
Lawton, Oklahoma

2014 Economic Outlook

May 22, 2014

Mark C. Snead

President and Economist



Lawton: In economic transition

Topics:

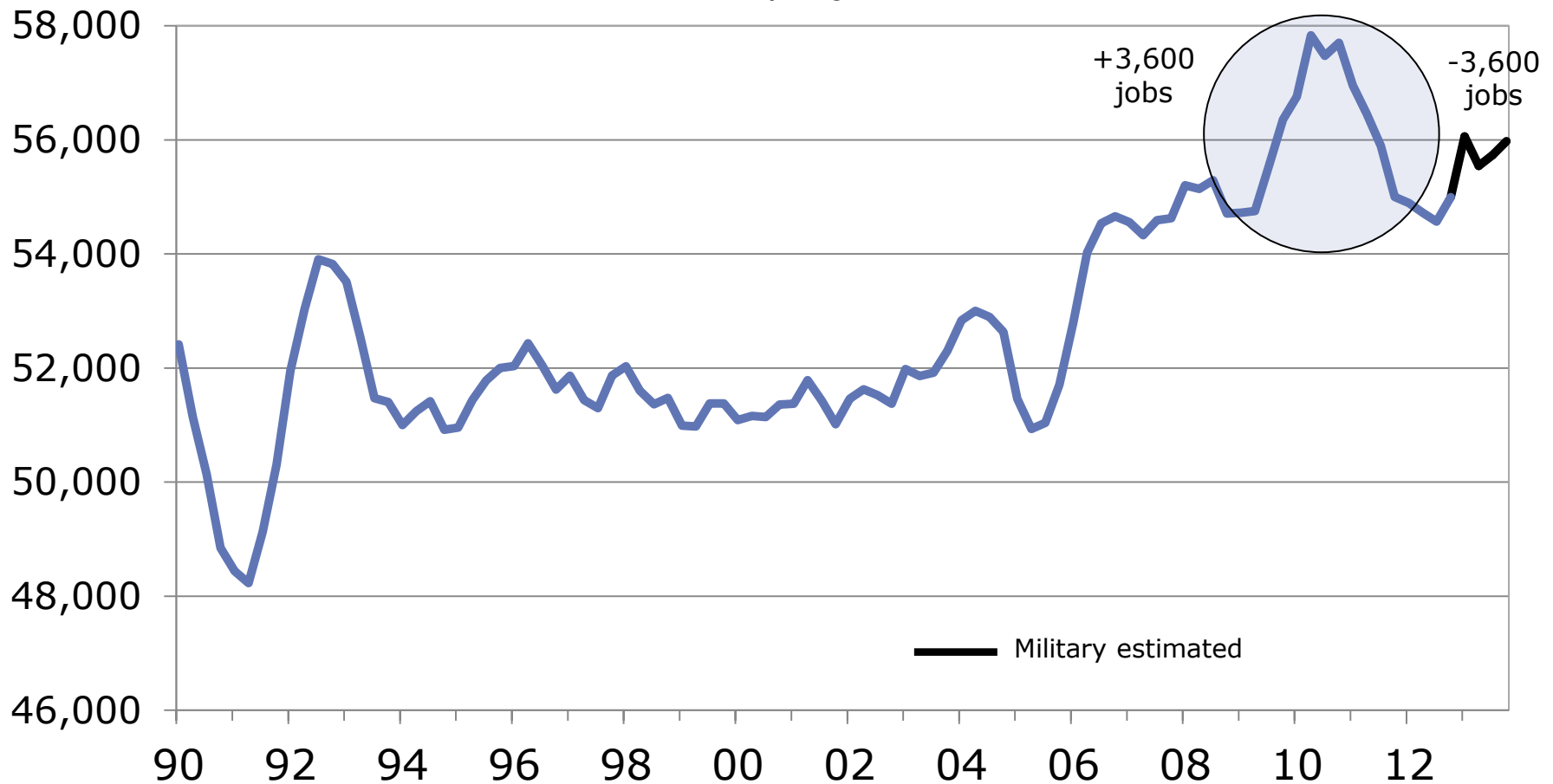
1. Delayed and extended recession locally
2. Significant federal cuts – military & civilian
3. Clear recovery underway in 2013
4. Key fundamental factors going forward
5. Expected outlook for 2014-15

