

Broadening the Base

The Southeast region is struggling especially hard to regain its economic footing during the recovery. One of the keys to recovery is attracting the kind of jobs that will diversify the economies of the region's many rural communities. In this issue, staff writer Charles Davidson looks at the challenges these communities face in fortifying their job bases.

"If there was a single fact that struck me, it was the estimate that almost a quarter of the workforce in the rural South is self-employed," he said. "And researchers say that a lot of those self-employed people are not making much money. Not surprisingly, most of the counties where unemployment is worst are rural. We had 35 counties, almost all rural, in our region with July unemployment of 14 percent or worse. A handful of southeastern counties have unemployment approaching or even above 20 percent, practically Depression-level."

Davidson added, "There are longer-term trends at work in rural areas, especially those farthest from metro areas. No easy answers exist as to how to substantially improve the situation."

Shoring up housing's foundation

Before the recession, one of the Southeast's strongest sectors was housing, and it's taken a big hit. Amid positive reports about the South Florida real estate market, Jessica Dill, a senior economic research analyst in the Atlanta Fed's Center for Real Estate Analytics, and Carl Hudson, director of the Center for Real Estate Analytics, take a look at the Sunshine State's rebounding multifamily housing market. In researching the article, Dill described a trip to Miami with Atlanta Fed staff to meet with local real estate business contacts.

"While the conversation was broader than the comeback of the condo market, condos were certainly a topic of conversation," Dill said. "We were surprised to hear how low the inventory of existing condos has become, and even more shocked to learn that new condominium towers were under construction."

Meanwhile, farther to the south...

We often hear of the challenges small businesses meet when they apply for credit, but these challenges pale compared with those facing some Latin American businesses. Stephen Kay, director of the Atlanta Fed's Americas Center, looks at the push for secured transaction reform (STR), which holds the potential to foster the growth of small business in Latin America.

"From my conversations with specialists in STR, I was encouraged to learn about how much of an impact it is already making," Kay said. "For example, Honduras has made great strides in unlocking credit via STR—the costs of borrowing are down and net lending is up. In a larger country like Mexico, STR can lead to billions of dollars in new lending."

The times (and indicators) are a-changing

EconSouth regularly discusses changes in the economy, and with those changes come new ways to gauge and understand economic activity. Staff writer Lela Somoza looks at how the measures of the economy have evolved over the decades.

"Despite the massive amounts of data we collect about the economy, there is no golden indicator," Somoza said. "We use indicators in complex and often surprising ways, and analysts and economists are able to add context to the data and create a narrative that helps explain what the economy is doing."

Finally, the images on our back cover are a nod to the resilience of the people of New Orleans, who endured the forces of Tropical Storm Isaac seven years to the day after Hurricane Katrina devastated the city. Though Isaac's destruction was not on the scale we saw in 2005, we are mindful of the work required to return to normalcy after a natural disaster. We hope *les bon temps* will *rouler* again soon. ■

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Editor's note: Throughout this issue, Southeast refers to the six states that, in whole or in part, make up the Sixth Federal Reserve District: Alabama, Florida, Georgia, Louisiana, Mississippi, and Tennessee.

Photo p. 5 courtesy of Wind Creek Casino and Hotel; back cover photos courtesy of the Federal Emergency Management Administration