



State Population Profile

The seventh in a new series by NPG.

NORTH CAROLINA'S POPULATION GROWTH EXCEEDS THE NATION'S – THREATENING THE QUALITY OF LIFE

An NPG Commentary
by Edwin S. Rubenstein

The Tar Heel State's population – estimated at just fewer than 10.7 million in mid-2022 – ranks ninth in the nation – behind Georgia and ahead of Michigan. The number of people living in the state has increased by more than 2.6 million since 2000, according to Census Bureau data.¹

“There are a set of gale-force demographic wind gusts out there – you're going to have to buckle your seat belt if we're going to maintain our superiority as the most attractive place to live and do business in the country,” warns Dr. Jim Johnson, the William R. Kenan, Jr. Distinguished Professor of Strategy and Entrepreneurship at UNC-Chapel Hill and director of the university's Urban Investment Strategies Center.²

Speaking at a convention of state policymakers in March, Johnson told attendees that nationwide, the population increased by 7.4% in the decade 2010 to 2020. That was one of the lowest rates in U.S. history, second only to the 7.3% growth recorded between 1930-1940 – during the Great Depression.

In North Carolina (NC), those numbers look a bit different: While population growth is slowing, it's still outpacing the country as a whole – rising 9.5% from 2010 to 2020 – due mainly to domestic migration – i.e., people moving into the state from other states.

Even COVID could not derail the state's population express. During the first 15 months of the pandemic, Johnson says North Carolina received 253 people every day, seven days a week.³

Three-quarters of NC's growth last fiscal year was attributed to domestic migration, according to a *News & Observer* report, while net international migration added about 26,000 residents.⁴ (As pointed out below, when adult immigrants and their adult U.S.-born children are combined, one study ranks NC first among all 50 states in population growth attributable to immigration.)

NC's growth is not evenly dispersed, with population actually falling in 51 of the state's 100 counties. The common theme in those places: They are mostly in rural areas.

At the other extreme is the **Raleigh-Durham-Chapel Hill “Triangle” area**, where aerospace, pharmaceuticals, and higher education jobs attract workers from all over the country and world. The Triangle area population is growing by about 1.7% per year, translating to a whopping 18.4% increase per decade. The Raleigh-Durham metro area alone is expected to add nearly 36,000 residents per year, or about 700 people per week, over the next 30 years.⁵

In many ways, NC is beginning to resemble California and Florida, states that have enjoyed long periods of economic growth, job creation, and poverty reduction, only to see excessive population growth slow – and even reverse – those gains.

Here is a list of problems exacerbated by NC's population growth:

HOUSING AFFORDABILITY

There was a time when housing construction kept pace with population growth. Those days are long gone: Since 2010 new housing has grown by 8.8%, while state population rose 9.7%.⁶

The results are predictable:

The average house in NC sold for \$546,140 in the first quarter of 2022. When adjusted for inflation, that represents a 31.5% rise in average home price since 1975.

This price would probably not deter a newly arrived, newly minted, techie from settling in the Triangle area. But the newcomers are in a better financial position than the long-time locals. They often bid up housing prices, forcing current residents out of the most desirable locations.

A Cato Institute study finds that “...counties in which the population grew the most were most likely to fall short of building enough new homes to keep pace. As one would expect, this outcome has meant extremely low housing vacancy rates in those counties compared to less populous counties. The statewide housing vacancy rate fell as well. It was only 0.7 percent in 2021 compared with 2.5 percent a decade ago, in 2011.”⁷

Thirty-five percent of North Carolinians (about 1.5 million households) rent. As with housing, statewide rental vacancy rates are dropping. In 2019 it was 6.6%; by 2021 it declined to 5.3%.

The average rent for a two-bedroom apartment in NC now exceeds \$960 per month, or more than \$11,500 per year. Given the long-standing rule of thumb that families should spend no more than 30% of their income on rent, the Cato study estimates that **“... roughly one-quarter of North Carolina renters are ‘rent burdened,’ which means that they are paying more than 30 percent of their income in rent.”⁸**

In colloquial real estate lingo, millions of North Carolinians are either **“house poor”** or **“apartment poor.”** Technically, they are not poor; many have incomes squarely in the middle-class range. However, exorbitant real estate costs have displaced food, health care, and other necessities in their household budgets.

Abject homelessness – people living on the streets or in government shelters – is a problem, albeit not nearly as large. Cato finds that: **“On any given day, more than 9,000 North Carolina residents are homeless,”⁹** adding that, **“While the state has made progress over the past decade in reducing homelessness, those numbers are beginning to tick upward again in the wake of the pandemic.”¹⁰**

In terms of homeless population, the state ranks 14th in the nation.

URBAN SPRAWL

The lack of affordable housing has forced workers in rapidly growing urban areas to move farther and farther from downtown cores. This has increased commuting times: On average, North Carolinians commute 24.5 minutes to work one-way. More than 6% have a one-way commute of more than one hour.

The problem is getting worse. In 2003, only 53 of NC's 100 counties had a majority of residents who commuted to another county to work. By 2017, this number rose to 86.

Spending all of this time in cars has environmental consequences: Every 10-mile increase in commute

dumps an additional 1.07 metric tons of carbon into the atmosphere per year.