Late Recession in Lawton

Incredible economic gyrations since 2009

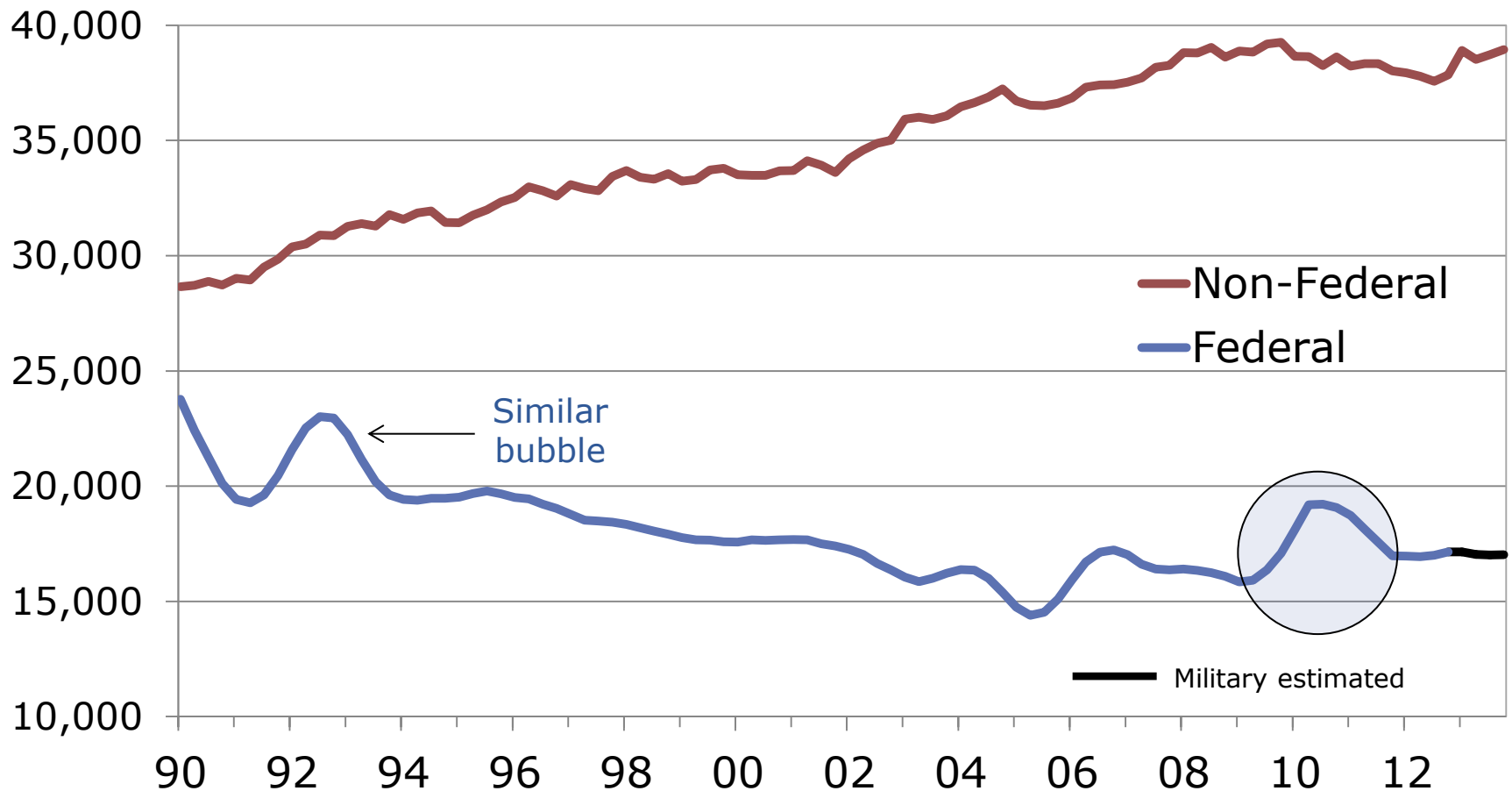
bubble of 2009-10 reversed in 2010-12

Total Civilian & Military Employment – Comanche Co.
seasonally adjusted



The bubble is from Federal employment not the private sector

Total Civilian & Military Employment – Comanche Co.
seasonally adjusted

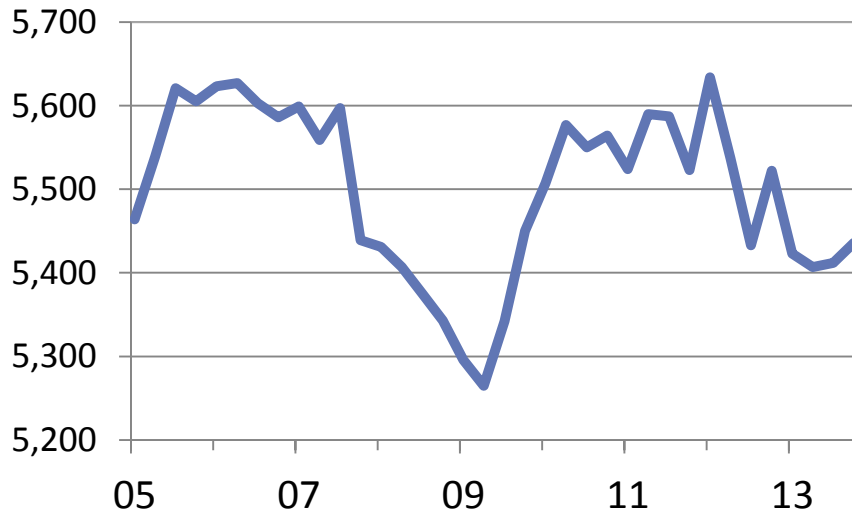


Mixed signals from private sector early in the recession

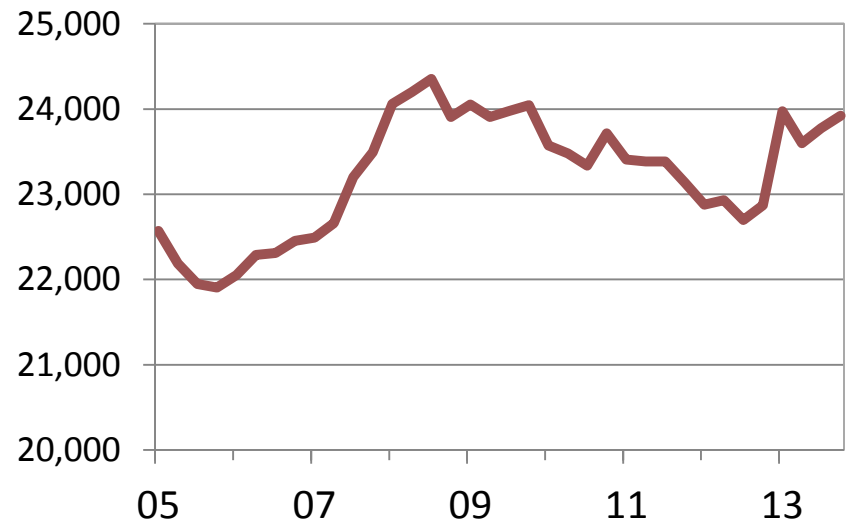
Private sector job cuts in 2008-09 during national recession were offset in part by strength at Ft. Sill

Early visible weakness in manufacturing, financial services, wholesale & retail trade, state government

