

# Anderson Forecast 2010

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The structure of the economy in the Midwest region is changing. Haunted by declining manufacturing employment, deteriorating infrastructure, and languishing older neighborhoods, small cities like Anderson are struggling to redefine themselves. The most recent recession has added to the woes of an already struggling economy. There are signs that the recession is ending. National output (gross domestic product, or GDP) increased in the third quarter of 2009 and the housing market appears to be improving in many areas (although much of this improvement may result from the federal credit for first-time homebuyers and is therefore temporary—like the Cash for Clunkers blip for the auto industry this past summer).

Various measures of economic activity are examined for the Anderson metro area (Madison

County) in this analysis. The data used are from the last recession in 2001 (when available) through the most recent data (usually September 2009) available at the time of writing. The goal is to analyze trends since the last recession and changes over the past year. We conclude with a summary of the labor market forecast for the Anderson area.

## Labor Markets

The unemployment rate in Madison County (9.7 percent) is consistently higher than that of the state (9.2 percent) and nation (9.5 percent). The non-seasonally adjusted rate dropped in September relative to August 2009, and the labor force also decreased (see **Table 1**). The declining labor force suggests that frustrated job seekers are dropping out of the labor market, i.e., not looking for jobs. If these potential workers enter back into the job market en masse

when the employment picture begins to improve, this could lead to a spike in the unemployment rate. The unemployment rate includes people who are not employed and actively looking for work but does not include people working part-time who would like to work full-time and people who have stopped looking for a job.

**Table 2** shows average employment from January through September of 2009. Total nonfarm employment was 40,538, a decrease of 718 jobs (-1.7 percent) since 2008. This decline in jobs is substantially smaller than job losses from 2005 to 2007, but current economic conditions suggest that job losses will continue. Through September 2009, manufacturing was the hardest hit sector, shedding over 1,000 jobs (-25.5 percent), followed by professional and business services and education and health services. Over the same period, there were

**TABLE 1: Labor Force and Unemployment for Madison County, September 2008 to September 2009**

Year	Month	Labor Force	Unemployed	Unemployment Rate
2008	September	61,129	4,027	6.6
	October	61,363	4,253	6.9
	November	60,683	4,594	7.6
	December	60,884	5,433	8.9
	<b>Annual</b>	<b>60,958</b>	<b>4,271</b>	<b>7.0</b>
2009	January	61,540	6,811	11.1
	February	61,257	6,659	10.9
	March	61,107	6,957	11.4
	April	60,643	6,267	10.3
	May	61,882	6,980	11.3
	June	62,450	7,105	11.4
	July	60,939	6,881	11.3
	August	60,468	6,298	10.4
	September*	59,977	5,822	9.7

Note: Data are not seasonally adjusted.  
\*September 2009 data are preliminary  
Source: Bureau of Labor Statistics

**TABLE 2: Anderson Metro Employment by Industry, 2008 to 2009**

Industry	2009*	Change since 2008	Percent Change 2008–2009
Total Nonfarm	40,538	-718	-1.7
Total Private	33,338	-918	-2.7
Goods-Producing	4,725	-919	-16.3
Manufacturing	3,038	-1,040	-25.5
Mining, Logging, and Construction	1,688	121	7.7
Service-Providing	35,813	201	0.6
Professional and Business Services	2,475	-314	-11.3
Educational and Health Services	7,850	-139	-1.7
Other Services	1,675	-3	-0.2
Information	600	0	0.0
Trade, Transportation, and Utilities	8,788	121	1.4
Financial Activities	1,688	76	4.7
Leisure and Hospitality	5,538	260	4.9
Government	7,200	200	2.9

\*January through September average. September data are preliminary.  
Source: Bureau of Labor Statistics

job gains in construction, leisure and hospitality, and government.

The large job losses in manufacturing reflect national trends and have been increasing over several decades. Manufacturing accounted for just under 30,000 jobs in Madison County in the early 1970s. By 1980, manufacturing employment had decreased to 20,000. In 2000, there were just under 11,000 manufacturing jobs in the county. Today, there are about 3,000. These declines can be attributed to increases in productivity (so that fewer workers are needed to produce the same amount of output), globalization, and shifts in demand to services. Total employment in Madison County has decreased by about 10,000 workers since the 1970s. Over this same time period, the population has decreased from a high of almost 142,000 in 1972 to around 131,000 today.

