



NORTH CAROLINA
**DEPARTMENT of
COMMERCE**

Josh Stein
GOVERNOR

Lee Lilley
SECRETARY

April 1, 2025

Dear Governor Stein, Senator Berger, and Speaker Hall,

As Secretary of the North Carolina Department of Commerce, it is my responsibility to lead the development of the state's comprehensive strategic economic development plan and to provide annual updates on both the plan's progress and the broader economic performance of the state.

Since the release of the *First in Talent* plan in July 2021, Commerce and statewide partners have made significant strides in advancing initiatives aligned with 39 of the 44 tactics outlined in the plan. The *First in Talent* plan will remain in effect until the release of the next iteration of the state's strategic economic development plan, which is anticipated in 2026.

The 2025 Annual Evaluation of North Carolina's Economic Performance provides an analysis of the state's economy. As evidenced by our realized capital investment, and data from the North Carolina Economic Activity Report (NC EADR), North Carolina experienced significant economic growth in 2024, with the creation of over 17,000 new jobs and over \$16 billion in announced investment.

In accordance with G.S. 143B-434.01, a summary of significant progress made in advancing the goals in the *First in Talent* plan and the 2025 Annual Evaluation of North Carolina's Economic Performance, prepared by Commerce's Labor and Economic Analysis Division (LEAD), are enclosed for your review.

Sincerely,

A handwritten signature in black ink, appearing to read "Lee Lilley".

Lee Lilley

Secretary

2025 First in Talent Annual Update

The [First in Talent Strategic Economic Development Plan for the State of North Carolina](#) was published in July 2021 and focuses on enhancing talent development and fostering a competitive economy through three main goals:

- Goal 1: Prepare North Carolina's workforce for career and entrepreneurial success.
- Goal 2: Prepare North Carolina's businesses for success by growing and attracting a talented workforce.
- Goal 3: Prepare communities across North Carolina to be more competitive in growing and attracting a talented workforce and businesses.

The Commerce Department's 2022, [2023](#), and [2024](#) annual reports highlight initiatives established in partnership with the North Carolina General Assembly, local governments, and economic and workforce partners to advance the *First in Talent* strategic vision. In under four years, 84% of the Plan's 44 tactics have been completed or are in development. Progress across the plan continued in 2024, including significant work towards five new tactics.

The Commerce Department reviewed the seven tactics that were not completed as a part of the initial *First in Talent* plan and identified several policy areas that should remain a priority as Commerce leads the development of the next iteration of the strategic plan. These areas include examining the role the transportation system plays in affordable housing, assisting small businesses in adopting internet-based technologies and artificial intelligence to enhance their operations, and expanding the capacity of water and sewer infrastructure to meet business needs and support future economic growth.

The list below highlights some of the recent and new *First in Talent* initiatives that are either complete or currently underway. This list is not exhaustive but offers a glimpse into the ongoing state-wide efforts to address workforce barriers, create jobs, foster business growth, and drive rural economic development.

Goal 1- Prepare North Carolina's workforce for career and entrepreneurial success.

- Commerce and NC Child assessed the economic impact of childcare on North Carolina's economy and labor market and identified meaningful solutions through the report, [Empowering Work: How Increasing Employment Among Parents of Young Children Can Grow North Carolina's Economy](#). (Strategy 1)
- From January 1, 2024 – July 31, 2024, North Carolina recorded having 63,799 participants in **Workforce Innovation & Opportunity Act** (WIOA) Title I and Title III

programs (combined), representing an increase of 4,222 participants from the same time period in 2023. (*Strategy 2*)

- The North Carolina Workforce Credentials Advisory Council, a partnership between the NCWorks Commission, North Carolina Departments of Commerce, Public Instruction, the North Carolina Community College System, and myFutureNC, worked with partners to identify and support the utilization of valuable non-degree workforce credentials for employers and individuals of North Carolina. The Executive Director of the NCWorks Commission serves as the Chair of the Council. (*Strategy 3*)
- The Division of Workforce Solutions deployed the **NCWorks Mobile Career Center**. In its first year, the Mobile Career Center was dispatched to 30 different counties and 37 communities across North Carolina, logging more than 14,000 miles on the road. (*Strategy 4*)
- The Joint Reentry Council developed the Reentry 2030 Strategic Plan. The Reentry Strategic Plan contains 26 objectives, which are bold, measurable goals to dramatically improve reentry, rehabilitation, and educational services. The Plan also contains 133 strategies, which are commitments by state agencies and other organizations to take specific actions to reach the objectives. The Plan also contains performance metrics, which will help North Carolina track progress towards the goals. (*Strategy 4*)

Goal 2: Prepare North Carolina's businesses for success by growing and attracting a talented workforce.

