

Economic Trends

EMPLOYMENT

St. Tammany residential employment continues to lag last year's employment as 4Q09 employment was 3.7% behind 4Q08 employment, for 4,299 fewer employees in 4Q09. Parish employment is defined as the number of persons who live in the Parish and work in and beyond the Parish. A more significant figure with regard to employment is jobs. The jobs number records the number of jobs without regard to where the person holding the job resides. The state labor department does not breakout jobs for each parish within metropolitan area. Attempts to obtain this data for St. Tammany were not successful. The number of unemployed workers increased in 4Q09, with 14.1% more unemployed compared to 4Q08. The 4Q09 parish unemployment rate was 4.8% compared to the 4Q08 unemployment rate of 4.1%. The 4Q09 unemployment rate (4.8%) was much lower when compared to the state (6.9%) and U.S. (9.5%) rates. There were 27.8% more unemployment insurance initial claims in 4Q09 compared to 4Q08. For the entire year of 2009 there were 25.8% more claims than for all of 2008. One of the continuing problems with seeking employees for new and expanding companies in the Parish is finding qualified workers to fill open positions. As mentioned in a previous report, a close rapport between employers and educational institutions within the Parish and in bordering parishes could go a long way in making available qualified employees for available positions.

BUILDING PERMITS / REAL ESTATE / APARTMENT RENTS

Single-family building permits appear to be on an upward swing as 4Q09 permits were 12.9% higher than in 4Q08. Single-family building permits were ahead of 2008 permits from August through November. 2009 annual permits still lag 2008 permits by 32.4%, due mainly to the wide negative gap (2009/2008) in the first seven months of the year. It should be noted that single family building permit comparisons during the last part of 2008 and 2009 were low and not very strong. Commercial building permits in 4Q09 were down 21.4% compared to 4Q08. The commercial building permit performance was doing well in the first four months of the year. Two spikes in June and November 2008 were the cause for much of the negative comparison for the entire year. After June, positive comparisons to 2008 were evident in July and October 2009.

Parish housing sales are beginning to improve over 2008. Fourth quarter 2009 unit sales exceeded the same period last year by 22% and, in fact, the last five months of 2009 were ahead of the last five months in 2008. With unit sales in the first seven months of 2009 lagging the same period unit sales last year, the unit sales for the entire year were down 4.9%. Even though annual sales were down, the deficit unit sales performance is much improved over previous periods. 4Q09 total sales volume was 12.5% higher than in 4Q08. 2009 annual sales volume was down 10.4%. Again, this performance is an improvement over prior periods. 4Q09 average price of a home sold was down 7.8% compared to 4Q08 and annual average price was also down, 5.8%, compared with all of last year. Looking at the last half of 2009, the housing sales indicator is on an upward swing.

Apartment average rent continues to slide. A survey of 12 Parish apartment rents in 4Q09 shows average rent was down 8.7% compared to rents in 4Q08. The average rent for all of 2009 was down 5.5% compared with average rent for all of 2008. Average monthly rent is derived from 12 apartments which have 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

Parish sales in the fourth quarter slipped lower as 4Q09 sales were down 9.2% compared to 4Q08 sales. This performance was lower than the 3Q09/3Q08 comparison of -6.9%. Sales for all of 2009 also slipped to -8.2% compared to all of 2008 sales. Although consumers' confidence rose in December as well as in November, they remain pessimistic with regard to income and business conditions. See consumer confidence below for further details. Their pessimism is likely to continue into the first part of 2010. Until these conditions improve consumer spending could remain relatively low. Again, consumer confidence will have to show a much larger gain for any possible improvement in spending, which will result in improvements in year-over-year sales gains.

NEW BUSINESSES

The Parish saw 87 fewer new business starts or -16.3% in 4Q09 than in 4Q08. For the year, there were three fewer charters, or -0.1%, compared to 2008 starts. Nearly 2,200 (2,198) new businesses were started in the Parish in 2009 for a monthly average of 183 new business starts in 2009. Considering the national economy's weakness and continued job losses, some individuals have turned to starting a business as a hedge against a job loss and/or to meet the need for extra income to cover increasing prices.

