

CRER Forecast for the Chattanooga MSA; October 15, 2026

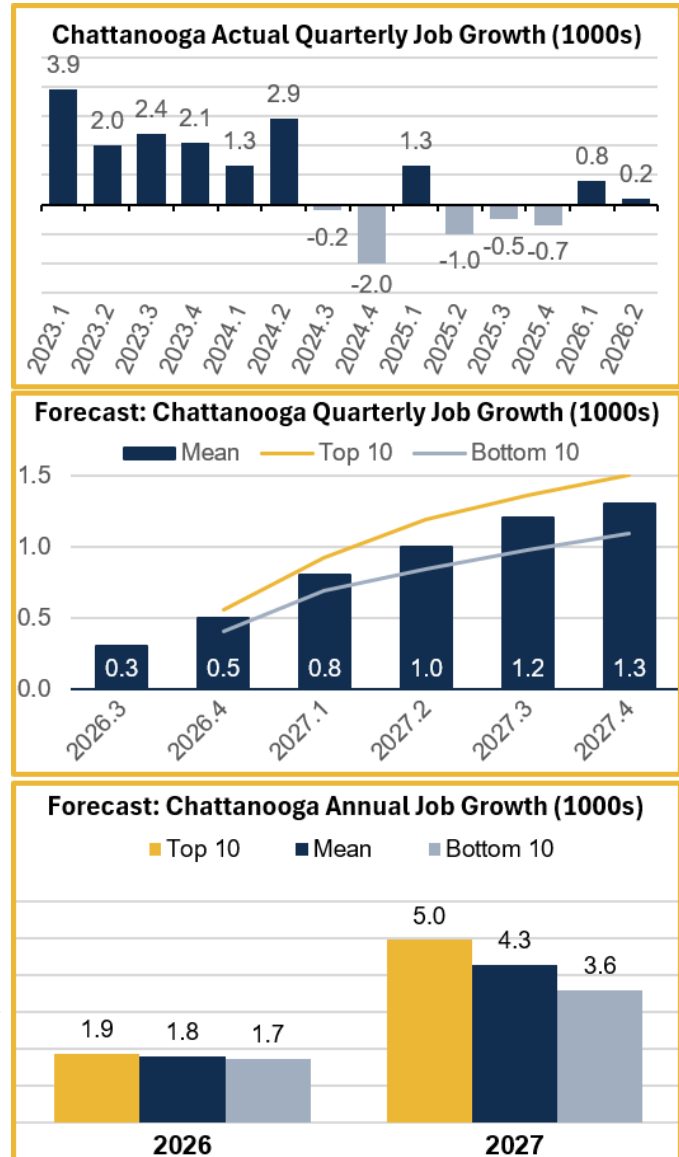
The CRER provides forecasts of quarterly nonfarm employment growth for the six-county Chattanooga MSA. Forecasts are based on the most recent data available and on the consensus, top-10, and bottom-10 forecasts of the U.S. economy from the Blue Chip Economic Indicator survey. Our latest forecast is for net job gains of 1,100 for 2026 and 3,500 for 2027. These forecasts are downgrades from our July release, largely due to slower-than-expected growth through August of this year.

The figure to the right provides current estimates of quarterly job growth since 2023 from the Bureau of Labor Statistics. Job growth slowed considerably in mid-2024 and was negative for all but three quarters since. The net gain of 1,000 jobs in the first half of 2026 was well behind the pace from our previous forecasts. Further, data for the first two months of the third quarter indicate no net job gains relative to the second quarter.

Note that we have tweaked our methodology to account for partial data for the most recent quarter. In short, the forecast for the third quarter of 2006 combines a model-generated value with actual data for June and July.

The CRER's forecasts for quarterly 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 over the next five quarters is expected to be weak, primarily because of tepid growth at the national level. Elevated inflation, higher interest rates, and continuing tariff uncertainty should continue to 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 1,100 jobs in 2026, mostly from the first half of the year. Our forecast of net job gains of 4,300 in Chattanooga in 2027 would mean a fourth straight year of below-normal job growth.



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.