

May 2021

Colliers

Economic Indicators

Labor shortages holding back retail from full recovery

Current Colliers Index

4

The Colliers Index is a 1-10 scale assessing Atlanta CRE as measured by key economic indicators, current and projected market fundamentals, and overall industry sentiment.

Last Month: 4

For more information

Spencer Papciak

Senior Research Associate | Atlanta
+1 404 781 0227
spencer.papciak@colliers.com

Scott Amoson

VP, Director of Research | Atlanta
+1 404 877 9286
scott.amoson@colliers.com

Colliers International | Atlanta

Promenade | Suite 800
1230 Peachtree Street, NE
Atlanta, Georgia, 30309
+1 404 888 9000
colliers.com/atlanta

The Colliers Index stays at a 4 for a third consecutive month. There continues to be a balance of good and bad news both locally and nationally. Positive job growth and a strong Q1 2021 GDP continue the positive momentum from the record-setting industrial absorption from Q1, whereas hiring difficulties in key industries mirror the poor office absorption numbers. The formula for continued growth at this moment is quite simple: as vaccinations increase, states will lessen restrictions, and jobs will be added. Jobs are growing, but more stability and consistency will need to be seen to move the Colliers Index to a 5 or higher.

Copyright © 2021 Colliers International. The information contained herein has been obtained from sources deemed reliable. While every reasonable effort has been made to ensure its accuracy, we cannot guarantee it. No responsibility is assumed for any inaccuracies. Readers are encouraged to consult their professional advisors prior to acting on any of the material contained in this report.

Accelerating success.

+266K

U.S. Jobs Gained in March

+331K

in Leisure & Hospitality

+44K

in Maintenance & Services

-111K

in Temporary Help Services

6.1%

National
Unemployment Rate

11.0%

Q2 2021 GDP Estimate

Current Market Conditions

With a 14,800 jobs gain in March, Atlanta has now added 30,500 jobs since the start of the year. This is in line with typical job growth for the city during these months. Using February of 2020 as a pre-pandemic high water mark, Atlanta is now down 139,800 jobs from that point.

U.S. Employment: Leisure and hospitality has been the largest driving factor in the employment bounce back. Pandemic-related restrictions have begun to ease in many parts of the country, and this has correlated with a surge of leisure and hospitality jobs. 331,000 such jobs were added in April, following a 280,000 figure in March, and a 355,000 tally in February. More than half of April's increase was in food services and drinking places, which added 187,000 jobs. There is still room for growth in this sector, as many states have yet to fully ease COVID-19 restrictions, and the unemployment rate for the "accommodation and food services" industry remains high. After peaking at 37.3% unemployment in April of 2020, the rate currently sits at 10.7%, still a ways off from the 5.9% figure seen in February of 2020.

Labor Shortage: Restaurants are facing a new challenge: finding labor. According to the Georgia Restaurant Association, 78% of members say they have job openings they are struggling to fill. A combination of a lack of childcare options, fear for personal safety, and raised unemployment benefits have left many at home. As consumer demand increases, staffing has not quite caught up.

| Monthly Economic Indicators | Prior Available Data | Current Available Data | M-O-M Change | Y-O-Y Change |
|-----------------------------------|----------------------|------------------------|------------------------|------------------------|
| Interest Rates | April | May | | |
| 10-year Treasury Rate | 1.64 | 1.60 | -2.4% | 119.2% |
| LIBOR (1 month) | 0.12 | 0.10 | -11.5% | -46.6% |
| Jobs (Metro Atlanta) | February | March | | |
| Employment (thousands) | 2713.3 | 2728.1 | 14.8 | -125.6 |
| Unemployment Rate | Mar./Feb. | Apr./Mar. | | |
| U.S. | 6.0% | 6.1% | 0.1 | -8.6 |
| Atlanta | 4.8% | 4.5% | -0.3 | -0.1 |
| GDP | Q4 2020 | Q1 2021 | | |
| U.S. | 4.3% | 6.4% | | |
| Oil | April | May | | |
| Crude (Nymex) | \$62.75 | \$65.03 | 4% | 156% |
| Mo. Building Permits (ATL) | February | March | 3 Month Average | 6 Month Average |
| Single Family | 2,819 | 3,466 | 2,969 | 2,822 |
| YTD | 5,459 | 8,970 | | |
| Multi-Family | 121 | 161 | 129 | 180 |
| YTD | 262 | 423 | | |