

Quarterly Economy Tracker

A partnership among Geisinger Commonwealth School of Medicine, Keystone College, King's College, Lackawanna College, Luzerne County Community College, Marywood University, Misericordia University, Penn State Wilkes-Barre, The Wright Center, University of Scranton, & Wilkes University

In This Issue:

Retail Industry Outlook	1-2
Female-owned Firms	3
Internships at The Institute	3
Pillars of a Strong Community	4
Selected Economic Indicators	5-7
Labor Market at a Glance	8

The Economic Tracker is a quarterly publication of The Institute for Public Policy & Economic Development which seeks to explore economic data, trends, and issues related to our region's economy.

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NEPA's Retail Sector Shows Mixed Outlook Amid Nationwide Uncertainty

The retail industry sector employs over 31,000 workers in Lackawanna and Luzerne Counties, representing about 12 percent of total employment. Those jobs are distributed among a variety of industries: the largest is food and beverage stores, such as supermarkets, specialty food stores, and alcoholic beverage stores, with 23 percent of retail employment. This is

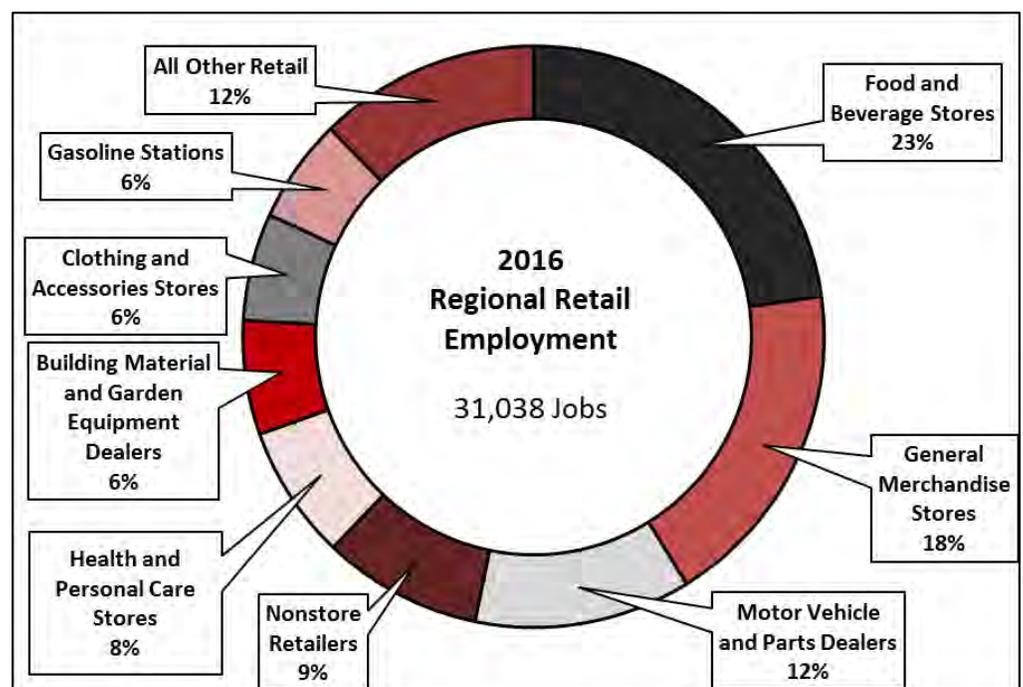
followed by general merchandise stores, including "big box" retailers, department stores, and warehouse stores, at 18 percent of industry employment. Motor vehicle and parts dealers makes up 12 percent of the industry total.

Average annual wages in the sector are \$26,159, ranging from around \$18,000 per year for workers in sporting goods,

hobby, musical instrument, and book stores to over \$40,000 per year for workers in motor vehicle and parts dealers.

Since 2011, retail employment levels have fallen by about three percent in the region. The two counties' employment as a whole grew by two percent during that time. There has been significant media attention given to national shifts in the retail

(continued on the next page.)



