

FORECAST OF GEORGIA AND ATLANTA



Georgia's Economic Report Card: Currently 'B' with a Possible Upgrade

May 2005

GeorgiaStateUniversity 
J. Mack Robinson
COLLEGE of BUSINESS

**ECONOMIC
FORECASTING
CENTER**



FORECAST ANALYSIS

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NEXT CONFERENCE: AUGUST 2005 CONFERENCE SIGN-UP SHEET
ANNUAL SUBSCRIPTION ORDER FORM

GEORGIA'S ECONOMIC REPORT CARD: CURRENTLY 'B' WITH A POSSIBLE UPGRADE

MAY 16, 2005



DR. RAJEEV DHAWAN
DIRECTOR
ECONOMIC FORECASTING CENTER
GEORGIA STATE UNIVERSITY

FORECAST COMMENTARY

Highlights

The US has done very well in spite of speed-bumps in the past few months.

Georgia's strong points: construction, exports, tourism, state tax coffers

Negatives: BRAC 2005 cut four Georgia bases, rising interest rates will dampen construction, Delta and Lockheed Martin woes, and high gas prices.

The national economy deserves an A+ for how smoothly it has handled the speed-bumps that it has encountered in the past few months. Much of the improvements experienced by the national economy have also trickled down to Georgia. Besides the whining, consistently high oil prices have had a minimal effect on consumer spending. Alan Greenspan and the Fed have been cautious with their rate hikes and to their pleasant surprise, the 10-year rate has responded by remaining at low levels, thereby letting the mortgage-lending party continue. The ever-widening trade deficit has kept the dollar lower than we would like for our European vacations, but it sure has been nice for U.S. manufacturers who are now exporting more abroad.

So what does Georgia's report card look like? Let's start with the strength factors. A significant catalyst for growth lately has been Georgia's super-hot construction sector, fueled by low interest rates and several private multi-billion dollar projects. The low dollar has helped to boost transportation equipment manufacturing which has increased Georgia's exports by 20.6%. The tourism and convention business is recovering from its post-recessions lows and is now close to levels seen in 2000. State tax coffers are being replenished at a much stronger pace than current job growth. Employment increased by 50,600 jobs in the 2004 calendar year (January to December). Since we have not heard of mass hirings at the large firms, there is a lot of business falling below the radar screen, perhaps small business, whose new hires are usually not captured in the data for a

Georgia's Economic Report Card	
<u>Sector or Area</u>	<u>Grade</u>
Construction	A++
Tax Collections	A+
Small Business Hiring	A+
Exports	A+
Interest Rates	A
Healthcare Jobs	A
Business Services/Hospitality Jobs	B+
Overall Job Growth	B+
Large Corporation Hiring	C
Oil Prices	C
Military (BRAC)	C
Manufacturing	F
Technology	F
Air Transportation	F
Overall Georgia Economy	B

while. Sounds like a healthy, stable economy that deserves an A, doesn't it?

Unfortunately, the list of negatives is somewhat lengthy. The latest addition seems to be the BRAC 2005 announcement, which has listed four of Georgia's bases, compared to none in the last four BRAC rounds in 1988, 1991, 1993 and 1995. While interest rates have created a wonderful at-

Highlights

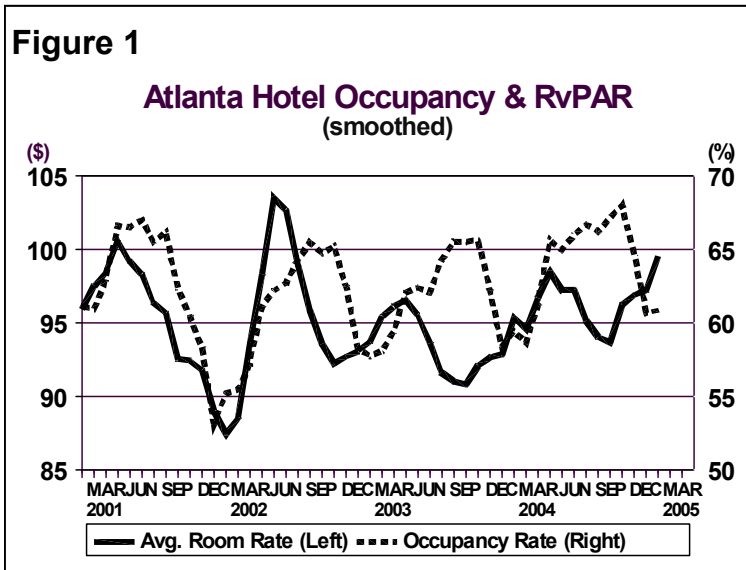
Manufacturing lost 100,000 jobs in Georgia since 1998.

Delta still in trouble, renegotiating their AmEx/GE deal under high fuel prices.

Telecom is uncertain with Verizon and MCI \$8.5 billion merger

Tourism is back, but National Homebuilder's convention issue was nasty.

Atlanta ranks 4th for convention space and number of hotel rooms.



mosphere for construction, there is no doubt they are on the rise, so another round of residential construction boost is unlikely. Delta's woes are heating up again as the beleaguered airline attempts to renegotiate its \$1.1 billion financing deal with GE and AmEx to stay afloat. Come August, lack of a new deal may push Delta to bankruptcy. Lockheed Martin's contract with the Department of Defense for C130J Hercules fighter planes has been saved for the time-being but it is clear that once it expires in 2008, it may not be renewed again. And of course, with Atlantans wedded to their cars, how much more gas price increases can the regular consumer handle? The previous table on page 1 puts the grade in perspective. For every A there is a C or an F from curve-balls in the last year and a half, which adds up to a solid B for the Georgia economy.

Let's look at each of the above negative components a little closer. Georgia's manufacturing industry is another negative that has been hit hard by the trend to transfer production overseas, losing over 100,000 jobs since 1998. With the exception of transportation equipment, which has added 7,500 jobs over the last two years, most other manufacturing sectors have severely declined. Manufacturing jobs typically pay wages that are above average, so any reductions in manufacturing employment will have a sizeable effect on any community.

Regular readers of this report will recognize Georgia's staple industries of growth in the 1990's – the three T's – Transportation, Telecom and Tourism. We have discussed these industries extensively over the last year in our forecast reports and, once again, these industries are examples of

what currently isn't going right in Georgia.

Transportation's story revolves around Delta, which is Atlanta's largest employer and has already laid-off a sizable portion of its workforce. Last November's wheeling and dealing succeeded in keeping the airline above water with \$1 billion in pilot pay-cuts and a \$1.1 billion financing deal from American Express and General Electric. But today, with jet fuel 16% higher than expected and Delta posting a \$1.1 billion loss for the first quarter, Delta again is in a precarious financial

situation and just this week went knocking on AmEx and GE's door in hopes of renegotiating a more favorable deal. Delta is also attempting other maneuvers, such as the recently proposed Congressional bill to extend pensions shortfalls over a 25-year period. They will also pay close attention to airline bankruptcy proceedings, which has just passed United's pension burden to the government. There is little doubt that Delta is not out of the dark yet, so keep your fingers crossed.

The Telecom sector continues to generate uncertainties. The May 2nd merger announcement between Verizon and MCI, an \$8.5 billion deal, is sure to bring more consolidation and concomitant job losses to an already battered industry. Between 2000 and 2004, telecom decreased its Georgia workforce by 21,000, about one in four telecom jobs in existence in 2000. BellSouth, one of Georgia major employers, has already shed 18% of its workforce since 2000. However, the hemorrhaging is coming to an end as BellSouth's revenues have stabilized in the past year, raising the possibility of job additions.

The Tourism sector is a two sided-coin. We will get to the positive side in a couple pages. On the negative side, the recent blow-up involving the National Homebuilder's Association has sharpened the competition between the top convention-going cities. After Las Vegas, Chicago and Orlando, Atlanta ranks 4th for convention space and number of hotel rooms, according to the Atlanta Convention & Visitor's Bureau. Despite the recent addition of 420,000 square feet at the Georgia World Congress Center in 2002, some shows are still much too large for this venue and won't even consider Atlanta as an alternative.

SUMMARY OF THE FORECAST

GEORGIA

- **Georgia Employment** increased by 1.3%, or 50,630 for the 2004 calendar year (January to December) after the March 2005 benchmarking. For 2005, Georgia employment will grow by 1.9%, a gain of 73,730 jobs. In 2006, Georgia will gain jobs at a 2.1% rate or 85,070 jobs. In 2007, Georgia employment will increase by 2.0% or 82,620 jobs.
- **Georgia's High-Paying jobs**, on a calendar year basis, increased by 3,650 in 2004 but will increase by 6,400 in 2005. In 2006, Georgia will see 8,360 high-paying jobs and 12,560 in 2007.
- **Nominal Personal Income in Georgia** increased 5.4% in 2004. Income gains are expected to be 5.4% in 2005, followed by 6.2% gains in 2006 and 6.0% in 2007.
- **Georgia's Unemployment Rate** declined to 4.6% in 2004 from 4.7% in 2003. In 2005, it will rise slightly to 4.9%, but drop to 4.8% for both 2006 and 2007.
- **Georgia's Total Tax Collections** were up by 4.3% in the 3rd quarter of FY05, an increase of \$138.9 million compared to a year ago. Our projections call for revenues to increase by 9.0% in FY05 and 7.5% in FY06.
- **Georgia Exports** increased by 20.6% in 2004, which is a stronger growth rate than the 13.0% increase in exports for the US. The regions with the strongest growth for Georgia exports were the European Union at 28.3% and Asia 7 at 24.4%. The nations to increase their purchase of Georgia products by over 24%, in descending order, were Singapore, Italy, Korea, Mexico and China.

ATLANTA

- **Employment in Atlanta**, on a calendar year basis (January to December), is expected to gain 42,800 jobs in 2005, create 48,800 additional jobs in 2006 and 45,100 jobs in 2007.
- **Atlanta's Unemployment Rate** is expected to remain steady over the next few years, with 4.9% in 2005, 4.9% in 2006 and 4.9% by 2007.
- **Atlanta's Total Housing Permits** decreased by 9.6% in Q1 2005. Permits will decrease by 12.0% in 2005 and by 2.3% in 2006. In 2007, permits will again decline at a rate of 2.5%.
- **Atlanta Single Family Housing Permits** have decreased by 14.5% in Q1 2005. In 2005, this category will decrease by 11.4%. In 2006, single family permits will decline by 2.9% and continue to fall by 0.1% in 2007.
- **Atlanta Multi-Family Permits** surged forward at a 18.1% rate in Q1 2005. In 2005, multi-family permits will finish down by 14.5% and increase slightly by 0.2% in 2006. The following year, permits will drop by 12.4%.
- The number of **Georgia Metro Areas** increased with the 2005 benchmarking from seven to fourteen. The new MSA's include: Brunswick, Dalton, Gainesville, Hinesville, Rome, Valdosta and Warner Robins. Most of the other MSA's expanded in size. All of Georgia's MSA's will increase jobs for both 2005 and 2006. By year-end 2005, Savannah will post the strongest growth in employment at 3.6%, followed by Hinesville at 2.5%, then by Brunswick at 2.0%. The MSA with the weakest growth will be Dalton at 0.2%

Highlights

Consequence of high oil prices is inflation, pushing moving interest rates upwards. Will the housing boom go away?

Oil at \$50 a barrel is annoying but won't break our habits

BRAC 2005 lists six Georgia facilities. Atlanta was hit hardest but won't cause much pain overall as other Georgia bases gain.

State tax collections are up 8.4% higher and personal income tax collections are up 10% year-to-date.

Georgia Military Facilities on BRAC List			
Facility	Metro Area	Employees	Payroll (\$mil.)
Fort Gillem & Fort McPherson	Atlanta	6,000	\$512
Naval Air Station Atlanta	Atlanta	700	\$48.3
Naval Supply School	Athens	300	\$8.7
U.S. Army Reserve Ctr	Columbus	n/a	n/a
Inspector/Instructor	Rome	n/a	n/a

Source: Department of Defense 2002 Base Structure Report
Georgia Military Affairs Coordinating Committee

This is unfortunate because the larger shows bring in the most tourist dollars and flood hotel rooms, whose occupancy rate averages 64% (see Fig. 1).

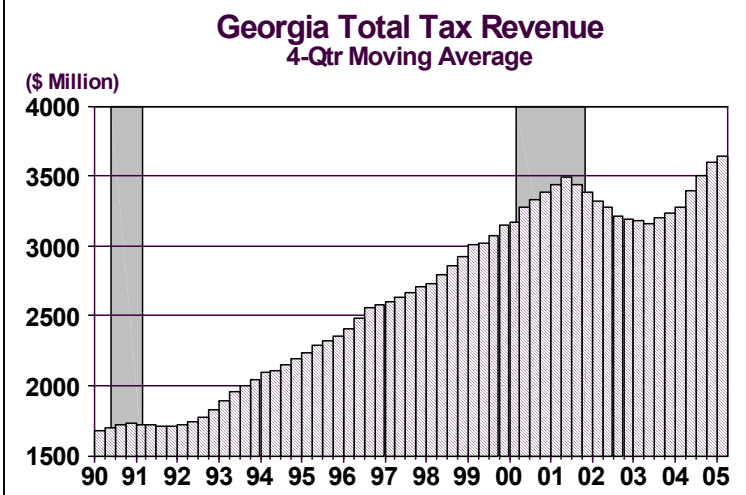
We've mentioned the economic dangers of rapidly increasing oil prices in our last four issues. The most obvious consequence in the up-tick in oil prices is inflation, which increased by 2.7% in 2004. The Fed meanwhile has responded by moving interest rates upwards. Surprisingly, the two-hundred basis point rise in the overnight funds rate has not sent the 10-year bond (the rate most closely tied to mortgages) through the roof. This low rate has fueled Georgia's housing sector, propping up an otherwise dismal economy in 2002 and 2003 and stirring up a lot of business for 2004. But now that the end of low interest rates is on the horizon, what will happen to the housing market when all this easy money goes away? Downward, most certainly, and it will pull real estate-related job growth with it.

High oil-prices might have encouraging long-term opportunities, such as forcing energy companies

to invest in alternate energies and developing entire new industries and employment. That hasn't stopped us from complaining whenever we tank up our SUV. But let's face it – at \$50 a barrel, the price of gas is annoying because it is twice as much as what we paid in 1998, but it isn't going to break our spending habits. At least not until we start thinking that \$3.50 for a morning latte is expensive.

The Pentagon's list of base closings for BRAC 2005, which we explained in greater depth in our February 2005 issue of the *Forecast of Georgia and Atlanta*, was just been announced on May 13th. Unfortunately, this list included six Georgia facilities bases, four of which are large bases with sizable payrolls. (See above table) This may appear to be a huge problem but is not. Simply put, the negative effects will wash out for the state as a whole as other bases outside of Atlanta gain even more military personnel than what we lose in the metro area. Atlanta will feel a bit of a sting in 2006, when the bases shutter. However, in a diversified area the ill-effects are expected to be small as alternate uses for the land at the bases can be found more readily. The impact would have been greater if the bases were the largest employer in an area, but that is not the case here. The above table shows the number of bases selected for closure, employees affected and their total payroll. This totals to less than a billion dollars, which, given the Atlanta metro area's personal income is \$160 billion, this will have a small but irritating effect.

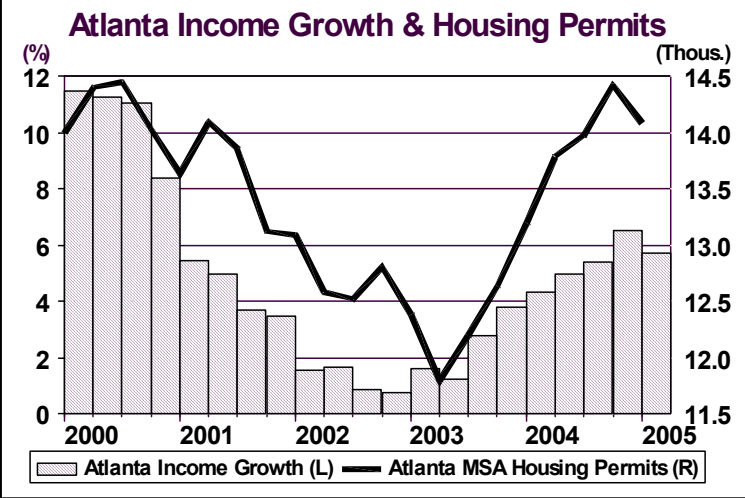
Figure 2



So is all this rain enough to cancel Georgia's growth parade? What industry will step in to pick up the slack? Fortunately, there are actually quite a few things that will blow away some of the ominous clouds and help propel job growth.

Since the spring of 2004, state tax collections have been running 8.4% higher than the previous fiscal year (see Figure 2). While this is showing up in all tax categories, the most important category to notice is personal income tax collections, which makes up

Figure 3

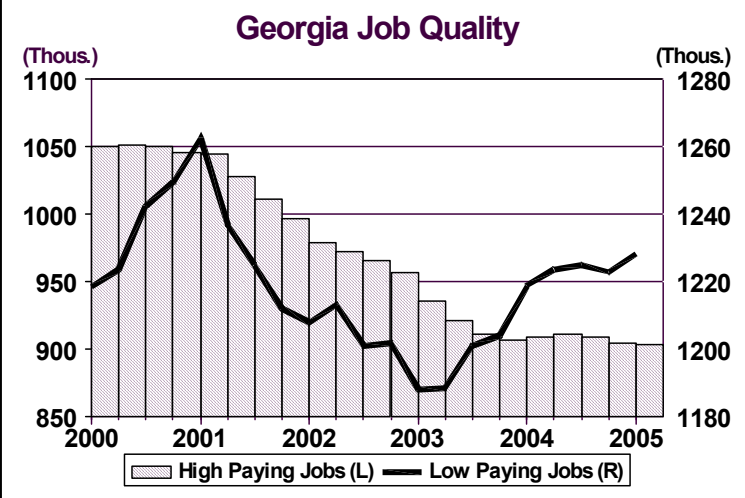


A decent amount of employment growth is critical because new jobs attract people to an area and those people need housing, thus adding to the construction boom. And oh, what a ride it has been. Unbelievably low interest rates for the last several years have fired up the residential housing market. Housing permits in Atlanta topped 57,000 permits, the highest level since 1998 (see Figure 3). That has stimulated a lot of residential building, which helped construction in Georgia grow by 3,500 jobs in 2004.

