



ECONOMICS

RICHARDS COLLEGE OF BUSINESS

The Economic Outlook

Center for Business and Economic Research

April 2025



- 'Uncertainty' is the word of the day.
- GA remains generally very healthy by historical standards.
- The labor market, job base & consumer spending have been much more resilient than expected...given FED policy, <u>but</u> <u>tariffs are something else</u>.
- The ATL suburban housing market remains a seller's market, with relatively <u>high demand</u>, <u>low inventories</u>, and relatively <u>stable prices</u>, but it's starting to shift.
- Inflation has eased significantly, but...
- Remote work...is it permanent? Impact on ATL office space.
- The economic outlook for 2025 was improving, but uncertainty has grown. I used to say the President doesn't really control the economy...but, 'he who can destroy a thing, controls a thing.'

PANIC

10-Year, 2-Year Spread





Treasury Term Spread: 10 Year Bond Rate - 3 Month Bill Rate

Percentage points (monthy average)



Probability of U.S. Recession, Twelve Months Ahead of Term Spread Readings

Percent (monthy average)



10-Year 3-Month Spread

According to the FED's model, there's about a 30% chance of a recession by next by March 2026,

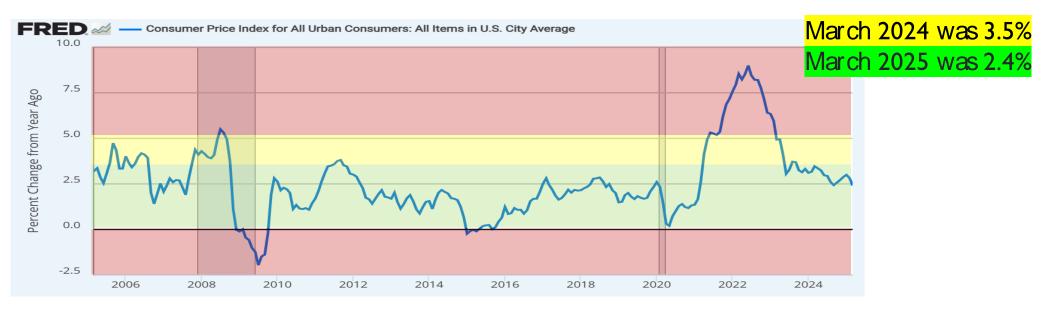
Fallen by 20 points since October 2024...

But up in the last month since tariffs!



Overall Inflation Rate The Fever Broke in Late 2022, Where Are We Now? 2.4%...

Peaked near 9%,



Tariffs - Just Say 'No'



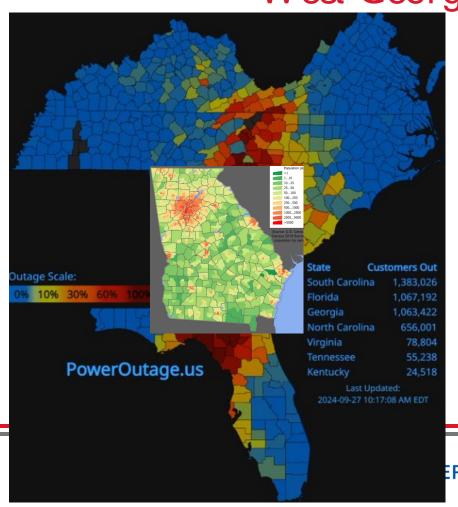
Reactions are already happening:

- Some prices bounced back upward again. Reaction vs Anticipation!...Buy your washer/dryer, Cellphones, TV, and laptops <u>NOW!</u>
- FED signals it may halt or raise rates again. Powell's term ends May 2026.
- Retaliatory tariffs on US products will hurt GA. We are 6th largest at \$53.1B.
 Transportation equip. (auto manuf) leads.
- Casualties in GA will likely include auto & battery manufactures, aviation, farmers, poultry processers.

