ECONOMIC FORECAST BREAKFAST

Center for Business and Economic Research

William J. Smith, Chair of Economics, Hilde Patron, Director of CBER, David Boldt, Professor of Economics, and Mary Kassis, Professor of Economics
GROWING FOR A HEALTHIER REGION

In west Georgia, we know that everything we’re working to accomplish — stellar schools, a thriving economy, rejuvenated historic downtowns and communities where people can work, learn, play and pray — begins with good health.

Tanner is taking the lead, out front with growing hospitals and expanding services. We’ve established certified chest pain centers in the region to complement our interventional cardiology program, and we’re building new facilities to advance emergency, surgical and maternity care, pulling together our experts in multidisciplinary clinical teams to address some of our region’s most pressing needs — cardiology, cancer, behavioral health, women’s care and more.

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Jennifer, Andrea and Michael
We offer no-cost, confidential consulting services to small business owners. Our consultants provide assistance in many areas of business, including marketing, management, strategic planning, and financial analysis. Please

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*Our Mission:* To enhance the economic well-being of Georgians by providing a wide range of educational services for small business owners and aspiring entrepreneurs.

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Improvements in the labor market and rising real income have given many people reason to feel good about 2017; however, despite a solid job market and greater purchasing power, one area that vexes many consumers is the housing market. Ask anyone looking for a home today, and they will say that finding one is becoming increasingly difficult. The two most often cited issues include overall affordability and the general lack of supply in the market.

Median home prices for the U.S. overall continue to rise, but the location within the country has a big impact on both the level of and the growth in prices. In all regional markets around the country, housing prices have surpassed their peaks established before the start of the Great Recession and are currently headed for new heights. Overall, 2017Q2 median home prices (for all homes) were up by 1.8% over 2016Q2. Regionally, however, the numbers are a little more mixed. Home prices in 2017Q2 in the South actually decreased by 1.6% from the prior year, and in the Northeast prices were down 6.6% over the same period. To be clear, however, these two regional declines occurred after longer periods of growth. In fact, over the past two years, the year-over-year (Y/Y) average growth rates range from 2.4% in the Midwest to 4.9% in the West, with the South at a solid 3.6%. The Midwest, which posted both the lowest regional-level median home prices and the lowest sustained growth in prices, actually led the nation with a 7.6% YOY growth in median home prices between 2016Q2 and 2017Q2.

Because of the relatively low level of new home construction, most of the upward pressure on prices has been in the market for existing homes, especially single-family residential (SFR) homes. According to the National Association of Realtors (NAR), between August 2016 and August 2017, median home price of existing SFR homes increased from $241,900 to $255,500, an increase of 5.6% for the year. This occurred after a 5.2% price increase for the same period a year earlier.

The National Association of Realtors’ Housing Affordability Index (HAI) is calculated as the ratio of family income to the income necessary to qualify for a loan on the median-priced house. An index value of 100 indicates that a family earning the median income has just enough income to qualify for a mortgage (with a given list of terms) for the median priced house, while a higher index value means they have more than enough income to qualify. One of the major differences between the August 2015-16 and the August 2016-17 housing market was the interest rates facing potential homebuyers. Higher interest rates have the effect of both increasing the overall cost of homeownership and at the same time increasing the income necessary to qualify for a mortgage. Between August 2015 and August 2016, interest rates remained on a downward trajectory from 4.15% to 3.74%. Despite the increase in median home prices experienced last year, the lower interest rates between August 2015 and August 2016 kept the qualifying income for perspective home-buyers virtually unchanged for 2015-16, and the HAI actually increased as a result. However, over the past year, affordability at the national level has significantly worsened. The HAI in August 2017 for the U.S. was 49.6, down from 163.1 in August 2016, for a YOY decline of 8.3%. Between August 2016 and August 2017, the effective interest rates were down in all regions of the country, housing prices have surpassed their peaks established before the start of the Great Recession and are currently headed for new heights. Overall, 2017Q2 median home prices (for all homes) were up by 1.8% over 2016Q2. Regionally, however, the numbers are a little more mixed. Home prices in 2017Q2 in the South actually decreased by 1.6% from the prior year, and in the Northeast prices were down 6.6% over the same period. To be clear, however, these two regional declines occurred after longer periods of growth. In fact, over the past two years, the year-over-year (Y/Y) average growth rates range from 2.4% in the Midwest to 4.9% in the West, with the South at a solid 3.6%. The Midwest, which posted both the lowest regional-level median home prices and the lowest sustained growth in prices, actually led the nation with a 7.6% YOY growth in median home prices between 2016Q2 and 2017Q2.

Recent data show that the West Georgia economy continues to expand as overall nonagricultural employment grew by 2.6% between 2016Q1 and 2017Q1. In comparison, the State of Georgia sustained a 2.4% employment growth rate over this same period. Among the individual counties, Paulding and Coweta grew the fastest, adding 6.0% and 4.3% more jobs, respectively. Paulding’s growth was mainly the result of the net addition of over 600 health care jobs. On the other hand, Coweta’s employment situation benefited mainly from a gain of over 1,100 production jobs between 2016Q1 and 2017Q1. The other four counties’ growth was more modestly, with Carroll and Douglas both adding 1.3% year-over-year jobs and Haralson and Polk each expanding by less than 1%. Most new jobs in Carroll County were in production companies and government. Douglas County employment growth was mainly attributed to expansion in service-providing subsectors such as retail and accommodation/food services and in goods-production (manufacturing and construction). Gains in production jobs offset the loss of government and health care jobs in Haralson County while Polk County saw its health care sector add 180 net new jobs between 2016Q1 and 2017Q1.

Unemployment rates (NSA) in August 2017 were down in all six counties in the West Georgia Region compared to August 2016. With unemployment rates of 4.2% and 4.3%, respectively, Paulding and Coweta counties outperformed the state as a whole, with its 4.8% August rate. On the other hand, Polk County had the highest rate in the region at 5.1%. The unemployment rates in Carroll, Douglas and Haralson counties were 5.0%, 4.9% and 4.9%, respectively. The initial unemployment claims data for the first eight months of 2017 also provide evidence of a much stronger West Georgia economy. Claims for the region were down by 22.5% for the first eight months of 2017 compared to the same period in 2016. All counties in the region have seen a lower level of claims thus far in 2017.

