

Status and Outlook for the Nashville Area
Annual Economic Outlook Conference
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David A Penn, Director and Associate Professor
Business and Economic Research Center
Jones College of Business
Middle Tennessee State University

David.Penn@mtsu.edu

www.mtsu.edu/BERC



Overview

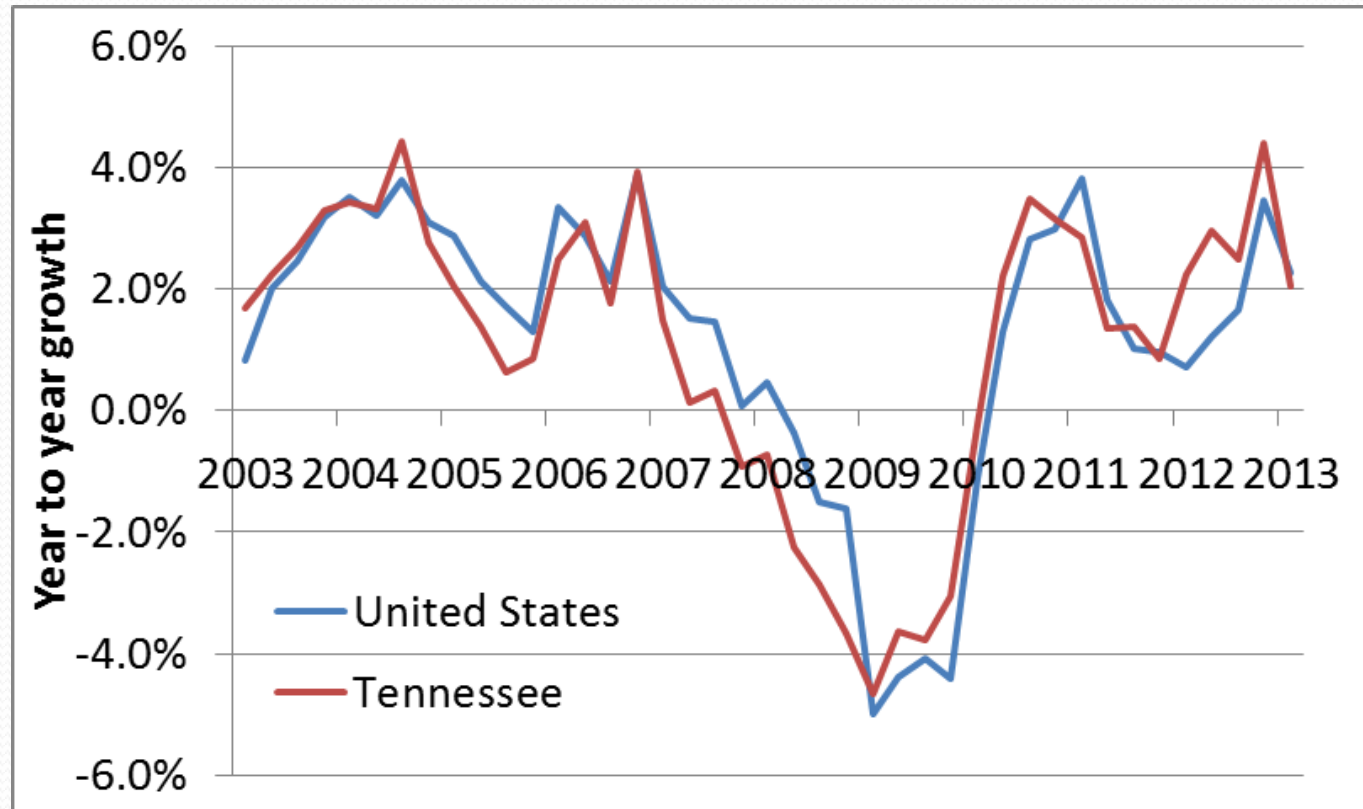
- Nashville area performing very well
- Tennessee slowing a bit
- Trading partners weakening
- Policy may tighten too quickly

Tennessee at a Glance

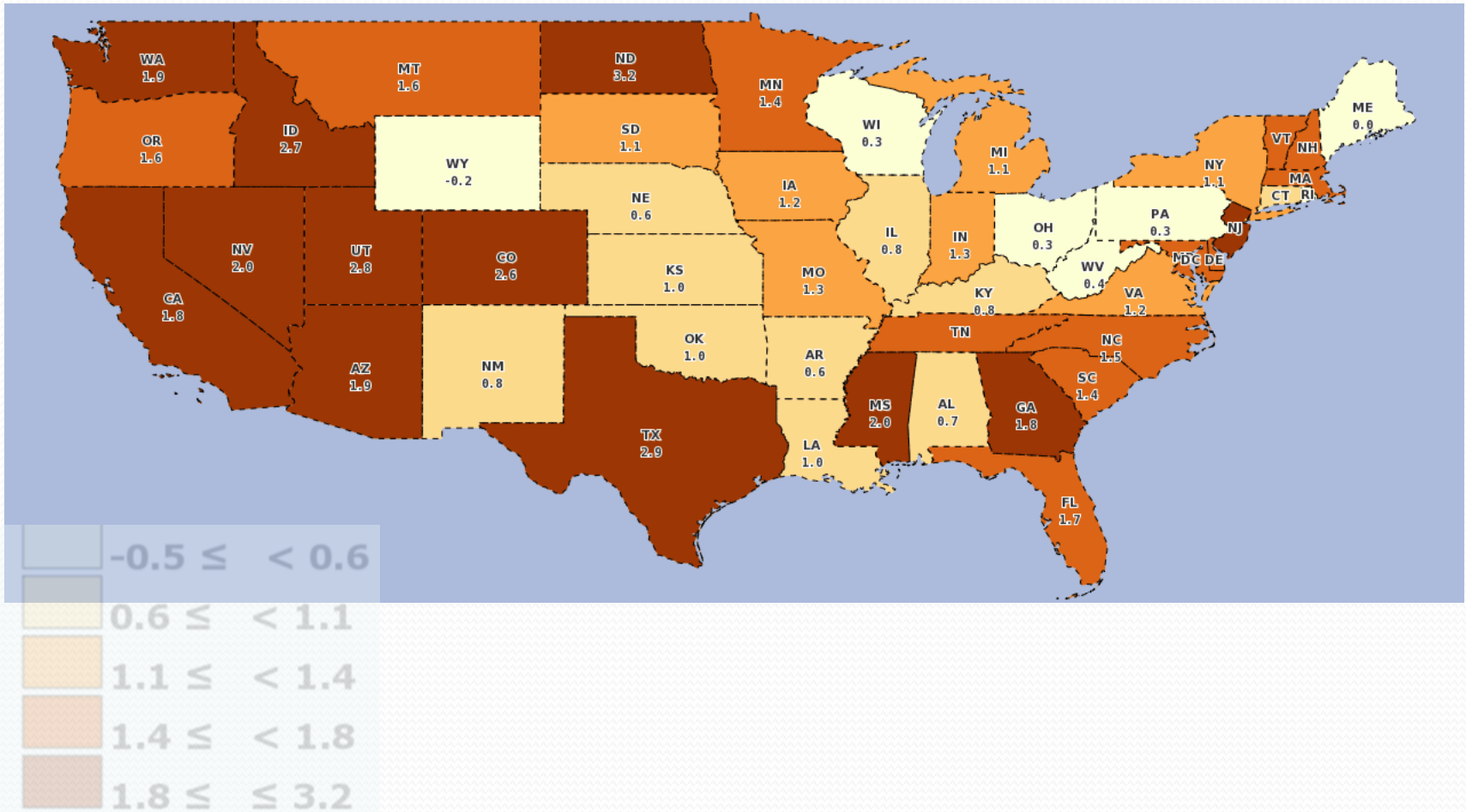
Indicator	Year Ago	2 nd Quarter	Year to Year % Change
Nonfarm Employment (thousand)	2,713,033	2,757,833	1.7
Labor Force (thousand)	3,111,554	3,128,041	0.5
Unemployed (thousand)	253,016	258,129	2.0
Unemployment Rate (percent)	8.1	8.3	0.2
State Sales Tax Collections (million \$)	583,327	591,610	1.4
Single Family Unit Housing Permits	1,043	1,364	30.7
Total Housing Permits	1,511	1,994	32.0

Real earned income

- Growth rate accelerating since early 2012

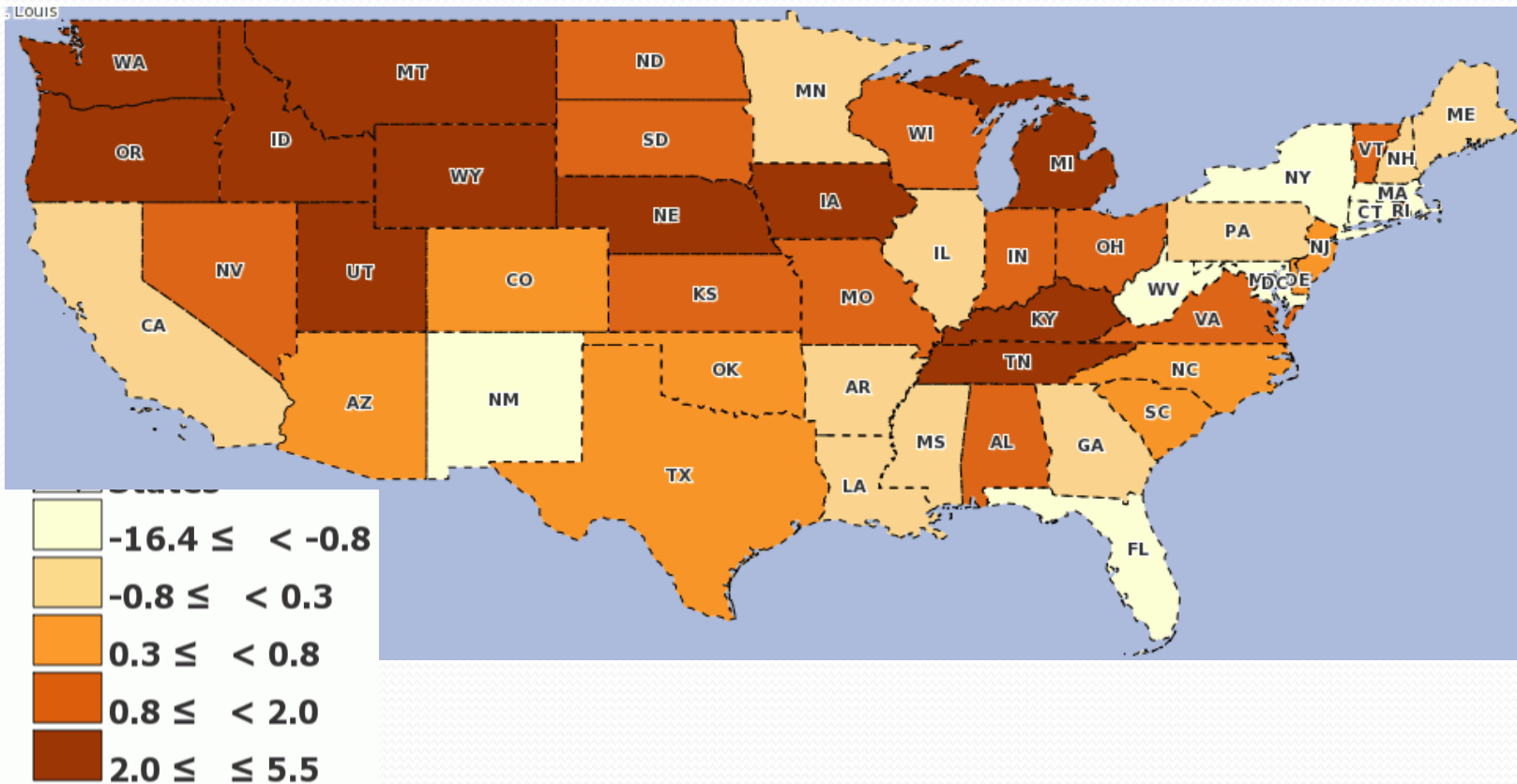


Payroll employment growth (YTY 2nd QTR)