GA Tax Revenues

- March Tax Revenues Up 7%; Adjusted (for fuel tax suspensions) YTD UP 0.4%.
- YTD Sales/Use tax collections grew 1.3%, activity up in through March.
- Corporate Inc. Tax were down (-8.3%). Corporate refunds were down and estimated payments were up, but actual returns fell by 3 1.2%. <u>Businesses pinched!</u>

Helene 'Mostly' Spares Atlanta & West Georgia, but not the State



GA damage estimates range widely, but Georgia's impact is likely to be around 7 billion total (infrastructure, homes, autos, agriculture, equipment).

\$5.5 billion in agriculture alone. Pecans, Timber, Corn, Cotton, & Livestock.

Highlights a continuing weather vulnerability, but it could have been MUCH worse in more populated areas.

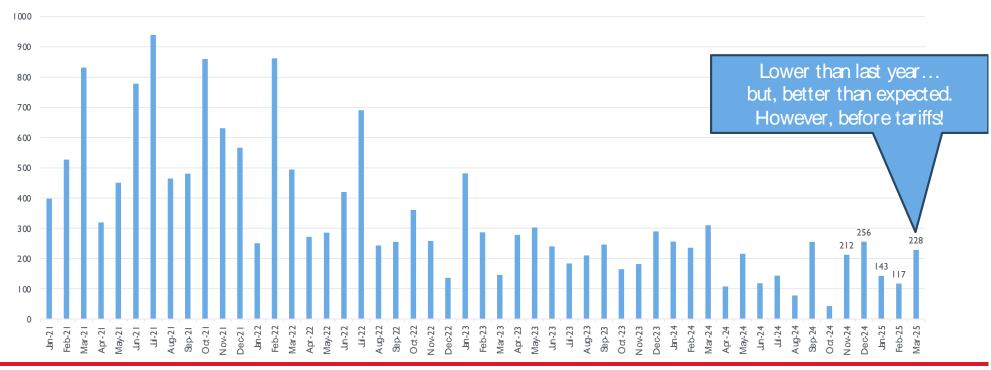
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March Jobs Report, Pretty Good