Haralson County sustained the largest year-over-year drop (down 51.8%). Other counties experiencing a significant decline in new claims include Carroll (down 41.5%), Coweta (down 27.4%) and Polk (down 13.3%). The drop in claims was much less pronounced in Douglas and Paulding counties, down 4.7% and 1.5%, respectively.

Employment in West Georgia’s two goods-producing sectors, manufacturing and construction, expanded in the region between 2016Q1 and 2017Q1. Manufacturing employment grew by 1,352 jobs, a 6.3% increase. This compares to a 2.5% increase in state manufacturing

(Continued on page 16)
Initial unemployment insurance (UI) claims are viewed as a leading economic indicator, and the news is positive. Across the state and the Atlanta MSA, new UI claims are down 12.6% and 10.2%, respectively. West Georgia’s August 2017 initial UI claims were also down 8.8% over the same month in the previous year, a reduction of 125 claims overall. More significantly, West Georgia’s August UI claims stood at 1,292. The region’s new UI claims for August have not been at this level since well before the previous recession, and in only one month since 2003 has there been lower UI claims levels in any month (October 2016 at 1,149 claims). Within the region, only Douglas experienced an increase in UI claims over the year, adding 12 claims or 3.6%. Polk experienced the largest decrease in both absolute and percentage terms with 55 fewer new UI claims for a reduction of 35.5% over the year. Coweta posted the next largest reduction of 14.1%, or 46 fewer new UI claims.

Regionally, total employment grew in all six counties. Manufacturing added a total of 1,352 jobs to the region, with the majority (953 new jobs) landing in Coweta for an astounding 18.89% growth rate in that sub-sector for Coweta. The region’s service sector was more mixed; however, despite the loss of 286 service jobs across Carroll and Haralson, the region still managed to add a total of 1,497 service jobs, thanks primarily to Paulding’s addition of 1,081 new service positions over the year, with 627 of Paulding’s service jobs attributed to healthcare. As further (somewhat) positive news, the service-related declines in Carroll were primarily the result of job losses in firms that provide temporary workers to the manufacturing sub-sector (-346 jobs), suggesting at least a partial shift from temporary to permanent workers in the county. Government employment has also finally begun to grow again. The largest growth occurred in state (+320 jobs) and local government (+109 jobs) in Carroll.

<table>
<thead>
<tr>
<th>Employment Growth 2016Q1-2017Q1</th>
<th>Goods Producing</th>
<th>Service Providing</th>
<th>Govt.</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carroll</td>
<td>3.46%</td>
<td>-1.05%</td>
<td>7.28%</td>
<td>1.32%</td>
</tr>
<tr>
<td>Coweta</td>
<td>18.37%</td>
<td>1.59%</td>
<td>0.40%</td>
<td>4.28%</td>
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<tr>
<td>Douglas</td>
<td>5.84%</td>
<td>0.53%</td>
<td>1.01%</td>
<td>1.32%</td>
</tr>
<tr>
<td>Haralson</td>
<td>6.26%</td>
<td>-3.00%</td>
<td>-0.71%</td>
<td>0.61%</td>
</tr>
<tr>
<td>Paulding</td>
<td>6.61%</td>
<td>7.77%</td>
<td>0.85%</td>
<td>5.97%</td>
</tr>
<tr>
<td>Polk</td>
<td>-3.65%</td>
<td>3.53%</td>
<td>1.23%</td>
<td>0.79%</td>
</tr>
<tr>
<td>Georgia</td>
<td>3.26%</td>
<td>2.64%</td>
<td>1.19%</td>
<td>2.54%</td>
</tr>
</tbody>
</table>

West Georgia is at or near its natural rate of unemployment (i.e., where the unemployment that does exist isn’t attributable to a recession). In August 2017, the regional unemployment rate fell further to 4.6%, down from 5.3% in August 2016. The regional rate stands at a level that West Georgia hasn’t experienced since before the recession. Every West Georgia county experienced unemployment rate declines over the year despite substantial increases in the size of each county’s labor force. Paulding County posted the lowest unemployment rate in the region at 4.2%; however, its rate declines have slowed (~6.6% between August 2016 and August 2017). Carroll, Coweta, Haralson and Polk all experienced double-digit declines in unemployment rates. At an August 2017 rate of 5.0%, Carroll shaved off 0.9 percentage points from its August 2016 rate, resulting in a 15.3% rate decline for the year. Haralson’s rate dropped by 0.7 percentage points or 12.5% over the year. In short, West Georgia residents looking for work are finding jobs.
West Georgia homes continue to steadily increase in value. Average sales price increased in each of the six regional counties between August 2016 and August 2017. The average sales price of single-family residences in the region stood at $207,194, up from $189,606, which represents a 9.3% increase. Carroll experienced the largest growth both in absolute and percentage terms, adding $40,209 to the average home price for a 29.4% growth rate. Polk experienced the smallest price increase; however, that represented an average price increase of $4,654 or 4.1% over the period. Rising prices have coaxed some to sell. New listings were up in all regional counties except Carroll, which only declined by one listing over the year. Haralson had the largest percentage increase in new listings at 53.8% from August 2016 to August 2017. Overall, four West Georgia counties experienced double-digit increases in new listings over the period.

The price-to-rent ratio (PRR) is calculated as the ratio of home prices to the annual rental costs. A lower PRR is more advantageous to home-buyers (relative to renters), while a higher ratio favors would-be renters (relative to home buyers). Across the Atlanta Metropolitan Area, county-level ratios averaged 10.68 and August 2016 to August 2017 growth rates averaged 4.2%. Of the five reporting West Georgia Counties, all five reported growth in PRR over the year, indicating that home prices in the region are rising faster than rents. Within the West Georgia Region, Haralson’s August 2017 PRR remained the lowest at 8.86, but it has also posted the second fastest growth rate over the year at 9.0%. For perspective residents of West Georgia, owning a home in Haralson remains a very good option relative to renting, despite the growth in PRR over the year. In fact, Haralson’s PRR is one of the three lowest among Atlanta Metro counties. Douglas County posted the next lowest West Georgia PRR at 10.12, and shared with Coweta the slowest year-over-year growth of 3.2%; however, Coweta’s August 2016 PRR topped the region at 11.04.

