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Leading Economic Index Continues Plunge as Unemployment Claims Rise Sharply; Current Index Dragged Down by Weak Retail Sales

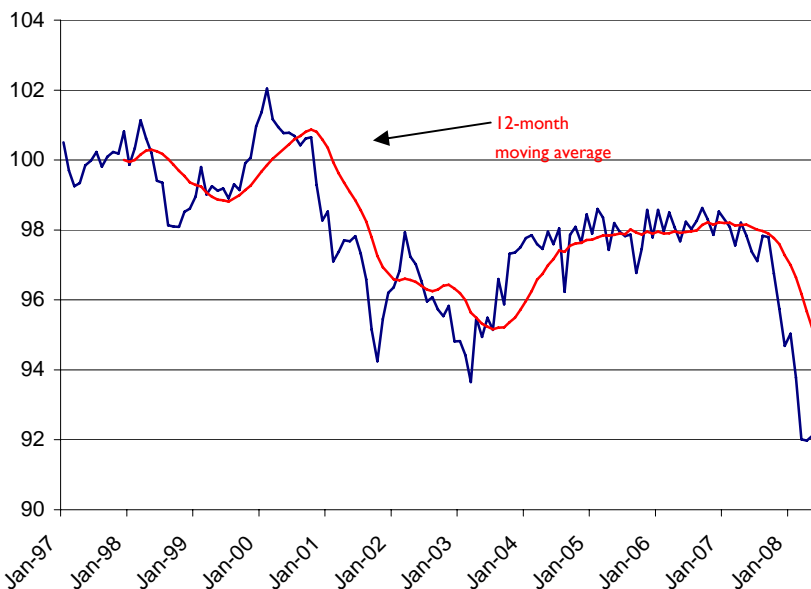
The **Gwinnett County Index of Leading Economic Indicators** rose only slightly in May as two of the four leading indicators improved during the month. However, for the twelve months ending in May 2008, the Leading Index is down 5.9 percent.

The Leading Index, which is designed to forecast the county's economic performance 3 to 6 months in advance, has been below the 12-month moving average for the past thirteen 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. Presently, the index predicts that the recession-like situation in the county's economy is likely to continue on into future months (Figure 1).

As mentioned, two of the four leading indicators improved in May. Surprisingly, the largest contributor to the marginal increase in the index was single family building permits which posted a 35.8 percent increase from the previous month (seasonally adjusted). However, while May technically posted an "improvement" over April, single family building permits are down 59.6 percent (Figure 2).

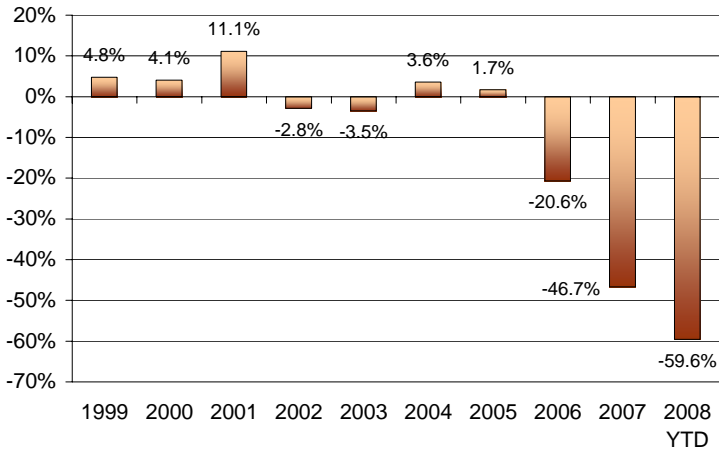
Employment, which increased 0.4 percent since third quarter 2007, worsened from fourth quarter 2006 to fourth quarter 2007 as the county lost 5,134 jobs, most of which were in service producing industries such as information and administrative support services. The weakening labor situation in the county is further evidenced by the 18.0 percent

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



<u>Leading Index Components:</u>		<u>May-08</u>
Initial Unemployment Claims	Up ↑	18.0%
Gwinnett Stock Index	Up ↑	2.2%
Consumer Expectations	Down ↓	-7.2%
Single Family Building Permits	Up ↑	35.8%
Leading Economic Index	Up ↑	0.1%
12-Month Change	Down ↓	-5.9%

