

REG MURPHY CENTER

FOR ECONOMIC AND POLICY STUDIES

COLLEGE OF COASTAL GEORGIA

How Are We Now?

The Brunswick MSA 10 Years After the Onset of the Great Recession

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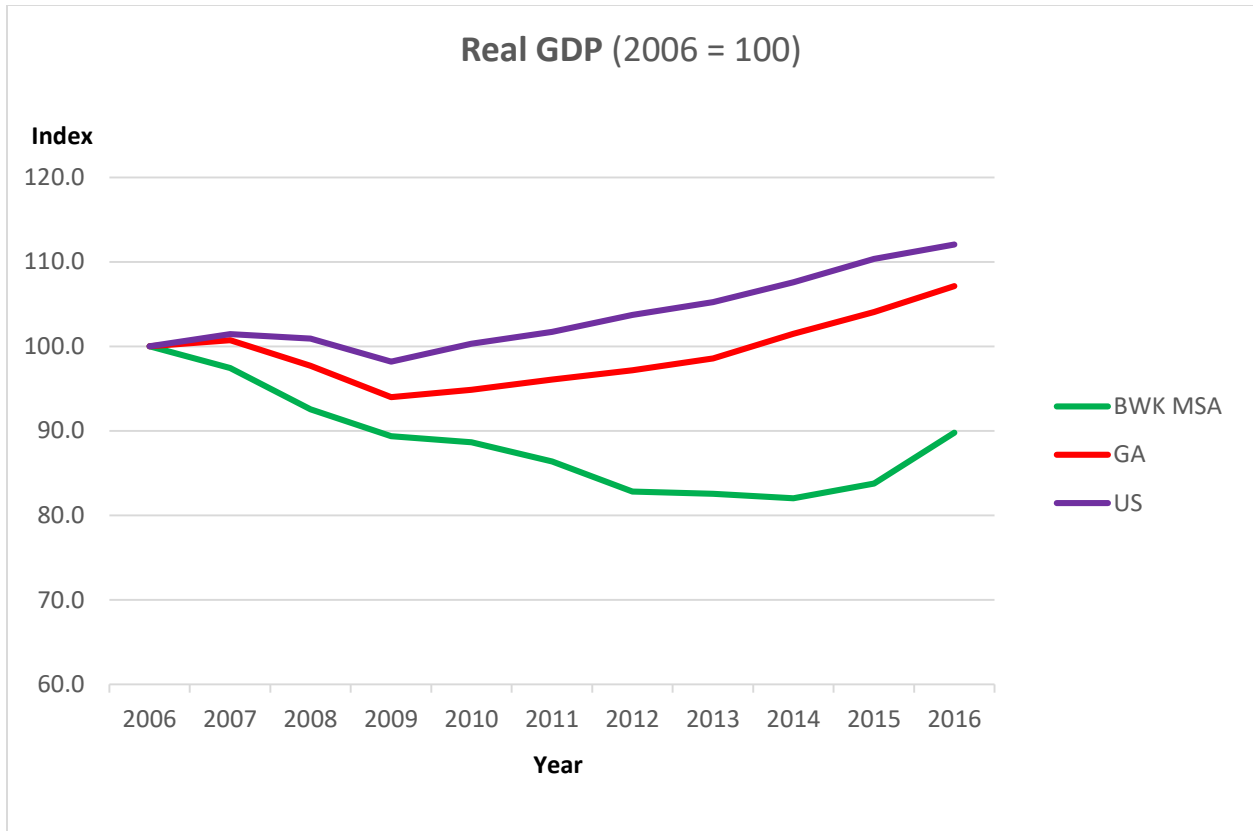
The Brunswick MSA 10 Years After the Onset of the Great Recession

The Great Recession in the United States began in December 2007, lasted through June 2009, and was followed by a slow, protracted recovery. Economic data suggest that the recession began in the Brunswick MSA (Brantley, Glynn and McIntosh counties) about midway through 2006 and lasted through 2014 – an eight-year recession. The local recession has been followed by a strong recovery.

It has thus been 10 years since the onset of the Great Recession in the Brunswick MSA. So: where is our local economy now compared to where it was before the recession hit? And how is the Brunswick MSA faring compared to Georgia and the U.S.?

This study answers those two questions by charting the paths of a number of key economic measures from 2006 through 2016. It charts the paths of real GDP, real per capita GDP, real personal income, real per capita personal income, the labor force, employment, the unemployment rate and the poverty rate for the Brunswick MSA, Georgia, and the U.S. To make the figures comparable across the three economies, indexes were constructed for real GDP, real personal income, the labor force and employment.

