

**TARGETED INDUSTRY AND
MANUFACTURING
BUSINESS DYNAMICS REPORT 2013
FOR NORTHEAST INDIANA
Released February, 2014**

Prepared by The Community Research Institute at Indiana University-Purdue University Fort Wayne
Funded by the Northeast Indiana Fund, the supporting foundation of the
Northeast Indiana Regional Partnership

INTRODUCTION, BACKGROUND, AND INFORMATION ABOUT THE BUSINESS DYNAMICS PROCESS

The Community Research Institute at Indiana University-Purdue University (CRI) presents its sixth annual report of business events in the 10-county northeast Indiana region (NEI)¹. Those who are familiar with our annual report may notice a difference this year. The report is focusing on a *regional* presentation associated with known events that are monitored: companies new to the region, the expansions and downsizings, closings, and acquisitions, CRI monitors those events associated with the major employers, the targeted industries, as well as data related to all manufacturing establishments.

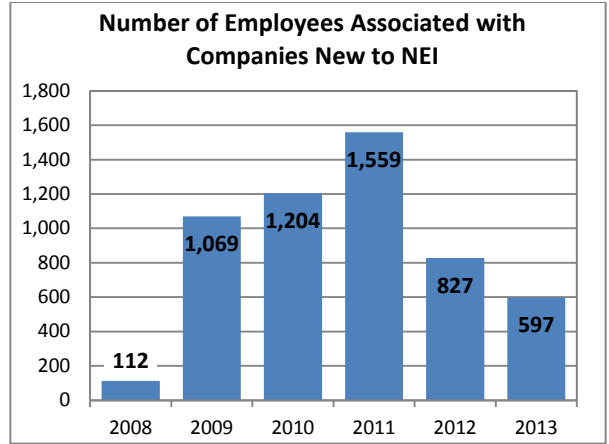
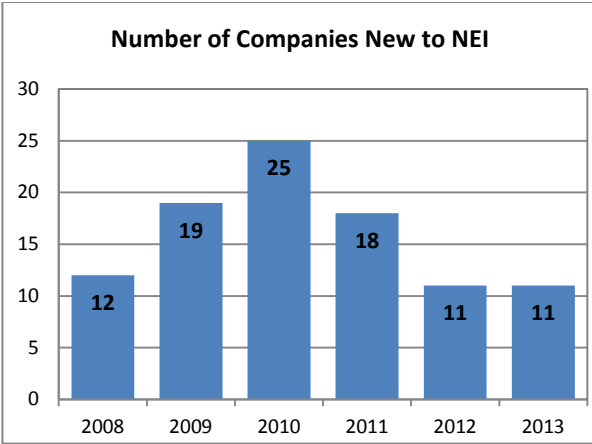
As has been the case for the past six years, CRI has compiled the business dynamic information from published reports, including media, county, and state sources, with specific assistance from the county economic development organizations. We only report an activity that coincides with an event, such as an abatement approval, ground-breaking, building permit, or local knowledge and therefore it is possible that some announcements will not be identified in this report because activity has not yet taken place. Although a background section features information on current announcements that may become events in 2014, please keep in mind that CRI does not possess perfect information. There are many events which are not known, especially downsizing and expansion events which can occur without any notice by the media or the county economic development office. There are also changes made to the best-laid plans; for example, economic conditions may announce a three-year hiring plan and it is possible that a planned expansion may either be smaller or larger than originally planned.

CRI does not monitor changes in some sectors, notably retail and the accommodation and food sectors, although these are very important sectors in this region. CRI focuses on the targeted industries, i.e. those industries which have been targeted for special interest and those that our region has some expertise, as well as the major employers in order to provide a historical time series of the changes in our region. Additionally, this is a *dynamic* process, and CRI is continually updating our database. If an event that occurred last year has just become known to us, there will be an update made to last year's data. For that reason, we include all revised annual data in this report.

