

4.0 Analysis of Economic Change

(as of Fall 2002)

While the prior chapter identified new business openings, expansions and development activities in the study area (and comparison area), there have also been business closures and relocations over that same time period. To assess the bottom line -- overall net change in the economy, this chapter examines aggregate measures of economic change in the study area and comparison area.

4.1 Sources and Indicators of Overall Change

The project team identified five indicators of change over time that can reflect shifts in regional economies. They are:

- Number of Business Establishments
- Employment
- Average Income
- Property Values
- Population

These indicator measures can be related. For instance, a truly depressed economy would tend to have losses in both the number of business establishments and employment, low levels of both average income and property values, and losses of population. However, these various indicators may not always move together. For instance, there can be losses of one or two large businesses, while many small businesses start up or move into the area. In that case, the indicators would show a gain in the number of business establishments but a loss in the level of employment in the region. Thus, there is value in examining *all* of these different impact measures at the county level (and sub-county level, when available).

There is also a time dimension to the analysis. Since the 4-lane freeway was built over the later 1990s and officially *completed* in December 1999, we define time periods as follows:

- 1990-1995: reflecting economic trends *before* completion of the freeway;
- 1995-2000: reflecting economic trends *during* the time of freeway completion;
- 2000-2002 (and beyond): reflecting economic trends occurring in the short-term *after* completion of the freeway.

In this study, we desire to measure trends before, during and after project completion. However, data available at this time is not complete. Specifically, US Commerce Dept. employment data for small areas (County Business Patterns and Zip Code Business Patterns) was available only through the year 2000, as of the time that this analysis. Likewise, Census population data was also available only through the year 2000. Thus, our aggregate data analysis can only compare pre-completion trends with trends occurring within a year of project completion. As such, we must consider the findings in this chapter to be evidence of early impacts, and rely on interviews for additional evidence of emerging development changes that are not yet reflected in employment and population counts. The data shown here will have further value in the future, as they establish a baseline set of indicators that can be used to track other changes occurring later.

4.2 Employment and Number of Businesses

Table 4-1 shows the change in number of business establishments and employment in the *study area*, over the 1995-2000 period. This period spans the period immediately before and immediately after completion of the freeway. (Data for earlier and later times was not available for this study.) Overall, the study area had a 2.0% increase in the number of business establishments and a 1.3% increase in employment over this period. However, the data breakdown by county shows that the employment growth was concentrated at the western part of the study area (Chautauqua County), which is the area closest to the connection with the major cross-country route of I-90. The other two counties had increases in the number of business establishments, but actual losses in total employment. This reflects the fact that new businesses had moved in, but had not yet grown enough to offset the losses of plant closings during that period.

The table further shows a breakdown of these changes for individual communities that are located directly along the I-86 route. It shows that the largest employment gains occurred in Jamestown, the area's most populous community, although there were also major gains in jobs in communities located off of the highway route.

Table 4-2 shows the change in number of business establishments and employment in the *comparison area*, over the same 1995-2000 period. Overall, that area had a 2.0% increase in number of business establishments (the same rate as in the study area), but almost no increase in employment (0.1% growth, compared to 1.3% in the study area). Behind that overall finding, there was actually notable employment growth in Franklin County, offset by employment losses in St. Lawrence County.

Figure 4.1 illustrates how 1995-1997-2000 patterns of total employment and manufacturing employment change differed among the study area, comparison area and rest of New York State (excluding New York City region). It shows that total employment in both the comparison area and statewide ended up roughly the same in the year 2000 as in 1995. (Employment in the comparison area was relatively flat over the period, while the state level dipped slightly and rebounded within the period.) In contrast, total employment in the study area grew 1.3% over that period. However, there was no evidence that employment within the study area grew any faster as construction was being completed (1997-2000) than during the earlier period (1990-1995).

Table 4.1: Change in Establishments & Employment in Southern Tier West

By County and for Communities along I-86, 1995-2002

	Place & Zip Code	Establishment			Employment			
		1995	2000	Change	1995	2000	Change	Percent
Chautauqua County								
	Sherman-14781	35	39	4	195	192	-3	-2%
	Bemus Point-14712	59	63	4	329	378	49	15%
	Greenhurst-14742	5	2	-3	37	-	-37	-100%
	Celoron-14720	17	20	3	99	98	-1	-1%
	Jamestown-14701	1,082	1,035	-47	17,796	19,168	1,372	8%
	Falconer-14733	123	136	13	3,472	3,318	-154	-4%
	<i>Rest of County</i>	1,794	1,828	34	23,269	24,197	928	4%
	County Total	3,115	3,123	8	45,197	47,351	2,154	5%
Cattaraugus County								
	Randolph-14772	56	55	-1	621	738	117	19%
	Steamburg-14783	7	5	-2	24	18	-6	-25%
	Salamanca-14779	137	144	7	1,661	1,761	100	6%
	Kill Buck-14748	10	12	2	35	91	56	160%
	Limestone-14753	11	10	-1	49	45	-4	-8%

