

Published once in June and July, twice in May and Aug., 3 times in Jan., Feb., Sept., Oct., Nov., and Dec., 4 times in April, and 5 times in March by the University of Nebraska-Lincoln, Dept. of Publications Services & Control, 209 Nebraska Hall, Lincoln, NE 68588. Second-class postage paid Lincoln, Nebraska.

Prepared by the Bureau of Business Research
College of Business Administration

ANALYSIS OF CHANGES IN NET TAXABLE RETAIL SALES, 1970-1979

This article analyzes and describes the changes which have occurred in the level of Nebraska's retail sales from 1970 to 1979. Comparisons are made of the regional and county shares of the state's retail sales with the regional and county shares of population and personal income.

Net taxable retail sales for the state were \$8,733 million in 1979. This represents a 164% increase over the \$3,303 million recorded in 1970, or an average annual rate of 11.4% (see Table 1).

Much of this increase, however, is due to inflation as evidenced by the commodities component of the Consumer Price Index, which rose 83.6% or at an annual rate of 7.4% from 1970 to 1979. Comparison of 1970 census data with advance census totals for 1980 indicates an increase in population for the state of 3.6%, an average annual rate of less than 0.5%. Total personal income increased 113% in Nebraska from 1970 to 1978 (1979 data are not yet available), with per capita personal income up by 102%. Therefore, not only were more people buying goods at higher prices, but in general there was more income per person available for the purchase of more goods. Thus, the absolute level of goods purchased per person rose in the period 1970 to 1979.

The metropolitan areas comprising Douglas, Lancaster, Dakota, and Sarpy counties generate nearly half the state's retail sales. The contribution of these areas to the total has fallen from 48.4% in 1970 to 45.0% in 1979. To obtain a clearer perspective of the changes in sales, it is worthwhile to compare the changes occurring in metropolitan areas with those occurring in nonmetro-

politan areas (see Table 1). Note that the 1979, 1978, and 1977 state totals have been reduced by \$479.5 million, \$438.9 million, and \$408.0 million, respectively, as these amounts cannot be allocated to any particular counties.

Based on these figures, the increase in state retail sales for 1970-1979 was 150% in current dollars and 36% in constant dollars. For the same period, sales increases in the metropolitan areas were 133% and 27%, respectively, while nonmetropolitan areas showed a 166% increase in current dollars and 45% in constant dollars. Over this period, the nonmetropolitan areas have outperformed the metropolitan areas in average growth per year in both current and constant dollars. The average yearly growth in current dollars for metropolitan areas for the 1970-79 period was 9.9%, compared to 11.6% for the nonmetropolitan areas. In constant dollars, the retail sales growth in metropolitan areas averaged 2.8%, compared with 4.3% for nonmetropolitan areas.

Bringing the analysis down to the level of individual counties indicates that fourteen counties achieved 200% or better increases in retail sales in the 1970 to 1979 period (see Table 2, p. 2). In counties with populations in excess of 20,000 (excluding Lancaster and Douglas counties), Buffalo with 203% and Madison with 200% performed considerably better than the 173% average growth for counties of this size. Box Butte with 235%, Holt with 221%, and Cuming with 205% led those counties with populations between 10,000 and 20,000. Average growth rate in this classification was 158%. (Continued on page 3)

Table 1
NET TAXABLE RETAIL SALES IN NEBRASKA 1970-1979
WITH PERCENTAGE CHANGES IN SALES UNADJUSTED AND ADJUSTED FOR PRICE CHANGES

	Unadjusted for Price Changes						Adjusted for Price Changes		
	State	% Change	(Thousands of Dollars)		Nonmetro- politan	% Change	State	Metro- politan	Nonmetro- politan
1970	3303.4	---	1597.7	---	1705.7	---	---	---	
1971	3603.7	9.1	1751.6	9.6	1851.1	8.5	5.5	6.1	
1972	4020.3	11.6	1963.8	12.1	2056.5	11.1	8.3	8.8	
1973	4668.3	16.1	2181.6	11.1	2486.7	20.9	7.7	3.4	
1974	5227.6	12.0	2388.9	9.5	2838.7	14.2	0.0	-2.2	
1975	5579.5	6.7	2512.8	5.2	3066.7	8.0	-2.1	-3.4	
1976	6354.5	13.9	2829.1	12.6	3525.4	15.0	9.2	7.9	
1977	7019.7	10.5	3065.4	8.4	3546.3	0.6	-1.6	2.5	
1978	7801.2	11.1	3395.6	10.8	3966.7	11.9	3.8	3.4	
1979	8733.5	12.0	3718.1	9.5	4535.9	14.3	0.5	-1.7	
Average Increase:	11.4		9.9		11.6		3.5	2.8	4.3

