

Muncie Forecast 2013

Dagney Faulk, Ph.D.: Director of Research, Center for Business and Economic Research, Ball State University

Phillip E. Morris: Graduate Assistant, Center for Business and Economic Research, Ball State University

The official numbers show noticeable improvements in the Muncie area economy during 2012. The unemployment rate is down. Nonfarm employment has increased by a respectable amount as have average weekly wages. The housing market, particularly real estate sales, has improved, and local real estate agents indicate that there are shortages in some segments of the market. There have not been any major announcements of new businesses locating in the area or closings of existing manufacturing facilities, but several of the area's major manufacturers are humming along.

This article includes the most current data available at the time of writing on various measures of economic activity from public sources for the Muncie metropolitan area (Delaware County) 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 in 2012 showed very healthy improvement, decreasing from 10 percent to 8.8 percent from January to September (see **Table 1**). This is also lower than one year ago (September 2011) when the unemployment rate was 9.9 percent. However, Delaware County's rate is still higher than Indiana's rate of 7.5 percent (not seasonally adjusted). In 2012, we have a different scenario than 2011 with the changes in the number of unemployed workers and the labor force. In 2011, the number of unemployed workers decreased at a faster rate (down 7.1 percent) than the increase in the labor force (up 2.0 percent). However, from January to

TABLE 1: Labor Force and Unemployment, Delaware County, September 2011 to September 2012

Year	Month	Labor Force	Unemployed	Unemployment Rate
2011	September	54,531	5,398	9.9%
	October	54,456	5,322	9.8%
	November	54,790	5,513	10.1%
	December	54,398	5,334	9.8%
	Annual	53,755	5,458	10.2%
2012	January	54,419	5,429	10.0%
	February	54,374	5,375	9.9%
	March	54,679	5,373	9.8%
	April	53,581	4,776	8.9%
	May	54,806	4,922	9.0%
	June	52,968	5,384	10.2%
	July	52,664	5,261	10.0%
	August	53,486	5,021	9.4%
	September	54,009	4,744	8.8%

Note: Data are not seasonally adjusted.
Source: Bureau of Labor Statistics

TABLE 2: Muncie Metro Employment by Industry, Year-to-Date 2011 to 2012*

Industry	2012	Change since 2011	Percent Change 2011-2012
Total Nonfarm	49,678	1,244	2.6%
Total Private	37,767	1,300	3.6%
Goods-Producing	5,567	300	5.7%
Manufacturing	3,867	189	5.1%
Private Service-Providing	32,200	1,000	3.2%
Trade, Transportation and Utilities	8,200	-89	-1.1%
Information	300	0	0.0%
Financial Activities	2,578	-22	-0.9%
Private Educational and Health Services	9,633	178	1.9%
Leisure and Hospitality	4,789	11	0.2%
Other Services	1,600	0	0.0%
Government	11,911	-56	-0.5%

*January through September average.
Source: Bureau of Labor Statistics and Indiana Department of Workforce Development

September in 2012, the labor force had a slight reduction of 0.8 percent and the number of unemployed persons also decreased but at a higher rate of 12.6 percent. This is

similar to Indiana as a whole where there was a slight reduction in the labor force in 2012 (-0.3 percent) and a larger decrease in the number of unemployed workers (-18.7 percent).

TABLE 3: Average Weekly Wages in the Muncie MSA, 2011 Q1 to 2012 Q1

Industry	2011 Q1	2012 Q1	Percent Change
Total	\$613	\$662	8.0%
Finance and Insurance	\$704	\$833	18.3%
Construction	\$640	\$729	13.9%
Educational Services	\$722	\$811	12.3%
Information	\$642	\$715	11.4%
Real Estate and Rental and Leasing	\$594	\$657	10.6%
Health Care and Social Services	\$636	\$701	10.2%
Professional, Scientific, and Technical Services	\$704	\$767	8.9%
Administrative and Support and Waste Management and Remediation Services	\$406	\$438	7.9%
Transportation and Warehousing	\$733	\$788	7.5%
Accommodation and Food Services	\$222	\$237	6.8%
Manufacturing	\$829	\$885	6.8%
Wholesale Trade	\$857	\$910	6.2%
Retail Trade	\$402	\$423	5.2%
Agriculture, Forestry, Fishing and Hunting	\$459	\$482	5.0%
Utilities	\$1,352	\$1,396	3.3%
Other Services (Except Public Administration)	\$418	\$426	1.9%
Public Administration	\$728	\$728	0.0%
Arts, Entertainment, and Recreation	\$255	\$244	-4.3%
Management of Companies and Enterprises	\$1,977	\$1,888	-4.5%
Mining	\$1,325	D	D

Note: D indicates that the data are not disclosable.
Source: Bureau of Labor Statistics and Indiana Department of Workforce Development

There was a turnaround in nonfarm employment in 2012. In every year from 2007 through 2011, nonfarm employment decreased for a total reduction of about 4,400 jobs. However, nonfarm employment increased by 1,244 in 2012. Delaware County has not seen this large of an increase in nonfarm employment since 1995. Manufacturing was

partially responsible with an increase of 189 workers—the largest increase among the sectors. Manufacturing steadily declined from 2003 through 2011, losing 4,111 jobs. Private educational and health services had the second-largest addition of jobs with 178 (see **Table 2**).

