

# West Georgia Regional Update

UNIVERSITY of  
West Georgia  
Richards  
College of Business

Carroll, Coweta, Douglas, Haralson and Paulding Counties

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Department of Economics

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## ANNOUNCEMENT:

The Economic Forecast  
Breakfast will be held  
Tuesday, November 1, 2022  
UWG Campus Center  
For Reservations Call:

Phone: 678-839-6477

Or, email [djoyner@westga.edu](mailto:djoyner@westga.edu)

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## Spotlight on Transportation and Warehousing

The pandemic has changed not only what we buy, but also how those items make their way into our homes. Before the start of the pandemic, online shopping was already fast-growing, but the shift toward ecommerce has been significantly faster than expected. According to a recent report from DigitalCommerce360, the pandemic bumped ecommerce sales well above where they were projected prior to the pandemic, up by \$102.1B for 2020 and \$116.5B for 2021.

This COVID bump in ecommerce has also provided an unwelcome stress-test of our transportation, warehousing, and home delivery services, and is now expected to last well beyond the end of the pandemic. Formerly niche home delivery services like Instacart, Grubhub, and others used the pandemic to refine their business models and expanded to fill a gap in the marketplace. Such was the sudden increase in demand that these companies were at times hard-pressed to keep up. Even industry-giant Amazon had to prioritize most in-demand essential items in its warehouses and adjust delivery times from next-day-delivery to, in some instances, several weeks away for in-stock items. It was not unusual for customers to encounter "currently out-of-stock" labels on basic products as well. As demand for warehousing and deliveries rose, so did employment, work hours, and earnings in these sectors.

Virtually any business connected to ecommerce or home delivery blossomed as a result of the pandemic, while other segments related to transportation were

especially hard-hit. Passenger transportation services, such as air, railway and water have all suffered major (double-digit) employment declines as a result of the pandemic. Employment in air transportation experienced year-over-year (YOY) employment declines for every month from April 2020 through March 2021. Only after the vaccine became widely available nationwide did the air transport industry begin its recovery, and it did so enthusiastically. Over the past 12 months, YOY employment growth rates averaged 19.1%; however, despite its significant and sustained employment growth, only in January 2022 (at 522,700 employees) did air transport surpass its previous employment peak established in March 2020 (518,100). Water transit (e.g., passenger ship lines) enjoyed a modest recovery over the past 6 months. Rail transport has not, however, attained pre-pandemic employment levels.

Scenic and sightseeing transport also suffered significant employment losses early in the outbreak. Starting in April 2020, this subsector immediately lost 64.4% of its total employment and despite regaining employment after the shut-down ended, the subsector continued posting large YOY losses throughout the first full year of the pandemic. COVID's net effect has been a 1/3<sup>rd</sup> reduction in the size of this transport subsector. In June 2019, scenic and sightseeing had 39,000 workers, but by April 2020, the number of jobs fell to 12,500 nationwide. In April 2022, scenic and sightseeing transport recorded 24,400 jobs for an employment growth

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## West Georgia Update

After rising by 6.9% in the 4th quarter of 2021, the real gross domestic product (GDP) decreased at an annual rate of 1.4% in the first quarter of 2022. In its April 2022 forecast, the Wells Fargo Economics Group expects the U.S. GDP growth rate will be 2.8% for entire year. Total U.S. employment grew by 428,000 jobs in April (from March) while the unemployment rate was unchanged at 3.6%. For Georgia, total employment is 234.5 thousand higher in March 2022 compared to March 2021. Georgia's unemployment rate fell to 3.1% in March 2022, compared to 4.4% a year earlier. The major economic concern about the U.S. economy is the high inflation rate. The 12-month percentage change in the consumer price index (CPI) was 8.3% in April. As a response, the Federal Reserve has switched to a tighter monetary policy, resulting in higher overall interest rates. The most recent Case-Schiller National Home Price Index reported that U.S. housing prices are up sharply, 19.8% year-over-year in February 2022. This was the third highest price appreciation recorded in the history of the index. According to MLS data for the West Georgia Region, the average price of homes sold in April 2022 was an astonishing 23.1% above the April 2021 average. At \$425,739, Coweta had the highest average sales price in the region in April 2022. Days in which homes for sale remained on the market in April 2022 rose to 26, compared to 24.3 days in April 2021. Both new listings and closed sales slightly declined in

