

Economic Trends

EMPLOYMENT

Third-quarter St. Tammany Parish employment stood at 84,915 persons or an increase of 1.3% over the third-quarter employment level in 2006. Comparison between 3Q07 and 2Q07 shows a decrease of 0.1%. This drop could be the result of students who were working during the summer and left to return to school when they opened for the fall term. Year-to-date through September, Parish employment was up 3.4% over year-to-date employment last year. 3Q07 unemployment rate, 4.0%, continues to be low, especially compared to the State (4.1%) and nation (4.6%). Unemployment numbers continue to fall with third-quarter unemployment 3.3% lower than 3Q06 unemployment.

BUILDING PERMITS/REAL ESTATE

Third-quarter single-family building permits (295) declined from third-quarter 2006 single-family building permits by 44.1%. One would have to go back several years (possibly to 2000) to see quarterly issued family building permits as low as the 200 – 300 range. Nonetheless, new housing development in the Parish continues but at a slower pace. Demand for new housing has been somewhat dampened by the relatively substantial cost (compared to pre-Katrina) to insure a home. Higher costs required to get into a house may have resulted in a smaller number of prospective home buyers desiring to relocate to St. Tammany Parish and willing to absorb the higher insurance costs. The number of 3Q07 commercial permits issued in the Parish, on the other hand, demonstrates quite the opposite direction from single-family permits, as commercial permits issued were up 10.7% over third-quarter permits issued last year. 2007 year-to-date commercial permits were ahead of 2006 year-to-date permits by 3.6%. If 4Q07 commercial permits continue the trend set for the first nine months of 2007, permits for all of 2007 will out-perform commercial permits issued for all of last year. With the Parish gaining about 50,000 residents after Katrina, various types of businesses have followed increased population and have been doing so for many months.

Sales of single-family homes in the third-quarter (782) continue to follow the downward trend, which has been the case over the past several months, with 31.8% fewer homes sold in 3Q07 (1,146) compared to the same period last year. A similar trend is seen in the dollar sales volume. Third-quarter dollar sales volume was down 29.8% compared to the third-quarter dollar sales volume last year. The more interesting stat is in average house sales price. Third-quarter 2007 average sales price was 2.8% higher than the average sales price in the third-quarter last year. This phenomenon exists in year-to-date as well. 2007 year-to-date average sales price was 6.8% higher than the year-to-date average sales price in 2006. The current market consists of prospective home buyers desiring to settle in St. Tammany Parish but has been whittled to a smaller number and may consist largely of buyers willing to absorb higher insurance costs. It also should be noted that the first nine months of 2006 experienced high housing demand as a result of extended post-Katrina population growth. In that period, higher unit and volume numbers were compared to 2007's lower and possibly more normal numbers. Once the third-quarter 2007 over third-quarter 2006 comparison passes, hopefully more normal comparisons will be the case.

RETAIL TRADE/SALES

St. Tammany Parish estimated retail sales for the third-quarter were \$51,270,938, 7.0% below estimated sales in the third-quarter 2006. The dollar difference was \$3,871,081. The year-to-date estimated retail sales were down 11.7% or \$20,632,849 compared to year-to-date sales last year. The negative comparisons of 2007 periods with correlated periods last year have been narrowing from January through September. The negative comparison of January over January was 17.9%. The September over September comparison was a negative 6.1%. Most of the negative comparisons of 2007 periods with similar periods last year show the lessening impact of post-Katrina recovery costs on retail sales. The comparison still evaluates apples with oranges as the comparisons of this year over last year. Abnormal sales of last year are compared with more stable sales of this year through September. Looking to the future, the fourth-quarter sales this year compared with 4Q06 sales should continue to show improvement, if not a more positive picture.

NEW BUSINESSES

New business development continues in the Parish as third-quarter business licenses numbered 234 filings and were down 13.0% compared to 3Q06 licenses of 269. Year-to-date, the number of new businesses was 963, or 17.7% increase over last year-to-date numbers. Number of new businesses licensed in the Parish this year is on a trend to overtake the number of new businesses licensed in 2006.

ANNOUNCED PROJECTS, INVESTMENT AND JOBS

Announced investment jumped in the third-quarter to nearly \$51 million, caused largely by a \$30,500,000 expansion of the LA Heart Hospital. This particular announcement is expected to produce 185 new permanent jobs with an annual payroll of \$13,000,000. During the construction period, construction payroll is expected to be \$14,000,000. Overall third-quarter expected permanent job creation is to be 360 permanent jobs and a permanent annual payroll of \$17,830,000. Of the seven projects announced in the quarter, three were new and four were expansion projects.

