

economic indicators

department of financial services

gwinnettcounty

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Leading Economic Index Begins to Trend Flat Suggesting Slower Economic Growth on the Horizon, but Current Index Continues to Rise

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The **Gwinnett County Index of Leading Economic Indicators** rose in August, as four of the five leading indicators improved during the month. For the twelve months ending in August 2005, the Leading Index is up 2.1 percent.

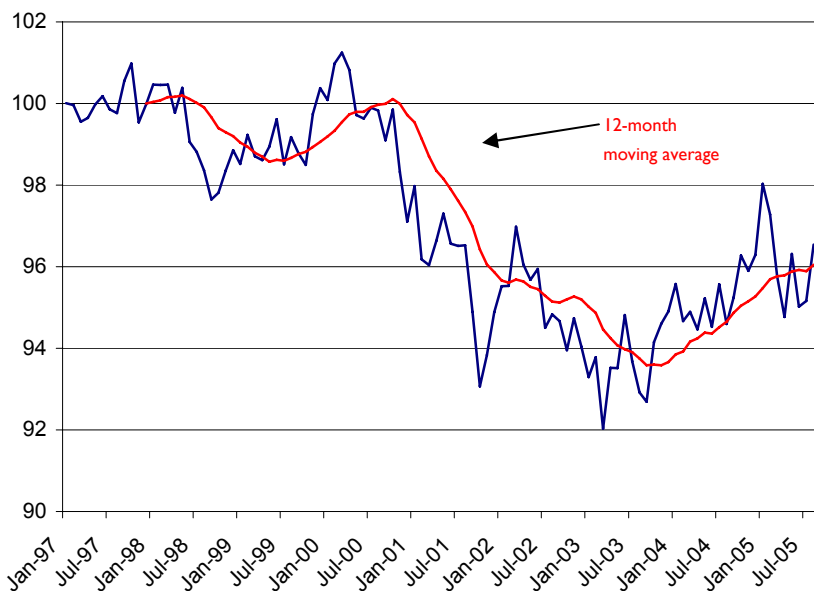
The Leading Index, which is designed to forecast the county's economic performance 3 to 6 months in advance, rose above the 12-month moving average in August, but has been below the average for four of the last six months. This is significant because only if the index is consistently above this average is the local economy likely to continue a period of growth. Not only has the index not been consistently above this average, the average itself is trending flat, and actually declined slightly in July, the first

decline in over a year, before rising slightly again in September. (Figure 1).

As mentioned, four of the five leading indicators improved in the most recent month. Once again, the largest improvement was in initial unemployment claims which dropped nearly 18 percent from the previous month and are down more than 32 percent from the same month a year ago (seasonally adjusted). On a year-to-date basis, through August, initial claims are running well below 2004 levels (Figure 2).

Another boost to the index was the rise in the Gwinnett Stock Index (BGCSX) which has posted a 17.4 percent rise in the twelve months ending in August 2005 (Figure 3).

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



Leading Index Components:		Aug-05	
Initial Unemployment Claims	Down	↓	-17.9%
Gwinnett Stock Index	Up	↑	5.8%
Consumer Expectations	Down	↓	-0.1%
Manufacturing Weekly Hours	Up	↑	4.8%
Single Family Building Permits	Up	↑	4.7%
Leading Economic Index	Up	↑	1.5%
12-Month Change	Up	↑	2.1%

Figure 2: Initial Unemployment Claims (Monthly Average; Seasonally Adjusted)

