

SAVANNAH 2022 ECONOMIC TRENDS





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NOTE: ABOUT THE DATA

This report was updated by the Department of Economics in association with the Center for Business Analytics and Economic Research (CBAER), a member of the Business Innovation Group in the Parker College of Business at Georgia Southern University. The Center meets the applied research needs of Georgia and Savannah's business and community organizations (<https://parker.georgiasouthern.edu/big/>). Areas of research include regional economic forecasting, economic impact analysis, market analysis, economic development and business expansion, tourism development, survey-based research, and specialty reports on topics of state, regional and local interest. The Center's activities are intended to appeal to a broad range of constituencies, and the Center stands ready to enter into cooperative partnerships with public, private, and community organizations.

Data for this report are collected from public sources and generally lag one to two years behind the date the report is produced. Most data in this year's report are annual figures for 2020, but include data from 2021 when possible. This data may not accurately reflect the economic conditions that businesses and residents face currently. While GSU and the Savannah Chamber have made every attempt to provide the most reliable information available, they cannot be held liable for omissions or inaccuracies.

This report is published by the Savannah Area Chamber of Commerce, 101 East Bay Street (31401), P.O. Box 1628, Savannah, Georgia, (912) 644-6400. The Chamber would like to thank the many Savannah businesses and organizations that contributed to the information and analysis provided in this annual update. This edition was published in January 2022.

Additional resources and contact information are available on the Chamber's Web site: www.savannahchamber.com.

Welcome to Savannah

The metropolitan Savannah area benefits from a diverse mix of industry and services, a history of sustainable population growth, and a moderate tax structure that combine to help the regional economy maintain a healthy balance and quality of life that continues to rate among the nation's best.

Similarly to past years, Savannah continues to receive much recognition for both its business and cultural richness such as the "The World's Greatest Places of 2021" TIME, July 2021; "Best Places to Retire in the U.S." (#95) U.S. News & World Report, October 2021; "10 Most Beautiful Cities to Visit in the United States" Redbook, May 2021; "Favorite Foodie City" (#2) Trazee Travel, August 2021; "Top 25 Places to Visit in the US" Insider Monkey, May 2021; "The 25 Best Distilleries in the U.S." Travel + Leisure, January 2021; "Greenest City in Georgia" Insurify, April 2021; "Best Haunted Hotel 2021" (#2 The Marshall House) USA Today, September 2021; and "The South's Best Bakeries 2021" (#1, Back in the Day Bakery) Southern Living, March 2021.

Savannah is a cosmopolitan community with a European flair and "good bones" as exhibited by its strong business community and advanced infrastructure. While residents and visitors enjoy its rich heritage and historical atmosphere, Savannah continues to improve its business environment by infusing the area with advantages that benefit its major industries. This includes manufacturing, logistics, tourism, port operations, health care, military, and a growing presence of entertainment production, innovative technology firms, and entrepreneurs. The Savannah region continues to be an ideal choice for any relocating business, individual or family.

We invite you to bring your businesses and families to Savannah to join this vital and thriving community. We are ready to help you and your company become exciting new members of our beautiful city. For more information contact:

Savannah Area Chamber of Commerce
Visit Savannah
101 E. Bay Street (31401)
Savannah, GA 31402-1628
912-644-6400 Fax: 912-644-6499
www.SavannahChamber.com
www.VisitSavannah.com

The following organizations are also available to assist you in your move to Savannah.

Savannah Economic Development
Authority (SEDA)
906 Drayton Street
Savannah, GA 31401
(912) 447-8450 Fax: (912) 447-8455
www.seda.org

The Creative Coast
2 E. Bryan St., Suite 100A
Savannah, GA 31401
Email: admin@thecreativecoast.org
www.thecreativecoast.org

Savannah Entrepreneurial Center
801 E. Gwinnett Street
P.O. Box 1027
Savannah, GA 31402
(912) 652-3582 Fax: (912) 651-3175
www.savannahga.gov

Savannah Quick Facts

Tourism

Annual Visitors: nearly 13.9 million (2020)
 Nation's largest Historic Landmark District

Manufacturing

401 manufacturing businesses provide 22,926 jobs (2021 Q2)

Top 5 Manufacturing Employers (2020)

Gulfstream Aerospace Corp.	10,000
SNF	1,500
Georgia-Pacific	1,300
Rayonier Advanced Materials	829
JCB	800

Taxable Retail Sales (Estimated), Chatham County

2021	\$8.9 Billion	2016	\$6.6 Billion
2020	\$7.4 Billion	2015	\$6.6 Billion
2019	\$7.5 Billion	2014	\$6.6 Billion
2018	\$7.7 Billion	2013	\$6.1 Billion
2017	\$7.1 Billion	2012	\$6.3 Billion

43 Large Shopping Centers, 2 Regional Malls, Outlet Center

Source: GA Department of Revenue Statistical Reports,
 Chatham County Finance Department.

Utilities

Southern Company and a choice of gas marketers
 City of Savannah Water/Sewer

Culture

African-American Cultural Center
 Art Galleries, Theaters and Museums
 City Market Art Center
 Fiesta Latina
 Georgia Historical Society
 Historic Forts Jackson, McAllister, Pulaski, and Screven
 Historic Landmark District: Homes, Churches, and Cemeteries
 Riverboat Cruises
 Savannah Asian Festival
 Savannah Black Heritage Festival
 Savannah Book Festival
 Savannah Film Festival
 Savannah Jazz Festival and Jazz Society
 Savannah Music Festival
 Savannah Philharmonic Orchestra and Chorus
 Savannah Stopover Music Festival
 Tybee Island Pirate Festival

Population* (Savannah MSA)

(Bryan, Chatham, and Effingham Counties)

2000	293,000	2018	389,453
2010	348,640	2019	393,353
2017	386,394	2020	395,983

Chatham County is ranked the 5th largest county in Georgia.

142,788 households (Savannah MSA, 2019)*

\$59,459 median household income (Savannah MSA, 2019)*

*U.S. Census Bureau American Community Survey 5-Year Estimate.

Subtropical Climate

Average Seasonal Temperatures
 Spring 65.26° Summer 81.40°
 Autumn 67.87° Winter 51.13°
 Precipitation: 48.0" average rain per year

Recreation

Tybee Island Beaches & Pavilion
 Boating, Marinas, Boat Ramps, Rowing, Aquatic Center
 Fishing & Hunting, Camping, Wildlife Parks
 Nightlife, Live Music
 Savannah Civic Center, Entertainment
 Public & Private Available: Golf Courses, Swimming & Tennis

Banks

158 Bank branches (www.yellowpages.com)
 47 Credit Unions (www.yellowpages.com)

Schools & Churches

Public: 23 elementary schools, 8 K-8 schools,
 8 middle schools, 11 high schools
 5 charter schools (3 elementary, 1 K-10 and 1 middle)
 Private: 23 elementary schools, 16 high schools
 Higher Education: 17 universities, colleges and technical colleges
 with estimated annual enrollment of about 72,000
 About 650 churches (www.yellowpages.com)

Healthcare (Chatham County)

3 acute care hospitals 1,300+ beds, 1200+ doctors
 18 skilled nursing care facilities

Media

Print Media	Frequency
Savannah Morning News	Daily
Statesboro Herald	Daily
Savannah Business Journal	Monthly
Effingham Now	Weekly
Bryan County News	Weekly
Bryan County Now	Weekly
Connect Savannah	Weekly
Effingham Herald	Weekly
Savannah Penny Saver	Weekly
Savannah Tribune	Weekly
The Savannah Herald	Weekly
The Island Packet	Daily
The West Chatham Neighbor	Monthly
The South Magazine	Bi-monthly
Coastal Empire Seniors	Monthly
La Voz Latina	Weekly
Savannah Magazine	Bi-monthly
Georgia Historical Quarterly	Quarterly
Savannah Jewish News	10 issues
Coastal Living	10 Issues

Television Stations / Radio Stations

See listings at www.yellowpages.com

NOTE: Media Web sites provide additional information

Comparable Home Prices, Zillow.com

Single Family Home (Average of Middle Price Tier)	
City, State	Sep. 2020
Atlanta, GA	\$495,000
Raleigh, NC	\$444,000
Nashville, TN	\$442,000
Charlotte, NC	\$402,000
Orlando, FL	\$357,000
Gainesville, FL	\$282,000
Savannah, GA	\$252,000

Government

City of Savannah

Mayor, eight Aldermen, City Manager

Chatham County

Chairman, eight Commissioners, County Manager.

Other Chatham County municipalities: Bloomingdale, Garden City, Pooler, Port Wentworth, Thunderbolt, Tybee Island, and Vernonburg

Military

25,500 daily working population at Ft. Stewart & Hunter

Army Airfield:

21,200 soldiers

4,300 civilian workers

Total retired military personnel in Savannah and the surrounding area: 12,650

Taxation 2020

Property Tax on \$252,000 home:

Unincorporated Chatham County: \$3,594

City of Savannah: \$4,378

Sales Tax

Chatham County: 7% tax on the purchase of all goods and some services and 3% tax on food items

Other Counties: 7% tax on the purchase of all goods and some services and 3% tax on food items

Room Tax

Chatham County: 6% (plus 7% sales tax)

Tybee Island: 7% (plus 7% sales tax)

Personal Income Tax

Single: \$230 on first \$7,000 plus 5.75% of the balance

Married: \$340 on first \$10,000 plus 5.75% of the balance

Married filing separately: \$170 on first \$5,000 plus 5.75% of the balance

Workforce—Savannah MSA

Year	Employed	Year	Employed
2014	165,600	2018	184,200
2015	171,800	2019	186,600
2016	176,100	2020	179,800
2017	179,300	2021	190,455

Non-Agricultural Employment U.S. Bureau of Labor Statistics
2021 figure through November

Georgia is a “right to work” state.

Air Transportation

Savannah/Hilton Head International Airport has numerous daily nonstop flights. Airlines: Air Canada, Allegiant, American Airlines, Frontier, JetBlue, Delta Air Lines, Sun Country Airlines, United Express, Silver Airways, Southwest

Foreign Trade Zone 104 is located at the airport.

Ground and Water Transportation:

- CSX & Norfolk Southern Railroad
- Amtrak
- Airport/Amtrak Shuttle Service
- Greyhound
- Taxis and pedi-cabs
- Chatham Area Transit (local bus system)
- Water Ferry

Port of Savannah – Georgia Ports Authority

- Ships to 160+ countries
- Direct shipping to 800+ ports
- 30+ freighter lines
- 50+ freight forwarders & custom brokers

Highways/Interstates

U.S. 17, 17A, 80; GA 21, I-16, I-95, I-516

Driving distance to:

Atlanta – 250 miles

Charleston – 110 miles

Jacksonville – 140 miles

15 miles to Tybee Island and the Atlantic Ocean

Economic Development Agencies

Savannah Area Chamber of Commerce, (912) 644-6400

www.savannahchamber.com

Savannah Economic Development Authority, (912) 447-8450

www.seda.org

City of Savannah Office of Business Opportunity, (912) 652-3582

<http://www.savannahga.gov/483/Office-of-Business-Opportunity>

The Creative Coast, (912) 809-2935

www.thecreativecoast.org



The National Outlook

By Jeffrey M. Humphreys

Terry College of Business, University of Georgia

www.selig.uga.edu

Once effective vaccines became widely available in the second quarter of 2021, the economy settled into sustainable, above-average growth. The Delta variant of the virus kept demand from surging and supply chains from normalizing, but the U.S. economy continued to expand at an above-average pace. In 2021, we estimate that inflation-adjusted GDP increased by 5.5 percent, which substantially exceeds the U.S. economy's long run--1970 to 2020--rate of growth of 2.7 percent.

Our 2022 economic outlook calls for above-average GDP growth to continue due to a broadening of the U.S. economic expansion to more fully include even the most severely impacted industries and geographies. That broadening is possible because vaccinations and infections will provide a high level of herd immunity against severe infection and/or death from Covid. High-contact industries such as restaurants, hotels, and live entertainment will be able to operate more fully. Similarly, regional economies highly dependent on travel, hospitality, and tourism will begin to rebound. Consumer and business confidence will be high enough to support above-average economic growth, but sentiment will remain below pre-pandemic levels.

In 2022, we expect GDP to increase by 4 percent. (That compares to the 5.5 percent increase estimated for 2021 and the 3.4 percent decline reported for 2020.) Labor market conditions will improve, but the number of jobs will recover more slowly than GDP. On an annual average basis, total nonfarm employment will expand by 2.7 percent compared to the 2.3 percent increase estimated for 2021 and the 5.8 percent decline reported for 2020. The U.S. labor market will fully recover the 22.4 million job lost to the Covid recession in late 2022. At that time, the U.S. economy can be considered fully healed, but it will be a very different economy.

Consumer Spending

We predict that the consumer to be the main strength of the 2022 economy. On an inflation-adjusted basis, personal consumption expenditures will increase at an above-trend rate of about 5 percent, which will be quite an accomplishment given that inflation-adjusted personal income is expected to decline due to a large drop in federal stimulus payments. The increase in consumer spending will be possible due to a drop in the personal savings rate as well as spending some of the excess savings that accumulated during the pandemic. In 2022, the personal savings rate will decline to less than 7 percent from 13 percent in 2021 and from 16 percent in 2020. The drop in the savings rate amounts to about \$1 trillion in extra spending in 2022. As of mid-2021, American households had accumulated about \$2.5 trillion (12 percent of GDP) in unanticipated savings, but most of this money probably will be earmarked for retirement or for long-term investments. The demographics of the big savers therefore will spread the spending from accumulated savings over many years.

Job growth will power consumer spending. Improving labor market conditions will support growth in wages and salaries and bolster consumer confidence. Compensation per hour will rise by at least 3 percent and the number of hours worked also will rise, which will help to offset the wind down of the federal government's massive stimulus programs. Personal income derived from federal transfer payments will drop sharply, so overall inflation-adjusted personal income will decline even as wage and salary income climbs.

Fortunately, growth in consumer credit will contribute to the projected increase in consumer spending. In a repeat of 2021, credit will expand sharply, with non-revolving credit growing much faster than revolving

credit. Lenders will loosen credit to most customers—even those with poor credit scores. Job growth, the lower unemployment rate, and appreciated asset values will support credit growth.

Household balance sheets are in very good shape, which bodes well for credit growth. Due to fiscal stimulus, low interest rates, surging home prices, and forbearance, bankruptcy filings fell to historic lows in 2021. Credit will be more available and very inexpensive. As forbearance policies end, bankruptcies probably will increase, but will be curtailed by the improving economy and higher home prices.

Most consumers are well positioned to take on additional credit because their debt burdens are low. Specifically, the ratio of debt service payments to households' after-tax income was under 10 percent before the Covid recession and fell to 9 percent in 2021. The ratio is expected to rise slightly to 10 percent in 2022, which is low. In comparison, the debt service ratio was 13 percent leading up to the Great Recession.

Another positive for consumer spending is that many households have locked in historically low mortgage rates. Excellent housing market conditions will encourage homeowners to spend heavily for home improvements using accumulated savings, funds from mortgage refinancing, and funds obtained by taking on slightly more home equity debt. Such spending is high octane fuel for the economy. The proportion of homeowners who extract cash from the refinancing of their home mortgages will rise, but it will not surge like it did during the last housing boom.

Consumer confidence will support growth in consumer spending. In 2022, job growth should keep confidence from wavering, but concerns about inflation will prevent confidence from increasing further. Nonetheless, steady confidence will support stronger spending for leisure travel and personal services, which favors the use of bankcard credit.

Less positively, wealth-effect spending will probably be absent and could turn negative in 2022. Over the last two years, the global savings glut pushed up the prices of almost all types of assets. Many assets are overvalued, but housing is not. People currently put a higher priority on home ownership than they did prior to the pandemic. We believe there's still some upside potential for single-family home prices given strong demand coupled with a limited supply of existing homes on the market, and the relative paucity of new homes under construction. Nonetheless, home price increases will be more modest and thus will not add enough to households' net worth to compensate for potentially lower prices for bonds and equities. By any historical measure, bonds and equities are very richly valued. Bond prices probably will weaken only slightly in 2022 but will be vulnerable to larger corrections a bit further out on the forecast horizon. Equity markets will be vulnerable to correction, however.

The absence of wealth-effect spending and the heightened possibility its reversal is a fundamental concern for consumer spending in 2022. Growth in household wealth has risen since 2009, exceeding income growth in most years. A downturn in stock markets would reduce financial equity wealth, which would be a negative for consumer spending. Still, due to the excess of savings accumulated over 2020-21, it would take a major stock market reversal to produce an outright decline in consumer spending. Since we do not see an obvious trigger for a major reversal, a moderate decline in equity prices is the most likely outcome. That would slow, but not stop growth in consumer spending.

Spending for services will increase faster than spending for goods. In part, this represents easy comparisons to low prior-year bases as well as the satisfaction of deferred demand for services that were not purchased during the pandemic. Nonetheless, pent-up demand for services does not accumulate to the same degree that it does for durable goods due to the nature of services. Vaccinations and some degree of herd immunity will boost sales for many of the high-contact service businesses that are unable to fully normalize as long as people remain highly concerned about catching Covid. Among services, providers of healthcare will see above-average growth in spending.

We believe that there is a strong possibility that the pandemic caused a structural shift in consumers' spending that favors goods over services. High-contact service businesses may never claim the percentage of GDP that they did prior to the pandemic. Full economic recovery for some types of service businesses therefore will take many years, and some may never recover.

Sales of both durable and nondurable goods are expected to increase in 2022, with spending for nondurables growing faster than spending for durable goods. Sales of durable goods would be significantly stronger if not for supply shortages. For example, vehicle sales will rise by about 15 percent, but the gain would be much sharper if not for shortages of many popular models. In addition, vehicles destroyed by hurricanes will need to be replaced and, due to shortages, many will be purchased in 2022.

There are some additional factors that bode well for future vehicle sales. In post-pandemic America, people will be less inclined to use public transportation. Similarly, vehicle sales will benefit from people's greater interest in traveling to destinations closer to home rather than to far-flung destinations by plane or cruise ship. Strong sales of boats, campers, and trailers will support sales of trucks and other personal vehicles capable of towing heavy loads. In addition, stronger preferences for homes in the suburbs or rural areas boosts demand for new vehicles, especially light trucks. Still, this sanguine outlook assumes that supply chain issues are resolved.

Strong housing markets will support sales of durable household equipment, building materials, fixtures, floor coverings, furniture and many other home-related goods and services. Price increases and demographic factors will underpin spending on pharmaceuticals and other medical products. Spending on groceries will rise only modestly because restaurants will reclaim market share from grocers. Spending on clothing and footwear also will increase although spending on luxury goods will be very sensitive to the performance of the stock market

Labor Markets

Late in 2022, the U.S. labor market will fully recover the jobs lost to the Covid-19 recession. If so, full recovery will take about two and one-half years, which is about twice as fast as after the 2007-2008 recession (five years). One reason why the labor market is healing relatively quickly is massive federal fiscal stimulus that equaled about 25 percent of pre-pandemic GDP. It also helped that there were not many imbalances in the economy when the pandemic began.

In 2022, total nonfarm employment will increase by 2.7 percent, or by 3.9 million jobs. Job growth will be very broadly based across industries. Some of the industries that suffered the greatest job losses during the recession will post the largest percentage gains. The leisure and hospitality sector is probably the best example. The "other services" category, which includes many high-contact services, will also see fast job growth. Courtesy of the housing boom, construction will see solid job growth, which would be even faster if not for shortages of workers in construction trades. The information industry will add jobs due to the rapid digitization of the economy and the rollout of 5G networks. Transportation, utilities, and manufacturing will see solid employment growth, too. In fact, no major economic sectors are expected to lose jobs in 2022. The widespread availability of jobs suggests that the quit rate will remain quite high as workers feel confident in their ability to seek better opportunities.

The prospects for manufacturing are quite good and would be even better if not for shortages of critical inputs. Industrial production will increase by about 5 percent due to firming factory orders and very lean inventories. Manufacturing will add jobs despite lingering trade tensions, supply chain disruptions, and past appreciation of the dollar. Re-shoring production will be a minor factor behind manufacturing job growth in 2022, with the possible exception of pharmaceuticals and other medical goods where re-shoring could be more important.

As usual, GDP growth will be the most important factor that will sustain job creation, but it will help that financing will be easy to obtain. Venture capital--which fuels job creation--will be widely available on very favorable terms. Less positively, foreign direct investment will remain subdued.

One factor that will temper employment growth is a mismatch between available jobs and available workers. The pandemic accelerated the adoption of existing technologies and trends that made many job skills obsolete, or at least less valuable. Investments in automation, labor saving equipment and processes, online delivery of services, and online retail were especially heavy. Businesses took advantage of the shutdown to revamp their operations and business models, and as a result, many jobs were erased. Moreover, concerns about Covid prompted older workers to retire at a higher than normal rate.

Assuming that labor force participation remains somewhat depressed, net job creation will bring the unemployment rate down to 4.2 percent in 2022. This will keep upward pressure on wages, providing traction for some degree of wage-push inflation. The Federal Reserve will need to shift its current policy stance from stimulative to neutral, then make it restrictive by the end of 2022.

With the unemployment rate at low levels, the balance of power will favor workers over employers. Companies will struggle to increase staffing fast enough to keep pace with rising demand for the goods and services they produce. It will be very difficult to hire workers across many occupations and industries. Already severe shortages of many types of construction workers and truck drivers will worsen, but workers of nearly all types will be scarce.

In mid-2021, the prime-age employment-to-population ratio was 77.8 percent, which is 2.2 percent below the 80 percent ratio that typically associated with a strong labor market. It will rise in 2022, but it is likely to remain below 80 percent due to lingering fears about Covid as well as the family care responsibilities that many workers shoulder. Telework arrangements will account for a substantially higher proportion of work arrangements than was the case prior to the pandemic. Demographic trends (e.g., low birth rates) suggest that unless foreign immigration increases, a shortage of workers could be a feature of the post-pandemic U.S. economy. That bodes well for a rebalancing of income from capital to labor, which should help to reduce inequalities in income.

In 2022, compensation per hour will rise by 3.5 percent. In essence, rising demand for labor will put upward pressure on wages and benefits. Faster productivity growth is likely to offset about half of the increase in compensation per hour, which should keep unit labor costs from rising by more than 2 percent.

Housing

Housing markets will drive growth again in 2022, thanks to job growth, low mortgage rates, and cyclical factors. Demand that was not satisfied in 2020-21 (due to shortages of homes for sale) will support higher sales of new and existing homes in 2022. Millennials are reaching the age where they will buy homes in much larger numbers, especially in the South and West where overall population growth is strong. Real estate investors will be more active.

It's likely that the pandemic caused a structural shift that favors owner-occupied housing over rental housing and low-density housing over high-density housing. Teleworking, online education, more caregiving at home, and more leisure time at home means the home is more important than ever. This will not change when the pandemic ends. Put it all together and people are willing to pay more for a single-family home than prior to the pandemic. Homes are more valuable because they are scarce.

With demand high and supplies tight, the number of single-family housing starts for new construction will increase by about 10 percent in 2022. The increase would be even larger if not for shortages of construction workers, building materials, household equipment and appliances, and developed lots.

Home prices will rise by about 5 percent, exceeding the expected rate of inflation of 3.4 percent, but far less than the 15 percent increase in home prices estimated for 2021. Prices will continue to rise because demand will be strong, supplies will be tight, and the supply chain for new home construction is inadequate.

