

Economic Trends

EMPLOYMENT

October saw a partial Federal Government shutdown which caused some disruption in reporting employment numbers for the Parish. Nonetheless, September revised employment rose 0.7% compared with employment in 3Q12. The year-to-date increase over the same period last year was 0.7%, as well. The 3Q13 Parish unemployment rate rose slightly over the same period last year, from 5.3% to 5.6%. The Parish unemployment rate, defined as the number of unemployed Parish residents, remains lower than for the state and the nation. The number of initial unemployment insurance claims for 3Q13 dropped significantly, down 39.7% from claims in 3Q12. For year-to-date, that comparison change was a drop of 29.1%. Since the September employment report from the state was not produced due to the Federal shutdown, September's number of initial unemployment insurance claims was estimated.

BUILDING PERMITS/REAL ESTATE/APARTMENT RENTS

New single-family building permits continue to move ahead of 2012 permits in several ways. 3Q13 single-family permits were ahead of 3Q12 permits by 23.4%. Year-to-date permits were ahead of the same period last year by 29.4%. For all months except July, single-family permits were ahead of corresponding months in 2012. Year-to-date 2013 permit totals were within nine permits of matching total permits for all of 2012. After significant improvement in 2Q13, commercial permits issued in 3Q13 decreased from 3Q12 by 10.7%. A negative comparison in July of -30.8% from July 2012 was the major reason for decline in 3Q13 over 3Q12 comparison. Year-to-date commercial building permit growth was 20.1%, due largely to gains made in 2Q13 over 2Q12.

Parish unit housing sales, after a modest decline in 2Q13 over 2Q12, moved up decidedly in the 3Q13 over 3Q12 comparison by 21.1%. Year-to-date 2013 housing unit sales increased 9%. Total sales volume increased in the 3Q13/3Q12 period by 27.6%, while the 3Q13 year-to-date increase was up 15.6%. Housing inventory (for sale listings) continued to decline through 3Q13, moving down to 5.4 months in 3Q13 from 7 months in 1Q13. This tracking was started in January 2012 and could be somewhat tentative in that inventory changes are recorded at the end each month of the quarter, then an average is computed using the average inventory for each month of the quarter. Note: Once a date has passed, one cannot retrieve a previous period to re-compute an inventory for that time. Parish average apartment rent hovers around \$1,165. 3Q13 average rent was 0.3% lower from 3Q12, at \$1,167. 2Q13 year-to-date average rent comparison with same period last year was an increase of 0.3%, or an increase of \$4. These surveyed apartment units are located in 10 different complexes throughout the Parish and meet the housing needs (2 bedrooms, 1.5 or 2 baths) of professional or managerial households.

TOTAL SALES AND VEHICLE SALES

Parish 3Q13 total sales tax/sales were 8.2% higher than in 3Q12, with year-to date sales 6.8% more than year-to-date last year. Sales gains in the quarter by month were mixed, with August sales 13.3% higher, followed by July gain of 9.5% and a 2.6% increase in September 3Q13. The low month-over-month gain in September might be a harbinger of future sales in the fourth quarter. As reported by The Conference Board's Consumer Confidence Index consumers' "spending plans remain largely on hold until better and more consistent job and income increases are in evidence." As reported by Rajeev Dhawan of the Economic Forecasting Center at Georgia State University's Robinson College of Business, national "auto sales are substantially above an annual rate for the year, a level Dhawan previously predicted on the national level. The growth in auto sales is not fully indicative of a proper recovery but of special circumstances." In this light, parish vehicle sales in 3Q13 were 17.2% higher than vehicle sales in 3Q12, and were up 15.4% over last year-to-date. Looking at vehicle sales by month in 3Q13, August and July had the largest gains over comparable months in 2012 by 27.6% and 21%, respectively. The month of September showed a 4.5% month-over-month gain. DMV sales tax as a portion of total sales in 3Q13 was 13.2%, up from 12.1% in 3Q12 and 12.7% in 2Q13. Parish vehicle sales tax revenue is derived from all vehicle sales, whether they occurred in or outside St. Tammany Parish. At present, there is no method for separating sales tax on vehicles bought outside St. Tammany Parish as a subset of those registered in the parish. Total vehicle sales tax is derived by recording vehicles purchased, titled and licensed in the parish. It includes vehicles purchased outside St. Tammany Parish by parish residents and titled and licensed in St. Tammany Parish. Any computation of vehicle sales using vehicle sales tax data is likely to be overstated as it would include sales occurring outside the parish.

