

## At a Glance

According to the Federal Reserve, economic activity continued to weaken in the upper midwest and is likely to do so through 2009. Employment is expected to contract, with unemployment rates in the 4th quarter predicted to climb above historic averages. Personal income is expected to grow modestly in 2009, slightly faster than in 2008. (1)

### Average Weekly Wage:

The average weekly wage for the 4th quarter, 2008 was \$907 in Minnesota and \$1,032 in the 7-county metro area, both approximately 5% higher than the previous quarter. (3)

### Unemployment:

Since the recession began, men have experienced higher rates of job loss, largely due to overrepresentation in construction and manufacturing. Additionally, married-couple families, with two potential wage earners, appear to be faring better in terms of employment than the already disadvantaged single-parent families. (3)

### Consumer Confidence Index (U.S.):

The CCI posted a slight increase in March, and improved considerably in April. The index is now at almost 40, up from about 27 in March. The CCI measures the degree of optimism on the state of the economy that is expressed through consumer saving and spending. (2)

### Gross Domestic Product (U.S.):

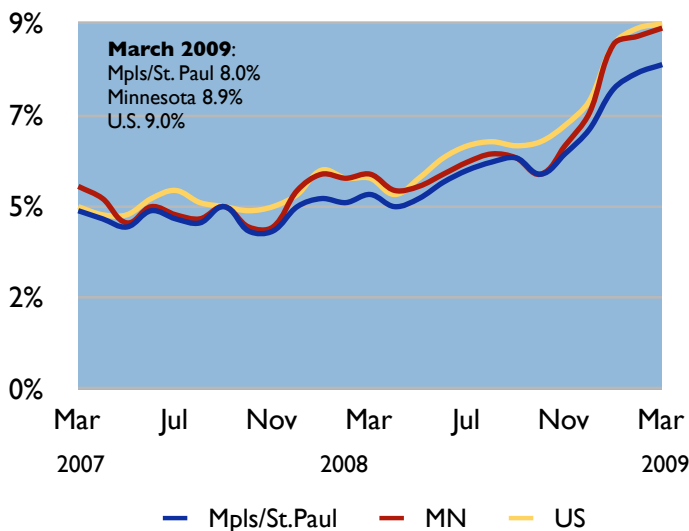
The real GDP decreased by an annual rate of 6.3% in the 4th quarter 2008. The GDP, a national measure of income and output, represents the total value of all goods and services produced in a country's economy and within its borders. (5)

## Economy

### Key Trends

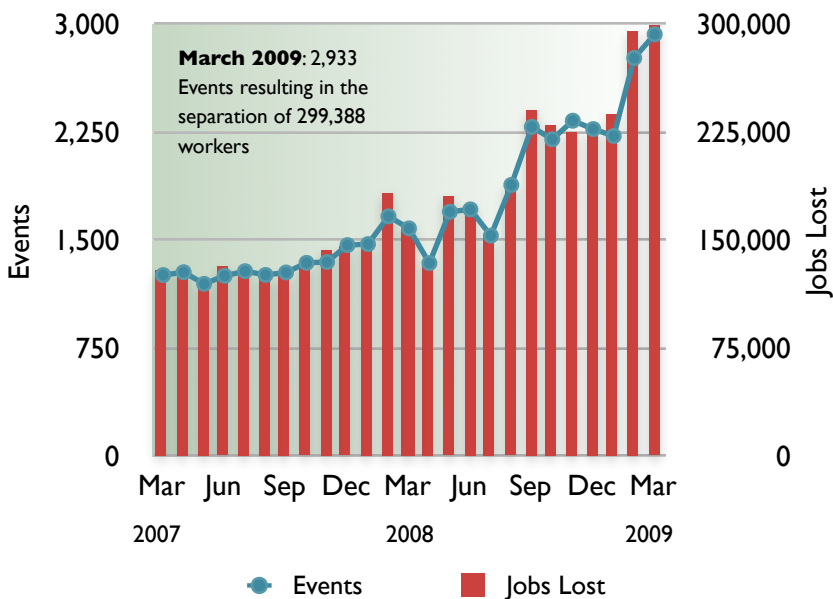
#### UNEMPLOYMENT RATE (not seasonally adjusted)

