

Economic Report for LaPorte and Porter Counties

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

Buying Power Grows Slower

Effective buying income (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. 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 the 1995 EBI.

The relative wealth of Porter County residents is substantially higher than that of their neighbors in LaPorte County, and the gap is widening. While Table 1 clearly presents the EBI differential among the residents of LaPorte and Porter counties, that gap has widened.

LaPorte County's median EBI was about 75 percent of Porter's in 1995. By 2000, this relative median EBI gap widened to about 71.8 percent. In comparison with the nation's and state's median EBI in 2000 (\$38,785 and \$39,129 respectively), LaPorte County (\$35,944) was lower than both the state and nation while Porter County showed a much higher EBI (\$50,058).

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).

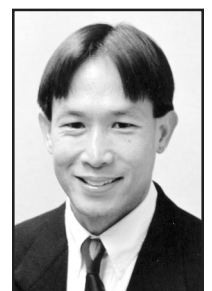
(Table 1)
EFFECTIVE BUYING INCOME (EBI)
LaPorte and Porter Counties
In Thousands

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
2000	1,851,215	2.2	35,944	2.9	25.4	23.3	18.7	32.6
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
2000	2,972,876	1.5	50,058	3.2	15.9	17.8	16.3	50.0

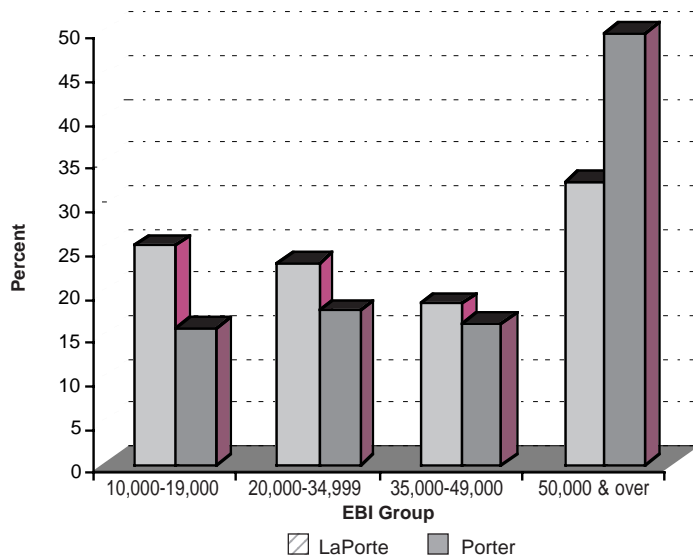
Source: 1989-2001 Survey of Buying Power, Sales and Marketing Management

* 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.

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(Figure 1)
PERCENT OF HOUSEHOLDS BY EBI GROUP
 2000



Source: 1989-2001 Survey of Buying Power, Sales and Marketing Management

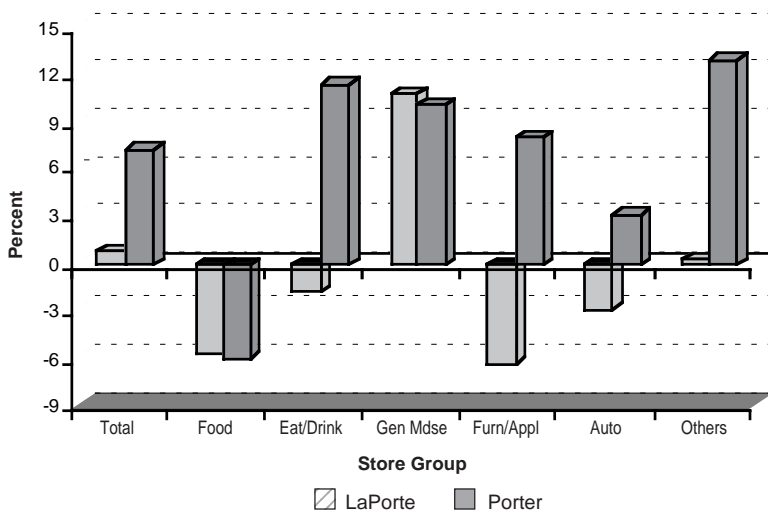
(Table 2)
RETAIL SALES IN THOUSANDS
 LaPorte and Porter Counties

