

COUNTY GROWTH TRENDS

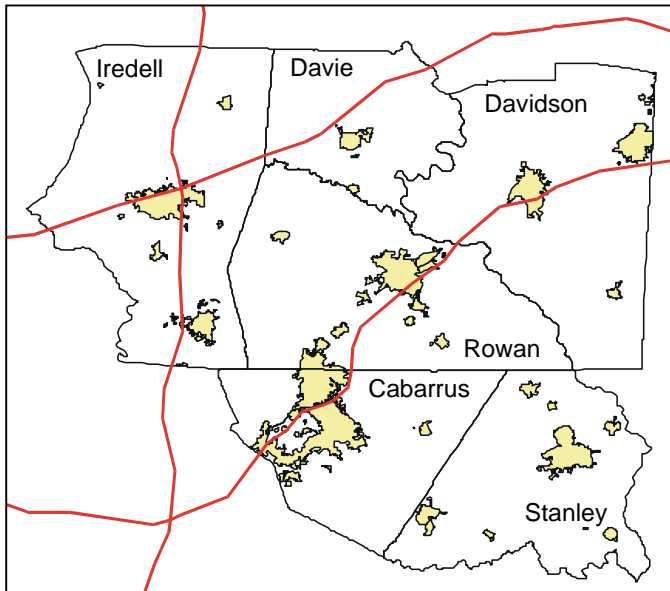
COMPARISON COUNTIES

Salisbury is the county seat of Rowan County. Situated in the rolling Piedmont region of North Carolina, Rowan is located roughly midway between Charlotte and Greensboro. Although it is classified as part of the Charlotte metropolitan area for statistical purposes, Rowan is at the edge of Charlotte's economic sphere. In this chapter, we will analyze the growth trends affecting Rowan and surrounding counties and attempt to interpret the impact of these trends on downtown Salisbury.

The map at the left shows the six counties that are included in the analysis. In addition, the trends in each county will be compared to the Charlotte metropolitan area and to North Carolina.

COUNTY POPULATION GROWTH

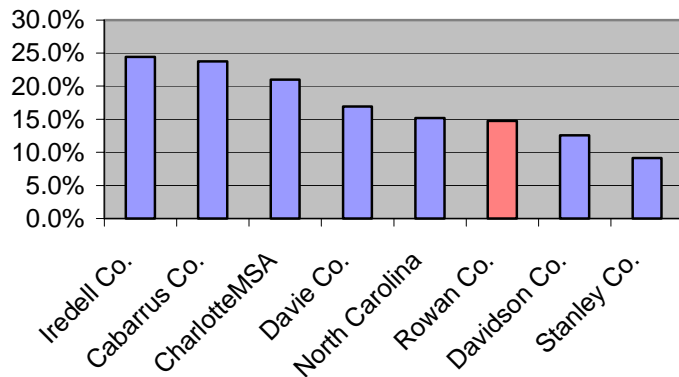
Rowan County is the second largest of the six comparison counties that lie between Charlotte and the Triad. The population of Rowan County has grown by almost 15% since 1990, a rate equal to the state of North Carolina as a whole, but significantly less than other parts of the Charlotte metropolitan area. Rowan's rate of growth lags neighboring Cabarrus and Iredell Counties, both influenced by adjacency to Mecklenburg County and Charlotte's dynamic growth. It appears likely that the rapid growth pushing north out of Charlotte over the past decade will accelerate in Rowan County over the next decade. By comparison, the Triad market is growing more modestly than Charlotte. Rowan's growth pressures will most likely come from the south.



Population	1990	1999	2004
1 Davidson Co.	126,677	142,636	152,248
2 Rowan Co.	110,605	126,940	133,853
3 Cabarrus Co.	98,935	122,421	134,499
4 Iredell Co.	92,931	115,625	130,624
5 Stanley Co.	51,765	56,505	59,582
6 Davie Co.	27,859	32,583	35,570
CharlotteMSA	1,162,093	1,405,961	1,520,591
North Carolina	6,628,637	7,634,160	8,169,759

Source: Claritas

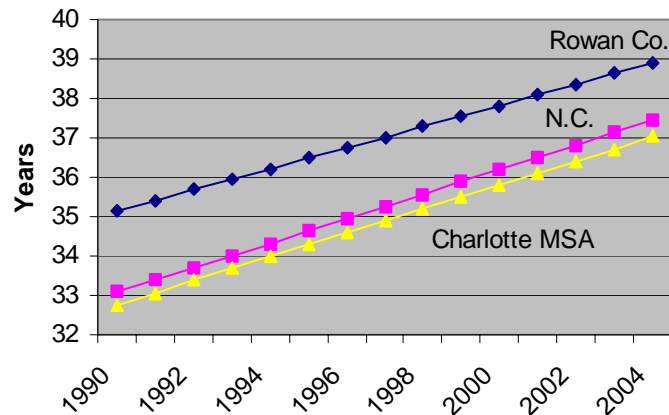
**Percent Growth in Population
1990-1999**