ANNOUNCED PROJECTS, INVESTMENT AND JOBS

There were five announced projects in 4Q09 for \$4,464,000. As there were no announced projects reported in 4Q08, no comparison is possible. The five 4Q09 announced projects are expected to produce 30 permanent jobs with an expected payroll of \$1,109,000. A large announced investment project in early 2008 is the reason for the wide comparison gap with 2009 announced project

investment. For all of 2009, \$37,623,000 total investment is expected which compares to \$1,178,707,000 announced investment for all of 2008. 2009 expected permanent jobs were 874, up 273.5% over 2008 expected permanent jobs (234). 2009 expected payroll of \$26,539,600 was 223.1% higher than expected payroll (\$8,215,000) for all of 2008.

UTILITIES (Electric)

The number of electric customers in the fourth quarter continues its steady slower growth at 0.3% which is lower than the previous nine quarters. The increase in the number of single family building permits recorded in 4Q09 will show up in future electric customer growth as the permitted single-family units begin construction. A current slump in commercial building permits in 4Q09 could pose a drag on near-term electric customer growth.

ACCOMMODATIONS (Hotel Receipts and Net Occupancy Tax)

4Q09 hotel receipts from Parish hotels were down 25.8% compared with 4Q08 receipts. Receipts for all of 2009 were down 17.2% compared with receipts for all of 2008. 2009 hotel receipts were down for every month, with the exception of February when receipts nosed ahead of February 2008 receipts. Net occupancy tax collections (bed tax) improved in the fourth quarter but not enough to pull the annual tax ahead of last year's tax. The 4Q09/4Q08 comparison was -8.5% whereas the 3Q09/3Q08 comparison was -22.2%. The entire 2009 bed tax was down -0.5%, a decrease from the 3Q09/3Q08 year-to-date comparison of 1.9%. The 4Q09 dip was enough to push the annual comparison into negative territory.

CONSUMER PRICE INDEX/INFLATION RATE

The Southern U.S. 4Q09 consumer price inflation index was 209.5 which produced an inflation rate of 1.5%. Prices of some consumer items passed 4Q08 prices which pushed the inflation rate to higher than the negative rate in the third quarter this year. Gas prices moved higher in the quarter as well as some grocery items. Other prices such as health care related continue to increase.

U. S. CONSUMER AND CEO CONFIDENCE

U.S. Conference Board Consumer overall Consumer Confidence moved up in December after rising in November. While the Expectations Index increased in December, the Present Situation Index declined in December. Lynn Franco, Director of The Conference Board Consumer Research Center says "Consumer Confidence expectations for the short-term future increased to the highest level in two years. A more optimistic outlook for business and labor market conditions was the driving force behind the increase in the Expectations Index. For income, consumers remain rather pessimistic about their short-term prospects and this will likely continue to play a key role in spending decisions in early 2010. With regard to current conditions, those who claim business conditions are 'bad' increased, while those claiming business conditions are 'good' decreased. Consumers appraisal of the job market was mixed with those claiming jobs are hard to find decreased slightly. The outlook for the labor market was more upbeat in December." 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 4Q09 with a slight increase to 64 in the quarter, up from 63 in the third quarter. As a reference, the figure stood at 24 one year ago. 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. Lynn Franco, Director of The Conference Board Consumer Research Center "noted continued improvement in CEO confidence which suggests further economic growth in 2010, but short-term expectations do not suggest a significant strengthening in the pace of growth. CEO assessment of current economic conditions continued to pick up. Looking ahead six months, CEOs remain optimistic about economic conditions while expectations for their own industries were less optimistic."

U.S. AND ST. TAMMANY ECONOMIC GROWTH

The Conference Board U.S. Leading Economic Index (LEI) "increased sharply in December and has risen steadily for nine consecutive months," says Ataman Ozyildirim, Economist at The Conference Board. He also indicated "the six-month growth has picked up slightly to 5.2% (about a 10.8% annual rate) in the period through December, substantially higher than earlier in the year. In addition, the strengths among the leading indicators have remained very widespread in recent months." Ken Goldstein adds: "The leading indicators point to a possible economic recovery early in 2010. The LEI pace of improvement could pick up this spring." The Coincident Index shows slow expansion of economic activity through December.

