

# Economic Trends

## **EMPLOYMENT**

St. Tammany Parish employment for the fourth quarter climbed a modest 1.0% over the fourth quarter employment in 2006, an increase of 881 persons. Year-to-date through December employment increased 2.8% compared to the same period in 2006. Fourth quarter unemployment continues to be lower with 2,790 unemployed in the fourth quarter compared to the same period in 2006 of 3,220 unemployed, a drop of 430 persons. Although one likes to view the unemployment rate, a more important data are the changes in employment. Employment growth is what one likes to see and is a good indicator of overall growth and development. The unemployment rate for the Parish in the fourth quarter was 4.0%, while fourth quarter unemployment rate for the same quarter in 2006 was 3.6%. Fourth quarter unemployment rate was lower than both the State and U.S. rates. The number of initial unemployment insurance claims in the Parish in the fourth quarter rose 20.3% compared with the number of claims in the fourth quarter 2006.

## **BUILDING PERMITS/REAL ESTATE**

Demand for newly constructed homes in St. Tammany Parish continues at a lower rate. Fourth quarter Parish single family building permits were 55.6% lower than the fourth quarter 2006 permits. Single family building permits for all of 2007 were down 41.5% compared to single family permits for all of 2006. Until the inventory of single family homes falls to levels where demand is on the rise, current lower demand for new homes will continue. Hopefully, the recent lowering of the Prime rate by the Federal Reserve Board will result in lowering of the mortgage rates, thus spurring some home-buying in the next few months. Building permits activity for commercial facilities looks like it may be following the trend of the single family permit scenario. Fourth quarter commercial building permits were down 15.3% compared to fourth quarter 2006 permits. All of 2007 commercial permits were down six permits or down 1.5%. The issuance of commercial building permits in the earlier part of the year may have finally caught up to and fulfilled the new commercial need caused by the influx of population in the aftermath of Katrina.

As with single family building permits, the sales rate of single family homes in the Parish is suffering the same fate. The debacle in the sub-prime mortgage area has, with the help of rising homeowner insurance, caused a near halt in housing sales activity. Louisiana, compared with many other states in the country, appears to be far lower in the number of foreclosures. In the fourth quarter, Parish number of houses sold was behind fourth quarter 2006 sales by 76.9%, or 610 (4Q07) versus 2,634 sales (4Q06). Full 2007 unit sales were 52.9% lower than full-year unit sales in 2006. Sales volume has also dropped, as 4Q07 volume sales were 73.3%, behind 4Q06 volume sales: \$145,842,000 (4Q07) versus \$546,220,300 (4Q06). Full 2007 sales volume of \$757,235,400 was 47.6% lower than 2006 sales volume of \$1,444,603,100. Despite the decrease in volume and activity, however, the average sale price for 4Q07 was up 15.7% compared to 4Q06 average sales price. For all of 2007, average sales price was up 11.3% compared to all of 2006 average sales price.

## **RETAIL TRADE/SALES**

St. Tammany Parish estimated retail sales in 4Q07 were down 2.5% compared with 4Q06 sales while year-over-year comparison (2007/2006) showed 2007 estimated sales were 9.5% behind 2006 sales. Current sales level is higher than the sales level in the period before Katrina. It is likely lower year-over-year comparisons due to economic events including higher fuel costs, climbing health care costs, and high credit card balances that are combining to put a damper on consumer spending. Many consumers are adjusting their spending priorities.

## **NEW BUSINESSES**

Fourth quarter new business development continues to perk with 317 new businesses started in the quarter. Although this count is 4.5% lower than for the fourth quarter 2006, year-to-date 2007 new business starts amounted to 1,280 compared to 1,150 in all of 2006, for an increase of 11.3%.

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

Fourth quarter announced investment was \$20,157,868, 61.5% higher than investment in fourth quarter 2006. Year-to-date announced investment of \$137,143,475 was 17.2% higher than for all of 2006. Announced fourth quarter investment is expected to generate 164 jobs spread over seven new projects (four new facilities and three expansions). And, for the entire year new permanent job creation is expected to be 1,088 jobs. Since not all companies who announced new investment gave the number of construction jobs to be generated, the reported count is thought to be understated. Estimated permanent payroll from newly created permanent jobs from fourth quarter investment is expected to be \$3,423,240 and for the entire 2007 period it is expected to be \$443,723,380.

