



Nebraska Economist

"Producing" Growth

by: Nate Kauffman and John McCoy

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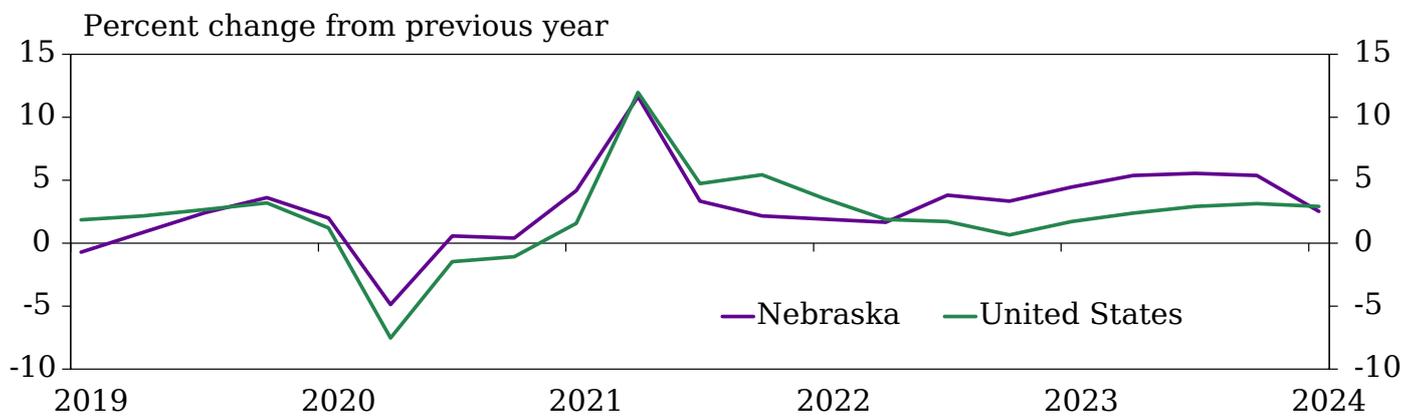
Manufacturing has been a source of strength for Nebraska's economy.

In contrast to the nation as a whole, goods-producing industries have accounted for much of the recent economic growth in Nebraska. Persistent demand growth for food, alongside construction, have been significant drivers of growth, both recently and longer-term. Moreover, a concentration in manufacturing has generally been a source of strength for Nebraska's economy, particularly in rural areas.

See the following for the latest update on the manufacturing sector in Nebraska. Or [download the charts here](#).

Economic growth has remained steady, but slightly stronger on average in Nebraska than the nation.

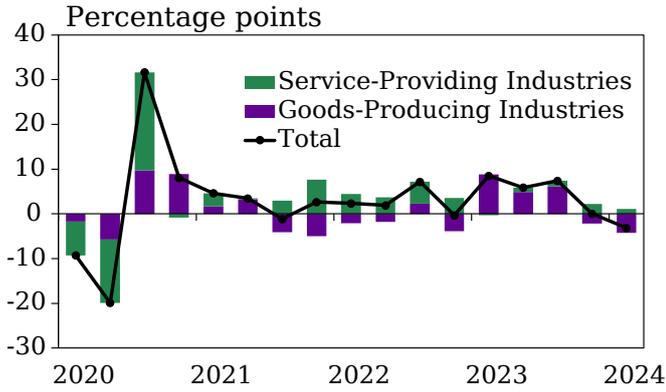
Real Gross Domestic Product



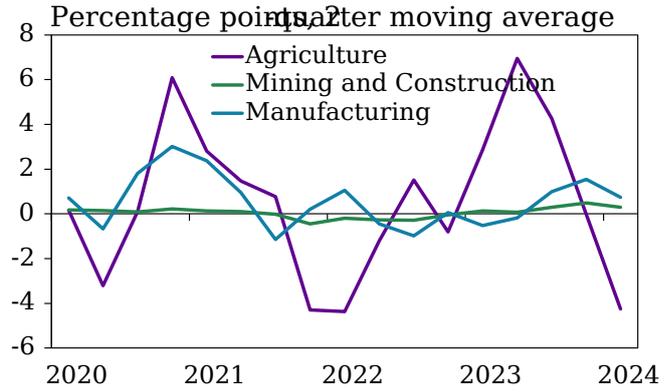
Sources: BEA, Haver Analytics

Despite weaker conditions in agriculture recently, economic activity in Nebraska has been supported by goods-producing industries.