Improvements in the region’s employment outlook, rapidly rising home sales prices, and the steady growth in new listings have led some to ask when will builders step in and relieve some of the upward pressure on prices in the housing market. Housing data suggest slow progress in new home building. In 2017, for the months between January and July, West Georgia issued 1,892 SF housing permits (Polk not included), for an 11.1% increase over the same period in the previous year. Currently, the region is on track to issue more than 3,100 new SF housing permits for 2017. The majority of West Georgia’s growth in new permits originated in Paulding, which issued 981 new permits through July 2017. This represented an additional 175 permits, or a 21.7% increase over the same period in 2016. Carroll, Coweta and Haralson grew by a total of only 25 permits. Douglas was the only county in the region to experience a decline in new SF permits for the period.
Carroll County

Carroll County’s total employment grew by 515 jobs or 1.3% over the period between 2016Q1 and 2017Q1, which is about half of Georgia’s overall employment growth rate for the same period. Despite slower-than-average growth, Carroll produced some significant industry-level bright spots this year. The goods-producing sector posted a year of relatively strong growth, adding 316 new jobs for a 3.5% employment growth rate. Drilling down into the detailed goods-producing sub-sectors reveals that construction produced some big employment gains from 2016Q1 to 2017Q1. Despite the loss of 30 construction firms in Carroll, growth in new housing and other construction activity across the region has attracted 156 new construction jobs back to those firms remaining in the county, representing a growth rate of 7.3%. However, this suggests smaller construction firms may be vulnerable to continued instability within the regional construction industry. In Carroll, there were 164 new single-family residential (SFR) permits through August 2017 as compared with 150 for the same period in 2016, for an increase of 9.3%. Days-on-the-market also fell by 16 days or 23.2%, while average sales price rose by $40,209 (29.4%), indicating the relatively small increase in the number of new SFR permits has done little to address tight housing supply in Carroll’s housing market. Other projects that have added or will add to new Carroll County construction employment in 2017-18 include the City Station in Maple Street Commons, the $19m renovation of the county Department of Public Health building, the new Villa Rica visitors center, the Neva Lomason Library renovation and a new Post 4 Georgia State Trooper building.

Manufacturing also posted respectable job growth, adding 143 new jobs or 2.1% over the year. Employment gains were made in fabricated metals, which grew by 2.7% or 205 new jobs. Royal Metal Products of Temple, an HVAC manufacturer, expanded operations by investing $3m and adding 10 new employees. Transportation equipment also added 79 new jobs over the year, or 8.1%, as Decostar, a transportation equipment manufacturer located in Carrollton, completed its 2016 expansion. Currently, Decostar employs nearly 1,000 workers in the county and produces parts for auto manufacturers across the southeast. According to plant officials, 80% of Decostar’s current customers are based abroad; however, a softening in domestic auto demand may slow growth in this important regional sub-sector. The manufacturing sub-sector contains rubber and plastics (connected with transportation equipment manufacturing), which also added 32 jobs over the period. Within goods-production, however, some job losses came from unexpected sources. Despite the addition of Colorado Premium’s $18m investment and 190 new employees and the promise of more, food production gave back 133 jobs, for a loss of 10.5% for the year. This occurred despite changes to state laws that now allow beer and liquor manufacturers to sell their products directly from their factories or plants. The law is not only expected to increase direct sales to the public but also to increase local tourism spending. Printer’s Ale, located on Columbia Drive in Carrollton, is the first company of its kind for the county. The law took effect September 1, 2017.

Similar to last year, the service providing sector sustained additional job losses over the period between 2016Q1 and 2017Q1; however, the news is not all bad. First of all, the largest job losses were in administrative, support and waste services (the sub-sector containing temporary employment services). Carroll sustained a loss of 346 jobs in this sub-sector, for a year-over-year decline of 13.8%; however, it is likely that many of these jobs were converted from temporary to permanent over the past year, which in Carroll County takes them out of services and, in many instances, puts them into manufacturing. As further positive news, despite losing a net of 6 firms, accommodation and food services added 117 new jobs or 2.7% over the year.

Retail continues to face structural problems within the industry. An additional 201 jobs were lost in retail services, for a 3.7% decline between 2016Q1 and 2017Q1. This mirrors a national trend in retail employment. Anchor department stores with names like Macy’s and JC Penny have been forced to close locations and lay off workers. Many industry insiders blame the continued growth of e-commerce for declining brick-and-mortar retail jobs. However, the flip side of declining retail employment is the job growth in warehouses and fulfillment centers built, at least in part, to handle the growth in e-commerce. Carroll added 144 new jobs in transportation and warehousing (which also contains fulfillment centers) from 2016Q1 to 2017Q1, for a growth rate of 23.9% over the period following a 140-job (30.2%) increase last year. There is little doubt that Carroll’s service-based firms have been both positively and negatively affected by this transition in retail. Accommodation and food services added 117 jobs, or 2.5%. New openings include Carrollton’s new Chick-fil-A’s, Popeye’s, a new free-standing Starbucks and a new Bojangles’ in Temple.

Finally, healthcare remains a solid performer in Carroll, adding another 117 jobs (or 2.7%) over the past year. Tanner Health Systems is currently investing $37m in its Villa Rica facility.

As a result of repeated budget cuts over the past decade, and despite county population growth, government employment in Carroll has fallen from 8,809 workers in 2007 to 6,379 in 2017Q1, or a loss of 27.6%. Between 2016Q1 and 2017Q1, total employment in the public sector increased by 433 jobs or 7.3%, the strongest growth rate in sectoral employment in Carroll and the largest growth in government jobs in the region. Most of the new jobs (320) occurred in state government at West Georgia Technical College and at the University of West Georgia where enrollment growth resulted in new faculty/staff positions. Additionally, former outsourced food services positions were taken over by UWG. Local government also added 109 jobs, or 2.8%, mostly in education and public safety.

