Huntsville Metro Economic Update

February 2022

Key Highlights

❖ Overall metro area employment has recovered and surpassed pre-Covid levels for most industry sectors.

❖ Unemployment inside the metro is currently near record lows at 2.1% but the population is increasing and workers from outside the metro area are commuting to fill local jobs.

❖ Moody’s has projected strong growth for the Huntsville metro which is expected to outpace the growth of the U.S. economy over the next five years.

❖ The Federal Reserve is concerned over record inflation and is looking at potential interest rate increases in 2022.
## Huntsville Metro Employment

<table>
<thead>
<tr>
<th>December 2021</th>
<th>1-Month Change</th>
<th>3-Month Change</th>
<th>12-Month Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>252,400</td>
<td>-0.2%</td>
<td>0.9%</td>
<td>2.3%</td>
</tr>
<tr>
<td>U.S.</td>
<td>0.1%</td>
<td>1.8%</td>
<td>4.7%</td>
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</tbody>
</table>

**Summary:**
The current metro area employment for December 2021 is 252,400 which is a 2.3% annual change over the last 12 months. Overall unemployment in the Huntsville metro is currently 2.1% compared to the U.S. rate of 3.7%.

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1.3% above March 2020
(3,200 workers)

0.3% above March 2020
(397,000 workers)
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(Change: March 2020 to December 2021)

February 2022

Huntsville Metro Employment

- Construction: +100
- Manufacturing: +700
- Wholesale Trade: +1,600
- Retail Trade: +100
- Transportation: +300
- Information: +100
- Finance: +100
- Professional & Business Services: +3,100
- Education & Health Services: -1,100
- Leisure & Hospitality: -1,800
- Government: +600
- Other Services: -600

U.S. Employment

- Construction: +0.1M
- Manufacturing: -0.1M
- Wholesale Trade: -0.1M
- Retail Trade: +0.8M
- Transportation: +0.9M
- Information: +0.03M
- Finance: +0.1M
- Professional & Business Services: +0.9M
- Education & Health Services: -0.4M
- Leisure & Hospitality: -1M
- Government: -0.7M
- Other Services: -0.2M
Employment Change
March 2020 to December 2021

- Construction: 1% (Huntsville), 1% (U.S.)
- Manufacturing: -1% (Huntsville), 3% (U.S.)
- Wholesale Trade: -1% (Huntsville), 2% (U.S.)
- Retail Trade: 5% (Huntsville), 6% (U.S.)
- Transportation: 5% (Huntsville), 8% (U.S.)
- Information: 1% (Huntsville), 1% (U.S.)
- Finance: 1% (Huntsville), 1% (U.S.)
- Professional & Business Services: 5% (Huntsville), 4% (U.S.)
- Education & Health Services: -5% (Huntsville), -2% (U.S.)
- Leisure & Hospitality: -6% (Huntsville), -8% (U.S.)
- Government: -1% (Huntsville), 1% (U.S.)
- Other Services: -4% (Huntsville), -7% (U.S.)
“Huntsville’s economy will expand on par with the U.S. pace over the coming year, led by manufacturing, professional services and construction. Longer term, the concentrations of manufacturing and aerospace-related industries, a highly educated labor force, and above-average population growth will enable the metro area to outperform the nation.”

– Moody’s Analytics –
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Employment Growth

Huntsville | 1-Year | 2-Year | 3-Year | 4-Year | 5-Year | Change from 2019
---|---|---|---|---|---|---
-1.8% | 2.2% | 6.1% | 7.9% | 9.1% | 0.8% | 9.1% | 15.1% | 18.3% | 22.2%

GDP Growth

Huntsville | 1-Year | 2-Year | 3-Year | 4-Year | 5-Year | Change from 2019
---|---|---|---|---|---|---
0.8% | 9.1% | 15.1% | 18.3% | 22.2% | -3.4% | 2.4% | 6.8% | 9.3% | 12.3%

Change from 2019
The Federal Reserve is concerned over inflation which has risen steadily over the past several months to reach over 7% on an annual basis.

During the January 25-26 meeting, the Federal Open Market Committee indicated its openness to future interest rate increases in 2022.

Inflation is no longer considered only a transitionary result of Covid and the Federal Reserve will be looking to balance Covid relief vs combating rising inflation.
Economic activity expanded moderately

Demand for labor is strong with a tight labor supply

Prices are expected to remain elevated

Consumer demand is high, especially off-price retailers

Demand for housing is strong but lower than record highs. The increase in the interest rate led to higher residential sales based on expectations of further rate increases

Manufacturing activity reports healthy demand but supply chains are still disrupted and employee turnover is high

Transportation activity is strong with increases in inventories but there is a backlog of shipping and trucking for containers

Banking conditions remained steady with stronger consumer & residential loan growth

Energy sectors were steady with a strengthening of global demand

Agricultural conditions remained mixed with supply chain and labor issues affecting margins