

Swainsboro's Economic Outlook

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In Swainsboro, economic growth will be slow and steady in 2018. Some local businesses may have to reduce their workforce due to shifting consumer preferences, but other industries may be able to pick up the slack for the same reason.

Employment and Wages

Georgia's labor force grew by 3.6% from 2015 to 2016. Bulloch County's labor force grew by just over 3%. Emanuel County's labor force grew by 1.85%. Although the growth rate of Emanuel County's labor force did not match that of the state overall, slow growth is better than negative growth. Between 2014 and 2015, Emanuel County lost 3.24% of its labor force, so this slight positive trend over the past year signals hope for Swainsboro's economy.

Unemployment rates across the country have fallen over the past few years. With the US unemployment rate hovering around 4%, the country is now at or near full employment. Full employment is, of course, a bittersweet milestone for the economy as a whole. Although full employment can cause wages to go up as corporations are forced to compete for the most skilled workers, industries have difficulty filling open positions when less than 5% of the population is looking for a job. Georgia's unemployment rate has tracked that of the US, also falling below 5% according to the most recent monthly estimates. County unemployment rates are not updated quite as frequently, but unemployment in Bulloch County is solidly below 6%. Emanuel County's unemployment rate, on the other hand, averaged 7.8% in 2016.

Although high unemployment generally hurts the local economy, there is a slight upside to having an unemployment rate above 5%. Companies looking to relocate or expand must see potential to hire. Although Swainsboro has a larger proportion of residents who have been unable to find jobs, those who are employed have benefitted from a trend of increasing wages since 2016. On average, employees in both goods-producing and service-providing industries saw wage increases over the past year, but wages in goods-producing industries grew a bit faster. With the average worker taking home more pay, the local economy should be stimulated by higher household spending and a general boost in consumer confidence.

Major Industries

As a recent graduate of UGA's Warnell School of Forestry & Natural Resources, I want to begin my industry discussion with something I love: trees. Nobody grows pine trees like Georgia grows pine trees. Although Forestry employs a small number of people, the economic impact of the industry is huge in this region. Wheeler, Montgomery, and Screven counties are three Georgia counties with a very high concentration of forestry and logging, and they are located right next door to Swainsboro and Statesboro. Georgia's forest industry is second only to Canada, and a recent decision by



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President Trump to impose tariffs on Canadian lumber will make the price of Georgia's lumber more competitive in the US market. In short, keep an eye out on the highway for more log trucks in 2018.

About one-quarter of Emanuel County residents are employed in manufacturing, making it one of Swainsboro's primary industries. The 2018 outlook for manufacturing is solid, but industrial production will increase more slowly than GDP. Both Emanuel and Bulloch county are home to various manufacturing plants which produce wood products, food products, and automotive parts.

Surrounded by productive forestland, Swainsboro is a convenient area for wood products manufacturing. American Door and Drawer produces doors and cabinetry, which will be in greater demand this year as high turnover of existing homes drives home renovation.

The Crider foods plant in Emanuel County produces canned meats, namely chicken. In Statesboro, Braswell's produces jams, jellies, and sauces. The food products industry is highly competitive and changing quickly. Sales of natural and organic foods are outpacing ordinary foods. Although the average consumer is spending more on groceries, processed foods are losing out to fresh produce, meat, and dairy. Due to these factors, there will be lower demand in 2018 for many of the primary food products produced here.

Although new car sales are likely to flatten or decline slightly in 2018, sales of some other products the automotive subsector are on the rise. In Swainsboro, the Kongsberg Automotive plant produces cables for outdoor power equipment such as mowers. In Statesboro, Briggs & Stratton produces ride-on mower engines. The outlook for the outdoor power equipment industry is positive due to an upward trend in outdoor living and DIY lawn maintenance. Statesboro's Great Dane Trailer facility produces 5,000 refrigerated trailers each year. Refrigerated food transport will be essential as consumers increasingly seek out fresh and natural foods over canned, processed, and preserved foods. Consumers are also seeking out convenient at-home food delivery, which could become cheaper and more accessible as Amazon and Walmart plan to expand their grocery delivery efforts.

Speaking of Amazon and Walmart, transportation and warehousing is another key industry for both Swainsboro and Statesboro. Swainsboro is home to a regional UPS distribution center while Statesboro houses a Walmart distribution center. As the primary carrier for Amazon, business at UPS is booming. Amazon's sales will stay strong in 2018, so the UPS distribution center is likely to expand its workforce. As a key geographical location between Savannah's ports and the Atlanta area, the Swainsboro UPS center may be expanded if Atlanta is chosen for Amazon's second headquarters. Walmart is ramping up its online sales to compete with Amazon, so the distribution center in Statesboro is also likely to increase its hiring efforts this year.

Just under 20% of Emanuel County residents are employed in educational services. Employment growth in education is directly linked to how fast the population is growing. Despite being home to East Georgia State College, I do not expect many education job openings in Swainsboro due to its slow population growth. There is some room for growth in supplemental education services such as tutoring, but only if residents are willing to pay extra for these services. Statesboro, on the other hand, is home to Georgia Southern University, Ogeechee Technical College, and UGA's Statesboro campus. Statesboro has greater potential for expansion in the educational services industry. Georgia Southern alone employs over 5,800 residents. Statesboro is also experiencing a higher rate of population growth, creating more demand for public school teachers.

About one in eight Emanuel County residents work in the Health Care and Social Assistance industry. In Statesboro, the East Georgia Regional Medical Center currently employs 750 staff. Overall, demand for healthcare will increase as the population ages. The number of Medicare beneficiaries will go up as a greater proportion of the US population ages into their benefits. However, due to recent changes in legislation, there is much uncertainty surrounding the economics of the U.S. healthcare industry. Once the individual health insurance mandate is eliminated in 2019, a higher proportion of people will choose to be uninsured. Since younger, healthier people are more likely to forego purchasing health insurance, the pool of insured will become smaller, older, and sicker, driving up premiums across the board. Medicaid enrollment is expected to decrease slightly as less low-income citizens will become aware of their eligibility via health-care.gov. How these changes will affect the healthcare industry in rural communities is yet to be seen, but there is bound to be a significant shift in the industry starting in 2019.



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Housing Prices

Unfortunately, neither Emanuel County or Bulloch County have fully recovered from the crash of the housing market. Emanuel County's house prices peaked in 2007, while Bulloch County's house prices peaked in 2008. From the 2007 peak value to the 2013 trough value, house prices in Emanuel County fell by 21%. Prices in Bulloch County fell by 18% from peak to trough. Today, house prices in Emanuel County are 11% below their peak value. House prices in Bulloch County are 12% below peak. House prices should continue to recover, but that will happen very slowly in rural areas like Swainsboro and Statesboro.

Conclusion

Overall, I predict that Swainsboro's economy will improve slightly in 2018, but do not expect this year to be a wind-fall. Unemployment will likely stay above 6%. Most manufacturing industries will stay strong, but there may be some losses in Food Products manufacturing due to shifting consumer preferences. Transportation and warehousing have the potential to absorb some of those displaced workers as online shopping gains strength. There is some potential for employment growth in education, but more so in Statesboro than in Swainsboro. Healthcare remains a wildcard as many federal policy changes do not take effect until 2019. Housing prices should continue to recover but rural Georgia still has a long way to go before returning to peak values. ❖

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