

Economic Trends

EMPLOYMENT

Parish employment continues to grow as third-quarter total employment stood at 117,386 persons, 2.4% higher than in the third quarter last year. Parish employment is defined as the number of persons who live and work in the Parish. The Parish labor force grew faster in the 3Q08 over 3Q07 comparison (3.0%). A large part of this increase was due to a 20.7% increase in 3Q08 unemployment over 3Q07 unemployment. The unemployment rate for 3Q08 increased to 3.5% which compares to 2.4% for 3Q07. The unemployment comparison between 2Q08 and 3Q08 was 15.7%, or 583 persons. Although the Parish experienced an increase in the month-over-month comparison, the 3.5% rate is considerably lower than the rates for the state and the nation. The increase in the number of initial unemployment insurance claims in 3Q08 shows a 98.7% increase over 3Q07. As the number of unemployed increased 738 between 3Q07 and 3Q08, the number of initial unemployment insurance claims increased 234 during the same comparison period. The current unemployment numbers represent employers cutting employment payrolls which may be a harbinger of worsening unemployment conditions as we enter the fourth quarter. How much worse? Reductions in consumer spending will probably result in reductions in the retail workforce. Nationally, consumers are expecting future labor trends to be worse. It is yet to be determined how Parish consumers view workforce trends in the Parish and how this will affect the St. Tammany Parish workforce.

BUILDING PERMITS/REAL ESTATE

The growth of new single-family construction continues to proceed at a slow pace as 3Q08 single-family building permits decreased 46.4% compared with single-family permits in 3Q07. The quarter-over-quarter decline worsened compared to the second-quarter decline. The YTD-over-YTD decline was 36.2%, also worse than the second quarter YTD-over-YTD decline of 32.3%. The glut of existing homes for sale coupled with difficulty obtaining mortgage loans has reined-in single-family building permit issuance. 3Q08 commercial building permit activity has seen a decline compared with 3Q07 permits of 40.6%. This is a departure from past monthly gains as 2008-over-2007 comparisons with last year have been mostly positive over recent months. YTD commercial building permits issuance was also down 22.5% compared with last year. This is also a worsening condition compared with the second quarter YTD-over-YTD decline of 8.8%.

Housing sales in the Parish are following the same pattern as housing permits, with 3Q08 sales down 21.2% compared with 3Q07. YTD unit sales were down 22.0% from 2007 YTD. Third-quarter dollar sales volume slipped further with a quarter-over-quarter drop of 29.1% while YTD volume sales dipped 25.5% compared with last year. The average price of a house sold in 3Q08 fared better as the quarter-over-quarter average price fell 10% and YTD average sales price was down only 4.1%. The Conference Board "sees no sign of improvement in the national overall housing market before the first half of 2009 at the earliest and housing prices may drop further --- at significant cost to consumer spending over the next two quarters including the holiday season." How much this scenario will affect the St. Tammany housing market is yet to be seen.

RETAIL TRADE/SALES

3Q08 estimated sales were 7.7% lower than 3Q07. YTD sales were behind last year's sales by 6.7%. 3Q08 saw escalating gas and medical costs. This increase has tightened consumers' spending to those items of more importance and necessity. Large-ticket purchases such as vehicles, appliances and electronics have been put on hold to a future time when they become more affordable and incomes will allow it. Those who experienced increases in their mortgage payments due to rising mortgage rates on adjustable rate mortgages find it even more difficult to maintain household spending, again, limited to essential household items. All this points to lower retail sales.

NEW BUSINESSES

New business starts in the third quarter numbered 570, 74 short of new business starts in 3Q07 for a decline of 11.5%. Year-to-date new business starts were down 4.8% compared to 2007 YTD starts. According to The Conference Board, "several short-term credit channels such as commercial paper have been and are freezing up nationally. This can seriously impact day-to-day larger business operations. The current forecast assumes inter-bank lending will recover, and investor and business confidence will gradually return as government measures take hold in a matter of weeks --- which is no small assumption." The problem with small business is the banks are reluctant to extend lines of credit to small businesses for fear they will not get their money back.

