

economic indicators

division of economic analysis

gwinnettcounty

january 2011 v10, n1

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Leading Economic Index Drops Due to Weak Initial Claims and Permits; Current Economic Index Rises on Strong Growth in Tourism

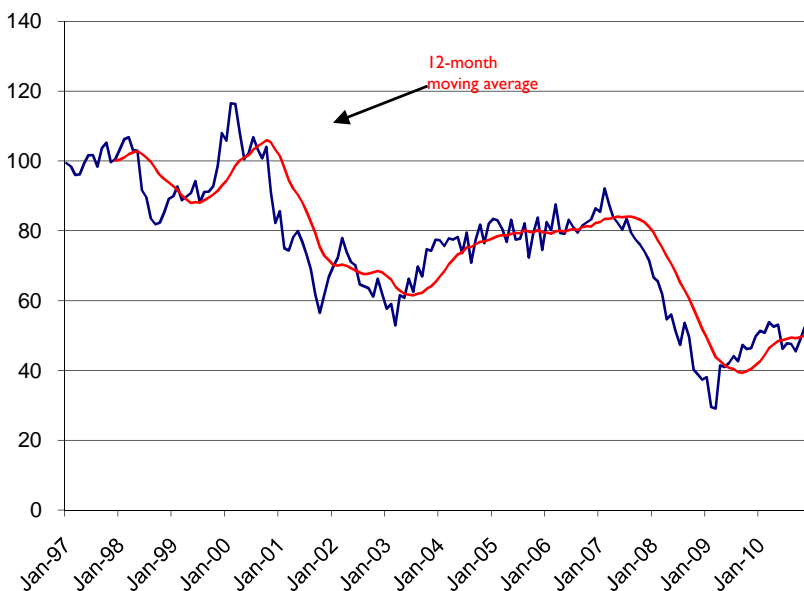
The **Gwinnett County Index of Leading Economic Indicators** dropped 2.3 percent in December as two of the four of the indicators dropped sharply (Figure 1). However, even with the drop, the index is 2.8 percent higher than it was in December of 2009.

The Leading Index, which is designed to forecast the county's economic performance 6 to 9 months in advance, has been above the 12-month moving average for the past two months. This follows a five month period where the index dropped below the 12-month average. Six consecutive months above or below is considered the benchmark for prediction of a future trend. Having fallen just short of that benchmark, the index is currently not

forecasting a clear movement in either direction for the economy 6 to 9 months from now.

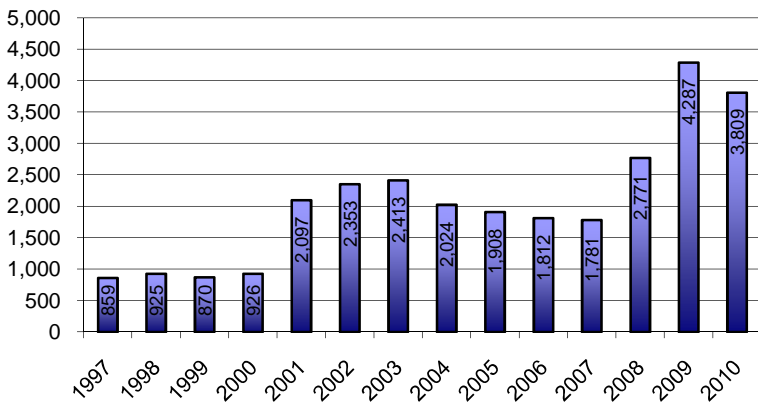
As mentioned, two of the leading indicators dropped sharply in December. The number of initial claims for unemployment insurance jumped to 3,587 on a seasonally adjusted basis. This marks the 29th consecutive month of initial claims above 3,000. During the last recession, the county posted monthly claims above 3,000 only once. Clearly, this recession has hit Gwinnett County employment hard, and despite evidence of economic growth in recent quarters, the local economy is still plagued by weak job growth. On an annual basis, the number of claims is beginning to come down, but they are still very high, averaging more than 3,800 for 2010 (Figure 2).