Retail Industry Outlook *(continued from Page 1)*

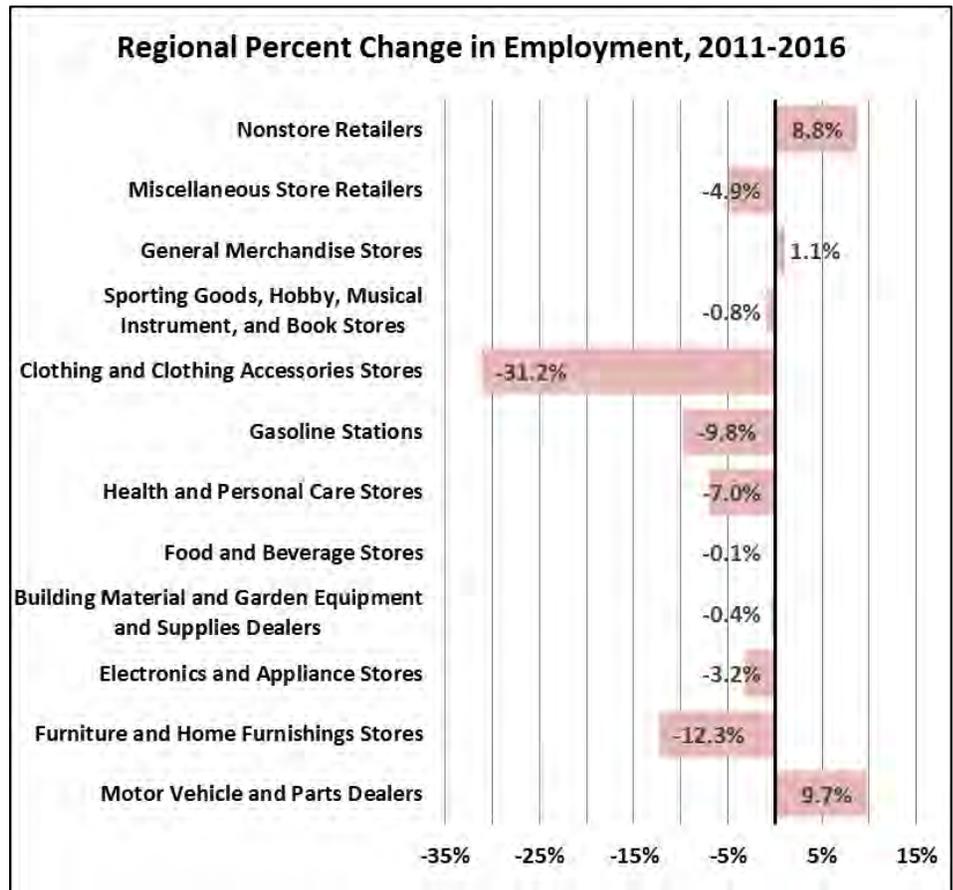
industry. According to an April article published in The Atlantic, department store employment nationwide has fallen by 100,000 since October 2016, and national retail employment overall has showed several months of declines in 2017.

The four percent drop in retail employment regionally since 2011 is congruent with these trends. However, when data is analyzed for various component industries of the retail sector, it shows a more complicated picture. Nine of the twelve categories shown on the table on the right saw a decrease from 2011 to 2016. The largest employment declines were in clothing stores and furniture stores—31 percent and 12 percent, respectively.

Motor vehicle and parts dealers saw a nearly ten percent employment growth, and non-store retailer employment grew by nearly nine percent in the region. Non-store retailers represent the parts of the industry outside of traditional brick-and-mortar retail: ecommerce and mail order retailers, door-to-door sales, and home delivery sales ranging from newspapers to heating oil to frozen food. The 2,751 jobs in this industry does represent a slight decline compared with 2014, however.

Some observers have cited the rise of ecommerce giants such as Amazon as a reason for contraction in some traditional retail industries. While much remains to be seen with the ongoing restructuring of this industry, the growth in non-store retail employment locally may be a sign of a broader shift towards consumer preferences for non-traditional shopping options. ♦