## **UTILITIES (Electric)**

St. Tammany Parish electric customer count (residential and commercial customers) in the fourth quarter was 2.0% higher than the count in the fourth quarter last year. Year-to-date average customer count was 3.5% higher than for the same period in 2006. The slowdown in residential and commercial construction sectors is seen in the lower increases in electric customers.

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

4Q07 hotel receipts rose 0.1% over 4Q06 receipts, while full-year hotel receipts were down 11.8% compared with 2006. 4Q07 net occupancy tax collections (bed tax) were 17.0% higher than for 4Q06. 2007 bed tax collections were 15.1% behind 2006 collections.

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

The 2007 annual average cost of living index for St. Tammany Parish stood at 99.6. What this means is that on a 100 scale, the Parish composite cost of living for middle management households was 0.4% lower than the national average. St. Tammany Parish 2007 annual average cost of living ranking was 12<sup>th</sup> among a group of selected metropolitan areas nearest, geographically, to St. Tammany Parish. The 2007 annual average cost of living measurement with composite indices ranged from 91.2 for both Hattiesburg and Baton Rouge to 99.6 for St. Tammany Parish. Other metropolitan area indices were Beaumont, 92.6; Shreveport, 92.7; Mobile, 93.2; Jackson, 93.5; Lake Charles, 93.9; Tuscaloosa, 94.4; Montgomery, 95.5; Gulfport/Biloxi, 96.5; and Lafayette, 97.7.

St. Tammany Parish fourth quarter inflation rate was 4.7%. 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 ACCRA Cost of Living Survey items. The Southern U.S. fourth quarter consumer price inflation rate was 4.3%. 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. Fourth quarter Parish inflation rate has couched in it continued increases in health care costs which were up 18.0% based on quarter-over-quarter comparison. The increase in transportation cost was 34.2% quarter-over-quarter due largely to the rise in fuel costs. The housing sector was down 11.0% in the quarter-over-quarter comparison due largely to a slumping housing sector in the Parish as well as the nation; lower demand for housing in the Parish has been the cause, with lower house sales spanning the last several months.

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

Consumer confidence in the fourth quarter as measured by The Conference Board recorded a marginal increase in December. The Present Situation Index, on the other hand, dipped while the Expectation Index rose slightly. Lynn Franco, Director of The Conference Board Consumer Research Center says "The December gain in Confidence was due solely to an increase in the Expectation Index. Consumers' short-term outlook regarding business conditions, employment, inflation and stock prices improved marginally. While consumers are less negative about the near-term future, they remain far from optimistic. Persistent declines in the Present Situation Index indicate the economy is still losing momentum. Assessing the current job market, pessimists now outnumber optimists. Regarding business conditions, the gap between the two is almost nonexistent."

The Conference Board measure of CEO Confidence Index fell again in the final quarter of 2007 to a level of 39 after it had declined in the third quarter to a level of 44. (A reading of 50 points or more reflects more positive than negative response.). The last time the reading fell below 40 was in the final quarter 2000 when it fell to 31. "CEOs' confidence in the state of the U.S. economy continues to wither and is now at a seven-year low," says Lynn Franco, Director of The Conference Board Consumer Research Center. "Given continued trouble in the housing and credit markets, persistent volatility in financial markets and increases in energy prices, it's not surprising that confidence has eroded. Looking ahead, the majority of business leaders expect these lackluster economic conditions to prevail throughout the first half of 2008. CEOs' assessment of current economic conditions was considerably less positive. In assessing their own industries, business leaders were also less optimistic. Looking ahead six months, the outlook has turned more negative. Expectations for their own industries are also less upbeat."