UTILITIES (Electric)

Third-quarter St. Tammany Parish electric customer growth was 2.7%. Slower month-over-month customer growth reflects the slower growth in new house construction brought on by housing demand slowdown which negatively impacts electric customer growth. There remain a number of customers with dual hookups (FEMA trailers and residence) while they continue making repairs to their homes. As they turn in their FEMA trailers there is a reduction of electrical hookups which dampens electric hookup growth figures.

ACCOMMODATIONS (Hotel Receipts and Net Occupancy Tax)

Hotel receipts for third-quarter 2007 in the Parish were 10.8% higher than they were in the third-quarter last year. Year-to-date receipts were 14.8% behind in the same period last year. Net occupancy tax collections for the third-quarter were down 6.1% compared to the 2006 third-quarter collections. Year-to-date bed tax collections were down 22.8% compared to 2006 year-to-date level. As was the case with retail sales, bed tax collections and hotel receipts were caught up in the apples and oranges comparison caused by the abnormally elevated economic activity in the post-Katrina period.

COST OF LIVING INDEX AND INFLATION RATE

Second-quarter cost of living index for St. Tammany Parish stood at 101.3. The third-quarter cost of living index was not available at this writing so the second-quarter cost of living index is presented from the 2Q07 Trends Report. 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 and had a second-quarter cost of living measurement with composite indices ranging from 90.0 for Hattiesburg to 101.3 for St. Tammany Parish. Other metropolitan area indices were 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 for the third quarter was 1.5%. The 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 ACCRA Cost of Living Survey items. The Southern U.S. third-quarter consumer price inflation rate was 2.4%. It should be noted that the Southern Region survey of goods basket 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

The Conference Board Consumer Confidence Index continued falling in September after falling in August. "The Consumer Confidence Index is now at its lowest level in nearly two years (Nov. 2005, 98.3)", said Lynn Franco, Director of The Conference Board Consumer Research Center. The Index current level stands at 99.8. The Present Situation Index declined to 121.7 from 130.1 while the Expectations Index dropped to 85.2 from 89.2. "Weaker business conditions combined with a less favorable job market continue to cast a cloud over consumers and heighten their sense of uncertainty and concern. Looking ahead, little economic improvement is expected and with the holiday season around the corner this is not welcome news. Consumers' appraisal of current-day conditions waned further in September. Consumers were also less positive in their appraisal of the labor market. Consumers' expectations for the next six months weakened further in September. The outlook for the labor market was mixed."

The Measure of CEO confidence, which had declined to 45 in the second-quarter, continued down to 44 in the third-quarter as reported by The Conference Board. "A reading of more than 50 points reflects more positive than negative responses and a reading of less than 50 points reflects a less than positive responses. Despite the rather bleak assessment of current conditions, CEOs are not as pessimistic in their short-term outlook," said Franco. But although the outlook is somewhat brighter than in the second-quarter, the pace of growth is likely to remain moderate in the months ahead. CEOs' assessment of current economic conditions was less favorable. In assessing their own industries, business leaders were less optimistic. CEOs, however, are moderately more optimistic about the short-term outlook than last quarter.

U.S. AND ST. TAMMANY ECONOMIC GROWTH

In September the U. S. leading index recorded an increase of 0.3% and was the third increase in the last six months as reported by The Conference Board. "These increases and decreases have been alternating and offsetting each other, which means the leading index is now at the same level as in March 2007. In September, building permits were the largest negative contributor, but were offset by large positive contributions from vendor performance, stock prices, and unemployment insurance claims (inverted). In the period from March to September, gains in real money supply and stock prices have offset weakness from housing permits and interest rate spread components. All seven of the indicators that make up the leading index increased in September. The coincident index increased 0.2% in September and grew 1.0% from March to September or a 1.9% annual rate which will be its long-term average growth rate of about 2.6%. Although this is a slower growth, strengths among the indicators continued to be very widespread in recent months. All four coincident indicators advanced in September. The lagging index continued to increase with a September gain of 0.5% as the indexes gains have been larger than those in the coincident index in recent months. Four of the seven components of the lagging index advanced in September with largest contributors were commercial and industrial loans outstanding, average duration of unemployment (inverted), change in CPI for services, and ratio of consumer installment credit to personal income," said Franco. The St. Tammany economy continues to expand although some negative comparisons of 3Q07 data with post-Katrina influenced data in 3Q06 remains. 4Q07 comparisons with 4Q06 data should give clearer picture comparisons, free of the influence of post-Katrina period. Contributors to the overall growth are electric customers, commercial permits, and employment. The Parish economy exhibits strength as growth maintains a solid steady pace. For more detailed data on economic components, see the St. Tammany Economic Growth Index.

