

# Economic Base Analysis for Polk County

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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 2025.

## **Strong Performers (Rating of 3.5 and higher)**

Overall, we continue to see strong performance out of many manufacturing and storage/transportation subsectors, as well as management and insurance. The largest strong performing industries are Food Manufacturing, Chemical Manufacturing, and Ambulatory Health Care Services, among others. 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 (Apparel Manufacturing, Textile Product Mills, etc.) alongside a few larger, well-established ones (Health and Personal Care Retailers, 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, none of the subsector meets that criteria, however a few are hovering just under 2,000 jobs in the county (Sporting Goods, Hobby Retailers for example). Some of these industries are experiencing employment losses and are paying below average wages.

## **Areas of Focus**

When considering where to focus our 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. We have also seen large growth in employment in several manufacturing sectors (Nonmetallic Mineral Product Manufacturing, and Petroleum and Coal Products Manufacturing). 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 and concentration of those industries in larger cities. 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 30% below the average national wage so we could expect that each industry pays a wage 30% below the industry's

national average, however, this is not typically the case as we see variation among industries. Jobs that do pay 30% 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 2021 to Q1 2025.

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 \$1,342.80 (120% of the average across all industries)
  - b. 0.5 if AWW is between \$895.20 and \$1,342.80
  - c. 0 if AWW is less than \$895.20 (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 12.29% (120% of the average across all industries)
  - b. 0.5 if Growth is between 8.19% and 12.29%
  - c. 0 if Growth is less than 8.19% (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 or have a smaller impact on the local economy.

## Economic Base Analysis (Q1 2025)

	Rating	Employment (2025)	Employment LQ	Avg Weekly Wage (2025)	Wage LQ	4 Year Job Growth
<b>10 Total, all industries</b>		<b>234,121</b>	<b>1.04</b>	<b>\$1,119</b>	<b>1.03</b>	<b>10.24%</b>
NAICS 311 Food manufacturing	5	4,970	1.64	\$1,354	2.57	13.94%
NAICS 325 Chemical manufacturing	5	2,411	1.57	\$2,146	1.63	19.31%
NAICS 621 Ambulatory health care services	4.5	15,971	1.04	\$1,393	1.4	21.59%
NAICS 484 Truck transportation	4.5	7,038	2.82	\$1,276	3.94	12.58%
NAICS 441 Motor vehicle and parts dealers	4.5	6,219	1.76	\$1,271	2.48	14.61%
NAICS 327 Nonmetallic mineral product manufacturing	4.5	1,533	2.19	\$1,572	3.29	29.26%
NAICS 562 Waste management and remediation services	4.5	1,113	1.27	\$1,548	1.8	43.80%
NAICS 212 Mining (except oil and gas)	4.5	646	1.99	\$2,055	2.9	New
NAICS 622 Hospitals	4	10,425	1.1	\$1,340	1.26	20.85%
NAICS 445 Food and beverage retailers	4	6,959	1.26	\$528	1.45	13.05%
NAICS 423 Merchant wholesalers, durable goods	4	5,721	0.99	\$1,753	1.14	13.13%
NAICS 713 Amusement, gambling, and recreation industries	4	3,787	1.26	\$664	1.93	37.34%
NAICS 811 Repair and maintenance	4	3,030	1.21	\$1,222	1.8	9.57%
NAICS 236 Construction of buildings	4	2,816	0.91	\$1,446	1.05	18.19%
NAICS 331 Primary metal manufacturing	4	641	1.04	\$1,729	1.38	New
NAICS 324 Petroleum and coal products manufacturing	4	347	1.83	\$2,257	1.88	59.08%
NAICS 722 Food services and drinking places	3.5	20,389	1.01	\$492	1.33	14.76%
NAICS 493 Warehousing and storage	3.5	19,185	5.93	\$975	7.62	0.97%
NAICS 561 Administrative and support services	3.5	17,680	1.25	\$820	1.27	11.43%
NAICS 238 Specialty trade contractors	3.5	11,185	1.3	\$1,143	1.49	7.70%
NAICS 551 Management of companies and enterprises	3.5	6,573	1.48	\$1,928	1.08	0.22%
NAICS 524 Insurance carriers and related activities	3.5	6,399	1.46	\$1,516	1.13	-5.72%
NAICS 424 Merchant wholesalers, nondurable goods	3.5	4,303	1.14	\$1,519	1.22	-0.48%
NAICS 444 Building material and garden equipment and supplies d	3.5	3,167	1.36	\$904	2.02	4.53%
NAICS 332 Fabricated metal product manufacturing	3.5	1,889	0.78	\$1,642	1.26	31.54%
NAICS 333 Machinery manufacturing	3.5	1,524	0.87	\$1,702	1.08	29.38%
NAICS 532 Rental and leasing services	3.5	932	0.97	\$1,334	1.29	New
NAICS 455 General merchandise retailers	3	7,402	1.34	\$674	1.83	3.38%
NAICS 611 Educational services	3	5,422	0.95	\$874	0.99	14.74%
NAICS 623 Nursing and residential care facilities	3	5,164	0.88	\$783	1.13	13.27%
NAICS 492 Couriers and messengers	3	2,064	1.03	\$928	1.36	-5.84%
NAICS 321 Wood product manufacturing	3	1,674	2.38	\$1,083	3.04	-14.41%
NAICS 326 Plastics and rubber products manufacturing	3	980	0.82	\$1,942	1.64	-5.29%
NAICS 221 Utilities	3	757	0.74	\$3,166	1.02	14.86%
NAICS 322 Paper manufacturing	3	704	1.17	\$2,093	2	7.81%
NAICS 712 Museums, historical sites, and similar institutions	3	269	0.94	\$945	1.31	73.76%
NAICS 522 Credit intermediation and related activities	2.5	3,114	0.72	\$2,383	0.77	11.49%
NAICS 531 Real estate	2.5	2,973	0.96	\$889	0.73	17.70%

