2013

The Pittsburg Micropolitan Area Economic Report, Quarter 4, 2013

Pittsburg State University. Gladys A. Kelce College of Business

WELCOME TO THE FIRST EDITION!

THE PITTSBURG MICROPOLITAN AREA ECONOMIC REPORT

Median Income Increases in the Pittsburg Micropolitan Area

THE PITTSBURG MICROPOLITAN AREA, encompassing all of Crawford County, is the fourth largest in Kansas and 218th largest nationwide. The Office of Management and Budget defines micropolitan areas as emerging metropolitan areas.

Pittsburg Micropolitan Area has an estimated population of 39,326 (*Demographics Now*) and total employment in all industries of 16,020. However, Pittsburg's 2.1 percent increase in median household income between 2010 and 2013 (from $36,237 to $37,014) is well above the 1.3 percent increase statewide, suggesting that Pittsburg is well-positioned for future growth.

The city of Pittsburg is the commercial hub of the micropolitan area and a regional center for jobs and services. Of the 1,597 business establishments in the Pittsburg micropolitan area, more than half—almost 900—are located within the city limits of Pittsburg.

Small businesses predominate. Only 28.4 percent of businesses in the city of Pittsburg have more than one million in annual sales (Dun & Bradstreet) and only 18 percent have 10 or more employees. Just about 80.9 percent of the jobs in the micropolitan area are filled by locals, with 10.7 percent being filled by commuters from surrounding counties and the remaining 8.4 percent being filled by commuters from other states.

Approximately 65.7 percent of the jobs in the city of Pittsburg are filled by people who do not live in the city, but live somewhere else. The largest share of commuters to the city of Pittsburg for work comes from the following cities: Frontenac; Girard; Arma; Wichita; Fort Scott; Joplin; Columbus; Parsons, and Overland Park.

INSIDE

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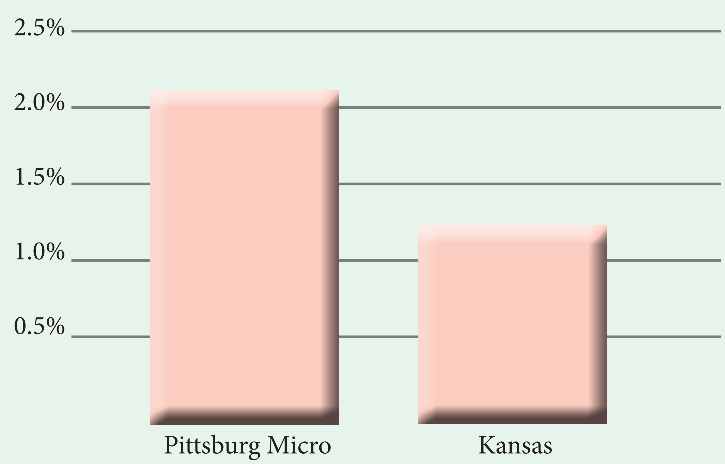
Growth in Median Household income 2010 - 2013



Volume 1/Number 1 December 2013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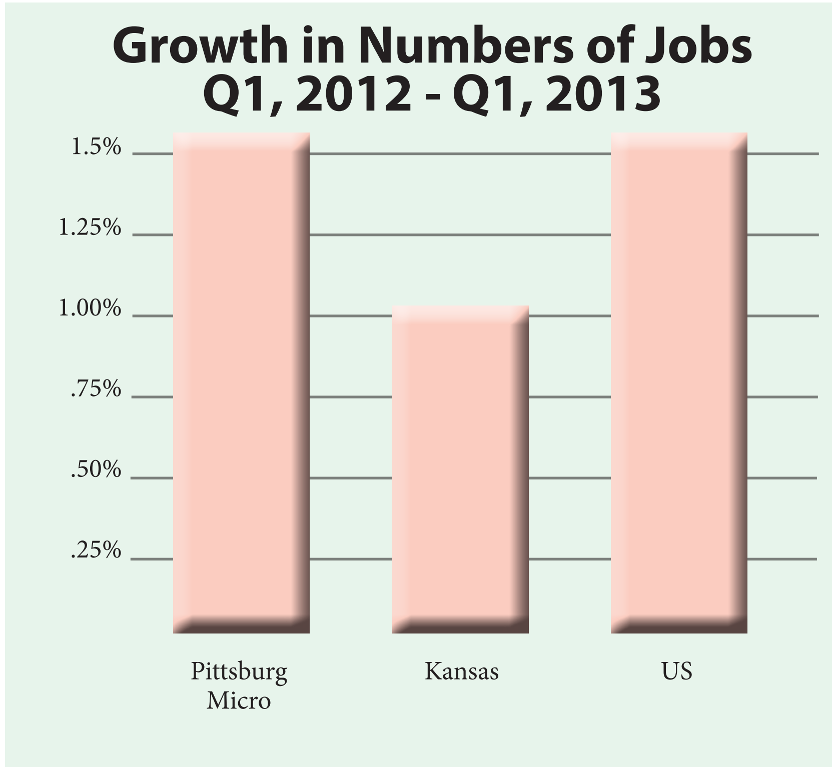
TOTAL EMPLOYMENT

The number of jobs (excludes family farming, self-employment, and domestic employment) in the Pittsburg Micropolitan Area stood at 16,858 in March, 2013 (latest available). The average number of jobs during the first quarter of 2013 increased to 16,779, up 1.7 percent from the first quarter last year; an increase of 1.9 percent in the private sector goods-producing industries and 2.2 percent in the private sector service-producing industries (excluding government at all levels). During the same period, the average number of jobs increased 1 percent in the state and 1.7 percent nationwide.

While average weekly earnings in the the private-sector goods-producing industries rose 3 percent (to $688 per week), that gain was offset by a decline in private sector service-producing industries of 14.7 percent resulting in an overall decline of 7.9 percent from last year to $616. Average earnings also declined in federal and local government, but increased slightly in the state government. Average weekly earnings were $807 statewide during the period (up 0.4 percent) and $989 nationwide (up 0.6 percent).