The effect of the current recession on wages has been somewhat variable, with some sectors experiencing larger declines than others. Comparing first quarter data from 2008 and 2009, average weekly wages declined 3.2 percent (see **Table 3**). Of the largest sectors, wholesale trade and construction were hardest hit with declines of 15.6 percent and 7.9 percent, respectively. Wages in the manufacturing sector actually showed a modest gain (3.8 percent). The inflation rate for the Midwest region between the first quarters of 2008 and 2009 was -0.5 percent, so workers in sectors with wages declining more than 0.5 percent are faring worse than last year.

## Housing

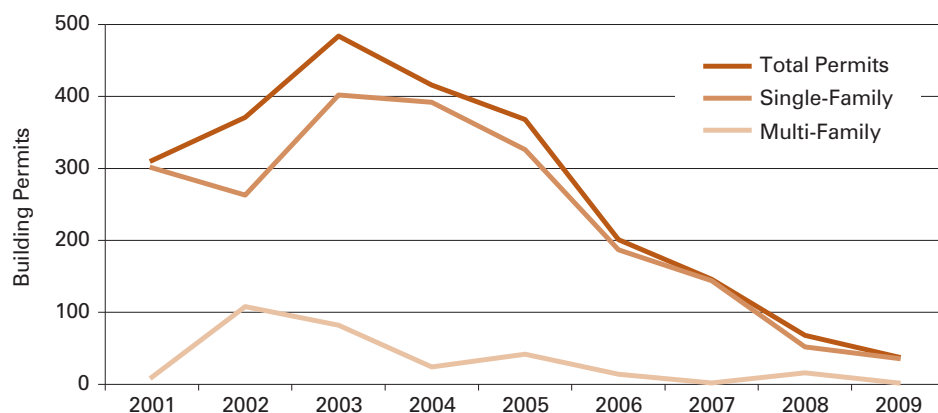
Residential construction, as measured by residential building permits for new single- and multi-family housing units, peaked in 2003 with 484 permits issued between January and September. In contrast, only thirty-eight permits have been issued for the same time period in 2009, a decrease

■ **TABLE 3: Average Weekly Wages in Anderson Metro, 2008:1 to 2009:1**

Industry	2009:1	Change since 2008:1	Percent Change
Total	\$571	-\$19	-3.2
Wholesale Trade	757	-140	-15.6
Agriculture, Forestry, Fishing, and Hunting	508	-65	-11.3
Construction	665	-57	-7.9
Arts, Entertainment, and Recreation	370	-31	-7.7
Information	587	-35	-5.6
Finance and Insurance	690	-39	-5.3
Other Services (Except Public Administration)	354	-11	-3.0
Administrative, Support, and Waste Management	403	-11	-2.7
Retail Trade	385	-8	-2.0
Management of Companies and Enterprises	1,456	-29	-2.0
Transportation and Warehousing	727	-9	-1.2
Health Care and Social Services	650	-8	-1.2
Educational Services	683	-7	-1.0
Professional, Scientific, and Technical Services	638	-5	-0.8
Public Administration	680	2	0.3
Accommodation and Food Services	213	2	0.9
Real Estate, Rental, and Leasing	457	9	2.0
Manufacturing	824	30	3.8

Note: Mining and utilities are not available due to nondisclosure requirements.  
Source: Bureau of Labor Statistics

■ **FIGURE 1: Madison County Residential Building Permits, 2001 to 2009**



Note: Each year is based on January through September totals.  
Source: IBRC, using U.S. Census Bureau data

from the sixty-eight issued for the same period in 2008 (see **Figure 1**).

The slowing economy and a tighter mortgage market have taken their toll on the real estate market. Activity in Madison County has slowed over the past year (see **Table 4**). The number of units sold decreased to 2,746—a

decline of 318 units (-10.4 percent) during the period covering January to September 2009. The average sales price has been trending downward from more than \$91,000 in 2005 (the first year for which we have data) to \$69,502 in 2009.