USJbb Growth

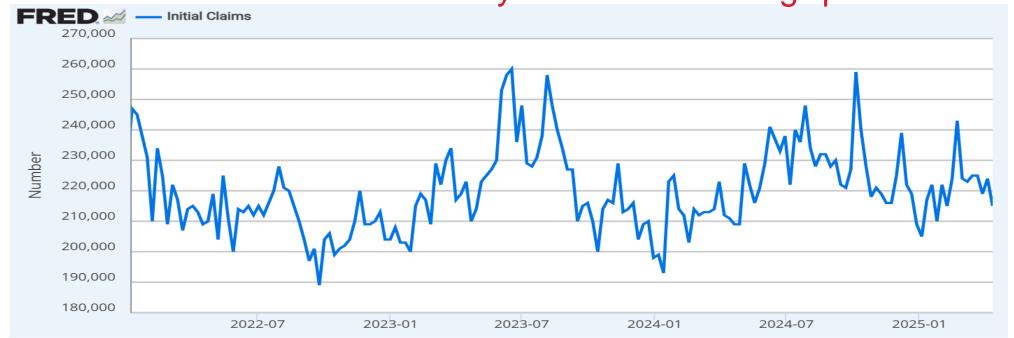




Initial UI Claims US

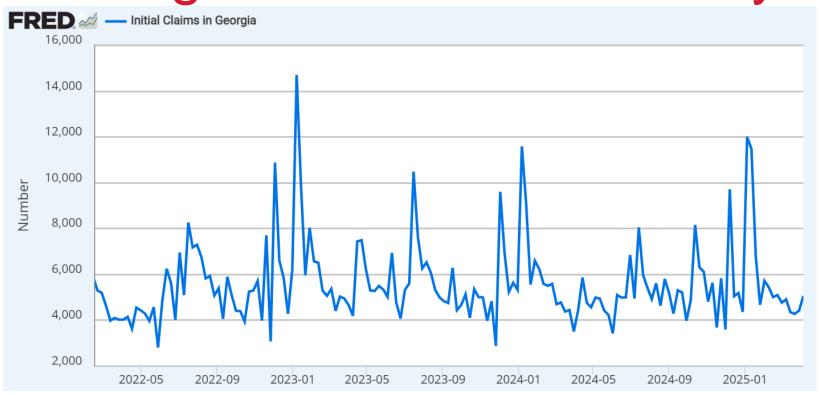
through April 12, 2025

400K is where we worry...not even on the graph





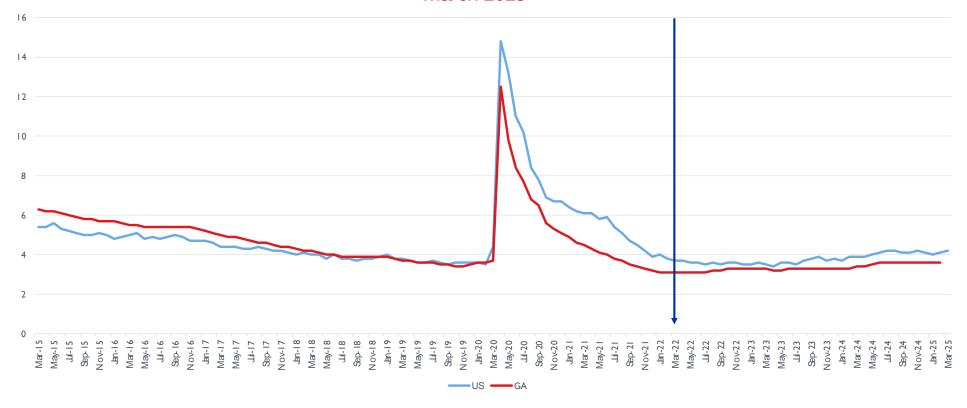
Georgia's UI Claims are Steady





U.S & Georgia Unemployment Rates Remain Very Good

March 2025

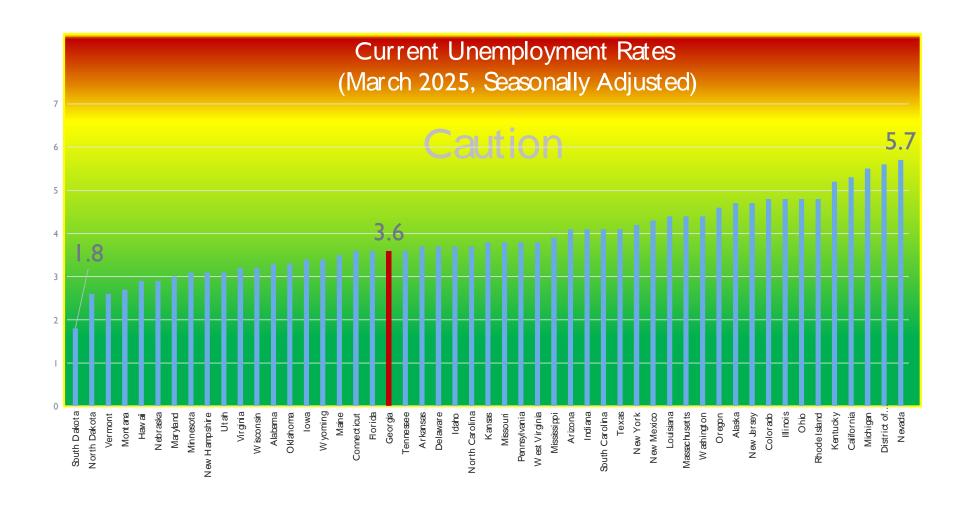


Nationally...March 2025, U.S.: U.S Unemployment Remains Low (4.1%)

