

## State of the Region

**August 25, 2022**

- Rick Parks – First National Bank of Waterloo
- Matt Forcum – Shelby Realty
- Kala Lambert – Illinois Department of Commerce & Economic Opportunity

[www.ILBusinessNavigators.com](http://www.ILBusinessNavigators.com)



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## Business Navigator Alliance of Southcentral and Southeastern Illinois

- Regional collaboration for the Community Navigator Program
- Purpose: provide professional outreach and technical assistance for local, state, and federal economic relief programs
- Mission: to ensure that small businesses in our region are competitive in applying for necessary resources
- Goal: position local businesses for success by acceleration business recovery and growth



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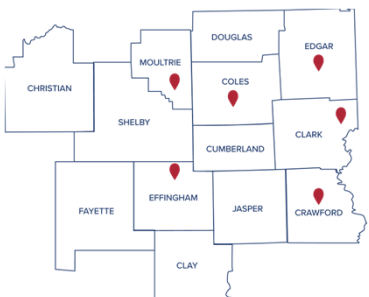
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Webinars  
Outreach Events  
Virtual Office Hours  
Offer 1-on-1 Technical Assistance

[www.ILBusinessNavigators.com](http://www.ILBusinessNavigators.com)



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**State of the Region  
Economic Outlook**

**Rick Parks - President & CEO**

**Aug. 25, 2022**

*That's MY Bank!*

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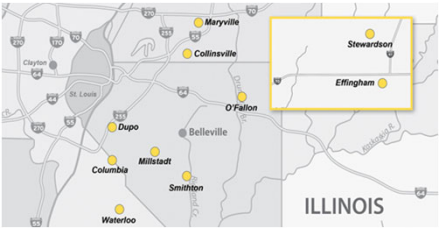
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**Who is  
First National Bank of Waterloo?**



- Founded in 1912
- \$820M assets
- 13 banking Locations in 5 counties
- 148 employees

*That's MY Bank!*

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*An economist is an expert who will know tomorrow why the things he predicted yesterday didn't happen today.*

- Laurence J. Peter

*That's MY Bank!*

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**1<sup>st</sup> National Bank** **Economic Outlook** **That's My Bank!**

- Where We've Been - First half of 2022
- Where We Are Today
- Where Are We Headed?

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**1<sup>st</sup> National Bank** **Where We've Been - 2022** **That's My Bank!**

- The negative impact of Covid is fading
- High inflation!
  - \$5+ trillion pandemic stimulus money created strong consumer demand

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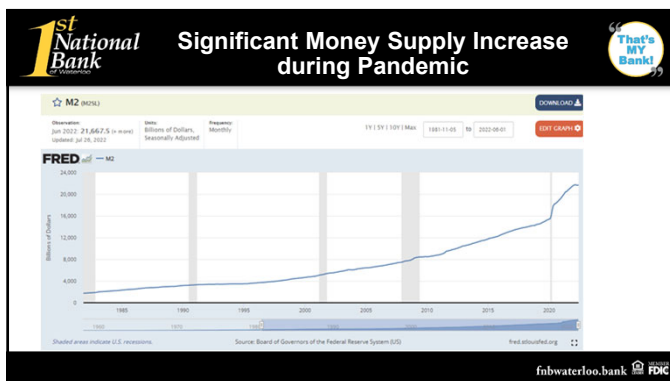
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**1<sup>st</sup> National Bank** **Where We've Been - 2022** **That's MY Bank!**

- The negative impact of Covid is fading
- High inflation!
  - \$5+ trillion pandemic stimulus money created strong demand, especially for goods
  - Supply chain issues
  - Russia's invasion of Ukraine and China's zero-Covid policy
  - Rising wages
- Heavy losses in both fixed income and equity markets

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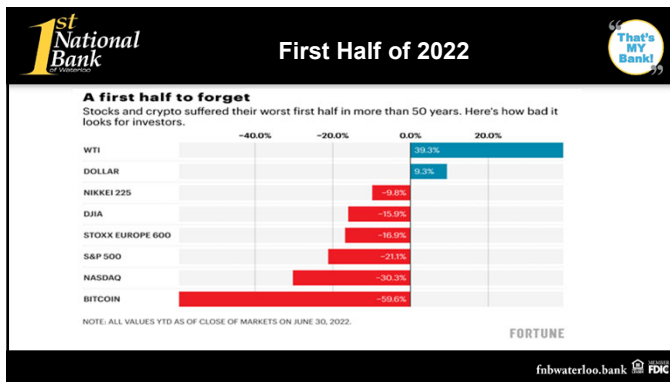
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**1<sup>st</sup> National Bank** **Where We've Been - 2022** **That's MY Bank!**