Highlights

2006 is a gubernatorial election year. FY06 state budget has an extra \$1 billion in spending provisions

Figure 4



Additionally, several massive commercial construction projects are underway and contributing handsomely to Georgia’s bottom line. Hartsfield-Jackson’s \$5.4 billion fifth runway and international terminal project will keep that area busy until its opening in 2009. Allen Plaza, a new \$300 million 34-story high rise and 14-story condominium complex, will break ground in downtown in 2006. Atlantic Station, the \$2 billion mixed-used experiment in Midtown to open in late 2005, is generating buzz with its 95% commercial space occupancy rate and anticipated IKEA store. Construction is also continuing on 1180 Peachtree, a \$100 mil-

Construction permits in Atlanta topped 57,000, highest since 1998.

45% of total tax collections. These are up by 10% year-to-date. Any increase usually means that more people have been hired because there is more money flowing into the personal income tax category. Most of these new jobs seem to have come from small businesses, which have been hiring as fast as they can. These people with new jobs usually take their new income and spend it, which is why it makes sense that sales taxes are also up 9% year-to-date.

On top of this, we must not forget that 2006 is a gubernatorial election year and the FY06 state budget includes an additional \$1 billion in spending, thereby placating many constituencies. This additional spending will most likely create some new jobs at the various agencies.

lion, 41-story office building scheduled for opening in 2006. And finally, the \$200 million Georgia Aquarium has been under construction for over a year and will open in November 2005.

The benchmark revisions for the 2003 and 2004 employment data were released in March 2005. Georgia’s employment level for 2004 was revised down by 4,000 jobs. More importantly, the level of Georgia’s high-paying jobs in 2004 was 918 thousand, but with the recent benchmarking, this level is now at 909 thousand— that’s about 9 thousand fewer high-paying jobs than we originally thought (see Figure 4). Looking at the absolute number of jobs created for 2004, the new data shows we added 45,000 instead of the originally reported 34,000 job increase.

Other construction projects:
fifth runway,
Atlantic Station,
Allen Plaza,
1180 Peachtree,
Georgia Aquarium.

Handling Benchmarking

Every year the department of labor revises its employment data for the previous two calendar years at the state and metro level. This revision is called benchmarking and is a forecaster's version of March Madness. In my professional experience, I have found the benchmarking of data to be a very disconcerting phenomenon. But after the initial shock wears off, the question becomes: why does it change?

To understand let's look at how the Bureau of Labor Statistics (BLS) gathers its information. The non-farm employment count comes from a monthly survey of businesses. At the national level, the sample includes 160,000 businesses and government agencies, covering approximately one in three people who receive a pay check. Statistically, this is a pretty good sample. However, like any sample, there are some normal biases that must be taken into account. While the BLS does its best to incorporate historical trends to provide an accurate estimate, it nevertheless BLS occasionally overestimates the failure rate of firms and underestimates the creation of new businesses.

Once a year, the BLS receives unemployment insurance tax records from state employment agencies, which is required of nearly all employers. This may run up to 15 months behind (which is why the data gets revised back two years). The BLS checks its monthly sample against the tax records, adjusts the data to include missing jobs, and releases it every March.

In a nut-shell, this "proper" count, or correction for missed firms, is the process of benchmarking the data. Simply stated, benchmarking reconciles the payroll sample estimate with actual numbers taken from tax records. Normally, during good times, the numbers are revised up and in bad times, the numbers generally go down, as we have seen in Georgia. The real confusion arises when the revision is upward in bad times, which is what happened in 2003.

So what's a practitioner or user of this job data to do in the coming future?

I have been presenting an alternative for a while. Instead of relying on the number of newly created jobs – which may be mathematically correct but leads to economically erroneous conclusions – we need to analyze the data based on the proportion of high-paying versus low-paying jobs. This "quality of jobs" logic is independent of data accuracy issues because it shows the positive correlation between weak personal income growth and the lack of new quality jobs in the region.

As we enter into a new era of "normal" job growth and see new areas and industries come on line this methodology will serve as a better indicator as to the health of the economy.

The great, smooth ride of the 90's is over, and so is the simple rule of thumb of counting job gains to gauge the health of an economy.

Changes in Georgia's 2003 Employment Levels					
2003 Employment Level	2003 Employment Level		2003 Employment Level		2003 Employment Level
December 2003	Revised March 2004	Difference	2nd Revision March 2005	Difference	Cumulative Differences 2004 Revision + 2005 Revision
3,937	3,860	-77	3,845	-25	-102

Figure 5
Georgia Employment - After 2004 Benchmark
Total Nonfarm

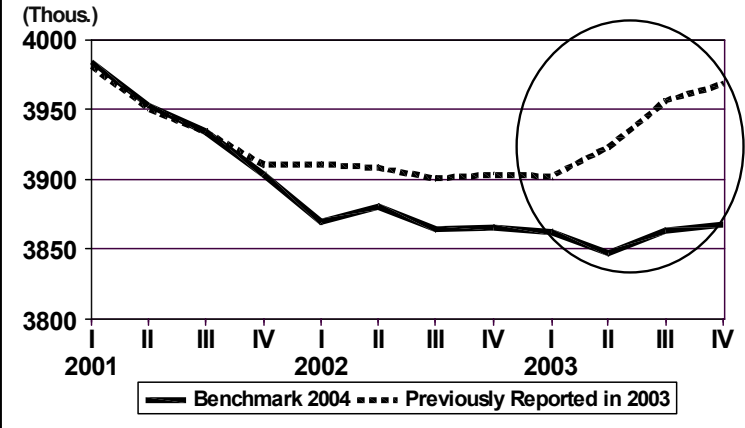
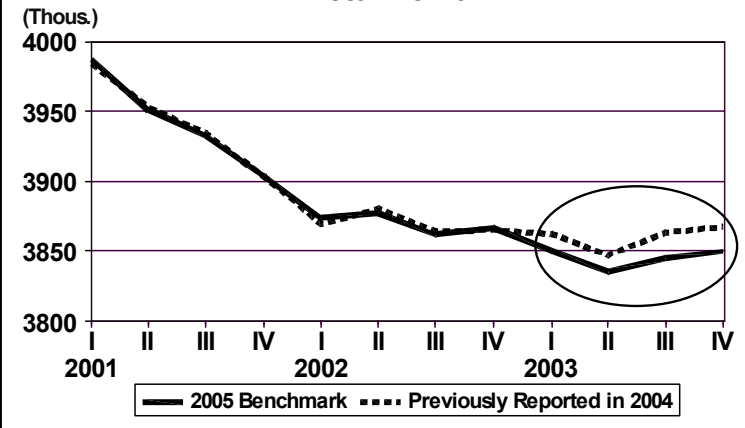


Figure 6
Georgia Employment - After 2005 Benchmark
Total Nonfarm



How is this possible in light of downward revisions? Just to refresh your memory, the March 2004 benchmark revisions originally had reduced the employment count for 2003 by 77,000 jobs. This was something that we had hinted at in all of our reports in 2004. The Economic Forecasting Center never believed that Georgia was doing as well as the monthly reports suggested because state tax collections were down, office vacancy was sky-high and the home resale market was languishing. When the March 2004 benchmarking revealed the unpleasant truth that Georgia actually lost 10,000 jobs during 2003, our intuition was validated (see Figure 5).

Like last year, the benchmarking in March 2005 revealed that 2003 was a year better forgotten. Georgia's employment level for 2003 was AGAIN revised downwards by 25,000 jobs, making for a

2003 but climbed back over the 3,000 level in 2004. Additionally, the \$200 million Georgia Aquarium is expected to attract 2-3 million tourists a year. Georgia is also in the bidding process for the NASCAR hall of fame museum and the 2009 SuperBowl, two other lucrative tourist attractions. The NASCAR museum, which would have an estimated economic impact of \$20 million, is looking better for Georgia as potential cities drop out. We are now competing against Charlotte, Richmond, Kansas City and Daytona Beach. The 2009 SuperBowl would bring \$250 million in direct tourist dollars. The location for both of these items will be decided in the next couple months.

Our forecast for Georgia has employment growing by 73,730 jobs in calendar 2005 (January to December), of which 6,400 are high-paying jobs, or 9% of all new hires. The following year is even

total downward revision of 100,000 jobs than originally reported for 2003 (see Figure 6)! A lower 2003 base and a small downward revision in 2004 employment levels mathematically makes for a higher level of net job creation in 2004! See our special article and employment chart on page 6 for more details on the benchmarking process.

Another sunshine spot is Georgia's exports, which increased 20.6% in 2004, much higher than the U.S export increase of 13.0%. The low dollar has most certainly played an important role in this large jump, but so has Georgia's well thought-out port expansions. The Georgia Port Authority increased capacity by 20% at the port of Savannah and Brunswick over the last several years, which paid off nicely now that port capacity can keep up with exports. Additionally, with further expansions geared towards automobile shipments, Brunswick is expected to poach even more auto business from other Eastern Seaboard ports.

Finally, let's discuss Tourism's positive side. The number of conventions fell from a peak of 3,252 in 1999 to a low of 2,825 in

Highlights

March 2004 benchmark revisions reduced 2003 job level by 77,000.

March 2005 benchmark revisions: 2004 employment added 45,000 jobs instead of 34,000.

2003 was AGAIN revised downwards by 25,000 jobs, making for a total downward revision of 100,000 jobs.

Georgia's exports increased 20.6% in 2004, much higher than the U.S export increase of 13.0%.

Conventions climbed back to over the 3,000 level in 2004.

Georgia Forecast: (calendar year) 73,730 jobs in 2005, 85,070 jobs in 2006, 82,620 jobs in 2007.

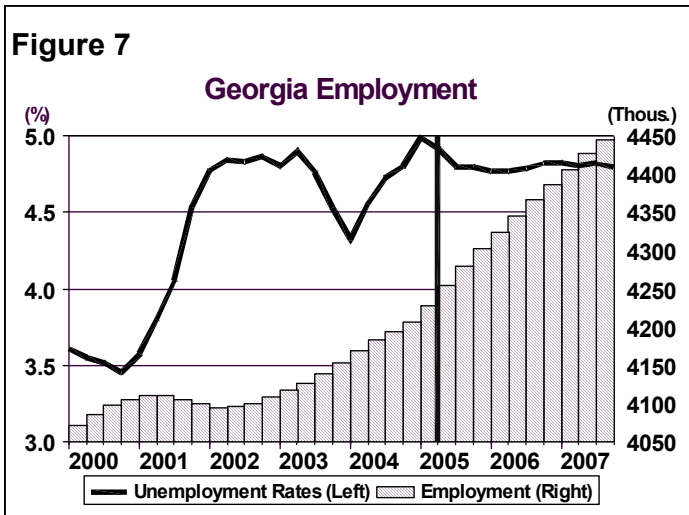
Highlights

Atlanta Forecast: (calendar year) 50,400 jobs in 2005, 51,700 jobs in 2006, 53,200 jobs in 2007.

State job growth is about 25% less than in 1990's. Georgia's grade will shift from B to B+ by year-end. Information lost jobs in 2003 and 2004. Will decline 0.8% in 2005 but increase 1.3% in 2006 and 1.8% in 2007.

Professional & Business Services will increase 3.4% in 2005 and 4.6% in 2006 and 2007.

Administrative & Support jobs will grow 5.8% in 2005, 4.9% in 2006 and 5.6% in 2007.



better when employment in calendar 2006 grows by 85,070 jobs and the number of higher-paying jobs increases to 8,400 jobs, or 10% of all new jobs created. In calendar 2007, employment will stay around this level, increasing by 82,620 jobs, but more importantly, the number of high-paying jobs rises to 12,560, or 15% of all new jobs created (see Figure 7).

In Atlanta, we also expect to see moderate job growth of 50,400 jobs in calendar 2005 (January to December), of which 6,200 are high-paying or 12% of new hires. The following year is even better when employment in calendar 2006 grows by 51,780 and the number of higher-paying jobs increases to 9,100, or 17% of all new jobs created. In 2007, employment increases by 53,200 jobs and the number of high-paying rises further to 10,400, or 20% of all new jobs.

Remember, the state's job growth of 70,000 to 80,000 a year for the next few years looks great compared to the dismal job losses seen between 2001 to 2003, losses that were much more severe than the national average. As we explained in the February 2005 issue of the *Forecast of Georgia and Atlanta*, our forecasted growth is about 25% less than the average job growth seen in the 1990's, when we averaged about 100,000 new jobs every year. This doesn't mean job growth in the state is doomed, but there are a few dark clouds on the horizon eclipsing the sunshine. Georgia's grade should shift from B to B+ by the end of the year as more issues are cleared up, like Delta's finances, interest rates and large tourist events. So why didn't we give Georgia an A? I suggest you reread this article again because the explanations are all there!

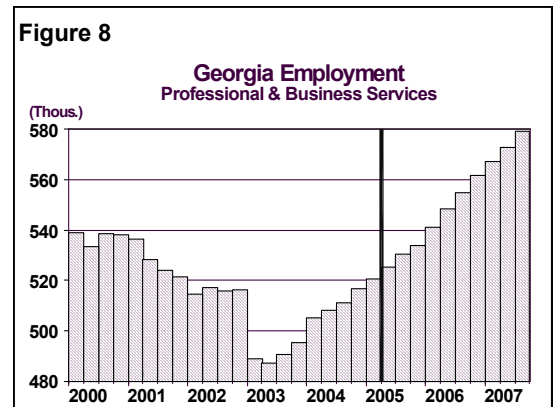
GEORGIA FORECAST DETAIL

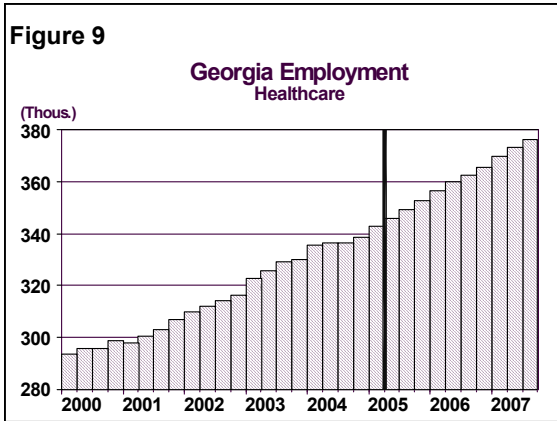
Services

Information has taken a tumble in Georgia in the last two years as the struggling and over-inflated telecom industry, which makes up 45% of the Information sector, is still hemorrhaging jobs, even after reducing their workforce by 10,000 jobs in the last few years. Thus, job growth in the Information sector has been elusive. Information lost jobs at 6.4% rate in 2003 and 3.8% in 2004. Telecom jobs will not return in full force anytime soon, as new mergers continue and large firms seek greater leverage and efficiency and information declines by an additional 0.8% in 2005. However, corporations are slowly starting to spend on technology again, which will be reflected in a 1.3% increase in Information jobs in 2006 and a 1.8% increase in 2007.

Professional & Business Services declined by 4.9% in 2003 but posted an increase of 4.1% in 2004. We expect this sector to become an engine of growth for the next several years at 3.4% in 2005 and 4.6% in both 2006 and 2007 (see Figure 8). Among this category's sub-sectors, *Management of Companies* makes up 15% of Professional & Business Services. This high-paying category steadily declined from 1999 to 2003 but posted a turnaround of 2.5% in 2004. As corporations open their wallets again for new employees, this category will continue to do well. Management of Companies will grow by 1.0% in 2005, but will start to taper off and only increase by 0.7% in 2006 and 0.5% in 2007.

After exhibiting very strong growth of 5%+ in the 1990's, *Professional, Scientific & Technology Services*,



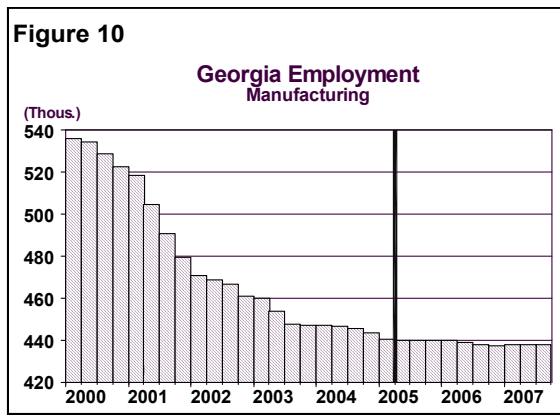


also a sub-sector of Professional & Business Services, struggled through the 2001 recession. In 2004, this sector began to recover, increasing by 0.4% and will continue this trend at a 0.7% this year. With the economy firing up over the next couple years, Professional, Scientific and Technical jobs will increase by 5.1% in 2006 and 4.1% in 2007. After seeing falling payrolls for three straight years, *Administrative & Support* jobs experienced a recovery of 7.2% in 2004. As managerial jobs return, so will their support staff, which will post solid gains of 5.8% in 2005, 4.9% in 2006 and 5.6% in 2007.

The *Education & Health* sector increased in 2004 at a 3.0% rate and is expected to maintain moderate growth in the years to come, although the immediate forecast is slightly below the average seen in the booming 1990's. After a 2.9% increase in 2004, *Education* will grow at 1.6% in 2005, by 1.1% in 2006 and 1.6% in 2007. *Healthcare Services* employment grew by 3.0% in 2004. This is one of the most consistent sectors in Georgia's economy, growing between 2-4% in each of the last 10 years. Health Services will grow at a 3.3% rate in 2005, 3.9% rate in 2006 and at a 3.7% rate in 2007 (see Figure 9). For the entire sector, Education & Health Services will increase by 3.0% in 2005 and by 3.4% in 2006 and 2007.

After experiencing anemic job growth during the recession, *Leisure & Hospitality* has recovered over the last couple years, posting 3.2% growth in 2003 and 2.8% growth in 2004. This growth will continue over the next several years as the convention business recovers from recession lows. This sector will do well in the near future, adding jobs at a 2.6% rate through 2005, a 3.7% rate in 2006 and a 2.2% rate in 2007.