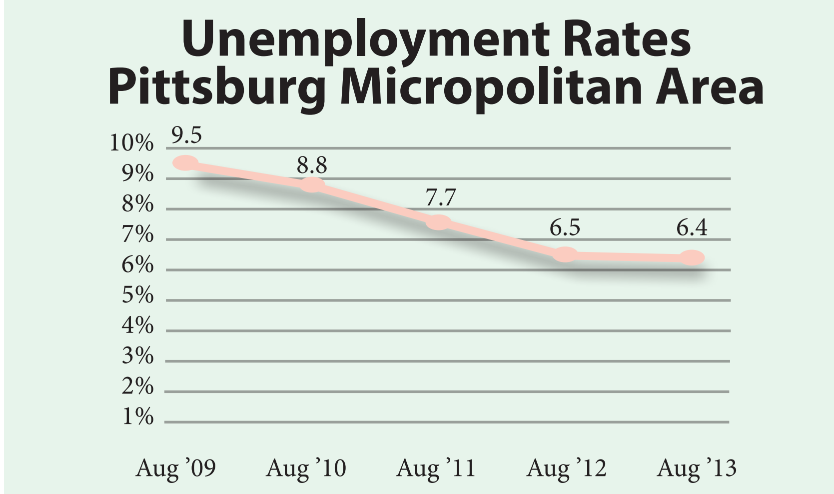


Source: Bureau of Labor Statistics

UNEMPLOYMENT

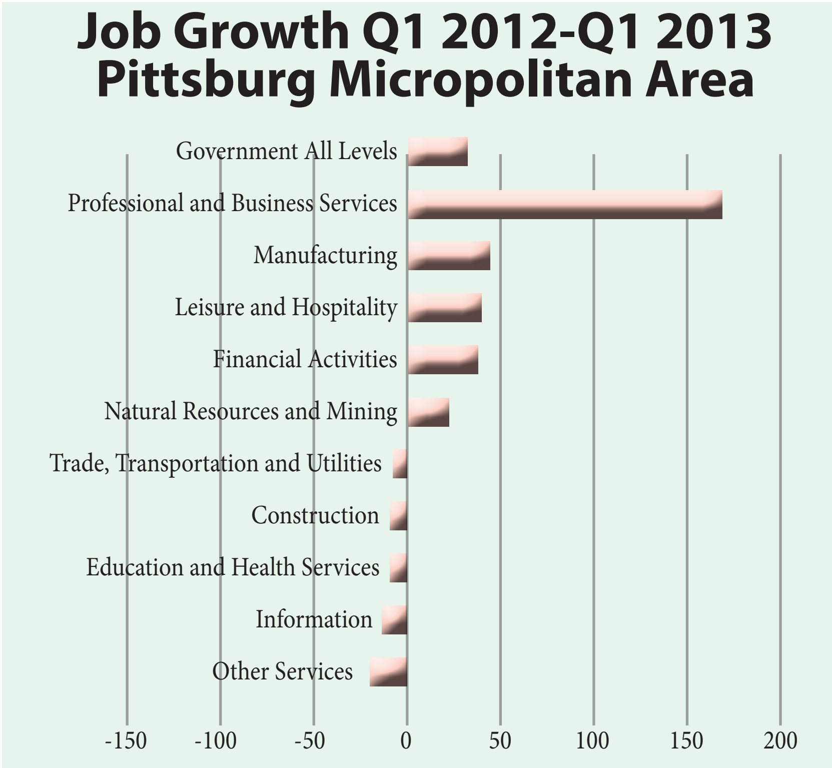
According to the Bureau of Labor Statistics, Pittsburg's unemployment rate stood at 6.4 percent in August of 2013, with 1,318 people unemployed during that period. The average unemployment rate for the first eight months of the year was 6.1 percent in the Pittsburg Micropolitan Area (down from 6.7 percent during the same period last year), slightly above the statewide average unemployment rate of 5.8 and well below the national unemployment rate of 7.7 percent. Local unemployment rates have been on the decline since 2009.

The unemployment rate is calculated by the Bureau of Labor Statistics from a household survey and includes the self-employed, home-based businesses, farm employment, and domestic employment. The BLS reports that 19,551 people in Pittsburg considered themselves employed during the first eight months of the year, up 2.5 percent from last year.



Year	Period	Pittsburg Micro	KS	US
2008	Jan-Aug	5.1%	4.3%	5.5%
2009	Jan-Aug	9.5%	7.2%	9.1%
2010	Jan-Aug	8.6%	7.3%	9.9%
2011	Jan-Aug	7.8%	6.8%	9.2%
2012	Jan-Aug	6.7 %	6.0%	8.3%
2013	Jan-Aug	6.1%	5.8%	7.7%

Source: Bureau of Labor Statistics



Source: Bureau of Labor Statistics

JOB GROWTH AND WAGES BY INDUSTRY

The Pittsburg Micropolitan Area gained 285 jobs in the Q1'12-Q1'13 period (latest available), 29 in government (10.3 percent of all jobs) and 256 jobs (89.7 percent) in the private economy. This gain occurred in five industries: Professional and Business Services which added 168 jobs (it also added the most jobs statewide), followed by manufacturing (42 jobs), Leisure and Hospitality (37 jobs), Financial Activities (36 jobs), Natural Resources and Mining (17 jobs).

During the same period, five industries lost a total of 45 jobs: Trade, Transportation & Utilities (lost 5 jobs), Construction (lost 7 jobs), Education and Health Services (lost 7 jobs), Information (lost 11 jobs), and other services (equipment and machinery repairing, religious services, dry cleaning and laundry services, pet care services, dating services, etc.) (lost 15 jobs).

Source: Bureau of Labor Statistics

INCOMES

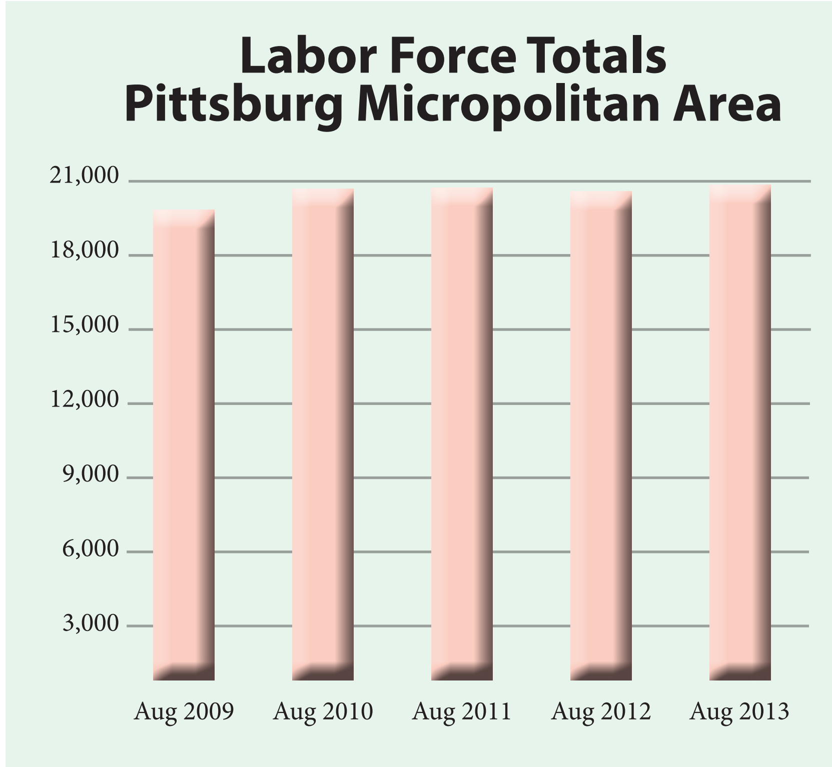
Incomes were relatively strong in the Pittsburg Micropolitan Area during the first quarter of 2013. The private industry with the highest wage was the Information industry with $3,806 in average monthly wages, followed by Professional and Business Services with $3,774; Financial Activities with $3,083; Manufacturing with $3,043; Natural Resources and Mining with $3,038; Education and Health Services with $2,760; Construction with $2,594; Trade, Transportation and Utilities with $2,481; Other Services with $1,912; and Leisure and Hospitality industry with lowest average wages of $852.

