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LOCAL

Asheville metro population poised to pass 500,000. What does it mean for jobs?



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"Magic" might be a bit strong to describe this number, but it is a big deal.

The Asheville Metropolitan Statistical Area — Buncombe, Madison, Henderson and Transylvania counties — is poised to pass 500,000 in population as early as 2025. While Asheville and surrounding towns won't blow up into Atlanta or Charlotte overnight, the threshold is significant in aspects ranging from economic development to attracting more grocery stores.

Industrial firms, tech companies, executives, retirees, retail chains, restaurants, hotels and other entities all consider a wide range of factors when looking to move or expand to a new area, ranging from educational levels to accessibility to a major airport.

But they also consider population, often right up front. In short, population figures provide an immediate benchmark or bar, said Heidi Reiber, director of research at the Asheville Area Chamber of Commerce.

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"This bar or ranking can rule a community in or out of potential opportunities as decision-makers go through the selection process," Reiber said, adding that those rankings help decision-makers eliminate or narrow down potential locations. "If a company is looking for a metro region with 500,000-plus population, we would not show up based on these numbers and may not be considered for new opportunities. On the other hand, when the Asheville Metro reaches 500,000, we could see a wider range of opportunities that would not previously have been on the table for our region."

Tom Tveidt, an economist and founder of Syneva Economics in Asheville, said it's always better to be in the big leagues, so to speak, rather than being outside looking in. Part of that is

just a simple equation for companies and the executives charged with checking out potential locations, which could easily number in the dozens or even hundreds.

"Industry site selection begins mostly with site elimination," Tveidt said. "You must quickly reduce the number of potential locations down to a manageable number of sites."

That initial criteria often includes population size, so the metro population reaching 500,000 means it will more likely make that first cut.

'Metric center'

Companies have to compete for workers wherever they go, so they're not necessarily going to want to be up against another dozen companies in a large market. But when they start looking, they know a certain level of population ensures a higher level of potentially well-trained or educated workers they'll need.

"I have a list of about 100 information technology firms that have recently announced new locations, and while they are spread nationwide, nearly all have selected sites with relatively large populations — 500,000 or more," Tveidt said. "Their odds of finding the right workers improves simply because the worker pool is larger. So Asheville crossing this threshold will likely improve its competitive position with this industry and any others seeking sizable pools of workers to select from."

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Ken Flynt, the associate dean of the Business School at Western Carolina University, uses the term "metric-centric" when referring to companies running the numbers. Besides his academic role, Flynt has also been involved in starting five different banks, and the last one he helped get off the ground was very much all about crunching the numbers and making sure the population was large enough to support the enterprise.

Regarding the 500K mark, he employs an analogy to the housing market.

"If you price a house at \$349,000, you're going to attract a lot of people who say, 'I'm not paying more than \$350,000 for a house,'" Flynt said. "So, if you're at 498,000 in population and you go to 502,000, you get into a different league. To me, that's what 'metric-centric' is all about."

Asheville Regional Airport has seen tremendous growth in recent years, in part driven by Asheville's reputation as a tourist destination. But population growth also means more locals

who are looking to hop a plane to visit relatives or explore a new city.

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Located in southern Buncombe County near the Henderson County line, the airport saw a 67% increase in passenger service over the past five years, and it crossed the million-passenger mark last year.

"When the population grows, the air traveler market also grows," said Lew Bleiweis, executive director of the Greater Asheville Regional Airport Authority, which runs the airport. "The correlation to airport growth is a little more complex. We watch trends of how many passengers fly to and from specific destinations each day, and when numbers grow for a destination, we look deeper to determine if a case can be made for nonstop air service or larger planes in the market."

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The upshot is that increasing population is a factor in the airport's growth, but "the overall utilization of air service by our region's air travelers and those growth trends are more important to air service development."

Employees are key

Even with all this growth, the mountain area still could use more workers.

"Since August 2018, our region has added 8,300 jobs and 11,665 more people are working," said Nathan Ramsey, director of the Mountain Area Workforce Development Board. "We currently have around 12,000-plus job openings in the Asheville metro."

The Asheville MSA leads all metros in the state for job growth, and it's had the lowest unemployment rate in North Carolina for 54 months running, Ramsey said. In August, the MSA unemployment rate stood at 3.5%.

