

Economic Report for LaPorte and Porter Counties

This issue of ECON TRENDS compares information and statistical data about retail sales, buying power, retail and service sector employment, overall unemployment rates and employment outlook surveys between neighboring LaPorte and Porter counties, the state, and the nation.

Retail Growth Continues in Local Counties

With low inflation and unemployment rates, the local retail economy continues to prosper. However, both counties posted retail sales gains that were well below national and state levels in 1999. Nonetheless, additional development in the retail sector is likely to continue in the coming year.

Data on retail sales in LaPorte County indicate 1999 growth in retail sales that is lower than the national and state averages, while still growing at a healthy pace.

In 1999, total retail sales in LaPorte County increased by 19.3 percent, while Porter County posted a gain of 18.4 percent. This compares to an increase for the state of 30 percent while the nation realized growth of 26.5 percent.

In 1998, total retail sales increased by 4.4 percent in LaPorte County and by 7.2 percent in Porter County. Neither county managed to outpace the state's growth of 5 percent for that year. Indiana also stayed ahead of the nation's 5.9 percent gain.

While these figures have not been adjusted for inflation, the 1999 inflation rate calculated from the consumer prices of all items was only 2.2 percent. Table 1 and Figure 1 summarize countywide retail sales by categories, from 1992 to 1999 in both LaPorte and Porter counties. The row labeled Others in Table 1 is significant because it is comprised of figures from several categories, including the many apparel and accessory stores found in Prime Outlets (formerly known as Lighthouse Place) and other shopping areas. Since 1995, the Drug category has been included in Others.



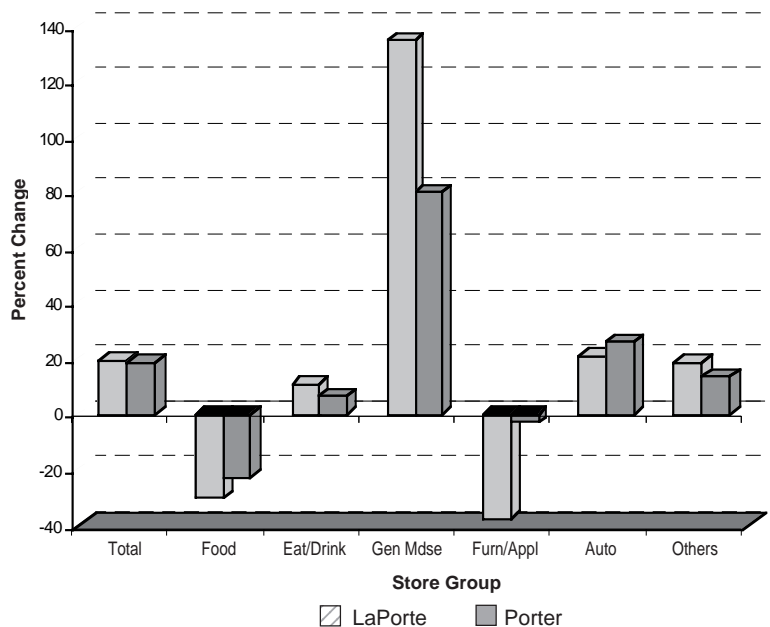
ECON TRENDS is prepared by Tantatpe Brahmasrene, Ph.D. Associate Professor of Economics Purdue University North Central

(Table 1)
RETAIL SALES IN THOUSANDS
LaPorte and Porter Counties

	1992	1993	1994	1995	1996	1997	1998	1999
LAPORTE COUNTY								
Total	696,637	770,449	925,268	978,316	1,007,280	1,031,027	1,076,502	1,283,936
Food	124,452	132,065	148,385	145,391	153,731	163,786	174,176	120,746
Eat/Drink	67,952	77,079	87,434	92,127	94,863	90,039	91,770	101,652
Gen Mdse	101,946	112,642	109,967	110,418	113,045	110,493	111,785	262,535
Furn/Appl	29,674	31,948	47,891	59,144	52,836	55,796	59,650	37,123
Automotive	155,646	186,639	196,365	212,690	215,934	220,428	231,852	279,964
Drug	41,174	43,474	45,623	*	*	*	*	*
Others	75,793	186,602	289,603	358,546	376,871	390,485	407,269	481,916
PORTER COUNTY								
Total	783,702	885,210	982,371	1,070,716	1,146,933	1,212,763	1,300,018	1,539,618
Food	174,050	191,846	186,970	187,078	205,880	195,635	198,349	152,214
Eat/Drink	83,375	96,009	105,450	105,598	113,170	114,377	121,474	129,396
Gen Mdse	77,525	86,134	93,535	132,345	131,208	149,211	164,325	295,486
Furn/Appl	26,367	31,323	36,284	34,989	38,175	41,264	45,074	43,457
Automotive	169,422	206,356	259,908	280,522	308,146	330,951	360,426	453,025
Drug	42,760	45,389	52,076	*	*	*	*	*
Others	210,203	228,153	248,148	330,184	350,354	381,325	410,370	466,040

Source: Sales & Marketing Management 1992-2000 Survey of Buying Power
* Drug is included in Others.