After being relatively constant over the previous three years,

TABLE 4: Delaware County Residential Building Permits, Year-to-Date 2001 to 2012

Year	Total	Single-Family	Multi-Family
2001	231	182	49
2002	180	172	8
2003	371	180	191
2004	196	172	24
2005	131	124	7
2006	112	87	25
2007	90	76	14
2008	53	49	4
2009	26	26	0
2010	30	28	2
2011	59	49	10
2012	52	47	5

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

average weekly wages in Delaware County rose 8 percent in 2012 to \$662 (see **Table 3**). Most sectors in 2012 experienced positive increases ranging from 1.9 percent to 18.3 percent. Six of these sectors had increases of 10 percent or more: finance and insurance (18.3 percent), construction (13.9 percent), educational services (12.3 percent), information (11.4 percent), real estate, rental and leasing (10.6 percent), and health care and social services (10.2 percent). Two sectors, management of companies and enterprises and arts, entertainment, and recreation saw a decline in average weekly wages in 2012.

TABLE 5: Residential Real Estate Sales, Delaware County, January to September Averages, 2005 to 2012

Indicator	2005	2006	2007	2008	2009	2010	2011	2012
Units Sold	966	1,086	984	715	733	714	635	713
Average Days on Market	119	131	128	145	155	130	146	134
Average Sale Price	\$101,891	\$98,230	\$92,596	\$91,632	\$90,628	\$85,084	\$85,957	\$92,213
Median Sale Price	\$80,650	\$80,000	\$79,900	\$75,500	\$76,750	\$69,950	\$72,900	\$79,900
Average Property Tax/Average Sales Price	1.2%	1.2%	1.3%	1.7%	1.5%	1.5%	1.2%	1.3%

Source: Jim Kouns with the Mid-Eastern Indiana Association of Realtors (MEIAR)

Richmond Forecast 2013

Litao Zhong, Ph.D.: Assistant Professor of Economics and Finance and Director of Business and Economic Research Center, School of Business and Economics, Indiana University East

Richmond (Wayne County) is at an intersection to redefine itself after a large-scale loss of its historically dominant manufacturing jobs in recent years. The overall economy in Wayne County continues to recover after the Great Recession, but at a much slower pace than the state and other counties. There are several big problems hanging over our region: high unemployment, a declining and aging population, a tepid housing market, and the shortage of skilled workers. The main question Wayne County faces today is not just how to recover from the recession, but how to reshape its economic structure and revitalize its economy and community.

This article provides an overview of Wayne County and surrounding counties in regard to recent economic performance and an outlook for 2013. The surrounding counties are Fayette, Franklin, Henry, Randolph, Rush and Union. This article mainly focuses on Wayne County, but also analyzes some key economic indicators for these surrounding counties.

Total Personal Income

Since the public regional gross domestic product (GDP) data are unavailable for Wayne County and surrounding counties, we used total personal income (TPI),¹ as an approximation for GDP to measure the overall economic activity in our region. The regional total TPI bounced back in 2010 after the 2009 slump (see **Figure 1**). Our region had a TPI of \$6.5 billion in 2010 and accounted for 2.9 percent of the state total. Comparatively, the TPI of our

The inflation rate between the first quarters of 2011 and 2012 was 2.8 percent, so workers in most sectors experienced real wage growth over this period.¹

Housing

After a jump in new housing construction in 2011, the number of residential building permits leveled off and even declined a bit this year going from 59 in 2011 to 52 in 2012 (see **Table 4**).

The residential real estate market rebounded in 2012 in all measurable aspects. The number of units sold increased from 635 in 2011 to 713 in 2012 and the average number of days on the market decreased. The average sales price had a substantial increase of more than \$6,200—increasing from \$85,957 in 2011 to \$92,213 in 2012. This is the highest average sales price since 2007 and the second straight year that the average sales price has increased (see **Table 5**).

TABLE 6: Food Stamp Recipients in Delaware County, January to October Averages, 2004 to 2012

Year	Average Monthly Food Stamps Issued	Average Monthly Food Stamp Recipients
2004	\$1,107,937	12,601
2005	\$1,398,397	14,064
2006	\$1,349,338	14,119
2007	\$1,426,283	14,400
2008	\$1,423,852	13,043
2009	\$1,932,026	14,454
2010	\$2,302,577	16,915
2011	\$2,520,722	18,706
2012	\$2,667,504	19,854
Change 2011 to 2012	\$146,782	1,149
Percent Change 2011 to 2012	5.8%	6.1%

Note: Dollar amounts not adjusted for inflation.
Source: STATS Indiana, using FSSA data

Social Safety Net

For the fourth straight year, the dollar amount of food stamps issued and the number of food stamp recipients increased (see **Table 6**). However, these increases have been declining over the past two years. In 2012, the dollar amount of food stamps issued averaged almost \$2.7 million per month. This is an increase of \$146,782 (5.8 percent) compared to the \$218,145 (9.5 percent) increase in 2011 and the \$370,551 (19.2 percent) increase in 2010. The number of food stamp recipients averaged 19,854 per month in 2012. This is an increase of 1,149 (6.1 percent) compared to the increase of 1,791 (10.6 percent) in 2011 and the increase of 2,461 (17 percent) in 2010.

Outlook

There has been too much variation in the data over the past few years to get too excited about the positive changes in the local indicators during the first three quarters of 2012. The decline in the labor force over the past year indicates that discouraged workers are a persistent issue and the continued increase in the number of food stamp recipients indicates ongoing economic distress for many families in Delaware County. Several more quarters (even years) of positive employment and income growth are needed to alleviate the lingering effects of the most recent recession.

In the coming year, we expect small gains in employment (1 percent) and income (in the 2 percent range) as the economy continues its slow recovery.²

Notes

1. Inflation rate for the Midwest region using the CPI for all urban consumers.
2. Forecast from the Center for Econometric Model Research, Indiana University, Bloomington, August 2012.