As always, the performance of the U.S. housing market depends on the performance of the labor market, changes in mortgage rates, and credit conditions. New jobs and bigger paychecks--plus appreciated home values--will give more people the wherewithal and the confidence to buy homes, sustaining the housing market's growth in 2022. Prevailing low mortgage rates will continue to be a strong driver of housing sales.

Supply constraints--the scarcity of developed lots and a shortage of lumber and construction tradespeople--will moderate rather than stop the growth of the homebuilding industry. In effect, these shortages will prolong the homebuilding upturn, providing support that the economy will need as fiscal and monetary stimuli fade. Financing for lot development and speculative homebuilding will be more available, reflecting appreciated home prices and very good prospects for new home sales.

As mentioned, affordability is a significant headwind for housing sales and new home construction. Housing affordability is expected to drop by about 8 percent in 2022, following the 7 percent drop estimated for 2021. Another negative for homebuilding is slower population growth and the reduced rate of household formation--which never fully rebounded from the lows reached after the Great Recession. Also, the eventual wind down of many mortgage forbearance programs launched during the Covid-19 recession will put more foreclosed homes on the market, but this influx will only dent a still-tight inventory.

Nonresidential Construction

Spending for new nonresidential construction will increase and public spending for construction projects will be exceptionally strong. In the private sector, the upturn in nonresidential construction lacks vigor because rents are depressed, vacancy rates are elevated, and absorption is limited. Nonetheless, overvalued equity and bond markets will make investors interested in income-producing property as an asset class. In many markets, tenants will have the upper hand in lease negotiations. Trade tensions, dollar strength, and travel restrictions will continue to dampen foreign investors' interest in American real estate, but to a lesser degree than in 2020-21. But there will be a few very bright spots: private spending will increase to build data centers, communications infrastructure, R&D facilities, and warehouses. In addition, construction spending by federal, state, and local governments will soar.

Office and retail vacancy rates are very high and probably will not recede too much in 2022. Covid accelerated the trend towards remote work, which reduces office headcounts and the overall demand for commercial office space, with the likely result being substantially less utilization of commercial office space per dollar of GDP. Demand for new commercial office space will be most resilient in lower-density urban and suburban markets, especially where high tech and healthcare industries are concentrated.

The glut of retail space will sharply limit new retail construction, but some will occur in places that benefited from heavy in-migration of teleworkers and retirees. Financing to build new retail space will be difficult to obtain but will be available for the repurposing of retail space in good locations. Competition from online retailers decreases the need to build stores but increases the need to build distribution centers. Industrial development will be focused on locations with logistical advantages.

Public sector spending for nonresidential construction will increase much faster than private spending for nonresidential construction. Revenue collections by state and local governments held up much better throughout the pandemic than initially feared. In addition, federal government transfers to state and local

governments were massive. Many state and local governments recognize that recent revenue gains are unlikely to be repeated and therefore will direct revenue surpluses to one-time uses, such as construction projects, rather than to continuing obligations such as hiring permanent staff. Construction spending by local governments probably will increase faster than such spending by state governments due to local governments' high reliance on property taxes. Courtesy of the housing boom, many local governments' property tax digests are soaring and will continue to do so; nonresidential property tax digests probably will not.

Sales tax collections will support higher construction outlays by state and local governments. Spending on both durable and nondurable goods will exceed pre-pandemic levels, partially because consumers will spend a smaller proportion of their income on services. Unlike most retail goods, many services purchased by households are not subject to sales taxes. Thus, the reallocation of consumers' expenditures from services towards goods favors sales tax collections.

Spending for Equipment

The pandemic accelerated several tech-centric trends ranging from remote work, to online shopping, mobile banking, telemedicine, and video conferencing. These developments will boost spending for equipment and intellectual property and will probably make such spending slightly less cyclical than in the past. The accelerated adoption of many existing technologies, growth of end markets, tight labor markets, and competitive pressures means that businesses' spending for equipment and intellectual property will climb by about 7 percent in 2022. That percentage increase could be even larger should trade tensions loosen appreciably.

Another positive development for businesses' spending for equipment and software is that many small businesses have formed. In addition, recent increases in home equity due to surging home prices will support higher spending for equipment and software by these startups.

One potentially negative development is that many companies took on a lot of debt during the pandemic. Low interest rates as well as the necessity to raise cash to survive the shutdown were responsible for much of the increase in corporate debt. Companies refinanced older debt to lower interest expenses and push out debt maturities, but bond issuance often exceeded the amount of debt retired. U.S. corporate bond issuance is at record levels relative to the size of the economy. Looking ahead, corporate deleveraging could reduce funds available for investment spending, but many companies are sitting on large accumulations of cash which could simultaneously allow for higher investment spending and deleveraging. Additional downside risks include lower stock prices, an escalation of the trade war, higher corporate taxes, and turmoil in the financial markets.

Corporate Profits

Corporate profits rose substantially in 2021 and will climb by at least 3 percent in 2022. To a considerable extent, the expectation of a more modest gain reflects higher costs for labor and materials as well as more difficult comparisons to profits reported for the previous year. In 2021, corporate profits not only fully recovered, but surpassed pre-pandemic levels.

The forecast for 4 percent inflation-adjusted GDP growth bodes well for domestically generated corporate profits. Businesses' pricing power will be fairly strong so many companies will be able to push through price increases to offset higher wages and raw materials costs. Strong growth in final demand and lingering shortages will help ensure that the price increases stick.

Low interest rates will support profit margins, especially for debt-heavy and capital-intensive businesses. Expense management and more broad-based growth in demand for goods and services will support profits. Cash flow will be good, and financing should still be inexpensive and reasonably easy to obtain.

Some high-contact industries that are taking a long time to recover from Covid will return to profitability in 2022, or at least post smaller losses. That will boost overall U.S. corporate profits. Air transportation, the cruise industry, live entertainment, and business travel are examples of industries where profits should be much higher in 2022 than in 2021.

On the minus side, tight labor markets will push up unit labor costs, which will be a headwind for corporate profits. Other headwinds include supply constraints and less efficient supply chains. Trade tensions and slower economic recoveries from Covid in the EU and other developed economies will limit overseas earnings growth. In addition, past appreciation of the dollar will make it expensive for companies to convert earnings in foreign markets to dollars. The dollar's value will moderate only slightly in 2022, which will not provide much help to profit growth based on overseas earnings. Also, financial institutions' profit margins will continue to be constrained by a flatter than normal yield curve.

International Trade

Typically, the strength of international trade mirrors the strength of the global economy. In 2022, international trade will grow due to the broadening of the global economic recovery to include more developed and developing countries. U.S. GDP growth will continue to outpace foreign GDP growth, but the gap will narrow. The convergence of growth rates is a positive sign for exports, but real imports will continue to grow faster than real exports. Still, both will increase. Imports and exports of goods will grow more than twice as fast as imports and exports of services, reflecting the lingering effects of the pandemic. The 2022 trade gap will be larger than in 2021, measured in both absolute terms and as a percent of GDP.

Uncertainty about Covid-19 as well as U.S. trade policy adds some risk to the 2022 forecast for international trade, but less so than in 2021. The baseline forecast assumes that the U.S.-led trade war does not escalate, but it also assumes that trade tensions remain high and that tariffs remain in place. Protectionist trade policies will become more prevalent domestically and globally, which is bad for trade.

The main obstacles to faster U.S. export growth are lingering effects of the pandemic, the trade war (protectionist trade policies), and past appreciation of the dollar. In 2022, the dollar's value will be quite high, which limits prospects for U.S. exports. The dollar probably will depreciate slightly, but it will be minor compared to the appreciation that has recently occurred.

Inflation and Monetary Policy

Consumer price inflation will increase by 3.4 percent in 2022, which is below the 4.2 percent rate estimated for 2021, but above the Federal Reserve's preferred average rate of 2 percent. The main reason why is that some of the factors that increased inflation in 2021 were transitory and will diminish. For example, the reopening of the economy allowed many businesses to raise prices that dropped during the pandemic (e.g., admissions tickets, fares, auto rentals, and lodging). Similarly, prices for some products got bid up due to temporary demand and supply imbalances (e.g., new and used cars). Another reason why inflation will moderate is that we expect faster productivity growth due to faster adoption of existing technologies and other factors.

But not all the inflation-causing factors causing are transitory. Some supply-side constraints will persist into 2022 and beyond. Labor markets will remain tight. Because it takes a long time to bring additional semiconductor chip manufacturing capacity online, computer chips will be more expensive and will remain in short supply. There aren't enough homes to meet demand, so higher home prices and rents will exert substantial upwards pressure on inflation for several years. In our view, most of the push to inflation from higher home prices has yet to show up in the official inflation estimates.

Another reason is that monetary policy has been very easy for a very long time. Short-term policy interest rates have been close to zero for most of the last 13 years. Since shortly after the pandemic began, quantitative easing has been on steroids. In addition, unprecedented federal fiscal stimulus dramatically expanded the size of the national debt. That makes it more difficult politically for the Federal Reserve to tighten monetary policy because higher interest rates increase the federal government's debt service costs. Finally, we believe the Federal Reserve will continue to prioritize achieving and maintaining full employment above containing inflation. These considerations increase the chances that we will see sustained inflation well above the Federal Reserve's desired average rate of 2 percent.

Several long-term trends that were keeping a lid on inflation prior to the pandemic have reversed. For example, the recent retreat from globalization, including the trade war as well as proposals for protectionist trade and industrial policies, boost the prospects for inflation. The strong dollar has helped to keep inflation at bay, but that will change in the near future.

We expect the Federal Reserve to slowly pivot away from its very stimulative monetary policy stance towards a neutral stance in 2022 and a restrictive stance in 2023. The initial move will be to slow the increase in the size of the Federal Reserve's balance sheet by reducing its monthly purchases of \$80 billion in treasuries and \$40 billion in mortgage-backed securities. These net purchases—referred to as quantitative easing—are expected to end by mid-2022. We think the Federal Reserve will keep short-term policy interest rates between 0 and 0.25 percent through most, if not all, of 2022, and begin to increase them in either the final quarter of 2022 or the first quarter of 2023. If so, monetary policy will become neutral in 2022 and slightly restrictive in 2023. But the inflation risks are not evenly balanced: the risks of higher than desired inflation outweigh the risks that inflation will be lower than desired. So there is some concern that the Fed may raise its targeted rate from 2 percent to 3 percent in 2022, which could un-moor expectations for future inflation.

Interest Rates

The first hike in the federal funds rate will occur in either late 2022 or early 2023. The yield on the 10-year treasury is currently too low given the prospects for U.S. GDP growth and inflation. We expect the yield on the 10-year note will move higher throughout 2022, ending the year at about 2.5 percent. The 30-year fixed rate mortgage will rise to 3.75 percent at the end of 2022, up from about 3 percent in 2020-21. If the Federal Reserve is successful at holding inflation to an average annual rate of about 2 percent and the long-term growth rate of real U.S. GDP is about 1.75 percent, then the yield on the 10-year treasury should rise to about 3.75 percent within the next 3-5 years. If we are correct and inflation averages about 3 percent instead of 2 percent, then the yield on the 10-year treasury will rise to about 4.75 percent over the next 3-5 years. (This forecast is based on an assumption that over time the yield on the ten-year note tends to roughly match nominal U.S. GDP growth.)

Crude Oil Markets

The basis of our forecast for crude oil prices is that the recovery in global oil consumption will be balanced by increases in production. Absent significant supply interruptions, or additional price premiums due to political tensions, it follows that oil prices will be relatively stable in 2022. Prices are expected to trade close to the long-term equilibrium level of about \$60 per barrel, or slightly higher than the break-even price for new U.S. shale oil wells of about \$55 per barrel.

Although U.S. demand for oil fully recovered in 2021, oil production will take longer to recover. In 2022, global demand for oil is expected to increase as mobility increases across more countries. OPEC+ decisions to boost production are expected to roughly match increases in global demand, but non-OPEC+ oil production will increase only slightly, thus giving OPEC+ more power to set prices than was the case before the Covid recession. Of course, a significant supply interruption could force oil to trade significantly higher. As always, there is no shortage of potential negative supply shocks. The downside risk for the oil price

outlook is that disagreements among OPEC+ countries could lead to a price war. For example, the United Arab Emirates probably would like to boost production well beyond its quota in order to benefit from its recent heavy investments in productive capacity. Iran has plenty of spare capacity and most certainly would like to boost production, which would lower oil prices.

Productivity

In the wake of most recessions, productivity increases. New businesses are started. Social distancing and remote work forced businesses to invest more in labor saving equipment and processes. Contagion fears forced businesses and their customers to use automation, digitization, and other high-tech solutions as never before.

Although often lamented, the slowness of the post-pandemic matching of workers to employers probably will make the post-pandemic economy more productive. Generous unemployment benefits allowed workers to spend more time finding a better fit with employers, which should boost productivity. Plus, the labor shortages that appeared quickly as industries reopened encourage employers to use their existing workers more efficiently and to equip them with better technology and software, which boosts productivity growth.

Unfortunately, not all recent developments favor faster productivity growth. For example, there will be a payback from shutting down the schools and from the forced substitution of virtual learning for face-to-face instruction. Pandemic-era students lost months of achievement. The step back from globalization, protectionist trends that favor certain industries, and onshoring to guard against supply chain disruptions will reduce U.S. productive growth.

In addition, there are some long-term factors behind weak productivity growth that have not lessened and probably intensified. The federal debt increased substantially. Government has grown in size and accounts for a larger share of the overall economy than it did prior to the pandemic. We are likely to see higher overall federal tax burdens and more regulations at every level of government, which will limit productivity growth. Another problem is that slower gains in educational attainment contribute to sub-par productivity growth. We simply are not adding enough to human capital to generate average, or above average, productivity growth. Finally, the aging of the population and a less liberal immigration policy limit productivity growth.

Forecast Risks

The risks to our baseline outlook for sustained, above-average inflation-adjusted GDP growth in 2022 are evenly balanced, with Covid-19 as the main risk. The virus will continue to mutate and a variant that avoids vaccines could develop. Even though we believe widespread lockdowns would be avoided, contagion fears could lower confidence and slow consumer spending. Supply chain disruptions could worsen. More older workers would retire, and more prime-age workers would remain at home to care for family members, which would cause the economy to grow more slowly than we expect but would probably not cause a recession. A dramatic worsening of the pandemic, however, could lead to formal or informal lockdowns of the population and businesses, pushing the economy into recession.

A large increase in long-term interest rates and/or inflation could trigger a recession through either a stock market correction or a corporate debt crisis. Stock prices are inflated and vulnerable to correction, so inflation might run much hotter than expected. In 2022, labor market conditions will strengthen further. Workers will be scarce in many occupations. The U.S. unemployment rate will soon fall to levels consistent with full employment, and then labor market conditions will begin to generate wage-push inflation. The Federal Reserve must shift to a more restrictive policy, but if it increases interest rates a lot faster than financial markets are expecting, then stock and bond prices could crater. We are concerned that inflation might gain traction because the Federal Reserve's purchases of Treasuries and mortgage-backed securities created a lot of money even as the quantity of goods and services available for sale declined. The money supply, M2, grew by 25 percent in 2020 and probably increased by at least 5 percent in 2021. The main

reason recent increases in the money supply have not been too inflationary is that the velocity of money--how fast it turns over relative to GDP--has fallen to historically low levels. If the velocity of money were to quickly normalize, inflation would accelerate, and would be very difficult to contain without pushing up long-term interest rates substantially. Inflationary expectations could become unanchored. Cost-push inflation could gain traction. That said, the immediate danger of rapidly accelerating inflation is low, but it is increasing.

Recent rapid growth in lending to highly leveraged businesses is another risk to economic expansion. Corporate leverage is at historic highs. The ratio of non-financial corporate debt to GDP is 50 percent. The default risk is difficult to gauge, partially because a significant share of leveraged loans is held by the "shadow banking" sector, which includes small funds and finance companies. Defaults there could spill over into the formal finance sector and create a financial crisis. As long as long-term interest rates remain low, leveraged lending to businesses is very unlikely to trigger a recession. An unexpectedly large increase in interest rates, however, could trigger a recession. A related risk is the size of the junk corporate bond market.

In addition to domestic risks, high levels of sovereign debt and trade tensions are two major geopolitical risks capable of triggering another. In 2022, the risk of a sovereign debt crisis will increase as central banks in developed economies begin to normalize monetary policies. Even if economic conditions do not justify tighter domestic monetary policies, these central banks must respond to tighter monetary policies. If not, developing countries will risk currency collapses and/or higher inflation. In developing countries, debts denominated in dollars or euros would become very difficult to service. A sovereign debt crisis that begins in developing economies could quickly spread to other financial markets and take down the U.S. economy. In regard to the trade war, we assume that the higher tariffs enacted in 2018-19 will remain in place and will be an economic headwind, but not trigger a U.S. recession. A major escalation of the trade war, however, could be fatal to the U.S. economic expansion.

In all, there is a relatively low 20 percent risk that a U.S. recession begins before the end of 2022. Fortunately, downside risks (20 percent) are roughly balanced by upside risks (20 percent) that may make the economy to perform better than expected. Upside risks include: (1) Covid-19 becomes less virulent and/or vaccines become more effective; (2) consumers spend more of their savings than expected; (3) the labor force grows faster than expected due to the re-entry of older persons and caregivers who left the labor force during the pandemic; (4) the population and the labor force grow faster than expected due to higher immigration (e.g., refugees from Afghanistan); and (5) more federal economic stimulus is agreed upon than expected.

Georgia Outlook 2022

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Georgia's economic recovery is expected to continue at an above-average pace in 2022, with the upside and downside risks evenly balanced. Of course, Covid-19 is the main risk to growth. On the positive side, consumer spending out of accumulated savings, the housing boom, federal stimulus, and economic development project announcements could be stronger than we expect, which would boost the pace of growth.

While the pandemic's damage was substantial, Georgia's economy was not hit as hard as the U.S. economy. For instance, Georgia's 13 percent peak-to-trough job loss was smaller than the U.S. peak-to-trough job loss of 15 percent. As of mid-2021, Georgia recovered 85 percent of the jobs lost to the recession whereas the U.S. recovered only 74 percent of the lost jobs.

State-specific forces that will sustain Georgia's rapid economic growth through 2022 include: (1) the build-out of many economic development projects; (2) competitive economic development incentives; (3) more foreign direct investment; (4) the housing boom; (5) higher vehicle sales; (6) strong performance of the transportation and logistics industry, especially Georgia's ports; (7) good prospects for Georgia's military bases; and (8) demographic trends.

The 2022 forecast calls for Georgia's inflation-adjusted GDP to increase by 4.3 percent, which is slightly more than the 4 percent rate expected for U.S. GDP. Nonfarm employment will rise by 3.2 percent, which exceeds the 2.7 percent national gain. The unemployment rate for 2022 will average 3.2 percent, or 0.5 percent lower than the 3.7 percent rate estimated for 2021. The state's nominal personal income will grow by only 1.9 percent in 2022, which is lower than the 7 percent gain estimated for 2021. This sharp slowdown in personal income reflects the winding down of federal stimulus programs that provided large transfer payments to individuals rather than slower growth of Georgia's economy. In contrast, the wage and salary-based personal income will grow faster in 2022 than in 2021.

The pattern of job growth across Georgia's industries will be different than it was before the virus crisis. Several of the industries hit hardest by the pandemic—such as bars, restaurants, and airlines—will post fast growth, but the gains reflect rebounds off depressed levels as well as improving economic fundamentals. Some may never recover (e.g., movie theaters). In contrast, logistics, distribution, warehousing, professional and business services, the information industry, and fintech recovered quickly. In addition, positive job growth will occur in manufacturing, financial activities, utilities, and education, but full recovery may take some time. Due to the strong housing market, building contractors will be hiring. Retailing will add jobs, and state and local governments will begin to add back some of the jobs lost to the recession. None of the state's major economic sectors will experience job losses, which has not happened since before the pandemic.

Services

Georgia's major categories of services-related businesses will expand, thanks to the upturn in housing markets, growing demand for healthcare, education, business and professional services, and financial services, among others.

The large, well-established, cluster of fintech companies fared relatively well during the recession. The industry itself received a boost from the Covid crisis because contagion fears pushed people to adopt new mobile technologies, including mobile banking and touchless payment systems.

The fintech cluster of companies in the Atlanta MSA has grown rapidly. For example, in 2020, Deluxe announced that it will establish a new fintech and customer innovation center in Sandy Springs, creating over 700 jobs. Toyota Financial Services will open a financial services center in Alpharetta that will be one of three national hubs and will create 150 jobs. Investment management company Invesco plans to add 500 jobs at its global headquarters in midtown Atlanta. BlackRock announced the creation of an innovation hub in Atlanta, creating 1,000 jobs over several years. Bolstering all of these efforts, the Georgia Fintech Academy--available at 15 of the University System of Georgia's 26 institutions--provides the talent needed to attract more financial technology companies to Georgia.

The Covid-19 crisis dramatically boosted the use of online and digital services, which increases the need for cybersecurity. Georgia's cybersecurity industry is located primarily in Atlanta and Augusta. Talent is the key to Atlanta's success whereas the presence of the U.S. Army Cyber Command at Fort Gordon and Georgia Cyber Center are the foundations of Augusta's cybersecurity economy.

Healthcare IT and telemedicine will create thousands of high-paying jobs in Georgia over the next decade. The Covid crisis greatly accelerated the adoption of telemedicine by traditional healthcare providers, which helped people become accustomed to the online delivery of healthcare. Once the pandemic is over, it is likely that many patients will continue to use online healthcare, which bodes well for healthcare providers, healthcare IT companies, and cybersecurity companies. Georgia is attracting and growing healthcare IT companies. In late 2020, Path-Tec announced an expansion of their operations in Columbus that would create 350 jobs. BiolQ will create 500 jobs in Cobb County at its new headquarters in Cobb County, and Edifecs Inc. will bring 200 healthcare IT jobs to Atlanta over the next three years.

The build-out of headquarters projects is an important force powering Georgia's future economic growth. Vanderlande Industries, a logistics company, will expand of its North American headquarters in Cobb County, creating 500 new jobs in Marietta. Soliant, a healthcare staffing company, will expand its headquarters in Gwinnett County, creating 200 new jobs in Peachtree Corners. GreyOrange, which specializes in the use of AI-software/robotics for fulfillment automation, will relocate its global headquarters to Roswell, creating 200 new jobs. GCP Applied Technologies, a provider of construction products and technologies, will open a global headquarters in metro Atlanta, creating 80 jobs.

In addition to headquarters projected announced in 2021, projects announced earlier will spur growth, too. For example, Papa John's chose Georgia as the location of its new global headquarters in 2020, which adds about 200 jobs to the Atlanta MSA. Norfolk Southern Railway is relocating its corporate headquarters to midtown Atlanta and expects to move in late 2021; and Newall Brands moved its headquarters back to Atlanta from New Jersey.

Hartsfield-Jackson International Airport and Georgia's ideal geographic location makes Georgia a good hub from which to serve operations in the Americas. In addition, access to talent and the strength of the business sector are very important drivers of headquarters locations in the Atlanta MSA. According to FEMA, Georgia has a very low risk for business disruption due to natural disasters, which is an important consideration for headquarters locations. Twenty-nine companies with headquarters in metro Atlanta rank among the 2021 Fortune 1000 and sixteen rank among the Fortune 500. Before the pandemic (2019), Atlanta was home to only 26 Fortune 1,000 companies.

