

# 7 Rivers Region: An Economic Update

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October 19, 2017



## *Economic Indicators and Trends*

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Economic Indicators  
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## Economic Indicators

*Economic Indicators: An Update for the 7 Rivers Region* reports on a long-term study of regional economic indicators. The research is ongoing and spans a period of time to enable us to understand and report trends. This project is expected to continuously build on a base of economic information and provide decision makers with valuable tools for strategic planning. The information will also provide a basis for comparison with other regions and a measure of our progress.

State Bank Financial sponsors this research project in collaboration with the University of Wisconsin-La Crosse College of Business Administration and the *La Crosse Tribune*. These programs will continuously build on a base of information and provide decision makers like you with valuable tools for strategic planning.

Specific goals of this project are:

- Support business owners in their business decisions by gathering key local economic indicators and trend information.
- Develop specific economic indicators for this region that are not readily available to decision makers.
- Develop tools to assess our progress in economic growth. Prepare baseline measures that will allow comparison with other regions and measure future progress of the region.
- Track the region's participation in the "new economy" and development in the high tech arena.
- Bring professionals together with business owners for discussion about the local economy and related critical issues.
- Create a business recruitment and retention tool by publishing the information.

Core economic indicators cover the following areas:

- Employment
- Income
- Cost of Living
- Consumer Attitude and Behavior
- Real Estate and Housing
- Interest Rates
- Equity Performance

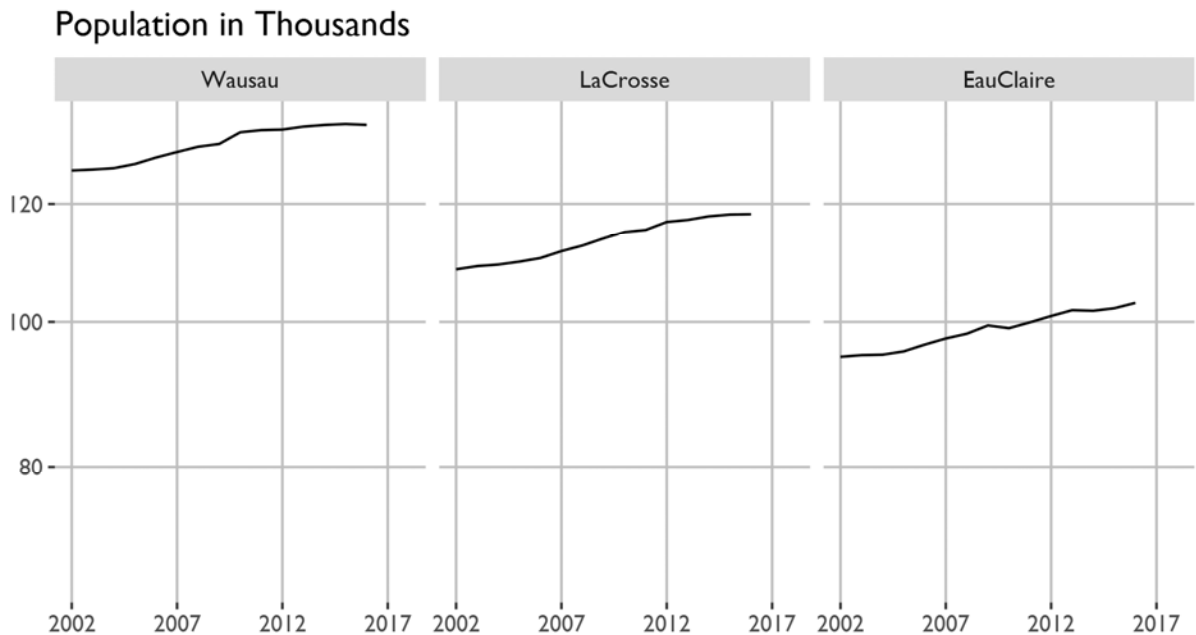
**Economic Indicators and Trends**

Taggart J. Brooks, Ph.D., UW-La Crosse Department of Economics

**October 2017:**

The Economic Indicators project started with the first presentation back in May of 2002. It has been just over 15 years and we thought it was time to take stock of where we have been. To provide an appropriate context for where we have been we will also occasionally look to two other regions in the upper Midwest with comparable geography if not perfectly comparable economies. We will look to both the Eau Claire County and the Metropolitan Statistical Area (MSA) of Eau Claire and the Wausau MSA and the county in which it is located – Marathon. MY original intent was to use Rochester, Minnesota’s MSA and the county in which it is located - Olmsted. However, while Olmsted county is similar enough, the MSA now includes 4 counties Olmsted, Wabasha, Dodge and recently added Fillmore, making it far larger.

The graph below (log scale) depicts the populations of the three aforementioned counties. Marathon County is the largest, but slowest growing with over 135,000 people, while Eau Claire is smaller than La Crosse, with fewer than 105,000 people.



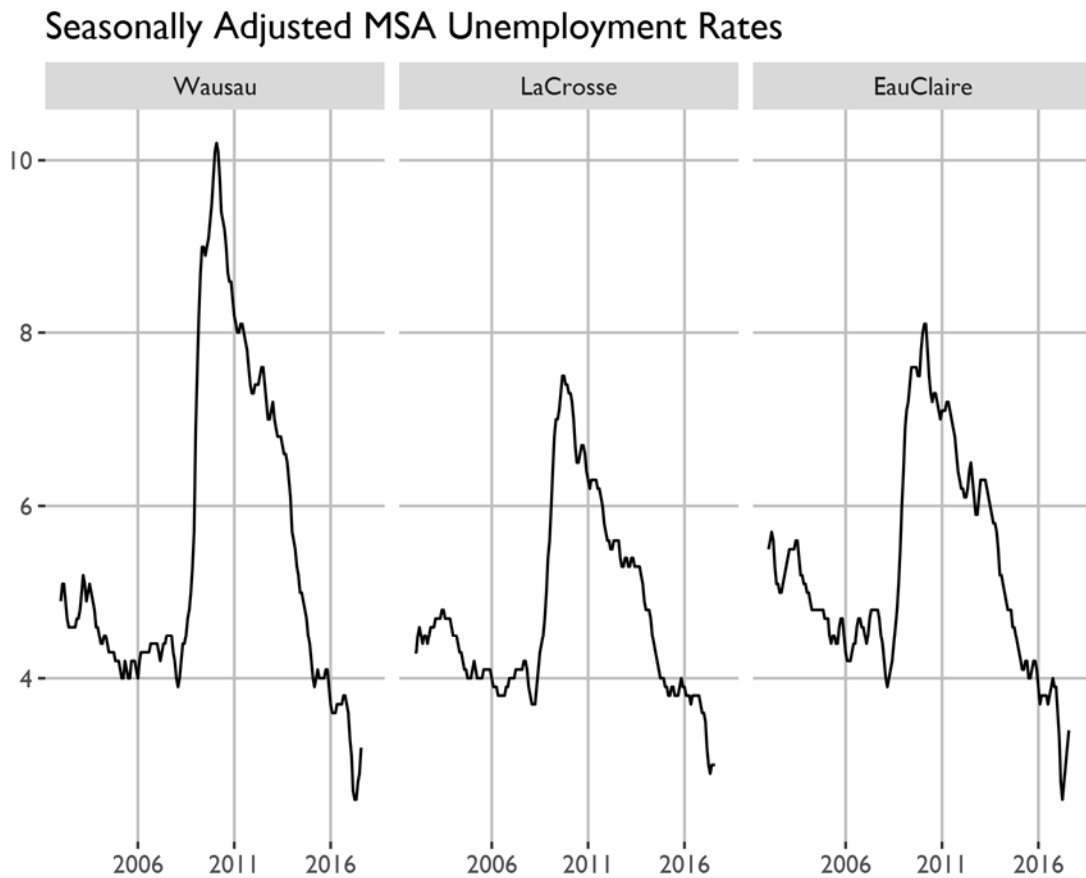
Source: Census

Recall back in 2002 we were just coming out of a recession, with the National Bureau of Economic Research (NBER) officially dating the start of the recession for the country from March of 2001 to November of 2001. The recession – at 8 months long – was relatively short and shallow by historical standards. The 15-year period we will look at contains what has come

to be called the Great Recession, with the NBER dating it from December 2007 to June of 2009 – a full 18 months. That makes it the longest recession after the Great Depression.

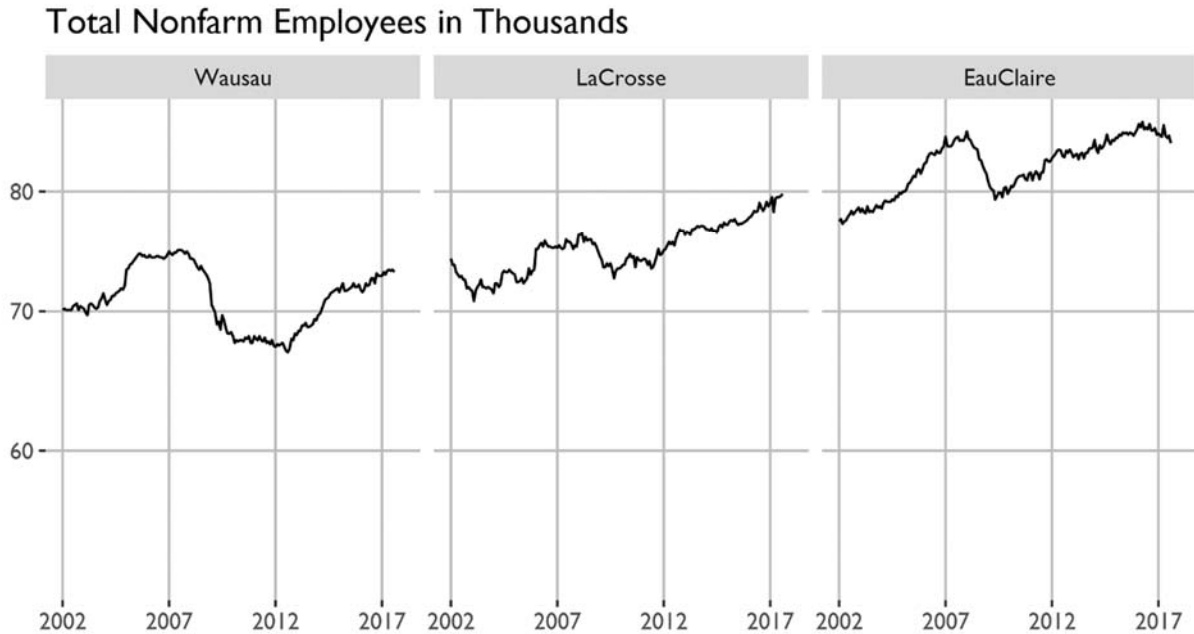
### Labor Market

Let us start by looking at what has happened to our labor market over the last 15 years. The next graph depicts the unemployment rates for the three MSAs. In all three cases they are below the level they were in 2002, which was admittedly higher due to the recession hangover. That said, the current unemployment rates are even lower than at the lowest they achieved before the recession of 2007. Noticeably the Wausau MSA experienced the highest unemployment rate during the recession out of all three.



Source: U.S. Bureau of Labor Statistics

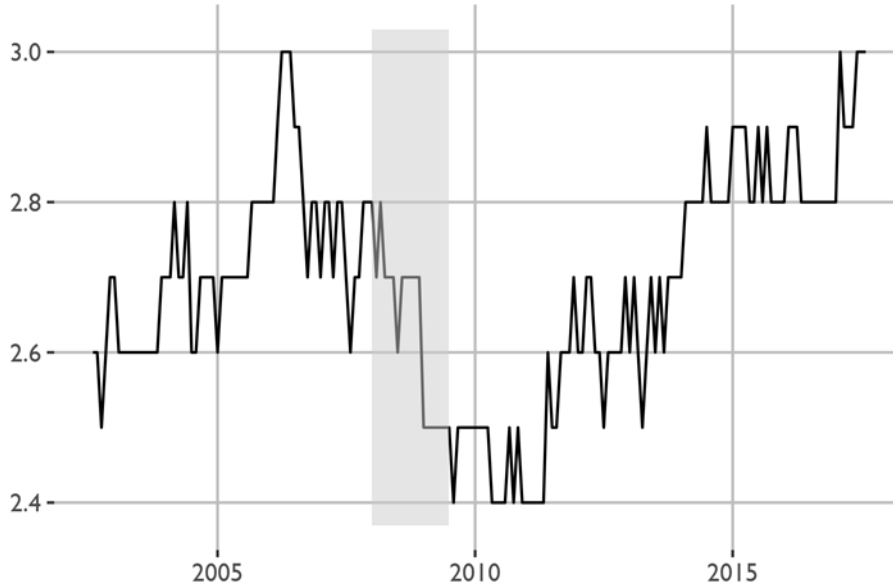
Turning to the total number of employees on non-farm payrolls for these MSAs. We see that the Eau Claire MSA has the highest level of employment and growth that has been consistently slower post-recession than before, with a large impact of the recession. Comparably La Crosse, while having generally been growing slower, did not suffer the same size contraction as Wausau or Eau Claire.



Source: U.S. Bureau of Labor Statistics

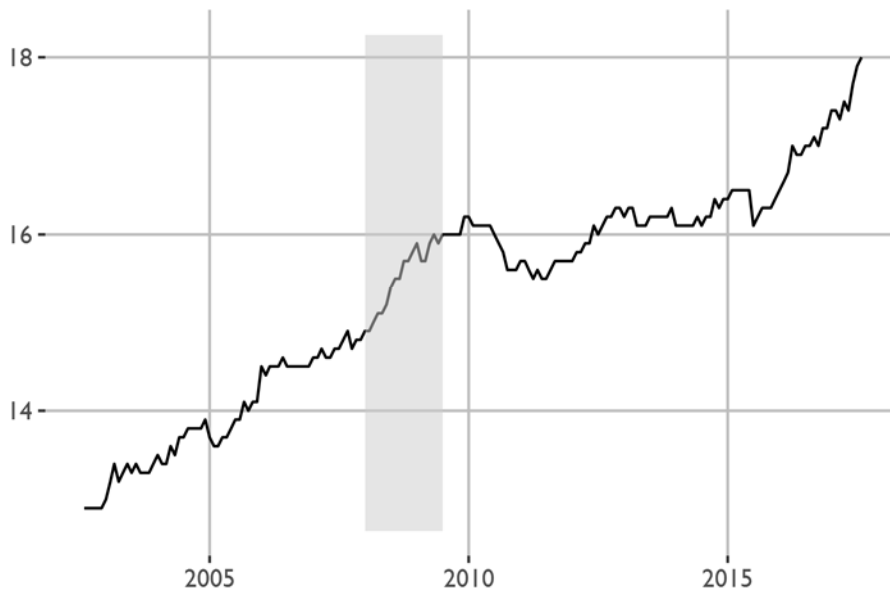
To answer the question of which industries have seen the greatest employment growth – or decline, we present a few selected industries below. For each of the graphs we are looking at employment in that industry in the La Crosse WI-MN MSA measured in thousands on the vertical axis. A few quick notes to draw your attention to: Construction/mining has fully recovered to its pre-Great Recessions levels. Manufacturing has not; while government sector employment has stagnated, Education and Health, Leisure and Hospitality have continued to see growth.

### Construction, Natural Resources and Mining Employment in La Crosse, WI-MN (MSA)

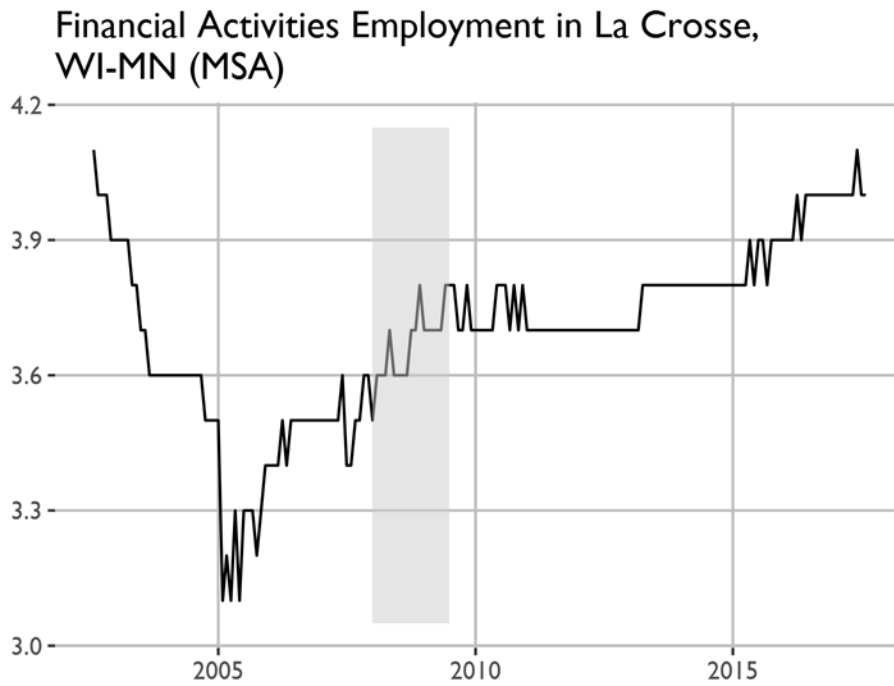


Source: Bureau of Labor Statistics

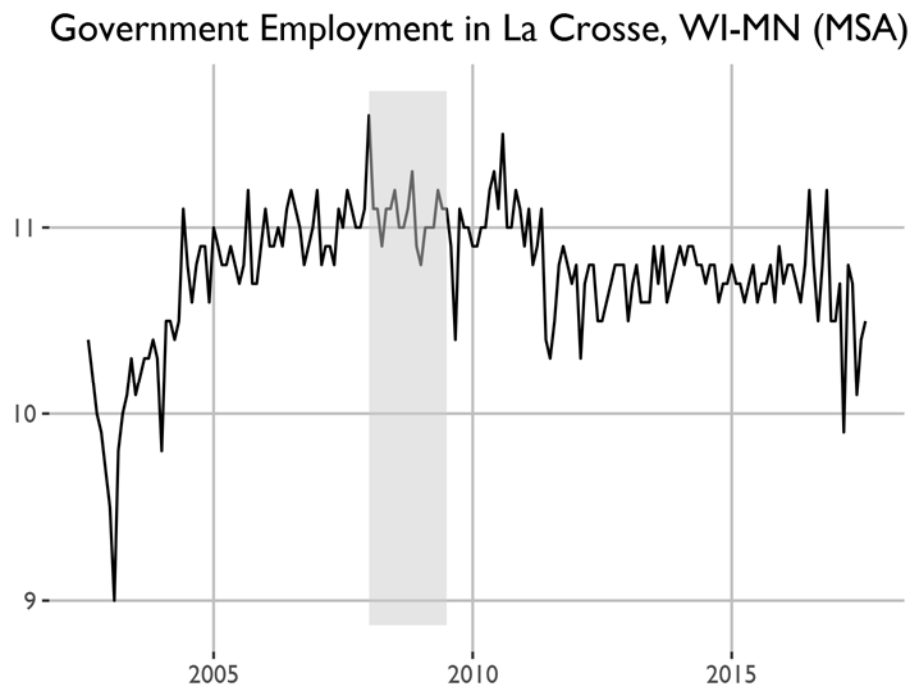
### Educational and Health Services Employment in La Crosse, WI-MN (MSA)



