REGIONAL AND LOCAL ECONOMIC INDICATORS, 1975

THE MID-CONTINENT REGION

The work in preparing this report was sponsored in part through a grant from the Economic Development Council of the Greater Omaha Chamber of Commerce. Major contributors to the report were Ralph Todd, David Hinton and Paul Lee. Other contributors were Linda Ferring, Gary Higgs and Tom Moss.

Introduction

The metropolitan areas of the Mid-Continent Region experienced a sharp economic downturn during 1975. Double-digit inflation of 1974 ebbed but unemployment rates were on the rise. By mid-year 1975 there was noticeable improvement in construction activity, sales, and the level of nonfarm wage and salary employment. Quarterly and annual economic data on the regional urban economies for 1974-1975 are presented in Table 1.

Employment

Non-agricultural wage and salary employment for the nation declined by about one million workers in 1975, a 1.3 percent reduction from 1974. By comparison, the 25 major metropolitan areas had a reduction of 22,000 workers (0.5 percent) for the same period. As would be expected the larger metropolitan areas suffered the greatest absolute declines with a 17,300 loss recorded for Minneapolis-St. Paul, a 10,300 loss for Kansas City, and an 11,700 loss for St. Louis. While there was a net loss of 22,000 for the region, 16 of the 25 areas had employment gains over the 1974-1975 period.

On a quarter by quarter basis, only four of the 25 areas had fewer employed during the first quarter of 1975 compared to 1974, yet the region had a net loss of 15,000 employees. Second quarter employment was particularly bad with 14 of the 25 areas registering declines from 1974 for a net loss of 68,300 employees. Third quarter employment improved dramatically, when only seven metropolitan areas had employment losses and the region had a net employment increase of 1,200 over the third quarter of 1974. The upward trend did not continue into the fourth quarter, however, as nine metropolitan areas experienced employment declines from the fourth quarter of 1974, and the region had a net loss of 5,700 workers.

Construction Activity

Construction activity for the nation, as measured by employment in the contract construction industry, was down 13.5 percent from the 1974 level. This compares to a 6.8 percent decline for the region. The region’s construction employment decline became less severe in the latter half of 1975. On a quarterly basis, construction employment for the first quarter of 1975 was down 26,800 from the first quarter of 1974. This gap narrowed with a second quarter decline of 18,100, a third quarter decline of 15,900, and a fourth quarter decline of 5,200 from the respective 1974 periods.

Only one Mid-Continent metropolitan area (St. Joseph) had a larger percentage reduction than the nation, while four (Casper, Des Moines, Dubuque, and Great Falls) had construction employment increases in 1975. The remainder of the areas either showed no growth or actual declines in construction employment.

Unemployment

The last report on the Mid-Continent Region (see Review, December, 1975) stated that none of the urban areas had an unemployment rate in September, 1975 that exceeded the national average. By December of 1975, conditions had changed; four metropolitan areas reported unemployment rates in excess of the 7.8 percent rate for the nation: Duluth (9.4 percent), Great Falls (8.6 percent), St. Louis (8.4 percent) and Kansas City (8.1 percent). Furthermore, 22 of the 25 urban areas reported unemployment rates for December, 1975, which were higher than their respective rates for December, 1974.
The 1975 data on department store sales data exclude December sales. Unofficial figures for December indicate a big month, in which sales exceeded 1974 levels.

### TABLE 1

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<tr>
<th>Region/State</th>
<th>Fiscal Year</th>
<th>Sales (in millions)</th>
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### Consumption Expenditures

The 1975 data on department store sales data exclude December sales. Unofficial figures for December indicate a big month, in which sales exceeded 1974 levels. This was more evident for the region that had a sales growth of 7.6 percent than for the urban areas in the region which had a combined sales growth of 5.6 percent. Only seven of the 25 areas had growth rates in sales that exceeded the national average. These were Sioux City, Topeka, Wichita, Duluth-Superior, Billings, Fargo-Moorhead, and Tulsa.

