

2015



**MISSOURI
ECONOMIC
REPORT**

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Highlights

Missouri's unemployment rate in May was 5.8 percent compared to the United State's unemployment rate of 5.5 percent. A year earlier Missouri's unemployment rate was at 6.1 percent.

According to advance estimates, Missouri's Gross Domestic Product (GDP) totaled over \$284 billion in 2014, an increase in real dollars of 0.8 percent from 2013. U.S. GDP has averaged 3.0 percent growth over the last four quarters.

Missouri added 25,500 jobs from May 2014 to May 2015, representing a 0.8 percent increase from the year before in seasonally-adjusted figures.

The three industries with the most employment growth in the previous 12 months ending in May were *Manufacturing*, *Financial Activities*, and *Leisure & Hospitality*.

The largest industry subsector to grow by job numbers and percent was *manufacturing*, with 5,000 jobs and two percent respectively. This subsector is often an indicator of broader economic and job growth trends to come. The increase in employment occurred from May 2014 to December 2014 with 5,400 jobs created.

Fourth quarter 2014 data showed continued growth of real personal income in Missouri and the U.S, from the same quarter last year. U.S. personal income grew by 4.5 percent and Missouri personal income grew by 3.3 percent from the prior year.

Missouri's Purchasing Managers Index (PMI) has been above the expansionary level for 29 consecutive months starting in January 2013. The state's PMI was 50.7 for May 2015.

New business formations, per 1,000 population, were highest in St. Louis City forming 6.0 businesses per 1,000 people. Southeast and South Central regions had the highest business formation rates in the remainder of the state, forming 2.7 and 2.4 businesses per 1,000 people respectively.

Employment rate growth from 2009 to 2014 was highest in the Ozark region, increasing by 5.1 percent, followed by the Central region and Southeast region with growth of 3.7 percent and 3.1 percent respectively. Kansas City and St. Louis region's employment grew by 2 percent and 1.8 percent respectively.



Year in Review: May 2014 - May 2015

A look back at the economic trends in the past year.

The United States and Missouri economies continued to see economic growth, albeit slowly, over the previous 12 months. While growth continues, there has been signs of concern for the economy as the U.S. gross domestic product (GDP) growth was limited in the 1st Quarter of 2015 and unemployment in Missouri increased in the previous four months starting in January 2015.

United States GDP saw growth in the last three quarters of 2014. Growth during this period averaged 3.9 percent, with the highest quarter-over-quarter growth from the second to third quarter with an increase of five percent. 1st Quarter 2015 GDP saw the economy decline by 0.2 percent on an annual basis. Some economists believed the harsh winter season and the California Port strike earlier this year, among other factors, caused GDP for the quarter to slow, while others believed economic uncertainty was a factor. Overall, U.S. GDP was \$17.7 trillion in 2014.

Missouri's GDP total increased from last year, totaling \$284.5 billion dollars in 2014. Missouri was ranked 21st in GDP among all the states. In real terms, state GDP increased by 0.8 percent from 2013 to 2014.

Missouri has moved in a positive direction regarding unemployment and total employment. Missouri's unemployment rate was at 5.8 percent in May 2015, down from 6.1 percent in May 2014. Missouri's unemployment rate in the previous 12 months reached its lowest point in December 2014 at 5.4 percent.

Total employment for the U.S and Missouri both expanded during the year. U.S non-farm employment increased by nearly 3.1 million, while Missouri employment increased by 22,000 from May 2014 to May 2015.

Overall both the U.S. and Missouri economies have seen uneven growth over the previous year. Unemployment has continued to trend lower, but there has been slight increases which may signal that economic growth is still weak. U.S. GDP has continued to expand, but again concerns about economic growth (due to the small decline in GDP in the First Quarter of 2015) will bear watching in the coming months.



Gross Domestic Product

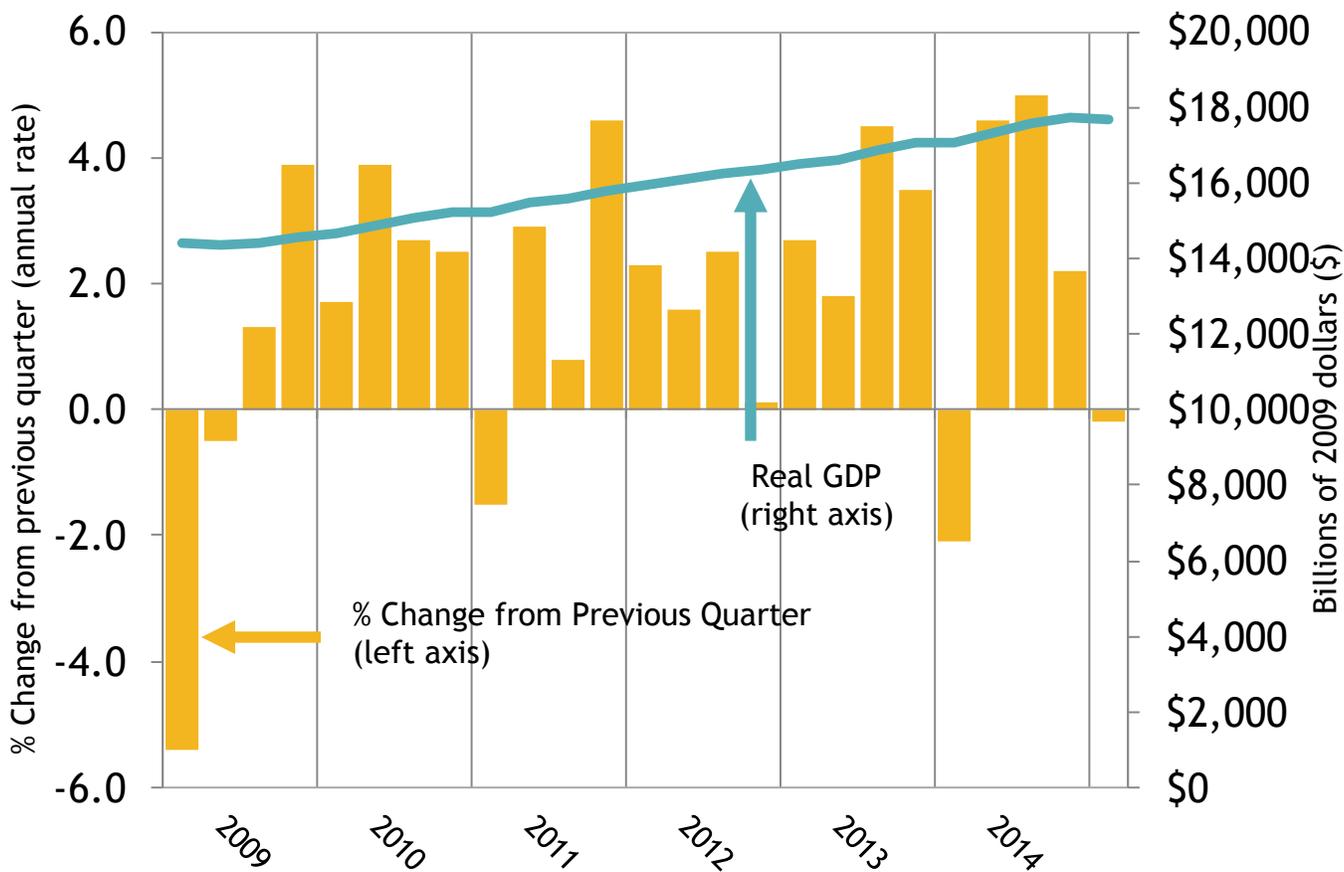
Gross Domestic Product (GDP) is the broadest measure of economic conditions.

National

Gross Domestic Product (GDP) is the broadest measure of economic activity. It is also the measure that is most indicative of whether the economy is in recession. In the post-World War II period, there has been no recession in which GDP did not decrease in at least two quarters. (There were recessions, however, in which these quarters were not consecutive: 1960-61 and 2001.)

GDP growth occurred from Second Quarter 2014 to Fourth Quarter 2014, rebounding from a negative GDP growth in First Quarter 2014 of -2.1 percent. GDP growth averaged 3.9 percent during Second Quarter to Fourth Quarter 2014, compared to the average of 3.3 percent for the same period last year. The largest quarter over quarter GDP growth from the previous year was from the Second Quarter to Third Quarter of 2014 of five percent growth. Growth declined in the First Quarter of 2015, with GDP reduced by -0.2 percent, giving some analysts concerns of a slowing economy in 2015.

Real U.S. Gross Domestic Product and Quarterly Change



Gross Domestic Product, con't.

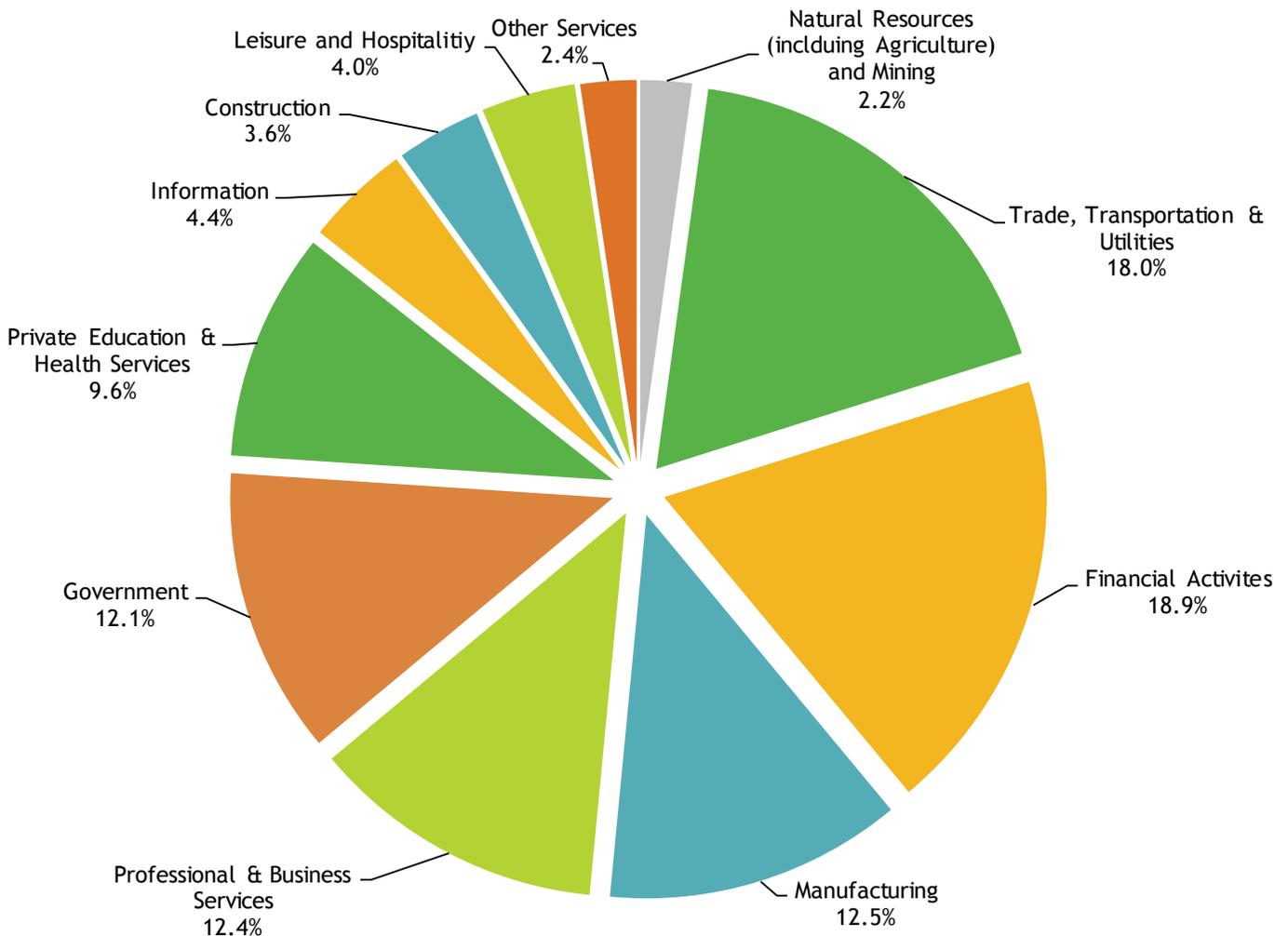
Missouri

Missouri's economy typically follows a similar trend to that of the U.S., but the availability of state GDP data lags behind national data. As a result, it is not a strong indicator of current economic conditions. However, it is still valuable in understanding what industries contribute most to Missouri's economy.

