

West Georgia Regional Update

UNIVERSITY of
West Georgia

Richards
College of Business

Carroll, Coweta, Douglas, Haralson, Paulding and Polk Counties

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For a subscription to the Update, con-
tact us at: cber@westga.edu

Authors:

Hilde Patron, Director of CBER
William J. Smith, Chair of Economics
David J. Boldt, Professor of Economics

ANNOUNCEMENT

Economic Forecast Breakfast
Tuesday, October 27th, 2015
UWG Campus Center

For Reservations Call:
Phone: 678-839-6477

Or, email djoyner@westga.edu

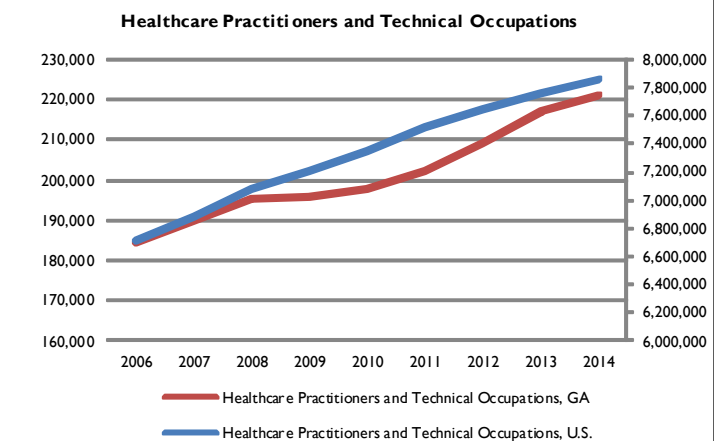
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Spotlight: Healthcare

The healthcare industry is generally regarded as both an important source of quality employment, and also as an essential amenity that is a prerequisite for a region's future growth. In many states across the U.S., the healthcare industry continues to account for a significant share of the total job growth. In July 2015, the Bureau of Labor Statistics' seasonally adjusted figures indicated that healthcare grew by about 27,900 jobs; however, that was down from 40,200 new jobs created a month earlier. In July 2015, the healthcare industry accounted for about 13% of the nation's employment growth and also made up about 13% of the total employment base. So far this year, employment in the healthcare sector has grown by 278,300 workers nationally. In addition, the sector employed over half a million more workers in July 2015 compared to July 2014.

West Georgia's healthcare industry continues to exhibit signs of strong employment growth, especially in occupations directly connected with the provision of healthcare services such as nurses, technicians and physicians. In Georgia, the most recent industrial data indicate that health care and social assistance experienced an annual increase of 7,972 jobs between



2013 and 2014, or about 1.9% growth for the year. The six-county West Georgia Region added 941 healthcare and social assistance jobs alone, or 11.8% of the state's total growth in that sector. Over the past decade, the region's rising demand for healthcare services has led to the addition of a veterans clinic in Carrollton, new hospitals in Dallas, Newnan and Polk County, the opening of several urgent care centers around the region, major facility upgrades at a number of the region's hospitals and significant expansion of healthcare and nursing education programs in post-

secondary institutions.

An industry classifies the type of firm for which a person works. A healthcare firm's primary activity is to provide healthcare services but not every worker employed in the healthcare sector directly interacts with patients. An occupation is defined by the activities an employee performs for pay. For example, an accountant may be employed by an accounting firm or may be working for a hospital. The following discussion focuses on job growth by occupation where the main activity of the worker involves the provi-

(Continued on page 4)

West Georgia Regional Update

GDP data for the second quarter indicated that the U.S. economy is expanding at a robust rate (up 3.7%). In comparison, output expanded by only .6% in the 1st quarter of 2015. The most recent employment report (August 7) also paints a positive picture of the U.S. economy as 215,000 jobs were added in July. In addition, the unemployment rate of 5.3% for July 2015 was well below the year-ago rate of 6.2%. The most recent Case-Schiller Home Price Index shows

continued improvement in the housing market with June 2015 Atlanta MSA housing prices up 5.4% compared to June 2014. In comparison, U.S. home prices rose by 4.5% over the same period.

