

The Analyst

ST. TAMMANY CORPORATION'S ECONOMIC RESEARCH PUBLICATION

**Economic Trends Report
Q3 & Q4 2021**



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 third and fourth quarter of 2021, a time when the ongoing pandemic and economic recovery continuously shaped our interconnected local, state, regional, and national economies.

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.



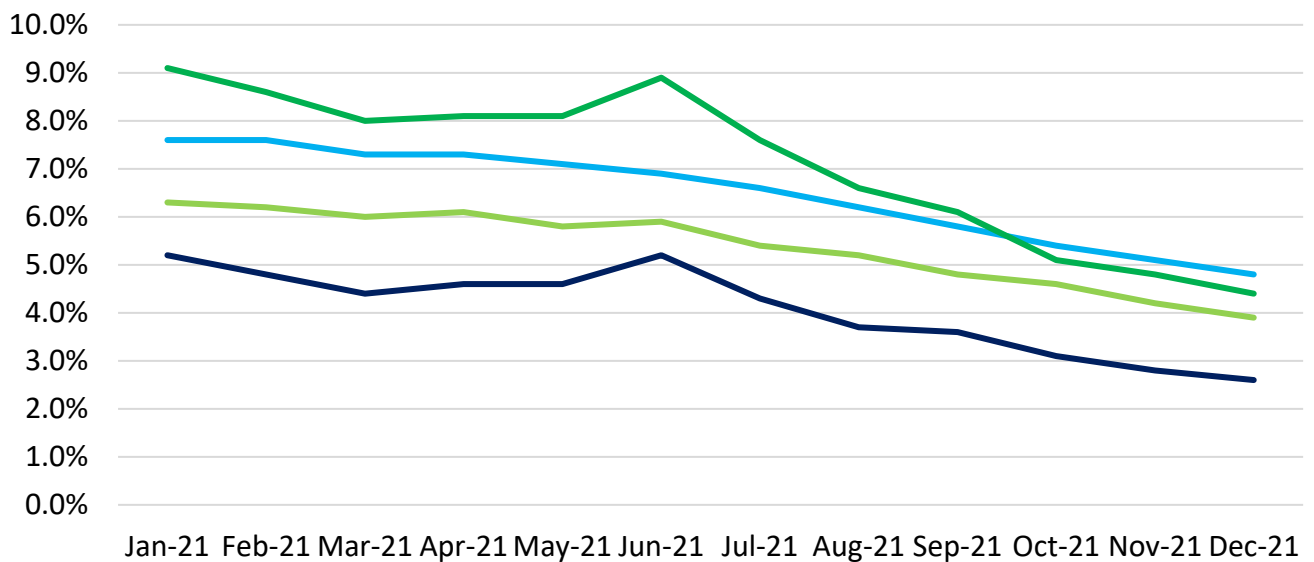
NORTHSHORE

Thank you to Metairie Bank Northshore for sponsoring this edition of *The AnalyST* through their investment in THRIVE 2023, St. Tammany Corporation's five-year strategic economic development plan.



Unemployment

- The Federal Reserve says that the natural rate of unemployment is between 3.5% to 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 state, region and nation.
- The graph below shows the local, regional, state, and regional unemployment trend throughout 2021.
- December 2021's unemployment rate was not only the lowest unemployment rate since before the pandemic began (February 2020), but also the lowest in recorded history.



Jan-21 Feb-21 Mar-21 Apr-21 May-21 Jun-21 Jul-21 Aug-21 Sep-21 Oct-21 Nov-21 Dec-21

