

UGA Economist says Columbus to Add 1,400 Jobs This Year, Housing Market Stable but in a 'Through'

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The Columbus economy should generate about 1,400 jobs in the coming year, although any gains are hedged by potential cuts in defense spending that could impact Fort Benning.

That was the overall assessment by University of Georgia economist Jeff Humphreys at Wednesday's Economic Outlook 2012 luncheon attended by about 250 community and business leaders at the Columbus Convention & Trade Center. The event was presented by UGA's Terry College of Business.

"The bottom line for Columbus in 2012: The immediate prospects are still good. But I do have more concerns for Columbus this year than I did at this time last year," said Humphreys, also director of UGA's Selig Center for Economic Growth.

"That's partly because the big push to the economy coming from Fort Benning is really over," he said. "Plus, I do worry about the bursting of the federal spending bubble and how much that's going to affect defense spending. I'm also concerned about some of the downstream impacts of some big layoffs" nationally.

The economist noted the "optimism" he had for Columbus and the surrounding area a year ago, with Fort Benning still wrapping up its expansion, Kia Motors adding an Optima sedan line and more workers, and ATM manufacturer NCR ramping up production.

Humphreys said Columbus ended up gaining about 1,200 jobs in 2011 on top of the 1,000 it generated in 2010.

"That may not sound like a lot of new jobs," Humphreys said. "But the state actually lost jobs during those periods of time. You dodged the worst of the Great Recession. You lost about 6,000 jobs, but that's only a 5 percent drop. Statewide it was about 9 percent."

Columbus should continue to see collateral job creation from Fort Benning's population growth over the next five years, the economist said, with businesses

such as restaurants and service companies starting up and expanding to meet the demand of the extra 20,000 or so residents from the post's expansion. He pegged the extra job creation at about 5,000 positions.

"On the minus side, we all know that massive cuts to the federal budget are coming," he said. "We don't know the exact timing of those cuts. We don't know the exact shape of the cuts. But they're not going to spare the defense budget. So that's a negative going forward for Fort Benning."

Looking at the housing market, Humphreys said Columbus, again, fared much better than the state or the nation. Home prices never got too hot before taking a plunge, he said, while homebuilding sank 50 percent, but not as sharply as the 90 percent drop across Georgia.

Existing home prices for the Columbus market overall are down 13 percent from their pre-recession peak, while statewide they are off 26 percent. Humphreys said a housing market "trough" will linger.

"You'll probably recoup home prices here in about four years, assuming we dodge another recession," he said. "That's not bad because I think for most of the nation it's going to take at least a decade to recover from the price declines that we experienced."

Terry College Dean Robert Sumichrast, who led off the economic luncheon with his thoughts on Georgia and the United States, said he anticipates slow growth on both fronts in 2012, with a possibility of a mild recession.

"The U.S. economy has continued to grow in the face of high oil prices, major supply chain interruptions and the downgrade of our sovereign debt," he said. "Given our political climate, there's considerable risk that fiscal policy will be tightened too quickly, leading us into recession."

He gauged the probability of a recession this year in Georgia at 40 percent, slightly higher than the nation as a whole. Aside from policy missteps in Washington, the European financial woes are a concern, he said.

Unemployment picture

Sumichrast said Georgia's unemployment picture has suffered from cuts in the high-tech and financial sectors, as well as in construction and manufacturing. Still, he sees the state actually gaining a net of 18,000 jobs this year, its first increase since 2007. He estimated it will take Georgia until 2020 to replace the 360,000 jobs lost during the downturn. That compares to 2016 for the nation.

“Georgia’s employment will grow at half the rate of the U.S. overall and we will continue to lag until 2013, when construction and the financial sector begin to recover,” Sumichrast said. “Government employment will decline for the remainder of the decade, and will be the strongest remaining headwind for Georgia’s labor market.”