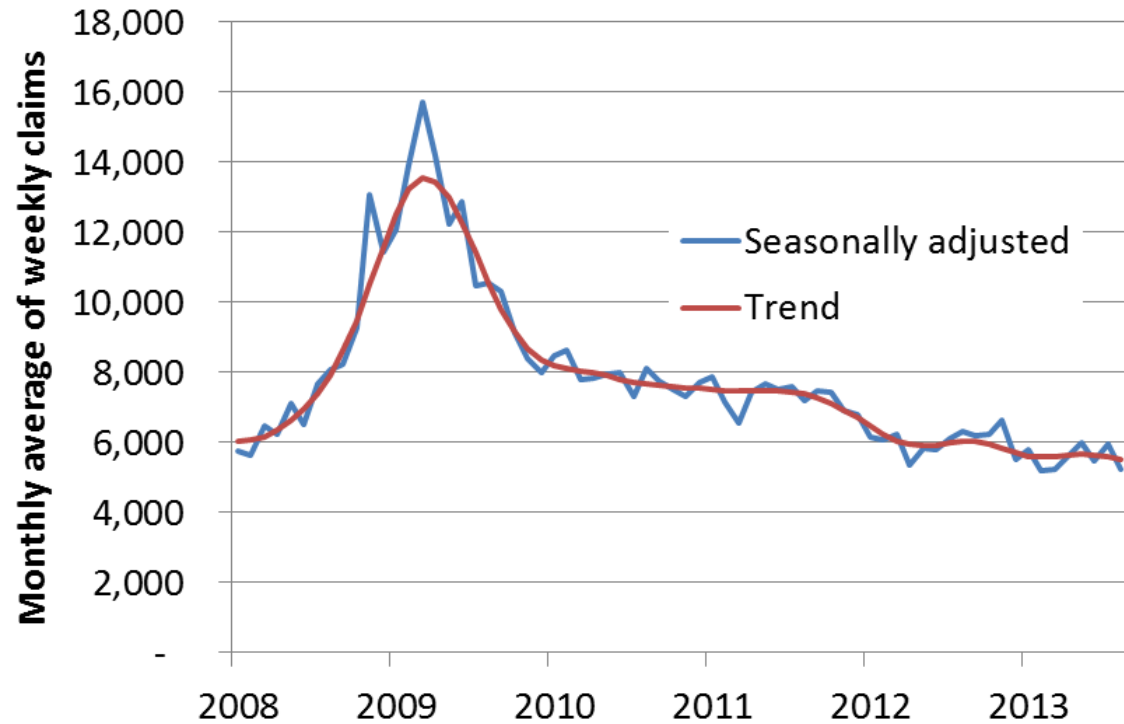
Manufacturing job growth 2nd QTR 2012-2013

