

# JANUARY 2023

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FINANCED BY FIRST HORIZON BANK

Welcome to the January issue of ECO – financed by First Horizon Bank, the Knoxville Chamber’s monthly economic outlook analysis. Each month, we provide a varied list of economic indicators with subsequent insight into how the data and information may impact the region. A major component of this work is our monthly survey of businesses in the manufacturing, retail, and service sectors, which we leverage to gauge current economic conditions and gain insights into the economic outlook for the next six months. We also include traditional labor market, housing, sales tax, and airport information as well as impromptu information as it becomes available. We hope that ECO – financed by First Horizon Bank will help our regional business community make more-informed decisions as they run their businesses.

## **ECONOMIC SURVEY RESULTS**

### **MANUFACTURING**

Based on the response to the January survey, the level of general business activity and company outlooks are reported as “the same.” (The level of general business activity and company outlooks were reported as “worsened” in last month’s survey.)

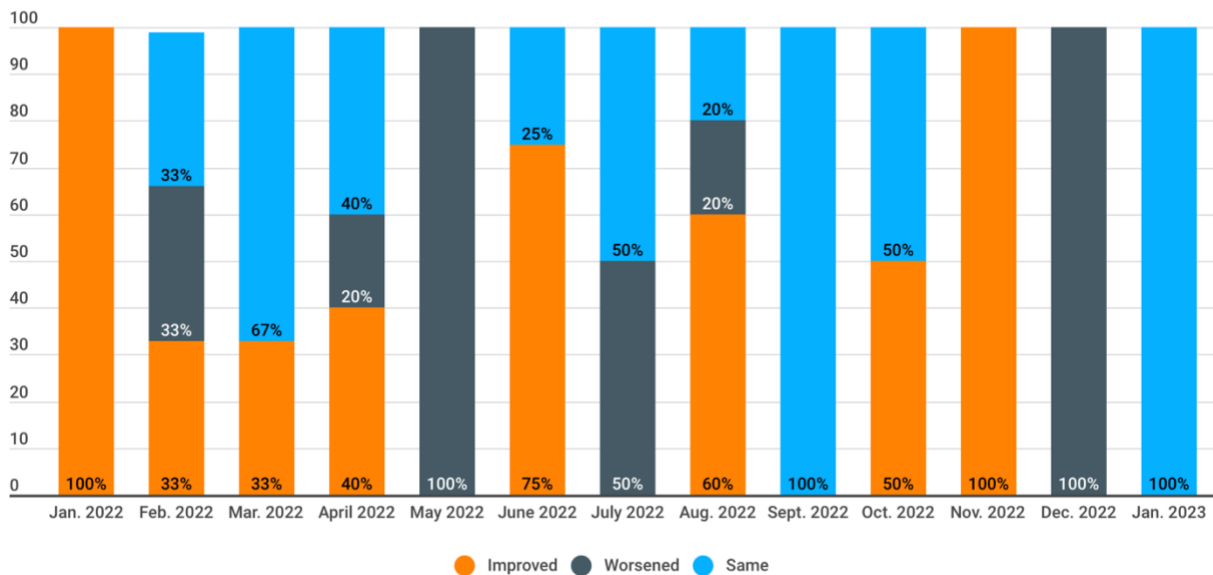
The month-over-month responses in the January survey show “no changes” in the growth rate of orders, unfilled orders, delivery time, and average employee workweek. Production, capacity utilization, volume of new orders, volume of shipments, finished goods inventories, wages and benefits, number of employees, and capital expenditures are evenly split between “increase” and “no change.” Prices paid for raw materials and prices received for finished goods are evenly split between “increase” and “decrease.” (The month-over-month responses in the December survey showed “no changes” in any of the survey indicators.)

The six-month outlook in January anticipates “no changes” in production, volume of new orders, growth rate of orders, prices paid for raw materials, number of employees, and average employee workweek. “Increases” are expected in wages and benefits. Capacity utilization, volume of shipments, prices received for finished goods, and capital expenditures are split

between “increase” and “no change.” Unfilled orders, delivery time, and finished goods inventories are split between “decrease” and “no change.” (The six-month outlook in December anticipated “decreases” in production, capacity utilization, volume of new orders, growth rate of orders, and volume of shipments. “Increases” were expected in prices paid for raw materials, prices received for finished goods, and wages and benefits. “No changes” were expected in unfilled orders, delivery time, finished goods inventories, number of employees, average employee workweek, and capital expenditures.)

Manufacturing comments indicate there is hope for a “soft landing” in the economy in late 2023 and strong growth restarting in 2024.

### Manufacturing 13-Month Trend Evaluation of the Level of General Business Activity



### RETAIL

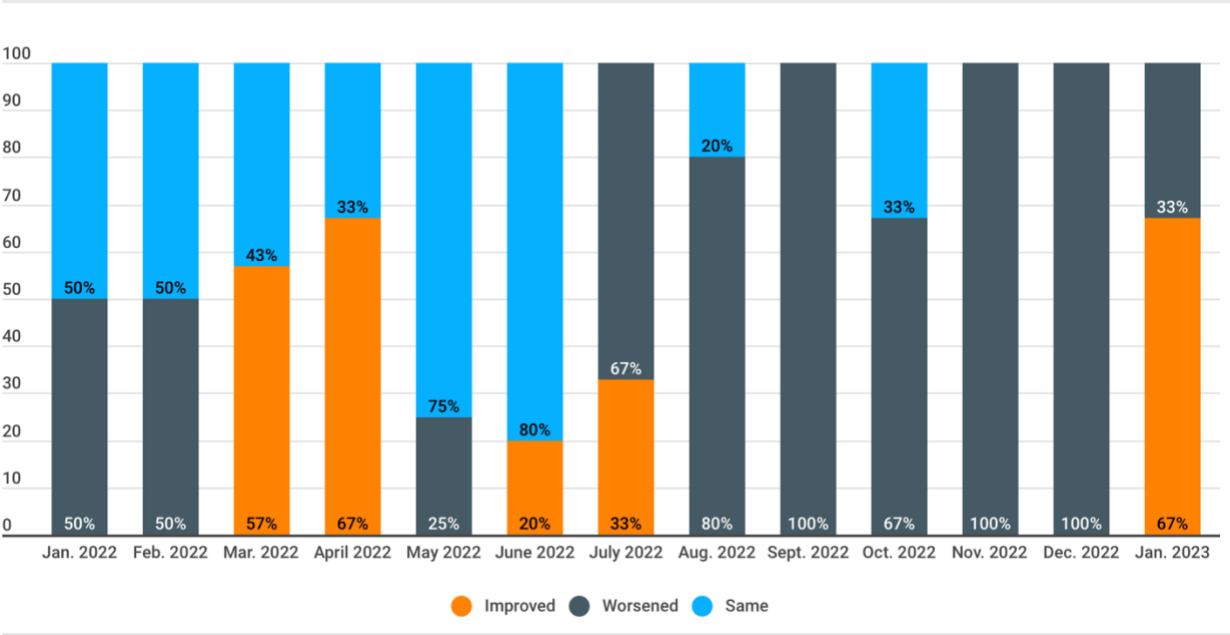
Knoxville area retailers indicated in the January survey that their current level of general business activity has mostly “improved” from last month, but company outlooks are “mixed.” (The level of general business activity and company outlooks were reported as “worsened” in the December survey.)