	1992	1993	1994	1995	1996	1997	1998	1999	2000
LaPorte County									
Total	696,637	770,449	925,268	978,316	1,007,280	1,031,027	1,076,502	1,283,936	1,294,309
Food	124,452	132,065	148,385	145,391	153,731	163,786	174,176	120,746	113,936
Eat/Drink	67,952	77,079	87,434	92,127	94,863	90,039	91,770	101,652	99,749
Gen Mdse	101,946	112,642	109,967	110,418	113,045	110,493	111,785	262,535	290,709
Furn/App'l	29,674	31,948	47,891	59,144	52,836	55,796	59,650	37,123	34,784
Automotive	155,646	186,639	196,365	212,690	215,934	220,428	231,852	279,964	271,666
Drug	41,174	43,474	45,623	*	*	*	*	*	*
Others	175,793	186,602	289,603	358,546	376,871	390,485	407,269	481,916	483,468
Porter County									
Total	783,702	885,210	982,371	1,070,716	1,146,933	1,212,763	1,300,018	1,539,618	1,652,037
Food	174,050	191,846	186,970	187,078	205,880	195,635	198,349	152,214	143,218
Eat/Drink	83,375	96,009	105,450	105,598	113,170	114,377	121,474	129,396	143,973
Gen Mdse	77,525	86,134	93,535	132,345	131,208	149,211	164,325	295,486	325,199
Furn/App'l	26,367	31,323	36,284	34,989	38,175	41,264	45,074	43,457	46,940
Automotive	169,422	206,356	259,908	280,522	308,146	330,951	360,426	453,025	466,884
Drug	42,760	45,389	52,076	*	*	*	*	*	*
Others	210,203	228,153	248,148	330,184	350,354	381,325	410,370	466,040	525,823

Source: Sales & Marketing Management 1992-2001 Survey of Buying Power

* Drug is included in Others.

(Figure 2)
RETAIL SALES GROWTH BY CATEGORY



2. Source: Sales & Marketing Management 1992-2001 Survey of Buying Power
 * Drug is included in Others.

RETAIL GROWTH

continued from page 1

From 1995 to 2000, the average annual growth of median EBI in LaPorte and Porter counties were at 3 and 4 percent, respectively. This compares to the state's annualized growth of 3 percent and the nation's growth of 4 percent. During this period, Porter County's total EBI growth averaged 6 percent, which easily outpaced LaPorte County (4 percent), the state of Indiana (5 percent) and equal that of the nation (6 percent). This shows that the EBI for the top incomes outpaced the growth of the EBI at median income levels.

Table 1 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 2000, this rose to about 51.3 percent of LaPorte County households having EBI of over \$35,000, compared to 66.3 percent in Porter County (Figure 1). While these figures have not been adjusted for inflation, the trend seems 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.

Retail Growth Continues in Local Counties

With low inflation but higher unemployment rates due to massive layoffs, the local retail economy experiences significant reduction in growth. LaPorte County posts retail sales gains that are well below national and state levels in 2000. Meanwhile, data on retail sales in Porter County indicate 2000 growth in retail sales that is above the state average but the same as the national average, while still growing at a healthy pace. In 2000, total retail sales increased by 0.8 percent in LaPorte County and by 7.3 percent in Porter County.

Only Porter County managed to outpace the state's growth of 4.5 percent for that year. Indiana stayed behind the nation's 7.3 percent gain. 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.

While these figures have not been adjusted for inflation, the 2000 inflation rate calculated from the consumer prices of all items was 3.36 percent. Table 2 and Figure 2 summarize countywide retail sales by categories, from 1992 to 2000 in both LaPorte and Porter counties. The row labeled Others in Table 2 is significant because it is comprised of figures from several categories, including the many apparel and accessory stores found in Lighthouse Place Premium Outlets and other shopping areas. Since 1995, the Drug category has been included in Others. Figure 2

RETAIL GROWTH

continued from page 2

shows that from 1999 to 2000, LaPorte County gained 10.7 percent in General Merchandise. This category includes any establishment that sells a number of merchandise lines such as dry goods, housewares, hardware, home furnishings and accessories. Department stores, limited-price variety stores and miscellaneous general merchandise stores are also included in this group. There was a 0.3 percent growth in Others. Porter County reflected its largest gain (11.3 percent) in the category of Eating & Drinking Places followed by 10.1 percent gain in General Merchandise. During this period LaPorte County experienced a decline in all categories except General Merchandise while Porter County experienced a decline only in Food and Beverage Stores (5.9 percent).