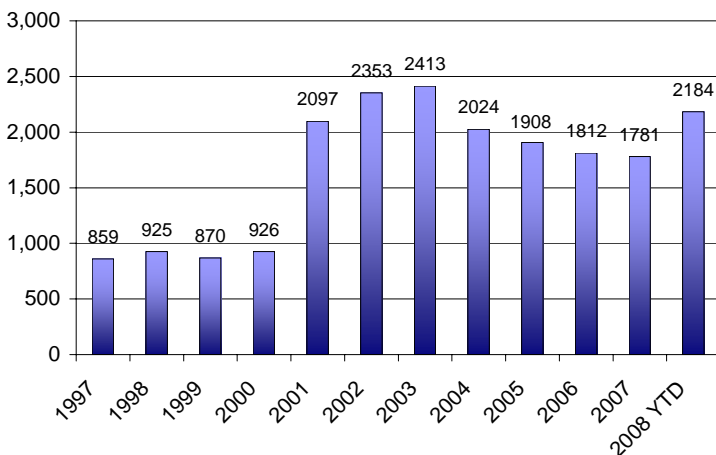
Figure 2: Single-Family Building Permits (Growth; Seasonally Adjusted Annual Rate)



increase in initial unemployment claims in May, and the 37.5 percent increase year-over-year (Figure 3).

As a final note on the Leading Index, changes have been made to the contributing indicators of the Index. In the past, the Leading Index for the county was calculated using five indicators. However, the Georgia Department of Labor will no longer be reporting Manufacturing Weekly Hours. Therefore, that indicator has been removed and the Index has been revised accordingly.

Figure 3: Initial Unemployment Claims (Monthly Average)



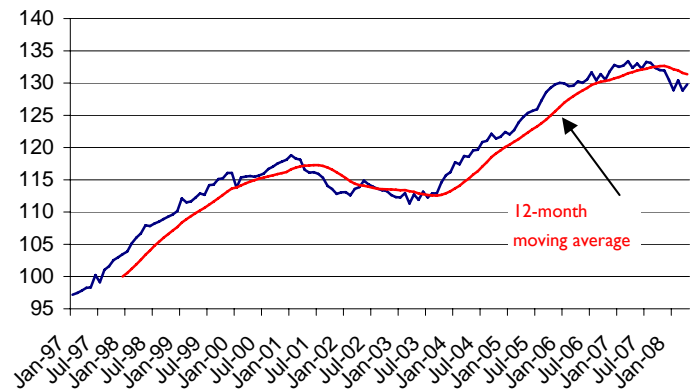
Current Economic Indicators

The **Gwinnett County Index of Current Economic Indicators** also improved slightly in the most recent month (April) despite two of the four indicators weakening. For the

twelve months ending in April 2008, the Current Index was down 1.9 percent.

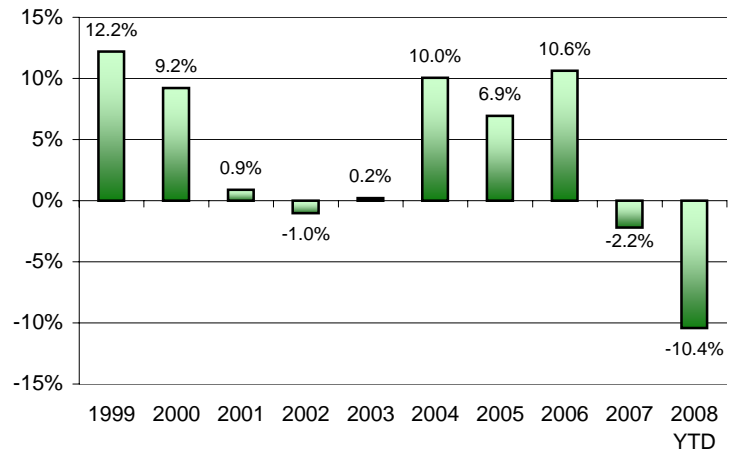
The Current Index, which is designed to track the current state of the Gwinnett County economy, has been below the 12-month average for 8 consecutive months. As with the Leading Index, this is significant because if the index is above or below this average, it is a signal that the economy is currently headed in one direction or the other (Figure 4). Since for the past thirteen months, the Leading Index has held steady at a position below the moving average, the persistent downward movement in the Current Index comes as no surprise.

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



Consumers, feeling financial pressure from the credit crunch and rising food and gas prices, have cut back on spending as evidenced by the continuing drop in sales tax revenues (Figure 5).