- In January 2024, DWS awarded business services planning grants to 14 local workforce development boards, totaling \$490,000. Workforce boards will use the grants to convene local and regional partners and employers, and to plan and develop strategies and initiatives for evidence-based, in-demand industry Sector Partnerships to meet the needs of businesses in subsectors of Advanced Manufacturing, including those focused on clean energy, where applicable. (*Strategy 5*)
- The Office of Science Technology and Innovation administered the One North Carolina Small Business Incentive and Matching Grant Programs and awarded a total of \$2.36M to 85 innovative companies across NC to advance the commercialization of innovative new technologies. This latest round of grant funds expanded the geography of awardees across the state and directed greater funding to first-time awardees. (*Strategy 7*)

- Commerce and the North Carolina Manufacturing Extension Partnership at North Carolina State University published the [*Best Practices for Growing Manufacturing in North Carolina*](#) report, highlighting issues and opportunities impacting the industry's current and future growth. (Strategy 8)

Goal 3- Prepare communities across North Carolina to be more competitive in growing and attracting a talented workforce and businesses.

- Governor Josh Stein established the Division of Community Revitalization within the Commerce Department to oversee the rebuilding of homes destroyed or damaged by Hurricane Helene and to coordinate and lead efforts to revitalize the economy of western North Carolina. (Strategy 9)
- The North Carolina Department of Information Technology's Division of Broadband and Digital Equity Completing Access to Broadband (CAB) Program created partnerships between state and local governments to develop the scope of work and fund broadband deployment projects with \$400 million from the American Rescue Plan. (Strategy 10)
- Medicaid was expanded in North Carolina on December 1, 2023. (Strategy 11)
- The Industrial Development Fund - Utility Account awarded approximately \$8 million in grant awards to support publicly funded infrastructure projects and industrial site development. Of the awards made, 80% went to Tier 1 counties. (Strategy 12)
- The Rural Downtown Economic Development Program awarded grants totaling \$15.1 million that support 2,660 jobs and leverage public and private investments of \$48,553,070. Of those funds granted, 100 percent went to support Tier 1 and Tier 2 Counties. (Strategy 13)

2025 Annual Evaluation of North Carolina Economic Performance

Pursuant to [G.S. 143B-434.01](#), the Department of Commerce annually reports on the state's Comprehensive Strategic Economic Development Plan and evaluates North Carolina's economic performance. This report evaluates key economic indicators as outlined by statute.

DATA TOOLS FOR ECONOMIC ANALYSIS

[G.S. 143B-434.01\(k\)](#) calls for analysis of the eight data points listed below. Technical tools developed by the agency, such the Demand Driven Data Delivery System (D4), enable users to readily retrieve similar information at a city, county, region, and statewide level. In addition, Commerce produces numerous publications that provide more detailed analysis than is required by statute and have a wider readership than this report. These resources include:

- [Analytics.nccommerce.com](#) is the main repository for the Labor and Economic Division's (LEAD) data, dashboards and publications, including labor supply and demand, industry and occupational projections, regional labor market overviews and other visualizations.
- [Demand Driven Data Delivery System](#) (D4) is North Carolina's official labor market data source and contains the most current and historical labor market information available at statewide, regional, and local levels.
- [NC Today](#) is a monthly review of labor market conditions in North Carolina on various aspects of the economy. Topics include employment and unemployment statistics, unemployment insurance benefit claims, retail sales, residential building permits, manufacturing hours worked, and other economic indicators.
- [Area Profiles](#) are economic and demographic overviews available by county, workforce board area, and prosperity zone. In addition to labor market information, these profiles include data on populations including demographics, educational attainment, and commuting patterns.
- [NCcareers.org](#) is an online resource for students, parents, educators, job seekers and career counselors looking for high quality job and career information. Within NCcareers.org, users can identify their skills/interests; explore occupations and local job/employer needs; identify education and training opportunities and prepare to enter/re-enter the job market.
- [NCWorks Online](#) is a one-stop online resource for job seekers and employers in North Carolina. Job seekers can search for jobs, create resumes, and find education and training. Employers can find candidates, post jobs, and search labor market information.

ANALYSIS OF KEY ECONOMIC INDICATORS

REALIZED CAPITAL INVESTMENT

The North Carolina Economic Development Activity Report (NC EDAR) is a comprehensive list of announced commercial investment through relocations, expansions, or new facilities within traded sectors. Projects listed include those supported by the Economic Development Partnership of North Carolina as well as projects led solely by partners in local communities. This report does not include investments made in retail, recreation, hospitality, infrastructure, utilities, or the public sector. Confidential jobs and investment are not included in this report.

