

Albemarle Business Report

A PUBLICATION OF THE WALTER R. DAVIS SCHOOL OF BUSINESS & ECONOMICS JANUARY 2008

The Albemarle: One Region or Several?

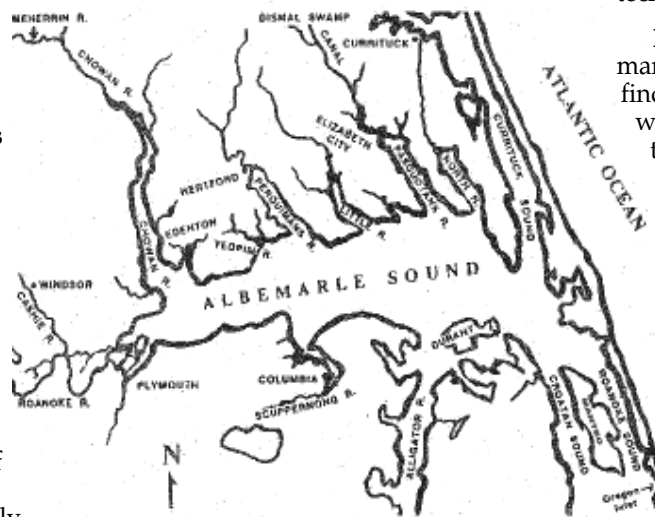
REVIEW OF DATA FROM INDIVIDUAL COUNTIES SUGGESTS SIGNIFICANT DIFFERENCES

Webster's New World Dictionary defines the term *region* to include, "an area; place; space; a particular part of the world or universe . . ." This edition of the **Albemarle Business Report** focuses on issues affecting the Albemarle region. Several articles contain county-by-county analyses. Others, while not focusing on particular counties, have general applicability to the Albemarle business community.

The primary intent in gathering and interpreting the information contained in this report is to provide information of value to local businesses and governmental units. More generally, the report is one manifestation of Elizabeth City State University's effort to address the environmentally sensitive economic needs of northeastern North Carolina.

For this report, the Albemarle area is deemed to be Camden, Currituck, Dare, Tyrrell, Washington, Chowan, Perquimans, and Pasquotank counties. Each included county abuts Albemarle Sound, and each county has running through it at least one of the three major highways surrounding the sound – Routes 64, 158, and 17.

The information presented here demonstrates that things are changing in the Albemarle, and that there are significant intra-region differences. In some instances, differences between the Outer Banks and the mainland regions are analyzed. In other instances, the examination focuses on the Outer Banks, Upper Sound, and Lower Sound regions.



Inside, the observations and conclusions of several Davis School faculty members appear. **Joy Smith** looks at the Albemarle area's growing Hispanic population, and some of the factors that affect their spending decisions. Her analysis includes strategies for businesses that want to better compete for customers in this growing segment of the Albemarle area population.

Michael Worthington also examines population dynamics, with a focus on changing age patterns in the region. Worthington discovers that the Albemarle area is growing older, but the changes are not uniform throughout the counties. He provides interesting insights on what these changes mean for Albemarle area businesses.

Good business involves more than looking at the numbers, and two Davis School professors aptly demonstrate that point through articles addressing

technology and management issues.

Hilton Barrett focuses on management, sharing his research findings on diversity of viewpoints within the management team. Briefly, the question is, do better results follow when top managers have similar perspectives, or, when they differ? *The answer: Yes.*

Tim Kelly overviews electronic communication options available in the Albemarle area, and shares his own experience in accessing them.

Much of what **George Jackson** has discovered about the Albemarle area is found in the several tables that examine housing prices, construction activity, numbers of foreclosures, retail occupancy ratios, and the like. Sifting through the various tables one learns that, like the rest of the nation, the Albemarle area is in the midst of a slowdown in the real estate market. What might not be so obvious is how the slowdown impacts the various sub-regions of the Albemarle.

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ALBEMARLE BUSINESS REPORT

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Walter R. Davis School of Business & Economics

Campus Box 781
Elizabeth City State University
Elizabeth City, NC 27909

Freda McBride, *Dean*

George Jackson
Editor

Outside Editorial Board

Jennifer Palestrant
President, Elizabeth City Area Chamber of Commerce

Jan King Robinson
Vice-President for Human Resources Albemarle Hospital

Matt Wood
Agribusinessman, Pasquotank Co. Commissioner, Chairman, Albemarle Area Economic Development Commission

Contributing Faculty Members

Hilton Barrett
Timothy Kelly
Joy Smith
Michael Worthington



Interested in an article that addresses a business issue affecting the Albemarle area?

Contact George Jackson at
(252) 335-3706 or
gsjackson@mail.ecsu.edu.

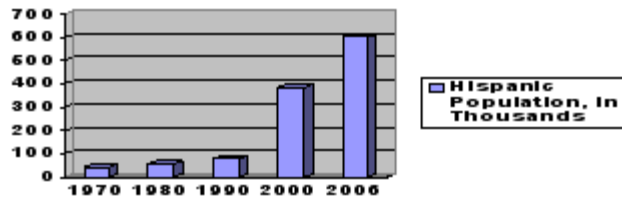
Hablas Español?

The impact of a changing Hispanic population on Albemarle businesses

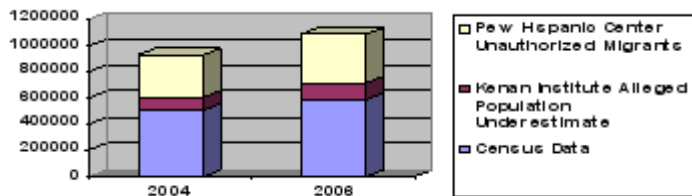
Joy Turnheim Smith

Businesses that adapt to the changing environment have a greater chance of surviving than businesses that refuse to adapt. One of the biggest changes to the environment in the Albemarle area is the increase in the importance of the Hispanic population. This article will describe the increase and the projections for future increases. Then it will discuss the impact of the Hispanic population on the market. Finally, it will address characteristics of the Hispanic population, making recommendations for how to manage an Hispanic workforce.

The Hispanic population of North Carolina has grown exponentially over the last decade and a half. Census data suggests that the Hispanic population in North Carolina has increased 1,376% between 1970 and 2006.



A recent Kenan Institute report indicated that the American Community Survey, from which the population numbers are derived, underestimates the Hispanic population in North Carolina by 20% in 2004. If this is correct, there were more than 600,000 Hispanics in North Carolina in 2004, and there are more than 700,000 Hispanics in North Carolina today. It is important to recognize, however, that even the data adjusted to reflect the findings of the Kenan Institute do not account for the between 300,000 and 400,000 unauthorized migrants that the Pew Hispanic Center estimates live in North Carolina. Including the unauthorized migrants identified by the Pew Hispanic Center, other data suggests that there may be as many as 1.1 million Hispanics in North Carolina. Census data also suggests that the number of Hispanics will increase by another 21.58%. If these numbers are correct, up to 11% of the state population is Hispanic.



Source: Pew Hispanic Center Report, "Unauthorized Migrants: Numbers and Characteristics" 6/14/2005

Who are these immigrants? According to statements made to the Pasquotank County Board of Commissioners, the clear majority of the Hispanics in the Elizabeth City area are of Mexican descent. (Taken from the Minutes of the Pasquotank County Board of Commissioners Meeting, 3/3/03).

