Our Cities as Economic Engines

Dr. Ryan Sougstad (Augustana University)
Dr. Eric John Abrahamson (SD Dashboard)
Thursday, October 8, 2015
Focus on the Economy Session
South Dakota Demography Conference
2013 – Strong Metro Growth in Northern Great Plains

Percent Change in Real GDP by Metropolitan Area, 2013

U.S. Bureau of Economic Analysis
2014 – Growth Continues, Slow Downs in Mississippi Valley
Sioux Falls
Sioux Falls GDP by Industry

- Construction
- Retail trade
- Finance, insurance, real estate, rental, and leasing
- Educational services, health care, and social assistance
- Other services, except government
- Transportation, Utility, Mfg
- Wholesale trade
- Information
- Professional and business services
- Arts, entertainment, recreation, accommodation, and food services
- Government
## Sioux Falls MSA Sector Change

<table>
<thead>
<tr>
<th>Sector</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural Resources &amp; Mining</td>
<td>(D)</td>
<td>(D)</td>
</tr>
<tr>
<td>Construction</td>
<td>-0.07</td>
<td>0.18</td>
</tr>
<tr>
<td>Durable Goods Manufacturing</td>
<td>0.23</td>
<td>0.17</td>
</tr>
<tr>
<td>Nondurable Goods Manufacturing</td>
<td>0.04</td>
<td>-0.17</td>
</tr>
<tr>
<td>Trade</td>
<td>0.9</td>
<td>0.22</td>
</tr>
<tr>
<td>Transportation and Utilities</td>
<td>(D)</td>
<td>(D)</td>
</tr>
<tr>
<td>Information</td>
<td>0.06</td>
<td>-0.15</td>
</tr>
<tr>
<td>Finance, Insurance, Real Estate, Rental &amp; Leasing</td>
<td>0.14</td>
<td>1.26</td>
</tr>
<tr>
<td>Professional and Business Services</td>
<td>0.38</td>
<td>-0.01</td>
</tr>
<tr>
<td>Education, Healthcare &amp; Soc Services</td>
<td>(D)</td>
<td>0.55</td>
</tr>
<tr>
<td>Arts, Entertainment, Recreation, Lodging &amp; Food</td>
<td>0.1</td>
<td>0.05</td>
</tr>
<tr>
<td>Other Services</td>
<td>0.02</td>
<td>0.04</td>
</tr>
<tr>
<td>Government</td>
<td>0.07</td>
<td>-0.04</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1.7</td>
<td>2.5</td>
</tr>
</tbody>
</table>
Sioux Falls Area Jobs

2013 Jobs Sioux Falls

- Education/Healthcare Services
- Retail Trade
- Financial Activities
- Manufacturing
- Government
- Leisure/Hospitality
- Professional/Business Services
- Wholesale Trade
- Natural Resources/Mining/Construction
- Transportation/Warehousing/Utilities
- Other Services
- Information

0% 5% 10% 15% 20% 25%
Average GDP Growth by Industry (Sioux Falls, 2001-2014)
Steady Growth in SF Workforce

US Bureau of Labor Statistics
And Growth in Employment
Rapid City
Signs of a Turnaround?

Annual change in real GDP by metropolitan area
Metropolitan areas in South Dakota, 2002-2014
### Annual change in real GDP by metropolitan area

Metropolitan areas in South Dakota, 2002-2014

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual percent change in real GDP</td>
<td>11.3%</td>
<td>0.7%</td>
<td>1.7%</td>
<td>1.8%</td>
<td>1.2%</td>
<td>2.2%</td>
<td>2.1%</td>
<td>0.2%</td>
<td>3.5%</td>
<td>2.6%</td>
<td>0.7%</td>
<td>-0.9%</td>
<td>1.3%</td>
</tr>
<tr>
<td>Real GDP (billions of 2009 dollars)</td>
<td>$4.7</td>
<td>$4.7</td>
<td>$4.8</td>
<td>$4.9</td>
<td>$4.9</td>
<td>$5.0</td>
<td>$5.1</td>
<td>$5.1</td>
<td>$5.3</td>
<td>$5.5</td>
<td>$5.5</td>
<td>$5.4</td>
<td>$5.5</td>
</tr>
</tbody>
</table>
# A Tale of Two Cities