(Figure 1)
RETAIL SALES GROWTH BY CATEGORY
1998-1999

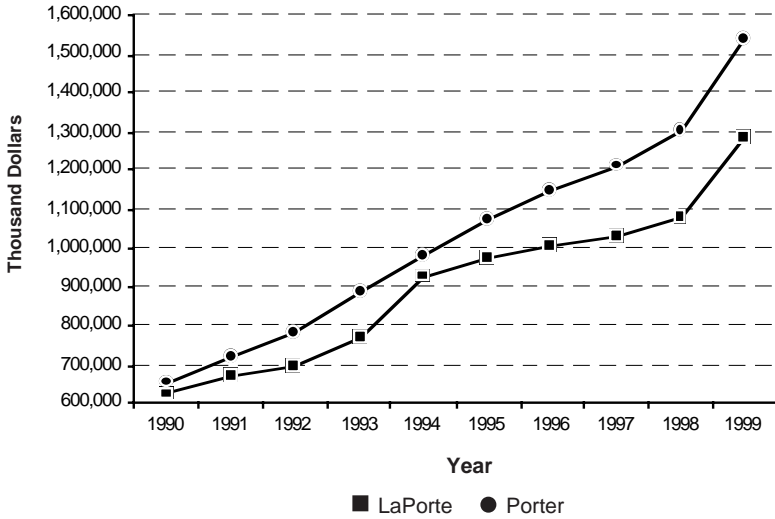


Source: Sales & Marketing Management 1992-2000 Survey of Buying Power

RETAIL GROWTH

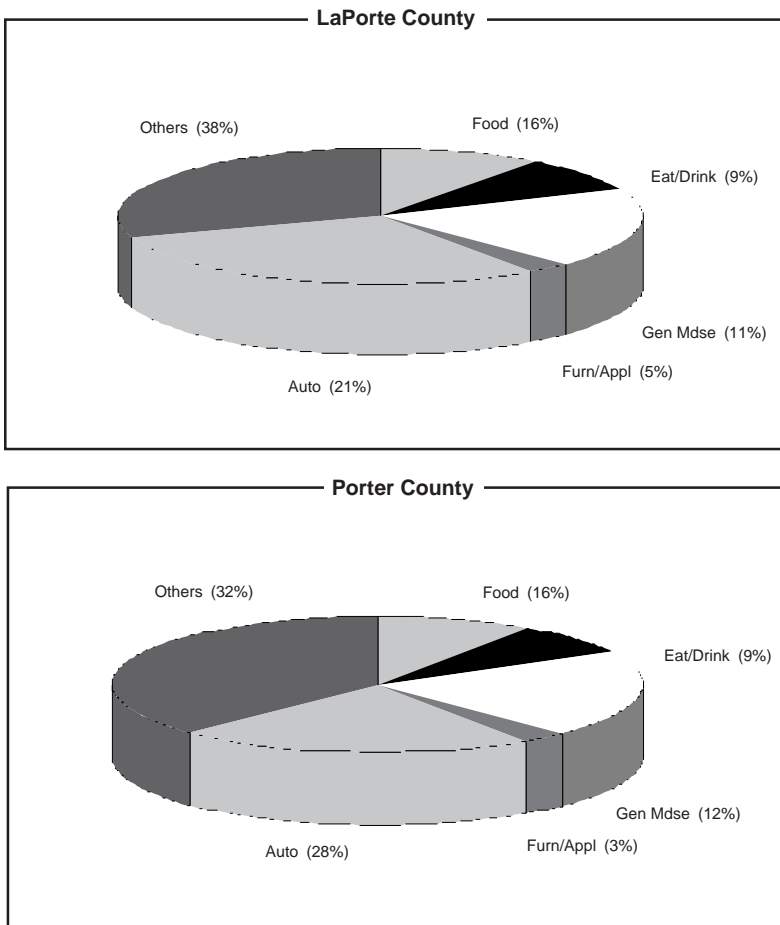
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(Figure 2)
RETAIL SALES TRENDS
 LaPorte and Porter Counties



Source: Sales & Marketing Management 1990-2000 Survey of Buying Power

(Figure 3)
RETAIL SALES BY CATEGORY
 1999



Source: Sales & Marketing Management 1991-2000 Survey of Buying Power

Figure 2 exhibits the trend of retail sales from 1990 to 1999. Porter County has consistently outperformed LaPorte County as well as the state and the nation except in 1999. Beginning in 1997, retail sales grew at an increasing rate in both counties, as well as in the state and the nation. The 1999 growth figures show the latest installment in this growth trend: from 1989 to 1999 the average annual growth rate in retail sales for LaPorte and Porter counties was 7.6 and 9.2 percent, respectively. Porter County's gain outpaced Indiana's growth of 7.6 percent and the national figure of 7.1 percent. It must again be noted that these figures have not been adjusted for inflation and the annualized inflation rate over that period was 2.2 percent.

The growing popularity of Prime Outlets - the factory outlet center in Michigan City - brings in many visitors and their dollars from out of the county and state. The dramatic increase in 1999 shown in Table 1's General Merchandise and Others categories for LaPorte County surely reflects the center's impact. That figure should continue to grow. The local Prime Outlets is one of the top factory outlet centers in both the Midwest and the United States.

Furthermore, since a large number of Prime Outlet's shoppers are from out of county and out of state, a number of these visitors spend money in other local retail and service businesses such as restaurants, which may account for 10.8 percent growth in LaPorte County's Eating and Drinking Places category in Table 1.

Despite the business that Prime Outlets brings to Michigan City, Porter County still surpassed LaPorte County in total retail sales, as indicated in Figure 2. This can be attributed to a larger population and a higher Effective Buying Income (EBI).

