Overview

• State Indicators
• Tri-City Area
• Tri-City Area – Employment
• Tri-City Area – Housing
Real GDP: Nebraska vs. U.S.

Note: Ten-Year Index of Growth; Q1 2006 = 100
Source: Bureau of Economic Analysis
Real GDP: Nebraska vs. 7-State Plains Region

Note: Ten-Year Index of Growth; Q1 2006 = 100
Source: Bureau of Economic Analysis
Contribution to Nebraska Real GDP Growth by Industry

Note: Contribution to Nebraska real GDP growth calculation: \(100 \times \frac{\text{Real GDP}_{t} - \text{Real GDP}_{t-1}}{\sum_{i} \text{Real GDP}_{i,t-1}}\). Percentage of total real GDP by industry is in parentheses.

Source: Bureau of Economic Analysis
Leading Economic Indicator – Nebraska

Source: Bureau of Business Research, University of Nebraska-Lincoln
Real GDP with Leading Economic Indicator

Note: Q1 2006 = 100
Source: Bureau of Economic Analysis
Overview

• State Indicators
• Tri-City Area
• Tri-City Area – Employment
• Tri-City Area – Housing
Tri-City Area Population Growth

State Indicators • Tri-City Area • General Indicators • Employment • Housing • Summary

Note: Figure was created by Paul Burger, Geography Department, University of Nebraska at Kearney
Source: U.S. Census Bureau

60% of Nebraskans live in Lincoln-Omaha Area
10% of Nebraskans live in Tri-City Area
**Tri-City Area Economy**

**Taxable Sales Growth**

<table>
<thead>
<tr>
<th>Industry</th>
<th>2014-15 Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>92 Public Administration</td>
<td>25%</td>
</tr>
<tr>
<td>53 Real Estate &amp; Rental &amp; Leasing</td>
<td>22%</td>
</tr>
<tr>
<td>51 Information</td>
<td>10%</td>
</tr>
<tr>
<td>71 Arts, Entertainment &amp; Recreation</td>
<td>8%</td>
</tr>
<tr>
<td>72 Accommodation &amp; Food Services</td>
<td>6%</td>
</tr>
<tr>
<td>62 Health Care &amp; Social Assistance</td>
<td>4%</td>
</tr>
<tr>
<td>54 Professional, Scientific &amp; Technical Services</td>
<td>3%</td>
</tr>
<tr>
<td>56 Administrative, Support, Waste Management &amp; Remediation Services</td>
<td>1%</td>
</tr>
<tr>
<td>61 Educational Services</td>
<td>-1%</td>
</tr>
<tr>
<td>22 Utilities</td>
<td>-1%</td>
</tr>
<tr>
<td>81 Other Services</td>
<td>-5%</td>
</tr>
<tr>
<td>52 Finance &amp; Insurance</td>
<td>-7%</td>
</tr>
<tr>
<td>11 Agriculture, Forestry, Fishing &amp; Hunting</td>
<td>-12%</td>
</tr>
<tr>
<td>42 Wholesale Trade</td>
<td>-13%</td>
</tr>
<tr>
<td>48-49 Transportation &amp; Warehousing</td>
<td>-14%</td>
</tr>
<tr>
<td>23 Construction</td>
<td>-15%</td>
</tr>
<tr>
<td>31-33 Manufacturing</td>
<td>-17%</td>
</tr>
</tbody>
</table>

Source: Nebraska Department of Revenue [http://www.revenue.nebraska.gov/research/salestax_data.html](http://www.revenue.nebraska.gov/research/salestax_data.html)
Tri-City Area Economy

Average Satisfaction with Job and Income

Note: Recent satisfaction with current job and income has become weaker in the Tri-City Area compared to remaining counties.

