

economic indicators

department of financial services

gwinnettcountry

december 2005 v4, n4

● in this issue

economic indices

I Q '05 employment

2006 outlook

Leading Economic Index Continues to Trend Flat, but Current Index Continues to Rise on Strong Growth in Sales Tax Collections

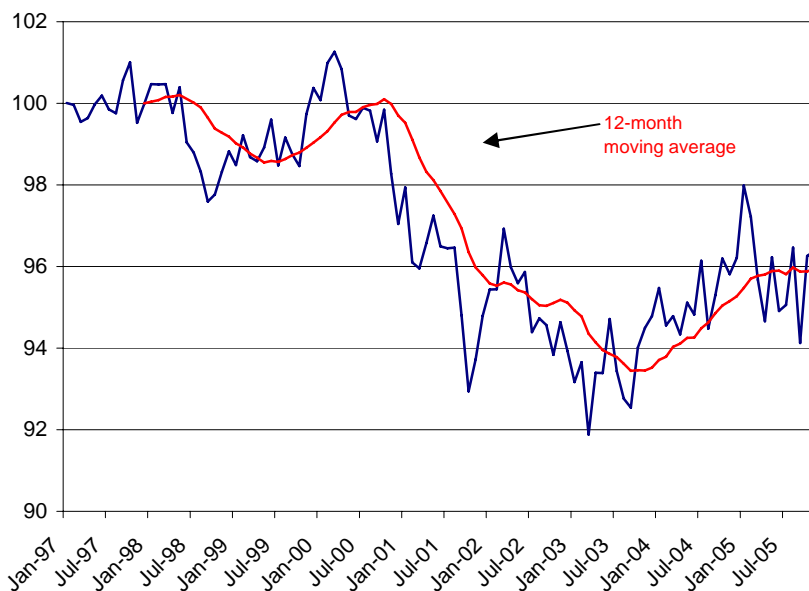
The **Gwinnett County Index of Leading Economic Indicators** rose in November, as three of the five leading indicators improved during the month. For the twelve months ending in November 2005, the Leading Index is up 0.6 percent.

The Leading Index, which is designed to forecast the county's economic performance 3 to 6 months in advance, was above the 12-month moving average in November, but has been below the average for five of the last nine months. This is significant because if the index is consistently above or below this average, it is a signal that the economy is headed in one direction or the other 3 to 6 months down the road. However, the index is currently trending flat which means that the outlook is inconclusive and mixed (Figure 1).

The local labor market continues to post weak results. The unemployment rate is up to 4.7 percent (seasonally adjusted); half a percentage point higher than it was a year ago. In addition, initial unemployment claims were up 11.4 percent from the same month a year ago (seasonally adjusted). However, on a year-to-date basis, through November, initial claims are running well below 2004 levels (Figure 2).

Although household employment is up 2.5 percent over last year, with population growing more than a percentage point faster, household employment growth is not keeping up which is driving the unemployment rate to levels not seen in more than 10 years (Figure 3).

Figure 1: Gwinnett County Leading Economic Index (1997 = 100)



Leading Index Components:

			<u>Nov-05</u>
Initial Unemployment Claims	Up	↑	11.1%
Gwinnett Stock Index	Up	↑	4.4%
Consumer Expectations	Up	↑	24.1%
Manufacturing Weekly Hours	Up	↑	0.3%
Single Family Building Permits	Down	↓	-23.3%

Leading Economic Index	Up	↑	0.1%
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12-Month Change	Up	↑	0.6%
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Figure 2: Initial Unemployment Claims (Monthly Average; Seasonally Adjusted)

