

Economic Trends

EMPLOYMENT

Resident 2Q09 St. Tammany employment stood at 113,376 persons compared to 117,182 persons in 2Q08 or a decrease of 3.2%. This represents an employment loss of 3,806 persons in the twelve-month time span comparison. The labor force declined 1.5% or a reduction of 1,830 persons in the same quarter over quarter comparison. Part of the decrease in Parish resident employment can be seen in unemployment numbers. 2Q09 unemployment stood at 5,719 persons or an increase of 52.8% compared to 2Q08 unemployment level of 3,743 persons. The Parish unemployment rate of 4.8% is considerably lower than the State, 6.6% and the nation, 9.3%. Comparison of the unemployment rates show the Parish is in a stronger position where the unemployment rate continues to be below 5% while the State rate is approaching 7% and the nation over 9%. Those local employment relationships with national businesses that are reducing their employee levels might have some negative effect on local employment levels. Indirect effects have to do with consumer purchasing habits resulting in reduced consumer spending caused by some fear of the bad economic news emanating from the national scene. Reduced local consumer spending could adversely affect retail and commercial employment. The reduction in the number of homes and commercial building permits could have an adverse effect on construction employment. Second quarter number of initial unemployment insurance claims numbered 402 for a jump of 56.4% over 2Q08 claims of 257. 2Q09 Parish employment was 0.8% lower when compared with 1Q09 employment. Nationally, estimates on how long the job losses will continue cannot be made and that holds true for the Parish as well. Positive changes in consumers' sentiment towards future employment could weigh heavy on prospects for increased spending.

BUILDING PERMITS/REAL ESTATE/APARTMENT RENT

Second quarter single family construction permits issued continues to lag 2Q08 permit issuance by 56.4%. This trend continues as year-to-date single family construction permits in 2009 lags year-to-date 2008 construction permits by 54.5%. After several months of positive comparisons, commercial construction has seen a reduction in commercial building permits in the second quarter. 2Q09 permits were 11.3% behind 2Q08 commercial permits. Year-to-date commercial permits were 8.4% higher than in 2Q08 year-to-date commercial permits thanks to a positive quarter over quarter comparison in the first quarter.

Second quarter housing sales appear to have taken a breather as the number of houses sold in the quarter was 45.1% higher than for the first quarter. The 2Q09/2Q08 number of houses sold comparison was a negative 15.2% or an improvement over the 1Q09/1Q08 comparison or a negative 18.5%. This is a small improvement after many months of larger negative comparison readings. The year-to-date unit sales comparison with last year-to-date was a negative 16.6%. This was also an improvement of the 2009 year-to-date over the 2008 year-to-date comparison or a negative 18.5%. Dollar sales volume in the second quarter was behind 2Q08 by 20.7% while year-to-date sales volume was behind last year-to-date sales volume of 20.5%. Average price of a house sold in the second quarter (\$228,117) down 4.3% from the first quarter (\$238,270) and down 6.5% from an average price of a house sold in 2Q08 (\$232,260).

A survey of twelve Parish apartment rents shows some stability where average rents were slightly lower. 2Q09 average monthly rent stood at \$1,141 which compares with 2Q08 average rent of \$1,176 or a decrease of 3.0%. The average rent for year-to-date 2009 was down only 0.6% compared to average rent for 2008. Rents in this analysis include 2 bedrooms with 1.5 or 2 bathrooms and are between 900 and 1,100 square feet in size. These apartments are suitable for a professional or managerial household.

RETAIL TRADE/SALES

As pointed out in the national Consumer Confidence Index, consumers are worried about business and labor conditions as well as pessimism concerning their income expectations. These concerns continue to have a negative impact on spending now and in the months ahead. There is considerable fear among consumers with regard to their jobs and their income. This is true in St. Tammany Parish as well. Retail sales have been on a decline in the month over month and quarter over quarter comparisons in the last several months. Second quarter retail sales were down 8.3% compared with same quarter last year while year-to-date retail sales were down 8.3% behind same period last year. 2Q09 over 2Q08 sales comparison is not much changed from the 1Q09 over 1Q08 comparison of down 8.2%.

NEW BUSINESSES

After seeing a significant increase in new licensed businesses in the first quarter, the second quarter experienced a decline (-5.1%) of new businesses compared to 2Q08 licenses. This decline numbered 30 fewer licensed businesses in the second quarter compared to the same quarter last year. With the help of larger businesses licensed in 1Q09 over 1Q08 licenses, year-to-date business licenses were 8.7% higher than in year-to-date last year.