EVENT SUMMARY

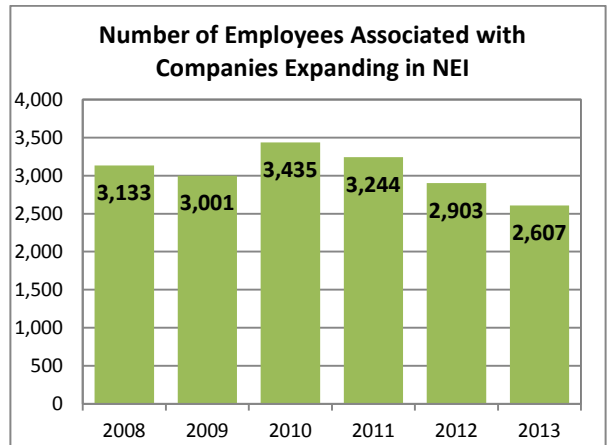
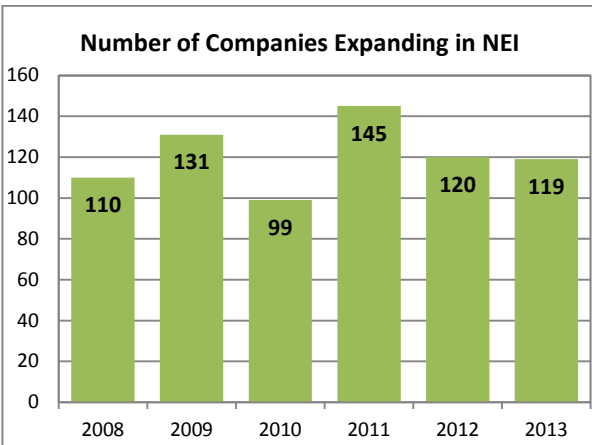
NEW COMPANIES: There were announcements associated with ten companies that new to NEI in 2013, plus one reopening. These eleven events are expected to bring 597 new jobs to the region, plus \$23.7 million in building and capital equipment investment. Some of this investment will involve regional businesses through construction or purchasing needs and will therefore make additional contributions to the northeast Indiana economy through the multiplier effect as these expenditures trickle through the economy. The following charts summarize the number of new companies and expected employees since 2008:

¹ Northeast Indiana is defined as the following 10 counties: Adams, Allen, DeKalb, Huntington, LaGrange, Noble, Steuben, Wabash, Wells, and Whitley.



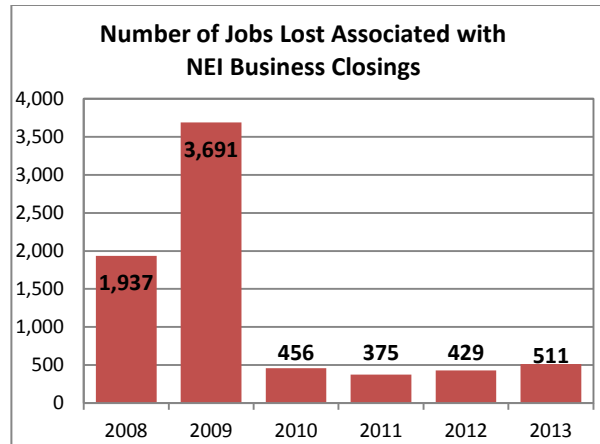
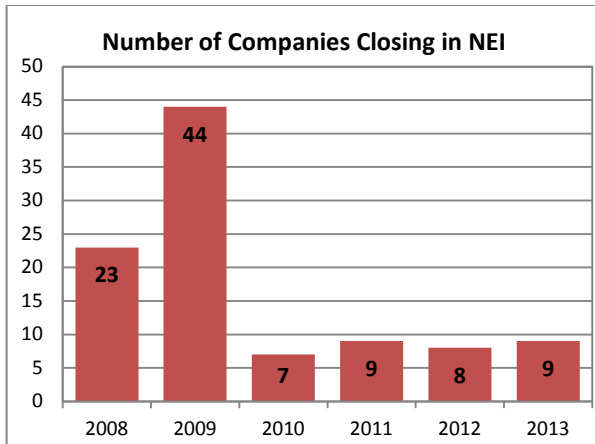
These 11 events announced plans to use 855,100 of square feet for their establishments. The average number of new employees per new announcement was 54; the low was 8 and the high was 250.

