

The Gary Metro Division

The Area

More than one out of every 10 Hoosiers lives within the Gary Metropolitan Division, which consists of four counties in northwest Indiana: Lake, Porter, Jasper and Newton. The five biggest cities in the region include Gary, Hammond (the fifth and sixth largest cities in the state), Portage, East Chicago and Merrillville.

Metropolitan divisions did not exist prior to the 2003 redefinition of statistical areas. Now, however, a metro area containing a single core

with a population of 2.5 million or more may be subdivided to form smaller groupings of counties known as metropolitan divisions. Thus, northwest Indiana was absorbed into the Chicago-Naperville-Joliet, IL-IN-WI metro area, which was then divided into metro divisions (see **Figure 1**).

The four-county Gary metro division had a 2003 population of 685,490, a 1.4 percent growth since Census 2000. This is slightly less than experienced in the state overall (1.9 percent).

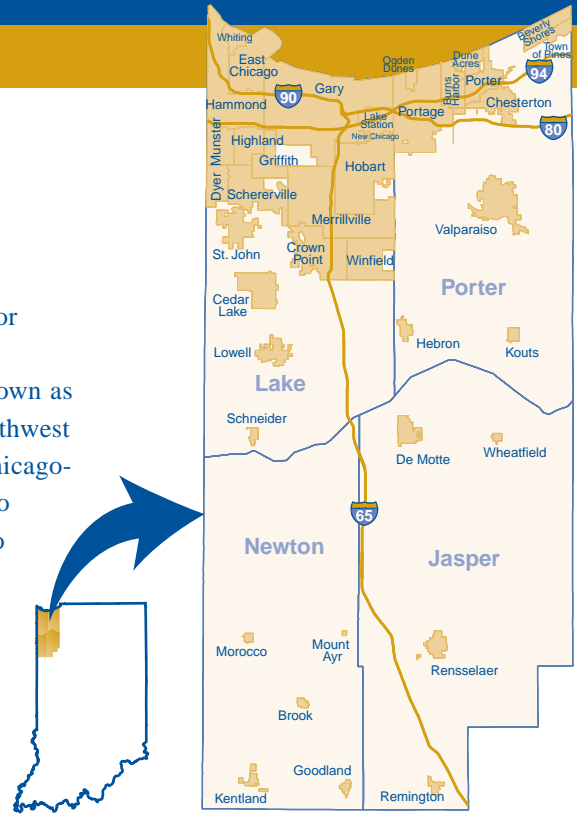
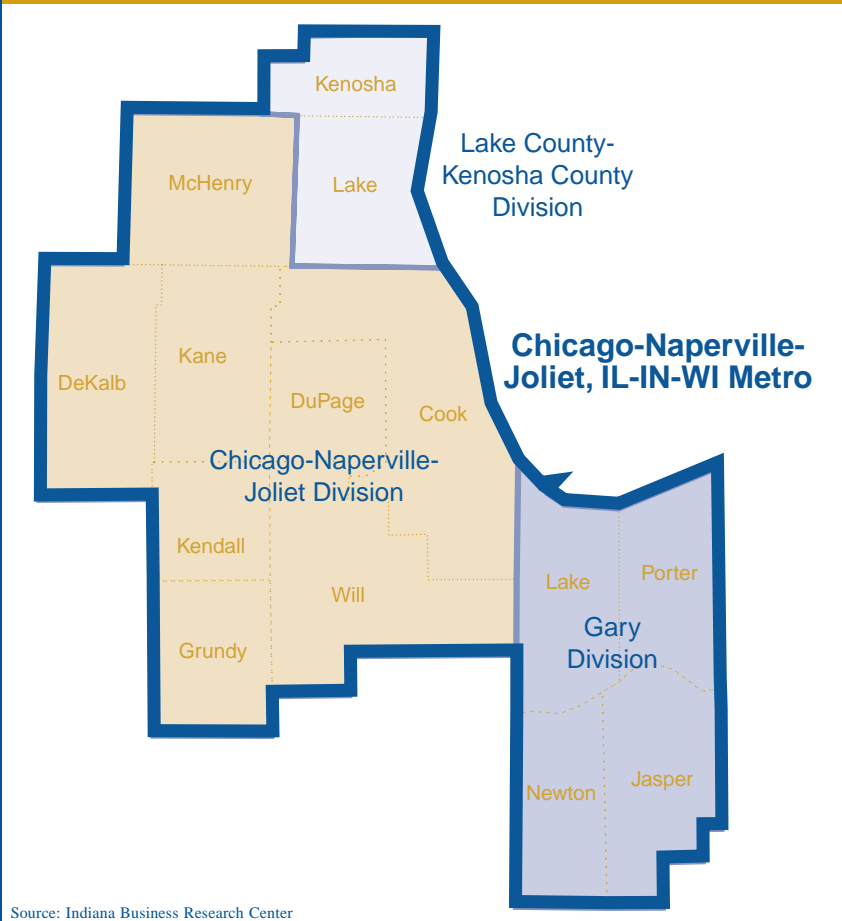


