

Economic Trends



*The St. Tammany Economic Development Foundation's
Quarterly Report on the St. Tammany Parish Economy*

Volume 12, Issue 2

Second Quarter 2014

EMPLOYMENT

The Parish labor force consists of employed and unemployed residents. Growth of Parish employment continued to rise, with 2Q14 growth coming in at 1.7% over 2Q13 employment. The number of unemployed residents in 2Q14 dropped dramatically from 2Q13 (20.4%), and for the year-to-date period, the drop was 23.7% from the same period last year. The 2Q14 Parish unemployment was 4.4%, dropping 20.8% from the 2Q13 rate of 5.5% and remaining considerably lower than the state rate (5.1%) and the national rate (6.1%). The number of initial unemployment insurance claims in the Parish for 2Q14 showed an increase of 12 claims, or 4.8%, compared with 2Q13 claims. The number of claims year to date decreased by seven in comparison with the same period last year.

BUILDING PERMITS/REAL ESTATE/APARTMENT RENTS

Single family building permits issued in 2Q14 grew at an increasing pace. 315 permits were issued, besting 2Q13 issuance of 255 permits by 23.5%. Most of the 2Q14 increase occurred in April and May, where the month-over-month spreads were 24.2% and 40.8% respectively. Year-to-date and compared with the same period last year, issued single family permits rose 19.0%, mostly bolstered by stellar performance in 2Q14. Commercial building permits lost ground in 2Q14 with a 32.5% decline from the number of 2Q13 permits. Commercial permit decline in 2Q14 pushed the year to date down by 28.8% from year-to-date figures last year.

After slumping in 1Q14, sales of existing homes in the Parish improved, increasing 11.1% in 2Q14 from the number of units sold in 2Q13. Year-to-date sales increased 3.8% from last year to date. All three months in the second quarter saw positive gains compared with the corresponding months last year. Total 2Q14 sales volume was 8.3% higher than in 2Q13, and all three months in the quarter showed gains compared with the corresponding months last year. For year to date, total sales volume was 7.3% higher than for the corresponding period last year. The second quarter saw 315 single family permits issued and 963 housing units sold, with 1,278 single family units proposed or sold in 2Q14, increasing 28.3% from 996 proposed/sold single family homes in 2Q13. The 2Q14 housing inventory for sale listings dropped to 5.0 months from the 1Q14 inventory of 7.1 months. Housing inventory tracking may be somewhat tentative. Inventory changes are recorded at the end of each month in the quarter; a quarterly average is computed using the monthly inventory averages. Once a date has passed, previous periods cannot be retrieved to re-compute an inventory for those times. Apartment rent prices continued to rise, averaging \$1,177 in 2Q14 and reflecting a 1.1% increase from the 2Q13 average of \$1,167. Average rent data was collected from surveyed apartment units located in 10 different complexes throughout the Parish that meet housing needs (2 bedrooms, 1.5 or 2 baths) of professional or managerial households.

TOTAL SALES TAX AND VEHICLE SALES TAX

Total sales and sales tax collections in 2Q14 were 4.0% higher than in 2Q13, an improvement from the 1Q14/1Q13 performance of 1.4%. Taxes collected rose 5.5% in April, 3.9% in May and 2.7% in June from the corresponding months last year. Although the second quarter months' performance exceeded the first quarter months', the month-over-month growth slid as the second quarter progressed. Year-to-date total sales and sales tax numbers were ahead of the similar period last year by 2.7%.

While 1Q14 Parish DMV sales tax collections fell 2.8% from 1Q13, 2Q14 DMV sales tax collections rose 4.9% from 2Q13. Gains rose each month of 2Q14 from 2Q13: 3.6% in April, 6.3% in May and 4.7% in June. Year-to-date DMV sales tax collections were 1.2% higher than in the same period last year. Year-to-date DMV sales collections might have been higher were it not for the weak performance in 1Q14, particularly in January. DMV sales tax as a percentage of total sales tax remained in the 12-13% range during 2Q14. Data on vehicle sales tax revenue is taken from all vehicle sales by residents living in the Parish and registered in the Parish, whether the sale occurred inside or outside the Parish. At present, there is no method for separating out sales tax on vehicles bought outside the Parish but registered in the Parish. Total vehicle sales tax is calculated from sheriff's office records of vehicles purchased, titled and licensed in the Parish, including vehicles licensed and titled in St. Tammany though purchased elsewhere. 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

As in 1Q14, new incorporation formations saw a decrease in 2Q14 totaling 7.3%. Continuous declines in the first half of the year brought year-to-date new incorporations down 5.5% compared with the same period last year. Parish new business incorporations remained relatively high.