Figure 1 shows that from 1998 to 1999, Porter County gained 79.8 percent in General Merchandise. This category includes any establishment that sells a number of lines of merchandise such as dry goods, house wares, hardware, home furnishings and accessories. Also included in this group are department stores, limited-price variety stores and miscellaneous general merchandise stores. Porter County also gained 25.7 percent in Automobile sales.

LaPorte County reflected its largest gain (134.9 percent) in the category of General Merchandise, followed by a 20.8 percent gain in Automobile. During this period both LaPorte and Porter counties experienced a decline in Food and Beverage Stores (30.7 and 23.3 percent, respectively) and the Furniture & Home Finishing and Electronic & Appliances group (37.8 and 3.6 percent, respectively).

What contributes to the total retail sales? As we see the growing number of large general merchandise stores in both counties, we may assume that the largest proportion of total retail sales comes from this General Merchandise category. However, Figure 3 shows that of all the leading categories in 1999, the Other and Automotive categories constitute the largest share of the total retail sales in both LaPorte and Porter counties. The Eating & Drinking Places and Furniture and Appliances categories accounted for the smallest proportion of sales in both counties.

RETAIL GROWTH

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Crucial Factors in the Growth of Retail Sales and Services

Population and buying power are two of the major factors that determine the total value of retail sales and services. According to Indiana Business Research Center estimates, population will continue to grow slowly and steadily in LaPorte County from 1.1 to 0.5 percent (2000-2020). Meanwhile, the population growth rate in Porter County will increase at a decreasing rate from 5.2 to 1.9 percent (2000-2020). The Center estimates that from the year 2000 to 2020, population growth will average .7 and 3.3 percent in LaPorte and Porter counties (respectively) in each five-year period.

Meanwhile, the American population is aging as a result of an increase in life expectancy and a decline in the birth rate. Early middle-agers represented the fastest growing market during the 1980s, and the relative size of the middle-aged market continues to expand as late baby boomers enter middle age.

From the beginning of 1995 to 1999, the total population in LaPorte and Porter counties grew by 0.5 and 6.2 percent, respectively. Table 2 shows the percent of population by age group. The proportion of the population above 50 years of age has been on the rise for the past six years. Population growth and changes in consumer age composition will continue to have profound implications on merchandising. Certainly, this creates new market opportunities that require continuous and innovative adjustments.

Buying Power Stronger in Porter County

The relative wealth of Porter County residents is substantially higher than that of their neighbors in LaPorte County, and the gap is widening. Effective buying income (EBI) is a measure of money income minus personal tax and non-tax payments. Money income is a measurement of income developed exclusively by Sales & Marketing Management. Data from Sales and Marketing Management are estimates for each year. It is the aggregate of salaries and wages, net farm and non-farm income, interest, dividends, net rental and royalty income, Social Security and railroad retirement income, disability income, public assistance income, unemployment compensation, Veterans Administration payments, alimony and child support, military family allotments, net winnings from gambling, and other periodic income. The EBI prior to 1995 was based on 'Personal Income' rather than 'Money Income.' Hence, it is not directly comparable with 1995 and later EBI.

EBI is income that is available for consumption and savings. The EBI indicates an ability to buy, which is quite important to know for business planning and marketing purposes. Table 3 clearly presents the EBI differential among the residents of LaPorte and Porter counties, and that gap has widened.

LaPorte County's median EBI was about 75

(Table 2)
POPULATION BY AGE GROUP
LaPorte and Porter Counties
In Thousands

County	Total	Median Age	% Population by Age Group				Households (,000)
			18-24	25-34	35-49	+50	
1/1/95 LaPorte	109.7	35.5	8.5	15.1	23.5	27.3	39.5
Porter	139.2	33.9	9.5	14.2	25.6	22.9	49
1/1/96 LaPorte	110		8.1	14.8	24.2	27.4	39.8
Porter	140.9		9.1	13.8	26.1	23.1	49.9
1/1/97 LaPorte	110.2		7.9	14.6	24.2	27.8	40
Porter	142.8		8.8	13.7	26.2	23.5	50.8
1/1/98 LaPorte	109.9		7.6	13.6	23.7	28.3	40.1
Porter	144		8.4	13.4	26.5	23.9	51.7
1/1/99 LaPorte	109.9		7.9	13.9	24.4	28.7	40.9
Porter	146.4		8.6	13.0	26.3	24.4	52.9
1/1/00 LaPorte	110.2		7.9	13.6	24.3	29.1	41.2
Porter	147.8		8.6	12.6	26.4	24.8	53.7

