Impact of the Great Recession on Savannah

Benjamin P. McKay

Follow this and additional works at: https://digitalcommons.georgiasouthern.edu/savannah

Recommended Citation

This article is brought to you for free and open access by the Business College Publications at Digital Commons@Georgia Southern. It has been accepted for inclusion in Business in Savannah Articles by an authorized administrator of Digital Commons@Georgia Southern. For more information, please contact digitalcommons@georgiasouthern.edu.
Impact of the Great Recession on Savannah

The National Bureau of Economic Research, a private nonpartisan research group, reported the great recession started in December of 2007 and ended in May of 2009. The conclusion is that the national economy has entered a recovery phase. This national economic report provides a starting place for an analysis of the impact of the great recession on the Savannah metropolitan area (MSA). The Savannah MSA only lost about 7,300 jobs from a total employment of about 170,000. This increased the unemployment rate from 4.3 percent at the onset of the recession to 7.8 percent at the end of the recession. In contrast, the period between June 2009 and August 2010 has not shown much of a recovery. Over this time frame, the Savannah MSA lost another 2,700 jobs and the unemployment rate moved from 8.5 percent to 9.1 percent. Two major factors explain why the Savannah MSA is still losing jobs. The first factor in the speed of the recovery is that the demand for goods and services produced by the private sector is growing slowly. Consumers are choosing to spend less than in past recoveries, and many are still paying down debts. Businesses are still postponing new investments because of the slow recovery in demand and general uncertainty about the economy. These factors are contributing to the lack of demand, which is leading to more job losses. The other factor affecting the recovery is that significant job losses did not start in our area until after the financial crisis in late 2008. Often, when in a downturn, the last step most employers take is cutting payrolls. However, once payroll is cut, employers often hold off on rehiring workers for as long as possible. Several industries have suffered significant job losses from the start of the recession in the fourth quarter of 2007 to the first quarter of 2010 based on the most recent data available from the Georgia Department of Labor. Overall, the private sector has lost 11 percent in average monthly employment over this time period. Most of these declines have come from the goods-producing sectors of the economy, which includes the construction and manufacturing industries. This sector alone has declined by 19 percent. This decline is related to the slowdown in residential and commercial real estate and the limited demand for goods produced in this area. The service sector has been impacted less than the goods-producing sectors. This sector declined by 9 percent over this time frame. The service sector makes up about 70 percent of this economy, and it is much more than low-skill jobs in fast food or low-end retail. This sector includes professionals such as accountants, bankers, engineers, architects, medical doctors and computer programmers just to name a few. The great recession has had a negative impact in the Savannah MSAs labor market. The bad news is that problems will continue in the construction and in parts of the manufacturing industries. Some workers who were employed in these industries before the great recession will need to retrain for a different occupation. This retraining process will take time before most will find new employment. There is some good news. First, Savannah MSA has lost fewer jobs than the state of Georgia has over this same time frame. The second piece of good news is that service sectors jobs losses are related to the business cycle. Therefore, this sector will improve as the economy improves.

Benjamin McKay is a research associate with the Bureau of Business Research and Economic Development, part of the College of Business Administration at Georgia Southern University. He can be reached at bmckay@georgiasouthern.edu.

The Savannah Development and Renewal Authority hosted a ribbon-cutting Oct. 22 for The Grateful Hound, a new pet boutique at 32 Barnard St. The Grateful Hound offers unique pet-themed gifts, such as serving platters, mugs, bags, jewelry, environmentally friendly dog and cat toys and pet-inspired art. Many items have been hand-made by local artists. "Our vision was to create a place that celebrates the bond between people and their pets, while giving those that come through our doors access to products not found anywhere else in town," said Maggie Granquist, co-owner of the business along with her husband, John. The Grateful Hound is open 11 a.m. to 7 p.m. Monday to Wednesday, 11 a.m. to 8 p.m. Thursday to Saturday and from noon to 5 p.m. Sunday.

Development and Renewal Authority holds ribbon-cutting for new pet store

Business in Savannah | businessinsavannah.com | 912-652-0300

Attending the ribbon cutting for The Grateful Hound on Oct. 22 were Marti Barrow, Tourism Leadership Council director; Tony Cooper, Savannah Development and Renewal Authority board chair; Rosie Taylor, senior associate for The Grateful Hound; owners Maggie and John Granquist; Charlie Brown, with the Savannah Entrepreneurial Center; Alderman Van Johnson; and Kenny Hill, the SDRA chair.