In studying the leadership behaviors of various cultures, researchers have found that the Mexican culture differs from U.S. culture in several ways. On at least four dimensions, persons tend to be more similar within countries than across countries. "Individualism" is one of these dimensions. Where countries have a high score on individualism, persons tend to be loosely connected (www.geert-hofstede.com/hofstede_mexico.shtml). Individualistic societies tend to focus on individual achievement and on what's good for the individual. In contrast, collectivist societies tend to have extended families and cohesive groups, both of which engender strong loyalty. The culture of the United States is strongly individualistic, scoring 91 on the scale, the highest score of any country tested.

In contrast, Mexico scored 30 on individualism, indicating a moderately collective perspective. Loyalty, then, would be considered of primary importance to individuals identifying with the Mexican culture. This suggests that Mexican workers would probably be more likely to identify with their

fellow workers than with supervisors, and that the workers would be more likely to behave in a way that shows loyalty to their in-group rather than to the bosses. The challenge, then, is to create a workplace where the Mexican workers feel that they are part of the in-group and in which they identify with the organization.

A second dimension is “uncertainty avoidance.” As the name suggests, individuals high in uncertainty avoidance are uncomfortable with unstructured situations. While the US rates 46, Mexico comes in at a whopping 82, suggesting that Mexicans seek structure and eschew uncertainty. From a work perspective, this suggests that Mexicans are best managed when given clear direction, and when processes are agreed-upon.

The third dimension is “power distance.” Collectively this is the level to which a society has an expectation that each individual has a place in society that is relatively immutable. It further suggests that the levels of power associated with those places will be unequally distributed. Americans have a relatively low tolerance for fixed places in society, scoring 40 on Hofstede’s scale, Mexicans have a relatively high level of comfort with a fixed role within society, scoring 81 on Hofstede’s scale.

The final dimension is known variously as “masculinity/femininity,” “quantity vs. quality of life” and “cooperation vs. competition.” On this dimension both Americans and Mexicans score relatively similarly, with Americans scoring 62 and Mexicans scoring 69. In both cases this suggests that a modicum of competition is valued and is the norm. In both cases as well, men dominate both the power structure and society. For the Mexican population, it often means that the male head of household will migrate to the U.S. seeking work with the intent to send for his family after securing a job. It also suggests that the competitive behaviors typical in American businesses will be exhibited by Mexican workers.

While better understanding the cultural norms of others is helpful to understanding the expectations and behaviors of Hispanics, it’s also important to understand what this group does to the business environment. As noted above, without even accounting for the alleged uncounted and unauthorized migrants, the growth in the Hispanic population in the region is quite apparent. Between 2000 and 2004, Camden County had the most rapid growth rate for its Hispanic population statewide, with an increase of 85.7%. Two years later that percentage had risen to 133%. While the absolute number of individuals in the population is not overwhelming, the growth rates are – particularly in comparison to the percent change in the overall population. This change is most apparent in Washington County where the overall population decreased by 4%, although the Latino population increased by 26%

It is clear that the Hispanic population is the fastest growing segment of the population in this area. It is also one that is under-served. The assumption is often made that unauthorized migrants operate at the “hand-to-mouth” end of

the economic scale. However, as a recent Wall Street Journal article indicated, mortgage loans to undocumented workers (*known as ITIN mortgages*), have enjoyed a 0.5% default rate, in part likely due to the fact that more Hispanic immigrants are in the socioeconomic middle class. Furthermore, these ITIN mortgages have comprised up to 20% of the mortgage loans offered by some banking institutions. In contrast, the default rate for prime mortgages is twice that, at 1%, and the rate for subprime mortgages (granted to individuals with poor credit histories) is 9.3%. Thus, the Hispanic market is quite attractive.

Based on the 2004 Census numbers, the economic impact of Hispanics in northeastern North Carolina is significant, totaling over \$30.5 million. Their buying power is even greater, totaling almost \$34 million. Considering that these numbers do not include unauthorized migrants, or the 20% of the population identified as “missed” by the Kenan Institute, the actual impact is likely even more significant.

County	Buying Power	Economic Impact	Absolute Leakage	Percent Leakage
Camden	\$1,532	\$1,292	\$395	30.60%
Chowan	\$2,814	\$2,590	\$507	19.60%
Currituck	\$3,186	\$2,738	\$769	28.10%
Dare	\$11,049	\$10,354	\$1,807	17.50%
Pasquotank	\$6,094	\$5,740	\$967	16.80%
Perquimans	\$2,022	\$1,735	\$490	28.30%
Tyrell	\$1,968	\$1,635	\$530	32.40%
Washington	\$5,149	\$4,464	\$1,202	26.90%
Total	\$33,814	\$30,548	\$6,667	25.03%

\$ figures in thousands of dollars. – Source: Kenan Institute

Having established the size of the market and its potential credit-worthiness, the next question then is whether Albemarle businesses are taking advantage of that market? The answer, according to the Kenan Institute report, is not as much as they could. The Kenan Institute report identified absolute leakage in excess of \$1 million, and an average percent leakage in excess of 25%. (*The report defines leakage as purchasing power that is diverted from the home county, typically because of insufficient retail and service opportunities.*) The bad news for northeastern North Carolina is that on average just over \$1 for every \$4 in purchasing power leaves the county where the Hispanic population resides and is spent elsewhere. For the 9 county region circling the Albemarle Sound, that amounts to nearly \$6.7 million per year. That amount is increasing yearly.

Lost retail and service opportunities may come from an inability to serve a non-English speaking consumer. Census data indicates that 85.9% of the Hispanic population speaks a language other than English in the home, and 56.2% speak English less than “very well”. Given the high “uncertainty avoidance” score for Mexicans, this suggests that Mexicans will seek out opportunities to do business in a language with which they are comfortable – Spanish. Learning the language might be a key business strategy.

The Hispanic population is the fastest growing population segment in the Albemarle area. It presents local business with opportunities for both expansion into new markets and different ways of serving their customers. Embracing this segment of the population can be a beneficial decision for local businesses because, according to U.S. Census data, this segment of the population is expected to significantly increase during the next two decades.

County	2000 Latino Population	2006 Latino Population Estimate	Percent of Total Population	Percent Change in Latino Population	Percent Change Overall Population
Camden	49	114	1%	133%	34%
Chowan	219	336	2%	53%	4%
Currituck	261	424	2%	62%	30%
Dare	666	1130	3%	70%	12%
Pasquotank	429	831	2%	94%	14%
Perquimans	68	118	1%	74%	8%
Tyrell	150	258	1%	99%	1%
Washington	311	393	3%	26%	-4%
Total	2153	3644	2%	70%	12%
Total Populations			Average Percentages		

Sources: www.census.gov, www.hablamosjuntos.org

Joy Smith teaches ethics and organizational behavior in the ECSU Walter R. Davis School of Business & Economics. If you have questions regarding this article, you may contact her by telephone at (252) 335-3458, or via e-mail: jtsmith@mail.ecsu.edu.

Differences in Management Perceptions Will Affect Your Organization's Performance: The Positives and the Negatives

Hilton Barrett

Is every one of your management team on the same page of the same book? Is there a shared reality of what's happening... and if not, what are the effects?