Measure	Not seasonally adjusted			Seasonally adjusted					
	Mar. 2024	Feb. 2025	Mar. 2025	Mar. 2024	Nov. 2024	Dec. 2024	Jan. 2025	Feb. 2025	Mar. 2025
	1.5	1.6	1.7	1.3	1.7	1.6	1.5	1.5	1.5
U-2 Job losers and persons who completed temporary jobs, as a percent of the civilian labor force	2.0	2.2	2.1	1.8	2.0	1.9	1.9	1.9	1.9
U-3 Total unemployed, as a percent of the civilian labor force (official unemployment rate)	3.9	4.5	4.2	3.9	<mark>4.2</mark>	<mark>4. I</mark>	4.0	<mark>4. I</mark>	<mark>4.2</mark>
U-4 Total unemployed plus discouraged workers, as a percent of the civilian labor force plus discouraged workers	4.1	4.7	4.5	4.1	4.5	4.4	4.3	4.4	4.4
U-5 Total unemployed, plus discouraged workers, plus all other persons marginally attached to the labor force, as a percent of the civilian labor force plus all persons marginally attached to the labor force	4.7	5.4	5.1	4.8	5.1	5.0	4.9	5.1	5.1
U-6 Total unemployed, plus all persons marginally attached to the labor force, plus total employed part time for economic reasons, as a percent of the civilian labor force plus all persons marginally attached to the labor force	7.4	8.4	7.9	7.3	7.7	7.5	7.5	8.0	7.9

Discouraged workers aren't as large as you might think. +0.2

NOTE: Persons marginally attached to the labor force are those who currently are neither working nor looking for work but indicate that they want and are available for a job and have looked for work sometime in the past 12 months. Discouraged workers, a subset of the marginally attached, have given a job-market related reason for not currently looking for work. Persons employed part time for economic reasons are those who want and are available for full-time work but have had to settle for a part-time schedule. Updated population controls are introduced annually with the release of January data.





Workers Have Quit Quitting

Total Quits Well Below Pre-COVID Levels



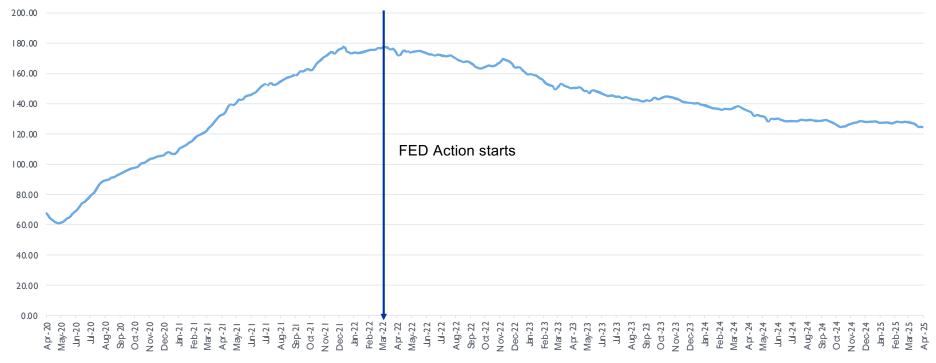




Indeed Job Postings have Stabilized

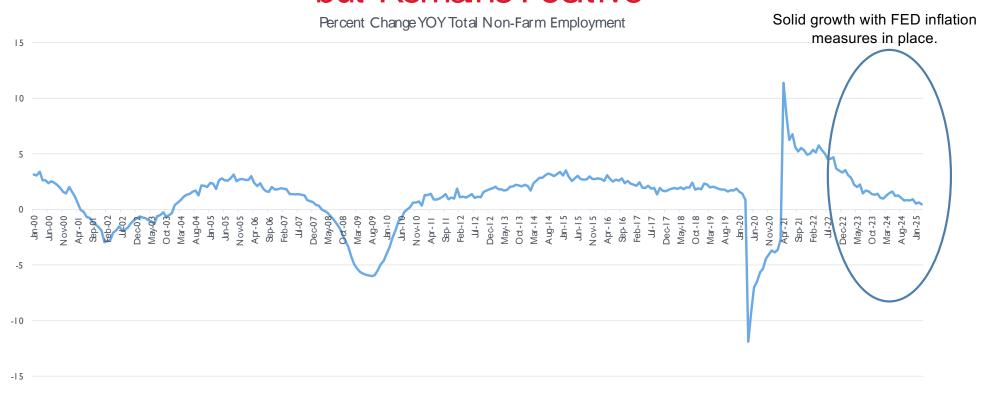
(Georgia)

