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**The Glynn Economy since 2000:
Industrial Structure**

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The Glynn Economy since 2000: Industrial Structure

Introduction

Take a close look at an economy and you'll learn an important fact about economic growth. Economic growth is much more than just *more* – as in more output, more jobs, more income. Economic growth is *change*.

In a growing economy businesses change, products change, ways of producing change, ways of marketing and distributing products change, buyer preferences and spending patterns change. Whole industries change. The industrial structure itself changes.

This **Murphy Center** study examines changes in the industrial structure of a growing local economy – our own, Glynn County – over the past twenty years. Glynn is a small local economy long renowned both near and far as a prime tourist destination. One might suppose that twenty years of moderate economic growth – albeit with a severe recession in the middle of those 20 years – would bring little change to the industrial structure of a small, tourism-based local economy. But such is not the case. In Glynn, too, economic growth is change.

A few items to note before we dive in. When this study refers to “now” or “today” or “currently”, it often cites 2019 data rather than 2020 data. It does so for several reasons. In many cases, 2019 data are the most recent annual data available. No less significant, 2020 economic data are an anomaly. They do not reflect an economy in its most recent year of a long evolution; they reflect an economy in a pandemic. Long evolution is our concern here.

A second note: most industry data are compiled and published in accordance with the North American Industry Classification System (NAICS – pronounced NAKES (rhyming with snakes) by NAICS data using people). What we might casually call an industry (wholesale trade, for example), NAICS calls a sector or, in some cases, such as leisure and hospitality, a supersector. To be consistent with the data, this study uses NAICS terminology. Additional NAICS information can be found in the appendix of this study.

A final note: the private sector is the primary focus of this study. Data on local, state and federal governments are provided, however.

Overview of Structural Change in Glynn since 2000

Change in the industrial structure of an economy takes many forms. One of the most important is sector employment. Another is sector establishments. Let's look at each in turn.

Sector Employment

Consider the following three tables for Glynn. Table 1 below lists Glynn's leading employment sectors in 2000. Table 2 on the following page lists Glynn's leading employment sectors in 2019. Table 3 on page 5 lists, in descending order, the change in employment in each sector from 2000 to 2019.

Table 1. Glynn's Leading Employment Sectors, 2000

Sector	Employment	Percent of Total
Leisure and hospitality	6,464	17.5
Retail trade	5,166	14.0
<i>Local government</i>	<i>4,350</i>	<i>11.8</i>
Manufacturing	3,678	10.0
Professional and business services	3,624	9.8
Health care	2,390	6.5
Construction	2,023	5.5
<i>State government</i>	<i>1,394</i>	<i>3.8</i>
<i>Federal government</i>	<i>1,269</i>	<i>3.4</i>
Financial activities	1,233	3.3
Transportation and warehousing	822	2.2
Wholesale trade	655	1.8
Information	510	1.4
Other private sectors	3,255	8.8
Total Private	29,820	81.0
Total Government	7,013	19.0
Total	36,833	100.0

Source: Georgia Department of Labor

Table 2. Glynn’s Leading Employment Sectors, 2019

Sector	Employment	Percent of Total
Leisure and hospitality	8,551	22.1
Health care	5,274	13.6
Retail trade	5,010	12.9
<i>Local government</i>	<i>3,584</i>	<i>9.2</i>
Professional and business services	3,284	8.5
<i>Federal government</i>	<i>1,927</i>	<i>5.0</i>
Manufacturing	1,876	4.8
<i>State government</i>	<i>1,611</i>	<i>4.2</i>
Wholesale trade	1,596	4.1
Construction	1,433	3.7
Financial activities	1,274	3.3
Transportation and warehousing	1,118	2.9
Information	301	0.8
Other private sectors	1,917	4.9
Total Private	31,634	81.6
Total Government	7,122	18.4
Total	38,756	100.0

Source: Georgia Department of Labor

Table 3. Employment Changes, 2000 to 2019

Sector	2000-2019 Employment Change
Health care	2,884
Leisure and hospitality	2,087
Wholesale trade	941
<i>Federal government</i>	658
Transportation and warehousing	296
<i>State government</i>	217
Financial activities	41
Retail trade	-156
Information	-209
Professional and business services	-340
Construction	-590
<i>Local government</i>	-766
Manufacturing	-1,802
Other private sectors	-1,338
Total Private	1,814
Total Government	109
Total	1,923

Source: Georgia Department of Labor

What's most noticeable from Tables 1 and 2 is not change but continuity: in 2000, leisure and hospitality was Glynn's leading employment sector; twenty years later, it's still Glynn's leading employment sector, as it was every year in between. The continuity is not surprising. Glynn has been a prime tourist destination for a long time.

But note the change. Not only has employment in leisure and hospitality increased by 2,087 since 2000, the sector now accounts for an even larger share of the county's total employment – 22.1 percent today, up from 17.5 percent twenty years ago.