Data Source: Chmura Economics

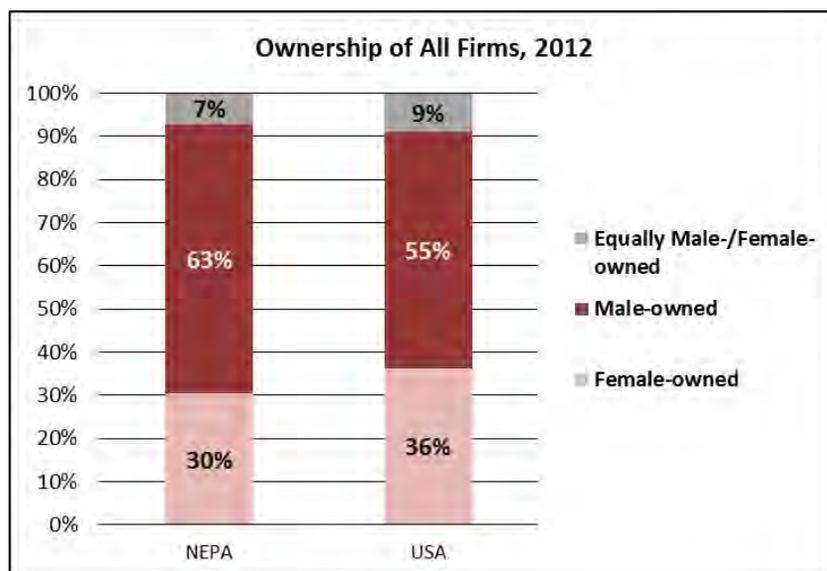


"The largest employment declines were in clothing stores and furniture stores—31 percent and 12 percent, respectively."

The State of Female-Owned Business In The Region

In the Scranton/Wilkes-Barre/Hazleton Metro Area, which includes Lackawanna, Luzerne, and Wyoming Counties, women comprise nearly 48 percent of the workforce, according to Census Bureau data. However, woman-owned businesses make up just 30 percent of all firms, compared with 62.5 percent that are male-owned. As the chart at right shows, the region lags behind the United States as a whole in female representation in business ownership.

Among firms with employees, this percentage drops to 18 percent, with another 12 percent equally male/female owned and nearly 70 percent male-owned. Female-owned businesses account for only about 10 percent of all business receipts, indicating that female-owned businesses are smaller in terms of sales. ♦



Firms by Gender of Owner (Scranton/Wilkes-Barre/Hazleton Metro Area, 2012)

	Firms with paid employees	Percentage of firms with paid employees	Firms without paid employees	Percent of firms without paid employees	All Firms	Percent of all firms
Female-owned	1,764	17.9%	9,918	34.8%	11,682	30.4%
Male-owned	6,877	69.8%	17,111	60.0%	23,988	62.5%
Equally Male-/Female-owned	1,207	12.3%	1,512	5.3%	2,719	7.1%
Grand Total	9,848		28,541		38,389	

Total sales, receipts or value of shipments of firms (in Thousands \$)

	Firms with paid employees	Percentage of firms with paid employees	Firms without paid employees	Percent of firms without paid employees	Total	Percent of all firms
Female-owned	\$2,226,714	10.5%	\$243,792	18.1%	\$2,470,506	10.9%
Male-owned	\$17,707,161	83.2%	\$1,011,106	75.1%	\$18,718,267	82.7%
Equally Male-/Female-owned	\$1,360,485	6.4%	\$91,058	6.8%	\$1,451,543	6.4%
Grand Total	\$21,294,360		\$1,345,956		\$22,640,316	

Source: U.S. Census Bureau Survey of Business Owners 2012

The Institute is Seeking Student Interns

The Institute for Public Policy and Economic Development is accepting applications on an ongoing basis for student interns. This summer, The Institute will be accepting applications for internships in both the Fall 2017 and Spring 2018 semesters. Students can also apply for short-term internships during the winter intersession. Flexible hours are available.

The Institute offers internships to students of any academic major. An internship will allow a student to participate in essential research, analysis, and interpretation of data on a variety of community and business issues. Student internships at The Institute place the student in a professional learning environment with real world applications.

Students attending one of The Institute's academic partner institutions may also qualify for both academic credit and a stipend of up to \$599.

For more information or to apply, contact Erin McCormick at 570-408-9850 or mccormick@institutepa.org ♦

The Institute Prepares 2017 Update to Pillars of a Strong Community Index

At its May 11, 2017 edition of the annual Regional Indicators event, The Institute presented an update to the Pillars of a Strong Community index.

The index began in 2016 as a data-driven initiative to measure what it takes to be strong as a region, and how well Lackawanna and Luzerne Counties are doing at attaining it. The model provides a framework for benchmarking progress against similar regions around the United States. The 2017 update to the model uses the latest available data for all metrics.