Private Goods-Producing Employment



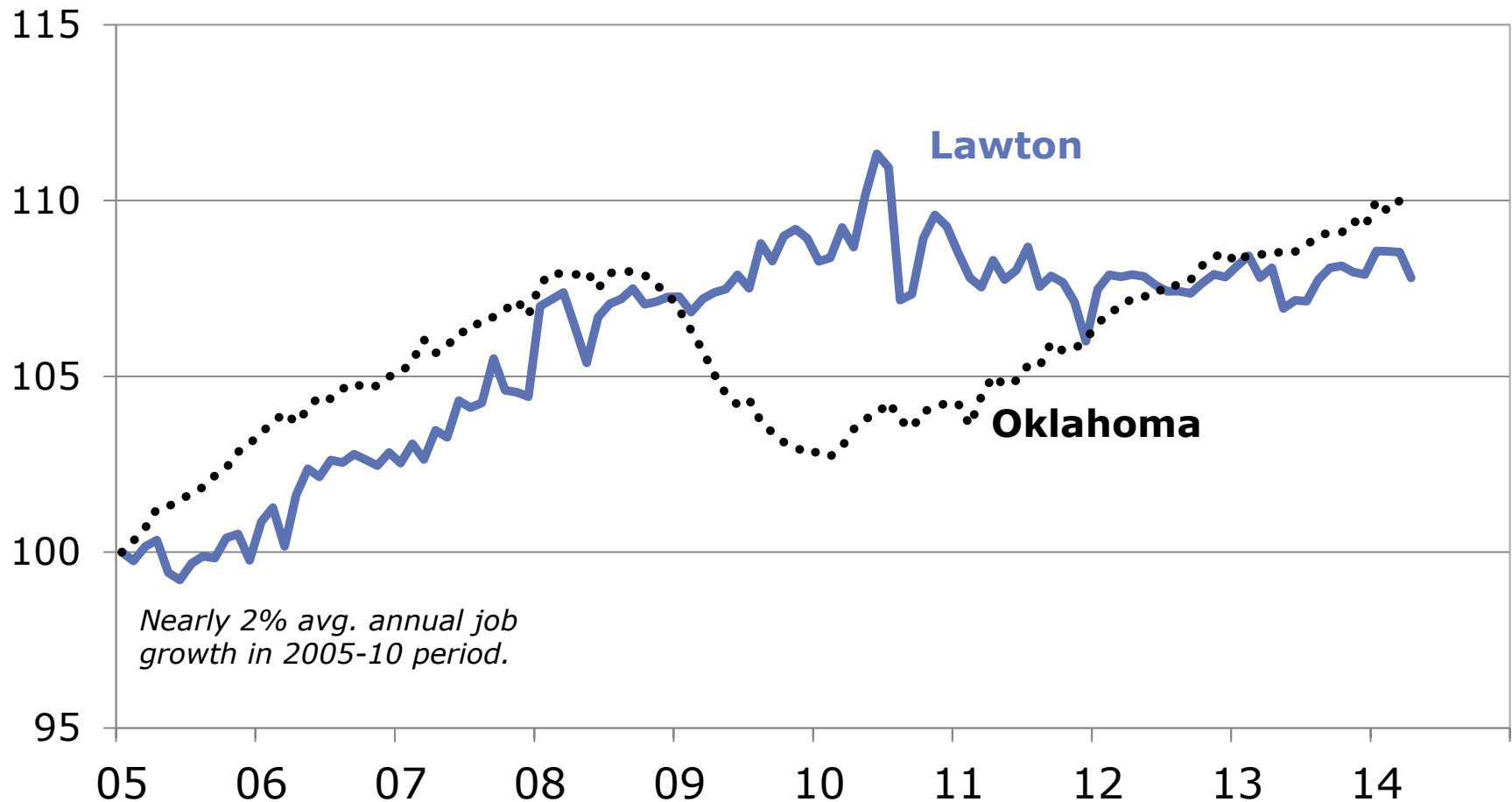
Private Service-Providing Employment



A delayed and extended private sector recession

Total Civilian Wage & Salary Employment

index: Jan-2005=100.0, seasonally adjusted



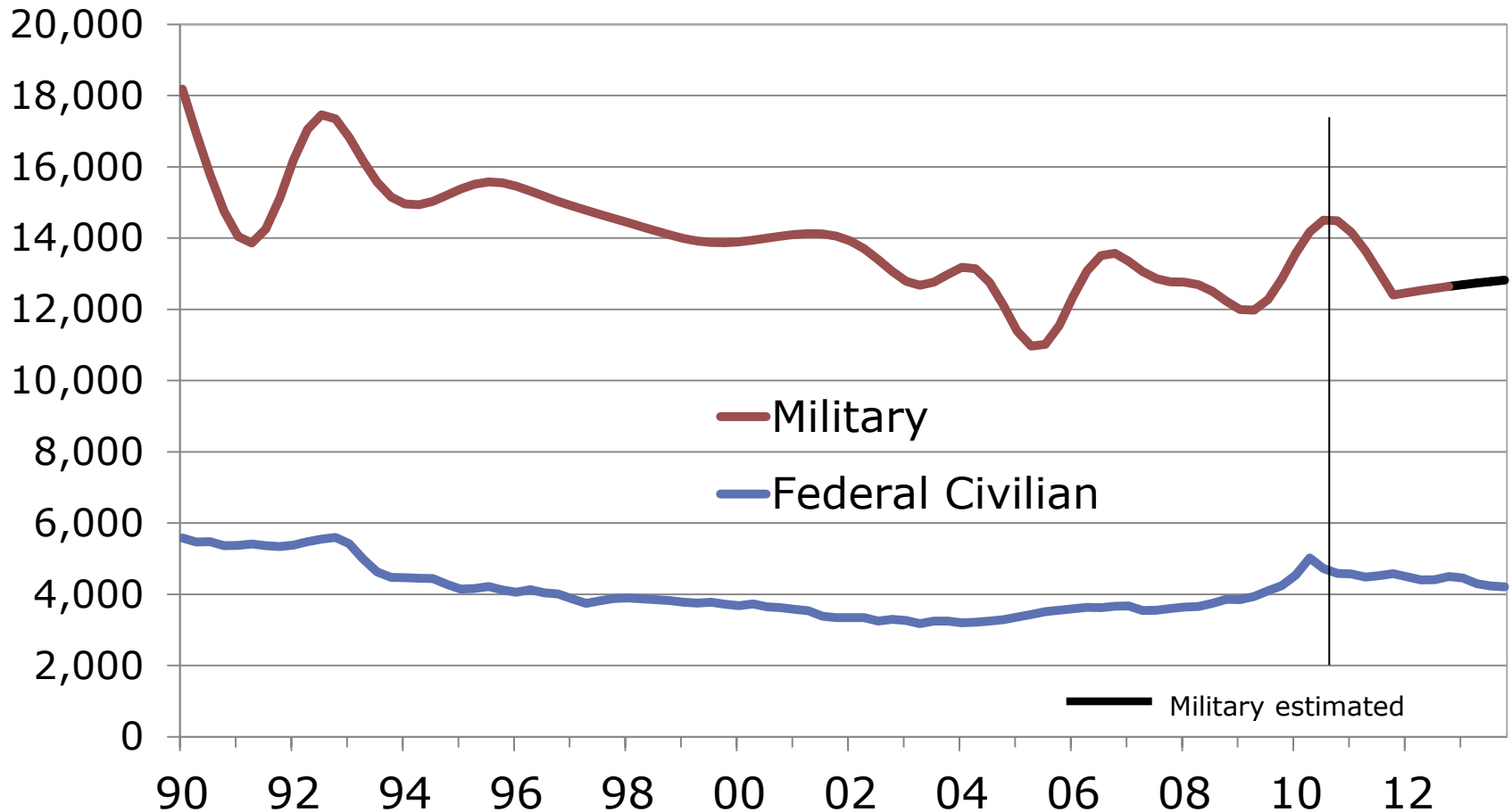
Broad-based slowdown...

1. Flat total wage growth
2. Sales and use tax streams hit hard
3. Flat business establishment growth
4. Real estate and financial services hard-hit
5. Housing prices flat between 2007 & 2013
6. Potential population out-migration

Significant federal hiring cuts

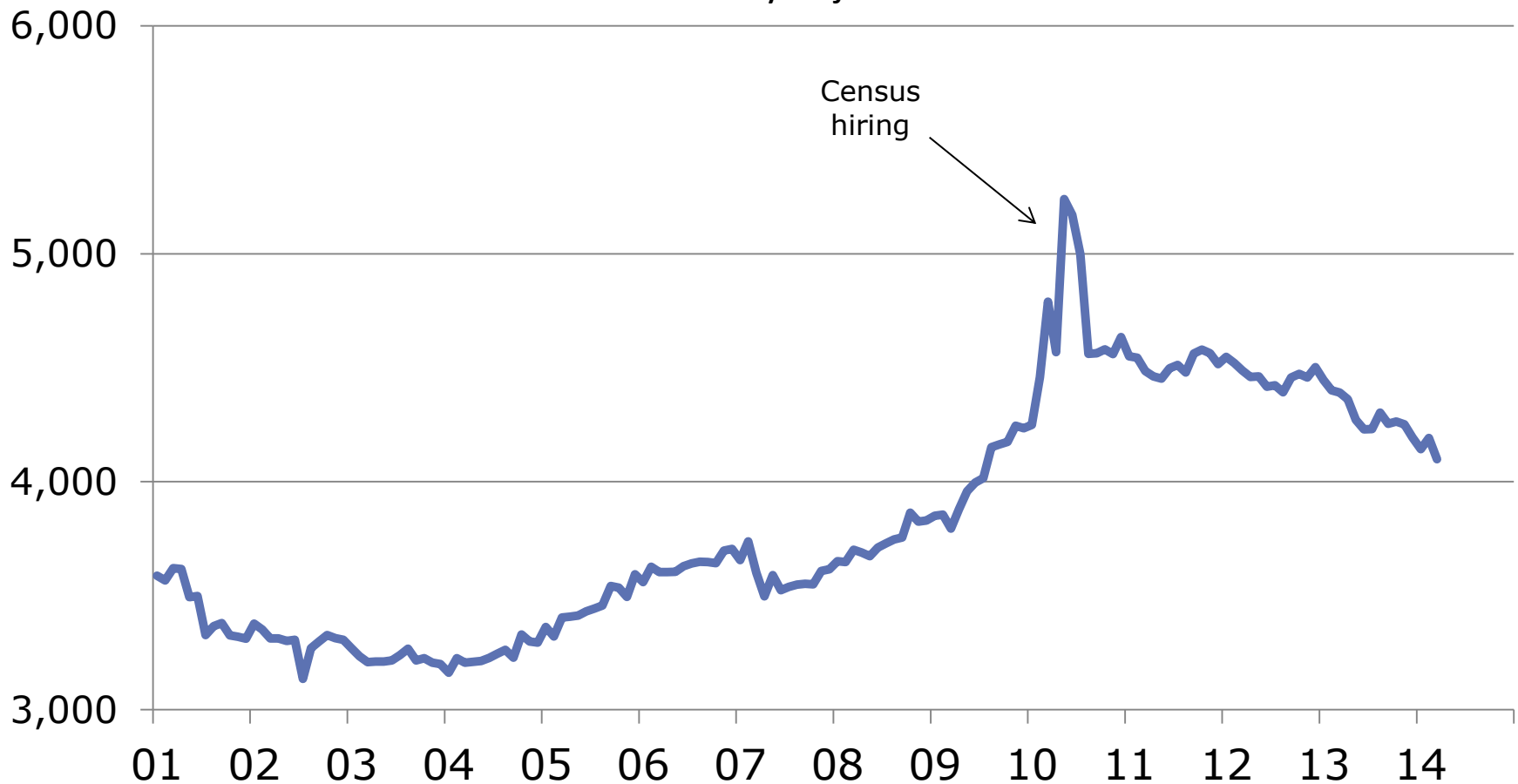
...both military and Federal civilian concerns remain over military staffing levels

