



February 2008 Forecast of Georgia and Atlanta

Credit Storm Blurs Georgia's Growth Picture

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FORECASTING
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Business Intelligence at Its Best

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CREDIT STORM BLURS GEORGIA'S GROWTH PICTURE

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FORECAST COMMENTARY

A credit storm has been brewing since last August. Although its intensity has waxed and waned over time, it has yet to go away completely. The Bernanke-led Fed is trying its best to combat the aftermath with aggressive rate cut measures. The surprise 75-basis-point cut on January 22 and the followup 50-point cut on January 30 show that the Fed at long last is serious about combating the fallout from the subprime debacle. We expect rate cuts totaling 50 basis points in the next three months, which results in an easing of 275 basis points since last September. But will this very aggressive action by the Fed do the trick for the credit markets and the economy?

While these actions will prevent an outright recession at the national level, there is no cure for the global headwinds blowing right now. Oil prices, hovering near the record high, will continue to pinch consumer spending on discretionary items in the coming months. With home prices falling (even in a free fall in certain areas), the chance to tap home equity for spending is fast receding for most of the borrowers. In turn, entrepreneurial activity based on personal funds also will drop going forward. We expect extremely iffy national GDP growth numbers in the first half of this year with job growth being negative at the national level.

Although the situation technically fails to qualify as a recession, it will feel worse than the numbers imply. The stimulus package will help some people in the second half of 2008 as *they* spend their rebate checks. However, history shows us that with rebates that are considered temporary, such as this one, people tend to squirrel away most of the money. The fancy name in economics for this action is Ricardian Equivalence, with the thinking that deficit spending by government today will have to be paid back by raising taxes on consumers (or their descendants) tomorrow, ergo they should save the windfall now. In the last two rebate episodes (1975 and 2001), people saved 50% to 70% of their rebate checks (surprising but true). To me, the rebate seems akin to applying a band-aid to a deep wound. It may stop the bleeding for a short while, but it is not the long-lasting cure.

The real problem is a crisis of confidence (COC) in the credit markets. Lenders are reluctant to lend as they have been burned by the subprime catastrophe and its fallout. The situation is still unfolding and is not expected to be over anytime soon. Big commercial banks all over the world are reporting losses on their mortgage-backed security holdings (and derivatives like CDOs). Therefore, the securitization markets are far from fully functional or liquid because investors are reluctant to buy these mortgage-backed securities. The only players left are Freddie and Fan-

Calendar Year Job Additions *

	Georgia			Atlanta		
	Employment	Premium	% of Total	Employment	Premium	% of Total
2008	27,900	1,600	6%	19,100	1,500	8%
2009	71,000	13,300	19%	45,400	10,600	23%
2010	98,100	21,300	22%	66,100	14,900	23%

* Calendar year change is defined as the difference between January and December of one year.

This report was written with Denise Akierman, Research Specialist at the Economic Forecasting Center. We also thank Rhonda Mullen for her editorial assistance. Any comments and questions should be sent to forecast@gsu.edu.

nie, which can buy securities only based on conventional mortgages, i.e. loans below \$417,000. The stimulus package raises this limit to \$729,750 in high-cost markets. Still the economy needs confidence among other investors to eventually hold these securities. The latest casualty of the subprime stew is the downgrade of municipal bond insurers' credit ratings, which will pose problems for state and local government financing plans.

The only solution to the COC is time. Bad debt will get written down and work its way through the balance sheet of the system, and Fed rate cuts will help in this process by providing liquidity to undertake the write-downs. Kenneth Rogoff of Harvard University and Carmen Reinhart of University of Maryland in a recent study analyzed nine banking crises and their aftermaths in Europe, the United States, and Japan. Their findings are sobering. Following a banking crisis, the average time to recovery for an economy is approximately two years. Therefore, my forecast for the national economy to return to normalcy by mid-2009 is quite optimistic.

Some have touted the “decoupling” argument, namely that the Asia-Pacific region can keep going gangbusters as the U.S. economy slows, thereby providing a healthy outlet for U.S. exports especially in light of the weak dollar. The argument is of a “new” era variety with “Chindia” and Europe being the growth engines. Incidentally, these same people also tend to believe in the legend of Yeti, the existence of Lochness monster, and that they can buy a 3000-square-foot beach house in Malibu for less than a million bucks! Forgive my rant. The point I am trying to make is that when the biggest consumer in the world (the United States) takes a breather, its suppliers—whether BMW of Germany or the Chinese supplier to Wal-Mart—will suffer, period.

There is an event about to unfold in China to which we in Atlanta can relate—hosting of the summer Olympics. Once the games are over, as history has shown in Atlanta, Australia, and Greece, there is a pause in the host country's growth trajectory. How long does this pause last? In the case of Atlanta, it was approximately six months. Then the city re-

turned to its growth path, with the national economy booming thanks to the tech revolution. However, the expected pause in China may be a long one because a drop in demand for Chinese products in the United States and Europe will coincide with the natural post-game pause.

Why, you may ask? Once the games are over, the need to build hotels and freeways at breakneck speed to impress the world is over? No need to keep smiling after the camera has flashed unless you are running for office! In economic terms, when the need for infrastructure to host a major event is met, it takes time to find new investment opportunities.

India, on the other hand, is now grappling with its own stock market bubble, which is beginning to deflate. In the U.S., we remember well what happened when our own tech bubble burst, how we felt, and how we responded, especially in the corporate sector. India has two additional disadvantages: it lacks an Alan Greenspan as well as any formal housing market, as we describe it, to inflate to help the consumer. This scenario puts a damper on the plans of Detroit automakers to sell cars in India. Neither is the outlook good for U.S. companies looking to export products to the region, due to the tremendous political uncertainty washing over the Indian sub-continent.

Georgia's payroll growth rate of 1.6% in December 2007 was higher than the 0.8% national rate. In fact, the national payrolls dropped by 17,000 in January. Isn't that a sign of a beginning recession? Let's parse this national statistic. Three sectors—Leisure & Hospitality, Retail Trade, and Healthcare & Education—added 77,000 jobs whereas Construction and Manufacturing lost 57,000 jobs. This analysis shows signs of a bifurcated economy—one wheel rolls smoothly while the other drags. The point becomes even clearer when one analyzes regional growth. Michigan already is in a severe recession, and California—flanked by Nevada and Arizona, totaling almost one-fifth of the U.S. economy—has come to a standstill. Oregon and Washington, on the other hand, have slowed but just barely. Moving South, Texas is still booming, thanks to high oil prices. In Florida, the fallout from home prices is remaining contained

Table 1: Georgia's Economic Report Card: B+

Indicator	Recent Quarter ('07-Q4)	Last 12 Months	Grade	Comments
Jobs Added				
Civilian Employment	30,600	91,500	A+	Surprisingly a very good quarter
Hospitality Jobs	3,800	12,600	A	Holding up well
Health Care Jobs	2,500	11,200	A-	Reliable performer
Total Non-Farm Jobs	13,300	73,000	B+	Losing momentum
Technology	600	800	B	Finally net additions
Business Services Jobs	400	2,400	C	Losing steam
Financial Jobs	-3,000	-1,300	D	Getting impacted by financial turmoil
Manufacturing	-4,300	-12,100	D	Continued in the red
Construction Activity				
Jobs Added	-1,200	2,700	D	Layoffs have begun
Housing Permit Growth*	-47.6%	-34.0%	D	Poor intentions to build
Georgia's Fiscal Health				
Tax Collections*	3.7%	6.4%	B+	Weak sales tax collections this quarter
Personal Income**	5.2%	6.3%	B+	Gains are slowing
Wages & Salaries**	4.1%	6.1%	B	Moderating wage gains
Large Corporate Sector			B	Only good news is Kia
Miscellaneous				
10-Yr Bond	4.3%	4.6%	A	Approaching historical lows
Exports***	15.0%	-2.5%	A	Strong purchases from China and EU
Oil Prices	90.4	60.1	F	Bubble?

Data Sources: Employment is seasonally-adjusted from the US Bureau of Labor Statistics
 Personal Income and wage data from the Bureau of Economic Analysis
 Tax revenue from the Georgia Department of Labor
 Housing Permits from US Census Bureau
 Export data from World Institute of Strategic Economic Research
 Oil and 10-year bond from Global Insight

* Tax Collections and Housing Permits:

Most recent quarter is the quarterly percent change from a year ago
 Last 12 months is a four quarter moving average

** For Personal Income and Wages & Salaries:

Most recent quarter is annualized growth rate in 2007q3
 Last 12 months is percent change from a year ago for 2007q3

*** Exports:

Most recent quarter is percent change from a year ago for 2007q3
 Last 12 months is 2006's annual growth rate

Chart 1

Georgia's Job Growth History

Employment Category	Q2 2006	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007
Total Nonfarm	14.2	5.7	16.3	20.9	15.2	23.5	13.3
Retail Trade	1.8	-3.5	-0.3	5.4	4.3	1.8	3.6
Construction	2.8	2.7	2.5	2.1	0.7	1.2	-1.2
Financial Activities	2.0	1.4	0.6	0.4	0.2	1.1	-3.0
Prof. & Biz. services	3.8	0.6	3.1	2.1	2.7	2.8	4.2
Edu. & Health services	1.6	2.1	3.4	4.4	3.4	4.1	2.4
Leisure & Hospitality	0.1	2.4	3.5	3.3	1.3	4.2	3.8
Government	2.6	2.6	4.3	3.4	4.3	9.0	4.6

Source: EFC calculations based on data from Georgia Department of Labor

within the construction sector, and North Carolina and Tennessee are showing growth rates comparable to Georgia. Therefore, the situation by region varies from being in the midst of recession, about to enter a recessionary period, or experiencing growth.

Chart 1 shows Georgia's quarterly job additions since 2006. Job growth in the last quarter of 2007 was half of what was experienced in the third quarter. Boxes colored in red show sectors that have experienced outright job declines (Construction and Financial Activities) in the fourth quarter. The sharp slowdown in the residential construction sector and the fallout from the subprime debacle are responsible for this dismal statistic. Looking ahead, residential construction will not bottom out until mid-2009, due to too much inventory, especially in the intown condo market. Residential permit activity will drop again by double digits in 2008. The Atlanta region's residential permit projections for years 2008 to 2010 are shown in **graph i**. It averages only 38,000 permits in the next few years, almost a 50% drop from its peak value in 2005. Non-residential construction projects (military projects, churches, synagogues, for exam-

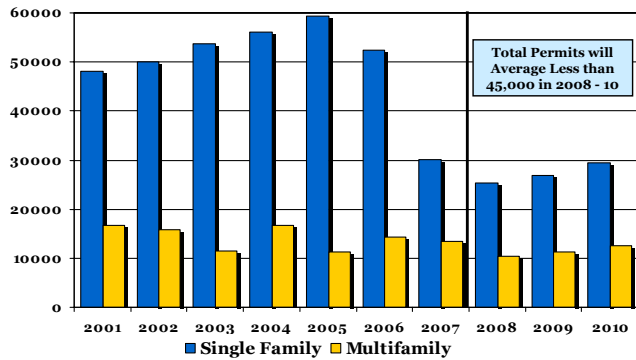
ples) are somewhat tempering the projected job losses for the Construction sector in 2008 and 2009.

On the other hand, the hospitality sector continued to add jobs and at even a higher pace in the second half of 2007! Can it maintain this momentum in 2008? That growth seems highly unlikely in light of a national slowdown, which reduces demand for conventions and hotel rooms in the city. As **graph ii** depicts, the average daily room rate growth is only 5.2%, according to the latest data for the third quarter of 2007 from PKF Hospitality. Furthermore, this metric has been consistently decelerating since mid-2006. This decline is due partly to Katrina evacuees moving out of the hotel sector into permanent accommodations. But mostly, it mirrors the slowdown in the national economy in 2007, and the numbers will moderate further in 2008.

The hospitality sector is facing another critical challenge: water and its availability. The ongoing drought will lead to higher water bills for the sector. That is a given. Now, if the industry absorbs these costs rather than passing them on, its profits will decline, result-

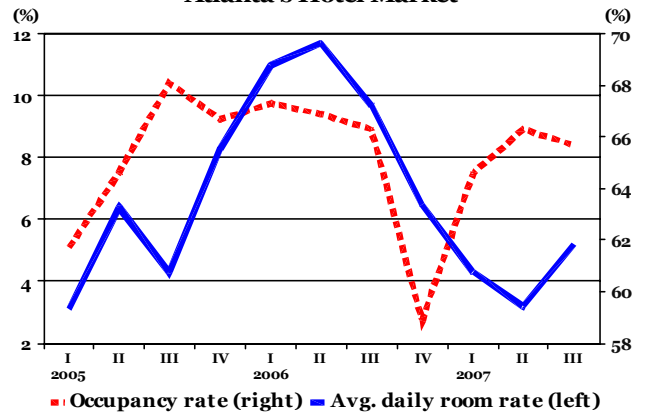
Graph i

Atlanta Housing Forecast



Graph ii

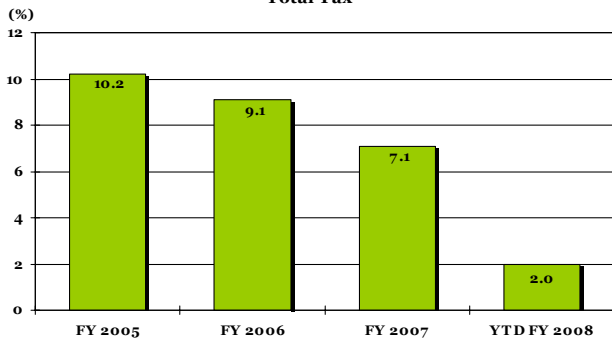
Atlanta's Hotel Market



Source: PKF Hospitality Research

Graph iii

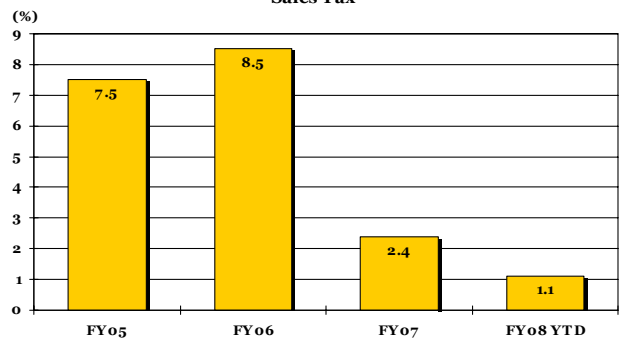
Georgia Tax Collections
Total Tax



Source: EFC calculations based on data from Georgia Department of Revenue

Graph iv

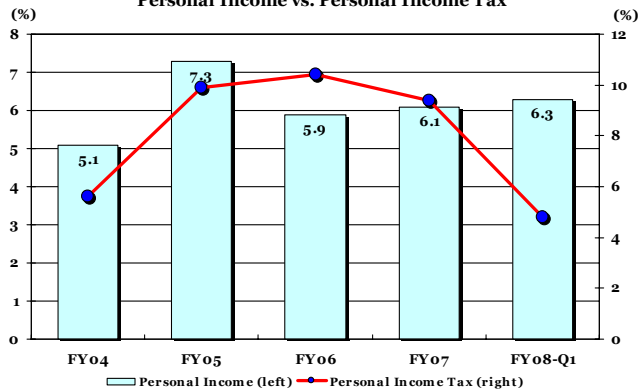
Georgia Tax Collections
Sales Tax



Source: EFC calculations based on data from Georgia Department of Revenue

Graph v

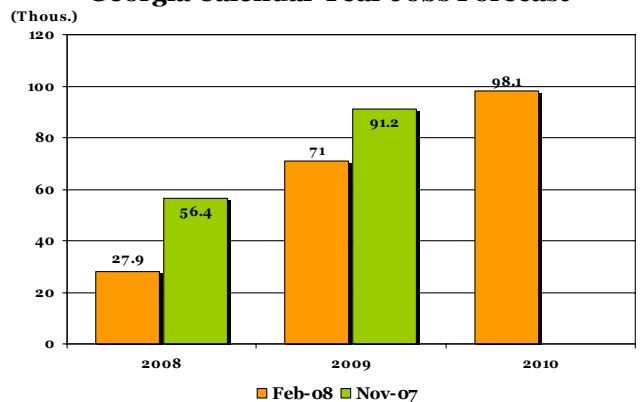
Georgia Personal Income Gains
Personal Income vs. Personal Income Tax



Source: EFC calculations based on data from Georgia Department of Revenue and Bureau of Economic Analysis

Graph vi

Georgia Calendar Year Jobs Forecast



ing in future lower valuations of hotels and other structures. However, if the industry does pass the costs through to the customer in the form of higher room rents, then economics dictates that the quantity for hotel rooms demanded in the market will drop. If the demand for hospitality is elastic, revenues and in turn profits will fall. Either way the future prognosis is very cloudy due to drought. Even more damaging will be the effects of more severe water restrictions than those already in place (guest shower restrictions?) and their impact on Atlanta's reputation as a convention town. I hope we don't have to grapple with rationing water for hotel guests, but the ongoing drought does make convention planners nervous about booking big meetings here in 2009.