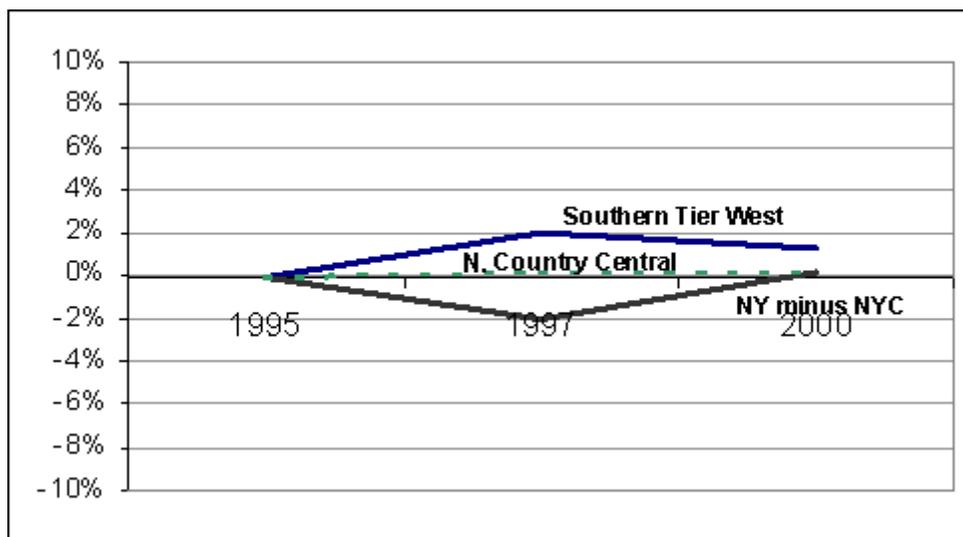
Allegany-14706	116	116	0	693	628	-65	-9%
Olean-14760	735	789	54	12,153	11,840	-313	-3%
Hinsdale-14743	20	16	-4	84	99	15	18%
<i>Rest of County</i>	718	713	-5	9,517	9,197	-320	-3%
County Total	1,810	1,860	50	24,837	24,417	-420	-2%
Allegany County							
Cuba-14727	95	115	20	1,388	1,226	-162	-12%
Friendship-14739	24	30	6	282	362	80	28%
Angelica-14709	23	29	6	121	120	-1	-1%
Almond-14804	15	19	4	74	83	9	12%
<i>Rest of County</i>	641	660	19	10,463	9,898	-595	-6%
County Total	798	853	55	12,328	11,689	-639	-5%
Southern Tier West Total	5,723	5,836	113	82,362	83,457	1,095	1.33%

Table 4.2: Change in Establishments & Employment in North Country Central By County, 1995-2002

Place & Zip Code	Establishment			Employment			
	1995	2000	Change	1995	2000	Change	Percent
Franklin County	1,046	1,090	44	9,789	10,494	705	7%
St. Lawrence County	2,135	2,156	21	28,895	28,240	-655	-2%
N. Country Central Total	3,181	3,246	65	38,684	38,734	50	0.13%

Source: US Dept. of Commerce: County Business Patterns and Zip Code Business Pattern

Figure 4.1 Total Employment: Percent Change from 1995 Level



All Employment	1995	1997	2000

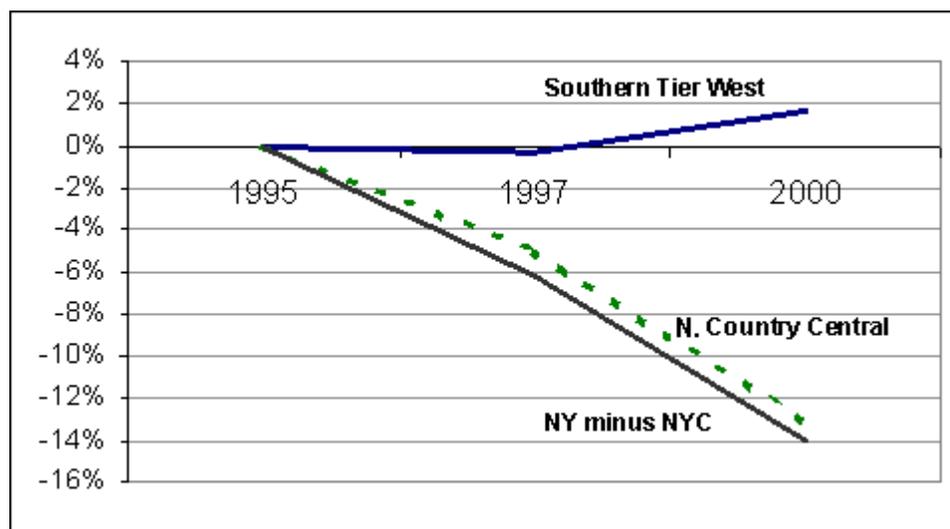
Southern Tier West	0.0%	2.0%	1.3%
North Country Central	0.0%	-2.0%	0.1%
NY State Total	0.0%	0.2%	0.2%

