January 17, 2014

It’s the time of the year for economic forecasts and prognostications about 2014 and beyond for our great state. What economists from both sides lack in correct forecasting, they more than make up for in their willingness to make precise estimates that fit their perspective.

Nonetheless, let’s take a look at where we’ve been. More specifically, let’s look at where people have been going for the past 20 years.

The most recent edition of Business NC dedicated a two-page spread to showing the migration patterns of wealth across state lines. The data that informed this spread comes from the Internal Revenue Service’s US Population Migration data set. From year to year, the IRS tracks the migration patterns of tax filers and catalogues the adjusted gross income of filers, where they moved to, and where they moved from.

We already knew NC has been winning the migration war between states for a long time. But what is also clear is that we are winning the wealth migration war as well. Only two other states had higher increases in net wealth from 1992 to 2010 - Florida and Arizona. North Carolina even had higher net wealth migration than the great state of Texas.

If there is one alarming statistic it would be the loss...
of wealth to South Carolina (1.2 billion). But the
gains from other states like California, Virginia, New
Jersey, ad New York more than made up for the $25.1
billion dollar net wealth we gained from all states
combined.

At the state level, there are several takeaways.

From howmoneywalks.com

First, despite having higher income taxes than our
southern neighbors, largely we outperformed them in
generating wealth through in-migration.

Secondly, the data suggests that the story of NC’s
economy, and, more importantly, the story of
consumer choice about where to live, is much more
complicated than comparing state tax rates.

Lastly, as we look to shore up our state and regional
economies, we should pay attention to those more or
less intangible factors like quality of life, weather,
costs of living, infrastructure, and cultural amenities.

Looking beneath the state to state comparisons, we
see that the overwhelming majority of counties were
winners. Four metro counties (Mecklenburg, Wake,
New Hanover, and Buncombe) and their direct
neighbors accounted for approximately 80 percent of
the state’s net wealth in-migration. Only 18 counties
had net losses in wealth migration. But what is
disturbing is that the majority (10 of 18) of those
counties that lost wealth are clustered in the eastern
part of the state.

Suffice to say, there aren’t any real surprises as we
look at both the winners and losers. So, as you read
the numerous forecast and listen to the upcoming
State of the State and State of the Union addresses,
don’t forget what we already know about where
we’ve been and where we’re already headed.
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