Other Services includes home businesses, laundry services, death services, pet services, dating ser-



vices and any other odd service that does not fall into another category. During the tech boom, this category did extremely well as these new businesses serviced all kinds of frivolous needs, as seen in 2000 when *Other Services* increased an incredible 19.6%. Now that companies have become more cost conscious, there is less demand and this sector will eventually return to its normal 2%-4% growth trend, although we still won't consistently see that for another few years. In 2004, *Other Services* increased by 0.3% but will decline by 1.8% in 2005. In 2006, this sector will increase by 1.6% and by 1.1% in 2007.

Manufacturing

While *Manufacturing* payrolls have steadily dropped since 1998, the pace is slowing. In 2004, *Manufacturing* lost jobs at a 1.5% rate. However, while the rate of loss will continue to slow, *Manufacturing* will not return to positive territory in the next few years. In 2005, this sector will decline by 1.2%, followed by a 0.4% loss in 2006 and a 0.1% decrease in jobs in 2007 (see Figure 10).

Durable Goods Manufacturing

Durable Goods payrolls have continued their painful decline since the fourth quarter of 2000, decreasing by 0.5% in 2004, a negative trend that will continue this year at 0.5% too. After six years of losses, the recovery will finally bring some relief to this sector in 2006 and 2007 when Durable Goods employment increases by 0.1% and 0.3%.

Employment gains in the *Wood Products* industry finally occurred for the first time in five years in 2004 when jobs increased by 2.6%. This sector will increase by 1.2% in 2005. The situation will worsen in 2006 and 2007, when payrolls in *Wood Products* decrease by 7.6% and 5.5%, respectively.

Transportation Equipment employment is one of the few bright spots in the *Manufacturing* sector. As

Highlights

Education & Health increased will increase 3.0% in 2005, 3.4% in both 2006 and 2007.

Leisure & Hospitality will increase 2.6% in 2005, 3.7% in 2006 and 2.2% in 2007.

Manufacturing will decline 1.2% in 2005, 0.4% in 2006 and 0.1% 2007.

Durable Goods will decline 0.5% in 2005 but increase 0.1% in 2006 and 0.3% in 2007.

Highlights

Non-Durable Manufacturing will decline 1.8% in 2005, 0.7% in 2006 and 0.5% in 2007.

Construction will increase 2.0% in 2005, 3.1% in 2006 and 1.6% in 2007.

Transportation, Warehousing & Utilities will add jobs at a 1.5% rate in 2005, 1.9% in 2006 and 1.2% in 2007.

Wholesale Trade will increase 1.0% in 2005, 1.6% in 2006 and 1.4% in 2007.

Retail Trade will drop 0.9% in 2005 but increase 1.4% in 2006 and 2007.

Georgia's number one exported product, this sub-sector experienced an impressive boost in 2003 when employment surged forward at 17.9%. In 2004, this sector grew at 2.6% and will continue to grow at a similar pace of 2.3% in 2005. For 2006 and 2007, employment will increase at an even stronger pace of 3.8% in both years.

Non-Durable Goods Manufacturing

Non-Durable Manufacturing payrolls decreased its payrolls by 2.3% in 2004, and will decline by 1.8% in 2005. In 2006, this sector will drop by 0.7% and at 0.5% rate in 2007.

While jobs *Foods* have declined continuously since 2002, this sector will finally turnaround in 2005 at a 1.1% rate. Payrolls will continue on the upswing for 2006 at a 1.3% rate and in 2007 at a 1.5% rate.

Employment growth in the *Textile Mills* sector continued its long and steady decline at a 5.2% rate in 2004. This decade-long trend is not expected to change for the next few years, as 2005 will yield another year of negative growth at 7.0%. In 2006, there will be a 6.7% drop, followed by a loss of 5.7% in 2007.

Other Non-Manufacturing

Construction activity in Georgia increased by 1.8% in 2004 as the housing market did incredibly well. Given the current low mortgage rates and a long list of major projects in the Atlanta area, construction will continue to see a healthy expansion for the next several years. Construction's employment will increase by 2.0% in 2005, 3.1% in 2006 and 1.6% in 2007.

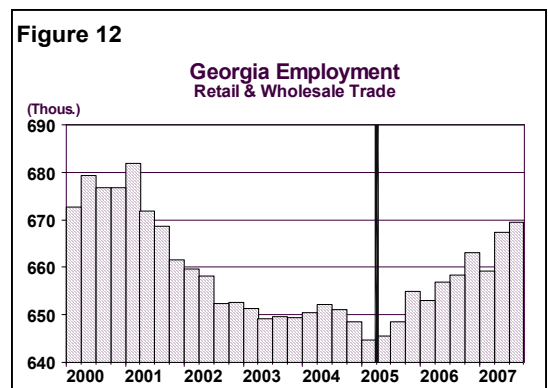
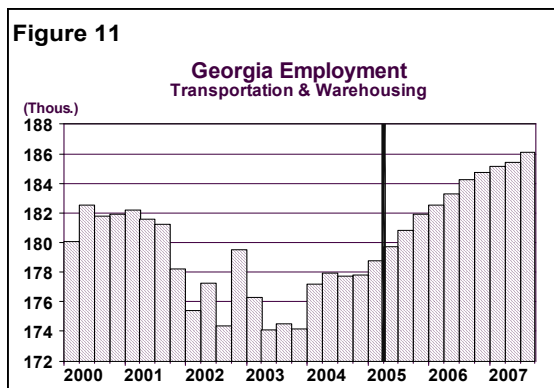
Transportation, Warehousing & Utilities increased in 2004 by 1.7% as Delta managed to avoid bankruptcy. While Delta's future is still in question, other areas of Transportation have done very well with the increase of manufacturing orders. In the *Utilities* sector, concerns about competition and

deregulation have slightly dissipated. These industries combined will add jobs at a 1.5% rate in 2005, grow by 1.9% in 2006 and by 1.2% in 2007 (see Figure 11).

Employment in the *Wholesale Trade* sector added jobs at a 1.0% rate in 2004. This trend is expected to continue in 2005 at the same 1.0% rate and gain more momentum in 2006, as employment rises by 1.6%. For 2007, Wholesale Trade will stay the course and increase at a 1.4% rate. The *Retail Trade* sector, by contrast, has not been able to pick up the pieces from the recession, experiencing job losses for the last four years. As retail switches to more automated inventory systems, there is less need for workers. Employment in this sector will continue to drop through 2005 by 0.9%. The turnaround will arrive in 2006 when employment grows at 1.4% in 2006 and 2007 (see Figure 12).

Under *Financial Activities*, employment increased 0.8% in 2004 and will continue to grow at a moderate rate of 1.6% in 2005. In 2006, this sector will also increase at a 1.6% rate and continue the trend into 2007 at a 1.8% rate. *Real Estate & Rentals*, a subcategory of Financial Activities, increased by 1.4% in 2004. Even though interest rates are expected to rise in the near future, the employment will hold steady at 1.5% in 2005 and grow at a stronger pace of 2.2% in both 2006 and 2007. The *Finance & Insurance* sector, also a subcategory of Financial Activities, increased by 0.6% in 2004 but will fair much better in the next few years. This category will increase by 1.6% in 2005, by 1.4% in 2006 and by 1.6% in 2007.

Employment in *Government* sectors (Federal, State and Local) gained 1.0% in 2004 and will improve its payrolls in 2005 by 1.9%. For both 2006 and 2007, Government jobs will increase slightly by 1.7%, respectively. *Federal Government* civilian jobs decreased slightly in 2004 by 0.9% but will recover



in 2005 to post a 0.7% gain. The Federal Government in Georgia will not at any jobs in 2006 but increase at a 0.2% rate in 2007.

In 2004, *State & Local Government* jobs increased by 1.3%. This trend will continue at a slightly faster clip in 2005 with a 2.1% growth rate, illustrating how state revenues have recovered from last year's budget crunch. Payrolls will increase at a 2.0% rate in 2006 and at a 1.9% rate in 2007.

Georgia Job Additions*

	Calendar Year Change	Annual Change
2005	73,731	49.1
2006	85,067	88.0
2007	82,622	81.0

**Calendar year change is defined as the difference between December and January of one year. The annual change is the difference between the average for one year versus the previous year.*

Overall

For 2004, employment is expected to display growth of 1.3% start to take on new employees to fill pending orders. In 2005, calendar year job gains (from January 2005 to December 2005) will be 73,730. Georgia is expected to add 85,070 jobs in 2006, and 82,600 jobs in 2007.

Georgia's nominal personal income increased 5.4% in 2004. After increasing by 5.0% and 4.4% in the 2nd and 3rd quarter of 2004 compared to the year before, respectively, nominal personal income finished the 4th quarter up strongly at 10.2%. The up-tick in employment growth is expected to increase personal income gains to 5.4% for 2005 and increase by 6.2% in 2006, followed by a 6.0% gain in 2007.

STATE REVENUE

For April 2005, total collections decreased by 2.9%, or \$38 million, over April 2004. While negative, this did not have a large impact on collections year-to-date, which are now up 8.4% over the first the months of FY04. Overall, for the 3rd quarter of FY05, total tax collections, which do not include agency revenues, increased 4.3% to \$3.4 billion. Compared to the same period in FY04, this is an increase of \$138.9 million and is the seventh straight quarter of year-over-year gains. However, one should take note that while 4.3% is a healthy increase, it is a dramatic slowdown from the 12%+ increases seen in each of the last three quarters.

In the first three quarters of FY05, Georgia tax collections picked up considerably compared to FY04, increasing by 9.9%. However, because the legislature changed the reporting calendar starting in FY05, these three quarters include three additional days compared to FY04. This will eventually even out by the end of the fiscal year when the 4th quarter reports three less days.

The state's largest category, personal income tax, accounted for 45% of total tax revenues in this quarter and increased by a moderate 4.4% to \$1.5 billion, a gain of \$64.3 million. Personal income tax has shown increases for seven straight quarters, with the latest being a slight slowdown from the robust 12.7% growth seen in the 2nd quarter. The first three quarters of FY05 are now up by 9.7%, or \$457 million, from the same period a year ago.

Sales and use tax revenues, one of the state's largest collection categories at 41% of total revenues, increased by \$134.7 million in the 3rd quarter of FY05, a 10.7% increase over FY04. This is a

Highlights

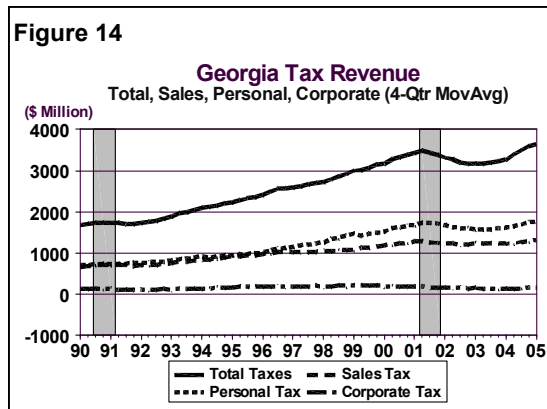
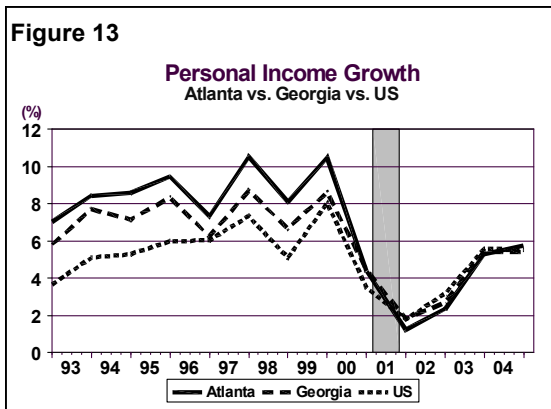
Georgia's nominal personal income will increase 5.4% for 2005, 6.2% in 2006 and 6.0% in 2007.

YTD, FY05 collections are up 9.9% over FY04.

Year to date, FY05 has three extra reporting days

Personal income tax are up 9.7% YTD.

Sales and use tax revenues are up 9.7% YTD.



Highlights

The amended FY05 budget is \$16.4 billion, a 6.1% increase.

Q4 FY04 had one-time infusions, three extra collections days, making for a record-high collections.

If Q4 is flat, year-end collections will increase 6.8%. If Q4 declines 5%, year-end collections will increase 5.8%.

The Revenue Reserve Fund is depleted.

\$17.4 billion FY06 budget is a 6.1% increase over FY05

FY06 forecast: 7.5%

much better showing than the previous quarter, which increased by 4.5%. For the last four quarters, this category's growth has been somewhat inconsistent, swinging from an average of 4% one quarter to over 10% the next. Year-to-date, sales and use tax collections increased 9.7%, or \$343 million, over the same three quarters of FY04.

Gas prices in Georgia are now over 50% higher than what they were a year ago. In the 3rd quarter of FY05, motor vehicle fuel tax collected \$189 million, actually decreasing for the first time in two years. This 10.4% decrease amounted to \$22.0 million less than the 3rd quarter of 2004, when gas prices first began to escalate and the state collected significantly more motor fuel taxes than ever before. With oil prices peaking at \$58 a barrel on April 4th, consumers have apparently started cutting back on their gas consumption by either carpooling, telecommuting or using various public transportation options. Year-to-date motor fuel collections are up by \$31 million, or 5.6% over the first three quarters of FY04.

After severe drops in FY02, FY03 and FY04, corporate tax collections look as if they will finally yield an increase in FY05. For the 3rd quarter of FY05, corporate tax collections fell by 10.7%, or \$18 million. This was a surprise after the significant 64.7% and 113.5% gains seen in the 1st quarter and 2nd quarter of FY05, respectively. Despite the decline in the 3rd quarter, year-to-date corporate tax collections are running \$101 million over the same period for FY04, a 33.3% increase.

The Governor's amended FY05 budget is set at \$16.4 billion, an increase of 6.1% from the FY04 budget. With the 3rd quarter's slowdown to 4.3%, this target still appears reachable, although there are still some concerns. Even though the first three quarters of the year have helped collections post a 9.9% year-to-date increase, there are a few reasons why the 4th quarter may be disappointing.

First of all, the 4th quarter of FY04 had a couple one-time infusions, such as the \$200 million from HB43 which changed the timing of certain collections and the new tobacco tax, which raised the base for that quarter. Secondly, the first three quarters have three additional collections days, which means that the 4th quarter will have three less collections days to even out the year. Additionally, collections in the 4th quarter of FY04 were \$3.9 billion, the highest collection ever. Our analysis of the last ten years shows that consecutive 4th quarter to 4th quarter increases of over

10% have never happened. If collections stay flat at 0%, year-end fiscal year collections will increase by 6.8%, comfortably exceeding the Governor's 6.1% budget projections. However, if the state's total tax collections decline by 5%, total collections for the year will increase 5.8%, just shy of the 6.1% that the Governor has banked upon for the FY05 budget.

There is no doubt the state has had difficulty making its budget over the last several years. The recession, which lasted only three quarters in the national economy, was more severe in Georgia, with employment declining for ten straight quarters, from the 3rd quarter of 2001 to the 3rd quarter of 2004. In fact, the latest March 2005 employment benchmarking revealed that job losses in 2003 were even deeper than expected.

Initially, the department of labor reported that Georgia's added jobs in 2003. The benchmarking in March 2004 revealed that, in fact, Georgia's level of employment was 80,000 jobs less in that year. With the most recent benchmarking in March 2005, the labor department reported that Georgia's level of employment was even lower, for 100,000 jobs less than previously thought in 2003! No wonder the state experienced such lean times! To weather the subsequent budget shortfall in FY2002 and FY2003, the state dipped into the Revenue Reserve Fund, depleting it of \$700 million and leaving no fiscal cushion for future lean times. This fund will slowly need to be replenished as the state starts posting budget surpluses, a difficult task considering state Medicare expenses typically increase at a 10%-12% annual rate.

On a positive note, payrolls have clearly picked up and will continue to show solid improvements through 2005 and 2006. Given the extremely strong first half of FY05, we project that tax collections will just barely increase as much as needed to make the 6.1% forecast for FY05's budget. Looking into next year, with the passing of House Bills 84-85 in March, the Governor's \$17.4 billion budget for FY06 was approved, a 6.1% increase over FY05 budget. With employment gaining more steam in 2006, we project collections to increase at a stronger 7.5% pace in FY06, making the Governor's FY06 \$17.4 billion budget attainable.

GEORGIA EXPORTS

Overall

With world demand picking up, Georgia exhibited very strong export growth throughout all of 2004. The rise in Georgia's exports in 2004 can be attributed to very significant increases to every single world region. All countries in Georgia's Top 10 list increased at a very strong pace, with the only exception being the Netherlands, which posted a decline. Compared to 2003, Georgia's exports increased by 20.6%, far outpacing U.S. export growth of 13.0%.

Georgia exports gained \$3.3 billion, increasing from \$16.3 billion in 2003 to \$19.6 in 2004, as shown in Table A. The 20.6% surge has been helped by the weak U.S. dollar, which has made Georgia's products more affordable, and a 20% expansion at the port of Savannah and Brunswick that has positioned Georgia to take advantage of the increase in exports.

World Regions

For the first time, exports to the European Union have overtaken North America as Georgia's top export region. Georgia exported \$5.9 billion to the European Union, or 29.9% of all exports for 2004. This was an increase of \$1.3 billion, or 28.3%, over 2003. This was just slightly above exports to North America, which at \$5.8 billion, made up 29.3% of Georgia's total exports in 2004. The North American region increased by \$635.5 million, or 12.4%, over 2003. Compared to U.S. exports, growth to the European Union was 12.3%, far below the 28.3% increase for Georgia. U.S. exports to N. America grew at a 12.3% rate, similar to Georgia's export growth to this region.

Exports to all other regions remained exceptionally strong. The region to experience the largest percentage change after the European Union was Asia 7, which surged forward at 24.4% in 2004, increasing by \$871.0 million. The next region to show strong growth in Georgia exports was South America, which purchased \$174.2 million more than it did last year to post \$901.8 million in 2004, a growth rate of 24.0%. When analyzing total U.S. exports to South America and the European Union, these regions increased by 29.1% and 12.3%, respectively, which is on par with Georgia's rate of growth to these regions.

