The inflation rate between the first quarters of 2011 and 2012 was 2.8 percent, so workers in most sectors experienced real wage growth over this period.[1]

Housing

After a jump in new housing construction in 2011, the number of residential building permits leveled off and even declined a bit this year going from 59 in 2011 to 52 in 2012 (see **Table 4**).

The residential real estate market rebounded in 2012 in all measurable aspects. The number of units sold increased from 635 in 2011 to 713 in 2012 and the average number of days on the market decreased. The average sales price had a substantial increase of more than $6,200—increasing from $85,957 in 2011 to $92,213 in 2012. This is the highest average sales price since 2007 and the second straight year that the average sales price has increased (see **Table 5**).

Table 6: Food Stamp Recipients in Delaware County, January to October Averages, 2004 to 2012

Year	Average Monthly Food Stamps Issued	Average Monthly Food Stamp Recipients
2004	$1,107,937	12,601
2005	$1,398,397	14,064
2006	$1,349,338	14,119
2007	$1,426,283	14,400
2008	$1,423,852	13,043
2009	$1,932,026	14,454
2010	$2,302,577	16,915
2011	$2,520,722	18,706
2012	$2,667,504	19,854
Change 2011 to 2012	$146,782	1,149
Percent Change 2011 to 2012	5.8%	6.1%

Note: Dollar amounts not adjusted for inflation.
Source: STATS Indiana, using FSSA data

Social Safety Net

For the fourth straight year, the dollar amount of food stamps issued and the number of food stamp recipients increased (see **Table 6**). However, these increases have been declining over the past two years. In 2012, the dollar amount of food stamps issued averaged almost $2.7 million per month. This is an increase of $146,782 (5.8 percent) compared to the $218,145 (9.5 percent) increase in 2011 and the $370,551 (19.2 percent) increase in 2010. The number of food stamp recipients averaged 19,854 per month in 2012. This is an increase of 1,149 (6.1 percent) compared to the increase of 1,791 (10.6 percent) in 2011 and the increase of 2,461 (17 percent) in 2010.

Outlook

There has been too much variation in the data over the past few years to get too excited about the positive changes in the local indicators during the first three quarters of 2012. The decline in the labor force over the past year indicates that discouraged workers are a persistent issue and the continued increase in the number of food stamp recipients indicates ongoing economic distress for many families in Delaware County. Several more quarters (even years) of positive employment and income growth are needed to alleviate the lingering effects of the most recent recession.

In the coming year, we expect small gains in employment (1 percent) and income (in the 2 percent range) as the economy continues its slow recovery.[2]

Notes

1. Inflation rate for the Midwest region using the CPI for all urban consumers.
2. Forecast from the Center for Econometric Model Research, Indiana University, Bloomington, August 2012.

Richmond Forecast 2013

Litao Zhong, Ph.D.: Assistant Professor of Economics and Finance and Director of Business and Economic Research Center, School of Business and Economics, Indiana University East

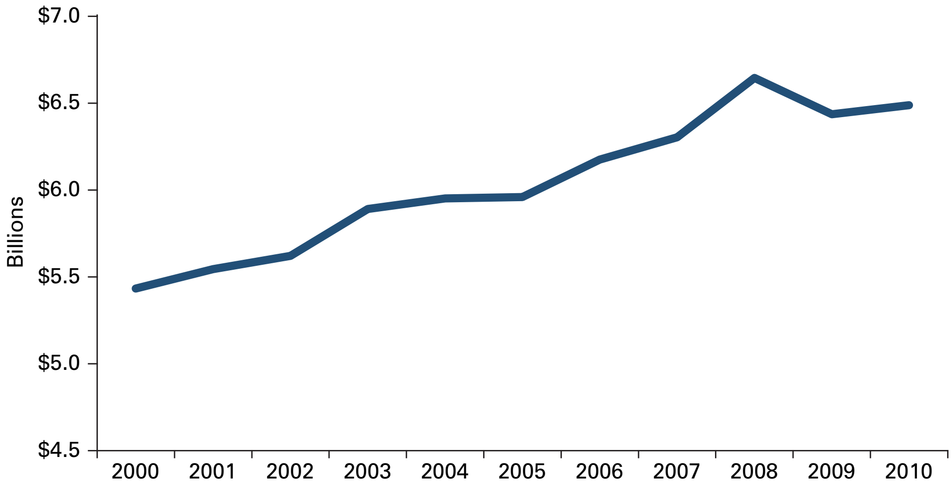
Richmond (Wayne County) is at an intersection to redefine itself after a large-scale loss of its historically dominant manufacturing jobs in recent years. The overall economy in Wayne County continues to recover after the Great Recession, but at a much slower pace than the state and other counties. There are several big problems hanging over our region: high unemployment, a declining and aging population, a tepid housing market, and the shortage of skilled workers. The main question Wayne County faces today is not just how to recover from the recession, but how to reshape its economic structure and revitalize its economy and community.