A recent article in the Norfolk *Virginian Pilot* (12/10/07) draws attention to the recent changes in top management for the City of Chesapeake. William Harrell, hired as the new city manager in June, has added or replaced the city's economic development director, chief information officer, public works director, and housing program coordinator. And it's not over. He continues to search for a new police chief. Harrell's objective, according to the *Pilot* article is to build a team with persons who share his values of "accountability, creativity, and responsiveness." Harrell added, "If they wanted the status quo, I wouldn't be sitting here."

We live in an increasingly dynamic environment. There is a sea of change affecting businesses, nonprofits, and governments. Today's and tomorrow's different environments require more than yesterday's decisions and a critical factor is and will be, as Harrell stated, creativity. We need to use creativity to look at the myriad of possibilities for major decisions and then put on our analytical hats to determine which of these possibilities is best — for an optimal decision. Our parents, teachers, professors, and employers have long emphasized analytical thinking. Now with this ever-faster changing environment, we are realizing that critical thinking needs to be a two-phase process – first the creative phase to determine what are the possible solutions to a problem, and then the analytical phase to determine the best choice.

Diversity can be a positive in creativity, innovation and better decision-making. The issues facing today's organizations, both large and small, are complex. Resolving them typically requires integration of the various functions. It is difficult for a single leader or even a small group to manage organizations effectively. Peter Drucker, the management guru of the 20th century stated that each individual "sees a different reality and is concerned with a different problem," and the management team "uses conflict of opinion as a tool to make sure all major aspects of an important matter are looked at carefully."

By virtue of our society becoming more diverse, our organizations are also becoming more diverse as to race, gender, and ethnicity, as well as education and other backgrounds. HOWEVER, several research studies have shown that diverse teams are not always the most effective. For example, one study found that diversity can reduce team unity. Yet, diversity has shown to be very effective in increasing the creativity and innovation within teams. For example, if I have information on an opportunity and share this with you, each of us will perceive the information a bit differently because of our individuality. If we work together, we can create more possibilities with the use of the information. The information, then, has actually increased in value because of our sharing.

Most often, the diversity cited is the "politically correct" demographic diversity which includes ethnicity, age, religion, and gender. The strategic diversity management guru — Roosevelt Thomas — defines diversity as the collective mixture of similarities and differences. He discusses diversity in terms of dimensions — primary and secondary.

Primary dimensions are those visible characteristics that trigger others to treat people as members of a group, rather than as individuals, i.e., age, gender, nationality, ethnicity, and disability. Secondary dimensions are everything else — generally, how people identify themselves. We make assumptions about each other based upon primary dimensions of diversity — which is why it is so critical for management leadership to understand the value of building cultural competency awareness and skills.

We also recognize that accounting, marketing, and operations managers generally have different orientations and agendas. Add individuals' personality traits, socioeconomic backgrounds and lifestyles, and the diversity becomes even more complex. *Now we are talking diversity!*

An organization's performance is often influenced by the management team's backgrounds which include the various diversities that affect the managers' perceptions and interpretations of events. The term "interpretative ambiguity" describes a management team that perceives reality (e.g., such as the organization's market orientation) in different ways because of their different ways of thinking or their 'cognitive diversity.'

It is an interesting and, at times, frustrating conundrum. The same strength of management diversity for creative and innovative decision-making can be a weakness if the diversity of perceptions of the organization's competencies hinders the implementation of its strategy. Decentralized decision-making and empowerment have the potential to be the drivers for better decision-making in dynamic, competitive environments. Both can also be a detriment if not properly done.

Our recent research project, soon to be published in *Quality & Quantity*, examined the viewpoints of management team members in a variety of organizations including manufacturers, service businesses, and not-for-profit entities. The major findings of this study were (1) the larger-than-expected variation in responses from members of the same management teams, and (2) how greater variation resulted in lower company performance. The results were eye-opening and should be a concern for management.

The Value of Multiple Respondents Research ~

This project used innovative methods (multiple respondents) and advanced statistical techniques to examine managements' team members' ratings of their organizations' implementations of four core factors: **market orientation** (MKT), **learning orientation** (LRN), **entrepreneurial orientation** (ENT), and **organizational flexibility** (ORG). Each of these factors has been found to be positively related to organizational performance.

The research project is innovative in that it tests and analyzes two separate, but essentially the same, databases. Statistical analyses can be performed with the database of 696 individual managers within the participating organizations or the database of 60 organizations. This gives the ability to have both the averages of the managers responding within a given organization and the variation within their responses.

The statistical correlations among the organizational averages are given in Table 1 (below). All of the correlations between the four critical factors and performance are statistically significant. This was expected as both theory and practice show the needed integration and inter-dependency among these factors. This table shows that all four factors positively influence performance; however, market orientation had a greater effect on performance than learning orientation — which had a greater effect than entrepreneurial orientation — which had a greater effect than organizational flexibility.

Using advanced statistical techniques, we determined that our research questions: (1) *is the variation within the organizations larger than among the organizations and is this statistically different?* and question (2) *if there is such variation, is the variation statistically related to organizational performance?* were both true.

In simpler terms – there were major differences within the management teams as to how they “saw” market orientation, learning orientation, entrepreneurial orientation, and organization flexibility within their entity. Perhaps more importantly, the greater the differences within the team, the more negative the performance of the organization. Why are these findings important to executives and managers?

Management Implications ~

Conceptually and in practice, these four factors (MKT, LRN, ENT, and ORG) are complementary for better organizational performance. All four of these critical factors are positively and significantly related to organizational performance. Greater levels of each of these related to

N=60	MKT	LRN	ENT	ORG	PERF
MKT	1.00	.78**	.60**	.47**	.62**
LRN		1.00	.62**	.54**	.53**
ENT			1.00	.32**	.45**
ORG				1.00	.22*
PERF					1.00

**Correlation is significant at the .01 level (1-tailed)
*Correlation is significant at the .05 level (1-tailed)

increased performance (also seen in other research studies). These findings are important to management because each of these factors is management-controlled and senior

management can develop an organizational culture that encourages them. The level of variation among the study’s respondents is high — *very high*.

Managers need to be concerned about the negative correlation between this variation and performance. However, this variation seems less an indicator of different perspectives on the right way to solve a problem (which is the real strength of diversity and critical thinking) and more the question of is everyone reading from the same page, or even from the same book? Unfortunately, there are also anecdotal examples of senior managers who share neither the strategic plan (“*it’s confidential*”) nor the ongoing operating results with their team members (“*the world is on a need-to-know basis*”).

Others keep the strategic plan and the continual updates in a large binder on their bookshelves ... and there it stays. There are many organizations that do not have a proper information system in place to provide their managers the information needed for innovative decision-making.

In strategic management practice, the diversity within management teams is used to leverage individuals’ perspectives to better understand what problems and opportunities exist and the possibilities to solve the former and make the most of the latter. Organizations need to leverage these same perspectives as a competitive advantage to conceptualize possible strategic alternatives and implementation tactics. While management may (*and often does*) disagree on the proper objective and strategy, the management team needs to have some consistency and agreement as to the reality of the situation, actions taken and the results attained.