The month-over-month responses in the January survey show mostly “increases” in net sales revenue, wages and benefits, input prices, and capital expenditures. “No changes” are mostly reported for internet sales, number of full-time and part-time employees, and average employee workweek. “Decreases” are mostly reported for inventories and selling prices are “mixed.” (Month-over-month responses in the December survey showed “decreases” in net sales revenue and internet sales. “No changes” were reported in the average employee workweek and the number of full-time and part-time employees. Inventories and wages and

benefits were evenly split between “increase” and “decrease.” Input prices and capital expenditures were evenly split between “increase” and “no change.” Selling prices were evenly split between “decrease” and “no change.”)

The six-month retail outlook in January projects mostly “no changes” in net sales revenue, internet sales, number of part-time employees, and average employee workweek. “Increases” are mostly anticipated in the number of full-time employees, wages and benefits, and input prices. Projected selling prices, capital expenditures, and inventories are all “mixed.” (The six-month outlook in December projected “decreases” in net sales revenue, internet sales, and selling prices. “Increases” were expected in input prices. “No changes” were expected in the number of part-time employees and average employee workweek. The number of full-time employees and capital expenditures were split between “decrease” and “no change.” Inventories and wages and benefits were split between “increase” and “decrease.”)

**Retail 13-Month Trend Evaluation of the Level of General Business Activity**



## **SERVICE**

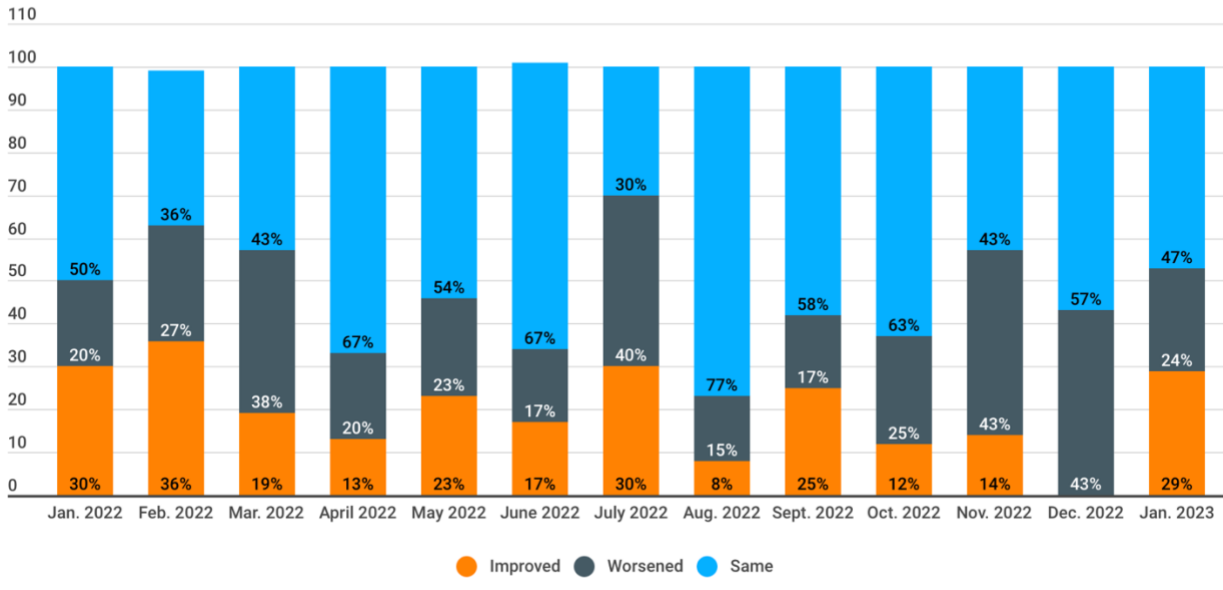
Knoxville area service sector businesses report in the January survey that their evaluation of the level of general business activity and company outlooks are mostly "the same." (The level of general business activity was nearly split between "worsened" and "the same," while company outlooks were reported as mostly "the same" in the December survey.)

The month-over-month responses in the January survey show mostly "no changes" in the number of part-time employees, average employee workweek, wages and benefits, selling prices, and capital expenditures. Input prices are reported as "increased." Revenue is nearly split between "increase" and "decrease." The number of full-time employees is nearly split between "increase" and "no change." (Month-over-month responses in December showed mostly "no changes" in the number of full-time and part-time employees, average employee workweek, and capital expenditures. Input prices were reported as "increased." "Decreases" were mostly reported in revenue. Selling prices and wages and benefits were mostly split between "increase" and "no change.")

The six-month outlook in January projects mostly "increases" in revenue, number of full-time employees, wages and benefits, input prices, and selling prices. "No changes" are mostly expected in average employee workweek and capital expenditures. The number of part-time employees is nearly split between "increase" and "no change." (The December survey's six-month outlook showed mostly "increases" in revenue and wages and benefits. "No changes" were expected in the number of part-time employees, average employee workweek, and capital expenditures. The number of full-time employees, input prices, and selling prices were mostly split between "increase" and "no change.")

Service sector comments indicate that government regulations are constantly changing and making it difficult to plan ahead. Finding qualified employees continues to be challenging.

## Service 13-Month Trend Evaluation of the Level of General Business Activity



**Note:** We are still growing the number of participating companies, so response totals in some areas may be fairly small. If you are interested in being a participant in our monthly surveys, please register at this link: <https://www.knoxvillechamber.com/ecoregistration/>

### OPPORTUNITIES AND CHALLENGES FOR BUSINESSES IN 2023

In addition to our regular monthly survey questions, we asked respondents to list what they see as their number one opportunities and challenges in 2023.

Opportunities included: filling backlog of orders as capital expenditures increase output, new residents continuing to relocate from other states, identifying new customers and markets, optimizing operations with more technology integration, improving supply chain leading to lower business costs and higher revenue, increased revenue for outdoor advertising, and securing more government contracts.

Challenges included: possible recession worries, labor availability, rising interest rates, cooling real estate market, possible decrease in consumer spending, keeping costs down, use of bots and artificial intelligence, clearing overstocked inventory, and staffing kitchens at restaurants.

