

# LINCOLN'S 2014 BUSINESS CONDITIONS & INDICATORS REPORT

The Lincoln economic development partners have been facilitating a formal Business Retention & Expansion Program since 2002. This program would not be possible without active participation from all contributors to the process. Partners include representatives from:

- Lincoln Partnership for Economic Development
- Greater Lincoln Area Workforce Investment Board
- Nebraska Department of Economic Development
- City of Lincoln Mayor's Office
- Black Hills Energy

Additionally, the Lincoln Partnership for Economic Development and partnering organizations would like to take this opportunity to express gratitude to all of the companies and business leaders that participated in this year's survey.

## PROJECT OVERVIEW



### Program Objective

The goal of the Lincoln Business Retention & Expansion (BR&E) program is to proactively respond to the needs of existing businesses. By reaching out to local employers, Lincoln's economic development team learns about the issues and challenges facing these businesses. This is an effort to retain them in our community and assist in growth opportunities.

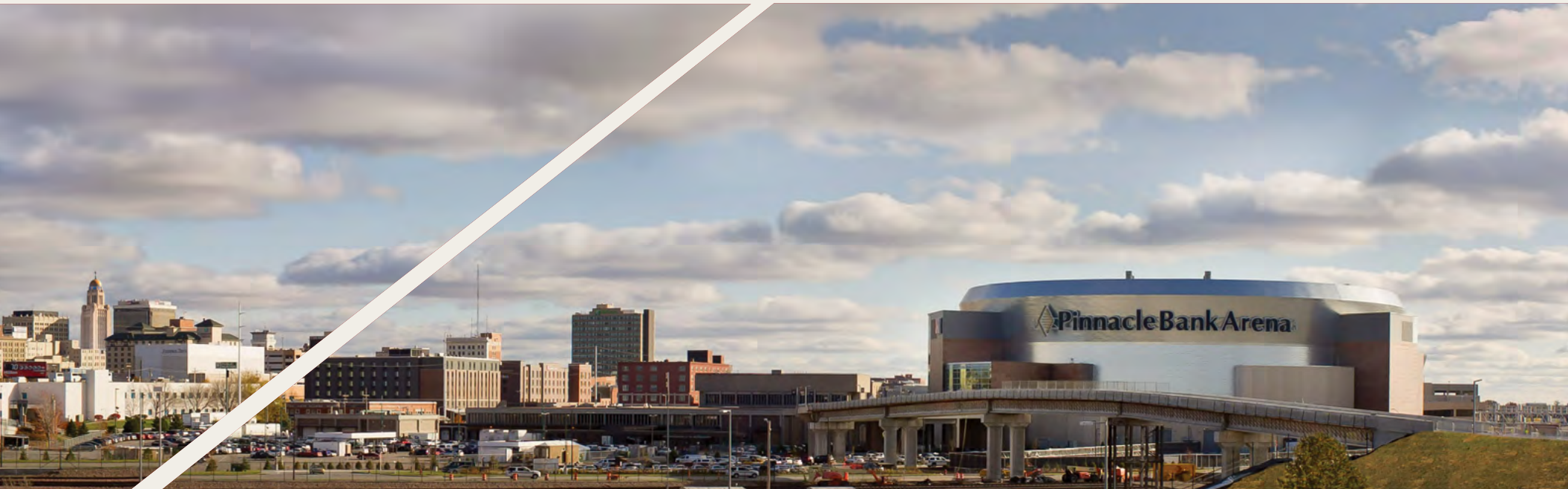
### Purpose of the Report

This report is designed to inform business leaders, government officials and the community about the perceptions of doing business in Lincoln by our primary employers/businesses. By learning more about these issues, policies and services can be developed and implemented that lead businesses to innovate. Increased competitiveness and sustainability provide economic opportunity for our area residents. It is not a report to defend, suggest or oppose any program or political view and should not be construed as such.

### Team Effort

The Lincoln BR&E program continues to be a focus for a number of economic development service provider organizations in the community. The Lincoln Partnership for Economic Development (LPED) organizes the process and is supported by a team made up of individuals from the following organizations: Black Hills Energy, the City of Lincoln Mayor's Office, the Greater Lincoln Workforce Investment Board and the Nebraska Department of Economic Development. Through the cooperation of these entities, the team consists of eight full-time staff members dedicated to economic development activities as well as a staff of seven from Black Hills Energy.

This program would not be possible without active participation from all contributors to the process. Thanks to the hard work of a number of individuals, the team was able to visit and provide assistance to many local businesses. The organizations that provided personnel and resources are acknowledged on the inside cover of this document.



## Business Assistance

The value of a successful BR&E program is the ability of the team to respond to and follow-up on the needs of existing businesses. These follow-up activities can vary in the needs and responsibilities, but generally involve information on state and local business development programs and incentives, regulatory issues, questions about infrastructure and workforce development assistance.

## Primary Businesses

Most of the employers visited are considered to be primary businesses. Primary businesses are defined as those businesses exporting the majority of their products and services outside of the Lincoln economy and/or gather a large portion of their sales revenue from outside the local area.

## Information Collection

The initial contact with local employers is via U.S. Mail. Targeted businesses receive a letter of explanation from LPED and the City of Lincoln Mayor's Office along with a BR&E survey. Follow-up calls are then made by a staff member assigned to that particular business to schedule a visit. Information is then collected through in-person interviews with individual business executives.

Collecting and analyzing the information is achieved by using the Synchronist Business Information System.<sup>®</sup> Following a visit, information is entered into this system and can then be used to help determine the current business climate and track the types of assistance provided to each business.

## The Survey

The BR&E survey measures a number of specific items ranging from company investments, sales and employment, to perceptions of the local business climate. These surveys are standardized, extremely comprehensive and consist of three parts:

- Company background information
- On-site visit
- Post-visit assessment.

## The Big Picture

Many communities throughout Nebraska have a BR&E program and have adopted the Synchronist Business Information System.<sup>®</sup> The statewide goals are to:

- Touch key employers
- Identify and address company and community problems
- Identify and assist expansion opportunities
- Identify and address companies at risk

# BUSINESS CONDITIONS REPORT

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# EXECUTIVE SUMMARY

During Lincoln's 2014 BR&E program, 77 business executives were visited and survey information was collected using a standardized survey. Lincoln's surveyed businesses reflect a general sense of stability in the economy as various measures point to businesses meeting or exceeding pre-recession production and/or sales levels.

- Total sales, market share, and international sales are increasing
- Product lines will continue to expand over the next two years
- Investment in private R&D remains stable

Fifty-eight percent of all Lincoln businesses surveyed report plans to expand or renovate. Future expansion plans, investment numbers and additional jobs indicate further opportunities for the community over the next three years.

- 42 Lincoln businesses reported future plans to expand and invest \$122,250,000 over the next three years
- Lincoln businesses plan to add 805 jobs in the expansion process over the next three years

The top strength of the community is a positive employee work ethic. Worker quality received an above average rating by Lincoln businesses. The main weakness of Lincoln's workforce continues to be worker availability in the scientific and technical fields.

- Worker quality was rated above average or higher by 76% of businesses
- Worker availability was rated above average or higher by 38% of businesses
- Highly skilled worker availability was the main reason for the low rating.

Business executives were asked to rate utilities and community services. Overall, utilities and community services were rated above average or higher by the business community. Companies also reported on the strengths of the community as a place to do business. The most mentioned strengths were:

- Attributes of Lincoln's workforce and labor market
- Positive quality of life
- Strong employee work ethic
- Positive business climate
- Strong educational system

Business executives were asked to report on weaknesses of the community as a place to do business. They were also asked to cite any barriers to growing their business within the community. Opportunities for improvement are as follows:

- Transportation – air and road travel
- Community infrastructure
- Inadequate supply of skilled workers (scientific, technical and production)
- Taxes

Seventeen companies received business assistance during this year's outreach. There were 22 items that were identified and most of the business assistance provided to Lincoln companies was categorized as:

- Business Financial Incentives
- Facility Expansion Support
- B2B Linkages
- Workforce Assistance

# SECTION 1 - PARTICIPANT OVERVIEW

## Sample Size & Time Frame

A total of 77 businesses within the Lincoln Metropolitan Statistical Area (MSA) participated in the survey program from January 1, 2014 to April 15, 2014.

## Employee Total

The 77 companies surveyed represent a total of 15,478 employees. Nearly 55% of these companies have 100 or less employees.

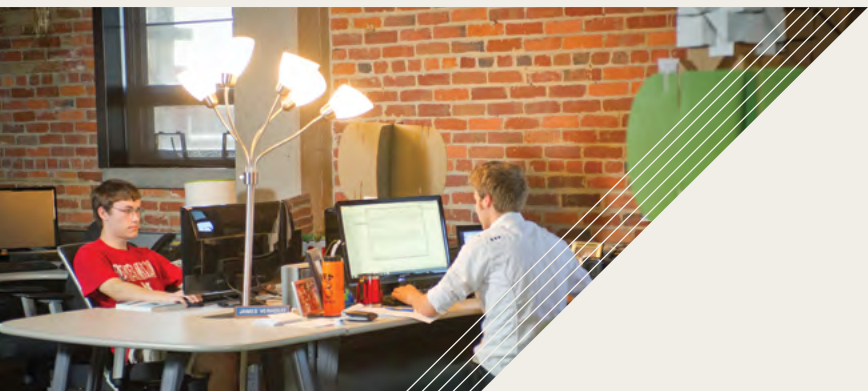
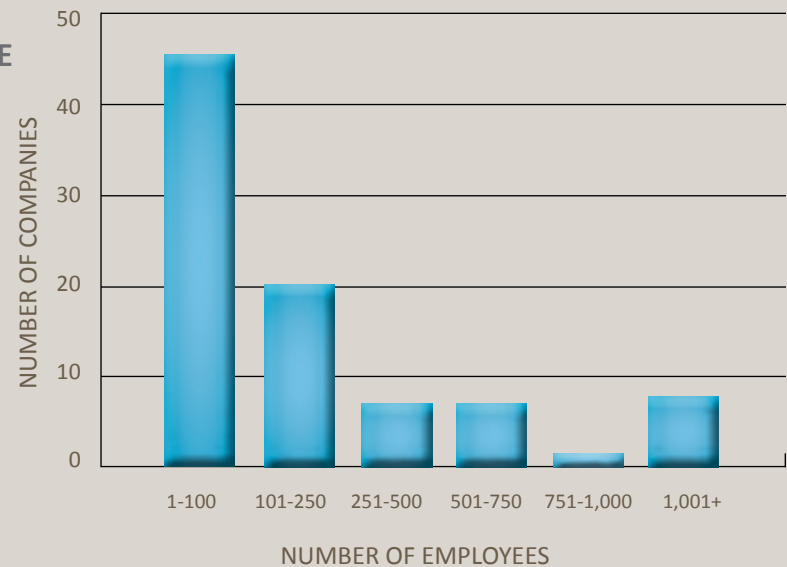


TABLE 1:  
EMPLOYEE  
TOTAL

Employee Total	15,478
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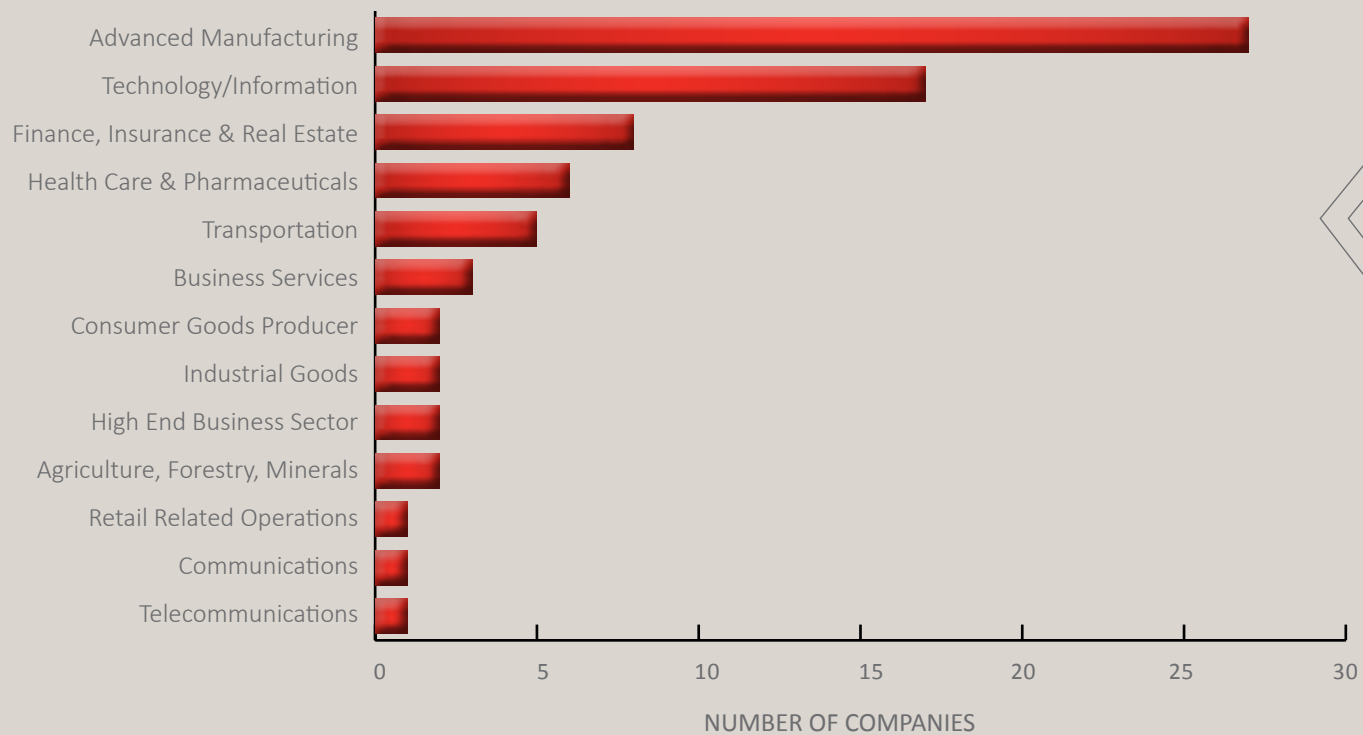
CHART 1:  
EMPLOYEE  
TOTAL  
RANGE



## Business Sectors

Approximately 13 different business sectors were represented when visiting with 77 existing employers. The concentration of the interviewed businesses was highest in Advanced Manufacturing, Technology/Information and Finance, Insurance & Real Estate.

CHART 2: BUSINESS SECTOR



# SECTION 2 - BUSINESS & INDUSTRY ACTIVITY

## Primary Market

Of the 77 businesses surveyed, 73 were primary employers, 17 businesses primarily sell products or services internationally, 38 businesses primarily sell their products or services across the nation, and 19 businesses consider their primary market to be regional. The remaining companies (3) list their primary market as local.

## Company Sales & Market Share

Fifty-three companies reported increased total company sales, 21 are stable, 1 reported decreasing sales and 2 did not answer the question.

## International Sales

Nearly 46% of those companies surveyed said they have sales outside of the U.S., of which 16 reported that their international sales are increasing, 19 reported stable international sales.

CHART 3: PRIMARY MARKET

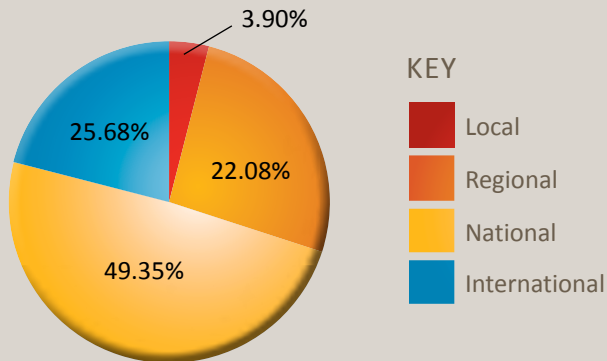


TABLE 2: SALES & MARKET SHARE

TOTAL COMPANY SALES	
Increasing	53
Stable	21
Decreasing	1
No Answer/Other	2

TABLE 3: INTERNATIONAL SALES

INTERNATIONAL SALES	
Increasing	16
Stable	19
Decreasing	0
No Exports	0
No Answer/Other	42

## Future Expansion Plans

When asked about future expansion plans, 58% or 42 companies reported that they are planning to expand within the next three years. These businesses reported an estimated investment of \$122,250,000 along with plans to add 805 jobs throughout the expansion process.

CHART 4: PLAN TO EXPAND IN NEXT 3 YEARS

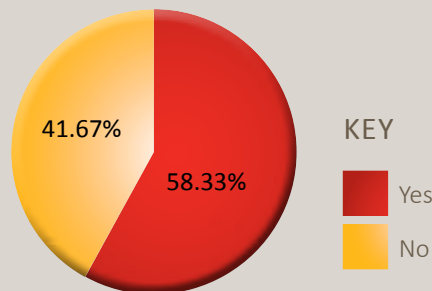


TABLE 4: FUTURE EXPANSION DETAILS

Plan To Expand	42
Estimated Expansion Dollars	\$122,250,000
Estimated Jobs	805



## NEW PRODUCTS

Sixty-four companies introduced new products/services in the last five years. Sixty-one companies said they are planning to introduce new products and services over the next 24 months.

TABLE 5:  
PRODUCT LIFE CYCLE, NEW PRODUCTS & NEW TECHNOLOGY

NEW PRODUCTS INTRODUCED IN LAST 5 YEARS	
Yes	64
No	12
No Answer/Other	1

NEW PRODUCTS ANTICIPATED FOR NEXT 2 YEARS	
Yes	61
No	16

## Overseas Production

Survey participants were asked to report on their company's international outsourcing. There were 19 companies that have operations overseas. Of the 19 businesses that were able to respond, 4 companies reported this activity as increasing and the remaining 15 reported international outsourcing as stable.

TABLE 6:  
OVERSEAS PRODUCTION

INTERNATIONAL OUTSOURCING	
Increasing	4
Stable	15
Decreasing	0
No Imports	41
No Answer/Other	17





## Legislative Changes

All companies were asked how upcoming legislative changes may benefit or adversely affect their business. Twenty-nine companies believe upcoming legislative changes will benefit their business, while 50 identified adverse regulation changes that will likely affect their business or industry in a negative way. An increase in government regulation – like health care reform – was the most mentioned potentially negative legislative change. The most mentioned benefit was some form of tax relief.



TABLE 7: LEGISLATION CHANGES

ANTICIPATE LEGISLATIVE CHANGES THAT WILL ADVERSELY AFFECT YOUR BUSINESS IN THE NEXT 5 YEARS?	
Yes	50
No	27

IF YES, LEGISLATIVE CHANGES THAT WILL ADVERSELY AFFECT YOUR BUSINESS IN THE NEXT 5 YEARS	
Employee Specific	2
General Business - Impacts most or all businesses	29
Industry Specific	27

ANTICIPATE LEGISLATIVE CHANGES THAT WILL BENEFIT YOUR BUSINESS IN THE NEXT 5 YEARS?	
Yes	29
No	48

IF YES, LEGISLATIVE CHANGES THAT WILL BENEFIT YOUR BUSINESS IN THE NEXT 5 YEARS	
Employee Specific	3
General Business - Impacts most or all businesses	16
Industry Specific	8
Other	2

## SECTION 3 - WORKFORCE

### Workforce Ratings

Survey participants were asked to rate the availability and quality of workers in the area. Similar to past years, the Lincoln workforce is rated as generally high (above average or higher) for all of the measures. All measures were rated on a scale from 1 (low satisfaction) to 7 scale (high satisfaction).

Workforce availability was found to be low, with 29 responses in the below average range. A majority of companies said finding highly skilled workers is difficult.

