



2016

Business Conditions & Indicators Report

 **LINCOLN**[™]
PARTNERSHIP
FOR ECONOMIC
DEVELOPMENT



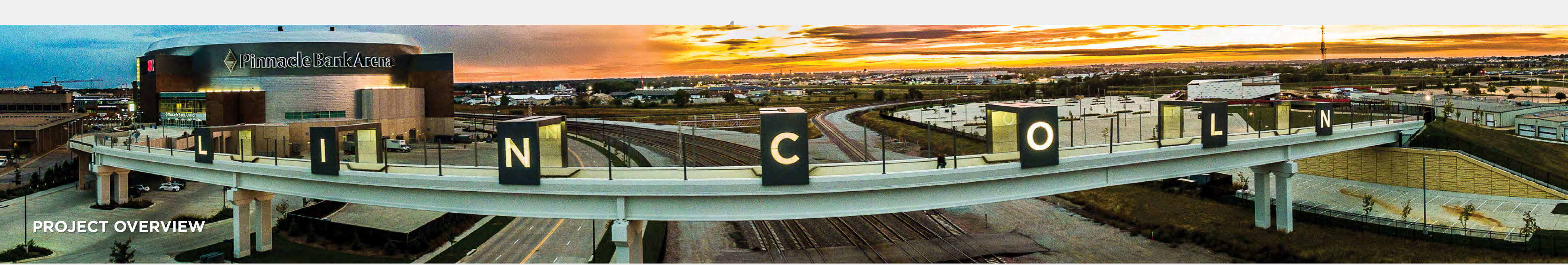
LINCOLN'S 2016 BUSINESS CONDITIONS & INDICATORS REPORT

Since 2002, The Lincoln economic development partners have been facilitating a formal Business Retention & Expansion Program. This program would not be possible without active participation from all contributors to the process. Partners include representatives from:

- Lincoln Partnership for Economic Development
- Black Hills Energy
- City of Lincoln Mayor's Office
- Greater Lincoln Area Workforce Investment Board
- Nebraska Department of Economic Development

Additionally, the Lincoln Partnership for Economic Development and partnering organizations would like to take this opportunity to express a deep gratitude to all of the companies and business leaders that participated in this year's survey.





PROJECT OVERVIEW

Program Objective

The goal of the Lincoln Business Retention & Expansion (BR&E) Program is to proactively respond to the needs of existing businesses. By reaching out to local employers, Lincoln's economic development team learns about the issues and challenges facing these businesses in an effort to retain them in our community and assist in growth opportunities.

Purpose of the Report

This report is designed to inform business leaders, government officials and the community about the perceptions of doing business in Lincoln by our primary employers/businesses. By learning more about these issues, programs, policies and services can be developed and implemented that help lead businesses to innovation, increased competitiveness and sustainability, and provide economic opportunity for our area residents. This report does not defend, suggest or oppose any program or political view and should not be construed as such.

Team Effort

The Lincoln BR&E program continues to be a focus for a number of economic development service provider organizations in the community. The Lincoln Partnership for Economic Development organizes the process and is supported by a team made of individuals from the following organizations: The Lincoln Partnership for Economic Development, Black Hills Energy, the City of Lincoln Mayor's Office, the Greater Lincoln Workforce Investment Board and the Nebraska Department of Economic Development. Through the cooperation of these entities, the team consists of 10 full-time staff dedicated to economic development activities, as well as, five members from Black Hills Energy.

This program would not be possible without the active participation from all contributors to the process. Thanks to the hard work of a number of individuals, the team was able to visit and provide assistance to many local businesses. The organizations that provided personnel and resources are acknowledged on the inside back cover of this document.

Business Assistance

The value of a successful BR&E Program is ability of the team to respond to and follow-up on the needs of existing businesses. These follow-up activities can vary in the needs and responsibilities, but generally involve information on state and local business development programs and incentives, regulatory issues, questions about infrastructure and workforce development assistance.

Primary Businesses

Most of the employers visited are considered to be primary businesses. Primary businesses are defined as those businesses exporting the majority of their products and services outside of the Lincoln economy and/or gather a large portion of their sales revenue from outside the local area.

Information Collection

The initial contact with local employers is via U.S. Postal Service. Targeted businesses receive a letter of explanation from the Lincoln Partnership for Economic Development and the City of Lincoln Mayor's Office, along with a BR&E Survey. Follow-up calls are then made by the individual assigned to a particular business to schedule a visit. Information is then collected through in-person interviews with individual business executives.

Collecting and analyzing the information is achieved by using the Synchronist Business Information System.® Following an in-person visit, information is entered into this system and can then be used to help determine the current business climate and track the types of assistance provided to each business.

The Survey

The BR&E Survey measures a number of specific items ranging from company investments, sales and employment, to perceptions of the local business climate factors. These surveys are standardized, extremely comprehensive and consist of three parts:

- Company background information
- On-site visit
- Post-visit assessment

The Big Picture

Many communities throughout Nebraska have a BR&E Program and have adopted the Synchronist Business Information System® and the statewide goals are to:

- Reach out to key employers
- Identify and address company and community problems
- Identify and assist expansion opportunities
- Identify and address companies at risk

BUSINESS CONDITIONS REPORT

Executive Summary

Section 1 | Participant Overview

Section 2 | Business & Industry Activity

Section 3 | Workforce

Section 4 | Local Business Climate

Section 5 | Business Assistance

Conclusion

Acknowledgment of Partners & Participating Businesses (Inside back cover)



EXECUTIVE SUMMARY

During Lincoln's 2016 BR&E Program, 108 business executives were visited and survey information was collected using a standardized survey. Businesses surveyed in Lincoln reflect a general sense of economic stability that indicates businesses are meeting or exceeding previous year's production and/or sales levels.

- Total sales, market share and international sales are increasing
- Product lines will continue to expand over the next two years
- Majority of companies plan to expand operations in the next three years

There were 58% of all Lincoln businesses surveyed that reported plans to expand or renovate. Future expansion plans, investment numbers and additional jobs indicate further opportunities for the community over the next three years.

- 58 Lincoln businesses reported future plans to expand
- 20 Lincoln businesses reported planned investment of \$138,000,000 over the next three years
- 20 businesses reported plans to add 859 new employees in the expansion process over the next three years

The top strength of the community is a positive employee work ethic. Worker quality received an above average rating by Lincoln businesses. The main weakness of Lincoln's workforce continues to be worker availability, specifically skilled workers.

- Worker quality was rated above average or higher by 70% of businesses
- Worker availability was rated above average or higher by 20% of businesses

Business executives were asked to rate utilities and community services. Overall, utilities and community services were rated above average or higher by the business community. Companies also reported on the strengths of the community as a place to do business. The most mentioned strengths were:

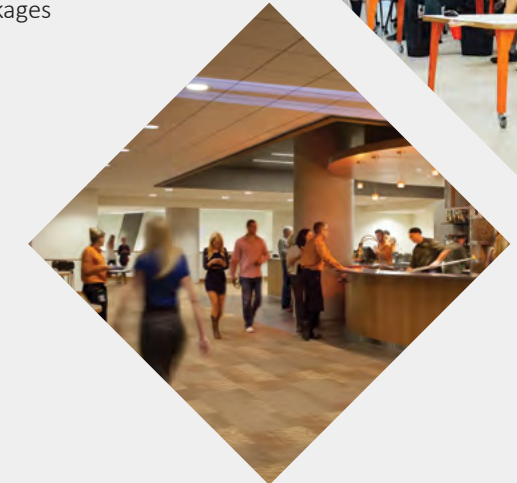
- Positive quality of life
- Strong employee work ethic
- Positive business climate
- Low cost of living

Business executives were asked to report on weaknesses of the community as a place to do business. They were also asked to cite any barriers to growing their business within the community. Opportunities for improvement are as follows:

- Inadequate supply of skilled workers
- Transportation - air and road travel
- Community infrastructure

This year, 35 companies received business assistance during this year's outreach. There were 41 items that were uncovered and most of the business assistance provided to Lincoln companies were categorized as:

- Workforce Assistance
- Business Financial Incentives
- Facility Expansion Support
- B2B Linkages



SECTION 1 - PARTICIPANT OVERVIEW

Sample Size & Time Frame

A total of 108 businesses within the Lincoln Metropolitan Statistical Area (MSA) participated in the survey program from January 1, 2016 to April 15, 2016.

Employee Total & Job Change

The 108 companies surveyed represent a total of 24,967 employees. Nearly 49% of these companies have less than 100 employees.

Business Sectors

Eleven different business sectors were represented when visiting with 108 existing employers. The concentration of the interviewed businesses was highest in Advanced Manufacturing, Technology/Information, and Transportation.

TABLE 1:
EMPLOYEE
TOTAL & JOB
CREATION

Employee Total	24,967
----------------	--------

CHART 1:
EMPLOYEE
TOTAL
RANGE

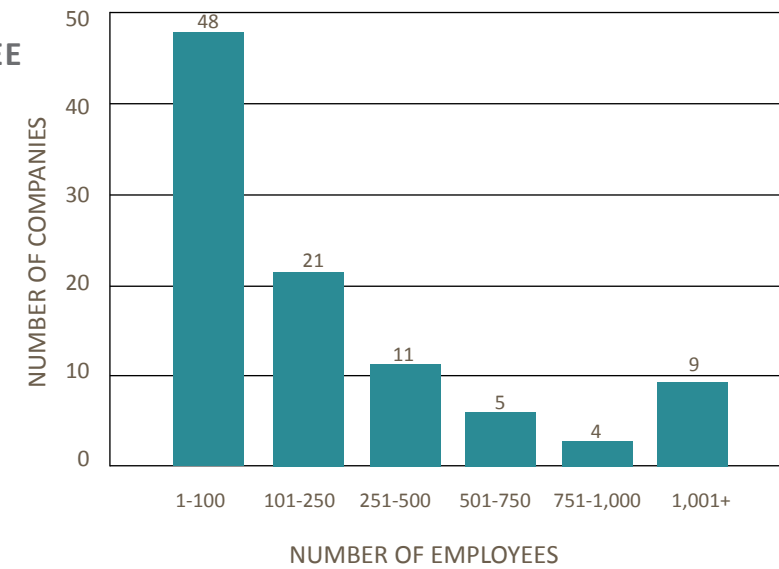
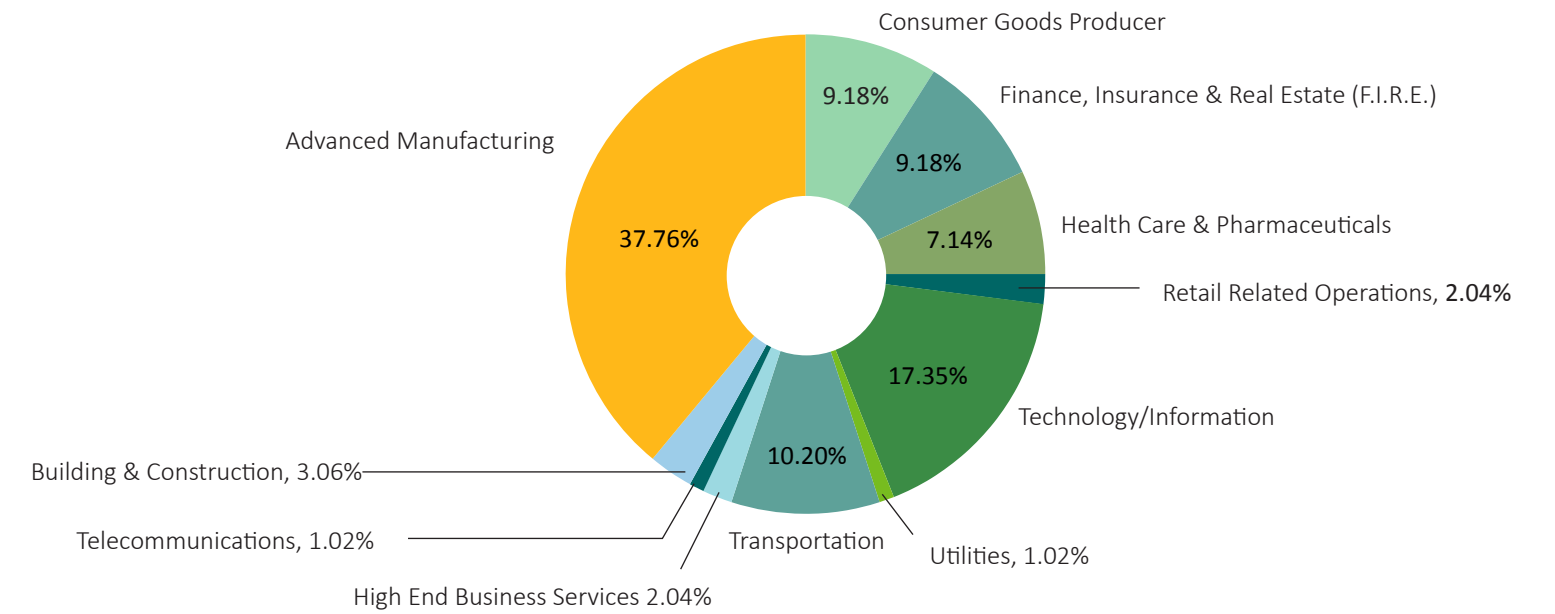


CHART 2: BUSINESS SECTOR



SECTION 2 - BUSINESS & INDUSTRY ACTIVITY

Primary Market

Of the 108 businesses surveyed, a majority (105) were primary employers: 25 businesses primarily sell products or services internationally, 44 businesses primarily sell their products or services across the nation and 33 businesses consider their primary market to be regional. The remaining companies (3) list their primary market as local.

Company Sales & Market Share

There were 73 companies that reported total company sales are increasing, 26 are reported stable, three reported decreasing sales and six did not answer the question.

Export Sales

Nearly 24% of those companies surveyed said they have sales outside of the U.S., of which 19 reported that their international sales are increasing, 28 reported stable international sales.

New Products

There were 79 companies that introduced new products and services in the last five years. Over 70 companies said they are planning to introduce new products and services over the next 24 months.

CHART 3: PRIMARY MARKET

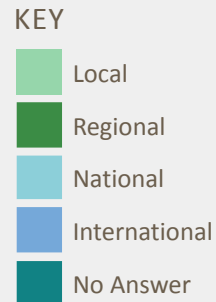
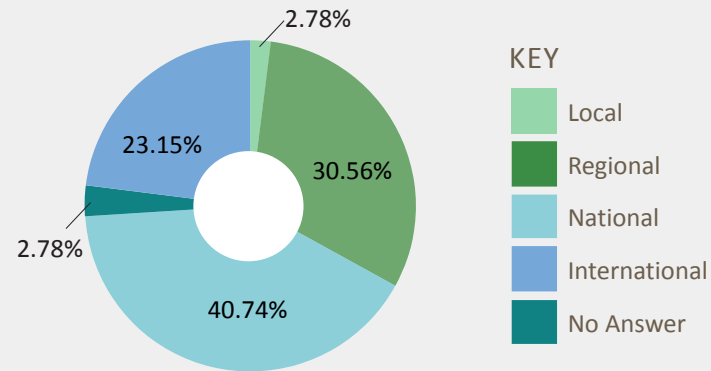


TABLE 2: SALES

TOTAL COMPANY SALES	
Increasing	73
Stable	26
Decreasing	3
No Answer/Other	6

TABLE 3: EXPORT SALES

EXPORT SALES	
Increasing	19
Stable	28
Decreasing	3
No Exports	48
No Answer/Other	10

TABLE 5: NEW PRODUCTS

NEW PRODUCTS INTRODUCED IN LAST 5 YEARS	
Yes	79
No	27
No Answer/Other	2

NEW PRODUCTS ANTICIPATED FOR NEXT 2 YEARS

Yes	71
No	30
No Answer/Other	7

Future Expansion Plans

When asked about future expansion plans, 61% or 58 companies reported that they are planning to expand within the next three years. These businesses reported an estimated investment of \$138,000,000 along with plans to add 859 jobs throughout the expansion process.

CHART 4: PLAN TO EXPAND IN NEXT 3 YEARS

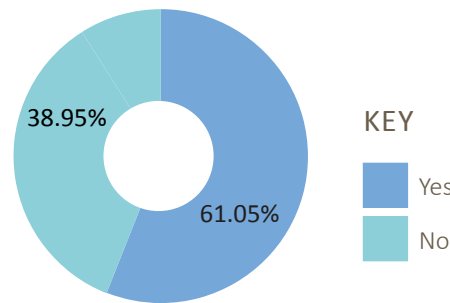


TABLE 4: FUTURE EXPANSION DETAILS

Plan To Expand	58
Estimated Expansion Dollars	\$138,000,000
Estimated Jobs	859



Legislation Changes

All companies were asked about how upcoming legislation changes may benefit or adversely affect their business. There were 26 companies that believe upcoming legislation changes will benefit their business, while 45 identified adverse regulation changes that will likely affect their business or industry in a negative way. Health care reform and financial services were the most mentioned government regulations, that if increased, would potentially impact their business. The most mentioned benefits, with positive impact, were related to workforce, student loan tax credits and immigration reform.

TABLE 7: LEGISLATION CHANGES

ANTICIPATE LEGISLATION CHANGES THAT WILL ADVERSELY AFFECT YOUR BUSINESS IN THE NEXT FIVE YEARS?	
Yes	45
No	59
No Answer/Other	4

IF YES, LEGISLATION CHANGES THAT WILL ADVERSELY AFFECT YOUR BUSINESS IN THE NEXT FIVE YEARS	
General Business - Impacts most or all businesses	12
Industry Specific	22
Other	4

ANTICIPATE LEGISLATION CHANGES THAT WILL BENEFIT YOUR BUSINESS IN THE NEXT FIVE YEARS?	
Yes	26
No	71
No Answer/Other	11

IF YES, LEGISLATION CHANGES THAT WILL BENEFIT YOUR BUSINESS IN THE NEXT FIVE YEARS	
General Business - Impacts most or all businesses	12
Industry Specific	10
Other	3

SECTION 3 - WORKFORCE

Workforce Ratings

Survey participants were asked to rate the availability and quality of workers in the area. The quality of the Lincoln workforce is rated as generally high (above average or higher), however, the availability of workforce rating has fallen from previous years. All measures were rated on a scale from 1 (low satisfaction) to 7 scale (high satisfaction).

The average rating for worker quality was 5.1. Of the 108 companies interviewed, worker quality was rated above average or higher by 73 businesses or 68 percent.

Workforce availability rated at only 3.5, with 21 responses or 19% in the above average or higher range. A majority of the companies said finding highly-skilled workers is more difficult than in previous years.

These results are aligned with the results found in Section 4, under community strengths as a place to do business. The most mentioned strength was a positive employee work ethic.

See Section 4 for further details.