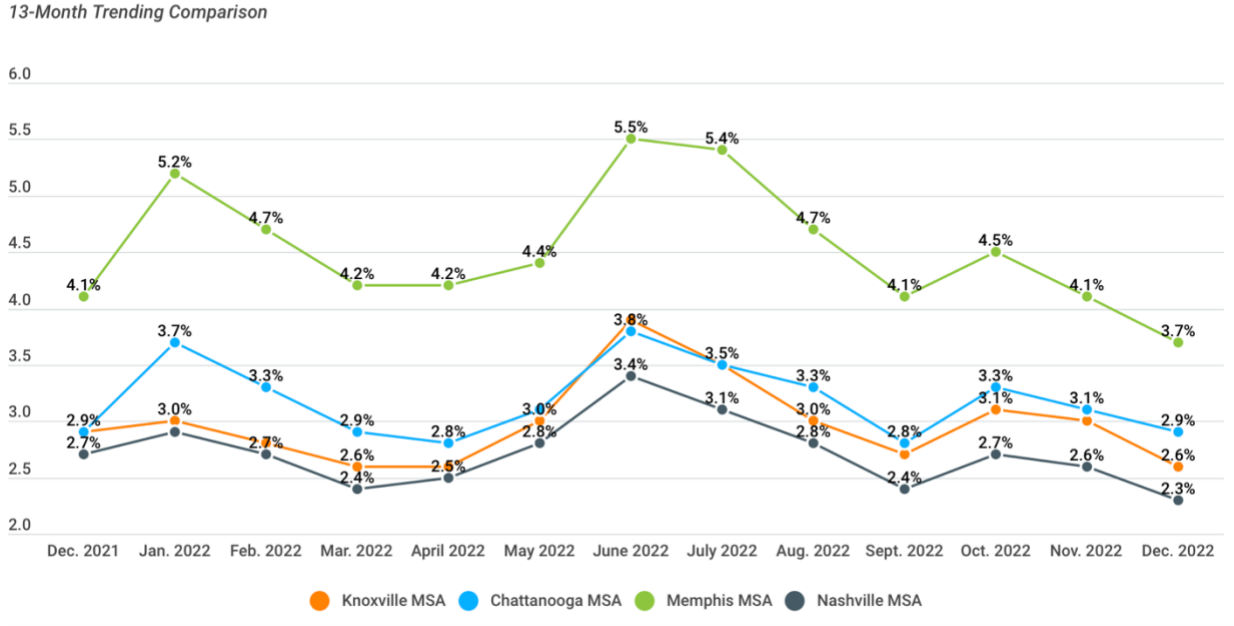
# LABOR MARKET INFORMATION

The Knoxville MSA’s unemployment rate in December was 2.6% (down from 3.0% in November and down from the 2.9% rate in December 2021.) Knox County’s unemployment rate in December was 2.4% (down from 2.8% in November and down from 2.6% in December 2021.) Tennessee’s unemployment rate was 2.9% in December (down from 3.3% in November and down from 3.3% in last December.) The U.S. unemployment rate was 3.3% in December (down from 3.4% in November and down from the 3.7% unemployment rate recorded last December.)

The size of the total labor force slightly decreased from November to December at the local, state, and national levels. The Knoxville MSA’s labor force decreased 0.4% from 438,554 in November to 436,643 in December. Knox County’s labor force decreased 0.4% from 250,025 in November to 249,013 in December. Tennessee’s labor force decreased 0.4% from 3,300,320 in November to 3,286,597 in December. The national labor force was statistically unchanged, but still slightly decreased from 164,272,000 in November to 164,224,000 in December.

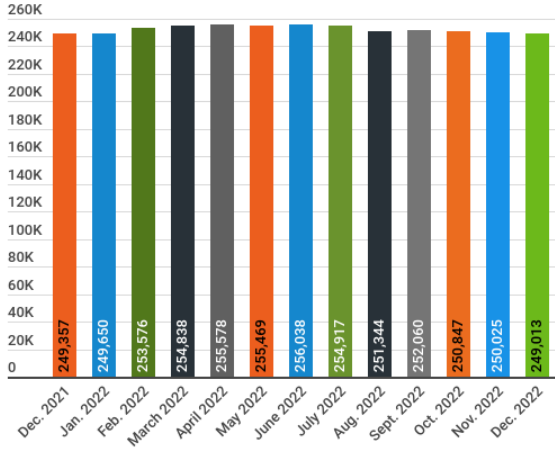
Below is the 13-month unemployment rates trending comparison for the four largest MSA’s in Tennessee –

## Unemployment Rates - Tennessee MSA

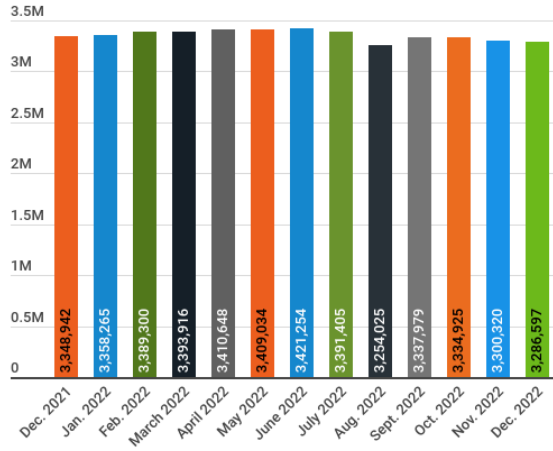


# Resident Labor Force

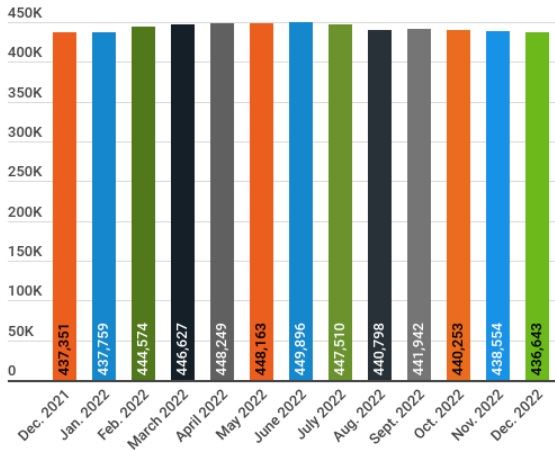
## Knox County



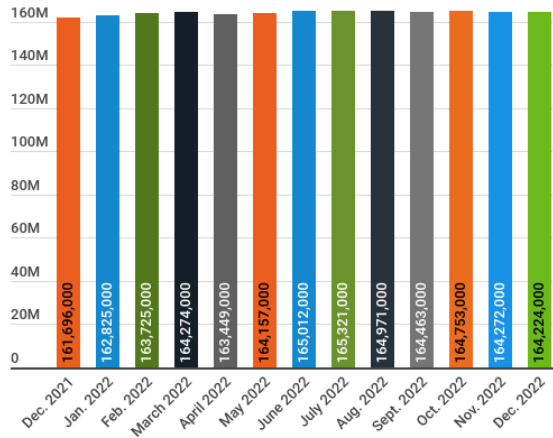
## Tennessee



## Knoxville MSA



## United States













(Sources: U.S. Bureau of Labor Statistics; Tennessee Department of Labor & Workforce Development)

## JOB MARKET

For the month of December, there were 7,971 unique active job postings in the Knoxville MSA (down 13% from November and down 23.7% from last December.) There were 5,343 unique active job postings in Knox County (down 9.6% from November and down 23.9% from this time last year.)