Source: Nebraska Rural Poll – reported satisfaction with job and current income: Tri-City Area 8,063 and 10,529 respondents and 76 remaining counties 29,940 and 40,294 respondents. Responses to a 5 point scale very dissatisfied to very satisfied.
Challenges & Opportunities

• Challenges
  • Softening taxable sales in the Nebraska and Tri-City Area
    • Led by manufacturing, construction, and transportation and warehousing
  • Softening is manifested in both satisfaction with resident job and income

• Opportunities
  • Tri-City Area appears to be robust to population declines in the surrounding rural area
  • Growth in accommodation and food services, information and real estate industries
Overview

- State Indicators
- Tri-City Area
- Tri-City Area – Employment
- Tri-City Area – Housing
Distribution of Employment by Industry, 2015

- Manufacturing (↓↓↓)
- Health Care and Social Assistance (↑↑)
- Retail Trade (↓↓↓)
- Accommodation and Food Services (↑)
- Educational Services (↓↓)
- Construction (↑)
- Wholesale Trade (↑)
- Transportation, Warehousing, and Utilities (↑↑)
- Public Administration (↓↓)
- Administrative and Waste Services (↑)
- Other Services, Ex. Public Admin (↓)
- Finance and Insurance (↓↓)
- Professional and Technical Services (↑)
- Natural Resources and Mining (↑↑)
- Management of Companies and Enterprises (↑↑)
- Arts, Entertainment, and Recreation (↑)
- Information (↓)
- Real Estate and Rental and Leasing (↑)

Change in the Share of Employment in Tri-City Area, 2005-2015

- ↑↑ Gain > 0.5%
- ↑ 0% < Gain < 0.5%
- ↓↓↓ Loss < -1%
- ↓↓ -1% < Loss < -0.5%
- ↓ -0.5% < Loss < 0%

Source: Nebraska Department of Labor
Employment: Ten-Year Index of Growth

Note: 2005=100
Source: Nebraska Department of Labor
Employment Growth for Top 10 Industries by Time Period

<table>
<thead>
<tr>
<th>Top 10 Industries by Employment</th>
<th>Tri-City Area</th>
<th>Nebraska</th>
<th>Tri-City Area</th>
<th>Nebraska</th>
<th>Tri-City Area</th>
<th>Nebraska</th>
<th>Tri-City Area</th>
<th>Nebraska</th>
<th>Tri-City Area</th>
<th>Nebraska</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>0.72%</td>
<td>0.00%</td>
<td>-2.11%</td>
<td>-1.06%</td>
<td>1.17%</td>
<td>0.38%</td>
<td>0.11%</td>
<td>0.25%</td>
<td>-0.18%</td>
<td>-0.46%</td>
</tr>
<tr>
<td>Health Care and Social Assistance</td>
<td>0.69%</td>
<td>1.03%</td>
<td>0.04%</td>
<td>0.36%</td>
<td>1.03%</td>
<td>0.38%</td>
<td>0.05%</td>
<td>0.99%</td>
<td>1.83%</td>
<td>2.80%</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>0.69%</td>
<td>0.16%</td>
<td>0.04%</td>
<td>-0.16%</td>
<td>0.12%</td>
<td>0.09%</td>
<td>-0.04%</td>
<td>0.10%</td>
<td>0.82%</td>
<td>0.19%</td>
</tr>
<tr>
<td>Construction</td>
<td>0.66%</td>
<td>0.31%</td>
<td>-0.31%</td>
<td>-0.81%</td>
<td>-0.07%</td>
<td>0.06%</td>
<td>0.55%</td>
<td>0.73%</td>
<td>0.86%</td>
<td>0.28%</td>
</tr>
<tr>
<td>Trans., Warehousing, and Utilities</td>
<td>0.59%</td>
<td>0.26%</td>
<td>-0.14%</td>
<td>-0.38%</td>
<td>0.68%</td>
<td>0.08%</td>
<td>-0.21%</td>
<td>0.08%</td>
<td>0.93%</td>
<td>0.02%</td>
</tr>
<tr>
<td>Educational Services</td>
<td>0.47%</td>
<td>0.42%</td>
<td>0.23%</td>
<td>0.33%</td>
<td>-2.18%</td>
<td>-0.03%</td>
<td>1.45%</td>
<td>0.16%</td>
<td>0.04%</td>
<td>0.89%</td>
</tr>
<tr>
<td>Administrative and Waste Services</td>
<td>0.31%</td>
<td>0.04%</td>
<td>-0.45%</td>
<td>-0.47%</td>
<td>0.76%</td>
<td>0.40%</td>
<td>-0.15%</td>
<td>0.57%</td>
<td>0.46%</td>
<td>0.54%</td>
</tr>
<tr>
<td>Accommodation and Food Services</td>
<td>0.22%</td>
<td>0.21%</td>
<td>-0.01%</td>
<td>-0.15%</td>
<td>0.46%</td>
<td>0.31%</td>
<td>0.05%</td>
<td>0.32%</td>
<td>0.74%</td>
<td>0.69%</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>0.13%</td>
<td>0.07%</td>
<td>-0.69%</td>
<td>-0.36%</td>
<td>0.17%</td>
<td>0.13%</td>
<td>0.22%</td>
<td>0.47%</td>
<td>-0.19%</td>
<td>0.31%</td>
</tr>
<tr>
<td>Public Administration</td>
<td>-0.29%</td>
<td>-0.21%</td>
<td>0.09%</td>
<td>0.15%</td>
<td>-0.18%</td>
<td>-0.14%</td>
<td>0.15%</td>
<td>0.08%</td>
<td>-0.22%</td>
<td>-0.11%</td>
</tr>
<tr>
<td><strong>Total, All Industries</strong></td>
<td><strong>4.87%</strong></td>
<td><strong>3.38%</strong></td>
<td><strong>-2.91%</strong></td>
<td><strong>-2.81%</strong></td>
<td><strong>4.27%</strong></td>
<td><strong>2.61%</strong></td>
<td><strong>1.09%</strong></td>
<td><strong>4.21%</strong></td>
<td><strong>7.33%</strong></td>
<td><strong>7.44%</strong></td>
</tr>
</tbody>
</table>

