

**Elusive Recovery:
The Brunswick MSA since the Great Recession**

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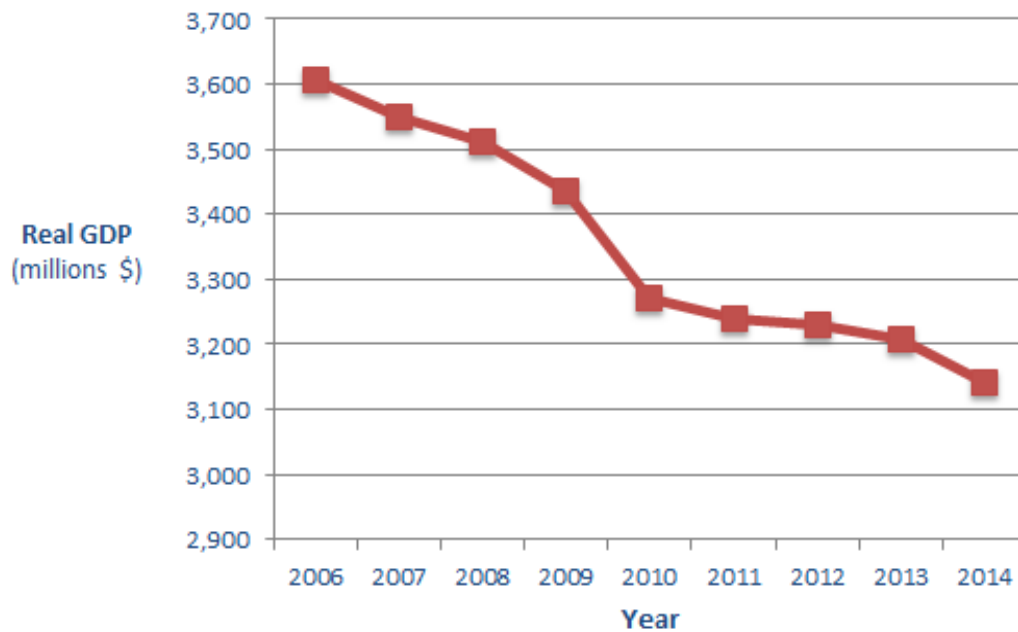
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Elusive Recovery: The Brunswick MSA since the Great Recession

The U.S. began its recovery from the Great Recession in mid-2009. Georgia began its recovery in the spring of 2010. In 2015, the metropolitan statistical area of Brunswick, Georgia was still waiting for its recovery to begin.

According to data from the Bureau of Economic Analysis (BEA) of the U.S. Department of Commerce, real GDP in the Brunswick MSA fell each year from 2006 through 2014.¹ Graph 1 below shows the unfortunate trend.

Graph 1. Real GDP in the Brunswick MSA, 2006-2014



Source: Bureau of Economic Analysis, U.S. Department of Commerce

¹ 2014 is the latest year for which BEA data on real GDP by MSA are available.

Since the end of the Great Recession, real GDP in the Brunswick MSA has fallen by 8.5 percent, from \$3,435 million in 2009 to \$3,143 million in 2014. Since 2006, real GDP in the Brunswick MSA has fallen by 12.9 percent, from \$3,607 million in 2009 to 2014's \$3,143 million.

No MSA in Georgia has had greater difficulty recovering from the Great Recession than Brunswick. Table 1 below shows the percentage change in local real GDP from 2009 to 2014 for all 14 of Georgia's MSAs.

Table 1. Percent Change in Real GDP, 2009-2014, Georgia MSAs

MSA	% change, 2009-2014
Gainesville	13.4
Savannah	9.1
Atlanta-Sandy Springs-Roswell	9.0
Columbus	7.0
Hinesville	4.9
Macon	4.2
Athens-Clarke County	3.6
Augusta-Richmond County	3.2
Dalton	-0.6
Valdosta	-0.7
Warner Robins	-1.3
Rome	-1.4
Albany	-6.6
Brunswick	-8.5

Source: Bureau of Economic Analysis, U.S. Department of Commerce

Brunswick's economic performance since 2009 is not only the worst among Georgia's MSAs, it is among the worst in the nation. Of the 381 MSAs in the U.S. for which the Bureau of Economic Analysis estimates real GDP, only 9 have had larger percentage decreases in real GDP since 2009 than the Brunswick MSA. Table 2 on the following page lists the 15 U.S. MSAs with the largest percentage decreases in real GDP from 2009 to 2014.

Table 2. 15 Largest Percent Decreases in Real GDP, 2009-2014, U.S. MSAs

MSA	% change, 2009-2014
Sebring, FL	-7.0
Anniston-Oxford-Jacksonville, AL	-7.2
Farmington, NM	-7.7
Gulfport-Biloxi-Pascagoula, MS	-7.9
Pine Bluff, AR	-8.5
Brunswick, GA	-8.5
Yuma, AZ	-9.1
Corvallis, OR	-10.4
Sierra Vista-Douglas, AZ	-11.0
Mount Vernon-Anacortes, WA	-11.0
Alexandria, LA	-11.2
Norwich-New London, CT	-11.3
Homosassa Springs, FL	-13.5
Rocky Mount, NC	-14.7
East Stroudsburg, PA	-14.8

Source: Bureau of Economic Analysis, U.S. Department of Commerce

The steep and persistent decrease in Brunswick’s real GDP has driven down living standards in the Brunswick MSA. Perhaps the best single measure of an area’s living standards is real GDP per capita – an area’s real GDP divided by its population. As we have seen, between 2009 and 2014 real GDP in the Brunswick MSA fell by 8.5 percent. Over the same years, the population of the Brunswick MSA increased by 3.1 percent. The combination of an 8.5 percent decrease in real GDP and a 3.1 percent increase in population caused real GDP per capita in the Brunswick MSA to fall by 11.2 percent between 2009 and 2014.