Contributions to Quarterly Change in Real GDP, Nebraska



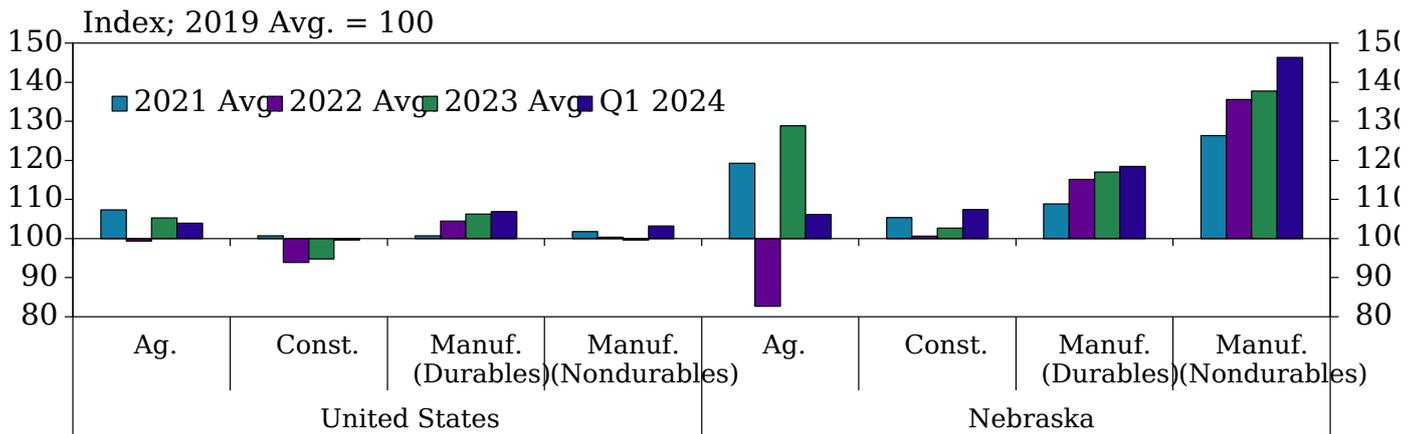
Contributions to Quarterly Change in Real GDP, Nebraska Goods-Producing Industries



Source: BEA.

Economic output in manufacturing and construction has continued to increase at a steady pace.

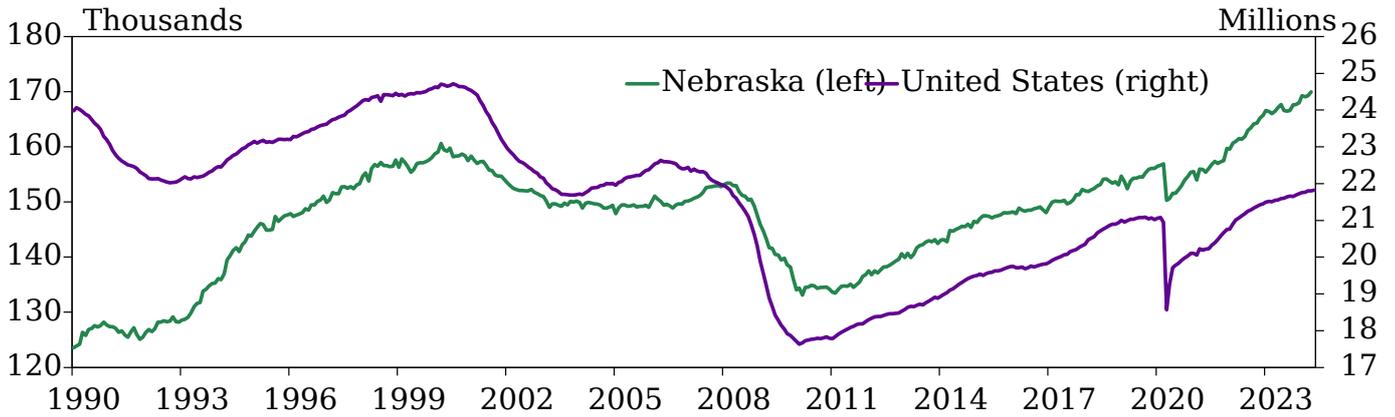
Real GDP, Goods-Producing Industries



Source: BEA

Employment in Nebraska's goods-producing industries has also outperformed the nation, both recently and historically.