Tennessee added 5,800 manufacturing jobs over the year

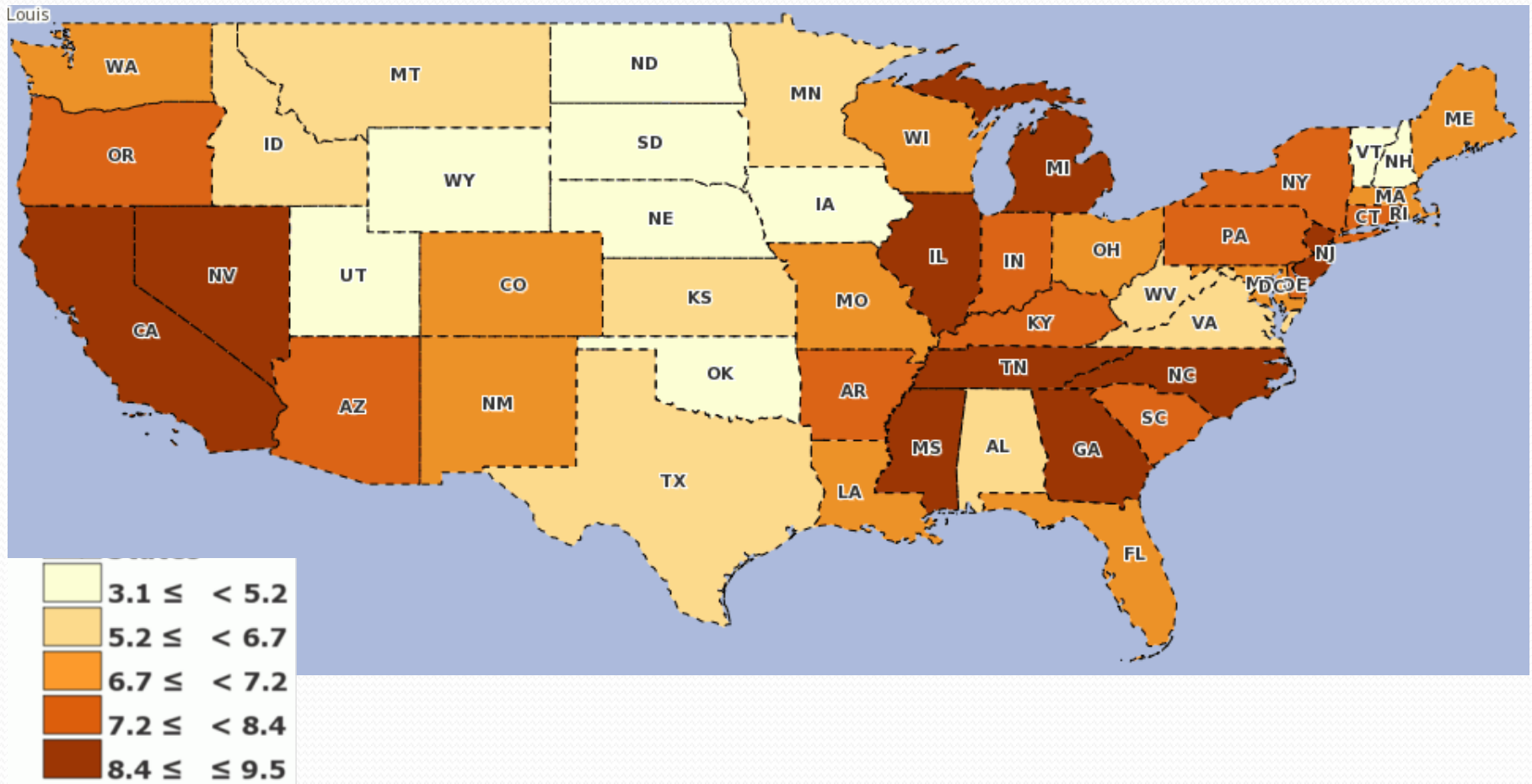


Initial claims for unemployment insurance

- Slowly falling
- Lowest level since 2007

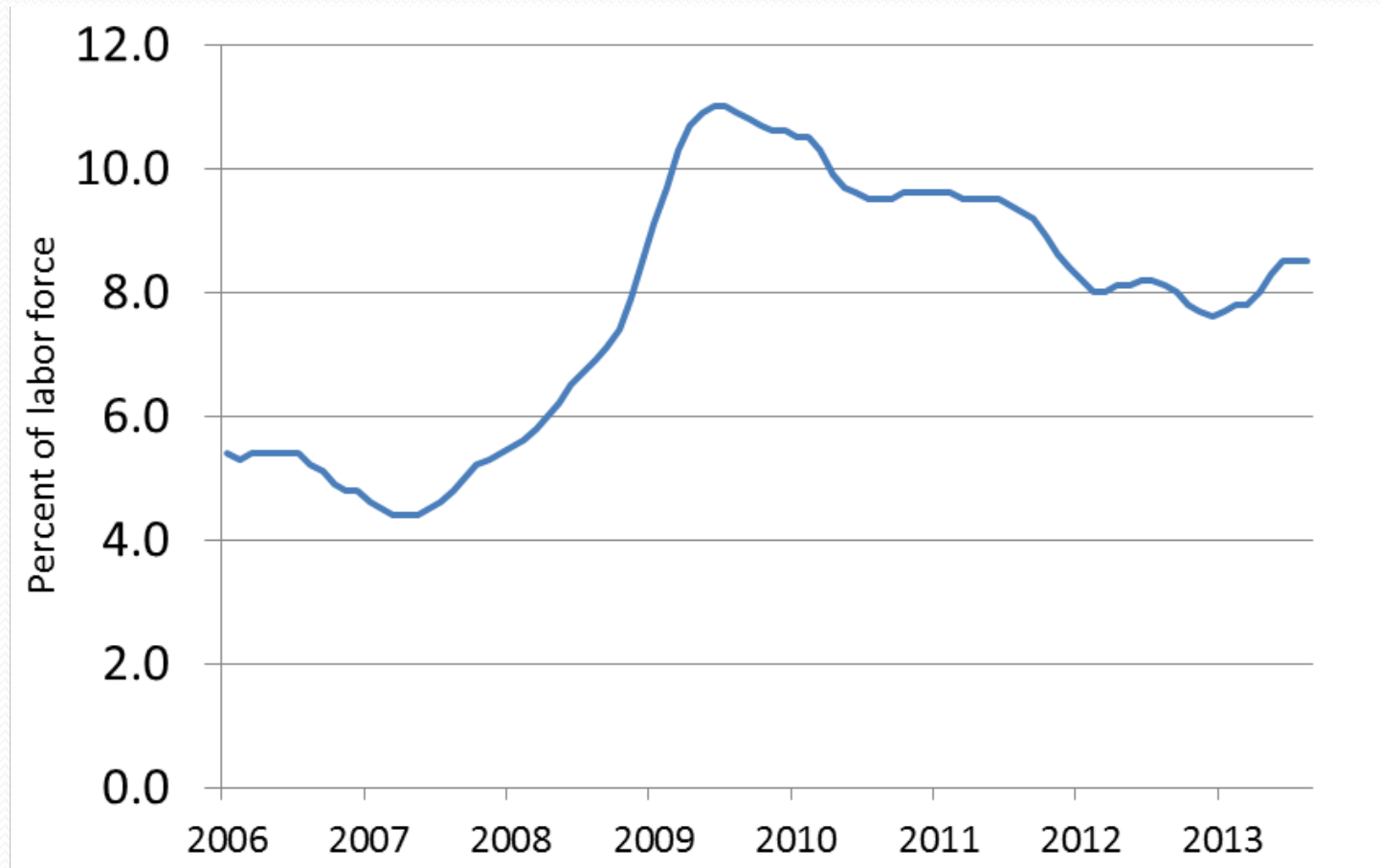


Unemployment rate 2nd quarter

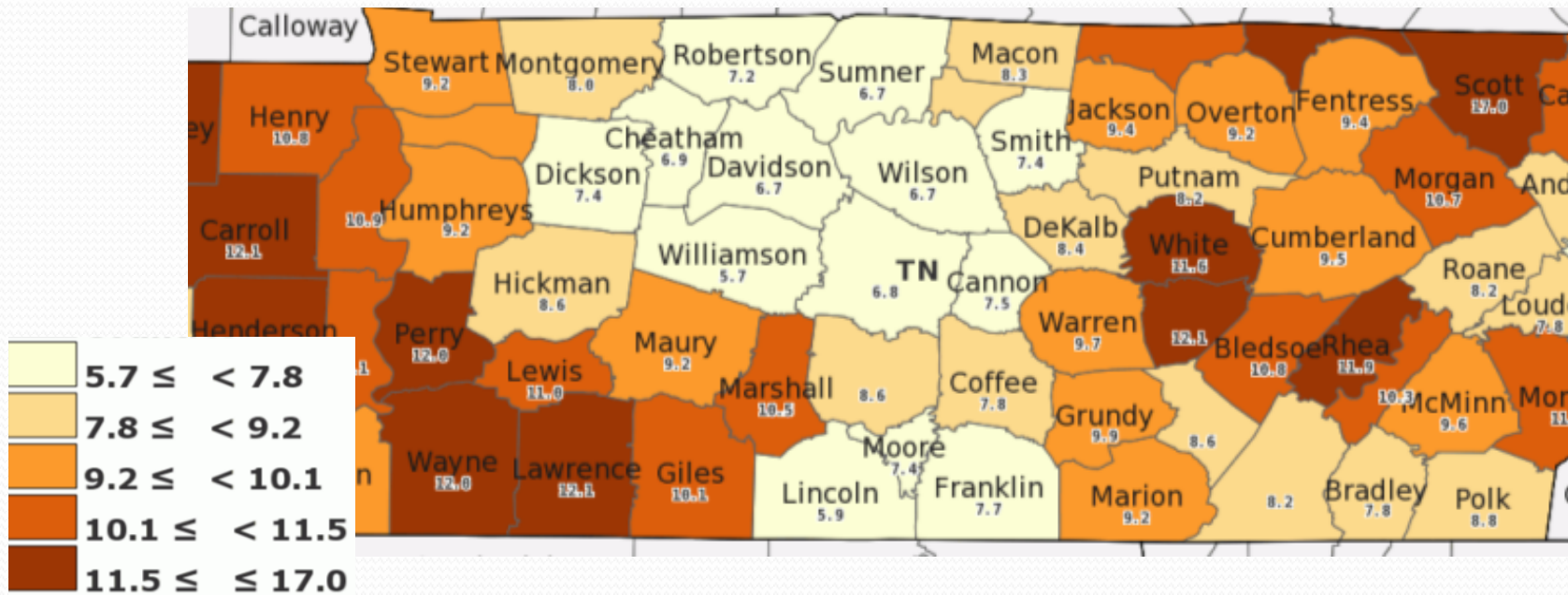


Tennessee unemployment rate

- Higher in 2013

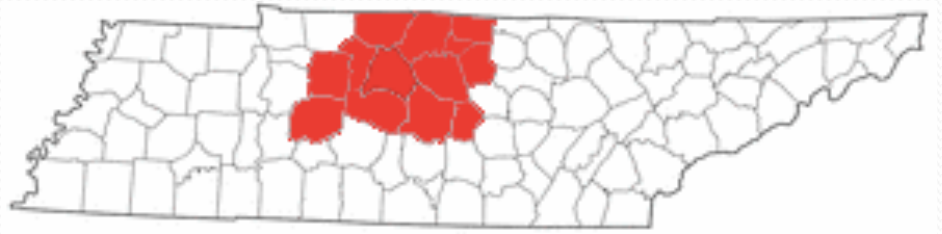


Middle Tennessee unemployment rates 2nd Quarter 2013



Most of the counties with the lowest unemployment rates are in Middle Tennessee

Nashville MSA



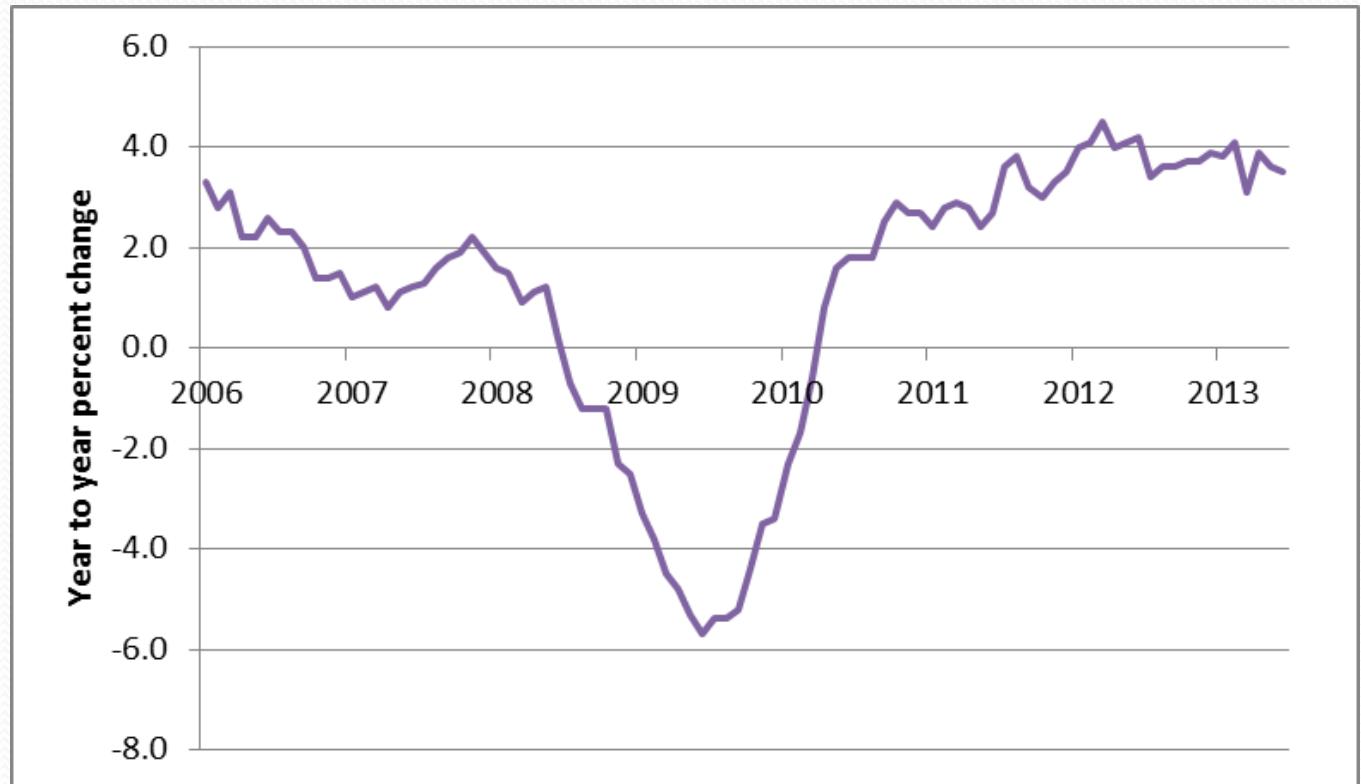
- Job creation booming
- Unemployment rate slow to improve
- Housing construction improving significantly
- Home price growth positive
- Consumer spending growing
- Most sectors adding jobs

Nashville MSA at a Glance (2nd Quarter)

Indicator	Year Ago	2 nd Quarter	Year to Year % Change
Nonfarm Employment (thousand)	783,900	813,767	3.8
Labor Force (thousand)	847,995	863,237	1.8
Unemployed (thousand)	56,957	57,601	1.1
Unemployment Rate (percent)	6.7	6.7	0.0
State Sales Tax Collections (million \$)	451,434	466,095	3.2
Single Family Unit Housing Permits	1,229	1,787	45.4
Total Housing Permits	1,796	2,874	60.0

Nonfarm employment Nashville MSA

- Growth rate very strong
- Leveling out lately



Nashville Area Private Sector Job Growth 2012-2013 1st Quarter

<u>Area</u>	<u>Growth Rate</u>
Robertson County	12.3%
Maury County	11.5%
Dickson County	9.3%
Rutherford County	7.7%
Bedford County	5.9%
Williamson County	5.2%
Macon County	4.6%
Warren County	4.4%
Davidson County	3.5%
Sumner County	3.5%
Coffee County	3.0%
<u>Tennessee</u>	<u>2.2%</u>

Data: QCEW series, BLS

Fastest job growth in the U.S.

