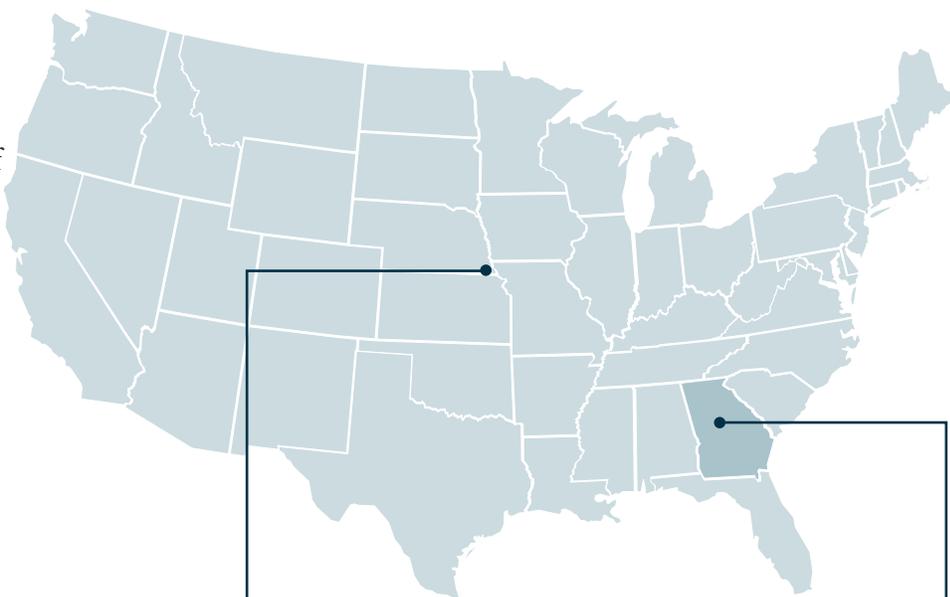


FOURTH QUARTER | 2022

ECONOMIC WATCH

ECONOMIC INDICATORS TO WATCH AS WE ENTER 2023

The Economic Indicators report is a collection of data points illustrating the overall direction of travel of the U.S. economy and also includes a selection of local measures. These indicators suggest the U.S. economy is cooling, with 10 of 16 measures trending negative. Overall inflation may have reached its peak, but confidence in the economy amongst both small business and consumers is waning. Overall employment remains a bright spot, both nationally and locally. Atlanta continues to benefit from strong population in-migration and job growth – year-over-year through October. Atlanta has added more than 150,000 new jobs.



[GEORGIA INDICATORS](#)

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LATEST READING READING DATE / PERIOD PRIOR READING TREND COMMENTARY

MAJOR ECONOMIC DATA

U.S. GDP	2.60%	Q3 2022	-0.60%	Neutral	The economy grew by 2.6% in Q3 after contracting during the first half of the year. The Fed's focus on reducing inflation through interest rate increases will place downward pressure on future growth.
Consumer Price Index	7.70%	Oct-22	8.20%	Negative	Prices rose 0.4% in October and 7.7% Y-O-Y. Persistent pricing increases likely means continued action on interest rates from the Fed to temper inflation.
ISM Manufacturing Index	49.0	Nov-22	50.2	Negative	The ISM index fell into negative territory for the first time since the Spring of 2020, with a reading of 49.0. Overall demand and new orders are easing, with some slippage in pricing relative to October.
Industrial Production	-0.10%	Oct-22	0.10%	Positive	October registered a slight M-T-M decline in total industrial output, but remains elevated relative to its long-run average.
Retail Sales	1.30%	Oct-22	0.00%	Positive	Retail sales rose 1.3% in October, led by motor vehicle sales and furniture stores. Consumer spending remains a bright spot in the economy despite rising prices.
Conference Board Leading Indicators	-0.40%	Oct-22	0.00%	Negative	The Conference Board's Leading Indicators measure turned negative in September, citing high inflation, slowing labor markets, rising interest rates and tighter credit conditions.

FINANCIAL MARKETS

S&P 500	3,998.84	12/5/22	4,766.18	Negative	The S&P 500 has declined more than 16.7% in 2022 as investors anticipate a slower growth environment ahead.
U.S. Treasury Yield Curve (2s/10s)	-0.81%	12/5/22	0.75%	Negative	The U.S. Yield Curve gauges investor expectations of long-term growth, and has inverted before nearly every recession since 1955. The indicator has remained in negative territory since early July of 2022, raising the likelihood of an economic downturn.