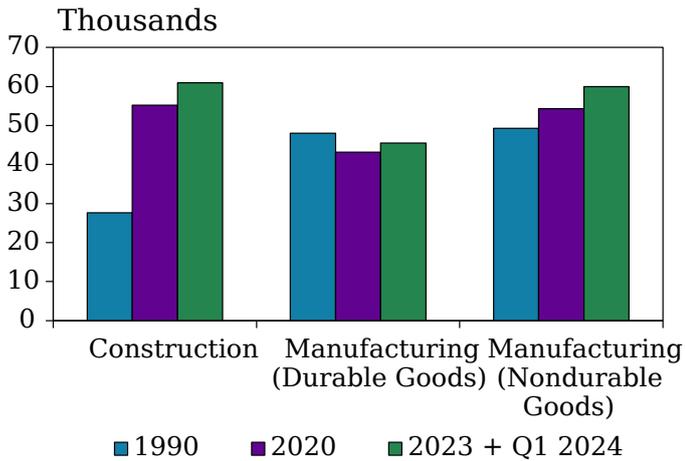
Goods Producing Employment



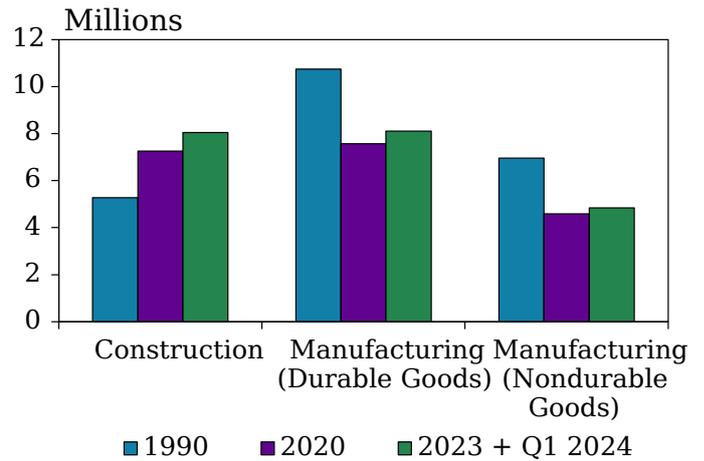
Sources: BLS, Haver Analytics.

Employment growth has been most pronounced in the categories of construction and "nondurable" goods.

Employment in Goods Producing Industries, Nebraska



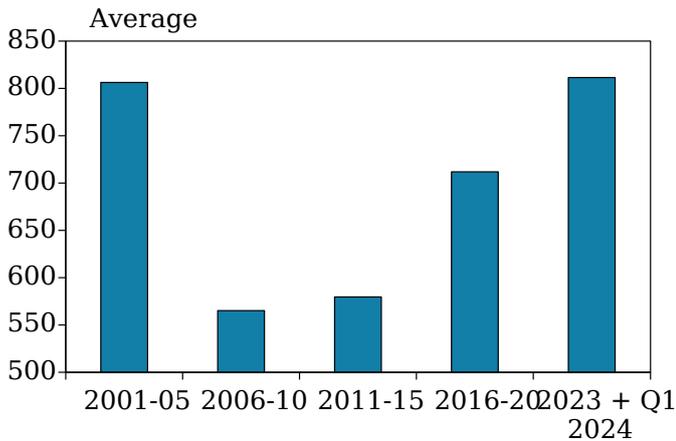
Employment in Goods Producing Industries, United States



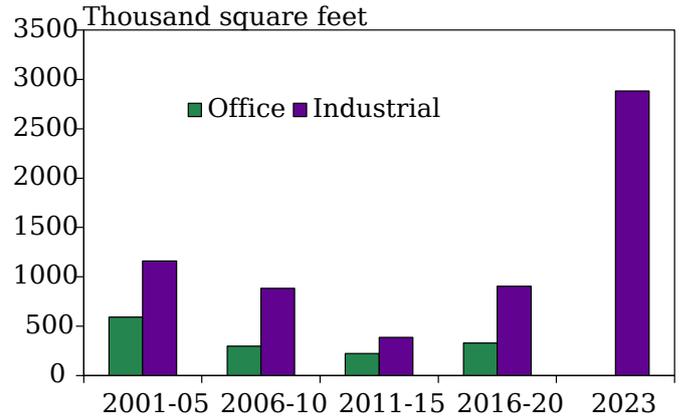
Sources: BLS, BEA, Haver Analytics.

Demand for housing and commercial real estate, particularly industrial buildings, has supported construction activity.