Table 2
NET TAXABLE RETAIL SALES IN NEBRASKA, 1970 AND 1979
WITH RATIOS OF RETAIL SALES ANALYSIS, 1970 AND 1978

Region and County	Thousands of Dollars			Ratio of the Share of State Retail Sales				Percent of Change	Region and County	Thousands of Dollars			Ratio of the Share of State Retail Sales			
	1970	1979	Change	To Share of 1970 State Population	To Share of 1970 State Personal Income	To Share of 1978 State Population	To Share of 1978 State Personal Income			1970	1979	Change	To Share of 1970 State Population	To Share of 1970 State Personal Income	To Share of 1978 State Population	To Share of 1978 State Personal Income
Region 1	<u>1170.6</u>	<u>2649.1</u>	<u>126</u>	<u>115</u>	<u>102</u>	<u>104</u>	<u>102</u>	Region 16	<u>55.0</u>	<u>153.7</u>	<u>179</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>106</u>	
Douglas	1099.2	2473.5	125	127	108	117	109	Dawson	47.3	133.0	181	107	105	112	120	
Sarpy	71.4	175.6	146	49	54	42	54	Frontier	4.6	11.6	152	52	61	49	54	
Region 2	<u>399.2</u>	<u>1010.8</u>	<u>153</u>	<u>107</u>	<u>96</u>	<u>104</u>	<u>94</u>	Gosper	3.1	9.1	194	63	71	62	71	
Lancaster	399.2	1010.8	153	107	96	104	94	Region 17	<u>51.7</u>	<u>131.4</u>	<u>154</u>	<u>94</u>	<u>100</u>	<u>100</u>	<u>94</u>	
Region 3	<u>27.9</u>	<u>58.2</u>	<u>109</u>	<u>96</u>	<u>105</u>	<u>72</u>	<u>83</u>	Franklin	7.7	18.0	134	75	75	75	72	
Dakota	27.9	58.2	109	96	105	72	83	Furnas	12.1	27.1	124	79	91	76	78	
Region 4	<u>85.8</u>	<u>200.2</u>	<u>133</u>	<u>77</u>	<u>81</u>	<u>71</u>	<u>75</u>	Harlan	7.3	18.1	148	75	79	74	77	
Cass	24.4	55.4	127	61	66	53	59	Phelps	24.6	68.2	177	115	114	131	124	
Otoe	33.8	77.9	130	97	98	100	98	Region 18	<u>77.8</u>	<u>227.9</u>	<u>193</u>	<u>109</u>	<u>114</u>	<u>104</u>	<u>108</u>	
Saunders	27.6	66.9	142	73	84	69	75	Hooker	1.8	4.1	128	90	99	70	76	
Region 5	<u>108.2</u>	<u>268.6</u>	<u>148</u>	<u>103</u>	<u>100</u>	<u>103</u>	<u>100</u>	Lincoln	72.8	216.2	197	110	113	110	111	
Dodge	84.2	208.8	148	109	104	111	105	Logan	1.1	2.2	100	50	63	41	48	
Washington	24.0	59.8	149	81	82	76	80	McPherson	0.3	1.0	233	23	24	24	31	
Region 6	<u>43.9</u>	<u>114.9</u>	<u>162</u>	<u>68</u>	<u>87</u>	<u>78</u>	<u>88</u>	Thomas	1.8	4.4	144	81	110	72	96	
Burt	15.9	39.8	150	78	86	85	88	Region 19	<u>40.9</u>	<u>122.8</u>	<u>200</u>	<u>100</u>	<u>100</u>	<u>108</u>	<u>100</u>	
Cuming	19.5	59.5	205	73	98	91	106	Arthur	0.5	1.3	160	37	68	47	46	
Thurston	8.5	15.6	84	55	69	42	51	Chase	9.6	31.4	227	105	113	120	109	
Region 7	<u>53.6</u>	<u>114.5</u>	<u>114</u>	<u>76</u>	<u>80</u>	<u>78</u>	<u>82</u>	Grant	2.0	3.7	85	90	80	74	79	
Johnson	8.7	20.2	132	69	80	72	81	Keith	21.7	64.7	198	115	118	119	124	
Nemaha	15.9	32.4	104	79	81	78	82	Perkins	7.1	21.7	206	94	82	115	79	
Pawnee	5.3	12.1	128	53	62	59	59	Region 20	<u>45.9</u>	<u>115.0</u>	<u>151</u>	<u>100</u>	<u>108</u>	<u>93</u>	<u>93</u>	
Richardson	23.7	49.8	110	87	90	85	89	Dundy	4.8	11.4	138	74	82	80	64	
Region 8	<u>62.1</u>	<u>158.3</u>	<u>155</u>	<u>76</u>	<u>86</u>	<u>79</u>	<u>86</u>	Hayes	0.9	2.5	178	27	35	25	38	
Butler	13.0	31.9	145	62	72	66	72	Hitchcock	4.8	10.1	110	53	61	46	47	
Seward	25.0	63.2	153	78	93	77	93	Red Willow	35.4	91.0	157	131	139	129	131	
Saline	24.1	63.2	162	85	89	92	87	Region 21	<u>42.4</u>	<u>95.4</u>	<u>125</u>	<u>100</u>	<u>108</u>	<u>100</u>	<u>100</u>	
Region 9	<u>57.6</u>	<u>159.9</u>	<u>178</u>	<u>90</u>	<u>94</u>	<u>106</u>	<u>100</u>	Cheyenne	21.9	49.4	126	91	106	89	99	