CHART 5: AVAILABILITY OF WORKFORCE

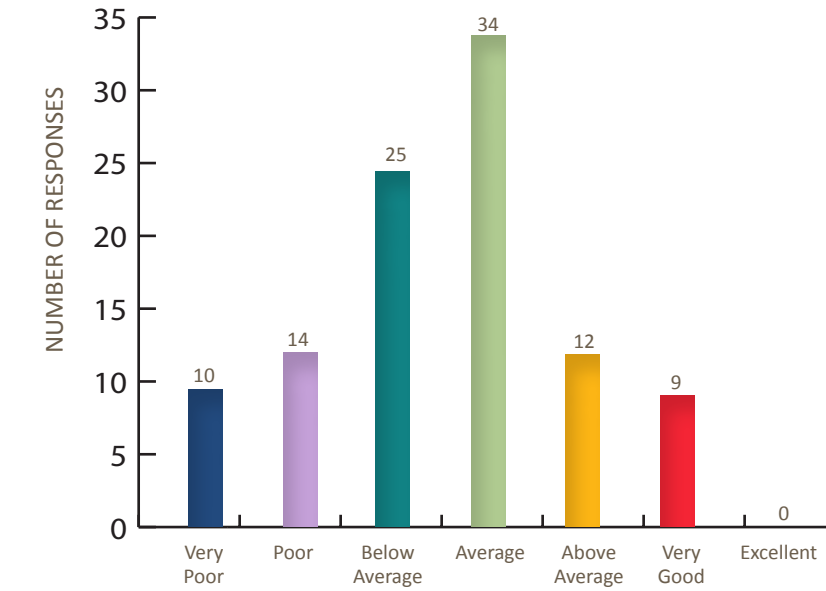
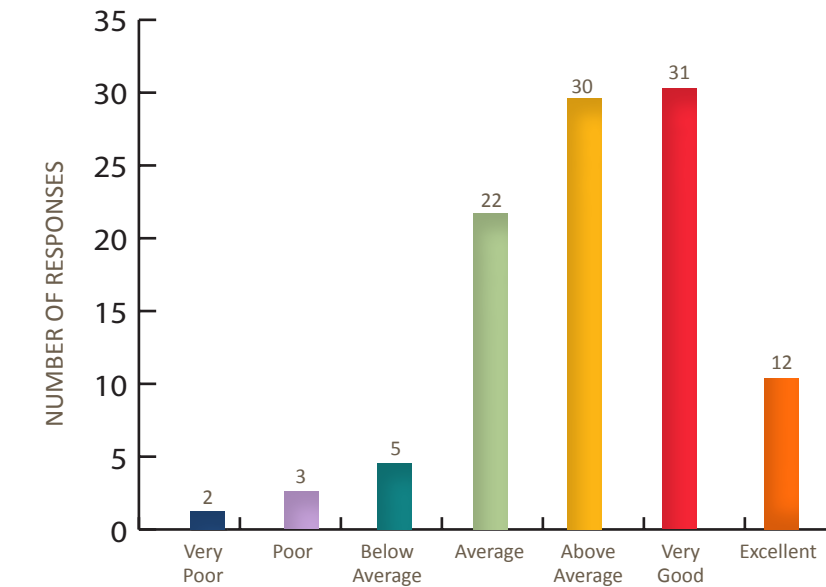


CHART 6: QUALITY OF WORKFORCE



SECTION 4 - LOCAL BUSINESS CLIMATE

Community Strengths & Weaknesses

Respondents were asked to list the strengths and weaknesses of the community as a place to do business.

The most mentioned strengths were employee work ethic followed by a positive quality of life, a positive business climate, location, low cost of living and a stable economy/community. The employee work ethic and a high quality of life continue to be strengths of the Lincoln area year-over-year.

The most mentioned weaknesses as reported by Lincoln businesses were availability of both skilled and unskilled labor and transportation.

CHART 7: COMMUNITY STRENGTHS

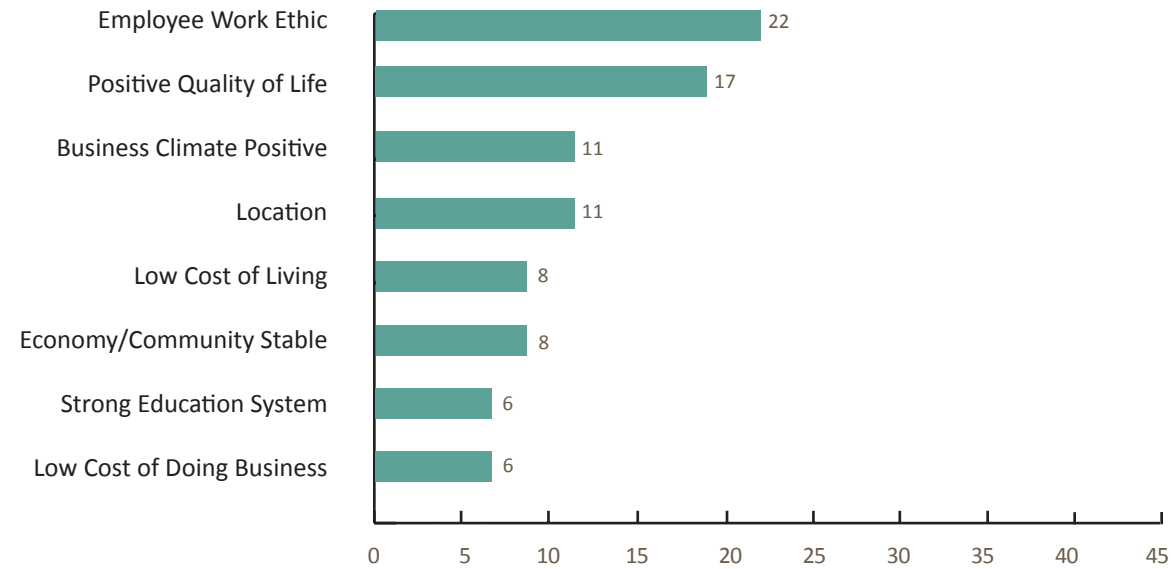
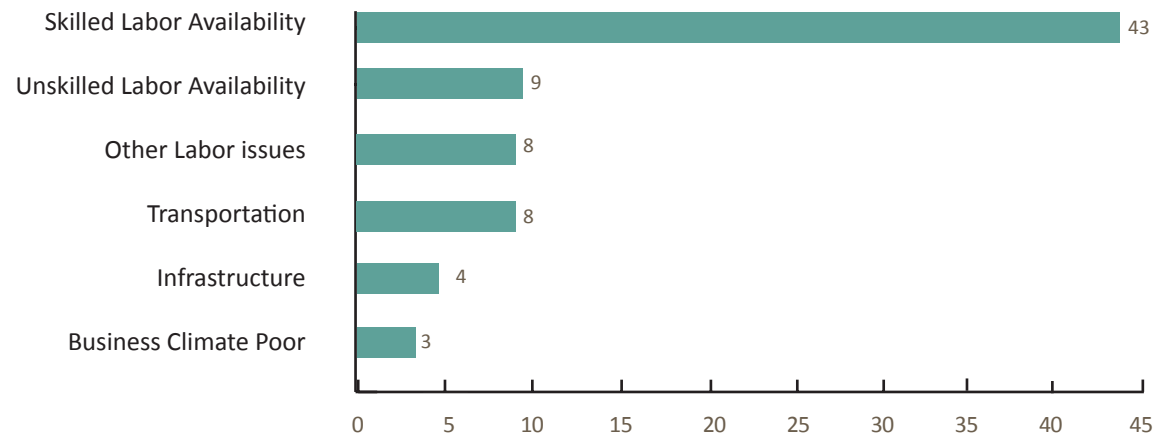


CHART 8: COMMUNITY WEAKNESSES



Barriers to Growth

There were 43 respondents that cited a specific barrier to the growth of their company within the community. The inadequate supply of workers and challenges with employee recruitment are not only cited as a community weakness, but as a barrier to growth.

TABLE 8: BARRIERS TO GROWTH

Labor Availability	35
Technology Infrastructure	5
Roads Infrastructure	4
Business Climate Negative	5
Building Availability or Cost	3

*Respondents allowed more than one response

Community's Technology Infrastructure

Respondents were asked a completely separate question specific to the community's technology infrastructure. There were 13 companies, or roughly 13%, that reported that the community's technology infrastructure is inadequate for their needs. As a result, this can also be categorized as a leading barrier to growth.

TABLE 9: TECHNOLOGY INFRASTRUCTURE

COMMUNITY'S TECHNOLOGY INFRASTRUCTURE ADEQUATE FOR YOUR COMPANY'S GROWTH PLAN?	
Yes	88
No	13
No Answer/Other	7

Utility & Community Service Satisfaction

Businesses were asked to rate their levels of satisfaction with 31 different business climate factors related to utilities and community services in the Lincoln area. Participants rated each factor on a scale from 1 (low satisfaction/quality) to 7 (high satisfaction/quality). Table 10 shows the average rating for all factors.

The average satisfaction ratings for each factor ranged from 3.7 to 6.2. Overall, utilities and community services were rated above average or higher by the business community. Of 31 factors

measured, only 12 were rated below a 5.0. Of those, four factors were rated below 4.0.

The business community again highlighted the traditionally high satisfaction rate with public safety services, education and health care services. The highest rated factors from all utilities and services were fire protection, police protection, health care services and ambulance services with average ratings of 6.17, 6.18, 6.08 and 6.16, respectively.

The lowest average ratings were reported for four services scoring less than 4.0 on this year's survey. The services are Property Tax Assessment (3.87), Streets and Roads (3.83), Public Transportation (3.68) and Air Passenger Service (3.63). The Air Passenger Service rating is improved over previous years which may be attributed to the addition of a direct flight, serviced by Delta, to Atlanta, Georgia. Participants continued to cite limited flight availability, cost and reliability of return flights as the primary sources of dissatisfaction.

Viewed separately, utility ratings appear to be satisfactory for Lincoln businesses. The majority of utilities (electric, natural gas, sewer, water, internet access, telecomm, cellular and internet speed) received average ratings between 4.59 and 5.59. Internet access and internet speed were in the 4.6 average and were the only utilities rated below 5. The major utilities (electric, natural gas, water and sewer) were rated at 5.50, 5.59, 5.57 and 5.58, respectively.

TABLE 10: AVERAGE SATISFACTION WITH UTILITIES & COMMUNITY SERVICES (Scale of 1 to 7)

Fire Protection	6.17	Electric	5.50	Cellular Service	5.14	Internet Access	4.63
Police Protection	6.18	Natural Gas	5.59	County Services	4.98	Internet Speed	4.52
Health Care Services	6.08	Trucking	5.61	Community Services	5.06	Property Tax Assessment	3.87
Ambulance Paramedic Service	6.16	Sewer	5.58	Highways (Province & Federal)	4.82	Streets and Roads (Local)	3.82
Schools (K-12)	5.90	Economic Development Organization	5.37	Telecom (Voice)	4.98	Public Transportation	3.68
College(s) and University(ies)	5.94	Water	5.57	Air Cargo Service	4.65	Airline Passenger Service	3.63
Community College	5.82	Tech College	5.82	Traffic Control	4.05		
Chamber of Commerce/ Business Association	5.38	Child Care Services	5.44	Regulatory Enforcement	4.75		
		Planning	4.84	Zoning Changes and Building Permits	4.57		

SECTION 5 - BUSINESS ASSISTANCE

The Goal

The goal of the program is to proactively respond to the needs of existing businesses, in an effort to retain these businesses in our community and assist in growth opportunities. Lincoln's economic development team works hard to follow-up on the questions, challenges and opportunities facing our local employers.

The Results

This year, some 35 Lincoln companies were assisted with 41 items that were uncovered during this year's outreach. Most of the business assistance provided to Lincoln companies was categorized as B2B linkage, incentives, facility expansion support and workforce assistance.

Resource Network

Follow-up activities typically involve leveraging a resource network. Designated contacts at utility providers, local and state government offices, workforce development agencies, educational systems and economic development organizations are essential to resolving issues and providing assistance beneficial to businesses. Examples include:

- Resolving regulatory issues related to expansion projects
- Pre-planning infrastructure
- Evaluating applicable incentive programs (local & state)
- Identifying sites and buildings for business expansion & relocation projects
- Linking business to education & workforce development programs



Conclusion

The Business Retention and Expansion (BR&E) Program provides a platform for learning about the products and services available in our community and building long-term working relationships. By reaching out to primary employers, Lincoln's economic development team learns about the issues and challenges facing these businesses in an effort to retain them in our community and assist in growth opportunities.

Over time we can begin to develop and implement programs, policies and services that help lead businesses to innovation, increased competitiveness, sustainability and provide economic opportunity for our area residents.

Participant Overview

From January 1, 2016 to April 15, 2016, 108 businesses within the Lincoln Metropolitan Statistical Area (MSA) participated in the BR&E Program. These 108 companies represent 24,967 employees. The concentration of the interviewed businesses was highest in Advanced Manufacturing, Technology & Information, Health Care & Pharmaceuticals, Finance & Insurance and Real Estate.

Business & Industry Activity

Overall Lincoln's surveyed businesses reflect a general sense of stability in the economy. In addition to the reported planned expansions, there are various other measures indicating a strong future for Lincoln's business economy.

A majority of companies reported that total sales are increasing and a similar trend is reflected in the market share of key products. Of those who have international sales, most have reported those sales to be either increasing or stable.

Nearly 58% of Lincoln businesses reported that over the next three years they plan to invest \$138,000,000 and add 859 jobs due to future expansion plans.

Workforce

Business leaders chose employee work ethic as the leading strength of doing business in the Lincoln MSA. Historically, workforce has been a strong component of the success of businesses located in the Lincoln area.

Many sectors of Lincoln's business community reported challenges in recruiting talent – particularly when competing for employees on a national level. Many businesses indicated that the existing pool of experienced labor in

Lincoln is inadequate and characterized recruitment as a barrier to growth in Lincoln. As a result, many of these firms have begun satellite operations in other cities.

Many companies reported challenges in recruiting for scientifically & technically skilled workers, as well as, skilled production labor. Examples of the positions or skills mentioned were software development, IT infrastructure, electrical engineers and high level mechanical skills.

Educated professionals with 5 – 10 years of relevant industry experience are most often cited as the group most challenging to competitively attract on a national level. This would include software developers, graphic designers, marketing specialists, engineers, sales and business development staff, among others.

Action Items

The Lincoln Partnership for Economic Development (LPED) and the Lincoln Chamber of Commerce actively engage on items noted in the survey during 2016/2017:

Recruiting and Retaining Talent:

LPED has added a full-time staff member dedicated to assisting companies with their talent acquisition efforts. A priority of the program is to ensure that the majority of graduates from the local community college, universities and colleges are retained by local employers. An emphasis is also being placed on communicating with former residents and alumni extolling the virtues of life in Lincoln and the available career opportunities.

Building a Talent Pipeline:

The LPED staff will continue to support the development of a pipeline of skilled talent through a variety of programming and organization collaboration: Kids Who Code, Hour of Code, Career Academy, 1st Job Lincoln, Workforce Investment Board, Lincoln Community Foundation, among others.

LPED also continues to promote a number of initiatives in the Talent and Innovation programs including the NEIntern program.

Workforce and talent development is the key issue for Lincoln to succeed in creating and retaining new economy and quality jobs. The Chamber and LPED will continue to prioritize these efforts in the economic development program.

Local Business Climate

As in years past, survey respondents chose the attributes of the workforce as the leading strength of doing business in the Lincoln MSA. This continues to support previous survey data suggesting the Nebraska work ethic is a competitive advantage for the community and state.

Attributes of the workforce were followed by a positive quality of life, positive business climate and central location in the country. Business executives cited many factors that make up the high quality of life in the Lincoln area such as it being family friendly, safe, short commute times and a dynamic atmosphere.

The most mentioned weakness, as reported by Lincoln businesses, is the availability of labor, both skilled and unskilled. Transportation, infrastructure and a challenging business climate were also cited as community weaknesses.

Transportation is also reported as a weakness of the community. Many executives rated air travel poorly for not having competitive fares or adequate flight options. Lincoln's streets and roads require more convenient and swift travel between Lincoln's north and south areas of the city. In addition, road surface conditions are rated poorly.

Under utility and community service satisfaction ratings, the business community highlighted high-satisfaction rate with public safety services, education and health care services. The highest rated factors from all utilities and services were fire protection, police protection, health care services, ambulance & paramedic services.

The lowest average ratings were reported for services which have been rated low in previous surveys. The lowest rated factor was airline passenger service followed by local streets & roads and public transportation. Additionally, property tax assessment was rated relatively low, with the fourth lowest satisfaction rating.

Viewed separately, utility ratings appear to be satisfactory for Lincoln businesses. The majority of utilities (electric, natural gas, sewer, water, internet access, telecomm, cellular and internet speed) received above average ratings and the major utilities (electric, natural gas and sewer) were rated the highest out of all the utilities.

Next Steps

In the future, businesses will be contacted to update their survey information. Comparing multiple records at the same business or industry can uncover potential trends and educate economic developers about the issues businesses face in a rapidly-changing business environment. The vision is to use this knowledge to enhance the development of programs, services and policies supporting Lincoln's businesses, as well as, provide a competitive advantage for Lincoln businesses within the global marketplace.

Thank you

We would like to thank all businesses for taking the time to participate in the Lincoln BR&E program and for continuing to conduct business in the Lincoln area.



Final Report

2015 Annual Business Indicators for the Lincoln Metropolitan Area Economy

Prepared for the Lincoln Partnership for Economic Development

Prepared by:

Dr. Eric Thompson, Director and Associate Professor
Ha, Graduate Research Assistant

April 13, 2016

Bureau of Business Research
Department of Economics
College of Business Administration
University of Nebraska—Lincoln
Dr. Eric Thompson, Director



BUSINESS INDICATORS REPORT - Table of Contents

Executive Summary	22	Other Financial Services Employment.....	36
The Lincoln Metropolitan Area Economy in 2015	22	Growth in Other Financial Services Employment.....	36
The Lincoln Metropolitan Area Economy Over the Last Decade	22	Professional, Scientific, and Technical Services Employment.....	36
The Lincoln Metropolitan Area Economy in 2016	23	Growth in Professional, Scientific and Technical Services Employment.....	37
Table 1: Statistical Summary.....	24	Education, Health Care and Social Assistance Services Employment.....	37
1 – Summary of Business Conditions	26	Growth in Education, Health Care and Social Assistance Services Employment.....	37
Real Gross Domestic Product	26	State Government Employment.....	38
Growth in Real Gross Domestic Product	26	Growth in State Government Employment.....	38
Population Trend	26	4 – Housing and Construction	38
Growth in Population	27	Building Permits	38
Non-farm Employment.....	27	Growth in Building Permits	39
Growth in Non-farm Employment.....	27	Building Permits for Single Families.....	39
Employment, Household Survey	28	Growth in Building Permits for Single Families.....	39
Growth in Employment, Household Survey	28	Median Sale Price for Existing Single-Family Homes	40
Labor force	28	Growth in Median Sale Price for Existing Single-Family Homes	40
Growth in Labor Force.....	29	Median Sale Price/Sq. Ft. for Single-Family Homes.....	40
Unemployment Rate	29	Growth in Median Sale Price/Sq. Ft. for Single Family Homes	41
Growth in Unemployment Rate	29	Construction Employment.....	41
Non-Motor Vehicle Taxable Sales.....	30	Growth in Construction Employment.....	41
Growth in Non-Motor Vehicle Taxable Sales	30	5 – Retail Sector.....	42
Real Personal Income Trend	30	Total Retail Establishments.....	42
Growth in Real Personal Income	31	Growth in Retail Establishments	42
2 – Key Income Components.....	32	Retail Trade Employment	42
Real Per Capita Income.....	32	Growth in Retail Trade Employment	43
Growth in Real Per Capita Income.....	32	Retail Annual Payroll Trend.....	43
Real Wage Trend.....	32	Growth in Retail Annual Payroll.....	43
Growth in Real Wage.....	33	6 – Automobile and Air Travel	44
Average Weekly Hours Worked	33	Motor Vehicle Taxable Sales	44
Growth in Average Weekly Hours Worked	33	Growth in Motor Vehicle Taxable Sales	44
3 – Key Industries	34	Gasoline Price per Gallon (Regular Unleaded)	44
Manufacturing Employment	34	Growth in Gasoline Price per Gallon	45
Growth in Manufacturing Employment	34	Enplanements and Deplanements	45
Manufacturing Real Gross Domestic Product.....	34	Growth in Enplanements and Deplanements	45
Growth in Manufacturing Real Gross Domestic Product.....	35	Appendix 1: Population Outlook	46
Insurance Employment.....	35	Appendix 2: Taxable Sales Capture.....	48
Growth in Insurance Employment.....	35	Appendix 3: Wage Distribution and Median Income	50

EXECUTIVE SUMMARY

Economic conditions were strong in the Lincoln Metropolitan Area in 2015. Population, gross regional product and employment all expanded at a solid rate while the unemployment rate dropped further. More notably, real wages grew rapidly during the year, suggesting that Lincoln workers are benefitting from the area's strong economy. Employment also grew in many individual industries including manufacturing, construction, retail trade, other financial services, professional, scientific & technical services and state government.