In 2024, North Carolina's economic development community reported 166 economic development projects across the state. Reported projects contributed a total of 17,586 announced jobs and about \$16.13 billion in announced investment. The state's largest manufacturing capital investment project in 2024 was undertaken by Novo Nordisk (\$4.1 billion in Johnston County). The state's largest manufacturing job creation project was Natron Energy (1,062 jobs in Edgecombe County). The largest non-manufacturing capital investment project was Google (\$600 million in Caldwell County) and the largest non-manufacturing job creation announcement was Ross Stores (852 jobs in Randolph County).

Consistent with past years, there were more manufacturing projects in 2024 than any other project type. Manufacturing projects accounted for over 78 percent of total announced jobs and 89 percent of total announced investment.

In 2024, 40 Foreign Direct Investment (FDI) projects from 17 different countries announced 7,082 announced jobs and \$7.9 billion in investment in North Carolina. Japan represented the most announced jobs (1,490) and Denmark represented the most investment (\$4.1 billion).

NET JOB CHANGE

Net job change is the difference in employment level between two points in time. According to the Current Employment Statistics (CES) program, North Carolina's seasonally adjusted total nonfarm employment reached 5,052,000 in January 2025, growing 1.2 percent from the year before. Total private employment increased by 1.0 percent, while Government employment grew by 2.5 percent.

Most industry sectors reported seasonally adjusted job increases over the year, led by Education and Health Services (3.4%), Construction (2.5%), Government (2.5%), Other Services (1.4%) and Professional and Business Services (1.3%). Industries with declines in jobs include Manufacturing (-1.5%) and Information (-1.2%).

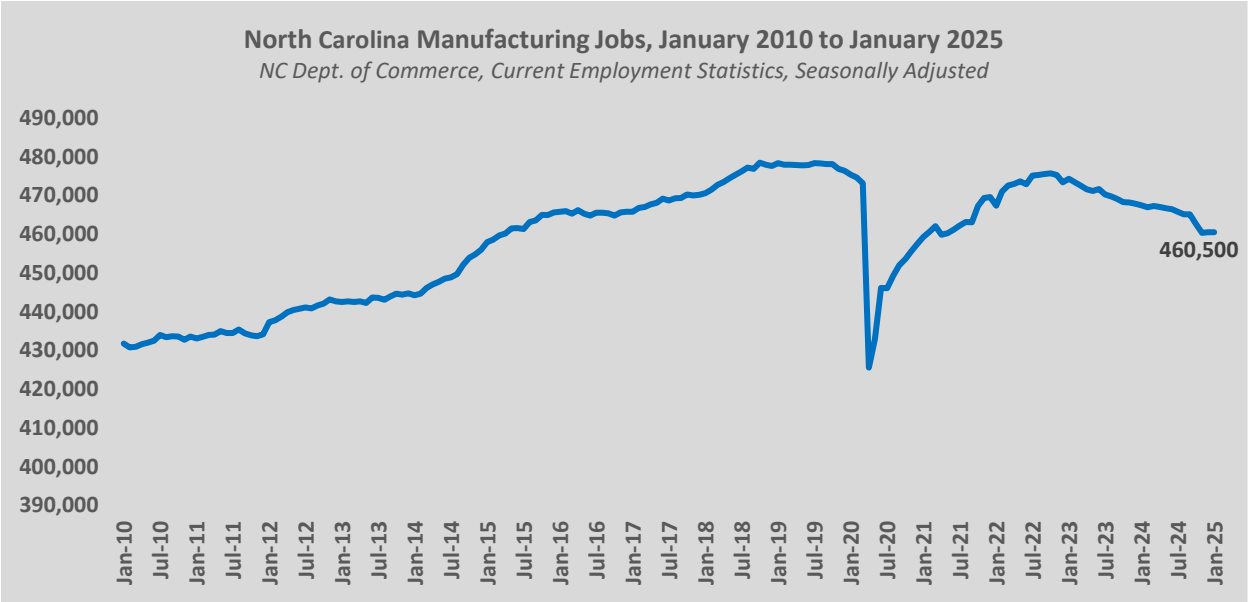
Net Job Change by Industry <i>NC Dept. of Commerce, Current Employment Statistics, Seasonally Adjusted</i>				
Industry	January 2024	January 2025*	Change	% Change
Trade, Transportation, and Utilities	932,200	936,100	3,900	0.4%
Wholesale Trade	207,800	207,900	100	0.0%
Retail trade	525,500	525,900	400	0.1%
Transportation, Warehousing, and Utilities	198,900	202,300	3,400	1.7%
Government	758,500	777,800	19,300	2.5%
Federal	80,700	83,500	2,800	3.5%
State Government	213,700	222,900	9,200	4.3%
Local Government	464,100	471,400	7,300	1.6%
Professional and Business Services	740,400	750,100	9,700	1.3%
Professional, Scientific, and Technical	329,600	341,000	11,400	3.5%
Management of Companies and Enterprises	85,500	83,200	-2,300	-2.7%
Administrative and Waste Services	325,300	325,900	600	0.2%
Education and Health Services	687,400	711,100	23,700	3.4%
Educational Services	112,500	114,600	2,100	1.9%
Health Care and Social Assistance	574,900	596,500	21,600	3.8%
Leisure and Hospitality	541,900	541,700	-200	0.0%
Arts, Entertainment, and Recreation	80,400	83,900	3,500	4.4%
Accommodation and Food Services	461,500	457,800	-3,700	-0.8%
Manufacturing	467,500	460,500	-7,000	-1.5%
Durable Goods	248,500	241,300	-7,200	-2.9%
Nondurable Goods	219,000	219,200	200	0.1%
Financial Activities	306,900	309,800	2,900	0.9%
Finance and Insurance	235,100	237,900	2,800	1.2%
Real Estate and Rental and Leasing	71,800	71,900	100	0.1%
Construction	268,300	274,900	6,600	2.5%
Other Services	196,200	198,900	2,700	1.4%
Information	86,200	85,200	-1,000	-1.2%
Mining and Logging	6,000	5,900	-100	-1.7%
TOTAL (Nonfarm)	4,991,500	5,052,000	60,500	1.2%
TOTAL (Private)	4,233,000	4,274,200	41,200	1.0%