No apparent, clear evidence explains why new incorporations remained at a high level. Consumer confidence as reported by The Conference Board indicates consumers continued to be concerned about job and income growth in the national economy. This concern could be spreading to the local economy as well, thus prompting residents to hedge their bets against any job or income declines in the Parish by augmenting their household income. Added household income could be welcome, considering fuel and food prices continued to rise.

UTILITIES (Electric)

2Q14 Parish electric customer count growth continued to accelerate at 1.2% compared with customer count in 2Q13. April, May and June of 2Q14 saw increased growth rates of 1.2%, 1.3% and 1.2% respectively from corresponding months last year. Continued expansion of single family and commercial building permits likely fueled expanding electric customer counts in the Parish. Primary electric count comes from CLECO and Washington/St. Tammany Electric Coop.

ACCOMMODATIONS (Hotel Receipts and Net Occupancy Tax)

At this writing of the second quarter Economic Trends Report, data on 2Q14 hotel receipts is not available from the St. Tammany Parish Tourist and Convention Commission. But 2Q14 net occupancy tax collections (bed tax) reversed direction, rising from the 1Q14/1Q13 comparison of -7.6% to a 9.2% increase in 2Q14 from 2Q13. Much of the positive performance in 2Q14 came from a May-over-May gain of 32.6%. April and June lagged with 1.7% and -1.3% changes respectively. The 2014 year-to-date bed tax gain of 0.2% wiped out the 7.6% decline in 1Q14.

SOUTHERN CONSUMER PRICE INDEX/INFLATION RATE

The 2Q14 inflation rate for the southern region of the United States was 2.4% – double the 2Q13 rate of 1.2%. Constant fluctuations in gas prices and the rising cost of goods' delivery to stores increased food prices, playing a significant role in inflation increases. Prices fluctuated at high price levels. Along with other price points over the months, inflation has left consumers with very few alternatives.

U. S. CONSUMER AND CEO CONFIDENCE

As reported by Lynn Franco, Director of Economic Indicators at The Conference Board, "consumer confidence continues to advance and the index is now at its highest level since January 2008 (87.3). June increase was driven primarily by improving current conditions, particularly consumers' assessment of business conditions. Expectations regarding the short-term outlook for the economy and jobs were moderately favorable, while income expectations were a bit mixed. Still, the momentum going forward remains quite positive."

"CEOs are slightly less confident than in 1Q14, as both their assessment of current and expected conditions edged down in 2Q14," stated Franco. "However, four out of every five CEOs expect profits will increase over the coming year, with market/demand and growth the primary driving force. CEOs' assessment of current economic conditions was considerably less and their expectations regarding the short-term outlook pulled back slightly during the second Quarter."