Fillmore	15.8	41.1	160	88	82	95	84	Deuel	5.3	11.4	115	88	72	84	70	
Polk	9.0	27.3	203	62	73	80	78	Kimball	15.2	34.6	128	114	121	124	114	
York	32.8	91.5	179	108	112	117	115	Region 22	<u>101.6</u>	<u>270.6</u>	<u>166</u>	<u>100</u>	<u>111</u>	<u>107</u>	<u>119</u>	
Region 10	<u>103.0</u>	<u>279.5</u>	<u>171</u>	<u>94</u>	<u>100</u>	<u>103</u>	<u>97</u>	Banner	0.5	1.7	240	22	24	31	36	
Boone	15.1	37.4	148	83	118	90	92	Garden	4.6	11.4	148	71	82	75	82	
Colfax	18.1	46.8	159	86	96	88	91	Morrill	10.5	32.7	211	81	110	97	121	
Nance	6.5	15.3	135	57	76	61	73	Scotts Bluff	86.0	224.8	161	106	115	112	121	
Platte	63.3	180.0	184	107	100	117	103	Region 23	<u>58.3</u>	<u>169.4</u>	<u>191</u>	<u>90</u>	<u>106</u>	<u>100</u>	<u>118</u>	
Region 11	<u>117.7</u>	<u>345.4</u>	<u>193</u>	<u>88</u>	<u>113</u>	<u>103</u>	<u>100</u>	Box Butte	22.2	74.3	235	99	106	112	125	
Antelope	14.2	36.5	157	71	98	74	77	Dawes	17.8	47.4	166	82	100	97	120	
Madison	73.7	221.3	200	121	131	139	123	Sheridan	17.0	44.1	149	105	118	110	126	
Pierce	10.6	30.5	188	56	90	67	71	Sioux	1.3	3.6	177	29	45	34	60	
Stanton	4.9	12.5	155	38	67	39	42	Region 24	<u>57.6</u>	<u>173.5</u>	<u>201</u>	<u>81</u>	<u>100</u>	<u>100</u>	<u>118</u>	
Wayne	14.3	44.6	212	62	91	85	100	Boyd	5.0	11.5	130	59	85	61	82	
Region 12	<u>163.6</u>	<u>463.3</u>	<u>183</u>	<u>111</u>	<u>114</u>	<u>122</u>	<u>125</u>	Brown	9.0	26.7	197	101	104	111	120	
Hall	124.4	362.0	191	130	127	156	150	Cherry	13.5	36.9	173	89	97	99	105	
Hamilton	14.5	38.4	165	73	77	80	72	Holt	24.3	77.9	221	85	117	104	121	
Howard	9.7	26.4	172	64	75	69	77	Keya Paha	1.2	2.9	142	42	51	39	64	
Merrick	15.0	36.5	143	77	87	76	89	Rock	4.6	17.6	283	94	122	118	126	
Region 13	<u>114.1</u>	<u>278.8</u>	<u>144</u>	<u>100</u>	<u>100</u>	<u>106</u>	<u>100</u>	Region 25	<u>41.7</u>	<u>108.7</u>	<u>161</u>	<u>62</u>	<u>93</u>	<u>68</u>	<u>87</u>	
Adams	78.5	189.8	142	115	109	123	107	Cedar	16.8	45.7	172	62	105	74	90	
Clay	13.0	35.5	173	70	67	85	82	Dixon	7.8	17.0	118	47	62	47	57	
Nuckolls	14.1	34.5	145	86	106	96	110	Knox	17.1	46.0	169	66	100	75	96	
Webster	8.5	19.0	124	71	84	71	72	Region 26	<u>59.0</u>	<u>144.7</u>	<u>145</u>	<u>78</u>	<u>90</u>	<u>76</u>	<u>84</u>	
Region 14	<u>83.4</u>	<u>198.5</u>	<u>138</u>	<u>83</u>	<u>96</u>	<u>92</u>	<u>92</u>	Blaine	0.9	2.2	144	61	62	45	65	
Gage	46.4	113.3	144	81	89	92	88	Custer	27.6	68.5	148	88	91	87	93	
Jefferson	22.8	51.2	125	99	113	97	104	Garfield	4.5	12.0	167	84	106	83	108	
Thayer	14.2	34.0	139	82	94	81	81	Greeley	5.6	12.2	118	63	82	57	67	
Region 15	<u>80.8</u>	<u>240.9</u>	<u>198</u>	<u>92</u>	<u>104</u>	<u>112</u>	<u>112</u>	Loup	0.6	1.7	183	30	41	31	58	
Buffalo	69.2	209.9	203	100	119	115	124	Sherman	6.6	15.6	136	63	80	66	72	
Kearney	11.6	31.0	167	78	70	87	69	Valley	12.4	29.8	140	96	112	104	109	
								Wheeler	0.8	2.7	238	33	57	49	46	
								State Total:	3303.4	8254.0	150	---	---	---	---	

(Continued from page 1)

Counties with populations between 5,000 and 10,000 averaged 156% growth in retail sales. Notable performers were Wayne with 212%, Morrill with 211%, and Polk with 203%. Chase with 227% and Perkins with 206% well exceeded the average growth rate of 150% for counties with populations between 2,500 and 5,000. The average growth rate in retail sales for counties with populations less than 2,500 was 170%. Significant gainers in this classification included Rock with 283%, Banner with 240%, Wheeler with 238%, and McPherson with 233%.