The outlook for Georgia's large healthcare industry is good, but its economic recovery from the virus crisis is far from complete. During the initial lockdown, many people postponed visits to healthcare providers, but rescheduled appointments once the economy reopened, so the ambulatory healthcare services subsector recovered very quickly. In contrast, hospitals are still on a downward trend. Nursing and residential care facilities also lost jobs in 2021. Consequently, the number of healthcare jobs in Georgia will end 2021 well below its pre-pandemic peak level.

Due to the essential need for healthcare and favorable demographic trends, the prospects for providers of ambulatory health care are very good. In 2022, we expect providers of nursing and residential care to benefit from an upturn in business that will lead to a sustainable recovery. The recovery may not be too vigorous, however, because family members will continue to provide more care to aged and ill relatives at home. On a more optimistic note, higher home prices will give homeowners who want to move into nursing and residential care facilities the means to do so. Assuming that the pandemic winds down, hospitals should see a solid, sustainable upturn in demand for their more profitable services. Nonetheless, it will take many years for hospitals to fully replace the jobs that were lost over 2020-21, especially in rural areas of the state.

The bottom line is that Georgia's burgeoning older population will demand more healthcare services, which will broaden the industry's overall economic recover. Large numbers of baby boomers are reaching the age where the incidence of heart attacks, strokes, cancer, and other care-intensive problems begin to rise rapidly. Of course, there's the question about who will pay the bills, which is a headwind for the healthcare industry's growth.

Factors that will encourage providers of high-tech and highly specialized professional services to favor sites in Georgia--especially the Atlanta MSA--include the good business climate, logistical advantages in terms of serving far-flung clients, and the available professional workforce. For example, the Boston Consulting Group's decision to create a new regional support center in Atlanta reflects the ease of having a central geographic hub from which to serve clients throughout the Southeast.

Assuming that the overall economy continues to grow, and the trade war does not intensify, the prospects for Georgia's transportation and logistics industry are excellent, thanks to the abundance of logistics and distribution projects already in the economic development pipeline. Improvements in the state's transportation infrastructure will expand the state's importance as a regional and nation logistics and distribution center. In 2022, this highly cyclical industry will benefit from more spending by consumers, increases in industrial production, more online retailing, more homebuilding, and population growth.

In 2022, cargo volumes will outpace state and U.S. GDP growth--quite an accomplishment for an industry that typically moves in lockstep with the overall economy. The new Appalachian Regional Port is helping the Port of Savannah tap into new markets and will help economic developers bring more projects to Georgia. The Mason Mega-Rail Terminal at the Port of Savannah is nearly complete and will provide more frequent and faster rail services to the Midwest and the Ohio Valley. When ready, the terminal will double the Port of Savannah's rail capacity and it will be the largest on-dock rail terminal at any port in North America. Meanwhile, Savannah's harbor deepening project is about 90 percent complete. When finished, the high-tide depth of 54 feet will allow larger container ships to navigate the channel with fewer tidal and loading restrictions. The Port Authority recently approved the addition of 650,000 TEUs of container yard capacity as well as the renovation of Berth 1, which will boost the Garden City Terminal's annual berth capacity to 6 million TEUs. The Georgia Port Authority is also working on a second inland container port near I-985 in Gainesville that will take up to 200,000 containers per year to the Port of Savannah by rail.

Many of the major distribution and logistics project announcements in 2020-21 will be building out. Amazon will have a new fulfillment center in Savannah that will create 1,000 full-time jobs. Freshly Inc.'s new distribution center in Clayton County will employ 665 workers. Vanderlande Industries, a global logistics company, announced a 500-job expansion of its North American headquarters in Marietta, and Bluestem Brands will increase their e-commerce distribution center in Eatonton by 130 jobs. Avid interest in home improvement projects spurred Home Depot's decision to open three new warehousing facilities, creating 1,000 jobs in the metro Atlanta area.

Georgia's film industry ranked third to California and New York in the production of all feature films, and before the pandemic, was on pace to have a record-setting year in film production. Unfortunately, the

ensuing shutdown resulted in a direct spending decline from \$2.9 billion in FY 2019 to \$2.2 billion in FY 2020. Still, production recovered swiftly and prospects for 2022 are excellent, thanks in part to state incentives that help to ensure that nearly all studio space is booked and the variety of locales for on-location filming.

The financial services industry also suffered during the pandemic, but several favorable trends suggest that Georgia's financial institutions will do very well in 2022. Demographic trends such as above-average population growth will help as will the upswing in residential real estate. Rising home prices favor banks' top- and bottom-line growth, but weak commercial property prices will hurt. The prospects for deposit growth are good, but an almost flat yield curve will limit financial institutions' ability to profit from borrowing short and lending long.

Higher demand for many types of loans will support banks' profits. Consumers' credit scores are at decent levels and are not expected to deteriorate too much even as forbearance policies and eviction moratoriums end. Higher consumer spending will support growth of non-revolving credit, and home equity loans will rise. More auto loans will add to the bottom line, but substantially less mortgage refinancing will challenge the bottom line. Mobile banking should help traditional banks and credit unions cope with more competition from large retailers, venture capital funds, microfinance, and other nonbanks.

It will take many years for the hospitality industry to fully recover from changes wrought by the pandemic, but we can make some general observations about the prospects for various segments. First, leisure travel is recovering much faster than business travel. Within the business travel segment, trips to see clients and to make sales calls are coming back fairly quickly, especially when the trips can be made by car rather than by plane or train. Second, domestic travel is coming back much faster than international travel. Third, prospects for the lodging industry vary by property type. Economy and mid-level properties that cater primarily to essential workers, construction crews, truckers, and extended-stay guests will fare best, but luxury properties catering to convention travelers, international visitors, and vacationers will not.

Manufacturing

Production by Georgia's manufacturers will increase more quickly than GDP, but due to productivity gains, manufacturing jobs will increase more slowly than the total number of jobs across all industries. The main impetus to growth will be recovering global demand for manufactured goods. Persistent shortages of critical inputs and other supply chain problems means there's also a need to produce more to restock stores and warehouses. Inventories will be fully restored in 2022. Of course, Covid is the main downside risk, but an escalation of the U.S.-China trade war also could endanger the projected increases in industrial production.

Food processing--Georgia's largest manufacturing industry--fared relatively well during the pandemic but had to accommodate to higher sales to grocers and lower sales to restaurants and institutions. So, it is very good that many of the economic development projects announced over the last few years involved food processors such as Nestle Purina, Anheuser-Busch, Frito Lay, and General Mills.

Vehicle parts manufacturing will benefit from higher domestic demand for cars and trucks, but supply chain problems will limit the gains. Political pressures that encourage foreign manufacturers to invest more in American production facilities and to buy automotive parts from U.S. manufacturers will help. In addition, there are more assembly plants in the Southeast now.

Effective economic development policies, low electricity and natural gas prices, rising wages and production costs in China and elsewhere are factors that support Georgia's manufacturing sector. Concerns about trade policies, product quality, and management of the risks associated with increasingly complex supply chains also make manufacturing in Georgia more attractive than manufacturing overseas. Additional factors

include a superior transportation, logistics, and distribution infrastructure, low costs of doing business, a favorable tax structure, an educated workforce, and very competitive economic development incentives.

State and Local Government

Prior to the pandemic, the state prepared for a substantial slowdown in revenue collections by cutting its budget for FY 2020 and FY 2021. At that time, the main threat was thought to be an escalation of the trade war. The cuts were timely and helped to reduce the fiscal impact of the COVID-19 crisis on the state's economy. Nonetheless, budget cuts reduced state government employment in 2020-21, but revenue collections held up far better than many expected. Large transfers from the federal government also helped to shore up state as well as local governments' balance sheets. In 2022, a combination of increasing revenue collections and federal largess will reverse the downturn in state and local government jobs. The upturn in hiring will not be very vigorous because it is well understood that stimulus funds from the federal government have ended.

Another reason why state government will not hire too many new workers is that several long-term fiscal challenges loom, the biggest of which is uncertainty about federal funding for mandated programs, especially Medicaid. Mandatory spending on Medicaid is gradually crowding out spending on K-12 education, higher education, and infrastructure, three spending areas essential to boosting--or even maintaining--Georgia's competitiveness, productivity, and culture for innovation. The second challenge is an antiquated tax structure that does not align with the state's shifting economic structure. Consequently, when Georgia's economy expands state taxes do not generate as much revenue as before. Pension liabilities and state retiree healthcare costs are the third and fourth challenges, and these will limit hiring and exacerbate the effects of the next recession.

The fiscal situation facing most local governments is better than the one facing state government, so most local jurisdictions will boost hiring more quickly. Compared to state government, local governments depend very heavily on property taxes and fees for services so the housing boom means most local governments will generate enough revenue to sustain and expand programs. In Georgia, residential real estate prices probably will rise by about 6 percent in 2022. Less positively, commercial real estate prices will increase only slightly and might decrease in some jurisdictions, which does not bode well for future property tax digests.

Federal Reserve Policy

The shift in Federal Reserve policy from an extremely accommodative stance to a neutral, or slightly restrictive one poses a slightly stronger economic headwind for Georgia. That is because Georgians carry relatively more debt and have relatively less savings so higher interest rates will hurt. In addition, interest-sensitive economic sectors such as real estate development, home building, and building materials manufacturing will feel the impact.

Economic Development

Georgia's economic development prowess will be a major driver of growth in 2022 and beyond. Foreign direct investment was very strong. In fact, Korea's nineteen projects account for the largest job creation due to investment in Georgia by a single country. Projects from Germany accounted for the second largest number of jobs created by foreign direct investment.

As national, state, and regional economic growth continues, Georgia will find that it is easier to capitalize on its many advantages. That is because the number of projects that U.S. states compete for will increase, improving Georgia's prospects for new landing economic development projects that expand the economic base. Because it takes many years to build out the typical project, many already underway continue to provide a substantial tailwind to Georgia's economic growth in 2022 and beyond.

Among others, Intuitive, a manufacturer of robotic-assisted surgical systems, announced a 1,200-job expansion in Gwinnett County. Amazon plans to build a fulfillment center in Savannah that will bring 1,000 full-time jobs. Sports-tech entertainment company FanDuel will open a technology campus in Atlanta that will generate hundreds of jobs. Vanderlande Industries, a materials handling and logistics company, will expand its North American headquarters in Marietta, creating 500 new jobs.

Another reason Georgia will do well is that the U.S. automobile manufacturing industry is increasingly concentrated in the Southeast. When it comes to distribution and consumer markets, Georgia capitalizes on proximity to major assembly plants and suppliers, interstates, ports, and rail. Due to cost, logistics, and tax advantages, Georgia is very competitive when it comes to luring companies. It also has the skilled workforce sought by specialized companies with high-paying jobs. Logistics, transportation, distribution, warehousing, software/technology, fintech, cybersecurity, and headquarters operations are good examples of industries where Georgia competes effectively.

Housing Market

The outlook for the homebuilding industry is very good. Sales of homes, permits to build new single-family homes, and home repair and renovation activity will increase. Home price appreciation will continue slowly. Increases in demand for housing will stem from low mortgage rates, job growth, and population growth. In addition, investors will be active. The main negatives are supply constraints and decreased affordability due to recent home price appreciation.

Housing and real estate development will be a driver of Georgia's economy. The number of new single-family home construction will increase by 7.8 percent and new multi-unit homebuilding will increase by 22.2 percent. Georgia gets a five for one from the housing boom because (1) homebuilders and realtors benefit directly and (2) national demand is high for goods produced by Georgia's large floor covering and building materials industries. Third, our large transportation and logistics industry benefits from higher levels of activity in construction, which is transportation intensive. In addition, continuing increases in U.S. home prices will make it even easier for companies and people to relocate to Georgia. Finally, the home equity generated by home price appreciation will boost small business formation and expansion as well as consumer spending.

Georgia's housing market is responding to a more favorable balance of supply and demand that comes from people's increased preference for owning a home, continuing economic recovery, and low mortgage rates. New jobs and slightly bigger paychecks help, too. As of mid-2021, Georgia's existing home prices were 37 percent higher than before the Great Recession's peak. Inflation over that same period was 27 percent. The degree of home price recovery varied widely within the state, however. For example, on average, existing home prices in the Atlanta MSA were 44 percent higher than their pre-Great Recession peak; in rural Georgia, it was only 20 percent higher.

There some negatives. In 2022, supply-side constraints will continue to limit housing sales. The number of new homes is still constrained by years of underbuilding, a shortage of lots, and a scarcity of building materials, appliances, and construction workers. In addition, there are fewer existing homes listed for sale, especially ones that are most affordable. In fact, the price of the average existing single-family home will rise by 6 percent in 2022.

Demographics

Demographic forces are another factor behind Georgia's improving economic performance. The state's population will grow at a pace that exceeds the national average in 2022--0.8 percent for Georgia versus 0.5 percent for the U.S. Domestic net migration should increase to at least 40,000, some of whom are mid-career movers and retirees. In addition, its higher rate of population growth traditionally is dependent on net international migration of about 20,000 people, and that number should increase in 2022.



The Savannah Outlook: 2022

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The Savannah regional economy roared back from its Covid-19 stricken state in 2021. The 15% plunge in employment during 2020 was erased by strong growth throughout 2021. Similarly, unemployment surged to 16.1% in 2020 but plummeted to 2.3% by late 2021. Restructuring of the regional economy occurred in that workers displaced in the short run from high-contact service sectors such as tourism and hospitality, retail trade, and other services re-connected to the workplace in the logistics sector and also in business and professional services. Both of these latter sectors experienced growth propelling them beyond their pre-pandemic level of employment by as much as 15% to 20%.

In 2022, baseline growth in the regional economy will be powered by strength in logistics and distribution, port activity, and real estate development while continued recovery in tourism and tourism-related manufacturing establishments (specialty bakeries and breweries, for example) will be the difference between a good year and an exceptional year.

Economic growth in 2022 will be 3.8% with one-half percent growth added by continued recovery in tourism throughout the year. Service sector growth will be charged by increased consumer spending associated with pent up demand resulting from the pandemic. Housing markets will continue to exhibit strength in 2022 as well.

The diversification of the regional economy is provided by the strength of its underlying economic drivers that are (in no particular order) manufacturing, port operations and logistics, tourism, health care, military activity, and real estate development. Each of these facets of the regional economy will be discussed after the presentation of a general economic forecast for the region in 2022.

General Conditions and 2022 Forecast

The Department of Economics, in association with the Center for Business Analytics and Economic Research (CBAER), in the Parker College of Business at Georgia Southern University produces the quarterly publication, *Economic Monitor*, that analyzes current economic conditions in the Savannah MSA (Chatham, Bryan, and Effingham counties), and presents short term forecasts for the area (email: mtoma@georgiasouthern.edu). The Economics Department produces the leading (forecasting) index and the coincident index of regional economic activity in the Savannah metro area.

The coincident index of economic activity is designed to measure the regional economic “heartbeat” based on factors characterizing the underlying foundational components of the Savannah metro area economy. During the past several years, annualized growth in the Savannah Business Index averaged 2.2%. The growth phase, reaching back to 2010, came to a screeching halt in the second quarter of 2020 as consumer, employer, and government reaction to the pandemic severely curtailed business activity. After the business index plunged 41% (annualized) in the second quarter of 2020, it rebounded 30% (annualized) in the closing quarter of 2020. In 2021, the business index increased at an average pace of 17% (annualized) through the third quarter and has recovered to exceed the pre-pandemic level by 2.6%.

A primary economic coincident factor is nonagricultural employment in the Savannah MSA. By mid-2021, employment recovered to its pre-pandemic level, and exceeded it by 1.5% as of October. Through October, monthly regional employment averaged 189,800, two hundred workers more than in 2019 and 9,000 more than in 2020.

Employment growth was uneven across major sectors of the regional economy and the pandemic-induced restructuring of the regional economy is clearly present in the service sector. Of the nine thousand jobs created in 2021, three sectors account for nearly all the growth: business and professional services, leisure and hospitality, and logistics. Business and professional services soared 19%, adding 4,600 workers while logistics increased 13.5% (+2,100 jobs) and leisure and hospitality increased 10% (+2,300 jobs). Business and professional services is at 121% of its pre-pandemic level while logistics is at 114%. Tourism and retail trade employment remain about 5% below pre-pandemic level. Public sector (government) employment declined 2.6% (-600 jobs).

On the goods producing side of the economy, manufacturing added 300 workers (+1.7%) and construction added 200 workers (+2.2%). Note that some components of the manufacturing sector such as bakeries and beer breweries are linked to the tourism industry and will continue to recover along with leisure and business visitation to the region.

Among the remaining coincident indicators, tourism indicators skyrocketed in 2021. Hotel/motel sales taxes and boardings at the airport doubled as compared to the 2020 level. Retail sales increased 22% and electricity sales to all users increased 8%.

2022 Savannah Regional Outlook

The Savannah Metro Business forecasting index is designed to anticipate regional economic activity during the upcoming nine-month period. The forecasting index primarily is developed from indicators characterizing the regional housing and labor markets but includes forecasting elements characterizing broader regional and national economic factors.

The forecasting index is trending up toward the end of 2021 and is poised to further accelerate into 2022 as labor market and housing market gains become more firmly entrenched. In 2021, the forecasting index is 37% higher than the lows experienced in the second and third quarter of 2020. The upswing in recent data point toward continued recovery and growth for the regional economy in 2022.

Regionally, the health of the labor market substantially improved in 2021. Initial claims for unemployment insurance (UI) plummeted from their stratospheric levels in 2020. From a peak of 60,000 in April 2020, new claims for UI are down to 486 per month as of November 2021. The November figure is 27% lower per month than in the six months immediately preceding the pandemic. Consequently, the unemployment rate declined from a peak of 16.6% in April 2020 to 2.2% by November 2021. With respect to the intensity of workforce usage, the length of the workweek in the private sector increased to 33 hours (+6.4%) from the pandemic low of 31.1 in the second quarter of 2020. Wage growth was sluggish in 2021 but is trending up as the year ends. Wages are 4.2% higher than at the low point of the pandemic, and more recently are trending up at approximately 4%.

In 2022, the number of new claims for UI is expected to stabilize about 10% to 15% below recent (non-pandemic) levels, given the current and expected tightness in the labor market. The length of the workweek and hourly wages will increase in the range from 3% to 5% through 2022.

In 2022, employment in the Savannah metro area is expected to increase 3.8%. This exceeds the long-term trend growth rate since 2010 of 3.2%. Expectations for employment growth in 2022 are strong, but potentially tempered by pandemic-related setbacks that could shave up to one percentage point of growth if travel and tourism are unexpectedly constrained. Pent-up demand and increased spending by local consumers will mitigate unexpected weakness in tourism and will boost employment growth in the absence of additional adverse economic effects attributed to Covid-19.

The projected annual unemployment rate for 2021 is 3.6%, down from was 7% in 2020. Unemployment is expected to be 3.3% to 3.5% in the region in 2022. Unemployment rates will stabilize and likely drift up from current year-end 2021 rates just above 2% because increasing re-attachment to the labor force will increase the number of persons seeking work.

Turning to population growth, the region's long-run attractiveness as a place to live, work, and retire remains unaffected by short-run business cycles. Tourist demographics describe a very desirable pool of would-be in-migrants. The typical Savannah tourist (about 14 million annual visitors) is well-educated and has above-average income. Population growth in 2022 is expected to be above average, driven by employment growth and continuing pandemic-related remote work arrangements allowing people in urbanized areas to relocate to areas of lower population density like Savannah. For 2022, population growth is expected to be 1.8%, modestly faster than the 1.4% pace of growth recorded in 2021 and on average since 2010. Population growth in Bryan and Effingham Counties is expected to be about 2.5%, continuing the trend of more rapid growth in counties adjacent to the economic core in Chatham County.

After a very difficult 2020, the regional economy roared back in 2021. For 2022, the business forecasting index is sending the message of continued growth. Drivers of the regional economy in 2022 will be logistics and distribution, port-related real estate development, residential construction, and recovery in tourism and the service sector powered by pent-up demand in consumer spending. On the goods-producing side of the economy, manufacturing will normalize and close the pandemic employment gap. Both residential and non-residential construction is poised for a good year. Although not matching the explosive growth of 2021, 2022 will be a year of above-average growth in the Savannah metro economy.

Economic Foundations

The remainder of the forecast considers expected activity in the six major underlying economic foundations of the Savannah MSA economy. Recall that these drivers are (in no particular order) manufacturing, the port and logistics, tourism, health care, the military, and real estate development.

Manufacturing

Manufacturers in the Savannah MSA gained approximately 300 workers (1.7%) during 2021. A review of recent announcements from headlining companies in the sector point toward a strong year in 2022. The manufacturing workforce was 17,800 at the end of 2021 and is expected to add about 500 workers in 2022.

Gulfstream Aerospace Corporation is the largest private employer in Savannah with a global workforce of 15,000+ workers in production, service, maintenance, engineering, and research and development. In 2021, Gulfstream has seen increased interest in its products and services and announced the addition of two new models in 2021, the G400 and the G800. The company has continued to optimize its customer service and support network by expanding or building new facilities in Texas, Wisconsin, Florida and the UK and announcing the planned addition of a new sustainable service center in Mesa, Arizona. Production and deliveries are expected to increase into 2022, and as the global economy recovers, efficiency gains continue.

Flight-testing of the Gulfstream's flagship G700 continued through 2021, with six planes in the test fleet. The G700, which the company anticipates customer deliveries beginning in the fourth quarter of 2022, will feature the tallest, widest, and longest cabin in the industry with leading range and speed capabilities. More than 80% of all G700 flight tests have been conducted using sustainable aviation fuel and the first fully outfitted production-test aircraft set speed records to/from Savannah and Europe and the Middle East. In 2021, Gulfstream became the first business aircraft manufacturer to sign the World Economic Forum's Clean Skies for Tomorrow 2030 Ambition Statement. The new G400 aircraft is the first new entrant into the large-cabin class in more than a decade and the new G800 is the fastest longest-range aircraft in Gulfstream history. In 2021, the company also delivered several special mission aircraft to countries around the world including the Israeli Air Force to enhance their mission-critical surveillance operations and also the U.S. Air Force, which will use the aircraft for executive transport.

JCB experienced a large increase in demand for its machinery this year with orders increasing more than 50% above pre-pandemic levels. In September the company reported that some of its products such as diggers, tractors and forklifts are sold out for the next twelve months even though the company expects to produce approximately 110,000

machines this year. This spike in demand has largely come from an increase in infrastructure spending by governments. With a workforce of approximately 800 employees, the Pooler facility hosts manufacturing operations and the offices of the company's North American headquarters.

The Savannah Economic Development Authority (SEDA) continues to work with its partners at the state and local level to attract new job opportunities and investment to Chatham County. 2021 proved to be a record-setting year for SEDA. As of December 2021, SEDA helped facilitate 1,870 new job opportunities and \$784 million in investment for the year, the highest investment announced in SEDA's recorded history. SEDA also recorded the highest number of prospect visits and new projects in the organization's history.

With great collaboration between the four counties in the Savannah Harbor-Interstate 16 Corridor Joint Development Authority (JDA), consisting of Bryan, Bulloch, Chatham and Effingham counties, and the State of Georgia, the region was able to purchase the Bryan County Mega Site. This 2,284 acre site offers land for 2.6 million square feet of industrial development, rail service, and immediate access to interstates 16 and 95 and the Port of Savannah. The Bryan County Mega Site is the largest strategic site purchase in state history.