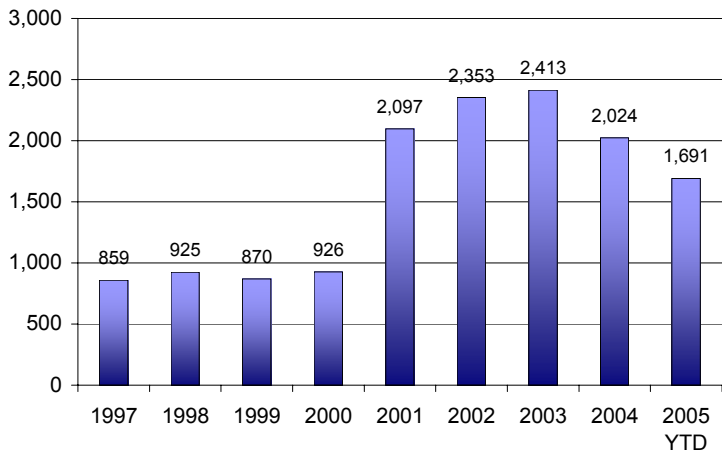
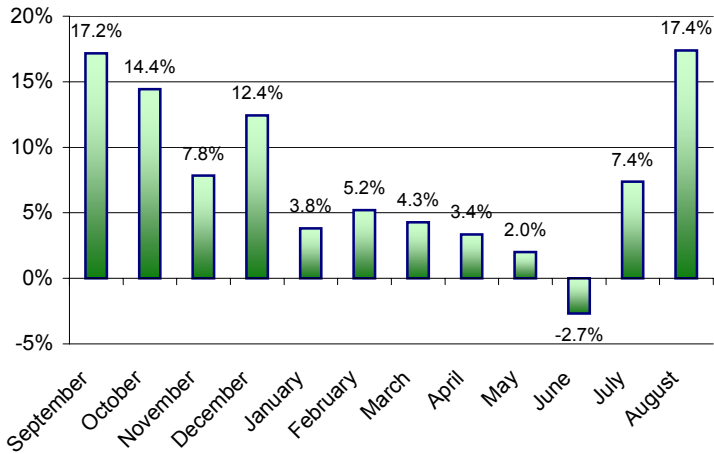


Figure 3: Gwinnett County Stock Index (Y-Y Percent Change Last 12 Months)



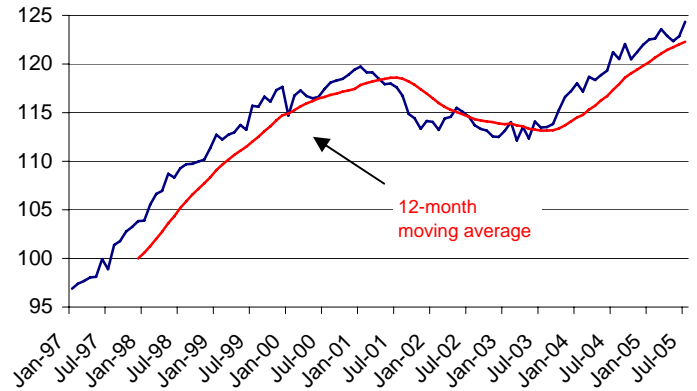
Current Economic Indicators

The **Gwinnett County Index of Current Economic Indicators** rose slightly in July as two of the four indicators improved. For the twelve months ending in July 2005, the Current Index is up 2.6 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 26 consecutive months. This is significant because if the index is consistently above this average, then it usually means that the economy is likely experiencing a period of economic growth. A recent revision of household employment numbers by the Georgia Department of Labor had a significant impact on the Current Economic Index. Specifically, the index now shows that

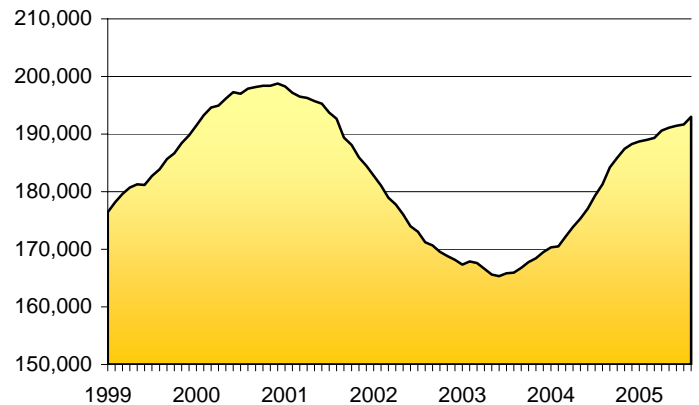
during the last recession, the Gwinnett economy turned down later than was previously thought, and the decline was much deeper and longer than was previously reported (Figure 4).