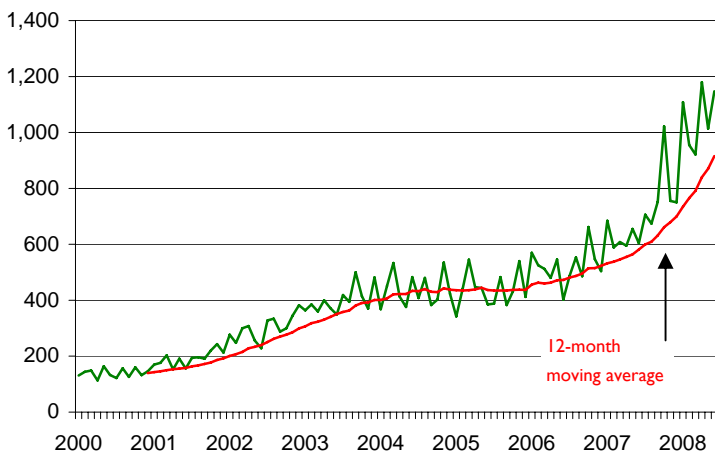
Figure 5: Gwinnett County SPLOST (Y-Y Change in Monthly Collections)



Much like in the last *Economic Indicators* newsletter, sales tax receipts have been a driving negative force in the Current Index and posted a reduction of 19.4 percent in April 2008, and a strong decrease of 22.1 percent since last April. The current year-to date collections are also down by 10.4 percent.

Waning consumer confidence and stretched household balance sheets affect more than simply SPLOST collections. Increasing county-wide foreclosures – another indicator of household financial health – is further evidence of the pressure households are facing. Through April, (the date of the index) foreclosures are up 68.2 percent over last year. However, June posted an all-time high of 1,147, and preliminary information suggests that July will post foreclosures in excess of 1,300 (Figure 6). If these estimates come to fruition, foreclosures will be up 73 percent through July.

Figure 6: Gwinnett County Foreclosures



Employment Data – 4th Quarter 2007

The Georgia Department of Labor has released data for the fourth quarter of 2007. County-wide, employment grew at a rate of 0.4 percent adding 1,387 jobs. Overall, total private employment bounced back slightly from its third quarter loss of 116 jobs to add 66 jobs. Other sectors posting gains in the fourth quarter included print and related activities at 9.4 percent (219 jobs) and educational services at 5.0 percent (149 jobs).

When compared to data from the fourth quarter of 2006, Gwinnett County lost over 5,000 jobs during 2007, a decrease of 1.5 percent. Year-to-year, service producing industries lost 5,066 jobs, a reduction of 2.1 percent, while the goods producing industries declined by 2.3 percent, or 1,192 jobs. Combined, the private sector lost nearly 6,500 jobs over the year. The saving grace was an increase of more than 1,300 jobs in the public sector. Private industries experiencing the greatest year-over-year decrease were miscellaneous manufacturing industries at 42.9 percent (1,208 jobs); information services sector at 18.6 percent (2,287 jobs); administrative and support services at 9.7 percent (3,069 jobs); and finance and insurance at 9.5 percent (1,656 jobs).

Despite the reduction in employment, there were industries that saw sizeable increases year-over-year. Among these are wholesale trade with 1,446 jobs added (4.6 percent); professional, scientific/technical services with 1,510 jobs (6.9 percent); healthcare and social services with 1,226 jobs (5.9 percent); and as previously mentioned, total government employment with 1,326 jobs (4.0 percent).

The average weekly wages in Gwinnett increased a modest 3.6 percent since the third quarter of 2007 moving from \$870 to \$901. However, there was a small loss in weekly wages county-wide since the fourth quarter of 2006 – a decrease of 1.1 percent or from \$911 to \$901. On an annual basis, that equates to an annual salary of nearly \$47,000. Service and goods producing industries have experienced wage decreases since last year, while public sector wages increased year-over-year by 5.4 percent.

