

Economic Base Analysis for Polk County

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Prepared by Jim Farrell, Ph.D., CFA, Florida Southern College

This report highlights the industrial subsectors that have performed well and have a high impact on our local economy.

Due to the timing of available data, this analysis runs through Q1 2021 and would cut off the bulk of impacts related to post-vaccine reopening efforts, which began occurring very shortly after this data would have been compiled. It will be several months before we can see those impacts in this type of analysis.

Strong Performers (Rating of 3.5 and higher)

Overall, we are seeing strong performance out of many manufacturing and storage/transportation subsectors, as well as management and insurance. The largest strong performing industries are Insurance Carriers and Related Activities and Warehousing and Storage. Strong performing industries should continue to be supported as they typically provide “export goods” for the county, drive dollars in and have a high economic multiplier.

Weak Performers (Rating of 1.5 and lower)

At the other end, we have a handful of small, nascent subsectors (Air Transportation, Apparel Manufacturing, etc.) alongside a few larger, well-established ones (Accommodation). Among the low rated subsectors, the concerning ones would be ones where there is substantial employment already (north of 2,000 jobs) as these subsectors represent a significant portion of our local economy but lag national norms in key areas. Currently, only Social Assistance meets those criteria, with the next closest industry being Fabricated Metal Product Manufacturing, where employment sits over 1,400. While this industry has seen some employment growth, Polk County remains far behind the typical level for an area of its size.

Areas of Focus

When considering where to focus development energy and resources, there are several key factors worth considering:

1. Comparative Advantage: Are there things we are just better suited to do than other things?
2. Economic Impact: Are there industries that stand to give us higher return than others?
3. Gaps: Are there industries that we lack, but need to meet objectives?

Going through the list of strong performers, it becomes clear that many of these are strong performers because we have a comparative advantage in them. For example, Warehousing and Storage requires affordable space, convenient location, and access to transportation, all of these are strengths of Polk County. Industries interconnected to these are also likely to be strong performers. Industries which we maintain a comparative advantage in that have growth potential should be focused on as they are likely to have a high economic impact.

For weak performers, we need to evaluate the reasons why they are weak, typically a comparative disadvantage, in relation to whether strengthening that industry would help fill a gap. These gaps may lead to a disconnect in household expectations for their community, particularly among lifestyle industries (retail, dining, arts/entertainment). For example, Polk County appears to have limited manufacturing in some key areas (mostly technology related), this could be driven by the level of education in the county. Further examination of spending patterns and a look into more detailed industry classifications could shed light on whether there is, in fact, excess demand for these industries to meet household's lifestyle expectations. Beyond household expectations, there is also value in looking into industries to check for supply chain or complementary goods gaps. For example, Polk County is well covered by amusements, but insufficiently covered by accommodations. These goods are typically complementary and supporting growth in accommodations may yield additional gains in the amusements industry. The search for potential synergies as targets for economic development is also key for progress.

Methodology

This report analyzes the value of industry subsectors to the Polk County economy using a rating system based on 5 key metrics:

1. Employment Count (Employment): Number of jobs reported by local employers
2. Location Quotient (LQ): Calculation of the relative size of a workforce in a sector relative to the overall work force. If $LQ = 1$, then the number of workers in an industry is average given the size of the total workforce, if $LQ < 1$, then there are fewer workers in that industry than average and if $LQ > 1$ there are more workers in that industry than average.
3. Average Weekly Wage (AWW): Calculation of the average wages paid in an industry per worker during the quarter, per week
4. Wage Location Quotient (WLQ): Calculation of the relative wage in an industry as compared to the total local wages for all jobs and the total wages in that industry nationally. For Polk County, the average local wage is 32.3% below the average national wage so we could expect that each industry pays a wage 32.3% below the industry's national average, however, this is not typically the case. Jobs that do pay 32.3% below the national average would have a $WLQ = 1$, while ones that pay relatively better would have $WLQs > 1$ and ones that pay relatively less would have $WLQs < 1$. This is effective in revealing how well an industry pays locally, adjusting for overall wage differences.
5. 4 Year Job Growth (Growth): This change in number of jobs from Q1 2017 to Q1 2021.