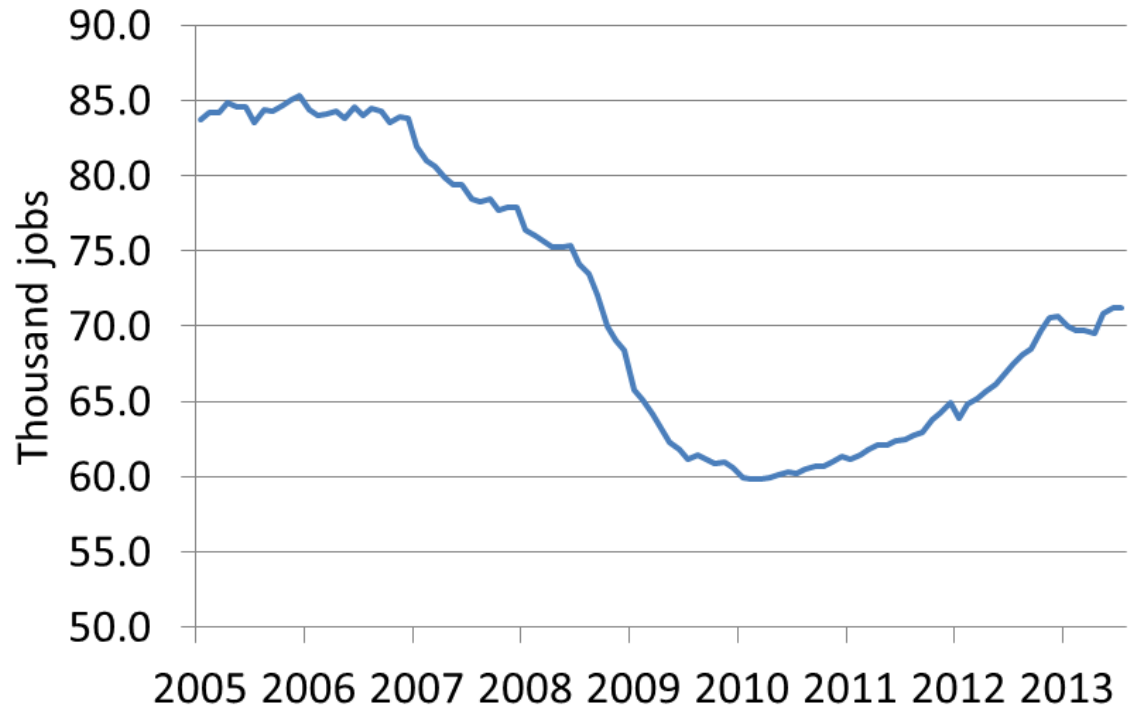
- Among the largest 334 counties in the U.S.
- Williamson also ranks high for wage growth

County	Growth rate (%)	Rank
Fort Bend, Texas	7.0	1
Midland, Texas	6.9	2
Elkhart, Ind.	6.0	3
Douglas, Colo.	5.6	4
Utah, Utah	5.5	5
Rutherford, Tenn.	5.3	6
Williamson, Tenn.	3.8	15

Data: QCEW series, BLS

Nashville Manufacturing Jobs

- Climbed rapidly out of the recession
- Gained 11,000 jobs since 2010
- Slower in 2013
- Pace should increase given recent job announcements



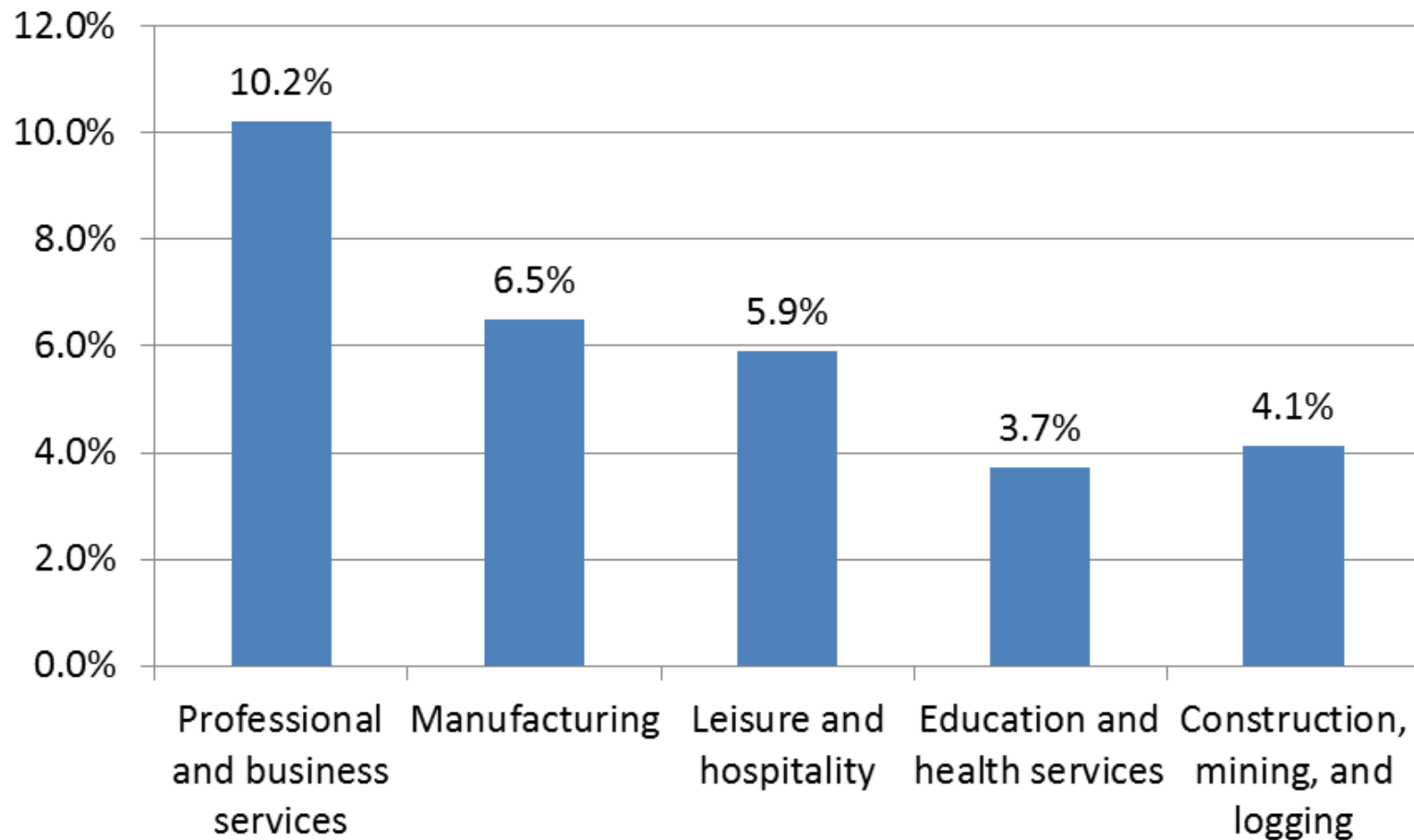
Nashville Job Growth by Industry

- Positives
 - More growing sectors than declining sectors
 - Manufacturing adding jobs
 - Big gains in professional services
 - Retail jobs growing

Nashville Job Growth by Industry

- Negatives
 - Financial sector employment falling again
 - Government employment down

Top job growth by industry 2nd Quarter



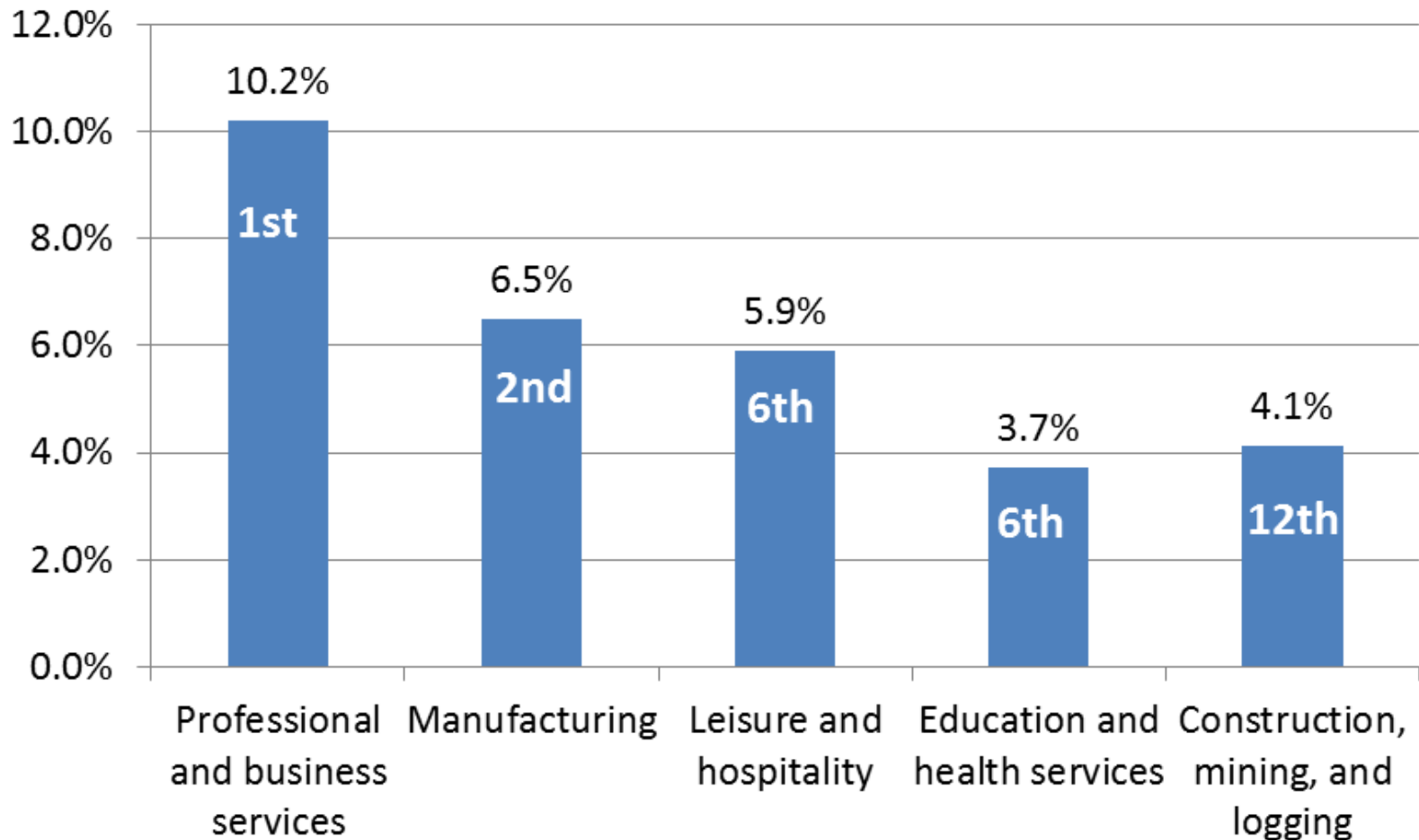
Good offense, but...



Where do we rank?

