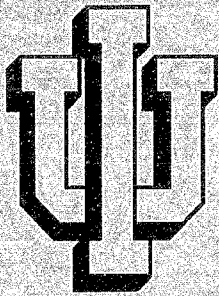


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February 1997 Volume 72, Number 2 Indiana Business Review

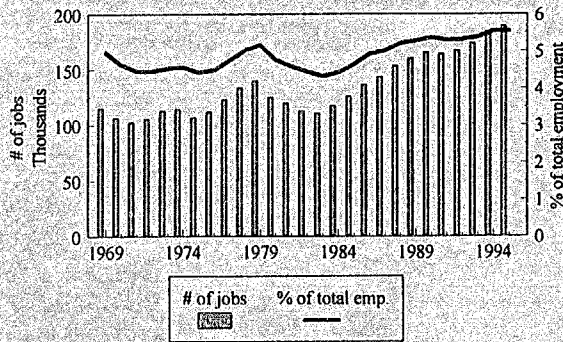
Update

A Monthly Overview of Economic Trends
Indiana University School of Business, Indiana Business Research Center

Changes in Construction Industry

Employment in Indiana's construction industry grew from 115,000 in 1969 to nearly 189,000 jobs in 1995. Since 1983, this sector has grown faster than total employment in the state and by 1995 accounted for 5.5 percent of all jobs in the state (see figure 1).

Fig 1. Construction Employment in Indiana



While this growth is impressive, it only matches the expansion of construction employment nationally. Indiana's share of all construction jobs in the nation actually fell slightly from 2.6 percent in 1969 to 2.5 percent in 1995.

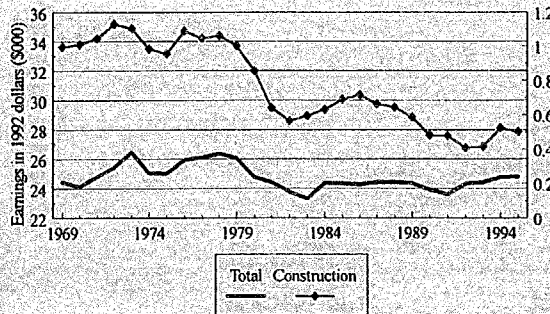
Construction jobs pay well. In 1995, construction jobs in Indiana paid 12 percent more than the average of all jobs in the state. But this premium is down from its peak of 40 percent in 1970. While annual real earnings per job in Indiana has remained just under \$25,000 for more than a decade, construction jobs for Hoosiers have shown a downward trend in real earnings (see figure 2).

The greatest premiums for construction employment are shown in figure 3. Nineteen counties show construction

earnings at least 20 percent above the average earnings for all jobs. But in 43 counties, this premium disappears as construction earnings per job fall below the average level of earnings for all types of employment in those counties. (Data are not available for construction earnings in Adams and Martin counties.)

Thus, while construction jobs are a rising share of total employment, the total earnings of construction workers and the proprietors of construction companies is a

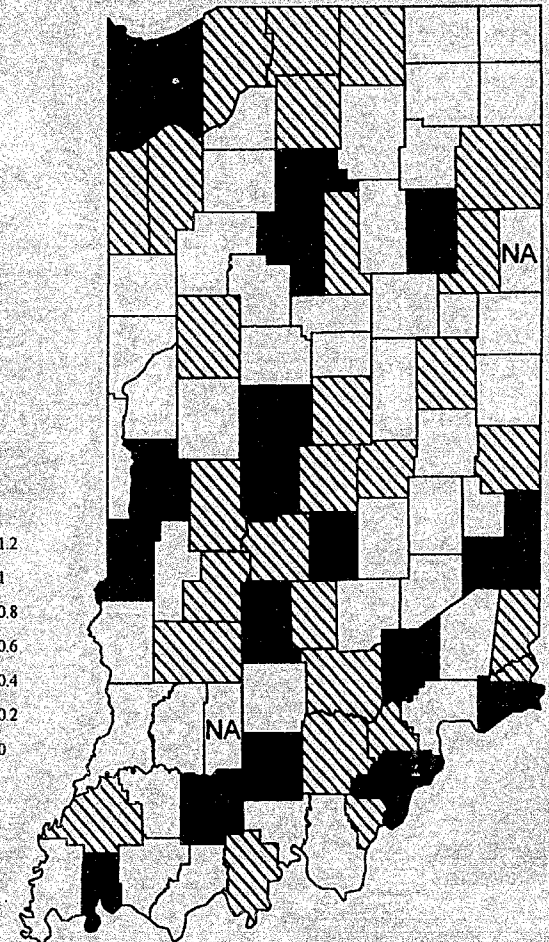
Fig 2. Annual Real Earnings Per Job



decreasing share of Indiana's total earnings. There construction accounted for 6.8 percent of all earnings in 1969, it fell to just 6.2 percent in 1995.

This decline in real and relative wages for construction workers may explain why so many builders and householders find it difficult to find an adequate supply of these workers.