According to advance estimates Missouri's GDP totaled over \$284 billion in 2014, an increase in current dollars of 2.8 percent from 2013. The *Financial Activities* sector makes up the largest portion of Missouri's economic output, followed by *Trade, Transportation and Utilities*, *Manufacturing*, and *Professional and Business Services*.

Since 2003, *Professional and Business Services* and *Educational and Health Services* have had the largest gain in share of the state's economic makeup, while *Trade, Transportation, and Utilities* and *Financial Activities* have had the largest declines in share.

**Industry Share of Missouri's Economy
By Percentage of Gross Domestic Product, 2014**





Unemployment Rate

The unemployment rate measures the percentage of people in the state who are without work.

The U.S. unemployment rate has continued to decline over the previous 12 months reaching a nearly seven year low of 5.5 percent in May 2015. Missouri's unemployment rate was at its lowest point in nearly seven years in December 2014 with a rate of 5.4 percent. Since then Missouri's unemployment rate has increased slightly to 5.8 percent. Despite the recent uptick in the state's unemployment in the last five months, Missouri's unemployment has continued to trend downward since 2010.

U.S. and Missouri Seasonally Adjusted Unemployment Rate January 2010–May 2015



Understanding Unemployment Rates

The unemployment rate is calculated by dividing the estimated number of unemployed people in the state by the civilian labor force. The result expresses unemployment as a percentage of the labor force. Labor force and unemployment estimates for states come from a cooperative statistical program between the U.S. Department of Labor's Bureau of Labor Statistics (BLS) and the various states. The Missouri Economic Research and Information Center (MERIC) is the BLS affiliate in Missouri. The inputs to these models include monthly state-specific data from the Current Population Survey (CPS - a nationwide survey of households), Current Employment Statistics program (CES - survey of employers), and claims data from the unemployment insurance system.



Employment

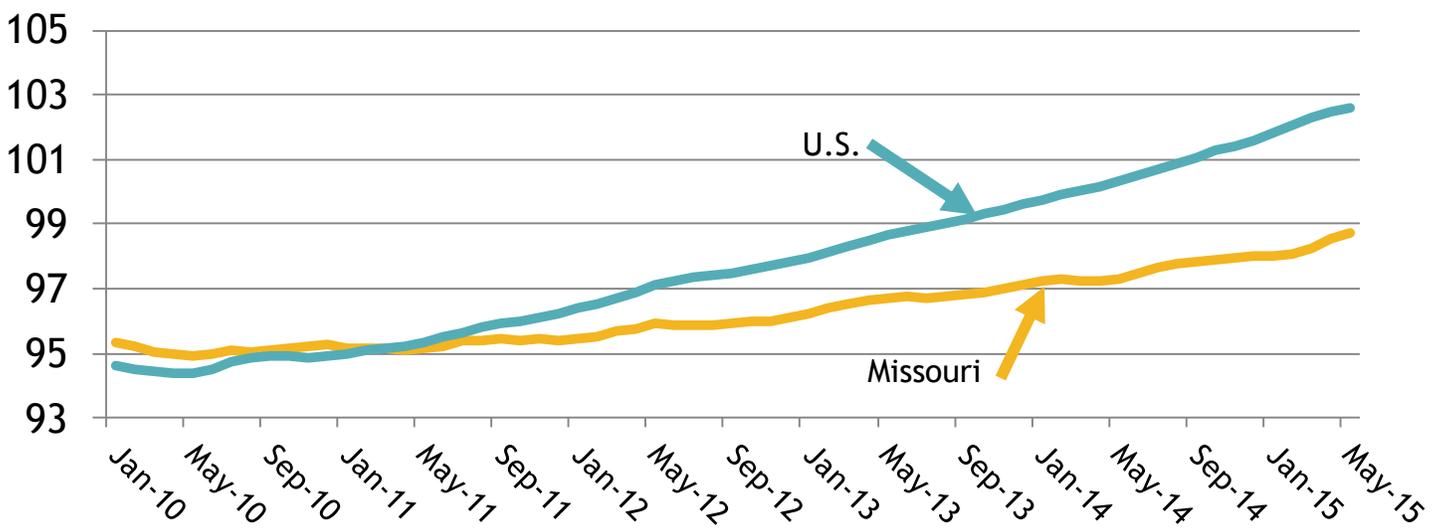
Payroll Employment measures the number of jobs in the state. The number of jobs and the industries that create those jobs are indicators of a state's economic health.

Payroll employment is one of the most current and reliable indicators of economic conditions. Nonfarm payroll employment has continued to grow in 2014-15. In the U.S. employment has increased by a net 1,416,000 jobs in the six most recent months ending in May 2015. Missouri employment added a net 16,800 jobs during the same six-month period.

May 2015 saw increased employment; the U.S. and Missouri added 280,000 and 6,600 jobs respectively. It is not unusual for employment growth to move irregularly from month to month. As in many economic measures, trends are usually better discerned by following developments over a period of several months.

U.S. employment has grown steadily in the previous 12 months and is surpassing indexed employment levels of 2008, while Missouri is continuing to see employment growth trending upwards towards 2008 levels. This is a sign that the economy is continuing to improve as businesses increase hiring. Missouri employment growth, while slower than national numbers, has continued to grow steadily over the past year.

U.S. and Missouri Payroll Employment¹
Index: 2008 Annual Average = 100



¹Index of Moving Average (Three Month Average) of U.S. and Missouri Employment.

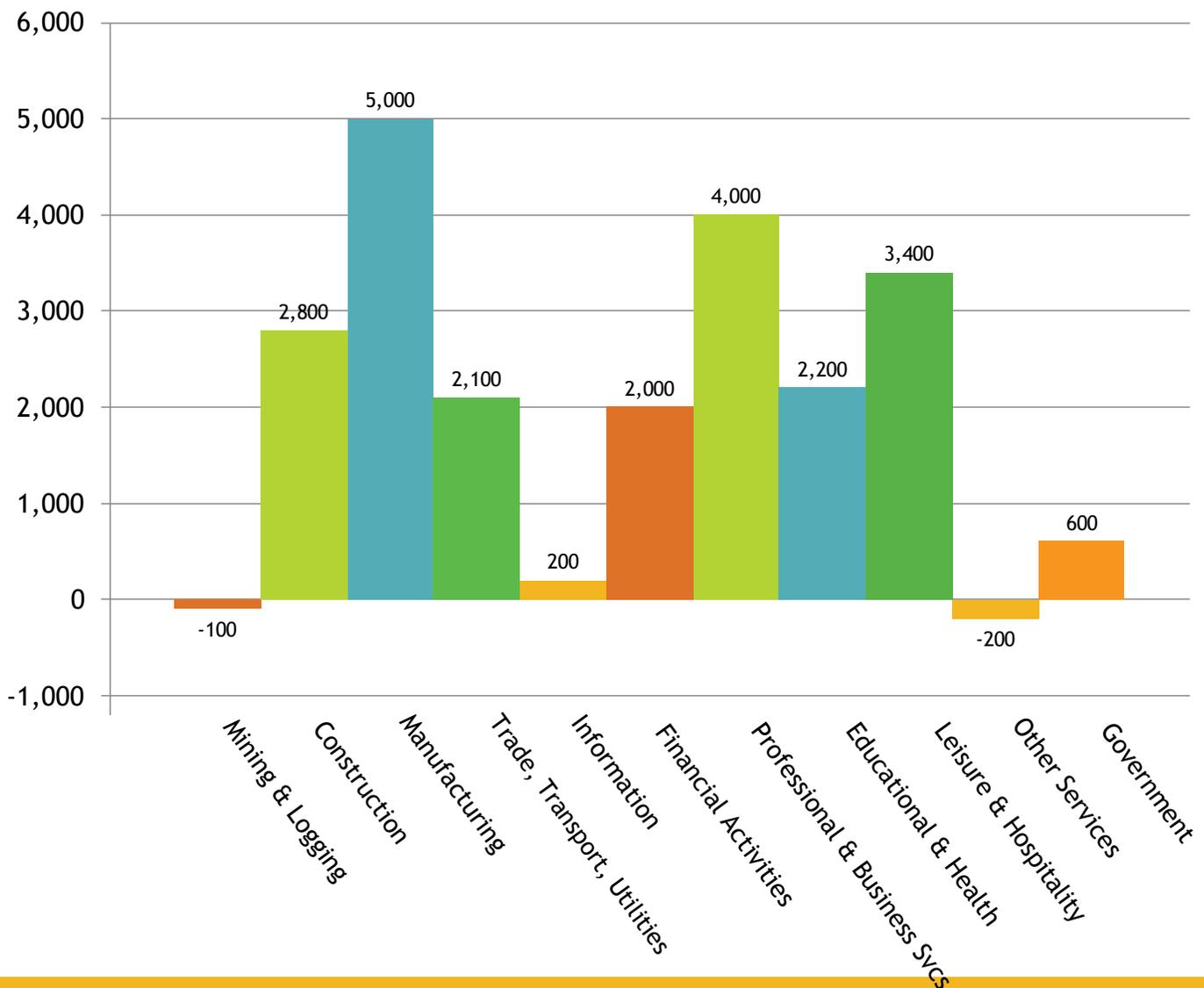
Employment Change by Industry

Employment change by industry identifies the types of jobs being created in the state. Industries with decreasing employment indicate those jobs are becoming less present in the state's economy. There may also be industries that behave more cyclically, growing during expansion and decreasing in times of economic slowdown or contraction. These changes are crucial; they help identify the types of jobs being lost by individuals. Tracking employment change over the year gives a snapshot of employment change over the short-term to see what industries grew and industries that shed employment.

Nine industry groups increased employment in Missouri from May 2014 to May 2015 on a seasonally adjusted basis. *Manufacturing* employment increased by 5,000 and the *Professional & Business Services* industry rose by 4,000. *Leisure & Hospitality* and *Construction* employment increased significantly by 3,400 and 2,800 respectively from the previous year. *Trade, Transport, & Utilities* and *Education & Health Care* employment also increased by 2,100 and 2,000 respectively from May 2014 to May 2015. The industries that lost employment were *Other Services* and *Mining & Logging*. With most of the sectors showing employment increases, it bodes well for Missouri's continued economic growth.

