for Carteret County. Wood Products and Furniture, along with Marine Industries, present the opportunity to grow an already strong base within Carteret County. Construction Products takes advantage of strong county, regional, and national growth. Business Services and Production Technology are industries where Carteret County needs to make gains when compared to the region and the nation. There is ample opportunity to increase these industries in the county with focused efforts. Target industry definitions and rationale follow for each target sector.

Marine Industries

Target Definition

Marine Craft and Sport will include aquaculture, mariculture, boat building and wholesaling, marine instrumentation, as well as, sporting goods related to the marine and water sports industries.

Code	Description
112510	Aquaculture
114111	Finfish Fishing
114112	Shellfish Fishing
114119	Other Marine Fishing
334511	Search, Detection, Navigation, Guidance, Aeronautical, and Nautical System and Instrument Manufacturing
336612	Boat Building
339920	Sporting and Athletic Goods Manufacturing
423860	Transportation Equipment and Supplies (except Motor Vehicle) Merchant Wholesalers
423910	Sporting and Recreational Goods and Supplies Merchant Wholesalers
441222	Boat Dealers
487210	Scenic and Sightseeing Transportation, Water

Business Case

Marine Industry locations and jobs, within Carteret County, increased over the past five years and employment is projected to increase in the coming five years. The concentration of the industry in the county is well above the national concentration.

Cost of labor in the county is below average. Earnings per job for marine industry is $46.5K, which is $22.8K below the national average of $69.2K. Earnings per job is calculated by taking the total annual earnings of a regional industry (wages, salaries, profits, benefits, and other compensation) divided by the number of jobs in the industry. This is not an average wage number.

The Region has a strong presence of this industry as well. The Region has shown growth over the past five years, but does not show continuing growth as Carteret County does.

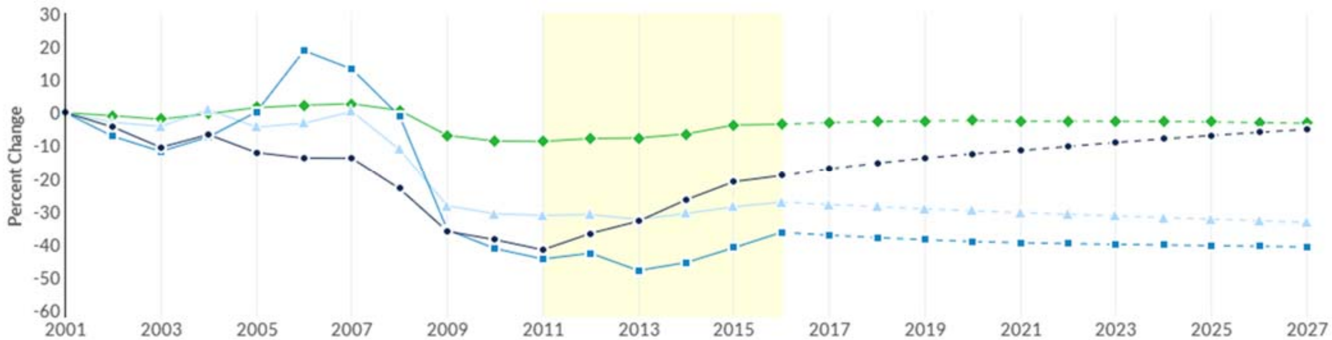
Carteret County Summary

44	**714**	**+38.9%**	**7.30**
Payrolled Business Locations	**Jobs**	**Growth/Decline**	**Concentration**
Payrolled business locations increased by 1 over the last 5 years.	Jobs increased by 199 over the last 5 years. Projected to increase by 67 over the next 5 years.	Percentage change from 2011 to 2016. National growth was 5.7%	Regional job concentration is 7.30 times the national job concentration.

Carteret Region Summary
Beaufort, Carteret, Craven, Hyde, Jones, Onslow, and Pamlico Counties

130	**1,763**	**+14.6%**	**3.11**
Payrolled Business Locations	**Jobs**	**Growth/Decline**	**Concentration**
Payrolled business locations increased by 7 over the last 5 years.	Jobs increased by 224 over the last 5 years. Projected to decrease by 89 over the next 5 years.	Percentage change from 2011 to 2016. National growth was 5.7%	Regional job concentration is 3.11 times the national job concentration.

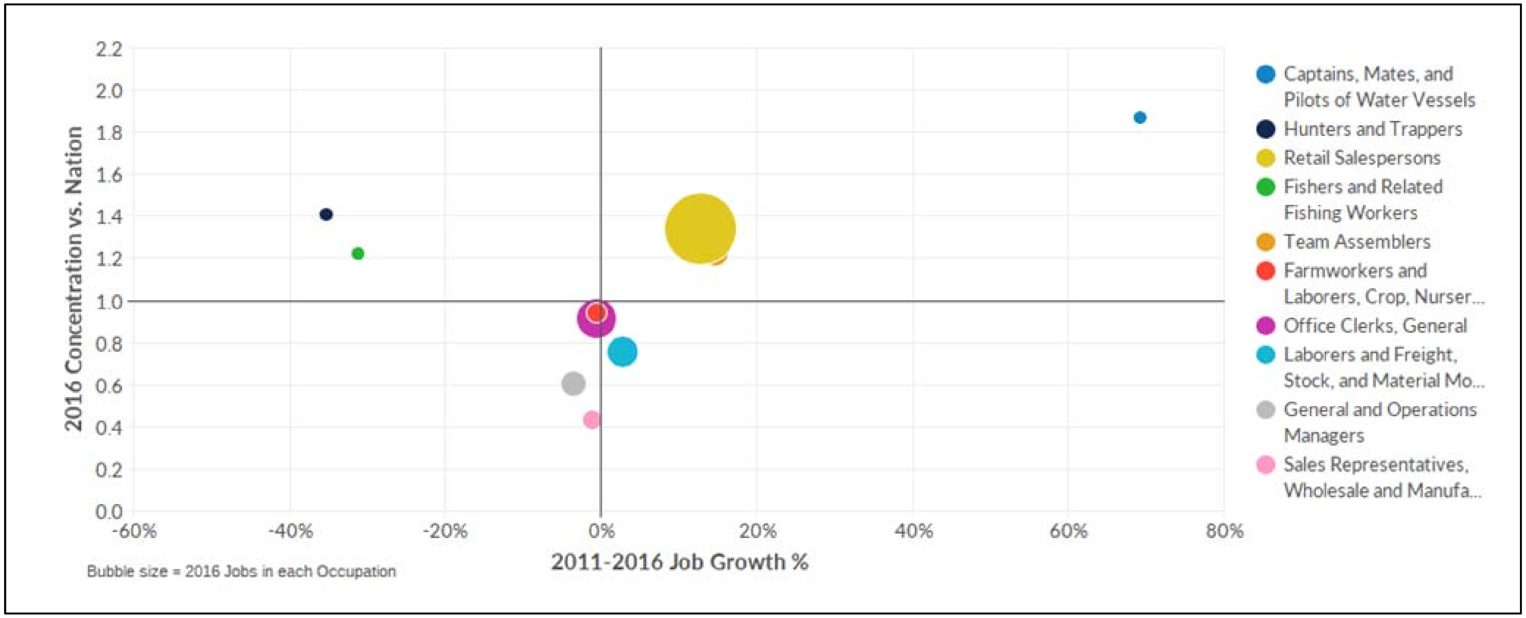
Employment Trends



	Region	2011 Jobs	2016 Jobs	Change	% Change
●	Carteret County	514	714	200	38.9%
●	Carteret Region	1,538	1,763	225	14.6%
●	State	13,567	14,363	796	5.9%
●	Nation	567,603	600,114	32,511	5.7%

Workforce Availability

Key occupations for Marine Industries have an overall concentration of 1.09, indicating above average workforce availability. These occupations experience overall job growth of 6.2% from 2011-2016, indicating the regional talent pool is increasing.



Key Occupation	Concentration	2011 Jobs	2016 Jobs	2021 Jobs	Median Hourly Earnings	Average Hourly Earnings
Captains, Mates, and Pilots of Water Vessels	1.87	40	68	80	$17.85	$18.59
Hunters and Trappers	Insf. Data	<10	<10	<10	Insf. Data	Insf. Data
Retail Salespersons	1.34	4,986	5,623	6,131	$9.92	$12.38
Fishers and Related Fishing Workers	Insf. Data	<10	<10	<10	Insf. Data	Insf. Data
Team Assemblers	1.22	1,113	1,277	1,329	$11.84	$12.96
Farmworkers and Laborers, Crop, Nursery, and Greenhouse	0.94	603	599	588	$11.40	$12.36
Office Clerks, General	0.91	2,559	2,545	2,610	$12.38	$13.00
Laborers and Freight, Stock, and Material Movers, Hand	0.76	1,791	1,839	1,971	$11.90	$12.70
General and Operations Managers	0.60	1,288	1,242	1,338	$42.09	$49.78
Sales Representatives, Wholesale and Manufacturing	0.43	582	575	641	$24.68	$28.71
Total	**1.09**	**12,968**	**13,772**	**14,695**	**$14.44**	**$16.67**

Business Services

Target Definition

Business Services will include a wide range of industry types such as data processing, financing, investment advice, administrative services, logistics consulting, environmental consulting, customer service, and travel agencies.

Code	Description
518210	Data Processing, Hosting, and Related Services
522220	Sales Financing
522291	Consumer Lending
522292	Real Estate Credit
523120	Securities Brokerage
523930	Investment Advice
523991	Trust, Fiduciary, and Custody Activities
541519	Other Computer Related Services
541611	Administrative Management and General Management Consulting Services
541612	Human Resources Consulting Services
541614	Process, Physical Distribution, and Logistics Consulting Services
541620	Environmental Consulting Services
541690	Other Scientific and Technical Consulting Services
541711	Research and Development in Biotechnology
561110	Office Administrative Services
561410	Document Preparation Services

Code	Description
561422	Telemarketing Bureaus and Other Contact Centers
561510	Travel Agencies

Business Case

Business Services locations and jobs, within the Region, increased over the past five years and employment is projected to increase in the coming five years. The concentration of the cluster in the Region is nearing the national concentration.

Cost of labor in the County is below average. The earnings per job for business services is $51.1K, which is $64.7K below the national average of $115.9K. Earnings per job is calculated by taking the total annual earnings of a regional industry (wages, salaries, profits, benefits, and other compensation) divided by the number of jobs in the industry. This is not an average wage number.

Carteret County has shown growth over the past five years, but does not show continuing growth as the Region does. Carteret County is not as competitive as the Region, when it comes to earnings per job. Generally, Business Services will continue healthy growth throughout the country. The presence of Cherry Point and other military assets in the region may offer a chance to build defense related services, as well as provide service jobs for trailing spouses across industries.

Carteret County has an opportunity to build upon this industry and the wide range of sectors within the industry. In essence, Carteret County needs to step up and take their share of growth in this industry. Growth is happening in the region and the nation. Aggressive small business and entrepreneur services and activities in the County will help grow this industry.

Carteret County Summary

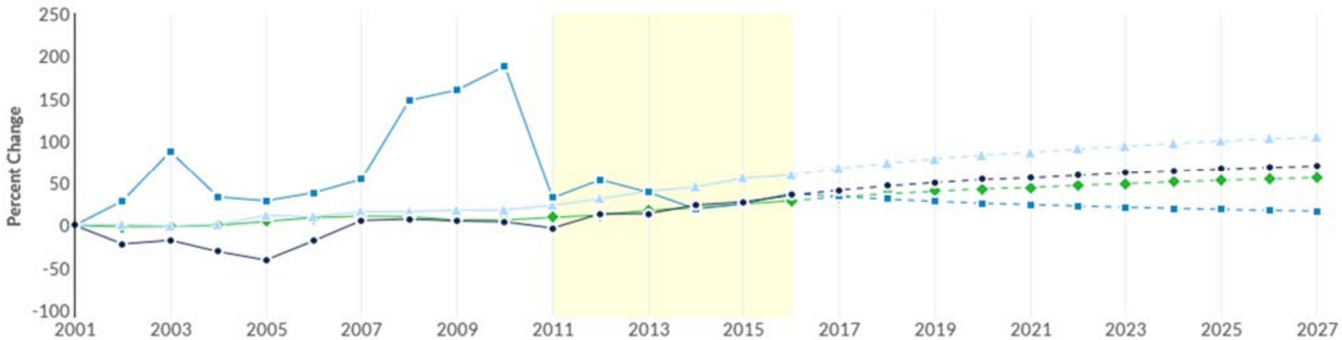
71	207	+4.0%	0.35
Payrolled Business Locations	**Jobs**	**Growth/Decline**	**Concentration**
Payrolled business locations increased by 9 over the last 5 years.	Jobs increased by 8 over the last 5 years. Projected to decrease by 20 over the next 5 years.	Percentage change from 2011 to 2016. National growth was 18.1%	Regional job concentration is 0.35 times the national job concentration.

Carteret Region Summary

Beaufort, Carteret, Craven, Hyde, Jones, Onslow, and Pamlico Counties

366	3,198	+40.0%	0.93
Payrolled Business Locations	**Jobs**	**Growth/Decline**	**Concentration**
Payrolled business locations increased by 61 over the last 5 years.	Jobs increased by 915 over the last 5 years. Projected to increase by 486 over the next 5 years.	Percentage change from 2011 to 2016. National growth was 18.1%	Regional job concentration is 0.93 times the national job concentration.

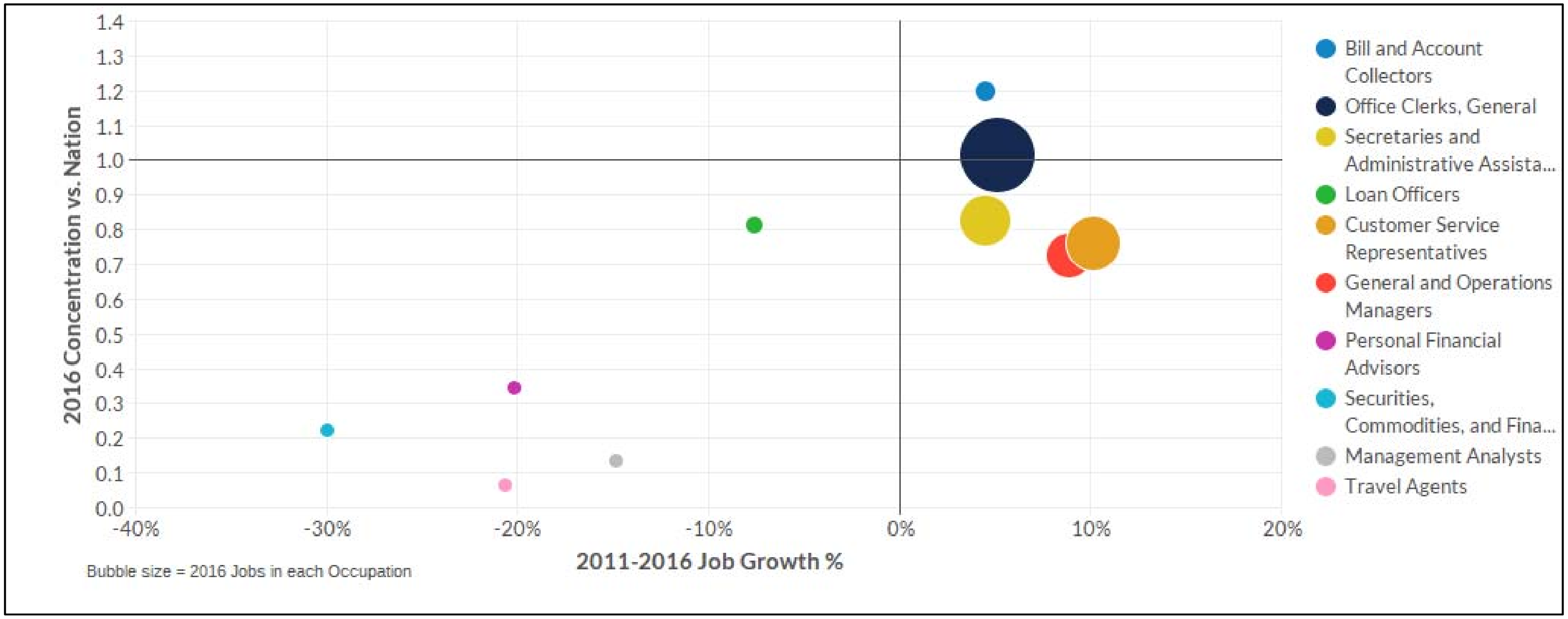
Employment Trends



	Region	2011 Jobs	2016 Jobs	Change	% Change
●	Carteret Region	2,284	3,198	914	40.0%
●	Carteret County	199	207	8	4.0%
●	State	87,823	113,364	25,541	29.1%
●	Nation	3,073,717	3,629,277	555,560	18.1%

Workforce Availability

Key occupations for business services have an overall concentration of 0.60, indicating below average workforce availability. These occupations experienced overall job growth of 5.3% from 2011-2016, indicating that the regional talent pool is increasing.



Key Occupation	Concentration	2011 Jobs	2016 Jobs	2021 Jobs	Median Hourly Earnings	Average Hourly Earnings
Bill and Account Collectors	1.20	60	63	62	$13.53	$14.48
Office Clerks, General	1.01	467	491	496	$12.22	$12.66
Secretaries and Administrative Assistants, Except Legal, Medical, and Executive	0.83	297	310	313	$14.81	$15.08
Loan Officers	0.81	45	42	40	$31.57	$37.32
Customer Service Representatives	0.76	296	326	346	$13.55	$14.50
General and Operations Managers	0.73	237	258	274	$43.95	$54.12
Personal Financial Advisors	0.35	15	12	12	$32.64	$45.32
Securities, Commodities, and Financial Services Sales Agents	0.22	17	12	12	$29.98	$38.73
Management Analysts	0.13	17	14	16	$29.71	$34.09
Travel Agents	Insf. Data	<10	<10	<10	Insf. Data	Insf. Data
Total	**0.60**	**1,451**	**1,528**	**1,573**	**$19.42**	**$21.94**

Construction Products

Target Definition

Construction Products will include manufacturing and wholesale industries of building products including pipes, concrete, metal components, windows, doors, and other materials.

Code	Description
326122	Plastics Pipe and Pipe Fitting Manufacturing
326191	Plastics Plumbing Fixture Manufacturing
327320	Ready-Mix Concrete Manufacturing
327991	Cut Stone and Stone Product Manufacturing
332311	Prefabricated Metal Building and Component Manufacturing
332321	Metal Window and Door Manufacturing
332323	Ornamental and Architectural Metal Work Manufacturing
332913	Plumbing Fixture Fitting and Trim Manufacturing
334512	Automatic Environmental Control Manufacturing for Residential, Commercial, and Appliance Use
423310	Lumber, Plywood, Millwork, and Wood Panel Merchant Wholesalers
423320	Brick, Stone, and Related Construction Material Merchant Wholesalers
423330	Roofing, Siding, and Insulation Material Merchant Wholesalers
423390	Other Construction Material Merchant Wholesalers

Business Case

Construction Products locations and jobs, within the County and Region, increased over the past is years and employment is projected to increase in the coming five years. The concentration of the industry in the County and Region is above the national concentration.

Cost of labor in the County is below average. The earnings per job for construction products is $54.6K, which is $12.1K below the national average of $66.7K. Earnings per job is calculated by taking the total annual earnings of a regional industry (wages, salaries, profits, benefits, and other compensation) divided by the number of jobs in the industry. This is not an average wage number.

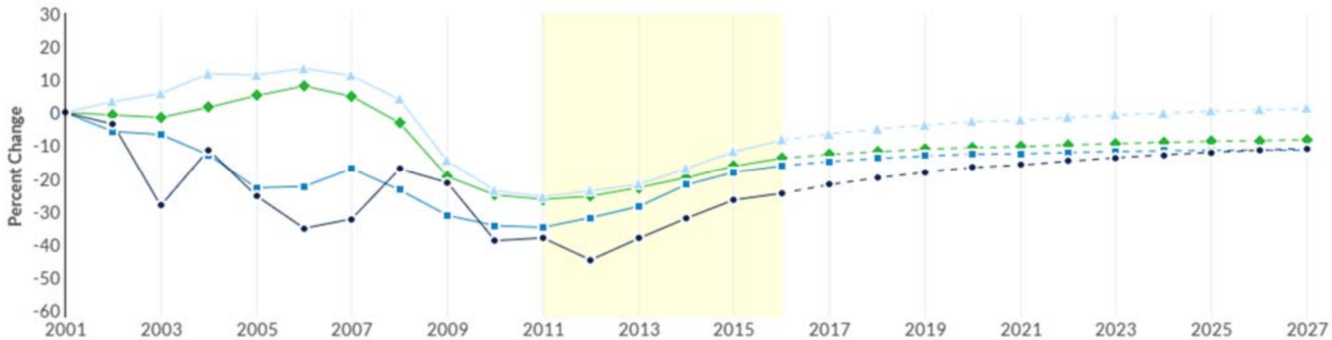
Carteret County Summary

8	108	+21.3%	1.24
Payrolled Business Locations	**Jobs**	**Growth/Decline**	**Concentration**
Payrolled business locations decreased by 1 over the last 5 years.	Jobs increased by 19 over the last 5 years. Projected to increase by 12 over the next 5 years.	Percentage change from 2011 to 2016. National growth was 16.9%	Regional job concentration is 1.24 times the national job concentration.

Carteret Region Summary
Beaufort, Carteret, Craven, Hyde, Jones, Onslow, and Pamlico Counties

45	1,267	+28.8%	2.49
Payrolled Business Locations	**Jobs**	**Growth/Decline**	**Concentration**
Payrolled business locations decreased by 1 over the last 5 years.	Jobs increased by 282 over the last 5 years. Projected to increase by 56 over the next 5 years.	Percentage change from 2011 to 2016. National growth was 16.9%	Regional job concentration is 2.49 times the national job concentration.

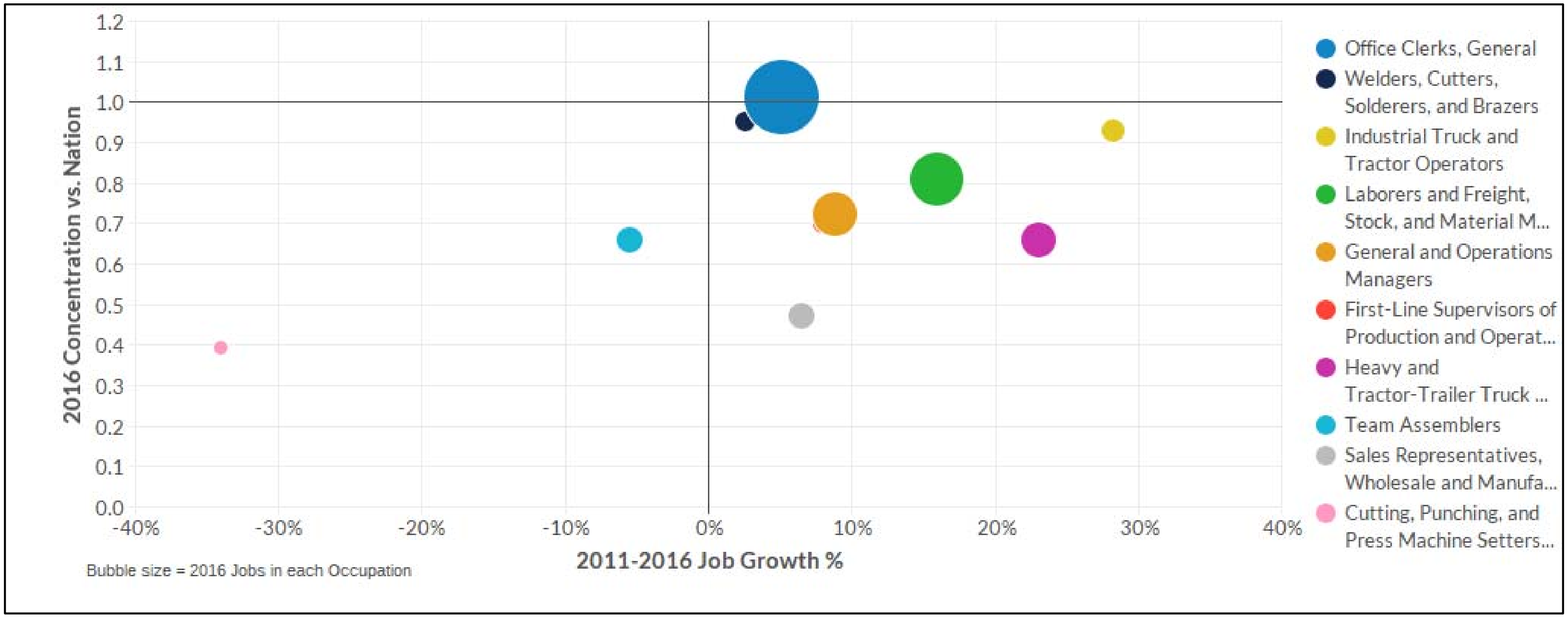
Employment Trends



	Region	2011 Jobs	2016 Jobs	Change	% Change
●	Carteret County	89	108	19	21.3%
●	Carteret Region	984	1,267	283	28.8%
●	State	16,176	19,918	3,742	23.1%
●	Nation	460,845	538,948	78,103	16.9%

Workforce Availability

Key occupations for Construction Products have an overall concentration of 0.70 in Carteret County, indicating below average workforce availability. These occupations experience overall job growth of 9.1% from 2011-2016, indicating the regional talent pool is increasing.



Key Occupation	Concentration	2011 Jobs	2016 Jobs	2021 Jobs	Median Hourly Earnings	Average Hourly Earnings
Office Clerks, General	1.01	467	491	496	$12.22	$12.66
Welders, Cutters, Solderers, and Brazers	0.95	56	58	58	$17.86	$17.85
Industrial Truck and Tractor Operators	0.93	66	85	90	$12.73	$13.09
Laborers and Freight, Stock, and Material Movers, Hand	0.81	288	334	357	$9.87	$10.50
General and Operations Managers	0.73	237	258	274	$43.95	$54.12
First-Line Supervisors of Production and Operating Workers	0.70	64	69	73	$23.91	$24.88
Heavy and Tractor-Trailer Truck Drivers	0.66	149	183	193	$16.52	$17.11
Team Assemblers	0.66	128	121	120	$11.06	$12.07
Sales Representatives, Wholesale and Manufacturing, Except Technical and Scientific Products	0.47	103	109	122	$23.54	$28.98
Cutting, Punching, and Press Machine Setters, Operators, and Tenders, Metal and Plastic	0.39	18	12	11	$11.41	$11.78
Total	**0.70**	**1,575**	**1,719**	**1,794**	**$18.29**	**$20.60**

Production Technology

Target Definition

Production Technology will include wide range of manufacturing such as plastics, metals, machinery, motors, tools, and other equipment.

Code	Description
326199	All Other Plastics Product Manufacturing
331110	Iron and Steel Mills and Ferroalloy Manufacturing
332613	Spring Manufacturing
332618	Other Fabricated Wire Product Manufacturing
332710	Machine Shops
332721	Precision Turned Product Manufacturing
332722	Bolt, Nut, Screw, Rivet, and Washer Manufacturing
333413	Industrial and Commercial Fan and Blower and Air Purification Equipment Manufacturing
333511	Industrial Mold Manufacturing
333514	Special Die and Tool, Die Set, Jig, and Fixture Manufacturing
333515	Cutting Tool and Machine Tool Accessory Manufacturing
333517	Machine Tool Manufacturing
333519	Rolling Mill and Other Metalworking Machinery Manufacturing
333991	Power-Driven Handtool Manufacturing
333992	Welding and Soldering Equipment Manufacturing
333993	Packaging Machinery Manufacturing
333994	Industrial Process Furnace and Oven Manufacturing

Code	Description
333995	Fluid Power Cylinder and Actuator Manufacturing
333996	Fluid Power Pump and Motor Manufacturing
333997	Scale and Balance Manufacturing
333999	All Other Miscellaneous General Purpose Machinery Manufacturing
335312	Motor and Generator Manufacturing
335314	Relay and Industrial Control Manufacturing
336310	Motor Vehicle Gasoline Engine and Engine Parts Manufacturing
339993	Fastener, Button, Needle, and Pin Manufacturing
339994	Broom, Brush, and Mop Manufacturing
423510	Metal Service Centers and Other Metal Merchant Wholesalers
811310	Commercial and Industrial Machinery and Equipment (except Automotive and Electronic) Repair and Maintenance

Business Case

There is a wide contrast between Carteret County and the Region, as a whole, when looking at the Production Technology target. The Region is growing and competitive. Production Technology locations and jobs, within the Region, increased over the past five years and employment is projected to increase in the coming five years. The concentration of the industry in the Region is slightly above the national concentration.

However, Carteret County has shown decline over the past five years, and only shows slight future growth. Generally, manufacturing industries provide the best opportunity for exports from the community and the opportunity to bring in outside dollars, as well as significant contributions to the tax base. Cost of labor in the County is below average. The regional earnings per job for production technology is $35.1K, which is $36.4K below the national average of $71.6K. Earnings per job is calculated by taking the total annual earnings of a regional industry (wages, salaries, profits, benefits, and other compensation) divided by the number of jobs in the industry. This is not an average wage number.

Carteret County has an opportunity to build upon this industry and the wide range of segments within the industry. This industry can support and supply the marine industry, construction industry, as well as, the military and defense industry. The County must step up their development and marketing of the opportunities in Production Technology to capture their "fair share" of this important industry.

Carteret County Summary

10	27	-28.9%	0.10
Payrolled Business Locations	**Jobs**	**Growth/Decline**	**Concentration**
Payrolled business locations decreased by 1 over the last 5 years.	Jobs decreased by 11 over the last 5 years. Projected to increase by 1 over the next 5 years.	Percentage change from 2011 to 2016. National growth was +6.3%%	Regional job concentration is 0.10 times the national job concentration.

Carteret Region Summary
Beaufort, Carteret, Craven, Hyde, Jones, Onslow, and Pamlico Counties

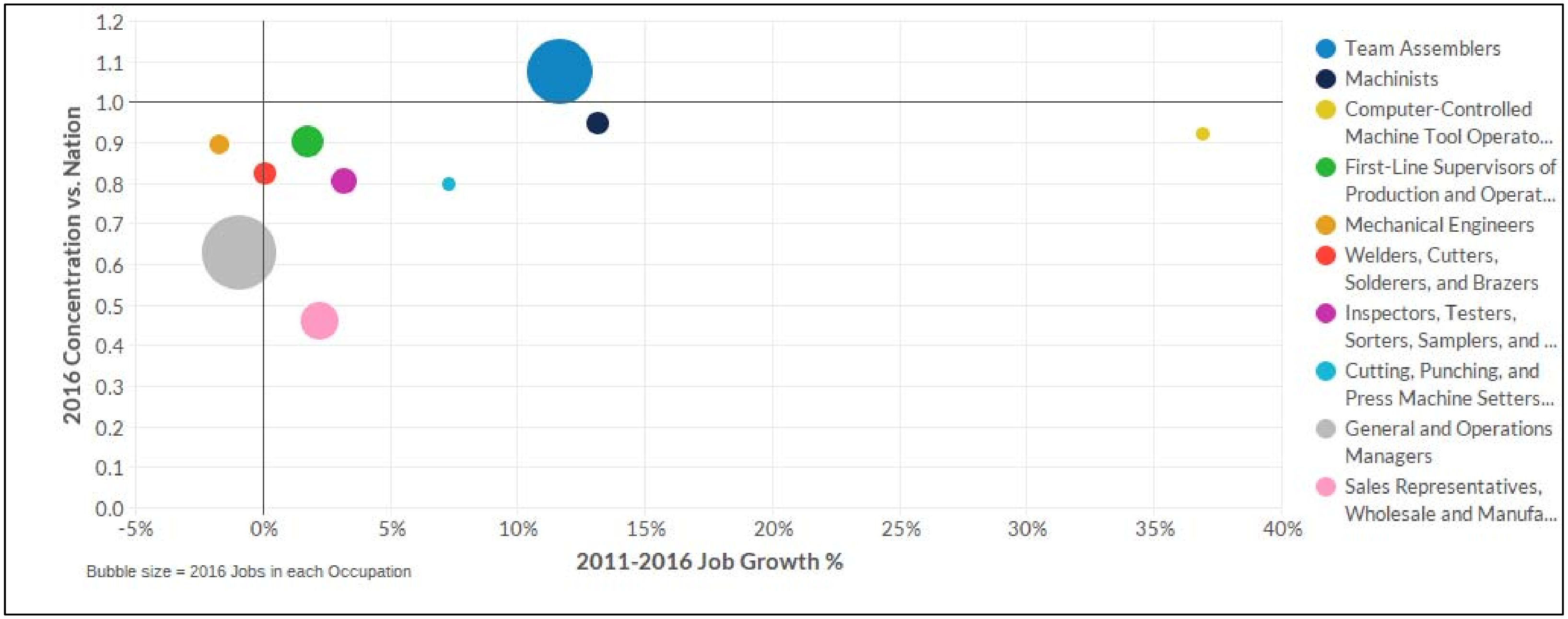
76	2,007	+11.3%	1.33
Payrolled Business Locations	**Jobs**	**Growth/Decline**	**Concentration**
Payrolled business locations increased by 3 over the last 5 years.	Jobs increased by 205 over the last 5 years. Projected to increase by 239 over the next 5 years.	Regional job concentration is 1.33 times the national job concentration.	Regional job concentration is 1.33 times the national job concentration.

Employment Trends

	Region	2011 Jobs	2016 Jobs	Change	% Change
●	Carteret County	38	27	-11	-28.9%
●	Carteret Region	1,803	2,007	204	11.3%
●	State	40,413	47,211	6,798	16.8%
●	Nation	1,502,169	1,596,375	94,206	6.3%

Workforce Availability

Key occupations for production technology have an overall concentration of 0.54, indicating below average workforce availability. These occupations experienced overall job growth of 3.0% from 2011-2016, indicating that the regional talent pool is increasing.



Key Occupation	Concentration	2011 Jobs	2016 Jobs	2021 Jobs	Median Hourly Earnings	Average Hourly Earnings
Welders, Cutters, Solderers, and Brazers	0.95	56	58	58	$17.86	$17.85
General and Operations Managers	0.73	237	258	274	$43.95	$54.12
First-Line Supervisors of Production and Operating Workers	0.70	64	69	73	$23.91	$24.88
Team Assemblers	0.66	128	121	120	$11.06	$12.07
Inspectors, Testers, Sorters, Samplers, and Weighers	0.66	53	54	57	$13.98	$16.08
Sales Representatives, Wholesale and Manufacturing	0.47	103	109	122	$23.54	$28.98
Machinists	0.40	24	25	26	$17.47	$17.51
Cutting, Punching, and Press Machine Setters, Operators, and Tenders, Metal and Plastic	0.39	18	12	11	$11.41	$11.78
Mechanical Engineers	0.27	13	13	13	$38.97	$39.32
Computer-Controlled Machine Tool Operators, Metal and Plastic	Insf. Data	<10	<10	<10	Insf. Data	Insf. Data
Total	**0.54**	**700**	**721**	**756**	**$27.43**	**$32.33**

Wood Products and Furniture

Target Definition

Wood Products and Furniture includes wood processing and manufacturing, as well as, furniture manufacturing.

Code	Description
321113	Sawmills
321114	Wood Preservation
321211	Hardwood Veneer and Plywood Manufacturing
321212	Softwood Veneer and Plywood Manufacturing
321213	Engineered Wood Member (except Truss) Manufacturing
321214	Truss Manufacturing
321219	Reconstituted Wood Product Manufacturing
321911	Wood Window and Door Manufacturing
321912	Cut Stock, Resawing Lumber, and Planing
321918	Other Millwork (including Flooring)
321920	Wood Container and Pallet Manufacturing
337110	Wood Kitchen Cabinet and Countertop Manufacturing
337122	Nonupholstered Wood Household Furniture Manufacturing
337212	Custom Architectural Woodwork and Millwork Manufacturing
337215	Showcase, Partition, Shelving, and Locker Manufacturing

Business Case

Wood Products and Furniture locations and jobs, within Carteret County, increased over the past five years and employment is projected to increase in the coming five years. The concentration of the cluster in the county is well above the national concentration. The Region has a strong presence of this industry as well. The Region has shown growth over the past five years, and shows continuing growth as Carteret County does.

The cost of labor is below the national average, which will make Carteret an attractive location for companies in this industry. The regional earnings per job for wood and furniture is $40.6K, which is $11.8K below the national average of $52.4K. Earnings per job is calculated by taking the total annual earnings of a regional industry (wages, salaries, profits, benefits, and other compensation) divided by the number of jobs in the industry. This is not an average wage number.

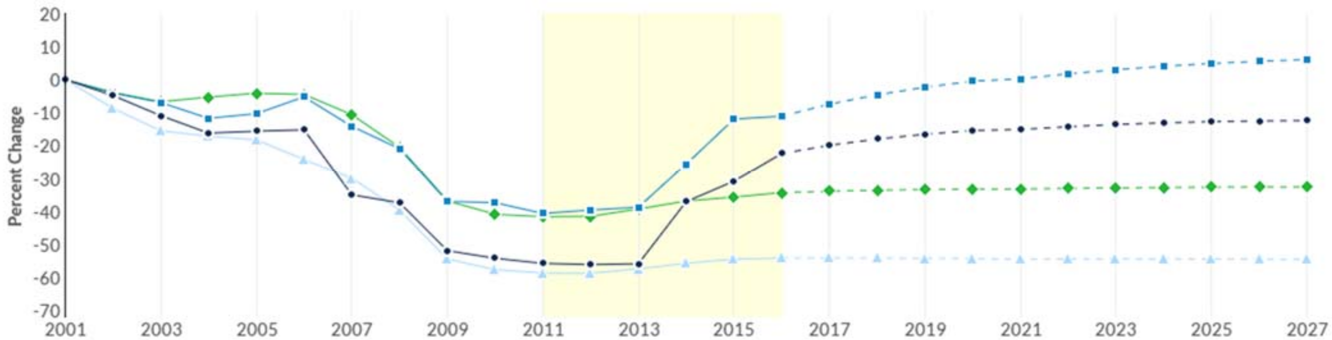
Carteret County Summary

8	448	+75.7%	5.10
Payrolled Business Locations	**Jobs**	**Growth/Decline**	**Concentration**
Payrolled business locations increased by 1 over the last 5 years.	Jobs increased by 193 over the last 5 years. Projected to increase by 42 over the next 5 years.	Percentage change from 2011 to 2016. National growth was +12.5%	Regional job concentration is 5.10 times the national job concentration.