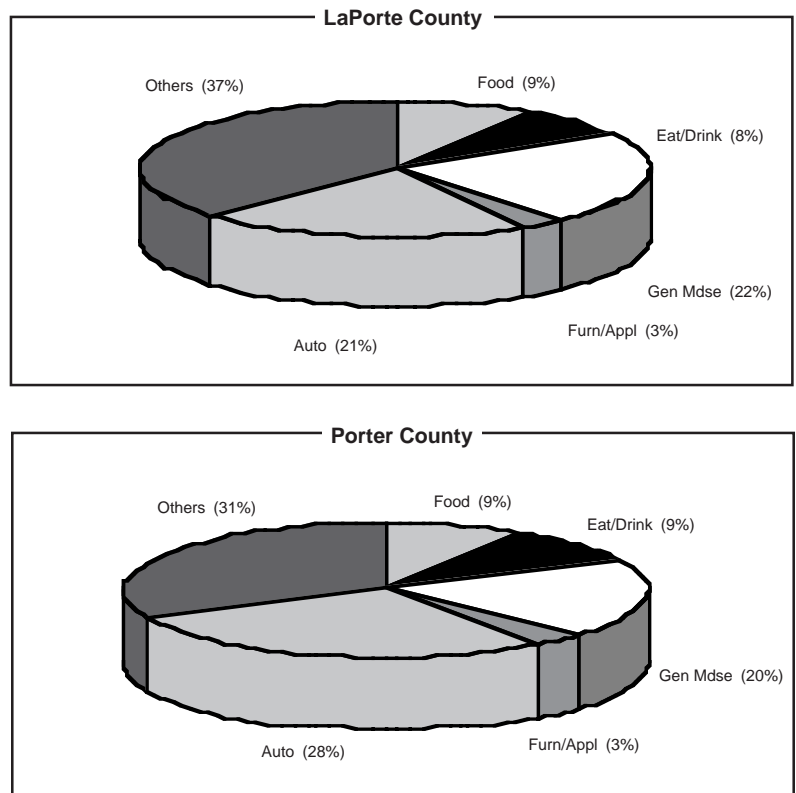
Figure 4 exhibits the trend of retail sales from 1990 to 2000. Porter County has consistently outperformed LaPorte County as well as the state and the nation except in 1994 and 1999. Beginning in 1997, retail sales grew at an increasing rate in both counties, as well as in the state and the nation until 2000. Regarding the latest installment in this growth trend: from 1990 to 2000 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 7.3 percent. It must again be noted that these figures have not been adjusted for inflation and the annualized inflation rate over that period was 3 percent.

The growing popularity of Lighthouse Place Premium Outlets - the factory outlet center in Michigan City - brings in many visitors and their dollars from out of the county and state. While other retail categories dropped in sales, the continued increase in 2000 shown in Table 2's General Merchandise and Others categories for LaPorte County surely reflects the center's impact. Lighthouse Place is one of the top factory outlet centers in both the Midwest and the United States.

Despite the business that Lighthouse Place brings to Michigan City, Porter County still surpassed LaPorte County in total retail sales, as indicated in Figure 4. This can be attributed to a larger population and a higher Effective Buying Income (EBI).

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 2000, the Others 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.

(Figure 3)
RETAIL SALES BY CATEGORY
2000



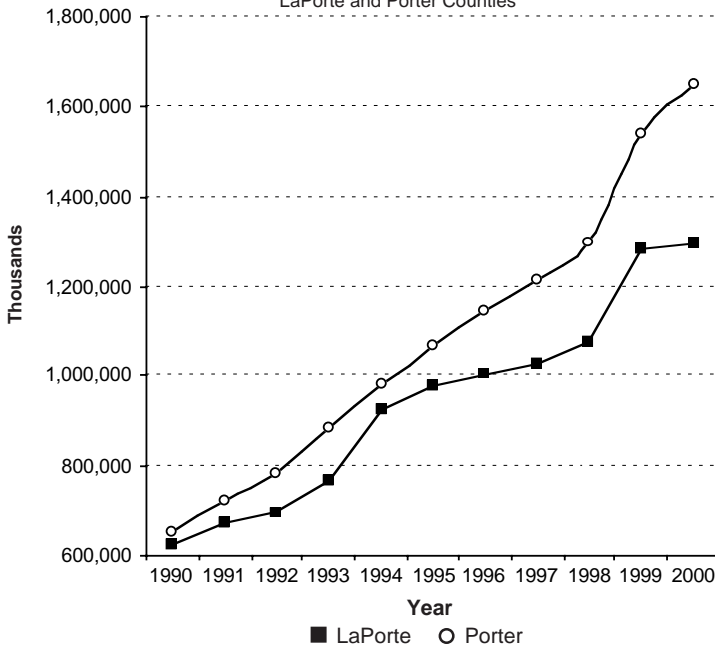
Source: Sales & Marketing Management 1991-2001 Survey of Buying Power