The Minnesota unemployment rate inched up to a seasonally adjusted 8.2 percent in March, nearing the U.S. rate of 8.5 percent. (3)



#### MASS LAYOFFS

Mass layoffs in the United States are measured monthly by new filings for unemployment insurance benefits that involved at least 50 persons from a single employer. (5)



### At A Glance

Across the nation, the housing market continues to be difficult for many, with continued high rates of foreclosure and a tight rental market.

#### Housing Affordability:

With median sales prices falling due to high numbers of foreclosed properties and mortgage rates remaining low, the market for new homeowners is more affordable than it has been for several years. Since 2002 the Housing Affordability Index has increased more than 50%. (6)

#### Total Sales and Foreclosed Sales:

In March 2009, home sales in the metro area were 14.3% higher than March 2008. Between February 1 and April 1, the inventory of foreclosed homes dropped by more than 1,200 (6)

#### Median Sales Price:

The increased market share of foreclosures and short sales continues to drag the overall median home price downward. The median sales price in the metro area was \$154,125 in March, down nearly \$235 from the same time last year. (6)

#### Mortgage Rates:

In May the average rate was 5.4% for a 30-year fixed rate mortgage in the Twin Cities. This is more than a percentage point lower than May 2008. (6)

#### Housing Permits:

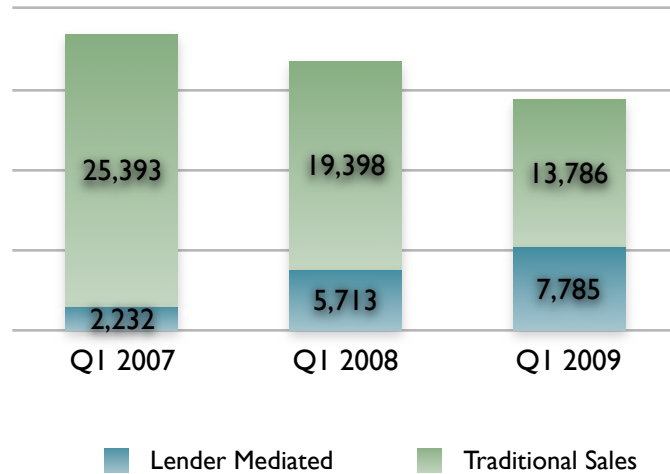
There were 683 housing permits issued in the 13-county metro area during the first quarter of 2009. This is down from 1,067 in the same period last year, and 2,216 in the first quarter 2007. (4)

