

## **EMPLOYMENT**

Notwithstanding issues in the national employment sector, Parish employment continues to grow as fourth quarter 2008 total employment stood at 117,040 persons, 1.2% higher than in 4Q07. Parish employment is defined as the number of persons who live and work in the Parish. Parish labor force grew faster in the 4Q08-over-4Q07 comparison (2.6%) than the employment component. A large part of this increase was due to a 52.4% increase (1,658 persons) in 4Q08 unemployment over 4Q07 unemployment. The unemployment rate for the Parish in 4Q08 increased to 4.0% which compares to 2.7% for 4Q07. The Parish continues to maintain a lower rate than the State (4.6%) and the nation (6.0%). The employment portion of the labor force continues to expand, suggesting there is positive economic activity in the Parish warranting a need for additional employees to fill either vacant or new positions.

## **BUILDING PERMITS/REAL ESTATE**

Fourth-quarter new single-family construction permits lagged 4Q07 permits by 21.5% and were down 39.2% in 2008-over-2007 comparison. Although these comparisons appear weak, they are an improvement over previous quarter-over-quarter comparisons which showed larger negative comparisons. As 2009 continues, single-family permits could improve to the point where quarter-over-quarter comparisons with 2008 will pit low quarter new permit numbers in 2009 with lower new permit numbers of 2008. This could result in a flat or possibly positive quarter-over-quarter comparison at times during 2009. This presumes the bottom of the permit decline may have already occurred or will occur during 2009. Fourth-quarter commercial building permits were 0.9% higher than commercial permits issued in 4Q07. Previous 2008 quarter-over-quarter commercial permit negative comparisons dragged 2008 annual permits down -17.6% compared to all of 2007. Although in annual comparison commercial permits came in negative, the category performed better than the single-family performance numbers.

Number of houses sold in the Parish during 4Q08 was 26.9% below housing sales in 4Q07. Entire-year 2008 housing sales fell 23.0% from 2007. Total dollar sales volume for 4Q08 was 29.5% below 4Q07 sales volume. 2008 sales volume was 26.0% behind 2007 sales volume. Both the number of houses sold and the sales volume decline in 2008 were in the 23%+ range during 4Q08 and the entire year. Average price of houses sold in 4Q08 and the entire year dropped moderately in the 3.5% - 4.0% range. Even though negative sales comparisons (number of houses and sales volume) were large compared to smaller average price decline, average price is holding its own in a significantly down housing market. When one looks at housing price decline in the rest of the nation, where housing price drops are regularly in the double digits, St Tammany housing prices have dropped far less. Additionally, the housing sales volume decrease for 2008 is far better than negative sales drops in the 2007-over-2006 data, wherein the drops were in the 25% - 80% range. Average price drop of a sold house in 2008 compared to 2007 (-3.5%) was far better than the average price drop in the 2007 vs. 2006 comparison (-11.3%).

## **RETAIL TRADE/SALES**

St Tammany Parish total sales in 4Q08 were down 8.4% compared to 4Q07. For all of 2008, sales were down 6.9% compared to 2007. Considering the larger drop of the national economic retail sales downturn, Parish sales appear to be holding on. There is some concern for jobs, health costs and other economic factors with Parish residents, but it does not appear to be as weighty as seen in the national economy. This is not to underestimate concerns of Parish residents in this economic downturn but the Parish sales numbers are not as bad as they could be compared to the rest of the country.

## **NEW BUSINESSES**

New business starts in the Parish 4Q08 numbered 533, or 3.7% higher than new business starts in 4Q07. For all of 2008 there were 2,201 starts compared to 2,266 starts in 2007, for a decrease of 65 starts or -2.9%. This is a moderate improvement over 3Q08 over 3Q07 and 2008 year-to-date 2007 over year-to-date comparisons of -11.5% and -4.8%, respectively. Small business continues to suffer from sluggish lending of banks, attributed to institutional fears. In any case, there appears to be continued interest in starting a new business for Parish residents as an alternative to employment and/or to augment their income stream or act as a buffer against possible job loss.

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

There was no fourth-quarter announced project investment. With large investment projects announced earlier in 2008, total 2008 announced investment stands at an increase of 130.1% compared with all of 2007, even in the absence of announced projects in the fourth quarter. Jobs and payroll expected to be generated by 2008 investment remains behind 2007 comparable figures of 81.1% and 82.3%, respectively. The banking industry seems less willing to lend to businesses than before the recent financial upheaval.