(Table 3)
POPULATION BY AGE GROUP
LaPorte and Porter Counties
In Thousands

County	Total	% Population by Age Group				Households (,000)
		18-24	25-34	35-49	+50	
1995 LaPorte Porter	109.7 139.2	8.5 9.5	15.1 14.2	23.5 25.6	27.3 22.9	39.5 49
1996 LaPorte Porter	110 140.9	8.1 9.1	14.8 13.8	24.2 26.1	27.4 23.1	39.8 49.9
1997 LaPorte Porter	110.2 142.8	7.9 8.8	14.6 13.7	24.2 26.2	27.8 23.5	40 50.8
1998 LaPorte Porter	109.9 144	7.6 8.4	13.6 13.4	23.7 26.5	28.3 23.9	40.1 51.7
1999 LaPorte Porter	109.9 146.4	7.9 8.6	13.9 13.0	24.4 26.3	28.7 24.4	40.9 52.9
2000 LaPorte Porter	110.2 147.8	7.9 8.6	13.6 12.6	24.3 26.4	29.1 24.8	41.2 53.7
2001 LaPorte Porter	110.3 148.1	8.0 8.7	13.2 12.3	24.2 26.3	29.6 25.3	41.3 53.8

Source: Sales & Marketing Management 1995-2001 Survey of Buying Power

(Figure 4)
RETAIL SALES TRENDS
 LaPorte and Porter Counties

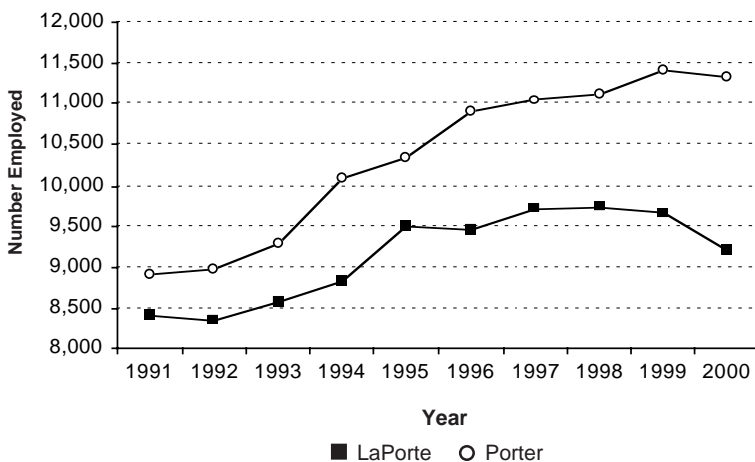


(Table 4)
RETAIL TRADE EMPLOYMENT
 LaPorte and Porter Counties

SIC	Retail Trade	1998		1999		2000		Change 1999-2000	
		L	P	L	P	L	P	L	P
52	Building materials, hardware, and mobile home dealers	548	616	600	654	629	664	29	10
53	General merchandise stores	1,552	1,443	1,587	1,474	1,591	1,479	4	5
54	Food stores	1,021	1,412	1,000	1,378	933	1,363	-67.0	-15
55	Automotive dealers and gasoline service stations	1,070	1,596	1,008	1,623	1,018	1,699	10	76
56	Apparel and accessory stores	819	150	731	152	620	140	-111	-12
57	Home furniture, furnishings, and equipment stores	352	308	375	321	396	338	21	17
58	Eating and drinking places	3,437	4,427	3,411	4,530	3,141	4,315	-270	-215
59	Miscellaneous retail	945	1,175	942	1,289	871	1,344	-71	55
	Retail Trade Totals	9,744	11,127	9,654	11,421	9,199	11,342	-455	-79

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

(Figure 5)
RETAIL TRADE EMPLOYMENT TRENDS
 1991-2001



4. Source: Indiana Department of Workforce Development

BUYING POWER

continued from page 3

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 U.S. Bureau of Economic Analysis estimates, population will continue to grow slowly and steadily in both LaPorte and Porter counties. The Bureau estimates that from the year 2005 to 2020, population growth will average 0.7 and 2.8 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 2000, the total population in LaPorte and Porter counties grew by 0.55 and 6.39 percent, respectively. Table 3 shows the percent of population by age group. The proportion of population above 50 years of age was 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.

