



November 2008 Forecast of Georgia and Atlanta

Georgia's Growth Prospects Marred by Volatile Business Climate

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Business Intelligence at Its Best

GeorgiaStateUniversity 
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November 2008

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GEORGIA'S GROWTH PROSPECTS MARRED BY VOLATILE BUSINESS CLIMATE

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FORECAST COMMENTARY

I may have the word “climate” in my forecast title, but rest assured I will not be proselytizing about global warming in this write-up! As a result of the financial sector hitting another roadblock with the Lehman bankruptcy and AIG’s near meltdown in mid-September, we have seen a tremendous amount of volatility in the national and local economic indicators. For example, the stock market fell 25% by October 27 but then climbed 15% in the next four days. The month of October had more days of 5%-plus swings in the Dow’s value (at times in a matter of hours) than I can ever remember. Even the tech bubble collapse in 2000 was less abrupt and volatile in nature. The era of volatility is here, and it will continue to plague us until the financial house is put into some kind of order.

Another outcome of the mid-September crisis was the \$700 billion “bailout” package, which will surely increase as the new Democratic administration settles in next year. The plan already has the Treasury taking (forcing, some say) direct stakes in major financial institutions. The banking sector has slammed the brakes on making new loans as it tries to weather the current volatile business climate. One sunny Friday, Wachovia was solvent. The next Sunday, it was being

hawked to Citibank with FDIC backstops and eventually was bought by Wells Fargo. Then, just a week later, the government was infusing capital in all major banks (including Wells Fargo) as the credit crisis deepened. Morgan Stanley got an equity infusion from the Mitsubishi bank of Japan in mid-October, but by the next week, it needed to raise billions itself with government help in light of the continuing meltdown of the Japanese stock market. The Dutch, Germans, Swiss, British, Portuguese, and even the cash flushed Russians have had to use bailout programs and taxpayer money to save their financial systems from ruin.

At the consumer level, confidence dropped to a record low in October, and auto sales slid sharply to their lowest level (per capita of population) since the end of WWII. GM auto sales suffered an almost 50% drop from year-ago levels. GM officials admitted that they engaged in virtually no leasing activity in October, based on their decision to lease cars only to people with credit scores above 700. Under this criterion, half the population in the nation will fail to qualify for a loan from GMAC! No wonder Bill Heard’s Chevrolet dealership empire in Atlanta collapsed overnight, resulting from GMAC’s decisions to cut off credit lines. In addition, Heard’s sub-subprime customer base evaporated quickly as construction activity ground to a halt in Georgia (and Arizona too).

Calendar Year Job Additions *

	Georgia			Atlanta		
	Employment	Premium	% of Total	Employment	Premium	% of Total
2008	-75,100	-25,800	-	-45,600	-17,000	-
2009	-72,100	-24,600	-	-42,100	-16,400	-
2010	27,800	3,100	11.2%	17,200	1,900	11.1%

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

This report was written with Harold Vásquez-Ruiz, 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.

Chart 1

Georgia's Job Growth History

Employment '000	'07Q1	'07Q2	'07Q3	'07Q4	'08Q1	'08Q2	'08Q3
Total Non-farm	12.1	8.4	13.1	4.5	10.3	-10.5	-33.9
Retail Trade	2.2	-1.6	3.6	0.8	3.0	-0.1	2.2
Construction	0.4	-0.6	-2.0	-0.5	0.9	-3.0	-9.2
Financial Activities	0.1	-0.5	-0.5	-2.0	0.2	-1.0	-1.6
Prof. & Biz. Services	4.5	1.7	3.0	3.0	1.5	-2.6	-7.0
Edu. & Health Services	2.3	5.0	4.4	3.8	0.9	3.3	1.7
Leisure & Hospitality	1.9	3.0	2.3	1.3	0.7	-1.2	0.7
Government	2.7	2.9	1.6	3.1	2.9	2.3	-8.0
Manufacturing	-5.7	-3.7	-2.9	-3.1	-2.9	-6.5	-8.0

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

The October 2008 Senior Loan Officer Survey on Bank Lending showed that 85% of domestic banks—up substantially from 60% in the July survey—reported tightening lending standards on loans to large- and middle-market firms. The same percentage of banks also tightened standards on commercial real estate lending. More importantly, 95% of banks reported raising the cost of credit lines even as the Fed has eased rates! The credit crunch is getting nastier in a hurry and is biting more severely than was expected just a few months ago. The good news is that the decisive and coordinated actions taken by central banks and governments all over the world have staved off a depression. The bad news is that the ongoing credit crunch will last longer than projected a few months ago.

Now, more than ever, our fortunes are tied to what happens nationally and even globally. For example, a big driver for Georgia's poultry exports is the health of the Russian economy, especially the strength of the ruble. In the past few months, we have seen a sharp

retrenchment in the price of oil (as predicted), which gives the poultry farmers a break on feed costs. But the sinking ruble and oil prices also make for a much reduced demand from Russian consumers. This turn of events doesn't bode well for the banks in North Georgia, which service these agribusinesses and their suppliers, who will have a reduced demand for business loans. Additionally, what happens to investment by foreign companies in Georgia in the area of automobiles (South Korea), engineering and services (Germany), and real estate (Dutch), to name just a few, will depend on how the financial and stock markets fare in those countries. A silent global bank run is going on right now, where big investors, pension funds, the wealthy, and big corporations are moving their funds from one banking institution to another in search of an elusive safety. The trust factor, on which the modern banking system is based, is in short supply at the moment.

To get back to the national picture, the national economy contracted last quarter, and more than half a

Table 1: Georgia's Economic Report Card: D

Indicator	Recent Quarter ('08-Q3)	Last 12 Months	Grade	Comments
Jobs Added				
Total Non-Farm Jobs	-33,900	-29,700	D	Job losses follow national pattern
Manufacturing	-8,000	-20,500	D	Continues in the red
Financial Jobs	-1,600	-4,300	D	Bailout and merger fallout
Civilian Employment	-21,600	-6,700	D	Rising layoffs announcements and bankruptcies
Business Services Jobs	-7,000	-5,100	D	Corporate sector is rapidly losing steam
Health Care Jobs	500	7,200	B-	Reliable performer is slowing
Hospitality Jobs	700	1,500	B-	Slightly better, but possible data issues
Technology	900	1,100	B+	Surprisingly a good quarter
Construction Activity				
Jobs Added	-9,200	-11,800	D	Scale-down has begun
Housing Permit Growth*	-5.9	-52.5	D	Housing demand continues to fall
Georgia's Fiscal Health				
Tax Collections*	-58.0%	-7.3%	D	Poor economy affects collections
Wages & Salaries**	2.2%	2.9%	B-	Slowing down
Personal Income**	9.7%	5.3%	B+	Income gains are struggling
Large Corporate Sector			D	Behind the scenes layoffs
Miscellaneous				
Oil Prices	\$120.0	\$106.0	F	Too high for comfort
10-Yr Bond	3.9%	4.0%	A	Remains low
Exports***	27.3%	24.1%	A	Georgia's ports are doing well

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 2008q2

Last 12 months is percent change from a year ago for 2008q2

*** Exports:

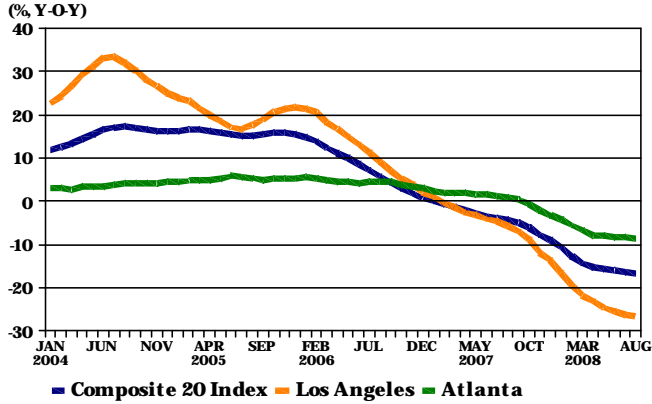
Most recent quarter is percent change from a year ago for 2008q2

Last 12 months is growth rate from YTD 2007q2 to YTD 2008q2

State & Local Financial Indicators

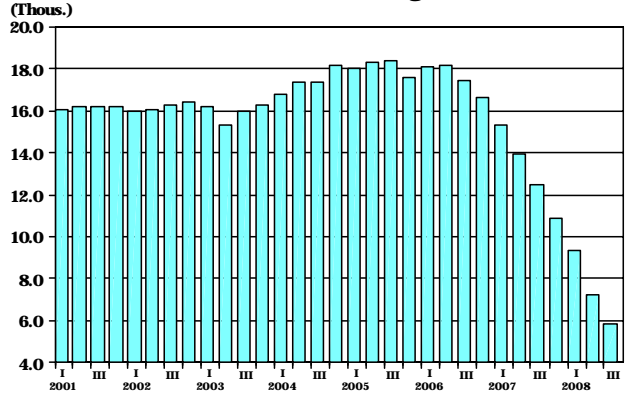
Graph i

Case-Shiller Home Price Index



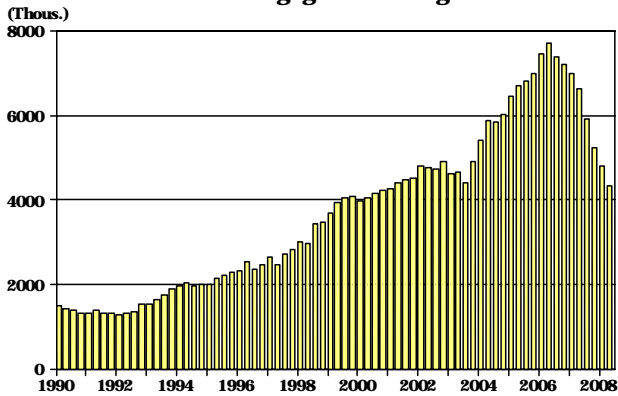
Graph ii

Metro Atlanta Housing Permits



Graph iii

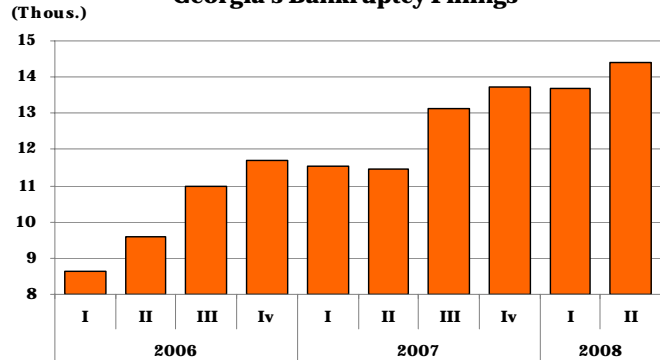
Atlanta Mortgage Loan Originations



Source: Global Insight

Graph iv

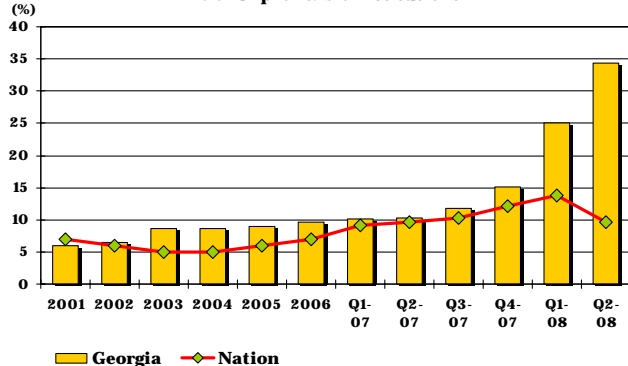
Georgia's Bankruptcy Filings



Source: Total bankruptcy cases commenced in North, Middle & South Georgia from US Bankruptcy Courts

Graph v

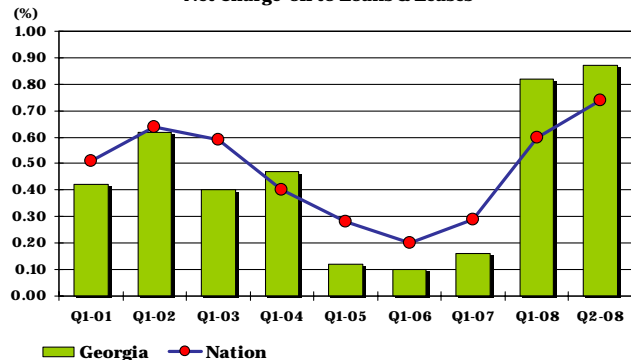
Georgia's Banking Indicators
% of Unprofitable Institutions



Source: FDIC quarterly banking report for all state chartered institutions

Graph vi

Georgia's Banking Indicators
Net Charge-off to Loans & Leases



Source: FDIC quarterly banking report for all state chartered institutions

million jobs have been lost in the last three months. Expect another three quarters of contraction in GDP, at the minimum, with only a very modest growth until mid-2010. Consequently, national job growth will be delayed as the expected pullback in consumer spending adds to the ongoing negative multiplier from a drastic slowdown in residential construction. More than 2 million jobs will be lost nationally in the coming months, making this recession one of the deepest since 1982. It will easily be the longest recession if one dates its start from December 2007 (when the employment started declining). The new administration will produce a fiscal stimulus package of some kind next year, but don't hold your breath for it to spark an economic recovery. Any recovery is moot until the banking sector stabilizes, and that recovery depends on how quickly the Treasury's TARP program or "bailout" is fully operational. I also hope that the transition at the Treasury goes smoothly next spring.

Chart 1 (on page 2) shows that Georgia experienced significant job losses in the third quarter of 2008. This decline has been severe, to say the least. Even California, with four times the employment base, has not shown this many job losses in the third quarter. However, the decline of home prices in the Los Angeles metro area has been four times larger than that in Atlanta. **Graph i** on the accompanying page shows the year-over-year change in home prices as measured by the S&P/Case-Shiller Index. Prices are down by approximately 8% in the Atlanta metro area whereas in Los Angeles, they are down by more than 30%. Thus, the slowdown in Georgia's employment has been sharp and drastic and is now reflected in the state's tax revenue collections. In the first nine months of this year, total tax collections declined by 5% instead of the 8% growth experienced in comparable months in 2007. This unprecedented 13% turnaround reflects the extremely weak economic climate. The sharp deceleration also is evident in personal income tax collections (10% growth in first nine months of 2007 versus a drop of 4% for the same timeframe in 2008).

Permitting activity is down by more than 60% from its peak, as **graph ii** shows. Reduced intentions to

build mean less work for builders, construction workers, engineers, architects, aggregate providers, concrete suppliers, welders, and so on. Therefore, a negative multiplier is currently in effect, with the first stage marked by layoffs in the construction industry that have totaled more than 12,000 in the past six months alone. Loan originations in Atlanta's metro area have fallen by more than 50% in the past year (**graph iii**). Apart from the drop in demand for housing, the credit crunch is having a direct impact not only through higher rates for loans but also a higher rejection rate of loan applications. The potential creditor is worried about the future financial health of the borrower. As seen in **graph iv**, bankruptcy filings have increased sharply since the credit crunch began last August. And as home price depreciation intensifies or even if it stays at the new low levels, more people with underwater mortgages will default on their loans. Add to this bleak scenario the high chances of losing one's job, and we can expect more filings as well as an increased reluctance of banks to make loans.