Source: Bureau of Labor Statistics

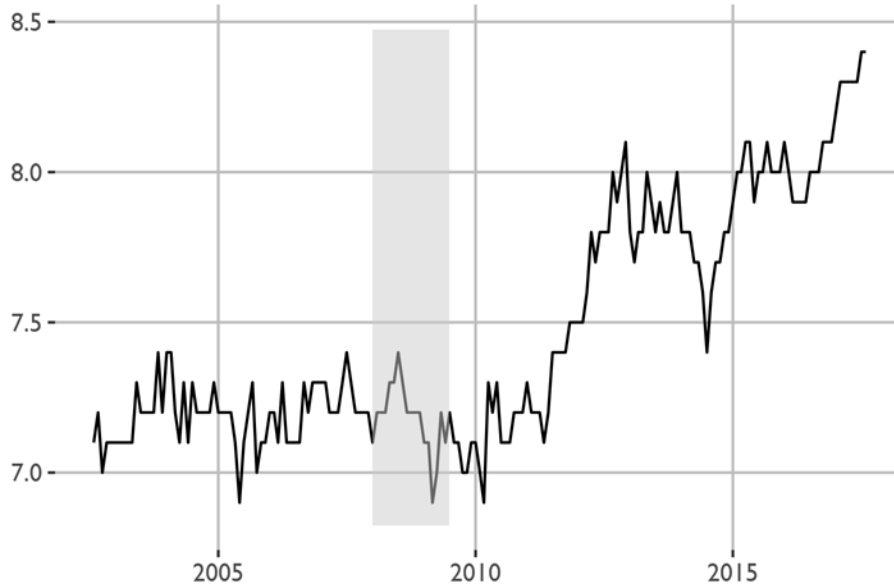


Source: Bureau of Labor Statistics



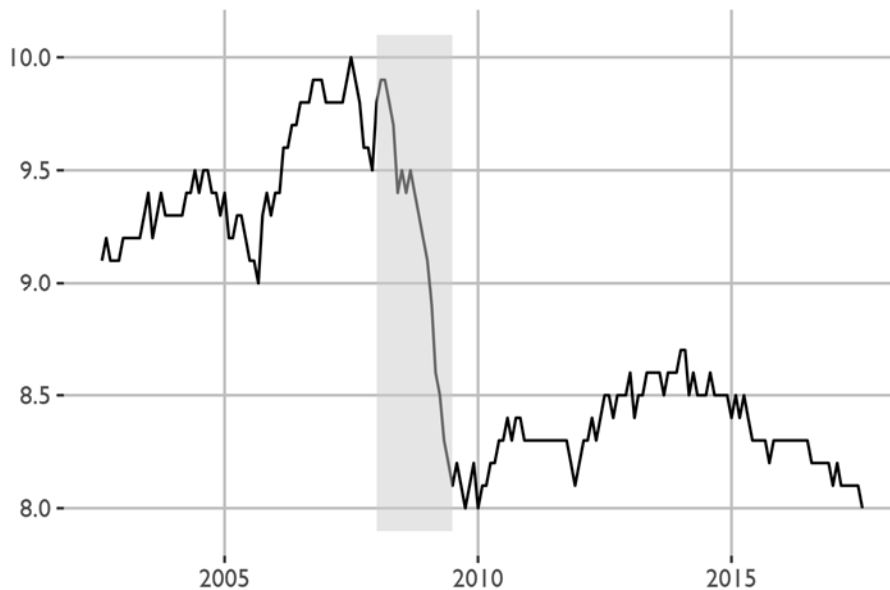
Source: Bureau of Labor Statistics

### Leisure and Hospitality Employment in La Crosse, WI-MN (MSA)



Source: Bureau of Labor Statistics

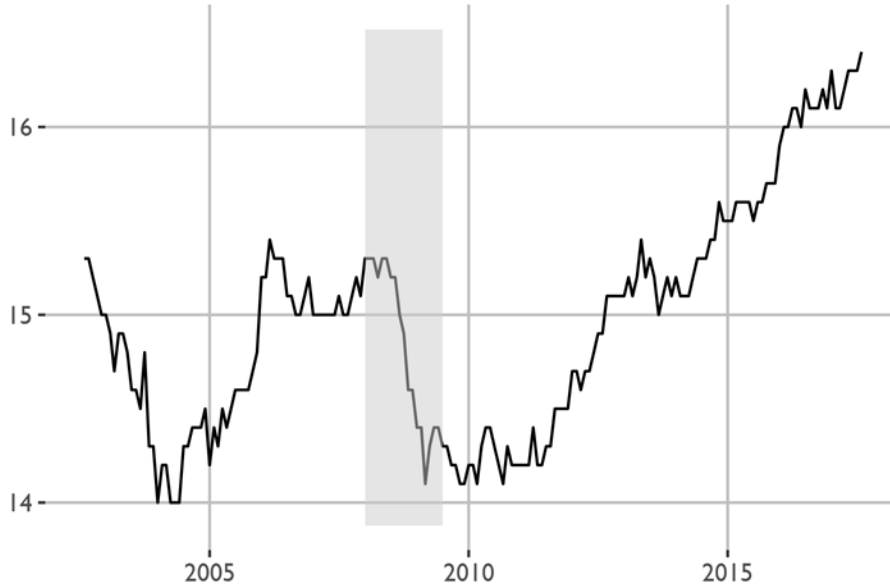
### Manufacturing Employment in La Crosse, WI-MN (MSA)



Source: Bureau of Labor Statistics



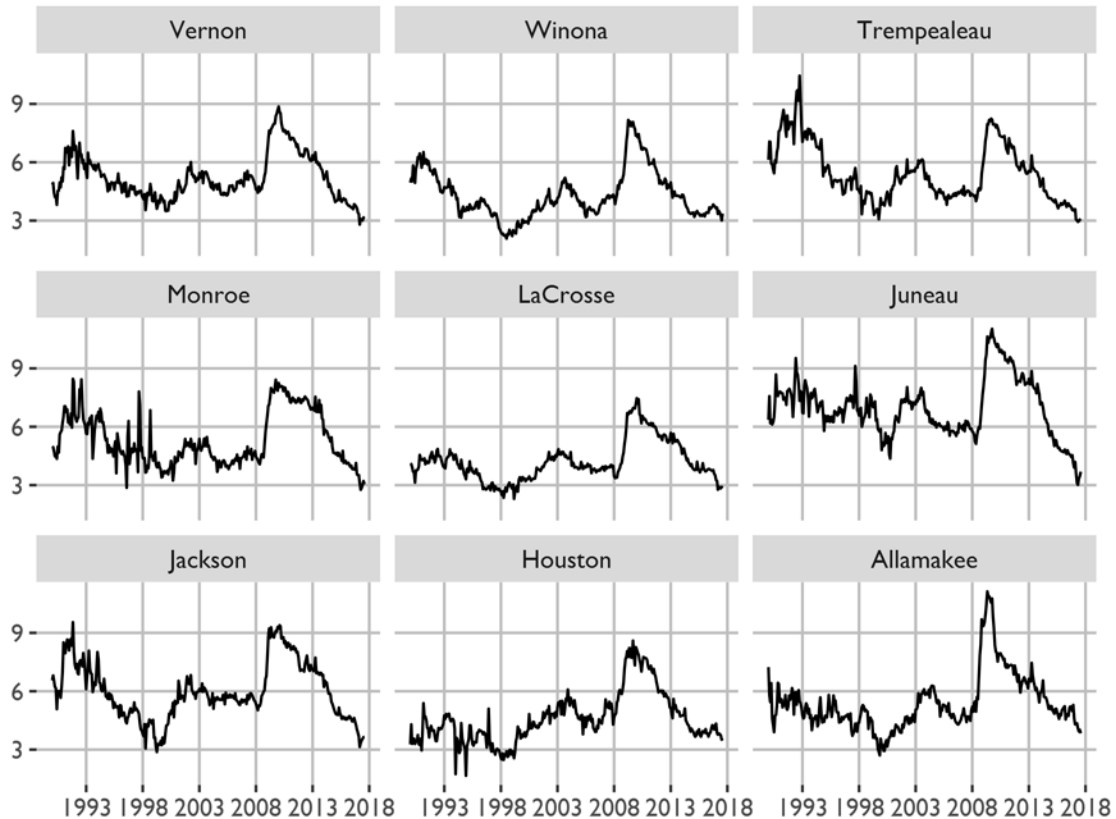
## Trade, Transportation and Utilities Employment in La Crosse, WI-MN (MSA)



Source: Federal Reserve Bank of St. Louis

Finally, below we present all seasonally adjusted unemployment rates across the counties of the 7 Rivers Region. In this panel we provide a longer time frame, to put the currently low unemployment rates in some longer context. The late 90's also saw a period with similarly low unemployment rates. I would point out, however, that male labor force participation was also higher back then as well.

## Seasonally Adjusted County Unemployment Rates

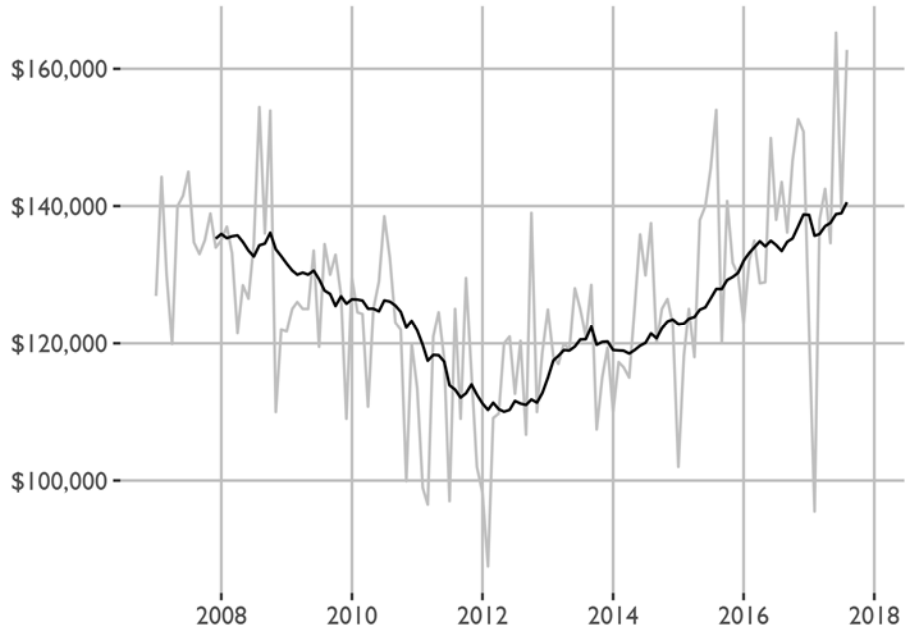


Source: U.S. Bureau of Labor Statistics

## Housing Market

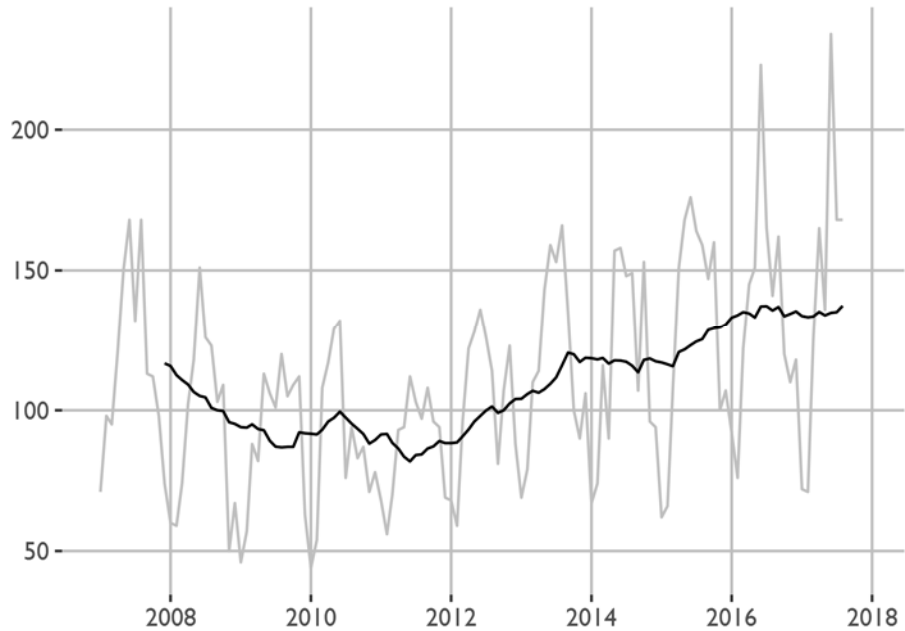
As we are all well aware the Great Recession had its largest impact on the housing market. Below you will find six graphs produced with county level data provided by the Wisconsin REALTORS® Association (WRA). They provide monthly median home prices for each county along with the monthly number of sales. The monthly data is very volatile, owing to weather and other seasonal effects, so below we plot the 12-month moving average in black, with the actual data in gray. The data provided by the WRA does not fully cover our 15-year window, but rather only goes back to January 2007, just before the start of the Great Recession. As we would expect, housing prices generally fell in the aftermath of the recession, notably far more in Marathon county than in La Crosse or Eau Claire. In fact, Marathon county is only now seeing home prices return to the level they were at during the initial phase of the recession. Both Eau Claire and La Crosse probably saw their prices reach the 2008 levels by sometime in 2013. Both have been rising since, with La Crosse rising more rapidly.