The average rating for worker quality was 5.3. Of the 77 companies interviewed, worker quality was rated above average or higher by 58 businesses or 76%.

These results are aligned with the results found in Section 4, under community strengths as a place to do business. The most-mentioned strength was a positive employee work ethic.

*See Section 4 for further details.*

CHART 5: AVAILABILITY OF WORKERS

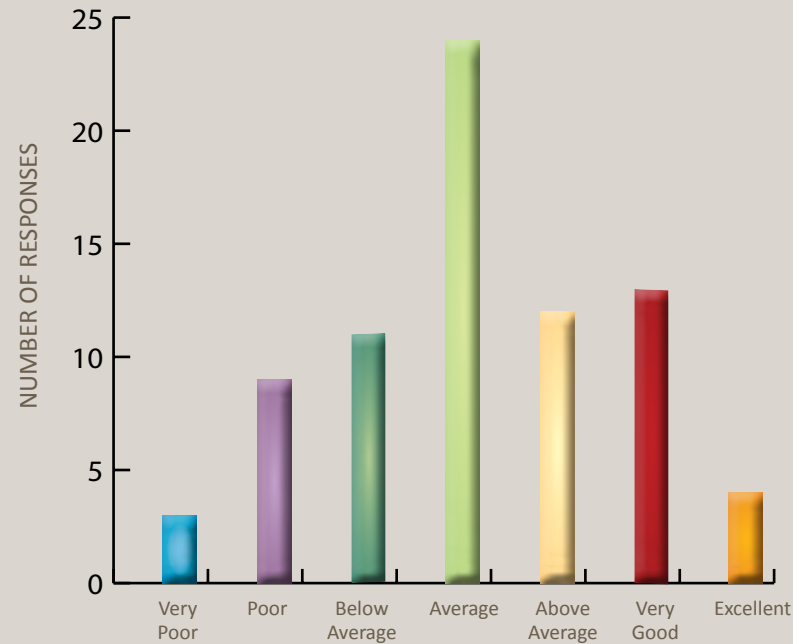
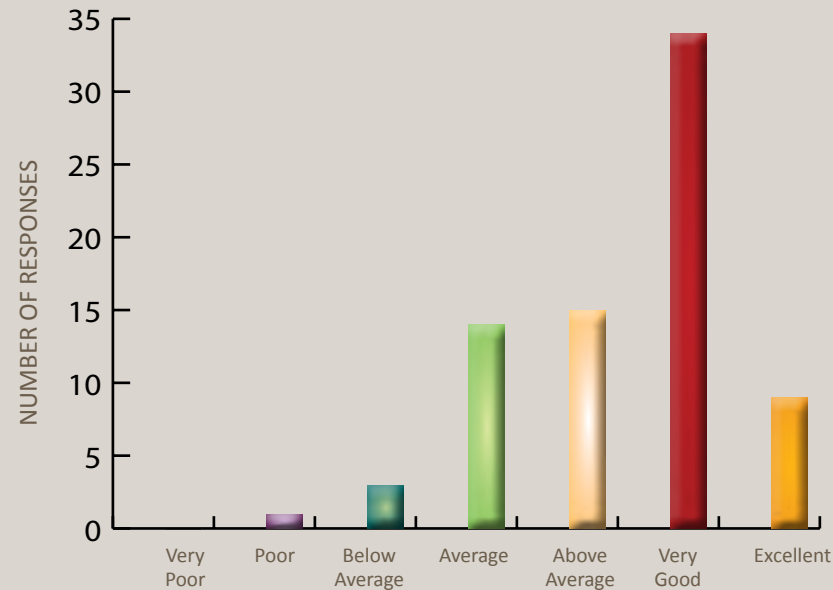


CHART 6: QUALITY OF WORKERS



# SECTION 4 - LOCAL BUSINESS CLIMATE

## Community Strengths & Weaknesses

Respondents were asked to list the strengths and weaknesses of the community as a place to do business.

The most-mentioned strengths were employee work ethic followed by strong educational system, attributes of the workforce/labor market, low cost of doing business, location and a stable economy. The attributes of the workforce and employee work ethic continue to be strengths of the Lincoln area from year to year.

The most mentioned weaknesses as reported by Lincoln businesses were availability of skilled labor, transportation, government services, under other (taxes) and employee recruitment challenges.

CHART 7: COMMUNITY STRENGTHS

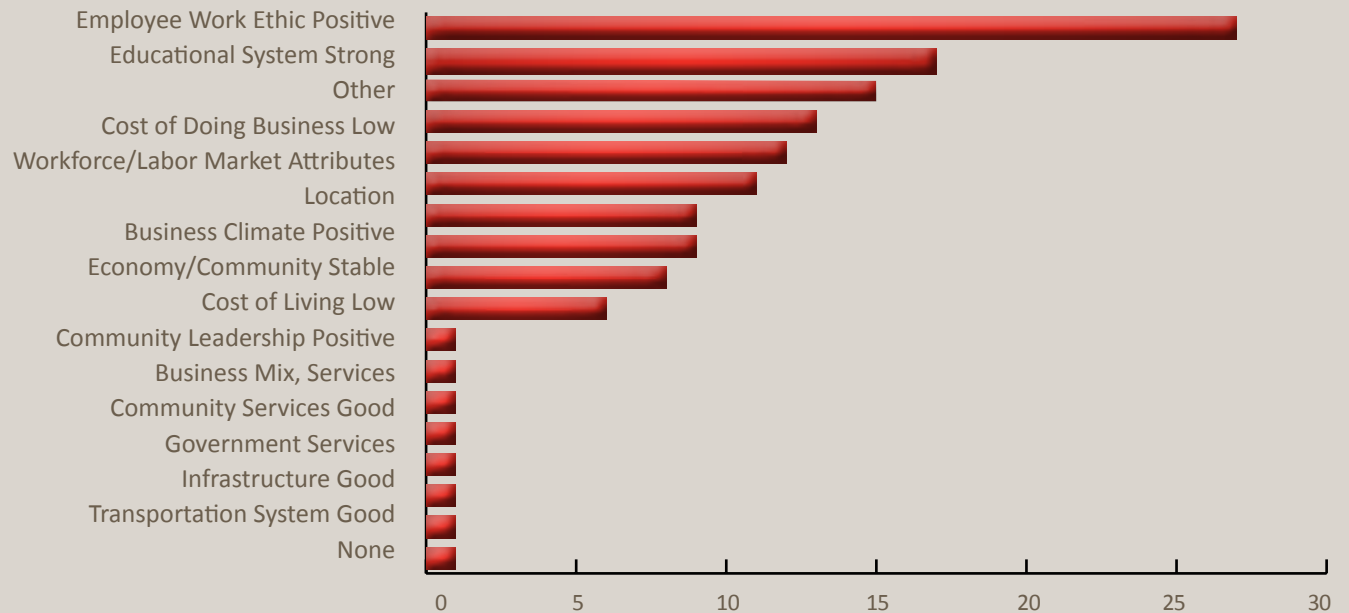
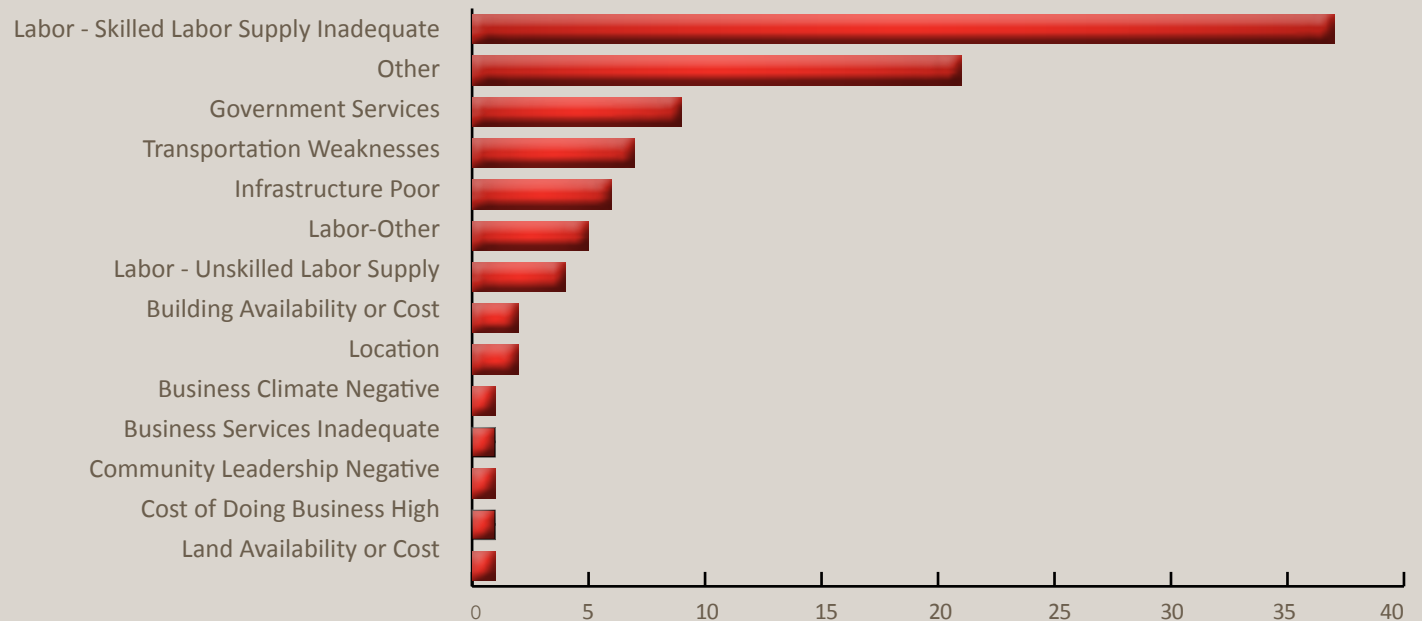


CHART 8: COMMUNITY WEAKNESSES



## Barriers to Growth

Forty-three respondents cited a specific barrier to the growth of their company within the community. Once again, the inadequate supply of skilled workers and challenges with employee recruitment are not only cited as a community weakness, but as barriers to growth.

**TABLE 8:  
BARRIERS TO GROWTH**

Business Climate Negative	1
Cost of Doing Business High	1
Infrastructure Poor	1
Transportation Weaknesses	1
Building Availability or Cost	2
Educational System Weaknesses	2
Government Services	3
Labor - Other	4
Other	13
Labor - Skilled Worker Supply Inadequate	20
Land Availability or Cost	61

## Community's Technology Infrastructure

Respondents were asked a completely separate question specific to the community's technology infrastructure. There were 14 companies that reported that the community's technology infrastructure is inadequate for their needs, and as a result, this can also be categorized as a leading barrier to growth.

**TABLE 9:  
TECHNOLOGY INFRASTRUCTURE**

COMMUNITY'S TECHNOLOGY INFRASTRUCTURE ADEQUATE FOR YOUR COMPANY'S GROWTH PLAN?	
Yes	61
No	14
No Answer/Other	2

## Utility & Community Service Satisfaction

Businesses were asked to rate their levels of satisfaction with 32 different business climate factors related to utilities and community services in the Lincoln area. Participants rated each factor on a scale from 1 (low satisfaction/quality) to 7 (high satisfaction/quality). Table 10 shows the average rating for all factors.

The average satisfaction ratings for each factor ranged from 3.5 to 6.2. Overall, utilities and community services were rated above average or higher by the business community. Of 32 factors

measured, only 11 were rated below a 5.0. Of those only one was rated below 4.0. The business community again highlighted the traditionally high satisfaction rate with public safety services, education and health care services. The highest rated factors from all utilities and services were fire protection, police protection, health care services and ambulance services with average ratings of 6.2, 6.16, 6.09 and 6.02 respectively.

The lowest average ratings were reported for services which have been rated low in previous surveys. The lowest rated factor was airline passenger service (3.53) – the only factor to rate an average of below 4.0. Participants cited limited flight availability, cost and reliability of return flights as the primary sources of dissatisfaction.

Property taxes and public transportation also continued to be areas of reported dissatisfaction. Following airline passenger service, the lowest rated services were public transportation, local streets and roads and property tax assessment (4.15, 4.25 and 4.25).

Viewed separately, utility ratings appear to be satisfactory for Lincoln businesses. The majority of utilities (electric, natural gas, sewer, water, internet access, telecom, cellular and internet speed) received average ratings between 4.2 and 5.72. Internet access and internet speed were both around the 4.6 average and were the only utilities rated below 5. The major utilities, electric, natural gas and sewer, were rated the highest at 5.72, 5.71 and 5.67 respectively.

**TABLE 10: AVERAGE SATISFACTION WITH UTILITIES & COMMUNITY SERVICES (Scale of 1 to 7)**

Fire Protection	6.20	Electric	5.72	Cellular Service	5.13	Internet Access	4.6
Police Protection	6.16	Natural Gas	5.71	County Services	5.07	Internet Speed	4.42
Health Care Services	6.09	Trucking	5.68	Community Services	5.03	Property Tax Assessment	4.25
Ambulance Paramedic Service	6.02	Sewer	5.67	Highways (Province & Federal)	5.00	Streets and Roads (Local)	4.25
Schools (K-12)	5.98	Economic Development Organization	5.67	Telecom (Voice)	4.90	Public Transportation	4.15
College(s) and University(ies)	5.91	Water	5.63	Air Cargo Service	4.89	Airline Passenger Service	3.53
Community College	5.77	Tech College	5.54	Traffic Control	4.73		
Chamber of Commerce/ Business Association	5.73	Child Care Services	5.49	Regulatory Enforcement	4.68		
		Planning	5.25	Zoning Changes and Building Permits	4.65		

# SECTION 5 - BUSINESS ASSISTANCE

## The Goal

As previously noted in the Program Overview section, the goal of the program is to proactively respond to the needs of existing businesses. In an effort to retain these businesses in our community and assist in growth opportunities, Lincoln's economic development team does their best to follow-up on the questions, challenges and opportunities facing our local employers.

## The Results

Seventeen Lincoln companies were assisted with 22 items that were uncovered during this year's outreach. Most of the business assistance provided to Lincoln companies was categorized as B2B linkage, incentives, facility expansion support and workforce assistance.

## Resource Network

Follow-up activities typically involve leveraging a resource network. Designated contacts at utility providers, local and state government offices, workforce development agencies, educational systems and economic development organizations are essential to resolving issues and providing assistance beneficial to businesses. Examples include:

- Resolving regulatory issues related to expansion projects
- Pre-planning infrastructure
- Evaluating applicable incentive programs (local & state)
- Identifying sites and buildings for business expansion & relocation projects
- Linking business to education & workforce development programs



The Business Retention and Expansion (BR&E) Program provides a platform for learning about the products and services available in our community and building long-term working relationships. By reaching out to primary employers, Lincoln's economic development team learns about the issues and challenges facing these businesses in an effort to retain them in our community and assist in growth opportunities.

Over time we can begin to develop and implement programs, policies and services that help lead businesses to innovation, resulting in increased competitiveness and sustainability. This will provide economic opportunity for our area residents.

### Participant Overview

From January 1, 2014 to April 15, 2014, 77 businesses within the Lincoln Metropolitan Statistical Area (MSA) participated in the BR&E program. These 77 companies represent 15,478 employees. The concentration of the interviewed businesses was highest in Advanced Manufacturing, Technology and Information, Finance, Insurance and Real Estate, Health Care & Pharmaceuticals.

### Business & Industry Activity

Overall Lincoln's surveyed businesses reflect a general sense of stability in the economy. In addition to the reported planned expansions, there are various other measures indicating a strong future for Lincoln's business economy.

A majority of companies reported that total sales are increasing and a similar trend is reflected in the market share of key products. Also, of those who have international sales, most have reported those sales to be either increasing or stable.

Nearly 60% or 42 companies reported that over the next three years they plan to invest \$122,250,000 and add 805 jobs due to future expansion plans.

### Workforce

Business leaders chose the employee work ethic as the leading strength of doing business in the Lincoln MSA. Historically, workforce has been a strong component of the success of businesses located in the Lincoln area.

One clear indication from many sectors of Lincoln's business community was the extreme challenges experienced recruiting talent – particularly when competing for employees on a national basis. Many businesses indicated that the existing pool of experienced labor in

Lincoln is inadequate and characterized recruitment as a barrier to growth in Lincoln. As a result, many of these firms have begun satellite operations with sales and service staff in other cities.

Many companies reported challenges in recruiting for scientifically and technically skilled workers as well as skilled production labor. Examples of the positions or skills mentioned were software development, IT infrastructure, electrical engineers and high level mechanical skills.

Educated professionals with 5 – 10 years of relevant industry experience are most often cited as the group most challenging to competitively attract on a national basis. This would include software developers, graphic designers, marketing specialists, engineers, sales and business development staff.

Not all labor markets in Lincoln have been characterized as inadequate. Most manufacturing labor, for example, has not been cited as a barrier. Likewise, entry-level, college-educated labor also appears to be sufficient for the long term growth of the city's economy.



## Action Items

The Lincoln Partnership and Chamber of Commerce will work on items noted in the survey during 2014/2015:

Building a Talent Pipeline: The Partnership staff will continue to support a number of programs designed to build a long-term talent pipeline to address the ongoing challenge of an available, highly skilled workforce. These include: Kids Who Code, Hour of Code, Career Academy, 1<sup>st</sup> Job Lincoln, Workforce Investment Board, Lincoln Community Foundation and the Association for Talent Development.

Support the development of NE RailPark at the Lincoln Airport to provide diverse development opportunities to companies considering expanding the primary employment base.

Finally, the Partnership continues to promote a number of initiatives in the Talent and Innovation programs including the NEIntern program.

Workforce and talent development is the key issue for Lincoln to succeed in creating and retaining new, quality jobs and the Chamber and Partnership will continue to prioritize these efforts in the economic development program.

## Local Business Climate

As in years past, survey respondents chose the attributes of the workforce/labor market as the leading strength of doing business in the Lincoln MSA. This continues to support previous survey data suggesting the Nebraska work ethic is a competitive advantage for the community and state.

Attributes of the workforce were followed by a positive business climate, strong educational system and positive quality of life. Business executives cited many factors that make up the high quality of life in the Lincoln area such as it being family friendly, safe, short commute times, and a small town atmosphere. Additionally, many companies acknowledged the community as having a positive business climate.

The most mentioned weaknesses as reported by Lincoln businesses were availability of skilled labor, transportation, and government services. These weaknesses are very similar to previous results.

Transportation has once again been reported as a weakness of the community as a place to do business. Many executives cited air travel as not having competitive fares or adequate flight options. As for streets and roads, companies point to the need for more convenient and quicker travel between Lincoln's north and south areas of the city.

Many business leaders identified that the community's property taxes are too high and various fees are hurting their business. This particular weakness was not reported as a leading barrier to growth; however, the inadequate supply of skilled workers and challenges with employee recruitment were cited as both a weakness and a barrier to growth.

Under utility and community service satisfaction ratings, the business community again highlighted the traditionally high satisfaction rate with public safety services, education, and health care services. The highest rated factors from all utilities and services were fire protection, police protection, health care services, and ambulance and paramedic services.

The lowest average ratings were reported for services which have been rated low in previous surveys. The lowest rated factor was airline passenger service followed by local streets and roads and public transportation. Property tax assessment was rated relatively low, with the fourth lowest satisfaction rating.

Viewed separately, utility ratings appear to be satisfactory for Lincoln businesses. The majority of utilities (electric, natural gas, sewer, water, internet access, telecom, cellular, and internet speed) received above average ratings and the major utilities (electric, natural gas and sewer) were rated the highest out of all the utilities.

