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Experts: Ames' economic downturn too recent to measure

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Local business and economic experts say that resilience and diversity are two reasons why Ames and Story County showed continued growth in gross domestic product last year.

But they also noted that Iowa's economy didn't slow as fast as the rest of the country, and that the tough times in Ames are so recent that the bad news won't show up until the U.S. Bureau of Economic Analysis releases its next report more than a year from now.

The bureau reported Thursday that GDP in Ames and Story County grew to \$3.8 billion in 2008 as compared to \$3.63 billion the previous year.

Ron Cox, who heads up the Iowa State University Extension Center for Industrial Research and Service, said the information is too old to measure the slowdown in the Ames metropolitan statistical area, or MSA, this year.

"That's because Iowa came late to the recession and Ames even later than that," Cox said.

But 2009 figures will tell a different story, he said.

"In just the months of January through August 2009, the country has lost 869,000 manufacturing jobs," Cox said.

Iowa and Ames will reflect that trend when newer numbers show up, he said.

Dan Culhane, president and CEO of the Ames Chamber of Commerce and Ames Economic Development Commission, said his experience has been similar, although there are some encouraging signals.

"If you look at what's happened in MSAs across the country, it's apparent that Ames had a strong showing (in 2008)," he said.

"We may get a much different picture when the 2009 numbers are in, but we are already seeing signs that things are picking up."

ISU economist Peter Orazem said that because of major tourist events RAGBRAI and the Farm Progress Show, "the third quarter of 2008 was the best retail quarter in Ames history, an indication of why it's important to get convention and visitor business in Ames."

But he said there may be tough times ahead, pointing to "an ongoing weakness in state government jobs (25 percent of our employment base). That sector is about to get hammered due to large permanent budget cuts at ISU and the (Iowa) Department of Transportation," Orazem said.

Liesl Eathington, assistant scientist with the ISU department of economics, said financial services and non-durable goods manufacturing gave Ames an economic boost in 2008.

"The strong performance in financial services was a surprise, and Ames did well in non-durable goods manufacturing," she said. "Retail trade wasn't as strong, but it held its own."

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