Other indicators of financial health are even more depressing. **Graph v** compares the proportion of unprofitable banks in the nation versus the state. Georgia's proportion of unprofitable institutions is currently 35%, almost thrice the national rate. Some banks have failed outright (Integrity and Alpha), and others have been issued cease and desist orders (Columbus Bank and Trust, Home Town Bank of Villa Rica, and Chestatee State Bank). Additionally, the FDIC has asked most community and small banks to shore up their capital quickly and substantially to handle the expected write downs on their construction and real estate related loans. **Graph vi** shows the current fallout from the current weak economic conditions on net charge-offs to loans and leases for banks, up dramatically both in the nation and in Georgia from levels of last year. And more pain is coming as the economy weakens further. Net-net, the credit crunch—or in straight talk, the unwillingness of banks to make new loans—is the new norm and will dramatically impinge on small businesses in the coming year.

The corporate sector has lost more than 10,000 jobs

in the past six months, but if you examine layoff announcements in local newspapers, a flood of layoffs is looming on the horizon. Big banking institutions are already in the process or planning major layoffs (Bank of America, Wachovia, Goldman Sachs, Morgan Stanley, etc.). Manufacturing firms have announced many layoffs outside the Atlanta metro area, and even a school board (DeKalb County) and a government entity (Georgia's Transportation Department) have announced layoff plans. As the tax collection data shows (**graphs vii, viii & ix**), indicating a fast deterioration in a very short time, it's no wonder that government jobs (mostly local governments) dropped by 8,000 last quarter. Folks, this sector is one that grew strongly in the last recession and cushioned us from the fallout of the tech meltdown. Can we bet on it again? No is the short answer, based on the current financial climate, in which borrowing for capital projects is difficult. That is one way the local and state governments can get around the balanced budget requirement in the face of falling revenues. The Hospitality sector has fared better in the past few quarters, but as **graph x** shows, growth in room rental rate has slowed dramatically. The fallout from weak corporate spending is being felt and will intensify in the coming six months. The only bright spot so far is Health Care, the only sector that will grow in the coming years but accounts for less than 10% of the economy.

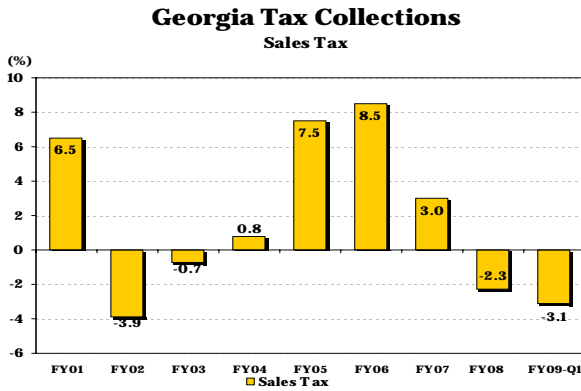
Net-net, the prognosis for growth in the coming 15 months is bleak, to say the least. The question is, when will job growth turn positive and in substantial numbers? We have lost almost 41,100 jobs so far this year, and the loss rate intensified in the last few months. I expect job losses to continue at this heavy rate for the next quarter, too, as we lose another 34,000 jobs. Thus, for the calendar year 2008, we will show a net loss of 75,100 (and 25,800 premium job losses). In 2009, 48,500 job losses are expected in the first half of the year, followed by a somewhat lower number of 23,600 job losses in the second half, making for a total of 72,100 job losses (and 24,600 premium job losses). Thus, from the second quarter of 2008 to the end of 2009 (seven quarters), we will experience a total loss of 170,000 jobs, or 4.0%, of the employment level.

This recession is a severe one, even when compared to the previous one earlier in the decade. During that time, from the first quarter of 2001 to the second quarter of 2003 (more than two years), we lost 148,000 jobs, or 3.2%, of the employment base. In contrast, during the early 1990s, we lost only 70,000 jobs, or 2.0%, of the employment pool. What kept the severity low during the last two periods of stress was the continued strong growth of the government sector despite the contraction of the rest of the economy. This time, that positive factor is missing. Although the Health Care sector will expand as usual, it alone will be unable to make up for all the negativity. Oil prices have moderated sharply and have put back some purchasing power in people's pocket, but I don't expect consumers to splurge. Rather they will save that extra cash for a rainy day. Even a stimulus package next year will lead to more saving rather than spending by consumers.

The recovery will begin in 2010 but will be very tepid as credit market operations remain well below their highs. Only 27,800 jobs will be created in 2010 (with a paltry 3,100 premium job gains). Nominal personal income in Georgia increased 6.1% in 2007. Income gains will be substantially lower at 4.2% in 2008 and 2.1% in 2009, and only a modest 3.4% increase is expected in 2010 as the economy recovers. **Graph xi** compares our latest job growth forecast with the one made in August 2008. The downgrades to all calendar years are substantial.

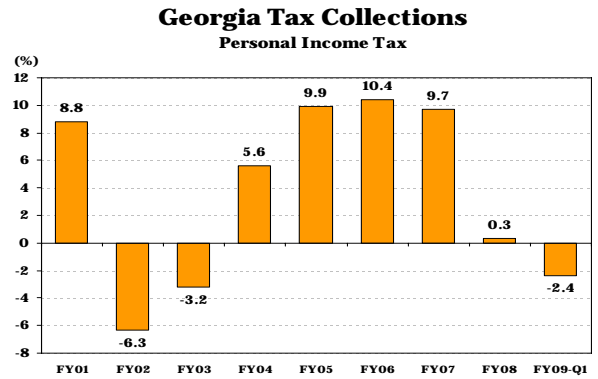
For the Atlanta metro area, employment growth will remain negative for the remainder of 2008 for a total of 45,600 job losses (17,000 premium job losses). In 2009, 29,600 job losses are expected in the first half of the year, followed by 12,400 job losses in the second half. That makes for 42,100 job losses for the calendar year (16,400 premium job losses). The recovery will come in 2010 when 17,200 jobs are created (1,900 premium job gains). **Graph xii** presents the housing permit forecast for the metro area. Permits will plummet in 2008 by 54.0%, following a 34.6% decline in 2007. Permit activity will decrease again by 13.5% in 2009 before recovering modestly by 2.7% in 2010.

Graph vii



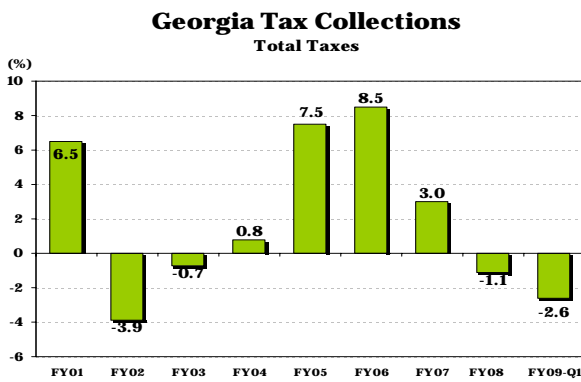
Source: EFC calculations based on data from Georgia Department of Revenue

Graph viii



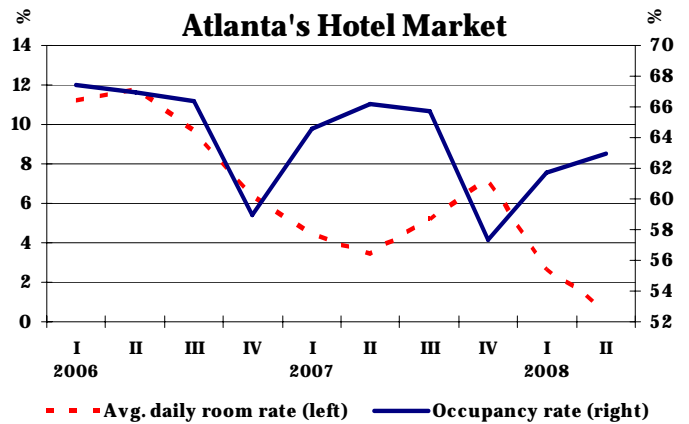
Source: EFC calculations based on data from Georgia Department of Revenue

Graph ix



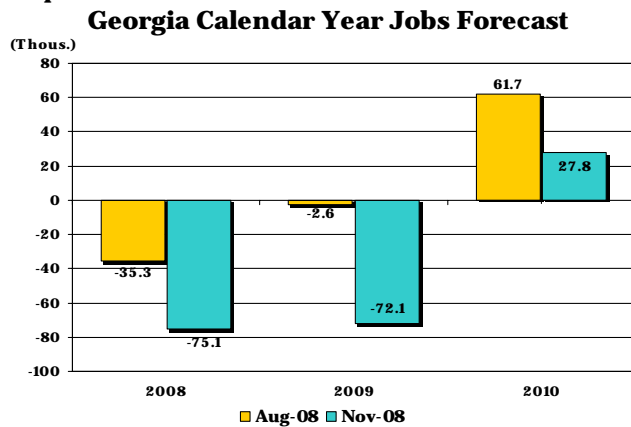
Source: EFC calculations based on data from Georgia Department of Revenue

Graph x



Source: PKF Hospitality Research

Graph xi



Graph xii

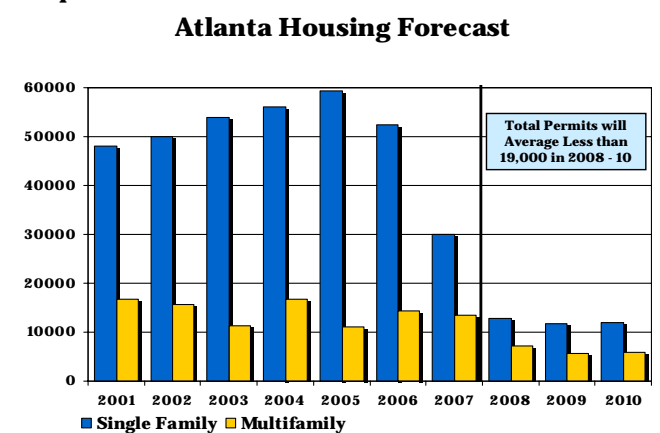


Table 2: Quality of Job Growth

		US		GEORGIA		ATLANTA	
NAICS Categories	Annual Atlanta Wage **	Last 12 months	Last 6 months	Last 12 months	Last 6 months	Last 12 months	Last 6 months
TOTAL NON-FARM EMPLOYMENT	\$41,100	(519,000)	(513,000)	(53,200)	(60,100)	(33,600)	(37,700)
PREMIUM JOBS¹	\$60,700	(357,144)	(260,635)	(25,222)	(21,926)	(12,107)	(12,541)
Utilities	\$83,800	7,800	4,400	(100)	(300)	300	300
Computer Systems & Designs	\$77,000	58,800	43,000	(1,200)	(300)	(1,000)	100
Management of Companies	\$71,700	(28,900)	(13,900)	(700)	(100)	(700)	300
Telecommunications	\$67,600	(11,500)	(7,200)	400	(100)	(200)	(500)
Finance & Insurance	\$66,300	(68,400)	(35,800)	(4,600)	(3,100)	(3,600)	(2,900)
Information	\$65,600	(51,000)	(33,000)	(400)	(800)	300	(100)
Air Transportation	\$64,200	(8,100)	(21,100)	(2,100)	(2,300)	(1,900)	(1,900)
Management, Science, & Technology	\$62,600	62,100	32,300	900	1,800	800	1,500
Wholesale Trade	\$58,100	(51,400)	(50,100)	(5,300)	(3,500)	(3,900)	(2,200)
Accounting & Related Services	\$52,700	11,900	(6,900)	600	(5,800)	100	(3,800)
Federal Government	\$50,100	29,000	24,000	700	(900)	1,200	(400)
Transportation & Warehousing	\$49,200	(56,800)	(43,300)	(1,200)	(700)	(2,000)	(1,200)
Manufacturing	\$47,100	(442,000)	(264,000)	(21,400)	(15,900)	(8,200)	(7,900)
MID-RANGE JOBS²	\$38,900	381,100	229,000	(12,566)	(22,526)	(9,093)	(14,396)
Real Estate, Rental, & Leasing	\$41,900	(41,700)	(11,800)	(600)	800	(200)	500
Construction	\$41,500	(464,000)	(218,000)	(15,600)	(12,100)	(11,100)	(9,500)
Government	\$41,000	315,000	165,000	(6,800)	(18,100)	(5,300)	(10,700)
Education & Health	\$37,600	568,000	310,000	10,300	6,900	7,400	5,400
LOW-PAYING JOBS³	\$23,600	(419,900)	(420,900)	(7,825)	(11,926)	(5,713)	(7,699)
Administrative & Support	\$29,300	(280,500)	(216,400)	(12,200)	(5,800)	(7,300)	(3,000)
Other Services	\$28,000	35,000	8,000	(100)	300	800	800
Retail Trade	\$25,800	(250,400)	(164,500)	5,500	(400)	600	(1,800)
Leisure & Hospitality	\$17,700	76,000	(48,000)	(1,300)	100	100	(400)

* 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 (Prof. & Biz.), Air Transport (Trans. & Ware.), Information, Mgmt of Companies (Prof. & Biz.), Mgmt of Science & Tech (Prof. & Biz.), Finance & Insurance, Manufacturing, Accounting (Financial Activities), Utilities, Health Care Practitioners, Wholesale Trade and Federal Govt.

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** growth will remain negative for the remainder of 2008 for a total loss of 75,100 jobs for calendar year 2008 (25,800 premium job losses). In 2009, 48,500 job losses are expected in the first half of the year, followed by 23,600 job losses in the second half, making for 72,100 job losses (24,600 premium job losses). The recovery will be modest in 2010 when 27,800 jobs will be created (3,100 premium job gains).
- **Nominal Personal Income in Georgia** increased 6.1% in 2007. Income gains will be substantially lower at 4.2% in 2008 and 2.1% in 2009. However, a 3.4% increase is expected in 2010 as the economy recovers.
- **Georgia's Unemployment Rate** will increase to 6.0% in 2008 from 4.4% in 2007. In 2009, it will increase further to 7.5% and then increase further to 8.0% in 2010.
- **Georgia's Total Tax Collections** were down by 2.6% in the first quarter of FY09, a decrease of \$110.0 million compared to levels a year ago. A 6.0% drop in total tax collections is expected for FY09, followed by 1.0% decrease in 2010.