This annual report for the Lincoln Metropolitan Area economy examines both the recent and longer-term trends in the local economy. It tracks the Lincoln economy in 2015, and over the last decade for aggregate indicators such as income, total employment, unemployment and taxable sales in key subject areas such as income components, leading industries, housing & construction, retail and automobile and air travel. The report also compares progress in the Lincoln Metropolitan Area economy over the last decade with state and national averages. Trends are summarized for all indicators in Table 1, but a one-page report is also provided for each of the 29 individual indicators. Three appendices to the report provide a population outlook, taxable sales capture analysis and information on the wage distribution in the Lincoln Metropolitan Area economy. A brief economic forecast for Lincoln in 2016 is also provided at the end of this section.

The Lincoln Metropolitan Area Economy in 2015

The Lincoln Metropolitan Area economy was strong during 2015. Measures of employment and population grew solidly while wages grew rapidly. Population grew by 1.17% during 2015 (from 2014 to 2015), with an increase of just over 3,700. Non-farm employment grew by 2,000, or 1.09%. Non-farm employment is measured using a survey of employers. A separate survey of households found that employment increased by 0.45%. The unemployment rate fell to 2.4% in 2015, which is less than half as large as the average national unemployment rate of 5.3%. Real (inflation-adjusted) gross metropolitan product rose by 1.72%.

There was rapid growth in wages in the Lincoln Metropolitan Area during 2015, and solid growth in spending and income. Real average hourly wages for private sector workers rose by 6.50% during 2015. Real personal income grew by 1.36% while taxable sales on motor vehicles rose by 6.79% and other taxable sales rose by 3.63%.

There also was a strength in the housing sector. Residential building permits surged by 23.27% in the Lincoln Metropolitan Area during 2015, although that increase was due to apartment construction rather than single-family homes. The median sale price of single family homes also grew by 5.13% during 2015, while construction employment rose by 7.69%.

Among individual sectors, there were some areas of weakness but more areas of strength. In particular, growth in the retail sector was strong. Retail trade employment grew by 2.08% and retail payrolls by 5.10% during 2015. Airline enplanements surged by 13.56% during the year.

The manufacturing sector added 100 jobs in the Lincoln Metropolitan Area during 2015. Further, employment in the professional, scientific and technical services industry grew by 2.33%. This is an important development for the Lincoln economy because the professional, scientific & technical services industry is the fastest growing, high-wage sector of the economy. Lincoln needs to continue participating in this growth. While insurance employment dropped in Lincoln during 2015, other financial services employment grew by 5.88% during the year. State government employment expanded at a modest 0.47% pace. Finally, there was a modest decline in health care and (private) education employment in Lincoln, of 1.07%

The Lincoln Metropolitan Area Economy Over the Last Decade

Trends over the last decade show a Lincoln economy that was able to attract population and grow employment faster than the nation. As seen in Table 1, population growth was 5% faster in the Lincoln Metropolitan Area than in the nation and 6% faster than in Nebraska overall. This strong population growth is a key and ongoing pillar of strength for the Lincoln area economy, steadily adding both new consumers and new workers.

Non-farm employment growth in Lincoln, at 9.7% over the 2005 to 2015 period, also was faster than growth in Nebraska, at 7.74%, and the United States, at 5.83%. Similar growth rates were recorded for household employment and labor force over the period. Average weekly hours for private sectors workers also grew in the Lincoln Metropolitan Area, by 1.83%, from 2005 to 2015. Finally, real GDP growth was slightly faster in the Lincoln Metropolitan Area than nationwide.

Among individual industries, there was strong employment growth in the education & health care industry and the financial services industry from 2005 to 2015. While employment in the insurance industry grew by just 2.82% during the decade, employment in other financial services grew by 30.91%. Employment in education and health services grew by 19.83%. Notably, employment in the high-paying professional, scientific & technical services industry grew by 8.64% from 2005 to 2015. This growth rate lagged statewide and national growth rates but still represents improvement. In earlier periods, Lincoln employment in the professional, scientific and technical services industry was flat. Lincoln finally appears to be participating in the growth of this important industry.

Among goods-producing industries, construction employment fell by 1.18% from 2005 to 2015. Construction jobs fell significantly during the 2008/2009 recession but most of those jobs have been recovered in subsequent years. Manufacturing employment declined by 8.55% from 2005 to 2015 but real manufacturing GDP rose by 9.52%. The manufacturing sector is growing but rapid productivity growth has led to declining employment.

The retail trade and housing sectors are areas of relative strength for the Lincoln economy, as might be expected given strong population growth. In terms of housing, residential building permits increased in the Lincoln Metropolitan Area between 2005 and 2015, due to new apartment construction. House price appreciation also has been stronger in the Lincoln area. Median house prices rose by 14.45% in the Lincoln Metropolitan

Area between 2005 and 2015 compared to an 8.38% increase statewide and a 2.62% decline nationwide. In terms of retail activity, Lincoln retail trade employment grew by 12.00% over the last decade, as a great variety of new stores located to our growing community. By contrast, retail trade employment grew just 2.37% nationwide between 2005 and 2015. Retail payrolls and establishment counts also grew more rapidly in Lincoln. These new retail options provide new employment opportunities and also contribute to improved quality of life.

Despite this important progress for the Lincoln economy, the metropolitan area has lagged in several key areas over the last decade. Real personal income growth in Lincoln, at 18.80%, lagged growth in Nebraska overall (24.61%) and the nation (21.17%) during the 2005 to 2015 period. The gap is somewhat larger in the case of real per capita income. Weaker income growth also has impacted taxable sales. Taxable sales excluding motor vehicles grew by just 12.14% in the Lincoln economy between 2005 and 2015, compared to growth of 31.74% nationwide. Airport enplanements also dropped nearly 20% in the Lincoln Metropolitan Area from 2005 to 2015, although as noted in the previous section, enplanements have improved significantly in the last year. One last point to make is that weaker income growth is not the result of poor wage growth in the Lincoln Metropolitan Area. The real hourly wages of private sector workers grew by a cumulative 6.81% in the Lincoln Metropolitan Area between 2005 and 2015, slightly above the national growth rate of 6.49%.

The Lincoln Metropolitan Area Economy in 2016

The Lincoln Metropolitan Area is in a period of strong growth. While a 2016 forecast is not available for each of the 29 indicators presented in this report, a forecast is available for several of the summary economic indicators. In particular, the UNL Bureau of Business Research has developed a 2016 forecast for population, non-farm employment, labor force and the unemployment rate for the Lincoln Metropolitan Area. Population in the Lincoln Metropolitan Area is expected to grow by 1.4%, or 4,500, in 2016. Non-farm employment is forecast to grow by 1.3% in 2016, creating 2,400 jobs. Civilian labor force in the Lincoln Metropolitan Area is expected to grow by 1.1% in 2016, or 2,000 persons. While an improving economy may draw more workers back into the labor force, growth will be limited by an increase in retirement among the aging baby boom population.

As a result, employment growth will exceed labor force growth. Employment growth which exceeds labor force growth should lead to a small decline in the unemployment rate in the Lincoln Metropolitan Area. The average unemployment rate in the Lincoln Metropolitan Area is expected to fall from 2.4% in 2015 to 2.2% in 2016.

TABLE 1: STATISTICAL OVERVIEW

Variable	% Change 2005 to 2015									% Change 2014 to 2015				
	2008	2009	2010	2011	2012	2013	2014	2015	Lincoln	NE	U.S.	Lincoln	NE	U.S.
Lincoln Summary Variables														
GDP (Millions in Real 2005 Dollars) ¹	12,467	12,524	12,934	14,663	15,469	15,914	16,037	16,314	17.38%	21.31%	14.86%	1.72%	0.94%	2.43%
Population (persons) ²	294,665	298,012	302,916	306,728	310,601	314,642	319,840	323,578	13.87%	7.65%	8.77%	1.17%	0.70%	0.79%
Nonfarm Employment (1000s) ³	175.2	172.6	172.4	174.2	178.3	181.7	183.6	185.6	9.69%	7.74%	5.83%	1.09%	1.35%	2.09%
Employment (Household Survey)(1000s) ³	164.6	161.2	162.0	166.1	170.5	172.4	174.0	174.8	9.58%	5.00%	5.01%	0.45%	0.19%	1.73%
Labor Force (1000s) ³	169.7	168.5	169.1	173.0	176.8	178.5	179.3	179.0	8.28%	4.11%	5.23%	-0.17%	-0.09%	0.77%
Unemployment Rate ³	3.0%	4.3%	4.2%	4.0%	3.6%	3.4%	2.9%	2.4%	-32.86%	-21.05%	3.94%	-18.97%	-9.09%	-14.42%
Non-motor vehicle taxable sales (\$millions) ⁴	\$3,411.0	\$3,090.8	\$3,082.6	\$3,310	\$3,487	\$3,639	\$3,739	\$3,875	12.14%	31.16%	21.74%	3.63%	0.98%	0.93%
Real Personal Income (Millions 2011 dollars) ⁵	12,359.6	12,277.8	12,254.9	12,725	13,291	13,534	13,858	14,047	18.80%	24.61%	21.17%	1.36%	1.62%	4.27%
Key Income Components														
Real per Capita Personal Income (2011 dollars) ⁵	41,944.7	41,199.0	40,456.4	48,539.7	50,058.6	50,321.7	50,764.0	51,180.4	4.33%	15.76%	11.40%	0.19%	0.92%	3.46%
Average Hourly Earnings (Real 2011 dollars) ⁶	21.29	21.13	20.67	20.45	21.18	21.63	21.75	23.16	6.81%	-0.90%	6.49%	6.50%	3.72%	2.17%
Average Weekly Hours ⁶	32.8	33.7	33.3	33.4	33.4	33.5	33.3	33.3	1.83%	1.88%	0.29%	0.00%	0.09%	0.00%
Key Industries														
Manufacturing Employment (1000s) ³	14.9	13.2	12.6	12.9	13.4	13.7	13.8	13.9	-8.55%	-3.95%	-13.42%	0.72%	-0.10%	1.09%
Manufacturing GDP (Millions in Real 2005 Dollars) ¹	1,438	1,383	1,440	1,495	1,717	1,727	1,735	1,729	9.52%	35.92%	7.47%	-0.33%	-1.15%	1.24%
Insurance Employment (1000s) ³	7.6	7.7	7.4	7.7	8.0	7.9	7.6	7.3	2.82%	16.43%	8.81%	-3.95%	-1.77%	3.20%
Other Financial Services Employment (1000s) ³	5.7	5.5	6.0	6.1	6.1	6.3	6.8	7.2	30.91%	7.24%	-4.76%	5.88%	1.32%	1.23%
Prof. Sci., and Tech. Services Employment (1000s) ³	8.6	8.0	7.9	8.2	8.6	8.6	8.6	8.8	8.64%	20.16%	22.77%	2.33%	1.59%	3.45%
Education & Health Services Employment(1000) ³	24.6	26.0	26.8	26.6	27.4	28.6	28.1	27.8	19.83%	17.27%	24.77%	-1.07%	1.01%	2.87%
State Government Employment (1000s) ³	20.3	20.6	20.4	20.4	20.8	21.0	21.4	21.5	8.04%	7.95%	1.41%	0.47%	1.45%	0.77%
Housing and Construction														
Building Permits ⁷	823	728	1,032	1,059	1,249	1,587	1,994	2,458	38.09%	-21.06%	-45.34%	23.27%	3.06%	11.98%
Building Permits, Single-Families ⁷	676	682	648	380	859	1,052	1,052	1,000	-35.28%	-42.26%	-58.97%	-4.94%	5.73%	7.78%
Median Sale Price, Existing Single-Family Home (1000s) ⁸	\$137.2	\$131.5	\$132.6	\$131.4	\$131.7	\$137.7	\$143.6	\$151.0	14.45%	8.38%	-2.62%	5.13%	9.18%	7.23%
Median Sale Price/Sq. Ft., Single-Family Home ⁸	\$112.0	\$110.0	\$110.0	\$106.1	\$107.8	\$111.8	\$117.0	\$122.1	11.23%	8.98%	-7.09%	4.39%	7.02%	6.87%
Mining, Logging, & Construction Employment (1000s) ³	7.6	7.2	6.8	6.9	7.2	7.4	7.8	8.4	-1.18%	4.39%	-8.76%	7.69%	5.27%	3.18%
Retail Sector														
Total Retail Trade Establishments ^{3,9}	1,049	1,057	1,055	1,055	1,063	1,079	1,082	1,090	7.77%	-2.09%	0.57%	0.69%	0.19%	0.43%
Retail Trade Employment (1000s) ³	18.2	17.8	17.8	18.3	18.6	19.0	19.2	19.6	12.00%	2.52%	2.37%	2.08%	1.57%	1.85%
Retail Annual Payroll (Real 2011 dollars, 1000s) ^{3,9}	378,037	375,138	384,965	422,054	441,542	456,337	469,572	493,500	17.99%	7.11%	1.73%	5.10%	4.66%	4.53%

Variable	% Change 2005 to 2015									% Change 2014 to 2015				
	2008	2009	2010	2011	2012	2013	2014	2015	Lincoln	NE	U.S.	Lincoln	NE	U.S.
Automobile														
Motor vehicle Taxable Sales (Millions) ⁶	\$391.0	\$384.0	\$406.0	\$437.0	\$476.0	\$495.0	\$539.0	\$575.6	50.29%	46.95%	24.77%	6.79%	3.83%	7.09%
Gasoline Regular Retail Price/Gallon (Annual Average) ¹⁰	\$3.22	\$2.37	\$2.83	\$3.57	\$3.59	\$3.48	\$3.29	\$2.43	7.52%	6.67%	7.05%	-26.14%	-27.49%	-27.68%
Air Travel														
Enplanements (1000s) ¹³	160	142	143	136	134	142	144	163	-19.55%	-0.77%	5.84%	13.56%	1.37%	5.11%
Deplanements (1000s) ¹³	165	143	142	135	136	142	144	163	-19.08%	-0.81%	5.84%	13.19%	1.09%	5.11%

Note: Adjustments for inflation based on the U.S. Bureau of Economic Analysis Consumer Price Index - All Urban Consumers; U.S. City Average; All items (www.bea.gov).

1 U.S. Bureau of Economic Analysis; Regional Economic Accounts; Gross Domestic Product by Metropolitan Area (www.bea.gov); BBR Estimate for 2013 Lincoln MSA, Nebraska, and U.S. (Manufacturing) figures.

2 Source: U.S. Bureau of Census; 2013 Population Estimates; Lincoln MSA and Nebraska (www.census.gov).

3 Source: U.S. Bureau of Labor Statistics (www.bls.gov).

4 Source: Nebraska Department of Revenue for Lincoln MSA and Nebraska data (www.revenue.ne.gov), and U.S. Bureau of Census for U.S. data (www.census.gov/retail/marts/www/timeseries.html).

5 U.S. Bureau of Economic Analysis; Advance Metropolitan Statistical Area Income Summary (www.bea.gov); BBR Estimate for 2013 Lincoln MSA, Nebraska, and U.S. figures.

6 Data collection for variable began in 2007; Percent Change figures based on 2009 and 2013 comparisons for all locations.

7 Source: U.S. Bureau of Census (www.census.gov).

8 Source: Zillow.com (www.zillow.com).

9 Percentage change figures for 2003 to 2013; BBR projection for 2013 based on 2013 Q1-Q3 figures.

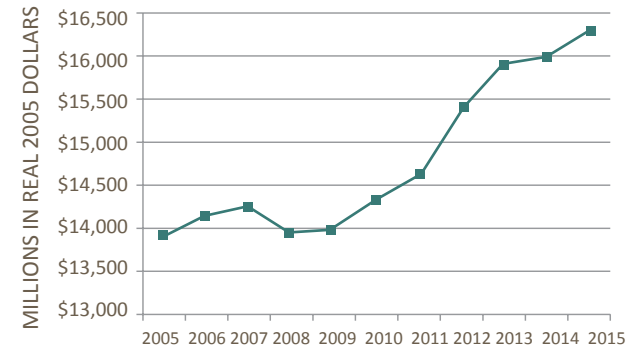
10 Source: Nebraska Energy Office for Lincoln MSA and Nebraska data (www.neo.ne.gov), and U.S. Energy Information Administration (EIA) for U.S. data (www.eia.gov/forecasts/steo/realprices).

11 Source: Lincoln Airport Authority for Lincoln MSA data, and U.S. Bureau of Transportation Statistics for Nebraska (http://www.transtats.bts.gov/Fields.asp?Table_ID=310) and U.S. data (http://www.bts.gov/xml/air_traffic/src/datadisp.xml).

1 - Summary of Business Conditions

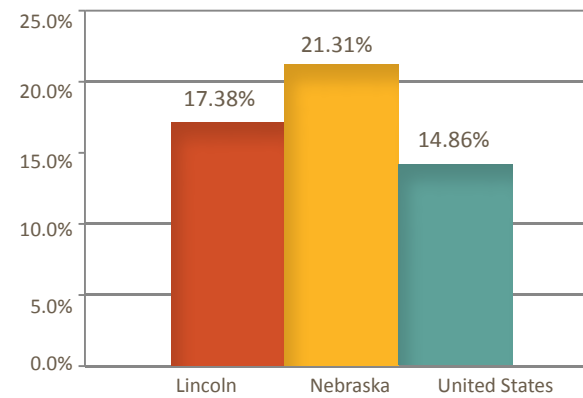
**FIGURE 1:
REAL GROSS DOMESTIC
PRODUCT**

LINCOLN METROPOLITAN AREA
(Base=2009 DOLLARS) (2005-2015)



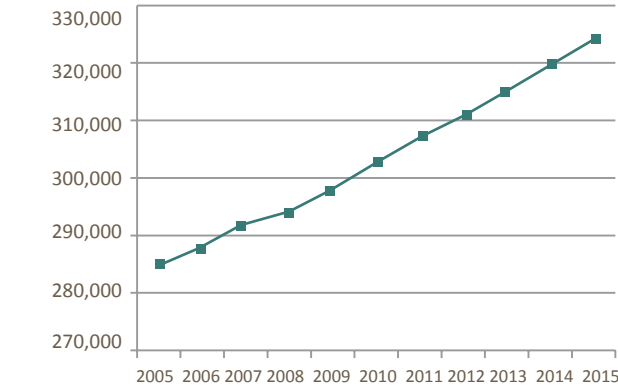
**FIGURE 2:
GROWTH IN GROSS DOMESTIC PRODUCT**

LINCOLN MSA vs NEBRASKA vs UNITED STATES
(BASE = 2009 DOLLARS) (2005-2015)



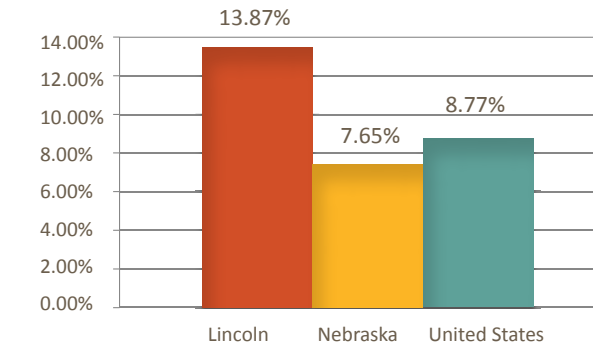
**FIGURE 3:
POPULATION TREND**

LINCOLN METROPOLITAN AREA
(2005-2015)



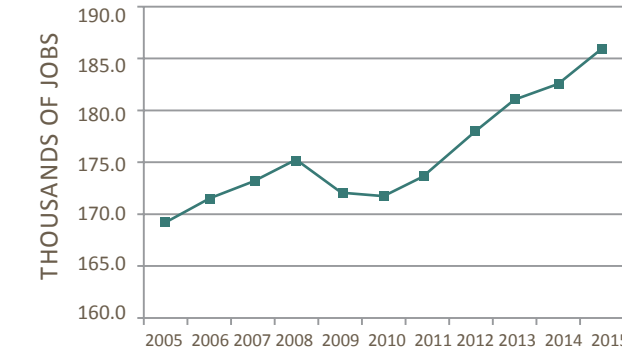
**FIGURE 4:
GROWTH IN POPULATION**

LINCOLN MSA vs NEBRASKA vs UNITED STATES
(2005-2015)



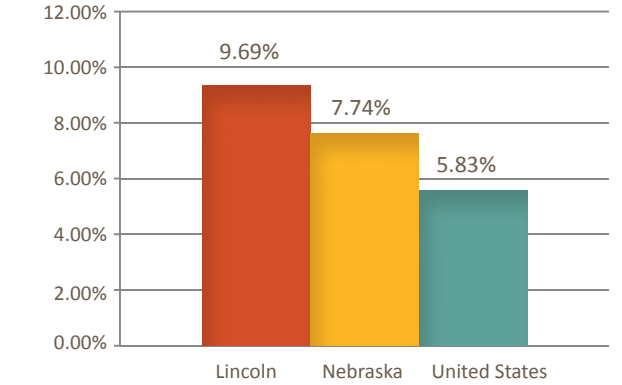
**FIGURE 5:
NON-FARM EMPLOYMENT**

LINCOLN METROPOLITAN AREA
(2005-2015)



**FIGURE 6:
GROWTH IN NON-FARM EMPLOYMENT**

LINCOLN MSA vs NEBRASKA vs UNITED STATES
(2005-2015)



Real Gross Domestic Product ¹

- Real gross domestic product rose by an estimated 1.72% in the Lincoln Metropolitan Area from 2014 to 2015. This rate of growth is consistent with the slower growth seen nationwide.
- Real Gross Domestic Product (as measured in 2009 dollars) has grown consistently over the last decade in the Lincoln Metropolitan Area, except during the 2008/2009 recession. (Figure 1)

Growth in Real Gross Domestic Product

- Real gross domestic product grew more rapidly in the Lincoln Metropolitan Area than the nation over the last decade, from 2005 through 2015. Real GDP, however, grew faster in the State of Nebraska overall.
- The real GDP growth rate in the Lincoln Metropolitan Area was 17.38% compared to a 21.31% growth rate in Nebraska and a 14.86% growth rate nationwide. (Figure 2)

Population Trend ²

- The population of the Lincoln Metropolitan Area grew by 1.17% from 2014 to 2015.
- This follows a consistent trend of population growth over the last decade, as seen in Figure 3. Metro population rose by 39,400 from 2005 to 2015, for a cumulative growth rate of 13.87%.
- These consistent trends suggest that the Lincoln Metropolitan Area continues to be an attractive location for households.