Carteret Region Summary
Beaufort, Carteret, Craven, Hyde, Jones, Onslow, and Pamlico Counties

26	955	+49.9%	1.87
Payrolled Business Locations	**Jobs**	**Growth/Decline**	**Concentration**
Payrolled business locations decreased by 3 over the last 5 years.	Jobs increased by 318 over the last 5 years. Projected to increase by 122 over the next 5 years.	Percentage change from 2011 to 2016. National growth was +12.5%	Regional job concentration is 1.87 times the national job concentration.

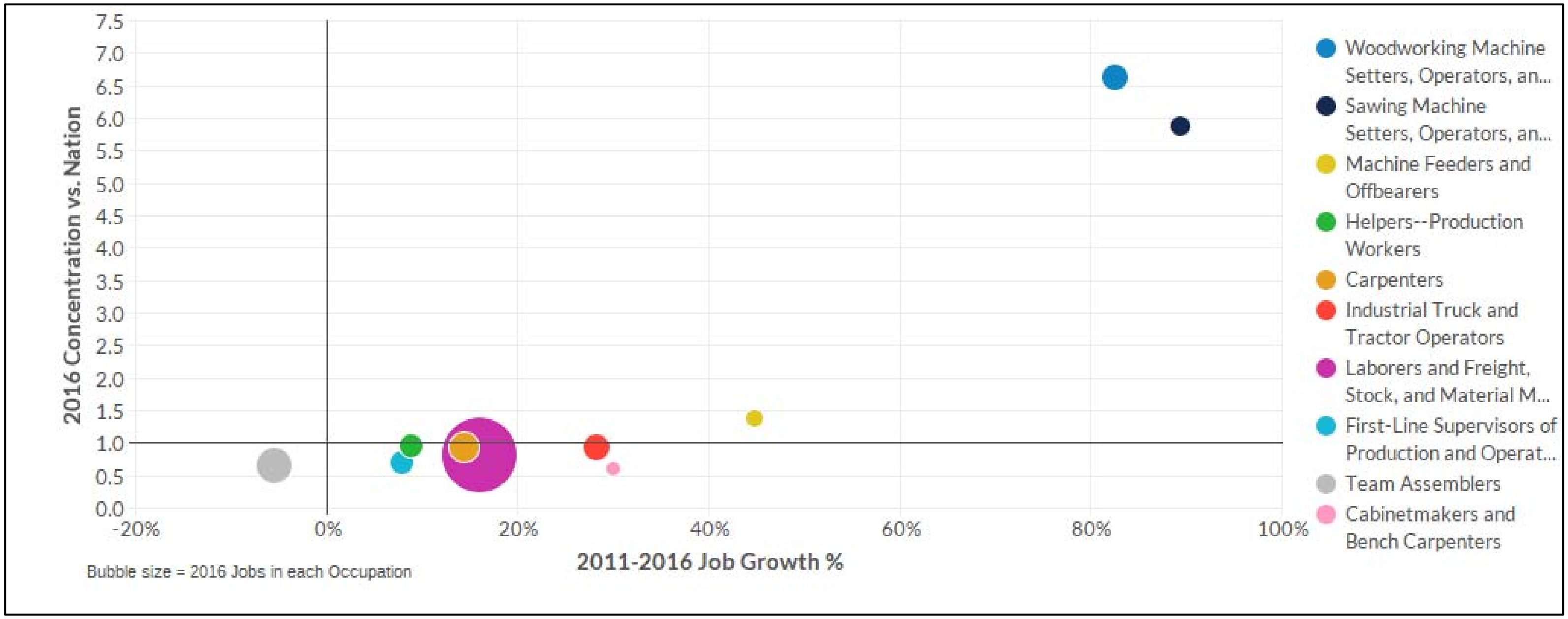
Employment Trends



	Region	2011 Jobs	2016 Jobs	Change	% Change
●	Carteret County	255	448	193	75.7%
●	Carteret Region	637	955	318	49.9%
●	State	23,355	25,897	2,542	10.9%
●	Nation	479,723	539,729	60,006	12.5%

Workforce Availability

Key occupations for Wood Products and Furniture have an overall concentration of 2.62, indicating above average workforce availability. These occupations experience overall job growth of 18.9% from 2011-2016, indicating the regional talent pool is increasing.



Key Occupation	Concentration	2011 Jobs	2016 Jobs	2021 Jobs	Median Hourly Earnings	Average Hourly Earnings
Woodworking Machine Setters, Operators, and Tenders, Except Sawing	6.64	46	83	91	$10.97	$11.30
Sawing Machine Setters, Operators, and Tenders, Wood	5.89	25	47	52	$12.35	$13.28
Machine Feeders and Offbearers	1.37	16	23	24	$10.44	$10.57
Helpers--Production Workers	0.96	62	68	66	$10.01	$10.50
Carpenters	0.95	90	103	102	$14.45	$15.03
Industrial Truck and Tractor Operators	0.93	66	85	90	$12.73	$13.09
Laborers and Freight, Stock, and Material Movers, Hand	0.81	288	334	357	$9.87	$10.50
First-Line Supervisors of Production and Operating Workers	0.70	64	69	73	$23.91	$24.88
Team Assemblers	0.66	128	121	120	$11.06	$12.07
Cabinetmakers and Bench Carpenters	Insf. Data	<10	<10	10	Insf. Data	Insf. Data
Total	**2.62**	**792**	**942**	**984**	**$12.08**	**$12.71**

Targeting and Marketing Options

Proactive Business Development Program

A business development program may take advantage of several marketing vehicles. We would recommend a combination of lead qualification, email marketing, and trips to meet with prospects and visit trade shows. Carteret County should consider partnering with the region or the state in some of the target marketing activities, such as trade show visits.

Lead Generation/Business Attraction Programs

Lead Generation takes a *dedicated* effort. It is not a one-time activity, nor is it without cost. It can take significant resources to start and maintain over time. This type of program takes consistent prospecting activity, good lead tracking, consistent reporting, and patience. The leads can take time, sometimes years, to develop into opportunities and projects. Carteret County should commit to contacting a certain number of companies every month, to keeping good notes in a database (such as Salesforce, Executive Pulse, or another CRM application), and following up as necessary to nurture leads. Lead generation and business attraction efforts can be outsourced to a lead generation firm to increase and maintain efforts.

We would recommend Carteret County develop a lead generation program focusing on setting phone appointments between Carteret County economic development personnel and company executives within the targeted sectors. Each target industry, should be part of an active lead generation program, as resources allow.

Metrics and annual goals can then be set after the initial six to nine-month program is completed and results can be measured. Going forward, Carteret should have a good idea of the expected results from efforts.

Email Marketing

Our email marketing recommendation would be for Carteret County to consider developing a campaign to reach the target audience within its target industries. This program can be built consistently over time. Carteret County can start with one industry or a cross section, but with a narrower focus in geography and company size to create smaller batches, such as 500 or 1,000 at a time. A custom e-mail campaign can be a cost-effective and powerful way to build relationships with potential customers, as well as, build brand awareness for Carteret County. Carteret County should ensure they have an informative website, industry focused landing pages, and appropriate email messaging content to reach each industry cluster.

Trade Shows

Carteret County may wish to consider participating in trade shows within its target industries. Marketing efforts and costs may be shared with neighboring counties in your region or state, if objectives are aligned. Trade shows can be a cost-effective way to meet with several companies at one time. On the other hand, often the attendees are business development contacts and not the appropriate contacts for making location decisions. Trade shows can be a great first step in the lead generation process, but be prepared for the follow-up and nurturing after the show. Visiting the Trade Show is step one in the process.

Marketing Trips (Meeting Face-to-Face with Companies and Site Selectors)

Marketing Trips are another possible lead generation technique. Meeting face-to-face with prospective companies is always a great way to establish a relationship. However, setting a specific number of appointment with qualified leads willing to meet, on a specific date, in a specific city, can be an unrealistic goal. Costs of the marketing trips can be mitigated by participating with neighboring counties, the region, or a state organization, if the opportunity arises. We would not recommend this approach to Carteret County given the time and money it takes to execute a marketing trip and the likely immediate return. Many companies and site location advisors prefer to meet with regions or states when they are considering regions and not necessary specific counties.

Supporting Analytics and Data

The following tables, information and analysis were compiled to understand the framework of industry in Carteret County. Each level of information allows a deeper look at the industry clusters for Carteret County. An understanding was established for the type of industry supported and developing in the region, by looking at what exists in the region, the employment levels, and the location quotients. Multiple industries and clusters were considered throughout the process. The eventual recommended target industries, for Carteret, were discovered to be strong in the regional economy, were (in part or full) forecasted for future growth, or represented a developing opportunity. Analyzing multiple information sources allowed the data to be overlaid and industry clusters to be researched, considered, and ultimately chosen, for Carteret County.

The analysis began with a look at the base industries in Carteret and the surrounding region. The large employment percentage in the Retail Trade, as well as, Accommodation and Food Services points to the tourism base in the region. The Manufacturing Sector represents the most export dollars in the county, besides the Government Sector. The Manufacturing Sector also represents the most import dollars to the county, beside the Government Sector.

A location quotient by industry cluster was then completed at a 6-digit NAICS Code level, for the county and the region. Industry location quotient is a way of quantifying how "concentrated" an industry is in a region compared to a larger geographic area, such as the state or nation. The basic uses of location quotient include: 1) determining which industries make the regional economy unique; 2) identifying the "export orientation" of an industry and identifying the most export-oriented industries in the region; and 3) identifying emerging export industries beginning to bring money into the region.

Tables that represent the studied information are included in the following pages.

Carteret County Economic Overview
EMSI Q2 2017 Data Set

Carteret County Economic Overview

Population (2016)	69,390
Jobs (2016)	23,012
Average Earnings (2016)	$39.7K
Unemployed (1/2017)	1,633
GRP (2016)	$2.0B
Exports (2016)	$2.2B
Imports (2016)	$3.4B

Region Economic Overview
Beaufort, Carteret, Craven, Hyde, Jones, Onslow, and Pamlico Counties

Population (2016)	437.4K
Jobs (2016)	133.5K
Average Earnings (2016)	$45.0K
Unemployed (1/2017)	9.3K
GRP (2016)	$20.2B
Exports (2016)	$43.7B
Imports (2016)	$33.6B

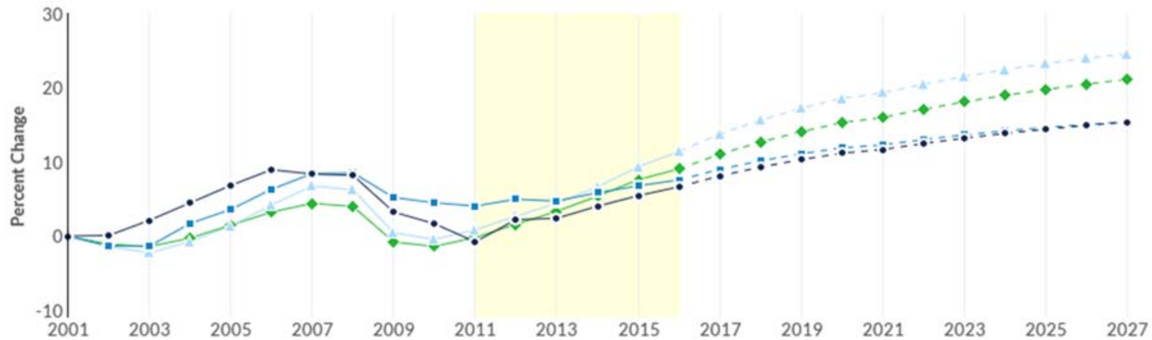
Carteret County Population

69.4K	3.0%
2016 Population	**Population Growth for the Last 5 Years**
0.7% of State	State Growth 5.1%

Region Population
Beaufort, Carteret, Craven, Hyde, Jones, Onslow, and Pamlico Counties

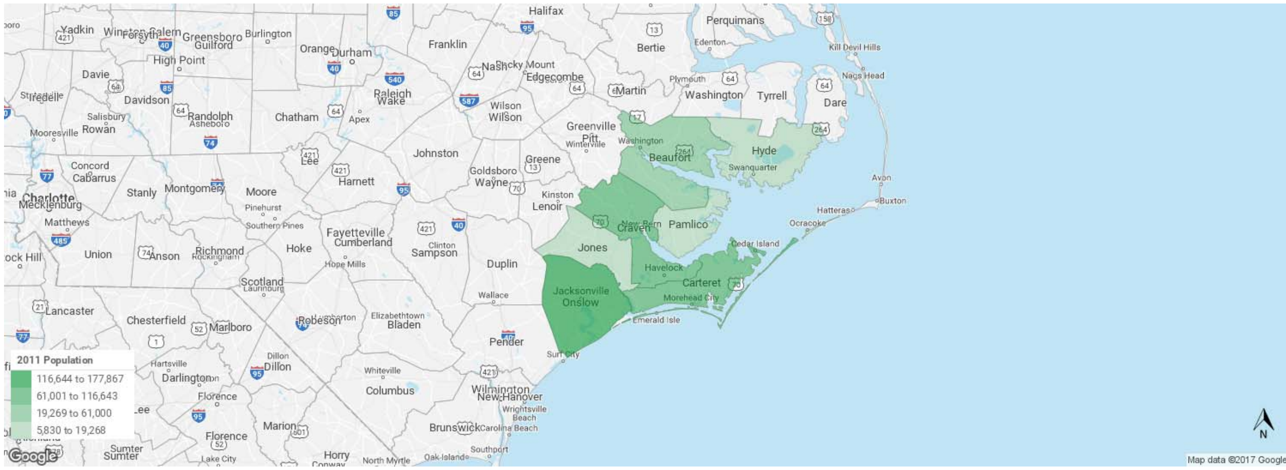
437.4K	2.4%
2016 Population	**Population Growth for the Last 5 Years**
4.3% of State	State Growth 5.1%

Regional Trends



	Region	2011 Jobs	2016 Jobs	Change	% Change
●	Carteret County	21,412	23,012	1,600	7.5%
●	Carteret Region	129,171	133,548	4,377	3.4%
●	State	3,838,300	4,239,429	401,129	10.5%
●	Nation	129,411,102	141,371,102	11,960,000	9.2%

Regional Population Trends



County	County Name	2011 Population	2016 Population	Change	% Change
37133	Onslow County, NC	177,867	188,332	10,465	6%
37049	Craven County, NC	104,709	103,822	-887	-1%
37031	Carteret County, NC	67,355	69,390	2,035	3%
37013	Beaufort County, NC	47,692	47,641	-51	0%
37137	Pamlico County, NC	13,291	12,730	-561	-4%
37103	Jones County, NC	10,265	9,974	-291	-3%
37095	Hyde County, NC	5,830	5,498	-332	-6%
		427,010	437,387		

Carteret County; Jobs by Industry

NAICS	Industry	2016 Jobs
11	Crop and Animal Production	107
21	Mining, Quarrying, and Oil and Gas	<10
22	Utilities	132
23	Construction	1,154
31	Manufacturing	1,054
42	Wholesale Trade	585
44	Retail Trade	4,429
48	Transportation and Warehousing	288
51	Information	226
52	Finance and Insurance	483
53	Real Estate and Rental and Leasing	530
54	Professional, Scientific, and Technical Services	657
55	Management of Companies and Enterprises	13
56	Administrative and Support and Waste Management	915
61	Educational Services	61
62	Health Care and Social Assistance	2,253
71	Arts, Entertainment, and Recreation	646
72	Accommodation and Food Services	3,989
81	Other Services (except Public Administration)	823
90	Government	4,666

Carteret Region; Jobs by Industry

NAICS	Industry	2016 Jobs
11	Crop and Animal Production	1,530
21	Mining, Quarrying, and Oil and Gas Extraction	66
22	Utilities	501
23	Construction	5,270
31	Manufacturing	8,746
42	Wholesale Trade	2,665
44	Retail Trade	20,841
48	Transportation and Warehousing	2,224
51	Information	1,079
52	Finance and Insurance	2,442
53	Real Estate and Rental and Leasing	1,917
54	Professional, Scientific, and Technical Services	4,122
55	Management of Companies and Enterprises	605
56	Administrative and Support and Waste Management	8,173
61	Educational Services	903
62	Health Care and Social Assistance	13,078
71	Arts, Entertainment, and Recreation	1,911
72	Accommodation and Food Services	17,602
81	Other Services (except Public Administration)	3,406
90	Government	36,467

Carteret County; Average Earnings by Industry

$39.7K

Avg. Earnings (2016)

60% of Nation Avg.

NAICS	Industry	Avg. Earnings (2016)
11	Crop and Animal Production	$32,132
21	Mining, Quarrying, and Oil and Gas Extraction	$34,006
22	Utilities	$91,601
23	Construction	$43,864
31	Manufacturing	$44,257
42	Wholesale Trade	$50,440
44	Retail Trade	$29,147
48	Transportation and Warehousing	$45,468
51	Information	$57,724
52	Finance and Insurance	$65,866
53	Real Estate and Rental and Leasing	$37,051
54	Professional, Scientific, and Technical Services	$60,076
55	Management of Companies and Enterprises	$36,756
56	Administrative and Support and Waste Management	$31,606

NAICS	Industry	Avg. Earnings (2016)
61	Educational Services	$36,123
62	Health Care and Social Assistance	$50,733
71	Arts, Entertainment, and Recreation	$22,889
72	Accommodation and Food Services	$18,826
81	Other Services (except Public Administration)	$28,483
90	Government	$56,932

Carteret County; Region Exports

$2.2B

Exports (2016)

61% of Supply

NAICS	Industry	Exports (2016)
11	Crop and Animal Production	$40,512,950
21	Mining, Quarrying, and Oil and Gas Extraction	$1,414,616
22	Utilities	$34,911,414
23	Construction	$110,252,655
31	Manufacturing	$204,993,344
42	Wholesale Trade	$85,389,972
44	Retail Trade	$170,829,538
48	Transportation and Warehousing	$41,799,760
51	Information	$31,446,074
52	Finance and Insurance	$60,978,354
53	Real Estate and Rental and Leasing	$144,558,325
54	Professional, Scientific, and Technical Services	$59,437,869
55	Management of Companies and Enterprises	$235,069
56	Administrative and Support and Waste Management	$50,294,838
61	Educational Services	$1,396,407

NAICS	Industry	Exports (2016)
62	Health Care and Social Assistance	$86,265,612
71	Arts, Entertainment, and Recreation	$34,783,984
72	Accommodation and Food Services	$118,298,017
81	Other Services (except Public Administration)	$42,948,462
90	Government	$865,792,856

Carteret County; Region Imports

$3.4B	$1.4B
Imports (2016)	**Locally Produced & Consumed (2016)**
70% of Demand	30% of Demand

NAICS	Industry	Imports (2016)
11	Crop and Animal Production	$23,987,787
21	Mining, Quarrying, and Oil and Gas Extraction	$26,462,185
22	Utilities	$41,534,840
23	Construction	$132,891,707
31	Manufacturing	$611,198,930
42	Wholesale Trade	$165,004,073
44	Retail Trade	$88,122,609
48	Transportation and Warehousing	$101,403,935
51	Information	$142,042,674
52	Finance and Insurance	$222,322,381
53	Real Estate and Rental and Leasing	$74,000,768
54	Professional, Scientific, and Technical Services	$172,622,884
55	Management of Companies and Enterprises	$64,250,780
56	Administrative and Support and Waste Management	$76,160,102
61	Educational Services	$52,713,708

NAICS	Industry	Imports (2016)
62	Health Care and Social Assistance	$262,202,160
71	Arts, Entertainment, and Recreation	$32,359,083
72	Accommodation and Food Services	$34,176,792
81	Other Services (except Public Administration)	$38,769,744
90	Government	$1,050,941,689

Industry Statistics for Carteret County

NAICS	Description	2016 Jobs	2011 - 2016 Change	Avg. Earnings Per Job	Nat'l Growth Effect	Competitive Effect	2016 Location Quotient	2016 Payrolled Business Locations
111000	Crop Production	77	11	$31,190	6	7	0.85	9
113310	Logging	17	Insf. Data	$35,800	0	15	2.04	2
221122	Electric Power Distribution	111	34	$103,637	7	33	3.28	2
221310	Water Supply and Irrigation Systems	20	(14)	$26,269	3	(17)	3.07	4
236115	New Single-Family Housing Construction (except For-Sale Builders)	216	49	$46,439	15	14	3.92	67
236118	Residential Remodelers	78	26	$34,882	5	11	1.54	28
236220	Commercial and Institutional Building Construction	51	(13)	$63,895	6	(26)	0.52	9
237110	Water and Sewer Line and Related Structures Construction	10	(25)	$25,912	3	(30)	0.36	3
237990	Other Heavy and Civil Engineering Construction	52	1	$45,852	5	(5)	2.98	16
238140	Masonry Contractors	14	1	$22,859	1	(1)	0.57	4
238160	Roofing Contractors	19	Insf. Data	$35,684	1	9	0.62	6
238210	Electrical Contractors and Other Wiring Installation Contractors	161	(4)	$45,383	15	(36)	1.16	27
238220	Plumbing, Heating, and Air-Conditioning Contractors	243	4	$42,724	22	(55)	1.49	44
238310	Drywall and Insulation Contractors	16	1	$46,805	1	(2)	0.42	1
238320	Painting and Wall Covering Contractors	32	0	$32,476	3	(6)	1.02	7
238330	Flooring Contractors	18	3	$25,991	1	(0)	1.60	11
238340	Tile and Terrazzo Contractors	15	3	$45,849	1	(1)	1.77	4
238350	Finish Carpentry Contractors	34	5	$34,214	3	(3)	1.52	11
238910	Site Preparation Contractors	138	21	$48,108	11	(0)	2.72	15
238990	All Other Specialty Trade Contractors	27	(6)	$31,457	3	(14)	0.53	6

NAICS	Description	2016 Jobs	2011 - 2016 Change	Avg. Earnings Per Job	Nat'l Growth Effect	Competitive Effect	2016 Location Quotient	2016 Payrolled Business Locations
311710	Seafood Product Preparation and Packaging	11	(7)	$18,629	2	(6)	1.85	1
314910	Textile Bag and Canvas Mills	19	Insf. Data	$20,646	1	11	4.86	1
315110	Hosiery and Sock Mills	21	(9)	$36,859	3	(2)	15.77	0
321211	Hardwood Veneer and Plywood Manufacturing	428	188	$40,640	22	188	174.98	2
323111	Commercial Printing (except Screen and Books)	13	Insf. Data	$30,386	1	4	0.24	4
325211	Plastics Material and Resin Manufacturing	22	Insf. Data	$82,617	0	18	2.31	1
327320	Ready-Mix Concrete Manufacturing	16	5	$46,803	1	4	1.06	2
332321	Metal Window and Door Manufacturing	61	23	$54,253	3	15	6.21	1
333414	Heating Equipment (except Warm Air Furnaces) Manufacturing	14	Insf. Data	$39,445	0	12	5.71	1
333415	Air-Conditioning and Warm Air Heating Equipment and Commercial and Industrial Refrigeration Equipment Manufacturing	56	(154)	$58,282	19	(154)	4.06	1
333999	All Other Miscellaneous General-Purpose Machinery Manufacturing	13	13	$34,112	0	13	2.04	1
335129	Other Lighting Equipment Manufacturing	22	22	$67,117	0	22	16.51	1
336612	Boat Building	260	88	$45,226	16	33	43.84	14
337212	Custom Architectural Woodwork and Millwork Manufacturing	12	Insf. Data	$39,411	0	11	3.65	2
339920	Sporting and Athletic Goods Manufacturing	11	(23)	$45,653	3	(25)	1.51	1
423390	Other Construction Material Merchant Wholesalers	14	0	$70,939	1	(3)	3.34	1

NAICS	Description	2016 Jobs	2011 - 2016 Change	Avg. Earnings Per Job	Nat'l Growth Effect	Competitive Effect	2016 Location Quotient	2016 Payrolled Business Locations
423610	Electrical Apparatus and Equipment, Wiring Supplies, and Related Equipment Merchant Wholesalers	22	Insf. Data	$42,413	0	16	0.82	3
423720	Plumbing and Heating Equipment and Supplies (Hydronics) Merchant Wholesalers	14	(5)	$53,835	2	(7)	0.96	2
423850	Service Establishment Equipment and Supplies Merchant Wholesalers	25	13	$49,537	1	13	2.75	3
423910	Sporting and Recreational Goods and Supplies Merchant Wholesalers	336	109	$48,134	21	71	38.92	3
423940	Jewelry, Watch, Precious Stone, and Precious Metal Merchant Wholesalers	18	(13)	$33,328	3	(13)	2.60	1
424450	Confectionery Merchant Wholesalers	17	Insf. Data	$65,703	0	15	1.92	1
424460	Fish and Seafood Merchant Wholesalers	16	0	$37,928	2	(3)	3.71	8
424690	Other Chemical and Allied Products Merchant Wholesalers	12	0	$44,137	1	(0)	0.68	2
424930	Flower, Nursery Stock, and Florists' Supplies Merchant Wholesalers	23	Insf. Data	$32,708	0	23	3.32	3
425120	Wholesale Trade Agents and Brokers	24	(3)	$91,529	2	(5)	0.17	15
441110	New Car Dealers	209	49	$60,017	15	18	1.16	5
441120	Used Car Dealers	34	(1)	$50,213	3	(12)	1.30	4
441210	Recreational Vehicle Dealers	30	Insf. Data	$48,179	1	18	4.41	3
441222	Boat Dealers	76	31	$43,901	4	26	13.56	13
441228	Motorcycle, ATV, and All Other Motor Vehicle Dealers	17	2	$32,930	1	1	1.38	3
441310	Automotive Parts and Accessories Stores	128	23	$27,269	10	12	2.14	12
441320	Tire Dealers	33	(8)	$42,982	4	(10)	1.12	5

NAICS	Description	2016 Jobs	2011 - 2016 Change	Avg. Earnings Per Job	Nat'l Growth Effect	Competitive Effect	2016 Location Quotient	2016 Payrolled Business Locations
442110	Furniture Stores	90	27	$35,309	6	25	2.49	10
442210	Floor Covering Stores	17	(3)	$51,895	2	(4)	1.50	5
442299	All Other Home Furnishings Stores	56	8	$26,553	4	3	2.09	6
443142	Electronics Stores	98	(8)	$30,555	10	(7)	1.30	11
444110	Home Centers	339	146	$31,299	18	129	3.01	4
444120	Paint and Wallpaper Stores	18	Insf. Data	$44,124	1	10	2.79	3
444130	Hardware Stores	116	26	$28,462	8	17	4.70	8
444190	Other Building Material Dealers	64	21	$50,680	4	15	1.70	10
444210	Outdoor Power Equipment Stores	10	Insf. Data	$38,831	1	1	2.01	1
444220	Nursery, Garden Center, and Farm Supply Stores	42	19	$22,062	2	17	2.14	5
445110	Supermarkets and Other Grocery (except Convenience) Stores	707	123	$21,709	54	73	1.72	13
445120	Convenience Stores	29	(15)	$20,391	4	(21)	1.11	8
445220	Fish and Seafood Markets	33	6	$32,695	2	2	13.39	7
445230	Fruit and Vegetable Markets	11	Insf. Data	$11,403	0	10	1.61	2
445299	All Other Specialty Food Stores	14	14	$26,593	0	14	1.08	3
446110	Pharmacies and Drug Stores	224	23	$48,736	19	18	1.90	20
446120	Cosmetics, Beauty Supplies, and Perfume Stores	21	Insf. Data	$29,649	0	17	0.92	2
446191	Food (Health) Supplement Stores	17	Insf. Data	$24,024	0	12	2.09	2
446199	All Other Health and Personal Care Stores	15	3	$59,776	1	4	1.65	6
447110	Gasoline Stations with Convenience Stores	296	39	$17,609	24	5	2.23	40
447190	Other Gasoline Stations	36	0	$20,995	3	(1)	2.08	1
448120	Women's Clothing Stores	20	(2)	$14,835	2	(3)	0.42	6
448140	Family Clothing Stores	131	41	$18,125	8	48	1.96	12

NAICS	Description	2016 Jobs	2011 - 2016 Change	Avg. Earnings Per Job	Nat'l Growth Effect	Competitive Effect	2016 Location Quotient	2016 Payrolled Business Locations
448190	Other Clothing Stores	59	(9)	$40,741	6	(12)	3.00	11
448210	Shoe Stores	22	3	$15,643	2	0	0.65	3
448310	Jewelry Stores	37	6	$21,044	3	6	1.90	7
451110	Sporting Goods Stores	126	40	$21,133	8	21	2.56	20
451120	Hobby, Toy, and Game Stores	67	28	$19,645	4	26	2.53	5
451211	Book Stores	66	1	$20,234	6	13	5.07	6
452111	Department Stores (except Discount Department Stores)	122	(55)	$18,626	16	(27)	1.57	1
452112	Discount Department Stores	133	50	$21,181	8	62	0.96	4
452910	Warehouse Clubs and Supercenters	477	89	$31,622	36	(4)	1.99	2
452990	All Other General Merchandise Stores	114	(50)	$14,278	15	(74)	1.72	16
453210	Office Supplies and Stationery Stores	24	(19)	$25,268	4	(10)	1.30	3
453220	Gift, Novelty, and Souvenir Stores	90	(11)	$16,071	9	(8)	3.48	17
453310	Used Merchandise Stores	30	(4)	$14,917	3	(14)	1.08	7
453910	Pet and Pet Supplies Stores	32	12	$22,261	2	9	1.69	3
453991	Tobacco Stores	10	0	$13,668	1	(5)	1.61	5
453998	All Other Miscellaneous Store Retailers (except Tobacco Stores)	10	Insf. Data	$23,284	0	6	0.45	4
454310	Fuel Dealers	36	6	$43,769	3	7	2.95	6
483114	Coastal and Great Lakes Passenger Transportation	74	52	$18,192	2	51	60.51	6
484121	General Freight Trucking, Long-Distance, Truckload	18	Insf. Data	$36,832	1	11	0.21	6
484220	Specialized Freight (except Used Goods) Trucking, Local	38	15	$45,290	2	14	1.08	3
485991	Special Needs Transportation	15	Insf. Data	$12,300	1	4	1.32	1
485999	All Other Transit and Ground Passenger Transportation	10	(1)	$13,113	1	(3)	1.94	1

NAICS	Description	2016 Jobs	2011 - 2016 Change	Avg. Earnings Per Job	Nat'l Growth Effect	Competitive Effect	2016 Location Quotient	2016 Payrolled Business Locations
487210	Scenic and Sightseeing Transportation, Water	17	5	$46,126	1	3	6.56	6
488510	Freight Transportation Arrangement	35	11	$134,064	2	7	1.02	3
493110	General Warehousing and Storage	11	Insf. Data	$63,718	0	8	0.09	1
493190	Other Warehousing and Storage	20	Insf. Data	$24,950	1	15	2.86	1
511110	Newspaper Publishers	69	(23)	$38,277	9	(0)	2.36	3
512131	Motion Picture Theaters (except Drive-Ins)	13	(18)	$10,911	3	(23)	0.56	2
517110	Wired Telecommunications Carriers	91	(2)	$81,356	9	(2)	0.95	4
517210	Wireless Telecommunications Carriers (except Satellite)	23	(2)	$48,130	2	4	1.10	3
518210	Data Processing, Hosting, and Related Services	21	Insf. Data	$61,373	1	13	0.42	2
522110	Commercial Banking	212	(34)	$53,450	23	(31)	1.01	26
522130	Credit Unions	49	2	$57,606	4	(3)	1.19	5
522220	Sales Financing	12	(14)	$62,348	2	(19)	0.75	2
523120	Securities Brokerage	24	(13)	$140,957	3	(13)	0.52	11
524126	Direct Property and Casualty Insurance Carriers	26	8	$80,261	2	8	0.34	4
524210	Insurance Agencies and Brokerages	110	2	$70,505	10	(22)	0.87	22
524291	Claims Adjusting	12	Insf. Data	$64,557	0	10	1.24	2
531110	Lessors of Residential Buildings and Dwellings	33	(13)	$32,417	4	(14)	0.57	6
531210	Offices of Real Estate Agents and Brokers	219	4	$39,580	20	(24)	4.44	51
531311	Residential Property Managers	135	15	$38,529	11	(11)	1.98	36
531312	Nonresidential Property Managers	28	16	$37,351	1	14	1.16	4
532111	Passenger Car Rental	16	(4)	$20,904	2	(8)	0.79	4

NAICS	Description	2016 Jobs	2011 - 2016 Change	Avg. Earnings Per Job	Nat'l Growth Effect	Competitive Effect	2016 Location Quotient	2016 Payrolled Business Locations
532120	Truck, Utility Trailer, and RV (Recreational Vehicle) Rental and Leasing	22	3	$33,273	2	(3)	1.86	1
532292	Recreational Goods Rental	20	(8)	$15,110	3	(17)	8.96	5
532310	General Rental Centers	19	Insf. Data	$45,851	1	10	2.99	3
541110	Offices of Lawyers	133	(13)	$59,978	14	(12)	0.79	33
541211	Offices of Certified Public Accountants	52	9	$68,396	4	2	0.69	9
541219	Other Accounting Services	24	(6)	$40,775	3	(9)	0.58	9
541320	Landscape Architectural Services	22	(14)	$30,203	3	(19)	4.01	2
541330	Engineering Services	39	(10)	$78,251	5	(13)	0.26	9
541370	Surveying and Mapping (except Geophysical) Services	13	(8)	$34,775	2	(11)	1.72	4
541410	Interior Design Services	18	Insf. Data	$58,598	1	8	2.76	4
541430	Graphic Design Services	17	17	$90,859	0	17	1.64	1
541490	Other Specialized Design Services	48	Insf. Data	$61,678	1	39	19.51	1
541511	Custom Computer Programming Services	16	(20)	$64,845	3	(30)	0.11	7
541512	Computer Systems Design Services	11	(19)	$115,550	3	(28)	0.07	12
541519	Other Computer Related Services	12	(22)	$89,631	3	(22)	0.69	1
541611	Administrative Management and General Management Consulting Services	25	(1)	$40,259	2	(9)	0.29	18
541614	Process, Physical Distribution, and Logistics Consulting Services	25	Insf. Data	$114,451	0	21	1.35	3
541810	Advertising Agencies	12	Insf. Data	$40,970	0	8	0.37	3
541820	Public Relations Agencies	10	Insf. Data	$35,765	0	8	1.06	1
541940	Veterinary Services	127	28	$38,565	9	9	2.19	12
551114	Corporate, Subsidiary, and Regional Managing Offices	13	(9)	$36,756	2	(13)	0.04	4

NAICS	Description	2016 Jobs	2011 - 2016 Change	Avg. Earnings Per Job	Nat'l Growth Effect	Competitive Effect	2016 Location Quotient	2016 Payrolled Business Locations
561110	Office Administrative Services	53	9	$38,042	4	1	0.66	12
561320	Temporary Help Services	88	(54)	$35,779	13	(89)	0.19	4
561431	Private Mail Centers	11	Insf. Data	$13,138	0	6	2.57	3
561499	All Other Business Support Services	12	Insf. Data	$83,625	0	7	0.92	1
561520	Tour Operators	18	Insf. Data	$42,998	0	17	3.81	1
561599	All Other Travel Arrangement and Reservation Services	62	Insf. Data	$24,727	1	55	4.43	1
561612	Security Guards and Patrol Services	46	(176)	$19,915	21	(205)	0.41	3
561710	Exterminating and Pest Control Services	65	11	$38,917	5	1	3.53	5
561720	Janitorial Services	125	16	$23,536	10	2	0.72	18
561730	Landscaping Services	209	79	$28,717	12	54	1.75	37
561990	All Other Support Services	123	68	$21,310	5	65	3.77	16
562111	Solid Waste Collection	56	(19)	$49,011	7	(30)	2.39	6
562211	Hazardous Waste Treatment and Disposal	18	4	$55,498	1	4	3.21	1
611110	Elementary and Secondary Schools	28	(17)	$52,852	4	(23)	0.22	1
611620	Sports and Recreation Instruction	28	7	$18,066	2	(2)	1.47	4
621111	Offices of Physicians (except Mental Health Specialists)	606	(17)	$92,105	58	(64)	1.51	60
621112	Offices of Physicians, Mental Health Specialists	103	83	$58,291	2	81	11.98	4
621210	Offices of Dentists	207	11	$62,133	18	(7)	1.39	26
621310	Offices of Chiropractors	19	5	$47,366	1	4	0.89	6
621320	Offices of Optometrists	15	(19)	$74,964	3	(25)	0.72	3
621340	Offices of Physical, Occupational and Speech Therapists, and Audiologists	75	(7)	$44,976	8	(26)	1.28	14
621399	Offices of All Other Miscellaneous Health Practitioners	24	0	$38,765	2	(9)	1.45	6

NAICS	Description	2016 Jobs	2011 - 2016 Change	Avg. Earnings Per Job	Nat'l Growth Effect	Competitive Effect	2016 Location Quotient	2016 Payrolled Business Locations
621493	Freestanding Ambulatory Surgical and Emergency Centers	36	Insf. Data	$54,053	0	29	1.58	3
621610	Home Health Care Services	269	100	$28,396	16	69	1.22	9
621910	Ambulance Services	76	(46)	$28,117	11	(57)	2.76	4
623110	Nursing Care Facilities (Skilled Nursing Facilities)	350	149	$32,781	19	152	1.31	6
623210	Residential Intellectual and Developmental Disability Facilities	49	19	$11,215	3	18	0.77	3
623220	Residential Mental Health and Substance Abuse Facilities	46	10	$14,829	3	4	1.27	4
623311	Continuing Care Retirement Communities	81	(103)	$27,746	17	(131)	1.05	4
623312	Assisted Living Facilities for the Elderly	22	(6)	$23,564	3	(10)	0.33	2
624110	Child and Youth Services	13	(6)	$21,482	2	(8)	0.42	1
624120	Services for the Elderly and Persons with Disabilities	44	(2)	$10,379	4	(60)	0.17	2
624190	Other Individual and Family Services	43	16	$21,307	2	13	0.64	9
624210	Community Food Services	19	Insf. Data	$34,136	0	15	3.44	1
624410	Child Day Care Services	122	28	$20,155	9	22	0.89	13
713910	Golf Courses and Country Clubs	156	34	$21,762	11	24	2.63	5
713930	Marinas	171	32	$31,240	13	15	30.47	19
713940	Fitness and Recreational Sports Centers	155	(24)	$17,144	17	(57)	1.63	10
713950	Bowling Centers	63	(40)	$14,736	10	(40)	5.75	1
713990	All Other Amusement and Recreation Industries	73	43	$21,646	3	32	2.61	9
721110	Hotels (except Casino Hotels) and Motels	484	34	$22,825	42	(9)	1.90	29
721191	Bed-and-Breakfast Inns	15	Insf. Data	$20,372	0	11	5.68	5