Retail Trade and Business Services sectors showed job growth, a surprising occurrence in light of the turmoil in the national economy. However, Georgia will undertake a benchmark revision of its payroll data in March 2008 that will tally proper birth and exit of businesses in 2007, and this revision may take away most of this growth. The large firm corporate sector was mercifully quiet in the last six months, but that calm was interrupted in late January. First came the rumors about a Delta merger with either United or Northwest, which Delta first denied. However, now the pilots' unions from Northwest and Delta are trying to work out seniority issues after a merger deal! With oil prices above \$90 per barrel and demand for airline travel expected to shrink due to national slowdown, a merger is the medicine of last resort to reduce the excess supply in the market. Combined firms are able to lay off routes and people to reduce excess capacity. This move is then expected to result in some price leverage to pay rising fuel bills that now hover close to 30% of an airline's total operating cost, three times what they were just five years ago. High fuel prices make for belligerent bedfellows.

For Georgians, an airline merger means job losses rather than growth in the coming future, even if the headquarters of the merged airline stays in Atlanta and keeps Delta's name. But instead of this best case merger scenario, another possibility is moving of the headquarters to Minneapolis. Even if most Delta employees keep their jobs, they will still have to move to

Minneapolis, leading to the same negative multiplier effect due to a loss of purchasing or spending power. Net-net, the size of operations under the Delta name or another name will shrink in Atlanta. While the hub may stay here, it will have some empty gates. The hungry and lean competitor, AirTran, may fill the void, but that transfer will take time. AirTran has new planes, but it already in late 2007 had announced a scaleback of 2008 expansion plans. It is not possible to change strategy, i.e., to find aircraft overnight. Meanwhile the regional growth goes sideways at best. The merger news is especially demoralizing for the Southside of Atlanta's metro area, where most of the Delta pilots and support staff live. That area is already grappling with an extremely slow turnover in homes, both existing and new. This latest news practically wrecks the housing market in the Southside.

In addition to the unfolding events at Delta, Home Depot recently announced a cutback of 500 jobs at its headquarters in Atlanta. This year the GM plant will finally shut its doors. A Kia plant will come online but not until 2009. UPS has frozen its hiring, and news from other goods carriers is dismal as well. Talk of the expansion of a few community banks is an exception rather than the rule in the current credit environment. Finally, tack on a multiplier effect from the loss of these relatively well paying jobs, and we see extremely iffy growth prospects for the large firm corporate sector. This bleak outlook brings further bad news for students graduating from local universities and community colleges this summer.

Small firms, which constitute about half the employment base, will suffer not only as consumers cut back on purchases but also from tightened credit conditions. The latest survey of senior loan officers at commercial banks by the Federal Reserve found that banks had considerably tightened lending standards. Rate cuts have little impact on the inclination of banks to lend when they are trying to shore up capital in the wake of write-downs from subprime defaults. Although rate cuts already were largely factored in the last forecast released in November 2007, credit tightening has intensified since then. As a result, the small player is ever more dependent on large players' ability to spend, which is limited at present.

The biggest worry at the moment is the slowdown in the HealthCare and Government sectors. HealthCare has been a star performer in the last decade. Even during the last recession in 2001 and the abysmal recovery afterwards, payrolls in this sector kept growing steadily by 3.0% or more, even when the state's job growth was in negative territory between 2001 and 2003. So any hiccup in this sector means an automatic downgrade in my job growth forecast. What's behind the slowdown in this sector? I hope it reflects just a quirky data issue rather than reality. However, presidential politics is exerting an extreme uncertainty over health care policies in the coming years. Therefore, this sector will be skittish, especially the big hospitals, whose expansion plans naturally will be on the cautious side in 2008 and 2009 until the dust clears. Until then, the growth remains around 3% for this sector and will be unable to inch up to 5% or more to make up for the shortfalls in the rest of the economy.

Likewise government sector job creation was positive during the 2001-2003 period, although its growth prospects clearly are tied to the tax revenue collection at the state and local level. Total tax collections, as **graph iii** shows, are running at almost one-third the rate (only 2%) of just a few years ago. **Graph iv** explains the reason for this slowdown—rapidly falling sales tax receipts mostly due to rapidly declining residential construction activity. Less construction means fewer sales of building materials and furnishings and therefore lower sales tax collections. Given the further slowdown in construction, the prognosis for sales tax collections is diminished. Plus, I doubt consumers will continue to spend the way they did when home prices were rising and credit was plentiful. To further add to these woes will be a slowdown in discretionary spending as oil prices remain elevated in the early part of this year. Surging corporate tax collections immensely boosted overall tax collections. However, in coming quarters, this stimulus is most likely to fade as corporate profitability declines not only at banks but also for large corporations.

Graph v shows personal income tax collections and personal income growth for the past few years. They seem to run in sync but with a new wrinkle (not

shown in the graph). Personal income tax collections declined sharply in January 2008 even though the first month of the year was supposed to mark a high collection point due to estimated tax payments. This category of taxes is growing only 3.0% in the current fiscal year, and while that rate is low, at least it is not negative as in California and Arizona. Mildly falling home prices in the metro Atlanta region means that local government entities will be experiencing budget problems soon. Additionally, budget news coming from big metro counties and from the city of Atlanta shows ballooning deficits even before the full impact of the slowdown has manifested. Typically, local government budget woes lag the economy's woes. Net-net, job creation at the state and local government level will be anemic in coming quarters.

Adding the few positives, such as health care jobs, and the multiple negatives tempers expectations for future job growth in Georgia. For the 2008 calendar year (the difference from January to December), Georgia's job creation pace will be 27,900 jobs. Of these jobs, 6%, or 1,600, will be in premium job categories, which include all jobs earning more than \$45,000 a year. In calendar year 2009, Georgia's job creation will increase sharply to 71,000 with 13,300, or 19%, falling into the premium category. In 2010, the job creation pace will pick up further to 98,100. Premium jobs also will remain strong, increasing by 21,300, or 22%, of all new jobs. Georgia's personal income will grow 4.6% in 2008, 5.0% in 2009, and 6.0% in 2010.

Graph vi compares our latest job forecast with the November 2007 forecast. The big change will occur in 2008, currently forecasted to be almost 50% below the November forecast. The 2009 forecast is now also 22% below the numbers forecasted in November. Normalcy returns by 2010.

For the Atlanta metro area, 19,100 jobs will be created in calendar year 2008, of which 8%, or 1,500 jobs, will be in the premium wage categories. For 2009, Atlanta will add 45,400 jobs, and 10,600 of those, or 23%, will be premium jobs. In 2010, Atlanta will see 66,100 new jobs and create 14,900 premium jobs, or 23% of all new jobs.

Table 2: Quality of Job Growth

NAICS Categories	Annual Atlanta Wage **	US		GEORGIA		ATLANTA	
		Last 12 months	Since Nov'01	Last 12 months	Since Nov'01	Last 12 months	Since Nov'01
TOTAL NON-FARM EMPLOYMENT	\$41,100	1,137,000	7,218,000	68,800	276,200	52,600	184,800
PREMIUM JOBS¹	\$60,700	106,600	(770,100)	2,200	(41,400)	12,800	9,100
Utilities	\$83,800	8,000	(42,700)	400	(400)	300	200
Computer Systems & Designs	\$77,000	75,300	161,500	2,400	0	800	(100)
Internet Publishing	\$76,900	7,600	4,200	700	(14,800)	100	(12,900)
Management of Companies	\$71,700	18,500	98,600	(200)	(4,400)	200	900
Telecommunications	\$67,600	(12,200)	(352,200)	1,100	(19,500)	500	(19,000)
Finance & Insurance	\$66,300	(67,400)	308,600	(700)	9,700	(2,100)	3,000
Information	\$65,600	(19,000)	(521,000)	100	(27,100)	0	(19,300)
Air Transportation	\$64,200	10,200	(69,600)	1,500	(2,000)	1,500	(2,100)
Management, Science, & Technology	\$62,600	82,700	286,000	1,200	4,300	1,600	3,600
Wholesale Trade	\$58,100	105,400	365,000	4,100	9,500	2,700	2,600
Accounting & Related Services	\$52,700	81,000	136,300	3,500	2,300	600	(200)
Federal Government	\$50,100	7,000	(27,000)	300	(400)	(100)	(2,200)
Transportation & Warehousing	\$49,200	10,200	281,500	2,800	10,600	2,000	6,100
Manufacturing	\$47,100	(259,000)	(2,051,000)	(11,200)	(52,000)	900	(13,500)
MID-RANGE JOBS²	\$38,900	725,600	5,502,300	46,100	260,400	37,500	162,700
Real Estate, Rental, & Leasing	\$41,900	(29,400)	107,300	(800)	5,700	(300)	5,400
Construction	\$41,500	(222,000)	691,000	1,600	20,900	2,100	14,800
Government	\$41,000	223,000	980,000	21,500	72,800	13,400	44,700
Education & Health	\$37,600	538,000	2,717,000	2,600	87,900	8,800	50,900
LOW-PAYING JOBS³	\$23,600	463,200	3,078,700	27,300	119,200	16,400	67,200
Administrative & Support	\$29,300	(28,100)	870,000	2,000	44,200	1,600	15,100
Other Services	\$28,000	41,000	193,000	200	(6,300)	(500)	2,000
Retail Trade	\$25,800	88,300	350,700	13,600	21,900	7,500	12,800
Leisure & Hospitality	\$17,700	362,000	1,665,000	11,500	59,300	7,900	37,200

* All calculations are based on seasonally adjusted monthly data.

** Average weekly wage numbers are a weighted average of Cobb, DeKalb, Fulton, Gwinnett wages plus 16 other counties in the Atlanta Metro Area.

1. Premium Jobs: Computer Systems, Air Transport, Information, Mgmt of Companies, Mgmt of Science & Tech, Finance & Insurance, Manufacturing, Accounting, Utilities, Health Care Practitioners, Information, Wholesale Trade and Federal Government

2. Mid-range Jobs: Real Estate, Rent & Leasing, Construction, Government, Education & Health, Local (Government) and State (Government)

3. Low-paying Jobs: Administration & Support, Other Services, Retail Trade and Leisure & Hospitality

Summary of the Forecast

Georgia

- **Georgia's Employment** on a calendar-year basis (January through December) will gain 27,900 jobs in 2008, 71,000 jobs in 2009, and 98,100 in 2010. On an annualized basis, Georgia's employment will increase by 0.8% in 2008, 1.2% in 2009, and 2.1% in 2010.
- **Georgia's premium jobs** (see definition, pg. 8) on a calendar-year basis, increased by 500 in 2007, but these jobs will increase by 1,600 in 2008. In 2009, Georgia will add 13,300 premium jobs and 21,300 in 2010.
- **Nominal Personal Income in Georgia** will increase 6.2% in 2007. Income gains will be substantially lower at 4.6% in 2008 and 5.0% in 2009. However, a 6.0% increase is expected in 2010.
- **Georgia's Unemployment Rate** decreased to 4.4% in 2007 from 4.6% in 2006. In 2008 and 2009, it will remain at 5.2%. In 2010, the unemployment rate will decrease slightly to 4.8%.
- **Georgia's Total Tax Collections** were up by 3.5% in the second quarter of FY08, an increase of \$148.8 million compared to levels a year ago. Sales tax collections decreased by 1.3%, and individual income tax collections rose 6.9% in the second quarter of FY08.

Other Metro Areas

- All **Metro Areas** throughout Georgia, with Dalton as the exception, grew in the fourth quarter of 2007, including the Atlanta area and military towns, which posted the strongest growth. Warner Robins increased employment by 4.0%, Hinesville by 3.1%, and Gainesville by 2.6%.
- All **MSAs**, except Dalton, will add jobs in 2008 and 2009. The star metro areas will be Savannah, Hinesville, Warner Robins, and Brunswick.
- **Savannah's** employment will increase 2.4% in 2008 and 2.6% in 2009.

Atlanta

- **Employment in Atlanta** on a calendar-year basis will increase by 19,100 jobs in 2008, 45,400 jobs in 2009, and 66,100 jobs in 2010.
- **Atlanta's premium jobs** on a calendar-year basis increased by 3,100 jobs in 2007, and they will increase by 1,500 in 2008. In 2009, Atlanta will add 10,600 premium jobs and 14,900 in 2010.
- **Atlanta's Unemployment Rate** will remain at 5.0% in 2008 and 2009 but will decrease to 4.6% in 2009.
- **Atlanta's Total Housing Permits** decreased by 34.7% in 2007. Permits will again drop by 18.3% in 2008 and increase by 7.3% in 2009. Permits will increase by 10.2% in 2010.
- **Atlanta Single Family Housing Permits** declined by 42.7% in 2007. In 2008, this category will drop by 15.8% and increase by 6.5% in 2009. In 2010, this category will increase by 9.7% .
- **Atlanta Multifamily Permits** decreased by 5.1% in 2007. However, multifamily permits will decline sharply by 23.8% in 2008 and increase by 9.4% in 2009. This category will increase 11.5% in 2010.

