The retail sector is the vehicle through which producers of goods and services move their products into the hands of customers, but, often retail sales jobs are viewed as less desirable because of the relatively low pay (about $11.39 per hour or $23,690 per year) and the high turnover rates among employees. However, retail fills an important place in the industrial landscape of a community. Retail is one of the few sectors that continues to provide flexible employment to low-skilled or less-educated workers. Currently, retail sales employees account for about 8.5 million workers across the U.S. Locally, retail comprises more than 11% of the total non-farm employment base for both the state of Georgia and for the Atlanta Metropolitan Statistical Area (which contains every county in the West Georgia Region except Polk). In the six-county West Georgia Region, retail accounts for a total of 23,342 jobs or about 15.5% of the West Georgia Region’s employment base. Thus, anything affecting this sector, impacts a relatively large share of our total local workforce.

The most important time of the year for retail is the holiday shopping season, which typically starts the day after Thanksgiving and extends through Christmas. Nearly 20% of all retail sales for the year occur during this time period. According to the most recent data, Georgia’s seasonally adjusted unemployment rate dropped as it entered the holiday season. In an interview in Atlanta Business Chronicle, Georgia Labor Commissioner Mark Butler indicated that this was the first time in the past eight years that unemployment rates dropped heading into December. According to the Georgia Department of Labor’s figures, most of the hiring growth was concentrated in sectors associated with holiday seasonal hiring, i.e., retail trade and transportation and warehousing. In total, the Atlanta MSA added 2,500 new retail jobs from November to December 2014, and it added 12,500 jobs over the previous December (a growth of 4.6% over the year). This puts Atlanta’s growth in retail jobs ahead of the U.S. overall.

The strong end-of-year job growth in retail was in anticipation of robust holiday sales. Across the nation, retailers posted a 4% growth in sales over the holidays, which is the highest rate of growth in sales since 2011. Nevertheless, retail sales growth was slightly below industry forecasts. However, the level of growth the nation experienced suggests that both employer and consumer confidence is starting to return. An area of retail that performed

(Continued on page 4)
In December 2014, Georgia’s unemployment insurance (UI) claims posted a decline of 12.7% over the previous December. The West Georgia Region’s unemployment insurance claims declined slower than the state’s. Between December 2013 and 2014, West Georgia claims decreased by 4.4%. Within the region, four counties experienced declines in UI claims. Haralson posted the largest percentage decline at −25.2% or 68 fewer claims from December 2013 to December 2014. Douglas experienced the largest decline in absolute terms, with 75 fewer claims over the same period. Though the region continues to experience year-over-year improvements in claims, the decline in claims has slowed to its lowest rate since June of 2014. At UI claims growth rates of 7.0% and 5.8%, respectively, Carroll and Coweta were the only two West Georgia Counties that posted higher levels of claims in December 2014 over the previous year.

All six West Georgia Counties experienced overall job growth between 2013Q2 and 2014Q2, and half grew faster than the state overall (Coweta, Douglas and Paulding). At 8.12%, Coweta posted the fastest job growth of any county in the region. Furthermore, Coweta’s growth occurred across both major private sectors, goods-producing and service-providing. Coweta’s construction and manufacturing firms added a total of 433 jobs, while information and healthcare added a whopping 1,148 jobs over the year. Paulding posted the second largest growth rate over the past year (+6.96%), adding 1,385 jobs in the process. Paulding was the only county in the region to post positive job growth in all three major categories of employment. The majority of Paulding’s growth came from construction (+190 jobs), accommodation and food services (+350 jobs), retail trade, (+215 jobs), healthcare (+190 jobs), and local government (+109 jobs). Although Paulding’s job growth isn’t the largest in the region, it is likely the most broad-based and may account for much of the recent improvement in its housing market.