NAICS	Description	2016 Jobs	2011 - 2016 Change	Avg. Earnings Per Job	Nat'l Growth Effect	Competitive Effect	2016 Location Quotient	2016 Payrolled Business Locations
721211	RV (Recreational Vehicle) Parks and Campgrounds	53	(10)	$30,350	6	(21)	11.08	7
722410	Drinking Places (Alcoholic Beverages)	169	86	$21,796	8	77	2.73	12
722511	Full-Service Restaurants	1,929	61	$19,085	173	(234)	2.24	99
722513	Limited-Service Restaurants	1,168	354	$16,366	75	189	1.70	70
722515	Snack and Nonalcoholic Beverage Bars	151	(6)	$12,814	15	(57)	1.48	13
811111	General Automotive Repair	83	6	$38,011	7	(2)	1.50	22
811121	Automotive Body, Paint, and Interior Repair and Maintenance	23	(6)	$42,451	3	(11)	0.59	9
811122	Automotive Glass Replacement Shops	14	Insf. Data	$29,122	0	9	2.88	4
811192	Car Washes	40	11	$16,350	3	5	1.49	3
811310	Commercial and Industrial Machinery and Equipment (except Automotive and Electronic) Repair and Maintenance	11	Insf. Data	$30,522	1	4	0.32	8
811490	Other Personal and Household Goods Repair and Maintenance	64	15	$39,645	5	6	12.05	20
812112	Beauty Salons	86	(1)	$24,779	8	(2)	1.23	15
812210	Funeral Homes and Funeral Services	28	7	$39,529	2	6	1.62	3
812331	Linen Supply	51	5	$20,253	4	7	4.66	1
812910	Pet Care (except Veterinary) Services	31	10	$24,684	2	0	1.87	4
813312	Environment, Conservation and Wildlife Organizations	54	21	$41,968	3	14	5.27	3
813319	Other Social Advocacy Organizations	16	(1)	$47,642	2	(1)	1.02	2
813410	Civic and Social Organizations	106	15	$22,251	8	15	1.66	8
813910	Business Associations	12	(2)	$41,826	1	(3)	0.61	5
813990	Other Similar Organizations (except Business, Professional, Labor, and Political Organizations)	64	21	$22,101	4	19	3.66	9

NAICS	Description	2016 Jobs	2011 - 2016 Change	Avg. Earnings Per Job	Nat'l Growth Effect	Competitive Effect	2016 Location Quotient	2016 Payrolled Business Locations
814110	Private Households	81	45	$17,432	3	65	1.75	65
901149	US Postal Service	62	(26)	$57,778	8	(22)	0.63	11
901199	Federal Government, Civilian, Excluding Postal Service	191	(28)	$106,550	20	(22)	0.54	13
902612	Colleges, Universities, and Professional Schools (State Government)	348	(15)	$44,779	34	(24)	1.15	1
902999	State Government, Excluding Education and Hospitals	597	(55)	$53,580	60	(44)	1.61	15
903611	Elementary and Secondary Schools (Local Government)	1,302	192	$51,161	103	186	1.12	18
903622	Hospitals (Local Government)	881	(216)	$78,462	101	(233)	8.25	1
903999	Local Government, Excluding Education and Hospitals	1,285	54	$45,443	114	32	1.41	31

Industry Statistics for Carteret Region
Beaufort, Carteret, Craven, Hyde, Jones, Onslow, and Pamlico Counties

NAICS	Description	2016 Jobs	2011 - 2016 Change	Avg. Earnings Per Job	Nat'l Growth Effect	Competitive Effect	2016 Location Quotient	2016 Payrolled Business Locations
111000	Crop Production	635	30	$36,118	56	(3)	1.20	103
112000	Animal Production and Aquaculture	424	(3)	$35,032	40	(54)	1.74	31
113210	Forest Nurseries and Gathering of Forest Products	14	(3)	$86,794	2	2	6.58	1
113310	Logging	361	37	$60,897	30	20	7.41	52
115111	Cotton Ginning	20	(15)	$53,558	3	(10)	3.33	2
115112	Soil Preparation, Planting, and Cultivating	14	(17)	$62,523	3	(23)	0.52	6
115210	Support Activities for Animal Production	16	(19)	$57,413	3	(24)	0.56	3
115310	Support Activities for Forestry	17	Insf. Data	$89,208	1	10	1.18	5
212312	Crushed and Broken Limestone Mining and Quarrying	46	(15)	$83,855	6	(16)	2.30	4
212321	Construction Sand and Gravel Mining	11	Insf. Data	$70,438	0	10	0.43	1
221112	Fossil Fuel Electric Power Generation	36	15	$120,202	2	16	0.40	2
221117	Biomass Electric Power Generation	24	Insf. Data	$92,061	1	12	16.16	1
221122	Electric Power Distribution	346	3	$106,408	32	(2)	1.76	9
221210	Natural Gas Distribution	44	5	$93,107	4	3	0.41	1
221310	Water Supply and Irrigation Systems	48	13	$41,065	3	10	1.25	8
236115	New Single-Family Housing Construction (except For-Sale Builders)	639	(107)	$45,823	69	(263)	1.99	206

NAICS	Description	2016 Jobs	2011 - 2016 Change	Avg. Earnings Per Job	Nat'l Growth Effect	Competitive Effect	2016 Location Quotient	2016 Payrolled Business Locations
236118	Residential Remodelers	240	(50)	$35,408	27	(134)	0.81	84
236210	Industrial Building Construction	31	(8)	$51,323	4	(12)	0.20	4
236220	Commercial and Institutional Building Construction	429	33	$56,892	37	(43)	0.76	47
237110	Water and Sewer Line and Related Structures Construction	90	(70)	$47,369	15	(97)	0.54	12
237130	Power and Communication Line and Related Structures Construction	65	(21)	$47,382	8	(42)	0.40	13
237210	Land Subdivision	20	Insf. Data	$103,345	1	14	0.52	8
237310	Highway, Street, and Bridge Construction	333	46	$77,941	26	17	1.13	7
237990	Other Heavy and Civil Engineering Construction	159	20	$40,585	13	0	1.55	38
238110	Poured Concrete Foundation and Structure Contractors	72	(24)	$37,780	9	(64)	0.38	10
238120	Structural Steel and Precast Concrete Contractors	24	2	$64,792	2	(4)	0.30	3
238130	Framing Contractors	53	0	$39,265	5	(29)	0.73	8
238140	Masonry Contractors	177	(83)	$33,914	24	(121)	1.28	24
238150	Glass and Glazing Contractors	34	0	$30,339	3	(11)	0.58	6
238160	Roofing Contractors	104	(9)	$35,947	10	(24)	0.59	18
238170	Siding Contractors	64	(25)	$37,194	8	(37)	1.95	14
238210	Electrical Contractors and Other Wiring Installation Contractors	510	(123)	$45,048	58	(245)	0.63	97
238220	Plumbing, Heating, and Air-Conditioning Contractors	1,264	129	$45,277	105	(152)	1.33	152

NAICS	Description	2016 Jobs	2011 - 2016 Change	Avg. Earnings Per Job	Nat'l Growth Effect	Competitive Effect	2016 Location Quotient	2016 Payrolled Business Locations
238290	Other Building Equipment Contractors	19	(9)	$60,805	3	(13)	0.15	7
238310	Drywall and Insulation Contractors	108	(90)	$43,286	18	(135)	0.48	14
238320	Painting and Wall Covering Contractors	174	(151)	$39,433	30	(211)	0.95	33
238330	Flooring Contractors	65	25	$33,019	4	15	0.97	24
238340	Tile and Terrazzo Contractors	18	(3)	$43,586	2	(11)	0.36	6
238350	Finish Carpentry Contractors	87	(38)	$53,170	12	(69)	0.68	30
238390	Other Building Finishing Contractors	17	(20)	$47,611	3	(27)	0.25	3
238910	Site Preparation Contractors	373	20	$44,750	33	(44)	1.27	64
238990	All Other Specialty Trade Contractors	92	(76)	$34,326	16	(116)	0.31	23
311511	Fluid Milk Manufacturing	13	(68)	$75,835	8	(71)	0.26	1
311710	Seafood Product Preparation and Packaging	325	(53)	$26,031	35	(46)	9.44	12
311812	Commercial Bakeries	26	14	$42,967	1	14	0.21	5
311813	Frozen Cakes, Pies, and Other Pastries Manufacturing	165	133	$38,713	3	129	13.71	1
313110	Fiber, Yarn, and Thread Mills	130	(40)	$50,159	16	(40)	4.75	2
314910	Textile Bag and Canvas Mills	62	23	$30,974	4	24	2.66	8
315110	Hosiery and Sock Mills	21	(9)	$36,859	3	(2)	2.72	0
316998	All Other Leather Good and Allied Product Manufacturing	15	Insf. Data	$53,383	0	11	1.56	2
321113	Sawmills	75	22	$41,375	5	18	0.97	1
321211	Hardwood Veneer and Plywood Manufacturing	428	188	$40,640	22	188	30.15	2
321214	Truss Manufacturing	11	(17)	$38,838	3	(33)	0.43	1

NAICS	Description	2016 Jobs	2011 - 2016 Change	Avg. Earnings Per Job	Nat'l Growth Effect	Competitive Effect	2016 Location Quotient	2016 Payrolled Business Locations
321918	Other Millwork (including Flooring)	11	Insf. Data	$49,457	0	11	0.32	2
321920	Wood Container and Pallet Manufacturing	10	Insf. Data	$40,522	0	9	0.19	1
322110	Pulp Mills	433	(18)	$94,527	42	8	81.14	2
322220	Paper Bag and Coated and Treated Paper Manufacturing	27	(12)	$65,978	4	(10)	0.48	1
323111	Commercial Printing (except Screen and Books)	56	(17)	$84,295	7	(12)	0.18	16
323113	Commercial Screen Printing	56	39	$31,872	2	36	0.80	4
325211	Plastics Material and Resin Manufacturing	22	Insf. Data	$82,617	0	18	0.40	1
325212	Synthetic Rubber Manufacturing	78	36	$38,925	4	37	8.14	1
325311	Nitrogenous Fertilizer Manufacturing	38	Insf. Data	$90,895	1	27	4.90	1
325312	Phosphatic Fertilizer Manufacturing	742	(368)	$122,170	103	(267)	126.03	1
325998	All Other Miscellaneous Chemical Product and Preparation Manufacturing	141	(66)	$77,169	19	(75)	4.04	2
326191	Plastics Plumbing Fixture Manufacturing	17	1	$45,686	1	(2)	1.30	1
326199	All Other Plastics Product Manufacturing	157	86	$46,385	7	78	0.57	6
327320	Ready-Mix Concrete Manufacturing	124	0	$48,115	11	(19)	1.40	15
327332	Concrete Pipe Manufacturing	32	32	$40,789	0	32	4.51	1
327991	Cut Stone and Stone Product Manufacturing	22	4	$30,656	2	(2)	0.75	4

NAICS	Description	2016 Jobs	2011 - 2016 Change	Avg. Earnings Per Job	Nat'l Growth Effect	Competitive Effect	2016 Location Quotient	2016 Payrolled Business Locations
332312	Fabricated Structural Metal Manufacturing	16	(12)	$76,674	3	(16)	0.19	4
332321	Metal Window and Door Manufacturing	62	20	$54,378	4	12	1.10	1
332322	Sheet Metal Work Manufacturing	30	(5)	$60,124	3	(9)	0.31	3
332323	Ornamental and Architectural Metal Work Manufacturing	25	Insf. Data	$71,895	0	23	0.68	2
332618	Other Fabricated Wire Product Manufacturing	33	18	$31,207	1	19	1.37	2
332710	Machine Shops	109	5	$52,298	10	2	0.42	14
332913	Plumbing Fixture Fitting and Trim Manufacturing	873	216	$63,488	61	122	86.64	1
333413	Industrial and Commercial Fan and Blower and Air Purification Equipment Manufacturing	690	227	$56,589	43	189	24.69	7
333414	Heating Equipment (except Warm Air Furnaces) Manufacturing	14	Insf. Data	$39,445	0	12	0.98	1
333415	Air-Conditioning and Warm Air Heating Equipment and Commercial and Industrial Refrigeration Equipment Manufacturing	56	(154)	$58,282	19	(154)	0.70	1
333514	Special Die and Tool, Die Set, Jig, and Fixture Manufacturing	250	63	$50,351	17	57	4.19	1
333618	Other Engine Equipment Manufacturing	18	(54)	$31,184	7	(58)	0.42	1
333993	Packaging Machinery Manufacturing	81	4	$71,172	7	(10)	4.20	1

NAICS	Description	2016 Jobs	2011 - 2016 Change	Avg. Earnings Per Job	Nat'l Growth Effect	Competitive Effect	2016 Location Quotient	2016 Payrolled Business Locations
333999	All Other Miscellaneous General-Purpose Machinery Manufacturing	13	13	$34,112	0	13	0.35	1
334511	Search, Detection, Navigation, Guidance, Aeronautical, and Nautical System and Instrument Manufacturing	52	52	$90,611	0	52	0.46	2
334512	Automatic Environmental Control Manufacturing for Residential, Commercial, and Appliance Use	54	30	$56,345	2	30	3.16	1
335129	Other Lighting Equipment Manufacturing	22	22	$67,117	0	22	2.84	1
335228	Other Major Household Appliance Manufacturing	1,008	219	$86,212	73	111	89.53	1
335312	Motor and Generator Manufacturing	14	1	$48,197	1	2	0.41	1
335314	Relay and Industrial Control Manufacturing	55	(29)	$65,346	8	(26)	1.32	1
336211	Motor Vehicle Body Manufacturing	87	(51)	$49,062	13	(86)	1.60	3
336310	Motor Vehicle Gasoline Engine and Engine Parts Manufacturing	292	(21)	$57,271	29	(87)	4.84	3
336612	Boat Building	652	22	$40,133	58	(182)	18.92	25
337110	Wood Kitchen Cabinet and Countertop Manufacturing	55	(44)	$49,103	9	(62)	0.51	11
337122	Nonupholstered Wood Household Furniture Manufacturing	74	43	$48,538	3	47	2.41	2

NAICS	Description	2016 Jobs	2011 - 2016 Change	Avg. Earnings Per Job	Nat'l Growth Effect	Competitive Effect	2016 Location Quotient	2016 Payrolled Business Locations
337212	Custom Architectural Woodwork and Millwork Manufacturing	12	Insf. Data	$39,411	0	11	0.63	2
337215	Showcase, Partition, Shelving, and Locker Manufacturing	272	93	$54,976	17	90	6.34	2
339113	Surgical Appliance and Supplies Manufacturing	314	59	$55,234	24	57	3.32	3
339920	Sporting and Athletic Goods Manufacturing	12	(22)	$45,398	3	(24)	0.28	3
339950	Sign Manufacturing	38	(2)	$29,000	4	(9)	0.54	9
339993	Fastener, Button, Needle, and Pin Manufacturing	70	14	$70,096	5	15	14.35	2
339994	Broom, Brush, and Mop Manufacturing	18	(17)	$69,389	3	(17)	2.16	1
423110	Automobile and Other Motor Vehicle Merchant Wholesalers	14	(9)	$41,422	2	(11)	0.13	1
423120	Motor Vehicle Supplies and New Parts Merchant Wholesalers	55	7	$37,569	4	3	0.35	9
423140	Motor Vehicle Parts (Used) Merchant Wholesalers	21	(30)	$47,503	5	(26)	0.98	5
423310	Lumber, Plywood, Millwork, and Wood Panel Merchant Wholesalers	27	1	$63,916	2	(3)	0.28	7
423330	Roofing, Siding, and Insulation Material Merchant Wholesalers	24	(21)	$66,067	4	(29)	0.77	6
423390	Other Construction Material Merchant Wholesalers	33	14	$69,252	2	10	1.37	4

NAICS	Description	2016 Jobs	2011 - 2016 Change	Avg. Earnings Per Job	Nat'l Growth Effect	Competitive Effect	2016 Location Quotient	2016 Payrolled Business Locations
423450	Medical, Dental, and Hospital Equipment and Supplies Merchant Wholesalers	17	(6)	$60,814	2	(8)	0.09	8
423510	Metal Service Centers and Other Metal Merchant Wholesalers	39	(25)	$47,537	6	(30)	0.34	2
423610	Electrical Apparatus and Equipment, Wiring Supplies, and Related Equipment Merchant Wholesalers	74	24	$57,321	5	15	0.48	11
423720	Plumbing and Heating Equipment and Supplies (Hydronics) Merchant Wholesalers	106	42	$63,373	6	33	1.21	15
423730	Warm Air Heating and Air-Conditioning Equipment and Supplies Merchant Wholesalers	43	14	$48,556	3	12	0.75	6
423810	Construction and Mining (except Oil Well) Machinery and Equipment Merchant Wholesalers	209	45	$57,369	15	22	2.58	8
423820	Farm and Garden Machinery and Equipment Merchant Wholesalers	140	24	$41,651	11	16	1.45	8
423830	Industrial Machinery and Equipment Merchant Wholesalers	71	13	$52,427	5	9	0.25	15
423840	Industrial Supplies Merchant Wholesalers	60	22	$53,841	3	17	0.72	2
423850	Service Establishment Equipment and Supplies Merchant Wholesalers	25	(37)	$49,537	6	(37)	0.47	3

NAICS	Description	2016 Jobs	2011 - 2016 Change	Avg. Earnings Per Job	Nat'l Growth Effect	Competitive Effect	2016 Location Quotient	2016 Payrolled Business Locations
423860	Transportation Equipment and Supplies (except Motor Vehicle) Merchant Wholesalers	18	(8)	$84,866	2	(8)	0.58	8
423910	Sporting and Recreational Goods and Supplies Merchant Wholesalers	401	162	$46,128	22	122	7.99	11
423930	Recyclable Material Merchant Wholesalers	53	(51)	$37,753	10	(36)	0.56	8
423940	Jewelry, Watch, Precious Stone, and Precious Metal Merchant Wholesalers	19	(48)	$33,461	6	(48)	0.47	2
423990	Other Miscellaneous Durable Goods Merchant Wholesalers	62	25	$50,085	3	22	0.92	9
424120	Stationery and Office Supplies Merchant Wholesalers	21	Insf. Data	$42,152	1	14	0.43	2
424210	Drugs and Druggists' Sundries Merchant Wholesalers	67	29	$62,563	4	26	0.35	5
424430	Dairy Product (except Dried or Canned) Merchant Wholesalers	19	(14)	$51,194	3	(13)	0.52	1
424450	Confectionery Merchant Wholesalers	28	Insf. Data	$61,587	0	24	0.54	4
424460	Fish and Seafood Merchant Wholesalers	54	(9)	$27,109	6	(18)	2.20	16
424480	Fresh Fruit and Vegetable Merchant Wholesalers	38	11	$18,288	3	7	0.42	2
424490	Other Grocery and Related Products Merchant Wholesalers	144	(46)	$50,287	18	(50)	0.70	6

NAICS	Description	2016 Jobs	2011 - 2016 Change	Avg. Earnings Per Job	Nat'l Growth Effect	Competitive Effect	2016 Location Quotient	2016 Payrolled Business Locations
424520	Livestock Merchant Wholesalers	13	(13)	$18,973	2	(12)	0.75	2
424690	Other Chemical and Allied Products Merchant Wholesalers	52	(2)	$58,809	5	(3)	0.52	9
424710	Petroleum Bulk Stations and Terminals	31	(8)	$73,429	4	(9)	1.01	2
424720	Petroleum and Petroleum Products Merchant Wholesalers (except Bulk Stations and Terminals)	66	(2)	$66,343	6	(4)	1.10	5
424810	Beer and Ale Merchant Wholesalers	61	(31)	$37,426	9	(44)	0.59	1
424820	Wine and Distilled Alcoholic Beverage Merchant Wholesalers	45	(7)	$45,718	5	(16)	0.57	4
424910	Farm Supplies Merchant Wholesalers	63	3	$58,071	6	(1)	0.58	12
424930	Flower, Nursery Stock, and Florists' Supplies Merchant Wholesalers	29	(6)	$32,685	3	(8)	0.70	5
425110	Business to Business Electronic Markets	18	(27)	$63,706	4	(21)	0.55	3
425120	Wholesale Trade Agents and Brokers	325	104	$90,072	20	86	0.40	74
441110	New Car Dealers	1,768	204	$57,974	145	(100)	1.68	38
441120	Used Car Dealers	157	(62)	$41,004	20	(129)	1.04	45
441210	Recreational Vehicle Dealers	41	20	$45,564	2	11	1.05	4
441222	Boat Dealers	149	11	$39,132	13	(5)	4.58	36

NAICS	Description	2016 Jobs	2011 - 2016 Change	Avg. Earnings Per Job	Nat'l Growth Effect	Competitive Effect	2016 Location Quotient	2016 Payrolled Business Locations
441228	Motorcycle, ATV, and All Other Motor Vehicle Dealers	104	21	$40,375	8	13	1.49	10
441310	Automotive Parts and Accessories Stores	676	78	$26,351	55	16	1.95	70
441320	Tire Dealers	329	29	$42,680	28	10	1.92	37
442110	Furniture Stores	367	13	$33,852	33	(3)	1.74	32
442210	Floor Covering Stores	88	5	$42,974	8	(0)	1.32	18
442299	All Other Home Furnishings Stores	159	(65)	$21,820	21	(87)	1.02	18
443141	Household Appliance Stores	18	(1)	$29,814	2	(0)	0.35	5
443142	Electronics Stores	433	(20)	$37,229	42	(17)	0.99	47
444110	Home Centers	1,108	15	$30,140	101	(80)	1.70	14
444120	Paint and Wallpaper Stores	46	(5)	$45,537	5	(12)	1.25	8
444130	Hardware Stores	253	20	$27,485	22	(3)	1.77	27
444190	Other Building Material Dealers	400	141	$46,161	24	104	1.84	36
444210	Outdoor Power Equipment Stores	43	6	$37,940	3	4	1.47	5
444220	Nursery, Garden Center, and Farm Supply Stores	130	48	$27,009	8	37	1.14	18
445110	Supermarkets and Other Grocery (except Convenience) Stores	3,068	523	$20,793	235	308	1.28	68
445120	Convenience Stores	70	(35)	$19,913	10	(49)	0.46	25
445220	Fish and Seafood Markets	77	25	$22,986	5	17	5.38	19
445230	Fruit and Vegetable Markets	15	Insf. Data	$18,468	0	12	0.40	5
445291	Baked Goods Stores	28	4	$29,284	2	6	1.39	4
445299	All Other Specialty Food Stores	31	8	$43,078	2	6	0.41	7

NAICS	Description	2016 Jobs	2011 - 2016 Change	Avg. Earnings Per Job	Nat'l Growth Effect	Competitive Effect	2016 Location Quotient	2016 Payrolled Business Locations
446110	Pharmacies and Drug Stores	1,139	108	$44,656	95	80	1.66	87
446120	Cosmetics, Beauty Supplies, and Perfume Stores	138	25	$22,227	10	1	1.05	18
446130	Optical Goods Stores	37	3	$37,569	3	0	0.54	10
446191	Food (Health) Supplement Stores	59	1	$22,664	5	(9)	1.24	12
446199	All Other Health and Personal Care Stores	123	69	$48,735	5	70	2.29	21
447110	Gasoline Stations with Convenience Stores	1,238	69	$20,523	108	(86)	1.61	191
447190	Other Gasoline Stations	107	24	$28,509	8	24	1.07	11
448110	Men's Clothing Stores	28	(10)	$21,903	3	(8)	0.58	6
448120	Women's Clothing Stores	115	(6)	$15,979	11	(6)	0.42	24
448130	Children's and Infants' Clothing Stores	43	14	$9,307	3	15	0.62	6
448140	Family Clothing Stores	386	48	$15,395	31	75	1.00	33
448150	Clothing Accessories Stores	72	36	$17,587	3	37	1.33	12
448190	Other Clothing Stores	127	(24)	$28,890	14	(31)	1.11	20
448210	Shoe Stores	149	6	$16,432	13	(14)	0.75	17
448310	Jewelry Stores	157	7	$33,015	14	6	1.37	30
451110	Sporting Goods Stores	368	115	$21,544	23	60	1.29	60
451120	Hobby, Toy, and Game Stores	261	35	$16,517	21	23	1.69	22
451130	Sewing, Needlework, and Piece Goods Stores	27	(3)	$15,062	3	(2)	0.70	6
451140	Musical Instrument and Supplies Stores	41	2	$25,165	4	0	1.41	5
451211	Book Stores	156	(11)	$18,368	15	21	2.06	13

NAICS	Description	2016 Jobs	2011 - 2016 Change	Avg. Earnings Per Job	Nat'l Growth Effect	Competitive Effect	2016 Location Quotient	2016 Payrolled Business Locations
452111	Department Stores (except Discount Department Stores)	375	(98)	$21,597	44	(23)	0.83	7
452112	Discount Department Stores	814	151	$17,599	61	243	1.01	13
452910	Warehouse Clubs and Supercenters	3,255	869	$30,217	221	293	2.34	16
452990	All Other General Merchandise Stores	754	(38)	$15,080	73	(156)	1.96	93
453110	Florists	61	(15)	$18,688	7	(10)	1.05	18
453210	Office Supplies and Stationery Stores	100	(34)	$25,094	12	(9)	0.92	8
453220	Gift, Novelty, and Souvenir Stores	189	(21)	$16,597	19	(14)	1.26	43
453310	Used Merchandise Stores	188	61	$21,208	12	23	1.15	31
453910	Pet and Pet Supplies Stores	160	19	$23,208	13	1	1.47	11
453920	Art Dealers	26	(3)	$30,198	3	(4)	1.60	7
453930	Manufactured (Mobile) Home Dealers	21	(14)	$51,213	3	(14)	1.74	8
453991	Tobacco Stores	81	34	$22,761	4	12	2.16	26
453998	All Other Miscellaneous Store Retailers (except Tobacco Stores)	104	59	$26,635	4	51	0.81	27
454111	Electronic Shopping	20	9	$53,800	1	(4)	0.09	11
454113	Mail-Order Houses	72	(11)	$17,827	8	(2)	0.59	2
454310	Fuel Dealers	176	(31)	$42,246	19	(20)	2.51	24
454390	Other Direct Selling Establishments	92	78	$30,586	1	77	1.66	9
481111	Scheduled Passenger Air Transportation	113	(8)	$57,257	11	(12)	0.29	1

NAICS	Description	2016 Jobs	2011 - 2016 Change	Avg. Earnings Per Job	Nat'l Growth Effect	Competitive Effect	2016 Location Quotient	2016 Payrolled Business Locations
483114	Coastal and Great Lakes Passenger Transportation	96	74	$19,640	2	72	13.43	7
484110	General Freight Trucking, Local	134	2	$42,931	12	(17)	0.58	33
484121	General Freight Trucking, Long-Distance, Truckload	132	55	$45,322	7	51	0.28	42
484122	General Freight Trucking, Long-Distance, Less Than Truckload	54	(1)	$53,525	5	(11)	0.23	12
484210	Used Household and Office Goods Moving	135	18	$32,807	11	0	1.46	14
484220	Specialized Freight (except Used Goods) Trucking, Local	412	63	$49,124	32	39	2.03	54
484230	Specialized Freight (except Used Goods) Trucking, Long-Distance	125	(45)	$46,181	16	(80)	0.97	8
485310	Taxi Service	33	15	$19,517	2	12	0.94	5
485320	Limousine Service	25	Insf. Data	$26,446	1	17	0.61	3
485991	Special Needs Transportation	98	69	$19,992	3	64	1.49	6
485999	All Other Transit and Ground Passenger Transportation	31	(20)	$20,081	5	(36)	0.98	2
487210	Scenic and Sightseeing Transportation, Water	53	20	$32,889	3	17	3.65	11
488190	Other Support Activities for Air Transportation	130	(59)	$55,703	17	(76)	1.30	11
488210	Support Activities for Rail Transportation	37	0	$55,681	3	(15)	1.17	3
488410	Motor Vehicle Towing	32	13	$26,292	2	10	0.56	10
488510	Freight Transportation Arrangement	127	(34)	$81,226	15	(63)	0.64	5

NAICS	Description	2016 Jobs	2011 - 2016 Change	Avg. Earnings Per Job	Nat'l Growth Effect	Competitive Effect	2016 Location Quotient	2016 Payrolled Business Locations
492110	Couriers and Express Delivery Services	253	(3)	$56,113	24	(49)	0.48	9
492210	Local Messengers and Local Delivery	14	Insf. Data	$44,730	0	13	0.24	3
493110	General Warehousing and Storage	117	(67)	$54,123	17	(148)	0.16	7
493190	Other Warehousing and Storage	20	Insf. Data	$24,950	1	15	0.49	1
511110	Newspaper Publishers	179	(134)	$33,342	29	(57)	1.05	9
511210	Software Publishers	20	Insf. Data	$88,362	1	11	0.06	12
512131	Motion Picture Theaters (except Drive-Ins)	88	(4)	$10,552	8	(17)	0.67	8
512191	Teleproduction and Other Postproduction Services	11	Insf. Data	$48,631	0	8	0.74	1
515111	Radio Networks	31	Insf. Data	$22,249	0	31	1.85	1
515112	Radio Stations	89	(35)	$41,600	11	(28)	1.38	9
515120	Television Broadcasting	151	(31)	$57,891	17	(50)	1.22	3
517110	Wired Telecommunications Carriers	347	(44)	$75,083	36	(45)	0.62	25
517210	Wireless Telecommunications Carriers (except Satellite)	64	5	$45,056	5	19	0.54	11
518210	Data Processing, Hosting, and Related Services	81	33	$51,823	4	21	0.28	12
522110	Commercial Banking	899	(265)	$51,393	108	(253)	0.74	100
522130	Credit Unions	348	18	$50,775	31	(20)	1.46	34
522220	Sales Financing	43	13	$48,680	3	8	0.48	9
522291	Consumer Lending	59	13	$42,594	4	3	0.60	15
522292	Real Estate Credit	26	10	$99,448	1	9	0.12	10

NAICS	Description	2016 Jobs	2011 - 2016 Change	Avg. Earnings Per Job	Nat'l Growth Effect	Competitive Effect	2016 Location Quotient	2016 Payrolled Business Locations
522298	All Other Nondepository Credit Intermediation	52	(9)	$33,834	6	(17)	0.82	12
522390	Other Activities Related to Credit Intermediation	21	(36)	$53,979	5	(33)	0.26	3
523120	Securities Brokerage	83	11	$140,145	7	12	0.31	35
523920	Portfolio Management	33	Insf. Data	$85,531	1	25	0.18	6
523930	Investment Advice	139	112	$100,901	2	104	0.78	24
523991	Trust, Fiduciary, and Custody Activities	13	13	$83,287	0	13	0.72	4
524113	Direct Life Insurance Carriers	39	(28)	$56,997	6	(21)	0.17	6
524126	Direct Property and Casualty Insurance Carriers	30	(3)	$73,988	3	(4)	0.07	9
524127	Direct Title Insurance Carriers	11	Insf. Data	$50,013	0	10	0.20	7
524210	Insurance Agencies and Brokerages	583	63	$65,975	48	(53)	0.79	122
524291	Claims Adjusting	25	Insf. Data	$71,245	0	21	0.47	6
531110	Lessors of Residential Buildings and Dwellings	175	(13)	$29,818	17	(14)	0.53	35
531120	Lessors of Nonresidential Buildings (except Mini Warehouses)	41	5	$48,242	3	2	0.30	15
531130	Lessors of Mini Warehouses and Self-Storage Units	66	14	$26,291	5	7	1.39	28
531190	Lessors of Other Real Estate Property	35	(14)	$37,291	4	(16)	0.90	17
531210	Offices of Real Estate Agents and Brokers	676	19	$37,675	61	(68)	2.36	192
531311	Residential Property Managers	481	191	$33,094	27	130	1.21	108

NAICS	Description	2016 Jobs	2011 - 2016 Change	Avg. Earnings Per Job	Nat'l Growth Effect	Competitive Effect	2016 Location Quotient	2016 Payrolled Business Locations
531312	Nonresidential Property Managers	32	12	$38,509	2	9	0.23	7
531320	Offices of Real Estate Appraisers	47	7	$38,500	4	8	1.43	23
532111	Passenger Car Rental	95	33	$23,864	6	20	0.82	17
532120	Truck, Utility Trailer, and RV (Recreational Vehicle) Rental and Leasing	46	5	$34,512	4	(8)	0.65	4
532210	Consumer Electronics and Appliances Rental	25	(9)	$35,897	3	(8)	1.00	1
532291	Home Health Equipment Rental	30	Insf. Data	$45,684	1	24	0.83	3
532292	Recreational Goods Rental	21	(8)	$15,961	3	(17)	1.65	7
532299	All Other Consumer Goods Rental	51	14	$33,894	3	4	0.86	17
532310	General Rental Centers	60	(2)	$42,936	6	(1)	1.65	13
532412	Construction, Mining, and Forestry Machinery and Equipment Rental and Leasing	22	(15)	$70,179	3	(21)	0.35	5
541110	Offices of Lawyers	842	(55)	$67,837	83	(49)	0.86	163
541211	Offices of Certified Public Accountants	295	46	$61,355	23	8	0.67	48
541213	Tax Preparation Services	230	(35)	$19,570	24	(26)	2.39	21
541214	Payroll Services	61	29	$70,646	3	26	0.38	8
541219	Other Accounting Services	72	(77)	$36,798	14	(91)	0.30	36
541310	Architectural Services	29	(11)	$121,123	4	(18)	0.17	12
541320	Landscape Architectural Services	60	(12)	$37,964	7	(21)	1.89	6
541330	Engineering Services	324	(197)	$73,217	48	(235)	0.37	56

NAICS	Description	2016 Jobs	2011 - 2016 Change	Avg. Earnings Per Job	Nat'l Growth Effect	Competitive Effect	2016 Location Quotient	2016 Payrolled Business Locations
541370	Surveying and Mapping (except Geophysical) Services	75	(27)	$36,783	9	(41)	1.73	18
541380	Testing Laboratories	14	Insf. Data	$46,846	1	4	0.09	5
541410	Interior Design Services	35	12	$46,423	2	4	0.90	10
541430	Graphic Design Services	22	10	$77,221	1	9	0.37	5
541490	Other Specialized Design Services	48	Insf. Data	$61,678	1	39	3.36	1
541511	Custom Computer Programming Services	123	(268)	$88,965	36	(376)	0.15	48
541512	Computer Systems Design Services	197	(172)	$89,275	34	(287)	0.22	66
541513	Computer Facilities Management Services	46	21	$133,374	2	15	0.74	2
541519	Other Computer Related Services	86	42	$75,574	4	42	0.82	6
541611	Administrative Management and General Management Consulting Services	251	28	$68,997	21	(55)	0.49	78
541612	Human Resources Consulting Services	114	76	$49,858	4	74	1.53	7
541613	Marketing Consulting Services	61	17	$66,017	4	(0)	0.29	28
541614	Process, Physical Distribution, and Logistics Consulting Services	63	16	$94,507	4	6	0.59	19
541620	Environmental Consulting Services	53	3	$94,202	5	0	0.67	14
541690	Other Scientific and Technical Consulting Services	210	97	$71,949	10	84	1.13	23

NAICS	Description	2016 Jobs	2011 - 2016 Change	Avg. Earnings Per Job	Nat'l Growth Effect	Competitive Effect	2016 Location Quotient	2016 Payrolled Business Locations
541711	Research and Development in Biotechnology	161	138	$74,400	2	133	1.02	21
541712	Research and Development in the Physical, Engineering, and Life Sciences (except Biotechnology)	12	(20)	$104,689	3	(21)	0.03	7
541810	Advertising Agencies	38	15	$42,859	2	12	0.20	18
541820	Public Relations Agencies	14	3	$54,612	1	1	0.26	7
541890	Other Services Related to Advertising	12	Insf. Data	$23,660	1	2	0.14	6
541921	Photography Studios, Portrait	32	(7)	$12,088	4	2	0.74	14
541940	Veterinary Services	465	89	$40,070	35	18	1.39	41
541990	All Other Professional, Scientific, and Technical Services	30	(18)	$65,051	4	(37)	0.24	13
551114	Corporate, Subsidiary, and Regional Managing Offices	603	(26)	$57,900	58	(129)	0.30	29
561110	Office Administrative Services	365	34	$54,712	31	(26)	0.79	55
561210	Facilities Support Services	253	81	$49,582	16	69	1.88	10
561311	Employment Placement Agencies	152	50	$35,502	9	41	0.63	6
561320	Temporary Help Services	2,266	526	$30,507	161	92	0.83	43
561330	Professional Employer Organizations	425	(553)	$36,351	90	(520)	1.26	24
561410	Document Preparation Services	99	88	$25,156	1	88	2.26	13
561422	Telemarketing Bureaus and Other Contact Centers	1,263	182	$25,279	100	(76)	2.72	11
561431	Private Mail Centers	33	11	$10,787	2	11	1.38	8

NAICS	Description	2016 Jobs	2011 - 2016 Change	Avg. Earnings Per Job	Nat'l Growth Effect	Competitive Effect	2016 Location Quotient	2016 Payrolled Business Locations
561499	All Other Business Support Services	43	(25)	$47,091	6	(33)	0.57	6
561510	Travel Agencies	91	7	$38,204	8	(1)	1.07	13
561520	Tour Operators	20	Insf. Data	$39,875	0	17	0.74	2
561599	All Other Travel Arrangement and Reservation Services	65	20	$24,356	4	13	0.80	2
561612	Security Guards and Patrol Services	65	(193)	$23,549	24	(228)	0.10	6
561621	Security Systems Services (except Locksmiths)	18	(6)	$73,366	2	(11)	0.15	6
561622	Locksmiths	11	(2)	$56,485	1	(4)	0.74	4
561710	Exterminating and Pest Control Services	247	25	$45,977	21	(17)	2.31	22
561720	Janitorial Services	1,280	(58)	$33,069	124	(226)	1.28	75
561730	Landscaping Services	754	203	$28,268	51	96	1.09	134
561740	Carpet and Upholstery Cleaning Services	28	9	$25,934	2	8	0.70	11
561790	Other Services to Buildings and Dwellings	63	40	$34,280	2	36	0.75	11
561990	All Other Support Services	180	30	$26,790	14	21	0.95	31
562111	Solid Waste Collection	213	(60)	$40,652	25	(102)	1.56	19
562211	Hazardous Waste Treatment and Disposal	21	4	$54,052	2	6	0.65	2
562212	Solid Waste Landfill	98	73	$45,280	2	72	2.69	4
562219	Other Nonhazardous Waste Treatment and Disposal	24	(68)	$35,456	9	(82)	1.54	1
562910	Remediation Services	41	(8)	$46,095	5	(10)	0.54	8
562991	Septic Tank and Related Services	38	25	$47,803	1	23	1.67	7

