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Beyond the Fed

How AI and the Capital Spending Boom Are Redrawing the Economic Map

The U.S. outlook, the seven forces reshaping where growth happens, and what all of it means for the Carolinas, metro by metro and county by county.

Mark P. Vitner, President & Chief Economist
Piedmont Crescent Capital · Southeast Economic Advisors

THE ARGUMENT

Three Things This Talk Does That a Forecast Update Does Not

1

It starts after the Fed, not with it.

The federal funds target has not moved all year and will move at most a quarter point in the next six months. Over that same stretch business investment has grown at better than twice the rate of consumer spending. The policy rate is no longer the interesting variable.

2

It treats the capital spending boom as seven separate forces, not one AI story.

AI is the loudest of them. It is not the only one, and the two largest projects in North Carolina history belong to different forces entirely.

3

It gives every North Carolina metro the same treatment.

Raleigh has added 21.5% to its job count since 2019 while Rocky Mount has lost 1.1%, and both sit under the same monetary policy. We spend the last third of this talk beyond the beltlines, where most of the Carolinas actually live.

Two weeks ago the G20 finance ministers met in this building, with Secretary Bessent hosting and Chair Warsh co-hosting, and the Federal Open Market Committee begins a two-day meeting today. It is a good week to talk about what happens after the Fed.

PART ONE

Where the Economy Actually Is

A capital-led, two-speed expansion with a labor market that looks weaker than it is and an inflation problem that is narrower than it looks. Four charts and one table, and then we leave the Fed behind for good.

THE NATIONAL PICTURE

A Capital-Led, Two-Speed Expansion

Business investment in plants, equipment and technology is driving this cycle, and the closest rhyme is the late-1990s capital spending boom.

2.5%

2026 GDP, PCC FORECAST

Above consensus, and 2.6% in 2027. No peer forecast we read shares the capex framing.

6.1%

NONRESIDENTIAL INVESTMENT

Our 2026 forecast, against 2.3% for consumer spending and minus 1.8% for housing.

4.1%

UNEMPLOYMENT RATE

The labor force, however, shrank 264,000 and participation slipped to 61.4%.

Two

SPEEDS

Capex, high earners and AI infrastructure on the fast track. Housing, small business and the middle-income consumer on the slow one.

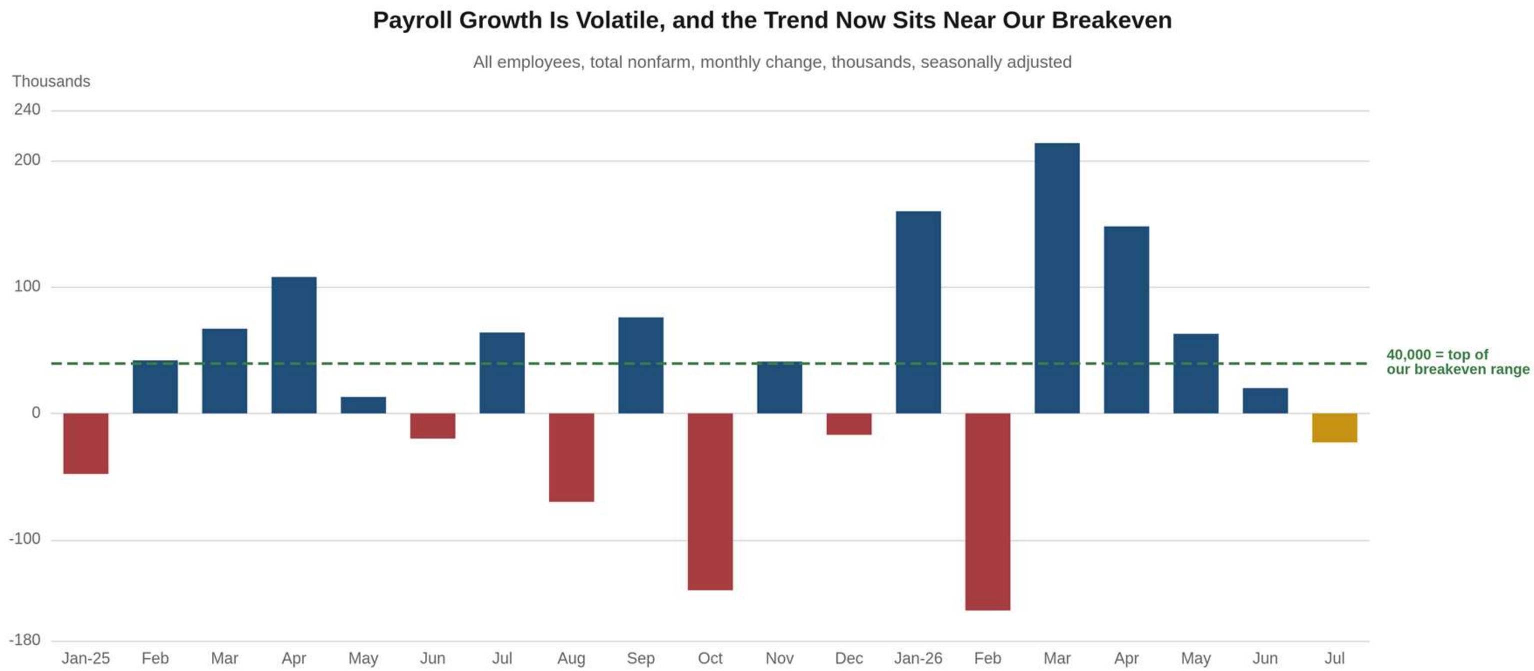
- That split is where this deck earns its keep for a 2027 budget, because the fast track is signing new commitments while the slow track is renewing in place.
- It also explains a labor market that produces weak payroll prints and a 4.1% unemployment rate at the same time.

Source: Piedmont Crescent Capital forecast; U.S. Bureau of Labor Statistics; Institute for Supply Management; Bureau of Economic Analysis.

JOBS

Payroll Growth Is Volatile and the Trend Is Low

The monthly prints have been all over the map, and the level of employment keeps getting revised down after the fact.



Source: U.S. Bureau of Labor Statistics. Latest: July 2026. The August 28 preliminary benchmark revision lowered the March 2026 level by a further 79,000.

JOBS

A Small Payroll Number Is No Longer a Weak Payroll Number

We cut our estimate of breakeven payroll growth to a range of zero to 40,000 a month, from 50,000 to 75,000, and that changes how every jobs report should be read.

0 to 40k

PCC BREAKEVEN RANGE

What the economy needs to hold the unemployment rate steady, and the range is now slowly rising.

-79,000

MARCH 2026 BENCHMARK

The preliminary benchmark cut the level of employment, against a consensus looking for an increase near 138,000.

18,000

REVISED MONTHLY AVERAGE

Average job growth over the revision year, once the benchmark is applied.

203,000

INITIAL CLAIMS

Week of August 22, with continuing claims at 1.78 million. Layoffs are still not the story.

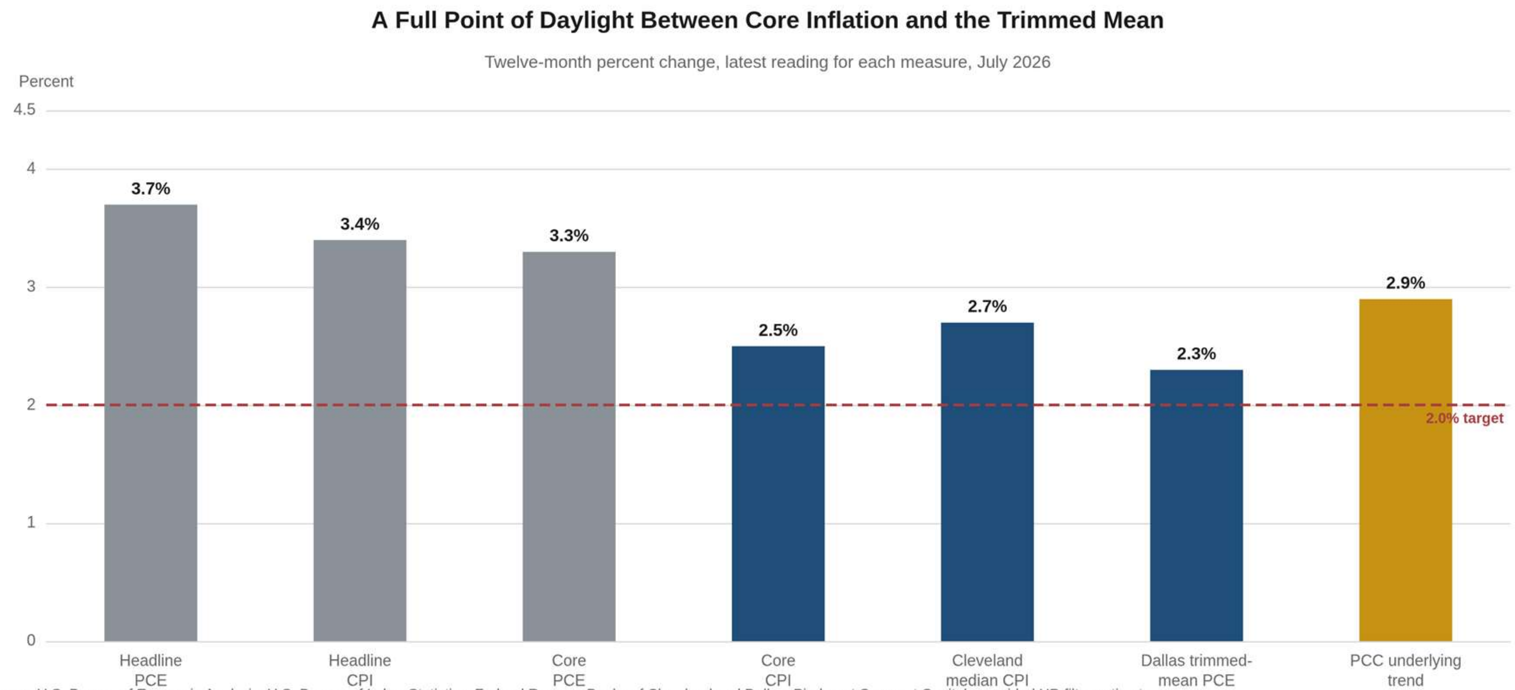
- This is a low-hire, low-fire labor market. Weak hiring and weak firing produce a stable unemployment rate, which is exactly what we have.
- The breakeven is rising again as manufacturing hiring resumes and documented foreign-born workers gradually return, so the bar for a "good" number will keep moving.
- For a wage budget the number to use is the employment cost index, which is running 3.4% and which we carry at 3.4% again next year, not the payroll headlines.

