

CRER Forecast for the Chattanooga MSA; October 22, 2025

The CRER has developed a model to forecast growth of nonfarm payroll employment in the six-county Chattanooga MSA. 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.

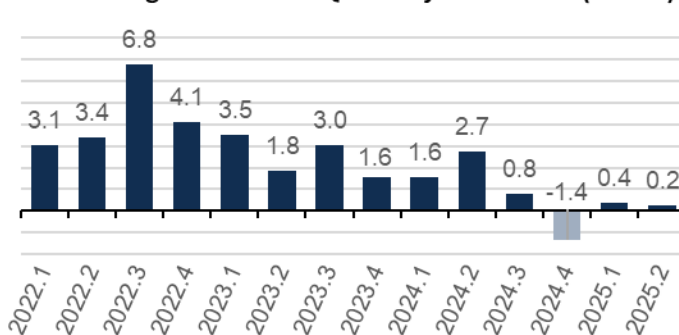
The first figure provides actual quarterly job growth for the Chattanooga MSA from the Bureau of Labor Statistics. Job growth has slowed considerably, with zero net job growth over the four quarters through 2025.2. The local slowdown since 2022 has followed that of the country as a whole, although local 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 revised upwards slightly. The CRER forecasts a net gain of 1,200 jobs in the third quarter. The first two months of the quarter saw jobs grow at quarterly rate of 800, so September growth is forecast to pick up the slack. Growth is forecast to return slowly to 2023 levels into 2026.

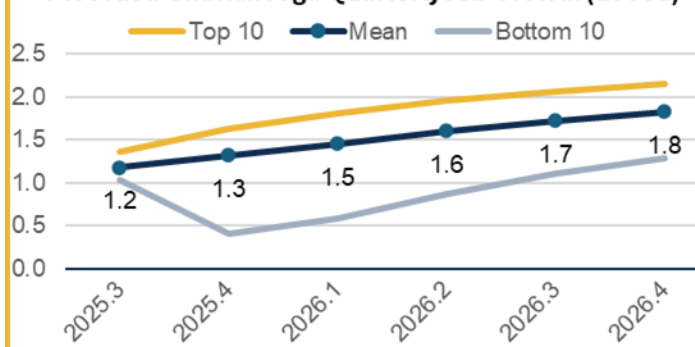
Uncertainty about tariffs and other policies have resulted in a wide spread between the top 10 and bottom 10 national forecasts. As a result, our forecast has more downside risk than upside risk (as indicated by the large gap between the Mean and Bottom 10 lines). Under the pessimistic scenario, the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

The bottom figure shows the CRER forecasts over calendar years. Our main forecast is for a net increase of 3,100 jobs in 2025, most of which would occur in the second half of the year when the downside risk is largest. Fairly robust job growth of 6,500 is forecast for 2026.

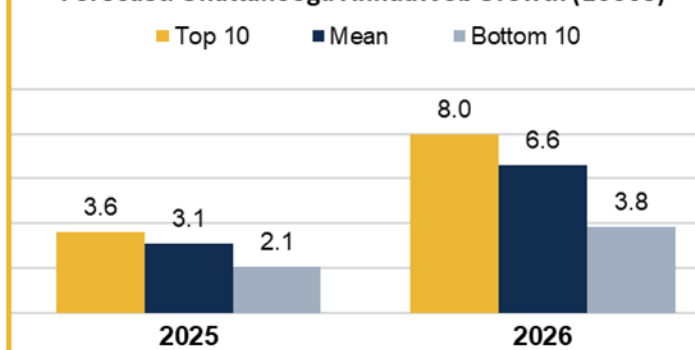
Chattanooga MSA Actual Quarterly Job Growth (1000s)



Forecast: Chattanooga Quarterly Job Growth (1000s)



Forecast: Chattanooga Annual Job Growth (1000s)



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.