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### The Pittsburg Micropolitan Area Economic Report, Quarter 2, 2020

Pittsburg State University. Gladys A. Kelce College of Business

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# THE PITTSBURGH MICROPOLITAN AREA ECONOMIC REPORT

## Local Economy Suffers, But Hope Returns

**T**HE COVID-19 PANDEMIC has resulted in a nationwide economic calamity unmatched since the Great Depression, and the scale of the sudden collapse in consumer spending, business closures, and job losses is unparalleled, as can be seen in the Fed's weekly economic index. Most states issued stay-at-home orders around mid-March. Congress responded by passing a \$3 trillion stimulus bill with 75 percent of all small businesses applying for aid, but nevertheless, the ensuing job losses were brutal, with 20 million jobs lost nationwide in March and April, more than double the jobs lost during the entire 2007-2009

Great Recession and erasing all the jobs gained during the recovery over the last ten years. May showed an increase of 2.5 million jobs nationwide as states began to restart their economies, suggesting that this could be a short recession. However, if reopening occurs too slowly, the result could be a deep depression stemming from accumulated losses that produce widespread business closures.

The Federal Reserve (FED) reports that 40 percent of Americans would have difficulty coming up with \$400 emergency cash before the pandemic, mostly because of debt. So how do local finances stand? The local economy had

been improving significantly before the pandemic. Demographics Now reports that 8.5 percent of households in Crawford County were pushed up to the middle-income bracket during the 2010-2019 period (compared to 3.4 percent of households nationwide). The St. Louis FED reports that 32 percent of adults in Crawford County are delinquent on debt (less than in 55.5 percent of all counties nationwide). Equifax reports that local credit scores have never been higher in the recorded history of that indicator, and the per capita rate of bankruptcies in Crawford County is only half the rate in Kansas and nationwide.

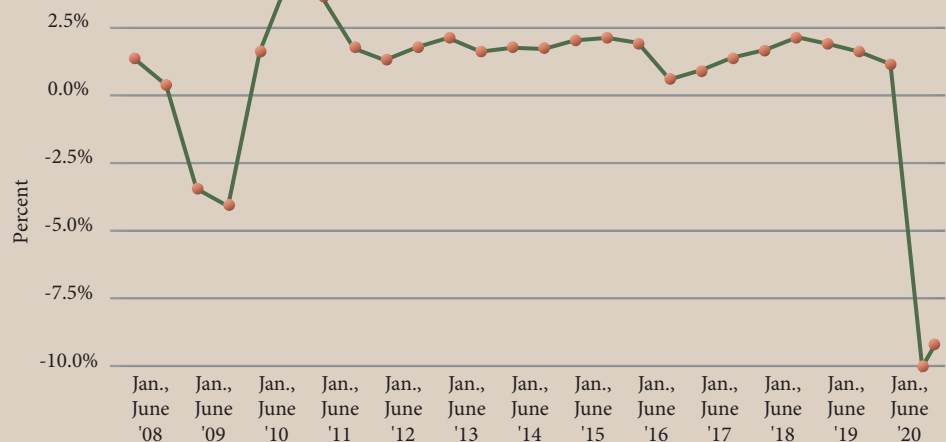
### INSIDE

- Total Jobs
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### National Weekly Economic Index



Source: Federal Reserve Bank of St. Louis



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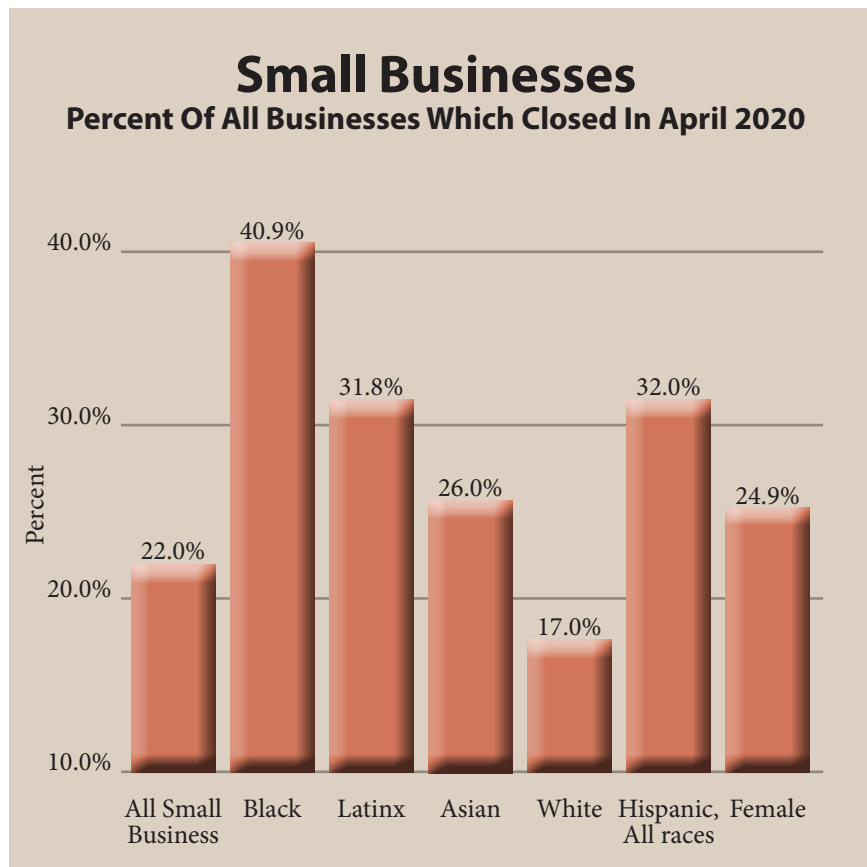
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## TOTAL JOBS

On March 18, 2020, the Atlanta Fed projected that the national economy would grow at a robust 3.1 percent during the first quarter. By April, most firms nationwide were running at only 25-50 percent capacity, and now the Atlanta Fed projects a 45.5 percent decline in national output during the second quarter of 2020. Kansas, however, is doing relatively well. The number of jobs declined 8.8 percent statewide and 13.2 percent nationwide in the period from February to April 2020 but increased 2.2 percent statewide and 1.7 percent nationwide in May. However, May estimates show that 29.3 percent of firms in Kansas and 37.0 percent of firms nationwide are experiencing supply chain problems, which is retarding their recovery. Small businesses are affected especially severely. An April study by the U.S. Chamber of Commerce indicated that 43 percent of all small businesses could fail as a result of the COVID-19 downturn, and the most recent estimates indicate that 22 percent of all small businesses closed in April, with Black-owned businesses hit the hardest. The most recent data available shows that the number of jobs increased 0.3 percent in the Pittsburg micropolitan area and 0.07 percent in Southeast Kansas during the first quarter.