ECONOMIC INDICATORS

Economic Indicators	Units	3Q07	2Q07	% Change	3Q06	% Change	YTD 2007	YTD 2006	% Change
Retail Sales									
St. Tammany Parish Retail Sales (a)	\$Mil.	1,074.9	1,134.4	-5.2%	1,156.0	-7.0%	3,250.7	3,683.3	-11.7%
St. Tammany Parish Total Sales Tax (a)	\$	51,270,938	54,109,777	-5.2%	55,142,019	-7.0%	155,059,474	175,692,323	-11.7%
New Businesses (h)									
Total New Licenses	No.	234	343	-31.8%	269	-13.0%	963	818	17.7%
Non-Agricultural Employment (Revised)(b) (no report for September through March 2006)									
Total Employment	* No.	84,915	85,016	-0.1%	83,804	1.3%	84,667	81,882	3.4%
Unemployed	* No.	3,504	3,692	-5.1%	3,623	-3.3%	3,466	4,160	-16.7%
Labor Force	* No.	88,420	88,708	-0.3%	87,427	1.1%	88,134	86,042	2.4%
Unemployment Rate (Revised)(b) (no report for September through March 2006)									
St. Tammany Parish	*	4.0%	4.2%	-4.8%	4.1%	-4.4%	3.9%	4.8%	-18.9%
Louisiana	*	4.1%	4.1%	0.8%	3.9%	6.9%	4.0%	4.5%	-9.2%
United States	*	4.6%	4.4%	4.5%	4.6%	0.7%	4.5%	4.7%	-2.9%
Unemployment Insurance Claims by St. Tammany Resident (b)									
Number of Initial Claims	No.	237	187	26.7%	217	9.2%	621	511	21.5%
Construction: New Building Permits (Uncorporated Area) (c)									
New Single Family Units	No.	295	356	-17.1%	528	-44.1%	1,054	1,662	-36.6%
New Commercial Units	No.	187	136	37.5%	169	10.7%	436	421	3.6%
Utilities -- Total Electric Accounts (d)	* No.	109,979	109,436	0.5%	107,060	2.7%	109,476	105,184	4.1%
Real Estate (St. Tammany Parish)(e)									
Residential									
Total Sales Volume	\$000	203,958.7	232,415.3	-12.2%	290,732.8	-29.8%	611,393.4	898,382.8	-31.9%
Number of Houses Sold	No.	782	908	-13.9%	1,146	-31.8%	2,435	3,821	-36.3%
Average Sales Price	* \$	260,817	255,964	1.9%	253,694	2.8%	251,086	235,117	6.8%
Announced Projects (f)									
Total Investment	\$	50,808,707	6,415,000	692.0%	23,013,366	120.8%	116,985,607	104,562,239	11.9%
Estimated Permanent Jobs	No.	360	24	1400.0%	264	36.4%	924	3,056	-69.8%
Estimated Permanent Annual Payroll	\$	17,830,000	785,140	2170.9%	1,501,500	1087.5%	40,300,140	45,763,600	-11.9%
Estimated Construction Jobs	No.	245	0	0.0%	93	163.4%	520	1,667	-68.8%
New Projects	No.	3	3	0.0%	3	0.0%	16	10	60.0%
Expansion Projects	No.	4	1	0.0%	6	-33.3%	10	65	-84.6%
Total Projects	No.	7	4	75.0%	9	-22.2%	26	75	-65.3%
Hotel Receipts (g)	\$	9,058,720	8,505,071	6.5%	8,173,072	10.8%	26,006,618	30,510,236	-14.8%
Net Occupancy Tax Collections for St. Tammany Events Center (a)									
Net Occupancy Tax Collections	\$	56,884	47,601	19.5%	60,599	-6.1%	155,527	201,362	-22.8%
Inflation Rate									
Southern Region of United States (k)									
Composite Index	* No.	201.4	200.7		196.6		199.5	194.7	
Inflation Rate	*	2.4%	2.7%		3.5%		2.4%	3.4%	
St. Tammany Parish (l)									
Composite Index	* No.	120.8	122.1		119.1		119.3	113.3	
Inflation Rate	*	1.5%	7.8%		12.0%		5.3%	7.8%	

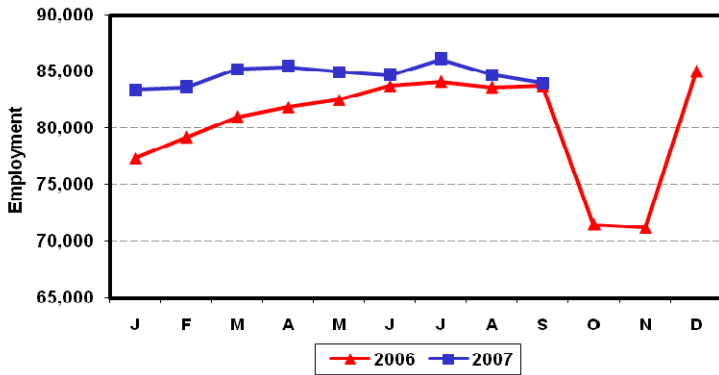
* Year-to-date data is an average. N.A. = not available; n.a. = not applicable

