

only serve to set a benchmark for the Anderson of the future.

The Anderson of the past is behind us, and the city of Anderson is being redefined. For the first time in decades, the people of Anderson have the opportunity to create the Anderson they want without interference from auto industry leaders in Michigan.

Recreating Anderson does have its obstacles. The auto industry left us with an economic and cultural legacy that must change. Auto industry jobs paid well and didn't require much education. We must now build a culture of education in our city.

The consolidation of the high schools into two schools and the recent construction of new school buildings are certainly positive moves for the city. The creation and retention of a workforce prepared for the twenty-first century is of paramount importance. Currently, only 14 percent of the adult population (twenty-five years of age or older) in Madison County has a bachelor's degree or higher. That number is particularly low compared to the rest of the state, where 22 percent of adults hold degrees in higher education. Improvement in the local school system should help increase the demand for housing, which is another obstacle to recreating Anderson.

The county has two immediate and simultaneous problems with the housing market—housing values are falling and property taxes are rising. People want to live where the purchase of a home is also an investment opportunity. They also want reasonable property taxes that reflect the level of public services provided to the community. With the falling industrial tax base and rising residential property taxes, restoring the industrial/commercial tax base

and increasing the demand for housing are two important obstacles to overcome.

The biggest challenge facing Madison County is the ability to attract/create new jobs for the community. Mayor Kevin Smith's administration has shown an aggressive approach to recruiting employers into the area. The city has made new investment in its infrastructure. Older, unused buildings are being removed, improving the landscape of Anderson. The recent commitments from Nestlé and IBM are a reflection of those efforts. Not only do these additions bring new jobs to the area, but they are a source of additional business leadership for the community.

The county's strengths should help to overcome these obstacles. The creation of the Flagship Enterprise Center provides an opportunity for local companies and entrepreneurs to pursue their creativity and create

jobs in the process. Recent recognitions from the Rotary, Forbes Magazine, and the Indiana Chamber of Commerce are a reflection of the potential strength of the

city's leadership. When aggressively marketed, these types of awards can add to the attractiveness of the city and provide an important attraction tool to bring in potential employers. Aggressive leadership can take advantage of these types of positive recognition to help move Anderson forward. The actions that we take now will help to create a new Anderson University in the years to come.

It isn't the trends of past data that tell us much about the new Anderson. Understanding the new Anderson requires a forward type of vision and not a backward one. ■

“The biggest challenge facing Madison County is the ability to attract/create new jobs for the community.”

Bloomington

Jerry N. Conover, Ph.D.

Director, Indiana Business Research Center, Kelley School of Business, Indiana University

Population Growing

Things are looking brighter in many respects for the Bloomington area economy than they have in recent years. The city's population grew by an estimated 146 residents last year (2006), reversing a multi-year trend during which it decreased by hundreds of people annually. According to Census Bureau estimates, Monroe County grew by 1,140 residents, representing population growth of 0.9 percent, which is more than twice the rate of any other year this decade and the fastest growth among all of Monroe's neighboring counties. The county is forecast to gain about 2,160 more residents by the end of the decade.

Employment Increasing

For most of 2007, total payroll employment in the Bloomington Metropolitan Statistical Area (or MSA, comprising Monroe, Owen, and Greene counties) has been higher than a year earlier, reaching 84,200 jobs in September.

The most recent data for counties represent the first quarter of the year, during which Monroe County's payroll employment was up by 858 from a year earlier, with an increase of twenty-nine establishments. This represents a respectable growth rate for this area.

Manufacturing employment in the county has finally stopped shrinking after several years, with recent months averaging about 100 more manufacturing jobs over the year. This is a very welcome turnaround, especially considering that the county has gained six more manufacturing establishments this year (equaling 113 in the first quarter of 2007). Manufacturing wages reached a record high in current dollars

(averaging about \$789/week), though in inflation-adjusted terms they've been roughly level over the past year. Either way, the multi-year decline in factory wages in Monroe County appears to have ended this year.