Top 10 Nations

Exports to Georgia's Top 10 trading partners totaled \$12.6 billion dollars in 2004, accounting for

64% of Georgia's total exports. Exports to Canada, the state's top trading partner, gained 7.7%, climbing to \$4.3 billion in 2004. Mexico, Georgia's third-largest export partner, also saw healthy gains as exports rose 28.5% by \$331.8 million. This increase is not surprising considering that our closest neighbors usually follow the fluctuations of the U.S. economy and when the national economy does well, so do Mexico and Canada.

Exports to Japan, Georgia's second-largest trading partner, have been disappointing in 2004, particularly after finishing 2003 with a positive growth rate of 21.5%. For 2004, exports only increased by 1.9% to \$1.5 billion. This drop from one year to the next may be explained by the fact that Japan may be purchasing products from closer sources, such as China, whose manufacturing clout has improved in quality.

Most of the other countries, except for the Netherlands, increased their exports and two countries, Italy and Singapore, grew by over 100%. Exports to Italy, Georgia's eighth-largest partner, grew by 120.4% to \$697 million, up from \$316 million last year. This unprecedented increase can be explained by an extra \$300 million in transportation equipment shipped to Italy from Georgia. Singapore has a similar story. This country is listed as Georgia's ninth-largest export market, and grew at a 153.2% rate in 2004 compared to 2003. Like Italy, this huge increase was also caused by an extremely large \$250 million increase in transportation equipment.

Mainland China, Georgia's six-largest trading partner, has consistently yielded positive growth since the 3rd quarter of 2002. For 2004, China has increased its exports from Georgia by 24.4% compared to last year, going from \$644.2 million to \$801.4 million. China's appetite for Georgia goods is likely to continue to grow at a rapid yet sustainable pace as long as China's economy does not overheat in the near future.

Main Products

The top five Georgia exports in 2004 accounted for 68% of Georgia's total exports. In ranking order, they were transportation equipment, computer and electronic products, machinery (excluding electrical), chemicals and paper.

Transportation equipment showed a very strong increase at 44.2%, a gain of \$1.4 billion. The most significant percentage increase occurred in machinery, Georgia's third-largest export product,

Highlights

Georgia exports increased to \$19.6 billion in 2004.

Exports to Georgia's Top 10 countries totaled \$12.6 billion dollars.

Georgia exported \$5.9 billion to the European Union, a 28.3% increase.

Georgia exported \$901.8 million to South America, an increase of 24.0%.

Exports to Mainland China were \$801.4 million, up increased by 24.4%.

TABLE A
GEORGIA EXPORT SUMMARY

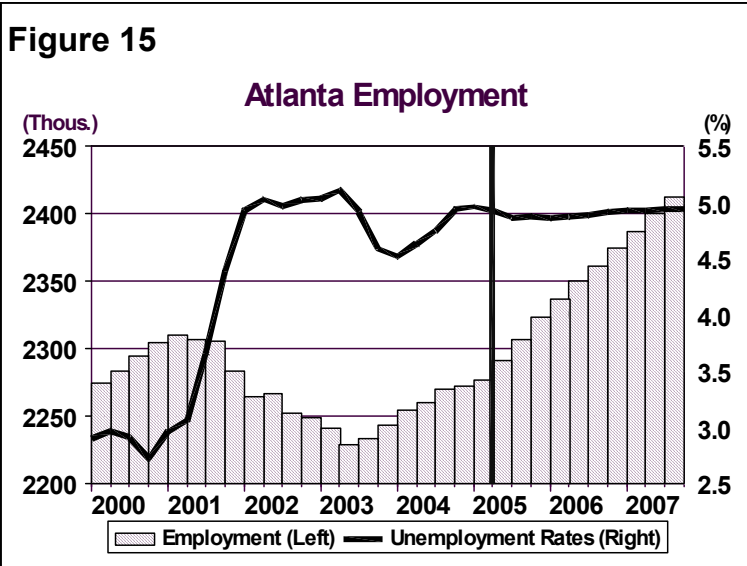
	2004	2002	2003	2004	2003	2004
	Rank (US)	\$ Millions	\$ Millions	\$ Millions	% Change	% Change
<u>TOTAL EXPORTS</u>	--	14,413	16,286	19,633	13.0	20.6
<u>TOP 10 NATIONS</u>						
CANADA	1 (1)	3,638	3,962	4,265	8.9	7.7
JAPAN	2 (3)	1,249	1,517	1,546	21.5	1.9
MEXICO	3 (2)	1,091	1,163	1,495	6.6	28.5
UNITED KINGDOM	4 (4)	954	1,036	1,111	8.6	7.3
NETHERLANDS	5 (8)	626	893	833	42.7	-6.7
CHINA (MAINLAND)	6 (5)	416	644	801	55.0	24.4
GERMANY	7 (6)	561	609	710	8.5	16.5
ITALY	8 (17)	245	316	697	29.2	120.4
SINGAPORE	9 (11)	237	261	661	10.2	153.2
KOREA, REPUBLIC OF	10 (7)	221	328	524	48.5	59.4
<u>WORLD REGIONS</u>						
EUROPEAN UNION	1	4,059	4,569	5,861	12.6	28.3
NORTH AMERICA	2	4,729	5,125	5,760	8.4	12.4
ASIA 7	3	2,863	3,568	4,439	24.6	24.4
SOUTH AMERICA	4	704	728	902	3.3	24.0
REST OF WORLD	5	6,116	6,866	8,532	12.3	24.3
<u>MAIN PRODUCTS</u>						
TRANSPORTATION EQUIPMENT	1	2,542	3,132	4,517	23.2	44.2
COMPUTER & ELECTRONICS	2	1,869	2,469	2,658	32.1	7.6
MACHINERY, EXCEPT ELECTRICAL	3	1,362	1,556	2,414	14.2	55.2
CHEMICALS	4	1,873	2,096	2,347	11.9	12.0
PAPER	5	1,341	1,362	1,405	1.5	3.2

North America : Canada, Mexico, St.Pierre & Miquelon, and Greenland

European Union : Germany, United Kingdom, Netherlands, Italy, Ireland, Belgium, France, Spain, Sweden, Finland, Denmark, Greece, Austria, Portugal, and Luxemburg

Asia - 7 : Japan, Korea, Singapore, Taiwan, China, Hong Kong, and Australia

South America : Brazil, Argentina, Chile, Venezuela, Colombia, Ecuador, Peru, Uruguay, Paraguay, Guyana, Suriname, Bolivia, French Guiana, and Falkand Islands



which rose 55.2%, a gain of \$858.1 million over last year. Chemicals ranked fourth, showing a 12.0% increase over 2003. Computer and electronic products posted an increase of 7.6% and paper, Georgia's fifth-largest export product, increased by a moderate 3.2% rate over 2003.

Summary

Georgia has had a strong 20.6% surge in export activity for 2004 caused by a combination of factors, namely the less expensive dollar which caused greater U.S. export activity to every region of the world. Fortunately, the 20% expansion recently undertaken by the Georgia Port Authority has paid off and Georgia has been perfectly positioned for this upswing in exports. Given these current conditions, Georgia's exports should continue to increase at a strong rate into 2005.

Atlanta Job Additions*

	Calendar Year Change	Annual Change
2005	50,448	35.1
2006	51,684	56.3
2007	53,245	51.2

*Calendar year change is defined as the difference between December and January of one year. The annual change is the difference between the average for one year versus the previous year.

ATLANTA OUTLOOK

From March 2004 to March 2005, Atlanta gained 17,500 jobs. Growth for Atlanta in the 1st quarter of 2005 yielded positive growth at a 0.9% rate, or 20,700 jobs, when compared to the same period in 2004.

The seasonally-adjusted *unemployment rate* for the 1st quarter of 2005 was 5.0% for Atlanta, which is slightly higher than the 4.5% rate seen a year ago. Employment will increase by 50,400 jobs from January 2005 to December 2005. 2006 is slightly more

promising as the unemployment rate drops slightly to 4.9%, and jobs increase by 51,700 jobs. In 2007, Atlanta's unemployment rate will stay at 4.9% and employment will grow by 53,200 in the calendar year.

Job Growth

A decade ago, the *Manufacturing* sector made up 11.4% of Atlanta's economy. Today, it is roughly 7.8%. While this downward trend will eventually reverse itself in the next few years, manufacturing will probably not return to previous levels seen in the early 1990's. In 2005, this sector will decrease by 1.6% and by 0.2% in 2006. Manufacturing should again show negative growth in 2007, when jobs decrease by 0.1%.

Given that housing permit activity surged forward at 14.3% in 2004, it is no surprise that *Construction & Mining* employment increased at a 3.0% rate. As Atlanta continues to invest in big construction projects, Construction will continue to increase, although with a pullback on housing construction, the rate for 2005 will increase at only 1.4%. The sector will continue its strong growth at a 3.3% and 1.6% rate in 2006 and 2007, respectively, as the city continues to encourage development.

The *Transportation, Warehousing & Utilities* sector will increase by 1.1% in 2005, even though Delta is still trying to avoid bankruptcy. But other areas of this sector are positive, air cargo business continues to gain more importance every year and Hartsfield-Jackson is expected to top previous passenger records. Positive growth will continue into 2006, when employment in this sector increases by 2.1% and again grows by 1.3% in 2007.

Highlights

Georgia's largest export product, transportation equipment, increased at 44.2%.

In Q1 2005, Atlanta gained 20,700 jobs, a 0.9% increase. Atlanta's unemployment rate was 5.0% in Q1 2005.

Atlanta job growth: (calendar year) 42,800 jobs in 2005, 48,800 jobs in 2006, 45,100 jobs in 2007.

Construction will increase 1.4% in 2005, 3.3% in 2006 and 1.6% rate 2007.

Transportation, Warehousing & Utilities will increase 1.1% in 2005, 2.1% in 2006, and 1.3% in 2007.

Highlights

Atlanta's total permits increased 14.2% in 2004.

For Q1 2005, permits declined 9.6% as 12 of Atlanta's 20 counties decreased in total permits.

Core Counties posted 25.4% growth in 2004 but decreased 9.0% in Q1 2005.

Core county total permits will decrease 19.8% in permits in 2005, 6.2% in 2006, and 3.6% in 2007.

Northern counties decreased by 2.8% in 2004 and 6.3% for Q1 2005.

Wholesale Trade has had a rough few post-recession years but the turnaround is here to stay. In 2005, employment will increase by 1.7%. For 2006 and 2007, Wholesale Trade will increase employment by 1.5% and 1.3%, respectively, as business investment takes off.

In the *Retail Trade* sector, employment in 2005 will decrease by 0.8% but will do better in 2006 when payrolls increase by 2.1%. Consistent growth for 2007 will show payrolls increasing by 2.1%.

Job growth in the *Financial Activities* sector will increase by 1.4% in 2005, as the Accounting field continues to demand more workers to comply with Sarbanes-Oxley. Financial Activities will continue on this trend through 2006 and 2007, with employment posting increases of 1.3% and 1.4%, respectively.

Education & Health experienced moderate growth in 2004, raising its employment payrolls by only 2.9% over 2003. This sector will remain a consistent growth area. In 2005 and 2006, jobs in Education & Health will increase by 2.8% and 3.4%. Employment will grow at a 3.3% pace in 2007.

The *Information* sector has had a tough few of years in Atlanta. This sector declined by 8.5% in 2003 and by 3.4% in 2004. The great times will be slow to return as 2005 also posts negative growth of 0.8%. Fortunately for the technology workers who were laid off after the internet bust, employment growth will recover by 2006, when Information will see its payrolls increase 1.5%. This trend continues into 2007 at a 1.9% pace.

ATLANTA HOUSING

After years of weak permit activity in the post-tech bust, the housing market was boosted by historically low interest rates and finally recovered in 2004, with 15 of Atlanta's 20 counties posting strong gains. Cumulatively for all Atlanta counties, this pushed permits up for the year by 14.2%.

Since June 2004, the Fed has slowly raised the short-term interest rate by two hundred basis points, yet the yield on the ten-year bond, which is the rate that affects mortgage lending, has remained very low. This has allowed potential homebuyers to ride the wave of low mortgage interest rates a little longer. The question now is whether this rapid growth can be sustained or whether it is the last burst of growth amid fears of

rising interest rates. Considering that for the 1st quarter of 2005, permits decreased by 9.6% and only eight of Atlanta's 20 counties increased their permits, insinuating that perhaps the pullback has already begun.

Core County Cluster:

Cobb, Dekalb, Fulton & Gwinnett

After posting annual loses since 1998, this cluster registered almost 30,000 permits in 2004, an incredible rebound of 25.4%, its strongest year-over-year gain ever. For the 1st quarter of 2005, permit fever receded and tumbled 9.0% compared to a year ago. This was caused by a 21.1% decline in single family permits that offset the 33.0% increase in multifamily permits.

Half the counties in this cluster decreased significantly: Cobb registered 12.7% less permits over last year and Fulton posted 43.9% less. Gwinnett and Dekalb increased its total permits by a 2.8% and 23.3%. Dekalb in particular continued its strong growth trend from 2004, posting increases for multifamily permits of 50.9% while single family permits decreased by 7.5%.

Considering that 2004 was such an unusually strong year, the market is due to self-correct in the near future, especially with interest rates on the rise. Core cluster counties will see a 19.8% decrease in permits in 2005, with single-family permits dropping at an 18.1% rate and multifamily permits decreasing by 23.6%. By 2006, permits will again decline, although at the lesser rate of 6.2%. In this year, single family and multifamily permits will both decrease, falling by 4.0% and 11.4%, respectively. In 2007, permits will decline by 3.6%, with single family permits falling by 2.9% and multifamily permits declining by 5.4%.

Northern County Cluster:

Cherokee, Forsyth & Pickens

The Northern County cluster decreased by 2.8% in 2004, affected by a 37.9% drop in multifamily permits. For the 1st quarter of 2005, this cluster declined by 6.3% as single family permits started to slide, ending the quarter down by 6.3% compared to the 1st quarter of 2004. On an individual basis, Cherokee County and Forsyth County, the cluster's largest counties, posted negative total permit activity at 10.9% and 5.6%, respectively. Both of these counties experienced their losses in single family permits category.

Looking forward, permits will continue to decrease in 2005 at a 12.2% rate, with single permits

TABLE B
Metro Atlanta Housing Permits Clusters*

	HISTORY							FORECAST		
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Core Counties - Cobb, Dekalb, Fulton & Gwinnett										
Total Permits	33,405	29,465	29,159	27,482	24,616	23,641	29,646	23,765	22,284	21,475
(% ch.)	17.3	-11.8	-1.0	-5.8	-10.4	-4.0	25.4	-19.8	-6.2	-3.6
Single Family	22,859	23,168	19,483	19,028	16,769	17,505	20,386	16,689	16,015	15,545
(% ch.)	19.9	1.4	-15.9	-2.3	-11.9	4.4	16.5	-18.1	-4	-2.9
Multifamily	10,546	6,297	9,677	8,454	7,847	6,136	9,260	7,076	6,269	5,930
(% ch.)	12.0	-40.3	53.7	-12.6	-7.2	-21.8	50.9	-23.6	-11.4	-5.4
Northern Counties - Cherokee, Forsyth, Pickens										
Total Permits	5,981	6,346	6,425	5,593	5,529	6,466	6,283	5,514	5,772	6,013
(% ch.)	13.0	6.1	1.2	-12.9	-1.1	16.9	-2.8	-12.2	4.7	4.2
Single Family	5,892	5,945	5,942	5,262	5,030	5,538	5,707	4,913	5,115	5,472
(% ch.)	17.4	0.9	-0.1	-11.4	-4.4	10.1	3.1	-13.9	4.1	7
Multifamily	89	401	483	331	499	928	576	601	657	541
(% ch.)	-67.4	350.6	20.4	-31.5	50.8	86.0	-37.9	4.3	9.3	-17.7
I-20 Counties: Carrol, Douglas, Paulding, Newton & Rockdale										
Total Permits	6,439	6,674	7,805	7,568	9,470	8,827	9,631	9,820	9,858	9,527
(% ch.)	35.4	3.6	16.9	-3.0	25.1	-6.8	9.1	2	0.4	-3.4
Single Family	5,436	5,918	6,585	6,740	7,337	8,436	9,205	9,114	8,724	8,731
(% ch.)	23.6	8.9	11.3	2.4	8.9	15.0	9.1	-1	-4.3	0.1
Multifamily	1,003	756	1,221	828	2,133	391	426	706	1,134	796
(% ch.)	180.2	-24.6	61.4	-32.2	157.6	-81.7	9.0	65.7	60.6	-29.8
Metro South Counties: Clayton, Coweta, Fayette, Henry & Spalding										
Total Permits	8,583	9,305	9,660	8,515	8,408	8,317	8,659	8,307	8,552	8,276
(% ch.)	3.1	8.4	3.8	-11.8	-1.3	-1.1	4.1	-4.1	2.9	-3.2
Single Family	7,263	7,869	8,088	7,194	7,185	7,638	7,799	7,265	7,219	7,259
(% ch.)	13.7	8.3	2.8	-11.0	-0.1	6.3	2.1	-6.8	-0.6	0.6
Multifamily	1,320	1,436	1,572	1,321	1,223	679	860	1,042	1,333	1,017
(% ch.)	-31.9	8.8	9.5	-16.0	-7.4	-44.5	26.7	21.2	27.9	-23.7
Total Permits	Totals									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Single + Multi	57,133	54,976	56,152	52,493	51,229	50,531	57,685	50,785	49,597	48,350
Single	44,067	45,653	42,926	41,184	39,345	42,283	46,465	41,191	39,981	39,922
Multifamily	13,066	9,323	13,226	11,309	11,884	8,248	11,220	9,594	9,616	8,428
Total Permits	Percent Change (Year Ago)									
Single + Multi	15.9	-3.8	2.1	-6.5	-2.4	-1.4	14.2	-12.0	-2.3	-2.5
Single	18.7	3.6	-6.0	-4.1	-4.5	7.5	9.9	-11.4	-2.9	-0.1
Multifamily	7.5	-28.6	41.9	-14.5	5.1	-30.6	36.0	-14.5	0.2	-12.4

* For Barrow, Bartow and Walton counties permit forecast, see Table 5 in the Forecast Table Appendix

Highlights

Northern counties permits will decrease 12.2% in 2005 but increase 4.7% in 2006 and 4.2% in 2007.