The average pay in government was $2,400 during the period (federal-$3,314; state-$3,412; and local-2,005).

LABOR FORCE

The labor force stood at 20,264 in the Pittsburg Micropolitan Area in August 2013. More people are joining the labor force locally. The average labor force increased to 20,819 for the first eight months in the area, up 1.9 percent from the same period last year, which is significantly more than the 0.1 percent increase statewide and 0.5 percent nationwide.

The labor force in the Pittsburg Micropolitan Area is relatively well educated. According to the 2011 American Community Survey, 9.8 percent have doctoral, professional, or other post-graduate degrees; 18.1 percent have a four-year college degree; 31.5 percent have some college (including 7.7 with Associate's Degrees), 29.4 percent have a high school diploma, and only 11.3 percent have not completed high school.

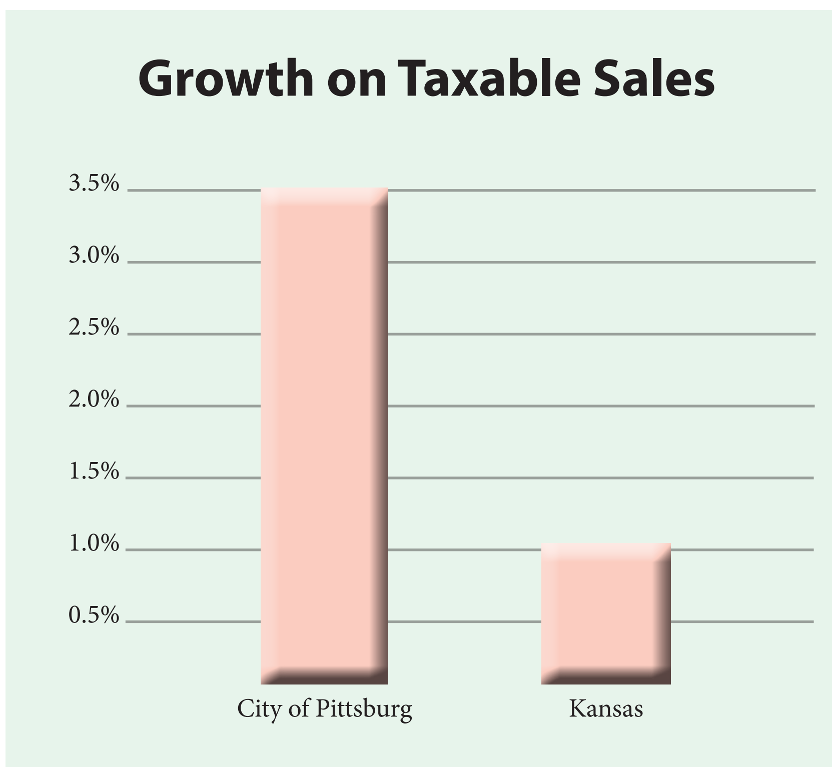


Source: Bureau of Labor Statistics

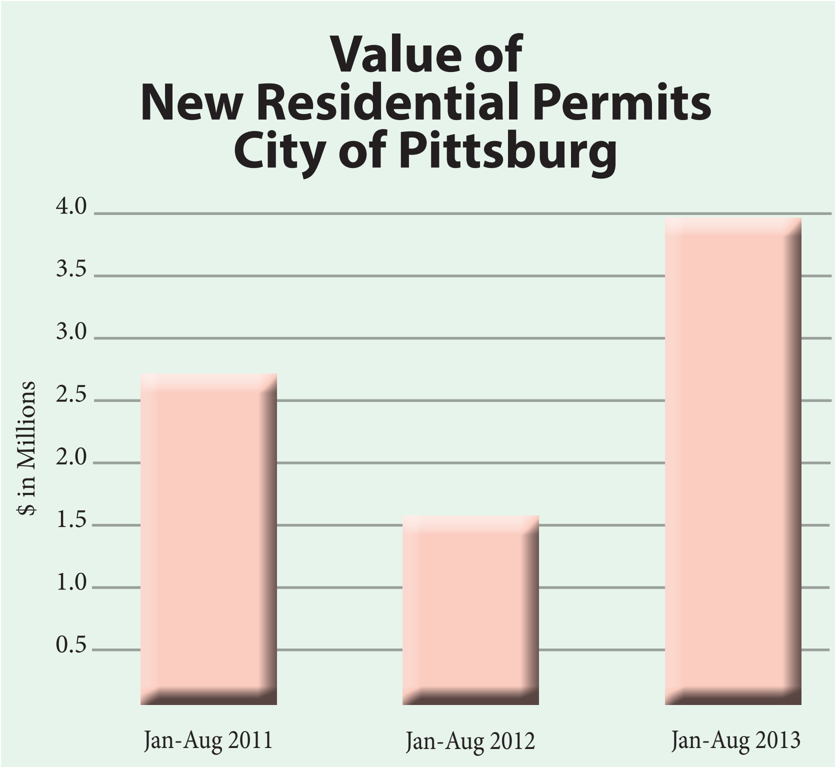
TAXABLE SALES

Retail sales in the city of Pittsburg are healthy in 2013. Taxable sales in the city increased to $151.5 million during the first two quarters of 2013 up 3.5 percent from the same period last year, well above the 1.1 percent increase statewide. The city accounted for approximately 75.4 percent of $200.9 million taxable sales in the micropolitan area during the period.

There are approximately 291 active retail sales establishments in the micropolitan area in 2013 (including 165 establishments within the Pittsburg city limits) with 2,656 employees. The biggest single sub-industry in the area is drinking and eating places followed by general merchandise stores, food stores, building materials, hardware, garden supply and mobile home dealers, automotive dealers and gasoline service stations, home furnishings and equipment stores, apparel and accessory stores, and the remaining jobs in miscellaneous other retail.