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



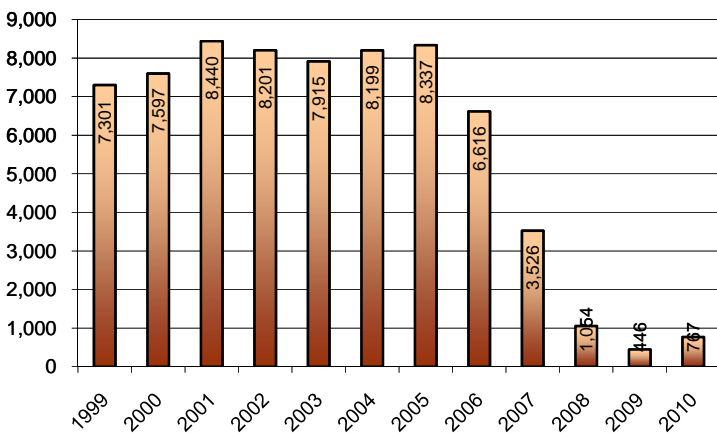
<u>Leading Index Components:</u>		<u>Dec-10</u>	
Initial Unemployment Claims	Up	↑	14.8%
Gwinnett Stock Index	Up	↑	13.6%
Consumer Expectations	Up	↑	1.2%
Single Family Building Permits	Down	↓	-30.0%
Leading Economic Index	Down	↓	-2.3%
12-Month Change		Up	↑ 2.8%

Figure 2: Gwinnett Initial Unemployment Claims (Monthly Average)



In addition to initial claims, single-family permits deteriorated significantly in December. In fact, December was the only month in 2010 to post a year-over-year decline on a seasonally adjusted basis. On the whole, single-family building permits were up in 72 percent 2010 to a level of 767. However, even with that growth, single-family permits are still down 91 percent from the pre-recession peak. In 2005, the County had multiple months where it issued more single-family permits than it issued in all of 2010 (Figure 3).

Figure 3: Gwinnett Single-Family Building Permits

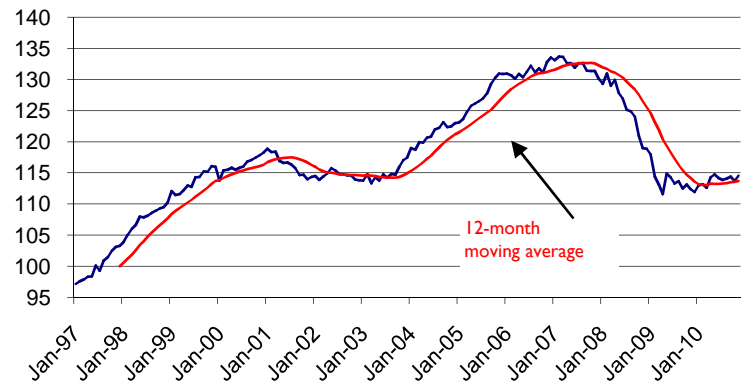


Current Economic Indicators

The **Gwinnett County Index of Current Economic Indicators** rose 0.8 percent in November to 114.56 on the strength of two indicators – consumer confidence and hotel/motel room nights which both posted strong growth in the month. For the twelve months ending in November

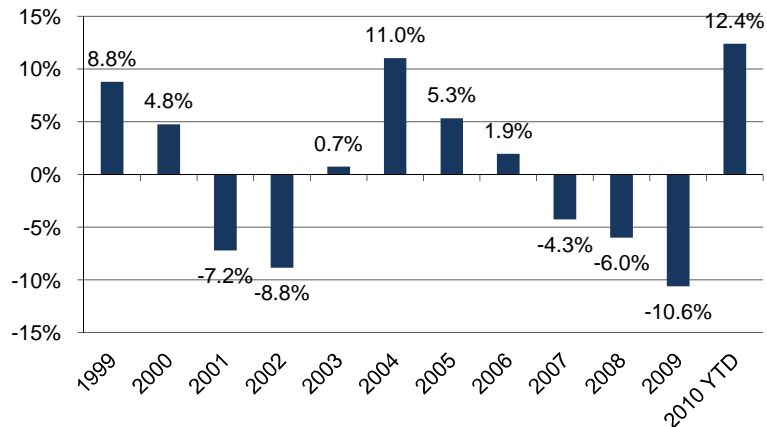
2010, the Current Index is up 1.9 percent. Designed to track the current state of the Gwinnett County economy, the index has been above its 12-month moving average for 8 consecutive months. This is an indication that the local economy is currently experiencing sustained, albeit slow, economic growth (Figure 4).

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



One of the biggest contributors to the Current Index was the tourism/hospitality sector as measured by the number of room nights logged in local hotels. November posted a monthly increase of 4 percent on a seasonally adjusted basis. Eight of the past nine months have posted double-digit rates of growth on a year-over-year basis. Clearly this is one sector in the County that is booming. For the year, the average monthly number of room nights is up 12.4 percent – the largest annual increase since 1998 (Figure 5).