### Median Home Prices: Marathon County



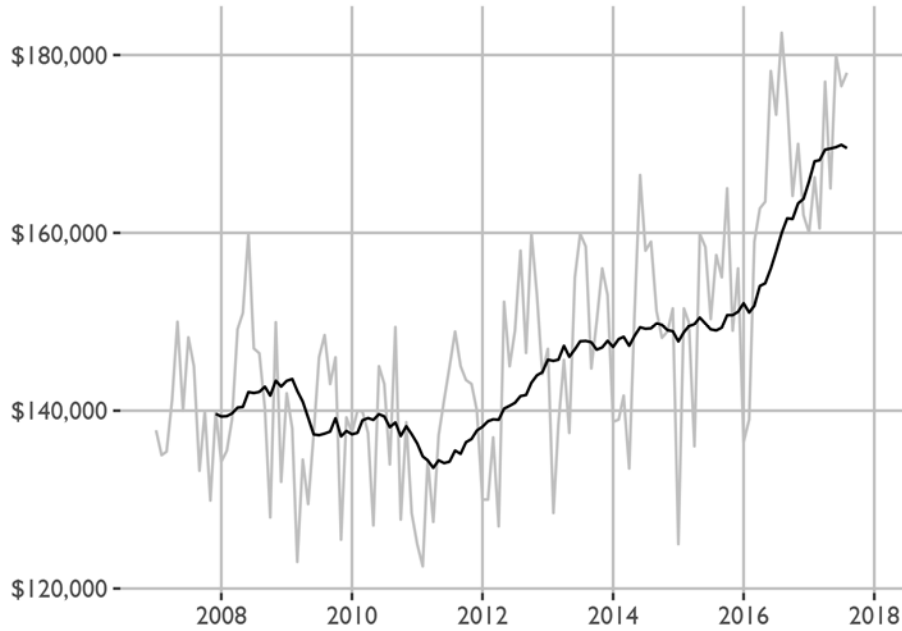
Source: Wisconsin REALTORS® Association

### Number of Home Sales: Marathon County



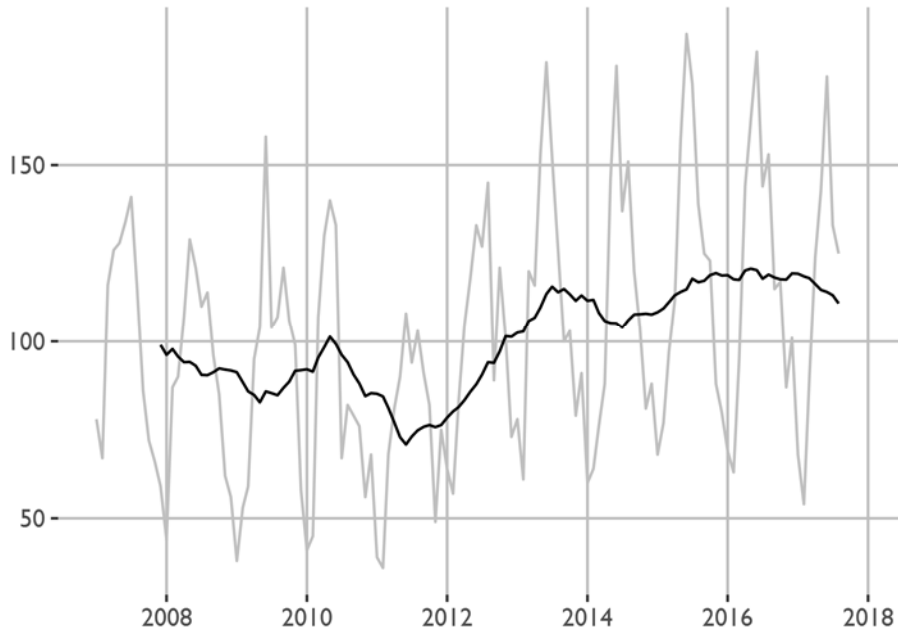
Source: Wisconsin REALTORS® Association

### Median Home Prices: La Crosse County



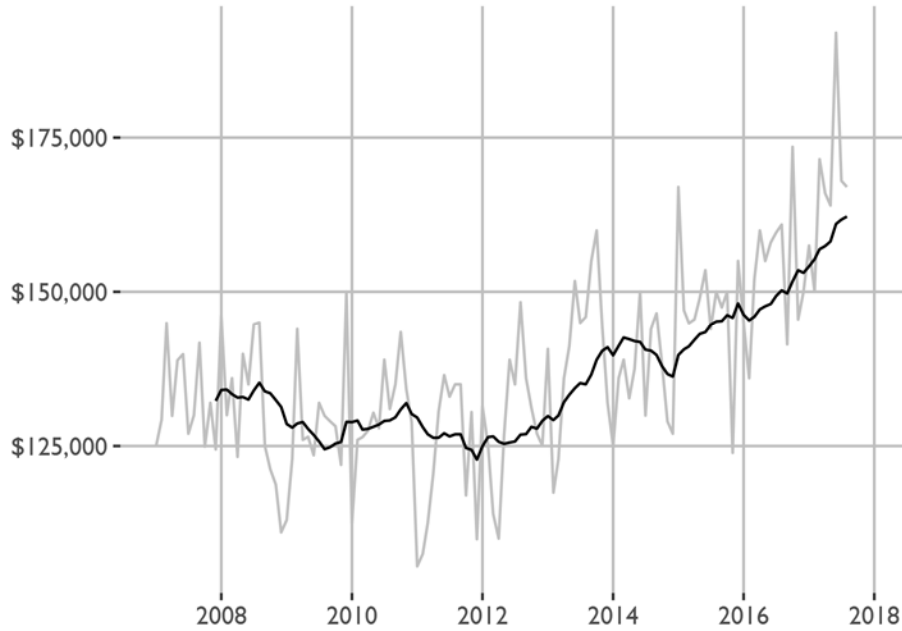
Source: Wisconsin REALTORS® Association

### Number of Home Sales: La Crosse County



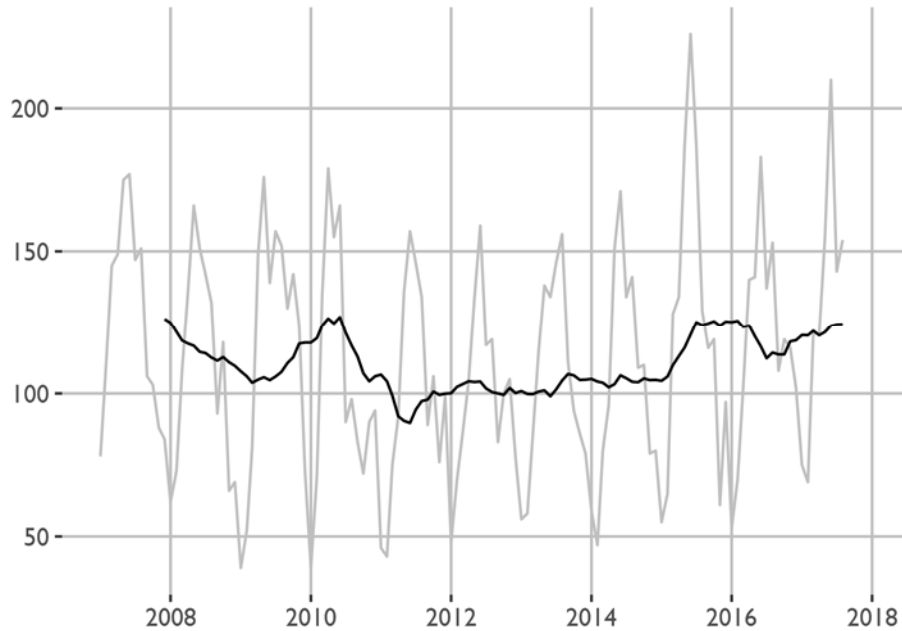
Source: Wisconsin REALTORS® Association

### Median Home Prices: Eau Claire County



Source: Wisconsin REALTORS® Association

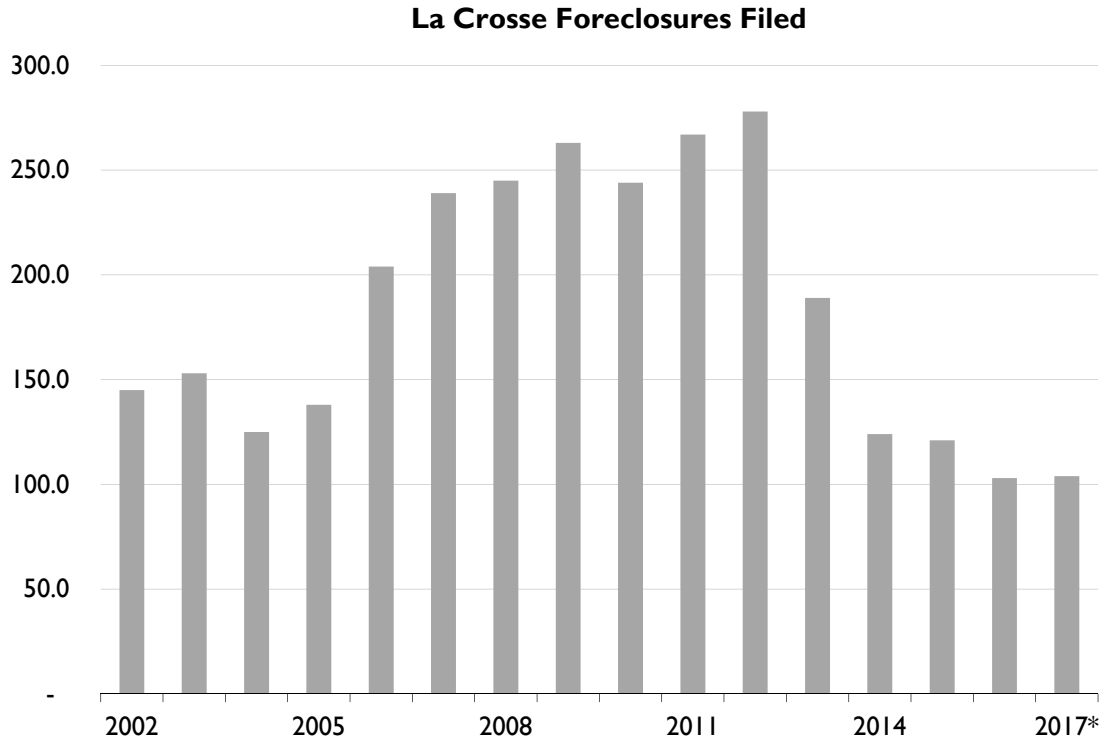
### Number of Home Sales: Eau Claire County



Source: Wisconsin REALTORS® Association

## Foreclosures

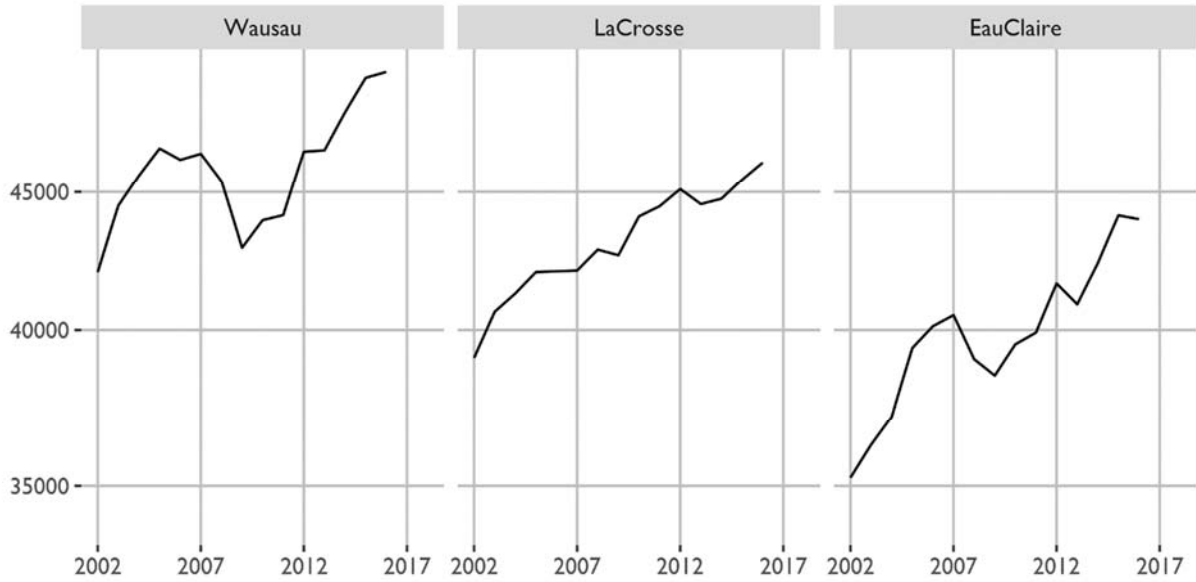
Part of what has helped the housing market return to normal is the number of foreclosures has returned to levels seen in the early 200's or below.



## Regional GDP

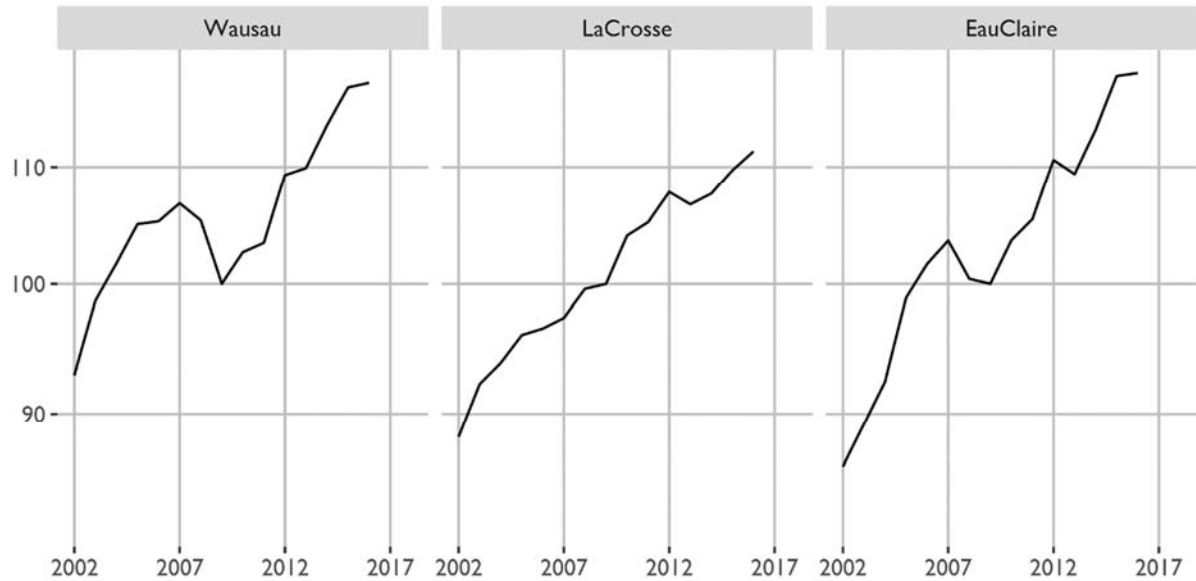
These next two graphs provide measures of the production of the MSAs we have been considering. Again we are using the same fixed Y access so we can make direct comparisons. The first graph represents per capita Real Gross Domestic Product. It is highest for Wausau, and lowest for Eau Claire, but again the most interesting aspect of the graph is how La Crosse appeared to weather the recession, but be on a slower growth path than the other two. This is also seen in the second graph which focuses on an index measure of real GDP, no longer dividing by the population as in the case of the first graph. Here it is far more clear that production growth has been slower here than in the other MSAs.

### Total Per Capita Real Gross Domestic Product



Source: U.S. Bureau of Economic Analysis

### Total Quantity Indexes for Real GDP

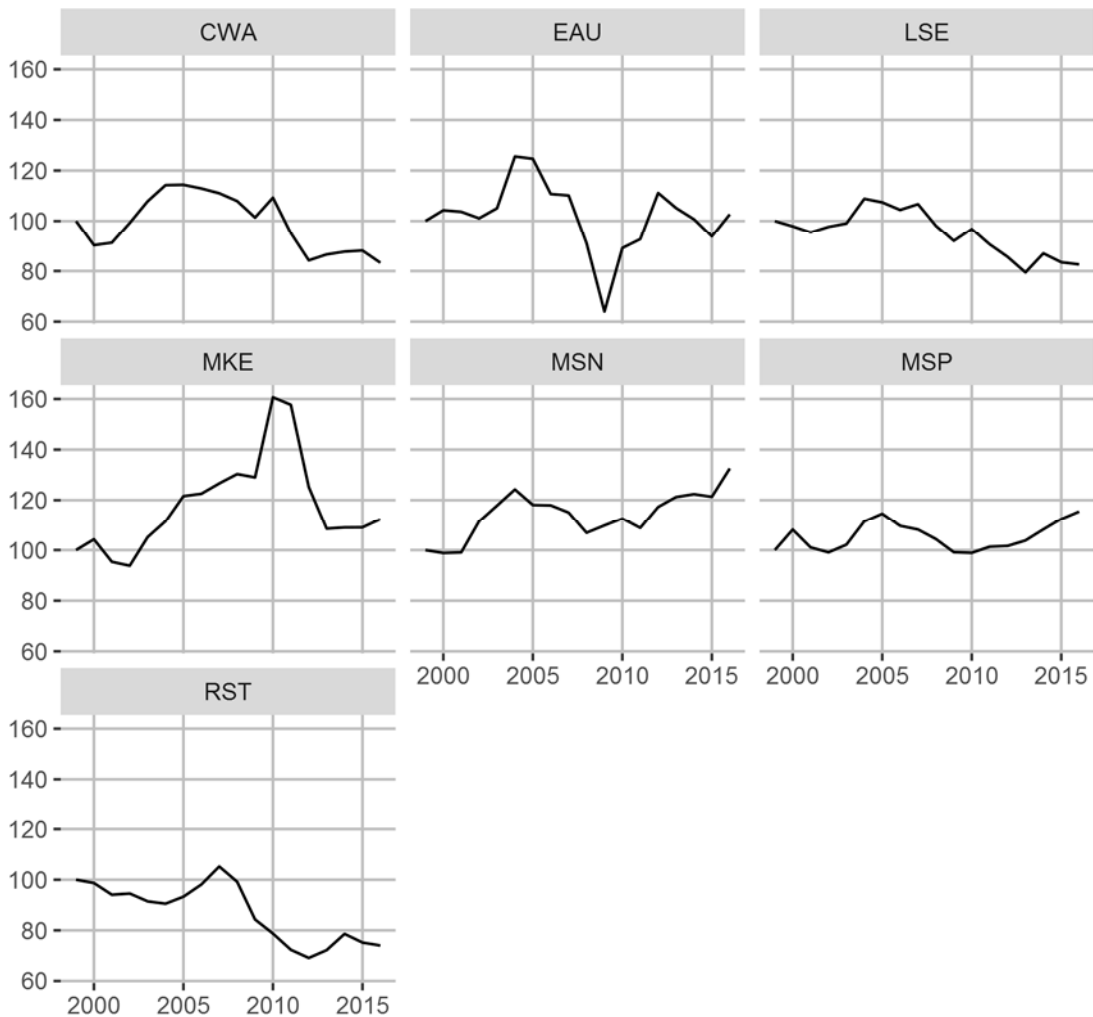


Source: U.S. Bureau of Economic Analysis

### Tourism

The focus of the meeting is “The Changing Face of Tourism.” I don’t have much data to present, but given our general theme of tracking the last 15 years of data, I have the regional airport enplanement data from some regional airports. To account for the varying size of airports, I’ve converted the data to index form, so that it reads as a percentage change from the base period in 1999. The Madison airport (MSN) is the big winner over this period, with MKE experience the greatest rise and fall.

