

## **EMPLOYMENT**

2Q08 Parish employment amounted to 116,202 persons, up 2.3% over employment in 2Q07. For continued clarification, employment numbers reported by the state Department of Labor for St. Tammany Parish is employment of persons who live and work in the Parish. 2Q08 labor force numbered 119,915 persons or 2.2% higher than for labor force in 2Q07. Current employment and labor force counts for the Parish are new records caused by new businesses moving into the Parish and existing businesses in the expanding mode. Growth of new and expanding businesses in the Parish is putting pressure on finding qualified persons to fill new job openings. Parish unemployment rate continues to be extraordinarily low at 3.1% and is below state (3.8%) and U.S. (5.3%) rates. Unemployed persons in the Parish in 2Q08 moved up 4.5% over the same period last year and was up 7.8% year-to-date compared to the same period last year. A larger number, total employment, expanded faster (1,590) than increases in unemployment (160). This is a result of workers coming from outside the Parish to work. Upward movement of unemployment claims can be seen in the number of initial claims in the second quarter. During 2Q08 the number of initial claims jumped 37.4% compared to 2Q07 or 257 2Q08 claims versus 187 2Q07 claims.

## **BUILDING PERMITS/REAL ESTATE**

Second quarter Parish building permits for single family homes were 32.3% lower than single family permits for 2Q07. 2Q08 permits for each of the three months were down considerably compared with corresponding months last year. Year-to-date single family permits were down 32.2% compared to year-to-date permits last year. New commercial building permits issued in the 2Q08 fared much better as they were up 4.4% compared to second quarter commercial permits last year. Year-to-date commercial building permits were down 8.8% compared with year-to-date permits last year. The improvement of commercial permit comparison with last year points to continued expansion in the business sector of the Parish economy.

Sales of existing homes in the Parish remain sluggish as 2Q08 home sales lagged 2Q07 home sales. The number of homes sold in 2Q08 lagged 2Q07 unit sales by 17.6% while 2Q08 volume sales were behind 2Q07 volume sales by 21.5%. 2Q08 average sold price sagged 4.7% compared with 2Q07 average price. Decline of average house sold price in the second quarter 2008 over second quarter 2007 comparison is the first time this occurred since the 4Q06 over 4Q05 comparison which showed a drop of 6.3%. Many circumstances taking place in the housing and mortgage sectors (sales of foreclosed homes below market prices, length of days on the market forcing list prices lower, etc.) are resulting in some lower housing prices. The 'slightly better' second quarter over first quarter performance caused a slight improvement in the 2008 year-to-date figures as well.

## **RETAIL TRADE/SALES**

2Q08 St. Tammany Parish estimated sales were 7.0% short of 2Q07 sales. Year-to-date total sales were behind last year-to-date sales by 5.4%. A breakdown of sales over the three months of the second quarter shows a sales decline in the month-over-month comparisons from April to June. The deficit for the three months in the quarter shows -2.4% for April; -6.5% for May, and -11.2% in June. Continued high gas prices are having an effect on consumer spending habits. Current buying habits have been curtailed in favor of cheaper goods which fit individual household needs and are more affordable. Driving habits are being altered to accommodate higher fuel costs. In short, consumers are forced to spend more or search for cheaper priced goods. The same consumer dollar is stretched over necessary items (food, gas, health care and homeowner's insurance), all with higher price tags. All this readjustment of consumer spending is causing an overall total sales slide compared with last year.

## **NEW BUSINESSES**

St. Tammany Parish new business starts in the second quarter were 10.3% higher than starts in the second quarter last year at 591 starts versus 536 starts. During the quarter, April and June new business starts were up considerably over corresponding months last year (65.5% and 33.3%, respectively), and were large contributors to the overall quarter-over-quarter gain.

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

Announced project investment in 2Q08 of \$32,600,000 was 408.2% higher than the investment in the 2Q07 last year. Year-to-date announced investment was 1664.9% higher than year-to-date investment through June last year. Much of the year-to-date announced investment was due to the large (\$1,135,368,900) investment in the first quarter this year. Year-to-date estimated permanent job creation is expected to be 228 jobs; short of 2007 year-to-date job creation expectations of 564 jobs. This year's expected new payroll is also short of 2007 year-to-date expected new payroll.