Source: U.S. Bureau of Labor Statistics; Piedmont Crescent Capital estimates.

INFLATION

The Problem Is Narrower Than the Headline

Strip the energy shock out and the underlying rate is running near target, which is the whole argument for a Fed that can hold.



Source: U.S. Bureau of Economic Analysis; U.S. Bureau of Labor Statistics; Federal Reserve Banks of Cleveland and Dallas; Piedmont Crescent Capital one-sided HP-filter estimate.

POLICY

Four Reasons We Think the Committee Can Hold

Inflation is monetary, which makes this an argument about the stance of policy today.

1. **The trend is falling.**

   Our one-sided filter estimate of core CPI reached 2.51% in July, a third consecutive monthly decline and the lowest since March 2021. Core CPI compounded 1.6% over three months.

2. **Policy works with long and variable lags.**

   The lags from the current stance have not finished running, and a committee that reacts to the last twelve months acts on information the economy has already digested.

3. **Policy is already tight.**

   A 3.50% to 3.75% funds rate against a 2.5% underlying core rate is a positive real rate of more than a point.

4. **The two transmission mechanisms are stuck in low gear.**

   Housing and light vehicles are where policy bites first. Shelter rose 0.1% for a second month, new vehicles are up 0.5% over the year and motor vehicle insurance fell 4.5%. That is the stance working, and it is visible in the CPI itself.

What would change our mind: two or three months of core services less shelter near 0.4% with shelter no longer decelerating. July posted one such month.

THE FED

The Committee Begins a Two-Day Meeting Today

Kevin Warsh used his first Jackson Hole address to say the Fed's predominant focus right now should be on prices, and the futures market has been repricing ever since.

59%

SEPTEMBER HIKE ODDS

As priced in late August, up from about 35% before the speech. We do not think the data justify a move tomorrow.

3.7%

PCE HE CITED

And 4.1% at a six-month annualized rate. He said that unless underlying inflation moves toward target the Committee has work to do.

+14 bp

TWO-YEAR TREASURY

On the day, to 4.34%. The long end barely moved, which tells you the market read it as a policy story and not an inflation story.

Three

JULY DISSENTS

Hammack, Kashkari and Logan, each for a quarter point hike. They are right about the record and early on the question.

- He also rejected forward guidance, calling it a discipline rather than a decision. For anyone building a model, that means fewer signposts and more data dependence.
- For anyone building a 2027 budget the practical consequence is to stop planning around a rate cut, because there is not one in our forecast and there has not been one all year.

Source: Federal Reserve Board; Chair Warsh's August 28, 2026 remarks; CME FedWatch as reported by TheStreet and FXStreet. Market levels are August 28 closes.

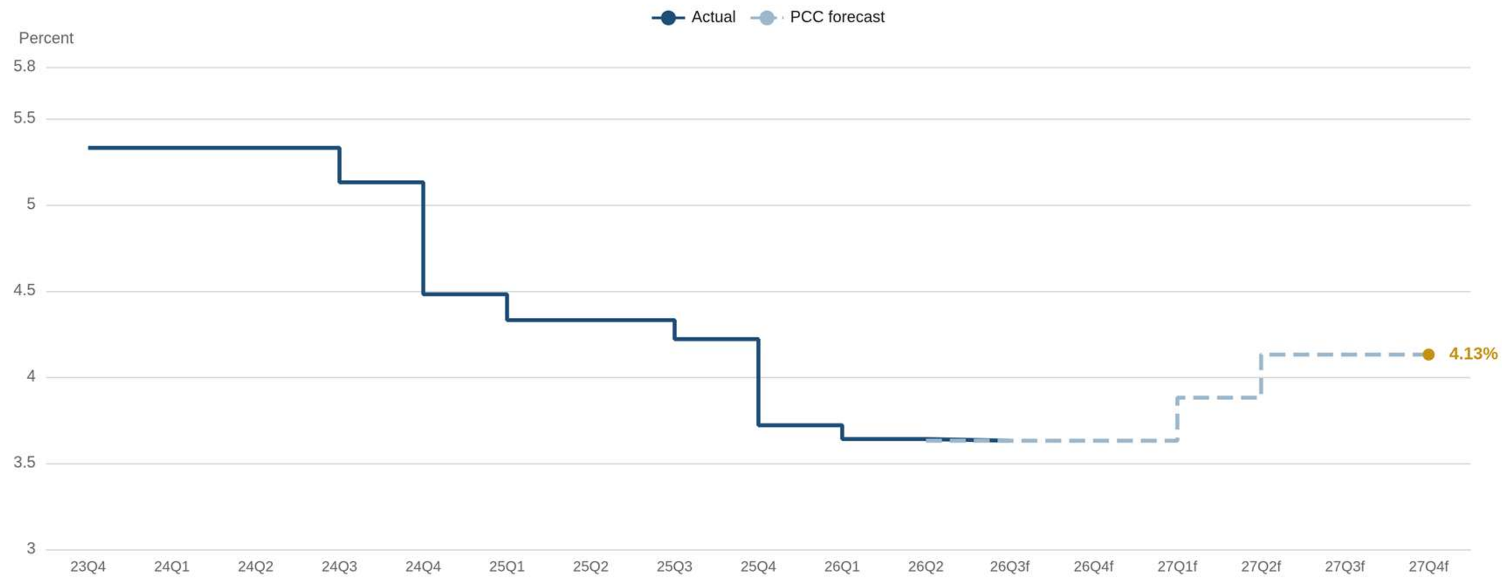
RATES

No Cut, and the Next Move Is a Hike

We look for a hold when the Committee announces tomorrow, and the first quarter-point increase in the first quarter of 2027, with rising weight on a move late this year.

Our Path Carries No Cut, and the Next Move Is a Hike

Federal funds rate, quarter-end, percent. Actual through 2026Q2; Piedmont Crescent Capital forecast thereafter, at target-range midpoints



Source: Federal Reserve Board; Piedmont Crescent Capital forecast. Forecast quarters are marked f. Terminal rate 4.00% to 4.25%.

Our U.S. Economic and Financial Outlook

This is the one slide worth photographing.

		Annual				Actual		Quarterly Forecast					
Indicator	**Units**	**2024**	**2025**	**2026**	**2027**	**Q1-26**	**Q2-26**	**Q3-26**	**Q4-26**	**Q1-27**	**Q2-27**	**Q3-27**	**Q4-27**
				Forecast						*Forecast*			
Output													
Real GDP	*% q/q SAAR*	2.8	2.1	2.5	2.6	2.1	**1.5**	2.7	2.6	2.3	2.7	2.8	2.7
4th Qtr-to-4th Qtr Change, Yr/Yr Chg for Qtly Data	*% YoY*	*2.4*	*2.0*	*2.4*	*2.6*	*2.7*	**2.1**	*1.7*	*2.2*	*2.2*	*2.5*	*2.5*	*2.5*
Final Sales to Private Domestic Purchasers	*% q/q SAAR*	3.0	2.6	2.6	2.9	1.7	**3.9**	3.8	3.6	3.5	3.4	3.3	3.2
Consumer Spending	*% q/q SAAR*	2.9	2.6	2.3	2.0	0.5	**3.2**	2.1	2.2	2.2	2.1	2.1	2.0
Nonresidential Fixed Investment	*% q/q SAAR*	2.9	4.1	6.1	4.6	10.6	**8.4**	6.7	5.9	6.1	5.9	5.7	5.4
Residential Investment	*% q/q SAAR*	3.2	-2.2	-1.8	4.0	-7.8	**0.0**	-1.0	-0.5	0.6	0.8	1.0	1.2
Industrial Production, Manufacturing	*% YoY*	-0.9	1.0	2.0	3.9	1.0	**1.6**	1.6	3.7	4.1	3.7	3.8	3.8
Light Vehicle Sales	*Mil. units, SAAR*	15.9	16.2	16.1	16.4	15.5	**16.4**	16.2	16.3	16.3	16.4	16.5	16.5
Labor Market													
Unemployment Rate	*%*	4.0	4.3	4.2	4.1	4.3	**4.3**	4.2	4.1	4.1	4.1	4.1	4.0
Nonfarm Payrolls	*Avg. mo. chg, thous.*	150	62	76	114	73	**77**	70	85	100	105	110	110
Employment Cost Index	*% YoY*	3.9	3.5	3.4	3.5	3.4	**3.4**	3.4	3.4	3.5	3.4	3.5	3.5
Housing Market													
Housing Starts	*Thous. units, SAAR*	1,370	1,356	1,336	1,360	1,418	**1,337**	1,280	1,310	1,330	1,350	1,360	1,370
New Home Sales	*Thous. units, SAAR*	684	679	633	680	622	**631**	640	640	650	670	690	700
Existing Home Sales	*Thous. units, SAAR*	4,060	4,060	4,125	4,205	4,043	**4,120**	4,110	4,130	4,160	4,190	4,220	4,250
Case-Shiller National Home Prices	*% YoY*	5.1	2.2	1.4	2.5	0.8	*1.2*	1.5	1.9	2.3	2.5	2.6	2.7
Inflation													
Consumer Price Index (CPI)	*% YoY*	3.0	2.6	3.2	2.6	2.7	**3.8**	3.1	3.0	2.8	2.1	2.7	2.8
Core CPI	*% YoY*	3.4	2.8	2.6	2.8	2.5	**2.7**	2.7	2.6	2.7	2.8	2.9	2.9
PCE Deflator	*% YoY*	2.6	2.6	3.3	2.8	3.1	**3.8**	3.2	3.0	2.9	2.5	2.8	2.9
Core PCE Deflator	*% YoY*	2.9	2.8	3.1	2.7	3.1	**3.3**	3.1	2.8	2.7	2.4	2.7	2.8
Interest Rates & Markets													
Fed Funds Target Range	*Avg / Range, % EOP*	5.14	4.21	3.63	4.06	3.5-3.75	**3.5-3.75**	3.5-3.75	3.5-3.75	3.75-4	4-4.25	4-4.25	4-4.25
2-Year Treasury	*% (period end)*	4.37	3.81	3.92	4.06	3.78	**4.13**	3.85	3.90	4.00	4.04	4.08	4.11
10-Year Treasury	*% (period end)*	4.21	4.29	4.49	4.69	4.35	**4.40**	4.60	4.60	4.65	4.70	4.70	4.70
30-Year Mortgage Rate	*% (period end)*	6.72	6.60	6.46	6.60	6.10	**6.49**	6.65	6.60	6.60	6.60	6.60	6.60
Brent Crude	*$/bbl, period avg*	79.91	68.32	88.30	75.75	78.00	**100.20**	92.00	83.00	78.00	76.00	75.00	74.00
Trade-Weighted Dollar Index	*period average*	122.9	122.7	119.6	121.1	119.0	**119.5**	119.8	120.0	120.2	120.8	121.7	121.9
Trade-Weighted Dollar Index	*% chg, period*	1.7	-0.1	-2.6	1.3	-1.4	**0.4**	0.2	0.2	0.2	0.4	0.8	0.2