While it is interesting to consider and compare the growth rates of retail sales in counties, it is their drawing power as trade centers, in terms of their sales shares versus their population and personal income shares, that this article focuses upon. (This method has been used in the past to analyze both regions within the state and individual trade centers. See articles by Edward L. Hauswald in *Business in Nebraska*, September 1969 and October 1970.)

A county's retail trade position can be determined as a ratio of (1) the county's dollar volume of retail sales as a percentage of the state's retail sales to (2) the county's population as a percentage of the state's population and to (3) the county's personal income as a percentage of the state's personal income. For example, a county with 4% of the state's retail sales and 2% of the state's population would have a sales-share/population-share ratio of 200, and a county with 3% of the state's retail sales and 4% of the state's personal income would have a sales-share/income-share ratio of 75.

If the ratios of sales share to population share and income share exceed 100, it may be reasonable to assume that retail sales are being generated through the attraction of additional consumers, or personal income, or some combination of the two.

Some important possibilities are:

1. If a county's sales share is equal to its population and income shares, then both the sales-share/population-share and sales-share/income-share ratios are 100. Such a county would have zero drawing power, with sales activity equal to its local potential.
2. If a county's sales share is greater than both its population and income shares, both ratios will exceed 100. This county has positive drawing power, with sales activity greater than the local potentials from both population and income. Additional consumers and personal income have been attracted to the county.
3. If a county's sales share is less than both its population and income shares, both ratios will be less than 100. The county has negative drawing power, with sales activity less than the local potentials from both population and income. Consumers and personal income have been drawn out of the county.
4. If a county's sales share is greater than its population share but less than its income share, the county has positive drawing power but its sales activity is less than its local potential from income.
5. If a county's sales share is greater than its income share but less than its population share, the county has positive drawing power but its sales activity is less than its local potential from population.

Table 2 presents the sales-share/population-share and sales-share/personal-income share ratios by regions and by counties for

1970 and 1978. Five regions produced both indexes in excess of 100 in 1978, indicating positive drawing power in that they drew additional consumers and additional personal income over and above their respective local potentials. Region 12 (Hall, Howard, Merrick, and Hamilton) had the highest indexes for each ratio, notably 122% for sales-share/population-share and 125% for sales-share/personal income-share. This may be interpreted as Region 12's share of sales is 22 percentage points higher than its share of the state's population and 25 percentage points higher than its share of the state's personal income. Region 15 (Buffalo and Kearney), Region 22 (Scotts Bluff, Banner, Morrill, and Garden), Region 18 (Lincoln, McPherson, Hooker, Thomas, and Logan), and Region 1 (Douglas and Sarpy) completed the top five regions. There is some significance to the fact that these regions all lie along the Platte River-Interstate 80 route, and that this is the belt of population concentration in the state.

In analyzing the situation from the perspective of individual counties, twenty-two counties are evidencing positive drawing power in 1978 as measured by both indexes, up from sixteen in 1970 (see Fig. 1 and Fig. 2, p. 6). Hall County generates by far the most drawing power, as witnessed by a 156% index for sales-share/population-share and 150% index for sales-share/personal income share. These indexes, when compared with the 1970 figures of 130 and 127, respectively, indicate that Hall County is continuing to grow as a major retail trade center and is attracting consumers and personal income from other counties at an increasing rate. Other counties registering evidence of very high drawing power are Madison, 139 and 123; Red Willow, 129 and 131; Phelps, 131 and 124; Rock, 118 and 126; and Keith, 119 and 124. While these counties may be generating the highest drawing power, it should be noted that any county with both indexes over 100 is doing well.

Lancaster County represents a rather anomalous situation in that it has a positive rating in terms of a sales-share/population-share ratio of 104, but a sales-share/personal income-share of 94. This indicates that Lancaster County's share of the state's personal income is not matched by its share of the state's retail sales. A portion of the personal income generated in or received by those in this county appears to flow elsewhere, even though there is a net inflow of consumers as indicated by the sales-share/population-share ratio. This phenomenon is even more evident in Perkins County, where the respective ratios are 115 and 79. Perkins County has the highest per capita personal income of any county in the state but loses a considerable portion of this income to retail centers outside the county.

