

South Georgia Business Outlook



Center for Business and Economic Research

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The *South Georgia Business Outlook* is a quarterly publication that reports the economic conditions and events that influence the South Georgia business environment. The purpose is to provide information about regional economic activity and a forecast of expected future economic activity. Although each issue will include the outlook for the state of Georgia, the primary focus is on the thirty-two counties that comprise the South Georgia region.

The *South Georgia Business Outlook* is sponsored and distributed by the Center for Business and Economic Research and the Langdale College of Business.

Georgia Economic Activity

Following national trends, economic growth for Georgia was modest and improving through the third quarter of 2015. Contributing to the improved economic growth for the were low interest rates spurring an improved housing, declining energy prices allowing for greater consumer spending on discretionary items and improving government budget numbers. Economic weakness reported Europe and China, and continued instability in Syria and the Middle East could cause uncertainty and slower growth.

Through the third quarter of 2015, employment improved with overall net job gains of 0.74%. Industries with net gains exceeding 5.0% included Entertainment, Insurance and related industries, Warehousing and Storage, and Architectural and related services. Heavy and

South Georgia's Service Delivery Regions

Region 10 (Southwest Georgia)	Region 11 (South Central Georgia)
Baker	Atkinson Pierce
Calhoun	Bacon Tift
Colquitt	Ben Hill Turner
Decatur	Berrien Ware
Dougherty	Brantley
Early	Brooks
Grady	Charlton
Lee	Clinch
Miller	Coffee
Mitchell	Cook
Seminole	Echols
Terrell	Irwin
Thomas	Lanier
Worth	Lowndes

Civil Engineering Construction, Transportation, and Leisure and Hospitality reported net job growth rates above 4.0%. A few industries in Georgia experienced net job losses through the third quarter of 2015. The Mining and Logging industry declined by 4.4% and State Government declined by 3.0%.

The Georgia unemployment rate declined from 7.0% in September 2014 to 5.8% in September 2015. While net job creation contributed to the lower unemployment rate, labor force contraction was also a contributing factor.

The forecast predicts positive economic activity through the third quarter of 2016. An

improving real estate market, relatively low interest rates, and declining oil prices will have positive effects on economic growth. Regulatory uncertainty and the threat of slowing worldwide growth are threats to the economy. The forecast predicts that net job growth will continue through forecast causing the unemployment rate to decline below 6.0% by September 2015.

South Georgia (Overall)