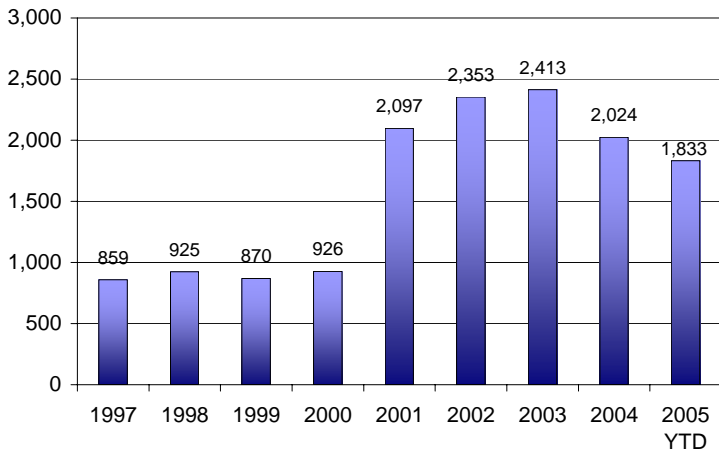
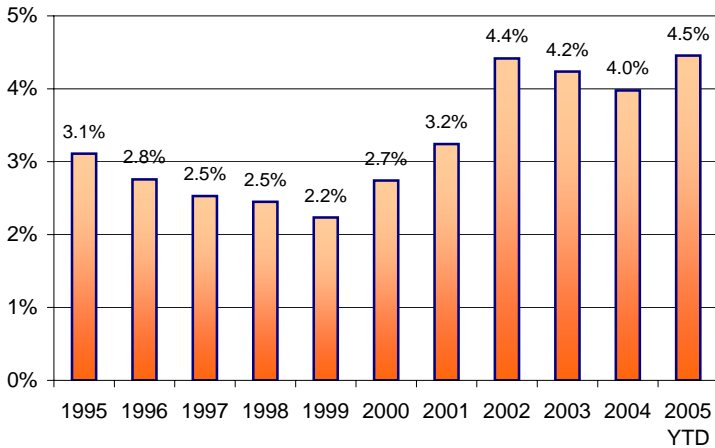


Figure 3: Gwinnett Unemployment Rate

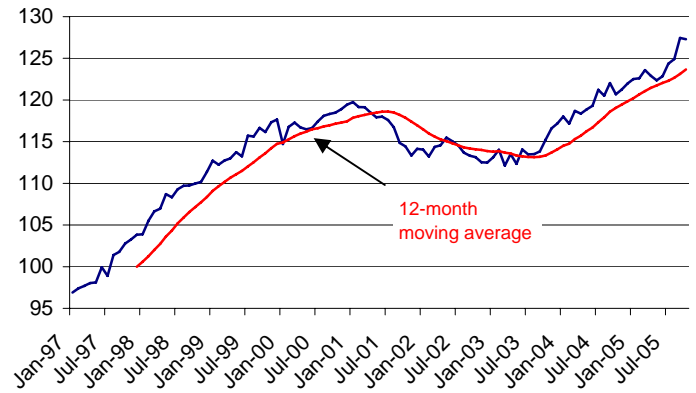


Current Economic Indicators

The **Gwinnett County Index of Current Economic Indicators** dropped slightly in October as two of the four indicators declined. However, for the twelve months ending in October 2005, the Current Index is up 5.5 percent.

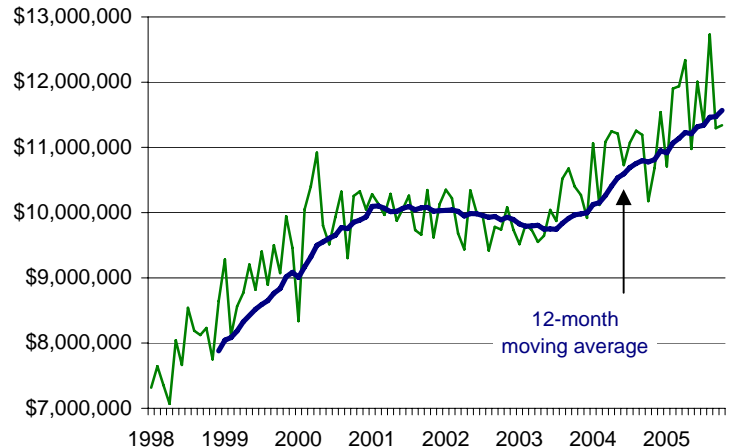
The Current Index, which is designed to track the current state of the Gwinnett County economy, has been above the 12-month moving average for 29 consecutive months. As with the Leading Index, this is significant because if the index is consistently above or below this average, it is a signal that the economy is currently headed in one direction or the other. In this case, despite some labor market weakness, the local economy appears to be moving in the right direction (Figure 4).