Figure 1: The 2003 Chicago Metro Configuration

The Gary division is now part of the broader Chicago metro area



Source: Indiana Business Research Center

Table 1: Population, 2003

Indicator	Lake	Porter	Jasper	Newton
Population	487,476	152,533	31,078	14,403
Growth Since 1990	2.5%	18.3%	25.2%	6.3%
Growth Since 1970	-10.8%	75.1%	52.1%	24.1%
Population Density per Square Mile	980.8	364.8	55.5	35.8

Source: U.S. Census Bureau

Porter County added over 5,700 residents, advancing 3.9 percent. This was nearly twice the number of people added in Lake County, which grew only 0.6 percent. Jasper County added just over 1,000 people for a 3.4 percent growth. Meanwhile, Newton lost 163 residents, declining by 1.1 percent.

Over 70 percent of the metro division's population lives in Lake County (see **Table 1**), which is also one of Indiana's most diverse counties. Over 25 percent of the population is black, and it has the largest number of Hispanics of any county in the state. (Bear in mind that Hispanic is not a race but an ethnicity, so it is calculated

separately.) In fact, the 70,602 Hispanics living in the Gary metro division account for nearly 30 percent of all Hispanics statewide.

Projections from the Indiana Business Research Center indicate that the Gary region will continue to grow, although at a slower pace than the state. By 2020, the division is set to gain about 16,000 people from current levels, an increase of 2.4 percent, while the state is projected to grow 8.8 percent.

Industrial Mix and Jobs

Manufacturing accounted for 14.9 percent of the metro division’s employment in the first quarter of 2004, down from 18 percent in the first quarter of 2001. While still the largest industry in the region with 37,707 jobs, it declined by more than 9,000 jobs since early 2001. Newton County relies most heavily on manufacturing, since the sector accounted for almost one out of three jobs in the first quarter of 2004.

Primary metal manufacturing (the steel mills) is by far the largest subsector in the Gary division, accounting for half of all manufacturing employment in the region. As shown in **Table 2**, that subsector lost the most jobs on a numeric basis (and accounted for 83.6 percent of manufacturing’s employment declines), but other smaller subsectors were hit harder from a percentage basis.