The Top 10 industries (by number of job postings) in the Knoxville MSA in December were –

	Industry	Number of Postings
	Transportation and Warehousing	1,404
	Health Care and Social Assistance	1,018
	Administrative Support, Waste Management and Remediation Services	888
	Retail Trade	863
	Professional, Scientific and Technical Services	575
	Accommodation and Food Services	425
	Educational Services	422
	Manufacturing	403
	Wholesale Trade	272
	Finance and Insurance	214

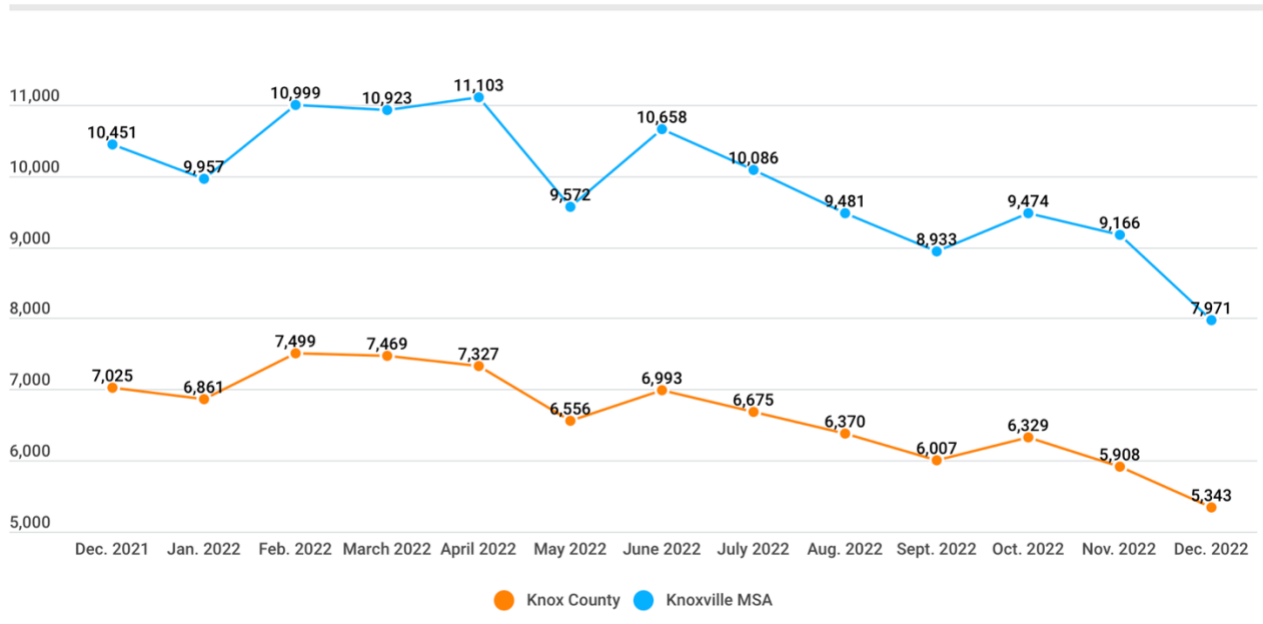
The Top 10 occupations (by number of job postings) in the Knoxville MSA in December were –

	Occupation	Number of Postings
	Registered Nurses	385
	Retail Salespersons	231
	First-Line Supervisors of Retail Workers	204
	Sales Representatives, Wholesale and Manufacturing, Except Technical and Scientific Products	199
	Home Health and Personal Care Aides	160
	Laborers and Freight, Stock, and Material Movers, Hand	155
	Customer Service Representatives	151
	Fast Food and Counter Workers	150
	Stockers and Order Fillers	150
	Software Developers	130



You can view the 13-month job postings trend for Knox County and the Knoxville MSA below.

### Unique Active Job Postings



(Source: Lightcast – formerly Emsi Burning Glass)

## **ADP NATIONAL EMPLOYMENT REPORT®**

Each month, ADP, a large-scale payroll and human resources company, in collaboration with the Stanford Digital Economy Lab, releases the National Employment Report®, which provides a high-level look at month-over-month private-sector employment changes across the country.

The January report shows a net gain of 106,000 in private-sector employment (down from the 235,000 net jobs gain in December.) Industry sectors showing positive job growth in January include Leisure and Hospitality (+95,000), Financial Activities (+30,000), Manufacturing (+23,000), Education and Health Services (+12,000), Professional and Business Services (+8,000), and Information (+5,000). Industry sectors posting job losses in January include Trade/Transportation/Utilities (-41,000), Construction (-24,000), and Natural Resources and Mining (-2,000). Other Services were unchanged.

By establishment size, large businesses (with 500+ employees) gained 128,000 jobs and mid-sized businesses (with 50-249 employees) gained 99,000 jobs. "Very Small" businesses (with 1-19 employees) lost 70,000 jobs, mid-sized businesses (with 250-499 employees) lost 35,000 jobs, and "Other Small" businesses (with 20-49 employees) lost 5,000 jobs.

*(Source: ADP)*

## **WORKER SHORTAGE UPDATE**

The labor shortages are persisting longer than many economists expected. There continues to be high job demand and slower workforce growth resulting in fierce competition for talent and many open jobs going unfilled. According to the latest data from the U.S. Bureau of Labor Statistics (BLS), the nation had 11 million jobs to fill in December and only 6.2 million hires, meaning there are approximately two job openings for every unemployed person.

In December, the largest increases in U.S. job openings were in accommodation and food services (+409,000), retail trade (+175,000), construction (+82,000), wholesale trade (+73,000), finance and insurance (+35,000), education services (+26,000), and arts/entertainment/recreation (+20,000).

The largest decreases in job openings were in information (-107,000), manufacturing (-39,000), other services (-32,000), real estate/rental/leasing (-22,000), and health care and social assistance (-6,000).

It will take time for this mismatch between labor demand and supply to align. In the meantime, wages will continue to rise as businesses compete to attract talent. You can read the latest job openings summary from BLS [here](#).

## **FOUR FAST GROWING, IN-DEMAND SKILLS THAT ARE DISRUPTING WORK**

The [Business-Higher Education Forum \(BHEF\)](#), in partnership with the [Burning Glass Institute](#) and [Wiley](#), recently released their inaugural “State of Skills” report, which identified four emerging digital skills that are the most disruptive and transformational for the workforce and industries going forward. After analyzing data from 228 million job postings from 2015 to present, the four fastest-growing, highest-demand emerging skill sets identified were artificial intelligence/machine learning (AI/ML), cloud computing, product management, and social media. The report notes that these four skills are not the only fast-growing skills but they are the most disruptive. The five-year growth rate for these four skill sets was 122% in 2021, compared to the 10% growth rate of the average skill over the same period. One out of eight job postings require one of these four emerging skills across multiple sectors including manufacturing and public administration.

While automation and robotics decrease the demand and wages for labor in sectors like the automotive industry in which there are about 7.5 robots per thousand workers (with each robot per thousand declining wages about 0.42%), new tech tools and apps are augmenting human work, boosting productivity, and accelerating high-growth skill sets for many other occupations.