Growth in Population

- Population growth in Lincoln easily exceeded growth in the nation.
- Population growth in the Lincoln Metropolitan Area exceeded U.S. growth by 5% from 2005 to 2015 and exceeded Nebraska growth by 6%.
- The population growth rate in the Lincoln Metropolitan Area was 13.87% during the decade, compared to just 7.65% in Nebraska and 8.77% in the United States.

Non-farm Employment ³

- Nonfarm employment is measured through a survey of businesses.
- Nonfarm employment in the Lincoln Metropolitan Area grew at a 1.09% pace from 2014 to 2015.
- As seen in Figure 5, employment growth over the last decade has followed a cyclical pattern, falling sharply during the 2008/2009 recession, then recovering rapidly back to the long-term trend.
- For the decade as a whole, nonfarm employment grew by 16,400 or 9.69% in the Lincoln Metropolitan Area.

Growth in Non-farm Employment

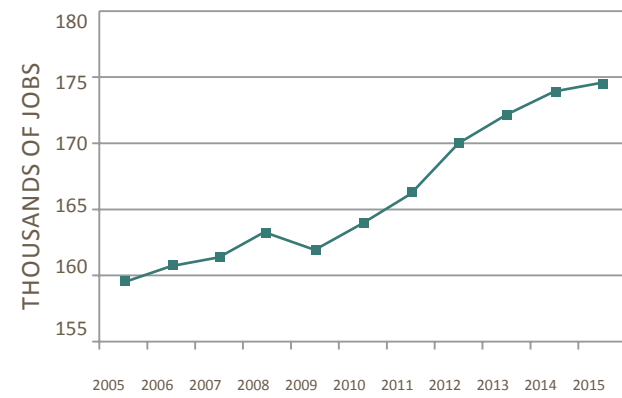
- Like population growth, nonfarm employment growth in the Lincoln area exceeded growth in Nebraska overall and the United States, as is evident in Figure 6.
- Nonfarm employment grew by 9.69% in the Lincoln Metropolitan Area from 2005 to 2015 compared to 7.74% in Nebraska and 5.83% in the United States.

¹ Source: U.S. Bureau of Economic Analysis

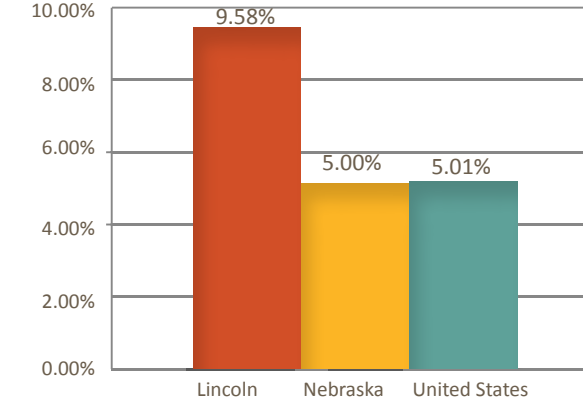
² Source: U.S. Bureau of Census

³ Source: U.S. Bureau of Labor Statistics

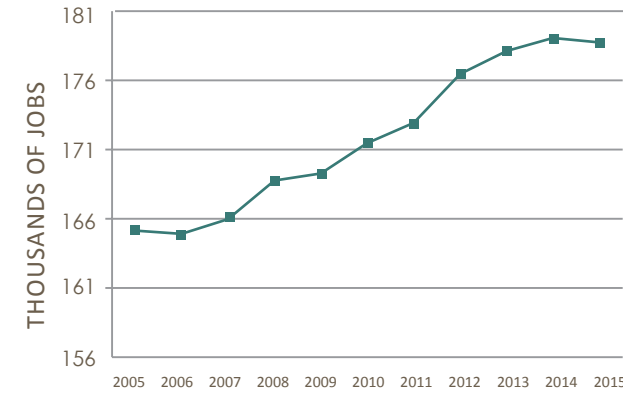
**FIGURE 7:
EMPLOYMENT (HOUSEHOLD SURVEY)**
LINCOLN METROPOLITAN AREA
(2005-2015)



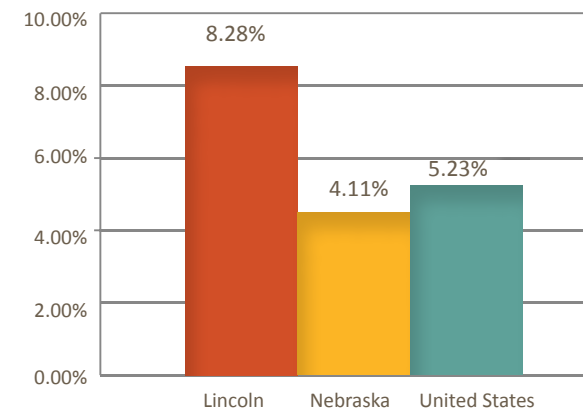
**FIGURE 8:
GROWTH IN EMPLOYMENT (H)**
LINCOLN MSA vs NEBRASKA vs UNITED STATES.
(2005-2015)



**FIGURE 9:
LABOR FORCE**
LINCOLN METROPOLITAN AREA
(2005-2015)



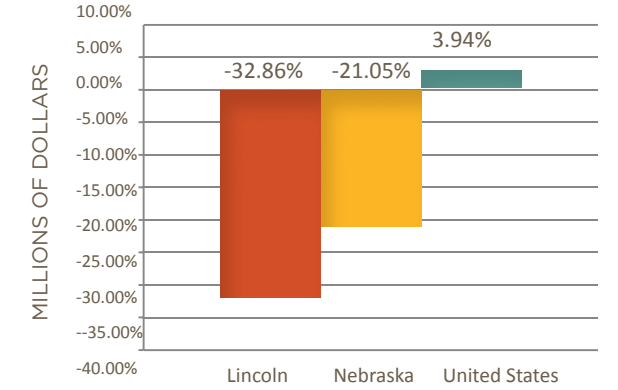
**FIGURE 10:
GROWTH IN LABOR FORCE**
LINCOLN MSA vs NEBRASKA vs UNITED STATES
(2005 - 2015)



**FIGURE 11:
UNEMPLOYMENT RATE**
LINCOLN METROPOLITAN AREA
(2005-2015)



**FIGURE 12:
GROWTH IN UNEMPLOYMENT RATE**
LINCOLN MSA vs NEBRASKA vs UNITED STATES
(2005-2015)



Employment, Household Survey ⁴

- Household employment is measured through a survey of households. In fact, it is the same survey used to measure labor force and unemployment.
- Household employment in the Lincoln Metropolitan Area rose by 0.45% from 2014 to 2015, below the rate of growth in nonfarm employment.
- Household employment also followed a cyclical pattern during the decade.
- Household employment in the Lincoln Metropolitan Area grew by 9.58% from 2005 to 2015.

Growth in Employment, Household Survey

- Like nonfarm employment, growth in household employment in the Lincoln Metropolitan Area exceeded growth in Nebraska and the United States over the last decade.
- Household employment grew by 9.58% in the Lincoln Metropolitan Area from 2005 to 2015 versus 5.00% in Nebraska overall and 5.01% in the United States.

Labor Force ⁵

- Labor force shrank by 0.17% in the Lincoln Metropolitan Area from 2014 to 2015. This decline reflects modest growth in household employment (Figure 7) and a sharp drop in unemployment (Figure 11).
- Growth was more robust, however, over the last 10 years. As seen in Figure 9, labor force grew steadily from 2005 to 2015 in the Lincoln Metropolitan Area
- Overall for the decade, the Lincoln labor force grew by 13,700, or 8.28%.

Growth in Labor Force

- As with population and employment growth, labor force growth in the Lincoln Metropolitan Area exceeded growth in Nebraska overall and the nation.
- Labor force grew by 8.28% in the Lincoln Metropolitan Area from 2005 to 2015 compared to 4.11% in Nebraska overall and 5.23% in the United States.

Unemployment Rate ⁶

- The unemployment rate in the Lincoln Metropolitan Area fell to 2.4% in 2015, as seen in Figure 11.
- The unemployment rate has followed a clear cyclical pattern during the last decade, rising in the years surrounding the 2008/2009 recession, but falling in other years.
- The annual unemployment rate fell from a peak of 4.3% in 2009.

Growth in Unemployment Rate

- Unemployment rates in the Lincoln Metropolitan Area and Nebraska overall are well below 2005 levels.
- The Lincoln unemployment rate has dropped by 32.86% since 2005, as is seen in Figure 12.
- The Nebraska unemployment rate also fell sharply during the decade while the unemployment rate was up modestly in the nation as a whole.

⁴ Source: U.S. Bureau of Labor Statistics

⁵ Source: U.S. Bureau of Labor Statistics

⁶ Source: U.S. Bureau of Labor Statistics

FIGURE 13:
NON-MOTOR VEHICLE TAXABLE SALES
LINCOLN METROPOLITAN AREA
(2005-2015)

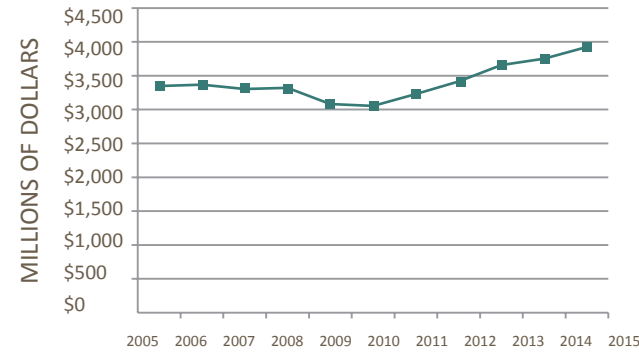


FIGURE 14:
GROWTH IN NON-MOTOR VEHICLE TAXABLE SALES
LINCOLN MSA vs NEBRASKA vs UNITED STATES
(2005-2015)

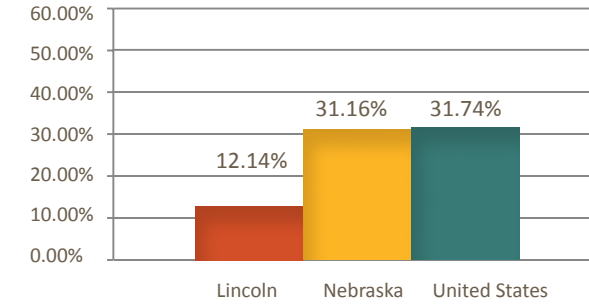


FIGURE 15:
REAL PERSONAL INCOME TREND
LINCOLN METROPOLITAN AREA
(2015 DOLLARS)

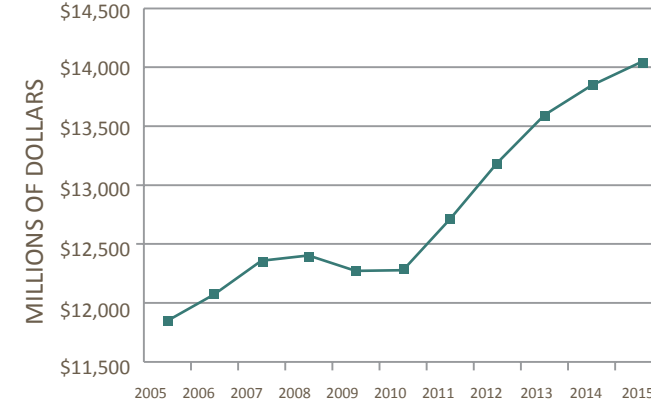
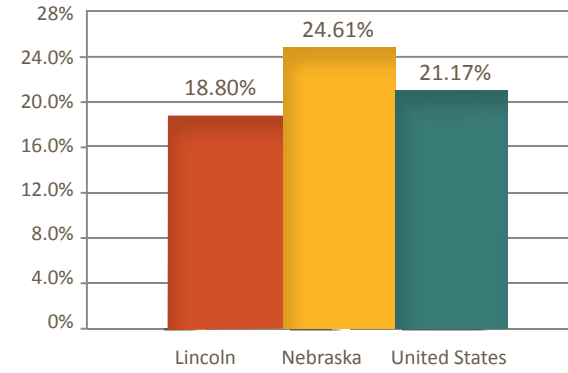


FIGURE 16:
GROWTH IN REAL PERSONAL INCOME
LINCOLN MSA vs NEBRASKA vs U.S.A.
(2005-2015)



Non-Motor Vehicle Taxable Sales ⁷

- Non-motor taxable sales grew by 3.63% in the Lincoln Metropolitan Area from 2014 to 2015.
- Sales have rebounded since 2010. However, there was little growth in sales from 2005 to 2008 as housing activity slowed in Lincoln.
- Non-motor vehicle taxable sales rose by just 12.14% in the Lincoln Metropolitan Area between 2005 and 2015. This is well below the 21% inflation rate during the period.

Growth in Non-Motor Vehicle Taxable Sales

- Compared to Nebraska as a whole and the nation, growth of non-motor vehicle taxable sales has been weak in Lincoln over the last decade.
- Non-motor vehicle taxable sales grew by 12.14% in the Lincoln Metropolitan Area from 2005 to 2015 compared to a 31.16% increase in Nebraska and 31.74% in the United States.
- The primary reason for the discrepancy is weakness in non-motor vehicle taxable sales during the 2005 to 2010 period. Growth in Lincoln has been solid since 2010.

Real Personal Income Trend ⁸

- Real personal income (measured in 2015 dollars) grew by 1.36% in the Lincoln Metropolitan Area between 2014 and 2015.
- Growth in real personal income followed a cyclical pattern over the last decade. Real personal income declined during the 2008/2009 recession before recovering back to its long-term trend.
- For the entire decade, from 2005 through 2015, real personal income grew by 18.80% in the Lincoln Metropolitan Area. This is about 5% above the rate of population growth.

Real Personal Income Growth

- Despite stronger growth in both employment and population, growth in real personal income in the Lincoln Metropolitan Area has lagged in Nebraska and the United States.
- Real personal income grew by 18.80% in the Lincoln Metropolitan Area between 2005 and 2015, compared to 24.61% in Nebraska and 21.17% in the United States.

⁷ Sources: Nebraska Department of Revenue and U.S. Bureau of Census for U.S.

⁸ Source: U.S. Bureau of Economic Analysis.



2 - Key Income Components

FIGURE 17:
REAL PER CAPITA INCOME
LINCOLN METROPOLITAN AREA
(2005 - 2015) (2015 DOLLARS)

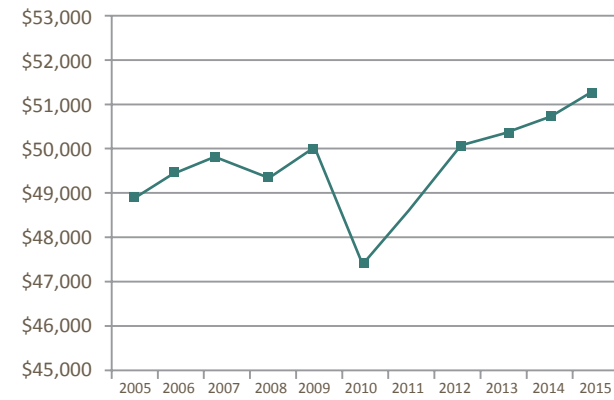


FIGURE 18:
GROWTH IN REAL PER CAPITA INCOME
LINCOLN MSA vs NEBRASKA vs UNITED STATES
(2005 - 2015)

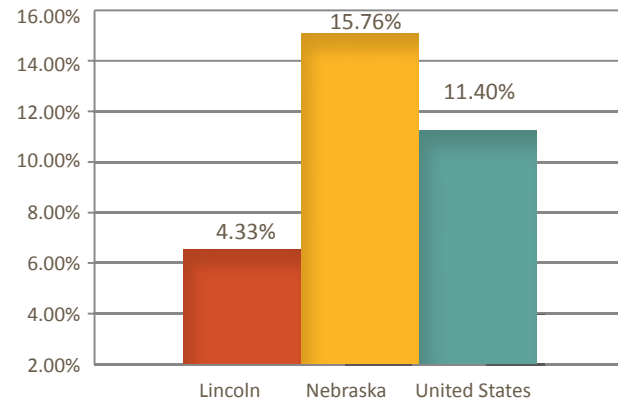


FIGURE 19:
REAL PRIVATE HOURLY WAGES
LINCOLN METROPOLITAN AREA
(REAL 2015 DOLLARS)

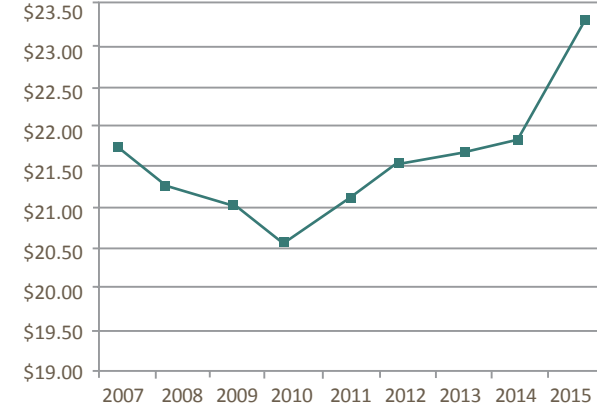


FIGURE 20:
GROWTH IN REAL PRIVATE HOURLY WAGES
LINCOLN MSA vs NEBRASKA vs UNITED STATES
(2007-2015)

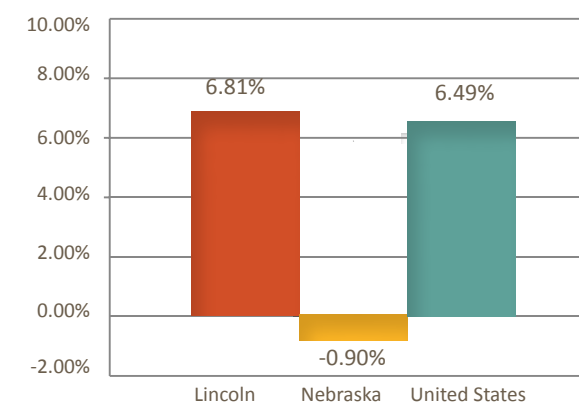


FIGURE 21:
AVERAGE PRIVATE WEEKLY HOURS WORKED
LINCOLN METROPOLITAN AREA (2007-2015)

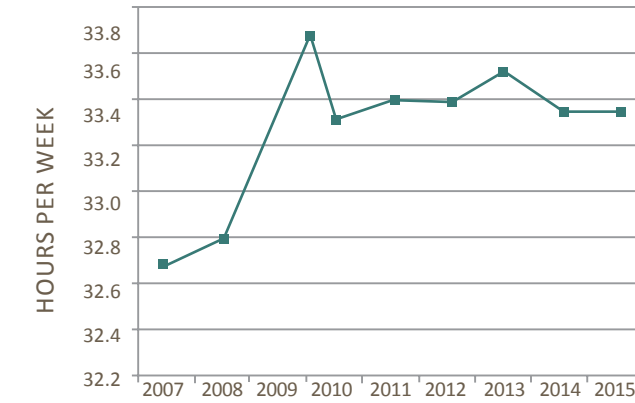
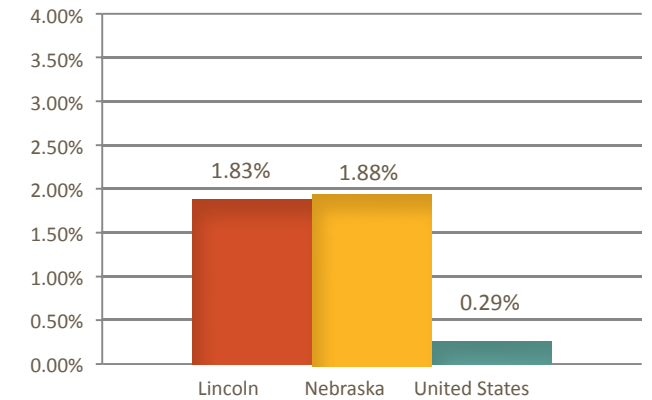


FIGURE 22:
GROWTH IN AVERAGE PRIVATE WEEKLY HOURS WORKED
LINCOLN MSA vs NEBRASKA vs UNITED STATES
(2007-2015)



Real Per Capita Income ⁹

- Real per capita income has grown modestly in the Lincoln Metropolitan Area over the last decade. Growth was slowed by a dip during the 2008/2009 recession.
- Real per capita income increased by just 0.19% in the Lincoln Metropolitan Area from 2014 to 2015.
- As seen in Figure 17, the cumulative increase from 2005 to 2015 is 4.33%.