Atlanta

- **Atlanta's Employment** growth will remain negative for the remainder of 2008 for a total loss of 45,600 jobs in the calendar year 2008 (17,000 premium job losses). In 2009, 29,600 job losses are expected in the first half of the year, followed by 12,500 job losses in the second half. In all, the calendar year will post 42,100 job losses, and 16,400 premium jobs will be lost. The recovery will come in 2010 when 17,200 jobs are created (1,900 premium job gains).
- **Atlanta's Unemployment Rate** will increase to 5.9% in 2008 from 4.3% in 2007. In 2009 the unemployment rate will increase further to 7.7% and then increase further to 7.9% in 2010.
- **Atlanta's Housing Permits** will plummet again in 2008 by 54.0% after a 34.6% decline in 2007. Permit activity will again decrease by 13.5% in 2009 as single family permit activity decreases by 9.2% and multifamily permit activity drops 21.1%. Permit activity will start to recover slowly in 2010, posting a 2.7% increase due to a 2.3% increase in single family filings as well as a 3.3% increase in multifamily permit filings.

Other Metro Areas

- Seven **Metro Areas** throughout Georgia experienced declines in employment in the third quarter of 2008, particularly Dalton (6.8% decline). The strongest growth for the quarter was in Athens at 2.0%, followed by Macon at 1.6% and Gainesville at 0.8%.
- **Most MSAs** will exhibit slower employment growth in 2008, with Albany, Columbus, Macon, Savannah, and Valdosta experiencing job losses.
- **Savannah's** employment will decrease slightly by 0.1% in 2008, followed by a decline of 1.2% in 2009.
- **Gainesville** will observe slower employment growth of 0.6% in 2008 than the 4.4% in 2007. In 2009, jobs will decrease 1.2%.
- **Warner Robins** will increase its employment by a slower 0.3% in 2008, after growing by 3.7% in 2007. Total employments will decrease by 0.5% in 2009.
- **Columbus** will observe job losses at a 0.5% rate in 2008 and a 1.6% decline in 2009.
- **Dalton** will experience a decline of 2.0% in 2008 and another 3.6% drop in 2009.

STATE REVENUE

For the first quarter of FY09, total tax collection ended at \$4.1 billion—a reduction of 2.6%, or \$110 million, compared to the same period in FY08. This quarter marks the third in a row of declining revenue collections, not observed since the post-9/11 recession. The poor performance of personal and corporate income taxes accounts for the decline of \$110 million, with the reduction in these categories representing 60% of the total decline. This slide is not surprising in light of the Georgia's loss of 20.8 thousand jobs during the first quarter of FY09 and the increase in business and non-business bankruptcies by 20.4% during the 12-month period that ended June 2008.

Individual income taxes, which represent more than 50% of total tax collections, totaled \$2.1 billion during the first quarter of FY09, a decrease of 2.4%, or \$52.1 million, from a year ago. The state has seen a significant slowdown in individual tax collection. The graph below shows a three-month, moving average basis of the year-to-year growth rate on income tax collections. After showing an 8% average growth rate during four consecutive years, individual tax collections have declined consistently since April 2008 due to increased layoffs in the state.

Net sales tax collections declined for the fourth consecutive quarter. For the first quarter of FY09, this category declined by \$45.4 million, or 3.1%, compared to the same period in FY08. The poor performance on net sales results from not only a depressed housing market and declining construction activity but also a significant reduction in sales tax collections for food, general merchandise, automotive, and home furnishing and equipment, which together represent more than 50% of net sales collections.

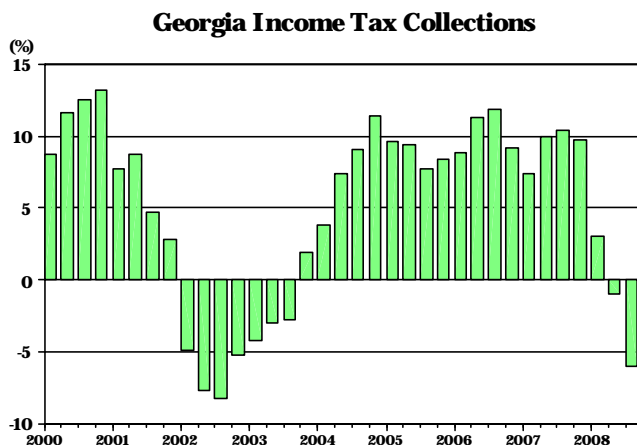
Gross sales tax collections significantly slowed as well. After two quarters of a consistent decline, this category showed no increases during the first period of FY09. Collections remained at \$2.7 billion.

Motor vehicle fuel tax collections totaled \$241 million, a decrease of 5%, or \$13 million, during the first

quarter of FY09. The excise tax portion is the most affected category, reporting a 8.7% decrease in the number of gallons during YTD September 2007 to September 2008. We expect this trend to continue until the shortages caused by Hurricane Ike are addressed and refinery capacity in the Gulf of Mexico returns to pre-hurricane levels. Currently, refineries are producing less than 60% of their total capacity. For a time, this shortage also kept average gas prices in the Atlanta metropolitan area consistently higher than the national average, at \$3.96 versus \$3.47 per gallon, respectively. The higher prices further reduced gas consumption and revenue collections for this category.

Corporate tax collections declined for the third consecutive quarter. For the first quarter of FY09, corporate tax collections totaled \$191 million, a decrease of 6.8%, compared to the first quarter of FY08. The decline explains approximately 13% of the reduction in total tax collections.

Given the expectations of a recession in the U.S. economy and increasing numbers of job losses and bankruptcy filings in Georgia—combined with the closing of GM and the merger of two of the state's largest employers, Delta (with Northwest) and Wachovia (with Wells Fargo)—we expect significant layoffs in the state and a continuous decline in state government revenue collections. For these reasons, we anticipate a 6.0% decline in tax collections for FY09, followed by 1% decline in FY10. Recovery will follow in FY11 when revenue growth will pick up to a moderate 3.0% as job growth returns to normal.



STATE EXPORTS

Georgia's exports continued to exhibit double-digit growth during the first half of 2008. They grew by 24.1% for the second quarter of 2008, a significantly higher level than the 18% observed nationally. The State of Georgia, together with New York, Washington, and Louisiana, had one of the highest export growth rates in the nation. In 2007 and the first quarter of 2008, exports grew by 16.3% and 20.7%, respectively. Georgia also ranked 14th nationwide for total exports of \$13.8 billion. Exports to eight out of 10 of Georgia's top ten destinations also presented double-digits growth with a decline in exports only to Singapore.

World Regions: The European Union—with 32% of Georgia's total exports—remained the top region, posting a 24.3% increase to \$4.3 billion in the second quarter of 2008. North America, the second largest destination, increased by 18.4% during the same period. Although Canada was the highest importer in North America and all other destinations as well, Mexico led the demand for Georgia's exports in the region with an increase of 38.6%. Asia 7 purchased \$2.9 billion of the state's exports, an increase of 19.8%, slightly lower than the 26.0% increase in 2007. Exports to the United Arab Emirates, which represent more than 5% of total exports to Asia 7, increased by 89% year-to-date. South America continued to boost Georgia's exports with an increase of \$246 million, or 39.3%, during the first half of the year. This increase is significant compared to the 12% and 27% growth rates reported during 2006 and 2007, respectively.

Top 10 Nations: Exports to Georgia's top 10 trading partners totaled \$7.9 billion in the first half of 2008, accounting for 58.0% of total exports during the period. Georgia experienced a decline of 10.5%, or 44 million, in only one country (Singapore) for reasons related to increasing competition from China, Japan, and Malaysia. Exports to China, the second largest importer of Georgia's products, have exponentially increased since 2006. For the second quarter of 2008, total exports to China increased by 35.2% to \$1 billion, with paper, waste and scrap, and

chemicals as the items most in demand. These categories accounted for 42.3% of Georgia's exports to China. Transportation equipment, specifically aircraft and spacecraft parts, also fared remarkably well with growth rates surpassing 200% during the last two years.

Despite two consecutive years of sustained declines in Georgia's export demands, Canada continued to be the largest Georgia export destination with \$2.5 billion, an increase of 13.1%, for the second quarter of 2008. While this impact is significant with double-digit growth, the state still faced aggressive competition from other states, including California, New York, Washington, and Minnesota, all with an export growth to Canada tracking well beyond the 20% mark.

Main Products: The top five products accounted for 65% of Georgia's total exports in the second quarter of 2008. Transportation equipment, the largest category in the section, experienced a growth rate of 36.7%, driven largely by China. Chemicals exhibited the highest growth in the group with a 42% increase. Only Canada and China demanded 24% of these products. All remaining products also exhibited significant growth rates this year.

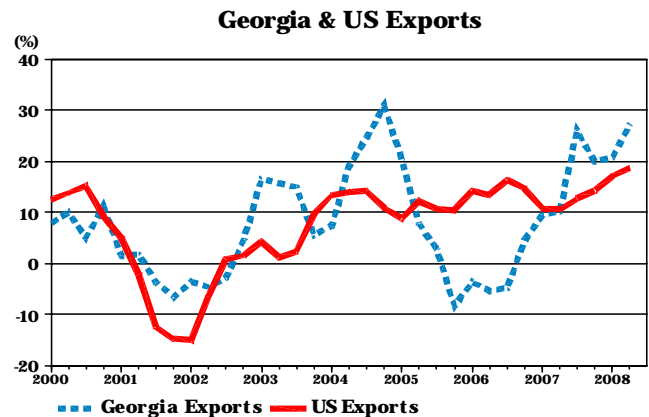


Table 3: Georgia Export Summary

	Q2-08 Rank	2008Q2 (YTD \$ mil.)	2007Q2 (YTD \$ mil.)	2008Q2 (YTD % Ch.)	2007 (\$ mil.)	2007-2006 (% Ch.)
TOTAL EXPORTS	-	13,782	11,106	24.1	23,342	16.3
TOP 10 NATIONS						
Canada	1	2,495	2,206	13.1	4,384	-6.8
China (Mainland)	2	1,028	760	35.2	1,600	47.6
Mexico	3	798	575	38.6	1,228	-14.7
United Kingdom	4	681	607	12.1	1,247	15.3
Japan	5	674	548	23.1	1,161	10.2
Germany	6	634	553	14.7	1,114	32.3
Netherlands	7	532	509	4.6	981	43.0
Belgium	8	405	256	58.1	551	62.0
Singapore	9	374	418	-10.5	815	23.4
Brazil	10	333	237	40.7	495	15.0
WORLD REGIONS						
European Union	1	4,354	3,503	24.3	7,117	28.3
North America	2	3,293	2,781	18.4	5,612	-8.7
Asia 7	3	2,864	2,391	19.8	4,996	26.0
South America	4	873	626	39.3	1,390	26.8
Rest of the world	5	2,398	1,805	32.9	4,227	27.5
MAIN PRODUCTS						
Transportation Equipment	1	2,698	1,974	36.7	4,272	10.0
Machinery, Exc. Electrical	2	1,923	1,650	16.6	3,407	17.1
Chemicals	3	1,744	1,231	41.7	2,715	20.6
Paper	4	1,365	1,030	32.6	2,250	24.8
Computer and Electronic	5	1,233	1,140	8.2	2,321	1.8

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

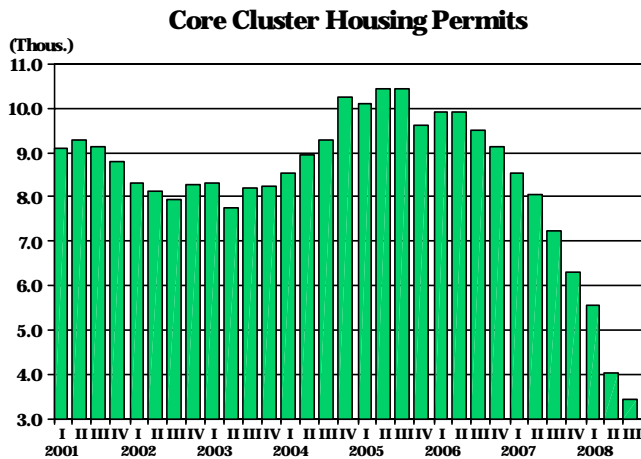
South America : Brazil, Argentina, Chile, Venezuela, Colombia, Ecuador, Peru, Uruguay, Paraguay, Guyana, Suriname, Bolivia, French Guiana, and Falkland Islands

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

ATLANTA HOUSING

The combination of an oversupply of housing (caused by over construction and increasing foreclosures) and a recessing economy is negatively impacting the growth of Atlanta’s housing permits. Housing permits filed in Atlanta declined by 52.5% in the third quarter of 2008. Single family homes, which represented 57% of total housing permits, was the most affected category with a 60.3% decline. Despite record low mortgage rates—with the national average for a 30-year fixed rate below 6%—home values decreased by more than 8% in the Atlanta area. We do not expect a recovery of housing permits for the next two years, particularly in outlying counties that are besieged by a high rate of foreclosures. Our forecast indicates two consecutive declines of housing permit filings of 54.0% and 13.5%, respectively for 2008 and 2009, followed by a mild increase of 2.7% in 2010.

Core County Cluster: Cobb, DeKalb, Fulton, Gwinnett



During 2008, the Core cluster accelerated its declining trend in housing permits, which it has experienced since 2006. A plague of high foreclosures, coupled with a tight credit crunch, have worsened the situation in the third quarter of 2008, causing a 40.9% drop in total permits and spurred on by decreases in both single family and multifamily permits.

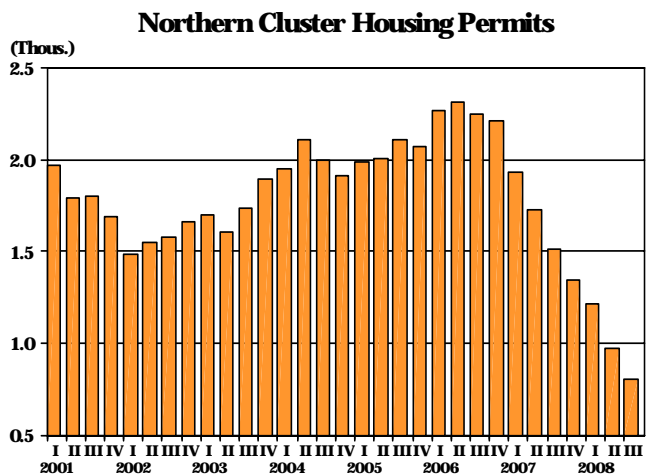
Three out of four counties in the cluster experienced dramatic declines in total permits of more than 50%

for both single family and multifamily categories. Only DeKalb County performed well with an increase in permits of 35.7%. Single housing units were the most affected category with a decline of 50.7%. Cobb and Gwinnett counties, the most effected areas, showed total housing permit declines of 69.3% and 73.9%, respectively. The performance of permits in these counties is due to an oversupply of housing rather than increasing foreclosures since they only represent 37% of total foreclosures in the cluster. After performing relatively well during 2006, Fulton County presented its eighth consecutive quarterly decline in total housing permits. In 2007, Fulton experienced a 30.8% decline in total housing permits, followed by declines of 40.1%, 78.1%, and 54.2%, respectively, during the first three quarters of 2008. This trend is consistent with the increasing number of foreclosures in the area—a total of 1,572 in August 2008 or one in every 267 (1/267) housing units.