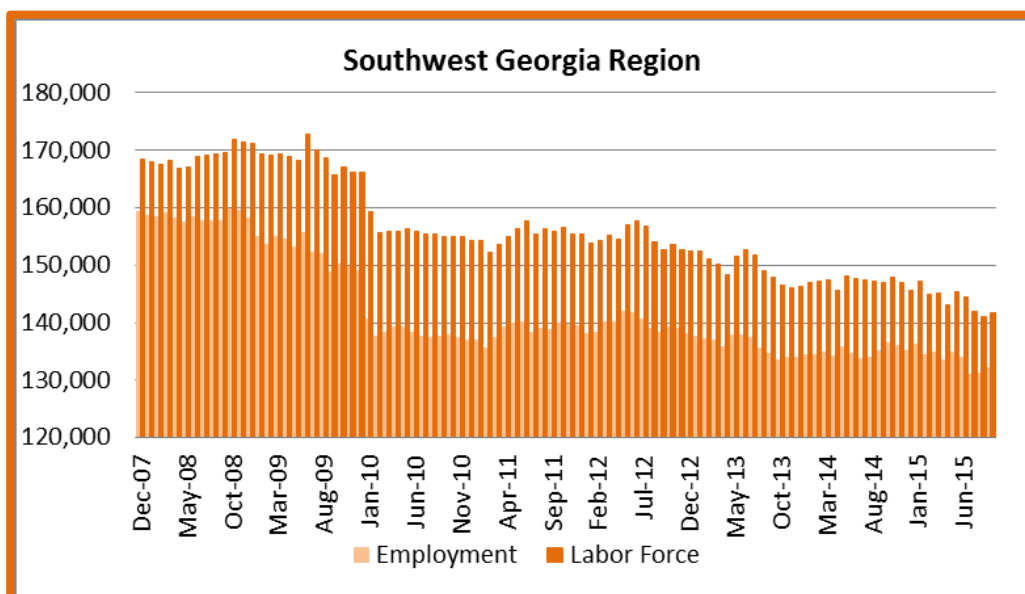
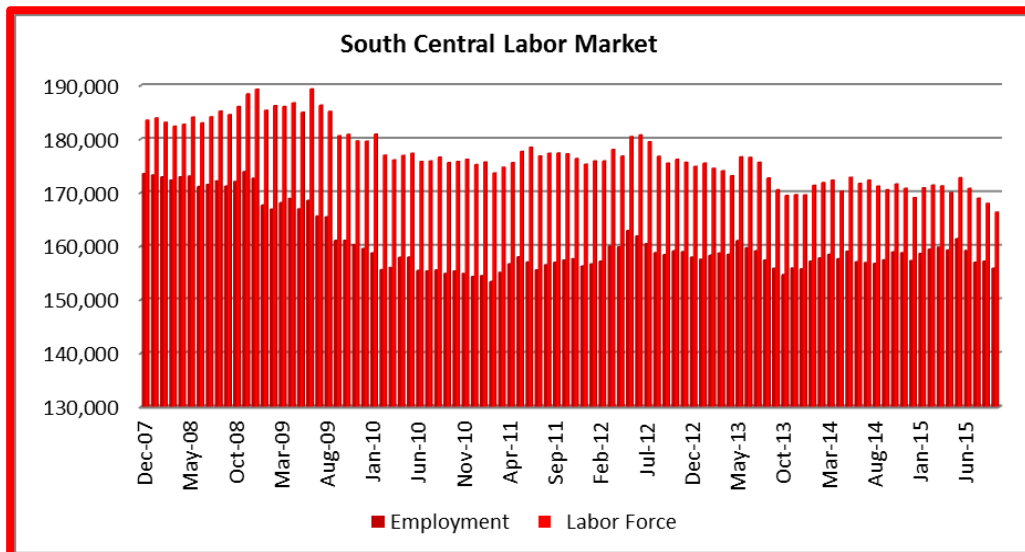
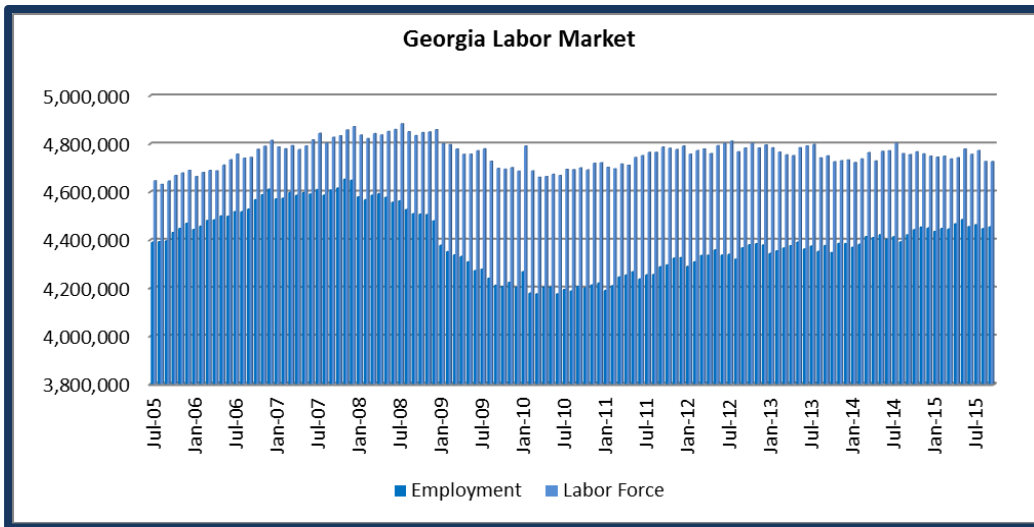
The South Georgia region is comprised of thirty-two counties, and is divided into two regions, based upon the Georgia Department of Community Affairs’ Service Delivery Regions. South Central Georgia (DCA’s Region 11) and Southwest Georgia (DCA’s Region 10) each include a metropolitan statistical area (MSA) as designated by the United States Office of Management and Budget. The Valdosta MSA is located in South Central Georgia (Region 11), while the Albany MSA is located in Southwest Georgia (Region 10). Through the third quarter of 2015, economic activity for South Georgia was slower than the average growth rate for the state of Georgia.