Employment growth across West Georgia continues to help reduce the county’s unemployment rate. In Carroll, the unemployment rate has fallen from 5.9% in August 2016 to 5.0% in August 2017, a decline of 15.3% over the period. Though Carroll’s unemployment rate remains slightly above the region rate of 4.6%, it produced the largest rate improvement for the region in both absolute and percentage terms this past year. Furthermore, Carroll added 1,583 (or 2.9%) more workers to the labor force during the same period. In general, falling unemployment rates, along with an increase in the labor force, should be viewed as a very positive indicator for the health of the local labor market.
Coweta County’s employment increased sharply between 2016Q1 and 2017Q1, up 4.3%, or 1,567 jobs. Over the same period, the state economy added 2.4% more jobs. A deeper look at the data indicates that most of the job gains occurred in construction, manufacturing, accommodation/food services and retail. Job gains in the goods-producing sectors, construction and manufacturing, were up by 15.7% and 18.9%, respectively.

Coweta’s largest employment sector, retail, added 2.2% more jobs while the health care sector slowed down a bit from its recent explosive growth by adding only 1.1% more jobs. Almost 500 jobs (12% gain) were added in accommodation/food services. Job growth in the government sector was less than 1%.

The county’s most recent unemployment rate of 4.3% in August 2017 was below the year-ago rate of 5.3%. The City of Newnan’s unemployment rate fell from 5.9% in August 2016 to 4.7% in August 2017. In comparison, Georgia’s unemployment rate in August 2017 was 4.8%. Initial claims for unemployment have also dropped in Coweta County thus far in 2017. For the first eight months of 2017, the number of initial unemployment claims is 27.4% lower than for the same period in 2016. Overall, unemployment claims in the West Georgia region fell by 22.5% in the first eight months of 2017.

Between 2016Q1 and 2017Q1, almost 400 jobs were added in the services sectors in Coweta County. The greatest number of jobs gains were in accommodation/food services (490), professional, scientific and technical services (130) and retail trade (128). As might be expected in an expanding economy, the administrative support sector (mainly temporary employment) sustained a net job loss of 434 workers as temporary employees moved into more permanent employment situations. The second largest service providing sector, health services, added only 54 net new jobs (up 1.1%) in 2017Q1. The single most significant expansion in the services sector this year was the opening of the Variety Wholesalers distribution center in March. Approximately $10m was invested in this facility, the former site of the K-Mart distribution center, and about 300 jobs were created. Another company, Mingle dorff, held the grand opening of its HVAC distribution facility in early June. As reported in the Times Herald in March, “the company is not hiring at this time but may in the future as business expands.” In March, it was announced that NYCO, only maker of specialty lubricants for aviation market, was going to bring its headquarters to Newnan. The employment impact from this relocation will be relatively small, totally about 15 jobs by 2019.

As reported in the Newnan Menu, there have been a number of openings and closings in the retail sector and eating/accommodation establishments during the past year. Openings include new retail stores in Ashley Park (Bleu Coon, Torrid), a Pet Supermarket in Thomas Crossroads, a Home2 Suites hotel, a Lidl grocery store, and eating establishments such as Chicken Salad Chick, Knife and Stone, and Art and Jake’s. Chick-fil-A also opened its mega-restaurant known as “Trueett’s Chick-fil-A in the late summer. New Hendrick Automotive Group Honda dealership is scheduled to open in Newnan in Spring 2018. The most significant retail closing during the past year was the HHGregg store in the spring.

Coweta County has clearly established itself as a dominant player in the provision of health care services in the Atlanta Metro Area. Health care employs almost 14% of all nonagricultural workers in Coweta County. Between 2016Q1 and 2017Q1, the county added about 57 jobs (a growth rate of 1.1%). Despite the relatively slow job growth, there are a number of positive developments that will impact employment in this sector over the next few years. Piedmont Hospital is looking to expand its hospital by adding 18 new patient beds. This expansion will cost the hospital about $8.2m. The Cancer Treatment Centers Hospital in Newnan recently added a new 3T MRI and a third Varian Radiotherapy System for high-precision treatment. Also, the proposed Newnan Behavioral Hospital received state approval in June. The hospital is to be located at the site of the old Piedmont Newnan Hospital on Hospital Rd.

The finance/insurance sector added 45 jobs (6.6% growth) between 2016Q1 and 2017Q1. Total bank deposits in the county expanded from $1.34b to $1.41b between June 2016 and June 2017. The four largest banking institutions, BB&T, Bank of North Georgia (Sycovus), Bank of America, and Wells Fargo, hold about two-thirds of all bank deposits in Coweta. Based on total bank deposits, Coweta is the third largest banking center in the region (after Carroll and Douglas counties).

Manufacturing added about 935 jobs (18.9% growth) between 2016Q1 and 2017Q1. New Hinesville Industrial Park Honda dealership is scheduled to open in Newnan in Spring 2018. The most significant retail closing during the past year was the HHGregg store in the spring.

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Douglas County’s employment grew by 1.3% between 2016Q1 and 2017Q1. The goods-producing sectors, manufacturing and construction, added the most new jobs (332) or a 5.8% gain. Government employment was up by 1% year-over-year or a 57 job gain. Douglas County’s large service-providing sector sustained only a modest 0.5% gain by adding 157 jobs between 2016Q1 to 2017Q1. Douglas County’s unemployment rate in August 2017 of 4.9% was only slightly above the state rate of 4.8%. Since August 2016, the unemployment rates has dropped by .8%. The City of Douglasville’s unemployment rate also declined sharply over this past year, from 5.8% in August 2016 to 5.2% in August 2017. The unemployment claims data also paint a positive picture of the employment situation in Douglas County as the number of initial unemployment claims filings is down by 4.7% in the first eight months of 2017 compared to the same period of 2016.