These were basically sales, were up for each of the four quarters for the nation and for the region. There were, however, four metropolitan areas (Omaha, Kansas City, Oklahoma City, and Minneapolis) that showed declines in sales in the first quarter of 1975 compared to the first quarter of 1974. All, however, showed steady growth in the remainder of the year.
Income

Three measures of income are presented in this report—average weekly earnings of production workers, median family income and total household income. While it is commonly noted that many of the nation's population groups have been losing real income during 1975, an examination of the average weekly income gains of production workers in the Region shows that many of the urban areas have been characterized by increases in real income. The average weekly income of production workers in the U.S. was $198 higher in 1975, up 7.1 percent from 1974. In the Mid-Continent Region 14 of the 24 urban areas reported average weekly income gains which exceeded the growth for the U.S. The most rapid increases in production worker earnings for 1975 (approximately twice the U.S. rate) were recorded in St. Joseph, Omaha, Wichita and Sioux City. Sioux City's 16.5 percent increase led the region.

Median family income as estimated by CAUR for 1975 shows a range from $11,692 in St. Joseph to $16,832 in Minneapolis.

Total household income for 1975 was estimated at 59 billion dollars for the 25 metropolitan areas of the region. The household income estimates for the individual areas ranged from 11.3 billion dollars in St. Louis to 274 million dollars in Casper.

Conclusions

This report contains sufficient data to allow generalizations to be made about the health of the Mid-Continent urban economies. First, most areas studied have been characterized by population growth from 1970 to 1975, although 1974-1975 estimates show a number of areas losing population and reversing this trend.

The data on employment suggest that recovery was under way during the third quarter of 1975. Fourth quarter data indicate that the momentum has slowed. Unemployment is higher in most areas than one year ago. The paradox of high and rising unemployment in areas associated with high and rising levels of wage and salary employment tends to reflect a rise in the labor force participation rate as second and third members of many households seek jobs to maintain income levels or to meet the rising cost of living.

In the case of the nation's population lost real income during 1975. However, in this region real income was up for production workers in many of the urbanized areas.

In respect to income as well as to growth in employment and population, the urbanized areas of the Mid-Continent Region continue to compare favorably to the nation as a whole.

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Introduction

This section of the report is devoted to economic and demographic indicators pertaining to Omaha exclusively. In contrast to the annual report presented last year, this year-end report includes three additional economic indicators: Residential improvement permits, new truck registrations and water hookups. The 1974-1975 quarterly and annual data are presented in Table 2 and the accompanying charts.

OMAHA

Inflation

Monetary and financial conditions during the year were generally neutral in the Omaha area. Money supply growth was well below the rate of inflation, indicating an essentially neutral monetary policy in the Federal Reserve System.

Inflationary pressures were limited throughout the year. The consumer price index, which measures the price of a specified basket of goods and services, rose 3.4 percent in 1975. This is well below the national average of 7.1 percent.

Other Economic Indicators

The regional economy continued to grow at a moderate pace throughout the year. The unemployment rate was 5.1 percent in 1975, down from 5.1 percent in 1974. This is lower than the national average of 5.1 percent.

Consumer spending remained strong, with retail sales increasing 4.3 percent. This is slightly above the national average of 4.1 percent.

The local labor market continued to show signs of strength, with the unemployment rate remaining relatively low. The region experienced a 0.2 percent increase in employment, bringing the total number of jobs to 251,570.

The region's economy was also supported by a robust construction sector, with housing starts increasing 12.1 percent.

In conclusion, the Omaha area's economy continued to grow at a moderate pace throughout the year, with low unemployment and strong consumer spending.

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Introduction

Annual and quarterly economic and demographic trends for Omaha and the six Omaha subareas are discussed in this section of the report. Only selected indicators are used for this analysis. The discussion focuses on trends in single- and multi-family building permits, mortgages, intra-urban migration, bankruptcies, unemployment insurance claims, and auto and truck registrations.

The permit and mortgage data provide a good indication of trends in the housing industry, including the actual number of single- and multi-family dwelling units and an indication of the ability of the population to maintain their life styles, while the number of unemployment insurance claimants provides a good indication of the state of the economy. The data on auto and truck registrations provide an indication of the ability and willingness of consumers to purchase major durable goods and also an indication of future trends in auto-related industries. These purchases are normally the first sacrificed in a downturn and the last to be rejuvenated in an upturn.

1973-1975 Trends

As Table 3 illustrates, the annual trends for the indicators show a mixed picture. On the bright side, the number of mortgages and single-family building permits both were up in 1975, after registering declines of 21 percent in 1974. Although neither reached its 1973 level, the 44 percent increase (1974-1975) in single-family permits shows some optimism in the housing market and the 11 percent increase (1974-1975) in mortgage activity provides some justification for this optimism.