## **UTILITIES (Electric)**

Electric customer count in the Parish for the 2Q08 was up 1.4% compared with the 2Q07 count. As the pace of building permits issued has slowed, so has the growth of electric customers. Growth has further been impacted by FEMA trailers remaining in the Parish. Removal of FEMA trailers from the Parish electric customer count, statistically, has the effect of reducing the number of

electric customers in the Parish. The existence of FEMA trailers inflates the number of electric customers by recording at least two electric hookups at one address while the permanent residence is being restored. Remaining trailers are to be removed from the Parish in the third quarter. Once this is accomplished a truer customer count will reflect only one hookup per residence.

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

Parish hotel receipts in 2Q08 were 14.4% higher than receipts in the 2Q07. Year-to-date receipts were up 7.8% compared with year-to-date receipts last year. Each month in 2Q08 contributed considerably to the quarter-over-quarter increase with April up 20.5%, May up 11.7% and June up 11.4%. Net occupancy tax collections (bed tax) also had a good quarter with collections 21.2% higher than collections in 2Q07 last year. Year-to-date bed tax collections were 19.9% ahead of 2007 year-to-date collections. It was a mixed bag when looking at each month's performance compared with last year. April was ahead by 67.9%, May was up 37.0% and June was down 25.4% compared to corresponding months last year.

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

2Q08 cost of living for the Parish was 98.4. On a 100 scale, the Parish composite cost of living for executive management households was 1.6% below the national average. 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 for 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 1Q08 composite cost of living ranked 11th among a group of 11 other selected metropolitan areas nearest, geographically, to St. Tammany Parish. 2Q08 annual cost of living measurement of composite indices ranged from 88.2 for Baton Rouge to 107.9 for Panama City. Other metropolitan area indices were Lake Charles, 90.5; Tuscaloosa, 90.6; Birmingham, 91.5; Shreveport, 92.9; Gulfport/Biloxi, 94.1; Mobile, 94.2; Jackson, 94.5; Lafayette, 94.5; Montgomery, 97.6; and St. Tammany, 98.4.

St. Tammany Parish 2Q08 inflation rate was 13.4%, up from 3.5% in 2Q07. The St. Tammany inflation rate is derived from the cost of living index report for the parish. Data used to compute St. Tammany inflation rate was taken from the quarterly C2ER Cost of Living Survey items. The Southern U.S. 2Q08 consumer price inflation rate was 4.7% up from 2.7% in 2Q07. It should be noted that the Southern Region survey of goods basket contains over 250 items whereas the C2ER 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. 2Q08 Parish inflation rate increase over 2Q07 rate continues to see increases in health care, transportation (including gasoline), and food costs which were up 23.3%, 15.0% and 5.4%, respectively, in the 2Q08 quarter over 2Q07 quarter comparison.

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

After declining for the past six months The Conference Board Consumer Confidence inched ahead in July, up slightly to 51.9 from June level of 51.0. "Consumers' assessment of current conditions was little changed, suggesting there has been no significant improvement, nor significant deterioration, in business or labor market conditions. Looking ahead, while consumers remain extremely grim about short-term prospects, modest improvement in expectations, often a harbinger of economic times to come, bears careful watching over the next few months," says Lynn Franco, Director of The Conference Board Consumer Research Center. "Consumers' appraisal of present-day conditions remained quite bleak in July. Consumers' outlook, while slightly improved from June, continues to be pessimistic. Outlook for the labor remains gloomy."

CEO Confidence, as measured by The Conference Board, which had declined in 1Q08, edged up to 39 in the second quarter from a reading of 38 in the first quarter. The last time the measure fell below 38 was in the final quarter of 2000 when the level was 31. "CEOs continue to rate current national economic conditions as unfavorable, and their short-term expectations suggest this slow growth environment will exist for the remainder of the year," says Lynn Franco, Director of The Conference Board Consumer Research Center. "CEOs' assessment of current conditions barely registered an improvement with less than seven percent stating economic conditions had improved. In assessing their own industries, business leaders were more pessimistic with approximately nine percent claim(ing) conditions are better. Looking ahead six months, the outlook was mixed, but generally pessimistic. On the issue of profit expectations over the next 12 months, 60% of the executives anticipate increases. Executives engaged in the durable goods industry are the most optimistic with 73% expecting profits to increase. Fifty-six percent of the executives in the non-durable goods industry anticipate a rise in profits."