## Next Steps

In the future, businesses will be re-contacted to update their survey information. Comparing multiple records at the same business or industry can uncover potential trends and educate economic developers about the issues businesses face in a rapidly changing business environment. The vision is to use this knowledge so that it enhances the development of programs, services and policies supporting Lincoln's businesses and to provide a competitive advantage for Lincoln businesses within the world market.

## Thank you

We would like to thank all of the businesses for taking the time to participate in the Lincoln BR&E Program and for continuing to do business in the Lincoln area.



A Bureau of Business Research Report  
From the University of Nebraska – Lincoln

# Final Report

**2014 Annual Business Indicators  
for the Lincoln Metropolitan Area Economy**

**Prepared for the Lincoln Partnership for Economic Development**

Prepared by:

Dr. Eric Thompson, Director and Associate Professor  
Andrew Soresen, Mihdi Vahedi, and Thao Vu

March 31, 2014

Bureau of Business Research  
Department of Economics  
College of Business Administration  
University of Nebraska—Lincoln  
Dr. Eric Thompson, Director

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# EXECUTIVE SUMMARY

Economic conditions were strong in the Lincoln Metropolitan Area in 2013. Population, employment, hours worked, income and taxable sales grew rapidly, or at least steadily, during the year. Measures of employment and population grew most rapidly. By 2013, these measures had fully recovered from the 2008/2009 recession. Manufacturing, construction, retail trade, financial services and health care employment all grew rapidly. The unemployment rate also held steady at the low rate of 3.5% in 2013. There were solid increases in measures of income and spending in 2013, a welcome development given that income and spending growth has been weak for much of the last decade.

This annual report for the Lincoln Metropolitan Area economy examines both the recent and longer-term trends in the local economy. It tracks the Lincoln economy in 2013, as well as the last decade for aggregate indicators such as income, total employment, unemployment and taxable sales; and in key subject areas such as income components, leading industries, housing and construction, retail, and automobile and air travel. The report also compares progress in the Lincoln Metropolitan Area economy over the last decade with state and national averages. Trends are summarized for all indicators in Table 1, and a report is also provided for each of the 29 individual indicators. Three appendices to the report provide a population outlook, taxable sales, and information on the wage distribution in the Lincoln Metropolitan Area economy. A brief economic forecast for Lincoln in 2014 is provided at the end of this section.

## The Lincoln Metropolitan Area Economy in 2013

The Lincoln Metropolitan Area economy was strong during 2013. Measures of employment and population grew rapidly. Measures of income and spending exhibited solid growth. Population grew by 1.21% in the Lincoln Metropolitan area during 2013 (from 2012 to 2013), with an increase of just over 3,900. Non-farm employment grew by 3,200, or 1.79%. Non-farm employment is measured using a survey of employers. A separate survey of households found that employment increased by 1.76% and the labor force grew by 1.71%. The unemployment rate remained at 3.5% in 2013, which was less than half as large as the average national unemployment rate of 7.4% during the year. Lincoln manufacturing employment grew by 300 jobs, or 2.24% during 2013. Real manufacturing GDP was estimated to grow by 3.69% in the Lincoln Metropolitan Area during the year. The number of building permits grew by more than 10% in Lincoln in 2013, while construction employment rose by 300, or 4.17%. While motor vehicle sales retreated during 2013, non-motor vehicle retail sales grew by 4.36% and retail trade employment grew by 500, or 2.69%. The education and health care services sector added 1,200 jobs in 2013, for a 4.38% growth rate. The other financial services sector, which primarily includes banks, added 200 jobs in 2013, for a 3.28% growth rate. Even enplanements and deplanements at Lincoln Airport grew solidly during 2013, by about 5%. Amidst this broad-based growth, two sectors underperformed in 2013. Insurance employment was flat during the year. There was no change in employment in the professional, scientific and technical services sector, which is problematic since this sector is typically the fastest growing high-wage sector in a modern service economy.

There was solid growth in income, wages and spending the Lincoln Metropolitan Area during 2013. Real (inflation-adjusted) personal income grew by 1.90% in Lincoln during 2013. This was similar to the 1.95% growth rate for real gross domestic production in Lincoln. After adjusting for population growth, real per capita income grew by 0.68% in the Lincoln Metropolitan Area in 2013. Real average hourly earnings also grew in the Lincoln Metropolitan Area in 2013, by \$0.10 per hour of 0.49%. While not a rapid increase, this represents a real increase in the earning power from an hour of work. There was a recovery in housing prices in the Lincoln area, with the median sale price of a single-family home rising by 5.88% in 2013.

## The Lincoln Metropolitan Area Economy Over the Last Decade

Trends over the last decade show an economy in the Lincoln Metropolitan Area that was able to attract population and grow employment faster than the nation. As seen in Table 1, population growth was nearly 4.0% faster in the Lincoln Metropolitan Area than in the nation and just over 5% faster than in Nebraska. Non-farm employment growth in Lincoln, at 10% over the 2003 to 2013 period, also was faster than the 7.07% growth rate in Nebraska overall and the 4.64% nationwide. Similar growth rates were recorded for household employment and labor force over the period. Average weekly hours also grew in the Lincoln Metropolitan Area, by 2.45%, from 2003 to 2013. Finally, real GDP growth was slightly faster in the Lincoln Metropolitan Area than nationwide.

Among individual industries, education, health care, insurance and financial services employment all grew by 25% or more between 2003 and 2013. Construction and manufacturing employment both declined during the period, by more than 10%. However, real manufacturing GDP, a more comprehensive measure of industry activity, did grow by 21.34% during the last decade. In terms of employment, these trends suggest that the Lincoln economy has become more focused on service sector jobs. This is part of a national trend. Lincoln also has become more of a private sector economy during the 2003 to 2013 period. While the overall job growth rate was 10.00%, government employment grew by just 7.69% from 2003 to 2013.

Despite this important progress for the Lincoln economy, the metropolitan area faced a number of challenging trends in terms of income growth and consumer spending. Real per capita personal income grew by a cumulative 1.47% in the Lincoln Metropolitan Area between 2003 and 2013, despite growing 7.75% nationally and even faster in Nebraska as a whole. Real hourly wages declined by 1.86% in the Lincoln Metropolitan Area between 2007 and 2013, despite rising by 1.79% nationally. Anemic wage and income growth meant weak consumer spending. Non-motor vehicle taxable sales rose by 17.73% in the Lincoln area from 2003 to 2013 compared to a 48.84% increase nationally. Motor vehicle taxable sales rose by just 6.65% while the median price of an existing single-family home rose by 10.51% from 2003 to 2013. All three types of spending grew below the inflation rate of 27% during the period, suggesting that real spending declined.

Lincoln also participated in the drop in home building activity seen throughout the nation during the 2003 to 2013 period. Residential building permits dropped by 41.59% between 2003 and 2013. There was a 48.32% drop in permits in the nation during this period and 23.95% drop in Nebraska as a whole. The relative strength in Nebraska may in part reflect stronger demand in rural and metropolitan areas which benefited from the strength in the farm economy.

The decline in building permit activity may be related to weakness in non-motor vehicle taxable sales in the Lincoln Metropolitan Area. Building permits peaked in 2004. A sharp drop in permits between 2004 and 2005 coincided with flat taxable sales between 2004 and 2005. Flat taxable sales in nominal terms imply a decline in real sales. This trend suggests that retail and other taxable sales in the Lincoln Metropolitan Area economy are especially sensitive to fluctuations in building activity and would have been impacted by the sharp decline in permits during the 2003 to 2013 period.

Another notable trend is the decline airline enplanement and deplanement activity at the Lincoln airport, which dropped by approximately 32% from 2003 through 2013. This compares to a 9% increase for Nebraska as a whole and 10% increase nationwide. As noted earlier, passenger use has stabilized at the Lincoln Airport in recent years and grew during 2013. A final trend is weak growth in the professional, scientific, and technical services employment in the Lincoln Metropolitan Area. This sector includes legal, engineering, accounting, and similar professional services as well as information technology services. Nationally and in Nebraska as a whole this industry has had rapid job growth. Professional, scientific and technical services are the second highest wage industry, and therefore, a critical source of income growth for the modern American economy.

Cumulative employment growth in this sector was just 4.88% in the Lincoln Metropolitan Area from 2003 to 2013 compared to 29.41% growth in Nebraska overall and 23.07% in the United States. Faster growth in this sector could help the Lincoln economy post the same types of strong results for income and spending growth as the area regularly reports for employment and population growth.

## The Lincoln Metropolitan Area Economy in 2014

The Lincoln Metropolitan Area is in the middle of an ongoing economic recovery that is expected to continue into 2014 and beyond. While a 2014 forecast is not available for each of the 29 indicators presented in this report, a 2014 forecast is available for several of the summary economic indicators. In particular, the UNL Bureau of Business Research has developed a 2014 forecast for population, non-farm employment, labor force and the unemployment rate for the Lincoln Metropolitan Area for 2014. The forecast points to economic recovery and sustained population growth. Population in the Lincoln Metropolitan Area is expected to grow by 1.2%, or 3,700, in 2014. Non-farm employment is forecast to grow by 1.3% in 2014, creating 2,400 jobs. Civilian labor force in the Lincoln Metropolitan Area is expected to grow by 1.2% in 2014, or 2,100 persons. While an improving economy may draw more workers back into the labor force, growth is limited by an increase in retirement among the aging baby boom population. As result, employment growth will exceed labor force growth. Employment growth which exceeds labor force growth should lead to a small decline in the unemployment rate in the Lincoln Metropolitan Area. The average unemployment rate in the Lincoln Metropolitan Area is expected to fall from 3.5% in 2013 to 3.3% in 2014.

**TABLE 1: STATISTICAL OVERVIEW**

Variable	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	% Change 2003 to 2013		
												Lincoln	Nebraska	U.S.
<b>Lincoln Summary Variables</b>														
GDP (Millions in Real 2005 Dollars) <sup>1</sup>	11,851	11,966	12,110	12,549	12,686	12,467	12,524	12,934	13,238	13,531	13,795	16.41%	20.56%	15.89%
Population (persons) <sup>2</sup>	278,417	280,763	284,161	287,388	290,809	294,665	298,012	302,916	306,443	310,365	314,125	12.83%	7.78%	8.89%
Nonfarm Employment (1000s) <sup>3</sup>	165.0	166.5	169.2	172.0	173.6	175.2	172.6	172.4	174.2	178.3	181.5	10.00%	7.07%	4.64%
Employment (Household Survey)(1000s) <sup>3</sup>	158.0	159.7	159.4	160.9	162.2	164.6	161.2	162.0	164.9	169.3	172.3	9.06%	5.76%	4.50%
Labor Force (1000s) <sup>3</sup>	164.0	165.5	165.5	165.5	166.8	169.7	168.5	169.1	171.8	175.5	178.5	8.88%	5.67%	6.06%
Unemployment Rate <sup>3</sup>	3.7%	3.5%	3.6%	2.8%	2.8%	3.0%	4.3%	4.2%	4.0%	3.5%	3.5%	-0.20%	-0.10%	1.40%
Non-motor vehicle taxable sales (\$millions) <sup>4</sup>	\$3,091.0	\$3,338.7	\$3,455.3	\$3,475.4	\$3,439.0	\$3,411.0	\$3,090.8	\$3,082.6	\$3,310.4	\$3,487.0	\$3,639.0	17.73%	42.43%	48.84%
Real Personal Income (Millions 2011 dollars) <sup>5</sup>	11,654.2	11,819.3	11,826.8	12,103.1	12,384.8	12,359.6	12,277.8	12,254.9	12,705.3	13,094.0	13,342.6	14.49%	20.13%	17.33%
<b>Key Income Components</b>														
Real per Capita Personal Income (2011 dollars) <sup>5</sup>	41,858.7	42,097.0	41,620.0	42,114.3	42,587.3	41,944.7	41,199.0	40,456.4	41,460.6	42,189.1	42,475.4	1.47%	11.46%	7.75%
Average Hourly Earnings (Real 2011 dollars) <sup>6</sup>					21.68	21.29	21.13	20.67	20.45	21.18	21.28	-1.86%	-6.53%	1.79%
Average Weekly Hours <sup>6</sup>					32.7	32.8	33.7	33.3	33.4	33.4	33.5	2.45%	2.09%	-0.58%
<b>Key Industries</b>														
Manufacturing Employment (1000s) <sup>3</sup>	16.4	15.7	15.2	15.4	15.3	14.9	13.2	12.6	12.9	13.4	13.7	-16.46%	-6.15%	-17.25%
Manufacturing GDP (Millions in Real 2005 Dollars) <sup>1</sup>	1,423	1,403	1,421	1,668	1,681	1,438	1,383	1,440	1,571	1,690	1,752	23.14%	57.80%	23.56%
Insurance Employment (1000s) <sup>3</sup>	6.4	6.6	7.1	7.1	7.2	7.6	7.7	7.4	7.7	8.0	8.0	25.0%	25.09%	-0.92%
Other Financial Services Employment (1000s) <sup>3</sup>	5.0	5.3	5.5	5.8	5.9	5.7	5.5	6.0	6.1	6.1	6.3	26.00%	6.59%	-3.10%
Prof. Sci., and Tech. Services Employment (1000s) <sup>3</sup>	8.2	7.9	8.1	8.5	8.5	8.6	8.0	7.9	8.2	8.6	8.6	4.88%	29.41%	23.07%
Education & Health Services Employment(1000) <sup>3</sup>	21.6	22.8	23.2	23.8	24.1	24.6	26.0	26.8	26.6	27.4	28.6	32.41%	20.16%	25.57%
State Government Employment (1000s) <sup>3</sup>	19.5	19.5	19.9	20.1	20.2	20.3	20.6	20.4	20.4	20.4	20.8	7.69%	7.25%	0.92%
<b>Housing and Construction</b>														
Building Permits <sup>7</sup>	2,498	2,706	1,780	1,424	1,349	823	728	1,032	828	1,249	1,459	-41.59%	-23.95%	-48.32%
Building Permits, Single-Families <sup>7</sup>	2,097	2,083	1,545	1,198	1,065	676	682	648	549	859	928	-55.75%	-36.22%	-57.73%
Median Sale Price, Existing Single-Family Home (1000s) <sup>8</sup>	\$129.1	\$130.3	\$131.6	\$134.7	\$140.0	\$137.2	\$131.5	\$132.6	\$136.8	134.8	142.7	10.51%	8.92%	15.40%
Median Sale Price/Sq. Ft., Single-Family Home <sup>8</sup>	\$105.0	\$109.0	\$112.0	\$114.0	\$116.0	\$112.0	\$110.0	\$110.0	\$111.0	109.3	114.9	9.45%	9.74%	10.86%
Mining, Logging, & Construction Employment (1000s) <sup>3</sup>	8.6	8.8	8.5	8.3	7.9	7.6	7.2	6.8	6.9	7.2	7.2	-12.79%	-4.22%	-8.38%
<b>Retail Sector</b>														
Total Retail Trade Establishments <sup>3,9</sup>	980	970	1,012	1,026	1,038	1,049	1,057	1,055	1,055	1,064	1,061	8.31%	-2.72%	0.09%
Retail Trade Employment (1000s) <sup>3</sup>	17.3	17.3	17.5	17.6	18.0	18.2	17.8	17.8	18.3	18.6	19.1	10.40%	-0.84%	1.07%
Retail Annual Payroll (Real 2011 dollars, 1000s) <sup>3,9</sup>	328,625	351,076	350,659	358,463	371,405	378,037	375,138	384,965	407,527	435,168	452,774	8.82%	-3.90%	-6.27%

Variable	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	% Change 2003 to 2013		
												Lincoln	Nebraska	U.S.
<b>Automobile</b>														
Motor vehicle Taxable Sales (Millions) <sup>6</sup>	\$420.6	\$423.2	\$383.1	\$368.8	\$392.0	\$390.9	\$383.9	\$405.7	\$437.2	\$475.7	\$448.5	6.65%	8.97%	13.84%
Gasoline Regular Retail Price/Gallon (Annual Average) <sup>10</sup>	\$1.54	\$1.83	\$2.26	\$2.57	\$2.87	\$3.22	\$2.37	\$2.83	\$3.57	\$3.59	\$3.48	126.46%	123.03%	125.00%
<b>Air Travel</b>														
Enplanements (1000s) <sup>13</sup>	210	220	203	190	170	160	142	143	136	134	142	-32.52%	9.26%	10.28%
Deplanements (1000s) <sup>13</sup>	209	220	202	190	174	165	143	142	135	136	142	-31.89%	9.31%	10.28%

**Note: Adjustments for inflation based on the U.S. Bureau of Economic Analysis Consumer Price Index - All Urban Consumers; U.S. City Average; All items (www.bea.gov).**

1 U.S. Bureau of Economic Analysis; Regional Economic Accounts; Gross Domestic Product by Metropolitan Area (www.bea.gov); BBR Estimate for 2013 Lincoln MSA, Nebraska, and U.S. (Manufacturing) figures.

2 Source: U.S. Bureau of Census; 2013 Population Estimates; Lincoln MSA and Nebraska (www.census.gov).

3 Source: U.S. Bureau of Labor Statistics (www.bls.gov).

4 Source: Nebraska Department of Revenue for Lincoln MSA and Nebraska data (www.revenue.ne.gov), and U.S. Bureau of Census for U.S. data (www.census.gov/retail/marts/www/timeseries.html).

5 U.S. Bureau of Economic Analysis; Advance Metropolitan Statistical Area Income Summary (www.bea.gov); BBR Estimate for 2013 Lincoln MSA, Nebraska, and U.S. figures.

6 Data collection for variable began in 2007; Percent Change figures based on 2009 and 2013 comparisons for all locations.

7 Source: U.S. Bureau of Census (www.census.gov).

8 Source: Zillow.com (www.zillow.com).

9 Percentage change figures for 2003 to 2013; BBR projection for 2013 based on 2013 Q1-Q3 figures.

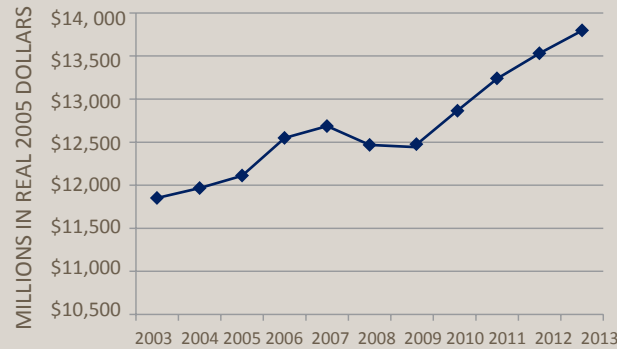
10 Source: Nebraska Energy Office for Lincoln MSA and Nebraska data (www.neo.ne.gov), and U.S. Energy Information Administration (EIA) for U.S. data (www.eia.gov/forecasts/steo/realprices).

11 Source: Lincoln Airport Authority for Lincoln MSA data, and U.S. Bureau of Transportation Statistics for Nebraska (http://www.transtats.bts.gov/Fields.asp?Table\_ID=310) and U.S. data (http://www.bts.gov/xml/air\_traffic/src/datadisp.xml).

