

South Georgia Business Outlook



Center for Business and Economic Research

Langdale College of Business

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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

While the United States economic activity slowed during the second half of 2015, Georgia economic activity grew at a rate above its long-run average of 2.0%. Contributing to the improved economic growth for the were continued low interest rates spurring an improved housing market particularly in the Atlanta area, lower energy prices allowing for greater consumer spending on discretionary items and higher profit margins for many industries across the state, and improving government budget numbers.

During 2015, employment improved with overall net job gains of 1.6%. Industries with net gains exceeding 5.5% included Construction, Employment Services, Consulting, and Insurance related industries. Leisure and Hospitality, Retail Trade, and Health Care Services reported net job

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

gains of 3%.

A few industries in Georgia experienced a net job losses during 2015. The Mining and Logging industry declined by 4.5%, Accommodations declined by 3.1%, and Real Estate and Rental and Leasing industries declined by 2.0%. Only the Federal Government reported a net loss of public sector jobs. State and local net jobs remained virtually unchanged during 2015.

The Georgia unemployment rate declined from 6.3% in December 2014 to 5.2% in December 2015. Over the one year period, employment increased at a faster pace than the labor force reflecting an improving labor market

and above normal economic growth.

The forecast predicts continued positive economic activity through the end of 2016. An improving real estate market, relatively low interest rates, and lower 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 2016 causing the unemployment rate to decline below 5% during 2016.

South Georgia (Overall)

