

Economic Trends

EMPLOYMENT

St. Tammany Parish total employment continues to show improvement in the second quarter. 2Q07 total employment was 2.8% higher than total employment in 2Q06. The employment growth of 2.8% is close to the employment growth rate prior to hurricane Katrina although the number of total employees still is about 15,000 short of the highest Parish employment level of 100,500 employees in 3Q05. 2Q07 unemployment rate was 4.2% and lower than the rate for 2Q06. The number of initial unemployment claims in the Parish for 2Q07 was 11 claims higher than for 2Q06 or an increase of 6.3%.

BUILDING PERMITS/REAL ESTATE

Parish second quarter single-family building permits were 39.8% lower than 2Q06 permits. Declining single-family permits are in line with Parish housing sales in the same time comparison. As demand for single family housing overall has declined and supply is high, builders have to face the same dilemma as the Parish real estate sector. Nationally, housing sales are in a slump and the prospects for a turnaround are slim in the near term. Commercial building permit activity is mirroring the single family building permit as second quarter 2007 commercial permits were down 13.4% compared to 2Q06 commercial permits issued. Year-to-date through June commercial permits was down 1.2% compared to last year-to-date permits. Much of needed commercial new and repair construction after the hurricane (Katrina) has been completed and the pace of new commercial building activity has slowed to a slower growth pace.

Second quarter Parish single-family home sales were off 31.2% compared to second quarter 2006 housing sales. Through the first half of 2007 home sales were down 40.3% compared with the first half of 2006. Inventory of homes is somewhat high and the demand is on the low side. This phenomenon is resulting in slow house sales. The current housing market in St. Tammany Parish is the reverse of what it was in the months following hurricane Katrina. Although the demand for homes is low there are factors aiding slow sales including sellers are asking inflated prices and there is the added high cost of homeowner's insurance. In many cases where insurance cost is a factor in selling a home, some sellers are asked to help pay part of the buyer's insurance cost at closing to expedite the sale. Homes listed above \$200,000 are experiencing a longer period between list dates and sell dates. Homes with list prices below \$200,000 are selling faster. In the higher desired locations homes priced under \$250,000 are becoming harder to find even in the midst of a high supply market. As the house unit sales are down in the 2Q07 to 2Q06 comparison, total sales volume in 2Q07 was down 31.2% compared to 2Q06 as well. As quarterly unit sales and sales volume were down, 2Q07 average price of a house sold was up 8.8% compared to average of a house sold in 2Q06. Based on this comparison, the average house price is still on the rise even though the number of houses sold has fallen.

RETAIL TRADE/SALES

St. Tammany Parish retail sales for the second quarter 2007 were down 10.6% compared to 2Q06 sales. This is an improvement over the 1Q07/1Q06 comparison of a minus 16.2%. When 2Q07 sales are compared to 2Q05 sales the improvement is 27.6%. The year-to-date 2007 sales comparison to year-to-date 2006 sales showed a minus 13.4%. The 2007 over 2006 sales comparisons year-to-date through the second quarter are due to abnormally high sales six to nine months after hurricane Katrina. Current sales continue to show what the new sales level might look like as the new normal sales level is established and quarter over quarter comparison growth returns to levels much like the periods before the hurricane. This is quite likely to begin in the third quarter comparison this year.

NEW BUSINESSES

Second quarter new business licenses issued in the Parish were nine fewer than for the second quarter last year. The 2Q07 reported new businesses were without the availability of the report for June. 2007 year-to-date reported new businesses were 25.6% higher than for the year-to-date period last year.

ANNOUNCED PROJECTS, INVESTMENT AND JOBS

Second quarter announced investment amounted to \$6,415,000, down 86.9% compared to 2Q06 announced investment. 2Q07 expected new job creation was down 95.8% and the number of projects was down 81.8% compared to respective numbers for 2Q06. The year-to-date figures for announced investment, jobs and total projects were much like the 2Q07 over 2Q06 comparison. Year-to-date year over year-to-date new projects comparison shows an increase of 13.7% or 13 projects versus 7 projects.

UTILITIES (Electric)

Second quarter electric customer count for St. Tammany Parish was 3.8% higher compared to the numbers for the second quarter 2006. The current customer growth rate is somewhat lower than for previous quarters in early 2007 and later quarters in 2006. The primary reason for the slower growth is many homeowners had dual electric hookups (FEMA trailer and house) while they were restoring their homes.