Given that the recession was longer and more severe in the Brunswick MSA than it was in Georgia and the U.S., the results of this study are not surprising: unlike Georgia and the U.S., the Brunswick MSA, though recovering, has not yet returned to its pre-recession state.



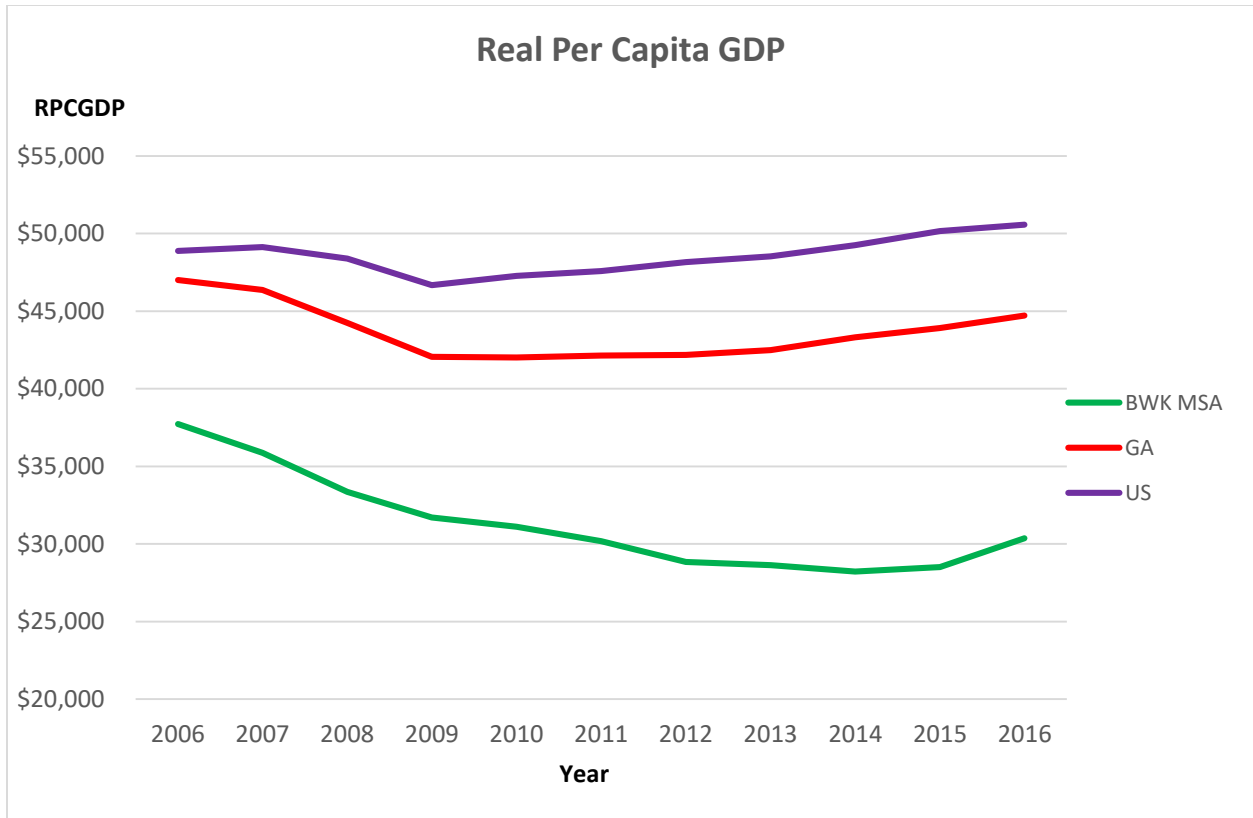
Source: U.S. Bureau of Economic Analysis and author's calculations.

Real GDP

Real GDP – the inflation-adjusted market value of final goods and services produced in an area – decreased much more in the Brunswick MSA than in Georgia or the U.S. In the U.S., real GDP decreased by 3.3 percent from 2007 to 2009. In Georgia, real GDP decreased by 6.7 percent from 2007 to 2009. In the Brunswick MSA, real GDP fell 18 percent from 2006 to 2014.

Recovery in both Georgia and the U.S. has been moderate. U.S. real GDP was 12.1 percent greater in 2016 than it was in 2006. Georgia's real GDP was 7.1 percent greater in 2016 than it was in 2006. In the Brunswick MSA, real GDP in 2016 was 10.2 percent less than its level in 2006.

There is some good news for the Brunswick MSA, however: the area's real GDP increased 7.8 percent from 2014 to 2016.



