A LOOK INSIDE THE BLOOMINGTON ECONOMY

Prepared by the
Indiana Business Research Center

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Background

- Similar studies done in 2000, 2002, 2004
- Sponsored by BEDC to support its economic development efforts
- Additional support this time from City of Bloomington to develop sustainability metrics
  - Bloomington Commission on Sustainability will report on this at a later date
**Benchmarking Basics**

- **Goal:** understand how the area is performing economically
  - Current snapshot + trends over time
  - Comparisons to other places like us

- **Useful for:**
  - Identifying economy’s strong & weak spots
  - Setting economic targets & goals
  - Monitoring progress toward goals
  - Guiding strategic planning
Two Sets of Peer Cities

Indiana peers:
the 12 Indiana cities in metro areas whose central cities are within the state

Source: Indiana Business Research Center, February 2007
14 cities with profiles similar to Bloomington
Selecting U.S. Peers

• Analyzed all U.S. counties for statistical similarity to Monroe County in terms of:
  – Demographics
  – Industry mix
  – Income characteristics

• Populations between 80,000 & 220,000

• University enrollments >20% of population

• 11 peers fit these criteria. We then added 3 college towns with interesting characteristics:
  – Ann Arbor, MI  Lexington, KY  Fayetteville, AR
Overview of Findings

- Population
- Housing
- Education
- Employment
- Income
- Infrastructure & Commuting
Population: Slow Growth

- City: 69,017
- County: 121,473
- MSA: 177,734

- Change from 2000 to 2005:
  - Bloomington lost 2,520 residents (-3.5%)
  - Monroe County gained 910 (+0.8%)
  - Owen County grew the most in the MSA: +1,067

- County projected to grow by 24,280 (20%) in next 20 years

2005 Census estimates
40% between 15 and 29 years old

Monroe County
Population vs. U.S. Peers

Bloomington is in the middle of U.S. peer set
But we’re the slowest growing (4.5% in 10 years)
Housing

- 54% owner-occupied
  - vs. 72% (Indiana) & 67% (U.S.)

- Median home value = $135,100
  - vs. $114K (Indiana) & $168K (U.S.)

Building permits down a bit, staying within 10-year historical range
Housing Expensive vs. Indiana Peers

...but more building permits than Evansville area
More Affordable vs. U.S. Peers

...with less building than in fast-growth areas
Riding High on Education

• We lead Indiana peers in Educational Attainment (40% B.A. +)
• Growing faster in attainment, too
These college towns have educated populations
Bloomington still the fastest-growing in attainment
## Monroe County’s Largest Employment Sectors

<table>
<thead>
<tr>
<th>Sector</th>
<th>2005 Avg. Employment</th>
<th>% of Total</th>
<th>Change from 1995</th>
<th>% Change from 1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>61,460</td>
<td>100.0</td>
<td>6,194</td>
<td>11.2</td>
</tr>
<tr>
<td>Health Care &amp; Social Services</td>
<td>7,589</td>
<td>12.3</td>
<td>2,190</td>
<td>40.6</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>7,192</td>
<td>11.7</td>
<td>-2,342</td>
<td>-24.6</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>7,031</td>
<td>11.4</td>
<td>-462</td>
<td>-6.2</td>
</tr>
<tr>
<td>Accommodation &amp; Food Services</td>
<td>6,503</td>
<td>10.6</td>
<td>323</td>
<td>5.2</td>
</tr>
<tr>
<td>Construction</td>
<td>2,947</td>
<td>4.8</td>
<td>425</td>
<td>16.9</td>
</tr>
<tr>
<td>Admin. &amp; Waste Mgmt. Services</td>
<td>2,815</td>
<td>4.6</td>
<td>1,299</td>
<td>85.7</td>
</tr>
<tr>
<td>Educational Services</td>
<td>2,532</td>
<td>4.1</td>
<td>769</td>
<td>43.6</td>
</tr>
<tr>
<td>Professional, Scientific, &amp; Technical Svcs.</td>
<td>2,060</td>
<td>3.4</td>
<td>667</td>
<td>47.9</td>
</tr>
<tr>
<td>Other Services except Public Admin.</td>
<td>1,910</td>
<td>3.1</td>
<td>73</td>
<td>4.0</td>
</tr>
<tr>
<td>Public Administration</td>
<td>1,818</td>
<td>3.0</td>
<td>271</td>
<td>17.5</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>1,616</td>
<td>2.6</td>
<td>522</td>
<td>47.7</td>
</tr>
</tbody>
</table>
Some Industries Growing Well

Life Sciences employment >5X the national average & gaining
IT & Business Services also growing quickly
Bloomington Manufacturing

• Still more concentrated here than U.S. average, and more than 10 U.S. peers

• One of only 4 peers whose concentration in manufacturing has **shrunk since 1995**

• But the decline in our manufacturing LQ has been **small**:
  – losing mfg. jobs at about the same rate as the U.S.