Figure 4: Gwinnett Current Economic Index (1997 = 100)

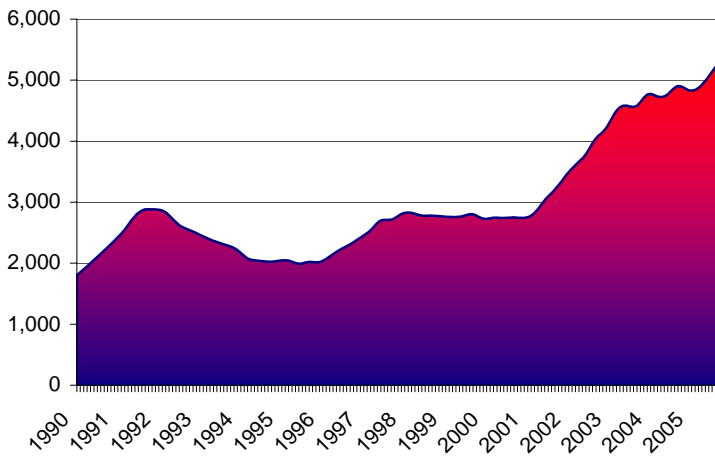


One of the stronger components of the Current Index has been sales tax receipts which are up 11.9 percent from the same month a year ago (Figure 5). Through October, sales tax collections are up 6.1 percent over last year — slightly stronger than was expected given 1) nearly 4 percent population growth, 2) less than 1 percent growth in core inflation, and 3) declining per capita personal income. Given this dramatic rise in consumer spending, however, it is not surprising that personal bankruptcies continue to rise. The 3rd quarter of 2005 saw another dramatic increase in Gwinnett bankruptcy filings, due in large part to the rush to file before new, tougher bankruptcy laws went into effect in October (Figure 6).

Figure 5: Monthly Sales Tax Collections (1998 - Current; Seasonally Adjusted)



**Figure 6: Gwinnett County Bankruptcies
(Total Number; 12-Month Ending)**



Employment Data – 1st Quarter 2005

The Georgia Department of Labor has released employment data for the first quarter of 2005. During the quarter, Gwinnett County employment declined 1.1 percent shedding more than 3,300 jobs. Most of the job losses during the quarter were concentrated in the services sector with seasonal declines in retail trade, wholesale trade, and hospitality industries. However, the manufacturing sector had a net gain of more than 800 jobs, most of which were in machinery manufacturing. Health care also added more than 800 jobs during the quarter (Page 4).

Despite the net job loss during the quarter, when compared to the same period a year ago, employment is up 2.2 percent, or nearly 6,500 jobs. The largest annual gain was in the health care sector which added more than 1,500 jobs. The professional services sector grew almost 5 percent adding 900 jobs. Other sectors with above average wages also added positions — construction (616 jobs); real estate (582 jobs); entertainment and recreation (437 jobs); and information, finance and insurance (414 jobs).

While job growth in these sectors is encouraging, the bulk of the job growth came in sectors with below average wages — retail trade, state and local government, and (as previously mentioned) health care — a trend that if not reversed will continue to drag down income levels and dampen the local economy.

Brief Comments on the 2006 Outlook

Looking forward to 2006, among the safest forecasts to make is that population will once again post significant gains — approximately 3.5 percent, or about 25,000 new residents. However, growth will not occur in all demographic groups. Specifically, 2006 will likely see the 5th year in a row of a decline in the non-Hispanic white population.

As the population increases, the construction sector should continue to thrive and single-family building permits may post another small increase in 2006. However, as interest rates begin to creep up, mortgage originations should slow given the extent to which consumers are already stretched as evidenced by rising retail sales, rising bankruptcies, and declining personal income.

Along with population growth comes the employment necessary to service the new population. Therefore, the County should continue to see gains in “population-related” employment sectors — health care, administrative services, educational services, and government. However, household employment growth is not keeping up with population growth and the demise of Atlanta’s auto industry along with the uncertainty related to Delta Airlines will be a drag on household employment. For example, GM’s Doraville plant alone employs more than 3,000 workers, many of whom are likely Gwinnett residents. As a result, the unemployment rate is likely to be higher at the end of 2006 than it is now.

Finally, the tourism sector should continue to thrive in 2006 and employment in hospitality services and entertainment/recreation should grow due to an increase in tourist activity next year. In November, the 12-month moving average of room nights in Gwinnett reached an all-time high of just under 200,000 and the trend is positive. While this growth does represent low-wage jobs, tourists bring in consumption dollars that provide a boost to the local economy.