NAICS	Description	2016 Jobs	2011 - 2016 Change	Avg. Earnings Per Job	Nat'l Growth Effect	Competitive Effect	2016 Location Quotient	2016 Payrolled Business Locations
611110	Elementary and Secondary Schools	249	(14)	$41,305	24	(45)	0.34	10
611310	Colleges, Universities, and Professional Schools	190	45	$48,942	13	37	0.16	7
611430	Professional and Management Development Training	23	4	$53,686	2	3	0.56	7
611512	Flight Training	53	17	$73,001	3	15	3.29	3
611519	Other Technical and Trade Schools	58	41	$49,878	2	43	0.96	3
611610	Fine Arts Schools	37	0	$18,062	3	(8)	0.44	14
611620	Sports and Recreation Instruction	89	13	$15,354	7	(22)	0.80	13
611691	Exam Preparation and Tutoring	58	30	$23,802	3	30	0.68	3
611692	Automobile Driving Schools	41	Insf. Data	$14,996	1	32	2.88	2
611699	All Other Miscellaneous Schools and Instruction	46	Insf. Data	$56,782	1	33	0.75	9
611710	Educational Support Services	54	(44)	$47,443	9	(70)	0.41	10
621111	Offices of Physicians (except Mental Health Specialists)	2,408	(137)	$87,530	235	(329)	1.03	206
621112	Offices of Physicians, Mental Health Specialists	296	126	$53,016	16	105	5.92	12
621210	Offices of Dentists	1,017	(44)	$67,788	98	(141)	1.18	110
621310	Offices of Chiropractors	121	22	$40,748	9	13	0.98	28
621320	Offices of Optometrists	211	15	$55,654	18	(18)	1.71	23
621330	Offices of Mental Health Practitioners (except Physicians)	14	Insf. Data	$34,665	1	2	0.19	8

NAICS	Description	2016 Jobs	2011 - 2016 Change	Avg. Earnings Per Job	Nat'l Growth Effect	Competitive Effect	2016 Location Quotient	2016 Payrolled Business Locations
621340	Offices of Physical, Occupational and Speech Therapists, and Audiologists	609	355	$53,403	23	296	1.80	48
621391	Offices of Podiatrists	59	16	$52,024	4	16	1.76	7
621399	Offices of All Other Miscellaneous Health Practitioners	124	11	$47,266	10	(32)	1.28	25
621420	Outpatient Mental Health and Substance Abuse Centers	126	(1)	$42,322	12	(28)	0.60	17
621492	Kidney Dialysis Centers	85	28	$55,538	5	13	0.75	8
621493	Freestanding Ambulatory Surgical and Emergency Centers	64	35	$59,064	3	23	0.49	7
621498	All Other Outpatient Care Centers	75	Insf. Data	$45,226	0	68	0.54	5
621511	Medical Laboratories	37	18	$56,558	2	15	0.21	22
621512	Diagnostic Imaging Centers	48	(13)	$45,951	6	(15)	0.72	10
621610	Home Health Care Services	1,539	98	$24,725	133	(167)	1.21	46
621910	Ambulance Services	339	(3)	$32,674	32	(35)	2.11	19
621991	Blood and Organ Banks	19	Insf. Data	$36,034	0	18	0.29	1
622210	Psychiatric and Substance Abuse Hospitals	245	Insf. Data	$48,679	0	245	2.29	1
623110	Nursing Care Facilities (Skilled Nursing Facilities)	1,287	590	$31,979	64	603	0.83	19
623210	Residential Intellectual and Developmental Disability Facilities	544	104	$25,184	41	86	1.46	23
623220	Residential Mental Health and Substance Abuse Facilities	262	(10)	$24,207	25	(53)	1.26	13

NAICS	Description	2016 Jobs	2011 - 2016 Change	Avg. Earnings Per Job	Nat'l Growth Effect	Competitive Effect	2016 Location Quotient	2016 Payrolled Business Locations
623311	Continuing Care Retirement Communities	572	(477)	$26,591	97	(637)	1.28	18
623312	Assisted Living Facilities for the Elderly	444	(152)	$22,296	55	(250)	1.13	13
623990	Other Residential Care Facilities	84	32	$24,888	5	30	0.54	6
624110	Child and Youth Services	349	136	$33,226	20	112	1.94	16
624120	Services for the Elderly and Persons with Disabilities	329	93	$18,670	22	(198)	0.22	17
624190	Other Individual and Family Services	296	59	$52,964	22	33	0.77	34
624210	Community Food Services	54	Insf. Data	$38,398	0	49	1.67	4
624221	Temporary Shelters	11	Insf. Data	$25,693	0	10	0.18	3
624230	Emergency and Other Relief Services	159	Insf. Data	$38,045	0	155	6.72	3
624310	Vocational Rehabilitation Services	55	(98)	$8,521	14	(99)	0.17	10
624410	Child Day Care Services	1,191	23	$22,334	108	(62)	1.49	85
712110	Museums	12	(1)	$35,045	1	(4)	0.14	5
713120	Amusement Arcades	28	6	$30,856	2	1	1.32	4
713910	Golf Courses and Country Clubs	493	137	$22,712	33	109	1.43	18
713930	Marinas	217	4	$31,064	20	(23)	6.64	34
713940	Fitness and Recreational Sports Centers	811	13	$14,786	74	(135)	1.47	44
713950	Bowling Centers	108	(13)	$16,465	11	(14)	1.68	3
713990	All Other Amusement and Recreation Industries	191	(20)	$21,325	20	(95)	1.17	20

NAICS	Description	2016 Jobs	2011 - 2016 Change	Avg. Earnings Per Job	Nat'l Growth Effect	Competitive Effect	2016 Location Quotient	2016 Payrolled Business Locations
721110	Hotels (except Casino Hotels) and Motels	1,500	113	$20,399	128	(19)	1.01	94
721120	Casino Hotels	39	Insf. Data	$15,309	1	29	0.15	2
721191	Bed-and-Breakfast Inns	42	8	$20,465	3	4	2.69	9
721211	RV (Recreational Vehicle) Parks and Campgrounds	89	(1)	$26,874	8	(16)	3.19	15
722310	Food Service Contractors	670	312	$31,340	33	243	1.51	24
722320	Caterers	15	(9)	$14,127	2	(13)	0.09	3
722410	Drinking Places (Alcoholic Beverages)	480	139	$17,201	31	105	1.34	51
722511	Full-Service Restaurants	6,734	676	$18,774	560	(280)	1.34	332
722513	Limited-Service Restaurants	7,329	937	$15,229	591	(357)	1.84	362
722514	Cafeterias, Grill Buffets, and Buffets	167	(115)	$38,685	26	(85)	1.51	8
722515	Snack and Nonalcoholic Beverage Bars	524	179	$14,749	32	68	0.88	45
811111	General Automotive Repair	342	2	$38,944	31	(33)	1.06	92
811118	Other Automotive Mechanical and Electrical Repair and Maintenance	18	(7)	$42,469	2	(4)	0.69	5
811121	Automotive Body, Paint, and Interior Repair and Maintenance	236	5	$44,023	21	(30)	1.05	40
811122	Automotive Glass Replacement Shops	20	4	$33,273	2	1	0.68	7
811191	Automotive Oil Change and Lubrication Shops	85	(52)	$21,856	13	(56)	1.55	13
811192	Car Washes	106	(3)	$16,154	10	(27)	0.68	16

NAICS	Description	2016 Jobs	2011 - 2016 Change	Avg. Earnings Per Job	Nat'l Growth Effect	Competitive Effect	2016 Location Quotient	2016 Payrolled Business Locations
811211	Consumer Electronics Repair and Maintenance	16	Insf. Data	$14,405	1	9	1.40	3
811212	Computer and Office Machine Repair and Maintenance	45	9	$43,475	3	7	1.12	11
811219	Other Electronic and Precision Equipment Repair and Maintenance	10	(1)	$37,487	1	(2)	0.32	3
811310	Commercial and Industrial Machinery and Equipment (except Automotive and Electronic) Repair and Maintenance	186	(136)	$50,470	30	(169)	0.98	34
811411	Home and Garden Equipment Repair and Maintenance	13	Insf. Data	$23,129	0	7	2.98	3
811412	Appliance Repair and Maintenance	12	Insf. Data	$25,130	1	6	0.64	6
811490	Other Personal and Household Goods Repair and Maintenance	178	12	$36,504	15	(16)	5.79	43
812111	Barber Shops	41	25	$36,829	2	16	1.94	7
812112	Beauty Salons	327	(72)	$23,112	37	(76)	0.81	70
812113	Nail Salons	58	47	$31,405	1	38	0.70	6
812199	Other Personal Care Services	59	12	$15,422	4	(5)	0.51	18
812210	Funeral Homes and Funeral Services	222	33	$39,072	17	26	2.22	19
812220	Cemeteries and Crematories	29	5	$31,509	2	5	1.04	5
812320	Dry-cleaning and Laundry Services (except Coin-Operated)	141	(73)	$17,737	20	(61)	1.11	16
812331	Linen Supply	51	4	$20,253	4	5	0.80	1

NAICS	Description	2016 Jobs	2011 - 2016 Change	Avg. Earnings Per Job	Nat'l Growth Effect	Competitive Effect	2016 Location Quotient	2016 Payrolled Business Locations
812910	Pet Care (except Veterinary) Services	234	74	$20,270	15	(8)	2.41	25
812990	All Other Personal Services	30	9	$25,576	2	2	0.50	10
813110	Religious Organizations	27	5	$30,285	2	4	0.15	6
813312	Environment, Conservation and Wildlife Organizations	82	30	$37,786	5	19	1.38	7
813319	Other Social Advocacy Organizations	90	(62)	$33,273	14	(67)	1.00	9
813410	Civic and Social Organizations	205	3	$19,679	19	4	0.55	25
813910	Business Associations	74	(8)	$38,858	8	(11)	0.66	29
813930	Labor Unions and Similar Labor Organizations	20	6	$12,834	1	6	0.18	8
813990	Other Similar Organizations (except Business, Professional, Labor, and Political Organizations)	94	(12)	$27,875	10	(16)	0.93	17
814110	Private Households	291	74	$18,648	20	195	1.09	227
901149	US Postal Service	589	18	$61,545	53	40	1.03	49
901199	Federal Government, Civilian, Excluding Postal Service	12,041	(460)	$78,283	1,155	(145)	5.85	62
902612	Colleges, Universities, and Professional Schools (State Government)	2,041	(84)	$40,420	196	(141)	1.16	7
902999	State Government, Excluding Education and Hospitals	2,571	(215)	$54,879	257	(164)	1.19	83
903611	Elementary and Secondary Schools (Local Government)	8,645	204	$51,983	780	159	1.28	173
903622	Hospitals (Local Government)	3,990	(145)	$70,599	382	(208)	6.44	5

NAICS	Description	2016 Jobs	2011 - 2016 Change	Avg. Earnings Per Job	Nat'l Growth Effect	Competitive Effect	2016 Location Quotient	2016 Payrolled Business Locations
903999	Local Government, Excluding Education and Hospitals	6,591	225	$51,847	588	106	1.24	131

Data Sources and Calculations
EMSI Q2 2017 Data Set

Input-Output Data

The input-output model in this report is EMSI's gravitational flows multi-regional social account matrix model (MR-SAM). It is based on data from the Census Bureau's Current Population Survey and American Community Survey; as well as, the Bureau of Economic Analysis' National Income and Product Accounts, Input-Output Make and Use Tables, and Gross State Product data. In addition, several EMSI in-house data sets are used, as well as, data from Oak Ridge National Labs on the cost of transportation between counties.

Demographic Data

The demographic data in this report is compiled from several sources using a specialized process. Sources include annual population estimates and population projections from the US Census Bureau, birth and mortality rates from the US Health Department, and projected regional job growth.

Industry Data

EMSI industry data have various sources depending on the class of worker. (1) For QCEW Employees, EMSI primarily uses the QCEW (Quarterly Census of Employment and Wages), with supplemental estimates from County Business Patterns. (2) Non-QCEW employees' data are based on several sources including QCEW, Current Employment Statistics, County Business Patterns, BEA State and Local Personal Income reports, the National Industry-Occupation Employment Matrix (NIOEM), the American Community Survey, and Railroad Retirement Board statistics. (3) Self-Employed and Extended Proprietor classes of worker data are primarily based on the American Community Survey, Nonemployer Statistics, and BEA State and Local Personal Income Reports. Projections for QCEW and Non-QCEW Employees are informed by NIOEM and long-term industry projections published by individual states.

Occupation Data

EMSI occupation employment data are based on final EMSI industry data and final EMSI staffing patterns. Wage estimates are based on Occupational Employment Statistics (QCEW and Non-QCEW Employees classes of worker) and the American Community Survey (Self-Employed and Extended Proprietors). Occupational wage estimates also affected by county-level EMSI earnings by industry.

State Data Sources

This report uses state data from the following agencies: North Carolina Department of Commerce, Labor and Economic Analysis Division

Location Quotient

Location quotient (LQ) is a way of quantifying how concentrated a particular industry, cluster, occupation, or demographic group is in a region as compared to the nation. It can reveal what makes a particular region unique in comparison to the national average.

Shift Share

Shift share is a standard regional analysis method that attempts to determine how much of regional job growth can be attributed to national trends and how much is due to unique regional factors.

Economic Development Product Analysis

A successful business attraction program has at a minimum quality product that is, sites and buildings, that can accommodate new and expanding businesses. Further, for best possible results an area's product inventory needs to offer a variety of sites and buildings in terms of size and amenities. Without quality product to sell, it is virtually impossible to attract a regular flow of recruitment prospects.

Sometimes and in some areas, the private, for-profit sector generates a sufficient quality and diversity of such properties. In these cases, it is generally not advisable or necessary for the public sector to engage in the development of industrial/business parks and shell buildings. More often than not, however, this level of private development is not present and does appear to be the current situation in Carteret. Having said that, during interviews for the study, opportunities were noted to partner with various private sector organizations for product development. Additionally, there are areas with similarities to Carteret that have engaged the private sector effectively to partner in product development. An effort should be undertaken to determine if there is an appetite by the private sector to create quality industrial product in the county and if so then this opportunity should be strongly pursued and supported. Steps to foster these conversations and efforts are contained in the Recommendations Section.

Several questions must be answered before initiating a public product development program. These include:

- What sites are suitable for industrial development, which involves a site identification and evaluation process?
- Prioritization - in what order will the sites be developed, based on many factors such as cost, highest potential, etc.?
- What entity will undertake the effort?
- How will acquisition and development costs be funded?

These questions need to be thoroughly discussed, and a consensus arrived on all of them before proceeding to the next step. The development can be done by a unit of local government on its own, or by organization that the local government contracts with, and funds to carry out such a project. As in all aspects of this section, each option has its pluses and minuses, and descriptions and explanations of those options are contained later in the section. The consultant team recommends that a "product development plan" be compiled for each site and building to be developed. Such plans can include development entity, proposed partners/members of team, scope of development and associated costs, timelines and schedules, funding/finance sources, and any other information that will illustrate a clear and concise direction for development.

But Carteret must have product in its "wagon, " and the development of that product can come in stages. It is not necessary to immediately commit to a fully developed site or park with all infrastructure. The first step is to identify properties suitable for industrial development and to secure those properties so that they may be marketed for recruitment purposes. This puts Carteret in the game and, unfortunately, with the current inventory it is not. Subsequent steps in fully developing the properties can be carefully planned and staged to allow for funding options and development partners to be fully examined and a definitive course of action established.

Potential Product Identification

Finding property suitable for industrial development in Carteret County is a challenge, land that has the minimum requirements, high access, basic infrastructure-water, sewer, electric service, is scarce and those properties are being sought for other purposes-retail, commercial, residential-as well. There are physical barriers, such as wetlands, and flood plains that also eliminate some sites from consideration. Working with Carteret staff and drawing upon the consulting team's knowledge of the county, several properties were identified for further evaluation.

The North Carolina Railroad (NCRR) recently commissioned a study to evaluate all sites along its lines were, or could easily be rail served. Properties were identified, and then a questionnaire was sent the respective counties soliciting additional information necessary to fully evaluate the properties in terms of suitability for industrial development. Four sites were selected for further evaluation in the county. However, although all four were seen as suitable for industrial uses, several factors reduced that number to one deemed likely to be pursued by the county for those purposes. NCRR Site 2 totals 82 +/- acres and can be rail served. Further, it has all the basic infrastructure in place, highway access, water, sewer, and electric service. Curiously the evaluation sheet notes that the property is currently being marketed for industrial purposes but is not listed with the Economic Development Partnership of North Carolina (EDPNC). This raises the questions of how the property is being marketed and by whom. As this site could provide a quick start in the effort to solve the county's lack of industrial product, taking steps to secure the property so that it can be listed with the lead economic development organization of the state should be undertaken at the earliest possible opportunity. These steps should also include gathering information on the quality and capacities of the infrastructure serving the site. (*NOTE:* ***This site is served by Duke-Progress Energy and as such should be submitted for their Duke Site Ready Program. This program provides valuable information and insight on not only the site but the economic development program as well. Further, it brings a heightened awareness of the site as well.)***

Other sites in the NCRR study need to be re-examined to identify barriers to use for industrial purposes and if those barriers can be overcome, at what cost. Depending on the outcome of these evaluations, those sites can be eliminated or strategies formulated to address those obstacles over time.

During property evaluations for different projects for the Carteret EDC and the North Carolina Marine Industrial Park Authority (NCMIPA) numerous sites along the Intracoastal Waterway (ICW) that had potential to be developed as marine industrial parks were uncovered. As Marine trades is in the recommended targets for Carteret County, these properties could provide sites for those types companies and would be a valuable addition to the economic development product inventory. These sites have challenges such as lack of infrastructure but should be evaluated just like those in the NCRR study to identify barriers and identify solutions and associated costs to address those obstacles.

One barrier for these properties that will need special attention, and perhaps special partners, is the US Army Corp of Engineers easement which runs parallel to the ICW. Crossing this easement and thereby accessing the water requires permission from the Corp. However, the Corp has worked with certain governmental agencies in the past to grant such permissions, which would open the property for development. This permission is rarely if ever given to private developers, so it is a must that a governmental entity is involved in the efforts to develop any properties in this category. The best opportunity that was uncovered in the previously cited studies was a partnership with a large corporate land owner that has an interest in property development. The opportunity consisted of the corporation donating a large parcel to the NCMIPA, and the Authority would seek permission to cross the easement to construct and upland basin. This would open the property for a marine industrial park on one side of the basin and residential development on the other. For several reasons, this project was not pursued. The county should revisit this possibly with the land owner to determine if there is still interest. This would represent a long-term project as the parts involved would be costly and time-consuming to assemble. But it does represent tremendous potential for the county in several sectors, industrial, commercial, residential, and possibly retail.

Radio Island has been considered for many projects over the last several years and still holds some of the highest potential for industrial development in all of Carteret County. As noted earlier, the county should schedule with the NC Ports Authority to determine their economic development opportunities associated with the Ports of Morehead City. The discussion should include developing any property in partnership for industrial purposes including Radio Island.

Although most large tracts of property in the Newport areas are owned by the federal government, there are some good size properties that are privately held and may have potential to be used for industrial purposes. Efforts should be undertaken to identify these properties and then contact those landowners to determine their willingness to partner with the county in these endeavors. This may also present an opportunity to partner with the town of Newport on this project.

Lastly, conversations need to be held with neighboring counties to determine their interest in jointly developing industrial property. The county that holds the best potential for such a joint effort is Craven, as they expressed a desire to discuss these opportunities. As noted at the outset of this section, property suitable for industrial uses in Carteret County is a precious commodity. Partnering with Craven could give Carteret the quality and variety of sites it needs in its inventory to advance its economic development aspirations.

Once properties are identified, the next key step is to secure those properties for marketing purposes. Any economic development organization must be able to provide the price of a property, with no ambiguity, to a prospect. There are several methods to control properties, with variable levels of security and associated costs, generally, the higher the level of security, the higher the cost. Methods of controlling property include:

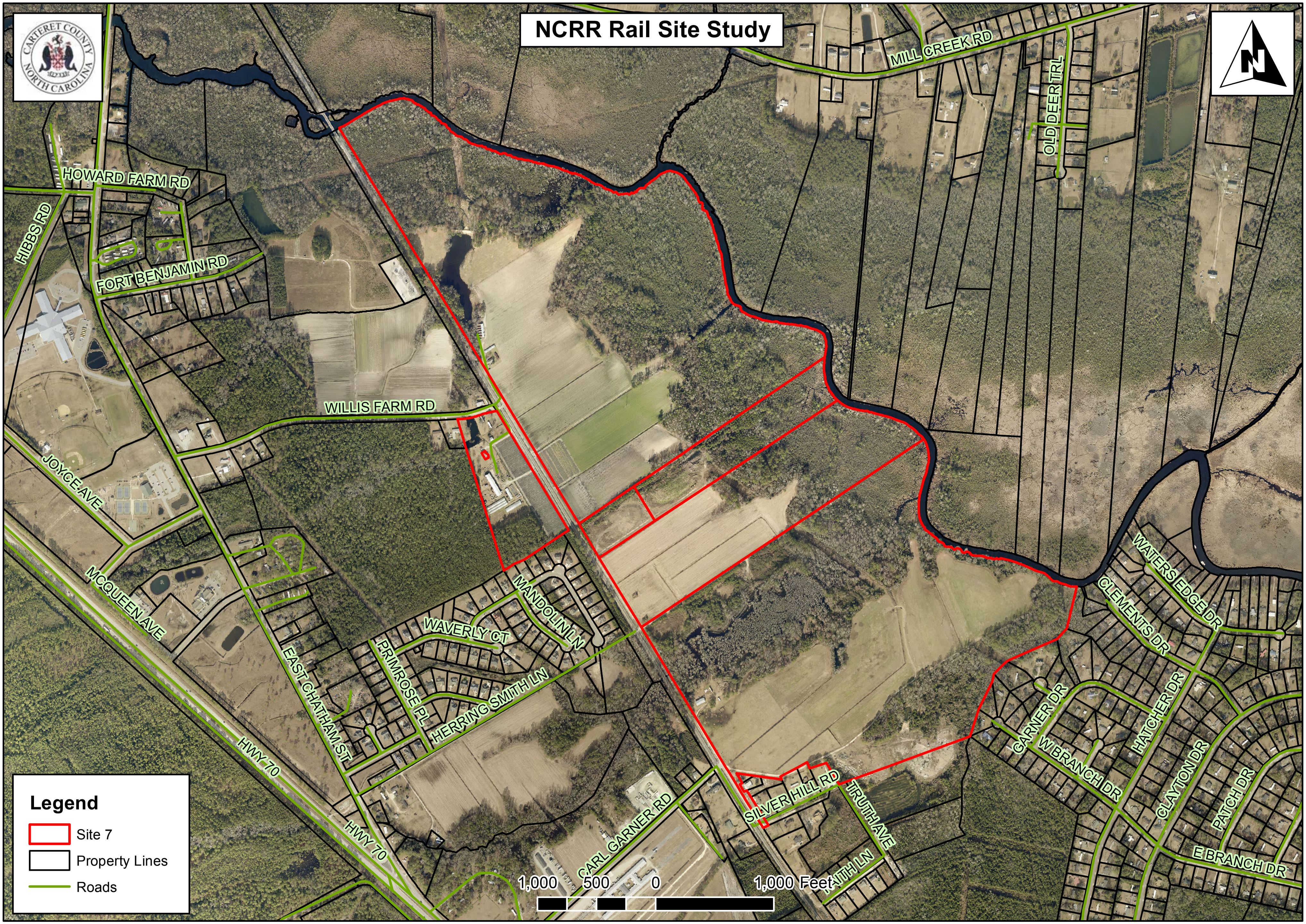
- Agreement to Sell – a non-exclusive option to purchase-low cost allows for the property to be sold by other parties with no notice
- Real Estate Contract - grants exclusive rights for the sale of the property

- Option to Purchase – grants exclusive right to purchase property at a set price for a given amount of time
- Acquisition – the property is conveyed to the development entity

The next hurdle in property development is to answer the questions, who will develop the property and how will it be financed. As to how the property is going to be controlled and who is going to develop it, there are several methods of financing acquisition and development of industrial product that have advantages, limitations, and different applications which are explained in the section following.

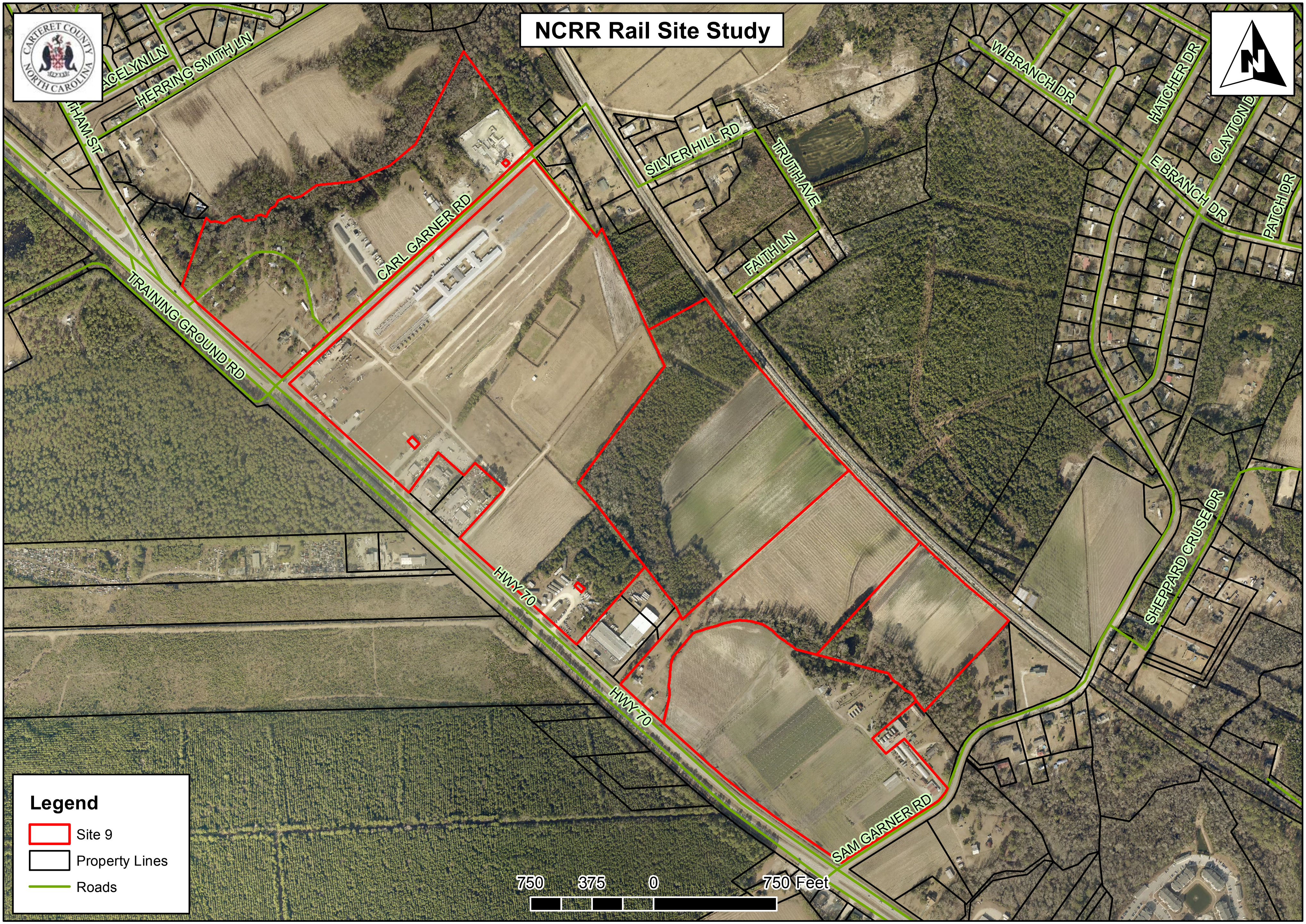
Site 2
Carteret County, North Carolina

Prepared By: Carteret County Planning & Development
July 2017



Site 7
Carteret County, North Carolina

Prepared By: Carteret County Planning & Development
July 2017

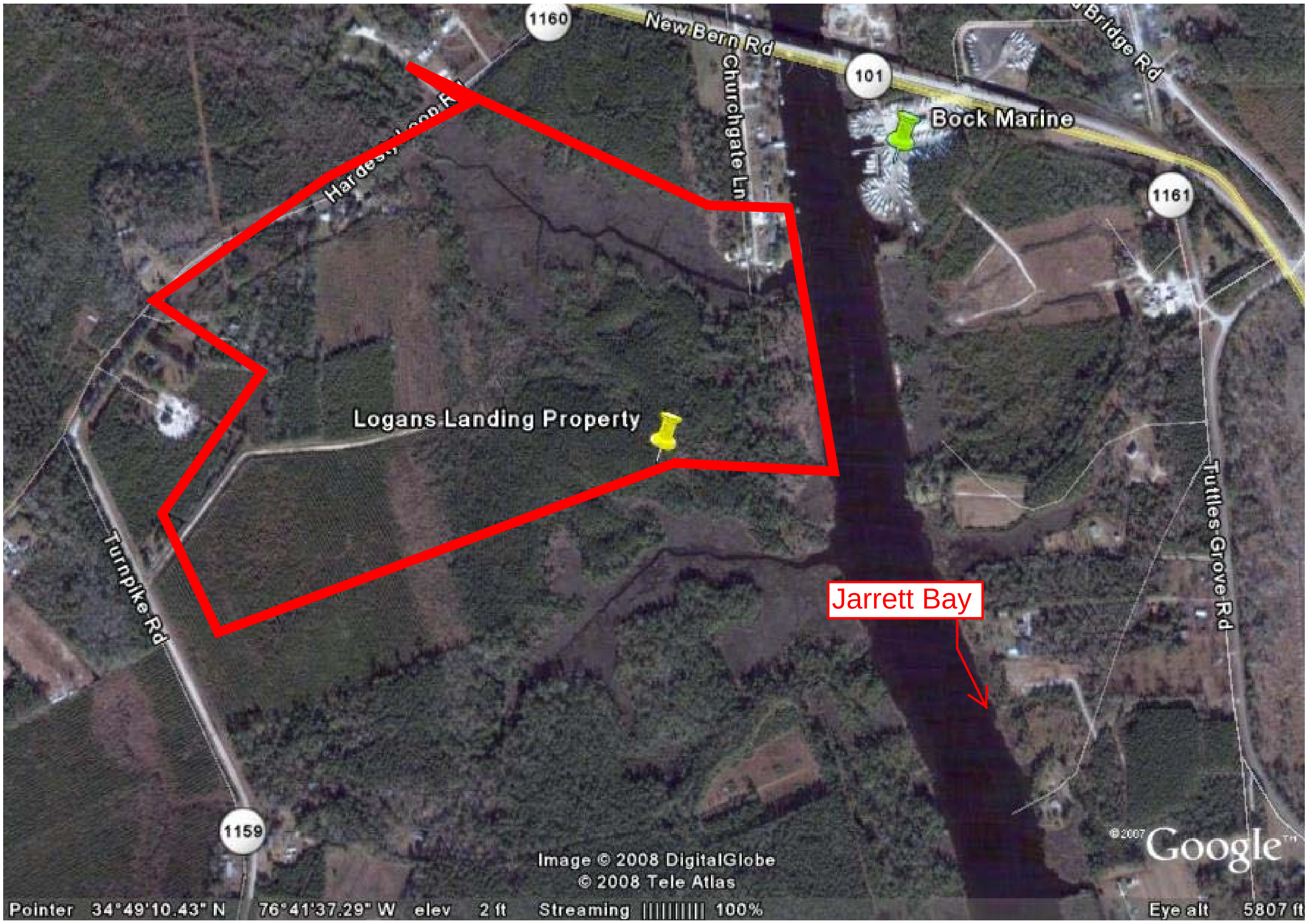


Site 9
Carteret County, North Carolina

Prepared By: Carteret County Planning & Development
July 2017

Site 10
Carteret County, North Carolina

Prepared By: Carteret County Planning & Development
July 2017



1160
New Bern Rd
101
Bridge Rd
Bock Marine
Churchgate Ln
Hardesty Loop Rd
1161
Logans Landing Property
Turnpike Rd
Tuttles Grove Rd
Jarrett Bay
1159
Image © 2008 DigitalGlobe
© 2008 Tele Atlas
©2007 Google™
Pointer 34°49'10.43" N 76°41'37.29" W elev 2 ft Streaming |||||||||| 100%
Eye alt 5807 ft


1
2
3
4
Waterway Dr
Sea Gate Dr
Old Stanton Rd
© 2008 Tele Atlas
Image © 2008 DigitalGlobe
Google
34°52'02.44" N 76°40'52.05" W
elev 8 ft
Dec 9, 2006
Eye alt 6484 ft

Options for Development

As noted, when the private sector does not fulfill the need for a varied range of properties generally desired by recruitment projects, it is very common that some public-sector entity, or a representative of that public-sector entity, will engage in industrial/business property development. Additionally, and more recently, there has been an increasing number of projects by two or more local governments to share in the costs and benefits of such a development effort.

The following information outlines options as to how a local government, or an entity acting on its behalf, might undertake the development of one or more industrial/business parks through its sole efforts, or how two or more local governments can partner together to engage in a development effort.

It should be noted that what follows are options and preferred approaches to these types of projects, which are generally applicable. However, the circumstances in each local government area or any partnership arrangement it may develop are unique. Consequently, the final structure a development project might take in Carteret will be determined largely by those unique circumstances, and might, in the end, be different from the general conclusions set forth here.

First, this section will address options and recommendations applicable to a local government or a representative entity such as an economic development organization, undertaking a development effort without the involvement of another local government. Secondly, options and recommendations as to the structure of a multi-jurisdictional industrial/business park effort will be commented upon.

SINGLE JURISDICTIONAL DEVELOPMENT EFFORT

Development Entity

As suggested above, the development of an industrial/business park or shell building can be undertaken by a local government in it is own name or it can contract with and fund another entity to carry out such a project. The advantages of each option and a recommended approach are summarized by the following.

A local government can undertake this development effort in its own name, which provides the most direct control of the project. In addition, to the extent that traditional public financing is used for land acquisition and/or development, a lower interest rate might be available to a local government than the interest rates another entity might have to incur.

However, there are inherently many more advantages to having an entity other than the local government, such as a nonprofit economic development organization, serve as the development entity. Some of these advantages are:

- **Limited Liability**

  By containing the land acquisition and development effort in another entity, the public resources of the local government are not exposed to liabilities which may arise in the project. This aspect of limited liability leads most private developers to do each project under a separate corporation or limited liability company. That way if there is an unexpected, catastrophic liability in one project that liability does not go over to other assets and projects of the developer. (Should not a local government take steps to limit liability exposure of public funds, which are at least equivalent to what a private developer would do to protect his own money?)

- **Private Funds**

  Certain forms of economic development entities are much more effective vehicles for raising funds from the private sector than a local government would be. Very few companies or individual would readily choose to give more money to a government entity than was already required as a tax assessment. However, 501(c)(3) nonprofit economic development corporations have traditionally proven to be a very effective vehicle for raising private dollars to support economic development efforts. These dollars supplement, but generally do not replace funding from the local government. Private funds will, however, reduce the financial burden on the local government.

- **Confidentiality**

  If set up and maintained properly, a reasonable argument can be made that a nonprofit economic development corporation is not a public agency subject to public records laws or open meetings laws, to which a local government would be obligated to adhere. Breaches of confidentiality or untimely speculations in the media can destroy the prospects of recruiting certain projects. This ability to meet, discuss projects and take necessary actions totally outside of the public eye is a very valuable economic development tool. At the right time, the public should be fully informed as to how public funds were invested in a project, but this disclosure must be timed to be conducive to the recruitment of projects.

- **Infusion of Expertise**

  Most local government boards have people of significant expertise serving on them. However, the governing board of a separate economic development entity can be tailored to bring individuals into the development effort who have a particular expertise (e.g. land planning, finance, real estate development, etc.), who have contacts that can be helpful in the development or marketing effort, or who are major financial supporters of the project.

- **Greater Business Flexibility**

  Local governments operate under a range of statutory requirements for acquisition of property, conveyance of property, public bidding for work to be done, etc. that a separate entity may not be subjected. Certainly, any affiliated entity that is carrying out a development project of this nature should adhere to sound business and fiscal practices. However, in dealing with the recruitment of private businesses, it is many times helpful if the recruitment entity can take action more like a private business, and not be subject to the requirements a local government would be required to follow.

- **Perception**

  It is not always true, but some recruitment prospects perceive it to be more desirable to deal with a private sector economic development individual/organization, rather than a public-sector individual/organization. It may be a reality in some instances that dealing with a private sector entity, rather than a public-sector entity is more effective. Or it may just be a perception in other circumstances. However, the perception does exist. That is one reason why most regional partnerships senior executives and many local economic developers bear the title of President/CEO rather than Director or Executive Director.

- **Political Repercussions**

  It is not the case in every locality, but inevitably in many locations, political electoral changes and other factors can lead to unhelpful and inappropriate political influences destabilizing an economic envelopment effort. Having an entity to carry out this type of development project which is somewhat insulated from political disruptions increases the likelihood of long-term success. Likewise, elected officials have some insulation against public controversies which may arise in a development project of this nature.

For all the reasons outlined above, it may be desirable that a separate economic development entity is utilized as the party responsible for land acquisition, land development, and marketing, as opposed to a government entity.