Douglas County’s manufacturing sector accounts for only about 10% of all jobs, compared to 14% for the region as a whole. Overall employment in this sector expanded by 249 jobs (6.5% growth) between 2016Q1 and 2017Q1. Subsectors adding jobs over this period included chemical, fabricated metals, machinery, paper and plastics and rubber products. The only subsector reporting a job loss over this one year period was primary metals. One specific example of an expansion was Medline, the medical supplier, which added about 50 jobs at its Lithia Springs facility in early 2017.

The other goods-producing sector, construction, experienced a 4.2% gain in employment (or 76 jobs) between 2016Q1 and 2017Q1. Douglas County’s home construction activity has softened a bit thus far in 2017 as a total of 216 single family units have been permitted through the first 7 months of 2017, compared to 227 units for the same period of 2016. According to MLS statistics, average monthly days-on-the-market for homes for sale in Douglas County declined from 84 days in August 2016 to 66 days in August 2017. New listings of homes for sale was up slightly in August 2017 (247 listings) when compared to August 2016 (238 listings). The average monthly sales price for homes increased from $179,279 in August 2016 to $187,345 in August 2017. The major construction project in the county is the $110m Highway 92 Relocation Project, to be completed by the end of 2017. Douglas is also starting a number of SPLOST-funded projects that are expected to total about $100m over the next 6 years. The City of Douglasville is also hoping to redevelop 250 acres in north Douglasville. The project, which is currently in the planning phase is known as the “New Horizons Redevelopment District.” The city is also hoping to redevelop the site of the old county jail downtown.

Overall service employment expanded by 0.5% (157 jobs) between 2016Q1 and 2017Q1. The good news for Douglas County is that the jobs gains in such sectors as wholesale trade, retail trade, transportation/warehousing and accommodation and food services offset the loss of temporary jobs. Retail trade is the largest single employment sector in Douglas County, accounting for about 17% of all jobs. Between 2016Q1 and 2017Q1, retail employment expanded by 2.7%. Retail expansions in the county include a new Lidl grocery store on Fairburn Rd, a new Ollie’s Outlet and a Pandora jewelry store in the Arbor Place Mall. Retailer HHGregg closed its Douglasville store in April 2017. Accommodation/food services, the second largest source of service-providing jobs in the county, sustained employment gains of 2.8% over this same period.

The third largest service-providing sector, health care, added a modest number of new jobs (17 jobs or .4% gain) between 2016Q1 and 2017Q1. Wellstar Douglas released a report in May 2017 indicating that its operations had a total $261m impact on the West Georgia economy. Wellstar also announced in September that it will be spending $8m to renovate its Douglasville hospital.

Access to I-20 and to the Atlanta Airport allows Douglas to specialize in logistics and distribution, and the result has been strong job growth in its distribution-related subsectors. Wholesale Trade added 272 jobs (up 11.7%) while Transportation/Warehousing gained 325 jobs (up 17.7%) between 2016Q1 and 2017Q1. Two recent developments suggest that jobs in distribution services will continue to expand in the county. Kehe, a distributor of natural and organic products, opened a 450,000 square-foot distribution center in Douglasville in April 2017, replacing its Kennesaw facility. In early 2017, Z-Gallerie announced this it will be building a $3.7m new distribution and service center in Lithia Springs. This Los Angeles-based home fashion company expects to hire about 115 workers at this facility once it reaches full capacity in 2019.

In addition to being a distribution center, Douglas is also becoming a hub for data centers. Google now employs about 350 people at its facility, making it the 6th largest employer in the county. In 2016, Google added 800,000 square feet to its data center. In May 2017, the Las Vegas-based data center operator Switch announced that it is planning to build a $2.5b, one million square-foot data center in Douglas County, at the intersection of Thornton and Douglas Hill roads in Lithia Springs. The center is expected to employ about 65 people. Construction is expected to begin as early as this year.

Employment in finance and insurance is up slightly in 2017 with 64 jobs added (up 5.9%) between 2016Q1 and 2017Q1. In addition, deposits in county banks increased from $1.34b in June 2016 to $1.47b in June 2017. After Carroll County, Douglas is the second largest financial center (based on deposits) in the West Georgia Region. As of June 30, 2017, the four largest banks (based on deposits) in Douglas County were the Bank of North Georgia (Synovus), Wells Fargo, Bank of America and Regions Bank. Combined, these banks control about 53 percent of the county’s bank deposits.

Total government employment in Douglas County expanded modestly between 2016Q1 and 2017Q1 (up 1%). Virtually all of this growth was in local government (mainly the Douglas County School System). In an effort to further promote economic development in the county, Douglas County and the City of Douglasville agreed in June 2017 to combine economic development efforts under a single unified economic development authority.
Haralson County

Haralson County’s labor market continues to grow; however, its most recent numbers indicate it’s growing at the slowest rate in the region. Overall, Haralson’s employment grew by 0.6% between 2016Q1 and 2017Q1 (or 39 total jobs), which is below the 1.9% growth rate experienced over the same period last year and substantially below the 2.5% growth rate experienced by the State of Georgia. Haralson added 50 new private-sector jobs during the period between 2016Q1 and 2017Q1, but lost a net of 37 firms, predominantly spread across the service providing sectors.

At the industry level, growth rates were mixed. Haralson’s goods-producing sector was the county’s employment bright spot, adding 132 new jobs for a growth rate of 6.3% for the year, which is faster growth than three other West Georgia counties and the state overall.

The service-providing and government sectors both sustained job losses. Services dropped a total of 82 jobs (or -3.0%) over the year. Government lost another 11 jobs racking up a 0.6% decline in public sector jobs for the year.