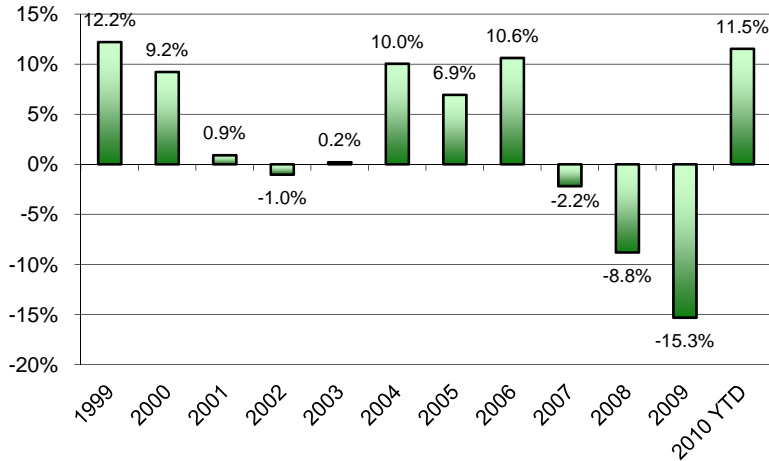
Figure 5: Hotel/Motel Occupancy (Change in the Monthly Average Number of Room Nights)



After three years of crushing declines in sales tax revenue, 2010 finally saw sales tax revenue rebound. While still underperforming compared to previous years, Gwinnett

consumers are starting to once again open their wallets. In December, national retail sales exceeded pre-recession levels for the first time. Gwinnett is a long way from seeing pre-recession levels of retail sales, but putting the brakes on the three-year decline is certainly a start (Figure 6).

**Figure 6: Gwinnett County SPLOST
(Y-Y Change in Monthly Collections)**



Commentary

We last published the *Gwinnett Economic Indicators* in May of 2010. Since then our focus has been on using social media sites to push out our data. However, after several requests, we have decided to once again publish this newsletter, and will try to keep it updated on a quarterly basis. In addition, we will continue to push the data out via Facebook and Twitter on a weekly basis

As previously mentioned, national retail sales have finally surpassed pre-recession levels. Holiday sales were up 7.3 percent over last year, making the recent holiday season the best since 2005. Unfortunately, some of this growth was due to higher energy prices. The price of a gallon of gas rose more than 5 percent in December, and will continue to rise as oil approaches \$100 per barrel. Looking forward to 2011, retail sales will be supported by the 2 percent cut in employee withholding tax, but some of that economic boost will be moderated by rising prices at the pump.

The biggest concern continues to be the employment situation – both nationally and locally. Unfortunately, it doesn't look as if the employment picture will improve

significantly anytime soon. Recently, the National Federation of Independent Businesses released the Small Business Optimism Survey. Small business play a significant role in the U.S. economy and employ nearly half of all private sector workers. According to the survey, small businesses have little reason to ramp up hiring or capital spending. Weak sales prospects, and the threat of higher labor costs resulting from new health care regulations that few understand, will keep small businesses from any significant hiring.

With respect to Gwinnett employment, you can see on page 4 that the most recent data release was for the second quarter of 2010. In that quarter, employment rose an astounding 2.5% as the county added more than 7,000 jobs! Given all the other data we have, the growth in the 2nd quarter was surprising. A closer look shows that 66% of that growth was in "Waste Management Services." In other words, the employment numbers for the second quarter of last year show the ramp up of employment by the local waste haulers in anticipation of the County's new solid waste plan which was implemented in the third quarter of last year. These are on average lower wage jobs and therefore the increase had a negative impact on the average wage countywide which declined for the second consecutive quarter.

Going forward, there are still lingering questions in the minds of consumers and businesses, but economic activity is starting to pick up. In our opinion, the biggest risk to this very anemic national recovery will be the performance of state and local government budgets. While 2009 and 2010 were both tough years, 2011 will see unprecedented fiscal strain on state and local budgets, with the result being huge spending cuts, layoffs, or significant tax increases. Whichever way governments choose to solve their financial woes, these factors will more than offset any additional federal stimulus, and could threaten this weak economic recovery.

