WEST GEORGIA Regional Update

ECONOMIC FORECAST BREAKFAST

Center for Business and Economic Research

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Nationally, the housing market recovery that started mid-2012 has started to slow down, which may signal that the 7-year long adjustment to housing values has run its course. As we look forward, we should expect growth in value to be more in line with pre-bubble trends. There are quite a few indicators that support this conclusion.

Interest rates remain historically low, but even slightly higher rates may be affecting buyer’s enthusiasm for housing. The interest rate on 30-year fixed rate mortgages averaged 4.16% in September 2014, which is down 0.33 percentage points over last year, but 0.81 percentage points above the low point that occurred in November and December of 2012. This happens to be the same time the recovery in housing prices began. Keep in mind that a 1-percentage point increase from 3.5% to 4.5% on a $100,000 loan, for example, adds $58 dollars per month to the principle and interest of a mortgage payment. With family budgets significantly tightened, this might be just enough to tip the scales in favor of continued renting.

In late 2012, low 30-year mortgage rates, already low housing prices, optimism resulting from the economic recovery, and an overall growth in investor interest in single-family residential housing helped fuel a short-lived feeding frenzy in the housing market that rapidly pushed housing prices upward in many areas. However, the enthusiasm for housing has started to wane, and next year will likely bring a more modest growth in home prices.

Georgia’s home ownership rate is moving back into line with that of the nation overall. A variety of federal policies have been adopted since WWII that have pushed home-ownership to “artificially” high levels. The main premise underlying these policies is that home-owners have a vested economic interest in the community in which they own a home. However, it has been argued that these policies have led some individuals to purchase homes who should have remained in rental housing. In the early 1980s, Georgia’s home-ownership rate (about 65.0%) was essentially equal to that of U.S.; however, after the 1980-82 recession, Georgia’s homeownership rate began growing, on average, faster than that of the U.S., and by 1988, Georgia’s homeownership rate had surpassed that of the U.S. Georgia’s homeownership rate continued growing until the 1990-91 recession, when home-ownership fell for five consecutive years. Georgia effectively experienced the bursting of a smaller bubble in home-ownership, its rate temporarily falling below the nation’s and contracting to its earlier 1980s rate.

However, buyers quickly returned and drove rates to a height of 72.4% in the mid 2000s. Since 2006, Georgia’s rate of homeownership has fallen back to the average of the U.S., and together both the U.S. and Georgia have reverted back to the rate that prevailed over most of the 1980s and early 1990s. The area between the red and blue lines in the graph represents the bubble that existed in Georgia in excess of the bubble that was already swelling nationally. National policy makers are likely more sensitive of the potential impacts of adjusting home-ownership policies now.

The price-to-rent ratio is defined as the median existing home price divided by the average monthly rental cost. The price-to-rent ratio is lower in the first eight months of 2014 compared to same period in 2013. In comparison, unemployment claims have fallen by 15.4% for the state as a whole thus far in 2014. In the region, only Coweta County has experienced an increase in claims thus far in 2014 (up 0.8%). On the other hand, Paulding County has seen the sharpest decline in claims this year, down 21.5% compared to the same period in 2013. Employment in West Georgia’s goods-producing sectors, manufacturing and construction, expanded between 2013Q1 and 2014Q1. With the exception of Paulding County, which has a very small manufacturing base, all counties added production jobs. A number of planned expansions suggest a positive outlook for manufacturing in the region. Keurig Green Mountain announced in the summer that it will be adding about 550 production jobs in Douglas County to support the production of pods for its cold beverage system. During the past year, Southwire purchased the old Sony Building in Carrollton to create its “North Campus.” Other recent announcements or current expansions include Yachiyo (auto

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A decline in the number of filings for initial unemployment insurance (UI) claims typically signals an improving economy. From August 2013 to August 2014, the Atlanta MSA and Georgia overall saw sharp declines in new UI claims. Our region’s initial UI claims fell by 9.7% (or –187 claims); however, within the region, the numbers for the counties were somewhat mixed. Douglas, Haralson, Paulding and Polk experienced double-digit declines. At −31.1%, Haralson posted the largest percentage reduction in UI claims; however, with 80 fewer claims, Douglas had the largest absolute reduction. Meanwhile, Carroll added a single claim and Coweta added 7 (or 2.3%). Region-wide, the economy continues to improve, with UI claims now back to pre-recession levels; however, the volatility in regional claims has yet to return to normal.

In terms of employment growth, 2014Q1 has been the most positive quarter the region has experienced since the end of the latest recession. All counties experienced overall growth in employment. Furthermore, every county in the region posted growth in the two major private-sector industrial classifications. The only sector to experience year-over-year declines continues to be government. Between 2013Q1 and 2014Q1, Coweta led the region in goods-producing job growth with an increase of 10.4% (or 515 jobs) over the past year, which is more than 1/3rd of the total goods-producing jobs growth for the entire region. Other large addition to goods-producing jobs came from Douglas (+491 jobs) and Carroll (+359 jobs). For service-providing job growth, Coweta again led the region adding a whopping 2,079 jobs over the period. In total, the region added 3,997 service-providing jobs and four of the six West Georgia counties outgrew the state in service employment. Even after accounting for job losses in the government sector, the region managed to add a net of 5,443 jobs between 2013Q1 and 2014Q1. These job gains have likely drawn discouraged workers back into the job market.
West Georgia Housing Update

The S&P/Case-Shiller Atlanta Home Price Index measures the average change in value of residential real estate in Atlanta given a constant level of quality. The peak value (136.47) for the Atlanta MSA occurred in July 2007, and the index trended downward until its minimum (82.54) in March 2012. Since this period, the Atlanta index has been trending upwards; however, the graph depicting growth rates indicates that the growth in Atlanta’s housing value has substantially slowed. Between July 2013 and July 2014, the index grew by its slowest year-over-year pace since November 2011. At 6.7% growth, Atlanta grew at the same average pace as the 20-city composite. Additionally, Atlanta’s housing value growth is mirroring that of the rest of the U.S. Both Atlanta’s and the 20-city’s indices year-over-year growth rates fell from June to July.