West Georgia Employment Update

The region’s unemployment rates for December 2014 continued in a downward trajectory. The region’s overall rate improved by the same amount as the Atlanta MSA (-0.4 percentage points). West Georgia experienced a decline of 6/10ths of a percentage point over the past year, falling from 7.1% in December 2013 to 6.5% in December 2014; however, this decline is, in part, due to a decrease of the region’s labor force (-927 participants) over the year. Rates declined in all West Georgia counties. The largest rate decline was Haralson’s, which fell from 8.4% to 6.2% during the 12-month period, though part of the decline is due to a substantial reduction in the size of the labor force (-255 participants). The next largest decline occurred in Carroll’s, which fell from the region’s highest rate of 8.5% in December 2013 to 7.4% in December 2014, but like Haralson, the decline was partially due to a large decrease in the size of the labor force (-435 participants).
Though retail employment at the national-level grew at 4.0% during the holiday season, retail employment in the West Georgia Region is not likely to have grown as quickly. Though important indicators, like UI claims and the unemployment rate are continuing to rebound, some of the improvements are due to a reduction in the region’s labor force size. Overall, this means slower growth in income, which translates into slower growth in local spending. Furthermore, food-related retail (i.e., grocery stores) have posted declining sales during the holiday season across the nation. All of these national and local trends suggest that, when industry numbers are reported, growth in West Georgia’s retail employment is likely to be positive through the end of 2014, but below that which was experienced by the nation overall.

Over the past year, West Georgia’s single-family housing continued to regain value lost during the Great Recession. In December 2014, the average sale price of a house in the region was $164,150 as opposed to $142,806 a year earlier. Paulding experienced the largest growth in home prices, both in absolute terms ($+30,823) and in percentage terms (+24.3%); however, Carroll also posted strong growth numbers as well, adding $18,487 to its average sale price or 16.1% over the same period. In years prior, price increase were driven largely by slow growth in the “for sale” housing inventory and by investor purchases. However, activity from larger investors has slowed and new listings in the region are up 18.1% in December 2014 over December 2013. This, in combination with rising prices, suggests ever-growing stability in the region’s housing market. In fact, listings were up 33.1% and 13.3%, respectively in Paulding and Carroll, the two counties with the strongest price growth over the past year. Conversely, only two region counties saw a decrease in new listings, Haralson and Polk. These two counties were also the only two that experienced falling home prices over the year.

Rising demand for housing has prompted new building activity in the region. For the period January though November, single-family permits are up for the third straight year in 2014. The region is well shy of its peak new housing permits from the mid-2000s; however, with 11 of the 12 months in, the region generated 1,794 new single-family housing permits, or an increase of 43.9% over the same period in 2013. Paulding, Coweta and Carroll account for all of the region’s gains. Paulding posted 810 new permits in 2014, almost doubling the number of permits issued for the same period in the previous year. Coweta permitted 678 new single-family units, adding 26.5% to the previous year’s numbers. Carroll posted 112 new permits through November, which represent a 40.0% increase as well. Overall, housing market numbers suggest that West Georgia’s housing market recovery is gaining strength.
well over the holidays is apparel stores. The Gap reported that same-store sales increased by 1% for December 2014, which beat the year-over-year growth expectations of 0.1%. Same-store sales for the retailers tracked by Swampsco, a Massachusetts-based analytics firm, rose 2.9 percent last month, while retail analysts had predicted a 2.8 percent gain. Victoria’s Secret, Bath & Body Works, Macy’s, Pier 1, and even J.C. Penny all indicated that holiday sales had come in higher than had been projected.

The declining price of gasoline heading into the holiday season has been partially credited with the improvement in retail sales over last year. According to the U.S. Energy Information Administration, the average price for regular unleaded (all formulations) declined by 22.6% from $3.28 per gallon in December 2013 to $2.54 in December 2014. Lower fuel prices makes shopping and other discretionary trips less expensive and allows consumers to spend more on other types of consumption and holiday gift-giving. Specifically, falling fuel prices in 2014Q4 contributed to an uptick in holiday new-car purchase. Nationally, motor vehicle sales were up 9.8 percent compared with December 2013. Furthermore, as travel costs have declined, some consumers have also treated themselves to a night out, with sales at restaurants and bars rising 8.2 percent over last year.