The Institute identified four broad characteristics that make a community strong. They overlap with many of the topics covered in the 2017 Indicators report. They are:

1. Diverse and Resilient Economy

A region's economy exhibits growth, is conducive to business and innovation, and is able to withstand periods of recession.

2. Healthy and Prosperous Families

A region's residents are safe from violence, in good health, sufficiently educated, and have enough income to be financially secure.

3. Investment in Physical Assets and the Environment A region's physical attributes, including housing stock and public infrastructure, are well maintained, and environmental resources are well cared for.

4. Civic Engagement & Community Ties

The region's residents are engaged as members of a community with a strong sense of citizenship and high social capital.

The chart below shows scores for Lackawanna and Luzerne County for each of these areas where a value of 100 represents the average value of comparable metro areas around the United States.

The Lackawanna and Luzerne County region scores above average in Diverse and Resilient Economy and Healthy and Prosperous Families criteria, but scores below average in Investment in Physical Assets and the Environment and Civic Engagement and Community Ties.

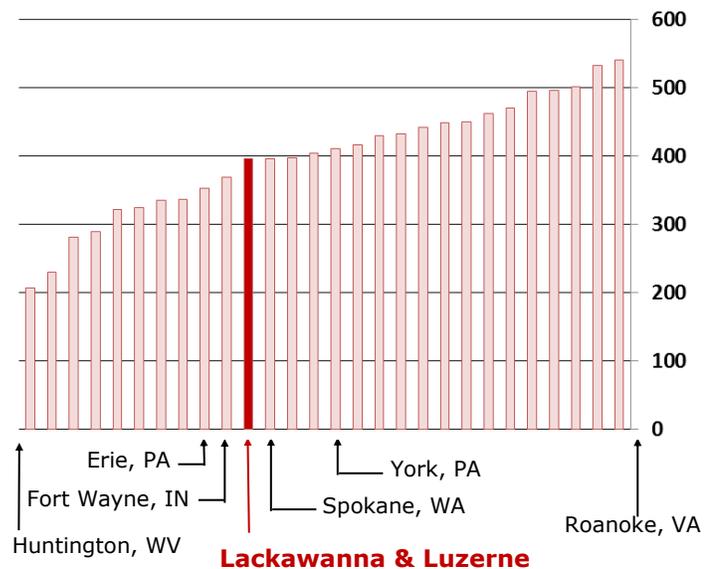
Comparable metro areas were identified based on demographic and economic characteristics. The second chart below shows the Overall Community Strength

Score, the sum of the four individual pillar scores for each metro area. Lackawanna and Luzerne County falls very close to two other regions in the Commonwealth: Erie and York.

Lackawanna and Luzerne Counties perform very well in some measures of quality of life, but challenges remain in other areas. In this way, our region is not unlike the peer regions analyzed here. While specific areas of need differ from region to region, every community has its own challenges. ♦

Pillars of a Strong Community 2017 Lackawanna and Luzerne Counties			
Diverse & Resilient Economy	Healthy & Prosperous Families	Investment in Physical Assets & the Environment	Civic Engagement & Community Ties
133	116	72	76
<i>A score of 100 represents average of all comparable metro areas.</i>			

