

# Kokomo

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reports from the Department of Workforce Development for the first quarter of 2003 indicate that the Indianapolis metro area added 610 establishments over the course of the year when compared with the same quarter in 2002. This was a prodigious 53 percent of the total increase in establishments for the twelve metro areas of the state (New Albany-Jeffersonville is counted as a metro area for these purposes). But when we look at the total payroll of all establishments in these twelve metro areas, the Indianapolis area contributed only 7 percent to the increase they enjoyed. Average weekly wages in the Indianapolis area rose by a mere 0.6 percent, the lowest increase of all twelve areas.

## Prospects for 2004

Despite a lagging economic performance in the past year, Indianapolis may be better positioned for growth in the coming year than other Indiana metro areas. With a diversified employment base, the Hoosier capital stands to gain from major ongoing construction at the airport and an attractive retail environment, which continues to attract shoppers from a wide radius.

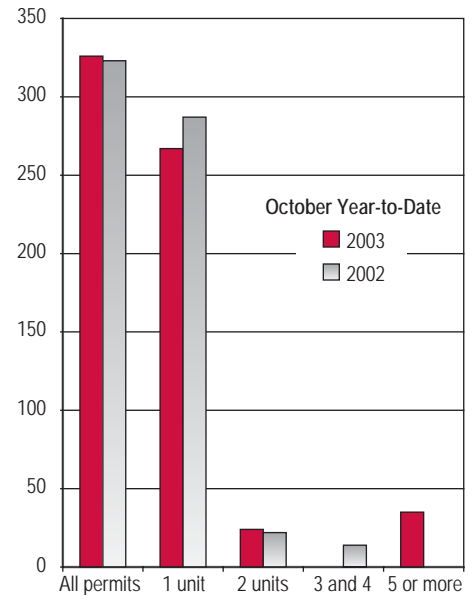
Even if the Indianapolis area were to add jobs only at the same rate as the rest of the state (forecast to be a modest 1 percent), the metro area would see a growth of 7,700 jobs. If the state were to grow faster, say 2 percent, there is a good chance that Indianapolis would grow faster than the state and could see 18,000 net new jobs in 2004. ◀

As noted in the international, national, and state economies, the recovery is officially on, the economy is perking upward, and we expect continued growth. However, the Kokomo economy, while improving, is still lagging a bit behind Indiana and the nation.

Kokomo's economy remains heavily weighted toward manufacturing. Employment in manufacturing industries peaked statewide in May 2000, and while recent losses have been much less than before (with some months even posting gains), employment is still not anywhere close to its peak. So like the rest of the state, individuals and firms in the area remain apprehensive about the economy and what it holds for them personally. While unemployment in the area peaked in 2002 and has since dropped to about 5 percent, those numbers are still up from the pre-recession lows of about 2.5 percent. Many of these job losses will be permanent due to increasing productivity and job losses to overseas.

On the local front, the moves by the Fed to keep the lower interest rates and the incentives offered by the automobile manufacturers have kept auto sales fairly robust. This has protected jobs and

Figure 1  
Kokomo Metro Area Building Permits



production at the DaimlerChrysler plants—an important part of this local economy. In addition, low interest rates have allowed consumers to continue buying homes, refinancing, and making home improvements. This can be seen all over the area in new home construction, building permit numbers, and new building construction (see Figure 1). Help wanted signs are even beginning to appear in store windows. While these may not be the high-dollar manufacturing jobs that the area would like to see, it is at least encouraging to see hiring occurring and firms looking for employees.

Although the state and local loss of manufacturing jobs is still troubling, we think that the worst of the economic news is behind the region and we are optimistic about 2004. Given the latest productivity numbers, GDP and labor figures, it seems that the national and state economies are poised to grow and this will certainly also be true of the local economy. Unlike last year's forecast which was rather wishy-washy, this next year is predicted to be much better for the region. ◀

Figure 3  
Change in Residential Units Authorized, Year-to-Date September 2002 to September 2003