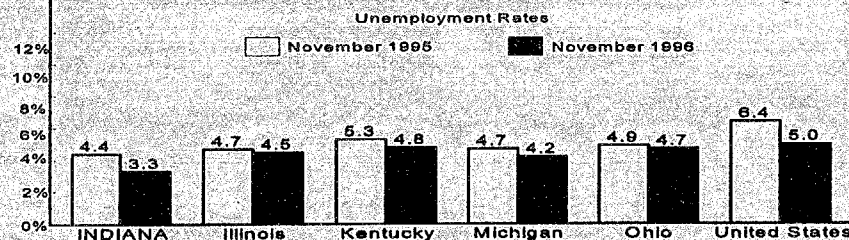
Fig3. Earnings Per Job in Construction by County, 1994



Construction relative to all jobs in county
20%+ higher
1% to 19% higher
Below

The Regional Employment Situation

Total Persons Employed	Nov. 1995	Nov. 1996	Number Change	% Change	Rank in US
INDIANA	2,987,000	2,976,500	-10,500	-0.35%	47
Illinois	5,827,900	5,886,500	58,600	1.01%	40
Kentucky	1,762,800	1,790,500	27,700	1.57%	31
Michigan	4,514,700	4,683,900	169,200	3.75%	9
Ohio	5,379,700	5,493,100	113,400	2.11%	26
United States	125,598,000	128,157,000	2,559,000	2.04%	N/A



Employment - Hours - Earnings by Industry

INDIANA	Establishment Related Employment		Average Weekly Hours		Average Weekly (Real) Earnings	
	Nov. 1996	% Chg. 95/96	Nov. 1996	% Chg. 95/96	Nov. 1996	% Chg. 95/96
Total Non-Ag	2,845,100	0.6%	NA	NA	NA	NA
Mining	6,700	1.5%	43.8	-4.6%	\$759.05	-7.1%
Construction	135,600	4.6%	40.5	0.5%	\$703.08	0.6%
Manufacturing	678,200	-0.9%	43.4	0.5%	\$624.53	0.1%
Durable	487,600	-0.9%	43.6	-0.5%	\$645.72	-1.1%
Non-durable	190,600	-0.9%	42.7	2.9%	\$563.21	3.6%
Wholesale	141,400	2.0%	37.5	1.9%	\$455.25	0.5%
Retail	558,100	1.7%	29.2	1.7%	\$224.26	2.0%
Finance, Insurance & Real Estate	134,200	1.4%	35.7	-0.3%	\$389.49	0.7%
Services*	646,400	1.0%	32.6	0.9%	\$347.19	2.5%

Employment - Hours - Earnings

(Not seasonally adjusted)

Metropolitan Statistical Areas (MSAs) in Indiana

NON-AG WAGE & SALARIED EMPLOYMENT	Nov. 1995	Nov. 1996	Change	
			Number	Percent
Bloomington MSA	65,500	67,900	2,400	3.7%
Elkhart-Goshen MSA	117,200	119,900	2,700	2.3%
Evansville MSA	151,300	149,800	-1,500	-1.0%
Fort Wayne MSA	263,700	266,700	3,000	1.1%
Gary MSA	258,100	264,400	6,300	2.4%
Indianapolis MSA	805,400	812,400	7,000	0.9%
Kokomo MSA	55,900	56,500	600	1.1%
Lafayette MSA	85,600	90,100	4,500	5.3%
Muncie MSA	60,200	62,200	2,000	3.3%
New Albany Area*	76,200	85,700	9,500	12.5%
South Bend MSA	134,800	132,800	-2,000	-1.5%
Terre Haute MSA	72,200	73,100	900	1.2%

MANUFACTURING	Nov. 1996		Average Weekly Hours	Average Hourly Earnings	Average Weekly Earnings
	Employment				
Bloomington MSA	10,800		39.9	\$10.78	\$430.12
Elkhart-Goshen MSA	57,400		39.9	\$12.48	\$497.95
Evansville MSA	30,500		42.7	\$13.85	\$591.40
Fort Wayne MSA	74,000		41.7	\$14.97	\$624.25
Gary MSA	51,200		43.6	\$19.40	\$845.84
Indianapolis MSA	128,500		44.0	\$15.58	\$685.52
Kokomo MSA	22,600		49.1	\$19.19	\$942.23
Lafayette MSA	21,300		44.6	\$14.54	\$648.48
Muncie MSA	10,900		44.3	\$14.56	\$645.01
New Albany Area*	19,600		44.4	\$12.17	\$540.35
South Bend MSA	22,800		42.2	\$12.34	\$520.75
Terre Haute MSA	11,800		44.5	\$14.20	\$631.90

*Employment includes schools; Hours and Earnings excludes schools. *The New Albany Area (Clark, Floyd, Harrison, Scott counties) is part of the larger Louisville MSA. (Real) indicates dollars adjusted for changes in consumer prices to 1996 level. Employment and earnings data based on preliminary and revised series provided by the Indiana Department of Workforce Development.