Growth in Real Per Capita Income

- Over the last decade, Lincoln's real per capita income growth has significantly lagged in Nebraska overall and in United States.
- Real per capita income increased by 4.33% in the Lincoln Metropolitan Area between 2005 and 2015 versus 15.76% in Nebraska overall and 11.40% in the United States.
- Growth in statewide real per capita income may have benefitted from strong growth in farm income during the period.

Real Wage Trend ¹⁰

- Real wage growth is a key contributor to growth in real per capita income in an economy. Figure 19 shows that growth trends for real private hourly wages in the Lincoln Metropolitan Area since 2007, the first year when this data is available. As with real per capita income, real private hourly wages dipped and then recovered.
- Real private hourly wages rose by 6.50% in Lincoln from 2014 to 2015.
- Over the entire 2007 to 2015 period, real private hourly wages rose by 6.81% in the Lincoln area.

Growth in Real Wage

- From 2007 through 2015, real private hourly wages rose in the Lincoln Metropolitan Area and nationwide but declined in Nebraska overall.
- Real private hourly wages increased by 6.81% in the Lincoln Metropolitan Area from 2007 to 2015 versus a 6.49% increase in the United States. Real private hourly wages declined by 0.90% in Nebraska as a whole.

Average Weekly Hours Worked ¹¹

- Data on average weekly hours worked is also available for metropolitan areas, for 2007 through 2015.
- Average weekly hours worked by private sector workers did not change in the Lincoln Metropolitan Area between 2014 and 2015.
- As seen in Figure 21, average private weekly hours increased between 2007 and 2015 by a cumulative 1.83%.

Growth in Average Weekly Hours Worked

- Average weekly hours of private sector employees grew by 1.83% in the Lincoln Metropolitan Area between 2007 and 2015. This increase in weekly hours is on top of solid increases in the number of jobs in Lincoln.
- The average weekly hours of private sector workers also rose in Nebraska from 2007 to 2015 by 1.88% and in the United States by 0.29%.

3 - Key Industries

FIGURE 23: MANUFACTURING EMPLOYMENT
LINCOLN METROPOLITAN AREA
(2005 - 2015)

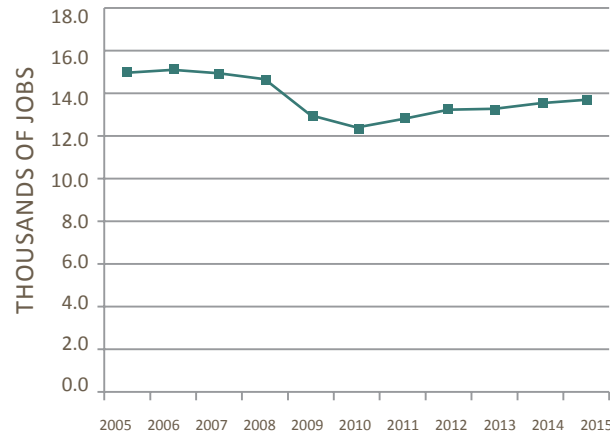


FIGURE 24: GROWTH IN MANUFACTURING EMPLOYMENT
LINCOLN MSA vs NEBRASKA vs U.S.A.
(2005 - 2015)

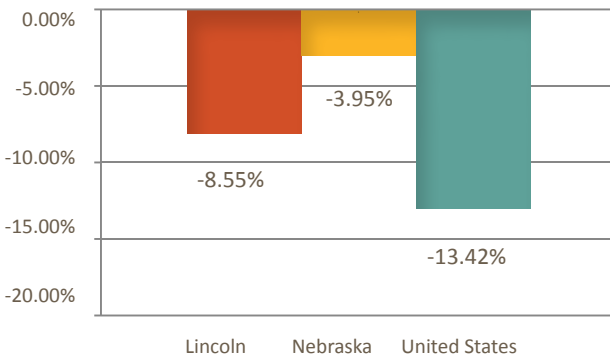


FIGURE 25: MANUFACTURING REAL GROSS DOMESTIC PRODUCT
LINCOLN METROPOLITAN AREA (2003-2013) (BASE = 2009 DOLLARS)

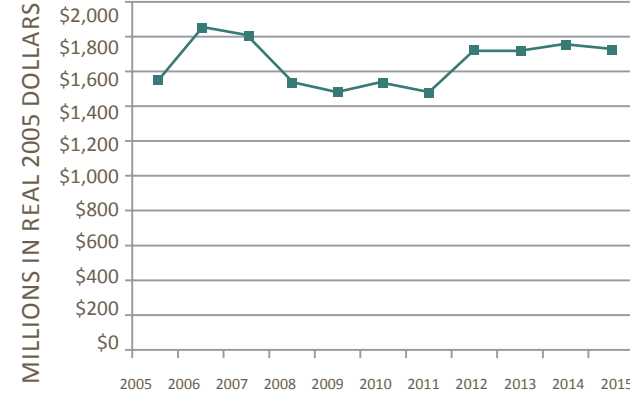


FIGURE 26: GROWTH IN MANUFACTURING REAL GROSS DOMESTIC PRODUCT
LINCOLN MSA vs NEBRASKA vs U.S.A.
(BASE = 2005 DOLLARS) (2005-2015)

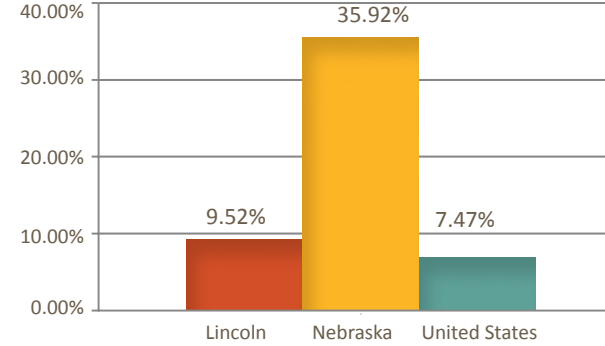


FIGURE 27: INSURANCE EMPLOYMENT
LINCOLN METROPOLITAN AREA
(2005-2015)

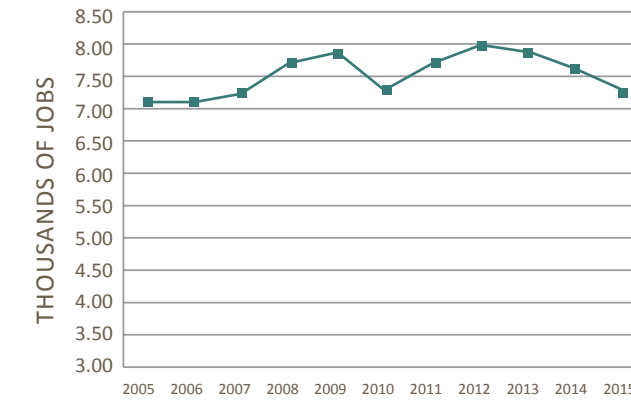
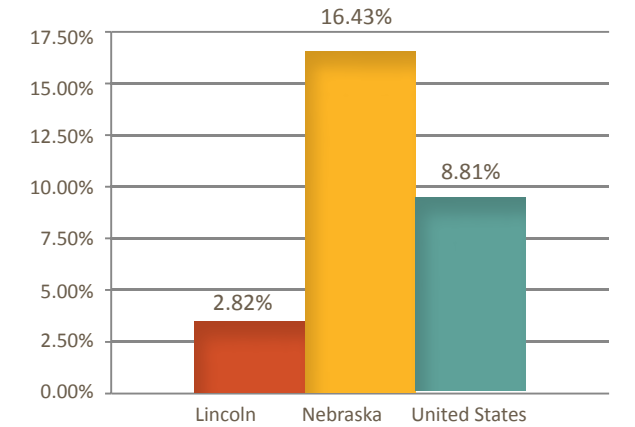


FIGURE 28: GROWTH IN INSURANCE EMPLOYMENT
LINCOLN MSA vs NEBRASKA vs U.S.A.
(2005-2015)



Manufacturing Employment ¹²

- Manufacturing employment grew by 0.72% from 2014 to 2015.
- Lincoln, however, has not recovered all of the manufacturing employment lost during the 2008/09 recession. This is a common pattern across the country. Manufacturing employment drops sharply during recession and recovers modestly during expansion.
- From 2005 to 2015, manufacturing employment declined by 8.55% in the Lincoln Metropolitan Area.

Growth in Manufacturing Employment

- Over the last decade, manufacturing job losses were less severe in the Lincoln Metropolitan Area than nationwide. Job losses, however, were more severe in Lincoln than in Nebraska, as seen in Figure 24.
- Manufacturing employment declined by 8.55% from 2005 to 2015 in the Lincoln Metropolitan Area compared to a 3.95% decline in Nebraska overall and a 13.42% drop nationwide.

Manufacturing Real Gross Domestic Product ¹³

- Productivity growth is rapid in the manufacturing industry. As a result, the industry may shed jobs even as total industry activity is steady or rising. For this reason, we also examine trends in real gross domestic product for the manufacturing industry.
- Real manufacturing GDP (measured in 2009 dollars) dropped during the 2008/2009 recession but rose during the last decade. As seen in Figure 25, real manufacturing GDP grew by 9.52% in Lincoln from 2014 to 2015.

Growth in Manufacturing Real Gross Domestic Product

- Real manufacturing GDP increased by 9.52% in the Lincoln MSA between 2005 and 2015.
- This rate of growth is similar to the national average. Real manufacturing GDP in the United States rose by 7.47% over the last decade.
- However, Nebraska manufacturing activity grew much faster. Real manufacturing GDP grew by 35.92% in Nebraska overall during the 2005 to 2015 period.

Insurance Employment ¹⁴

- Insurance industry employment declined by 300 in the Lincoln Metropolitan Area from 2014 to 2015.
- Employment peaked at 8,000 in 2012 but has declined in recent years, as seen in Figure 27.
- Over the last decade, insurance employment grew by a cumulative 2.82% in the Lincoln Metropolitan Area.

Growth in Insurance Employment

- Over the last decade the insurance industry has grown modestly in the Lincoln Metropolitan Area.
- As seen in Figure 28, insurance industry employment grew by 2.82% in the Lincoln Metropolitan Area from 2005 to 2015, while rising by 16.43% in Nebraska overall and 8.81% nationally.

FIGURE 29: OTHER FINANCIAL SERVICES EMPLOYMENT
LINCOLN METROPOLITAN AREA (2005-2015)

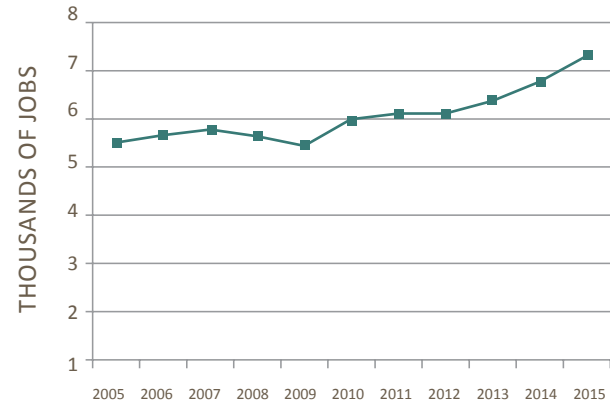


FIGURE 30: GROWTH IN OTHER FINANCIAL SERVICES EMPLOYMENT
LINCOLN MSA VS NEBRASKA VS U.S.A. (2005-2015)

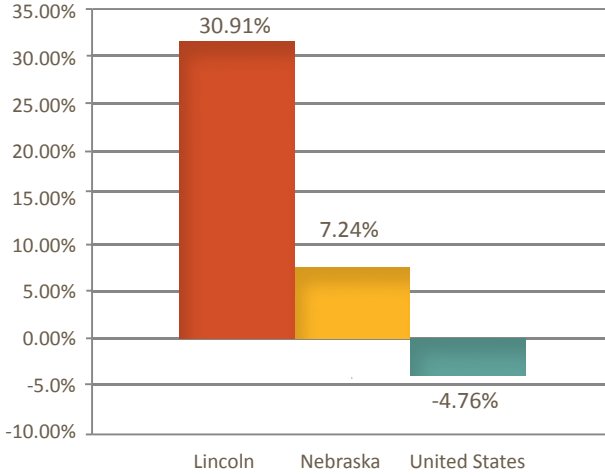


FIGURE 31: PROFESSIONAL, SCIENTIFIC & TECHNICAL SERVICES EMPLOYMENT
LINCOLN METROPOLITAN AREA (2005-2015)

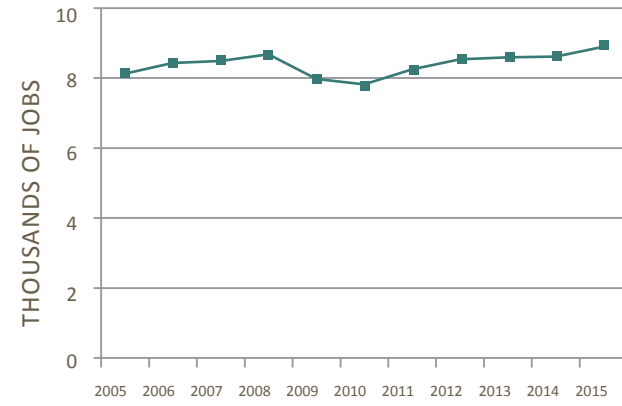


FIGURE 32: GROWTH IN PROFESSIONAL, SCIENTIFIC & TECHNICAL SERVICES EMPLOYMENT
LINCOLN MSA VS NEBRASKA VS U.S.A. (2005 - 2015)

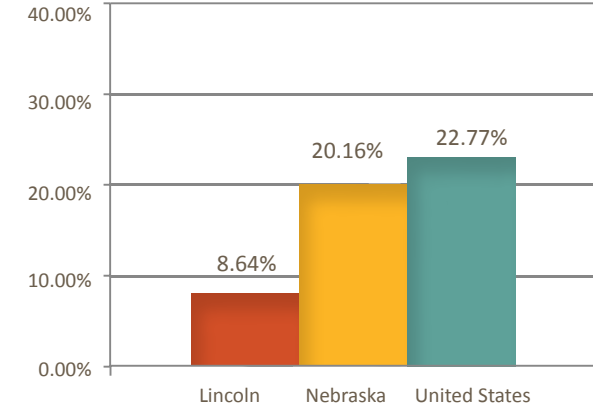


FIGURE 33: EDUCATION, HEALTH CARE & SOCIAL ASSISTANCE SERVICES EMPLOYMENT
LINCOLN METROPOLITAN AREA (2005-2015)

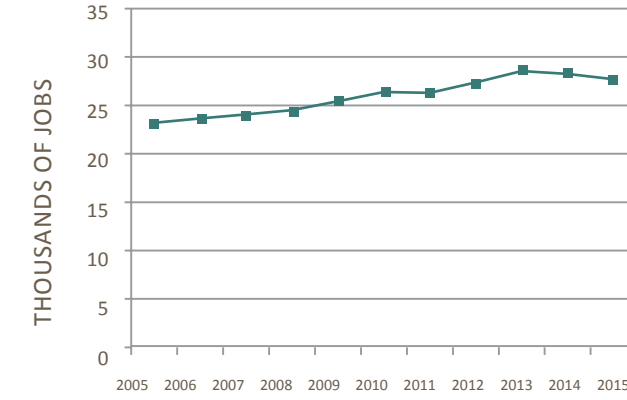
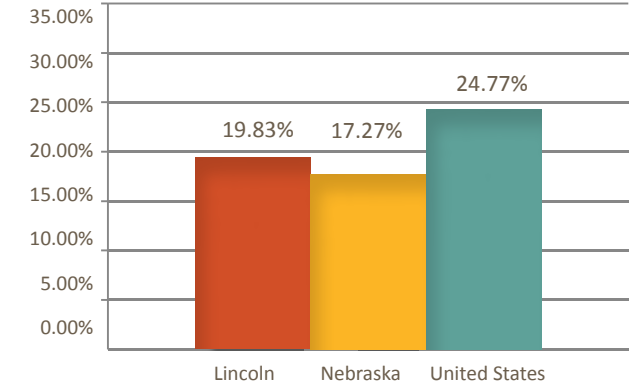


FIGURE 34: GROWTH IN EDUCATION, HEALTH CARE & SOCIAL ASSISTANCE SERVICES EMPLOYMENT
LINCOLN MSA VS NEBRASKA VS U.S.A. (2005-2015)



Other Financial Services Employment ¹⁵

- Other financial service businesses, such as banks, are a source of strength in the Lincoln economy. Employment in other financial services grew by 5.88% in the Lincoln Metropolitan Area from 2014 to 2015.
- The industry has followed an upward trend over the last decade, apart from a brief decline during the 2008/2009 recession.
- Over the decade, other financial services businesses added 1,700 jobs in the Lincoln Metropolitan Area, a cumulative 30.91% growth rate.

Growth in Other Financial Services Employment

- The other financial services industry has been unusually strong in the Lincoln Metropolitan Area over the last decade.
- Employment in other financial services businesses grew by 30.91% in the Lincoln Metropolitan Area from 2005 to 2015, compared to 7.24% growth statewide and a 4.76% decline nationwide.