Across the region, the average sales price of single-family residences has continued to rise, however, the level of new listings has not rebounded. From September 2013 to September 2014, the number of new listings in the region fell by 5.5% (or -33 housing units) over the year. Carroll at -35.3% and Haralson at -36.8% experienced the largest reductions in new listings over the past year. Coweta, Paulding and Polk have experienced an increase in new listings, but in absolute terms, the additions have been modest. Homeowners are likely watching and waiting for prices to rise further before listing. One reason for waiting is that only a few new houses have been built since the recession started. As jobs return, prices are set to keep climbing until the market supply starts to respond.

Though West Georgia’s market for new housing is still only in the early stages of recovery, the most recent vacancy rates provide reason for optimism. The overall residential vacancy rate in the West Georgia Region has fallen from 4.8% in June 2013 to 4.5% in June 2014, which represents a 6.3% reduction in vacant housing year-over-year. At 10.4%, Haralson currently has the highest single-family vacancy rate. Furthermore, Haralson was the only county in the region to experience an increase in its vacancy rate over the past year, adding 0.9 percentage points to its rate. At 6.8% Carroll currently has the second highest vacancy rate in the region; however, Carroll’s rate is below the 7.0% rate in June 2013. Paulding experienced the largest reduction in vacant single-family housing over the year in both percentage and absolute terms. Its vacancy rate fell from 3.3% in June 2013 to 2.8% in June 2014, representing a 14.1% reduction with 286 fewer vacant houses and the lowest vacancy rate in the West Georgia Region. Coweta’s vacancy rate dropped from 3.8% to 3.3% over the year, giving it the second largest vacancy rate decrease in the region. A falling vacancy rate it typically viewed as a precursor to an uptick in new housing construction activity.
Carroll County’s total employment grew by 1.5% between 2013Q1 and 2014Q1. Though the growth remains positive, the rate of increase is slower than last year’s 4.5% first quarter, year-over-year job growth. Though growth is slowing, Carroll County’s private sector employment continues to expand. Overall, the private sector added 621 jobs between 2013Q1 and 2014Q1, or an increase of 2.0%.

The addition of new jobs has not alleviated Carroll’s relatively high unemployment rate. Though down by 0.3 percentage points (or -3.2%) since August 2013, Carroll’s August 2014 rate of 9.0% topped the region. Carroll’s unemployment rate decline, though the largest in the region, was at least partially due to a 146 -person reduction in the county’s labor force over the same period. Furthermore, Carroll has not experienced a year-over-year labor force increase since July 2013. Whether due to pessimism about job prospects or out-migration, the decreasing size of the labor force is a concern for the county.

Over the past year, goods production has led the way in new jobs, adding a net 359 jobs (or 4.5%) between 2013Q1 and 2014Q1. Within the sector, 220 new jobs were added in fabricated metal products alone. Construction, a sub-sector closely connected to the region’s housing market, is showing signs of life again, adding 148 new jobs (or 8.2%) over the past year, placing it second in terms of jobs growth within the sector. Though jobs were added, goods-production lost a net of 11 firms over the past year. Within that sector, the largest job losses came from machinery production (-63 jobs) and food-related manufacturing (-33 jobs). Other losses were relatively small and spread out. Given the investments made in new and existing facilities, the goods-producing sector is expected to continue adding jobs in 2015. Carroll continues to expand into auto parts. Yachiyo of America, a Tier One auto parts supplier, has just finished a $30 million, 130,000 square-foot facility and is in the process of hiring more than 200 new workers. Southwire is also investing an additional $95 million over the next four years in the old Sony building purchased in 2013. When fully operational, the facility is expected to house 375 new workers in Carroll. The renovation is in addition to the 144,000-square-foot-facility Southwire purchased in Villa Rica in 2013. Trident Seafoods is on schedule to open its new production facility in early 2015. Decostar also announced late in 2013 the lease of a facility in Villa Rica that will add 35 more jobs and $2 million of investment in parts manufacturing to the region. Pro-build, a commercial supplier of building materials to professional builders and contractors, has opened a new facility in Villa Rica’s industrial court. Another firm that has located in Villa Rica is Southern Enterprises Commercial Buildings.

Service job growth was mixed. Only 10 of 17 sub-sectors experienced job growth over the year. The three largest gains came from retail trade (+320 jobs), healthcare and social assistance (+143 jobs) and food services (+126 jobs). Between 2013Q1 and 2014Q1, Carroll’s temporary employment declined by 182 jobs, and dropped from 7.4 to 6.8% of total county employment, possibly indicating a shift back to permanent employment within the county.