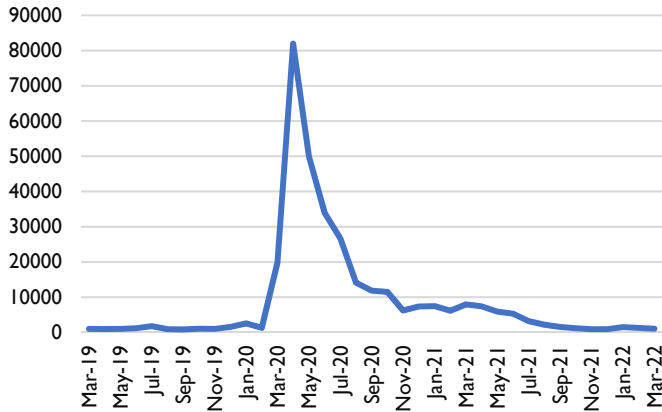
April 2022 vs. April 2021.

All West Georgia counties saw their unemployment rates drop between March 2021 and March 2022. The 1.3-point drop in Douglas County, from 4.9% to 3.6%, was the largest decline in the region. Two West Georgia counties, Paulding and Coweta, had unemployment rates below 3% in March 2022. At 3.6%, Douglas County had the highest regional unemployment rate. New unemployment filings are more than 80% lower in March 2022 compared to March 2021 in all counties in the West Georgia Region. For the entire state, new unemployment filings dropped from 143,410 in March 2021 to only 19,082 in March 2022, an 86.7% decline. Based on the most recent employment data (2021Q3), the West Georgia Region has been adding jobs at healthy rate, up 5.8% year-over-year. The fastest growing employment sectors in the region are all services-providing: retail, health care, warehousing/transportation and accommodation/food services. Job growth was especially strong in warehousing/transportation, up 11.9 percent between 2020Q3 and 2021Q3. With over 4,300 jobs, Douglas County is the most important transportation/warehousing hub in the region. Goods-producing sectors, manufacturing and construction, added about 4.5% more jobs between 2020Q3 and 2021Q3 while government employment fell by .5% over this same period. The fastest growing counties were Coweta (11.3%),

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# West Georgia Employment Update

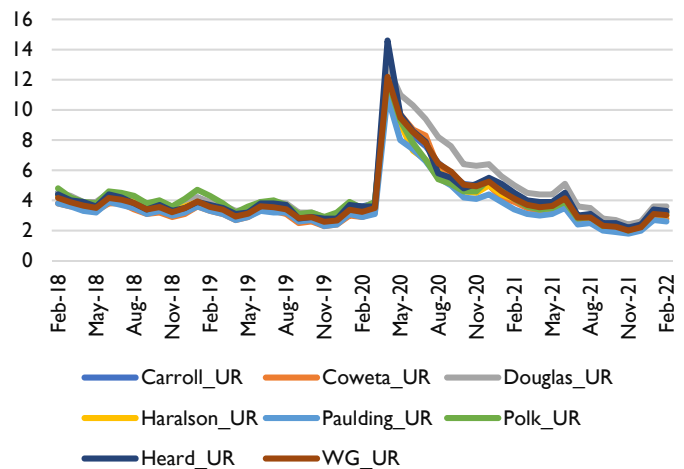
**Initial Unemployment Insurance Claims, West Georgia Region**



New unemployment insurance claims have essentially returned to pre-pandemic levels across all counties in the region, with five of the six West Georgia Counties having now fallen below those levels experienced in February 2020. The massive explosion in new UI claims that occurred in March and April of 2020, took until late summer (July and August) of 2021 to finally begin to return to historical levels. Between March 2021 to March 2022, every county in West Georgia experienced significant declines in the number of first-time filers. In absolute terms the largest declines came from Douglas, which fell from 2,132 to 314 claims over the year, a decline of 1,818 claims. In percentage terms, Haralson's improvement topped the list, falling from 398 new UI claims to just 29 over the year, a reduction of 92.7% over the year. In general, new UI claims are reaching levels that will become increasingly difficult to improve upon. At this point, new UI claims are being generated by those few unemployed individuals who are simply between jobs. The tightness of the labor market and the resulting upward swing in wages will surely complicate the FED's attempt to slow inflation.