This article provides an overview of Wayne County and surrounding counties in regard to recent economic performance and an outlook for 2013. The surrounding counties are Fayette, Franklin, Henry, Randolph, Rush and Union. This article mainly focuses on Wayne County, but also analyzes some key economic indicators for these surrounding counties.

Total Personal Income

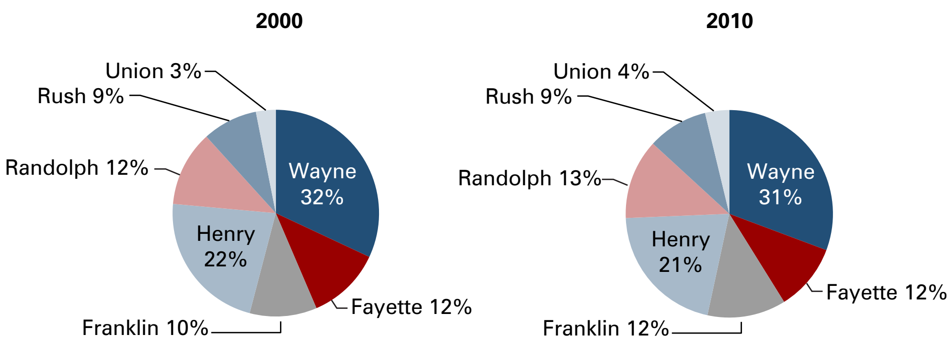
Since the public regional gross domestic product (GDP) data are unavailable for Wayne County and surrounding counties, we used total personal income (TPI),[1] as an approximation for GDP to measure the overall economic activity in our region. The regional total TPI bounced back in 2010 after the 2009 slump (see **Figure 1**). Our region had a TPI of $6.5 billion in 2010 and accounted for 2.9 percent of the state total. Comparatively, the TPI of our

Figure 1: Richmond Region's Total Personal Income, 2000 to 2010



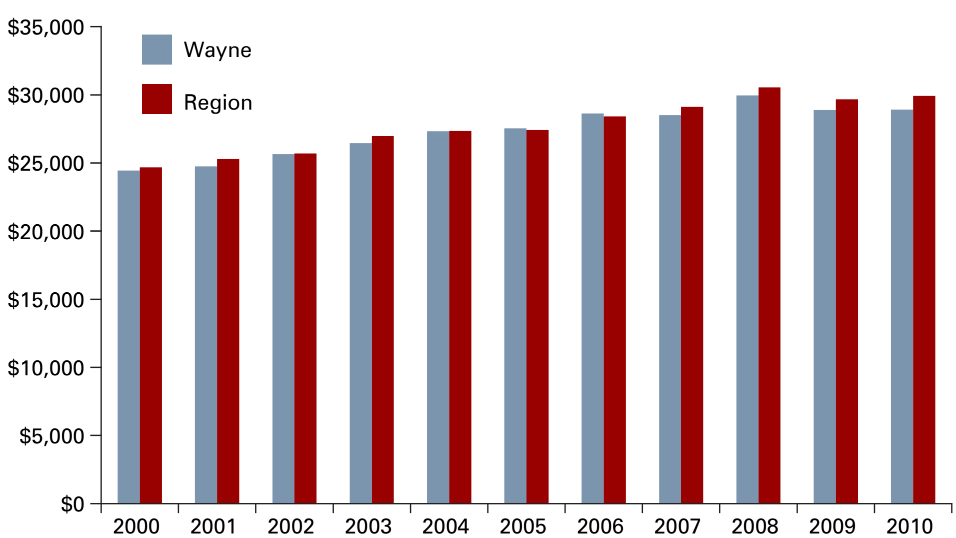
Note: The Richmond region includes Fayette, Franklin, Henry, Randolph, Rush, Union and Wayne counties.
Source: Bureau of Economic Analysis Regional Fact Sheets