## **UTILITIES (Electric)**

Fourth-quarter Parish electric customer count continues its climb, with a 1.6% growth compared with 4Q07. The slowing of the number of new single-family homes and new commercial construction has led to the slower increase in the number of new electric

customers. The growth has seen a moderate increase (0.7%) from 3Q08 to 4Q08 and a stronger improvement than the 0.2% increase from 2Q08 to 3Q08.

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

Hotel receipts recorded for Parish hotels was 18.1% higher in 4Q08 compared to 4Q07 receipts. Receipts for all of 2008 were 11.9% higher than for all of 2007. There are some new hotels scheduled to come online in 2009 which could augment future hotel receipts. Fourth-quarter net occupancy tax collections (bed tax) was up marginally (0.4%) over 4Q07 bed tax while all of 2008 tax was up 14.9% over bed tax for all of 2007.

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

Annual cost of living for the Parish was 98.0. On a 100 scale, the Parish composite cost of living for executive management households was 2.0% below the national average (100). 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 used by 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 2008 annual composite cost of living ranked in a tie with Montgomery, AL, at 98.0 among a group of 11 other selected metropolitan areas nearest, geographically, to St. Tammany Parish. 2008 annual cost of living measurement of composite indices ranged from 89.6 for Baton Rouge to 107.7 for Panama City. Other metropolitan area indices were Tuscaloosa, 90.9; Birmingham, 91.1; Hattiesburg, MS, 92.3; Shreveport, 93.6; Gulfport/Biloxi, 94.2; Mobile, 94.2; Jackson, 95.5; and Lafayette, 98.6.

St. Tammany Parish 4Q08 inflation rate was -4.6%. Data used to compute St. Tammany inflation rate were taken from the quarterly C2ER Cost of Living Survey items. The Southern U.S. 4Q08 consumer price inflation rate was 1.7%. 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, as was the case with the transportation sector. The 4Q08 transportation inflation rate was -43.1%, caused by significantly lower fuel prices towards the end of the quarter and the first week of 1Q09, when the survey was conducted. 3Q08 Parish inflation rate increase over the 3Q07 rate was due, in large part, to high gasoline prices being a large contributor to the 3Q08 significant inflation increase.

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

U.S. consumer confidence in December declined to an all-time low after a slight improvement in November as reported by The Conference Board. The Consumer Confidence Survey is based on a representative sample of 5,000 households. "The further erosion of the Consumer Confidence Index reflects the rapid and steep deterioration of economic conditions that occurred in the fourth quarter of 2008," says Lynn Franco, Director of The Conference Board Consumer Research Center. "The Present Situation Index is now close to levels last seen in the months following the 1990-91 recession, but is not as low as levels reached during the 1981-82 recession. Declines in the Expectations Index appear to be moderating, but this index continues to hover at historical lows. Both sub-indexes bear careful watching over the next several months to see if they start to show signs of approaching a bottom. In the meantime, the overall economic outlook remains quite dismal for the first half of 2009 and only a modest recovery is expected in the second half."

CEO confidence, as measured by The Conference Board, hit an all-time low in the fourth quarter after recording a slight increase in the third quarter. The measure in the fourth quarter was 24. A reading of more than 50 points indicates a more positive than negative responses. The survey includes about 100 business leaders in a wide range of industries. "The erosion in CEO confidence is a reflection of the rapid and severe deterioration in economic conditions experienced in the final months of 2008. Looking ahead, CEOs remain extremely pessimistic about overall economic prospects in the first half of 2009. CEOs' assessment of current economic conditions turned even more pessimistic. Currently, none say conditions have improved. Looking ahead six months, the outlook remains negative. Only 11% of business leaders expect economic conditions to improve in the next six months. Expectations for their own industries were also pessimistic," says Franco.

