

Economic Trends

EMPLOYMENT

3Q09 St. Tammany residential employment was 112,083 persons compared to 117,033 in 3Q08, a decrease of 4.2% or 4,950 persons. 3Q09 Parish employment was 1.1% lower when compared with 2Q09 employment. The Parish 3Q09 labor force declined 2.6% or a reduction of 3,147 persons. Part of the decrease in Parish resident employment can be seen in unemployment numbers. 3Q09 unemployment stood at 6,413 persons or an increase of 39.1% compared to 3Q08 unemployment level of 4,609 persons. The Parish unemployment rate of 5.4% is considerably lower than the State, 7.8%, and the nation, 9.6%. Comparison of the unemployment rates show the Parish is in a stronger position where the unemployment rate continues to be lower than the state and nation. Louisiana Economic Development Secretary Stephen Moret, at a recent East St. Tammany Chamber of Commerce luncheon pointed out "the St. Tammany Economic Development Foundation has brought many companies and jobs to the Parish. The downside is finding a viable workforce for all the new businesses cropping up in the Parish. This possible dilemma may be solved with projects like the construction of college and technical schools in Lacombe." This will enable students to be equipped with a college or technical education aimed at the newly created and incoming jobs. 3Q09 initial unemployment insurance claims numbered 429, for a reduction of 8.9%, or 42 claims less than in 3Q08.

BUILDING PERMITS/REAL ESTATE/APARTMENT RENTS

3Q09 single family construction permits issued in the Parish showed a 1.9% increase over single family permits issued in 3Q08. This is the first quarter over quarter positive comparison since 4Q06. The dynamics were and are quite different where 576 single family permits were issued in 4Q06 compared to 161 in 3Q09. Year-to-date single family construction permits in 2009 lags year-to-date 2008 construction permits by 41.2%. This is an improvement over the year-to-date 2009/year-to-date 2008 comparison of 54.5%. 3Q09 commercial permits were 11.7% behind 3Q08 commercial permits. Year-to-date commercial permits sagged to a positive 1.8% higher than in 2008 year-to-date commercial permits thanks to a positive quarter over quarter comparison in early 2009.

Housing sales entered positive territory as 3Q09 number of houses sold was one more than sold in 3Q08 by 0.2%. After many months of negative comparison readings, a positive sign appears. The last time there was a quarter-over-quarter positive comparison was in 4Q06. Year-to-date unit sales comparison with last year-to-date was a negative 11.2%, which is an improvement over the YTD 2009/YTD 2008 reading of -16.6%. 3Q09 sales volume lagged 3Q08 volume by 4.7%, while YTD sales volume was behind last YTD sales volume of 15.5%. Both of these measures were improvements over 2Q09/2Q08 comparisons. Average price of a house sold in 3Q09 (\$223,138) was down 4.9% from 3Q08 (\$228,926).

A survey of 12 Parish apartment rents shows some stability where average rents were slightly lower. 3Q09 average monthly rent stood at \$1,074 which compares with 3Q08 average rent of \$1,179 or a decrease of 8.9%. The average rent for YTD 2009 was down only 4.1% compared to average rent for YTD 2008. Apartment rents in this analysis include two bedrooms with 1.5 or 2 bathrooms and are between 900 and 1,100 square feet in size. These defined apartments are suitable for a professional or managerial household.

RETAIL TRADE/SALES

3Q09 St. Tammany Parish retail sales were 6.9% lower than in 3Q08. To show the improvement, 2Q09/2Q08 sales comparison was -8.3%. Although the quarter-over-quarter comparison remains negative, the rate of descent is lower than in previous quarters. Whether this is a sign of consumer confidence improving in St. Tammany Parish remains to be seen. There remains a concern in the minds of consumers that economic conditions, in general, are not good specifically in the national scene relative to the job and future income situation. In any case, the Parish economy, on all sides, is in much better shape than the national economy.

NEW BUSINESSES

3Q09 saw a decrease of 12 new business licenses, or 2.1% compared to 3Q08. 3Q09 new business licenses were three less than were recorded for 2Q09. YTD new business licenses continue to be ahead of licenses last year by 5.0%. More than 1,750 (1,752) licenses were granted YTD 2009 compared to 1,668 granted through September 2008.

