

# Muncie Forecast 2011

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number of recent declines in the index is unprecedented.

## Outlook

The 2011 outlook for the Louisville metro is a return to job creation. Employment growth will resume but not at higher than average rates. The region will continue to see gradual improvements in the area's unemployment rate, but the decline will be slow due to an expanding labor force. The consumer will continue to emerge, but frugality will continue to dominate in general. Regional retail will continue to be impacted by these consumer trends, and hence the region's commercial real estate will see continued challenges. Manufacturing will continue to recover, but significant gains in employment growth are doubtful. Housing will continue recovering, but only at a slow pace.

Overall, the outlook for Louisville is a resumption of economic growth and employment, with a more favorable view now to the upside. We will not return to full employment, but 2011 will be the year where we begin to make noticeable progress on the recovery of lost jobs. ■

## Notes

1. Calculation based on Bureau of Labor Statistics data from December 2007 to September 2010.
2. Calculation based on Bureau of Labor Statistics data from January 2010 to September 2010.
3. Unemployment claim data come from Hoosiers by the Numbers at [www.hoosierdata.in.gov](http://www.hoosierdata.in.gov).
4. This calculation uses Quarterly Census of Employment and Wages data accessed via STATS Indiana.
5. This calculation is based on year-end totals from 2004 to 2009 using the Federal Reserve FRED database.

Year two after the Borg Warner plant (the last of the large automobile-related factories) shuttered its doors, the Muncie metro area finds itself making progress redefining itself as a fledgling hub in the alternative energy industry. The city of Muncie went through a community planning process this year, and the resulting Muncie Action Plan identifies goals and actions to improve Muncie. There have been several job announcements over the past few months. And while local governments are still struggling with the ramifications of property tax caps, there seems to be a renewed sense of optimism for the coming year.

This article includes the most current data available on various measures of economic activity from public sources for the Muncie metropolitan area (Delaware County). The goal is to analyze changes over

the past year. A summary of the labor market forecast for the Muncie area is included in the conclusion.

## Labor Markets

The unemployment rate (not seasonally adjusted) for September 2010 is the lowest Delaware County has seen in the past year. However, the September 2010 rate (10.1 percent) is higher than the September 2009 rate of 9.7 percent and local unemployment has consistently been higher than that of the state. The good news is that the labor force has been slowly increasing since June and the number of unemployed workers has been decreasing at a faster rate, leading to the decrease in the unemployment rate (see **Table 1**). This is ideal and signifies that frustrated job seekers are coming back into the labor force; however, this value may mask

**TABLE 1: Labor Force and Unemployment for Delaware County, September 2009 to September 2010**

Year	Month	Labor Force	Unemployed	Unemployment Rate
2009	September	54,449	5,283	9.7
	October	54,386	5,538	10.2
	November	53,621	5,430	10.1
	December	53,478	5,592	10.5
	<b>Annual</b>	<b>54,619</b>	<b>5,724</b>	<b>10.5</b>
2010	January	52,498	6,160	11.7
	February	53,266	6,234	11.7
	March	53,359	6,235	11.7
	April	54,354	5,847	10.8
	May	54,687	5,866	10.7
	June	53,035	6,356	12.0
	July	53,085	6,155	11.6
	August	53,401	5,896	11.0
	September*	54,346	5,514	10.1

\*September 2010 data are preliminary.  
Note: Data are not seasonally adjusted.  
Source: Bureau of Labor Statistics

underemployment where workers are working fewer hours than they would like (part-time instead of full-time) or have taken jobs that do not fully utilize their skills.

**Table 2** shows that nonfarm employment decreased by about 330 jobs (-0.7 percent) in 2010, which is a much smaller decrease compared to the previous year's decrease (-2,800 jobs) in Delaware County. Of the job losses for 2010, manufacturing took the greatest hit with 322 lost jobs (-8.5 percent) followed by other services losing more than 100 jobs (-6.5 percent) and educational and health services losing 100 jobs (-1 percent). There was a fairly large increase of 233 employees in the government sector for the county (1.9 percent) reflecting the census activity, in part.