EXPANSIONS: There were 119 expansions reported in NEI in 2013 which will add an expected 2,607 jobs, as well as \$506 million in capital and plant expansions. In addition, there were 1,945,751 square feet in planned additions to NEI targeted industries, major employers, and manufacturers in 2013 through expansions. The following charts summarize the number of announced expansions and the expected number of additional employees in the NEI region since 2008:

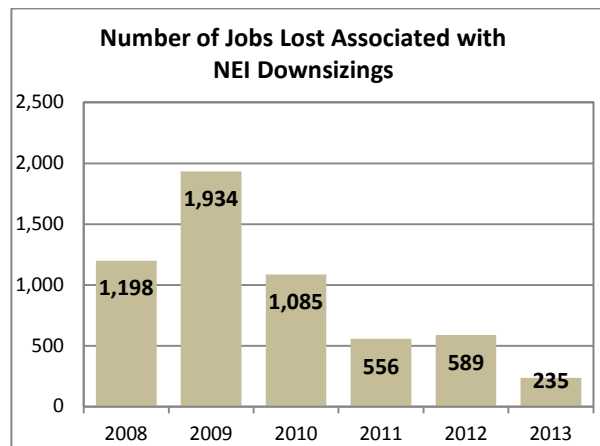
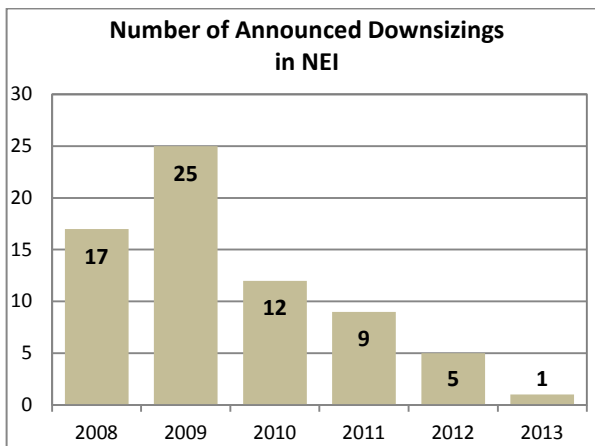


Expansions can consist of the following, or any combination of these: 1) an expanded work base, i.e. additional employees; 2) through an investment in expanding space, 3) through an investment in capital equipment. Almost 24 percent of all expansions in 2013 were plant and capital expansions only (i.e. no new employees expected), and this is in line with the percentage of non-employee expansions in NEI since 2010.

CLOSINGS: In 2013, there were nine announced closings with a loss of 496 jobs in NEI. Over 80 percent of the job loss were from three closings, two of which were food manufacturers. Since the end of the Great Recession, the number of closings in NEI has been fairly consistent. The following charts identifying the losses through closings in NEI since 2008:

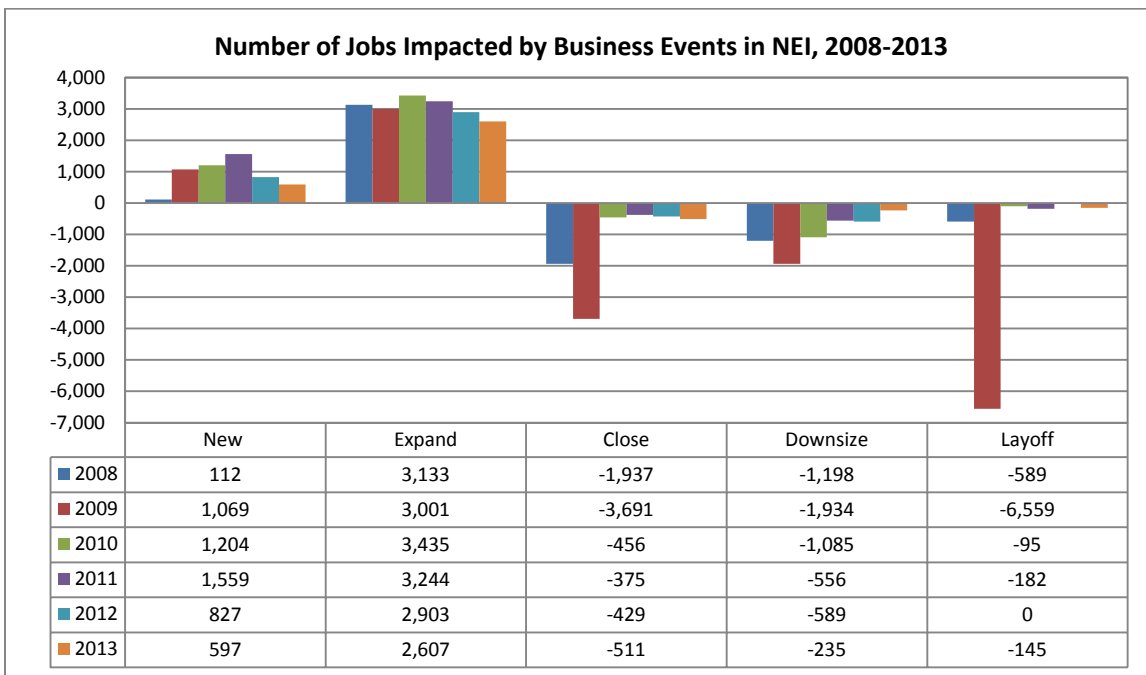
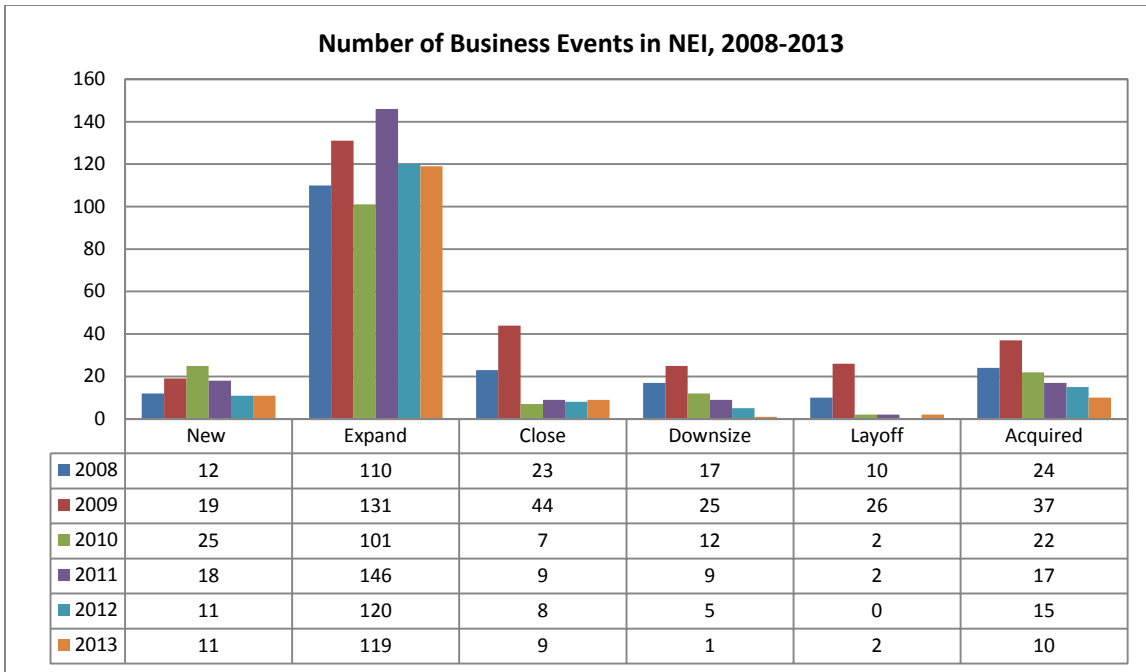


DOWNSIZINGS AND LAY-OFFS: CRI makes a distinction between downsizings and lay-offs, with downsizings being more of a permanent nature. During the recession when lay-offs were more frequent, we often found call-backs associated with these events. Downsizings and lay-offs may be more difficult to monitor than our business events; while there are state regulations regarding announcements of mass employee termination, there are many downsizings which do not require notification. As the economy has improved, we suspect that not only has the rate of downsizing slowed, but that these do not receive the same media attention as they once did. While it appears that the number of jobs involved per downsizing has increased since the recession, we assume this is due to the absence of information and unknown events. While there were two lay-offs reported in 2013, there were none in the prior year. Lay-off activity is summarized in the 2008-13 charts. The following charts identifying the losses through downsizings in NEI since 2008:



ACQUISITIONS: CRI has monitored acquisitions in NEI because there are often events which occur as a result of the acquisition, such as a future expansion or a closing. There were 10 known acquisitions in 2013, the lowest number since CRI has been monitoring these events.