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

The June U.S. leading index decreased 0.1% while the coincident index increased 0.1% and the lagging index receded 0.3% as reported by The Conference Board. The leading index declined two months in a row as a revision of May's increase resulted in a decline caused largely in the average work week in manufacturing and manufacturers' new orders for consumer goods and materials. "Real money supply, stock prices and weekly initial claims made very large negative contributions to the leading index in June. This more than offset positive contributions from building permits, the interest rate spread and supplier deliveries. The decline in the leading index has moderated somewhat, and the six-month change in the index has picked up in June, up from the end of the first quarter. The weaknesses among the leading indicators continue to be widespread. The coincident index, a measure of current economic activity, contributed positively to the index in June while employment has contributed to the decline. All in all, the behavior of the composite indexes suggests that the risks for further weakening in the national economy in the near term remain elevated."

The St. Tammany economy is stable. Although four of the five components making up the composite index are showing continued growth, total sales is dragging the composite index down. Second quarter economic expansion was -0.6% while the 12-month expansion was 0.4%. For further discussion and details see the Economic Growth Index.

**ECONOMIC INDICATORS**

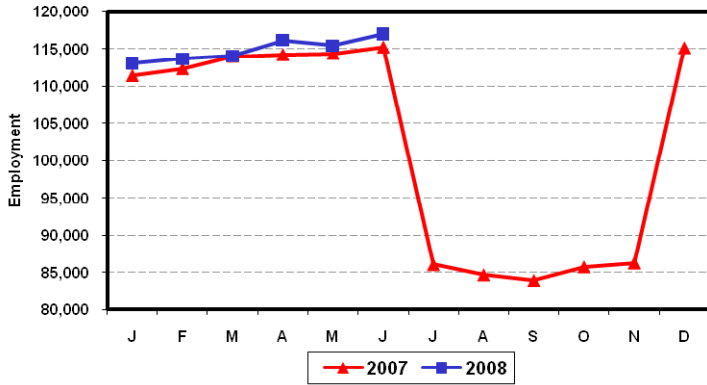
<b>Economic Indicators</b>	<b>Units</b>	<b>2Q08</b>	<b>1Q08</b>	<b>% Change</b>	<b>2Q07</b>	<b>% Change</b>	<b>YTD 2008</b>	<b>YTD 2007</b>	<b>% Change</b>
<b>Retail Sales</b>									
St. Tammany Parish Retail Sales (a)	\$Mil.	1,055.4	1,003.3	5.2%	1,134.4	-7.0%	2,058.7	2,175.9	-5.4%
St. Tammany Parish Total Sales Tax (a)	\$	50,341,776	47,857,447	5.2%	54,109,777	-7.0%	98,199,223	103,788,536	-5.4%
<b>New Businesses (h)</b>									
Total New Licenses	No.	591	507	16.6%	536	10.3%	1,098	1,108	-0.9%
<b>Non-Agricultural Employment (Revised)(b)</b>									
Total Employment	* No.	116,202	113,589	2.3%	114,612	1.4%	114,896	113,593	1.1%
Unemployed	* No.	3,713	3,698	0.4%	3,553	4.5%	3,706	3,438	7.8%
Labor Force	* No.	119,915	117,287	2.2%	118,166	1.5%	118,601	117,032	1.3%
<b>Unemployment Rate (Revised)(b)</b>									
St. Tammany Parish	*	3.1%	3.2%	-1.8%	3.0%	3.0%	3.1%	2.9%	6.3%
Louisiana	*	3.8%	3.9%	-2.2%	3.8%	0.0%	3.9%	3.7%	3.1%
United States	*	5.3%	5.2%	1.6%	4.4%	20.6%	5.2%	4.5%	16.5%
<b>Unemployment Insurance Claims by St. Tammany Resident (b)</b>									
Number of Initial Claims	No.	257	273	-5.9%	187	37.4%	530	384	38.0%
<b>Construction: New Building Permits (Uncorporated Area) (c)</b>									
New Single Family Units	No.	241	273	-11.7%	356	-32.3%	514	759	-32.3%
New Commercial Units	No.	142	85	67.1%	136	4.4%	227	249	-8.8%
Utilities -- Total Electric Accounts (d)	* No.	110,993	110,482	0.5%	109,436	1.4%	110,738	109,225	1.4%
<b>Real Estate (St. Tammany Parish)(e)</b>									
<b>Residential</b>									
Total Sales Volume	\$000	182,423.5	130,345.4	40.0%	232,415.3	-21.5%	312,768.9	407,434.7	-23.2%
Number of Houses Sold	No.	748	536	39.6%	908	-17.6%	1,284	1,653	-22.3%
Average Sales Price	* \$	243,882	243,182	0.3%	255,964	-4.7%	243,589	246,482	-1.2%
<b>Announced Projects (f)</b>									
Total Investment	\$	32,600.0	1,135,368.9	-97.1%	6,415.0	408.2%	1,167,968.9	66,176.9	1664.9%
Estimated Permanent Jobs	No.	48	180	-73.3%	24	100.0%	228	564	-59.6%
Estimated Permanent Annual Payroll	\$	1,845,000	6,180,000	-70.1%	785,140	135.0%	8,025,000	22,470,140	-64.3%
Estimated Construction Jobs	No.	240	2,720	-91.2%	0	0.0%	2,960	275	976.4%
New Projects	No.	3	8	-62.5%	3	0.0%	11	13	-15.4%
Expansion Projects	No.	5	4	25.0%	1	400.0%	9	6	50.0%
Total Projects	No.	8	12	-33.3%	4	100.0%	20	19	5.3%
Hotel Receipts (g)	\$	9,727,266	8,545,864	13.8%	8,505,071	14.4%	18,273,130	16,947,898	7.8%
<b>Net Occupancy Tax Collections for St. Tammany Events Center (a)</b>									
Net Occupancy Tax Collections	\$	57,683	60,599	-4.8%	47,601	21.2%	118,282	98,643	19.9%
<b>Inflation Rate</b>									
<b>Southern Region of United States (k)</b>									
Composite Index	* No.	210.1	205.4		200.7		207.8	198.5	
Inflation Rate	*	4.7%	4.6%		2.7%		4.7%	1.9%	
<b>St. Tammany Parish (l)</b>									
Composite Index	* No.	134.1	128.3		118.3		131.2	120.2	
Inflation Rate	*	13.4%	5.0%		3.6%		9.1%	5.5%	