NEW BUSINESS INCORPORATIONS

The number of new incorporations in 3Q13 dropped from 617 in 3Q12 to 566 in 3Q13, a decrease of 8.3% (51 businesses). Year-to-date, the drop in business starts was 9%, or 177 fewer starts in the 3Q13 year-to-date comparison. It is estimated that, at the present rate of new business starts in 2013, total business starts for all of 2013 could fall below business starts for all of 2012.

UTILITIES (Electric)

Parish electric customer count continues upward at a steady pace as the 3Q13 customer count was 0.9% higher than in 3Q12. This rate of growth has been the case for most of 2013. The customer count growth for each month of 3Q13 was 0.9%. Increases in expanding single-family and commercial building permits were the cause of electric customer growth throughout 2013. The primary electric count comes from CLECO and the Washington/St. Tammany Electric Coop.

ACCOMMODATIONS (Hotel Receipts and Net Occupancy Tax)

Hotel receipts 3Q13 were down significantly, -18.6%, compared with receipts in 3Q12. Much of the 3Q13 poor performance was due to a downturn in September of 48.8% from September 2012. August was the bright spot in 3Q13, with a gain over August last year of 17.1%. July came in with a 5.9% loss from July last year. Year-to-date receipts were up 1.4%. This compares to a 13.7% gain year-to-date through 2Q13. Net occupancy tax collections (bed tax) took a significant hit in 3Q13 as collections were down 41.2% compared from 3Q12. September was the cause of 3Q13 poor performance with a -47.0% compared with September 2012. Significant down turn in 3Q13 had a negative effect on year-to-date collections as they were down 9.6% compared with year-to-date collections in 2012.

SOUTHERN CONSUMER PRICE INDEX/INFLATION RATE

The inflation rate for the southern region of the United States was 1.7% in 3Q13, compared to 1.6% for 3Q12, a slight increase in the 12-month period. Constant fluctuations in gas prices, a large player in computing inflation, and other price points over the months, remain the cause of swings in the inflation rate.