Nebraska Housing Permits



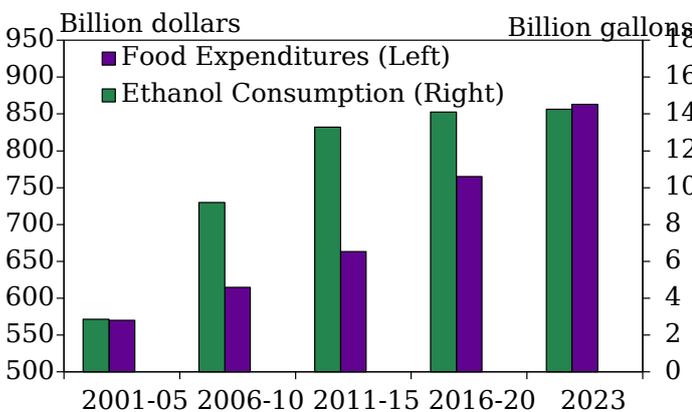
Omaha CRE New Completions



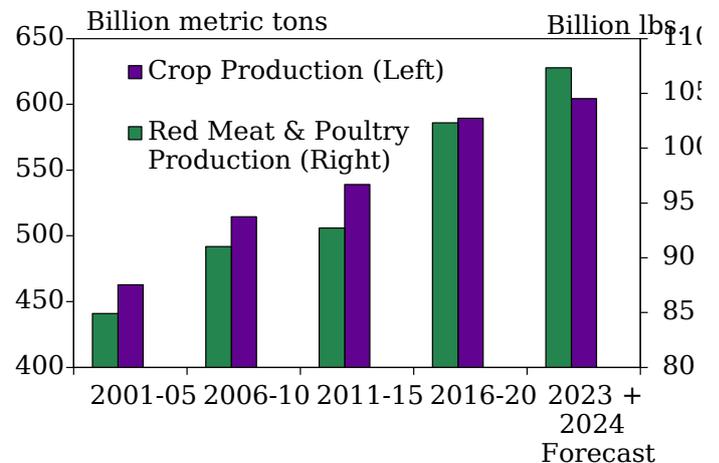
Note: Per CBRE data, there were zero new completions of office space in 2023.
Sources: Census Bureau, Haver Analytics, CBRE-EA.

In agriculture, demand for food and fuel have contributed to persistent increases in agricultural commodity production.

Real U.S. Food Expenditures & Ethanol Consumption



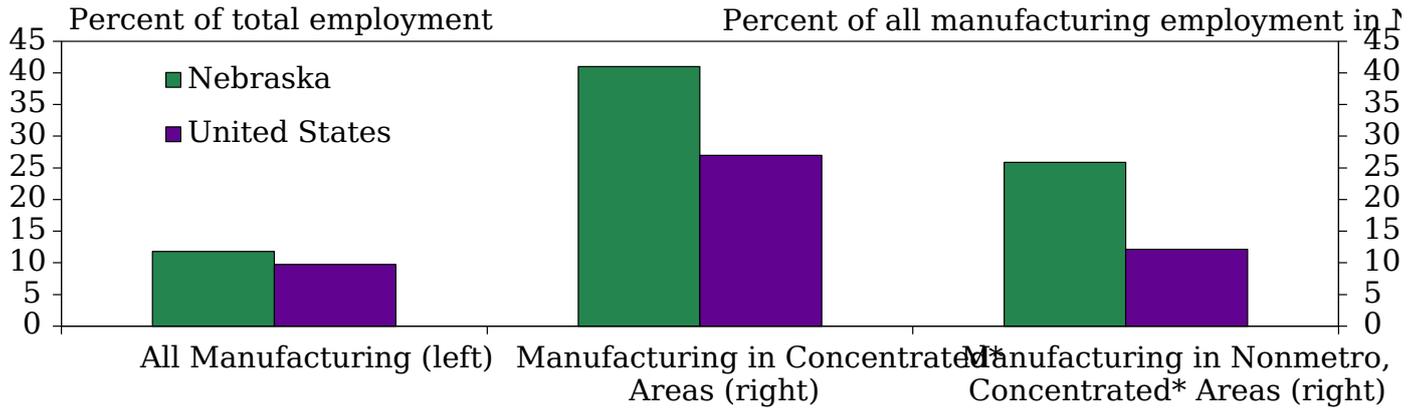
U.S. Crop and Meat Production



Sources: USDA and EIA

Manufacturing in Nebraska is a highly concentrated industry and has outsized importance to rural communities.