- The negative impact of Covid is fading
- High inflation!
  - \$5 trillion pandemic stimulus money created strong demand
  - Supply chain issues
  - Russia's invasion of Ukraine and China's zero-Covid policy
  - Rising wages
- Heavy losses in both fixed income and equity markets
- Interest Rates
  - Fed Funds increases: March +25bps, May +50bps, June +75bps and July +75bps
  - Yield Curve shift

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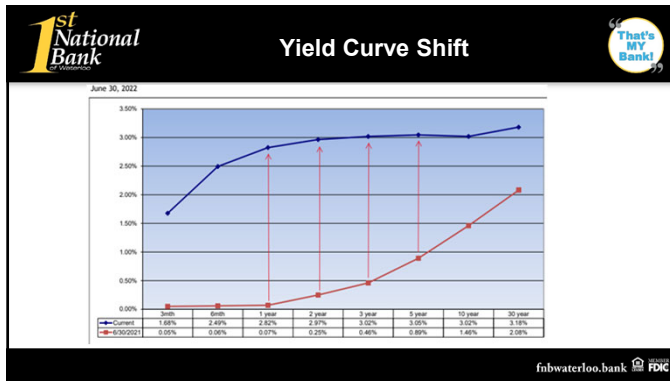
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**1st National Bank** **Where We've Been - 2022** *That's My Bank!*

- The negative impact of Covid is fading
- High inflation!
  - \$5 trillion pandemic stimulus money created strong demand
  - Supply chain issues
  - Russia's invasion of Ukraine and China's zero-Covid policy
  - Rising wages
- Heavy losses in both fixed income and equity markets
- Interest Rates
  - Fed increased Fed Funds: March +25bps, May +50bps, June +75bps and July +75bps
  - Yield Curve shift
  - Bond values have dropped significantly
  - 30 year mortgage rates doubled (~3% to ~6%)

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**1st National Bank** **Where We've Been - 2022** *That's My Bank!*

- Rising real estate prices due to:

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**1st National Bank** **Where We've Been - 2022** **That's My Bank!**

- Rising real estate prices due to:
  - Underbuilt new housing units for over a decade
  - Supply chain disruption causing construction delays
  - Millennials now the largest adult generation

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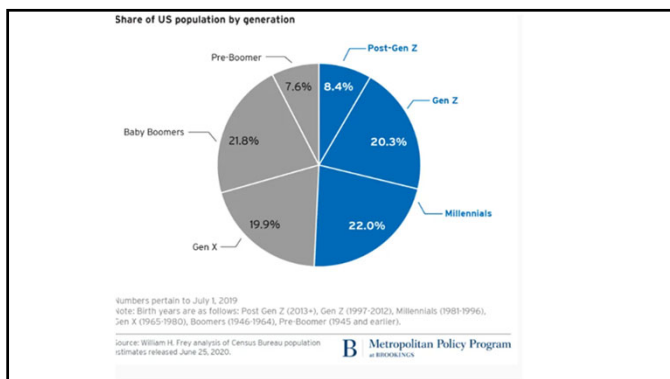
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# Where We've Been - 2022

- Rising real estate prices due to:
  - Underbuilt new housing units for over a decade
  - Supply chain disruption causing construction delays
  - Millennials now the largest adult generation - buying their first home
  - Lack of existing housing inventory for sale




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# Where We've Been - 2022



- Rising real estate prices due to:
  - Underbuilt new housing units for over a decade
  - Supply chain disruption causing construction delays
  - Millennials now the largest adult generation - buying their first home
  - Lack of existing housing inventory for sale
- Labor market has been a bright spot with historically low unemployment

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**Unemployment at 52 Year Low**

☆ **Unemployment Rate** (UNRATE)

Newsfeed  
Jul 2022: 3.5% in June  
Rate Percent  
Seasonally Adjusted  
Frequency Monthly

1913-01-01 to 2022-07-01 Max 1948-01-01 10 2022-07-01

LOAD GRAPH

**FRED** api — Unemployment Rate

Percent

15.0  
12.5  
10.0  
7.5  
5.0  
2.5  
0.0

1950 1955 1960 1965 1970 1975 1980 1985 1990 1995 2000 2005 2010 2015 2020

Shaded areas indicate U.S. recessions.