Source: Nebraska Department of Labor
### Industries by Rates of Hires and Job Openings, 2015

#### High Openings, Low Hires

<table>
<thead>
<tr>
<th>Industry Type</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation and Warehousing</td>
<td>2</td>
</tr>
<tr>
<td>Health Care and Social Assistance</td>
<td>4</td>
</tr>
<tr>
<td>Information</td>
<td>5</td>
</tr>
<tr>
<td>Public Administration</td>
<td>8</td>
</tr>
<tr>
<td>Finance and Insurance</td>
<td>9</td>
</tr>
<tr>
<td>Utilities</td>
<td>12</td>
</tr>
<tr>
<td>Professional, Scientific, and Technical Services</td>
<td>6</td>
</tr>
<tr>
<td>Management of Companies and Enterprises</td>
<td>6</td>
</tr>
<tr>
<td>Other Services (except Public Administration)</td>
<td>7</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>9</td>
</tr>
<tr>
<td>Educational Services</td>
<td>13</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>15</td>
</tr>
<tr>
<td>Mining</td>
<td>16</td>
</tr>
</tbody>
</table>

#### High Openings, High Hires

<table>
<thead>
<tr>
<th>Industry Type</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative, Support, &amp; Waste Management</td>
<td>1</td>
</tr>
<tr>
<td>Accommodation and Food Services</td>
<td>5</td>
</tr>
<tr>
<td>Arts, Entertainment, and Recreation</td>
<td>7</td>
</tr>
<tr>
<td>Construction</td>
<td>10</td>
</tr>
<tr>
<td>Agriculture, Forestry, Fishing and Hunting</td>
<td>14</td>
</tr>
</tbody>
</table>

#### Low Openings, Low Hires

<table>
<thead>
<tr>
<th>Industry Type</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Hire &amp; Openings Rate</td>
<td></td>
</tr>
<tr>
<td>Retail Trade</td>
<td>3</td>
</tr>
<tr>
<td>Real Estate and Rental and Leasing</td>
<td>11</td>
</tr>
</tbody>
</table>

#### Low Openings, High Hires

Note: Combined rank of job openings rate and turnover rate are in parentheses.

Source: Nebraska Department of Labor; Longitudinal Employer-Household Dynamics (LEHD) Program Quarterly Workforce Indicators (QWI)
Real Hourly Wage

Source: Bureau of Labor Statistics
## Industries by Rates of Hires and Job Openings, 2015

