

The Analyst

ST. TAMMANY CORPORATION'S ECONOMIC RESEARCH PUBLICATION

Q2 2021 Economic Trends Report

November 2021



ST. TAMMANY
STATS

The logo for St. Tammany Stats features the text "ST. TAMMANY" in a blue, sans-serif font at the top. Below it, the word "STATS" is written in a large, bold, sans-serif font. The letters "S", "T", and "S" are green, while "A" and "I" are blue. A network diagram with white circular nodes and blue lines connects the letters: one node is at the bottom of the first "S", another is at the top of the "A", a third is at the bottom of the "I", and a fourth is at the top of the second "S".

www.sttammanystats.com

Introduction

Welcome to St. Tammany Corporation's publication of our Quarterly Economic Trends Report, a curated collection of economic indicators that help us make sense of our local, regional, and national economies and their interconnectivity. This publication is a product of *The AnalyST*, St. Tammany Corporation's economic research publication. Tracking and understanding economic trends is an important exercise for economic developers, public officials, business professionals, and the general citizenry that empowers us to make the best possible decisions to help our community prosper.

This report covers the second quarter of 2021.

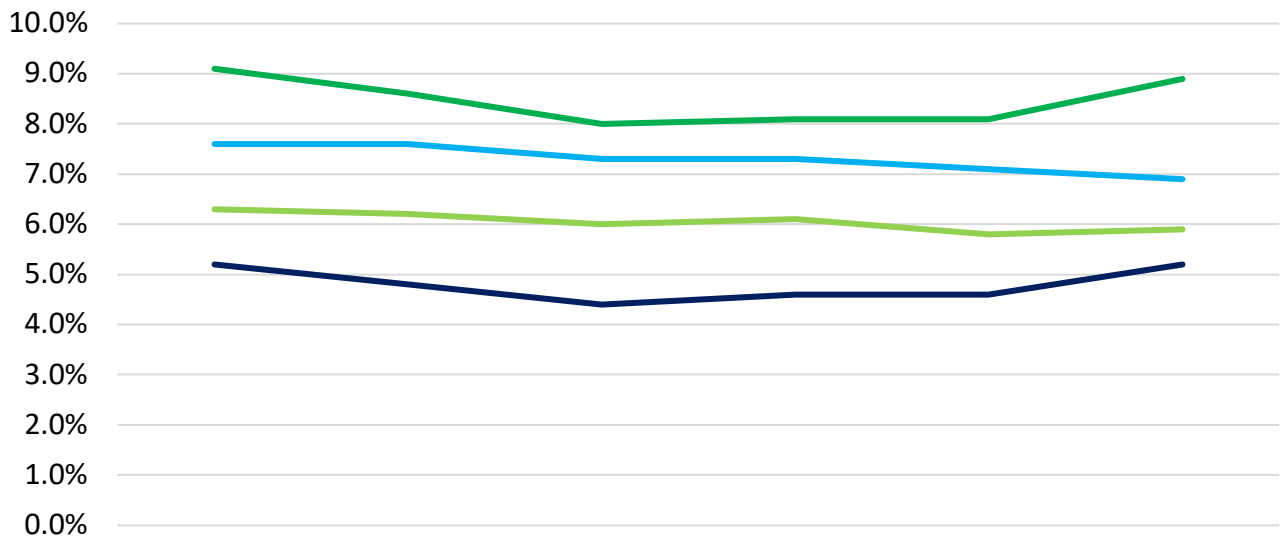
Through our publication of this and future quarterly economic trends reports, and other products of *The AnalyST*, St. Tammany Corporation strives to fulfill our mission of being economic truth-tellers and providing meaningful, thoughtful analysis that lays the groundwork for transformational, results-driven economic development.



Unemployment

- The Federal Reserve says that the natural rate of unemployment is between 3.5-4.5% for a healthy, competitive economy.
- Historically, St. Tammany has consistently had lower unemployment rates than the state and metro. We see this trend continuing, as St. Tammany has lower rates than the U.S., Louisiana, and the greater New Orleans region. In June 2021, Louisiana’s unemployment rate was the only metric that decreased, while nationally, regionally, and parish wide, the rate increased between May and June.

Unemployment Rate Comparison



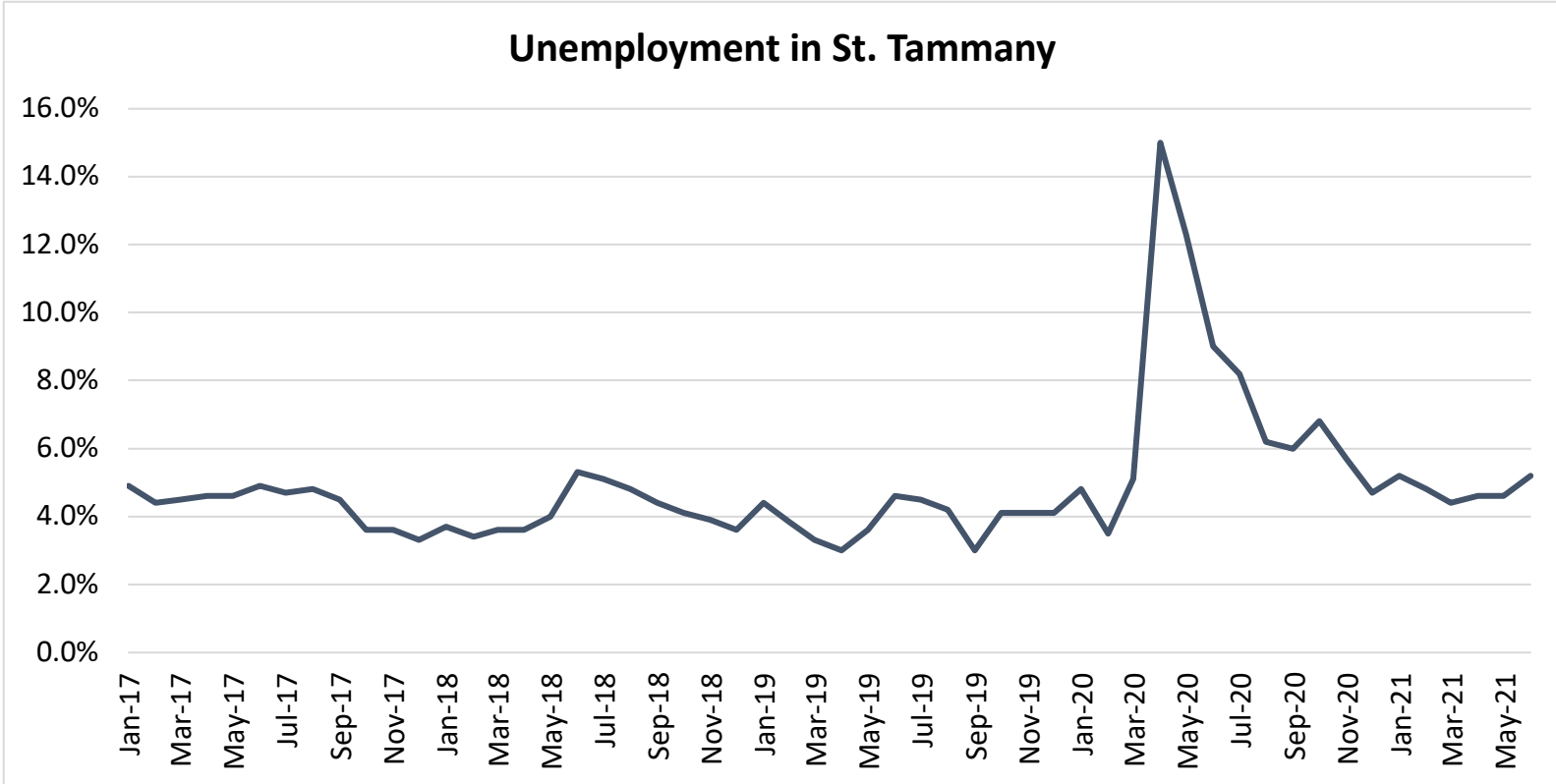
	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21
United States	6.3%	6.2%	6.0%	6.1%	5.8%	5.9%
Louisiana	7.6%	7.6%	7.3%	7.3%	7.1%	6.9%
Greater New Orleans	9.1%	8.6%	8.0%	8.1%	8.1%	8.9%
St. Tammany Parish	5.2%	4.8%	4.4%	4.6%	4.6%	5.2%