# 1 - Summary of Business Conditions

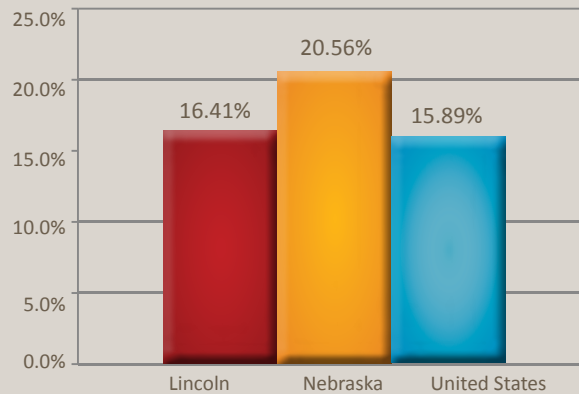
**FIGURE 1:  
REAL GROSS DOMESTIC  
PRODUCT**

LINCOLN METROPOLITAN AREA  
(2003-2013)



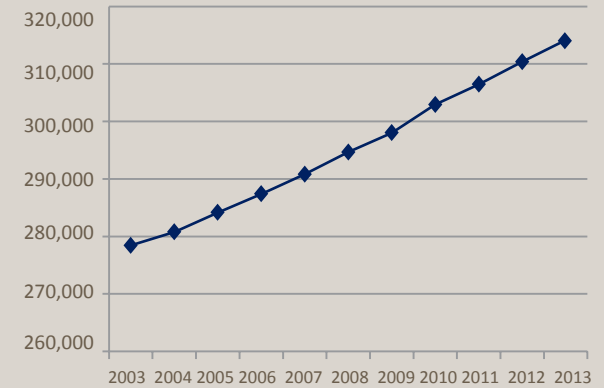
**FIGURE 2:  
GROWTH IN GROSS DOMESTIC PRODUCT**

LINCOLN MSA vs NEBRASKA vs U.S.A  
(BASE = 2005 DOLLARS) (2003-2013)



**FIGURE 3:  
POPULATION TREND**

LINCOLN METROPOLITAN AREA  
(2003-2013)



## Real Gross Domestic Product <sup>1</sup>

- Real gross domestic product rose by an estimated 1.95% in the Lincoln Metropolitan Area from 2012 to 2013. This rate of growth is consistent with the slower growth seen nationwide during 2013.
- As seen in Figure 1, Real Gross Domestic Product (as measured in 2005 dollars) has grown consistently over the last decade in the Lincoln Metropolitan Area, except during the 2008/2009 recession.

## Real Growth in Gross Domestic Product

- Real gross domestic product growth in the Lincoln Metropolitan Area exceeded U.S. growth over the last decade, from 2003 through 2013 but lagged growth in Nebraska overall.
- As seen in Figure 2, the real GDP growth rate in the Lincoln Metropolitan Area was 16.41% compared to a 20.56% growth rate in Nebraska and a 15.89% growth rate nationwide.

## Population Trend <sup>2</sup>

- The population of the Lincoln Metropolitan Area grew by 1.21% from 2012 to 2013, as seen in Figure 3.
- This follows a consistent trend of population growth in the Lincoln Metropolitan Area over the last decade. Metro population rose by 35,700 from 2003 to 2013, for a cumulative growth rate of 12.83%.
- These consistent trends suggest that the Lincoln Metropolitan Area continues to be an attractive location for households.

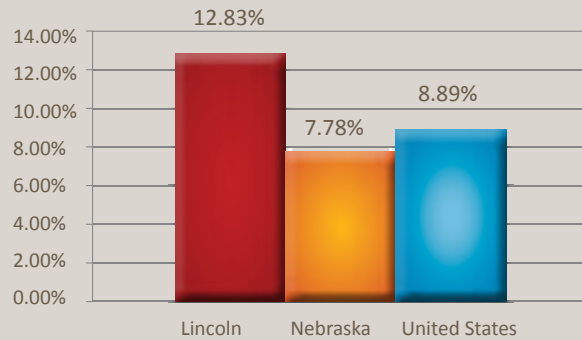
<sup>1</sup> Source: U.S. Bureau of Economic Analysis

<sup>2</sup> Source: U.S. Bureau of Census



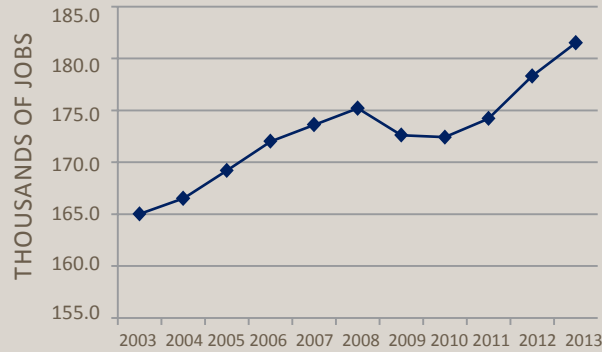
**FIGURE 4:  
GROWTH IN POPULATION**

LINCOLN MSA vs NEBRASKA vs U.S.A.  
(2003-2013)



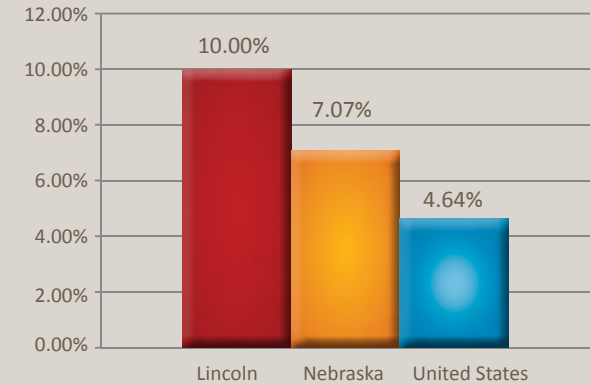
**FIGURE 5:  
NON-FARM EMPLOYMENT**

LINCOLN METROPOLITAN AREA  
(2003-2013)



**FIGURE 6:  
GROWTH IN NON-FARM EMPLOYMENT**

LINCOLN MSA vs NEBRASKA vs U.S.A.  
(2003-2013)



## Growth in Population

- While real GDP growth in Lincoln matched the national growth rate, population growth exceeded it.
- Population growth in the Lincoln Metropolitan Area exceeded U.S. growth by 4% from 2003 to 2013 and exceeded Nebraska growth by 5%.
- The population growth rate in the Lincoln Metropolitan Area was 12.83% during the decade, compared to just 7.78% in Nebraska and 8.89% in the United States.

## Non-farm Employment <sup>3</sup>

- Nonfarm employment is measured through a survey of businesses.
- Nonfarm employment in the Lincoln Metropolitan Area grew at a brisk 1.79% pace from 2012 to 2013
- As seen in Figure 5, employment growth over the last decade has followed a cyclical pattern, falling sharply during the 2008/2009 recession, then recovering rapidly back to the long-term trend.
- For the decade as a whole, nonfarm employment grew by 16,500 or 10.00% in the Lincoln Metropolitan Area.

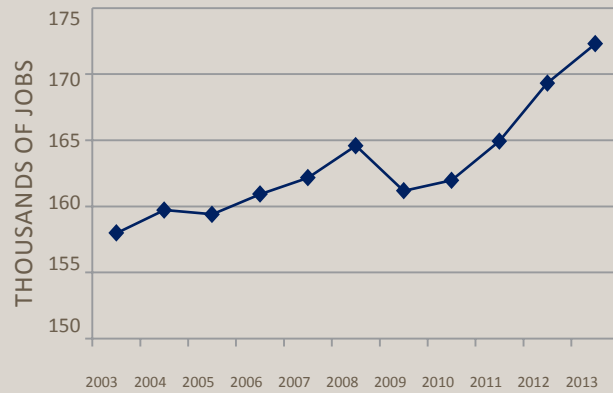
## Growth in Non-farm Employment

- Nonfarm employment growth in the Lincoln Metropolitan Area was similar to population growth over the last decade.
- Further, like population growth, nonfarm employment growth in the Lincoln area exceeded growth in Nebraska overall and the United States, as is evident in Figure 6.
- Nonfarm employment grew by 10.00% in the Lincoln Metropolitan Area from 2003 to 2013 compared to 7.07% in Nebraska and 4.64% in the United States.

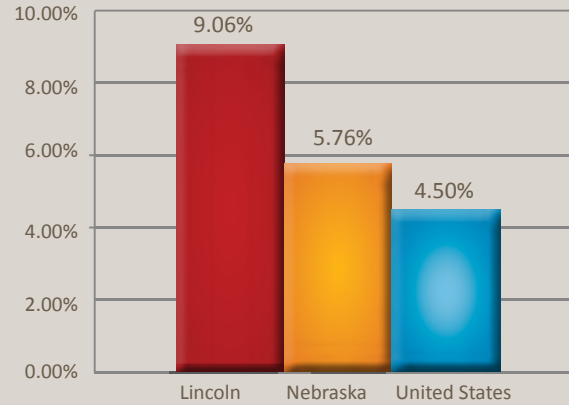
<sup>3</sup>

Source: U.S. Bureau of Labor Statistics

**FIGURE 7:  
EMPLOYMENT (HOUSEHOLD SURVEY)**  
LINCOLN METROPOLITAN AREA  
(2003-2013)



**FIGURE 8:  
GROWTH IN EMPLOYMENT (HS)**  
LINCOLN MSA vs NEBRASKA vs U.S.A.  
(2003-2013)



**FIGURE 9:  
LABOR FORCE**  
LINCOLN METROPOLITAN AREA  
(2003-2013)



## Employment, Household Survey <sup>4</sup>

- Household employment is measured through a survey of households. In fact, it is the same survey used to measure labor force and unemployment.
- Household employment in the Lincoln Metropolitan Area rose by 1.76% from 2012 to 2013, consistent with growth in nonfarm employment.
- Household employment also closely followed a cyclical pattern during the decade.
- For the decade, household employment in the Lincoln Metropolitan Area grew by 9.06%.

## Growth in Employment, Household Survey

- Like nonfarm employment, household employment growth in the Lincoln Metropolitan Area exceeded growth in Nebraska and the United States over the last decade.
- Household employment grew by 9.06% in the Lincoln Metropolitan Area from 2003 to 2013 versus 5.76% in Nebraska overall and 4.50% in the United States.

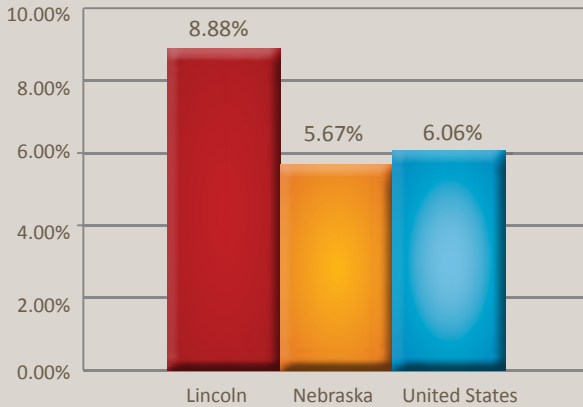
## Labor Force <sup>5</sup>

- Labor force grew by 1.71% in the Lincoln Metropolitan Area from 2012 to 2013, consistent with the rate of job growth
- Labor force growth in the Lincoln Metropolitan Area followed a cyclical pattern, declining during recession but growing as the economy expanded.
- For the decade as a whole, labor force in the Lincoln Metropolitan Area grew by 14,500 for a cumulative growth of 8.88%.

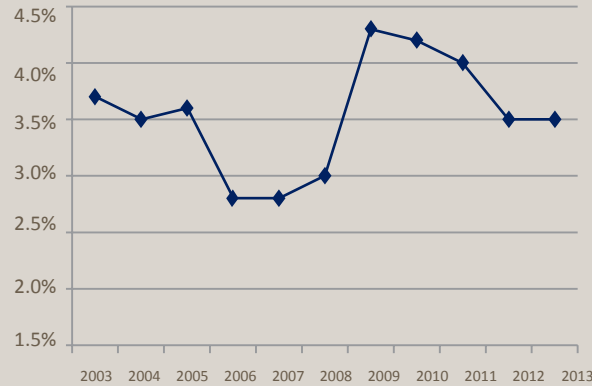
<sup>4</sup> Source: U.S. Bureau of Labor Statistics

<sup>5</sup> Source: U.S. Bureau of Labor Statistics

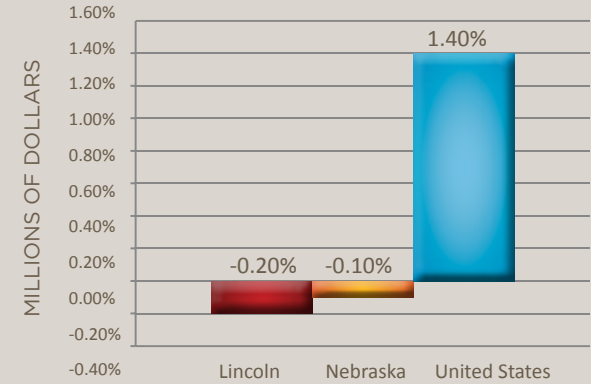
**FIGURE 10:  
GROWTH IN LABOR FORCE**  
LINCOLN MSA vs NEBRASKA vs U.S.A.  
(2003 - 2013)



**FIGURE 11:  
UNEMPLOYMENT RATE**  
LINCOLN METROPOLITAN AREA  
(2003-2013)



**FIGURE 12:  
GROWTH IN UNEMPLOYMENT RATE**  
LINCOLN MSA vs NEBRASKA vs U.S.A.  
(2003-2013)



## Growth in Labor Force

- As with population growth, labor force growth in the Lincoln Metropolitan Area exceeded growth in Nebraska overall and the nation
- Labor force grew by 8.88% in the Lincoln Metropolitan Area from 2003 to 2013 compared to 5.67% in Nebraska and 6.06% in the United States.

## Unemployment Rate <sup>6</sup>

- The unemployment rate in the Lincoln Metropolitan Area held steady at 3.5% in 2013, as seen in Figure 11.
- The unemployment rate followed a clear cyclical pattern during the last decade, rising in the years surrounding the 2008/2009 recession, but falling in most other years.
- The annual unemployment rate fell from a peak of 4.3% in 2009 to 3.5% in 2013.

## Growth in Unemployment Rate

- Unemployment rates in the Lincoln Metropolitan Area and Nebraska remain far below the U.S. average.
- Lincoln and Nebraska unemployment rates in 2013 are below 2003 levels, as is seen in Figure 12.
- By contrast, there was an increase in the U.S. unemployment rate between 2003 and 2013.

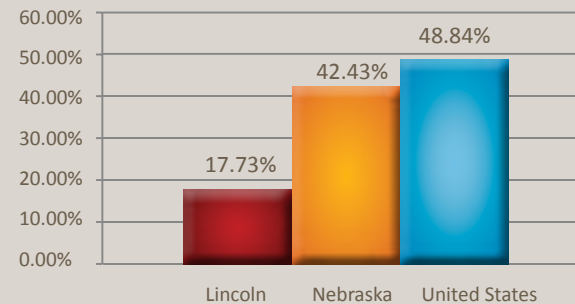
<sup>6</sup>

Source: U.S. Bureau of Labor Statistics

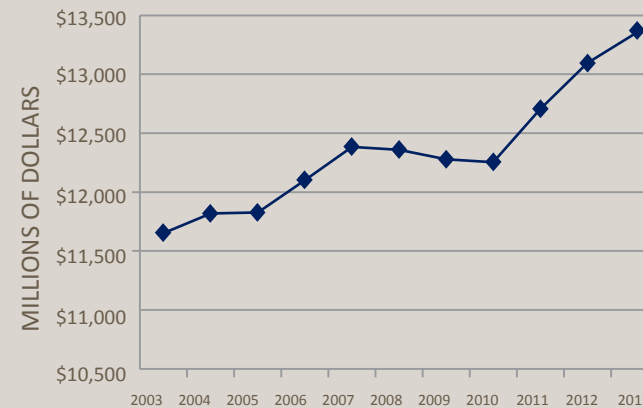
**FIGURE 13:**  
**NON-MOTOR VEHICLE TAXABLE SALES**  
 LINCOLN METROPOLITAN AREA  
 (2003-2013)



**FIGURE 14:**  
**GROWTH IN NON-MOTOR VEHICLE TAXABLE SALES**  
 LINCOLN MSA vs NEBRASKA vs U.S.A. (2003-2013)



**FIGURE 15:**  
**INCOME TREND REAL PERSONAL INCOME**  
 LINCOLN METROPOLITAN AREA  
 (2011 DOLLARS)  
 (2011 DOLLARS)



## Non-Motor Vehicle Taxable Sales <sup>7</sup>

- Non-motor taxable sales grew by 4.36% in the Lincoln Metropolitan Area from 2012 to 2013, as part of Lincoln’s economic recovery.
- Sales have rebounded sharply since 2010, but remain only modestly higher than 2005 levels, given the sharp decline during the 2008/2009 recession.
- Non-motor vehicle taxable sales rose by just 17.73% in the Lincoln Metropolitan Area between 2003 and 2013. This is well below the 27% inflation rate during the period.

## Growth in Non-Motor Vehicle Taxable Sales

- Compared to Nebraska as a whole and the nation, growth of non-motor vehicle taxable sales was anemic in the Lincoln Metropolitan Area over the last decade.
- Non-motor vehicle taxable sales grew by 17.73% in the Lincoln Metropolitan Area from 2003 to 2013 compared to a 42.43% increase in Nebraska and 48.84% in the United States.
- The potential reasons for this weakness are explored in the Executive Summary of this document.

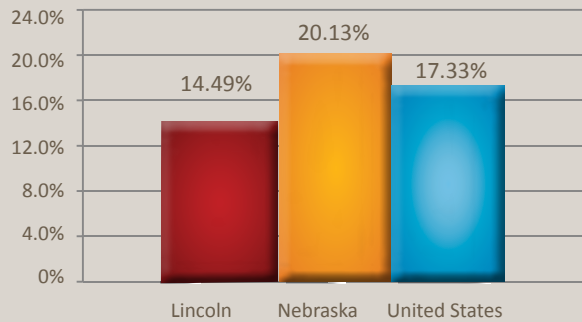
## Real Personal Income Trends <sup>8</sup>

- Real personal income (measured in 2013 dollars) grew by 1.90% in the Lincoln Metropolitan Area between 2012 and 2013.
- Growth in real personal income followed a cyclical pattern over the last decade. Real personal income declined during the 2008/2009 recession but grew steadily during the rest of the decade, and growth has been strong since 2010.
- For the entire decade, from 2003 through 2013, real personal income grew by 14.49% in the Lincoln Metropolitan Area. This is slightly above the 12.83% growth in population during the period.

<sup>7</sup> Sources: Nebraska Department of Revenue and U.S. Bureau of Census for U.S.

<sup>8</sup> Source: U.S. Bureau of Economic Analysis.

**FIGURE 16:**  
**GROWTH IN REAL PERSONAL INCOME**  
LINCOLN MSA vs NEBRASKA vs U.S.A.  
(2003-2013)



## Real Personal Income Growth

- Despite stronger growth in both employment and population, growth in real personal income in the Lincoln Metropolitan Area has lagged growth in Nebraska and the United States.
- Real personal income grew by 14.49% in the Lincoln Metropolitan Area between 2003 and 2013 compared to 20.13% in Nebraska and 17.33% in the United States.