Source: Piedmont Crescent Capital, U.S. Economic & Financial Outlook as of August 28, 2026. Forecast values are shown in shaded cells. Annual figures are full-year averages or year-over-year percent changes; quarterly figures are annualized rates or period averages.

PART TWO

AI and the Capital Spending Boom

Seven forces are rebuilding the physical economy at the same time. We track them every week, we added the seventh in August, and between them they explain more about where growth is landing than the funds rate does.

THE SPINE

The Seven Forces We Track Every Week

	The force	Why it is on this list	Where it lands in the Carolinas
1	AI buildout	Data centers, chips and the power to run them. $81.5 billion of U.S. data-center construction starts through June, more than all of 2025.	North Carolina alone is above $10 billion of starts
2	Electrification	Grid capacity, transmission and generation are now the binding input for large-load customers.	Duke's interconnection queue and the large-load tariff proceedings in both Carolinas
3	Reshoring	Chips, pharmaceuticals, metals and rare earths returning under tariff cover.	USA Rare Earth, 800,000 SF in Blacksburg, SC
4	Defense replenishment	Munitions, counter-drone and shipbuilding, funded and multi-year.	Fort Bragg's supplier cluster; $994 million requested for counter-drone in FY2027
5	Aerospace and private space	Commercial aviation restarting and a private launch industry building real factories.	JetZero at Piedmont Triad International, $4.7 billion
6	Peak 65	The largest retirement cohort in history, moving south and consuming health care.	Six of the seven largest Boomer net-gain states are Southeastern
7	Pharma and biomanufacturing	Section 232 pharmaceutical tariffs live since July 31, 2026.	The RTP and Triangle biologics corridor

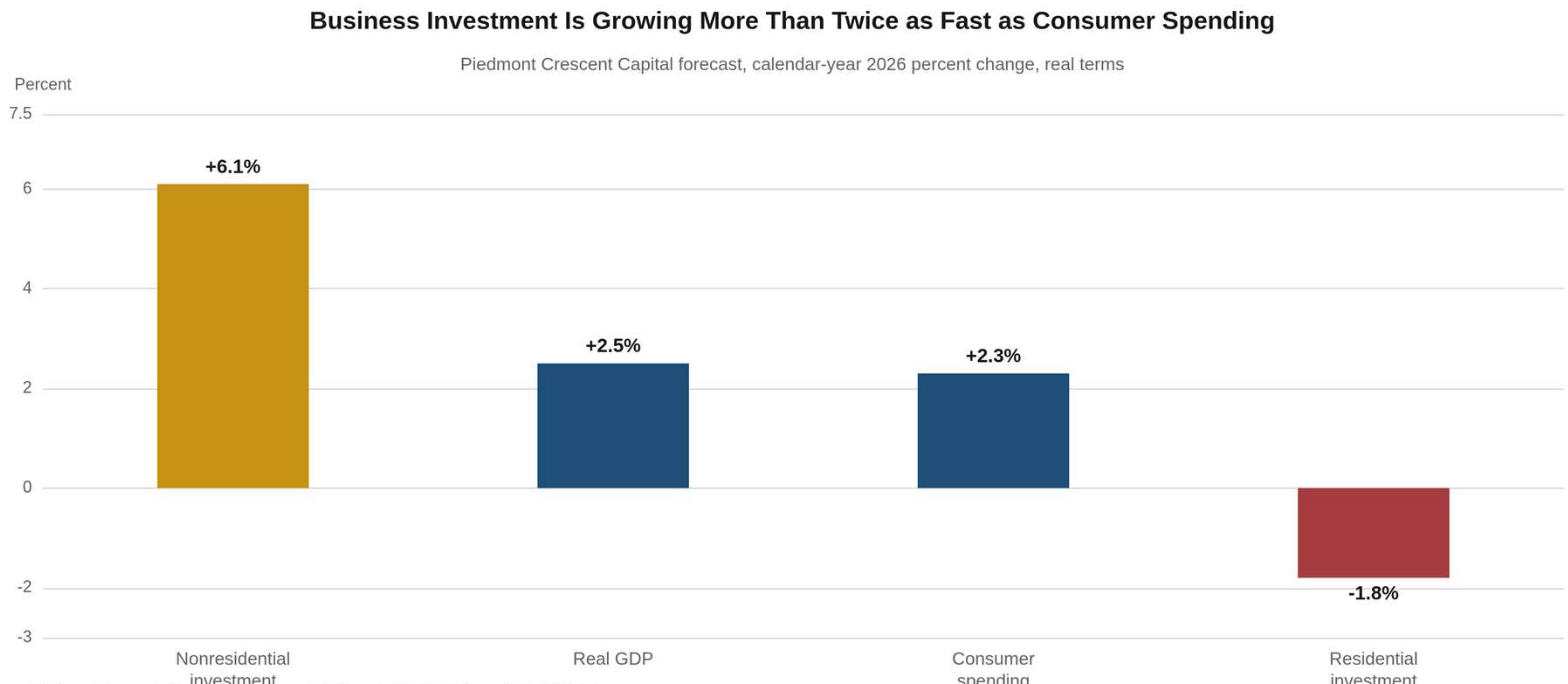
The honest objection to the seventh: the Southeast biologics cluster predates the tariff by fifteen years, so what we are tracking is acceleration, not existence.

Source: Southeast Economic Advisors, The Week Across the South. The seventh theme was added August 17, 2026 on the Bristol Myers Squibb Houston campus announcement.

THE EVIDENCE

Business Investment Is Carrying This Expansion

If you take one number from this section, take the gap between the first bar and the third.

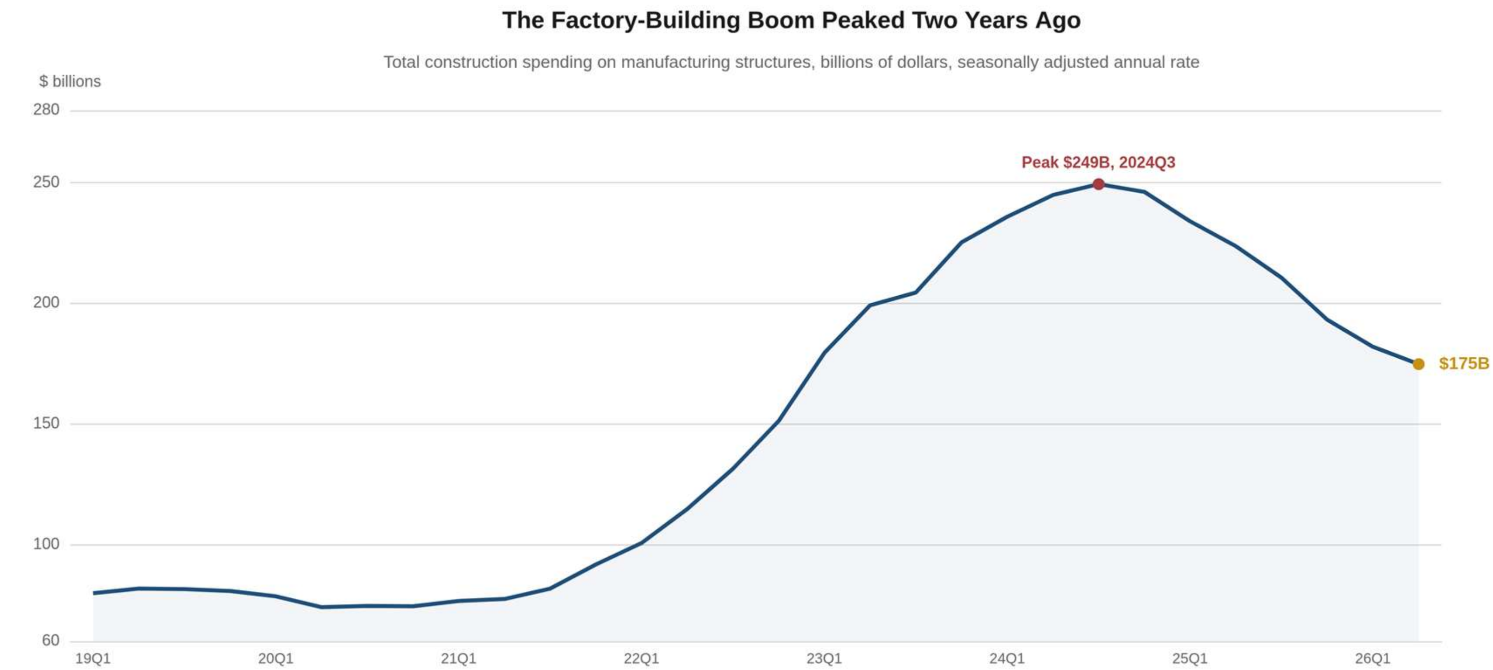


Source: Piedmont Crescent Capital U.S. Economic & Financial Outlook, August 18, 2026 vintage.