In 2008, we expect to see a sharp 51.5% decline in total housing permits, followed by a moderate 10.0% drop in permit activity for 2009. Both single and multifamily permit filings will take a hit during these two years. In 2010, we expect a mild increase in housing activity as consumer confidence grows, the credit crunch lessens, and developers start to invest again in apartment projects.

Northern County Cluster: Cherokee, Forsyth, Pickens

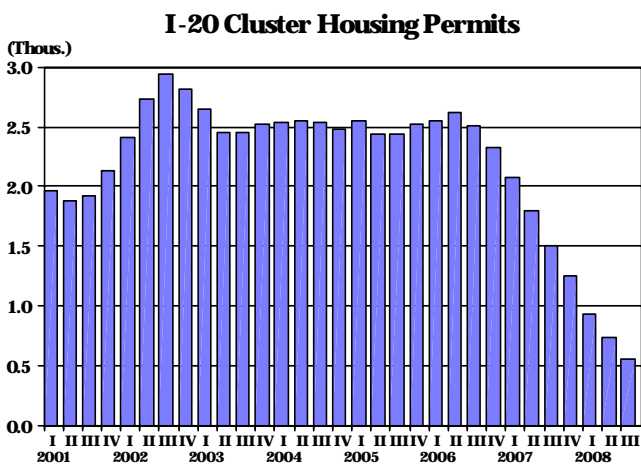
The Northern County cluster has experienced declines in permit filings since the first quarter of 2006.



It ended 2007 with a decline of 39.1%, and it continues to show the same trend during 2008. In the third quarter, all counties in the cluster reported at least a 54% decline in total housing permits. This result is the combination of an oversupply and a significant drop of single housing permits. Multifamily housing activity has been practically nonexistent in the area. In August 2008, the Northern County cluster reported 334 foreclosures, with almost 70% located in Cherokee County. Pickens County experienced the smallest foreclosure rate in the cluster, 1/791 housing units, but it continued to show a significant decline in housing permits by 54% during the third quarter of 2008.

As the economy continues to slow, total permits in 2008 will decrease by 47.6%, with single family permits dropping by 51.8%. In 2009, this cluster will experience a 15.4% drop in total permits, with single family permits totaling 2,375 and multifamily permits totaling 9 units. In 2010, permits will slightly increase by 4.2%, with single family permits recovering at approximately the same rate.

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



Like the Northern County cluster, the I-20 Corridor has experienced declines in housing permits since the first quarter of 2006. In the third quarter of 2008, this cluster posted a 63.3% decline in permit activity, primarily due to a drop in single family permits. Housing activity was practically null in Douglas,

Newton, and Carroll counties, with all of them presenting declines in total housing permits well above 70%. Douglas and Rockdale counties saw the highest foreclosure rates in the cluster with 1/190 and 1/193 housing units, respectively. Although Newton and Paulding counties presented the lowest foreclosure rates in the cluster, they showed a decline in housing permits of 75.4% and 67.1%, respectively.

Total permits for the I-20 Corridor counties will decline by 62.9% in 2008, affected primarily by a 69.0% decline in single family permits. In 2009, this cluster will experience a 29.8% decrease in total permits, followed by a 8.5% increase in 2010.

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

The Metro South cluster's permit activity has consistently declined since 2004, with 2007 ending down by 31.9%. The third quarter of 2008 saw a decline of 57.3%. Delta, the key employer in the area, reported a third-quarter net loss, with high fuel prices continuing to affect its operations. Although the announced merger of Delta and Northwest airlines may reduce collective fuel costs, the company is struggling to cut costs in the face of soaring jet fuel prices. And although Atlanta will remain the major hub for the new airline, the merged company has announced more than 4,000 job cuts so far this year. Based on the major changes planned by this employer, our forecast calls for an 61.0% drop in permit activity in 2008, followed by another 16.1% and 3.1% decrease in 2009 and 2010, respectively.

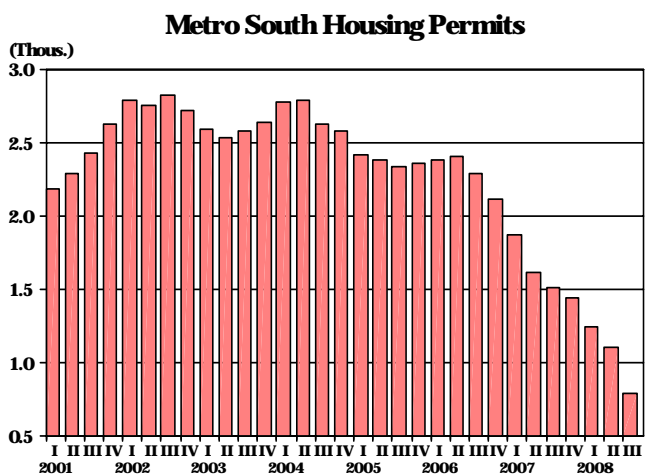


Table 4: Metro Atlanta Housing Permits Forecast

	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	36,473	25,174	12,205	10,981	11,236
% Change	0.2	-5.7	-0.5	24.3	-6.2	-5.1	-31.0	-51.5	-10.0	2.3
Single Family	22,819	22,016	23,967	26,576	27,901	23,566	12,899	5,939	5,656	5,825
% Change	2.3	-3.5	8.9	10.9	5.0	-15.5	-45.3	-54.0	-4.8	3.0
Multifamily	12,352	11,138	9,015	14,405	10,523	12,907	12,275	6,266	5,325	5,411
% Change	-3.5	-9.8	-19.1	59.8	-26.9	22.7	-4.9	-49.0	-15.0	1.6
Northern Counties—Cherokee, Forsyth, and Pickens										
Total Permits	6,735	6,654	7,555	7,634	8,292	8,838	5,378	2,819	2,384	2,483
% Change	-11.5	-1.2	13.5	1.0	8.6	6.6	-39.1	-47.6	-15.4	4.2
Single Family	5,893	6,058	6,953	7,220	8,170	8,019	5,359	2,581	2,375	2,447
% Change	-9.4	2.8	14.8	3.8	13.2	-1.8	-32.2	-51.8	-8.0	3.0
Multifamily	842	596	602	414	122	819	19	238	9	36
% Change	-23.9	-29.2	1.0	-31.2	-70.5	571.3	-97.7	1,152.6	-96.2	300.0
I-20 Counties—Carroll, Douglas, Paulding, Newton, and Rockdale										
Total Permits	8,530	11,281	10,112	9,933	10,109	9,306	5,010	1,861	1,307	1,417
% Change	11.0	32.3	-10.4	-1.8	1.8	-7.9	-46.2	-62.9	-29.8	8.4
Single Family	7,220	9,123	9,788	9,608	9,873	9,146	4,994	1,546	1,289	1,327
% Change	11.9	26.4	7.3	-1.8	2.8	-7.4	-45.4	-69.0	-16.6	2.9
Multifamily	1,310	2,158	324	325	236	160	16	315	18	90
% Change	5.8	64.7	-85.0	0.3	-27.4	-32.2	-90.0	1,868.8	-94.3	400.0
Metro South Counties—Clayton, Coweta, Fayette, Henry, and Spalding										
Total Permits	10,485	10,890	10,532	10,322	9,429	8,456	5,761	2,247	1,886	1,861
% Change	9.8	3.9	-3.3	-2.0	-8.7	-10.3	-31.9	-61.0	-16.1	-1.3
Single Family	8,971	9,299	9,506	8,891	9,202	8,206	4,635	1,848	1,560	1,530
% Change	7.4	3.7	2.2	-6.5	3.5	-10.8	-43.5	-60.1	-15.6	-1.9
Multifamily	1,514	1,591	1,026	1,431	227	250	1,126	399	326	331
% Change	26.1	5.1	-36	39.5	-84.1	10.1	350.4	-64.6	-18.3	1.5
All Counties										
Total Permits	64,771	65,660	65,183	72,679	70,419	66,620	43,535	20,063	17,350	17,814
% Change	2.1	1.4	-0.7	11.5	-3.1	-5.4	-34.6	-54.0	-13.5	2.7
Single Family	48,096	49,952	53,808	56,005	59,253	52,376	30,049	12,818	11,634	11,907
% Change	2.5	3.9	7.7	4.1	5.8	-11.6	-42.6	-57.3	-9.2	2.3
Multifamily	16,675	15,708	11,375	16,674	11,166	14,244	13,546	7,245	5,716	5,907
% Change	0.9	-5.8	-27.6	46.6	-33	27.6	-4.9	-46.5	-21.1	3.3

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

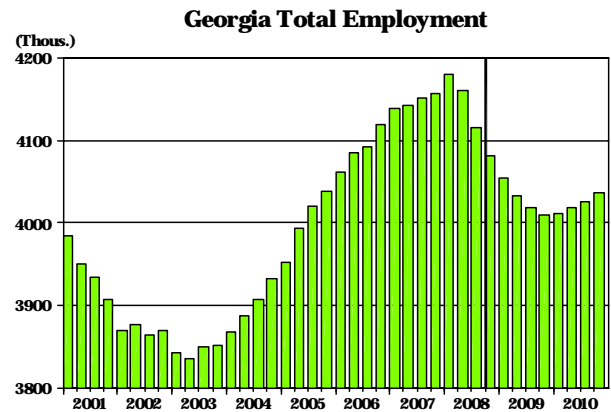


GEORGIA FORECAST DETAIL



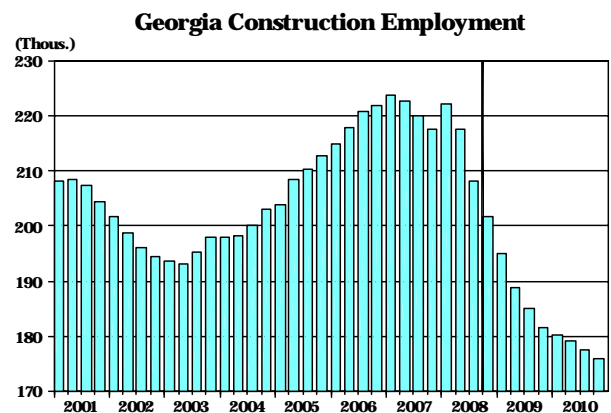
Overall Employment

Job growth will decrease considerably from the 1.4% observed in 2007, making for a 0.3% annual job loss rate for 2008. In the first half of 2008, 3,500 jobs were added, but we anticipate 78,700 job losses in the second half of the year, making for 75,100 net losses for the calendar year. In 2009, 48,500 job losses are expected in the first half of the year, followed by 23,600 job losses in the second half, therefore accounting for 72,100 job losses for the calendar year (2.6% annual job loss rate). A small recovery is expected in 2010 when the economy adds 27,800 jobs.



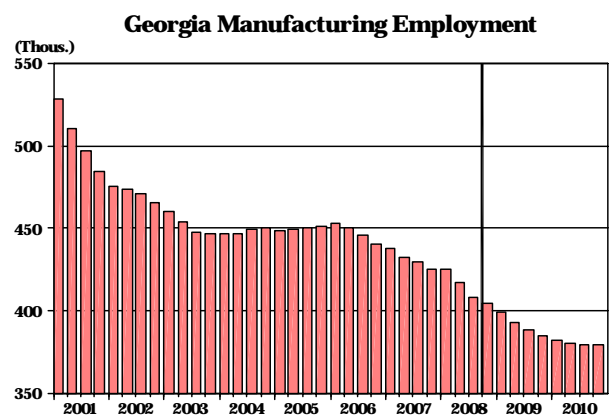
Construction

Georgia's construction activity moderated in 2007 when construction employment increased by only 1.0%, compared to the 4.5% and 4.8% growth rates in the 2005-2006 period. Looking ahead, this employment sector will experience steep declines of 3.9% in 2008 and 11.7% in 2009 as housing inventories remain high. These declines translate to a loss of 20,100 jobs in the 2008-09 period. This sector will experience a 5.0% decline (or 5,600 jobs losses) in 2010 as the demand for new housing continues to remain low.



Manufacturing

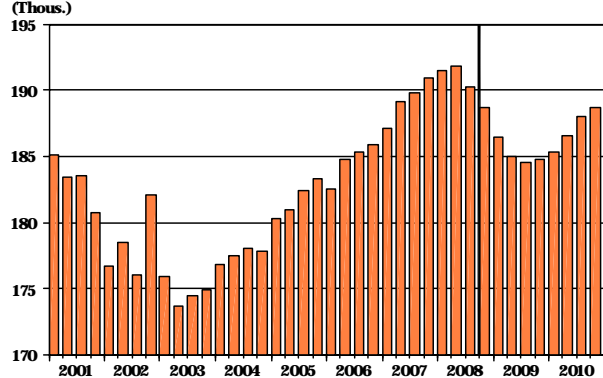
Manufacturing payroll numbers have dropped steadily since 2002 when they declined by 6.7%. The rate of decrease slowed in 2005 and 2006 but inched up to a 3.7% decline in 2007. Looking ahead, the Manufacturing employment sector again will post declines in coming years. It will lose jobs at a rate of 4.0% in 2008, 5.4% in 2009, and 2.9% in 2010. Both durable and nondurable goods sectors will experience declines in 2008 and 2009. However, in 2010, durable goods will experience a smaller decline in payrolls with 300 job losses while nondurables decline by 5,400.



Transportation, Warehousing, & Utilities

The category of Transportation, Warehousing, & Utilities has grown consistently between 1.0% and 2.5% in the last four years. With an expected state-wide slowdown in 2008, this sector's growth will moderate to 0.7% in 2008. In 2009, this sector will experience a 2.8% decline. The recovery is expected in 2010 when this sector will grow by 1.0% to bring employment levels to 187 thousand. Thus in the 2008-2009 period, this employment category will experience 5,400 job losses.

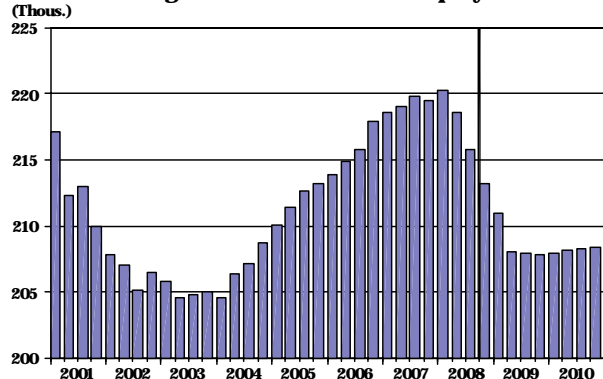
Georgia Trans., Warehousing & Util. Employment



Wholesale Trade

Wholesale Trade, one of Georgia's largest employment sectors, fared well in the past three years. It grew by 2.5% in 2005 and 1.8% in 2006. In 2007, this sector increased its employment by 1.7%, but in the current recessive environment, we expect job losses in this sector for the next three years. In 2008, we expect a 1.0% decline, followed by another 3.8% drop in 2009. This trend will continue until 2010 with a 0.2% job loss rate. Thus, the employment level will be approximately 208 thousand for 2010, well below levels in 2007 (219 thousand).