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



One of the biggest contributors to the Current Index continues to be the tourism/hospitality sector as measured by the number of room nights logged in local hotels. July posted the highest number of room nights ever (221,494). Seasonally adjusted, the monthly average number of room nights is up 1.5 percent over last year. In July, room nights were 1.1 percent higher than the same month a year ago. The 12-month moving average (a measure of the trend) is 6.9 percent higher than a year ago, and is only 3.6 percent below the peak set in December 2000 (Figure 5).

Figure 5: Hotel/Motel Occupancy (12-Month Moving Average # of Room Nights)



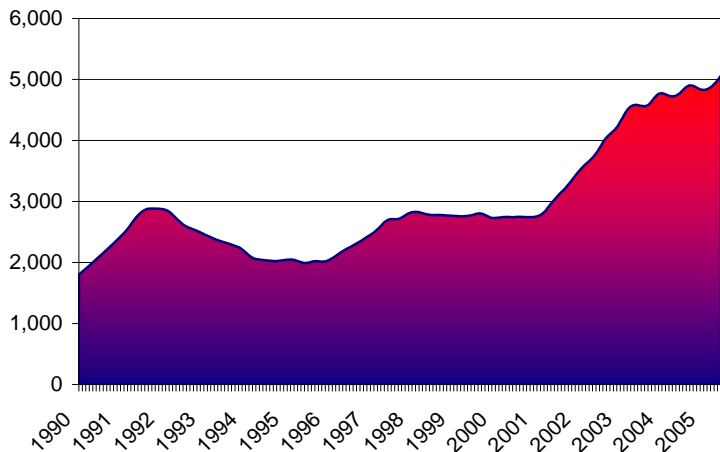
While the local economy is growing, recent turns in the Index of Leading Indicators suggest that the growth may slow in the next six to nine months. Hopefully by the next issue of this newsletter, the trend in the Leading Index will be better established.

Lagging Economic Indicators

The **Gwinnett County Index of Lagging Economic Indicators** declined slightly in June in spite of an improvement in three of the four indicators. Since the last *Economic Indicators* newsletter, the index is down 0.6 percent, but for the twelve months ending in June 2005, the Lagging Index is up 1.6 percent.

The Lagging Index, which is designed to confirm turns in the Gwinnett County economy, continues to trend flat as a significant variable in the index — the number of bankruptcies — continues to deteriorate. According to the most recent information from the Administrative Office of U.S. District Courts, both personal and business bankruptcies in Gwinnett are on the rise. The total number of bankruptcies in Gwinnett for the 12-month period that ended in June 2005 rose above 5,000 for the first time ever (Figure 6).

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



Employment Data – 4th Quarter 2004

The Georgia Department of Labor has released employment data for the fourth quarter of 2004. During the quarter, Gwinnett County employment grew 1.4 percent adding more than 4,400 jobs. The manufacturing sector had a net loss of 242 jobs, 64 percent of which came from “high-tech” industries. For the year, manufacturing had a net loss of 394 jobs, but industries in high-tech sectors lost 1,370. That brings the number of high-tech manufacturing jobs lost since 2001 to 4,000.

Although manufacturing continues to suffer, total job growth for the year was more than 14,700. Construction added 740 jobs reflecting the jump in residential building permits. Other population-related service sectors added more than 4,000 jobs. The hospitality industry also saw an increase of nearly 1,900 jobs reflecting the continued rebound in that sector. Unfortunately, these sectors represent wages significantly lower than those lost in the manufacturing sector.