Figure 2: The Breakdown of Regional Total Personal Income, 2000 and 2010



Source: Bureau of Economic Analysis Regional Fact Sheets

Figure 3: Per Capita Personal Income for Wayne County and Region, 2000 to 2010



Source: STATS Indiana, using Bureau of Economic Analysis data

region was $5.4 billion in 2000 and accounted for 3.3 percent of the state total. At the county level, Wayne still has the largest share of TPI in our regional economy, but its share fell from 32 percent in 2000 to 31 percent in 2010 (see **Figure 2**). Fayette and Henry counties also declined in their economic weights, while Franklin, Randolph and Union counties gained more shares in the regional economy. Rush County remained the same.

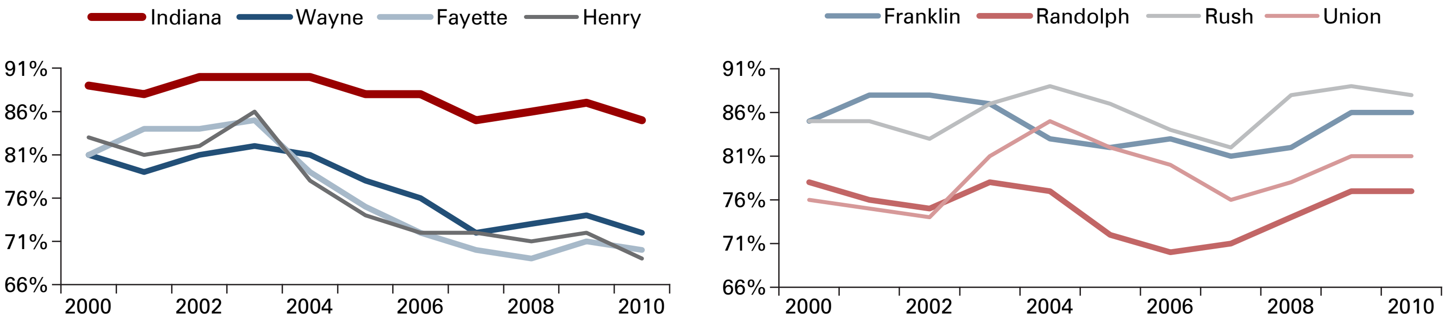
Per capita personal income (PCPI) has gradually improved in the past decade (see **Figure 3**). In 2010, the regional PCPI was $29,928, about 88 percent of the state average ($34,028) and 75 percent of the national average ($39,791). Wayne County had a PCPI of $28,916 in 2010, ranking 74th in the state and reflecting an increase of 0.1 percent from 2009. The 2009-2010 state change was 2.0 percent and the national change was 2.8 percent. In 2000, the PCPI of Wayne County was $24,442 and ranked 46th in the state. Wayne County's 2000-2010 annual growth rate for PCPI was 1.7 percent, compared to 2.2 percent for the state and 2.8 percent for the nation.[2]

Interestingly, the surrounding counties' PCPIs fall into two distinct groups (see **Figure 4**). Fayette County and Henry County have the same downward trend on their PCPIs as a percent of the national average as Wayne County does. In contrast, Franklin, Randolph, Rush and Union have a notable uptick on their PCPIs in terms of percent of the national average since 2007. This outcome echoes the percentage changes of regional TPI shown in **Figure 2**.

Population

Like other rural areas in the Midwest, Wayne County has been experiencing a sustained population decline, and the spiral down will continue in the foreseeable future (see **Table 1**). The population in 2011 was 68,643, which was 4.6 percent lower than in 1990. The projected population in 2030 according to the Indiana Business