Missouri Employment Change by Sector

May 2014 - May 2015



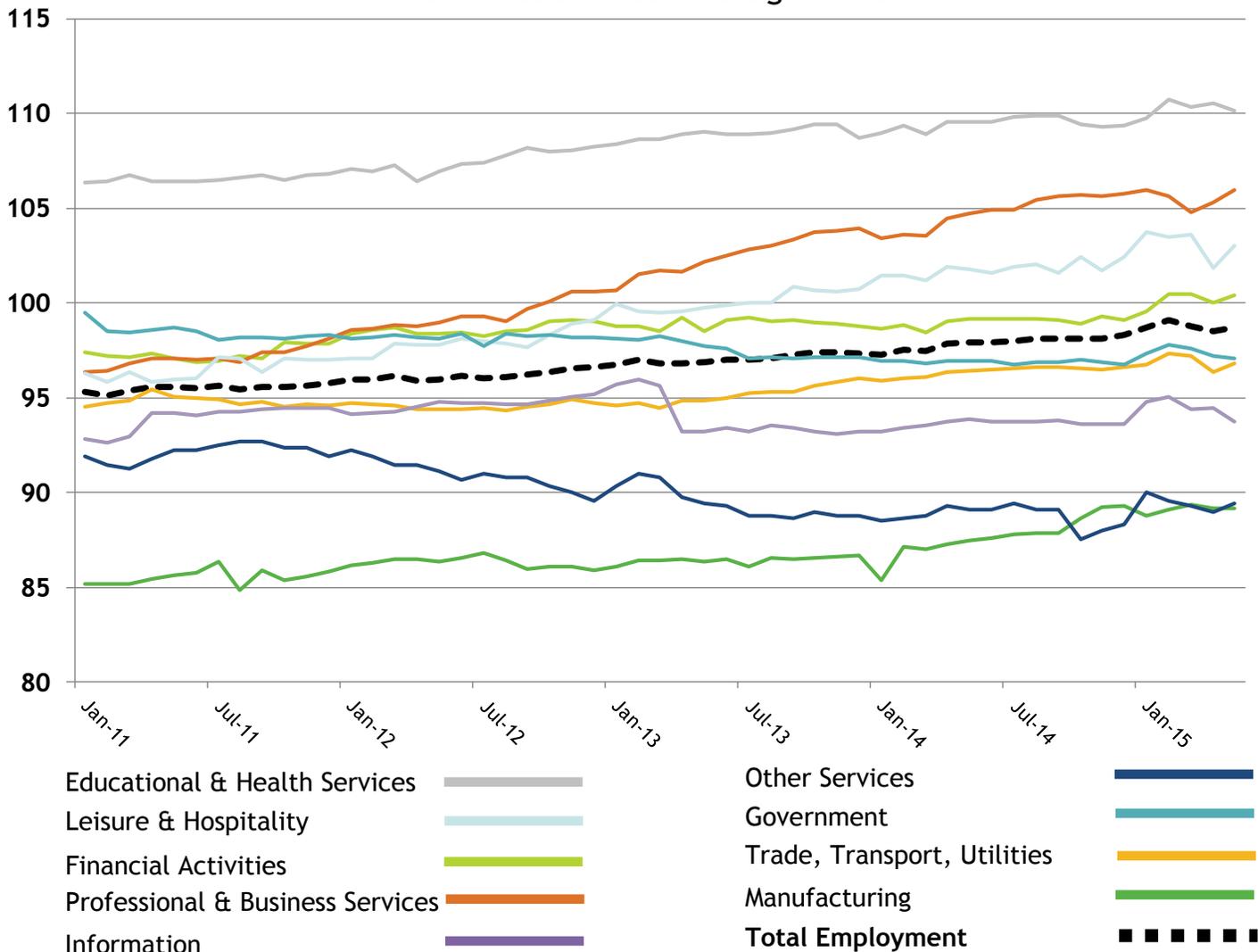
Industry Employment Trends

Reviewing the trend of employment in industries reveals slight growth over the previous 12 months. During this period many industries have seen slight to moderate growth and have employment that is near their pre-recession levels. *Manufacturing* recently has seen faster than normal job growth, while *Information and Trade, Transport, & Utilities* have seen little job growth in the previous 12 months.

The industries with the largest job growth over the previous year were *Manufacturing* and *Professional & Business Services*, with 5,000 and 4,000 jobs respectively. *Leisure & Hospitality* and *Educational & Health Services* employment both grew by 2,200. *Financial Activities* increased employment by 2,000 and *Government* increased employment by 600. Two sectors lost employment, *Other Services* which lost 200 jobs and *Mining & Logging* 100 jobs.

Overall, employment trends in the major industries have been continuing to trend positively, especially industries like *Manufacturing* and *Professional & Business Services*. A majority of industries are above the total employment trend line. *Information, Manufacturing, Other Services, and Trade, Transport, & Utilities* are below the total employment trend line.

Missouri Employment Trend in Largest Employing Sectors
Index: 2008 Annual Average = 100



Labor Market Summary: May 2014–May 2015

A summary of real time labor market analysis for the past year across the state.

The total number of new job postings from May 2014 through May 2015 totaled 346,124 for the state. The industry with the most job postings was *Hospitals*, including employers such as Mercy Health System, SSM Health Care, and BJC HealthCare. The top three occupations with the highest number of job postings were truck drivers, registered nurses, and retail salespersons. More than two thirds (70%) of the job postings were permanent full-time positions. Saint Louis had the most job postings of all metropolitan areas, followed by Kansas City.

Missouri Top Industry Postings

INDUSTRIES WITH TOP POSTINGS	NUMBER OF JOB ADS
Hospitals	30,465
Restaurants, Food & Drink Services	9,708
Banks	8,793
Colleges & Universities	7,902
Health Practitioner Offices	6,426
Insurance Companies	6,422
Hotels & Other Accommodations	5,101
Truck Transportation	4,976
Department Stores	4,964
Building Materials & Supplies Dealers	3,958

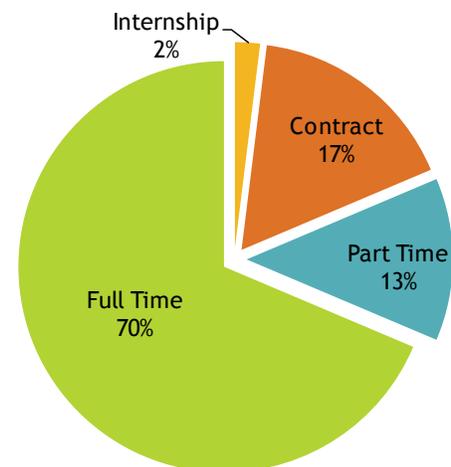
Missouri Top Company Postings

COMPANY
Mercy Health System
SSM Health Care
BJC HealthCare
Lowe's Companies, Inc.
Washington University
Hospital Corporation of America
Department of Veterans Affairs
U.S. Bancorp
Monsanto
Cox Health Systems

Missouri Cities With Most Job Postings

METROPOLITAN STATISTICAL AREA ¹	NUMBER OF JOB ADS
St. Louis, MO	160,978
Kansas City, MO	83,941
Springfield, MO	22,510
Columbia, MO	11,904
Joplin, MO	10,821
St. Joseph, MO	6,652
Jefferson City, MO	6,391

Job Postings by Employment Type



¹ Metropolitan Statistical Area (MO Only)

Labor Market Summary: Top Job Postings

Occupations are typically classified as NOW, NEXT, and LATER depending on the training and education required.

NOW
NEXT
LATER

NOW occupations usually require less than one month (short-term) to no more than 12 months (moderate-term) of on-the-job training.

NEXT occupations usually require more than one year (long-term) on-the-job training and can additionally need specific work experience; generally requires an associate's degree or a substantial vocational education.

LATER occupations usually require a bachelor's degree and may need specific work experience; potentially some work experience or advanced degree required.

Sources

Data for this analysis has been extracted using Burning Glass Technologies, Labor/Insight™ tool that collects information from over 17,000 web sources, including job boards, newspapers, and large and small employer websites. Missouri Economic Research and Information Center (MERIC) uses this data to compile and publish reports for the State and Labor Market Regions.

While this analysis presents a broad picture of hiring activity and serves as a measure of labor demand, it does not capture openings that are filed through other networks.

NOW OCCUPATIONS	ONLINE JOB ADS
Retail Salespersons	11,104
Sales Reps, Wholesale / Mfg	9,570
Customer Service Representatives	6,344
Secretaries & Admin. Assistants	4,141
Laboreres & Material Movers	3,633
Food Prep & Serving Workers	3,108
Delivery Service Drivers	2,952
Merchandise Displayers	2,711
Bookkeeping & Accounting Clerks	2,423
Cashiers	1,967

NEXT OCCUPATIONS	ONLINE JOB ADS
Truck Drivers	17,881
Registered Nurses	12,582
Retail Sales Supervisors	8,989
Maintenace & Repair Workers	3,574
Nursing Assistants	3,513
Computer User Support	3,266
Food Prep & Serving Supervisors	1,988
Licensed Practical Nurses	2,927
Managers, Other	2,842
Office Worker Supervisors	2,267

LATER OCCUPATIONS	ONLINE JOB ADS
Software Developers, Applications	8,918
Medical & Health Services Managers	5,099
Computer Systems Analysts	4,819
Sales Managers	3,837
Human Resources Specialists	3,498
Accountants	3,070
General & Operations Managers	2,821
Business Intelligence Analysts	2,711
Network & Systems Administrators	2,330
Management Analysts	2,156

Missouri Labor Supply & Demand Analysis

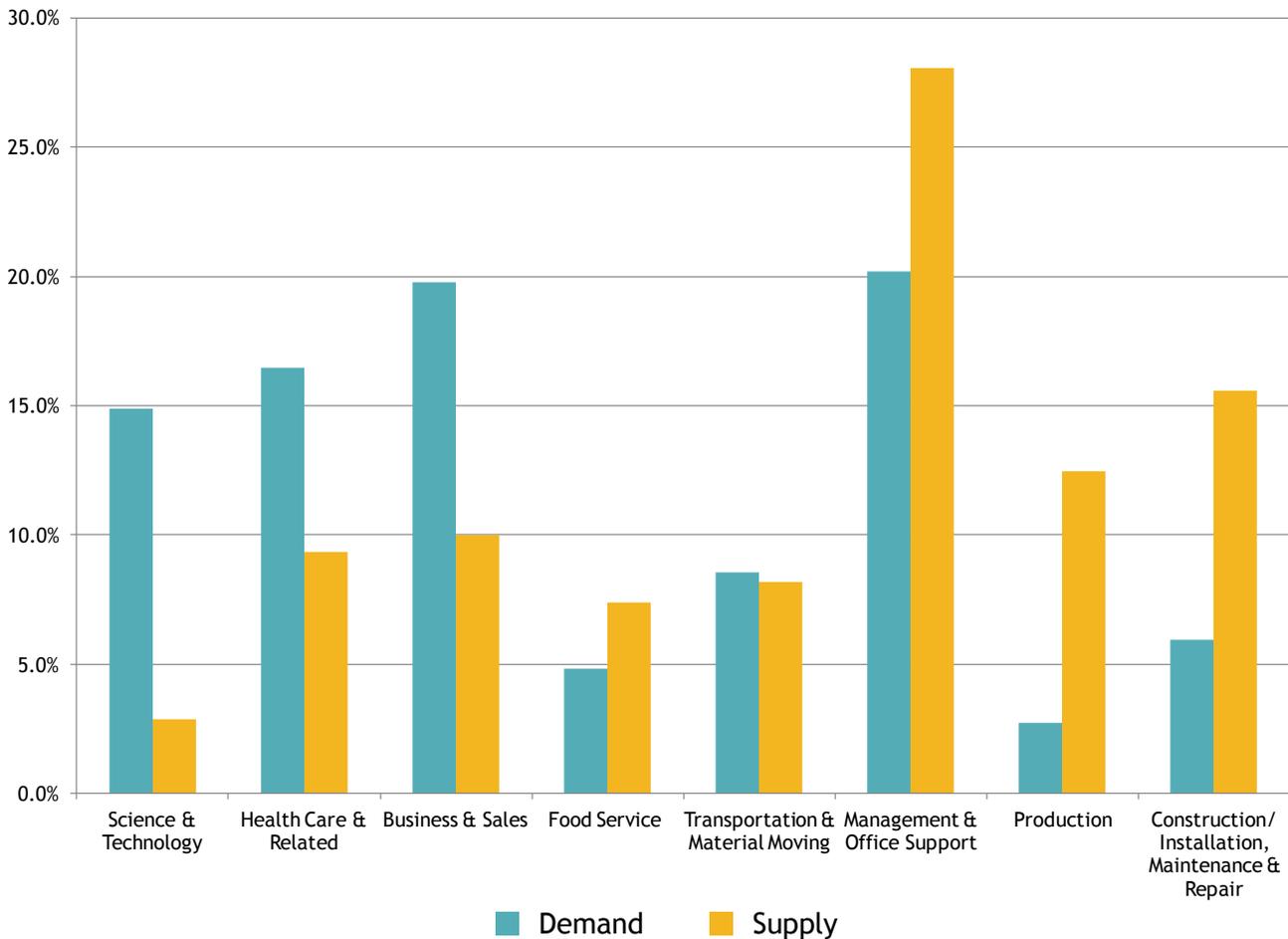
A summary of job availability in comparison to job seekers in selected fields.