- **Hinesville** will add jobs at a 3.3% rate in 2008 and a rate of 3.7% in 2009.
- **Warner Robins** will increase its employment to 3.8% in 2008 and 4.1% in 2009.
- **Brunswick** is poised for stronger employment growth than the 1.1% in 2007. Jobs will increase 1.3% in 2008 and 2.3% in 2009.
- **Dalton** will experience a decline of 0.3% in its 2008 employment level and an increase of 0.2% in 2009.

STATE REVENUE

For the second quarter of FY08, total collections, not including agency revenues, increased by 3.5% to \$4.4 billion, marking the 18th straight quarter of year-over-year gains. This moderate increase depicts a loss in momentum as collections grew by 12% in the last quarter of FY07, followed by a drop to 5.0% in the first quarter of FY08. This decrease is consistent with the slowing economy, especially in the housing and construction sectors. Cumulatively, tax collections for the first half of FY08 have increased 4.2% to a total of \$8.6 billion. Individual and corporate tax collections have been the primary drivers of this growth, accounting for 56%, or \$4.9 billion, of total tax collections so far in FY08.

The state's largest collection category, individual income taxes, has shown consistent increases since the beginning of FY04. In the second quarter of FY08, income tax collections grew by \$149.2 million, a healthy 6.9% increase over the second quarter of FY07. Year-to-date, individual income tax collections total \$4.4 billion, 5.9% larger than the first half of FY07. This rate of growth is on par with state's personal income growth, which has increased 6.0% in the last year.

The state's second largest income category, net sales and use tax, has shown its first decrease in the last year, spurred on by a depressed housing market and declining construction activity. In the second quarter of FY08, this category has fallen by \$18.6 million, or 1.3%. Year-to-date, however, this revenue category has shown a small increase of 1.8% during the first half of FY07, due to stronger collection growth of 4.9% in the first quarter of FY08. Gross sales tax collections (collections prior to local distributions and refund/adjustments) are following a similar pattern. Year-to-date, this category has increased by only 1.4% to \$5.3 billion.

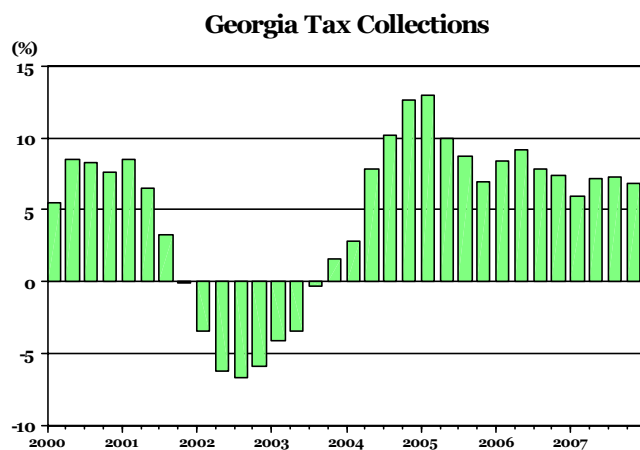
In the second quarter of FY08, motor vehicle fuel tax collections totaled \$251.2 million—a decrease of 12.2%, or \$34.8 million—compared to the second quarter of FY07. Considering that fuel prices remained close to \$3.00 per gallon for most of the

quarter, moderating gas consumption is a plausible explanation for the fall.

Like the other revenue categories, corporate taxes also slowed. In the second quarter of FY08, corporate tax collections increased by only 1.0% compared to the 38.8% increase in the first quarter of FY07. Year-to-date corporate tax collections totaled \$440 million—a \$59.5 million or 15.6% increase—during the first half of FY07. With Georgia companies expecting to create a moderate number of new jobs in 2008, we expect this collection category to fair well in the upcoming fiscal years.

Last year, the state ended FY07 with a \$950 million surplus. Of this amount, an estimated \$750 million went to the Revenue Shortfall Reserve, bringing it to a total of \$1.5 billion. The remainder of the surplus, approximately \$200 million, went to educational initiatives in the FY08 amended budget.

In early January, the Governor announced his FY09 state budget, totaling \$21.4 billion, an increase of \$0.9 billion over the FY08 midyear adjusted budget. This budget also implies a tax collection increase of 5.4% more than the FY08 budget. Considering that our forecast for 2008 calls for a sharply declining housing sector and moderating income and employment growth, tax collections will continue to moderate in the current fiscal year to a 3.0% growth rate. For 2009, we forecast a rebound in job growth. Therefore, the 5.4% budgeted tax increase for FY09 should be feasible.



STATE EXPORTS

Georgia's exports continued to show positive gains in the fourth consecutive quarter, outpacing the national export growth of 11.3%. Exports for the first three quarters of 2007 have increased by 15.0%, \$2.2 billion more than the comparable period in 2006. This stellar recovery comes on the heels of a very slow 2006 and a slowdown in purchases from North America. Exports to eight of the top 10 purchasing nations, primarily in Asia and Europe, have exhibited stellar growth during this period while exports to Canada and Mexico have declined significantly in sync with slower growth rates in exports at the national level. This increase also is primarily attributable to the performance of machinery, chemicals, and paper exports.

World Regions: The European Union remained the top region for Georgia's exports, posting a 33.1% increase to \$5.4 billion this year compared to the same period a year ago. Purchases by North America declined another 13.9%, or \$671 million, primarily due to a \$451 million drop in purchases by Canada. These numbers mirrored the national trend where exports to North America increased by only 4.4% for this period compared to a 9.9% growth in 2006. Asia 7 purchased \$3.8 billion of Georgia's exports, a healthy increase of 26.4% compared to the 13.0% decline in purchases in 2006. This increase is primarily attributable to stellar purchases from China and Singapore. Exports to South America rose by \$200 million to \$995 million, a 25.2% increase, which is substantially stronger than the 11.5% growth in 2006.

Top 10 Nations: Exports to Georgia's top 10 trading partners totaled \$10.2 billion in the first three quarters of 2007, accounting for 60% of total exports for the period. Two countries among Georgia's top 10 export destinations experienced declines: Canada and Mexico. The remaining countries displayed positive growth for the period, particularly China, Belgium, the Netherlands, Singapore, and Germany, with increases of 30% and above. The European Union proved to be the purchasing star so far in 2007. Both Germany and the Netherlands increased purchases by more than \$200 million. Germany in-

creased purchases of transportation equipment by \$89 million and of machinery by \$34 million. The Netherlands increased purchases of computer products by \$127 million and of chemicals by \$87 million. Similarly Belgium and the United Kingdom increased their purchases by \$149 million and \$161 million, respectively.

China has been a reliable buyer of Georgia's exports, particularly in the paper, scrap, and food product categories, which cumulatively account for 45% of China's \$1.2 billion in purchases so far in 2007. Unlike China, Japan has increased its purchases by only \$31 million, or 3.8%, due to declining purchases of computer products and other manufactured commodities. This 3.8% increase still represents a recovery from the 16.5% and 18.4% declines seen in 2005 and 2006.

Although its purchases declined by 12.1% for the first three quarters of 2007, Canada continued to be Georgia's largest export destination. A decrease in transportation equipment purchases of 52.2% caused this decline. Mexico also purchased only \$901 million of Georgia's exports, which represents a \$220 million drop from levels a year ago.

Main Products: The top five products accounted for 64% of Georgia's total exports in the first three quarters of 2007. All five main products exhibited growth so far this year. However, machinery and paper posted the largest increases of \$356 million and \$316 million. Georgia's top product, transportation equipment, displayed mediocre growth of 5.1%.

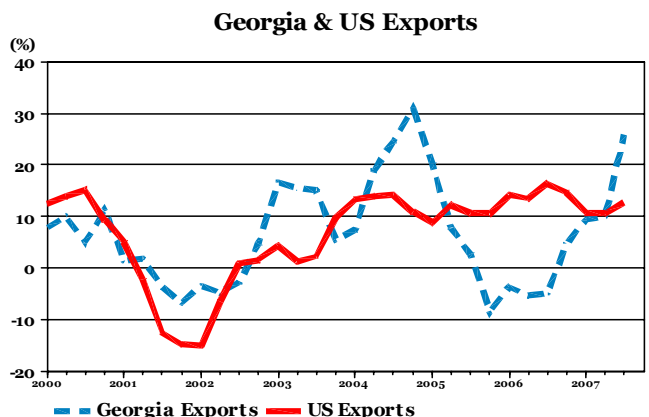


Table 3: Georgia Export Summary

	2007 Q3 YTD Rank	2007 Q3 YTD (\$ mil.)	2006 Q3 YTD (\$ mil.)	2007 -2006 YTD % Ch.	2006 (\$ mil.)	2006 % Ch.
TOTAL EXPORTS	-	17,197	14,949	15.0	20,073	-2.5
TOP 10 NATIONS						
Canada	1	3,268	3,719	-12.1	4,707	-2.7
China (Mainland)	2	1,209	762	58.6	1,084	10.8
United Kingdom	3	985	824	19.6	1,082	-8.0
Mexico	4	901	1,121	-19.7	1,441	2.1
Germany	5	863	648	33.2	842	0.6
Japan	6	846	815	3.8	1,053	-18.4
Netherlands	7	769	504	52.6	686	-9.9
Singapore	8	601	445	35.3	661	-33.9
Belgium	9	405	256	58.3	340	17.0
Italy	10	400	353	13.4	489	-11.9
WORLD REGIONS						
European Union	1	5,406	4,062	33.1	5,547	-0.4
North America	2	4,169	4,840	-13.9	6,147	-1.6
Asia 7	3	3,819	3,022	26.4	4,192	-13.0
South America	4	995	795	25.2	1,097	11.5
Rest of the World	5	2,809	2,229	26.0	3,090	4.5
MAIN PRODUCTS						
Transportation Equipment	1	3,171	3,018	5.1	3,884	-21.6
Machinery, Exc. Electrical	2	2,475	2,119	16.8	2,909	5.5
Chemicals	3	1,913	1,648	16.1	2,250	3.1
Computer and Electronic	4	1,776	1,719	3.3	2,280	-14.8
Paper	5	1,638	1,322	24.0	1,804	13.8

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

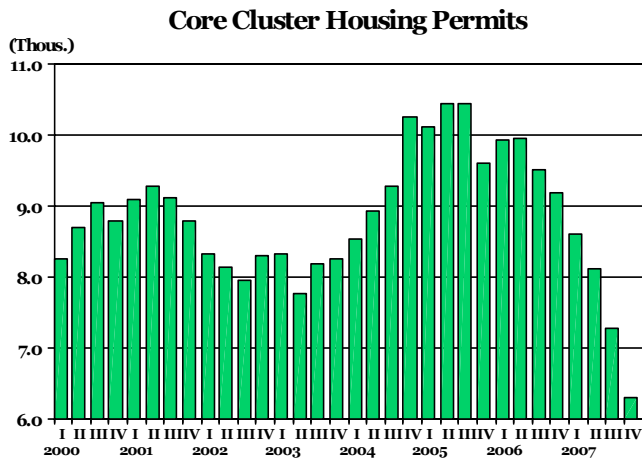
South America : Brazil, Argentina, Chile, Venezuela, Colombia, Ecuador, Peru, Uruguay, Paraguay, Guyana, Suriname, Bolivia, French Guiana, and Falkand Islands

Source: World Institute of Strategic Economic Research (www.wisertrade.org)

ATLANTA HOUSING

The combination of an oversupply of housing, an increase in foreclosures, and a slowing economy put the brakes on Atlanta’s housing market. Nationally, housing starts dropped by 26%, similar to Atlanta’s 34.7% decline in total permits for the 2007 calendar year. Both single and multifamily permits mirrored this declining trend, showing a 42.7% and 5.1% drop for the year, respectively. Despite the Fed’s aggressive expansionary policy, we expect consumers to stop flocking to the housing market this year, particularly in counties plagued by high foreclosure rates. Therefore, Atlanta’s total permits will decrease by 18.3% in 2008, followed by increases in both 2009 and 2010 of 7.3% and 10.2%, respectively, as national housing starts begin to make a recovery as well.

Core County Cluster: Cobb, DeKalb, Fulton & Gwinnett



After experiencing a rush for permits in 2004, the Core cluster has encountered more difficult times. A plague of high foreclosures, coupled with a tight credit crunch, have worsened the situation through the fourth quarter of 2007, showing a 31.4% drop in total permits and spurred on by decreases of 45.6% and 5.1% in both single family and multifamily permits.

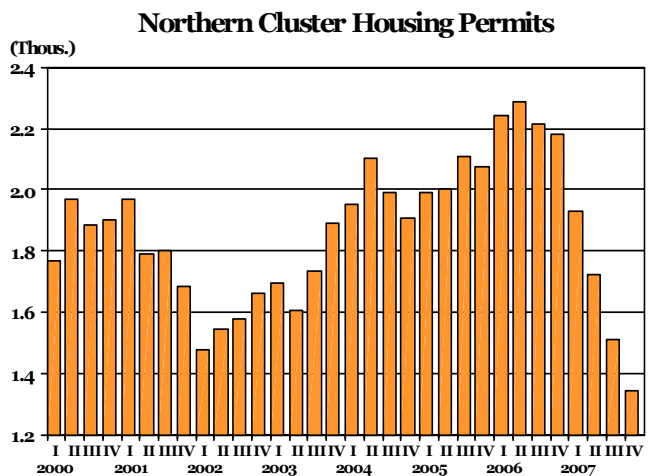
All counties in this cluster experienced declines in total permits for the quarter. Gwinnett, Cobb, and Fulton counties posted the most dramatic declines of

more than 50%, primarily due to declines in single family permits. DeKalb County experienced an unusual increase in multifamily permits in 2007, approximately 1,300 permits more than what were filed in 2006, but single family permits declined by 31.0% for 2007. Unlike its neighboring counties, Fulton experienced positive growth of 30.9% in multifamily permits for the first half of the year but showed a sharp decline of 46.1% in the second half of the year. This trend suggests that developers have shelved plans for condo projects in the near future.

Given the ongoing slowdown in the economy, we expect to see sharp declines in the Core cluster for 2008, with a 19.9% drop in total permits. Single family permits will drop by 17.8%, and multifamily permits will decrease by 22.0%. In 2009, this cluster will experience an increase in total permits of 7.8%, with single family and multifamily permits increasing by 6.3% and 9.4%, respectively. In 2010, permits will increase by 10.3%, with both single family and multifamily permits increasing by 9.2% and 11.6%, respectively.

