

Outlook is mixed on local economic front

Unemployment rates are dropping, but home sales flat, foreclosures high

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MANKATO — Take your local economic outlook glass as you wish — half full or half empty.

The local poverty rate is alarming. Home sales are still flat with values down. Home foreclosures are high.

For the half-full crowd: Unemployment rates continue to drop and are better than most of the state. Shoppers are spending more than predicted. Banks are beginning to see manufacturers borrow again.

Dick Schiming, professor of economics at Minnesota State University, said it's difficult to find broad trends in the economy.

“ The economy is pretty mixed.

There are some strong areas and some weak areas, so it's still tricky

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MSU professor of economics Dick Schiming says it's not easy to find broad trends in the economy.



Todd Loosbrock, president of US Bank, sees more economic victories ahead than losses.

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to know what's happening.

"The economy's moving in the right direction but not fast enough," Schiming said.

Todd Loosbrock, president of US Bank in Mankato, said his prediction for the coming year is this: "Stable and improving. More wins than losses."

"We're seeing some positive signs from our manufacturing customers. There are some spikes in business activity."

Manufacturers and other commercial clients haven't been eager to use lines of credit for the past couple of years, relying on cost cutting and cash reserves.

"We're starting to see more line of credit usage, which is a good sign," Loosbrock said.

He said he's also seeing improvements in the transportation sector. When trucking companies start getting busier, it's a sign of an improving business environment.

Schiming said the conditions for many individuals is more precarious. He said the latest census report on rising poverty in the region, showing one in six people in Blue Earth County were in poverty in 2009, is a troubling sign.

"There are a lot of people just hanging on."

That recently released census report showed poverty increased more than 12 percent in Blue Earth County and more than 7 percent for the nine-county area.

The report also showed a crash in family income locally with the median family income in Blue Earth County falling from about \$49,000 to about \$43,000.

Foreclosure crisis continues

There were 225 homes foreclosed on in the third quarter of this year, the second-highest number during the foreclosure crisis (the highest being in the second quarter of 2008).

Still, most area counties rank in the lower half of the state's counties when it comes to foreclosure rates. Blue Earth County, which had 56 foreclosures in the third quarter, has a higher foreclosure rate, ranking 21st in the state.

Statewide, there were 7,254 foreclosures during the third quarter.

Home sale prices low

The sale of existing homes in south-central Minnesota was sluggish as the year closes. But the number depends on your viewpoint.

There were 105 homes sold in November, compared with 160 a year earlier. But sales were bolstered at the end of 2009 because of federal stimulus that provided a tax credit for first-time homebuyers.

Compared to November 2008, when 99 homes were sold, this November's numbers are a bit higher.

The median price of homes sold continues to be pushed down, in part by price-cutting sellers, but also because of lower-priced foreclosure sales.

The median price in September was \$117,750. That fell to just \$92,500 in October but rebounded to \$125,00 in November.

The average home was on the market for 170 days before selling in November.

Unemployment rate dips

Unemployment rates in the region continue to move lower, generally bettering the state rate and considerably below the 9.6 percent federal rate.

Blue Earth County's unemployment rate is at 5.4 percent, the lowest it's been in two years but still higher than the 3 percent rate seen at the end of 2006.

The number of people unemployed in the nine- county region stands at 7,862.

The number of unemployed had reached nearly 12,000 early last year. (The figures do not include people who have given up actively looking for work, or those who are "underemployed," meaning they hold parttime jobs when they desire full time, or are working below their skill and training level.) There are now 123,823 non-farm jobs in the nine- county region, about 500 fewer than the same time last year.

In Blue Earth and Nicollet counties combined, November job numbers increased from 51,718 in 2009 to 52,201 in 2010, a year over year increase of 483 jobs or just under 1 percent. While job growth has slowly trended up this year for the greater Mankato region, job creation here has lagged regional centers such as St. Cloud and Rochester.

A bump in home building

After a slow pace to home building throughout the year, housing starts were picking up at the end of the year.

There were 37 new housing starts in Mankato in October and one in North Mankato. That compares to 17 total housing starts for the same month a year earlier.

Mankato and North Mankato saw a large bump in the value of residential remodeling/ repair project this fall, but most of it was for people residing or reshingling their homes because of widespread

hail damage.