Source: Louisiana Workforce Commission



Unemployment

- The graph below shows the historical unemployment rate in St. Tammany Parish, spanning from 2017 through Q2 2021.
- In the year after hitting its highest point in April 2020, St. Tammany’s unemployment rate saw a steady, downward trend toward pre-pandemic levels through Q2 2021.

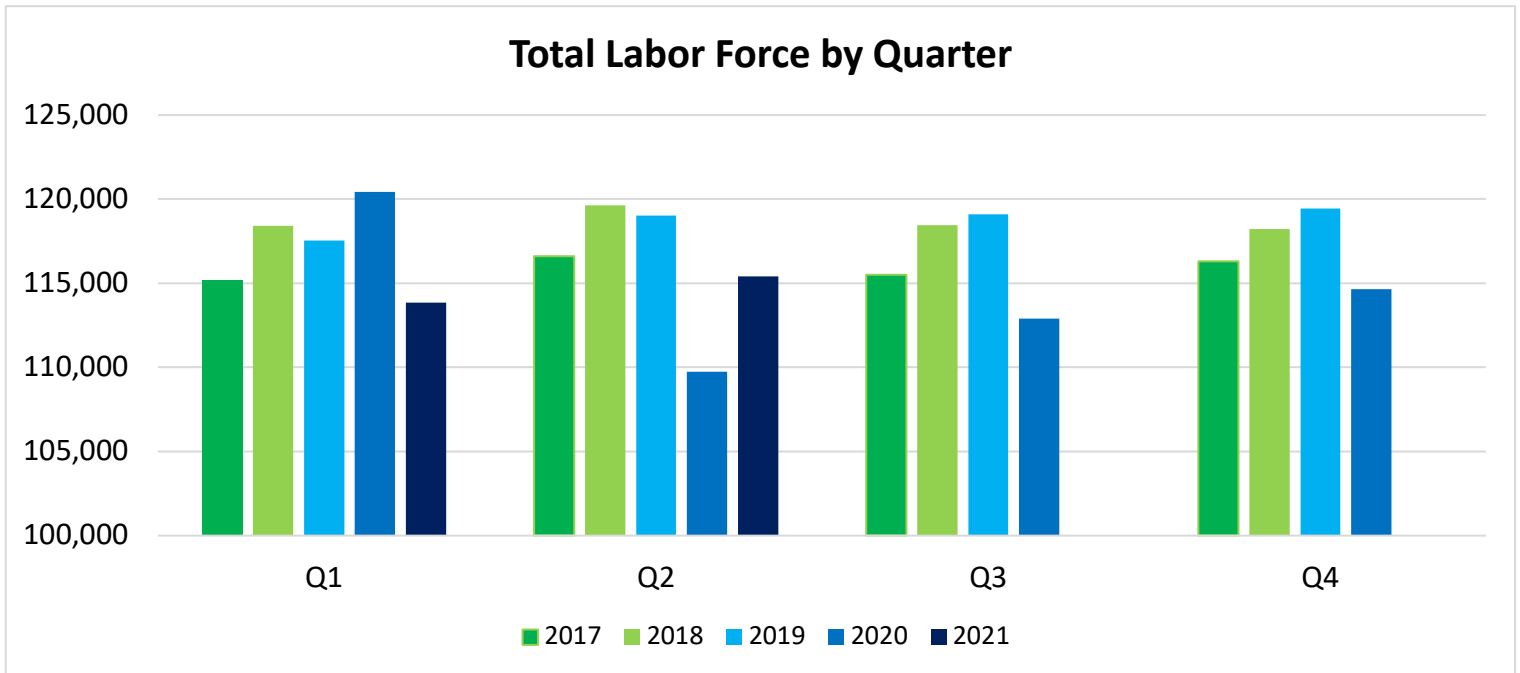


Source: Louisiana Workforce Commission



Labor Force

- Louisiana Workforce Commission (LWC) defines labor force as the portion of the working-age population who are either employed or unemployed and actively seeking employment.
- According to data from the LWC, during Q2 2021, St. Tammany’s labor force was at its highest since the start of the Covid-19 pandemic, with **115,416 active participants** in the labor force.
- In Q2 2020, the labor force showed a **growth of 5%** from the lowest point of the recession, Q2 2020.