In moves that support the region's manufacturing base, World Trade Center Savannah hosted 15 Global Education Programs with more than 320 registrants in 2021. With travel restrictions easing in 2021, World Trade Center Savannah was able to attend two international trade missions to Ireland and hosted seven inbound delegations.

Savannah and SEDA also received notable accolades in 2021. Savannah was named the #1 Top Metro by Total Projects and by Projects per Capita by *Site Selection* magazine. Savannah was also earned the fifth spot in the Top 25 Americas Cities of the Future 2021/2022 for FDI Strategy by fDi Intelligence. And lastly, SEDA was awarded the 2021 McKinley "Mac" Conway Award for Excellence in Economic Development for the third year in a row by *Site Selection* magazine.

In Bryan County, AGCO, a Duluth, Ga. based company, began construction in the Interstate Centre industrial park in Ellabell on a 75,000 square foot expandable assembly center for their Massey Ferguson line of tractors. The facility is scheduled to be completed in the first quarter of 2022. The project represents a capital investment of over \$8 million, and the company will employ 31 within three years. Additionally, the Development Authority of Bryan County extended road, water, and sewer infrastructure to serve additional property in Interstate Centre II.

Bulloch County manufacturing employment was approximately 1,960 in mid-2021, a 9% increase from 2020. The Highway 67 widening project is in its final phase of completion and will provide four-lane access from I-16 to Statesboro to enhance access between the Savannah MSA and Bulloch County. This, along with the launching of the near-by JDA mega site, has contributed to increased industrial recruitment activity in the county. Cardinal Glass purchased the former Viracon Architectural Glass manufacturing facility.

Effingham County's manufacturing employment held steady at 1,700 persons. Effingham County experienced a significant uptick in new project inquiries in 2021, which increased by more than 50 percent over 2020. The number of site visits in 2021 nearly doubled, and the majority of new project activity came from the manufacturing sector. As operations returned to normal in 2021, many industries are finding it difficult to fill vacant positions. The county's Industrial Development Authority has been working with existing industries, educational institutions, and regional economic development partners to create a multi-faceted approach to ease the effects of the ongoing labor shortage. An example of this effort include working with the Effingham College & Career Academy to execute the first ever Workforce PhD program, which is designed to help graduating high school students develop job-seeking and soft skills and provide an inside look at potential employers.

Liberty County manufacturers employ about 2,000 workers. The county's largest employer, SNF Corporation employs approximately 1,500 persons and is the second largest manufacturing employer in the seven-county Savannah

combined statistical area. The county's development authority completed a major infrastructure project in 2021 with the construction of a new 500,000 gallon elevated water tank in Tradeport East Business Center. This \$2.4 million project is the second tank in Tradeport East and was constructed to serve future development in the park. Further, the tank was put into use immediately to serve a new 1.4 million square foot building completed by Savafieh at the end of 2021. 800,000 square feet has already been occupied by Hooker Furnishings creating over 50 jobs with expectations for more hiring in the future.

Georgia Ports Authority

The Georgia Ports Authority operates the leading container export in the country with the largest container capacity in the western hemisphere. In FY 2021 the Port of Savannah handled a record 5.3 million TEUs (twenty-foot equivalent units), an increase of 20% from 4.4 million TEUs in FY 2020. Additionally, the Port of Savannah moved 22% of the east coast container trade and handled almost 12% of all U.S. containerized exports in 2021. The port has remained busy through the last six months of 2021, which has seen record-breaking volume and trending toward an increase of about 25% as compared to 2020.

The increased workload has strained the capacity of the logistic sector's steadfast 18,000 regional workers. Overtime hours have been up to 40% amid the port's round-the-clock operations. Excess demand and pandemic restrictions imposed on the global commercial fleet combined to increase the number of ships and containers waiting offshore up to 50% higher than normal. As 2021 closes, about half (15) of the peak number of ships remains waiting offshore. A shortage of the chassis frames used to carry the containers has contributed to the problem. A GPA solution is the development of pop-up container yards where containers can be stored, which also frees up space on-site in the terminal. Funding for the pop-up container yards originated from the Infrastructure Investment and Jobs Act, which allocates \$8 million to GPA to convert properties in Georgia and South Carolina into temporary storage yards.

During the past 15 years, container volume has increased 6.2% per year, more than double the U.S. average, making GPA's Savannah facilities America's fastest growing major port. As a result of long-term strategic planning, business development, and investment in port facilities, Savannah's ports continue to showcase a substantial competitive advantage. In the next ten years, GPA plans to double capacity from 5.5 million to 11 million TEUs. The plan represents a \$2.5 billion investment in Georgia's future economic growth and includes development of a 200 acre container handling facility on Hutchinson Island with capacity of 2.7 million TEUs.

Georgia's logistics ecosystem provides the environment for GPA's and Georgia's economic success on a worldwide basis. By facilitating global trade, GPA enables international business to thrive here in Georgia. The state's political and business leadership view GPA facilities as a state-level asset, one which yields an annual contribution of \$3.4 billion in state and local taxes to Georgia's economy. GPA's activity supports 500,000 jobs in Georgia and contributes \$122 billion in economic activity for the state.

Continued investment in transportation infrastructure will improve port efficiency and ease regional highway congestion. The \$220 million Mason Mega Rail Terminal will double the port's rail capacity to 2 million container rail lifts annually. The project creates the ability for GPA to load six 10,000-foot trains simultaneously. The project removes almost two dozen rail crossings to substantially improve vehicle traffic flow around port facilities while also removing 150,000 trucks per year from local roads. Upon completion, the project will cut transit times to Midwestern markets by 24 hours and it will be the largest on-terminal intermodal facility in North America. Another substantial new GPA project is the alignment and straightening of Berth 1 with other berthing to increase capacity by 1 million TEUs per year by June 2023. As this is accomplished, twelve new 170-foot-tall ship-to-shore cranes, the tallest on the East Coast, will be constructed to handle the massive ships with over 20,000 TEUS.

GPA's inland intermodal facilities are expected to support additional growth while reducing truck traffic on Georgia's highways. Among these projects is the inland Appalachian Regional Port (ARP) in Murray County in north Georgia, offering a 388-mile direct rail connection to Savannah's port via CSX rail lines. ARP has a capacity of 50,000 containers

per year and a 10-year development plan to double capacity. Development continues on the 104-acre Northeast Georgia Inland Port in Hall County with capacity up to 150,000 TEUs annually. Construction of the roughly \$140 million facility will begin in the first half of 2022 and take about two years to complete. This project will create a direct rail between Hall County's 320 manufacturers and the port of Savannah.

Lastly, the billion-dollar Savannah Harbor Expansion Project (SHEP) remains on track for completion. The outer harbor dredging is complete, and the final leg of the project is dredging of the inner harbor channel in the Savannah River. Over the life of the project, it will generate savings for the nation amounting to \$282 million per year with a return on investment of \$7.30 for every dollar invested in the project.

Tourism

The leisure and hospitality sector, which includes accommodations, food services, arts, entertainment, and recreation, has historically been one of the fastest growing (about 3.5% annually) sectors since the post-recession employment low in 2010. The sector provides employment for nearly 25,000 workers, making it the third largest employment sector in the regional economy.

The leisure and hospitality sector was decimated by the pandemic and restrictions on business trade in 2020. The sector lost nearly 50% of its employment base, and as the close of 2021 draws near, remarkable recovery to 96% of its pre-pandemic level has been achieved. The strength of the regional economy in 2022 will depend on closing the remaining pandemic employment gap (about 2,000 workers). Full recovery by year-end or early 2023 is potentially attainable and would add about one percentage point to regional employment growth.

At the start of the pandemic, Visit Savannah deftly adjusted and deployed a modified pandemic-necessitated marketing strategy to maintain contact with potential visitors through the early stages of the pandemic when travel was severely limited and to encourage locals to re-discover Savannah and support area businesses. The marketing strategy evolved to attract nearby visitors from southeastern drive-in markets, and then to include very targeted non-stop fly-market cities in the northeast and Midwest. The campaign proved to be very successful as hotel/motel room rentals and boardings at the airport practically doubled in 2021 as compared to 2020. Although occupancy rates in the historic district in Savannah remain about 6% to 10% below pre-pandemic levels, room rates increased to more than offset the decline in total hotel rooms sold.

The recovery in the tourism and hospitality industry is important in its own right for workers directly employed in the sector, but the increasing number of visitors is also an important source of customers, revenue, and jobs in regional retailers, restaurants, specialty gift shops, tourism-related manufacturers, and other service providers. The importance of the tourism industry in contributing to the diversity and richness of offerings in these sectors available to local residents is easily overlooked, but critical, especially in a regional market the size of Savannah MSA.

The sector's forecast is encouraging for 2022. Employment in the leisure and hospitality sector is expected to recover from the pandemic toward the end of 2022 or early 2023. While the ongoing pandemic is a potential disruptor, the likelihood of business shutdowns is very much diminished as society learns to cope with new dimensions of life-style and as vaccinations retain their efficacy to substantially reduce the risk of severe illness. As for the post-pandemic economy, as people become more comfortable with traveling and socializing again, the Hostess City will be ready to welcome them.

Health Services

The regional health care sector continues to be a stalwart of economic consistency and growth since 2007. This sector is resistant to cyclical downturns and experienced fewer job losses during both the current pandemic recession and the Great Recession (2007-09). As of November, the sector has bounced back to approximately 99% of its pre-pandemic employment level. Health services employs approximately 26,000 workers in the seven-county combined

statistical area centered on Savannah. As a regional healthcare delivery center, the health sector continues to be a vital component of the area's economy and growth prospects are good in the short and long run.

The two nationally recognized medical centers in Savannah, St. Joseph's/Candler and Hospital Corporation of America's (HCA) Memorial University Medical Center serve the healthcare needs of people from across Georgia's southeastern region.

St. Joseph's/Candler health care system continues to expand its portfolio of medical facilities in the region. In Bryan County, SJ/C has plans to build a \$40 million medical facility in Bryan County very close to the JDA mega site. In addition, a \$4 million urgent care center opened in Richmond Hill in July 2021 and a \$2.5 million investment established a cancer care center in Pembroke. Further, another cancer treatment center opened in Liberty County in Hinesville. The \$34 million Phase I regional medical campus in Bluffton, SC. has commenced operations. Phase II of the campus in Buckwalter Place is planned for completion within about four years.

Memorial University Medical Center is a notable provider of healthcare in the southeast region of Georgia with a 645-bed academic hospital serving 35 counties in the coastal Georgia and South Carolina area. Memorial's 86,000 square-foot Dwaine & Cynthia Willett Children's Hospital of Savannah opened in March 2021. The facility is expected to treat more than 70,000 patients from 106 counties in Georgia and South Carolina.

Military

Fort Stewart along with Hunter Army Airfield serves at the Army's premier power projection platform on the East Coast. The 3rd Infantry Division's war-fighting capability is being upgraded in a plan that will provide the division with the most modern and most lethal ground and rotary wing combat equipment available in the world by summer 2023. In summer 2022, the division will participate in exercises to refine the role of the Army's doctrine for a "Penetration Division" in a potential conflict with a great power's military forces. Additionally, units of the 3rd ID also engaged in live-fire testing of the Army's new Robot Command Vehicle (RCV) in 2021. The RCV is expected to serve in the role of wingmen for manned ground vehicles and tanks and further assessment of the platform at the company level is planned for 2022.

The units stationed at the bases continue their service to the country. The Third Infantry Division's (3ID) 2nd Armored Brigade Combat Team returned from a nine-month deployment to Europe for a NATO-related exercise. Approximately 3,600 personnel from the 1st Armored Brigade Combat Team returned from a nine-month deployment to Korea, but members of the 92nd Chemical Company remained to support the 1st Armored Division. The 48th Infantry Brigade Combat Team of the Georgia National Guard is an associated unit of the 3ID. The 48th returned from a seven-month deployment in Afghanistan.

The Department of Defense, with Fort Stewart and Hunter Army Airfield, is the largest employer in Coastal Georgia. In 2021, there were 25,500 military personnel and civilian defense workers at both facilities. The regional economic footprint is substantial: total payroll for both bases is approximately \$1.5 billion and the facilities combine for an annual economic impact of \$5 billion.

The Savannah/Hilton Head International Airport hosts the Savannah Air National Guard Base. The 165th Airlift Wing, 117th Air Control Squadron, and 156th Aeromedical Evacuation Squadron, based out of Charlotte, NC, operate from the airbase. The 165th created a new Strategic Response Team in 2021 designed to handle emergency situations requiring advanced police tactics. The 165th Airlift Wing hosts the Air Dominance Center (ADC) which is one of only four Air National Guard Combat Readiness Training Centers in the country. The ADC hosts Sentry Savannah, which is a quarterly large-scale "fight club" for combat air forces.

Real Estate: Residential and Commercial

Residential

The real estate market for residential property remained very healthy in 2021. In Chatham County, a total of 7,900 residential units (all types) sold, a gain of 17% from 2020. The median residential home price was \$250,000, a gain of 8.7% from 2020. The market share of units sold in the \$200,000 to \$500,000 range increased to 54% from 48% in 2020. Conversely, the share of homes selling at or below \$200,000 declined to 34% from 42%. Limited availability of inventory pushed housing prices up significantly in 2021 and is expected to be a factor again in 2022. Median sale price is expected to increase 5% to 7% in 2022.

Multifamily residential construction eased in 2021, dropping to about \$15 million in Chatham County from \$36 million in the previous year. In an emerging development, institutional investors are adding substantial depth to the offerings of multifamily housing and are expected to continue that trend in 2022.

In the Savannah MSA, the number of building permits issued for single family homes increased 32% in 2021. The average value of a permit issued increased 7% to \$258,345 in 2021. Residential construction is expected remain strong, with a 12% to 15% increase in the number of building permits issued in 2022.

Commercial

Vacancy rates in metro Savannah's office and commercial market continue to decline. By the end of 2021, the commercial vacancy rate fell to 8.7% of the nearly 4 million square feet of available inventory in the Savannah MSA. Office market rental rates increased 3.5% to \$22.13 per square foot. Office space rental rates were \$24.27 per square foot in the downtown central business district. Similar gains are anticipated for 2022.

Commercial operations along Broughton Street should benefit from the City's investment in infrastructure once the projects are completed. Office absorption continues to move southward in the vicinity of Forsythe Park. Further, the midtown area and the Starland District along Abercorn and Bull streets continue to attract interest and investment in restaurants and entertainment venues.

The commercial market remains strong and vibrant in important districts and retailing corridors in the region. At the western end of the Savannah riverfront district, the \$500 million Plant Riverside District project continues to the final touches of development. About 700 new jobs are created to support this major attraction for local residents and visitors.

Regent Partners' and Mariner Group's development of the \$600 million, 54 acre mixed use Eastern Wharf project continues. The development hosts single family homes, townhouses, luxury apartments along with 40,000 square feet of retail space and 80,000 square feet of high-end office space available upon completion of the project. Hyatt's 193-room Thompson Savannah hotel opened its doors in August 2021. The plan includes extension of the Riverwalk to connect to the existing riverside walkway to the extension of the downtown riverfront. Riverworks, an upscale residential community integrated into the Eastern Wharf's commercial and entertainment hub, is now leasing for 2022.

The New Hampstead development in western Chatham mostly between Fort Argyle Road and Little Neck Road is continuing in 2022 on new residential development. Upon build-out, the 4,300 acre project will include parks, schools, 9,500 residential units, and 1.7 million square feet of commercial development adding about \$4 billion in property value to the area.

Development continues in Pooler with the 170 acre Pooler Towne Center development near I-16 and the Pooler Parkway. Much of that activity is driven by population growth and infrastructure development in the immediate area, but also is expected to include investment in accommodations, retail, and other services.

Additionally, in Savannah's Canal District, construction continues on schedule for the \$165 million, 10,000 seat arena will be delivered in the first quarter of 2022. The arena is one component of the master plan for the Canal District, plans for which also include an apartment building, retail space, community marketplace and entrepreneurial center, roadway improvements, and recreational green space with multi-use pedestrian trails.

To the south in Bryan County, at the new Exit 82 at Belfast Keller Road on Interstate 95, infrastructure development is continuing for Raydient Properties' 3,800 acre development. Approximately 3,400 residential units, along with 3 million square feet of commercial space and 15 million square feet of light industry space is planned for development.

Real Estate: Logistics and Distribution

The Savannah regional logistics (industrial and warehousing) market extended its multi-year trend of substantial growth in 2021. New inventory of about 8 million square feet was completed in 2021, bringing the regional total to 89.3 million square feet. Even so, continued growth in port activity and logistics resulted in an exceptionally low vacancy rate of 0.5%, down from 3.5% in 2020. This is well below the historical average of 5.6%, thus signaling continued strong demand. Accordingly, new investment in logistics facilities will continue strongly in 2022.

2022 is expected to be another very good. Approximately 10 million to 12 million square feet of new inventory is under construction with delivery expected in 2022. Nearly 45 million square feet have been added to the market in the previous five years. Recent trends are such that roughly 50% of new developments are pre-leased at the start of construction with the remaining space absorbed by the time construction of the facility is completed.

The market continues to attract the attention of large nationwide developers as the current number one market in the country for industrial/distribution development. The region currently has ample land available and zoned for further logistics development, up to 130 million square feet. In Chatham County, for example, the Rockingham Farms development on Veteran's Parkway commenced and two buildings are under construction. The 1,035 acre project, a joint venture of the developer, SEDA, and the City of Savannah, will add 10 million square feet of warehousing over ten years and add up to 2,500 jobs. The regional Joint Development Authority (Bryan, Bulloch, Chatham, Effingham counties) development in Bryan County has 4 million square feet under construction with initial delivery expected in 2022.

Chatham County, in mid-2021, had 525 businesses employing about 18,000 workers in the logistics sector, including state workers at GPA facilities. This is a 20% gain (+3,000 jobs) in one year. The county has about 74 million square feet of logistics facilities. The Savannah Economic Development Authority, based in Savannah, has actively worked to enhance the ecosystem for advanced logistics and distribution in the region. This includes development of logistics workforce development programs and the Savannah Logistics Technology Corridor, for example. The technology corridor is expected to grow into a globally recognized hub for the development of technology supporting the logistics industry.

Effingham County continues to see an increase in logistics activity. In mid-2021, 60 logistics establishments employed 600 workers. This is up from 53 businesses and 500 workers in mid-2020. Total acreage available for industrial development in Effingham County is over 8,500 acres. Total available (constructed) square footage in the Highway 21 corridor submarket centered in Effingham County is 4.1 million square feet with an additional 3.7 million square feet currently under construction.

Two announcements totaling over 1 million square feet and 100 new jobs highlight recent activity in Effingham County. One of these announcements, Dorel Sports, announced an expansion in 2021 which would add an assembly component to their distribution facility in Effingham County, and bring their total headcount to 150. There are also 4 pending announcements that are scheduled to announce in early 2022. These pending announcements are in the distribution sector that will bring an additional 200 jobs to the county.

In Bryan County, 37 establishments employed 250 workers in the logistics sector in 2021. The number of jobs has been relatively stable for the past three years but is poised to experience significant and substantial growth in the upcoming years.

Medline industries, a manufacturer and distributor of medical supplies and equipment, completed a 1.2 million square foot distribution center in Belfast Commerce Park. The project represents an investment of nearly \$70 million and will create 150 jobs with capacity for more than 600 workers as the company grows. In north Bryan County, CRG, a developer based out of St. Louis, Mo., completed a 700,000 square foot facility, which is now fully leased to a tenant as a distribution center.

Another notable accomplishment was the acquisition by the Savannah Harbor I-16 Corridor Joint Development Authority of the 2,300 acre Bryan County Mega Site, which is being marketed for a single large manufacturing project. This is the state of Georgia's single largest site acquisition project in history. Across I-16 from the JDA mega site, St. Joseph's/Candler purchased a site in the Interstate Centre industrial park where it plans to build a 40,000 square foot medical facility that will serve the industries in and around the park and residents in the surrounding areas.

The growth wave in Bryan County expected to continue strongly in 2022. VanTrust, a developer based in Kansas City, Mo., is nearing completion of an almost 1.2 million-square-foot speculative building in North Bryan County and CRG has begun construction on both a 463,250 square-foot speculative building and a 708,990 square-foot speculative building, both of which are also in North Bryan County.

In Liberty County, as of mid-2021, 46 logistics businesses employed 1,526 workers, a 35% increase in one year from 1,132 workers. This figure does not entirely include the remarkable growth in employment at the Target distribution center by 2021 year-end. This facility itself doubled employment, adding about 700 workers. Savafieh completed a 1.4 million square foot distribution facility of which Hooker Furniture occupied 800,000 square feet in Tradeport East Business Center. The \$23.5 million project has already created over 50 workers and anticipate additional hiring in the future.

Bulloch County had 1,500 workers at 66 logistics businesses in 2021. Employment in the sector increased 8% from 1,385 workers in 2020. Industrial recruitment activity has increased substantially during 2021. The Southern Gateway Commerce Park at Interstate 16 is the site of a new TravelCenters of America fuel station/truck shop. As the Port of Savannah continues to grow and increase its container traffic, Bulloch County is becoming more attractive to logistics related businesses. The development authority experienced a significant increase in interest for logistics projects in the county and anticipate that will continue to increase in 2022.

Long-term prospects for logistics and distribution in the region are exceptionally strong. With the Georgia Ports Authority plan to double capacity, the resultant demand for distribution space will continue to grow, particularly west along the I-16 corridor and south along I-95. The regional market currently has nationwide recognition as the hottest logistics and distribution market in the country. It is fully expected to mature into one of the most important distribution networks in the country.

Savannah Economic Trends

The City of Savannah (103 square miles) is located in Chatham County, which lies south of the Savannah River, the boundary between South Carolina and Georgia. The Savannah Metropolitan Statistical Area comprises of Chatham, Bryan and Effingham counties. Liberty, Long, Bulloch and Wayne counties complete the geographic boundary of the Savannah/Hinesville/Statesboro Combined Statistical Area (CSA). The Savannah Primary Trade Area, a designation that informs linkages in population and shopping trends, also includes Beaufort and Jasper counties in South Carolina.