Comments on Katrina

Hurricane Katrina will have significant economic, fiscal, social, and demographic impacts on Gwinnett County, but it will be some time before those impacts can all be quantified. In addition to the obvious rise in gas prices, the sales tax holiday for energy-saving items and closing schools to save diesel fuel, there will be other, less obvious but more significant impacts on the county. For example, as of this writing the American Red Cross Joint Resource Recovery Center in Gwinnett had processed more than 10,000 evacuee cases, with an average of 3 to 4 persons represented by each case. It is estimated that thousands of these individuals may choose to stay in the area. Also at the time of this writing, Gwinnett County Public Schools have enrolled 1,312 student evacuees. It is likely that Katrina evacuees may provide a one-time population jump in a county that is already adding around 25,000 new residents per year.

In addition to population increases, the local job market will also be impacted. For example, many of the displaced workers have experience in the hospitality industry — an industry with historically high turn-over. If evacuees begin to move into these positions, current hospitality workers may find opportunities with other employers more difficult to come by.

The impact the evacuees have on the local job market may also cause some statistical anomalies in the leading, current, and lagging economic indices in the coming months.

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

	4th Quarter <u>2003</u>	3rd Quarter <u>2004</u>	4th Quarter <u>2004</u>	Quarterly <u>Growth</u>	Y-Y <u>Growth</u>	Y-Y <u>Jobs</u>
Goods Producing	47,619	47,954	47,979	0.1%	0.8%	360
Agriculture, Forestry, & Fishing (11)	271	276	286	3.6%	5.5%	15
Mining (21)	166	168	165	-1.8%	-0.6%	(1)
Construction (23)	22,224	22,704	22,964	1.1%	3.3%	740
Manufacturing (31-33)	24,958	24,806	24,564	-1.0%	-1.6%	(394)
Food Manufacturing (311)	1,267	1,781	1,824	2.4%	44.0%	557
Beverage & Tobacco Manufacturing (312)	42	28	26	*	-38.1%	(16)
Textile Mills (313)	23	62	64	3.2%	178.3%	41
Textile Product Mills (314)	342	296	340	14.9%	-0.6%	(2)
Apparel Manufacturing (315)	232	256	286	11.7%	23.3%	54
Leather & Allied Product Manufacturing (316)	*	*	*	*	*	*
Wood Product Manufacturing (321)	802	1,177	1,127	-4.2%	40.5%	325
Paper Manufacturing (322)	866	775	774	-0.1%	-10.6%	(92)
Printing and Related Activities (323)	2,232	2,235	2,160	-3.4%	-3.2%	(72)
Petroleum and Coal Products Manufacturing (324)	94	89	94	5.6%	0.0%	-
Chemical Manufacturing (325)	1,182	1,067	1,040	-2.5%	-12.0%	(142)
Plastics & Rubber Products Manufacturing (326)	1,244	1,401	1,433	2.3%	15.2%	189
Nonmetallic Mineral Product Manufacturing (327)	714	820	830	1.2%	16.2%	116
Primary Metal Manufacturing (331)	*	*	*	*	*	*
Fabricated Metal Manufacturing (332)	1,672	1,804	1,765	-2.2%	5.6%	93
Machinery Manufacturing (333)	1,560	1,444	1,446	0.1%	-7.3%	(114)
Computer & Electronic Product Manufacturing (334)	5,456	5,397	5,401	0.1%	-1.0%	(55)
Electrical Equipment/Appliance (335)	1,532	1,351	1,279	-5.3%	-16.5%	(253)
Transportation Equipment (336)	1,290	604	612	1.3%	-52.6%	(678)
Furniture and Related Products Manufacturing (337)	858	1,108	1,090	-1.6%	27.0%	232
Miscellaneous Manufacturing Industries (339)	3,319	2,970	2,835	-4.5%	-14.6%	(484)
Service Producing	221,540	226,652	231,076	2.0%	4.3%	9,536
Wholesale Trade (42)	30,795	29,988	30,512	1.7%	-0.9%	(283)
Retail Trade (44-45)	43,801	41,777	44,106	5.6%	0.7%	305
Transportation and Warehousing (48-49)	4,859	4,946	4,876	-1.4%	0.3%	17
Utilities	449	446	441	-1.1%	-1.8%	(8)
Information (51)	11,404	12,093	12,080	-0.1%	5.9%	676
Finance and Insurance (52)	15,350	15,392	15,689	1.9%	2.2%	339
Real Estate and Rental and Leasing (53)	4,626	5,350	5,473	2.3%	18.3%	847
Professional, Scientific/Technical Services (54)	18,599	19,056	19,987	4.9%	7.5%	1,388
Management: Companies/Enterprises (55)	5,317	5,702	6,303	10.5%	18.5%	986
Administrative, Support, and Waste Mgt. Services (56)	32,371	35,593	34,534	-3.0%	6.7%	2,163
Educational Services (61)	2,405	2,593	2,772	6.9%	15.3%	367
Health Care and Social Services (62)	18,321	18,035	18,650	3.4%	1.8%	329
Arts, Entertainment, and Recreation (71)	2,283	2,441	2,414	-1.1%	5.7%	131
Accommodation and Food Services (72)	23,595	25,399	25,492	0.4%	8.0%	1,897
Other Services (81)	7,365	7,841	7,747	-1.2%	5.2%	382
Unclassified (industry not assigned)	435	507	518	2.2%	19.1%	83
Total Private Employment	269,594	275,113	279,573	1.6%	3.7%	9,979
Federal	3,001	3,035	2,978	-1.9%	-0.8%	(23)
State	1,897	2,170	2,328	7.3%	22.7%	431
Local	21,427	25,927	25,806	-0.5%	20.4%	4,379
Total Government Employment	26,325	31,132	31,112	-0.1%	18.2%	4,787
TOTAL GWINNETT EMPLOYMENT (JOBS)	295,919	306,245	310,685	1.4%	5.0%	14,766