There are several types of economic development entities which might be utilized as the development party in this type of project. These would include:

- **501(c)(3) Nonprofit Corporation**

  This entity would be a corporation registered with the State. Its Board can be designated and perpetuated in any number of ways, but it should have a Board which consists of a large majority of private sector individuals, not appointed by the local government board. However, one or two positions on the Board should be held by representatives of the local government, so that the local government will have full insight into and some influence over how the project is managed. Maintaining a significant majority of private sector members helps to reduce the chance that the nonprofit would be considered to be an alter ego of the local government, and therefore a public agency subject to all of the public record, open meetings, public bidding and other requirements the local government would have to follow. Tax exempt status can be obtained under section 501(c)(3) of the Internal Revenue Code, which allows for its treatment as a charitable organization in that it assists in "reducing the burden of government." The 501(c)(3) organizational structure provides the highest potential of raising other money to supplement public funds, inasmuch as a donor can receive a charitable contribution income tax deduction for a contribution to this type of entity.

- **501(c)(6) Nonprofit Corporation**

  This type of nonprofit is allowed tax exempt status under section 501(c)(6) of the Internal Revenue Code by virtue of being a business association and an economic development entity, among other applicable classifications. The other comments above about a 501(c)(3) nonprofit corporation apply to a 501(c)(6) corporation as well, with one major exception. A donor to a 501(c)(6) nonprofit corporation cannot write the contribution off as a charitable deduction. Consequently, this type of entity is not as effective in raising private funds as is a 501(c)(3) entity. But if there is no interest now or in the future in raising private funds, it can work fine as a real estate development entity.

- **For Profit Corporation or Limited Liability Company**

  A for-profit company could be utilized as a development party. This has substantially less, if any precedent, in most states, as opposed to nonprofit development entities. There can be conflicting interests in having investors involved in a for-profit entity (looking for a return on their investment), versus the nonprofit motives of promoting economic development. For example, an investor with a profit motivation is far less likely to accept less compensation for land as an inducement to locate a recruitment prospect. If private investments are being sought by the company, such solicitation would likely be subject to the state's security laws.

- **Economic Development Authority**

  Although it is not a common vehicle for such development projects, an Authority could be set-up, if enabling legislation is obtained. This would be a government entity which would be created by statute. If the enabling legislation so provided, the Authority would have some useful powers, such as condemnation, issuing bonds, and/or the designated receipt of tax revenues.

  As stated earlier in this discussion, there can always be specific circumstances which call for a different approach in a particular locality. However, it is generally the case that a 501(c)(3) nonprofit corporation is, for a number of reasons, a very effective vehicle as the development party for this type of effort. Consequently, this form of entity is often recommended.

Government/Development Entity Interrelationships

Even if an entity separate from the local government is utilized as a development party, the local government would continue to be intimately involved in the development and recruitment effort. By virtue of the funding which would come from the local government, and of the matters which would have to be brought back before the local government board, the local government would continue to have a strong influence or control over the development project, even though the local government's representation on the Board of the development entity would be in a distinct minority. Some of the mechanisms which allow the local government to continue to have great influence are:

- **Memorandum of Understanding**

  Any appropriation of funds should be pursuant to a memorandum of understanding or agreement between the local government and the separate development entity. This document should set forth what those funds can be used for; what the funds cannot be used for; requirements for periodic reports to the local government board on the status of the project and the use of the public money; requirement of an annual audit of the development entity to be provided to the local government; and the right of the local government to inspect the books of the separate development entity as deemed necessary by the local government. These controls satisfy the fiduciary obligation of local government officials to monitor the use of public funds. Also, the terms of the agreement give the local government a significant degree of control over the development entity's efforts.

- **Regulatory Approvals**

  The local government will continue to exercise significant control over the project by virtue of various matters having to come back before it for approval. Depending upon local ordinance requirements this might include matters such as conditional or special use permits, rezoning requests, site plan approvals, requests for appropriations to fund infrastructure to the site, etc. The requirements to go back through the local government for certain regulatory approvals, gives the local government significant influence and control, even without having a majority on the Board of the development entity.

- **Incentive Approvals**

  Any incentive grants the local government might be asked to make in support of locating a recruitment project would be subject to a decision by the local government board. Also, any reductions in the cost of land as a recruitment inducement could be made to be subject to the local government board approval.

- **Financing**

  Any financing by the separate development entity would likely require that the local government pledge to make future appropriations to cover debt service, inasmuch as the development entity, in its early stages, would not have a cash flow to service this debt.

All of the above would assure that the local government stays involved in the activities of the development entity. Consequently, even without having direct control over the affairs of the development entity by way of a majority on that entity's governing Board, it would be highly unlikely that the development entity would stray far from the overall direction deemed appropriate by the local governing board

Administration and Management

If this development project is undertaken by the local government in its own name, the administration and management of this effort would likely be carried out by the staff of the local government.

The local government could contract with a private sector entity to carry out the development efforts on this project. However, the obligations for oversight and ultimate management control would rest with officials of the local government.

It would be likely, and there are many cases in which the local economic developer has been heavily involved in the development effort and largely responsible for the marketing effort.

If this development project is handled by a separate development entity (such as a 501(c)(3) nonprofit corporation), it would be likely that more of the responsibilities for development would fall upon the local economic developer. Local government staff would still be called upon for help on certain matters, but by the nature of this being handled through a separate entity, it is likely that local government staff would be much less involved in the development effort.

It is conceivable that staff could be hired for the separate development entity, which would be in addition to the existing economic development staff. However, it would not be advisable to create an entity which stands entirely disconnected from the economic development program.

Given the volume of work normally on-going in local economic development programs, and the amount of work which would be necessary to follow through on this industrial/business park development effort, it would likely be desirable to add to the staff of the local economic development program, so that other on-going activities do not fall by the wayside due to the demands of the development project.

All of the above being said, there is no one way that this type of development effort might be staffed and managed. This could be worked out in many ways to fit local circumstances.

There are few legal impediments to how administration could be arranged.

Financing

The manner in which this development effort might be financed could vary a great deal, depending on local needs and preferences. In general, the options on financing approaches would be different depending upon whether the development party was the local government, in its own name, or a separate development entity.

If the local government acquired the land and carried out development functions, some of the ways by which these costs might be covered are:

- **Cash Reserves**

  Of course, if a local government has sufficient cash reserves, part or all of the acquisition and development costs can be paid for from those reserves. These funds could also be utilized if a separate development entity is used, by way of grants or loans to that entity.

- **Local Government Debt**

  A local government might choose to finance a project of this nature by way of bonds, installment financing, or some other mechanism available under the statutory authority of the state. If Carteret desires to explore this matter further, Nexsen Pruet PLLC can offer more specific advice as to financing structures available to local governments.

- **Installment Sale**

  It is very much encouraged that discussions be held with property owner(s) of any tract under consideration for an industrial/business park, to explore the possibility of the owner(s) assisting the start-up of this project by conveying the land, with all or a large portion of the purchase price being paid in the future. If a property owner is agreeable to reasonable terms on such an arrangement, the ability to defer payments on the property to later dates decreases the amount of up-front cash that has to be injected into the project, and allows available cash or debt capacity to be focused on development costs, and perhaps the construction of a shell building. This could be done by way of a somewhat traditional installment purchase. Under this arrangement, the land would be conveyed by the property owner(s), with the rest or all of the purchase price being paid in regularly scheduled installments over time. These installment payments can be paid on a monthly, quarterly, semi-annual, or yearly basis. Sometimes terms can be negotiated to allow for payments to not be required in the early years of the installment purchase arrangement, or for interest only to be paid in the early years, with full payments to begin in later years. As implied above, installment purchase arrangements will normally carry a commercially customary interest rate. An installment purchase arrangement is helpful in the sense that it does not require all of the cost of the land to be paid up-front. However, it does create some cash flow constraints for the local government or other development entity in that it requires periodic installment payments.

- **Equity Participation Arrangement**

  These types of land acquisition arrangements are highly advantageous for a local government or economic development organization undertaking a business/industrial park project, and also offers substantial benefits for the land owner(s). This is referred to as an equity participation acquisition structure. Under this arrangement, the land owner(s) would convey the land with little or none of the purchase price being paid up-front. The owner(s) is paid only when land is sold to a recruitment prospect. The portion of the purchase price at the time of a sale to a prospect would be the same percentage as the number of acres purchased bears to the total acreage in the industrial/business park. The price paid would be the value of the land at the time of the original acquisition of the property, plus a portion of the increased value of the land attributable to development efforts of the local government or economic development organization and appreciation over time. This arrangement is attractive to many land owners because they can realize a significant boost in the total compensation received by sharing in the development gains. The owner(s) interests are protected by a subordinated deed of trust on the property. This is extremely attractive for the local government involved in the development effort because land is not paid for until it is sold. If a land owner is uncomfortable with either of these arrangements, a person more accepting of deferred compensation could buy the property from the current owner(s) and then do either an installment sales or land banking transaction with the entity developing the industrial/business park.

- **Options**

  Of course, a local government or nonprofit economic development entity can also option all or portions of property to be developed as an industrial park. However, this has a number of limitations. First, it may be difficult to structure the project a way in which the local government or nonprofit entity could invest in developing land owned by another private sector entity. This could possibly be done through a development agreement arrangement, but it is difficult, both legally and politically. The second point, and of the greatest concern is that a local government or economic development organization would much prefer to control the title to property when dealing with a company being recruited. That way, the economic developer can speak with certainty as to the availability of the property, the timing of the acquisition, and any other arrangements concerning the property. But when property is secured through an option, issues could arise around those areas when making final arrangements with the private landowner. Further, this could be especially problematic in the event of the death of one of the property owners, and suddenly the economic developer has to deal with heirs of the property. All these examples could cause a delay in the acquisition almost surely spelling doom for any project in today's hyper-competitive economic development climate. Consequently, this is not a preferred way to control property to be used for business recruitment purposes, but it is a possibility. The caveat is that to be used effectively, and with the highest level of confidence, the option agreement must be developed addressing every aspect that could potentially delay the smooth and timely transfer of property in the event that a client selects the property for their project.

- **Combination of the Above**

  It is possible for a local government or other entity developing property on behalf of the local government to use a combination of the above mechanisms to control property to be utilized as an industrial or business park. For example, it might be the case on a particularly large tract of property that a portion would be purchased outright, another portion might be acquired through an equity participation arrangement, and another portion of the property might be optioned.

If a separate entity, such as a nonprofit corporation, acquired the land and carried out development functions, a number of the other financing mechanisms described above would apply, and some of the other ways by which these costs might be covered are:

- **Cash Appropriations**

  As indicated above, if a separate entity is utilized as the development entity, it is almost inevitable that the local government will continue to be a primary funding source. To the extent that the local government has excess revenues available and chooses to spend these funds, appropriations can be made to the separate development entity as either grants or loans.

- **Bank Financing**

  A bank or consortium of banks could lend money to a nonprofit corporation for an economic development project. These loans are secured by a deed of trust on the land. The payments on this type of debt are backed by a non-binding pledge from one or more local units of government to make annual appropriations to cover the debt service. Such loans have, in the past, been allocated to the bank's Community Reinvestment Act portfolio required by federal law. These are attractive loan deals to assist in meeting a bank's CRA requirements. In general, CRA loans can be made based on underwriting criteria that are somewhat relaxed, and at interest rates better than traditional loan rates. It is strongly recommended that utilization of this type of loan should be explored.

- **Bond Financing**

  If a statutorily created authority is utilized as a separate development entity, and if the enabling legislation for the authority provides for it, the authority could issue bonds to support the acquisition and development of a site or general obligation bonds issued by a local government could finance land acquisition and development.

MULTI-JURISDICATIONAL DEVELOPMENT EFFORTS

There are numerous examples in North Carolina of two of more units of local government joining together in a partnership to develop property for industrial recruitment purposes. The units of government that enter into these multijurisdictional efforts share in the cost of development and in the tax revenues derived from the development on a proportional basis relative to their respective investments. Sanford Holshouser senior managing partner Ernie Pearson, who is also a member of the Nexsen Pruet, LLC law firm has structured more of these agreements than anyone in the state. The best-known example of a multi-jurisdictional agreement and effort is Triangle North, which includes Franklin, Granville, Vance, and Warren counties.

In structuring these arrangements, it can be done where one local government entity acts as an agent of the other local governments, or where the local governments through a development agreement all share in the decisions regarding the development, marketing, and sales of land within a shared business/industrial park.

Yet, for a number of reasons, it is also desirable to consider doing this through a central economic development entity which reduces the matters that have to be taken on an on-going basis to several local government boards. The central entity would then contract with all of the cooperating local governments to carry out the project. This central entity could be one of the types of non-profit corporations referred to above, or some other type of entity.

The discussion in the first part of this section which evaluated the benefits of utilizing a local government as a development entity or a separate economic development organization apply equally to this analysis. Adjustments would be necessary and can be made by virtue of the fact that several local governments would enter into the arrangement with the central economic development entity.

Also, the discussions above regarding financing options would, in general, apply equally to a multi-jurisdictional industrial park arrangement with obvious changes necessary to fit with the fact that multiple local governments might be involved.

CONCLUSION

The above information provides options as to the framework by which industrial sites/parks could be acquired and developed. Further, as these options apply equally to the construction of a shell building, and as statistics show, a very high percentage of site selection clients seek an existing building, a shell building should also be considered when making decisions about product development.

Several properties were cited earlier in this section as having potential for development. Further evaluations to identify those with the highest potential for industrial development should be undertaken. Carteret leadership should then carefully consider all its options. Questions that need to be addressed include: should the county develop property on their own or enter into a multi-jurisdictional agreement with one or more other units of local government, the structure to be utilized for development, how will the property be secured, how will the project be financed, are there any other development partners that should be included, etc. Regardless of the direction selected, properties identified for industrial development present opportunity, but also represent a major undertaking in terms of capital investment and staff time. But, if Carteret is serious in its quest to attract jobs and capital investment, it is imperative that it develop quality product for its inventory.

Partnerships and Alliances

Economic development is often described as a team sport. This characterization is quite accurate in that the success of any program cannot depend on the efforts of any single person or entity. Rather, success requires support and assistance from many different factions, all working together in concert to achieve a shared goal. Team members change depending on the project parameters and needs, and the attributes each potential team member could contribute to the overall effort.

Product development is a major undertaking for any area, and given that Carteret is starting almost from scratch, it could be even more of a daunting task. It is prudent for an economic development organization to leverage all its partners, allies, and resources to achieve optimum results in all areas, and given the pressing need for industrial product, it moves to a greater level of importance.

After properties have been identified for development, Carteret should assess its potential development team members and set meetings with each to determine their interest and what their roles may be in the overall process. Meetings should be set with:

- **Private Sector Developers**

  During an interview for this study, a company that may have an appetite to develop a virtual shell building in the county was citied. Further, there are many examples of public-private partnerships that have successfully developed industrial product, which in turn has attracted capital investment and jobs to that area. As Carteret starts the process of identifying suitable properties, it is the perfect time to discuss the development of one or more of the those in partnership with a private developer, or maybe a consortium of developers. As an example, the partnership may be structured such that the public sector provides the utility infrastructure-water, sewer, electric, natural gas lines, and service roads and the private sector secures the property, designs the layout of the property, and does basic site prep for common areas. It goes without saying that this type of partnership would require very detailed legal documentation outlining the rights and responsibilities of all parties.

- **Utilities**

  By necessity these service providers will be involved in product development, so the earlier they are brought into the project, the better. Any program that they may have that supports product development should be explored and leverage to the fullest extent. Again, after the potential sites have been selected, meetings should be scheduled with the utility providers that serve the respective properties. The meetings should include providers of:

  - Electrical service
  - Water and sewer
  - Telecommunications

- Natural Gas (if available)
- Rail

- **Other Municipalities/Governmental Agencies**

  - **Carteret Municipalities**
    Some sites identified have, or could have utility service provided by a nearby municipality. In these cases, it will be in the best interest of the county and the municipality to partner in the development the site. Respective rights and responsibilities could be defined in simple agreement or in a more complex multi-jurisdictional document.

  - **Neighboring Counties**
    As noted earlier there are many examples of multi-jurisdictional industrial developments across the state. Neighboring counties of Craven, Onslow, and Jones should be explored for potential to expand Carteret's industrial product inventory. During an interview with Craven County, while gathering information for the organizational comparative analysis, an interest in discussing a joint effort in product development was expressed. Carteret should follow-up on this possibility at its earliest opportunity.

  - **N. C. Ports**
    The Ports own a great deal of property in Carteret County. The parcel that holds the most promise to be developed for industrial purposes is Radio Island. Carteret needs to reach out to the Authority to gain a clear understanding of any plans for the property, and in the absence of any, propose a joint effort to formulate a mutually beneficial strategy to utilize the site.

- **North Carolina**

  Regardless of which property or properties that Carteret elects to pursue, and regardless if it is on its own or in partnership with another unit of government, the state must be its partner is some form or fashion. At the most fundamental, the Department of Commerce and the Economic Development Partnership of North Carolina (EDPNC) will be involved in cataloging and marketing any product developed. They should be engaged early in the process to take advantage of their expertise and also to imprint a sense of ownership and, thereby, responsibility for the success of the project. The Certified Sites program and any infrastructure grant or loan program should be leveraged as much as possible to facilitate the development and marketing efforts of identified sites.

- **Funding Agencies**

  Organizations that provide grant funding for economic development should be identified and their programs researched for applicability. Potential uses of grant funds are planning and design, due diligence, and infrastructure development, among others. A short list of grant funding agencies or organizations include:

- EDA (Economic Development Administration)
- USDA
- SBA
- N.C. Rural Center

Establishing or enhancing relationships with these agencies will be beneficial for the county and could assist in obtaining or leveraging other grant funding for any future projects. As part of any site development plan, identification of multiple sources of funding needs to be conducted as a top priority.

Note: From experience, the consulting team knows that many funding agencies, particularly the EDA, view regional collaborations very favorably when considering grant applications. This should be kept in mind when considering partnerships for projects.

As noted at the beginning of this section, economic development is a team sport. The sooner Carteret can agree on a course forward in product development and suitable properties, the sooner it can identify the critical partners needed to bring this effort to fruition. And the sooner the effort can be advanced, the better the chances are that Carteret will be successful in bringing new jobs and capital investment to the county.

Recommendations and Actions Steps

The recommendations below are based on the information received and generated, and from the analysis performed during the research for this plan, from economic development best practices, and our partner's expertise in these areas. The recommendations are grouped under the main areas that directed the development of the study. They are Organizational Structure, Programs and Activities, Markets and Marketing, Product Development, and Partnerships and Alliances.

One of the driving forces behind the commission of this plan was the question: What structure would best serve Carteret County, and its citizens in carrying out the elements of its economic development efforts. As these programs and activities are crucial to any area's growth, it is essential to establish the right structure so that all factions can coalesce behind that organization to lend their support and assistance and, thereby, ensuring the best possible outcomes. Further, without a solid organization and professional staff to lead the efforts, any growth will be limited. Economic development must be focused and dynamic to be successful in today's hyper-competitive climate. Due to the singular importance of this item-how the county should deploy its economic development strategies, the organizational structure recommendation will be addressed separately and in more detail. Recommendations and actions steps to be carried out by the organization will follow.

ORGANIZATIONAL STRUCTURE RECOMMENDATION

In forming the recommendation as to how the organization that will be responsible for implementing the economic development program for the county, Sanford Holshouser reviewed the structure of the current operation, and those of the four counties identified for a Best Practices Analysis, that share similar characteristics as Carteret. Further, the knowledge of how economic development efforts are organized in North Carolina, South Carolina, Virginia, and across the southeast, was also utilized in deriving the recommended organizational structure.

Sanford Holshouser has worked with clients that transitioned themselves from a public agency to a public/private structure and those who did just the opposite. The take away from this is that economic development organizations, just like economic development strategies, change and evolve over-time and due to various influences, some that can be controlled and some that cannot. What is effective and efficient today may not be tomorrow. The performance of any economic development organization should be regularly evaluated and adjustments made as may be necessary. The structure that works best today may be the polar opposite of what works best in the future. The county and the economic development organization should be cognizant of that fact and have the flexibility and resolve to adapt as necessary to achieve maximum results.

Information that was gathered during interviews, focus groups, and other discussions in the development of the Comprehensive Strategic Economic Development Plan has demonstrated that there is a breakdown in the communication between the Economic Development Council and the County Commissioners, and a total loss of confidence by the Commissioners in the ability of the EDC to effectively carry out the economic development functions for Carteret. Given this context, the backdrop of the Best Practices Analysis, and Sanford Holshouser's experience in this area, the following is our recommendation as to the organizational structure that is best for Carteret County's economic development efforts at this time.

The Commissioners should establish an economic development department as a component of county government. Positions should be created to implement the economic development strategies and programs for the county. It is recommended that the department is staffed with a professional economic developer and an administrative assistant to start and add staff as need demands and budget allows. The economic developer should report directly to the county manager and, through him, to the county commissioners.

To support the efforts of the newly formed economic development department, an advisory committee of 11 should be formed. The function of the advisory board is just that, to provide input, advice, and support for the economic efforts undertaken by the newly formed department. The committee should be comprised of seven business-minded persons appointed by the county commissioners from the various districts and four from the private-sector. The support by the private-sector, as has been noted, is a key factor in successful economic development and the Economic Development Council provided that connection at one time. The organization has financial resources, is a registered 501(c)(3) corporation, and could once again serve as the connection between the public and private-sectors engaged in economic development. Therefore, efforts should be made to rebuild the relationship between the county and the Council and the first step could be the appointment of Council members to the four seats designated for the private-sector on the advisory board. However, if for whatever reason these positions are not filled by Council members, then the Commissioners should identify individuals from the private-sector that could provide valuable insight and support for the new program. Further, if it becomes evident that the relationship with the Council has been damaged beyond repair, the county should consider very strongly establishing a private-sector organization that will lend its support, both time and finances, to advancing the mission of the economic development department.

It is recommended that an annual plan of work should be developed from the elements contained in the Comprehensive Strategic Economic Development Plan. We also suggest that a budget for marketing and recruitment be established in the amount of $50,000 (at a minimum). This level will provide funding for marketing materials, travel, client activities and dues to any regional organization that may be deemed advantageous to the economic development interests of the county.

Where the organization is to be housed is a question best answered by the commissioners and the County Manager after careful deliberations and the assessment of the relationship with the Council going forward.

In summary:

Organization

County Department – reporting to the County Manager and County Commissioners

Staff

- Director
- Administrative Assistant

Budget

- $50,000 – Marketing and Recruitment, Association Dues

Support

- Advisory Board – 11 members:
  - seven (7) appointed by Commissioners from districts,
  - four (4) from the private-sector (Economic Development Council)
- Economic Development Council – to provide private-sector support both in time and finances to further the economic development mission. Private funds are invaluable for client development and other activities where public funds may not be appropriate.

Office location

- To be determined by the County Commissioners and the County Manager

Sanford Holshouser believes this structure best suits the needs of Carteret County at present. As has been noted, performance needs to be evaluated annually and adjustments made accordingly. Other than its taxing authority, economic development is the only endeavor that a government undertakes that can generate revenue. So, to grow and provide the services that citizens require and deserve, a robust, effective economic development effort is essential. It is too important an activity to leave to chance or to an organization that does not enjoy the full confidence and support of the commissioners. Carteret County should move with all deliberation to establish the economic development department.

However, if possible, the County should also consider retaining the current Economic Development Council and establish direct management and oversight over that organization. This would provide the county the opportunity and ability to take advantage of the flexibility offered by public/private models in economic development. If it is not possible to re-establish the relationship between the EDC and the county, then Carteret should establish a new public-private entity that it controls for the reasons stated above.

The following recommendations and their action steps for implementation should shape Carteret's efforts and direction in economic development for the next three to five years, and even beyond. Economic Development is a continuing process, and programs instituted today will have ripple effects that resonant across time, and can have impact many years in the future. The sheer number of recommendations do not allow for their implementation in any one year. Further, as some are long term and some will be on going, Sanford Holshouser suggests that the recommendations be thoroughly reviewed and discussed, by county leadership in conjunction with any advisory group as deemed appropriate, and the director of economic development to select items that will form the basis for annual plans of work. Consideration of items to be included in these plans should be based on organizational goals, critical needs, and those that have the highest and most immediate potential for a positive return on investment. Each year a progress assessment should be conducted before developing the following year's plan of work to identify those items that have been completed, those that need to be holdovers and those items that are next steps.

PROGRAMS AND ACTIVITIES RECOMMENDATIONS

1. The first effort undertaken by the newly established economic development office should be the establishment of a Business Expansion and Retention program.
2. Establish or rebuild collaborative relationships with the private sector in terms of support for the newly formed economic development organization.
3. When resources are available, add a staff person to focus on key program areas.

MARKETS AND MARKETING RECOMMENDATIONS

- Focus on markets defined in the Target Sector Analysis: The research conducted in this analysis identified the best market sectors to target based on Carteret's workforce, location, existing businesses and a variety of other factors. These sectors should be reviewed, prioritized, and marketing strategies developed for each. These sectors should be reviewed, prioritized, and marketing strategies developed for each.
- Develop an annual marketing plan to include activities, targets (sectors, companies, allies for relationship building) to include budget (tied back to sectors), goals and measures of success for each activity. Seek to conduct cooperative marketing allies (State, Region, and Corporate) to leverage allocated marketing dollars.
- Evaluate the Carteret Brand: review what constitutes the Carteret Brand, and its relevancy in today's market. If deemed necessary and appropriate, a branding exercise should be conducted to establish, or refurbish the brand to enlist the widest community support and create a valuable marketing tool.
- Significantly modify or replace the current website to better reflect Carteret County's value proposition and to provide the type of data and information required by companies and site location consultants to keep the County in consideration when conducting their initial searches for a locality with sites and buildings.
- Develop marketing literature to include an overview/introductory piece and one slick sheet for each target sector. Deliverable in print or electronic formats and built around specific County assets and the attributes that are important to prospects and reflected in the Top 10 Site Selection Factors compiles and published annually by "Site Selection" magazine or equivalent from other criteria lists from reputable sources.
- Explore potential of establishing a Millennial Campus in Carteret County: With the presence of major research institutions in the county, it is only logical to explore the

potential of having an area designated as a Millennial Campus. This designation could position the county to capture opportunities that are being developed in Carteret but are realizing their full potential elsewhere.

- Develop a focus on supporting small business and entrepreneurial development: Carteret should capitalize on its quality of life and a growing sector of the population that chooses a place to live first and then develops job opportunities. Sectors that are should be adopted for emphasis include, but are not limited to: biotech, military related businesses, and Information Technology.
- Explore expanding amusement and entertainment offerings: A topic that came up numerous times was the loss of amusement and entertainment venues and options, especially on the beach. An inventory of the properties available for such activities should be assembled to assess the potential of accommodating new businesses in this sector. If sufficient product is identified, then an analysis of what would fit best in Carteret should be conducted, and recruitment and incentive strategies developed and implemented.
- Identify business opportunities associated with N.C. Ports: The Ports of Morehead at best a tremendous asset and at worst a neutral that only creates traffic problems. A meeting should be convened between the county and the N.C. Ports Authority to get a clear understanding of future plans for the Port and its properties, especially Radio Island, and how the county can integrate its economic development efforts into those plans.
- Keep sufficient data on activities, opportunities, and results in order to conduct regular and periodic review of the economic development program and post to the applicable State systems to further cement relationships and common purpose between the county and state economic development organizations.

PRODUCT DEVELOPMENT RECOMMENDATIONS

- Review properties identified in the NCRR Study as having potential as industrial sites/parks: Each property should be evaluated further to determine which have the best opportunities for the county. NOTE: NCRR Site 2 should be submitted for selection for the Duke Site Ready program at the earliest opportunity.
- Identify other sites of five acres and above that have key characteristics such as developable acreage, proximity to water and sewer, highway access, surrounding property uses, etc.
- Assess potential of product development along the Intracoastal Waterway: Properties that were identified in previous studies conducted by the Carteret EDC and other organizations should be reviewed and their potential assessed.
- Determine the potential and feasibility of partnering with the N.C. Ports Authority on any of its properties, for the development of economic development product: Meetings with the Authority should be held to discuss its plans for its land holdings, especially with Radio Island,3 and the possibility of establishing a partnership for product development.
- Schedule meetings with neighboring counties to determine their interest and ability to pursue joint ventures in developing industrial properties: joint ventures with other counties

expands Carteret's opportunities to add quality product to its inventory and Craven has expressed interest in these discussions.

- Engage private sector developers and builders: Meetings should be scheduled with the private sector entities to determine their interest and appetite to partner with the county in industrial product development, which includes sites and buildings.
- Conduct extensive engineering, environmental, and geotechnical evaluations on properties identified as having the highest potential: Extensive engineering, environmental, and geotechnical evaluations should be performed on those properties deemed suitable and with the highest potential for success.
- Develop detailed development plans: Detailed plans for the properties selected for development should be created to outline all the pertinent aspects of the process, to include: timeframe, funding sources, project elements, responsible parties, etc. The plan will also provide data for prioritization of development activities.

PARTNERSHIPS AND ALLIANCES RECOMMENDATIONS

- Reestablish relationships with the N.C. Department of Commerce (NC DOC) and the Economic Development Partnership of North Carolina (EDPNC): These two organizations are the leading economic development organizations for the state, and their support and assistance is critical to any success that Carteret hopes for in the future. The current relationship has been described as: 'the state doesn't know what is going on in Carteret County." It is imperative that one of the first actions of the new economic development agency is to reach out to the NC DOC and the EDPNC to reestablish those contacts, enlighten them as to the new direction of the county, and to enlist their support and assistance.
- Reestablish relationships with the NC East Alliance: Likewise, the NC East Alliance can offer support and assistance to Carteret County as one of its member counties. Efforts to reach out to the organization and reconnect with the staff should be undertaken just as with the NC DOC and the EDPNC.
- Redefine the relationship with the Carteret County Economic Development Council: As mentioned earlier, the EDC carried out the economic development functions for the county effectively for many years and provided private dollars to augment public funds. This public/private partnership model has functioned most successfully in other areas and has proved to be an invaluable tool in the quest for new capital investment and the attraction of quality jobs. The existence of an organization that can raise funds from the private sector is an asset to an area and is one that many has spent considerable monies to create. To that end, the County Commissioners should meet with the leadership of the EDC to determine if there is a path to reconciliation of the two groups. It may be advisable to have this meeting facilitated by a third party. Regardless, this effort should answer the question either positive or negative and provide the basis for future activities.
- Define the universe of other potential partners: There are numerous agencies and organizations that could provide valuable assistance to advance economic development in

Carteret County. Some have an economic development component while others may not, but their mission and goals are compatible with those efforts. These agencies and organizations include both the public and private sectors. Organizations and agencies that are located in Carteret and those that have a business interest in the county should be listed as potential partners.

- Schedule meetings with selected CEOs of potential partner organizations: After the universe of potential partners has been created and evaluated, the next step should be to schedule meetings with the most senior executive of the entity to discuss potential areas of collaboration.
- Formalize the relationships with partner organizations: In order to ensure that everyone understands their roles and responsibilities, the consulting team believes that it is always best to define the relationship with a written document in the form of a Memorandum of Understanding (MOU)
- Create a CEO/Executive Council: This is activity should be a component of a focused Business Retention and Expansion program and could be an extension of an existing industry group. The difference with the CEO/Executive Council is that it could include members from all sectors industrial, commercial, professional, retail, medical, etc. This group could provide support and advocate for economic development efforts and activities. It also could be a joint effort with other organizations such as the Chamber and the EDC, if those relationships can be reestablished.

Recommendations	Action Steps	Allies	Timeframe for Completion				
			<1 year	1-3 years	3-5 years	On-going	
Organization Improvements							
Establishment of BRE Program			<1 year	1-3 years	3-5 years	On-going	In Budget
	Identify the elements of a successful BRE Program		✓				
	Prioritize the elements		✓				
	Develop an implementation calendar		✓				
	Identify partners for the program		✓				
Establish or rebuild relationships with the private sector			<1 year	1-3 years	3-5 years	On-going	In Budget
	Identify county point-person		✓				
	Schedule meetings with chief executives of major employers		✓				
	Formulate press releases to be promulgated across various media		✓				
	Hold public presentation of the Strategic Plan		✓				
Add staff for key program areas			<1 year	1-3 years	3-5 years	On-going	$70 - $100K
	• BRE Program • Product Development • Marketing & Recruitment			✓			

Recommendations	Action Steps	Allies	Timeframe for Completion <1 year	1-3 years	3-5 years	On-going	
Markets/Marketing Recommendations							
Focus on markets in the Target Industry Analysis			<1 year	1-3 years	3-5 years	On-going	$20K/ann
	Thoroughly review the Target Industry Analysis data		✓				
	Develop marketing strategies focused on each sector selected for intensified recruitment		✓				
	Engage in recruitment activities such as: • Attendance at relevant trade shows • Marketing Missions • Outreach to sector-specific site selection consultants • Others as identified as having high-potential for successful impact			✓		✓	
	Identify industry organizations, associations, etc. representing each sector to learn more about the sector, and to keep abreast of trends, news, and opportunities to market to each		✓			✓	
	Identify an expert, practitioner or mentor in each sector to use as a sector knowledge base		✓				
Develop an annual marketing plan		NC East EDPNC	<1 year	1-3 years	3-5 years	On-going	
	Define the universe of potential customers for marketing efforts		✓				
	Focus majority of efforts on defined market sectors		✓			✓	
	Define direct activities and resources for inclusion in an annual plan, such as: • Personal visits • Mission trips • Trade shows • Exhibits • Industry events • Email and postal campaigns		✓			✓	

Recommendations	Action Steps	Allies	Timeframe for Completion <1 year	1-3 years	3-5 years	On-going	
	Define indirect activities and resources for inclusion in an annual plan, such as: • Social Media • Articles • Paid advertisement • Sponsorship • Blogs • Newsletters		✓			✓	In Budget
	Combine direct and indirect activities into a Marketing Calendar, broken down by month and category. This calendar should be in the form of a matrix and be used to track progress and activity.		✓			✓	
	Leverage relationships with all allied organizations to extend marketing opportunities and resources. Allies to include: • NCDOC • EDPNC • NC Port Authority • NC East Alliance • Utilities • NS Railroad		✓			✓	
	Execute the Annual Plan, tracking progress and making adjustments as necessary		✓			✓	
	Conduct an annual progress assessment and develop a plan for the following year, utilizing information from the assessment		✓			✓	
Evaluate the Carteret "Brand"			<1 year	1-3 years	3-5 years	On-going	$25K
	Use information from the Strategic Plan, especially the strengths and opportunities portion of the SWOT Analysis to help define an unique value proposition to incorporate into the Brand.		✓				
	Develop vision and mission statements for the Economic Development Organization		✓				
	Compare information developed in the previous two steps with any existing branding, and modify or replace items to develop the new Brand and Brand Message.		✓				
	Engage a professional with experience in Brand Development to create a branding statement, logo, and tagline that reflect the value proposition, vision, and mission of Carteret Economic Development		✓				

Recommendations	Action Steps	Allies	Timeframe for Completion				
			<1 year	1-3 years	3-5 years	On-going	
Significantly modify or replace the current website			<1 year	1-3 years	3-5 years	On-going	$10K
	Engage a web consultant with experience in development economic development websites.		✓				
	Conduct a Best Practices Analysis of other economic development organization's websites		✓				
	Develop a profile of what the Carteret website should encompass, focusing more on why a company would want to locate or expand in the County.		✓				
	Reinforce Brand and Brand Message for consistency. This should be done not only for the website, but across all marketing platforms.		✓				
	Promote new website launch as a marketing activity		✓				
	Site should be maintained and updated constantly to keep it current and effective as a marketing promotional tool and information resource for prospective companies and consultants.					✓	
Development marketing literature			<1 year	1-3 years	3-5 years	On-going	In Budget
	Engage and professional marketing firm with experience in economic development to assist in the development of the marketing materials		✓				
	Collect and review as many difference economic development marketing packages as possible to review for content and layout		✓				
	Using the branding, value proposition, website content, etc., develop an overview brochure and insert sheets for each target market sector		✓				
	Create the marketing package and produce in printed and electronic formats		✓				
	Host a public roll-out of the marketing package as a marketing event		✓				
	Put links to the literature on the website		✓			✓	

Recommendations	Action Steps	Allies	Timeframe for Completion				
			<1 year	1-3 years	3-5 years	On-going	
Explore potential of establishing a millennial campus		NCSU UNC Duke Carteret CC ECU	<1 year	1-3 years	3-5 years	On-going	In Budget
	Determine the feasibility of establishing such a campus to include cost benefit analysis, required components, and approval/designation process.			✓			
	If feasible and desirable, contact all potential partners to gain support for the effort.			✓			
	Develop a plan of work to advance toward the establishment of the campus.			✓			
	Identify location/locations for the Campus.			✓			
	Identify funding sources to support the effort.			✓			
Develop a focus on supporting small business and entrepreneurial development		Carteret CC NCSU UNC ECU	<1 year	1-3 years	3-5 years	On-going	In Budget
	Conduct a Best Practices Analysis on communities identified as being successful in this area		✓				
	Compare the key attributes and elements present in those communities that promote small business and entrepreneurial growth with those of Carteret		✓				
	Initiate an effort to address any deficiencies identified in the comparison		✓				
	Convene a meeting of all organizations and agencies that provide support to small business and entrepreneurs to include: Carteret Community College, Public Schools, Chamber of Commerce, Banks, and others as identified to discuss and enhance focus on this sector.		✓				

Recommendations	Action Steps	Allies	Timeframe for Completion <1 year	1-3 years	3-5 years	On-going	
Explore expanding amusement and entertainment offerings		Land-Owners Developers Builders	<1 year	1-3 years	3-5 years	On-going	$10K
	Identify other beach communities similar to those of Carteret County and that have a robust amusement and entertainment sector.			✓			
	Perform a comparative analysis of the identified communities, including interviews with some business owners, to identify reasons as to why those sectors are viable there but are lacking in the county.			✓			
	If reasons are determined to be solvable, create strategies to address these issues and encourage development in this sector.			✓			
	Identify properties suitable for to hose amusement and/or entertainment venues.			✓			
	Identify developers, builders, funding sources, owner/operators, etc. that specialize in the sector			✓			
Identify business opportunities connected with the NC Ports		NC Ports Authority	<1 year	1-3 years	3-5 years	On-going	In Budget
	Request a meeting with the NC Ports Authority Board to discuss business at the port, long term plans for the facility, and to assess the true value of the port to Carteret County and identify realistic business opportunities		✓				
	Develop strategies to capitalize on opportunities identified during the meeting		✓				
	Market the identified opportunities widely		✓				