Total Civilian & Military Employment – Comanche Co.
seasonally adjusted



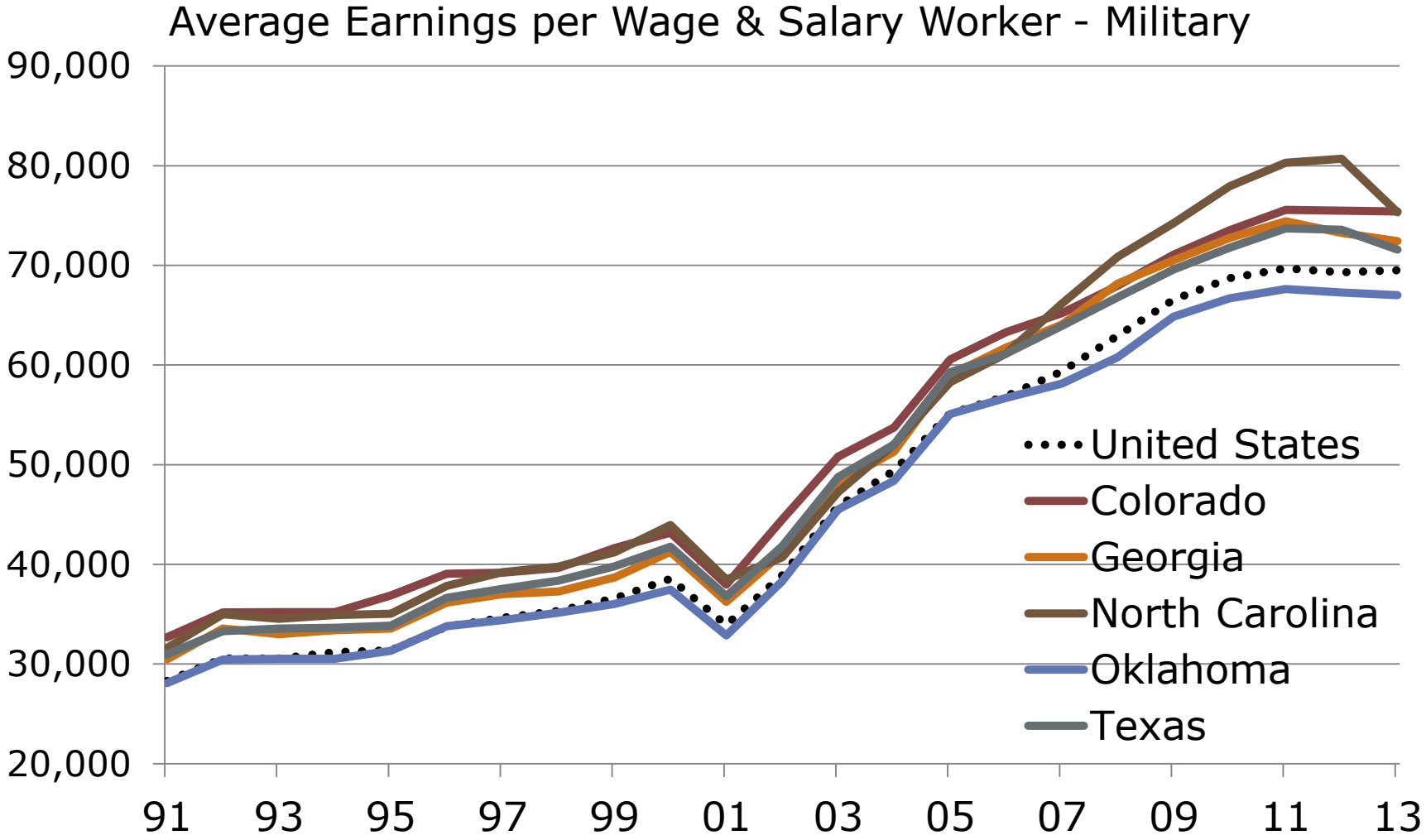
Civilian Federal employment remains soft

Civilian Federal Government Employment – Lawton MSA
seasonally adjusted



Growing economic impact from military presence

large gains in military earnings the past decade



Source: Bureau of Economic Analysis

Signs of recovery

Clear bottom in activity forming...

Key signs of strength:

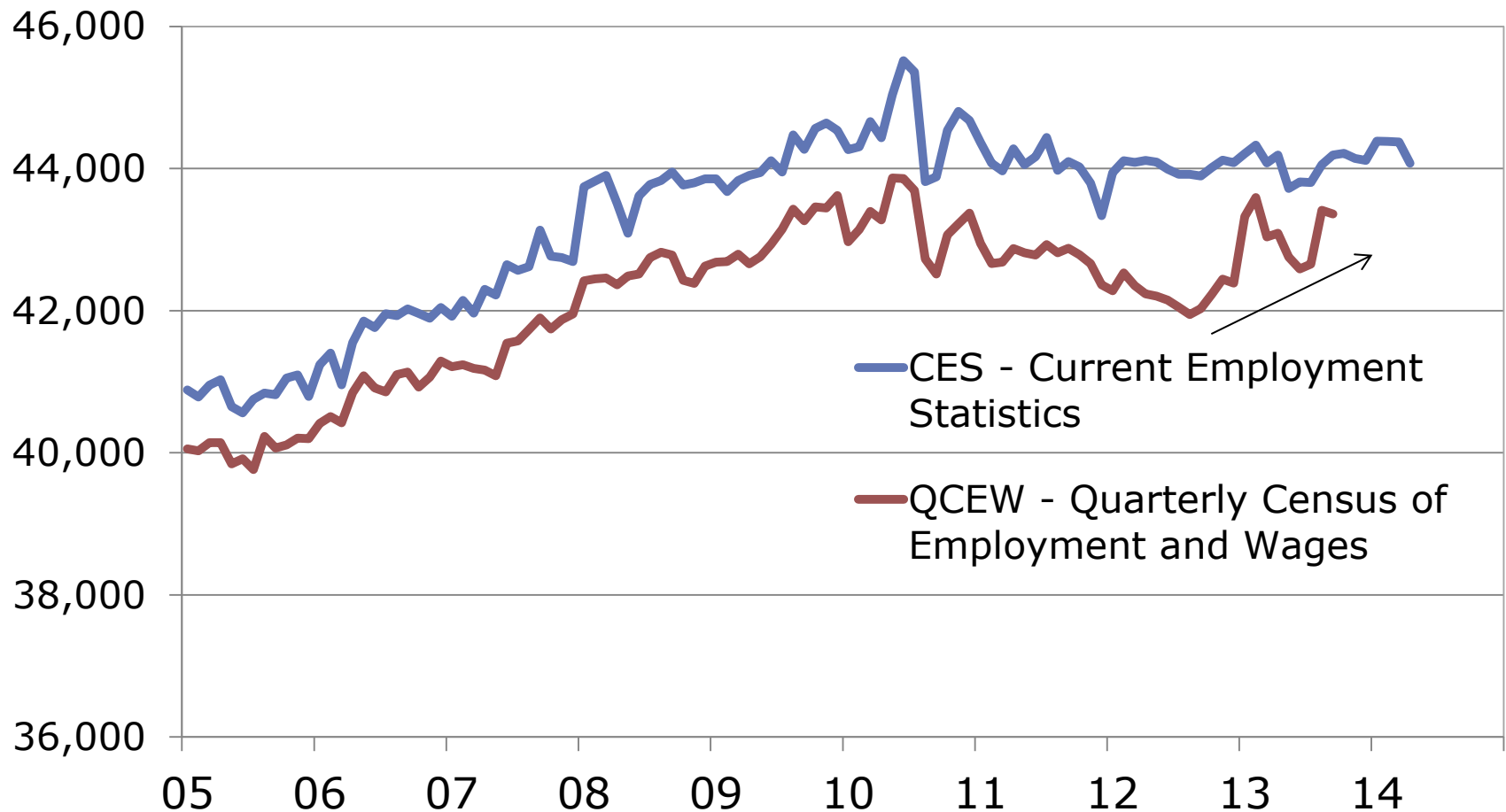
1. Private employment growth returns (revisions)
2. Strong bounce in private services hiring
3. Wage growth accelerated rapidly in 2013
4. Retail sales bottom
5. Sharp drop in number of unemployed workers

Upward revisions to private sector job data coming

2013 data much stronger in QCEW survey

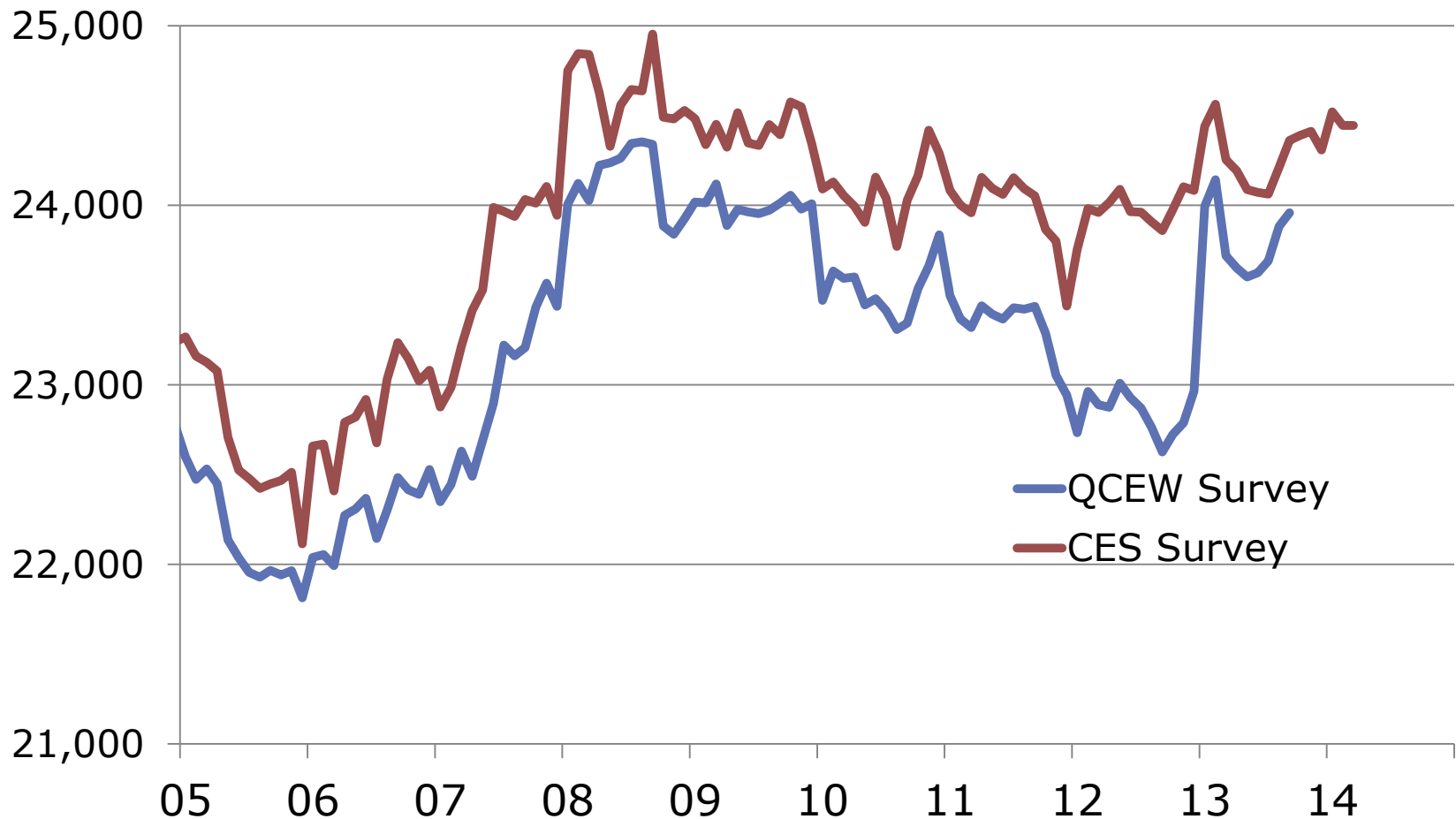
Total Civilian Wage & Salary Employment

index: Jan-2005=100.0, seasonally adjusted



Private sector services surged in 2013

Pvt. Service-Providing Wage & Salary Employment – Comanche Co.