Carroll’s service employment outlook continues to be moderately positive. Jobs in the retail sector are expected to continue to expand. In a mid-year announcement, RCG bought the 180,000 square-foot First Tuesday Mall on the northeastern side of Carrollton for $4.35 million. Later in the year, RCG announced a second investment in Carrollton retail space with the purchase of the nearly 90,000 square-foot Tower Plaza Mall, which is home to Ollie’s Bargain Outlet, a new retail establishment on Bankhead Highway near the Carrollton post office. The old Southern States farm supply building is being converted to a new outdoor landscaping store, Everything Outdoors. Dollar General has opened two new locations in Carrollton. Near UWG on Maple Street, construction has begun on the new Jimmy John’s next to BBW, and the restaurant should be open in November of this year. Nearby in the West Georgia Village, next to McDonald’s, both a Wicked Juicy Lucy Stuffed Burguer Bar and a coffee shop will be opening. According to the developers, the location will generate about $3.3 million in revenue and employ 29 new workers. Another Maple Street development includes Palladino’s Wood Fired Artisan Pizza, which is finishing up construction across from the old Maple Street Mansion. The former GCI’s Pizza in the Wal-Mart shopping center will be home to a new Thrifty Lizard clothing store expected to open by the end of the year.

Looking around the county, the Clem community is anticipating a new Dollar General at the intersection of Highway 16 and Whooping Creek Church Road, for which ground-breaking has not yet happened. Though the recession has taken a heavy toll on banking in Carroll, the county has added a new bank. Metro Bank entered Carroll County in mid-2013, but has since expanded into the drive-through once owned by Community and Southern.

In healthcare services, Tanner recently opened its third regional urgent care location next to the Carrollton post office. The new facility is intended to provide downtown lodging for travelers and corporate organizations. Construction is expected to be completed in summer 2015. The facility represents a private-public partnership that is expected to be called Carrollton Cultural Arts and Convention Center.

Carroll’s local government sector continues to reduce employment. The start of the local housing market recovery and rising property tax revenues are not likely to be enough to prevent further budget-driven workforce reductions for Carroll County government in the following years.

Sustained job growth in Carroll County has coaxed the county’s housing market back to life. Over the past year, Carroll’s single-family homes for sale have spent fewer days on the market than the region average, and Carroll’s average sales price has continued upward. Unfortunately, RealtyTrac numbers indicate that Carroll is currently fourth in the state in the share of its housing units in foreclosure, but new foreclosures continue to fall. In general, there continues to be good reason for optimism through 2015.
Coweta County

Coweta County’s employment grew by 8.1% between 2013Q1 and 2014Q1, well above the overall state growth rate of 2.2% for the same period of time. The county has had the strongest growth in information services, wholesale trade, administrative support (mainly temporary workers), health care, and manufacturing. Goods-production employment (manufacturing and construction) grew by about 10.4% while the government sector shed about 1% of its jobs. The large service-providing sector, which accounts for almost 70% of employment in the county, sustained a 9.4% job growth between 2013Q1 and 2014Q1. The most recent unemployment rate (August 2014) of 7.8% was 0.3 points above the year-ago rate of 7.5%, indicating that despite the gain in employment, the overall job market remains a challenge for job seekers. The unemployment rate in Coweta County rests in between the overall U.S. rate of 6.3% and the state rate of 8.3%. Coweta County has experienced a modest increase in YTD new claims for unemployment benefits in 2014. For the first eight months of 2014, unemployment claims are up by 0.8% compared to the same period in 2013. Coweta is the only county in the region that has seen the number of unemployment claims rise in 2014.

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 roughly 1 out of every 8 workers in Coweta County. Between 2013Q1 and 2014Q1, the county added 460 jobs in this sector. Two significant expansions will further boost employment in this sector in the near term. The HealthSouth rehabilitation hospital is nearing completion with the opening scheduled for late 2014. This 55,000 square foot facility represents a $22 million investment expected to generate over 125 jobs. In a second development, the Cancer Treatment Centers of America (CTCA) recently completed a major expansion, adding 25 inpatient beds, a four-story clinic for outpatient and infusion services, two additional surgical suites, an additional radiation therapy suite, and other clinical services and programs. The Newnan facility—which opened in August 2012 with 178 employees and now totals more than 800—was expected to generate more than $500 million in economic activity over the first five years of operation. The regional destination hospital has generated $893 million in new economic activity in Georgia since its groundbreaking, including a total economic impact of $659 million in Coweta County alone.

Employment in manufacturing expanded by 8.7% between 2013Q1 and 2014Q1. The opening of the $80 million Niagara Bottling Plant in late 2014 is expected to add about 70 additional production workers. This plant represents an $80 million investment in the community. Yokogawa’s meter and instrument facility is also undergoing an expansion in the Shenandoah Industrial Park in Newnan that is projected to add over 200 employees. This company currently employs about 400 workers in Newnan. Yamaha Motor, Coweta’s largest private employer, is expected to add about 250 new jobs by the end of 2016 as it shifts ATV production from Japan to Newnan. It was also recently announced that Spacrete, a Wisconsin-based manufacturer of concrete products, will be opening a new facility in Newnan. Expected to be operational in early 2015, this plant is expected to add 40 new production jobs. Utility related employment was down by 30 jobs between 2013Q1 and 2014Q1, likely related to changes at Plant Yates (the planned shutdown of five coal-fired generators). In an effort to attract even more industrial development to Coweta County, Pattillo Construction has cleared 90 new acres in its industrial park along I-85 in the hope of accommodating additional tenants. Another new industrial park known as “Bridgeport Industrial” is also in the planning stages. This 1,000 acre development is proposed for a site near the Newnan-Coweta County airport.