Average weekly wages as a whole for Delaware County remained steady at about \$611 per week from 2009 to 2010 (see **Table 3**). Some sectors were hit much harder than others, including utilities (-24.3 percent), wholesale trade (-13.3 percent) and construction (-12.2 percent). In contrast, many sectors experienced wage increases over the past year, including manufacturing (9 percent), public administration (9.2 percent), arts, entertainment, and recreation (9.8 percent), and management of companies and enterprises (18.7 percent). While no net change in the average wage rate across all sectors can be viewed as a positive, it represents a decrease in buying power when the inflation rate of 2.4 percent is considered.

## Housing

New housing construction remains sluggish especially when compared to the early years of the decade. Total building permits increased marginally in 2010 from 26 to 30 permits—much lower than pre-recession levels (see **Figure 1**). Residential real estate market activity decreased relative to the same period last year. The number of units sold

decreased from 733 to 714 units with an average sale price of \$85,084, about \$5,500 lower than the same period last year (see **Table 4**). The sales volume is substantially lower than the 2006 peak of 1,086 units sold.

This drop in activity is contrasted by the decreased number of days on the market. The drop in sales price likely represents residents eager to sell their homes either with prospects of

**TABLE 2: Muncie MSA Employment, Year-to-Date 2009 to 2010**

Industry	2010*	Change since 2009	Percent Change 2009-2010
Total Nonfarm	48,978	-333	-0.7%
Total Private	36,667	-567	-1.5
Goods-Producing	4,878	-478	-8.9
Manufacturing	3,467	-322	-8.5
Service-Providing	44,100	144	0.3
Trade, Transportation and Utilities	8,178	-11	-0.1
Information	400	0	0.0
Educational and Health Services	9,767	-100	-1.0
Leisure and Hospitality	4,967	-44	-0.9
Financial Activities	2,589	-11	-0.4
Other Services	1,589	-111	-6.5
Government	12,311	233	1.9

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

**TABLE 3: Average Weekly Wages in Muncie MSA, 2009:1 to 2010:1**

Industry	2010:1	Change since 2009:1	Percent Change
Total	\$611	\$0	0.0%
Utilities	1,116	-358	-24.3
Wholesale Trade	805	-123	-13.3
Construction	647	-90	-12.2
Administrative and Support and Waste Management and Remediation Services	416	-20	-4.6
Real Estate and Rental and Leasing	570	-27	-4.5
Transportation and Warehousing	717	-27	-3.6
Other Services (Except Public Administration)	408	-13	-3.1
Retail Trade	379	-8	-2.1
Health Care and Social Services	618	-9	-1.4
Professional, Scientific and Technical Services	719	-9	-1.2
Educational Services	729	-7	-1.0
Finance and Insurance	721	-6	-0.8
Information	619	37	6.4
Manufacturing	893	74	9.0
Public Administration	712	60	9.2
Arts, Entertainment and Recreation	290	26	9.8
Management of Companies and Enterprises	2,034	321	18.7

Source: Bureau of Labor Statistics

moving to newer homes or migrating to other areas.

### Social Safety Net

The past year has seen a considerable increase in the number of food stamp recipients (see **Table 5**). In 2010 (January to May average), the

monthly dollar value of food stamps issued increased by more than 24 percent to exceed \$2.2 million. The average number of recipients increased by 17.5 percent to over 16,400 recipients (14.2 percent of the population) from 2009 to 2010. This change is significantly larger