Nashville's ranking among largest MSAs

2nd quarter job growth

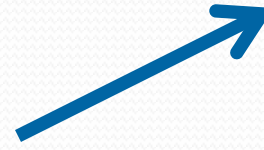


Ranking of Private Sector Job Growth in Large MSAs

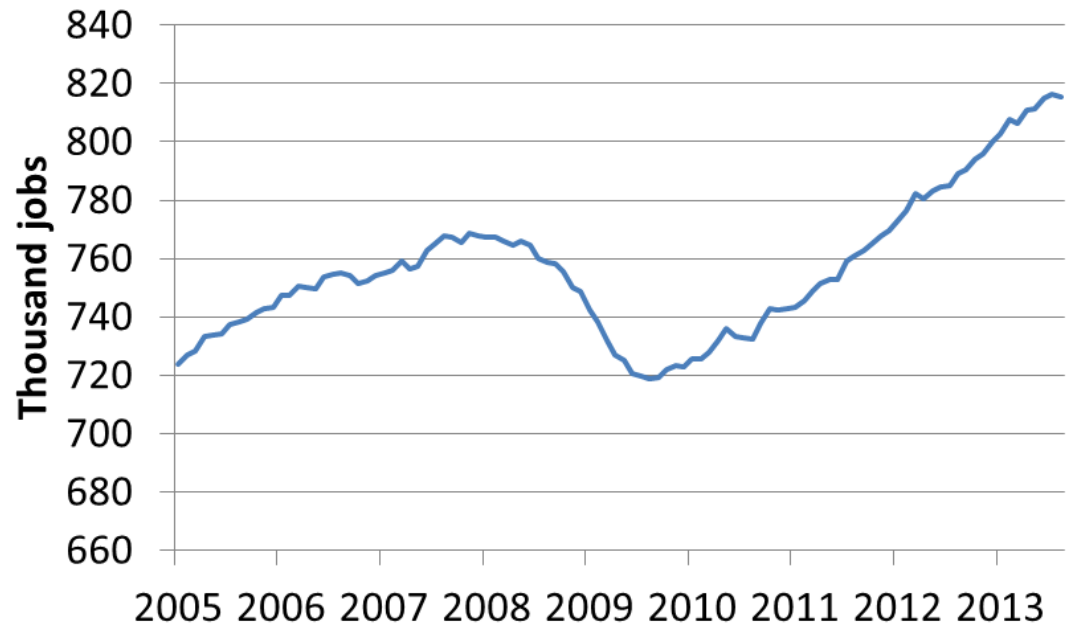
Metropolitan Area	Private Sector Growth Rate	Ranking	New Jobs
Nashville-Davidson--Murfreesboro--Franklin, TN	4.5%	1	30,333
Salt Lake City, UT	4.4%	2	23,433
Austin-Round Rock-San Marcos, TX	4.2%	3	27,633
Houston-Sugar Land-Baytown, TX	3.9%	4	89,500
Dallas-Fort Worth-Arlington, TX	3.8%	5	100,967
Tampa-St. Petersburg-Clearwater, FL	3.5%	6	35,467
Jacksonville, FL	3.3%	7	17,000
San Jose-Sunnyvale-Santa Clara, CA	3.2%	8	26,200
Denver-Aurora-Broomfield, CO	3.2%	9	33,600
Phoenix-Mesa-Glendale, AZ	2.9%	10	43,500

2nd quarter over the year growth rate among the metropolitan areas with payroll employment at least 500,000. Data from BLS CES series.

Beyond recovery



- Nashville nonfarm job growth has progressed well beyond recovery
- Now 47,000 jobs beyond the 2007 peak



Beyond recovery

Some sectors have **exceeded** pre-recession job levels:

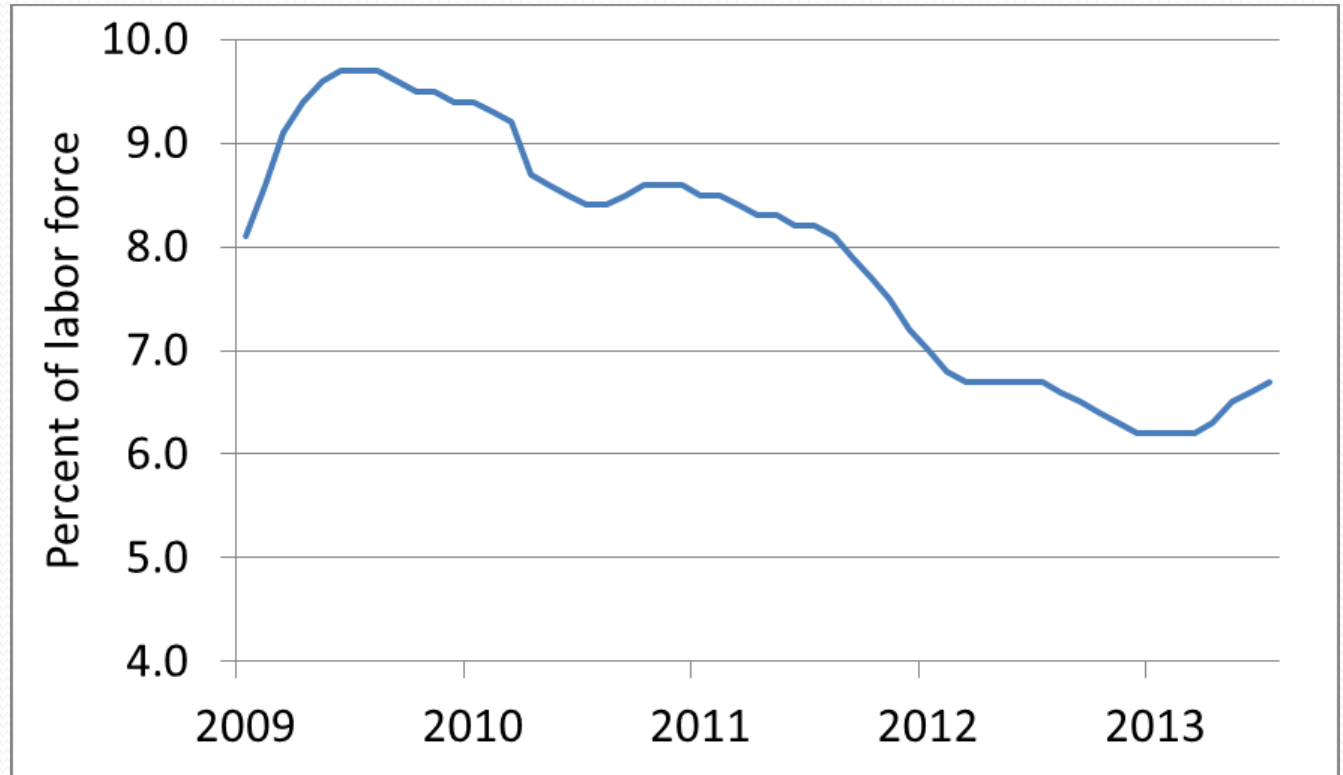
- Trade, transportation, and utilities
- Financial activities
- Professional and business services
- Education and health services
- Leisure and hospitality

Unemployment rate

Even with all this job creation, the unemployment rate is very stubborn

Nashville unemployment rate

- Little change over the year
- Higher since January



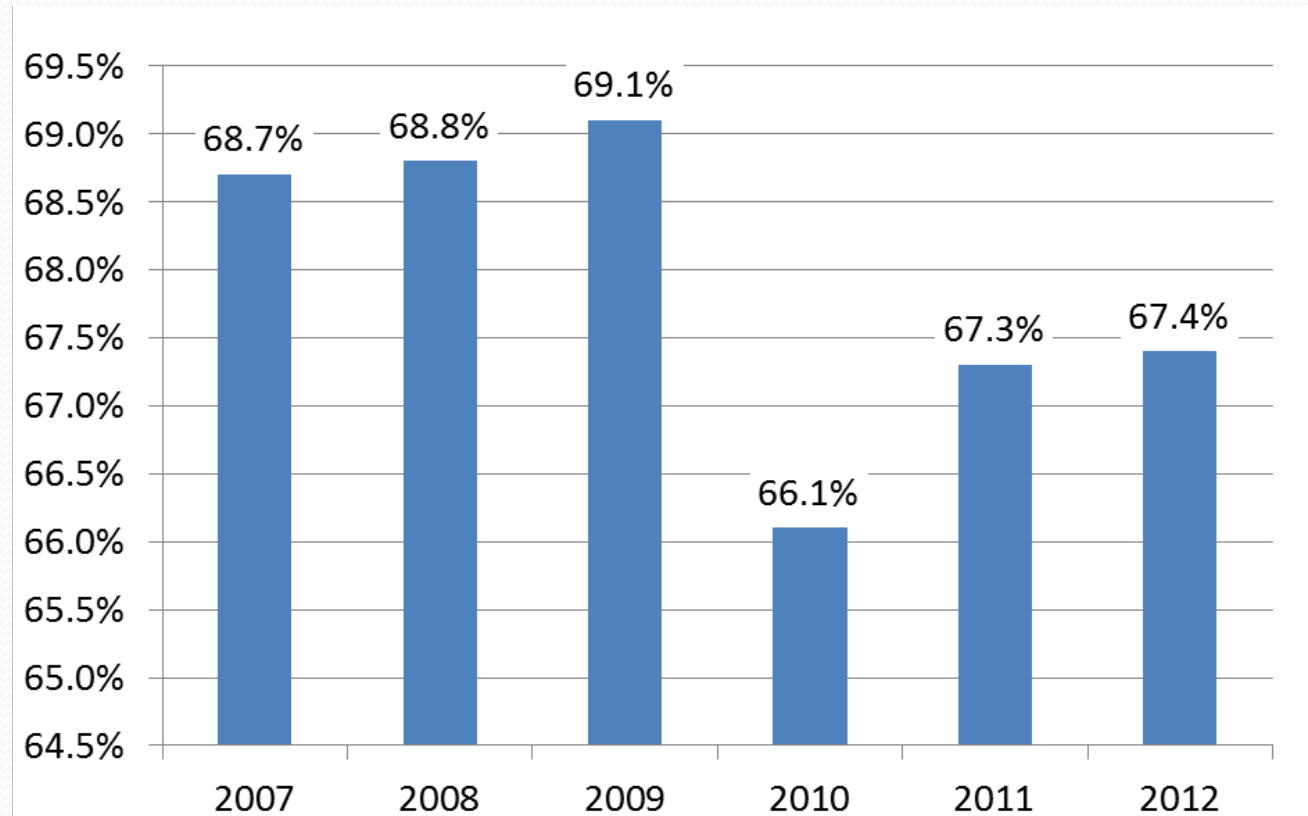
Nashville unemployment rate

- Both employment and the labor force are growing
- But labor force is growing faster
- Job seekers are entering the labor force at a pace faster than job creation