Not only should attention be given to the absolute level of the indexes, but also to the movement in the indexes over time. A comparison of the ratios for 1970 with those for 1978 shows that fifty-seven counties improved their sales-share/population-share ratios, while thirty-two recorded a lower ratio in 1978 than in 1970. Only thirty-eight counties were able to increase their 1978 sales-share/personal income-share ratios over their 1970 figures, while forty-nine counties recorded declines in this ratio. Of the twenty-two counties with both indexes over 100, fourteen increased both the sales-share/population-share index and sales-share/personal income-share index in the period 1970-1978. This would indicate that these counties are continuing to capture an increasing share of the retail trade (Continued on page 6)

Review and Outlook

Nebraska's real output was essentially unchanged in August compared to July. The physical volume index declined 0.4 percent in August following a large increase in July. Nebraska's economy remains below peak 1979 levels, but has improved somewhat from depressed second-quarter 1980 levels.

The August decrease was attributable to a decline in agriculture as a result of reduced cash farm marketing receipts. The non-agricultural sector of the Nebraska economy was unchanged on a month-to-month basis.

The agriculture sector recorded an August-to-July output decrease of 2.7 percent. On a seasonally adjusted basis, cash farm marketing receipts declined \$34 million, or 5.4 percent. Nebraska

went against the general trend, as U.S. cash farm marketing receipts increased. On an unadjusted basis, cash farm marketings receipts were up \$120 million, reflecting seasonal variations.

Agricultural prices received in Nebraska were 8.3 percent above July levels and 12 percent above year-previous levels. Increases in prices received nearly equaled increases in prices paid, as prices paid by farmers and ranchers in August 1980 rose 12.7 percent compared to year-previous levels.

The construction sector recorded a second consecutive monthly increase. The August-to-July increase in Nebraska was up 6.8 percent. Construction activity was comparable in August to the April 1980 level, with activity in this sector up from the depressed levels of the second-quarter 1980 (Continued on page 5)

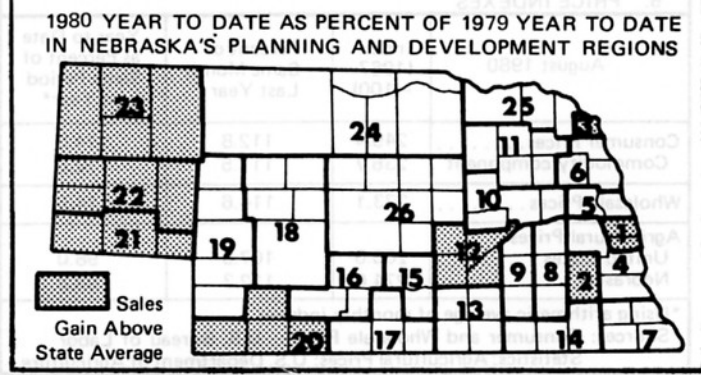
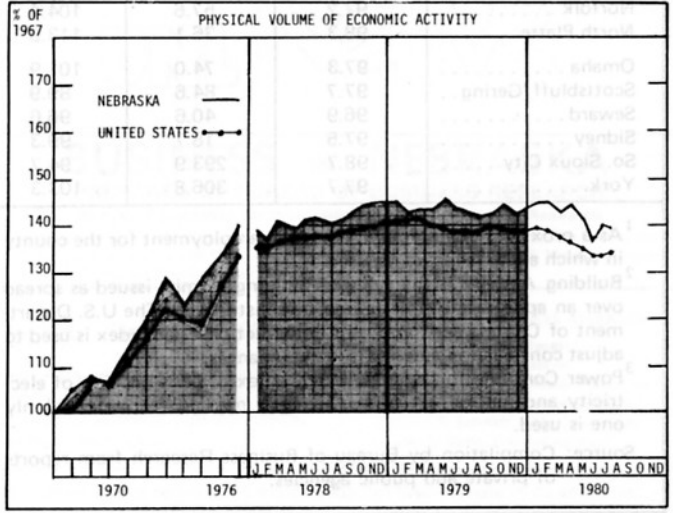
Notes for Tables 1 and 2: (1) The "distributive" indicator represents a composite of wholesale and retail trade; transportation, communication and utilities; finance, insurance, and real estate; and selected services. (2) The "physical volume" indicator and its components represent the dollar volume indicator and its components adjusted for price changes using appropriate price indexes—see Table 5, page 5.