Figure 4: Per Capita Income as a Percent of the United States, 2000 to 2010



Source: Bureau of Economic Analysis's Regional Fact Sheets

Table 1: Population over Time and Projections for Wayne County, 1990 to 2030

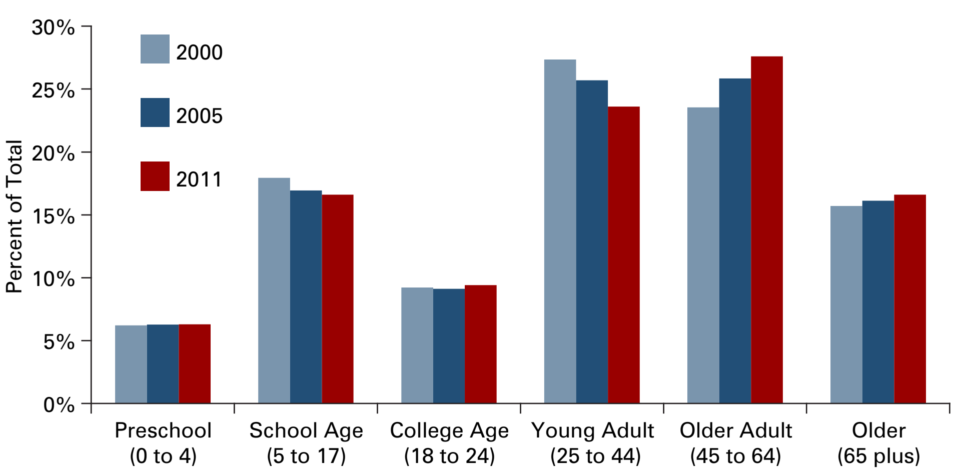
	1990	1996	2001	2006	2011	2015*	2020*	2025*	2030*
Total Population	71,951	72,019	70,513	68,551	68,643	68,110	67,142	66,250	65,321
Change since 1990	n/a	68	-1,438	-3,400	-3,308	-3,841	-4,809	-5,701	-6,630
Percent Change since 1990	n/a	0.1%	-2.0%	-4.7%	-4.6%	-5.3%	-6.7%	-7.9%	-9.2%

*Data are projected.
Source: Hoosiers by the Numbers, using U.S. Census Bureau and Indiana Business Research Center data

Research Center (IBRC) is 65,321, down 9.2 percent from 1990. The surrounding counties' population will follow the same path as that of Wayne County except Franklin and Union counties. Both Franklin and Union have had a steady increase in their population since 1990, and this upward trend is projected to continue.

The age makeup of Wayne County's population has also changed in the past decade. The median age was 37.8 in 2000, 39.5 in 2005 and 40.5 in 2011. The largest population group by age was young adults (age 25 to 44) in 2000, about 27 percent, while it was older adults (age 45 to 64) in 2011, about 28 percent (see **Figure 5**). This trend shows that the population in Wayne County is aging, which has implications for economic growth. Compared to its six neighboring counties, Wayne County had the lowest median age in 2011, while Henry County had the highest median age of 41.8. At the same time, our region's median age of 41 was much higher than the state (37.1) and national (37.3) median ages.[3]