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, 2000 shows a decrease in total retail jobs.

The right-hand column in Table 4 shows a decline of retail trade employment in LaPorte County of 4.9 percent (455 jobs), while Porter County lost 0.7 percent (79 jobs) from 1999 to 2000. Of eight Standard Industrial Classification (SIC) retail codes listed, four in LaPorte County and three 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 (-15.2 percent), but this category represented only 6.7 percent of the total retail employment in 2000. By the same token, the largest drop in Porter County was also in the Apparel and Accessory Stores (-7.9 percent). This category constituted only 1.2 percent of the total retail employment in Porter County.

EMPLOYMENT

continued from page 4

Both LaPorte and Porter counties gained most of their retail trade employment in the Home Furniture, Furnishings and Equipment Stores, 5.6 and 5.3 percent, respectively, during the period from 1999 to 2000.

Among the retail groups, food and food services account for a major portion of retail employment. In 2000, the Eating and Drinking Places category had the largest share (34.2 percent in LaPorte County and 38 percent in Porter County), while the share for the Food Stores category was 10 percent in LaPorte County and 12 percent in Porter County.

Figure 4 shows the trends of average annual growth in retail trade employment from 1990 to 2000. From 1990, Porter County's yearly average growth (2.8 percent) has outpaced LaPorte County (1 percent).

Table 5 shows the number of retail trade employers has decreased slightly in both counties from 1999 through 2000. LaPorte County now has 622 retail employers and Porter has 628. The largest number of retail employers was Eating and Drinking Places in LaPorte and Porter counties, 192 and 216, respectively.

The largest growth in number of retail trade employers in both counties was in Building Materials, Hardware and Mobile Home Dealers, (8.6 percent for LaPorte County) and 6.98 percent growth in Home Furniture, Furnishings & Equipment store for Porter County. The largest decline in LaPorte County was Automotive Dealers and Gasoline Service Stations (-9.1 percent), while Food Stores led the slowdown in Porter County (-7.6 percent).

Retail Trade Earnings

According to Table 6, LaPorte County's retail workers in 2000 averaged only \$14,469 per year and Porter County's only \$15,732. In 1999, average earnings in LaPorte and Porter counties were \$13,665 and \$15,156. These figures represent an increase of 5.9 and 3.8 percent in LaPorte and Porter counties, respectively. Auto Dealers & Service Stations represent the highest annual average wages in LaPorte and Porter counties, \$24,186 and \$25,310, respectively. 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 1999 and 2000. Table 7 indicates a 5.6 percent (798 jobs) growth in LaPorte County and a 0.5 percent (89 jobs) growth in Porter County during this period. Of 15 service categories, five and six declined in LaPorte and Porter counties, respectively. In 2000, Health Services represented the highest share of employment (33.5 percent or

(Table 5)
RETAIL TRADE EMPLOYERS
LaPorte and Porter Counties

SIC	Retail Trade	1998		1999		2000		Change 1999-00	
		L	P	L	P	L	P	L	P
52	Building materials, hardware & mobile home dealers	32	36	35	31	38	29	3	-2
53	General merchandise stores	20	16	20	16	19	17	-1	1
54	Food stores	48	48	49	53	47	49	-2	-4
55	Auto dealers/gas service stations	103	110	99	110	90	111	-9	1
56	Apparel & accessory stores	78	26	68	26	64	26	-4	0
57	Home furniture, furnishings, & equipment stores	49	43	50	43	49	46	-1	3
58	Eating & drinking places	204	217	206	216	192	216	-14	0
59	Miscellaneous retail	128	136	123	139	123	134	0	-5
	Retail Trade Totals	662	632	650	634	622	628	-28	-6

