

How to find economic data for your own backyard

by Scott Watkins, Anderson Economic Group



We all know that Michigan is not doing well economically. We are regularly exposed to the state's unemployment figures, budget issues, and others signs of hardship. However, does any of this information really help the majority of retail businesses in Michigan adjust their strategies and plans?

It shouldn't. The statewide variables cover such a broad area that they really don't capture what is happening at the local level, which is where most retail businesses operate.

The U.S. Department of Labor, Bureau of Labor Statistics (BLS), provides some of the timeliest and telling economic data that small business can use to understand recent economic changes in their own backyard. The "economy at a glance" tables provide monthly labor force data for every metropolitan area in the country.

The data include employment levels, unemployment rates, and employment by industry. They are easily assessable, and free, at www.bls.gov/eag.

Best of all, the data are available for 17 metropolitan areas in Michigan, providing you a much more intimate understanding of what is going on in your own backyard.

Main indicator

So why is labor force information so telling? Throughout the state and the country it seems that consumer credit and housing sales are stabilizing, signaling the end of the recession. However, employment levels remain low, especially in Michigan, and with consumer spending accounting for the majority of economic activity in the country, we are not likely to see a strong recovery until labor markets steady.

Because of this, employment data have become one of the main indicators being watched to signal a return to economic growth. When consumers have certainty about where their next paycheck will come from, and what amount it will be, they are much more likely to spend, and even indulge again.

A quick look at the data for June 2009 can illustrate how varied the economic data can be within different areas of the state. For example, while the state as a whole had a 15.2-percent unemployment rate, the Ann Arbor area had unemployment of only 10.6 percent, while the rate in the Flint area was 17.4 percent.

The data also show that, in the Flint area, the number of unemployed people rose by 17.3 percent from January through June 2009. In Ann Arbor, over the same period, the number of unemployed people rose 46.2 percent.

So, while Ann Arbor appeared to be relatively better off given the unemployment rate, a closer look at the change in unemployment numbers reveals Ann Arbor saw a much steeper decline in the first half of 2009 than did Flint. This might suggest that retailers in Ann

Arbor should prepare for more significant slowdowns in activity in coming months, while those in Flint will probably see similar conditions to what they have been experiencing.

Industry data

Some retailers might also benefit from the employment by industry data available in the “economy at a glance” tables.

Looking back at Ann Arbor and Flint, we see that total employment in each area’s Education and Health Services sector grew significantly between January and June (12.3 percent in Ann Arbor and 7.6 percent in Flint).

As a result, retailers targeting customers who work in these sectors, or who are located near major medical or educational centers, may actually anticipate an increase in business, despite overall slowdowns in the economy.

Scott Watkins is a senior consultant and the director of finance for Anderson Economic Group, LLC. The firm, headquartered in East Lansing, provides economic, policy, and finance consulting services, including retail market analysis, location analysis and site selection, demographic analysis, and business valuations. The website is www.AndersonEconomicGroup.com.