*January 2025 data are preliminary and subject to revision.

MANUFACTURING CHANGES

Although the “Great Recession” officially ended in June 2009, the state’s Manufacturing jobs bottomed out in February 2010. From February 2010 through 2019, Manufacturing jobs

increased steadily in the state, before plummeting in April 2020 due to the onset of the pandemic. Since then, Manufacturing jobs nearly recovered to 2019 levels before declining over the past two years. In January 2025 there were 14,900 (-3.1%) fewer Manufacturing jobs than in January 2020.



Over the past year (January 2024 to January 2025), not seasonally adjusted Manufacturing jobs decreased by 5,200 (-1.1%). Manufacturing industries with net increases over the year included Food Manufacturing (4.3%), Electrical Equipment & Appliances (2.8%), Beverage & Tobacco Products (0.7%) and Chemicals Manufacturing (0.4%). Several manufacturing industries had declines over the year, including Apparel (-8.7%), Computer and Electronics (-6.4%), Furniture & Related Products (-6.3%), Transportation Equipment (-3.4%), Printing & Related Support Activities (-2.8%), Fabricated Metal Products (-2.3%), Textile Product Mills (-1.9%) and Textile Mills (-1.8%).

Manufacturing Jobs by Industry				
NC Dept. of Commerce, Current Employment Statistics, Not Seasonally Adjusted				
Industry	January 2024	January 2025*	Change	% Change
Manufacturing	465,100	459,900	-5,200	-1.1%
Food	60,100	62,700	2,600	4.3%
Chemicals	47,200	47,400	200	0.4%
Fabricated Metal Products	39,000	38,100	-900	-2.3%
Machinery	37,400	37,300	-100	-0.3%
Plastics & Rubber Products	35,600	35,500	-100	-0.3%
Transportation Equipment	35,200	34,000	-1,200	-3.4%
Furniture & Related Products	30,000	28,100	-1,900	-6.3%
Computer & Electronic Products	28,200	26,400	-1,800	-6.4%
Textile Mills	21,700	21,300	-400	-1.8%

Electrical Equipment & Appliances	21,600	22,200	600	2.8%
Wood Products	18,300	18,200	-100	-0.5%
Beverage & Tobacco Product Manufacturing	14,100	14,200	100	0.7%
Printing & Related Support Activities	10,800	10,500	-300	-2.8%
Textile Product Mills	5,200	5,100	-100	-1.9%
Apparel	4,600	4,200	-400	-8.7%

*January 2025 data are preliminary and subject to revision.