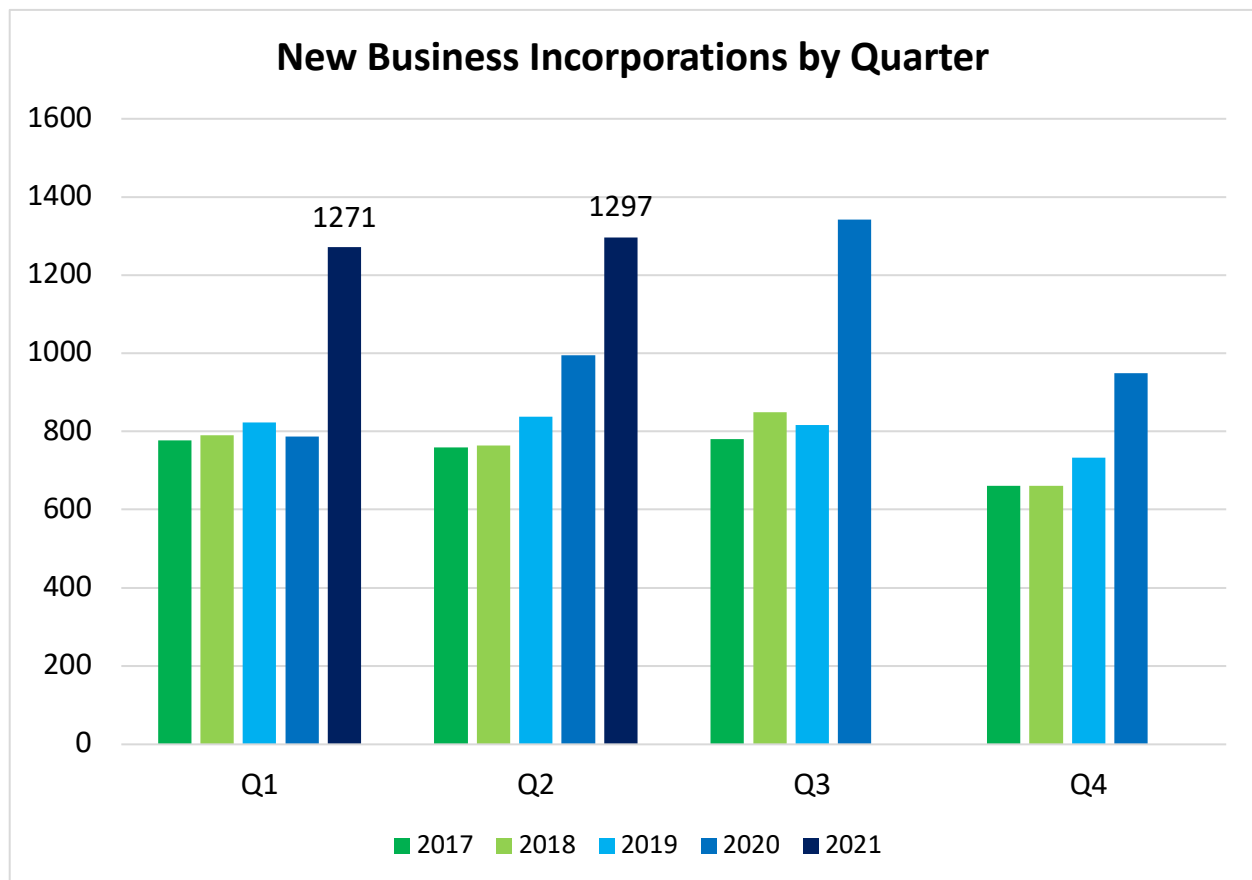


Source: Louisiana Workforce Commission



New Business Incorporations

- There were nearly 1,300 new businesses incorporated in Q2 2021 alone, continuing a trend in higher-than-average filings that began developing in Q3 2020.
- New business filings **increased by 30%** in Q2 2021 compared to Q2 2020.
- There was an average of **86 new filings per week** in Q2 2021, compared to the previous quarter's weekly average of 91.
- Although a spike in new business incorporation filings may indicate many people's desire to work for themselves, there is usually a lag in job creation as business filings are not a direct indicator for start of business operations.

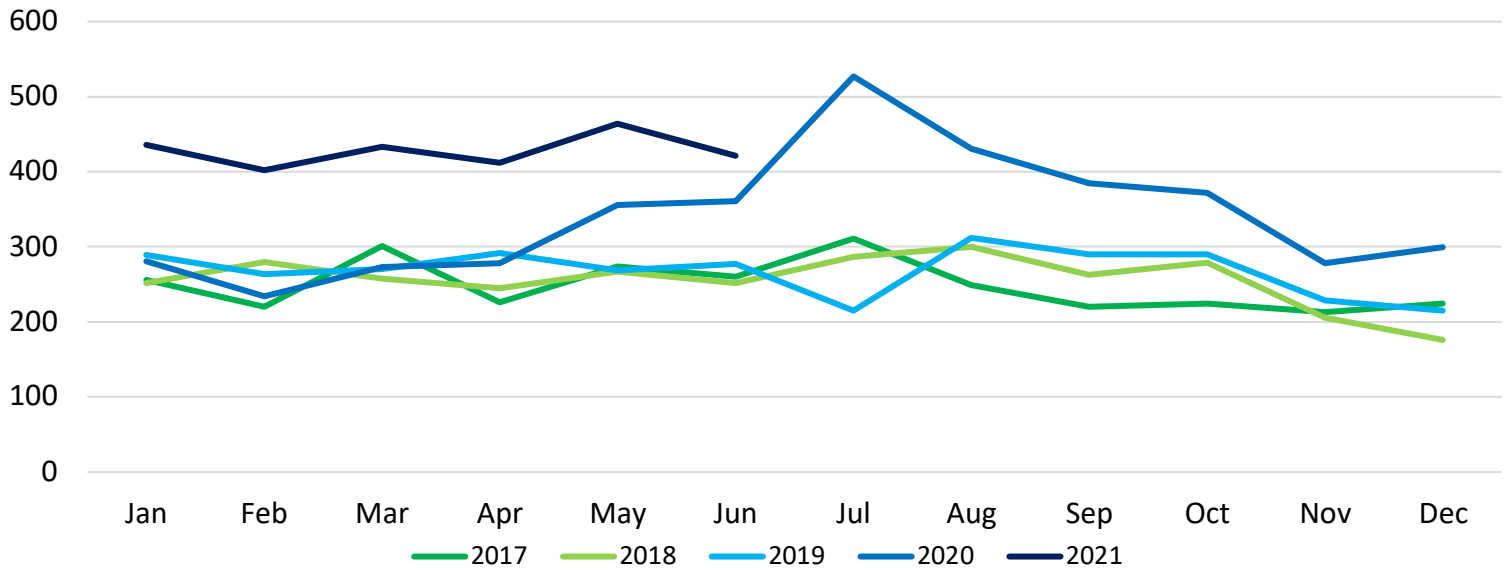


Source: Louisiana Secretary of State



New Business Incorporations

New Business Incorporations by Month



Source: Louisiana Secretary of State



Building Permits

- Tracking the values and volumes of building permits, both commercial and residential, is helpful in assessing the rate of the community's growth.
- More building permits at higher values means a more competitive market.
- The below tables show the values for commercial and residential permits within St. Tammany Parish.
- At the end of June, commercial permits averaged **\$1.29 million** and residential permits averaged **\$254,645**.