THE ROTATION

The Factory-Building Boom Already Peaked

Manufacturing construction spending is 30% below its 2024 peak, which is the part of the capex story almost nobody tells.



Source: U.S. Census Bureau, Value of Construction Put in Place. Quarterly averages of monthly data. Latest: 2026Q2.

THE ROTATION

What Replaced It Is Bigger, and It Is Not a Factory

The capital did not leave. It moved from buildings that make things to buildings that compute, and to the generation needed to power them.

$81.5B

DATA-CENTER STARTS

U.S. construction starts through June 2026, already more than all of 2025. North Carolina is above $10 billion.

$89B

NVIDIA DATA-CENTER REVENUE

In a single quarter, on $96.2 billion of total revenue, up 106% from a year earlier.

3,200 MW

ONE GEORGIA CAMPUS

OpenAI's roughly $20 billion Effingham County site would be the state's single largest electricity user, drawing as much as three Vogtle reactors.

$100B

SPACEX, LOUISIANA

A commercial spaceport at Pecan Island in Vermilion Parish, 3,000 direct jobs at an average salary of $92,600. The largest commitment ever announced in the state.

- Note what this does to your cost base before it does anything to your revenue. Large-load tariffs, transmission cost allocation and capacity charges are being rewritten in every state we track, and the proceedings are live in both Carolinas.

Source: ConstructConnect; Nvidia 2026 fiscal second-quarter results; Georgia Public Service Commission staff filing; Louisiana Economic Development. Figures as of August 31, 2026.

THE CONSTRAINT

The Binding Constraint Has Moved Twice in Four Years

It was money. Then it was power. It is now the permission to build, and that is a local political question, not an economic one.

2021 TO 2023

MONEY

Capital was the scarce input. Rates were near zero, then rose fast, and projects were sorted by who could finance them.

2024 TO 2025

POWER

Interconnection queues, transformer lead times and generation capacity became the gate. ERCOT is now auditing a 474-gigawatt queue at the governor's direction.

2026 FORWARD

PERMISSION

Moratoriums, zoning denials and new large-load rate classes. In eight days in August, eight Southern jurisdictions acted to slow or price data-center development.

If you are choosing a site, the binding risk has moved from financing to entitlement, and entitlement sits on a calendar nobody controls.

THE PUSHBACK

Eight Days in August, Eight Jurisdictions

This is the fastest run of local action against data-center development we have counted this year, and none of it slowed the capital.

Jurisdiction	State	Action
Durham County	N.C.	Nine-month moratorium adopted
Fredericksburg	Va.	One-million-square-foot I-95 project rejected 7 to 0
Anniston	Ala.	Twelve-month pause adopted
Westover	Ala.	Six-month pause adopted
Madison County	Ark.	Three-year ban imposed
Martin County	Fla.	One-year moratorium clock started
Palm Beach County	Fla.	One-year moratorium clock started
Henry County	Va.	New data-center ordinance

Regulators moved in the same window. TVA created a separate rate class for loads of five megawatts and up, Virginia's SCC ordered Dominion to bill large loads directly for the transmission upgrades they trigger, and Georgia barred recovery of a walked-away load's shortfall from residential customers.

Source: Local government actions as reported by the Atlanta Journal-Constitution, The Current, Texas Tribune, Virginia Mercury and county records, August 18 to August 26, 2026.

THE PRACTICAL READ

Five Things This Changes for Your 2027 Plan

1. Price debt off a flat-to-higher curve. We have the ten-year Treasury ending this year at 4.60% and 2027 at 4.70%, and the next Fed move is up, so a treasury team waiting to refinance into relief will be waiting past this planning horizon.

2. Value has to come out of operating income. Cap rates do not compress from a forecast in which the next move is a hike, and no one is getting a lift from a lower exit yield or a less expensive refinancing.

3. Treat announced jobs in your market as an option, not an asset. Incentive agreements carry clawbacks and dated hiring tests, and this year is producing tests of both.

4. Utility cost has become a strategic line item. A new large-load rate class reprices a whole class of customers, not only the hyperscaler that triggered it, and the proceedings are live in both Carolinas.

5. Put the entitlement calendar in the capital plan. A nine-month moratorium is a nine-month hole in a construction schedule, and at least a dozen North Carolina jurisdictions have paused or restricted permitting this year.

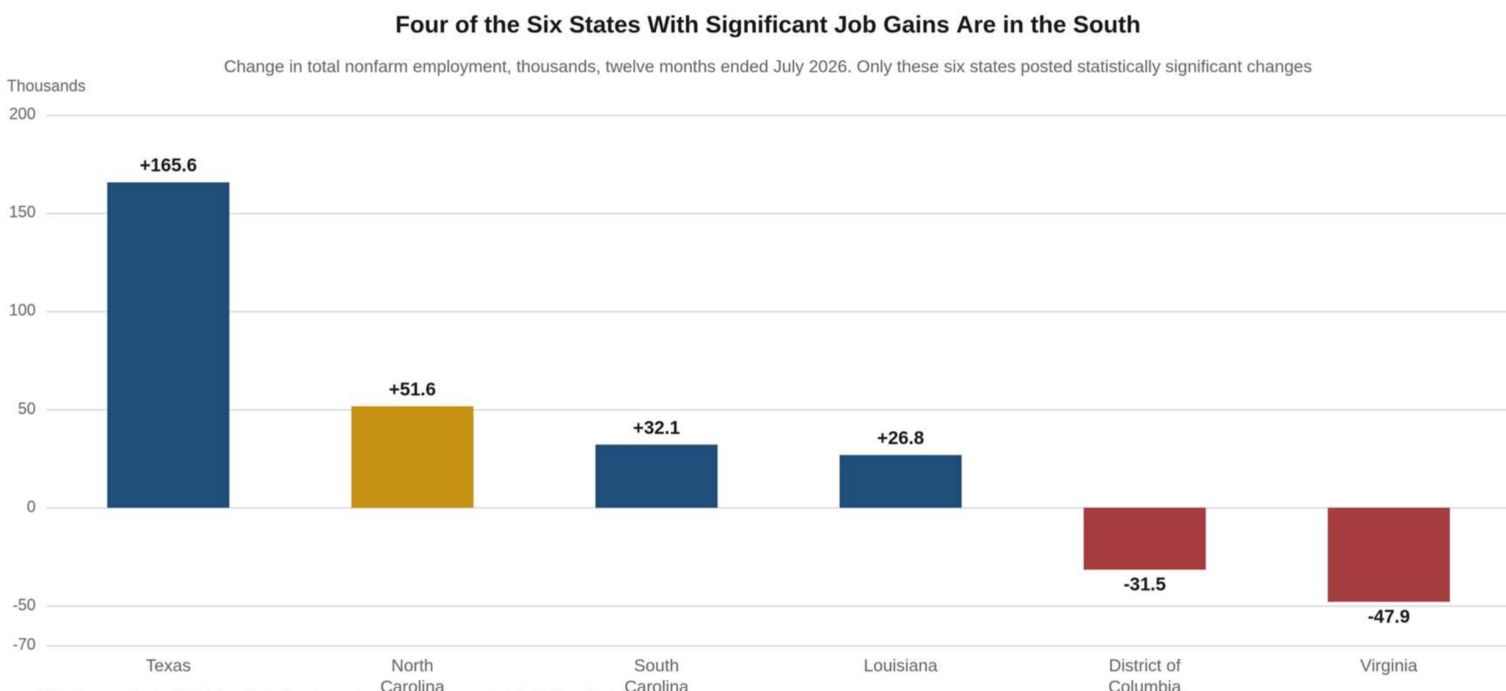
PART THREE

The Economic Map of the South

Four of the six states with statistically significant job gains over the past year are in the South. So is the only region in the country where apartment rents are still falling. Both facts have the same cause.

The South Is Carrying National Job Growth

Only six states posted a statistically significant change in employment over the year, and four of them are ours.