FIRM AND ESTABLISHMENT CHANGES

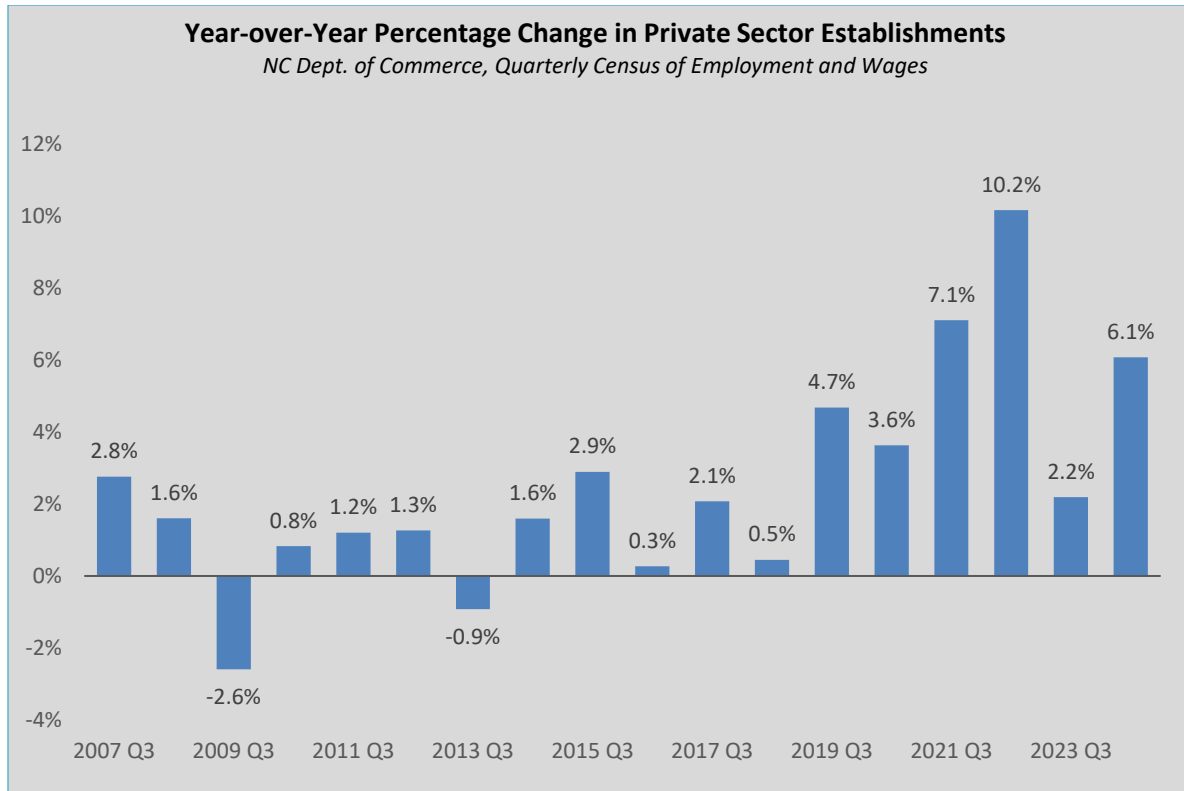
A ***firm*** is a business organization consisting of one or more ***establishments*** under common ownership or control. The most recently available data from the Census Bureau’s Business Dynamic Statistics (BDS) show that there were 172,754 firms in North Carolina in 2022 (a 2.8% increase over 2021). While BDS does not produce data on firm-births, the data shows that North Carolina experienced about 14,295 firm deaths in 2022.

BDS also provides dynamic establishment change data, including numbers of establishment births and deaths. These data show that North Carolina experienced 26,060 establishment births in 2022. This works out to an establishment birth rate of 11.4 [= (establishment births / total establishments) * 100], the state’s highest establishment birth rate since 2007. In general, the data show a gradually declining establishment birth rate from the late 1970s to the late aughts, then relative stability from 2010 to the present. North Carolina’s establishment birth rate was roughly equal to the nation’s in 2021, which has generally followed similar trends over recent decades.

North Carolina also experienced 20,682 establishment deaths in 2022, which works out to an establishment death rate of 9.0 [= (establishment deaths / total establishments) *100]. In general, the state’s establishment death rate has also been declining since 1978, though not as quickly or consistently as the birth rate. North Carolina’s establishment death rate is lower than the nation’s rate of 9.5, which has also been in decline over recent decades.