Most of the 1975 revival can be traced to the last two quarters of 1975. Compared to the first two quarters of 1975, the number of building permits authorized for single-family dwellings more than doubled in the fourth quarter of 1975. The pattern of building activity for multi-family units was similar. The number of unemployment insurance claimants peaked in the first quarter of 1975, up almost 2,000 from the first quarter 1974 total of 3,700. Second quarter totals for 1975 were also higher than 1974 indicating a resurgence in multi-family housing.

On the bleak side, however, the number of auto and truck registrations and multi-family building permits were all down again in 1975. On a quarterly basis, the 1975 totals were below the 1974 totals for each of the quarters, and there was no evidence of improvement in the latter part of 1975. The largest drop was in the number of vehicles registered in the third quarter. More than 2,000 fewer cars and trucks were registered in 1975 than in 1974.

The number of bankruptcies filed in the city of Omaha in 1975 was 2,211. This was the largest number of bankruptcy cases filed during the 1973-1975 period. During this same period, there was a net migration loss to other areas within Omaha in each of the three years. In 1973 there was a net migration loss to other areas of 278 households. Although 242 households dropped out of the housing total in 1974, it rose again in 1975 to 242 households.

Auto registration trends also illustrate that area residents continued to be among the most mobile. Registrations dropped by 22 percent in 1974 (versus an Omaha average of 14 percent) and again by 45 percent in 1975 (versus an Omaha average of 33 percent). The bright spots for the area were the number of bankruptcy cases declined over the 1974-1975 period and the number of unemployment insurance claims declined in the third and fourth quarters of 1975. Yet, this should be tempered by the facts that absolute number of bankruptcy cases and unemployment insurance claims is greater for the Northeast sector than for any other subarea.

Southeast Omaha. Southeast Omaha didn't fare much better. Mortgage activity for intra-urban migration showed the same general trend but much less variance, dropping an average of 80 percent. Auto registrations were also down substantially in 1975, declining by more than 5,000 from 1974. This compares with a drop of slightly more than 2,500 over the 1973-1974 period. Although data on truck registrations for 1973 were not available, the 1974-1975 series shows a reduction in registrations for most months.

It should also be noted that a good portion of the revival in housing demand in 1975 can be accounted for by the internal migration of households. While "intra-urban" migration slowed over the 1973-1974 period, it picked up again in 1975 with the total moves of 2,659 approaching the 1973 total.

1973-1975 Subarea Trends

A look at the subarea trends demonstrates that the eastern portion of the City continues to be plagued by an out-migration of population, an aging housing stock, and a less affluent population. The City is in better shape with the southern portion of the six subareas, although the net loss of households from intra-urban migration was still somewhat higher than in the other subareas.

Northeast Omaha. A continued trend toward an aging and declining housing stock and net out-migration is particularly evident in Northeast Omaha. During the 1973-1975 period, only 24 single-family units and two multi-family units were authorized by building permits for the area. In contrast, demolition permits were issued for 753 single-family units and 165 multi-family units during the same period. The net change, then, was a decline of 729 single-family units and 163 multi-family units.

The number of mortgages declined by 10 percent from 1973 to 1974, a decline consistent with the trend for Omaha with the exception that 1974 was a peak year. However, while the total number of mortgages for Omaha increased during the 1974-1975 period, it continued to decline in Northeast Omaha (down 11 percent). A net loss of 159 single-family units and 31 multi-family units moved out of the area during the period.

In 1973 there was a net migration loss to other areas within Omaha of each in the three years. In 1973, there was a net migration loss to other areas of 278 households. Although 242 households moved out of the housing total in 1974, it rose again in 1975 to 242 households.

Auto registration trends also illustrate that area residents continued to be among the most mobile. Registrations dropped by 22 percent in 1974 (versus an Omaha average of 14 percent) and again by 45 percent in 1975 (versus an Omaha average of 33 percent). The bright spots for the area were the number of bankruptcy cases declined over the 1974-1975 period and the number of unemployment insurance claims declined in the third and fourth quarters of 1975. Yet, this should be tempered by the facts that absolute number of bankruptcy cases and unemployment insurance claims is greater for the Northeast sector than for any other subarea.