Indeed Job Postings



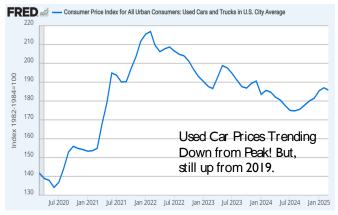


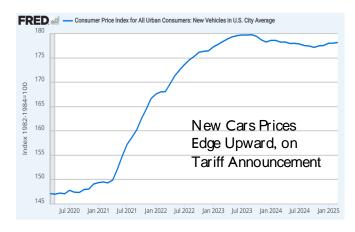
Georgia Job Growth Slows a Bit More, but Remains Positive

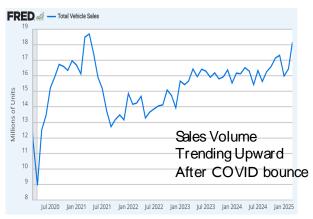




Autos Industry (remember, \$53b) "Dashboard" Some Cautions





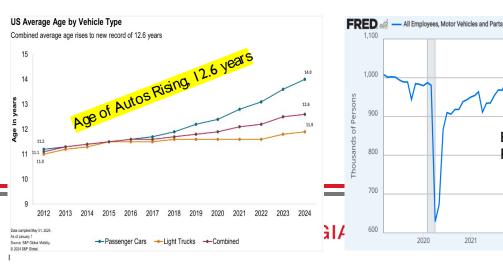


Employment in Car & Parts Mfg. slides.

2024

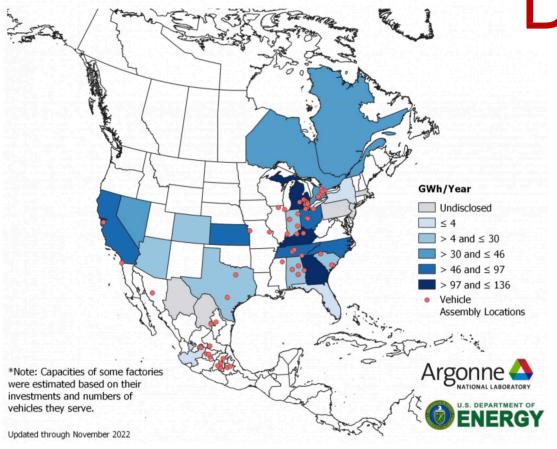
2022





Planned Battery Plant Capacity in North America by 2030

Did you know?