The increase in the relative size of the local leisure and hospitality sector might come as a surprise. Over the past twenty years, Glynn's population has increased by 27 percent, from 67,568 in 2000 to 86,002 today. Over the same years, inflation-adjusted total personal income in Glynn has increased by 45 percent, from \$2.58 billion to \$3.74 billion (figures in 2012 dollars). One might suppose that population and income growth of such magnitude would lead to a more diverse industrial structure in which leisure and hospitality remains the leading employer while employing a smaller fraction of a larger local labor force.

But the relative size of Glynn’s leisure and hospitality sector hasn’t decreased; it has increased. Leisure and hospitality is even larger and more important part of the Glynn economy today than it was in 2000.

The most dramatic change in Glynn’s industrial structure since 2000 has come from its health care sector. In 2000, health care ranked sixth among Glynn’s employment sectors. It employed 2,390 Glynn workers, 6.5 percent of the county’s total employment. Since 2000, employment has increased in Glynn’s health care sector more than in any other sector. With its employment gain of 2,884, health care now employs 5,274 workers and accounts for 13.6 percent of the county’s total employment, making it Glynn’s second largest employer.

Manufacturing and construction have followed a different path. In 2000, manufacturing employed 3,678 Glynn workers and accounted for 10 percent of the county’s total employment, ranking it fourth among Glynn’s leading employment sectors. Construction employed 2,023 and accounted for 5.5 percent of the total, ranking it seventh. Since 2000, manufacturing employment has fallen by almost half, while construction employment has fallen by almost a third. Manufacturing now employs 1,876 Glynn workers, accounts for 4.8 percent of the county’s total employment and ranks seventh in sector employment; construction employs 1,433 workers, accounts for 3.7 percent of total employment and ranks tenth.

Leisure and hospitality’s becoming even more important to the Glynn economy, health care’s becoming the county’s second leading employer, and the steep declines in manufacturing and construction employment are the most significant changes in Glynn’s industrial structure since 2000.

Sector Establishments

Another form of change in an economy’s industrial structure is in the number of business establishments in each sector.

Before we look at the data, let’s clarify terms. A business establishment, as defined by the U.S. Bureau of Labor Statistics and the U.S. Census Bureau, is a single physical location at which business is conducted or service or production operations are performed. Any store, office or factory is an establishment. A business establishment is thus not the same as a business firm: a business firm is a legal entity that may have one or more establishments; an establishment is a physical location.

With that in mind, let’s look at the data. Table 4 on the following page lists, in descending order, the number of establishments in Glynn’s private sectors in 2000. Table 5 does the same but for 2019. Table 6 on page 8 lists the change in the number of establishments in each sector from 2000 to 2019.

Table 4. Establishments by Sector in Glynn, 2000

Sector	Establishments	Percent of Total
Retail trade	439	18.8
Professional and business services	355	15.2
Construction	270	11.5
Leisure and hospitality	257	11.0
Financial activities	249	10.6
Health care	212	9.1
Wholesale trade	86	3.7
Manufacturing	85	3.6
Transportation and warehousing	68	2.9
Information	35	1.5
Other private sectors	285	12.2
Total Private	2,341	100.0

Source: Georgia Department of Labor

Table 5. Establishments by Sector in Glynn, 2019

Sector	Establishments	Percent of Total
Professional and business services	474	18.1
Retail trade	415	15.8
Leisure and hospitality	345	13.2
Financial activities	283	10.8
Health care	258	9.8
Construction	238	9.1
Wholesale trade	87	3.3
Manufacturing	72	2.7
Transportation and warehousing	71	2.7
Information	34	1.3
Other private sectors	344	13.1
Total Private	2,621	100.0

Source: Georgia Department of Labor

Table 6. Establishment Changes, 2000 to 2019

Sector	2000-2019 Establishment Change
Professional and business services	119
Leisure and hospitality	88
Health care	46
Financial activities	34
Transportation and warehousing	3
Wholesale trade	1
Information	-1
Manufacturing	-13
Retail trade	-24
Construction	-32
Other private sectors	59
Total Private	280

Source: Georgia Department of Labor

Compare Tables 1, 2 and 3 with Tables 4, 5 and 6. The relationship between sector employment and sector establishments is rather loose. While the correlation between changes in employment and establishments has been positive in a number of sectors, it has been small or negative in others. The most dramatic contrary case is the professional and business services sector. Since 2000, establishments in professional and business services has increased by 119, the most of any Glynn sector, but employment in the sector has decreased by 340. Wholesale trade is another curious case. Wholesale trade establishments have increased by one in Glynn since 2000, but employment has increased by 941.

The loose correlation between changes in sector employment and sector establishments is understandable. Each sector consists of a large number of different industries. Professional and business services, for instance, consists of accounting services, architectural and engineering services, computer systems analysis, landscaping services, veterinary services and a host of other industries. And each industry consists of many different establishments of many different sizes: some employ few people, some many, some somewhere between few and many. Within each sector, some industries expand while others contract, while within each industry, some establishments expand while others contract. Changes in employment and establishments for a sector as a whole can thus vary considerably.