ANNOUNCED PROJECTS, INVESTMENT AND JOBS

Second quarter Parish announced project investment was considerably lower compared to 2Q08, -87.0%. Year-to-date announced project investment fell behind last year-to-date investment by -99.0%. This severe negative comparison was caused by a \$1 billion

plus announced investment in the first quarter last year. Until the large 1Q08 announced investment disappears from the comparisons or a large 2009 investment happens, 2009 over 2008 investment comparisons will continue to show a wide negative gap.

UTILITIES (Electric)

Parish electric customer count continues on a slower growth path as second quarter electric customers numbered 111, 894 or an increase of 0.8% over 2Q08 customer count of 110,993. As seen above the pace of commercial building permits has slowed which will have a dampening effect on the growth of electric customers in the Parish. Residential/single family building permit activity has been on a slower growth path for several months.

ACCOMMODATIONS (Hotel Receipts and Net Occupancy Tax)

Hotel receipts for the second quarter were behind 2Q08 receipts by 15.2% while year-to-date receipts lagged last year-to-date by 10.4%. With the exception of February lagging hotel receipts, month over month comparisons have been declining from -4.4% in the January over January comparison to -17.1% in the June over June comparison. Parish net occupancy tax collections (bed tax) has seen a somewhat erratic performance from January to June. 2Q09 bed tax collection was up 40.0% over 2Q08 collections. Year-to-date bed tax collections were up 15.9% compared to last year-to-date collections. The second quarter bed tax collection is a reversal from the negative 1Q09/1Q08 comparisons (quarterly and year-to-date). In the second quarter analysis of bed tax collections, the April over April comparison shows an increase of 101.2%. The May over May comparison shows an increase of 48.8%. The other four month over month comparisons were negative, from -2.3% (March) to -18.2% (June).

COST OF LIVING INDEX AND CONSUMER PRICE INDEX/INFLATION RATE

The cost of living for the Parish in 2Q09 was 99.9. On a 100 scale, the Parish composite cost of living for executive management households was 0.1 points below the national average (100). The Cost of Living index is produced by the Council for Community and Economic Research (C2ER) and is based on carefully chosen standardized specified items across a spectrum of different categories used by professional and executive households in the top income quintile. All items are priced in each community at four specified times of a given year. St. Tammany Parish 2Q09 composite cost of living ranked 11th among a group of eleven other selected metropolitan areas nearest, geographically, to St. Tammany Parish. 2Q09 cost of living measurement of composite indices ranged from 91.9 for Baton Rouge to 105.4 for Panama City. Other metropolitan area indices were Birmingham, 92.4; Hattiesburg, 93.0; Mobile, 93.5; Lake Charles, 93.9; Tuscaloosa, 96.2; Montgomery, 96.3; Jackson, 96.4; Beaumont, 96.6 and Lafayette, 97.6. The Cost of Living Index will not be continued after the third quarter survey and Index are completed and will not be a part of the Trends Report after the third quarter 2009.

The Southern U.S. 2Q09 consumer price inflation rate was -1.1%. As was the case in the first quarter, one of the possible reasons for the second quarter negative inflation rate is the wide comparison of lower gas prices in 2Q09 compared to higher prices in 2Q08. The Southern Region survey of goods basket contains over 250 items spread across six major pricing categories.

U. S. CONSUMER AND CEO CONFIDENCE

U.S. Conference Board Consumer overall Confidence Index slides again in July after declining in June. Both the Present Situation Index and the Expectations Index declined in July as well. The Consumer Confidence Survey is based on a sample of 5,000 U.S. households on or about two-thirds of the way through each month of the year. Lynn Franco, Director of The Conference Consumer Research Center says "Consumer confidence, which had rebounded strongly in late spring, has faded in the last two months through June. The decline in the Present Situation Index was caused primarily by worsening job market, as the percent of consumers claiming jobs are hard to get rose sharply. The decline in the Expectations Index was more the result of an increase in the proportion of consumers expecting no change in business and labor market conditions, as opposed to an increase in the percent of consumers expecting conditions to deteriorate further. More consumers are pessimistic about their income expectation, which does not bode well for spending in the months ahead."