Source: Sales & Marketing Management 1995-2000 Survey of Buying Power

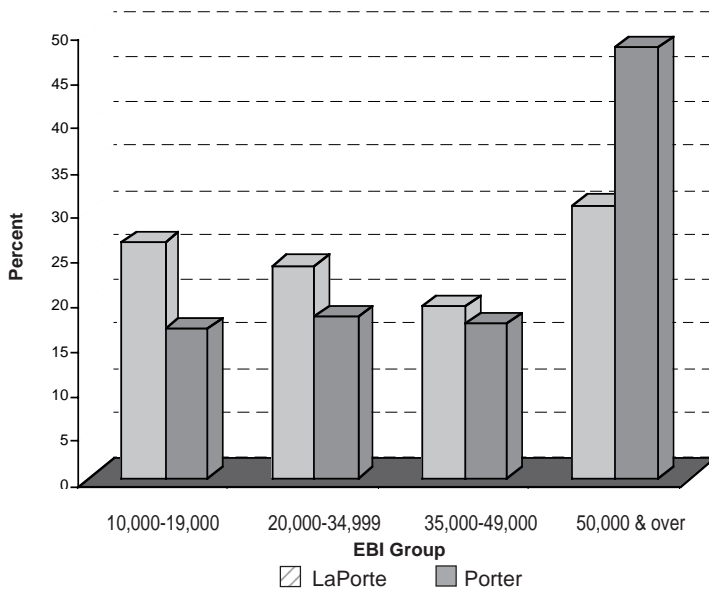
(Table 3)
EFFECTIVE BUYING INCOME (EBI)
LaPorte and Porter Counties
In Thousands

Year	Total EBI	% Change	Median EBI	% Change	% Households by EBI Group			
					\$10,000- \$19,999	\$20,000- \$34,999	\$35,000- \$49,999	\$50,000 & over
LaPorte County								
1988	1,079,966		23,391		23.7	31.4	17.2	9.1
1989	1,146,540	6.2	24,632	5.3	22.6	30.7	18.8	10.6
1990	1,230,323	7.3	25,946	5.3	21.7	29.8	19.9	12.5
1991	1,431,170	16.3	30,184	16.3	18.9	27.6	20.8	20.7
1992	1,501,269	4.9	31,292	3.7	18.4	26.5	20.9	22.7
1993	1,613,089	7.4	33,276	6.3	17.3	24.7	20.9	26.4
1994	1,690,679	4.8	34,884	4.8	16.3	23.8	20.5	29.4
*1995	1,553,699		31,135		30.4	25.8	19.9	23.9
1996	1,623,191	4.5	32,398	4.1	28.9	25.1	19.8	26.2
1997	1,683,021	3.7	33,420	3.2	27.9	24.5	19.7	27.9
1998	1,755,885	4.3	33,764	1.0	27.6	24.2	19.5	28.7
1999	1,810,488	3.1	34,936	3.5	26.3	23.8	19.3	30.6
Porter County								
1988	1,528,373		30,050		17.3	32.6	23.9	14.3
1989	1,671,556	9.4	32,498	8.1	16	28.7	26.7	17.9
1990	1,754,554	5.0	33,371	2.7	15.7	27.7	27.3	19.1
1991	1,869,361	6.5	36,586	9.6	14.8	24.2	24.4	28.1
1992	1,975,468	5.7	37,626	2.8	14.5	23.3	23.6	30.4
1993	2,146,746	8.7	40,041	6.4	13.5	21.5	22.5	34.8
1994	2,298,996	7.1	42,250	5.5	12.4	20.4	21.3	38.8
*1995	2,321,129		41,409		20.4	20.9	20.5	38.2
1996	2,465,772	6.2	43,205	4.3	19.3	20.1	19.6	41.0
1997	2,633,860	6.8	45,207	4.6	18.3	19.3	18.7	43.7
1998	2,793,319	6.1	46,450	2.7	17.7	18.8	18.0	45.5
1999	2,927,978	4.8	48,491	4.4	16.6	18.0	17.2	48.2

Source: 1989-2000 Survey of Buying Power, Sales and Marketing Management

* Note: The EBI prior to 1995 was based on "Personal Income" rather than "Money Income." It is not directly comparable with the EBI in or after 1995.

(Figure 4)
PERCENT OF HOUSEHOLDS BY EBI GROUP
 1999



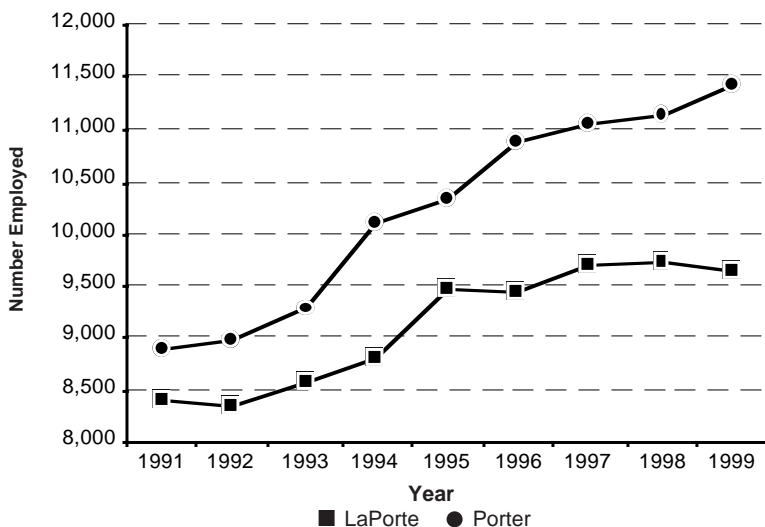
Source: 1989-2000 Survey of Buying Power, Sales and Marketing Management