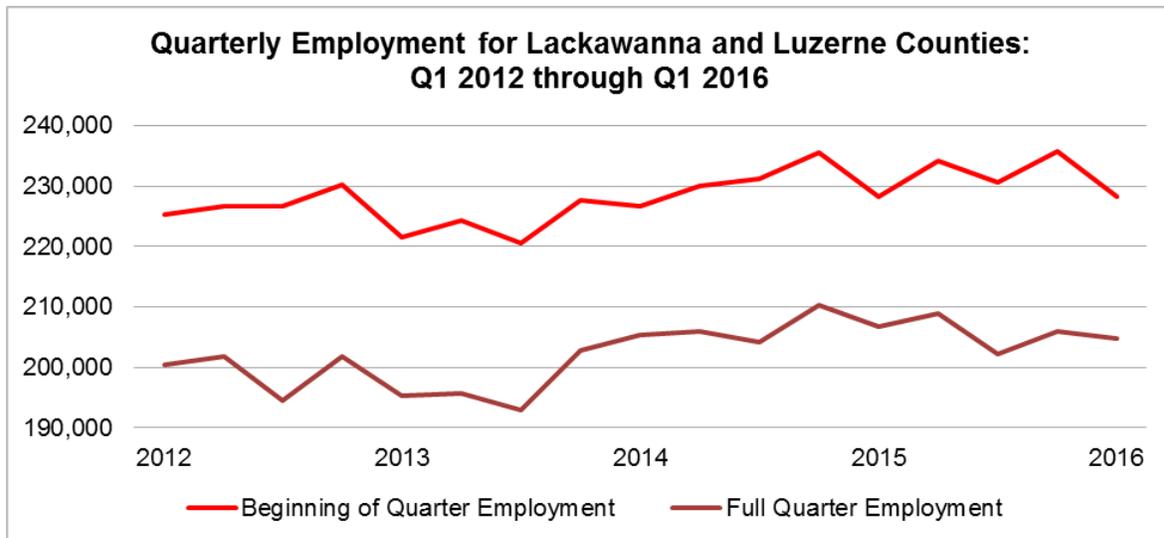
Overall Community Strength Score



Selected Economic Indicators

Quarterly Employment

In the first quarter of 2016, point-in-time employment (at the beginning of the quarter) regionally fell to the lowest level since the first quarter of 2015. However, both point-in-time employment and full quarter employment (stable employment for the duration of the quarter) has been higher in the most recent quarters for which data is available compared with 2012 and 2013. On average, about stable employment makes up about 89 percent of all beginning of quarter employment, a ratio that has been generally consistent for the last several years.



	Beginning of Quarter Employment	
	Lackawanna	Luzerne
2012	93,591	131,711
	93,615	133,097
	93,642	133,084
	95,783	134,395
2013	92,989	128,528
	93,934	130,361
	90,526	130,121
	91,803	135,952
2014	91,682	135,095
	93,758	136,299
	94,769	136,548
	95,369	140,243
2015	92,722	135,544
	95,371	138,726
	95,025	135,570
	94,561	141,143
2016	90,437	137,900

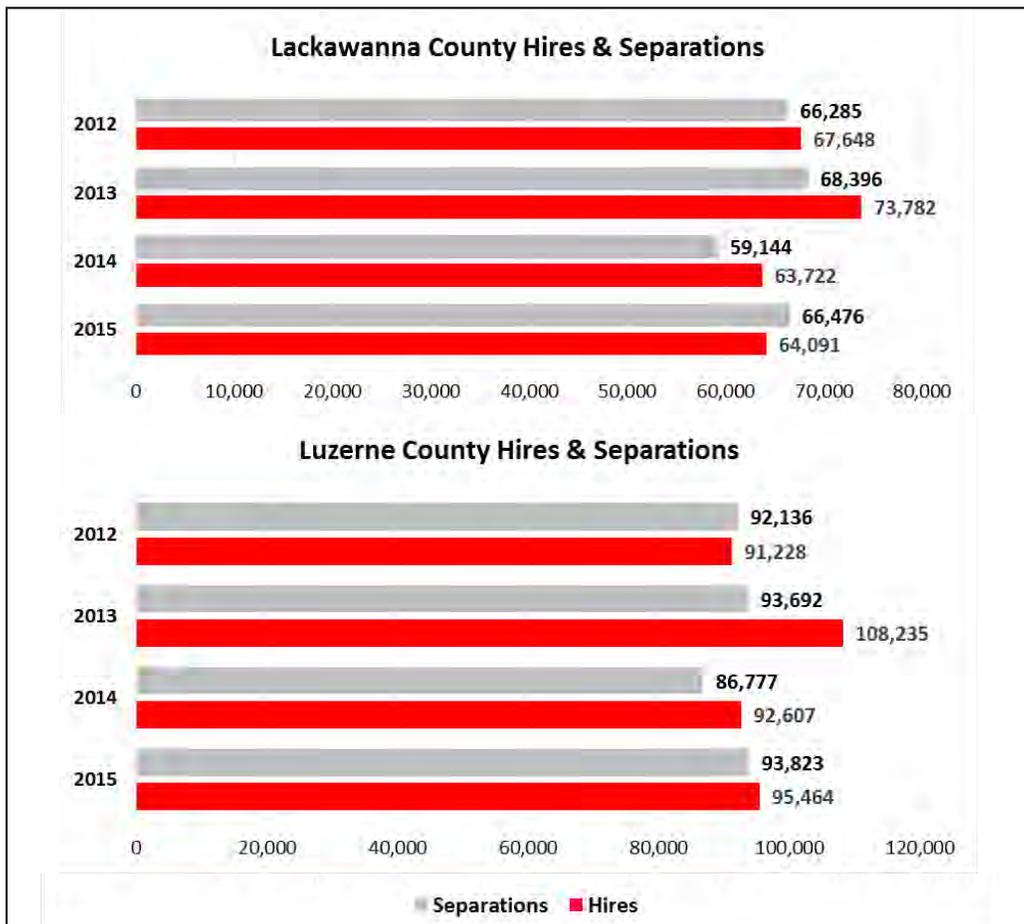
	Full Quarter Employment	
	Lackawanna	Luzerne
2012	83,078	117,329
	83,052	118,857
	80,366	114,209
	84,599	117,283
2013	82,528	112,877
	80,512	115,265
	78,511	114,455
	81,329	121,470
2014	83,305	122,171
	84,103	121,955
	82,857	121,354
	85,198	125,189
2015	84,180	122,563
	85,002	123,890
	81,018	121,223
	81,816	124,196
2016	81,301	123,543