U. S. CONSUMER AND CEO CONFIDENCE

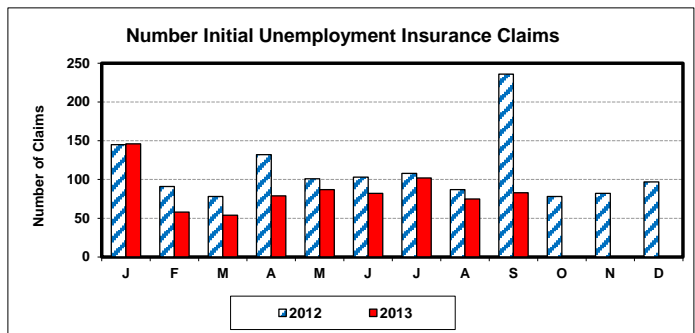
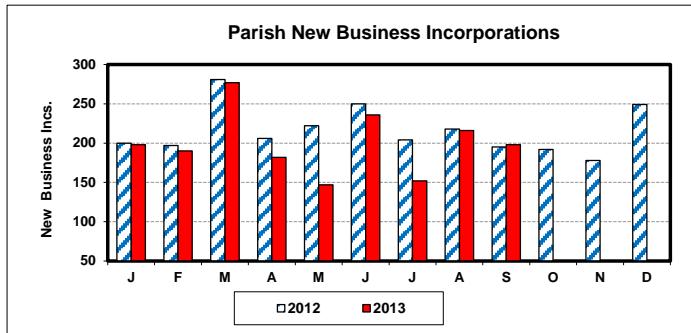
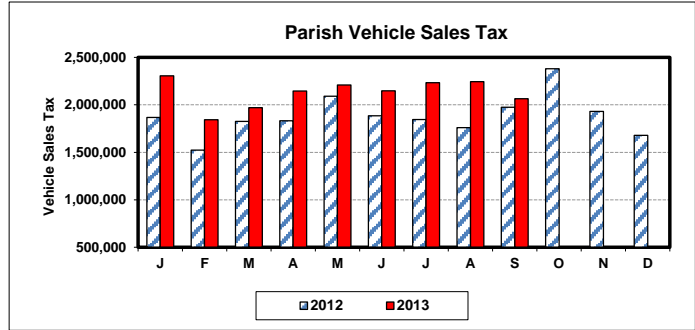
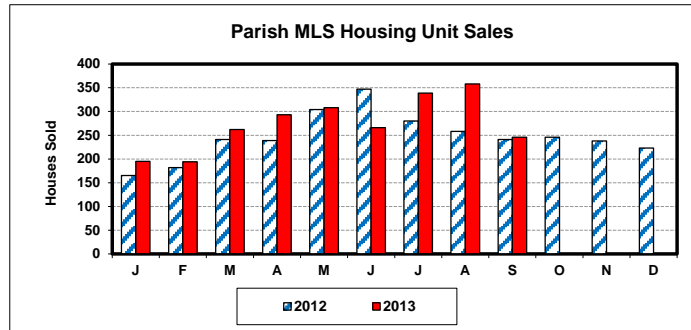
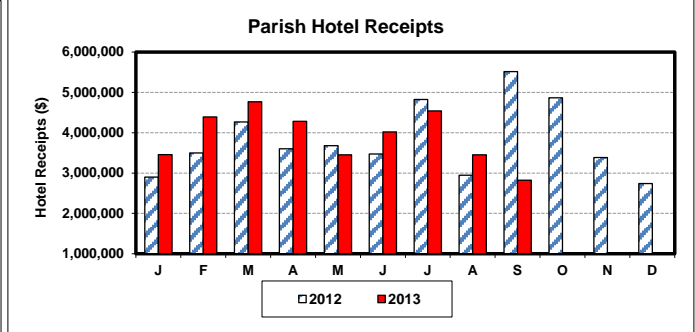
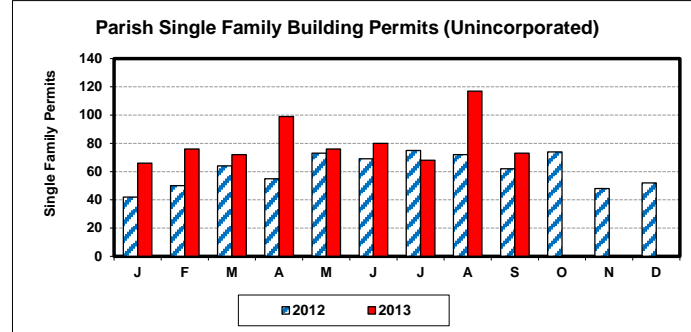
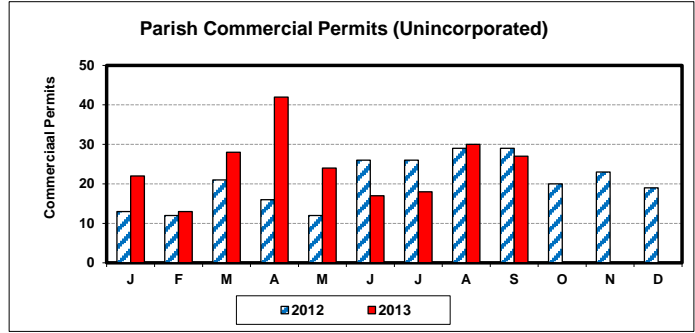
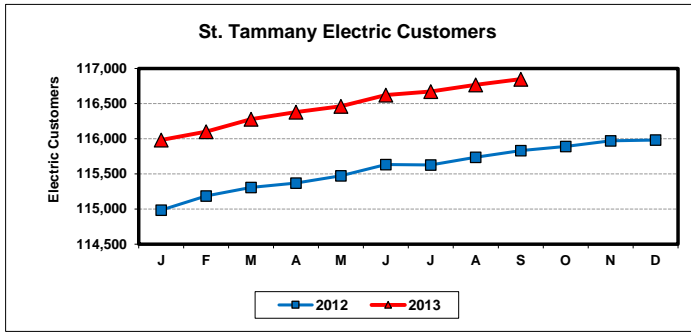
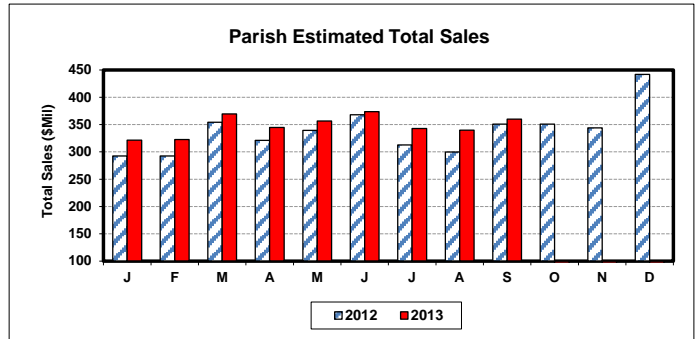
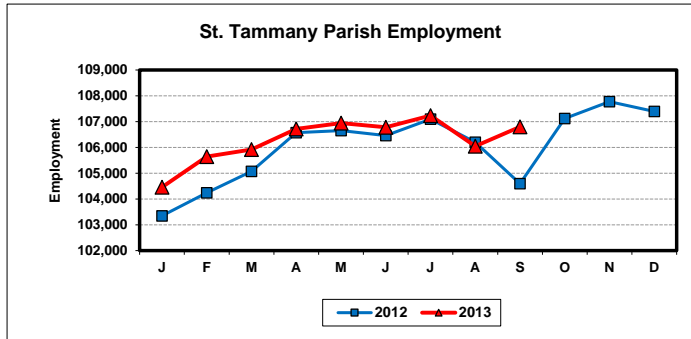
Consumer confidence, with improvement in August, moved down in September as “concerns about short-term outlook for both jobs and earnings resurfaced, while expectations for future business conditions were little changed,” according to Lynn Franco, Director of Economic Indicators at The Conference Board Consumer Confidence Index. “Consumers are uncertain that momentum can be sustained in the months ahead. Retail buying was disappointing this summer, as job growth slowed well below the 180,000 per month trend. Sentiment had improved on hope the opposite would occur. It didn’t, and long-delayed spending plans remain largely on hold until better and more consistent job and income increases are in evidence. This is not good news for retail buying this autumn, and there might be no changes in these conditions going into the holiday season – a projection likely to dampen spirits in the retail sector. Outside of car and student loans, consumer credit demand remains weak, reflecting a degree of continued household concern about whether this economy will ever start to deliver more jobs and fatter paychecks.” The Conference Board measure of CEO Confidence declined in the third quarter after an increase in the second quarter due to uncertainty about the short-term outlook, says Franco. CEOs’ assessment of current economic conditions and short-term outlook declined considerably. “Expectations for growth in both India and Brazil deteriorated significantly, while the outlook for the U.S., Japan and China, despite being less upbeat, on balance remained positive.”