## 2 - Key Income Components

FIGURE 17:  
REAL PER CAPITA INCOME  
LINCOLN METROPOLITAN AREA  
(2003 - 2013)(2013 DOLLARS)

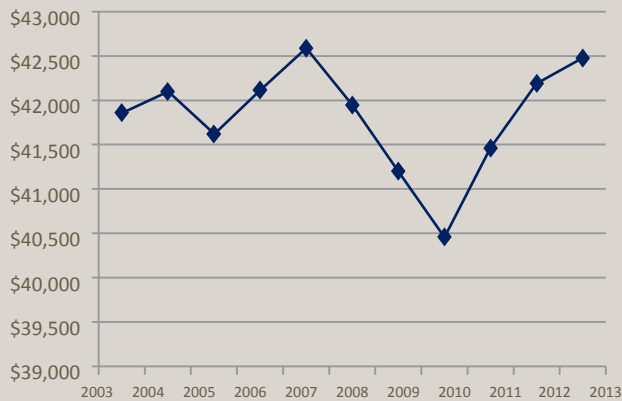


FIGURE 18:  
REAL PER CAPITA INCOME GROWTH  
LINCOLN MSA vs NEBRASKA vs U.S.A.  
(2003 - 2013)

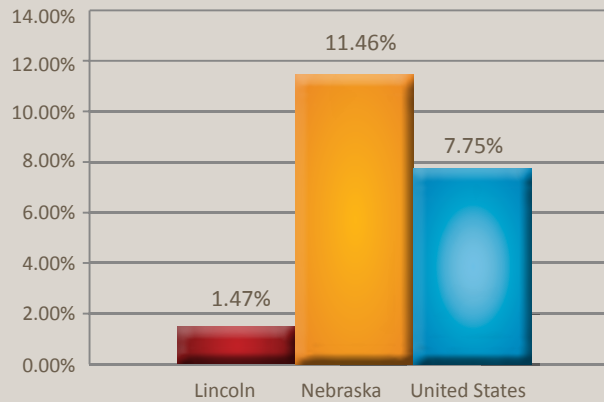
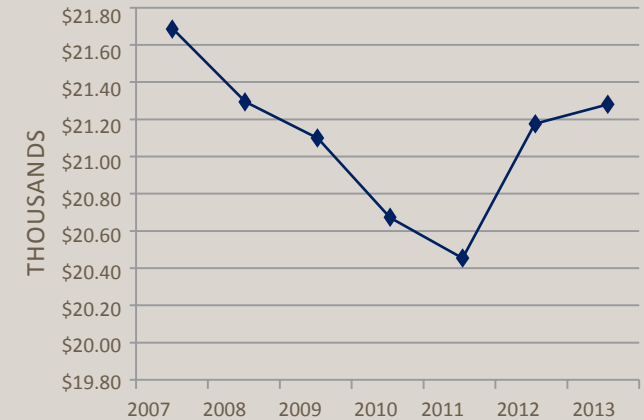


FIGURE 19:  
REAL WAGE TREND  
LINCOLN METROPOLITAN AREA  
(REAL 2013 DOLLARS)



### Real Per Capita Income Trends <sup>9</sup>

- Population has been growing in Lincoln over the last decade. As a result, growth in real income may lead to little improvement in real per capita income.
- Real per capita income increased by 0.68% in the Lincoln Metropolitan Area from 2012 to 2013.
- As seen in Figure 17, real per capita income has grown little over the last decade. The cumulative increase from 2003 to 2013 is just 1.47%.

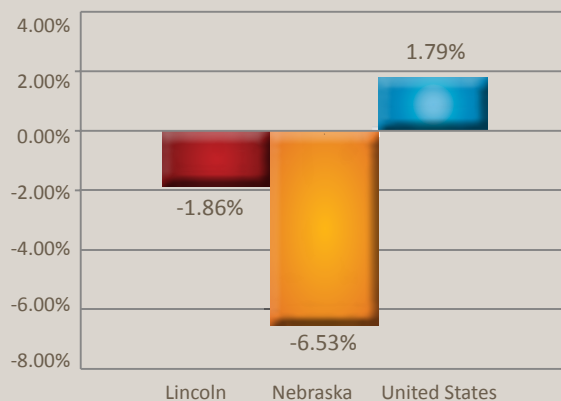
### Real Per Capita Income Growth

- Over the last decade, Lincoln's real per capita income growth badly lagged growth in Nebraska overall and in United States.
- Real per capita income increased by 1.47% in the Lincoln Metropolitan Area between 2003 and 2013 versus 11.46% in Nebraska overall and 7.75% in the United States.
- Growth in statewide real per capita income may have benefitted from strong growth in farm income during the period.

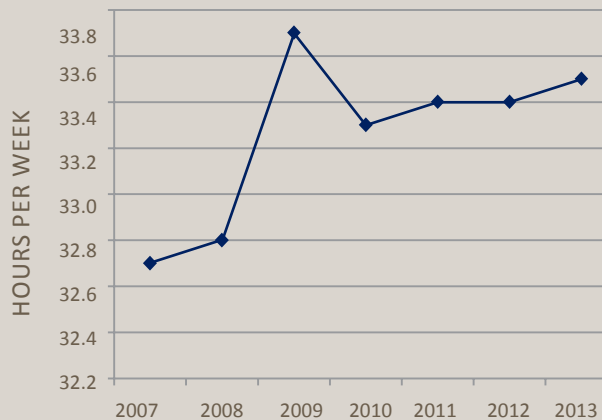
### Real Wage <sup>10</sup>

- Poor wage growth is one possible explanation for weak growth in real per capita income in the Lincoln Metropolitan Area. Figure 19 shows that there has been a decline in real hourly wages in the Lincoln Metropolitan Area since 2007, the first year when this data is available.
- Real private hourly wages did increase, by 0.49%, in Lincoln from 2012 to 2013.
- However, over the entire 2007 to 2013 period, real private hourly wages declined by 1.86% in the Lincoln Metropolitan Area.

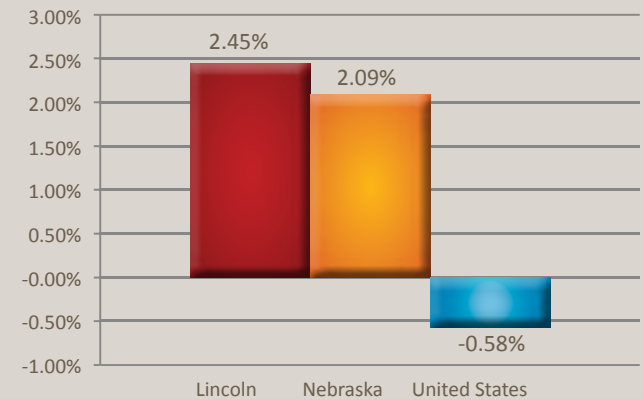
**FIGURE 20:**  
**GROWTH IN REAL WAGE**  
 LINCOLN MSA vs NEBRASKA vs U.S.A.  
 (2007-2013)



**FIGURE 21:**  
**AVERAGE WEEKLY HOURS WORKED**  
 LINCOLN METROPOLITAN AREA  
 (2007-2013)



**FIGURE 22:**  
**GROWTH IN AVERAGE WEEKLY HOURS**  
 LINCOLN MSA vs NEBRASKA vs U.S.A.  
 (2007-2013)



## Real Wage Growth

- From 2007 through 2013, real private hourly wages declined in both the Lincoln Metropolitan Area and in Nebraska overall.
- Real private hourly wages decreased by 1.86% in the Lincoln Metropolitan Area from 2007 to 2013 versus a 6.53% decrease in Nebraska overall and a 1.79% increase in the United States.

## Average Weekly Hours<sup>11</sup>

- Data on average weekly hours worked is also available for metropolitan areas, for 2007 through 2013.
- Average weekly hours worked by private sector workers rose by 0.3% in the Lincoln Metropolitan Area between 2012 and 2013.
- As seen in Figure 21, average weekly hours increased between 2007 and 2013.

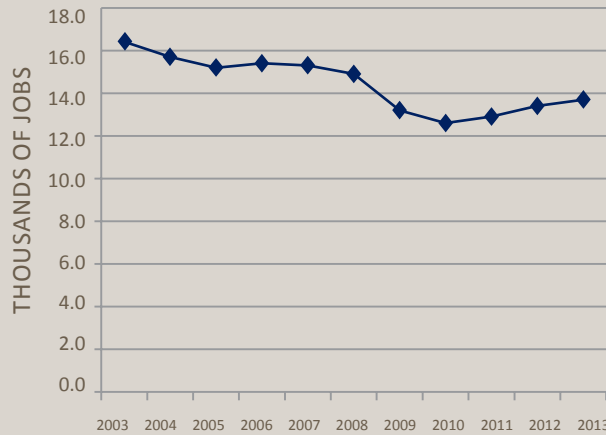
## Growth in Average Weekly Hours

- Average weekly hours of private sector employees grew by 2.45% in the Lincoln Metropolitan Area between 2007 and 2013. This increase in weekly hours is on top of solid increases in the number of jobs in Lincoln.
- The average weekly hours of private sector workers also rose in Nebraska from 2007 to 2013, by 2.09%. Average weekly hours declined by 0.58% in the United States during the period.

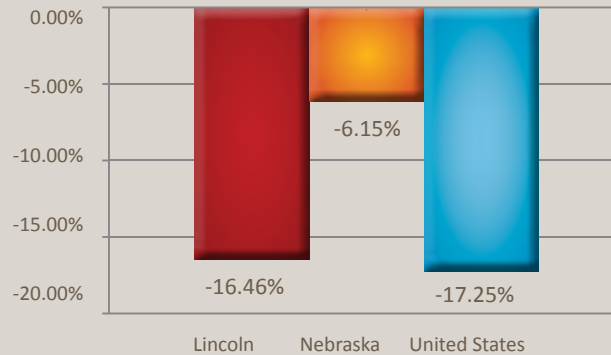
<sup>11</sup> Source: U.S. Bureau of Labor Statistics

### 3 - Key Industries

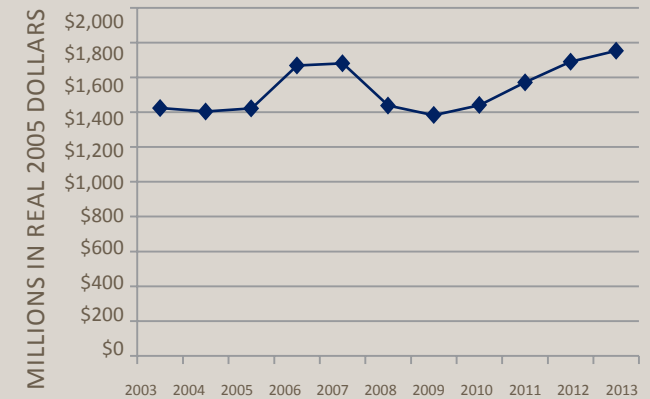
**FIGURE 23:**  
**MANUFACTURING EMPLOYMENT**  
LINCOLN METROPOLITAN AREA  
(2003 - 2013)



**FIGURE 24:**  
**GROWTH IN MANUFACTURING EMPLOYMENT**  
LINCOLN MSA vs NEBRASKA vs U.S.A.  
(2003 - 2013)



**FIGURE 25:**  
**MANUFACTURING REAL GROSS DOMESTIC PRODUCT**  
LINCOLN METROPOLITAN AREA (2003-2013)



#### Manufacturing Employment<sup>12</sup>

- The manufacturing industry fully participated in recent improvements in the Lincoln Metropolitan Area economy. Manufacturing employment grew by 2.24% from 2012 to 2013.
- Lincoln has not recovered all of the manufacturing employment lost during the 2008/09 recession. This is a common pattern across the country. Manufacturing employment drops sharply during recession and recovers modestly during expansion.
- From 2003 to 2013, manufacturing employment declined by 16.46% in the Lincoln Metropolitan Area.

#### Growth in Manufacturing Employment

- Manufacturing job losses were similar over the last decade in the Lincoln Metropolitan Area and the United States. Job losses were lower in Nebraska overall.
- Manufacturing employment declined by 16.46% from 2003 to 2013 in the Lincoln Metropolitan Area compared to a 6.15% decline in Nebraska and 17.25% drop nationwide.

#### Manufacturing Real Gross Domestic Product<sup>13</sup>

- Productivity growth is rapid in the manufacturing industry. As a result, the industry may shed jobs even as total industry activity is steady or rising. For this reason, we also examine trends in real gross domestic product for the manufacturing industry.
- As seen in Figure 25, real manufacturing GDP (measured in 2005 dollars) dropped during the 2008/2009 recession but has risen overall during the last decade. Real manufacturing GDP grew by 3.69% in Lincoln from 2012 to 2013.

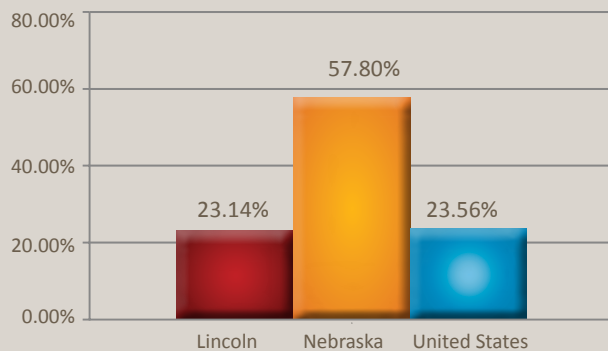
**32**<sup>12</sup> Source: U.S. Bureau of Labor Statistics

<sup>13</sup> Source: U.S. Bureau of Economic Analysis



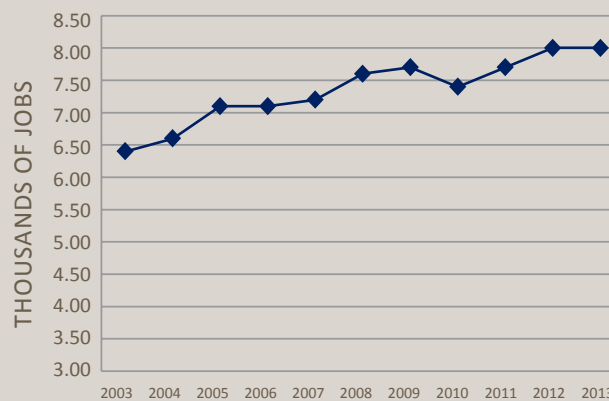
**FIGURE 26:  
GROWTH IN MANUFACTURING REAL  
GROSS DOMESTIC PRODUCT**

LINCOLN MSA vs NEBRASKA vs U.S.A.  
(BASE = 2005 DOLLARS) (2003-2013)



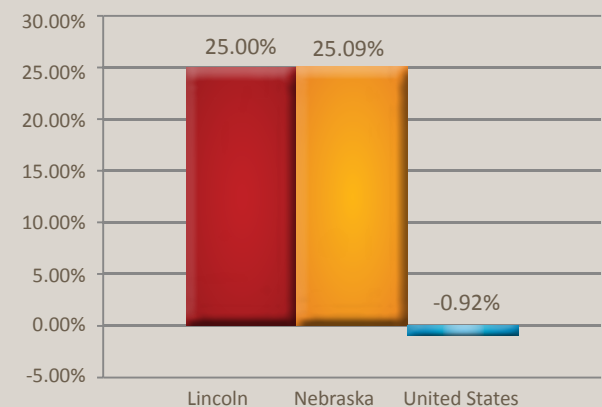
**FIGURE 27:  
INSURANCE EMPLOYMENT**

LINCOLN METROPOLITAN AREA  
(2003-2013)



**FIGURE 28:  
GROWTH IN INSURANCE EMPLOYMENT**

LINCOLN MSA vs NEBRASKA vs U.S.A.  
(2003-2013)



## Growth in Manufacturing Real Gross Domestic Product

- Real manufacturing GDP increased by 23.14% in the Lincoln MSA between 2003 and 2013.
- This rate of growth is similar to the national average. Real manufacturing GDP in the United States rose by 23.56% over the last decade.
- However, Nebraska manufacturing activity grew much faster. Real manufacturing GDP grew by 57.80% in Nebraska overall during the 2003 to 2013 period.

## Insurance Employment <sup>14</sup>

- Insurance industry employment in the Lincoln Metropolitan Area was unchanged from 2012 to 2013.
- Long-term trends, however, have been very positive. Employment has risen steadily, except for a temporary dip during the 2008/2009 recession, as seen in Figure 27.
- Over the last decade, insurance employment rose by 1,600 jobs. In the Lincoln Metropolitan Area, a cumulative increase of 25.0%

## Growth in Insurance Employment

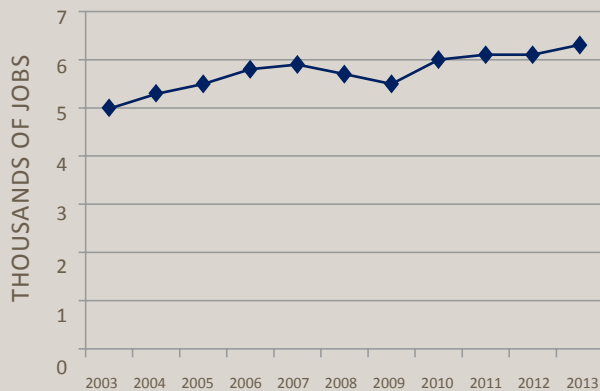
- Over the last decade the insurance industry has been very strong in the Lincoln Metropolitan Area and Nebraska as a whole.
- As seen in Figure 28, insurance industry employment rose by 25.00% in the Lincoln Metropolitan Area from 2003 to 2013, while rising by 25.09% in Nebraska overall. By contrast, insurance industry employment declined by 0.92% nationally.

<sup>14</sup>

Source: U.S. Bureau of Labor Statistics

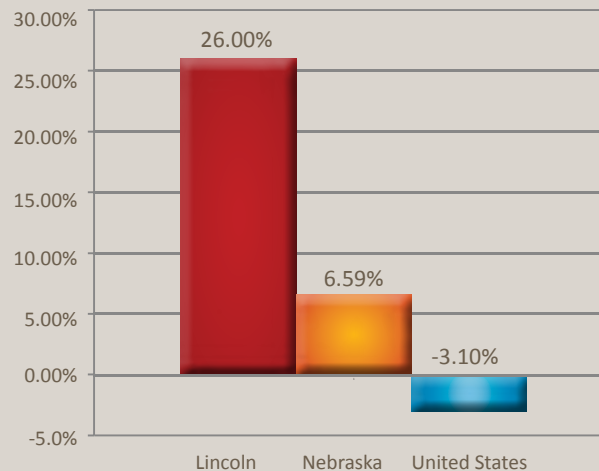
**FIGURE 29: OTHER FINANCIAL SERVICES EMPLOYMENT**

LINCOLN METROPOLITAN AREA (2003-2013)



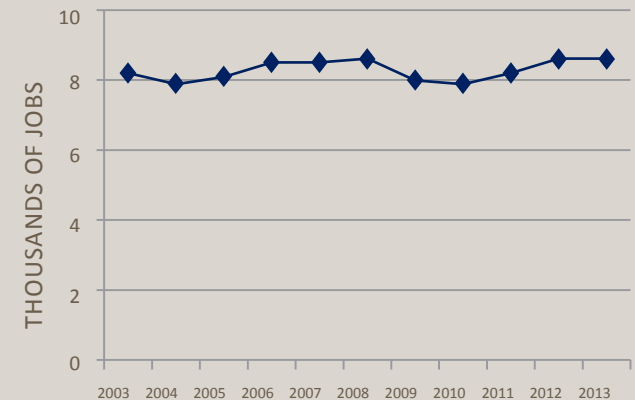
**FIGURE 30: GROWTH IN OTHER FINANCIAL SERVICES EMPLOYMENT**

LINCOLN MSA vs NEBRASKA vs U.S.A. (2003-2013)



**FIGURE 31: PROFESSIONAL, SCIENTIFIC & TECHNICAL SERVICES EMPLOYMENT**

LINCOLN METROPOLITAN AREA (2003-2013)



## Other Financial Services Employment <sup>15</sup>

- Other financial service businesses, such as banks, are another source of strength in the Lincoln economy. Employment in other financial services grew by 3.28% in the Lincoln Metropolitan Area from 2012 to 2013.
- The industry has followed an upward trend over the last decade, apart from a brief decline during the 2008/2009 recession.
- Over the decade, other financial services businesses have added 1,300 jobs in the Lincoln Metropolitan Area, a cumulative 26.0% growth rate.