Recently released population estimates (July 2015) show modest population growth in both Georgia and in the West Georgia Region. Overall, the state's population grew by 1.03% between July 1, 2013 and July 1, 2014. Over that same period, the West Georgia

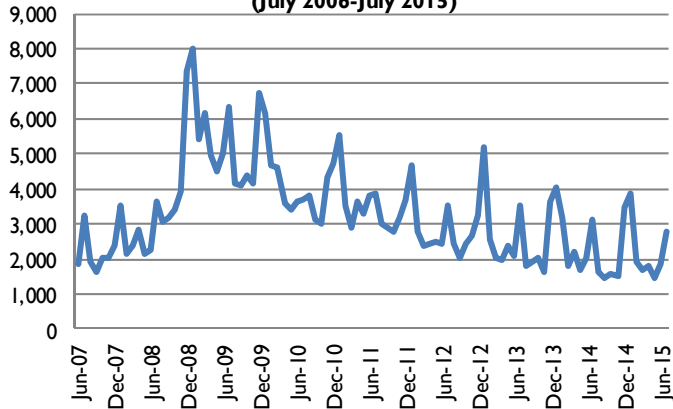
Region added 1.37% more people. Five of the six counties in the region added residents between 2013 and 2014 with only Polk County sustaining a drop in population.

Unemployment rates in July 2015 were lower in all six counties in the West Georgia Region compared to July 2014. Paulding had the lowest unemployment rate at 5.6%. At 7.3%, Carroll County continues to have the highest unemployment rate in the region. In another posi-

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West Georgia Employment Update

**West Georgia Initial UI Claims
(July 2006-July 2015)**

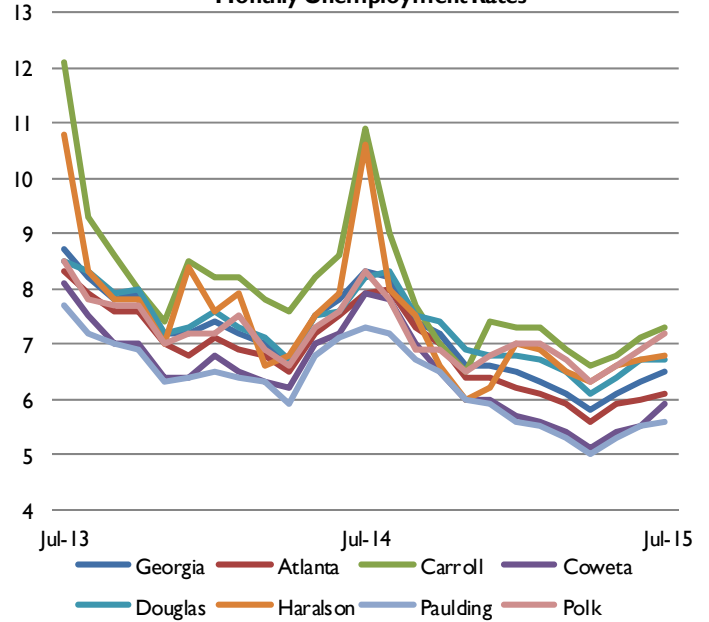


From January to April of 2015, unemployment rates fell steadily across the state and the West Georgia Region. In April 2015 the state unemployment rate stood at 5.8%, while the unemployment rate in the West Georgia Region was a slightly higher 6.3%. Since May however, the unemployment rate for the state has started to increase somewhat. In July 2015, the state's unemployment rate rebounded to 6.5%, while West Georgia's rate remained relatively steady at 6.3%, despite adding a net 6,997 new workers to the labor force across the six counties since July 2014. Over the past year, every West Georgia County has experienced a decline in its unemployment rate. Within the region, the largest improvements can be found among those counties with the highest unemployment rates in July 2014, Haralson and Carroll. Haralson's unemployment rate dropped from 10.6% in July 2014 to 6.8% a year later, or a 35.8% decline. Carroll posted a 10.9% unemployment rate in July 2014; however, by July 2015, Carroll's unemployment rate, though still the highest in the region, fell to 7.3%. Currently, Paulding lays claim to the lowest unemployment rate in the region (5.6%), and Coweta is a close second at 5.9%.

Employment Growth				
(% Change 2013 to 2014)				
County	Total Employment	Goods Producing	Service Providing	Govt.
Carroll	2.9%	4.5%	3.3%	-0.8%
Coweta	7.6%	8.6%	9.1%	-0.6%
Douglas	3.0%	9.5%	2.5%	-1.2%
Haralson	2.3%	3.7%	3.1%	-0.9%
Paulding	5.5%	10.8%	5.8%	1.3%
Polk	0.6%	-0.4%	1.5%	-0.4%
Georgia	3.0%	3.7%	3.5%	-0.6%

A decline in unemployment insurance (UI) claims is typically viewed as an indicator of an improving economy. West Georgia's new UI claims continue to exhibit a downward trend. In July 2015, the region registered 2,773 new UI claims, or 10.4% fewer than in July 2014, and 21.2% fewer than in June 2013. From July 2014 to July 2015, Georgia's and Atlanta's new UI claims declined by 16.8% and 13.3% respectively. Within the region, three counties' new UI claims fell faster than both the state and Atlanta MSA. Douglas experienced the largest improvement in UI claims, posting a reduction of 141 claims, or a decline of 24.1% for the year. Polk and Paulding followed closely behind with a combined 145 fewer claims and declining at a rate of 23.4% and 22.8% respectively for the year. Coweta, the only county in the region to experience growth in claims for the year, added 131 new claims (or +24.1%).