(Table 4)
RETAIL TRADE EMPLOYMENT
 LaPorte and Porter Counties

SIC	Retail Trade	1998		1999		1st Quarter 2000		Change 1998-99	
		L	P	L	P	L	P	L	P
52	Building materials, hardware, and mobile home dealers	548	616	600	654	607	629	52.0	38.0
53	General merchandise stores	1,552	1,443	1,587	1,474	1,549	1,414	35.0	31.0
54	Food stores	1,021	1,412	1,000	1,378	952	1,329	-21.0	-34.0
55	Automotive dealers and gasoline service stations	1,070	1,596	1,008	1,623	952	1,708	-62.0	27.0
56	Apparel and accessory stores	819	150	731	152	605	141	-88.0	2.0
57	Home furniture, furnishings, and equipment stores	352	308	375	321	379	348	23.0	13.0
58	Eating and drinking places	3,437	4,427	3,411	4,530	3,037	4,224	-26.0	103.0
59	Miscellaneous retail	945	1,175	942	1,289	787	1,296	-3.0	114.0
	Retail Trade Totals	9,744	11,127	9,654	11,421	8,868	11,089	-90.0	294.0

Source: Indiana Department of Workforce Development
 SIC = Standard Industrial Classification

(Figure 5)
RETAIL TRADE EMPLOYMENT TRENDS
 1991-1999



4. Source: Indiana Department of Workforce Development

BUYING POWER

continued from page 3

percent of Porter's in 1995. By 1999, this relative median EBI gap widened to about 72 percent. In comparison with the nation's and state's median EBI in 1999 (\$37,486 and \$37,233 respectively), LaPorte County (\$34,936) was lower than both the state and nation while Porter County showed a much higher EBI (\$48,491).

In comparison with the nation's and state's median EBI in 1995 (\$32,662 and \$32,238 respectively), LaPorte County (\$31,135) was lower than both, while Porter County showed a much higher EBI (\$41,409).

From 1995 to 1999, the average annual growth of median EBI in LaPorte and Porter counties was at 2.9 and 4.0 percent, respectively. This compares to the state's annualized growth of 4.0 percent and the nation's growth of 4.0 percent. During this period, Porter County's total EBI growth averaged 6.0 percent, which easily outpaced LaPorte County (3.9 percent), the state of Indiana (5.0 percent) and the nation (5.0 percent). This shows that the EBI for the top incomes outpaced the growth of the EBI at median income levels.

Table 3 also shows that there are many more households in Porter County in the higher income bracket than there are in LaPorte County. In 1995 about 58.7 percent of Porter County households had EBI of over \$35,000, compared to 43.8 percent in LaPorte County. In 1999, this rose to about 49.9 percent of LaPorte County households having EBI of over \$35,000, compared to 65.4 percent in Porter County (Figure 4). While these figures have not been adjusted for inflation, the trend is clear. The increase in relatively affluent households will stimulate retail sales of top-of-the-line big-ticket items such as automobiles and home furnishings.

Employment Growth in Retail, Service Sector

Although area manufacturing employment still commands the highest share of total employment, retail and service industry employment has grown in both LaPorte and Porter counties. Although jobs have steadily shifted from manufacturing into these sectors over the past decade, this year shows a slight decrease in total retail jobs.

The right-hand column in Table 4 shows a decline of retail trade employment in LaPorte County of 0.9 percent (90 jobs), while Porter County gained 2.6 percent (294 jobs) from 1998 to 1999. Of eight Standard Industrial Classification (SIC) retail codes listed, five in LaPorte County and one in Porter County indicated a decline in employment during this period.

Table 4 clearly shows that the largest percentage reduction of retail trade employment in LaPorte County was in the Apparel and Accessory Stores (-10.7 percent), but this category represented only 7.6 percent of the total retail employment in 1998. In contrast, the largest drop in Porter County was in Food Stores (-2.4 percent).

Porter County gained most of its retail trade employment in the Miscellaneous Retail Stores (9.7

EMPLOYMENT

continued from page 4

percent) while LaPorte County gained most in Building Materials, Hardware and Mobile Home Dealers (9.5 percent) during the period from 1998 to 1999.

Among the retail groups, food and food services account for a major portion of retail employment. In 1999, the Eating and Drinking Places category had the largest share (35 percent in LaPorte County and 40 percent in Porter County), while the share for the Food Stores category was 10 percent in LaPorte County and 14 percent in Porter County.

Figure 5 shows the trends of average annual growth in retail trade employment from 1991 to the first quarter of 1999. From 1991, Porter County yearly average (3.2 percent) has outpaced LaPorte County (1.8 percent).

Table 5 shows that the number of retail trade employers has decreased slightly in LaPorte County from 1998 through 1999. LaPorte County now has 650 retail employers and Porter has 634. The largest number of retail employers was Eating and Drinking Places.

The largest growth in number of retail trade employers in LaPorte County was in Building Materials, Hardware and Mobile Home Dealers (9.4 percent) while Porter County was in Food Stores at 10.4 percent. The largest decline in LaPorte County was Apparel and Accessory Stores (-12.8 percent), while Building Materials, Hardware and Mobile Home Dealers led the slowdown in Porter County (-13.9 percent).

Retail Trade Earnings

According to Table 6, LaPorte's retail workers in 1998 averaged only \$13,178 per year and Porter's only \$14,319 annually. In 1999, average earnings in LaPorte and Porter counties were \$13,665 and \$15,156, respectively. These figures represent an increase of 3.7 and 5.9 percent in LaPorte and Porter counties, respectively. Auto Dealers & Service Stations represent the highest annual average wages (\$23,937) in LaPorte County while Home Furniture, Furnishings and Equipment Stores in Porter County represent the highest annual average wages (\$26,783). Low wages in retail trades are accompanied by less than full-time work hours for many employees. This explains, in part, the unusually low annual wages.

