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City Economic Forecast

Atlanta

Economist

Matthew Mowell
Senior Economist
+1 617.206.6116

■ **Although Atlanta's economic growth has surpassed the US average by a wide margin in recent years, the current expansion is moderate relative to the 1990s when the metro benefitted from several large corporate relocations and much stronger population growth. We expect a further moderation, with GDP growth expected to be on a par with the US average during the next five years.**

■ The combination of softer population growth and a more restrictive mortgage climate has weighed on local homebuilding, a key ingredient of local growth. Specifically, housing starts per 100,000 households during 2013-17 were nearly 60% below the average from 1990-2001—nationally the starts fell 35%. Limited inventory growth is partly to blame for the escalation of Atlanta home prices, especially within neighborhoods that are close to major employment centers. Within Fulton County for example, which accounts for 40% of the metro's economic output, home prices increased by about 10% annually during the past five years, according to Zillow.

■ The metro should see some relief in upcoming years as the pace of housing starts is poised to increase by 27%, although availability of construction labor is a problem. Aside from residential investment, the city is well positioned to benefit from the digital economy and media. Atlanta has an above-average concentration of software workers and is home to notable broadcast outlets, such as CNN. More recently, the metro has also become an important center for motion picture production.

US metro scores
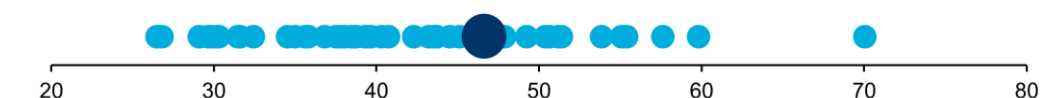
Economics:
2nd quartile

Human capital:
1st quartile

Quality of life:
3rd quartile

Forecast for Atlanta
(Annual percentage changes unless specified)

	2017	2018	2019	2020	2021	2022	2018-22
GDP	3.0	2.5	2.4	1.8	2.0	2.0	2.1
Personal disposable income	3.9	2.9	2.2	2.1	2.0	2.1	2.3
Employment	2.4	1.7	1.3	0.6	0.4	0.5	0.9
Unemployment rate, %	4.5	3.8	3.5	3.6	3.8	4.0	3.8
Population	1.6	1.5	1.5	1.5	1.5	1.5	1.5

Source: BEA, BLS, US Census Bureau, Oxford Economics
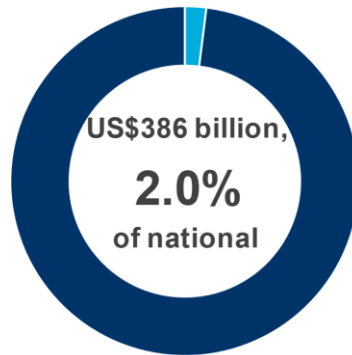
Oxford Economics' US metro index

0=min, 100=max

Source: Oxford Economics

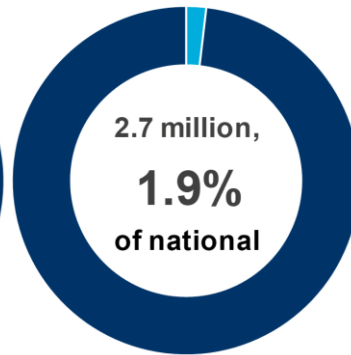**Contact:** Matthew Mowell | matthewmowell@oxfordeconomics.com

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Economic scale & structure

Atlanta is the South's largest economy.