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

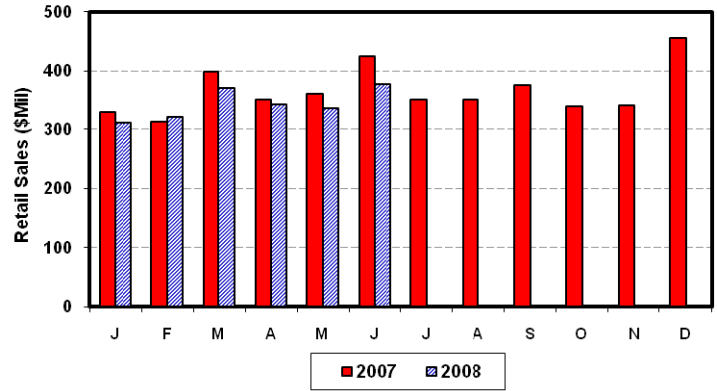
Sources: (a) St. Tammany Sheriff's Office; (b) Louisiana Department of Labor; (c) St. Tammany Parish Building Permit Office; (d) Washington-St. Tammany Electric Co-op, CLECO; (e) Latter & Blum, Inc. Realtors through the Gulf South Real Estate Information Network, Inc. and may not represent all single 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) Mandeville City Building Permit Office; (j) Slidell City Building Permit Office; (k) U.S. Bureau of Labor Statistics (l) ACCRA Cost of Living Survey