Labor force participation

Participation
plunged in
2010

Rising since
2010



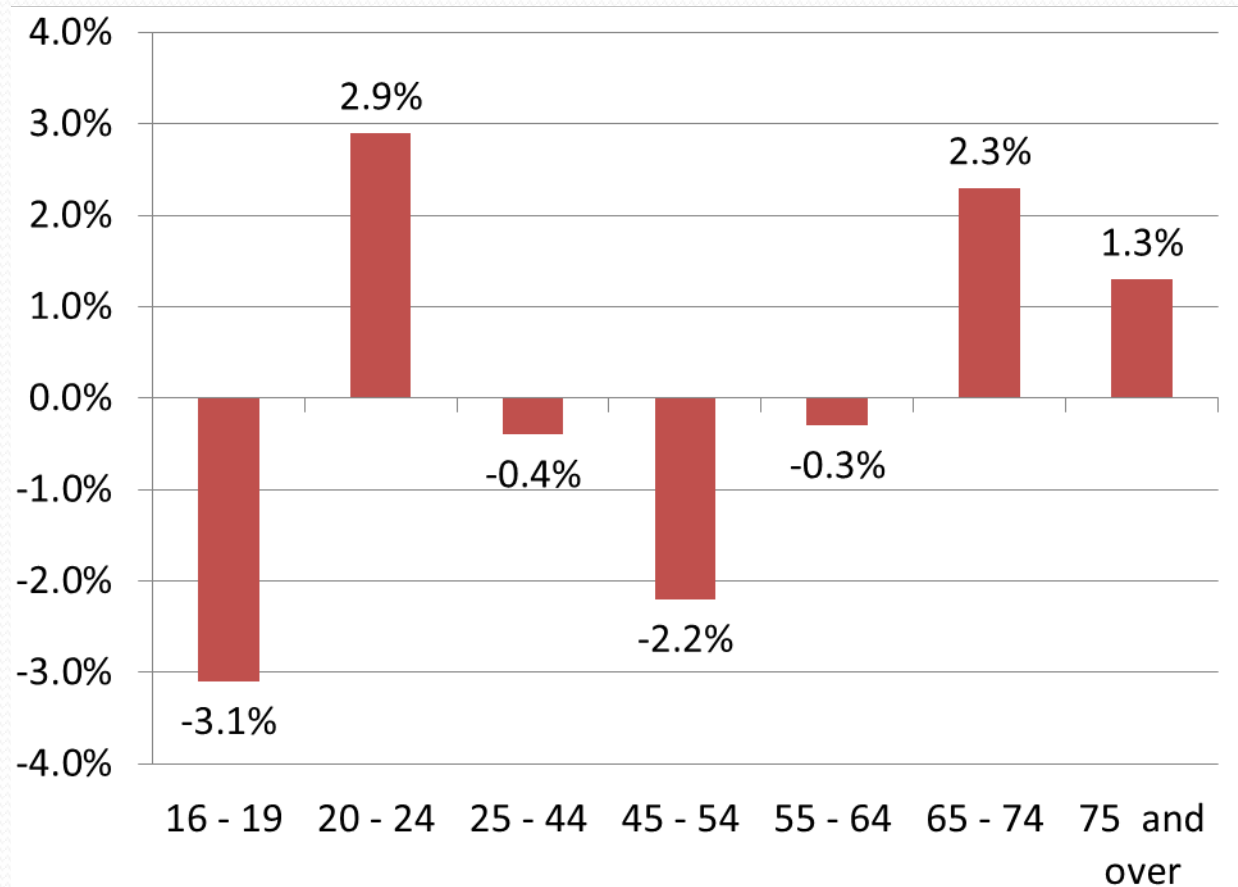
Percent of population 16 years and older. Nashville MSA. Data from the American Community Survey.

Labor force changes

Change in participation rate 2007-2012

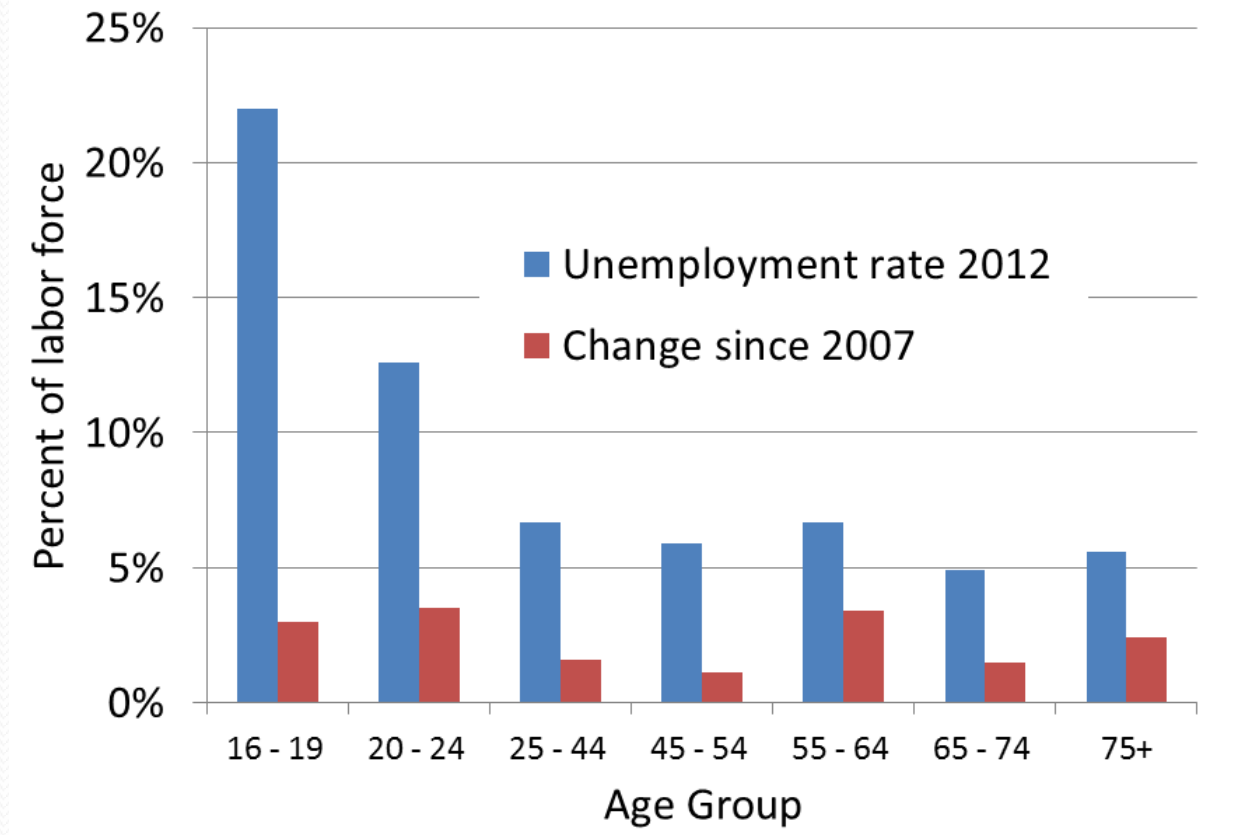
Up for young adults and older workers

Down for teenagers and middle age workers



Nashville MSA. Data from the American Community Survey.

Unemployment rates by age



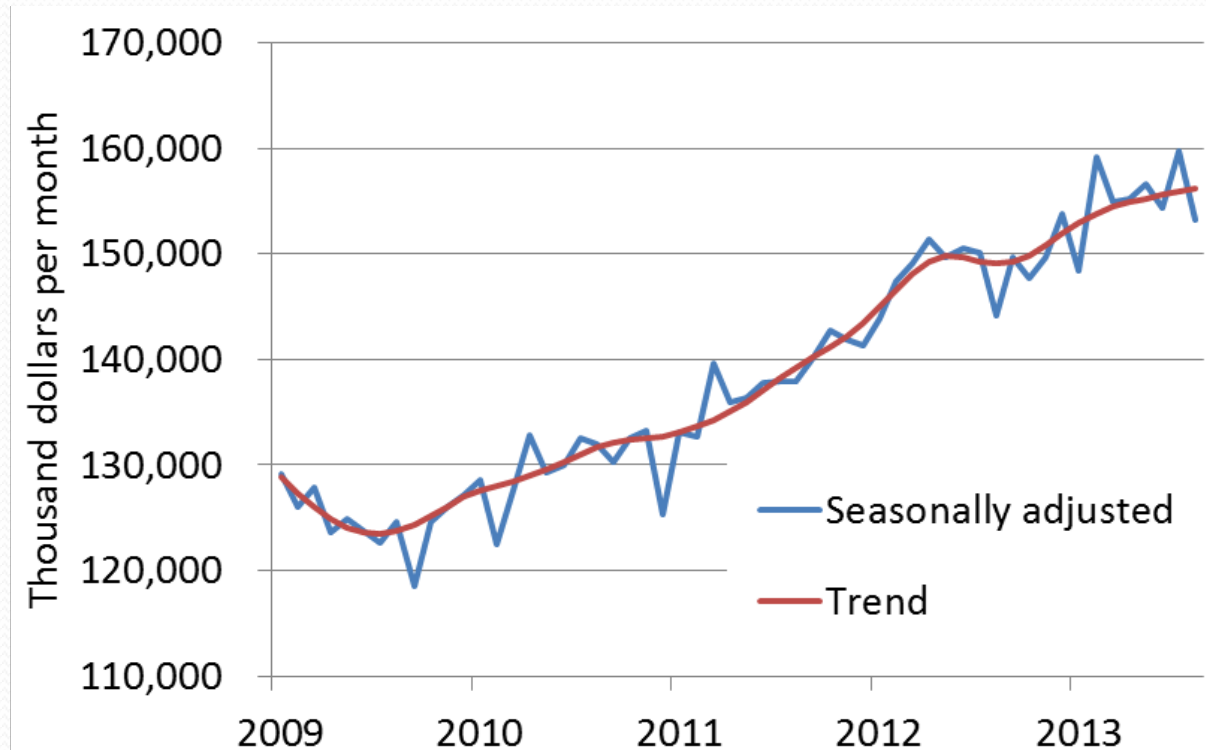
Nashville MSA. Data from the American Community Survey.

Consumer spending mostly strong

- Sales tax collections 2nd quarter (yty)
 - Nashville: +4.7%
 - Memphis: +5.0
 - Chattanooga: - 1.1
 - Knoxville: +3.4
 - Tennessee: +3.9