~ *Alfie Meek, Ph.D.*
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For the latest economic news concerning Gwinnett County, become a fan of "Gwinnett Economics" on Facebook or follow @GwinnettEcon on Twitter

	<u>2nd Quarter</u> <u>2009</u>	<u>1st Quarter</u> <u>2010</u>	<u>2nd Quarter</u> <u>2010</u>	<u>Quarterly</u> <u>Growth</u>	<u>Y-Y</u> <u>Growth</u>	<u>Y-Y</u> <u>Jobs</u>
Goods Producing	41,260	38,287	38,146	-0.4%	-7.5%	(3,114)
Agriculture, Forestry, & Fishing (11)	196	175	189	8.0%	-3.6%	(7)
Mining (21)	*	*	*	*	*	*
Construction (23)	17,940	16,370	15,949	-2.6%	-11.1%	(1,991)
Manufacturing (31-33)	23,017	21,634	21,904	1.2%	-4.8%	(1,113)
Apparel Manufacturing (315)	98	89	100	12.4%	2.0%	2
Beverage & Tobacco Manufacturing (312)	*	*	*	*	*	*
Chemical Manufacturing (325)	1,559	1,506	1,488	-1.2%	-4.6%	(71)
Computer & Electronic Product Manufacturing (334)	5,080	5,062	5,185	2.4%	2.1%	105
Electrical Equipment/Appliance (335)	1,662	1,011	1,037	2.6%	-37.6%	(625)
Fabricated Metal Manufacturing (332)	1,924	1,734	1,768	2.0%	-8.1%	(156)
Food Manufacturing (311)	1,611	1,674	1,701	1.6%	5.6%	90
Furniture and Related Products Manufacturing (337)	1,137	716	723	1.0%	-36.4%	(414)
Leather & Allied Product Manufacturing (316)	*	*	*	*	*	*
Machinery Manufacturing (333)	1,489	1,495	1,446	-3.3%	-2.9%	(43)
Miscellaneous Manufacturing Industries (339)	1,298	1,185	1,182	-0.3%	-8.9%	(116)
Nonmetallic Mineral Product Manufacturing (327)	911	1,322	1,343	1.6%	47.4%	432
Paper Manufacturing (322)	942	879	901	2.5%	-4.4%	(41)
Petroleum and Coal Products Manufacturing (324)	87	76	80	5.3%	-8.0%	*
Plastics & Rubber Products Manufacturing (326)	1,243	1,060	1,125	6.1%	-9.5%	(118)
Primary Metal Manufacturing (331)	145	151	150	-0.7%	3.4%	5
Printing and Related Activities (323)	2,410	2,208	2,176	-1.4%	-9.7%	(234)
Textile Mills (313)	49	61	52	-14.8%	6.1%	3
Textile Product Mills (314)	367	366	384	4.9%	4.6%	*
Transportation Equipment (336)	476	514	540	5.1%	13.4%	64
Wood Product Manufacturing (321)	455	459	458	-0.2%	0.7%	3
Service Producing	219,119	214,741	221,839	3.3%	1.2%	2,720
Utilities	523	469	472	0.6%	-9.8%	(51)
Wholesale Trade (42)	29,364	28,337	28,326	0.0%	-3.5%	(1,038)
Retail Trade (44-45)	43,884	41,686	42,285	1.4%	-3.6%	(1,599)
Transportation and Warehousing (48-49)	5,215	5,697	5,892	3.4%	13.0%	677
Information (51)	8,867	8,825	8,688	-1.6%	-2.0%	(179)
Finance and Insurance (52)	14,998	14,393	14,239	-1.1%	-5.1%	(759)
Real Estate and Rental and Leasing (53)	5,142	5,132	5,675	10.6%	10.4%	533
Professional, Scientific/Technical Services (54)	23,143	23,154	22,590	-2.4%	-2.4%	(553)
Management: Companies/Enterprises (55)	5,677	5,880	6,079	3.4%	7.1%	402
Administrative, Support, and Waste Mgt. Services (56)	21,561	22,228	26,913	21.1%	24.8%	5,352
Educational Services (61)	3,227	3,287	3,289	0.1%	1.9%	62
Health Care and Social Services (62)	22,282	22,557	22,721	0.7%	2.0%	439
Arts, Entertainment, and Recreation (71)	2,729	2,259	2,537	12.3%	-7.0%	(192)
Accommodation and Food Services (72)	24,875	23,581	24,635	4.5%	-1.0%	(240)
Other Services (81)	7,632	7,256	7,496	3.3%	-1.8%	(136)
Unclassified (industry not assigned)	425	608	779	28.1%	83.3%	354
Total Private Employment	260,804	253,636	260,764	2.8%	0.0%	(40)
Federal	3,082	2,883	3,012	4.5%	-2.3%	(70)
State	2,480	2,556	2,561	0.2%	3.3%	81
Local	29,846	29,819	29,815	0.0%	-0.1%	(31)
Total Government Employment	35,408	35,258	35,388	0.4%	-0.1%	(20)
TOTAL GWINNETT EMPLOYMENT (JOBS)	296,213	288,895	296,151	2.5%	0.0%	(62)