## Growth in Other Financial Services Employment

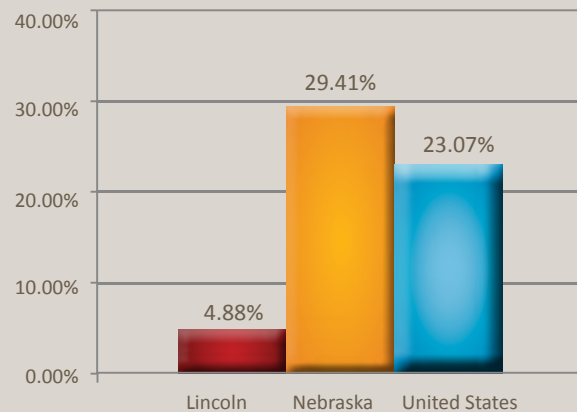
- The other financial services industry has been unusually strong in the Lincoln Metropolitan Area over the last decade. Lincoln accounts for a majority of industry job growth statewide. Industry employment has declined nationally over the decade.
- Employment in other financial services businesses grew by 26.00% in the Lincoln Metropolitan Area from 2003 to 2013, compared to 6.59% growth statewide and a 3.10% decline nationwide.

## Professional, Scientific & Technical Services Employment <sup>16</sup>

- Professional, scientific, and technical services employment was unchanged in the Lincoln Metropolitan Area from 2012 to 2013
- Further, as seen in Figure 31, there is no strong upward trend in professional, scientific and technical employment in Lincoln over the last decade.
- This is a significant problem for the Lincoln economy since professional, scientific and technical service is the fastest growing high wage industry in the national economy.

**FIGURE 32: GROWTH IN PROFESSIONAL, SCIENTIFIC & TECHNICAL SERVICES EMPLOYMENT**

LINCOLN MSA VS NEBRASKA VS U.S.A. (2003 - 2013)

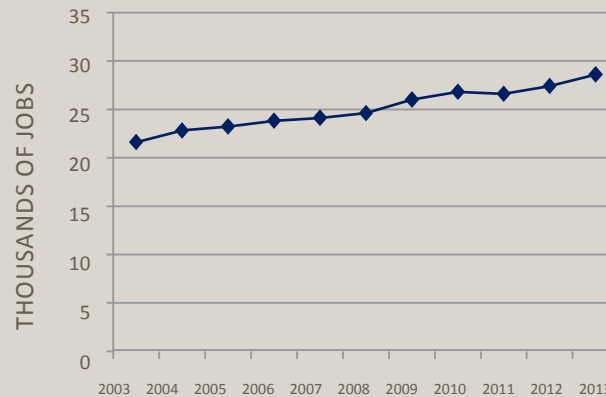


### Growth in Professional, Scientific & Technical Services Employment

- Professional scientific, and technical services employment in Lincoln has significantly lagged behind state and national growth over the last decade.
- Professional, scientific, and technical services employment grew by just 4.88% in the Lincoln Metropolitan Area from 2003 to 2013, while it grew by 29.41% in Nebraska and 23.07% nationwide.

**FIGURE 33: EDUCATION, HEALTH CARE & SOCIAL ASSISTANCE SERVICES EMPLOYMENT**

LINCOLN METROPOLITAN AREA (2003-2013)

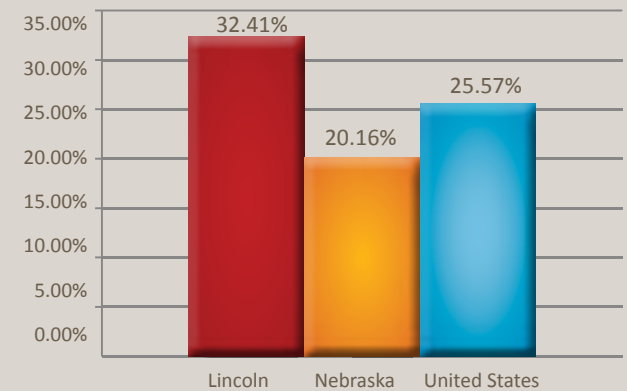


### Education, Health Care and Social Assistance Services Employment <sup>17</sup>

- Health care employment remains an engine of job growth in Lincoln. Health care and (private) education employment grew by 4.38% in the Lincoln Metropolitan Area from 2012 to 2013.
- As seen in Figure 33, health care and education employment has grown rapidly and consistently in the Lincoln Metropolitan Area in the last decade.
- From 2003 to 2013, the health care and education industry added 7,000 jobs in the Lincoln Metropolitan Area, for a cumulative 32.41% increase.

**FIGURE 34: GROWTH IN EDUCATION, HEALTH CARE & SOCIAL ASSISTANCE SERVICES EMPLOYMENT**

LINCOLN MSA vs NEBRASKA vs U.S.A. (2003 - 2013)



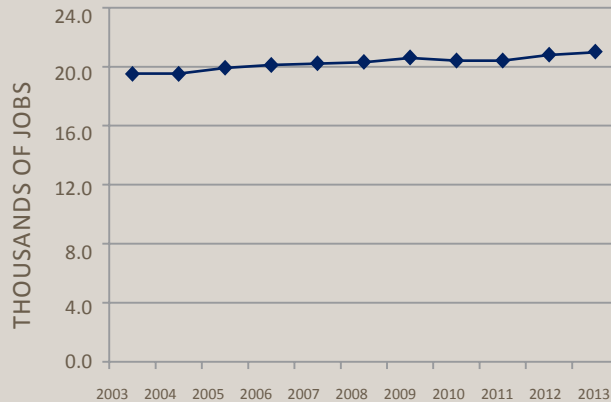
### Growth in Education, Health Care and Social Assistance Services Employment

- The Lincoln Metropolitan Area continues to grow as a center for health care services in the State of Nebraska. Growth in health care and education employment in Lincoln is rapid even by national standards.
- Health care and education employment grew by 32.41% from 2003 to 2013 in the Lincoln Metropolitan Area, by 20.16% in Nebraska overall, and by 25.57% in the United States.

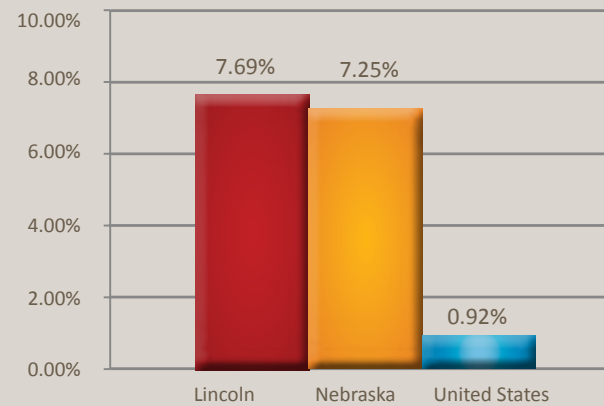
<sup>17</sup> Sources: U.S. Bureau of Labor Statistics. Health care employment is not reported separately for the Lincoln Metropolitan Area, so the analysis focuses on growth of health care and education employment in the Lincoln Metropolitan Area, the state of Nebraska, and the United States.

## 4 - Housing & Construction

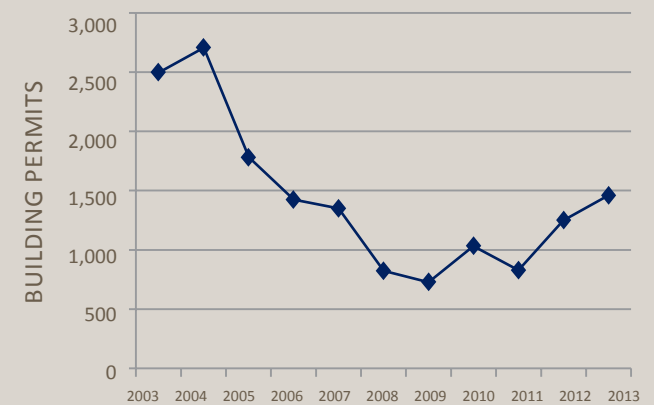
**FIGURE 35:**  
**STATE GOVERNMENT EMPLOYMENT**  
LINCOLN METROPOLITAN AREA  
(2003-2013)



**FIGURE 36:**  
**GROWTH IN STATE GOVERNMENT EMPLOYMENT**  
LINCOLN MSA vs NEBRASKA vs U.S.A.(2003-2013)



**FIGURE 37:**  
**BUILDING PERMITS**  
LINCOLN METROPOLITAN AREA  
(2003-2013)



### State Government Employment <sup>18</sup>

- State government is a significant source of employment for the Lincoln Metropolitan Area, which is home to the State Capitol.
- State government employment grew by 0.96% in the Lincoln Metropolitan Area from 2012 to 2013.
- Growth has been slow and steady over the last decade, as seen in Figure 35. There was even a small decline in state government employment in the Lincoln Metropolitan Area during 2010.

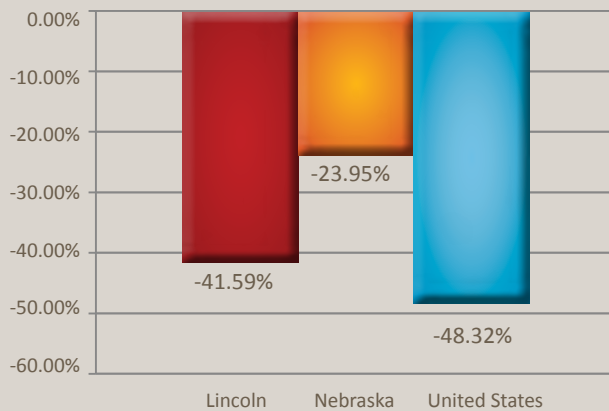
### Growth in State Government Employment

- State government employment has grown moderately in Nebraska over the last decade, perhaps reflecting the state's relatively strong fiscal situation.
- State government employment grew by 7.69% from 2003 to 2013 in the Lincoln Metropolitan Area. State government employment grew 7.25% in Nebraska statewide and 0.92% in the United States.

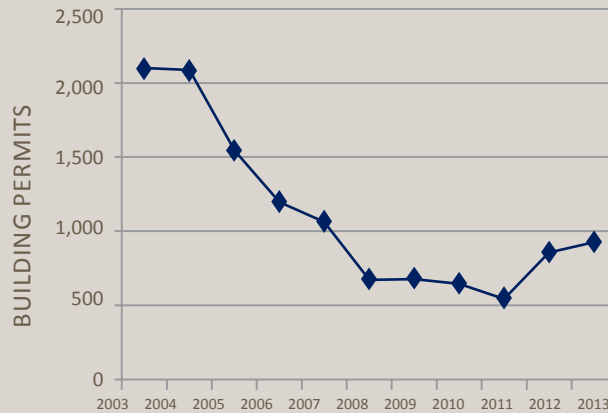
### Building Permits <sup>19</sup>

- The number of building permits in the Lincoln Metropolitan Area rose by 16.81% from 2012 to 2013.
- The recovery continues after the building permits bottomed out during 2009. The permit numbers have been partial and annual permits and may not recover to the "bubble" levels of the early 2000s.
- From 2003 to 2013, the number of permits declined by 41.59% in the Lincoln Metropolitan Area.

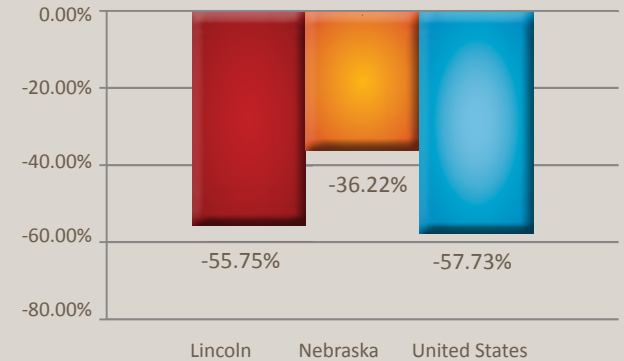
**FIGURE 38:**  
**GROWTH IN BUILDING PERMITS**  
 LINCOLN MSA vs NEBRASKA vs U.S.A.  
 (2003-2013)



**FIGURE 39:**  
**BUILDING PERMITS FOR SINGLE FAMILIES**  
 LINCOLN METROPOLITAN AREA (2003-2013)



**FIGURE 40:**  
**GROWTH IN BUILDING PERMITS FOR SINGLE FAMILIES**  
 LINCOLN MSA vs NEBRASKA vs U.S.A.  
 (2003-2013)



## Growth in Building Permits

- The steep decline in building permits in the Lincoln Metropolitan Area over the last decade was consistent with losses nationwide.
- The statewide decline in permits was less severe. Permits activity was relatively stable in rural and metropolitan areas due to the strength of the farm economy.
- From 2003 to 2013, the number of building permits issued in the Lincoln Metropolitan Area declined by 41.59%, compared to a 48.32% decline nationally, and a 23.95% decline in Nebraska overall.

## Building Permits for Single Families <sup>20</sup>

- Most building permits are issued for single family homes. Therefore it is not surprising that the pattern for single family permits is similar to the pattern for all permits.
- The number of single family home building permits issued in the Lincoln Metropolitan Area rose by 8.03% from 2012 to 2013.
- Single-family permits fell by 55.75% over the entire 2003 to 2013 period.

## Growth in Building Permits for Single Families

- The steep decline in single family building permits in the Lincoln Metropolitan Area also was evident nationwide.
- From 2003 to 2013, the number of building permits issued for single family homes declined by 55.75% in the Lincoln Metropolitan Area compared to a 57.73% decline nationwide and a 36.22% decline in Nebraska overall.

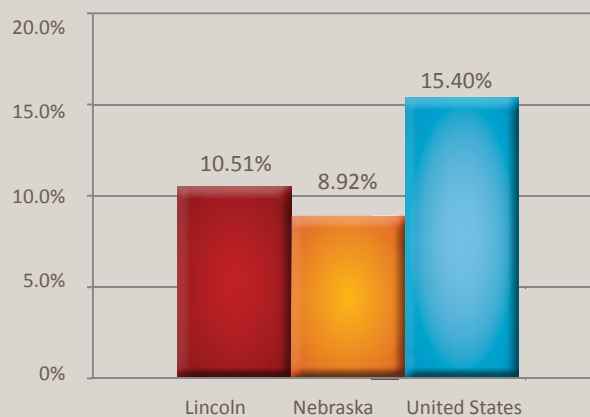
<sup>19</sup> Source: U.S. Bureau of Census

<sup>20</sup> Source: U.S. Bureau of Census

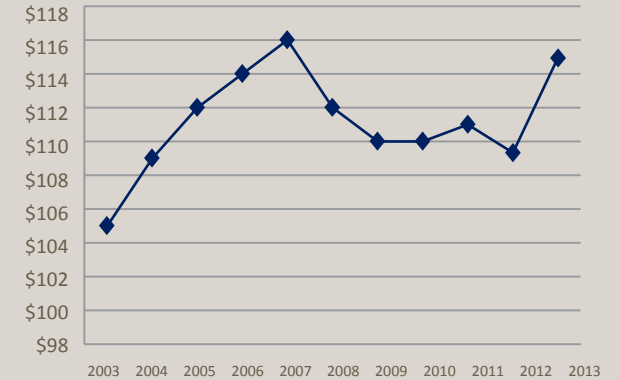
**FIGURE 41:  
MEDIAN SALE PRICE, EXISTING  
SINGLE-FAMILY HOME**  
LINCOLN METROPOLITAN AREA (2003-2013)



**FIGURE 42:  
GROWTH IN MEDIAN SALE PRICE  
FOR SINGLE-FAMILY HOMES**  
LINCOLN MSA vs NEBRASKA vs U.S.A. (2003-2013)



**FIGURE 43:  
MEDIAN SALE PRICE/SQ. FT.,  
SINGLE-FAMILY HOME**  
Lincoln Metropolitan Area (2003-2013)



### Median Sale Price, Existing Single - Family Home <sup>21</sup>

- The median sale price of existing single-family homes grew by 5.88% in the Lincoln Metropolitan Area between 2012 and 2013, as seen in Figure 41.
- Previous to that, median sale prices declined during the 2008/2009 recession.
- Looking over the entire decade, the median sale price of single-family homes grew in the Lincoln Metropolitan Area by 10.51%.
- This is an increase but below the 27% inflation rate during the 2003 to 2013 period.

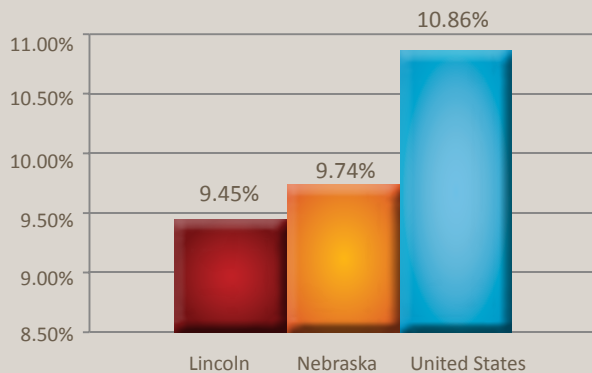
### Growth in Median Sale Price, Existing Single - Family Home

- Sale price growth in Lincoln and Nebraska overall lagged national price increases over the last decade.
- From 2003 to 2013, cumulative sale price growth for existing single-family homes was 10.51% in Lincoln, 8.92% in Nebraska overall and 15.40% nationwide.
- From a positive perspective, sale price growth in Lincoln was able to stay within 5% of growth nationally, but with less severe price swings than were seen in many parts of the country.

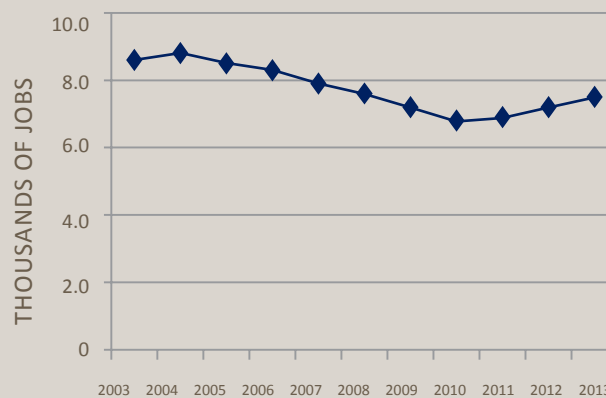
### Median Sale Price/Sq. Ft., Single - Family Home <sup>22</sup>

- The median sale price per square foot rose by 5.11% in the Lincoln Metropolitan Area between 2012 and 2013.
- Growth in sale price per square foot was similar to growth in sale price.
- The median sale price per square foot for existing homes rose by 9.45% in the Lincoln Metropolitan Area from 2003 to 2013.

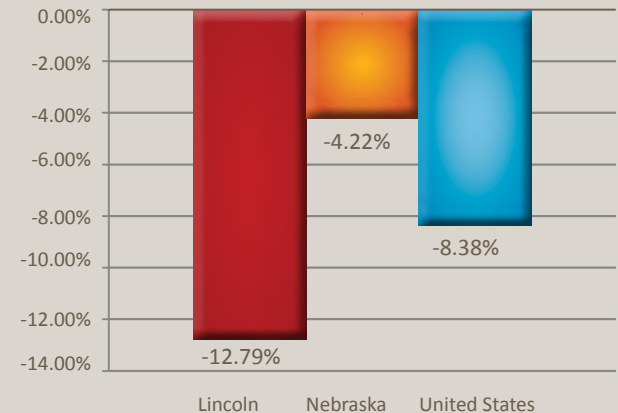
**FIGURE 44:**  
**GROWTH IN MEDIAN SALE PRICE/ SQ. FT.,**  
**SINGLE-FAMILY HOME**  
 LINCOLN MSA vs NEBRASKA vs U.S.A.  
 (2003-2013)



**FIGURE 45:**  
**MINING, LOGGING & CONSTRUCTION**  
**EMPLOYMENT**  
 LINCOLN METROPOLITAN AREA (2003-2013)



**FIGURE 46:**  
**GROWTH IN MINING, LOGGING**  
**& CONSTRUCTION EMPLOYMENT**  
 LINCOLN MSA vs NEBRASKA vs U.S.A. (2003-2013)



## Growth in Median Sale Price/Sq. Ft., Single - Family Home

- Sales prices per square foot grew at a similar pace in Lincoln, Nebraska overall and the United States. The faster U.S. growth seen back in Figure 42 may have resulted in large part from growth in the square footage of homes sold.
- Median sale price per square foot grew by 9.45% in the Lincoln Metropolitan Area from 2003 to 2013, compared to 9.74% growth in Nebraska overall and 10.86% growth nationwide.