While Figure 4.1 shows no initial evidence of an upturn in employment as the highway was being completed, it is important to note that most of the new business attraction cited by local officials in the survey (discussed in Chapter 3) was for the years 2001 and 2002. Those years are after the end period of this published government employment data. Thus, later studies will be needed to further track these trends.

Attempts were also made to look at changes in the composition of business activity. This was constrained by the fact that the US Dept. of Commerce changed from the Standard Industrial Classification (SIC) system to the new North American Industrial Classification System (NAICS) in 1997. As a result, it was not possible to reliably compare breakdowns of business composition between 1995 and 2000 for non-manufacturing sectors. However, comparisons were possible for the manufacturing sector, with appropriate adjustments.

Figure 4.2 shows evidence of more dramatic changes occurred in manufacturing. It shows that the comparison area had continued losses over the period, closely mirroring the state performance. However, the study area had a very different trend for manufacturing employment. It shows a slight loss for the 1995-1997 period, followed by a noticeable upturn as the highway was completed during the 1997-2000 period, as the highway project was completed. Later data will be required, however, to fully determine the post-project impacts on manufacturing employment.

Figure 4.2 Manufacturing Employment: Percent Change from 1995 Level



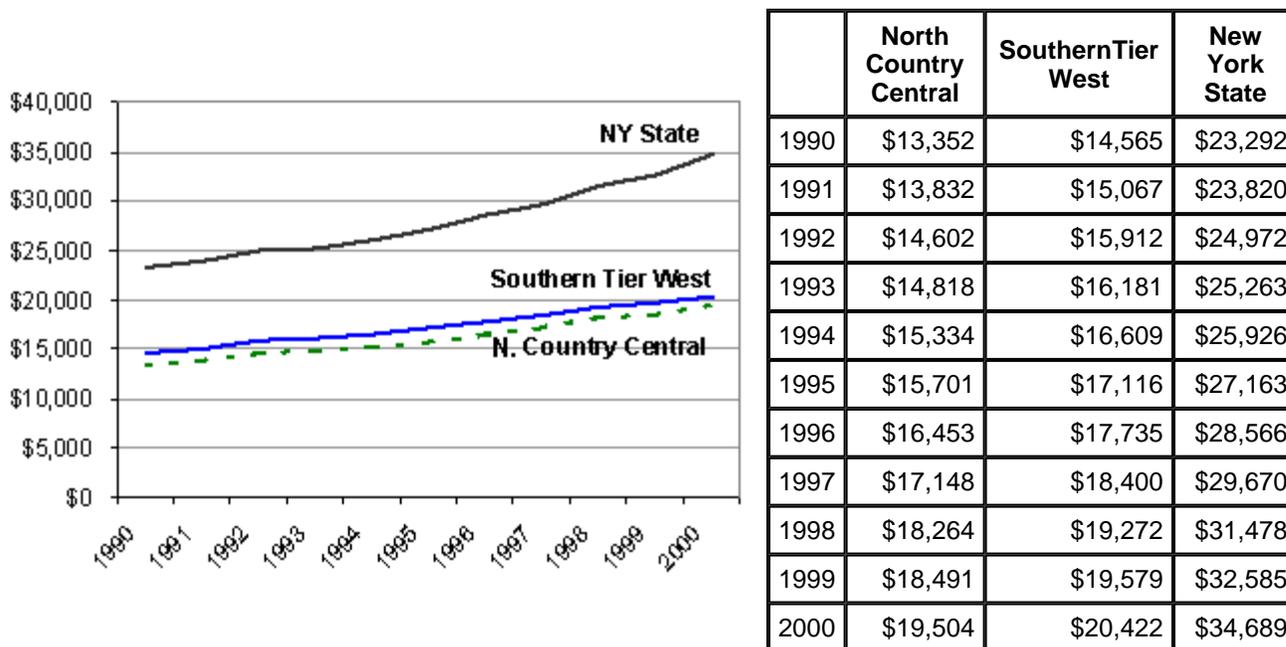
Manufacturing	1995	1997	2000
Southern Tier West	0.0%	-0.3%	1.6%
North Country Central	0.0%	-4.9%	-13.2%
NY State Total	0.0%	-6.2%	-14.0%