ACCOMMODATIONS (Hotel Receipts and Net Occupancy Tax)

Hotel receipts for 2Q07 were 21.2% down compared to 2Q06 receipts. 2Q06 hotel receipts undoubtedly included guest and volunteer workers connected with hurricane Katrina cleanup. By 2Q07, these people have largely left Parish hotels and returned to places from which they came from and thus are the reason for the decline in hotel receipts in early 2007 over early 2006 hotel occupancy. 2Q07 hotel receipts were up 39.3% compared to 2Q05 receipts. 2Q07 net occupancy tax collections (bed tax) followed hotel receipts and were down 25.5% compared to 2Q06 bed tax. Year-to-date 2007 bed tax was down 29.9% compared to same period last year.

COST OF LIVING INDEX AND INFLATION RATE

The second quarter cost of living index for the Parish was 101.3. Based on a 100 scale, The Parish composite cost of living for middle management households was 1.3% higher than the national average. St. Tammany Parish 2Q07 ranking was 12th among a group of selected metropolitan areas nearest geographically to St. Tammany Parish with composite indices ranging from 90.0 for Hattiesburg to 101.3 for St. Tammany Parish. Other metropolitan area indices are Baton Rouge, 91.3; Beaumont, 92.2; Shreveport, 93.3; Tuscaloosa, 94.2; Jackson, 94.4; Mobile, 94.9; Lake Charles, 95.6; Montgomery, 96.1; Gulfport-Biloxi, 96.3; and Lafayette, 96.3.

The inflation rate for St. Tammany Parish is derived from the cost of living index report for the parish. As the cost of living index report for the parish is not available for this Trends Report, the inflation rate for the second quarter is also not available but will be available for the third quarter Trends Report. First quarter cost of living index report is taken from the first quarter report and offered for your reference. First quarter inflation rate for the Parish was 6.9% compared to the Southern Region of the United States of 2.2% in the 1Q07 over 1Q06 comparison. Data used to compute St. Tammany inflation rate was taken from the quarterly ACCRA Cost of Living Survey items. 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 sectors 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 are caused by significant price changes in low-item sectors of the Parish index.

U. S. CONSUMER AND CEO CONFIDENCE

July 2007 U. S. Consumer Confidence as produced by The Conference Board Increased significantly compared to the sliding index in June. The July increase pushed the index to a six-month high. In the minds of consumers, the July rebound was caused largely by improvement in business conditions and the job market. "The Present Situation Index is also at a near six-month high. Looking ahead, consumers are more upbeat about short-term economic prospects, mainly the result of a decline in the number of pessimists, not an increase in the number of optimists", says Lynn Franco, Director of The Conference Board Consumer Research Center. "This rebound in confidence suggests economic activity may gather a little momentum in the coming months. Consumers were considerably more positive about current-day conditions in July than they were in June. Consumers were also less pessimistic about the short-term outlook. The outlook for the labor market continued to be mixed."

The Conference Board reports second quarter Chief Executive Confidence Measure, 'which had improved to 53 in the 1Q07, fell to 45 in the second quarter. 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.' Lynn Franco, Director of The Conference Board Consumer Research Center, says "Several quarters of sluggish economic growth have taken a toll on CEOs' confidence, erasing two quarters of improvement. Looking ahead, CEOs do not expect a significant turnaround in conditions and profit expectations. Only a quarter of CEOs expect profits to increase versus three-quarters said so last year, reflecting their pessimistic outlook." CEOs' assessment of current economic conditions was little changed from earlier this year while they were less optimistic about the short-term outlook than last quarter. Of those who expect profit improvement, 46 percent believe technology will drive profits up."

U.S. AND ST. TAMMANY ECONOMIC GROWTH

For June the U. S. leading index decreased 0.3 percent following an increase in May as reported by The Conference Board. "Housing permits made the largest negative contribution in the June decline, followed by initial claims for unemployment insurance (inverted) and consumer expectations. The leading index has been fluctuating around an essentially flat trend since January, and the number of decreasing components has been slightly more than the number of components increasing in recent months. At the same time, real GDP grew only at a 0.7 percent annual rate in the first quarter of 2007, slowing down from a 2.5 percent rate in the fourth quarter of 2006. The performance of the leading index so far in the first half of 2007 continued to be mixed with offsetting increases and decreases, and suggests that economic growth is likely to continue, but at a slow pace in the near term. The coincident index increased in June as Industrial production made the largest positive contribution followed by personal income less transfer payments and employment. The strengths among the coincident indicators have been very widespread in recent months despite a slow down in its growth rate from an average annual rate of about 2.5 percent in 2006. The lagging index increased 0.5 percent in June following increases of 0.2 percent in April and 0.3 percent in May. The June lagging index increase was led by average weekly manufacturing hours, manufacturer' new orders for non-defense capital goods, and stock prices. " The St. Tammany economy continues to deal with comparisons well after hurricane Katrina (current) with period shortly after the hurricane (early 2006). This comparison is dealing with two entirely different periods. One period is struggling to get out from under the effect of the storm (early 2006) and the current period of nearing full recovery from the storm. A more normal comparison will occur when the two comparable "normal" periods are presented which will likely occur in the third quarter over third quarter comparison. At that time a truer analysis can be made as to the real growth of the St. Tammany economy. The Parish economy is in a period of establishing new normals for each of the components making up the overall growth index. The trend line for four of the components making up the composite index shows the trends for employment, single family building permits, retail sales and electric customers is up albeit some components' increases are at a slower rate as they establish new normal trends and comparisons with the previous year. The Parish economy remains strong and continues to expand. (See the St. Tammany Economic Growth Index.)

