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Georgia Southern's Economic Monitor Q2 reports regional economy slowed first half of the year, remains positive

October 10, 2022



Georgia Southern University's latest Economic Monitor, which reflects Q2 2022, reports that growth in the Savannah metro economy remains positive but continued to slow through the first half of the year.

“While employment growth and port activity supported the regional economy during the second quarter, other major indicators of the Savannah metro economy, including those related to tourism and electricity sales to residential, industrial and commercial users,

eased modestly,” stated Michael Toma, Ph.D., Georgia Southern's Fuller E. Callaway Professor of Economics. “In general, the forward momentum of the regional economy continued through the second quarter of 2022, but at a slower pace.”

Rotating Weakness Amid Employment Growth

The business index for the Savannah metro economy increased 1% in the second quarter, slowing further from the first quarter. The index of current economic activity increased to 210.9 from 208.8. The index was buoyed by overall employment growth and port activity. Retail trade activity slowed substantially, while seasonally adjusted electricity sales and hotel room rentals eased by .5% as compared to the previous quarter. This represents a role reversal from the previous quarter, when tourism and electricity sales headlined regional economic strength while port activity moderated.

Employment Trends

Metro Savannah employers added 1,100 jobs raising total regional employment to 198,700. This is 5.6% higher than year-ago employment and 3.7% higher than the pre-pandemic peak in early 2020.

In the service sector, business and professional services added 500 workers and is 11.4% higher than one year ago. Retail trade shed 500 workers but remains 4.3% higher than last year. Logistics employs 17,200 workers in supporting port activity, which was up 9% in terms of containers handled through the port. Government employment was down 300 jobs during the

quarter and stands at 23,500 workers, making it the fourth largest employment sector after business and professional services, education and health, and tourism employment.

Indicators of the regional tourism industry were mixed again in the second quarter. Seasonally adjusted hotel and motel sales tax receipts were essentially flat, but boardings at the airport surged 12.2% and car rental taxes increased by a similarly large gain. Strong airport and car rental activity is more likely indicative of travelers headed to other regional destinations, including Hilton Head, Bluffton and the Golden Isles, rather than entirely into the Savannah market. Employment in the tourism and hospitality sector shed 700 workers but remains nearly 10% higher than one year ago.

On the goods-producing side of the economy, manufacturing added 200 jobs, rising to 18,700 workers. Manufacturing has grown 4.5% over the year. Construction employment increased 200 workers, rising to 8,500 jobs matching a four-year high.

Tightness in the regional labor market continues to spur substantial increases in private sector wages. Through the first half of the year, wages were roughly 13% higher than in the previous year. Even after adjusting for inflation, hourly wages remained 5% higher, thus translating into increased purchasing power for consumers. The seasonal and inflation adjusted hourly wage increased to \$25.94 from \$25.88 in the previous quarter. The length of the private sector workweek recovered from the previous quarter's loss and is 33 hours in length but remains 2.2% shorter than one year ago.

Housing Market

The seasonally adjusted number of single-family homes permitted for construction plunged 19%. Building permit data has been highly volatile since the pandemic began with quarter-to-quarter reversals mostly characterizing the pattern. Nonetheless, permit issuance for residential homes is down 9% over the year. The number of permits issued decreased to 528 from 651 homes in the previous quarter. The average valuation per single-family unit increased 9.3% to \$282,700 from \$259,000.

Slowing Regional Growth Expected

The Savannah metro economy is expected to grow through the remainder of 2022 at a slowing pace, but 2023 is subject to more economic uncertainty given a more challenging national macro-economic environment, with inflation and additional tightening of monetary policy, and continued constraints in global supply chains and disturbances in energy markets, said Toma.

A Note from the Analyst

The Economic Monitor is available by email and at the Center's [website](#). If you would like to receive the Monitor by email 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.

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