Source: U.S. Bureau of Labor Statistics

fred.stlouisfed.com

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[illegible]



Where We've Been - 2022



- Rising real estate prices due to:
  - Lack of existing housing inventory
  - Supply chain disruption causing construction delays
  - Russia's invasion of Ukraine and China's zero-Covid policy
  - Millennials now the largest adult generation
  - Lack of existing inventory for sale
- Labor market has been a bright spot with historically low unemployment
- Consumers continue to spend

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I hate to spend money on shoes and purses, but the economy needs me.



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Where We've Been - 2022



- Rising real estate prices due to:
  - Lack of existing housing inventory
  - Supply chain disruption causing construction delays
  - Russia's invasion of Ukraine and China's zero-Covid policy
  - Millennials now the largest adult generation
  - Lack of existing inventory for sale
- Labor market has been a bright spot with historically low unemployment
- Consumers continue to spend
- Consumer spending shift from goods to services
- US Population migration trend

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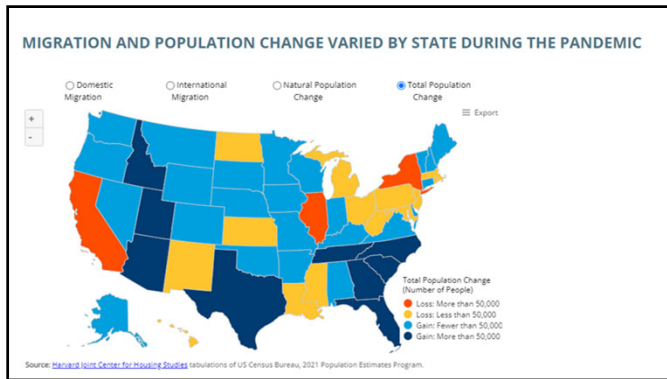
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**1<sup>st</sup> National Bank** That's MY Bank!

## Where We Are Today

- CPI +8.5% Y/Y change (July 2022)
- Unemployment extremely low 3.5% (July 2022)
- Labor participation rate trending down since 2000

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Where We Are Today

That's My Bank!

- CPI +8.5% Y/Y change (July 2022)
- Unemployment extremely low 3.5% (July 2022)
- Labor participation rate trending down since 2000
- Real GDP -0.9% Q2 following -1.6% Q1

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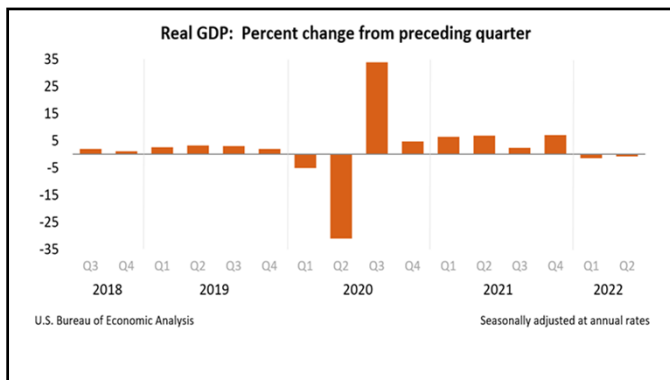
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Where We Are Today

That's My Bank!

- CPI +8.5% Y/Y change (July 2022)
- Unemployment extremely low 3.5% (July 2022)
- Labor participation rate trending down since 2000
- Real GDP -0.9% Q2 following -1.6% Q1
- Are we in a recession now?
- Inverted yield curve

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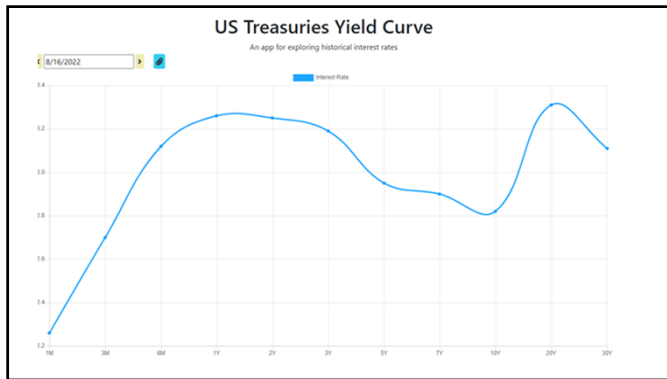
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**1<sup>st</sup> National Bank** **Where We Are Today** **That's MY Bank!**