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

The Conference Board reported the Leading Economic Index (LEI) increased a modest 0.3% in December after a series of monthly declines. This "increase is due largely to continued and very large positive contribution from real money supply. The yield spread also contributed positively to the index, helping offset the continued declines in building permits, the average workweek, supplier deliveries, and initial unemployment claims. The Coincident Economic Index (CEI) decreased sharply in December, 0.5% due largely to further contraction in industrial production and employment. The two positive contributors to the index were manufacturing and trade sales. The negative contributors were industrial production and employees on nonagricultural payrolls. Personal income less transfer payments held steady in December. The Lagging Economic Index (LAG) also decreased at 0.4% in December. The positive contributor to the (LAG) was the ratio of consumer installment credit to personal income. The largest negative contributors were change in CPI for services, average duration of unemployment (inverted), average prime rate charged by banks, change in labor cost per unit or output, commercial and industrial loans outstanding, and ratio of manufacturing and trade inventories to sales." The St. Tammany economy continued to slow through the fourth quarter as fourth-quarter and 12-month changes were -1.1% each compared with corresponding periods in 2007. Four of the five components making up the composite index showed continued slow expansion. The sales component is responsible for the overall decline with a quarter and 12-month decline of more than 10%. The weight of the sales component decline was large enough to weigh down the entire composite index into negative territory. Otherwise the Parish economy remains strong and remains in a positive mode.

**ECONOMIC INDICATORS**

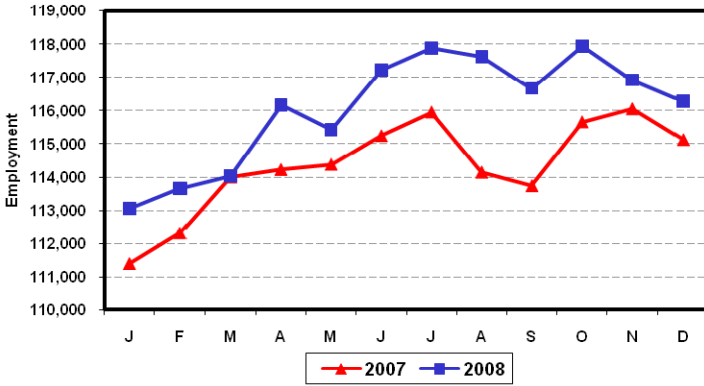
<b>Economic Indicators</b>	<b>Units</b>	<b>4Q08</b>	<b>3Q08</b>	<b>% Change</b>	<b>4Q07</b>	<b>% Change</b>	<b>YTD 2008</b>	<b>YTD 2007</b>	<b>% Change</b>
<b>Retail Sales</b>									
St. Tammany Parish Retail Sales (a)	\$Mil.	1,038.8	974.0	6.7%	1,134.1	-8.4%	4,081.3	4,384.9	-6.9%
St. Tammany Parish Total Sales Tax (a)	\$	49,548,988	46,458,442	6.7%	54,098,226	-8.4%	194,676,231	209,157,700	-6.9%
<b>New Businesses (h)</b>									
Total New Licenses	No.	533	570	-6.5%	514	3.7%	2,201	2,266	-2.9%
