

REGIONAL ECONOMIC SNAPSHOT

UPDATED AS OF JULY 2025

**EMPOWERING
AMERICAN CITIES**



FIFTH THIRD / UNC KENAN INSTITUTE

In our base-case scenario, we expect slowing, middling growth in 2025, as interest rates and inflation remain elevated and federal policies drag on the national economy.

The U.S. economy showed resilience in 2024, growing at essentially the same pace as the previous year, outperforming our expectations. We expect job creation and consumer spending to slow in 2025 yet remain strong enough to power the economy through policy-induced turbulence and other economic headwinds, which could entail inflationary conditions and a persistently tight housing market.

Uncertainty is high regarding policies that could take effect, including on interest rates, tariffs, immigration, regulation and taxation. Our base-case scenario incorporates a moderate version of these policies, finding that these changes would slightly rein in growth compared with a “no new policy” scenario.

All the 150 Extended Metropolitan Areas (EMAs) that we track in the United States are expected to see slower rates of growth than in the previous year. Despite the weaker growth, more than 90% of these microeconomies will expand in 2025, with some faring better than others. Areas with a large manufacturing base and those that have benefited from strong



The color spectrum indicates a distribution that ranges from negative (red) to positive (green), with zero set to yellow. The barometers reflect each indicator's historical distribution.

housing will be among the hardest hit, as elevated interest rates continue to take a toll on interest-sensitive sectors.

On the supply side, job creation is expected to slow meaningfully. Some sectors, notably Manufacturing, will experience job loss, while Education and Health will continue its expansion, albeit at a somewhat slower pace. The employment slowdown will weigh on wage growth, which should lessen price pressures. Stringent immigration policies, new tariffs and a lack of housing, however, would counter deflationary trends, keeping inflation above target throughout the year.

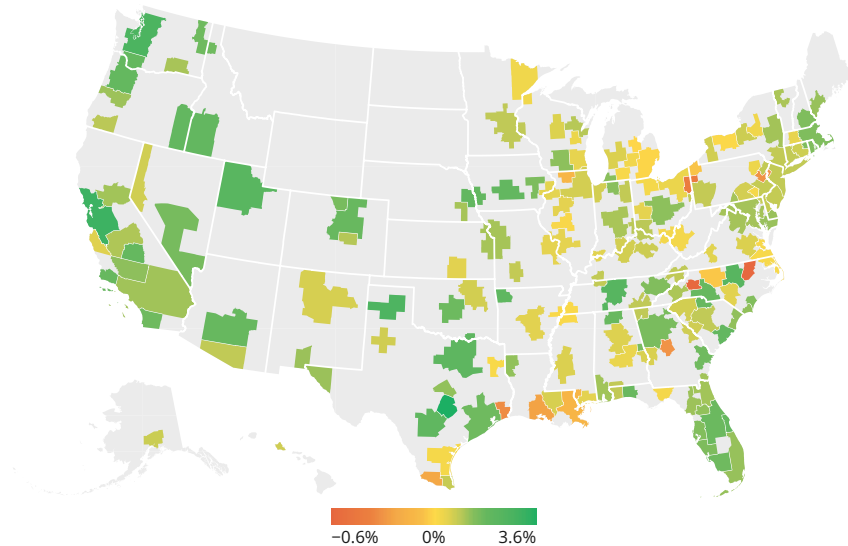
On the demand side, elevated interest rates, above-target inflation and slow-

ing job and wage growth will dampen but not swamp consumer spending. Meanwhile, sluggish housing activity will worsen shortages in many areas, keeping home prices aloft. Household and business balance sheets remain healthy in aggregate, yet a growing minority of consumers exhibit signs of financial stress.

Heightened policy uncertainty means more risk and more potential outcomes; some policies may boost consumer and business sentiment – and thus spending and investment – in the near term. Both our base case (with new policies) and alternative scenarios (without them) project a “soft landing” – the base case reflects a less desirable path, yet it is still a largely benign outlook for 2025.