The St. Tammany Parish economy hovered around the break-even point for most of 2009. The fourth quarter employment and sales indicators drew the economy into negative territory by -0.6% for all of 2009. Of the five indicators making up the composite index, single family permits, commercial permits and electric customer counts continue to contribute to the economic growth of the Parish albeit a slow pace. Fourth quarter change was -1.7%. For further details on Parish economic growth refer to the St. Tammany Economic Growth Index.

ECONOMIC INDICATORS

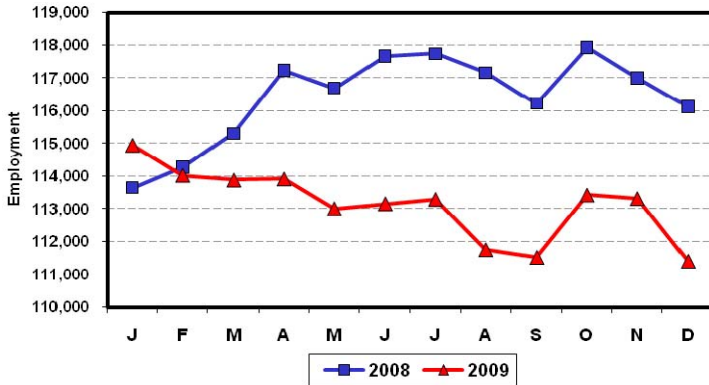
Economic Indicators	Units	4Q09	3Q09	% Change	4Q08	% Change	YTD 2009	YTD 2008	% Change
Retail Sales									
St. Tammany Parish Retail Sales (a)	\$Mil.	942.7	906.4	4.0%	1,038.8	-9.2%	3,746.8	4,081.3	-8.2%
St. Tammany Parish Total Sales Tax (a)	\$	44,966,107	43,237,123	4.0%	49,548,988	-9.2%	178,722,930	194,676,231	-8.2%
New Businesses (h)									
Total New Licenses	No.	446	558	-20.1%	533	-16.3%	2,198	2,201	-0.1%
Non-Agricultural Employment (Revised)(b)									
Total Employment	* No.	112,710	112,185	0.5%	117,009	-3.7%	113,133	116,407	-2.8%
Unemployed	* No.	5,649	6,406	-11.8%	4,951	14.1%	5,696	4,191	35.9%
Labor Force	* No.	118,359	118,591	-0.2%	121,960	-3.0%	118,829	120,598	-1.5%
Unemployment Rate (Revised)(b)									
St. Tammany Parish	*	4.8%	5.4%	-11.6%	4.1%	17.6%	4.8%	3.5%	38.2%
Louisiana	*	6.9%	7.8%	-11.2%	5.6%	24.0%	6.7%	4.6%	44.7%
United States	*	9.5%	9.6%	-0.7%	6.8%	40.2%	9.2%	5.8%	58.2%
Unemployment Insurance Claims by St. Tammany Resident (b)									
Number of Initial Claims	No.	450	429	4.9%	352	27.8%	1,702	1,353	25.8%
Construction: New Building Permits (Uncorporated Area) (c)									
New Single Family Units	No.	140	161	-13.0%	124	12.9%	535	796	-32.8%
New Commercial Units	No.	92	98	-6.1%	117	-21.4%	436	455	-4.2%
Utilities -- Total Electric Accounts (d)	* No.	112,407	112,154	0.2%	112,075	0.3%	111,969	111,204	0.7%
Real Estate (St. Tammany Parish)(e)									
Residential									
Total Sales Volume	\$000	115,688.9	137,675.9	-16.0%	102,846.7	12.5%	502,115.2	560,137.2	-10.4%
Number of Houses Sold	No.	544	617	-11.8%	446	22.0%	2,232	2,346	-4.9%
Average Sales Price	* \$	212,663	223,138	-4.7%	230,598	-7.8%	224,962	238,763	-5.8%
Apartment Rent (2 bed, 1 ½ or 2 baths) (i)									
Average Rent, 12 complexes	* \$	1,052	1,074	-2.1%	1,152	-8.7%	1,101	1,166	-5.5%
Announced Projects (f)									
Total Investment	\$000	4,764	21,479	-77.8%	0	0.0%	37,623	1,176,707	-96.8%
Estimated Permanent Jobs	No.	30	613	-95.1%	0	0.0%	874	234	273.5%
Estimated Permanent Annual Payroll	\$0	1,109,000	12,305,000	-91.0%	0	0.0%	26,539,600	8,215,000	223.1%
Estimated Construction Jobs	No.	103	574	0.0%	0	0.0%	698	3,110	-77.6%
New Projects	No.	4	6	0.0%	0	0.0%	12	12	0.0%
Expansion Projects	No.	1	1	0.0%	0	0.0%	5	10	-50.0%
Total Projects	No.	5	7	-28.6%	0	0.0%	17	22	-22.7%
Hotel Receipts (g)	\$	6,694,301	8,118,429	-17.5%	9,020,609	-25.8%	31,179,272	37,637,453	-17.2%
Net Occupancy Tax Collections for St. Tammany Events Center (a)									
Net Occupancy Tax Collections	\$	51,384	53,390	-3.8%	56,148	-8.5%	241,881	243,021	-0.5%
Inflation Rate									
Southern Region of United States (k)									
Consumer Price Index	* No.	209.5	208.9		206.4		207.9	208.7	
Inflation Rate	*	1.5%	-1.8%		1.7%		-0.4%	4.2%	