There are some tech-related skill areas that the report refers to as “submerging.” Some of the larger skill sets that are in active decline due to comparatively slow or negative growth include business consulting, specialized sales, database architecture and administration, network protocols, web design and development, and Microsoft Development Tools. With more widespread use of several popular “low-code” apps, like Canva, Wix, and Squarespace, enabling businesses to do web development in-house, the demand for professional web developers has significantly decreased. Web developers do have considerable skill overlap with network engineers/architects in the cloud computing skill area that would provide an opportunity to transition from a job in decline to one with high-growth potential.

In order to build a workforce with these four emerging skills, colleges and employers need to actively engage in new strategic partnerships that directly address closing the skills gap.

You can download the “How Skills Are Disrupting Work” report from the Burning Glass Institute, the Business-Higher Education Forum, and Wiley [here](#).

# CONSUMER PRICE INDEX (CPI - INFLATION RATES)

The national inflation rate from December 2021 to December 2022 is 6.5%. This is down from the 7.1% rate from November 2021 to November 2022. Last year, the national inflation rate was 7.0% from December 2020 to December 2021.

The December CPI report marks the sixth straight month that year-over-year inflation is below the June CPI high of 9.1%. While this could be an encouraging sign that runaway inflation may be winding down, high prices will likely linger longer.

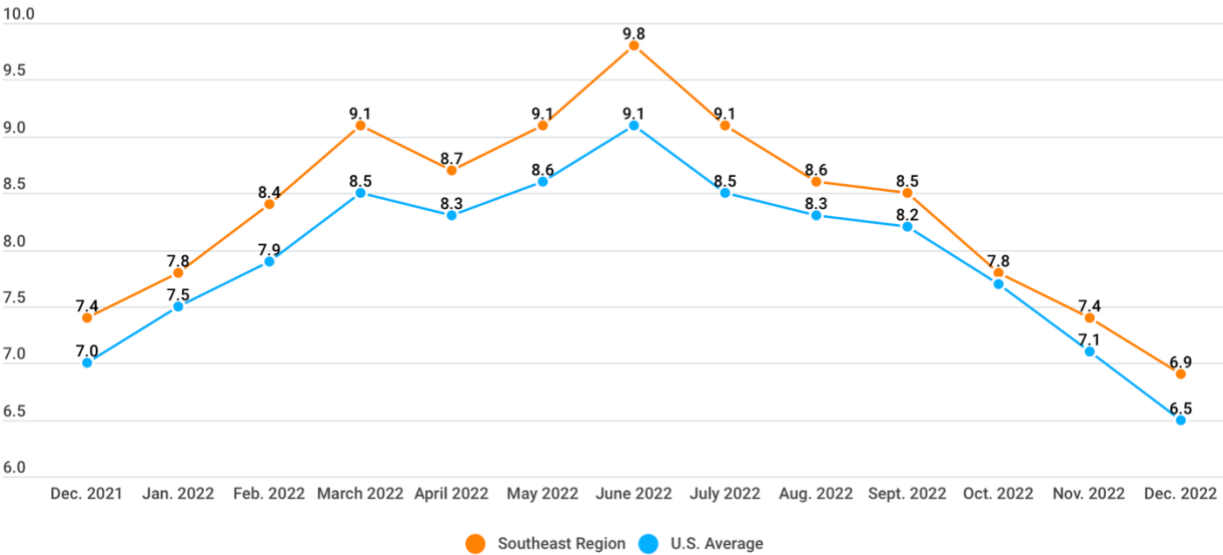
From a year ago, airline fares are up 28.5%, natural gas prices are up 19.3%, electricity costs are up 14.3%, groceries are up 11.8%, eating out prices are up 8.3%, housing prices are up 7.5%, and new vehicle prices are up 5.9%. Used car prices are down 8.8% and gasoline prices are down 1.5% from last year. You can read more [here](#).

To bring down inflation, the Federal Reserve has increased its benchmark interest rate several times this year. Higher interest rates mean higher borrowing costs throughout the economy. The Fed needs to be careful to not slow the economy down to the point that it triggers a recession.

Knoxville falls into the South Size Class B/C (population of 2.5 million or less) grouping. The current inflation rate for this region is 6.9% for the December 2021 to December 2022 period. This is down from 7.4% in the November 2021 to November 2022 period. Last year, the rate was 7.4% for December 2020 to December 2021.

## Inflation Rates

Consumer Price Index - All Items



(Source: U.S. Bureau of Labor Statistics; Consumer Price Index; Not Seasonally Adjusted)

## HOUSING MARKET

Home sales in the Knoxville area increased 3.9% from November to December to a seasonally adjusted annual rate (SAAR) of 18,446. Similarly, home sales in Knox County increased 2.2% from the previous month to a seasonally adjusted annual rate (SAAR) of 7,434. Compared to the previous year, home sales were down 26.9% in the Knoxville area and 22.7% in Knox County.

Nationally, existing-home sales decreased in December for the eleventh consecutive month to a seasonally adjusted annual rate of 4.02 million — down 1.5% from the previous month and 34.0% from a year ago. Home sales in the South decreased 2.2% from the previous month and 33.1% from a year prior.

The median home sales price in the Knoxville area was \$318,000 in December, an increase of 9.7% from one year ago. Knox County's median home sale price was \$329,750 – up 6.41% from one year ago.

Twenty-three percent of homes sold for over-asking price in December, unchanged from the previous month. 11% of homes sold for at least \$10,000 over asking and 4.7% sold for at least \$25,000 over asking. New construction (i.e., "Never Occupied," "To Be Built," "Under Construction," or "Under Roof") represented 13.7% of total home sales.

Active inventory in the Knoxville area peaked in November 2022 and continued to fall through January. Overall, active listings are up 98% year-over-year but remain around 40% pre-pandemic levels. Inventory in Knox County was up 86% year-over-year in December. Half of homes sold in the Knoxville area were on the market for 16 days or less. Months of inventory, or the number of months it would take to exhaust active listings at the current sales rate, was 2.05 months.

Knoxville's **rental market** continued to outpace the U.S. average in terms of both rent growth and occupancy in the fourth quarter of 2022 – a result of elevated migration since the pandemic and under-building over the past decade. Knoxville ranked among the top 10 metros with the fastest rent growth in Q4-2022, according to a [report](#) from the National Association of Realtors®.

According to Hancen Sale, Governmental Affairs and Policy Director at the Knoxville Area Association of Realtors®, "The housing market was essentially frozen during the second half of 2022 due to higher mortgage rates and deteriorating affordability. However, Knoxville's housing market gained some momentum in December, enough momentum to land at No. 14 on WSJ/Realtor.com's Winter [Emerging Housing Markets Index](#). More inventory and a modest decline in mortgage rates over the past few weeks could provide a boost to the market, but home sales are still likely to remain well below 2022 levels during the first quarter of the year. Ultimately, the outlook for 2023 is highly dependent on the trajectory of inflation and mortgage rates."

Also, the Knoxville Area Association of Realtors® recently released the **2023 Housing Market Forecast**. East Tennessee’s housing market experienced extraordinary growth over the past two years, culminating in booming home sales and home prices growing at the fastest pace on record. Much of that growth can be attributed to a substantial supply-demand imbalance and fundamental market forces, such as favorable demographic trends, migration and, changing household composition. Other trends, such as pandemic-induced migration, fiscal stimulus, and ultra-low borrowing costs, were unique to the pandemic era, and their impact already is waning.