Events Influencing the South Georgia Forecast
Strengths
<ul style="list-style-type: none"> • Stabilizing Real Estate market • Low interest rates • Declining oil prices
Threats
<ul style="list-style-type: none"> • Stagnant wages • Monetary Policy and Regulatory uncertainty • Market instability and uncertainty • Declining labor force participation

Labor Force	
	Sep 2015
Georgia	
Civilian Labor Force	4,725,964
Employed	4,454,211
Unemployed	271,753
Rate	5.8%
South Central Georgia	
Civilian Labor Force	166,334
Employed	155,890
Unemployed	10,444
Rate	6.3%
Valdosta-MSA	
Civilian Labor Force	60,713
Employed	57,133
Unemployed	3,580
Rate	5.9%
Southwest Georgia	
Civilian Labor Force	141,662
Employed	132,140
Unemployed	9,522
Rate	6.7%
Albany-MSA	
Civilian Labor Force	63,453
Employed	58,960
Unemployed	4,493
Rate	7.1%
Source: Georgia Department of Labor	

South Central (Region 11)

Economic activity continues to be uneven across the South Central region with the counties along the I-75 corridor posting the gains. Overall economic activity was modest through the third quarter of 2015 for the South Central Georgia. Unfortunately economic activity did not translate into net job gains for the South Central region. Net jobs declined by 1.0% falling to 157,450 for September 2015. Over the same one year time period, the South Central region labor force size declined by 2.5%.



The forecast predicts improving economic activity for the fourth quarter 2015. Lower oil prices increasing household discretionary spending and low interest rates will support improving growth for the South Central region. Some structural market issues remain where the worker skills do not match employer demand. This together with market uncertainties will keep growth below potential. Despite the negatives, the unemployment rate for the South Central region is expected to decline from 6.3% to below 5.5% by third quarter 2016.

Valdosta MSA

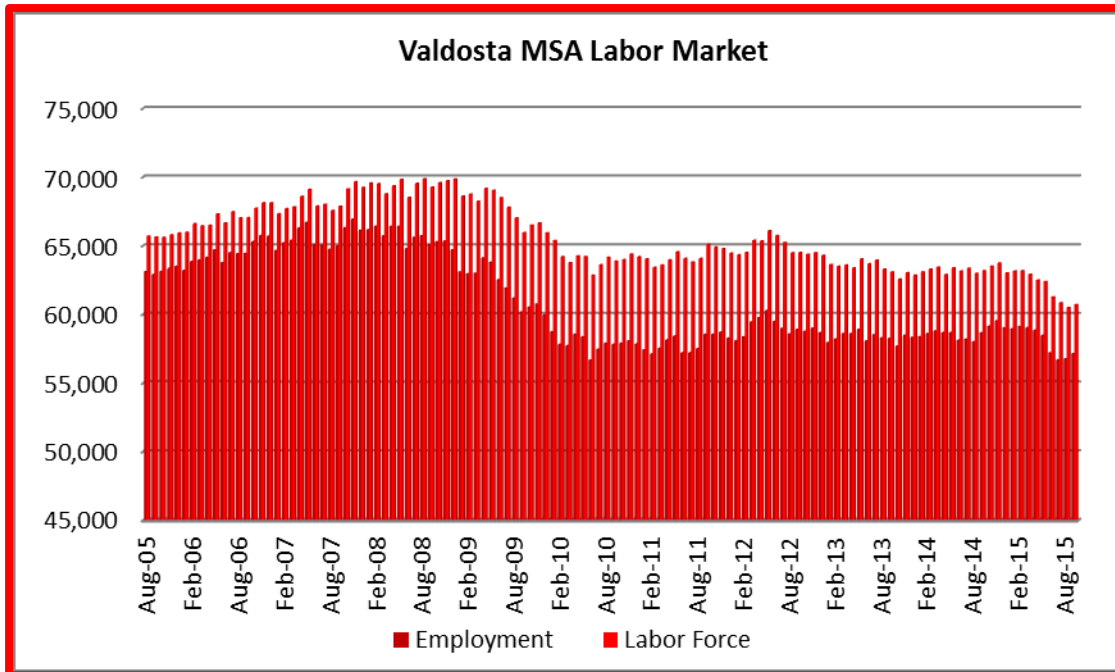
While a center of economic activity for South Central Georgia, the Valdosta MSA continues to experience economic growth that does not support net job growth. While year-to-year comparison revealed net job gains for Retail trade and Food services, these gains were offset in job losses in other sectors including State government jobs. While a year over year comparison revealed that the unemployment rate for the Valdosta MSA declined from 7.2% to 5.9%, the decline arises