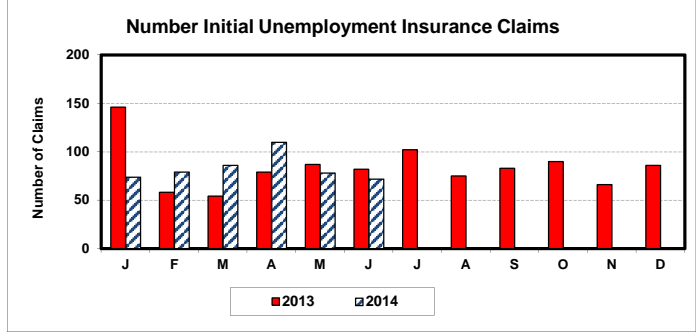
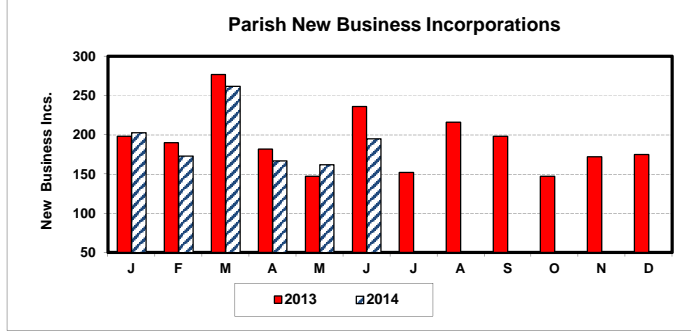
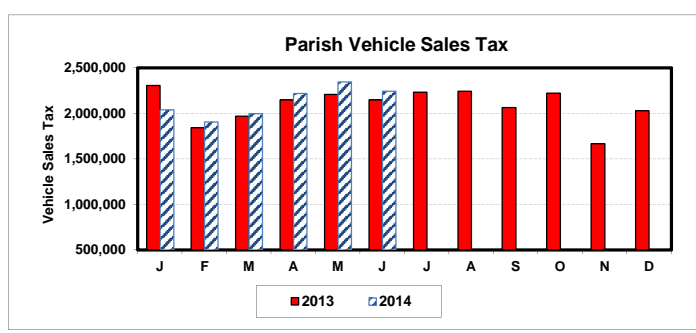
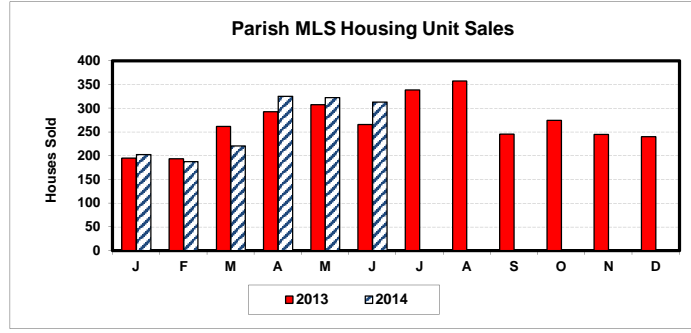
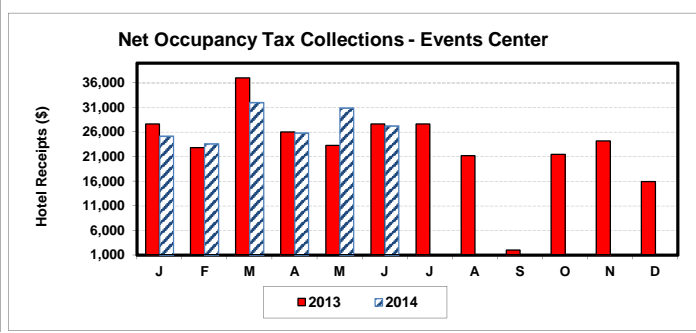