Monthly Unemployment Rates

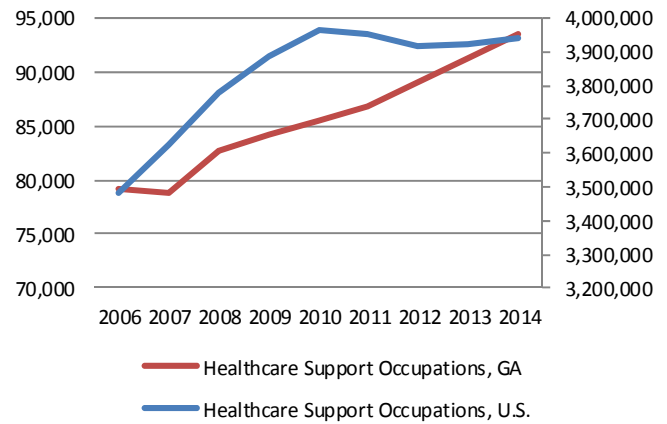


Despite rising unemployment rates, the number of people working in regional counties continued to rise over the past year. The largest increase in employment occurred in Coweta (7.6% overall), which posted strong growth in both goods-producing and service providing jobs. Coweta's private sector added 2,524 jobs between 2013 and 2014. At 5.5%, Paulding posted the second highest total employment growth in the region, though the fastest growth was in goods production, the largest number of new employees were added among service providers (+1,094 jobs). Though positive, the slowest employment growth in the region occurred in Polk (0.6%). Polk was also the only county to experience a loss in goods-producing jobs between 2013 and 2014. Paulding was the only county to post positive growth in government jobs, adding 60 jobs at the local level.

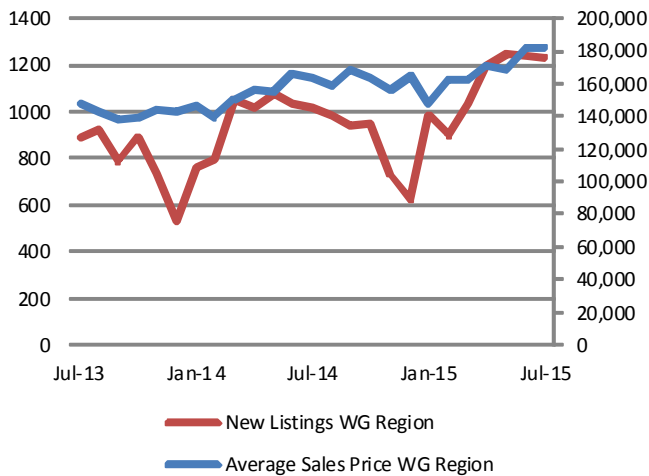
Healthcare and Housing Update

Healthcare support occupations includes healthcare aides, assistants in nursing and dental offices, transcriptionists and other related support positions. These healthcare support jobs grew faster at the national level than in Georgia throughout the most recent recession; however, since 2010 national job growth has stagnated, while the number of workers in healthcare support in Georgia has risen steadily. In 2014, the U.S. Bureau of Labor Statistics listed the Atlanta-Sandy Springs-Marietta MSA (which contains most of the West Georgia Region) as 9th highest in healthcare support occupational employment in the U.S. The Georgia Department of Labor projects that healthcare jobs in general will continue growing at a faster-than-average rate through the next decade, and that 3/4ths of the new jobs in healthcare for the state through 2020 will be from healthcare technical (graph page 1) and healthcare support occupations.

