

Anderson Forecast 2014

Emmett Dulaney, DBA: Associate Professor of Entrepreneurship, Fall School of Business, Anderson University

The economy in 2013 has been a mixed picture for Anderson. While the unemployment rate in Madison County decreased by more than 1 percentage point since 2012, it remains approximately 15 percent above the state's rate. The labor force increased, but remains below levels of three years ago. The Flagship Enterprise Center (business incubator) has assumed more of a landlord role, and the housing market appears to be on the uptick with the number of building permits issued rebounding from a record low in 2012. Unfortunately, more people are receiving food stamps and the county continues to suffer in several areas.

The Numbers

This article includes the most current data available on various measures of economic activity from public sources for the Anderson metropolitan area (Madison County). The goal is to analyze changes over the past year and provide a market forecast summary for the Anderson area, which appears in the conclusion of this article.

Employment

The unemployment rate decreased from 2012 to 2013 in Madison County (see Table 1). The preliminary unemployment rate for August 2013 is 8.6 percent, down from 9.8 percent a year earlier. The unemployment rate is consistently running 15 percent higher than the state unemployment rate (7.5 percent, not seasonally adjusted). The number of unemployed workers in Madison County decreased by more than 300 workers over the course of the year while the labor force increased by about 800 workers. The decreasing unemployment and increasing labor force have led to a lower unemployment rate and suggest that previously frustrated job seekers are returning to the labor market.

■ TABLE 1: Madison County Labor Force and Unemployment, September 2012 to August 2013

Year	Period	Labor Force	Unemployment	Unemployment Rate
2012	September	60,697	5,616	9.3%
	October	60,469	5,571	9.2%
	November	60,084	5,612	9.3%
	December	60,159	6,038	10.0%
	Annual	60,424	5,871	9.7%
2013	January	60,419	7,023	11.6%
	February	60,154	6,860	11.4%
	March	59,880	6,575	11.0%
	April	60,223	5,787	9.6%
	May	60,767	5,788	9.5%
	June	61,487	6,056	9.8%
	July	61,241	5,967	9.7%
	August	61,569	5,313	8.6%

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

■ TABLE 2: IT-40 Tax Returns for Residents of Madison County, 2004 to 2011

Year	Total Number of Returns Filed	Number of Returns over \$1 Million	Number of Returns from \$30,001 to \$250,000	Total Value of All Returns
2004	58,522	19	23,077	\$2,273,515,708
2005	58,019	20	23,002	\$2,270,165,574
2006	58,175	25	23,686	\$2,395,576,750
2007	59,808	27	24,535	\$2,498,087,680
2008	58,799	20	23,849	\$2,398,270,520
2009	57,764	18	22,788	\$2,321,467,136
2010	56,556	18	22,406	\$2,302,140,160
2011	55,105	10	21,647	\$2,216,308,224

Note: The total value of all returns equals Federal adjusted gross income.
Source: STATS Indiana using Indiana Department of Revenue data

Though the population of the area has not changed much over the past 20 years, the demographics of those living in the area have changed. One manifestation of this in recent years is the decrease in the number of residents filing tax returns and the value of those returns (see Table 2). In 2011, the most recent year for which data is available, the total number of returns filed is 8 percent below that of 2007; there are 63 percent fewer declaring over \$1 million and

12 percent fewer declaring between \$30,001 and \$250,000. Most noticeable is that the total income value of all returns is 11 percent lower than it was in 2007 and it has consistently declined each year.

Housing

The housing market shows signs of rebounding in Madison County. Residential construction as measured by single family building permits was similar to 2011 levels after bottoming

TABLE 3: Madison County Single Family Building Permits, 2000 to 2013

Year	Incorporated	Unincorporated	TOTAL
2000	164	175	339
2001	149	129	278
2002	143	184	327
2003	143	418	561
2004	225	259	484
2005	297	292	589
2006	138	188	326
2007	124	84	208
2008	73	33	106
2009	31	28	59
2010	85	37	122
2011	39	25	64
2012	24	24	48
2013*	37	29	66

* January through September totals
 Note: Incorporated data include the following areas: Alexandria, Anderson, Elwood, Frankton, Ingalls, Lapel, Pendleton and Summitville
 Source: Builders Association of Greater Indianapolis

out in 2012 (see **Table 3**). Comparing January through September, there was an 89 percent increase in the number of permits issued in 2013 compared to 2012. The Builders Association of Greater Indianapolis estimates the 66 permits issued in 2013 have created a total economic impact of \$11,819,531 in local income, \$2,683,229 in local taxes, and 200 local jobs.

According to the Metropolitan Indianapolis Board of Realtors, the number of new listings for existing homes decreased slightly in August 2013 to its lowest level in five years (compared to August of previous years). Closed sales are up 10.6 percent, but the median sales price is down. However, the average sales price is the same as it was one year ago and the percent of asking price obtained has increased to its highest level in four years to 88.9 percent (see **Table 4**).

Social Safety Net

Changes in the number of food stamp recipients and the dollar

TABLE 4: Madison County Residential Real Estate Sales for August, 2009 to 2013

Year	Average Sales Price	Percent of Original List Price Received at Sale	Single-Family Detached Inventory
2009	\$88,489	90.1%	945
2010	\$74,980	86.1%	1,000
2011	\$97,780	87.0%	852
2012	\$82,913	86.1%	875
2013	\$82,953	88.9%	843

Note: All comparisons are for the month of August for each year.
 Source: Metropolitan Indianapolis Board of Realtors

TABLE 5: Madison County Food Stamp Recipients, January to August, 2004 to 2013

Year	Average Monthly Food Stamps Issued	Average Monthly Food Stamp Recipients
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
2010	\$2,448,594	18,487
2011	\$2,812,786	21,227
2012	\$2,944,846	22,295
2013	\$3,028,290	23,012

Notes: Each year is based on January through August monthly averages. Dollar amounts are not adjusted for inflation.
 Source: STATS Indiana, using FSSA data

amount of food stamp payments are one indicator of economic distress in a community. The number of food stamp recipients and the corresponding amount of food stamps issued continued to increase during 2013 in Madison County (see **Table 5**). The number of food stamp recipients increased to more than 23,000 individuals (about 17.5 percent of the population in the county, or 19 percent of households) during the January to August time period. The amount of money distributed in food stamps increased

by almost 3 percent to more than \$3 million monthly. This increase reflects the state of the economy in east central Indiana during the slow recovery from the recession.

Though the county is the 13th largest in the state in terms of population, according to the Indiana State Department of Health, it is 8th in number of suicides. According to the U.S. Census Bureau's 2011 numbers, the most recent data available, the poverty rate for Madison County is 18.9 percent, higher than every neighboring county with the exception of Delaware, and above the national average of 15 percent.

Education

With a public school enrollment of nearly 19,000, the county constitutes 1.8 percent of all students in Indiana public schools, but 3.7 percent of all high school dropouts in the state. These numbers have decreased from past years as a result of the Excel Academy and newcomer The Crossing. Working in conjunction with each other, these entities are slowing the spiral in which the schools suffered and performed poorly in previous years. Of the students enrolled in public schools in Madison County, more than half are on free or reduced lunches.

The Outlook for 2014

While the official numbers show some areas of improvement over the economic situation in Anderson from last year, it is too early to be considered in the clear. In the coming year, it is expected that employment growth will be flat and there will be only modest gains in income (in the 1 percent to 2 percent range) as the economy continues to improve. ■