ANNOUNCED PROJECTS, INVESTMENT AND JOBS

3Q09 Parish announced project investment was 150.1% higher than in 3Q08. 3Q09 total announced investment is expected to produce an estimated 613 new permanent jobs, up from 6 in 3Q08 for an increase of 10116.7%. 3Q09 estimated annual payroll was 6376.3% higher than estimated annual payroll in 3Q08, reaching more than \$12 million and up from \$1.7 million. Year-to-date announced total investment through September 2009 was 92.2% behind year-to-date investment last year due to a \$1 billion investment announced in 1Q08.

UTILITIES (Electric)

There has been very little change in the expansion of electric customers in the Parish. 3Q09 number of electric customers stood at 112,154, for an increase of 0.8% or 890 new customers over 3Q08 customers. Although there has been a nominal gain in residential (single family) permits, there has been a negative gain in commercial permits intermittently over the last two quarters, resulting in no percentage change in the growth of electric customers in 3Q09.

ACCOMMODATIONS (Hotel Receipts and Net Occupancy Tax)

Hotel receipts for the Parish in 3Q09 were down 21.5% compared with 3Q08. YTD receipts were down 14.4% compared with receipts YTD in 2008. Net occupancy tax collections (bed tax) have been on a decline during 2009 through September with exception for April and June. 3Q09 bed tax collections were -22.2% compared to 3Q08 collections and are an improvement from the 2Q09/2Q08 comparison of -40.0%. Year-to-date bed tax collections continue to be ahead of 2008 year-to-date collections by 1.9% due to large positive collection comparisons in April 2009 over April 2008 (101.2%) and June 2009 over June 2008 (48.8%).

CONSUMER PRICE INDEX/INFLATION RATE

The Southern U.S. 3Q09 consumer price inflation rate was -1.8%. As was the case in the second quarter, one of the possible reasons for the third quarter negative inflation rate is the wide comparison of lower gas prices in 3Q09 compared to higher prices in 3Q08. 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 Consumer Confidence Index after rising in August dipped slightly in September. The Present Situation Index and the Expectation Index both declined in September as well. "Consumers viewed both current business conditions and the labor market less favorably in September than in August. Consumers remain quite apprehensive about the short-term outlook and their incomes," says Lynn Franco, Director of The Conference Board Consumer Research Center. "With the holiday season quickly approaching, this is not very encouraging news." A peek at the October Consumer Confidence Index shows a deterioration of confidence of present-day conditions with labor market conditions and future earnings playing a major role. A greater portion of consumers expect labor market conditions to worsen in the months ahead. The Consumer Confidence Survey is based on a representative sample of 5,000 U.S. households and is conducted for The Conference Board by TNS, the world's largest custom research company.

CEO confidence continues to increase in 3Q09 which followed a rise in 2Q09 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 have grown considerably more optimistic in their short-term outlook," says Lynn Franco, Director of The Conference Board Consumer Research Center. "CEOs' assessment of current economic conditions was much more optimistic. In assessing their own industries, business leaders were also considerably more positive. About 58% expect economic conditions to improve in the next six months. Although nearly 60% said they scaled back capital spending plans since January, growing optimism over the past several quarters should translate into increased capital spending in 2010."

U.S. AND ST. TAMMANY ECONOMIC GROWTH

In September, The Conference Board U.S. Leading Economic Index (LEI) increased 1.0% following a 0.4% increase in August and a 1.0% gain in July. The Coincident Economic Index (CEI) was unchanged in September ahead of a 0.1% gain in both August and July. The Lagging Economic Index (LAG) declined 0.3% in September preceded by 0.2% and 0.6% declines for August and July, respectively. "Except for average work week and building permits, all leading indicators contributed positively to the index. At the same time, the contraction in the coincident index has halted in recent months, but continued downturn in employment is keeping this index from rising faster," says Ataman Ozyildirim, Economist at The Conference Board. Per Ken Goldstein, Economist at The Conference Board: "The LEI has risen for six consecutive months and the Coincident Index increased in two of the last three months. These numbers strongly suggest a recovery is developing. The intensity of that recovery will depend on how much, and how soon, demand picks up."