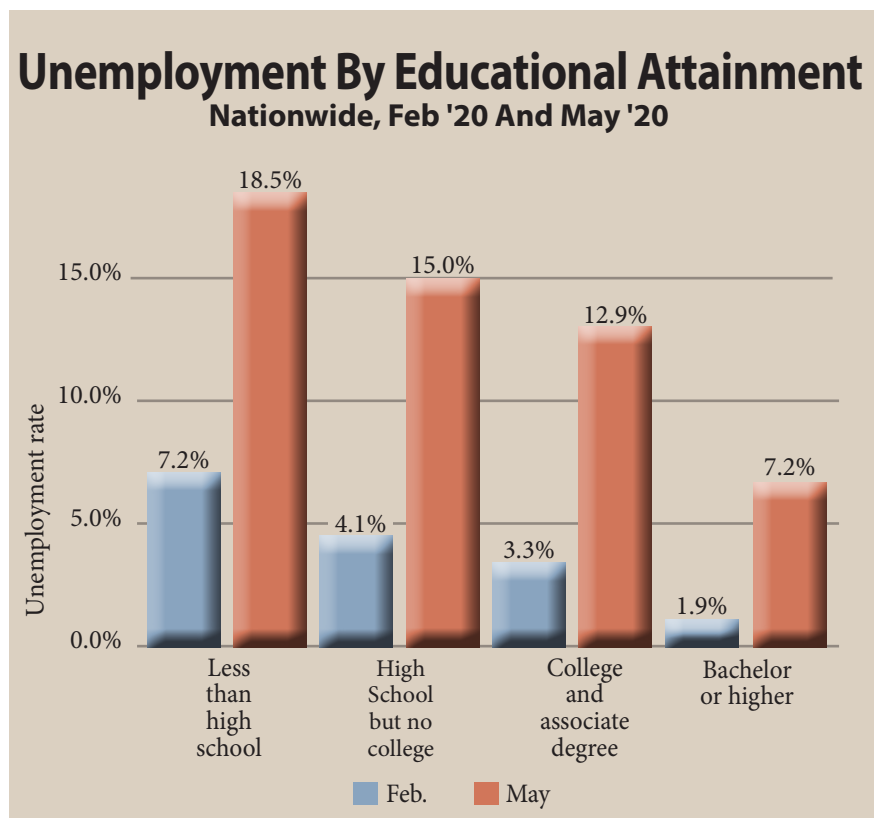


Source: National Bureau Of Economic Research

## UNEMPLOYMENT

U.S. unemployment rates were at historically low levels nationwide before the COVID-19 downturn. In Kansas, there were 1.5 million people in the labor force (the sum of employed and unemployed people) in February 2020, and 18.3 percent filed for unemployment insurance during the period from March 8th to May 30th (initial claims, excluding continuing claims). Nationally, the labor force stood at 165.3 million in February, with 23.7 percent filing initial jobless claims during the period. In the Pittsburg micropolitan area, the unemployment rate stood at 8.3 percent in May (up from 4.0 percent in February), at 9.8 percent statewide (up from 3.3 percent), and 13.3 percent nationwide (up from 3.8 percent).

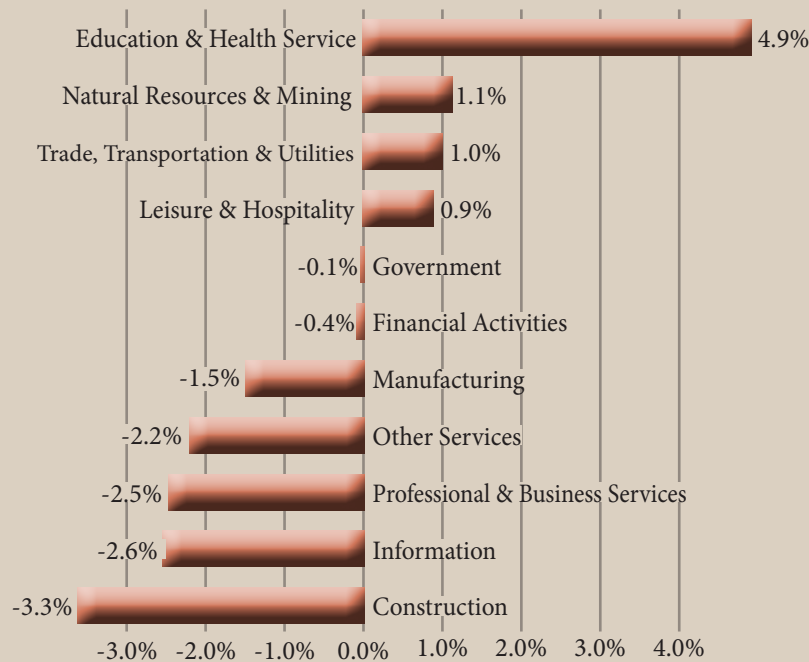
The average U.S. unemployment rate in May was 7.2 percent for people with a bachelor's degree or higher (up from 1.9 percent in February), 12.9 percent for people with some college or an associate's degree (up from 3.3 percent), 15.0 percent for high school graduates with no college (up from 4.1 percent), and 18.5 percent for people without a high school diploma (up from 7.2 percent). Hispanics had the highest unemployment rate in May (17.2 percent), followed by Blacks (16.6 percent), Asians (14.8 percent) and whites (12.1 percent).



Source: Bureau of Labor Statistics



## Job Growth By Industry Pittsburg Micropolitan Area, 2019

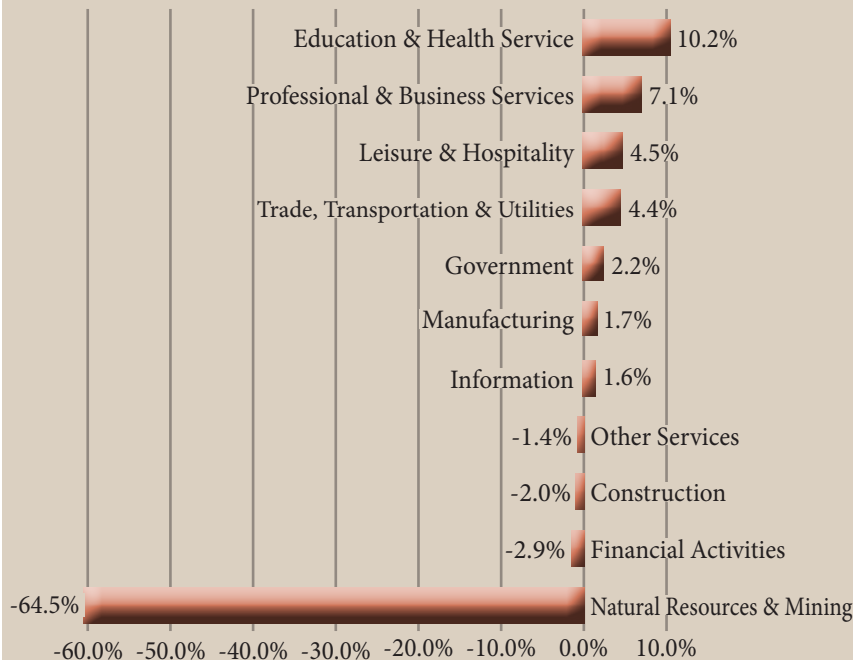


Source: Bureau of Labor Statistics

## JOB GROWTH BY INDUSTRY

The COVID-19 recession is characterized as a “service sector recession.” During March and April, the three most affected industries nationwide were Leisure and Hospitality, down 46.8 percent; other services (automobile repair, etc.), down 21.4 percent and Retail Trade, down 13.1 percent. The number of jobs declined 15.8 percent in the service-producing industries, 10.3 percent in the goods-producing industries, and 4.0 percent in government. Overall, 20 million jobs were lost nationwide during the period, with 6,095,000 jobs lost (30.5 percent) in businesses with fewer than 50 employees. However, when states began to reopen in May, there was an unexpected 15.3 percent increase in the number of jobs in Leisure and Hospitality, an 8.6 percent increase in Construction, and a 2.1 percent increase in Manufacturing, with significantly less growth in all the other industries. In the Pittsburg micropolitan area, four industries added jobs in 2019 (most recent information available), with Education and Health Services posting growth of 4.9 percent (the largest growth), followed by Natural Resources and Mining (up 1.1 percent); Trade, Transportation, and Utilities (up 1.0 percent); and Leisure and Hospitality (up 0.9 percent). It is not yet clear how the 2020 recession will affect Pittsburg and the surrounding region.