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

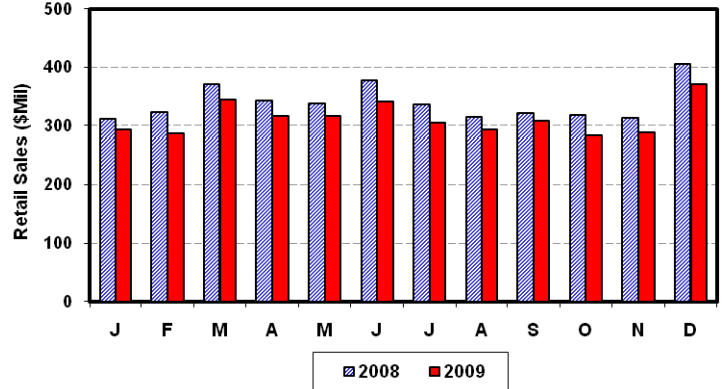
Sources: (a) St. Tammany Sheriff's Office; (b) Louisiana Department of Labor; (c) St. Tammany Parish Building Permit Office; (d) Washington-St. Tammany Electric Co-op, CLECO; (e) Latter & Blum, Inc. Realtors through the Gulf South Real Estate Information Network, Inc. and may not represent all single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

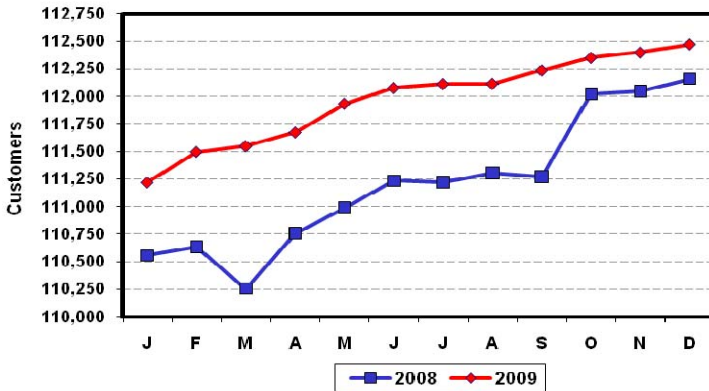
St. Tammany Parish Employment



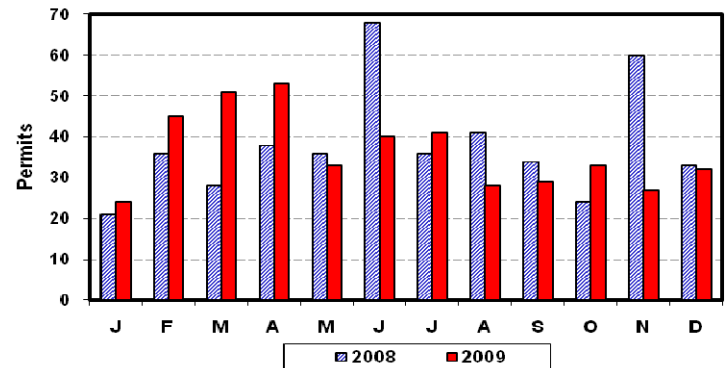
Parish Retail Sales



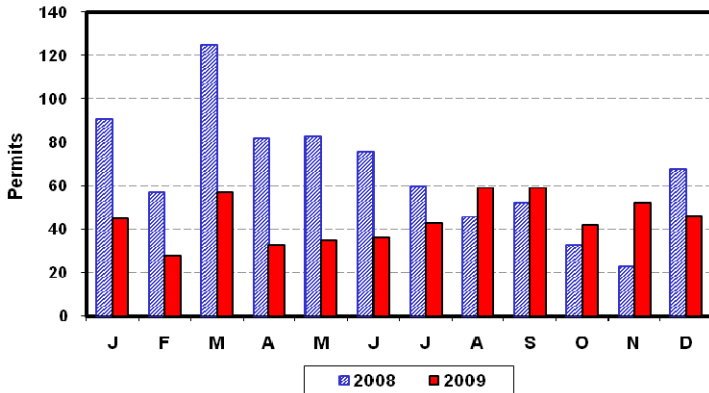
St. Tammany Electric Customers



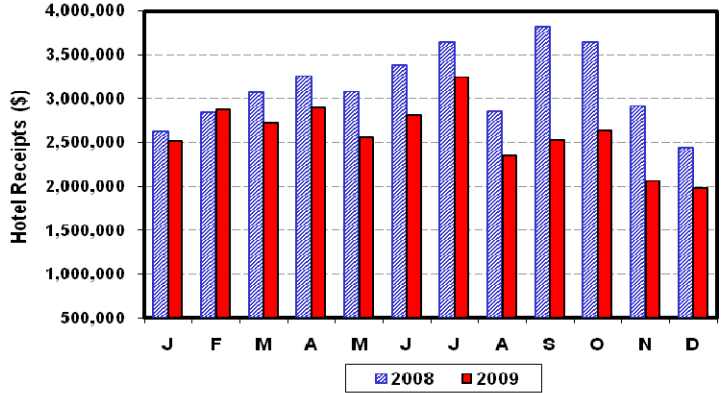
Parish Commercial Permits (Unincorporated)



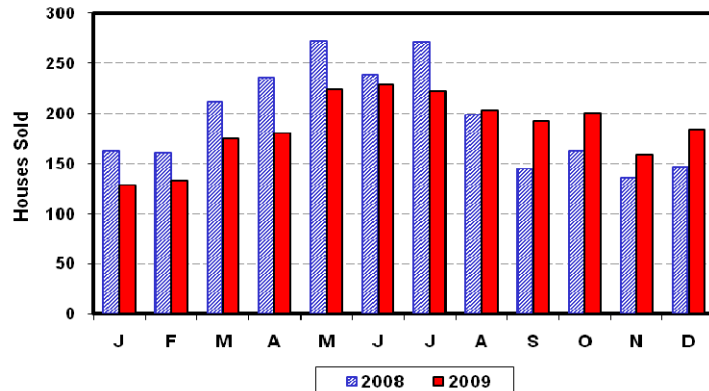
Parish Single Family Building Permits (Unincorporated)



Parish Hotel Receipts



Parish MLS Housing Sales



Parish Net Occupancy Tax Collection