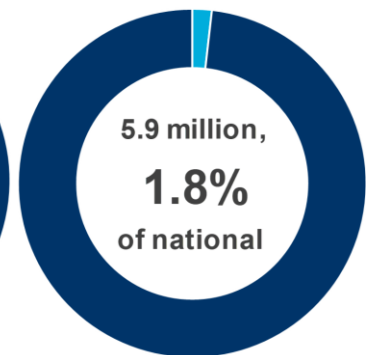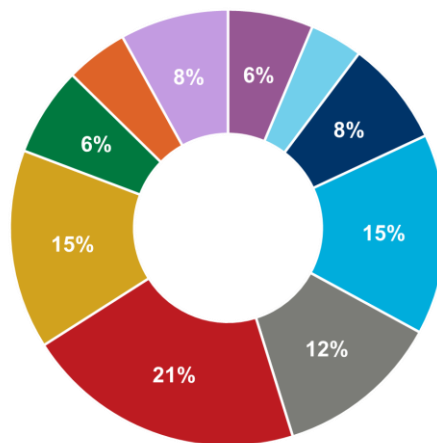| GDP, 2017	Employment, 2017	Population, 2017
US$386 billion, **2.0%** of national	2.7 million, **1.9%** of national	5.9 million, **1.8%** of national

Source: BLS, Oxford Economics

GDP structure, 2017

Share of total, %

Atlanta has a very diverse economy. Historically, population growth and residential investment have been key drivers.

- Agriculture, mining, utilities & transport
- Construction
- Manufacturing
- Wholesale & retail
- Information
- Finance & real estate
- Business services
- Education & health
- Hospitality & other services
- Government

Source: Oxford Economics

Atlanta has a skilled labor force and an above-average share of STEM occupations. Chronic traffic congestion is a long-term concern.
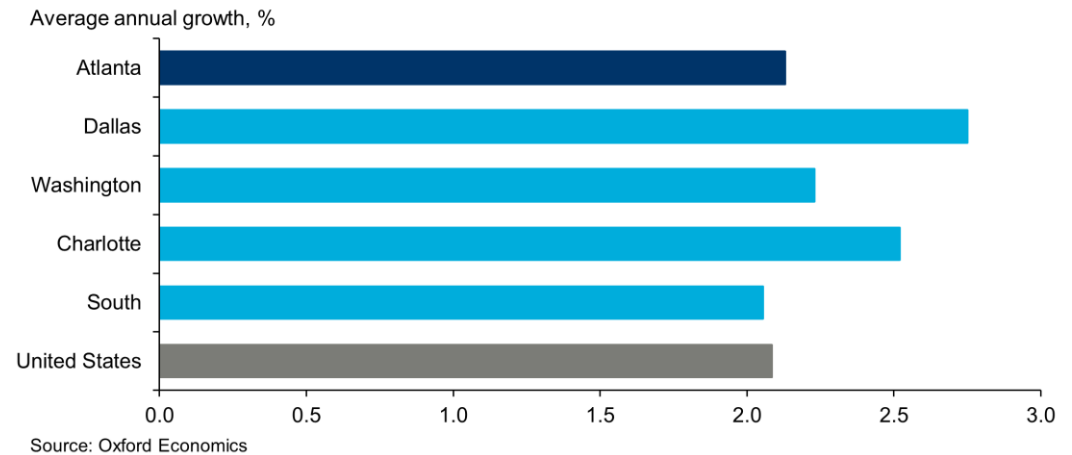
Structural indicators		
	Atlanta	**United States**
GDP per capita, ths US$	65.6	59.9
Population-weighted density, people per square mile	2,173	5,369
Foreign-born population, %	13.7	13.5
Attained Bachelor's degree or higher, % aged 25+	37.7	31.2
Share of total employment in STEM occupations, %	7.4	6.2
Industrial diversity*	6.6	7.3
Crime rates, per 100,000 people	3,402	2,848
Annual delay per auto commuter, hours	52.0	38.7
Median house price / median household income	2.3	2.9

Source: BEA, US Census Bureau, BLS, FBI, Texas A&M Transportation Institute, National Association of Realtors, Oxford Economics