Commercial Permits 2021			
Month	Value	Units	Average
January	\$536,000	2	\$268,000
February	\$3,224,000	5	\$644,800
March	\$120,000	1	\$120,000
April	\$2,440,000	5	\$488,000
May	\$12,170,000	6	\$2,028,333
June	\$8,500,000	2	\$4,250,000
Total	\$26,990,000	21	\$1,290,000

Residential Permits 2021			
Month	Value	Units	Average
January	\$2,480,000	8	\$310,000
February	\$68,500,000	257	\$266,537
March	\$26,690,000	108	\$247,130
April	\$47,770,000	149	\$320,604
May	\$61,350,000	283	\$216,784
June	\$37,420,000	154	\$242,987
Total	\$244,210,000	959	\$254,645

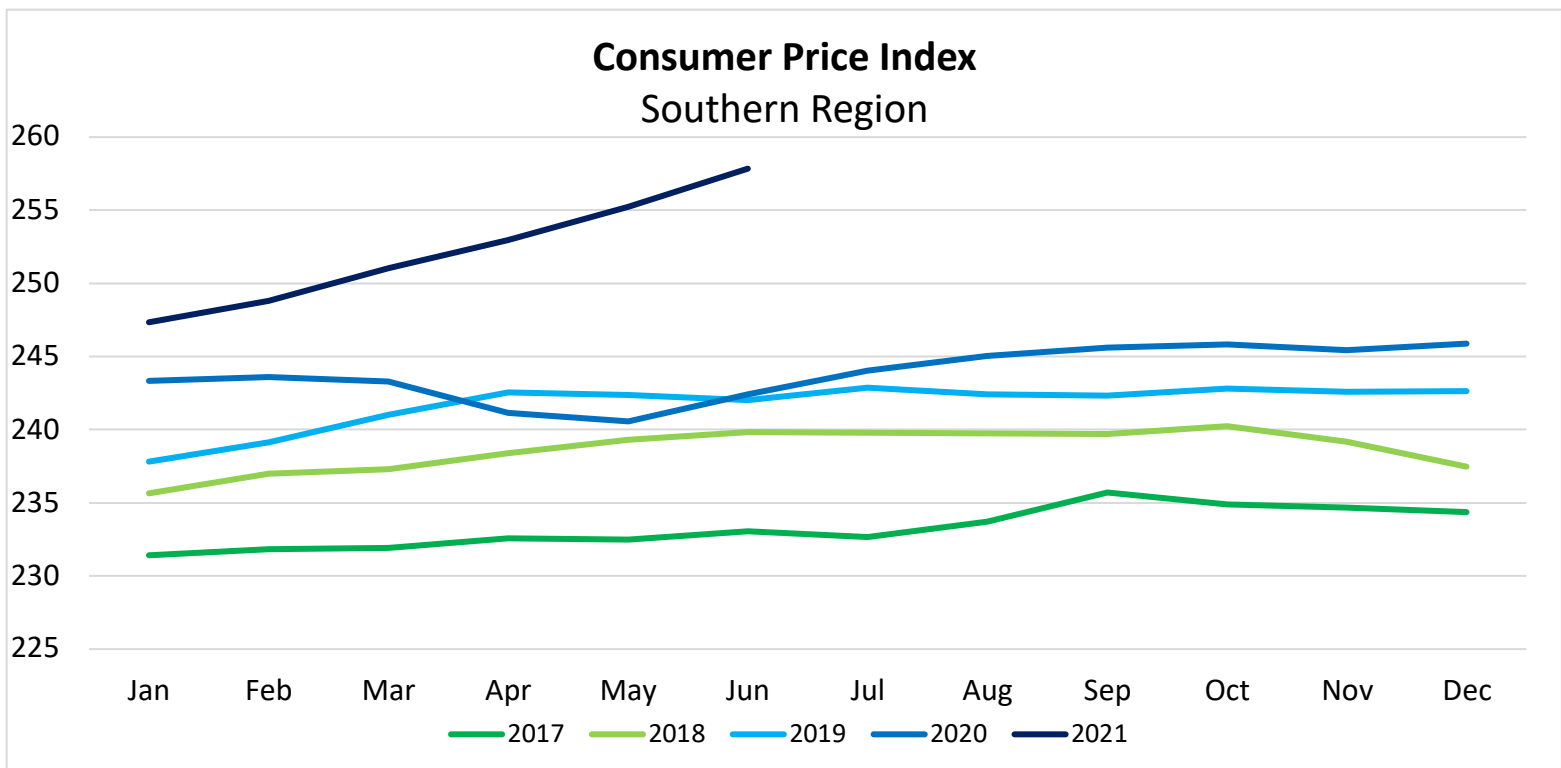
Source: New Orleans City Business



Consumer Price Index

Southern Region

- The Consumer Price Index (CPI) measures **inflation** by averaging prices of a basket of consumer goods and services, such as transportation, food, and medical care.
- Tracking CPI is important because it helps measure how the economy as a whole is faring.
- The graph shows that year after year since 2017, prices have continued to inflate at varying rates; 2017's line is the bottom-most of the five years, and each subsequent year is higher than the last (with the exception of the recession caused by the pandemic). The second quarter of 2021 showed the highest CPIs each month to date, increasing **5.4%** from the previous year.
- Inflation has been rising due to multiple factors, including supply-chain bottlenecks, extraordinarily high demand for goods as the Covid-19 pandemic eases, and year-over-year comparisons to 2020, when the economy struggled to reopen in the early months of the crisis.