Source: Kansas Department of Revenue

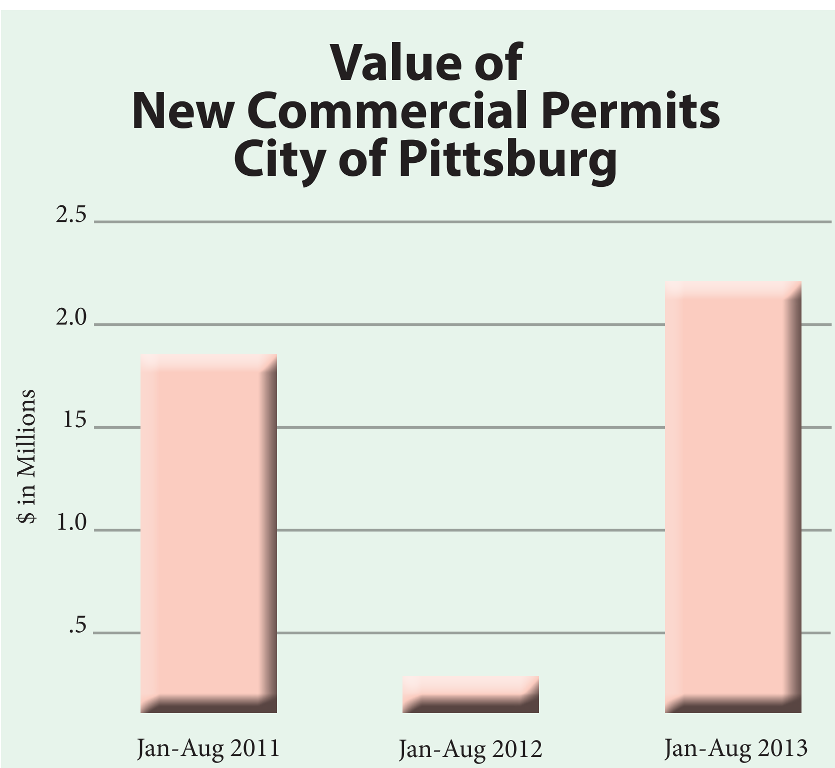


Source: City of Pittsburg

RESIDENTIAL PERMITS

New home construction is typically accompanied by increased spending on durable goods such as home appliances, furniture, and lawn and garden tools, which is an important boost for the local economy. During the first eight months of 2013, 22 new residential building permits were issued in the city of Pittsburg, with a total value of $3.97 million, up 140.2 percent from the same period last year. A total of 19 permits were for new single-family residential housing with a value of $3.2 million (up 152.1 percent) and three permits for multi-family housing with a total value of 0.8 million (up 100.9 percent).

The increase in permit activity was not confined to new residential permits. The value of permits issued for additions, alterations, and conversions of existing housing in Pittsburg increased to $0.94 million during the first eight months, up 41.9 percent from the $0.67 million during the same period last year.



Source: City of Pittsburg

COMMERCIAL PERMITS

Commercial activity is expanding locally. New commercial building permits are up significantly in the city of Pittsburg this year. Nine new commercial building permits were issued during the first eight months of the year with a total value of $2.3 million, up more than 1,100 percent from the 0.18 million during the same period last year. Most of the increase came from permits issued in June and February. Four new commercial building permits were issued in June with a total value of $891,000 and two permits were issued in February with a total value of $951,000.

There was also a significant uptick in permits issued for additions, alterations, and conversions of existing structures. Thirty-two building permits were issued during the first eight months with a total value of $5.5 million, up 300.8 percent from the total value of $1.8 million during the same period last year.

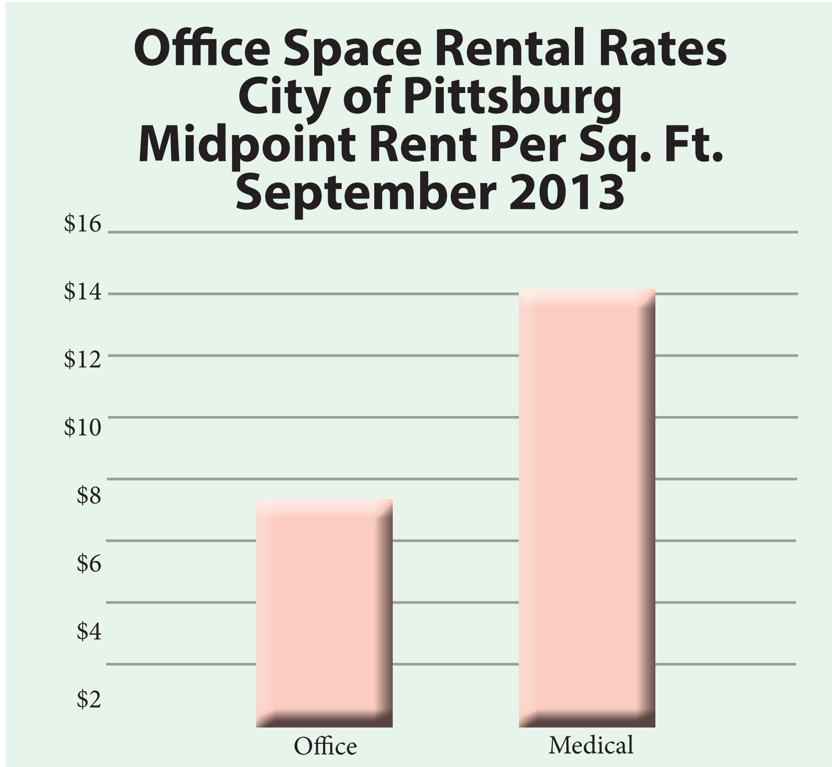
OFFICE RATES

A healthy office space market is important for a vibrant city. As a regional center Pittsburg caters to all businesses in Southeast Kansas for office space. The office space market is relatively healthy in the area.

Most average size offices in the Pittsburg market place are leased on a gross basis with the owner paying basic taxes, insurance, and also exterior and major maintenance. Rates are very dependent upon both size and finish quality.

Average size (1,000 – 2,500 square foot) office leases run from $5.00 to $10.00 per square foot per year on offices with average or plain type finish, moving as high as $12.00 for very nice finished offices.

Medical offices will run a little higher at $12.00 to $16.00 per square foot.



Source: Jones Heritage Realtors

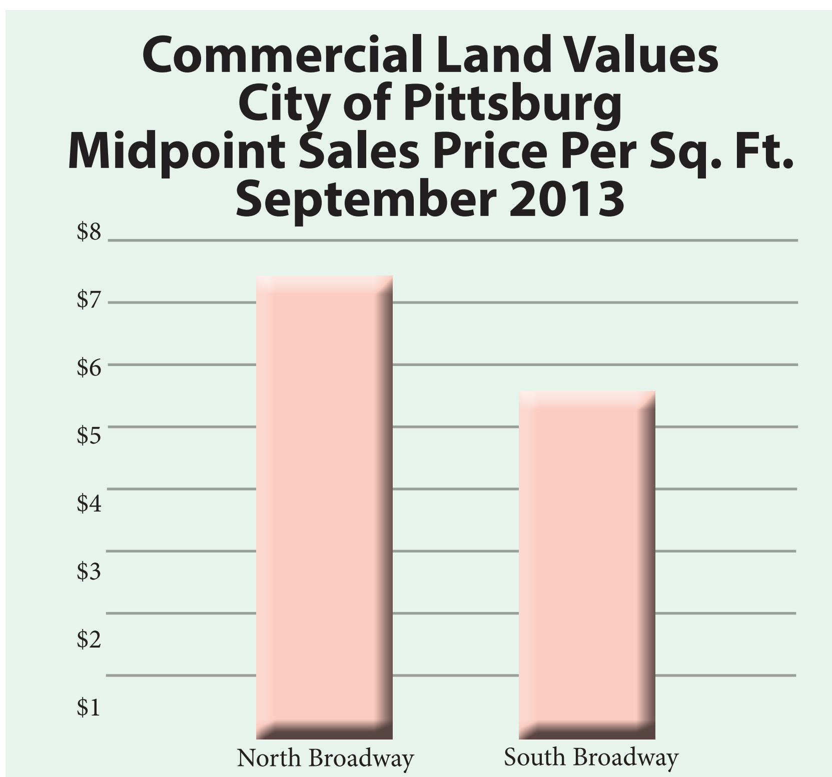
COMMERCIAL AND MULTI-FAMILY LAND VALUES

North Broadway is the most expensive commercial land in Pittsburg with some sales in the past being around $1,800 per front foot and around $10-$11 per square foot. These are mostly sites at 20th and Broadway and in the Tax Increment Financing development area. Current prices are probably closer to $1,200 per front foot and about $7 to $8 per square foot.

