

Anderson Forecast 2012

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As of June 2011, the value of average quality Indiana farmland increased 23.7 percent over the previous 12 months according to the Purdue Land Value Survey. This is consistent with Federal Reserve Bank of Chicago survey findings that the value of “good” farmland was 21 percent higher in the second quarter of 2011 compared with the second quarter of 2010. Looking to 2012, with anticipated higher net farm income than in 2011, farmland values and cash rents are expected to continue increasing. Cash rent increases have lagged farmland values, with farmland values currently priced at 30 times cash rents. As a consequence, cash rent increases are forecasted to increase faster than farmland values as they “catch up.”

In addition to farm incomes, farmland values depend on factors including long-term interest rates, government price support payments, real estate taxes and alternative investment opportunities. Given the current price levels for corn, soybeans and wheat, prices continue to be well above the level where government price support payments would be triggered, reducing the influence of government programs. Long-term interest rates are extremely low and are expected to remain low in the near future, which supports higher land prices. The biggest factor supporting higher land prices is the absence of attractive alternative investments.

For more information about Indiana farmland values, see the Purdue Land Value Survey at www.agecon.purdue.edu/extension/pubs/paer/pdf/PAER8_2011.pdf.

For more information about the outlook for Indiana agriculture, see the Purdue Agricultural Economics Report at www.agecon.purdue.edu/extension/pubs/paer/pdf/PAER10_2011.pdf.

The data available thus far for 2011 show a mixed economic picture in the Anderson metropolitan area (Madison County). There are a few encouraging signs in the local economy. The 2010 Census showed only a small population decline (1.3 percent) from 2000. The unemployment rate has decreased over the past year. Manufacturing employment has increased as have overall wages. Anderson, like other cities in the Midwest, is struggling to redefine itself after the exodus of large-scale manufacturing firms over the past several decades. Added to this mix is the necessary restructuring of local government activities due to property tax caps. To its credit, Anderson has some high-profile companies such as Bright Automotive (hybrid electric vehicles) and Coes (antimicrobial additives) working

on new technologies and increasing employment.

This article includes the most current data available on various measures of economic activity from public sources for the Anderson metropolitan area in order to analyze changes over the past year. A summary of the labor market forecast for the Anderson area is included in the conclusion.

Labor Markets

In Madison County, the unemployment rate has decreased over the past year with the exception of a couple of months early in the year (see **Table 1**). The preliminary unemployment rate for September 2011 is 9.7 percent and is higher than the state (8.5 percent) and national (8.8 percent) unemployment rates (not seasonally adjusted). The number of unemployed workers in

TABLE 1: Labor Force and Unemployment for Madison County, September 2010 to September 2011

Year	Month	Labor Force	Unemployed	Unemployment Rate
2010	September	60,992	6,400	10.5%
	October	61,086	6,275	10.3%
	November	61,144	6,567	10.7%
	December	60,411	6,355	10.5%
	Annual	61,538	7,035	11.4%
2011	January	60,374	6,821	11.3%
	February	60,124	6,612	11.0%
	March	60,527	6,228	10.3%
	April	59,466	5,643	9.5%
	May	60,338	5,802	9.6%
	June	60,681	5,998	9.9%
	July	59,998	6,079	10.1%
	August	60,674	6,171	10.2%
	September*	60,246	5,834	9.7%

*September 2011 data are preliminary. Note: Data are not seasonally adjusted.
Source: Bureau of Labor Statistics

Madison County has slowly trended down since March, but the labor force has been decreasing also, leading to the stubbornly high unemployment rates for the county. This suggests that frustrated job seekers are continuing to drop out of the labor market, migrate out of the area or both.

A look at the Current Employment Statistics shows variation in employment gains and losses in 2011. Total non-farm jobs in Madison County averaged 39,700 for the first three quarters of 2011. This is a decrease of about 1,500 jobs since 2007, the beginning of the most recent recession. Manufacturing (adding over 300 jobs) was the sector with the most job growth. Sectors with the largest job losses were trade, transportation and utilities; leisure and hospitality; and government (see Table 2). This marks the second year of net increases in manufacturing employment, but these are small increases relative to the thousands of manufacturing jobs lost over the past four decades. The Anderson metropolitan statistical area (MSA) began the millennium with around 10,500 manufacturing jobs and currently has around 4,000. The peak for manufacturing employment was around 30,000 jobs in the early 1970s.

Average wages increased to \$630 per week during the first quarter of 2011 (the most recent data available) and continue to be lower than the state average of \$770 for the same period. Table 3 shows average weekly wages (not adjusted for inflation) for the first quarters of 2010 and 2011. Most sectors experienced increases in wages. The sectors with the strongest wage growth were manufacturing (23.4 percent), information (21 percent), and agriculture and forestry (13.4 percent). Sectors that experienced declines in wages include public administration (government), accommodation and food services, professional scientific and technical services, and educational services.

