

Fort Wayne

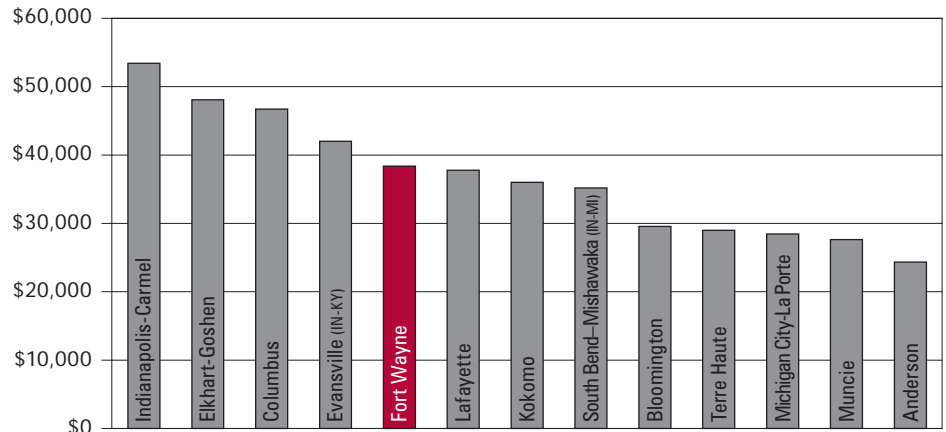
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In September 2007, the U.S. Bureau of Economic Analysis (BEA) released an important new tool for measuring the strength, composition, and output of urban economies. For the first time, we have federally compiled and easily accessible information on the gross domestic product (GDP) for all 363 metropolitan statistical areas (MSAs) in the United States. GDP measures the market value of final goods and services produced within a given geographic area over a given period of time. This data had previously been available at the state and national levels, but not for sub-state areas. According to the BEA news release, metropolitan GDP is their “preferred and most comprehensive measure of economic activity.”¹ The Bureau has provided five years of annual GDP data from 2001 through 2005.

Along with employment and wage data, GDP information now provides an important third measure of comparative local economic activity. Using population size to equalize for the varying size of the 363 MSAs, the Fort Wayne metropolitan area² ranked 130th, with a per capita GDP of \$38,379 in 2005. In comparison, the

Figure 1
Per Capita Gross Domestic Product in Indiana MSAs, 2005



Source: Bureau of Labor Statistics

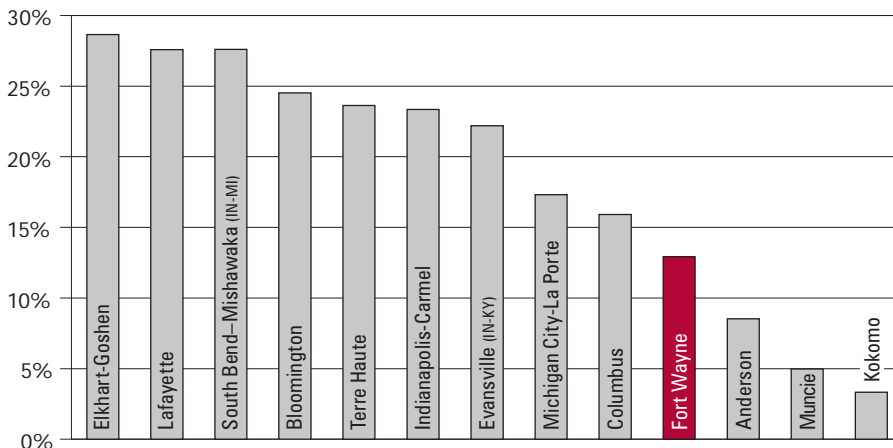
Indianapolis-Carmel MSA has a per capita GDP of \$53,441 and ranked twenty-fourth among all U.S. MSAs. Among those metro areas primarily located within Indiana,³ the Elkhart-Goshen (\$48,091), the Columbus (\$46,719), and the Evansville (\$42,012) MSAs also had per capita GDPs higher than the Fort Wayne area in 2005 (see **Figure 1**).

The economic downturn in manufacturing in the early part of this decade hit the Fort Wayne area particularly hard. An examination of the changes in metropolitan GDP

between 2001 and 2005 provides yet another indicator of that impact. The Fort Wayne MSA ranked 339th among the 363 MSAs in growth in GDP during this period, experiencing a 12.9 percent increase. The average increase for all U.S. MSAs was 22.8 percent. As illustrated in **Figure 2**, of the thirteen metro areas primarily located in Indiana, the Fort Wayne MSA ranked tenth in GDP growth between 2001 and 2005.

Let us shift gears and look at some recent employment trends in northeast Indiana. As was done in the past few outlooks, we will again use the Fort Wayne-Huntington-Auburn Combined Statistical Area⁴ (CSA) as the best geographic representation of the Fort Wayne area economy. Between the first quarter of 2001 and the first quarter of 2007, this seven-county area lost a total of 4,124 jobs based on information from the U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages (QCEW). This was a loss of approximately 1.5 percent of total employment in early 2001. Further analysis indicates that during the six-year time period, the area lost 10,939 manufacturing jobs. That loss was partially offset by a gain of 5,770

Figure 2
Percent Growth in GDP in Indiana MSAs, 2001 to 2005



Source: Bureau of Labor Statistics

jobs in the health care and social services sector and a gain of 1,045 jobs in all other sectors combined. However, employment location quotients indicate that manufacturing tends to bring more outside wealth into northeast Indiana than does the health care and social service sector.⁵ The health care and social service sector tends to more often serve needs within the community rather than to export goods and services to those outside the region. To some degree, Fort Wayne has been trading basic sector jobs for jobs that tend to be more oriented to serving its internal needs.