Source: U.S. Bureau of Economic Analysis.

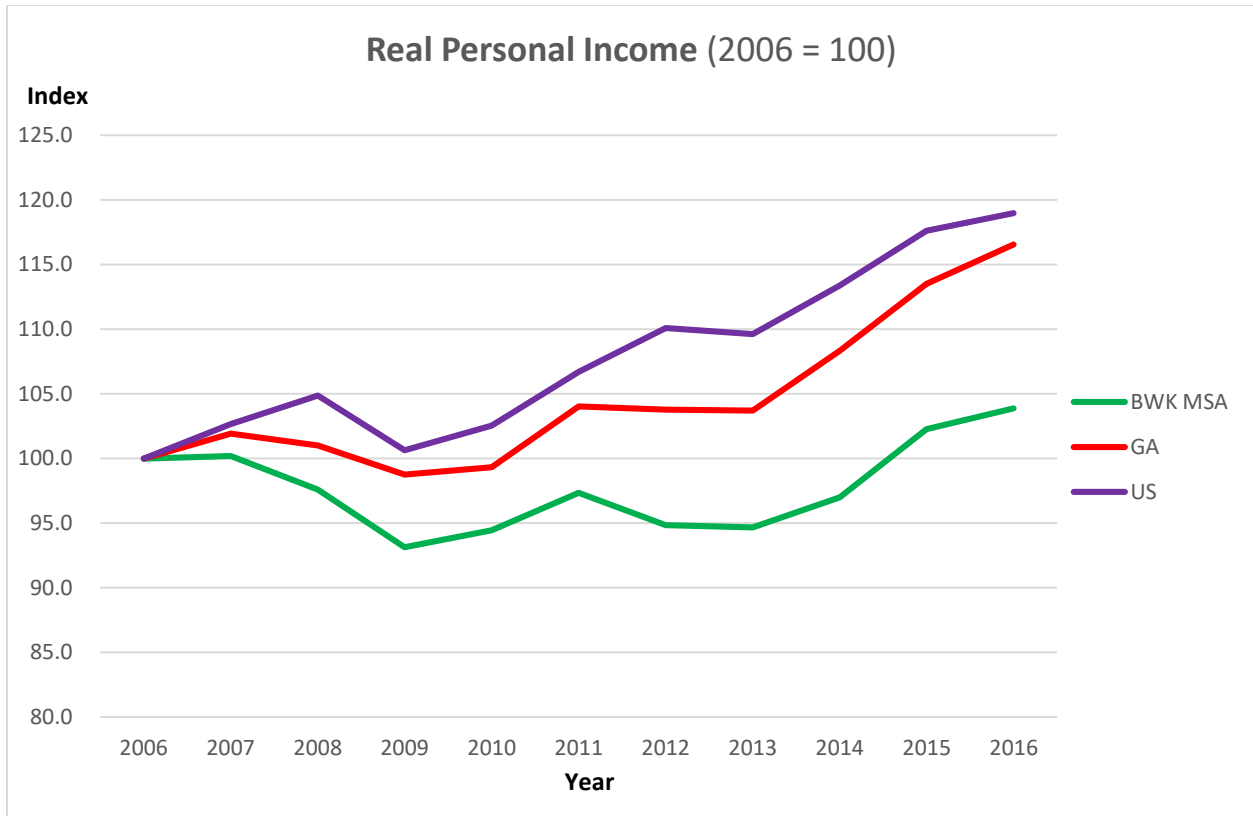
Real Per Capita GDP

Real per capita GDP is simply a region's real GDP divided by its population. Real per capita GDP is one of the best measures of a region's standard of living.

In the U.S., real per capita GDP fell from \$49,126 in 2007 to \$46,680 in 2009, a decrease of 5 percent. It has since increased to \$50,350, only 3.5 percent above its 2006 level.

In Georgia, real per capita GDP fell from \$47,013 in 2006 to \$42,029 in 2010, a decrease of 10.6 percent. It has since increased to \$44,723, still 4.9 percent below its 2006 level.

In the Brunswick MSA, real per capita GDP fell from \$37,726 in 2006 to \$28,236 in 2014, a decrease of 25.2 percent. It has since increased to \$30,375, still 19.5 percent below its 2006 level.



Source: U.S. Bureau of Economic Analysis and author's calculations.

