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Georgia Southern's Q4 2019 Economic Monitor reports economy ends strong, substantial decline expected

March 30, 2020



Georgia Southern University's latest Economic Monitor, which analyzes Q4 2019 data and identifies trends affecting the regional economy, reports that the Savannah metro economy ended strong in 2019, however substantial decline is expected in the coming months.

"The regional economy will likely be, at best, flat in the first quarter of 2020, followed by a sharp contraction in the second quarter," stated Michael Toma, Ph.D., Fuller E. Callaway professor of economics. "On the other side, pent-up consumer demand is expected to fuel a fairly rapid national and regional recovery that is expected to take root in the third quarter and blossom during the final quarter of 2020."

Growth in the Savannah metro economy accelerated in the fourth quarter of 2019, extending the gains of the previous quarter. All eight coincident economic indicators in the index increased, but growth was stronger in port activity, electricity sales and tourism.

The business forecasting index fell slightly during the fourth quarter, but does not include any data reflecting regional impacts of the COVID-19 pandemic. In 2020, economic dislocation caused by virus containment and mitigation efforts will be substantial and layered on top of (and dominate) the already cautionary signal sent by the forecasting index.

Regional Economy Expands in Late 2019

The Savannah metro economy expanded 0.7% during the quarter. The coincident index of economic activity increased from 191.1 to 192.7. With the exception of the second quarter, annualized growth in the metro area economy was a healthy 2.8% in 2019.

The index of current economic activity was supported primarily by port activity and sales of electricity to regional commercial, industrial and residential users. Port activity closed out the year with 6% annual growth while electricity sales increased during the year. Modest growth in regional employment contributed to the gain, while quarterly gains in hotel room rentals, retail sales and plane boardings at the airport boosted the economy.

Employment Trends

The Georgia Department of Labor completed its annual tune-up and revision of monthly employment data available through the Current Employment Statistics program. Each year, the payroll employment data gathered through a survey of businesses is benchmarked against headcount employment available from the state's unemployment insurance program. The 2020 adjustments resulted in an upward revision of 2,600 jobs for the first quarter of 2019 but a downward revision of 500 jobs toward the end of the year.

Employment in Savannah's three-county metro area was 186,300, reflecting a gain of 600 jobs from the previous quarter and 0.5% higher than year-ago data. Jobs in business and professional services continued to erode, shedding another 500 jobs and contributing to the loss of 2,200 jobs in the sector since the first-quarter

peak of 22,600 workers. The business and professional services sector is a proxy indicator of business-to-business demand for services. Manufacturing employment gained 300 workers to stand at 19,200, a record-setting high. In addition, construction added another 300 jobs, rising to 8,300 workers. Employment in the leisure and hospitality sector was 27,700 at the close of the year.

Hourly wages in the private sector bumped up to \$22.90, a gain of 1% during the year. The length of the workweek increased to 33.4 hours, a 2.5% increase as compared to year-ago data. Both of these labor market indicators will be under substantial pressure in 2020.

Expectations for Savannah Metro Area

The Savannah area business forecasting decreased during the quarter. The index fell 0.4%, a similar decline as registered in the second quarter of the year. These two declines sandwiched a 2% gain in the third quarter.

In the labor market, the number of initial claims for unemployment insurance dropped 15% to 580 from 625 in the third quarter but remained 8% higher as compared to previous-year data. The seasonally adjusted unemployment rate fell four-tenths of one percentage point to 2.8% in the fourth quarter, seven-tenths of one percent less than one year ago. Both of these labor market indicators are expected to deteriorate rapidly in the first and second quarter of 2020.

Housing

In the regional housing market, seasonally adjusted building permit issuance for single-family homes increased for the third consecutive quarter. Building permits issued increased 7.9% to 625 units from 580 units. Average valuation per single-family unit increased 1.1% to \$226,200 from \$223,600. Building permit valuation per unit is 2.6% above comparable data from late 2018. Residential construction is expected to wane, but refinancing activity is likely to be strong as borrowers seek to lock in historically low mortgage rates.

In summary, while the Savannah metro economy ended 2019 strongly, the prospects for the next six to nine months are not good. As global and nationwide economic recessions set in, activity in port operations, logistics and distribution will contract in the region. Regional manufacturing is more likely to be affected by social distancing in the workplace or self-imposed suspension of activity to protect worker health that will either slow or halt production.