Despite a slight rebound in unemployment rates in March, the West Georgia Region unemployment rate continues to hover around an historically low level. For March 2022, the region's overall rate was 3.1%, down from 3.7% from a year earlier. This also places the region's rate below that of both the overall rate of the Atlanta MSA (3.2%) and of the state of Georgia (3.3%). Furthermore, every county in West Georgia experienced a significant year-over-year (YOY) decline in its unemployment rate. The largest decline in both absolute and percentage terms came from Douglas County, which experienced a reduction of 0.9 percentage points (or a 20.0% decline YOY). Nevertheless, Douglas also has the distinction of currently possessing the highest unemployment rate in the region (3.6%). Haralson posted the second largest decline of 0.7 percentage points (or -18.4%). In March, Coweta posted the lowest unemployment rate in the region at 2.9%. Continued pandemic-driven lock-downs in China, Russian hostilities in Ukraine, and contractionary FED policy have infused uncertainty into the economy.

**Unemployment Rates West Georgia Counties**



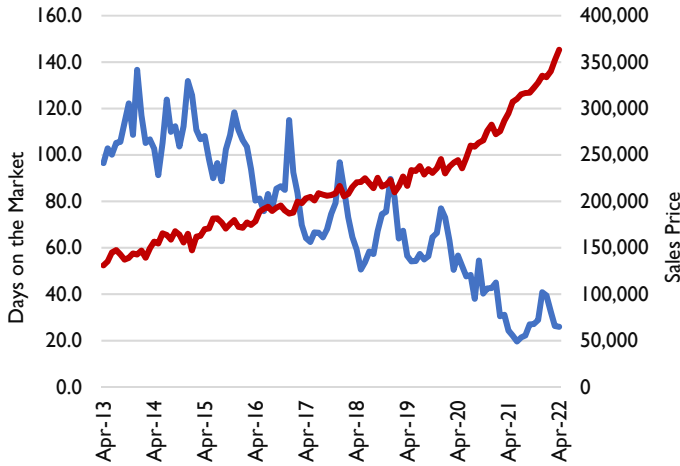
**Employment Growth  
(% Change 2020Q3 to 2021Q3)**

County	Total Employment	Goods Producing	Service Providing	Govt.
Carroll	2.65%	0.04%	4.38%	-0.91%
Coweta	11.60%	8.79%	14.32%	0.08%
Douglas	7.23%	11.89%	8.03%	-2.57%
Haralson	-6.17%	2.15%	-14.43%	0.07%
Paulding	6.04%	1.28%	8.60%	0.61%
Polk	0.43%	-0.08%	0.23%	1.39%
Georgia	5.77%	3.31%	7.33%	-0.81%

Between 2020Q3 and 2021Q3, Georgia's employment expanded 5.8% overall. Service-providing jobs led, adding 7.3%. Some of the largest job gains came from those that suffered most under the pandemic. For example, arts, entertainment, and recreation jobs were up 24.2% YOY (the largest gains in percentage terms), and 46,158 jobs were added in accommodation and food services for the state. Within the region, a similar pattern developed. Coweta's service sector added 14.3% more (or 3,786 jobs) in 2021Q3 YOY to lead the region. Coweta's retail sector added 1,560 jobs (+23.9%), and healthcare & social assistance added 716 more (12.5%). However, Coweta's fastest growing service subsector was transportation and warehousing, which added 448 jobs, for a growth rate of 48.5%. Paulding and Douglas added 8.6% and 8.0% to their service sectors, respectively. The only county that experienced job losses in services was Haralson, which dropped 14.4% (or -502 jobs). Goods-producing jobs in the region were also up in almost every county. Only Polk posted a minor loss (-0.1%), while both Douglas (+11.9%) and Coweta (+8.8%) experienced significant gains.