According to Donald Coffin, an economist at Indiana University

Table 2: Manufacturing Employment by Subsector in Gary Division, 2004:1

NAICS	Industry	Jobs	Percent of Manufacturing	Average Weekly Wage	Job Change 2001:1 to 2004:1	
					Number	Percent
0	Total Covered Employment	252,691	-	\$647	-8,010	-3.1
31-33	Manufacturing	37,707	100	\$1,123	-9,202	-19.6
331	Primary Metal Manufacturing	19,014	50.4	\$1,365	-7,694	-28.8
332	Fabricated Metal Product Manufacturing	3,483	9.2	\$843	-449	-11.4
326	Plastics and Rubber Products Manufacturing	1,692	4.5	\$714	228	15.6
324	Petroleum and Coal Products Manufacturing	1,573	4.2	\$1,992	-157	-9.1
336	Transportation Equipment Manufacturing	1,521	4.0	\$742	21	1.4
311	Food Manufacturing	1,469	3.9	\$649	-131	-8.2
325	Chemical Manufacturing	1,441	3.8	\$1,207	-240	-14.3
327	Nonmetallic Mineral Product Manufacturing	1,240	3.3	\$810	-101	-7.5
333	Machinery Manufacturing	1,044	2.8	\$877	-422	-28.8
339	Miscellaneous Manufacturing	979	2.6	\$501	-2	-0.2
337	Furniture and Related Product Manufacturing	936	2.5	\$573	232	33.0
323	Printing and Related Support Activities	497	1.3	\$625	-214	-30.1
322	Paper Manufacturing	243	0.6	\$901	-27	-10.0
321	Wood Product Manufacturing	210	0.6	\$492	-151	-41.8
334	Computer and Electronic Product Manufacturing	114	0.3	\$921	-8	-6.6
335	Electrical Equipment, Appliance, and Component Manufacturing	93	0.2	\$617	5	5.7
315	Apparel Manufacturing	45	0.1	\$306	-25	-35.7
314	Textile Product Mills	37	0.1	\$421	-13	-26.0

Source: Indiana Department of Workforce Development

Northwest, manufacturing employment in the region is likely to hold its own in 2005. The merger of ISPAT-Inland with ISG (to form Mittal Steel) is unlikely to have immediate consequences, as long as steel demand remains strong.¹

Health care and social services (34,484 employees) is the next largest industry after manufacturing. Between the first quarters of 2001 and 2004, this sector had the largest numeric growth among the major industries in three of the four counties, adding 2,894 jobs region-wide.

The third biggest sector is retail trade at 32,233 employees. According to the most recent Manpower employment survey for the first quarter of 2005, the retail sector is the only sector in the region anticipating more job cuts than job gains. Nevertheless, in northwest

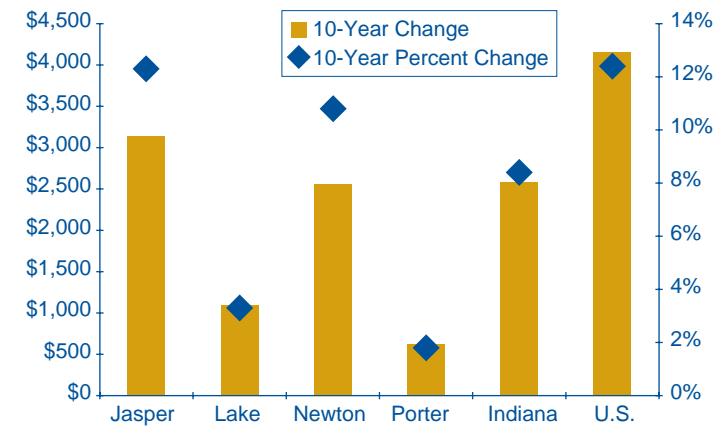
Indiana’s overall economy, just 17 percent of employers plan to hire this quarter, down from 40 percent last quarter.

Wages and Income

Average wages for 2003 ranged from \$26,255 in Newton County to \$33,820 in Lake County. **Figure 2** illustrates how wages in each county have changed in the past 10 years. While Lake and Porter counties still have the highest wages in the region, the loss of high-paying manufacturing jobs is one factor causing wage growth to stagnate. In both counties, the average manufacturing wage exceeded \$55,000 in 2003, higher than that in adjacent counties and the state. That’s over \$20,000 higher than health care and social services wages, which is the