Rajeev Dhawan, Economist and Director of the Economic Forecasting Center at Georgia State University, says "the U.S. economy's free fall has come to an end, but forces that have traditionally firmed-up job recovery are still missing. Tech investment growth, a critical predictor of job growth, is still nonexistent, and new construction activity is running at a shadow of its former self. Investment by the corporate sector, especially in the arena of high-tech equipment and software, has fallen at an annual rate of 10% in the last 18 months, and the required corporate revenue growth to jump-start activity is still missing. Tech investment must climb into substantial positive territory to enable job additions in the next 12 months. Another impediment to future job growth is the reluctance of CEOs to convince their boards to undertake risky ventures while revenue growth is negative. Dhawan sees a grudging return to 2.0% growth in 2011."

The St. Tammany Parish economy continues to hover above the break-even growth line. The reading in 3Q09 shows quarter-over-quarter comparison -0.1% and the 12-month period at -0.3%. Contributors to the positive side during 3Q09 and the 12-month period include commercial permits, electric customers and single family permits. Total employment and retail sales recorded negative growth during the quarter and in the 12-month period. Some of the concern experienced in the national economy can be felt in the Parish's economy as well although not at the same impact.

ECONOMIC INDICATORS

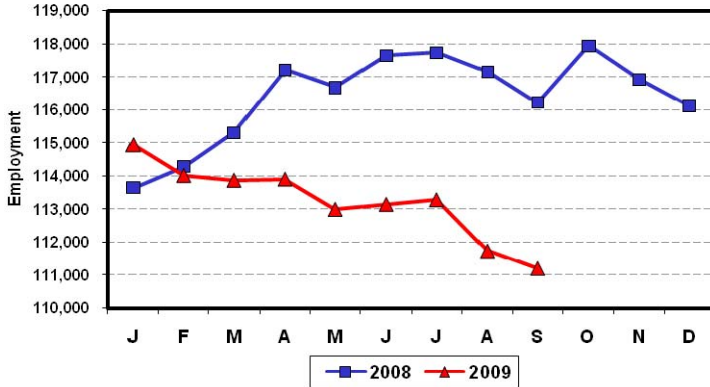
Economic Indicators	Units	3Q09	2Q09	% Change	3Q08	% Change	YTD 2009	YTD 2008	% Change
Retail Sales									
St. Tammany Parish Retail Sales (a)	\$Mil.	906.4	972.9	-6.8%	974.0	-6.9%	2,804.1	3,042.5	-7.8%
St. Tammany Parish Total Sales Tax (a)	\$	43,237,123	46,408,504	-6.8%	46,458,442	-6.9%	133,756,823	145,127,243	-7.8%
New Businesses (h)									
Total New Licenses	No.	558	561	-0.5%	570	-2.1%	1,752	1,668	5.0%
Non-Agricultural Employment (Revised)(b)									
Total Employment	* No.	112,083	113,357	-1.1%	117,033	-4.2%	113,240	116,206	-2.6%
Unemployed	* No.	6,413	5,715	12.2%	4,609	39.1%	5,713	3,938	45.1%
Labor Force	* No.	118,495	119,071	-0.5%	121,642	-2.6%	118,954	120,143	-1.0%
Unemployment Rate (Revised)(b)									
St. Tammany Parish	*	5.4%	4.8%	12.8%	3.8%	42.8%	4.2%	3.3%	28.4%
Louisiana	*	7.8%	6.6%	18.3%	5.2%	50.3%	6.6%	4.3%	53.6%
United States	*	9.6%	9.3%	2.9%	6.0%	59.1%	9.1%	5.5%	65.7%
Unemployment Insurance Claims by St. Tammany Resident (b)									
Number of Initial Claims	No.	429	402	6.7%	471	-8.9%	1,252	1,001	25.1%
Construction: New Building Permits (Uncorporated Area) (c)									
New Single Family Units	No.	161	104	54.8%	158	1.9%	395	672	-41.2%
New Commercial Units	No.	98	126	-22.2%	111	-11.7%	344	338	1.8%
Utilities -- Total Electric Accounts (d)	* No.	112,154	111,894	0.2%	111,264	0.8%	111,823	110,913	0.8%
Real Estate (St. Tammany Parish)(e)									
Residential									
Total Sales Volume	\$000	137,675.9	144,626.4	-4.8%	144,521.6	-4.7%	386,426.3	457,290.5	-15.5%
Number of Houses Sold	No.	617	634	-2.7%	616	0.2%	1,688	1,900	-11.2%
Average Sales Price	* \$	223,138	228,117	-2.2%	234,613	-4.9%	228,926	240,679	-4.9%
Apartment Rent (2 bed, 1 ½ or 2 baths) (i)									
Average Rent, 12 complexes	* \$	1,074	1,141	-5.8%	1,179	-8.9%	1,123	1,170	-4.1%
Announced Projects (f)									
Total Investment	\$000	21,858.0	4,250.0	414.3%	8,738.0	150.1%	33,238	1,176,707	-97.2%
Estimated Permanent Jobs	No.	613	25	2352%	6	10116.7%	844	234	260.7%
Estimated Permanent Annual Payroll	\$0	12,305,000	1,700,000	623.8%	190,000	6376.3%	25,430,600	8,215,000	209.6%
Estimated Construction Jobs	No.	574	0	0%	125	359.2%	595	3,110	-80.9%
New Projects	No.	6	0	0%	1	500.0%	8	12	-33.3%
Expansion Projects	No.	1	2	-50.0%	1	0.0%	4	10	-60.0%
Total Projects	No.	7	2	250.0%	2	250.0%	12	22	-45.5%
Hotel Receipts (g)	\$	8,118,429	8,252,366	-1.6%	10,343,714	-21.5%	24,484,971	28,616,844	-14.4%
Net Occupancy Tax Collections for St. Tammany Events Center (a)									
Net Occupancy Tax Collections	\$	53,390	80,777	-33.9%	68,591	-22.2%	190,497	186,873	1.9%
Inflation Rate									
Southern Region of United States (k)									
Consumer Price Index	* No.	208.9	207.8		212.8		207.3	209.4	
Inflation Rate	*	-1.8%	-1.1%		5.7%		-1.0%	4.5%	