In 2004, total permits for the I-20 Corridor increased 9.1% but decreased 8.5% in Q1 2005.

Newton County is the 13th fastest-growing county in the U.S. at 6.2%.

Total permits for I-20 will increase 2.0% in 2005 and 0.4% in 2006 but decline 3.4% in 2007.

Permits in Metro South will decrease in 2005 4.1%, increase in 2006 2.9% but 3.2% decline in 2007.

Atlanta permits will decline 12.0% in 2005, 2.3% in 2006 and 2.5% in 2007.

declining 13.9% but multifamily permits increasing by 4.3% with the increase of interest rates. This declining trend will reverse in 2006 as the need to find affordable housing continues to extend outside the perimeter. In 2006, permits will increase by 4.7% with single family permits growing by 4.1% and multifamily permits increasing strongly at 9.3%. In 2007, this cluster will experience an increase of 4.2% as single-family permits increase 7.0% but multifamily permits drop by 17.7%, caused by the particularly strong showing for multifamily permits in 2006.

**I-20 Corridor Cluster:
Carroll, Douglas, Paulding, Newton, Rockdale**

In 2004, I-20 Corridor increased by 9.1%, aided by 9.0% growth in multifamily permits and 9.1% growth in single family permits. However, like every other cluster analyzed, this growth was eclipsed in the 1st quarter of 2005, with total permits dropping for the I-20 Corridor by 10.2%

According to a U.S. Census Bureau population analysis done in 2004, the I-20 Corridor has two of the Top 20 fastest-growing counties in the U.S.: Newton and Paulding. Newton County increased its population by 6.2% between July 2003 and July 2004, the 13th fastest-growing in the U.S. Paulding County increased its population by 5.9% in this period, the 20th fastest-growing in the U.S. This growth helped to stimulate permits in the 1st quarter for Newton County, which increased by 15.9%. Population growth was not suffice to boost Paulding's permits in this quarter, which decreased by 6.9%.

With the positive showing in 2004, total permits for I-20 Corridor counties will continue to increase in 2005, although at a slower but respectable pace of 2.0%, affected mostly by a 1.0% decrease in single family permits that drowned out the 65.7% rise in multifamily permits. This cluster will recover slightly in 2006 as higher interest rates continue to make multifamily dwellings more popular, pushing I-20 county permits up by 0.4%. In 2007, this cluster will drop again at 3.4% as the party for multifamily permits goes away, decreasing by 29.8%. Single-family permits in 2007 will recover and increase by 0.1% as employment gathers more steam and increases the demand for housing.

**Metro South County Cluster:
Clayton, Coweta, Fayette, Henry & Spalding**

This cluster increased in total permits by 4.1% last year. This increase was caused by gains in both single family and multifamily permits, at 2.1% and 26.7%, respectively.

For Metro South, total permits in the 1st quarter of 2005 decreased by 18.2% compared to the same period in 2004. Multifamily permits suffered the largest loss, declining by 54.4%, while single family permits decreased by 12.5%. The heaviest losses occurred in Clayton County, one of Metro South's largest counties, which after a strong 15.6% growth in 2004, declined by 57.7%. Only two of Metro South's five counties posted permit increases: Henry and Spalding, gaining permits at a 6.9% and 12.4%, respectively.

Growth in the south side in 2005 will drop slightly as interest rates take a bite out of the housing rush. In 2005, our forecast calls for a 6.8% drop in single family permits but a solid gain of 21.2% in multifamily permits, resulting in a 4.1% decrease in total permits. In 2006, despite dropping permits in Henry county, total permits in Metro South will move into positive territory, increasing by a 2.9% as single family permits decrease by 0.6%. That year, multifamily permits will increase 27.9%. By 2007, the splurge from the previous year's multifamily permits will correct itself and this category will drop by 23.7%, pulling overall permits down by 3.2% despite a 0.6% increase in single-family permits.

Summary

Extraordinarily low interest rates fueled unprecedented permit growth in 2004, pushing permits to 57,685, the highest since 1998. As interest rates rise, total permits for 2005 will drop 12.0%. Additionally, the Atlanta area is somewhat overbuilt and the market is due to correct itself sometime in the next few years. In 2006, total permits will decline by 2.3% and dip further in 2007 by 2.5%.

Our projections for single-family permits call for negative growth of 11.4% and 2.9%, in 2005 and 2006, respectively. This trend will continue into 2007, although at the lesser rate of 0.1% as builders get used to the higher rates.

In 2005, multifamily permits will decline by 14.5% but recover slightly at a 0.2% rate in 2006. In 2007, multifamily will decline by 12.4%.

OUTLOOK FOR OTHER METRO AREAS

In 2003, the Office of Management and Budget set up new definitions for Georgia’s metro areas to better reflect population size based on the 2000 Census, expanding the number of Georgia’s MSA’s from seven to fourteen, with most current MSA’s expanding in size. The definition of an MSA is determined by the number of people that travel from an outer area into the core of a city. This is why the Atlanta metro area has been expanded from 20 to 28 counties and why Albany, Athens, Augusta, Columbus and Savannah have all added new counties to their official definition, thus increasing their workforce size. Macon was the only MSA that suffered a reduction because a new MSA, Hinesville, was carved out of its former boundaries. Six other small cities have now enough of a population base to be considered MSA’s: Brunswick, Dalton, Gainesville, Rome, Valdosta, and Warner Robbins.

After a strong growth in 2004 for all but three of Georgia’s MSA’s, employment growth held steady for the majority in the 1st quarter. Savannah and Brunswick, both transportation hubs in the southeast corner of the state posted the strongest growth rates at 2.0% and 1.1%, respectively. In the 1st quarter of 2005, only four of Georgia’s 13 MSA’s outside Atlanta experienced slight declines: Dalton at 1.0%, Augusta at 0.6%, Hinesville at 0.5% and Macon at 0.4%.

One of the major short-term issues facing Georgia is the BRAC 2005. The Pentagon delivered its recommendations to the BRAC committee on May 13th, and most Georgia MSA’s are breathing a sigh of relief. Only Atlanta and Athens will lose larger facilities.

Albany

Albany’s metro area expanded by two counties in the recent benchmarking, incorporating approximately 7,000 workers into its economy. While Albany’s employment now stands at 64,000, it has also changed its history of employment growth. With the new counties, Albany declined in employment in 2004 by 0.2%, whereas prior to the new definition employment had increased by 0.6%. This indicates that the new incorporated counties have struggled more in the last year to add jobs than other parts of Albany.

For the 1st quarter of 2005, Albany added 500 jobs over the same period a year ago. The categories

to excel were wholesale Trade and the Federal Government, both which added 170 jobs, and Manufacturing, which each added 140 jobs. The only category to see a significant loss was Leisure & Hospitality, which declined by 100 jobs. Despite the decline in this tourism sector, Albany is hoping to change this by investing \$210 million in a downtown redevelopment initiative along the Flint River. Albany’s new \$30 million Flint River-Quarium opened in September 2004 is expected to draw 155,000 visitors a year and a new hotel complex will open later this year. Albany’s citizens have also just approved SPLOST, a special purpose local option tax, which will put an additional \$30 million towards downtown improvements over the next 6 years. All these efforts will put Albany on a better track for future growth.

The seasonally-adjusted unemployment rate in Albany was 5.6% in the 1st quarter of 2005, up from the 4.7% unemployment rate in the 1st quarter of 2004, most likely an indication of the year of negative 0.2% growth in 2004. Even though 2004 was a disappointing year, the outlook for employment growth in Albany is reasonably good where employment declined by 0.2%. We expect investment efforts to stimulate growth in 2005 at a 0.6% rate and at a 0.9% rate in 2006.

Athens

The March 2005 benchmarking allocated one more county, Oglethorpe, to the Athens MSA, which has pushed its workforce up by 2,500 additional workers. Rather than post a loss for 2004, Athens now shows a slight increase of 0.2%. The bulk of Athens’ economy revolves around the University of Georgia, which has an enrollment of 34,000 students and employs 10,000 people. Athens also houses satellite campuses from several other colleges, bringing the total student population in Athens to 40,000.

In the 1st quarter of 2005, Athens added jobs at a 0.5% rate, accounting for 350 new jobs compared to the same period in 2004. In this quarter, several categories added a large number of employees, while others lost a significant number. The sectors to gain the most were Government, which added 700 employees, and Leisure & Hospitality, which increased by 240 jobs. The sectors to see the most losses were Professional & Business Services, which lost 350 jobs and Retail Trade, which decreased by 170 jobs.

Athens’ Naval Supply Corps School made the list of BRAC base closings. This facility, which a

Highlights

Based on the 2000 Census, the number of Georgia’s metro areas from 7 to 14.

The six new MSA’s: Brunswick, Dalton, Gainesville, Hinesville, Rome, Valdosta, and Warner Robbins.

Most of the original MSA’s increased in size.

Transportation hubs Savannah and Brunswick posted the strongest growth in Q1 2005.

Only four of Georgia’s 14 MSA’s decreased in employment: Dalton, Augusta, Hinesville and Macon.

Albany’s employment will increase 0.6% in 2005 and 0.9% in 2006.

Athens’ student population is 40,000 and 10,000 people work at the University of Georgia.

TABLE C
GEORGIA METRO AREAS: RECENT EMPLOYMENT TRENDS

	Non Farm Employment (Thousands)	Employment Growth at Annual Rate (%)		Unemployment Rate (%) *		Non Farm Employment Forecast (%)	
		2004	2003	2004	Q1 2004	Q1 2005	2005
GEORGIA	3,90.9	-0.6	1.2	4.3	5.0	1.3	2.2
ALBANY	63.7	2.0	-0.2	4.7	5.6	0.6	0.9
ATHENS	76.7	1.6	0.2	2.9	4.0	0.5	0.8
AUGUSTA	212.1	0.9	1.6	5.2	6.3	0.4	0.6
BRUNSWICK	42.4	1.6	2.4	3.7	4.6	1.0	1.5
COLUMBUS	119.8	1.3	-0.3	5.2	5.6	0.4	1.2
DALTON	76.2	-1.5	0.1	3.1	4.7	0.2	0.6
GAINESVILLE	68.0	4.3	0.1	3.1	4.2	0.9	1.2
HINESVILLE	16.6**	2.0	5.2	4.6	6.2	1.0	1.2
MACON	100.9	1.2	0.6	4.3	5.7	-0.3	0.5
ROME	42.6	4.2	-0.4	3.9	5.2	0.6	0.5
SAVANNAH	143.8	0.0	3.9	3.9	4.5	3.2	2.3
VALDOSTA	52.4	2.7	1.3	2.8	4.2	1.9	1.4
WARNER ROBINS	51.1	2.2	1.6	3.0	4.8	1.0	0.9

* Seasonally Adjusted

** Hinesville's only includes civilian employment, where the military to be factored in, this number would be closer to 45,000

Highlights

Athens' employment will increase 0.5% in 2005 and 0.8% in 2006. .

Augusta's unemployment rate was 6.3% in Q1 2005, one of the highest unemployment rates in the state.

workforce of about 300 people and a payroll of \$8.7 million will be missed but will not hurt Athens' economy too much because it is a relatively small employer.

The unemployment rate in Athens was a low 2.9% in the 1st quarter of 2004 but increased to 4.0% in the 1st quarter of 2005. While this is up significantly, Athens still holds the lowest unemployment rate in Georgia and is far below the state's 5.0% average. After gaining jobs at a 1.6% rate in 2003 and 0.2% rate in 2004, we expect Athens to pick up slightly in 2005 at a 0.5% rate and continue this trend through 2006 at a 0.8% rate.

Augusta

The Augusta metro area increased from five to six counties in the March 2005 benchmarking, increasing its employment level by 8,000 workers.

This level change has been even more positive for year over year growth in Augusta, with employment ending 2004 up by 1.6% and finishing with a 0.9% increase in 2003.

Despite three straight years of employment growth, the 1st quarter of 2005 was Augusta's first negative quarter, with employment losing 1,275 jobs, or 0.6%, when compared to the same quarter in 2004. The main sectors to pull Augusta's growth down were Construction & Mining, which lost 850 jobs, and Manufacturing and Financial Activities, which each lost close to 700 jobs. Most other sectors also declined. The few areas to add jobs in this quarter were Retail Trade, which increased by a whopping 1,000 jobs, Transportation & Utilities, which increased by 225 jobs and Wholesale Trade, which gained 200 jobs.

Augusta's largest employer, the U.S. Army Signal Center and Fort Gordon, has fortunately been spared will be spared from BRAC 2005's list of base closings. In fact, August will benefit from the shift in the military structure. The Army announced last year a \$230 million project to expand intelligence operations. Beginning in 2006, the project will take six years to complete and will eventually add 500-750 new jobs to the area.

The seasonally-adjusted unemployment rate in Augusta was 6.3% in the 1st quarter of 2005, one of the highest unemployment rates among the Georgia's MSA's. Looking forward, Fort Gordon will continue to provide key logistical military support to the Iraq. In 2005, Augusta will increase its employment by 1.0%. The following year will also show slightly stronger growth at 1.1%.

Brunswick

Brunswick, located in Georgia's southeast corner just north of the Florida border, is made up of Brantley, Glynn and McIntosh Counties and has a workforce of approximately 42,000. Over the last several years, Brunswick has recovered nicely from the recession. Its employment growth in 2002 was down slightly by 0.2%, but grew in 2003 by 0.6%. As the area ramped up for the G-8 Summit last July, Brunswick's employment grew by an impressive 2.4% in 2004, one of the highest growth rates of all of Georgia's metro areas.

In the 1st quarter of 2005, Brunswick increased employment by 450 jobs, or 1.1%. These jobs came from the Leisure & Hospitality sector, which added 450 jobs, Construction, which added 200 jobs, and Wholesale Trade and Transportation & Utilities, which each added 100 jobs. While an increase in jobs is always welcome, the 450 added in this quarter is a slowdown from the 1,000+ jobs that Brunswick added for almost every quarter last year.

The largest industries for this MSA are tourism, transportation and homeland security. Known as the "Gateway to the Golden Isles", Brunswick is home to St. Simon's Island, Jekyll Island and Sea Island, the location of 2004's G-8 Summit. The publicity from this meeting will most likely stimulate tourism for years to come along Georgia's coast, benefiting both Brunswick and Savannah.

Within the transportation industry, Brunswick relies on its ever-expanding shipping port. The Georgia Port Authority divides its system into two ports: Savannah and Brunswick. The Brunswick

port touts a sophisticated loading system and has become the eastern seaboard's largest handler for grain and auto shipments. The Southeast Georgia Joint Development Authority has recently received funding from the state for a one-mile rail connection to the dock on Colonel's Island which will significantly speed up auto shipment processing and add more jobs to the area as auto shipments are funneled to Brunswick rather than other East Coast ports.

Finally, a little-known fact about Brunswick is its significant role in homeland security. Its largest employer, the Federal Employee Training Center employs 2,600 of people and is the largest homeland security training center in the U.S. As the federal government continues to fine-tune its homeland security program, more people will continue to receive training in Brunswick, stay in its hotels and eat in its restaurants.

For the 1st quarter of 2005, Brunswick continued to show a very low unemployment rate of 4.6%. Looking ahead, even though Georgia will be hit by high oil prices and a slower housing market, we expect Brunswick to increase in employment for 2005 by 2.0% and by 2.5% in 2006.

Columbus

Columbus added Marion and Stewart counties in the March 2005 benchmarking, which boosted its employment level by 2,000 jobs. The addition of these counties had a negative effect on Columbus' history, ending 2004 down by 0.3% rather than up 0.1%, which was what was previously reported.

Despite the employment losses in the latter part of 2004, Columbus looks forward to significant changes over the next couple years. Its largest employer, Fort Benning, announced in July that an additional brigade of 3,800 soldiers will be added by September 2005, a 20% increase in personnel. The Army will spend around \$400 million on new barracks and other facilities to house the new soldiers. This would bring an additional estimated economic impact to the Columbus area of \$100 million by 2005 and \$600 million by 2006. According to the Greater Columbus Chamber of Commerce, approximately two-thirds of these soldiers are married and will bring their families to the area when they are transferred, potentially increasing the population by 10,000 and contributing \$150 million in additional construction.

In the 1st quarter of 2005, Columbus' employment level dropped slightly to 119.8 thousand, a de-

Highlights

Augusta's employment will increase in 2005 1.0% and 1.1% in 2006.

New Georgia MSA Brunswick has a workforce of 42,000.

Brunswick, the "Gateway to the Golden Isles", is home to Sea Island, the location of 2004's G-8 Summit.

Brunswick shipping port is the eastern seaboard's largest grain and auto shipments.

Brunswick's largest employer is the Federal Employee Training Center, the largest homeland security training center., employing 2,600.

Brunswick will increase jobs by 2.0% in and 2.5% in 2006.

Columbus' largest employer, Fort Benning, will get an new 3,800 soldiers by September 2005, a 20% gain.

Highlights

Columbus will increase jobs by 0.4% in 2005 and 1.2% in 2006.

New MSA Dalton produces 70% of the world's \$9 billion carpet industry.

Dalton's employment will increase 0.2% in 2005 and 0.6% in 2006.

New MSA Gainesville has a large concentration of poultry processing plants and many tourist attractions.

Gainesville's employment will increase 0.9% in 2005 and 1.2% in 2006.

crease of 50 jobs, or 0.04%. While Columbus had a few sectors which added a large number of jobs, they were offset by more significant losses in others. The sectors to increase in this quarter were Professional & Business Services and Financial Activities, which each increased by 300 jobs, and Education & Health, which gained 250 jobs. The sectors to lose jobs were Information, which lost 400 jobs, Manufacturing declined by 300 jobs, and Other Services, that declined by 270 jobs.

The seasonally-adjusted unemployment rate in Columbus for the 1st quarter of 2004 was 5.2% but rose to 5.5% in 2005, well above the state average of 5.0%. However, Columbus' economy is looking up, especially with an additional 10,000 people expected to flood Columbus starting this year. While this will undoubtedly cause some immediate growing pains, it will pay off for Columbus in the long-run as the population increase stimulates economic growth. Columbus is expected to recuperate from its 0.3% loss in 2004 and increase by 0.4% in 2005. A more significant gain will occur in 2006 at a 1.2% rate as the city figures out how to accommodate its new inhabitants.