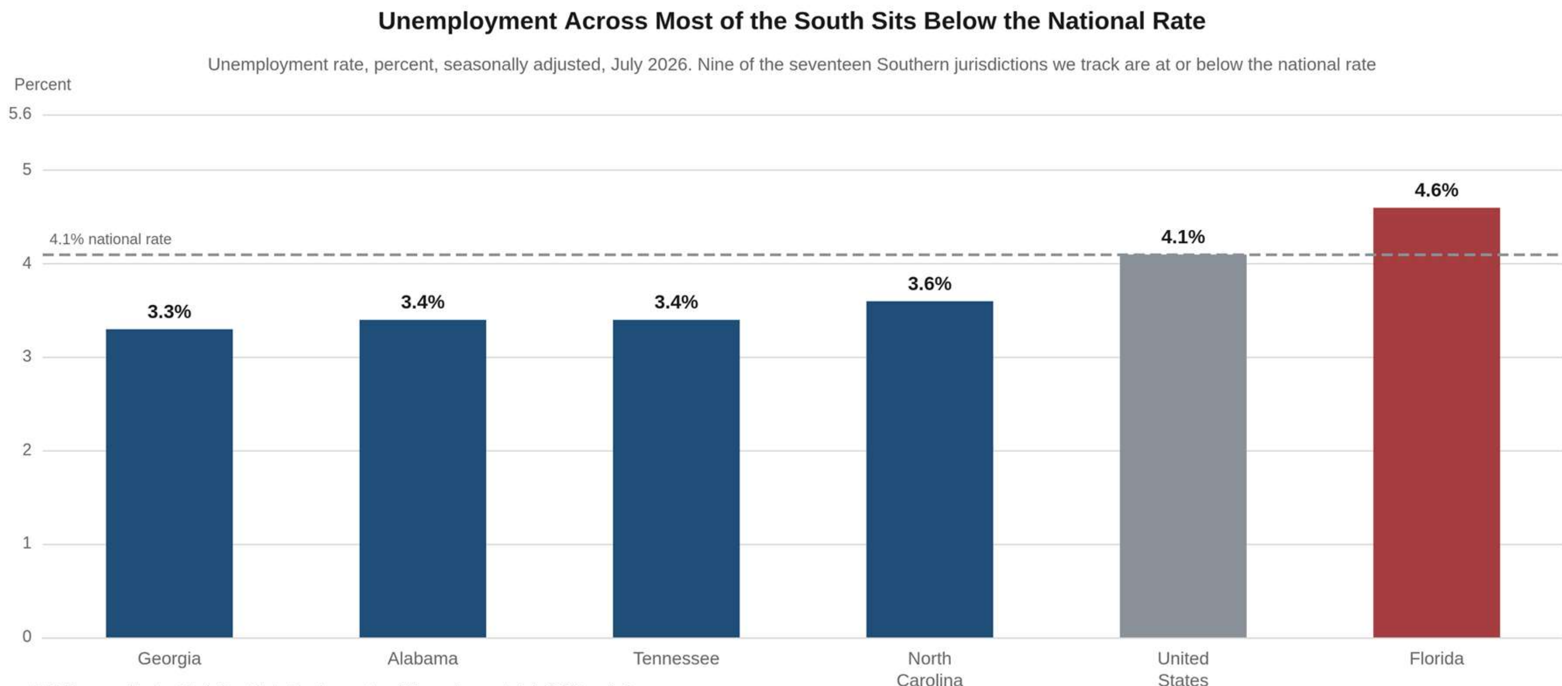


Source: U.S. Bureau of Labor Statistics, State Employment and Unemployment, July 2026 preliminary.

LABOR MARKETS

Unemployment Is Lower Across Most of the South

Florida is the state to watch. Its rate has climbed 0.7 point over the year, and all four of its large metros were up 0.6 to 0.7 point in June.

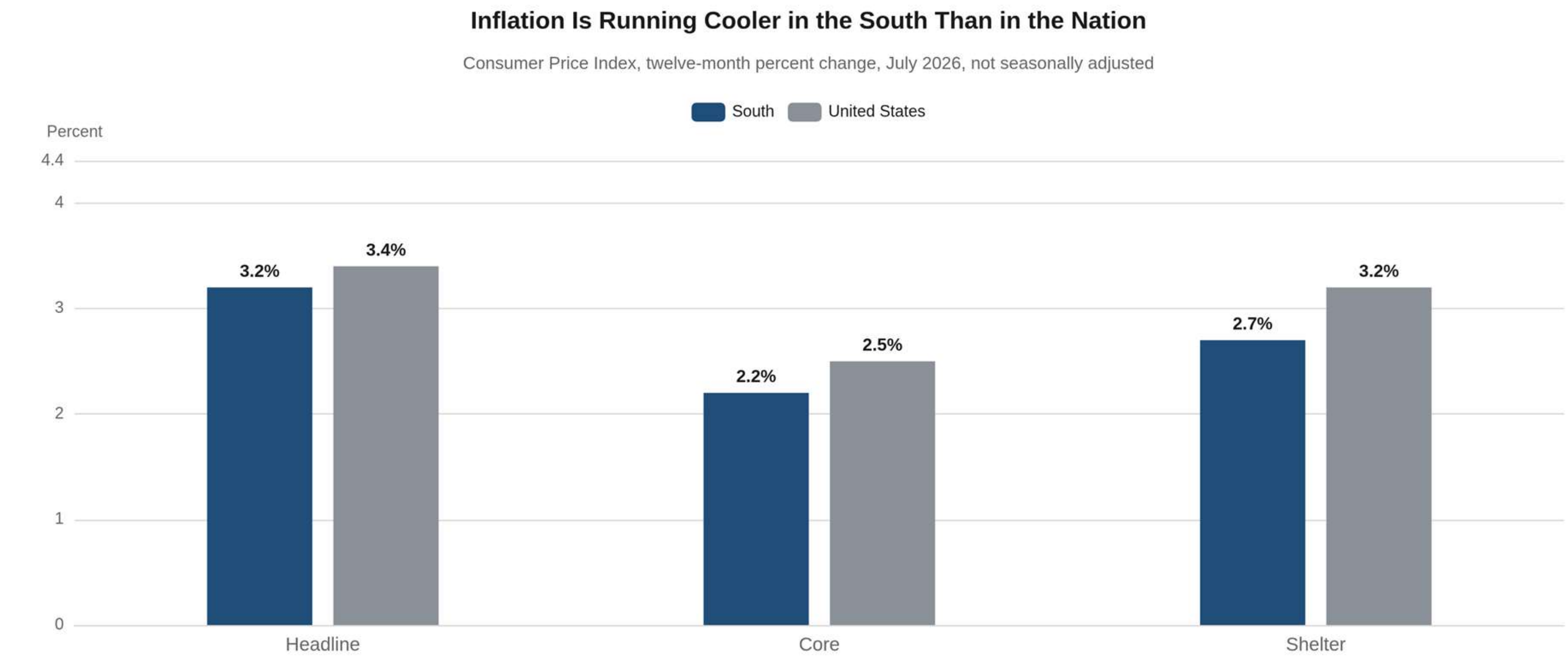


Source: U.S. Bureau of Labor Statistics, State Employment and Unemployment, July 2026 preliminary.

INFLATION

The South Is Running Cooler Than the Nation, and the Gap Widened

Shelter is doing the work. Southern shelter inflation is half a point below the national rate because the region built apartments and the rest of the country did not.

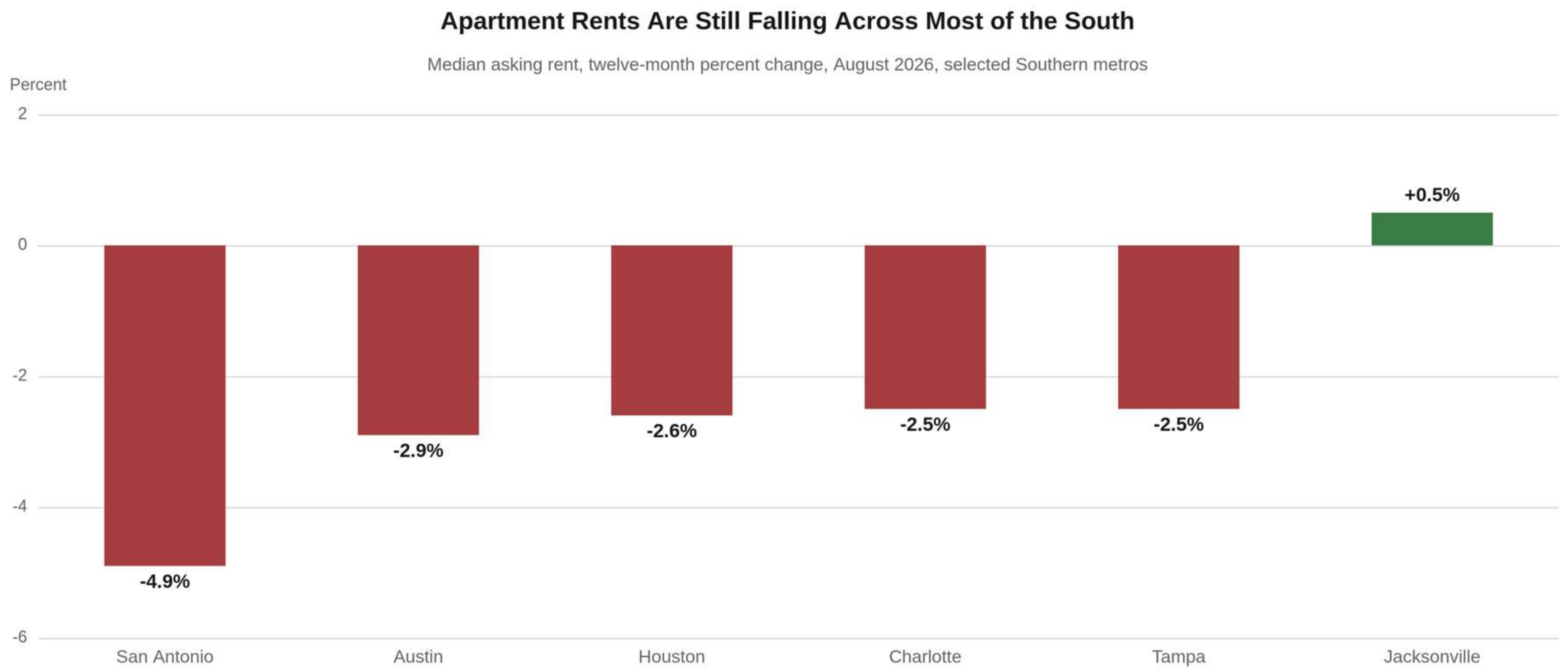


Source: U.S. Bureau of Labor Statistics, CPI for All Urban Consumers, South region and U.S. city average.

HOUSING

The Same Supply That Cooled Inflation Is Cutting Rents

The South took delivery of more than 170,000 apartments over the past year, better than half the national total, and it is the only region in the country with falling rents.