For September, Buncombe County, at 2.6%, had the best unemployment rate statewide (not seasonally adjusted), while Henderson (2.9%) and Haywood (2.9%) tied for second. Madison (3.3%) ranked 28th out of the state's 100 counties.

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The leading sectors for job growth locally, Ramsey said, have been education and health services; trade, transportation and utilities; and manufacturing.

"From a workforce standpoint, a growing population is generally positive for employers since that translates into a greater labor pool for hiring," Ramsey said of that 500,000 mark.

"Many communities across the state have flat or declining populations. Those communities often struggle to meet their workforce needs, even though many have higher unemployment rates than the state average."

Brittany K.J. Brady, president of the Henderson County Economic Development Commission, says hitting the 500K mark will be significant, but way more goes into economic recruiting.

"Labor is the number one question we get asked about," said Brady, a Henderson County native who's been in the economic development business for a decade. "They used to start with, 'Do you have a site?' Now it starts with, 'Do you have people (to fill the jobs)?' I wish it was as simple as, 'Do you have 500,000 people in the MSA. It's more about, 'Do they meet our needs?'"

Not a 'magic number'?

When 2025 dawns in the mountains, it's not like a cork will erupt out of a giant champagne bottle suspended over Pack Square, releasing a cascade of magnificent business opportunities. In fact, some developers and economic development experts all but yawn at the benchmark.

"Personally, I don't see reaching 500,000 as some kind of magical threshold," said Jack Cecil, president of Biltmore Farms, the development company behind the Biltmore Park and Biltmore Lake neighborhoods, as well as numerous hotels and retail establishments.

Retail companies certainly look at sales per square foot and the number of rooftops in a community, and they have certain numbers in mind to locate in a region.

"But I don't think it's necessarily as much about the size, but rather the makeup of the population base," Cecil said, adding that he's been compiling information about the region's education levels and has found that 40% of our population has associate degrees or above, and the national average is 38%. "I think it's the makeup of the demographics more than the absolute number."

He cites two retail chains that located in South Asheville's Biltmore Park, the Orvis fly-fishing store and the REI outdoor gear store, as evidence of his theorem.

"This is probably one of the smaller MSAs where REI or Orvis is located," Cecil said, citing the makeup of the area and its reputation as an outdoors mecca as reasons they came. "So it makes sense for them to be there. In many instances, we're fortunate that we punch above our own weight in many metrics because of the makeup of the population."

Austin Walker, a commercial real estate broker with Whitney Commercial Real Estate Services in Asheville, also does not view 500,000 as a magic number, but he does agree that with a larger population an area will likely see more shopping amenities, restaurants and more health care options.

"But a lot of the companies that are here were birthed here by founders who wanted to stay here," Walker said. "I will say that this means we will be able to swing in the big leagues so to speak, because if you have a bigger workforce, a well-educated population and you have a community with attractive amenities, that will be attractive to companies."

Tveidt, the economist, said he's noticed a lot of potential growth or expansion activity among "non-manufacturing industries in IT fields like financial services, software development, loan processing and business support services."

"These firms are looking for pools of educated workers," Tveidt said. "Not necessarily all with Ph.D.s and highly specialized degrees, but college-level with successful work experience. And these firms don't all want to be competing for the same workers in a handful of very large urban areas."

Some retailers pausing on growth

Developer Rusty Pulliam, whose company, Pulliam Properties, has been involved in a wide range of commercial, office, retail and apartment development, said the 500,000 mark is a "vital and important one."

"I do think a lot of major retailers as well as IT companies, and even office clients, they want to be in an area with a larger population," Pulliam said. "So when you get to that 500K mark, that tends to lead to more grocery stores, retail, entertainment and medical."

So, the benchmark, in Pulliam's eyes, "will lead to some future expansion and growth in our area."

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Costco and Trader Joe's didn't respond to media requests for this story, but Pulliam said he knows both companies have looked at either coming to or expanding in the area. Costco rumors have swirled for years, and a lot of locals would like to see Trader Joe's open a second location in the market.

While retailers definitely consider rooftops and population density, the larger economy also comes into play.

"The bad part of this right now is a lot of major retailers are pausing on growth," Pulliam said. "Because of Amazon and the internet, big box retailers are not expanding like they once did."