4.3 Average Income

Annual income per capita in the study area has historically been very slightly more (between \$500 and \$1,000 higher) than that of the comparison area, and that trend did not change over the period from 1990 to 2000. (See Figure 4.3). Incomes in both regions have historically lagged the State of New York average, and there is no evidence that this gap has either widened or narrowed in the study area or the comparison area over this time

period. Again, though, it is important to remember that the highway project was completed in December 1999, and since income data available at this time goes only to the year 2000, it is not yet possible to make definitive conclusions regarding project impacts on income.

Figure 4.3 Per Capita Income: Study Area, Comparison Area and NY State



Source: U.S. Bureau of Economic Analysis, 2002

4.4 Property Values

Residential property values are also a reflection of population and economic growth. Table 4.3 shows how median sale prices have changed over time in each of the counties in the study area and comparison area. Unfortunately, this series is available only for the period of 1999-2000-2001, so it reflects change over an interval of just two years. Data will be needed for future years in order to make conclusions regarding shifts in residential property values among these areas.

Overall, the available data on property values shows that countywide median residential property values in the comparison area remained higher than countywide values in the study area, and that this difference did not change. The strongest growth in property values between 1999 and 2001 was observed in Allegany County in the study area, with an increase of 18 percent, and St. Lawrence County in the comparison area, with an increase of 12 percent. Increases in residential property values in the other counties of the study area and comparison area were all 2 percent or less. However, it is important to note that these trends all reflect countywide averages and do not provide any insight into localized impacts on property values in the vicinity of highway interchanges. Impacts that are highly localized are likely to be lost in countywide averages.

Table 4.3 Residential Sales and Median Sale Prices by County, 1999 to 2001

County	1999		2000		2001	
	Sales	Median Price	Sales	Median Price	Sales	Median Price
Southern Tier						
Chautauqua	1,636	\$54,000	1,604	\$56,500	1,432	\$57,700

Cattaraugus	795	\$53,900	817	\$53,000	816	\$55,000
Allegany	495	\$38,000	474	\$40,500	486	\$45,000
North Country						
St. Lawrence	979	\$49,000	915	\$50,000	903	\$55,000
Franklin	394	\$52,000	427	\$54,075	436	\$52,000

Note; This includes only "arm's length" sales, reflecting full market value

Source: New York State Office of Real Property Services, 2002

4.5 Population

Detailed population data is available from the decennial census, completed in 1990 and 2000. Unlike the other indicators of change cited in this chapter, the population measures lack data for intermediate years (such as 1995 and 1997, as used for other indicators in this chapter). For that reason, it is not possible to isolate pre-completion trends during the first half of the 1990's from trends at the time of project completion during the second half of the decade. For that reason, the population data presented here is most useful as a baseline for comparison against future years.

Table 4.4 shows how population has changed within the study area and the comparison area over the period from 1990 to 2000. It also breaks down the population change by county within those areas, and it also isolates the population change for study area communities located along the I-86 corridor and for comparison area communities located along the US 11 corridor. The overall result is that all of the counties within the study area lost population, and so did the communities along the I-86 corridor.

Within the comparison area, the population was stable in one county and growing in another county, though even that growth occurred in communities outside of the US 11 corridor. This is related in part to the increasing attractiveness of the southern part of Franklin County (near the Adirondack State Park) as a recreational vacation and second home location.

Table 4.4 Comparison of Population Changes from 1990 to 2000 in the I-86 and US 11 Corridors

County	Total Population 1990	Total Population 2000	Absolute Change	Percent Change
Allegany	50,470	49,927	-543	-1.1%
Cattaraugus	84,234	83,955	-279	-0.3%
Chautauqua	141,895	139,750	-2,145	-1.5%
Total Southern Tier West Counties	276,599	273,632	-2,967	-1.1%
<i>Subset: I-86 Corridor Communities</i>	<i>133,373</i>	<i>127,455</i>	<i>-5,918</i>	<i>-4.4%</i>
Franklin	46,540	51,134	4,594	9.9%
St. Lawrence	111,974	111,931	-43	0.0%
Total N. Country Central Counties	158,514	163,065	4,551	2.9%
<i>Subset: US 11 Corridor Communities</i>	<i>103,841</i>	<i>103,403</i>	<i>-438</i>	<i>-0.4%</i>
New York State	17,990,455	18,976,457	986,002	5.5%

Source: U.S. Census Bureau, 1990 and 2000 Census

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