Second quarter CEO confidence surged to 55, an increase from 30 in the first quarter as reported by The Conference Board. A reading of more than 50 points reflects more positive than negative responses from about 100 business leaders in a wide range of industries across the nation. "CEOs are considerably more optimistic than last quarter about short-term outlook, however, their assessment of current conditions, while also improved, suggests the economy remains weak," says Lynn Franco, Director of The Conference Board Consumer Research Center. "Among those expecting an increase in profits over the next year, the majority see cost reductions as the primary driver. Looking ahead six months, CEOs are much more optimistic. Nearly 55% of business leaders expect economic conditions to improve."

U.S. AND ST. TAMMANY ECONOMIC GROWTH

One of the major U.S. economic indexes improved in June while the other indexes decreased. "The Conference Board of Leading Economic Index (LEI) increased 0.7% while the Coincident Economic Index (CEI) decreased 0.2% and the Lagging Economic Index (LAG) declined 0.7%. The LEI increased for the third consecutive month in June. Most of the components contributed positively to the index in June except real money supply and manufacturers new orders for non-defense capital goods. The LEI has risen for three consecutive months, after having fallen steadily since reaching a peak in July 2007. The CEI continued to decrease in June, amid further contractions in employment and industrial production. The LAG fell further in June than the CEI with none of the seven components positively advancing including commercial and industrial loans outstanding, average duration of unemployment (inverted), change in labor cost per unit of output, change in CPI for services, the ratio of manufacturing and trade inventories to sales, and the ratio of consumer installment credit to personal income." The St. Tammany Parish economy is moving along the positive-negative change line. 2Q09 economic change was -0.5% while the 12-month moving average shows a change of -0.5%. During the second quarter three of the five indicators (commercial permits, 6.4%; single family permits, 0.8% and electric customers, 0.8%) making up the composite index moved ahead while employment, -3.3% and total sales, -7.2% were moving in negative territory.

ECONOMIC INDICATORS

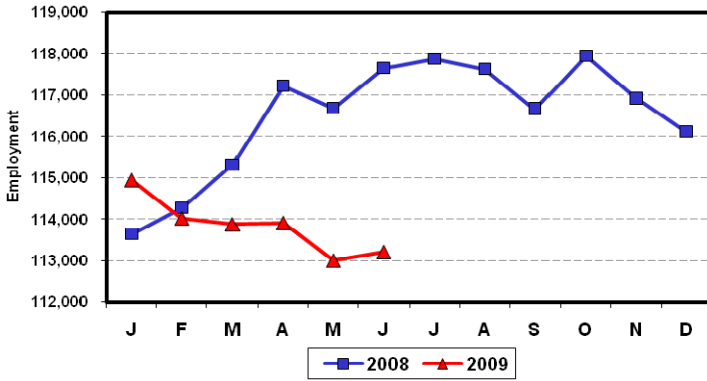
Economic Indicators	Units	2Q09	1Q09	% Change	2Q08	% Change	YTD 2009	YTD 2008	% Change
Retail Sales									
St. Tammany Parish Retail Sales (a)	\$Mil.	972.9	924.8	5.2%	1,060.8	-8.3%	1,897.7	2,068.5	-8.3%
St. Tammany Parish Total Sales Tax (a)	\$	46,408,504	44,111,196	5.2%	50,601,826	-8.3%	90,519,700	98,668,801	-8.3%
New Businesses (h)									
Total New Licenses	No.	561	633	-11.4%	591	-5.1%	1,194	1,098	8.7%
Non-Agricultural Employment (Revised)(b)									
Total Employment	* No.	113,376	114,281	-0.8%	117,182	-3.2%	113,829	115,792	-1.7%
Unemployed	* No.	5,719	5,013	14.1%	3,743	52.8%	5,366	3,602	49.0%
Labor Force	* No.	119,095	119,294	-0.2%	120,925	-1.5%	119,195	119,394	-0.2%
Unemployment Rate (Revised)(b)									
St. Tammany Parish	*	4.8%	4.2%	14.3%	3.1%	55.1%	4.2%	3.0%	39.5%
Louisiana	*	6.6%	6.0%	9.7%	3.8%	75.2%	6.0%	3.9%	56.3%
United States	*	9.3%	8.8%	5.9%	5.3%	75.9%	8.8%	5.2%	68.8%
Unemployment Insurance Claims by St. Tammany Resident (b)									
Number of Initial Claims	No.	402	421	-4.5%	257	56.4%	823	530	55.3%
Construction: New Building Permits (Uncorporated Area) (c)									
New Single Family Units	No.	104	130	-20.0%	241	-56.8%	234	514	-54.5%
New Commercial Units	No.	126	120	5.0%	142	-11.3%	246	227	8.4%
Utilities -- Total Electric Accounts (d)	* No.	111,894	111,422	0.4%	110,993	0.8%	111,658	110,738	0.8%
Real Estate (St. Tammany Parish)(e)									
Residential									
Total Sales Volume	\$000	144,626.4	104,124.0	38.9%	182,423.5	-20.7%	248,750.4	312,768.9	-20.5%
Number of Houses Sold	No.	634	437	45.1%	748	-15.2%	1,071	1,284	-16.6%
Average Sales Price	* \$	228,117	238,270	-4.3%	243,882	-6.5%	232,260	243,589	-4.7%
Apartment Rent (2 bed, 1 ½ or 2 baths) (i)									
Average Rent, 12 complexes	* \$	1,141	1,212	-5.9%	1,176	-3.0%	1,159	1,166	-0.6%
Announced Projects (f)									
Total Investment	\$000	4,250	7,130	-40.4%	32,600	-87.0%	11,380	1,167,969	-99.0%
Estimated Permanent Jobs	No.	25	206	-87.9%	48	-47.9%	231	228	1.3%
Estimated Permanent Annual Payroll	\$0	200,000	11,425,600	-98.2%	1,845,000	-89.2%	11,625,600	8,025,000	44.9%
Estimated Construction Jobs	No.	0	21	-100.0%	240	-100.0%	21	2,985	-99.3%
New Projects	No.	0	2	-100.0%	3	-100.0%	2	11	-81.8%
Expansion Projects	No.	2	1	100.0%	5	-60.0%	3	9	-66.7%
Total Projects	No.	2	3	-33.3%	8	-75.0%	5	20	-75.0%
Hotel Receipts (g)	\$	8,252,366	8,114,176	1.7%	9,727,266	-15.2%	16,366,542	18,273,130	-10.4%
Net Occupancy Tax Collections for St. Tammany Events Center (a)									
Net Occupancy Tax Collections	\$	80,777	56,330	43.4%	57,683	40.0%	137,107	118,282	15.9%
Inflation Rate									
Southern Region of United States (k)									
Consumer Price Index	* No.	207.8	205.2		210.1		206.5	207.8	
Inflation Rate	*	-1.1%	-0.1%		4.7%		-0.6%	3.7%	