ANNOUNCED PROJECTS, INVESTMENT AND JOBS

Third quarter announced project investment of \$8,738,000 was 82.8% behind 3Q07. With big investment announced earlier this year, YTD announced investment stands 905.9% compared with YTD investment last year. Jobs and payroll expected to be generated from this investment remain behind last year's comparable figures. It should be noted that the third quarter announced investment report was minus the month of September. September announced investment will not be available until December if there is any investment to report. That investment, if any, will be included in the fourth quarter Trends Report. When normalcy will return to commercial lending is anyone's guess.

UTILITIES (Electric)

Third quarter electric customer count climbed 1.2% higher than in 3Q07. As the number of new single-family home and new commercial permits has slowed, so has the number of new electric customers. The growth has slowed appreciably compared to the 2Q08 when the increase was only 0.2%. This sluggishness could be the result of a few FEMA trailers remaining in the Parish that have been removed during the third quarter.

ACCOMMODATIONS (Hotel Receipts and Net Occupancy Tax)

Parish hotel receipts for 3Q08 were 14.2% higher than they were in 3Q07. YTD receipts were 10.0% ahead of YTD receipts at this point in 2007. 3Q08 net occupancy tax collections (bed tax) were 20.8% higher than in 3Q07. YTD bed tax collections were 20.2% higher than for the same period last year.

COST OF LIVING INDEX AND INFLATION RATE

The cost of living in 3Q08 for the Parish was 98.7. On a 100 scale, the Parish composite cost of living for executive management households was 1.3% 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 3Q08 composite cost of living ranked 10th among a group of 11 other selected metropolitan areas nearest, geographically, to St. Tammany Parish. 3Q08 annual cost-of-living measurement of composite indices ranged from 90.6 shared by Baton Rouge and Birmingham to 107.2 for Panama City. Other metropolitan area indices were Tuscaloosa, 90.8; Birmingham, 91.5; Hattiesburg, MS, 92.3; Gulfport/Biloxi, 93.7; Shreveport, 94.0; Mobile, 94.2; Jackson, 96.4; Montgomery, 98.2; and Lafayette, 99.1.

St. Tammany Parish 3Q08 inflation rate 9.6%. Data used to compute the inflation rate was taken from the quarterly C2ER Cost of Living Survey items. The Southern U.S. 3Q08 consumer price inflation rate was 5.7%, up from 2.4% in 3Q07. 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. 3Q08 Parish inflation over 3Q07 continues to see large increases in transportation and food costs, which were the largest contributors to third-quarter inflation rise.

U. S. CONSUMER AND CEO CONFIDENCE

U.S. Consumer Confidence in October declined to all-time low in October as reported by The Conference Board. The October Index at 38.0 fell from 61.4 in September. The Present Situation Index declined from 61.1 in September to 41.9 in October and Expectations Index dropped from 61.5 to 35.5 in the same month-to-month comparison. "The impact of the financial crisis over the last several weeks has clearly taken a toll on consumers' confidence," says Lynn Franco, Director of The Conference Board Consumer Research Center. "The decline in the Index is the third largest in the history of the series, and the lowest reading on record. In assessing current conditions, consumers rated the labor market and business conditions much less favorably, suggesting the fourth quarter is off to a weaker start than the third quarter. Looking ahead, consumers are extremely pessimistic and significantly larger proportion than September foresees business and labor market conditions worsening. Their earnings outlook, as well as inflation outlook, is also more pessimistic. This news does not bode well for retailers who are already bracing for what is shaping up to be a very challenging holiday season."

Third quarter CEO Confidence, as measured by The Conference Board, was virtually unchanged as the quarter reading was 40 compared to 39 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. Franco says: "CEO confidence remains quite negative, and continues to hover at levels associated with recession. While these results do not reflect the full impact of the financial crisis that began in mid-September, there is little doubt that the pessimism expressed before these events will worsen in the near-term. CEOs' assessment of current economic conditions remained extremely pessimistic while assessing their own industries; business leaders were equally as pessimistic. Looking ahead six months, the outlook remains quite gloomy. Only 17% of chief executives report increases in their companies' capital spending plans since January. A decline in sales volume was the most cited reason for decreases in spending plans."