Dalton

Located in the northwest corner of the state, 30 miles south of Chattanooga and 80 miles north of Atlanta, this city touts itself as an ideal location for easy transportation to more than half the country. Known as the "Carpet Capital of the World", Dalton is home to roughly 40 carpet manufacturers and produces 70% of the world's \$9 billion carpet industry. Among these carpet producers, the top two carpet manufacturers in the world, Mohawk and Shaw, make their home in Dalton.

Over the last few years Dalton has experienced inconsistent growth. Employment in 2002 resisted the recession and grew by 0.8% when most other Georgia cities were still struggling to recover. However, employment dropped in 2003 by 1.5% and last year, Dalton gained jobs at an anemic 0.1% rate. In the 1st quarter of 2005, employment level fell by 775 jobs, or 1.0%, to 75,680 jobs. The main culprit behind the job losses was Manufacturing, which because of Dalton's high concentration of carpet manufacturers, makes up 30% of the economy. This sector declined by 630 jobs compared to the 1st quarter of 2004 and has been affected by layoff announcements from Pentafab and Edge Flooring. Among other sectors struggling in this quarter were Leisure & Hospital-

ity, Retail Trade and Other Services, each of which decreased by 100 jobs.

The unemployment rate in Dalton for the 1st quarter of 2005 was 4.7%, much worse compared to the 3.1% rate in the 1st quarter of 2004 but still below the state's 5.0% unemployment rate for the quarter. In considering future growth, Dalton has invested in an extensive fiber-optics network to diversify its economic base and attract Class A office space and tenants. The city is also investing in improving historic civil war sites to increase tourism to the area. April's Tour de Georgia, which ran through the city, and the summer tourist season should help Dalton recover from its 1st quarter slump. Our forecast has Dalton's employment increasing by 0.2% in 2005 as manufacturing hits a bump but picks up slightly by 0.6% in 2006.

Gainesville

Gainesville is another new metro area for Georgia and is located on the northeast edge of the Atlanta metro area. With a diverse but large manufacturing base making up 25% of the economy, Gainesville has a particularly large concentration of poultry processing plants. Equally import to its economy is tourism, which offers several different venues, such as Lake Lanier, Road Atlanta, The Atlanta Falcons Football Complex and Chateau Elan. All these facilities help contribute \$250 million to Gainesville's economy every year.

After a decade of strong growth where Gainesville added on average a couple thousand jobs each year throughout the 1990's, the recession brought this momentum to a halt, with employment decreases occurring in 2001 and 2002. Gainesville bounced back in 2003 with very strong growth of 4.3% but barely inched out positive growth last year at a 0.1% rate. So far in 2005, Gainesville's employment has done much better, gaining 680 jobs in the 1st quarter of 2005, which is a 1.0% rate. Compared to the 1st quarter a year ago, the categories to experience the most growth were Education & Health, which increased by 250 jobs, Retail Trade, which gained 200 jobs, and Government, which grew by 160 jobs.

Gainesville's unemployment rate has increased to 4.2% in the 1st quarter of 2005. Gainesville's unemployment rate is still far below the state's current 5.0% rate. Looking forward, Gainesville should stay in positive territory with the improving Georgia economy. We expect employment in Gainesville to increase in 2005 by 0.9% and by 1.2% in 2006.

Hinesville-Fort Stewart

Hinesville-Fort Stewart is located on the south-eastern coast of Georgia next to Savannah. It is the site of the U.S. Army's Fort Stewart, the largest infantry base east of the Mississippi. With a payroll of \$650 million and 20,000 employees, 11% of which are civilian, this facility is Coastal Georgia's largest employer and quite important to industries which cater to the military.

Over the last several years, Hinesville-Ft. Stewart has done very well. Last year, Hinesville-Ft. Stewart posted the highest growth rate of all of Georgia's MSA's, increasing employment by 5.2%. For the 1st quarter of 2005, this MSA declined by 75 jobs compared to the same period in 2004, or 0.5%, its first decline since early 2002.

The unemployment rate in Hinesville-Fort Stewart rose to 6.2% in the 1st quarter of 2005. We expect Hinesville-Fort Stewart to post positive growth, although this MSA seems to exhibit erratic employment growth (6.6% in one quarter and 0.7% the next is considered unusual). By analyzing various employment growth averages from the last ten years, we expect employment in Hinesville to increase by 2.5% in 2005 and 3.0% in 2006.

Macon

While the majority of Georgia's MSA's increased in size in the March 2005 benchmarking revisions, Macon was the only one to decrease. An entire new MSA was carved out of Macon's existing MSA. Warner Robins, in Houston County, home to Georgia's largest military bases is now considered an MSA by itself even though it lies right next to Macon. With these changes, Macon's official employment went from 151,000 to 100,000.

Macon touts itself as an ideal place for logistics and tech businesses. With employers such as GEICO and Ikon Office Solutions, the city has a high concentration of high-end back office support and claims that it offers all the advantages of Atlanta but at a cheaper cost. Situated at the crossroads of I-75 and I-16 and only an hour away from Atlanta, Macon also focuses heavily on distribution centers.

In the 1st quarter of 2005, Macon decreased by 440 jobs, or 0.4%, compared to the 1st quarter of 2004. Despite adding 800 jobs in the Professional & Business Service sector, losses in other areas offset this increase. Manufacturing declined by 560 jobs, Retail Trade decreased by 340 jobs and Construction lost 300 jobs in this quarter.

With a large \$130 million Bass Pro Shops complex to open in 2005 on I-75 just north of Macon, Macon should see better times in over the next couple years, particularly in its Retail and Wholesale Trade sectors. This facility will include a distribution center and also anchor a large shopping complex anchor that is expected to become a tourist destination, attracting 2-3 million visitors a year. According to the Macon Economic Development Commission, the entire project is expected to bring 1,000 jobs to the area.

The unemployment rate in Macon rose to 5.7% in the 1st quarter of 2005, slightly higher than the 4.3% seen a year ago. Macon will ride the wave of Georgia's employment growth and increase by 1.0% in 2005 and 1.2% in 2006.

Rome

Tucked directly between Chattanooga and Atlanta, Rome is just slightly south of Dalton in Georgia's northwest corner. Last year, Rome was ranked 12th out of 193 on the Most Livable Small City list, the highest of any other small city within Georgia and the Southeast. After the recession, Rome recovered nicely, increasing its employment by 1.4% in 2002 and by 4.2% in 2003. Rome struggled in 2004 as employment dipped by 0.4% with losses in Manufacturing and Wholesales trade.

For the 1st quarter of 2005, Rome started to show signs of recovery from the four straight quarters of decline in 2004. When compared to the 1st quarter of 2004, Rome's employment increased by 150 jobs, or 0.4%. The job additions came from Education & Health, Manufacturing and Construction sectors, which increased by 200 jobs, 160 jobs and 130 jobs, respectively.

At nearly 30% of the economy, Rome's economy relies mostly on a spectrum of manufacturers from various industries, ranging from food processors to carpet manufacturing to paper. Through a series of generous incentives, Rome has succeeded in attracting new firms and increasing its manufacturing employment.

Rome's unemployment rate rose from 3.9% in the 1st quarter of 2004 to 5.2% in the 1st quarter of 2005, just slightly over the state's 5.0% average. For the next couple years, Rome should fair better than last year, increasing employment at a 0.6% rate in 2005 and at a 0.5% rate in 2006.

Highlights

New MSA Hinesville-Fort Stewart is home to the U.S. Army's Fort Stewart, the largest infantry base east of the Mississippi, with a payroll of \$650 million and 20,000 employees.

Hinesville's employment will increase 2.5% in 2005 and 3.0% in 2006.

Macon was the only MSA to decrease employment size in the revisions, going from 151,000 to 100,000.

A \$130 million Bass Pro Shops will open in 2005 and attract 2-3 million visitors a year.

Macon's employment will increase 1.0% in 2005 and 1.2% in 2006.

New MSA Rome was ranked 12th Most Livable Small City.

Manufacturing makes up 30% of Rome's economy. Rome's employment will increase 0.6% in 2005 and 0.5% in 2006.

Highlights

Savannah is #12 on New York Times Magazine's Trendy World Hot Spots.

Savannah's largest employer, U.S. Army's Hunter Army Airfield has a payroll of \$200 million and 5,500 employees.

Savannah's employment will grow 3.6% in 2005 and 3.8% in 2006.

New MSA Valdosta has a population of 120,000.

One of Valdosta's largest employers, Moody Air Force Base, employs over 5,000 people.

Valdosta's employment will grow 1.9% in 2005 and 1.4% in 2006.

New MSA Warner Robins was formerly part of Macon.

Warner Robins Air Force Base employees 23,000 people.

Warner Robins' employment will increase 1.2% in 2005 and 1.3% in 2006.

Savannah

Savannah's economy increased by 2,000 jobs with the March 2005 benchmarking, slightly changing the dynamics of its recent history. For 2003, Savannah now posts a 0.0%, which is down from the 1.0% increase previously reported. In 2004, employment increased 3.9%, up significantly from the previous 1.6%.

For the 1st quarter of 2005, employment increased by 2,850 jobs, a healthy 2.0% increase over the 1st quarter of 2004. The sectors to add the most growth to the economy were Retail Trade, which added 1,000 jobs, Transportation & Utilities, which added 850 jobs, Leisure & Hospitality, whose employment rose by 480 jobs, and Construction, which increased by 430 jobs.

Savannah has a diverse economy and has positioned itself as the darling of the Southeast. Savannah's port, Garden City Terminal, is the 5th largest container port in the U.S., expected to expand 15% over the next 15 years. With the recent expansion, Savannah's strong growth will most likely continue, spilling over into other sectors such as trucking and distribution centers. Such a strategy is evident in a recent announcement from Target Corp., which will build a regional distribution facility just south of Savannah employing 500 people and possibly 300 more as the facility expands. Savannah also hosts the U.S. Army's Hunter Army Airfield, the largest infantry base east of the Mississippi. With a payroll of \$200 million and 5,500 employees, 11% of which are civilian, this facility is important to industries which cater to the military.

Savannah has also attracted the attention of numerous magazines and has made it to the top of various "Best Of" lists. Expansion Management Magazine ranked Savannah as #1 among top cities in logistics for its port system, local infrastructure, and access to Interstate highways and railroads. New York Times Magazine rated Savannah as #12 on its list of trendy hot spots in the world. Outlook Magazine listed Savannah in the top 25 of the best places to live and work. All this publicity has been great for Savannah's tourism industry, which claims 5.8 million annual visitors and \$1 billion in direct spending.

Overall, Savannah's unemployment rate remained at 4.5% in the 1st quarter of 2005. As usual, Savannah will post one of the best employment growth rates in the state, with a 3.6% increase in 2005 and 3.8% gain in 2006.

Valdosta

With a metro population of 120,000, Valdosta is located on the southern Georgia border with Florida. Known as a transportation hub, Valdosta has taken advantage of the intersection of I-10 and I-75, and touts itself as an ideal distribution and manufacturing center. One of Valdosta's largest employers, Moody Air Force Base, employs over 5,000 people. Historically, Valdosta has had one of the lowest unemployment rates in the state.

Valdosta did well through the recession, and in 2003 and 2004, Valdosta stayed in positive territory, adding jobs at a 2.7% and 1.3% rate, respectively. For the 1st quarter of 2005, Valdosta increased employment at a 0.9% rate, or by 480 jobs. The sector to add the most jobs was Retail Trade, which increased by 300 jobs, and Manufacturing, which added 130 jobs.

Valdosta's unemployment rate has typically been the lowest in Georgia. In the 1st quarter of 2005, the unemployment rate was 4.2%. For 2005, we expect Valdosta to continue its strong growth of 1.9%, followed by a slight slowdown of 1.4% in 2006.

Warner Robins

This MSA, formerly a part of Macon, is the site of middle Georgia's largest employer, Warner Robins Air Force Base. The base employs 23,000 people and feeds a variety of military-related industries such as aerospace and automotive manufacturing. In 2003, Warner Robins increased jobs by 2.2% followed by equally strong growth in 2004 at a 1.6% rate.

In the 1st quarter of 2005, employment in Warner Robins stayed flat at 0.0%. Government increased by 370 jobs while Retail Trade, Transportation & Utilities and Manufacturing all added roughly 100 jobs each. Meanwhile, Education & Health, Leisure & Hospitality and Other Services offset the gains mentioned above by declining by 300, 200 and 100 jobs, respectively. Warner Robins will also benefit from this BRAC round as it receives a couple hundred more employees.

The unemployment rate in Warner Robins rose to 4.8% in the 1st quarter of 2005. Looking forward, we expect Warner Robins to increase by 1.2% in 2005 and 1.3% in 2006.

TABLE D

QUALITY OF JOB GROWTH

US, Georgia & Atlanta: Employment Change of NAICS Sectors by Wage Ranking

Employment Level	Annual Atlanta Wage**	US 132,926,000		Georgia 3,893,400		Atlanta 2,265,400	
		Since Mar.'04	Since Nov.'01	Since Mar.'04	Since Nov.'01	Since Mar.'04	Since Nov.'01
NAICS Categories*							
TOTAL	\$41,080	477,000	2,448,000	-38,800	-36,300	-27,900	-32,800
Internet Publish (Information)	\$79,800	1,600	-1,000	200	-11,000	200	-8,800
Utilities	\$76,500	4,500	-22,800	-200	-900	-100	-500
Computer Systems & Designs (Prof. & Biz. Services)	\$75,000	-100	-9,500	-500	-5,700	-800	-4,900
Wholesale Trade	\$62,000	17,500	30,600	-1,100	-700	600	-4,000
Mgt of Companies (Prof. & Biz. Services)	\$61,900	6,300	3,300	-100	-25,400	0	900
Information	\$61,200	1,000	-343,000	-200	-24,100	-100	-18,200
Telecommunications (Information)	\$60,500	-2,300	-203,000	500	-16,700	400	-15,900
Mgmt, Science & Tech (Prof. & Biz. Services)	\$60,000	1,100	57,900	400	-2,400	-800	-3,000
Finance & Insurance	\$58,300	21,100	231,600	-600	6,400	-900	-900
Air Transport (Transport & Warehousing)	\$53,100	-7,600	-52,700	100	-2,900	100	-3,100
Federal (Government)	\$50,100	-24,000	-50,000	0	-300	400	-100
Manufacturing	\$48,600	-18,000	-1,421,000	-2,300	-43,300	-2,100	-19,200
Prof. & Biz. Services	\$47,000	160,000	607,000	-4,300	-10,700	-3,700	-6,100
Acct & Related Services (Prof. & Biz. Services)	\$44,900	24,700	-34,200	2,800	3,000	1,900	900
Construction	\$43,100	88,000	250,000	-100	-8,100	-400	-5,600
Government	\$41,000	23,000	380,000	1,800	30,700	2,200	21,800
Real Estate, Rent And Leasing	\$37,500	12,300	67,800	-500	-500	-200	900
Education & Health	\$36,600	123,000	1,264,000	1,200	45,900	400	19,700
Local (Government)	\$36,600	27,000	331,000	900	27,700	1,300	18,900
Transport & Warehousing	\$35,600	13,900	12,900	-4,700	-5,400	-3,200	-8,200
State (Government)	\$35,000	20,000	99,000	900	3,300	500	3,000
Administration & Support (Prof. & Biz. Services)	\$28,000	84,800	615,000	-2,500	19,200	-2,000	-3,700
Other Services	\$27,300	11,000	108,000	900	-21,300	400	-100
Retail Trade	\$26,100	39,300	-100,700	-30,600	-25,100	-20,800	-24,000
Food & Beverage (Retail Trade)	\$17,400	-7,300	-115,500	-3,000	-8,700	-2,900	-6,200
General Merchandise (Retail Trade)	\$18,500	20,000	-10,300	-9,400	400	-5,400	-2,000
Leisure And Hospitality	\$17,400	67,000	425,000	1,900	21,600	100	11,700
Nondurable Goods Manufacturing	n/a	-18,000	-508,000	-1,900	-29,400	-1,200	-7,100
Durable Goods Manufacturing	n/a	0	-913,000	-400	-13,900	-900	-12,100
HIGH PAYING JOBS***	\$57,400	239,200	-1,998,500	-6,205	-97,587	-5,166	-48,348
LOW PAYING JOBS****	\$27,133	730,700	1,255,800	6,529	13,220	5,235	-1,748

* The major NAICS categories are in upper case letters and italicized, their subcategories are in lower case letters with the major category following in parenthesis.

** Average annual wage numbers are an average of wages in Cobb, DeKalb, Fulton & Gwinnett counties.

*** High Paying Jobs entails these sectors: Computer Systems, Air Transport, Information, Mgmt of Companies, Mgmt of Science & Tech, Finance & Insurance, Manufacturing and Accounting

**** Low Paying entails these sectors: Administration & Support, Other Services, Retail Trade and Leisure & Hospitality

FORECAST OF GEORGIA and ATLANTA

May 2005 Report

Tables

Guidelines to Interpreting the Data Tables

Dear Reader,

Table 1A represents an annual summary (history and forecast) for the state of Georgia of basic variables such as *Personal Income*, *Gross State Products (GSP)*, *Nonfarm Employment*, *Population* and *Construction Activity*. Several data series are also included here, such as real disposable personal income, housing starts, manufacturing shipments and hourly earnings. **Table 1B** provides these same indicators on a quarterly frequency.

In **Table 2A**, you will find the history and forecast for Georgia's Nonfarm employment based on the fourteen major and several minor NAICS categories. **Table 2B** presents the growth rate for these employment categories. Additionally, these tables provide you with an annual history dating back to 1995.

Atlanta's employment history and forecast in levels is found, along with the unemployment rate, in **Table 3A**. Like Table 2A, Atlanta's employment is also based on the new NAICS category system. **Table 3B** presents the same data in annual percentage changes.