Manufacturing Employment by Geography, 2023

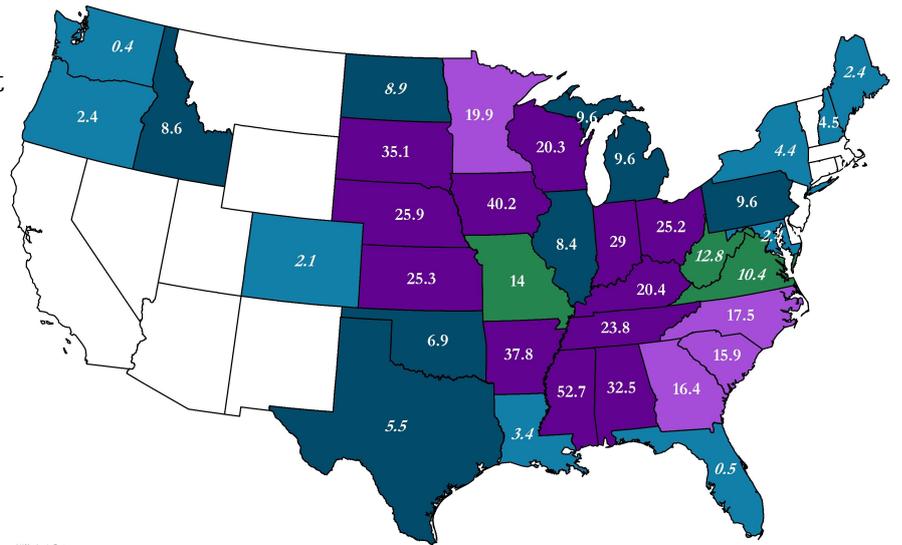
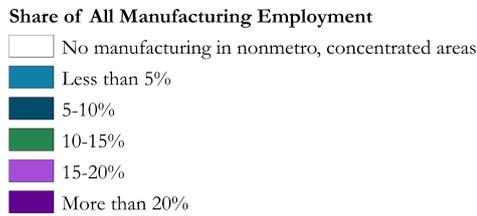


Note: Concentrated areas are counties where the share of manufacturing employment is at least twice the national share. Sources: BLS, staff.

Manufacturing is particularly concentrated in rural areas of Nebraska.

Manufacturing Employment in Nonmetro, Concentrated Areas

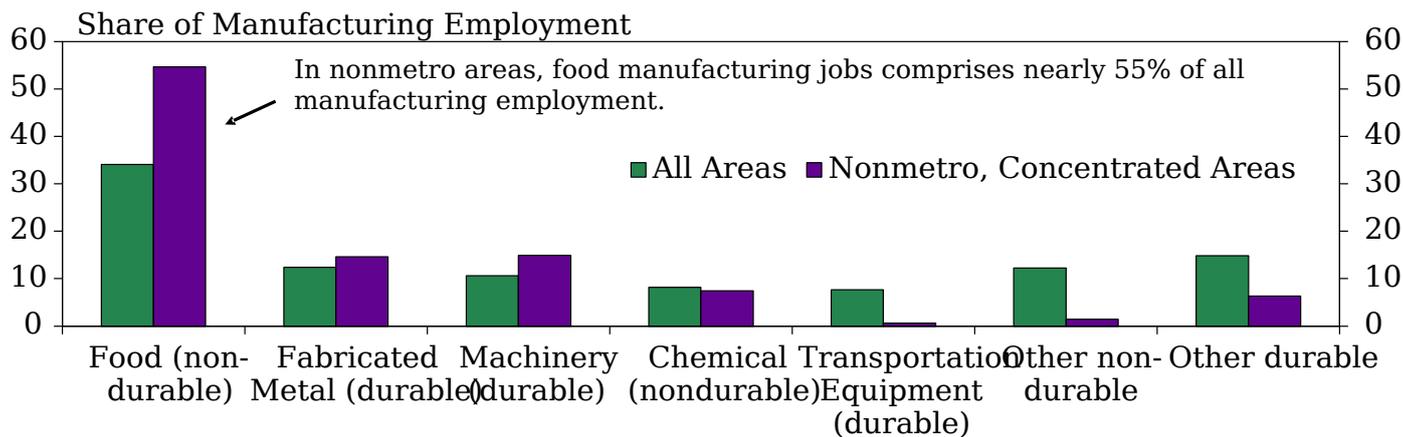
In Nebraska, 25.9% of all manufacturing employment is located in nonmetro areas that are concentrated in manufacturing.