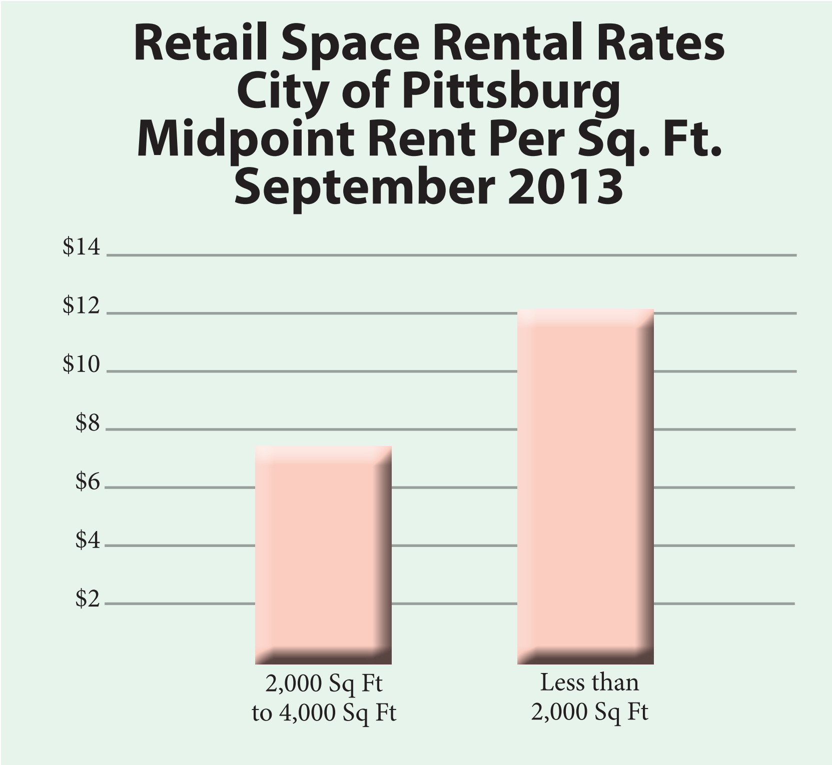
Commercial land values on south Broadway are less expensive with current values likely at $800 to $1,000 per front foot and a square foot value of $5 to $6 per square foot.

Land values in good secondary commercial locations (like South Rouse or 4th Street off Broadway) are between $2.00 to $3.50 per square foot or $500 to $700 per front foot. Medical office site land values are about $3.00 per square foot.

Multiple family site land values are between $1.50 to $2.00 per square foot.



Source: Jones Heritage Realtors



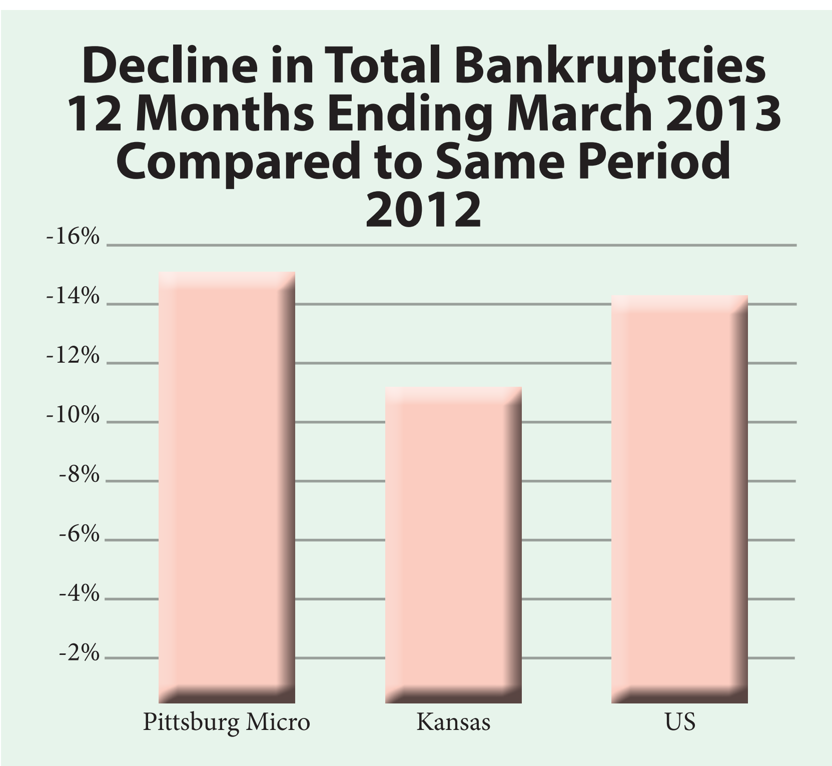
Source: Jones Heritage Realtors

RETAIL SPACE MARKET

Retail Space in Pittsburg is leased in various ways with larger warehouse type retail units usually having net leases and smaller shops having gross leases. Large retail (10,000 square feet to 25,000 square feet) will rent for $4.00 to $5.00 per square foot per year on a net basis.

Average size units (2,000 square feet to 4,000 square feet) could be expected to rent for $5.00 to $8.00 on a gross lease basis although very small units will rent for more, sometimes as high as $12.00 to $14.00 and higher for newer units in the small strip malls. These are sometimes mixed leases with the tenant paying a portion of taxes.

A recent city resolution allows merchandise and temporary signage to be kept on the sidewalks and streets.