EMPLOYMENT

Unemployment Rate	3.70%	Nov-22	3.70%	Positive	The U.S. unemployment rate stayed at 3.7% in November and remains at historic lows.
Initial Jobless Claims	225,000	11/26/22	240,000	Positive	Initial jobless claims remain historically low post-pandemic.
Job Openings & Labor Turnover Survey	10.3 Million	Oct-22	10.7 Million	Positive	Job openings remain plentiful, with 1.9 openings per unemployed person in the U.S. While labor demand remains very strong, the level of job openings is beginning to cool, albeit slowly.
Labor Productivity	0.30%	Q3 2022	-4.10%	Negative	Labor productivity rebounded in Q3 after negative readings during the first half of 2022. Decreases in output may translate to higher prices and impact hiring.

ECONOMIC CONFIDENCE

U. of Michigan Consumer Confidence Survey	56.8	Nov-22	59.9	Negative	While retail spending still remains robust, the University Michigan's consumer sentiment survey reflects eroding confidence, due mainly to higher costs and interest rates.
NFIB Small Business Optimism Index	91.1	Oct-22	92.1	Negative	Small business owners remain pessimistic about future sales growth, citing inflation, supply chain disruptions and labor shortages as obstacles to expansion.

HOUSING MARKET

Single-Family Housing Starts	855,000	Oct-22	911,000	Negative	Higher mortgage rates have contributed to slowing sales, weighing on homebuilder sentiment. New starts declined by 3.2% Y-O-Y.
S&P Case-Shiller U.S. Nat'l Home Price Index	10.7%	Sep-22	12.9%	Negative	Year-over-Year home price gains fell to 10.7% in September (latest reading), from 12.9% in August. This marks the third consecutive month of pricing decline, a sign of slowing demand in the face of higher borrowing costs.

LATEST READING

READING DATE PERIOD

PRIOR READING

TREND

COMMENTARY

GA & ATL INDICATORS

AREA ECONOMIC DATA

GA Gross Domestic Product	-0.7%	Q2 2022	1.7%	Neutral	Georgia's GDP growth slowed slightly in Q2 (latest data available) after a positive 1.7% reading in Q1. Georgia ranks as the 7th fastest growing state economy in the U.S. It also ranks overall as the 8th largest state economy.
GA Personal Income	1.37%	Q2 2022	0.85%	Neutral	The latest personal income increase of 1.4% in Q2 is slightly above the long-run average since Q1 2010.
GA Population Migration	0.80%	Q3 2022	0.80%	Positive	Georgia and Atlanta's regional draw is a major contributor to its continued economic expansion. The state ranks fifth in new resident growth from July 2020 through July 2022.
Atlanta CPI	10.70%	Oct-22	11.70%	Negative	Pricing increases in Atlanta continue to outpace national averages, weighing on overall affordability and area growth.

ATLANTA EMPLOYMENT

Total Population	6,144,050	Q1 2022	6,101,146	Positive	Atlanta's annual population growth reached 43,000 from 2020 to 2021 (latest estimates), contributing to continued economic strength. Atlanta's population has roughly doubled over the last three decades.
Educational Attainment (Bach. Deg. +)	42.20%	Oct-22	39.50%	Positive	More than 42% of people in Atlanta have received a Bachelor's degree or higher. The educated and diverse workforce continues to attract new businesses.
Job Growth Y-O-Y	153,600	Oct-22	163,600	Positive	Year-over-Year Atlanta is on track to add more than 150,000 new jobs, a testament to the area's labor force strength, low business operating costs and potential for continued growth.
Unemployment Rate	2.90%	Oct-22	3.00%	Positive	Unemployment has remained below 5.0% since Q1 of 2021 and benefits from a regular influx of new jobs through corporate relocation and expansion activity.
Wage Growth (Wages and Salaries)	5.20%	Q3 2022	4.40%	Negative	Wage growth in Atlanta has consistently lagged the national average over the last two years. While this hasn't noticeably impacted economic vitality, costs are rising faster than wages.

ATLANTA HOUSING MARKET

Single-Family Permits (YTD)	23,805	Oct-22	21,743	Negative	New permits for single-family homes rose in October, but remain 12% below October 2021 levels.
Multifamily Permits (YTD)	17,018	Oct-22	14,831	Positive	New permitting activity for multifamily units rose by more than 2,000 month-over-month and 12,000 year-over-year, a sign of increased activity in the sector.
Median Home Value	371,200	Q3 2022	379,700	Negative	A decline in sales velocity, due in part to higher borrowing costs, is placing downward pressure on home pricing. Average pricing fell by 2.2%, less than the 3.4% decline nationally.

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