Recently there has been discussion on whether a job skills gap exists that is preventing people from gaining employment. “Job skills gap” means there are occupations in fields that are high demand with fewer people seeking them, while there are fields that have a large supply of labor but fewer job postings. The analysis highlights occupational fields where the demand of jobs is greatest in order to re-train workers to fill such high-demand openings. In 2014 there were 149,528 active job seekers in Missouri’s workforce data system, 43 percent are registered in the unemployment insurance system. At the same time employers posted 297,882 online job ads, according to postings from Burning Glass Technologies.

The chart below shows that jobs in Science & Technology, Business/Sales, and Health Care fields are in high demand but not enough job seekers are looking to fill the positions. These combined areas account for 51 percent of the job ads but only 22 percent of job seekers are looking for these occupations. Top jobs in these fields include software developers, retail salespersons and registered nurses.

The chart indicates that 28 percent of job seekers are looking for work in Construction/Related and Production, but less than nine percent of job postings are in these fields. Given steep job cuts across these fields during the recession, it is not surprising that many people are looking for work in these areas to capitalize on previous experience. The analysis shows, however, a lot of competition for these occupations whereas other areas have better employment opportunities after training.

Missouri Labor Supply & Demand - 2014





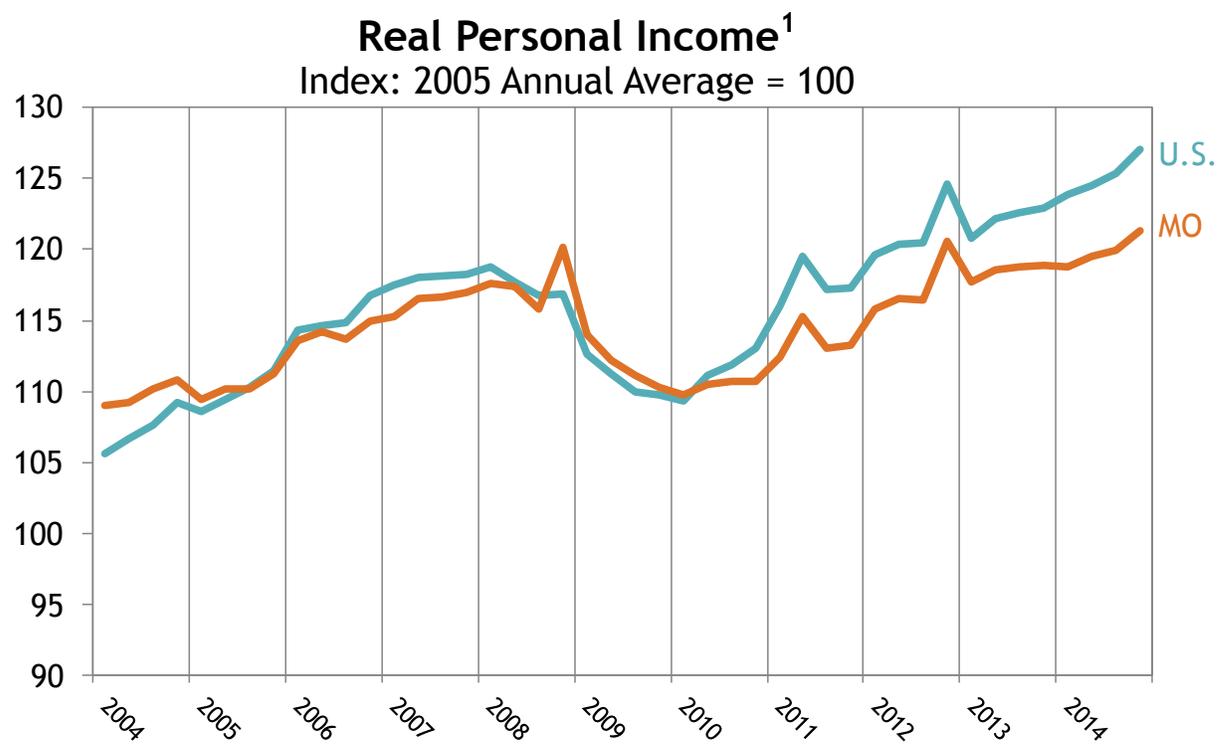
Personal Income

Besides employment and unemployment, income is another important measure of economic success.

Personal income is a broad measure of economic activity and one for which relatively current data is available. Personal income includes earnings; property income such as dividends, interest, and rent; and transfer payments, such as retirement, unemployment insurance, and various other benefit payments. It is a measure of income that is available for spending and is seen as an indicator of the economic well-being of the residents of a state. Earnings and wages make up the largest portion of personal income.

Fourth quarter 2014 data showed continued growth for real personal income in Missouri and the U.S. from the same quarter last year. U.S. income increased by 4.4 percent over last year, while Missouri income increased by 3.3 percent. U.S. transfer payments increased by 5.4 percent, while Missouri transfer payments increased 3.3 percent. U.S. transfer payments growth was higher than employee compensation which increased by 5.1 percent, while employee compensation growth was higher in Missouri with a 4.4 percent growth rate.

To show the vastly different levels of total personal income for the U.S. and Missouri on the same chart, these data have been converted to index numbers. This chart shows a comparison of Missouri and U.S. growth in real personal income, excluding transfer payments, with 2009 as the base year.



¹ Less transfer payments. 2009 dollars.



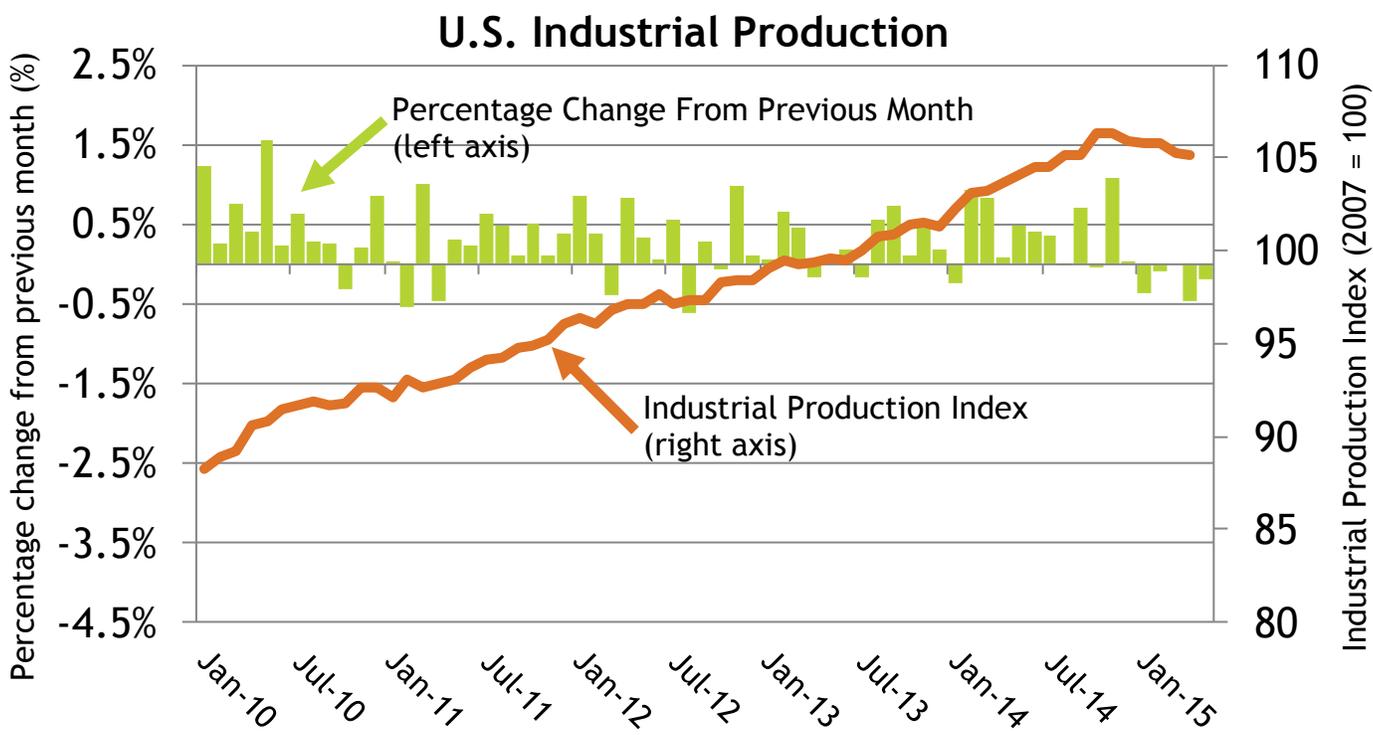
Manufacturing and Industrial Vitality

Manufacturing and production are still important parts of both the U.S. and Missouri economies.

Manufacturing and production continues to be important parts of both the U.S. and Missouri economies and were seriously affected by the recession. Signs of improvement in production and manufacturing are encouraging for economic recovery.

Industrial production in the U.S. is a measure closely linked to the strength of the manufacturing sector. In the previous 12 months industrial production has increased overall. From May 2014 to May 2015, the industrial production index increased 1.4 percent. Growth was highest between June 2014 to January 2015, where year-over-year percentage change averaged 4.6 percent. The highest growth was in July 2014, where industrial production increased 5.1 percent over the year. Industrial production has slowed since February 2015, but production is still higher from the previous year.

Manufacturing employment should move somewhat consistently with industrial production, but there are some inconsistencies between increased production and rising employment. In particular, productivity gains have made it possible for manufacturers to increase output while holding employment constant or even shedding jobs. In the last 12 months, industrial production and manufacturing employment both increased nationally and in Missouri. This shows a need for additional employees as productivity with the current workforce has reached its maximum limit.



Manufacturing Employment

Manufacturing employment has grown in the United States and Missouri in the previous 12 months from May 2014 to May 2015.

Employment in the manufacturing segment has grown at a fast pace in the United States. U.S. manufacturing employment in the previous 12 months had a net gain of 181,000, a 23 percent increase from the May 2013-May 2014 net gain of 147,000.