## Growth In Payroll By Industry Pittsburg Micropolitan Area, 2019



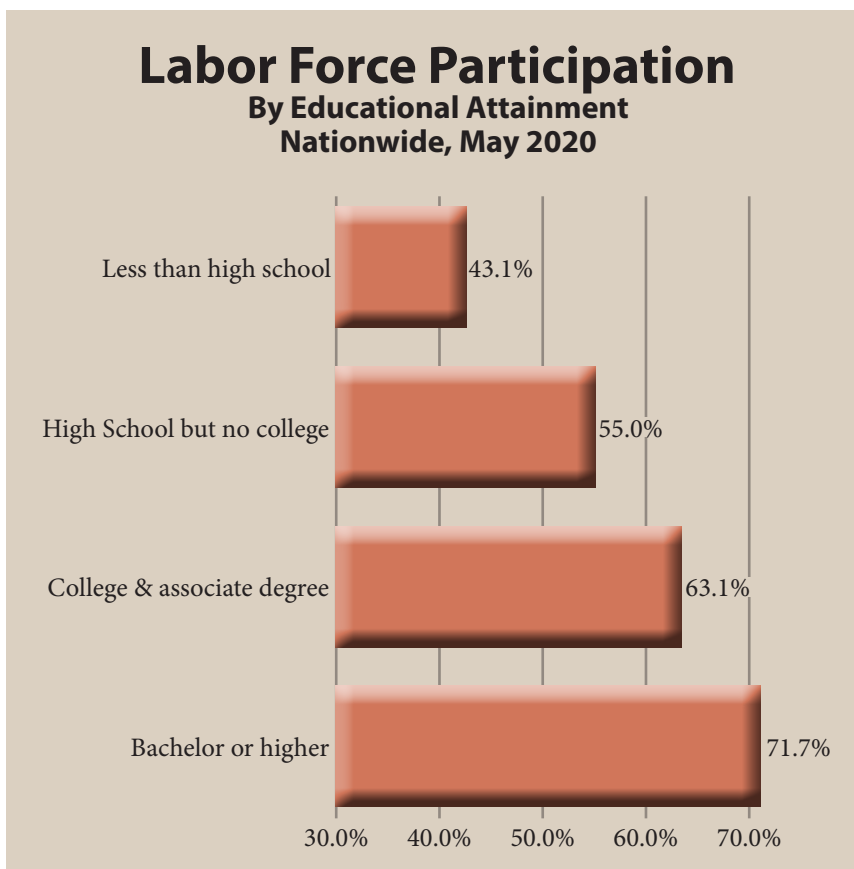
Source: Bureau of Labor Statistics

## INCOMES BY INDUSTRY

Total payroll in the Pittsburg micropolitan area was \$615.7 million in 2019 (latest available), up 2.7 percent from 2018. Education and Health Services had the highest percent increase, posting \$93.9 million in payroll (up 10.2 percent), followed by Professional and Health Services with \$53.1 million in payroll, up 7.1 percent; Leisure and Hospitality with \$30.7 million, up 4.5 percent; Trade, Transportation, and Utilities with \$114.6 million, up 4.4 percent; Government (all levels) with \$151.9 million, up 2.2 percent; Manufacturing with \$113.0 million, up 1.7 percent; Information Services with \$14.4 million, up 1.6 percent; Other Services with \$5.7 million, down 1.4 percent; Construction with \$16.3 million, down 2.0 percent; Financial Services with \$18.3 million, down 2.9 percent; and Natural Resources and Mining with \$3.8 million, down 64.5 percent. Overall payroll increased 4.8 percent nationwide in 2019 and 3.8 percent statewide. Approximately 47.6 percent of all people who responded to a Census survey on COVID-19 stated that they or someone in their household had lost their employment income since the beginning of the pandemic. The groups experiencing greatest loss of income, according to Gallup, are small business owners, with 64 percent loss, and Arts, Entertainment and Media workers, with 48 percent loss.

## LABOR FORCE

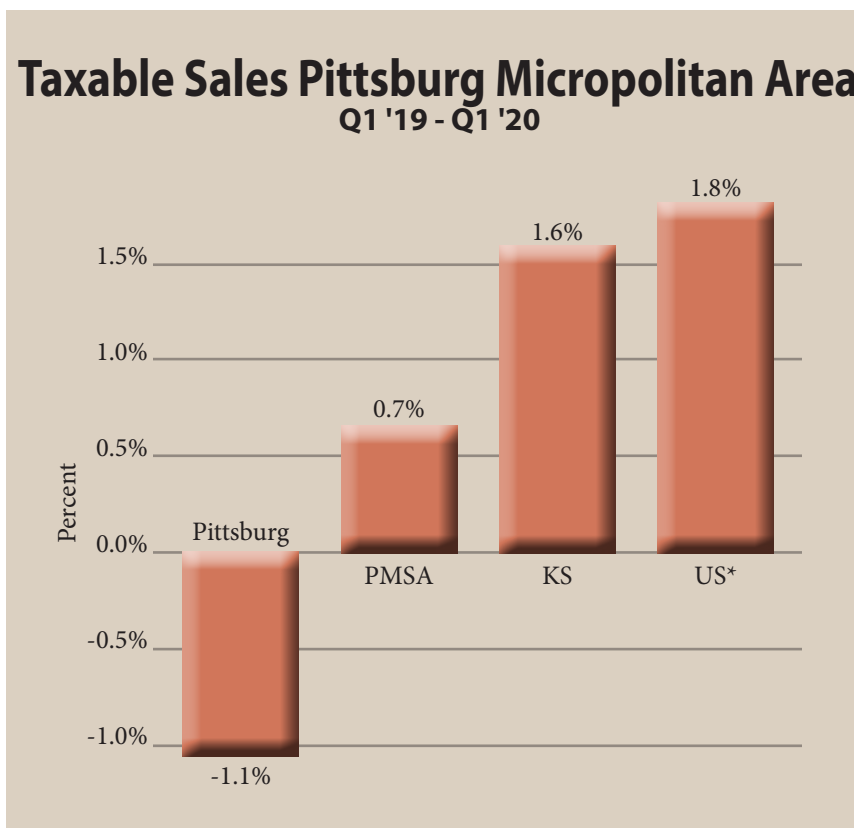
During the first five months of 2020, the average labor force was 18,884 in the Pittsburgh micropolitan area (up 0.9 percent from the same period last year) 1.5 million statewide (up 1.4 percent). The labor force participation was 66.2 percent before the Great Recession to, but never rebounded to that level. However, it was beginning to come back when COVID-19 began. Nationally, the labor force participation rate has decreased significantly during the pandemic, from 63.0 percent in January 2020 to 60.7 percent in May, erasing the gains made following the 2007-2009 recession. The average labor force nationwide was 160.8 million during the first five months of 2020, down 2.9 percent from the same period in 2019. The labor force participation rate May was 43.1 percent for people without a high school diploma, 55.0 percent for people with a high school diploma (no college), 63.1 percent for people with some college or an associate's degree, and 71.7 percent for people with a bachelor's degree or higher. The labor force participation rate was 64.0 percent for Hispanics, 60.9 percent for Caucasians, 60.6 percent for Asians, and 59.5 percent for African Americans.



Source: Bureau of Labor Statistics

## TAXABLE SALES

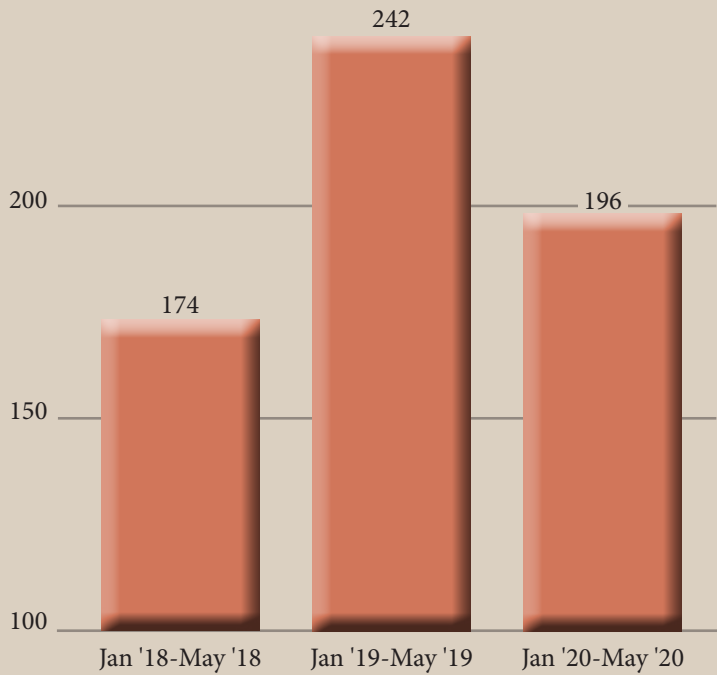
Nationwide, total retail sales increased in the first two months of 2020, then declined 14.5 percent in March and April as states began implementing stay-at-home orders. Some types of retail were significantly affected, such as Clothing and Clothing Accessories (down 85.5 percent) and Furniture and Home Furnishings (down 57.6 percent). However, total retail sales increase 23.1 percent from April to May, up 209.2 percent for Clothing and Clothing Accessories and 98.4 percent for Furniture and Home Furnishings. Taxable sales (retail sales and some services sales mostly related to tourism) in the Pittsburgh area increased during January and February, but took a nosedive in March (latest information available). Total taxable sales in the City of Pittsburgh were \$79.5 million during the first three months of 2020 (down 1.1 percent from the first three months in 2019), according to the latest information from the Kansas Department of Revenue; \$107.4 million in the Pittsburgh Micropolitan Area (up 0.7 percent), and \$9.6 billion statewide (up 1.6 percent). Total retail sales nationwide increased to \$1.4 trillion during the period, up 1.8 percent.