With mortgage rates at the highest level in more than a decade and widespread concerns about inflation, the pandemic-induced housing frenzy has come to its inevitable end. As a result, East Tennessee’s housing market is expected to recede in 2023, while retaining most of the gains accrued over the past two years.

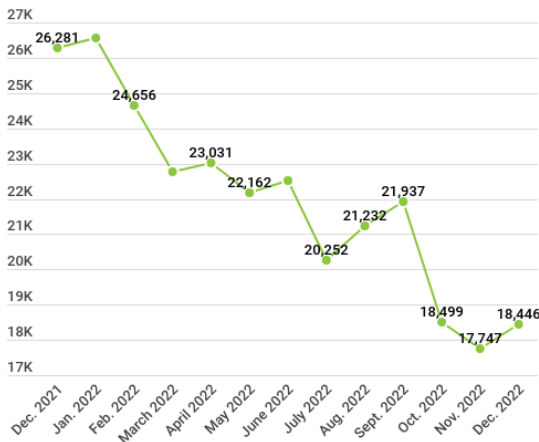
You can also subscribe to KAAR’s monthly Market Pulse Newsletter [here](#).

*Knoxville Area Association of REALTORS® (KAAR) reports monthly home sales patterns using a seasonally adjusted annualized rate (SAAR), an adjusted rate that takes into account typical seasonal fluctuations in data and is expressed as an annual total. Comparing month-over-month housing market data using this method provides a more accurate depiction of home sales.*

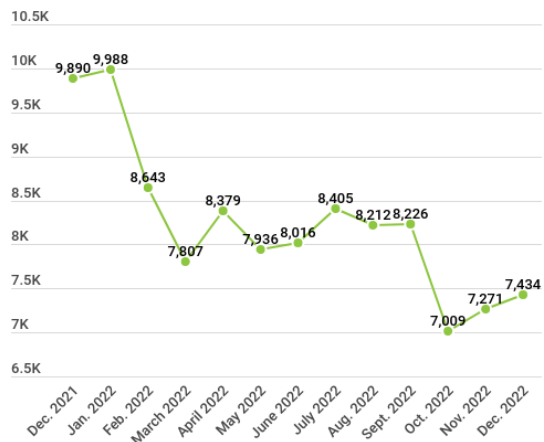
## Home Sales

Seasonally Adjusted, Annualized Rate of Home Sales

### Knoxville Area



### Knox County



## Knoxville Area Housing Market

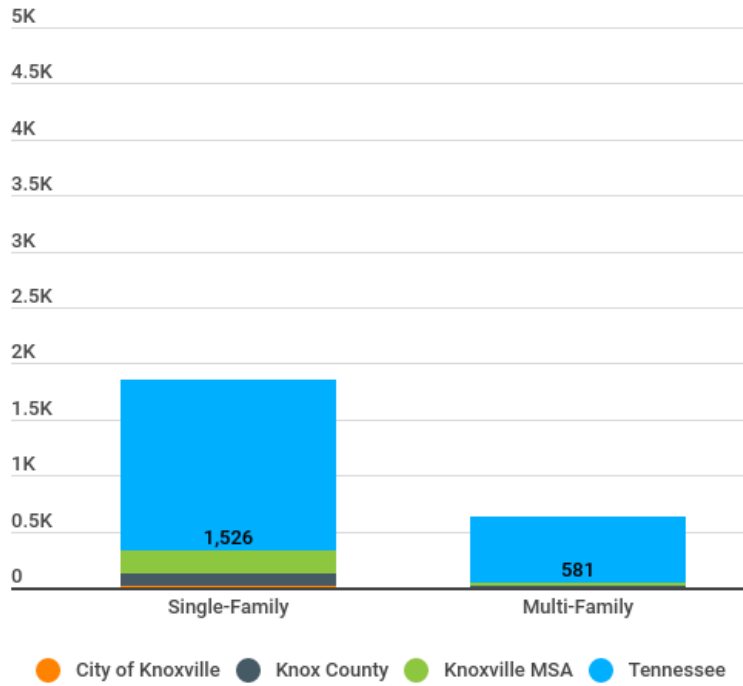
	Knoxville Area						Knox County						
	Dec. 2021	Jan. 2022	Feb. 2022	March 2022	April 2022	May 2022	June 2022	July 2022	Aug. 2022	Sept. 2022	Oct. 2022	Nov. 2022	Dec. 2022
Active Listings Inventory	2,372	2,074	1,862	2,021	2,302	2,786	3,332	3,922	3,725	3,683	3,944	3,807	3,220
Median Home Sales Price	\$291,000	\$300,000	\$302,000	\$309,000	\$325,000	\$325,000	\$326,000	\$324,450	\$325,000	\$322,650	\$315,000	\$312,000	\$318,000
Months Inventory	0.00	0.00	1.09	1.30	1.26	-	-	1.90	1.98	2.00	2.18	2.24	2.05
Absorption Rates	103%	117%	91%	77%	79%	-	-	-	-	-	-	-	-

	Knoxville Area						Knox County						
	Dec. 2021	Jan. 2022	Feb. 2022	March 2022	April 2022	May 2022	June 2022	July 2022	Aug. 2022	Sept. 2022	Oct. 2022	Nov. 2022	Dec. 2022
Active Listings Inventory	422	328	343	427	478	-	-	-	-	-	-	-	-
Median Home Sales Price	\$308,000	\$300,000	\$310,000	\$326,000	\$340,000	\$346,000	\$358,875	\$350,000	\$349,925	\$335,625	\$331,815	\$333,613	\$329,750
Months Inventory	0.00	0.00	0.00	0.00	0.00	0.70	0.86	-	-	-	-	-	-
Absorption Rates	170%	221%	162%	123%	135%	-	-	-	-	-	-	-	-

(Sources: National Association of Realtors®; Knoxville Area Association of Realtors®)

## Residential Building Permits

Dec. 2022



(Sources: U.S. Housing & Urban Development – \_SOCDS – \_State of the Cities Data Systems; U.S. Census Bureau – \_Building Permits Survey)



## NATIONAL RETAIL SALES

The total advance monthly retail sales estimate for December 2022 was \$749.395 billion (up 7.6% from November and up 4.8% from last December.)