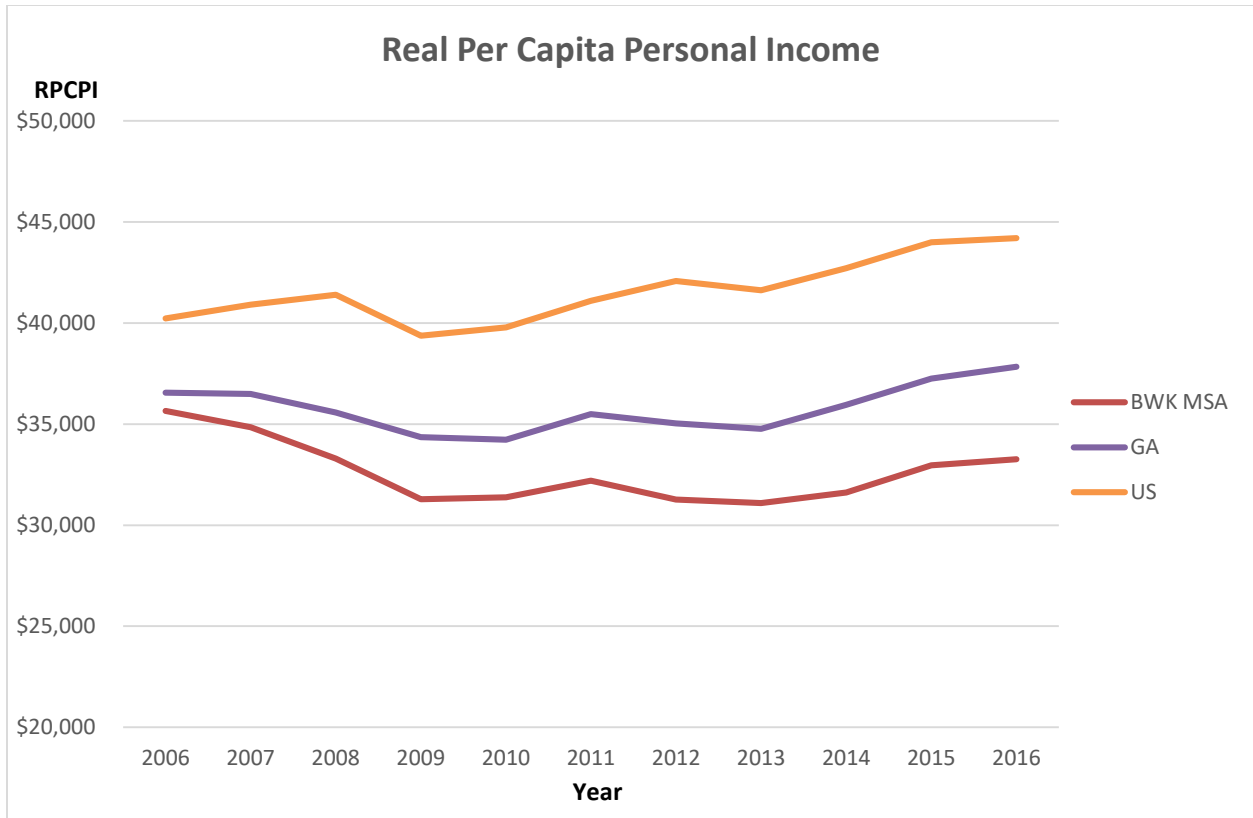
Real Personal Income

Personal income includes employee compensation; interest, dividend and rental income; and non-corporate business income. Real personal income is personal income adjusted for inflation.

Despite a decrease in 2009, real personal income in the U.S. was 19 percent greater in 2016 than in 2006.

In Georgia, real personal income fell 3.1 percent from 2007 to 2009, but in 2016 was 16.5 percent greater than its 2006 level.

In the Brunswick MSA, real personal income was less than its 2006 level from 2008 through 2013. From 2013 to 2016, it increased by 9.2 percent and is now 3.9 percent above its 2006 level.



Source: U.S. Bureau of Economic Analysis.