The prior loss of manufacturing employment may still be impacting the local economy. Between the first quarter of 2001 and 2007, employment in retail trade is down by approximately 2,100 jobs. This may be an indication that the losses in higher-paying manufacturing employment are reverberating throughout the regional economy, tracking a relative loss of disposable buying power.

Examining QCEW employment totals by quarter for the Fort Wayne CSA shows that, through the first quarter of 2007, the area has experienced twelve consecutive quarters of job growth when comparing the same quarter of the

prior year. The last comparable period of such sustained employment growth in the region ended in the third quarter of 2000. Comparatively, the state of Indiana experienced a somewhat similar thirteen consecutive quarters of job growth through the first quarter of 2007.

The available QCEW employment data is for the first quarter of 2007, so we must look to another source of employment data for more recent trends. The Bureau of Labor Statistics Current Employment Statistics (CES) does provide very recent information at the MSA level but, unfortunately, not for CSAs. This source indicates that the Fort Wayne MSA continued to experience job growth throughout the summer and fall of 2007. While the rate of job growth has softened somewhat, it has remained a sustained positive indicator for the region. As illustrated in **Figure 3**, we now have twenty-seven months of continuous job growth based on CES data for the Fort Wayne metro area.

What is on the horizon for the Fort Wayne area economy in 2008? Two external factors are likely to negatively influence job growth

1. the ongoing turmoil in the domestic automotive industry impacting the supply network scattered across the region

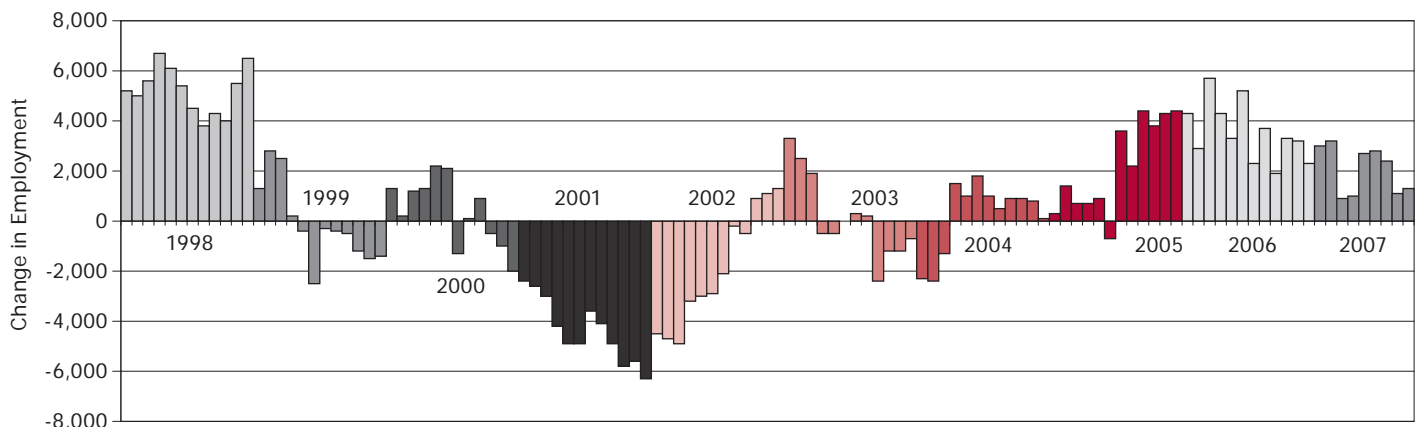
2. the slump in housing construction caused in large measure by the crisis in single-family housing finance issues.

Additionally, the area will continue to feel the reverse multiplier effect of several business closures that occurred over the past year. Conversely, the internal strength of the economy, both within the region and throughout the state, will continue to generate modest economic growth. The seven-county Fort Wayne-Huntington-Auburn CSA will likely experience a continued net increase in total employment in 2008—perhaps in the range of 1,000 to 1,250 jobs on a base of approximately 278,000 to 280,000 existing jobs. ■

Notes

1. The news release is available at www.bea.gov/newsreleases/regional/gdp_metro/gdp_metro_newsrelease.htm.
2. The Fort Wayne MSA includes Allen, Wells, and Whitley counties.
3. The Chicago-Naperville-Joliet, the Cincinnati-Middletown, and the Louisville-Jefferson County MSAs include some Indiana territory but the data is dominated by the economies of the larger core cities located in adjoining states.
4. The Fort Wayne-Huntington-Auburn CSA includes Adams, Allen, DeKalb, Huntington, Noble, Wells, and Whitley counties.
5. Manufacturing employment in Indiana's Economic Growth Region 3 had a 2006 location quotient of 2.4, while the health care and social service sector had a location quotient of 1.1.

Figure 3
Total Employment Change from Previous Year in the Fort Wayne MSA



Source: Bureau of Labor Statistics