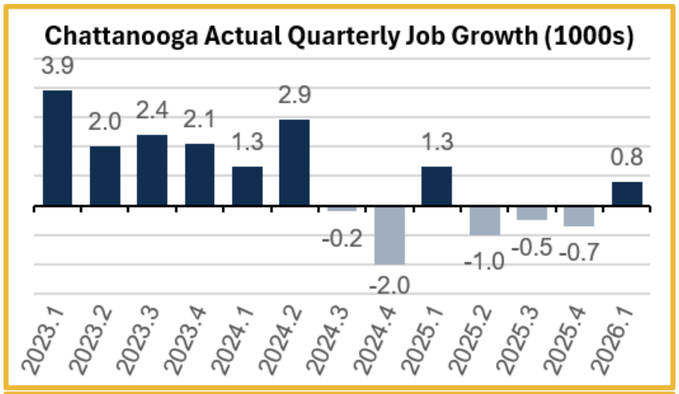
GARY W. ROLLINS COLLEGE OF BUSINESS
THE UNIVERSITY OF TENNESSEE AT CHATTANOOGA

Center for Regional Economic Research

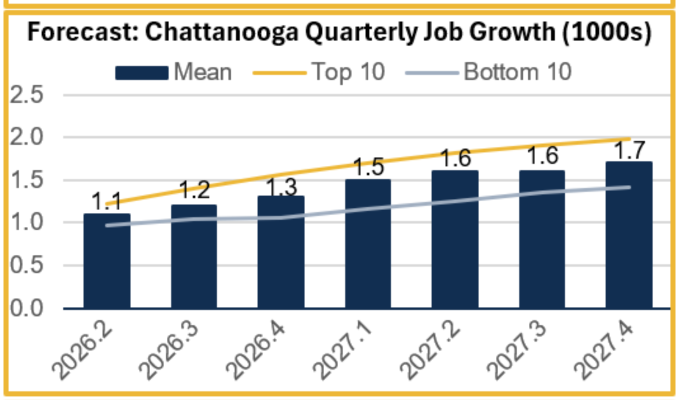
CRER Forecast for the Chattanooga MSA; July 14, 2026

The CRER provides forecasts of quarterly nonfarm employment growth for the six-county Chattanooga MSA. Forecasts are based on the consensus, top-10, and bottom-10 forecasts of the U.S. economy from the Blue Chip Economic Indicator survey. Technical details of the CRER forecast model are provided at the bottom of the page. Our latest forecast is for net job gains of 4,400 for 2026 and 6,400 for 2027. These forecasts are upgrades from our previous release in April, largely due to the return to positive, albeit weak, job growth in the first quarter of 2026.

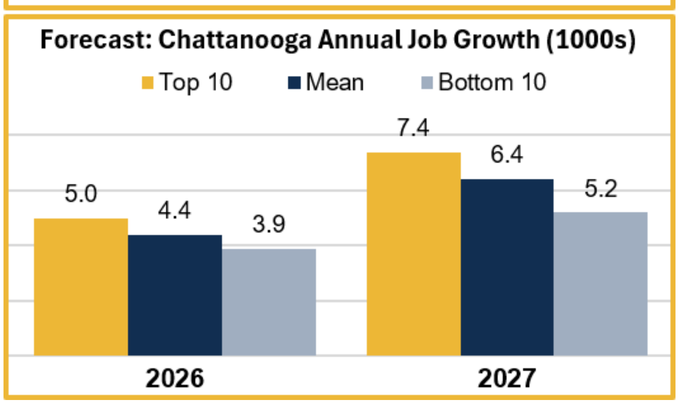
The figure to the right provides current estimates of local quarterly job growth since 2023 from the Bureau of Labor Statistics. Job growth slowed considerably in mid-2024 and was negative for all but two quarters since. The timing of this slowdown mirrored the country as a whole and was driven by weakness in manufacturing. The net gain of 800 jobs in the first quarter of 2026 and the partial data available for the second quarter are consistent with our previous forecast of slowly increasing job growth through the year.



The CRER's updated quarterly forecasts for Chattanooga job growth through 2027 are provided by the blue bars in the middle figure. The yellow and gray lines are, respectively, the forecasts using the top-10 and bottom-10 national forecasts rather than the consensus. Local job growth in 2026 is still forecast to be weak, but should be positive. The worst of the economic impact of the conflict with Iran seems to be past us, but elevated inflation and continuing tariff uncertainty will hamper recovery in some sectors, including manufacturing.



The bottom figure shows the CRER forecasts by calendar years. Our main forecast is for a net increase of 4,400 jobs in 2026, most of which would occur in the second half of the year. Our forecast of net job gains of 6,400 in Chattanooga in 2027 would mean a return to unspectacular, normal growth. Note that in a normal year we should expect net gains of between 6,000 and 8,000 jobs.



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.