U.S. AND ST. TAMMANY ECONOMIC GROWTH

The September U.S. leading index increased 0.3% while the coincident index decreased 0.5% and the lagging index decreased 0.2% for the same month as reported by The Conference Board. "The leading index September increase was the first increase in this indicator in the last five months. Real money supply, consumer expectations, the interest rate spread, and the index of supplier deliveries all made large positive contributions to the September increase. This more than offset the negative contributions from building permits, stock prices, initial claims for unemployment insurance (inverted) and the average workweek in manufacturing. The coincident index decreased sharply in September and it has declined or held steady since October 2007. Industrial production fell steeply in September while employment continued to decline. GDP growth slowed to a 1.8% average annual rate in the first half of the year, down from an average annual rate of 2.3% in the second half of 2007. The behavior of the composite indexes suggests that the U.S. economy is unlikely to improve in the near term." Overall expansion has come to a standstill in St. Tammany. If the Parish economy remains relatively strong and can recover from any downturns faster than the national economy the local economy may experience a shorter down period than the national economy. In the past when the national economy experienced some downturn, the local economy continued expanding. The hope is the Parish economy is strong enough to experience this current wave of economic weakening and plow through it to better months down the road. In the meantime, a period of slow or no growth should be expected.

ECONOMIC INDICATORS

Economic Indicators	Units	3Q08	2Q08	% Change	3Q07	% Change	YTD 2008	YTD 2007	% Change
Retail Sales									
St. Tammany Parish Retail Sales (a)	\$Mil.	974.0	1,055.4	-7.7%	1,074.9	-9.4%	3,032.7	3,250.7	-6.7%
St. Tammany Parish Total Sales Tax (a)	\$	46,458,442	50,341,776	-7.7%	51,270,938	-9.4%	144,657,665	155,059,474	-6.7%
New Businesses (h)									
Total New Licenses	No.	570	591	-3.6%	644	-11.5%	1,668	1,752	-4.8%
Non-Agricultural Employment (Revised)(b)									
Total Employment	* No.	117,386	116,273	1.0%	114,611	2.4%	115,749	113,932	1.6%
Unemployed	* No.	4,295	3,712	15.7%	3,557	20.7%	3,901	3,478	12.2%
Labor Force	* No.	121,680	119,985	1.4%	118,167	3.0%	119,651	117,410	1.9%
Unemployment Rate (Revised)(b)									
St. Tammany Parish	*	3.5%	3.1%	14.1%	3.0%	17.3%	3.3%	3.0%	10.0%
Louisiana	*	4.6%	3.8%	22.1%	4.1%	11.3%	4.1%	3.9%	6.0%
United States	*	6.0%	5.3%	13.3%	4.6%	28.8%	5.4%	4.5%	20.7%
Unemployment Insurance Claims by St. Tammany Resident (b)									
Number of Initial Claims	No.	471	257	83.3%	237	98.7%	1,001	621	61.2%
Construction: New Building Permits (Uncorporated Area) (c)									
New Single Family Units	No.	158	241	-34.4%	295	-46.4%	672	1,054	-36.2%
New Commercial Units	No.	111	142	-21.8%	187	-40.6%	338	436	-22.5%
Utilities -- Total Electric Accounts (d)	* No.	111,264	110,993	0.2%	109,979	1.2%	110,913	109,476	1.3%
Real Estate (St. Tammany Parish)(e)									
Residential									
Total Sales Volume	\$000	144,522	182,424	-20.8%	203,959	-29.1%	457,290.5	611,393.4	-25.2%
Number of Houses Sold	No.	616	748	-17.6%	782	-21.2%	1,900	2,435	-22.0%
Average Sales Price	* \$	234,613	243,882	-3.8%	260,817	-10.0%	240,679	251,086	-4.1%
Announced Projects (f)									
Total Investment	\$	8,738.0	32,600.0	-73.2%	50,808.7	-82.8%	1,176,706.9	116,985.6	905.9%
Estimated Permanent Jobs	No.	48	6	48	-87.5%	360	-98.3%	234	924
Estimated Permanent Annual Payroll	\$	1,845,000	190,000	1,845,000	-89.7%	17,830,000	-98.9%	8,215,000	40,300,140
Estimated Construction Jobs	No.	240	125	240	-47.9%	245	0.0%	3,085	520
New Projects	No.	1	3	-66.7%	3	-66.7%	12	16	-25.0%
Expansion Projects	No.	1	5	-80.0%	4	-75.0%	10	10	0.0%
Total Projects	No.	2	8	-75.0%	7	-71.4%	22	26	-15.4%
Hotel Receipts (g)	\$	10,343,714	9,727,266	6.3%	9,058,720	14.2%	28,616,844	26,006,618	10.0%
Net Occupancy Tax Collections for St. Tammany Events Center (a)									
Net Occupancy Tax Collections	\$	68,591	57,683	18.9%	56,884	20.6%	186,873	155,527	20.2%
Inflation Rate									
Southern Region of United States (k)									
Composite Index	* No.	212.8	210.1		201.4		209.4	199.5	
Inflation Rate	*	5.7%	4.7%		2.4%		5.0%	2.4%	
St. Tammany Parish (l)									
Composite Index	* No.	132.4	134.1		120.8		131.6	120.4	
Inflation Rate	*	9.6%	13.4%		1.5%		9.3%	5.7%	