Recommendations	Action Steps	Allies	Timeframe for Completion				
			<1 year	1-3 years	3-5 years	On-going	
Keep sufficient data			<1 year	1-3 years	3-5 years	On-going	In Budget
	Keep statistics and data on each activity in the annual marketing calendar in order to track progress and to correlate activities with results.		✓			✓	
	Develop data sets for reporting purposes and to identify trends and patterns that will provide guidance for any needed adjustments in programming, product or other factors that impact the success of the organization. The information should also include notes to provide additional clarity for reporting. Data sets should include such things as:		✓				
	· Marketing materials sent						
	· Marketing materials response rate						
	· RFIs received						
	· RFIs responded to						
	· Client visits						
	· Client announcements						
	· Existing Industry visits						
	· NC DOC/EDPNC client leads						
	· NC DOC/EDPNC office visits						
	· NC East client leads						
	· NC East office visits						
	· Other information that defines effort and results both positive and negative						
	Correlate costs related to various activities with target sectors, specific project recruitment and/or retention, marketing, etc. in order to develop Return on Investment (ROI) information on an annual basis.		✓			✓	
	Create and update constantly a sites and buildings database that is searchable and accessible by companies, site selection consultants and allies.		✓			✓	

Recommendations	Action Steps	Allies	Timeframe for Completion <1 year	1-3 years	3-5 years	On-going	
Product Development Recommendations							
Review properties identified in the NCRR Study as having potential as industrial sites/parks		Land-Owners	<1 year	1-3 years	3-5 years	On-going	$25K
	Submit NCRR Site 2 as identified in the study to Duke Energy for inclusion in their Site Ready Program		✓				
	Certify NCRR Site 2 under the NC DOC/EDPNC Certified Site program		✓				
	List NCRR Site 2 with the NC East Alliance and any other ally organization that markets available industrial properties		✓				
	Evaluate other sites identified in the NCRR Study in terms of developable land, access to water and sewer, electrical service, highway access to determine short or long-term viability as an industrial site		✓				
Identify other potential sites	Research sites of five acres and above, that have key characteristics for industrial development such as: developable acreage, proximity of water and sewer, highway access, surrounding property uses, etc.	Land-Owners	✓				In Budget
	Contact landowners of identified sites to determine their willingness, and under what conditions they are willing to allow their property be developed and marketed for industrial uses		✓				
	Formulate strategies to facilitate the development of properties identified as viable in the above steps and prioritize them according to realistic expectations of development, and in what timeframe		✓				
Assess potential of product development along the Intracoastal Waterway		Land-Owners	<1 year	1-3 years	3-5 years	On-going	In Budget
	Identify properties along the Intracoastal Waterway that have sufficient developable acreage for industrial development.			✓			
	Evaluate as to suitability for industrial purposes using criteria of: developable acreage, proximity of water and sewer, highway access, surrounding property uses.			✓			
	Contact landowners of identified sites to determine their willingness, and under what conditions they are willing to let their property be developed and marketed for industrial uses.			✓			
	Formulate strategies to facilitate the development of properties identified as viable in the above steps and prioritize them according to realistic expectations of development, and in what timeframe			✓			

Recommendations	Action Steps	Allies	Timeframe for Completion				
			<1 year	1-3 years	3-5 years	On-going	
Determine the potential and feasibility of partnering with the N.C. Ports Authority on any of its properties, especially Radio Island for the development of economic development product		NC Ports Authority	<1 year	1-3 years	3-5 years	On-going	In Budget
	Discuss with the NC Ports Authority board any opportunities for joint venture efforts to develop any of their properties, and Radio Island.			✓			
	Develop strategies for development of any properties identified.			✓			
	Create and execute an MOU for any joint venture project between the county and the Ports Authority that defines rights and responsibilities of each.			✓			
	Market the available properties through all available outlets.			✓			
Schedule meetings with neighboring counties to determine their interest and ability to pursue joint ventures in developing industrial properties		Craven Onslow Jones	<1 year	1-3 years	3-5 years	On-going	TBD
	Schedule individual meetings with Craven, Onslow, and Jones County economic developers to determine interest in a multi-jurisdictional industrial development effort.			✓			
	Assuming a positive response from one or more counties, identify properties in those counties suitable for industrial development.			✓			
	Assess land owners' willingness, and under what conditions for their property to be developed and marketed for industrial purposes.			✓			
	Create a development plan for the property			✓			
	document that specifically states the structure, rights and responsibilities of all parties.			✓			
	Move forward on property development.			✓			
	List the multi-jurisdictional property with all available sources that market industrial properties.			✓			
	Market the joint venture relationship and the available industrial property widely.			✓			
	Market the joint venture relationship and the available industrial property widely.			✓			
Engage private sector developers and builders		Private Developers and Builders	<1 year	1-3 years	3-5 years	On-going	In Budget
	Compile a comprehensive list of developers and builders located, or that operate in Carteret County.			✓			
	Convene a meeting with the private sector developers and builders to determine their interest in partnering with the county to develop industrial property including buildings.			✓			
	Develop any needed documents to define rights and responsibilities of any partnerships created.			✓			

Recommendations	Action Steps	Allies	Timeframe for Completion				
			<1 year	1-3 years	3-5 years	On-going	
Conduct extensive engineering, environmental, and geotechnical evaluations on properties identified as having the highest potential		Land-Owners	<1 year	1-3 years	3-5 years	On-going	$25K
	Define criteria to be evaluated.			✓			
	Contract with a service provider to conduct the due diligence.			✓			
	Data produced from the evaluations should be used in prioritization of properties			✓			
Develop detailed development plans			<1 year	1-3 years	3-5 years	On-going	In Budget
	Each plan should include:			✓			
	· Partners						
	· Funding sources						
	· Scope of work						
	· Responsible partners for each item						
	· Timeframe						
	· Any other item that facilitates the efficient and timely completion of the project						

Recommendations	Action Steps	Allies	Timeframe for Completion				
			<1 year	1-3 years	3-5 years	On-going	
Partnership and Alliances Recommendations							
Reestablish relationships with the N.C. Department of Commerce (NC DOC) and the Economic Development Partnership of North Carolina (EDPNC)			<1 year	1-3 years	3-5 years	On-going	$5K
	Establish contact with the NC DOC and the EDPNC and invite the appropriate person or persons to Carteret County for a meeting.		✓				
	Outline the new emphasis on economic development by the county and solicit their advice, guidance, and support.		✓				
	At the appropriate time, host a Familiarization (Fam) Tour for the NC DOC and EDPNC staff		✓				
	Establish a schedule for regular visits to NC DOC and EDPNC offices to build better relationships with staff and to keep Carteret County fresh in their thought processes					✓	
Reestablish relationships with the NC East Alliance			<1 year	1-3 years	3-5 years	On-going	$5K
	Establish contact with the NC East Alliance and invite the appropriate person or persons to Carteret County for a meeting.		✓				
	Outline the new emphasis on economic development by the county and solicit their advice, guidance, and support.		✓				
	Solicit their partnership in hosting a Fam Tour for the NC DOC and EDPNC staffs.		✓				
	Explore opportunities provided by NC East and leverage as many of those as possible that further the goals of the economic development organization.		✓				
	Establish a schedule of regular visits to the NC East offices to build better relationships with staff and keep the Carteret County fresh in their thought processes					✓	
Redefine the relationship with the Carteret County Economic Development Council (EDC)			<1 year	1-3 years	3-5 years	On-going	In Budget
	Request a meeting with the leadership of the EDC that would be facilitated by a third party.		✓				
	Facilitated meeting to establish common ground, identify roles of each party, and determine if a working partnership can be reestablished.		✓				
	If there is agreement to move forward, an MOU should be prepared and approved by both boards, that outline the roles and responsibilities of each.		✓				

Recommendations	Action Steps	Allies	Timeframe for Completion				
			<1 year	1-3 years	3-5 years	On-going	
	If there is no agreement, the county should sever all ties to the EDC and move forward as quickly as possible to create its own non-profit, tax exempt organization for the purpose of raising private funds to enhance the economic development efforts and to provide all the other benefits such an organization brings to an economic development program.		✓				
Define the universe of other potential partners			<1 year	1-3 years	3-5 years	On-going	In Budget
	The list should include those organizations, agencies, etc. that share similar goals, or have a stated support of economic development as part of their mission such as:		✓				
	· Carteret County existing business and industry						
	· Carteret County communities						
	· Carteret County Chamber of Commerce						
	· Crystal Coast Tourism Authority						
	· Private sector developers and builders						
	· NC DOC						
	· EDPNC						
	· NC East Alliance						
	· NC Rural Economic Development Center						
	· NC Ports Authority						
	· US Marine Corps						
	· USDA						
	· USEDA						
	· Utility service providers						
	· NC Railroad						
	· Norfolk Southern Railroad						
	· Any others identified that may lend support or assistance to the economic development effort						
Schedule meetings with selected CEOs of potential partner organizations			<1 year	1-3 years	3-5 years	On-going	In Budget
	Discussions should center on areas if collaboration and mutual support		✓				
Formalize the relationships with partner organizations			<1 year	1-3 years	3-5 years	On-going	$1K
	Develop and execute MOUs as are appropriate and that facilitate high levels or collaboration.						
	MOUs should define roles and responsibilities of the parties involved						

Recommendations	Action Steps	Allies	Timeframe for Completion				
			<1 year	1-3 years	3-5 years	On-going	
Create a CEO/Executive Council			<1 year	1-3 years	3-5 years	On-going	$2K
	Identify a core group of supporters to attend an organizational meeting.						
	Define the mission, objectives, focus, and activities of the council.						
	Compile a list of CEOs/Executives that are located, or have business interests in Carteret County.						
	Host an event to introduce the concept and invite attendees to join the group.						
	If appropriate and deemed necessary, formalize the group with documentation that sets forth all aspects organization.						
	Hold meetings of a quarterly basis at a minimum						

Appendix

APPLIED MARKETING
identifying and creating opportunities

Industry Profiles

Summary

Profiles were developed for each of the recommended target industries for Carteret County. The Profiles are important in taking the next steps in proactively targeting companies and providing insight into each industry cluster and sub-segments. The Profiles will provide understanding of the industry cluster and each industry sub-sector included in the cluster. The Profiles include the following information:

- Definition of the industry by North American Industry Classification System (NAICS) Codes and key words for emerging segments.
- Industry statistics, by industry sub-segment including
  - Industry revenue
  - Industry profit
  - historical and forecasted growth
  - revenue per employee
  - wages as a percentage of revenue
  - average employees per establishment
  - wages per employee
- Industry sub-segment summaries and outlooks explaining what is currently impacting the sub-segment and how it is performing.

Table of Contents

Marine Products

Definition

Code	Description
112510	Aquaculture
114111	Finfish Fishing
114112	Shellfish Fishing
114119	Other Marine Fishing
334511	Search, Detection, Navigation, Guidance, Aeronautical, and Nautical System and Instrument Manufacturing
336612	Boat Building
339920	Sporting and Athletic Goods Manufacturing
423860	Transportation Equipment and Supplies (except Motor Vehicle) Merchant Wholesalers
423910	Sporting and Recreational Goods and Supplies Merchant Wholesalers
441222	Boat Dealers
487210	Scenic and Sightseeing Transportation, Water

Industry Vitals

NAICS	Description	Revenue ($bn)	Profit ($bn)	Annual Growth 12-17 (%)	Annual Growth 17-22 (%)	Revenue per Employee ($'000)	Wages % of Revenue	Emp. per Estab.	Wages/ Employee ($)
Marine Products									
11251	Aquaculture	1.5	0.1	1.8%	0.8%	145.5	14.5	3.6	21,041.90
11411	Fishing (Finfish, Shellfish, Other)	9.8	1.5	-0.6%	0.4%	137.6	23.4	1.0	32,256.10
33451	Navigational Instrumentation Manufacturing	107.7	8.0	-1.3%	2.0%	371.4	24.2	67.5	89,999.20
33661	Boat Building	9.9	0.4	5.2%	103.0%	277.9	15.0	42.0	41,650.30
33992	Sporting and Athletic Goods Manufacutring	8.2	0.5	-2.4%	0.6%	259.5	18.1	21.3	46,879.40
42386	Transportation Equipment Wholesaling	50.8	3.5	2.1%	2.6%	1,442.1	5.1	13.8	72,258.60
42391	Sporting Goods Wholesaling	35.9	1.6	-2.2%	0.3%	441.8	10.6	3.9	46,905.40
44122	Boat Dealers	19.1	1.1	2.4%	0.2%	127.6	13.8	1.3	17,574.10
48710	Sightseeing Transportation (overall)	4.2	0.5	3.5%	2.3%	127.1	25.6	3.9	32,529.60

Sub-Segment Summaries and Outlooks

Aquaculture

Despite several setbacks, the Fish and Seafood Aquaculture industry has grown, although slowly, over the past five years. The majority of industry revenue is derived from sales of fish and shellfish used to produce seafood, the consumption of which has grown slightly over the past five years. Seafood is generally more expensive than substitutes such as chicken, meaning that an increase in seafood consumption can be primarily attributed to the falling price of seafood over the five years to 2017. Secondarily, an influx of inexpensive imports has hurt the industry, which have gained an increasing share of domestic demand over the past five years.

While suffering from import competition and declining seafood prices, the industry has still grown. Exports, especially to Asia, where demand for seafood is exploding, have been a major source of industry growth and are expected to grow an annualized 0.8% over the five years to 2017. Declining productivity in the Fishing industry due to declining fish stocks and the Deepwater Horizon oil spill has also shifted demand for seafood toward the Fish and Seafood Aquaculture industry. Finally, rising seafood demand has allowed revenue to grow despite a drop in prices. As a result, IBISWorld expects industry revenue to grow at an annualized rate of 1.8% to $1.5 billion over the five-year period, including expected growth of 1.0% over 2017.

Industry profit margins have also expanded over the past five years. This is primarily due to the recent fall in the price of fish feed, the primary input cost in industry production. In addition, industry profit margins have been bolstered by low wage cost growth.

Despite strong competition from imports, the Fish and Seafood Aquaculture industry is expected to grow at an annualized rate of 0.8% to $1.6 billion over the five years to 2022. Growth in disposable income is expected to raise aggregate demand for industry products. The industry has the potential to grow at a much faster rate if government legislation is passed to allow aquaculture farms to operate in the open ocean, an activity that is currently banned.

Fishing

The US Fishing industry operates commercial fishing on a global scale. Overall, the industry has been stable over the five years to 2017, though revenue declined an annualized 0.6% to reach $9.8 billion. This slight decline is largely a result of declining domestic seafood prices, which have fallen an annualized 0.8% during the period. Though prices have declined, per capita seafood consumption only marginally increased at an annualized rate of 0.5%, which has failed to offset declines in revenue. Moreover, exports account for a majority of the industry's revenue, and imports satisfy the vast majority of US seafood demand. Given the prominence of imports and exports in the Fishing industry, the trade-weighted index (TWI) plays a key role in understanding revenue movements; over the five years to 2017, the TWI grew an annualized 3.3%, which has caused US products to become comparatively more expensive in foreign markets.

Downstream demand from seafood preparation and per capita seafood consumption also affect revenue, while the prices of oil and seafood factor into profit margins. In turn, the functions of domestic demand rely on macroeconomic trends, such as population growth and per capita disposable income. Overall, increased per capita disposable income over the past five years has driven US consumers toward fish and seafood purchases, as fish and seafood are often considered a premium, "white tablecloth" dining option. Furthermore, concerns about red meat's reported potential to increase the risk of cancer have driven consumers toward seafood as an alternative protein source. However, seafood's higher prices relative to chicken and turkey have failed to fully capture the health-minded market.

Over the five years to 2022, the industry is expected to return to growth, with revenue growing an annualized 0.4% to reach $10.0 billion. Further increases in per capita disposable income and seafood consumption, as well as an anticipated decline in the value of the dollar, are expected to drive revenue growth over the next five years. Overall, industry performance is expected to remain stable, with slight growth in establishments and enterprises. Moreover, due to declining oil prices, industry profit is expected to remain stable during the outlook period.

Navigational Instrumentation

The Navigational Instrument Manufacturing industry produces a wide range of devices, including search, detection and navigational instruments, in addition to electricity measuring and testing tools. The industry has a diverse clientele, including industries in air-traffic control, shipbuilding, construction, healthcare and research industries. Due to the industry's diverse revenue base, it has experienced low volatility over the past five years.

Over the five years to 2017, industry revenue is expected to decline at an annualized rate of 1.2% to $107.7 billion, despite a 2.0% increase in 2017 alone. Broad-based economic growth has enabled private research and development (R&D) budgets to expand during the period, providing the investments needed for industry product innovation. New products have enabled the industry to remain competitive in the face of rising foreign competition and changing demand in downstream markets, contributing to revenue growth in some years. Additionally, growth in customer industries such as aircraft manufacturing, ship building and construction have provided demand for various instruments and devices.

Net decline over the five years to 2017 has been in part the result of an appreciating dollar, which has threatened the industry's trade performance. The trade-weighted index, a measure of the dollar's strength relative to other major currencies, has been increasing since 2012 and is expected to increase further in 2017. A stronger dollar has led to overall declines in industry exports as industry products become more expensive on the world market. The appreciation has also increased the purchasing power of US consumers, leading to a rise in import volumes over the past five years, which have taken up a larger percentage of domestic demand.

Over the five years to 2022, industry revenue is forecast to rebound from previous lows and increase at an annualized rate of 2.0% to $118.7 billion. An increase in R&D funding will continue to drive product advancement during this period, which will strengthen the already solid demand from downstream industries. Additionally, the appreciation of the US dollar is expected to deaccelerate, leading to a slower rate of export decline. Furthermore, government consumption and investment is expected to increase, improving demand from the government. However, import penetration is also expected to rise during this period and will satisfy 34.4% of domestic demand by 2022.

Boat Building

The Boat Building industry, which manufactures watercrafts generally intended for personal use, has grown significantly over the past five years. Since its products are highly discretionary purchases, the industry benefited from increased wages and consumer spending. Thus, over the five years to 2017, IBISWorld expects industry revenue to grow at an annualized rate of 5.2% to $9.9 billion, including growth of 0.9% in 2017 alone. This strong growth represents a recovery from the steep downturn that the industry exhibited throughout the recession, when industry revenue dropped to half its prerecessionary level.

However, despite improved demand conditions, total revenue remains drastically lower than the industry's prerecessionary highs, and many operators have struggled to remain profitable. For example, Brunswick Corporation completed the consolidation of its Knoxville, TN plant with its manufacturing locations in Vonore, TN and Palm Coast, FL during the first half of 2013. Over the subsequent year, the company divested two idle plants. While facility closures have aided larger operators, the majority of boat builders only operate out of one location, thereby limiting their ability to lower fixed costs. Manufacturers unable to sufficiently reduce production and operating costs have been forced to exit the industry. Figures for revenue per establishment have consequently increased during the five-year period, indicating a gradual return to prerecessionary levels of operational efficiency. In addition, as the prices of inputs, including steel, aluminum and plastic materials, have been volatile since 2012, many operators have been able to increase production while still cutting costs.

IBISWorld anticipates that continued improvements in the overall economy, including rebounding disposable income and growing consumer spending, will cause industry revenue to grow at an annualized rate of 1.3% over the five years to 2022, reaching $10.6 billion. Despite this modest projection for revenue growth, many companies operating below capacity will remain profitable by successfully increasing production to meet growing demand without needing new facilities. Therefore, profit is expected to improve consistently over the next five years. As the growing “green” movement encourages consumers to reduce their carbon footprint, demand for fuel-efficient boats is anticipated to drive boat sales.

Sporting and Athletic Goods Manufacturing

Over the five years to 2017, the Athletic and Sporting Goods Manufacturing industry has exhibited decline, primarily due to currency and exchange rate dynamics. During the period, the trade-weighted index increased at an annualized rate of 5.3%. As the dollar appreciates, domestic manufacturers struggle to compete against lower-cost imports. Additionally, international demand for industry products has tapered because US-made goods are becoming comparatively more expensive on foreign markets, decreasing export sales volumes. Foreign manufacturers have become a significant inhibitor of this industry's growth. Many sporting goods manufacturers rely on global producers for input commodities, such as steel and titanium metals, while other manufacturers have shifted their production to foreign markets.

However, as the sports participation rate increased at an annualized rate of 2.4% over the five years to 2017, more individuals have required sporting goods. Favorable demand from downstream markets, such as the Sporting Goods Stores industry, has buoyed industry revenue somewhat. For example, as wholesaler bypass has become more common, sporting goods manufacturers have been able to sell products directly to retailers and consumers, which has cut costs and preserved profit by cutting out wholesaler middlemen. Nevertheless, competition has intensified as industry operators have struggled to generate sales volumes due to the influx of low-cost imports. As a result, revenue is projected to decline an annualized 2.4% to $8.2 billion over the five years to 2017, including a 1.0% jump in revenue in 2017 alone. Overall, growth opportunities for domestic manufacturers will likely be indefinitely hobbled by the low-cost capital and labor used to manufacture popular sporting brands abroad.

In the five years to 2022, consumers will likely become more health conscious, which will stimulate demand for athletic equipment. The US government has played a role in providing consumers with updated nutritional and exercise guidelines. Preventative care and promoting physical activity are vital components to assuring US consumers lead healthier lifestyles, and improved quality of life is essential for manufacturers of sporting goods to achieve sustained success. As a result of more health-conscious individuals purchasing sporting goods, over the five years to 2022, industry revenue is expected to increase at a mild annualized rate of 0.6% to $8.5 billion.

Transportation Equipment Wholesaling

The Aircraft, Marine and Railroad Transportation Equipment Wholesaling industry slowly recovered over the five years to 2017. Players in this industry distribute transportation equipment and supplies ranging from aircraft and boat parts to railroad cars, aircraft and ships. Airlines, freight companies and the military buy products from industry distributors to repair and replace parts for their aircraft, ships and trains. The vast majority of industry revenue comes from aircraft-related products. Over the past five years, economic growth has led to increased air travel and freight volumes. As a result, demand for industry services has increased, with industry revenue expected to climb at an annualized 2.1% to $50.8 billion over the five years to 2017, including a 2.6% jump in 2017.

As the economy expanded and consumer spent more money on air travel, air traffic and airline revenue increased, leading to more demand for replacement parts. The consequent increase in commercial aerospace manufacturing created more demand for aircraft parts to be used in production. During the earlier part of the five-year period, consumers and airlines were still struggling to recover from the recession, tempering initial demand for industry services. Moreover, the size and age of the total US commercial aircraft fleet was declining, a trend that only reversed during the latter half of the five-year period. The stripping down of older aircraft flooded the market with used surplus goods, which reduced the value of inventories and increased competition from surplus dealers. Operators also had to deal with wholesale bypass, increased internal competition and reduced defense spending, all of which further tempered industry revenue and profit growth.

Over the five years to 2022, revenue is forecast to grow an annualized 2.6% to $57.6 billion. Rising demand from airlines and freight companies will help drive this growth. However, the effects of this increased demand will be partially offset by defense spending uncertainty and internal competition. Persistent industry competition will also push for further consolidation, though companies oriented toward aviation will continue to benefit from regulations that prevent newcomers from entering the industry. As oil prices remain relatively low and older generation aircraft stay in service longer, demand for replacement parts will climb.

Sporting Goods Wholesaling

The Sporting Goods Wholesaling industry has coped with challenging conditions over the past five years, even as operators have benefited from more health-conscious individuals deeming sporting goods a necessary component of their fitness regimens. The inundation of low-cost sporting goods from online retailers has cut into demand for wholesale products. However, the industry's strong relationship with specialty retailers has enabled sporting goods wholesalers to partially mitigate rising competition from e-tailers. A more detrimental trend to industry health has been wholesale bypass, in which manufacturers supply sporting goods directly to downstream markets. As a result, industry revenue is projected to decline at an annualized rate of 2.2% to $35.9 billion.

The industry's slow contraction masks the significant volatility that the industry experienced in recent years, during which it plummeted, recovered and has declined steadily since 2012. Although the sports participation rate and per capita disposable income have grown, wholesale bypass has been steadily chipping away at industry revenue over the past few years. Despite the industry's troubles, revenue is expected to grow 8.1% over the current year as downstream demand and sports participation continue to increase. As a result, the industry's profit margins have remained flat and are expected to comprise just 4.5% of industry revenue in 2017.

Despite substantial challenges, the industry has remained viable as a result of a more health-conscious public. High consumer participation rates in fitness have stimulated demand for fitness equipment from the Gym, Health and Fitness Clubs industry. Furthermore, the popularity of gymnastics, ice hockey and field hockey has led to increased demand for industry products, according to the Sports and Fitness Industry Association. According to the Physical Activity Council, an estimated 33.0% of Americans aged six and older are considered active to a healthy level, supporting a stable revenue stream for sporting goods from health-conscious consumers.

Over the five years to 2022, industry revenue is forecast to increase marginally at an annualized rate of 0.3% to $36.5 billion as wholesale bypass continues to stifle industry viability. Nevertheless, small establishments that specialize in key product areas, such as bicycles and firearms, are expected to keep the industry afloat.

Boat Dealers

Over the five years to 2017, revenue for the Boat Dealership and Repair industry is anticipated to trend higher. Prior to the five-year period, consumers opted to delay discretionary purchases, such as new boats, as unemployment levels were high and disposable income levels were weak. Difficulty in obtaining credit further strained already weak consumer demand for new boats. However, as disposable income and consumer spending reversed course, industry revenue has rebounded considerably. Although industry revenue is not expected to reach prerecessionary levels by 2017, industry revenue is expected to increase at a robust annualized rate of 2.4% over the five-year period. In 2017 however, industry revenue is expected to fall 0.3% to $19.1 billion due to a fall in consumer confidence resulting in fewer consumers purchasing large-ticket items such as boats.

Despite overall positive conditions, the industry experiences potential hurdles that will likely hinder robust growth going forward. Due to aggressive competition from other leisure activities, boating participation has remained slightly below prerecessionary levels. Although the number of boat registrations declined over the five-year period, expenditure on boats has actually increased during the period. The strengthening economy has allowed consumers to spend more on leisure activities, thereby boosting industry revenue. As consumers increased their spending on boats and boat repair services, profit margins also improved over the period. IBISWorld estimates profit margins will increase from 5.3% of revenue in 2012 to 5.6% in 2017. This increase is partially due to the increase in revenue generated from repair service operators, who generally earn higher profit margins than those engaged in just the sale of boats.

Industry profit is expected to remain decrease slightly in the five years to 2022. As operators within the highly fragmented industry compete for contracts with manufacturers and for a share of the money-conscious consumer market, many companies will be forced to keep prices low to stay afloat. Additionally, falling consumer confidence will deplete demand for new boats, as potential owners become hesitant to buy big-ticket items. Even so, demand for parts and repair services will rise as existing boat owners continue to utilize their boats. As a result, IBISWorld forecasts that revenue will increase at a modest annualized rate of 0.2% to reach $19.3 billion in the five years to 2022.

Sightseeing Transportation

The Sightseeing Transportation industry has experienced healthy growth over the five years to 2017 as improving economic conditions have fueled demand for travel and sightseeing activities. Rising levels of consumer confidence and per capita disposable income have enabled consumers to increase spending on recreational activities, while increased travel activity on the part of both domestic and international tourists has created a steady source of demand for industry services. At the same time, substantial declines in the price of diesel fuel have reduced the purchase costs of many sightseeing transportation operators, causing the industry's profit margins to expand during the five-year period. Overall, industry revenue is estimated to increase at an annualized rate of 3.5% to $4.2 billion over the five years to 2017, including growth of 1.9% in 2017 alone.

As an industry that generates revenue through the nonessential vacation and recreational expenses of everyday consumers, the Sightseeing Transportation industry has benefited significantly from rising per capita disposable income, which is estimated to increase at an annualized rate of 1.6% over the five years to 2017. This trend has enabled consumers to take more vacations, purchase more sightseeing tours and upgrade to luxury forms of sightseeing transportation like cruises and aerial tours. Consequently, the number of domestic trips taken by US residents has increased at an annualized rate of 2.8% the five years to 2017, while total consumer spending on recreational activities has improved at an annualized rate of 1.3% during the same period. Industry operators have also benefited from surging demand from international tourists, with the number of inbound trips by non-US residents increasing at a substantial annualized rate of 4.6% over the five years to 2017.

Over the next five years, consumer spending on recreational activities and tourism activity will continue to rise, bolstering industry growth. However, a growing number of noise complaints about aerial sightseeing tours from nearby residents could cause local governments to place restrictions on the number of aerial sightseeing tours allowed in an area, limiting revenue for aerial operators. Despite this possible threat, industry revenue is expected to rise at an annualized rate of 2.3% over the next five years, reaching an estimated $4.7 billion in 2022.

Source: IBISWorld Industry Reports

Business Services

Definition

Code	Description
518210	Data Processing, Hosting, and Related Services
522220	Sales Financing
522291	Consumer Lending
522292	Real Estate Credit
523120	Securities Brokerage
523930	Investment Advice
523991	Trust, Fiduciary, and Custody Activities
541519	Other Computer Related Services
541611	Administrative Management and General Management Consulting Services
541612	Human Resources Consulting Services
541614	Process, Physical Distribution, and Logistics Consulting Services
541620	Environmental Consulting Services
541690	Other Scientific and Technical Consulting Services
541711	Research and Development in Biotechnology
561110	Office Administrative Services
561410	Document Preparation Services
561422	Telemarketing Bureaus and Other Contact Centers
561510	Travel Agencies

Industry Vitals

NAICS	Description	Revenue ($bn)	Profit ($bn)	Annual Growth 12-17 (%)	Annual Growth 17-22 (%)	Revenue per Employee ($'000)	Wages % of Revenue	Emp. per Estab.	Wages/ Employee ($)
Business Services									
51821	Data Processing and Hosting Services	154.4	11,1	5.5%	6.6%	248.6	38.6	9.8	95,941.90
52222	Auto Leasing, Loans and Sales Financing	113.2	33.9	4.7%	2.7%	1,190.6	8.6	22.0	101,947.60
52229	Real Estate Loans and Collateralized Debt	364.0	77.5	-2.0%	0.5%	841.6	10.3	9.2	86,340.40
52312	Securities Brokering	143.4	20.9	1.8%	1.6%	467.5	35.9	5.3	167,891.50
52393	Financial Planning and Advice	55.9	14.3	8.1%	5.1%	257.9	31.9	1.8	82,180.10
52399	Custody, Asset, and Securities Services	30.8	7.2	0.2%	2.6%	341.4	23.3	4.2	79,417.60
54151	IT Consulting	408.2	29.8	2.1%	2.9%	194.6	46.9	4.5	91,202.90
54161	Management Consulting	223.1	25.7	3.1%	1.8%	147.0	41.7	2.1	61,354.40
54162	Environmental Consulting	16.0	2.2	-1.0%	2.6%	125.4	41.5	2.2	52,052.10
54169	Scientific and Economic Consulting	36.7	3.9	4.0%	2.0%	156.9	35.1	1.7	55,117.00
54171	Scientific Research and Development	135.6	8.4	2.3%	1.4%	187.1	61.7	13.4	115,467.40
56111	Human Resources and Benefits Administration	53.7	6.5	1.0%	0.5%	76.2	63.8	2.5	48,619.40
56141	Document Preparation Services	4.8	0.3	0.5%	0.1%	37.3	44.6	1.5	16,647.80
56142	Telemarketing and Call Centers	21.7	3.3	2.3%	1.5%	44.7	60.3	18.4	26,933.90
56151	Travel Agencies	37.5	1.0	3.7%	3.0%	172.1	33.3	8.2	57,259.00

Sub-Segment Summaries and Outlooks

Data Processing and Hosting Services

The Data Processing and Hosting Services industry provides infrastructure used for a variety of information technology (IT)-related activities, ranging from web hosting to automated data entry services. Over the five years to 2017, businesses have increasingly outsourced their IT infrastructure needs, directly benefiting industry operators. The advent and popularization of cloud computing, one of the industry's fastest-growing product offerings, has similarly led to greater demand. As a result, the industry has fared well over the five-year period, with revenue growing at an annualized rate of 5.5% to $154.4 billion, including an anticipated 3.6% increase in 2017.

A primary driver of industry growth has been investment in outsourcing application hosting to specialized companies as an alternative to local hosting of enterprise software. Since data processing and hosting require the use of complicated equipment and sophisticated technical skills, many companies have moved away from internal IT management, opting to outsource work to reduce costs without limiting performance. Investment in internet companies, driven by the continued shift of media to online platforms, has additionally benefited industry growth. The continued movement of businesses toward online services has driven funding toward resellers and content purveyors who lease resources from industry data hosts.

Over the five years to 2022, industry revenue is expected to continue growing, rising at an annualized rate of 6.6% to $212.9 billion. As the technology required to process and host data becomes more complex, the level of expertise needed to effectively manage large data centers will rise. Companies will increasingly capture more data, and thus require the outside expertise of industry operators to manage their data needs. In addition, supply disruptions in the hardware space may push companies that manage their IT infrastructure needs in-house to opt for third-party providers. To meet these demands, the industry landscape is expected to continue to move toward both large companies and independent contractors. Consolidation among the industry's largest companies will accelerate as operators merge to meet the data demands of the industry's largest clients. However, the number of nonemployers will rise as companies with limited IT budgets outsource work to freelancers.

Auto Leasing, Loans and Sales Financing

Auto Leasing, Loans and Sales Financing industry revenue is driven by the purchase of goods that require financing; consequently, consumers are most active in this industry when they anticipate future income stability. In addition, a decrease in interest rates reduces financing costs and incentivizes larger purchases, thereby fueling industry demand. Rising consumer sentiment and declining unemployment translated into higher auto sales and rising car prices, which benefited the industry over 2015 and 2016. At the same time, historically-low interest rates and the availability of lengthier loan terms aided consumer purchasing power, resulting in record automobile sales in the United States in 2016. According to Automotive News, automakers sold a record 17.5 million cars and light trucks in 2016. As a result, IBISWorld estimates that industry revenue will increase at an annualized rate of 4.7% to $113.2 billion over the five years to 2017.

Key economic indicators, particularly consumer confidence and strong demand to replace aging vehicles, boded well for industry operators over the five-year period. Industry revenue consistently increased since 2013 and grew an estimated 4.2% in 2016 alone, driven by increased access to credit, lower gas prices and the relatively high average vehicle age for cars on the road. According to a 2016 IHS Automotive report, the average age of vehicles on the road is a record-high 11.5 years old. IBISWorld expects the industry momentum to slow in 2017, however, with revenue expected to grow only 0.3%. Despite this, lengthening loan terms are anticipated to increase industry operators' interest incomes and improve net interest margins. Accordingly, the average profit earned by industry operators is expected to increase.

Over the five years to 2022, IBISWorld expects industry revenue to increase at an annualized rate of 2.7% to $129.3 billion. Given the industry's reliance on consumption patterns, more accessible credit markets, decreasing unemployment and higher income will continue to spur industry growth. The need to replace existing automobiles and equipment will also continue to drive revenue growth during the period. However, an expected increase in interest rates over the next five years and expanding regulation on auto lending standards may diminish dampen industry profit over the long term.

Real Estate Loans and Collateralized Debt

Prior to the subprime mortgage crisis, US consumers funded their spending with credit cards, mortgage financing and home equity loans, causing aggregate household debt to rise to $13.5 trillion. Amid heavy debt accumulation, banks and lenders increased their activity, selling mortgages and debt instruments on the secondary market. Nevertheless, as the subprime mortgage crisis developed and defaults rose as a result of mounting interest rates, secondary demand collapsed for mortgages and other debt securities.

The private sector has severely cut lending in response to falling demand caused by the subprime mortgage crisis. According to the latest available data from the Securities Industry and Financial Markets Association (SIFMA), nonagency issuance of mortgage-backed securities (MBSs) rose at an annualized rate of 29.8% to $59.7 billion between 2011 and 2015, though this amount is more than 12 times lower than 2007 issuances. While still adverse, reduced nonagency MBS activity has not severely lowered industry revenue, due to the activities of government-sponsored entities (GSEs) such as the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation. According to the same SIFMA data, MBS issuance by GSEs increased from $1.3 trillion in 2011 to $1.4 trillion in 2015, preventing industry revenue from collapsing. With lower income from mortgage interest, however, industry revenue is expected to fall at an annualized rate of 1.9% to $364.0 billion over the five years to 2017, despite an improving economic landscape that lead to 1.7% growth in 2017. One boon for industry operators has been a rise in interest rates, which has not only increased revenue inflows but has also led consumers to take on more debt to secure low rates.

Before the recession, lenders increased loan payments on adjustable-rate mortgages and other teaser-rate loans, and the subsequent rise in defaults sparked the credit crisis. As a result, banks and institutions had to write down MBSs and collateralized debt obligations. Furthermore, the consequences of the subprime mortgage collapse will limit industry growth over the next five years. Strict regulation, rising interest rates and continued deleveraging will moderate demand, and the industry's recovery will likely be slow due to the continued uncertainty surrounding GSEs. Consequently, industry revenue is forecast to rise at a relatively subdued annualized rate of 0.5% to $372.3 billion over the five years to 2022.

Securities Brokering

The Securities Brokering industry buys, sells and issues securities ranging from traditional assets, such as stocks and bonds, to alternative assets such as mortgage-backed securities. Brokerage firms match a client's buy order with a third party's sell order, or fulfill the client's order with their own investment products. The industry generates revenue from trading commissions as well as transaction and asset-based fees. With the rise of electronic trading and discount brokering, many industry operators have started to offer more value-added services such as investment advice for clients. As a result, the industry has become increasingly indistinguishable from the Financial Planning and Advice industry.

Over the past five years, industry revenue has trended upward an annualized 1.8% to an estimated $143.4 billion. However, industry revenue remains well below prerecessionary levels. A slow economic and financial market recovery, coupled with contracting securities trading volumes, caused revenue to decline in 2012 before slowly starting to improve. Moreover, the average industry profit margin has also been constrained due to intense competition from online trading platforms that eliminate the need for financial intermediaries. Operators have responded to this trend by increasing their financial services offerings and transitioning to an asset-based fee structure characteristic of the financial advisory industry. Consequently, securities brokering remains lucrative, with profit comprising an estimated 14.6% of revenue. Furthermore, rising household income and corporate profit have bolstered trading volumes over the past five years, and continued growth is projected to boost industry revenue 0.3% in 2016.

Over the five years to 2021, industry revenue is forecast to grow at an annualized rate of 1.6% to $155.3 billion. Recent merger and acquisition (M&A) activity will enable financial firms to capitalize on operational synergies, larger client bases and new financial advisory business segments. The future profitability of securities brokerage firms will vary based on operators' mix of financial services, their ability to adapt to technological change and the success of M&A activity. However, greater oversight from the US Department of Labor and the Securities and Exchange Commission is expected to cut into industry profit margins over the next five years.