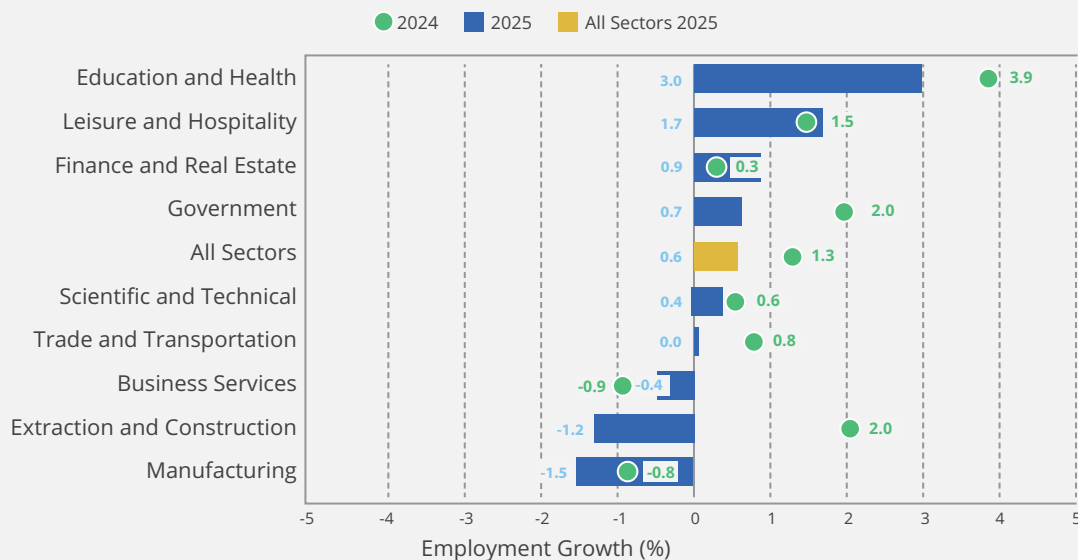
Data sources from the Census, Bureau of Labor Statistics and Bureau of Economic Analysis and estimates from the Kenan Institute and Fifth Third Bank. The range of the national barometers is based on historical performance of U.S. measures since 1990. For more information, visit kenaninstitute.unc.edu/american-growth-project.

EMA Economic Performance 2025 Growth Forecast



The map illustrates the divergence in economic growth among EMAs. With the pace of growth expected to slow in 2025, many EMAs will experience solid growth while some will barely grow and a few will see their economic activity shrink modestly. The areas experiencing the fastest recent growth – often beneficiaries of innovation and migration – are likely to continue to outpace the rest of the country. Many of these EMAs have built up reserves of capital in the form of skilled labor, technological infrastructure and other investments, which will limit the downturn in demand. Meanwhile, cities that rely on sectors expected to be most affected by the slowdown, such as Manufacturing, will underperform. Areas where labor constraints and housing trends are centrally important to the economy will be hampered by stubbornly elevated home prices and interest rates.

U.S. Employment Growth by Sector 2025 vs. 2024



■ The pace of hiring in 2025 is expected to slow meaningfully across the U.S. in all major sectors, with employment contracting in several sectors and net job growth of only 0.6% for the year.

■ The Extraction and Construction sector is expected to experience the biggest slowdown, swinging from healthy growth to contraction as high interest rates and potential labor shortages drag on construction.

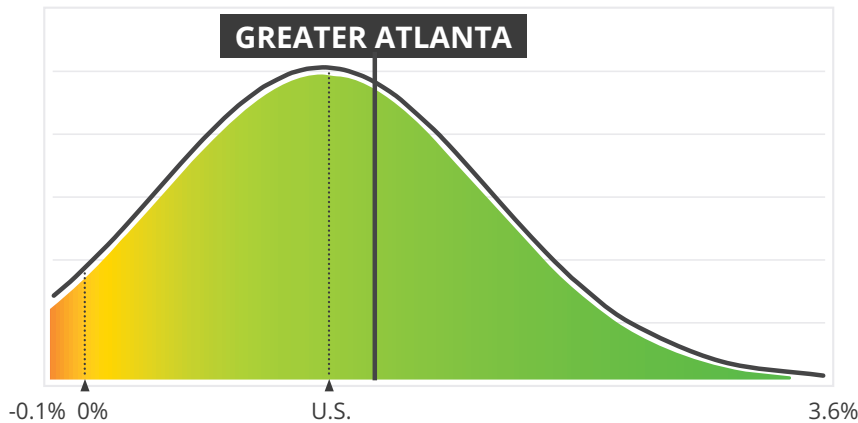
■ We expect continued slowing in Leisure and Hospitality, as pent-up demand from the pandemic years levels off and job growth flattens.