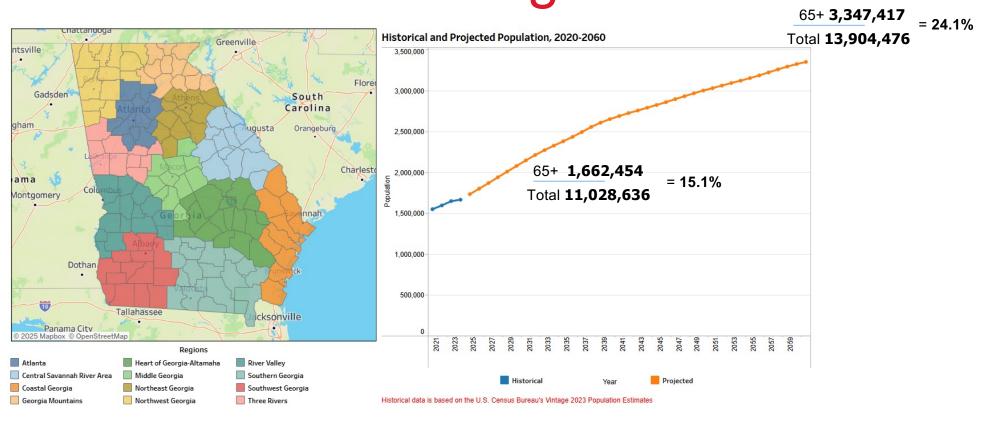




Housing: New Options Mostly for Seniors in Suburbs

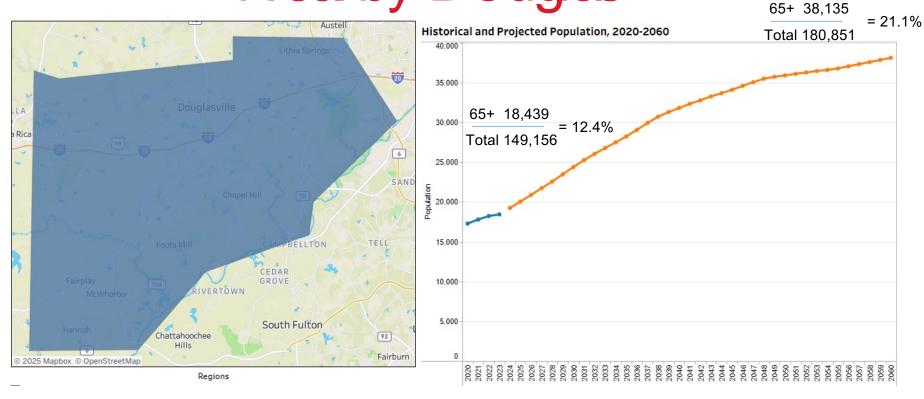


Georgia



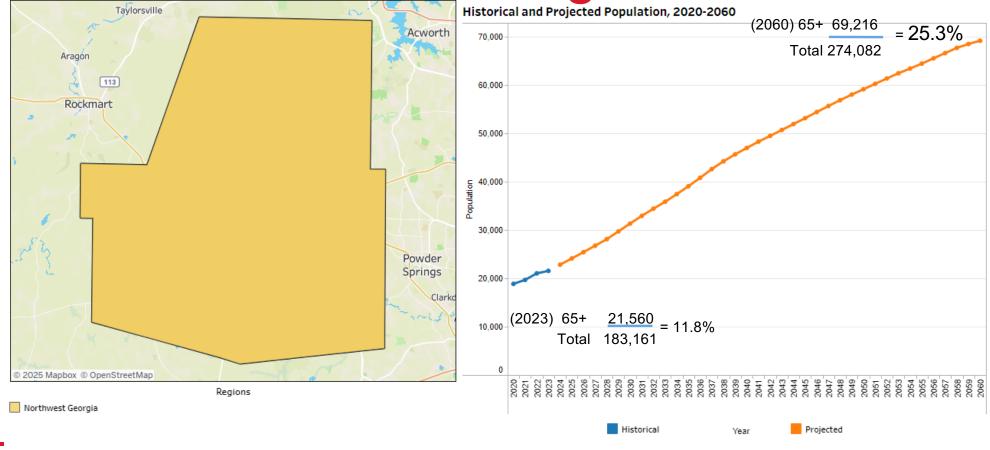


Nearby Douglas





Paulding

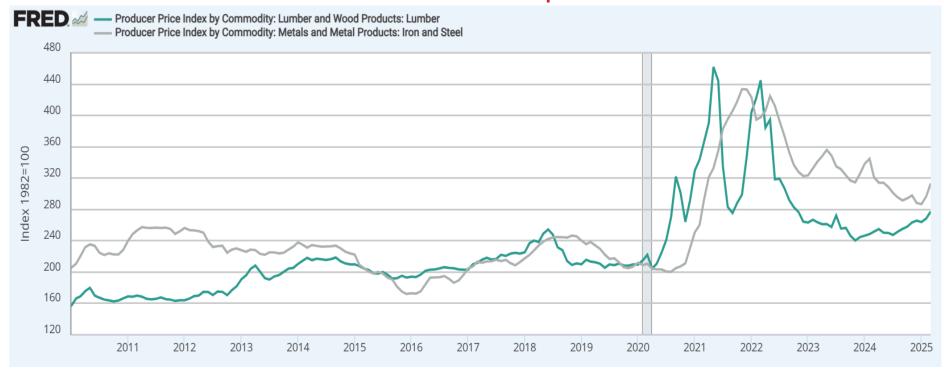


Historical data is based on the U.S. Census Bureau's Vintage 2023 Population Estimates