Professional, Scientific & Technical Services Employment ¹⁶

- Professional, scientific, and technical services employment grew by 2.33% in the Lincoln Metropolitan Area from 2014 to 2015.
- Over the last decade, as seen in Figure 31, there has been an upward trend in professional, scientific & technical employment.
- This is a significant benefit for the Lincoln economy since professional, scientific & technical service is the fastest growing high wage industry in the national economy.

Growth in Professional, Scientific & Technical Services Employment

- However, professional, scientific, and technical services employment in Lincoln has lagged state and national growth over the last decade.
- Professional, scientific, and technical services employment grew by 8.64% in the Lincoln Metropolitan Area from 2005 to 2015, while it grew by 20.16% in Nebraska overall and 22.77% nationwide.

Education, Health Care and Social Assistance Services Employment ¹⁷

- Health care and (private) education employment declined by 1.07% in the Lincoln Metropolitan Area from 2014 to 2015.
- However, over the last decade, health care and education has been an engine of job growth in the Lincoln Metropolitan Area, as seen in Figure 33.
- From 2005 to 2015, the health care and education industry added 4,600 jobs in Lincoln, for a cumulative 19.83% increase.

Growth in Education, Health Care and Social Assistance Services Employment

- The Lincoln Metropolitan Area continues to grow as a center for health care services in the State of Nebraska.
- Health care and education employment grew by 19.83% in the Lincoln Metropolitan Area from 2005 to 2015, by 17.27% in Nebraska overall, and by 24.77% in the United States.

36 ¹⁵ Source: U.S. Bureau of Labor Statistics
¹⁶ Source: U.S. Bureau of Labor Statistics

¹⁷ Sources: U.S. Bureau of Labor Statistics. Health care employment is not reported separately for the Lincoln Metropolitan Area, so the analysis focuses on growth of health care and education employment in the Lincoln Metropolitan Area, the state of Nebraska, and the United States.

4 - Housing & Construction

FIGURE 35:
STATE GOVERNMENT EMPLOYMENT
LINCOLN METROPOLITAN AREA
(2005-2015)

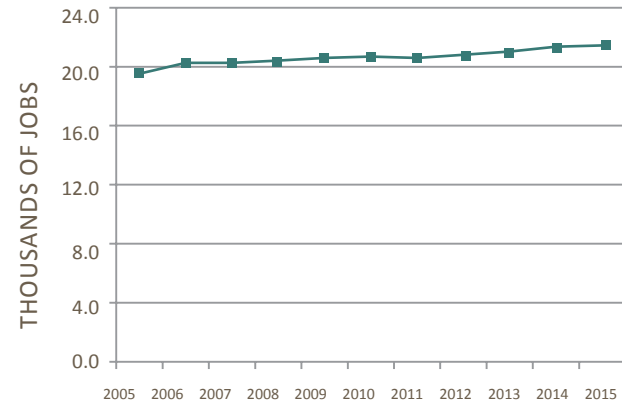


FIGURE 36:
GROWTH IN STATE GOVERNMENT EMPLOYMENT
LINCOLN MSA vs NEBRASKA vs U.S.A. (2005-2015)

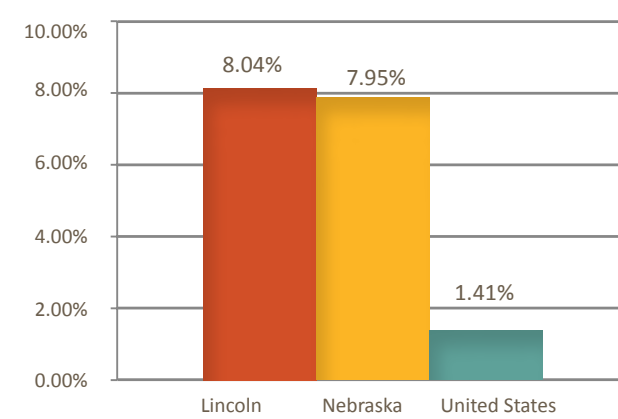


FIGURE 37:
BUILDING PERMITS
LINCOLN METROPOLITAN AREA
(2005-2015)

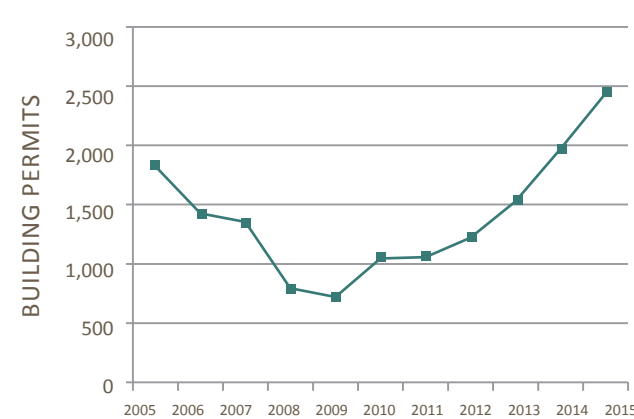


FIGURE 38:
GROWTH IN BUILDING PERMITS
LINCOLN MSA vs NEBRASKA vs U.S.A.
(2005-2015)

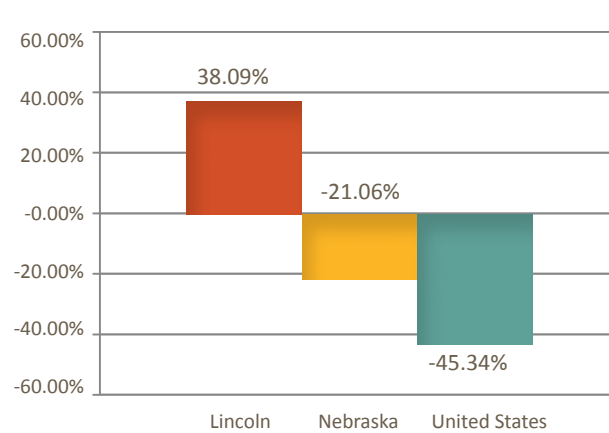


FIGURE 39:
BUILDING PERMITS FOR SINGLE FAMILIES
LINCOLN METROPOLITAN AREA (2005-2015)

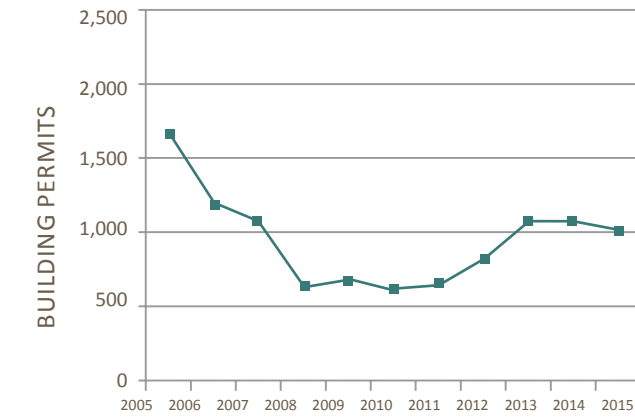
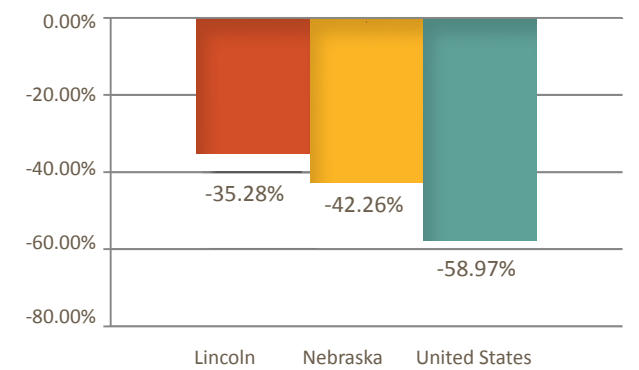


FIGURE 40:
GROWTH IN BUILDING PERMITS FOR SINGLE FAMILIES
LINCOLN MSA vs NEBRASKA vs U.S.A.
(2005-2015)



State Government Employment ¹⁸

- State government is a significant source of employment for the Lincoln Metropolitan Area, which is home to the State Capitol.
- State government employment grew by 0.47% in the Lincoln Metropolitan Area from 2014 to 2015.
- Growth has been slow and steady over the last decade, as seen in Figure 35.

Growth in State Government Employment

- State government employment has grown moderately in Nebraska over the last decade, perhaps reflecting the state's relatively strong fiscal situation.
- State government employment grew by 8.04% from 2005 to 2015 in the Lincoln Metropolitan Area. State government employment grew 7.95% in Nebraska overall and 1.41% in the United States

Building Permits ¹⁹

- The number of building permits in the Lincoln Metropolitan Area rose by 23.27% from 2014 to 2015.
- After strong growth in recent years, the annual number of building permits now exceeds 2005 levels.
- From 2005 to 2015, the number of permits rose by 38.09% in the Lincoln Metropolitan Area.

Growth in Building Permits

- The recovery in building permits in the Lincoln Metropolitan Area over the last decade stands in contrast to state and national trends.
- From 2005 to 2015, the number of building permits issued in the Lincoln Metropolitan Area rose by 38.09%, compared to a 45.34% decline nationally, and a 21.06% decline in Nebraska overall.
- As will be seen in Figures 39 and 40, growth in Lincoln building permit activity reflects growth in permits for apartments rather than single-family homes.

Building Permits for Single Families ²⁰

- The number of single family home building permits issued in the Lincoln Metropolitan Area dropped by 4.94% from 2014 to 2015.
- Single-family permits fell by 35.29% over the entire 2005 to 2015 period.

Growth in Building Permits for Single Families

- Lincoln was not the only area to experience a decline in building permits for single-family homes over the last decade.
- In fact, building permit activity was relatively strong in the Lincoln Metropolitan Area over the last decade.
- From 2005 to 2015, the number of building permits issued for single family homes declined by 35.28% in the Lincoln Metropolitan Area compared to a 42.26% decline in Nebraska overall and a 58.97% decline nationwide.

¹⁹ Source: U.S. Bureau of Census

²⁰ Source: U.S. Bureau of Census

FIGURE 41:
MEDIAN SALE PRICE, EXISTING SINGLE-FAMILY HOME

LINCOLN METROPOLITAN AREA (2005-2015)

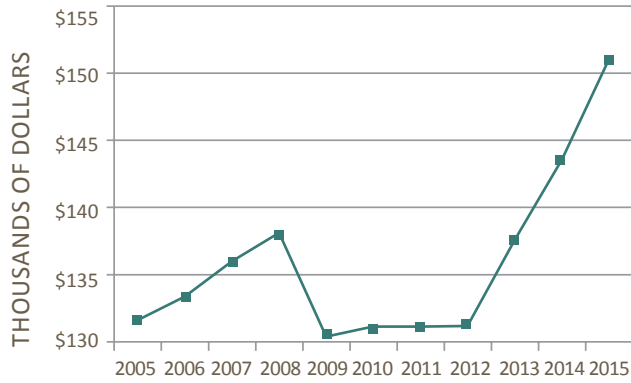


FIGURE 42:
GROWTH IN MEDIAN SALE PRICE FOR SINGLE-FAMILY HOMES

LINCOLN MSA vs NEBRASKA vs U.S.A. (2005-2015)

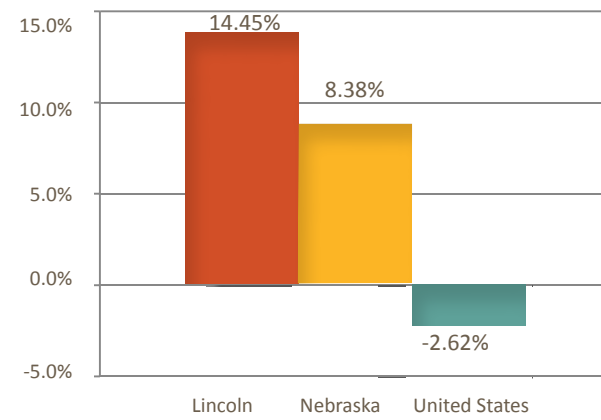


FIGURE 43:
MEDIAN SALE PRICE/SQ. FT., SINGLE-FAMILY HOME

Lincoln Metropolitan Area (2005-2015)

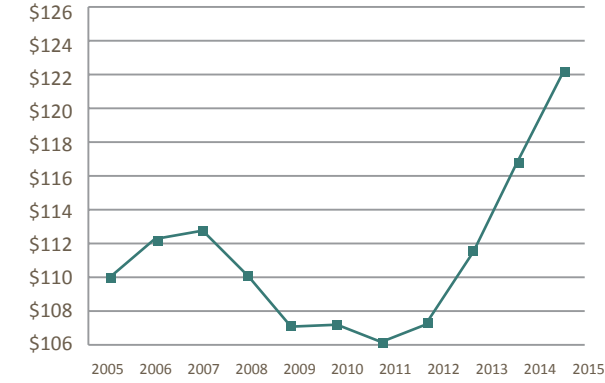


FIGURE 44:
GROWTH IN MEDIAN SALE PRICE/ SQ. FT., SINGLE-FAMILY HOME

LINCOLN MSA vs NEBRASKA vs U.S.A. (2005-2015)

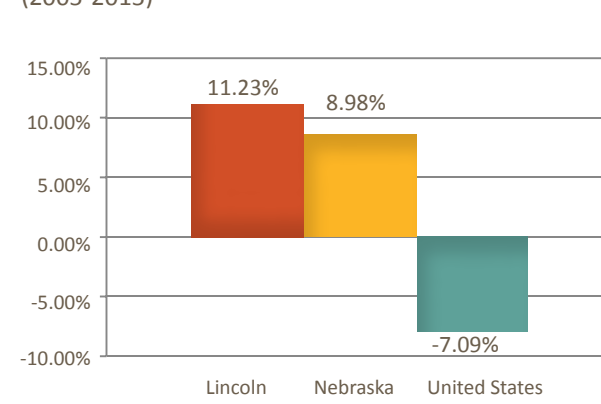


FIGURE 45:
MINING, LOGGING & CONSTRUCTION EMPLOYMENT

LINCOLN METROPOLITAN AREA (2005-2015)

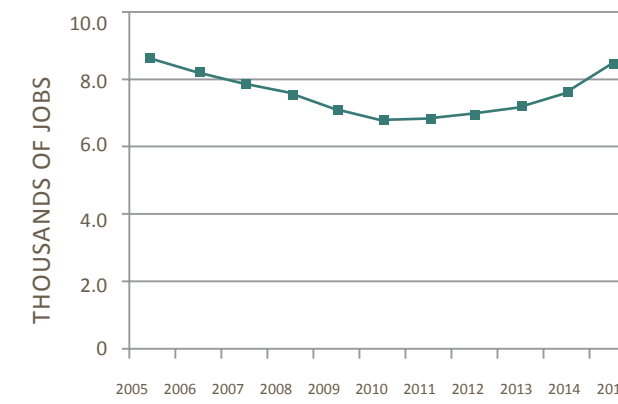
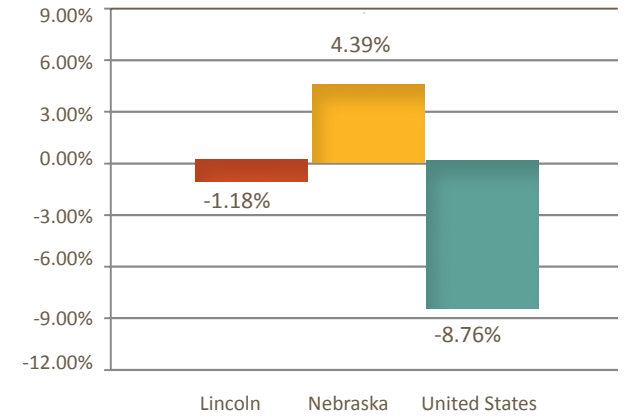


FIGURE 46:
GROWTH IN MINING, LOGGING & CONSTRUCTION EMPLOYMENT

LINCOLN MSA vs NEBRASKA vs U.S.A. (2005-2015)



Median Sale Price, Existing Single - Family Home ²¹

- The median sale price of existing single-family homes grew by 5.13% in the Lincoln Metropolitan Area between 2014 and 2015, as seen in Figure 41.
- Looking over the entire decade, the median sale price of single-family homes grew in the Lincoln Metropolitan Area by 14.45%, despite a steep drop during the 2008/2009 recession.
- This is an increase but below the 21.36% inflation rate during the 2005 to 2015 period.

Growth in Median Sale Price, Existing Single - Family Home

- Sale price growth in Lincoln and Nebraska exceed state and national growth over the last decade.
- From 2005 to 2015, cumulative sale price growth for existing single-family homes was 14.45% in Lincoln and 8.38% in Nebraska statewide. Sale prices declined by 2.62% nationwide.

Median Sale Price/Sq. Ft., Single - Family Home ²²

- Growth in sale price per square foot was similar to growth in sale price.
- The median sale price per square foot rose by 4.39% in the Lincoln Metropolitan Area between 2014 and 2015, as seen in Figure 43.
- The median sale price per square foot for existing homes rose by 11.23% in the Lincoln Metropolitan Area from 2005 to 2015.

Growth in Median Sale Price/Sq. Ft., Single - Family Home

- In the last decade, sale price per square foot grew at a similar pace in Lincoln and Nebraska overall. Sale price per square foot, however, declined nationwide, as seen in Figure 44.
- Median sale price per square foot grew by 11.23% in the Lincoln Metropolitan Area from 2005 to 2015 and 8.98% in Nebraska overall. Median sales price per square foot declined by 7.09% nationwide.

Mining, Logging & Construction Employment ²³

- Construction employment rose by 7.69% in the Lincoln Metropolitan Area between 2014 and 2015.
- This is consistent with the recent recovery of construction employment.
- The recent recovery follows a consistent decline in construction employment after the peak in Lincoln housing activity in 2004. Lincoln has nearly recovered all of the construction employment lost during the 2004 to 2010 period.

Growth in Mining, Logging & Construction Employment

- Over the entire decade, construction employment declined slightly in the Lincoln Metropolitan Area. The decline in construction employment in Lincoln was less than the decline nationwide.
- There was a modest increase in construction employment statewide, as seen in Figure 46. A strong farm economy supported construction employment in rural and micropolitan Nebraska during the period.
- Specifically, construction employment declined by 1.18% in the Lincoln Metropolitan Area between 2005 and 2015, while declining 8.76% nationwide and rising 4.39% in Nebraska overall.