Steady Growth in Service Industry

The service industry shows steady growth in both counties during 1998 and 1999. Table 7 indicates a 2.7 percent (373 jobs) growth in LaPorte County and a 3.5 percent (620 jobs) growth in Porter County during this period. Of 15 service categories, two declined in LaPorte County and four declined in Porter County. In 1999, Health Services represented the highest share of employment (33.5 percent or 4,809 jobs) with Educational Services (about 23.5 percent or 3,367 jobs) second in LaPorte County. The highest share in Porter County was in Educational

(Table 5)
RETAIL TRADE EMPLOYERS
LaPorte and Porter Counties

SIC	Retail Trade	1998		1999		1st Quarter 2000		Change 1998-99	
		L	P	L	P	L	P	L	P
52	Building materials, hardware & mobile home dealers	32	36	35	31	37	29	3	-5
53	General merchandise stores	20	16	20	16	19	16	0	0
54	Food stores	48	48	49	53	46	52	1	5
55	Auto dealers/gas service stations	103	110	99	110	92	110	-4	0
56	Apparel & accessory stores	78	26	68	26	65	26	-10	0
57	Home furniture, furnishings, & equipment stores	49	43	50	43	51	45	1	0
58	Eating & drinking places	204	217	206	216	194	216	2	-1
59	Miscellaneous retail	128	136	123	139	121	138	-5	3
	Retail Trade Totals	662	632	650	634	625	632	-12	2

Source: Indiana Department of Workforce Development
SIC = Standard Industrial Classification

(Table 6)
RETAIL AVERAGE WAGES
LaPorte and Porter Counties

SIC	Retail Average Wages	1998		1999		% Change 1998-99	
		L	P	L	P	L	P
52	Building materials, hardware & mobile home dealers	\$18,569	\$19,971	\$18,362	\$20,583	-1.11	3.06
53	General merchandise stores	\$12,677	\$13,610	\$13,271	\$13,956	4.69	2.54
54	Food stores	\$14,520	\$14,792	\$14,800	\$15,458	1.93	4.50
55	Auto dealers/ gas service stations	\$21,843	\$24,860	\$23,937	\$26,506	9.59	6.62
56	Apparel & accessory stores	\$11,028	\$11,896	\$11,764	\$10,974	6.67	-7.75
57	Home furniture, furnishings, & equipment stores	\$15,300	\$23,495	\$16,279	\$26,783	6.40	13.99
58	Eating & drinking places	\$9,314	\$8,356	\$9,294	\$8,844	-0.21	5.84
59	Miscellaneous retail	\$14,741	\$17,706	\$15,331	\$18,559	4.00	4.82

Source: Indiana Department of Workforce Development
SIC = Standard Industrial Classification

(Table 7)
SERVICE EMPLOYMENT
LaPorte and Porter Counties

SIC	Retail Trade	1998		1999		1st Quarter 2000		Change 1998-99	
		L	P	L	P	L	P	L	P
70	Hotels, rooming houses, camps & other lodging places	259	570	271	666	258	709	12	96
72	Personal services	467	470	478	464	558	496	11	-6
73	Business services	1,527	2,251	1,564	2,372	1,587	2,333	37	121
75	Auto repair, services, parking	331	511	361	545	385	533	30	34
76	Misc repair services	150	144	153	135	162	134	3	-9
78	Motion pictures	214	258	257	269	278	251	43	11
79	Amusement & rec services	1,402	556	1,457	698	1,436	583	55	142
80	Health services	4,802	4,635	4,809	4,587	5,028	4,410	7	-48
81	Legal services	134	262	137	266	144	278	3	4
82	Educational services	3,369	5,784	3,367	5,949	3,777	6,245	-2	165
83	Social services	500	892	653	928	821	972	153	36
86	Membership organizations	450	803	427	845	434	824	-23	42
87	Engineering, accounting, research, mgnt & rtd svcs	301	655	339	696	330	645	38	41
88	Private households	56	53	58	43	56	47	2	-10
89	Miscellaneous services			4	1	0	2	4	1
	Service Industry Totals	13,962	17,844	14,335	18,464	15,254	18,462	373	620

Source: Labor Market Information Services, Indiana Department of Workforce Development
SIC = Standard Industrial Classification

INDUSTRY GROWTH

continued from page 5

(Table 8)
SERVICE EMPLOYERS
LaPorte and Porter Counties

SIC	Service Industry Employers	1998		1999		1st Quarter 2000		Change 1998-99	
		L	P	L	P	L	P	L	P
70	Hotels, rooming houses, camps & other lodging places	21	18	19	21	19	22	-2	3
72	Personal services	94	97	88	95	85	92	-6	-2
73	Business services	117	155	116	173	111	187	-1	18
75	Auto repair, services and parking	77	99	77	98	78	99	0	-1
76	Misc repair services	29	38	33	37	33	36	4	-1
78	Motion pictures	15	22	17	21	15	20	2	-1
79	Amusement & rec services	34	31	34	30	32	39	0	-1
80	Health services	153	235	149	240	146	241	-4	5
81	Legal services	35	61	37	63	38	65	2	2
82	Educational services	47	69	49	69	49	72	2	0
83	Social services	44	51	51	54	49	53	7	3
86	Membership organizations	59	73	58	72	60	72	-1	-1
87	Engineering, accounting, research, mgnt & rlt'd svcs	77	126	80	132	79	136	3	6
88	Private households	25	41	28	39	27	38	3	-2
89	Miscellaneous services			2	2	1	3	2	2
	Service Industry Totals	827	1,116	838	1,146	822	1,175	11	30

Source: Labor Market Information Services, Indiana Department of Workforce Development

Services (about 32.2 percent or 5,949 jobs) followed by Health Services (24.8 percent or 4,587 jobs).