* 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 January, 2011

Gwinnett County Economic Indices:	<u>Dec-10</u>	<u>Nov-10</u>	<u>Oct-10</u>	<u>Sep-10</u>	<u>Aug-10</u>
Leading Economic Index (1997 = 100)	51.10	52.29	48.64	45.48	47.56
Current Economic Index (1997 = 100)		114.56	113.69	114.37	114.08
Lagging Economic Index (1997 = 100)		85.17	85.14	85.20	84.91

Gwinnett County Leading Economic Index	<u>Dec-10</u>	<u>Nov-10</u>	<u>Dec-09</u>	<u>Nov-10 to Dec-10</u>	<u>Dec-09 to Dec-10</u>
Leading Economic Index (1997=100)	51.10	52.29	49.72	-2.3%	2.8%
Components:					
Initial Unemployment Claims (Seasonally Adjusted)	3,587	3,124	4,306	14.8%	-16.7%
<i>Initial Unemployment Claims (Unadjusted)</i>	3,661	3,080	4,480	18.9%	-18.3%
Bloomberg Gwinnett Stock Index (12/31/97 = 100)	108.89	95.88	102.32	13.6%	6.4%
South Atlantic Consumer Expectations (Seasonally Adjusted)	70.0	69.2	73.2	1.2%	-4.3%
New Single Family Building Permits (Seasonally Adjusted)	59	84	68	-30.0%	-13.7%
<i>New Single Family Building Permits (Unadjusted)</i>	44	53	48	-17.0%	-8.3%

Gwinnett County Current Economic Index *	<u>Nov-10</u>	<u>Oct-10</u>	<u>Nov-09</u>	<u>Oct-10 to Nov-10</u>	<u>Nov-09 to Nov-10</u>
Current Economic Index (1997=100)	114.56	113.69	112.37	0.8%	1.9%
Components:					
Sales Tax Receipts (Constant 1982-84 \$'s; Ths., Seasonally Adj.)	\$10,044.5	\$10,787.3	\$10,213.2	-6.9%	-1.7%
<i>Sales Tax Receipts (Current \$'s, Ths., Unadjusted)</i>	\$10,266.5	\$10,387.4	\$10,290.3	-1.2%	-0.2%
Household Employment (Seasonally Adjusted)	366,153	368,597	369,919	-0.7%	-1.0%
<i>Household Employment (Unadjusted)</i>	368,833	369,066	372,626	-0.1%	-1.0%
South Atlantic Consumer Confidence (Present Situation; Seasonally Adj.)	28.3	21.3	21.6	32.9%	31.1%
Hotel/Motel Occupancy - Room Nights (Ths., Seasonally Adj.)	196.3	188.8	169.9	4.0%	15.6%
<i>Hotel/Motel Occupancy - Room Nights (Ths., Unadjusted)</i>	183.9	200.6	156.4	-8.3%	17.6%

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

Gwinnett County Lagging Economic Index **	<u>Nov-10</u>	<u>Oct-10</u>	<u>Nov-09</u>	<u>Oct-10 to Nov-10</u>	<u>Nov-09 to Nov-10</u>
Lagging Economic Index (1997=100)	85.17	85.14	85.55	0.0%	-0.4%
Components:					
Average Duration of Unemployment Benefits (Weeks, Seasonally Adjusted)	17.86	17.97	17.66	-0.6%	1.1%
<i>Average Duration of Unemployment Benefits (Weeks, Unadjusted)</i>	17.80	18.00	17.60	-1.1%	1.1%
Prime Rate Charged by Banks	3.25	3.25	3.25	0.0%	0.0%
Unemployment Rate (Seasonally Adjusted)	9.8%	8.7%	9.5%	1.0%	0.2%
<i>Unemployment Rate (Unadjusted)</i>	9.2%	8.7%	8.9%	0.5%	0.2%
Evictions (Seasonally Adjusted)	2,046	2,258	1,909	-9.4%	7.2%
<i>Evictions (Unadjusted)</i>	2,111	2,419	1,933	-12.7%	9.2%