# ST. TAMMANY PARISH ECONOMY AT A GLANCE

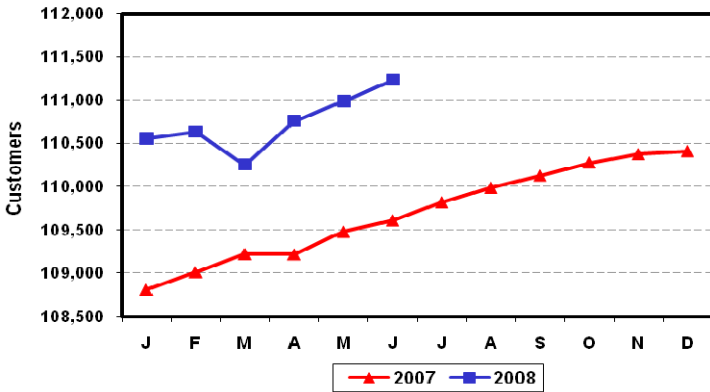
## St. Tammany Parish Employment



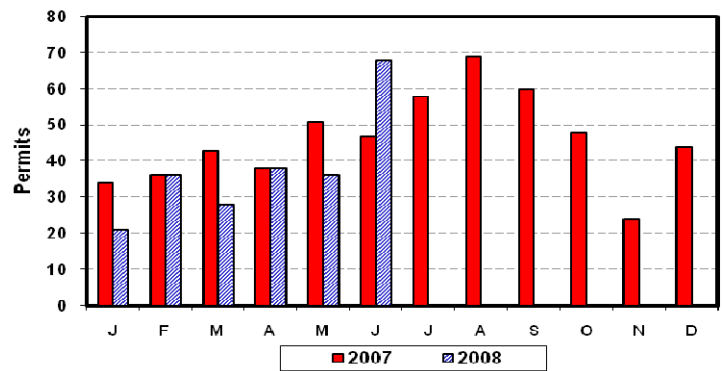
## Parish Retail Sales



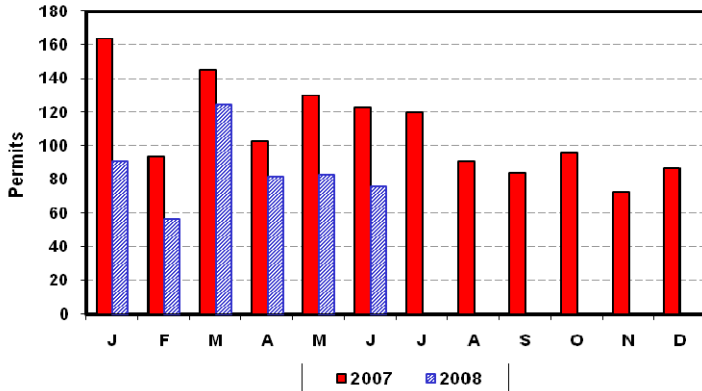
## St. Tammany Electric Customers



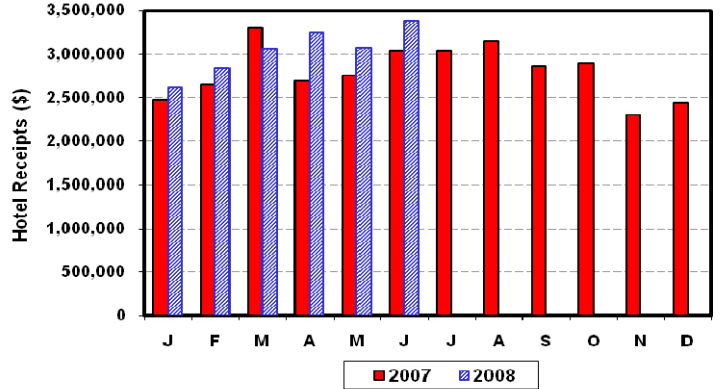
## Parish Commercial Permits (Unincorporated)



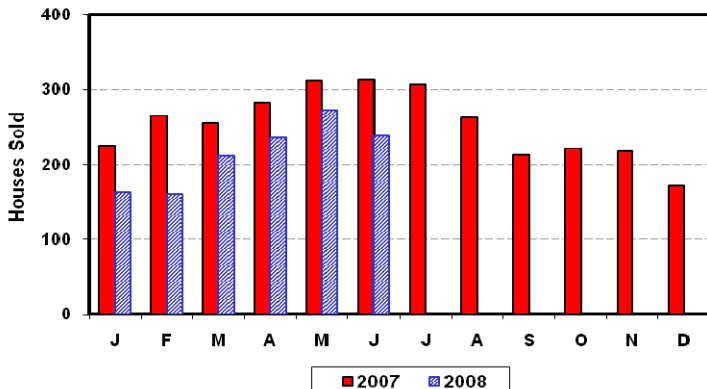
## Parish Single Family Building Permits (Unincorporated)



## Parish Hotel Receipts



## Parish MLS Housing Sales



## Parish Net Occupancy Tax Collection