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Lumber and Steel PPI Up, but Not 'Summer 2021 and 2022 Up,' however...never returned to pre-COVID levels





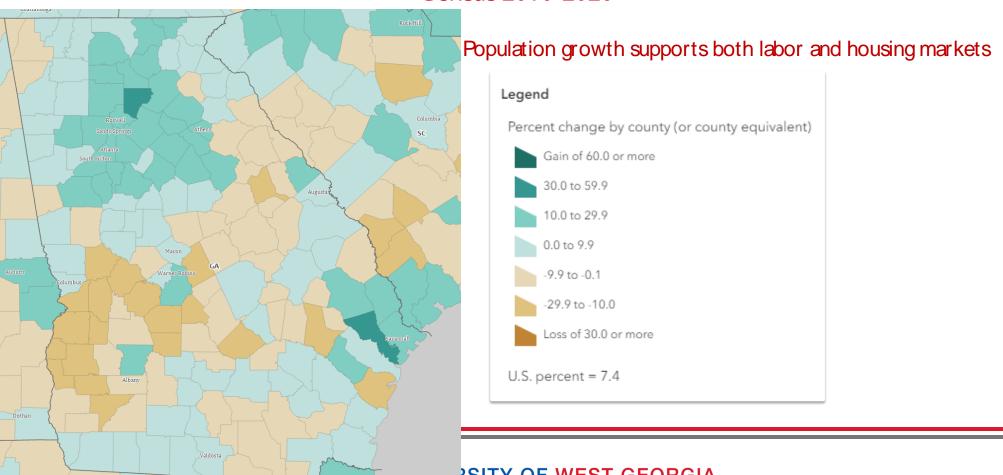
Georgia is 4th

	Top	o 10 States by Numer	ric Growth: 2022 to	2023	
Rank	Geographic Area	April I, 2020 (Estimates Base)	July 1, 2022	July 1, 2023	Numeric Growth
1	Texas	29,145,459	30,029,848	30,503,301	473,453
2	Florida	21,538,216	22,245,521	22,610,726	365,205
3	North Carolina	10,439,459	10,695,965	10,835,491	139,526
4	G eorgia	10,713,771	10,913,150	11,029,227	116,077
5	South Carolina	5,118,422	5,282,955	5,373,555	90,600
6	Tennessee	6,910,786	7,048,976	7,126,489	77,513
7	Arizona	7,157,902	7,365,684	7,431,344	65,660
8	Virginia	8,631,373	8,679,099	8,715,698	36,599
9	Colorado	5,773,707	5,841,039	5,877,610	36,571
10	Utah	3,271,614	3,381,236	3,417,734	36,498



Population Growth Rate

Census 2010-2020



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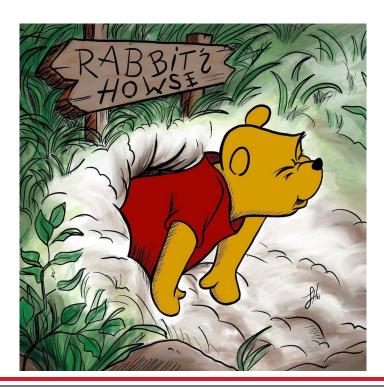
Some Owners Still Stuck, Keeping Inventories Low and Prices High

The jump in home prices, inflation, and interest rates have provided current home-owners a few major benefits:

- A comparatively great interest rate
- An asset that now has a much higher valued
- A repayment in cheaper dollars

However...