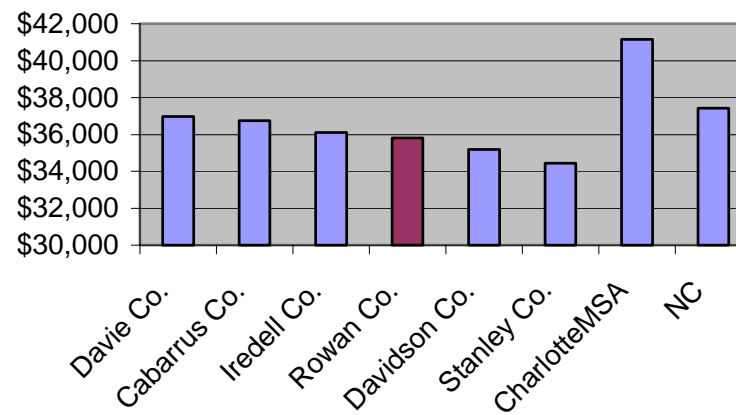
AGE OF POPULATION

The population of Rowan County is significantly older than the population of North Carolina or the Charlotte metropolitan area. With a median age of 36.7 years, Rowan's residents are, on average, two years older than the state as a whole. More significantly, the median age of Rowan's population has increased by 2.5 years since 1990. This aging of the population is expected to continue in coming decades. As the population ages, the needs and preferences of the population will change as well. This will be one of the most important trends affecting political, social and economic events in Rowan County and the United States in the future.

Median Age of Population



Median Household Income, 1999



Changes in Household Income			
		89-99	99-04
1	Cabarrus Co.	40.1%	13.4%
2	Davie Co.	39.9%	12.8%
3	Rowan Co.	39.3%	12.2%
4	Iredell Co.	38.1%	12.1%
5	Davidson Co.	36.2%	11.3%
6	Stanley Co.	35.1%	10.5%
	CharlotteMSA	41.6%	14.5%
	NC	40.2%	13.4%

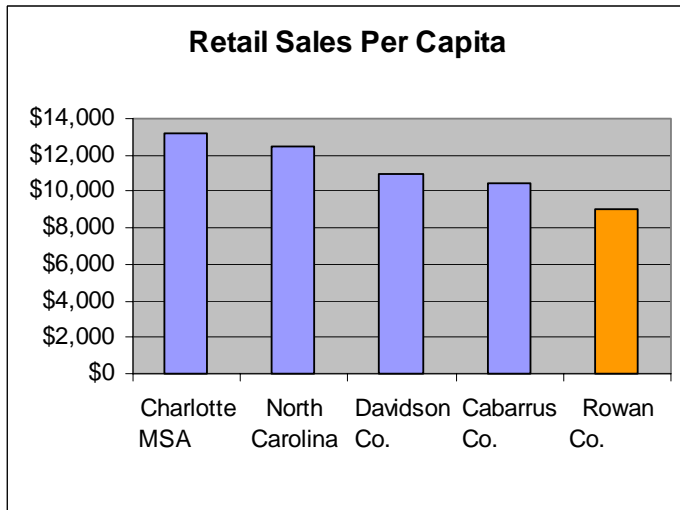
INCOME LEVELS

Income levels in all six comparison counties trail North Carolina and the Charlotte metropolitan area. With a 1999 median household income of \$35,815, Rowan County ranks 4th among the six counties in income. Income growth in Rowan has been moderate since 1989, with median household incomes increasing by more than 39%, nearly equal to the state.

RETAIL SALES

Rowan County is a relatively weak retail market. Annual retail sales for 1999 are estimated at \$1.148 billion. Despite its ranking as the second most populous of the six comparison counties, Rowan ranks fourth in retail sales. Its retail sales per capita ranks fifth, only 72% of the statewide figure. This data suggests that Rowan County is losing a substantial portion of the retail expenditures of its residents to retail stores located in other jurisdictions.