Source: Kansas Department of Revenue

\* Percent increase in total retail sales because taxable sales not available for US

## Number Of Homes Sold Pittsburg Area



Source: Pittsburg Area Association of Realtors

## RESIDENTIAL PERMITS

In 2019, 551 homes were sold in the Pittsburg area (up 19.0 percent from 2018) for an average price of \$119,334 (up 23.2 percent). However, housing sales declined during the first five months of 2020, with 196 homes sold (down 19.0 percent from the same period in 2019) for an average value of \$102,024 (down 10.2 percent). During the period, 190 existing homes were sold (down 20.2 percent from the same period in 2019), and six new homes were sold (up 50 percent). Home sales declined 26.6 percent nationwide during the period. Several housing developments are currently active, including Leland Lofts, with 6 moderate-income apartments downtown; Silverback Landing housing addition (134 single family homes with amenities and HOA fees); Bob Higginbotham Properties, with 12 single family homes; Gerry Dennett Properties, with 11 single family homes; and 23 single family homes built on lots obtained through the land bank program.

No new residential building permits were issued in Pittsburg during the first quarter of 2020, but 17 residential permits were issued for additions, alterations, and conversions, with a stated value of \$169,400 (down 80.3 percent from the first quarter 2019).

## Public & Private Investment City of Pittsburg Last Five Years

Education	\$31,300,000
Entertainment	\$50,000,000
Hospitality	\$17,766,686
Housing	\$74,861,508
Industry	\$63,859,142
Infrastructure	\$43,291,319
Medical	\$67,010,027
PSU	\$81,300,000
Recreation	\$3,336,939
Retail	\$42,796,214
Service	\$1,865,400
Total	\$477,387,235

Source: City of Pittsburg

## COMMERCIAL PERMITS

The City of Pittsburg reports that 17 commercial building permits were issued during the first quarter of 2020, with a stated value of \$1,561,042, down 34.2 percent from the first quarter of 2019, four permits for new commercial construction, with a stated value of \$849,241 (down 7.3 percent from the first quarter of 2019) and 13 permits for additions, alterations, and conversions, with a stated value of \$711,801 (down 51.1 percent). Almost \$477.3 million has been invested in the City of Pittsburg in the last five years (most of it private), including \$74.9 million in housing infrastructure, \$67.0 million in medical infrastructure, \$63.9 million in industry infrastructure, \$50.0 million in entertainment infrastructure, \$43.3 million in public infrastructure, \$42.7 million in retail infrastructure, \$31.3 million in education infrastructure, \$17.8 million in hospitality infrastructure, \$10 million in fiber optic cable and internet infrastructure, and \$83.5 million in other infrastructure.

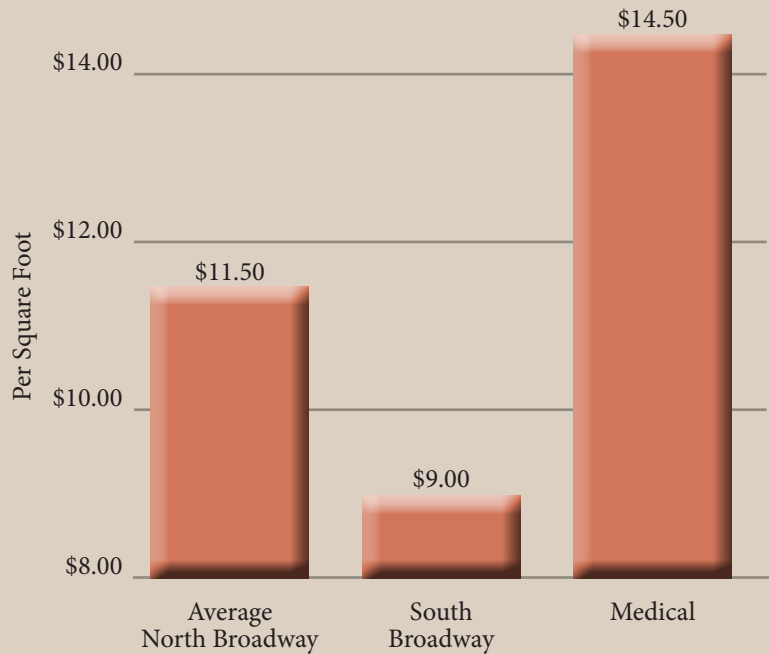
Several major companies have headquarters in Pittsburg, including Miller's Professional Imaging (the nation's largest professional photo lab), Jake's Fireworks, and Watco Companies. Also, NPC International (which owns and manages 1,235 Pizza Huts and 394 Wendy's restaurants) has functional specialization in Pittsburg.

## OFFICE SPACE MARKET

Approximately 15 percent of all employees nationwide worked from home before COVID-19 according to MIT, but in April 2020, 49 percent of all employees were working from home (up 34 percentage points), and many people believe that the future of office work will look very different.

The Pittsburgh micropolitan area has 51 business services establishments, employing 525 people; 26 communications and utilities establishments, employing 648 people; 31 depository institutions and non-depository credit establishments, employing 242 people; 37 engineering, accounting, research, and management service establishments, employing 267 people; 141 health service establishments, employing 2,033 people; 29 insurance agent, broker, and insurance carrier establishments, employing 74 people; 26 legal services establishments, employing 160 people; 57 personal services establishments, employing 146 people; 44 real estate establishments, employing 181 people; 8 security and commodity broker, dealer, exchange and services establishments, employing 17 people, and 45 social services establishments employing 748 people. Jones Heritage Realtors (a local authority on the commercial real estate market) reports that average office gross rental rates are \$11.50 per square foot on North Broadway, \$9.00 per square foot on South Broadway, and \$14.50 per square foot for medical space.

## Average Gross Office Space Rental Rates Pittsburg Area 2019



Source: Jones Heritage Realtors

## COMMERCIAL LAND VALUES

Numerous brick and mortar store brands have announced significant store closures or bankruptcy during the past two months. The COVID-19 pandemic is hurting retail space badly, with over 4,005 planned store closures announced so far this year, according to Coresight, which expects the increase in retail store bankruptcies to continue. Apparel retail and department stores are especially hard hit. Widespread closing of retail locations is having a follow-on effect on the value of mall and other commercial real estate: commercial real estate sales have already declined over 40 percent in 2020, according to Newmark Knight Frank Inc.

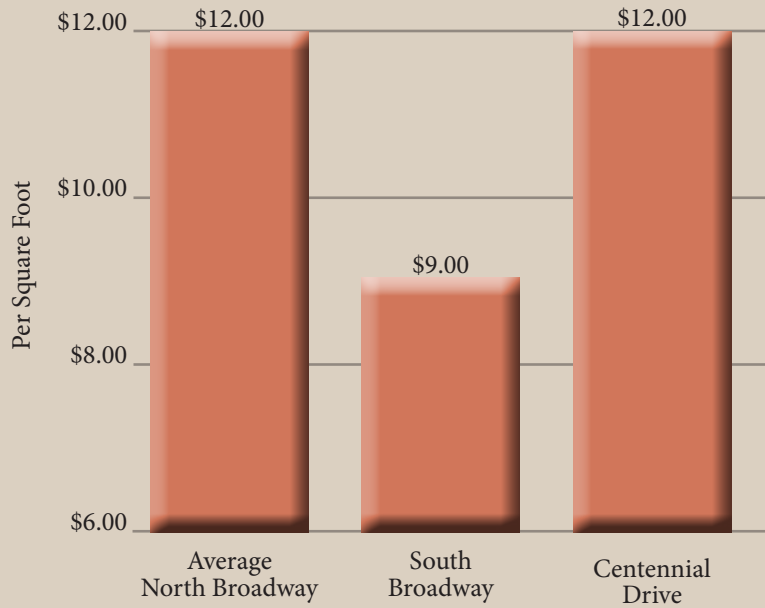
However, the fact that Pittsburgh is a regional center for retail sales and consumer services in Southeast Kansas has acted as an economic buffer for retail activity in the Pittsburgh area. Moreover, the commercial land market was doing relatively well in the Pittsburgh area before the pandemic, according Jones Heritage Realtors, with average prices of commercial land in the Pittsburgh area increasing in 2019, especially at the lower and higher ends of the market. The average low price is \$3.00 per square foot for secondary sites, \$7.00 per square foot for primary sites, and \$9.50 per square foot for high-end sites.