* Year-to-date data is an average. N.A. = not available; n.a. = not applicable

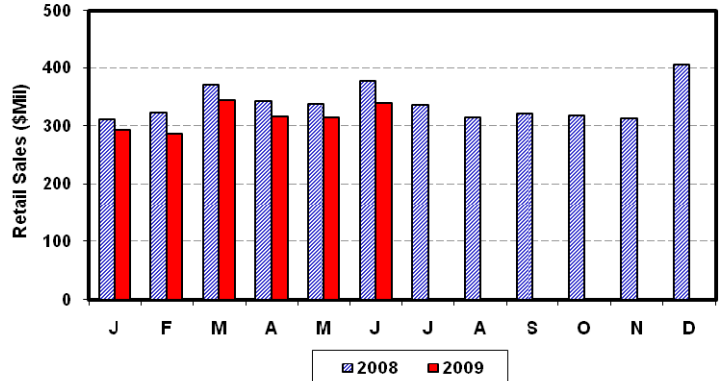
Sources: (a) St. Tammany Sheriff's Office; (b) Louisiana Department of Labor; (c) St. Tammany Parish Building Permit Office; (d) Washington-St. Tammany Electric Co-op, CLECO; (e) Latter & Blum, Inc. Realtors through the Gulf South Real Estate Information Network, Inc. and may not represent all single family real estate transaction in St. Tammany Parish for reported periods; (f) Louisiana Department of Economic Development; (g) St. Tammany Parish Tourist and Convention Commission; (h) LA Secretary of State (i) www.forrent.com, www.apartments.com; (j) U.S. Bureau of Labor Statistics

