

# New Albany

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In the year 2000 Southern Indiana and the Louisville metropolitan area have continued to experience the strong economic trends that have been occurring regionally and nationally over the past several years. The seven counties in the Louisville Metropolitan Statistical Area (MSA) are Clark, Floyd, Harrison and Scott in Southern Indiana and Bullit, Jefferson and Oldham in Northern Kentucky. The following analysis examines various measures of economic growth in the Louisville MSA and its component counties.

## Labor Markets

As evidenced by the prevalence of 'Help Wanted' advertising, labor markets are tight in Southern Indiana. Throughout 2000 the unemployment rate in the Southern Indiana counties continued to be below or even with that of Indiana as a whole and below that of Kentucky and the United States as shown in **Table 1**. The average annual unemployment rates for January through September 2000 indicate that the unemployment rate is hovering around 3 percent on average in each of the Southern Indiana Counties. The unemployment rate reached a new low in September 2000 as shown in Table 1. The September 2000 unemployment rates in the Kentucky counties were well below the Kentucky state average at 2.4%, 3.2%, and 2.1% in Bullit, Jefferson, and Oldham counties, respectively.

**Figure 1**  
**Unemployment Rates Comparison**

	1999 Annual Average	Annual Average (Jan.-Sept. 2000)	September 2000
Clark	2.8	3.1	2.6
Floyd	2.3	2.9	2.1
Harrison	2.6	2.9	1.7
Scott	3.1	3.2	2.2
Indiana	3.0	3.3	2.1
Kentucky	4.5	4.0	3.6
U.S.	4.2	4.1	3.8

Source: Indiana Department of Workforce Development and Kenucky Cabinet Workforce Development

Recent data for the Louisville MSA ( see **Table 2**) indicates that the average level of nonagricultural employment increased by 11,000 from 1999 through August 2000. Manufacturing employment remained steady for Southern Indiana at 20,200 and decreased by about 1,400 jobs in the MSA. Nonmanufacturing employment decreased by about 400 jobs in the Southern Indiana and grew by 12,500 in the MSA. The MSA job growth in the nonmanufacturing sector was led by increases in the service sector, transportation, the communications and public utilities sector and the retail sector. These employment statistics represent

a leveling off of employment growth for the Southern Indiana counties, resulting in part from tight labor markets.

Recent data from the Indiana Department of Revenue indicate that 33,000 workers (32 percent of the Southern Indiana labor force) commuted daily between Southern Indiana and Kentucky in 1998.

Several major retail chains are expanding operations in Southern Indiana, and the retail sector will experience substantial growth over the next few years. New retail developments including Walmart, Home Depot, Meijer, Kohls, are either moving into the New Albany area or looking for a suitable location. Other developments include the Army Munitions Plant near Charlestown, a 500-room hotel at Caesars Casino in Harrison County, and several properties in Jeffersonville. These developments will further increase the demand for retail and service workers in Southern Indiana.

### Wages and Hours in Manufacturing

Even though the unemployment in Southern Indiana is low, average weekly earnings in manufacturing industries continues to be below that of Indiana as a whole as shown in **Table 2**. Earnings have decreased slightly over that of 1999 suggesting that inflationary pressures are not evident. Generally, this sort of situation with stable earnings during a period of low unemployment is attributed to a less-skilled work force, increases in labor productivity, or both. College attainment rates in Southern Indiana are well below the Indiana, Kentucky and national averages, thus providing some support for the former claim. While there is no standard measure of labor productivity for metropolitan areas, national averages suggest that labor productivity in manufacturing has increased substantially over the past decade thus holding output prices and wages down.

Average weekly hours worked in the manufacturing sector have actually declined slightly over the past year. This indicates that on average the level of overtime has not increased.