Source: U.S. Census Bureau Quarterly Workforce Indicators

Selected Economic Indicators

New Hires & Separations

The graphics below show new hires and separations. The first quarter of each year is associated with a dip in both new hires and separations. In both counties, new hires are down slightly from 2013 peaks. In 2015, the most recent full year of data, both counties saw considerable increases in worker separations, and in Lackawanna County, there were more separations than new hires for the year. An increase in separations can suggest instability in the labor market when paired with slowing hiring, though an increase in separations can also indicate that workers are retiring at a faster pace or feeling confident enough in the job market to voluntarily leave a job.

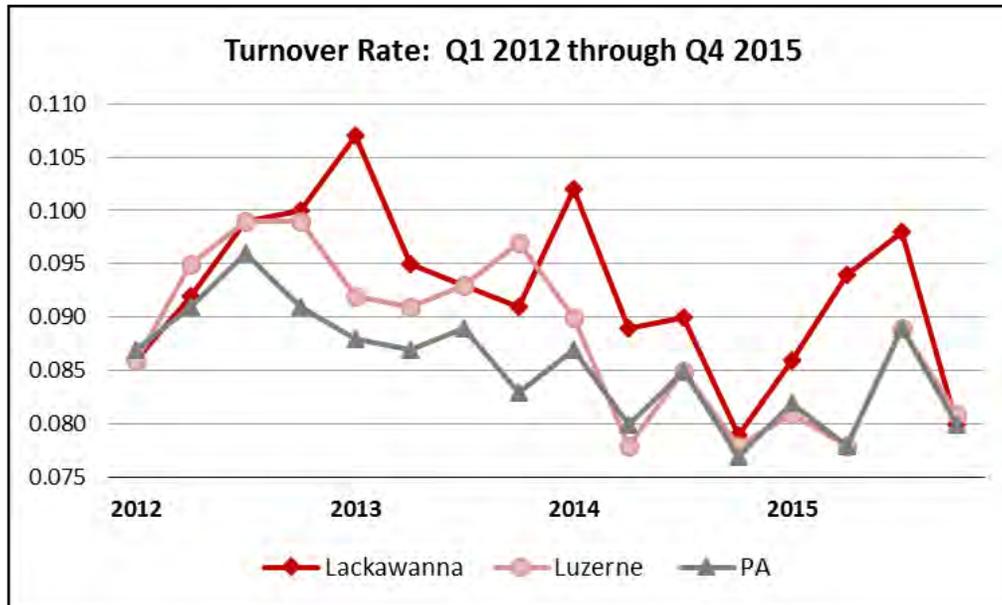


Source: U.S. Census Bureau Quarterly Workforce Indicators

Selected Economic Indicators

Employment Turnover Rate

The stable job turnover rate measures the rate at which jobs begin and end. A higher turnover rate indicates a higher degree of churning in the labor market, and potentially reflects job market instability. Turnover rates in both counties and Pennsylvania have trended down since 2013, and in all three areas, the rate fell sharply in the fourth quarter of 2015, the most recent period for which data is available.



