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Georgia Southern's Q3 2018 Economic Monitor show consumer confidence up, regional economy growth phase to slow in 2019

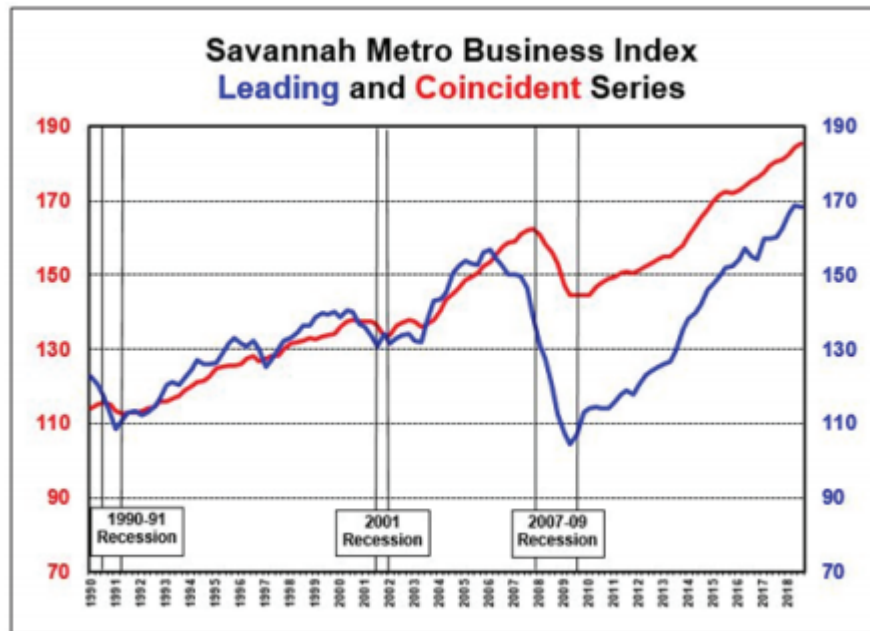
December 24, 2018

Georgia Southern University's latest Economic Monitor, which analyzes Q3 2018 data and identifies trends affecting the regional economy, reports signs of weakness are emerging more clearly in Savannah's three-county metro economy. Electricity sales and boardings at the airport lifted the economic index, while port activity remained strong and unemployment faded.

"Consumer confidence in the south Atlantic states has been volatile for about two years but generally rising while oscillating between ups and downs," stated Michael Toma, Ph.D., Fuller E. Callaway Professor of Economics, and director of the Center for Business Analytics and Economic Research (CBAER). "Overall, the regional economy's growth phase is expected to further weaken in early 2019."

During the third quarter of 2018, the Savannah metro economy expanded at a rate of 0.6 percent, or 2.5 percent annualized. Much of the upward movement in the index of current activity is attributed to electricity sales (measuring residential, commercial and industrial activity) and boardings at the airport. Port activity increased about 2 percent during the quarter and is up 11 percent compared to last year's data. The regional service sector, which includes leisure and hospitality, as well as retail trade and state and local government saw the most job losses, while the information sector, and education and health experienced job increases. Manufacturing and construction saw gains in employment.

Overall, the Savannah metro economy grew during Q3 but at a much slower rate with evidence pointing toward a sluggish near-term future. Declines in total employment, utilization of the workforce, new home construction and business/professional services employment suggest a slowdown is very likely. With the fall in the forecasting index, this suggests the regional economy may be approaching a stall.



Highlights from the latest Economic Monitor include:

EMPLOYMENT TRENDS

Total employment reported in Savannah's metro area was 178,800, a decrease of 1,000 jobs from Q2, reducing the 12-month growth rate to 0.3 percent.

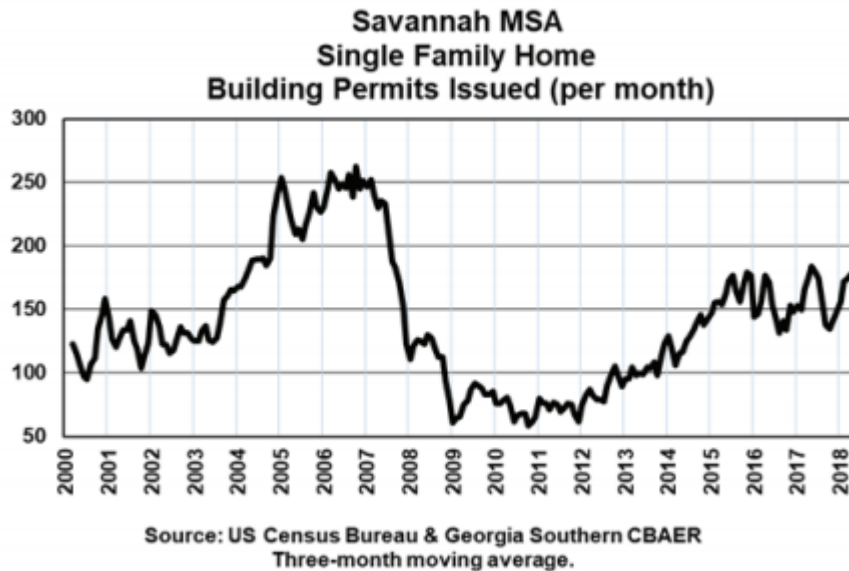
The goods-producing side of the economy added about 300 jobs while manufacturing added 100 workers, extending its streak of growth to seven consecutive quarters, during which employment increased to 17,700. Construction gained 200 workers, rising to a post-recession high of 7,600 workers.

REGIONAL UNEMPLOYMENT

For the second consecutive quarter, lower wages and a shorter workweek did not translate into increased unemployment in the region. Initial unemployment insurance claims fell 1.5 percent, from 516 to 508 in the previous quarter. New claims remain 10 percent below normal, suggesting firms appear to be managing payroll more efficiently and remain reluctant to lay off workers, letting attrition reduce the workforce. The seasonally adjusted unemployment rate fell from 3.6 percent to 3.3 percent in Q3.

HOUSING MARKET

The regional housing market, based on seasonally adjusted building permit issuance for single-family homes, fell 18 percent. This puts the regional-market leveling in line with national trends in home construction. Building permits issued for single-family homes fell to 420, compared to 513 in Q2. On the other hand, the average valuation of the building permits issued increased 4.2 percent, rising from from \$219,000 to \$228,000.



ECONOMIC INDEX/FORECASTING INDEX

The forecasting index fell 0.2 percent, or -0.6 percent annualized, representing a significant decline from the 5.5 percent annualized growth rate of the previous quarter. The forecasting index decreased due to weaker activity in the regional housing market and consumer expectations.

The Economic Monitor presents quarterly economic trends and short-term economic forecasts for Savannah's Metropolitan Statistical Area (MSA). The quarterly report measures the heartbeat of the local economy, based on the analysis of economic data from the U.S. Census Bureau, the U.S. Department of Labor's Bureau of Labor Statistics, the City of Savannah, Georgia Power and the three counties in the MSA: Chatham, Bryan and Effingham.

The report is available for free by email. To subscribe, email mtoma@georgiasouthern.edu.

CBAER, a part of the Business Innovation Group in Georgia Southern's Parker College of Business, meets the applied research needs of Savannah's business and community organizations. Areas of concentrated research include regional economic forecasting, economic impact analysis, economic development and business expansion, tourism development, survey-based research and specialty reports on topics of state, regional and local interest.

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