Healthcare Support Occupations



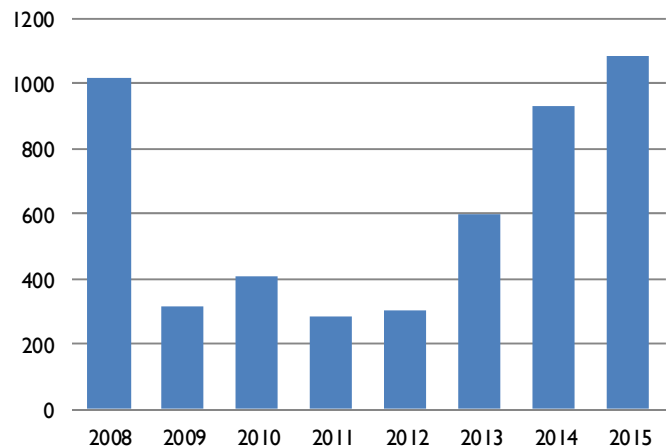
New Listings and Average Sales Price, West Georgia Region



The relatively tight housing market continues to push average sales price up in the West Georgia Region. Overall, the region's average sales price increased by \$18,517 or 11.4% between July 2014 and July 2015. Coweta experienced the largest absolute increase in average sales price over the year, adding \$23,487 in average value to houses sold. In percentage terms, sales price in Douglas county grew the most over the year, rising 13.1% (or +\$17,936). Only Haralson experienced a decrease in average sales price, declining 1.2% (or -\$1,283); however, that decline was based on 11 closed sales over the past year. One of the primary reasons for rising prices continues to be the slow growth in the number of houses on the market. Over the previous year, however, new listings have increased substantially. The region added 213 new listings in July 2015 over July 2014, or 20.9%. In fact, new listings in West Georgia were higher in every month this year, except March. For 2015 through July, the region has added another 1,084 new listings over the same period in 2014.

Rising demand for single-family residential (SFR) housing has led to growth in permits across the region. From January to June of 2015, the region issued a total of 1,085 new SFR permits, representing a 16.3% increase over the same period in 2014. Of added significance, the region's 2015 SFR permits are on track to surpass those in 2008, the first full year of the "Great Recession." Within the region, Carroll was the only county in the region that reported a decrease in permits, albeit a small one: 52 SFR permits so far in 2015 compared to 57 during the same period last year. Haralson reported the largest percentage increase of 1,000%, though, that is based on increasing from 1 permit through June of 2014 to 11 during the same period in 2015. Coweta, Douglas and Paulding posted solid growth in permits, adding 60, 28 and 59 new permits respectively. Although home-building appears to have returned to the region, there is currently no reason for concern regarding overbuilding. Slower growth in permits for 2015, declining days-on-the-market, and a rising sales price all suggest a relatively healthy hous-

West Georgia Housing Permits Cumulative Through June, 2008-2015



Healthcare (continued from page 1)

sion of healthcare services.

The U.S. Bureau of Labor Statistics (BLS) projects growth in demand for 667 different occupations. The BLS report indicates that demand is and will continue to be strong for workers in healthcare occupations through the end of the decade. Across the nation, employment growth for most of the 47 healthcare occupations identified by the BLS is expected to be as fast as or faster than average, with only two healthcare occupational categories, occupational health and safety specialists and psychiatric technicians and aides, expected to grow slower than average through the year 2022. In summary, the healthcare sector is expected to continue experiencing solid growth along with adding many new high-quality jobs in a variety of occupations.

Though jobs in healthcare occupations tend to be recession-resistant, they are not recession-proof. Georgia's overall employment growth in healthcare occupations remained positive throughout the recession, between 2007 and 2010; however, Georgia's employment growth rates for healthcare practitioners and technical occupations and for healthcare support occupations were significantly lower than experienced by the nation during that period. Since the end of the recession, Georgia's growth rate for practitioners and technical has surpassed that of the U.S. (see graph on page 1). The healthcare practitioners and technical occupations category includes physicians, nurses, therapists and medical technicians (e.g., radiologists). Georgia's growth in healthcare support occupations (see graph and description on page 3) also continues to be strong, up 1.9%

from 2013 to 2014 compared to 0.4% for the nation as a whole for the same period. The annual growth in practitioners and technical occupations between 2013 and 2014 was strong for both the nation (1.3%) and Georgia (1.8%).

The growth in medical occupations is largely the result of ongoing shifts in demographics and improvements in technology. "Baby-boomers" (born between 1946 and 1964) represent the largest single generational segment of the U.S. population. Even as the population has grown, the U.S. has yet to experience the level of births experienced in 1957 (4.3 million). Last year, the oldest of the baby boomers turned 70 and the youngest entered their 50s. The U.S. will continue to see significant increases in the resources redirected toward managing boomers' chronic illnesses and in addressing the demands from healthy seniors seeking preventative care. When it comes to aging, Georgia is near the top of the list of states growing oldest the fastest. More than a million Georgia residents are 65 or older. Retirees account for 11% of the state's population, an increase of 36.5% since the 2000 Census. As boomers continue to migrate to Georgia, demand for healthcare professionals will continue to rise relative to other states.