A major implication is that it appears that information is not being shared in a way that creates value. The result of sharing will be better organizational decisions. The wide variations in responses within organizations cause a concern about the far-reaching strategic implications. There are two very different possibilities. First, are these organizations properly communicating the on-going activities and results related to strategic objectives and strategy implementation? It appears not. Second, 21st century organizations are seeing a greater diversity within their management teams and a resulting greater diversity in the perceptions of these managers.

Diversity in management perspectives is often recommended and encouraged for better innovative decision-making. As stated earlier, there is much, but conflicting research on this topic. Nonetheless, organizations seem to be failing in having every member of the management team receiving needed information on what is happening within the various functions. Is this phenomenon a failure to communicate or the dark side of diversity? Either or both could be the cause. At a minimum, senior management needs to share the strategic plan, vital sales, operations and financial information, plus the ongoing results with the management team.

(NOTE: This management brief comes from an article forthcoming in **Quality & Quantity**, a European management and statistics journal. The authors are Hilton Barrett, Joseph Balloun, and Art Weinstein. If you wish a copy of the submitted article and/or the survey questionnaire, please contact Dr. Barrett.)

Hilton Barrett is Chairperson of the Management & Marketing Department at the Walter R. Davis School of Business & Economics. You can reach him at 252 335-3580 or via e-mail: hbarrett@mail.ecsu.edu.

We're Growing Older: AGE PATTERNS IN THE ALBEMARLE REGION

Michael Worthington

Examination of the Albemarle region's population growth shows a number of interesting connections. The State Demographics Unit of the N.C. Office of State Budget and Management works in conjunction with the U.S. Census Bureau to provide demographic estimates for the state broken down by counties. They also draw on official records of births and deaths to separate the natural increase in population from the net migration of new residents; and calculate the median age (half below and half above). The Certified 2006 estimates (see table) are compared to the 2000 census figures. The source for the Per Capita Personal Income (PCPI) is the US Bureau of Economic Analysis in the Department of Commerce.

The Albemarle region is growing at a faster rate than the state — with a net migration rate almost twice that of North Carolina as a whole. However, the population growth in northeastern North Carolina shows three distinct trends. The northern areas of the region seem to attract more commuters from the Hampton Roads Region, while the Outer Banks and Chowan County appear to attract more retirees. However, the counties south of the Sound (Tyrrell and Washington) benefit from neither of these trends; and apparently, their younger residents are moving away to find employment, leaving behind an aging population. These three trends have significant implications for businesses and local governments who provide goods and services to the residents of the region.

While Camden County had the highest net migration as a percentage of its population, Currituck runs a close second with a population base almost three times as large. However, Dare's net migration rate is much lower than Currituck's rate, so the southern Outer Banks is not attracting new residents at as high a rate as the areas closer to the Virginia border. The net migration rates for Pasquotank and Perquimans were more in line with the region, while the net migration rates of counties further from Virginia (Chowan and the counties south of the Sound, Tyrrell and Washington) are much lower than for the state or the region.

The median age of the region's population (40.8 years) is

significantly higher than for the state (36.2 years), and the percentage change in median age of the region is twice that of the state. Coupled with the higher net migration rate into the region, this indicates that many of the new residents are older, presumably retirees. However, Pasquotank and Currituck have median ages lower than that for the region, although higher than the state. The implication is that younger working-age newcomers are mixing with the influx of retirees in those counties that border Virginia.

Chowan and Dare Counties have higher per capita personal income (PCPI) due to affluent retired newcomers as shown by higher median ages combined with net migration rates. Currituck is unique because the northern part of the county borders Virginia, while the southern part is on the Outer Banks — so its PCPI is higher due to new retirees while growth in its median age is tempered by the influx of newcomers who presumably commute to work across the state border.

The local economy is becoming more dependent on outside sources of income such as pensions, and government payments such as Social Security and Medicaid, as well as wages from Virginia jobs. Counties with higher PCPI are those counties that have higher net migration rates and greater growth in median age, indicating that many newcomers are relatively affluent retirees.

However, the counties with the greatest net migration rates border Virginia, indicating that many newcomers commute across the state border. Therefore, entrepreneurs should plan to provide goods and services to serve the needs of both retirees and commuters, which make up an increasing percentage of the local population.

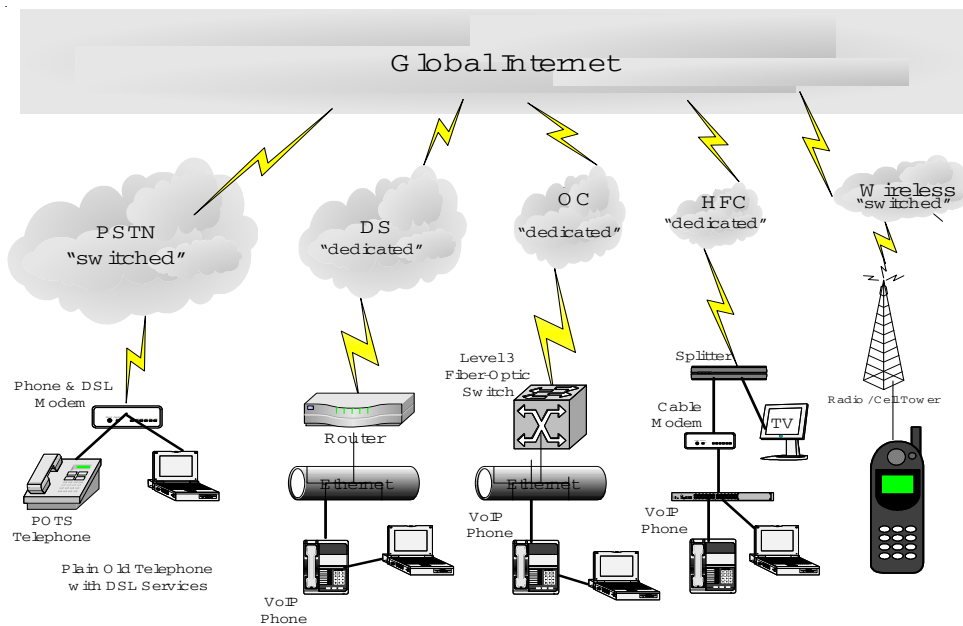
Both commuters to Virginia and retirees shop in local stores and eat in area restaurants. They also place a greater demand on local government services, which employ professionals such as teachers, doctors, nurses, etc. The net migration into the region has also fueled a construction

(See AGE, continued on Page 8)

CHANGES IN POPULATION, AGE, AND INCOME

	2006			% Net Migration	2000		% Chg. in age	2005		% Chg. in PCPI*
	Pop	% Pop	% Growth		Med. Age	Med. Age		PCPI*	*PCPI	
Camden	9284	6.00%	34.80%	33.20%	39.18	40.67	3.80%	\$25,394	\$27,167	6.98%
Chowan	14664	10.00%	36.00%	4.50%	40.73	43.32	6.36%	\$23,124	\$28,456	23.06%
Currituck	23518	15.00%	29.30%	27.70%	38.34	39.91	4.09%	\$25,520	\$29,982	17.48%
Dare	34674	23.00%	15.70%	13.30%	40.5	42.55	5.06%	\$26,851	\$33,463	24.62%
Pasquotank	39956	26.00%	14.50%	12.80%	35.98	37.33	3.75%	\$20,814	\$24,013	15.37%
Perquimans	12442	8.00%	9.40%	11.40%	42.3	45.11	6.64%	\$20,340	\$25,996	27.81%
Tyrrell	4240	3.00%	2.20%	2.40%	38.71	40.18	3.80%	\$17,567	\$22,329	27.11%
Washington	13360	9.00%	-2.60%	-2.60%	39.27	41.59	5.91%	\$20,195	\$23,858	18.14%
Region	152138	100.00%	14.10%	13.10%	38.92	40.79	4.79%	\$23,223	\$27,810	19.75%
Statewide	8860341	1.70%	10.10%	7.20%	35.35	36.19	2.38%	\$27,067	\$31,041	14.68%