Rowan’s weakness as a retail center is compounded by increasingly strong competition beyond its borders. In recent months, Carolina Mall in Concord has



1999 Retail Sales Per Capita				
		Retail Sales	Population	Sales Per Capita
1	Iredell Co.	\$1,347,000,000	115,625	\$11,650
2	Davidson Co.	\$1,563,000,000	142,636	\$10,958
3	Cabarrus Co.	\$1,280,000,000	122,421	\$10,456
4	Stanley	\$538,000,000	56,505	\$9,521
5	Rowan Co.	\$1,148,000,000	126,940	\$9,044
6	Davie Co.	\$283,000,000	32,583	\$8,686
	North Carolina	\$95,322,000,000	7,634,160	\$12,486
	Charlotte MSA	\$18,611,000,000	1,405,961	\$13,237

Source: Claritas

completed a major renovation and expansion, and Concord Mills has opened along I-85. These competitive forces will likely limit retail growth in Rowan County in future years.

COMPARISON CITIES OF THE PIEDMONT

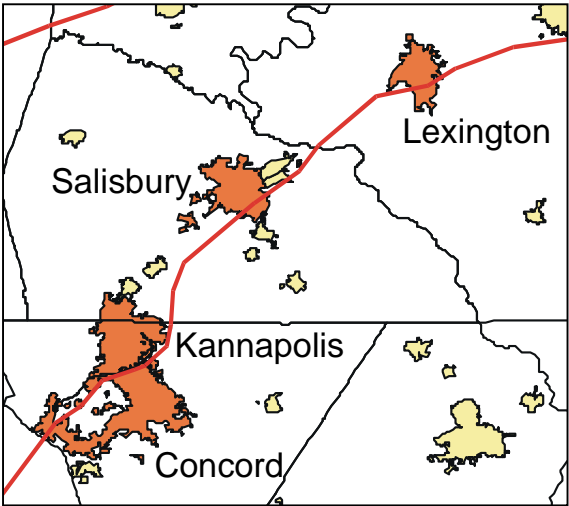
SALISBURY AND ITS PEERS

The demographics and economics of cities are often very different from the counties and metropolitan areas that surround them. To truly understand the Salisbury market area, we must understand its core, the City of Salisbury. And, we must understand it in the context of cities in the North Carolina Piedmont, not in the context of counties or the metropolitan area. For this purpose, three nearby cities of similar size have been selected for analysis and comparison to Lexington.

POPULATION GROWTH

According to the most recent population estimates by the State of North Carolina, Salisbury is a city of nearly 27,000 residents. By this estimate, Salisbury has grown modestly compared to its peers, with 13.4% more residents in 1998 than in 1990.

It should be noted that the State's estimates of population and growth tend to be substantially higher than those of the Census Bureau and private market research organizations. According to Census Bureau estimates, Salisbury has grown by only 8.6% since 1990. The differences for the other cities are even greater. Uncertainty regarding actual growth levels will probably persist through the publication of the 2000 census. Most sources agree, however that Salisbury is growing, but at a substantially slower rate than its Cabarrus County neighbors.

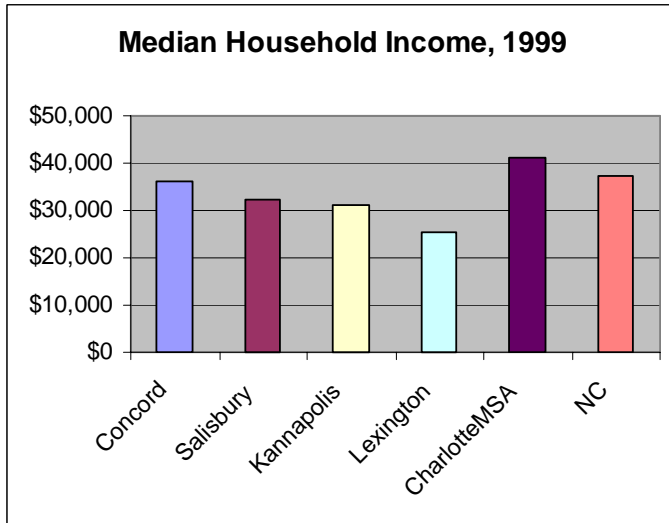


Population	1990	1998	% Growth
1 Concord	27,347	46,253	69.1%
2 Kannapolis	29,709	36,550	23.0%
3 Salisbury	23,626	26,792	13.4%
4 Lexington	16,581	19,254	16.1%

Source: State Data Center

Population	1990	1998	% Growth
1 Concord	27,384	34,617	26.4%
2 Kannapolis	29,696	36,975	24.5%
3 Salisbury	23,107	25,100	8.6%
4 Lexington	16,581	16,150	-2.6%