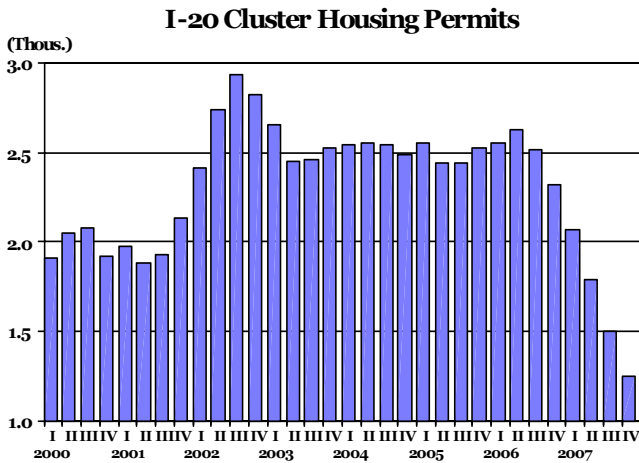
Northern County Cluster: Cherokee, Forsyth & Pickens

The Northern County cluster has experienced declines in permit filings since the third quarter of 2006. It ended 2006 in mildly positive territory due to a strong first half, but it continued to show declines through the fourth quarter of 2007. Total permits decreased by 38.4% mainly due to a drop in sin-



gle family permits. Incidentally, this cluster had only 19 permit filings for the year. As the economy continues to slow, total permits in 2008 will decrease by 12.6%, with single family permits dropping by 13.2%. In 2009, this cluster will experience an increase of 6.1% in total permits with single family and multifamily categories increasing by 6.0% and 8.3%, respectively. In 2010, permits will increase 10.2%, with both single family and multifamily permits increasing by 10.1% and 17.3%, respectively.

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



In the fourth quarter, the I-20 Corridor cluster posted the largest percentage decline, 64.2%, in total permits of all clusters due to a drop in single family permits. There were no multifamily permits filed in the cluster in the last quarter. According to the U.S. Census Bureau, the I-20 Corridor has two of the top fastest growing counties in the United States: Newton and Paulding. Despite population growth in these counties, permit activity continued to decline, with total permits decreasing for the quarter by 66.1% and 60.5% in Newton and Paulding, respectively.

Total permits for the I-20 Corridor counties will decline by 14.4% in 2008, affected mostly by a 15.1% decline in single family permits. In 2009, this cluster will experience an increased demand for permits, posting a 6.6% increase in total permits, with both single and multifamily permits increasing by 6.5% and 14.3%, respectively. In 2010, this cluster will in-

crease by 9.8% as single family permits increase by 9.8%, and multifamily permits will increase by more than 10.7%. This cluster has shown extremely low multifamily filings in the last five years, and we do not expect them to pick up in the near future.

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

The Metro South cluster's permit activity has declined for five straight years, with 2007 ending down by 31.9%. The fourth quarter for 2007 ended with a decline of only 19.6% in total permits due to an offsetting increase in multifamily permits of more than 500 compared to the fourth quarter of 2006. The single family category posted a 55.3% decline this quarter. Delta, the key employer in the area, emerged only recently from bankruptcy and is currently entertaining bids for a merger. Although this possibility is in its early stages, it does represent a risk factor for this cluster because it could impact approximately 10,000 of Delta's employees.

For 2008, our forecast predicts an 18.3% drop in single family permits. Multifamily permits will decrease to 560, an extremely low showing for a category with a history of more than 1,000 annual permits prior to 2005. Total permits for 2008 will drop at a 24.5% rate but increase by 6.7% in 2009. In 2009, single family permits will increase by 6.4%, and multifamily permits will increase to 610. In 2010 this cluster's total permit filings will increase by 9.7%, primarily due to a 9.6% increase in single family permits.

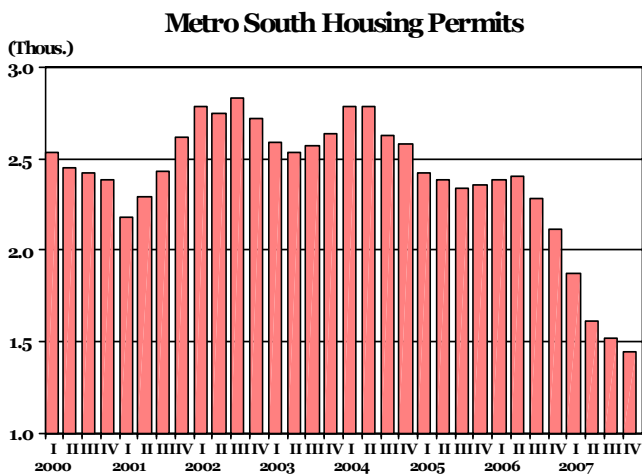
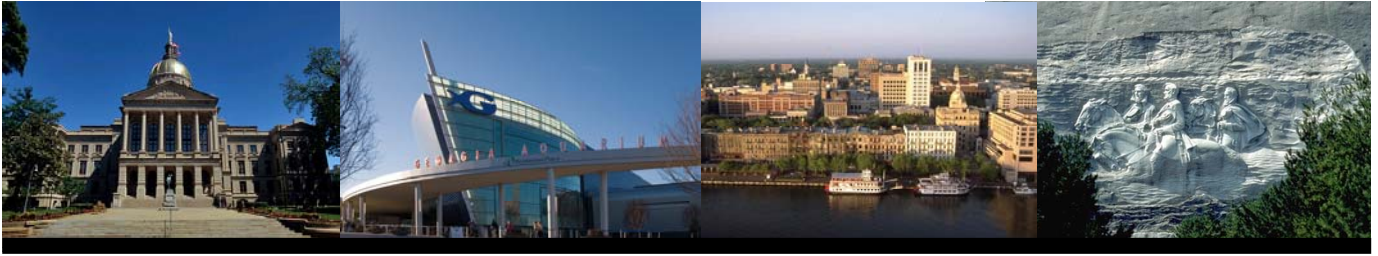


Table 4: Metro Atlanta Housing Permits Forecast

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Core Counties—Cobb, DeKalb, Fulton and Gwinnett										
Total Permits	35,171	33,154	32,982	40,981	38,424	36,681	25,179	20,179	21,745	23,988
% Change	0.2	-5.7	-0.5	24.3	-6.2	-4.5	-31.4	-19.9	7.8	10.3
Single Family	22,819	22,016	23,967	26,576	27,901	23,767	12,923	10,624	11,288	12,322
% Change	2.3	-3.5	8.9	10.9	5.0	-14.8	-45.6	-17.8	6.3	9.2
Multifamily	12,352	11,138	9,015	14,405	10,523	12,914	12,256	9,555	10,457	11,666
% Change	-3.5	-9.8	-19.1	59.8	-26.9	22.7	-5.1	-22.0	9.4	11.6
Northern Counties—Cherokee, Forsyth and Pickens										
Total Permits	6,735	6,654	7,555	7,634	8,292	8,730	5,378	4,698	4,983	5,492
% Change	-11.5	-1.2	13.5	1.0	8.6	5.3	-38.4	-12.6	6.1	10.2
Single Family	5,893	6,058	6,953	7,220	8,170	7,911	5,359	4,650	4,931	5,431
% Change	-9.4	2.8	14.8	3.8	13.2	-3.2	-32.3	-13.2	6.0	10.1
Multifamily	842	596	602	414	122	819	19	48	52	61
% Change	-23.9	-29.2	1.0	-31.2	-70.5	571.3	-97.7	152.6	8.3	17.3
I-20 Counties—Carroll, Douglas, Paulding, Newton and Rockdale										
Total Permits	8,530	11,281	10,112	9,933	10,109	9,281	5,006	4,284	4,568	5,017
% Change	11.0	32.3	-10.4	-1.8	1.8	-8.2	-46.1	-14.4	6.6	9.8
Single Family	7,220	9,123	9,788	9,608	9,873	9,121	4,990	4,235	4,512	4,955
% Change	11.9	26.4	7.3	-1.8	2.8	-7.6	-45.3	-15.1	6.5	9.8
Multifamily	1,310	2,158	324	325	236	160	16	49	56	62
% Change	5.8	64.7	-85.0	0.3	-27.4	-32.2	-90.0	206.3	14.3	10.7
Metro South Counties—Clayton, Coweta, Fayette, Henry and Spalding										
Total Permits	10,485	10,890	10,532	10,322	9,429	8,464	5,766	4,352	4,644	5,095
% Change	9.8	3.9	-3.3	-2.0	-8.7	-10.2	-31.9	-24.5	6.7	9.7
Single Family	8,971	9,299	9,506	8,891	9,202	8,214	4,640	3,789	4,032	4,418
% Change	7.4	3.7	2.2	-6.5	3.5	-10.7	-43.5	-18.3	6.4	9.6
Multifamily	1,514	1,591	1,026	1,431	227	250	1,126	563	612	677
% Change	26.1	5.1	-36	39.5	-84.1	10.1	350.4	-50.0	8.7	10.6
All Counties										
Total Permits	64,771	65,660	65,183	72,679	70,419	66,730	43,602	35,627	38,236	42,140
% Change	2.1	1.4	-0.7	11.5	-3.1	-5.2	-34.7	-18.3	7.3	10.2
Single Family	48,096	49,952	53,808	56,005	59,253	52,479	30,075	25,322	26,958	29,560
% Change	2.5	3.9	7.7	4.1	5.8	-11.4	-42.7	-15.8	6.5	9.7
Multifamily	16,675	15,708	11,375	16,674	11,166	14,251	13,527	10,305	11,278	12,580
% Change	0.9	-5.8	-27.6	46.6	-33	27.6	-5.1	-23.8	9.4	11.5

Source: History from the US Census Bureau; Forecast and cluster calculations done by the Economic Forecasting Center



GEORGIA FORECAST DETAIL



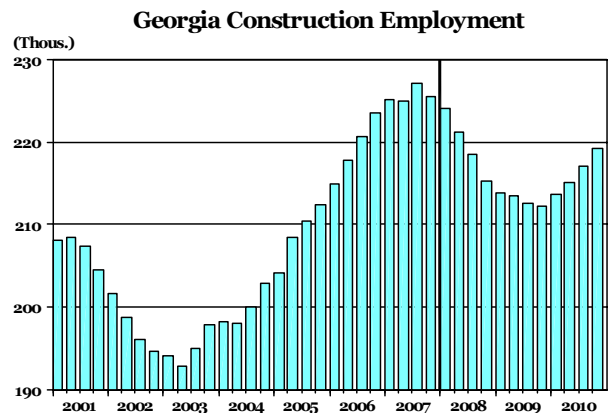
Overall Employment

Employment growth has decelerated steadily. After growing by 2.6% in 2005, growth slowed to 2.0% in 2006 and further to 1.6% in 2007. We anticipate a slower 0.8% growth for 2008, followed by recovery in 2009 and 2010, when job growth will increase to 1.2% and 2.1%. Based on calendar-year calculations, Georgia will gain 27,900 jobs in 2008, of which 6% will be premium category jobs. For 2009 and 2010, Georgia will gain 71,000 and 98,100 jobs, respectively. Premium category job creation share will increase from 19% of total employment in 2009 to 22% in 2010.



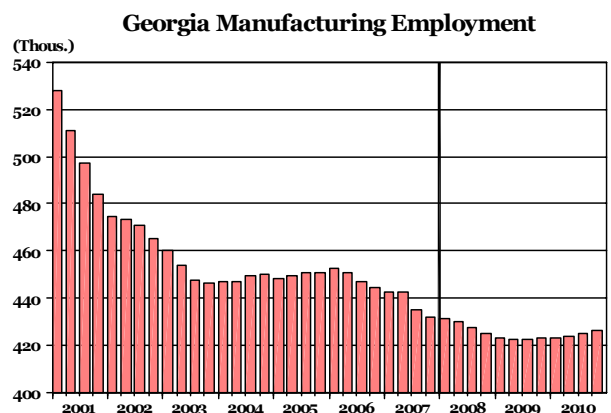
Construction

Georgia's construction activity moderated in 2007 when construction employment increased by only 2.9%, compared to the 4.5% and 5.0% growth rates seen in the 2005-2006 period. Looking ahead, this employment sector will experience steep declines of 2.6% in 2008 and 3.1% in 2009 as housing inventories remain high. These declines translate to a loss of 12,700 jobs in the 2008-2009 period. However this sector will experience a 1.5% growth (or 3,200 jobs) in 2010 as the demand for new housing picks up and the economy recovers.



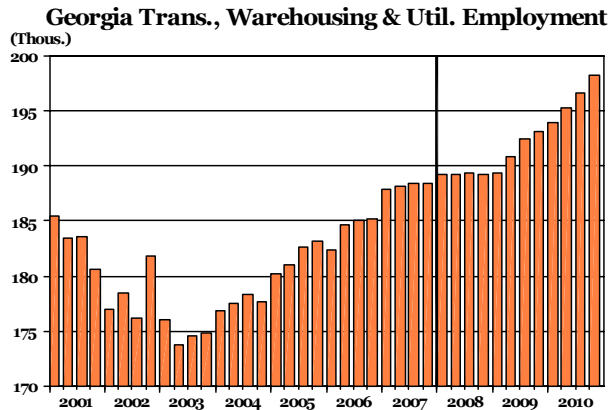
Manufacturing

Manufacturing payroll numbers have dropped steadily since 2001 when they declined by 6.2%. The rate of decrease slowed in 2005 and 2006 but inched up to a 2.4% decline in 2007. Looking ahead, the Manufacturing employment sector will again post declines in the coming years. It will lose jobs at a rate of 2.2% in 2008, 1.3% in 2009, but increase by 0.4% in 2010. Both durable and non-durable goods sectors will experience declining trends in 2008 and 2009. However, in 2010, durable goods will increase payrolls by 1.4% while non-durables will decrease at a rate of 0.4%.



Transportation, Warehousing, & Utilities

The category of Transportation, Warehousing, & Utilities has grown consistently between 1% and 2.5% in the last four years. With an expected state-wide slowdown in 2008, this sector's growth will moderate to 0.6% in 2008. In 2009, this sector will experience 1.2% growth followed by a stronger 2.4% in 2010, bringing employment levels to 196.0 thousand. This is an increase of 7,900 jobs from the employment levels observed in 2007.



Wholesale Trade

Wholesale Trade, one of Georgia's largest employment sectors, has fared well in the last three years. It grew by 2.5% in 2005 and 1.3% in 2006. In 2007, this sector increased its employment by 1.4%, but it will moderate to a slightly lower pace of 1.1% in 2008. Projecting forward, this employment category will become one of Georgia's key contributors of premium category jobs. In 2009, this sector will grow by 1.4% and again by 1.9% in 2010, bringing employment levels to 227.3 thousand, a healthy increase of 9,800 jobs from 2007 levels.



Retail Trade

Retail Trade has posted decent job gains in the past few years. In 2005, it posted a strong 3.0% growth rate, followed by a moderate 1.9% growth rate in both 2006 and 2007. Given the projected slowdown in the economy, this employment category will continue to add jobs at a moderate clip over the next several years. In 2008, Retail Trade will add jobs at a slower 0.6% rate. In 2009 and 2010, this sector will increase its payrolls by a decent 1.4% and 1.5%, bringing employment levels to 494.4 thousand, an increase of 17,100 jobs from 2007 levels.