Recent data indicate an uptick in construction employment (up 7.2% between 2013Q1 and 2014Q1 or 65 jobs). The total number of single family permits issued is up sharply in Coweta County for the first eight months of 2014 (511 units vs. 343 for Jan.-August, 2013). Total cost of residential construction has also risen sharply thus far in 2014, up 69% compared to the first eight months of 2013. No multi-family units have been permitted thus far in 2014 in the county. MLS data also show continued strengthening of the Coweta County housing market. For example, days on the market (DOM) fell from an average of 119 in 2013Q3 to 99 in 2014Q3. In addition, the average sales price of a home in the county in 2014Q3 was $210,609, an 8.3% increase from 2013Q3.

Overall services-providing employment grew by a robust 9.7% between 2013Q1 and 2014Q1. Of the 2,000 net new jobs added in services sectors, two-thirds were added by three sectors: information services, administrative support (mainly temporary employment) and health care. Other service sectors adding jobs included wholesale trade (up 18.9%), retail trade (up 4.3%), accommodation and food services (up 4%) and transportation/ warehousing (up 3.2%). A number of new business openings or announcements of future projects are sure to add to the number of jobs in this sector.
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The University of West Georgia
Small Business Development Center

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Douglas County’s employment grew by 3.7% between 2013Q1 and 2014Q1. Sectors adding the most jobs over this one-year period were manufacturing (412 jobs), health care (243 jobs), accommodation and food services (207 jobs), and wholesale trade (167 jobs). After a couple of years of losing jobs, the construction sector added 4.3% new jobs between 2013Q1 and 2014Q1. Tight budgets continue to take a toll on the government sector as public employment fell by 0.4% between 2013Q1 and 2014Q1. Douglas County’s unemployment rate in August 2014 of 8.3% was unchanged from the year-ago level. The August 2014 unemployment rate in the City of Douglasville was higher than the overall county rate at 9.6%. The unemployment claims data paint a much more positive picture of the employment situation in Douglas County as the number of unemployment claims filings is down by 16.3% in the first eight months of 2014 compared to the same period of 2013.

Goods-production employment in manufacturing and construction accounts for about 1 out of 7 jobs in Douglas County. Employment in the manufacturing sector expanded sharply between 2013Q1 and 2014Q1 (up 12.5%). More than one-half of the new jobs in manufacturing were in plastics/rubber production. The announcement that Keurig Green Mountain Inc. will be investing $337 million in a new cold brewing manufacturing facility in the county suggests even more growth prospects for this sector in the future. The new 585,000 square-foot facility will support the production of pods for Keurig’s cold beverage system and is expected to add 550 production jobs over the next five years. Tremron, a Florida-based manufacturer of brick materials, announced in September that it will be opening up a production facility in Douglasville. Expected to open in mid-2015, this operation will employ about 40 workers.

The other main goods-production sector, construction, experienced a 4.3% gain in employment between 2013Q1 and 2014Q1. Douglas County saw little change in new home construction this year compared to last year as a total of 140 new single family homes have been permitted in the first eight months of 2014 compared to 150 for the January-August 2013 period. About one-third of the new permits issued in the county to date are for units located within the City of Douglasville. Home prices continue to recover in Douglas County in 2014. The average sales price of a home increased to $142,995 in 2014Q3, up to 12.5% over the 2013Q3 average sales price. Average days on the market (DOM) has declined while the number of new foreclosures has also remained low (averaging about 10 per month in the county).

Douglas County’s close proximity to both Atlanta as well as to Hartsfield-Jackson International Airport continues to provide a competitive edge for the county in attracting warehousing and distribution jobs. Wholesale trade and Transportation/Warehousing added over 200 jobs in Douglas County between 2013Q1 and 2014Q1. The decision of Gordon Food Service to build a new food distribution warehouse in the Riverside West Business Park as well as the relocation of the McMaster-Carr Supply Company from Fulton Industrial Boulevard to Riverside Parkway in Douglasville will add even more jobs in these sectors over the next few years. Gordon Food Service broke ground on its distribution center in February 2014. The facility is expected to be operational by early 2015 and is projected to employ approximately 200 workers within three years. McMaster-Carr’s e-commerce fulfillment and catalog sales center is slated for completion by early summer 2015. It is projected to bring 600-800 jobs to Douglas County once in full operation.

Retail trade is the largest single employment sector in Douglas County, accounting for about 1 out of 6 jobs in the county. However, the average weekly wage in this sector is well below the average for all industries in the county. Between 2013Q1 and 2014Q1, retail employment remained essentially flat (down 0.14%). Significant retail expansions in the county include a new Academy Sports store as well as a just opened Books a Million (BAM) at the Arbor Place Mall. Accommodations and food services sector employment, primarily in restaurants and lodging establishments, expanded by over 5% between 2013Q1 and 2014Q1. Administrative support employment has expanded modestly over the past year (up 2.1%). Employment in this category is mainly composed of “contingent” or “temporary” workers.

The other large services sector, health care, employs roughly 1 out of every 9 workers in the county. Employment in Douglas County’s health care services sector grew by 5.8% between 2013Q1 and 2014Q1. Major health care employers in the county include Wellstar Douglas Hospital and the American Red Cross regional blood services center. Wellstar recently unveiled its new ICU unit as part of the $18 million expansion project at the Douglasville hospital. Douglas County was also selected to receive the state’s first BioLife Plasma Services Center. The center, which is scheduled to open in late October, will have between 50-75 employees.

The banking sector experienced a bit of turmoil in 2013 as Douglas County’s largest bank (Douglas County Bank) was shut down by the FDIC in April. However, this closing failed to impact employment in the finance and insurance sector in Douglas County which added 80 jobs (9.3% growth) over the 2013Q1-2014Q1 period. As of June 30, 2014, the four largest banks (based on deposits) in Douglas County were Hamilton State Bank (which assumed the assets of Douglas County Bank), Regions Bank, the Bank of North Georgia (Synovus), and the Bank of America. Overall, deposits in county banks increased by 0.3% between June 30, 2013 and June 30, 2014.