SUMMARY: Business events as well as the number of jobs affected are shown in the following charts.



Note the call-backs associated with the layoffs are not shown since 1) many of the call-backs occurred over a period of years, and 2) our data is incomplete. But the majority of layoffs in the 2009 were related to two layoffs announced by General Motors, and these jobs were called back and filled.

NAICS SUMMARY AND OBSERVATIONS

NEW: Of the 11 events, three were in the vehicle related targeted industry, one was in food manufacturing, one in warehousing and logistics, one in medical equipment manufacturing, four were in other manufacturing, though not targeted industry, and one was not manufacturing and also not a targeted industry. This is a relatively rare occurrence since most events are related to targeted industries, other manufacturing, or major employers. In this case, Lutheran Air II based in Wabash and employing 10 was accepted into business dynamics based on its relationship to a major employer. Six of the 10 NEI counties had at least one NEW announcement in 2013.

EXPANSIONS: Of the 119 expansions, 37.8 percent were in targeted industries, 50.4 percent were in manufacturing not specified as targeted industry, and 11.8 percent were in non-manufacturing non-targeted industries. All NEI counties experienced expansions. The table below identifies more information regarding these expansions:

Major Classifications for NEI Expansions:

Targeted Industries:	
Defense	1
Combination of Targeted Industry	3
Food, Food Processing	8
Insurance	2
Logistics and WH	4
Medical Devices	7
Vehicle	20

Major Industries in Manufacturing in Non-Targeted Industries:	
NAICS 323 Printing and Related	5
NAICS 331 Primary Metal Mfg	5
NAICS 332 Fabricated Metal Product Mfg	16
NAICS 333 Machinery Mfg	10
Other Industries	38

CLOSINGS: Of the nine closings, all were in the manufacturing sector with the exception of a distribution center for towing products. As mentioned earlier, there were two food manufacturers closing their doors in 2013. Six counties experienced closings.

DOWNSIZE: There are no observations regarding downsizings in 2013 since there was only one downsizing reported.

ACQUISITIONS: Of the 10 acquisitions, three were in freight trucking. Six were in a variety of manufacturing industries, and the other was a nursing care facility.

FINAL OBSERVATIONS

The change in total payroll employment in NEI has stabilized the past three years. Since the end of the Great Recession in 2010, job growth in NEI has averaged approximately 6,200 jobs each of the past three years. Although manufacturing was a driver of much of this growth, job increase in manufacturing has slowed over the last three years. Since much of what is tracked is related to the manufacturing sector, it is not surprising to see our Business Dynamics increases also decelerate a bit.

For example, in NEI in 2010, there were 60,291 manufacturing jobs. Manufacturing increases from 2010-11 were 3,746, and 3,232 the following year. From 2012-13, the change in manufacturing employment was 2,425. This means that manufacturing increases accounted for almost 60 percent of all employment gains in 2011 and

less than 40 percent of those gains in 2013. This reduced rate of growth is seen in the summary charts given earlier since manufacturing, while only one of the sectors we track, is one of the major sectors.

How closely do Business Dynamics data match up with employment data? First of all, due to the nature of the announcements and business planning, it is not expected that many of the announcements, especially expansions, result in job change in the year that they are announced (or the year they are reported in Business Dynamics). Additionally, as mentioned in the beginning of this report, not every expansion is known to us. There has always been quiet growth—an expansion of a job or two that is done without fanfare or the need for abatements or other adjustments, and therefore very little chance that CRI would know about these smaller changes in employment. The same is true for downsizings, as was mentioned earlier, although some of the decrease in downsizings may be that it is simply just not the news that it used to be.

CRI has looked at a number of employment changes in the industry sectors over the past few years to try to answer this question, and we believe we do capture a major percentage of these changes, and that many of the plans do come close to the intended result. There is also the Data 2013 Addendum, which identifies the impact of events by NAICS. For more information on any part of this annual report, please contact the Northeast Regional Partnership, Courtney Tritch, Director of Marketing.