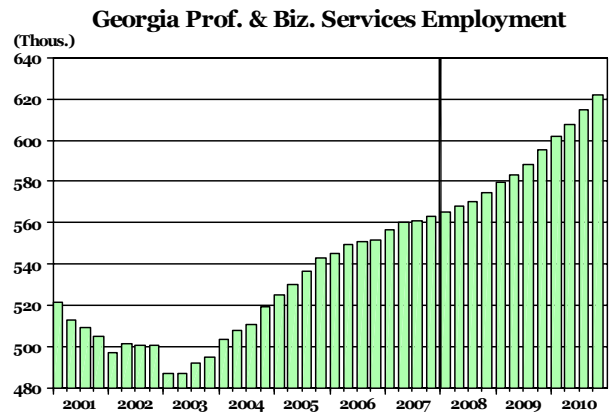
Financial Activities

Employment in Financial Activities has performed consistently well in the post-Sarbanes Oxley world, although the employment level in 2007 has grown by a moderate 0.8%. Looking ahead, we expect this sector to experience a 0.8% decline in 2008. We attribute the slowdown in this sector to the Real Estate and Rent subsector, which will experience a decline of 1.6% in 2008. In 2009, this sector will post a 0.9% increase, followed by a stronger 2.6% in 2010 as the turmoil in the financial markets diminishes. In summary, job creation in the 2008-2010 period should amount to 6,300 jobs.



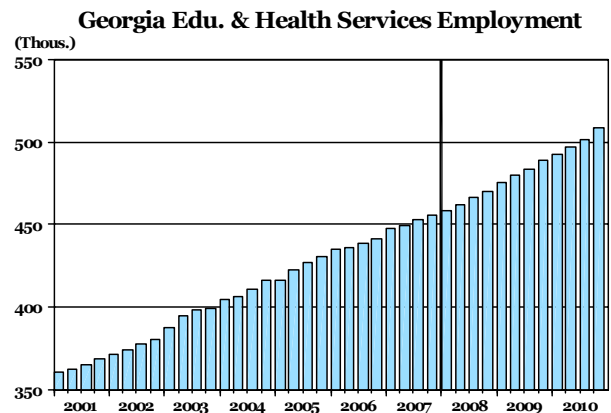
Professional & Business Services

Historically, Professional & Business Services has accounted for approximately 12% to 14% of Georgia's total employment base. This sector has fared well over the last couple of years, posting growth rates of 2.9% and 2.0% in 2006 and 2007. Projecting forward, this sector will experience moderate growth of 1.7% in 2008, but it will pick up speed in 2009 and 2010 and show increases of 3.1% and 4.2%, respectively. The Administration & Support subsector will grow an anemic 0.9% in 2008 but will post increases of 3.9% and 6.0% in 2009 and 2010, respectively.



Education & Health

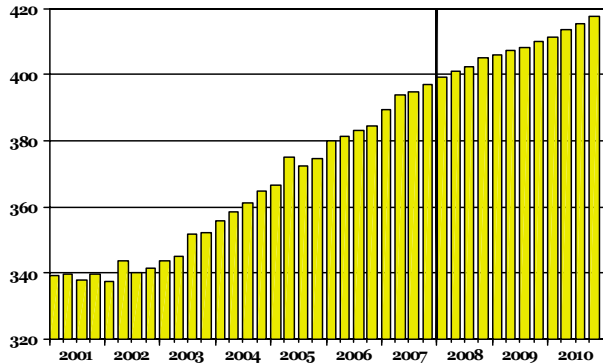
Education & Health increased employment in 2007 by 3.1% and will maintain good growth rates in the coming years. It will grow by 2.9% in 2008 and 3.8% in 2009. In 2010 this sector will increase payrolls by 3.7%. After a solid 5.9% increase in 2007, the Education subsector will experience a slowdown in the coming years posting increases of only 2.8% and 3.0% between 2008 and 2010. The Health Care Services subsector has been one of the state's most stable growth areas, and it will continue this trend by showing increases of 2.9% in 2008, 4.0% in 2009, and 3.8% in 2010.



Leisure & Hospitality

Leisure & Hospitality has experienced strong growth over the past several years, particularly after Hurricane Katrina as Georgia attracted more conventions. Growth in this sector was strong in 2007 at 3.0%. However, as momentum from additional conventions and new tourist attractions such as the Georgia Aquarium and World of Coke fades, this sector's growth rate will moderate to 2.1% in 2008 and further to 1.5% in 2009. In 2010, this sector will grow at 1.6%. Thus, during the 2008-2010 period, this sector will add 20,700 jobs.

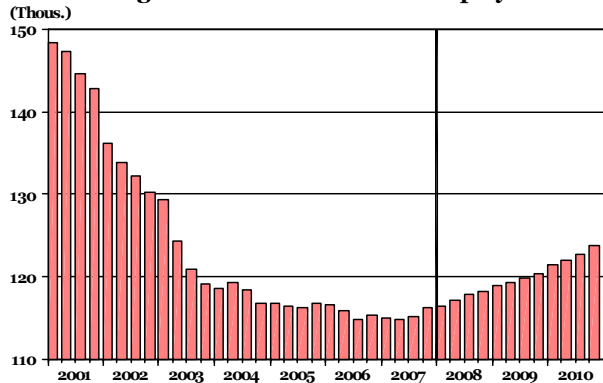
Georgia Leisure & Hospitality Services Employment
(Thous.)



Information

Information has taken a tumble in Georgia since 2001, when jobs declined by 8.7% in 2002. But the job loss rate has become less pronounced with each passing year. In 2007 this sector lost jobs only at a 0.3% rate. Looking forward, we expect net additions from the information sector. Finally in 2008, this sector will add jobs at a 1.9% rate and maintain it at 1.8% in 2009. In 2010 we expect an even stronger 2.4% growth rate. For the 2008-2010 period, this sector will add 7,200 jobs, bringing the employment level to 122.5 thousand in 2010.

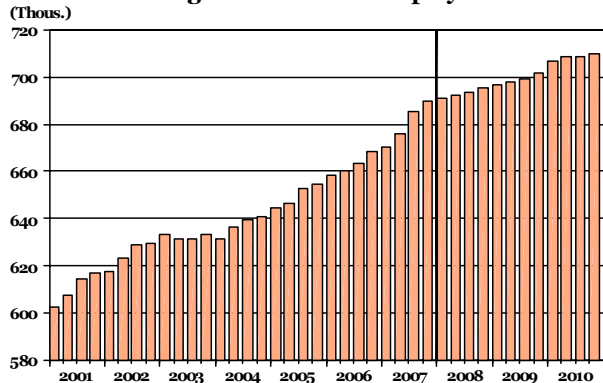
Georgia Information Services Employment

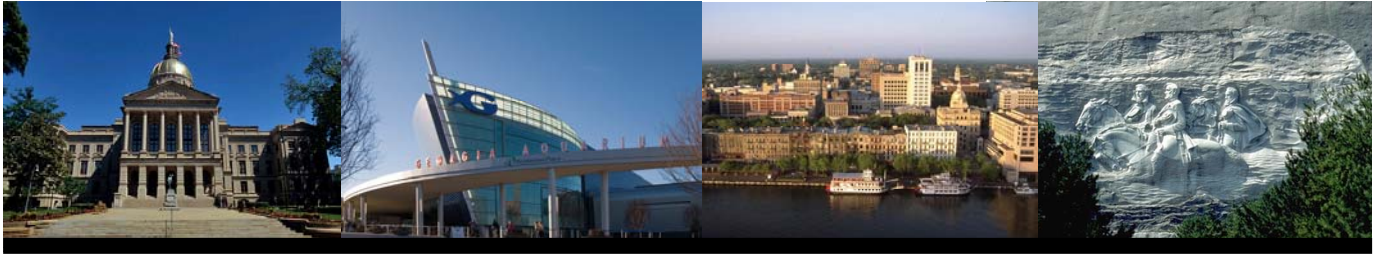


Government

The Government sector is Georgia's largest employer, accounting for approximately 15% of total employment. Employment in this sector increased by 2.6% in 2007 but will moderate sharply to 1.9% in 2008 and further to 0.8% in 2009. In 2010 this employment category will increase payrolls by 1.4%. The largest subcategory, State & Local Government, will increase payrolls by 2.2% in 2008, slow down sharply to 0.9% in 2009, and grow by 1.3% in 2010. Federal government jobs will increase by 0.1% in 2008 and 0.3% in 2009, but they will pick up in 2010, posting a 1.6% growth rate.

Georgia Government Employment





ATLANTA FORECAST DETAIL



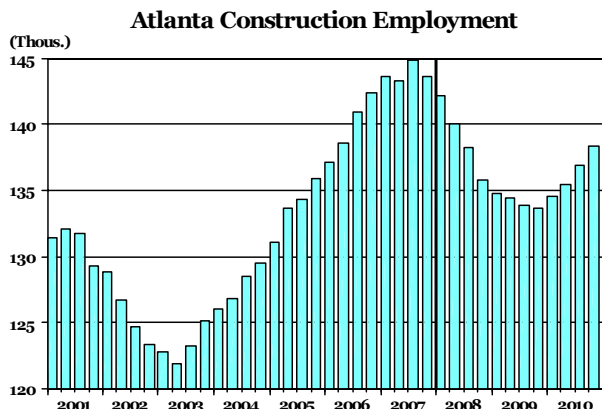
Overall Employment

After a decent 2.2% growth in 2007, Atlanta’s employment will see a slower 1.0% growth in 2008, bringing employment levels to just over 2.4 million. In 2009, Atlanta’s job growth will be 1.4% and grow strongly by 2.3% in 2010. By calendar-year calculations, Atlanta will gain 19,100 jobs in 2008, of which 8% will be premium category jobs. In 2009 and 2010, Atlanta will gain 45,400 and 66,100 jobs, respectively. Premium category job creation share will remain at 23% of total employment for both 2009 and 2010.



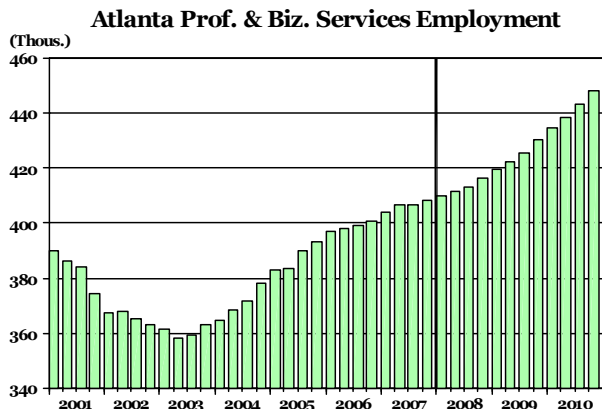
Construction

Construction employment increased at a slower 2.9% rate in 2007 as increasing foreclosures and unfavorable lending conditions depressed the need for new housing construction. For 2008, we expect a continued pullback in the mixed-use market after several years of extremely strong growth, which will prompt a decline in construction payroll by 3.3%. This sector will experience another 3.5% decline in 2009 as housing inventories remain high. In 2010, the construction sector will experience a recovery when payrolls increase by 1.6%.



Professional & Business Services

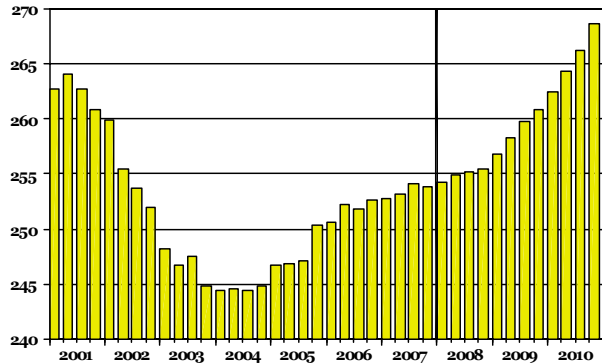
Professional & Business Services historically has accounted for approximately 16% of Atlanta’s total employment base. This sector has faired well, posting growth rates of 2.9% and 2.0% in 2006 and 2007, respectively. Looking forward, this sector will experience slower growth in 2008 of 1.5% but will pick up speed in 2009 when it grows by 2.9%. In 2010, this sector will increase its payroll numbers at a strong 3.9% rate, bringing its employment levels to 441.1 thousand, a healthy increase of 34,600 jobs from 2007 levels.



Information & Financial Activities

The Information sector has experienced a number of difficult years in Atlanta since 2002, and it posted a loss of 0.8% in 2007. We expect a rebound in information jobs in the coming years, with employment increases of 1.9% in 2008, 2.3% in 2009, and 2.8% in 2010. Unlike Information, Financial Activities has experienced strong growth in the last two years. With the distress in the financial markets, there was moderation in financial job growth in 2007. This moderation will continue in 2008, showing a decline of only 0.1%. In 2009 and 2010, it recovers to grow by 1.1% and 2.4%.

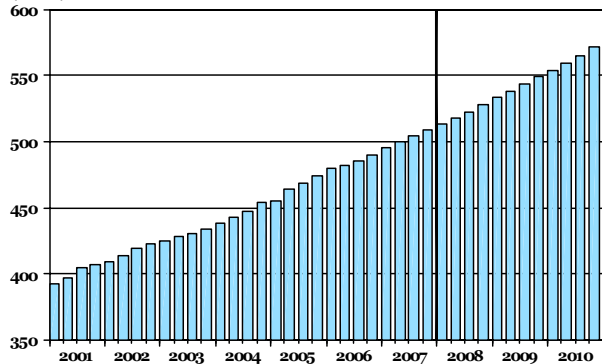
Atlanta Information & Financial Employment
(Thous.)



Education, Health & Hospitality

Education, Health, & Hospitality have been consistent growth engines for Atlanta's economy. In 2007, Education & Health posted a strong 3.7% growth, and the Hospitality sector also grew by a robust 3.8%. Education & Health will remain a consistent growth area, posting increases of 3.6% in 2008, 4.0% in 2009, and 3.9% in 2010. The Hospitality sector will post gains of 2.2% in 2008 but slow down to 1.6% in 2009 and further to 1.7% in 2010. Combined, these three sectors will add 43,200 jobs from 2008 to 2010.

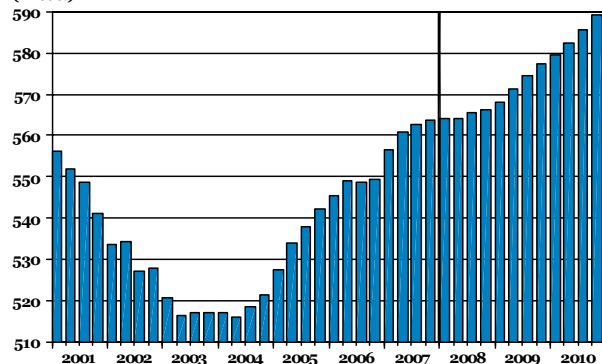
Atlanta Edu., Health & Hospitality Employment
(Thous.)