## Housing

### Key Trends

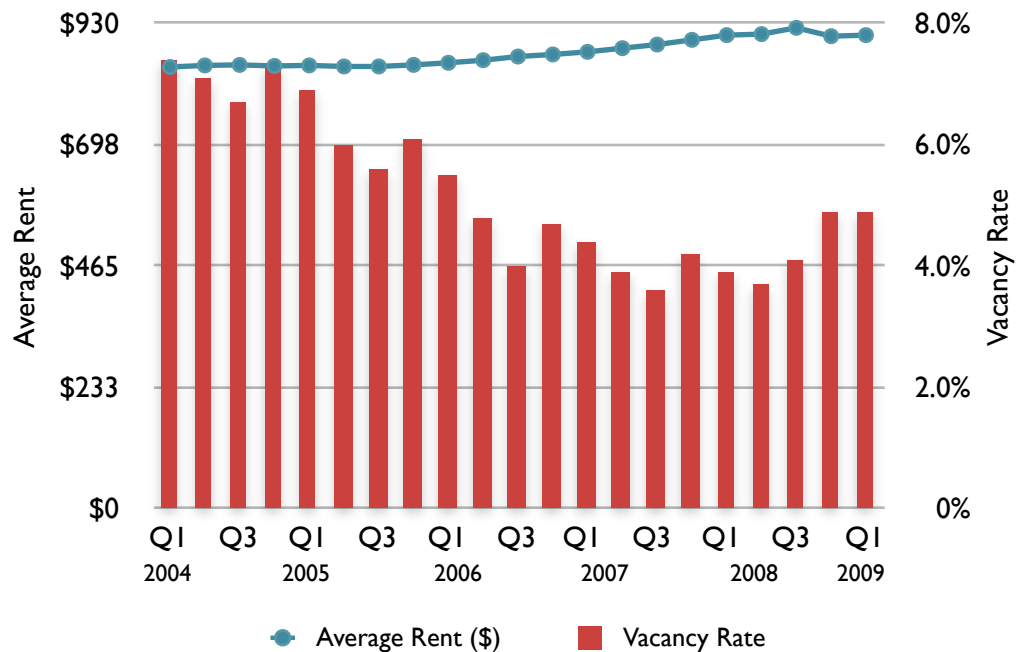
#### TOTAL CLOSED SALES, METRO AREA

The Mortgage Bureau Association predicts the foreclosure situation will not seriously begin to improve until the end of 2010.



#### METRO AREA AVERAGE RENT AND VACANCY RATE

In the 7-county Twin Cities region, rents remain high. The vacancy rate rose to 4.9% at the end of 2008, but the average rent remained above \$900 per month. (8)



## At A Glance

A challenging economic climate has increased the number of people seeking assistance with basic needs, while creating difficulties for service providers to raise the resources necessary to meet them.

### Community Basic Needs

#### Hunger:

Food assistance calls to United Way 2-1-1 referral service were 26 percent higher in the 1st quarter of 2009 than the same period last year. (10)

#### Homelessness:

Emergency shelter use is up, with Hennepin and Ramsey county-paid family shelters housing 247 families in March 2009 compared with 209 in March 2008 and 184 in March 2007. (11)

### Service Provider Challenges

#### Client Load:

Nearly two-thirds of the Minnesota Council of Nonprofit's member agencies are concerned that they have had an increase in the number of clients in the last 3-6 months. The average increase was 15.7%. (9)

#### Concerns about Revenue Loss:

Approximately two-thirds of United Way agencies surveyed are concerned about losing government funding (60%); and just under half are concerned about losing foundation grants (46%). (12)

#### Balanced Budget:

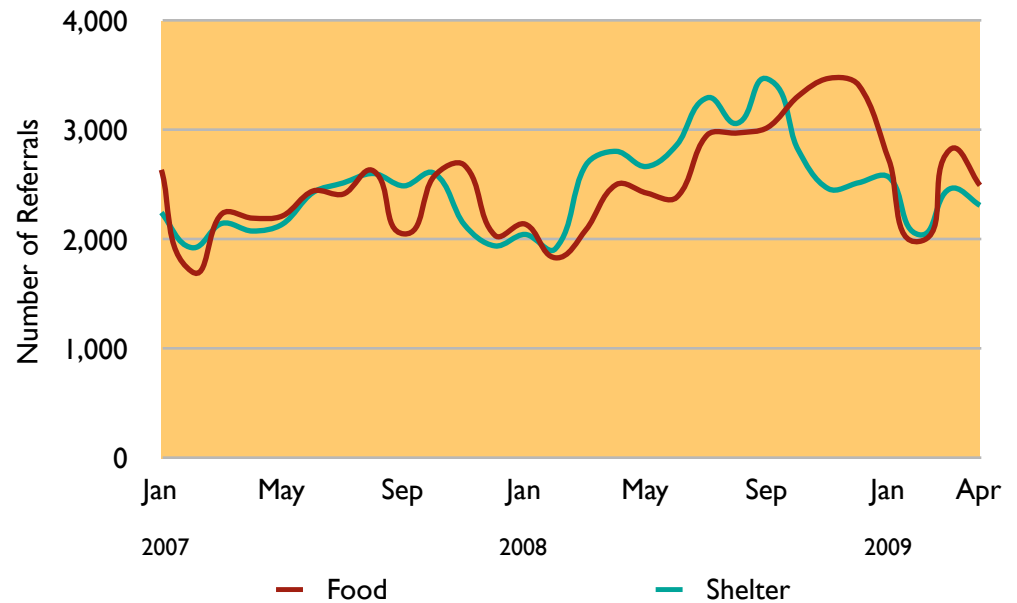
To balance their 2008 budget, agencies most frequently implemented hiring freezes (31%) and layoffs (31%). In addition one-quarter eliminated some programs or services and nearly one-fifth implemented a salary freeze. (12)