In trying to determine whether a sector is expanding or contracting, the loose correlation between changes in employment and establishments can muddy the waters a bit. As far as Glynn is concerned, however, both employment and establishment data are quite clear on what the most significant changes in the county's industrial structure since 2000 have been: **(1) leisure and hospitality, Glynn's leading sector, has become an even larger and more vital component of the Glynn economy, (2) health care has**

had the largest increase in employment and has become the county’s second leading employer, and (3) manufacturing and construction have had the largest decreases in employment.

Comparing Structural Change: Glynn, Georgia and the U.S.

Though a few sizable pieces of Glynn are literally islands, its economy is anything but. The Glynn economy is intricately intertwined with the regional, state, national and global economies. How much of the change in Glynn’s industrial structure is unique to Glynn and how much is part of broader state and national industry shifts?

Expanding our beginning year-end year comparison to include Georgia and the U.S. provides some insights. Table 7 below shows each sector’s share, or percentage, of total employment in Glynn, Georgia and the U.S. in 2000. Table 8 on the following page shows sector shares in 2019. Table 9 shows the changes in sector shares from 2000 to 2019. (Note: the sector share changes in Table 9 may conflict the differences calculated from Tables 7 and 8 due to rounding.)

Table 7. Sector Shares of Total Employment by Area, 2000

Sector	Glynn	Georgia	U.S.
Construction	5.5	5.3	5.1
Manufacturing	10.0	13.7	13.1
Wholesale trade	1.8	5.4	4.5
Retail trade	14.0	12.0	11.6
Transportation and warehousing	2.2	4.0	3.3
Information	1.4	3.7	2.7
Financial activities	3.3	5.3	5.9
Professional and business services	9.8	13.9	12.7
Health care	6.5	7.5	9.7
Leisure and hospitality	17.5	8.5	9.0
Other	8.8	5.5	6.6
Total Private	81.0	84.8	84.3
Federal government	3.4	2.5	2.2
State government	3.8	3.6	3.6
Local government	11.8	9.1	10.0
Total Government	19.0	15.2	15.7
Total	100.0	100.0	100.0

Source: Georgia Department of Labor (for Glynn and Georgia); U.S. Bureau of Labor Statistics (for U.S.)

Table 8. Sector Shares of Total Employment by Area, 2019

Sector	Glynn	Georgia	U.S.
Construction	3.7	4.5	5.0
Manufacturing	4.8	9.0	8.5
Wholesale trade	4.1	4.8	3.9
Retail trade	12.9	10.9	10.4
Transportation and warehousing	2.9	4.6	3.8
Information	0.8	2.6	1.9
Financial activities	3.3	5.4	5.8
Professional and business services	8.5	15.9	14.1
Health care	13.6	11.2	13.5
Leisure and hospitality	22.1	11.1	11.0
Other	4.9	5.7	7.2
Total Private	81.6	85.5	85.0
Federal government	5.0	2.3	1.9
State government	4.2	3.1	3.4
Local government	9.2	9.1	9.7
Total Government	18.4	14.5	15.0
Total	100.0	100.0	100.0

Source: Georgia Department of Labor (for Glynn and Georgia); U.S. Bureau of Labor Statistics (for U.S.)

Table 9. Change in Sector Shares of Total Employment, 2000 to 2019

Sector	Glynn	Georgia	U.S.
Construction	-1.8	-0.7	-0.2
Manufacturing	-5.1	-4.7	-4.6
Wholesale trade	2.3	-0.6	-0.6
Retail trade	-1.1	-1.0	-1.2
Transportation and warehousing	0.7	0.5	0.4
Information	-0.6	-1.1	-0.9
Financial activities	-0.1	0.1	-0.1
Professional and business services	-1.4	2.0	1.4
Health care	7.1	3.6	3.8
Leisure and hospitality	4.5	2.5	2.0
Other	-3.9	0.1	0.6
Total Private	0.7	0.7	0.8
Federal government	1.5	-0.2	-0.3
State government	0.4	-0.5	-0.2
Local government	-2.6	0.0	-0.3
Total Government	-0.7	-0.7	-0.8

Two features pop out from Tables 7 and 8: (i) how similar the industrial structures of Georgia and the U.S. are, and (ii) how different Glynn's industrial structure is from that of Georgia and the U.S.

Georgia tends to be a bit heavier than the U.S. in wholesale trade, transportation and warehousing, information, and professional and business services, and lighter in health care. But, except for health care, the differences are rather small. Compared with Georgia and the U.S., Glynn is, of course, much heavier in leisure and hospitality. It's also heavier in retail, state government and federal government. It's lighter in every other private sector, especially business and professional services.