Regional Airport Enplanements Index



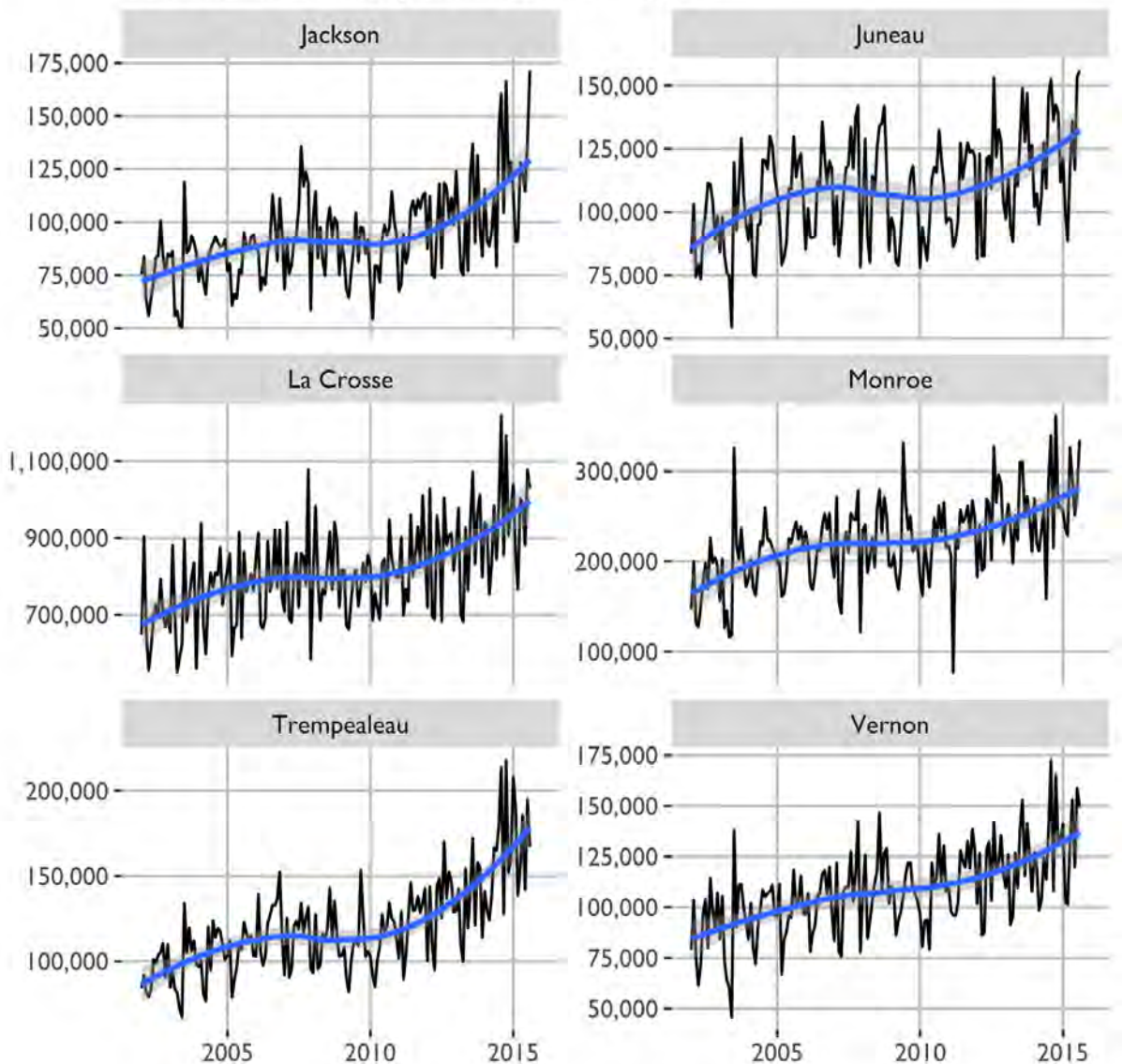
Source: Federal Aviation Administration



### Sales Tax

The graph below depicts the county sales tax rebate from the state. This data is a challenge to use because the state records the month the rebate was made, irrespective of when the sales tax was collected. The data would be more valuable as a measure of local sales if it were in fact recorded within the month the tax was collected, rather than when the rebate was made to the county. That said, if we smooth the month to month changes as I have done here, we get a sense for the changes in the data. Here again, for most counties in the 7 Rivers Region, the impact of the recession on the rebate is obvious. Juneau and Jackson seem to have been harder hit than Vernon and La Crosse.

### Wisconsin County Sales Tax Rebates

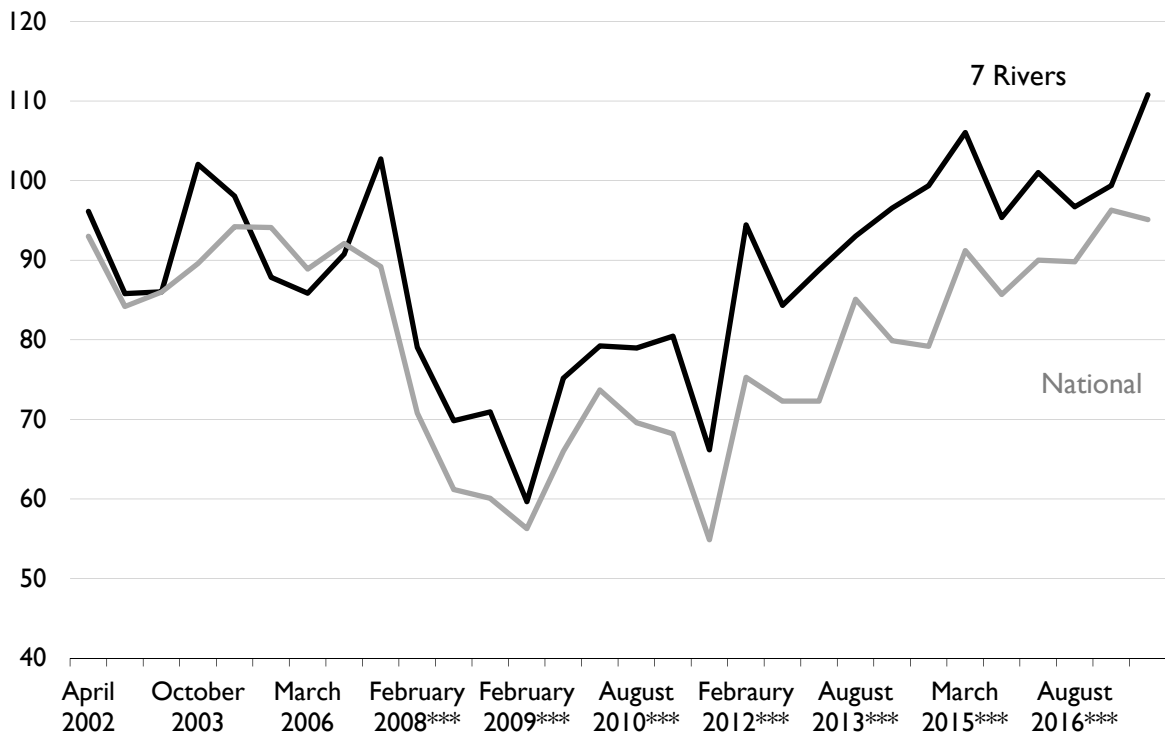




## Consumer Sentiment

During the week of October 2 I distributed, via email, the biannual consumer sentiment survey to approximately 1,400 past participants in programs related to the 7 Rivers Region. The following data is based on results from the initial 66 responses received. A table with all the data since the inception of the regional survey is available below. We see from the most recent data the regional overall consumer sentiment index has surged. The 7 Rivers Region has seen its premium over the national index increase, driven mostly by relative large changes in the expectations index.

### 7 Rivers Consumer Sentiment Index



\*\*\* Survey moves to web



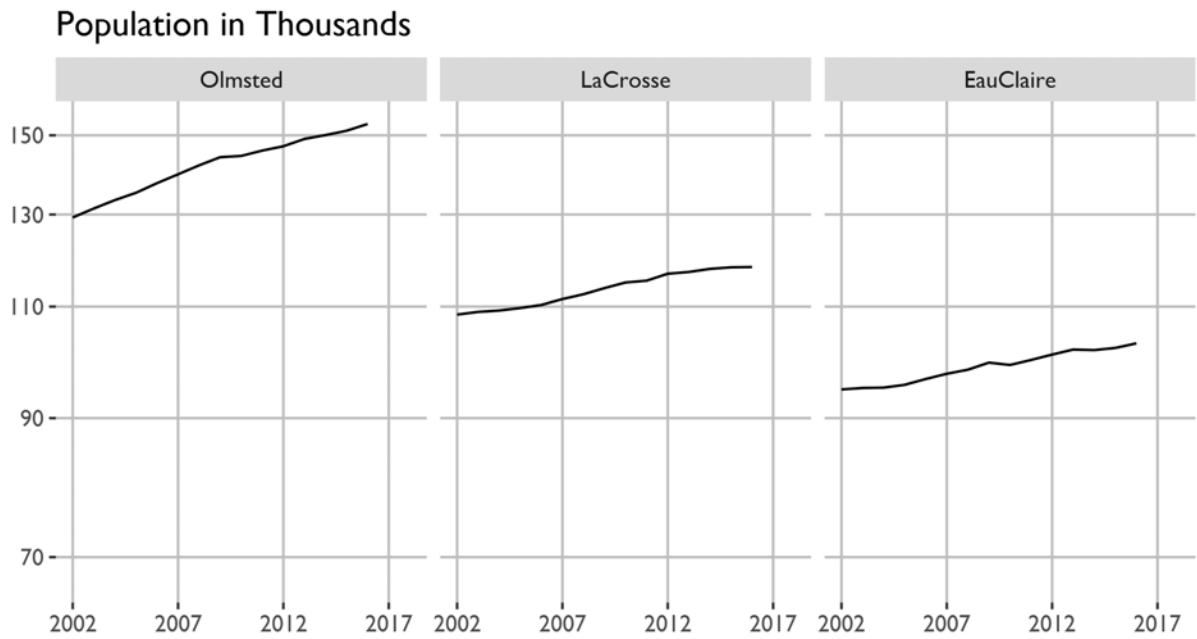
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### Consumer Sentiment Index Data

	Consumer Sentiment		Current Conditions		Consumer Expectations	
	7 Rivers	National	7 Rivers	National	7 Rivers	National
April 2002	96.1	93	94.7	99.2	97.1	89.1
November 2002	85.8	84.2	97.0	93.1	78.6	78.5
April 2003	86.0	86	94.4	96.4	80.6	79.3
October 2003	102.0	89.6	104.6	99.9	100.4	83.0
April 2004	98.1	94.2	102.9	105	95.0	87.3
February 2005	87.9	94.1	100.7	109.2	79.6	84.4
March 2006	85.9	88.9	107.6	109.1	71.9	76.0
November 2006	90.8	92.1	96.7	106	86.9	83.2
April 2007***	102.7	89.2	113.7	111.1	95.7	75.1
February 2008***	79.1	70.8	91.3	83.8	71.2	62.4
August 2008***	69.9	61.2	76.5	73.1	65.6	53.5
December 2008***	70.9	60.1	87.0	69.5	60.6	57.8
February 2009***	59.7	56.3	75.9	65.5	49.2	50.5
July 2009***	75.2	66	83.7	70.5	69.7	63.2
February 2010***	79.2	73.7	91.8	84.1	71.2	66.9
August 2010***	79.0	69.6	91.5	69.0	70.9	64.1
April 2011***	80.5	68.2	88.2	83.6	75.5	58.3
August 2011***	66.2	54.9	80.8	69.3	56.8	45.7
February 2012***	94.4	75.3	102.4	83.0	89.3	70.3
August 2012***	84.3	72.3	96.8	82.7	76.3	65.6
April 2013***	88.8	72.3	99.9	84.8	81.6	64.2
August 2013***	93.0	85.1	103.3	98.6	86.4	76.5
March 2014***	96.6	79.9	108.4	96.1	89.0	69.4
August 2014***	99.4	79.2	106.8	99.6	94.6	66.2
March 2015***	106.0	91.2	115.3	103.0	100.1	83.7
September 2015***	95.4	85.7	108.8	100.3	86.7	76.4
March 2016***	101.0	90.0	117.8	105.6	90.2	80.0
September 2016***	96.7	89.8	111.6	107.0	87.2	78.7
March 2017***	99.4	96.3	111.5	111.5	91.6	86.5
<b>October 2017***</b>	<b>110.7</b>	<b>95.1</b>	<b>119.5</b>	<b>111.7</b>	<b>105.1</b>	<b>84.4</b>

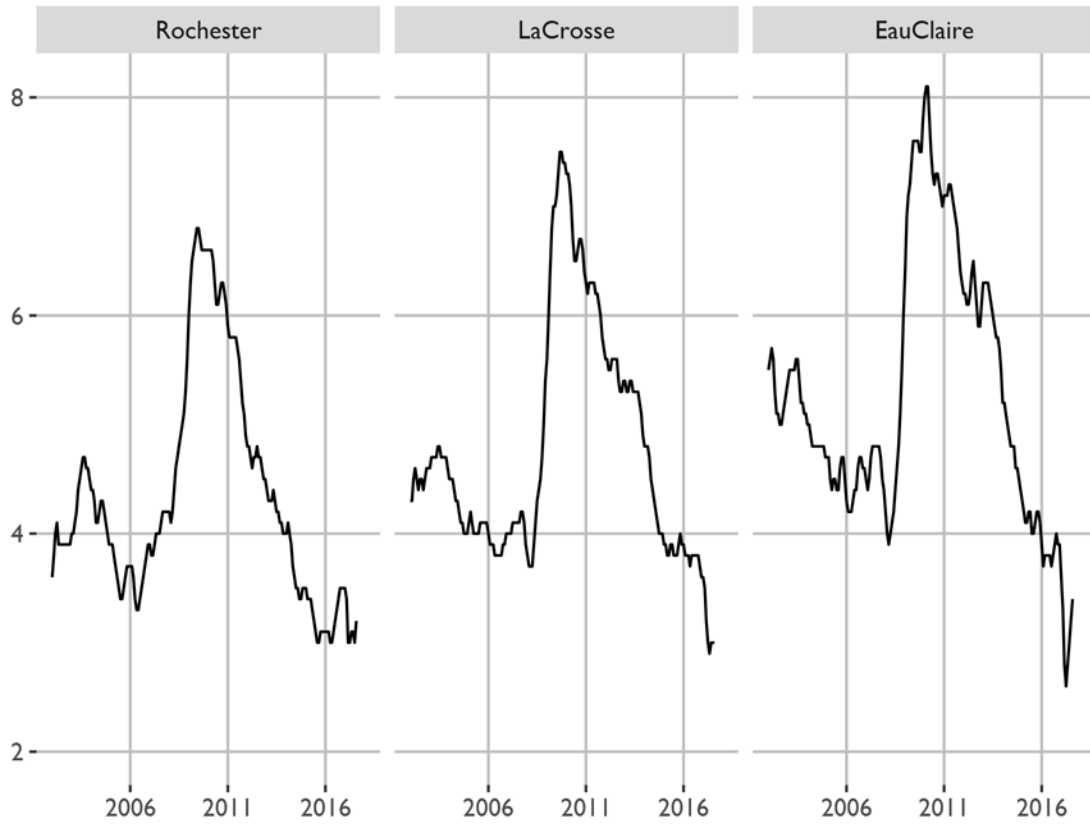
\*\*\* Survey moved to the web. Data for October 2017 preliminary at time of publication

## Appendix

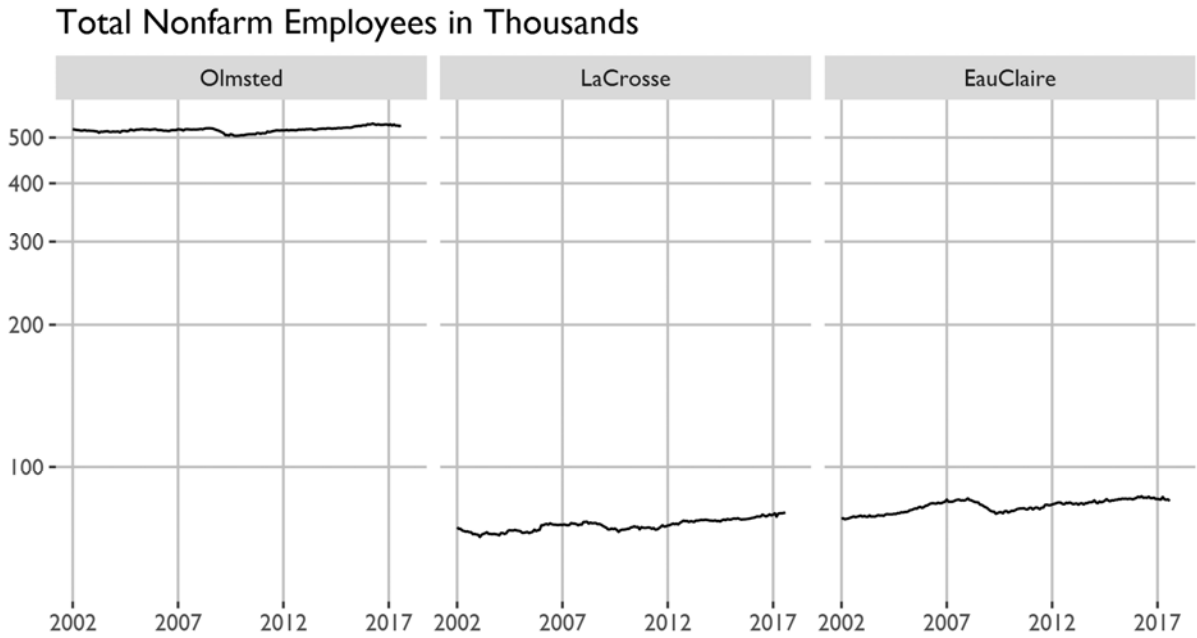


Source: Census

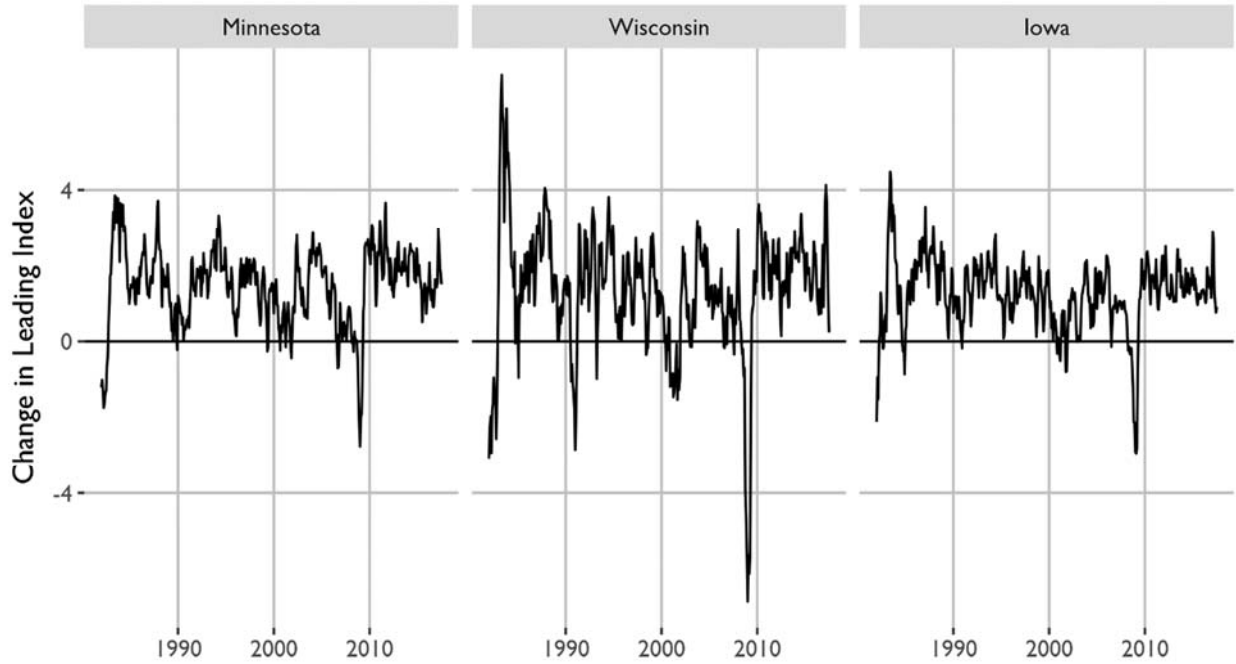
## Seasonally Adjusted MSA Unemployment Rates