## Average Commercial Land Values Pittsburg Area 2019



Source: Jones Heritage Realtors

## Net Retail Space Rental Rates Pittsburg Area 2019

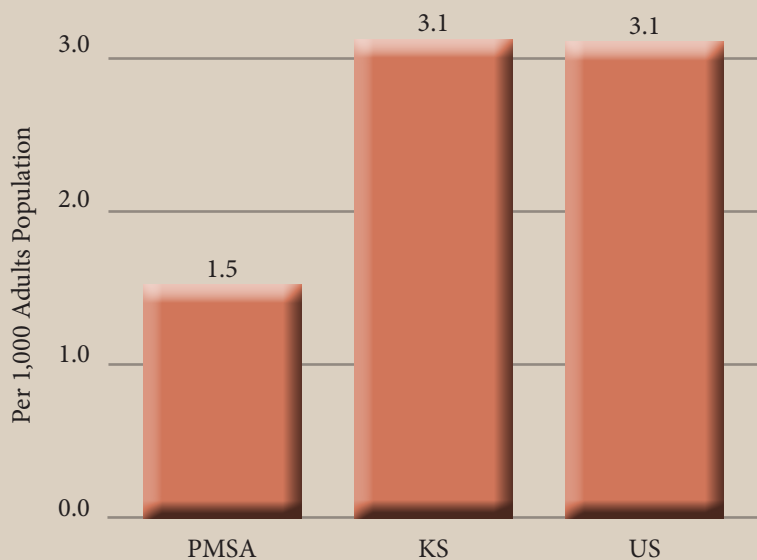


Source: Jones Heritage Realtors

## RETAIL SPACE MARKET

Over 40,000 people visit Pittsburg for shopping annually. The Pittsburg micropolitan area has 15 apparel and accessory retail establishments, employing 80 people; 32 automotive dealers and gasoline service establishments, employing 569 people; 15 building materials, hardware, and garden supply retail establishments, employing 218 people; and 84 eating and drinking establishments, employing 1,239 people, according to Demographics Now (latest information available); 25 food store establishments, employing 193 people; 9 general merchandise retail establishments, employing 530 people; 12 home furniture, furnishings, and equipment retail establishments, employing 102 people; 69 miscellaneous retail establishments, employing 271 people; and 63 wholesale establishments, employing 684 people. There are over 40 small specialty retailers in downtown Pittsburg, including boutiques and specialty clothing stores, jewelry stores, specialty candy and ice cream stores, bridal shops, sporting goods stores, specialty foods and art shops, and recreational activity centers, including axe throwing. Jones Heritage Realtors reports that the average net retail rent (the tenant pays the property taxes, insurance premiums, and some maintenance) is \$12.00 per square foot on North Broadway (the main thoroughfare), \$9.00 per square foot on South Broadway, and \$12.00 per square foot on Centennial Drive.

## Per Capita Bankruptcies Twelve Month Period Ending In March 2020



Source: US Bankruptcy Courts

## BANKRUPTCIES

A total of 764,282 bankruptcies were filed nationwide during the 12-month period ending in March 2020 (down 1.1 percent from the previous 12-month period). Of those, 741,168 were personal bankruptcies (down 1.2 percent), with a total of 464,558 Chapter 7 personal bankruptcies (straight bankruptcy, debt wiped out), down 0.3 percent; 914 Chapter 11 personal bankruptcies (reorganization of personal debt and temporary protection from creditors), down 12.0 percent; and 275,696 Chapter 13 personal bankruptcies (some debt wiped out and some repayments), down 3.7 percent. A total of 23,114 business bankruptcies were filed (up 4.3 percent), including 14,653 Chapter 7 business bankruptcies (total liquidation with no repayments), up 5.5 percent; 6,024 Chapter 11 business bankruptcies (reorganization of business debt and temporary protection from creditors), up 2.9 percent; 627 Chapter 12 business bankruptcies (reorganization of debt for family farms), up 2.8 percent; and 1,657 Chapter 13 business bankruptcies (total liquidation with some repayments), down 8.4 percent. Total bankruptcies declined 1.9 percent statewide during the period, but increased 2.3 percent in the Pittsburg Micropolitan Area. However, the local bankruptcy rate of 1.52 per 1000 population are well below the statewide rate of 3.10 per 1000 statewide and 3.10 per 1000 nationwide.



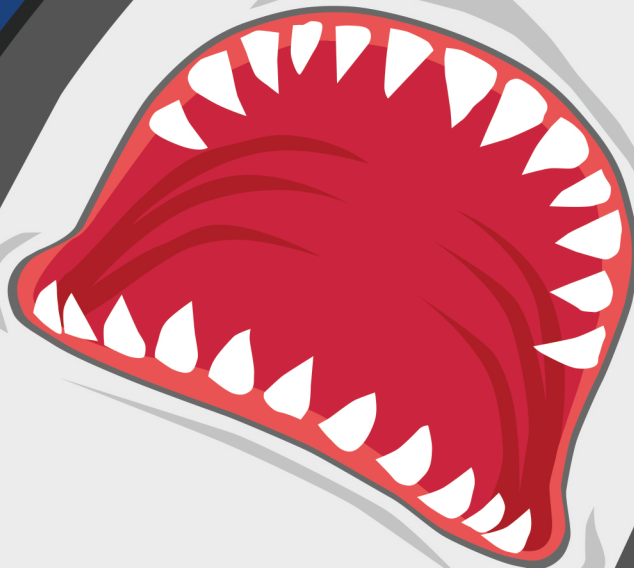
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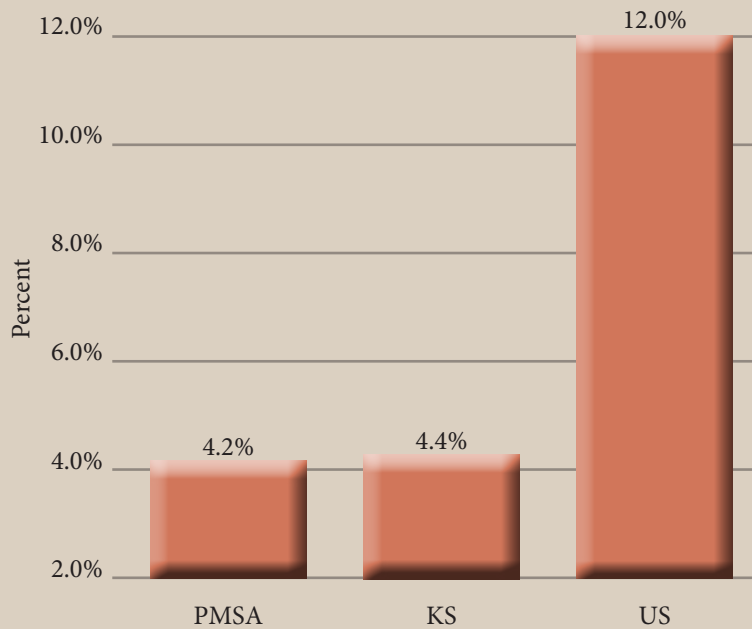
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## Banks

### Growth In Total Assets, Q1 '19 to Q1 '20



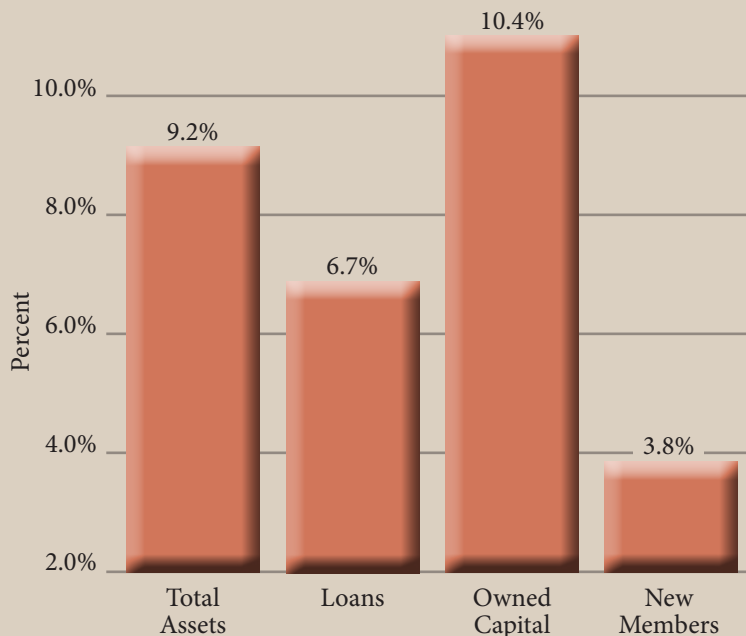
Source: Federal Deposit Insurance Corporation