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

Source: Georgia Department of Labor. Data represent jobs covered by unemployment insurance legislation. Data may not add due to rounding.

Gwinnett County, Georgia Business Cycle Indicators September, 2005

Gwinnett County Economic Indices:	Aug-05	Jul-05	Jun-05	May-05	Apr-05
Leading Economic Index (1997 = 100)	96.47	95.06	94.92	96.24	94.66
Current Economic Index (1997 = 100)	-	124.35	122.86	122.35	122.89
Lagging Economic Index (1997 = 100)	-	-	69.80	70.11	70.16

Gwinnett County Leading Economic Index	Aug-05	Jul-05	Aug-04	Jul-05 to Aug-05	Aug-04 to Aug-05
Leading Economic Index (1997=100)	96.47	95.06	94.48	1.5%	2.1%
Components:					
Initial Unemployment Claims (Seasonally Adjusted)	1,546	1,884	2,285	-17.9%	-32.3%
<i>Initial Unemployment Claims (Unadjusted)</i>	1,649	1,773	2,354	-7.0%	-29.9%
Bloomberg Gwinnett Stock Index (12/31/97 = 100)	82.38	77.85	70.18	5.8%	17.4%
South Atlantic Consumer Expectations	97.1	97.2	95.8	-0.1%	1.4%
Atlanta Manufacturing Average Weekly Hours (Seasonally Adjusted)	37.5	35.8	36.6	4.8%	2.5%
<i>Atlanta Manufacturing Average Weekly Hours (Unadjusted)</i>	36.3	36.5	35.4	-0.5%	2.5%
New Single Family Building Permits (Seasonally Adjusted)	719	687	682	4.7%	5.5%
<i>New Single Family Building Permits (Unadjusted)</i>	807	625	717	29.1%	12.6%