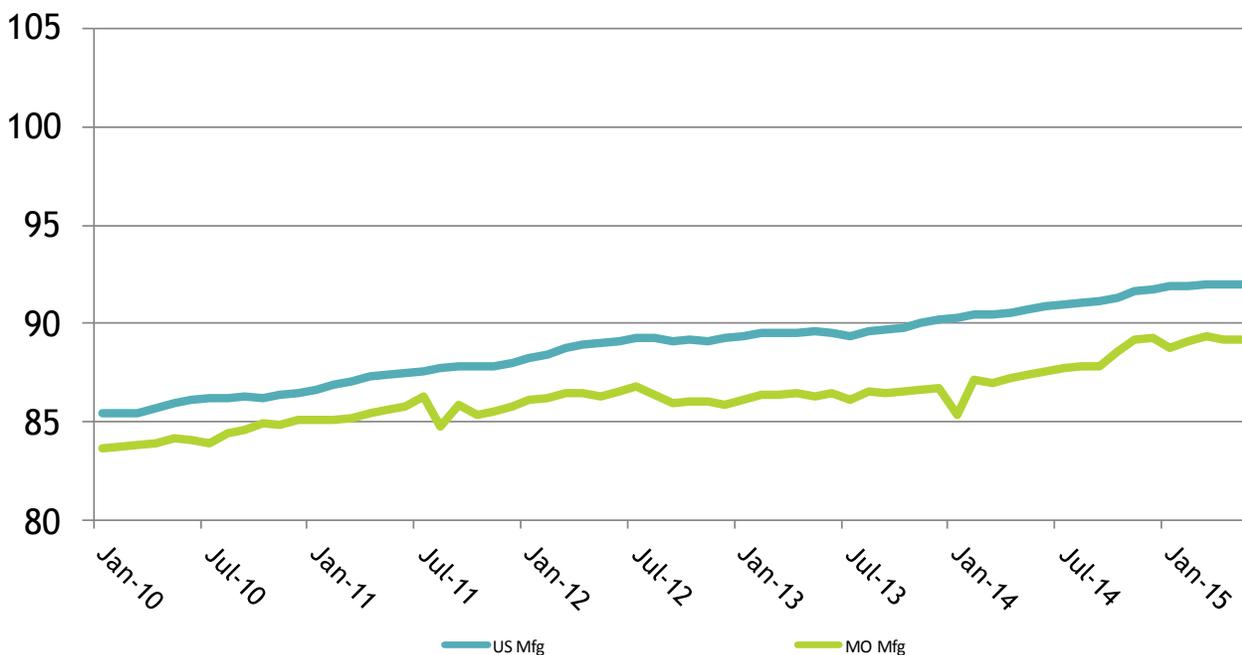
Missouri manufacturing employment has increased at a faster pace than the U.S. over the previous year. Missouri's manufacturing employment grew by 2.1 percent in the previous 12 months, while the U.S. increased by 1.5 percent. Missouri manufacturing employment growth was also higher than statewide private sector job growth of 0.9 percent. Missouri manufacturing employment grew a net 5,000 jobs with all growth occurring between May to December 2014, where 5,400 jobs were added.

Even with the continued manufacturing employment growth in the last 12 months, the U.S. and Missouri job indices are still below pre-recession levels. The U.S. Manufacturing Employment Index in May 2015 is nearly eight percent below the 2008 level and the Missouri index is below by nearly 11 percent. Manufacturing employment growth is continuing but remains below pre-recession levels.

The increased amount of employment in the U.S. and Missouri shows a continued recovery in the manufacturing sector and that the overall economy continues to grow, albeit at a modest pace.

U.S. and Missouri Manufacturing Employment

Index: 2008 Annual Average = 100



Purchasing Managers' Index

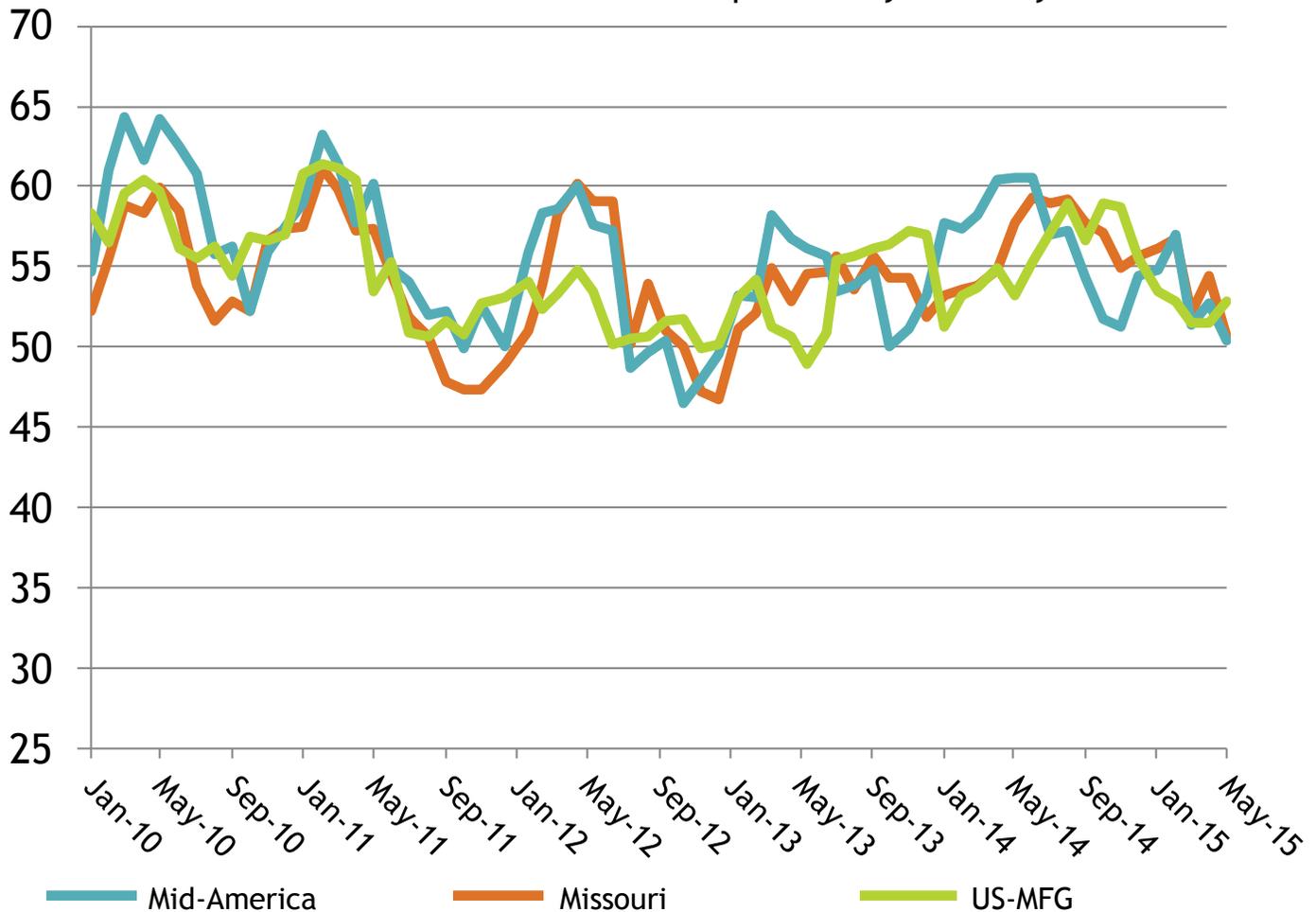
Economists consider the Purchasing Managers' Index (PMI) to be a key indicator as it measures factors like new orders, production, supplier delivery times, backlogs, inventories, prices, employment, import orders and exports. Typically a score greater than 50 indicates an expansionary economy, while a score below 50 forecasts a sluggish economy, for the next three to six months.

PMI has been fluctuating at the national, regional, and state levels, but the indices have not been below 50, which shows the economy is still growing albeit at a slow pace.

The national PMI for manufacturing industries increased by 1.3 points in May to 52.8, marking its first increase in five months. Overall, the National PMI has been above the neutral threshold of 50 for 24 consecutive months.

Missouri's PMI has been above the expansionary level for 29 consecutive months since January 2013. The state's score in May was 50.7, a decrease from April's score of 54.4, according to the monthly Mid-American Business Conditions Survey, conducted by Creighton University, Omaha, NE. The highest components in the index were Production (53.2), Delivery Lead Time (52.1), and Employment (51.0).

Purchasing Managers' Indices (Manufacturing)
Index score >50 indicates an expansionary economy





Retail Trade and Taxable Sales

Consumer spending is an indicator of economic growth and confidence in the economy.

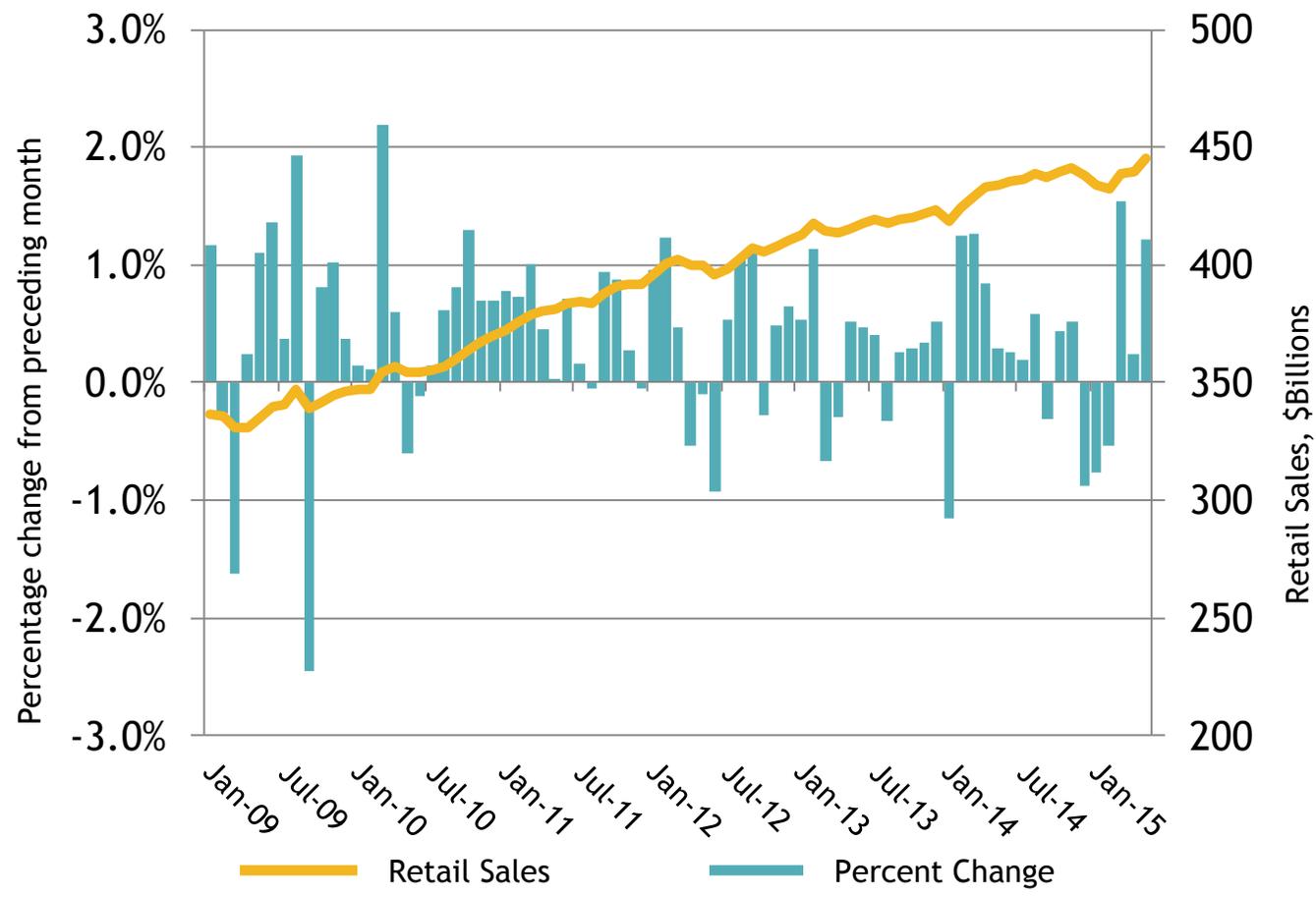
Consumer spending accounts for two-thirds of the U.S. economy and likewise, is essential to Missouri's economy. Retail sales account for around one-half of consumer spending.

