

# Economic Trends

## **EMPLOYMENT**

2007 first quarter employment for St. Tammany Parish was 6.2% higher than the revised Parish employment in 1Q06. This growth is almost twice as high as quarter over quarter comparisons before Katrina. The Louisiana Department of Labor will continue updating employment as monthly employment data become available as before Katrina. First quarter average employment level of 84,071 is 15,763 or 15.8% below the average employment level in the 2Q05 of 99,834, which was the last full quarter before hurricane Katrina. The 2007 employment level will be updated in 2008 when more employment data on the previous year (2007) will be available. The unemployment rate in the first quarter was 3.7% compared to the 1Q06 unemployment rate of 5.9%.

## **BUILDING PERMITS/REAL ESTATE**

Parish first quarter new single family building permits numbered 403 permits or 25.8% lower than the 543 permits issued in the first quarter last year. The 1Q06 period was the height of many families entering St. Tammany Parish looking for housing. The rush to find permanent housing resulted in abnormal increase in single family building permits being issued. 1Q07 new single family permits have settled down to a more normal pace. Comparing 1Q07 single family permits with 1Q05 permits shows a decline of 43.9%. The comparison 1Q07 over 1Q06 shows an improvement to that of 1Q07 over 1Q05 comparison. Until the abnormal permit issuance of the first three quarters of 2006 passes, the comparisons with last year will be unbalanced to the abnormal demand in the first three months of 2006. After January through September 2006 period has passed, comparison of 2007 permits with 2006 permits will return to a more normal comparable range. A reverse case can be made for commercial building permits. First quarter commercial permits issued (113) were up 18.9% from first quarter last year. This comparison improvement could be attributable to a continuing number of people and businesses moving to St. Tammany Parish looking for sites and facilities to resume or start their operations. When suitable existing facilities were not available, the next option was to construct new facilities. Some others renovated or converted existing structures in which to locate their business.

Residential dollar sales and units sold in the first quarter were down 35.1% and 39.8%, respectively, compared to the first quarter last year and for the same reasons as discussed in single family building permits above. Although the number of units sold and the dollar sales volume was down, the average sales price increased 7.9% in the comparable periods. The continuing rise in single family and apartment rents makes it hard for many lower-paid workers to find affordable housing in the Parish.

## **RETAIL TRADE/SALES**

St. Tammany Parish 1Q07 sales, computed from sales tax revenues, amounted to \$49,678,759 or down 16.2% compared to first quarter sales last year. Again, comparison of 1Q07 sales data with abnormally high 1Q06 sales data, results in abnormal declines due largely high purchase volume of housing and clothing and other items in the aftermath of hurricane Katrina. A more reasonable comparison of first quarter sales to a prior similar period would be to use 1Q05 data. In this case, the sales in the 1Q07 year were 30.0% higher than in the 1Q05. Although this comparison shows a somewhat high spread in the comparison also, the 1Q07 sales comes close to a realization of what the new sales level might look like as a new normal sales level is established.

## **NEW BUSINESSES**

The interest in starting new businesses in the Parish is gaining momentum as the first quarter new businesses started numbered 386 or 62.9% more than for the first quarter last year, 371 business start ups. Some of the first quarter number of new businesses started can be hurricane related as some small business starts were likely the result of new residents moving to the Parish to resume or make a new start.

## **ANNOUNCED PROJECTS, INVESTMENT AND JOBS**

First quarter announced investment of \$59,761,900 was 83.2% higher than investment in 1Q06. A large part of the first quarter total investment (\$39,486,700) was with the Rooms To Go furniture store and warehouse locating in the Parish. Total investment is expected to create 540 new permanent jobs in the St. Tammany economy in the next several months. The number of new projects in the first quarter (10) was six more than in 1Q06. Total projects for the first quarter amounted to 15 compared to 44 projects in 1Q06.

## **UTILITIES (Electric)**

St. Tammany electric customer count in the first quarter was 5.8% higher than for the first quarter last year. With single family construction continuing at a slower pace and commercial construction continuing at a faster pace, electric hookups are growing at a faster pace than before Katrina. Active construction in the Parish on all fronts bodes well for electrical customer growth as well.

The period between 1Q06 and 1Q07 customer count increase includes many storm damaged houses that were repaired and put back on line along with new customers.

### **ACCOMMODATIONS (Hotel Receipts and Net Occupancy Tax)**

1Q07 hotel receipts of \$8,442,827 were down 26.9% below the 1Q06 level. By the first quarter this year most if all hotel guests and volunteer workers who were connected with hurricane Katrina, have left Parish hotels and returned to their homes. This is the reason for the decline in hotel receipts from last year. Comparing first quarter hotel receipts with 1Q05 receipts, 1Q07 receipts would be ahead of 1Q05 receipts by 58%. The net occupancy collections (bed tax) also experienced a drop from \$75,994 in the 1Q06 to \$51,042 in the first quarter this year for much of the same reasons as hotel receipts declined.