* The US figure is an average of the 51 cities for this variable, where a higher score = more polarization of industry GDP
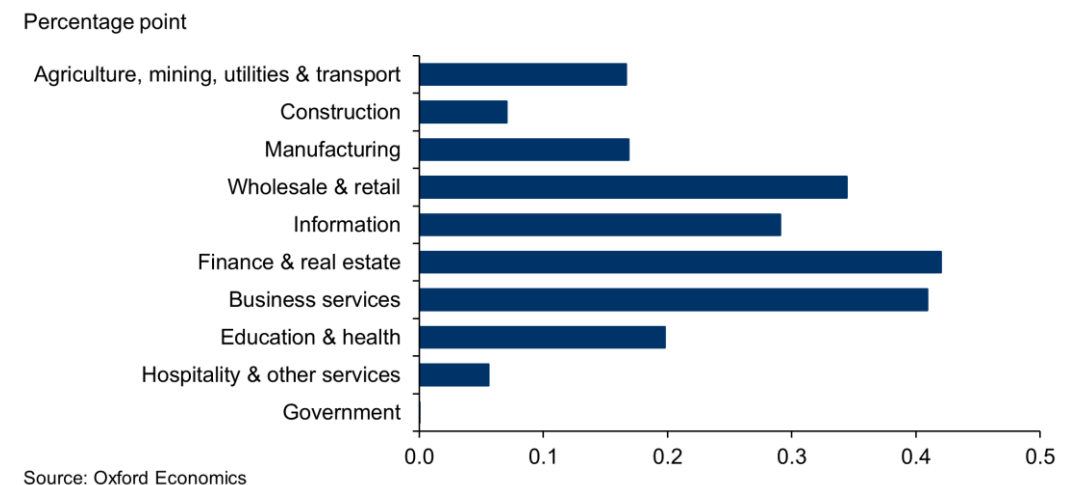
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Economic outlook

GDP growth, 2018-22

Atlanta is not expected to be the growth leader it was in the 1990s.

Average annual growth, %

Atlanta	
Dallas	
Washington	
Charlotte	
South	
United States	

0.0   0.5   1.0   1.5   2.0   2.5   3.0

Source: Oxford Economics

Contribution to GDP growth, 2018-22

The components of future economic growth are quite diverse.

Percentage point

Agriculture, mining, utilities & transport	
Construction	
Manufacturing	
Wholesale & retail	
Information	
Finance & real estate	
Business services	
Education & health	
Hospitality & other services	
Government	

0.0   0.1   0.2   0.3   0.4   0.5
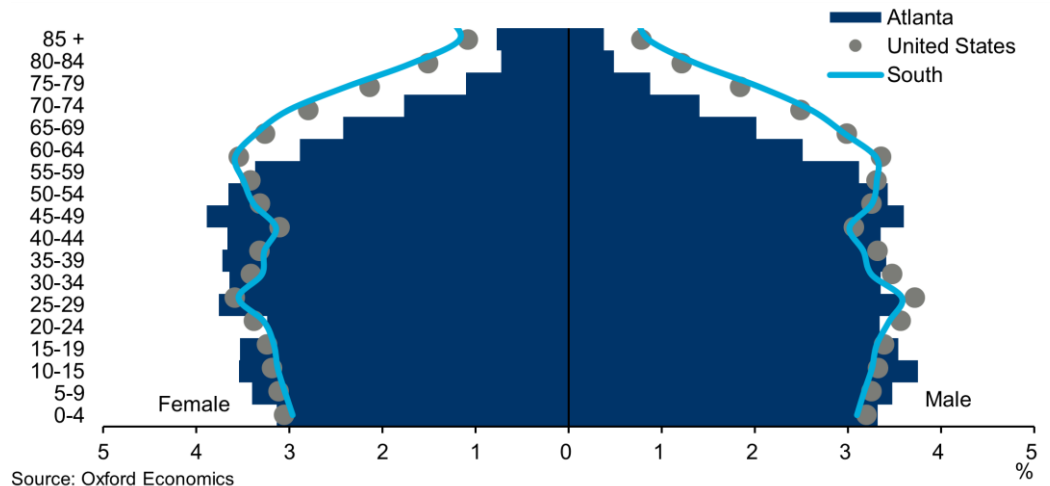
Source: Oxford Economics

Growth comparisons, 2018-22

GDP and employment growth will narrowly exceed the US average. Population growth is anticipated to be twice the US average.