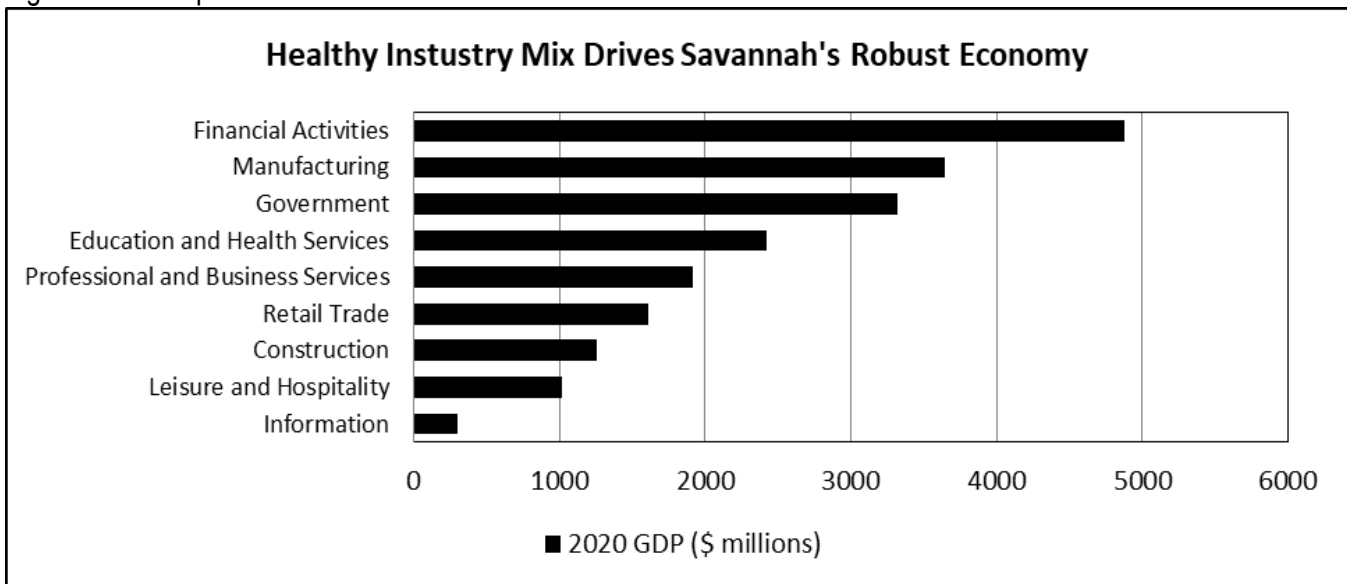
Economy: Gross Regional Product

Gross Regional Product (GRP) in Savannah decreased by \$883 million (-4.0%) from 2019 to 2020 as a result of the pandemic; this puts Savannah in seventh place for growth among Georgia metropolitan areas measured by the U.S. Department of Commerce’s Bureau of Economic Analysis. At almost \$21 billion, Savannah’s GRP is the state’s third largest, behind only Atlanta and Augusta. Economic activity generated by Savannah’s private sector industries measured over \$19 billion in 2020 and accounted for 87% of the regional economy in 2020.

Growth Rank	MSA	GDP (\$ millions)			2018-2019 Change
		2018	2019	2020	
1	Gainesville	\$ 10,489	\$ 10,680	\$ 11,293	5.7%
2	Atlanta	\$ 410,234	\$ 416,446	\$ 420,164	0.9%
3	Dalton	\$ 7,161	\$ 7,112	\$ 7,144	0.4%
4	Warner Robins	\$ 7,794	\$ 8,079	\$ 8,072	-0.1%
5	Augusta-Richmond County	\$ 27,821	\$ 28,479	\$ 28,143	-1.2%
6	Athens-Clarke County	\$ 10,423	\$ 10,249	\$ 10,005	-2.4%
7	Savannah	\$ 21,689	\$ 21,881	\$ 20,998	-4.0%
8	Columbus	\$ 15,073	\$ 15,228	\$ 14,674	-4.0%
9	Albany	\$ 6,117	\$ 6,383	\$ 5,800	-9.1%
10	Macon-Bibb County	\$ 11,795	\$ 11,744	\$ 10,428	-11.2%

Source: BEA.gov Table (CAGDP9). All data are in 2020 inflation adjusted dollars.

A diverse mix of industries, busy ports and strategically networked transportation, logistics, energy and communications infrastructures create a business climate in Savannah that is unmatched in many larger cities. Savannah’s exceptionally high value-adding production in manufacturing represents approximately 15% of the region’s total output.



Source: Bureau of Economic Analysis, U.S. Department of Commerce, *Gross Domestic Product by Metropolitan Area*, Table CAGDP9. Inflation adjusted 2020 dollars. “Wholesale Trade” and “Transportation and Utilities” are suppressed to avoid the disclosure of confidential information.

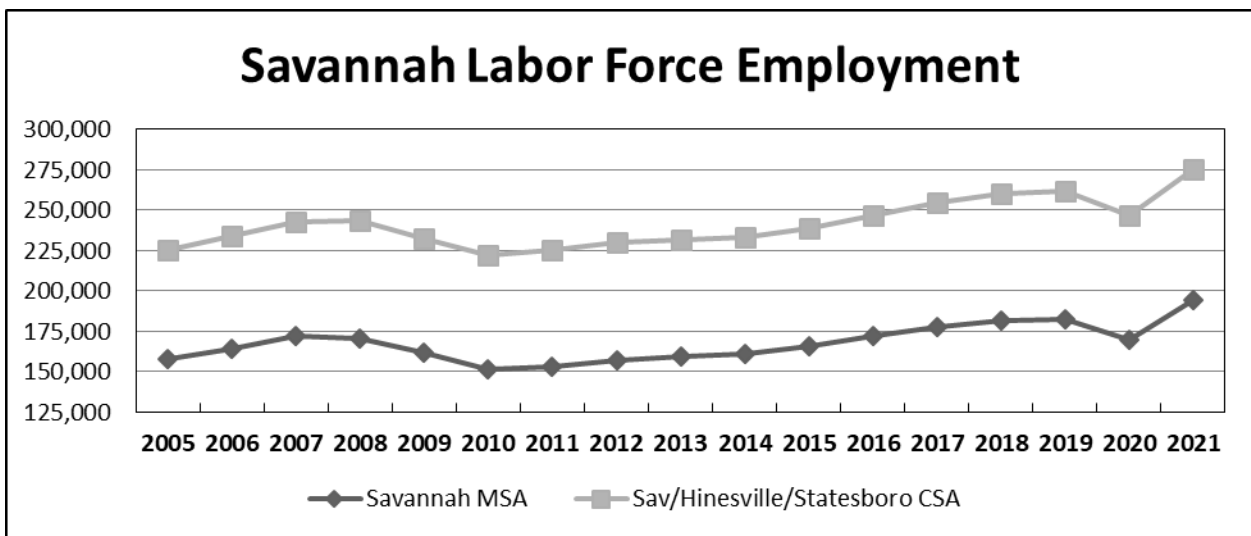
GRP is the measure of the market value of final goods and services produced within a metropolitan area in a particular period of time. It is the most comprehensive measure of economic activity provided by the Bureau of Economic Analysis of the U.S. Department of Commerce.

Demographics: Employment (By Place of Residence)

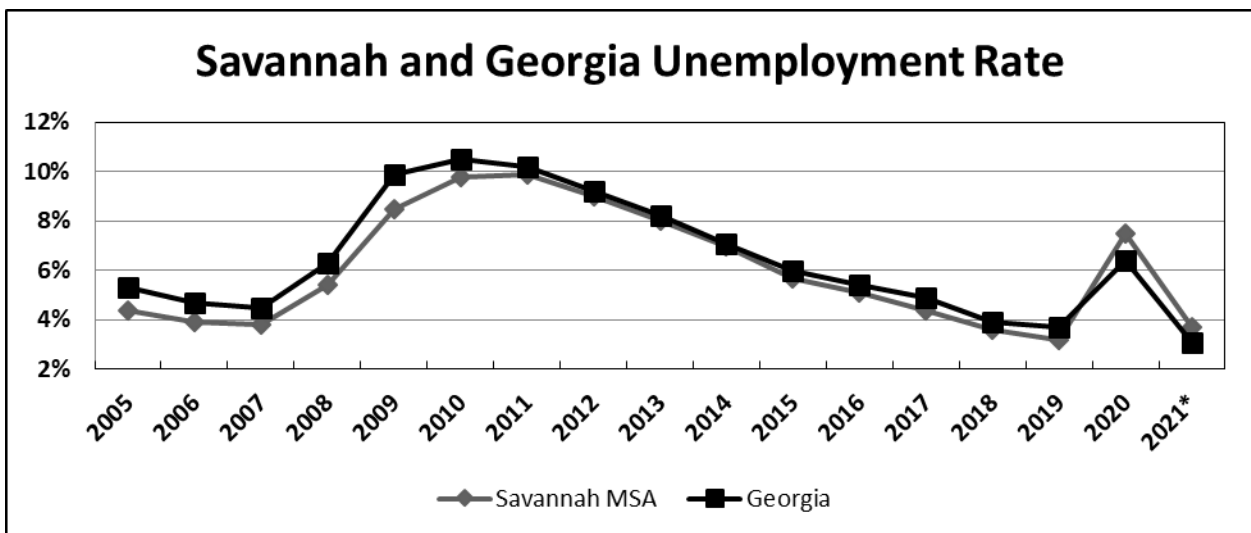
More than 275,000 qualified, talented workers contribute to Savannah’s seven-county combined metropolitan statistical area enabling employers with access to a diverse labor force. The area’s universities, technical colleges and Workforce Investment Board programs offer Savannah-area employers and students an excellent selection of educational and training resources to meet their current and future needs. Additionally, students at universities and technical colleges may qualify to finance their education with Georgia’s HOPE Scholarship and HOPE grant.

Employment in the last few years in the Savannah MSA and CSA reflects a healthy, moderately growing economy. The CSA labor force employment increased by 29,182 workers (annualized, based on YTD through October). From 2020 to 2021, the Savannah MSA experienced an increase of 24,644 employees, a 14.5% gain.

The Savannah MSA unemployment rate decreased from 7.5% in 2020 to an annualized rate of 3.7% (in data available through October 2021). This decrease is attributed to the reopening of the economy.



Source: Department of Labor, Bureau of Labor Statistics, "Local Area Unemployment Statistics" and GSU Department of Economics. *2021 is annualized average of seasonally adjusted data through October.



Source: U.S. Department of Labor, Bureau of Labor Statistics, "Local Area Unemployment Statistics" and GSU Department of Economics. *2021 is annualized average of seasonally adjusted data through October.

Employment (By Place of Work)

By Sector

The Savannah MSA workforce increased 5.5% to 190,455 workers from 2020 to 2021. Many sectors experienced a rebound in 2021, reflecting the reopening of the economy: Professional & Business Services (+4,700 jobs, up 19.7%), Leisure & Hospitality (+2,500 jobs, an increase of 11.1%) and Transportation & Utilities (+2,100 jobs, up 13.6%).

Many sectors experienced an increase from 2020 to 2021 with the exception of Government-State & Local (-500 jobs), Government-Federal (-200 jobs) and Information (-100 jobs).

Employment – Annual Averages Savannah MSA

Industry	2015	2016	2017	2018	2019	2020	2021	Change 2015-21	Change 2020-21
Total Nonfarm*	173,000	177,700	180,800	185,800	189,900	180,500	190,455	10.1%	5.5%
Construction, Mining, & Logging	6,400	6,900	7,500	8,400	8,200	8,400	8,600	34.4%	2.4%
Manufacturing	17,500	17,100	17,300	18,300	18,700	17,500	17,800	1.7%	1.7%
Wholesale Trade	6,000	6,200	6,300	6,500	6,500	6,400	6,500	8.3%	1.6%
Retail Trade	20,600	21,500	21,900	22,200	22,100	22,100	21,100	2.4%	-4.5%
Transportation & Utilities	12,200	12,300	12,700	14,000	14,800	15,400	17,500	43.4%	13.6%
Information	1,900	1,800	2,200	1,800	2,800	1,800	1,700	-10.5%	-5.6%
Financial Activities	6,500	6,400	6,200	6,200	6,400	6,100	6,000	-7.7%	-1.6%
Professional & Business Services	20,200	21,600	22,400	23,400	24,200	23,900	28,600	41.6%	19.7%
Education & Health Services	25,500	26,500	26,700	26,500	26,700	26,000	26,500	3.9%	1.9%
Leisure & Hospitality	25,300	26,000	26,100	26,600	27,100	22,500	25,000	-1.2%	11.1%
Other Services	7,200	7,300	7,300	7,400	7,600	7,000	7,200	0.0%	2.9%
Government-Federal	2,900	2,900	2,900	2,900	2,900	3,100	2,900	0.0%	-6.5%
Government-State & Local	20,700	21,350	21,400	21,700	21,800	21,500	21,000	1.4%	-2.3%

Source: U.S. Department of Labor, Bureau of Labor Statistics, State and Area Employment, Hours and Earnings (2021 data are annualized seasonally adjusted through November.) Retrieved at www.bls.gov on 12/15/2021.

* NOTE: BLS data are benchmarked and revised annually; data for 2015-20 have been updated to reflect these changes.

Where the Jobs Are

Nearly all post-recession job growth in the Savannah MSA has occurred in the private sector. Since 2015, employment in professional/business services and education/health services have grown to become the largest segments of the regional economy. Other notable growth since 2015 has occurred in transportation/utilities (+43% from 2015), reflecting very strong growth in cargo handling at the Georgia Ports Authority terminals.

Five sectors hold similar proportions of total employment in the Savannah MSA, further attesting to the area's healthy, diverse industry mix: professional and business services (15%), education and health services (13.9%), leisure and hospitality (13.1%), retail trade (11.1%), state and local government (11%). Manufacturing accounts for 9.3% of the area's jobs.

Employment

& Wages

In 2020, the average weekly wage in the Savannah MSA was \$950, an increase of 3.9% from 2019. Wage growth was particularly strong in Finance and Insurance (17.8%), Information (12.3%), Other Services (10.6%), Retail Trade (9.6%), Real Estate and Rental and Leasing (7.4%) and Arts, Entertainment and Recreation (7.4%). In four sectors of the regional economy (manufacturing, education services, accommodation, state government, and local government) average weekly wages exceeded that for the state.

While weekly wages in Savannah remain \$182 below the state average, the purchasing power of those wages is enhanced due to the relatively low cost of living and housing in the region. This, combined with Savannah's high quality of life, implies that workers and employers continue to receive a high return on value for area wages.

Reflecting the pandemic economy, total employment in the Savannah MSA decreased 3.4% from 178,008 in 2019 to 171,883 in 2020. Full year data for 2021 are not available as of this printing, but are expected to return to pre-pandemic levels. The Transportation and Warehousing sector experienced notable growth (+9.3%). The sectors that experienced the largest declines in employment include: Information (-19.3%), Arts, Entertainment and Recreation (-12.9%), Utilities (-8.5%), Other Services (-8.4%) and Manufacturing (-7.4%)

The region added 832 establishments (net) across all industries, a gain of 8.4% to bring the total number of establishments up to 10,772. The number of establishments in Education Services and Transportation/Warehousing notably increased by 12.3% and 9.5%, respectively.

Employment & Earnings

Yearly Average, 2020

Industry	Average Weekly Wages		Savannah MSA	
	Savannah MSA	Georgia	Average Employment	Number of Establishments
Construction	\$1,079	\$1,269	7,718	847
Manufacturing	\$1,660	\$1,157	17,204	290
Wholesale Trade	\$1,294	\$1,580	5,686	447
Retail Trade	\$641	\$663	21,113	1,517
Transportation and Warehousing	\$913	\$1,086	14,992	575
Utilities	\$1,772	\$2,111	579	15
Information	\$1,025	\$2,095	1,695	126
Finance and Insurance	\$1,793	\$2,005	3,185	511
Real Estate and Rental and Leasing	\$916	\$1,251	2,406	523
Professional, Scientific/Tech Services	\$1,218	\$1,824	6,041	1,039
Education Services	\$1,198	\$1,144	3,294	82
Health Care and Social Assistance	\$1,051	\$1,091	21,015	1,077
Arts, Entertainment and Recreation	\$551	\$797	2,061	178
Accommodation and Food Services	\$379	\$379	24,460	1,148
Other Services (except Public Admin.)	\$728	\$792	4,836	732
Government – Federal	\$1,413	\$1,549	3,012	65
Government – State	\$1,229	\$1,017	4,546	73
Government – Local	\$919	\$894	15,813	55
ALL INDUSTRIES	\$950	\$1,132	171,883	10,772

Source: Georgia Department of Labor, Workforce Statistics & Economic Research, *Quarterly Census of Employment and Wages, 2020 Averages*. Retrieved at www.dol.state.ga.us on 12/27/2021.

Demographics: Population

Dynamic population growth, a robust business climate, and a thriving artistic and cultural community combine to create the highest quality work and home environments in Savannah, one of the nation’s loveliest and most historic port cities. Savannah’s allure has been recognized nationally as one of “The World’s Greatest Places of 2021” by Time Magazine, “The South’s Best Cities” (#2) by Southern Living and was named #1 for smaller cities in “Best Places to Live and work as a Moviemaker” in 2020 by Moviemaker Magazine.

Growing Population Spurs Economic Growth

Savannah’s local market region extends in a 40-mile radius from its historic downtown. Commuters, shoppers, students, visitors, and others are economically and socially linked in a primary trade area that includes Liberty and Long counties as part of the Hinesville MSA, Bulloch County of the Statesboro MSA, Wayne County of the Jesup MSA, and portions of South Carolina’s Beaufort and Jasper counties.

Chatham County, with 289,463 residents is the sixth most populous county in Georgia and serves as the economic hub of the region. Furthermore, over 817,000 people now live, work, and shop in the Savannah Primary Trade Area, which from 2010 to 2020, added about 9,900 net new residents a year. Jasper County was the fastest growing County in 2020 (+5%), while Beaufort County added the most people (3,534). 9 out of 10 counties in the Savannah primary trade area experienced population growth in 2020.

Chatham County continues to be the most densely populated county, with 680 persons per square mile. Wayne County and Jasper counties are the least densely populated counties with 47 and 48 persons per square mile, respectively.

Area	2010	2017	2018	2019	2020	2010-2020 Average Annual Growth	2019-2020 Growth	Land Area (square miles): Persons Per Sq. Mile
Chatham	265,799	289,309	289,166	289,430	289,463	0.9%	0.0%	426:680
Effingham	52,464	60,086	62,228	64,296	65,765	2.5%	2.3%	478:138
Bryan	30,377	36,999	38,059	39,627	40,755	3.4%	2.8%	436:94
Savannah MSA	348,640	386,394	389,453	393,353	395,983	1.4%	0.7%	1340:296
Liberty	62,765	61,619	60,606	61,435	63,004	0.0%	2.6%	490:128
Bulloch	70,559	75,991	77,242	79,608	80,839	1.5%	1.5%	673:120
Wayne	30,074	29,797	29,810	29,927	30,023	0.0%	0.3%	642:47
Long	14,574	18,780	19,091	19,559	20,171	3.8%	3.1%	400:50
Savannah/ Hinesville/ Statesboro CMSA	526,612	572,581	576,202	583,882	590,020	1.2%	1.1%	3545:166
Beaufort (SC)	162,829	186,497	188,876	192,122	195,656	2.0%	1.8%	576:340
Jasper (SC)	24,948	28,522	29,147	30,073	31,588	2.7%	5.0%	655:48
Savannah Primary Trade Area	714,389	787,600	794,225	806,077	817,264	1.4%	1.4%	4885:167

Savannah MSA, CSA, and Primary Trade Area County Estimates by the U.S. Census Bureau.

Source: U.S. Department of Commerce, Census Bureau, Annual Population Estimates retrieved 12/16/21.

NOTE: The Census Bureau’s population estimates are revised: numbers for previous years have been updated.

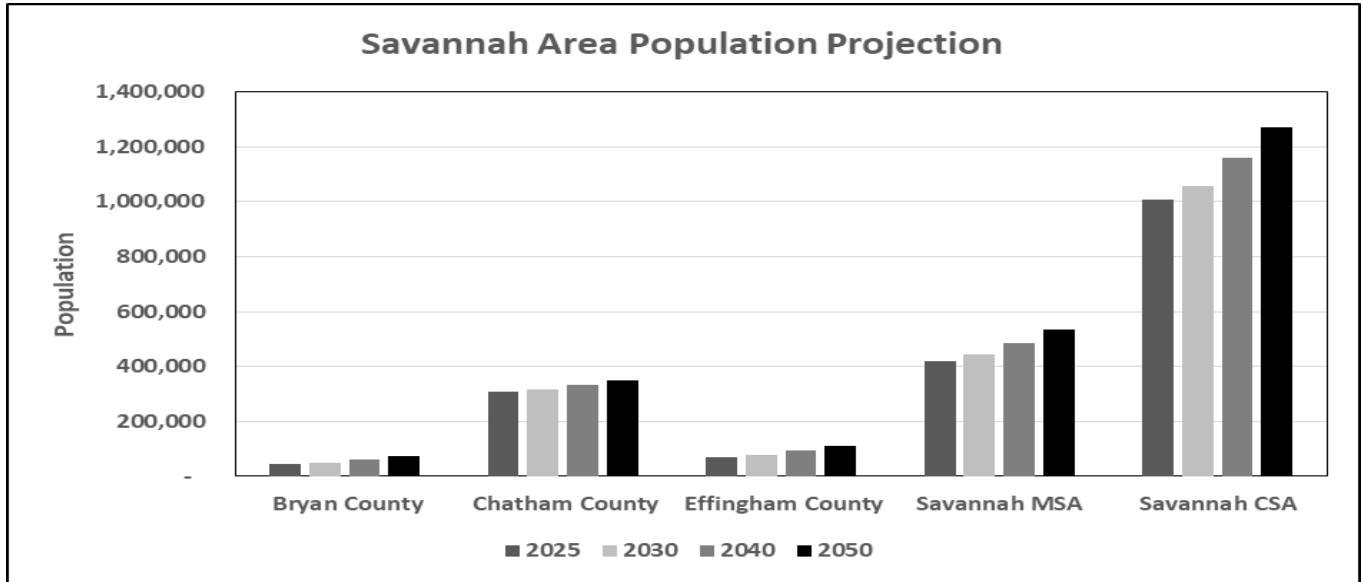
NOTE: Statesboro/Bulloch County added to the CSA in 2013. Jesup/Wayne County added to CSA in 2018.

Population

Projected Growth and Current Age Distribution

Savannah's Population Projected to Grow Nearly 40%

By 2050, almost 1.3 million people will call the 7-county Savannah/Hinesville/Statesboro CSA home. From 2020 to 2050, the population in the Savannah MSA is projected to grow 34%, adding more than 130,000 people from 2020 to 2050, according to the Georgia Office of Planning and Budget. During this period, Chatham's population is projected to increase by 17%; Bryan will jump 90%; and Effingham County will grow by 75%.



Source: State of Georgia Office of Budget and Planning, *Georgia 2060: Population Projections*, obtained 11/11/2020

In the Savannah MSA, 22.5% of the population is younger than 18 years. The Savannah MSA has many residents in their adult prime spending years with more than 62.2% of the population being from 18 to 64 years of age. Chatham County leads the MSA with 62.8% of the population from 18 to 64 years of age. Chatham County also holds the highest share of those over the age of 65: 16.5%.

Population Characteristics

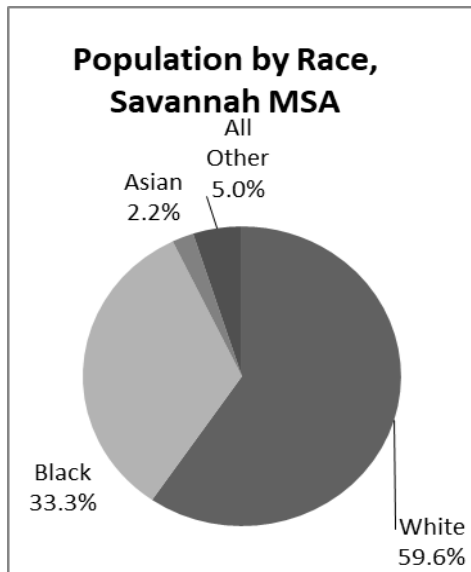
Area	2020 Total Population	% Male Female	2020 One-Year Estimate		
			% Under 18 Years	% 18 to 64 Years	% 65 Years and Over
Chatham	295,291	48.0% 52.0%	20.7%	62.8%	16.5%
Effingham	64,769	49.7% 50.3%	26.4%	61.4%	12.2%
Bryan	44,738	49.2% 50.8%	29.4%	59.6%	11.0%
Savannah MSA	404,798	48.4% 51.6%	22.5%	62.2%	15.2%
Savannah/Hinesville/Statesboro CSA	597,465	48.9% 51.1%	23.0%	62.9%	14.1%
Savannah Primary Trade Area	813,378	48.9% 51.1%	21.6%	60.5%	17.9%

Source: U.S. Census Bureau, population estimates program, vintage 2020. Retrieved 12/16/2021

Population

Distribution by Household Income and Race

Due to the pandemic, 2020 county-level demographic and income data from the US Census Bureau's American Community Survey Program for this page is not available until March 2022 at the earliest. Data on this page is from 2019.