Source: Census Bureau



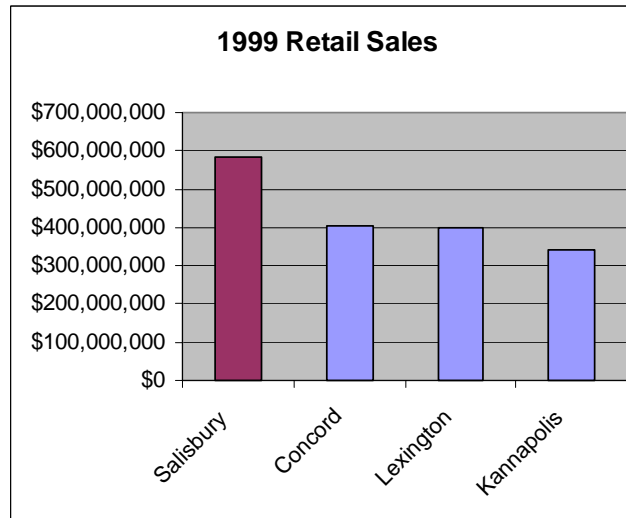
INCOME GROWTH

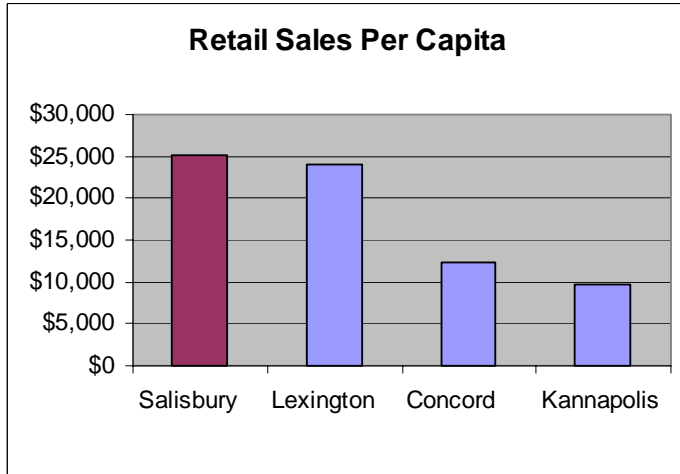
The cities of the North Carolina Piedmont tend to contain a disproportionate share of their market area’s lower income households. As a result the median family income in all cities is substantially less than in their respective counties. In Salisbury, the 1999 median household income of \$32,365 is only 86% of North Carolina’s median income and 79% of the Charlotte metropolitan area’s median income. Salisbury ranks second among the comparison cities in median income, trailing Concord. Salisbury ranks third in income growth.

RETAIL SALES

In stark contrast to Rowan County’s overall weakness as a retail market (see previous chapter), Salisbury is a very strong retail center. Nearly 51% of Rowan’s estimated \$1.15 billion in retail sales occur in Salisbury. Salisbury’s retail sales are reported to be significantly higher than in Concord or Kannapolis despite the larger size of these cities (this data pre-dates the opening of Concord Mills). Similarly,

Change in Household Income		89-99	99-04
1	Concord	40.4%	14.0%
2	Kannapolis	39.4%	10.4%
3	Salisbury	35.0%	10.7%
4	Lexington	20.5%	3.0%
	CharlotteMSA	41.6%	14.5%
	NC	40.2%	13.4%





retail sales per capita in Salisbury are significantly higher than in surrounding cities. One explanation for this is that the retail market in Concord and Kannapolis is divided between the two cities. In addition, the proximity of Concord and Kannapolis to Charlotte probably results in a greater out-migration of retail dollars. Because of its more distant location from the region’s large urban centers, Salisbury has developed as a strong retail center serving a significant surrounding market area.

With the recent opening of Concord Mills and surrounding retail centers, Concord has emerged as one of the region’s foremost retail centers. Salisbury’s retail market, which has historically been shielded from competition by its distance from Charlotte’s retail hubs, faces a future in which the competitive landscape is radically changed. In this new era, it is unlikely that the rapid retail growth that Salisbury has enjoyed over the past decade will continue. Existing retail businesses that do not clearly differentiate themselves from the new competition will struggle to maintain their customers and sales.

Retail Sales Per Capita			Sales
	Retail Sales	Population	Per Capita
1 Salisbury	\$585,000,000	23,334	\$25,071
2 Lexington	\$398,000,000	16,510	\$24,107
3 Concord	\$402,000,000	32,480	\$12,377
4 Kannapolis	\$339,000,000	35,105	\$9,657

Source: Claritas