# West Georgia Housing Update

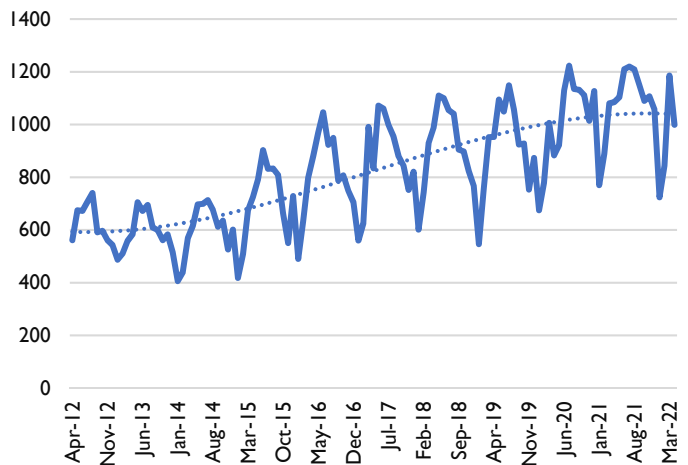
**Days on the Market and Average Sales Price, West Georgia Region**



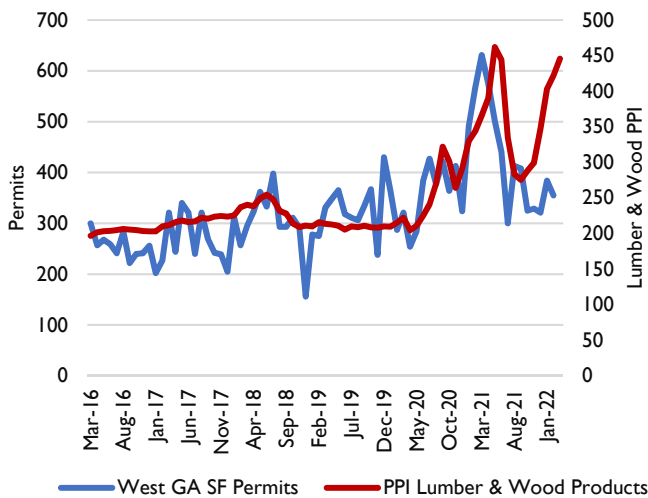
Between April 2021 and April 2022, the average sales price of homes sold in the West Georgia Region (in red) increased by 23.1% (+\$68,175). Furthermore, home prices were up in every county in the region. Clearly, within the region, it continues to be a sellers' market. In percentage terms, Carroll led the region with a 32.3% YOY growth in sales price. This amounted to an average increase in sales price of \$77,907, which is about \$18,710 more than the median annual household income in the county. The second fastest growth occurred in Paulding, where home prices rose 24.6% or \$74,121. Coweta experienced the largest price increase in absolute terms, adding \$77,916 to its average sales price, for a growth rate of 22.4%. The slowest growth in average home sales price occurred in Polk, which grew by comparatively sustainable 9.8% (or +\$22,973). Not only have home prices skyrocketed in 4 of the 6 West Georgia counties, days-on-the-market (DOM) briefly dipped to the sub-20-day levels. This means from listing a home to a signed contract took less than 20 days. In April 2022, DOM in West Georgia averaged 26 days, but in both Coweta and Paulding counties DOM averaged 18 days. The longest average DOM in the region is 48 days in Haralson.

April closed sales in the region appears to have leveled off and actually declined slightly over the past year, likely due to higher home prices. Within the region, 7.9% fewer home sales closed in April 2022 as compared with April 2021. At -18.0%, the largest April-to-April decrease came from Carroll. Closed sales declined 10.9% in Douglas and 10.5% in Coweta. However, not every West Georgia County experienced decline. Haralson and Polk both posted more sales for April 2022. Haralson's sales increased by a region-topping 29.6%, and Polk's sales were up 7.0%, though both Haralson and Polk together represent only a small share of total sales. Overall, the slowing growth and/or decline mirrors a national trend. Across the US, existing-home sales fell 2.7% in March. According to the National Association of Realtors, slowing demand and a rising inventory of unsold homes nationally led to a second straight month of sales declines. Furthermore, rising home prices, which were up 15% nationally, and rising interest rates are starting to make the overall purchase significantly more expensive. Although demand is still strong in the West Georgia housing market, rising home prices and mortgage interest rates are affecting local purchases as well.