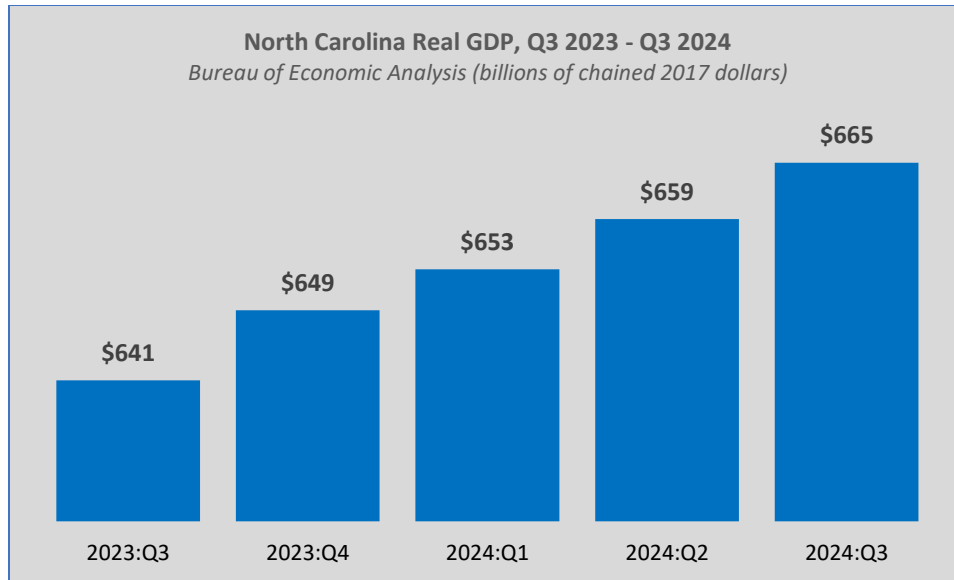
For North Carolina in 2022, establishment births were associated with the creation of 198,247 jobs (31% of total job creation), while establishment deaths were associated with the loss of 146,749 jobs (33% of total job losses).

A more recent source for establishment data is the Quarterly Census of Employment and Wages (QCEW). According to QCEW, private sector establishments in North Carolina grew 6.1 percent from 2023 Q3 to 2024 Q3.

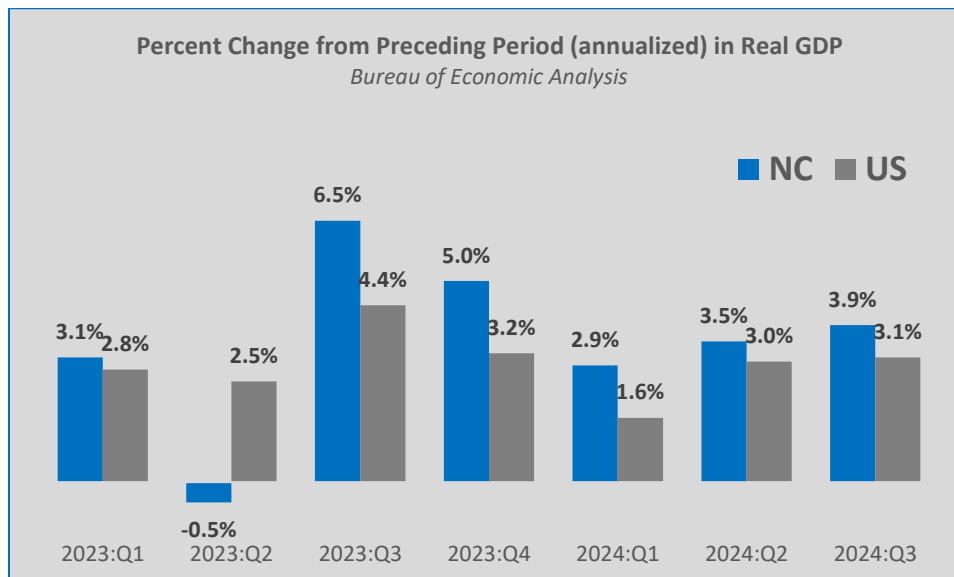


STATUS AND PERFORMANCE OF KEY SECTORS

One of the most common ways to measure a state's overall economic performance or strength is to look at gross domestic product (state GDP), the total market value of all goods and services produced in the state. According to the most recent data from the Bureau of Economic Analysis, North Carolina's 3rd Quarter 2024 GDP was over \$845 billion (or \$665 billion in 2017 dollars - a figure BEA uses to compare GDP over time adjusting for inflation). Over the past four quarters, North Carolina's real GDP grew by 3.8 percent, a faster pace than the nation's growth of 2.7 percent.



North Carolina has outperformed the US in the most recent quarters with the exception of the 2nd quarter of 2023 which saw a slight decline in the state's real GDP.