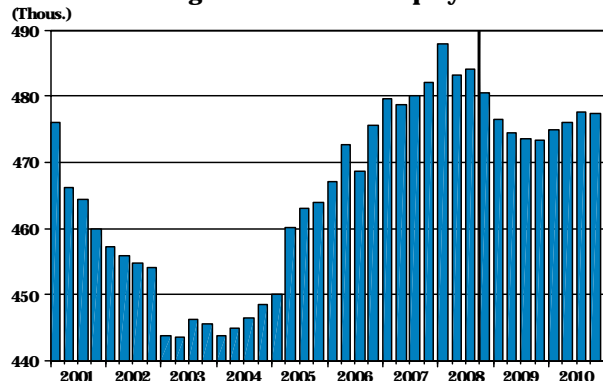
Georgia Wholesale Trade Employment



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 2.6% growth rate in 2006 and a moderate 1.9% growth in 2007. Given the projected slowdown in the economy, this employment category is poised for heavy job losses in the coming 18 months. In 2008, Retail Trade will add jobs at a miniscule rate (0.8% growth). In 2009 it will lose jobs at a 2.0% rate, but it will gain jobs in 2010 at the rate of 0.4%, bringing employment levels to 477 thousand, a net decrease of 3,700 jobs from 2007.

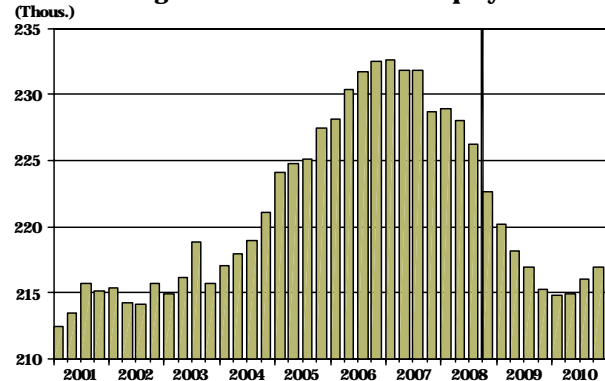
Georgia Retail Trade Employment



Financial Activities

Employment in Financial Activities performed consistently well in the post-Sarbanes Oxley world, but given the fundamentals of the current economic downturn and credit crunch, we expect this sector to experience a steep 2.1% decline in 2008. In 2009, the financial sector will again post a steep 3.9% decrease, followed by a mild 0.9% drop in 2010 as turmoil in the financial markets diminishes. Therefore, job creation in the 2008-2010 period will amount to a net loss of 10,800 jobs.

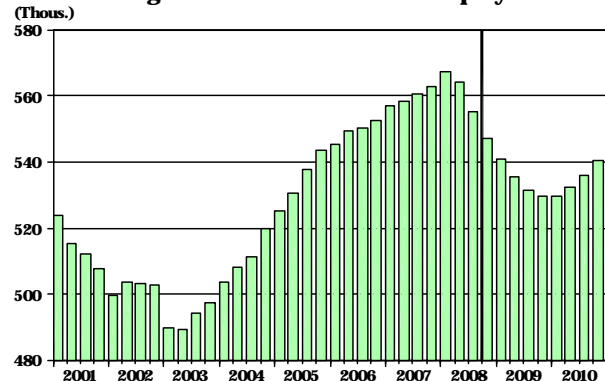
Georgia Financial Activities Employment



Professional & Business Services

Historically, Professional & Business Services has accounted for approximately 14% of Georgia's total employment base. This sector has performed decently over the past couple of years, posting growth rates of 2.8% in 2006 and 1.9% in 2007. Projecting forward, this sector will experience a mild decline of 0.2% in 2008, but it will intensify to a 4.3% drop in 2009, before remaining flat in 2010. The Administration & Support subsector will show declines of 1.8% and 7.2% in 2008 and 2009, respectively, and a smaller decrease of 0.8% in 2010.

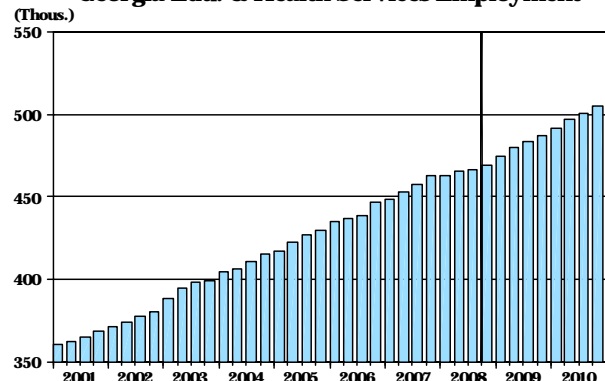
Georgia Prof. & Biz. Services Employment



Education & Health

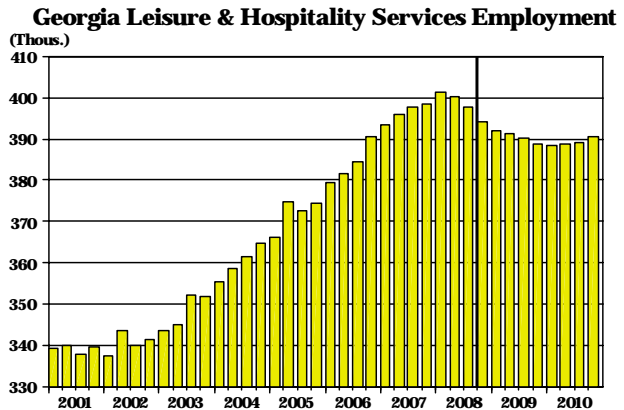
Education & Health increased employment in 2007 by 3.7% and will maintain decent growth rates in the coming years despite the economic downturn. Its payrolls will increase by 2.3% in 2008 and 3.2% in 2009. In 2010 this sector will increase payrolls by 3.6%. The Health Care Services subsector, one of the state's most stable growth areas, will continue this trend by showing increases of 2.8% in 2008, 3.5% in 2009, and 4.0% in 2010. After a solid 4.7% increase in 2007, the Education subsector will grow by 2.8%, 2.1%, 1.6%, in 2008, 2009 and 2010, respectively.

Georgia Edu. & Health Services Employment



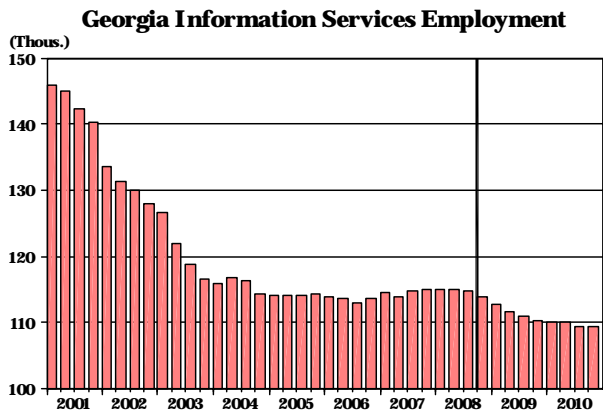
Leisure & Hospitality

Leisure & Hospitality has experienced strong growth over the past several years, particularly after Hurricane Katrina when Georgia attracted more conventions. Growth in this sector was strong in 2006 and 2007 at 3.2%. However, as momentum from additional conventions is lost and consumer spending weakens, this sector's growth rate will moderate to 0.5% in 2008 and then decrease by 2.0% in 2009. In 2010, this sector will decline at a modest 0.4% rate. Therefore, during the 2008-2010 period, this sector will lose 9,200 jobs.



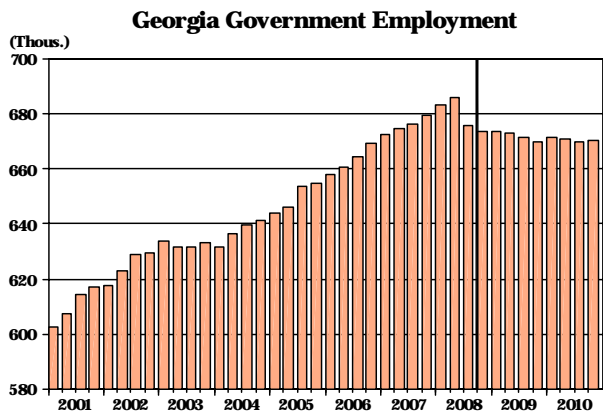
Information

Information has taken a tumble in Georgia since 2001, when jobs declined by 8.8%. But the job loss rate has become less pronounced with each passing year. In 2007, this sector experienced an increase of 0.9%. Even with the economy slowing in 2008, we expect the employment level to slightly increase 0.1% in 2008, but in 2009 it will decrease by 2.9% as the corporate sector scales back. In 2010, we expect net losses of 1.5%, or 1,600 jobs, bringing the employment level to 110 thousand.



Government

The Government sector is Georgia's largest employer, accounting for approximately 15% of total employment. Employment in this sector increased by 1.9% in 2007 but will moderate to 0.6% in 2008 and show a decline of 1.1% in 2009, particularly in the wake of falling tax revenues. In 2010 this sector will again decrease payrolls by 0.2%. The largest subcategory, State & Local Government, will increase payrolls by 0.5% in 2008, decrease by 1.4% in 2009, and decline by 0.5% in 2010. Federal government jobs will increase by 0.7%, 0.2%, and 1.3% in 2008, 2009, and 2010, respectively.





ATLANTA FORECAST DETAIL



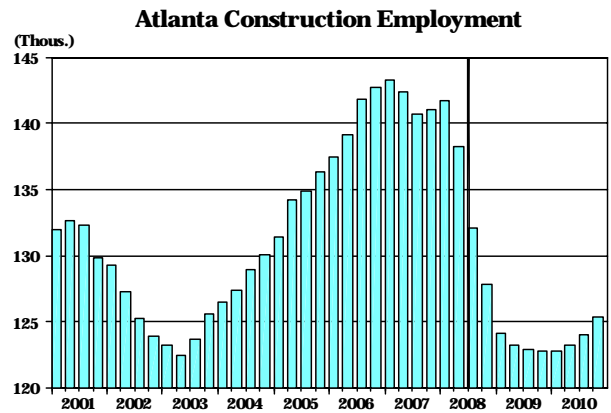
Overall Employment

After a decent 2.3% growth in 2007, Atlanta will see a 0.2% annual job loss rate in 2008. We anticipate 45,600 job losses for the calendar year 2008 as credit market conditions and consumer pullback in spending makes for a tough economic climate. In 2009, 29,600 job losses are expected in the first half of the year, followed by 12,500 job drops in the second half (42,100 job losses for the calendar year, or a 2.5% annual job loss rate). The recovery will strengthen in 2010 when the economy adds 17,200 jobs.



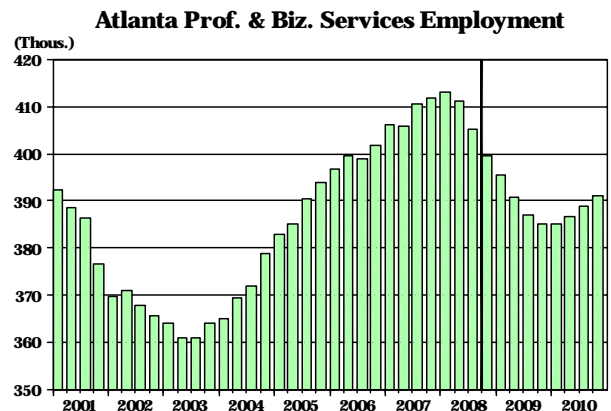
Construction

Construction employment increased at a slower 1.1% 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 payrolls by 5.2%. This sector will experience another 13.6% decline in 2009 as housing inventories remain high, and it will decrease again in 2010 by 6.1%, or 7,100 jobs, as housing activity remains weak.



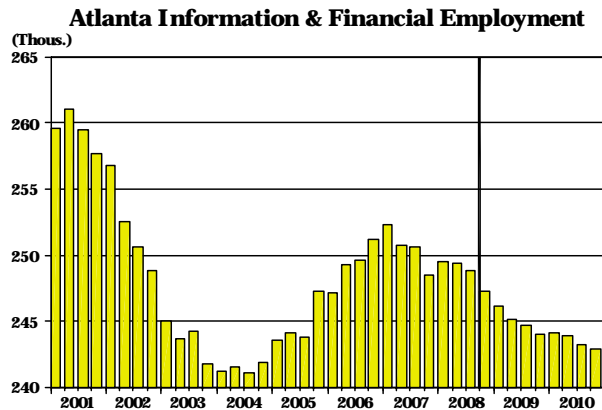
Professional & Business Services

Professional & Business Services has historically accounted for approximately 16% of Atlanta's total employment base. This sector has fared well, posting growth rates of 2.9% and 2.4% in 2006 and 2007, respectively. Looking forward, this sector will experience a mild decline in 2008 of 0.3%, and it will decrease sharply in 2009 by 4.4%. In 2010, payroll numbers will decrease again in this sector but at a moderate 0.4% rate, bringing employment levels to 388 thousand, a decrease of 21,000 jobs from 2007.



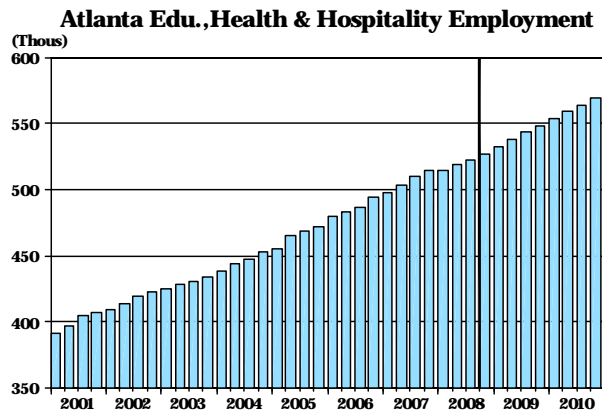
Information & Financial Activities

The Information sector has experienced several difficult years in Atlanta since 2001, but it made a recovery by posting a 0.8% gain in 2007. We expect a slightly positive 0.3% gain in 2008, followed by a 1.1% drop in 2009, and then a 0.6% decrease in 2010. Unlike Information, Financial Activities has experienced strong growth in the past two years. With the distress in the financial markets, financial job growth moderated in 2007. Now, we expect consecutive declines by 1.3% and 1.7% in 2008 and 2009, respectively. In 2010, the sector will exhibit a moderate decline of 0.6%.