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

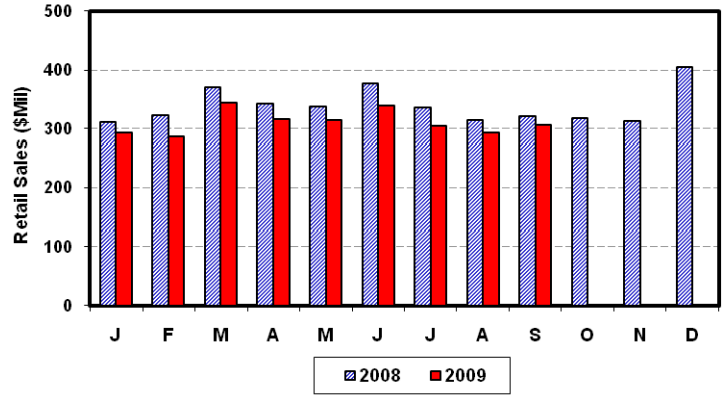
Sources: (a) St. Tammany Sheriff's Office; (b) Louisiana Department of Labor; (c) St. Tammany Parish Building Permit Office; (d) Washington-St. Tammany Electric Co-op, CLECO; (e) Latter & Blum, Inc. Realtors through the Gulf South Real Estate Information Network, Inc. and may not represent all single 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

