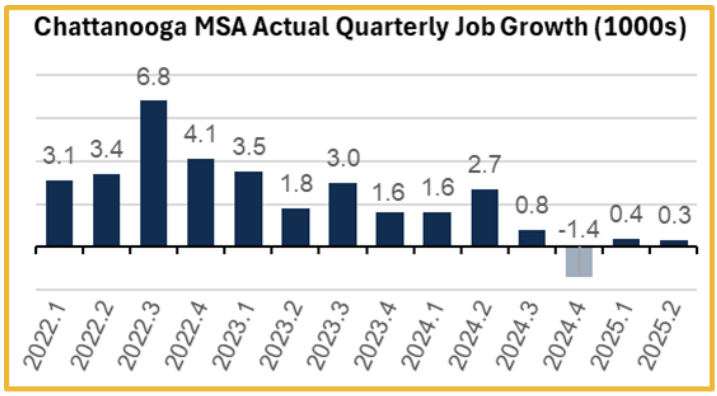
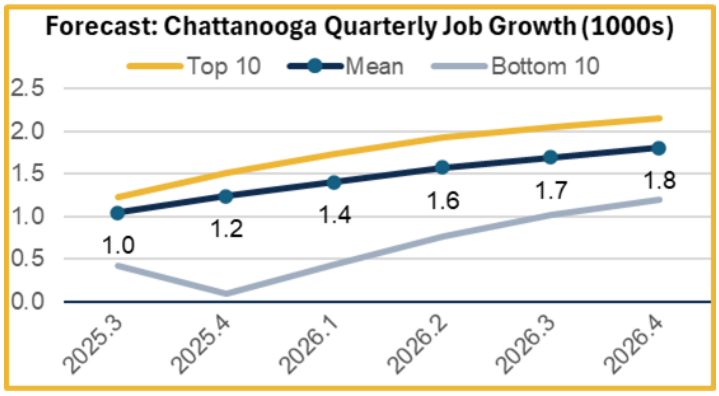
CRER Forecast for the Chattanooga MSA, August 12, 2025

The CRER has developed a model to forecast growth of nonfarm payroll employment in the Chattanooga MSA.[1] The model is summarized at the bottom of the page and generates a forecast that depends on the mean, or consensus, forecast of the U.S. economy from the Blue Chip Economic Indicator survey. We also provide forecasts based on the averages of the top 10 and bottom 10 forecasts from the survey, which includes 48 forecasters.

The first figure provides actual quarterly job growth for the Chattanooga MSA from the Bureau of Labor Statistics. Job growth has slowed considerably, with net job growth of only 100 over the four quarters through 2025.2. The local slowdown since 2022 has followed that of the country as a whole, although local growth has underperformed the country as a whole over the most recent four quarters.

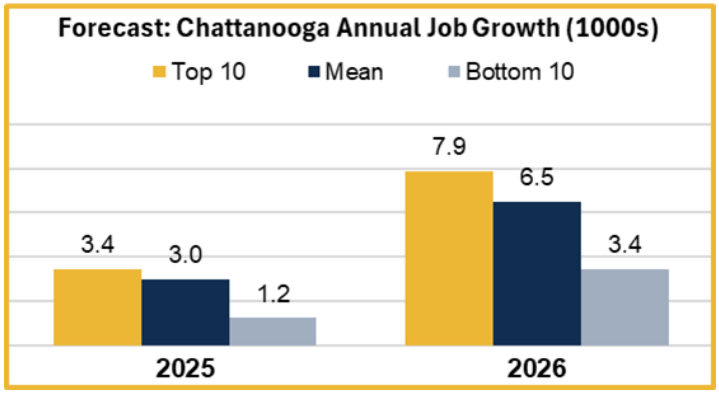


The CRER's quarterly forecasts for Chattanooga through 2026 are provided by the blue line in the second figure. They represent a small upgrade from our previous forecast as U.S. GDP growth in the second quarter was stronger than expected. The CRER forecasts a net gain of one thousand jobs in the third quarter, and for growth to slowly return to 2023 levels by 2026.



Tariffs and the uncertainty surrounding them have resulted in a wide spread between the top 10 and bottom 10 national forecasts. As a result, our forecast has more downside risk than upside risk (as indicated by the large gap between the Mean and Bottom 10 lines). Under the pessimistic scenario, the forecast for Chattanooga job growth would be positive but weak through most of 2026.

The bottom figure shows the CRER forecasts over calendar years. Our main forecast is for a net increase of 3,000 jobs in 2025, with fairly robust job growth of 6,500 in 2026. Note that the greater downside risk continues into 2026.



Technical Details: The CRER forecast uses a spatial vector autoregression model with exogenous variables (SpVARX) to estimate the quarterly growth rate of nonfarm employment in Chattanooga. Local employment growth is modeled as a function of its own past values and the past values of employment growth in the MSAs of the wider region (Atlanta, Birmingham, Cleveland, Knoxville, and Nashville). The model's exogenous variables include national growth and MSA-specific time trends.

n, Marion, and Sequatchie in Tennessee, and Catoosa, Dade, and Walker in Georgia.