### **COST OF LIVING INDEX AND INFLATION RATE**

4Q06 cost of living index for St. Tammany Parish was 101.3. Based on a 100 scale, St. Tammany Parish composite cost of living for middle management households was 1.3% higher than the national average. St. Tammany Parish 4Q06 ranking was 12<sup>th</sup> among a group of 12 selected metropolitan areas nearest geographically to St. Tammany Parish with composite indices ranging from 90.6 for Beaumont, TX to 101.3 for St. Tammany Parish. Other metropolitan area indices are Baton Rouge, 91.7; Jackson, MS 92.4; Lake Charles, 92.5; Hattiesburg, 92.9; Mobile, 93.1; Birmingham, 94.2; Montgomery, 94.1; Tuscaloosa, 96.1; Gulfport-Biloxi, 96.5; and Lafayette, 96.1.

First quarter inflation rate for the Parish was 6.9% compared to the Southern Region of the United States of 2.2%. This comparison is for 1Q07 over 1Q06. High apartment rents, a portion of the housing section of the overall index, is largely responsible for higher inflation numbers in the Parish. 1Q07 gasoline prices were steady or declining compared to 1Q06 prices. Data used to compute St. Tammany inflation rate was taken from the ACCRA Cost of Living Survey items. The survey is conducted quarterly. It should be noted the Southern Region survey of basket of goods contains over 250 items whereas the ACCRA Cost of Living basket contains 56 items. Some sections of the St. Tammany survey contain only three components. As a result, the inflation rate computed for the Parish is subject to wider rate swings. Wide swings in the Parish rate can be caused by a significant price change in low-item sections in the Parish index.

### **U. S. CONSUMER AND CEO CONFIDENCE**

The Conference Board Consumer Confidence Index for the nation fell in April after falling in March and was joined with declines the Present Situation Index and the Expectations Index in April as well. "Unlike the decline in March, which was solely the result of apprehension about the short-term outlook, this month's (April) decline was a combination of weakening expectations and a less favorable assessment of present-day conditions. Rising prices at the gas pump continues to play a key role in dampening consumers' short-term expectations. The decline in the Present Situation Index – the first decline in six months – warrants monitoring in the months ahead, as further declines would suggest a softening in growth" says Lynn Franco, Director of The Conference Board Consumer Research Center. "Consumers' appraisal of current-day conditions was less positive in April while those claiming conditions are "good" declined. Those claiming jobs are "plentiful" decreased from March. "The outlook for the labor market did not change significantly from March."

The Conference Board also reports first quarter the Chief Executive Confidence Measure, after improving to 50 points during the fourth quarter 2006, rose to 53 points in the first quarter 2007. A reading of more than 50 points reflects more positive than negative responses. The survey includes about 100 business leaders in a wide range of industries. "First quarter improvement is due largely to a decline in the number of pessimists, not an increase of the number of optimists," says Lynn Franco, Director of The Conference Board Consumer Research Center. "The good news is that business leaders do not expect conditions to worsen. But by the same token, they do not expect conditions to improve. CEOs' assessment of current conditions improved moderately while their optimism about the short-term outlook was mixed. Health care costs remain the major obstacle to hiring new workers. Wage and salary costs were second while regulation and litigation costs and other fringe benefits were of lesser concern to business leaders when hiring new workers."

### **U.S. AND ST. TAMMANY ECONOMIC GROWTH**

The Conference Board announced the U. S. leading index increased 0.1 percent as did the coincidental index and the lagging index in March. "Weaknesses among the indicators have become increasingly more widespread than the strengths over the past few months. In March, unemployment claims (inverted), real money supply (M2), and average workweek in manufacturing made large positive contributions to the leading index, but these were partially offset by decreases in stock prices, consumer expectations, and the interest rate spread. In the September to March period, the coincident index increased by 0.9 percent with the largest contribution coming from nonagricultural employment, and the strengths of the coincident index have been more widespread than the weaknesses in recent months. Four of the seven components of the lagging index advanced in March. The largest positive contributors, beginning with the largest, were commercial and industrial loans outstanding, change in labor cost per unit of output, ratio of manufacturing and trade inventories to sale, and the ratio of consumer installment credit to personal income." St. Tammany's economy continues to show 12-month strength with an index 7.9% expansion. Contributors to the overall 12-month growth include electrical hookups, up 2.7%; single family building permits, up 3.1%; sales, up 19.3%; and hotel receipts, up 7.0%. Mixed in the annual growth numbers comparisons 1Q06 to 1Q07 periods shows some negative quarter over quarter ratios. Employment quarter over quarter comparison shows a 5.2% increase as the employment data continues to undergo revisions as each month passes.