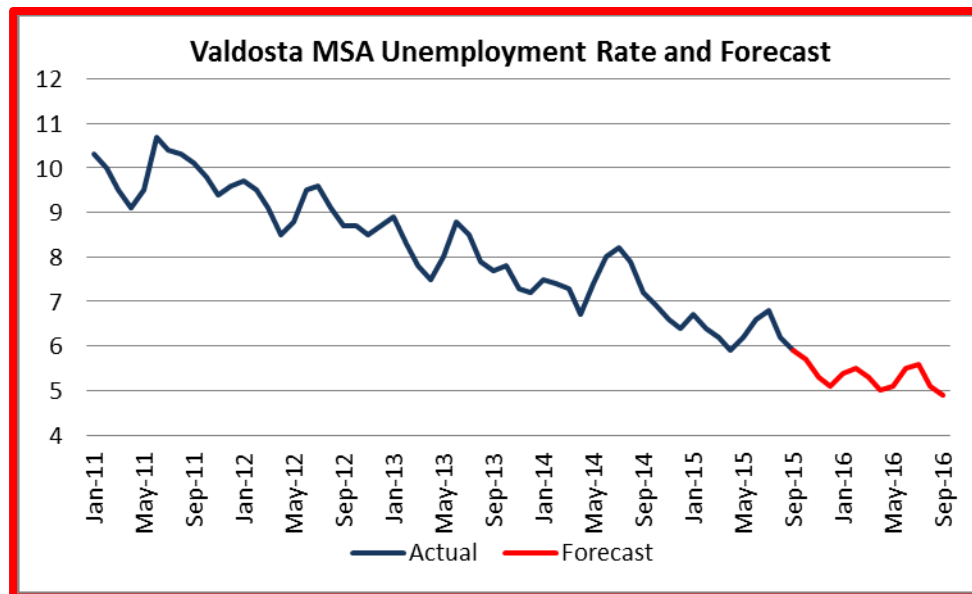
from a labor force decline rather than net job gains.

The forecast predicts net job growth is likely to improve through the first half of 2016. The state government revenues are rising, the real estate market is improving, foreclosure rates are declining and oil prices remain. Uncertainties about market strengths, military funding and the Federal Reserve interest rate policy will be a drag on the economy. The forecast predicts a declining unemployment rate through the third quarter of 2016 with the unemployment rate predicted to decline to 4.9% by September 2016.

Southwest (Region 10)

The economic conditions for the Southwest Georgia region are weak. After recovering to a high in June 2012, employment levels have declined and remain lower than the employment levels experienced during the Great Recession. Although fairly stable during 2014, employment contracted during the second and third quarters of 2015. Labor force participation has also declined.





The unemployment rate for the region declined from 8.1% to 6.7% over the last year. The Southwest region experienced net job losses of 2.2% and a labor force that shrunk by 3.7%. The loss of manufacturing and state government was the biggest contributor to the net job losses. The Southwest Georgia region is experiencing a stagnant growth period and may be in a recession.

The forecast predicts that Southwest Georgia region recovery will be long and modest. The revised forecast is no significant improvements in economic activity and the labor market through 2016.