Table 4 shows the *GSP* and *Personal Income* accounts for Georgia and Atlanta. Population data and Personal Income Aggregates for Georgia and Atlanta, along with its major components, are also reported in this table. GSP by Sector is only available for Georgia.

Finally, **Table 5** contains quarterly historical and annual forecast data for Metro Atlanta's housing permits, divided by its 20 counties.

We hope that you will find the tables informative, useful and visually pleasing!

Regards,



Dr. Rajeev Dhawan
Director

Forecast Tables - Summary

Table 1A. Annual Summary of the Georgia State University Forecast for Georgia

	HISTORY									FORECAST		
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Personal Income and GSP												
Personal Income (Bil. \$)	172.1	182.9	198.8	212.1	230.4	240.6	245.0	251.6	265.3	279.6	297.0	314.7
Georgia (% Ch)	8.3	6.2	8.7	6.7	8.6	4.5	1.8	2.7	5.4	5.4	6.2	6.0
U.S. (% Ch)	6.0	6.1	7.3	5.1	8.0	3.5	1.8	3.2	5.6	5.5	5.7	5.6
Personal Income (Bil. 96\$)	184.0	192.2	207.1	217.3	230.3	235.7	236.6	238.5	246.1	253.6	264.0	273.9
Georgia (% Ch)	6.1	4.5	7.7	4.9	6.0	2.3	0.4	0.8	3.2	3.1	4.1	3.8
U.S. (% Ch)	3.8	4.3	6.4	3.4	5.4	1.4	0.3	1.3	3.3	3.1	3.7	3.6
Disp. Income (Bil. 96\$)	160.6	166.7	178.5	187.1	198.0	203.4	209.0	212.5	219.6	225.4	233.7	241.9
Georgia (% Ch)	5.4	3.8	7.1	4.8	5.8	2.7	2.8	1.7	3.3	2.6	3.7	3.5
U.S. (% Ch)	3.0	3.5	5.8	3.0	4.8	1.9	3.1	2.3	3.5	2.7	3.2	3.3
GSP (Bil. \$)	219.8	235.3	254.5	275.8	289.1	296.8	305.8	320.1	344.2	365.7	385.7	407.6
(%Ch)	8.0	7.1	8.1	8.4	4.8	2.6	3.0	4.7	7.5	6.2	5.5	5.7
(Bil. 96\$)	230.2	245.4	264.8	281.6	289.1	290.1	293.8	301.7	317.6	329.4	339.7	351.1
(% Ch)	7.6	6.6	7.9	6.3	2.7	0.3	1.2	2.7	5.3	3.7	3.1	3.3
Employment and Labor Force (Household Survey, % Change)												
Employment	3.9	4.7	3.3	2.0	2.4	0.4	-0.2	0.8	1.3	1.8	2.1	1.9
Labor Force	3.6	4.7	3.0	1.8	2.0	0.9	0.7	0.8	1.1	2.1	2.0	1.9
Unemployment Rate (%)	4.6	4.5	4.2	4.0	3.5	4.0	4.8	4.7	4.6	4.9	4.8	4.8
U.S.	5.4	4.9	4.5	4.2	4.0	4.7	5.8	6.0	5.5	5.2	5.2	5.1
Nonfarm Employment (Payroll Survey, % Change)												
Total Nonfarm	3.7	2.5	3.5	3.0	2.5	-0.1	-1.9	-0.6	1.2	1.3	2.2	2.0
Georgia	2.0	2.6	2.6	2.4	2.2	0.0	-1.1	-0.3	1.1	1.7	1.5	1.2
U.S.	0.7	-0.5	0.8	-2.9	-2.0	-5.4	-5.7	0.3	-0.8	-0.0	-1.4	-3.0
Mining	8.0	2.8	7.2	9.4	1.9	-0.0	-4.1	-0.5	1.8	2.0	3.1	1.6
Construction	0.8	0.6	-0.3	-0.6	-2.2	-6.1	-6.4	-3.1	-1.5	-1.2	-0.4	-0.1
Manufacturing	-0.8	-1.3	0.5	-1.8	-3.3	-5.0	-5.2	-4.9	-2.3	-1.8	-0.7	-0.5
Nondurable Goods	3.0	3.1	-1.4	1.1	-0.9	-7.4	-7.8	-0.9	-0.5	-0.5	0.1	0.3
Durable Goods	-1.9	2.3	6.6	5.8	3.7	-0.4	-2.3	-1.1	1.7	1.5	1.9	1.2
Trans, Warehs & Utility	4.4	4.6	4.5	3.7	2.5	-0.2	-2.7	0.2	1.0	1.0	1.6	1.4
Wholesale Trade	5.3	1.9	2.1	2.4	2.4	-1.1	-2.1	-1.4	-0.3	-0.9	1.4	1.4
Retail Trade	4.7	3.6	6.5	2.6	2.4	1.0	0.6	1.7	0.8	1.6	1.6	1.8
Financial Activities	7.3	5.0	8.4	5.9	2.9	-1.8	-2.2	-4.9	4.1	3.4	4.6	4.6
Prof & Business Services	4.9	2.6	4.3	1.9	2.5	3.5	3.5	6.2	3.0	3.0	3.4	3.4
Edu & Health Services	5.0	0.9	1.9	2.5	2.1	0.7	0.8	3.2	2.8	2.6	3.7	2.2
Leisure & Hospitality	6.6	6.0	4.4	7.0	6.7	0.2	-8.4	-6.4	-3.8	-0.8	1.3	1.8
Information	-2.3	-0.3	-0.7	0.5	3.9	-1.9	-0.2	-1.3	-0.9	0.7	-0.0	0.2
Federal Govt	0.3	1.7	1.9	0.5	0.8	3.0	2.9	1.7	1.3	2.1	2.0	1.9
State & Local Govt												
Population and Migration												
Population (Thous.)	7524.4	7706.7	7886.3	8068.8	8248.5	8408.8	8555.9	8696.4	8847.7	8998.4	9152.5	9312.2
(% Ch)	2.4	2.4	2.3	2.3	2.2	1.9	1.7	1.6	1.7	1.7	1.7	1.7
Construction Activity and Other Economic Indicators												
Georgia Housing Starts	83.1	81.8	91.3	93.6	96.6	97.2	100.1	99.5	105.4	105.8	99.8	99.8
Single Family (Thous.)	67.7	66.4	76.3	78.2	74.5	77.6	81.1	84.4	88.9	88.6	83.9	83.2
Multifamily (Thous.)	15.3	15.4	15.0	15.4	22.1	19.6	19.0	15.1	16.5	17.2	16.0	16.6
MFG Shipments (Bil. 82\$)	89.7	97.1	103.4	105.5	100.3	94.0	92.5	87.7	83.5	82.4	83.1	83.7

Forecast Tables - Summary

Table 1B. Quarterly Summary of the Georgia State University Forecast for Georgia

	HISTORY				FORECAST							
	2004:2	2004:3	2004:4	2005:1	2005:2	2005:3	2005:4	2006:1	2006:2	2006:3	2006:4	2007:1
Personal Income and GSP												
Personal Income (Bil. \$)	263.1	265.9	272.5	274.2	277.5	281.3	285.5	290.4	294.9	299.3	303.6	307.6
Georgia (% Ch)	5.0	4.4	10.2	2.5	5.0	5.6	6.0	7.1	6.3	6.1	5.9	5.3
U.S. (% Ch)	6.4	4.6	10.9	2.4	5.4	5.4	4.7	6.7	5.8	5.7	5.1	5.4
Personal Income (Bil. 96\$)	244.3	246.2	250.6	250.8	252.2	254.6	256.8	260.1	262.7	265.3	267.7	269.9
Georgia (% Ch)	1.8	3.1	7.3	0.4	2.3	3.8	3.5	5.2	4.1	4.0	3.7	3.3
U.S. (% Ch)	3.2	3.3	8.0	0.2	2.0	3.8	2.7	4.7	3.6	4.2	3.1	3.5
Disp. Income (Bil. 96\$)	218.0	219.8	223.6	223.0	224.2	226.3	228.2	230.2	232.6	234.9	237.1	238.3
Georgia (% Ch)	1.6	3.3	7.2	-1.2	2.2	3.8	3.5	3.5	4.2	4.0	3.7	2.1
U.S. (% Ch)	2.8	2.9	8.3	-0.3	1.4	2.5	1.7	4.7	3.3	4.1	2.7	2.7
GSP (Bil. \$)	341.5	347.0	353.7	358.8	363.3	368.2	372.5	377.8	383.4	388.3	393.3	398.6
(%Ch)	8.5	6.5	7.9	6.0	5.1	5.5	4.7	5.9	6.1	5.2	5.2	5.5
(Bil. 96\$)	315.6	319.4	323.8	326.0	328.1	330.8	332.7	335.5	338.6	341.2	343.7	346.3
(% Ch)	5.1	5.0	5.6	2.7	2.6	3.3	2.3	3.4	3.7	3.1	3.0	3.0
Employment and Labor Force (Household Survey, % Change)												
Employment	1.4	1.2	1.0	2.1	2.3	2.5	2.0	2.2	2.1	1.8	1.9	2.0
Labor Force	2.3	1.9	1.3	2.9	2.0	2.0	2.0	2.0	2.1	1.9	2.0	2.0
Unemployment Rate (%)	4.6	4.7	4.8	5.0	4.9	4.8	4.8	4.8	4.8	4.8	4.8	4.8
U.S.	5.6	5.4	5.4	5.3	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2
Nonfarm Employment (Payroll Survey, % Change)												
Total Nonfarm												
Georgia	1.1	0.5	0.7	0.9	1.7	2.3	2.6	2.2	2.3	1.9	2.2	1.6
U.S.	2.4	1.2	1.7	1.4	2.0	1.7	1.4	1.4	1.5	1.3	1.4	1.0
Mining	-2.8	1.9	-4.4	2.5	1.0	0.0	-0.7	-1.6	-2.3	-2.6	-3.0	-3.3
Construction	-1.2	-0.1	2.6	2.6	3.1	2.4	1.7	6.3	2.3	1.7	1.8	1.2
Manufacturing	-0.5	-0.8	-1.9	-2.8	-0.2	-0.1	0.1	-0.1	-1.0	-0.8	-0.5	0.6
Nondurable Goods	-3.1	-2.3	-1.4	-3.1	-1.4	-0.5	0.4	-0.9	-1.4	-0.8	-0.5	-0.2
Durable Goods	2.9	1.1	-2.5	-2.3	1.2	0.5	-0.2	0.7	-0.5	-0.8	-0.6	1.6
Trans, Warehs & Utility	1.8	-0.5	0.2	2.1	2.2	2.5	2.4	1.3	1.7	2.1	1.0	1.0
Wholesale Trade	3.5	3.2	2.5	-1.1	-1.2	2.3	1.7	1.6	2.0	1.7	1.2	1.2
Retail Trade	-0.1	-2.3	-3.4	-3.0	1.2	1.6	5.3	-2.5	2.6	0.6	3.7	-3.9
Financial Activities	0.7	0.6	1.5	3.1	0.4	2.0	1.4	1.6	2.0	1.4	1.6	1.8
Prof & Business Services	2.6	2.4	4.4	3.1	3.6	3.9	2.8	5.6	5.5	4.7	4.9	3.9
Edu & Health Services	0.5	1.3	2.9	3.8	3.3	3.6	3.4	4.0	3.4	2.6	2.8	4.6
Leisure & Hospitality	1.6	0.2	0.5	3.2	3.2	4.3	6.3	3.8	2.2	1.9	2.5	3.3
Information	2.3	-3.1	-3.8	-0.1	0.3	0.9	0.3	0.9	1.2	4.3	2.3	1.3
Federal Govt	6.1	2.6	2.4	-0.8	-1.2	-0.2	-0.2	0.3	0.1	0.2	0.1	0.2
State & Local Govt	1.5	2.7	2.2	1.7	1.9	2.3	2.3	1.8	2.1	1.7	2.1	2.0
Population and Migration												
Population (Thous.)	8829.4	8866.6	8904.0	8941.5	8979.2	9017.3	9055.4	9093.8	9132.3	9172.0	9211.8	9251.7
(% Ch)	1.8	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Construction Activity and Other Economic Indicators												
Georgia Housing Starts	101.0	101.6	110.5	114.1	105.9	102.5	100.6	100.2	99.7	99.8	99.7	99.7
Single Family (Thous.)	87.5	88.0	89.3	95.9	88.5	85.7	84.2	84.1	84.0	83.8	83.6	83.5
Multifamily (Thous.)	13.5	13.7	21.2	18.2	17.4	16.8	16.4	16.1	15.7	16.0	16.1	16.2
MFG Shipments (Bil. 82\$)	84.1	83.0	81.9	82.2	82.3	82.5	82.7	82.8	83.0	83.2	83.3	83.5

Forecast Tables - Detailed

Table 2A. Georgia Employment (Levels in Thousands)

	HISTORY									FORECAST		
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
NONFARM	3527.2	3614.2	3740.7	3854.3	3949.2	3943.7	3869.7	3845.1	3890.9	3939.9	4027.9	4108.9
Manufacturing	544.4	547.6	545.7	542.7	530.6	498.4	466.7	452.1	445.4	440.0	438.5	437.9
Durable Goods	234.0	241.1	237.9	240.4	238.2	220.7	203.5	201.7	200.8	199.9	200.0	200.6
Wood Products	29.4	30.1	30.9	31.5	29.9	26.6	25.8	23.6	24.2	24.5	22.6	21.4
Transport Equip	37.0	39.4	42.1	43.4	43.3	39.4	36.8	43.4	44.6	45.6	47.3	49.1
Nondurable Goods	310.4	306.4	307.9	302.2	292.3	277.7	263.2	250.3	244.6	240.1	238.5	237.3
Foods	61.2	61.4	67.6	69.8	67.0	67.2	66.3	65.6	64.9	65.6	66.5	67.5
Textiles Mills	59.8	59.7	59.4	55.9	53.0	46.5	40.6	38.0	36.0	33.4	31.2	29.4
Non-Manufacturing	2982.8	3066.6	3195.0	3311.6	3418.6	3445.2	3403.0	3393.1	3445.4	3499.9	3589.4	3671.0
Mining	14.4	14.3	14.4	14.0	13.7	13.0	12.3	12.3	12.2	12.2	12.0	11.7
Construction	166.4	171.0	183.4	200.6	204.4	204.4	195.9	195.0	198.5	202.4	208.7	212.2
Trans, Warehs & Util	151.7	155.2	165.5	175.1	181.6	180.8	176.6	174.8	177.7	180.3	183.7	185.9
Wholesale Trade	181.1	189.4	198.0	205.4	210.6	210.3	204.6	205.1	207.1	209.1	212.4	215.3
Retail Trade	426.9	434.8	443.9	454.7	465.8	460.7	451.1	444.7	443.5	439.3	445.5	451.7
Information	113.6	120.4	125.7	134.5	143.5	143.9	131.8	123.4	118.7	117.7	119.2	121.4
Prof & Bus Services	433.3	455.1	493.3	522.2	537.3	527.6	515.9	490.4	510.3	527.6	551.7	576.9
Admin & Support	207.9	216.7	234.6	252.0	259.9	249.9	249.8	247.2	265.0	280.4	294.2	310.8
Prof, Sci & Tech	151.8	160.7	176.1	188.3	197.8	198.5	191.5	191.5	192.3	193.7	203.6	212.0
Mgmt of Comps	73.6	77.6	82.6	81.9	79.5	79.1	74.6	51.7	53.0	53.5	53.9	54.1
Financial Activities	180.8	187.2	199.4	204.5	209.3	211.4	212.8	216.4	218.2	221.7	225.2	229.2
Real Estate & Rent	49.0	50.3	53.5	56.5	59.0	57.9	57.6	58.1	58.8	59.7	61.0	62.4
Fin & Insurance	131.8	136.9	145.9	148.0	150.3	153.5	155.1	158.4	159.3	161.9	164.2	166.8
Edu & Health Service	310.5	318.7	332.3	338.7	347.3	359.4	372.0	395.0	406.8	418.8	433.2	447.9
Education Services	41.2	45.2	48.0	48.9	51.5	57.3	59.0	68.1	70.1	71.2	72.0	73.2
Healthcare Services	269.3	273.5	284.3	289.9	295.8	302.1	313.0	326.9	336.7	347.7	361.2	374.7
Leisure & Hospitality	309.1	311.9	317.7	325.7	332.6	334.8	337.4	348.2	358.0	367.1	380.6	389.0
Other Services	124.9	130.8	135.0	146.5	175.2	188.7	167.9	155.5	156.0	153.1	155.6	157.3
Government	570.1	577.8	586.5	589.6	597.2	610.3	624.8	632.4	638.7	650.5	661.7	672.7
Federal Govt	94.6	94.2	93.6	94.0	97.7	95.8	95.6	94.4	93.5	94.1	94.1	94.3
State & Local Govt	475.5	483.5	492.9	495.6	499.5	514.5	529.2	538.0	545.2	556.4	567.6	578.4
Unemployment Rate	4.6	4.5	4.2	4.0	3.5	4.0	4.8	4.7	4.6	4.9	4.8	4.8

Table 2B. Georgia Employment (Percent Change)