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	4th Quarter 2006	3rd Quarter 2007	4th Quarter 2007	Quarterly Growth	Y-Y Growth	Y-Y Jobs
Goods Producing	51,656	50,627	50,464	-0.3%	-2.3%	(1,192)
Agriculture, Forestry, & Fishing (11)	247	271	232	-14.4%	-6.1%	(15)
Mining (21)	184	129	124	-3.9%	-32.6%	(60)
Construction (23)	24,737	24,150	23,936	-0.9%	-3.2%	(801)
Manufacturing (31-33)	26,489	26,077	26,172	0.4%	-1.2%	(317)
Food Manufacturing (311)	1,835	1,759	1,722	-2.1%	-6.2%	(113)
Beverage & Tobacco Manufacturing (312)	20	20	13	*	*	*
Textile Mills (313)	111	113	113	0.0%	1.8%	2
Textile Product Mills (314)	467	535	512	-4.3%	9.6%	45
Apparel Manufacturing (315)	247	141	141	0.0%	-42.9%	(106)
Leather & Allied Product Manufacturing (316)	*	*	*	*	*	*
Wood Product Manufacturing (321)	1,032	960	855	-10.9%	-17.2%	(177)
Paper Manufacturing (322)	853	909	921	1.3%	8.0%	68
Printing and Related Activities (323)	2,290	2,320	2,539	9.4%	10.9%	249
Petroleum and Coal Products Manufacturing (324)	95	116	95	-18.1%	0.0%	-
Chemical Manufacturing (325)	1,618	1,605	1,634	1.8%	1.0%	16
Plastics & Rubber Products Manufacturing (326)	1,557	1,533	1,478	-3.6%	-5.1%	(79)
Nonmetallic Mineral Product Manufacturing (327)	1,308	1,326	1,247	-6.0%	-4.7%	(61)
Primary Metal Manufacturing (331)	166	191	173	*	*	*
Fabricated Metal Manufacturing (332)	1,982	2,146	2,170	1.1%	9.5%	188
Machinery Manufacturing (333)	1,571	1,937	1,918	-1.0%	22.1%	347
Computer & Electronic Product Manufacturing (334)	5,377	5,494	5,496	0.0%	2.2%	119
Electrical Equipment/Appliance (335)	1,334	1,407	1,408	0.1%	5.5%	74
Transportation Equipment (336)	*	639	881	*	*	*
Furniture and Related Products Manufacturing (337)	1,259	1,247	1,195	-4.2%	-5.1%	(64)
Miscellaneous Manufacturing Industries (339)	2,818	1,635	1,610	-1.5%	-42.9%	(1,208)
Service Producing	246,853	241,590	241,787	0.1%	-2.1%	(5,066)
Wholesale Trade (42)	31,271	33,149	32,717	-1.3%	4.6%	1,446
Retail Trade (44-45)	51,277	48,988	50,702	3.5%	-1.1%	(575)
Transportation and Warehousing (48-49)	5,668	5,894	5,713	-3.1%	0.8%	45
Utilities	546	542	537	-0.9%	-1.6%	(9)
Information (51)	12,306	10,002	10,019	0.2%	-18.6%	(2,287)
Finance and Insurance (52)	17,423	16,049	15,767	-1.8%	-9.5%	(1,656)
Real Estate and Rental and Leasing (53)	5,889	5,727	5,799	1.3%	-1.5%	(90)
Professional, Scientific/Technical Services (54)	22,041	23,400	23,551	0.6%	6.9%	1,510
Management: Companies/Enterprises (55)	6,058	5,819	5,689	-2.2%	-6.1%	(369)
Administrative, Support, and Waste Mgt. Services (56)	31,589	29,051	28,520	-1.8%	-9.7%	(3,069)
Educational Services (61)	3,102	2,993	3,142	5.0%	1.3%	40
Health Care and Social Services (62)	20,881	21,685	22,107	1.9%	5.9%	1,226
Arts, Entertainment, and Recreation (71)	2,823	2,568	2,330	-9.3%	-17.5%	(493)
Accommodation and Food Services (72)	28,011	27,953	27,498	-1.6%	-1.8%	(513)
Other Services (81)	7,968	7,768	7,695	-0.9%	-3.4%	(273)
Unclassified (industry not assigned)	607	375	406	8.3%	-33.1%	(201)
Total Private Employment	299,116	292,591	292,657	0.0%	-2.2%	(6,459)
Federal	2,919	3,065	3,007	-1.9%	3.0%	88
State	2,145	2,235	2,330	4.3%	8.6%	185
Local	28,206	27,974	29,259	4.6%	3.7%	1,053
Total Government Employment	33,270	33,274	34,596	4.0%	4.0%	1,326
TOTAL GWINNETT EMPLOYMENT (JOBS)	332,386	325,865	327,252	0.4%	-1.5%	(5,134)