*PCPI= Per capita personal income



The Internet as a result of the access provided through the five CSTs

Networks & Telecommunications Tips for Small Businesses in the Albemarle

Tim Kelly

Since the Telecommunications Act of 1996, all regions of the country have been divided up among several telecommunications carrier service providers. The Act was an effort to promote competition among these carrier service companies. The thinking was that such a regulation would eventually lower the monthly recurring costs for customers to lease carrier service networks and telephone services from these competing carrier service providers. That thinking persists today.

The 1996 Act dubbed these carrier provider companies ILECs (short for *Incumbent Local Exchange Carriers*). Carrier companies or consultants that partner with these ILECs became known as CLECs (*Competitive Local Exchange Carriers*). In the Albemarle area, Sprint was the only ILEC available until two years ago, when it spun-off its carrier service business in the region to a new ILEC – **Embarq**.

Embarq and other ILECs operate and lease their services through what is called a Carrier Service Infrastructure (CSI). Today there are five different types of CSI networks. They are known as: the “Public Switched Telephone Network,” the “Digital Service Network,” the “Optical Carrier Network,” the “Hybrid-Fiber Cable Network,” and the newest of all, “Wireless Carrier Services Network.” What is incredible about all of the CSIs is that each one can provide internet access to consumers and businesses. (See graphic at top of page.)

The major shortcoming, particularly for small businesses in the Albemarle looking to expand their e-commerce capabilities, is that there is only one ILEC in northeastern NC. Only the ILEC, or the CLEC leasing through the ILEC, can provide the various network and telecommunications services. The net effect of this situation is we who live and work in northeastern North Carolina are compelled to have *fewer* rather than more networking options for doing business in this age of e-commerce.

In southeastern NC, there is one ILEC and over 15 other CLECs partnering with that ILEC to lease all of the above services. Why can't this happen in Albemarle? This article attempts to summarize a few of the services that are leased to businesses on a monthly basis in the Albemarle – *through our one and only ILEC*.

POTS — Plain Old Telephone Services

If you are in business, *talk is never cheap*. An essential question to ask the ILEC when acquiring, changing or upgrading your POTS is: “Should I have you provide one separate line (*you provide the phone*) for each employee?”, and/or “Should I get a phone system that can support multiple employees’ telephone needs with less lines going into the phone system?”. In the POTS world, your telephony operational costs come down to how many lines; how many minutes are used per month on each of these lines; and for what type of calling are these lines used, *i.e., local, extended local, interstate and long-distance; or even international toll calling*.

The ILEC will roll all of these costs into what is known as the monthly recurring usage charges (MRC). For example, if you have employees making toll calls, the calling minutes are metered and your business pays between 5-cents and 84-cents per minute for domestic calls. (*International calls have a wide range of per minute charges based on the country you are calling and some are as high as \$4 – \$5 per minute.*) If this is the case in your business, discuss with your proposed ILEC their alternative plans for bundling services, lines and call types to reduce costs. Most ILECs can bundle a domestic toll-free calling plan for less than \$15 per line per month, allowing you unlimited talk time on the “bundled” lines to anyone in the domestic U.S. without having to pay any per minute charges. For businesses that make international calls, the ILEC can customize an international calling plan for you that will reduce costs.

(See NETWORKS, continued on Page 8)

AGE *(continued from Page 6)*

boom. New construction should continue, albeit at a slower pace due to problems in the national housing industry.

The value of new construction and the increases in real estate valuation have generated more revenues to local governments; but in the short-run, the costs of providing additional services outweighs the new revenues. The demand for new government and school buildings, as well as the expansion of water and sewer infrastructure, will continue to put pressure on local tax rates.

The net migration into the region mostly boosts local lower-wage employment such, as retail clerks, cooks, waiters, construction workers, and personal service providers such as hairdressers, yard workers, etc. This trend for lower-wage jobs is somewhat tempered by the increase in professional jobs in education, the healthcare industry, and in legal/financial services.

New restaurants and stores will flourish, although the supply of lower-wage employees will tighten in response as

shown by relatively low unemployment rates. According to the NC Employment Security Commission, Currituck County had the lowest unemployment rate (2.6%) in the state for October 2007. Also, the October 2007 weighted average unemployment rate for the region was 4.16%, well below the 4.6% rate for the state.

Commercial and residential construction will continue at a modest rate, but the demand for inexpensive housing will also grow as newcomers drive up real estate values and compete with existing residents for rental units. The healthcare industry will grow in response to the influx of retirees as well as to the aging baby-boomers in the existing population, as shown by the increases in median ages. Local taxes will increase to meet the demand for increased government services, which will in turn generate a few additional jobs.

Michael Worthington teaches accounting in the ECSU Walter R. Davis School of Business & Economics. He can be reached at (252) 335-3313, or via e-mail: mworthington@mail.ecsu.edu.

NETWORKS *(continued from Page 7)*

Business Class Broadband Internet Connectivity

If you have POTS phone lines, chances are good, if you are located in or near the city, the ILEC can also bundle-in consumer grade Broadband Internet Services using the same POTS line. If the ILEC's facility is within 15,000 feet of your business, the ILEC's technician can qualify your business for a service known as DSL (*short for Digital Subscriber Line*). Depending on how much business you do and the total number of employees you have using the internet for E-commerce, business class DSL can provide a workable bandwidth speed and allow you to conduct certain types of business over the internet.

If your business takes it one step further and puts up its own web site, your on-line e-commerce options grow exponentially. It also means that your bandwidth needs will most likely grow, making it necessary for you to secure a separate DSL line with a much greater bandwidth. You can use this type of DSL line (sometimes called "symmetric" DSL) as an "Internet Gateway" for everyone in your business.

Symmetric DSL requires a business to have a Local Area Network in place (*a.k.a., LAN*). The LAN connects everyone's computer at your location. The DSL line would then connect all of your employees to the internet via your LAN. However, once in place, you can drop any and all of the individual consumer-grade DSL accounts which previously ran over your pre-existing POTS lines. The symmetric DSL option, if you have more than a few employees, is actually a situation where more bandwidth is faster, better – and in the end – far cheaper than running multiple consumer grade DSL lines.

Special Note: If you order DSL from the ILEC, and you are not in or around Elizabeth City, make sure you have the ILEC install it and *test it in your presence*.

Multi-location Business Options

Fortunately our local ILEC has other network technology service options that can be provided to businesses that have multiple locations. Several elements come into play: number of employees per location; number and type of lines, if any; and usage costs, if any, per location. It seems obvious that each location should have telephone service and internet access and it might make good sense to put each of the locations on their own private network so that internal

business communications can be handled electronically on a private, secure network.