Figure 5: Population by Age for Wayne County, 2000, 2005 and 2011

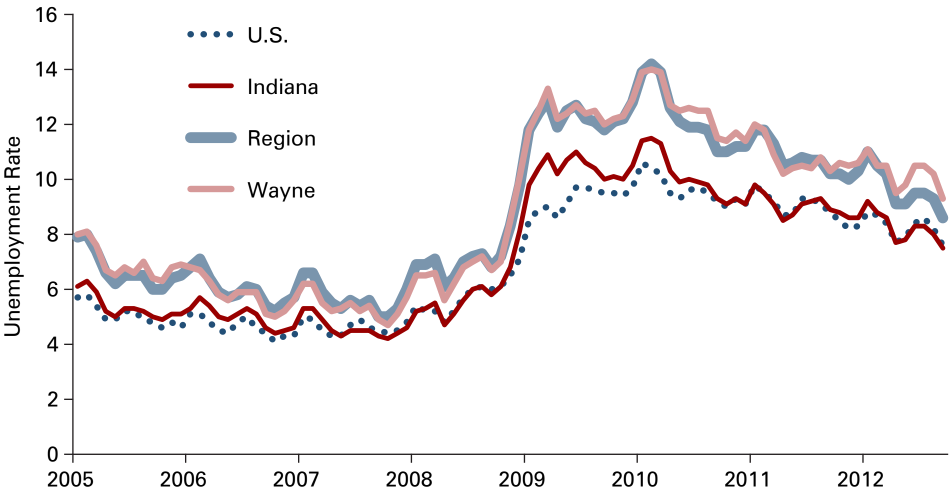


Source: STATS Indiana, using U.S. Census Bureau data

Labor Market

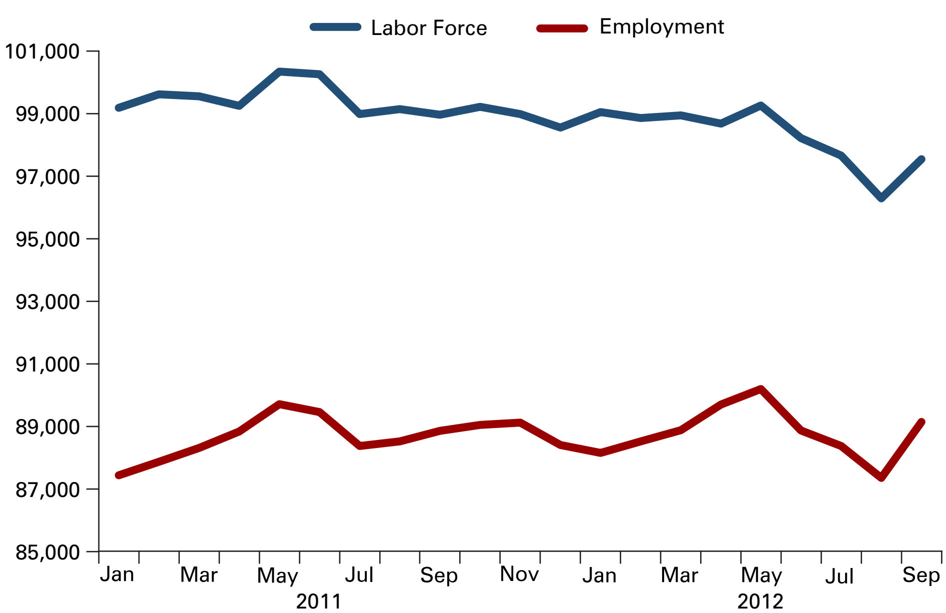
The overall unemployment rate has slowly trended down since 2010 in this area (see **Figure 6**). The regional unemployment rate for September 2012 was 8.6 percent. Although the regional unemployment rate is on a downward trend, it is still higher than the national rate of 7.6 percent and the state's 7.5 percent rate (not seasonally adjusted). Among all seven counties, the unemployment rates of Fayette, Henry, Randolph and Wayne are above the state and national levels, while Franklin, Rush and Union have unemployment rates lower than the state and national rates.

Figure 6: Unemployment Rates, January 2005 to September 2012



Note: Data are not seasonally adjusted.
Source: STATS Indiana, using Bureau of Labor Statistics data

Figure 7: Labor Force and Employment for the Region, January 2011 to September 2012



Source: Indiana Department of Workforce Development, Local Area Unemployment Statistics (LAUS)

The downward trend in the unemployment rate does not tell the whole story about the regional labor market. The data on the labor force and employment for all seven counties actually may raise some eyebrows. The labor force and employment numbers have both seen a substantial decrease, particularly since May 2012 (see **Figure 7**). Before May 2012, the labor force stayed around 99,000 with employment around 89,000, but in August 2012, the labor force slumped to 96,281 with employment of 87,344. This suggests that the local labor market is weakening with fewer available jobs, causing job seekers to drop out of the labor market or move out of the area.

The employment pattern has also been shifting in our region. Total nonfarm jobs totaled 64,114 in 2011, about an 11 percent slide since 2007 (see **Table 2**). The top five local employment sectors are: government, manufacturing, health care and social assistance, retail trade, and accommodation and food service.

Manufacturing used to be the largest employment source in this area, but its weight in overall employment has gradually declined from 21.5 percent in 2007 to 18.5 percent in 2011. Most sectors experienced job cuts during this time frame with the exception of health care and social assistance. There has been a steady increase in employment in health care and social assistance over the years in our region. We anticipate this economic sector will keep growing in the future and will become the largest source of employment in the region.

Earnings

In contrast to the weakening labor market, our region sees a positive change in the average annual income for most industries. In 2011, the average annual earnings for all industries was $30,703 (see **Table 3**), a 1.8 percent increase from 2007; however, that is about 23 percent lower than the state average. Although the manufacturing sector still has the highest wage in this region, comparatively its average annual earnings dropped by about 2 percent in the past five years. We anticipate the average income will grow steadily under the current economic circumstances, but the earning disparity between our region and the state average will persist for a long time.