What we are most interested in, however, is how the *change* in Glynn's industrial structure since 2000 compares with the *change* in the industrial structures of Georgia and the U.S. since 2000. That's Table 9. Table 9 shows that the shifts in the industrial structures of Glynn, Georgia and the U.S. since 2000 have been remarkably consistent, especially in the private sectors. Except for wholesale trade and professional and business services (and excluding the catch-all "other" category), shares of total employment have either changed in the same direction or changed by a similar magnitude in every private sector in Glynn, Georgia and the U.S. Further, the largest changes in employment shares in Glynn, Georgia and the U.S. have come from the same two sectors: health care, which has increased its employment share across the board, and manufacturing, which has decreased its employment share across the board. As for the two exceptions, wholesale trade's employment share has increased in Glynn but decreased in Georgia and the U.S., while professional and business services' share has decreased in Glynn but increased in Georgia and the U.S.

Thus, though Glynn's industrial structure has been and continues to be quite different from those of Georgia and the U.S., the change in Glynn's industrial structure has been similar to the broader industrial trends we have seen in the state and the nation since 2000.

There is much more to the evolution of an economy's industrial structure than a beginning year-end year comparison can reveal, however. What about the "between" years – the path of the evolution of Glynn's industrial structure from 2000 to today? Has the expansion of the county's leisure and hospitality and health care sectors and the decline of its manufacturing and construction sectors been steady or uneven? What about the paths of Glynn's other sectors? And the paths of Glynn's sectors compared with those of Georgia and the U.S.? Let's address these questions by examining several of Glynn's leading employment sectors individually.

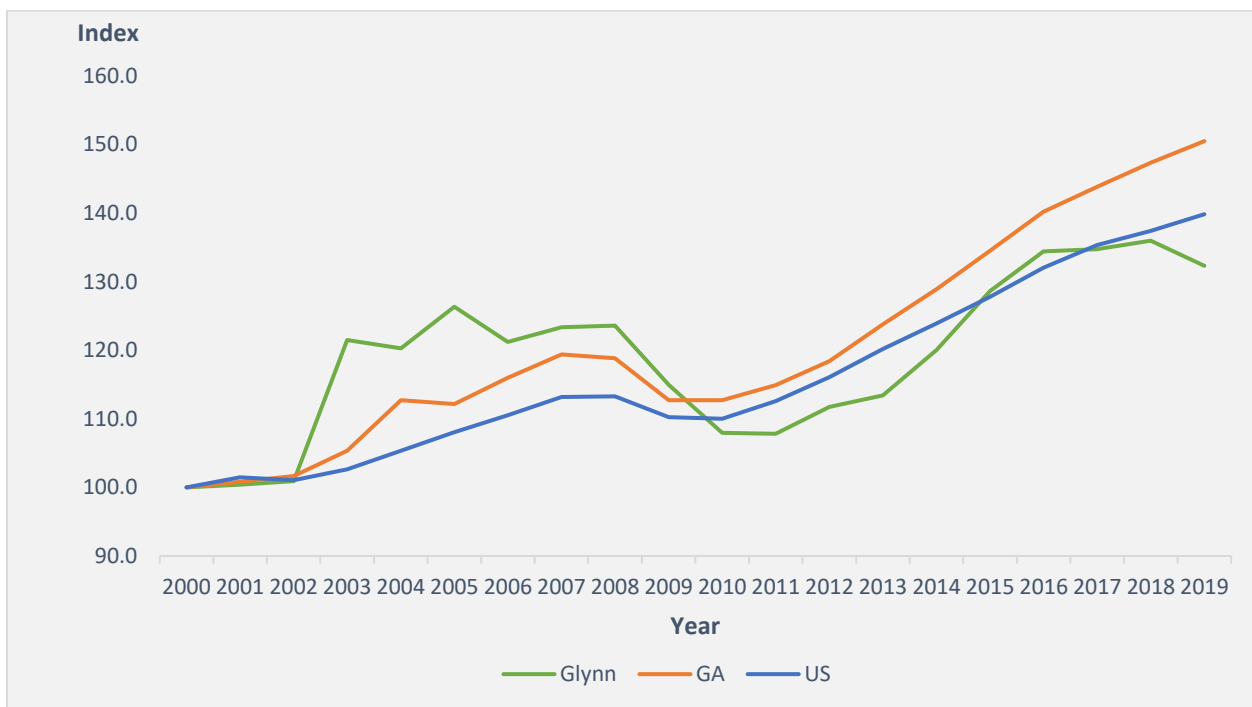
Individual Sectors since 2000

The following pages show the time paths of employment from 2000 to 2019 in Glynn, Georgia and the U.S. for six sectors: leisure and hospitality, health care, retail trade, professional and business services, manufacturing and construction. Employment figures are made comparable by indexing each area's 2000 employment level to 100. (Indexes for subsequent years change by the same percentage as the area's actual employment figures).