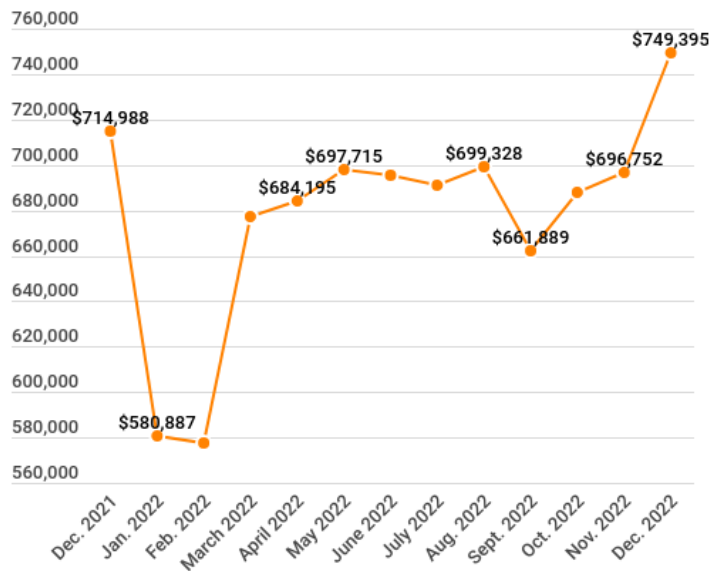
The retail sectors that showed the greatest growth from last December were Food Services and Drinking Places (+21.9%), Non-store Retailers (+17.4%), Food and Beverage Stores (+5.2%), Gasoline Stations (+5.1%), and Health and Personal Care Stores (+3.9%).

Retail sectors that showed the greatest decline in sales from last December were Electronics and Appliance Stores (-10.5%), Miscellaneous Stores (-8.5%), Furniture and Home Furnishings Stores (-6.7%), Motor Vehicle and Parts Sales (-3.8%), and Clothing Stores (-2.2%).

### National Retail Sales

*in Millions of Dollars*

### Total Retail Sales



*(Source: U.S. Census Bureau; Advance Monthly Retail Trade Reports; Not Adjusted)*

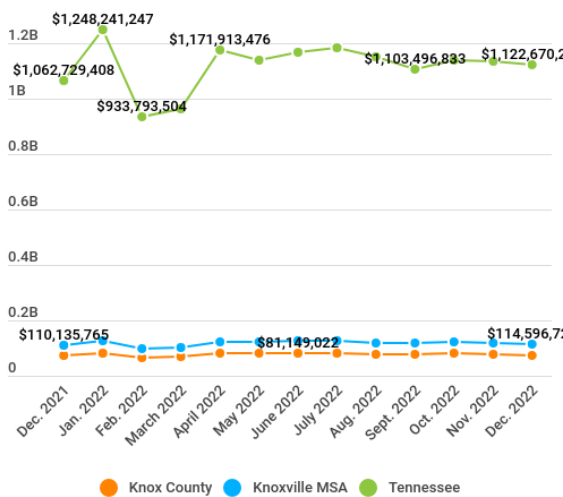
## TENNESSEE STATE AND LOCAL SALES TAX COLLECTIONS

The Knoxville MSA region collected \$114.597 million in state sales taxes in December (down 4.6% from November and up 4.1% from last December) and Knox County collected \$74.908 million in December (down 4.8% from November and up 3.7% from last December.) The state of Tennessee collected \$1.123 billion in state sales taxes in December (down 0.9% from November and up 5.6% from last December.)

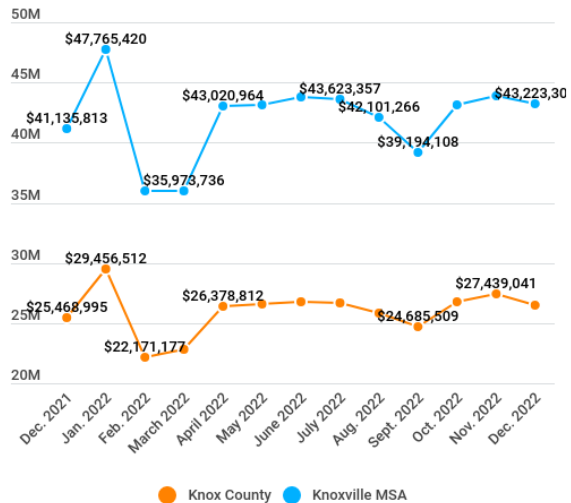
The Knoxville MSA collected \$43.223 million in local sales taxes in December (down 1.6% from November and up 5.1% from last December) and Knox County collected \$26.522 million (down 3.3% from November and up 4.1% from last December.)

### Sales Tax Revenue

#### State Sales Tax



#### Local Sales Tax



(Source: Tennessee Department of Revenue)

## **RECENT BUSINESS EXPANSIONS AND NEW BUSINESS ANNOUNCEMENTS IN THE KNOXVILLE REGION**

In this section of ECO, we share announcements of businesses that are expanding their existing operations or locating a new facility in the Knoxville region. If you would like to share your business expansion announcement with us, please send your info to [jriley@knoxvillechamber.com](mailto:jriley@knoxvillechamber.com).

New and existing industries continue to invest in the Knoxville region.

**January 24, 2023** – **Safire Technology Group**, a Tysons, Virginia-based startup that is developing lithium-ion battery safety technology licensed from **Oak Ridge National Laboratory (ORNL)**, announced it will open a research and development (R&D) laboratory at the **University of Tennessee Spark Innovation Center**. The laboratory will support the growth of the company's R&D division and continued innovation of its patented SAFe Impact Resistant Electrolyte (SAFIRE™) drop-in additive for lithium-ion batteries that prevents fires and explosions in electric vehicle (EV) and eBike crashes. The additive was invented at ORNL. The new laboratory will initially create 15 new jobs – mostly high-paying executive, scientific, and engineering positions. You can read more [here](#).

**January 31, 2023** – **AT&T** and the **University of Tennessee (UT)** announced the opening of the AT&T 5G Lab at the UT Research Park at Cherokee Farm. The new lab will foster collaboration on high-speed internet research in such areas as precision agriculture, telemedicine, sports, and transportation. 5G wireless technology uses high-speed mobile broadband networks with ultra-low latency and better data capacity for consumers. UT is one of only six universities in the nation to collaborate with AT&T on advanced research initiatives. You can read the UT press release [here](#).

## KNOX COUNTY BUSINESS LICENSES

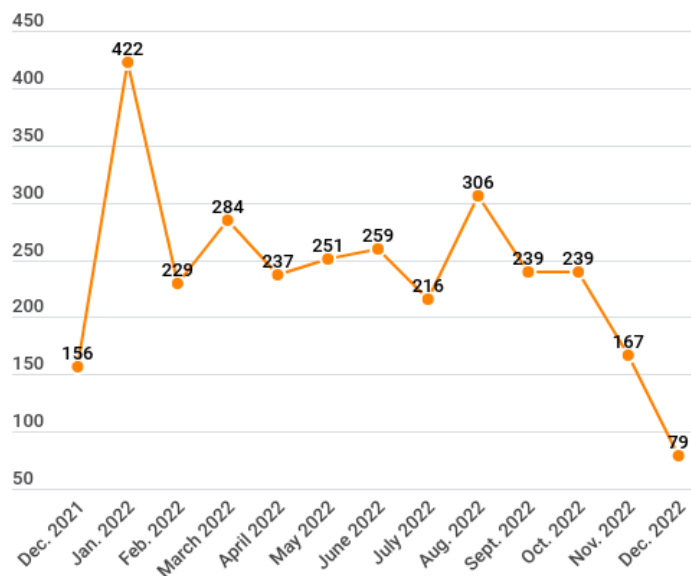
New business licenses issued in December 2022 by Knox County are down 49.4% from December 2021 during the pandemic and are down 18.6% from the pre-pandemic December 2019 count.