<table>
<thead>
<tr>
<th>High Openings, Low Hires</th>
<th>High Openings, High Hires</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Transportation and Warehousing (2)</strong></td>
<td>20.69</td>
</tr>
<tr>
<td><strong>Health Care and Social Assistance (4)</strong></td>
<td>20.12</td>
</tr>
<tr>
<td><strong>Information (5)</strong></td>
<td>18.37</td>
</tr>
<tr>
<td><strong>Public Administration (8)</strong></td>
<td>20.13</td>
</tr>
<tr>
<td><strong>Finance and Insurance (9)</strong></td>
<td>23.35</td>
</tr>
<tr>
<td><strong>Utilities (12)</strong></td>
<td>42.90</td>
</tr>
<tr>
<td><strong>Manufacturing (9)</strong></td>
<td>20.90</td>
</tr>
<tr>
<td><strong>Wholesale Trade (15)</strong></td>
<td>23.93</td>
</tr>
<tr>
<td><strong>Mining (16)</strong></td>
<td>19.11</td>
</tr>
</tbody>
</table>

### Low Openings, Low Hires

### Low Openings, High Hires

### Average Hire & Openings Rate

- **Retail Trade (3)**: 11.61, 95% (F), 7% (F)
- **Real Estate and Rental and Leasing (11)**: 16.27, 87% (F), 15% (F)
- **All Industries**: 17.78, 86% (F), 4% (S)

### Note:

Combined rank of job openings rate and turnover rate are in parentheses. S indicates that wage growth from 2010-15 has been slower in the Tri-Cities than in Nebraska. F indicates that wage growth from 2010-15 has been faster in the Tri-City Area than in Nebraska.

**Source:** Nebraska Department of Labor; Longitudinal Employer-Household Dynamics (LEHD) Program Quarterly Workforce Indicators (QWI)
Challenges & Opportunities

- Raise wages to attract new labor resources and to retain the talent in the area
  - National surveys indicate that 92% of executives believe there is a serious skills gap, and nearly 50% are struggling to fill jobs
- Develop a new strategy to manage the talent pipeline
  - Requires collaboration among educators and businesses/organizations
Challenge for Educators

- Responsibility to better equip young people for careers has fallen, by default, to higher education. **Educators need to embrace the challenge rather than resist it.**

- What business executives are say (The Economist Intelligence Unit Survey):
  - “The design of the curriculum has not changed for a long time and doesn’t reflect the types of jobs employees do in the workplace.”
  - “Colleges and universities think they’re adequately preparing students for the workforce. You couldn’t have a more stark difference of opinion from industry. They’re not getting anywhere close to what they need.”
  - “Higher education does follow what goes on in the economy, but the problem is it’s much too slow.”

- Supported by data (Gallup, Federal Reserve):
  - Only 11% of business leaders perceive college graduates to be ready for work, whereas 96% of chief academic officers in colleges nationwide believe students are adequately prepared to start their careers.
  - Students perceive this disconnect – only 35% feel prepared to enter the workforce, and nationwide, only 42% of young workers have a job that is closely related to their field of study.
Challenge for Businesses & Organizations

• Sophisticated at managing high-performing and adaptive supply chains. Businesses need to take a similar approach to sourcing and developing talent.
  • Businesses are an end-customer in the talent supply chain
  • Take a leadership role in partnering with higher education to organize and manage flexible and responsive talent pipelines
  • Collaborate with educators to develop measures and incentives to reinforce and improve performance across all partners in the talent supply chain

• Case Studies
  • Kansas’ Workforce AID (Aligned with Industry Demand): links educational supply with employer demand through a bidding process
  • Backhaul Direct, a small Indianapolis logistics business: tracked its return on investment for each university from which it hired to improve the recruit-to-hire ratio among the applicant pool
  • Arizona Chamber of Commerce and Industry launched sector-based employer collaboratives
  • See https://www.uschamberfoundation.org/ for more examples
Overview

- State Indicators
- Tri-City Area
- Tri-City Area – Employment
- Tri-City Area – Housing
## Change in Wages and Housing Prices

### Tri-City Area Housing Prices

<table>
<thead>
<tr>
<th>Variable</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>%Change 2010-15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Days on Market</td>
<td>86</td>
<td>96</td>
<td>71</td>
<td>57</td>
<td>58</td>
<td>54</td>
<td>-36.9</td>
</tr>
<tr>
<td>Above Ground Square Foot</td>
<td>1,390</td>
<td>1,441</td>
<td>1,441</td>
<td>1,453</td>
<td>1,436</td>
<td>1,428</td>
<td>2.8</td>
</tr>
<tr>
<td>Real Sale Price</td>
<td>134,450</td>
<td>133,434</td>
<td>137,777</td>
<td>146,053</td>
<td>154,060</td>
<td>158,762</td>
<td>18.1</td>
</tr>
<tr>
<td>Real Price/SF</td>
<td>96</td>
<td>93</td>
<td>97</td>
<td>101</td>
<td>107</td>
<td>112</td>
<td>15.9</td>
</tr>
<tr>
<td>Real Wages</td>
<td>17.05</td>
<td>16.79</td>
<td>16.92</td>
<td>16.88</td>
<td>17.15</td>
<td>17.78</td>
<td>4.3</td>
</tr>
</tbody>
</table>