Note: Concentrated areas are counties where the share of manufacturing employment is at least twice the national share. Sources: BLS, staff.

More specifically, food manufacturing, tied to agriculture, is especially important in rural areas.

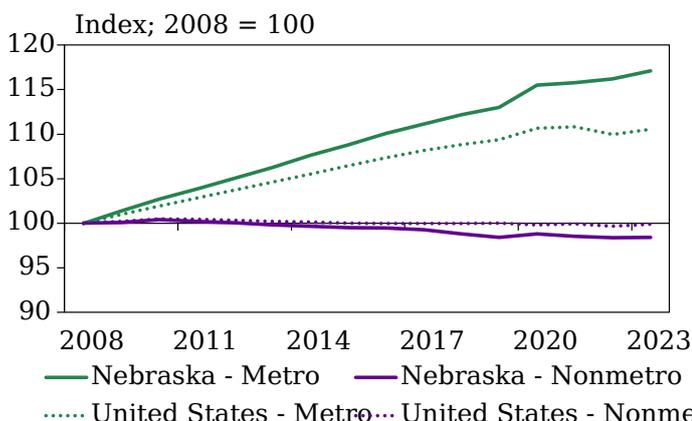
Nebraska Manufacturing Employment, 2023



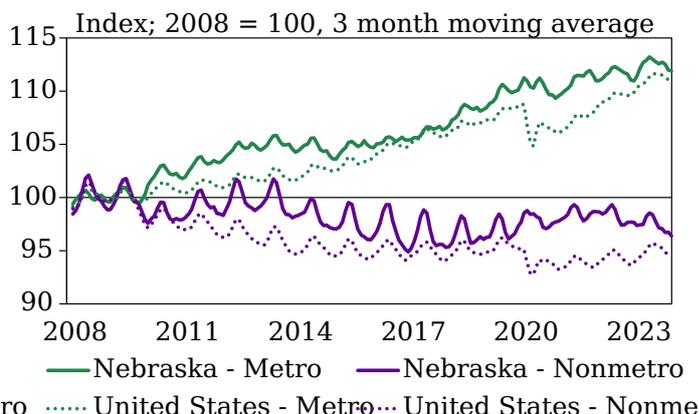
Note: Concentrated areas are counties where the share of manufacturing employment is at least twice the national share. Shares are calculated using data where the manufacturing sub-industry is known. For confidentiality purposes, some county-level sub-industry data is suppressed by the BLS. Sources: BLS, staff.

Demographic headwinds and labor availability are a notable risk to future growth in nonmetro manufacturing hubs.

Population



Labor Force



Sources: Census Bureau, BLS, Haver Analytics.

The Nebraska Economist features ongoing information and insights on the state's economy.

Authors



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Nate Kauffman is Senior Vice President and Omaha Branch Executive at the Federal Reserve Bank of Kansas City. In his role as the Kansas City Fed's lead economist and representative in the state of Nebraska, Nate provides strategic direction and oversight for the Omaha Branch, regional research, and economic outreach throughout the state. He serves as a local connection to the nation's central bank and is responsible for briefing the Kansas City Fed's president – a member of the Federal Open Market Committee – on regional economic and business activity. In addition, Nate serves as Executive Director of the Bank's Center for Agriculture and the Economy. He is a leading voice on the agricultural economy throughout the seven states of the Tenth Federal Reserve District and the broader Federal Reserve System. Nate oversees several Bank and Federal Reserve efforts to track agricultural economic and financial conditions. He also speaks regularly on the agricultural economy to industry audiences and the news media, including providing testimonies at both U.S. Senate and U.S. House Agriculture Committee hearings. Nate joined the Federal Reserve in 2012. He received his Ph.D. in economics from Iowa State University. Prior to receiving his Ph.D., Nate spent three years in Bosnia and Herzegovina coordinating agricultural economic development projects. Nate lives in Omaha with his wife and four children.



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John McCoy is an associate economist in the Regional Affairs Department at the Omaha Branch of the Federal Reserve Bank of Kansas City. In this role, he supports research and outreach efforts surrounding economic developments in the state of Nebraska. His responsibilities include serving as Board Secretary to the Omaha Branch Board of Directors and co-authoring *The Nebraska Economist*. John joined the Bank in 2017 as a research associate in the Regional Affairs Department at the Omaha Branch. Prior to 2017, he spent two years as an intern with the department. John holds a BA and MA from Creighton University.