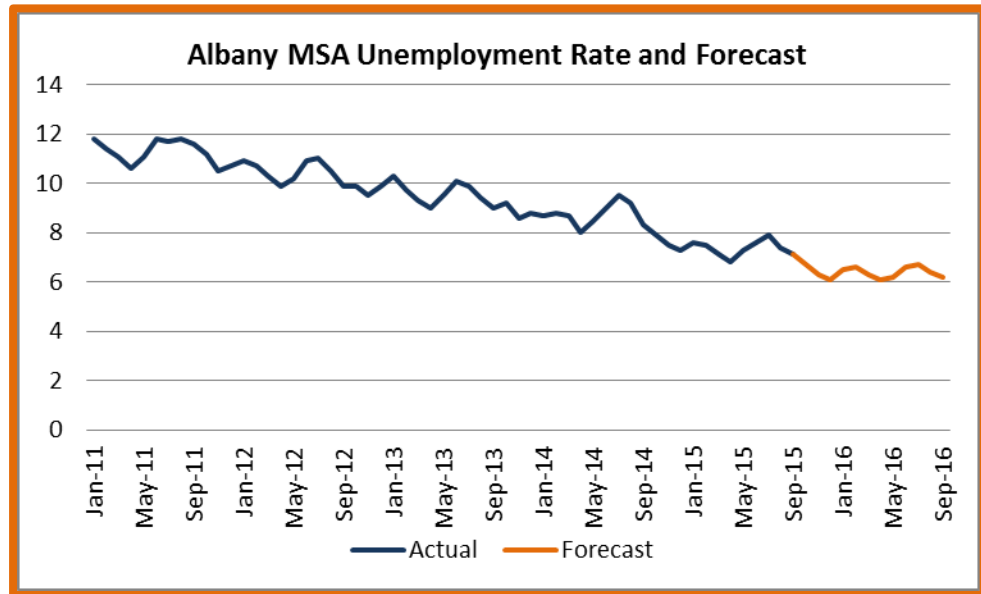
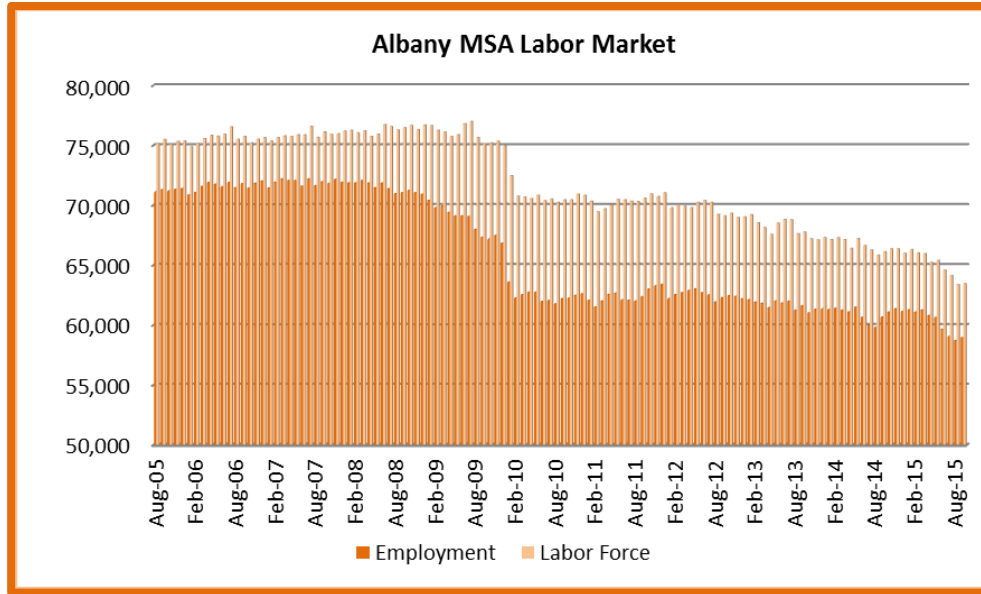
Albany MSA

The Albany MSA continues to show no significant changes in economic activity and net job growth. Except for 1.5% increase of Retail Trade and 1.4% increase of local

government jobs, all sectors of the economy reported net job losses. Comparing September 2014 to 2015, employment declined by 2.8% and the labor force size declined by 4.1%.

A year to year comparison reveals that although the unemployment rate declined from 8.3% to 7.1%, the decline was driven by a smaller labor force rather than net job gains. This is a trend the Albany MSA has followed since the end of the great recession.

The forecast predicts stagnant and possibly negative economic activity through the third quarter of 2016. Job growth is not expected to return during the forecast period. Although the unemployment rate may drop below 6% during 2016, the decline will likely be from labor force contraction rather than net job gains. Economic activity is expected to remain fairly flat or stagnant through the third quarter of 2016.



The **Center for Business and Economic Research** at Valdosta State University supports regional development and promotes activities that strengthen the competitive positions of regional business. In addition to conducting applied research on important regional issues, The Center’s members and associates provide a broad range of consulting services, training programs, and public service activities to area organizations. Visit <http://www.valdosta.edu/CBER> for a listing of available services or contact the Director of the Center for Business and Economic Research (CBER), Mike Beverly at 229-333-7878.

The *South Georgia Business Outlook* is a quarterly publication of the Center for Business and Economic Research, Langdale College of Business, Valdosta State University. The articles reflect the opinions of the author, but not necessarily those of the staff of CBER, the faculty of the Langdale College of Business, or the administration of VSU.

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