Average annual growth, %

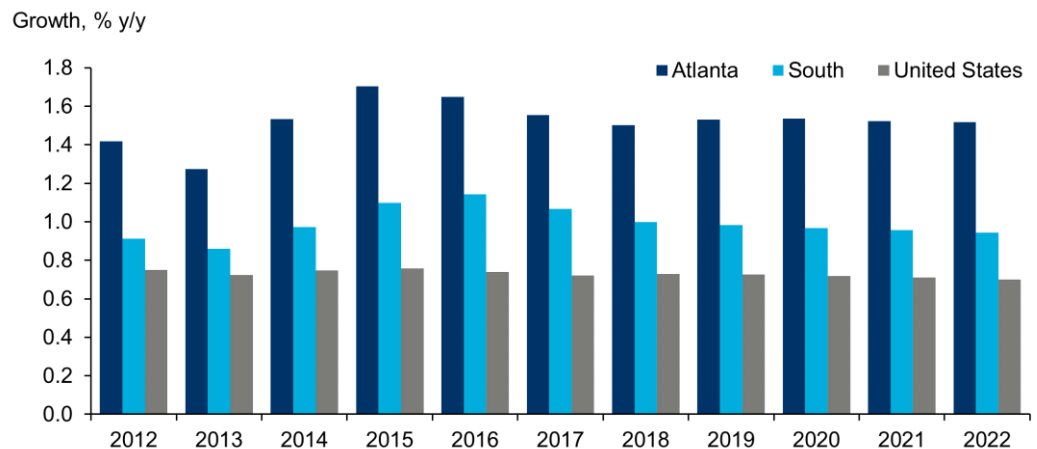|	
GDP	
Employment	
Population	

● Major US metros
● Atlanta

-0.5   0.0   0.5   1.0   1.5   2.0   2.5   3.0   3.5   4.0

Source: Oxford Economics

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Demographics

Population structure, 2017

Many growing families migrate to Atlanta thus its population structure skews younger.

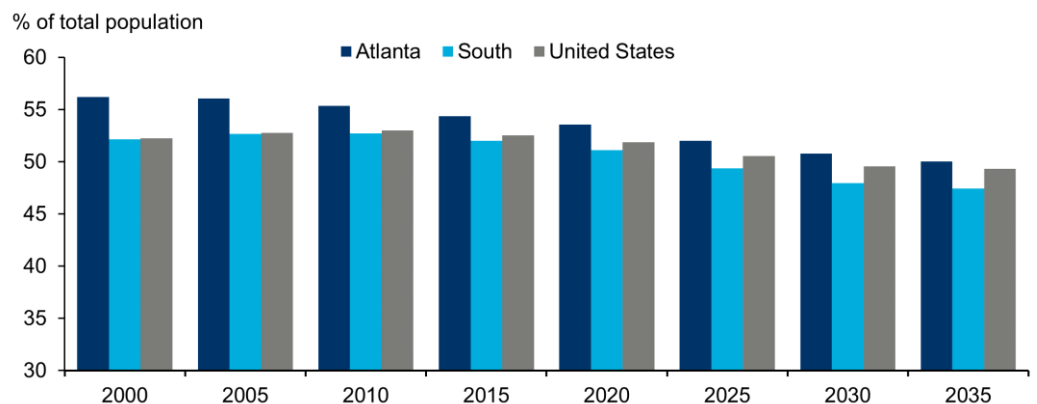Source: Oxford Economics

Population growth, 2012-22

Population growth will exceed the regional and national average by a wide margin.

Source: US Census Bureau, Oxford Economics

Population aged 25-64, 2000-35

A young and growing population will maintain a sizable labor force for the foreseeable future.