~ *Alfie Meek, Ph.D.*
 Director
 Forecasting & Research Division

	1st Quarter <u>2004</u>	4th Quarter <u>2004</u>	1st Quarter <u>2005</u>	Quarterly <u>Growth</u>	Y-Y <u>Growth</u>	Y-Y <u>Jobs</u>
Goods Producing	47,329	47,979	48,246	0.6%	1.9%	917
Agriculture, Forestry, & Fishing (11)	207	286	290	1.4%	40.1%	83
Mining (21)	164	165	150	-9.1%	-8.5%	(14)
Construction (23)	21,817	22,964	22,433	-2.3%	2.8%	616
Manufacturing (31-33)	25,141	24,564	25,372	3.3%	0.9%	231
Food Manufacturing (311)	1,944	1,824	1,783	-2.2%	-8.3%	(161)
Beverage & Tobacco Manufacturing (312)	22	26	24	*	9.1%	2
Textile Mills (313)	61	64	63	-1.6%	3.3%	2
Textile Product Mills (314)	299	340	286	-15.9%	-4.3%	(13)
Apparel Manufacturing (315)	267	286	285	-0.3%	6.7%	18
Leather & Allied Product Manufacturing (316)	*	*	*	*	*	*
Wood Product Manufacturing (321)	1,104	1,127	1,032	-8.4%	-6.5%	(72)
Paper Manufacturing (322)	745	774	808	4.4%	8.5%	63
Printing and Related Activities (323)	2,281	2,160	2,275	5.3%	-0.3%	(6)
Petroleum and Coal Products Manufacturing (324)	91	94	91	-3.2%	0.0%	-
Chemical Manufacturing (325)	1,101	1,040	1,184	13.8%	7.5%	83
Plastics & Rubber Products Manufacturing (326)	1,374	1,433	1,432	-0.1%	4.2%	58
Nonmetallic Mineral Product Manufacturing (327)	759	830	1,018	22.7%	34.1%	259
Primary Metal Manufacturing (331)	*	*	*	*	*	*
Fabricated Metal Manufacturing (332)	1,741	1,765	1,831	3.7%	5.2%	90
Machinery Manufacturing (333)	1,566	1,446	1,809	25.1%	15.5%	243
Computer & Electronic Product Manufacturing (334)	5,368	5,401	5,251	-2.8%	-2.2%	(117)
Electrical Equipment/Appliance (335)	1,452	1,279	1,375	7.5%	-5.3%	(77)
Transportation Equipment (336)	636	612	622	1.6%	-2.2%	(14)
Furniture and Related Products Manufacturing (337)	1,059	1,090	1,138	4.4%	7.5%	79
Miscellaneous Manufacturing Industries (339)	3,091	2,835	2,933	3.5%	-5.1%	(158)
Service Producing	223,224	231,076	227,563	-1.5%	1.9%	4,339
Wholesale Trade (42)	30,701	30,512	30,438	-0.2%	-0.9%	(263)
Retail Trade (44-45)	42,035	44,106	43,448	-1.5%	3.4%	1,413
Transportation and Warehousing (48-49)	4,780	4,876	4,876	0.0%	2.0%	96
Utilities	436	441	438	-0.7%	0.5%	2
Information (51)	11,513	12,080	11,778	-2.5%	2.3%	265
Finance and Insurance (52)	15,086	15,689	15,235	-2.9%	1.0%	149
Real Estate and Rental and Leasing (53)	4,872	5,473	5,454	-0.3%	11.9%	582
Professional, Scientific/Technical Services (54)	19,184	19,987	20,090	0.5%	4.7%	906
Management: Companies/Enterprises (55)	5,631	6,303	5,905	-6.3%	4.9%	274
Administrative, Support, and Waste Mgt. Services (56)	33,394	34,534	31,872	-7.7%	-4.6%	(1,522)
Educational Services (61)	2,564	2,772	2,791	0.7%	8.9%	227
Health Care and Social Services (62)	17,900	18,650	19,477	4.4%	8.8%	1,577
Arts, Entertainment, and Recreation (71)	2,178	2,414	2,615	8.3%	20.1%	437
Accommodation and Food Services (72)	25,005	25,492	25,173	-1.3%	0.7%	168
Other Services (81)	7,945	7,747	7,972	2.9%	0.3%	27
Unclassified (industry not assigned)	593	518	413	-20.3%	-30.4%	(180)
Total Private Employment	271,146	279,573	276,221	-1.2%	1.9%	5,075
Federal	3,004	2,978	2,978	0.0%	-0.9%	(26)
State	1,879	2,328	2,361	1.4%	25.7%	482
Local	24,831	25,806	25,796	0.0%	3.9%	965
Total Government Employment	29,714	31,112	31,135	0.1%	4.8%	1,421
TOTAL GWINNETT EMPLOYMENT (JOBS)	300,860	310,685	307,357	-1.1%	2.2%	6,497

* Denotes confidential data relating to individual employers which cannot be released.