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

(Table 6)
RETAIL AVERAGE WAGES
LaPorte and Porter Counties

SIC	Retail Average Wages	1999		2000		% Change 1999-00	
		L	P	L	P	L	P
52	Building materials, hardware & mobile home dealers	\$18,362	\$20,583	\$19,352	\$21,390	5.39	3.92
53	General merchandise stores	\$13,271	\$13,956	\$13,717	\$14,629	3.36	4.82
54	Food stores	\$14,800	\$15,458	\$15,473	\$15,861	4.55	2.61
55	Auto dealers/ gas service stations	\$23,937	\$26,506	\$24,186	\$25,310	1.04	-4.51
56	Apparel & accessory stores	\$11,764	\$10,974	\$12,268	\$11,079	4.28	0.96
57	Home furniture, furnishings, & equipment stores	\$16,279	\$26,783	\$19,164	\$24,424	17.72	-8.81
58	Eating & drinking places	\$9,294	\$8,844	\$9,808	\$9,579	5.53	8.31
59	Miscellaneous retail	\$15,331	\$18,559	\$16,121	\$19,354	5.15	4.28

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

(Table 7)
SERVICE EMPLOYMENT
LaPorte and Porter Counties

SIC	Retail Trade	1998		1999		2000		Change 1999-00	
		L	P	L	P	L	P	L	P
70	Hotels, rooming houses, camps & other lodging places	259	570	271	666	263	759	-8.0	93.0
72	Personal services	467	470	478	464	475	499	-3.0	35.0
73	Business services	1,527	2,251	1,564	2,372	1,618	2,416	54.0	44.0
75	Auto repair, services, parking	331	511	361	545	375	530	14.0	-15.0
76	Misc repair services	150	144	153	135	160	139	7.0	4.0
78	Motion pictures	214	258	257	269	334	228	77.0	-41.0
79	Amusement & rec services	1,402	556	1,457	698	1,573	767	116.0	69.0
80	Health services	4,802	4,635	4,809	4,587	5,065	4,493	256.0	-94.0
81	Legal services	134	262	137	266	145	280	8.0	14.0
82	Educational services	3,369	5,784	3,367	5,949	3,462	5,903	95.0	-46.0
83	Social services	500	892	653	928	842	981	189.0	53.0
86	Membership organizations	450	803	427	845	434	859	7.0	14.0
87	Engineering, accounting, research, mgnt & rtd svcs	301	655	339	696	332	655	-7.0	-41.0
88	Private households	56	53	58	43	54	42	-4.0	-1.0
89	Miscellaneous services			4	1	1	2	-3.0	1.0
	Service Industry Totals	13,962	17,844	14,335	18,464	15,133	18,553	798.0	89.0

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		2000		Change 1999-00	
		L	P	L	P	L	P	L	P
70	Hotels, rooming houses, camps & other lodging places	21	18	19	21	17	22	-2	1
72	Personal services	94	97	88	95	84	87	-4	-8
73	Business services	117	155	116	173	107	187	-9	14
75	Auto repair, services and parking	77	99	77	98	79	98	2	0
76	Misc repair services	29	38	33	37	32	34	-1	-3
78	Motion pictures	15	22	17	21	15	20	-2	-1
79	Amusement & rec services	34	31	34	30	31	39	-3	9
80	Health services	153	235	149	240	144	239	-5	-1
81	Legal services	35	61	37	63	38	66	1	3
82	Educational services	47	69	49	69	49	71	0	2
83	Social services	44	51	51	54	48	53	-3	-1
86	Membership organizations	59	73	58	72	57	71	-1	-1
87	Engineering, accounting, research, mgnt & rlt'd svcs	77	126	80	132	79	132	-1	0
88	Private households	25	41	28	39	26	36	-2	-3
89	Miscellaneous services			2	2	1	3	-1	1
	Service Industry Totals	827	1,116	838	1,146	807	1,158	-31	12

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

5,065 jobs) with Educational Services (about 22.9 percent or 3,462 jobs) second in LaPorte County. The highest share in Porter County was in Educational Services (about 31.8 percent or 5,903 jobs) followed by Health Services (24.2 percent or 4,493 jobs).

Figure 6 shows the trends of total service employment from 1991 to 2000. The average annual rate of growth in LaPorte and Porter counties was 3.71 and 2.9 percent, respectively. From 1998 to 2000, the number of employers in the service industry decreased by 31 employers (-3.7 percent) in LaPorte County and increased by 12 employers (1.05 percent) in Porter County. In 2000 Porter County had more total service-sector employers (1,158) than LaPorte County's 807 (Table 8).