- It's no longer easy to trade up, down, or sideways
- More desirable homes are MUCH more expensive
- Interest rates & property taxes reset on sale
- Potential for capital gains taxes for some older sellers



Case-Shiller Home Price Index, Atlanta MSA



30-Year Fixed Rate Mortgage Moderates from 7.10% to 6.83% from April 2024-2025

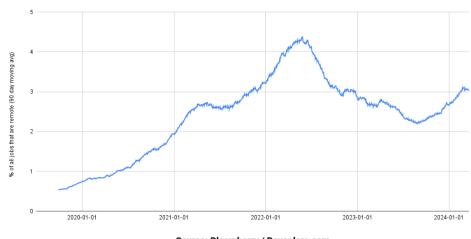


Remote Work Ads Rose in 2024

	23Q3	24Q2	24Q3
Total Inventory (in Millions of SF)	235.8	236.9	237.0
New Supply (in Thousands of SF)	848.5	573.9	117.0
Net Absorption (in Millions of SF)	-1.1	-0.6	-0.5
Overall Vacancy	19.4%	20.4%	20.6%
Under Construction (in Millions of SF)	2.8	2.1	2.1
Overall Asking Lease Rates (FSG)	\$31.45	\$31.68	\$31.48

Percentage of job postings listed as "Remote" over time (globally)

Analysis of job postings from 1800+ startups and 3500+ public companies



Source: Bloomberry / Revealera.com



Office SPace

Small biz owners scale back their office space or go remote altogether. Some move to the suburbs

MAE ANDERSON Associated Press 14 hrs ago 🔍 0

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CNN Center Office Space Now

By Mark Mwachiro on Feb. 5, 2024 - 4:31 Pr Now that the bulk of CNN's Atlantabased employees are working out of its new old home at Ted Turner Techwood Campus, the current owner of the CNN

Upto 1,150,000 square feet of office space is now available to be leased, according to the CP Group's website. The CNN



60 MINUTES OVERTIME)

How empty office buildings are setting cities on a doom loop



By Jon Wertheim, Afiza Chasan, Nathalie Sommer, Kaylee Tully January 14, 2024 / 7:00 PM EST / CBS News





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ATL Availability Rates Indicate Structural Issues 2025 through Q1

	24Q1	24Q4	25Q1
Total Inventory (in Millions of SF)	204.7	206.3	206.3
New Supply (in Thousands of SF)	433.0	882.5	0.0
Net Absorption (in Millions of SF)	-0.5	0.2	-0.3
Overall Vacancy	22.8%	24.1%	24.2%
Under Construction (in Millions of SF)	2.2	0.6	0.6
Overall Asking Lease Rates (FSG)	\$31.69	\$31.49	\$31.68

Commercial office vacancy rates continue to rise.

Urban Core Properties at **30.0%**, up from in 22.3% in 2024Q1 (Downtown, Midtown, Buckhead).

Suburban vacancy rates rose as well from 17.6% to 20.9% over the same period.

What to do with empty space?



Reality Check...Who's Hurting Right Now?

I hose with:
☐ Low/fixed incomes,
☐ limited education,
☐ specific industries experiencing job losses (leisure, ent., arts, restaurants, hotels),
☐ recent grads,
□ renters,
□ rural,
and people facing high levels of debt.
Folks who check more than one box are likely in more trouble.

Challenges

- Inflation risks remain a factor, recession risks are rising again, international "risks-o-plenty."
- Georgia can handle a mild recession, but tariffs like those implemented on April 2 would have a significant impact on Georgia's export industry, and on consumers.
- Home sales are slowing, price growth moderating. However, slow construction & stuck owners are holding inventories down, and prices stable, but hinders first-time buyers and in-migration...and, GA is a popular place to be.
- Changes in office work is a clear risk to the City of Atlanta (and to region)...what to do with vacant office space?!
- Labor force acquisition difficulties ease a bit: Relatively low unemployment rates and high demand for those entering the workforce make it difficult for businesses to hire, but quits have slowed significantly.

What's on people's minds, and ... what ISN'T?

Not much about the economy, but

. . .

Top 10 Trending Searches

pope francis death	2M+ ↑ 1,000%
rockets	500K+ ↑ 300%
heat vs cavaliers	200K+ 1,000%
real madrid - athletic	200K+ ↑ 1,000%
grizzlies vs thunder	200K+ ↑ 1,000%
magic vs celtics	200K+ ↑ 1,000%
does joel die in the last of us	200K+ + 800%
justin thomas	200K+ + 800%
leicester city vs liverpool	200K+ 1,000%
elizabeth hurley	100K+







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