National retail sales data are prone to fluctuations but provide an important view on changes in consumer spending. Retail spending has increased overall in the previous 12 months but there have been stretches where retail sales were down, specifically December 2014 - February 2015. Overall, retail spending nominally increased 2.5 percent from May 2014 to May 2015.

Consumer sentiment indices continue to show improvement in consumer confidence and expectations in regard to the economy, which is typically reflected in spending patterns. Consumers continue to show caution with spending, as the economy continues to show signs of relatively small growth.

U.S. Retail Sales

Adjusted for seasonal variation, holiday, and trading-day differences



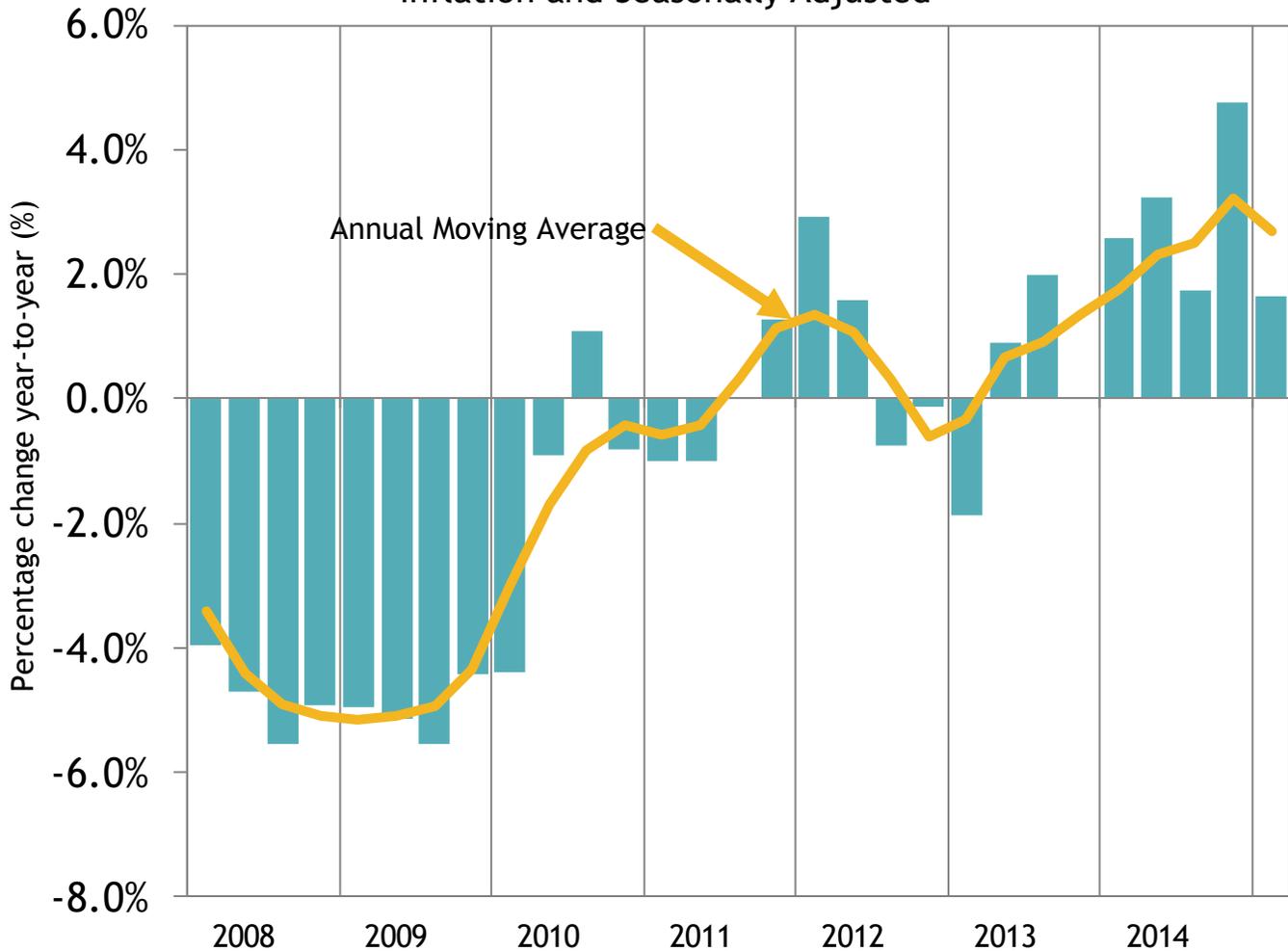
Missouri Taxable Sales

Although no specific retail sales data are readily available for Missouri, total taxable sales as measured by the Missouri Department of Revenue (DOR) can serve as a proxy measure. Retail sales account for approximately 65 percent of taxable sales in Missouri, with an additional 10 percent from wholesale trade, 10 percent from service industries such as hotels and amusement parks, 10 percent from communications industries, and 5 percent from other industries.

The Missouri Department of Revenue has released preliminary taxable sales estimates for the 1st quarter of 2015. For the quarter, approximately \$19.1 billion in taxable sales occurred in the state, an increase of 1.62 percent in actual dollars from the same quarter of 2014.

Analysis by MERIC shows that if seasonal and inflationary effects are removed from the data, real year-to-year changes in taxable sales during the 1st quarter of 2015 was 1.64 percent.

Year-to-Year Quarterly Percentage Change in Taxable Sales
Inflation and Seasonally Adjusted





Missouri's Regional Economies

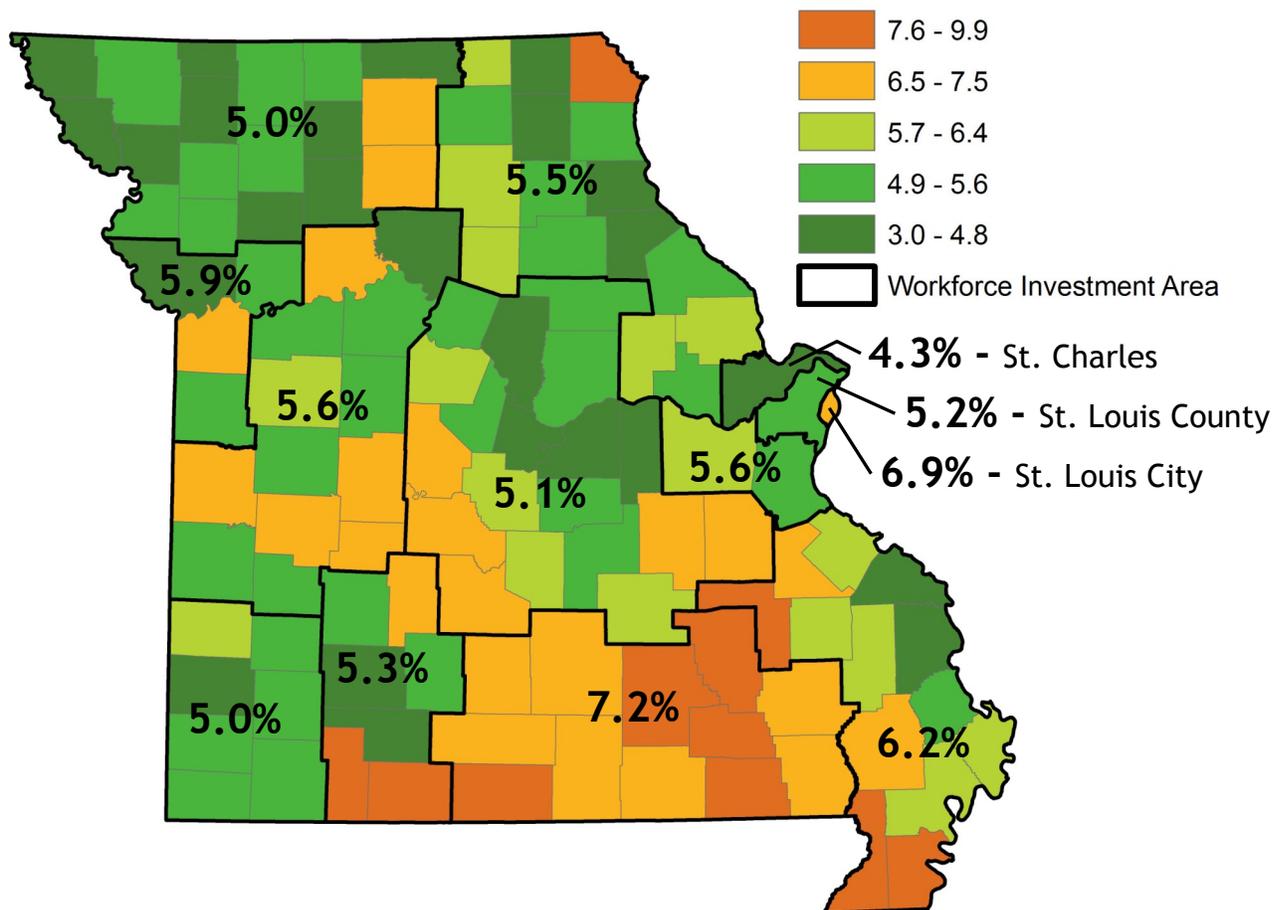
Missouri's economy is complicated and diverse. The state itself is home to many smaller and distinct economies.

Missouri can be divided into several multi-county regions, including Metropolitan Statistical Areas (MSAs) and Workforce Investment Areas (WIAs). Analyzing these regional economies determines the different strengths and advantages each brings to the state.

Missouri's metropolitan areas make up the largest portions of the state's economy. St. Louis County and Jackson County alone combine for nearly one-third of the state's economy in terms of employment, personal income and population. Regardless of their size, all of the regions have a role in the state's economic make-up. For example, some of Missouri's rural areas are especially important to tourism and agriculture in the state.

Regions of the state have rebounded differently from the recession. Unemployment rate data for April 2015 shows pockets of higher and lower unemployment rates spread throughout the state.