Source: US Bankruptcy Courts

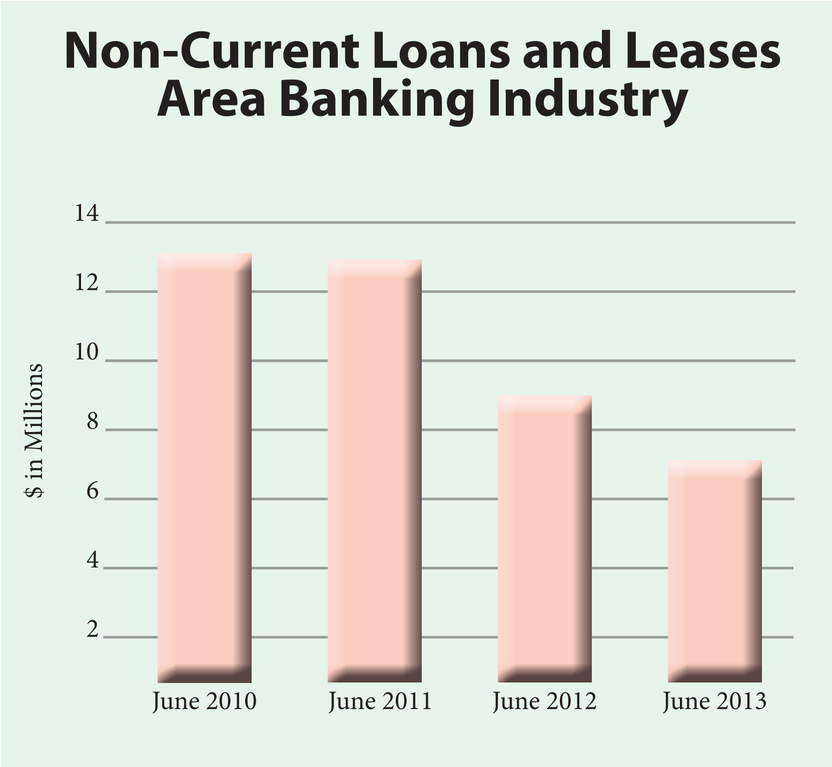
BANKRUPTCIES

Business bankruptcies took a spike in the area in 2008, but have declined every year since. There were no business bankruptcies filed in the micropolitan area during the 12-month period ending in March 2013 (latest available).

Local business conditions are improving. Business in other parts of the nation is also improving.

There were 221 business bankruptcies statewide during the period (down 25.1 percent from the previous period) and 37,552 business bankruptcies were filed nationwide during the period, down 19.1 percent.

Personal bankruptcies in the area were also on the decline. There were 54 chapter 7 bankruptcies (straight bankruptcies and liquidation with no repayments), a decline of 11.5 percent, and six Chapter 13 bankruptcies (wage earner bankruptcies which include a supervised repayment schedule), a decline of 53.8 percent. There were no chapter 12 bankruptcies.

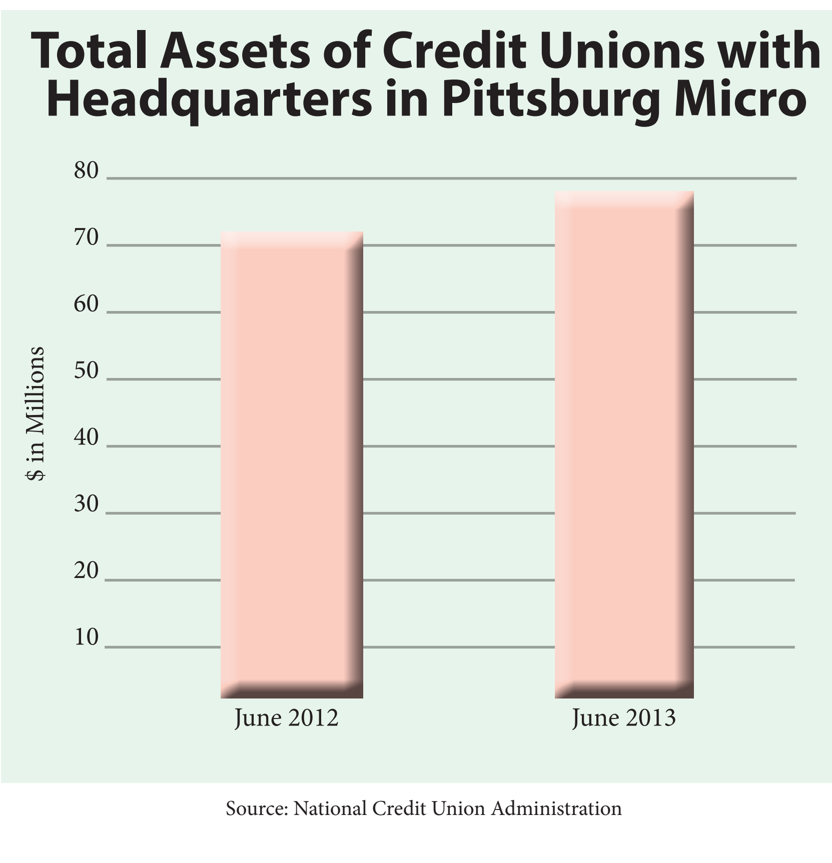


Source: FDIC

BANKING INDUSTRY

There were 13 financial institutions in the banking industry in the Pittsburg Micropolitan Area in June 2013 according to the Federal Deposit Insurance Corporation. Three institutions have left since June last year and three moved to the area. Total deposits in the industry were $719.5 million in June, down 4.1 percent since June last year. The biggest institution to leave was Bank of America, which accounted for 5.4 percent of all deposits in June 2012.

The local industry has become more cautious in the wake of the recent national banking crises. Local banks reported net loans and leases of $446 million in June, down two percent from June 2012 and 5.2 percent from June 2010. The conditions in the local banking industry are improving, however. Total non-current loans and leases were $7.8 million in June, down 12.9 percent from June last year and down a whopping 44.8 percent since June 2010. This bodes well for the Pittsburg Micropolitan Area.



Source: National Credit Union Administration

CREDIT UNIONS

The difference between credit unions and banks is that credit unions are tax-exempt and specialize in short term consumer loans. However, credit unions also do mortgage lending. Banks, on the other hand, do both business and consumer loans, as well as mortgages.

The local credit union industry (credit unions with headquarters in the Pittsburg Micropolitan Area) posted $78.3 million in total assets in June of 2013, up 8.7 percent from June of last year. Total loans and leases increased to $46.8 million (up 6.6 percent), but net interest income fell to $1.2 million (down 12.1 percent). Overall, the industry posted a net income of $267,869, down 18.2 percent.