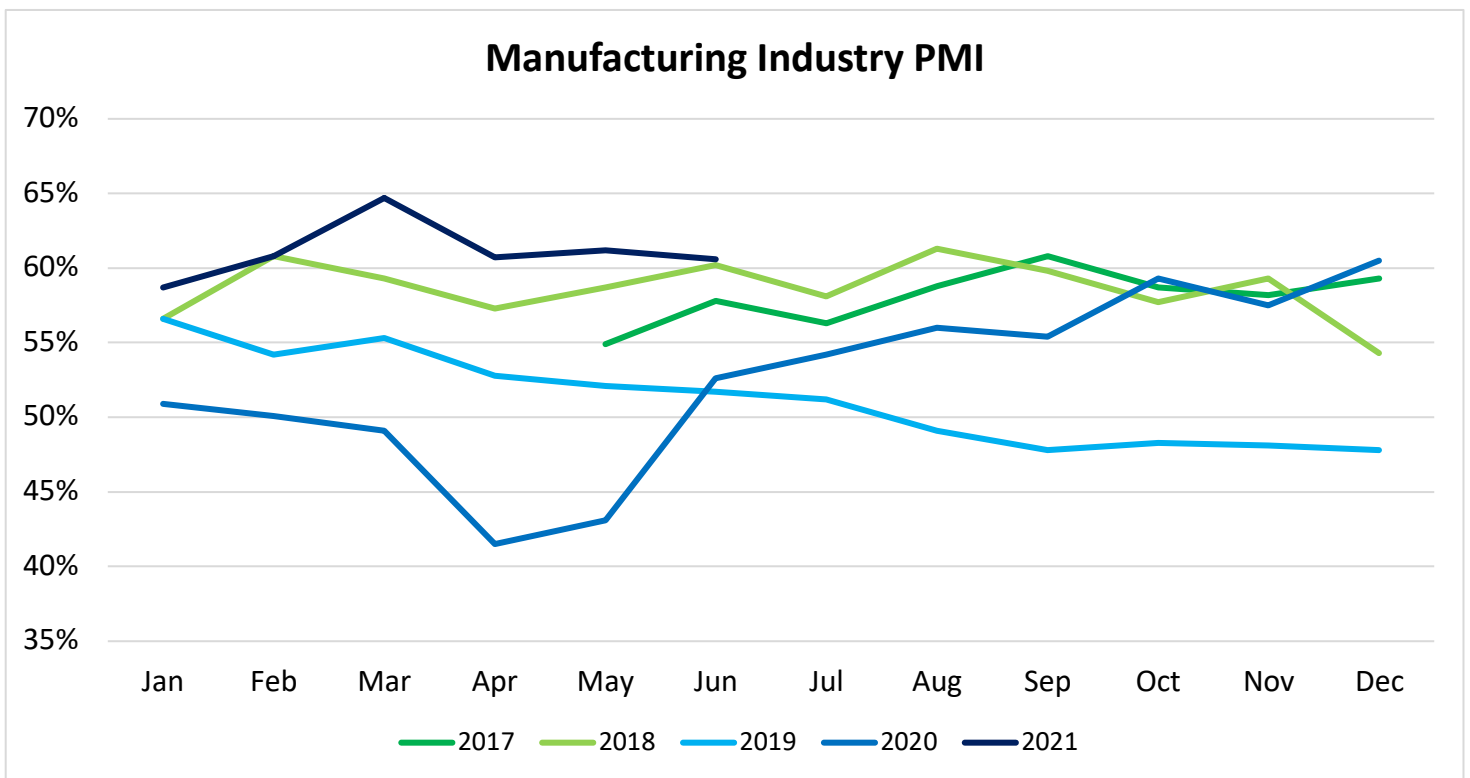


Source: U.S. Bureau of Labor Statistics



Manufacturing Industry

- The Institute for Supply Management (ISM) Manufacturing Purchasing Managers' Index (PMI) measures manufacturing activity based on a monthly survey, conducted by the ISM, of purchasing managers at more than 300 manufacturing firms across the nation.
- Indicators factored into the index include business activity, new orders, employment, inventory and backlogs, exports and imports, and prices.
- A PMI Index score above 50 indicates overall growth of the manufacturing economy, while a score below 50 indicates a contraction in manufacturing industry activities.
- During Q2 2021, commodities in short supply included circuit boards and circuit board components, epoxy, resin, foam products, packaging supplies, and steel. Only one commodity, Acetone, was down in price.

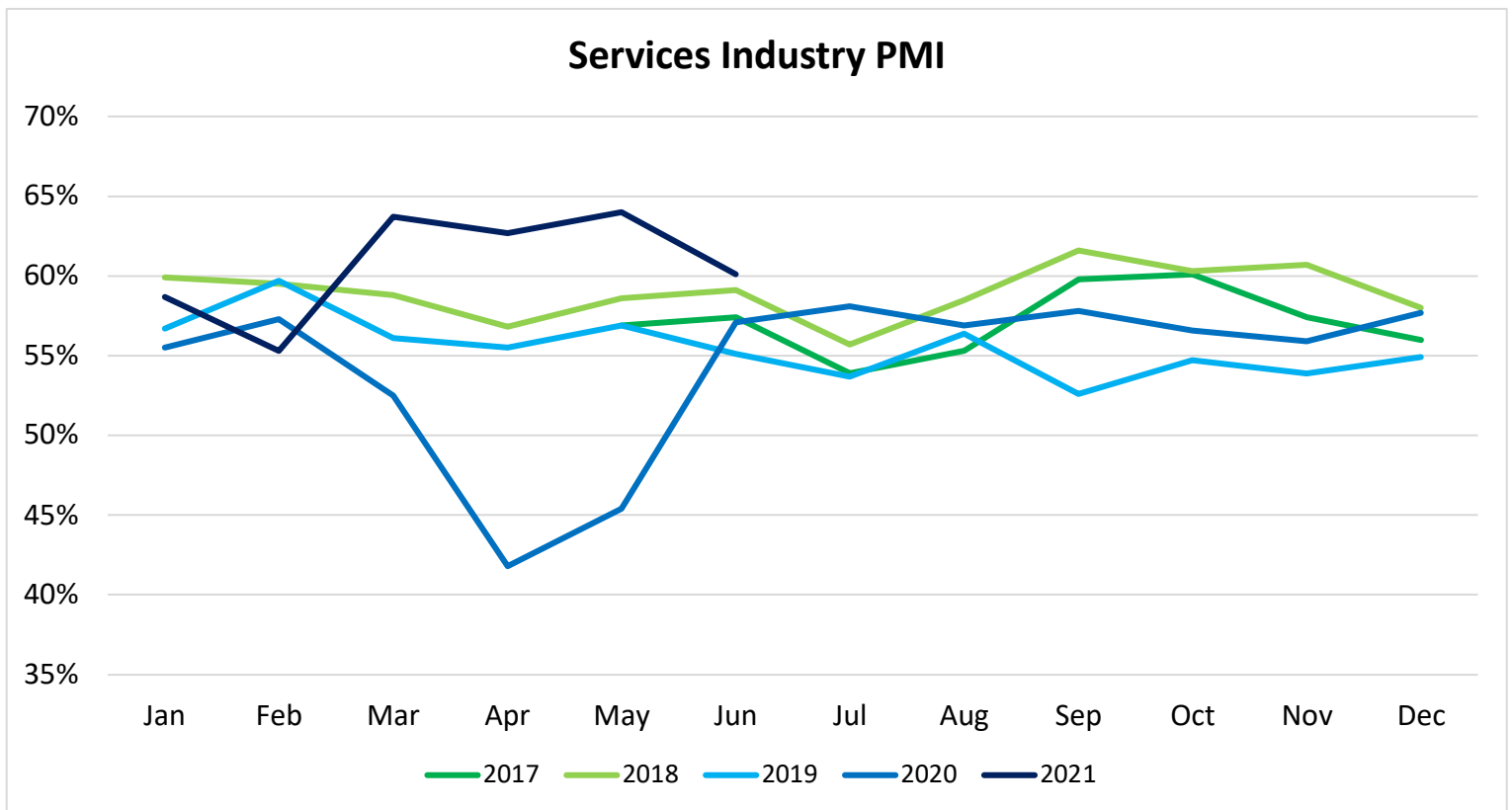


Source: Institute of Supply Management



Service Industry

- The ISM also measures non-manufacturing industries with the Services Industry Purchasing Managers' Index. Nearly all industry sectors other than manufacturing are included in this index.
- Like the Manufacturing Index, a Services PMI score above 50 indicates overall growth of the services economy, while a score below 50 indicates a contraction in service industry activities.
- During Q2 2021, commodities in short supply included temporary and contingent labor, chicken, chlorine, lumber, gloves, and vehicles. Commodities that were down in price included masks and personal protective equipment (PPE).