Source: U.S. Bureau of Labor Statistics



Source: U.S. Bureau of Labor Statistics



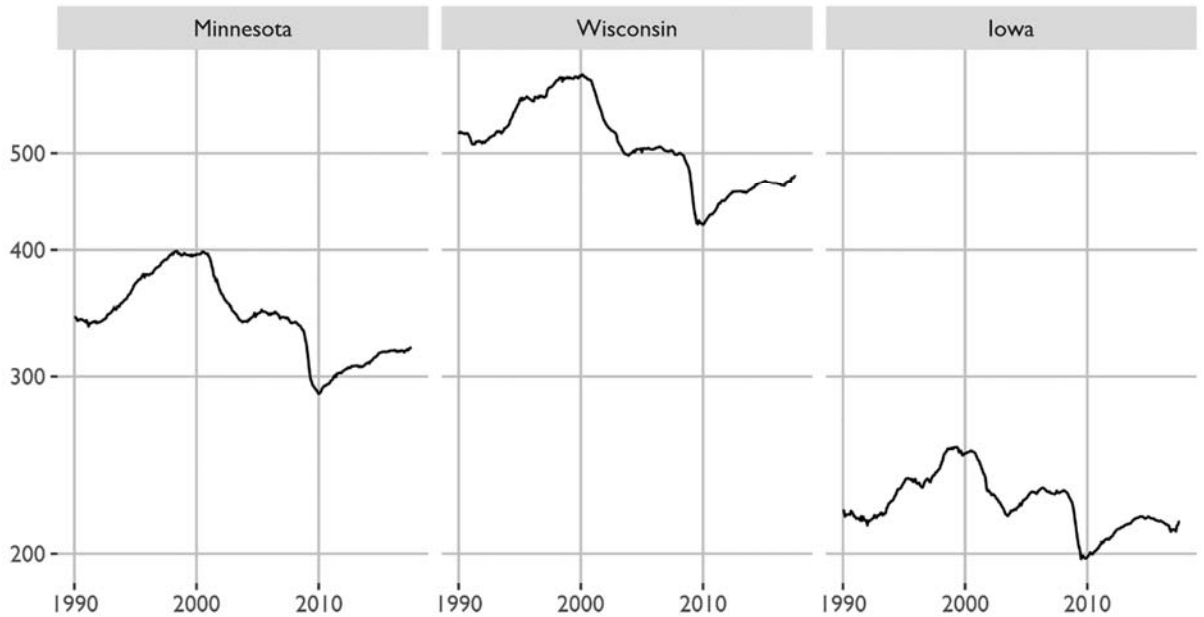
### Job Openings and Labor Turnover Survey Manufacturing (JOLTS)



### Job Openings and Labor Turnover Survey (JOLTS)

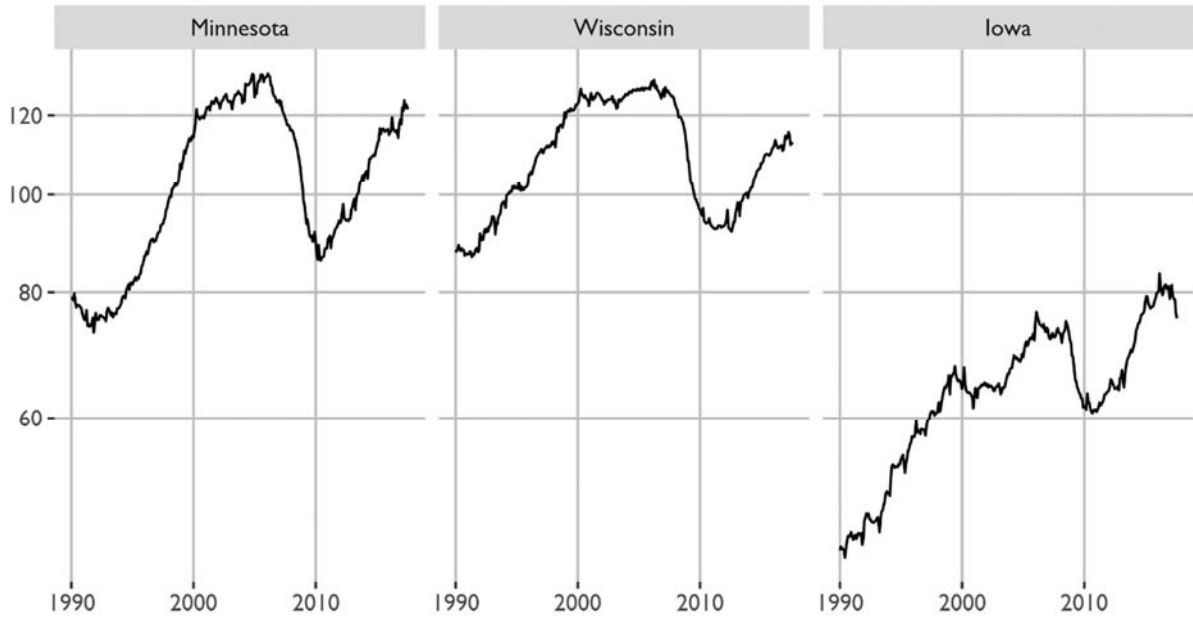


### Seasonally Adjusted, Employment - Manufacturing

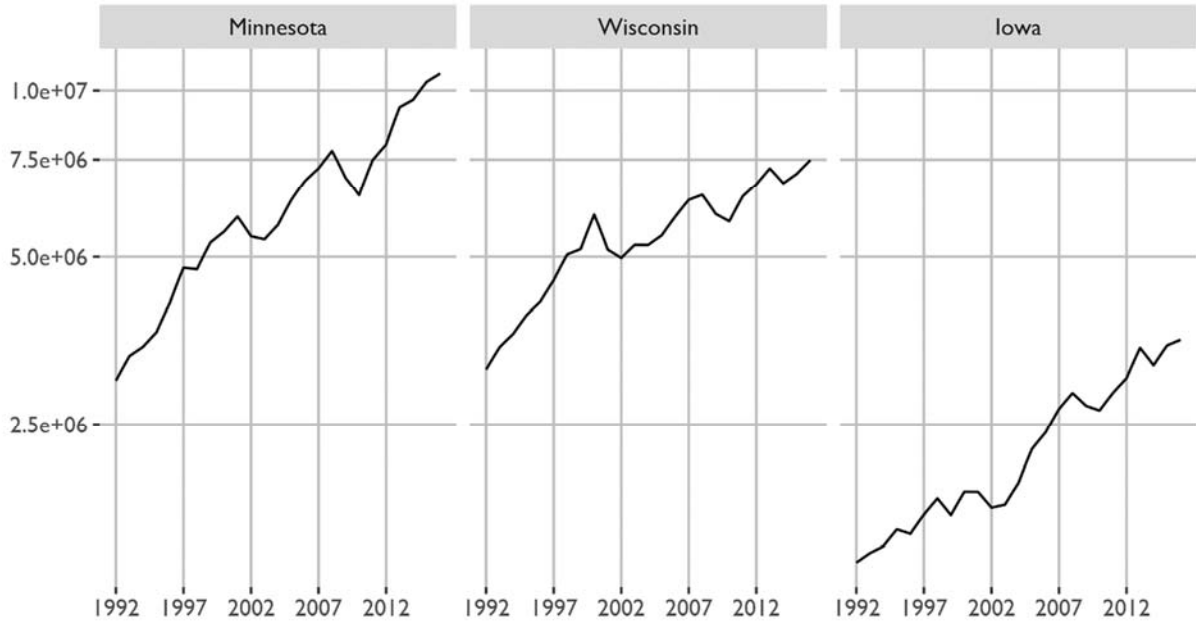




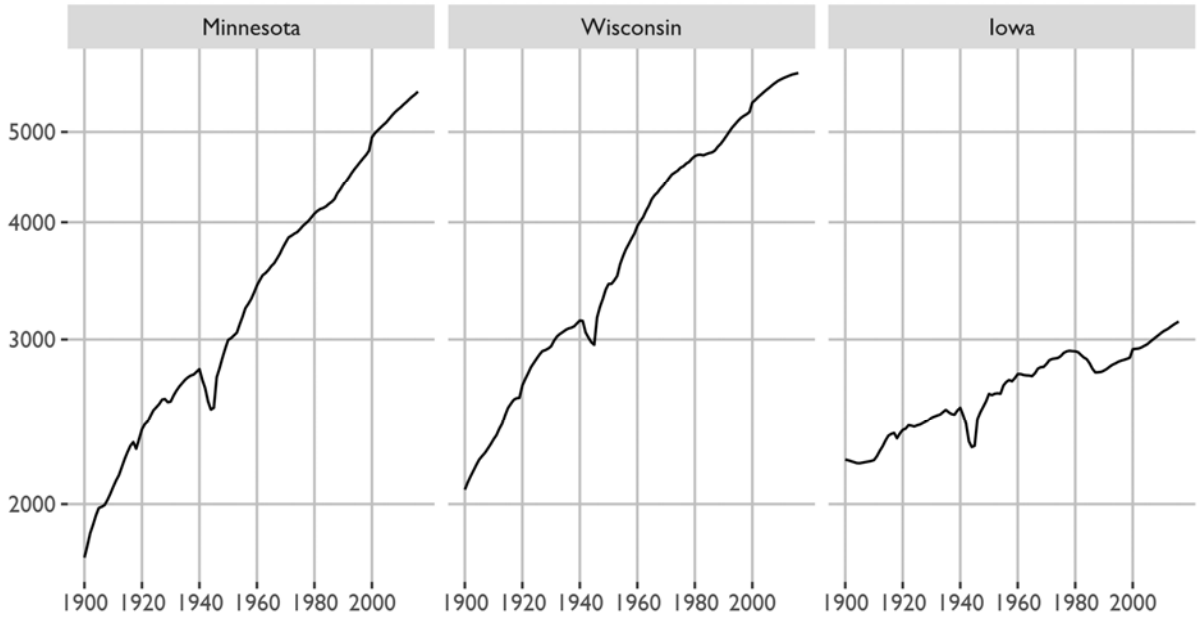
### Seasonally Adjusted, Employment - Construction



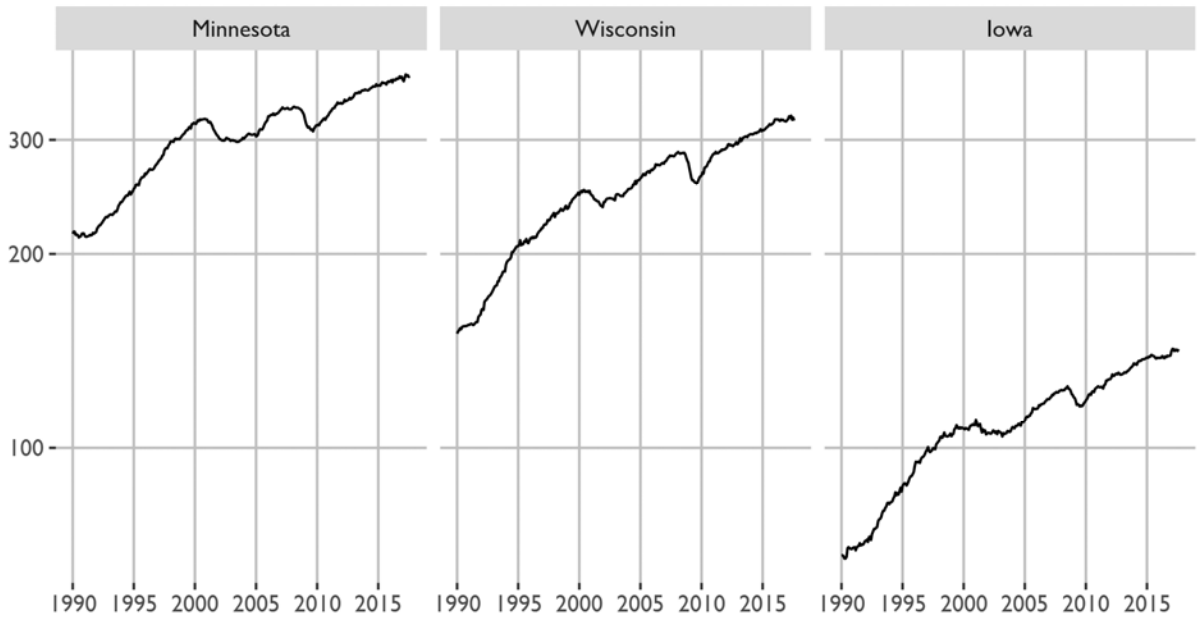
### Annual Income Tax Collections



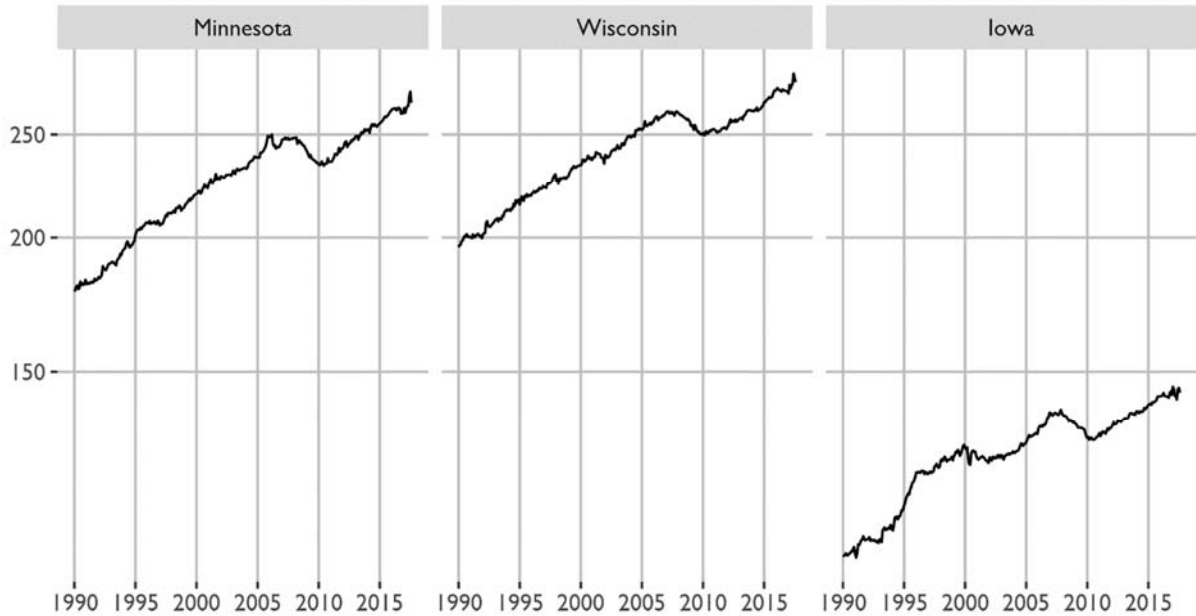
### Resident Population



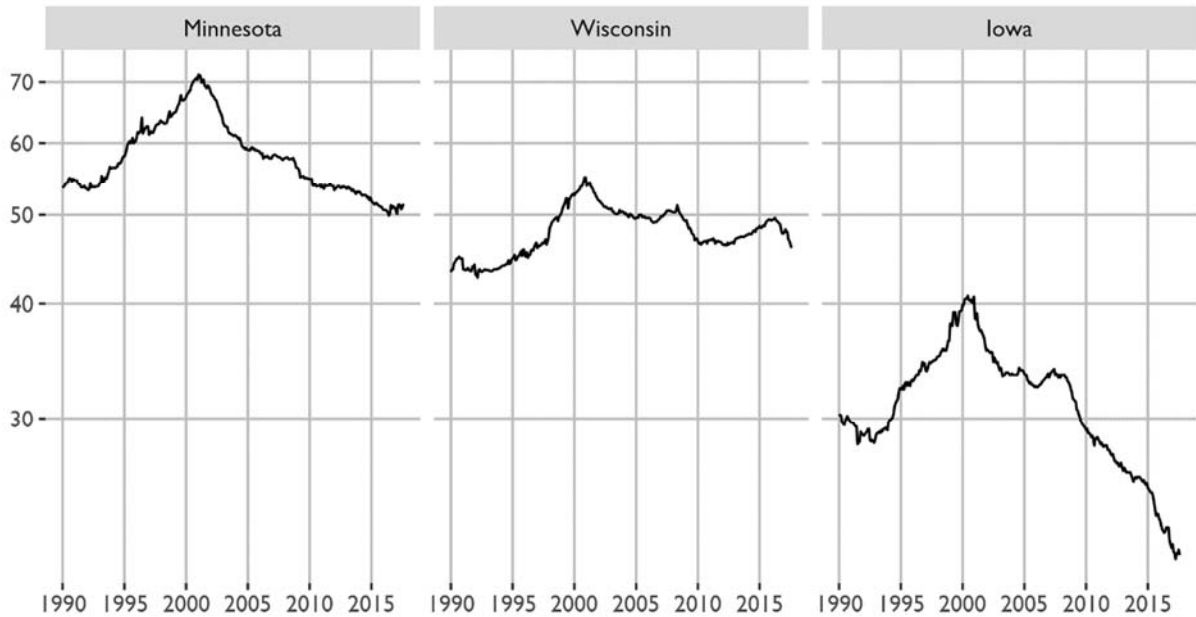
### Seasonally Adjusted, Employment - Trade, Transportation and Utilities