Employment in Douglas County’s government sector dropped slightly between 2013Q1 and 2014Q1 (down 22 jobs). About 15% of Douglas County employment is in the public sector. The largest public employer in the county is the Douglas County School System, with approximately 3,700 employees. A long awaited public infrastructure development got underway in August as officials broke ground on the $60 million Highway 92 relocation project. This project will swing Highway 92 away from the downtown area and will include a new underpass beneath the railroad tracks. Work also continues on the Lee Road overpass and road widening project. Serious discussions are currently being undertaken to determine whether or not Douglas County should issue industrial revenue bonds to support an expansion of the Foxhall Resort in Southeast Douglas County. This planned project would include a Westin Hotel and Conference Center along with an 18-hole championship golf course.
In the last two years, Haralson has posted double-digit job losses across all major private sectors and several industry sub-sectors, while at the same time, other counties in the region had already started to grow again. In the upcoming year, Haralson County may be staging an employment comeback. This year (between 2013Q1 and 2014Q1), Haralson County’s total employment grew by 230 jobs (or 3.8%), placing its job growth ahead of three other counties in the region and the State of Georgia overall. This is the first time since 2012Q4 that Haralson has posted year-over-year quarterly job growth.

Haralson’s goods-producing sector added 57 jobs (or 3.2%) between 2013Q1 and 2014Q1. Within the goods-producing sector, most new jobs were added in plastics and rubber products manufacturing. Construction, a sub-sector closely connected to the region’s housing market, continued downward, dropping another 49 jobs (or -15.8%) over the past year. Though the goods-producing sector added jobs, it lost a net of 9 firms (6 from construction alone) over the past year. Other sub-sectorial gains and losses were relatively small.

Future growth in goods-production is likely to come from familiar sources. Strong demand for Honda vehicles has led to additional investment in one of Haralson County’s largest employers. Honda Precisions Parts of Georgia (HPPG) in Tallapoosa will be opening a 122,000 square-foot expansion in spring 2015. The expansion is expected to nearly double the production capacity of the facility. HPPG currently employs 575 to 700 workers. At press time, no new jobs have been announced in association with the expansion; however, development officials in Haralson indicate the new addition will allow HPPG to adjust output with demand for their vehicles.

Portions of Haralson’s economic base have weathered the recession and are currently looking towards growth. But, other parts of the economy have yet to see the recovery take hold. As a result, some firms have continued trimming operations. However, there is opportunity in every difficulty, and county development officials indicate that Haralson is currently a finalist in the location search for multiple new developments.

In Haralson, the service sector was the biggest contributor of jobs in the most recent numbers. Of the 14 reporting service-providing sub-sectors, only 3 experienced job losses between 2013Q1 and 2014Q1, and those losses totaled 9 jobs. Within the service sector, the three largest job gains came from retail trade (+44 jobs), public administration (+33 jobs) and food services (+19 jobs).

One specific area of service-providing job growth has been in telecommunications. SyncGlobal, a locally-owned, Bremen-based data services company added 15 workers over the past year. The intersection of I-20 and Highway 27 continues to attract new food-service businesses to the Bremen area. A new Jack’s is expected to open next to the old Waffle House off Highway 27, south of I-20 in Bremen. The anticipated opening is winter of 2015.

Tallapoosa will have two more restaurants by year’s end. The first is to be located in the former Papa’s Pizza location. Southern Sizzlin Steakhouse is currently hiring and is expected to be open soon at this location. The former Crossroads Restaurant in Tallapoosa has already re-opened as Mae’s Crossroads Restaurant. Mae’s had its grand opening in August of this year.

Regionally, the banking sector has not been a recent source for positive news; however, Haralson’s banking sector is starting to see deposit growth again. Deposits (across all institutions) are up by $8.3 million or 2.2% between June 30, 2013 and June 30, 2014. This represents the first increase since 2007-2008. Local deposits help provide funds for small businesses, and the fact that deposits are rising again is good news for future small business growth in the county; however, Haralson’s total deposits remain 14.3% below the peak in 2008.

Recovery in the housing market requires sustained job growth, which Haralson has yet to experience. As a result, Haralson’s housing market continues to struggle to find its way out of the most recent recession. The county’s permits for new housing units have slowed to trickle, with about 1 or 2 new permits issued per year for the past few years. However, the average sales price for houses sold in Haralson suggests there may be reason for optimism. For existing units, average prices are substantially up for this year, as compared with the past two years. Average sales prices for 2012Q3 and 2013Q3 were $88,623 and $85,559 respectively. For 2014Q3, the average jumped to $114,141 or a 33.4% increase in a single year (note: these are for all sales, and are not necessarily repeated sales). The lack of inventory for sale, the absence of new units, along with the rising demand for local housing have all combined to drive prices up in Haralson and across the West Georgia Region. In fact, within the region, Haralson’s sales price increase is second only to Polk County’s (+37.3%).

In the public sector, the Haralson County Development Authority recently purchased the 160,000 square-foot former Hoover Hanes building located on 60 acres and a rail spur in Tallapoosa for $490,000. The site purchase is to be used to entice new manufacturing prospects to the county. The building was most recently occupied by Hexpol, a rubber compounding company, until it closed down operations in July of 2013. The City of Tallapoosa also owns a large adjoining parcel, which greatly increases the potential uses for the combined properties. The plans are to re-develop the site to suit.