Housing

The local housing market reveals mixed information. Building permits

Table 2: Employment by Sector for the Richmond Region, 2007 to 2011

	2007	2008	2009	2010	2011	Change since 2007	Percent Change 2007–2011
Total Employment	72,125	70,093	65,211	63,369	64,114	-8,011	-11.1%
Manufacturing	15,502	14,051	11,783	11,550	11,854	-3,648	-23.5%
Retail Trade	8,902	8,665	8,207	8,088	8,146	-756	-8.5%
Health Care and Social Assistance	8,617	8,530	8,806	9,067	9,535	918	10.7%
Accommodation and Food Service	5,657	5,955	5,795	5,532	5,657	0	0.0%
Federal, State, and Local Government	13,307	13,294	13,117	12,697	12,380	-927	-7.0%

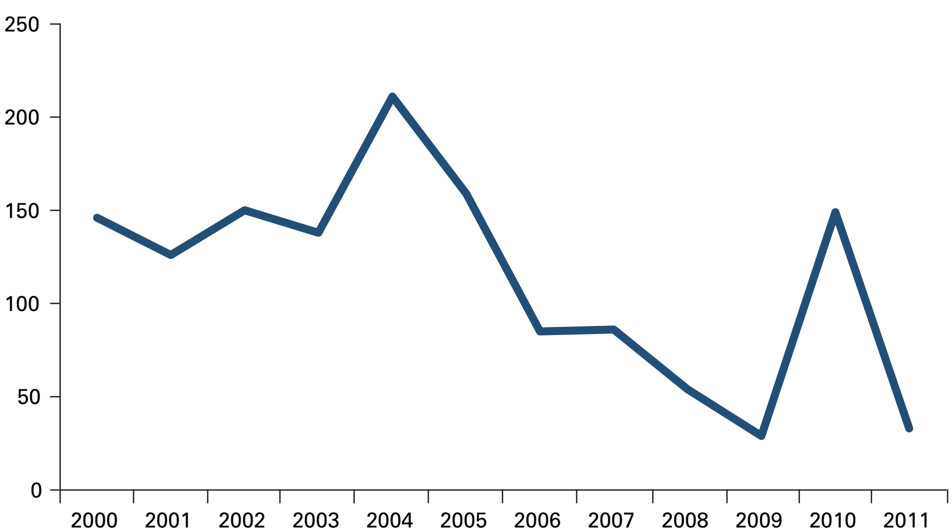
Note: The Richmond region includes Fayette, Franklin, Henry, Randolph, Rush, Union and Wayne counties.
Source: Indiana Department of Workforce Development data aggregated by the author

Table 3: Average Annual Earnings by Industry for the Richmond Region, 2007 and 2011

	2007	2011	Change	Percent Change	2011 State Average	Percent of State
All Industry	$30,156	$30,703	$547	1.8%	$39,969	76.8%
Manufacturing	$45,185	$44,322	-$863	-1.9%	$55,401	80.0%
Retail Trade	$19,241	$20,364	$1,123	5.8%	$23,442	86.9%
Health Care and Social Assistance	$28,564	$29,805	$1,241	4.3%	$40,838	73.0%
Accommodation and Food Service	$10,310	$11,535	$1,225	11.9%	$13,528	85.3%
Federal, State, and Local Government	$29,669	$31,573	$1,904	6.4%	$40,086	78.8%

Note: The Richmond region includes Fayette, Franklin, Henry, Randolph, Rush, Union and Wayne counties.
Source: Indiana Department of Workforce Development data aggregated by the author

Figure 8: Wayne County Building Permits, 2000 to 2011



Source: STATS Indiana, using Bureau of Labor Statistics data

were way off the peak of 211 in 2004. However, there was a surprising jump in 2010 to 149 permits from 29 in 2009 (see **Figure 8**), followed by a disappointing drop in 2011 to 33 permits. There were 503 house sales in Wayne County in 2012 (through October 1)—an increase of 56 sales relative to 2011. Furthermore, the average sale price of $91,465 represents a 10.7 percent increase over 2011 (see **Figure 9**). Even with the exciting news of increased home sales, there is a longer waiting period to dispose of remaining houses for sale. The average number of market days is 155, up from 128 days in 2005. Surely, the housing market, which has experienced the adverse effects of the 2008 financial crisis, is moving toward the bright side of full recovery.

Business and Investment Activity for 2012

In 2012, the Economic Development Corporation (EDC) of Wayne County did an excellent job partnering with existing companies to expand their production lines, as well as attracting new investments.