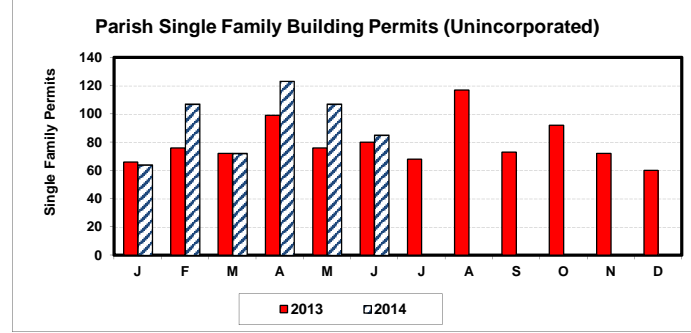
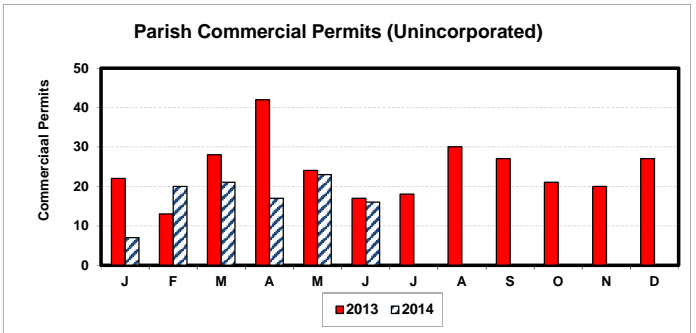
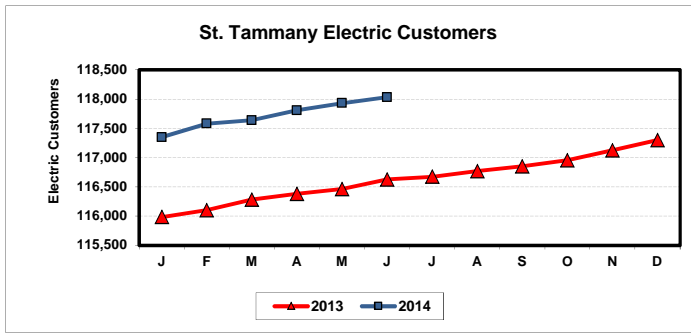
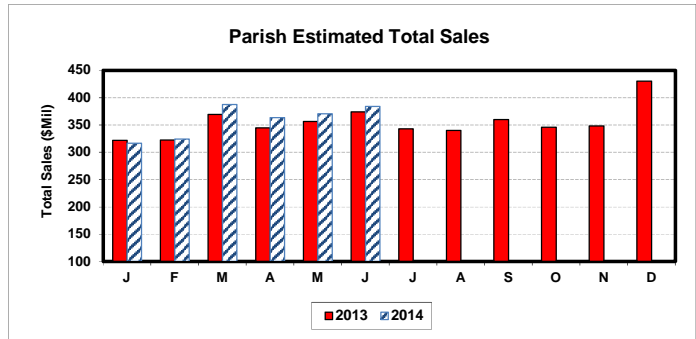
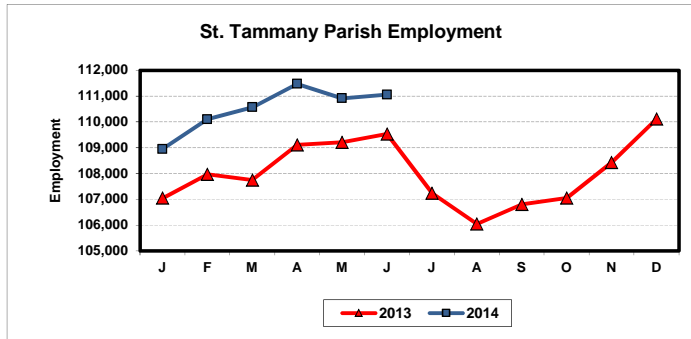
U.S. AND ST. TAMMANY ECONOMIC GROWTH