Typically, the business management team will want to discuss options with the ILEC, or a consultant, to review options and costs. They will ask you for your monthly billings for all the above services and then come back with a proposal that hopefully will reduce operational costs, while adding on-line features and applications such as conference calling and video-conferencing.

In Conclusion —

Since the Telecommunications Act of 1996, the usage costs for business networks and telecommunications have come down dramatically for those who are able to get the carrier services options they need. However, awareness of the choices and options are not always known. In short, it comes down to working with your ILEC (*CLEC when available*), and knowing which questions to ask. Unless your business has trained business information systems professionals on staff, you are somewhat dependent on the ILEC, or other consultant, to answer your questions honestly and ethically, thus proposing the best solution for your business needs.

Tim Kelly is a MIS faculty member in the ECSU Walter R. Davis School of Business & Economics. He can be contacted at (252) 335-3856, or via e-mail: tykelly@mail.ecsu.edu.

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RETAIL SPACE IN THE ALBEMARLE: SURVEYS OF STRIP MALLS & DOWNTOWN AREAS SUGGEST OPPORTUNITIES AND ISSUES IN BOTH MARKETS

George Jackson

While reading a Wall Street Journal article reporting the findings from a national study of strip mall vacancies ("*Strip Mall Vacancies Hit 7.4%*," B-15, 10/10/07), I wondered how things stand in the Albemarle area. There has been considerable focus on the slowdown in residential real estate activity (*see story following on page 9*). But, what about commercial properties – specifically, retail space? Has the morass in residential real estate crept into the commercial sector? Are Albemarle strip malls faring well? What about downtown? Is there a viable retail sector in the historic town centers of the Albemarle?

Unable to locate sufficient information from other sources, and always looking for an opportunity to enjoy the Tidewater landscape, I decided to "circuit" (*the act of going around*) Albemarle Sound. Starting on the northside in Camden County, I traveled east and south into Currituck, and over the Sound onto the Outer Banks. Dropping down to the Sound's southside, I headed back westward over Roanoke Sound to Roanoke Island and then crossed Croatan Sound, the Dare mainland, and the Alligator River into Tyrrell and Washington counties. The westernmost stop was downtown Plymouth, a few miles from the western edges of Albemarle Sound. From there, the trip was north over the narrow channels and bottomlands of the Roanoke and Cashie rivers to Bertie County, and then across the Chowan River into Chowan, Perquimans, and Pasquotank Counties. *Eight counties and six downtowns in a day!*

In each county (except Tyrrell, where I could find none), I visited at least two of the primary highway strip malls, walking off first-floor streetfront retail space with a measuring wheel — first total frontage, and then vacant space. Prior to beginning the survey, I chose to define a strip mall as a location with at least four retail spaces with outside entrances. Anchor tenant space was excluded, the intent being to find

small retail space roughly equivalent to that available in the small downtown commercial centers. Retail space was widely interpreted to include storefronts with professional offices, restaurants, grocery sales, etc.

The second goal was to visit the still-existing downtown retail districts in each of the old port towns of Albemarle Sound — Manteo, Columbia, Plymouth, Edenton, Hertford, and Elizabeth City, comparing them one to another, and to the newer highway-oriented shopping centers.

Individual spaces were not categorized using national groupings, such as Classes A, B, and C, etc. Speaking in the most general of terms, however, the majority of space, both in the strip malls and downtowns, would fall between Class B office space (*older renovated buildings*) and those in Class C (*buildings several years old, and in need of improvements*).

Relative to nationwide figures, the Albemarle area's strip mall occupancy rate of 86% falls below the national rate of approximately 92%. However, occupancy rates for properties in the lower classes typically lag behind prime locations. Perhaps most telling, however, are the intra-region differences. Despite the dramatic slowdown in vacation properties in Dare County, Outer Banks' strip malls up and down the beach continue to enjoy robust occupancy rates, exceeding the area's mainland markets. In contrast, strip malls in the Lower Sound area (where they exist), reveal disappointingly low occupancy rates.

In downtown markets, the occupancy ratios are surprisingly positive. While both Plymouth and Elizabeth City have considerable excess retail frontage, every other downtown has ratios equal to or exceeding national retail averages. Most surprising for me was the small Main Street district in Columbia, where every available retail space was attractively occupied — *quite a compliment to the citizens of what was once a nearly abandoned commercial district in the midst of one of NC's poorest counties!*

ALBEMARLE AREA STRIP MALL SURVEY

First Floor Street Frontage Retail Space

	Approx. Lin Front Footage Surveyed	Approx. Percentage Occupied
Outer Banks Metro		
Currituck (3)	650	85%
Kitty Hawk (3)	1200	88%
Kill Devil Hills (2)	970	86%
Nags Head (3)	2100	94%
WEIGHTED AVERAGE		90%

	Approx. Lin Front Footage Surveyed	Approx. Percentage Occupied
Mainland Upper Sound		
Chowan (2)	1060	96%
Perquimans (3)	965	75%
Pasquotank (7)	2645	81%
Camden (2)	300	100%
WEIGHTED AVERAGE		84%

	Approx. Lin Front Footage Surveyed	Approx. Percentage Occupied
Mainland Lower Sound		
Tyrrell	N/A	N/A
Washington (2)	840	69%
WEIGHTED AVERAGE		69%

Albemarle Area Weighted Occupancy Ratio: 86%

Note: number in parenthesis equals number of malls surveyed. Square footage numbers do not represent total space available in the particular market.

ALBEMARLE AREA DOWNTOWNS

First Floor Street Frontage Retail Space Survey

	Approx. Lin Front Footage Available	Approx. Percentage Occupied
North of Albemarle Sound		
Edenton	1525	96%
Hertford	825	92%
Elizabeth City	1240	68%

North Region Weighted Occupancy Ratio: 78%

	Approx. Lin Front Footage Available	Approx. Percentage Occupied
South of Albemarle Sound (incl. Roanoke Island)		
Columbia	960	100%
Manteo	1200	95%
Plymouth	1840	68%

South Region Weighted Occupancy Ratio: 84%

Albemarle Area Weighted Occupancy Ratio: 81%

By the Numbers . . .

ALBEMARLE AREA REAL ESTATE

George Jackson



SALES

Information gathered from private organizations and local governments confirm what most of us know – the Outer Banks real estate market differs from the mainland market. It is no surprise that the average price for a single-family home on the Outer Banks costs more than double (224%) the amount for a home on the mainland.

Why? Land prices account for part of it. *Table I* indicates that in 2007 the average Outer Banks residential lot sold for 87% more than a mainland lot. Another reason for the difference is the size and character of homes in the two markets. More than half of the homes in Dare County are used for vacation rentals. The number of bedrooms in these “McMansions” far exceeds the typical home. For example, nationwide, only 19% of single-family homes have four or more bedrooms. In Dare County, our sampling suggests that 74% of new homes built in 2006 have four or more bedrooms.

Comparing condominium prices, which are more likely than detached structures to be of similar size, the difference between mainland and Outer Banks prices - approximately 36% - is considerably less than for homes.