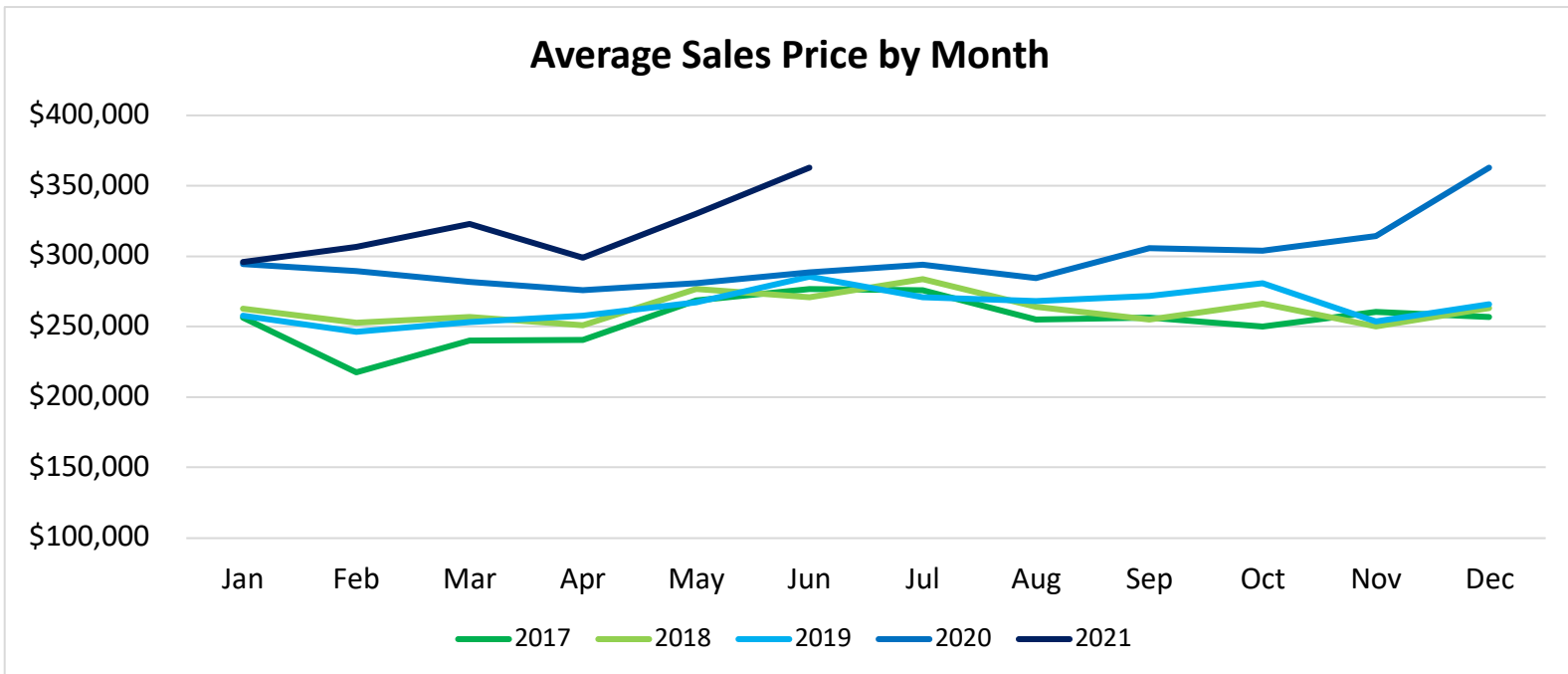
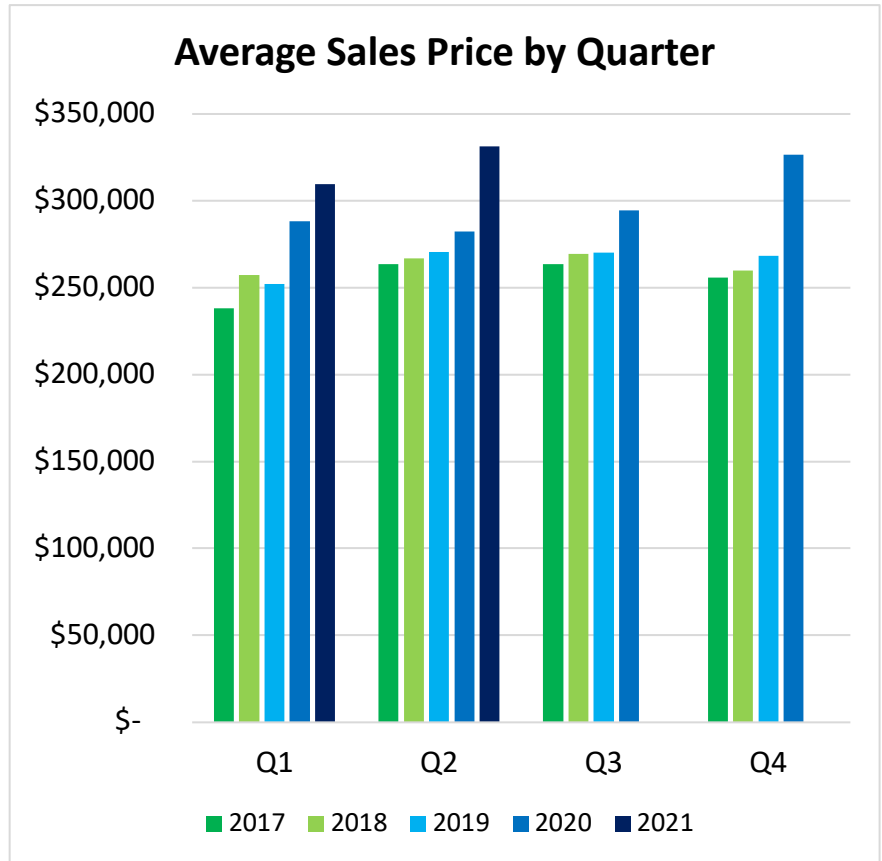
Source: Institute of Supply Management



Housing

Residential Real Estate

- The graphs to the right and below show the changes in average home sale prices over time in St. Tammany.
- In Q2 2021, the average home sale price was **\$331,298**, the highest average to date.
- Home prices actually fell during the month of April before rapidly rising in May and June, which caused the overall increase in Q2 prices.