The Leading Economic Index (LEI) as reported by The Conference Board shows broad-based increases over the last six months "signaling a U.S. economy that is expanding in the near term and may even somewhat accelerate in the second half," said Ataman Ozyildirim, economist for The Conference Board. "Housing permits, weakest indicator during the period, reflects some risk to this improving outlook. But favorable financial conditions, generally positive trends in the labor markets and the outlook for new orders in manufacturing have offset the housing market weakness over the past six months."

"The Coincidence Economic Index (CEI) shows the pace of economic activity continued to expand moderately through June," said Ken Goldstein, economist at The Conference Board. "Stronger consumer demand driven by sustained job gains and improving confidence remains the main source of improvement for the U.S. economy stronger housing market, more business investment could also provide an upside to the overall economy."

Though the first quarter report reflects a nearly flat Parish economic growth, in 2Q14, the economic picture was quite different. 2Q14 composite growth totaled 2.8% over 2Q13. Twelve-month growth through 2Q14 was 2.5% higher than last year, and four of the components making up the composite index grew compared with similar components in 2Q13. For a more detailed look at Parish growth, please refer to the St. Tammany Economic Growth Index.

ST. TAMMANY PARISH ECONOMY AT A GLANCE



ST. TAMMANY PARISH ECONOMIC INDICATORS

Economic Indicators	Units	2Q14	1Q14	% Change	2Q13	% Change	YTD 2014	YTD 2013	% Change
Retail Sales (a)									
St. Tammany Parish Est.Total Sales	\$Mil.	1,117.8	1,027.6	8.8%	1,075.0	4.0%	2,145.4	2,088.5	2.7%
St. Tammany Parish Total Sales Tax	\$	53,319,143	49,018,681	8.8%	51,277,637	4.0%	102,337,824	99,623,035	2.7%
St. Tammany Parish DMV Sales Tax	\$	6,819,176	5,949,645	14.6%	6,503,107	4.9%	12,768,821	12,623,489	1.2%
DMV Sales Tax % of Total Sales Tax		12.8%	12.1%		12.7%		12.5%	12.7%	
New Business Incorporations (h)									
Total New Licenses	No.	524	638	-17.9%	565	-7.3%	1,162	1,230	-5.5%
Non-Agricultural Employment (Revised)(b)									
Total Employment	* No.	111,147	110,511	0.6%	109,284	1.7%	110,511	108,435	1.9%
Unemployed	* No.	5,078	4,721	7.6%	6,381	-20.4%	4,721	6,188	-23.7%
Labor Force	* No.	116,226	114,238	1.7%	115,665	0.5%	115,232	114,622	0.5%
Unemployment Rate (Revised)(b)									
St. Tammany Parish	*	4.4%	4.1%	5.7%	5.5%	-20.8%	4.1%	5.4%	-24.1%
Louisiana	*	5.1%	4.9%	5.2%	7.0%	-27.5%	4.9%	6.7%	-27.6%
United States	*	6.1%	6.5%	-6.4%	7.4%	-17.6%	6.5%	7.7%	-15.7%
Unemployment Insurance Claims by St. Tammany Resident (b)									
Number of Initial Claims	No.	260	499	-47.9%	248	4.8%	499	506	-1.4%
Construction: New Building Permits (Uncorporated Area) (c)									
New Single Family Units	No.	315	243	29.6%	255	23.5%	558	469	19.0%
New Commercial Units	No.	56	48	16.7%	83	-32.5%	104	146	-28.8%
Utilities -- Total Electric Accounts (d)	* No.	117,923	117,522	0.3%	116,489	1.2%	117,722	116,305	1.2%
Real Estate (St. Tammany Parish)(e)									
Residential									
Total Sales Volume	\$000	224,081.4	134,642.8	66.4%	206,941.4	8.3%	358,724.2	334,365.1	7.3%
Number of Houses Sold	No.	963	612	57.4%	867	11.1%	1,575	1,518	3.8%
Average Sales Price	* \$	232,691	220,005	5.8%	238,687	-2.5%	\$227,761	\$220,267	3.4%
Housing Inventory/Listings	No.	1,597	1,452	10.0%	1,635	-2.3%	1,524	1,559	-2.2%
Housing Inventory Months	No.	5.0	7.1	-30.3%	5.7	-12.4%	6.1	6.3	-4.0%
Proposed/ Sold Single Family Homes	No.	1,278	855	49.5%	996	28.3%	2,133	1,987	7.3%
Apartment Rent (2 bedrooms, 1.5 or 2 baths)(professional/managerial household)(i)									
Average Apartment Rent	* \$	1,177	1,167	0.8%	1,164	1.1%	1,172.0	1,165.2	0.6%
Hotel Receipts (g)	\$	n.a.	12,306,308	n.a.	11,752,352	n.a.	n.a.	24,366,675	n.a.
Net Occupancy Tax Collections for St. Tammany Events Center (a)									
Net Occupancy Tax Collections	\$	83,978	80,762	4.0%	76,918	9.2%	164,740	164,361	0.2%
Inflation Rate									
Southern Region of United States (j)									
Consumer Price Index	* No.	230.0	226.6		224.7		228.3	224.1	
Inflation Rate	*	2.4%	1.4%		1.2%		1.87%	1.19%	

* 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) 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); (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

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