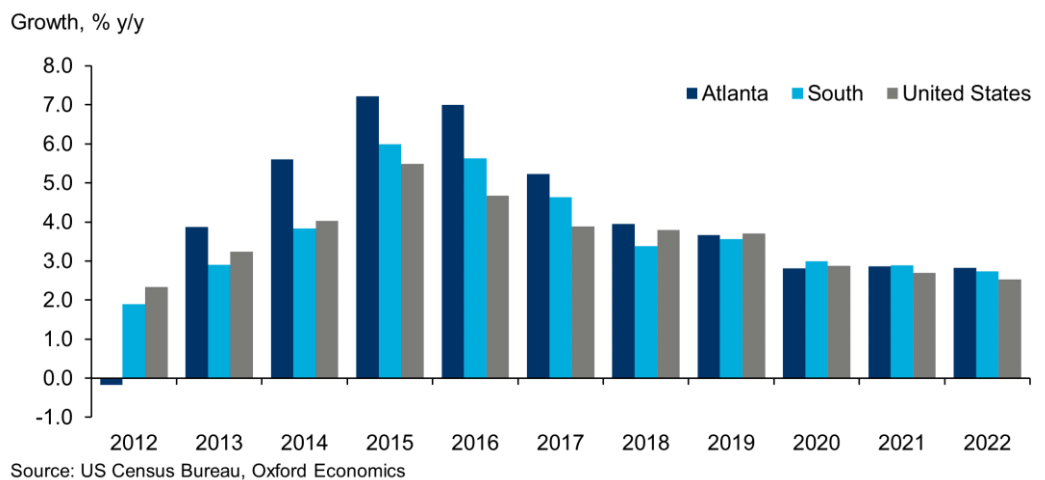Source: US Census Bureau, Oxford Economics

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Consumer

Household income distribution, 2017

Atlanta's household income distribution resembles the broader US.

Share of households, %
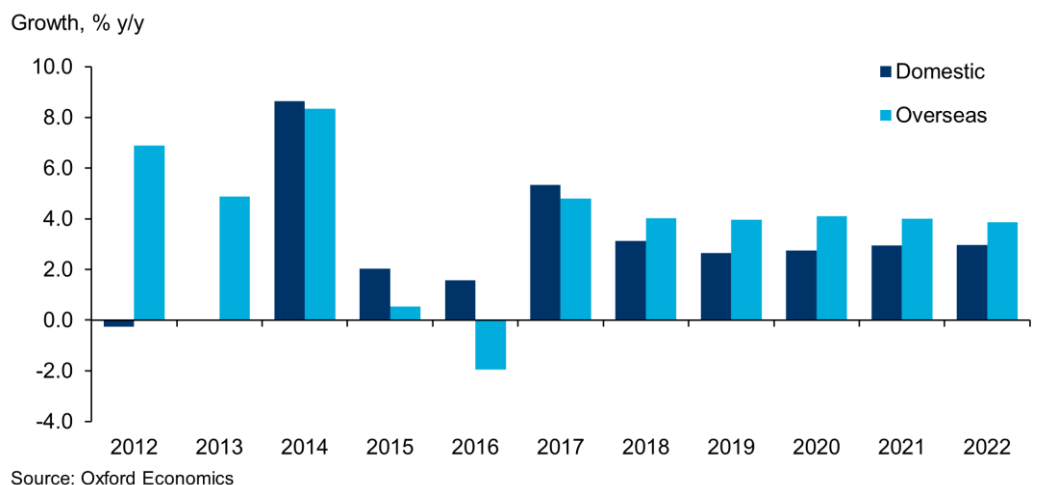

Source: BEA, US Census Bureau, Oxford Economics

Retail sales growth, 2012-22

Population growth and residential investment have driven notable retail sales in recent years. Growth is expected to moderate as the pace of economic growth cools.