Hispanic or Latino (of any race):

Savannah MSA	6.2%
Chatham County	6.4%
Effingham County	4.4%
Bryan County	7.2%

All Other, Savannah MSA:

American Indian/Alaska Native	0.1%
Native Hawaiian/Pacific Islander	0.3%
Two or more Races	3.0%
Some Other Race	1.9%

Source: U.S. Census Bureau, 2015- 2019 American Community Survey <http://data.census.gov> 12/10/2020

In the Savannah MSA, 59.6% of the population is white, while 33.3% is African-American (five-year U.S. Census data for 2019). Also, the Hispanic/Latino population of any race is 6.2%.

As Savannah's population grows, so do the incomes and benefits available to its residents. In the Savannah MSA, the five-year U.S. Census estimate for average household income is \$82,125. Average household income is higher in Bryan County (\$88,173) and Effingham County (85,885).

The Savannah MSA has 57.6% of its households with income over \$50,000, Effingham County has 64.1%, and Bryan County has 63.9%, while the comparable figure for the state of Georgia is 56.8%. Beaufort County (15.7%) and Bryan County (14.8%) have the highest concentration of households earning more than \$150,000.

2015-2019 Estimates of Income for Select Areas (In 2019 Inflation Adjusted Dollars)

Area	Number of Households	Average Household Income	Median Household Income	Less than \$25,000	\$25,000 to \$49,999	\$50,000 to \$149,999	\$150,000 and Over
City of Savannah	104,744	78,592	55,914	22.0%	23.0%	44.8%	10.1%
Chatham County	108,568	80,665	56,842	21.3%	23.0%	44.6%	11.1%
Effingham County	21,172	85,885	66,822	16.3%	19.7%	52.6%	11.5%
Bryan County	13,048	88,173	72,624	16.8%	19.2%	49.1%	14.8%
Savannah MSA	142,788	82,125	59,459	20.1%	22.2%	46.2%	11.4%
Beaufort County (SC)	71,477	95,726	68,377	14.0%	24.4%	47.3%	15.7%
Georgia	3,758,798	82,406	58,700	20.7%	22.5%	44.5%	12.3%

Source: U.S. Census Bureau, 2015-2019 American Community Survey 5-Year Estimates, retrieved 12/10/2020 at <http://data.census.gov>.
3-Year estimates are no longer updated by the U.S. Census Bureau and available only for 2011-2013.

Industry: Construction

Residential Permitting Activity in Chatham County

The value of permitted residential construction in Chatham County was \$356 million in 2021. The total value of single-family home permits issued increased 70% from 2020 to 2021, while the number of permits issued increased 54%. The value of multi-family building permits was \$15 million in 2021.

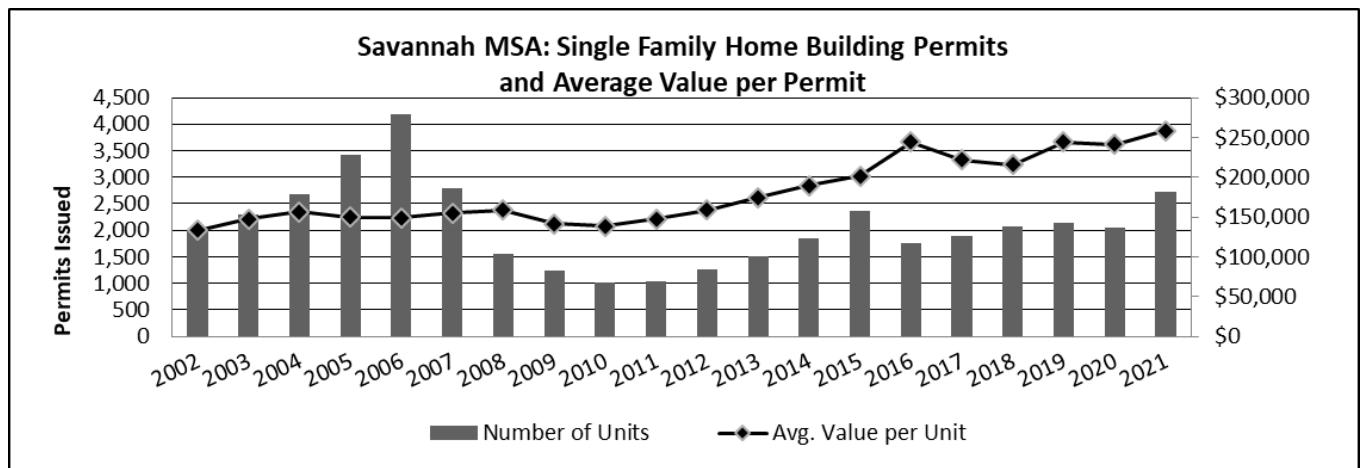
Chatham County Building Permits

	Single Family		Multi-Family		Total	
	Permits	Construction Cost	Permits	Construction Cost	Permits	Construction Cost
2005	1,892	\$281,012,484	77	\$39,820,995	1,969	\$320,833,479
2006	2,692	\$399,764,638	52	\$41,763,018	2,744	\$441,527,656
2007	1,908	\$297,269,791	84	\$44,880,236	1,992	\$342,150,027
2008	1,117	\$163,057,158	45	\$42,084,952	1,162	\$205,142,110
2009	785	\$108,170,515	26	\$17,654,193	811	\$125,824,708
2010	676	\$87,335,207	24	\$14,345,471	700	\$101,680,678
2011	655	\$84,463,420	28	\$24,873,596	683	\$109,337,016
2012	811	\$122,205,698	15	\$11,515,108	826	\$133,720,806
2013	901	\$156,331,898	29	\$8,490,860	930	\$164,822,758
2014	1,048	\$205,885,088	45	\$45,841,262	1,093	\$251,726,350
2015	933	\$200,307,059	2	\$2,210,000	935	\$202,517,059
2016	780	\$194,149,166	178	\$13,628,744	958	\$207,777,910
2017	826	\$185,285,914	78	\$4,097,078	904	\$189,382,992
2018	1,081	\$223,544,604	982	\$170,771,279	2,063	\$390,747,034
2019	887	\$208,119,293	431	\$37,544,044	1,318	\$245,663,337
2020	883	\$200,441,264	400	\$35,553,067	1,283	\$235,994,331
2021	1364	\$341,567,023	33	\$14,616,984	1,397	\$356,184,007

Source: U.S. Department of Commerce, Census Bureau, Annual New Privately-Owned Residential Building Permits. Retrieved 12/28/2021. *2021 data estimated from data through November. Multi-family consists of two family, three or four family, and five or more family categories.

Residential Permitting Activity in the Savannah MSA

The regional housing market in the three-county metro area continues to demonstrate strength. An estimated total of 2,735 single family home building permits were issued in 2021, approximately 37% above the five-year average. The average value per unit issued increased 7% to \$258,345.



Source: U.S. Bureau of Census and Real Estate Center at Texas A&M University. <http://recenter.tamu.edu>, retrieved 12/28/2021.

Industry: Health Care

Two nationally recognized medical centers deliver top quality health care in the city: Memorial University Medical Center and the St. Joseph's/Candler Health System. These centers, and the advanced medical specialties they offer, attract people from all over southeast Georgia and the southern coastal area of South Carolina. The medical facilities are also the top two private nonmanufacturing employers in the metropolitan area.

Health care accounted for an estimated \$1.54 billion of personal income in the Savannah MSA in 2020 or 8% of total regional personal income.

Memorial University Medical Center

www.memorialhealth.com

Memorial Health in Savannah, Georgia, is a two-state healthcare organization that serves 35 counties in southeast Georgia and southern South Carolina. The system includes Memorial Health University Medical Center, a 645-bed academic hospital, as well as primary and specialty care physician practices, a major medical education program, and business and industry services.

Memorial Health hosts a number of services that are not available at any other hospitals in the region, including a Level I trauma center, a children's hospital, and a Level III neonatal intensive care unit. Memorial is also training the next generation of doctors in its six physician residency programs and three fellowships and by serving as the Savannah campus of Mercer University School of Medicine. Memorial has earned local, state, and national accolades for its exceptional outcomes and commitment to patient safety. On February 1, 2018, Memorial Health joined HCA Healthcare, one of the nation's leading providers of healthcare services with more than 185 hospitals and 2,000+ sites of care in 20 U.S. states and in the United Kingdom.

St. Joseph's/Candler Health System

www.sjchs.org

St. Joseph's/Candler is a fully integrated health system – the premier health provider in the region offering advanced, high-quality care. St. Joseph's/Candler Health System began in 1997 when two Savannah hospitals partnered to create the largest faith-based nonprofit health institution in Savannah and its surrounding areas. Its two anchor hospitals, St. Joseph's Hospital and Candler Hospital, have total capacities of 330 beds and 384 beds respectively.

St. Joseph's/Candler (SJ/C) offers primary care across the region. The SJ/C Physician Network provides patients with convenient Primary Care offices and highly-trained specialists. The health system also features more than a dozen specialized inpatient and outpatient services including those for women and children, oncology, pulmonology, cardiovascular care, digestive disease services, neurological/neurosurgical care, and orthopedics.

The health system's footprint continues to expand. A new, 170,000-square-foot hospital opened in Pooler in March 2019 and offers a broad range of medical services for the growing population in west Chatham and nearby counties, creating a one-stop, convenient healthcare destination redefining the healthcare experience through imagination, innovation, and modern technology.

SJ/C has opened a regional medical campus in Bluffton, SC, that greatly expands services and access to healthcare for that rapidly growing community. The campus is located at Buckwalter Place. SJ/C has provided medical services in Bluffton and Hilton Head for the past 16 years, and this development consolidates most of these medical services in one location that is at the center of growth in Bluffton.

While it has the top specialists and latest technology, SJ/C has a robust community outreach program core to its mission to care for the uninsured and underinsured. In 2012, the health system received the Foster McGaw Prize for Excellence in Community Services from the American Hospital Association.

Source: Revised 12/15/2021 from public relations offices at MUMC and SJCHS.

Industry: Major Employers

Major Employers (Non-Manufacturing)

Corporation / Organization	Service / Product	Employees
St. Joseph's/Candler	Hospital	4,431
Memorial University Medical Center	Hospital	1,000-4,999
Walmart	Retail	2,910-4,999
Colonial Group, Inc.	Energy, chemicals, logistics	1,950
Target Distribution Center	Distribution	1,400
Walmart Distribution Centers	Distribution	1,200
Optim Health System	Healthcare	916
East Georgia Regional Medical Center	Hospital	806
McDonalds	Restaurant	1,030-4,999
Publix	Retail food	866-4,999
Kroger	Retail food	716-4,999
Liberty Regional Medical Center	Hospital	600-1,250
Dollar Tree	Distribution	600
SouthCoast Health	Healthcare	561
Goodwill Industries of the Coastal Empire	Adult vocational rehabilitation	527
UTC Overseas	Logistics solutions	510-999
Spirit Construction Services	General contractors	500-999
Georgia Regional Hospital	Hospital	490
The Landings Club	Private membership club	415
Pineland Community Services Board	Behavioral health	408
Southern Company	Electric & natural gas utility	407
Effingham County Hospital Authority	Hospital	400
The Sack Company	Maintenance, construction	301
22 other businesses	Various	250-499

Education / Government / Public Service

Savannah-Chatham County Board of Education	Public schools	5,700
Ft. Stewart/Hunter Army Airfield (DoD)	Civilian personnel on bases	4,300
Georgia Southern University	Education	2,864
City of Savannah	Government	2,147
Chatham County	Government	1,810
Savannah College of Art & Design	Education	1,772
Effingham County Board of Education	Public schools	1,735
YMCA of Coastal Georgia	Civic association	1,588
Bulloch County Board of Education	Public schools	1,560
Bryan County Board of Education	Public schools	1,489
Georgia Ports Authority	Seaport terminal operation	1,400

Note: The International Longshoreman Association represents about 3,000 unionized workers at Georgia Ports Authority facilities under hire by cargo handling companies. Sources: Employers, SEDA, county development authorities, or Georgia Department of Labor if reported as a range.

Industry: Major Manufacturers

The Savannah MSA's manufacturing firms created approximately 15% of the area's economic output as measured by GDP, accounting for \$3.2 billion of output in 2020. As of mid-2021, the number of manufacturing establishments in the Savannah CSA was 401 firms employing 22,926 workers with average weekly wage of \$1,495.

Manufacturers, Savannah / Hinesville / Statesboro CSA

Corporation	Product	County	Employees
Gulfstream Aerospace Corporation	Jet aircraft, aerospace equipment	CH	10,000
SNF	Chemicals	LI	1,500
Georgia-Pacific Savannah River Mill	Paper products	EF	1,300
Rayonier Advanced Materials	Forest products	WA	829
JCB	Skidsteer loaders, backhoes	CH	800
Briggs & Stratton	Small engines	BU	550
Savannah Acid	Chemicals	CH	500-999
International Paper	Paper products, bleached pulp	CH	500-750
DS Smith	Mill, lumber, timber	LI	344
Daniel Defense	Outdoor and sporting goods	BR	338
Great Dane Trailers	Refrigerated trailers	BU	337
Edwards Interiors Aerospace	Aerospace parts/furnishings	EF	300
Georgia Transformers	Transformers	EF	275
Atlantic Wood Industries	Wood products	CH	250-499
Brasseler USA	Dental instruments	CH	250-499
Imperial Sugar	Sugar	CH	250-499
Chatham Steel Corporation	Metal manufacturing	CH	250-499
Cardinal Glass	High-end architectural glass	BU	197
Ceasarstone Technologies USA	Quartz surfaces	BR	195
Mitsubishi Power	Turbines	CH	187
Johnson Matthey Process Technologies	Catalyst production	CH	150-350
Derst Baking Co.	Baked goods	CH	150-249
Noble House Home Furnishings	Furniture	CH	150-249
Roger Wood Foods Inc.	Smoked sausage, meats	CH	150-249
Kraton	Chemicals	CH	150-249
Nine Line Apparel	Apparel	CH	150-249
MacAljon Affiliates	Industrial contracting	BR	150
Great Southern Wood Preserving	Treated lumber	WA	149
Orafol, USA	Industrial tapes	BR	125
Bryd Cookie Company	Food manufacturing	CH	100-249
EMD Chemicals	Chemicals	CH	100-249
Lummus Corporation	Cotton ginning equipment	CH	100-249
Owens Corning	Building materials	CH	100-249
Precision Machine of Savannah	Aerospace	CH	100-249
Standard Concrete Products, Inc	Concrete	CH	100-249
The Industrial Company (TIC)	Steel fabrication	CH	100-249

Source: Georgia Department of Labor, SEDA, county development authorities. Retrieved/obtained 12/2020. Note: BR is Bryan County, BU is Bulloch County, CH is Chatham County, EF is Effingham County, LI is Liberty County, WA is Wayne County. Six additional manufacturers reporting between 100-249 employees.

Industry: Military

Ft. Stewart, located just outside of the Savannah MSA, and Hunter Army Airfield generate substantial economic activity in the Savannah CSA. Ft. Stewart and Hunter AAF have an annual financial impact of \$5 billion. Fort Stewart is the largest military installation east of the Mississippi River and covers nearly 288,000 acres with another 6,000 acres at Hunter Army Airfield.

Ft. Stewart and Hunter AAF together are one of Coastal Georgia's largest employers. The ratio of military to civilian employees is approximately five to one, with 21,200 officers and enlisted military and 4,100 civilians employed at both installations. Ft. Stewart accounts for nearly three-fourths of the military employment in the area.

Daily Working Population										
Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Military	29,483	27,314	23,149	23,315	22,422	23,000	22,000	20,266	20,850	21,200
Civilian	4,974	4,743	4,077	3,883	3,891	4,000	4,400	4,153	4,153	4,300
Total	34,457	32,057	27,226	27,198	26,313	27,000	26,400	24,419	25,003	25,500

Source: Fort Stewart Public Affairs Office, Ft. Stewart/Hunter Army Airfield, 12/21.

Ft. Stewart / Hunter Army Airfield Payroll (\$ in millions)									
	2008	2009	2010	2011	2012	2013	2017	2018	2019
Military	1,273	1,187	1,301	1,326	1,248	1,278	1,400	1,278	1,270
Civilian	167	197	214	203	118	210	210	196	210
Total	1,440	1,384	1,515	1,528	1,365	1,488	1,610	1,474	1,480

Source: Fort Stewart Public Affairs Office and Hunter Army Airfield Public Affairs Office, 12/19.

The Savannah Air National Guard Base is at the Savannah/Hilton Head International Airport. Based there are the 165th Airlift Wing, and the Air Dominance Center. Located at Hunter Army Airfield is the Georgia Air National Guard's 117th Air Control Squadron. The 165th's mission focus is Air Mobility - flying the C-130 Hercules cargo aircraft - delivering global air transportation of equipment and supplies during times of war and natural disasters. The mission of the 117th is focused around providing air control (radar) services for combat air operations.

The Air Dominance Center (ADC), a Combat Readiness Training Center, plays host to units from across the country benefiting from the tremendous airspace and facilities supporting the world's most technologically advanced fighter aircraft. Notably, funding for a \$24 million hangar to support the Air Force's most modern aircraft has been secured. The ADC also supports many national level DOD conferences annually.

The direct expenditures of 165th Airlift Wing are \$102 million, 80% of which is compensation and allowances to military and civilian personnel. In 2019, the total economic impact was \$174 million.

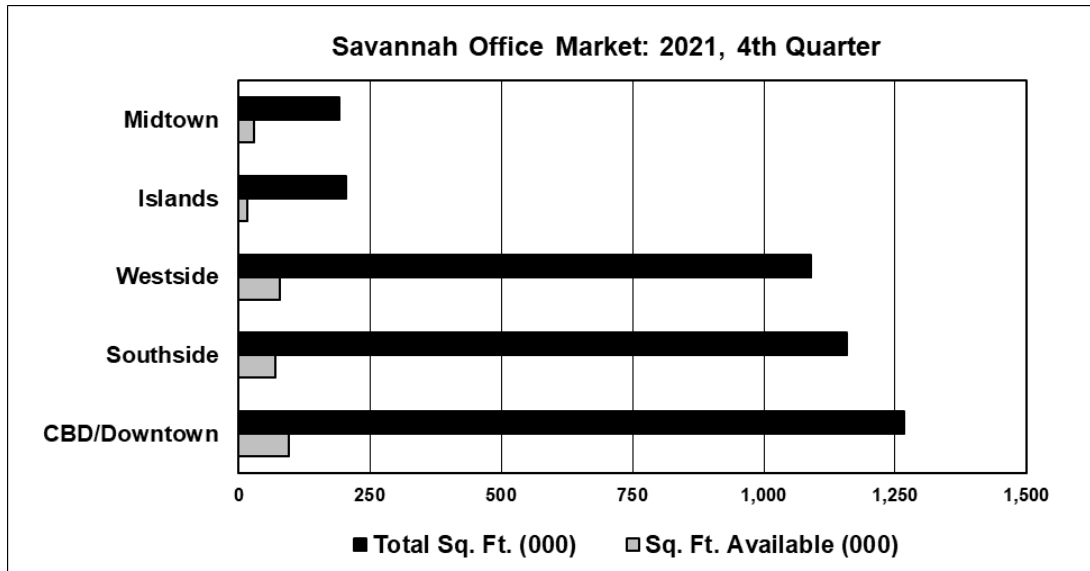
Air National Guard	
165th Airlift Wing	FY 2018
Military/Civilian Pay and Allowances	\$81,488,851
Goods and Services	\$19,786,190
Military Construction	\$1,086,700
Direct Expenditures	\$102,361,741
Economic Impact Multiplier	1.7
Total Economic Impact	\$174,014,959

Source: Georgia Air National Guard, 1/20.

Industry: Real Estate

Office and Industrial Markets

Metro Savannah's office market experienced a notable decline in the overall vacancy rate as of the fourth quarter of 2021. Of non-owner occupied office space 5,000 square feet or larger, the office space inventory in Metro Savannah surpassed 3.9 million square feet. The market occupancy rate increased to 91.3% after hovering in the range of 77% to 86% in the preceding five years. In the MSA, office rental rates increased 3.5% in 2021, and increased faster in the downtown central business district (+3.6%). Rates on the Islands increased 0.6%, while rates declined on the Southside (-6%) and Westside (-7%).



Source: Gilbert & Ezelle Commercial Real Estate, Cushman & Wakefield *Marketbeat Report*, Q4 2021, 12/2021.

Savannah MSA Office Market	2021: 4 th Quarter
Total Square Feet Reported	3,913,000
Vacant Space (sq. ft.) Reported	340,500
Vacancy Rate	8.7%

Gross Rental Rate ¹ (per sq. ft.) by Market			
Savannah MSA	\$22.13	Westside	\$20.25
CBD/Downtown	\$24.27	Midtown	\$23.23
Southside	\$19.84	Islands	\$23.05

Source: Gilbert & Ezelle | Cushman & Wakefield *Marketbeat Report*, Q4 2021, obtained 12/2021.

(1) Gross Rental Rate refers to the overall weighted average for all property classes.

Industrial Market

Metro Savannah's industrial and warehousing market surged again in 2021. Port-related trade and distribution increased demand amid continuing substantial supply-side growth, pushing down the overall vacancy rate to a very low 0.54%. New inventory of about 8 million square feet was completed and delivered in 2022. Additionally, a similar amount of new inventory is under construction with delivery expected in 2022.