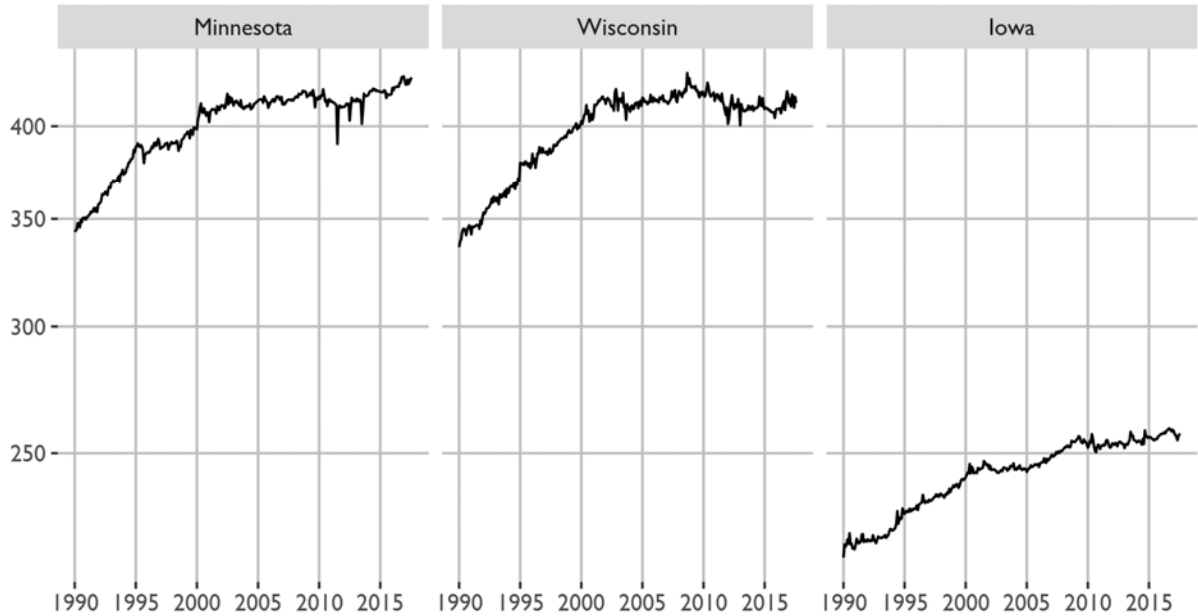
### Seasonally Adjusted, Employment - Leisure and Hospitality



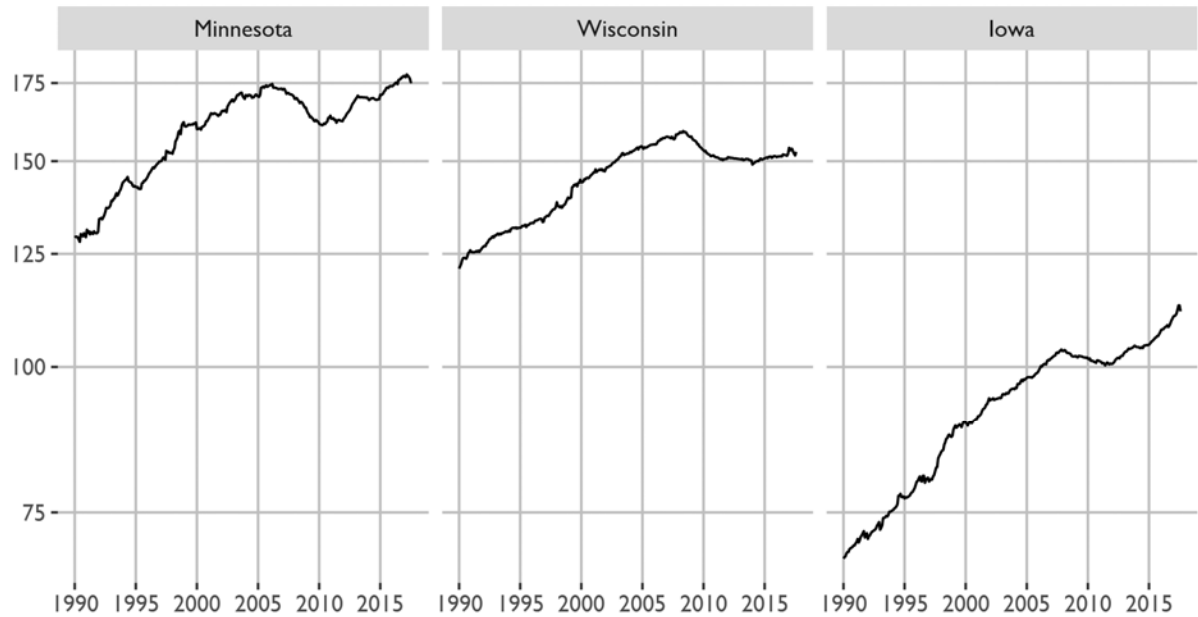
### Seasonally Adjusted, Employment - Information



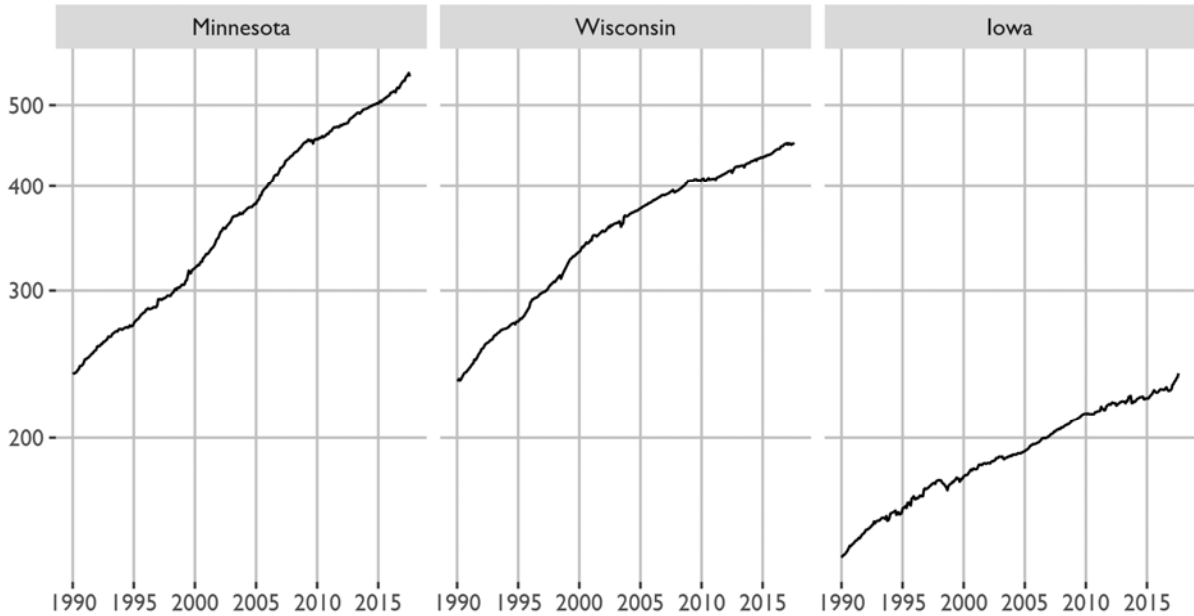
### Seasonally Adjusted, Employment - Government



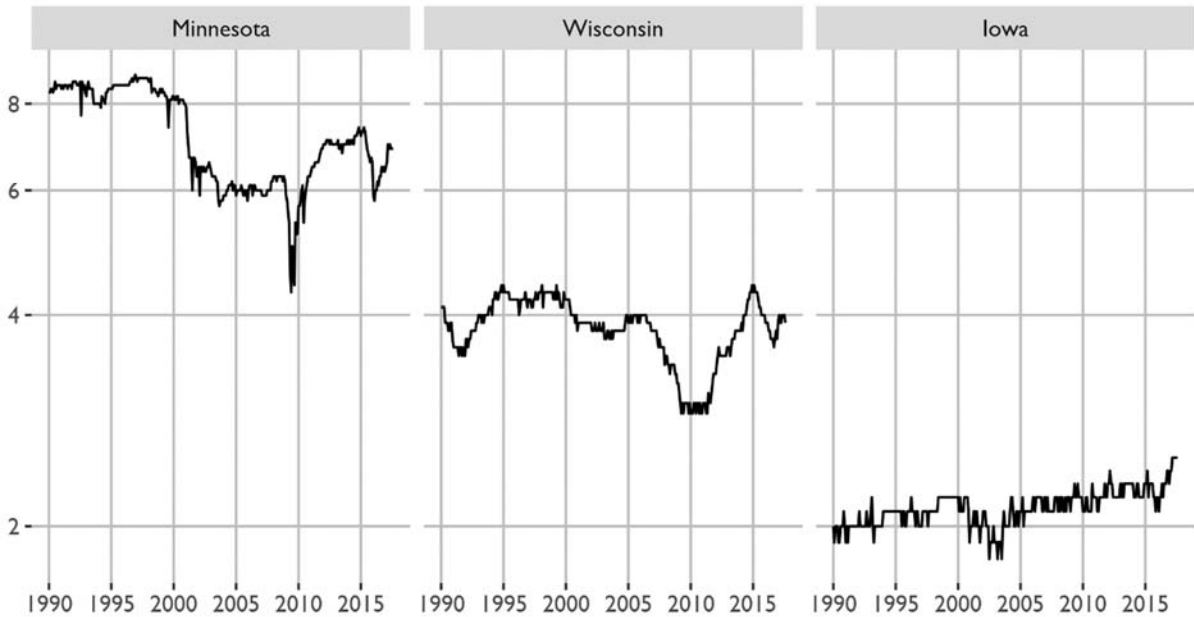
### Seasonally Adjusted, Employment - Financial Activities



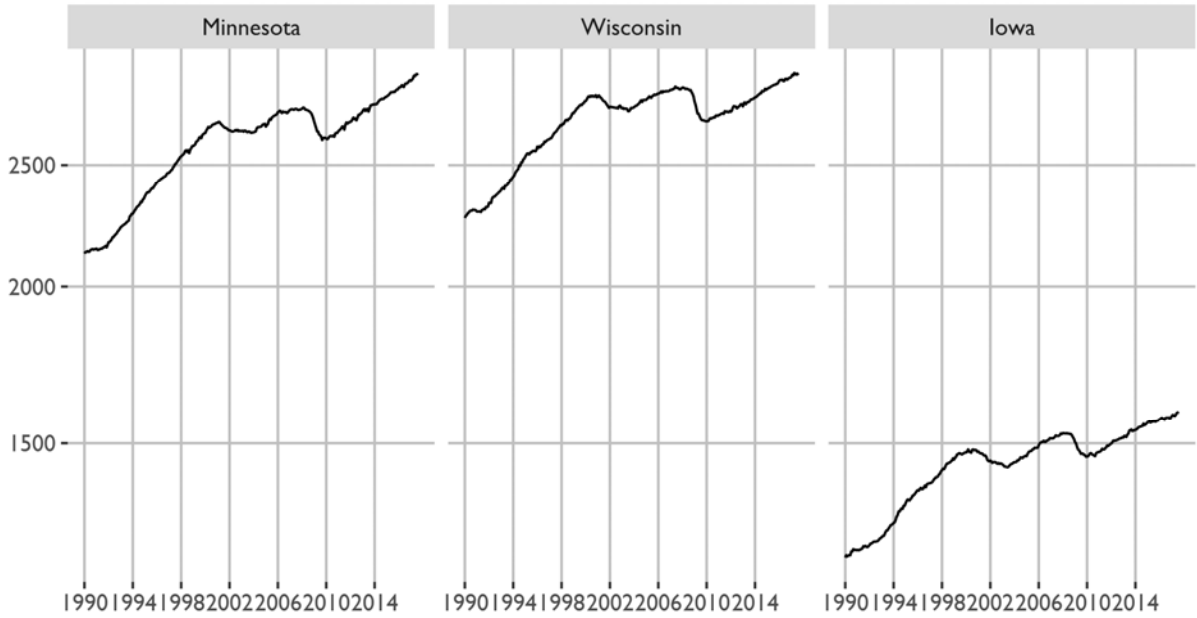
### Seasonally Adjusted, Employment - Educational and Health Services



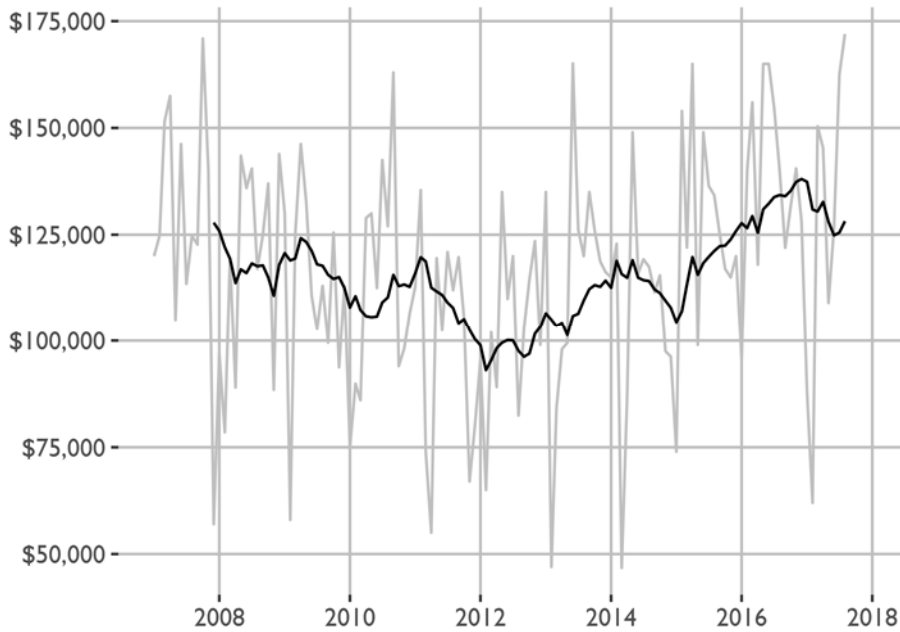
### Seasonally Adjusted, Employment - Natural Resources and Mining