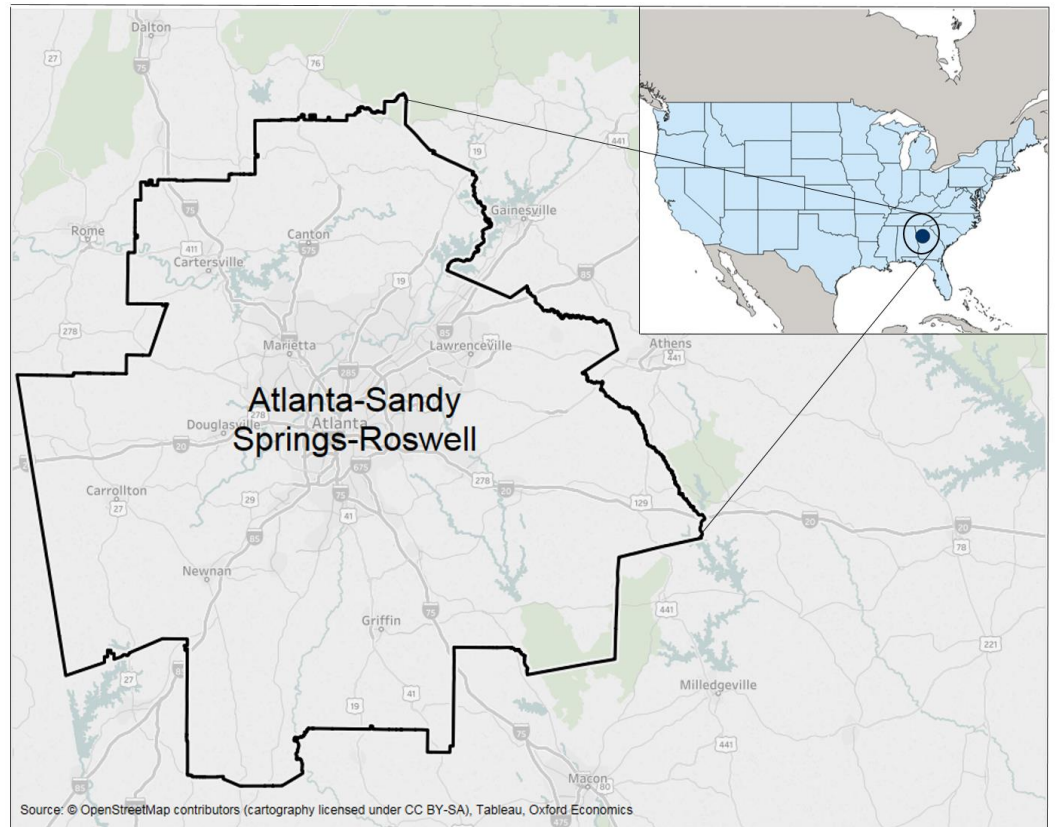Growth, % y/y

Source: US Census Bureau, Oxford Economics

Overnight visits growth, 2012-22

Atlanta's hospitality market is focused on domestic business travelers; however, the international component is growing.

Growth, % y/y

Source: Oxford Economics

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Background information

The data used in this report refers to the Atlanta-Sandy Springs-Roswell metropolitan statistical area as defined by the US Office of Management and Budget. The metro encompasses a vast area that includes 29 counties. The nucleus of the region is Fulton County, as it houses most of the region's employment centers, such as Downtown and Midtown Atlanta and the Perimeter area. The metro is serviced by the Atlanta Hartsfield International Airport, which is one of the world's busiest airports.

Geographical coverage

> Atlanta is a large, sprawling metro that is connected by a network of freeways. Transit has a presence here but its use is sparse.

Source: © OpenStreetMap contributors (cartography licensed under CC BY-SA), Tableau, Oxford Economics

Strengths
- Diverse industry mix
- Some strength in the information-economy
- Strength in manufacturing, including autos
- Major hub airport
- Low cost of living and doing business

Weaknesses
- Congestion
- High crime in some quarters of the metro
- Inadequate public infrastructure

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The modelling and results presented here are based on information provided by third parties, upon which Oxford Economics has relied in producing its report and forecasts in good faith. Any subsequent revision or update of those data will affect the assessments and projections shown.

A glossary of terms can be downloaded from http://www.oxfordeconomics.com/publication/download/263827

Contact: Matthew Mowell | matthewmowell@oxfordeconomics.com