Figure 2: Change in Average Wages, 1993 to 2003

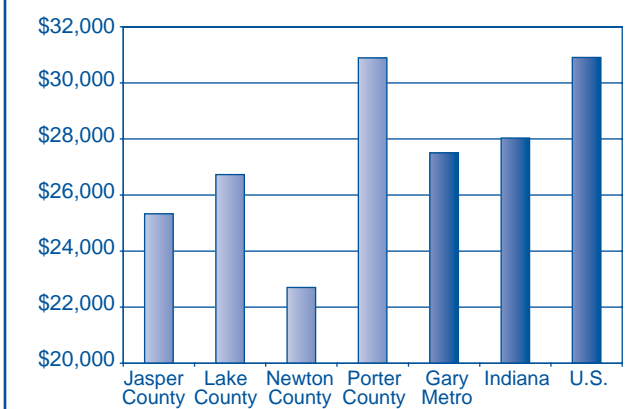
Lake and Porter still have highest wages, but least growth



Source: U.S. Bureau of Labor Statistics

Figure 3: Per Capita Personal Income, 2002

Porter County had highest in region at \$30,872



Source: U.S. Bureau of Economic Analysis

sector experiencing the most growth. This is also why Newton County did not experience the same stagnation in growth of wages, despite its higher reliance on manufacturing. Because the average manufacturing wage in Newton County is less than \$30,000, the wage gap between manufacturing and other sectors is much lower.

Per capita personal income (PCPI) in the Gary metro division was \$27,501 for 2002, or \$531 less than the state average. PCPI ranged from \$22,701 in Newton County to \$30,892 in Porter County (see **Figure 3**).

Housing

The Gary region has seen a drop in the percentage of single-family building permits over the past decade. In 1993, single-family permits accounted for 88.3 percent of all residential permits issued; by 2003, this figure had dropped to just 75.4 percent (see **Figure 4**). Lake County is driving this change, with just 67.9 percent of its new residential permits classified as single-family in 2003. Other counties in the region have seen increases in

this percentage, indicative of increased suburbanization.

Despite declining numbers of new single-family homes, the region experienced record-breaking existing single-family home sales in 2004. According to the *Times of Northwest Indiana*, sales during the first 11 months of 2004 were 6.9 percent higher than the same period in the previous year. And while the tax reassessment in Lake County has hurt

some neighborhoods, the housing market has remained strong overall.²

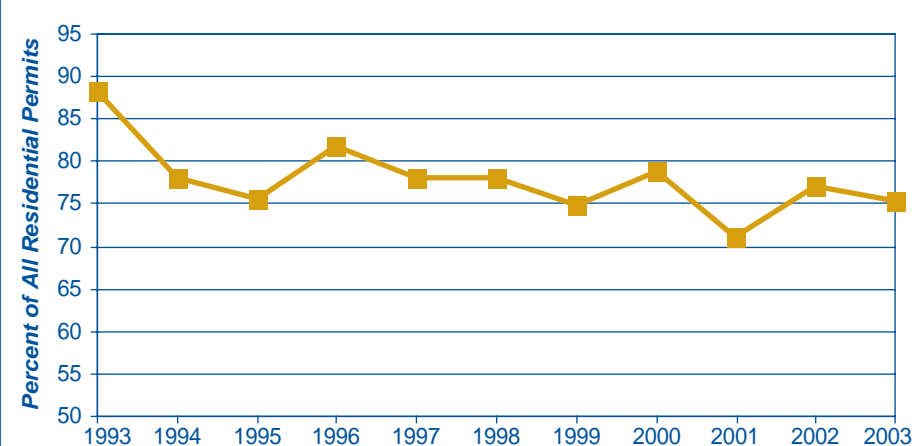
Notes

1. For more of Professor Coffin's analysis and projections for the coming year, see his article in the *Indiana Business Review's* Outlook 2005 edition; available online at www.ibrc.indiana.edu/ibr/2004/outlook05/gary.html.
2. Keith Benman, "Northwest Indiana Region on Track for Record Year in Housing," *Times of Northwest Indiana*, 30 December 2004.

—Rachel Justis, Managing Editor, *Indiana Business Research Center*, Kelley School of Business, Indiana University

Figure 4: Single-Family Building Permits in the Gary Division, 1993 to 2003

Single-family accounted for 75.4 percent of new residential permits in 2003



Source: U.S. Census Bureau