ECONOMIC SNAPSHOT
PITTSBURG MICROPOLITAN AREA

POPULATION DEMOGRAPHICS

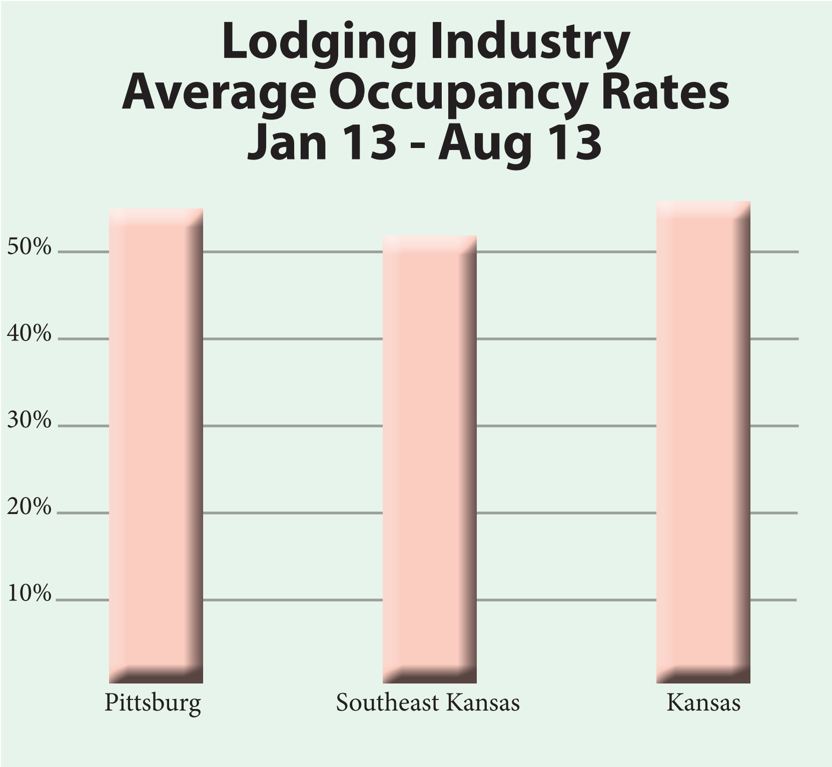
	2000 Census	%	2010 Census	%	2013 Estimates	%
Total Population	38,240		39,134		39,326	
Population Density (Pop/Sq Mi)	64.27		66.36		66.68	
Total Households	15,504		15,729		15,807	
Population by Gender						
Male	18,633	48.7	19,421	49.6	19,532	49.7
Female	19,607	51.3	19,713	50.4	19,794	50.3

HOUSEHOLDS BY INCOME

Household Income	2000 Census	%	2010 Census	%	2013 Estimates	%
$0 - $15,000	3,694	25.6	3,466	22.0	3,373	21.3
$15,000 - $24,999	2,723	17.6	2,027	12.9	2,042	12.9
$25,000 - $34,999	2,203	14.2	2,097	13.3	2,060	13
$35,000 - $49,999	2,533	16.3	2,760	17.5	2,807	17.8
$50,000 - $74,999	2,485	16	2,540	16.1	2,595	16.4
$75,000 - $99,999	902	5.8	1,379	8.8	1,434	9.1
$100,000 - $149,999	460	3	1,030	6.5	1,056	6.7
$150,000 +	246	1.6	430	2.7	440	2.8
Average Household Income	38,433		49,060		49,737	
Median Household Income	29,473		36,244		37,014	
Per Capita Income	15,582		20,337		20,608	

EMPLOYMENT

	2000 Census	%	2010 Census	%	2013 Estimates	%
Total Population 16+	30,579		31,363		31,527	
Population+ : Civilian, Employed	18,321	59.9	16,824	53.6	18,828	59.7
Population+ : Civilian, Unemployed	944	3.1	1,463	4.7	1,133	3.6
Population+ : In Armed Forces	44	0.1	-	0.00	-	0.00
Population+ : Not In Labor Force	11,252	36.8	13,076	41.7	11,566	36.7



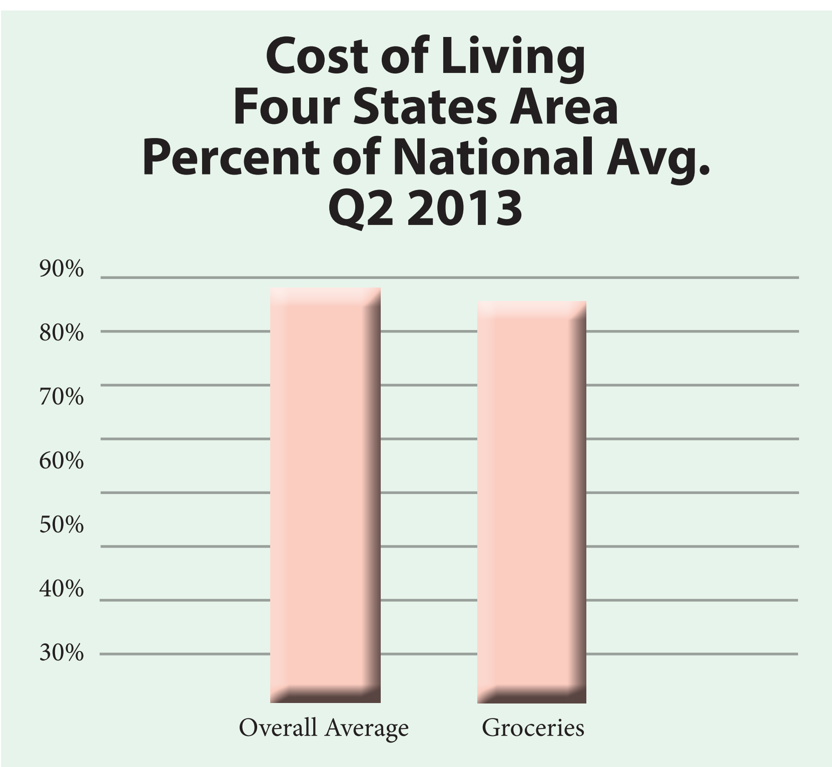
Source: Smith Travel Research and
Pittsburg Chamber of Commerce

LODGING INDUSTRY

The performance of the travel and tourism industry is an important economic indicator because it indicates the attractiveness of an area. It also represents an infusion of spending into the local economy because the patrons of the industry are usually from outside the area who bring their incomes into the local area and spend money here. That can be a significant boost for local retail and restaurant services.

The local lodging industry, which currently consists of six properties with 383 rooms, is doing well, posting an average occupancy of 56.1 percent in August. The average occupancy during the first eight months of 2013 was 55.3 percent (212 rooms per night on average), up from 53.8 percent during the same period last year. The average rental rate for a room is a little less than $74.

The average occupancy was 53.3 percent in Southeast Kansas during the period and 56.5 percent statewide.



Source: Center of Regional Competitiveness

COST OF LIVING

Cost of living is an important factor in the standard of living and quality of life for any city. The four-state area (Southeast Kansas, Southwest Missouri, Northeast Oklahoma and Northwest Arkansas) enjoys a relatively low cost of living at 88.7 percent of the national average, with the cost of groceries at 85 percent of the national average.

Because relocating is a significant financial investment, the relative mobility of the U.S. population is somewhat constrained by the financial risk involved. Cost of living, therefore, is also an important factor in the decision to relocate to a new area.

Nationwide, approximately four percent of the population relocated between counties in 2010, including one percent that moved from one state to another. During that time, only three percent of the Midwest population moved between counties, including one percent between states.

BUSINESS HIGHLIGHTS—

ECONOMIC FORECAST SHOWS GROWTH TREND

The latest survey of business leaders in nine Midwest and Plains states suggests that manufacturing growth will help fuel the regional economy through the end of the year.

"Despite all of the domestic economic uncertainty, the Mid-America survey points to positive growth for the final quarter of 2013," said Creighton University professor and economist Ernie Goss, who oversees the survey.

The Joplin Globe - 10/08/13

KANSAS LABOR REPORT REFLECTS POSITIVE TRENDS IN PITTSBURG ECONOMY

A new report reflects positively for the Pittsburg economy. "Employed residents in Pittsburg and Crawford County have increased by nearly 1,400 in the last three years alone," said Blake Benson, President of Pittsburg's Chamber of Commerce.