ST. TAMMANY PARISH ECONOMY AT A GLANCE

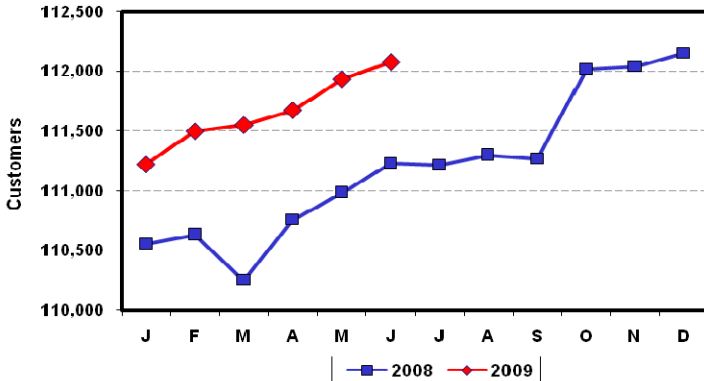
St. Tammany Parish Employment



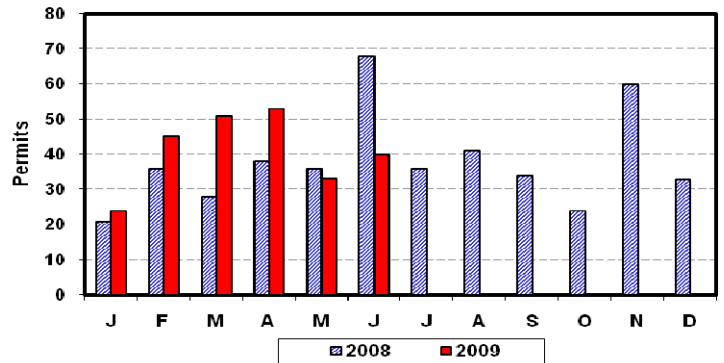
Parish Retail Sales



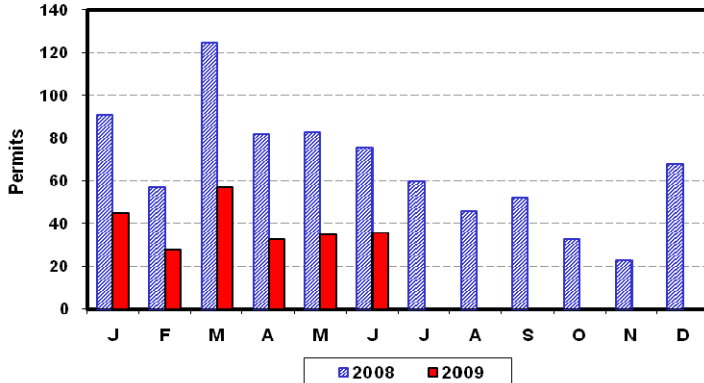
St. Tammany Electric Customers



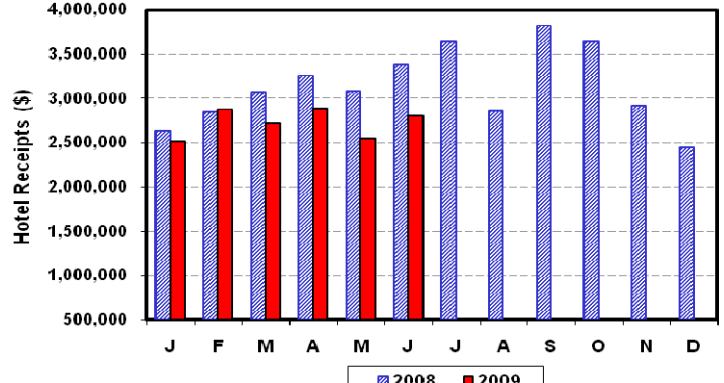
Parish Commercial Permits (Unincorporated)



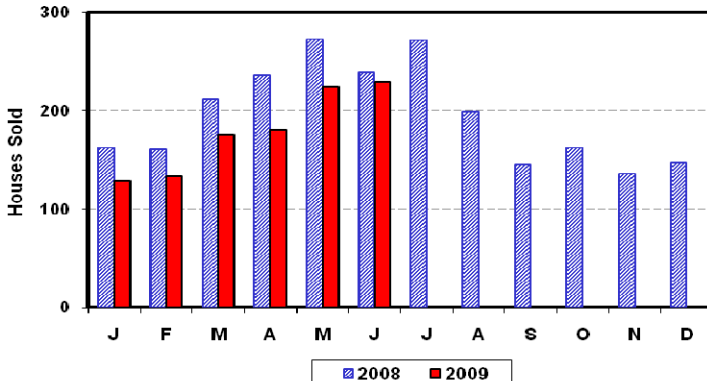
Parish Single Family Building Permits (Unincorporated)



Parish Hotel Receipts



Parish MLS Housing Sales



Parish Net Occupancy Tax Collection