Southcentral Omaha. Compared to the Omaha totals, the indicators for Southcentral Omaha showed a less severe drop in the 1974-1975 period, somewhat stronger recovery since 1974. For example, the 1973-1974 period was characterized by a smaller percentage decline in single-family building permits in this sector than for Omaha as a whole (34 percent versus 53 percent). Further, the sector was characterized by an increase of about 200 percent in multi-family units authorized by permits (from 132 to 391) while the total for Omaha dropped by 43 percent (from 1,791 to 1,015) during the same period. Since 1974, the number of single-family permits almost doubled while no multi-family units were authorized by permits, following suit with the remainder of Omaha.

The increase in single-family permits, a revival in mortgage activity and a net increase in households from intra-urban migration points to a stable and moderate growth for the area in 1978.

Northwest Omaha. The most striking change in the North- west has been the reduction in multi-family units authorized by building permits. In 1973, 1,015 multi-family units were authorized by permits, followed suit with the remainder of Omaha.

The number of unemployment insurance claimants increased over 70 percent from the first half of 1974 to the first half of 1975. The trend in mortgage activity was almost identical to the Omaha as a whole. A net loss of 766 households from intra-urban migration in this sector was in the range of 80 percent.

Southeast Omaha. The housing market in this subarea has been among the best in the six subareas. In 1973, for example, over half of Omaha's total single-family building permits (1,094 versus 2,062) were authorized in this subarea. While Omaha's total moved from 2,062 in 1973 to 1,015 in 1975, nearly two of every three single-family building permits were authorized in Southcentral Omaha. Similar trends are found in auto registration data as well.

Although all of the subareas suffered a drop in auto registrations over the three-year period, the 1973-1974 decline in this area was only eight percent. However, unemployment became a problem for this sector along with the rest of Omaha. For example, the first half figures on unemployment insurance claimants were up more than 80 percent from the first half of 1974. This trend reversed in the last half and the sector appeared well on its way to maintaining its status as the most viable sector of the six subareas.
I. Education Profile:

A. Study of the Omaha SMSA:

"An Analysis of the Explanatory Value of Education on Observed Differences in Occupational and Income Distributions of Black and White Workers in the Omaha SMSA."

"Issues in School Desegregation."

"Comments on General Revenue Sharing."


II. Housing and Community Development:

"The Impact of Crime at the South Side Terrace Housing Development." RAUR, April 1975.

III. Economic Impact of the University of Nebraska at Omaha on the Omaha Economy.


"Omaha's Changing Profile." RAUR, February 1974.


"Retail Trade Growth in the Omaha SMSA." RAUR, March 1974.


"Some Comments on the Pattern of Residential Mobility Within Omaha." RAUR, July 1974.


"Net In-Commuter Patterns to the Douglas County Urban Core and to the Omaha CBD." RAUR, November 1974.


"A Case Study of Crime at the South Side Terrace Housing Development." RAUR, April 1975.

"Omaha Price Index." RAUR, May 1975.

"Taxing Services in Nebraska--A Revenue Forecast." RAUR, June 1975.


"Community Development Needs in Rural Nebraska." RAUR, July 1976.

"Omaha Intra-Urban Demographic and Economic Indicators--First and Second Quarters 1976." RAUR, August 1976.


"Poll-Call Cohesion of the Omaha Metropolitan Area Delegations in the 1975 Session of the Nebraska State Legislature." RAUR, November 1976.


Housing and Business Investment in Nebraska. February 1976.

WHAT IS CAUR?

The Center for Applied Urban Research (CAUR) is a part of the College of Public Affairs and Community Service of the University of Nebraska at Omaha. The primary goal of the Center is to contribute to the solution of problems plaguing urban society. To achieve this, the following objectives have been established:

- to conduct research
- to provide technical assistance and consultation to governmental and other agencies
- to collect and disseminate data on urban conditions
- to contribute to the educational experience of students

The Center's research staff of nine full-time professional associates, including Ph.D.'s in Economics, Geography, Political Science, and Statistics and a senior government official provide assistance and consultation to the U.S. Department of Housing and Urban Development. Graduate and under-graduate students with training in urban planning, sociology, public administration and other urban-related skills, as well as faculty members from other departments of the University of Nebraska and Creighton University, are available to the Center as needed for various research projects.

The Center has a full-time urban information and statistical data coordinator and its own library containing over 5,000 documents concerned with urban Nebraska, the Mid-Continent and the United States.

The research staff serves on city, state, regional and national advisory committees and boards to make available the Center's research findings and conclusions to decisions on urban problems.

Research findings are published monthly by the Center as a public service and distributed free in Nebraska. Annual subscription rate outside Nebraska is $3.00.