# Bloomington Forecast 2010

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In 2009, Bloomington's economy took a glancing blow. Compared to state and regional neighbors, Bloomington was an island of relative stability. As in 2009, the prospects for the Bloomington area for 2010 are brighter than for much of Indiana and the Midwestern region.

## Population

Population growth tends to stimulate local businesses and in the last few years, the Bloomington area has experienced moderate population growth. As **Figure 1** shows, this growth has been predominantly in Monroe County. While the total population of the Bloomington Metropolitan Statistical Area (MSA) has been on the rise, Greene and Owen counties (the other two counties in the Bloomington MSA) have, taken together, lost population in the last five years. In the first half of the decade, the city of Bloomington's population declined by almost a thousand people; but in the last three years, it has regained lost ground. In the coming years, the population is expected to continue its gradual increase.

## Gross Domestic Product

The economic growth of the Bloomington MSA slowed, but not as rapidly as other areas. In contrast to the state, which registered a real gross domestic product (GDP) decline of 0.6 percent from 2007 to 2008, Bloomington's economy grew at a rate of 1.7 percent. This rate of growth roughly equals the annual average from 2001 to 2008. The growth was not spread evenly among industries, however.

## Social Safety Net

**Table 5** shows the dollar value of food stamps issued and the number of food stamp recipients. From 2008 to 2009, the dollar value of food stamps issued increased by more than 30 percent to more than \$2 million. The number of recipients increased by 5.7 percent from 2008 to 2009, although the 2009 total is lower than that of 2007 and may reflect a change in population or the change in the state's system of administering benefits.

## Gaming

In May 2008, electronic gaming became available at Hoosier Park. Fiscal Year 2009 (July 2008 through June 2009) is the first full year of operation. Of the thirteen gambling establishments authorized by the state, Hoosier Park ranked fifth in terms of total winnings (over \$202 million) and the amount of wagering taxes paid (almost \$56 million). Total employment at the casino is around 780, with just over 70 percent of employees from Madison County. The expansion of Ohio casinos recently approved by voters is expected to have a negative effect on Hoosier Park.

## Outlook

The official numbers provide a bleak picture of the local economy. Overall employment and average wages have decreased. The unemployment rate is lower, but so is the labor force. There are bright spots: Nestlé opened a new manufacturing facility earlier this year, creating hundreds of jobs. Bright Automotive has a contract to develop a hybrid vehicle for the U.S. Army. Anderson has begun improvements on its wastewater treatment facilities to comply with the Clean Water Act.

In the coming year, we expect employment to continue to decrease about half a percent (-200 jobs) in Madison County through the first quarter of 2010 and then to stabilize

■ **TABLE 4: Madison County Residential Real Estate Sales, 2005 to 2009**

Year	Units Sold	Average Price
2005	3,586	\$91,101
2006	3,722	84,352
2007	3,676	79,652
2008	3,064	77,362
2009	2,746	69,502

Note: Each year is based on January through September averages. Dollar values are not adjusted for inflation. Source: Metro Indianapolis Board of Realtors

■ **TABLE 5: Food Stamp Recipients in Madison County, 2003 to 2009**

Year	Total Dollar Value of Food Stamps Issued	Number of Food Stamp Recipients
2003	\$1,027,207	12,117
2004	1,153,232	13,277
2005	1,368,883	14,457
2006	1,455,455	15,384
2007	1,519,787	15,681
2008	1,549,855	14,725
2009	2,027,924	15,557

Note: Each year is based on January through September averages. Dollar values are not adjusted for inflation. Source: STATS Indiana, using FSSA data

through the remainder of 2010.<sup>1</sup> We expect that income growth will remain flat through 2010. This outlook may be a bit optimistic given the difficulties faced by the U.S. auto industry, particularly General Motors and Chrysler, and the continuing difficulties in the financial sector, both of which ultimately affect employment and earnings in east-central Indiana. After the official end of the 1990–1991 recession in March 1991, the national unemployment rate continued to increase for more than a year, peaking at 7.8 percent in June 1992. We may see a similar scenario in 2010. ■

## Notes

1. Using the Ball State University Center for Business and Economic Research Labor Market Forecast for Madison County.