BUSINESS DYNAMICS DATA 2013

Addendum to the Executive Summary 2013

Released February, 2014

Prepared by the Community Research Institute at Indiana University-Purdue University Fort Wayne

The following tables identify the type of impact in NEI in 2013 by the events monitored, in order of NAICS subsectors.

SUBSECTOR AND NAICS	EVENT	TOTAL or NET	New	Expansion	Re-opening	Closing	Downsizing	Layoff	Acquisitions
Crop Production NAICS 111	Jobs Impacted	16		16					
	Events	1		1					
	Dollar Investment, \$M	13.135		13.135					
	New Space (Ft ²)	18,000		18,000					
Construction of Buildings NAICS 236	Jobs Impacted	110		110					
	Events	1		1					
	Dollar Investment, \$M	4.365		4.365					
	New Space (Ft ²)								
Food Manufacturing NAICS 311	Jobs Impacted	-131		135		-266			
	Events	6		4		2			
	Dollar Investment, \$M	22.28		\$22.28		na			
	New Space (Ft ²)	0		0		na			
Beverage Manufacturing NAICS 312	Jobs Impacted	8	8						
	Events	1	1						
	Dollar Investment, \$M	0.55	0.55						
	New Space (Ft ²)	5,100	5,100						
Textile Mills NAICS 313	Jobs Impacted	9		9					
	Events	1		1					
	Dollar Investment, \$M	0.96		0.96					
	New Space (Ft ²)	20,000		20,000					
Textile Product Mills NAICS 314	Jobs Impacted	6		23				-17	
	Events	2		1				1	
	Dollar Investment, \$M	2.267		2.267					
	New Space (Ft ²)	35,000		35,000					
Leather & Allied Product Mfg NAICS 316	Jobs Impacted	128		128					
	Events	1		1					
	Dollar Investment, \$M	26.6		26.6					
	New Space (Ft ²)	159,000		159,000					

SUBSECTOR AND NAICS, con.	EVENT	TOTAL or NET	New	Expansion	Re-opening	Closing	Downsizing	Layoff	Acquisitions
Wood Product Mfg NAICS 321	Jobs Impacted	35		35					
	Events	4		4					
	Dollar Investment, \$M	1.216		1.216					
	New Space (Ft ²)	18,180		18,180					
Paper Manufacturing NAICS 322	Jobs Impacted	40		40					
	Events	5		5					
	Dollar Investment, \$M	21.33		21.33					
	New Space (Ft ²)	0		0					
Printing & Related Support Activities NAICS 323	Jobs Impacted	172		172					na
	Events	6		5					1
	Dollar Investment, \$M	22.597		22.597					na
	New Space (Ft ²)	11,200		11,200					na
Petroleum and Coal Products Mfg NAICS 324	Jobs Impacted	10				10			
	Events	1				1			
	Dollar Investment, \$M	0.25				0.25			
	New Space (Ft ²)	10,000				10,000			
Chemical Manufacturing NAICS 325	Jobs Impacted	0		0					
	Events	1		1					
	Dollar Investment, \$M	0.433		0.433					
	New Space (Ft ²)	9,000		9,000					
Plastics and Rubber Products Mfg NAICS 326	Jobs Impacted	77	22	55					
	Events	5	1	4					
	Dollar Investment, \$M	13.06	3.885	9.175					
	New Space (Ft ²)	174,600	120,000	54,600					
Nonmetallic Mineral Product Mfg NAICS 327	Jobs Impacted	10		10					na
	Events	3		2					1
	Dollar Investment, \$M	2.97		2.97					na
	New Space (Ft ²)	5,400		5,400					na
Primary Metal Manufacturing NAICS 331	Jobs Impacted	167		210		-43			
	Events	6		5		1			
	Dollar Investment, \$M	48.347		48.347					
	New Space (Ft ²)	54,074		54,074					
Fabricated Metal Product Mfg NAICS 332	Jobs Impacted	382		392		-10			
	Events	19		18		1			
	Dollar Investment, \$M	31.5308		31.5308					
	New Space (Ft ²)	237,854		237,854					