GREATER ATLANTA

Extended Metropolitan Area*

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2025 GDP Growth
Distribution of 50 Largest EMAs

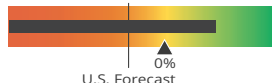


- Atlanta's economy is projected to experience a modest increase in overall economic activity in 2025.
- Compared with other large EMAs, Atlanta is above the median position, with projected growth in the second quintile.

Supply Side (Employment)



Demand Side (Consumption)



- The Atlanta EMA has soft supply-side characteristics, with **softer expected job creation**, and robust overall demand, as reflected in strong housing activity.

Embedded Local Growth Characteristics



Embedded Local Growth

Characteristics refers to the EMA's industry and demographic makeup and the potential economic growth that these attributes generate. EMAs with a combination of a highly skilled workforce and productive industry mix tend to be situated at the distribution's high end and generate faster growth.

- Atlanta's sectoral composition (illustrated on Page 4) is a mixed bag, weighted toward some highly productive industries and other less productive industries. Meanwhile, the EMA exhibits demographics and migration patterns that are favorable for growth.

Key Takeaways

- Middling national growth and uncertainty around economic policy will pose challenges for Greater Atlanta, yet the EMA's highly productive industries and well-educated workforce will power economic expansion beyond the national average.
- Greater Atlanta is experiencing a housing shortage, but the anticipated increase in housing permits is expected to provide some relief.
- A productive Information sector forms a resilient base for Greater Atlanta's future growth. By leveraging this robust sector, the EMA can drive innovation and efficiency in other areas that employ the local workforce.

Outlook



Our region shows further growth opportunities in the Manufacturing and Healthcare industries. Fifth Third's commitment to innovation and our expertise in providing specialized financial solutions to support technological advancements will help drive the future of these sectors and the prosperity of our city.

Randy Koporc,
Regional President,
Georgia

* Counties included in analysis: Georgia: Barrow, Bartow, Butts, Carroll, Cherokee, Clarke, Clayton, Cobb, Coweta, Dawson, DeKalb, Douglas, Fayette, Floyd, Forsyth, Fulton, Gwinnett, Habersham, Hall, Haralson, Heard, Henry, Jackson, Jasper, Lamar, Madison, Meriwether, Morgan, Newton, Oconee, Oglethorpe, Paulding, Pickens, Pike, Polk, Rockdale, Spalding, Stephens, Troup, Upson, Walton. Alabama: Chambers.

Industry Highlights

Healthcare and Life Sciences Grow in Importance to Local Economy

With massive expansions from major hospital systems as well as innovation hubs and health IT growth, this sector is becoming a cornerstone of Atlanta's long-term economic strength.

