Auto Sales—According to automotive market analysts, the pace of car and light truck purchases in February 2016 has national sales on track to hit 17.5 million vehicles for 2016. That estimate is down from previous sales projections, but still represents a continuation of the strong sales growth that started after the end of the recession. A combination of low consumer interest rates, lower fuel prices and sustained improvements in the labor market have led to substantial gains among most auto makers sales figures.

There are concerns, however, that a significant share of new auto sales are incentive-driven. Incentives for new car purchases account for tens of billions of dollars in price discounts annually for new car manufacturers. They include programs such as rebates, cashback, special financing, and lease deals that are intended to clear out excess inventory and/or to gain market share. Industry data indicate that the average value of incentives has risen faster than the average price of vehicles sold, suggesting that car companies are seeing their profit margins erode away. Furthermore, auto manufacturers may be expanding incentive programs because they anticipate that underlying demand for new cars has started to cool off. Another signal that underlying demand may be slowing is that the dollar value of retail inventories for Motor Vehicle and Parts Dealers increased by 8.0% from January 2015 to January 2016, indicating that sales are not currently keeping pace with production. Representatives from the auto industry, however, suggest that the January dip in auto sales was weather-related and that February 2016 sales were the strongest for that month in 16 years. Other industry watchers push aside worries of a slow-down by pointing out that there remains pent up demand for new cars and trucks due to many putting off buying new cars in the years during and after the recession. The graph above shows that during the years after the recession, sales of new cars and light trucks fell substantially below the trend. However, once re-started in early 2013 new auto sales growth has been strong and the dollar value of sales has risen above the longer-term trend.

Ironically, greater reliability has been cited as a factor slowing sales growth and keeping buyers in their cars. Recent data suggest that the U.S. economy is growing at a moderate pace as real GDP increased by 1.4% in the 4th quarter of 2015 (compared to 2% in 2015Q3). The most recent employment report provides additional evidence of an expanding U.S. economy as non-farm sectors added 242,000 jobs in February 2016. The U.S. unemployment rate remained at 4.9% in February. The most recent Case-Schiller Home Price Index shows continued improvement in the housing market with December 2015 U.S. home prices up 5.4% compared to December 2014. Housing prices in the Atlanta MSA are rising at about the same rate as the nation as a whole, up 5.5% year-over-year.

Unemployment rates in February 2016 were lower in all six counties in the West Georgia Region compared to February 2015. Two of the six counties, Coweta and Paulding, had unemployment rates below the state rate of 5.6%. At 4.8%, Paulding had the lowest unemployment rate in the region, while Polk, at 6.8% had the highest rate. Carroll sustained the largest year-over-year drop in the unemployment rate, down 1.1 percentage points. In another positive sign for the region, the number of initial claims for unemployment insurance was down in three
New unemployment insurance claims are viewed as a leading indicator for the local labor market. For February, the data are mixed. In total, the region continues to improve. West Georgia experienced a 7.0% drop overall in unemployment insurance claims (135 fewer claims) between February of 2015 and February of 2016; however, Douglas, Haralson and Polk experienced increases in the number of UI claims for the year. The largest increase in both percentage and absolute terms occurred in Polk County, which added 59 claims (+23.4%). Fortunately, the improvements in new claims were relatively large ones. Carroll County experienced the largest decline in new UI claims (-32.3% or 164 fewer new claims), followed by Coweta (-10.7% or 52 fewer claims). A decidedly positive note is that new UI claims for the region overall improved, while the state, at +0.2% overall, did not. Furthermore, at -7.0%, new West Georgia claims fell faster than the Atlanta MSA did as a whole (-2.0%).

Total employment in Georgia increased by almost 3% between the 2014 and 2015. Employment growth was led by the Service Providing Sector (3.49%), followed closely by Goods Producing Industries (3.26%). Government employment also grew but at a more modest pace (0.19%). Within the West Georgia Region only Carroll (-1.37%) and Polk (-0.32%) saw total employment drop during this same period. In Carroll County, the fall in employment came from Services (-2.58%) and Government (-2.31%). The Goods Producing Sector saw a healthy increase in employment in Carroll County (3.19%), helping mitigate the loss in employment. In Polk, only Service employment grew (0.42%), while Government (-2.48%) and Goods Producing (-0.40%) employment both fell. Paulding County’s employment grew the most in the Region (4.93%), mostly due to an impressive 11.58% increase in Goods Producing employment, and a very strong 5.19% increase in Service jobs. Coweta’s employment grew by 4.62%, Douglas’ by 1.66% and Haralson by 0.53%.