Digging deeper into the goods-producing sector reveals that manufacturing led in new employment, adding 61 new jobs or 3.6%, as well as producing two new firms in the sub-sector. In May 2016, the British American Rubber Company (BARCO), a subsidiary of Montague Investments LLC, announced its intent to invest $8-$10m in its new facility in Tallapoosa. In March 2017, Twenty newly-hired employees began their job orientation, bringing back to life a facility that had been inactive for five years. Currently, the site maintains a single production shift (excluding production workers and management), but according to the company president, work is steadily increasing and expectations are that more positions will be added and potentially more space will be constructed on-site. In a press release from BARCO, the current facility represents the first phase in a multi-phase plan to add more workers and shifts. When fully staffed, the current facility will employ about 56 workers, and as employment increases, plant and equipment is expected to grow as well.

Construction, which was the source of huge county-level job losses in the most recent recession, added 58 new jobs over the period, representing a 15.0% employment growth in that sub-sector. Local construction job growth can be credited primarily to the rising demand for new (and existing) housing across the West Georgia Region combined with a veritable housing boom in the Atlanta metropolitan area. Haralson permitted 43 single-family residential (SFR) permits for 2016, which represented a 59.3% increase in permits from the previous year. Through July of 2017, Haralson has permitted an additional 31 units, up from 23 units (+34.8%) for the same period in 2016. Growth in new permits has been driven by rising prices both within the county and in nearby counties. The average value of homes sold in Haralson in August 2017 increased by $38,031 over August 2016, a 26.5% increase, and the second largest growth in both absolute and percentage terms in the region. Rising prices and an increase in the number of new housing units on the market has led to an increase in the time it takes to sell a house in Haralson. Days-on-the-market (DOM) increased by 15 days or 25.9% from August 2016 to August 2017. Rising prices and growth in new SFR permits are both positive economic indicators for the county and the overall region.

In Haralson, transportation equipment manufacturing, Honda Precision Parts and Honda Lock-America, are now dominant features in the county’s employment landscape. Honda Precision Parts announced in early 2017 that it will begin global production of a new 10-speed automatic transmission for the Odyssey in its Tallapoosa plant. The new assembly line required a $100m of new investment. The rollout of the new transmission is currently limited to the higher trim levels of the Odyssey minivan, but will later appear in other Honda vehicles, including light trucks. Together, the two Honda facilities, transportation equipment manufacturing added a net of 21 new jobs over the year.

Though the number of jobs were not reported, Haralson continues to see growth in the value of its agricultural sector. The total farm gate value grew by 9.2% between 2014 and 2015, and Haralson is ranked in the top eight counties in the state in the production of both apples and Christmas trees. It ranked 41st in poultry with a total value of $31.7m.

As Haralson continues to experience job growth, finding a job in the county becomes easier. In August 2017, Haralson’s unemployment rate stood at 4.9%, which represented a decline of 0.7 percentage points (or -12.5%) from August 2016. This is especially positive news given that Haralson’s labor force grew by 2.8% over the same period, adding 341 new workers over the year. Taken together, workers in Haralson County are finding work at a faster rate than they are entering the labor force. Furthermore, Haralson’s unemployment rate is now tied for third lowest in the West Georgia Region, besting Carroll and Polk and equaling Douglas.

Within the service-providing sectors, the largest employment losses came from health care and social assistance, which lost 77 jobs, followed by finance and insurance, which shed an additional 26 jobs. These two sectors’ employment levels declined 11.2% and 15.8% respectively between 2016Q1 and 2017Q1.

Despite the loss of finance jobs, deposits in Haralson County banks increased from $434m to $491m from June 2016 to June 2017, or 13.1%. With local deposits of $164m, as of June 2017, Bank of the Ozarks maintained the largest share (37.8%) of total deposits in the county.

The largest employment increases were in retail trade, which added 32 jobs or 5.1% over the period, and in accommodation and food services, which accounted for an additional 18 jobs or 4.7%.

Within the government sector, 11 total jobs were lost over the year, all of which were lost at the local government level. Local government is primarily comprised of employees in the local public school systems.

British American Rubber Company (BARCO) of Tallapoosa

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Paulding remained West Georgia’s leader in employment growth over the past year. Paulding County’s employment expanded 5.97% between 2016Q1 and 2017Q1, which was more than twice as fast as the 2.54% employment gains for the state as a whole. Private sector employment grew 7.5%, due to strong gains in both goods producing and service providing jobs. Government employment increased 0.85%, reflecting modest growth in local and federal government employment. Paulding’s unemployment rate dropped to 4.2% in August 2017, the lowest unemployment rate of any county in the West Georgia Region. The number of initial unemployment claims in August 2017 was down 1.9% compared to August 2016.

After more than 15 years in the works, the county finally broke ground on the Richland Creek Reservoir in September 2016. The Raw Water Pipeline portion of the project was completed in the spring, and in July the Board of commissioners approved a contract to construct phase one of the Finished Water Pipeline. The $215m reservoir project is scheduled to be completed in 2019 and will generate an independent supply of drinking water for Paulding.

Controversy continues to surround Paulding County’s efforts to bring commercial air service to the Silver Comet Field airport. Several lawsuits have been filed challenging commercialization, and the majority of the current Commissioners now oppose commercial flights. In July, the City of Atlanta filed a new lawsuit claiming that county leaders promised the city that the airport in the county the land for the airport in 2017 when the City of Atlanta sold the airport to the city that the airport in the county leaders promised the city that the airport in the county. The airport is also being used in the opening of Cedar Mountain Coffee in Dallas and the move of Happy Hog BBQ to a new, larger location. Administrative support employment showed no growth between 2016Q1 and 2017Q1, suggesting that the use of temporary workers may have slowed, while employment in information services jumped 18.9% (34 jobs). Real estate employment increased 10.9% (28 jobs) between 2016Q1 and 2017Q1, reflecting the strength of the housing market. Paulding remains active in Georgia’s film industry. Atlanta Film Studios Paulding County in Hiram was used in the spring for the filming of “Rampage,” an action/adventure movie starring Dwayne “The Rock” Johnson. The airport is also being used regularly as a set for filming movies and advertisements, including the war drama “The Last Full Measure,” which is scheduled to be released next year.

