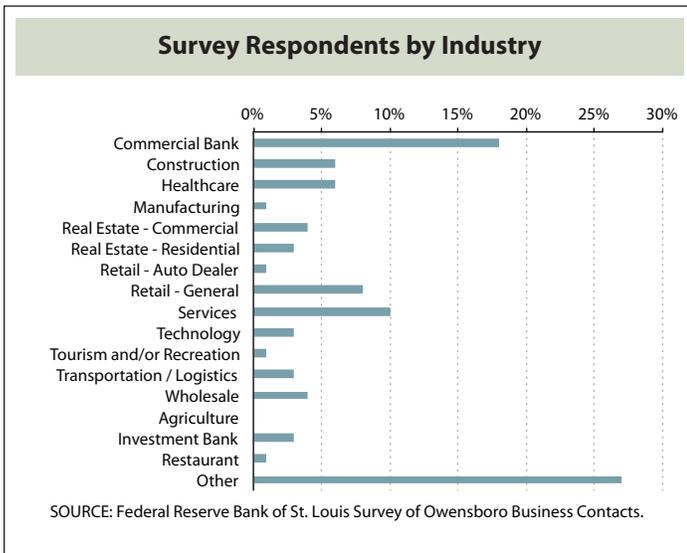


# Summary of Survey Responses from Owensboro Business Contacts

July 2014

## Local Economic Conditions at a Glance

What is your firm's primary industry?

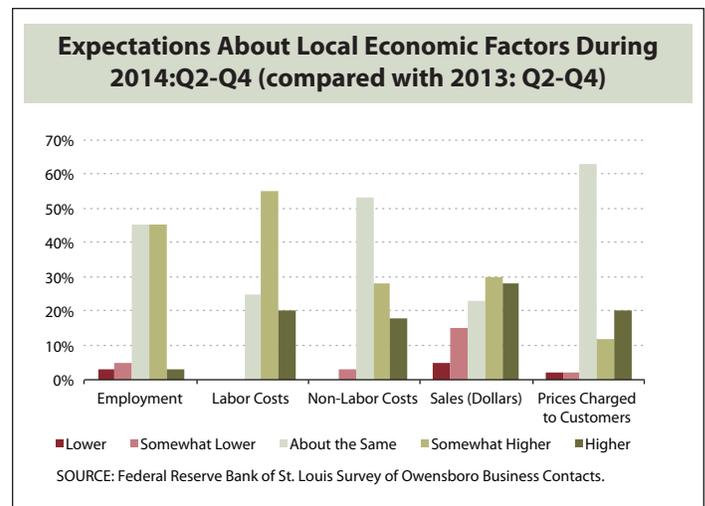
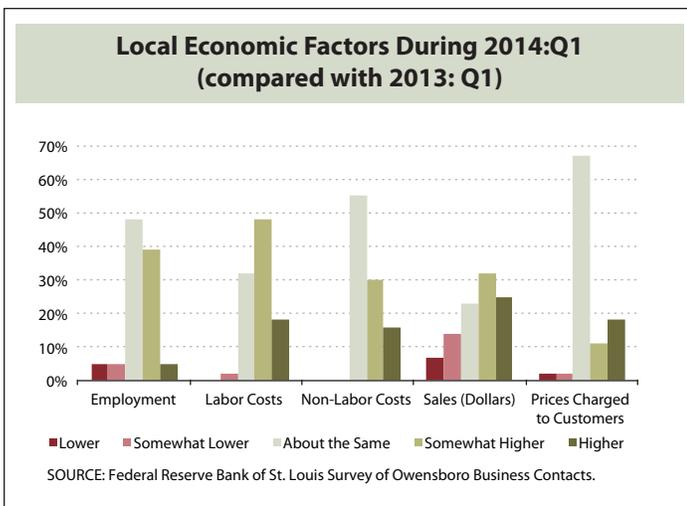


## Overview

The Federal Reserve Bank of St. Louis conducted a voluntary survey of business contacts in Owensboro between May 5 and May 15. In total, 45 contacts completed the survey. The results presented here should be interpreted with caution, as the sample of respondents may not be fully representative of businesses in Owensboro. These results are further discussed in the Owensboro Metro Profile in the July edition of the St. Louis Fed's *Regional Economist*.

For each measure listed below, please assess the following:

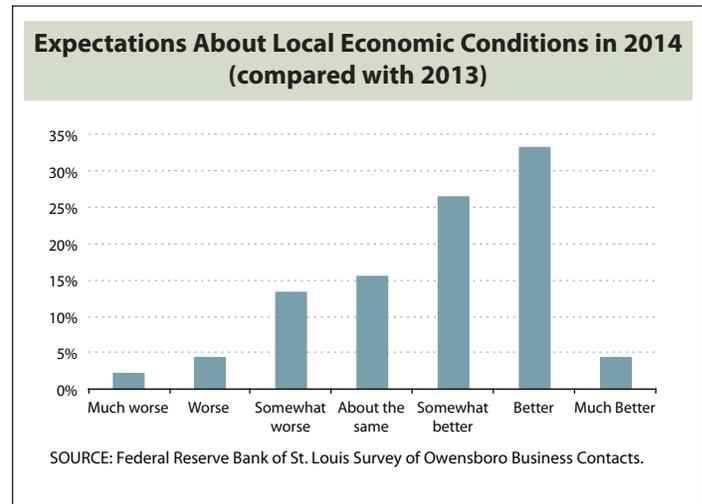
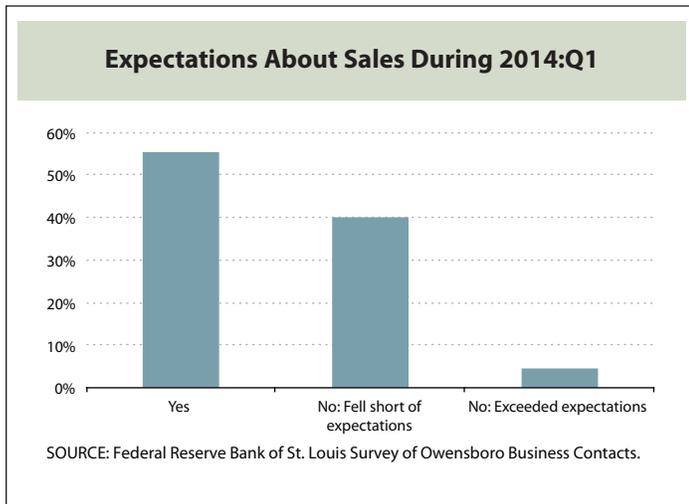
1. How *has it changed* in the first quarter of 2014 relative to the first quarter of 2013?
2. How do you *expect it to change* in the last three quarters of 2014 relative to the last three quarters of 2013?



The views expressed here do not necessarily reflect official positions of the Federal Reserve Bank of St. Louis, the Federal Reserve System, or the Board of Governors. For more information contact Charles Gascon at [Charles.S.Gascon@stls.frb.org](mailto:Charles.S.Gascon@stls.frb.org); for media inquiries contact [mediainquiries@stls.frb.org](mailto:mediainquiries@stls.frb.org).

**Did sales in the first quarter of 2014 meet expectations?**

**How do you expect local economic conditions in Owensboro to change in 2014?**



- The majority of the Owensboro business contacts saw higher labor costs in the first quarter of 2014 than in the first quarter of 2013, though non-labor costs and prices charged to customers were mostly unchanged or slightly higher. Contacts expect these factors to behave similarly through the rest of the year.
- Employment continued its slow and steady growth through the first quarter and is expected to continue growing slightly.
- Over one-third of the contacts reported that first-quarter sales fell short of expectations, and anecdotes suggest this was partly due to severe winter weather conditions. However, about 60 percent of the contacts expect 2014 sales to be higher or somewhat higher than last year, with about 25 percent of contacts expecting sales to remain similar to last year's.
- Contacts in Owensboro indicated general optimism about the local economy: 65 percent expect conditions to improve this year, 16 percent expect conditions to remain the same as last year, and 19 percent expect conditions to worsen.
- The majority of survey respondents that identified their firm's primary industry as "other" are generally considered part of the services industry.

**Employment**

**What are the top factors influencing your firm's hiring?  
How are these factors affecting short- and long-term hiring?**

*Positive*

- Business expansions in services and real estate
- Increased demand for products and services

*Negative*

- Lack of qualified employees (less education, experience, skills than needed; lack of skilled trade workers)
- High turnover, particularly in IT
- Higher labor and non-labor costs (healthcare and other insurance premiums, training, regulatory compliance costs)

## 2014 Outlook

What are the top three factors influencing the outlook for your business in 2014?  
How are these factors influencing your outlook?

### Positive

- Riverfront and downtown development (new construction and more retail options)
- Increased local spending
- Strengthening agricultural and real estate markets

### Negative

- Rising energy and healthcare costs; aging energy infrastructure
- Rising cost of living
- Lack of qualified employees

## Riverfront Development

How have the initiatives to develop the Owensboro riverfront and downtown areas affected your business?  
How do you expect these initiatives to affect your business in the future?

### Positive

- Increased visibility, foot traffic, and sales
- Improved quality of life (attraction and retention of businesses and employees)
- Strengthening of retail and housing markets downtown
- Boost in construction (only during the re-development process)

### Negative

- Higher cost of living, including overpriced real estate downtown
- No additional construction opportunities after the re-development is complete

### Neutral

- About half of contacts whose businesses (and/or customers) are located outside the downtown area report that the downtown re-development has not affected them

## Join Our Panel of Business Contacts

Our panel of regional business contacts provides valuable insight into current conditions through a short online survey, four times per year. The aggregated survey results are released as part of the *Beige Book*, the St. Louis Fed's *Burgundy Book*, and other bank publications. The results are also used in monetary policy discussions. If you would like to take a sample survey and join our panel, please go to <http://research.stlouisfed.org/outlooksurvey> or e-mail us at [beige.book@stls.frb.org](mailto:beige.book@stls.frb.org).