Over the past four quarters, North Carolina's real GDP grew by 3.8 percent overall. Within this total, Private industries' GDP increased by 4.0 percent, while Government GDP grew by 2.4 percent. The largest private industry contribution to state GDP came from Manufacturing, making up 13.3 percent of GDP in the 3rd quarter of 2024, followed by Real Estate (12.6%), Professional, Scientific, and Technical Services (9.0%), Finance and Insurance (8.9%) and Health Care and Social Assistance (7.2%).

The largest percentage increases in Real GDP occurred in Agriculture, forestry, fishing and hunting (56.8%), Arts, entertainment, and recreation (12.2%), Retail trade (10.1%), Educational

services (8.0%), Finance and insurance (5.3%) and Construction (5.3%). Real GDP decreased in a few industries, including Management of Companies (-4.6%), Utilities (-2.7%) and Accommodation and food services (-0.2%).

The state's goods-production grew by 5.4 percent over the year while private service-providers grew by 3.6 percent. Within Manufacturing, durable goods (e.g. cars, appliances, etc.) production fell by 0.6 percent while nondurables (e.g. chemicals, food, etc.) grew by 6.2 percent.

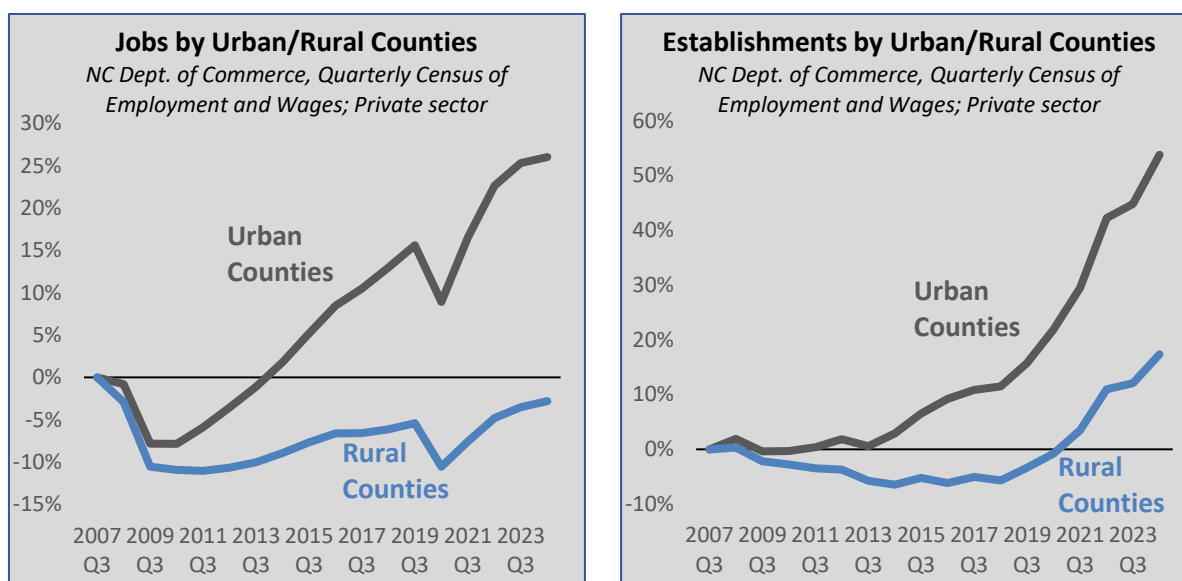
North Carolina Real GDP by Industrial Sector, Q3 2023-Q3 2024 <i>Bureau of Economic Analysis (in millions of chained 2017 dollars)</i>				
Description	2023 Q3	2024 Q3	Change	% Change
All industry total	\$640,890	\$665,245	\$24,355	3.8%
Private industries	\$565,904	\$588,423	\$22,519	4.0%
Manufacturing	\$85,862	\$88,573	\$2,712	3.2%
Real estate and rental and leasing	\$82,006	\$83,672	\$1,666	2.0%
Professional, scientific, and technical services	\$56,709	\$59,623	\$2,914	5.1%
Finance and insurance	\$56,192	\$59,198	\$3,005	5.3%
Health care and social assistance	\$45,737	\$47,951	\$2,213	4.8%
Retail trade	\$38,466	\$42,337	\$3,871	10.1%
Wholesale trade	\$34,016	\$34,644	\$628	1.8%
Information	\$30,667	\$31,534	\$867	2.8%
Construction	\$25,908	\$27,288	\$1,381	5.3%
Admin & support and waste mgmt. & remediation	\$24,019	\$24,477	\$459	1.9%
Management of companies and enterprises	\$18,482	\$17,630	-\$851	-4.6%
Accommodation and food services	\$16,336	\$16,298	-\$38	-0.2%
Transportation and warehousing	\$15,389	\$15,608	\$219	1.4%
Other services (except government)	\$11,854	\$11,898	\$43	0.4%
Utilities	\$8,966	\$8,724	-\$242	-2.7%
Educational services	\$8,137	\$8,788	\$651	8.0%
Arts, entertainment, and recreation	\$5,692	\$6,388	\$696	12.2%
Agriculture, forestry, fishing and hunting	\$3,900	\$6,116	\$2,216	56.8%
Mining, quarrying, and oil and gas extraction	\$1,050	\$1,080	\$30	2.8%
Government and government enterprises	\$75,106	\$76,923	\$1,817	2.4%
Federal civilian	\$11,726	\$12,165	\$439	3.7%
Military	\$10,859	\$11,292	\$434	4.0%
State and local	\$52,565	\$53,494	\$929	1.8%