ECONOMIC INDICATORS: NEBRASKA AND UNITED STATES				
1. CHANGE FROM PREVIOUS YEAR				
August 1980	Current Month as Percent of Same Month Previous Year		1980 Year to Date as Percent of 1979 Year to Date	
	Nebraska	U.S.	Nebraska	U.S.
Indicator	Nebraska	U.S.	Nebraska	U.S.
Dollar Volume	108.0	107.1	107.5	109.0
Agricultural	135.2	116.7	116.5	107.2
Nonagricultural	104.4	106.8	106.3	109.1
Construction	77.3	91.9	74.4	103.1
Manufacturing	108.2	105.7	112.9	109.9
Distributive	105.7	108.7	107.7	109.7
Government	102.6	106.9	102.7	106.8
Physical Volume	96.3	95.7	97.3	97.0
Agricultural	120.4	108.1	118.1	109.5
Nonagricultural	93.4	95.3	94.9	96.7
Construction	70.1	83.4	66.7	92.5
Manufacturing	94.6	92.4	99.6	95.6
Distributive	93.7	96.3	94.6	96.2
Government	97.4	100.8	98.1	101.9

2. CHANGE FROM 1967		
Indicator	Percent of 1967 Average	
	Nebraska	U.S.
Dollar Volume	342.5	318.7
Agricultural	379.0	345.7
Nonagricultural	336.7	317.8
Construction	230.0	283.5
Manufacturing	353.1	281.9
Distributive	350.5	343.5
Government	312.1	307.7
Physical Volume	139.5	134.0
Agricultural	138.3	133.0
Nonagricultural	139.6	134.0
Construction	76.2	93.9
Manufacturing	159.4	126.9
Distributive	140.5	137.7
Government	139.8	150.4

3. NET TAXABLE RETAIL SALES OF NEBRASKA REGIONS AND CITIES (Adjusted for Price Changes)			
Region Number and City	City Sales*	Sales in Region*	
	August 1980 as percent of August 1979	August 1980 as percent of August 1979	Year to date '80 as percent of Year to date '79
<i>The State</i>	92.1	89.6	89.8
1 Omaha	90.6	89.5	90.4
Bellevue	91.9		
2 Lincoln	92.6	91.2	90.9
3 So. Sioux City	105.9	90.7	88.6
4 Nebraska City	95.3	80.5	82.7
5 Fremont	91.9	90.4	85.1
Blair	94.3		
6 West Point	77.7	81.5	80.0
7 Falls City	87.4	78.9	84.8
8 Seward	91.9	89.1	85.2
9 York	101.9	91.2	87.3
10 Columbus	95.0	88.9	86.1
11 Norfolk	83.8	80.3	83.4
Wayne	84.8		
12 Grand Island	105.0	99.2	90.1
13 Hastings	96.5	89.6	87.6
14 Beatrice	95.3	85.7	86.8
Fairbury	74.4		
15 Kearney	95.8	92.3	88.0
16 Lexington	90.7	86.1	87.9
17 Holdrege	94.1	89.1	88.4
18 North Platte	87.5	83.2	83.6
19 Ogallala	102.5	91.9	86.4
20 McCook	90.8	88.5	90.4
21 Sidney	85.0	92.6	96.1
Kimball	112.2		
22 Scottsbluff/Gering	94.4	92.3	90.3
23 Alliance	101.3	94.8	91.2
Chadron	96.1		
24 O'Neill	90.1	78.1	83.4
25 Hartington	79.0	76.8	80.7
26 Broken Bow	89.9	80.6	85.8

State totals include sales not allocated to cities or regions. The year-to-year ratios for city and region sales may be misleading because of changes in the portion of unallocated sales. Region totals include, and city totals exclude, motor vehicle sales. Sales are those on which sales taxes are collected by retailers located in the state. Compiled from data provided by Nebraska Department of Revenue.



(Continued from page 4)

but still below year-previous levels.

The manufacturing sector recorded a slight decrease in output of 0.2 percent. Manufacturing activity in Nebraska peaked in the first quarter of 1980, declined in the second quarter, and seems to have stabilized during July and August. Activity in the manufacturing sector remains about 5 percent below year-earlier levels.

Nebraska's distributive trade sector recorded a decrease in output of 0.6 percent on a month-to-month basis. Change in this sector has been erratic during much of 1979 and 1980 and, similar to other sectors, is below peak 1979 levels.

The government sector recorded a 1.1 percent increase in output in August. The public sector output has changed little over the past 18 months, moving up at times and down at times. The government index for August 1980 was approximately 3 percent below year-previous levels. Spending limitations below the rate of inflation appear to be reducing the public sector's share of output, at least in Nebraska.

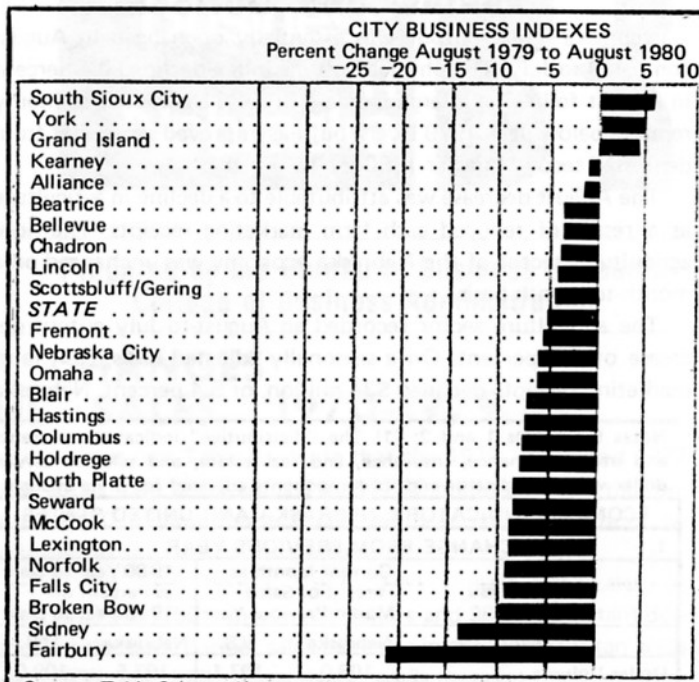
A comparison of Nebraska's economy in August 1980 to the 1967 base is of interest. Nebraska's physical volume output increased 39 percent from the 1967 base level. Agriculture more or less maintained pace with the total Nebraska economy, recording a 38.3 percent increase (Table 2).