Leisure and Hospitality

	Employment Share, 2019	Area Rank	% Change in Employment, 2000-2019
Glynn	22.1	1	32.3
Georgia	11.1	3	50.5
U.S.	11.0	3	39.8

Time Path:

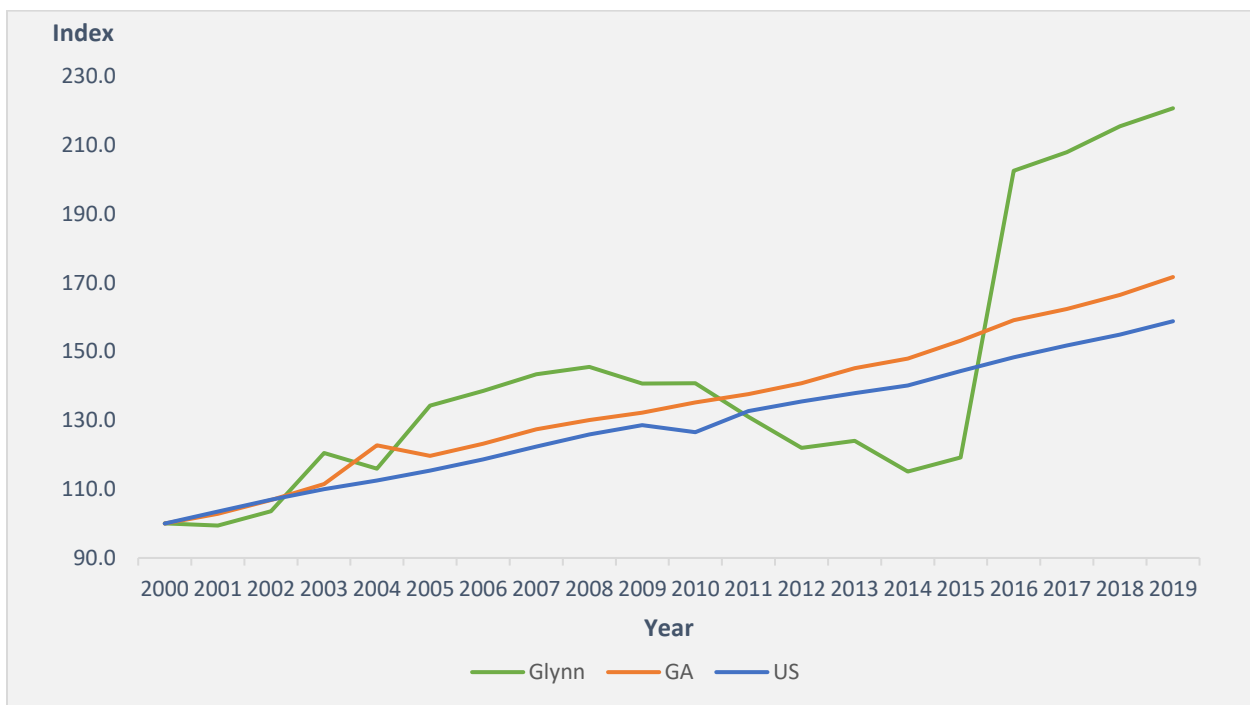


Leisure and hospitality employment has followed a similar yet more volatile path in Glynn than in Georgia or the U.S. since 2000. The recession of 2007-2009 hit the local sector especially hard. The slight employment decrease in 2019 is surprising given the high volume of tourists.

Health Care

	Employment Share, 2019	Area Rank	% Change in Employment, 2000-2019
Glynn	13.6	2	120.7
Georgia	11.2	2	71.6
U.S.	13.5	2	58.8

Time Path:

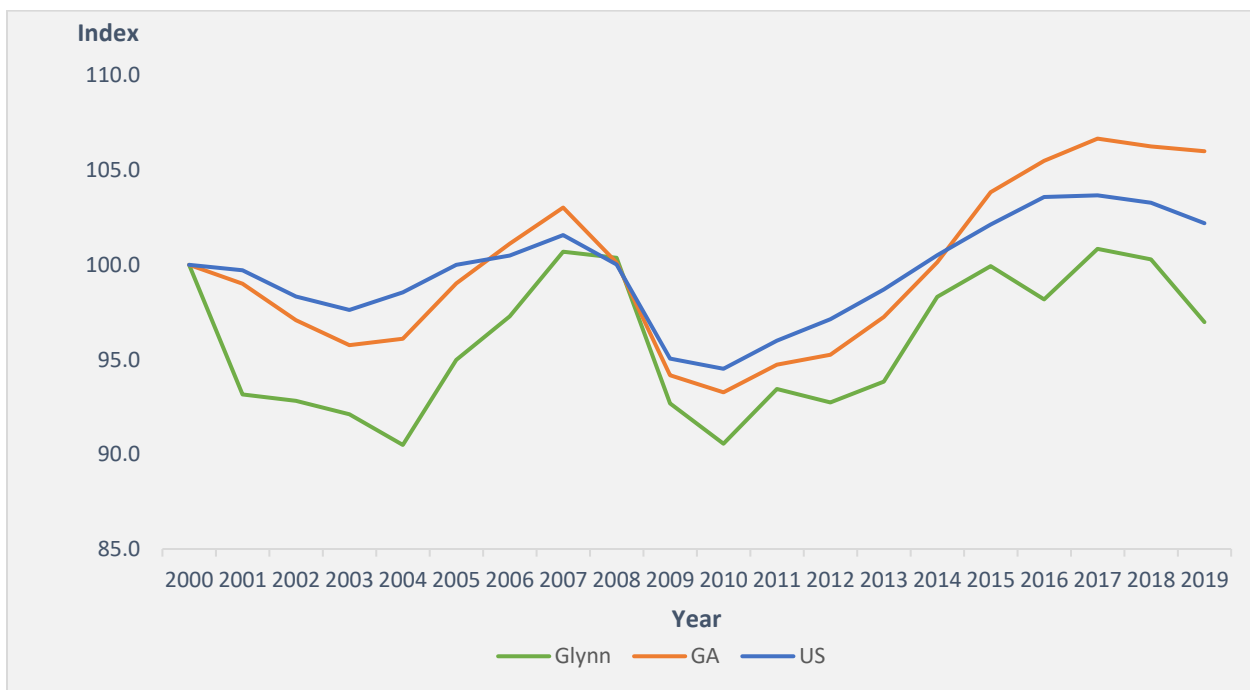


Health care employment has followed an odd path in Glynn since 2000. Strong employment gains from 2001 to 2008 were followed by employment losses from 2008 to 2014 and then an extremely sharp increase in 2016. (The sharp increase in 2016 coincides with an equally sharp decrease in local government employment. A privatization of a local government operation is the likely explanation.)

Retail Trade

	Employment Share, 2019	Area Rank	% Change in Employment, 2000-2019
Glynn	12.9	3	-3.0
Georgia	10.9	4	6.0
U.S.	10.4	4	2.2

Time Path:

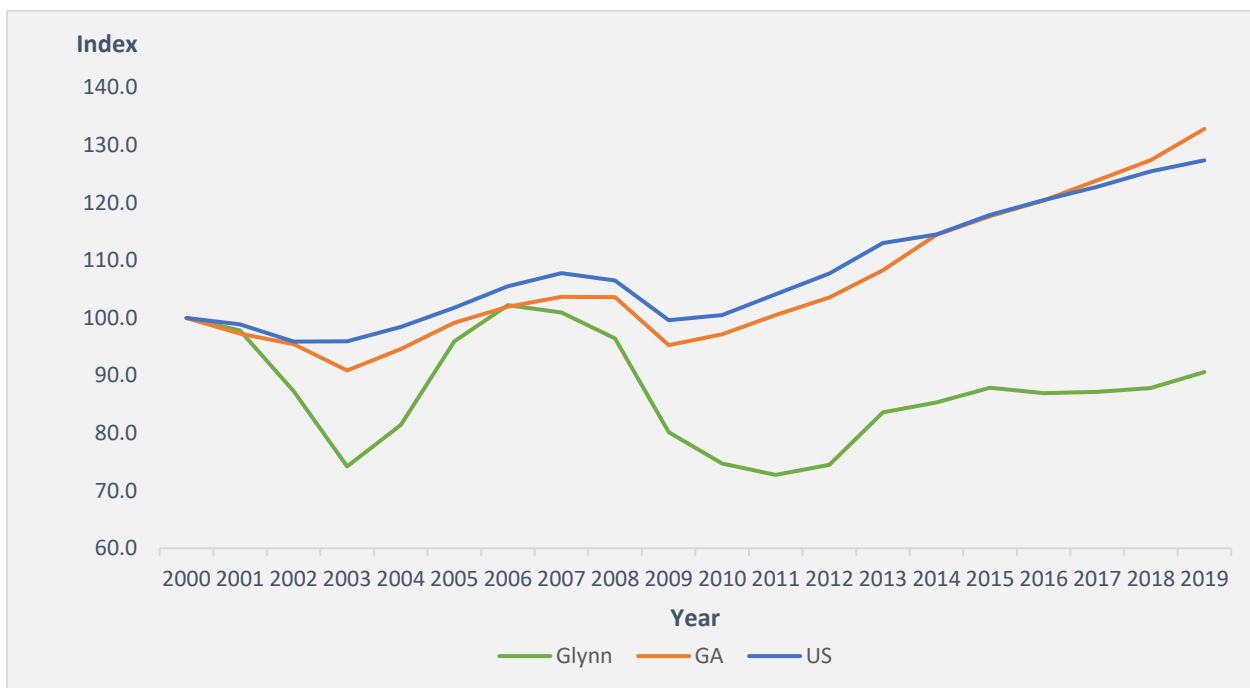


Though weaker in Glynn than in Georgia and the U.S., retail trade employment has followed similar paths in the three areas since 2000. The time paths of leisure and hospitality, health care and retail trade also show that the recession of 2007-2009 was more severe in Glynn than in the state and the nation.