Turnover Rate			
	Lackawanna	Luzerne	PA
2012	8.6%	8.6%	8.7%
	9.2%	9.5%	9.1%
	9.9%	9.9%	9.6%
	10.0%	9.9%	9.1%
2013	10.7%	9.2%	8.8%
	9.5%	9.1%	8.7%
	9.3%	9.3%	8.9%
	9.1%	9.7%	8.3%
2014	10.2%	9.0%	8.7%
	8.9%	7.8%	8.0%
	9.0%	8.5%	8.5%
	7.9%	7.8%	7.7%
2015	8.6%	8.1%	8.2%
	9.4%	7.8%	7.8%
	9.8%	8.9%	8.9%
	8.0%	8.1%	8.0%

Source: U.S. Census Bureau Quarterly Workforce Indicators

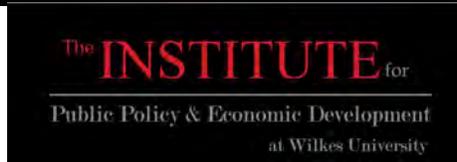
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The Willary Foundation is a family foundation dedicated to developing ideas and projects that are interesting, creative and imaginative and which benefit communities in Northeastern Pennsylvania. Willary seeks to foster groups with unique, innovative or unusual ideas and efforts.

The Foundation is disposed to leveraging the impact of its grants by encouraging efforts that could have a ripple effect in the community or by supporting projects in conjunctions with other sources of funding. The Foundation wishes to promote the special qualities of the people of Northeastern Pennsylvania.

Supporting Underwriters



A partnership among Geisinger Commonwealth School of Medicine, Keystone College, King's College, Lackawanna College, Luzerne County Community College, Marywood University, Misericordia University, Penn State Wilkes-Barre, The Wright Center, University of Scranton, & Wilkes University

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Quarterly Economy Tracker Underwriting opportunities available, please contact Susan Magnotta (magnotta@institutepa.org) for more information. Circulation is over 1,000 self-subscribed individuals primarily in PA, but subscribers come from a number of states and countries.

In its publications, The Institute uses the most current data available at the time of release.

Labor Market at a Glance

Figures from BLS for the first three months of 2017 showed unemployment rates at around 5.5 percent in Lackawanna County, 6.5 percent in Luzerne County, and around 5.3 percent statewide. The national unemployment rate fell to 4.5 percent in March 2017. The 2016 annual averages in all four geographies analyzed were significantly lower than the prior year, and the lowest of any year since 2008.

Newly released annual labor market and employment averages show that both counties saw growth in both the total employment, as well as the total size of the labor force, from 2015 to 2016. This is a good sign for the health of the region's labor market, as it means that more people are working, and that recent improvement in the unemployment rate are not due to discouraged job seekers leaving the labor force. ♦

Unemployment Rate (Not Seasonally Adjusted)				
	Lackawanna	Luzerne	Pennsylvania	United States
2007	4.8	5.0	4.4	4.6
2008	5.8	6.2	5.3	5.8
2009	8.2	9.0	8.0	9.3
2010	9.0	10.0	8.5	9.6
2011	8.8	9.6	7.9	8.9
2012	9.2	10.1	7.8	8.1
2013	9.1	10.6	7.4	7.4
2014	7.7	8.8	5.8	6.2
2015	6.5	7.3	5.3	5.3
2016	5.6	6.4	5.4	4.9
Jan '17	5.5	6.5	5.3	4.8
Feb '17	5.5	6.6	5.4	4.7
March '17	5.5*	6.5*	5.1*	4.5

* Figures are preliminary and subject to revision. Prior year figures have been revised.

Source: US Bureau of Labor Statistics, Local Area Unemployment Statistics

Labor Force & Employment				
	Lackawanna County		Luzerne County	
	Labor Force	Employment	Labor Force	Employment
2007	106,909	101,792	159,118	151,181
2008	108,526	102,231	161,744	151,642
2009	107,192	98,396	161,298	146,781
2010	106,987	97,402	159,759	143,859
2011	107,271	97,811	159,839	144,496
2012	107,637	98,118	160,851	145,099
2013	107,636	98,722	160,776	145,708
2014	106,778	99,765	159,109	147,488
2015	106,494	100,295	158,915	148,647
2016	106,830	100,723	159,459	149,278

Prior year figures have been revised.

Source: US Bureau of Labor Statistics, Local Area Unemployment Statistics

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