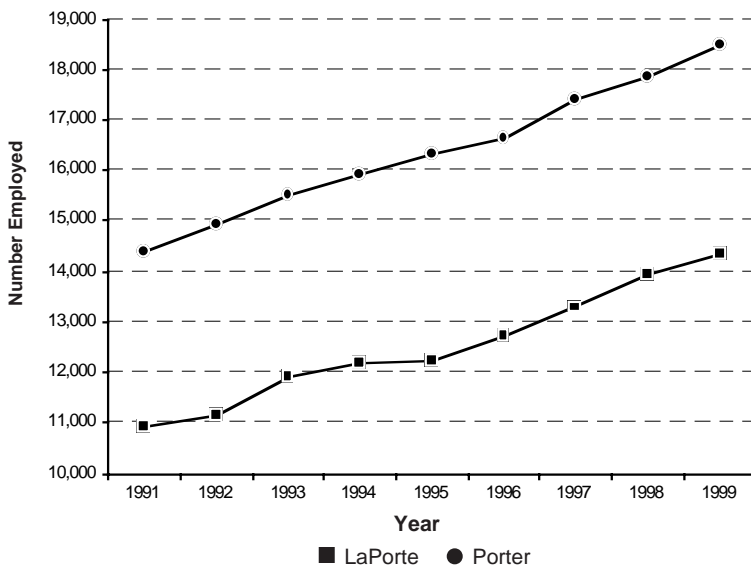
Figure 6 shows the trends of total service employment from 1991 to 1999. The average annual rate of growth in LaPorte and Porter counties was 3.5 and 3.2 percent, respectively. During this time period, the number of employers in the service industry increased by 11 employers (1.3 percent) in LaPorte County and by 30 employers (2.7 percent) in Porter County (Table 8). Porter County has more total service-sector employers (1,146) than LaPorte County (838).

Service Industry Earnings

The retail and services industries make up about 43.6 percent of all employment in LaPorte and Porter counties. The services industry is more dominant in average and total payroll.

In 1998, LaPorte County's service jobs averaged \$21,996 and Porter's average was \$22,659. By 1999, the service sector's annual average earnings in LaPorte and Porter counties were \$24,259 and \$24,484, respectively. These figures represent an increase during the period of 10.3 in LaPorte County and 8.1 in Porter County. Though benefit data are not available, these two industry groups (retail and services) generally provide few employee benefits. Companies providing services injected more money into these two counties' economy than did area retailers.

(Figure 6)
SERVICE EMPLOYMENT TRENDS
LaPorte and Porter Counties



Source: Labor Market Information Services, Indiana Department of Workforce Development

Outlook

Signs of Weakness

The latest report from Bruce F. Bendull, labor market analyst for the Indiana Department of Workforce Development, indicates that the Indiana labor markets including LaPorte and Porter county areas show the employment conditions that are slightly less favorable in the year 2000 going into the third quarter.

One indicator of employment conditions is initial claims for unemployment benefits. Data for claimants in Porter and LaPorte counties show higher year-to-date monthly averages of new claims this year. Comparing January through August average monthly number of new claims for each of years 2000, 1999, and 1998, the respective numbers were 982, 979, and 846 new claims.

Data from the Gary/Hammond offices, which may serve parts of Porter County, show a similar trend of 2,180, 2,012, and 1,876 going back over the same periods. Additionally, the combined number of job applicants seeking work through the state employment offices in Porter and LaPorte counties was up over 50 percent this year from last. As of June, 4,608 people were in the active files compared to 2,979 the year before, representing an increase of 1,629 more people seeking work.

A broader indicator of the health of the labor market is estimated area unemployment. The preliminary unemployment rate for the nation in September 2000 (the latest figures available at press time) was 3.8 percent, while Indiana was only 2.1 percent. This means that only 65,900 workers in the state were

OUTLOOK

unemployed. Porter County also posted a rate of 2.1 percent (1,550 workers), while LaPorte County employed all but 2.3 percent (1,240 workers).

Figure 7 shows the unemployment rate in LaPorte and Porter counties and in Indiana (not seasonally adjusted) from September 1999 to September 2000. Both counties, the state and the nation all saw an increase in the year's unemployment rates. Year-to-date average unemployment rates through September have run somewhat higher than the averages of 1999. LaPorte County this year through September had an average unemployment rate of 3.9 percent versus 3.0 for all of 1999, and 2.7 for 1998. Porter County for the same period was 3.3, 3.5, and 3.3 percent, respectively. "The averages will likely be worse by the end of this year due to season-related factors," said Bendull.

Still Historically Strong

Though the data show signs of weakness in both counties in 2000 compared to previous years, the employment numbers are still historically strong. Labor shortages in various skilled occupations still exist in both counties. Also, "help-wanted" signs can be found throughout the area, though seemingly in lower paying jobs. Which direction are labor markets in LaPorte and Porter counties headed? External influences may exert pressure on local markets fueling a continuing decline. The interest rate hikes in early 2000 by the Federal Reserve have slowed down business activity. Higher oil prices can spur a cost-push inflation. However, inflation seems to be moderate due to productivity growth. With the prospects of a new administration in Washington, and the likelihood that recession is not imminent, local employment should not show drastic, unusual changes through the first quarter of 2001, but will likely be steady until the economy gains more momentum, possibly toward mid-year.