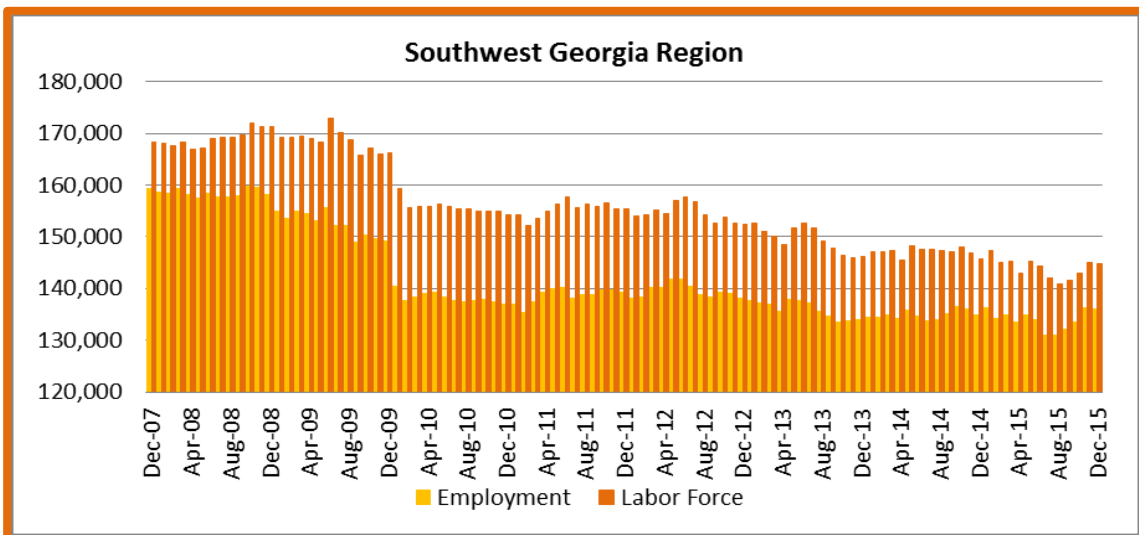
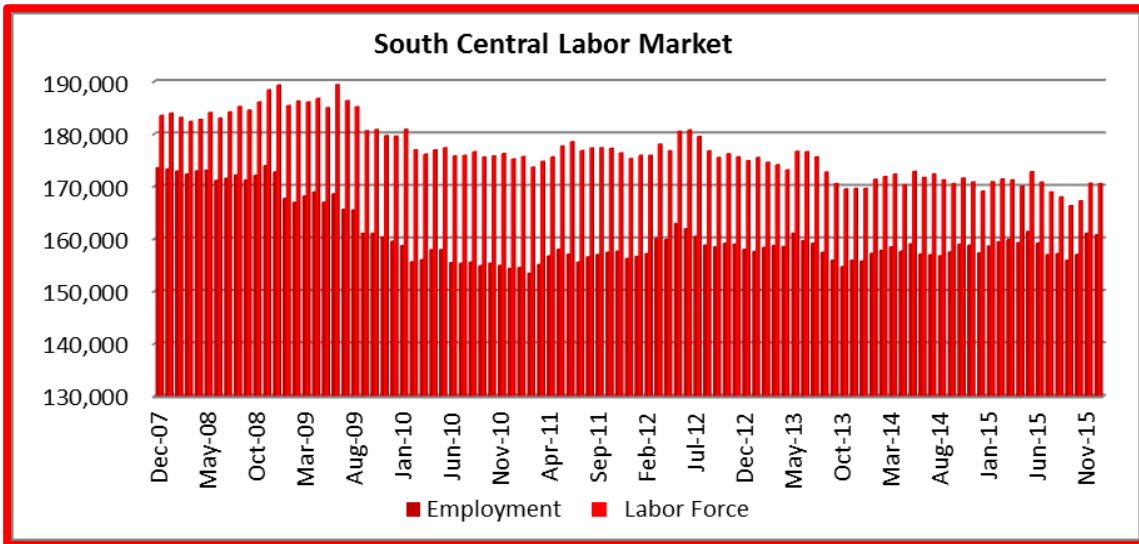
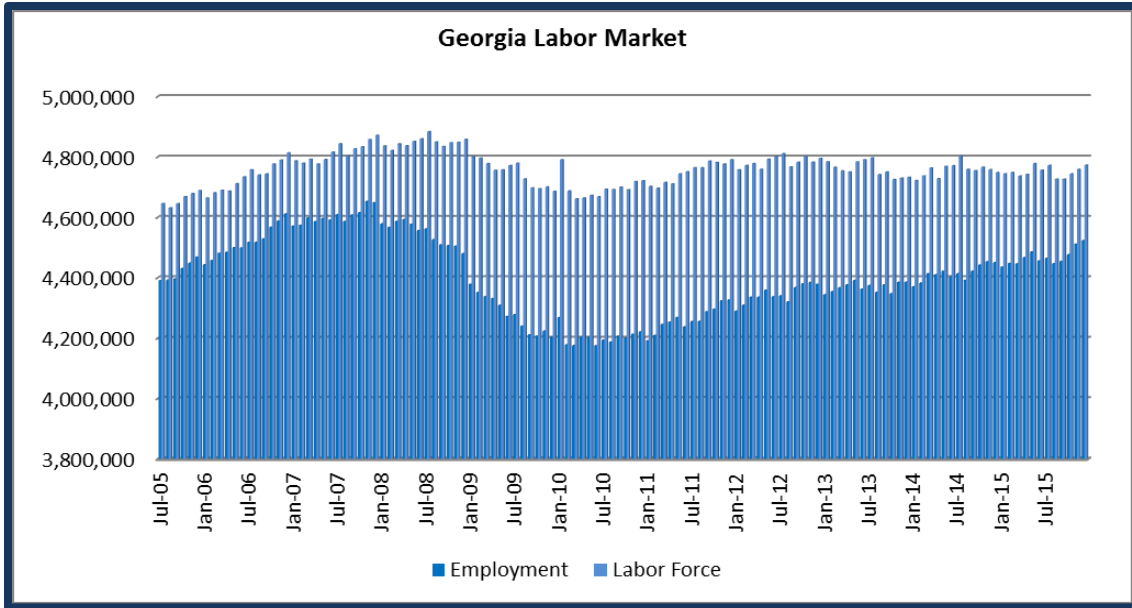
The South Georgia region is comprised of thirty-two counties, and is divided into two regions, based upon the Georgia Department of Community Affairs’ Service Delivery Regions. South Central Georgia (DCA’s Region 11) and Southwest Georgia (DCA’s Region 10) each include a metropolitan statistical area (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). During 2015, economic activity for South Georgia was slower than the average growth rate for the state of Georgia.