Totals may not add due to rounding.

Source: Georgia Department of Labor. Data represent jobs in Gwinnett covered by unemployment insurance legislation.

Gwinnett County, Georgia Business Cycle Indicators December, 2005

Gwinnett County Economic Indices:	Nov-05	Oct-05	Sep-05	Aug-05	Jul-05
Leading Economic Index (1997 = 100)	96.37	96.26	94.13	96.46	95.06
Current Economic Index (1997 = 100)	-	127.29	127.44	124.91	124.35
Lagging Economic Index (1997 = 100)	-	-	69.34	69.76	69.71

Gwinnett County Leading Economic Index	Nov-05	Oct-05	Nov-04	Oct-05 to Nov-05	Nov-04 to Nov-05
Leading Economic Index (1997=100)	96.37	96.26	95.81	0.1%	0.6%
Components:					
Initial Unemployment Claims (Seasonally Adjusted)	1,998	1,799	1,793	11.1%	11.4%
<i>Initial Unemployment Claims (Unadjusted)</i>	1,625	1,590	1,555	2.2%	4.5%
Bloomberg Gwinnett Stock Index (12/31/97 = 100)	86.83	83.15	73.73	4.4%	17.8%
South Atlantic Consumer Expectations	104.6	84.3	100.8	24.1%	3.8%
Atlanta Manufacturing Average Weekly Hours (Seasonally Adjusted)	37.9	37.7	38.7	0.3%	-2.0%
<i>Atlanta Manufacturing Average Weekly Hours (Unadjusted)</i>	38.3	37.1	39.1	3.2%	-2.0%
New Single Family Building Permits (Seasonally Adjusted)	708	923	590	-23.3%	20.1%
<i>New Single Family Building Permits (Unadjusted)</i>	626	798	511	-21.6%	22.5%

Gwinnett County Current Economic Index *	Oct-05	Sep-05	Oct-04	Sep-05 to Oct-05	Oct-04 to Oct-05
Current Economic Index (1997=100)	127.29	127.44	120.69	-0.1%	5.5%
Components:					
Sales Tax Receipts (Constant 1982-84 \$'s; Ths., Seasonally Adj.)	\$8,081.9	\$8,050.3	\$7,279.6	0.4%	11.0%
<i>Sales Tax Receipts (Current \$'s, Ths., Unadjusted)</i>	\$10,820.9	\$11,923.3	\$9,665.8	-9.2%	11.9%
Household Employment (Seasonally Adjusted)	371,400	370,366	362,297	0.3%	2.5%
<i>Household Employment (Unadjusted)</i>	371,757	369,133	362,645	0.7%	2.5%
South Atlantic Consumer Confidence (Present Situation)	138.0	139.5	120.4	-1.1%	14.6%
Hotel/Motel Occupancy - Room Nights (Ths., Seasonally Adj.)	225.3	229.4	196.5	-1.8%	14.7%
<i>Hotel/Motel Occupancy - Room Nights (Ths., Unadjusted)</i>	241.6	223.1	209.8	8.3%	15.2%

* (Data for the Current Index is one month behind due to the lag in sales tax receipts)

Gwinnett County Lagging Economic Index **	Sep-05	Aug-05	Sep-04	Aug-05 to Sep-05	Sep-04 to Sep-05
Lagging Economic Index (1997=100)	69.34	69.76	68.90	-0.6%	0.6%
Components:					
Average Duration of Unemployment Benefits (Weeks, Seasonally Adjusted)	13.72	14.33	15.13	-4.2%	-9.3%
<i>Average Duration of Unemployment Benefits (Weeks, Unadjusted)</i>	13.70	14.30	15.10	-4.2%	-9.3%
Prime Rate Charged by Banks	6.59	6.44	4.58	2.3%	43.8%
Unemployment Rate (Seasonally Adjusted)	4.7%	4.2%	3.9%	0.4%	0.8%
<i>Unemployment Rate (Unadjusted)</i>	4.8%	4.3%	4.0%	0.5%	0.8%
Bankruptcies (Number, 12-month ending)	5,284	5,215	4,905	1.3%	7.7%