Haralson County High School finished renovations and a $3.5 million addition to its Career, Technical and Agricultural Education (CTAE) Building project just in time for the start of the school year. The building adds nearly 5,000 square feet to the existing facility and houses a new welding program, along with other existing career training programs. The project was paid for with Special Purpose Local Option Sales Tax (SPLOST) dollars. RKR Construction of Bremen was the general contractor for the project. The CTAE expansion represents the largest single public project in the county. According to recent announcements, a large share of new SPLOST funds will be used by county and municipalities to pay down debt incurred on new facilities or upgrades made to existing facilities in the past.
The employment outlook for Paulding County continues to improve. Paulding County’s employment expanded 3.1% between 2013Q1 and 2014Q1. Private sector employment grew 4.2%, reflecting strong gains in service providing jobs. Government employment was essentially unchanged, reflecting a more stable employment environment in the county school system. The unemployment rate remained stable over the past year at 7.2%. The number of initial unemployment claims during the first eight months of 2014 also declined 21.5% compared to the first eight months of 2013.

Paulding has been stalled in its efforts to bring commercial airline services to the county. In October 2013, Paulding announced that it had formed a partnership with Propeller Investments to bring commercial airline services to the Paulding Northwest Atlanta Airport. This move has faced considerable opposition from a variety of sources; however, if the airport succeeds in its plans, it could lead to over $350 million a year in economic activity for the county and thousands of new jobs over the next ten years. At this point, there are still major hurdles to overcome before commercial service becomes a reality.

The number of jobs in Paulding’s service sector grew 4.4% between 2013Q1 and 2014Q1. Over 60% of Paulding County’s jobs are in the service sector, with retail trade accounting for almost one out of every five jobs. Employment in the retail sector grew 2.5% from 2013Q1 to 2014Q1. K-Mart, a long time Hiram presence on Atlanta Highway to serve the Hiram area, opened in April with 56 beds, but has the capacity for 112 beds. The hospital is expected to add 500 health care jobs in the county. Paulding recently announced that it had recruited a new health services firm, the Dallas Memory Center. The Industrial Building Authority approved a new $8.5 million, 35,000 square foot building on Atlanta Highway to serve dementia and Alzheimer’s patients. The center is expected to employ 40 people and should open in late 2015.

Goods-producing jobs account for about 12% of employment in Paulding. Manufacturing jobs decreased 12.7% between 2013Q1 and 2014Q1. This decline occurred despite the opening of Ronchi America’s new U.S. headquarters in September 2013 and Interroll’s Regional Center of Excellence in March 2014.

Ronchi, an Italian bottling equipment company will eventually employ 35 workers in the county. Interroll, which manufactures conveyor systems, currently employs 75 workers, but is expected to grow to more than 100 by the end of the year. One concern facing Paulding’s development officials is a lack of sewer coverage in the county. In many parts of Paulding, firms are forced to use septic tanks, which create capacity and regulation issues. Dallas is constructing a new sewer line and upgrading its sewer treatment facility, and the county’s economic development office applied for a U.S. Economic Development Administration grant to cover part of the construction cost of a $127,000 sewer line in the Sunnyland Industrial Park area. The county has also applied to create its second opportunity zone. If approved, the Paulding County/City of Hiram opportunity zone would allow the county to offer additional incentives for businesses to locate in Paulding.

The number of jobs in the construction sector increased by 128 (an 8.4% increase) between 2013Q1 and 2014Q1, reflecting growth in housing activity. From January to August 2014, 609 single family units were permitted in Paulding County, which is more than double the permits issued during the same period in 2013. However, this is still well below the 2,417 permits issued through August in 2006 at the height of the housing boom. MLS data show that the average sales price of a home rose to $157,020 in 2014Q3, 17.5% higher than 2013Q3. The number of new foreclosures in the past twelve months was down 26% when compared to the previous twelve month period.

Employment in the financial sector was essentially unchanged between 2013Q1 and 2014Q1. Between June 30, 2013 and June 30, 2014, the amount of bank deposits held by Paulding County financial institutions fell by 3.4%. Regions Bank remains the market leader in Paulding with 33.3% of the county’s bank deposits. The next two largest banks in the county based on deposits are SunTrust with 14.6% of the county’s deposits and Wells Fargo with 10.9%.

Government employment in Paulding County was virtually unchanged between 2013Q1 and 2014Q1. This reflects the fact that employment in the Paulding County School system, the largest single employer in the county, has stabilized. The 2014-2015 school year was the first without teacher cutbacks or furloughs since 2009. The school board approved a $221 million budget, a 5% increase over last year’s budget.

In August Paulding received a $6 million low interest loan from the Georgia Environmental Facilities Authority (GEFA) for construction of the Richland Creek Reservoir project, which has been in the works since 1998. This is the third GEFA loan that the county has received for the reservoir. In 2012 and 2013, the county received loans of $29.1 million and $21.6 million, respectively, for construction of the 305-acre pumped storage reservoir. These loans cover almost 57% of the project’s estimated cost of $99.65 million. In addition, in November 2013 GEFA announced that the Governor’s Water Supply Program plans to begin negotiations with Paulding to invest in the reservoir.
Total employment in Polk County grew by 0.9% between 2013Q1 and 2014Q1, representing a net addition of 96 jobs within the county. Though substantially lower than the 1.7% job growth experienced over the previous year, private sector job growth remained positive overall, adding 161 jobs between 2013Q1 and 2014Q1; however, job losses in the public sector took a substantial bite out of the total. Local government, which includes schools and local public safety, lost 76 jobs, whereas state and federal government job growth remained essentially flat over the past year.

