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# Quarterly Business Report: Local job gains continue

**KING BANAIAN and RICH MACDONALD – St. Cloud State University**

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(Photo: Jason Wachter, [jwachter@stcloudtimes.com](mailto:jwachter@stcloudtimes.com))

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Health and education sector growth has been very fast in the last two years. This sector now accounts for one in five jobs in the region. Business optimism remains solid, even though the leading indicator series has gone sideways for more than a year. Gas price declines typically boost confidence, but local business leaders expect the recent declines are temporary, and other macroeconomic concerns exist.

[What the data mean: LEI in a holding pattern](#)

[With data revisions, worker numbers rise in 2 areas](#)

[QBR survey results for standard questions](#)

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## KEY TAKEAWAYS

1. Job creation in the St. Cloud area slowed to a 1.4 percent pace in the 12 months through January 2015. Annual data revisions suggest a slower pace of local job growth than was previously reported, although this year's numbers are slightly improved from a 1.3 percent gain reported for this period one year ago. Private sector job gains were 1.9 percent for the last 12 months. The January unemployment rate stands at 5 percent, down from 5.9 percent a year ago.
2. Many of the revised job gains occurred in the health care and education sector, which has gained 5.5 percent employment in the last year and 11.5 percent in the last two years. Leisure and hospitality employment bounced back in the latest quarter after experiencing several quarters of decline. A sharp decline in professional and business services employment may in fact indicate that those holding temporary jobs had found permanent work in other sectors of the economy.
3. The St. Cloud Index of Leading Economic Indicators was a little higher in the latest quarter, with gains in three of the four indicators. Only somewhat higher filings of initial claims for unemployment insurance marred an otherwise positive outlook. More recent data not yet in the index seems to be moving downward.
4. The future outlook of area businesses remains solid, according to the St. Cloud Area Business Outlook Survey. Sixty percent of surveyed firms expect a future increase in business activity, and 42 percent expect to expand payrolls. More than half indicate



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they expect pay to be higher and about a quarter expect to be able to increase prices. Nearly one-third of surveyed firms have found it to be more difficult to attract qualified workers in the last quarter, a trend they expect to continue in 2015. There was slightly less optimism about the national economic outlook than in previous reports.

5. Two-thirds of area firms surveyed in special questions indicated that they had at least some concern about recent retail store closings. Over 70 percent of firms indicated that the decline in recent energy prices had a favorable impact on their company, with 32.3 percent saying the favorable impact was "medium" or "large." On the other hand, 85.5 percent expect gas prices to be higher than they were in mid-February at \$2.19 per gallon. Prices have already risen more than 20 cents since then.