## BANKING INDUSTRY

The FED decided to leave the federal funds rate target at its current 0%-0.25% level, which is good news for all borrowers. The Fed furthermore signaled that they might keep the federal funds rate at that level until 2022 to grease the wheels of the national economy. The national banking industry posted \$20.3 trillion in total assets during the first quarter of 2020 (up a significant 12.0 percent from first quarter 2019), \$10.8 trillion in net loans and leases (up 7.4 percent), \$102.4 billion in non-current loans and leases (up 1.8 percent), and \$18.5 billion in net income (down 69.6 percent). Banks with headquarters in Kansas posted \$76.6 billion in total assets (up 4.4 percent), \$50.4 billion in net loans and leases (up 3.3 percent), \$493.7 million in non-current loans and leases (up 11.1 percent), and net income of \$184.8 million (down 9.3 percent). The Pittsburgh micropolitan area banking industry (banks with local headquarters) posted \$748.2 million in total assets (up 4.2 percent), \$481.0 million in net loans and leases (down 2.7 percent), \$10.2 million in non-current loans and leases (up 117.4 percent), and \$1.1 million in net income (down 46.9 percent).

## Credit Unions

### Preliminary Growth Estimates, Q1 '19 to Q1 '20



Source: Callahan & Associates

## CREDIT UNION INDUSTRY

The National Credit Union Administration (NCUA) extended submission deadlines for the credit union performance data call report, giving credit unions until July to file, and therefore there is no official data for the first quarter. However, Callahan & Associates, which provides insights and reports on the credit union industry, states that first quarter performance for the national credit union industry was good overall. They estimate that total industry assets increased to \$1.6 trillion, (up 9.2 percent during the last 12 months), \$1.1 trillion in total loans (up 6.7 percent), \$193.4 billion in capital (up 10.4 percent), \$451.4 billion in investments (up 14.3 percent), and 123.1 million credit union members (up 3.8 percent). Furthermore, credit union deposits increased 8.4 percent during the quarter and mortgage loans increased a significant 11.2 percent. With the Fed pegging interest rates at historic lows (with a federal funds target rate of 0 percent to 0.25 percent), it is now attractive to buy a new home or refinance. Furthermore, automobile loan delinquencies declined during the first quarter, according to Experian credit agency, which is good news for credit union because they finance approximately 19.5 of all automobile loans nationwide.

# PITTSBURG MICROPOLITAN AREA BUSINESS SUMMARY

	2019 Employees	Percentage	2019 Establishments	Percentage	Average Employee Size
<b>Forestry, and Fishing</b>	<b>200</b>	<b>1.2%</b>	<b>50</b>	<b>3.7%</b>	<b>4.0</b>
<b>Mining</b>	<b>124</b>	<b>0.8%</b>	<b>4</b>	<b>0.3%</b>	<b>31.0</b>
<b>Construction</b>	<b>550</b>	<b>3.4%</b>	<b>70</b>	<b>5.2%</b>	<b>7.9</b>
<b>Transport, Commun, Electric, Gas, &amp; Sanitary Services</b>	<b>1,363</b>	<b>8.3%</b>	<b>75</b>	<b>5.6%</b>	<b>18.2</b>
<b>Wholesale Trade</b>	<b>684</b>	<b>4.2%</b>	<b>63</b>	<b>4.7%</b>	<b>10.9</b>
<b>Retail Trade</b>	<b>3,202</b>	<b>19.5%</b>	<b>261</b>	<b>19.5%</b>	<b>12.3</b>
<b>Finance, Insurance, &amp; Real Estate</b>	<b>535</b>	<b>3.3%</b>	<b>117</b>	<b>8.7%</b>	<b>4.6</b>
<b>Services</b>	<b>6,850</b>	<b>41.8%</b>	<b>580</b>	<b>43.3%</b>	<b>11.8</b>
<b>Public Administration</b>	<b>1,125</b>	<b>6.9%</b>	<b>56</b>	<b>4.2%</b>	<b>20.1</b>
<b>Manufacturing</b>	<b>1,770</b>	<b>10.8%</b>	<b>65</b>	<b>4.8%</b>	<b>27.2</b>
Food and Kindred Products	215	1.3%	4	0.3%	53.8
Tobacco Products	0	0.0%	0	0.0%	N/A
Textile Mill Products	0	0.0%	0	0.0%	N/A
Apparel, Finished Prdcts from Fabrics & Similar Materials	20	0.1%	5	0.4%	4.0
Lumber and Wood Products, Except Furniture	8	0.1%	3	0.2%	2.7
Furniture and Fixtures	5	0.0%	1	0.1%	5.0
Paper and Allied Products	472	2.9%	3	0.2%	157.3
Printing, Publishing and Allied Industries	291	1.8%	6	0.5%	48.5
Chemicals and Allied Products	14	0.1%	2	0.2%	7.0
Petroleum Refining and Related Industries	0	0.0%	0	0.0%	N/A
Rubber and Miscellaneous Plastic Products	81	0.5%	3	0.2%	27.0
Leather and Leather Products	0	0.0%	0	0.0%	N/A
Stone, Clay, Glass, and Concrete Products	63	0.4%	4	0.3%	15.8
Primary Metal Industries	15	0.1%	2	0.2%	7.5
Fabricated Metal Prdcts, Except Machinery & Transport Eqpmnt	103	0.6%	6	0.5%	17.2
Industrial/Commercial Machinery & Computer Equip.	227	1.4%	14	1.0%	16.2
Electronic, Elctrcl Eqpmnt & Cmpnts, Excpt Computer Eqpmnt	76	0.5%	4	0.3%	19.0
Transportation Equipment	98	0.6%	3	0.2%	32.7
Mesr/Anlyz/Cntrl Instrmnts; Photo/Med/Opt Gds; Watches/Clocks	4	0.0%	1	0.1%	4.0
Miscellaneous Manufacturing Industries	78	0.5%	4	0.3%	19.5

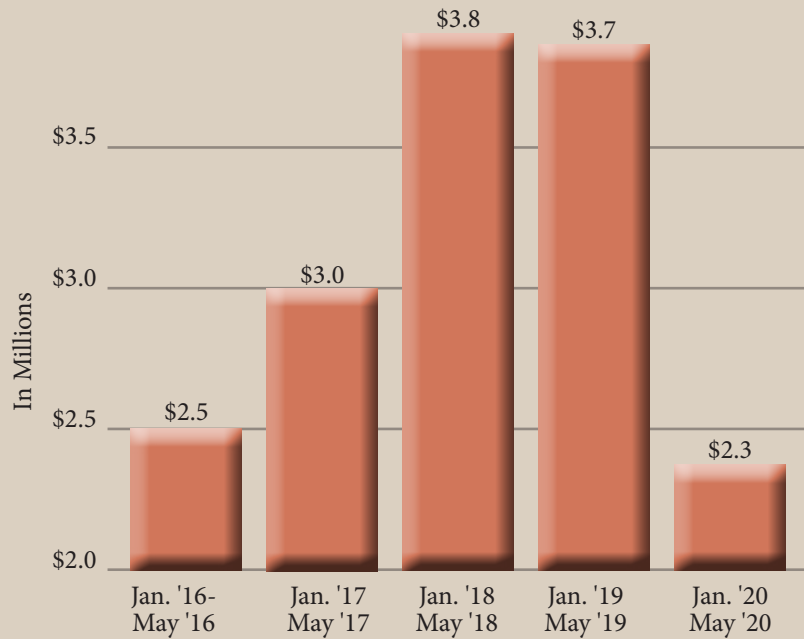
Source: Demographics Now

## ANNUAL WAGES FOR PITTSBURG MICROPOLITAN AREA 2019

Accountants and Auditors	\$53,380	Healthcare Practitioners and Technical Occupations	\$61,532
Advertising, Marketing, Promotions, PR, & Sales Managers	\$106,758	Human Resources Specialists	\$49,767
Architecture and Engineering Occupations	\$58,671	Industrial Engineers	\$74,342
Cashiers	\$20,243	Laborers and Freight, Stock, and Material Movers, Hand	\$28,012
Chief Executives	\$166,953	Loan Officers	\$46,457
Child, Family, and School Social Workers	\$37,135	Machinists	\$34,281
Coaches & Scouts	\$35,852	Management Occupations	\$90,763
Computer Programmers	\$59,467	Market Research Analysts and Marketing Specialists	\$52,004
Computer User Support Specialists	\$32,8a78	Medical Assistants	\$25,382
Cooks, Institution & Cafeteria	\$22,370	Office and Administrative Support Occupations	\$30,568
Counselors, Social Workers & Other Community Service Specialists	\$39,469	Pharmacists	\$135,633
Customer Service Representatives	\$26,345	Police and Sheriff's Patrol Officers	\$39,383
Education, Training, & Library Occupations	\$42,036	Postal Service Mail Carriers	\$51,781
Electricians	\$41,137	Receptionists and Information Clerks	\$25,198
Engineers	\$65,622	Retail Sales Workers	\$19,725
Financial Managers	\$120,379	Secretaries and Administrative Assistants	\$32,646
Firefighters	\$31,980	Software Developers, Applications	\$85,122
Food Preparation & Serving Related Occupations	\$19,694	Teacher Assistants	\$22,684
General and Operations Managers	\$79,350	Transportation and Material Moving Occupations	\$29,174
Graphic Designers	\$33,318	Waiters and Waitresses	\$17,728