Logistics and Distribution Maintain Their Status in the South

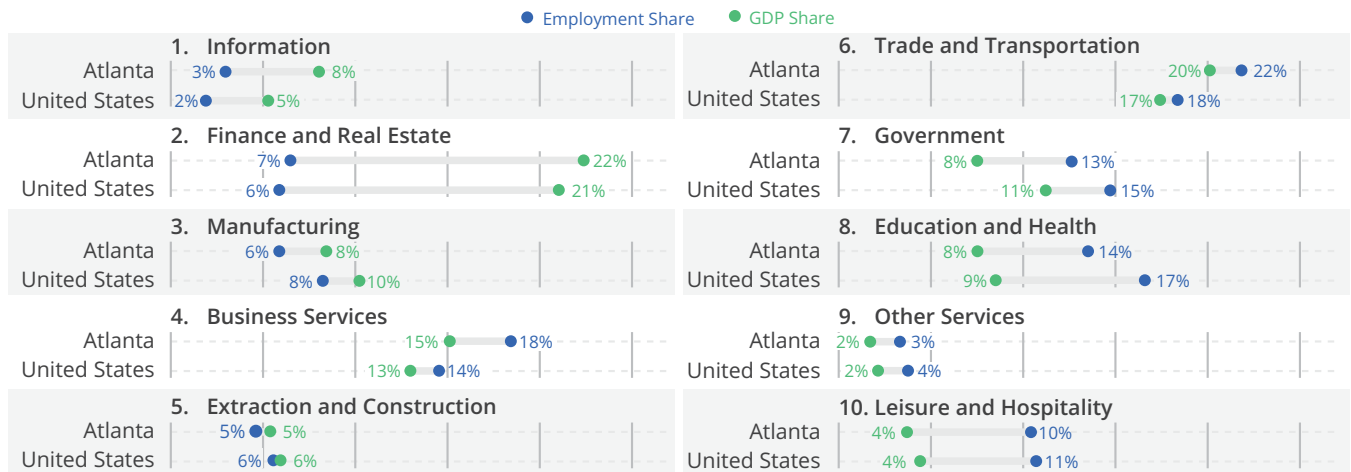
Atlanta's role as a national logistics powerhouse remains unrivaled in the Southeast. Strong industrial demand, lease renewals and sustained infrastructure capacity bolster this sector.

Technology's Rise Draws Talent to Greater Atlanta

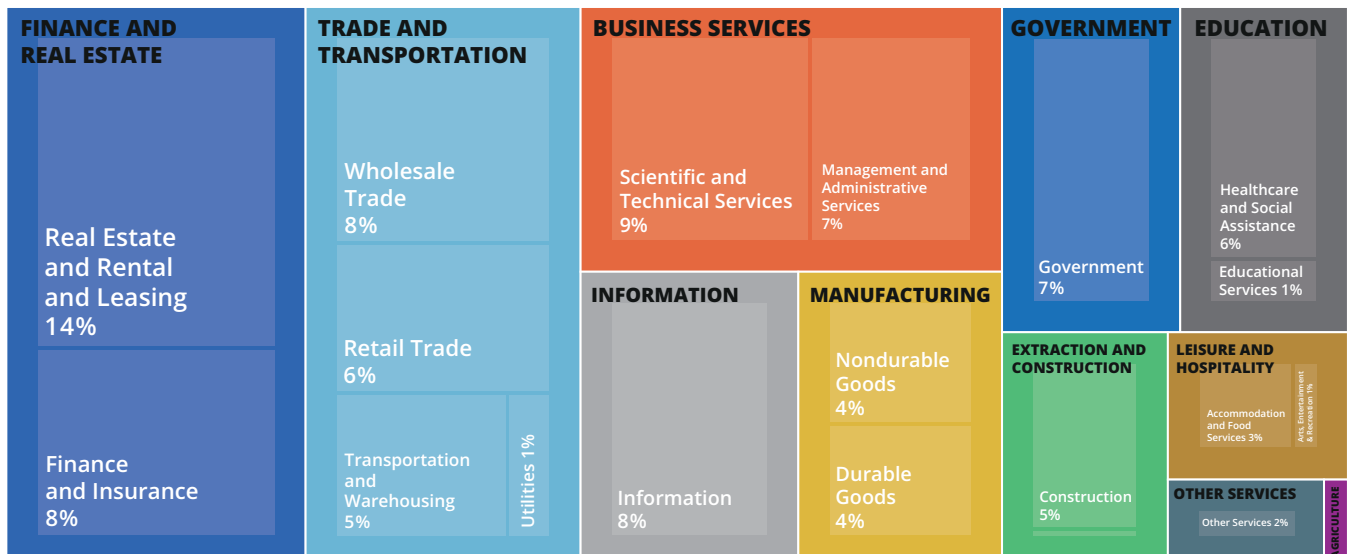
Fueled by Georgia Tech and anchored by Tech Square, Atlanta's tech sector is punching above its weight. With high-tech jobs now making up a sizable share of employment in the EMA, specialties like cybersecurity, AI and software are attracting top talent and funding.

How Productive Are Atlanta's Industries?

Sector Employment and GDP Shares Ranked by U.S. Labor Productivity



Atlanta Sector GDP Share



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