■ TABLE 2: Anderson Metro Employment by Industry, Year-to-Date 2010 to 2011

Industry	2011	Change since 2010	Percent Change 2010-2011
Total Non-Farm	39,733	-733	-1.8%
Total Private	33,422	-233	-0.7%
Goods-Producing	5,322	378	7.6%
Manufacturing	4,022	344	9.4%
Service-Providing	28,100	-611	-2.1%
Trade, Transportation and Utilities	8,033	-267	-3.2%
Information	600	-33	-5.3%
Financial Activities	1,600	0	0.0%
Professional and Business Services	3,200	56	1.8%
Educational and Health Services	7,689	-133	-1.7%
Leisure and Hospitality	5,322	-156	-2.8%
Other Services	1,656	-78	-4.5%
Government	6,311	-500	-7.3%

Note: Data are January to September of each year. September 2011 data are preliminary.
Source: Bureau of Labor Statistics

■ TABLE 3: Average Weekly Wages in Anderson MSA, 2010:1 to 2011:1

Industry	2010:1	2011:1	Percent Change
Total	\$572	\$634	10.8%
Management of Companies and Enterprises	\$1,440	*	*
Manufacturing	\$856	\$1,056	23.4%
Information	\$556	\$673	21.0%
Agriculture, Forestry, Fishing and Hunting	\$543	\$616	13.4%
Arts, Entertainment, and Recreation	\$385	\$425	10.4%
Construction	\$694	\$766	10.4%
Transportation and Warehousing	\$661	\$722	9.2%
Finance and Insurance	\$743	\$798	7.4%
Administrative and Support and Waste Management and Remediation Services	\$381	\$406	6.6%
Health Care and Social Services	\$634	\$675	6.5%
Real Estate and Rental and Leasing	\$448	\$475	6.0%
Other Services (Except Public Administration)	\$359	\$373	3.9%
Retail Trade	\$385	\$400	3.9%
Wholesale Trade	\$804	\$806	0.2%
Public Administration	\$721	\$717	-0.6%
Accommodation and Food Services	\$220	\$214	-2.7%
Professional, Scientific, and Technical Services	\$637	\$609	-4.4%
Educational Services	\$667	\$622	-6.7%

*The author feels the 2011 reported average weekly wage for the management of companies and enterprises is inaccurate and therefore excluded it from this table.
Source: Bureau of Labor Statistics

“In the coming year, we expect employment to stabilize and small gains in income as the economy continues its slow recovery.”

TABLE 4: Madison County Residential Building Permits, Year-to-Date 2004 to 2011

Year	Total	Single-Family	Multi-Family
2004	346	311	35
2005	368	326	42
2006	210	191	14
2007	146	144	2
2008	68	52	16
2009	38	36	2
2010	48	44	4
2011	39	37	2

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

TABLE 5: Madison County Residential Real Estate Sales, Year-to-Date 2005 to 2011

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	2,777	\$70,287
2010	2,444	\$79,044
2011	2,290	\$81,573
Change 2010 to 2011	-154	\$2,529
Percent Change	-6.3%	3.2%

Note: Data are January to September for each year. Dollar values are not adjusted for inflation. Source: Metro Indianapolis Board of Realtors

The inflation rate between the first quarters of 2010 and 2011 was 2.2 percent, so workers in most sectors experienced real wage growth over this period.

Housing

The housing market showed further weakening in Madison County. Residential construction as measured by new single- and multi-family housing units increased with 39 permits issued between January and September 2011 – down from 48 permits during the same period a year earlier (see **Table 4**). This is substantially lower than earlier in the decade. Sales of existing homes show no sign of recovery yet (see **Table 5**), although the decrease in the number of units sold was not as severe as in the previous year. Home sales through September 2011 decreased more than 6 percent relative to the same period in 2010 to about 2,300 units. The average price of homes sold was just over 3 percent higher but likely due to the mix of houses sold during this period.

Social Safety Net

Changes in the number of food stamp recipients and the dollar 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 increased during the past year in Madison County but at a slower rate than the previous year (see **Table 6**).

The number of food stamp recipients increased 14 percent to more than 21,000 individuals (about 16 percent of the population in the county). The dollar amount distributed in food stamps increased by more than 13 percent to exceed \$2.8 million. This increase reflects the state of the economy in east-central Indiana during the slow recovery from the recession.

Gaming

May 2011 marked the third full year of operation of Hoosier Park Casino. After declining between 2009 and 2010, the winnings and the wagering tax generated at Hoosier Park increased over the past year. Winnings increased 7.8 percent to \$216.9 million and wagering tax revenues generated from these winnings increased 9.9 percent to \$60.9 million. As in the previous year, Hoosier Park ranked sixth of the 13 Indiana casinos for fiscal year 2011 in terms of total winnings. In November 2009, Ohio voters approved a ballot initiative to allow casinos in Cincinnati, Cleveland, Columbus and Toledo. The new Columbus and Toledo casinos are currently scheduled to open in March and April 2012, respectively. These casinos may draw patrons from Hoosier Park and other Indiana casinos.