Access to more jobs means fewer people filing for unemployment benefits. The number of initial unemployment insurance (UI) claims is viewed as a leading economic indicator and Polk’s initial UI claims suggest an improving economy. New claims fell 20.1% between September 2013 and September 2014, which was a faster improvement than the state experienced, and the second largest UI claims reduction in the region. Polk’s unemployment rate remained the same between August of 2013 and 2014, despite adding 173 workers (or about 0.86%) to the labor force. No growth in the unemployment rate and a rising labor force suggests that Polk County residents are finding jobs almost as quickly as workers are being added to the local labor force. All the numbers point toward continued modest improvements for the county over the upcoming year.

Closer examination of the numbers shows that goods-production employment was up by 68 jobs over the previous year, and these gains occurred despite Polk’s losing a net of two firms in the sector. Within goods-production, manufacturing accounted for almost all of the job growth, adding 65 jobs between 2013Q1 and 2014Q1. Construction added six more jobs; however, job growth in the remainder of the goods-producing sector was close to flat, with small job losses in one sub-sector offsetting small gains in another.

Some of those jobs come from well-known sources. Earlier in the year, Jefferson Southern announced that it is investing $22.8 million in its Rockmart operations, which will add 81,000 square feet to its existing facilities, and provide space for additional metal presses and recycling facilities. This Tier-One structural steel part supplier to Honda Manufacturing plans to add 40 more workers over the next two years. This announced expansion is but a continuation of the West Georgia Region’s ascent in importance in the automotive manufacturing industry.

Another manufacturing firm investing in Polk is Gildan, who announced late in 2013 a $28 million project to refurbish and expand its existing plant. Gildan produces yarn that is used to manufacture apparel, such as Under Armour and New Balance. Though no employment additions were announced, development officials indicated that convincing the firm to invest in Polk prevented just under 100 jobs from leaving the region.

Service-providing firms added 95 jobs year-over-year between 2013Q1 and 2014Q1, though temporary employment, a perennial source of service jobs in years after the recession ended, was down by 61 jobs this year. Rising employment and fewer temp workers may indicate a shift back toward greater reliance on permanent employees in other sectors over the upcoming year. The largest employment gain in the service-providing sector came from a familiar source, healthcare and social assistance. In July 2013, Floyd Healthcare Management broke ground on the new $40 million Polk Medical Center, a critical access hospital, which has been called “the largest health care investment in the history of Polk County.” The 65,000 square-foot facility will include an attached medical office building, two state-of-the-art surgical rooms, expanded imaging and 28 private patient rooms. The new Polk Medical Center will host an open house October 19, and is scheduled to open and start receiving patients on November 6th. Once vacated, One Door Polk will occupy the building that will be left empty by the county’s current hospital, Polk Medical Center.

Accommodations and food services posted the second largest employment gain in the service-providing sector. Between 2013Q1 and 2014Q1, the accommodations and food services added 69 jobs (a 7.4% growth rate). The largest employment losses came from retail trade, which lost 86 jobs (-5.7%) and from temp workers (mentioned earlier).

Polk’s public sector has been busy upgrading facilities in an effort to make the county more attractive to businesses and residents alike. A new $1 million recreational facility is scheduled to open adjacent to the Nathan Dean Sports Complex on Highway 278 in Rockmart in spring 2015, just in time for baseball season.

The development authority is putting the finishing touches on a new $2.3 million speculative building at the Northside Industrial Park in Cedartown. The new 100,000 square-foot building sits on 18 acres and is intended to speed up the process from location decision to opening for industrial firms looking to make the move to Polk County. Work was completed by Bremen-based RKR Construction.

This year marks some changes in Polk County banking. In March 2014, First National Bank of Polk County completed its merger with a sister institution, SouthCrest Financial Group (of Tyrone, GA). The combined institution was renamed to SouthCrest Bank. This year also marks the first year in which deposits in Polk County have grown since 2008. County deposits grew from $320 million in 2013 to $334 million in 2014, or a 4.4% growth rate. Local deposits help fund small businesses; however, Polk’s total deposits remain 20.6% below the 2008 peak.

Polk’s new single family housing market is still sluggish. Polk’s monthly housing permit data are not reported; however, a total of 12 single family construction permits were issued in 2013, as compared to 18 for 2012. In 2012, Polk permitted two multi-family structures of 10 total units. In 2013, three new structures were permitted in connection with Ramsey Run, a new $2.5 million seniors apartment complex in Cedartown containing 60 new units. The lack of new building has helped spur growth in prices for existing housing. Polk’s housing prices jumped 37.3% in 2014Q3 over the 2013Q3. With prices rising at that pace, a more robust housing recovery is expected in 2015.
Housing Market (continued from page 3)

age annual rent one would pay for a comparable home in the area. The higher the ratio, the higher the premium a family pays for owning versus renting. During the run-up in the housing bubble, this ratio was driven even upward. Rent wasn’t rising in step with home purchase prices indicating the underlying market demand for housing wasn’t increasing as fast as the asset demand for housing. Nationally, the price-to-rent ratio has largely reverted back to its long-term mean; however, according to Moody’s Economy.com, for the years 1989 to 2003, the Atlanta MSA’s 15-year average price-to-rent ratio was 13.4. Currently, Zillow.com indicates that the Atlanta MSA is at 9.9 and areas of Carroll, Coweta, Douglas, Paulding and Polk have ratios ranging from 7.1 to 10.6, which leaves West Georgia’s home prices some room to upward. Rent wasn’t rising in step with home purchase prices indicating the underlying market demand for housing wasn’t increasing as fast as the asset demand for housing. Nationally, the price-to-rent ratio has largely reverted back to its long-term mean; however, according to Moody’s Economy.com, for the years 1989 to 2003, the Atlanta MSA’s 15-year average price-to-rent ratio was 13.4. Currently, Zillow.com indicates that the Atlanta MSA is at 9.9 and areas of Carroll, Coweta, Douglas, Paulding and Polk have ratios ranging from 7.1 to 10.6, which leaves West Georgia’s home prices some room to continue growing over the next year before buyers appear to be moving back into speculation mode again.