Professional and Business Services

	Employment Share, 2019	Area Rank	% Change in Employment, 2000-2019
Glynn	8.5	5	-9.4
Georgia	15.9	1	32.8
U.S.	14.1	1	27.4

Time Path:

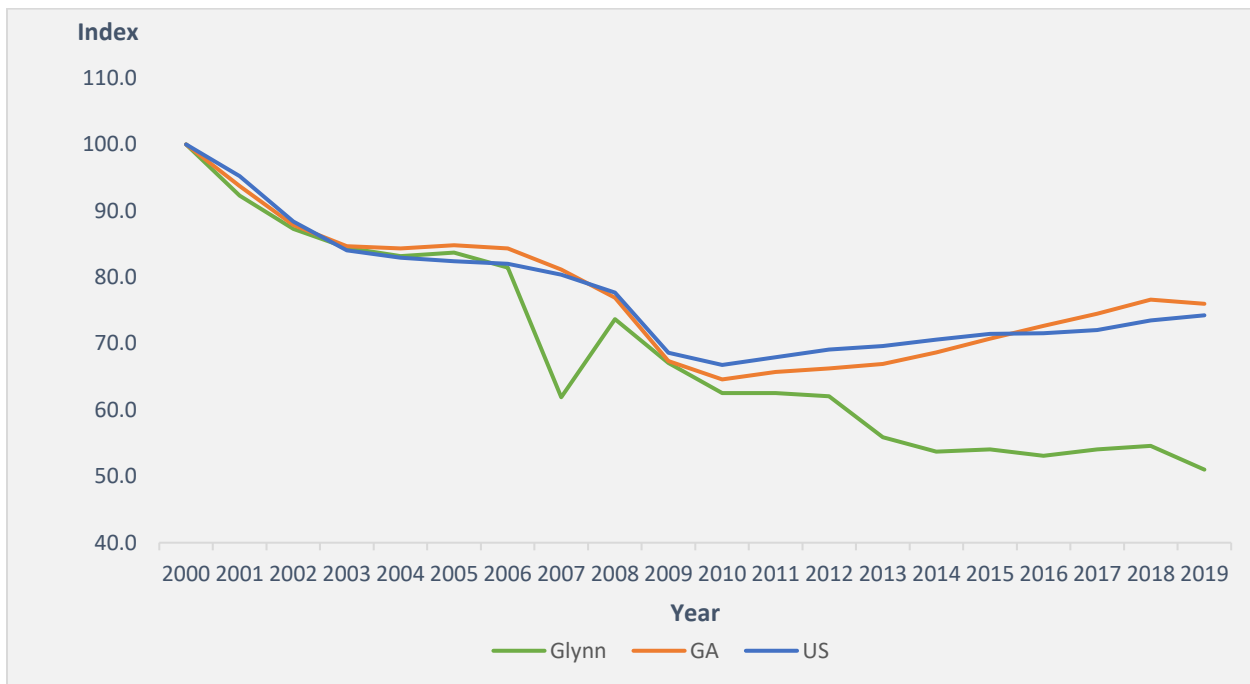


Professional and business services ranks number five among Glynn’s leading private sector employers (local government ranks number four), but it’s the leading employment sector in both Georgia and the U.S. Professional and business services employment in Glynn took steep fall with the recession. Since 2011, employment in the sector has increased by 24.6 percent in Glynn, 32.2 percent in Georgia and 22.3 percent in the U.S. Also, recall that the number of establishments in professional and business services has increased by 119 in Glynn since 2000, more than any other sector (Table 6).

Manufacturing

	Employment Share, 2019	Area Rank	% Change in Employment, 2000-2019
Glynn	4.8	6	-49.0
Georgia	9.0	6	-24.0
U.S.	8.5	6	-25.8

Time Path:



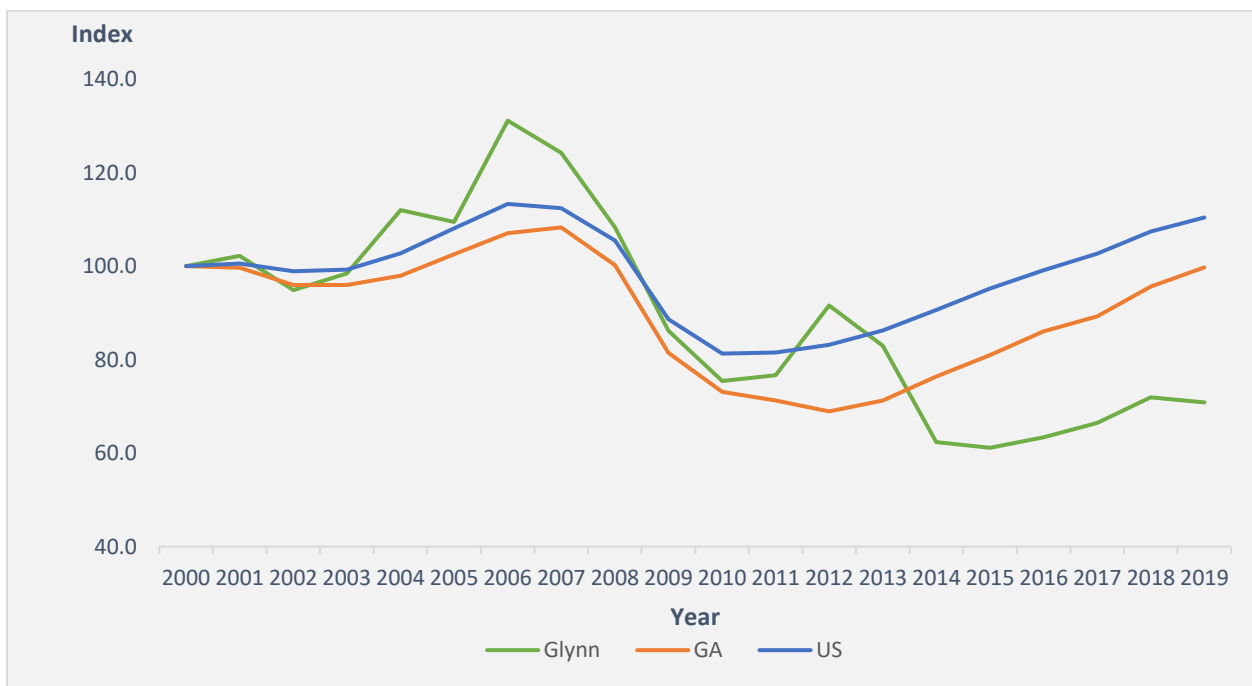
With the exception of 2007, manufacturing employment in Glynn closely followed the state and nation from 2000 to 2010. Since 2010, however, while manufacturing employment in Georgia and the U.S. has increased moderately, it has continued to decline in Glynn.

