In the metro area were not in manufacturing but in professional and business services, as well as in leisure and hospitality.

Professional and business services include travel agents, computer systems designers, custom computer programming, advertising, and telemarketing—all activities that have been most adversely affected by the business cycle, major restructuring, or regulatory changes. Manufacturing lost only 1,800 jobs in the past year, while business and professional services lost 7,900 jobs and the leisure and hospitality sector dropped 4,700 jobs.

Building Permits
Residential construction seems to be booming everywhere in the metro area. Yet, despite appearances, it has been down in 2003 from 2002 levels. Of 330 metro areas for which we have building permit data, Indianapolis ranked 225th with a 1.7 percent decline in units authorized. As seen in Figure 3, this does not compare favorably with other metro areas in the U.S. (8.5 percent) or the Midwest.

Establishments and Wages
Less recent data also confirm a weaker performance in the Indianapolis metro area than might have been expected. Employer
Kokomo

Kathy Parkison

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As noted in the international, national, and state economies, the recovery is officially on, the economy is perking upward, and we expect continued growth. However, the Kokomo economy, while improving, is still lagging a bit behind Indiana and the nation.

Kokomo’s economy remains heavily weighted toward manufacturing. Employment in manufacturing industries peaked statewide in May 2000, and while recent losses have been much less than before (with some months even posting gains), employment is still not anywhere close to its peak. So like the rest of the state, individuals and firms in the area remain apprehensive about the economy and what it holds for them personally. While unemployment in the area peaked in 2002 and has since dropped to about 5 percent, those numbers are still up from the pre-recession lows of about 2.5 percent. Many of these job losses will be permanent due to increasing productivity and job losses to overseas.

On the local front, the moves by the Fed to keep the lower interest rates and the incentives offered by the automobile manufacturers have kept auto sales fairly robust. This has protected jobs and production at the DaimlerChrysler plants—an important part of this local economy. In addition, low interest rates have allowed consumers to continue buying homes, refinancing, and making home improvements. This can be seen all over the area in new home construction, building permit numbers, and new building construction (see Figure 1). Help wanted signs are even beginning to appear in store windows. While these may not be the high-dollar manufacturing jobs that the area would like to see, it is at least encouraging to see hiring occurring and firms looking for employees.

Although the state and local loss of manufacturing jobs is still troubling, we think that the worst of the economic news is behind the region and we are optimistic about 2004. Given the latest productivity numbers, GDP and labor figures, it seems that the national and state economies are poised to grow and this will certainly also be true of the local economy. Unlike last year’s forecast which was rather wishy-washy, this next year is predicted to be much better for the region.