Table I
SALES DATA FOR ALBEMARLE REALTOR ORGANIZATIONS

	A.B. Assoc. Realtors (Mainland)			Outer Banks Assoc. Realtors		
	Residential Single-Family Homes					
	2004	2007*	% Change	2004	2007*	% Change
Average List Price	\$ 158,430.00	\$ 235,000.00	48%	\$ 512,376.00	\$ 539,922.00	5%
Average Sale Price	\$ 154,776.00	\$ 227,008.00	47%	\$ 497,991.00	\$ 508,468.00	2%
Sale/List Percent	97.7%	96.6%		97.2%	94.2%	
Av. # Days on Mkt.	138	154	12%	152	192	26%
	Condominiums					
	2004	2007*	% Change	2004	2007*	% Change
Average List Price	\$ 237,800.00	\$ 246,558.00	4%	\$ 273,220.00	\$ 336,398.00	24%
Average Sale Price	\$ 234,500.00	\$ 243,291.00	4%	\$ 268,321.00	\$ 321,403.00	23%
Sale/List Percent	98.6%	98.7%		98.2%	95.5%	
Av. # Days on Mkt.	182	173	-5%	168	182	8%
	Residential Lots					
	2004	2007*	% Change	2004	2007*	% Change
Average List Price	\$ 55,262.00	\$ 126,527.00	129%	\$ 270,842.00	\$ 251,169.00	-7%
Average Sale Price	\$ 52,428.00	\$ 118,338.00	126%	\$ 260,428.00	\$ 220,885.00	-15%
Sale/List Percent	94.9%	93.5%		96.2%	87.9%	
Av. # Days on Mkt.	554	211	-62%	168	222	32%

*2007 data based on results of first six months activity

If current trends continue, differences in prices should become less profound. Land transfer tax figures, displayed in *Table II*, indicate that mainland real estate activity has not dropped off nearly so precipitously as on the Outer Banks. The *Table II* figures, which unlike *Table I* routinely include mainland and Outer Banks transactions for Currituck, make comparisons difficult; but unpublished Currituck County building permit figures that track mainland and Outer Banks markets, show a much steeper decline in building activity on the northern beaches.

It is in land prices, however, that the most marked changes have occurred over time. While the selling price for the average Outer Banks residential lot has fallen by 15%, the average selling price for a residential lot in the mainland has more than doubled. Similarly, from 2004 until 2007 the average number of days on the market increased 32% for Outer Banks lots, while it dropped by 62% for mainland homesites.

The implication of combined figures from *Table II* is that sales activity in the Outer Banks/Metro market has consistently dropped in each of the past three fiscal years (July 1 - June 30), while the mainland market has enjoyed more stability.

Table II
1% LAND TRANSFER TAX COLLECTIONS
(in thousands of dollars)

Outer Banks/Metro	FY 03-04	FY 04-05	% Chg	FY 05-06	% Chg	FY 06-07	% Chg	FY 07-08*	% Chg
CURRITUCK	\$6,745	\$7,508	11%	\$4,902	-35%	\$3,238	-34%	\$2,717	-16%
DARE	\$12,599	\$15,187	21%	\$10,761	-29%	\$7,067	-34%	\$6,168	-13%
SUB-TOTAL	\$19,344	\$22,695	17%	\$15,663	-31%	\$10,305	-34%	\$8,885	-14%
Mainland/Upper Sound									
CAMDEN	\$514	\$626	22%	\$681	9%	\$586	-14%	\$454	-23%
CHOWAN	\$332	\$383	15%	\$758	98%	\$498	-34%	\$948	90%
PASQUOTANK	\$1,460	\$2,084	43%	\$2,862	37%	\$2,222	-22%	\$2,244	1%
PERQUIMANS	\$643	\$882	37%	\$1,189	35%	\$663	-44%	\$617	-7%
SUB-TOTAL	\$2,949	\$3,975	35%	\$5,490	38%	\$3,969	-28%	\$4,262	7%

Note: The 1% tax is not collected in Washington and Tyrrell Counties

*2007-2008 amounts are estimated based on collections from months elapsed when data received.

Despite the drop-off in sales volume from 2004, when all markets were expanding, prices have remained fairly steady, and, in the case of single-family homes, prices have increased in both markets. On the Outer Banks, however, the average days elapsed between listing real estate for sale and actually selling it has increased significantly.

Table III
ESTIMATED \$ VALUE OF CONSTRUCTION
BASED ON BLDG. PERMITS
(in millions of dollars)

	2004	2005	2006	2007	% of Prev. Yr.	
					2006	2007
Outer Banks/Metro						
CURRITUCK	213	197	142	122	72%	86%
DARE	342	404	254	253	63%	100%
SUB-TOTAL	555	601	396	375	66%	95%
Mainland/Upper Sound						
CAMDEN	N/A	N/A	N/A	N/A	N/A	N/A
CHOWAN	N/A	42	45	27	107%	60%
PASQUOTANK	95	104	87	101	84%	116%
PERQUIMANS	33	45	53	56	118%	106%
SUB-TOTAL	128	191	185	184	97%	99%
Mainland/Lower Sound						
TYRRELL	10	12	14	33	117%	236%
WASHINGTON	4	5	8	6	160%	75%
SUB-TOTAL	14	17	22	39	129%	177%
	697	809	603	598		

REGION-WIDE CURRENT YEAR AS % OF 2004 BASE YEAR

2004	2005	2006	2007
100%	116%	87%	86%

(Notes: Tyrrell County figures do not include Town of Columbia permits, and do not include construction valuations. For purposes of this report, volume has been estimated based on \$ value of permits issued. 2007 Dare County figures interpolated from 11 months of activity)

DATA INDICATES HOUSING PRICES REMAIN STABLE DESPITE SLOWDOWN IN SALES VOLUME AND BUILDING ACTIVITY

BUILDING ACTIVITY

Not unexpectedly in light of real estate sales, building in the Outer Banks/Metro market has fallen off in each of the last two years. Relative to 2004, the value of building activity in Dare County has dropped by approximately one-third.

Although not displayed in *Table III*, the drop in Currituck County building (combined under Outer Banks/Metro category) is much more profound on the beaches than on the mainland. In 2005, construction on the Currituck beaches was slightly larger than the mainland portion. By 2007 however, beach activity had fallen by more than one-half. For 2007 Currituck's mainland volume was \$79M, compared to \$43M on the beach.

Looking at the Albemarle region as a whole, the northern mainland area appears to be close to where it was in 2004, with some counties still showing continuing expansion. Perhaps most surprising is the brisk pace of construction activity south of the sound in Tyrrell County. Construction activity creates jobs, whether permanent or temporary. Typically, individual permits don't merit close examination in constructing averages. However, considering that one permit for farm buildings in Tyrrell County accounted for more than half of the county's total for 2007, one might question whether the growth rate shown for 2007 is sustainable.

FORECLOSURES

One of the tragedies of a falling real estate market is the seizure of properties via foreclosure. Local figures can be put in perspective by comparing them to other regions. In 2007, for example, the nationwide rate for foreclosure filings was .16% (less than one percent). For North Carolina, the rate is .10% (one foreclosure for every 992 households). Note that these figures are for courthouse filings - the beginning of the foreclosure process - rather than actual seizures.