RURAL BUSINESS DEVELOPMENT

The following table provides North Carolina's most recent county-level Quarterly Census of Employment and Wages (QCEW) data on employment and business establishments, aggregated

by counties' urban/rural status.¹ Like most places in the U.S., urban county job growth has outpaced rural county job growth over recent years in our state. And recovery from the Covid-19 pandemic has proceeded differently in the labor markets of rural and urban economies. A slightly higher portion of urban jobs were lost during the pandemic recession, but urban private sector job growth outpaced growth in rural job markets from 2020 Q3 to 2023 Q3. That changed in the most recent data, however. In 2024 Q3, North Carolina's urban county jobs grew 0.6 percent, and rural jobs grew 0.7 percent. Still, since 2020 Q3, urban county jobs have grown 15.7 percent (407,000 jobs), while rural county jobs grew 8.7 percent (77,000 jobs).

On the other hand, the number of private business establishments has been stable or rising since the onset of the pandemic in both rural and urban counties (though establishments in rural counties have grown more slowly). From 2020 Q3 to 2024 Q3, North Carolina's urban county private establishments grew 26.1 percent (51,000 establishments), while rural county private establishments grew 18.2 percent (14,000 establishments).



While the number of jobs in rural counties has now returned to pre-pandemic levels, rural job markets still have not recovered all their job losses from the Great Recession. Rural counties had 2.8 percent fewer jobs in the third quarter of 2023 than in 2007.

STATUS OF MINORITY-OWNED BUSINESSES

The timeliest data for assessing minority-owned businesses in North Carolina is available through the Census Bureau's Annual Business Survey (ABS), which is published annually and

¹ Counties with population density over 250 people per square mile, according to the 2020 U.S. Census, are considered urban. Under this definition, urban counties are Alamance, Buncombe, Cabarrus, Catawba, Cumberland, Davidson, Durham, Forsyth, Gaston, Guilford, Henderson, Iredell, Johnston, Lincoln, Mecklenburg, New Hanover, Onslow, Orange, Pitt, Rowan, Union, and Wake.

covers employer firms—those firms with paid employees. According to ABS, 16.9 percent (30,114) of North Carolina’s employer firms were minority-owned in 2022. Minority-owned firms employed 6.2 percent (258,779) of employees in the state in that year. As a comparison, 22.6 percent of US employer firms were minority-owned and employed 7.9 percent of total employees in that same year. Despite the under-representation of minority-owned businesses in the state, the [number of Black-owned and Hispanic-owned businesses in the state grew by nearly 65%](#) between 2017 and 2022. In comparison, the growth in White-owned businesses was a more modest 5% over the same period.

A separate Census product called the Nonemployer Statistics by Demographics series (NES-D) includes demographic information about nonemployer firms—those firms without paid employees. According to NES-D, 32.6 percent (282,000) of the state’s nonemployer firms were minority-owned in 2021. At the national level, 38.0 percent of nonemployer firms were minority-owned in 2021.

DEVELOPMENT CAPACITY

The N.C. Department of Commerce annually ranks the state’s 100 counties based on economic well-being and assigns each a Tier designation. The 40 most distressed counties are designated as Tier 1, the next 40 as Tier 2, and the 20 least distressed as Tier 3. This Tier system is incorporated into various state programs to encourage economic activity in the less prosperous areas of the state.

For more information about the Tier system, please refer to:

<https://www.commerce.nc.gov/grants-incentives/county-distress-rankings-tiers>