

# Elusive growth prospects for Georgia and Atlanta in 2012



By Rajeev Dhawan

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**G**rowth prospects for Georgia and Atlanta in 2012 will be elusive for a number of reasons. In my quarterly Forecast of Georgia and Atlanta, released in November, I cited a myriad of factors for the uncertainty, including declining consumer spending, the elevated price of oil, European financial turmoil and a softening export market, as among the reasons why growth prospects for the city and state are unclear in the coming year. Uncertainty also is spawned by the political tumult resulting from the debt ceiling showdown, the onset of an election cycle, and the extremely low level of confidence among the consumers and business owners.

Pain at the pump is a daily irritant that is making consumers loath to spend money to the point that they will spurn opportunities to buy automobiles even at discounted prices in 2012. And, despite the downfall of Gadhafi, I do not expect the price of oil to head south anytime soon, which is bad news for Georgia's hospitality industry. The once robust sector has seen anemic job growth turn negative recently, as has been the case with tourism nationally.

Although Georgia's exports have grown 20 percent in

2011, I am not sanguine about the coming year. Net-net, the export performance of 2012 is in jeopardy, and will hurt the state's industries from chicken farmers in the north, to the aerospace sector in Atlanta, to timber producers in the South. Manufacturing in the Peach State will be hurt due to lack of demand in Europe.

The news on the corporate job front also is discouraging. The announcements of companies that are moving or planning to expand in Georgia total at most in the hundreds of jobs. What we need is to make a dent in the sky-high office vacancy rate to create 10,000 jobs in the coming months. Thus, a zero is missing from these announcements.

One somewhat bright spot is housing, especially in the multifamily category. Atlanta housing permits will increase by 12.5 percent in 2011 due to a 102 percent boost in multifamily housing permits. Permit activity will again increase by 10.4 percent in 2012 and by 15 percent in 2013 to be about 10,500 units. But that is still only one-quarter of the level seen in 2007.

Georgia will add 26,800 jobs in 2012, of which 6,300 will be premium jobs (resulting in a 0.2 percent annual growth rate). In 2013, the re-

covery will be moderate, with the economy adding 56,300 jobs (a 1.2 percent annual growth rate). In 2013 Georgia will add 12,200 premium jobs. Statewide unemployment will decline mildly to 9.8 percent in 2012 and then to 9.3 percent in 2013, but will still be above the U.S. unemployment rate for that year.

In 2012, Atlanta's economy will gain 17,400 jobs (with 3,900 premium jobs). In 2013, Atlanta's employment will increase again by 40,200 jobs, making for a significant 1.4 percent annual job growth rate (with 8,500 premium jobs). Atlanta housing permit activity will increase by 10.4 percent in 2012, with single family and multifamily housing activity posting increases of 5.9 percent and 22.1 percent, respectively. Permit activity will grow again in 2013, posting an overall increase of 15 percent. **B**