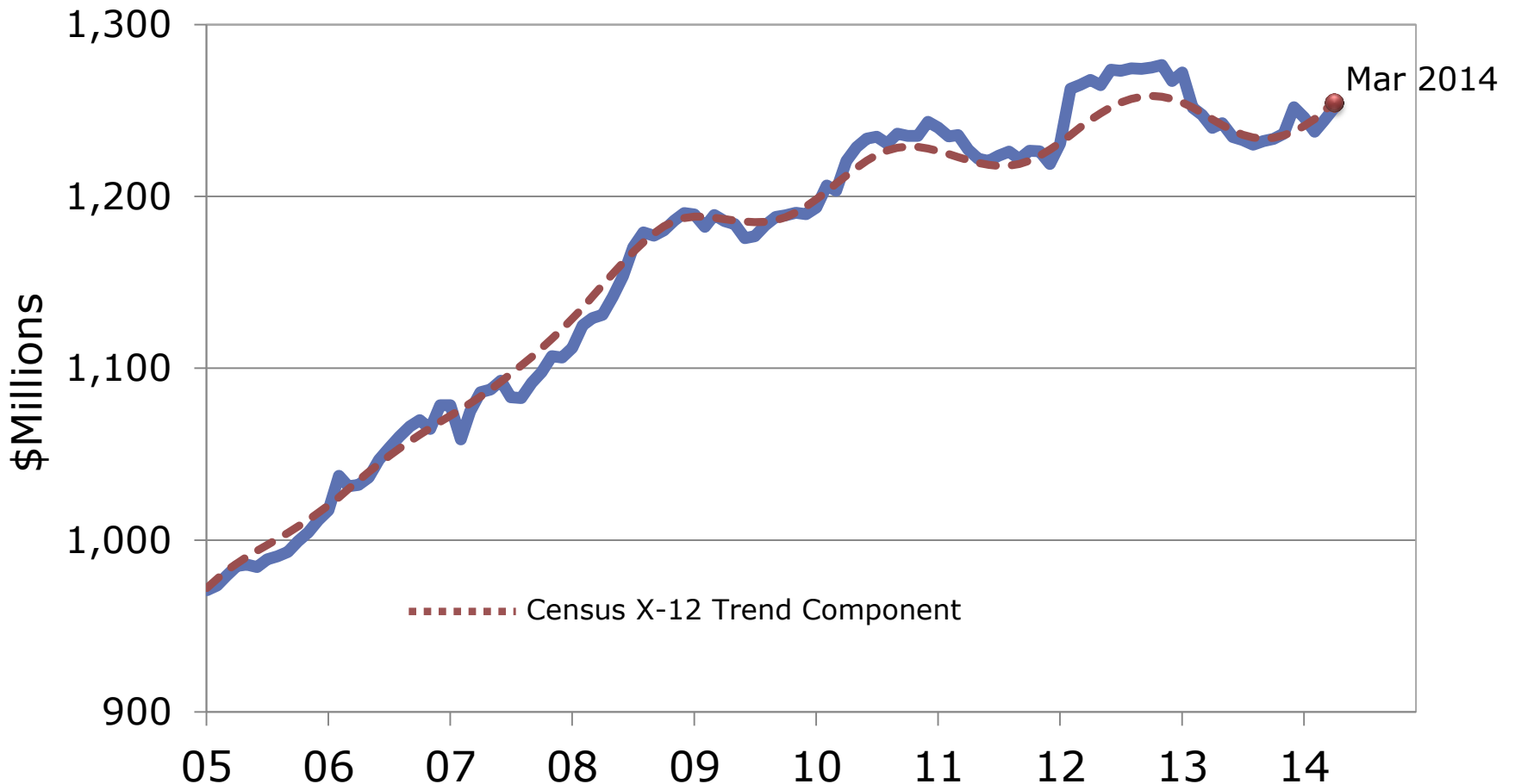


Retail sales bottomed in 2013

remain below peak from 2012 false-start

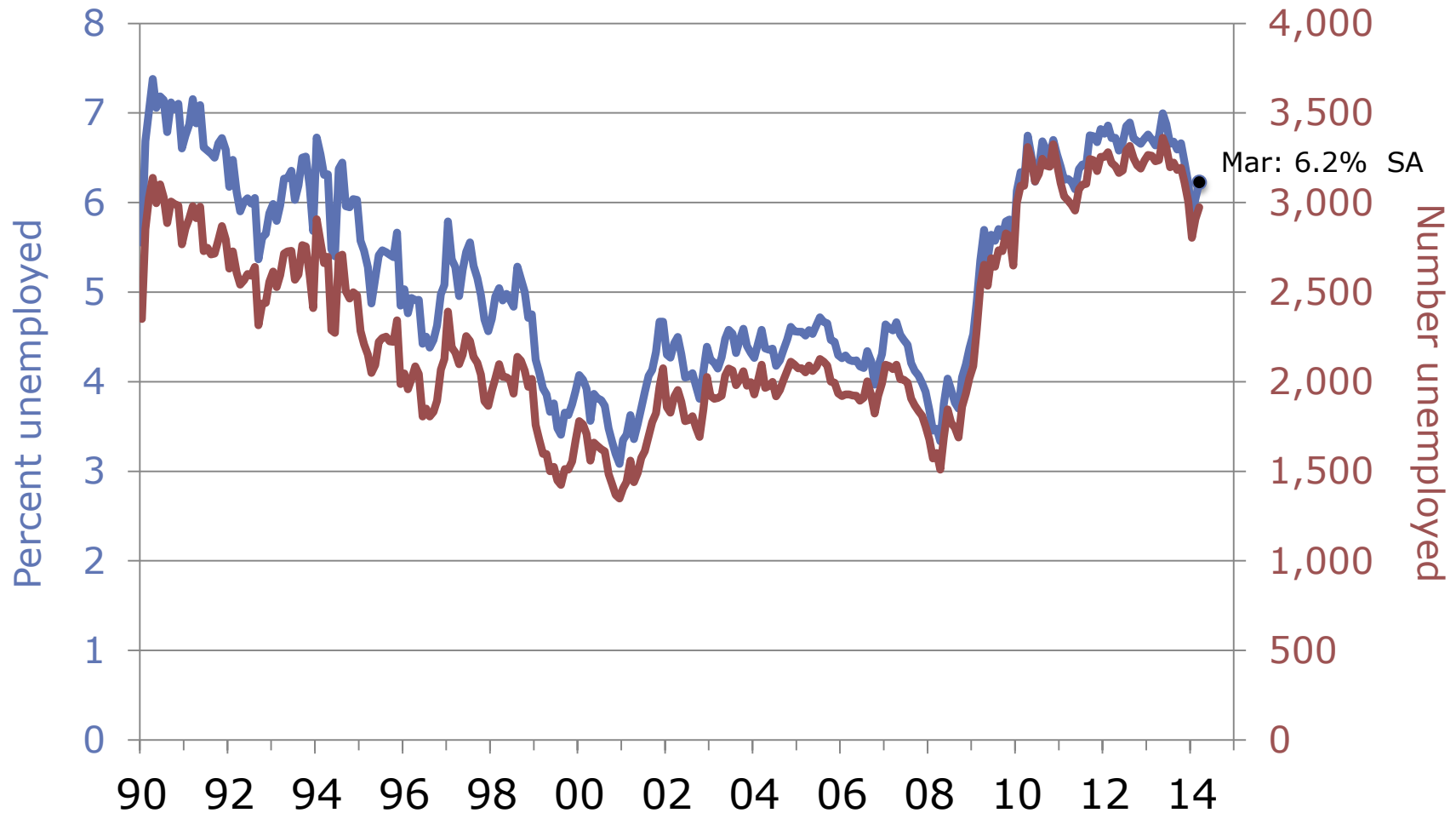
Taxable Retail Sales - Comanche County

seasonally adjusted, trailing 12-months



Unemployment surge finally eased in late 2013

Local Area Unemployment – Lawton MSA



Key fundamentals for outlook

Key fundamentals

Several factors will constrain the recovery in 2014:

1. Little prospect for growth in military
2. Continued contraction in Federal civilian workforce
3. Limited share of private sector employment
4. Weak conditions in nearby counties and SW Oklahoma

Cont., Key fundamentals

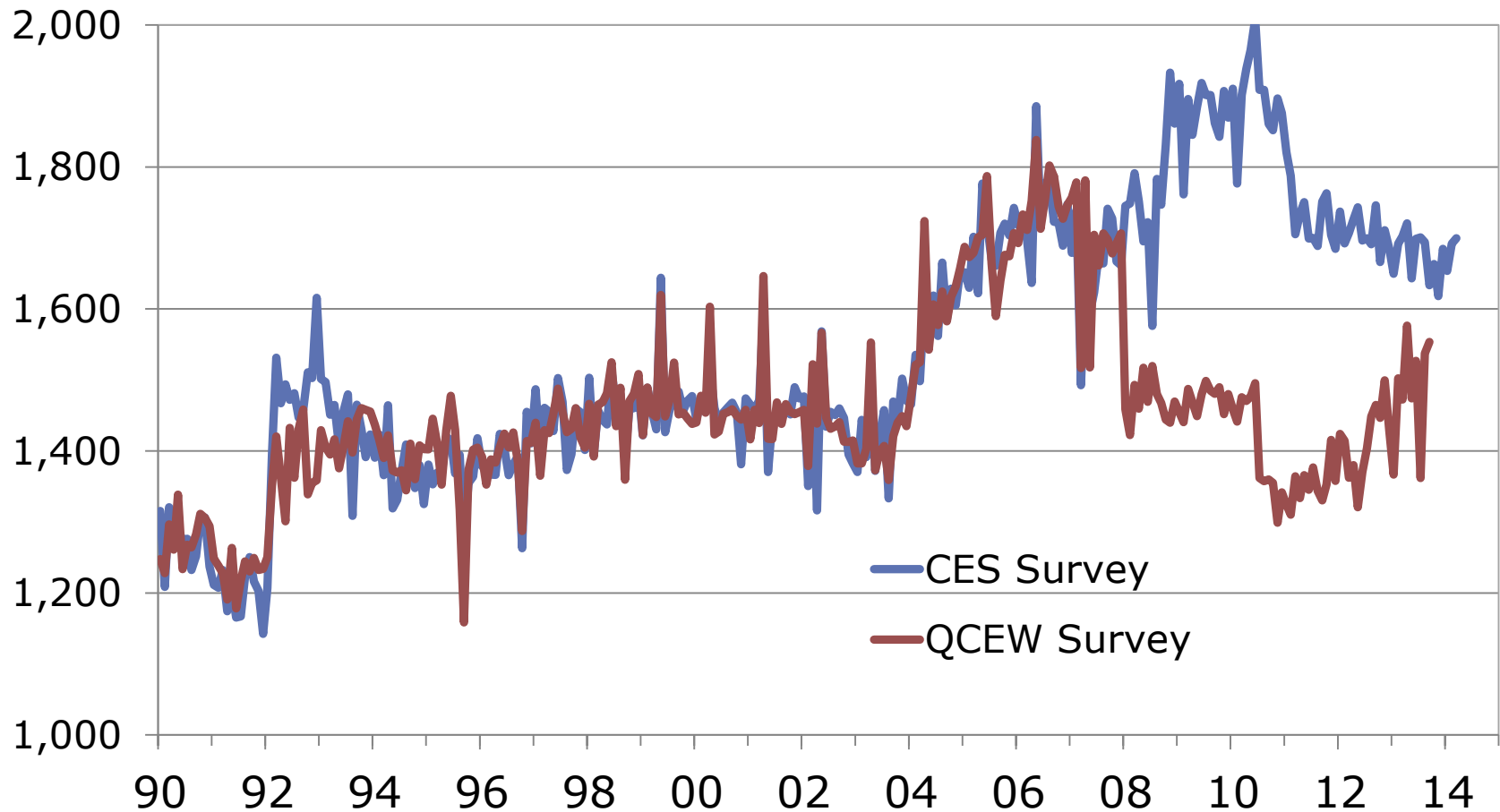
Several factors adding economic fuel for 2014:

1. Strong retail development
2. New business services jobs in 2013
3. Gains in local government hiring in late 2013
4. Continued overall recovery of private services hiring

Data issue with state government hiring in Lawton

surveys show opposite strength at state level

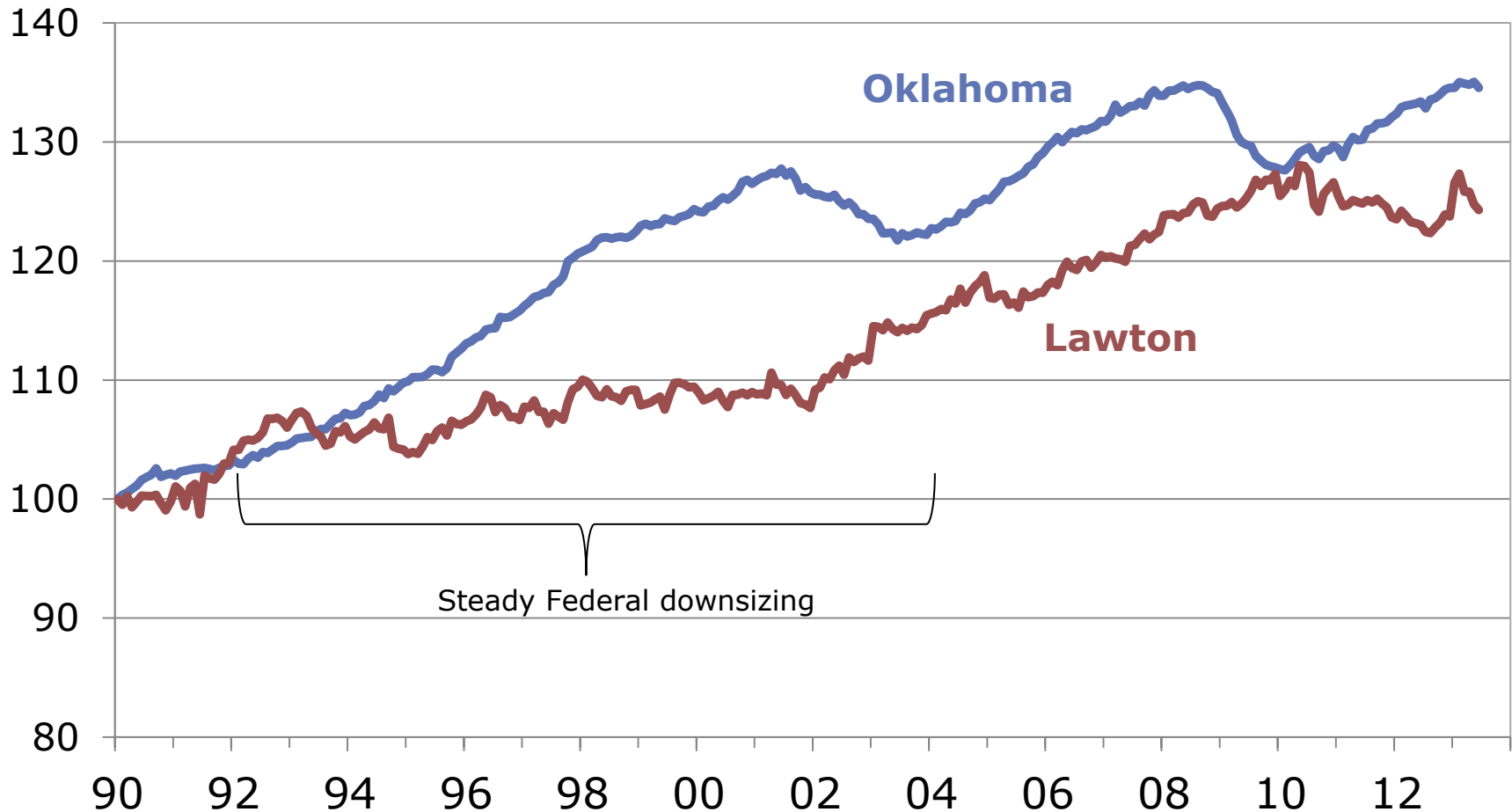
State Government Employment – Comanche County