Workforce Investment Area Unemployment Rates - April 2015 (Not Seasonally Adjusted)

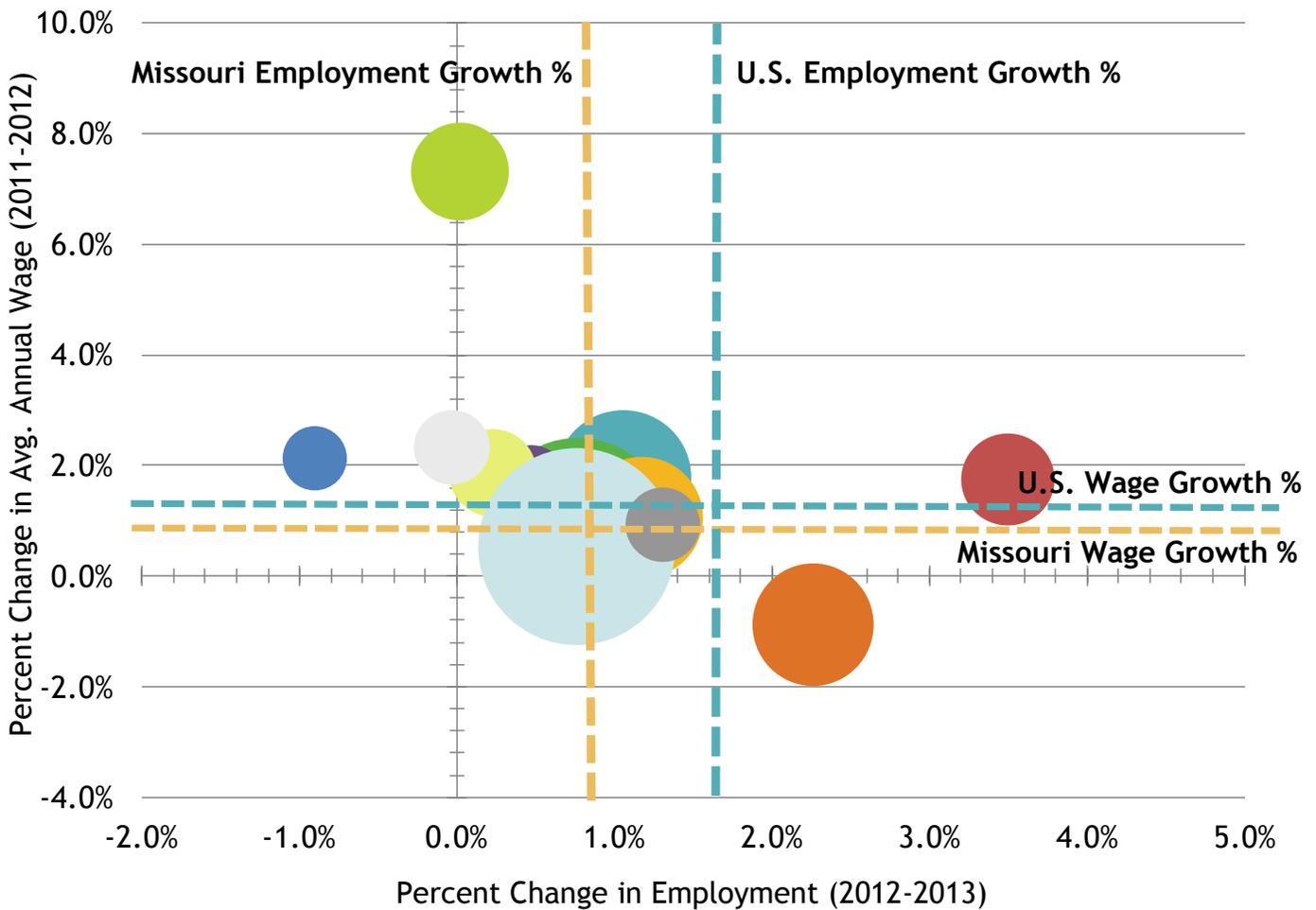


Regional Employment and Wages

According to employment and wage data from 2012 through 2013, most regions had growth in both. The Southeast region had the largest average wage growth in the state over the year at 7%. The St. Louis City region had lost 0.9% in average wages. All but one region had employment growth during this period; the South Central region lost 0.9% in employment. Employment growth was lowest in the Southeast and West Central regions with 0.0% growth. On average, wage and employment growth in both Missouri and the U.S. were positive from 2012 to 2013. Employment growth in the U.S. outpaced most regions in the state except for the St. Charles County and St. Louis City regions with 3.5% and 2.3% respectively. Wage growth in the U.S. was outpaced by several regions in Missouri, with seven regions having higher wage growth than the national average.

Comparative Performance of Workforce Investment Areas in Missouri

Sphere size indicates relative employment levels

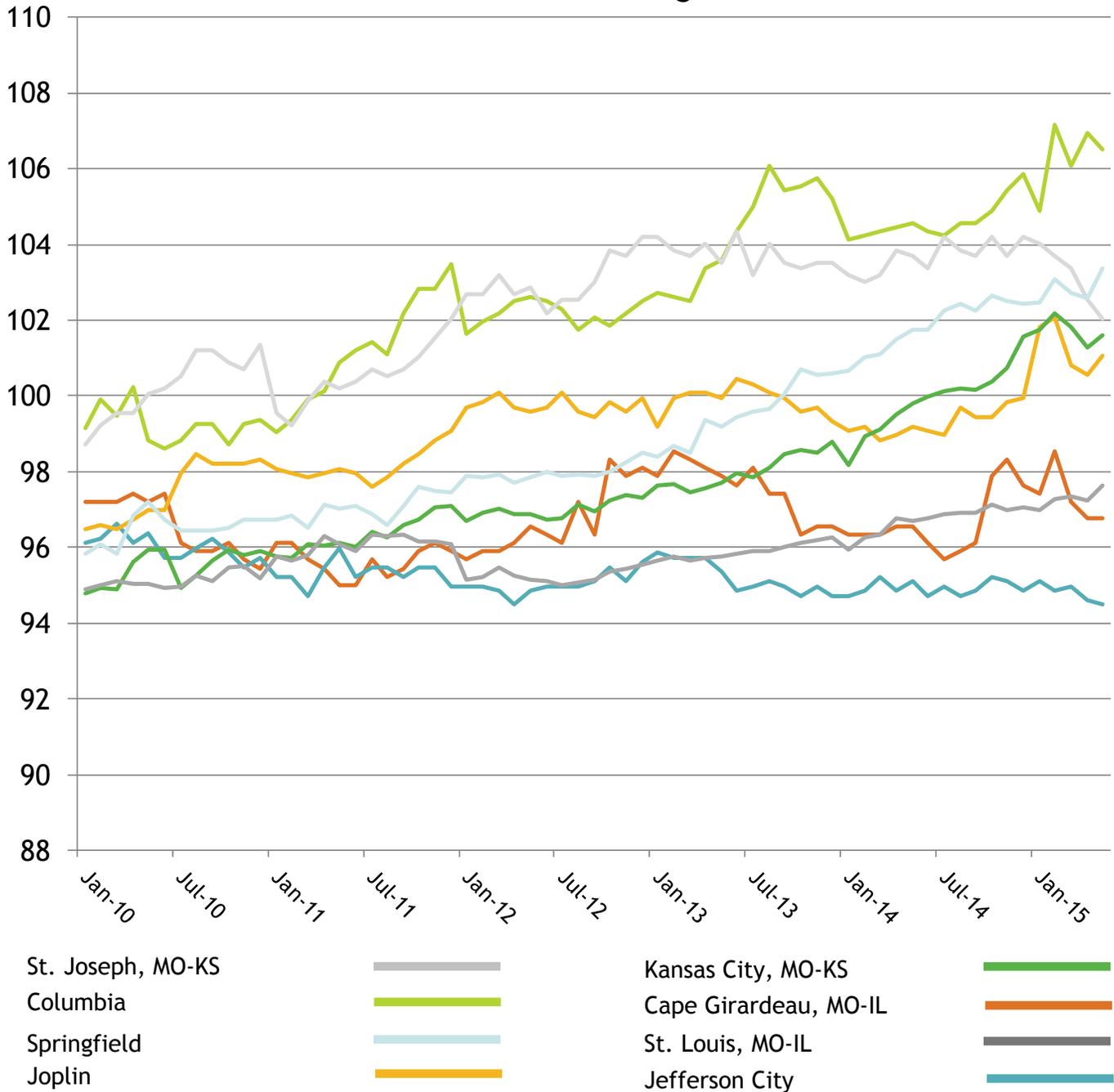


- Northwest
- Jefferson/Franklin
- Kansas City
- St. Louis County
- West Central
- South Central
- Northeast
- Southeast
- Central
- Ozark
- Southwest
- St. Charles County
- St. Louis City

Metropolitan Employment Trends

Seasonally adjusted nonfarm payroll employment data for the state's MSAs provides a more current view of employment trends over the year. The previous 12 months ending in May 2015 saw employment grow in most MSA's with two having slight declines. The largest growth occurred in the Columbia and Joplin MSA's. Kansas City MO-KS employment grew to a level that is higher than 2008 employment levels. St. Louis MO-IL had slight employment gains, but employment continues to be below 2008 levels.

Missouri MSA Payroll Employment Trend
Index: 2008 Annual Average = 100



New Business Formations by WIA Region

New businesses bring industry diversity and job growth to a region and are a major engine for economic growth. While the majority of new businesses fail, those that succeed are valuable to the state's economy. Identifying the types of new business and the regional variations of start-ups gives insight into the new business tendencies in the state.

The Missouri Economic Research and Information Center (MERIC) measures new payroll business formations in the state by tracking newly established unemployment insurance accounts. These accounts represent newly registered non-farm businesses that have one or more employees. MERIC uses this information to gauge the number of new employing businesses by industry, county, and region.

Social assistance businesses (NAICS 624) includes home health care services, which accounts for 42 percent of all business formations in the state. The industry subgroup is in the top three of all but a few of the regional startup lists. *Food Services and Drinking Places* (NAICS 722) account for six percent of all business formations and is in the top three of all but a few of the regional start-up lists. Restaurants and social assistance form the most businesses in Missouri, regardless of the area. While important, the sectors were excluded from the overview to highlight other industries that are often less known.

Top Regional Industries - St. Louis/Kansas City

The *Professional, Scientific, & Technical Services* industry was responsible for a significant portion of business formations in the Kansas City, St. Charles County, St. Louis City, and St. Louis County regions. These are businesses highly dependent on technical skills. Examples include law firms, accounting firms, architectural and engineering firms, and business consulting. Two-thirds of these formations were in *offices of lawyers, computer systems design services, and management, scientific, and technical consulting services*. The *Professional, Scientific, and Technical Services* industry were 6.3 percent of business formations in the Kansas City and Jefferson/Franklin Regions and 5.7 percent of business formations in the St. Louis County and St. Charles County Regions.

Administrative & Support Services accounted for the next highest number of startups in these four regions. These establishments are engaged in activities that support the day-to-day operations of other organizations such as cleaning services, general management, and personnel administration. The share of business formations ranged from 5.7 percent in the St. Charles and St. Louis County regions to over 6 percent in the Jefferson/Franklin County¹ region.

Construction-related activities rounded out the top three for these areas. These industries include *Specialty Trade Contractors* and *Construction of Buildings*, and were responsible for between 5 to 15 percent of the startups in each region.¹ Jefferson/Franklin (15 percent) and Kansas City Region (8.7 percent) had the highest share of business formations. Along with building construction, these establishments perform specific activities (e.g., pouring concrete, site preparation, plumbing, painting, and electrical work) involved in building construction.

¹ Percentages do not include formations in *Private Households* or *Food Services and Drinking Places*.

New Business Formations by WIA Region, con't.