For each metric a rating of 1, .5 or 0 is assigned based on the value of the metric:

1. Employment Count
 - a. 1 if Employment is greater than 2,000
 - b. 0.5 if Employment is between 500 and 2,000
 - c. 0 if Employment is less than 500
2. LQ
 - a. 1 if LQ >1.2
 - b. 0.5 if LQ is between 0.8 and 1.2
 - c. 0 if LQ is less than .8
3. AWW
 - a. 1 if AWW is greater than \$1,064.40 (120% of the average across all industries)
 - b. 0.5 if AWW is between \$709.60 and \$1,064.40
 - c. 0 if AWW is less than \$709.60 (80% of the average across all industries)
4. WLQ
 - a. 1 if WLQ >1.2
 - b. 0.5 if WLQ is between 0.8 and 1.2
 - c. 0 if WLQ is less than .8
5. Growth
 - a. 1 if Growth is greater than 17.90% (120% of the average across all industries)
 - b. 0.5 if Growth is between 11.94% and 17.90%
 - c. 0 if Growth is less than 11.94% (80% of the average across all industries)

The ratings from each metric are then summed to give an overall rating for the subsector. A color-coding system (green for 1 point, orange for 0.5 points and red for 0 points) that corresponds to the scoring is used on the table, with a maximum of 5 and minimum of 0.

The higher ratings represent subsectors that perform well and have a large impact on our local economy (sizable, large employment multiplier, high wages for the county, well paying for the job and strong growth), while lower ratings indicate industries that have not performed as well.

Economic Base Analysis (Q1 2021)

	Rating	Employment (2021)	Employment LQ	Avg Weekly Wage (2021)	Wage LQ	4 Year Job Growth
10 Total, all industries		214,538	1.04	\$887	1.03	14.92%
NAICS 524 Insurance carriers and related activities	5	6,720	1.6	\$1,537	1.61	20.84%
NAICS 551 Management of companies and enterprises	5	6,610	1.64	\$1,733	1.34	20.19%
NAICS 493 Warehousing and storage	4.5	20,534	7.19	\$637	8.3	191.38%
NAICS 238 Specialty trade contractors	4.5	10,263	1.31	\$854	1.45	21.82%
NAICS 452 General merchandise stores	4.5	8,696	1.72	\$530	2.43	29.22%
NAICS 484 Truck transportation	4.5	6,365	2.52	\$953	3.37	33.77%
NAICS 444 Building material and garden supply stores	4.5	3,033	1.28	\$603	1.53	29.72%
NAICS 327 Nonmetallic mineral product manufacturing	4.5	1,186	1.75	\$1,261	2.7	26.62%
NAICS 621 Ambulatory health care services	4	13,085	0.98	\$1,190	1.37	16.63%
NAICS 445 Food and beverage stores	4	6,250	1.14	\$414	1.33	19.98%
NAICS 325 Chemical manufacturing	4	2,044	1.37	\$1,832	1.54	-7.71%
NAICS 441 Motor vehicle and parts dealers	3.5	5,394	1.63	\$1,040	2.26	7.77%
NAICS 423 Merchant wholesalers, durable goods	3.5	5,042	0.95	\$1,344	1.1	14.56%
NAICS 611 Educational services	3.5	4,734	0.96	\$735	0.99	26.05%
NAICS 311 Food manufacturing	3.5	4,576	1.64	\$1,031	2.45	3.33%
NAICS 424 Merchant wholesalers, nondurable goods	3.5	4,243	1.2	\$1,225	1.32	3.34%
NAICS 811 Repair and maintenance	3.5	2,765	1.24	\$911	1.8	9.03%
NAICS 713 Amusements, gambling, and recreation	3.5	2,739	1.32	\$441	1.77	-18.18%
NAICS 492 Couriers and messengers	3.5	2,190	1.18	\$622	1.2	208.31%
NAICS 447 Gasoline stations	3.5	1,674	1.06	\$436	1.41	22.20%
NAICS 237 Heavy and civil engineering construction	3.5	1,588	0.95	\$1,065	1	18.31%
NAICS 326 Plastics and rubber products manufacturing	3.5	1,029	0.83	\$1,296	1.42	12.99%
NAICS 722 Food services and drinking places	3	17,247	1.02	\$357	1.35	-1.35%
NAICS 561 Administrative and support services	3	15,595	1.1	\$607	1.08	17.79%
NAICS 531 Real estate	3	2,512	0.87	\$697	0.65	19.62%
NAICS 236 Construction of buildings	3	2,347	0.84	\$1,192	1.06	6.51%
NAICS 321 Wood product manufacturing	3	1,871	2.69	\$817	3.26	5.98%
NAICS 111 Crop production	3	1,127	1.3	\$577	1.71	-29.15%
NAICS 115 Agriculture and forestry support activities	3	1,086	1.96	\$678	2.7	-47.64%
NAICS 442 Furniture and home furnishings stores	3	938	1.21	\$768	1.72	5.71%
NAICS 562 Waste management and remediation services	3	774	1	\$1,164	1.4	-10.66%
NAICS 322 Paper manufacturing	3	626	1.03	\$1,485	1.59	-10.53%
NAICS 999 Unclassified	3	467	1.23	\$716	0.98	133.89%
NAICS 324 Petroleum and coal products manufacturing	3	218	1.21	\$2,187	1.47	7.73%
NAICS 622 Hospitals	2.5	8,626	0.98	\$1,037	1.16	5.14%
NAICS 541 Professional and technical services	2.5	7,584	0.45	\$1,122	0.35	14.14%
NAICS 623 Nursing and residential care facilities	2.5	4,543	0.85	\$660	1.19	-11.73%
NAICS 522 Credit intermediation and related activities	2.5	2,793	0.6	\$1,871	0.65	17.55%