** (Data for the Lagging Index is one quarter behind due to the lag in bankruptcy data)

Top Employers in 2005

1 Gwinnett County Public Schools	17,697
2 Gwinnett County Government	4,391
3 Gwinnett Health Care System	3,959
4 WalMart	3,067
5 Publix *	2,847
6 United States Postal Service	2,442
7 State of Georgia	2,055
8 Primerica	1,650
9 Scientific-Atlanta	1,548
10 Kroger *	1,484
11 Home Depot **	1,112
12 Waffle House	1,066
13 Atlanta Journal Constitution *	972
14 Emory Eastside Medical Center *	843
15 CheckFree	810

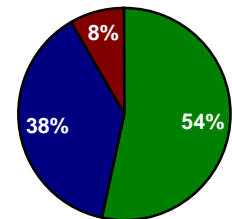


GWINNETT COUNTY, GEORGIA

2000-2004 U.S. COUNTY POPULATION GROWTH RANK:	56
2004 U.S. COUNTY POPULATION NUMBER RANK:	75
1 = fastest/largest 3,141 = slowest/smallest	

NET TAXABLE DIGEST: \$23.3 B

- Residential
- Commercial
- Motor Vehicle



Source: Calls to individual companies in March '05.
 * Full-time equivalents (FTEs)
 ** Based on business license data.

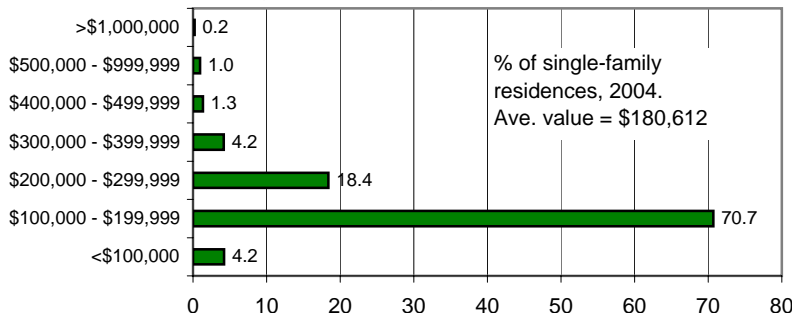
Source: Gwinnett County Tax Assessor.

Indicators	1997	1998	1999	2000	2001	2002	2003	2004
Total Employment (Jobs)	235,293	253,781	266,087	282,229	289,600	288,969	291,860	304,087
% change	6.2	7.9	4.8	6.1	2.6	(0.2)	1.0	4.2
Unemployment Rate	2.5	2.5	2.2	2.7	3.2	4.4	4.2	4.0
Total Personal Income (\$Bil)	14.2	15.6	17.1	19.0	19.5	19.7	20.4	-
% change	8.5	10.0	9.6	11.2	2.6	1.2	3.4	-
Sales Tax Revenue (\$Mil)	58.7	97.7	109.6	119.7	120.8	119.6	119.8	131.8
Population	516,032	540,954	567,569	596,544	623,621	648,833	673,774	700,794
Single-Family Permits	5,819	6,967	7,301	7,597	8,440	8,201	7,915	8,199
Median Existing Home Price (\$Ths)	125.2	134.0	142.2	151.0	159.6	166.0	170.3	174.1
Mortgage Originations (\$Mil)	2,959	5,064	4,293	3,691	7,443	7,721	10,550	6,395
Net Migration (000)	20.5	18.5	20.1	21.4	18.6	16.4	15.8	17.8
Personal Bankruptcies	2,732	2,713	2,676	2,667	3,313	4,044	4,553	4,513

Source: Gwinnett County; Georgia Dept. of Labor; U.S. District Courts; Bureau of Economic Analysis; U.S. Census Bureau; and Economy.com

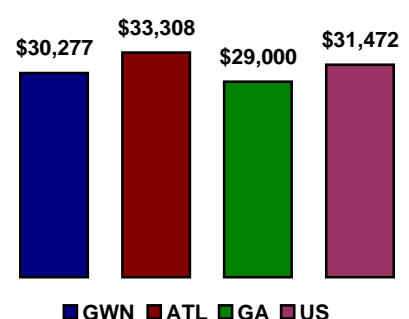
HOUSING DISTRIBUTION

(Number of Single Family including Townhomes and Condos)



Source: Gwinnett County Tax Assessor.

2003 PER CAPITA INCOME



Source: Bureau of Economic Analysis, 2002.