<b>Non-Agricultural Employment (Revised)(b)</b>									
Total Employment	* No.	117,040	117,384	-0.3%	115,609	1.2%	116,072	114,352	1.5%
Unemployed	* No.	4,821	4,284	12.5%	3,163	52.4%	4,129	3,399	21.5%
Labor Force	* No.	121,862	121,668	0.2%	118,772	2.6%	120,200	117,751	2.1%
<b>Unemployment Rate (Revised)(b)</b>									
St. Tammany Parish	*	4.0%	3.5%	12.4%	2.7%	48.6%	3.4%	2.9%	18.8%
Louisiana	*	5.6%	4.6%	21.0%	3.3%	67.0%	4.5%	3.7%	19.6%
United States	*	6.8%	6.0%	14.0%	4.8%	41.7%	5.8%	4.6%	26.2%
<b>Unemployment Insurance Claims by St. Tammany Resident (b)</b>									
Number of Initial Claims	No.	352	471	-25.3%	231	52.4%	1,353	852	58.8%
<b>Construction: New Building Permits (Uncorporated Area) (c)</b>									
New Single Family Units	No.	124	158	-21.5%	256	-51.6%	796	1,310	-39.2%
New Commercial Units	No.	117	111	5.4%	116	0.9%	455	552	-17.6%
Utilities -- Total Electric Accounts (d)	* No.	112,075	111,264	0.7%	110,355	1.6%	111,204	109,696	1.4%
<b>Real Estate (St. Tammany Parish)(e)</b>									
<b>Residential</b>									
Total Sales Volume	\$000	102,846.7	144,521.6	-28.8%	145,842.0	-29.5%	560,137.2	757,235.4	-26.0%
Number of Houses Sold	No.	446	616	-27.6%	610	-26.9%	2,346	3,045	-23.0%
Average Sales Price	* \$	230,598	234,613	-1.7%	239,085	-3.5%	238,763	248,682	-4.0%
<b>Announced Projects (f)</b>									
Total Investment	\$	0.0	8,738.0	-100.0%	394,475.7	N.A.	1,176,706.9	511,461.3	130.1%
Estimated Permanent Jobs	No.	0.0	6.0	-100.0%	316.0	N.A.	234	1,240	-81.1%
Estimated Permanent Annual Payroll	\$	0.0	190,000.0	-100.0%	6,226,432.0	N.A.	8,215,000	46,526,572	-82.3%
Estimated Construction Jobs	No.	0.0	125.0	-100.0%	1,034.0	N.A.	3,085	1,554	98.5%
New Projects	No.	0.0	1.0	-100.0%	10.0	N.A.	12	26	-53.8%
Expansion Projects	No.	0.0	1.0	-100.0%	3.0	N.A.	10	13	-23.1%
Total Projects	No.	0.0	2.0	-100.0%	13.0	N.A.	22	39	-43.6%
Hotel Receipts (g)	\$	9,020,609	10,343,714	-12.8%	7,637,829	18.1%	37,637,453	33,644,447	11.9%
<b>Net Occupancy Tax Collections for St. Tammany Events Center (a)</b>									
Net Occupancy Tax Collections	\$	56,148	68,591	-18.1%	55,929	0.4%	243,021	211,456	14.9%
<b>Inflation Rate</b>									
<b>Southern Region of United States (k)</b>									
Composite Index	* No.	206.4	212.8		203.0		208.7	200.4	
Inflation Rate	*	1.7%	5.7%		4.2%		4.2%	2.9%	
<b>St. Tammany Parish (l)</b>									
Composite Index	* No.	113.2	132.4		118.7		127.0	120.0	
Inflation Rate	*	-4.6%	9.6%		3.2%		5.8%	5.3%	