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

For December, the Conference Board reported the U.S. leading index decreased 0.2%, the coincident index increased 0.1% and the lagging index increased 0.4%. "The leading index recorded the third consecutive decline with the decline in December, and it has been down in four of the last six months. Housing permits made the largest negative contribution to the index decline. Average working hours in manufacturing also made a large negative contribution, followed by smaller declines in manufacturers' new orders for nondefense capital goods, initial claims for unemployment insurance (inverted), the index of consumer expectations, and interest rate spread. While the strengths and weaknesses among its components were roughly balanced throughout most of 2007, weaknesses have become more widespread in the last two months. The coincident index increased modestly again in December, and all the components except for the industrial production index made small positive contributions in December. The leading index has weakened sharply since mid-2007, with widespread weakness among its components in the last two months, and it has returned to the level attained in mid-2005. Taken together, the recent behavior of the composite indexes highlights increasing risks for further economic weakness, and suggests economic activity is likely to be sluggish in the near-term." The St. Tammany economy shows marginal expansion, albeit at a slower pace through the fourth quarter. Fourth quarter growth was 0.6%. For the 12-month period ending in December, the Parish economy was oscillating on the growth/no growth line. Much of this activity was due to fluctuations in retail sales. Consumers have been hit with higher fuel prices, rising health care costs and high credit card balances, causing many local consumers to reassess their current and future purchasing needs and priorities.

## ECONOMIC INDICATORS

Economic Indicators	Units	4Q07	3Q07	% Change	4Q06	% Change	YTD 2007	YTD 2006	% Change
<b>Retail Sales</b>									
St. Tammany Parish Retail Sales (a)	\$Mil.	1,134	1,075	5.5%	1,163	-2.5%	4,384.9	4,846.1	-9.5%
St. Tammany Parish Total Sales Tax (a)	\$	54,098,226	51,270,938	5.5%	55,465,376	-2.5%	209,157,700	231,157,699	-9.5%
<b>New Businesses (h)</b>									
Total New Licenses	No.	317	234	35.5%	332.0	-4.5%	1,280	1,150	11.3%
<b>Non-Agricultural Employment (Revised)(b) (no report for September through March 2006)</b>									
Total Employment	* No.	86,043	84,915	1.3%	85,162	1.0%	85,011	82,702	2.8%
Unemployed	* No.	2,790	3,504	-20.4%	3,220	-13.4%	3,297	3,925	-16.0%
Labor Force	* No.	88,833	88,420	0.5%	88,382	0.5%	88,309	86,627	1.9%
<b>Unemployment Rate (Revised)(b) (no report for September through March 2006)</b>									
St. Tammany Parish	*	3.1%	4.0%	-20.8%	3.6%	-13.8%	3.7%	4.5%	-17.9%
Louisiana	*	3.3%	4.1%	-19.4%	4.4%	-24.2%	3.9%	4.4%	-12.9%
United States	*	4.8%	4.6%	3.6%	4.4%	9.1%	4.6%	4.6%	0.0%
<b>Unemployment Insurance Claims by St. Tammany Resident (b)</b>									
Number of Initial Claims	No.	231	237	-2.5%	192	20.3%	852	703	21.2%
<b>Construction: New Building Permits (Uncorporated Area) (c)</b>									
New Single Family Units	No.	256	295	-13.2%	576	-55.6%	1,310	2,238	-41.5%
New Commercial Units	No.	116	187	-38.0%	137	-15.3%	552	558	-1.1%
Utilities -- Total Electric Accounts (d)	* No.	110,355	109,979	0.3%	108,225	2.0%	109,696	105,945	3.5%
<b>Real Estate (St. Tammany Parish)(e)</b>									
<b>Residential</b>									
Total Sales Volume	\$000	145,842.0	203,958.7	-28.5%	546,220.3	-73.3%	757,235.4	1,444,603.1	-47.6%
Number of Houses Sold	No.	610	782	-22.0%	2,643.0	-76.9%	3,045	6,464	-52.9%
Average Sales Price	* \$	239,085	260,817	-8.3%	206,666.8	15.7%	248,682	223,484	11.3%
<b>Announced Projects (f)</b>									
Total Investment	\$	20,157,868	50,808,707	-60.3%	12,485,000	61.5%	137,143,475	117,047,239	17.2%
Estimated Permanent Jobs	No.	164	360	-54.4%	264	-37.9%	1,088	3,320	-67.2%
Estimated Permanent Annual Payroll	\$	3,423,240	17,830,000	-80.8%	3,915,000	-12.6%	43,723,380	49,678,600	-12.0%
Estimated Construction Jobs	No.	174	245	0.0%	50	248.0%	694	1,717	-59.6%
New Projects	No.	4	3	33.3%	7	-42.9%	20	17	17.6%
Expansion Projects	No.	3	4	0.0%	0	0.0%	13	65	-80.0%
Total Projects	No.	7	7	0.0%	7	0.0%	33	82	-59.8%
Hotel Receipts (g)	\$	7,637,829	9,058,720	-15.7%	7,627,508	0.1%	33,644,447	38,137,744	-11.8%
<b>Net Occupancy Tax Collections for St. Tammany Events Center (a)</b>									
Net Occupancy Tax Collections	\$	55,929	56,884	-1.7%	47,823	17.0%	211,456	249,185	-15.1%
<b>Inflation Rate</b>									
<b>Southern Region of United States (k)</b>									
Composite Index	* No.	203.5	201.4		194.8		200.5	194.7	
Inflation Rate	*	4.4%	2.4%		1.9%		2.9%	3.4%	
<b>St. Tammany Parish (l)</b>									
Composite Index	* No.	120.4	120.8		115.0		120.4	114.0	
Inflation Rate	*	4.7%	1.5%		7.7%		5.6%	8.5%	