* 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

June, 2008

Gwinnett County Economic Indices:	May-08	Apr-08	Mar-08	Feb-08	Jan-08
Leading Economic Index (1997 = 100)	92.11	91.97	92.01	93.78	95.03
Current Economic Index (1997 = 100)	-	129.81	128.84	130.42	128.88
Lagging Economic Index (1997 = 100)	-	-	86.70	87.84	90.06

Gwinnett County Leading Economic Index	May-08	Apr-08	May-07	Apr-08 to May-08	May-07 to May-08
Leading Economic Index (1997=100)	92.11	91.97	97.84	0.1%	-5.9%
Components:					
Initial Unemployment Claims (Seasonally Adjusted)	2,377	2,015	1,728	18.0%	37.5%
<i>Initial Unemployment Claims (Unadjusted)</i>	<i>2,241</i>	<i>2,189</i>	<i>1,720</i>	<i>2.4%</i>	<i>30.3%</i>
Bloomberg Gwinnett Stock Index (12/31/97 = 100)	118.87	116.28	119.51	2.2%	-0.5%
South Atlantic Consumer Expectations (Seasonally Adjusted)	48.2	51.9	95.8	-7.2%	-49.7%
New Single Family Building Permits (Seasonally Adjusted)	139	102	368	35.8%	-62.3%
<i>New Single Family Building Permits (Unadjusted)</i>	<i>148</i>	<i>105</i>	<i>411</i>	<i>41.0%</i>	<i>-64.0%</i>

Gwinnett County Current Economic Index *	Apr-08	Mar-08	Apr-07	Mar-08 to Apr-08	Apr-07 to Apr-08
Current Economic Index (1997=100)	129.81	128.84	132.37	0.8%	-1.9%
Components:					
Sales Tax Receipts (Constant 1982-84 \$'s; Ths., Seasonally Adj.)	\$10,095.3	\$12,528.3	\$12,953.0	-19.4%	-22.1%
<i>Sales Tax Receipts (Current \$'s, Ths., Unadjusted)</i>	<i>\$11,405.3</i>	<i>\$12,683.7</i>	<i>\$14,049.8</i>	<i>-10.1%</i>	<i>-18.8%</i>
Household Employment (Seasonally Adjusted)	411,284	409,540	403,515	0.4%	1.9%
<i>Household Employment (Unadjusted)</i>	<i>410,280</i>	<i>409,881</i>	<i>402,530</i>	<i>0.1%</i>	<i>1.9%</i>
South Atlantic Consumer Confidence (Present Situation; Seasonally Adj.)	83.8	85.7	143.6	-2.2%	-41.7%
Hotel/Motel Occupancy - Room Nights (Ths., Seasonally Adj.)	213.3	188.5	200.2	13.2%	6.5%
<i>Hotel/Motel Occupancy - Room Nights (Ths., Unadjusted)</i>	<i>214.3</i>	<i>191.4</i>	<i>197.8</i>	<i>12.0%</i>	<i>8.4%</i>

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

Gwinnett County Lagging Economic Index **	Mar-08	Feb-08	Mar-07	Feb-08 to Mar-08	Mar-07 to Mar-08
Lagging Economic Index (1997=100)	86.70	87.84	95.96	-1.3%	-9.6%
Components:					
Average Duration of Unemployment Benefits (Weeks, Seasonally Adjusted)	13.72	13.66	14.21	0.4%	-3.5%
<i>Average Duration of Unemployment Benefits (Weeks, Unadjusted)</i>	<i>13.80</i>	<i>13.80</i>	<i>14.30</i>	<i>0.0%</i>	<i>-3.5%</i>
Prime Rate Charged by Banks	5.66	6.00	8.25	-5.7%	-31.4%
Unemployment Rate (Seasonally Adjusted)	4.8%	4.6%	3.6%	0.2%	1.1%
<i>Unemployment Rate (Unadjusted)</i>	<i>4.6%</i>	<i>4.6%</i>	<i>3.5%</i>	<i>0.0%</i>	<i>1.1%</i>
Bankruptcies (Number, 12-month ending)	3,676	3,573	2,871	2.9%	28.0%

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

Top Employers in 2008

1 Gwinnett County Public Schools	20,359
2 Gwinnett County Government	4,893
3 Gwinnett Health Care System	4,300
4 Wal-Mart	3,714
5 Publix *	3,474
6 United States Postal Service	2,286
7 State of Georgia	2,101
8 Kroger *	2,020
9 Scientific-Atlanta, a Cisco Company	1,838
10 Primerica	1,658
11 Waffle House	1,420
12 Home Depot **	1,073
13 CheckFree	950
14 Emory Eastside Medical Center *	932
15 Atlanta Journal Constitution	894

Source: Calls to individual companies in Feb. '08.