Labor Force	
	Dec 2015
Georgia	
Civilian Labor Force	4,772,576
Employed	4,523,148
Unemployed	249,428
Rate	5.2%
South Central Georgia	
Civilian Labor Force	170,542
Employed	160,773
Unemployed	9,769
Rate	5.7%
Valdosta-MSA	
Civilian Labor Force	61,272
Employed	57,998
Unemployed	3,274
Rate	5.3%
Southwest Georgia	
Civilian Labor Force	144,893
Employed	136,015
Unemployed	8,878
Rate	6.1%
Albany-MSA	
Civilian Labor Force	64,337
Employed	60,223
Unemployed	4,115
Rate	6.4%
Source: Georgia Department of Labor	

Events Influencing the South Georgia Forecast
Opportunities
<ul style="list-style-type: none"> • Stabilizing Real Estate market • Improving economic growth • Availability of qualified labor
Threats
<ul style="list-style-type: none"> • Stagnant wages • Monetary Policy and Regulatory uncertainty • Political uncertainty

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 improved during 2015 for the South Central Georgia region with private sector net job gains public sector jobs remaining relatively unchanged. Comparing 2014 and 2015 data, average employment improved 2.2% to 160,773 jobs. Job growth outpaced labor force growth causing the unemployment rate to decline from 7.0% to 5.7% for the South Central region.



Declining oil prices increasing discretionary income for households which will likely spur consumer spending, improving government revenues and relatively low interest rates will lead to continued growth for the South Central region during 2016. Structural market issues and regulatory changes will negatively impact growth. The unemployment rate for the South Central region is expected to decline from 5.7% to 5.0% by the end of 2016.