²² Source: www.zillow.com

²³ Source: U.S. Bureau of Labor Statistics

5 - Retail Sector

FIGURE 47:
TOTAL RETAIL ESTABLISHMENTS
LINCOLN METROPOLITAN AREA
(2005-2015)

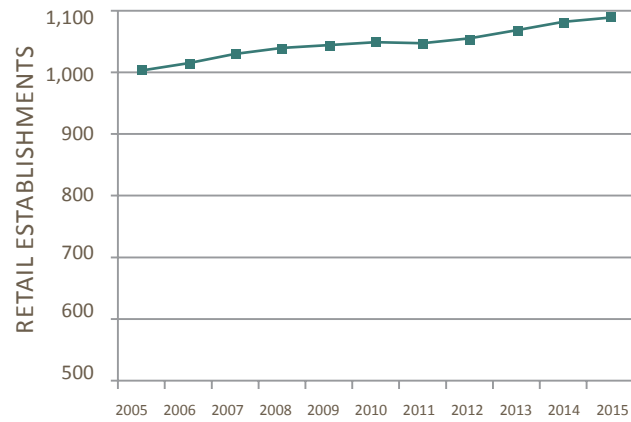


FIGURE 48:
GROWTH IN TOTAL RETAIL ESTABLISHMENTS
LINCOLN MSA vs NEBRASKA vs U.S.A.
(2005-2015)

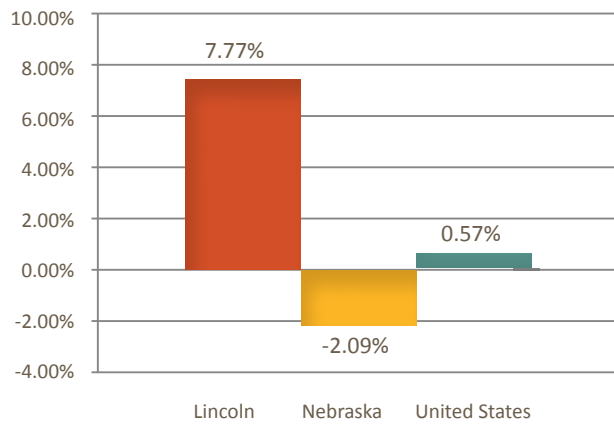


FIGURE 49:
RETAIL TRADE EMPLOYMENT
LINCOLN METROPOLITAN AREA
(2005-2015)

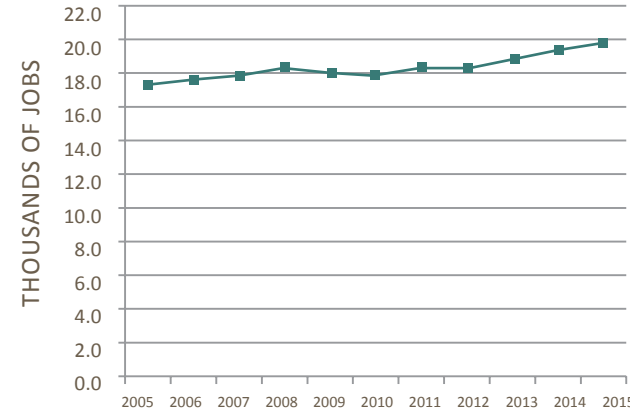


FIGURE 50:
GROWTH IN RETAIL TRADE EMPLOYMENT
LINCOLN MSA vs NEBRASKA vs U.S.A. (2005-2015)

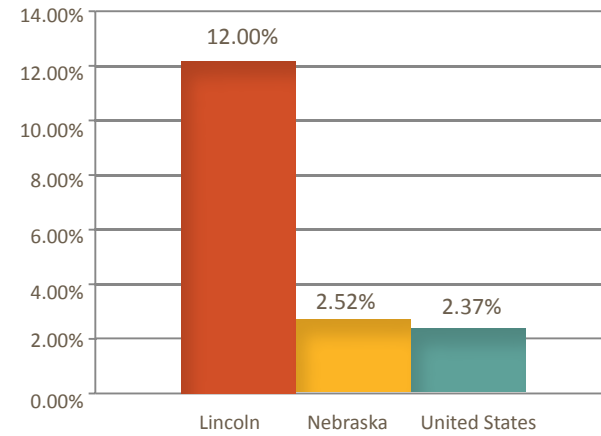


FIGURE 51:
REAL RETAIL ANNUAL PAYROLL
LINCOLN METROPOLITAN AREA
(2005-2015)

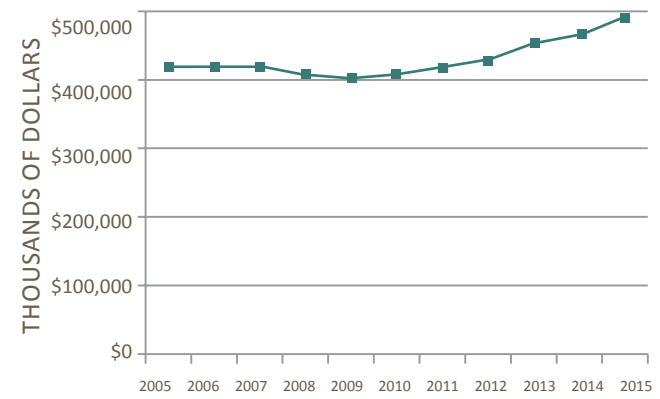
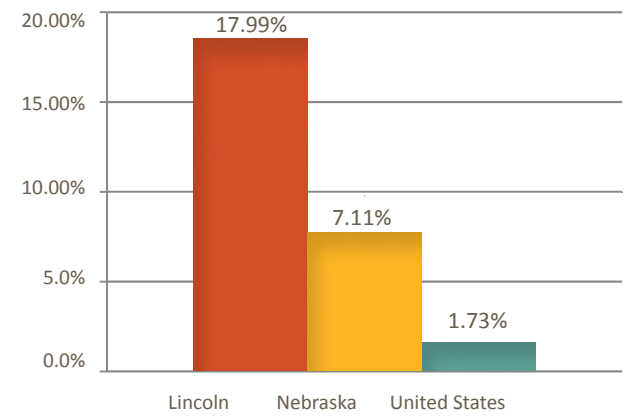


FIGURE 52:
GROWTH IN REAL RETAIL ANNUAL PAYROLL
LINCOLN MSA vs NEBRASKA vs U.S.A. (2005-2015)



Total Retail Establishments ²⁴

- The number of retail establishments declined by 0.69% in the Lincoln Metropolitan Area between 2014 and 2015.
- Retail establishment counts, in fact, grew steadily over the last decade.
- Overall for the decade the number of retail establishments in the Lincoln Metropolitan Area grew by 7.77%.

Growth in Retail Establishments

- Solid growth in the number of Lincoln retail establishments over the last decade was in contrast to state and national trends.
- The number of retail establishments in the Lincoln Metropolitan Area grew by 7.77% from 2005 to 2015 compared to a decline of 2.09% in Nebraska overall and a 0.57% increase nationwide.

Retail Trade Employment ²⁵

- Retail trade employment has been strong in Lincoln in recent years. Retail trade employment grew by 2.08% in the Lincoln Metropolitan Area between 2014 and 2015.
- For the decade overall, Lincoln retail trade employment grew by 12.00%, or 2,100 jobs.

Retail Trade Employment Growth

- Retail trade employment grew at a solid pace in the Lincoln Metropolitan Area from 2005 to 2015.
- Growth in the Lincoln Metropolitan Area is in contrast to state and national trends. Retail trade has contributed little to job growth in many parts of the country. Results suggest that Lincoln is continuing to expand as a retail trade center.
- Lincoln retail trade employment grew by 12.00% from 2005 through 2015, while rising by just 2.52% in Nebraska overall and rising by just 2.37% nationwide.

Retail Annual Payroll Trends ²⁶

- Real retail trade payroll (measured in 2015 dollars) grew by 5.10% in the Lincoln Metropolitan Area between 2014 and 2015.
- Looking over the full decade, real retail trade payroll rose in the Lincoln Metropolitan Area by 17.99%.

Retail Annual Payroll Growth

- Like retail employment, the increase in real retail trade payroll in Lincoln from 2005 to 2015 is in contrast to state and national trends.
- Real retail trade payroll increased by 17.99% in the Lincoln Metropolitan Area from 2005 to 2015, while rising by 7.11% in Nebraska overall and by 1.73% nationwide.

6 - Automobile & Air Travel

FIGURE 53:
MOTOR VEHICLE TAXABLE SALES
LINCOLN METROPOLITAN AREA
(2005-2015)

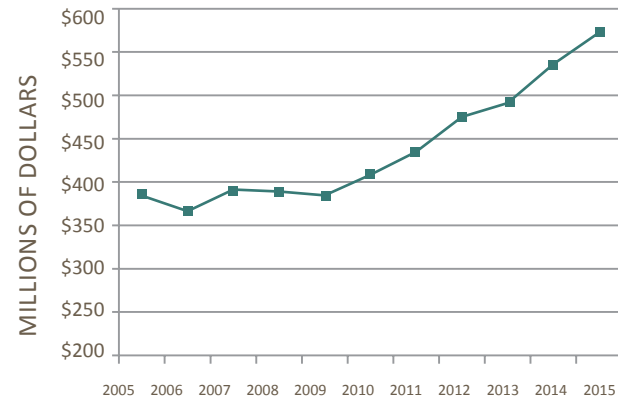


FIGURE 54:
GROWTH IN MOTOR VEHICLE TAXABLE SALES
LINCOLN MSA vs NEBRASKA vs U.S.A.
(2005-2015)

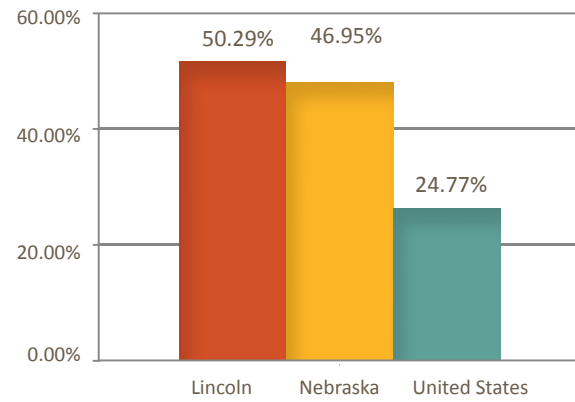


FIGURE 55:
UNLEADED GAS PRICE/GALLON
LINCOLN METROPOLITAN AREA
(2005-2015)

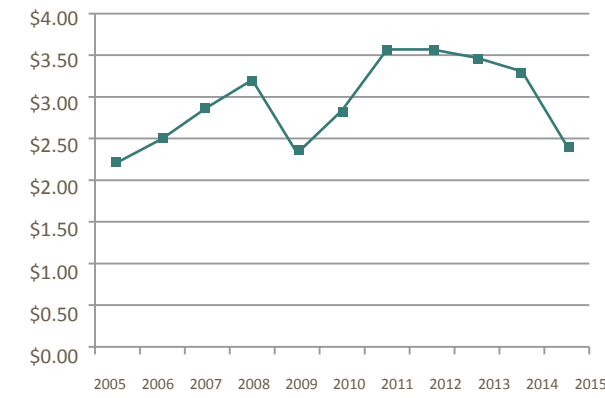


FIGURE 56:
GROWTH IN UNLEADED GAS PRICE/GALLON
LINCOLN MSA vs NEBRASKA vs U.S.A. (2005-2015)

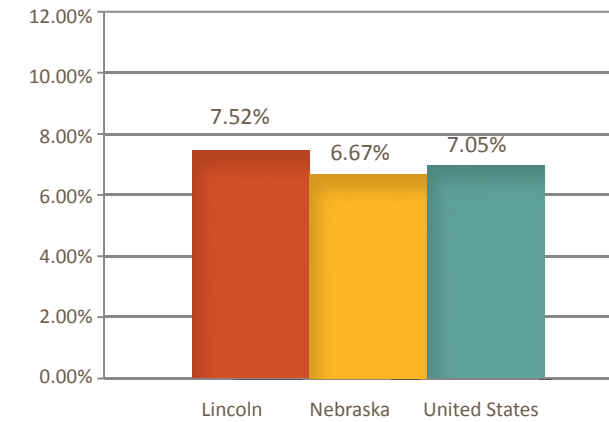


FIGURE 57:
ENPLANEMENTS & DEPLANEMENTS
LINCOLN METROPOLITAN AREA
(2005-2015)

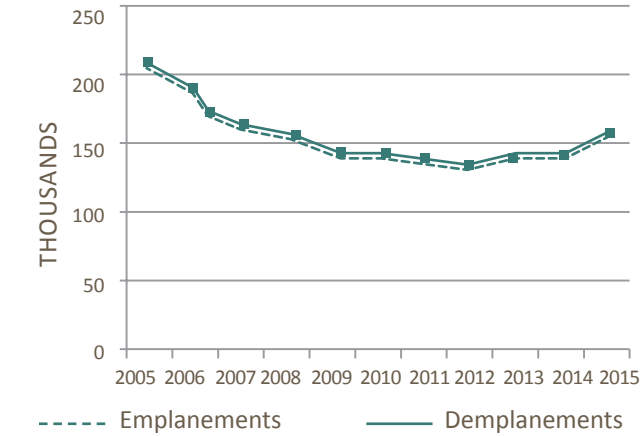
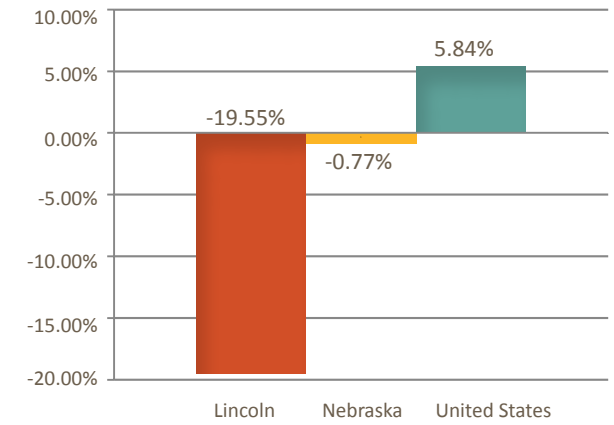


FIGURE 58:
GROWTH IN ENPLANEMENTS
LINCOLN MSA vs NEBRASKA vs U.S.A.
(2005-2015)



Motor Vehicle Taxable Sales ²⁷

- Data in Figure 53 suggest that Lincoln has fully participated in the post-recession recovery in vehicle sales. In particular, motor vehicle taxable sales have risen rapidly since 2009.
- Motor vehicle taxable sales grew by 6.79% in the Lincoln Metropolitan Area between 2014 and 2015.

Growth in Motor Vehicle Taxable Sales

- Motor vehicle taxable sales grew rapidly in the Lincoln MSA and Nebraska over the last decade. Growth was well above the inflation rate of 21%.
- Specifically, motor vehicle taxable sales rose by 50.29% in the Lincoln Metropolitan Area from 2005 to 2015 compared to 46.95% in Nebraska and 24.77% nationwide.

Gasoline Price Per Gallon (Regular Unleaded) ²⁸

- The price of a gallon of regular (unleaded) gasoline decreased by 26.14% in Lincoln between 2014 and 2015.
- As seen in Figure 55, gasoline prices followed the cyclical pattern. Prices fell during the 2008/2009 recession, and then rose when the economy recovered. Prices dipped again in 2015 as the global economy has struggled.
- Prices averaged \$2.43 a gallon in the Lincoln area in 2015.

Growth in Gasoline Price Per Gallon

- Despite all of its ups and downs, the price of a gallon of regular unleaded gasoline rose modestly between 2005 and 2015.
- Price increases in Lincoln were very similar to price increases in Nebraska overall and the nation. The price rose by 7.52% in Lincoln, 6.67% in Nebraska statewide, and 7.05% in the United States.

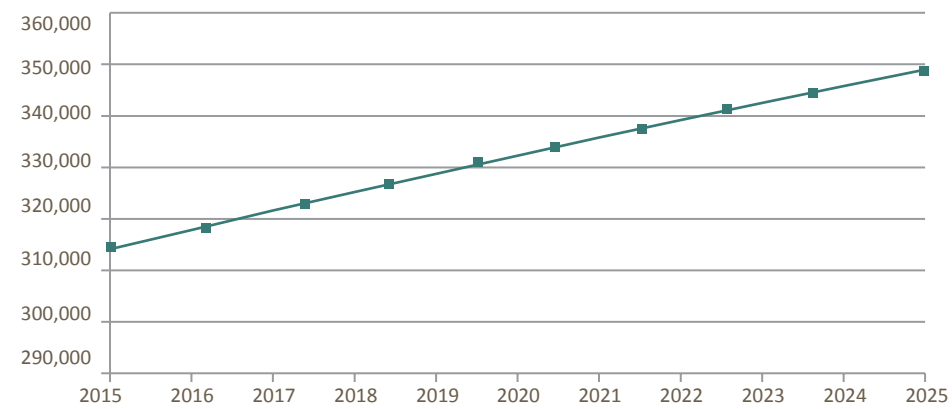
Enplanements & Deplanements ²⁹

- The number of enplanements in Lincoln rose by 13.56% between 2014 and 2015.
- Enplanements and deplanements declined sharply in Lincoln from 2005 through 2009, as seen in Figure 57. The passenger counts have redounded in the last year.

Growth in Enplanements & Deplanements

- Over the last decade there was a significant drop in enplanements in Lincoln. Enplanements, however, were flat in Nebraska overall and rose nationally.
- As seen in Figure 58, enplanements declined by 19.55% in Lincoln from 2005 to 2015, while dropping by 0.77% in Nebraska and rising by 5.28% nationwide.

**FIGURE A.1.1:
LINCOLN MSA TOTAL POPULATION**
(2015-2025)



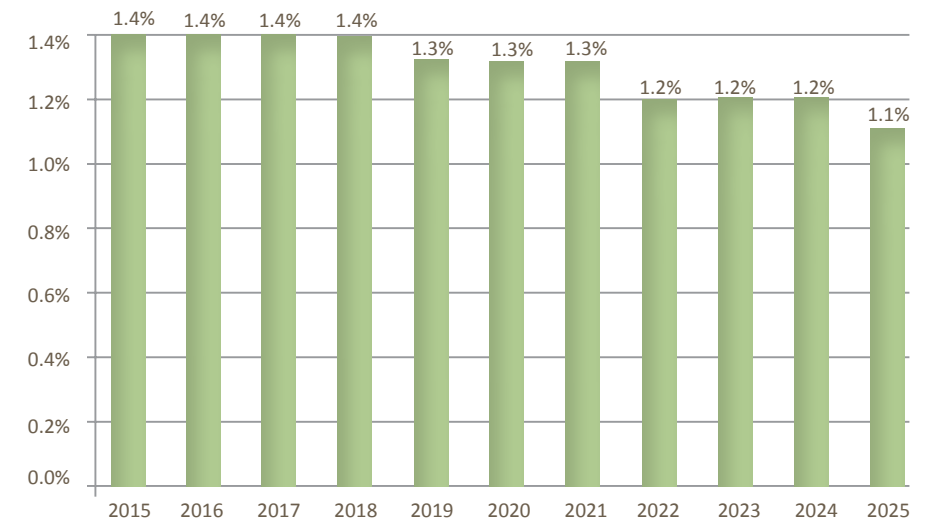
Appendix 1: Population Outlook

For decades, population growth has both benefited from and helped fuel economic growth within the Lincoln Metropolitan Area. This population growth has been sustained both by net migration into the Lincoln area, which occurs when in-migrants exceed out-migrants, and by natural population growth, which occurs when the number of births exceeds the number of deaths.

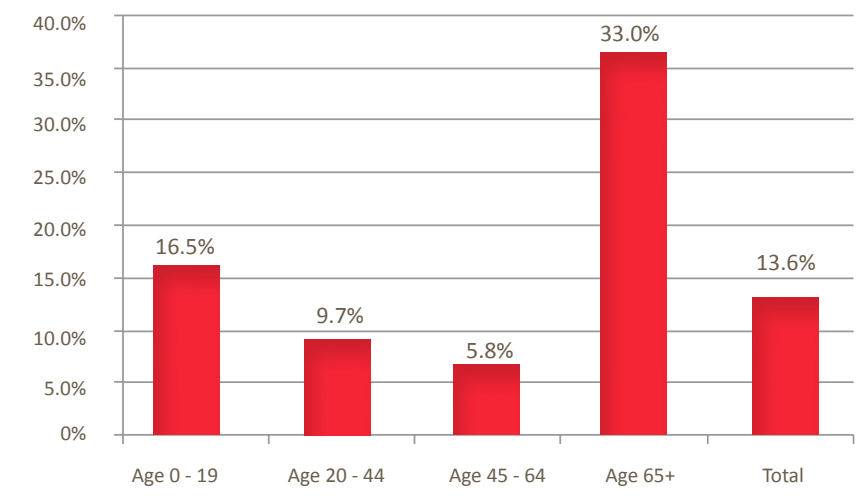
This appendix contains a forecast for population growth for the Lincoln Metropolitan Area (Lancaster and Seward Counties) developed by the UNL Bureau of Business Research. The forecast includes population projections for the Lincoln Metropolitan Area for each year from 2015 to 2025 in 18 age groups (0-4, 5-9, 10-14, etc.) for both males and females. Figure A.1.1 shows the cumulative demographic trend for the 2015 to 2025 period. The Lincoln Metropolitan Area population is forecast to grow 13.6% from 323,500 in 2015 to 367,400 in 2025. This will result from steady growth averaging approximately 4,400 persons per year.

Figure A.1.2 shows the forecast annual population growth rate for the Lincoln Metropolitan Area. Acceleration or deceleration in the growth rate is more evident in this Figure than in Figure A.1.1. Population growth decelerates modestly throughout the forecast period. This deceleration results from the continual aging of the baby boom generation. By late in the forecast period, most baby-boomers will have reached age 65 and some will have reached age 75. With a larger share of the population in these older age groups, the birth rate will fall modestly and the death rate will rise modestly. The resulting decline in natural population growth will cause the total population growth rate to fall as well.