Source: Bureau of Labor Statistics

## Total Revenue Lodging Industry Pittsburg Micropolitan Area

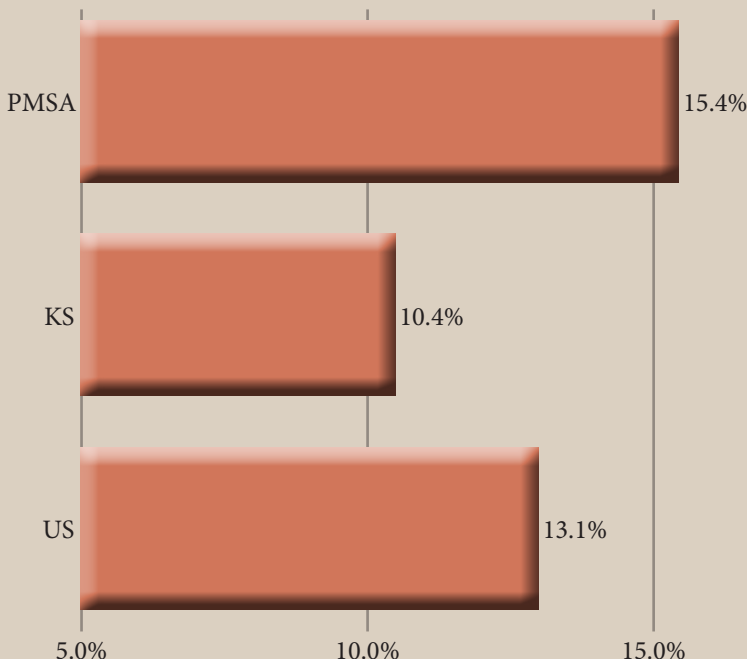


Source: Smith Travel Research

## LODGING INDUSTRY

All U.S. states depend somewhat on the tourism industry, and tourism-related taxes contribute significantly to the economic health of the most popular tourist destinations, including major cities in California, Florida, New York, Nevada, and Texas. Travel and tourism have been decimated by the COVID-19 stay-at-home orders, with occupancy rates declining to as low as five percent in April, depending on class of property. Occupancy rates are still at historically low levels. Nationwide, luxury properties had an occupancy rate of 12.6 percent in May, upper upscale, 16.0 percent; upscale, 27.5 percent; upper midscale, 31.8 percent; midscale, 35.9 percent; economy, 47.6 percent. In the national lodging industry, overall occupancy was 43.3 percent during the first five months of 2020, with a total room revenue of \$37.2 billion (down 44.1 percent from the first five months in 2019); statewide occupancy was 37.7 percent, with a room revenue of \$209.4 million (down 37.9 percent); and occupancy in the Pittsburg micropolitan area was 33.5 percent, with a room revenue of \$2.3 million (down 38.1 percent). The Pittsburg micropolitan area saw a significant increase in tourism during the 2017-2019 period, with room revenues increasing 44.6 percent or an average of 14.9 percent annually.

## Per Capita Income Growth In 2015 - 2019



Source: Woods & Poole

## QUALITY OF LIFE & COST OF LIVING

The local economy has improved significantly during the last few years. Per capita income in the Pittsburg micropolitan area increased to \$39,472 in 2019, up 15.4 percent since 2015, a faster rate of growth than 93 percent of all micropolitan areas. This also compares favorably to the 10.4 percent increase statewide and 13.1 percent increase nationally. Moreover, the Pittsburg area is attractive, and the local cost of living is only 79.6 percent of the national average during Q3 2019. Human capital accumulation is important for regional growth, and highly skilled and educated people are attracted to regions high in amenities. Numerous studies in the economic literature have found that both urban amenities and aesthetic backdrop are important in order to attract and retain a skilled and educated labor force. Urban amenities in the Pittsburg area include 324 retail, wholesale, eating, and drinking establishments; two performing arts centers (the Bicknell Family Center for the Arts and Memorial Auditorium); a 11,910-seat NCAA Division II football stadium; three golf courses; a philharmonic orchestra; an opera; and more. Natural amenities include aesthetic backdrops such as fourteen parks, walking and biking trails, and access to eight major lakes and rivers within a one-hour drive.

# BUSINESS HIGHLIGHTS

## IT'S OFFICIAL: THE U.S. IS IN A RECESSION, ENDING LONGEST EXPANSION IN HISTORY

National Bureau of Economic Research (NBER) is a nonprofit organization that conducts research on a wide range of economic issues. According to NBER latest report, the U.S. economy peaked in February, ending the longest expansion in U.S. history at 10.5 years. States began shutting down nonessential businesses in mid-March and many businesses have shut down permanently. Consumers are likely to return to restaurants, stores and other gathering spots in large numbers only after a vaccine is available, perhaps by mid-2021, halting about 30% of economic activity and putting tens of millions of Americans out of work. Employers shed an unprecedented 1.4 million jobs in March and 20.7 million in April, but the Labor Department unexpectedly reported 2.5 million job gains in May as states began allowing businesses to reopen in phases. Millions more jobs are likely to be added in June as more restaurants, shops, beauty salons and other businesses start up again.

The World Bank estimates U.S. gross domestic product will fall 7% this year, before growing 3.9% in 2021, according to "Global Economic Prospects." Worldwide economic activity will shrink by 5.2% this year, the deepest recession since a 13.8% global contraction in 1945-46 at the end of World War II, the World Bank forecasts. More than 42 million Americans have filed jobless claims, a reliable gauge of layoffs, since mid-March. Gross domestic product, gross domestic income and inflation-adjusted income and spending also all peaked in February, and Unemployment rose from a 50-year low of 3.5% in February to 14.7% in April before dipping to 13.3% in May. It is expected to remain elevated at about 10% by December and 8% by the end of 2021, according to Moody's Analytics.

*The Pittsburg Morning Sun*

## PITTSBURG COMMISSION APPROVES FUNDING FOR CHCSEK RESIDENCY PROGRAM FACILITIES

The Pittsburg City Commission this week approved a grant of up to \$600,000 and 10% of an estimated \$6 million total cost to be paid upon completion of the project to expand Community Health Center of Southeast Kansas' facilities to accommodate its new family practice residency program.

Jason Wesco, executive vice-president of CHCSEK, noted that CHCSEK has

been awarded a \$750,000 federal grant to create a family practice residency program in collaboration with the University of Kansas. "The idea is to create a hub for both students and our health professionals to interact, so it's not only about educating students, but it's also about them interacting with our health professionals and maybe making some personal relationships, and in the very near future that a local kid, a Pittsburg kid, could become a doctor without ever leaving Pittsburg, Kansas."

Wesco raised \$1.75 million to date and is awaiting discussions with other donors. Wesco also showed a map and artist's renderings of the new facilities it plans to build to house the residency program. The facility will be constructed on land recently donated by Crawford County, located directly west of CHCSEK's existing main clinic on Michigan Street.

CHCSEK has also acquired a clinic near Ascension Via Christi hospital which it will be renovating and will also be used for training medical students.