	HISTORY									FORECAST		
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
NONFARM	3.7	2.5	3.5	3.0	2.5	-0.1	-1.9	-0.6	1.2	1.3	2.2	2.0
Manufacturing	0.8	0.6	-0.3	-0.6	-2.2	-6.1	-6.4	-3.1	-1.5	-1.2	-0.4	-0.1
Durable Goods	3.0	3.1	-1.4	1.1	-0.9	-7.4	-7.8	-0.9	-0.5	-0.5	0.1	0.3
Wood Products	7.9	2.5	2.6	2.0	-5.2	-10.8	-3.2	-8.6	2.6	1.2	-7.6	-5.5
Transport Equip	2.6	6.4	6.9	3.2	-0.4	-9.0	-6.5	17.9	2.6	2.3	3.8	3.8
Nondurable Goods	-0.8	-1.3	0.5	-1.8	-3.3	-5.0	-5.2	-4.9	-2.3	-1.8	-0.7	-0.5
Foods	3.9	0.5	10.0	3.2	-3.9	0.2	-1.3	-1.0	-1.1	1.1	1.3	1.5
Textiles Mills	-0.9	-0.2	-0.6	-5.9	-5.2	-12.3	-12.7	-6.5	-5.2	-7.0	-6.7	-5.7
Non-Manufacturing	4.2	2.8	4.2	3.7	3.2	0.8	-1.2	-0.3	1.5	1.6	2.6	2.3
Mining	0.7	-0.5	0.8	-2.9	-2.0	-5.4	-5.7	0.3	-0.8	-0.0	-1.4	-3.0
Construction	8.0	2.8	7.2	9.4	1.9	-0.0	-4.1	-0.5	1.8	2.0	3.1	1.6
Trans, Warehs & Util	-1.9	2.3	6.6	5.8	3.7	-0.4	-2.3	-1.1	1.7	1.5	1.9	1.2
Wholesale Trade	4.4	4.6	4.5	3.7	2.5	-0.2	-2.7	0.2	1.0	1.0	1.6	1.4
Retail Trade	5.3	1.9	2.1	2.4	2.4	-1.1	-2.1	-1.4	-0.3	-0.9	1.4	1.4
Information	6.6	6.0	4.4	7.0	6.7	0.2	-8.4	-6.4	-3.8	-0.8	1.3	1.8
Prof & Bus Services	7.3	5.0	8.4	5.9	2.9	-1.8	-2.2	-4.9	4.1	3.4	4.6	4.6
Admin & Support	12.5	4.2	8.2	7.4	3.2	-3.9	-0.0	-1.1	7.2	5.8	4.9	5.6
Prof, Sci & Tech	5.8	5.9	9.6	7.0	5.1	0.4	-3.5	0.0	0.4	0.7	5.1	4.1
Mgmt of Comps	-2.5	5.4	6.4	-0.9	-2.9	-0.6	-5.7	-30.7	2.5	1.0	0.7	0.5
Financial Activities	4.7	3.6	6.5	2.6	2.4	1.0	0.6	1.7	0.8	1.6	1.6	1.8
Real Estate & Rent	7.1	2.8	6.4	5.5	4.5	-1.8	-0.5	0.7	1.4	1.5	2.2	2.2
Fin & Insurance	3.8	3.9	6.5	1.5	1.6	2.1	1.1	2.1	0.6	1.6	1.4	1.6
Edu & Health Service	4.9	2.6	4.3	1.9	2.5	3.5	3.5	6.2	3.0	3.0	3.4	3.4
Education Services	6.3	9.8	6.1	1.8	5.4	11.3	2.8	15.6	2.9	1.6	1.1	1.6
Healthcare Services	4.7	1.5	3.9	2.0	2.1	2.1	3.6	4.4	3.0	3.3	3.9	3.7
Leisure & Hospitality	5.0	0.9	1.9	2.5	2.1	0.7	0.8	3.2	2.8	2.6	3.7	2.2
Other Services	7.7	4.7	3.2	8.6	19.6	7.7	-11.0	-7.4	0.3	-1.8	1.6	1.1
Government	-0.1	1.3	1.5	0.5	1.3	2.2	2.4	1.2	1.0	1.9	1.7	1.7
Federal Govt	-2.3	-0.3	-0.7	0.5	3.9	-1.9	-0.2	-1.3	-0.9	0.7	-0.0	0.2
State & Local Govt	0.3	1.7	1.9	0.5	0.8	3.0	2.9	1.7	1.3	2.1	2.0	1.9

Forecast Tables - Detailed

Table 3A. Atlanta Employment (Levels in Thousands)

	HISTORY									FORECAST		
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
NONFARM	1970.2	2036.9	2128.3	2228.4	2289.6	2301.4	2258.6	2236.9	2264.6	2299.6	2356.0	2407.2
Manufacturing	202.7	206.4	209.2	210.1	207.2	197.1	186.0	179.2	176.8	174.1	173.7	173.5
Non-Manufacturing	1767.5	1830.5	1919.1	2018.2	2082.4	2104.3	2072.6	2057.7	2087.7	2125.6	2182.3	2233.7
Construction & Mining	97.3	103.7	112.4	125.5	130.7	131.2	125.9	123.2	126.9	128.7	133.0	135.1
Trans, Warehs & Util	104.2	106.1	113.6	121.3	127.3	125.9	120.7	117.7	119.2	120.5	123.0	124.7
Wholesale Trade	132.4	142.2	150.5	157.3	160.9	161.1	153.4	151.1	152.5	155.0	157.3	159.4
Retail Trade	232.9	238.8	247.2	255.7	263.4	262.4	256.6	248.8	245.9	244.0	249.0	254.2
Information	89.0	94.2	97.9	104.1	111.1	111.7	104.6	95.7	92.4	91.7	93.1	94.8
Prof & Bus Services	313.2	328.4	353.1	377.7	392.0	383.5	365.9	360.5	370.0	381.9	398.3	415.5
Financial Activities	127.5	132.9	140.4	145.6	148.4	150.9	150.7	151.1	151.8	153.9	156.0	158.1
Edu & Health Service	166.2	173.0	178.3	186.0	191.2	200.1	208.1	214.8	221.1	227.3	235.1	242.9
Leisure & Hospitality	181.3	180.2	183.9	189.9	196.3	199.1	200.6	205.0	211.0	218.2	227.0	232.5
Other Services	74.4	77.1	81.7	88.2	88.3	93.5	91.5	92.3	92.8	93.6	94.6	95.3
Government	249.1	254.0	259.9	266.9	272.9	284.9	294.8	297.4	304.1	310.8	316.0	321.1
Federal Govt	46.2	44.2	44.2	44.6	46.6	47.8	48.3	47.0	46.6	46.3	46.2	46.1
State & Local Govt	202.9	209.8	215.8	222.3	226.3	237.1	246.5	250.4	257.5	264.5	269.8	275.0
Unemployment Rate	3.8	3.7	3.3	3.0	2.9	3.5	5.0	4.9	4.7	4.9	4.9	4.9

Table 3B. Atlanta Employment (Percent Change)

	HISTORY									FORECAST		
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
NONFARM	4.9	3.4	4.5	4.7	2.7	0.5	-1.9	-1.0	1.2	1.5	2.4	2.2
Manufacturing	1.7	1.8	1.3	0.5	-1.4	-4.8	-5.7	-3.6	-1.3	-1.6	-0.2	-0.1
Non-Manufacturing	5.3	3.6	4.8	5.2	3.2	1.1	-1.5	-0.7	1.5	1.8	2.7	2.4
Construction & Mining	8.9	6.6	8.4	11.7	4.1	0.4	-4.0	-2.1	3.0	1.4	3.3	1.6
Trans, Warehs & Util	-0.0	1.7	7.1	6.7	5.0	-1.1	-4.2	-2.4	1.2	1.1	2.1	1.3
Wholesale Trade	5.1	7.4	5.9	4.5	2.2	0.1	-4.8	-1.5	0.9	1.7	1.5	1.3
Retail Trade	6.9	2.5	3.5	3.4	3.0	-0.4	-2.2	-3.1	-1.2	-0.8	2.1	2.1
Information	5.4	5.8	4.0	6.3	6.8	0.5	-6.4	-8.5	-3.4	-0.8	1.5	1.9
Prof & Bus Services	8.6	4.8	7.5	6.9	3.8	-2.2	-4.6	-1.5	2.6	3.2	4.3	4.3
Financial Activities	5.3	4.2	5.7	3.7	1.9	1.7	-0.1	0.3	0.5	1.4	1.3	1.4
Edu & Health Service	5.1	4.1	3.1	4.3	2.8	4.7	4.0	3.2	2.9	2.8	3.4	3.3
Leisure & Hospitality	5.5	-0.6	2.1	3.3	3.3	1.4	0.7	2.2	2.9	3.4	4.0	2.4
Other Services	5.8	3.6	6.0	8.0	0.1	5.8	-2.1	0.9	0.6	0.8	1.0	0.8
Government	1.1	2.0	2.3	2.7	2.2	4.4	3.5	0.9	2.2	2.2	1.7	1.6
Federal Govt	-4.1	-4.3	-0.1	0.9	4.4	2.6	1.0	-2.6	-1.0	-0.5	-0.3	-0.0
State & Local Govt	2.3	3.4	2.9	3.0	1.8	4.8	4.0	1.6	2.9	2.7	2.0	1.9

Forecast Tables - Detailed

Table 4. Gross State Product and Personal Income (Billions \$)

	HISTORY									FORECAST		
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Georgia Aggregates												
Personal Income	172.1	182.9	198.8	212.1	230.4	240.6	245.0	251.6	265.3	279.6	297.0	314.7
(Nominal %Ch)	8.3	6.2	8.7	6.7	8.6	4.5	1.8	2.7	5.4	5.4	6.2	6.0
Real Personal Inc (96\$)	184.0	192.2	207.1	217.3	230.3	235.7	236.6	238.5	246.1	253.6	264.0	273.9
(Real %Ch)	6.1	4.5	7.7	4.9	6.0	2.3	0.4	0.8	3.2	3.1	4.1	3.8
Georgia Components of Personal Income												
By Place of Work												
Wages & Salaries	101.7	109.7	120.2	129.9	140.5	143.8	144.4	147.5	154.0	161.7	172.1	183.3
Other Labor Income	20.9	21.7	23.4	25.3	27.3	28.8	31.3	33.4	35.9	37.9	39.6	41.1
Proprietor's Income	14.2	14.5	15.8	17.8	19.2	21.4	21.4	23.8	25.8	27.7	29.0	30.5
Farm Proprietors	1.6	1.6	1.5	1.7	1.4	1.7	1.0	2.0	2.0	1.8	1.5	1.3
Business Proprietors	12.6	12.9	14.3	16.1	17.8	19.7	20.4	21.9	23.8	25.9	27.5	29.3
Less Social Insurance	14.5	15.5	16.8	18.2	19.4	20.2	20.5	21.0	22.1	23.4	25.0	26.4
By Place of Residence												
Divid, Interest & Rent	28.7	31.2	34.4	34.1	37.6	38.8	36.8	36.0	38.0	39.8	42.5	44.9
Transfer Payments	21.4	21.8	22.4	23.8	25.8	28.7	32.4	32.6	34.5	36.6	39.6	42.3
Real Personal Inc (96\$)	184.0	192.2	207.1	217.3	230.3	235.7	236.6	238.5	246.1	253.6	264.0	273.9
% Ch Annual Rate	6.1	4.5	7.7	4.9	6.0	2.3	0.4	0.8	3.2	3.1	4.1	3.8
Real Disposable Inc.	160.6	166.7	178.5	187.1	198.0	203.4	209.0	212.5	219.6	225.4	233.7	241.9
Per Cap, Thous. (96\$)	24.4	24.9	26.3	26.9	27.9	28.0	27.7	27.4	27.8	28.2	28.8	29.4
Gross State Product by Sector, (current dollars)												
Gross State Product	219.8	235.3	254.5	275.8	289.1	296.8	305.8	320.1	344.2	365.7	385.7	407.6
Manufacturing	38.1	39.8	41.4	45.6	45.0	42.5	42.5	43.4	45.9	48.4	50.7	53.3
Mining	1.1	1.1	1.2	1.2	1.2	1.2	1.0	1.0	1.1	1.1	1.1	1.2
Construction	10.0	10.7	12.1	13.7	14.4	14.8	14.5	15.1	16.4	17.2	17.7	18.3
Transp, Ware, Utility	14.1	15.0	16.3	17.2	18.2	17.1	17.5	18.1	19.3	20.4	21.4	22.6
Wholesale Trade	17.4	19.0	20.7	22.3	23.0	23.5	23.7	24.5	26.3	28.0	29.4	30.9
Retail Trade	15.7	16.7	17.7	19.1	19.6	20.2	22.2	23.7	25.3	26.8	28.4	30.1
Financial Activities	32.6	36.1	39.4	42.3	45.8	48.4	50.6	53.1	57.1	61.0	64.5	68.4
Prof & Business Services	22.7	25.5	28.7	31.4	33.7	35.1	35.9	37.7	41.4	44.7	48.1	51.7
Edu & Health Services	12.0	12.7	13.6	14.8	15.9	17.7	19.2	20.8	22.5	24.2	25.8	27.4
Leisure & Hospitality	6.7	7.4	7.9	8.8	9.4	9.6	9.7	10.1	10.9	11.6	12.3	13.1
Information	13.5	13.8	15.8	18.3	19.3	20.5	20.9	21.8	23.6	25.4	27.1	29.0
Federal Govt	6.1	6.2	6.4	6.6	7.2	7.4	7.9	8.4	8.9	9.2	9.5	9.9
State & Local Govt	18.0	18.7	20.2	21.6	22.9	24.3	25.9	27.3	29.3	30.7	32.0	33.3
Atlanta Aggregates												
Personal Income	100.0	107.4	118.7	128.3	141.8	148.0	149.9	153.4	161.5	170.8	182.3	193.9
(Nominal %Ch)	9.5	7.3	10.5	8.1	10.5	4.4	1.2	2.4	5.3	5.8	6.7	6.4
Real Personal Inc (96\$)	106.9	112.9	123.6	131.5	141.8	145.0	144.7	145.4	149.8	154.9	162.0	168.7
(Real %Ch)												
Atlanta Components of Personal Income												
By Place of Work												
Wages & Salaries	63.7	69.7	77.6	85.3	93.6	95.9	95.2	96.7	100.5	105.8	112.9	120.5
Nonwage Income	36.3	37.7	41.1	43.0	48.2	52.1	54.6	56.6	61.0	65.0	69.3	73.4
Population (Millions)												
Georgia	7.5	7.7	7.9	8.1	8.2	8.4	8.6	8.7	8.8	9.0	9.2	9.3
Atlanta	3.8	3.9	4.0	4.2	4.3	4.4	4.5	4.6	4.7	4.8	4.9	5.0
U.S.	270.1	273.4	276.6	279.7	282.8	285.7	288.6	291.4	294.1	296.8	299.5	302.1

Forecast Tables - Detailed

Table 5. Metro Atlanta Housing Permits

County		HISTORY									FORECAST		
		2003:1	2003:2	2003:3	2003:4	2004:1	2004:2	2004:3	2004:4	2005:1	2005	2006	2007
Barrow	single family	400	309	294	275	376	322	298	248	434	1232	1176	1152
	multifamily	0	0	1	5	18	8	0	0	23	53	30	25
Bartow	single family	208	219	222	134	251	258	244	230	152	810	797	789
	multifamily	72	12	1	15	17	17	5	25	38	80	120	90
Carroll	single family	247	161	145	196	407	479	608	141	151	1362	1165	1107
	multifamily	27	71	4	0	3	59	10	0	2	121	186	203
Cherokee	single family	532	626	655	555	698	774	628	489	564	2106	2212	2252
	multifamily	15	48	367	56	60	31	68	72	111	251	278	252
Clayton	single family	392	463	641	193	480	581	399	284	169	1428	1513	1601
	multifamily	0	216	40	0	69	32	356	47	63	472	548	501
Cobb	single family	922	980	947	794	936	1134	953	811	764	3608	3084	3220
	multifamily	168	309	466	935	466	738	662	499	460	1812	1705	1806
Coweta	single family	242	408	452	349	447	436	457	453	444	1721	1610	1512
	multifamily	0	2	28	0	192	0	0	0	43	248	209	111
DeKalb	single family	703	698	519	477	545	596	563	410	504	1954	2095	2103
	multifamily	449	691	886	437	609	940	664	2115	919	2997	1983	2004
Douglas	single family	539	497	561	496	524	568	458	392	419	1896	1697	1602
	multifamily	32	0	20	0	10	21	115	1	0	195	242	114
Fayette	single family	184	195	251	241	256	264	315	141	223	954	932	1005
	multifamily	5	7	10	9	0	13	0	1	15	44	69	52
Forsyth	single family	566	492	800	910	582	688	685	716	527	2386	2450	2713
	multifamily	11	98	137	196	75	82	73	113	93	309	356	254
Fulton	single family	722	896	1311	1246	1652	1397	2054	1335	868	4514	3516	3021
	multifamily	64	32	144	89	89	29	159	80	108	457	892	614
Gwinnett	single family	1912	1889	2030	1459	2105	2036	1948	1911	1995	6613	7320	7201
	multifamily	560	293	338	275	357	368	669	816	536	1810	1689	1506
Henry	single family	713	955	795	726	705	809	688	600	775	2711	2658	2610
	multifamily	252	22	11	33	39	36	8	0	20	246	416	289
Newton	single family	462	629	647	538	685	693	582	474	794	2553	2575	2603
	multifamily	15	0	0	0	0	0	0	0	0	129	295	211
Paulding	single family	512	523	710	658	588	735	648	582	602	2671	2634	2706
	multifamily	84	23	32	0	68	35	25	0	9	143	187	181
Pickens	single family	114	98	100	90	83	176	104	84	110	421	453	507
	multifamily	0	0	0	0	2	0	0	0	0	41	23	35
Rockdale	single family	229	363	189	134	138	144	173	186	177	632	653	713
	multifamily	64	2	0	17	1	12	8	58	23	118	224	87
Spalding	single family	94	132	130	82	103	127	105	149	132	451	506	531
	multifamily	0	4	0	40	18	28	10	11	4	32	91	64
Walton	single family	240	275	344	246	344	348	231	218	379	1168	935	974
	multifamily	7	0	1	0	0	0	0	8	4	36	73	29
Totals													
Total Permits	(Single + Multi)	11758	12638	14229	11906	13998	15014	14973	13700	12654	50785	49597	48350
	Single	9933	10808	11743	9799	11905	12565	12141	9854	10183	41191	39981	39922
	Multifamily	1825	1830	2486	2107	2093	2449	2832	3846	2471	9594	9616	8428
Percent Change (Year Ago)													
Total Permits	(Single + Multi)	-12.7	-15.5	12.7	17.1	19.1	18.8	5.2	15.1	-9.6	-12.0	-2.3	-2.5
	Single	0.1	-3.8	17.4	19.7	19.9	16.3	3.4	0.6	-14.5	-11.4	-2.9	-0.1
	Multifamily	-48.6	-50.9	-5.1	6.0	14.7	33.8	13.9	82.5	18.1	-14.5	0.2	-12.4

Source: Greater Atlanta Home Builders Association

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