The unemployment rate in the West Georgia Region declined continuously between July 2015, when it stood at 6.3%, and December 2015, when it reached 5.0%, the lowest level since December 2007; however, both January and February of 2016 represent two successive upicks in the regions unemployment rate. The current regional rate stands at 5.5%, which remains 0.7 percentage points lower than February 2015. Every regional county exhibited the same pattern of steady decline between July-December 2015 with a moderate increase in January 2016. Paulding posted the lowest unemployment rate in the region at 4.8%, followed by Coweta at 5.0%, Between February 2015 and February 2016 every County in the West Georgia Region, with the exception of Polk, experienced an increase in the labor force. Overall, the region workforce population grew by 5,278 over the year, while the number of residents who were employed increased by 7,068, indicating that new jobs are becoming available faster than new workers are entering the labor force within the region.
Increased production of oil in the U.S. and slower than expected growth in the demand for gasoline has led to a decline in the price of motor fuels over the past two years. The spot price of West Texas Intermediate crude fell from $109 per barrel in July 2014 to a low near $30 in January 2016. Lower fuel prices have been credited with the shift in consumer auto purchasing behavior. When fuel prices were high, the small car segment was in the process of gaining a larger share of the overall new car market; however, based on the first two months of 2016, the sales of pickups and vans have bounced back with unit sales up 4.4% in the first two months of 2016 over the same period in 2015. Furthermore, the car sales have slid 4.1%. The largest declines have been in small cars (-5.0%), large cars (-58.6%) and luxury cars (-14.8%). Part of this shift may also be due to the movement toward crossover and utility vehicles, which appears independent of fuel prices.

The housing outlook for the West Georgia Region over the next year remains positive. The 30-year fixed-rate mortgage rate remain near historic lows (3.93%) despite increases in (short-term) interest rates. Though housing prices have rebounded since early 2012, Atlanta MSA Counties’ Case-Shiller Home Price Index value (see graph) remains lower than the U.S., and new jobs continue to flow into the region. Nevertheless, at the national level, concerns are starting to mount. Real median household income remains stagnant, and amid rising prices, U.S. mortgage applications fell on a seasonally adjusted basis by 3.3%, and purchases fell 1% from a year ago. One problem cited by industry analysts is that in some markets, the increases in housing prices over the last few years have once again started to price potential home-buyers out of the market. Furthermore, industry-insiders have worries about financing. Title agents ranked financing difficulties as the most frequent cause of title policy cancellation. What’s certain is that uncertainty remains in the housing market.
Healthcare (continued from page 1)
cars longer. According to IHS, an industry analy-­
tics group, the average age for both passenger cars and light trucks increased just slightly in 2015, and both now stand at 11.5 years. As of 2015Q1, the average length of ownership for a new vehicle is 77.8 months, which represents an increase of nearly 26 months since just before the start of the recession. Furthermore, buyers of used vehicles are now driving their cars an average of just over two years longer than they did in 2006. Considering that the current average miles driven per year is about 13,500 per vehicle, this would suggest the typical vehicle on the road has well over 100,000 miles on the odometer. Most certainly, cars aren’t made like they once were. They are being made to be much more reliable now.

Transportation Manufacturing Jobs—The rise in auto sales has led to a turn-around nationally in the number of workers in industries connected to transportation manufacturing (TM). The last three recessions (shown in the graph above) have led to a substantial national-level decline in TM employment over the last 26 years. The Great Recession, however, produced both a larger and sharper decline than experienced in the two previous recessions. In early 1990, the number of TM workers numbered almost 2.2 million for the nation. At 1.3 million workers, November 2009 represents the low-point in employment in TM for the past quarter century in the U.S. It also marks an employment decline of about 40% for this industry since the early 1990s.

Post-Great Recession growth in auto and light truck sales has resulted in a strong rebound in the employment in transportation equipment manufac-­
turing. For the U.S., the number of workers in the industry increased by 1.3% from February 2015 to February 2016. However, despite sus-­
tained growth since 2010, TM employment levels for the U.S. have yet to reach the levels experi-­
enced prior to the slide into the Great Recess-­
ion.