Source: Apartment List, August 2026 National Rent Report. The South took delivery of more than 170,000 units over the past year, better than half the national total.

COMMERCIAL REAL ESTATE

The Scoreboard Across the South

Sector	National	The South	What it means
Industrial	6.9% vacancy	7.8% vacancy	The South holds half of what is under construction. Port markets are the soft spot at Savannah 10.5% and Charleston 12.9%.
Office	18.3% vacancy	20.0% vacancy	The largest quarterly decline since 2015 nationally, but Austin, Atlanta, Dallas, Houston and Charlotte all sit in the mid-20s.
Retail	6.0% vacancy	Rents +3.3%	The tightest sector and the strongest rent growth of any region. Vacancy rose in 20 of 34 Southern markets as new projects lease up.
Multifamily	Rents +0.4%	Rents -1.9%	The only region with falling rents and the only one with occupancy below 95%.
Capital markets	7.86% CMBS delinquency	$33.8B of July volume was data centers	Deal volume up 78% over the year, and distress rising at the same time. Both are true.

We look for cap rates to drift higher through year-end with the two-year yield above 4.3%. A Fed that holds through December is the condition that keeps them anchored.

Sources: Cushman & Wakefield, CBRE, RealPage, Apartment List, Trepp via MBA NewsLink, MSCI via Bisnow. Brokerage data are second quarter 2026.

CAPITAL

The Largest Commitments Announced in the South This Year

Two of the five largest are not in a metro area anyone would have named five years ago.

Project	Where	Investment	Jobs	Theme
SpaceX spaceport	Pecan Island, Vermilion Parish, La.	$100.0B	3,000 at $92,600	Aerospace and private space
OpenAI campus	Effingham County, Ga.	~$20.0B	Not disclosed	AI buildout
Toyota Battery	Liberty, Randolph County, N.C.	$13.9B	5,100	Electrification
JetZero	Piedmont Triad Int'l, Guilford County, N.C.	$4.7B	14,500	Aerospace
Walmart fulfillment	Carnesville, Franklin County, Ga.	$1.3B	1,000	Consumer logistics
USA Rare Earth	Blacksburg, Cherokee County, S.C.	$1.2B	490	Reshoring

Sources: State economic development agencies; company announcements; Georgia Public Service Commission. Announced investment as stated by the parties.

PART FOUR

The Carolinas Beyond the Beltlines

North Carolina added 51,600 jobs over the past year and two metros produced two thirds of them. What is happening in the other twelve, and in the ninety-odd counties that sit outside them, is the part of this economy that rarely gets presented. The same pattern runs across the state line into the Upstate and York County.

NORTH CAROLINA

The State Number Is Good, and It Is Not the Whole State

North Carolina is doing well on every measure that gets published monthly. The state is also running at two speeds, and the second one does not show up in a state total.

+51,600

JOBS OVER THE YEAR

Second only to Texas among the states with a statistically significant gain, and ahead of South Carolina at 32,100.

3.6%

UNEMPLOYMENT RATE

Half a point below the 4.1% national rate, and below Virginia, which lost 47,900 jobs.

+11.2%

EMPLOYMENT SINCE 2019

Eight of the fourteen metros we track, however, grew less than 6%, and two are smaller than they were.

12

COUNTIES LOSING PEOPLE

Out of 100, concentrated in the rural northeast. Buncombe is a thirteenth for a different reason.

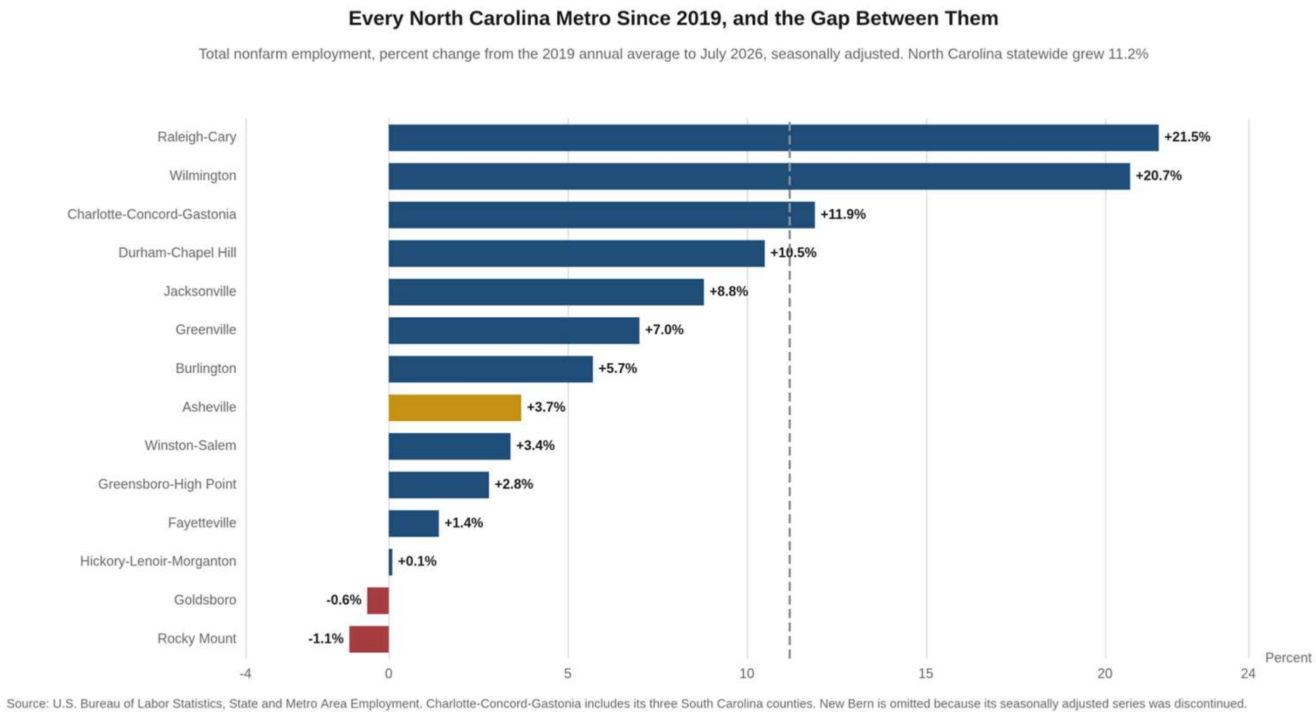
- North Carolina attracted roughly 84,000 net domestic migrants over the past year, more than any other state. Almost none of them landed in the counties that are shrinking.
- For anyone building a state-level forecast off a state-level number, the next three slides are the reason not to.

Source: U.S. Bureau of Labor Statistics, July 2026 preliminary; U.S. Census Bureau, Vintage 2025 population estimates; ConstructConnect.

THE METROS

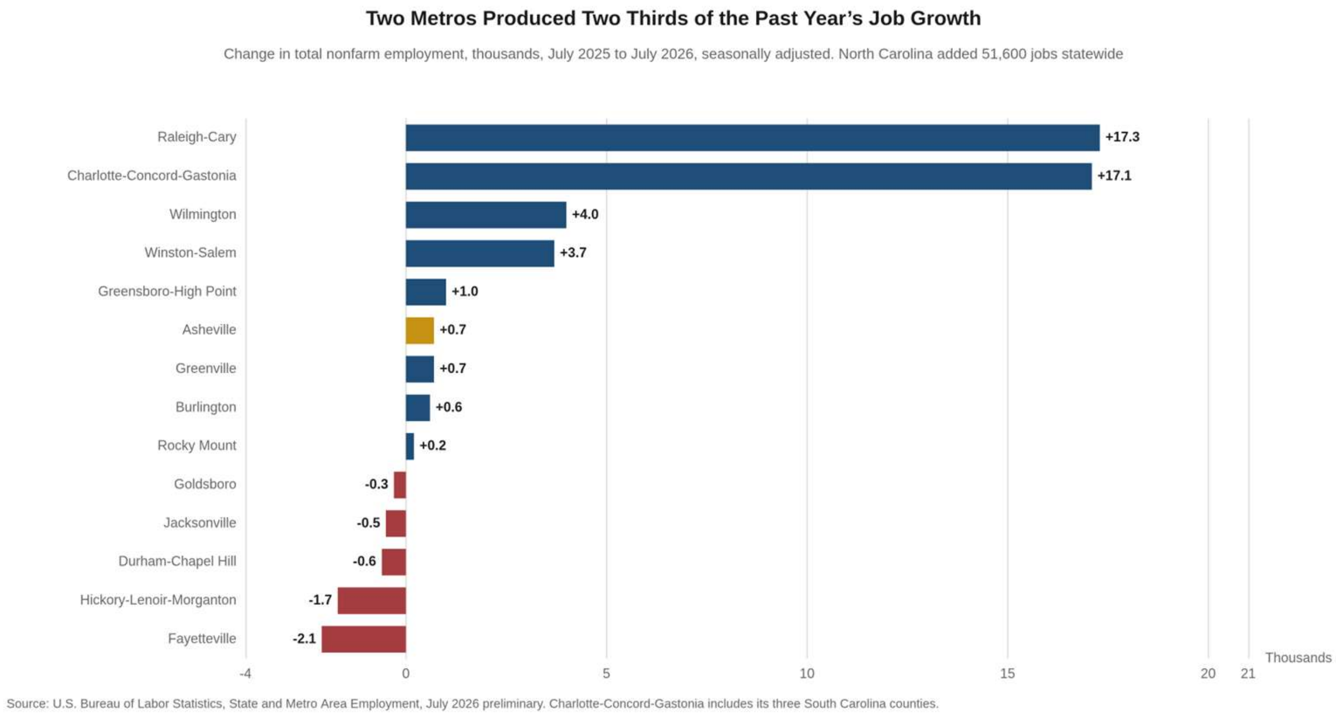
Twenty-Two Points Separate the Top of the State From the Bottom

Raleigh has added 21.5% to its job count since 2019 while Rocky Mount has lost 1.1%, and both sit in the same state under the same monetary policy.