U.S. AND ST. TAMMANY ECONOMIC GROWTH

The Conference Board Leading Economic Index (LEI) increased 0.7% in September after a 0.7% increase in August. National LEI suggests the economy was expanding modestly and possibly gaining momentum before government shutdown, said Ken Goldstein, economist at The Conference Board. “Beyond the immediate fallout of the shutdown, the biggest challenge is whether relatively weak consumer demand, pinned down by weak wage growth and low levels of confidence, will recover during the final stretch of 2013 and into 2014.” According to Rajeev Dhawan of Economic Forecasting Center at Georgia State University’s Robinson College of Business, “Job gains, strong auto sales and a rise in housing starts, offset by poor income growth, consumer caution and ongoing political uncertainty that will continue to hinder corporate investment in coming quarters is fostering ‘a challenging economic recovery.’ Increasing income growth will require creation of what Dhawan terms ‘catalyst jobs’ in arenas of manufacturing, scientific, corporate IT and healthcare sectors, a development that will remain in limbo until palatable Congressional budget deal is struck and corporations are more willing to invest.”

St. Tammany’s economy continues to expand as 3Q13 saw an increase over 3Q12 of 6.6%, with a 12-month increase of 4.6%. All five indicators making up the composite index contributed to the quarterly and 12-month improvements. For a closer look at the Parish growth, see the St. Tammany Economic Growth Index.