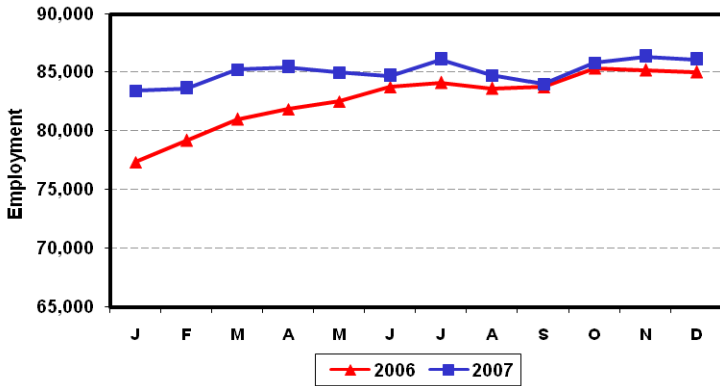
\* Year-to-date data is an average. N.A. = not available; n.a. = not applicable

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 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

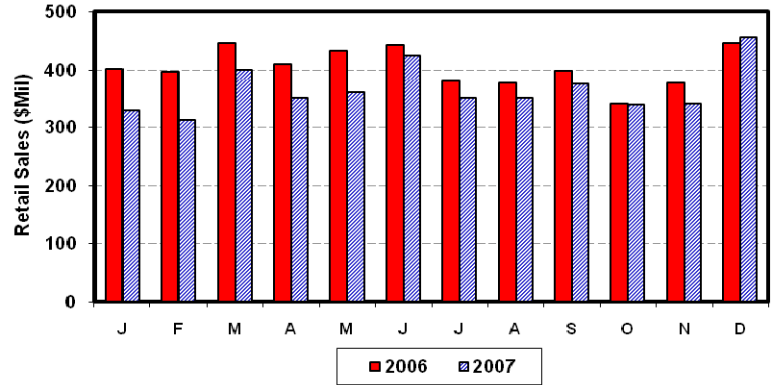
St. Tammany Economic Development Foundation Economic Trends Report, 4<sup>th</sup> Quarter 2007