**Source:** Local Realtors; Nebraska Department of Labor
Index of Housing Prices for the US and Nebraska, 1991-2016

Note: Index of purchase only housing prices for Nebraska and the US from 1991
Source: Federal Housing Finance Agency http://www.fhfa.gov/DataTools/Downloads/Pages/House-Price-Index-Datasets.aspx#qpo
Single Family Housing Permits

Note: Includes only January through May for each year for 2016 YTD comparison
Source: SOCDS Building Permits Database
Note: Housing affordability index for Tri-Cities Area and surrounding MSAs

Source: National Association of Realtors: [http://www.realtor.org/topics/housing-affordability-index](http://www.realtor.org/topics/housing-affordability-index)

Local realtors for local Tri-Cities area data
Change in Affordability Index

- While affordability in the Tri-City Area is low when compared to surrounding areas, it has improved recently.

**Note:** Housing affordability index for Tri-Cities Area and surrounding MSAs

**Source:** National Association of Realtors: [http://www.realtor.org/topics/housing-affordability-index](http://www.realtor.org/topics/housing-affordability-index)

Local realtors for local Tri-Cities area data
Average Real Price per Square Foot by Geography, Year, Size

Source: Local realtors in Grand Island, Hastings and Kearney MLS sales of single family homes
Satisfaction with Housing Affordability & Cost

Reported Satisfaction with Ability to Afford Current Housing 2014 - 2015

Reported Satisfaction with Community Housing Cost 2014 – 2015

Note: Observations for affordability (757 Tri-City Area, 2,180 76 Remaining Counties) Observations for satisfaction (769 Tri-City Area, 2,877 76 remaining counties)

Source: Nebraska Rural Poll
Land-Use Regulation Index & Affordability

Note: Housing affordability appears to be negatively related to the land-use regulation index as measured by the Wharton Urban Institute.

Regulation, Migration & Income Convergence

- Wage gains can be capitalized into housing prices in high housing regulation geographies
- Labor should migrate toward higher wage locations for income convergence
- Future net in-migration may require income gains beyond increasing housing costs

Housing Market Challenges and Opportunities

• Challenges
  • Remains unaffordable when compared to surrounding communities
  • Regulation
  • New home permits are down
  • Price increases are in the smaller housing stock where replacements are less likely

• Opportunities
  • Revamping regulation
  • Changing the perception of higher density housing
  • Lower farm land prices
Housing Market Challenges and Opportunities

- Housing trust funds
  - Vehicle to coordinate state and federal programs to address community needs. Source of long term, low interest loans for housing developments that meet a need-based formula.

- Inclusionary zoning
  - A percentage of housing built for a certain income bracket
  - “fee in lieu” or density bonus, financial assistance, fee reductions, fast-track permitting, relaxed development standards
  - In Boulder the “fee in lieu” resulted in $1.5 million which was deposited in the HTF to subsidize building 80 affordable units each year

- Tax credit investing
  - Developers are given federal/state subsidies toward creating affordable housing units (Low-income housing tax credits, new market tax credits and reinvestment tax credits)

- Reserved land for affordable housing
- Land banking and conservation
- Building code review and simplification

General Economy, Labor and Housing

- General Tri-City Area economy
  - Recent softening of the local economy
  - Manufacturing and agriculture is softening locally

- Labor market
  - Indicators suggest a combination of economic softening and a talent shortage
  - Local wages lag state averages
  - Manufacturing and agriculture more important than at state level
  - Growth in health care

- Housing market
  - Tri-City Area is remarkably low in affordability
  - New housing indicators are declining
  - Price increases are strongest among smaller housing stock
  - High housing regulation could be capitalizing wage increases locally