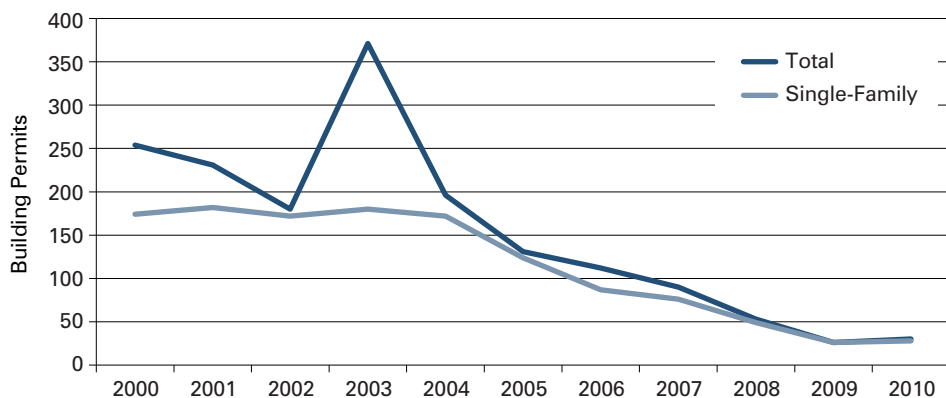
than the 2008 to 2009 change of only 6.8 percent and may be due in part to processing changes at the government agency level.

### Outlook

Manufacturing in the Muncie MSA took a hit in 2010 with the loss of more than 300 jobs; however, there are reasons for optimism. Several companies have announced location or expansion plans in Delaware County over the next few years. Progressive Rail is moving into the former ABB facility and is expected to ultimately have 650 positions.<sup>1</sup> Mursix is expanding and expects to add between 150 and 250 jobs over the next five years.<sup>2</sup> Magna Powertrain is expecting to add 50 new jobs over the next year.<sup>3</sup> Fort Recovery Industries is expecting to add 40 new jobs.<sup>4</sup> This is promising news for many manufacturing workers currently out of work.

The Muncie MSA has seen its share of decline due to the 2007-2009 recession. Recently, a few economic factors such as labor force statistics and new residential construction have shown some improvement, but Muncie still is struggling to regain its prosperity from the Borg Warner days. In the coming year, we expect employment to stabilize and begin to increase toward the end of 2011. We expect income growth to show small positive increases in the 1 percent to 2 percent range as the economy continues to recover. ■

**FIGURE 1: Delaware County Residential Building Permits, Year-to-Date 2000 to 2010**



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

**TABLE 4: Residential Real Estate Sales in Delaware County, Year-to-Date 2004 to 2010**

	2004	2005	2006	2007	2008	2009	2010
Units Sold	1,063	966	1,086	984	715	733	714
Average Days on Market	115	119	131	128	145	155	130
Average Sale Price (\$)	96,863	101,891	98,230	92,596	91,632	90,628	85,084
Median Sale Price (\$)	80,000	80,650	80,000	79,900	75,500	76,750	69,950
Average Property Tax/ Average Sale Price	1.21	1.20	1.18	1.30	1.71	1.54	1.47

Note: Each year is based on January through September averages.  
Source: Mid-Eastern Indiana Association of Realtors (MEIAR)

**TABLE 5: Food Stamp Recipients in Delaware County, Year-to-Date 2003 to 2010**

Year	Average Monthly Food Stamps Issued	Number of Food Stamp Recipients	Number of Households Receiving Food Stamps
2003	\$944,092	11,044	4,969
2004	1,075,295	12,452	5,744
2005	1,501,846	14,480	6,631
2006	1,346,939	14,099	6,596
2007	1,397,244	14,289	6,818
2008	1,417,000	13,089	6,227
2009	1,787,958	13,981	6,533
2010	2,220,867	16,423	7,553

Note: Each year is based on January through May averages.  
Source: STATS Indiana, using FSSA data

### Notes

1. "Our View: Job Announcements Welcome," *The Star Press*, November 3, 2010.
2. "Construction to Begin on Mursix's New HQ," *Inside Indiana Business*, May 10, 2010, [www.insideindianabusiness.com/newsitem.asp?ID=41583](http://www.insideindianabusiness.com/newsitem.asp?ID=41583).
3. "Michigan Automotive Supplier Expanding in Indiana" *Inside Indiana Business*, October 8, 2010, [www.insideindianabusiness.com/newsitem.asp?ID=44046](http://www.insideindianabusiness.com/newsitem.asp?ID=44046).
4. "Business Line," *The Star Press*, November 5, 2010, [www.thestarpress.com/article/20101105/BUSINESS/11050302/Business-Line](http://www.thestarpress.com/article/20101105/BUSINESS/11050302/Business-Line).