All age groups in the U.S. have experienced a significant uptick in lifestyle-related health problems. For example, in 2014, the state of Georgia ranked 20th in obesity rate at 29.1% of the population. Among Southern states, Georgians are only slightly heavier than Virginians, but compared to residents of Florida or the western states, state residents are positively big-boned. The Centers for Disease Control and Prevention predicts that by 2030, 42 percent of the U.S.

population will be classified as obese, which is linked to an assortment of other chronic and acute illnesses. The ranks of Georgia's medical professions are likely to increase in proportion to our waistlines and AARP memberships.

The move from paper to digital healthcare records has also led to a nationwide boom in healthcare information technology (HIT) employment. Converting paper to electronic records requires a different set of skills than existed in traditional doctors' offices. Many claim that increasing doctors' access to medical records reduces duplicated services and diagnostic errors while improving the overall standard of care. Growth in the availability of medical data has also spawned new fields that may allow for better patient education and improved medical diagnostics, treatment and prevention. However, moving to electronic patient records may not necessarily result in more employment in healthcare in the long run. Greater efficiencies may eliminate or consolidate some back-office operational jobs. HIT jobs, unlike other healthcare-related, are substantially more mobile and less tied to the residential location of the patient.

It's unclear what long-term effect these changes will have on our region. Even given the uncertainties of national healthcare policy and the impact of technological changes in the industry, the outlook for healthcare in West Georgia (and Georgia overall) is very positive. Both as a regional job source and as an amenity to those who choose to live here, West Georgia's healthcare and healthcare-related sectors will continue to generate benefits for many years in the future.

Update (continued from page 1)

tive sign for the state, the number of initial claims for unemployment insurance was 17% lower in July 2015 compared to July 2014. Five counties in the West Georgia Region saw their unemployment claims fall by more than 10% in July 2015 (compared to July 2014). Only Coweta County sustained a year-over-year increase in unemployment claims in July 2015.

Recent employment and housing data provide further evidence of economic recovery in the West Georgia Region. Total employment rose in the region by almost 4% between 2013Q4 and 2014Q4. A number of major sectors including construction, manufacturing, retail, and health care sustained year-over-year job gains in excess of 4%. On the other hand, government employment fell by 1.1%. Coweta County added more than 8% net new jobs (including 750 in health care) in this one year period. Employment gains were also strong in Carroll and Paulding counties. Job growth in both Carroll (up 3.8%) and Paulding (up 5.3%) was propelled by sharp gains in the retail sector. Douglas County added 1.6% net new jobs between 2013Q4 and 2014Q4, mainly in retail and manufacturing. Haralson's and Polk's job numbers were basically flat over this one year period. Housing construc-

tion in the region continued a modest expansion in the first six months of 2015 with a total of 1,085 single family permits compared to 933 for the same 6-month period of 2014. Coweta and Paulding counties accounted for about 85% of these permits.

A number of recent (and planned developments) will be impacting the West Georgia economy. Trident Seafood opened its plant in Carrollton in July, adding about 175 jobs. Tanner Health System completed its \$5.8 million Cancer Care expansion at its Carrollton hospital in June. In May, the system also announced plans for additional facility upgrades to include an open heart surgery unit and a health pavilion in Carrollton and hospital additions in Villa Rica. Recent banking developments in Carroll County include the opening of Southern States Bank in Carrollton, the Community and Southern acquisition of CertusBank, and the closing of the Community and Southern and SunTrust branches in Bowdon. On a down note, Maplehurst announced that it will be shuttering its Carrollton plant in early 2016, impacting about 150 jobs. A ribbon cutting was held in May for the new University of West Georgia Newnan Cen-

ter. Also in Coweta County, Plant Yates officially retired its coal units in the spring leaving only two natural gas generating units operating at the plant. This resulted in the loss of about 175 jobs. The major recent economic development event for Douglas County was the decision by Google to invest more than \$300 million in its Lithia Springs data center. This expanded data center is expected to be operational by the end of 2016, adding about 25 jobs. New business investments in Haralson County include a Jack's restaurant in Bremen along with plans for a new O'Reilly Auto Parts and Dollar Tree. Tanner Health Systems also announced that it will be expanding the emergency and surgery units at Higgins Hospital in Bremen. Based on enrollment growth and a better budget situation, the Paulding County School System added over 100 new teaching positions for the 2015-16 school year. Paulding County has been the only county in the region to experience recent job growth in the government sector. Polk County will benefit from the decision of Inman Solar to add a megawatt of capacity at its solar power site in the Northwest Industrial Park in Cedartown.