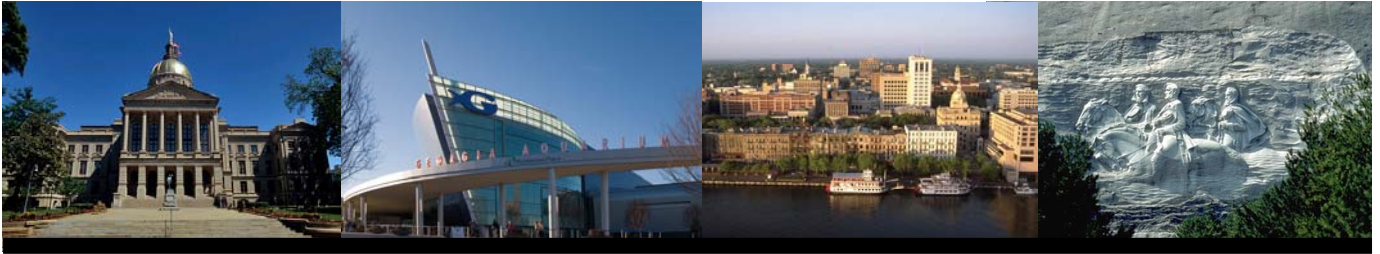


Trade, Transportation & Utilities

Both Wholesale and Retail Trade had a few difficult post-recession years, but they have found their way to recovery, posting gains of 2.1% and 2.2%, respectively in 2007. Wholesale Trade will increase employment by a decent 1.1% in 2008 and will sharply increase in 2009 and 2010 by 1.3% and 1.8%. Retail Trade will experience slower growth of 0.7% in 2008, and it will pick up speed in 2009 and 2010, showing increases of 1.5% and 1.8%. Atlanta's Transportation and Utilities sector also will post increases of 0.4%, 1.2%, and 2.6% in 2008, 2009, and 2010, respectively.

Atlanta Trade, Trans. & Utilities Employment
(Thous.)





OTHER MSAs FORECAST



COMMENTARY

The Georgia Department of Labor has been revising data collection methods for many employment sectors within most of Georgia’s MSAs since 2006. Therefore, it is reporting only a small portion of employment sectors. The exceptions are Augusta and Savannah, which continue to report all sectors. The missing sectors will reappear next year after the March 2008 benchmark revision. For calendar year 2007, all of Georgia’s MSAs posted job gains with the largest gains coming from Savannah (3,200 jobs) followed by Gainesville (2,300 jobs). This result comes as no surprise since Georgia’s exports have increased due to a weak U.S. dollar and Savannah’s 20% increase in port activity in 2007. Overall our forecast for 2008 calls for a moderation in employ-

ment gains due to a crumbling housing market and a weak national outlook. Military and metro areas around ports are expected to fare better than others, including Savannah, Brunswick, Hinesville and Warner Robins. For 2009, we expect an overall increase in employment for all metro areas, consistent with our national and statewide outlook.

In the fourth quarter of 2007, almost all of Georgia’s MSAs experienced employment gains compared to the same quarter a year ago. The strongest growth rates occurred in Warner Robins, Hinesville, Gainesville, Savannah, and Athens, which posted increases of 4.1%, 3.1%, 2.6%, 2.1%, and 2.0%, respectively. Eight of the 13 MSAs reported slow growth compared to the state’s 1.8% growth. Dalton was the only MSA posting job losses this quarter attributable to layoffs in the carpet industry.

Table 5: Metro Area Employment Trends & Forecast

	Employment ('000)	Employment Growth (%)		Unemployment Rate *		Employment Forecast	
	2007	2006	2007	2006Q4	2007Q4	2008	2009
GEORGIA	4152.4	2.0	1.6	4.5	4.6	0.8	1.2
Albany	65.4	0.7	1.0	5.1	5.2	0.6	0.9
Athens	83.0	2.8	2.1	3.6	3.7	1.6	1.7
Atlanta	2450.4	2.6	2.2	4.3	4.3	1.0	1.4
Augusta	215.8	-0.3	0.8	5.9	5.5	0.3	1.0
Brunswick	46.0	2.7	1.1	3.8	3.8	1.3	2.3
Columbus	123.1	0.4	0.7	5.4	5.0	0.2	0.8
Dalton	79.9	2.1	0.4	4.6	4.6	-0.3	0.2
Gainesville	75.2	3.3	3.2	3.6	3.7	2.1	2.6
Hinesville-Fort Stewart**	18.7	3.4	2.8	5.1	4.5	3.3	3.7
Macon	101.3	-0.5	0.5	5.4	5.1	0.4	0.8
Rome	45.0	2.3	1.7	4.2	4.7	1.3	2.1
Savannah	160.2	3.7	2.1	3.8	3.9	2.4	2.6
Valdosta	56.4	1.8	1.7	3.8	4.1	1.3	1.7
Warner Robins	58.2	5.6	3.4	4.1	4.1	3.8	4.1

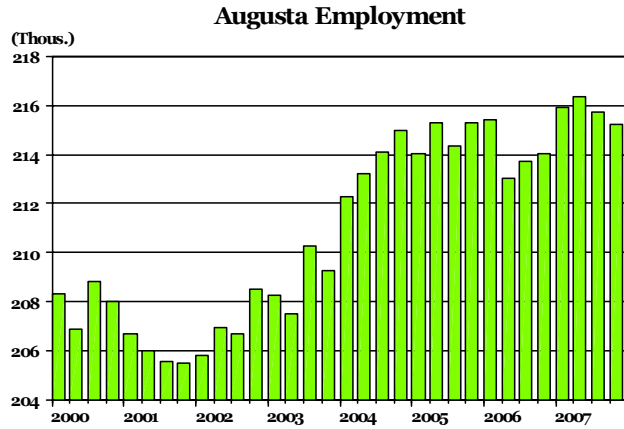
* Seasonally Adjusted by the Economic Forecasting Center

** Hinesville’s only include civilian employment. Were the military to be factored in, this number would be closer to 45,000.

Source: History from the Bureau of Labor Statistics; Forecast done by the Economic Forecasting Center

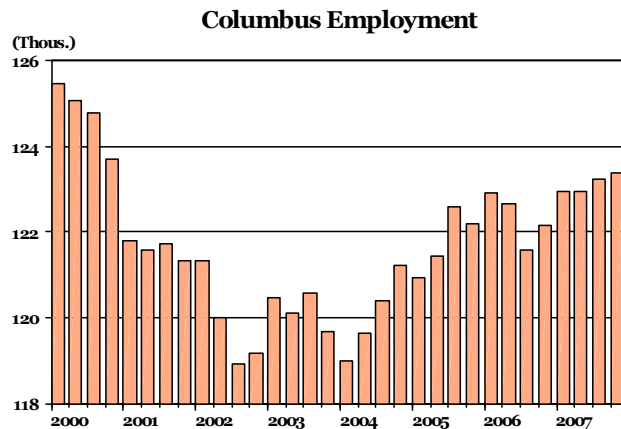
Augusta

In the fourth quarter of 2007, Augusta increased its employment level by 0.6%, or 1,230 jobs. Its unemployment rate dropped to 5.5% compared to 5.9% in the same quarter in 2006, although this rate was still the highest in the state. The sectors to add the most jobs this quarter were Professional & Business Services (710 jobs), Manufacturing (370 jobs), Leisure & Hospitality (300 jobs), and Government (130 jobs). The manufacturing sector posted the second consecutive growth quarter after suffering losses for the past few years. Financial Activities and Other Services were the primary sources of job losses this quarter, losing 300 and 140 jobs, respectively. Looking ahead, an overall slower 0.3% growth rate is expected for 2008 compared to the 0.8% observed in 2007, consistent with a statewide slowdown. For 2009 we forecast a 1.0% increase in employment.



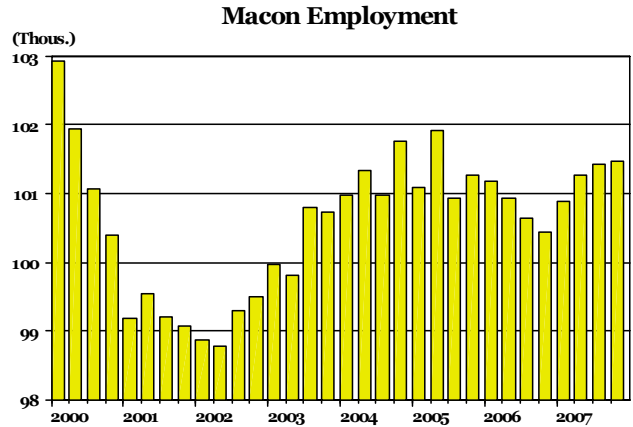
Columbus

Columbus's overall employment growth of 0.7% in 2007 is due primarily to stellar gains in the latter half of 2007. For the fourth quarter of 2007, Columbus experienced a 1.0% increase in employment, or 1,220 jobs, compared to the same period in 2006. The sectors experiencing the greatest increases were Government (840 jobs), Professional and Business Services (340 jobs), Retail Trade (330 jobs), and Leisure & Hospitality (300 jobs). Gains were offset by losses originating primarily from the Information sector (170 jobs). Primarily known as a military area, Columbus has additional corporate expansions in the pipeline from companies such as AFLAC, Road America, and Kellogg. After a downward revision for the 2006 employment growth to 0.4% and a reported 0.7% growth for 2007, we still expect slower growth in 2008 at 0.2% but a higher 0.8% in 2009, consistent with statewide recovery.



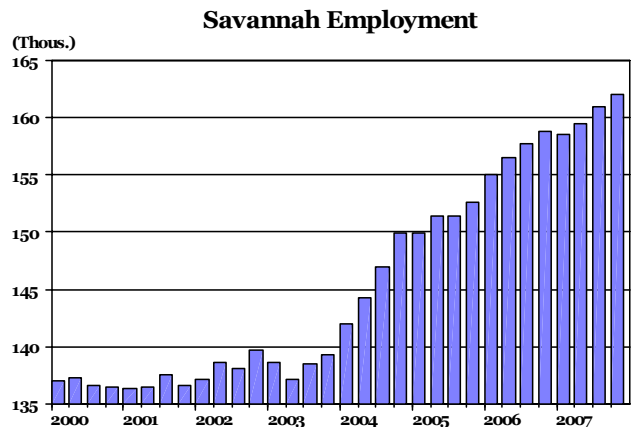
Macon

After a slow 2006 when Macon’s employment decreased by 0.5%, 2007 proved to be more promising, posting 0.5% growth. For the fourth quarter of 2007, Macon posted a healthy 1.0%, or 1,050 job gains. Macon’s unemployment rate for the quarter decreased to 5.1% from the 5.4% seen a year ago. The main sectors validating this quarter’s employment gain were Education & Health (570 jobs), Financial Activities (270 jobs), and Leisure & Hospitality (170 jobs). These gains were offset by losses in the Federal Government sector (100 jobs). During the past three years, Professional & Business Services has posted some of Macon’s strongest gains, 6.7%, 9.1%, and 1.3% in 2004, 2005, and 2006, respectively, but in 2007 this sector’s growth was non-existent. Looking ahead, Macon will experience mediocre growth consistent with a statewide slowdown, posting 0.4% growth in 2008 and 0.8% in 2009.



Savannah

In the fourth quarter of 2007, Savannah’s job market exhibited a decent 2.1% increase, or 3,280 jobs. Most of Savannah’s sectors experienced job increases, although the most significant were Professional & Business Services (1,020 jobs), Government (890 jobs), Leisure & Hospitality (810 jobs), and Education & Health (500 jobs). Retail Trade was the main sector to experience a job loss of 260 jobs this quarter, followed by Wholesale Trade (140 jobs), and Financial Activities (130 jobs). Despite a projected statewide slowdown in 2008, Savannah is poised for decent growth. In June, the Georgia Ports Authority announced the addition of two new routes to the port of Savannah via the Suez and Panama Canals. These additions will have a significant impact on this metro area. Consequently, we forecast a 2.4% employment growth in 2008 and a stronger 2.6% growth in 2009.



Athens. In the fourth quarter of 2007, Athens increased employment by 2.0%, or 1,620 jobs, compared to the same quarter in 2006. The sectors to gain the most this quarter were Government (660 jobs), Leisure & Hospitality (400 jobs), and Retail Trade (130 jobs). The unemployment rate increased slightly to 3.7% compared to 3.6% a year ago. The bulk of the economy in Athens revolves around the University of Georgia, which employs 10,000 people and matriculates 34,000 students. For this reason, we expect the employment growth in Athens to remain stable and increase by 1.6% and 1.7% in 2008 and 2009, respectively.

Albany. Albany increased employment by 1.0%, or 630 jobs, compared to the same quarter in 2006. The Government added 390 jobs, but the Manufacturing sector took the biggest hit, posting a decrease of 210 jobs. The unemployment rate in Albany remained at 5.2% in the fourth quarter of 2007, close to the 5.1% rate observed in the fourth quarter in 2006. For 2008 and 2009, we forecast employment growth of 0.6% and 0.9%, respectively.

Brunswick. In the fourth quarter of 2007, Brunswick increased employment by 0.3%, or 150 jobs, compared to the same quarter in 2006. Unfortunately, data for most sectors in Brunswick are unavailable, making it impossible to pinpoint exactly where the jobs originated. Government and Retail Trade sectors generated 270 and 100 jobs this quarter. Looking ahead, Brunswick's shipping business will benefit from the ongoing project to deepen the shipping channel to handle the world's largest ships. Therefore, for 2008, we expect a 1.3% growth and an even stronger rate of 2.3% in 2009.

Dalton. Located in the northwest corner of the state, Dalton decreased employment by 0.2%, or 150 jobs, for the fourth quarter of 2007. The main sectors to add jobs in Dalton were Retail Trade (260 jobs) and Government (100 jobs). Manufacturing and Professional & Business Services were the sectors showing the greatest job losses this quarter, posting losses of 1,030 and 260, respectively. Since the textile industry has been ailing in Dalton, depicted by two years of consistent declines in Manufacturing, we forecast a

0.3% decline in employment for 2008 and 0.2% growth in 2009.

Gainesville. In the fourth quarter of 2007, Gainesville increased employment by 2.6%, or 1,910 jobs, compared to the same quarter in 2006. The latest Census Bureau population analysis classified Gainesville as the ninth largest growing metro area. Therefore, population could be one of the leading factors contributing to Gainesville's employment health. Looking forward, Gainesville will experience a decent 2.1% growth in 2008 and a stronger 2.6% growth in 2009, consistent with the statewide economy.

Hinesville—Fort Stewart. Located on the southeastern coast of Georgia next to Savannah, Hinesville-Fort Stewart experienced an employment increase of 3.1%, or 580 jobs, for the fourth quarter of 2007. The unemployment rate decreased to 4.5% from 5.1% seen a year ago. In 2008, Hinesville's employment will increase to 3.3% and to an even healthier 3.7% in 2009.