Service Industry Earnings

The retail and services industries make up about 44.7 and 43.4 percent of all employment in LaPorte and Porter counties, respectively. The services industry is more dominant in average and total payroll as evident below.

In 1999, the service sector's annual average earnings in LaPorte and Porter counties were \$24,259 and \$24,484, respectively. By 2000, LaPorte County's service jobs averaged \$24,057 and Porter's average was \$23,789. These figures represent a decline during the period of -0.83 and -2.84 percent in LaPorte and Porter counties respectively. Though benefit data is not available, these two industry groups (retail and services) overall provide few employee benefits. Companies providing services injected more money into these two counties' economy than did area retailers.

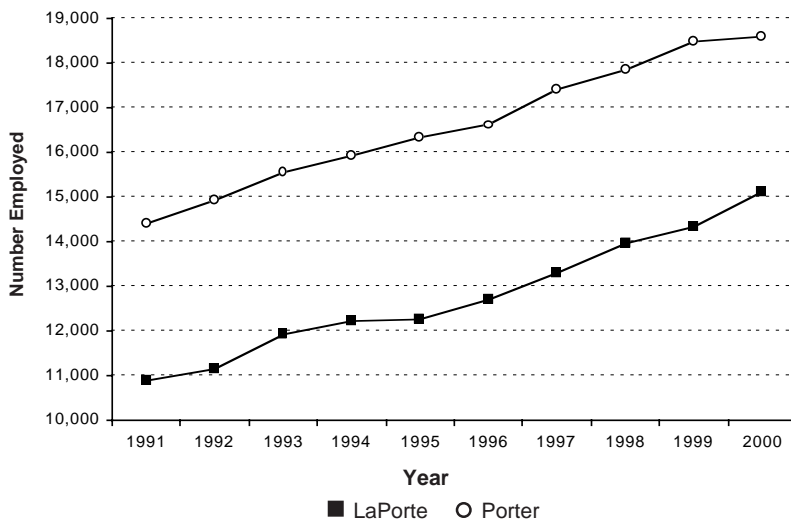
Outlook

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 the LaPorte and Porter county areas show employment conditions that are much less favorable in the year 2001 into the fourth quarter. A good indicator of employment conditions is initial claims for unemployment benefits. Data from the LaPorte unemployment insurance office, the office having records for claimants in Porter and LaPorte counties, show year-to-date higher monthly averages of new claims this year. Comparing January through October average monthly number of new claims for each of years 2001, 2000 and 1999, the numbers were 1,280, 928, and 945 new claims, respectively. Data from the Gary/Hammond offices, which may serve parts of Porter County, show a similar trend of 2,609, 2,103 and 1,902 over the same periods.

A broader indicator of the health of the labor

(Figure 6)
SERVICE EMPLOYMENT TRENDS
LaPorte and Porter Counties



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

OUTLOOK

market is estimated area unemployment.

The preliminary unemployment rate for Indiana in October 2001 (the latest figures available at press time) was 4.3 percent. Porter County was lower than the state with a rate of 4.2 percent (3,160 workers), while LaPorte County employed all but 5.1 percent (2,750 workers).

Figure 7 shows the unemployment rate in LaPorte and Porter counties and in Indiana (not seasonally adjusted) from October 2000 to October 2001. Both counties, the state and the nation all saw an increase in the year's unemployment rates. Year-to-date average unemployment rates through October have run somewhat higher than the averages of 2000. LaPorte County this year through October had an average unemployment rate of 3.9 percent versus 3.8 for all of 2000, and 3.6 for 1999. Porter County for the same periods going back had 3.2, 3.2, and 3 percent.