*Jonathan Riley, Pittsburg Morning Sun*

## OFFICIALS DISCUSS CORONAVIRUS EFFECT ON LOCAL ECONOMY, CITY FINANCES

The local unemployment rate was at a 20-year low of 3.3 percent, then due to onset of COVID-19 in March Pittsburg Director of Economic Development Blake states, "Virtually overnight it spiked to 9 percent which is same in the year 2008 we were facing the Great Recession." Benson noted, however, that the local economy is still doing better than the US overall, which had a 14.7 percent unemployment rate for April, and some are expecting that number could rise to 20 percent or more when the May numbers are released.

Visitors Bureau data show that the hotel occupancy was 44.6 percent in February, but dropped to 25.3 percent by April. The city is currently estimating the pandemic's impact at just under \$2.5 million. To cut expenses and make up for that loss, the city has frozen hiring for vacant positions and city employees will not be getting raises that were scheduled for 2020. Decisions to keep the Pittsburg Aquatic Center closed for the summer and to cancel the city's 4th of July fireworks display also had to do with financial considerations. Hall said they are going to allow the sale of fireworks and people can shoot them and enjoy on July 4th.

*Jonathan Riley, Pittsburg Morning Sun*

**PSU ANNOUNCES REOPENING PLANS, CHANGES TO FALL CALENDAR**  
Pittsburg State University announced plans

Wednesday and Thursday to fully reopen campus to students, employees, and the public on July 7. Changes to the fall academic calendar as well as to plans for commencement ceremonies were also announced. The university intends to resume face to face instruction on Aug. 17, and administrators will closely continue to adhere to national, state, and local public health guidelines to ensure the safety and wellbeing of students, employees, and visitors to campus.

Employees who traveled this summer to high-risk areas are asked to quarantine for 14 days upon their return. The university has encouraged employees to stagger times in the office to minimize density, with the goal of fully being back on Aug. 3. Many safety measures are being taken such as purchasing masks for all employees as well as prospective students and parents who visit, installing social distancing floor stickers and maintaining a thorough cleaning schedule of buildings since March, even though the majority of faculty and staff were working remotely. The university has moved fall break from October to Nov. 23-24, the week of Thanksgiving. Instruction will move online after Thanksgiving. Commencement for those who will be graduating at the end of the semester traditionally held the second Saturday in December will be held on Saturday, Nov. 21.

*Pittsburg Morning Sun*

## Pittsburg Micropolitan Area Economic Report

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# PITTSBURG MICROPOLITAN AREA EMPLOYMENT TRENDS

	Average no. of Q4 '19 Employees	Average Q4 '19 Wages	Average no. of Q4 '18 Employees	Average Q4 '18 Wages	Average Job Growth	Average Quarterly Wage Growth
Agricultural market and commodity regulation	11	\$5,817.06	11	\$6,222.91	6.25%	-6.52%
Oilseed and grain combination farming	26	\$3,418.72	25	\$3,681.49	2.63%	-7.14%
Residential building construction	16	\$2,672.81	16	\$2,383.64	0.00%	12.13%
Commercial building construction	62	\$3,440.26	57	\$3,420.52	8.14%	0.58%
Masonry contractors	36	\$3,449.00	52	\$3,017.66	-31.85%	14.29%
Printing	580	\$4,140.82	587	\$4,053.25	-1.25%	2.16%
Postal service	68	\$4,319.05	67	\$4,343.43	1.00%	-0.56%
Other grain farming	26	\$3,418.72	25	\$3,681.49	2.63%	-7.14%
Justice, public order, and safety activities	40	\$4,276.16	39	\$4,421.79	2.56%	-3.29%
Natural resources and mining	87	\$3,752.15	91	\$3,613.73	-4.76%	3.83%
Building equipment contractors	65	\$3,916.36	63	\$3,182.32	3.16%	23.07%
Other wood product manufacturing	166	\$4,482.64	162	\$4,011.71	2.05%	11.74%
Architectural and structural metals mfg.	361	\$3,678.02	327	\$3,432.85	10.61%	7.14%
Merchant wholesalers, durable goods	106	\$3,994.23	112	\$3,628.43	-5.65%	10.08%
Misc. nondurable goods merchant wholesalers	180	\$4,587.73	175	\$3,922.90	2.86%	16.95%
Motor vehicle and parts dealers	303	\$2,986.77	273	\$2,838.01	11.11%	5.24%
Automobile dealers	159	\$3,045.13	139	\$2,943.30	14.15%	3.46%
Tire dealers	38	\$4,023.39	38	\$3,782.83	-0.88%	6.36%
Home furnishings stores	66	\$3,396.88	61	\$3,388.64	8.24%	0.24%
Electronics and appliance stores	77	\$2,445.84	94	\$2,402.63	-18.09%	1.80%
Nursery, garden, and farm supply stores	35	\$1,451.72	32	\$1,518.73	8.33%	-4.41%
Food and beverage stores	374	\$2,001.30	374	\$1,970.54	-0.09%	1.56%
Supermarkets and other grocery stores	309	\$1,979.93	305	\$1,964.69	1.31%	0.78%
Pharmacies and drug stores	52	\$2,956.97	57	\$3,489.28	-7.65%	-15.26%
Gasoline stations	159	\$1,535.60	161	\$1,436.49	-1.65%	6.90%
Clothing stores	55	\$1,075.71	50	\$985.26	8.61%	9.18%
Office supplies, stationery, and gift stores	12	\$1,244.46	13	\$1,633.25	-12.50%	-23.80%
Commercial banking	187	\$4,296.16	197	\$4,038.14	-5.24%	6.39%
Rental and leasing services	28	\$3,171.40	31	\$3,257.23	-9.57%	-2.64%
Accounting and bookkeeping services	84	\$3,357.92	58	\$3,386.89	44.83%	-0.86%
Computer systems design and related services	20	\$3,812.05	28	\$2,903.62	-29.76%	31.29%
Management and technical consulting services	62	\$4,741.44	55	\$5,153.38	12.80%	-7.99%
Other professional and technical services	57	\$2,034.59	50	\$2,119.08	14.77%	-3.99%
Janitorial services	76	\$1,781.09	108	\$2,267.10	-30.15%	-21.44%
Landscaping services	35	\$1,632.30	33	\$1,483.76	8.16%	10.01%
Waste collection	38	\$2,845.09	29	\$3,043.20	29.89%	-6.51%
Other schools and instruction	27	\$992.50	20	\$761.46	35.59%	30.34%
Offices of dentists	111	\$5,824.38	91	\$6,019.43	22.79%	-3.24%
Offices of chiropractors	14	\$2,263.76	11	\$2,343.15	20.59%	-3.39%
Offices of optometrists	37	\$3,857.47	35	\$3,403.30	3.77%	13.35%
Offices of specialty therapists	50	\$2,271.96	49	\$1,967.37	2.72%	15.48%
Home health care services	121	\$2,576.32	116	\$2,525.75	3.72%	2.00%
Nursing care facilities, skilled nursing	349	\$2,433.34	358	\$2,038.11	-2.52%	19.39%
Individual and family services	296	\$2,183.89	330	\$2,075.34	-10.39%	5.23%
Services for the elderly and disabled	223	\$1,896.17	226	\$1,808.30	-1.33%	4.86%
Child day care services	120	\$1,796.02	124	\$1,720.39	-3.75%	4.40%
Full-service restaurants	839	\$1,032.10	795	\$982.18	5.53%	5.08%
Repair and maintenance	87	\$2,692.67	91	\$2,388.58	-3.68%	12.73%
Automotive body, interior, and glass repair	30	\$3,180.16	28	\$3,154.10	7.23%	0.83%
Personal and laundry services	70	\$1,808.54	77	\$1,941.94	-8.66%	-6.87%
Death care services	40	\$2,109.21	40	\$2,250.33	0.00%	-6.27%
Civic and social organizations	14	\$870.83	15	\$679.62	-8.89%	28.13%
Building equipment contractors	65	\$3916.36	63	\$3182.32	3.16%	23.07%

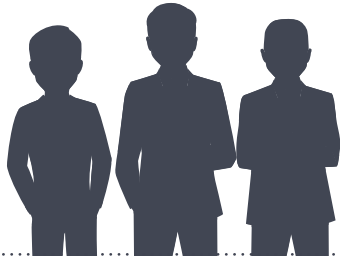
Source: Bureau of Labor Statistics



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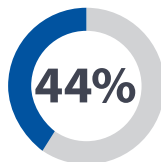
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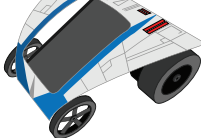


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