Top Regional Industries - Remainder of State

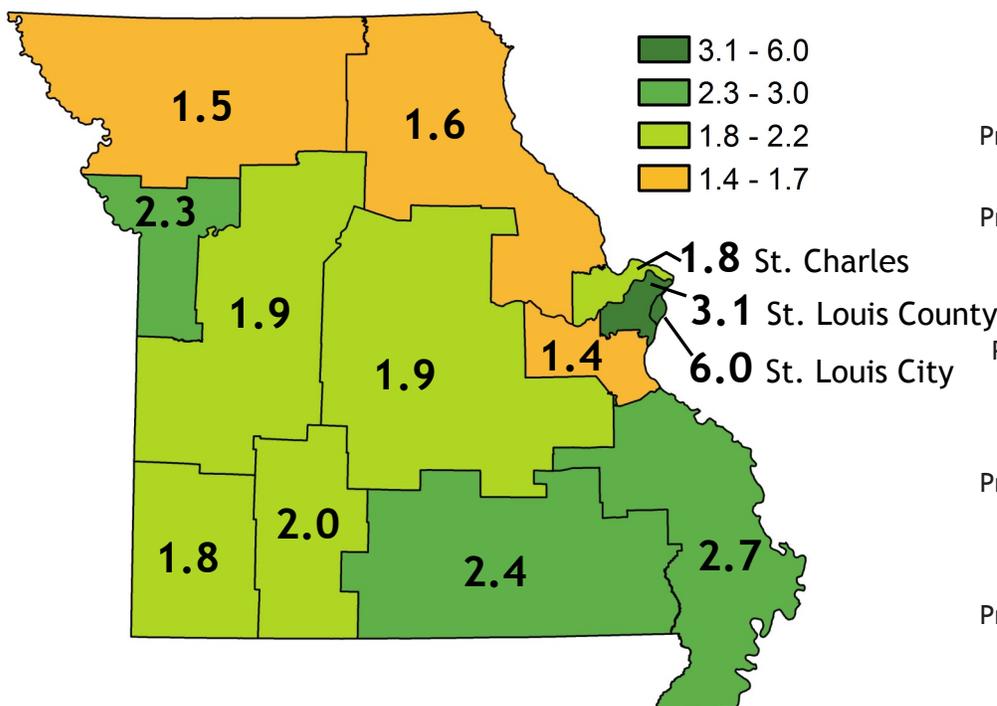
In all but one of the primarily rural regions, construction-related activities was responsible for the highest percentage of formations. The only area where this did not lead was in the Ozark region, where *Professional, Scientific, and Technical services* accounted for the majority of formations.

Professional, Scientific, & Technical Services played a significant role in formations for these regions also, landing in the top three for all regions. Many business formations were in *Computer System Design Services* and *Management, Scientific, and Technical Consultants*

Administrative & Support Services was responsible for a large amount of formations in six regions, primarily around urban areas. *Landscaping* and *Janitorial Services* were the two industries that accounted for most of these formations.

Total business formation tends to be highest in urban areas that have high population density. The map below shows new business starts per 1,000 people for each WIA Region in Missouri. This map is useful because it allows business growth to be standardized by population, making it possible to identify rural regions with high business growth.

**New Business Formations in Missouri
WIA Regions Per 1,000 Population, 2014**



Top 3 Industries by Region

Central Region
Construction Activities
Professional, Scientific, and Tech. Services
Administrative and Support Services

Jefferson/Franklin Region
Construction Activities
Administrative and Support Services
Professional, Scientific, and Tech. Services

Northeast Region
Construction Activities
Professional, Scientific, and Tech. Services
Administrative and Support Services

Northwest Region
Construction Activities
Professional, Scientific, and Tech. Services
Administrative and Support Services

Ozark Region
Construction Activities
Truck Transportation
Health Care Activities

South Central Region
Construction Activities
Administrative and Support Services
Health Care Activities

Southeast Region
Construction Trade
Professional, Scientific, and Tech. Services
Administrative and Support Services

Southwest Region
Professional, Scientific, and Tech. Services
Construction Activities
Administrative and Support Services

West Central Region
Construction Activities
Administrative and Support Services
Professional, Scientific, and Tech. Services

Kansas City Region
Professional, Scientific, and Tech. Services
Construction Activities
Administrative and Support Services

St. Charles County Region
Professional, Scientific, & Tech. Services
Administrative and Support Services
Construction Activities

St. Louis City Region
Professional, Scientific, and Tech. Services
Administrative and Support Services
Construction Activities

St. Louis County Region
Professional, Scientific, and Tech. Services
Administrative and Support Services
Construction Activities

Regional Employment Trends 2009 - 2014

According to employment data, most of the state's regions have recovered from the 2008-09 recession. The Ozark region had the highest employment percentage growth of 5.1 percent over the past five years, followed by the Central Region with 3.7 percent, and the Southeast Region with 3.1 percent. *Educational Services* and *Food Service & Drinking Places* industries were the top employing industries in all regions of the state. Industries in the Health Care and Social Assistance group (*Hospitals, Nursing and Residential Care Facilities, and Ambulatory Health Care Services*) were also in the top ten of largest employers across all regions.

The Missouri Economic Research and Information Center (MERIC) measures industry employment using Quarterly Workforce Industry data provided by the U.S. Census Bureau, Center for Economic Studies in cooperation with the U.S. Bureau of Labor Statistics.

Top Industries by Employment - St. Louis/Kansas City

Total employment in the Kansas City workforce region went from 508,037 in 2009 to 518,256 in 2014. Employment increased 2 percent, or an additional 10,219 jobs during the time period. Total employment in the St. Louis workforce region went from 1,023,113 in 2009 to 1,041,579 in 2014, an additional 18,484 jobs or 1.8 percent growth. Both region's employment grew slightly less than the statewide average of 2.2 percent.

The top employing industry in the Kansas City and St. Louis regions were *Professional, Scientific, & Technical Services* and *Administrative & Support Services* respectively. *Professional, Scientific, & Technical Services* employment grew 12.5 percent, or 4,374 jobs; *Administrative & Support Services* grew 16 percent, or 11,014 jobs.

Hospitals were the fourth largest employing industry in both regions. *Hospitals* employed 17 percent, or 4,414 more people, from 2009 to 2014 in St. Louis. Kansas City region employed 11.3 percent or 2,987 more during the same time period. Major employers in the *hospital* industry are Research Medical, St. Luke's Hospital, and Truman Medical Center in the Kansas City Region and Barnes Jewish Hospital, St. Louis University Hospital, and Washington University Medical Center in the St. Louis Region.

The *Ambulatory Health Care Services* industry is a major employer in the St. Louis and Kansas City Regions, ranking fifth and sixth in employment, respectively. The St. Louis region saw employment in the industry increase by 10.1 percent, or 9,390 jobs; Kansas City Region employment increased 10.7 percent, or 2,274 jobs.

The *Specialty Trade Contractors* industry employed a significant number of people in the Kansas City and St. Louis region but the industry is experiencing a loss of employment in both regions. *Specialty Trade Contractor* industry establishments perform specific trades (e.g. plumbing, painting, and electrical work) involved in building construction or other activities. The St. Louis Region lost 5,917, or 16.8 percent employment, and the Kansas City Region lost 1,546 jobs, or 9.5 percent, between 2009 and 2014.

Regional Employment Trends, con't.

Top Regional Industries by Employment - Remainder of State

As stated previously, *Educational Services* and *Food Service and Drinking Places* were the top two industries by employment in most rural regions of the state. The only region where one or the other was not at the top was the Southwest region, where *Food Manufacturing* was the second largest industry.

Hospitals were the third largest employing industry in the Central, Southeast, Northwest, Ozark, and Southeast region. The *Hospitals* industry employed from over 5,000 in the Northwest region to over 16,000 in the Ozark region. In the previous five years, there has been slight growth or loss of employment in the industry with only one region experiencing higher than five percent employment growth in the industry: Northwest (20.8%).

The *Professional, Scientific, & Technical Services* industry employs a significant number in several regions of the state. The industry is top ten in employment in six regions with the Ozark region leading employment with 8,642 people. Employment growth has been strongest, with double-digit growth, in the Central (18.1%), Northeast (17%), Northwest (15.7%), Ozark (29.7%), and Southwest (51.6%) regions.

The *Food Manufacturing* industry is a major employing industry in several rural regions of the state. The industry was a top-ten employing industry in the Southwest, West Central, Southeast, and Northwest regions. Employment has increased fastest in the Southwest and Southeast region increasing by 19.1 percent and 8.6 percent, respectively, during the five year period.

Administrative & Support Services is a fast-growing employer across rural regions of the state. The region with the most employed in the industry is the Ozark region with 14,400. The industry has double-digit employment growth in several regions: Ozark (37%), Northwest (20.5%), West Central (42%), Central (40.1%), Southwest (29.6%), and South Central (40.3%)

Top 3 Industries by Employment by Region

Central Region

Educational Services
Food Service and Drinking Places
Hospitals

Northeast Region

Educational Services
Food Service and Drinking Places
Nursing and Residential Care Facilities

Northwest Region

Educational Services
Food Service and Drinking Places
Hospitals

Ozark Region

Educational Services
Food Service and Drinking Places
Hospitals

South Central Region

Educational Services
Food Service and Drinking Places
Social Assistance

Southeast Region

Educational Services
Food Service and Drinking Places
Hospitals

Southwest Region

Educational Services
Food Manufacturing
Food Service and Drinking Places

West Central Region

Educational Services
Food Service and Drinking Places
Nursing and Residential Care Facilities

Kansas City Region

Food Service and Drinking Places
Educational Services
Professional, Scientific, and Technical Services

St. Louis Region

Food Service and Drinking Places
Educational Services
Administrative and Support Services



Data Sources

Gross Domestic Product (pages 2 and 3)

Real Gross Domestic Product and Quarterly Change - U.S. Bureau of Economic Analysis
Industry Share of Missouri's Economy - U.S. Bureau of Economic Analysis

Unemployment Rate (page 5)

U.S. and Missouri Unemployment Rate - MERIC in cooperation with the U.S. Bureau of Labor Statistics

Employment (pages 6 through 11)

U.S. and Missouri Payroll Employment - MERIC in cooperation with the U.S. Bureau of Labor Statistics

Missouri Employment Change by Sector - MERIC in cooperation with the U.S. Bureau of Labor Statistics

Missouri Employment Trend in Largest Employing Sectors - U.S. Bureau of Labor Statistics

Burning Glass Technologies Labor/ Insight tool - MERIC

Personal Income (page 12)

Real Personal Income - U.S. Bureau of Economic Analysis

Manufacturing and Industrial Vitality (pages 13 and 14)

Industrial Production - Federal Reserve Board

U.S. and Missouri Manufacturing Employment - MERIC in cooperation with the U.S. Bureau of Labor Statistics

Purchasing Managers' Indices (Manufacturing) - Institute for Supply Management and Creighton University

Retail Trade and Taxable Sales (pages 16 and 17)

U.S. Retail Sales - U.S. Census Bureau

Year-to-Year Percentage Change in Taxable Sales - Missouri Department of Revenue

Missouri's Regional Economies (pages 18 through 24)

Workforce Investment Area Unemployment Rates - MERIC in cooperation with the U.S. Bureau of Labor Statistics

Comparative Performance of Economic Areas in Missouri - MERIC in cooperation with the U.S. Bureau of Labor Statistics

New Business Formations in Missouri WIA Regions - MERIC in cooperation with the U.S. Bureau of Labor Statistics

Regional Employment Data - Quarterly Workforce Indicators dataset, U.S. Census Bureau, Center for Economic Studies

2015

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About the Missouri Economic Research and Information Center

The Missouri Economic Research and Information Center (MERIC) provides comprehensive analysis of Missouri's socioeconomic environment at the local, regional and state levels. To achieve this, MERIC employs a wide array of tools, which include econometric models, geographic information systems and advanced statistical methods. On-going projects at MERIC include targeted development, economic and social impact assessments, industry and occupational analyses, career seeker products and information on Missouri's demographic and economic trends.

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