Financial Planning and Advice

Growth in the Financial Planning and Advice industry has compounded swiftly over the past five years. Consequently, revenue is expected to increase at an annualized rate of 8.1% over the five years to 2017, reaching $55.9 billion. The industry is composed of advisors and planners who provide financial advice in conjunction with other activities such as portfolio management, protection planning and brokerage services. According to the US Census, the number of industry operators is on the decline, and IBISWorld expects this trend to continue over the five years to 2017. Industry revenue is anticipated to increase 7.1% in 2017.

Advisors generate revenue in a variety of ways, including financial planning fees, investment commissions, insurance commissions and other fees. Prior to the current five-year period, increased unemployment and falling disposable income negatively impacted new and recurring advice fees. Since consumers had less available income, they opted to save money or pay off debts instead of capitalizing on investments. Eventually, a return to economic growth and employment reversed this trend. The Standard & Poor's 500 index (S&P 500) experienced double-digit annual growth for three out of the past five years, increasing the value of many investments in the equity markets. Increases in the value of assets under management (AUM) have led to a rise in revenue generated from custodial and fiduciary fees, which are based on the proportion of total AUM. Rising employment and disposable income also bolstered financial planning fees related to insurance policies as consumers once again had the discretionary income to purchase these policies.

Over the five years to 2022, revenue is projected to continue to increase as financial markets improve. IBISWorld forecasts that the growing number of affluent households and rising equity markets will help increase total AUM for the industry and raise revenue generated from fees charged on the value of AUM. Additionally, the aging of the US population will increase demand for financial planning services as more Americans nearing retirement age will seek professional financial advice. Consequently, over the five years to 2022, industry revenue is projected to grow at an annualized rate of 5.1% to $71.7 billion.

Custody, Asset, and Securities Services

The Custody, Asset and Securities Services industry primarily provides trust, fiduciary and custody services to corporations, investment funds and individuals. Industry firms are also responsible for back-office support associated with securities trading, including settlement, accounting and record keeping services, as well as middle-office support related to securities lending, compliance pricing and performance analytics. Advisors generate revenue in a variety of ways, including trust fund management fees, support services for financial and commodity markets, brokerage and dealing services and other financing related services to custodial assets.

Over the five years to 2016, industry revenue is forecast to grow at an annualized rate of 0.2% to $30.8 billion. The Standard & Poor's 500 index (S&P 500) experienced double-digit annual growth for three out of the past five years, increasing the value of many investments in the equity markets. Increases in the value of assets under custody (AUC) have led to a rise in revenue generated from advisory fees, which are based on the proportion of total AUC. Rising employment and disposable income also bolstered financial planning fees related to insurance policies as consumers once again had the discretionary income to purchase these policies. IBISWorld estimates the industry's expanding client base and improved asset prices will help increase revenue 7.2% in 2016. Still, the continued drop in trade volumes, particularly in equities, poses a growing threat to the industry.

Over the five years to 2021, industry revenue is projected to grow at an annualized rate of 2.6% to $35.1 billion. Several recent market developments will likely support future industry growth. For example, businesses will look to diversify operations and grow establishments by expanding beyond traditional back-office services into more complex middle-office functions, such as risk management analytics, securities lending and foreign exchange processing. Additionally, investors, hedge funds, mutual funds and other wealth managers will increasingly outsource their back- and middle-office trading functions to industry firms, in an attempt to lower costs and improve efficiencies. Furthermore, industry firms will continue to benefit from the globalization of financial markets, due to the rise in transaction fees associated with growth in cross-border transactions.

IT Consulting

The IT Consulting industry is composed of companies that help businesses design and implement information technology (IT) systems and infrastructure. Due to the low capital requirements of the industry, a modest number of operators are small nonemployers or independent contractors. Over the five years to 2017, shifting technological trends toward cloud computing and data analytics have caused larger operators to acquire smaller companies and develop new products to stay relevant. For example, Accenture PLC purchased more than 15 companies in 2017, as of August. Likewise, International Business Machines Corp. (IBM) spent $1.0 billion on Watson, a computing system that IBM built to apply advanced natural language processing, information retrieval and machine learning, among other skills.

Shifting technology trends boosted demand for new services and encouraged companies to replace older, more traditional technology. Additionally, strong corporate profit for most of the five-year period and constantly rising investment in computers and software has helped drive industry revenue growth. Overall, industry revenue is projected to grow an annualized 2.1% to

$408.2 billion over the five years to 2017, including a projected increase of 4.1% in 2017. Financial service companies, such as banks, insurance and credit card companies, are some of the largest customers of industry services, generating 19.6% of industry revenue. With rising revenue and low barriers to entry, industry competition is also expected to rise as new players enter the market to provide new technologies to customers.

As the economy strengthens, corporate profit will continue to rise and support investment in computers and software. Growth in demand from finance and insurance, which are two of the largest markets for industry operators, is anticipated to accelerate and further benefit the IT Consulting industry. Additionally, the continued shift to cloud computing and the use of data analytics will intensify security concerns. Consequently, IBISWorld expects industry revenue to rise at an annualized rate of 2.9% to $471.3 billion over the five years to 2022. As companies increasingly use new technology, profit will increase to take up an estimated 7.3% of revenue.

Management Consulting

Management consultants provide advisory services to businesses, nonprofits and public sector agencies to assist in organizational design, corporate strategy, information technology (IT) strategy, marketing and sales and logistics. Over the past five years, the Management Consulting industry has been successful as stronger corporate profitability and increasing business expenditure resulted in higher demand for advisory services. The industry is estimated to grow at an annualized rate of 3.1% to $223.1 billion over the five years to 2017. This includes growth of 2.0% in 2017 alone, as a result of rebounding corporate profit. The industry benefits from some countercyclical demand. When corporate profit rises, companies that have plans to expand, restructure or engage in mergers and acquisitions often seek out consultants to aide in these processes. When corporate profit falls, companies contract consultants to restructure operations or sales tactics to stem losses and remain competitive in difficult selling environments.

In recent years, demand for this industry has stemmed from a number of different sectors and services. Demand was strong from financial institutions and professional firms, such as private equity and asset management businesses, as they called on consultants to provide advice on globalizing business operations and investing in new businesses overseas. Healthcare companies have also been a boon to the industry, as changing regulation has prompted strategy realignment from consultants. Additionally, the ongoing transition toward digital technology has provided new opportunities for operators to assist businesses with software and technology. Despite this push toward new technology, margins have still fallen over the period.

Over the next five years, the industry is expected to grow with the general US economy. IT will continue to be a key growth area for firms, while other sectors, such as healthcare, also provide new business opportunities. Consolidation from the largest industry players is forecast to continue; however, the overall industry structure will continue to be dominated by small, nonemploying operators. These businesses focus on servicing local or niche markets and, therefore, control exceptionally small proportions of total industry revenue. Overall, industry revenue is forecast to increase an annualized 1.8% to $243.9 billion in the five years to 2022.

Environmental Consulting

The Environmental Consulting industry has experienced mixed results over the past five years, as an increasing emphasis on environmentally sustainable behaviors has been offset by a decline in government funding. While indirect government assistance from the American Recovery and Reinvestment Act aided the industry in the recessionary aftermath, state and local governments continued to encounter large budget deficits as a result of the recession, forcing them to reduce funding for industry services as stimulus funding wound down. Consequently, industry revenue declined in consecutive years from 2012 to 2015.

Nonetheless, rising private investment as a result of improving economic conditions, coupled with an increasing focus by consumers and organizations on reducing human impact on the environment, has more recently renewed revenue growth. Moreover, environmental disasters have boosted demand for consultants due to the need for emergency site remediation planning and cleanups. As a result of these disparate trends, industry revenue is projected to decline moderately, falling at an annualized rate of 1.0% over the five years to 2017. Growth is expected to accelerate in 2017, however, with a 2.4% increase to $16.0 billion.

The future of environmental consulting is promising. Environmental regulations are anticipated to increase, particularly in the areas of oil drilling and energy dependence. Customers will increasingly demand the industry's services for advice on offshore drilling and for assistance in implementing more efficient and renewable energy practices. Corporate profit is expected to grow at an annualized rate of 1.6% over the five years to 2022, allowing companies to allocate more resources toward implementing sustainable practices and promoting positive public perceptions. Industry operators will also aid construction companies to meet new environmental standards as construction activity picks up. Consequently, revenue is forecast to grow at an annualized rate of 2.6% to $18.2 billion over the five years to 2022.

Scientific and Economic Consulting

The Scientific and Economic Consulting industry has grown over the five years to 2017, aiding in the postrecessionary recovery and subsequent growth of related industries. The industry provides consulting services to a diverse range of markets with varying degrees of specialization in products and service which allowed it to sustain growth despite declines in demand from certain markets. The industry grew significantly over the period primarily due to corporate profit growth. As corporations were more profitable, they sought out greater assistance from industry participants. Operators have also taken advantage of the low barriers to entry to capture high industry profit margins. Overall, industry revenue is forecast to grow an annualized 4.0% to reach $36.7 billion over the five years to 2017.

However, growth may also be slightly constrained by austerity measures enacted by the federal government in 2013. Government consumption and investment contracted every year from 2012 through 2014. However, that trend changed, with government consumption and investment rising by 0.8% in 2016 and an expected 1.3% in 2017. Subsequently, revenue is projected to grow 1.9% in 2017.

Continually improving economic conditions are expected to provide the industry with solid growth over the next five years. Rising consumer sentiment and household disposable income are forecast to increase corporate profit margins, creating demand for scientific and economic consultants. Specialized areas of consulting, such as genomics and pharmaceuticals, are also likely to be a source of strong growth for consultants in this industry. In addition, operators are expected to become more profitable over the next five years, which will attract new companies to the industry. Larger players are expected to pursue mergers and acquisitions to increase their market share; however, the industry will remain highly fragmented due to an increase in the number of nonemployer operators. As a result, industry revenue is projected to grow at an annualized rate of 2.0% over the five years to 2022, totaling $40.5 billion.

Scientific Research and Development

Operators in the Scientific Research and Development industry undertake physical, engineering or life sciences research and development. The primary purpose of all industry operators is research and development. Companies that undertake research and development to support primary operations, such as pharmaceutical operators, are not included. Over the five years to 2017, industry revenue is projected to grow at an annualized rate of 2.3% to $135.6 billion, although it is projected to fall 0.2% in 2017.

The federal government sources more than half of total industry revenue, so changes in federal funding levels greatly affect industry revenue. After a period of stimulus spending spurring industry revenue, budget sequestration came into effect in 2013, as a result of the US government's inability to reach a new budget agreement. This decline was exacerbated by continued budget cuts to defense programs as the federal government brought troops home that were stationed overseas, thereby reducing demand for new technologies required for military occupation. Nevertheless, the industry performed well as a result of its transition toward private funding sources. This trend is expected to continue as corporate profit margins continue to drive strong private investment.

The industry's revenue streams are expected to stabilize over the next five years. Improving private investment from major industries, such as the life sciences and health sectors, will bolster long-term growth. Additionally, investment in new technologies, such as nanotechnology, will benefit industry operators. As a result, the industry is projected to grow at an annualized rate of 1.4% to $145.4 billion over the five years to 2022.

Human Resources and Benefits Administration

The Human Resources and Benefits Administration industry provides a wide range of everyday office administrative services to businesses in the United States. Operators offer assistance with financial planning, billing and record keeping, personnel, physical distribution and logistics. In addition, the industry provides general and specialized management services on a day-to-day or contracted basis. Over the past five years, the industry has performed well as rebounding business sentiment, rising consumer spending and improvement in overall economic conditions encouraged companies to outsource administrative duties. Additionally, the rising number of businesses has increased the potential number of customers for operators. Consequently, revenue will grow at an annualized rate of 1.0% to $53.7 billion over the five years to 2017, including growth of 2.3% in 2017 alone.

Over the five years to 2017, industry operators have experienced strong demand from small and medium-sized businesses. As the economy recovered from the recession and business growth boomed, small companies often chose to focus on core activities and outsource unrelated functions. Also, changing healthcare regulations have increased the number of medium businesses that offer coverage, increasing demand for benefits administration services.

Driven by strong demand over the five years to 2017, industry participation has risen. Companies that fair best offer a variety of outsourcing services. These services are included in the Accounting Services, Tax Preparation Services and Payroll and Bookkeeping Services industries; however, revenue from them is not included in the Human Resources and Benefits Administration industry. By providing clients with these other services, operators can be all-in-one providers for clients. This is especially important for larger customers with 500 or more employees.

The industry is expected to continue performing well over the next five years to 2022, with revenue rising at an annualized rate of 0.5% to $54.9 billion. However, the unemployment rate rising slightly during the period will lead to slightly lower industry growth. Despite this, downstream customers are expected to continue to outsource tasks not related to their core business to better compete in their respective markets.

Document Preparation Services

The Document Preparation Services industry experienced remarkable growth less than a decade ago; however, the industry's growth rate has since slowed considerably. Confronted with decelerating demand from small businesses and other key markets, combined with increased pressure to lower prices due to intense competition, the industry has failed to sustain its previous levels of growth and is entering a plateau life cycle phase. Moreover, recent developments in automated technology solutions have increased competition from other sectors, such as voice recognition technology (VRT), which present significant threats to the industry's long-term growth prospects.

The Document Preparation Services industry encompasses a broad variety of services that range from desktop publishing to medical transcription. Industry operators are increasingly reliant on computer technology to facilitate their work. Concurrently, increased computer literacy has enabled potential customers to prepare documents using their own computer and software systems, in turn reducing demand for industry services. As a result, industry revenue has declined at an annualized rate of 0.5% over the five years to 2017 to total $4.8 billion.

However, in 2017 alone, revenue is projected to increase 1.2% as demand for traditional transcription services from the healthcare segment remains steady.

Companies currently prefer hiring employees who already have experience with office and word processing software, which has steadily reduced demand for outsourced document preparation work. Moving forward, increasing health expenditure associated with newer healthcare regulations will help boost revenue as demand for transcription services increases from the healthcare sector. Unfortunately for industry operators, increasing external competition from user-friendly software solutions is likely to offset most of this growth opportunity in the long term. As more customers complete document preparation tasks in-house and adopt VRT and optical character recognition solutions, revenue growth opportunities for industry operators will continue to weaken. Overall, IBISWorld expects that revenue growth to grow at a slow annualized rate of 0.1% over the five years to 2022 to total $4.8 billion.

Telemarketing and Call Centers

Operators in the Telemarketing and Call Centers industry provide a variety of domestic and international clients with inbound call services such as technical support and customer assistance, as well as outbound call services such as fundraising and debt collection. The industry has experienced steady growth over the past five years as the US economy picked up traction. The domestic industry has largely been outsourcing operations to low-wage countries for a number of years, which has historically resulted in limited growth. However, in August 2011, the Federal Communications Commission (FCC), in conjunction with Jobs4America, announced plans to expand the number of call center jobs in the United States by 100,000 position through 2013. In conjunction with this initiative, renewed economic activity is expected to cause industry revenue to increase at an annualized rate of 2.3% to $21.7 billion over the five years to 2016. Growth is expected to be more subdued in 2016 at 1.1%, due to the attractiveness of foreign markets in light of the appreciating US dollar.

In line with healthy growth, call centers have increasingly used technological advancements, including cloud-based systems, social media, voice recognition software and other broadband-enabled technology, to become more efficient. As technology becomes less costly and more accessible for industry operators, numerous new entrants have been enticed into the industry. Over the five years to 2016, the number of industry enterprises is expected to increase at an annualized rate of 3.0% to reach 25,115.

Over the five years to 2021, IBISWorld anticipates that industry revenue will increase at a modest annualized rate of 1.5% to $23.3 billion. During this period, the industry will likely benefit from rising corporate profit, which will enable clients to increase their use of the telemarketing industry to attract new business and handle customer relations. However, an increase in spending on new technologies will hinder profit margins from widening substantially in the short term. In the long term, however, these technologies will reduce labor costs. As a result, IBISWorld estimates that industry profit will rise slightly from an estimated 15.3% of revenue in 2016 to 17.4% in 2021.

Travel Agencies

The Travel Agencies industry has experienced steady growth, as traditional brick-and-mortar travel agencies reinvent themselves to remain relevant in an industry now dominated by online bookings. The rise of online travel websites, such as Expedia and Priceline.com, has completely revolutionized the industry. Consumers can now research locations, compare prices, book travel and manage reservations without the assistance of an expert, negating the role of traditional travel agencies. This trend has been amplified with the rise of mobile computing, as consumers have become more likely to seek affordable travel packages online. Consequently, many brick-and-mortar travel agencies have been forced to find new markets and niches, such as serving the corporate sector or luxury travelers. As a result, the industry is expected to grow an annualized 3.7% to $37.5 billion over the five years to 2017, including growth of 2.2% in 2017.

About 60.0% of industry revenue is derived from sales of international travel packages to US residents. This figure has grown substantially over the past decade, as it has become more common for Americans to take international trips. International trips generally involve more complicated arrangements that require the services of professional travel agents. The industry has benefited from an increase in travel to emerging economies, as consumers are more inclined to have their plans organized by a professional when there is uncertainty surrounding their destination. The number of international trips made by US residents has increased an annualized 2.8% to 112.4 million over the past five years.

Steady growth in the broader economy will boost the industry's prospects over the next five years as travel rates lift. Growth in per capita income and steady unemployment will lead to growth in domestic and international travel. However, consumers will continue to remain price-conscious and more likely to book travel online. Many consumers are comfortable making their own travel reservations online and will be aided by improved web interfaces that allow for seamless transactions. This presents a significant challenge to the industry's thousands of traditional travel agencies, and online booking sites will continue to outpace brick-and-mortar operators. Overall, the industry is expected to grow an annualized 3.0% to $43.5 billion in 2022.

Source: IBISWorld Industry Reports

Construction Products

Definition

Code	Description
326122	Plastics Pipe and Pipe Fitting Manufacturing
326191	Plastics Plumbing Fixture Manufacturing
327320	Ready-Mix Concrete Manufacturing
327991	Cut Stone and Stone Product Manufacturing
332311	Prefabricated Metal Building and Component Manufacturing
332321	Metal Window and Door Manufacturing
332323	Ornamental and Architectural Metal Work Manufacturing
332913	Plumbing Fixture Fitting and Trim Manufacturing
334512	Automatic Environmental Control Manufacturing for Residential, Commercial, and Appliance Use
423310	Lumber, Plywood, Millwork, and Wood Panel Merchant Wholesalers
423320	Brick, Stone, and Related Construction Material Merchant Wholesalers
423330	Roofing, Siding, and Insulation Material Merchant Wholesalers
423390	Other Construction Material Merchant Wholesalers

Industry Vitals

NAICS	Description	Revenue ($bn)	Profit ($bn)	Annual Growth 12-17 (%)	Annual Growth 17-22 (%)	Revenue per Employee ($'000)	Wages % of Revenue	Emp. per Estab.	Wages/ Employee ($)
Construction Products									
32612	Plastic Pipe and Parts Manufacturing	18.8	1.3	2.6%	2.3%	443.7	12.2	49.0	54,339.40
32619	Plastic Products Miscellaneous Manufacturing	99.8	6.3	1.9%	2.5%	264.4	17.9	57.3	47,392.30
32732	Ready-Mix Concrete Manufacturing	30.4	2.1	6.6%	2.6%	403.7	13.6	13.9	55,029.40
32799	Mineral Product Manufacturing	20.4	1.1	3.3%	2.9%	310.4	17.2	22.1	53,441.10
33231	Structural Metal Product Manufacturing	43.2	2.3	1.7%	3.8%	309.9	17.5	29.1	54,131.90
33232	Sheet Metal, Window and Door Manufacturing	42.6	2.7	1.9%	1.2%	226.8	23.7	25.9	53,663.50
33291	Valve Manufacturing	33.5	2.5	-0.6%	0.8%	356.7	17.0	71.8	60,586.70
42331	Lumber Wholesaling	84.0	2.8	3.5%	1.0%	738.0	7.6	11.2	56,387.80
42332	Stone, Concrete and Clay Wholesaling	27.1	1.5	2.4%	2.7%	837.5	7.1	9.2	59,409.80
42333	Roofing, Siding, and Insulation Wholesaling	46.9	1.9	7.1%	3.7%	1,105.2	6.0	8.7	66,431.20
42339	Manufactured Home Wholesaling	19.0	0.7	3.8%	2.8%	453.5	10.8	12.5	49,161.80

Sub-Segment Summaries and Outlooks

Plastic Pipe and Parts Manufacturing

Over the past five years, the Plastic Pipe and Parts Manufacturing industry has performed well as broad economic improvements and revitalized construction activity boosted demand for industry products from a variety of downstream markets. In particular, the residential construction market's strong recovery has boosted demand for plastic water pipes, fittings and unions. Meanwhile, recovery in the automotive sector and other heavy manufacturing industries has increased demand for unlaminated plastic rods, tubes and other plastic components. Lastly, the industry benefited from steadily rising demand from the waterworks and telecommunication infrastructure markets.

However, deteriorating demand from the industrial and energy markets, coupled with lower selling prices since 2014, have constrained industry performance during the latter half of the five-year period. Overall, industry revenue is expected to increase at an annualized rate of 2.6% to $18.8 billion over the five years to 2017. Revenue is projected to grow 2.4% in 2017, as continued weakness in demand from energy and industrial manufacturing markets is partially offset by strong demand from construction. Despite strong revenue growth during the period as a whole, industry participation has steadily declined due to increased consolidation and restructuring activity. Major players like Advanced Drainage Systems have acquired several competitors, while many smaller operators serving the stagnant nonresidential construction segment were forced to exit the industry early on in the five-year period. Overall, the number of enterprises is expected to decline an annualized 0.9% over the five years to 2017.

In the coming years, growth in the utilities and nonresidential construction markets will help offset volatility in demand from other sectors, leaving industry operators less vulnerable to market conditions outside of their control. Furthermore, improvements in plastics technology have made plastic pipes more attractive to markets that have historically relied on pipes made from metal or concrete, including the oil and gas transmission and water supply markets. These trends will continue to drive demand for plastic pipes and similar products, boosting industry performance and overall profitability. Overall, IBISWorld forecasts revenue to grow an annualized 2.3% to $21.0 billion over the five years to 2022.

Plastic Products Miscellaneous Manufacturing

The Plastic Products Miscellaneous Manufacturing industry has experienced five years of steady growth, as demand within the industry's downstream markets have improved with the US economy. Revenue is expected to grow at an annualized rate of 1.9% to $99.8 billion over the five years to 2017, including an increase of 0.1% over 2017 alone. Miscellaneous plastic product demand is projected to increase in the future as consumer spending climbs; however, this will be counterbalanced by slowing export growth as the US dollar appreciates, making US goods more expensive abroad. Consequently, the industry is expected to grow at an annualized rate of 2.5% to $112.9 billion over the five years to 2022.

Operators rely heavily on several key industries to purchase their products. For example, automotive manufacturers, which account for 26.7% of revenue, use plastic in vehicle interiors and in some engine components. Likewise, the housing market accounts for 45.6% of industry revenue, with demand for construction and renovations providing revenue from plastic flooring, construction and plumbing fixture sales. Both of these industries posted solid growth over the past five years, recovering business activity that had begun at a low base. Growth in the housing market is slated to continue over 2017 and has been aided by historically low interest rates, which have encouraged big-ticket purchases, such as cars and houses.

In addition to slowed downstream demand, overseas competition is constraining revenue growth. Since 2001, the United States has imported more plastic products than it has exported. Import competition has gained momentum due to looser regulations and lower labor costs in these regions relative to domestic manufacturers. As a result, the amount of imports satisfying domestic demand has increased over the five years to 2017 and is expected to continue doing so over the next five-year period. Industry participants have combated rising imports by investing in research and development to provide innovative, high-value solutions for downstream customers. Nevertheless, exports as a percentage of revenue have decreased over the five years to 2017 and will continue to fall marginally over the coming five years.

Ready-Mix Concrete Manufacturing

Operators in the Ready-Mix Concrete Manufacturing industry produce and deliver wet batches of concrete for construction contractors. They do not mix the concrete or pour it. Rather, this industry is principally concerned with manufacturing and distribution. Strengthening demand from essential markets is driving revenue growth in the industry; as a result, revenue is expected to increase at an annualized rate of 6.6% to $30.4 billion over the five years to 2017. This includes a forecast growth of 3.7% in 2017, which is in line with improving key building markets.

Industry performance relies on the level of activity in residential, commercial and institutional construction markets, as well as on the level of infrastructure and utilities construction. These markets rely on concrete as a main input for foundation, suspended flooring and pavement construction. The strong uptick in construction markets has been a crucial catalyst of positive industry performance over the five years to 2017, while also boosting volumes and prices commanded by industry operators. In turn, this has prompted healthy growth among ready-mix concrete manufacturers, which provide a substantial amount of the input. Profit is expected to reach 6.8% of revenue in 2017, up from 2012 largely due to rising input costs, such as the price of cement. The costs of key industry inputs are typically passed along to downstream operators. Meanwhile, the industry has been consolidating in response to the deeply fragmented marketplace. This environment is due to the high perishability and weight of wet concrete batches which require operations to remain localized.

Moving forward, IBISWorld expects the industry to benefit from continued construction of new homes and accelerating construction of private commercial centers, office spaces and health and education centers. However, volatile growth in the infrastructure and utilities construction markets may inhibit the industry from reaching its full potential, especially because these markets are exposed to potential cuts and reversals at both local and federal levels. Furthermore, market saturation and limited profit growth are likely to propel operators to intensify the vertical integration of quarrying, cement and ready-mix concrete manufacturing operations in an attempt to cut costs and bolster profit. Overall, IBISWorld expects industry revenue to increase at an annualized rate of 2.6% to $34.5 billion over the five years to 2022.

Mineral Product Manufacturing

The Mineral Product Manufacturing industry's main products are mineral wool insulation (i.e. fiberglass, rock wool and slag wool) and cut stones that are used in building construction. Therefore, industry performance is mainly linked to activity in residential and nonresidential construction. In the wake of severe downturns, the construction sector recovered strongly, posting increases in housing starts and nonresidential construction, thereby fueling demand for industry products. Over the five years to 2017, housing starts are expected to grow at an annualized rate of 10.3%, while the value of nonresidential construction is projected to increase at an annualized rate of 1.8%. Consequently, industry revenue is expected to increase an annualized 3.3% over the five years to 2017 to reach $20.4 billion, including a 6.8% increase in 2017.

Mineral product manufacturers produce the most widely used building insulation materials in the world and so have benefited from the construction industry's increasing focus on green buildings and energy efficiency. Insulation is the main determinant of a building's energy costs and carbon footprint, and as a result, the industry's mineral wool segment has grown with increased demand for high-performance buildings in reaction to rising energy costs and increasing environmental awareness. Additionally, industry operators have increased their focus on developing markets, a common trend across building materials manufacturers. Operators have made significant gains in growing markets in China and the Americas, though a rapidly recovering US dollar has contributed to exports increasing at a minimal annualized rate of 0.3% over the five years to 2017.

Industry revenue is anticipated to grow at an annualized rate of 2.9% to $23.5 billion over the five years to 2022. Strong growth in construction markets will continue to drive demand for the industry's main products. Demand from manufacturers across the range of industries that purchase nonmetallic mineral products as inputs is also projected to rise. Additionally, product development will likely continue in the industry's mineral wool segment in response to demand for insulation that improves energy efficiency and promotes the health of building occupants. Industry growth will be relatively hindered by rising import penetration as a consistently strong US dollar further assists low-cost imports in satisfying larger portions of domestic demand.

Structural Metal Product Manufacturing

The Structural Metal Product Manufacturing industry manufactures products used for nonresidential building construction, utilities and infrastructure construction and various manufacturing applications. Industry products include concrete reinforcing bars, railway sections, culverts and casings. These products may be made of steel or nonferrous metals. Consequently, industry revenue depends principally on the level of activity in downstream markets. Since these markets have grown over the period, industry revenue is expected to rise at an annualized rate of 1.7%, to $43.2 billion in 2016. This includes slight growth of 0.3% in 2016, following a decline in 2015.

The industry's performance is also influenced by movements in the price of metals and import penetration. Metals, such as steel and aluminum, are key inputs in the manufacturing process. Although rising metal prices increase purchase costs, they also boost the value of inventory and raise selling prices. This trend raises industry revenue while keeping profit margins intact, as costs are passed downstream. Over the past five years, the price of steel has largely decreased. This decline has somewhat constrained product prices and had a negative effect on revenue. Rising import penetration has also presented a bigger threat to domestic operators over the five years to 2016. Still, strong growth in both private nonresidential and utilities construction have benefited the industry.

Over the five years to 2021, IBISWorld expects revenue to grow at an annualized rate of 3.8% to $52.2 billion, influenced by accelerating construction markets and volatile steel prices. Still, certain challenges are on the horizon. Import penetration is likely to intensify due to continual overcapacity emanating from China, the largest manufacturer of steel in the world and the most competitive low-cost, low-price producer. Import penetration will be further encouraged by an appreciating US dollar, making foreign products more appealing to domestic buyers. In the face of such challenges, operators are expected to consolidate production and accelerate their cost-cutting programs as well as increase economies of scale through mergers, acquisitions and vertical integration.

Sheet Metal, Window and Door Manufacturing

The Sheet Metal, Window and Door Manufacturing industry manufactures windows and doors, sheet metal products and ornamental and architectural metalwork. The construction sector comprises the overwhelming majority of demand for all industry products, so the industry's performance over the five years to 2017 reflects the period's initial recovery and subsequent gradual rebound in downstream construction activity. Exasperated by volatile input prices, industry revenue fluctuated during the five-year period, rising just 0.4% in 2013, as steel prices plummeted and sheet metal manufacturers adjusted prices downward, followed by a strong 3.2% gain the following year as demand from both commercial and residential building construction spiked. During the latter half of the five-year period, strong demand from the residential construction and renovation markets boosted industry sales, while falling input costs continued to drive up average industry profit. Overall, revenue is expected to increase at an annualized rate of 1.9% to $42.6 billion over the five years to 2017.

Recovery of the US construction market has renewed downstream demand for industry products, leading to a quick recovery in industry performance. Nonresidential construction activity, which is a major driver of demand for industry goods, has increased at a subdued annualized rate of 1.5% over the five years to 2017, despite particularly strong gains in 2012 and 2014. Significant downturns in certain domestic manufacturing markets and reduced business sentiment led nonresidential construction activity to falter in 2015 and 2016. Furthermore, sharp declines in the prices of most metal inputs have forced industry operators to reduce selling prices to remain competitive; nonetheless, industry revenue is expected to rebound 2.7% in 2017 as demand from the residential and commercial construction markets picks up.

Over the next five years, operators that manufacture core products, such as windows and doors, are expected to continue consolidating, while smaller manufacturers of ornamental sheet metal products increasingly leave the industry or merge with larger competitors. Despite some consolidation, demand for sheet metal products will continue to rise from downstream markets, with burgeoning residential construction activity driving the bulk of industry growth. Consequently, industry revenue is anticipated to increase at an annualized rate of 1.2% to $45.1 billion over the five years to 2022.

Valve Manufacturing

The Valve Manufacturing industry fared well considering the volatility of the past five years, mostly due to a recent increase in demand from a few critical markets. Rising residential and commercial construction activity since 2012 helped boost demand for plumbing fixture fittings and other valves. Meanwhile, the energy sector consistently sought out specialized valves with better resistance to corrosion, high pressure and extreme temperatures. Lastly, strong growth in the aerospace and chemical markets boosted demand for pneumatic valves and similar products.

However, increasingly difficult operating conditions and waning demand from key markets tempered industry performance during the five-year period. Decelerating industrial production and drilling activity curtailed demand for specialized valves from the heavy manufacturing sector, a key market for industry products. Meanwhile, rising import penetration strained demand for general-purpose valves from the general manufacturing and residential construction markets. Ultimately, industry revenue has decreased an annualized 0.6% over the five years to 2017 to $33.5 billion. Still, this stagnation is anticipated to be offset by expected growth of 2.2% in 2017, as the industry recovers from consistent losses in revenue during the middle of the five-year period.

The Valve Manufacturing industry has experienced marginal decline over the past five years, and intensifying competition from imports and lulling demand from certain markets, such as nonresidential construction and general manufacturing, will continue to hinder performance over the next five years. However, several factors may improve the industry in the coming years. For example, the massive plunge in world oil prices in 2015 and 2016 is anticipated to improve in 2017, bolstering demand from the energy sector in the coming years. Furthermore, revitalized demand from more specialized markets such as pharmaceutical manufacturing and renewable power generation will revive demand. Lastly, increased federal funding for water infrastructure maintenance or expansion projects will boost demand for valves, fittings and other flow-control devices. Nevertheless, IBISWorld forecasts industry revenue to increase marginally, at an annualized rate of 0.8% to $35.0 billion over the five years to 2022.

Lumber Wholesaling

The Lumber Wholesaling industry distributes lumber, plywood, engineered wood products, door and window frames, wood floors, paneling, roofing and other millwork products to other industries. Buyers include contractors in the residential, commercial and industrial construction markets, as well as retailers of hardware, building materials and home improvement goods. Despite the presence of several buyers, residential construction remains the single largest source of demand for lumber wholesaling services. The industry suffered extensive revenue losses in the aftermath of the housing crisis, but has since turned the corner. Overall, revenue has grown at an annualized rate of 3.5% over the five years to 2016. This includes forecast growth of 1.4% in 2016 alone, bringing total revenue to $84.0 billion.

Improved downstream demand has caused an increase in lumber prices, raising selling prices and buoying both revenue and profit during the period. Operating profit is expected to reach 3.3% of revenue in 2016, a marked improvement from 1.1% in 2011. Despite improving demand conditions, however, the overall number of companies in the industry has fallen, triggered by the exit of numerous small-scale operators and consolidation among the larger and more successful incumbents. Nevertheless, the industry remains highly fragmented with a low market share concentration. The majority of lumber wholesalers still work alone or employ less than five people and operate within a localized radius.

The Lumber Wholesaling industry is expected to continue its growth over the next five years in line with positive construction market conditions. In turn, construction markets will be fueled by rising disposable incomes and improving business confidence. Overall revenue for lumber wholesalers is projected to rise at an annualized rate of 1.0% to $88.3 billion over the five years to 2021. Nevertheless, lumber wholesalers will face increasing competition from substitute products, such as concrete, aluminum, steel, fiberglass and vinyl. The saturation of the market will also put downward pressure on lumber prices and limit profit margins. Lumber wholesalers will need to innovate ways to cut costs, price services competitively and expand reach to strategic markets, with greater acquisition activity being one possible strategy.

Stone, Concrete, and Clay Wholesaling

The Stone, Concrete and Clay Wholesaling industry provides materials to the construction sector, and as a result, industry revenue largely follows downstream demand trends. As the construction sector has returned to solid ground, the industry has followed suit. Following the housing crisis, years of skyrocketing unemployment and subsequent declines in disposable income deterred Americans from investing in new home construction and residential renovations. Vacant homes and office buildings minimized the need for new home construction. However, as the economy has improved, downstream construction activity has rebounded, increasing demand for industry products. Industry revenue has exhibited solid growth since 2013, achieving expected annualized growth of 2.4% to $27.1 billion over the five years to 2016. IBISWorld expects 2016 to be a year of consolidation, though revenue will continue to grow, rising 3.6%.

Industry profitability has improved steadily as a result of increasing demand. The industry returned a meager profit of 2.2% in 2011. At this time, competition was intensified, and industry operators were forced to compete on price, causing operators to cut profit margins to compete for sales. Nevertheless, over the past five years, industry profit has increased each year, as increased demand has enabled operators to increase sales prices without losing sales. In 2016, industry profit is expected to reach 5.5%.

Over the next five years, falling unemployment and rising property values will encourage greater investment in residential construction activity, which will continue to foster recovery in the housing market and increase demand for industry products. Higher corporate profitability will also enable businesses to enter the market, raising demand for new buildings, and consequently, providing a boost in demand for construction materials, including stone and concrete. As a result, revenue is estimated to grow an annualized 2.7% to $31.0 billion in the five years to 2021.

Roofing, Siding, and Insulation Wholesaling

The Roofing, Siding and Insulation industry primarily sells building materials to general contractors and other professionals who construct, renovate or repair residential and commercial buildings. Over the past five years, revitalized demand from both residential and nonresidential construction markets has helped accelerate industry growth after three consecutive years of poor performance prior to 2010. Consequently, IBISWorld expects revenue to grow at an annualized rate of 7.1% over the five years to 2017. Industry revenue is expected to grow 4.6% to $46.9 billion in 2017 alone, driven primarily by strong demand from the residential new construction and remodeling markets.

The industry's reliance on the remodeling market, which is significantly less cyclical than the new construction market, has helped industry sales regain lost ground quickly over the past five years. A variety of factors bolster remodeling expenditure, including housing trends such as rising property values and the steadily aging US housing stock, economic trends such as improving disposable income levels and climatic factors such as the frequency of major hurricanes, blizzards and hail storms. For example, rising property values encourage homeowners to enhance the exterior appearance of their homes, which boosts demand for vinyl siding products. Similarly, major storm events force homeowners and businesses to repair damaged roofs and exterior walls, bolstering demand for asphalt shingles and fiberglass insulation from both the residential and nonresidential markets.

Over the next five years, the industry will continue to benefit from expanding remodeling activity and stabilizing new construction markets. In particular, private spending on home improvements is expected to rise an annualized 2.6% over the next five years, while the value of nonresidential construction is forecast to grow at an annualized rate of 3.9% during the same period. Furthermore, the frequency and intensity of major storms are expected to continue increasing over the next few years, according to the National Oceanic and Atmospheric Administration. Overall, IBISWorld expects revenue to increase at an annualized rate of 3.7% to $56.2 billion over the five years to 2022. Despite aggressive acquisition activity among the major players, the highly fragmented industry will continue to be represented by small, single-establishment distributors that serve local contractors.

Manufactured Home Wholesaling

The Manufactured Home Wholesaling industry supplies prefabricated homes and manufactured home components to dealers and land developers that subsequently resell homes to downstream consumers. Operators also wholesale a range of miscellaneous construction materials to contractors, large retail hardware chain stores and small, independent hardware stores. Accordingly, industry performance closely follows demand from the downstream construction sector. Housing markets have returned to normal activity over the five years to 2016, spurring demand for manufactured homes and other construction materials. As a result, revenue is anticipated to grow at an annualized rate of 3.8% to $19.0 billion during the period, including projected growth of 2.3% in 2016.