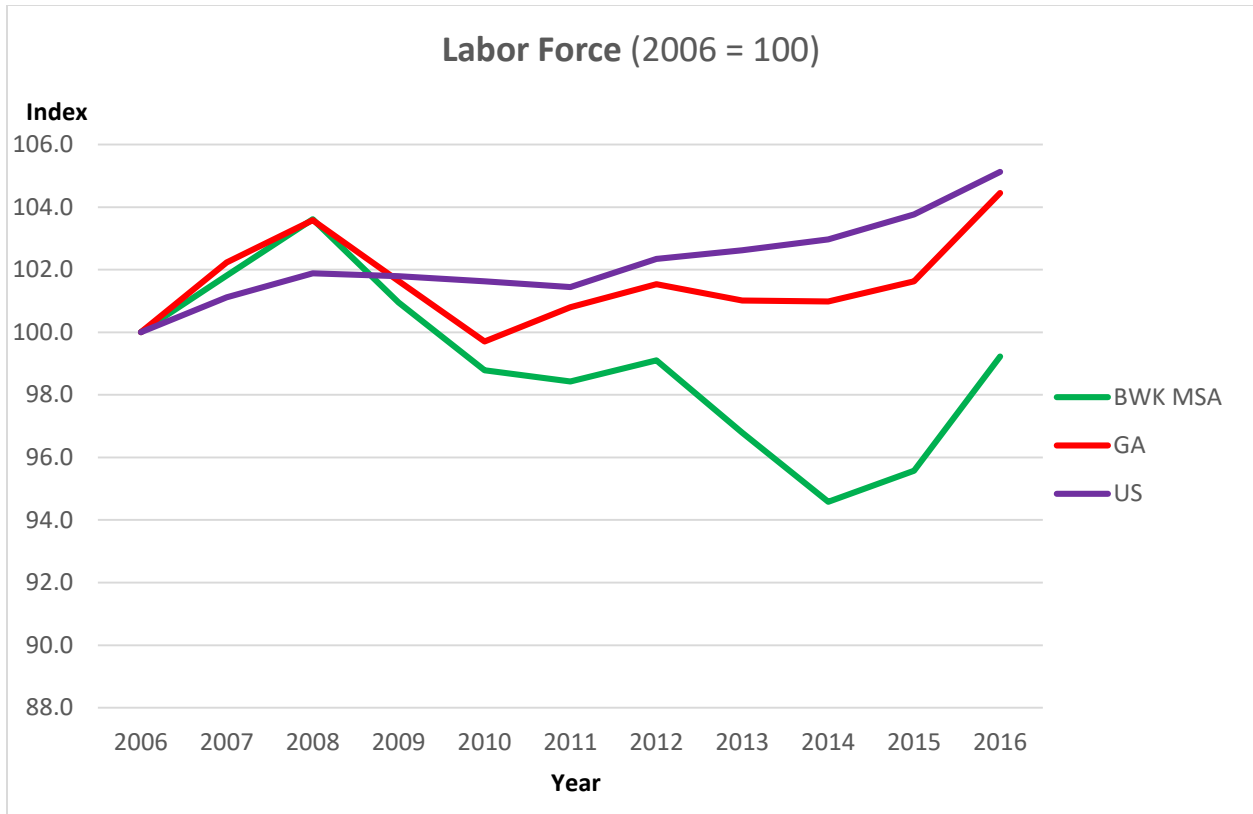
Real Per Capita Personal Income

Real per capita personal income is a region’s real personal income divided by its population. Like real per capita GDP, real per capita personal income is also a measure of a region’s standard of living.

In the U.S., real per capita personal income fell from \$41,394 in 2008 to \$39,376 in 2009, a decrease of 5 percent. It has since increased to \$44,200, 9.9 percent above its 2006 level.

In Georgia, real per capita personal income was less than its 2006 level of \$36,561 from 2007 through 2014. It has since increased to \$37,839, 3.5 percent above its 2006 level.

In the Brunswick MSA, real per capita personal income fell from \$35,647 in 2006 to \$31,090 in 2013, a decrease of 12.8 percent. It has since increased to \$33,262, still 6.7 percent below its 2006 level.



Source: U.S. Bureau of Labor Statistics and author's calculations.