**Table IV
ALBEMARLE FORECLOSURE ACTIVITY
(2001-2007)**

(measured from Nov. [previous year] to Nov. [current year])

								% of Prev. Yr.		% Units in 2007*
	'01	'02	'03	'04	'05	'06	'07	2006	2007	
Outer Banks/Metro										
CURRITUCK	51	70	74	57	66	65	133	98%	205%	1.0%
DARE	207	238	161	203	201	266	487	132%	183%	1.5%
SUB-TOTAL	258	308	235	260	267	331	620	124%	187%	1.4%
Mainland/Upper Sound										
CAMDEN	19	15	22	12	21	21	27	100%	129%	0.7%
CHOWAN	25	37	44	24	25	38	53	152%	139%	0.8%
PASQUOTANK	94	83	122	104	112	104	144	93%	138%	0.9%
PERQUIMANS	17	35	36	36	25	24	32	96%	133%	0.5%
SUB-TOTAL	155	170	224	176	183	187	256	102%	137%	0.8%
Mainland/Lower Sound										
TYRRELL	6	4	5	9	5	5	11	100%	220%	0.5%
WASHINGTON	24	32	52	28	43	40	43	93%	108%	0.7%
SUB-TOTAL	30	36	57	37	48	45	54	94%	120%	0.6%
REGION-WIDE	443	514	516	473	498	563	930	113%	165%	1.1%

Source of Data: Administrative Office of the Courts (N.C.)

* calculation: divide 2007 # foreclosures by 2006 # housing units estimated by US Census Bureau.

Our estimate (see *Table IV*), indicates the overall rate for the Albemarle region - 1.1% - exceeds both state and national averages. Typically, foreclosure rates for investment properties are higher than for primary residences, and local data seems to support that notion.

Dare County has the highest rate in the Albemarle region - 1.5%, and between 2004 and 2007, the number of Dare foreclosures more than doubled. Dare County, however, has more second homes than primary residences. Currituck County, second in the region in terms of second homes vs. primary residences, has the second highest foreclosure rate.

Ironically, the Lower Sound region, comprised of Tyrrell and Washington counties - the region's poorest by some measures, has the lowest foreclosure filing rate. That leads to the question of housing affordability.

RELATIVE HOUSING COSTS

One way to measure affordability is to compare home values to household incomes. Using information compiled by the N.C. Department of Commerce, such a ratio appears in *Table V*. Interestingly, the Lower Sound region has the lowest affordability index. While many persons live below the poverty line, real estate, relative to prices in other parts of the Albemarle, isn't as expensive.

Table V

Housing Affordability Ratios
(calculated using data from N.C. Commerce Dept. Estimates)

	Median Home Values		Median Household Income		Home Value to Income Ratio	
	2005	2010	2005	2008	2005	2010
Outer Banks/Metro						
Currituck	\$165,290	\$200,248	\$45,952	\$51,808	3.60	3.87
Dare	\$165,874	\$200,036	\$48,748	\$55,444	3.40	3.61
AVERAGE					3.50	3.74
Mainland/Upper Sound						
Chowan	\$95,640	\$115,778	\$30,918	\$35,053	3.09	3.30
Perquimans	\$89,358	\$110,587	\$29,495	\$32,783	3.03	3.37
Pasquotank	\$99,835	\$120,422	\$30,479	\$34,633	3.28	3.48
Camden	\$193,603	\$268,007	\$54,121	\$60,577	3.58	4.42
AVERAGE					3.24	3.64
Mainland/Lower Sound						
Tyrrell	\$65,288	\$80,288	\$28,602	\$32,154	2.28	2.50
Washington	\$80,759	\$98,273	\$32,305	\$36,469	2.50	2.69
AVERAGE					2.39	2.60
Albemarle Region-wide Average:					3.05	3.33

The year-to-year match between future incomes and future home values isn't perfect, but it allows for some predictability. The indication is that prices for real estate in all areas of the Albemarle will continue to increase at a greater rate than household incomes.

Looking at the sub-regions, the calculated ratios suggest that the Outer Banks/Metro market will continue to be the most expensive sub-region for real estate. The Upper Sound area, however, will have the largest relative increase in housing costs, and Camden County will have the largest increase in prices, relative to household income. Also, it will surpass Dare County's ratio, making it the most expensive county for owning a home, relative to how much one can expect to earn in the county. Should these numbers hold true, citizens of Camden will probably continue to seek employment in the Tidewater Virginia market.

George Jackson teaches law and tax courses in the ECSU Walter R. Davis School of Business & Economics. He can be reached at (252) 335-3706, or via e-mail at gsjackson@mail.ecsu.edu.

Editor's Perspective

Data Groups and Samples: Imperfect Images that Facilitate Learning

Estimates based on samples underlie a good bit of the information contained in this report. This is particularly true for many of the conclusions reached by the various authors, where the writer blends perspective, intuition, probability theory, and opinion, to interpret the information presented.

Some of the samples come from databases maintained by other organizations including the U.S. Census Bureau, various state agencies, local governments, and industry groups. We are grateful for the cooperation provided by each of these groups.

Many of the tables constructed for the report provide only county-by-county figures, while others break the Albemarle area into sub-parts. In some instances, tables don't utilize the sub-part groupings, further complicating the reader's efforts to reach his or her own conclusions. Often, the presentation is driven by what is available. For example, several tables utilize the "Outer Banks/Metro" category, which blends the Outer Banks tourism-driven market with mainland Currituck.

The available data on land transfer taxes is accumulated county-by-county. The choice, then, is to call Currituck a mainland county, despite its significant Outer Banks portion — or to call it an Outer Banks county, and including in that group the rapidly expanding, but unrelated, northern mainland area around Moyock.

Our choice was the latter, the logic being all of the Currituck mainland — both its southern portion, through which tourists must travel to reach the Currituck and Dare County Outer Banks — and its northern portion, are economically distinct from the

other mainland areas — those communities now often referred to as the "Inner Banks."

Within the Inner Banks, subdividing is similarly useful. The Lower Sound counties of Tyrrell and Washington, for example, ranking 3rd and 6th respectively among North Carolina's poorest counties, differ not only from prosperous Dare and Currituck counties (98th and 78th, respectively), but are also different from, albeit less extreme, the Upper Sound counties, which fall between 71st and 21st on the poverty scale.

Differences in construction activity between the various sub-regions also suggest that identifying and examining regional sub-parts is beneficial. To wit, the Outer Banks/Metro market has contracted significantly while the Upper Sound counties are experiencing a moderate slowdown. In contrast, construction estimates from the Lower Sound counties indicate ongoing growth.

Still, it is not unexpected that our readers might sometimes feel that what we call a basket of oranges is in fact a "*thrown-together assorted fruit basket*." It is important to remember that the information presented is only a snapshot.

While it is often possible to measure the degree of risk that arises from relying on sample data, this report does not attempt to quantitatively measure it. Our conclusions, then, are non-statistical. However incomplete the sample data, and however spurious the groupings appear, we hope that upon reading the report your judgment will agree with ours — *that the information helps in better understanding the Albemarle area, particularly its business sector.*

— GSJ

Albemarle Business Report

Walter R. Davis School of Business & Economics

Campus Box 781

Elizabeth City State University

1704 Weeksville Road • Elizabeth City, NC 27909