A factor that suggests the region’s housing price growth is likely to slow is the decline in investor interest in housing. According to a recent report from Atlanta Agent Magazine, a Georgia real estate magazine, all-cash sales in Georgia remained steady over the past year, but for the rest of the U.S., all-cash sales were falling year-over-year. Although all-cash sales make up only a fraction of total real estate transactions, they represent the opinions of investors about the growth potential in housing, and these investors are starting to reallocate their dollars to other investments opportunities. As investors pull back from housing, the typical home buyer benefits by not having to compete against self-financed buyers. However, current home-owners who are holding out for higher prices may have a long wait, because housing price appreciation is likely to be much slower and steadier without investors’ all-cash purchases heating up the housing market.

One thing that must exist for housing prices to continue to recover is the promise of new, desirable jobs. West Georgia job growth is occurring, but until lately, most of the region’s growth was focused on lower-paying service jobs and temporary positions. Recently, West Georgia started producing a significant number of permanent positions in higher-paying sectors and occupations; however, that trend must continue. Unfortunately, unemployment rates for parts of the region remain stubbornly high. Likewise, the state’s unemployment rate currently ranks us as highest in the nation, making the state less desirable for home sales. West Georgia’s housing prices still have room to grow further, but at some point, the building of new units will resume and market forces will push the region’s housing price growth to more sustainable levels.

Update (continued from page 3)

parts) and Trident Seafoods, both in Carrollton; Niagara Bottling in Newnan; Tremron (brick materials) in Douglasville; and Honda Precision Parts of Georgia (Haralson County).

The construction sector continued its slow rebound in the West Georgia Region in 2014. Recent employment numbers are positive (4.4% job growth between 2013Q1 and 2014Q1) and the number of newly-issued housing permits is well above last year’s level (1,333 permits for single family units for the first eight-months of 2014 compared to 845 for the same period in 2013). As for multi-family construction, no permits have been issued thus far in 2014. Monthly housing permit data for the region excludes Polk County.

Housing prices have also rebounded sharply in the region with average sales prices rising in excess of 10% (year-over-year) in the third quarter of 2014 in five counties in the region. Coweta, with the highest housing prices in the region, sustained a more modest 8.3% gain in the average sales price of housing.

Services-providing employment rose by 4.4% between 2013Q1 and 2014Q1. Service subsectors adding the most jobs on a percentage basis were health care (up 6.6%), accommodation and food services (up 5.4%) and wholesale trade (up 4.5%). All counties in the region, with the exception of Haralson, have added health care jobs over the past year. The health care data do not take into account a number of recent developments such as the new hospitals in Paulding and Polk counties, the expansion of the Cancer Treatment Centers of America facility in Newnan, the new HealthSouth Rehabilitation hospital in Newnan, and Tanner’s new intermediate care facility in Carrollton. New lodging establishments in the region include a Towne Place Suites by Marriott in Newnan and a Courtyard by Marriot in downtown Carrollton. Significant new developments that will impact employment in the region in the wholesale trade and transportation/distribution sectors include Yokogawa’s distribution center in Newnan, Gordon Food’s food distribution center in Douglasville and McMaster-Carr’s e-commerce and catalog center in Douglasville. After job losses over the past several years, financial and insurance services employment expanded modestly between 2013Q1 and 2014Q1, up 2%. However, total bank deposits declined in the region by 1.9% from June 2013 to June 2014. Among counties in the region, Polk saw its bank deposits increase the most, up 4.4% between June 2013 and June 2014. On the other hand, Carroll County’s bank deposits declined the most over the past year (down 4.5%). On a positive note, no West Georgia depository institution has failed in the region since the FDIC closing of Douglas County Bank in April 2013.

Challenging budgetary times continue to impact the public sector as the region lost 0.8% of its government jobs between 2013Q1 and 2014Q1. Each of the six counties suffered public sector job losses over this period, mainly in local government employment. There are a number of public sector development initiatives in the region including the new University of West Georgia campus at the old Newnan Hospital, a new industrial speculative building in Cedartown (Polk County), the Greenbelt biking/walking path in Carrollton, the Highway 92 relocation project in Douglasville, and the proposed expansion of the Paulding Northwest Atlanta airport to include passenger service.

Although not reflected in the above employment data, the agricultural sector plays an important role in the West Georgia economy. The total value of farm production in the West Georgia Region in 2013 (the most recent data available) was $444 million. Carroll County is by far the most important agricultural county in the region with the lion’s share of Carroll’s farm sector being related to the poultry industry. Poultry prices are well above last years with September prices for birds about 8% higher than a year earlier. Whole broiler prices are up over 15% for the same period. West Georgia cattle producers are also experiencing a banner year with the auction price for slaughter cows up almost 42% year-over-year in September. In the short run, local farmers are also benefitting from high prices from breeding stock. Long run concerns for cattle producers include the higher costs of herd replacement and the potential for a significant movement of consumers away from beef.
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