The EDC closed eight projects in 2012 which anticipate generating $39.5 million in new private investments. Those projects created or retained about 458 jobs. The new projects invested in by the EDC through 2012 were:

- Golden Engineering, Inc. purchased new manufacturing equipment to add new product lines.
- Silgan White Cap purchased new equipment and provided training for employees using the equipment to increase technological advantage.
- Hill's Pet Nutrition trained its employees and will create 12 new jobs by 2013.
- Transilwrap Company added new equipment that will lead to new technology and jobs.
- Suncall America, Inc. expanded its operation for its new automotive orders. It will create 10 new jobs.
- Berry Plastics Corporation created 10 new jobs and invested $4.4 million in a new project.
- B & F Plastics, Inc. added a new product line and created eight new full-time jobs.
- Sugar Creek Packing Company announced the relocation to Wayne County. The new business will create 400 jobs and install five cooking lines by 2016.

Outlook

The global economy has much more impact on the regional economy today than 20 years ago. The World Bank's new chief economist, Kaushik Basu, said "The ongoing European debt crisis could weigh on the world economy for years, forcing policy makers to rethink their approaches to restoring growth and boosting job creation."[4]

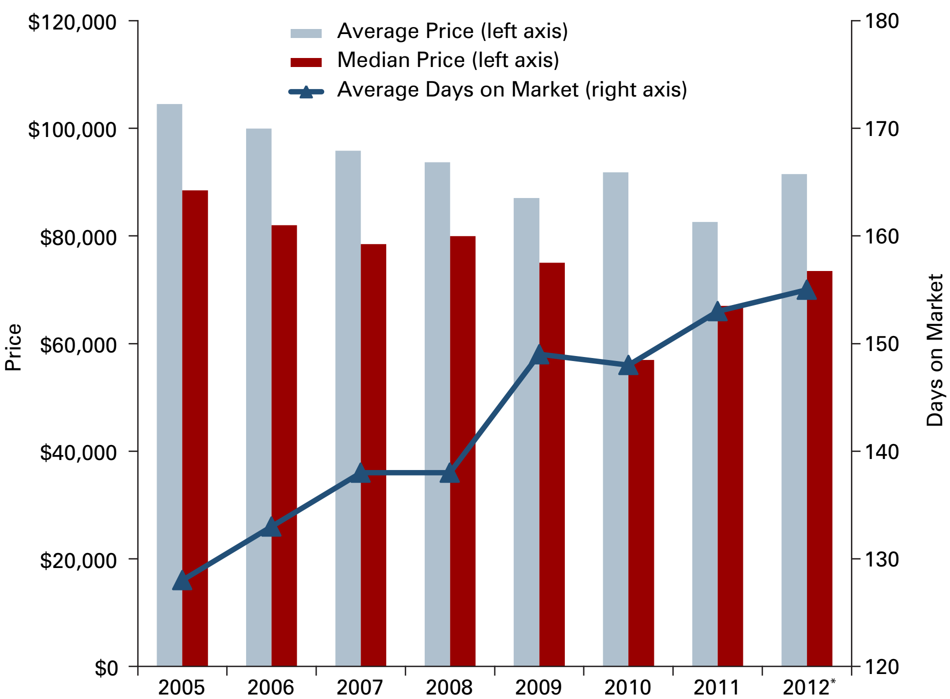
The sluggish global economic growth will impact the U.S. economy, which in turn will impact Richmond's regional economy given their interdependence. Furthermore, many businesses have been waiting for clearer economic policies to be defined by the outcome of the general election.

In summary, due to policy uncertainty in the global and national economies, the outlook for the regional economy in 2013 is mixed. Overall, we expect moderate economic growth; however, in some sectors, such as health care and social assistance, we might see faster growth.

Notes

1. Total personal income includes net earnings by place of residence; dividends, interest, and rent; and personal current transfer receipts received by residents in the area.
2. Source: Bureau of Economic Analysis Regional Fact Sheets
3. Median age was calculated by the IBRC and by the author using U.S. Census Bureau data.
4. "World Bank Sees Long Crisis Effect," *Wall Street Journal*, October 2, 2012.

Figure 9: Housing Sales Details for Wayne County, 2005 to 2012



*2012 data are from January to October 1.
Source: Paragon-Wayne County MLS Service