**Table 2**  
**Nonagricultural Employment**

Nonagricultural Employment	1999 Annual Average	2000 Annual Average (through August)	Percent Change
Southern Indiana Counties* (000)	94.7	94.3	-0.4%
Louisville MSA** (000)	579.0	590.1	1.9%
<b>Manufacturing Employment</b>			
Southern Indiana Counties (000)	20.2	20.2	0.2%
Louisville MSA (000)	89.0	87.6	-1.6%
<b>Nonmanufacturing Employment</b>			
Southern Indiana Counties (000)	74.5	74.1	-0.6%
Louisville MSA (000)	490	502.5	2.6%
<b>Average Weekly Earnings Manufacturing</b>			
Southern Indiana Counties	568.96	567.1	-0.3%
Indiana	679.04	664.2	-2.2%
<b>Average Weekly Hours Manufacturing</b>			
Southern Indiana Counties	43.3	42.8	-1.2%
Indiana	43.5***	42.2	-2.9%

\* Clark, Floyd, Harrison and Scott Counties. The Indiana Department of Workforce Development refers to this as the New Albany Area.

\*\*The Louisville MSA is Clark, Floyd, Harrison and Scott Counties in Indiana and Bullit, Jefferson and Oldham Counties in Kentucky.

\*\*\*Data from December 1999.

Source: Indiana Department of Workforce Development

### Long-term Employment Trends, 1990-97

The 1990-97 percent change in employment for major industry groups is shown in **Table 3**. Between 1990 and 1997<sup>1</sup> total employment in Southern Indiana grew by just over 20,000 jobs (a 36 percent increase). During this same time period, total job growth in the three Kentucky counties of the Louisville MSA increased by just under 68,000 jobs (a 20 percent increase) led by job growth in Jefferson County, KY.

The employment increases in Southern Indiana were led by the Services (adding just over 7,200 jobs, a 60 percent increase), Retail Trade (adding 4,660 jobs, a 32 percent increase) and Manufacturing (adding 5,080 jobs, a 34 percent increase) sectors. In the three Kentucky counties of the Louisville MSA, employment increases were led by Services (adding 28,700 jobs, a 26 percent increase), Retail Trade (adding 14,300 jobs, a 20 percent increase) and Transportation (adding 13,700 jobs, a 76 percent increase). These sectors were followed by Finance, Insurance and Real Estate (adding 7,100 jobs, a 27 percent increase), Construction (adding 4,380 jobs, a 23 percent increase), and Wholesale Trade (adding 4,250 jobs, a 17 percent increase). The Manufacturing sector in the three Kentucky counties declined during this time period decreasing employment by 4,400 jobs, a 6 percent decrease.

### Growing Population

The recently released 1999 population estimates show that the population of the four Southern Indiana counties is growing (see **Table 4**). Population increased by over 11 percent or over 23,000 persons between 1990 and 1999. Harrison County led the growth with an 18.4 percent (5,500 people) increase in population. The Louisville MSA, as a whole, increased population by 6 percent or just short of 57,000 persons between 1990 and 1999. The largest portion of this growth occurred in the working age population (age 18 to 64) with an 11.7 percent increase, closely followed by seniors (age 65+) with an 11.3 percent increase. About 20.5 percent of the MSA population live in Southern Indiana.

### Consumer Activity

*Sales and Marketing Management* magazine's Survey of Buying power reported a 28.7 percent increase in total retail sales in the Louisville MSA from just over \$10 billion in 1999 to just over \$13 billion in 2000. Bullit, Jefferson, Clark, and Harrison counties led this growth with 45 percent, 30.5 percent, 29.1 percent and 26.8 percent increases in retail sales respectively for these counties.

Housing sales in the Southern Indiana area<sup>2</sup> have slowed. Home sales through October totaled 1,840 compared with 1,950 homes sold January through September 1999 and 1,845 January through September 1998. The average sales price was \$130,652 for January-October 2000 sales, and 70.5 percent of homes sold in 90 days or less.

Consistent with housing sales, residential construction as measured by residential building permits for new single family units decreased from the 1999 level and the 1998 high in most counties. As shown in **Table 5**, the largest decrease occurred in the number of single family permits, 307 (13.6%), occurred in Jefferson County. Harrison is the only county in the MSA that increased the number of single family building permits issued. The number of multifamily permits increased in Jefferson, Harrison, and Scott Counties.