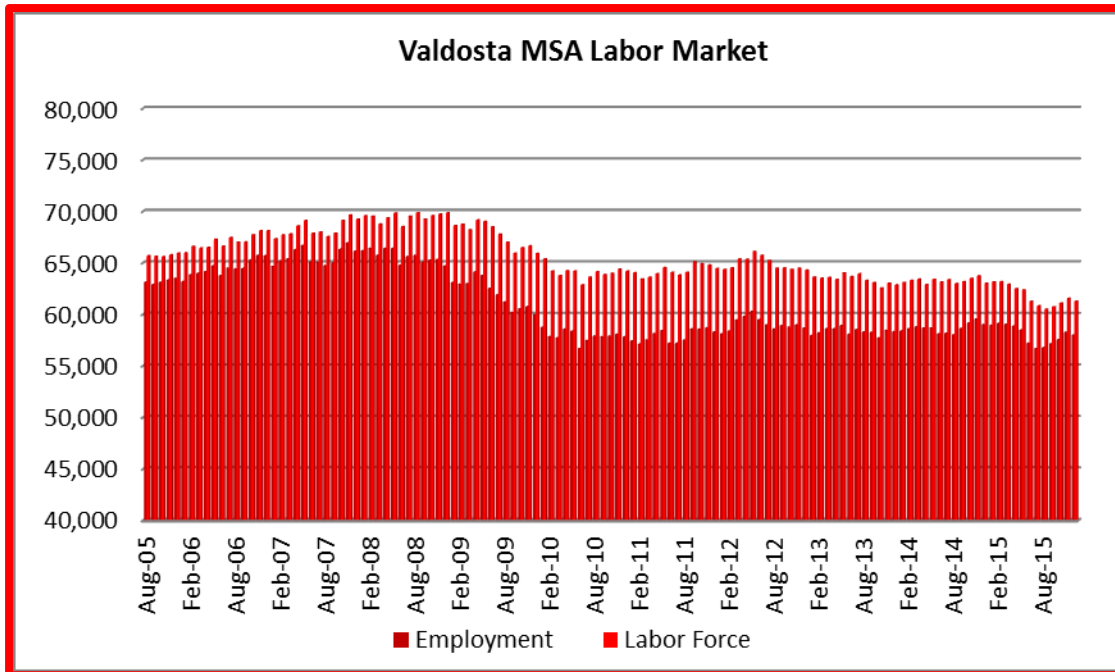
Valdosta MSA

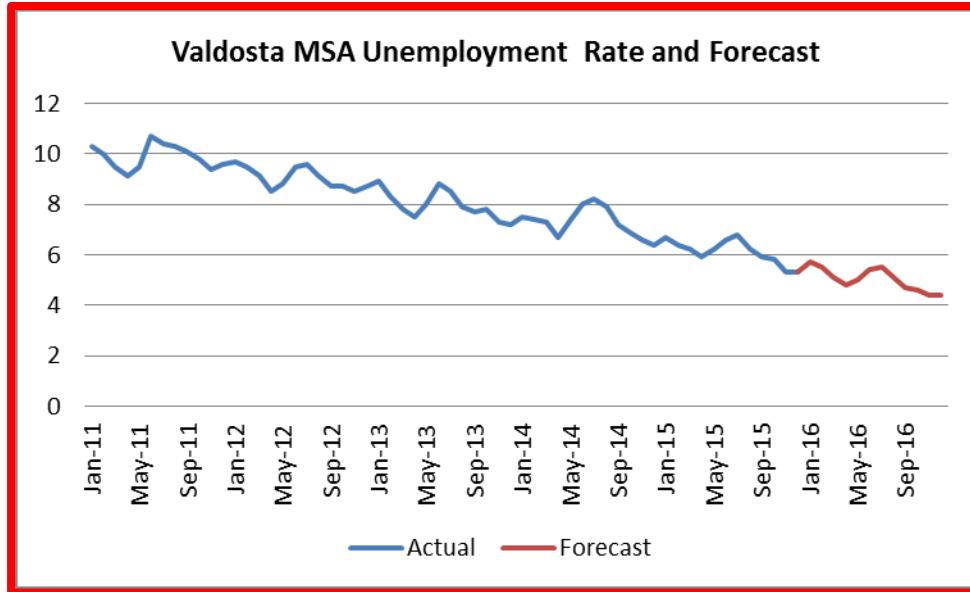
The Valdosta MSA continues to be a center of economic activity within the South Central Georgia region. While year-to-year comparison revealed net job gains for Retail trade and Food services, these gains were partially offset by the loss of Federal and State government jobs. The real estate market continued to firm as residential and commercial construction improved and foreclosure rates declined. A year over year comparison revealed that the unemployment rate for the Valdosta MSA declined from 6.4% to 5.3% during December 2015.

The forecast predicts net job growth to improve during 2016. Low oil prices increasing discretionary household spending, improving government revenues, strong development and recruitment of business, and the announcement that the federal government will continue funding the A-10s stationed at Moody Air Force Base are all positive events impacting the Valdosta MSA. The forecast predicts a declining unemployment rate through the end of 2016 driven increasingly by net job gains rather than a declining labor force. The forecast predicts the unemployment rate will drop to 4.4% by the end of 2016.

Southwest (Region 10)

The economic conditions for the Southwest Georgia region continue to remain weak. After peaking in January 2013, employment levels have declined and remain lower than the employment levels experienced during the Great Recession. Although agriculture continues to be an engine of growth for many counties in the region, weaker international markets have slowed agriculture and related markets.





The unemployment rate for the region declined from 7.3% to 6.1% over the last year. While the labor force size continued to decline, net job gains increased at 0.7%. The loss of manufacturing and government jobs has caused a restructuring of the jobs in the region and has had a negative impact on long-run job growth and average weekly wages.

The forecast predicts that the economic recovery for the Southwest Georgia region will be long and modest. The revised forecast is no significant improvements in economic activity and the labor market through 2016. While lower gas prices will increase consumer spending, lower paying service sector jobs replacing higher paying manufacturing jobs will continue to be a drag on the region.