ST. TAMMANY PARISH ECONOMY AT A GLANCE



ST. TAMMANY PARISH ECONOMIC INDICATORS

Economic Indicators	Units	3Q13	2Q13	% Change	3Q12	% Change	YTD 2013	YTD 2012	% Change
Retail Sales (a)									
St. Tammany Parish Est.Total Sales	\$Mil.	1,042.4	1,075.0	-3.0%	963.6	8.2%	3,130.9	2,932.0	6.8%
St. Tammany Parish Total Sales Tax	\$	49,722,594	51,277,637	-3.0%	45,963,077	8.2%	149,345,629	139,856,509	6.8%
St. Tammany Parish DMV Sales Tax	\$	6,542,056	6,503,107	0.6%	5,579,658	17.2%	19,165,545	16,603,300	15.4%
DMV Sales Tax % of Total Sales Tax		13.2%	12.7%		12.1%		12.8%	11.9%	8.1%
New Business Incorporations (h)									
Total New Licenses	No.	566	565	0.2%	617	-8.3%	1,796	1,973	-9.0%
Non-Agricultural Employment (Revised)(b)									
Total Employment	* No.	106,692	106,814	-0.1%	105,962	0.7%	106,281	105,580	0.7%
Unemployed	* No.	6,371	6,738	-5.5%	5,973.3	6.7%	6,286	6,256	0.5%
Labor Force	* No.	113,063	113,552	-0.4%	111,935.7	1.0%	112,568	111,836	0.7%
Unemployment Rate (Revised)(b)									
St. Tammany Parish	*	5.6%	5.9%	-5.0%	5.3%	5.6%	5.6%	5.6%	-0.2%
Louisiana	*	6.9%	7.0%	-1.9%	7.2%	-3.7%	6.8%	7.2%	-6.7%
United States	*	7.2%	7.4%	-2.3%	8.2%	-11.8%	7.6%	8.3%	-8.6%
Unemployment Insurance Claims by St. Tammany Resident (b)									
Number of Initial Claims	No.	260	248	4.8%	431	-39.7%	766	1,081	-29.1%
Construction: New Building Permits (Uncorporated Area) (c)									
New Single Family Units	No.	258	255	1.2%	209	23.4%	727	562	29.4%
New Commercial Units	No.	75	83	-9.6%	84	-10.7%	221	184	20.1%
Utilities -- Total Electric Accounts (d)	* No.	116,763	116,489	0.2%	115,731	0.9%	116,457	115,461	0.9%
Real Estate (St. Tammany Parish)(e)									
Residential									
Total Sales Volume	\$000	220,689.6	206,941.4	6.6%	172,974	27.6%	555,054.7	480,041.5	15.6%
Number of Houses Sold	No.	943	867	8.8%	779	21.1%	2,461	2,257	9.0%
Average Sales Price	* \$	234,029	238,687	-2.0%	222,047	5.4%	225,540	212,690	6.0%
Apartment Rent (2 bedrooms, 1.5 or 2 baths)(professional/managerial household)(i)									
Average Apartment Rent	* \$	1,164	1,164	0.0%	1,167	-0.3%	1,165	1,161	0.3%
Hotel Receipts (g)	\$	10,814,576	11,752,352	-8.0%	13,287,427	-18.6%	35,181,251	34,711,277	1.4%
Net Occupancy Tax Collections for St. Tammany Events Center (a)									
Net Occupancy Tax Collections	\$	50,843	76,918	-33.9%	86,524	-41.2%	215,204	237,932	-9.6%
Inflation Rate									
Southern Region of United States (j)									
Consumer Price Index	* No.	226.0	224.7		222.2		224.7	221.4	
Inflation Rate	*	1.7%	1.2%		1.6%		1.5%	2.1%	

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

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) Larter & 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); (g) St. Tammany Parish Tourist and Convention Commission; (h) LA Secretary of State; (i) www.forrent.com, www.apartments.com; (j) U.S. Bureau of Labor Statistics

St. Tammany Economic Development Foundation Economic Trends Report 3rd Quarter 2013