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

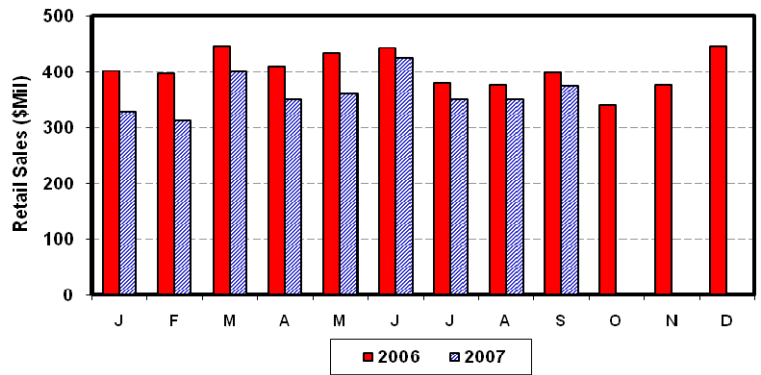
St. Tammany Economic Development Foundation Economic Trends Report, 3rd Quarter 2007

ST. TAMMANY PARISH ECONOMY AT A GLANCE

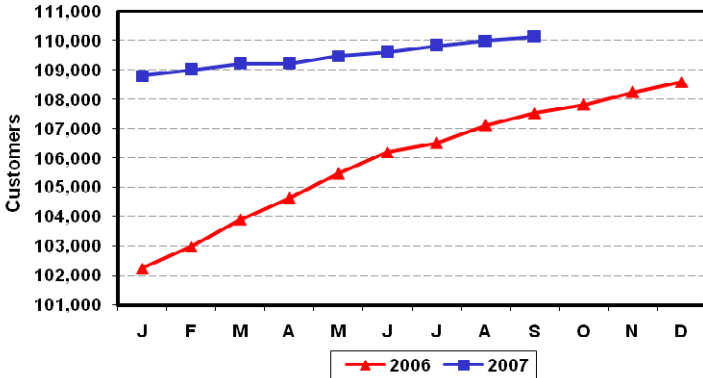
St. Tammany Parish Employment



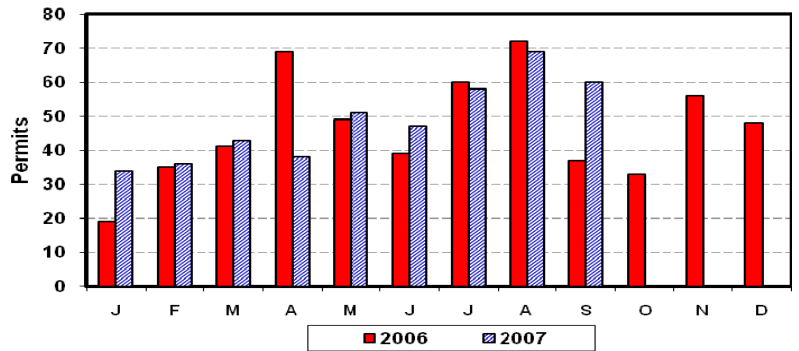
Parish Retail Sales



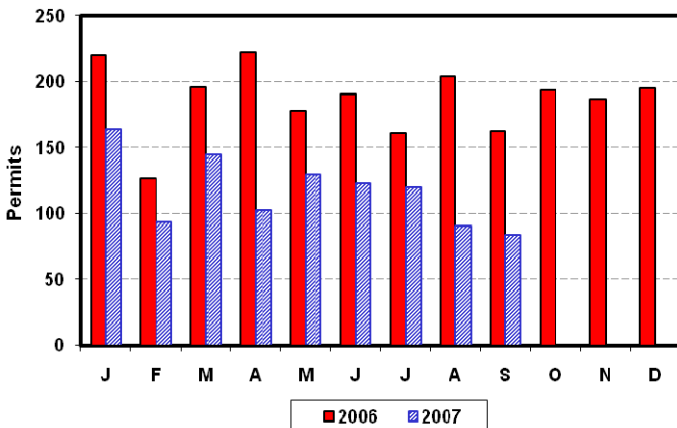
St. Tammany Electric Customers



Parish Commercial Permits (Unincorporated)



Parish Single Family Building Permits (Unincorporated)



Parish Hotel Receipts