TABLE 6: Food Stamp Recipients in Madison County, Year-to-Date 2003 to 2011

Year	Average Monthly Food Stamps Issued	Number of Food Stamp Recipients
2003	\$1,035,505	12,242
2004	\$1,173,429	13,389
2005	\$1,376,317	14,524
2006	\$1,457,203	15,388
2007	\$1,546,086	15,812
2008	\$1,574,533	14,879
2009	\$2,085,753	15,832
2010	\$2,506,633	18,796
2011	\$2,838,637	21,411
Change 2010 to 2011	\$332,004	2,615
Percent Change	13.2%	13.9%

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

Bloomington Forecast 2012

Outlook

The official numbers show small improvements over the situation last year in some areas. While the level of employment in the county has decreased, average wages have increased and the unemployment rate has decreased over the past year (but is still high by historical standards). The high unemployment rate and corresponding increases in the number of people needing public assistance, the slow rate of home sales, and the decreasing labor force in the county are the dark clouds.

In the coming year, we expect employment to stabilize and income will see small gains (in the 3 percent range) as the economy continues its slow recovery.¹

Notes

1. Forecast from the Center for Econometric Model Research, Indiana University, Bloomington, August 2011.

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While many Midwestern cities suffered mightily over the last few years, the Bloomington metropolitan statistical area (MSA) has emerged from the economic downturn in comparatively good shape. The forecast for the Bloomington area is relatively bright.

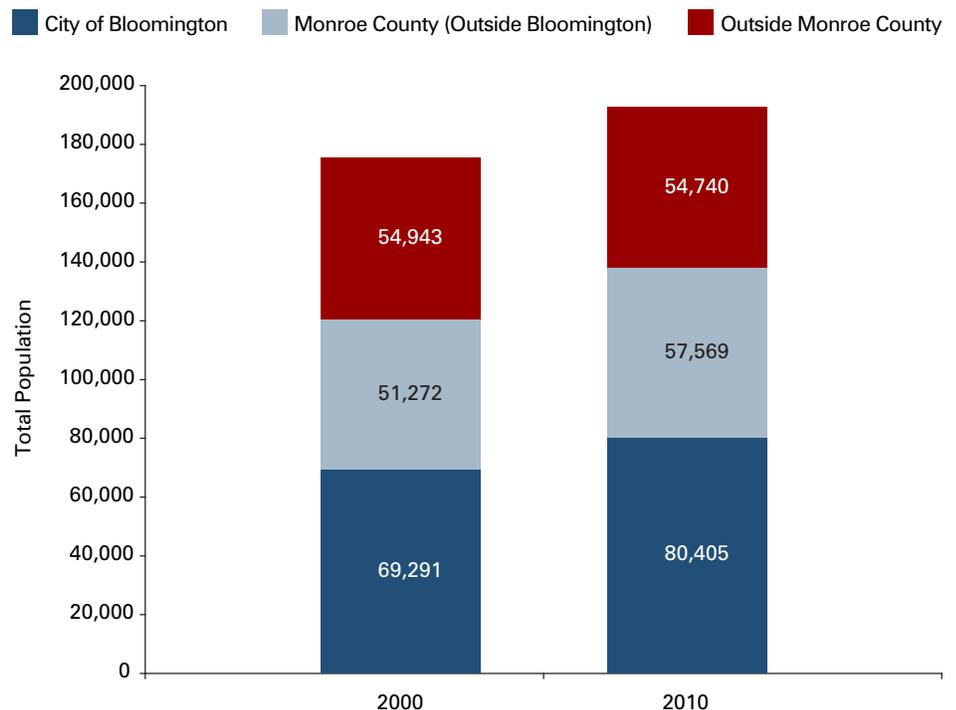
The Bloomington area sustained considerable population growth between the 2000 and 2010 censuses. As a whole, the MSA's population grew by close to 10 percent, roughly equivalent to the national average. As **Figure 1** shows, this growth occurred entirely within Monroe County. In contrast, the combined population of Greene and Owen counties decreased by 203 people over the last 10 years. In the first half of the decade, the city of Bloomington lost population while

the surrounding county gained. In the last five years, however, both the city of Bloomington and the rest of Monroe County have grown substantially. In the coming years, the county's population is expected to continue this increase.

The Bloomington MSA weathered the economic decline better than most other areas. In fact, according to the Bureau of Economic Analysis, the Bloomington GDP never declined — although its growth did slow. Estimates show Bloomington's GDP growing by a scant 0.7 percent in 2010. Moody's Analytics forecasts the same paltry rate of economic growth for 2011. For 2012, Moody's forecasts a 1.6 percent rate of economic expansion.

Within the Bloomington MSA, different industries have experienced

FIGURE 1: Bloomington Population MSA by Geography, 2000 to 2010



Source: IBRC, using U.S. Census Bureau data