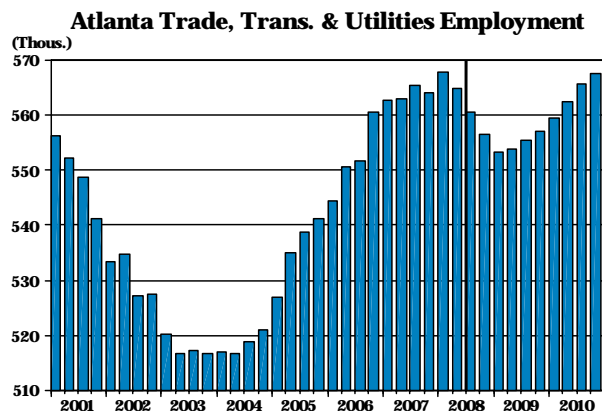
Education & Health and Hospitality

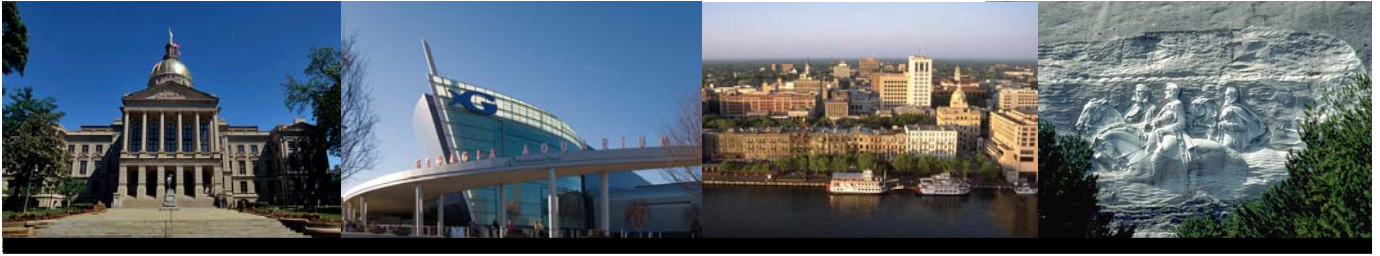
Education & Health and Hospitality have been consistent growth engines for Atlanta's economy. In 2007, Education & Health posted a strong 4.2% growth, and the Hospitality sector grew by a robust 4.1%. Education & Health will remain a consistent growth area, posting increases of 2.9% in 2008, 3.8% in 2009, and 3.9% in 2010. With a statewide slowdown in effect, the Hospitality sector will grow at a slower 0.7% in 2008 but decrease by 2.6% in 2009. In 2010, this sector will reduce payrolls by 0.7%. Combined, these three sectors will add 12,600 jobs from 2008 to 2010.



Trade and Transportation & Utilities

Both the Wholesale & Retail Trade sectors experienced decent growth rates in 2007 of 1.4% and 2.5%, respectively. Given the current recessionary environment, the Wholesale sector will experience job losses of 1.5% in 2008, while Retail sector will increase by 0.2%. Job losses in the 2008 and 2009 period will total 7,000 jobs, for both trade sectors. In 2010, the Wholesale & Retail Trade sector will grow by -0.2% and 0.5%, respectively. Atlanta's Transportation & Utilities sector will post a 0.5% increase in 2008, followed by a 3.1% drop in 2009 and then a 1.1% increase in 2010.





OTHER MSAs FORECAST



COMMENTARY

In the third quarter of 2008, Georgia's employment followed the nationwide recessionary trend. The total number of individuals receiving unemployment insurance increased by 53% over the year ended in September 2008. Moreover, the number of workers filing first-time claims for unemployment benefits increased by 72% and 76%, during August and September of 2008, compared to a year ago. Gainesville, Dalton, and Rome experienced the highest increase in claims, caused by the decline in manufacturing activity. Athens and Warner Robins performed relatively well during the quarter, both with unemployment levels below those statewide.

Although Georgia's port activity reported record numbers for the first half of 2008, Savannah and Columbus experienced 1,208 combined job losses as the

world economy started to slow down and the dollar gained steam.

In the third quarter of 2008, seven of Georgia's MSAs experienced decline in employment activity compared to the same quarter a year ago. The strongest growth rates occurred in Athens, Gainesville, and Macon, which posted increases of 2.0%, 0.8%, and 1.6%, respectively.

Overall our forecast for 2008 calls for contracting national and local economies that are characterized by net employment losses. Military and metro areas where the Government and Education & Health sectors have a significant share of total employment are expected to fare better than others. We expect a mild decline in employment activity by 0.3% for 2008, followed by a contraction of 2.6% for 2009 in the state as a whole.

Table 5: Metro Area Employment Trends & Forecast

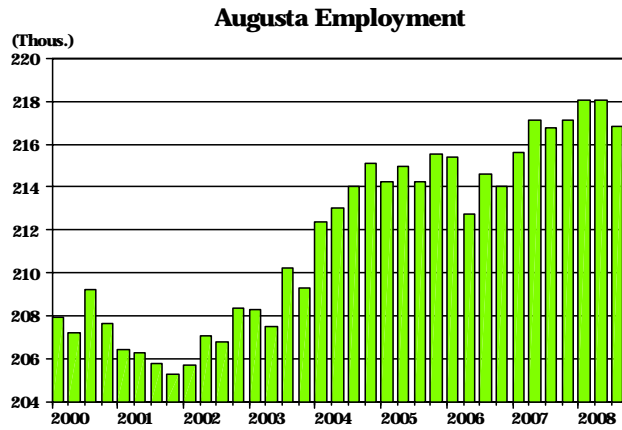
	Employment ('000)	Employment Growth (%)		Unemployment Rate *		Employment Growth Forecast (%)	
	2007	2007	2008 Q3	2007Q3	2008 Q3	2008	2009
GEORGIA	4,147.0	1.4	-0.9	4.4	6.1	-0.3	-2.6
Albany	64.7	0.0	-3.2	5.1	6.4	-0.9	-1.8
Athens	82.8	1.7	2.0	3.8	5.2	0.4	0.2
Atlanta	2,458.0	2.3	-0.8	4.3	6.2	-0.2	-2.5
Augusta	216.7	1.1	-1.6	5.4	6.1	0.2	-1.9
Columbus	121.7	-0.5	-0.7	5.1	6.4	-0.5	-1.6
Dalton	78.4	-1.4	-6.8	4.5	7.0	-2.0	-3.6
Gainesville	76.8	4.4	0.8	3.5	5.3	0.6	-1.2
Macon	100.4	-0.3	1.6	4.7	6.2	-0.1	-1.3
Savannah	161.5	3.6	-1.7	3.7	5.3	-0.1	-1.2
Valdosta	56.4	1.4	-3.6	3.9	5.5	-0.5	-1.9
Warner Robins	58.8	3.7	-2.8	3.7	5.1	0.3	-0.5

* Seasonal Adjustment done by the Economic Forecasting Center

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

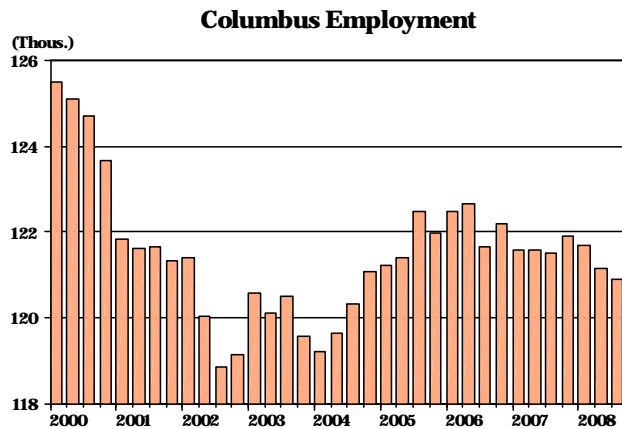
Augusta

Augusta is the state's second largest MSA with 5% of the state's employment base. In the third quarter of 2008, Augusta decreased its employment level by 1.6%, or 374 jobs, compared to the same quarter a year ago. Unemployment increased to 6.1%, a rate that is 0.7 basic points higher than the same quarter in 2007. Sectors that added the most jobs this quarter were Government (656 jobs), Retail Trade (231 jobs), Leisure & Hospitality (200 jobs), and Education & Health (158 jobs). The Manufacturing and Construction sectors were the largest sources of job losses this quarter, cumulatively showing 1,121 job cuts. However, Georgia Power has announced the building of two nuclear plants in the area for a total investment of 14.4 billion. For this reason, we forecast a slower 0.2% growth for 2008, consistent with a statewide slowdown, and a further decrease of 1.9% in the annual employment level for 2009.



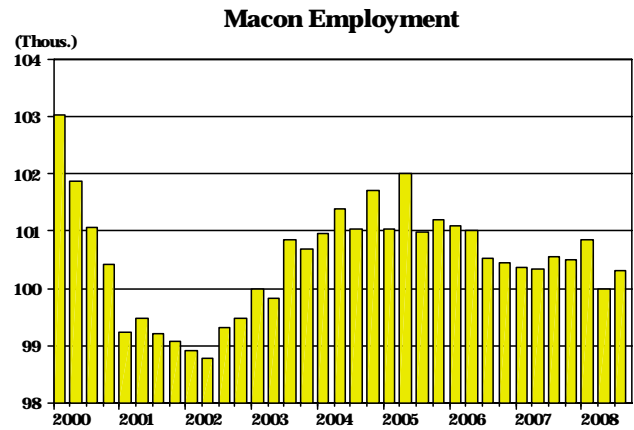
Columbus

For the third quarter of 2008, Columbus experienced a 0.7% decrease in employment, or 608 jobs, compared to the same period in 2007. The sectors with the highest job losses rate were Retail Trade (2.8%), Professional & Business Services (3.1%), and Leisure & Hospitality (1.9%). Surprisingly, Financial Activities experienced a mild increase by 0.7%. The government sector gained 216 jobs, from which 84% were at the state and local level. Although Fort Benning was among the few military bases to keep its doors open, the unemployment rate in Columbus reached 6.4% for the third quarter of 2008, well above the statewide level. We expect the declining trend in employment to continue through 2008 and 2009, posting 0.5% and 1.6% job loss rates, respectively.



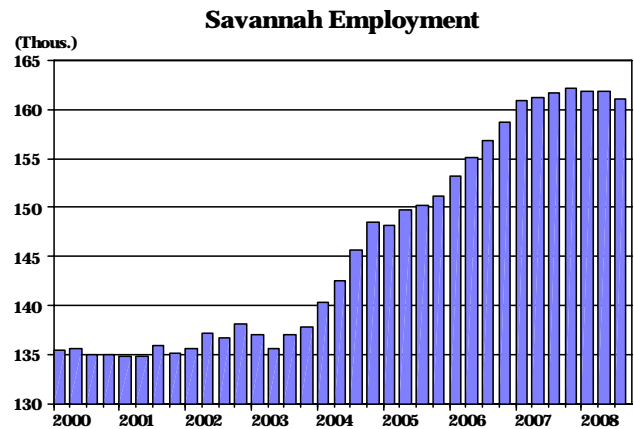
Macon

Macon has experienced two consecutive years of job losses. In 2006 its employment level decreased by 0.5%, and the latest benchmark revisions in March revealed another 0.3% decline in 2007. For the third quarter of 2008, Macon posted a 1.6% increase in employment. However, Macon's unemployment remains at 6.2%, slightly above the statewide level. The Education & Health sector reported job gains of 200, which was offset by job losses in Leisure & Hospitality (64 jobs), Professional & Business Services (133 jobs), and Government (232 jobs). For the third quarter, the Financial Activities sector experienced the highest job growth rate, 1.2%, compared to a year ago. We expect employment declines to continue in 2008, with Macon posting another 0.1% decline. In 2009, we anticipate another 1.3% decline.



Savannah

Savannah's employment level seems to be flattening. In the third quarter of 2008, Savannah's job market decreased by 1.7%, or 600 jobs, marking the highest annual job loss rate since the first quarter of 2005. The sectors experiencing the biggest increases included Transportation & Utilities (2.3%), Education & Health (1.5%), and Government (1.5%). Job losses originated from Manufacturing (-2.4%), Construction and Mining (-3.3%), Financial Activities (-2.1%), and Leisure & Hospitality (-0.9%). These sectors accumulated a total of 1,009 job losses, compared to a year ago. As the expectation of a global recession increases, we expect the port activity to slow further and, as a result, employment activity will decrease during the next two years. Savannah's employment will decrease by 0.1% and 1.2% for 2008 and 2009, respectively.



Athens. In the third quarter of 2008, Athens increased employment by 2.0%, or 1,100 jobs, compared to the same quarter in 2007. The sectors to gain the most this quarter were Government (375 jobs), Leisure & Hospitality (203 jobs), and Professional & Business Services (166 jobs). Retail Trade posted a job loss rate of 1.4%, or 135 jobs. The unemployment rate is well below the state average, and it increased to 5.2%, compared to 3.8% a year ago. The bulk of the economy in Athens revolves around the University of Georgia, which employs 10,000 people and matriculates approximately 34,000 students. However, almost 28% of the employment relies on government jobs, and we expect this category to decrease as state finances deteriorate. For 2008 and 2009, we forecast the employment level in Athens to grow by a slower 0.4%, and 0.2%, respectively.

Albany. This MSA is situated in the plantation terrace region, 183 miles south of Atlanta, with an employment base of approximately 64,000. Albany hosts a pool of companies with the majority being related to manufacturing, including Proctor & Gamble, Cooper Tire & Rubber Company, and Phoebe Putney Health Systems. In the third quarter of 2008, Albany's employment contracted by 3.2%, or 600 jobs, compared to the same quarter in 2007. These job losses occurred mostly in Retail Trade (136 jobs) and Manufacturing (97 jobs). Albany has the second highest unemployment rate in the state, which increased to 6.4% from 5.1%, compared to rates one year ago. Considering that statewide conditions are expected to deteriorate further this year, we forecast a 0.9% decline for 2008 and another 1.8% drop in 2009.

Dalton. The world's city of carpet has experienced the largest unemployment rate since the 1991 recession, 7.0%. Dalton had a significant 6.8% decline in its employment level, or 1,700 jobs, for the third quarter of 2008. Areas showing the greatest losses this quarter were Manufacturing (1,266 jobs) and Retail Trade (126 jobs). Shaw Industries Group announced that it will close one of its plants, laying off 440 workers. The Government sector added 137 jobs. Due to an ailing textile industry in Dalton, shown by three years of consistent declines in Manufacturing,

we forecast another 2.0% decline in employment in 2008 and another 3.6% decline in 2009.

Gainesville. Located on the northeast edge of the Atlanta metro area in Hall County, this MSA has a diverse manufacturing and poultry farming base. In the third quarter of 2008, Gainesville increased its employment level by 0.8%, or 500 jobs, compared to the same quarter in 2007. Employment estimates for most of the sectors are currently unavailable, but the Retail Trade sector reported an increase of 106 jobs this quarter, followed by Government with 470 job gains. However, the decision by German auto parts maker Hayes Lemmerz International resulted in 300 layoffs. Looking forward, Gainesville will experience 0.6% growth in 2008 and a 1.2% job loss rate in 2009, consistent with statewide conditions.