Savannah Industrial Market

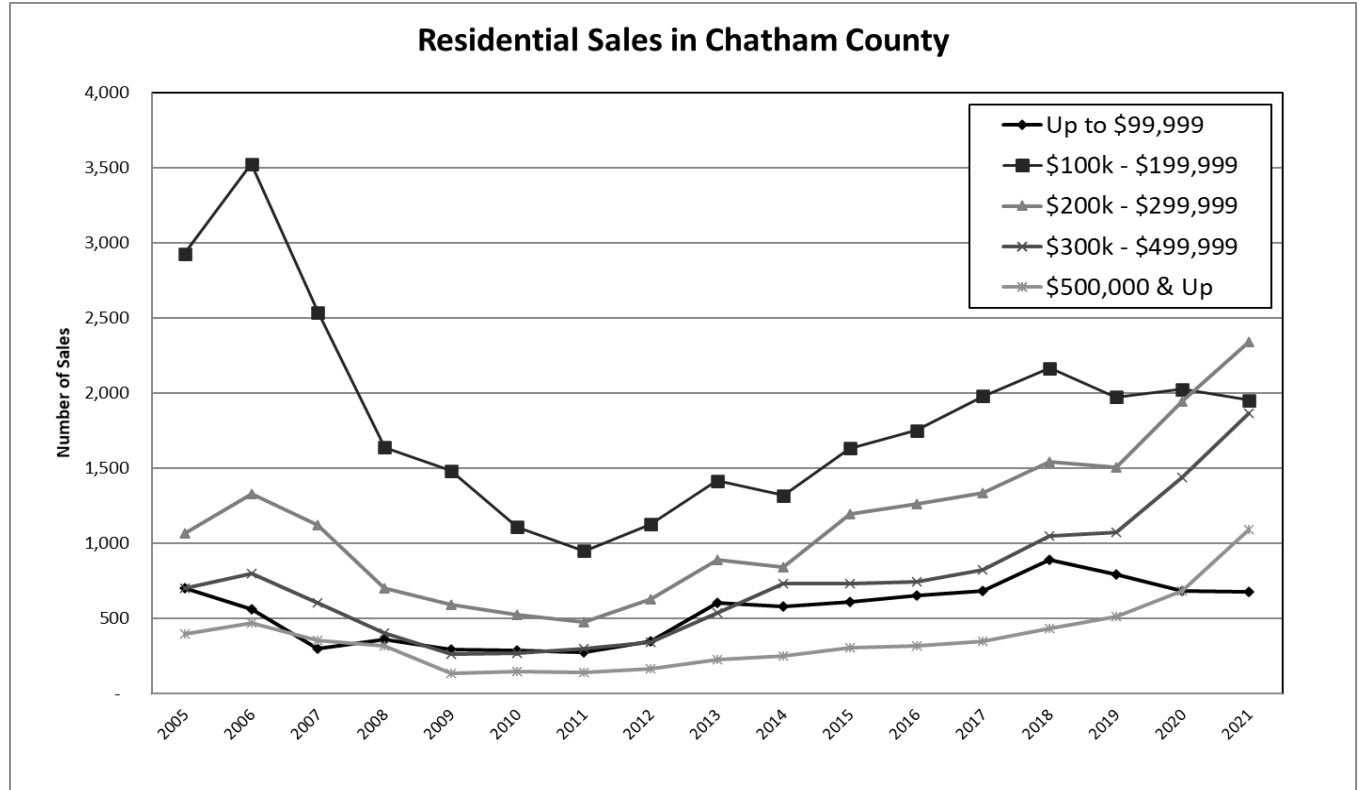
	2021:Q4	2020:Q2	2019:Q4	2018:Q4
Total Inventory	89,300,000 Sq. Ft.	78,899,000 Sq. Ft.	70,039,472 Sq. Ft.	58,843,486 Sq. Ft.
New Construction Added to Inventory	8,000,000 Sq. Ft.	7,000,000 Sq. Ft.	11,200,000 Sq. Ft.	3,200,000 Sq. Ft.
Total Inventory Available for Sale/Lease	480,000 Sq. Ft.	1,950,000 Sq. Ft.	1,450,000 Sq. Ft.	294,218 Sq. Ft.
Overall Vacancy Rate	0.5%	3.5%	2.1%	0.5%

Source: Gilbert & Ezelle | Cushman & Wakefield *Marketbeat Report*, Q4 2021, obtained 12/2021.

Real Estate

Residential

Total qualified home sales, including single family homes, townhouses, 2-4 units, and condominiums in Chatham County increased 17% in 2021 to a total of 7,925 sales as compared to 6,769 in 2020. The median sale price of a qualified home transaction in Chatham County was \$250,000, an increase of 8.7% as compared to the 2020 median of \$230,000. Market share of sales at greater than \$200,000 increased to 67% in 2021 from 58% in 2020.



Source: Chatham County Board of Assessors. Includes qualified residential sales. 2021 projected based on data through 11/18/21. Retrieved 12/28/2021.

Savannah continues to be in a favorable position with respect to home prices among comparable major metropolitan cities and port cities. Savannah's \$252,000 median list price for a single family home is well below that of the national median list price of \$362,000, and Savannah has a very affordable housing market compared to southeastern and port cities.

Single Family Home Price Comparison, 2021

Southeastern Cities		Port Cities	
Atlanta, GA	\$495,000	San Francisco, CA	\$1,760,000
Raleigh, NC	\$444,000	Seattle, WA	\$1,020,000
Nashville, TN	\$442,000	Boston, MA	\$770,000
Charlotte, NC	\$402,000	Charleston, SC	\$520,000
Orlando, FL	\$357,000	Tampa, FL	\$432,000
Gainesville, FL	\$282,000	Virginia Beach, VA	\$390,000
Savannah, GA	\$252,000	Chicago, IL	\$329,000
Louisville, KY	\$239,000	New Orleans, LA	\$316,000
Columbia, SC	\$206,000	Jacksonville, FL	\$277,000
Montgomery, AL	\$132,000	Savannah, GA	\$252,000

Source: Zillow.com average price for middle price tier single family homes. Retrieved 12/21: October 2021 data.

Industry: Tourism

Savannah exudes a beauty and charm that few, if any, destinations can match. Savannah’s tourism and hospitality industry continues to be one of the largest economic drivers for the region. Travel to Savannah remains strong, and the city enjoys visitors from all over the world. Recently, Savannah was included in Time Magazine’s list of “The World’s Greatest Places 2021”.

The Savannah tourism sector suffered in 2020, due to the pandemic, with total overnight person-stays decreasing from 8.4 million in 2019 to 7.7 million in 2020. In 2020, 14.3 million visitors came to Savannah including 7.7 million overnight visitors and 6.6 million day-visitors. The demand for rooms decreased 29% in 2020, and visitor spending decreased by 9.7% to \$2.8 billion. In 2020, room tax revenue fell to \$18.2 million, a decrease of 34%.

Tourism’s Impact on Savannah/Chatham County

	2016	2017	2018	2019	2020
Number of Lodging Rooms (1)	15,394	15,549	16,199	16,894	16,567
Person-Stays (Overnight) (2)	7.9 Million	8 Million	8.2 Million	8.4 Million	7.7 Million
Room Night Demand (1)	3.7 Million	3.8 Million	3.9 Million	4.1 Million	2.9 Million
Direct Spending (2)	\$2.8 Billion	\$2.9 Billion	\$3 Billion	\$3.1 Billion	\$2.8 Billion
Room Tax Revenue (3)	\$24.4 Million	\$25.5 Million	\$26.7 Million	\$27.7 Million	\$18.2 Million

Sources: Visit Savannah

1 Smith Travel Research – Chatham County

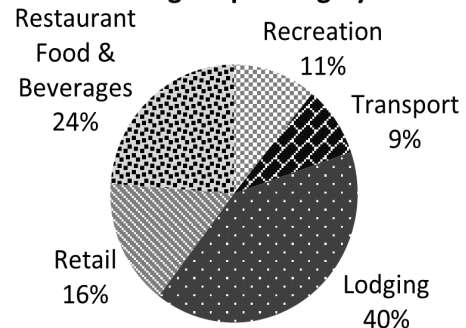
2 Longwoods International

3 City of Savannah/Chatham County/Tybee Island

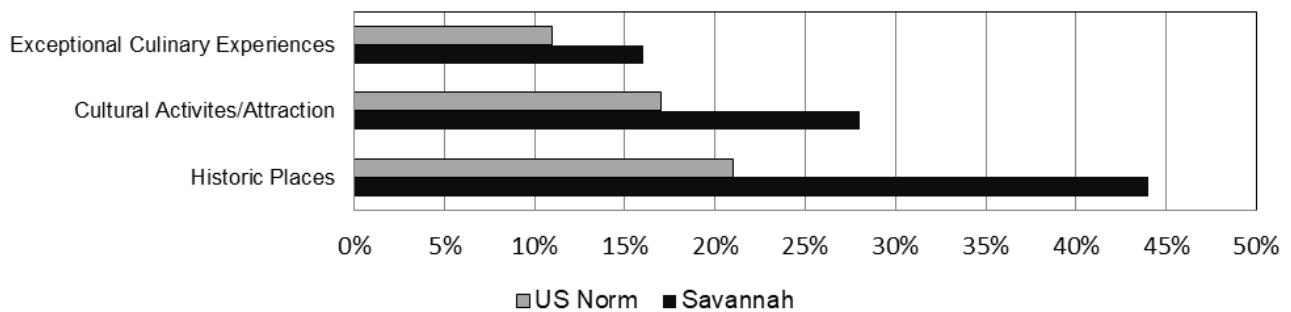
Savannah’s tourists enjoy year-round activities. Although the busiest months in terms of visitation are April, May, and June, tourism activity is spread fairly evenly across the year. For overnight visitors, the mix is 89% leisure travel and 11% business and business-leisure. Over-night visitors stay approximately 2.5 nights in Savannah.

Savannah excels in special interest tourism activities and continues to be an exciting destination. Savannah’s distinctive qualities allow the city to stand out in the crowd. In top interest categories for overnight visitors, Savannah remains far ahead of typical national levels in exceptional culinary experiences, cultural activities and historic places.

Total Overnight Spending by Sector



Special Interest Tourism Activities: Savannah vs US



Sources: Longwoods Travel USA 2019 Visitor Final Report, via VisitSavannah.

Infrastructure: Education

The seven-county CSA* employed approximately 16,162 faculty, administrators, and staff in public and private educational services in 2021. Public High Schools in the CSA produced 5,413 graduates. Of the metro area's population above age 25, approximately 90% are high school graduates or have higher education. Approximately 29% of the population above the age of 25 has a bachelor's degree or higher level of educational attainment. (*See page 10 for definition of CSA.)

Pre-K-12 Public Education

The District's SY-21/22 enrollment is 36,007 students, a slight decrease from SY 20/21, which was 36,461 students. There are 56 schools across the public-school system including 23 elementary schools, 8 K-8 schools, 8 middle schools, 11 high schools, and a virtual academy for students in grades 3–11. The district also supports 5 charter schools and 8 other educational centers. The School District continues to improve educational offerings through facility improvements under the Educational Special Purpose Local Option Sales tax. Recent projects include a new Jenkins High School, two new District stadiums at Islands High School and the School of Liberal Studies at Savannah High, a new auditorium at Beach High School and a K-12 Multi-School Campus on the site of the former Groves High School. The New Hampstead K-8 school in western Chatham County opens in January 2022. Two schools have achieved the acclaimed National Blue Ribbon School status for academics: Garrison School for the Arts and Jacob G. Smith Elementary. Two schools, Gadsden Elementary and Godley Station K8, have been named National Green Ribbon Schools for environmental sustainability efforts. The District's STEM Academy at Bartlett has been named the top STEM Middle School Program in the nation. Virginia L. Heard Elementary Academy is the only State of Georgia STEM certified elementary school in the District. SCCPSS has also steadily improved the graduation rate to outperform the state average for the past 5 years. The current graduation rate stands at 90.1% (SY 20-21), an increase for the seventh year in a row and once again exceeding the state graduation rate. For more information, please visit sccpss.com.

Higher Education: Colleges, Universities and Technical Schools

About 72,000 students are enrolled in the 17 institutions of higher learning in and around the Savannah area. While several of these schools consistently produce graduates who contribute to the region, others are recent newcomers attracted to the demands for advanced learning created by Savannah's vibrant and growing economy.

Georgia Southern University (GSU): Georgia Southern University, a public Carnegie Doctoral/R2 institution founded in 1906, offers approximately 140 degree programs serving more than 27,000 students through nine colleges on three campuses in Savannah, Statesboro, Hinesville and online instruction. A leader in higher education in southeast Georgia, the University provides a diverse student population with expert faculty, world-class scholarship and hands-on learning opportunities. Georgia Southern creates lifelong learners who serve as responsible scholars, leaders and stewards in their communities. www.georgiasouthern.edu

Coastal Georgia Center: Operated by Savannah State University, the Coastal Georgia Center offers a convenient location in historic downtown Savannah with a professional environment for students enrolled in graduate-level courses in business, public administration and social work. The center is an outreach component of the University System of Georgia, promoting economic development and provides accommodation for meetings, seminars and regional conferences. www.savannahstate.edu/cgc/

Georgia Tech Savannah: The Savannah campus of Georgia Tech provides professional education to the Southeastern part of Georgia working in partnership with industry and K-12 outreach. It also is the home to many parts of Georgia Tech which include the Center for Education Integrating Science, Mathematics and Computing (CEISMC), the Enterprise Innovation Institute, the Georgia Manufacturing Extension Partnership (GaMEP), the Georgia Tech Procurement Assistance Center (GTPAC), the Advanced Technology Development Center (ATDC). The Savannah Campus also has an applied research component to its mission working with industry to help solve problems in Supply Chain, Advanced Manufacturing, Aerospace and Resiliency just to name a few areas. The GT Savannah Campus works with local, regional and national/international business and citizens for impact in the region. savannah.gatech.edu

SCAD: The University for Creative Careers: The Savannah College of Art and Design is a private, nonprofit, accredited university conferring bachelor's and master's degrees at distinctive locations and online to prepare talented students for professional careers. SCAD offers more than 100 degree programs in more than 75 disciplines across its locations in Savannah

and Atlanta, Georgia; Lacoste, France; and online through SCAD eLearning. With more than 45,000 alumni worldwide, SCAD demonstrates an exceptional education and unparalleled career preparation. The diverse student body, consisting of more than 15,000 students, comes from across the U.S. and more than 100 countries. Each student is nurtured and motivated by a faculty of more than 700 professors with extraordinary academic credentials and valuable professional experience. These professors emphasize learning through individual attention in an inspiring university environment. The innovative SCAD curriculum is enhanced by advanced, professional-level technology, equipment and learning resources, as well as opportunities for internships, professional certifications and collaborative projects with corporate partners. Visit www.scad.edu

Savannah State University: Established in 1890, Savannah State University (SSU) – a four-year institution – is one of the University System of Georgia's longest-standing institutions. It is also the oldest public historically black college or university (HBCU) in Georgia and the oldest institution of higher learning in the historic city of Savannah. SSU has a diverse student body of approximately 3,700. It offers 30 undergraduate degree majors and five graduate degree programs in four colleges – Business Administration, Sciences and Technology, and Liberal Arts and Social Sciences, and Education. The institution also offers distinctive programs such as Forensic Science, International Business, Marine Sciences, and Homeland Security and Emergency Management. SSU hosts one of the only 15 Naval Reserve Officer Training Corps (NROTC) units at an HBCU. Accredited by the Southern Association of Colleges and Schools Commission on Colleges, the university and its research programs regularly attract major grants from federal agencies and private institutions. www.savannahstate.edu

Savannah Technical College (STC): Savannah Technical College serves Coastal Georgia with quality, market-driven technical education with campus locations in Chatham, Effingham and Liberty Counties. Serving more than 10,000 credit and non-credit students annually, Savannah Tech offers nearly 150 different instructional programs in Aviation Technology, Business and Professional Services, Industrial Technology, and Health Sciences in addition to Adult Education classes, industry-specific training and continuing education. The College serves as an economic and community development partner for the region, offering corporate and customized training and assessment programs for business and industry. Savannah Technical College is accredited by the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) to award the associate degree, diplomas, and technical certificates of credit. All questions about admission, enrollment, job placement, and related matters should be directed to an appropriate office at Savannah Technical College. Southern Association of Colleges and Schools Commission on Colleges, 1866 Southern Lane Decatur, GA 30033-4097, 404-679-4500. www.savannahtech.edu

Saint Leo University: Founded in 1889, Saint Leo offers several programs at its Savannah Education Center. According to *U.S. News & World Report*, Saint Leo has been named one of the best regional colleges in the South, and it is an accredited top Catholic university in the nation. The Savannah campus offers an Associate Degree program for Arts, Bachelor's Degree programs for both Arts and Sciences, and Master's for Sciences and Business Administration. www.saintleo.edu

South University: South University's Savannah campus dates from 1899, when Dr. John Draughon established Draughon's Practical Business College in Savannah. A four-year institution accredited by SACS, it offers associate's, bachelor's, master's and Doctoral degree programs through the Colleges of Arts and Sciences, Health Professions, Business, and Nursing. Several locations are established throughout the nation alongside accessible, fully online degree programs, as well. southuniversity.edu

University of Phoenix: Accredited by the Higher Learning Commission, the Savannah campus offers fully online or in-class associate, bachelor's, master's, and doctoral degrees in several areas such as arts and sciences, business and management, criminal justice and security, education, human services, nursing and healthcare, psychology, and technology. phoenix.edu

Several additional institutions of higher learning have opened advanced degree and certificate programs in metro Savannah:

- **Embry-Riddle** offers associate, bachelor's, and master's degrees in management of technical operations, aircraft maintenance, aviation maintenance management and professional aeronautics and a master's degree in aeronautical science at its Savannah Center at Hunter Army Airfield and an affiliated campus in Pooler, Ga. www.erau.edu
- **Strayer University** campus in Savannah opened on November 19, 2008 and provides undergraduate and graduate degree programs in high-demand fields: accounting, business, criminal justice, education, general studies, health services administration, information systems and public administration. www.strayer.edu/georgia/savannah
- **Webster University** has campuses that opened at Hunter Army Airfield in 2002 and Ft. Stewart in 2003. Webster University is a private, nonprofit, regionally accredited university, with an international presence. It provides graduate degree programs to military personnel and working adults. www.webster.edu

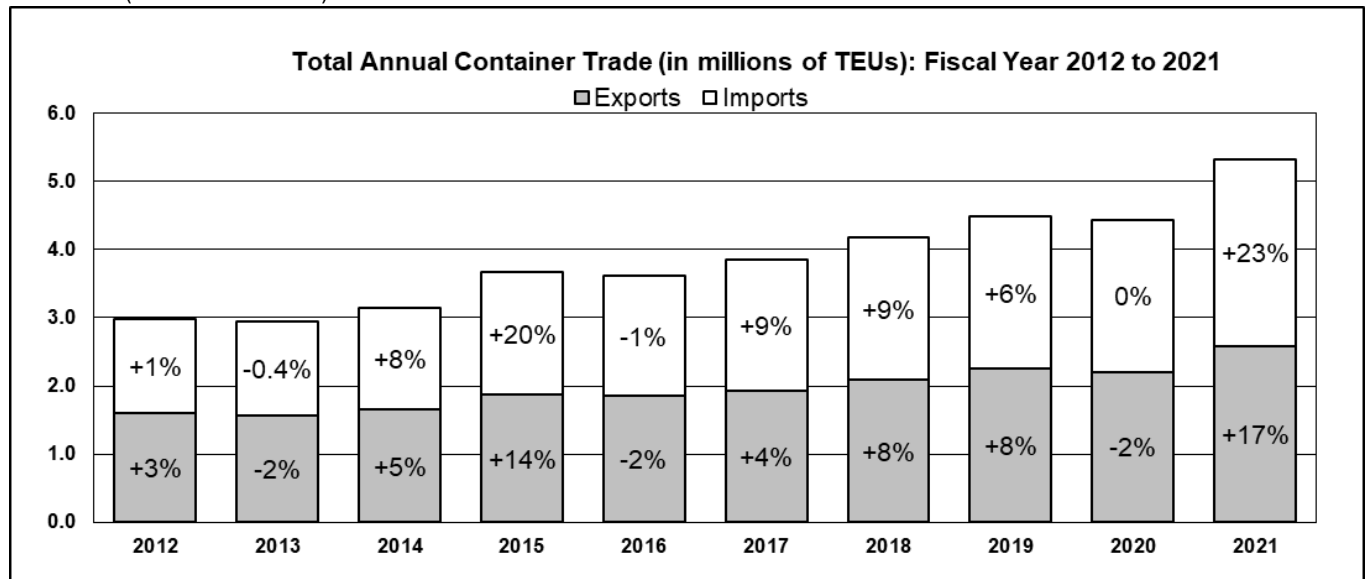
Infrastructure: Port of Savannah / Georgia Ports Authority

Georgia's deep water ports and inland barge terminals support nearly 500,000 jobs throughout the state annually and contribute \$29 billion in income, \$122 billion in sales, and \$3.4 billion in state and local taxes to Georgia's economy.

The Port of Savannah

The Port of Savannah is the largest single container terminal in the Western Hemisphere. In FY2021 it moved 5.3 million TEUs (Twenty Foot Equivalent Container Units) in throughput, an increase of 20% when compared to the previous year.

The Port of Savannah moved 22% of the East Coast container trade. The port handled 11.6% of all U.S. containerized exports in FY2021 (USA Trade online).



The Port of Savannah offers its customers many advantages:

- The most global container services among U.S. Southeast & Gulf ports
- Asian transit times as low as 22 days from Asia and 9 days from Europe
- GPA is owner & operator of the largest single-terminal container facility (Garden City) in the U.S. which also features the longest contiguous dock in the U.S. – 9,693 linear feet
- Largest Southeast refrigerated container import-export terminal
- One-of-a-kind infrastructure featuring two intermodal container transfer facilities located on a single terminal served by CSX Transportation & Norfolk Southern Railroad
- Inspection offices for U.S. Customs & Border Protection and Dept. of Agriculture are on-terminal
- Immediate access to two major interstate highways – I-95 (North/South) and I-16 (East/West)
- Largest concentration of retail import distribution centers (DCs) along the East Coast
- Client Relations Center – one-stop customer solutions group for all port users

The Georgia Ports Authority operates two deep-water terminals in Savannah – Garden City and Ocean Terminal:

Garden City Terminal:

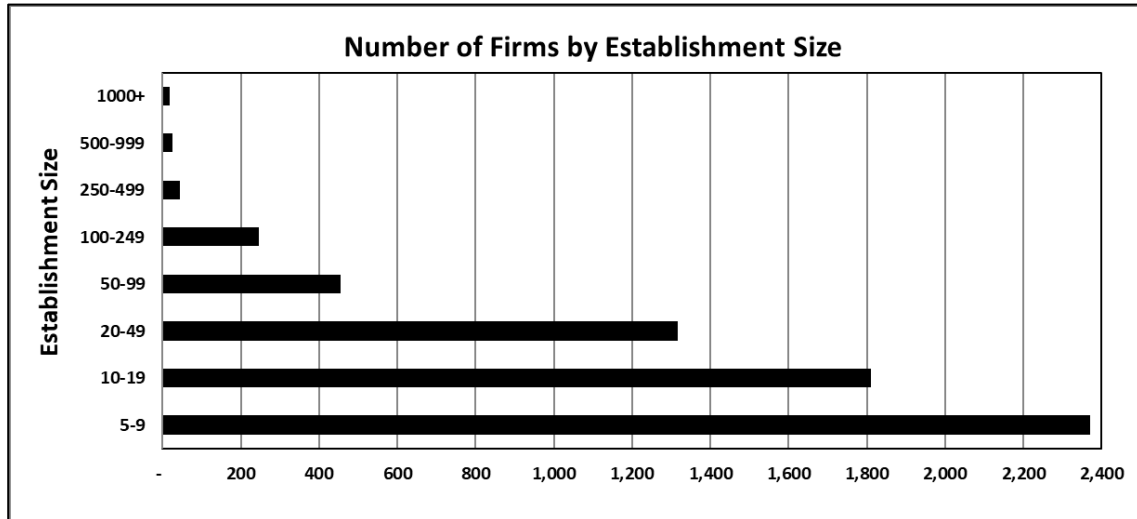
- A 500-foot channel width and a secured, dedicated 1,200-acre single-terminal container facility
- 1.2 million square feet of covered storage on-terminal, 53 million square feet in industrial/warehouse space off terminal, including 1 million square feet of private cold storage.