Manpower Outlook Survey

Recently, Manpower Inc. completed its quarterly Employment Outlook Survey. The survey is conducted as a public service of Manpower Inc. and its offices throughout the United States. The survey is a measurement of future employment plans for the permanent workforce, and more than 16,000 employers in 489 cities throughout the U.S. participated in the survey.

According to the report provided by Jeri Cantwell, Branch Manager of Manpower Temporary Services in LaPorte, national hiring patterns established in past quarters will vary little except for some seasonal variations, as 27 percent of firms say they will increase employment, 10 percent intend to decrease, 58 percent will remain unchanged, and 5 percent are not yet certain.

The Employment Outlook Survey for January, February, and March indicates that 13 percent of LaPorte employers contacted will add people in that period, while 7 percent say they will use fewer workers. In Michigan City, 3 percent forecast hiring, while 40 percent will have fewer on the payroll. In Valparaiso, 13 percent say they will hire while none report that hiring will be down. So look for a moderate year in retailing and service, with relatively low unemployment rates and increased sales. All signs indicate an outlook that remains good overall for Porter and LaPorte counties.

(Table 9)
SERVICE AVERAGE WAGES
LaPorte and Porter Counties

SIC	Service Average Wages	1998		1999		% Change 1998-99	
		L	P	L	P	L	P
70	Hotels, rooming houses, camps & other lodging places	\$11,625	\$12,861	\$12,157	\$12,713	4.58	-1.15
72	Personal services	\$13,211	\$13,544	\$13,652	\$14,003	3.34	3.39
73	Business services	\$19,012	\$20,536	\$18,974	\$21,988	-0.20	7.07
75	Auto repair, services/parking	\$20,643	\$22,010	\$22,081	\$23,719	6.97	7.76
76	Misc repair services	\$26,328	\$29,339	\$27,861	\$31,266	5.82	6.57
78	Motion pictures	\$11,315	\$7,819	\$11,350	\$7,454	0.31	-4.67
79	Amusement & rec services	\$19,733	\$12,269	\$20,235	\$17,243	2.54	40.54
80	Health services	\$28,646	\$30,921	\$29,744	\$31,903	3.83	3.18
81	Legal services	\$20,000	\$26,243	\$20,564	\$30,438	2.82	15.99
82	Educational services	\$25,827	\$24,141	\$27,133	\$24,602	5.06	1.91
83	Social services	\$15,913	\$16,963	\$15,643	\$17,842	-1.70	5.18
86	Membership organizations	\$8,203	\$8,657	\$9,021	\$9,276	9.97	7.15
87	Engineering, accounting, research, mgnt & rld svcs	\$33,687	\$41,031	\$33,189	\$40,065	-1.48	-2.35
88	Private households	\$17,224	\$13,134	\$17,541	\$14,713	1.84	12.02

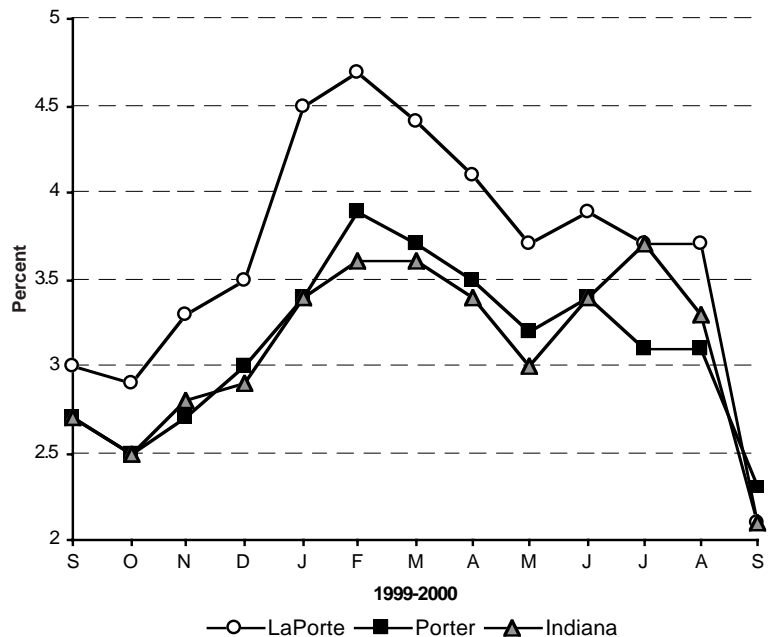
Source: Labor Market Information Services, Indiana Department of Workforce Development

(Table 10)
EMPLOYMENT OUTLOOK SURVEY
(for the 1st Quarter 2001)

(All figures are percentages)					
	Increase	No Change	Decrease	Don't Know	Net (Inc.- Dec.)
LaPorte	13	80	7	0	6
Michigan City	3	54	40	3	-37
Valparaiso	13	87	0	0	13
Indiana	23	61	14	2	9
Midwest	24	61	11	4	13
National	27	58	10	5	17

Source: Manpower Inc.

(Figure 7)
UNEMPLOYMENT RATE



Source: Indiana Department of Workforce Development

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