Rome. Rome's employment increased by 0.4%, or 170 jobs, compared to the fourth quarter in 2006. Job additions came mainly from the Government sector (200 jobs). For the next couple of years, Rome should exhibit sustainable growth, increasing employment by 1.3% in 2008 and 2.1% in 2009.

Valdosta. Known as a transportation hub, Valdosta increased its employment by 1.6%, or 900 jobs, compared to the fourth quarter in 2006. While data for most of the sectors is unavailable, Government added 160 jobs, mostly at the State & Local level, and Retail Trade added 200 jobs. Looking ahead, we expect Valdosta to experience employment gains of 1.3% and 1.7% in 2008 and 2009, respectively.

Warner Robins. Warner Robins increased employment by 4.1%, or 2,290 jobs, this quarter compared to the same quarter a year ago. Among the available sectors with data, Government added 490 jobs, and Retail Trade added 200 jobs. Since the economy in Warner Robins is dependent on the military, we expect strong employment growth of 3.8% and 4.1% in 2008 and 2009, respectively.

FORECAST OF GEORGIA AND ATLANTA

FEBRUARY 2008 REPORT

TABLES



ECONOMIC FORECASTING CENTER
J. MACK ROBINSON COLLEGE OF BUSINESS
GEORGIA STATE UNIVERSITY
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Forecast Tables - Summary

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

	HISTORY						FORECAST		
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Personal Income and GSP									
Personal Income (Bil. \$)	245	250.8	264.6	283.9	299.9	318.6	333.1	349.6	370.5
Georgia (% Ch)	1.8	2.4	5.5	7.3	5.6	6.2	4.6	5.0	6.0
U.S. (% Ch)	1.8	3.2	6.2	5.9	6.6	6.2	4.0	4.0	4.6
Personal Income (Bil. 2000\$)	236.6	237.5	244.1	254.4	261.5	270.9	277.3	286.4	298.0
Georgia (% Ch)	0.4	0.4	2.8	4.2	2.8	3.6	2.4	3.3	4.0
U.S. (% Ch)	0.4	1.2	3.4	2.9	3.8	3.6	1.6	2.2	2.8
Disp. Income (Bil. 2000\$)	209.4	212.3	218.7	226.2	231.0	238.3	244.3	252.2	262.2
Georgia (% Ch)	2.7	1.4	3.0	3.4	2.1	3.2	2.5	3.3	4.0
U.S. (% Ch)	3.1	2.2	3.6	1.7	3.1	3.1	2.9	1.3	2.6
GSP (Bil. \$)	306.7	317.9	337.6	358.4	379.6	400.0	414.6	434.6	458.7
(%Ch)	2.4	3.7	6.2	6.1	5.9	5.4	3.7	4.8	5.6
(Bil. 2000\$)	294.1	299.7	310.0	320.4	331.1	340.8	347.1	357.7	370.4
(% Ch)	0.4	1.9	3.5	3.3	3.3	2.9	1.8	3.1	3.6
Employment and Labor Force (Household Survey, % Change)									
Employment	0.5	1.1	1.8	3.0	3.1	2.5	1.1	1.7	2.4
Labor Force	1.5	1.0	1.8	3.4	2.6	2.3	1.9	1.7	1.9
Unemployment Rate (%)	4.8	4.8	4.7	5.2	4.6	4.4	5.2	5.2	4.8
U.S.	5.8	6.0	5.5	5.1	4.6	4.6	5.4	5.8	5.7
Nonfarm Employment (Payroll Survey, % Change)									
Total Nonfarm Georgia	-1.9	-0.6	1.4	2.6	2.0	1.6	0.8	1.2	2.1
U.S.	-1.1	-0.3	1.1	1.7	1.8	1.1	0.2	0.5	1.1
Mining	-6.2	-0.5	-0.8	-0.8	0.9	-0.7	-1.7	-1.4	-1.3
Construction	-4.5	-1.4	2.5	4.5	5.0	2.9	-2.6	-3.1	1.5
Manufacturing	-6.7	-4.1	-0.8	0.3	-0.2	-2.4	-2.2	-1.3	0.4
Nondurable Goods	-5.6	-5.8	-2.1	-1.4	-1.4	-2.3	-2.4	-1.5	-0.4
Durable Goods	-8.1	-1.8	0.7	2.5	1.1	-2.4	-2.0	-1.1	1.4
Trans, Warehs & Utility	-2.7	-2.0	1.6	2.4	1.4	2.1	0.6	1.2	2.4
Wholesale Trade	-3.0	-0.8	0.8	2.5	1.3	1.4	1.1	1.4	1.9
Retail Trade	-2.4	-2.3	0.2	3.0	1.9	1.9	0.6	1.4	1.5
Financial Activities	0.3	0.7	1.1	3.0	2.4	0.8	-0.8	0.9	2.6
Prof & Business Services	-2.4	-1.9	4.1	4.6	2.9	2.0	1.7	3.1	4.2
Edu & Health Services	3.1	5.2	3.6	3.6	3.2	3.1	2.9	3.8	3.7
Leisure & Hospitality	0.4	2.2	3.4	3.3	2.7	3.0	2.1	1.5	1.6
Information	-8.7	-7.3	-4.2	-1.4	-0.8	-0.3	1.9	1.8	2.4
Federal Govt	-0.2	-1.3	-1.7	1.2	1.2	0.5	0.1	0.3	1.6
State & Local Govt	2.9	1.7	1.2	2.1	2.1	3.0	2.2	0.9	1.3
Population and Migration									
Population (Thous.)	8608	8764	8945	9146	9369	9569	9767	9963	10157
(% Ch)	2.0	1.8	2.1	2.2	2.4	2.1	2.1	2.0	1.9
Construction Activity and Other Economic Indicators									
Georgia Housing Starts	97.1	96.8	102.3	108.4	103.4	72.7	52.0	66.6	79.2
Single Family (Thous.)	78.7	82.2	86.0	94.9	90.4	58.4	39.9	53.0	65.6
Multifamily (Thous.)	18.4	14.6	16.2	13.5	13.1	14.3	12.1	13.6	13.6
MFG Shipments (Bil. 82\$)	95.4	89.9	91.0	89.5	83.5	80.0	80.0	80.3	80.7

Forecast Tables - Summary

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

	HISTORY			FORECAST					
	2007:1	2007:2	2007:3	2007:4	2008:1	2008:2	2008:3	2008:4	2009:1
Personal Income and GSP									
Personal Income (Bil. \$)	314.4	316.1	320.1	323.7	327.5	331.3	335.0	338.8	342.9
Georgia (% Ch)	11.8	2.1	5.2	4.5	4.8	4.7	4.6	4.6	4.9
U.S. (% Ch)	10.0	3.8	6.0	4.5	4.2	2.9	3.3	3.6	4.4
Personal Income (Bil. 2000\$)	270.8	269.3	271.6	272.0	273.7	276.6	278.5	280.6	282.8
Georgia (% Ch)	8.1	-2.1	3.3	0.7	2.5	4.2	2.8	3.1	3.2
U.S. (% Ch)	6.3	-0.4	4.1	0.5	1.6	1.7	1.6	2.3	2.5
Disp. Income (Bil. 2000\$)	238.2	236.9	238.9	239.3	240.9	243.6	245.4	247.2	249.0
Georgia (% Ch)	6.3	-2.0	3.4	0.6	2.6	4.6	2.9	3.0	3.0
U.S. (% Ch)	5.4	-0.8	4.5	0.3	1.8	2.1	19.9	-13.0	2.6
GSP (Bil. \$)	390.4	397.6	404.2	407.9	410.4	411.9	415.9	420.3	426.1
(%Ch)	5.8	7.6	6.8	3.7	2.4	1.5	4.0	4.3	5.6
(Bil. 2000\$)	335.1	339.1	343.9	345.2	345.4	345.7	347.5	349.9	353.0
(% Ch)	1.6	4.9	5.7	1.5	0.3	0.3	2.1	2.8	3.7
Employment and Labor Force (Household Survey, % Change)									
Employment	5.0	0.3	0.5	2.7	0.4	0.9	1.3	1.4	1.6
Labor Force	3.8	0.5	1.2	3.3	1.4	2.2	1.7	1.6	1.7
Unemployment Rate (%)	4.3	4.3	4.5	4.6	4.9	5.2	5.3	5.3	5.4
U.S.	4.5	4.5	4.7	4.8	5.0	5.3	5.6	5.7	5.8
Nonfarm Employment (Payroll Survey, % Change)									
Total Nonfarm Georgia	2.8	2.3	1.1	0.8	0.7	0.6	0.7	0.7	1.3
U.S.	1.2	0.9	0.8	0.8	-0.1	-0.4	0.2	0.1	0.3
Mining	4.9	-5.2	-5.2	-0.4	-0.5	-1.1	-1.3	-1.7	-1.5
Construction	2.8	-0.5	4.1	-2.9	-2.5	-5.1	-4.6	-5.9	-2.6
Manufacturing	-1.5	0.3	-6.7	-3.0	-0.8	-1.1	-2.0	-2.4	-1.9
Nondurable Goods	-0.3	0.5	-6.6	-3.8	-0.9	-0.9	-2.9	-2.2	-1.6
Durable Goods	-2.9	0.1	-6.9	-2.1	-0.7	-1.2	-0.9	-2.7	-2.3
Trans, Warehs & Utility	5.9	0.6	0.6	-0.1	1.7	0.0	0.4	-0.2	0.1
Wholesale Trade	3.2	3.4	1.3	-0.1	1.1	0.9	2.0	0.7	1.0
Retail Trade	6.4	4.7	0.6	1.3	-0.2	-0.6	0.5	1.6	1.7
Financial Activities	-0.3	0.5	1.8	-4.1	-0.1	-0.6	-0.9	-1.0	1.9
Prof & Business Services	3.6	2.9	0.4	1.6	1.3	2.0	1.8	3.0	3.7
Edu & Health Services	5.8	2.2	3.1	2.1	2.6	3.4	3.7	3.4	4.2
Leisure & Hospitality	5.0	4.7	0.8	2.6	2.0	2.0	1.2	2.8	1.0
Information	-1.6	-0.6	1.8	3.3	1.1	2.4	2.0	1.8	1.9
Federal Govt	-0.2	0.5	-0.4	-0.1	-0.2	0.8	0.5	0.3	0.2
State & Local Govt	1.4	4.0	6.6	3.1	1.1	0.8	0.7	1.0	0.8
Population and Migration									
Population (Thous.)	9494	9545	9594	9644	9693	9743	9792	9841	9890
(% Ch)	2.2	2.2	2.1	2.1	2.1	2.1	2.0	2.0	2.0
Construction Activity and Other Economic Indicators									
Georgia Housing Starts	86.7	81.8	67.7	54.7	49.1	49.2	53.4	56.2	60.5
Single Family (Thous.)	73.8	66.4	52.5	41.0	37.5	38.0	40.5	43.6	47.5
Multifamily (Thous.)	12.9	15.3	15.2	13.6	11.6	11.2	12.9	12.6	13.0
MFG Shipments (Bil. 82\$)	80.9	79.6	79.7	79.8	79.9	79.9	80.0	80.1	80.2

Forecast Tables - Detailed

Table 2A. Georgia Employment (Levels in Thousands)

	HISTORY						FORECAST		
	2002	2003	2004	2005	2006	2007	2008	2009	2010
NONFARM	3870	3845	3901	4003	4085	4152	4187	4238	4326
Manufacturing	471.3	452.0	448.3	449.8	448.8	438.2	428.5	422.8	424.7
Durable Goods	205.5	201.7	203.1	208.1	210.4	205.3	201.3	199.1	201.9
Wood Products	25.8	23.6	24.2	24.7	25.0	24.4	23.8	23.8	25.5
Transport Equip	42.9	43.4	44.9	45.8	46.1	42.9	41.4	42.6	43.8
Nondurable Goods	265.8	250.3	245.2	241.7	238.4	232.9	227.2	223.8	222.8
Foods	66.3	65.6	65.1	65.6	67.7	67.9	68.5	69.5	70.8
Textiles Mills	40.6	38.0	35.6	33.5	31.8	28.7	26.2	24.7	23.7
Non-Manufacturing	3399	3393	3452	3554	3636	3714	3759	3816	3901
Mining	12.4	12.3	12.2	12.1	12.2	12.1	11.9	11.7	11.6
Construction	197.8	195.0	199.8	208.8	219.2	225.7	219.8	213.0	216.2
Trans, Warehs & Util	178.4	174.8	177.6	181.7	184.3	188.2	189.2	191.4	196.0
Wholesale Trade	206.6	205.0	206.7	211.8	214.7	217.6	219.9	223.0	227.3
Retail Trade	455.5	444.8	445.9	459.3	468.3	477.3	480.2	486.9	494.4
Information	133.0	123.0	118.0	117.0	116.0	115.0	117.0	120.0	122.0
Prof & Bus Services	500.0	490.4	510.4	533.8	549.3	560.2	569.5	586.9	611.5
Admin & Support	252.2	247.2	264.0	280.7	287.2	292.5	295.2	306.7	325.1
Prof, Sci & Tech	193.3	191.5	193.0	200.5	209.9	214.9	221.6	227.4	233.2
Mgmt of Comps	54.5	51.7	53.4	52.5	52.2	52.8	52.7	52.8	53.2
Financial Activities	215.0	216.0	219.0	225.0	231.0	233.0	231.0	233.0	239.0
Real Estate & Rent	58.2	58.1	59.4	61.9	64.5	65.1	64.1	64.8	66.4
Fin & Insurance	156.6	158.4	159.3	163.5	166.3	167.5	166.7	168.2	172.6
Edu & Health Service	375.7	395.1	409.3	424.1	437.7	451.5	464.4	482.0	499.7
Education Services	59.6	68.1	70.3	73.5	77.7	82.3	84.5	87.1	89.7
Healthcare Services	316.1	326.9	339.1	350.6	360.0	369.2	379.9	395.0	410.0
Leisure & Hospitality	340.6	348.1	360.1	372.1	382.3	393.8	401.9	408.1	414.5
Other Services	158.9	155.5	156.2	158.3	159.3	159.7	160.5	161.2	160.3
Government	624.8	632.4	637.1	649.6	662.6	680.1	693.1	698.7	708.4
Federal Govt	95.6	94.4	92.8	93.9	95.1	95.6	95.7	96.0	97.6
State & Local Govt	529.2	538.0	544.3	555.7	567.6	584.6	597.4	602.8	610.8
Unemployment Rate	4.8	4.8	4.7	5.2	4.6	4.4	5.2	5.2	4.8

Forecast Tables - Detailed

Table 2B. Georgia Employment (Percent Change)