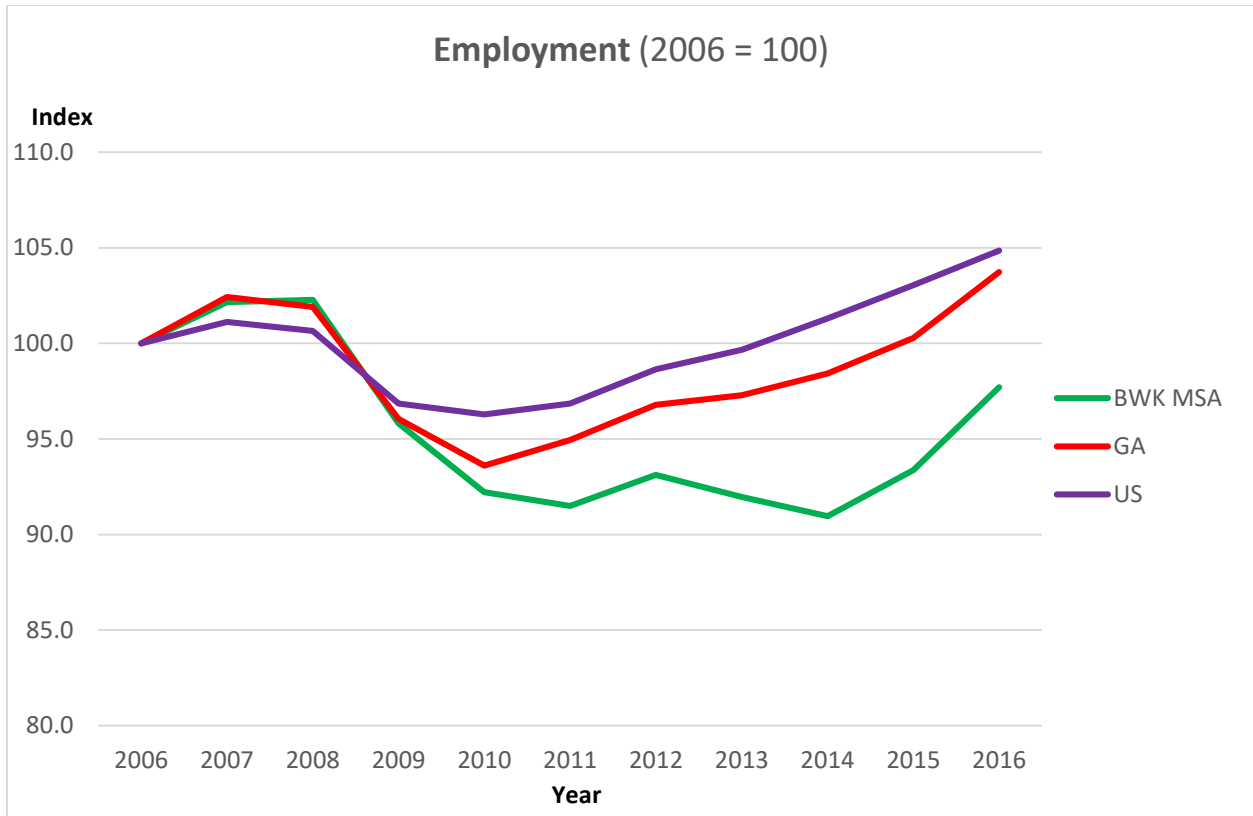
Labor Force

The labor force consists of the number of people employed plus the number of people unemployed, defined as not working but looking for work. The labor force moves moderately with the business cycle, rising during expansions and falling during recessions.

From 2009 to 2011, the U.S. labor force decreased by a slight 0.5 percent. Since 2011 it has grown by 3.7 percent, and is now 5.1 percent above its 2006 level.

Georgia's labor force fell from 2008 to 2010 by 3.9 percent. It has increased by 3.5 percent since 2010 and is now 4.5 percent greater than its 2006 level.

From 2008 to 2014, the Brunswick MSA's labor force shrunk by 9 percent. Since 2014 it has grown by 4.6 percent, but remains 0.8 percent below its 2006 level.



Source: U.S. Bureau of Labor Statistics and author's calculations.