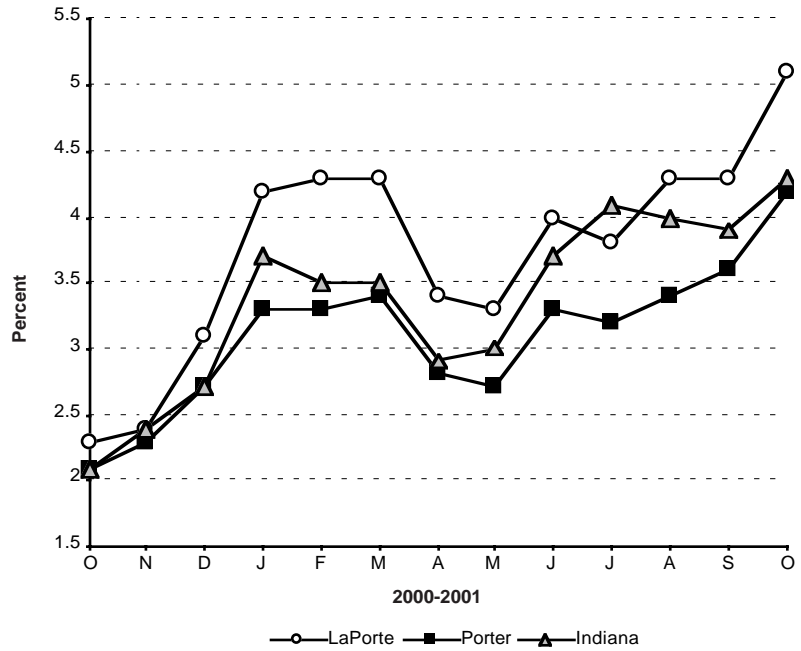
Data show signs of weakness in both counties in 2001 compared to previous years. Labor surpluses in various skilled occupations exist in both counties. Even though the Federal Reserve has cut the interest rate several times in 2001 in order to stimulate business activity, external influences may exert pressure on local markets fueling a continuing decline. The good news is inflation seems to be under control. Local employment should not show drastic, unusual changes through the first quarter of year 2002 but will likely be steady until a direction in the economy gains more momentum.

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.

According to the survey, national hiring patterns established in past quarters will slide except for some seasonal variations that create a marginally dismal picture, as 16 percent of firms say they will increase employment, 16 percent intend to decrease, 61 percent will remain unchanged, and 7 percent are not yet certain. The Employment Outlook Survey for January, February, and March indicates that 7 percent of LaPorte employers contacted will add people in that period, while 3 percent say they will use fewer workers. In Michigan City, 30 percent forecast hiring, while 23 percent will have fewer on the payroll. In Valparaiso, 13 percent say they will hire while 20 percent report that hiring will be down. All signs indicate a slowdown with no end in sight for Porter and LaPorte counties.

(Figure 7)
UNEMPLOYMENT RATE



Source: Indiana Department of Workforce Development

(Table 9)
SERVICE AVERAGE WAGES
LaPorte and Porter Counties

SIC	Service Average Wages	1999		2000		% Change 1999-00	
		L	P	L	P	L	P
70	Hotels, rooming houses, camps & other lodging places	\$12,157	\$12,713	\$12,039	\$12,464	-0.97	-1.96
72	Personal services	\$13,652	\$14,003	\$13,647	\$14,093	-0.04	0.64
73	Business services	\$18,974	\$21,988	\$18,849	\$24,870	-0.66	13.11
75	Auto repair, services/parking	\$22,081	\$23,719	\$23,704	\$24,498	7.35	3.28
76	Misc repair services	\$27,861	\$31,266	\$26,971	\$32,577	-3.19	4.19
78	Motion pictures	\$11,350	\$7,454	\$11,689	\$7,871	2.99	5.59
79	Amusement & rec services	\$20,235	\$17,243	\$20,989	\$18,103	3.73	4.99
80	Health services	\$29,744	\$31,903	\$31,073	\$33,410	4.47	4.72
81	Legal services	\$20,564	\$30,438	\$21,824	\$30,854	6.13	1.37
82	Educational services	\$27,133	\$24,602	\$28,202	\$25,973	3.94	5.57
83	Social services	\$15,643	\$17,842	\$17,862	\$18,291	14.19	2.52
86	Membership organizations	\$9,021	\$9,276	\$9,883	\$9,394	9.56	1.27
87	Engineering, accounting, research, mgnt & rlt'd svcs	\$33,189	\$40,065	\$35,617	\$40,048	7.32	-0.04
88	Private households	\$17,541	\$14,713	\$22,266	\$14,241	26.94	-3.21

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

(Table 10)
EMPLOYMENT OUTLOOK SURVEY
(for the 1st Quarter 2002)

(All figures are percentages)					
	Increase	No Change	Decrease	Don't Know	Net (Inc.- Dec.)
LaPorte	7	83	3	7	4
Michigan City	30	47	23	0	7
Valparaiso	13	67	20	0	-7
Indiana	15	62	18	5	-3
Midwest	15	64	17	4	-2
National	16	61	16	7	0

Source: Manpower Inc.

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