## Mining, Logging & Construction Employment <sup>23</sup>

- Construction employment rose by 4.17% in the Lincoln Metropolitan Area between 2012 and 2013.
- This is consistent with the recent recovery of construction employment.
- The recent recovery follows a consistent decline in construction employment after the peak in Lincoln housing activity in 2004. Lincoln remains far from recovering the construction employment lost during the 2004 to 2010 period.

## Growth in Mining, Logging & Construction Employment

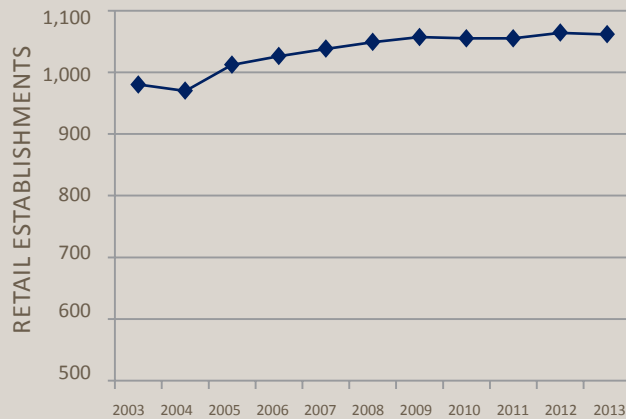
- Over the entire decade, construction employment declined in the Lincoln Metropolitan Area. The decline in construction employment exceeded the national decline.
- The decline was much more modest, however, for the entire state of Nebraska. A strong farm economy supported construction employment in rural and metropolitan Nebraska during the period.
- Specifically, construction employment declined by 12.79% in the Lincoln Metropolitan Area between 2003 and 2013, while declining 4.22% in Nebraska and 8.38% nationwide.

<sup>22</sup> Source: [www.zillow.com](http://www.zillow.com)

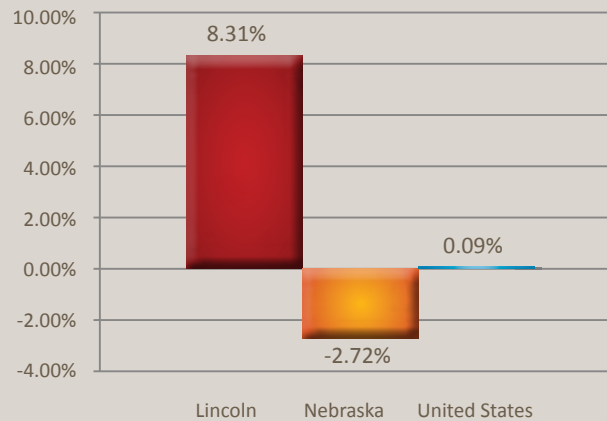
<sup>23</sup> Source: U.S. Bureau of Labor Statistics

# 5 - Retail Sector

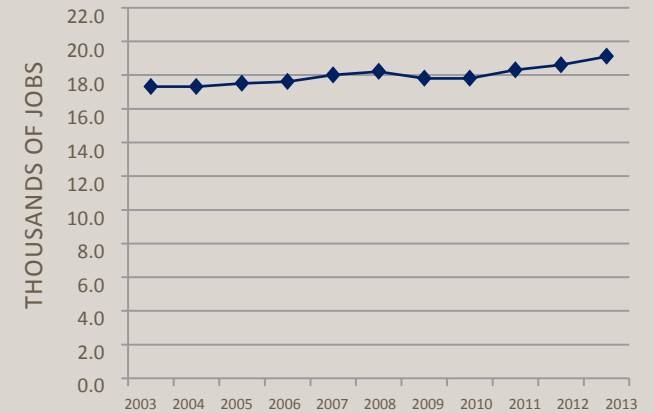
**FIGURE 47:**  
**TOTAL RETAIL ESTABLISHMENTS**  
LINCOLN METROPOLITAN AREA  
(2003-2013)



**FIGURE 48:**  
**GROWTH IN TOTAL RETAIL ESTABLISHMENTS**  
LINCOLN MSA vs NEBRASKA vs U.S.A.  
(2003-2013)



**FIGURE 49:**  
**RETAIL TRADE EMPLOYMENT**  
LINCOLN METROPOLITAN AREA  
(2003-2013)



## Total Retail Establishments <sup>24</sup>

- The number of retail establishments declined by 0.24% in the Lincoln Metropolitan Area between 2012 and 2013.
- Retail establishment counts, however, grew throughout most of the last decade.
- Overall for the decade the number of retail establishments in the Lincoln Metropolitan Area grew by 8.31%.

## Growth in Retail Establishments

- Solid growth in the number of Lincoln retail establishments over the last decade was in contrast to state and national trends.
- The number of retail establishments in the Lincoln Metropolitan Area grew by 8.31% from 2003 to 2013 compared to a decline of 2.72% in Nebraska overall and a 0.09% increase nationwide.

## Retail Trade Employment <sup>25</sup>

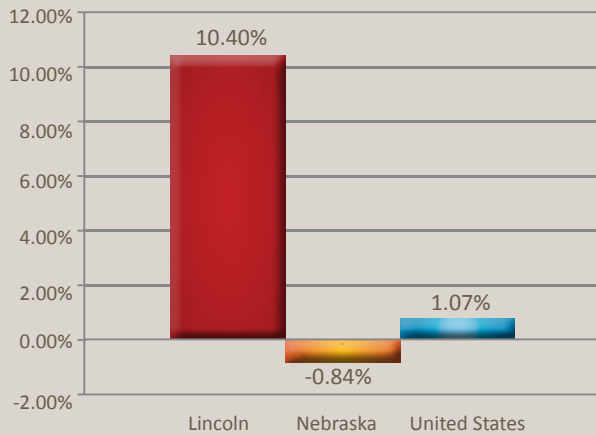
- Retail trade employment has been strong in Lincoln in recent years. Retail trade employment grew by 2.69% in the Lincoln Metropolitan Area between 2012 and 2013.
- This amounted to a growth of 500 jobs in just one year.
- For the decade overall, Lincoln retail trade employment grew by 10.40%, or 1,800 jobs.

<sup>24</sup> Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages

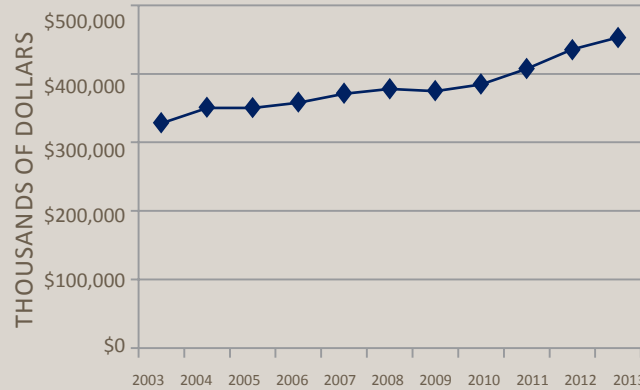
<sup>25</sup> Source: U.S. Bureau of Labor Statistics, Current Employment Survey



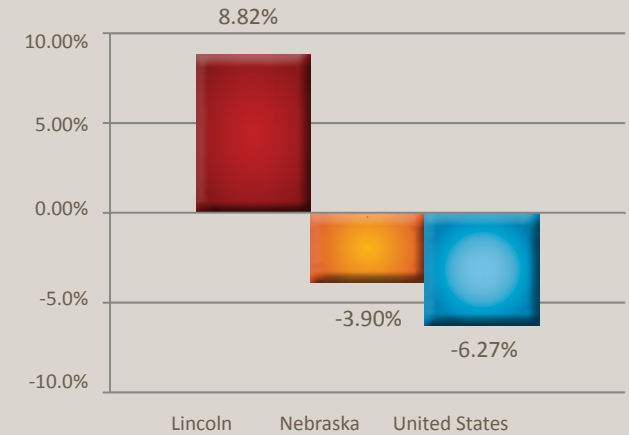
**FIGURE 50:  
GROWTH IN RETAIL TRADE EMPLOYMENT**  
LINCOLN MSA vs NEBRASKA vs U.S.A. (2003-2013)



**FIGURE 51:  
REAL RETAIL ANNUAL PAYROLL**  
LINCOLN METROPOLITAN AREA  
(2003-2013)



**FIGURE 52:  
GROWTH IN REAL RETAIL ANNUAL PAYROLL**  
LINCOLN MSA vs NEBRASKA vs U.S.A. (2003-2013)



## Retail Trade Employment Growth

- Retail trade employment grew solidly in the Lincoln Metropolitan Area from 2003 to 2013.
- Growth in the Lincoln Metropolitan Area is in contrast to state and national trends. Retail trade has contributed little to job growth in many parts of the country
- Lincoln retail trade employment grew by 10.40% from 2003 through 2013, while declining by 0.84% in Nebraska and rising by just 1.07% nationwide.

## Retail Annual Payroll Trends <sup>26</sup>

- Real retail trade payroll (measured in 2013 dollars) grew by 2.54% in the Lincoln Metropolitan Area between 2012 and 2013.
- Looking over the full decade, real retail trade payroll rose in the Lincoln Metropolitan Area by 8.82%.

## Retail Annual Payroll Growth

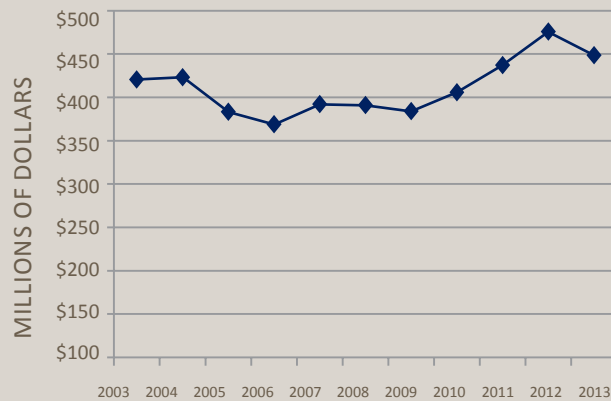
- This increase in real retail trade payroll in Lincoln from 2003 to 2013 is in contrast to state and national trends.
- Real retail trade payroll increased by 8.82% in the Lincoln Metropolitan Area from 2003 to 2013, while declining by 3.90% in Nebraska overall and by 6.27% nationwide.

<sup>26</sup>

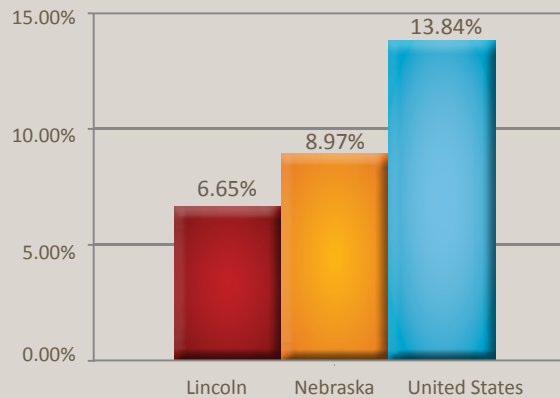
Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages

## 6 - Automobile & Air Travel

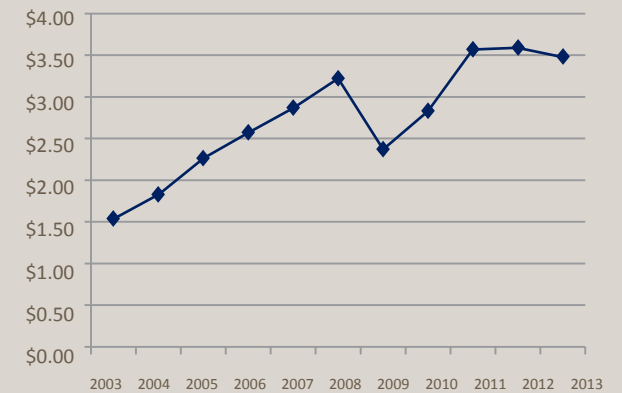
**FIGURE 53:  
MOTOR VEHICLE TAXABLE SALES**  
LINCOLN METROPOLITAN AREA  
(2003-2013)



**FIGURE 54:  
GROWTH IN MOTOR VEHICLE TAXABLE SALES**  
LINCOLN MSA vs NEBRASKA vs U.S.A.  
(2003-2013)



**FIGURE 55:  
UNLEADED GAS PRICE/GALLON**  
LINCOLN METROPOLITAN AREA  
(2003-2013)



### Motor Vehicle Taxable Sales <sup>27</sup>

- After a rapid increase from 2009 through 2012, motor vehicle taxable sales declined 5.71% in the Lincoln Metropolitan Area between 2012 and 2013.
- This decline should be seen as moderation after hitting peak sales in 2012.

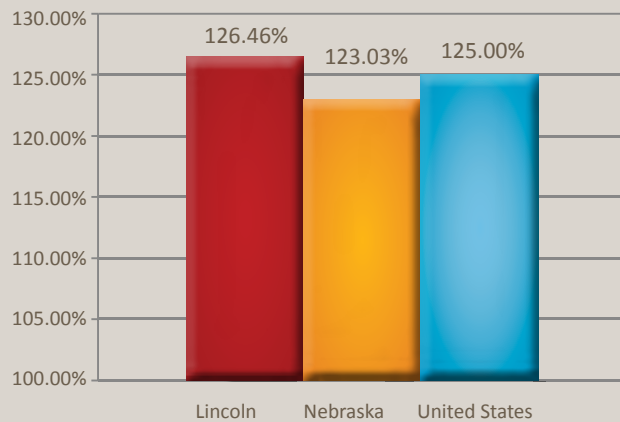
### Growth in Motor Vehicle Taxable Sales

- Overall, motor vehicle taxable sales grew in nominal terms in Lincoln, Nebraska and the United States over the last decade. Growth was below the inflation rate of 27%, however.
- Specifically, motor vehicle taxable sales rose by 6.65% in the Lincoln Metropolitan Area from 2003 to 2013 compared to 8.97% in Nebraska and 13.84% nationwide.

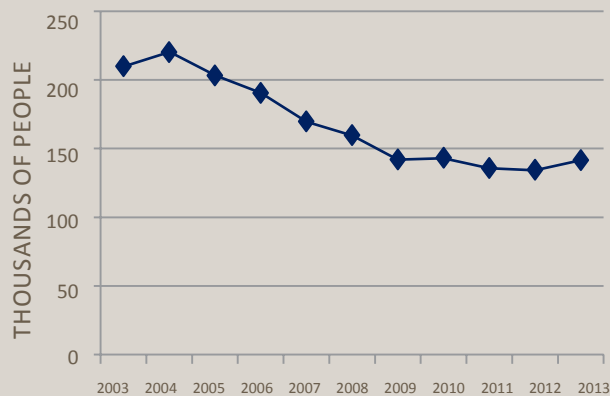
### Gasoline Price Per Gallon (Regular Unleaded) <sup>28</sup>

- The price of a gallon of regular (unleaded) gasoline decreased by 3.06% in Lincoln between 2012 and 2013.
- As seen in Figure 55, gasoline prices followed the cyclical pattern in the economy. Prices fell during the 2008/2009 recession, and then rose when the economy recovered. Prices have now settled in around the \$3.50 a gallon.

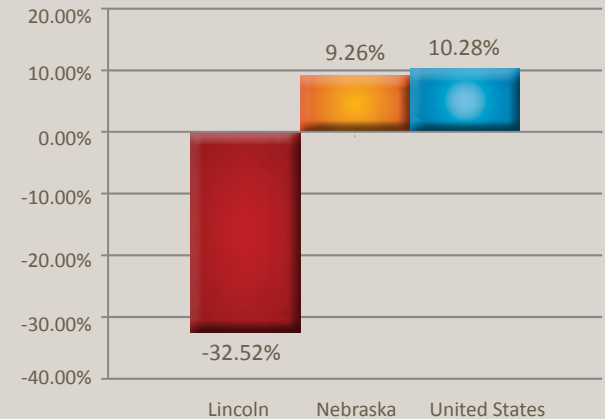
**FIGURE 56:  
GROWTH IN UNLEADED GAS  
PRICE/GALLON**  
LINCOLN MSA vs NEBRASKA vs U.S.A. (2003-2013)



**FIGURE 57:  
ENPLANEMENTS & DEPLANEMENTS**  
LINCOLN METROPOLITAN AREA  
(2003-2013)



**FIGURE 58:  
GROWTH IN ENPLANEMENTS**  
LINCOLN MSA vs NEBRASKA vs U.S.A.  
(2003-2013)



## Growth in Gasoline Price Per Gallon

- Price increases in Lincoln were very similar to price increases in Nebraska and the nation.
- The price of a gallon of regular unleaded gasoline rose by 126.46% in Lincoln between 2003 and 2013, by 123.03% in Nebraska and by 125.00% in the nation.

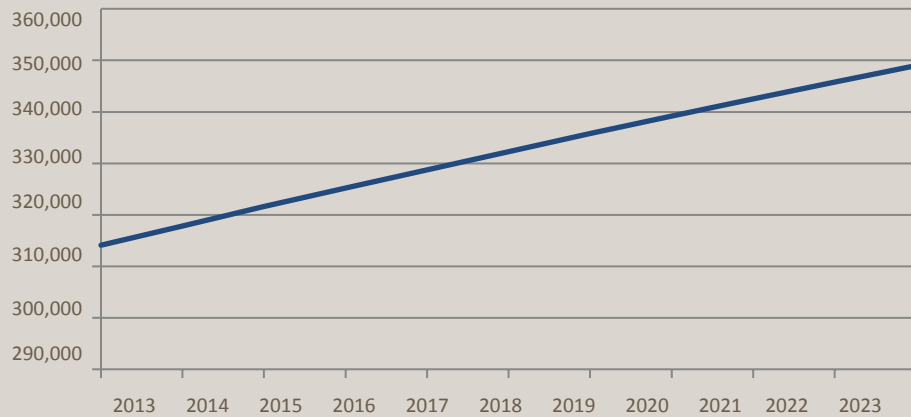
## Enplanements & Deplanements <sup>29</sup>

- The number of enplanements in Lincoln rose by 5.38% between 2012 and 2013.
- Enplanements and deplanements declined sharply in Lincoln from 2004 through 2009, as seen in Figure 57. The passenger counts have been fairly stable since 2009.