People-intensive service sector businesses, especially those in the leisure and hospitality industry, will experience substantial decline in short-run demand as a result of virus containment efforts. Reported closures and curtailment of activity at regional retail, restaurant and tourism-related businesses are accumulating. As shelter-in-place orders become necessary in the region, business activity will be severely limited except for firms in sectors deemed essential. Firms with a robust online ordering system and access to a distribution network will suffer less than traditional bricks-and-mortar establishments. The length of stay-at-home restrictions will be directly correlated with the severity of short-run economic dislocation.

Hyeeun Shin provided research assistance.

A Note from the Analyst

The Economic Monitor is available by email and at the Center's website [GeorgiaSouthern.edu/parker/big/big-programs/cbaer/](https://georgiasouthern.edu/parker/big/big-programs/cbaer/). If you would like to receive the Monitor by email, please send a 'subscribe' message to CBAER@georgiasouthern.edu.

About the Indicators

The Economic Monitor provides a continuously updated quarterly snapshot of the Savannah Metropolitan Statistical Area economy, including Bryan, Chatham and Effingham counties in Georgia. The coincident index measures the current economic heartbeat of the region. The leading index is designed to provide a short-term forecast of the region's economic activity in the upcoming six to nine months.

Georgia Southern University, a public Carnegie Doctoral/R2 institution founded in 1906, offers 141 degree programs serving more than 26,000 students through nine colleges on three campuses in Statesboro, Savannah, Hinesville and online instruction. A leader in higher education in southeast Georgia, the University provides a diverse student population with expert faculty, world-class scholarship and hands-on learning opportunities. Georgia Southern creates lifelong learners who serve as responsible scholars, leaders and stewards in their communities. Visit [GeorgiaSouthern.edu](https://www.GeorgiaSouthern.edu).

[Georgia Southern moves more than 5,000 classes online, professors offer creative solutions for remote learning](#)

March 30, 2020

As Georgia Southern University moved more than 5,000 classes online in response to the COVID-19 pandemic, many of the students who started back to classes today discovered professors who are engaging students with creative solutions for remote learning during unprecedented times.

"These are units that don't traditionally go online," stated Dustin Anderson, Ph.D., associate professor of literature, provost faculty fellow and appointed online transition coordinator for the Office of the Provost and Academic Affairs. "This is where we are being most creative moving remotely."

Janel Smith, Ed.D., director of the B.S.Ed. and MAT Middle Grades and Secondary Education programs, is using the current news and media coverage to help students learn about media literacy as well as mathematical education. In her math methods course, Smith's students report on statistics and numerical data they see on their social media and news platforms to discuss perceptions and misperceptions of how data can be used.

"They may see news outlets discussing percentages, but that number misrepresents the facts because it doesn't include proportions and time," said Smith. "It is yet another way to teach students critical thinking skills and life applications of mathematics."

Smith will also have students research the wraparound services that are available to the regional school districts.

“This is an effective way to remind students that as a teacher, the school doesn’t close when the building is closed,” she said. “There are still schools delivering meals and services to students while the physical school building is not open to students.”

Kathleen Crawford, Ed.D., assistant professor of elementary education, is allowing students to use social media apps like TikTok, Snapchat, Instagram and Twitter for their coursework.

“These mediums may not be traditional education platforms, but they are platforms which students are comfortable and familiar with,” she stated. “Right now, comfort is important to students, so why not combine the two and have them learn with technology and mediums they are comfortable with?”

Dean Cummings, Ph.D., assistant professor of multimedia film and production, has readapted his production courses, normally taught in lab settings, with the use of Folio, Georgia Southern’s innovative virtual classroom, and tools like EdPuzzles, which allows students to examine different types of multi-camera productions, including newscasts, films, reality TV and sports, in interactive video lessons. In his converged news production class, students will use their phones and free software instead of traditional cameras for online classwork, while Facebook and Instagram pages will host the student’s live newscasts and promos.

The HBO documentary, “Nine Innings from Ground Zero,” which follows the 2001 World Series one month after 9/11, will, Cummings hopes, help students understand more than just technical elements in his sports production class.

“It was another time when everything stopped and we healed,” he said. “I think it is important for them to see the documentary. They were very young when 9/11 occurred, and they need to be reminded that this country has been through tough times, plus they need to know the history of the event. We can’t forget. I want them to watch for technical reasons, and spend time with their emotions.”

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