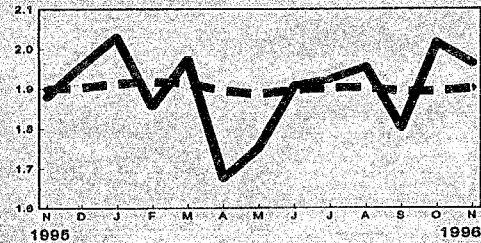
Indiana Economic Activity

Monthly Data
 12 Month Moving Average

Raw Steel Production

American Iron and Steel Institute
(Millions)

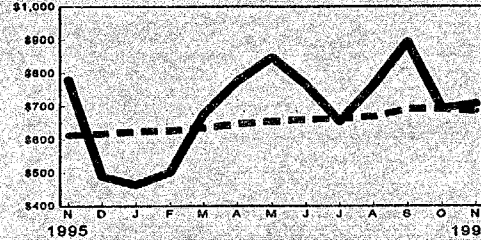
Nov. 1994 — 1,750 Nov. 1995 — 1,881 Nov. 1996 — 1,964



Total Construction Activity

F. W. Dodge Construction Potentials Bulletin
(Millions)

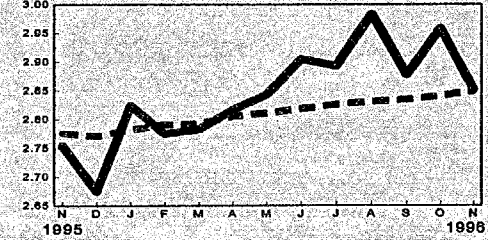
Nov. 1994 — \$482.8 Nov. 1995 — \$779.7 Nov. 1996 — \$707.4



Industrial Electricity Sales

(The 5 investor owned utilities)
(Billions)

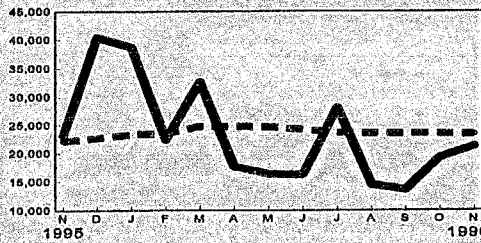
Nov. 1994 — 2,692 Nov. 1995 — 2,754 Nov. 1996 — 2,852



Initial Unemployment Insurance Claims

Indiana Department of Workforce Development

Nov. 1994 — 17,247 Nov. 1995 — 23,158 Nov. 1996 — 21,266



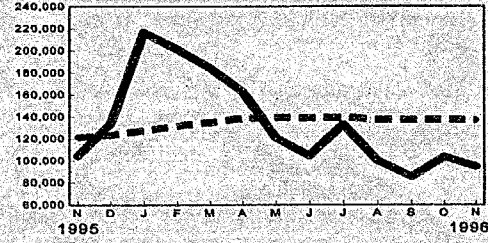
Ups or Downs... Indiana Indicators Year-to-Date
(based on December 1995 through November 1996 and compared to same period the year before, unless otherwise noted)

- ↑ The production of 22.8 million net tons of *raw steel* for the 12 months was identical to the same period of time last year.
- ↑ *Construction activity* totaled \$8.2 billion for this period, an increase of \$870 million over the same time last year.
- *Industrial electricity sales* increased by nearly 1 billion kilowatt hours, for a period total of 34.2 billion hours.
- ↓ Nearly 162,000 *new cars* were registered in Indiana during the period, but still 2,874 cars fewer than the same time last year.
- ↑ *Housing starts* showed an increase of 4,055 units over the same time last year, for a total of 36,989 new homes.
- \$ *Retail sales* totaled \$54.7 billion between September '95 and October '96, an increase of \$2.4 billion over the same time the year before.

Continued Unemployment Insur. Claims

Indiana Department of Workforce Development

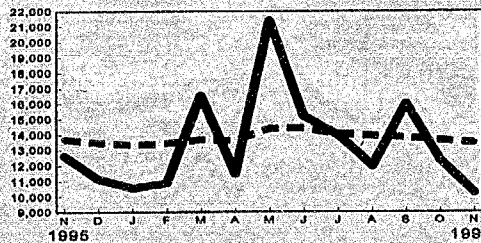
Nov. 1994 — 88,801 Nov. 1995 — 104,351 Nov. 1996 — 94,111



New Car Registrations

Folk and Company

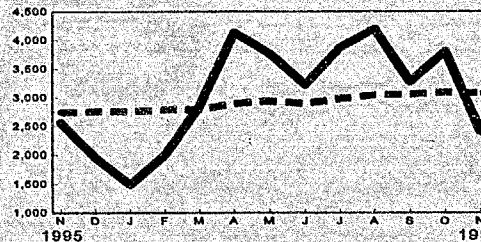
Nov. 1994 — 11,695 Nov. 1995 — 12,627 Nov. 1996 — 10,241



Housing Starts

F.W. Dodge Construction Potentials Bulletin

Nov. 1994 — 2,643 Nov. 1995 — 2,563 Nov. 1996 — 2,412



Retail Sales

Bureau of the Census
(Billions)

Oct. 1994 — \$4.17 Oct. 1995 — \$4.39 Oct. 1996 — \$4.69