Increased productivity explains some of the decrease in manufacturing employment in all three areas. But the decrease in manufacturing establishments has also contributed to the decrease in manufacturing employment in Glynn.

Construction

	Employment Share, 2019	Area Rank	% Change in Employment, 2000-2019
Glynn	3.7	10	-29.2
Georgia	4.5	11	-0.2
U.S.	5.0	9	10.4

Time Path:



While construction employment has been volatile in Georgia and the U.S. since 2000, it has been even more so in Glynn. The housing boom and bust that spanned from 2003-2010 was especially pronounced in Glynn. Since 2010, Glynn’s construction employment path has significantly diverged from that of the state and the nation.

Appendix: Sectors under the North American Industry Classification System (NAICS)

The North American Industry Classification System (NAICS) is the standard used by Federal statistical agencies in classifying business establishments. NAICS was developed by the NAICS Association under the auspices of the Office of Management and Budget (OMB) and adopted in 1997 to replace the old Standard Industrial Classification (SIC) system. Summary information on NAICS sectors and industries is provided below. More information can be found at the NAICS Association website, <https://www.naics.com/>, as well as the Bureau of Labor Statistics' Industry at a Glance page, https://www.bls.gov/iag/tgs/iag_index_naics.htm.

Leisure and Hospitality is classified under NAICS as a supersector consisting of two sectors: Arts, Entertainment and Recreation (NAICS 71) and Accommodation and Food Service (NAICS 72). Each of the two sectors consists of a wide variety of industries.

Health Care, or Health Care and Social Assistance (NAICS 62), is a sector consisting of four subsectors: Ambulatory Health Care Services (NAICS 621), Hospitals (NAICS 622), Nursing and Residential Care Facilities (NAICS 623) and Social Assistance (NAICS 624).

Retail Trade (NAICS 44-45) is a sector consisting of twelve subsectors and many different industries. Retail trade is part of the Trade, Transportation and Utilities supersector.

Professional and Business Services is a supersector consisting of three sectors: Professional, Scientific, and Technical Services (NAICS 54), Management of Companies and Enterprises (NAICS 55) and Administrative and Support and Waste Management and Remediation Services (NAICS 56). Each sector consists of several subsectors and many industries.

Manufacturing (NAICS 31-33) is a sector consisting of 21 subsectors and a slew of different industries.

Wholesale Trade (NAICS 42) is a sector consisting of three subsectors: Merchant Wholesalers, Durable Goods (NAICS 423), Merchant Wholesalers, Nondurable Goods (NAICS 424) and Wholesale Electronic Markets and Agents and Brokers (NAICS 425). Wholesale trade is part of the Trade, Transportation and Utilities supersector.

Construction (NAICS 23) is a sector consisting of three subsectors: Construction of Buildings (NAICS 236), Heavy and Civil Engineering Construction (NAICS 237) and Specialty Trade Contractors (NAICS 238).

Financial Activities is a supersector consisting of two sectors: Finance and Insurance (NAICS 52) and Real Estate and Rental and Leasing (NAICS 53).

Transportation and Warehousing (NAICS 48-49) is a sector consisting of eleven subsectors and many industries.

Information (NAICS 51) is a sector consisting of six subsectors: Publishing Industries (NAICS 511), Motion Picture and Sound Recording Industries (NAICS 512), Broadcasting (NAICS 515), Telecommunications (NAICS 517), Data Processing, Hosting, and Related Services (NAICS 518) and Other Information Services (NAICS 519).