In the nonagricultural sector, manufacturing, distributive, and government sectors have recorded increases, while construction is sharply down. Manufacturing recorded the largest increase of any sector in Nebraska when compared to the 1967 base.

Nebraska's retail sales in August were unchanged from year-earlier levels. Since commodity prices increased 11.5 percent over the year, real retail sales were down about 10 percent in Nebraska. Improvements in retail sales in August compared to August 1979 were recorded in eleven of Nebraska's twenty-six regions. There seems to be a gradual improvement in retail sales spreading across a wider area of the state. On a year-to-date basis, retail sales through August 1980 were above the same period 1979 levels in seven of Nebraska's twenty-six economic regions.

Strong points in Nebraska's economy are reflected in the city business indexes at South Sioux City, York, and Grand Island. Real retail sales were notably improved in Grand Island, up 5.0 percent; Kimball, up 12.2 percent; and South Sioux City, up 5.9 percent, on an August-to-August basis. Ogallala, York, and Alliance recorded more modest increases in real retail sales on an August-to-August basis. These six cities represent the only trade center communities to record real sales gains in August.

D. E. P.



Source: Table 3 (page 4) and Table 4 below.

The State and Its Trading Centers	Percent of Same Month a Year Ago		
	Employment ¹	Building Activity ²	Power Consumption ³
<i>The State</i>	98.0	72.3	102.6
Alliance	99.3	70.0	95.7
Beatrice	99.0	52.5	110.2
Bellevue	97.3	75.7	113.7
Blair	96.1	65.7	85.3
Broken Bow	98.0	40.7	88.8
Chadron	97.4	73.2	95.0
Columbus	96.2	37.3	101.7
Fairbury	97.2	14.0	80.5
Falls City	98.3	23.9	122.3
Fremont	101.0	40.1	113.9*
Grand Island	97.8	142.0	119.0
Hastings	96.6	34.6	100.3
Holdrege	97.9	30.3	105.4
Kearney	101.4	71.1	111.9
Lexington	96.6	50.0	89.1
Lincoln	98.5	70.7	103.4
McCook	97.4	48.8	87.3
Nebraska City	97.6	63.6	89.3
Norfolk	97.2	57.6	104.4
North Platte	98.3	36.1	113.8
Omaha	97.3	74.0	101.9
Scottsbluff/Gering ..	97.7	84.6	89.9
Seward	96.9	40.6	96.6
Sidney	97.5	18.7	99.3
So. Sioux City	98.7	293.9	94.7
York	97.7	306.8	103.3

¹As a proxy for city employment, total employment for the county in which a city is located is used.

²Building Activity is the value of building permits issued as spread over an appropriate time period of construction. The U.S. Department of Commerce Composite Construction Cost Index is used to adjust construction activity for price changes.

³Power Consumption is a combined index of consumption of electricity and natural gas except in cases marked * for which only one is used.

Source: Compilation by Bureau of Business Research from reports of private and public agencies.

August 1980	Index (1967 = 100)	Percent of Same Month Last Year	Year to Date as Percent of Same Period Last Year*
Consumer Prices	249.4	112.8	114.0
Commodity component	236.7	111.5	112.6
Wholesale Prices	273.1	114.6	114.5
Agricultural Prices			
United States	260.0	107.9	98.0
Nebraska	274.0	112.3	98.8

*Using arithmetic average of monthly indexes.
Sources: Consumer and Wholesale Prices: U.S. Bureau of Labor Statistics; Agricultural Prices: U.S. Department of Agriculture.

(Continued from page 3) in their areas. Counties that find themselves in the position of being able to draw additional consumers and income to their trade centers should attempt to discover the reasons why such a phenomenon is occurring. The reasons may well be unique for any particular county and should be understood so that any unforeseen changes in the conditions can be interpreted as to their likely effects on the county retail trade level.

Approximately two-thirds of the counties in the state have both indexes below 100. It is important for these counties to make comparative analyses between or among competing trade centers in an attempt to find out how to strengthen their positions. By the same token, counties that find their relative shares declining need to analyze their situation to determine why such a phenomenon is occurring and how best to combat the decline.