**Closed Sales West Georgia Region**



**West Georgia Single-Family Permits and Lumber & Wood Products PPI**



Local single-family residential (SF) building permits (blue) provide gauge of employment opportunity, consumer solvency, and the general confidence in the local economy. Aside from the early difficulties created by Georgia's shelter-in-place order, West Georgia's SF building permits remained otherwise robust through the second half of 2020, as did the first upsurge in lumber prices (red) that occurred in Summer 2020. In spite of rising prices, permits continued to grow at a positively rapid pace after the COVID-19 vaccine rollout began. Only a second much sharper increase in lumber prices in the summer of 2021 slowed the growth in new permit activity (both regionally and nationally). Falling permits in the prime building months of 2021 triggered a retreat in lumber prices; however, a general increase in prices across the economy have pushed the cost of lumber back to near-peak levels, which is likely to continue to place a cooling effect on West Georgia's SF permits into 2023. Current data indicate that from March 2021 to March 2022, SF permits in West Georgia fell 48.5%, or by a total of 306 permits for the region. This represents the seventh straight month of YOY declines in permits, and by far the largest decline in SF permits since the COVID outbreak began.

## Spotlight, cont.

rate of 18.4% YOY.

Unsurprisingly, couriers & messengers is a transportation subsector that experienced sustained employment growth throughout the first year of the pandemic to the present. Between April 2021 and April 2022, employment grew by 5.4%. This subsector contains workers who provide last-mile delivery services consisting of anything from shipped packages to prepared foods. The period of strongest employment growth within this subsector occurred during and just after the 2021 holiday season, when it posted a YOY employment growth rate in excess of 25%. The more recent slowdown appears to be a transition back to the pre-pandemic employment growth in the subsector connected to the overall growth in ecommerce.

The truck transport subsector posted job losses prior to the pandemic; however, these have primarily been the result of factors related to work conditions, pay, and retention, and not demand for drivers. The pandemic has simply exacerbated this situation. In fact, truck transport experienced additional employment losses throughout the first year of the pandemic; however, starting in April 2021, YOY employment growth turned positive and has remained so ever since. Between April 2021 and April 2022, employment in the truck transport subsector grew at 3.9%. Like air transportation, the general release of the vaccine spurred a moderate and sustained employment recovery in trucking. By comparison, the job losses in trucking were neither as large as those experienced in air transportation, nor were the employment gains. Nevertheless, the YOY monthly gains that started in April 2021 have been positive

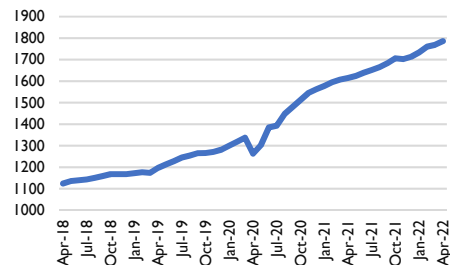
for each of the last 13 months, and have averaged a healthy 7.8%. As of April 2022, truck transit was the second largest transportation subsector, employing about 1.6M workers nationally.

Warehousing & storage (inset graph) is a transport subsector that is important nationally and of growing importance locally. This subsector is the largest in the in the transport group. It is primarily engaged in operating warehousing and storage facilities for general merchandise, refrigerated goods, and other warehouse products.

These businesses have become central to ecommerce and have only grown in importance during the pandemic. According to regional insiders, an additional 3.3 million square feet of distribution is currently being built across the Atlanta Metropolitan Area, as the current industrial vacancy rate is less than 4%. Furthermore, Amazon and other large retailers have increased investment in their logistics networks to respond the current supply chain difficulties, and a lot of interest has been focused on the I-20 corridor in Douglas County.