	Rating	Employment (2025)	Location Quotient	Average Weekly Wage (2025)	Wage LQ	4 Year Job Growth
NAICS 457 Gasoline stations and fuel dealers	2.5	1,828	1.04	\$625	1.36	8.40%
NAICS 237 Heavy and civil engineering construction	2.5	1,687	0.89	\$1,516	1.06	6.73%
NAICS 449 Furniture, home furnishings, electronics, and appliance	2.5	1,546	1.16	\$1,032	1.39	-2.64%
NAICS 425 Wholesale trade agents and brokers	2.5	727	0.95	\$1,341	0.65	21.22%
NAICS 541 Professional, scientific, and technical services	2	8,299	0.45	\$1,413	0.34	2.76%
NAICS 624 Social assistance	2	3,863	0.46	\$626	0.64	21.29%
NAICS 812 Personal and laundry services	2	1,830	0.69	\$623	0.85	32.47%
NAICS 111 Crop production	2	792	1.01	\$818	1.41	-30.79%
NAICS 115 Support activities for agriculture and forestry	2	621	1.18	\$878	1.65	-42.78%
NAICS 323 Printing and related support activities	2	522	0.88	\$941	0.98	-0.38%
NAICS 513 Publishing industries	2	480	0.31	\$1,518	0.17	61.07%
NAICS 312 Beverage and tobacco product manufacturing	2	406	0.73	\$1,180	0.96	31.64%
NAICS 334 Computer and electronic product manufacturing	2	164	0.1	\$1,640	0.07	15.76%
NAICS 481 Air transportation	2	84	0.08	\$1,507	0.07	258.57%
NAICS 525 Funds, trusts, and other financial vehicles	2	33	0.59	\$1,613	0.24	25.32%
NAICS 533 Lessors of nonfinancial intangible assets (except copyrig	2	17	0.46	\$3,169	0.41	New
NAICS 721 Accommodation	1.5	1,777	0.56	\$657	0.59	32.34%
NAICS 456 Health and personal care retailers	1.5	1,562	0.86	\$783	0.99	-10.51%
NAICS 517 Telecommunications	1.5	1,223	1.19	\$1,230	0.73	4.56%
NAICS 813 Religious, grantmaking, civic, professional, and similar o	1.5	1,083	0.44	\$923	0.47	8.37%
NAICS 711 Performing arts, spectator sports, and related industries	1.5	716	0.74	\$827	0.43	98.61%
NAICS 337 Furniture and related product manufacturing	1.5	202	0.34	\$978	0.42	40.28%
NAICS 485 Transit and ground passenger transportation	1.5	83	0.08	\$1,041	0.13	43.68%
NAICS 459 Sporting goods, hobby, musical instrument, book, and n	1	1,924	0.77	\$598	0.88	0.28%
NAICS 488 Support activities for transportation	1	860	0.61	\$1,231	0.73	1.61%
NAICS 339 Miscellaneous manufacturing	1	759	0.72	\$1,193	0.69	-12.53%
NAICS 336 Transportation equipment manufacturing	1	532	0.18	\$902	0.12	-11.54%
NAICS 523 Securities, commodity contracts, and other financial inv	1	414	0.23	\$2,613	0.09	-3.27%
NAICS 999 Unclassified	1	267	0.54	\$798	0.42	101.76%
NAICS 814 Private households	1	245	0.68	\$981	1.19	-10.81%
NAICS 512 Motion picture and sound recording industries	1	200	0.33	\$549	0.15	63.22%
NAICS 518 Computing infrastructure providers, data processing, w	1	63	0.07	\$1,617	0.04	-16.44%
NAICS 519 Web search portals, libraries, archives, and other inform	1	33	0.1	\$1,636	0.03	0.00%
NAICS 458 Clothing, clothing accessories, shoe, and jewelry retailer	0.5	1,384	0.73	\$463	0.68	6.90%
NAICS 314 Textile product mills	0.5	103	0.66	\$952	0.79	-4.04%
NAICS 516 Broadcasting and content providers	0.5	54	0.09	\$1,010	0.02	-10.00%
NAICS 335 Electrical equipment, appliance, and component manuf	0.5	51	0.07	\$1,179	0.07	-39.13%
NAICS 112 Animal production and aquaculture	0	254	0.55	\$698	0.57	1.06%
NAICS 315 Apparel manufacturing	0	7	0.05	\$811	0.06	-69.01%