State sales tax collections

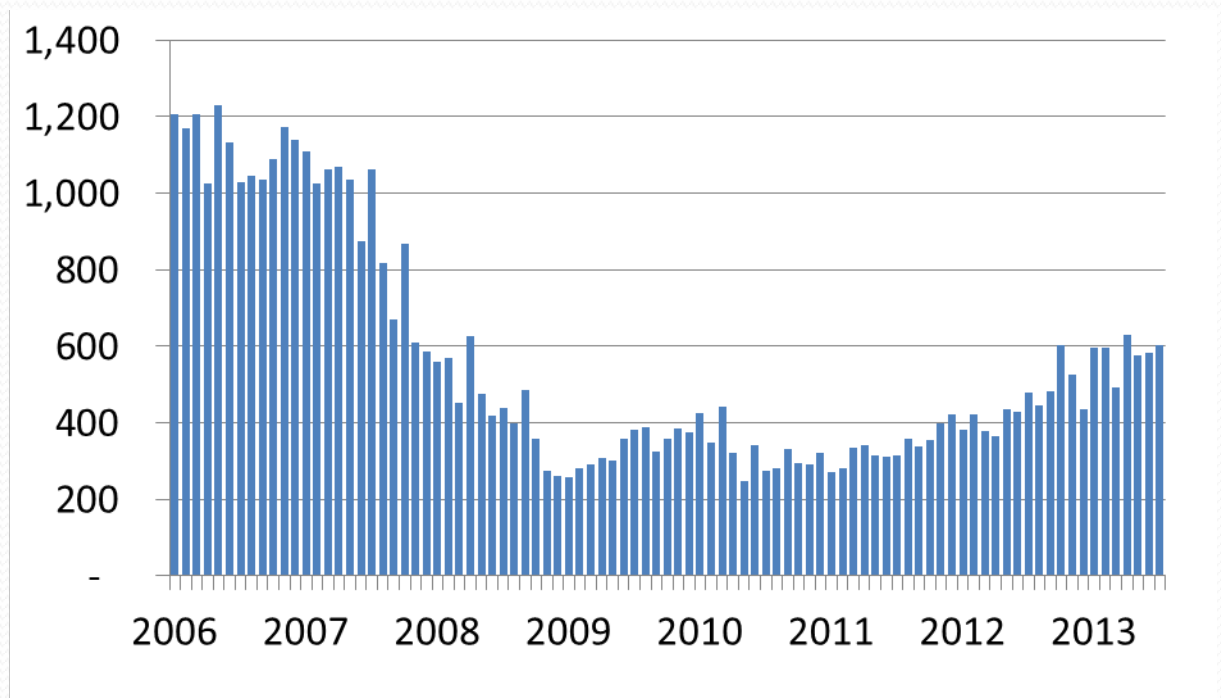
- Growing but at a slower pace



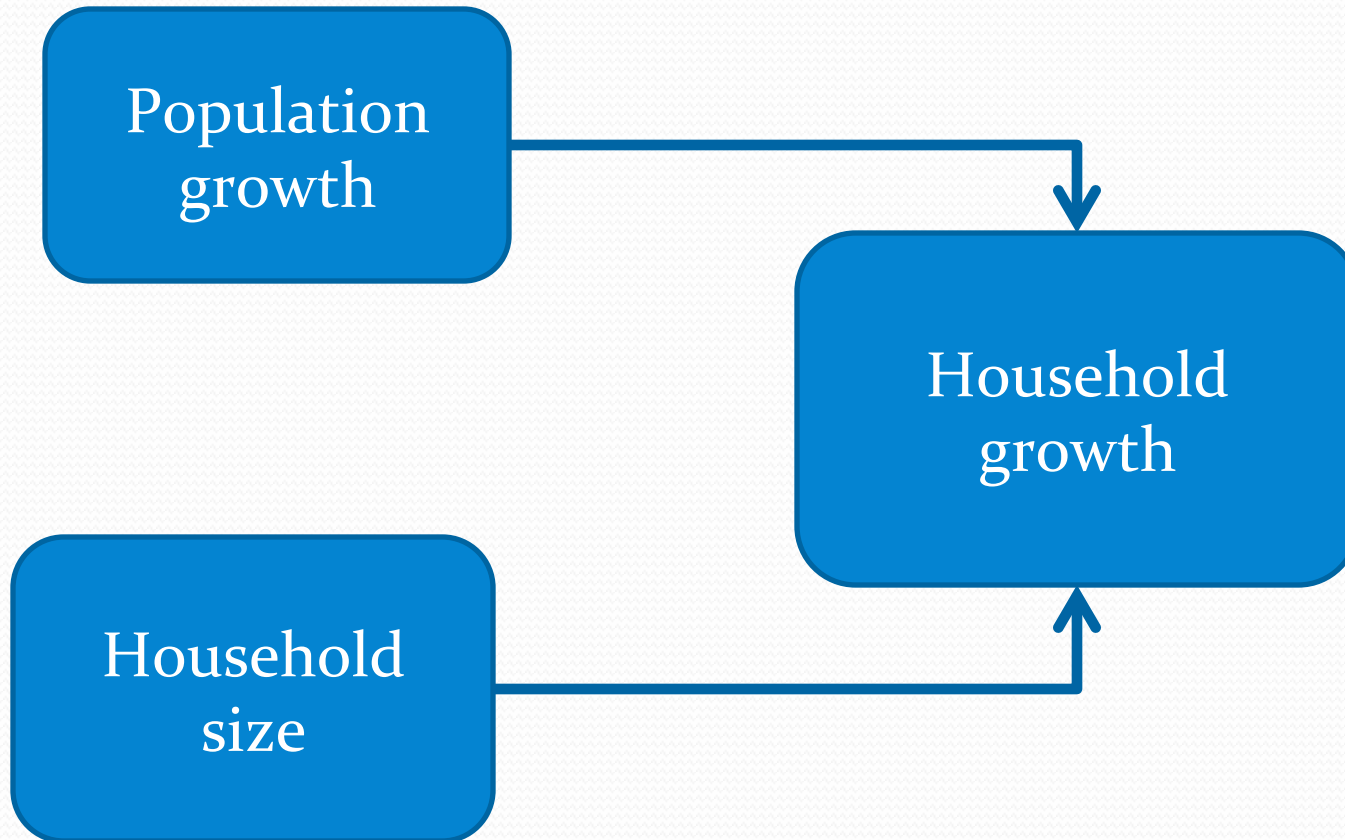
Data: Tennessee Department of Revenue and BERC.
Nashville MSA.

Single family home construction Nashville MSA

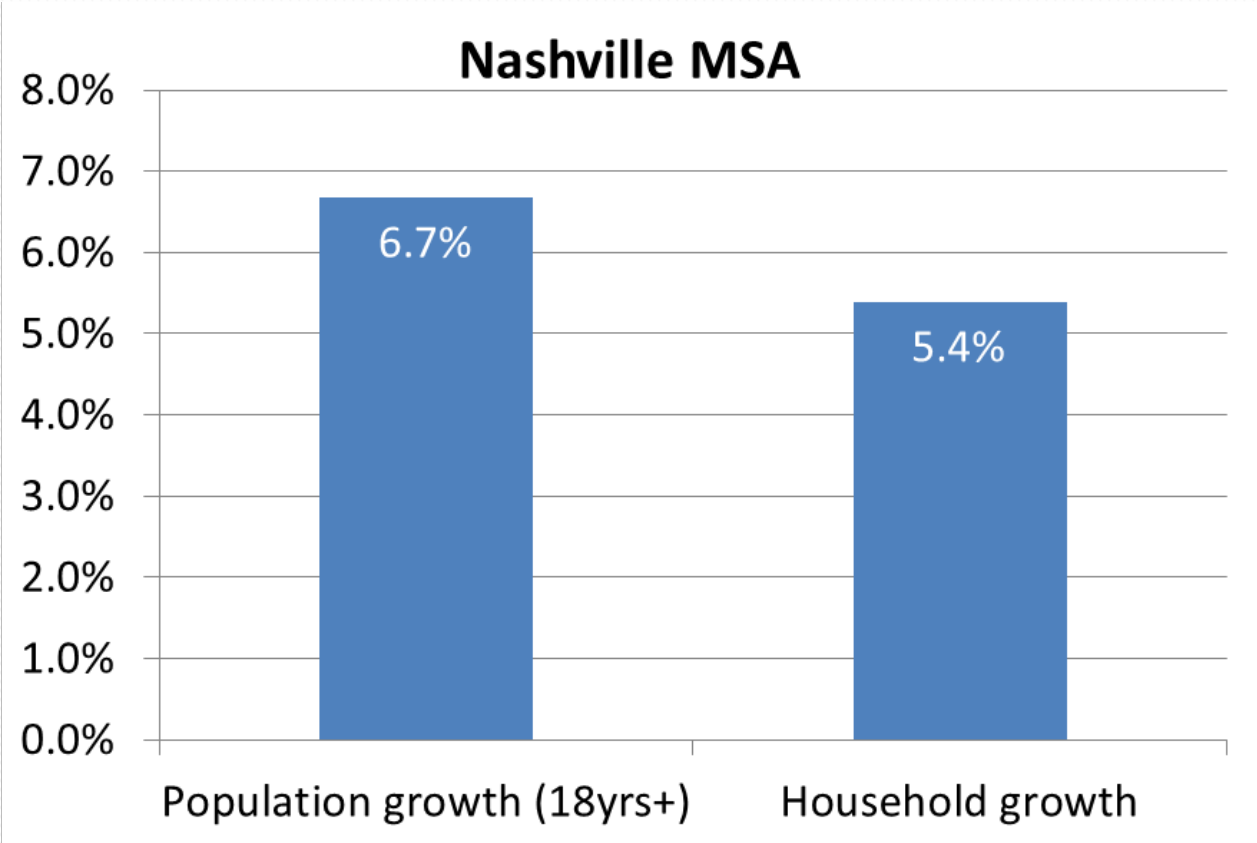
- Growth accelerating
- Pace of single-family home construction activity has doubled since 2009



Household formation



Population and household growth 2007-2012



Data: American Community Survey

Households

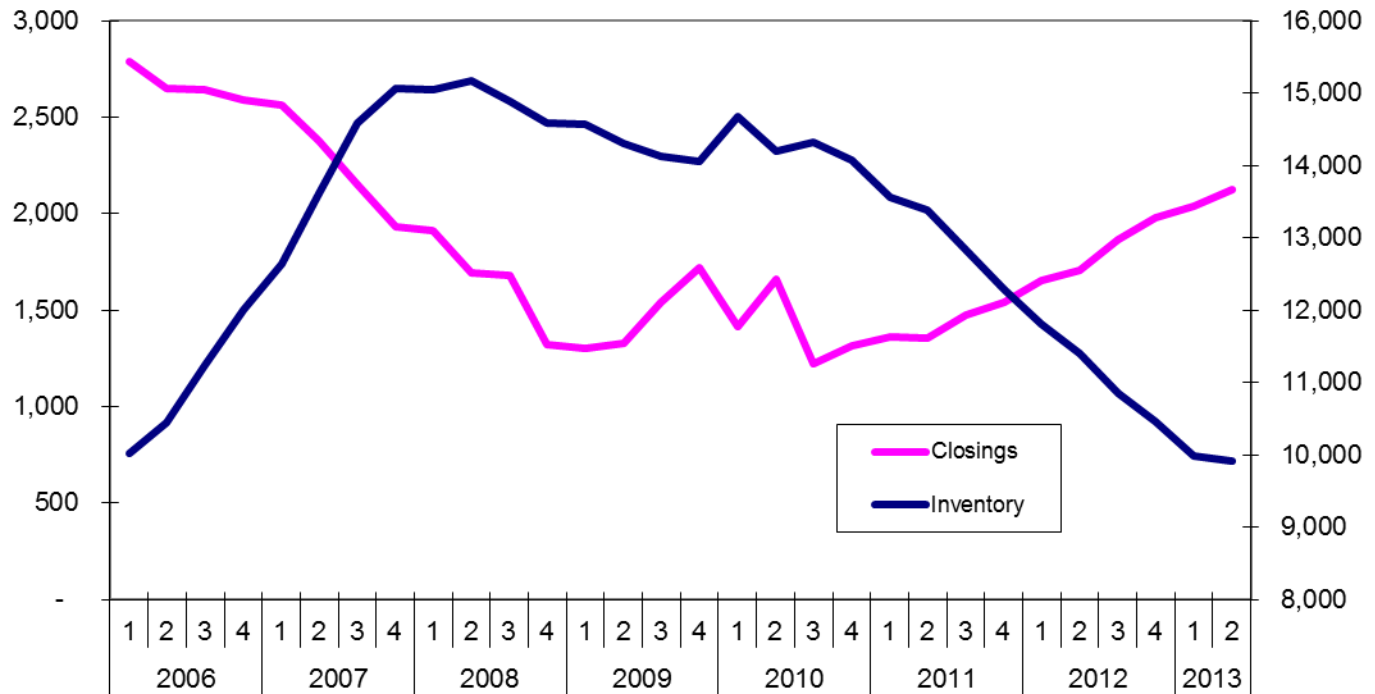
- Household size increased during the recession
- 31,500 households were created 2007-2012 in the Nashville MSA
- An additional 7,513 households could have been created had household size remained constant (excluding children)
- This represents 24% potential growth