### Seasonally Adjusted, Non-Farm Employment

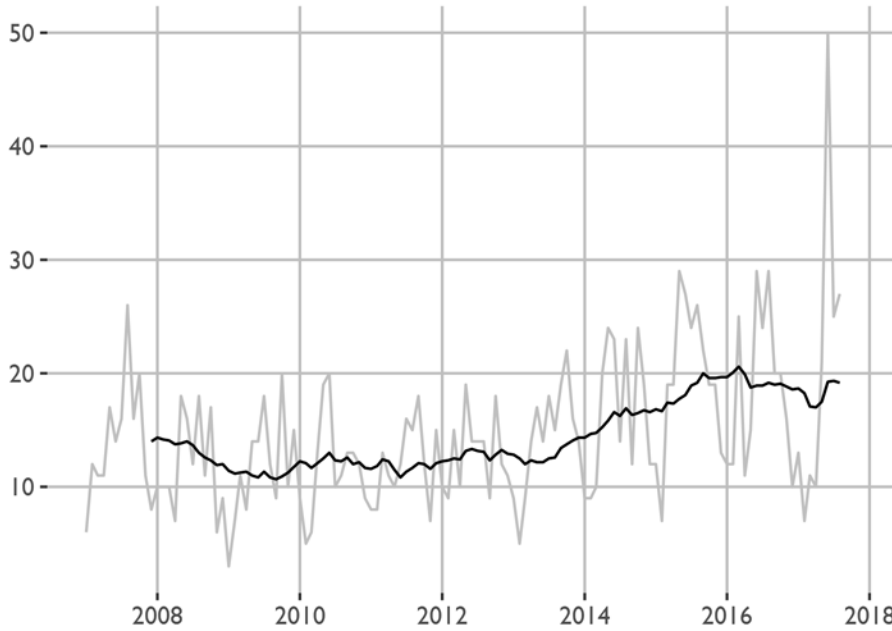


### Median Home Prices: Vernon County



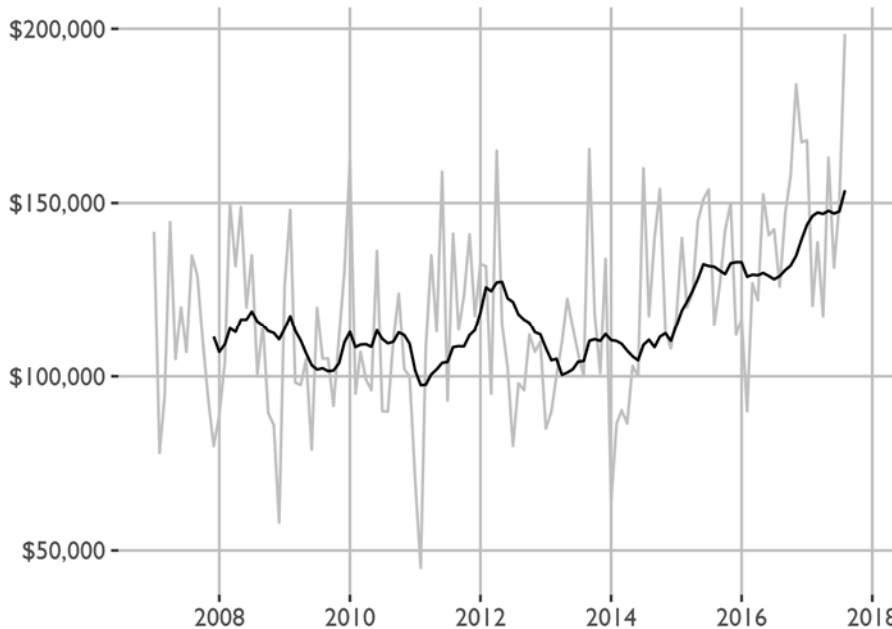
Source: Wisconsin REALTORS® Association

### Number of Home Sales: Vernon County



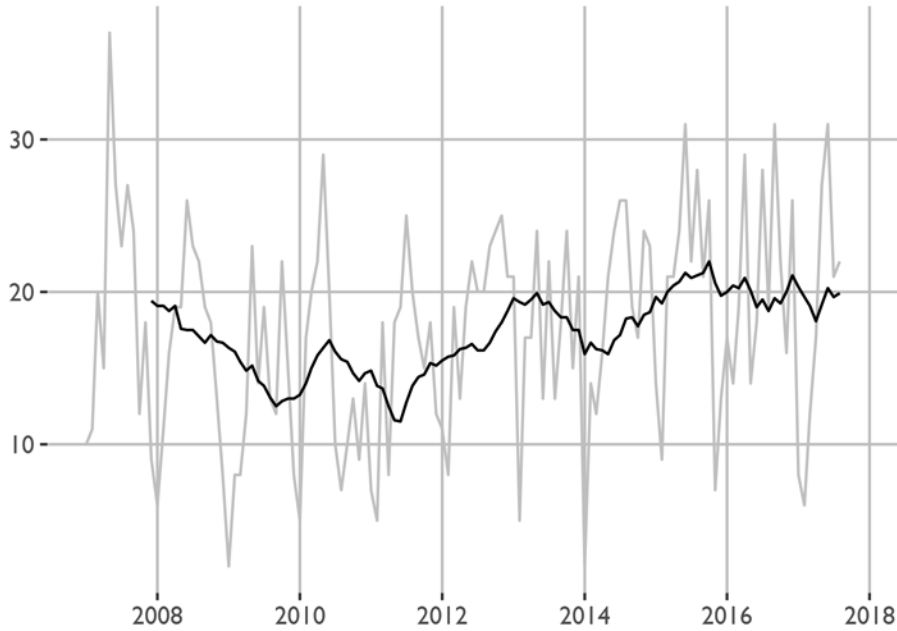
Source: Wisconsin REALTORS® Association

### Median Home Prices: Trempealeau County



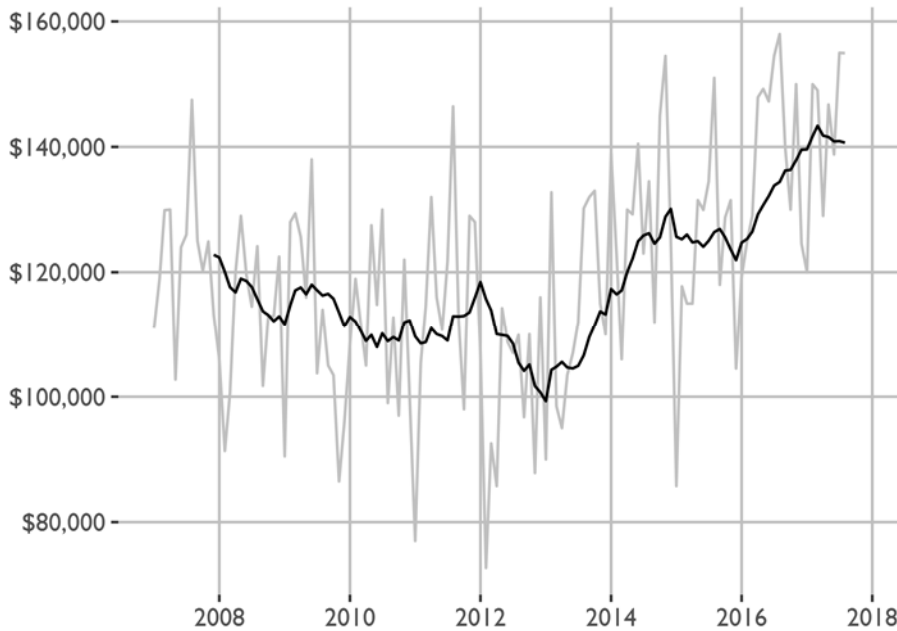
Source: Wisconsin REALTORS® Association

### Number of Home Sales: Trempealeau County



Source: Wisconsin REALTORS® Association

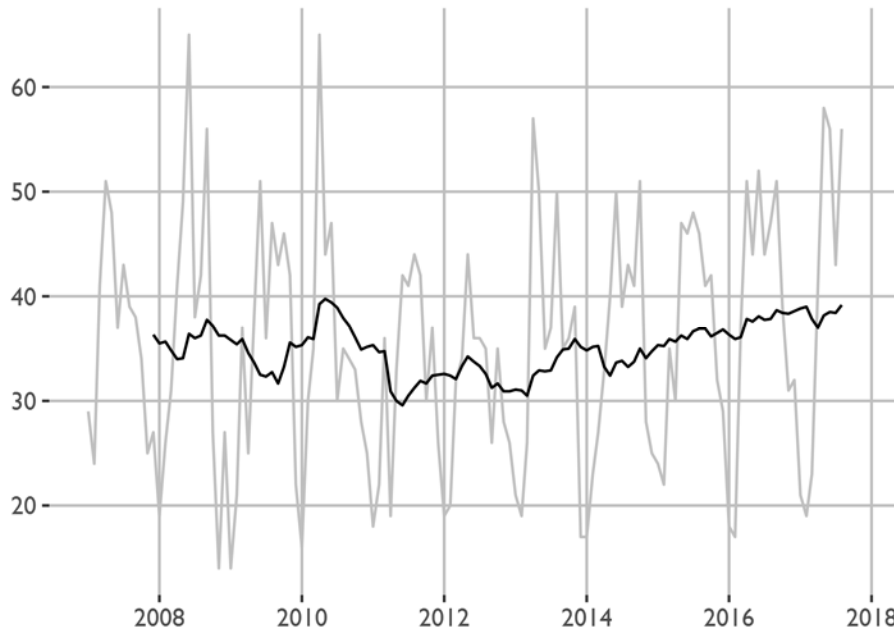
### Median Home Prices: Monroe County



Source: Wisconsin REALTORS® Association

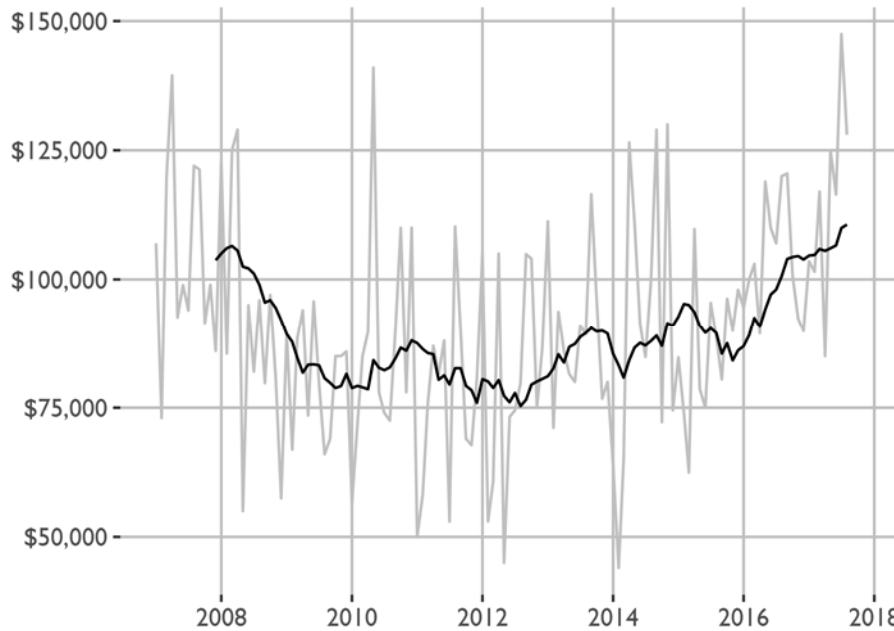


### Number of Home Sales: Monroe County



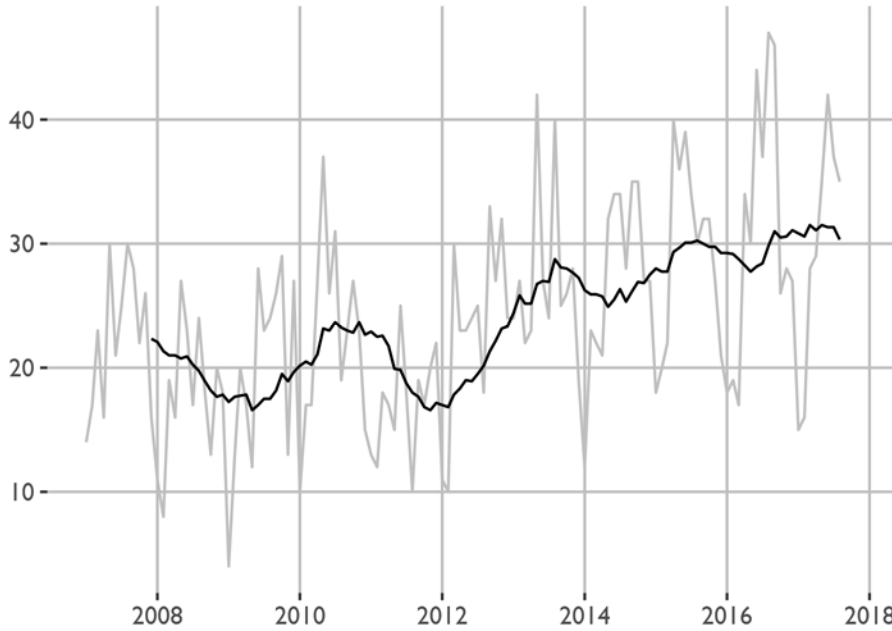
Source: Wisconsin REALTORS® Association

### Median Home Prices: Juneau County



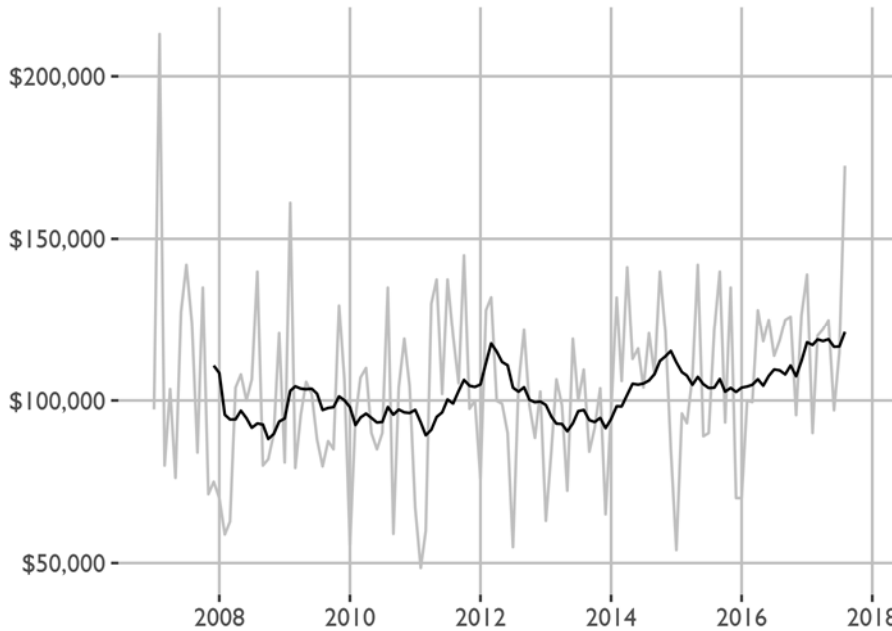
Source: Wisconsin REALTORS® Association

### Number of Home Sales: Juneau County



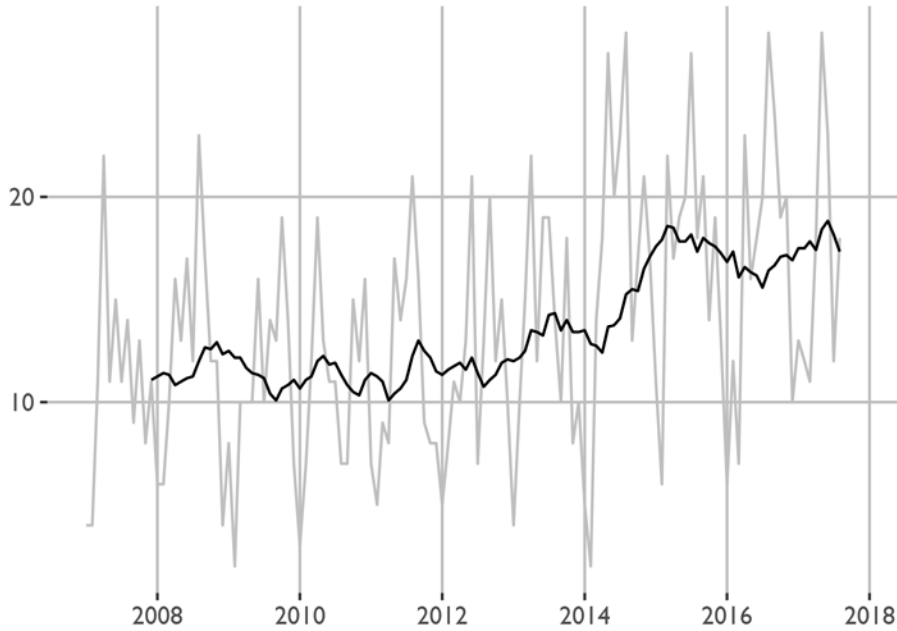
Source: Wisconsin REALTORS® Association

### Median Home Prices: Jackson County



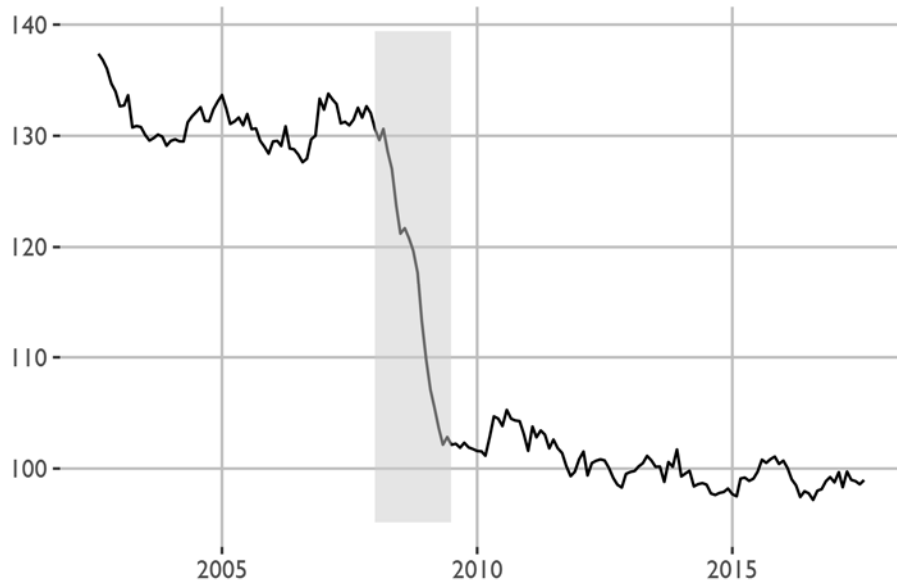
Source: Wisconsin REALTORS® Association

### Number of Home Sales: Jackson County



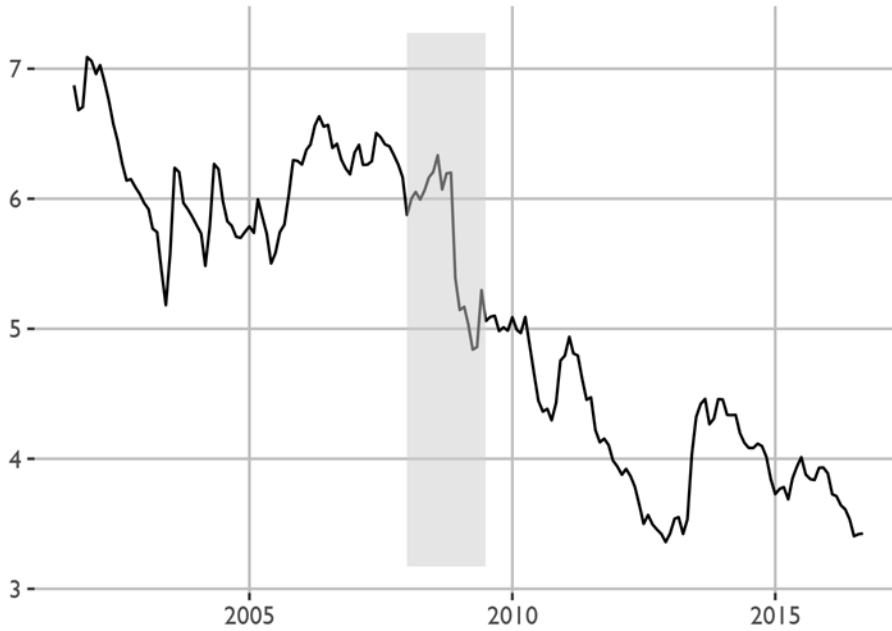
Source: Wisconsin REALTORS® Association

### Industrial Production: Nondurable manufacturing: Printing and related support activities



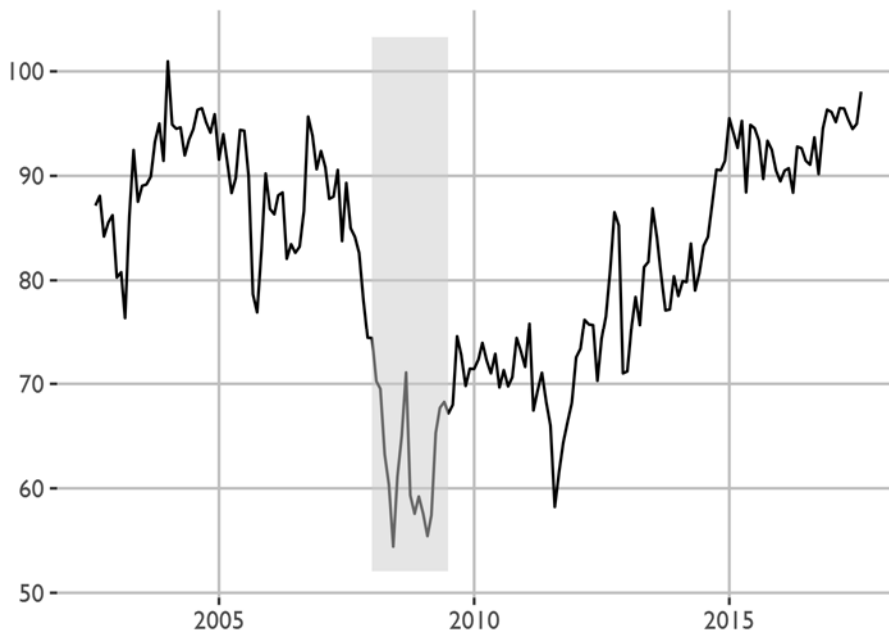
Source: Board of Governors of the Federal Reserve System

