Local economy in 2023 was strong but finished mixed

6,200 jobs shed in December, but unemployment rate is 2.8%.

U.S. economy grew at a surprisingly strong 3.3% pace in last quarter.

BY MICHAEL E. KANELL - MICHAEL.KANELL@AJC.COM

In a somewhat mixed coda to a surprisingly upbeat year, metro Atlanta shed jobs in December but still finished the year with a historically low unemployment rate and growth of 72,000 jobs, the state Labor Department said Thursday.

The region shed 6,200 jobs during the month, with gains in some sectors offset by losses elsewhere.

That followed robust hiring earlier in the holiday season, so the region's growth for the full year was greater than pre-pandemic, despite a chorus of economists predicting recession in the face of high interest rates and persistent inflation.

It was "a blockbuster year," said Bruce Thompson, the state labor commissioner.

The unemployment rate slid from 3.1% in November to 2.8%, within hailing distance of the record pre-pandemic low of 2.6%. The number of unemployed — out of work and actively seeking a position — was 7,424 fewer than in December 2022, according to the Labor Department.

But even so, the economic headwinds were having an impact, slowing hiring from the breakneck pace of the previous two years.

"Last year was just slower, especially in comparison to the surge coming out of the pandemic," said Amy Mangan, Atlanta market director for staffing company Robert Half. "Most companies couldn't put into words why they were cautious, but they were in a holding pattern."

Metro Atlanta gained 99,600 jobs in 2022 and 162,500 jobs in 2021 as many employers complained of a post-pandemic labor shortage as they struggled to find the workers they needed.

Many wages and salaries rose as companies bid for scarce talent.

But the balance began shifting during 2023. Many workers who had stayed home for health reasons or to care for children and family members returned to the workforce: The metro workforce grew by 58,436 during the year.

The result has been slower wage gains as the same hiring cooled, even if the direction of the economy remains positive, said economist Stephen Juneau of the Bank of America Merrill Lynch.

Median pay rose at a strong 5.2% in December, but that compares to 6.1% a year earlier and 6.7% in mid-2022, according to the Atlanta Federal Reserve.

“The good news is that employers are not laying people off,” Juneau said.

“They are mostly happy with employment levels.”

The number of new jobless claims was up just 3% from the same month in 2022, according to the Labor Department.

Still, “hiring growth is not very broad,” Juneau said, meaning not all sectors have been gaining ground.

During December, the region gained jobs in retail, financial services, wholesale and manufacturing. The number of jobs in offices, hospitality and personal services dropped.

Over the year, job growth was robust in health care, hospitality, government, services and management. But there were losses in some office jobs and in logistics, which had bulked up during the goods-buying frenzy early in the pandemic.

With 3.12 million jobs, metro Atlanta represents 62.5% of the positions in the state. But with the world’s busiest airport, one of the nation’s most popular convention destinations, numerous government entities and an extensive health care sector, it has been a somewhat outsized force in the post-pandemic recovery and in the past year has accounted for 68% of the jobs added in the state.

The region also has outpaced growth nationally.

During 2023, the United States added about 2.7 million jobs, a 1.75% expansion.

Metro Atlanta grew at a 2.44% pace.

Most economists — including forecasts by Georgia State's Economic Forecasting Center and the University of Georgia's Terry College of Business — now suggest that growth will slow but continue modestly through this year.

However, the pessimism overhanging last year was not unwarranted. The Federal Reserve had rapidly raised its benchmark interest rate from near zero to 5.3%, an increase that has rippled through virtually all lending in the economy.

While not pegged rigidly to the Fed's rate hikes, credit cards, auto loans and mortgages saw dramatic boosts in their rates during the past year. Some have moderated, but they remain much higher than a year ago.

That raises borrowing costs for both companies and consumers, an incentive to cut back on spending, which typically translates to less hiring by the businesses that provide goods and services.

The average credit card rate was above 20% in December, according to Bankrate. That compares to an average of about 12% in late 2023, according to analysis by WalletHub.

NATIONAL NUMBERS

3.3%: Annual pace the nation's economy grew from October through December

4.9%: Annual pace the nation's economy grew the previous quarter

2.8%: Annual rate of consumer spending