	Rating	Employment	Location Quotient	Average Weekly Wage	Wage Location Quotient	4 Year Job Growth
NAICS 446 Health and personal care stores	2.5	1,773	1.03	\$669	1.23	4.89%
NAICS 517 Telecommunications	2.5	1,162	1	\$1,007	0.62	34.06%
NAICS 221 Utilities	2.5	660	0.7	\$2,406	0.93	12.70%
NAICS 333 Machinery manufacturing	2	1,210	0.7	\$1,233	0.81	0.75%
NAICS 339 Miscellaneous manufacturing	2	894	0.87	\$928	0.85	-8.34%
NAICS 451 Sports, hobby, music instrument, book stores	2	743	0.86	\$381	0.98	-10.80%
NAICS 443 Electronics and appliance stores	2	725	0.99	\$828	1.02	-6.73%
NAICS 323 Printing and related support activities	2	524	0.83	\$800	0.99	-11.29%
NAICS 112 Animal production and aquaculture	2	254	0.56	\$823	0.83	24.31%
NAICS 314 Textile product mills	2	107	0.61	\$877	0.91	113.25%
NAICS 518 Data processing, hosting and related services	2	75	0.12	\$2,486	0.13	110.28%
NAICS 519 Other information services	2	34	0.05	\$1,154	0.02	24.69%
NAICS 525 Funds, trusts, and other financial vehicles	2	26	0.75	\$2,522	0.74	58.00%
NAICS 624 Social assistance	1.5	3,247	0.49	\$452	0.61	8.33%
NAICS 448 Clothing and clothing accessories stores	1.5	1,293	0.78	\$362	0.81	-15.58%
NAICS 813 Membership associations and organizations	1.5	1,000	0.49	\$727	0.48	12.49%
NAICS 488 Support activities for transportation	1.5	861	0.71	\$970	0.85	-44.79%
NAICS 425 Electronic markets and agents and brokers	1.5	597	0.7	\$1,148	0.53	-15.53%
NAICS 711 Performing arts and spectator sports	1.5	360	0.78	\$1,725	0.88	-28.46%
NAICS 335 Electrical equipment and appliance mfg.	1.5	85	0.13	\$838	0.11	30.77%
NAICS 315 Apparel manufacturing	1.5	24	0.16	\$424	0.11	New
NAICS 481 Air transportation	1.5	23	0.03	\$832	0.02	New
NAICS 332 Fabricated metal product manufacturing	1	1,436	0.61	\$992	0.77	4.31%
NAICS 721 Accommodation	1	1,337	0.63	\$456	0.6	-19.84%
NAICS 812 Personal and laundry services	1	1,337	0.62	\$508	0.78	10.50%
NAICS 453 Miscellaneous store retailers	1	880	0.66	\$467	0.79	5.39%
NAICS 336 Transportation equipment manufacturing	1	602	0.21	\$722	0.15	11.90%
NAICS 523 Securities, commodity contracts, investments	1	424	0.26	\$2,762	0.13	-20.06%
NAICS 511 Publishing industries, except internet	1	317	0.24	\$1,101	0.12	-20.83%
NAICS 312 Beverage and tobacco product manufacturing	1	309	0.65	\$998	0.84	7.18%
NAICS 814 Private households	1	270	0.71	\$585	0.96	-16.13%
NAICS 712 Museums, historical sites, zoos, and parks	1	154	0.74	\$756	1.01	-31.45%
NAICS 334 Computer and electronic product manufacturing	1	135	0.08	\$1,240	0.05	-17.38%
NAICS 486 Pipeline transportation	1	16	0.2	\$1,942	0.17	2.13%
NAICS 454 Nonstore retailers	0.5	281	0.27	\$787	0.19	-89.99%
NAICS 337 Furniture and related product manufacturing	0.5	143	0.23	\$628	0.23	-19.36%
NAICS 512 Motion picture and sound recording industries	0.5	98	0.17	\$565	0.08	-49.83%
NAICS 485 Transit and ground passenger transportation	0.5	58	0.09	\$490	0.08	-52.07%
NAICS 515 Broadcasting, except internet	0.5	54	0.1	\$1,024	0.08	-72.64%
NAICS 487 Scenic and sightseeing transportation	0.5	3	0.11	\$654	0.16	-89.66%