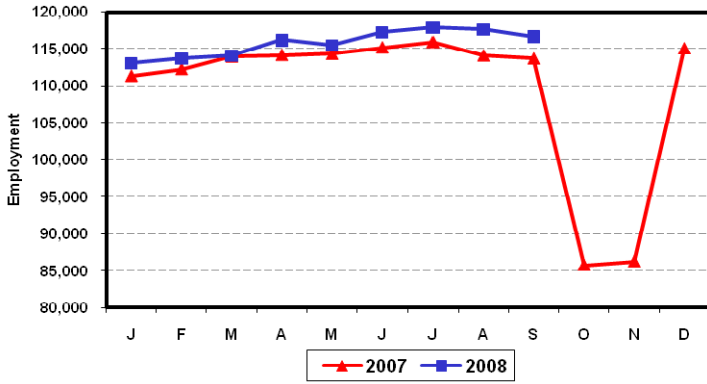
* Year-to-date data is an average. N.A. = not available; n.a. = not applicable

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

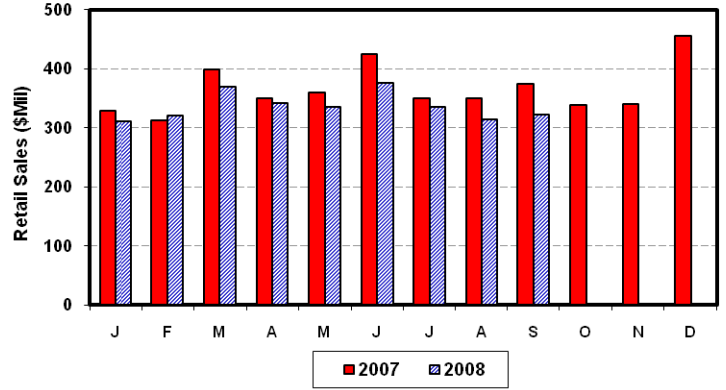
St. Tammany Economic Development Foundation Economic Trends Report, 3rd Quarter 2008