Government employment increased 26.9% (627 jobs) between 2016Q1 and 2017Q1. The rapid growth in this sector reflects the impact of the expansion of the WellStar Paulding Hospital, which doubled the number of beds in 2016. In addition, Westminster Memory Care, a new 48-unit residential living facility for dementia and Alzheimer’s patients opened in Dallas in March.

Goods-producing jobs account for 13% of employment in Paulding, and about 30% of the county’s goods-producing jobs are in manufacturing. Manufacturing jobs increased 4.6% (42 jobs) between 2016Q1 and 2017Q1. The largest gains in manufacturing were in the nonmetallic mineral product industry, which grew by 14.3% (32 jobs). This growth likely reflects increased concrete production for the reservoir project. Printing employment almost doubled between 2016Q1 and 2017Q1, increasing from 18 jobs to 31 jobs, while the number of establishments increased from 3 to 4. Fabricated metal employment increased 6.1% (12 jobs), and the transportation equipment sector grew 5.4% (3 jobs). The machinery, plastics, and furniture sectors all lost jobs between 2016Q1 and 2017Q1.

The number of jobs in the construction sector increased by 160 (up 8.1%) between 2016Q1 and 2017Q1, reflecting growth in housing activity. Housing permit data for Paulding from HUD indicates that the number of single-family housing permits in the county increased by 175 (21.7%) in the first seven months of 2017 compared to the first seven months of 2016. However, the number of permits still remains well below the number of permits issued at the peak of the housing boom in 2005. Data provided by the Multiple Listing Service (MLS) supports this strength in the housing market. MLS data show that the average sales price of a home in Paulding rose to $201,427 during the first eight months of 2017, 13% higher than average price during the first eight months of 2016, while the average number of closed sales rose 16.8%. The average number of new listings per month jumped 14.2% in the first eight months of 2017 compared to the same period in 2016. The average number of days on the market has fallen to 60 for the January to August 2017 period, down from 75 for the same period in 2016.

Employment in the financial sector increased 4.2% (14 jobs) between 2016Q1 and 2017Q1. Between June 30, 2016, and June 30, 2017, the amount of bank deposits held by Paulding County financial institutions decreased by 0.7%. Regions Bank remains the market leader in Paulding with 34.5% of the county’s bank deposits. The next two largest banks in the county based on deposits are SunTrust with 15.7% of the county’s deposits and Wells Fargo with 13.2%.

Government employment in Paulding County increased 0.85% between 2016Q1 and 2017Q1, due to gains in federal and local government employment. Local government employment growth slowed, reflecting slower growth in the Paulding County School System, the county’s largest single employer. Enrollment growth in Paulding County schools has slowed and the number of students was expected to only increase about 1% this year. The number of state government jobs was essentially unchanged despite the opening of Paulding’s first state driver services office in Dallas in June 2016.
In the twelve months between August 2016 and August 2017, Polk County employment grew by 85 new jobs. Although a welcomed addition, these new jobs represent a modest annual growth rate of only 0.79%. The growth in the number of jobs came from the government and service-providing sectors, both of which added a significant number of new positions to the Polk economy. Government jobs increased by 1.23%, a net increase of 20 new jobs, while the private sector experienced a 0.70% increase, a net gain of 64 jobs. The entire increase in private sector employment was driven by the service providing industry, which added 195 new jobs; the goods-producing industry, on the other hand, lost 133 jobs over the course of the year, a 3.6% drop. The loss of the goods-producing jobs somewhat dampened the otherwise positive employment situation in the county.

Healthcare and social assistance steered the growth in the service industry with a net increase of 180 new jobs. Since the DaVita Dialysis office closed its doors this September, the county recently lost a few healthcare related jobs. This loss, however, is too recent and it is not reflected on the current data. After healthcare, the fastest growing employment sector was education, which added 17 jobs. The Polk County School District will not only add to its workforce, but teachers will also get a 2% raise. Wholesale trade ranked third in growth in the service industry with a net increase of 11 jobs. Retail employment levels stayed constant at 130 establishments and 1,727 jobs. While the total number of establishments didn’t grow or shrink, some established businesses closed, including Brother Joe’s in Cedartown, while some new businesses opened, including Little Caesars’ Pizza in Cedartown, and Chick Fil A and Martin’s in Rockmart. Bojangles both closed an outlet and opened a new one in the span of a couple of months. Additionally, a new Tractor Supply store is expected to open in Cedartown in the coming weeks.

Although the service industry showed respectable growth, not all service sectors behaved the same way; among those sectors that experienced job losses were accommodation and food providing services, which lost 29 jobs, and arts, entertainment and recreation, which lost 20 jobs. Ironically, the crew for the TV show Hap and Leonard, from AMC and Sundance Studios, has been shooting scenes for their upcoming third season in Cedartown.

In the course of the year, a 3.6% drop. Nonetheless, the recently opened Edward Jones office in Rockmart is sure to make up for these losses. A noteworthy development in the works in the service industry in the region is the installation of a new set of solar panels earlier this year. The finance and insurance sector also saw a small drop in employment registering five fewer employees than during the first quarter of 2016. Nonetheless, the county’s unemployment insurance claims fell by 55, a decrease of 4.9%. At the same time, the labor force in the county has gone up by 425 individuals (a 2.4% increase). Moreover, the total number of individuals employed in Polk County in August 2017 shows the unemployment rate stands at 5.1%, only slightly above the West Georgia Region’s 4.9%. At the same time, the labor force news from Polk County is quite good this year.

The housing market in Polk County also looks healthy. Total home sales went up by 7.7% between August 2016 and August 2017, a significant figure when compared to the 0.4% increase experienced by the West Georgia Region. New listings alone went up by 20% in 2017, while single family housing permits more than tripled between 2015 and 2016 (from 32 to 106 permits). This is the most permits issued in Polk County since 2007 when the County issued 142 single family home permits. The average sales price of all homes sold during the same period was $123,363, $4,654 above the price registered at this time last year. We can expect the housing market in Polk County to remain strong in the coming months.