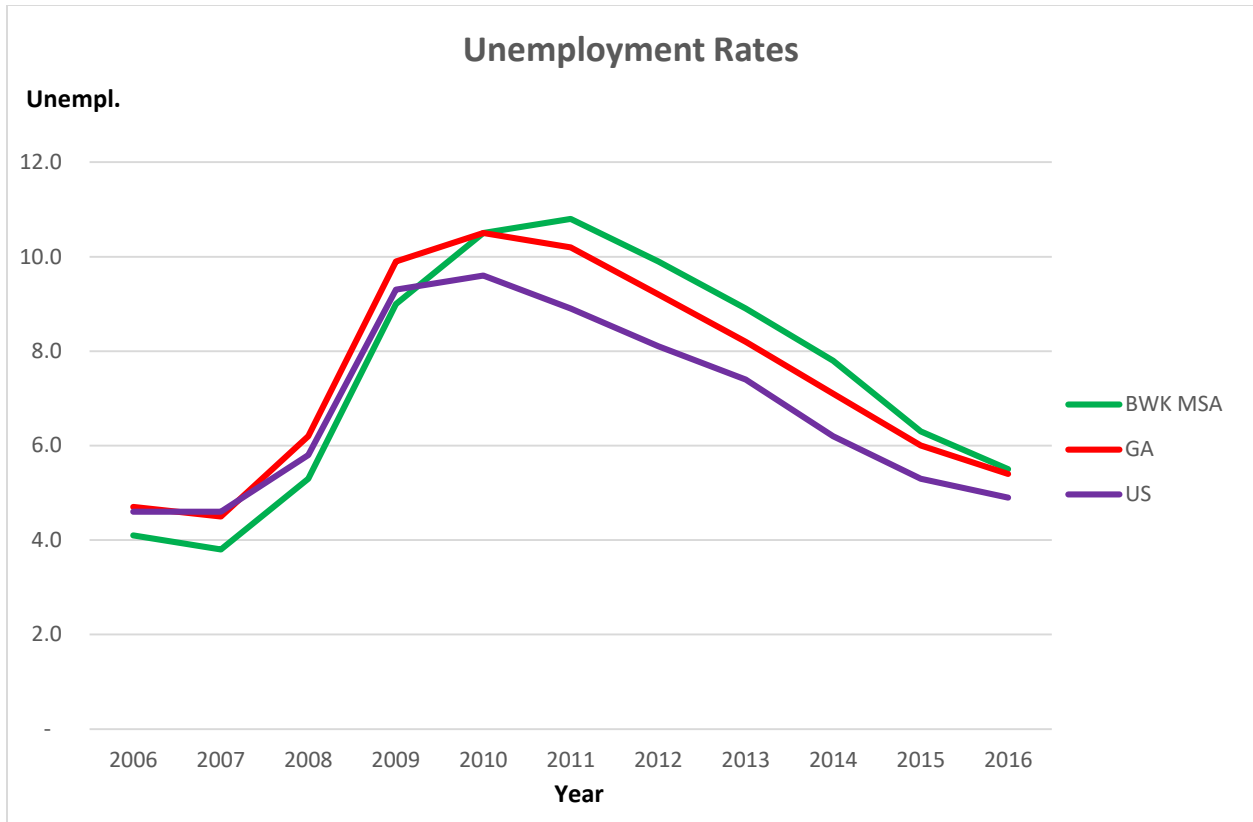
Employment

As with the labor force, employment has fluctuated less in the U.S. than in Georgia and the Brunswick MSA.

In the U.S., employment decreased by 4.8 percent from 2007 to 2010. Since 2010 U.S. employment has increased by 8.6 percent and is now 4.9 percent above its 2006 level.

In Georgia, employment fell 8.8 percent from 2007 to 2010. Employment in Georgia has increased by 10.1 percent since 2010 and is now 3.7 percent above its 2006 level.

In the Brunswick MSA, employment fell by a 10.8 percent from 2009 to 2011. After increasing in 2012, it then fell by another 2.1 percent in 2013 and 2014. Since 2014, employment in the Brunswick MSA has increased by 6.7 percent but is still 2.3 percent below its 2006 level.



Source: U.S. Bureau of Labor Statistics.