* Full-time equivalents (FTEs)

** Based on business license data.



GWINNETT COUNTY, GEORGIA

2007 POPULATION: 776,380

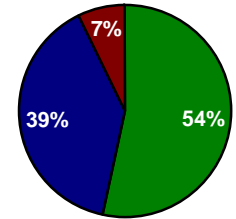
2000-2007 U.S. COUNTY

- NUMERICAL GROWTH RANKING	5
- RATE OF GROWTH RANKING	70
- TOTAL POPULATION RANKING	68

1 = fastest/largest 3,141 = slowest/smallest

NET TAXABLE DIGEST: \$28.0 B

- Residential
- Commercial
- Motor Vehicle



Source: Gwinnett County Tax Assessor.
2008 Certified Tax Digest

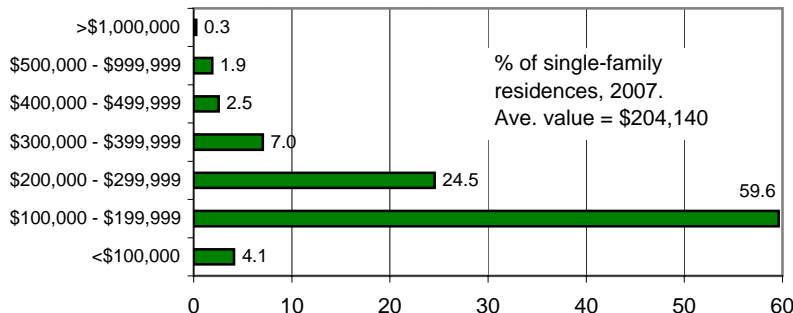
Indicators	2000	2001	2002	2003	2004	2005	2006	2007
Total Employment (Jobs)	282,229	289,596	288,970	291,859	304,087	315,229	325,070	326,145
% change	6.1	2.6	(0.2)	1.0	4.2	3.7	3.1	0.3
Unemployment Rate	2.7	3.3	4.5	4.4	4.2	4.6	4.0	3.8
Total Personal Income (\$Bil)	19.0	19.5	19.5	20.1	21.0	22.8	24.2	
% change	11.2	2.6	0.1	2.8	4.7	8.6	6.1	
Sales Tax Revenue (\$Mil)	119.7	120.8	119.6	119.8	131.8	141.0	155.9	152.5
Population	596,435	622,512	646,313	668,968	694,941	719,928	749,836	776,380
Single-Family Permits	7,597	8,440	8,201	7,915	8,199	8,337	6,616	3,526
Median Existing Home Price (\$Ths)	151.0	159.6	166.1	170.5	174.1	185.1	190.9	194.1
Mortgage Originations (\$Mil)	3,850	8,131	8,785	13,395	8,421	8,477	8,067	7,489
Net Migration (000)	19.3	19.0	16.8	15.1	17.6	16.6	20.1	11.3
Personal Bankruptcies	2,667	3,313	4,044	4,553	4,513	5,655	2,533	3,293
Foreclosures	1,677	2,306	3,594	4,810	5,255	5,242	6,274	8,394

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

Source for foreclosure data is Equity Depot.net (www.equitydepot.net)

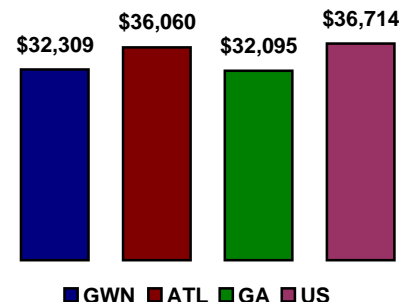
HOUSING DISTRIBUTION

(Number of Single Family including Townhomes and Condos)



Source: Gwinnett County Tax Assessor; Data for 2007.

2006 PER CAPITA INCOME



Source: Bureau of Economic Analysis, 2008.