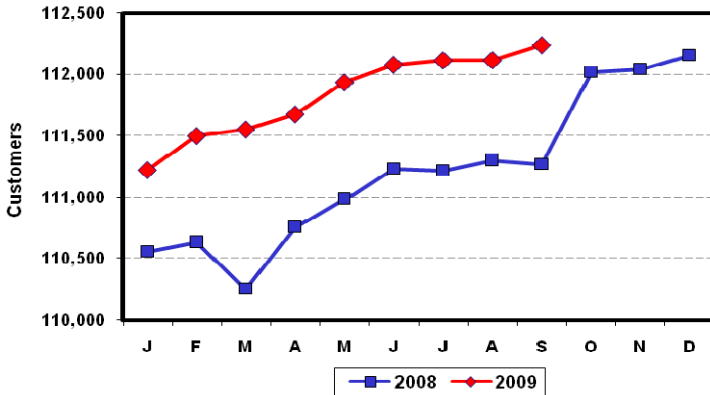
St. Tammany Parish Employment



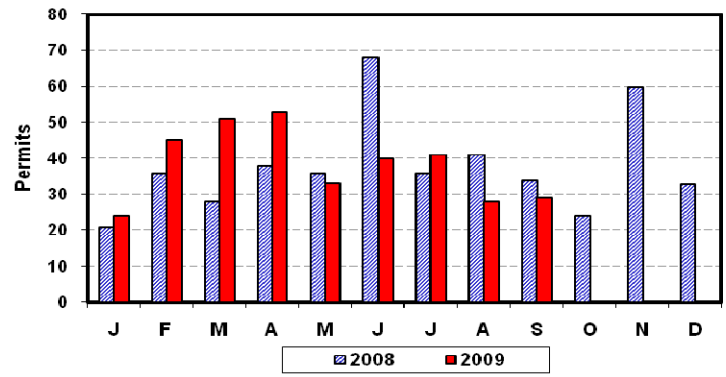
Parish Retail Sales



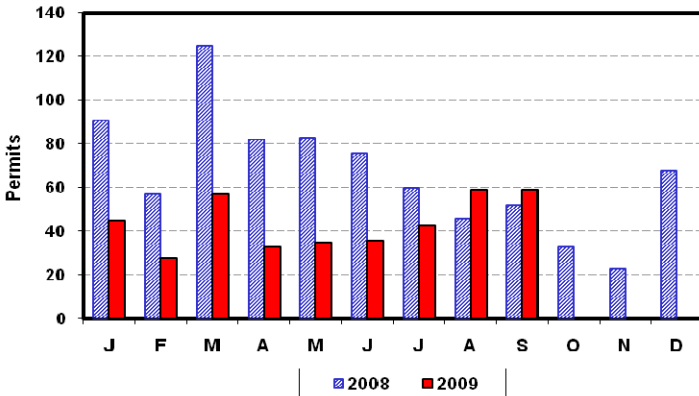
St. Tammany Electric Customers



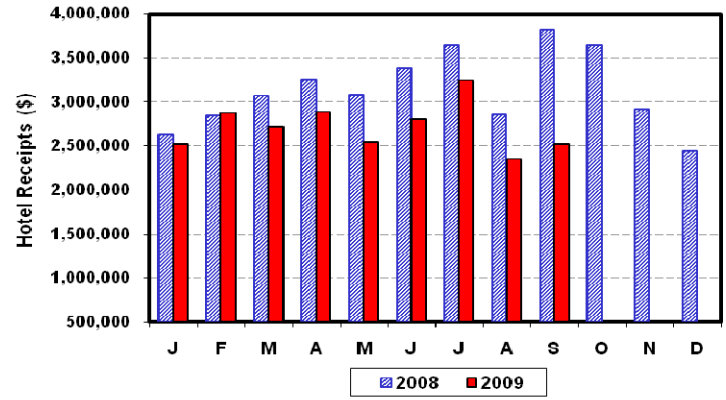
Parish Commercial Permits (Unincorporated)



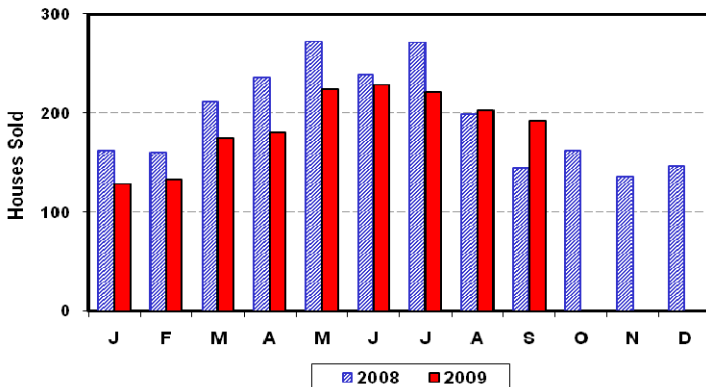
Parish Single Family Building Permits (Unincorporated)



Parish Hotel Receipts



Parish MLS Housing Sales



Parish Net Occupancy Tax Collection