Lawton and state outlook only loosely related

Total Wage & Salary Employment

Index: Jan-1990=100.0



Outlook for 2014-15

2014 Lawton Outlook

continued but constrained recovery

Forecast for Key Lawton Economic Indicators year-over-year growth rates

Indicator	2009	2010	2011	2012	2013 ^e	2014 ^f
Wage & Salary Employment	1.3%	0.4%	-1.1%	-1.2%	2.0%	1.4%
Wage & Salary Income	4.1%	3.8%	1.5%	-0.4%	7.4%	6.8%
Retail Sales	-0.1%	4.5%	-2.0%	3.9%	-1.2%	4.1%
Military Employment	-2.2%	15.6%	-6.2%	-5.7%	1.6%	1.1%
Federal Civilian Employment	8.2%	17.0%	-3.7%	-1.9%	-3.5%	-3.5%
Population	1.7%	4.5%	0.3%	0.5%	0.6%	1.0%

Cont., 2014 Lawton Outlook

Private services sectors will drive local job growth:

- The 2013 cyclical hiring bounce in wholesale/retail trade & transportation/warehousing will ease in 2014
- The bounce in accommodations and food service should continue
- Health care is expected to rebound under ACA expansion
- Real estate and financial services remain weak

Goods-producing sectors remain stable – little net hiring

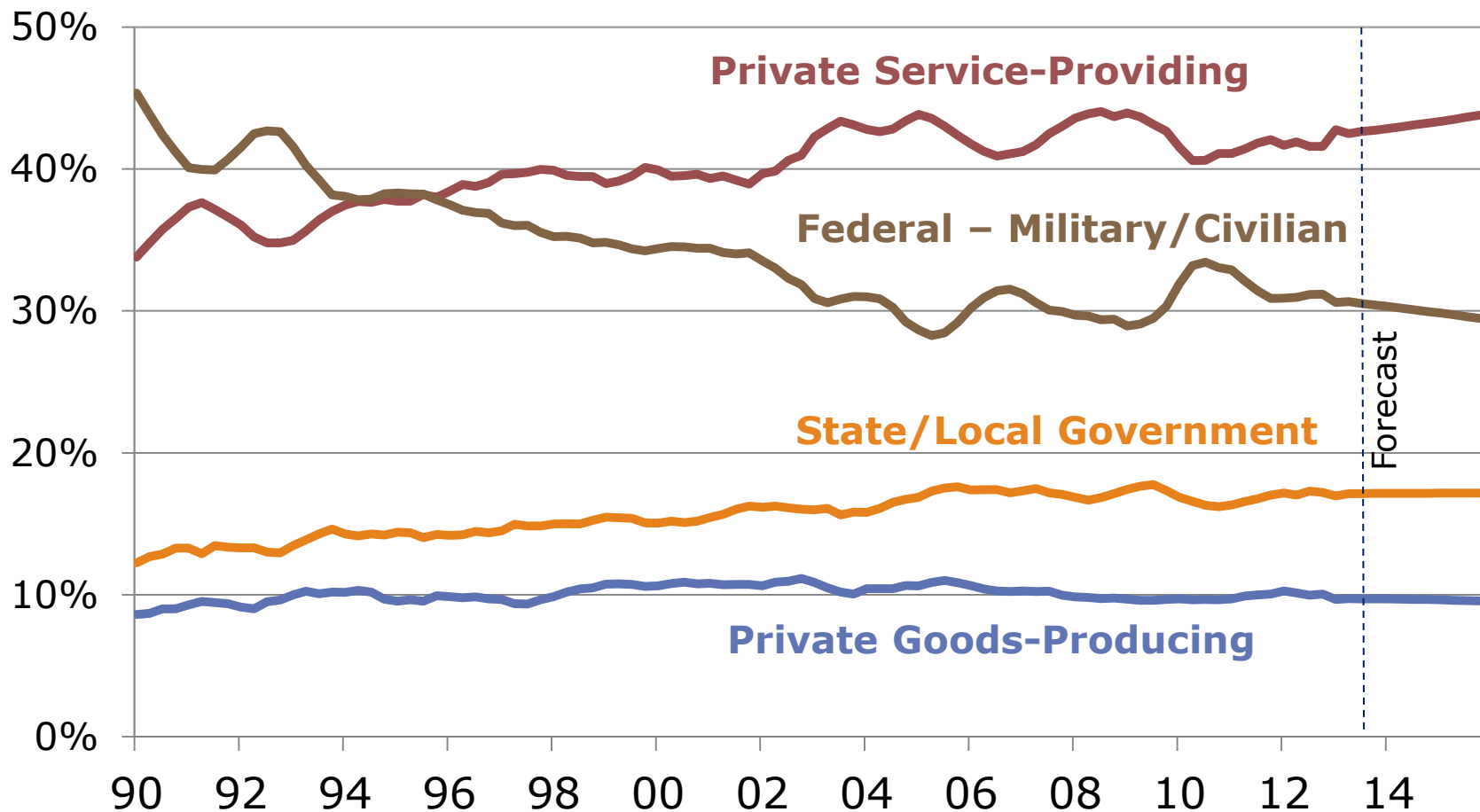
State and local government hiring strengthens in 2014

Unemployment rate should fall to 5.3% by year-end 2014

Federal jobs share should fall below 30% again

private services continue to capture share

Employment Share by Major Category - Comanche County



After the dust settles...

The region is now moving toward a new growth path:

1. Latest Ft. Sill expansion/contraction cycle appears over
2. Further Federal downsizing possible (likely?)
3. Local job base still much larger than in 2005-06
4. Manufacturing base remains intact (goods=10% of total)
5. Private sector share of jobs pushing toward 55%
6. Economic development infrastructure is growing

Lawton, Oklahoma

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mark.snead@regiontrack.com