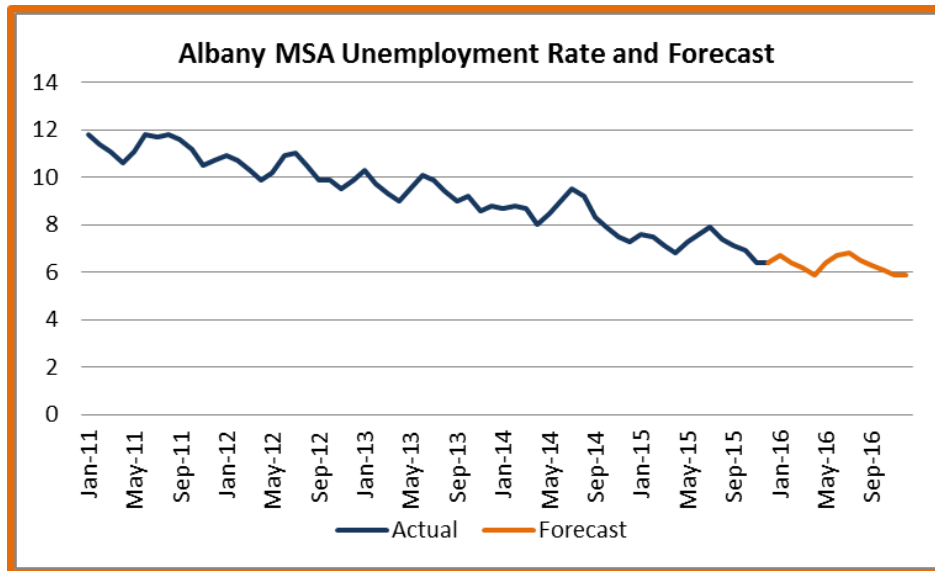
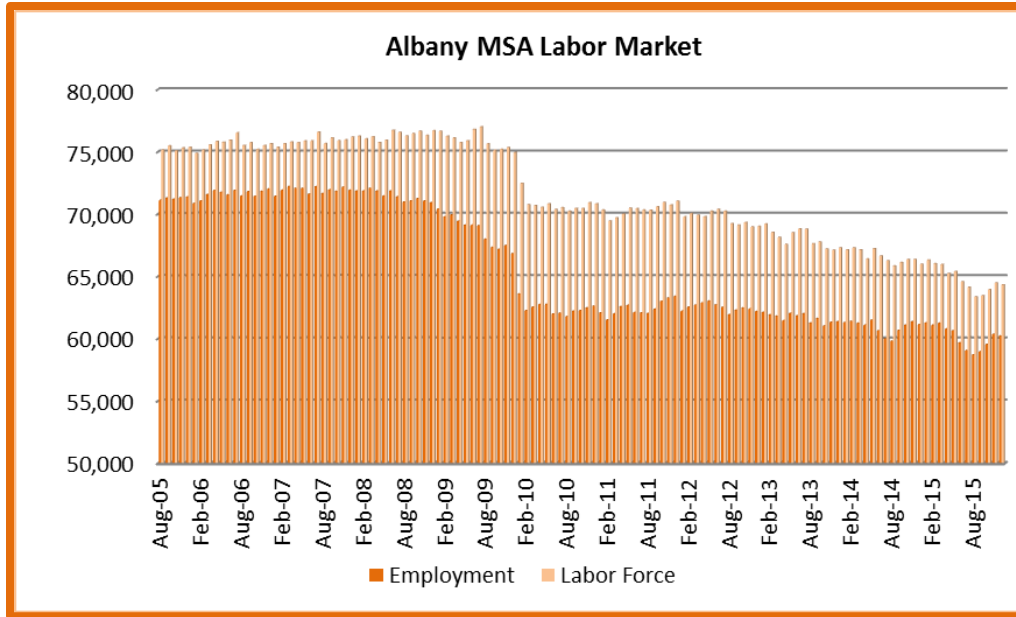
Albany MSA

The Albany MSA continues to show no significant changes in economic activity and net job growth. Except for Retail Trade, all sectors of the economy reported either no job

changes or net job losses. Comparing 2014 to 2015, average employment declined by 1.5% and the labor force size declined by 2.5%.

A year to year comparison reveals that although the unemployment rate declined from 7.3% to 6.4%, the decline was driven by a smaller labor force rather than net job gains. The average labor force size declined from 65,985 in 2014 to 64,337 in 2015. While some of the decline can be attributed to baby boomer retirement, relocation of the labor force for job opportunities also contribute to the decline. This is a trend the Albany MSA has followed over the last four years.

The forecast predicts stagnant and possibly negative economic activity through the first half 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 end 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.

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