The sale of new cars and trucks is an indicator of consumer confidence. In 2000 the sales of new cars in Jefferson County, KY and Clark and Floyd Counties in Indiana increased 2.3 percent (25,527 cars sold through September of 2000 and 24,944 cars sold through September of 1999) over the same time period in 1999. In contrast, the sale of new trucks decreased by 2.4 percent (11,507 in 2000

**Table 3**  
**Percent Change in Employment for Major Industry Groups, 1990-1997**

Industry	Southern Indiana Percent Change 1990-1997	Kentucky Counties Percent Change 1990-1997	Louisville MSA Percent Change 1990-1997
Total	36.0%	19.6%	21.9%
Agricultural Services, Forestry & Fishing	23.4%	23.9%	23.9%
Mining	10.0%	-14.5%	-8.3%
Construction	28.6%	23.1%	24.1%
Manufacturing	33.8%	-6.2%	0.8%
Transportation	33.5%	76.0%	67.9%
Wholesale	14.8%	17.0%	16.8%
Retail Trade	31.8%	20.2%	22.1%
Finance, Insurance, Real Estate	9.8%	26.6%	25.4%
Services	59.6%	25.6%	29.0%

Source: U.S. Bureau of the Census, County Business Patterns, 1990 and 1997 Editions

versus 11,784 in 1999). In total, new vehicle sales has increased by less than one percent.

Gaming at Caesar's Casino continues to grow. The average monthly turnstile count through September of 2000 was 168,780 patrons, a 10.3 percent increase over 1999.

### Louisville-Jefferson County Merger

The merger of the City of Louisville and Jefferson County governments will not only have significant political effects but also far-reaching economic effects for the Louisville MSA. Southern Indiana will benefit from its proximity to a city that will be among the 25 largest in the country without the political growing pains that will accompany the merger.

Clearly, the strong economic growth exhibited locally and nationally has continued in the Louisville and Southern Indiana area during 2000. However, there is evidence that the region is settling into a period of slower growth. Housing sales, single family residential building permits, and automobile sales have leveled off. Employment growth in Southern Indiana appears to have leveled off over the past year with a slight increase in manufacturing employment and a slight decrease in nonmanufacturing employment. Relatively strong employment growth in the Kentucky counties over the past year has occurred in the nonmanufacturing sector. In the Kentucky counties, manufacturing employment has declined over the past year. The tight labor market in the Louisville MSA will affect business expansion, particularly with all the new retail and hotel developments that are planned for Southern Indiana. These will be areas to watch in 2001.

**Table 4**  
**Population Trends**

Geographic Area	Population 1990	Percent of MSA Population 1990	Population 1999	Percent of MSA Population 1999	Percent Change 1990-1999
Clark	87,774	9.2%	95,121	9.5%	8.4%
Floyd	64,404	6.8%	72,243	7.2%	12.2%
Harrison	29,890	3.1%	35,376	3.5%	18.4%
Scott	20,991	2.2%	23,433	2.3%	11.6%
Other KY counties*	745,953	78.6%	779,676	77.5%	4.5%
Louisville MSA	949,012	100.00%	1,005,849	100.00%	6.0%

\* Bullit, Jefferson, and Oldham Counties, Kentucky

Source: U.S. Bureau of the Census

### Endnotes

<sup>1</sup>Employment and business establishment is taken from County Business Patterns. Data from 1997 are the most recent available.

<sup>2</sup>Data on home sales from the Southern Indiana Association Multiple Listing Service covers the counties of Clark, Crawford, Floyd, Harrison, Jefferson, Scott and Washington.

**Table 5**  
**Residential Building Permits, 1999-2000**

County	Single Family Jan.-Sept. 1999	Single Family Jan.-Sept. 2000	Multi-Family Jan.-Sept. 1999	Multi-Family Jan.-Sept. 2000
Jefferson, KY	2259	1952	110	126
Clark, IN*	519	476	59	10
Floyd, IN	360	284	21	3
Harrison, IN	97	134	4	9
Scott, IN	59	44	0	2

\*Charleston not reporting

Source: Kentuckiana Regional Planning and Development Authority and various city and county government offices