	HISTORY						FORECAST		
	2002	2003	2004	2005	2006	2007	2008	2009	2010
NONFARM	-1.9	-0.6	1.4	2.6	2.0	1.6	0.8	1.2	2.1
Manufacturing	-6.7	-4.1	-0.8	0.3	-0.2	-2.4	-2.2	-1.3	0.4
Durable Goods	-8.1	-1.8	0.7	2.5	1.1	-2.4	-2.0	-1.1	1.4
Wood Products	-3.2	-8.6	2.5	2.3	1.2	-2.4	-2.5	0.0	7.0
Transport Equip	-6.5	1.2	3.4	1.9	0.6	-6.9	-3.3	2.7	3.0
Nondurable Goods	-5.6	-5.8	-2.1	-1.4	-1.4	-2.3	-2.4	-1.5	-0.4
Foods	-1.3	-1.0	-0.8	0.7	3.2	0.3	0.8	1.6	1.8
Textiles Mills	-12.7	-6.5	-6.3	-5.8	-5.1	-9.8	-8.9	-5.6	-4.1
Non-Manufacturing	-1.2	-0.2	1.7	2.9	2.3	2.1	1.2	1.5	2.2
Mining	-6.2	-0.5	-0.8	-0.8	0.9	-0.7	-1.7	-1.4	-1.3
Construction	-4.5	-1.4	2.5	4.5	5.0	2.9	-2.6	-3.1	1.5
Trans, Warehs & Util	-2.7	-2.0	1.6	2.4	1.4	2.1	0.6	1.2	2.4
Wholesale Trade	-3.0	-0.8	0.8	2.5	1.3	1.4	1.1	1.4	1.9
Retail Trade	-2.4	-2.3	0.2	3.0	1.9	1.9	0.6	1.4	1.5
Information	-8.7	-7.3	-4.2	-1.4	-0.8	-0.3	1.9	1.8	2.4
Prof & Bus Services	-2.4	-1.9	4.1	4.6	2.9	2.0	1.7	3.1	4.2
Admin & Support	-0.4	-2.0	6.8	6.3	2.3	1.8	0.9	3.9	6.0
Prof, Sci & Tech	-3.9	-0.9	0.8	3.9	4.7	2.4	3.1	2.6	2.6
Mgmt of Comps	-6.1	-5.1	3.3	-1.6	-0.7	1.2	-0.2	0.2	0.8
Financial Activities	0.3	0.7	1.1	3.0	2.4	0.8	-0.8	0.9	2.6
Real Estate & Rent	-0.8	-0.3	2.4	4.1	4.2	1.0	-1.6	1.1	2.5
Fin & Insurance	0.7	1.1	0.6	2.6	1.7	0.8	-0.5	0.9	2.6
Edu & Health Service	3.1	5.2	3.6	3.6	3.2	3.1	2.9	3.8	3.7
Education Services	2.6	14.4	3.1	4.6	5.6	5.9	2.8	3.0	3.0
Healthcare Services	3.3	3.4	3.7	3.4	2.7	2.5	2.9	4.0	3.8
Leisure & Hospitality	0.4	2.2	3.4	3.3	2.7	3.0	2.1	1.5	1.6
Other Services	-6.1	-2.2	0.5	1.3	0.7	0.2	0.5	0.4	-0.6
Government	2.4	1.2	0.8	2.0	2.0	2.6	1.9	0.8	1.4
Federal Govt	-0.2	-1.3	-1.7	1.2	1.2	0.5	0.1	0.3	1.6
State & Local Govt	2.9	1.7	1.2	2.1	2.1	3.0	2.2	0.9	1.3

Forecast Tables - Detailed

Table 3A. Atlanta Employment (Levels in Thousands)

	HISTORY						FORECAST		
	2002	2003	2004	2005	2006	2007	2008	2009	2010
NONFARM	2259	2237	2269	2338	2398	2450	2474	2509	2567
Manufacturing	186.0	179.2	177.5	178.0	178.1	174.9	171.9	170.1	170.6
Non-Manufacturing	2073	2058	2091	2160	2220	2276	2302	2339	2397
Construction & Mining	125.9	123.3	127.7	133.7	139.8	143.9	139.1	134.2	136.3
Trans, Warehs & Util	120.7	117.7	119.1	122.3	125.6	129.4	129.8	131.4	134.8
Wholesale Trade	153.4	151.1	151.6	155.2	157.3	160.6	162.3	164.5	167.5
Retail Trade	256.7	248.9	247.7	257.9	265.3	271.0	272.9	276.9	281.8
Information	104.6	95.7	92.5	90.3	89.9	89.1	90.8	92.9	95.5
Prof & Bus Services	366.0	360.6	370.7	387.4	398.7	406.5	412.7	424.5	441.1
Financial Activities	150.7	151.1	152.1	157.5	161.9	164.4	164.1	166.0	169.9
Edu & Health Service	208.1	214.8	222.8	232.8	242.2	251.2	260.2	270.7	281.2
Leisure & Hospitality	200.6	205.0	211.8	218.9	225.7	234.3	239.4	243.3	247.4
Other Services	91.5	92.3	92.5	95.4	96.8	98.8	98.9	99.6	101.3
Government	294.8	297.4	302.8	308.8	317.2	326.5	331.9	335.2	339.9
Federal Govt	48.0	47.0	46.0	46.0	46.0	46.0	47.0	47.0	48.0
State & Local Govt	246.5	250.4	256.7	262.7	271.2	280.4	285.2	287.7	291.6
Unemployment Rate	4.9	4.8	4.7	5.2	4.6	4.3	5.0	5.0	4.6

Forecast Tables - Detailed

Table 3B. Atlanta Employment (Percent Change)

	HISTORY						FORECAST		
	2002	2003	2004	2005	2006	2007	2008	2009	2010
NONFARM	-1.9	-1.0	1.4	3.1	2.6	2.2	1.0	1.4	2.3
Manufacturing	-5.6	-3.6	-1.0	0.3	0.1	-1.8	-1.7	-1.0	0.3
Non-Manufacturing	-1.5	-0.7	1.6	3.3	2.8	2.5	1.2	1.6	2.5
Construction & Mining	-4.0	-2.1	3.6	4.7	4.5	2.9	-3.3	-3.5	1.6
Trans, Warehs & Util	-4.2	-2.4	1.2	2.7	2.7	3.0	0.4	1.2	2.6
Wholesale Trade	-4.8	-1.5	0.3	2.4	1.3	2.1	1.1	1.3	1.8
Retail Trade	-2.2	-3.1	-0.5	4.1	2.9	2.2	0.7	1.5	1.8
Information	-6.4	-8.5	-3.4	-2.3	-0.5	-0.8	1.9	2.3	2.8
Prof & Bus Services	-4.6	-1.5	2.8	4.5	2.9	2.0	1.5	2.9	3.9
Financial Activities	-0.1	0.3	0.6	3.5	2.8	1.5	-0.1	1.1	2.4
Edu & Health Service	4.0	3.2	3.7	4.5	4.0	3.7	3.6	4.0	3.9
Leisure & Hospitality	0.7	2.2	3.3	3.3	3.1	3.8	2.2	1.6	1.7
Other Services	-2.1	0.9	0.3	3.1	1.4	2.1	0.1	0.7	1.7
Government	3.5	0.9	1.8	2.0	2.7	3.0	1.6	1.0	1.4
Federal Govt	1.0	-2.6	-2.1	0.2	-0.3	0.2	1.3	1.6	1.9
State & Local Govt	4.0	1.6	2.5	2.3	3.2	3.4	1.7	0.9	1.3

Forecast Tables - Detailed

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

	HISTORY						FORECAST		
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Georgia Aggregates									
Personal Income	245	250.8	264.6	283.9	299.9	318.6	333.1	349.6	370.5
(Nominal %Ch)	1.8	2.4	5.5	7.3	5.6	6.2	4.6	5.0	6.0
Real Personal Inc (2000\$)	236.6	237.5	244.1	254.4	261.5	270.9	277.3	286.4	298
(Real %Ch)	0.4	0.4	2.8	4.2	2.8	3.6	2.4	3.3	4.0
Georgia Components of Personal Income									
By Place of Work									
Wages & Salaries	144.6	147.9	155.3	164.3	173.6	183.8	191.0	200.0	211.4
Other Labor Income	31.7	33.6	36.5	39.0	40.9	42.9	44.5	46.5	49.0
Proprietor's Income	20.7	21.7	23.8	26.0	26.5	27.3	28.5	30.3	32.0
Farm Proprietors	1.1	1.7	1.5	1.6	1.1	1.5	1.6	1.4	1.4
Business Proprietors	19.6	20.0	22.3	24.4	25.4	25.8	27.0	28.9	30.6
Less Social Insurance	20.6	21.1	22.9	24.1	25.4	26.9	27.9	29.4	31.1
By Place of Residence									
Divid, Interest & Rent	37.0	37.0	38.0	41.0	44.0	48.0	51.0	54.0	58.0
Transfer Payments	32.6	32.9	35.0	38.1	40.8	44.2	46.7	49.6	52.9
Real Personal Inc (2000\$)	236.6	237.5	244.1	254.4	261.5	270.9	277.3	286.4	298.0
% Ch Annual Rate	0.4	0.4	2.8	4.2	2.8	3.6	2.4	3.3	4.0
Real Disposable Inc.	209.4	212.3	218.7	226.2	231.0	238.3	244.3	252.2	262.2
Per Cap, Thous. (2000\$)	27.0	27.0	27.0	28.0	28.0	28.0	28.0	29.0	29.0
Gross State Product by Sector (current dollars)									
Gross State Product	306.7	317.9	337.6	358.4	379.6	400.0	414.6	434.6	458.7
Manufacturing	43.4	42.1	44.4	45.9	49.0	51.2	52.4	54.3	56.8
Mining	1.0	1.1	1.1	1.1	1.0	1.0	1.0	1.1	1.1
Construction	15.1	15.4	17.0	19.1	19.8	20.7	20.9	21.2	22.4
Transp, Ware, Utility	17.9	18.6	19.9	20.2	20.7	21.4	22.1	23.1	24.2
Wholesale Trade	23.9	24.1	26.4	28.7	30.2	31.8	33.1	34.8	36.7
Retail Trade	21.1	21.8	22.5	23.9	25.4	26.9	27.8	29.2	30.7
Financial Activities	52.4	55.7	58.8	61.1	67.9	72.8	75.5	79.2	83.4
Prof & Business Services	34.2	36.0	38.6	43.0	44.5	47.1	49.4	52.5	56.3
Edu & Health Services	19.4	20.8	22.3	24.0	25.5	27.1	28.6	30.7	32.8
Leisure & Hospitality	10.0	10.3	10.9	11.6	12.3	13.0	13.6	14.3	15.1
Information	20.0	19.9	21.2	22.4	23.4	24.8	26.0	27.7	29.8
Federal Govt	8.0	8.5	8.9	9.3	9.7	10.0	10.2	10.5	10.9
State & Local Govt	25.9	27.1	28.2	29.8	31.5	33.0	34.2	35.6	37.2
Atlanta Aggregates									
Personal Income	149.8	152.9	161.8	174.1	184.7	198.9	209.0	220.0	234.0
(Nominal %Ch)	1.2	2.0	5.8	7.6	6.1	7.7	5.1	5.3	6.4
Real Personal Inc (2000\$)	144.7	144.8	149.2	156.0	161.1	169.2	174.0	180.2	188.2
(Real %Ch)	-0.2	0.1	3.1	4.5	3.3	5.1	2.8	3.6	4.4
Atlanta Components of Personal Income									
By Place of Work									
Wages & Salaries	95.2	96.9	101.8	107.9	114.4	123.1	128.6	134.9	143.0
Nonwage Income	54.6	56.0	60.0	66.2	70.3	75.8	80.3	85.1	91.0

Forecast Tables - Detailed

Table 5. Metro Atlanta Housing Permits

COUNTY		HISTORY						FORECAST		
		2006:3	2006:4	2007:1	2007:2	2007:3	2007:4	2008	2009	2010
Barrow	singlefamily	280	301	275	230	238	118	802	848	924
	multifamily	0	0	0	0	0	0	13	15	17
Bartow	singlefamily	199	241	203	167	113	89	523	599	695
	multifamily	26	6	12	10	2	10	35	38	42
Carroll	singlefamily	317	234	237	226	121	53	552	591	650
	multifamily	0	0	0	0	0	0	12	15	18
Cherokee	singlefamily	747	651	749	681	483	299	1848	1959	2135
	multifamily	6	6	4	0	6	9	15	16	20
Clayton	singlefamily	626	456	405	336	350	147	1042	1105	1204
	multifamily	0	0	0	16	0	0	14	16	18
Cobb	singlefamily	713	648	604	644	434	219	1453	1511	1647
	multifamily	179	161	305	261	293	185	695	709	744
Coweta	singlefamily	455	316	314	402	256	148	908	972	1078
	multifamily	0	0	0	0	0	298	190	207	232
DeKalb	singlefamily	640	775	697	642	401	382	1702	1821	2003
	multifamily	569	100	1525	156	830	279	1952	2147	2405
Douglas	singlefamily	480	310	338	294	181	99	723	766	843
	multifamily	0	0	0	0	4	0	10	11	11
Fayette	singlefamily	171	99	95	86	86	78	295	316	347
	multifamily	0	0	0	0	145	0	89	94	100
Forsyth	singlefamily	1189	691	898	904	645	430	2596	2752	3054
	multifamily	0	0	0	0	0	0	22	24	28
Fulton	singlefamily	2487	1835	1143	1451	1132	872	3865	4136	4508
	multifamily	2586	2178	1639	4106	1627	939	6809	7490	8389
Gwinnett	singlefamily	1931	1238	1418	1254	1098	532	3604	3820	4164
	multifamily	12	420	16	64	31	0	99	111	128
Henry	singlefamily	666	511	539	478	408	225	1295	1373	1496
	multifamily	34	19	10	29	334	276	252	275	305
Newton	singlefamily	363	274	388	276	195	93	862	931	1033
	multifamily	0	0	0	0	0	0	11	12	14
Paulding	singlefamily	849	580	639	532	487	229	1592	1688	1839
	multifamily	4	0	0	3	3	0	6	7	7
Pickens	singlefamily	90	95	103	78	50	39	206	220	242
	multifamily	0	0	0	0	0	0	11	12	13
Rockdale	singlefamily	227	167	179	212	125	86	506	536	590
	multifamily	14	0	0	0	6	0	10	11	12
Spalding	singlefamily	106	76	84	48	101	54	249	266	293
	multifamily	3	48	0	18	0	0	18	20	22
Walton	singlefamily	348	266	286	218	137	89	699	748	815
	multifamily	28	0	51	22	0	3	42	48	55
Total Permits		16345	12702	13156	13844	10322	6280	35627	38236	42140
% Change from a year ago		-15.9	-18.6	-28.9	-27.8	-36.8	-50.6	-18.3	7.3	10.2
Single family Permits		12884	9764	9594	9159	7041	4281	25322	26958	29560
% Change from a year ago		-20	-29.6	-33.8	-40.2	-45.4	-56.2	-15.8	6.5	9.7
Multi family Permits		3461	2938	3562	4685	3281	1999	10305	11278	12580
% Change from a year ago		3.7	68.8	-10.8	21.5	-5.2	-32	-23.8	9.4	11.5