# ST. TAMMANY PARISH ECONOMY AT A GLANCE

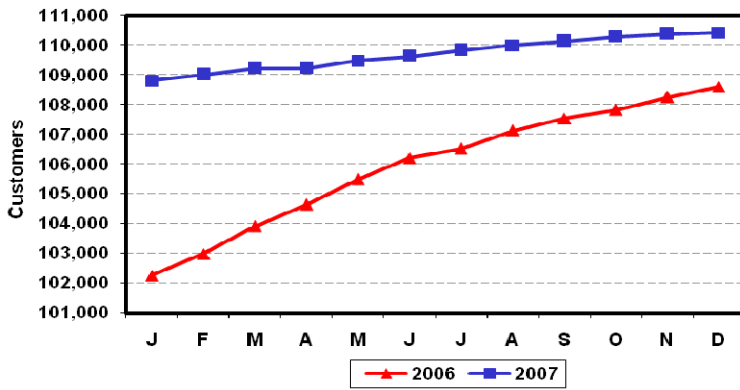
## St. Tammany Parish Employment



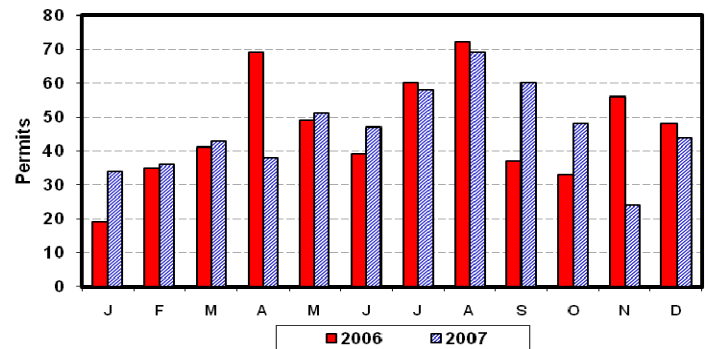
## Parish Retail Sales



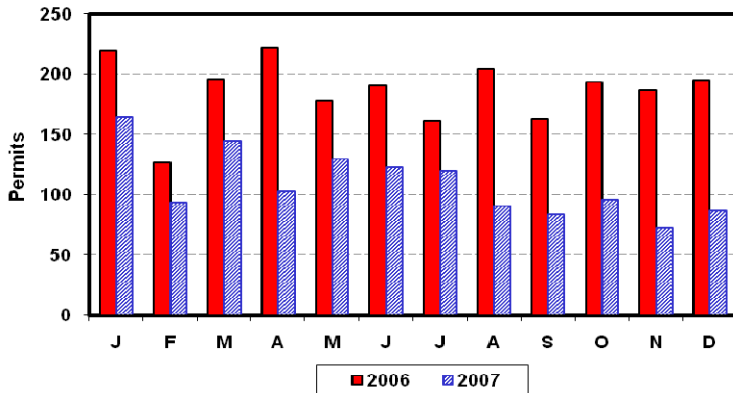
## St. Tammany Electric Customers



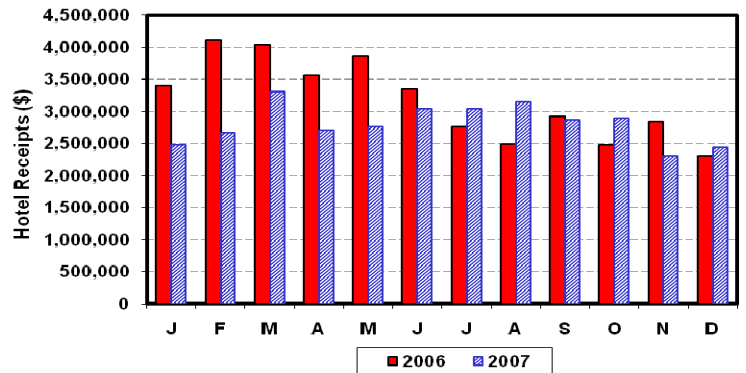
## Parish Commercial Permits (Unincorporated)



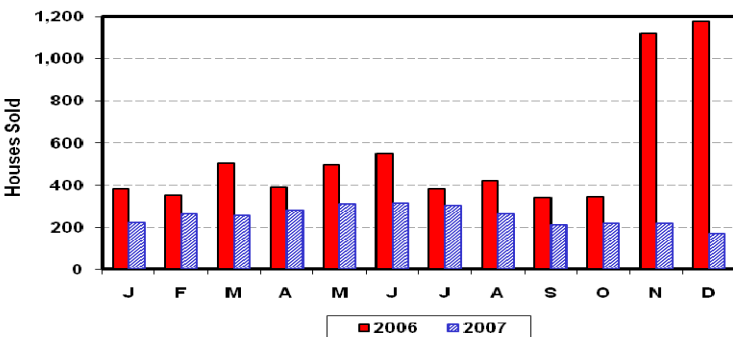
## Parish Single Family Building Permits (Unincorporated)



## Parish Hotel Receipts



## Parish MLS Housing Sales



## Parish Net Occupancy Tax Collection