Valdosta. Known as a transportation hub, Valdosta has positioned itself as an ideal location for distribution and manufacturing. However, the recent trend in manufacturing affected Valdosta with a 3.6% decrease in employment, or 400 jobs, compared to the second quarter in 2007. While data for most of the sectors is unavailable, Government added 553 jobs at the state and local level. Looking ahead, we expect Valdosta to experience employment losses of 0.5% in 2008 and 1.9% in 2009 as the Manufacturing sector continues to lose steam.

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 more than 20,000 people and feeds a variety of military-related industries such as aerospace and automotive manufacturing. Warner Robins decreased employment by 2.8%, or 300 jobs, this quarter compared to the same quarter a year ago. Among the available sectors with data, Government added 607 jobs, and Retail Trade added 65 jobs. With a statewide slowdown at our heels in 2008, we forecast a slower 0.3% employment growth for 2008 and a mild 0.5% job loss rate in 2009.

FORECAST OF GEORGIA AND ATLANTA

NOVEMBER 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. \$)	245.0	250.8	264.9	284.2	300.9	319.0	332.2	339.0	350.4
Georgia (% Ch)	1.8	2.4	5.6	7.3	5.9	6.0	4.1	2.1	3.4
U.S. (% Ch)	1.8	3.2	6.2	5.6	7.1	6.1	4.2	1.7	2.1
Personal Income (Bil. 2000\$)		237.5	244.3	254.7	262.4	271.1	272.3	273.9	278.3
Georgia (% Ch)	0.4	0.4	2.9	4.2	3.0	3.3	0.4	0.6	1.6
U.S. (% Ch)	0.4	1.2	3.4	2.6	4.2	3.4	0.7	1.4	0.4
Disp. Income (Bil. 2000\$)		212.0	218.6	226.2	231.5	237.8	240.4	242.6	245.8
Georgia (% Ch)	2.7	1.4	3.1	3.5	2.3	2.7	1.1	0.9	1.3
U.S. (% Ch)	3.1	2.2	3.6	1.4	3.5	2.8	1.5	1.7	0.1
GSP (Bil. \$)	306.7	317.9	338.5	359.7	376.4	396.5	411.2	417.1	434.9
(%Ch)	2.4	3.7	6.5	6.3	4.6	5.3	3.7	1.4	4.3
(Bil. 2000\$)	294.1	299.7	310.7	322.1	327.3	336.6	341.2	339.8	348.8
(% Ch)	0.4	1.9	3.7	3.7	1.6	2.8	1.4	-0.4	2.6
Employment and Labor Force (Household Survey, % Change)									
Employment	0.5	0.9	1.8	3.0	3.2	1.9	0.1	-0.3	1.8
Labor Force	1.5	0.8	1.8	3.5	2.5	1.7	1.8	1.3	1.7
Unemployment Rate (%)	4.8	4.8	4.7	5.2	4.6	4.4	6.0	7.5	8.0
U.S.	5.8	6.0	5.5	5.1	4.6	4.6	5.7	7.6	8.3
Nonfarm Employment (Payroll Survey, % Change)									
Total Nonfarm Georgia	-1.9	-0.6	1.4	2.6	2.2	1.4	-0.3	-2.5	-0.1
U.S.	-1.1	-0.3	1.1	1.7	1.8	1.1	-0.1	-1.4	-0.1
Mining	-6.2	-0.5	-0.8	-0.8	1.0	-2.1	-3.9	-2.5	-1.8
Construction	-4.5	-1.4	2.5	4.5	4.8	1.0	-3.9	-11.7	-5.0
Manufacturing	-6.7	-4.1	-0.8	0.3	-0.5	-3.7	-4.0	-5.4	-2.9
Nondurable Goods	-5.6	-5.8	-2.1	-1.4	-1.6	-4.2	-4.6	-5.3	-3.2
Durable Goods	-8.1	-1.8	0.7	2.4	0.7	-3.1	-3.4	-5.5	-2.6
Trans, Warehs & Utility	-2.7	-2.0	1.6	2.4	1.6	2.5	0.7	-2.8	1.0
Wholesale Trade	-3.0	-0.8	0.8	2.5	1.8	1.7	-1.0	-3.8	-0.2
Retail Trade	-2.4	-2.3	0.2	3.0	2.6	1.9	0.8	-2.0	0.4
Financial Activities	0.3	0.7	1.1	3.0	2.4	0.2	-2.1	-3.9	-0.9
Prof & Business Services	-2.4	-1.9	3.7	4.6	2.8	1.9	-0.2	-4.3	0.0
Edu & Health Services	3.1	5.2	3.6	3.6	3.6	3.7	2.3	3.2	3.6
Leisure & Hospitality	0.4	2.2	3.4	3.3	3.2	3.2	0.5	-2.0	-0.4
Information	-8.8	-7.4	-4.3	-1.5	-0.6	0.9	0.1	-2.9	-1.5
Federal Govt	-0.2	-1.3	-1.7	1.2	1.0	0.4	0.7	0.2	1.3
State & Local Govt	2.9	1.7	1.2	2.1	2.2	2.2	0.5	-1.4	-0.4
Population and Migration									
Population (Thous.)	8,608.3	8,764.4	8,944.7	9,145.8	9,368.8	9,570.2	9,772.7	9,968.5	10,157.8
(% 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	96.9	97.0	102.3	108.5	103.2	73.2	35.4	28.0	47.1
Single Family (Thous.)	78.4	82.6	86.1	94.8	89.8	59.0	26.7	21.5	39.9
Multifamily (Thous.)	18.5	14.4	16.2	13.7	13.4	14.3	8.7	6.5	7.2
MFG Shipments (Bil. 82\$)	95.4	89.9	91.0	89.5	83.5	80.0	73.6	73.3	73.7

Forecast Tables - Summary

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

	HISTORY			FORECAST					
	2007:4	2008:1	2008:2	2008:3	2008:4	2009:1	2009:2	2009:3	2009:4
Personal Income and GSP									
Personal Income (Bil. \$)	322.3	326.5	334.2	334.0	334.1	335.9	337.6	340.0	342.5
Georgia (% Ch)	2.0	5.3	9.7	-0.3	0.1	2.3	2.0	2.9	3.0
U.S. (% Ch)	4.9	3.0	7.9	1.0	1.0	2.1	0.8	1.1	1.3
Personal Income (Bil. 2000\$)	270.3	271.4	274.9	271.0	271.6	272.8	273.4	274.3	275.2
Georgia (% Ch)	-2.2	1.7	5.3	-5.5	0.8	1.8	0.9	1.3	1.3
U.S. (% Ch)	0.6	-0.6	3.5	-4.2	4.5	2.9	0.9	0.1	-0.2
Disp. Income (Bil. 2000\$)	237.2	239.6	243.3	239.4	239.5	241.6	242.3	243.0	243.7
Georgia (% Ch)	-2.1	4.1	6.3	-6.2	0.1	3.5	1.2	1.1	1.1
U.S. (% Ch)	0.6	-0.7	11.9	-8.7	3.8	4.9	1.4	-0.0	-0.4
GSP (Bil. \$)	403.7	407.5	411.8	412.8	412.7	413.3	415.3	417.9	421.8
(%Ch)	2.9	3.8	4.3	1.0	-0.1	0.5	2.0	2.6	3.8
(Bil. 2000\$)	340.3	341.3	343.9	340.7	338.9	338.1	339.1	340.0	342.0
(% Ch)	0.5	1.1	3.2	-3.7	-2.1	-1.0	1.2	1.2	2.3
Employment and Labor Force (Household Survey, % Change)									
Employment	1.6	-0.7	0.4	-1.9	-1.6	0.3	0.1	0.7	1.2
Labor Force	1.9	1.8	2.3	1.1	1.4	1.2	1.2	1.3	1.4
Unemployment Rate (%)	4.5	5.1	5.5	6.2	6.9	7.2	7.4	7.5	7.8
U.S.	4.8	4.9	5.3	6.0	6.6	6.9	7.5	7.8	8.2
Nonfarm Employment (Payroll Survey, % Change)									
Total Nonfarm Georgia	0.5	2.2	-1.9	-4.2	-3.3	-2.5	-2.2	-1.4	-0.9
U.S.	0.8	-0.3	-0.6	-1.0	-1.7	-2.1	-1.5	-1.0	-0.6
Mining	0.8	-1.3	-10.9	-5.5	-1.6	-0.7	-1.4	-1.9	-1.5
Construction	-4.7	8.8	-7.9	-16.2	-11.9	-12.8	-12.1	-7.5	-7.2
Manufacturing	-3.8	0.1	-7.8	-7.7	-4.0	-4.8	-5.9	-5.1	-3.1
Nondurable Goods	-4.6	-0.5	-7.2	-10.4	-4.1	-4.6	-4.9	-3.5	-2.8
Durable Goods	-2.9	0.7	-8.5	-4.7	-3.9	-5.0	-7.1	-6.7	-3.3
Trans, Warehs & Utility	2.5	1.2	0.7	-3.4	-3.2	-4.7	-3.0	-1.1	0.5
Wholesale Trade	-0.6	1.5	-3.1	-5.0	-4.7	-4.1	-5.3	-0.2	-0.4
Retail Trade	1.8	4.9	-3.8	0.7	-3.0	-3.3	-1.7	-0.7	-0.1
Financial Activities	-5.4	0.5	-1.6	-3.1	-6.1	-4.5	-3.6	-2.1	-3.1
Prof & Business Services	1.5	3.1	-2.0	-6.2	-5.7	-4.4	-4.0	-3.0	-1.5
Edu & Health Services	4.5	0.2	1.9	1.0	2.4	4.6	4.6	2.7	3.5
Leisure & Hospitality	0.7	2.8	-1.1	-2.5	-3.6	-2.0	-1.0	-0.9	-1.7
Information	0.8	0.3	-0.5	-0.5	-3.3	-3.5	-4.4	-2.4	-2.4
Federal Govt	1.3	1.8	-0.8	0.8	0.1	0.0	0.4	0.4	0.8
State & Local Govt	1.9	2.3	2.0	-6.7	-1.6	0.0	-0.5	-1.2	-1.0
Population and Migration									
Population (Thous.)	9,646.7	9,697.4	9,747.8	9,797.9	9,847.5	9,896.4	9,944.8	9,992.7	10,040.2
(% Ch)	2.1	2.1	2.1	2.1	2.0	2.0	2.0	1.9	1.9
Construction Activity and Other Economic Indicators									
Georgia Housing Starts	55.6	45.8	39.7	29.7	26.4	25.6	25.4	28.5	32.4
Single Family (Thous.)	41.6	34.7	30.5	22.2	19.5	18.4	18.9	22.5	26.3
Multifamily (Thous.)	13.9	11.1	9.2	7.5	7.0	7.2	6.6	6.1	6.0
MFG Shipments (Bil. 82\$)	78.7	75.4	72.9	73.0	73.2	73.2	73.3	73.4	73.5

Forecast Tables - Detailed

Table 2A. Georgia Employment (Levels in Thousands)

	HISTORY						FORECAST		
	2002	2003	2004	2005	2006	2007	2008	2009	2010
NONFARM	3,869.8	3,845.2	3,898.7	4,001.4	4,089.2	4,147.0	4,133.8	4,028.5	4,023.2
Manufacturing	471.2	452.0	448.3	449.8	447.5	431.0	413.7	391.5	380.1
Durable Goods	205.5	201.7	203.1	208.1	209.5	203.0	196.1	185.4	180.5
Wood Products	25.8	23.6	24.2	24.7	24.9	24.1	23.3	20.5	20.2
Transport Equip	42.9	43.4	44.9	45.8	45.8	41.9	39.8	37.2	39.0
Nondurable Goods	265.8	250.4	245.2	241.7	238.0	228.1	217.5	206.1	199.6
Foods	66.3	65.6	65.1	65.6	68.2	67.5	65.7	64.8	64.5
Textiles Mills	40.6	38.0	35.6	33.5	31.2	26.8	24.5	21.9	20.6
Non-Manufacturing	3,398.6	3,393.2	3,450.4	3,551.6	3,641.7	3,716.0	3,720.2	3,637.0	3,643.1
Mining	12.4	12.3	12.2	12.1	12.2	12.0	11.5	11.2	11.0
Construction	197.8	195.0	199.8	208.8	218.8	221.0	212.4	187.6	178.2
Trans, Warehs & Util	178.3	174.7	177.5	181.7	184.6	189.3	190.6	185.2	187.1
Wholesale Trade	206.6	205.1	206.7	211.9	215.6	219.3	217.0	208.7	208.2
Retail Trade	455.5	444.8	445.9	459.3	471.1	480.1	484.0	474.5	476.5
Information	130.7	121.0	115.8	114.1	113.5	114.5	114.6	111.4	109.7
Prof & Bus Services	502.4	492.8	510.8	534.2	549.4	559.7	558.5	534.5	534.8
Admin & Support	252.2	247.2	264.0	280.7	286.3	288.2	283.0	262.7	260.6
Prof, Sci & Tech	193.3	191.6	193.1	200.6	210.7	218.5	222.2	219.9	222.9
Mgmt of Comps	56.8	54.1	53.8	52.9	52.5	53.1	53.3	51.9	51.2
Financial Activities	214.8	216.4	218.7	225.4	230.7	231.2	226.5	217.6	215.6
Real Estate & Rent	58.2	58.0	59.5	61.9	64.6	64.6	63.8	61.8	61.3
Fin & Insurance	156.6	158.4	159.3	163.5	166.1	166.7	162.7	155.8	154.3
Edu & Health Service	375.7	395.1	409.3	424.0	439.3	455.7	466.1	481.3	498.6
Education Services	59.6	68.1	70.2	73.5	77.9	81.5	83.8	85.6	86.9
Healthcare Services	316.1	326.9	339.1	350.6	361.5	374.2	382.4	395.7	411.7
Leisure & Hospitality	340.6	348.2	360.1	372.1	384.1	396.4	398.4	390.6	389.2
Other Services	158.9	155.5	156.3	158.3	159.2	160.8	161.0	162.6	163.6
Government	624.8	632.4	637.1	649.6	663.1	675.8	679.5	671.9	670.6
Federal Govt	95.6	94.4	92.8	93.9	94.9	95.2	95.9	96.1	97.3
State & Local Govt	529.2	538.0	544.3	555.7	568.2	580.6	583.7	575.8	573.2
Unemployment Rate	4.8	4.8	4.7	5.2	4.6	4.4	6.0	7.5	8.0