Between Hon and Meggitt Polymers & Composites we can expect over 270 new jobs coming to Polk County in the near future. Construction jobs could pick up as well if the Polk County School District Board of Directors obtain the funds it is currently asking for in order to to build a new Agriculture and Animal Sciences Education building at Rockmart High School, renovate structures in Cedartown High School, and improve several other buildings in the district. To finance these projects, the Board of Education is seeking E-SPLOST funds. Residents will have an opportunity to vote on the proposal in November.

The net increase in the number of jobs in Polk County has already led to a fall in initial unemployment insurance (UI) claims. Between August 2016 and August 2017, new unemployment insurance claims fell by 55, a decrease of 35.5%. The drop in unemployment insurance claims is much larger than the region’s 8.8% drop, and the state of Georgia’s 12.6% drop. Given the new planned investments by the two big manufacturers in the County, Hon Company and Meggitt Polymers & Composites, we expect the downward trend in initial unemployment insurance claims to continue.

Growing employment, falling initial unemployment insurance claims, and significant investments scheduled in the region make for a positive economic outlook for Polk County. Additional labor market data reinforce this picture. The Polk County unemployment rate has fallen 0.6 points since August of 2016; the latest data available from August 2017 shows the unemployment rate stands at 5.1%, only slightly above the West Georgia Region’s 4.9%. At the same time, the labor force news from Polk County is quite good this year.

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Housing Market (continued from page 5)

est rate for closed-sale loans on existing homes grew from 3.74% to 4.19%, representing a 12.0% increase in the mortgage rate over the year. The higher median sales price and rising interest rates resulted in an 11.5% increase in income required to qualify for a mortgage, or an additional $4,944 per family, when median family income only increased by 2.2%, or $1,522. The end product was an 8.2% reduction in the HAI over the year. The pattern of declining affordability was similar in all four regions of the U.S. Of no surprise, the largest declines occurred in the Western U.S., where the HAI fell by 10.8% YOY. However, the South, which is often promoted as having a lower cost of living than other areas of the country, experienced the second largest affordability decline of 9.1%.

The national trend in declining affordability is leading industry-watchers to suggest that in many markets, housing may be overvalued. CoreLogic, a property analytics group, released a report in July analyzing the 100 largest housing markets, housing may be overvalued. The group also projected that housing prices would increase by another 5% YOY from July 2017 to July 2018, which is supported by longer-term price growth in repeat-sale data collected by the S&P Case-Schiller Home Price Index. The index has grown at an average rate of 5.2% nationally for 2016Q1 and 2017Q1. Two of the largest service subsectors, health care and accommodation/food services, each added more than 5% new jobs. Retail employment in the region expanded by a much more modest 1.2%. As might be expected in an expanding economy, temporary employment dropped by 16.2% as these workers shifted to more permanent positions. Service-providing employment expanded the fastest in Paulding County (up 7.8%) while both Carroll and Haralson counties sustained year-over-year job losses. Examples of new openings or planned expansions in the services sector include the Z-Gallerie distribution and service center in Lithia Springs, a new $2.5b Switch data center (also in Lithia Springs), a KeHe distribution center in Douglasville, a major expansion of the Villa Rica Tanner Medical Center, and the Variety Wholesalers distribution center in Newnan. Financial services employment (finance and insurance) was 3.3% higher in the region in 2017Q1 (vs. 2016Q1). Bank deposits in the region’s banks rose by 16.6% between June 2016 and June 2017, to a total of $6.9b.

With little damage from Irma, West Georgia’s agricultural sector dodged a bullet in 2017. As home to some of the state’s largest poultry and beef producers, related commodity prices directly impact the local economy. Between June of 2016 and June 2017, poultry prices increased by 32.7%, or 36.5 cents/lb. Beef prices grew as well by 13.6% or about 24.7 cents/lb. In all, higher prices means better income for these farmers. Furthermore, two of the three main energy sources used to bring local beef and poultry to market, Diesel and gasoline, both fell in price over the year by 4.7% and 4.0%, respectively. Propane, however, experienced a 15.6% price increase over the period.

Public sector employment expanded by 2.2% in the West Georgia Region between 2016Q1 and 2017Q1. With the exception of Haralson, all the counties added public sector jobs over this one year period. Virtually all of the new jobs were added in local government, which is dominated by the public school systems. Carroll County sustained the greatest percentage increase in government employment (up 7.3%). Part of this large increase can be attributed to the one time shift of the food service campus workers at the University of West Georgia from the private sector (Aramark) to a university run dining service.

Update (continued from page 5)

employment over this same period. Recent new production facilities and planned expansions in the region include the newly opened Colorado Premium meat processing plant in Carroll, the expansion of the Winpak packaging facility in Senoia, the new British American Rubber plant in Tallapoosa, and expansions at the Kimoto Tech film coating plant, the Meggitt Polymers military aircraft supplier plant and the HON furniture production facility, all in Polk County.

The construction sector continued its rebound in the West Georgia region in 2017. The sector added almost 600 jobs between 2016Q1 and 2017Q1. Total single family housing permits in the region are up 11% for the first seven months of 2017 (compared to the same period in 2016). With 981 permits generated thus far in 2017, Paulding County accounts for a bit over 50% of all new housing construction activity in the region. The number of days homes remain on the market has fallen from 77.3 in August 2016 to 62.3 in August 2017. In addition, the average sales price in the West Georgia region rose from $189,606 in August 2016 to $207,294 in August 2017, a 9.3% increase. Significant construction projects in the region include the $200m Richland Creek Reservoir in Paulding County, the $37m Villa Rica Tanner Hospital expansion project and the $100m Ga 92 Highway project in Douglasville (scheduled for completion in 2018). Also, the Dalton Expansion Project, a natural gas pipeline extending from Coweta to Whitfield County, was placed into service in July 2017. The pipeline cost approximately $400m to construct.

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Dr. Hilde Patron - “At the Center for Business and Economic Research (CBER), we’re committed to contributing to the understanding of economic and demographic issues in the West Georgia Region and across the state. The CBER collects and disseminates information, provides technical expertise, and analyzes and conducts applied research for a diverse constituency including community organizations, businesses, government officials, academia, students, and others.”
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