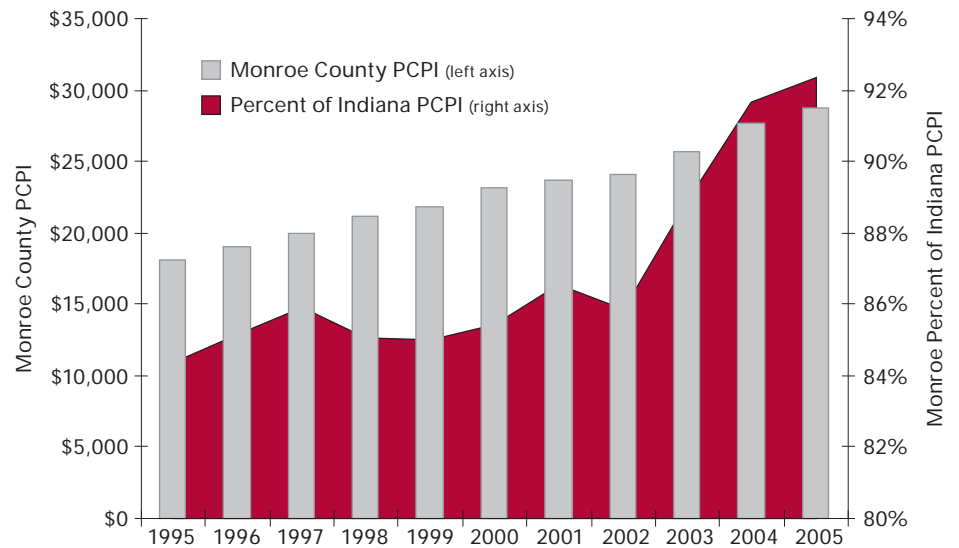
Sectors gaining more than 100 jobs over the year include health care and social services, administrative and support services, transportation and warehousing, and retail. The construction sector lost 223 jobs from the first quarter of 2006 to the same period in 2007, partially reflecting a slowdown in home construction. Some large-scale projects at Indiana University that have begun since then, however, should help reverse this loss.

Monroe County is forecast to gain about 500 to 800 jobs in 2008, with construction picking up as the year progresses. Manufacturing should hold its own, and life sciences firms could add a few hundred jobs if they can find enough skilled workers.

Personal Income: Gaining on the State

Per capita personal income (PCPI) grew in the county by \$1,160 in the most recent year for which data are available (2005). This broad measure of income from a number of sources shows that Monroe County grew at the same rate as the nation, with county PCPI equaling 83.5 percent of the national figure. However, relative to Indiana, which is growing more slowly, the county moved over the year from 91.7 percent up to 92.3 percent of the state average (see **Figure 1**). These trends are expected to continue in the year ahead.

Figure 1
Monroe County Per Capita Personal Income



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

Economic Output: Encouraging Growth

The U.S. Bureau of Economic Analysis has recently released estimates of gross domestic product (GDP) at the MSA level for the first time. These preliminary figures on economic output (valued in dollars) show that the Bloomington metro area's output from the manufacturing sector grew by 11.6 percent over the year (2005), twice the national rate. The retail sector's output grew by a slow 2.3 percent, less than half the national rate. The professional and business services sector output expanded by 13.3 percent, well above the national rate of 8.4 percent. These are encouraging signs of growth for the local area.

Real Estate: Slow, but Better than Many Places

The Bloomington area real estate market, though slow, is faring substantially better than many places. The housing bubble that raised prices greatly in many parts of the country never took hold in most of Indiana, so our housing market didn't have as far to fall when the bubble burst. Residential sales are down about 6 percent to 7 percent so far in 2007, and home prices are generally flat. Demand is actually strong in the below-\$250,000 range, though supply is limited; higher priced homes are showing substantially longer time-on-market.

There's very little new speculative home construction under way, although custom homes continue to be built. The commercial (office and retail) space market is fairly busy, but very little new construction is underway, and supply is tight for good-quality office space. The overall real estate outlook for 2008 calls for slow growth most of the year, with a modest upturn later in the year as the housing and credit crunches ease. ■

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