Ocean Terminal:

- A 200.4 -acre general cargo terminal features 5 berths totaling 3,599 linear feet
- Handles RoRo, breakbulk, containers, heavy-lift and project cargo
- Over 1.4 million square feet of covered storage
- **For More Information** contact the Georgia Ports Authority, www.gaports.com. (912) 964-3855 or (800) 342-8012

Infrastructure: Small Business Investment & Development

Savannah's thriving small business community accounts for a substantial share of total private employment in the Savannah-Hinesville-Statesboro CSA. The Georgia Department of Labor reported a total of 6,284 establishments employing between 5 and 500 employees in the second quarter of 2021. An additional 8,235 firms employed less than 5 employees. Firms with less than 500 employees are responsible for the employment of 175,545 people, or approximately 76% of the workforce. The remaining 42 firms with more than 500 employees employed 54,573 people, or approximately 24% of the workforce.



Source: Georgia Department of Labor, Georgia Labor Market Explorer, Area Labor Profile, Accessed 12/28/2021.

Several state and local agencies work to strengthen the viability of small businesses, providing assistance that may range from free consulting to training, networking to loans, and other essential small business tools. They promote Savannah's healthy small business climate with doors always open to assist the region's innovators and entrepreneurs.

University of Georgia Small Business Development Center: The Savannah SBDC office provides low-cost training and free consulting services in business plan development, market analysis and marketing strategies, financial analysis, compliance and legal issues. Its business consultants help prepare loan submissions for entrepreneurs and individuals expanding their business. <https://www.georgiasbdc.org>

Small Business Assistance Corporation: SBAC is a nonprofit business development organization licensed by the U.S. Small Business Administration and supported by the City of Savannah and U.S. Department of Housing and Urban Development. SBAC promotes economic growth by offering a number of loan programs and technical assistance for new and existing businesses. For more information, visit www.sbacsav.com.

The Creative Coast: Creative Coast provides mentoring and other support to help build and develop the creative economy within the city of Savannah. Through networking and promoting innovation, Creative Coast connects local government, businesses, and individuals to strengthen the economic environment and positively impact the entrepreneurial community. www.thecreativecoast.org

Savannah Area Chamber of Commerce: The Chamber's Small Business Council works to meet the needs and interests of small businesses and make sure they are recognized for their impact on the community. By offering programs that bring these businesses together with the larger Savannah community, including the SMART Lunch Series and Annual Banquet and Trade Show, the Chamber's Small Business Council continues to provide small business owners with resources to help their businesses grow. For more information, visit www.savannahchamber.com.

Savannah Economic Development Authority: SEDA leads the **Business Retention Action Team**, a collection of economic development experts from state and local agencies, who work with existing businesses on issues that range from management and human resources to training, exporting and operations. For more information, visit www.seda.org.

Infrastructure: Taxes

Savannah / Georgia Tax Summary

Real and Personal Property Tax

Taxes on real and tangible personal property are levied by the city, county, school district, and some municipalities. The Chatham Area Transit Authority levies a small tax in the City of Savannah, unincorporated Chatham County, and small parts of Garden City. Georgia law requires that the fair market value be determined on all property to be taxed. Millage rates are applied to the assessed value, which is 40% of the fair market value. Owner-occupied homes are allowed a homestead exemption; Chatham County has a homestead valuation freeze exemption. The following table shows how to calculate the taxable value (net assessed value) of an owner-occupied home:

\$ 252,000	Fair Market Value of Residence
x .40	40% Assessment Ratio
\$ 100,800	Assessed Value
- \$ 2,000	Homestead Exemption
\$ 98,800	Net Assessed Value

2020 Millage Rates (1)

Unincorporated Chatham County	
State of Georgia	0.000
Public Schools	18.881
County M&O*	11.543
Special Service District* & Transit	4.801 1.150
Add Other Municipality	**see tables on right
Total	36.375

City of Savannah	
State of Georgia	0.000
Public Schools	18.881
City w/Transit	12.739
County M&O	11.543
Chatham Transit	1.150
Total	44.313

Other Municipalities**	
Bloomingtondale	0.0
Garden City	3.619
Pooler	3.651
Port Wentworth	4.160
Thunderbolt	6.132
Tybee Island	3.931
Vernonburg	0.0

(1) From the Georgia Department of Revenue, <https://www.chathamcountyga.gov/Government/PropertyTaxRates>

*If you live in one of the municipalities listed in the table above, use the Unincorporated Chatham County tax rates, eliminate the Special Service District rate and add the municipality's rate into your calculations. Add the Transit rate of 1.15 if the area is served by CAT.

Continuing with our example above, a \$252,000 home with a homestead exemption would have a net assessed value of \$98,800. In unincorporated Chatham County (not in a municipality), this home would have a 2020 property tax of \$98,800 x .036375, which is \$3,594. The same home located in the City of Savannah would have property taxes of \$4,378.

The City of Savannah provides services such as trash removal and recycling, and water and sewer to city residents, while county residents pay for these services separately. Chatham County residential property owners benefit from a homestead valuation freeze exemption, which effectively raises the homestead exemption the same amount that the property appreciates. There is no increase in residential property taxes until the sale of the property, at which point a new basis is established.

Some find it useful to compare real and personal property taxes using an Effective Tax Rate per \$1,000 of fair market value. To find this rate, divide the property tax on the home listed above by its fair market value, which in this case is \$252,000, then multiply the answer by \$1,000. Unincorporated Chatham County has an Effective Tax Rate of \$14.26 per \$1,000 of fair market value, while the City of Savannah has an Effective Tax Rate of \$17.37 per \$1,000 of fair market value.

Georgia maintains its modest tax rates via a fiscally conservative government, a constitutionally mandated balanced budget and a pro-business climate. Beginning in 2019, the state's corporate income tax rate was reduced to 5.75% after having been 6% since 1969.

Sales Tax: 7% on the dollar on purchases of all goods and utilities (4% state + 2% local option + 1% Education Special Purpose Local Option Sales Tax). Food items are exempt from state sales tax, but subject to county taxes of 3% (2% local option + 1% Education Special Purpose Local Option Sales Tax).

Sales Tax Exemptions: Apply to manufacturing machinery used directly in making products for sale, machinery and equipment used for pollution control, raw materials that will become a component of a finished product, packaging materials, certain computer equipment, and standard software. Parts to repair airplanes are also exempt from sales taxes as of 2014. A full listing of sales and use tax exemptions in Georgia can be found at: <https://dor.georgia.gov/2019-list-sales-and-use-tax-exemptions-and-supporting-documentation>.

Hotel/Motel Room Tax: Chatham County: 6%, with the total tax for rooms 13% (7% sales tax plus 6% lodging tax). Tybee Island: 7%, with the total tax for rooms 14% (7% sales tax plus 7% lodging tax).

Personal Income Tax: State of Georgia

On March 2, 2018, Governor Nathan Deal signed H.B. 918 which, as of 2019, reduced the maximum personal income tax rates to 5.75% through 2025.

Single: \$230 on first \$7,000 plus 5.75% of the amount over \$7,000
Married: \$340 on first \$10,000 plus 5.75% of the amount over \$10,000
Married filing separately: \$170 on first \$5,000 plus 5.75% of the amount over \$5,000

State Taxes: Georgia does not have a unitary tax. Businesses are taxed only on income apportioned to Georgia.

Corporate Income Tax: Corporations that own property, do business in Georgia, or receive income from Georgia sources are subject to corporate income tax. As of January 2020, the rate of taxation is 5.75% of a corporation's Georgia taxable net income. The tax calculation is based entirely on gross receipts earned in Georgia, the first southeastern state to adopt the Single Factor Gross Receipts formula.

Corporate Net Worth Tax: This tax is based on the net worth of a corporation. Corporations may have to pay a net worth tax levied in exchange for the privilege of doing business or exercising a corporate franchise in Georgia. For net worth years beginning on or after January 1, 2018 (those reported on the 2017 income tax return), corporations with a net worth of \$100,000 or less are not subject to tax but must file a return. The maximum is \$5,000 for a net worth in excess of \$22 million.

Unemployment Insurance: Georgia's unemployment insurance for newly liable employers averages 2.7% of each employee's first \$9,500 in earnings, with a maximum weekly benefit of \$365 effective as of July 1, 2019. After an employment record is established in Georgia (36 months), a new rate based on employee separations is developed.

Worker's Compensation: Georgia law requires employers to insure their workers against job connected accidents. This insurance is carried with private companies unless the employer self-insures. Self-insured employers must be certified by the State Workers' Compensation Board. Private insurance companies return about 1% of the premiums received from employers to the board to cover its operating costs, and self-insured employers pay the board a fee (about 1% of estimated premiums) to cover these costs. A company is eligible for a 7.5% reduction in rates if it operates as a certified drug-free workplace. Recipients will receive two-thirds of their average weekly wage, but not more than \$675 per week for an accident which occurred on or after July 1, 2019.

Business and Occupation Tax:

Every for-profit business in the City of Savannah and Chatham County must pay a local business or occupation tax based upon gross receipts or profitability classification. As of 2019, the city of Savannah profitability classes range from \$0.69 per \$1,000 for Class A to \$1.19 per \$1,000 for Class F. City of Savannah's minimum tax is \$85 per year. Maximum is \$21,674 for a business with gross receipts in excess of \$50 million. For Chatham County, profitability classes range from \$0.47 per \$1,000 for Class A to \$0.97 per \$1,000 for Class F. The County tax table reflects an \$82 minimum and a \$9,775 maximum. The City or county tax table determines the exact tax amount.

Sources: Savannah Economic Development Authority, Georgia Department of Labor, Georgia Department of Revenue. Revised 12/21

Infrastructure: Transportation – Roads, Rail, Water and Air

CAT Local Transit Service Expedites Travel

Chatham Area Transit Authority's fixed-route, paratransit, and ferry services provided transportation to about 4,700 passengers daily during the 2021 fiscal year (July 2020-June 2021). CAT operates 61 fixed-route buses on 17 fixed bus routes, which logged about 466 hours on weekdays, 346 hours on Saturdays, and 148 hours on Sundays. CAT's fixed-route buses logged about 151,000 hours and traveled about 2 million miles during the 2021 fiscal year. The one-way fare on CAT's fixed routes is \$1.50, while transfers are free. A day-pass is \$3. A weekly CAT card is \$14, and a monthly CAT card is \$50. Seniors (over 65), youth (ages 6-18), disabled riders and veterans are charged half-fare. In March 2021, CAT launched a mobile ticketing service that allows customers to purchase and download digital tickets using their smart phones. CAT's fare-free shuttle called the Dot is comprised of two loops that run throughout Savannah's downtown Historic District, connecting visitor centers, parking facilities, attractions, shops, restaurants, and hotels. More information is available at www.catchacat.org, or contact Chatham Area Transit Authority at (912) 233-5767.

Water Ferry

The fare-free Savannah Belles Ferry system, which is connected to the fare-free downtown CAT shuttle, provides daily service between the north and south banks of the Savannah River. The ferry arrives and departs from the City Hall dock on River Street, the Waving Girl Landing at the Savannah Marriott Riverfront, and on Hutchinson Island at the Savannah International Trade & Convention Center located adjacent to The Westin Savannah Harbor Resort and Spa. The ferry operates every 20-30 minutes from 7:00am until 10:00pm, seven days a week, subject to weather and river traffic conditions. Service to the Waving Girl Landing is scheduled less often. For more information, contact Savannah Belles Ferry at 912-447-4029 or www.catchacat.org.

Coastal Regional Coaches

This ten-county, on-demand shuttle service is part of Georgia's regional rural public transport program providing residents of Bryan, Bulloch, Camden, Chatham, Effingham, Glynn, Liberty, Long, McIntosh, and Screven counties with regional transportation. The service is available for traveling from or to a rural destination and accommodates all transportation needs within the service area. At least one day's prior notice is required to reserve a trip, and fares are assessed on a per-passenger basis depending on destination. For more information and to make a reservation visit www.coastalregionalcoaches.com.

Bus Service to Destinations throughout North America

Savannah has a station on Greyhound Lines, Inc. whose bus routes link riders to more than 2,400 destinations across the United States, Canada and Mexico. Greyhound provides scheduled passenger service, charter bus service, package express delivery, and food outlets within its terminals. Greyhound has more than 20 daily arrivals and departures out of the Savannah Station. For more information, contact Greyhound Bus Lines at 912-232-2135 or 1-800-231-2222 or www.greyhound.com.

Passenger Rail to New York and Miami

Amtrak's Silver Service/Palmetto Train offers daily service from Savannah to New York, Washington, DC, Charleston, Jacksonville, Orlando, Tampa, and Miami. Silver Service trains provide options for dining and sleeping arrangements. The Palmetto offers Business Class Service which grants passengers exclusive experiences. For rates and schedules call 800-USA-RAIL or go to www.amtrak.com.

Freight Service at the Port of Savannah

Both CSX Transportation and Norfolk Southern transport goods to and from the Port of Savannah. For more information contact CSX at 904-359-3100 (www.csx.com) or Norfolk Southern Corp. at 855-667-3655 (www.nscorp.com). Savannah's Mason Mega Rail project is now operational. The 85-acre Mason Mega Rail Terminal will build and receive six 10,000-foot trains simultaneously.

Taxi Service

Savannah taxi services are readily available at the airport and most major hotels. The Savannah/Hilton Head International Airport posts information on the city's taxi cab fare system at www.savannahairport.com/transportation. Point to point estimates of taxi fares in Savannah may be found at <http://www.taxifarefinder.com>

Air Transportation

Savannah/Hilton Head International Airport

A 15-minute drive from Historic Downtown Savannah, the Savannah/Hilton Head International Airport is at the center of a transportation and logistics infrastructure that includes a global port alongside access to more than 100 motor carriers, three railroads, numerous ocean-shipping lines and Foreign Trade Zone 104, which serves a growing number of customers within this network. Businesses continue to choose Savannah to centralize their operations on the East Coast putting them in a superior position to handle future activity. Unparalleled service paired with exceptional operations helped land Savannah's international airport as the #1 best airport in the U.S. by Condé Nast Traveler.

Savannah/Hilton Head International Airport Affected by Recession: Passenger and Cargo Activity

Year-end Totals	2015	2016	2017	2018	2019	2020	2021	2020-2021 Change
Passengers (enplanements/deplanements)	2,027,262	2,190,406	2,462,881	2,799,526	3,021,077	1,537,470	3,139,169	104.2%
Cargo Freight/Express/Mail, tons	7,654	8,182	9,003	8,635	9,249	8,459	8,967	6%
Aircraft Operations	88,691	92,680	94,827	96,823	107,764	92,294	114,840	24.4%

Source: Savannah Airport Commission, www.savannahairport.com 12/12/2021. Data for 2021 through November, annual figure estimated.

Passenger count data for the first 11 months of 2021 are up over 104% from 2020. Cargo Year-end Totals have increased by 6% and Aircraft Operations have increased 24% from 2020. These drastic increases can be attributed to the reopening of the economy and the accompanying increase in travel. Ten airlines provide direct nonstop flights every week to major U.S. cities, providing convenient travel options. As of December of 2021, Delta held 30% of the market share at the airport. American Airlines is second with 23%, followed by United Airlines (16%), Southwest (13%), Allegiant (9%), and JetBlue (6%). In 2021, Allegiant began offering three new seasonal non-stop flights to Appleton, Bellville, and Newburgh. New to the market in 2021 will be Silver Airways, with flights to Ft. Lauderdale and Tampa.

Airline Flight Schedules

Airline	Number	Destination
Air Canada*	1-888-247-2262	Toronto*
Allegiant*	1-702-505-8888	Allentown* Nashville* Baltimore Cincinnati Chicago* Cleveland Appleton* Bellville* Grand Rapids* Houston* Indianapolis Louisville* Columbus* Newburgh* New York Newark Pittsburgh St. Louis*
American Airlines	1-800-433-7300	Charlotte Washington Laguardia Chicago* Philadelphia Dallas/Fort Worth Miami
Delta Air Lines	1-800-221-1212	Atlanta New York- JFK New York - LaGuardia Detroit
JetBlue	1-800-538-2583	New York – JFK Boston
Sun Country Airlines*	1-800-359-6786	Minneapolis/St. Paul*
United	1-800-864-8331	Chicago Newark Washington Houston
Frontier	1-800-401-9000	Philadelphia*
Silver Airways	1-801-401-9100	Ft. Lauderdale Tampa
Southwest	1-800-435-9792	Baltimore Denver St. Louis Chicago Houston Dallas Nashville

*Seasonal Service

Infrastructure: Utilities

Water and Sanitary Sewer Services

The City of Savannah's Water Resources Division provides potable water, wastewater treatment, and stormwater services for businesses and residents within the city and much of Chatham County. It operates the Industrial and Domestic surface water potable water treatment plant, the only one in Coastal Georgia, with a 72 Million Gallon Per Day maximum capacity to meet anticipated development needs in the Savannah metropolitan area for the foreseeable future. In addition, the Department operates six independent groundwater systems with 47 deep wells and a 97 MG reservoir. The Department supplies both domestic and fire demands and maintains over 1,400 miles of water distribution main, over 7,000 fire hydrants, over 18,250 valves and supplies over 79,900 individual water service connections. Through intergovernmental agreements, the Department also supplies water to other municipalities in Chatham County and portions of Effingham County.

Sanitary sewer collection and treatment is provided throughout the city and portions of unincorporated Chatham County. In addition, the sanitary sewer system treats sanitary sewage for other municipalities through intergovernmental agreements.

The Department's wastewater treatment capacity, currently 35.5 million gallons per day (MGD) with near future to be 39.5 million gallons per day, is sufficient to meet the requirements of anticipated growth. The wastewater system includes over 728 miles of gravity sewer mains, over 125 miles of sewer force mains, 18,000 manholes, over 203 lift (pump) stations, and serves approximately 75,000 sewer laterals. The wastewater (e.g. water reclamation) treatment plants include the following:

President Street Water Reclamation Plant	27 Million Gallons per Day maximum capacity;
Wilshire / Windsor Water Reclamation Plant	4.5 Million Gallons per Day maximum capacity;
Georgetown Water Reclamation Plant	1.42 Million Gallons per Day maximum capacity;
Crossroads Water Reclamation Plant	4.5 Million Gallons per Day maximum capacity
<i>Under Construction</i> - Travis Field	4.0 Million Gallons per Day maximum capacity

The Department also manages the wastewater Pre-Treatment and FOG (Fats, Oils, and Grease) and Pre-Treatment Programs. The President Street Water Reclamation Plant, the Windsor/Wilshire Water Reclamation Plant, and the Crossroads Water Reclamation Plant treat an average of 19 MGD up to 27 MGD, and 2.5 MGD to 4.5 MGD respectively, within the City limits which is enough to serve the city. Portions of unincorporated Chatham County are also served by the City of Savannah sanitary sewer collection and treatment system. The Stormwater Department runs pumps stations and manages 5 detention ponds, 460 miles of closed and 160 miles of open stormwater conveyance system. For more information, visit www.savannahga.gov.

Natural Gas

Georgians receive competitive pricing for natural gas service with this deregulated industry. The natural gas marketers that operate in Georgia deliver their product through a natural gas pipeline system operated by the Atlanta Gas Light Company, subsidiary of Southern Company, which is responsible for repairing leaks and responding to other gas emergencies. The latest survey of gas prices for each marketer is available on the Public Service Commission's website at <https://psc.ga.gov/utilities/natural-gas/marketers-pricing-index/>.

Electricity

Georgia Power is the largest subsidiary of Southern Company (NYSE: SO), America's premier energy company. Value, Reliability, Customer Service and Stewardship are the cornerstones of the company's promise to 2.6 million customers in all but four of Georgia's 159 counties. Georgia Power's Southeast Region supplies electricity to over 369,369 customers in a geographically diverse territory of 30 Georgia counties. Committed to delivering clean, safe, reliable and affordable energy at rates below the national average, Georgia Power maintains a diverse, innovative generation mix that includes nuclear, 21st century coal and natural gas, as well as renewables such as solar, hydroelectric and wind. Georgia Power focuses on delivering world-class service to its customers every day and the company is consistently recognized by J.D. Power and Associates as an industry leader in customer satisfaction. For more information, go to www.georgiapower.com. Electricity is a competitive industry for certain industrial and commercial customers. Businesses with a load of 900 kW or more frequently can choose their electricity supplier in Georgia. Electric membership corporations in the Savannah area are listed at www.georgiaemc.com.

Revised 12/13/2021

Workforce Development Resources

Program and Initiatives

Workforce development is a top priority in Savannah. Strong academics and technical skills, coupled with lifelong learning within a workplace context are the key for students to have a productive future. Here are a few of the programs that strengthen education and training by providing apprenticeships, internships, job shadows, partnerships or character development.

Junior Achievement of Georgia, Coastal Region

Kyle Redner, Director of Development and Volunteer Partnerships

6001 Chatham Center Drive, Suite 150, Savannah, GA 31405

P: (404) 317-1385

Population Served: K-12

Services: Inspiring and preparing young people to succeed in a global economy.

Youth Apprenticeship

Rosie Bingham, Workbase Learning Coordinator, Savannah-Chatham County Public School System

402 Market Street, Savannah, GA 31408, P: (912) 395-6765; rosie.bingham@sccpss.com

Population Served: Students, businesses and educators in Chatham County.

Services: Provides an opportunity for juniors and seniors to start preparing for a career while still in high school. Students who have completed courses related to a career work an apprenticeship. Youth Apprenticeship enables employers to play an active role in shaping the quality of their future workforce.

Learning for Life; Exploring

Barbara Foley, Program Director, 11900 Abercorn Street, Savannah, GA 31419

P: (912) 308-7892; Barbara.foley@scouting.org

Population Served: Savannah-Chatham County Public School System K-12 students

Services: Career and character education, school-business partnership development.

WorkSource Coastal

7216 Skidaway Road, Suite A, Savannah, GA 31406, P: (912) 351-6379; <http://worksourcecoastal.org/>

Population Served: Eligible adults and youths in Region 12 (Bryan, Bulloch, Camden, Chatham, Effingham, Glynn, Liberty, Long, McIntosh and Screven counties) under the Workforce Innovation and Opportunity Act legislation of 2014.

Services: Develop workforce education and training strategies, create partnerships, and ensure universal access through "One-Stop" centers. Programs include Adult, Dislocated worker and Youth Program, and On-the-Job-Training.

Step Up: Chatham Apprentice Program (CAP)

Tanika Rivers, CAP Program Manager, 428 Bull St. Savannah, GA 31401

P: (912) 232-6747; Fax: (912) 401-0341; <https://stepupsavannah.org/works/workforce/chatham-apprentice-program/>

Population Served: 17+

Services: Addresses both soft and hard skills including financial education, legal services, healthy eating, behavioral health, etc.

Goodwill of Southeast Georgia

Melanie Goodwin, Mission Compliance & Advancement Manager, 7220 Sallie Mood Drive, Savannah, GA 31406

P: (912) 354-6611, C: (912)-665-4420, mgoodwin@goodwillsega.org, <https://goodwillsega.org/jobs-training/opportunity-centers/>

Population Served: People with disabilities and other barriers to employment

Services: The Opportunity Center provides individual support, meaningful training, and employment assistance with intensive wrap-around services, skills assessments and development including Google digital skills, tuition free-certifications, and connections to employers.

Inspiritus Refugee and Immigrant Employment Services

106 Oglethorpe Professional Blvd, Unit C, Savannah, GA 31406

P: (404-875-0201), <https://weinspirit.org/savannah>

Population Served: Refugee individuals and families

Services: Integrated programs for job readiness and placement, financial services, and income supports.

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AREA CHAMBER



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