## Annual change in real GDP by metropolitan area

Metropolitan areas in South Dakota, 2002-2014

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual percent change in real GDP</td>
<td>11.3%</td>
<td>0.7%</td>
<td>1.7%</td>
<td>1.8%</td>
<td>1.2%</td>
<td>2.2%</td>
<td>2.1%</td>
<td>0.2%</td>
<td>3.5%</td>
<td>2.6%</td>
<td>0.7%</td>
<td>-0.9%</td>
<td>1.3%</td>
</tr>
<tr>
<td>Real GDP (billions of 2009 dollars)</td>
<td>$4.7</td>
<td>$4.7</td>
<td>$4.8</td>
<td>$4.9</td>
<td>$5.0</td>
<td>$5.1</td>
<td>$5.1</td>
<td>$5.3</td>
<td>$5.5</td>
<td>$5.5</td>
<td>$5.4</td>
<td>$5.5</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual percent change in real GDP</td>
<td>3.7%</td>
<td>-1.4%</td>
<td>3.0%</td>
<td>-0.1%</td>
<td>2.4%</td>
<td>1.6%</td>
<td>3.8%</td>
<td>0.5%</td>
<td>1.9%</td>
<td>-1.8%</td>
<td>-2.5%</td>
<td>6.3%</td>
<td>0.1%</td>
</tr>
<tr>
<td>Real GDP (billions of 2009 dollars)</td>
<td>$6.9</td>
<td>$6.8</td>
<td>$7.0</td>
<td>$7.0</td>
<td>$7.2</td>
<td>$7.3</td>
<td>$7.5</td>
<td>$7.6</td>
<td>$7.7</td>
<td>$7.6</td>
<td>$7.4</td>
<td>$7.9</td>
<td>$7.9</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual percent change in real GDP</td>
<td>17.3%</td>
<td>0.3%</td>
<td>2.6%</td>
<td>2.5%</td>
<td>1.8%</td>
<td>2.9%</td>
<td>2.6%</td>
<td>1.0%</td>
<td>2.1%</td>
<td>5.8%</td>
<td>3.0%</td>
<td>1.5%</td>
<td>1.7%</td>
</tr>
<tr>
<td>Real GDP (billions of 2009 dollars)</td>
<td>$12.4</td>
<td>$12.4</td>
<td>$12.7</td>
<td>$13.1</td>
<td>$13.3</td>
<td>$13.7</td>
<td>$14.0</td>
<td>$14.2</td>
<td>$14.5</td>
<td>$15.3</td>
<td>$15.8</td>
<td>$16.0</td>
<td>$16.3</td>
</tr>
</tbody>
</table>
Rapid City Metro GDP By Sector

- Wholesale, Utilities, Mining, Agriculture: 22.1%
- Construction: 13.5%
- Manufacturing: 6.4%
- Retail trade: 6.9%
- Transportation and warehousing: 5.6%
- Information: 15.4%
- Finance, insurance, real estate, rental, and leasing: 10.5%
- Professional and business services: 9.4%
- Educational services, health care, and social assistance: 26.9%
- Arts, entertainment, recreation, accommodation, and food services: 2.8%
- Government: 2.7%
### RC MSA Sector Change

<table>
<thead>
<tr>
<th>Sector</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wholesale &amp; Retail Trade</td>
<td>0.59</td>
<td>0.41</td>
</tr>
<tr>
<td>Professional &amp; Business Services</td>
<td>0.29</td>
<td>0.07</td>
</tr>
<tr>
<td>Education, Health Care &amp; Soc Services</td>
<td>0.24</td>
<td>0.30</td>
</tr>
<tr>
<td>Durable Goods Manufacturing</td>
<td>0.20</td>
<td>0.17</td>
</tr>
<tr>
<td>Government</td>
<td>0.12</td>
<td>-0.39</td>
</tr>
<tr>
<td>Transportation and Utilities</td>
<td>0.04</td>
<td>-0.08</td>
</tr>
<tr>
<td>Information</td>
<td>0.02</td>
<td>0.00</td>
</tr>
<tr>
<td>Other Services</td>
<td>0.02</td>
<td>-0.11</td>
</tr>
<tr>
<td>Finance, Insurance, Real Estate, Rental &amp; Leasing</td>
<td>0.01</td>
<td>0.41</td>
</tr>
<tr>
<td>Construction</td>
<td>0.00</td>
<td>-0.13</td>
</tr>
<tr>
<td>Arts, Entertainment, Recreation, Lodging &amp; Food</td>
<td>-0.04</td>
<td>0.15</td>
</tr>
<tr>
<td>Nondurable Goods Manufacturing</td>
<td>-0.07</td>
<td>0.04</td>
</tr>
<tr>
<td>Natural Resources and Mining</td>
<td>-0.14</td>
<td>0.15</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1.28</strong></td>
<td><strong>0.99</strong></td>
</tr>
</tbody>
</table>
Job Growth Tracks with GDP

Total nonfarm payroll jobs
By metropolitan area, South Dakota, 2000-2014

- Rapid City metropolitan area
- Sioux City metropolitan area
- Sioux Falls metropolitan area
Since 2001, RC Metro Growth Has Averaged 2.3 Percent
Per Capita GDP Drives Wealth

Real per capita Gross Domestic Product
Metropolitan areas in South Dakota, 2001-2014
RC Workforce Still Below Peak

US Bureau of Labor Statistics
Total Employment In Recovery

US Bureau of Labor Statistics
While Unemployment Declines

US Bureau of Labor Statistics
Metros v. State
Annual change in real Gross Domestic Product
Solid Growth over 15 Years

Real gross sales
South Dakota, 1999-2014

$0
$25,000,000,000
$50,000,000,000
$75,000,000,000
$100,000,000,000


South Dakota
Metro Areas More Than Half SD GDP
Declining Share of Gross Sales

Share of total gross sales in state
By metropolitan status, 1999-2014
Total Gross Sales Roughly Equal Aggregate Metro GDP

Real gross sales
By metropolitan status, South Dakota, 1999-2014
Metro Areas Drive Nonfarm Economy

Total nonfarm payroll jobs
By metropolitan and micropolitan areas, South Dakota, 2014

- Rapid City metropolitan area
- Sioux City metropolitan area
- Sioux Falls metropolitan area
- Aberdeen micropolitan area
- Brookings micropolitan area
- Huron micropolitan area
- Mitchell micropolitan area
- Pierre micropolitan area
- Spearfish micropolitan area
- Vermillion micropolitan area
- Watertown micropolitan area
- Yankton micropolitan area

Bars represent the number of nonfarm payroll jobs in each area.
Job Growth Greatest In Metro Areas

Percent change in jobs since 2000 by metropolitan and micropolitan areas
South Dakota, 2000-2014
More Stability in the Future?
Does Agriculture Drive GDP Volatility?

Annual change in real Gross Domestic Product