ST. TAMMANY PARISH ECONOMY AT A GLANCE

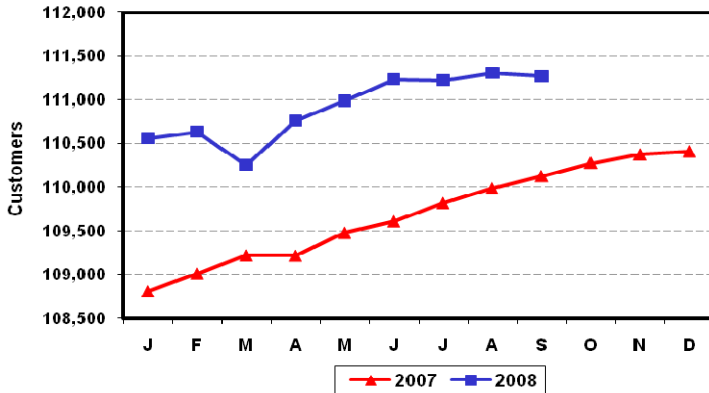
St. Tammany Parish Employment



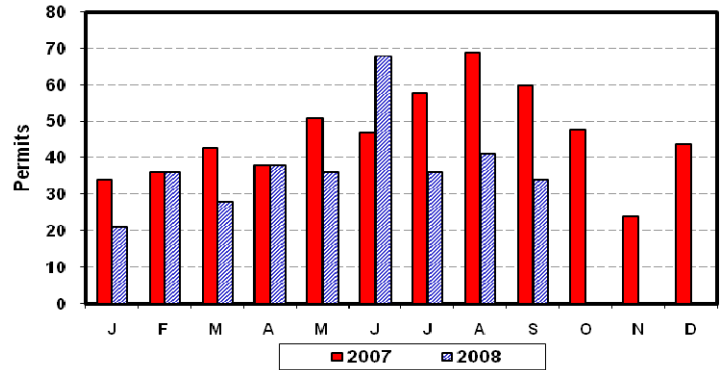
Parish Retail Sales



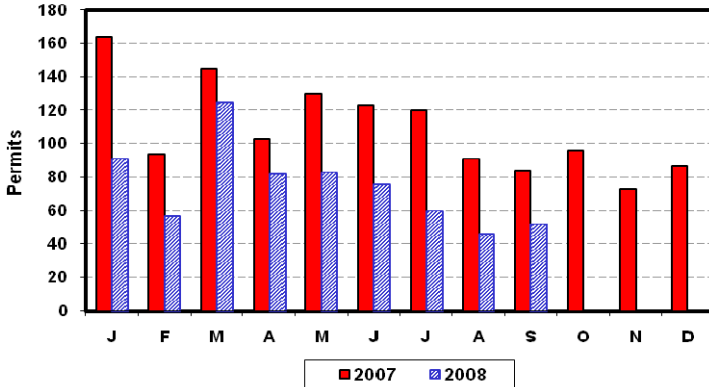
St. Tammany Electric Customers



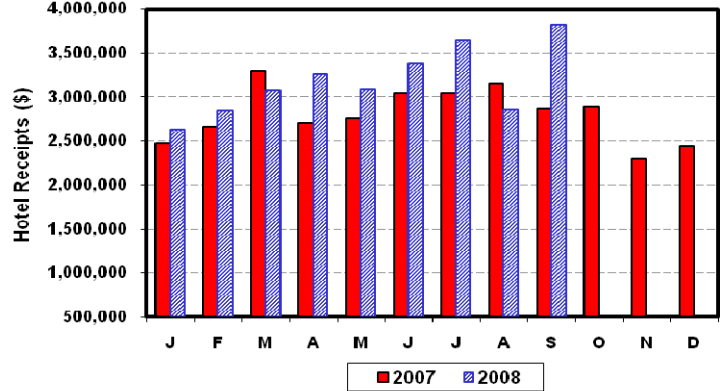
Parish Commercial Permits (Unincorporated)



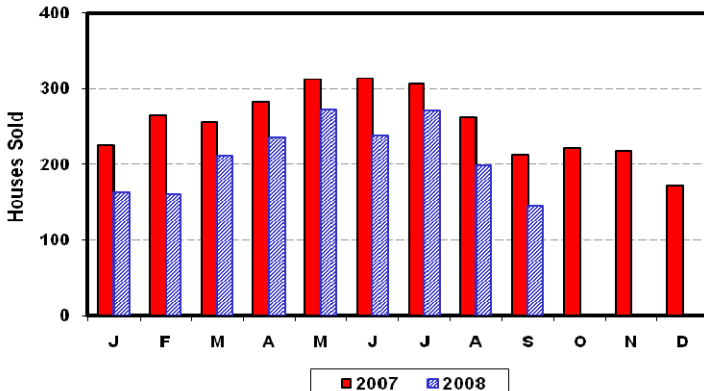
Parish Single Family Building Permits (Unincorporated)



Parish Hotel Receipts



Parish MLS Housing Sales



Parish Net Occupancy Tax Collection