- CPI +8.5% Y/Y change (July 2022)
- Unemployment extremely low 3.5% (July 2022)
- Labor participation rate trending down since 2000
- Real GDP -0.9% Q2 following -1.6% Q1
- Are we in a recession now?
- Inverted yield curve
- 70% of corporations reporting higher earnings than expected and 63% reporting higher revenue than expected

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**1<sup>st</sup> National Bank** **Where Are We Headed?** **That's MY Bank!**

*"I look to the future because that's where I'm going to spend the rest of my life."*  
-George Burns

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33

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**1<sup>st</sup> National Bank** OF VICTORIA **Where Are We Headed?** **That's My Bank!**

- Inflation is not transitory
- Fed will continue raising short-term rates. Expecting 3.25-3.50% Fed Funds by 12/31/22
- Heightened geopolitical tensions with Russia: energy shortages, low consumer confidence and dampening growth
- Labor market will remain tight unless we enter recession
- Home prices to continue increases but at slower pace until inventory increases
- Equities to remain volatile as investors gain clarity on Fed's response
- Recession or soft landing???

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**Recession:**  
like recess,  
but longer  
...and no snacks.



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**1<sup>st</sup> National Bank** OF VICTORIA **Thank you!** **That's My Bank!**

*Thank You.*

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Waterloo | Columbia | Millstadt | O'Fallon | Dupo | Smithton | Effingham | Stewardson | Collinsville | Maryville

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S 9 2 #  
P 2 8 E C

Matt Forcum  
Shelby Realty Services

**Shelby**  
REALTY SERVICES  
(855) 215-3400  
shelbyrealty.com

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Highlights of the region include: Coles, Crawford, Edgar, Effingham, Fayette, Moultrie, and Shelby Counties

Examination of residential and farmland pricing, marketing duration, trends, and projections



**Shelby**  
REALTY SERVICES

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Multi County Pricing Trend - Residential

Residential values demonstrate an expected appreciation line from 2012 up to 2020, with a notable acceleration in value from 2020-2022



**Shelby**  
REALTY SERVICES

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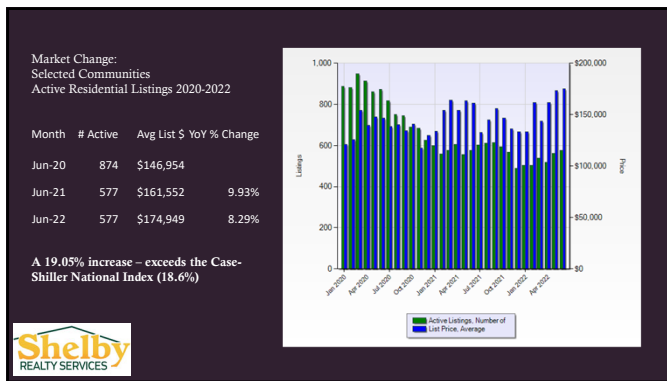
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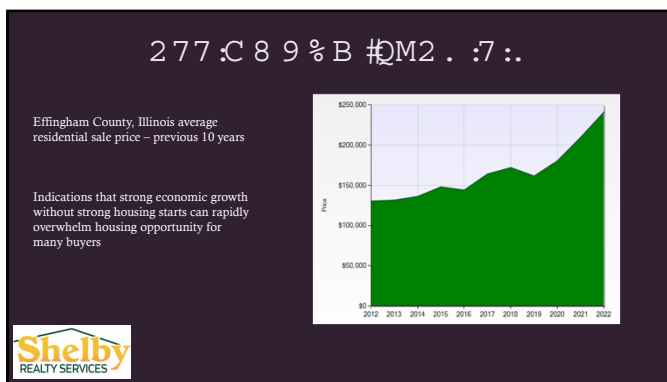
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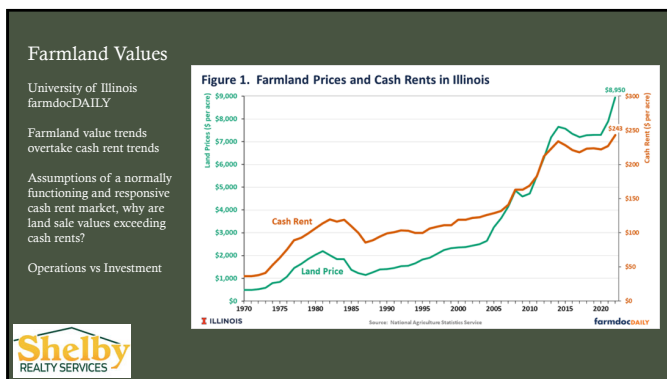
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Market factors from a brokerage perspective:

- Non-normative residential market
- Limited inventory creating hyper centralized seller power
- Buyer psychology & Fear Of Missing Out
- Agent guidance to buyers and sellers

Content Sources:

- Effingham Regional Growth Alliance
- Central Illinois Board of Realtors, Multiple Listing Service
- University of Illinois



Matt Forcum  
Owner/Designated  
Managing Broker



Shelby Realty  
Services  
Effingham, IL  
217.343.3400

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Illinois Department of Commerce & Economic Opportunity [www.illinois.gov/dceo](http://www.illinois.gov/dceo)

## Southeast Region DCEO Investments 2021 & 2022




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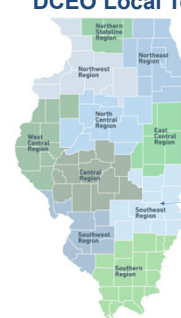


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### DCEO Local Technical Assistance & Support

**Bureau of Regional Economic Development (RED)**  
**Team RED's Mission:** To Promote Economic Development in the State of Illinois through Attraction, Retention and Expansion Programs  
**Team RED's Objective:** Team RED lives and works in the communities they serve and are charged with facilitating economic development efforts in their regions, in addition to providing communities with front-line access to state programs and services.

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### DCEO's Investment in the Southeast Region

- CDBG Public Infrastructure:
  - 7 Grants totaling \$3,849,945
- Announced in Spring 2021
  - CDBG Public Infrastructure: 4 Grants totaling \$2,199,822
  - CDBG Housing Rehabilitation: 2 Grant totaling \$1,048,279
- CDBG Economic Development:
  - 1 Grant \$230,126






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### DCEO's Investment in the Southeast Region

- Broadband Grants: 2 Grants totaling \$196,374
  - Connect Illinois
  - Broadband Ready



**ANNOUNCING:**  
Connect Illinois Broadband Grant Program  
\$350M Notice of Funding Opportunity  
Now accepting applications and awarding grants on a rolling basis



#ConnectIllinois



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### DCEO's Investment in the Southeast Region

- Rebuild Illinois Economic Development:
  - 1 Grant totaling \$1,464,019
- Rebuild Public Infrastructure:
  - 2 Grants \$ 4,000,000






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### DCEO's Investment in the Southeast Region

- Tourism Attraction and Festivals:
  - 1 Grant \$152,996
- Downtown and Mainstreets:
  - 3 Grants \$ 2,798,268






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### COVID Assistance for Businesses

- Prior grants included Hospitality, Business Interruption Grants, Local CURE ES grants to support small businesses
- Downstate Small Business Stabilization: 59 Grants totaling \$2,230,820
- Back to Business: 107 Grants totaling \$3,315,000

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### COVID Assistance for Local Governments

- American Rescue Plan Act funding for Non-Entitlement Units totaled \$23 Million
- Waterlines, sidewalks, public facility improvements, public service vehicle purchases







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## How to Learn about Grant Opportunities

- Sign up for RED team newsletter
- Visit the DCEO's Website: [www.Illinois.gov/dceo](http://www.Illinois.gov/dceo)
- Assistance for Communities> grant opportunities> apply for funding
- Visit [grants.Illinois.gov](http://grants.Illinois.gov)




ILLINOIS

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*Thank you!*

**BUSINESS NAVIGATOR ALLIANCE**  
OF ECONOMIC DEVELOPMENT & INFRASTRUCTURE SERVICES

[www.ILBusinessNavigators.com](http://www.ILBusinessNavigators.com)

**COLES Together**  
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**SULLIVAN ILLINOIS**  
CHAMBER & ECONOMIC DEVELOPMENT  
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**CCDA**  
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**MARSHALL AREA CHAMBER OF COMMERCE**  
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**PEDCO**  
EDGAR COUNTY CONTACT:  
Bob Colvin  
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**The Alliance**  
EFFINGHAM COUNTY CONTACT:  
Courtney Yockey  
217-342-4214  
[cyokey@groweffinghamcountyll.com](mailto:cyokey@groweffinghamcountyll.com)

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