A total of 79 new business licenses were issued in December 2022 compared to 156 in December 2021 and 97 in December 2019. The top industry sectors for which business licenses were issued in December 2022 were services, retail, construction, and non-classified establishments.

Below is a chart showing the 13-month trend of business licenses issued by Knox County.

### Business Licenses

*Knox County*



(Source: Knox County Clerk)

## **NEW \$6 MILLION FUND TO INCREASE LOCAL SMALL BUSINESS LENDING**

**Pathway Lending**, a certified Community Development Financial Institution, is collaborating with **First Horizon**, **Pinnacle Financial Partners**, and **Regions Bank** to recapitalize its existing loan fund in the Knoxville region and rebrand it as the 865 Opportunity Fund.

The \$6 million in new capital will provide loans between \$5,000 and \$50,000 to eligible small businesses, helping address a funding gap in the business capital continuum identified in the Knoxville Chamber's **Capital Access Redefined** report. The fund is part of a collaborative effort aimed at expanding Knoxville's small business ecosystem, with funding focused on minority- and woman-owned businesses in Anderson, Blount, Grainger, Jefferson, Knox, Loudon, Roane, Sevier, and Union counties.

To support the new loan fund and collaboration, Pathway Lending welcomes Aaron Owen as its new vice president of lending for the Knoxville region. Owen brings with him over a decade of banking experience. Small business owners interested in learning more about application requirements and funding opportunities may contact him at (865) 321-3050 or [Aaron.Owen@PathwayLending.org](mailto:Aaron.Owen@PathwayLending.org), or visit [PathwayLending.org/865fund](https://PathwayLending.org/865fund). You can read more [here](#).

## **SMALL BUSINESS INNOVATION RESEARCH (SBIR) AND SMALL BUSINESS TECHNOLOGY TRANSFER (STTR) FUNDING**

The Small Business Innovation Research (SBIR) program is a federal funding program that awards grants or contracts to small businesses to conduct research and development (R&D). Recipient projects must meet specific R&D needs of the federal government and must have commercialization potential. The program is coordinated by the Small Business Administration (SBA).

The Small Business Technology Transfer (STTR) program is very similar to the SBIR program except that the STTR requires the small business to partner with a research institution which must be awarded a minimum of 30% of the total grant funds.

SBIR/STTR grants are awarded annually to nearly 5,000 startups and small businesses throughout the nation. In 2022, there were 12 SBIR awards in the state of Tennessee (of which five or 42% of the awards were in the Knoxville area). There were also nine STTR grant recipients in Tennessee (four of which were in the Knoxville area).

Below is a table showing the five-year history of SBIR/STTR awards in Tennessee and the Knoxville area –

### SBIR/STTR Awards\*

\*Five-year history, East Tennessee and Knoxville Area

	SBIR	STTR
Year	Tennessee	Knoxville Area
2018	31	9
2019	52	18
2020	17	12
2021	15	10
2022	12	5

	SBIR	STTR
Year	Tennessee	Knoxville Area
2018	8	1
2019	9	2
2020	4	4
2021	4	1
2022	9	4

The SBIR grant recipients for 2022 in the Knoxville area are [Analysis and Measurement Services Corp.](#), [Cryomagnetics](#), [Millennitek \(1\)](#), [Millennitek \(2\)](#), and [Ultrasonic Technology Solutions](#).

The Knoxville area STTR grant recipient for 2022 are [American Nanotechnologies](#), [Analysis and Measurement Services Corp.](#), [Cryomagnetics](#), and [ReMaxCo Technologies](#).

In addition to the federal SBIR/STTR grants, [Launch Tennessee](#) (LaunchTN) has a grant-matching program for SBIR/STTR recipient businesses to further help entrepreneurs advance the commercialization of technology across the state. Requirements for receiving state matching funds are that the business be based in Tennessee for at least the next 24 months and commit to semi-annual reporting to LaunchTN. You can read more [here](#).

(Sources: [SBIR.gov](#); [LaunchTN](#))

## MCGHEE TYSON AIRPORT (TYS) PASSENGER AND FREIGHT TRENDS

The Metropolitan Knoxville Airport Authority recorded 202,243 passengers in December (down 5.2% from November's passenger traffic of 213,345 and up 9% from December 2021 during COVID.) This month's passenger estimate is down 5.5% from pre-COVID December 2019.

The total freight recorded in December at TYS was 6,974,764 pounds (up 0.3% from November and down 11% from last December.)

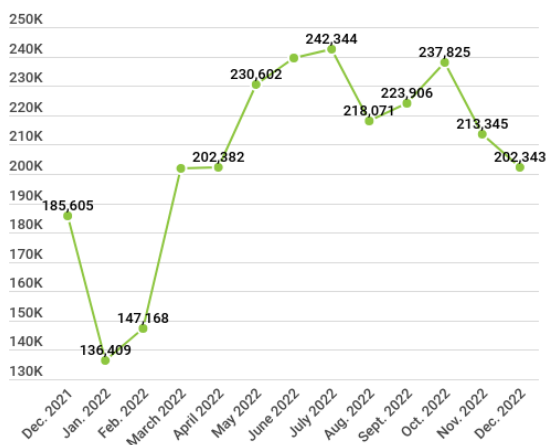
According to the Transportation Security Administration, the average daily number of passengers passing through the nation's TSA checkpoints in December was 2,117,678 (up 11.6% from the December 2021 daily passenger average of 1,897,429 but still down 6.7% from the pre-COVID December 2019 average of 2,270,160.) You can view the daily TSA checkpoint travel numbers [here](#).

According to the [International Air Transport Association \(IATA\)](#), "The US domestic market demand remained strong in December and throughout the year. Revenue-passenger-kilometers (RPKs) reached 94.1% of 2019 traffic in 2022 and the month of December fell 8.7% short of December 2019 traffic levels." You can read more [here](#).

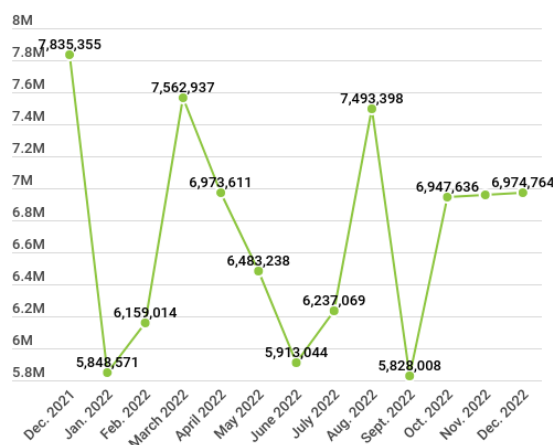
### Air Service

at McGhee-Tyson Airport

#### Passengers



#### Freight



(Sources: Metropolitan Knoxville Airport Authority; U.S. Transportation Security Administration; International Air Transport Association)