• In middle of peer set for mfg. wages
Manufacturing vs. U.S. Peers

State College, PA
$40,119

Gainesville, FL
$39,976

Bloomington, IN
$40,667

Ann Arbor, MI
$68,631

Athens, GA
$43,775

Fayetteville, AR
$31,485

Blacksburg, VA
$42,940

Champaign, IL
$37,834

Lawrence, KS
$38,205

College Station, TX
$35,345

Morgantown, WV
$53,003

Average Annual Change in LQ, 1995 - 2005

Indiana Business Research Center, Kelley School of Business, Indiana University
Bloomington Area’s Health Care & Social Services

- Significant **expansion** over past 10 years
- vs. peers: 4th highest LQ & 3rd highest growth rate
- Avg. **wages** in sector are similar to peers
**Area Unemployment Rate: High compared to U.S. Peers**

- National peers are all **below U.S. rate (5.1%)**
- Monroe County tied for **highest in group**
A Rosy Picture vs. Indiana

% Change in Total Employment – Indiana Peers, 1995-2005

Bloomington: -20%
Elkhart: -15%
Lafayette: -10%
Indianapolis: -10%
Evansville: -5%
South Bend: 0%
Ft. Wayne: 5%
Columbus: 10%
Terre Haute: 15%
Kokomo: 10%
Anderson: 5%
Muncie: 0%

Percent Change in Employment, 1995 - 2005
Area wages remain below average

All Jobs:
Local wages $5K below Indiana, $10K below U.S.

Manufacturing Jobs:
Indiana & U.S. are similar, with Monroe Co. well behind
Gap is widening
Wages Closer to State & U.S. Averages in Health Care & Social Services

Average Wages Per Job (in 2006 dollars)

- United States
- Indiana
- Monroe

2001 2002 2003 2004 2005

Indiana Business Research Center, Kelley School of Business, Indiana University
## Local Wages per Job by Sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>Avg. Wage/Job</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2005</td>
<td>1995</td>
</tr>
<tr>
<td>Management of Companies &amp; Enterprises</td>
<td>$131,232</td>
<td>$56,753</td>
</tr>
<tr>
<td>Utilities</td>
<td>67,882</td>
<td>41,630</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>40,667</td>
<td>29,515</td>
</tr>
<tr>
<td>Mining</td>
<td>39,157</td>
<td>37,596</td>
</tr>
<tr>
<td>Finance &amp; Insurance</td>
<td>38,545</td>
<td>25,010</td>
</tr>
<tr>
<td>Professional, Scientific, &amp; Technical Svcs.</td>
<td>38,422</td>
<td>27,646</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>38,363</td>
<td>25,503</td>
</tr>
<tr>
<td>Information</td>
<td>37,883</td>
<td>28,613</td>
</tr>
<tr>
<td>Construction</td>
<td>37,597</td>
<td>25,648</td>
</tr>
<tr>
<td>Transportation &amp; Warehousing</td>
<td>36,046</td>
<td>27,911</td>
</tr>
<tr>
<td>Health Care &amp; Social Services</td>
<td>35,886</td>
<td>24,328</td>
</tr>
<tr>
<td>Total</td>
<td>30,544</td>
<td>22,584</td>
</tr>
<tr>
<td>Public Administration</td>
<td>29,412</td>
<td>20,400</td>
</tr>
<tr>
<td>Educational Services</td>
<td>27,190</td>
<td>25,863</td>
</tr>
<tr>
<td>Real Estate &amp; Rental &amp; Leasing</td>
<td>22,804</td>
<td>16,395</td>
</tr>
<tr>
<td>Other Services</td>
<td>20,960</td>
<td>15,061</td>
</tr>
<tr>
<td>Agriculture, Forestry, Fishing, etc.</td>
<td>19,866</td>
<td>12,822</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>19,394</td>
<td>13,711</td>
</tr>
<tr>
<td>Admin. &amp; Waste Management Services</td>
<td>19,160</td>
<td>13,274</td>
</tr>
<tr>
<td>Arts, Entertainment, &amp; Recreation</td>
<td>18,620</td>
<td>10,996</td>
</tr>
<tr>
<td>Accommodation &amp; Food Services</td>
<td>10,864</td>
<td>7,553</td>
</tr>
</tbody>
</table>
**Per Capita Income Improving**

Monroe County PCPI as a Percent of U.S.

Up nearly 11 points since 1974
Modest PCPI vs. U.S. peers...

PCPI similar to many U.S. peers, but below high-flyers
Low PCPI vs. IN, but growing well
Don’t forget Cost of Living

- Low cost of living can make lower incomes less burdensome
- Monroe County housing affordability among the best of U.S. peers
- Our overall cost-of-living index is 3.2% below national average, but peers are also low
Hi-ho, hi-ho, it’s off to work we go!

- 1-in-5 Monroe County workers (15,589) lives elsewhere
- In-commuters outnumber out-commuters 3-to-1

5,530 Monroe County residents work somewhere else
In conclusion...

• Bloomington area economy is performing reasonably well
  – low unemployment, growing personal income
  – we rate especially well against Indiana peers

• The U.S. peers set the bar high for Bloomington
  – They have lower unemployment and faster population growth
  – Our wages & personal income are relatively low

• The sluggish Midwest economy influences business prospects in the Bloomington area
More concluding thoughts

• The local economy is in transition
  – from manufacturing to services

• Manufacturing remains a vital industry here
  – 12% of work force, 4th most among U.S. peers

• Strong growth in life sciences and IT suggests these strategic targets are on the mark

• Slow population growth is a mixed blessing
  – Reduces pressure on public infrastructure & services
  – Limits growth for businesses serving the local market
Conclusions (cont’d)

• Relatively low wages in targeted industries
  – above average locally, but well below national averages

• Low wages overall
  – Bloomington lags peers on nearly all income & wage measures
  – Local wages have not kept pace with inflation recently
  – On the other hand, low wages make Bloomington a more attractive place to create jobs
Questions?

The full report and this presentation are available at
www.ibrc.indiana.edu/services.html