Georgia has been attracting a significant amount of automotive investment dollars over the past decade, with the latest successes being the new Porsche HQ moving to the old Ford assembly plant, the Mercedes’ re-location to Sandy Springs, and the bump to three shifts and to plant capacity production of KIA at West Point. Additionally, state development officials suggest they will continue to focus efforts on attracting auto-related firms. The result is that the fate of a large segment of Georgia’s and West Georgia’s labor force is now connected to the fortunes of the U.S. automotive sector. Ac-­
cording to a recent industry profile from Georgia Power, as of 2014, Georgia employs more than 40,000 workers in manufacturing connected directly to the automotive sector. Within the six West Georgia Counties about 4,000 jobs can be attributed directly to transportation manufactur-­
ing. Yamaha Motors Manufacturing in Newnan and Decostar Industries in Carrollton are among the top ten transportation-related manufacturing job producers in the state, and if the two Honda facilities were combined, they would appear in this list as well. Furthermore, Kia Motors Manu-­
ufacturing of Georgia (KMMG), Hyundai Dymos, Powertech America and Mobis of Georgia in West Point currently employ more than 5,000 additional workers in Troup, a neighboring coun-­
ty. Clearly, transportation manufacturing and the automotive industry will continue to be a driving force in the West Georgia economy for some time to come.

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counties (Carroll, Coweta, and Paulding), while the other three counties (Douglas, Haralson, and Polk) experienced more unemployment claims in February 2016 compared to February 2015.

Recent employment numbers provide evidence of a continuing economic expansion in the West Georgia Region. Total employment rose in the region by 1.8% between 2014Q3 and 2015Q3. With the exception of the administrative support sector (mainly temporary employment jobs), all major sectors sustained job gains between 2014Q3 and 2015Q3. Sectors with the strongest growth (in excess of 2.5%) included construction, retail, and health care. The large government sector added only .19% new jobs during this one-­
year period. Two counties in the region, Coweta and Paulding, experienced solid job growth between 2014Q3 and 2015Q3, up 4.6% and 4.9%, respectively. The health care, construction, and temporary employment sectors contributed most to employment gains in these two counties. Douglas and Haralson experienced more modest employment growth (less than 2%) over the past year. The retail and temporary employment sec-­
tors added the most jobs in Douglas County while Haralson’s gains were mainly a result of an expansion of the retail sector. Two coun-­
ties, Carroll and Polk, sustained modest job losses between 2014Q3 and 2015Q3. Declines in two sectors, government and temporary employment, were mainly responsible for the setback in overall employment in these two counties.

A number of significant developments are underway in each of the region’s counties which will impact the employment outlook and the quality of life. In Carroll County, public sector construction projects include a new Carroll County School Performing Arts Cen-­
ter, a major construction project at Carrollton High School, and a new Villa Rica Public Li-­
brary. Construction is also underway at the $35 million Tanner Health Pavilion in Carrollton. On a down note, two long-time Carrollton establishments closed in early 2016, K-­
Mart and Ryan’s Steakhouse. The Elite Foam manufacturing plant will be adding about 150 jobs in early 2016 in Newnan. In addition, a new Aldi’s store is under construction. The Coweta County Development Authority is also reporting that Winpak films in Senoia is consider-­
ing an expansion and that Mingledorf, a HVAC equipment manufacturer, is beginning construc-­
tion of a new building in the Creekside Industrial Park. Douglas County’s retail sector is beginning to add jobs after significant losses during the Great Recession. As reported by the Douglasville Menu, Arbor Place Mall continues to do well with only four reported store vacancies as of late 2015. In Haralson County, Tanner Health Systems is investing $10 million to expand its Higgins General Hospital in Bremen. New space includes operating suites, short term stay rooms, and a cafe. In a positive development for Paulding County, the state announced that it is kicking in $15 million to help accelerate the development of the 305-acre reservoir project. Sports Authority announced that it will be closing its store on Jimmy Lee Smith Parkway in Hiram, likely related to the company’s recent bankruptcy action. Projects on tap for Polk County include the Lankford Events Center and a 62-unit affordable housing complex, both loca-­
ed in Cedartown.