SUBSECTOR AND NAICS, con.	EVENT	TOTAL or NET	New	Expansion	Re-opening	Closing	Downsizing	Layoff	Acquisitions
Machinery Manufacturing NAICS 333	Jobs Impacted	-78	22	135			-235		na
	Events	15	1	12			1		1
	Dollar Investment, \$M	35.97016	0.553	35.41716					na
	New Space (Ft ²)	67,120	30,000	37,120					na
Computer & Electronic Product Mfg NAICS 334	Jobs Impacted	1		21		-20			
	Events	6		4		2			
	Dollar Investment, \$M	2.547		2.547					
	New Space (Ft ²)	15,000		15,000					
Transportation Equipment Mfg NAICS 336	Jobs Impacted	533	285	513		-137		-128	na
	Events	25	2	19		1		1	2
	Dollar Investment, \$M	136.724	7.97	128.754					na
	New Space (Ft ²)	746,500	211,000	535,500					na
Furniture & Related Product Mfg NAICS 337	Jobs Impacted	85	44	52		-11			
	Events	4	1	2		1			
	Dollar Investment, \$M	9.304	1.547	7.757					
	New Space (Ft ²)	134,000	24,000	110,000					
Miscellaneous Manufacturing NAICS 339	Jobs Impacted	161	25	136					na
	Events	7	1	5					1
	Dollar Investment, \$M	20.867	0.487	20.38					na
	New Space (Ft ²)	61,200	0	61,200					na
Truck Transportation NAICS 484	Jobs Impacted	26		26					na
	Events	5		2					3
	Dollar Investment, \$M	1.28		1.28					na
	New Space (Ft ²)	0		0					na
Couriers and Messengers NAICS 492	Jobs Impacted	87		87					
	Events	1		1					
	Dollar Investment, \$M	25		25					
	New Space (Ft ²)	178,000		178,000					
Warehousing and Storage NAICS 493	Jobs Impacted	67	11	80		-24			
	Events	6	1	4		1			
	Dollar Investment, \$M	18.914	3.2	15.714					
	New Space (Ft ²)	684,000	408,000	276,000					
Publishing Industries (except Internet) NAICS 511	Jobs Impacted	10		10					
	Events	1		1					
	Dollar Investment, \$M	0.25		0.25					
	New Space (Ft ²)	0		0					
Telecommunications NAICS 517	Jobs Impacted	0		0					
	Events	1		1					
	Dollar Investment, \$M	1.1		1.1					
	New Space (Ft ²)	0		0					

SUBSECTOR AND NAICS, con.	EVENT	TOTAL or NET	New	Expansion	Re-opening	Closing	Downsizing	Layoff	Acquisitions
Credit Intermediation & Related Act. NAICS 522	Jobs Impacted	0		0					
	Events	1		1					
	Dollar Investment, \$M	5		5					
	New Space (Ft ²)	20,700		20,700					
Insurance Carriers & Related Act. NAICS 524	Jobs Impacted	152		152					
	Events	2		2					
	Dollar Investment, \$M	17		17					
	New Space (Ft ²)	58,395		58,395					
Professional, Scientific, and Technical NAICS 541	Jobs Impacted	44		44					
	Events	3		3					
	Dollar Investment, \$M	5.385		5.385					
	New Space (Ft ²)	24,400		24,400					
Ambulatory Health Care Services NAICS 621	Jobs Impacted	10	10						
	Events	1	1						
	Dollar Investment, \$M	0.6	0.6						
	New Space (Ft ²)	5,000	5,000						
Hospitals NAICS 622	Jobs Impacted	0		0					
	Events	5		5					
	Dollar Investment, \$M	26.57		26.57					
	New Space (Ft ²)	109,108		109,108					
Nursing and Residential Care Facilities NAICS 623	Jobs Impacted	15		15					na
	Events	4		3					1
	Dollar Investment, \$M	6.1		6.1					na
	New Space (Ft ²)	32,000		32,000					na
Repair and Maintenance NAICS 811	Jobs Impacted	161	160	1					
	Events	2	1	1					
	Dollar Investment, \$M	5.2	4.66	0.54					
	New Space (Ft ²)	46,000	42,000	4,000					