Two Metros Produced Two Thirds of the Past Year

Raleigh and Charlotte added 34,400 of North Carolina's 51,600 jobs between them, and five metros lost jobs outright.



THE FRONTIER

Growth Has Jumped the Beltline

Charlotte added more residents than any city in America last year and still ranked only seventh for growth inside its own metro area.

20,731

RESIDENTS ADDED, CHARLOTTE

The largest numeric gain of any American city, lifting it to 964,784 and 14th largest.

+6.8%

FORT MILL, S.C.

Twenty miles from Uptown, and up nearly 58% since April 2020, the sixth fastest five-year pace in the country.

+17.8%

WENDELL

East of Raleigh along U.S. 64, one of the fastest single-year gains of any community in the country.

+53%

LELAND SINCE 2020

Across the Cape Fear from Wilmington, ninth fastest in the nation.

- The frontier rolls outward. Apex and Wake Forest were the affordable escape valves a decade ago and are expensive now, which pushes the line east to Wendell, Clayton and Smithfield, and south from Union and Cabarrus into Lancaster County.
- Since 2019 the FHFA house price index is up 78% in Charlotte and 69% in Raleigh while median household incomes in the core counties rose 26% to 31%, so prices have outrun incomes by about three to one.
- The machinery has downshifted, however, and single-family permits in the Charlotte metro fell 28.7% in the first half of the year.
- The same play runs across the state line, where Greer grew 7.3% to 50,007 residents and Octapharma confirmed a $1.5 billion critical-care plant in Rock Hill in July, its first in the United States.

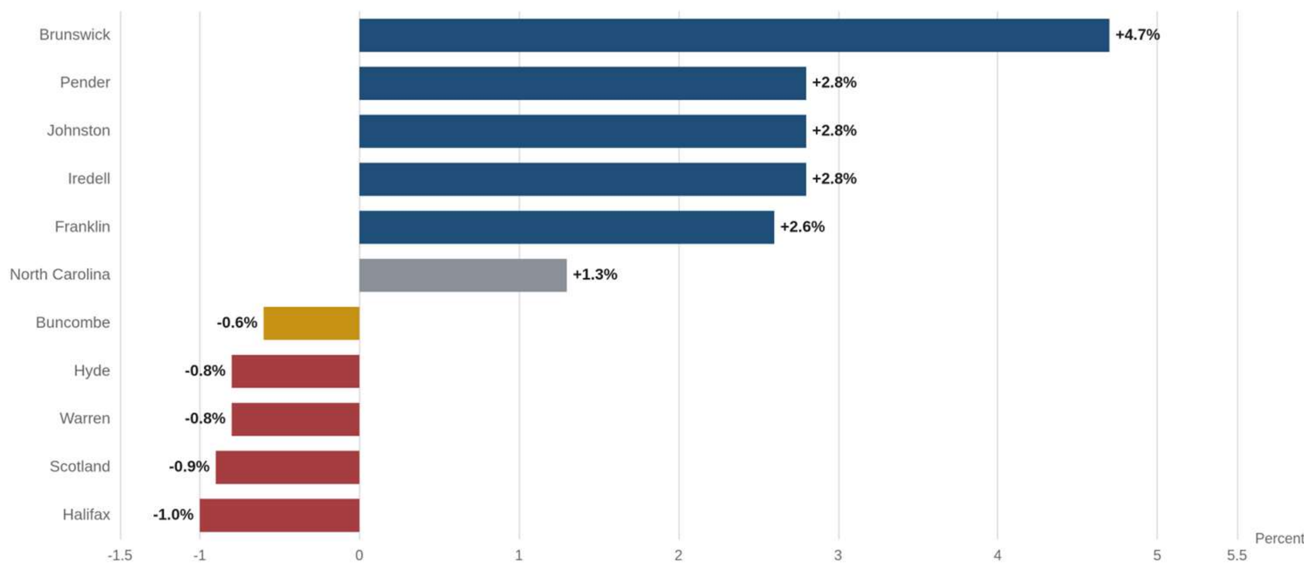
Source: U.S. Census Bureau, Vintage 2025 population estimates; Federal Housing Finance Agency; U.S. Census Bureau building permits. See our August report, Beyond the Beltlines.

The Frontier, and the Counties It Has Not Reached

Twelve of North Carolina's 100 counties lost population over the past year. The fastest-growing ones sit one ring beyond a major employment center.

The Growth Frontier and the Counties It Has Not Reached

Population, percent change July 2024 to July 2025. Fastest-growing and fastest-declining North Carolina counties, with the state shown for reference



Source: U.S. Census Bureau, Vintage 2025 Population Estimates; Carolina Demography; Southeast Economic Advisors. Twelve of North Carolina's 100 counties lost population. Buncombe's decline reflects Hurricane Helene displacement.

CAPITAL

The Largest Investments in State History Are in Small Towns

Project	Where	Investment	Jobs	Status
Toyota Battery	Liberty, Randolph County	$13.9B	5,100	Producing since June 2025
Amazon Web Services	Richmond County	$10.0B	Not disclosed	Under construction
Wolfspeed materials	Siler City, Chatham County	$5.0B	1,800	Operating, slower hiring ramp
JetZero	Piedmont Triad Int'l, Guilford County	$4.7B	14,500	Broke ground June 2026
Novo Nordisk fill-finish	Clayton, Johnston County	$4.1B	1,000	Under construction, 2027 to 2029
Johnson & Johnson biologics	Wilson	$2.0B	500	Under construction
Catawba Two Kings Resort	Kings Mountain, Cleveland County	$1.0B	2,200	Phase one open, hotel 2027
Google campus expansion	Lenoir, Caldwell County	$1.0B	Not disclosed	Announced 2026
Microsoft campus	Catawba County	$1.0B	Not disclosed	Four buildings, under construction

Liberty had fewer than 3,000 residents when Toyota was announced. Not one of the top three is inside a metro core.

Sources: Company announcements; N.C. Department of Commerce; Office of the Governor; Economic Development Partnership of N.C. Investment and job figures as announced.

THE RESEARCH

Whether a Data Center Pays Off Depends on Where It Lands

New work compares counties that landed a data center against otherwise similar counties that did not, and the benefit turns out to be conditional on geography.

+4.1%

EMPLOYMENT, METRO COUNTIES

And wages up 5.5%. The indirect spending cascades because a deep labor market and a supplier base already exist to catch it.

~0

SPILLOVER, RURAL COUNTIES

In less populous counties the job and wage effects are negligible. The only measurable gain is a small fall in the unemployment rate.

+16.1%

BUILDING PERMITS

Across all host counties, alongside 4.7% more business establishments and 1.9% higher household income.

+5%

RETAIL ELECTRICITY PRICES

In the areas studied, after a campus became operational. That is the ratepayer argument, measured.

- Location, not facility size, is the decisive variable. Most Carolinas campuses sit on the right side of that line: Google in Caldwell County and Microsoft in Catawba are both inside the Hickory metro, and Kings Mountain is inside the Charlotte metro.
- Richmond County is the genuine outlier and the one to watch. It is the test of whether a county well outside a commuting shed captures more than the tax base.

Source: Daniel Yue and Yiyang Zeng, Georgia Institute of Technology, comparing host counties against otherwise similar non-host counties. Figures are longer-run effects.

HONESTY

Announced Is Not Delivered, and This Year Is Testing That

Four North Carolina projects are behind their own announcements, and one of them is now in court.

- VinFast's $4 billion assembly plant at the Moncure megasite in Chatham County never materialized. The site has been largely inactive since late 2024, and in May the state sued to reclaim the 1,765-acre property after the company missed its July 2026 operational deadline and its year-end hiring commitments.
- Boom Supersonic's 179,000-square-foot hangar at Piedmont Triad International finished in 2024 and has never built or tested an Overture. The lease terminates if the company employs fewer than 500 people by December 31 of this year. In December Boom launched a natural gas turbine business aimed at powering AI data centers and raised roughly $300 million for it.
- Wolfspeed's Siler City plant is operating, and the company says hiring toward its 1,800-job commitment will come more slowly than first projected.
- Epsilon Advanced Materials has paused its permitted Brunswick County graphite plant, and Albemarle's Kings Mountain lithium restart cleared federal permits this spring but still awaits state and local approvals with no firm production date.

The stumbles are concentrated in the electric-vehicle supply chain, where demand fell short of the 2022 forecasts. The projects anchored by established manufacturers with committed product lines are the ones pouring concrete. Build the plan around the payrolls that are being met.

Sources: N.C. Department of Commerce incentive agreements; N.C. Attorney General filings; company statements and local reporting through August 2026.

THE OTHER CAROLINAS

Where Eds and Meds Are the Load-Bearing Wall

In the counties the growth frontier has not reached, the university and the hospital are not one sector among many. They are the economy.

$6.9B

ECU AND ECU HEALTH

Annual economic impact across a 29-county region, supporting more than 57,000 jobs. The largest employer in eastern North Carolina.

$265M

THE BRODY CENTER

A seven-story medical education building that topped out in June, expanding the class from 80 to 120 for 2027-28.

-1.0%

HALIFAX COUNTY

The largest decline in the state, with Scotland at 0.9% and Hyde and Warren at 0.8%. Small, aging and far from an interstate.

Three

WHAT DIVIDES THEM

Proximity to an interstate corridor, a community college aligned with employers, and a local government willing to permit housing.

- Hickory rebuilt itself around fiber-optic cable, data infrastructure and a reinvented furniture cluster after losing nearly a third of its manufacturing base a generation ago. Statesville, Monroe and Sanford are riding metro spillover and industrial recruitment at the same time. That is the repositioning playbook, and it is repeatable.
- Wilson is the live experiment. Johnson & Johnson’s $2 billion biologics campus is rising in a city of 47,000 that built its earlier economy on tobacco and textiles, and the municipal Gig East fiber network is part of why it won the site.