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	2.2	1.4	-0.3	-2.5	-0.1
Manufacturing	-6.7	-4.1	-0.8	0.3	-0.5	-3.7	-4.0	-5.4	-2.9
Durable Goods	-8.1	-1.8	0.7	2.4	0.7	-3.1	-3.4	-5.5	-2.6
Wood Products	-3.2	-8.6	2.5	2.3	0.8	-3.2	-3.6	-11.9	-1.4
Transport Equip	-6.5	1.2	3.4	1.9	0.1	-8.5	-4.9	-6.6	4.7
Nondurable Goods	-5.6	-5.8	-2.1	-1.4	-1.6	-4.2	-4.6	-5.3	-3.2
Foods	-1.3	-1.0	-0.8	0.7	3.9	-1.0	-2.7	-1.3	-0.5
Textiles Mills	-12.7	-6.5	-6.3	-5.8	-6.8	-14.3	-8.6	-10.6	-5.7
Non-Manufacturing	-1.2	-0.2	1.7	2.9	2.5	2.0	0.1	-2.2	0.2
Mining	-6.2	-0.5	-0.8	-0.8	1.0	-2.1	-3.9	-2.5	-1.8
Construction	-4.5	-1.4	2.5	4.5	4.8	1.0	-3.9	-11.7	-5.0
Trans, Warehs & Util	-2.7	-2.0	1.6	2.4	1.6	2.5	0.7	-2.8	1.0
Wholesale Trade	-3.0	-0.8	0.8	2.5	1.8	1.7	-1.0	-3.8	-0.2
Retail Trade	-2.4	-2.3	0.2	3.0	2.6	1.9	0.8	-2.0	0.4
Information	-8.8	-7.4	-4.3	-1.5	-0.6	0.9	0.1	-2.9	-1.5
Prof & Bus Services	-2.4	-1.9	3.7	4.6	2.8	1.9	-0.2	-4.3	0.0
Admin & Support	-0.4	-2.0	6.8	6.3	2.0	0.7	-1.8	-7.2	-0.8
Prof, Sci & Tech	-3.9	-0.9	0.8	3.9	5.0	3.7	1.7	-1.0	1.4
Mgmt of Comps	-5.8	-4.9	-0.5	-1.6	-0.7	1.1	0.4	-2.7	-1.3
Financial Activities	0.3	0.7	1.1	3.0	2.4	0.2	-2.1	-3.9	-0.9
Real Estate & Rent	-0.8	-0.3	2.4	4.1	4.3	0.0	-1.2	-3.1	-0.8
Fin & Insurance	0.7	1.1	0.6	2.6	1.6	0.3	-2.4	-4.2	-1.0
Edu & Health Service	3.1	5.2	3.6	3.6	3.6	3.7	2.3	3.2	3.6
Education Services	2.5	14.4	3.1	4.6	6.0	4.6	2.8	2.1	1.6
Healthcare Services	3.3	3.4	3.7	3.4	3.1	3.5	2.2	3.5	4.0
Leisure & Hospitality	0.4	2.2	3.4	3.3	3.2	3.2	0.5	-2.0	-0.4
Other Services	-6.1	-2.2	0.5	1.3	0.6	1.0	0.1	1.0	0.6
Government	2.4	1.2	0.7	2.0	2.1	1.9	0.6	-1.1	-0.2
Federal Govt	-0.2	-1.3	-1.7	1.2	1.0	0.4	0.7	0.2	1.3
State & Local Govt	2.9	1.7	1.2	2.1	2.2	2.2	0.5	-1.4	-0.4

Forecast Tables - Detailed

Table 3A. Atlanta Employment (Levels in Thousands)

	HISTORY						FORECAST		
	2002	2003	2004	2005	2006	2007	2008	2009	2010
NONFARM	2,258.9	2,236.4	2,266.6	2,336.3	2,403.3	2,457.8	2,454.0	2,392.8	2,391.4
Manufacturing	186.0	179.2	177.5	178.0	178.0	176.0	171.4	164.3	160.5
Non-Manufacturing	2,072.9	2,057.2	2,089.1	2,158.4	2,225.2	2,281.8	2,282.6	2,228.5	2,230.9
Construction & Mining	126.4	123.8	128.2	134.2	140.3	141.9	134.6	116.3	109.2
Trans, Warehs & Util	120.7	117.7	119.1	122.3	126.0	129.0	129.7	125.7	127.1
Wholesale Trade	153.4	151.1	151.5	155.2	158.2	160.5	158.1	152.4	152.0
Retail Trade	256.7	248.9	247.7	258.0	267.6	274.2	274.8	270.0	271.3
Information	101.5	92.6	89.4	87.2	87.2	87.8	88.1	87.1	86.6
Prof & Bus Services	368.6	362.5	371.3	388.1	399.3	408.7	407.2	389.5	387.9
Financial Activities	150.7	151.1	152.1	157.5	162.2	162.7	160.6	157.9	156.9
Edu & Health Service	208.1	214.8	222.8	232.8	243.0	253.2	260.6	270.4	280.9
Leisure & Hospitality	200.6	205.0	211.8	218.9	226.5	235.7	237.2	231.1	229.5
Other Services	91.5	92.3	92.5	95.4	96.8	98.2	98.8	99.1	101.7
Government	294.8	297.4	302.7	308.8	318.3	329.9	332.8	328.9	327.8
Federal Govt	48.3	47.0	46.0	46.1	45.9	45.1	45.2	45.2	45.3
State & Local Govt	246.5	250.4	256.7	262.7	272.4	284.7	287.6	283.8	282.5
Unemployment Rate	4.9	4.8	4.7	5.2	4.5	4.3	5.9	7.4	7.9

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	2.9	2.3	-0.2	-2.5	-0.1
Manufacturing	-5.6	-3.6	-1.0	0.3	0.0	-1.1	-2.6	-4.1	-2.3
Non-Manufacturing	-1.5	-0.8	1.6	3.3	3.1	2.5	0.0	-2.4	0.1
Construction & Mining	-4.0	-2.1	3.6	4.7	4.5	1.1	-5.2	-13.6	-6.1
Trans, Warehs & Util	-4.2	-2.4	1.2	2.7	3.0	2.4	0.5	-3.1	1.1
Wholesale Trade	-4.8	-1.5	0.3	2.4	2.0	1.4	-1.5	-3.6	-0.2
Retail Trade	-2.2	-3.1	-0.5	4.2	3.7	2.5	0.2	-1.8	0.5
Information	-6.5	-8.8	-3.5	-2.4	-0.1	0.8	0.3	-1.1	-0.6
Prof & Bus Services	-4.5	-1.6	2.4	4.5	2.9	2.4	-0.3	-4.4	-0.4
Financial Activities	-0.1	0.3	0.6	3.6	3.0	0.3	-1.3	-1.7	-0.6
Edu & Health Service	4.0	3.2	3.7	4.5	4.4	4.2	2.9	3.8	3.9
Leisure & Hospitality	0.7	2.2	3.3	3.4	3.4	4.1	0.7	-2.6	-0.7
Other Services	-2.1	0.9	0.3	3.1	1.4	1.5	0.6	0.3	2.6
Government	3.5	0.9	1.8	2.0	3.1	3.6	0.9	-1.2	-0.3
Federal Govt	1.0	-2.6	-2.1	0.2	-0.4	-1.7	0.1	-0.0	0.3
State & Local Govt	4.0	1.6	2.5	2.3	3.7	4.5	1.0	-1.3	-0.4

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	245.0	250.8	264.9	284.2	300.9	319.0	332.2	339.0	350.4
(Nominal %Ch)	1.8	2.4	5.6	7.3	5.9	6.0	4.1	2.1	3.4
Real Personal Inc (2000\$)	236.6	237.5	244.3	254.7	262.4	271.1	272.3	273.9	278.3
(Real %Ch)	0.4	0.4	2.9	4.2	3.0	3.3	0.4	0.6	1.6
Georgia Components of Personal Income									
By Place of Work									
Wages & Salaries	144.6	147.9	155.3	164.4	173.7	182.9	187.3	188.8	193.8
Other Labor Income	31.7	33.6	36.5	39.0	40.3	41.9	43.2	44.8	47.0
Proprietor's Income	20.7	21.7	23.8	25.7	26.3	27.2	27.4	28.3	29.8
Farm Proprietors	1.1	1.7	1.5	1.6	0.8	1.2	0.8	0.9	1.0
Business Proprietors	19.6	20.0	22.3	24.0	25.4	26.0	26.6	27.5	28.8
Less Social Insurance	20.6	21.1	22.9	24.1	25.4	26.5	27.3	27.7	28.6
By Place of Residence									
Divid, Interest & Rent	36.7	36.7	37.7	42.1	46.4	50.9	53.4	53.9	55.2
Transfer Payments	32.6	32.9	35.2	38.1	40.5	43.6	49.1	51.9	54.4
Real Personal Inc (2000\$)	236.6	237.5	244.3	254.7	262.4	271.1	272.3	273.9	278.3
(% Ch Annual Rate)	0.4	0.4	2.9	4.2	3.0	3.3	0.4	0.6	1.6
Real Disposable Inc.	209.1	212.0	218.6	226.2	231.5	237.8	240.4	242.6	245.8
Per Cap, Thous. (2000\$)	27.5	27.1	27.3	27.8	28.0	28.3	27.9	27.5	27.4
Gross State Product by Sector (current dollars)									
Gross State Product	306.7	317.9	338.5	359.7	376.4	396.5	411.2	417.1	434.9
Manufacturing	43.4	42.1	44.4	45.1	42.7	43.6	44.0	43.8	44.8
Mining	1.0	1.1	1.2	1.4	1.4	1.3	1.2	1.3	1.3
Construction	15.1	15.4	16.8	19.1	19.5	17.6	16.9	15.8	15.9
Transp, Ware, Utility	17.9	18.6	20.6	20.9	22.0	26.1	28.2	28.5	29.6
Wholesale Trade	23.9	24.1	26.3	28.0	29.5	30.7	31.7	32.1	33.5
Retail Trade	21.1	21.8	22.4	23.5	25.0	26.2	27.2	27.6	28.9
Financial Activities	52.4	55.7	61.0	64.2	69.8	72.5	74.8	76.0	79.3
Prof & Business Services	34.2	36.0	37.2	41.9	43.9	47.4	49.9	50.9	53.8
Edu & Health Services	19.4	20.8	22.4	23.8	25.3	27.4	29.0	30.6	32.9
Leisure & Hospitality	10.0	10.3	11.0	11.7	12.6	13.3	13.8	14.0	14.6
Information	20.0	19.9	21.0	22.8	23.9	25.9	27.3	27.8	29.4
Federal Govt	8.0	8.5	8.9	9.4	9.8	10.3	10.7	10.9	11.2
State & Local Govt	25.9	27.1	28.1	29.7	31.7	33.6	34.9	35.4	36.7
Atlanta Aggregates									
Personal Income	149.8	152.9	162.0	174.8	184.9	197.6	206.6	210.9	218.4
(Nominal %Ch)	1.2	2.0	5.9	7.9	5.8	6.9	4.6	2.0	3.5
Real Personal Inc (2000\$)	144.7	144.8	149.4	156.6	161.2	168.1	169.4	170.4	173.4
(Real %Ch)	-0.2	0.1	3.2	4.8	2.9	4.2	0.8	0.6	1.8
Atlanta Components of Personal Income									
By Place of Work									
Wages & Salaries	95.2	96.9	101.7	107.8	114.2	122.1	125.7	126.6	130.0
Nonwage Income	54.6	56.0	60.2	67.0	70.7	75.5	81.0	84.3	88.3

Forecast Tables - Detailed

Table 5. Metro Atlanta Housing Permits

COUNTY		HISTORY						FORECAST		
		2007:2	2007:3	2007:4	2008:1	2008:2	2008:3	2008	2009	2010
Barrow	singlefamily	230	238	117	117	110	45	313	261	269
	multifamily	0	0	0	0	0	0	5	4	4
Bartow	singlefamily	167	113	89	135	103	77	362	302	312
	multifamily	10	2	10	0	6	3	12	9	10
Carroll	singlefamily	226	121	53	70	119	22	249	208	214
	multifamily	0	0	0	0	0	0	0	0	5
Cherokee	singlefamily	681	483	299	327	262	199	906	834	859
	multifamily	0	6	9	7	2	2	13	9	9
Clayton	singlefamily	336	350	147	209	113	56	435	367	360
	multifamily	16	0	0	0	0	0	0	0	5
Cobb	singlefamily	644	434	219	272	254	144	791	741	763
	multifamily	261	293	185	70	181	79	389	331	324
Coweta	singlefamily	402	256	148	159	153	137	516	436	428
	multifamily	0	0	298	0	0	0	0	20	20
DeKalb	singlefamily	642	401	382	280	264	547	1,276	1,213	1,249
	multifamily	156	830	279	1,510	157	1,123	3,292	2,798	2,742
Douglas	singlefamily	294	181	99	106	89	49	281	234	241
	multifamily	0	4	0	0	306	0	310	0	20
Fayette	singlefamily	86	86	88	46	54	37	158	133	130
	multifamily	0	145	0	0	0	5	6	4	25
Forsyth	singlefamily	904	645	430	633	425	277	1,575	1,449	1,493
	multifamily	0	0	0	215	0	4	225	0	25
Fulton	singlefamily	1,451	1,132	872	832	773	411	2,379	2,288	2,357
	multifamily	4,106	1,627	939	834	443	854	2,515	2,137	2,095
Gwinnett	singlefamily	1,254	1,069	537	486	487	292	1,493	1,414	1,456
	multifamily	64	50	0	47	12	0	70	59	250
Henry	singlefamily	476	408	216	153	182	120	546	461	452
	multifamily	29	334	276	16	286	40	393	299	278
Newton	singlefamily	280	195	93	69	54	48	197	164	169
	multifamily	0	0	0	0	0	0	0	5	5
Paulding	singlefamily	532	487	229	221	174	158	653	545	561
	multifamily	3	3	0	0	0	3	3	3	50
Pickens	singlefamily	78	50	39	35	29	23	100	92	95
	multifamily	0	0	0	0	0	0	0	0	2
Rockdale	singlefamily	212	125	86	35	36	73	166	138	142
	multifamily	0	6	0	0	0	2	2	10	10
Spalding	singlefamily	48	101	54	77	59	32	193	163	160
	multifamily	18	0	0	0	0	0	0	3	3
Walton	singlefamily	218	137	89	93	69	37	229	191	197
	multifamily	22	0	3	0	3	0	10	25	25
Total Permits		13,846	10,312	6,285	7,054	5,205	4,899	20,063	17,350	17,814
(% Ch. from a year ago)		-27.6	-36.9	-49.8	-46.4	-62.4	-52.5	-54.0	-13.5	2.7
Single family Permits		9,161	7,012	4,286	4,355	3,809	2,784	12,818	11,634	11,907
(% Ch. from a year ago)		-40.0	-45.6	-55.3	-54.6	-58.4	-60.3	-57.3	-9.2	2.3
Multi family Permits		4,685	3,300	1,999	2,699	1,396	2,115	7,245	5,716	5,907
(% Ch. from a year ago)		21.5	-4.7	-31.8	-24.2	-70.2	-35.9	-46.5	-21.1	3.3