Of course, the pandemic spawned several countervailing forces: work-from-home, increased reliance on Amazon for retail purchases, and, perhaps, the shift to hybrid or battery-powered cars.

We don't know how all this will work out.

We do know, however, that unless NC's population is reduced, the mass movement of workers from cities to rural areas will create an entirely new set of environmental problems.

WILDFIRES

More than 2.1 million homes in NC are within the **“wildland urban interface” (WUI)** – populated areas on the fringe of forests, scrub, and other vegetation – and are at greater risk of wildfires, according to a report by Climate Central, a science-based nonprofit.¹¹

The state ranks fourth in the U.S., behind only California, Texas, and Florida, in the total number of homes in the WUI.¹²

This is a direct consequence of the number of people moving into the state and where they are settling. Since 1990 the state's population has increased by 55%, mainly in urban and suburban neighborhoods.¹³

Urban sprawl and climate change are the major drivers:

Sprawl: The state ranks first in the nation in total area in the WUI: More than 13 million acres. That's equivalent to 39.8% of the state's area.¹⁴

Climate change: Higher temperatures, drought, and wind can combine with fuel – vegetation – to spark a fire. The match can be thrown by humans – carelessness or arson – or by nature – **“dry lightning,”** for example, which occurs without rain.

According to the U.S. Forest Service there were 6,099 wildfires in NC in 2022, well above the 20-year average of 4,263.¹⁵

INSURING CLIMATE CHANGE IN NORTH CAROLINA?

When a city lands on a top 10 list, that's usually a good thing.

But not this list. Not this time.

Wilmington, NC, wishes it were not on the list. So do nearby coastal communities.

Moody's Analytics, an economic research firm, recently analyzed which U.S. cities' economies face the most **“acute physical hazards”** – drought, extreme heat, sea-level rise – from climate change over the next 30 years.

Their conclusion:

“Nowhere is this more pronounced than along the Carolina coast, with the stretch from Jacksonville, NC to Charleston, SC facing the greatest threat.”¹⁶

According to Moody's, seven of the 20 metro areas in the southeast U.S. most vulnerable to climate change are in the Carolinas: **Jacksonville, New Bern, Wilmington, Greenville, Goldsboro, Fayetteville, and Rocky Mount, all in North Carolina; and Myrtle Beach, Charleston, and Hilton Head in South Carolina.**¹⁷

The implications for state population growth are enormous. When deciding where to work or retire, the physical and economic risks associated with climate change are now front and center.

“Ultimately, the cost and availability of [flood] insurance, combined with damage to the housing stock from storms, represent the two most direct channels through which house prices are affected

by climate change,” the Moody’s report states.¹⁸

Bad news for coastal NC homeowners: The average flood insurance premium for NC properties within the 100-year flood plain and with a federally backed mortgage start at \$986 a year. That number will have to triple to reflect the true cost of insuring flood risk today, and nearly double again by 2050 to cover the expected risks tied to climate change.¹⁹

Good news for other North Carolinians: As the physical and economic impact of climate change becomes ever more obvious, domestic migration patterns could change. Moody’s expects new NC residents will seek safer, more stable places to live. That could portend slower population growth in coastal regions, and increased housing affordability (due to lower insurance premiums compared to coastal areas) in interior parts of the state.

The wild card: The dream of coastal living will always be a strong draw – perhaps impervious to economic reality.

A WILDER WILD CARD: NORTH CAROLINA’S IMMIGRANT STOCK

An analysis of Census Bureau data puts NC first among all 50 states in the impact of immigration on its adult (18-years and older) population growth.

Covering the period 2000 to 2020, the study by the Center for Immigration Studies (CIS) tracked what the Census Bureau used to call the “foreign stock” – immigrants and their U.S.-born children with at least one immigrant parent.

Among the findings:

“Proportionally, immigration has had the most transformational impact on the electorate in states of the South. The share of potential voters who are immigrants or their children increased more than

three-fold in North Carolina and Georgia. It doubled in Virginia and Kentucky, and it nearly doubled in South Carolina and Maryland.”²⁰

NC is in a class by itself:

“...In North Carolina, the number of eligible voters who are immigrants or their children grew by 355 percent – while the rest of the potential electorate grew by just 22 percent...”²¹

“Nationally, the number of voting-age citizens who are immigrants or their children increased by 71 percent, while the rest of the electorate grew by just 15 percent between 2000 and 2020.”²²

Can breakneck demographic change experienced in NC be reversed? Of course it can.

But is such a reversal likely? Hmmm... The politics are tricky, to say the least.

In the long run, a state’s demography is its destiny.

SUMMARY

NC has been lucky. Good weather, tolerable taxes, world class technology and universities have attracted people and business to the state, bringing prosperity that other states might envy. But population growth – driven mainly by immigrants and their U.S.-born children – has stressed the physical environment, and alienated many long-term residents who lack resources to compete with the newcomers.

Local politicians are trying to put the genie back in the bottle – unsuccessfully so far. They are addressing the symptoms, like wildfires, urban sprawl, coastal floods, and out-of-sight housing costs, while ignoring the underlying cause.

By failing to plan for population reduction, they are planning to fail.

NOTES

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Source materials for this article are available at www.NPG.org/stateprofiles.



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