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

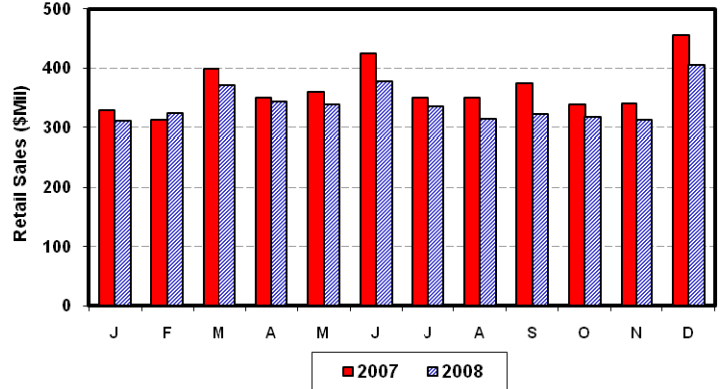
Sources: (a) St. Tammany Sheriff's Office; (b) Louisiana Department of Labor; (c) St. Tammany Parish Building Permit Office; (d) Washington-St. Tammany Electric Co-op, CLECO; (e) Latter & Blum, Inc. Realtors through the Gulf South Real Estate Information Network, Inc. and may not represent all single 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

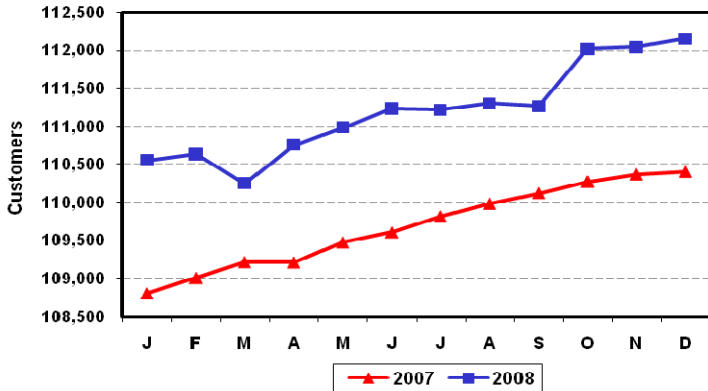
## St. Tammany Parish Employment



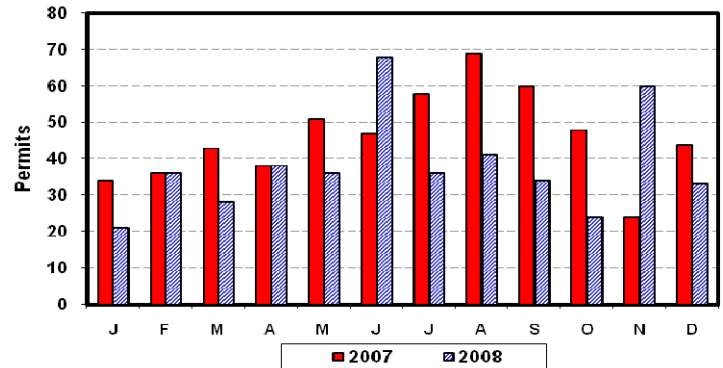
## Parish Retail Sales



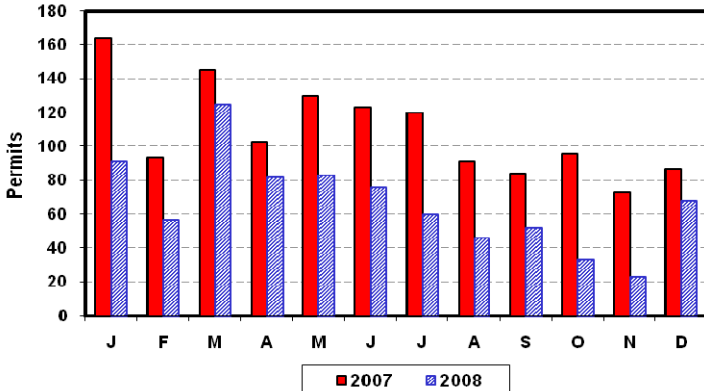
## St. Tammany Electric Customers



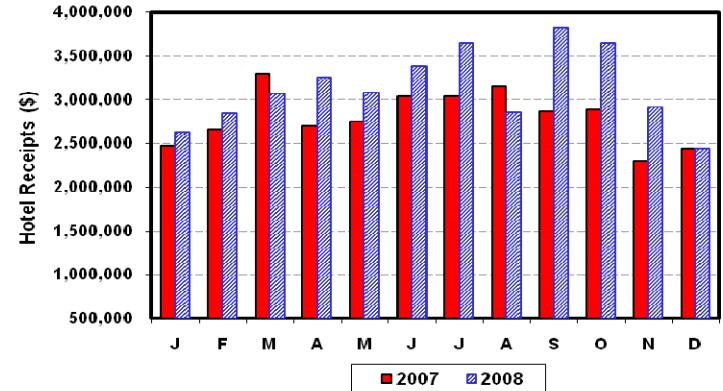
## Parish Commercial Permits (Unincorporated)



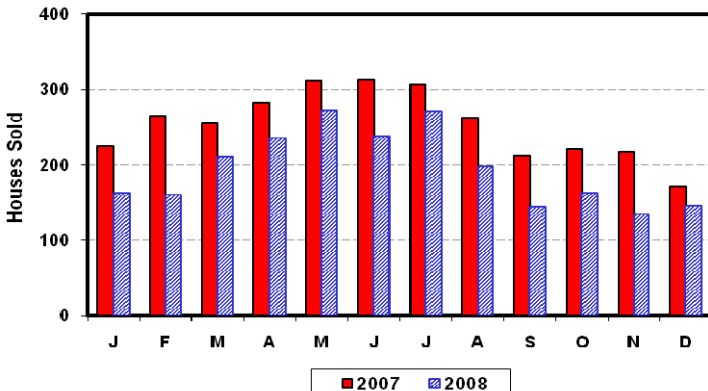
## Parish Single Family Building Permits (Unincorporated)



## Parish Hotel Receipts



## Parish MLS Housing Sales



## Parish Net Occupancy Tax Collection