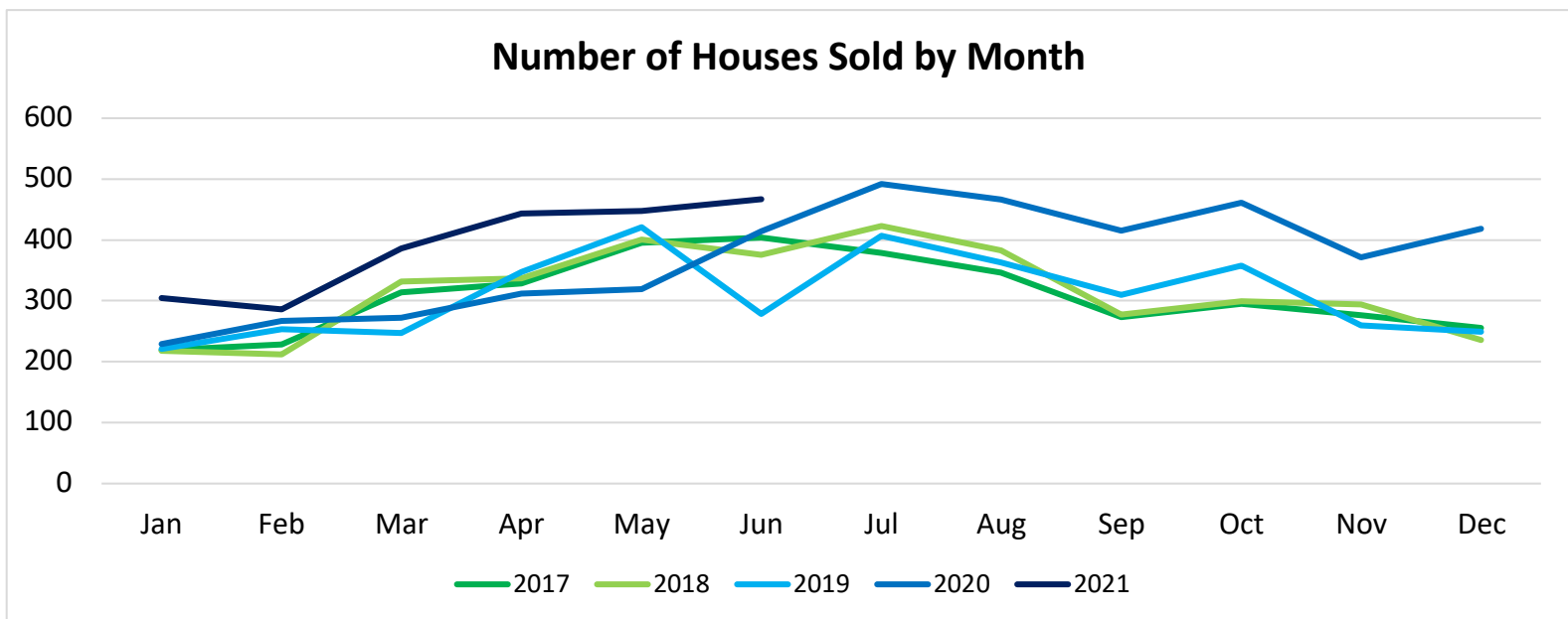
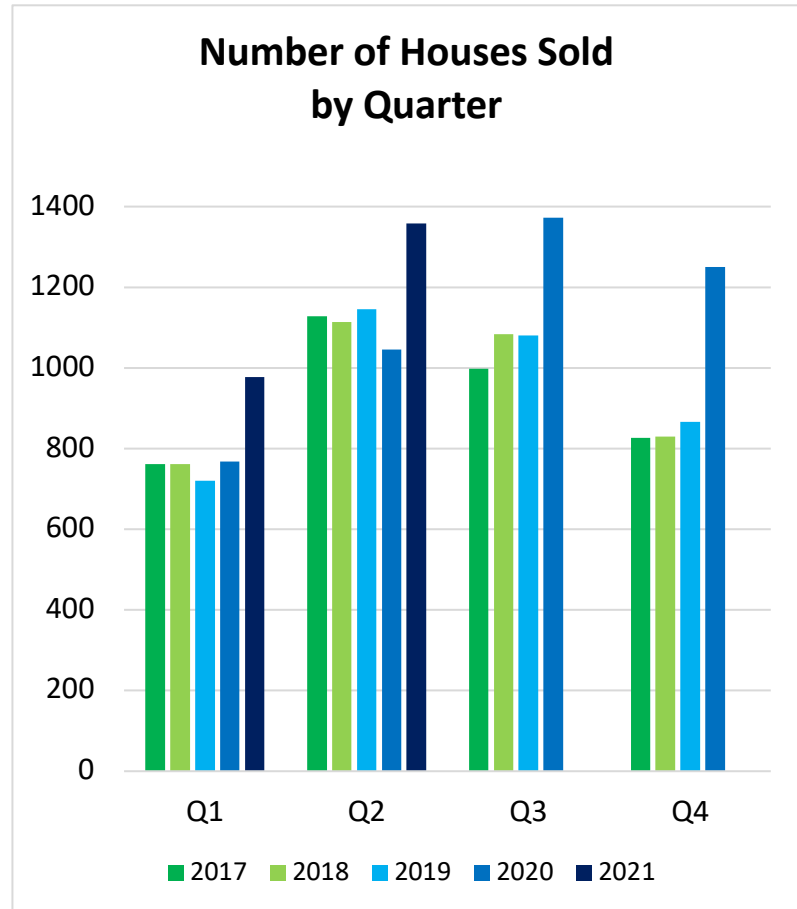
Source: Letter & Blum



Housing

Residential Real Estate

- The graphs to the right and below show changes in home sale volumes over time in St. Tammany.
- The number of homes sold in Q2 2021 was **1,358—30% higher** than Q2 2020's sales numbers and roughly the same as the number of homes sold in Q3 2020, which was 1,373.
- From Q3 2020 to Q2 2021, home sale volumes in St. Tammany each quarter have been an **average of 27.2% higher** on a year-over-year basis, even as home prices hit record highs, as noted on the previous page.