## ECONOMIC INDICATORS

Economic Indicators	Units	1Q07	4Q06	% Change	1Q06	% Change	YTD 2007	YTD 2006	% Change
<b>Retail Sales</b>									
St. Tammany Parish Retail Sales (a)	\$Mil.	1,041.5	1,162.8	-10.4%	1,242.5	-16.2%	1,041.5	1,242.5	-16.2%
St. Tammany Parish Total Sales Tax (a)	\$	49,678,759	55,465,376	-10.4%	59,266,441	-16.2%	49,678,759	59,266,441	-16.2%
<b>New Businesses (h)</b>									
Total New Licenses	No.	386	332	16.3%	237	62.9%	386	237	62.9%
<b>Non-Agricultural Employment (Revised)(b) (no report for September through March 2006)</b>									
Total Employment	* No.	84,071	75,868	10.8%	79,161	6.2%	84,071	79,161	6.2%
Unemployed	* No.	3,203	3,002	6.7%	4,986	-35.8%	3,203	4,986	-35.8%
Labor Force	* No.	87,274	78,870	10.7%	84,147	3.7%	87,274	84,147	3.7%
<b>Unemployment Rate (Revised)(b) (no report for September through March 2006)</b>									
St. Tammany Parish	*	3.7%	3.8%	-3.6%	5.9%	-38.1%	3.7%	5.9%	-38.1%
Louisiana	*	3.9%	4.4%	-11.4%	4.4%	-11.2%	3.9%	4.6%	-15.8%
United States	*	4.5%	4.4%	2.3%	4.6%	-2.5%	4.5%	4.7%	-4.9%
<b>Unemployment Insurance Claims by St. Tammany Resident (b)</b>									
Number of Initial Claims	No.	197	192	2.6%	118	66.9%	197	118	66.9%
<b>Construction: New Building Permits (Uncorporated Area) (c)</b>									
New Single Family Units	No.	403	576	-30.0%	543	-25.8%	403	543	-25.8%
New Commercial Units	No.	113	137	-17.5%	95	18.9%	113	95	18.9%
Utilities -- Total Electric Accounts (d)	* No.	109,015	108,225	0.7%	103,052	5.8%	109,015	103,052	5.8%
<b>Real Estate (St. Tammany Parish)(e)</b>									
<b>Residential</b>									
Total Sales Volume	\$000	175,019.4	546,220.3	-68.0%	269,641.0	-35.1%	175,019.4	269,641.0	-35.1%
Number of Houses Sold	No.	745	2,643	-71.8%	1,238	-39.8%	745	1,238	-39.8%
Average Sales Price	* \$	234,925	206,667	13.7%	217,804	7.9%	234,925	217,804	7.9%
<b>Announced Projects (f)</b>									
Total Investment	\$	59,761,900	12,485,000	378.7%	32,614,012	83.2%	59,761,900	32,614,012	83.2%
Estimated Permanent Jobs	No.	147	540	264	104.5%	2,220	-75.7%	540	2,220
Estimated Construction Jobs	No.	451	275	50	450.0%	916	-70.0%	275	916
New Projects	No.	10	7	42.9%	4	150.0%	10	4	150.0%
Expansion Projects	No.	5	0	0.0%	40	-87.5%	5	40	-87.5%
Total Projects	No.	15	7	114.3%	44	-65.9%	15	44	-65.9%
Hotel Receipts (g)	\$	8,442,827	7,627,508	10.7%	11,547,365	-26.9%	8,442,827	11,547,365	-26.9%
<b>Net Occupancy Tax Collections for St. Tammany Events Center (a)</b>									
Net Occupancy Tax Collections	\$	51,042	47,823	6.7%	75,994	-32.8%	51,042	75,994	-32.8%
<b>Inflation Rate</b>									
<b>Southern Region of United States (k)</b>									
Composite Index	* No.	196.3	194.8		192.0		196.3	192.0	
Inflation Rate	*	2.2%	1.9%		4.0%		2.2%	2.0%	
<b>St. Tammany Parish (l)</b>									
Composite Index	* No.	115.0	115.0		107.6		115.0	107.6	
Inflation Rate	*	6.9%	7.7%		4.4%		6.9%	2.4%	

\* 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 and collected by North Shore Report; (i) Mandeville City Building Permit Office; (j) Slidell City Building Permit Office; (k) U.S. Bureau of Labor Statistics (l) ACCRA Cost of Living Survey

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# ST. TAMMANY PARISH ECONOMY AT A GLANCE