No MSA in Georgia has registered a larger decrease in real GDP per capita since the end of the Great Recession than the Brunswick MSA. Brunswick’s 11.2 percent retrenchment is also among the largest in the nation: only 13 of the 381 MSAs in the U.S. have had larger decreases in real GDP per capita between 2009 and 2014 than Brunswick. Table 3 on the next page shows the percentage change in real GDP per capita from 2009 to 2014 for all 14 of Georgia’s MSAs. Table 4 on the next page shows the 15 U.S. MSAs with the largest percentage decreases in real GDP per capita from 2009 to 2014.

Table 3. Percent Change in Real GDP Per Capita, 2009-2014, Georgia MSAs

MSA	% change, 2009-2014
Gainesville	6.1
Macon	4.9
Hinesville	9.0
Atlanta-Sandy Springs-Roswell	3.1
Savannah	1.8
Athens-Clarke County	0.0
Columbus	-0.1
Rome	-1.1
Augusta-Richmond County	-1.3
Dalton	-2.0
Valdosta	-4.5
Albany	-4.8
Warner Robins	-6.9
Brunswick	-11.2

Source: Bureau of Economic Analysis, U.S. Department of Commerce

Table 4. 15 Largest Percent Decreases in Real GDP Per Capita, 2009-2014, U.S. MSAs

MSA	% change, 2009-2014
Salisbury, MD-DE	-9.8
Brunswick, GA	-11.2
Norwich-New London, CT	-11.3
Corvallis, OR	-11.4
Dover, DE	-11.4
Kennewick-Richland, WA	-11.6
Hilton Head-Bluffton-Beaufort, SC	-11.9
Crestview-Fort Walton-Destin, FL	-12.0
Alexandria, LA	-12.2
Homosassa Springs, FL	-12.3
Gulfport-Biloxi-Pascagoula, MS	-12.3
East Stroudsburg, PA	-13.2
Rocky Mount, NC	-13.3
Yuma, AZ	-13.3
Mount Vernon-Anacortes, WA	-13.9

Source: Bureau of Economic Analysis, U.S. Department of Commerce

In 2014, real GDP per capita in the Brunswick MSA stood at \$27,377. Brunswick now ranks last among Georgia’s MSAs in real GDP per capita; it is the only Georgia MSA with real GDP per capita less than \$30,000. Brunswick’s real GDP per capita is 36 percent below Georgia’s real GDP per capita of \$42,959. See Table 5 below.

Table 5. Real GDP Per Capita, 2014, Georgia MSAs

MSA	Real GDP per capita
Atlanta-Sandy Springs-Roswell	\$53,104
Hinesville	40,363
Columbus	39,856
Savannah	38,756
Gainesville	38,411
Dalton	37,109
Macon	35,540
Athens-Clarke County	34,816
Augusta-Richmond County	33,402
Rome	33,142
Warner Robins	32,606
Valdosta	31,041
Albany	30,188
Brunswick	27,377

Source: Bureau of Economic Analysis, U.S. Department of Commerce

In the U.S., Brunswick’s real GDP per capita of \$27,377 ranks 354th among the nation’s 381 MSAs and is 44 percent below the U.S. real GDP per capita of \$49,110.

Analysis

Brunswick’s low level of real GDP per capita is not a surprise: it has been low compared to other MSAs in Georgia and in the U.S. for a long time.

The more pressing question is: why has it been so difficult for Brunswick to recover from the recession?

No doubt there are a number of reasons, several of which we have discussed in earlier Murphy Center studies: a low level of human capital, a shortfall of entrepreneurship, and a lack of industrial diversity. But BEA data on local real GDP suggest an additional reason: the Brunswick economy is small and isolated.

Local real GDP data indicate that, in general, small MSAs have had more difficulty recovering from the Great Recession than larger MSAs. A reasonable definition of a small MSA is as an MSA with a labor force of less than 100,000. By that criterion, 169 – or 44 percent – of the nation’s 381 MSAs are small. Now, 77 – or 20 percent – of the 381 MSAs contracted further after the recession: local real GDP was less in 2014 than in 2009. Of those 77 MSAs, 50 – or 65 percent – are small. Of the 19 – or 5 percent – of the 381 MSAs that contracted the most from 2009 to 2014, 17 – or 89 percent – are small. The Brunswick MSA is among those 17, with a labor force of 49,100. In short, while only 44 percent of all MSAs are small, 65 percent of the MSAs that have contracted since 2009 are small, and 89 percent of the MSAs that have contracted the most since 2009 are small.

Why might a small local economy have more difficulty recovering from recession than a large local economy? One reason is that finding workers is generally less costly for business firms in a large local economy than in a small local economy.

American workers are not nearly as mobile as they once were. According to recent research by Greg Kaplan and Sam Schulhofer-Wohl, about 3 percent of the U.S. population moved to a different state in 1991. By 2011, the rate of interstate migration had fallen by half, to 1.5 percent.² Research by Stephen Davis and John Haltiwanger finds an even broader decrease in labor market fluidity since 1990.³

Less labor mobility raises the costs to firms of attracting and finding workers from outside an area. Firms can reduce those costs by expanding or locating in areas with large labor forces.

Some small MSAs have overcome the obstacle of declining labor mobility and have grown since the end of the Great Recession. Brunswick’s challenge, of course, is to figure out how to join that group.

² Greg Kaplan and Sam Schulhofer-Wohl, “Understanding the Long-Run Decline in Interstate Migration,” Federal Reserve Bank of Minneapolis Working Paper 697, October 2015.

³ Stephen J. Davis and John Haltiwanger, “Labor Market Fluidity and Economic Performance,” NBER Working Paper 20479, September 2014