## Basic Needs and Nonprofit Challenges

### Key Trends

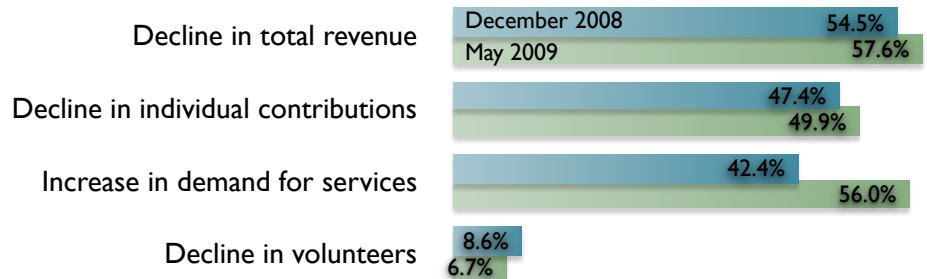
#### COMMUNITY BASIC NEEDS

Referrals for emergency food, shelter and other basic needs remain high in the Twin Cities 9-county area. (10)



#### ORGANIZATIONAL CHALLENGES IN 2008

A member survey conducted in December 2008 and May 2009 by the Minnesota Council of Nonprofits shows service providers are facing multiple challenges including declines in revenues and increases in demand for services. (9)



## Outlook and Implications

Despite some very recent signs of relief, including small decreases in unemployment and some increases in the stock market and consumer confidence, neither the local nor the national economy are yet showing widespread signs of a turn-around.

The climbing local unemployment rate, from about 4 to 8 percent over the past two years, continues to mirror the slightly higher national rates. Nationally, male workers have been hit harder, but women continue to be more likely to occupy part-time and non-benefited positions.

Health care coverage is likely to be a casualty of the recession for many. Just prior to the recession 70 percent of residents were insured through their employer.

A marked increase in homeownership affordability is the only silver lining to an otherwise cloudy housing sector. Foreclosures continue to play a big role in the ownership market (and neighborhoods), and rents remain high.

Emergency assistance requests remain high, and service providers continue to be anxious about the resources available to meet those needs and sustain their organizations, particularly in light of the state budget unallotments.

The *Quarterly Economic Pulse* is intended to provide the most recent information on a few key indicators that gauge the current economic climate. For more in-depth information, and long-term trends affecting the Twin Cities region's overall well-being go to:

**Twin Cities Compass**  
([tccompass.org](http://tccompass.org))

**Greater Twin Cities United Way**  
([unitedwaytwincities.org](http://unitedwaytwincities.org)).

**For questions and comments  
contact:**

Dr. Elizabeth Peterson  
Greater Twin Cities United Way  
[PetersonI@unitedwaytwincities.org](mailto:PetersonI@unitedwaytwincities.org)  
612-340-7429

### Sources:

1. Federal Reserve Bank of Minneapolis
2. The Conference Board
3. Minnesota Department of Employment and Economic Development
4. U.S. Census Bureau
5. U.S. Department of Labor, Bureau of Labor Statistics
6. Minneapolis Area Association of Realtors
7. National Association of Realtors
8. GVA Marquette Advisors
9. Minnesota Council of Nonprofits, "Nonprofit Current Conditions Report" (December 2008)
10. Greater Twin Cities United Way 2-1-1 Referral Statistics
11. Hennepin County and Wilder Research/Minnesota's HMIS
12. Greater Twin Cities United Way Agency Survey (January 2009)

This quarterly update is co-produced by