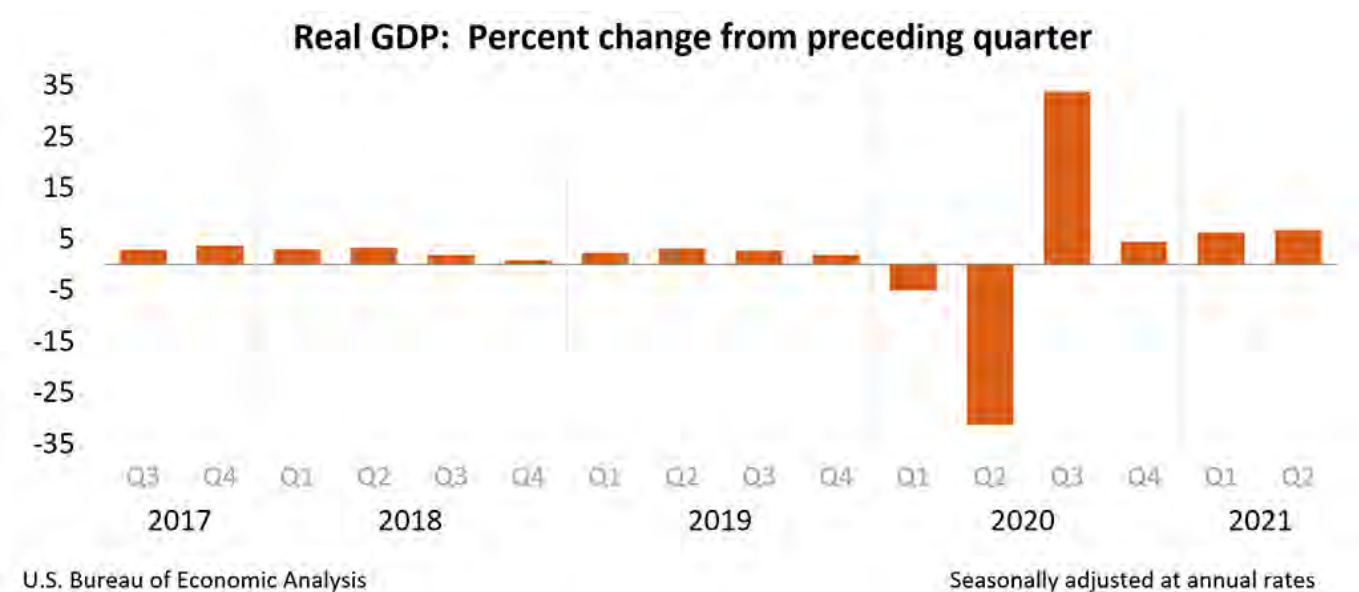


Source: Letter & Blum



Gross Domestic Product (GDP)

- GDP is a measure of all goods and services produced in an economy, helpful in showing the size of a nation's economy and whether it is growing or contracting.
- Real gross domestic product (GDP), which is GDP adjusted for inflation, increased at a national annual rate of 6.7% during Q2 2021.
- In Louisiana, GDP increased at an annual rate of 4.0%, which is below the national average.

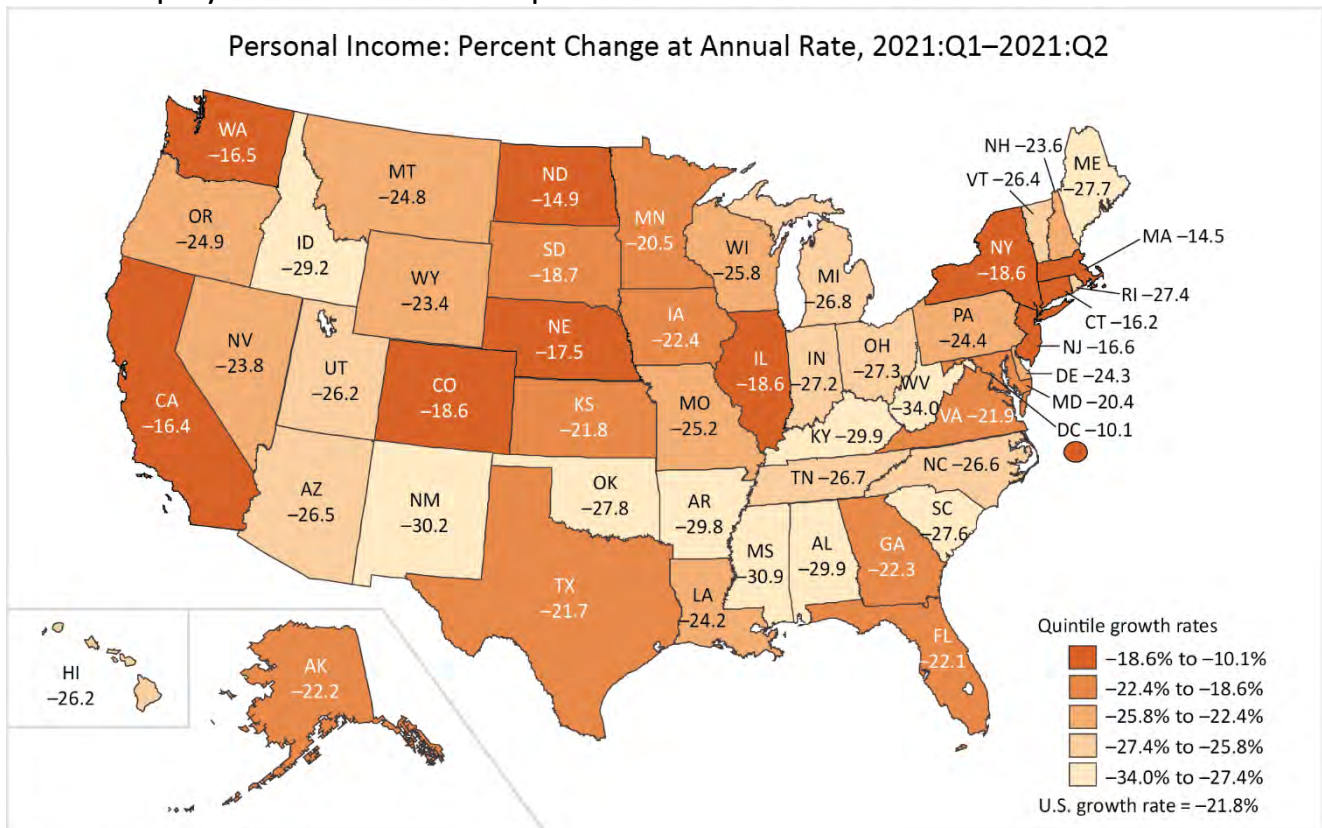


Source: U.S. Bureau of Economic Analysis



Personal Income

- Nationally, personal income **decreased by 21.8%** at an annual rate during Q2 2021, after increasing by 56.9% the prior quarter.
- Personal income in Louisiana **decreased by 24.2%** in Q2 2021, which was above the national average.
- According to the Bureau of Economic Analysis (BEA), “In the second quarter of 2021, the decrease in transfer receipts was the leading contributor to **personal income declines in all 50 states and the District of Columbia.**”
- Personal income in every state declined at least 10.1% and as much as 34%.
- The decrease in transfer receipts primarily reflects the reduction in state and federal economic stimulus measures such as direct economic impact payments and a decrease in state unemployment insurance compensation.



Key Takeaways

During Q2 2021:

- Key indicators such as lower unemployment rates, a recovering labor force, and increasing GDP show that the recession that started in Q1 2020 had begun to wane, but recovery continues to be a process as jobs are slow to return to the economy. However, St. Tammany Parish has consistently shown unemployment rates lower than the nation, state, and greater New Orleans region.
- New business formations continued to increase during Q2 2021, signaling that as many workers moved away from traditional work patterns during the pandemic, they viewed the economic disruption as an opportunity to work for themselves.
- In St. Tammany, there was a significant increase in both the number of residential real estate properties sold and the sale price of these homes. Currently, there is low inventory of residential homes, causing houses to sell at higher-than-average prices.





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The Economic Development Organization for St. Tammany

The **AnalyST**



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