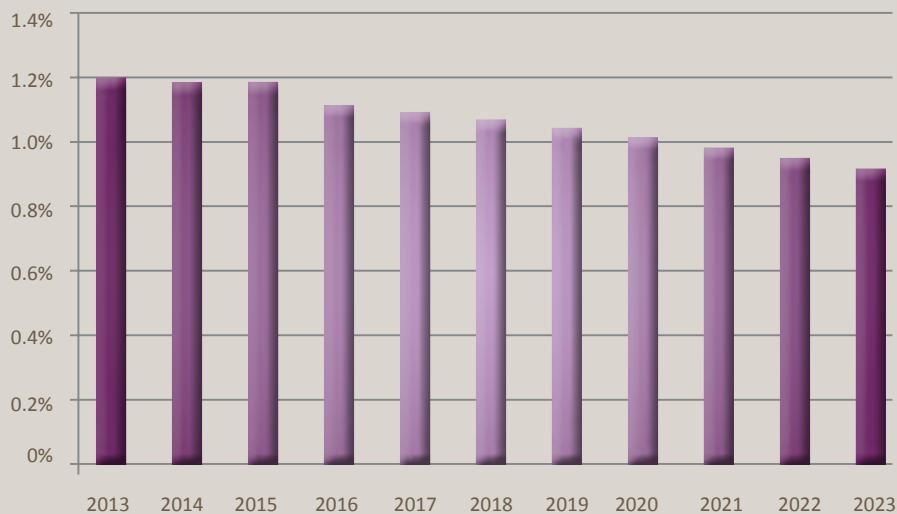
## Growth in Enplanements & Deplanements

- Over the last decade there was a significant drop in enplanements in Lincoln. Enplanements, however, rose in Nebraska overall and nationally.
- Enplanements declined by 32.52% in Lincoln from 2003 to 2013, while rising by 9.26% in Nebraska and rising by 10.28% in the nation.

**FIGURE A.1.1:**  
**LINCOLN MSA TOTAL POPULATION**  
(2013-2023)



**FIGURE A.1.2:**  
**LINCOLN MSA ANNUAL POPULATION GROWTH**  
(2013-2023)



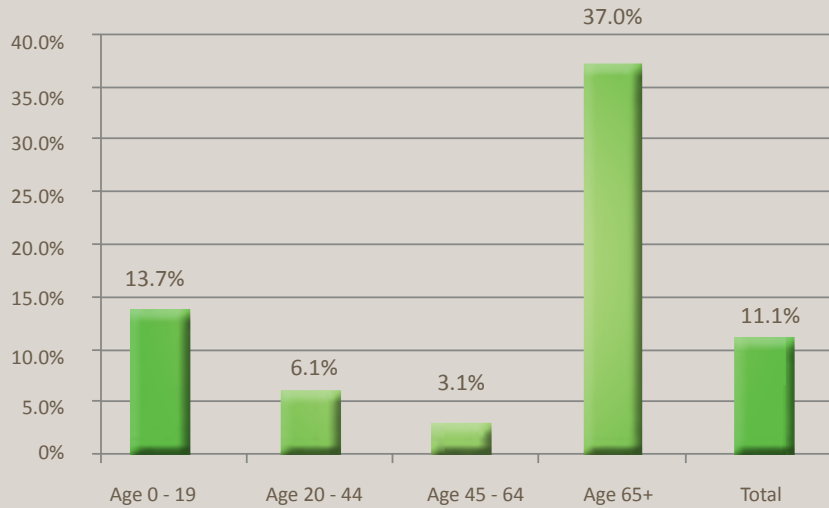
## Appendix 1: Population Outlook

Consistent and above average population growth has been a pillar of strength for the Lincoln Metropolitan Area economy for decades. This population growth has been sustained both by net migration into the Lincoln area, which occurs when in-migrants exceed out-migrants, and by natural population growth, which occurs when the number of births exceeds the number of deaths.

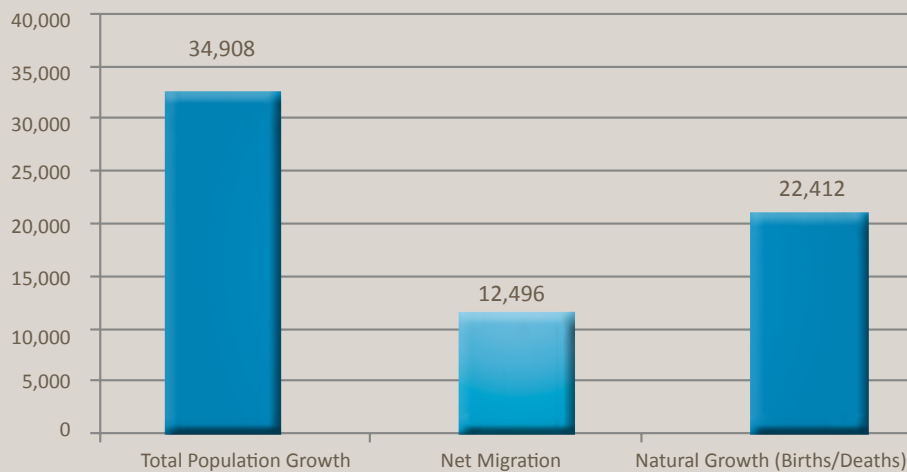
This appendix contains a forecast for population growth for the Lincoln Metropolitan Area (Lancaster and Seward Counties) developed by the UNL Bureau of Business Research. The forecast includes population projections for the Lincoln Metropolitan Area for each year from 2013 to 2023 in 18 age groups (0-4, 5-9, 10-14, etc) for both males and females. Figure A.1.1 shows the cumulative demographic trend for the 2013 to 2023 period. The Lincoln Metropolitan Area population is forecast to grow 11.1% from 314,000 in 2013 to 349,000 in 2023. This will result from steady growth averaging approximately 3,500 persons per year.

Figure A.1.2 shows the forecast annual population growth rate for the Lincoln Metropolitan Area. Acceleration or deceleration in the growth rate is more evident in this Figure than in Figure A.1.1. Population growth decelerates steadily throughout the forecast period. This deceleration results from the continual aging of the baby boom generation. By late in the forecast period, most baby-boomers will have reached age 65 and some will have reached age 75. With a larger share of the population in these older age groups, the birth rate will fall modestly and the death rate will rise modestly. The resulting decline in natural population growth will cause the total population growth rate to fall as well.

**FIGURE A.1.3:  
LINCOLN MSA POPULATION GROWTH BY AGE  
(2013-2023)**



**FIGURE A.1.4:  
SOURCES OF POPULATION GROWTH IN THE LINCOLN MSA  
(2013-2023)**

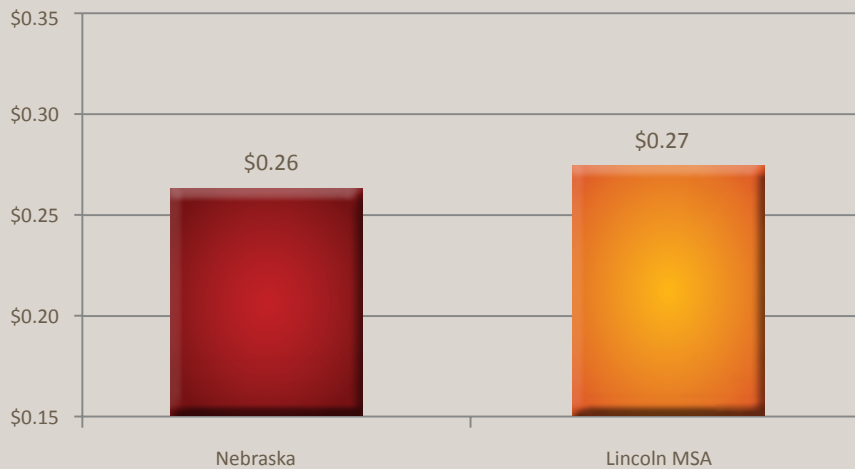


The aging of the population is also seen in Figure A.1.3, which shows cumulative 2013 to 2023 population growth forecast for 4 specific age groups. The 65+ age group is by far the fastest growing age group while the prime working age population cohorts (20-44 and 45-64) will grow at the slowest rates.

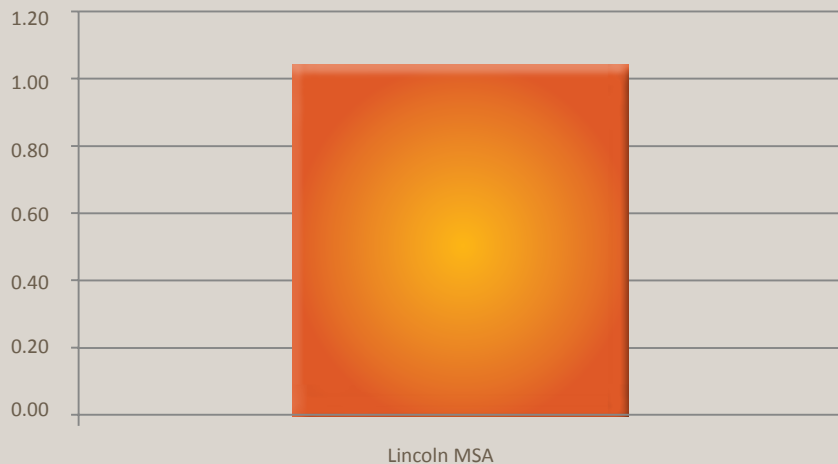
Figure A.1.4 shows the contribution of natural population growth and net migration to total population growth over the next decade. Lincoln will be successful at attracting migrants over the next decade but natural population growth will account for approximately three-fifths of all population growth.

Overall, the outlook in the Lincoln Metropolitan Area is for steady population growth over the next decade. Lincoln will continue to attract both domestic and international migrants, on net. The population will age but that will occur primarily due to long-term, national demographic trends, like the aging of the baby-boom generation, rather than issues specific to Lincoln. Population growth can continue to underpin future economic growth in the Lincoln Metropolitan Area.

**FIGURE A.2.1:**  
**AVERAGE NET TAXABLE SALES PER DOLLAR**  
**OF INCOME**  
 (2010-2013)



**FIGURE A.2.2:**  
**NET TAXABLE SALES PULL FACTOR FOR LINCOLN**  
**METROPOLITAN AREA**  
 (2010-2013)



## Appendix 2: Taxable Sales Capture

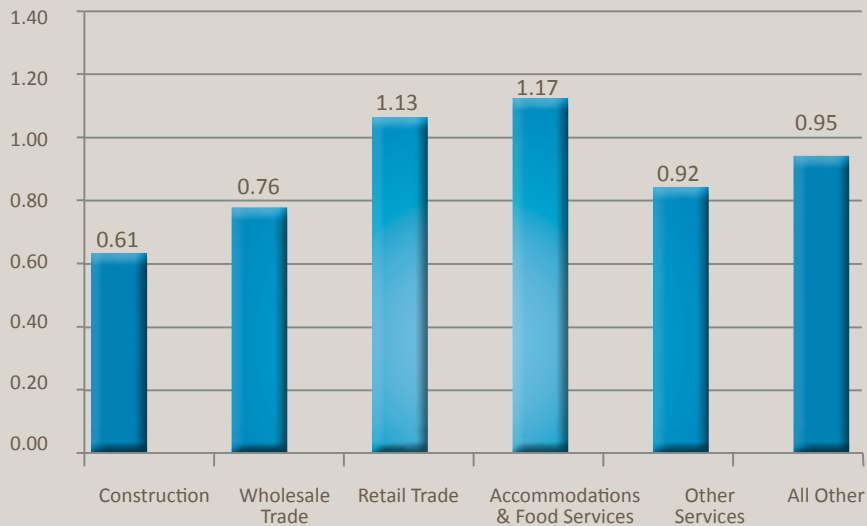
Figure A.2.1 shows the taxable sales per dollar of personal income in the Lincoln Metropolitan Area and Nebraska statewide over the last 4 years. Net taxable sales include all goods and services (excluding motor vehicles) that are subject to Nebraska sales tax. Net taxable sales include most retail sales, though it does not include grocery sales. Many types of services are subject to sales tax in Nebraska including restaurant purchases, entertainment, and personal services. The average value of taxable sales per dollar of personal income is presented for the entire 2010 to 2013 in order to average out the year-to-year idiosyncrasies that can either inflate or suppress taxable sales in any one year. The Lincoln Metropolitan Area had an average of \$0.27 in taxable sales per dollar of income during the 2010 to 2013 period but the state as a whole had just \$0.26 in taxable sales per dollar of income.

There are two ways to interpret the results in Figure A.2.1. The first is that the results suggest that residents of the Lincoln Metropolitan Area spend more of their income on goods and service subject to sales tax than the average resident of Nebraska. The second is that the Lincoln Metropolitan Area attracts more shoppers from outside of the region than it loses to Omaha or other surrounding areas. While both explanations could contribute to the finding in Figure A.2.1, it is reasonable to conclude that Lincoln is at least capturing its expected share of taxable sales and is on net to attract outside spending.

The ability of an area’s economy to capture the spending of its own residents and even attract outside spending can be captured by the concept of a “pull factor.” A pull factor shows how much taxable sales occurs in a region compared to the expected level of sales, given personal income. The expectations are based on state averages. Specifically, expected sales are typically calculated by taking sales per dollar of income in a reference region (Nebraska) and multiplying it by the total personal income of the study region (the Lincoln Metropolitan Area). The pull factor is calculated by dividing the actual sales in the Lincoln Metropolitan Area by expected sales.

As a result, a pull factor value of over 1.0 indicates that the study region is capturing more than its share of taxable sales. A pull factor equal to 1.0 indicates that the region is capturing its share of taxable sales. A pull factor of less than 1.0 suggests that the region is losing more of its own shoppers to other regions than its attracting from other regions. Figure A.2.2 shows the taxable sales pull factor for the Lincoln Metropolitan Area for the 2010 to 2013 period. The pull factor is 1.04 indicating that the Lincoln Metropolitan Area has 4% more net taxable sales than would be expected given the income of the metropolitan area.

**FIGURE A.2.3:**  
**NET TAXABLE SALES PULL FACTOR BY INDUSTRY**  
**LINCOLN METROPOLITAN AREA (2010-2013)**



What accounts for Lincoln’s success? Figure A.2.3 shows pull factor estimates for a set of key industries in the Lincoln Metropolitan Area for 2010 through 2013. These categories are construction services, wholesale trade, retail trade, accommodations and food services, and other services. The last category, other services, includes a number of repair services which are at least partially subject to sales tax. Sales data also are not available for specific industries, such as specific types of retail businesses.

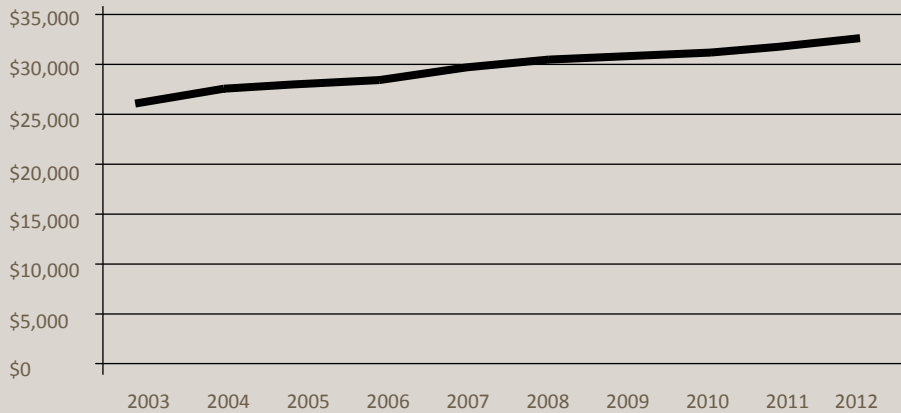
As before, these pull factors are calculated by dividing the actual taxable sales in each industry in the Lincoln Metropolitan Area by the expected sales given personal income in Lincoln. Expectations are again based on state averages. Results show a pull factor for construction services of just 0.61. Note that taxes on construction services are primarily levied on repairs rather than new construction. While the pull factor for wholesale trade is also well below 1.0, the pull factor for retail trade is above it. During the four-year period, the Lincoln Metropolitan Area attracted 13% more net taxable retail sales than would be expected given personal income in Lincoln.

The Lincoln Metropolitan Area pull factor for accommodations and food services, at 1.17, also was well above 1.0 from 2010 to 2013. These results suggest that the Lincoln Metropolitan Area retail and dining businesses are attracting many more patrons from outside of the area, than Lincoln is losing to competing communities such as Omaha. Results also indicate that Lincoln has a strong lodging sector.

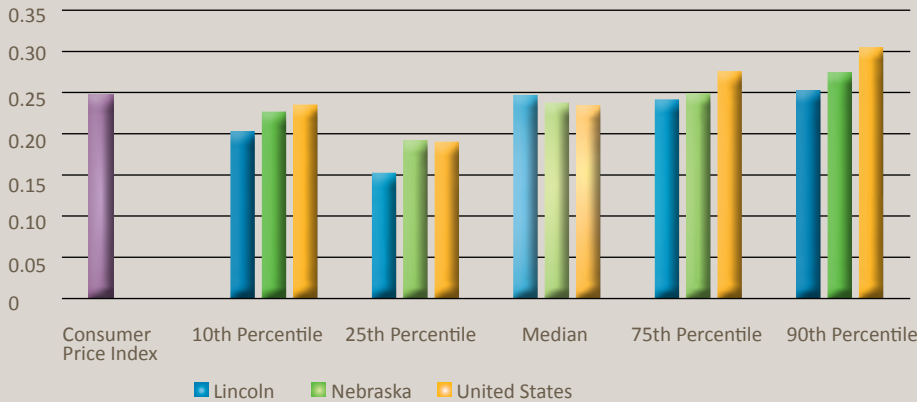
Pull factors for the other services industry is below 1.0. The “all other” category reflects the pull factor for remaining industries with taxable sales such as agriculture, manufacturing, transportation, or professional, scientific and technical services. The estimated pull factor is also below 1.0.

Overall, the analysis indicates that taxable sales as a share of income was modestly higher in the Lincoln Metropolitan Area than Nebraska as a whole over the last 4 years. This is reflected in an aggregate pull factor of 1.04 for net taxable sales in Lincoln. In other words, the Lincoln Metropolitan Area was able to attract 4% more taxable sales than would be expected given its income. Retail trade, food services, and accommodations appeared to be the areas of strength where Lincoln was pulling in more patrons from outside of the region than it was losing to competing regions such as Omaha.

**FIGURE A.3.1:**  
**MEDIAN INCOME IN LINCOLN**  
(2003 - 2012)



**FIGURE A.3.2:**  
**WAGE DISTRIBUTION**  
(2003 - 2013)



## APPENDIX 3: Wage Distribution and Median Income

The Lincoln, Nebraska economy is fully involved in the challenging long-term economic trends facing the United States economy. Key among these trends is the erosion of the middle class. Figure A.3.1 shows the trend in nominal median wages in the Lincoln Metropolitan Area from 2003 to 2012. The data stops with 2012 since 2013 data are not yet available at the local level. Median wages have risen in nominal terms but inflation also has been present during the period. Figure 3 compares the cumulative increase in the wage of median (50th percentile) worker with the increase for workers in other parts of the wage distribution for the Lincoln Metropolitan Area, including the 10th, 25th, 75th and 90th percentile worker.

Figure A.3.2 shows wage growth across the wage distribution for the 2003 to 2012 period. Figure A.3.2 also includes the growth in the Consumer Price Index (CPI) from 1993 to 2012. Prices grew by a cumulative 24% over the period, which means that worker income would need to grow by 24% in order to keep up with the price increases. In the Lincoln Metropolitan Area, hourly wages grew by approximately 24% for workers at the 50th percentile, as well as the upper middle class workers at the 75th percentile and high income workers at the 90th percentile. Wages kept pace with inflation for these workers over the recent decade. However, hourly wages grew by 20% for 10th percentile workers and just 15% for 25th percentile workers. In other words, there were significant real wage declines for lower middle class workers and modest decline for low income workers at the 10th percentile.

A similar pattern is evident for wage growth in Nebraska overall and in the United States. Lower middle class workers at and around the 25th percentile experienced a drop in real hourly wages. Nationally, upper middle class workers at the 75th percentile and high income workers at the 90th percentile clearly outperformed the rest of the wage distribution. This had not been true in Lincoln. As is also evident in Figure A.3.2, overall hourly wage growth in Lincoln lagged wage growth in Nebraska overall and nationwide.