Nationally, the YOY growth in employment in this subsector has averaged 13.7% over the past 12 months. Employment growth in the subsector has been both substantial and sustained. In fact, between January of 2020 and April of 2022, all but four months experienced double-digit YOY employment growth, with no declines. The most recent available national data indicate that April 2021 to April 2022 employment growth was 10.6% and the subsector accounts for 27.6% of the transportation and warehousing sector. Within the region, the most recent industrial employment data available are from 2021Q3, which indicate

Warehousing and Storage Employment, U.S. (thousands)



that there are 7,413 warehousing & storage jobs in the region, an 11.9% increase YOY. Despite rising wages, pay in warehousing and storage in West Georgia averaged \$19.52, which is up only 0.8% over 2020Q3. This subsector is concentrated in two West Georgia counties, Douglas and Coweta. Within Douglas, the subsector comprises 4,326 total jobs or 9.8% of total county employment. In Coweta, it comprises 3.2% of total employment; however, between 2021Q3 and 2022Q3, Coweta's transportation and warehousing subsector grew by an astonishing 48.5% YOY. These two counties have a significant comparative advantage in the warehousing subsector because of their easier access to Atlanta, major interstate highways, and Hartsfield-Jackson International Airport. The continued rise of ecommerce has been one factor in strengthening West Georgia's position in the post-COVID economy.

## West Georgia Update, cont.

Douglas (7.2%) and Paulding (6%). Carroll (2.7%) and Polk (4%) experienced modest growth in employment while Haralson sustained a 6.2% year-over-year job loss.

A number of private and public developments are underway in the West Georgia Region. Groundbreaking took place in early April for a new fire station near Central High School in Carrollton. Carrollton-based Southwire also announced in April that it is planning to open a corporate office near Truist Park in Cobb County, part of its plan to help attract more top-notch talent to the company. Also, the Chick-fil-A on U.S. 27 in Carrollton was razed in March and a new replacement restaurant is being built at the site. Major public construction projects in Carrollton include the new West Georgia Technical College and the renovation of the Humanities Building on the University of West Georgia campus. NYCO, based in Coweta County, announced plans in early 2022 to expand its manufacturing facility, adding 16 new jobs. NYCO is a producer of non-petroleum aviation and industrial products. Shopify, a Canadian e-commerce company, recently opened a fulfillment

center at the Bridgeport Logistics Center in Newnan. Robinson Weeks Partners has filed plans to build 1 million square ft. of new warehouse space in Grantville near I-85. The 125-acre site will have to be rezoned before the facility can be built. In January, the city of Newnan approved a mixed-use development on Poplar Rd. across from Piedmont Hospital. The development will include office space, townhouses, a hotel and retail/restaurant space. Also, a project known as Del Webb Newnan, is being planned for a 580-acre site off Posey Rd. in Newnan. The project would include over 1,200 homes for residents 55 or over. In Douglas County, Foxhall Resort announced in January that it will be adding a Westin Hotel, a conference center and more villas at its 1,100-acre resort in South Douglas County. Construction on this expansion is slated to begin in the third quarter of 2022. Microsoft announced plans for a 245,000 sq. ft. data center in Douglasville, representing a \$400 million investment. About 20 new jobs, with an average salary of about \$100,000, are expected to be added once the data center is operating. According to the Atlanta Business Chronicle, Douglas County currently has six operational data centers with a number of

others being planned. Construction continues on the Town Green project near downtown Douglasville. This \$12.1 million project will include a 2,500-seat amphitheater, retail space, 350 apartments and parking with an expected completion date of Spring 2023. Major public construction projects recently underway in Douglas County include a \$43.3 million multipurpose arena to serve the needs of the Douglas County School System and a \$30 million project to widen Lee Rd. between I-20 and Hwy. 92. In Haralson County, voters approved the extension of the 1% SPLOST in a March referendum. Also, on March 1, the Haralson County Board of Commissioners denied a permit for a proposed 2,000-acre landfill. David Pearson Communities has filed plans to build 670 homes near Dallas (Paulding County). The Dallas City Council will need to rezone the property before the project can move forward. Also, a Burlington clothing store opened in Hiram in February. A new business establishment opened in Cedartown (Polk County) in early 2022. In addition to serving wine and beer, Cedar Valley Chops has several axe throwing lanes.