** (Advertised foreclosures have been replaced with the number of evictions as an indicator in the Lagging Index)

Top Employers in 2010

1 Gwinnett County Public Schools	20,662
2 Gwinnett County Government	4,871
3 Gwinnett Health Care System	4,365
4 Wal-Mart*	3,368
5 Publix **	2,928
6 State of Georgia	2,037
7 United States Postal Service	1,969
8 Kroger **	1,880
9 Scientific-Atlanta, a Cisco Company	1,750
10 Primerica	1,543
11 Home Depot *	1,465
12 Fiserv (previously Check Free)	1,300
13 NCR Corporation	1,129
14 Waffle House	1,000
15 Emory Eastside Medical Center *	907

Source: Calls to individual companies in March. '10.

* Based on business license data.

** Full-time equivalents (FTEs)



GWINNETT COUNTY, GEORGIA

2009 POPULATION: 808,167

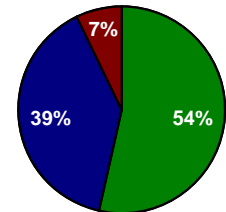
2000-2009 U.S. COUNTY

- NUMERICAL GROWTH RANKING	6
- RATE OF GROWTH RANKING	71
- TOTAL POPULATION RANKING	64

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

NET TAXABLE DIGEST: \$27.2 B

- Residential
- Commercial
- Motor Vehicle



Source: Gwinnett County Tax Assessor.
2010 Certified Tax Digest

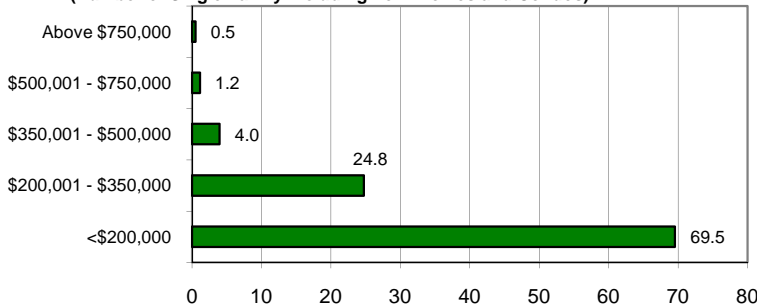
Indicators	2003	2004	2005	2006	2007	2008	2009	2010
Total Employment (Jobs)	292,118	304,806	315,229	325,167	325,542	317,234	297,291	-
% change	1.0	4.3	3.4	3.2	0.1	(2.6)	(6.3)	-
Unemployment Rate	4.4	4.2	4.6	4.2	4.0	5.6	8.7	-
Total Personal Income (\$Bil)	20.8	21.7	23.5	25.1	26.2	26.5	-	-
% change	3.7	4.5	7.9	7.1	4.2	1.1	-	-
Sales Tax Revenue (\$Mil)	119.8	131.8	141.0	155.9	152.5	139.1	117.8	-
Population	666,768	691,986	716,436	746,975	772,464	790,519	808,167	-
Single-Family Permits	7,915	8,199	8,337	6,616	3,526	1,054	446	767
Median Existing Home Price (\$Ths)	171.1	173.0	182.0	186.5	186.8	161.1	130.6	121.9
Mortgage Originations (\$Mil)	12,894	8,015	8,660	8,477	7,037	5,249	6,129	4,181
Net Migration (000)	13.2	16.1	14.6	20.2	14.5	7.7	7.7	6.1
Personal Bankruptcies	4,553	4,513	5,655	2,533	3,293	4,382	6,333	-
Advertised Foreclosures	4,810	5,255	5,242	6,274	8,394	13,758	24,338	27,697

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) and Gwinnett Daily Post

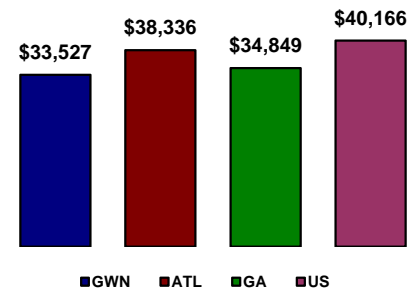
HOUSING DISTRIBUTION

(Number of Single Family including Townhomes and Condos)



Source: Gwinnett County Tax Assessor; Data for 2010.

2008 PER CAPITA INCOME



Source: Bureau of Economic Analysis, 2010.