**FIGURE A.1.2:
LINCOLN MSA ANNUAL POPULATION GROWTH**
(2015-2025)



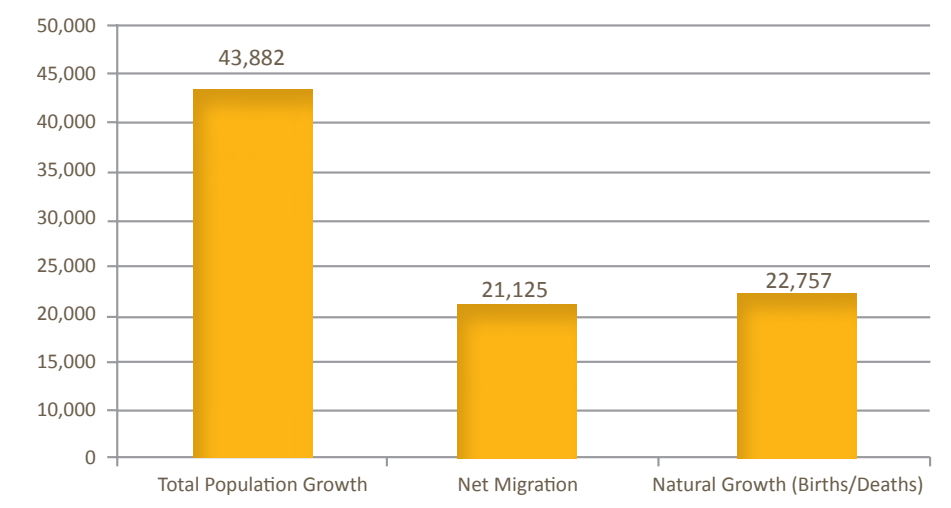
**FIGURE A.1.3:
LINCOLN MSA POPULATION GROWTH BY AGE**
(2015-2025)



The aging of the population is also seen in Figure A.1.3, which shows cumulative 2015 to 2025 population growth forecast for 4 specific age groups. The 65+ age group is by far the fastest growing age group while the prime working age population cohorts (20-44 and 45-64) will grow at the slowest rates.

Figure A.1.4 shows the contribution of natural population growth and net migration to total population growth over the next decade. Lincoln will be successful at attracting migrants over the next decade but natural population growth will account for more than half of all population growth.

**FIGURE A.1.4:
SOURCES OF POPULATION GROWTH IN THE LINCOLN MSA**
(2015-2025)



Overall, the outlook in the Lincoln Metropolitan Area is for steady population growth over the next decade. Lincoln will continue to attract both domestic and international migrants, on net. The population will age but that will occur primarily due to long-term, national demographic trends like the aging of the baby-boom generation, rather than issues specific to Lincoln. Population growth can continue to underpin future economic growth in the Lincoln Metropolitan Area.

FIGURE A.2.1:
AVERAGE NET TAXABLE SALES PER DOLLAR OF INCOME
(2013-2015)

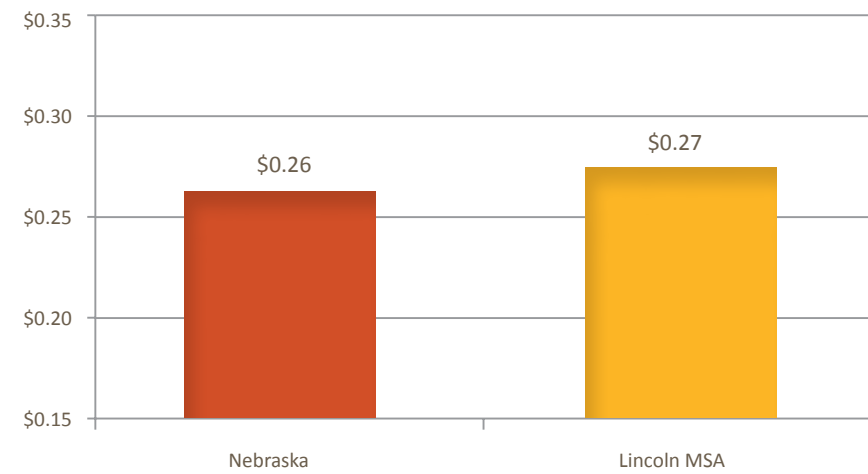
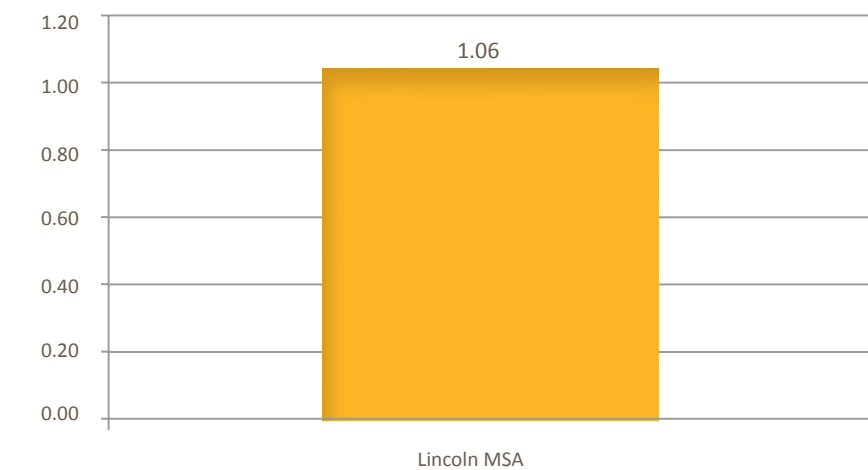


FIGURE A.2.2:
NET TAXABLE SALES PULL FACTOR FOR LINCOLN METROPOLITAN AREA
(2013-2015)



Appendix 2: Taxable Sales Capture

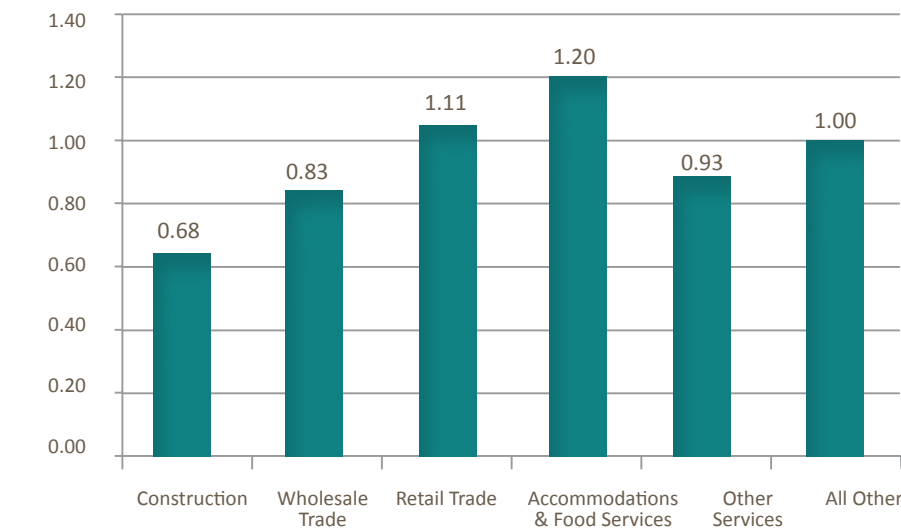
Figure A.2.1 shows the taxable sales per dollar of personal income in the Lincoln Metropolitan Area and Nebraska statewide over the last 3 years. Net taxable sales include all goods and services (excluding motor vehicles) that are subject to Nebraska sales tax. Net taxable sales include most retail sales, though it does not include grocery sales. Many types of services are subject to sales tax in Nebraska including restaurant purchases, entertainment, and personal services. The average value of taxable sales per dollar of personal income is presented for the entire 2013 to 2015 in order to average out the year-to-year idiosyncrasies that can either inflate or suppress taxable sales in any one year. The Lincoln Metropolitan Area had an average of \$0.27 in taxable sales per dollar of income during the 2013 to 2015 period but the state as a whole had just \$0.26 in taxable sales per dollar of income.

There are two ways to interpret the results in Figure A.2.1. The first is that the results suggest that residents of the Lincoln Metropolitan Area spend more of their income on goods and service subject to sales tax than the average resident of Nebraska. The second is that the Lincoln Metropolitan Area attracts more shoppers from outside of the region than it loses to Omaha or other surrounding areas. While both explanations could contribute to the finding in Figure A.2.1, it is reasonable to conclude that Lincoln is at least capturing its expected share of taxable sales and is likely on net in attracting outside spending.

The ability of an area’s economy to capture the spending of its own residents and even attract outside spending can be captured by the concept of a “pull factor.” A pull factor shows how much taxable sales occurs in a region compared to the expected level of sales, given personal income. The expectations are based on state averages. Specifically, expected sales are typically calculated by taking sales per dollar of income in a reference region (Nebraska) and multiplying it by the total personal income of the study region (the Lincoln Metropolitan Area). The pull factor is calculated by dividing the actual sales in the Lincoln Metropolitan Area by expected sales.

As a result, a pull factor value of over 1.0 indicates that the study region is capturing more than its share of taxable sales. A pull factor equal to 1.0 indicates that the region is capturing its share of taxable sales. A pull factor of less than 1.0 suggests that the region is losing more of its own shoppers to other regions than its attracting from other regions. Figure A.2.2 shows the taxable sales pull factor for the Lincoln Metropolitan Area for the 2013 to 2015 period. The pull factor is 1.06 indicating that the Lincoln Metropolitan Area has 6% more net taxable sales than would be expected given the income of the metropolitan area.

FIGURE A.2.3:
NET TAXABLE SALES PULL FACTOR BY INDUSTRY
LINCOLN METROPOLITAN AREA (2010-2013)



What accounts for Lincoln’s success? Figure A.2.3 shows pull factor estimates for a set of key industries in the Lincoln Metropolitan Area for 2013 through 2015. These categories are construction services, wholesale trade, retail trade, accommodations and food services, and other services. The last category, other services, includes a number of repair services which are at least partially subject to sales tax. Sales data also are not available for specific industries, such as specific types of retail businesses.

As before, these pull factors are calculated by dividing the actual taxable sales in each industry in the Lincoln Metropolitan Area by the expected sales given personal income in Lincoln. Expectations are again based on state averages. Results show a pull factor for construction services of just 0.68. Note that taxes on construction services are primarily levied on repairs rather than new construction. While the pull factor for wholesale trade is also well below 1.0, the pull factor for retail trade is above it. During the three-year period, the Lincoln Metropolitan Area attracted 11%

more net taxable retail sales than would be expected given personal income in Lincoln. The Lincoln Metropolitan Area pull factor for accommodations and food services, at 1.20, also was well above 1.0 from 2013 to 2015. These results suggest that the Lincoln Metropolitan Area retail and dining businesses are attracting many more patrons from outside of the area than Lincoln is losing to competing communities such as Omaha. Results also indicate that Lincoln has a strong lodging sector.

The pull factor for the other services industry is below 1.0. The “all other” category reflects the pull factor for remaining industries with taxable sales such as agriculture, manufacturing, transportation, or professional, scientific and technical services. The estimated pull factor is 1.0.

Overall, the analysis indicates that taxable sales as a share of income was modestly higher in the Lincoln Metropolitan Area than Nebraska as a whole over the last 3 years. This is reflected in an aggregate pull factor of 1.06 for net taxable sales in Lincoln. In other words, the Lincoln Metropolitan Area was able to attract 6% more taxable sales than would be expected given its income. Retail trade, food services, and accommodations appeared to be the areas of strength where Lincoln was pulling in more patrons from outside of the region than it was losing to competing regions such as Omaha.

FIGURE A.3.1:
MEDIAN INCOME IN LINCOLN
 (2005 - 2014)

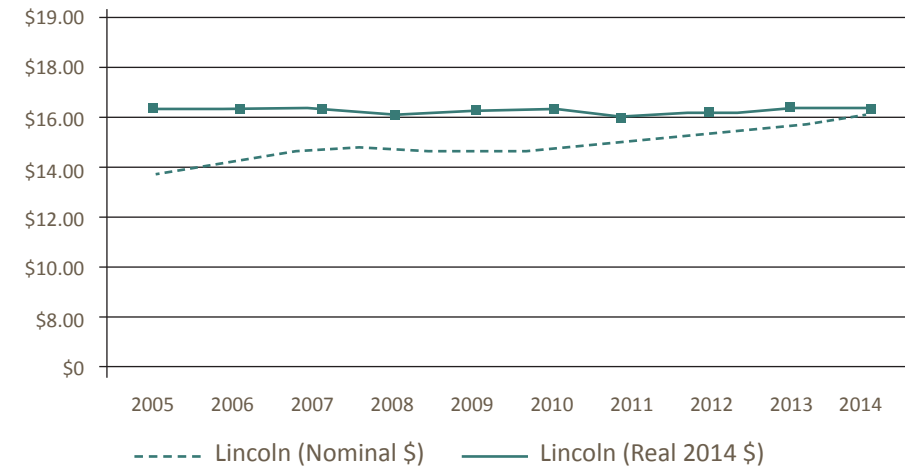
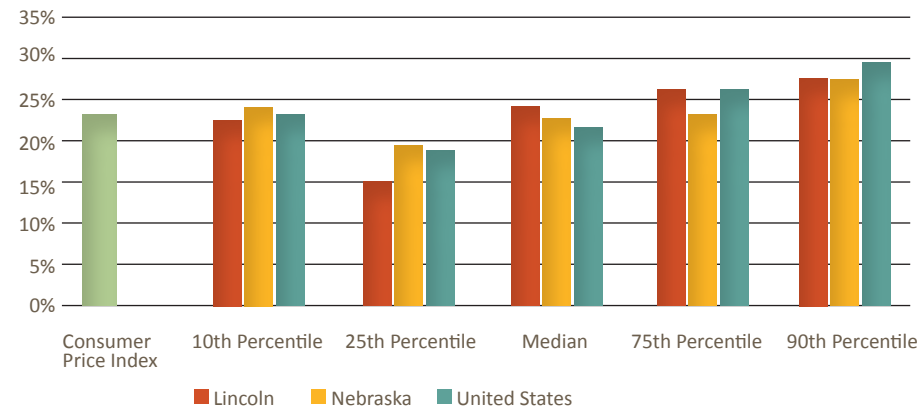


FIGURE A.3.2:
WAGE DISTRIBUTION
 (2005 - 2014)



APPENDIX 3: Wage Distribution and Median Income

The Lincoln, Nebraska economy is fully involved in the challenging long-term economic trends facing the United States economy. Key among these trends is the erosion of the middle class. Figure A.3.1 shows the trend in nominal and real median hourly wages in the Lincoln Metropolitan Area from 2005 to 2014. The data stops with 2014 since 2015 data are not yet available at the local level. Real hourly wage data are in 2014 dollars, which means that the real and nominal value is the same in 2014. Median hourly wages have risen in nominal terms but inflation also has been present during the period. As a result, there has been little change in real hourly wages. Real hourly wages dipped with the onset of the “Great Recession” in 2007 and did not return to 2005 levels until 2013. In 2014, real hourly wages were \$0.22 higher than in 2005.

Figure A.3.2 shows wage growth across the wage distribution for the 2005 to 2014 period, as well as the growth in the Consumer Price Index (CPI). Prices grew by a cumulative 21% over the period, which means that worker income would need to grow by 21% in order to keep up with price increases. In the Lincoln Metropolitan Area, hourly wages grew by approximately 23% for workers at the 50th percentile, 25% for upper middle class workers at the 75th percentile and 26% for high income workers at the 90th percentile. In other words, wage growth exceeded inflation for these workers over the recent decade. However, hourly wages grew by 20% for 10th percentile workers and just 15% for 25th percentile workers. This means that there were real wage declines for lower middle class workers at the 25th percentile and a modest decline for low income workers at the 10th percentile.

A similar pattern is evident for wage growth in Nebraska overall and in the United States. Lower middle class workers at and around the 25th percentile experienced a drop in real hourly wages, while wage growth for the 75th and 90th percentile workers exceeded inflation.



THANK YOU FOR YOU INVESTMENT IN LINCOLN

Director

- Ameritas Life Insurance Corp.
- Assurity Life Insurance Company
- Black Hills Energy
- Blue Cross Blue Shield of Nebraska
- Bryan Health
- Capitol City Electric, Inc.
- Cheever Construction
- CHI Health St. Elizabeth
- Cline, Williams, Wright, Johnson & Oldfather
- Firespring
- First National Bank
- Gallup
- Hampton Enterprises, Incorporated
- Hausmann Construction
- HomeServices of Nebraska, Inc
- Hudl
- INSPRO Insurance
- LES - Lincoln Electric System
- Lincoln Community Foundation
- Lincoln Federal Savings Bank
- Lincoln Industries
- Lincoln Journal Star
- NEBCO, Incorporated
- Nelnet
- Olsson Associates
- Pinnacle Bank
- Realtors Association of Lincoln
- RSM US, LLP
- Sampson Construction Company, Incorporated
- Smith Hayes
- Southeast Community College
- Speedway Motors, Incorporated
- Union Bank & Trust Company
- Unite Private Networks, LLC
- University of Nebraska - Lincoln
- US Bank
- Wells Fargo Bank
- World's Foremost Bank

Leaders Council

- Lancaster County Board of Commissioners
- Lincoln Airport Authority
- Alfred Benesch & Company
- Cornhusker Bank
- Duncan Aviation
- DuTeau Chevrolet-Subaru
- IMSCORP
- Integrated Life Choices
- Kawasaki Motors Manufacturing Corp., U.S.A.
- Pepsi Cola of Lincoln
- State Farm Insurance Companies
- Tetrad Property Group

President's Roundtable

- Bailey Lauerman
- Brooks, Pansing Brooks, PC, LLO
- DLR Group
- Downtown Lincoln Association
- Farmers Mutual Insurance Company of Nebraska
- Madonna Rehabilitation Hospital
- Nebraska Farm Bureau
- Rembolt Ludtke, LLP
- Schwisow Construction, Inc.
- Spreetail
- UNICO Group, Inc.
- Zoetis

Community Pacesetter

- American National Bank
- ABC Electric
- abc Seamless
- Adecco
- Aerotek Staffing
- Agent
- Allied Insurance, a member of Nationwide Insurance
- Baylor, Evnen, Curtiss, Grit & Witt, LLP
- BKD, LLP
- Brester Construction
- Brokerage Services Transamerica
- Chief Industries
- City Impact
- Clark Enersen Partners
- Cleaver-Brooks, Inc.
- Commonwealth Electric Company
- Davis Design
- E & A Consulting
- Express Employment Professionals
- Fiserv
- Five Nines
- Gana Trucking
- Garner Industries
- Gaslight Village
- General Excavating
- Great Western Bank
- Greenleaf Properties
- HDR, Incorporated
- Home Builders Association of Lincoln
- Hoppe, Incorporated
- Hy-Vee, Inc.
- Kidwell
- Leadership Resources
- Lincoln Public Schools
- ManpowerGroup
- Mapes Industries, Incorporated

- Midlands Packaging Corporation
- Molex
- NAI FMA Realty
- Nature's Variety
- Nebraska Air Quality Specialties
- Nebraska Bank of Commerce
- Nebraska Global Investment Company, LLC
- NebraskaLink
- Nebraska Title Co
- Nebraska Wesleyan University
- NECA/IBEW
- NGC Group Inc. (New Generation Construction)
- Nmotion
- Sadoff Iron & Metal Company
- Schneider Electric
- Seacrest & Kalkowski
- Tabitha
- Teledyne Isco
- TMCO
- Vipa Solutions
- Whitehead Oil Company
- WRK, LLC

Investor

- Husker Rehabilitation & Wellness Center PC



3 Landmark Centre, 1128 Lincoln Mall, Suite 100 | Lincoln, NE 68501-3006
402-436-2350 | www.selectlincoln.org