Sources: U.S. Census Bureau, Vintage 2025 estimates; East Carolina University and ECU Health; N.C. Office of State Budget and Management.

WESTERN NORTH CAROLINA

The Recovery Is the Reason the G20 Came Here

Secretary Bessent picked this hotel for the G20 finance ministers two weeks ago in order to put the Helene recovery in front of the people who finance recoveries.

$9.7B

FEDERAL AID DELIVERED

By our count, against roughly $60 billion of damage. That gap is the whole western North Carolina fiscal story.

-0.6%

BUNCOMBE POPULATION

A decline driven by Helene displacement, and the reason Buncombe sits on the losing side of a chart it does not belong on.

$37.2B

N.C. VISITOR SPENDING

A record in 2025, up 1.3%, supporting nearly 231,000 jobs and more than $2.7 billion in state and local taxes.

+3.7%

ASHEVILLE JOBS SINCE 2019

And up 700 over the past year. The metro is growing again, from a base that a storm moved.

- The statewide spending record was set in 2025 despite Helene, which says the demand for this region is intact. The constraint is capacity and perception, and both improve with each rebuilt mile of the Blue Ridge Parkway corridor.
- We look for western North Carolina to recapture its share of a growing pie through 2027, which would also reverse most of Buncombe's population loss.

Sources: U.S. Treasury; Federal Emergency Management Agency; VisitNC; U.S. Census Bureau; U.S. Bureau of Labor Statistics; Piedmont Crescent Capital estimates.

OUTLOOK

What We Would Watch Between Now and the Spring

1. **Tomorrow afternoon.**
   The Committee announces at two o'clock. We look for a hold, and the statement language on the inflation shocks is what matters more than the decision.

2. **Whether the breakeven keeps rising.**
   If manufacturing hiring resumes and the foreign-born labor force returns, a 60,000 payroll print starts meaning something different again.

3. **Single-family permits on the frontier.**
   Charlotte metro permits fell 28.7% in the first half. A frontier that keeps growing while the homebuilding slows is how affordable towns stop being affordable.

4. **Boom's December 31 headcount.**
   A dated, concrete test of whether announced North Carolina jobs convert. Six weeks later the VinFast case gets its next hearing.

5. **The January legislative session.**
   Large-load tariffs, cost allocation and data-center moratorium law get rewritten in Raleigh starting in January, and a dozen counties have already acted on their own.

What Would Change Our Mind

Three ways this forecast is wrong, in the order we worry about them.

Energy.

Brent settled at $89.31 on August 28 and U.S. forces struck IRGC launchers on Larak Island in the Strait of Hormuz the following Sunday. Our 2026 average is $88.30 across a $70 to $100 band, with scenario odds of 45/30/25. A sustained move above the band puts headline inflation back in charge and takes the hold off the table.

The AI capital cycle turning out to be a capital cycle.

Every capital boom in history ended with capacity that nobody needed at the price it cost. We do not think we are there, because the power contracts are signed and the money is committed through 2027. We would want to know if hyperscaler capital budgets stop growing.

Trade.

Canadian counter-tariffs of 15% to 50% on C$27.6 billion of U.S. goods took effect September 8, covering steel, lumber, pulp and paper, textiles and apparel, plastics, appliances and furniture. That list reads like a directory of Southern mills.

THE BOTTOM LINE

The Fed is the least interesting variable in this outlook. Capital is choosing where to go, power is deciding what is possible, and counties are deciding what is allowed.

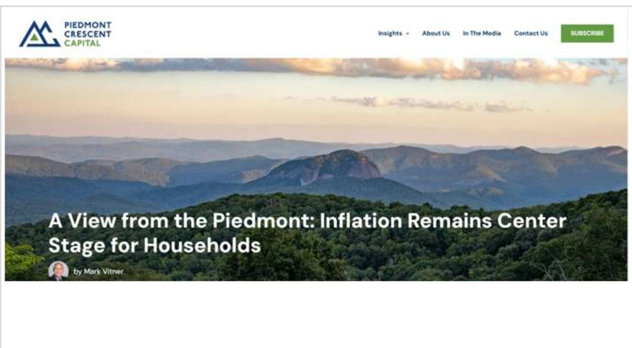
North Carolina has won the state-level version of that contest for three years running. Twelve of its counties have not, and the question for the next decade is how far outward the frontier rolls. That is being decided county by county, not in Washington.

WHO WE ARE

Two Publications and a Desk of Our Own

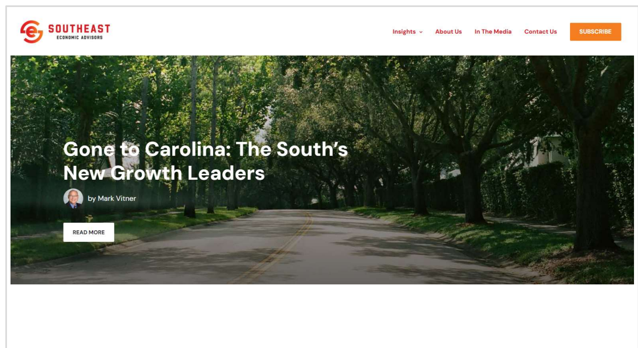
Piedmont Crescent Capital is a boutique economic consulting firm serving businesses, governments and trade associations across the Carolinas and the South.

We publish the national and financial-market work under Piedmont Crescent Capital and the regional work under Southeast Economic Advisors. Everything in this deck came out of one of the two, and all of it is free to read.



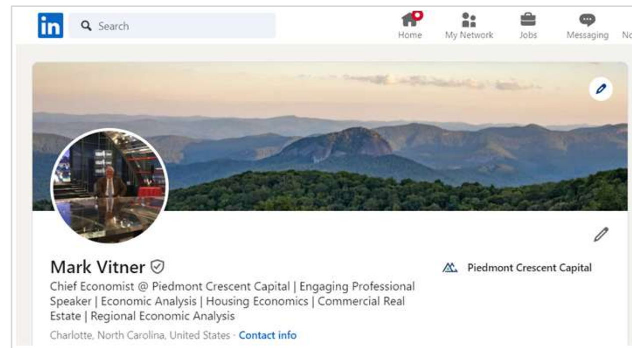
piedmontcrescentcapital.com

A View from the Piedmont, the weekly



southeasteconomy.com

The Week Across the South, Mondays



linkedin.com/in/mark-vitner

Where the charts get posted first

Mark P. Vitner, President & Chief Economist · (704) 458-4000

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Where to Find Our Work

Everything in this deck is drawn from work we publish. All of it is free.

Publication	What it is	When
A View from the Piedmont	Our weekly read on the data, the markets and the forecast table.	Weekly
The Piedmont Perspective	A standalone essay on one question we think is being argued badly.	Weekly
The Week Across the South	The regional scan: the seven themes, state by state, with the development wins.	Mondays
Indicator notes	CPI, employment, ISM, retail sales, NFIB and the new quarterly county wages report.	On release
College Football Reports	A game each week paired with the economies behind the rivalry, plus the annual sizing of the sport.	Weekly in season
Outlooks	Housing, residential construction and nonresidential construction.	Semi-annual

Mark P. Vitner, President & Chief Economist, Piedmont Crescent Capital and Southeast Economic Advisors.

piedmontcrescentcapital.com · southeasteconomy.com · linkedin.com/in/mark-vitner

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BACKUP

Texas Factories Regained Momentum in August

The sector that anchors the region's largest state economy enters the fall with orders improving and costs still climbing.

Index	August	July
General business activity	11.6	1.3
New orders	22.0	6.4
Production	16.1	n/a
Capacity utilization	12.8	~6.4
Raw materials prices	44.1	n/a
Finished goods prices	22.7	n/a
Six-month outlook for activity	37.2	n/a

Source: Federal Reserve Bank of Dallas, Texas Manufacturing Outlook Survey, August 31, 2026.

BACKUP

Trade Policy Turned North

The retaliation list reads like a directory of Southern mills.

- Section 338 tariffs of 50% on roughly $20 billion of Canadian dairy, alcohol and motor vehicles took effect August 22, 2026.
- Ottawa answered with counter-tariffs of 15% to 50% on C$27.6 billion of U.S. goods effective September 8, covering steel, lumber, pulp and paper, textiles and apparel, plastics, appliances and furniture.
- Savannah handled 503,739 TEUs in July, up 5.7% from a year earlier. Houston slipped 6%, with steel tonnage down 18% year to date.

Source: Office of the U.S. Trade Representative; Government of Canada; Georgia Ports Authority; Port Houston.

BACKUP

The Charlotte Commercial Real Estate Picture

One source, all the way through, because three respected houses put Charlotte office vacancy at 13.1%, 23.9% and 26.4% on the same market in the same quarter.

Property type	Inventory	Vacancy	Year-over-year	Rent growth
Office	136.0M SF	13.1%	-1.2 pp	3.6%
Industrial	409.9M SF	9.9%	+0.2 pp	3.0%
Retail	154.6M SF	3.3%	+0.1 pp	4.3%
Apartments	255,821 units	11.4%	-1.1 pp	-0.9%
Hotels	43,731 rooms	65.7% occupancy	RevPAR -3.8%	$131 ADR

Source: CoStar 26Q2 Charlotte market reports licensed to Piedmont Crescent Capital.

BACKUP

The G20 in Asheville and the Helene Recovery

Treasury Secretary Bessent picked Asheville for the G20 finance ministers meeting to put the Helene recovery on display.

- By our count the recovery has delivered about $9.7 billion of federal aid against roughly $60 billion of damage.
- Western North Carolina is the one part of the state where the constraint is neither capital nor permission. It is rebuilding capacity.

Source: U.S. Treasury; Federal Emergency Management Agency; Piedmont Crescent Capital estimates.