Households

- Why the increase in household size?
- National data (Tim Dunne, Cleveland FRB)
 - Young adults (18-34 yrs) are forming fewer households; account for $\frac{3}{4}$ of the decline in household formation
 - Related to economic conditions
 - Unemployment
 - Tougher lending standards

Nashville single-family sales and inventory

- Sales climbing
- Inventory lower
- 4.7 months supply



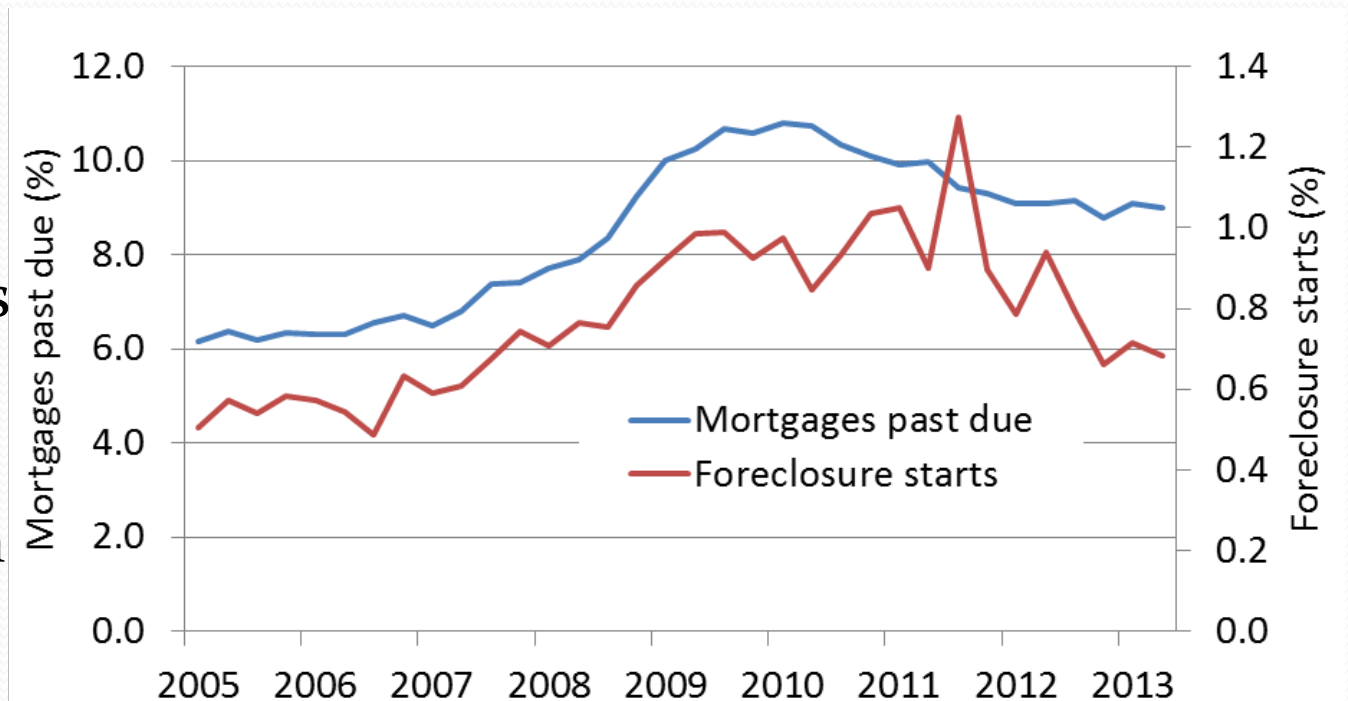
Data: Greater Nashville Association of Realtors and BERCA

Area home sales

Single family home sales second quarter				
	2012	2013	Percent change	
Davidson	3,382	4,091	21.0%	
Rutherford	1,768	2,204	24.7%	
Williamson	1,656	2,149	29.8%	
Wilson	840	1,090	29.8%	
Source: Greater Nashville Association of Realtors				

Past due mortgages and foreclosures (Tennessee)

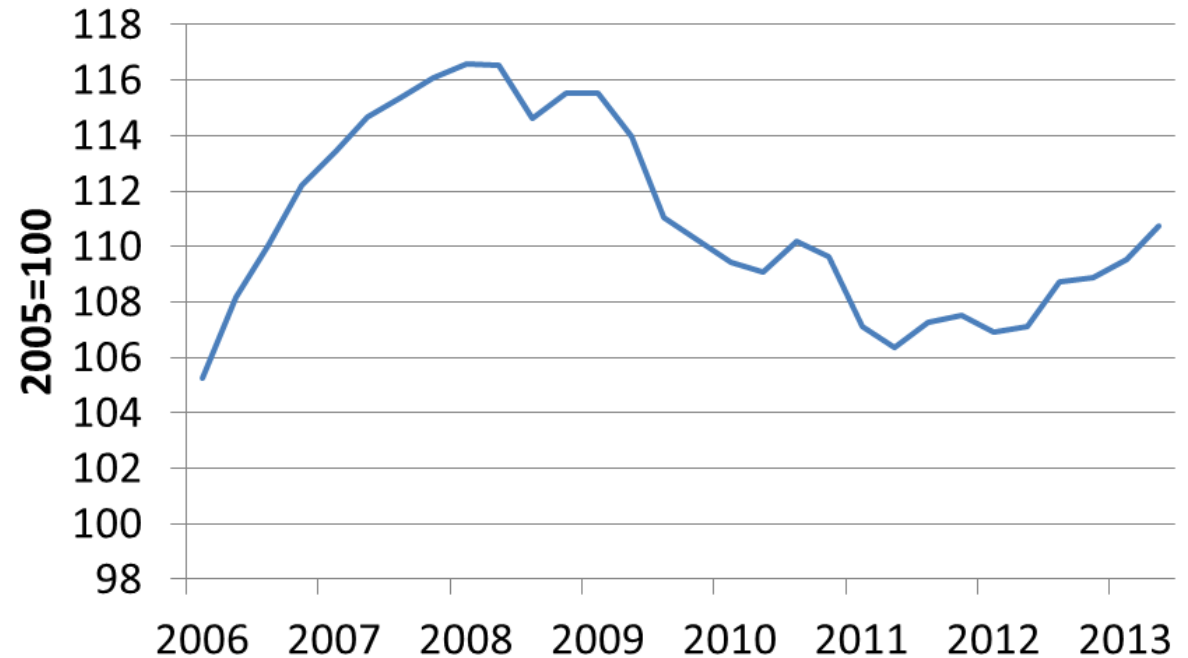
- Past due drifting lower
- Foreclosures falling more quickly
- Both remain elevated



Data: Mortgage Bankers Association and BERC

Housing prices

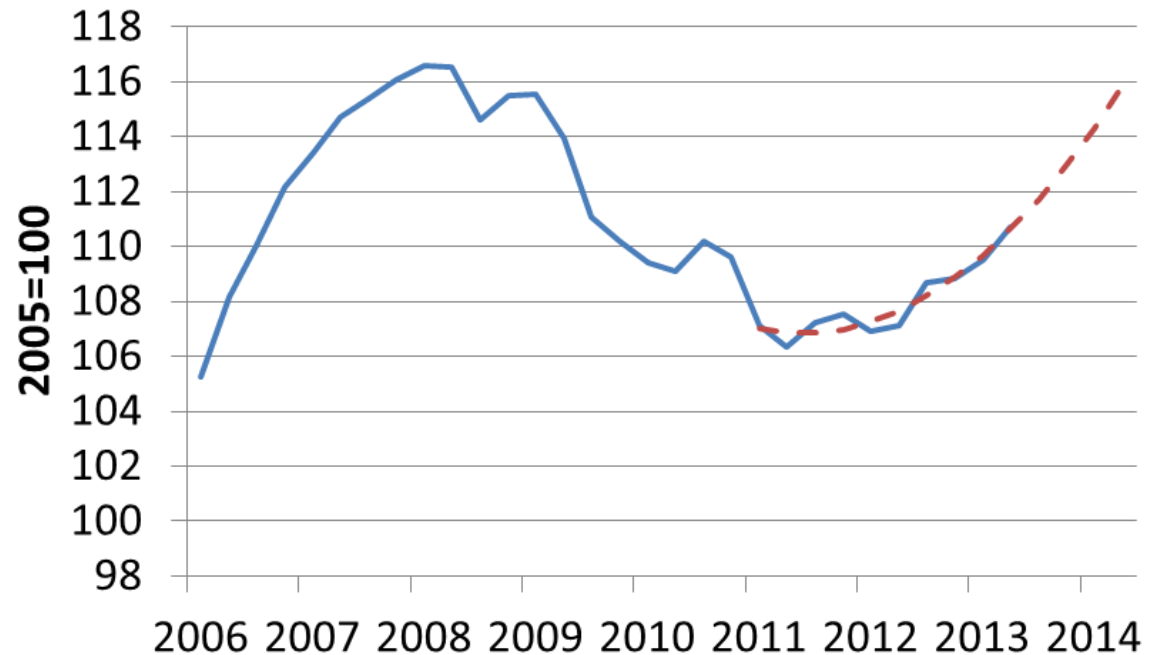
- Prices on the rise, up 3.4% over the year (2nd quarter)



Data: HPI Index for Nashville. www.FHFA.gov

Housing prices

- Acceleration is conceivable.
- Prices could approach recovery level next year, rising 4.7%.



Going Forward 12 Months

- Nashville economy
 - Job growth 3.5% over the year
 - Unemployment rate 6.1% (6.8% now).
 - Home prices continue rising, could accelerate
 - Construction growth continues
 - Manufacturing continues to grow
 - Fiscal battle not helpful



And now a word about economic data...

**Do you have trouble finding the data
you need about Tennessee's economy?**

Are you green with envy?



Feeling defensive?



Has someone interrupted your pina colada?



Don't get interrupted



Don't be green
with envy




Don't be defensive

TACIR economic recovery website

<http://www.mtsu.edu/berc>

Tracking Tennessee's Economic Recovery



Nashville MSA

- Single-Family Permits
- Labor Force since 2000
- Unemployment Rate
- Sales Tax Collections
- Nonfarm Employment
- Nonfarm Employment Growth

State Highlights | News | County Employment & Wages pdf | Archives

Summary

- Latest Nashville MSA Economic Indicators
- Indicator History (.xls, since Jan. 2004)

Employment

- Employment Growth by Industry Summary Table
- Jobs Heat Chart

Housing

- Tennessee Housing Market (newsletter)
- Housing Price Index (summary table)
- Graph: Nashville MSA