Gwinnett County Current Economic Index *	Jul-05	Jun-05	Jul-04	Jun-05 to Jul-05	Jul-04 to Jul-05
Current Economic Index (1997=100)	124.35	122.86	121.22	1.2%	2.6%
Components:					
Sales Tax Receipts (Constant 1982-84 \$'s; Ths., Seasonally Adj.)	\$8,118.2	\$8,558.0	\$7,948.3	-5.1%	2.1%
<i>Sales Tax Receipts (Current \$'s, Ths., Unadjusted)</i>	\$11,569.3	\$11,946.3	\$11,311.0	-3.2%	2.3%
Household Employment (Seasonally Adjusted)	369,286	363,446	361,584	1.6%	2.1%
<i>Household Employment (Unadjusted)</i>	367,639	364,057	359,971	1.0%	2.1%
South Atlantic Consumer Confidence (Present Situation)	137.0	150.3	127.5	-8.8%	7.5%
Hotel/Motel Occupancy - Room Nights (Ths., Seasonally Adj.)	199.2	188.0	193.4	6.0%	3.0%
<i>Hotel/Motel Occupancy - Room Nights (Ths., Unadjusted)</i>	221.5	199.5	219.2	11.0%	1.1%

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

Gwinnett County Lagging Economic Index **	Jun-05	May-05	Jun-04	May-05 to Jun-05	Jun-04 to Jun-05
Lagging Economic Index (1997=100)	69.80	70.11	68.67	-0.4%	1.6%
Components:					
Average Duration of Unemployment Benefits (Weeks, Seasonally Adjusted)	14.34	14.43	15.54	-0.7%	-7.7%
<i>Average Duration of Unemployment Benefits (Weeks, Unadjusted)</i>	14.30	14.40	15.50	-0.7%	-7.7%
Prime Rate Charged by Banks	6.00	5.98	4.00	0.3%	50.0%
Unemployment Rate (Seasonally Adjusted)	4.4%	4.5%	4.0%	-0.1%	0.4%
<i>Unemployment Rate (Unadjusted)</i>	4.8%	4.4%	4.3%	0.5%	0.5%
Bankruptcies (Number, 12-month ending)	5,060	4,986	4,768	1.5%	6.1%

** (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

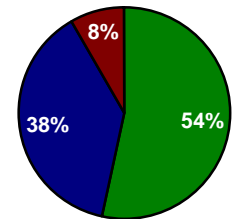


GWINNETT COUNTY, GEORGIA

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.

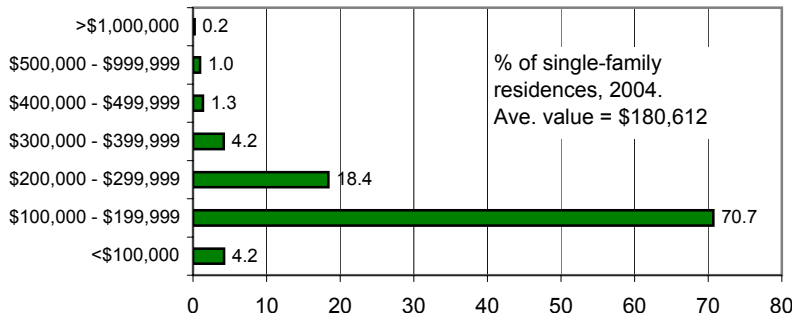
Source: Gwinnett County Tax Assessor.

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)	119.5	127.8	135.8	144.6	153.1	159.9	164.3	169.0
Mortgage Originations (\$Mil)	2,317	4,039	3,361	3,161	7,070	8,848	11,005	7,503
Net Migration (000)	20.6	18.6	19.9	21.1	18.4	16.4	16.0	16.5
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

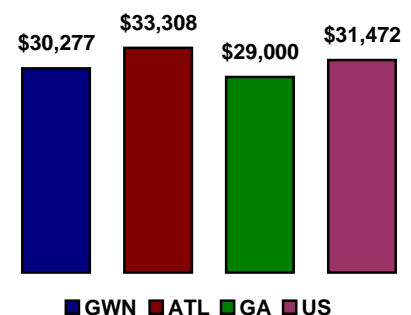
HOUSING DISTRIBUTION

(Number of Single Family including Townhomes and Condos)



Source: Gwinnett County Tax Assessor.

2003 PER CAPITA INCOME



Source: Bureau of Economic Analysis, 2002.