ECONOMIC INDICATORS

Economic Indicators	Units	2Q07	1Q07	% Change	2Q06	% Change	YTD 2007	YTD 2006	% Change
Retail Sales									
St. Tammany Parish Retail Sales (a)	\$Mil.	1,134.4	1,041.5	8.9%	1,268.8	-10.6%	2,175.9	2,511.3	-13.4%
St. Tammany Parish Total Sales Tax (a)	\$	54,109,777	49,678,759	8.9%	60,522,770	-10.6%	103,788,536	119,789,211	-13.4%
New Businesses (h)									
Total New Licenses	No.	303	386	-21.5%	312	-2.9%	689	549	25.5%
Non-Agricultural Employment (Revised)(b) (no report for September through March 2006)									
Total Employment	* No.	85,016	84,071	1.1%	82,680	2.8%	84,544	80,921	4.5%
Unemployed	* No.	3,692	3,203	15.3%	3,872	-4.6%	3,447	4,429	-22.2%
Labor Force	* No.	88,708	87,274	1.6%	86,552	2.5%	87,991	85,350	3.1%
Unemployment Rate (Revised)(b) (no report for September through March 2006)									
St. Tammany Parish	*	4.2%	3.7%	13.4%	4.5%	-7.0%	3.9%	5.2%	-24.7%
Louisiana	*	4.1%	4.0%	2.5%	4.9%	-15.8%	4.0%	4.8%	-15.8%
United States	*	4.4%	4.5%	-0.7%	4.6%	-4.3%	4.5%	4.7%	-4.6%
Unemployment Insurance Claims by St. Tammany Resident (b)									
Number of Initial Claims	No.	187	197	-5.1%	176	6.3%	384	294	30.6%
Construction: New Building Permits (Uncorporated Area) (c)									
New Single Family Units	No.	356	403	-11.7%	591	-39.8%	759	1,134	-33.1%
New Commercial Units	No.	136	113	20.4%	157	-13.4%	249	252	-1.2%
Utilities -- Total Electric Accounts (d)	* No.	109,436	109,015	0.4%	105,441	3.8%	109,225	104,247	4.8%
Real Estate (St. Tammany Parish)(e)									
Residential									
Total Sales Volume	\$000	232,415.3	175,019.4	32.8%	338,009.0	-31.2%	407,434.7	607,650.0	-32.9%
Number of Houses Sold	No.	908	745	21.9%	1,437	-36.8%	1,653	2,675	-38.2%
Average Sales Price	* \$	255,964	234,925	9.0%	235,219	8.8%	246,482	227,159	8.5%
Announced Projects (f)									
Total Investment	\$	6,415,000	59,761,900	-89.3%	48,934,861	-86.9%	66,176,900	81,548,873	-18.9%
Estimated Permanent Jobs	No.	24	540	-95.6%	572	-95.8%	564	2,792	-79.8%
Estimated Construction Jobs	No.	0	275	-100.0%	658	-100.0%	275	1,574	-82.5%
New Projects	3	10	-70.0%	3	0.0%	13	7	85.7%	85.7%
Expansion Projects	1	5	0.0%	19	-94.7%	6	59	-89.8%	-89.8%
Total Projects	4	15	-73.3%	22	-81.8%	19	66	-71.2%	-71.2%
Hotel Receipts (g)	\$	8,505,071	8,442,827	0.7%	10,789,799	-21.2%	16,947,898	22,337,164	-24.1%
Net Occupancy Tax Collections for St. Tammany Events Center (a)									
Net Occupancy Tax Collections	\$	47,601	51,042	-6.7%	64,769	-26.5%	98,643	140,763	-29.9%
Inflation Rate									
Southern Region of United States (k)									
Composite Index	* No.	200.7	196.3		195.5		198.5	193.8	
Inflation Rate	*	2.7%	2.2%		4.3%		2.5%	2.9%	
St. Tammany Parish (l)									
Composite Index	* No.	122.1	115.0		113.3		118.6	110.5	
Inflation Rate	*	7.8%	6.9%		8.7%		7.3%	5.1%	

* 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