He continued:"The credit goes to our local businesses that are hiring and in a growth mode, but I think it also helps that we have a pro-business climate here in Pittsburg. We have a city commission that is really focusing on growing business and assisting those businesses."

KOAM TV 7 - 09/30/13

PSU PROFESSOR'S FIND MAKES WORLD TOP-10 LIST

Dr. Neil Snow, a member of the faculty at Pittsburg State University's Department of Biology, received worldwide attention for one of his discoveries.

The International Institute for Species Exploration selected one of Snow's finds, *Eugenia petrikensis*, a small woody plant from Madagascar, as one of the top 10 new species of 2013.

KOAM TV 7 - 10/01/13

PITTSBURG COMMISSIONERS AGREE TO HIRE CONSULTANT TO ASSESS RETAIL AND HOTEL SPACE

The Pittsburg City Commission approved a project that includes hiring a consultant to look at the potential of the city's hotel and retail space.

The project will cost $25,000 with the funds coming from the city's Economic Development Fund. The project will also match the money which businesses on Broadway put into the exterior of their buildings.

KOAM TV 7 - 10/09/13

CITY APPROVES DOWNTOWN OVERLAY DISTRICT

Dozens of Pittsburg city blocks will get a new name after the Pittsburg City Commission passed a resolution establishing a downtown overlay district.

Furthermore, the resolution notes that merchandise and temporary signage may be kept on public sidewalks and streets to the extent that it is readily movable.

The Morning Sun -11/13/13

CHILDCARE AGENCY CELEBRATES NEW LOCATION

Child Care Aware of is opening up an office in Pittsburg and adding jobs. The Pittsburg office provides a number of services and resources related to childcare for childcare providers in Southeast Kansas. This includes onsite coaching and training, and an extensive library of resources that providers can use in their business.

The Morning Sun - 11/19/2013

A CONVERSATION WITH BLAKE BENSON

Blake Benson, President of the Pittsburg Area Chamber of Commerce, says there is a momentum building in Pittsburg, as demonstrated in a recent 12-month labor report issued by the State of Kansas.

Pittsburg added more than 1,200 jobs; there is a sustained growth at Pittsburg State University; there's a $20 million surgery center being built at Via Christi hospital, and there is a significant growth in the industrial sector.

Joplin Regional Business Journal - 09/13/13

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EMPLOYMENT TRENDS—

INDUSTRY TITLE	2012 Avg Number of Jobs Q1	2012 Avg. Wkly Earnings Q1	2013 Avg Number of Jobs Q1	2013 Avg. Wkly Earnings Q1	Growth in Jobs	Growth Avg Weekly Earnings
Postal service	73	$950	70	$907	-3.7%	-4.5%
Administration of human resource programs	11	$1,268	12	$1,221	9.1%	-3.7%
Administration of economic programs	11	$1,290	14	$945	23.5%	-26.7%
National security and international affairs	3	$823	2	$832	-22.2%	1.1%
Justice, public order, and safety activities	35	$902	36	$913	2.9%	1.2%
Utilities	30	$347	30	$364	-2.2%	4.9%
Executive, legislative and general government	860	$667	874	$650	1.7%	-2.5%
Crop production	19	$625	23	$608	20.7%	-2.7%
Construction of buildings	70	$575	71	$517	1.9%	-10.1%
Heavy and civil engineering construction	133	$672	103	$681	-23.0%	1.3%
Specialty trade contractors	191	$605	214	$586	11.9%	-3.1%
Wood product manufacturing	154	$639	140	$682	-9.5%	6.7%
Printing and related support activities	424	$672	442	$693	4.3%	3.1%
Nonmetallic mineral product manufacturing	45	$990	43	$1,033	-3.0%	4.3%
Fabricated metal product manufacturing	291	$745	343	$715	17.7%	-4.0%
Machinery manufacturing	65	$701	70	$649	8.8%	-7.4%
Electrical equipment and appliance mfg.	166	$676	184	$714	10.4%	5.6%
Merchant wholesalers, durable goods	198	$667	119	$937	-40.1%	40.5%
Merchant wholesalers, nondurable goods	361	$728	371	$732	2.9%	0.5%
Motor vehicle and parts dealers	167	$551	197	$554	18.0%	0.5%
Furniture and home furnishings stores	80	$551	81	$458	2.1%	-16.9%
Electronics and appliance stores	114	$346	109	$355	-4.7%	2.6%
Building material and garden supply stores	171	$517	182	$507	6.0%	-1.9%
Food and beverage stores	365	$333	378	$320	3.5%	-3.9%
Health and personal care stores	107	$465	108	$473	0.9%	1.7%
Gasoline stations	177	$247	149	$258	-15.7%	4.5%
Clothing and clothing accessories stores	75	$231	78	$229	4.0%	-0.9%
Sporting goods, hobby, book and music stores	43	$363	43	$334	-1.5%	-8.0%
General merchandise stores	522	$391	476	$419	-8.8%	7.2%
Miscellaneous store retailers	36	$394	39	$378	6.4%	-4.1%
Non-store retailers	29	$488	28	$477	-2.3%	-2.3%
Truck transportation	76	$649	79	$674	3.9%	3.9%
Publishing industries, except internet	172	$929	165	$955	-3.9%	2.8%
Broadcasting, except internet	46	$469	43	$482	-7.2%	2.8%
Telecommunications	89	$1,095	89	$1,036	-0.7%	-5.4%
Credit intermediation and related activities	259	$692	275	$751	6.3%	8.5%
Securities, commodity contracts, investments	16	$1,731	19	$1,810	16.7%	4.6%
Insurance carriers and related activities	48	$848	46	$746	-3.5%	-12.0%
Real estate	108	$367	104	$380	-3.7%	3.5%
Rental and leasing services	68	$581	91	$727	32.7%	25.1%
Professional and technical services	303	$654	288	$655	-5.2%	0.2%
Management of companies and enterprises	282	$5,434	288	$1,785	2.2%	-67.2%
Administrative and support services	308	$434	490	$490	58.9%	12.9%
Waste management and remediation services	51	$679	47	$556	-8.5%	-18.1%
Educational services	29	$372	30	$417	3.5%	12.1%
Ambulatory health care services	495	$775	527	$750	6.5%	-3.2%
Nursing and residential care facilities	718	$431	691	$428	-3.8%	-0.7%
Amusements, gambling, and recreation	128	$234	131	$228	2.1%	-2.6%
Accommodations	63	$234	96	$252	51.6%	7.7%
Food services and drinking places	1671	$193	1673	$191	0.1%	-1.0%
Repair and maintenance	131	$523	129	$555	-1.0%	6.1%
Personal and laundry services	81	$403	75	$381	-7.4%	-5.5%
Membership associations and organizations	55	$320	68	$345	24.2%	7.8%
Private households	42	$203	20	$259	-52.4%	27.6%

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