### 30-Year Conventional Mortgage Rate

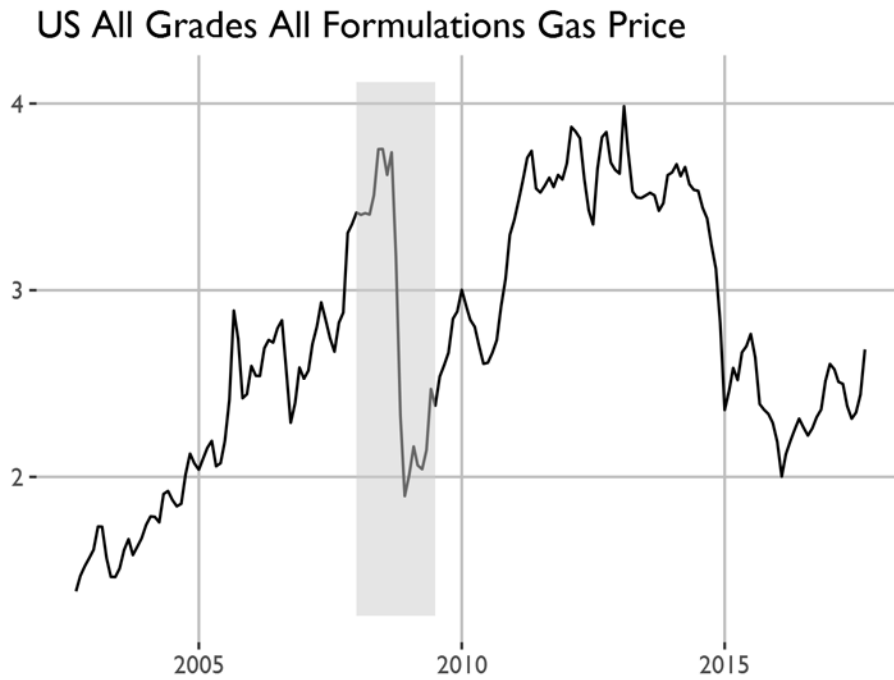


Source: S&P Dow Jones Indices LLC

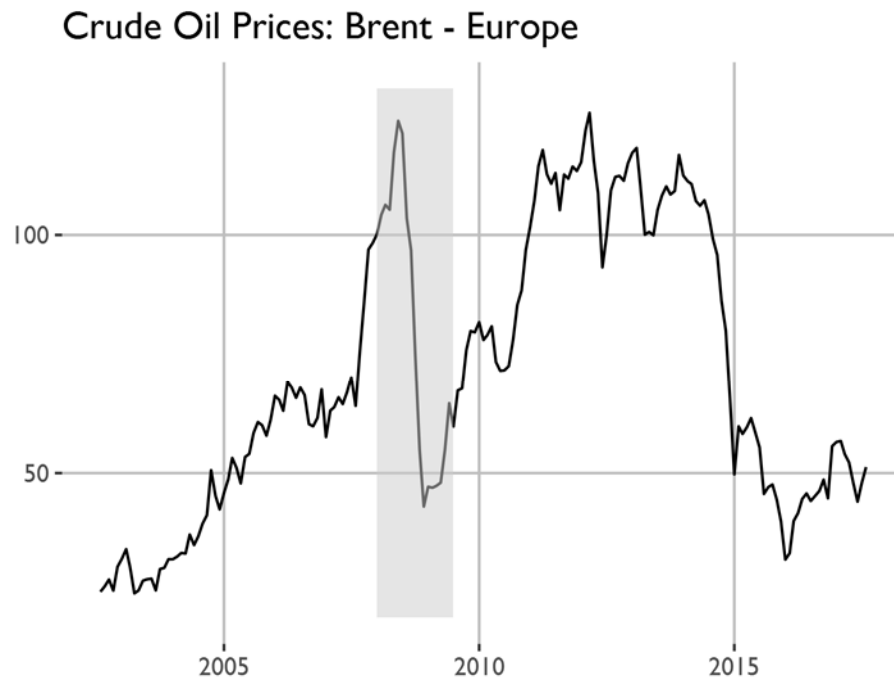
### University of Michigan: Consumer Sentiment



Source: S&P Dow Jones Indices LLC

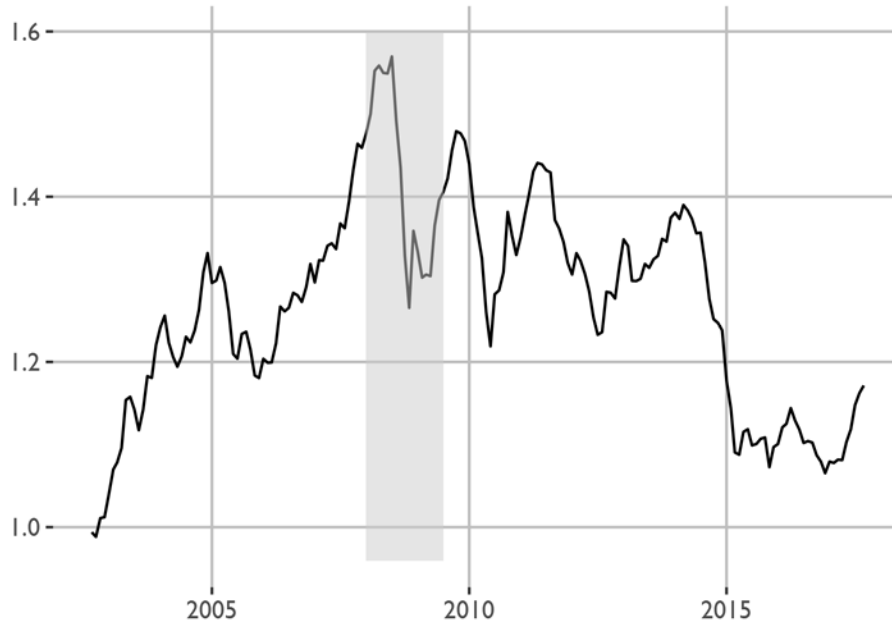


Source: Board of Governors of the Federal Reserve System



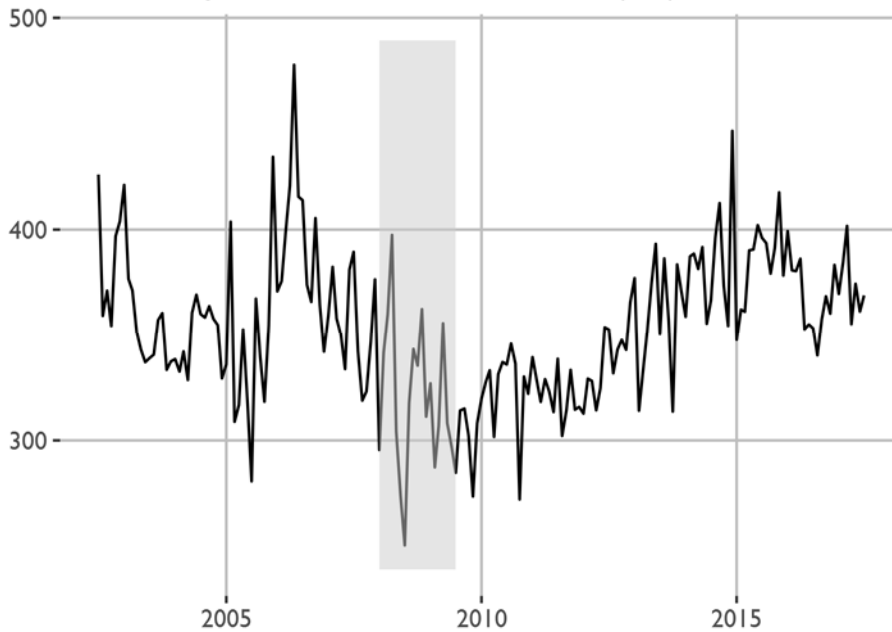
Source: Board of Governors of the Federal Reserve System

### U.S. / Euro Foreign Exchange Rate



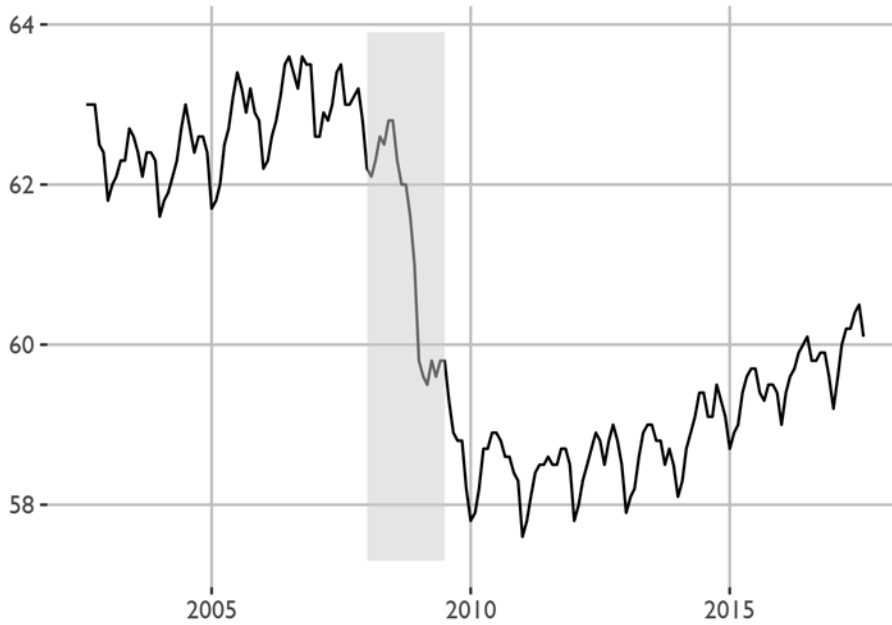
Source: Board of Governors of the Federal Reserve System

### Other Separations: Total Nonfarm (US)



Source: Board of Governors of the Federal Reserve System

### Employment-Population Ratio (US)



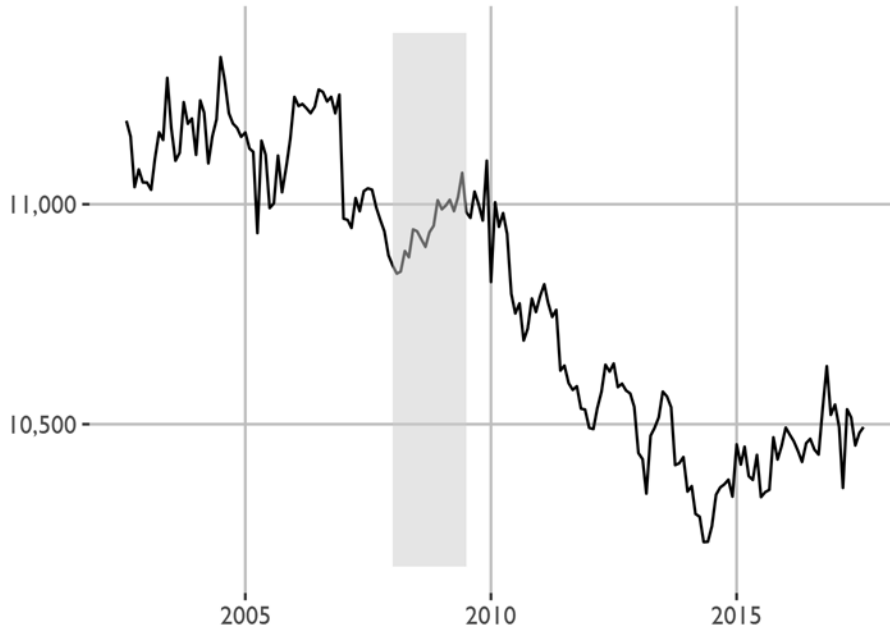
Source: Board of Governors of the Federal Reserve System

### Civilian Labor Force in Allamakee County, IA



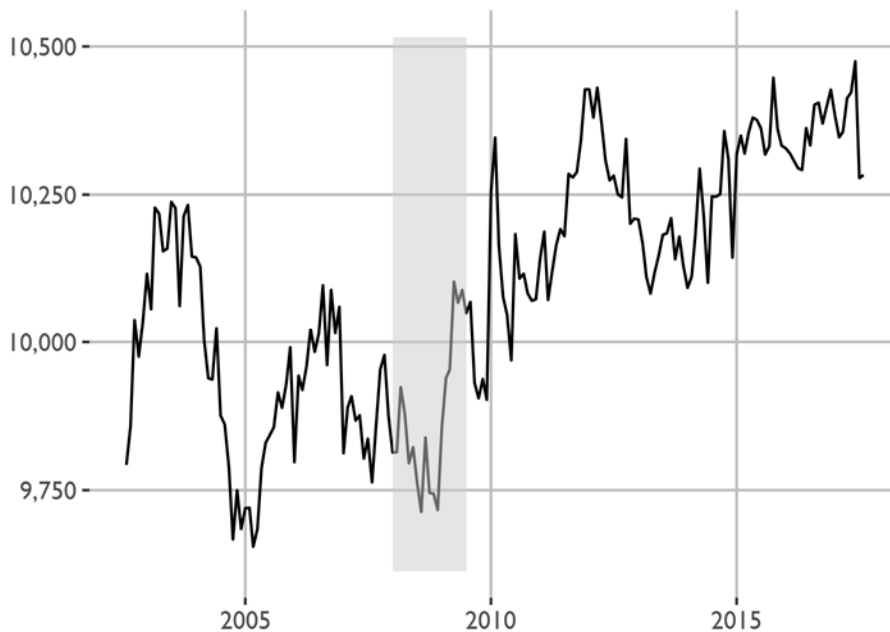
Source: Board of Governors of the Federal Reserve System

### Civilian Labor Force in Houston County, MN



Source: S&P Dow Jones Indices LLC

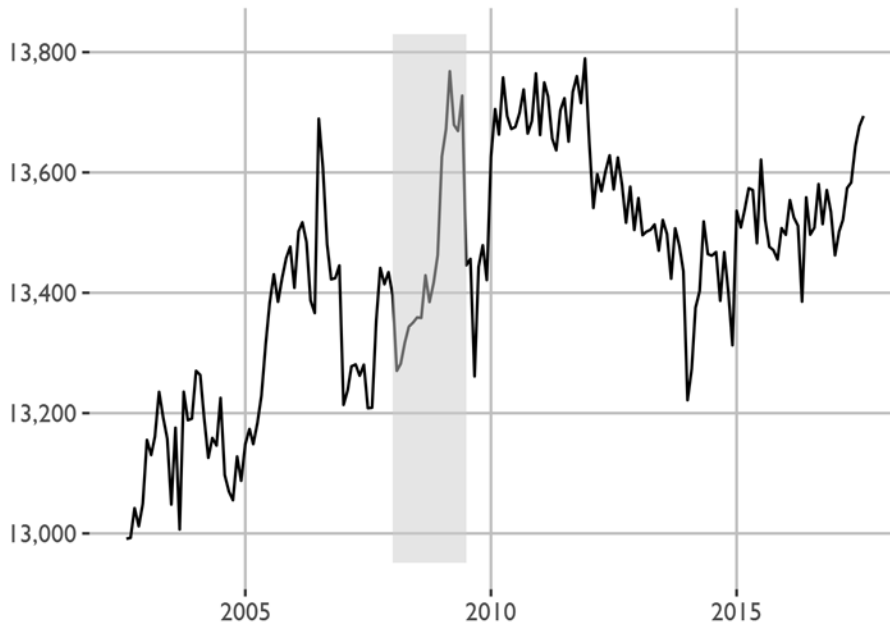
### Civilian Labor Force in Jackson County, WI



Source: S&P Dow Jones Indices LLC



### Civilian Labor Force in Juneau County, WI



Source: Board of Governors of the Federal Reserve System

### Civilian Labor Force in La Crosse County, WI



Source: Board of Governors of the Federal Reserve System