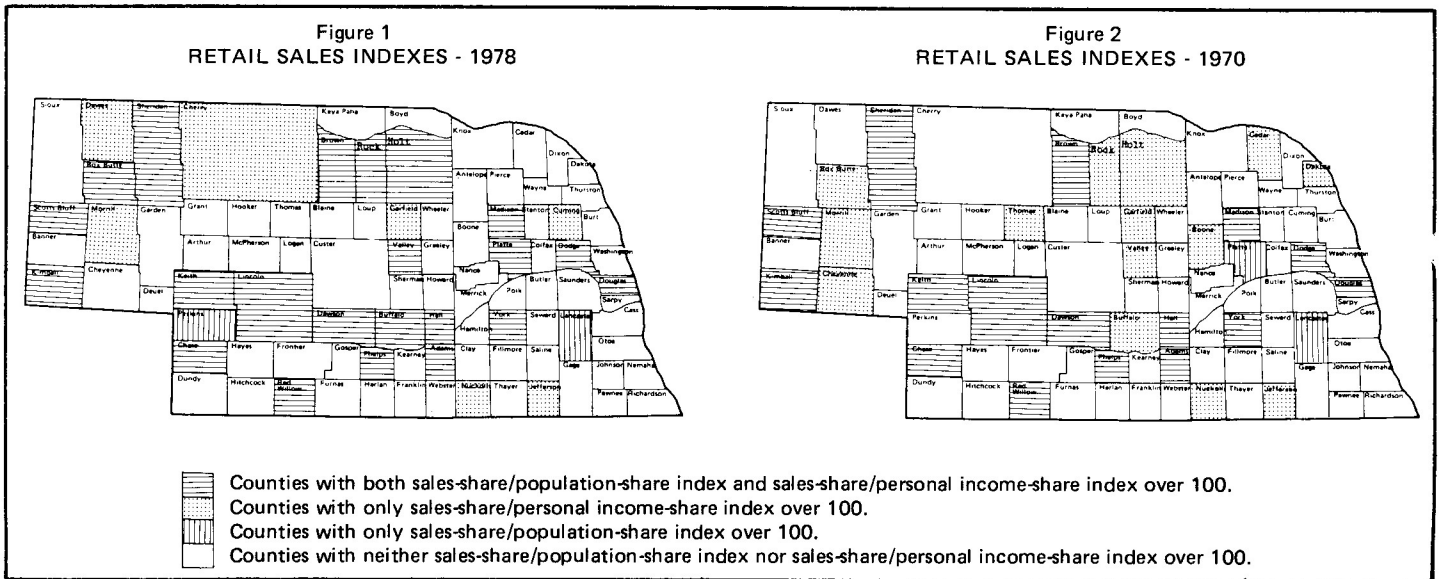
There are probably many conclusions that could be drawn from this analysis. It is clear that while the major metropolitan centers are responsible for a significant portion of the state's retail sales, their share is declining and strong pockets of retailing activity are emerging across the state. Particularly noteworthy is the performance of the southcentral region of the state, compris-

ing Dawson, Buffalo, Hall, Phelps, and Adams counties. This area is developing into a particularly strong center of retail activity and appears to be attracting a considerable amount of business from the surrounding areas.

The expansion of facilities by Burlington-Northern in Box Butte County has resulted in dramatic growth in retail activity in this area. The northcentral region of the state, comprising Holt, Brown, and Rock counties, is also showing considerable strength and growth, which is possibly due in part to agricultural development and expenditures in the area. In the northeastern part of the state, Madison County continues to stand out as a major retail trade center.

The information supplied in the tables and maps in this article provides a base from which counties can determine their relative position to that of competing counties. Obviously, a more sophisticated investigation of retail trade is needed to answer questions such as why some counties continually outperform others, why some counties are experiencing growth while others are declining in their shares of retail trade, and so on. Such an analysis will be forthcoming in a future publication by the Bureau of Business Research.

DAVID CHINCHEN



UNL News

BUSINESS IN NEBRASKA

PREPARED BY BUREAU OF BUSINESS RESEARCH
Member, Association for University Business & Economic Research

Business in Nebraska is issued monthly as a public service and mailed free within the State upon request to 200 CBA, University of Nebraska-Lincoln 68588. Material herein may be reproduced with proper credit.

Publications Services & Control
University of Nebraska-Lincoln
Nebraska Hall—City Campus
Lincoln, Nebraska 68588

No. 435 December 1980

UNIVERSITY OF NEBRASKA-LINCOLN
Robert H. Rutford, *Interim Chancellor*
COLLEGE OF BUSINESS ADMINISTRATION
Gary Schwendiman, *Dean*

BUREAU OF BUSINESS RESEARCH
Donald E. Pursell, *Director*
Charles L. Bare, *Statistician*
Jerome A. Deichert, *Research Associate*
Anne M. Ralston, *Research Associate*
James R. Schmidt, *Research Associate*
Jean T. Keeffe, *Editorial Assistant*

The University of Nebraska-Lincoln does not discriminate in its academic, admissions, or employment programs and abides by all federal regulations pertaining to same.