 Falling fuel prices wasn’t the only factor driving higher holiday sales in 2014. The overall improvement in employment conditions have also been credited with adding income to consumers’ wallets and helping to boost sales as well. According to the U.S. Bureau of Labor Statistics, the U.S. economy added 252,000 jobs in December 2014, and the overall unemployment rate dropped to 5.6% for the month. The U.S. currently employs nearly 3 million more workers in December 2014 than it did in December 2013, which is expected to translate into rising income levels and then into higher retail sales.

Though the retail sector is regaining strength, the biggest threat to retail is from online sales. Dollars spent online continued growing this year and shows no signs of leveling off. E-retailers have the cost advantages of no storefront to tend and fewer employees to hire. Many e-retailers are also not legally required to collect sales taxes for out-of-state sales, which may allow buyers to evade their state or local sales/use tax, further reducing the cost of online shopping for the customer. Where traditional retailers have held ground has been in the area of personalized in-store service. Customers who don’t want to wait of shipping or who rely on knowledgeable customer service are more likely to buy in a store. Also, tactile items such as fashion or jewelry continue to be relatively safe from online retailers. Some large retailers (e.g., Walmart) have started offering the online order, in-store pick-up” option, a hybrid retail model which could help slow the loss of business to e-retailers. Time will tell if it will be a preferred method for shoppers, or if changes in sales tax laws will eventually level the retail playing field.

**Retail (continued from page 1)**

**Update (continued from page 1)**

Initial claims for unemployment insurance was 12.7% lower in December 2014 compared to December 2013. In the West Georgia Region, Haralson County sustained the greatest percentage year-over-year drop in unemployment claims (down 25.3%) while Carroll County experienced the largest increase (up 7%).

Recent employment and housing numbers provide further evidence of economic recovery in the West Georgia Region. Total employment rose in the region by 4.4% between 2013Q2 and 2014Q2. The manufacturing, retail, health care, accommodation/food services, and the administrative support sectors each sustained job growth in excess of 3% over this one year period. After a number of years of decline, public sector employment in the region remained essentially unchanged between 2013Q2 and 2014Q2. Coweta’s employment gain of 8.1% was fueled by sharp increases in health care and temporary employment. Paulding’s employment gain of almost 7% over this same period can be mainly attributed to new jobs in health care, accommodation/food service and temporary employment. The other four counties in the region also added jobs between 2013Q2 and 2014Q2 but at a more modest pace. The recovery in housing prices continues to boost housing construction activity in the West Georgia Region. As an example, a total of 1,794 single family permits were issued in the region in the first eleven months of 2014. This compared to 1,246 for the same 11-month period of 2013. Coweta and Paulding counties accounted for almost 85% of the permits issued in the region in 2014.

Employment in the region’s counties in 2015 and beyond will be impacted by a number of developments. The opening of the Trident Seafood food processing facility in February is expected to add about 175 jobs in Carroll County. A new Aldi’s store is also under construction in Carrollton. The downtown Carrollton hotel and conference center is expected to open in the summer. On a negative note, Carrollton’s Fred Discount Store closed in late 2014 and MetroBank closed its Carrollton Branch. The new Niagara Bottling Plant in Newnan will also be opening in early 2015, adding about 40 jobs. These new jobs will help offset the loss of about 160 jobs impacted by the planned closing of the Kmart Distribution Center in Newnan. Douglas County is the site of the most significant economic development in the region, the Keurig Green Mountain cold beverage system production facility. Once in full operation, the plant is expected to generate approximately 550 jobs. Keurig has a long-term partnership with the Coca Cola Co. for the use of its cold beverage system. Douglasville will also be the site of a new Gabe’s restaurant to be located in the downtown area. In Paulding County, plans for the commercialization of its airport suffered a setback in January as the Board of Commissioners voted to rescind support for the project. It is unclear what impact this vote will have on the project. In a negative piece of news for Paulding, Staples announced that it will be closing its store in Hiram in mid-January. Rockmart (in Polk County) is hoping to spur economic development with a $3.5 million upgrade of its sewage treatment facility. Neighbor-ing Cedartown completed its sewer system upgrade in 2014 to allow for development of the new Polk County Medical Center. In Haralson County, the Honda Precision Parts of Georgia (HPPG) plant expansion is expected to be completed by spring. The number of new jobs added will be dependent on market conditions.