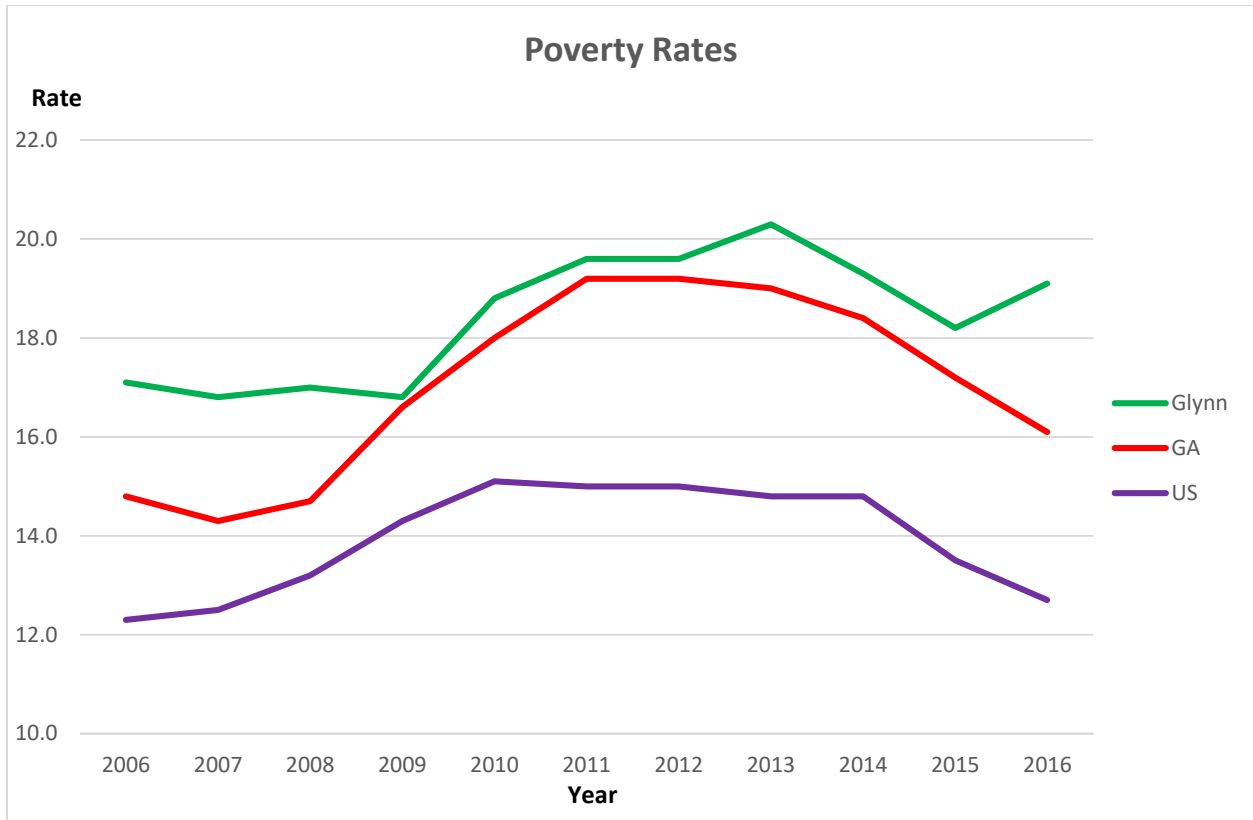
Unemployment Rate

The unemployment rates of the U.S., Georgia and the Brunswick MSA have followed similar paths since the onset of the local recession in 2006.

In the U.S., the unemployment rate rose from 4.6 percent in 2007 to 9.6 percent in 2010. With economic recovery, the nation's unemployment rate fell to 4.9 percent in 2016, and by November 2017 was 4.1 percent.

In Georgia, the unemployment rate rose from 4.5 percent in 2007 to 10.5 percent in 2010. Recovery brought the state's unemployment rate down to 5.4 percent in 2016, and down to 4.3 percent by October 2017.

In the Brunswick MSA, the unemployment rate rose from 3.8 percent in 2007 to 10.8 percent in 2011. By 2016, the area's unemployment rate had fallen to 5.5 percent, and by October 2017, to 4.6 percent.



Source: U.S. Census Bureau.

Poverty Rate

The poverty rate is the percentage of the population living in families with incomes that fall below income thresholds calculated by the U.S. Census Bureau.

The poverty rate in the U.S. was 12.3 percent in 2006. It rose to 15.1 percent by 2010, plateaued till 2014, and began falling in 2015. In 2016, the U.S. poverty rate was 12.7 percent.

In Georgia, the poverty rate was 14.3 percent in 2007. By 2011, it was up to 19.2 percent. From 2013 to 2016, Georgia's poverty rate fell from 19.0 percent to 16.1 percent.

In the Brunswick MSA, the poverty rate rose from 16.8 percent in 2009 to 20.3 percent in 2013. It has remained stubbornly high, dipping only slightly to 19.1 percent in 2016.

So: How Are We Now? A Summary

A recession that lasts eight years and results in an 18 percent decrease in real GDP is, to say the least, a severe recession. For an economy to recover from such a recession to its pre-recession state in only three years would be nothing short of miraculous. The economy of the Brunswick MSA went through just such a recession from 2006 to 2014. Then came the recovery, but not the miraculous.

Real GDP, real per capita GDP, real per capita personal income, the labor force and employment, while increasing, are still below their 2006 levels in the Brunswick MSA. The area's unemployment rate and poverty rate, though falling, remain above their 2006 levels.

The recession of 2007-2009 in the U.S. and Georgia was bad, but not nearly as bad as it was in the Brunswick MSA. With less contraction and more time to recover, the U.S. and Georgia are, for the most part, well beyond their pre-recession states.

The good news for the Brunswick MSA is that the recovery that began after 2014 has been strong. In 2016, real GDP in the MSA increased by 7.2 percent, real per capita GDP increased by 6.5 percent, the labor force grew by 3.8 percent, and employment increased by 4.6 percent. Not miraculous, but impressive. It's a trend that appears to have continued in 2017.

The findings of this study prompt two questions: why was the recession so severe in the Brunswick MSA, and why did recovery in the Brunswick MSA lag so far behind that of Georgia and the U.S.? We'll explore possible answers to those questions in a future Murphy Center study.