The five years to 2016 marked a turning point for the industry. Improving economic conditions, reflected through falling unemployment and increased disposable income, have renewed demand for industry products. Such merchandise includes pane and flat glass materials, wire and plaster products, awnings and ornamental ironwork in addition to manufactured homes. Improved demand for these products was primarily driven by revitalized nonresidential construction activity and housing starts, both of which have rebounded since 2012.

Over the five years to 2021, rising housing starts and ongoing improvements in residential and nonresidential construction activity will generate demand for industry products, with revenue projected to grow an annualized 2.8% to reach $21.8 billion in 2021. This growth will primarily be driven by demand from residential remodeling and new nonresidential construction. Demand for new manufactured homes is expected to benefit from improved customization and cost-efficient technology. This will generate higher sales for remodeling and manufactured home accessories, further boosting industry growth over the next five years.

Source: IBISWorld Industry Reports

Production Technology

Definition

Code	Description
326199	All Other Plastics Product Manufacturing
331110	Iron and Steel Mills and Ferroalloy Manufacturing
332613	Spring Manufacturing
332618	Other Fabricated Wire Product Manufacturing
332710	Machine Shops
332721	Precision Turned Product Manufacturing
332722	Bolt, Nut, Screw, Rivet, and Washer Manufacturing
333413	Industrial and Commercial Fan and Blower and Air Purification Equipment Manufacturing
333511	Industrial Mold Manufacturing
333514	Special Die and Tool, Die Set, Jig, and Fixture Manufacturing
333515	Cutting Tool and Machine Tool Accessory Manufacturing
333517	Machine Tool Manufacturing
333519	Rolling Mill and Other Metalworking Machinery Manufacturing
333991	Power-Driven Handtool Manufacturing
333992	Welding and Soldering Equipment Manufacturing
333993	Packaging Machinery Manufacturing
333994	Industrial Process Furnace and Oven Manufacturing
333995	Fluid Power Cylinder and Actuator Manufacturing
333996	Fluid Power Pump and Motor Manufacturing
333997	Scale and Balance Manufacturing
333999	All Other Miscellaneous General Purpose Machinery Manufacturing
335312	Motor and Generator Manufacturing
335314	Relay and Industrial Control Manufacturing
336310	Motor Vehicle Gasoline Engine and Engine Parts Manufacturing
339993	Fastener, Button, Needle, and Pin Manufacturing
339994	Broom, Brush, and Mop Manufacturing
423510	Metal Service Centers and Other Metal Merchant Wholesalers
811310	Commercial and Industrial Machinery and Equipment (except Automotive and Electronic)

Code	Description
	Repair and Maintenance

Industry Vitals

NAICS	Description	Revenue ($bn)	Profit ($bn)	Annual Growth 12-17 (%)	Annual Growth 17-22 (%)	Revenue per Employee ($'000)	Wages % of Revenue	Emp. per Estab.	Wages/ Employee ($)
Production Technology									
32619	Plastic Products Miscellaneous Manufacturing	99.8	6.3	1.9%	2.5%	264.4	17.9	57.3	47,392.30
33111	Iron and Steel Manufacturing	89.8	3.4	-5.9%	2.8%	909.1	9.4	179.7	85,197.10
33261	Wire and Spring Manufacturing	9.2	0.6	-0.3%	1.0%	277.0	19.1	28.2	53,041.80
33271	Machine Shop Services	41.4	2.5	0.6%	1.6%	167.5	27.9	13.2	46,728.40
33272	Screw, Nut, and Bolt Manufacturing	29.9	1.9	-0.3%	0.5%	226.5	24.7	30.6	55,953.40
33341	Heating and Air Conditioning Equipment Mfg	46.2	3.0	0.5%	1.8%	358.8	14.6	70.6	52,266.60
33351	Metalworking Machinery Manufacturing	36.0	3.0	4.4%	2.1%	242.8	24.8	22.5	60,203.50
33399	Power Tools and Other General Purpose Machinery Mfg	48.0	2.9	-0.2%	1.6%	321.0	20.8	39.4	66,804.90
33531	Electrical Equipment Manufacturing	39.0	2.3	-1.5%	0.7%	345.5	17.5	53.0	60,405.70
33631	Automobile Engine and Parts Manufacturing	34.9	2.7	1.9%	0.8%	561.5	11.4	73.0	64,210.60
42351	Metal Wholesaling	182.7	3.7	-4.9%	2.2%	1,169.1	5.5	15.5	64,224.50
81131	Machinery Maintenance and Heavy Equipment Repair	36.5	2.4	0.1%	0.9%	136.3	36.5	3.5	49,725.60

Sub-Segment Summaries and Outlooks

Plastic Products Miscellaneous Manufacturing

The Plastic Products Miscellaneous Manufacturing industry has experienced five years of steady growth, as demand within the industry's downstream markets have improved with the US economy. Revenue is expected to grow at an annualized rate of 1.9% to $99.8 billion over the five years to 2017, including an increase of 0.1% over 2017 alone. Miscellaneous plastic product demand is projected to increase in the future as consumer spending climbs; however, this will be counterbalanced by slowing export growth as the US dollar appreciates, making US goods more expensive abroad. Consequently, the industry is expected to grow at an annualized rate of 2.5% to $112.9 billion over the five years to 2022.

Operators rely heavily on several key industries to purchase their products. For example, automotive manufacturers, which account for 26.7% of revenue, use plastic in vehicle interiors and in some engine components. Likewise, the housing market accounts for 45.6% of industry revenue, with demand for construction and renovations providing revenue from plastic flooring, construction and plumbing fixture sales. Both of these industries posted solid growth over the past five years, recovering business activity that had begun at a low base. Growth in the housing market is slated to continue over 2017 and has been aided by historically low interest rates, which have encouraged big-ticket purchases, such as cars and houses.

In addition to slowed downstream demand, overseas competition is constraining revenue growth. Since 2001, the United States has imported more plastic products than it has exported. Import competition has gained momentum due to looser regulations and lower labor costs in these regions relative to domestic manufacturers. As a result, the amount of imports satisfying domestic demand has increased over the five years to 2017 and is expected to continue doing so over the next five-year period. Industry participants have combated rising imports by investing in research and development to provide innovative, high-value solutions for downstream customers. Nevertheless, exports as a percentage of revenue have decreased over the five years to 2017 and will continue to fall marginally over the coming five years.

Iron and Steel Manufacturing

The Iron and Steel Manufacturing industry has endured exceptionally difficult operating conditions over the five years to 2017. Industry revenue follows fluctuations in the world price of steel products, which reflects global supply and demand trends. Prior to the beginning of the five-year period, as downstream manufacturers ramped up production to meet renewed demand after the recession, the world price of steel soared. However, revenue began to decrease in 2012 as decelerating growth in emerging markets and increased global overcapacity negatively affected the price for steel. This trend was further exacerbated in early 2015 by weakened demand for tubular steel from the energy sector and unfavorable exchange rates that were detrimental for domestic steel producers.

Ultimately, downward pressure on steel prices due to global overcapacity, coupled with the sharp appreciation of the US dollar in recent years, has presented a significant challenge to domestic steel producers. In particular, revenue declined an estimated 19.7% in 2015, while total employment fell from a five-year high of 105,309 workers in 2012 to a five-year low of 94,373 in 2016. Revenue, however, is expected to increase for the first time in the period in 2017, at 7.6% to $89.8 billion, as demand and the price for steel rise and the new administration enacts policy to promote US-made steel. Overall, industry revenue is expected to have declined an annualized 5.9% during the five-year period, even as the industry rebounds in 2017.

Over the next five years, import competition will continue to challenge the industry and push uncompetitive operators out of the market. To contend more effectively with foreign steel producers, large domestic manufacturers will continue to acquire smaller steel mills, which will further consolidate the industry. However, volatile but generally rebounding steel prices, stronger downstream demand and increased product differentiation are likely to revitalize industry revenue in the coming years. Overall, industry revenue is expected to rise at an annualized rate of 2.8% to $103.2 billion over the five years to 2022.

Wire and Spring Manufacturing

Rising industrial production and nonresidential construction activity has helped boost demand for products made by the Wire & Spring Manufacturing industry over the past five years. However, competitive pressure from low-cost imports, particularly from China and Mexico, has increasingly constrained the performance of domestic manufacturers. Furthermore, sharp declines in the price of metal inputs have forced many industry operators to lower product prices. Overall, industry revenue is expected to decrease at an annualized rate of 0.3% to $9.2 billion over the five years to 2017, although revenue is expected to rebound 0.7% in 2017.

Although industry products are used across a broad range of manufacturing processes, operators have relied heavily on a small number of key downstream markets to drive sales over the past five years. In particular, automotive suspension system manufacturing is the largest market for heavy gauge springs. Light gauge springs, which represent the industry's largest product segment, are used as essential components in a variety of consumer durable goods, industrial machinery and electronics. Lastly, fabricated wire products like mesh and rope are primarily used in commercial and infrastructural construction. During the first half of the five-year period, revitalized demand from the automotive and durable goods sectors helped boost overall industry performance. Likewise, stronger demand from the nonresidential construction sector has boosted sales of fabricated wire products during the latter half of the period. These offsetting trends have helped this industry exhibit a very low level of revenue volatility since 2012.

Demand for wire and spring products is expected to continue growing over the next five years, although pressure from low-cost imports will continue to strain industry performance. Nonetheless, strong demand for domestically manufactured custom precision springs, which can be sold at higher margins than standardized products, will remain a key driver of industry performance. Furthermore, rising nonresidential construction activity will continue to boost demand for wire rope and other woven wire products from this important market. Overall, industry revenue is projected to grow an annualized 1.0% to $9.7 billion over the five years to 2022.

Machine Shop Services

The Machine Shop Services industry steadily expanded in the five years to 2016, posting revenue growth in three of the past five years. Much of this growth was driven by a robust rebound in the industry's major markets, including commercial aerospace and transportation manufacturing, which picked up in 2011. In fact, nearly all of this industry's downstream markets have expanded over the past five years and are currently operating with improved market conditions. As a result, industry revenue is expected to increase an annualized 0.6% to $41.4 billion in the five years to 2016.

Technological advancement in machining is largely driven by the defense and aerospace markets. These markets require parts that are as light as possible, made to exceptionally tight tolerances and shaped into complex geometries. Industry operators serving these markets have increased their investment in computer numerical control machines that increase automation and precision, leading to a significant rise in the industry's capital costs over the past five years. As defense spending has tapered off due to the United States' withdrawal of combat operations in the Middle East, many of these operators' machines have been repurposed to satisfy growing demand from the commercial manufacturing sector. However, the industry has experienced slight economic headwinds in 2016, including a forecast drop US industrial production output and demand for global commodities, which tempered demand from key downstream energy, mining and manufacturing markets. Consequently, industry revenue is expected to decline 1.1% in 2016.

Over the next five years, operators will devote further resources to satisfying growing demand from manufacturers in markets like automobile manufacturing, commercial aircraft manufacturing and metal forging. Demand from medical device manufacturers is also expected to increase due to a progressively aging US population with an increasing need for medical care. This will heighten the need for micromachined products. As a result, industry revenue is forecast to grow at an annualized rate of 1.6% to $44.7 billion in the five years to 2021.

Screw, Nut, and Bolt Manufacturing

The Screw, Nut and Bolt Manufacturing industry produces metal fasteners for use in automotive, aerospace and other industrial markets. Since fasteners are also used in construction markets for building, plumbing and framing applications, the industry has benefited from improved industrial production and construction activity over the past five years. Even so, IBISWorld expects industry revenue to decline at an annualized 0.2% over the five years to 2017 to $29.9 billion.

Two distinct product segments characterize this industry: generic fastening products and more advanced precision manufactured fastening products. Operators in this industry are primarily engaged in the production of both generic fasteners and customized equipment and parts for machinery. Generic fasteners are standardized in production and have varied applications while precision-turned fasteners tailor to specific standards and uses. Revenue from generic fastening products has been falling due to product standardization, with increasing competition from low-cost, low-priced imports produced in China and elsewhere. In contrast, the precision-fastening products segment has been growing steadily, and its sales are becoming more significant to the overall performance of the industry. Precision-turned products are high in demand in the automotive industry, as well as for aerospace, medical manufacturing and other applications.

The price of steel inputs has also influenced industry performance. High steel prices reflect strong demand for steel products, enabling operators to pass the cost downstream and to boost revenue. Conversely, low steel prices reflect weak demand and place downward pressure on selling prices, limiting revenue. Over the past five years, the price of steel inputs has been particularly volatile, triggered by shifts in supply from China, the world's largest supplier. In 2017, the world price of steel is anticipated to increase, and demand from downstream markets will rebound, leading revenue to grow 4.4%.

Moving forward, the industry is expected to benefit from persistent demand for fasteners by downstream markets and rising steel prices. However, growing imports will likely pose a threat to the domestic provision of generic fasteners over the next five years. Overall, IBISWorld expects industry revenue to increase an annualized 0.5% to $30.6 billion over the five years to 2022.

Heating and Air Conditioning Equipment Manufacturing

Over the five years to 2017, revenue for the Heating and Air-Conditioning Equipment Manufacturing industry is expected to increase at an annualized rate of 0.5% to $46.2 billion, which includes 2.3% growth in 2017 alone. Over this period, US residential and nonresidential construction steadily expanded due to strong underlying fundamentals, including increasing employment and historically low interest rates. This bolstered industry sales, as heating, air-conditioning, ventilation and refrigeration (HVACR) equipment is typically installed in new buildings to regulate climate and provide ventilation. Replacements of existing HVACR equipment is another major market for industry operators. Over the past five years, as disposable incomes increased, consumers had more funds available to invest in home improvements, which included HVACR upgrades. In addition, government regulations, tax incentives and realized savings from replacing old HVACR systems with new energy-efficient equipment led to increasing demand for HVACR replacements over the past five years.

However, industry growth has been tempered by a widening trade gap, as major global HVACR manufacturers expanded their productive facilities in low-cost labor countries like China. As a result, industry imports increased an annualized 4.5%, while industry exports declined at an annualized rate of 1.7%. This trade gap has also been exacerbated by a rising US dollar, which made industry exports relatively more expensive and less attractive to buyers overseas.

Moving forward, industry revenue is expected to modestly increase over the five years to 2022. Much of this growth will be driven by a persistent increase in US construction activity, which will boost demand for HVACR installations, upgrades and retrofits. Continued strength in consumer spending will also drive demand for refrigeration systems in downstream food-service industries, as restaurants and food-service companies commonly purchase the industry's refrigeration equipment, such as walk-in coolers and refrigeration display cases. Energy-efficiency expectations are anticipated to spark sales, as the inherent cost savings in new HVACR equipment will boost replacement rates for industry products. Revenue in the Heating and Air-Conditioning Equipment Manufacturing industry is expected to increase at an annualized rate of 1.8% to $50.4 billion over the five years to 2022.

Metalworking Machinery Manufacturing

In the five years to 2016, the Metalworking Machinery Manufacturing industry has posted solid growth, driven by strengthening demand in downstream markets. The industry produces power-operated tools and machine accessories used for finishing or shaping metal parts. Industry operators develop tools and equipment used by downstream producers, including motor vehicle parts manufacturers. Machine shops are also a key source of demand for metalworking products. Additionally, activity in manufacturing industries filters into this industry in the form of private investment in metalworking machinery. In 2011, the industry grew 14.6%, representing a rebound, as demand in the automobile and construction sectors recovered. Since then, growth has reflected strengthening domestic economic conditions. Revenue is expected to climb at an annualized rate of 4.4% to $36.0 billion over the period, with revenue increasing 5.3% in 2016 alone.

Over the past five years, private investment in metalworking machinery has been improving. As manufacturing industries expand production capacity due to increasing use of their products, demand will be steady for industry operators. Competition from affordable imports has undermined the efforts of domestic manufacturers, causing many to relocate abroad. Consequently, the number of industry operators has fallen at an annualized rate of 0.9% to 6,403 over the five years to 2016. Additionally, as industry employment and downstream demand pick up, wages are forecast to rise at an annualized rate of 2.4% to $8.9 billion over the same period.

IBISWorld anticipates that moderate growth will continue in the five years to 2021. Robust demand from Asian markets and recovering commodity prices will support investment across the mining and energy sectors, sustaining demand for metalworking products used to manufacture related equipment. In the latter half of the next five years, industry revenue will level off, as competition increases from emerging markets in Asia and the continued relocation of US production to overseas factories reduces the industry's potential revenue base. Still, because global economic growth fuels downstream demand for machinery and equipment, IBISWorld forecasts industry revenue to increase at an annualized rate of 2.1% to $39.9 billion over the next five years.

Power Tools and Other General Purpose Machinery

The Power Tools and Other General Purpose Machinery Manufacturing industry makes many different products, including power-driven hand tools, welding and soldering equipment, packaging machinery, industrial-process furnaces and ovens, fluid-power cylinders and actuators, fluid-power pumps and motors. Although the industry's broad product range is sold to many markets, downstream demand is concentrated in the manufacturing and construction sectors. The industry has experienced contradictory forces from downstream demand over the five years to 2017. Construction activity has been strong, whereas commodity prices have hindered manufacturers. Additionally, the appreciation of the US dollar has caused reduced cost competitiveness abroad, and in turn exports have declined. Reduced exports and restrained industrial sectors have led to an expected annualized 0.2% decline in revenue over the past five years. Nonetheless, revenue is projected to increase 2.2% in 2017 to $48.0 billion.

Improvements in employment during the five-year period have increased consumers' willingness to spend. Individuals took advantage of increased income and favorable interest rates by spending on homes, which drove both new home construction and remodeling projects. As a key supplier to industrial manufacturers and construction projects, the improved activity in these markets has aided growth. Despite this trend, the systemic effects of the declining price of oil have limited the industry. Lower commodity prices have also limited demand from key industrial sectors. Moreover, key export destinations like Canada have been negatively affected by oil and natural gas prices, while a stronger dollar exacerbated this export decline.

Over the five years to 2022, revenue is expected to stabilize and exhibit steady growth. Renewed manufacturing demand and construction will drive demand, while trade to industrializing countries is anticipated to reverse the decline of exports. The dollar is forecast to depreciate over the next five years gradually, and uncertainty in key export destinations is expected to recede. As a result, IBISWorld projects industry revenue to increase at an annualized rate of 1.6% to $52.0 billion over the next five years. However, during the same period, imports, which already account for the majority of domestic demand, are projected to rise as foreign competitors continue to exert price pressures facilitated by lower production costs.

Electrical Equipment Manufacturing

Over the five years to 2017, the Electrical Equipment Manufacturing industry was forced to contend with increased international competition and the lingering effects of the sluggish economic recovery. Some of the largest consumers of this industry's products, including industries involved in nonresidential construction and manufacturing, had mixed performance over the five-year period. For example, municipal building construction has declined, while engine and turbine manufacturing has grown. Due to this mixed performance from downstream industries and rising import penetration, industry revenue is expected to decline at an annualized rate of 1.5% to $39.0 billion. This includes a small boost of 0.3% in 2017.

Despite improving downstream markets, industry sales have been slow due to a loss of domestic market share to imports. Import penetration has risen as a result of increased competition from countries with lower wages that are able to manufacture industry products at lower costs. In response, many domestic companies have offshored production operations to lower-wage countries. Imports are estimated to satisfy 53.0% of domestic demand in 2017, compared with 50.8% in 2012. Increasing import penetration has led to plant closures and consolidations, as some domestic operators have been unable to compete with less expensive imports. Consequently, the number of enterprises is expected to decline at an annualized rate of 0.9% to 1,847 companies in 2017. Despite these consolidations, factory closures and offshoring, overall industry profitability declined over the five-year period.

Expected upgrades in infrastructure are anticipated to stimulate demand for industry products over the five years to 2022. Additionally, new construction activity and growth in the manufacturing sector will further increase demand for industry products. However, over the next five years, exports are expected to struggle. Industry growth will also be constrained by the increasing penetration of imports, which are anticipated to grow to account for 54.7% of domestic demand by 2022. Overall, industry revenue is forecast to rise at a modest annualized rate of 0.7% over the next five years to reach $40.4 billion by 2022.

Automobile Engine & Parts Manufacturing

Revenue for the Automobile Engine and Parts Manufacturing industry is expected to trend higher over the five years to 2017. Bolstered by improvements in the economy, the automotive sector has demonstrated strong growth in recent years. Industry revenue grew rapidly at the start of the period, driven by strong auto sales as individual spending grew in response to increased income and consumer sentiment. Industry revenue is estimated to continue this growth during the period, albeit at a slower pace. As a result of this performance, IBISWorld expects industry revenue to increase at an annualized rate of 1.9% to $34.9 billion over the five years to 2017, however, revenue is expected to decline 2.3% in 2017 as car sales slow.

Engine efficiency has been a key topic of innovation throughout the automotive sector, fueled by changing consumer preferences and looming legislative standards. Generally, consumers have shifted from light trucks and SUVs to more compact, fuel-efficient cars. Initially, major automakers suffered from the loss of sales, but most have made drastic efficiency gains. Efficiency improvements have also come as a result of updates to Corporate Average Fuel Economy standards. These rules are expected to alter engine production over the next five years toward even stronger fuel economy, although, the current administration is expected to reconsider the testing standards in 2017. Overall, industry performance will be enhanced if developers continue improving gasoline engine efficiency. Demand for gas vehicles has remained strong, particularly since fuel prices dropped, which aided the industry in combatting encroaching sales of hybrid vehicles.

An emerging threat to industry demand has been the introduction of electric vehicles (EVs) from key large automakers, as well as smaller companies specializing in the technology. These EVs eliminate the need for a gasoline engine by using a high-powered lithium ion battery-run motor. More rapid EV growth in the next five years is expected to hinder domestic gasoline engine production. In response, the industry's lineup of fuel-efficient gasoline engines is growing and the continued success of these engines is forecast to support industry revenue. However, new car sales are expected to decline, hurting revenue. As a result, total revenue is forecast to decline an annualized 0.8% to $33.5 billion over the five years to 2022.

Metal Wholesaling

Operators in the Metal Wholesaling industry are expected to generate $182.7 billion in revenue in 2017, making this one of the largest industries in the United States. Metal wholesalers purchase primary metal products in bulk from manufacturers and distribute them to markets on a customized basis. They primarily distribute iron and steel, as well as nonferrous metals like copper, brass and aluminum. The industry's performance depends on demand from manufacturing markets and movements in metal prices, since high metal prices increase the value of inventory and boost operator revenue. Over the five years to 2017, volatile metal prices have plagued metal wholesalers, with industry revenue expected to decline at an annualized rate of 4.9%. This also includes a boost of 10.1% in 2017, as metal prices recover from precipitous drops early in the period.

Increasing activity in the manufacturing, mining and construction sectors spurs demand for metal inputs, benefiting industry operators. Operators especially benefit from limited metal supply, which enables them to ramp up the price of their services without compromising demand. Conversely, expanding supply puts downward pressure on metal prices, lowering the value of inventory and dampening revenue growth. The world price of steel is the most pertinent driver of industry performance, as operators are primarily engaged in the wholesale of iron, steel and ferrous products. Very early in the five-year period, rising steel prices buoyed the industry out of the recession. However, steel prices have since declined due to expanding supply from China, which holds the largest steel reserves in the world. The prices of aluminum, copper and nonferrous metals are similarly subdued due to a high global supply. IBISWorld expects restrained prices to keep profit at 2.0% of revenue in 2017.

Moving forward, gradual growth in metal prices is expected to boost revenue growth. Meanwhile, persistent demand for metal inputs in manufacturing, mining and construction industries will reinforce demand for metal wholesaling services. IBISWorld expects industry revenue to grow an annualized 2.2% over the five years to 2022, totaling $203.8 billion. Profit is expected to remain low at 2.1%, exhibiting less volatility as input prices are expected to stabilize.

Machinery Maintenance and Heavy Equipment Repair Services

The Machinery Maintenance and Heavy Equipment Repair Services industry experienced volatile demand over the past five years. Operators in this industry serve as contractors that perform maintenance and repair (M&R) services on machinery and equipment (M&E) used broadly across the US economy, including in the agricultural, construction, retail and manufacturing sectors. Economic improvements over the past five years has led to increased business activity and, therefore, growth in M&E depreciation. It also bolstered profit margins for the downstream sectors using this industry's services. As a result, customers' need and ability to pay for M&R has increased, aiding demand for industry services. However, when businesses from downstream industries experience strong revenue and profit growth, they may be more likely to purchase new M&E, instead of repairing equipment, hurting demand. As a result, IBISWorld expects industry revenue to remain relatively unchanged over the five years to 2017, at an annualized rate of 0.1% to $36.5 billion, despite a projected 1.8% increase in 2017.

Another factor that contributes to revenue volatility is declining demand from the mining and manufacturing sectors. During the latter part of the period, these sectors experienced strong declines due to downturns in the prices of numerous commodities. This negatively impacts investment in these sectors, and while slowing investment may aid industry demand, it may also cause businesses to shut down locations, eliminating any need for M&E repairs. However, industry operators are increasingly offering preventive and predictive maintenance services to downstream businesses. While not as profitable as major repair work, such services have sustained demand for industry services in recent years.

The industry is expected to continue growing in the five years to 2022. As economic growth continues, downstream business activity and profit margins are expected to rise more rapidly, leading to greater demand for M&R services. However, during this period, downstream businesses are expected to increasingly replace instead of repair old M&E, constraining growth in demand for M&R services. Despite this trend, as this new M&E comes under wear and tear, demand for industry services is expected to grow consistently over the next five years. As a result, industry revenue is expected to increase at an annualized rate of 0.9% to $38.2 billion over the five years to 2022.

Source: IBISWorld Industry Reports

Wood Products and Furniture

Definition

Code	Description
321113	Sawmills
321114	Wood Preservation
321211	Hardwood Veneer and Plywood Manufacturing
321212	Softwood Veneer and Plywood Manufacturing
321213	Engineered Wood Member (except Truss) Manufacturing
321214	Truss Manufacturing
321219	Reconstituted Wood Product Manufacturing
321911	Wood Window and Door Manufacturing
321912	Cut Stock, Resawing Lumber, and Planing
321918	Other Millwork (including Flooring)
321920	Wood Container and Pallet Manufacturing
337110	Wood Kitchen Cabinet and Countertop Manufacturing
337122	Nonupholstered Wood Household Furniture Manufacturing
337212	Custom Architectural Woodwork and Millwork Manufacturing
337215	Showcase, Partition, Shelving, and Locker Manufacturing

Industry Vitals

NAICS	Description	Revenue ($bn)	Profit ($bn)	Annual Growth 12-17 (%)	Annual Growth 17-22 (%)	Revenue per Employee ($'000)	Wages % of Revenue	Emp. per Estab.	Wages/ Employee ($)
Wood Products and Furniture									
32111	Sawmills and Wood Production	32.0	1.5	5.1%	22.0%	423.7	11.9	25.4	50,230.30
32121	Wood Paneling Manufacturing	21.9	1.2	3.5%	1.7%	299.8	16.2	52.2	48,429.30
32191	Millwork	27.9	1.5	5.1%	1.7%	245.1	17.6	31.7	43,107.40
32192	Wood Pallets and Skids Production	10.1	0.5	6.4%	2.6%	185.0	19.3	20.5	35,730.30
33711	Cabinet and Vanity Manufacturing	15.6	0.6	5.2%	1.7%	150.8	24.6	6.9	37,063.10
33712	Household Furniture Manufacturing	25.3	0.9	0.6%	0.0%	193.6	19.6	13.3	37,882.40
33721	Office Furniture Manufacturing	26.1	1.2	0.3%	1.0%	231.0	21.8	26.9	50,267.40

Sub-Segment Summaries and Outlooks

Sawmills and Wood Production

Operators in the Sawmill and Wood Production industry manufacture lumber, boards, beams and other wood products, and industry performance relies heavily on sales to the residential and nonresidential construction markets. In recent years, the number of new housing units and spending on home improvement projects both have increased tremendously. Stronger construction activity has bolstered demand for lumber and other wood products, raising industry revenue. It is expected that revenue will increase at an annualized rate of 5.1% over the five years to 2017, including a forecast 3.8% growth over 2017 to $32.0 billion.

The Sawmills and Wood Production industry is so strongly connected to the residential and nonresidential construction industries that any significant increase or decrease in spending on construction has an almost identical effect on industry performance. During recessionary periods, consumer spending decreases as economic uncertainty increases, which cause people to hold off on home improvement projects or new home purchases. As housing demand decreases, home construction also decreases, as builders have nobody to sell to. This is accompanied by a decrease in demand for wood and other industry-related wood products that are used in construction activity. Conversely, during recovery and expansionary periods, the opposite is true. People spend more on their homes and there is an increase in demand for new homes. Developers and construction companies are more active, which strongly contributes to the rise in industry demand and revenue.

Over the five years to 2022, revenue is forecast to rise at an annualized rate of 2.2% to $35.7 billion, a more modest increase than the industry average over the five years prior. As interest rates are expected to creep up during the next five years, new developments and construction projects will become less affordable, slowing demand for industry products. Additionally, the rise in borrowing costs will also cause a decline in remodeling projects, as these too become less affordable which will also further decrease demand in industry products. Furthermore, industry revenue through exports will continue to increase, at an expected annualized rate of 0.5% to 2022.

Wood Paneling Manufacturing

The Wood Paneling Manufacturing industry manufactures wood panel and products from softwood and hardwood lumber and adhesives, such as resin. While these products can serve a variety of purposes, their largest market is in construction, particularly new home construction. Therefore, demand for the industry's products largely depends on the number of housing starts and the value of residential construction. In the early part of the five years to 2017, revenue grew strongly as housing starts surged amid economic recovery. However, growth has slowed in more recent years as downstream construction markets have returned to normal cycles. Overall, industry revenue is expected to increase an annualized 3.5% to $21.9 billion over the five years to 2017, including growth of 0.2% projected in 2017 alone.

However, industry participation has declined during the period. The largest companies in the industry have made substantial gains in market share, often through acquisitions like Georgia-Pacific's 2013 purchase of Temple Inland's building products division. The industry's major players have also increased their vertical integration of upstream timber tracts, which has allowed them to reduce input costs and maintain profitability amid a gradual rise in import penetration and resulting increase in price-based competition. As a result, average profit in the industry is expected to increase from 3.4% of revenue in 2012 to 5.7% in 2017.

Over the five years to 2022, IBISWorld anticipates that the residential construction market will continue to grow, albeit at a slower rate, sustaining demand for industry products. Although wood will remain dominant in single-family residential construction, causing this market to continue to be the most significant driver of demand, a recent rise in awareness of the environmental benefits of wood in construction may present opportunities for operators to increase their sales to commercial markets, in which they have historically faced far greater competition. In addition, continued consolidation is expected to further increase profitability in the industry. Over the next five years, industry revenue is projected to increase at an annualized rate of 1.7% to $23.8 billion.

Millwork

Over the five years to 2017, the Millwork industry has experienced growth as new construction has boosted demand for building products. Demand for industry products, which include wooden window frames, doors, floors and dimension stock (lumber and worked wood products cut or shaped into specific sizes), is primarily linked to the level of activity in residential construction markets, and to a lesser degree commercial construction. Trends in interior design have favored the comfortable, polished look that quality millwork can bring to a space, convincing retailers to continue to purchase and market woodwork products and designs from industry operators. IBISWorld expects revenue to rise an annualized 5.1% over the five years to 2017, including growth of 4.7% in 2017 alone to total $27.9 billion.

The industry has nevertheless been challenged by rising competition from wood substitute products. Windows and door frames made of fiberglass, aluminum, steel and vinyl have become increasingly popular due to their durability and lower price tags. Vinyl, a low-cost alternative to wood windows and doorframes, is one of the fastest-growing products in the window frame market, according to the American Architectural Manufacturers Association. Although the industry has grown strongly over the past five years due to the release of pent-up demand for new housing and home remodeling, sluggish income growth is expected to have pushed consumers toward lower-cost substitutes and further diminished the market share for wood. As the housing market stabilizes over the next five years, this trend is expected to pose a challenge for the industry.

Over the five years to 2022, industry revenue is forecast to increase at an annualized rate of 1.7% to $30.4 billion. The residential construction market is expected to continue its recovery and push demand for the industry's products, as rising disposable income will support investment in high-quality remodeling activity from consumers.

Wood Pallets and Skids Production

The Wood Pallets and Skids Production industry makes products that are widely used to move a variety of goods, particularly food, chemicals and industrial goods. Due to steady growth in US consumer spending, demand for pallets has increased over the past five years. In addition, coming off of an economic downturn during which demand for new pallets fell and production dropped, the industry encountered a shortage of used pallets suitable for recycling at the outset of the period, causing pallet prices to rise substantially, benefiting operators. As a result, sales growth has been strong during the period. Over the five years to 2017, industry revenue is expected to grow at an annualized rate of 6.4% to $10.1 billion, including projected growth of 3.3% in 2017 alone.

Nevertheless, the industry has experienced increased competition from substitute materials, such as plastic, metal and paper. Although wood still dominates the pallet market due to its lower cost, competition from substitutes has intensified primarily due to sanitation issues. In addition, the industry competes with pallet rental companies, which ensure customers access to a steady supply of pallets and often provide value-added logistics services, reducing demand for outright pallet purchases. Although operating costs increased for much of the past five years due to the recovering construction sector's rising demand for lumber, the price of lumber dropped in 2015, boosting industry profit. Nevertheless, profit margins are expected to exhibit only limited growth in this price-competitive industry over the next five years, as the price of lumber is expected to rebound.

Over the five years to 2022, industrial production and consumer spending are expected to continue rising, fueling projected annualized revenue growth of 2.6%, with revenue reaching $11.5 billion by 2022. Although external competition will continue to rise, operators will focus on pallet recovery, which entails manufacturing pallets using wood recycled from used pallets. These products, which have lower price points and appeal to eco-conscious customers, will help mitigate competition from external industries. Pallets used for food, however, may come under increased scrutiny under the Food Safety Modernization Act, which may raise compliance costs for the industry.

Cabinet and Vanity Manufacturing

The Cabinet and Vanity Manufacturing industry, which only encompasses products made primarily from wood, has grown over the past five years alongside improvements in residential construction spending. Cabinets and vanities are typically installed during new home construction and residential renovations, so demand for industry products is correlated with the housing market. Amid relatively low interest rates and declining unemployment over the past five years, housing starts and home improvement spending have both increased strongly. As a result, industry revenue is expected to rise at an annualized rate of 5.2% to $15.6 billion over the five years to 2017, despite a slight dip of 0.7% projected in 2017 alone.

Strong demand from new construction has led the industry to focus more heavily on customization work, benefiting smaller companies that operate on a local level and can gain an advantage in personalized service. The inclusion of more value-added design and customization work has also bolstered industry profit despite rising material costs. However, the industry will face some external threats over the coming years as a result of foreign trade, which has surged in recent years, although it remains relatively minimal. In addition, as growth in new construction investment slows to historic norms, the industry will be more reliant on home improvement projects and the big-box stores that cater to them. This will likely increase concentration of the industry and lead to some consolidation, since large, national players have better access to this sales channel.

Over the five years to 2022, the industry is forecast to grow at an annualized rate of 1.7% to $16.9 billion. Conditions within the industry are expected to improve as the housing market continues its strong growth. Housing starts in particular are expected to continue to grow over the next five years. With falling unemployment and a brighter outlook ahead, developers and individuals alike will once again be willing to invest in new units. This will increase demand for new cabinets and vanities, which are an integral part of any new home.

Household Furniture Manufacturing

Over the five years to 2017, US demand for household furniture has risen relatively strongly, underpinned by growth in the US housing market. Consumers most often purchase furniture when moving into a new home, so an increase in housing starts has raised overall furniture demand over the past five years. Existing home sales have also grown strongly over the period. Additionally, rising per capita disposable income has enabled consumers to purchase more high-end furniture, bolstering industry profit margins despite rising prices for wood, which is the main input for household furniture. As a result, industry revenue is expected to rise at an annualized rate of 0.6% to reach $25.3 billion over the five years to 2017.

However, despite rising demand for furniture, the industry has experienced intensifying competition from imports, which are expected to expand during the five-year period, to satisfy 54.8% of the domestic market. As imports continue to gain ground, revenue is expected to fall 1.3% in 2017. Foreign manufacturers, particularly in Asia, can manufacture furniture at lower costs and undercut the prices of domestic operators. Although rising wage costs in China are expected to narrow the country's manufacturing advantage and slow the industry's offshore movement, competition from low-cost imports has, in recent years, forced the closure of many domestic furniture factories. The industry's large, vertically integrated manufacturers and retailers are expected to fare better amid international competition than the many small producers in this industry, as their scale and control over their supply chains will make them more capable of competing with imports on the basis of price.

Over the next five years, growth in housing starts is expected to largely fall in line with historic norms, which, in turn, will slow growth in demand for household furniture. Favorable consumer conditions, including stronger growth in disposable income, are expected to keep the industry from decline. However, continued increases in import penetration are projected to lead to stagnation in industry revenue. Over the five years to 2022, industry revenue is forecast to grow at an annualized rate of less than 0.1% to total $25.4 billion.

Office Furniture Manufacturing

The Office Furniture Manufacturing industry has had mixed results over the five years to 2017. The fundamental drivers of demand for office furniture, including business sentiment, commercial construction and the size of the US workforce, have all improved. As businesses have undertaken expansions and resumed hiring, they have increased their demand for industry products to furnish new workspaces. However, basic, low-cost furniture items have endured increased competition from imports, dampening revenue growth despite a general increase in demand. Over the five years to 2017, industry revenue is expected to increase at an annualized rate of 0.2% to $26.1 billion. However, reduced private investment during 2016 is anticipated to temper demand for office furniture in 2017, resulting in a projected 0.8% drop in sales.

Although several industry product categories have dealt with more stringent import competition over the past five years, industry operators have found opportunities for growth in customization. The industry currently generates more than one-quarter of revenue from the production of custom-order interior fixtures for offices, which have been its fastest-growing product segment over the past five years. As a service-oriented product line, customization does not compete with imports, and the industry's increased reliance on it has already begun to alter its structure, raising its labor intensity and opening opportunities for smaller, locally focused businesses.

Over the next five years, foreign competition will continue to constrain the industry's potential. In addition, a trend of increased telecommuting will somewhat dampen businesses' demand for furniture. As communication technology and workflow software improve, businesses will likely continue to grow more comfortable with their employees working remotely, and will be able to expand their workforces without an equivalent increase in the need for new furniture. Nevertheless, IBISWorld expects that sustained increases in employment and business formation, as well as an acceleration in commercial construction spending, will allow the industry to achieve modest growth. Over the five years to 2022, industry revenue is projected to increase at an annualized rate of 1.0% to $27.3 billion.

Source: IBISWorld Industry Reports