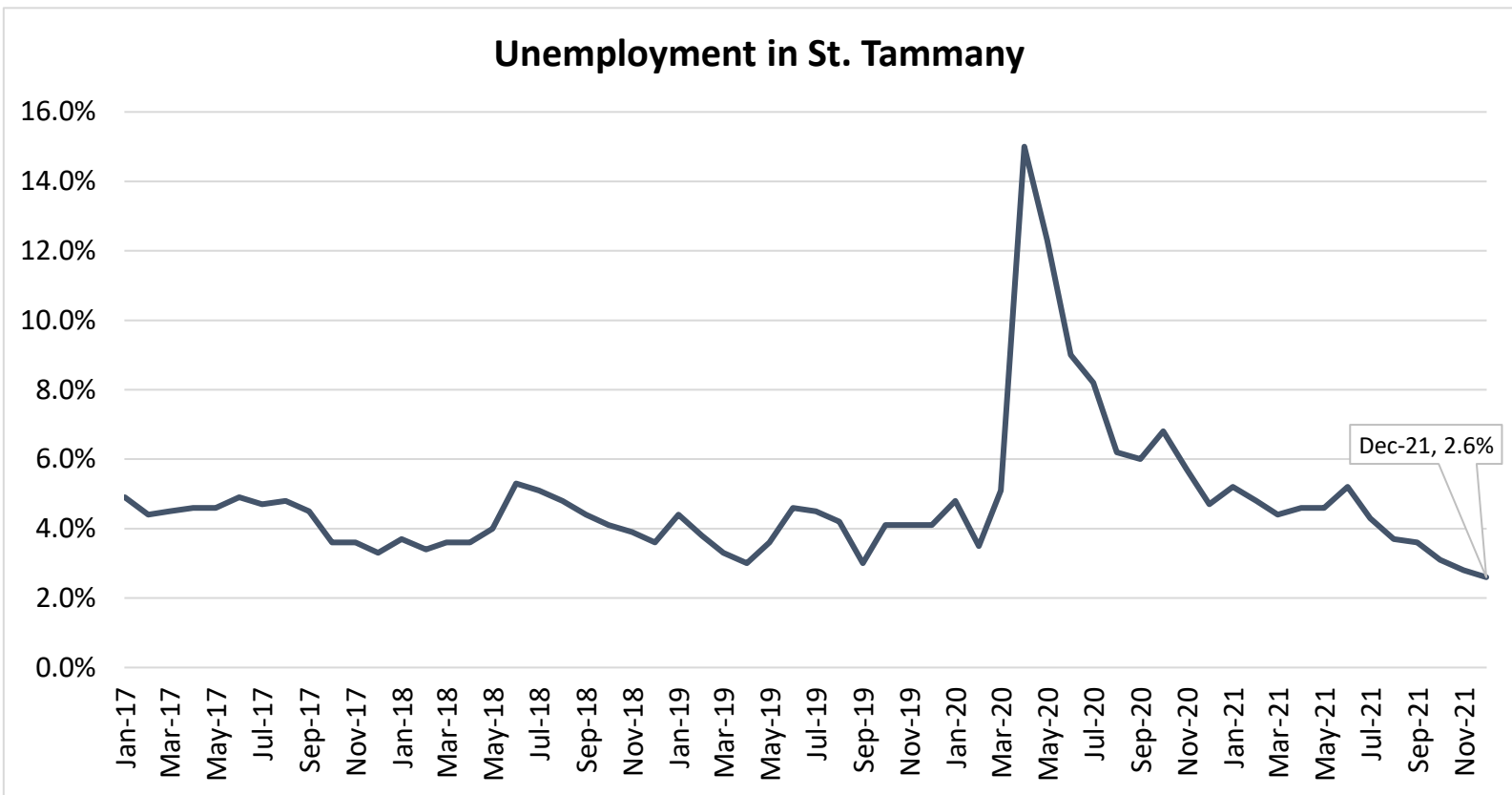
	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21
United States	6.3%	6.2%	6.0%	6.1%	5.8%	5.9%	5.4%	5.2%	4.8%	4.6%	4.2%	3.9%
Louisiana	7.6%	7.6%	7.3%	7.3%	7.1%	6.9%	6.6%	6.2%	5.8%	5.4%	5.1%	4.8%
Greater New Orleans	9.1%	8.6%	8.0%	8.1%	8.1%	8.9%	7.6%	6.6%	6.1%	5.1%	4.8%	4.4%
St. Tammany Parish	5.2%	4.8%	4.4%	4.6%	4.6%	5.2%	4.3%	3.7%	3.6%	3.1%	2.8%	2.6%

Source: Louisiana Workforce Commission



Unemployment

- The graph below shows the historical unemployment rate in St. Tammany Parish, spanning from 2017 through 2021.
- Following its all-time peak in April 2020, St. Tammany’s unemployment rate saw a steady, downward trend toward pre-pandemic levels through the final half of 2021. The year ended with the extraordinarily low unemployment rate in December.

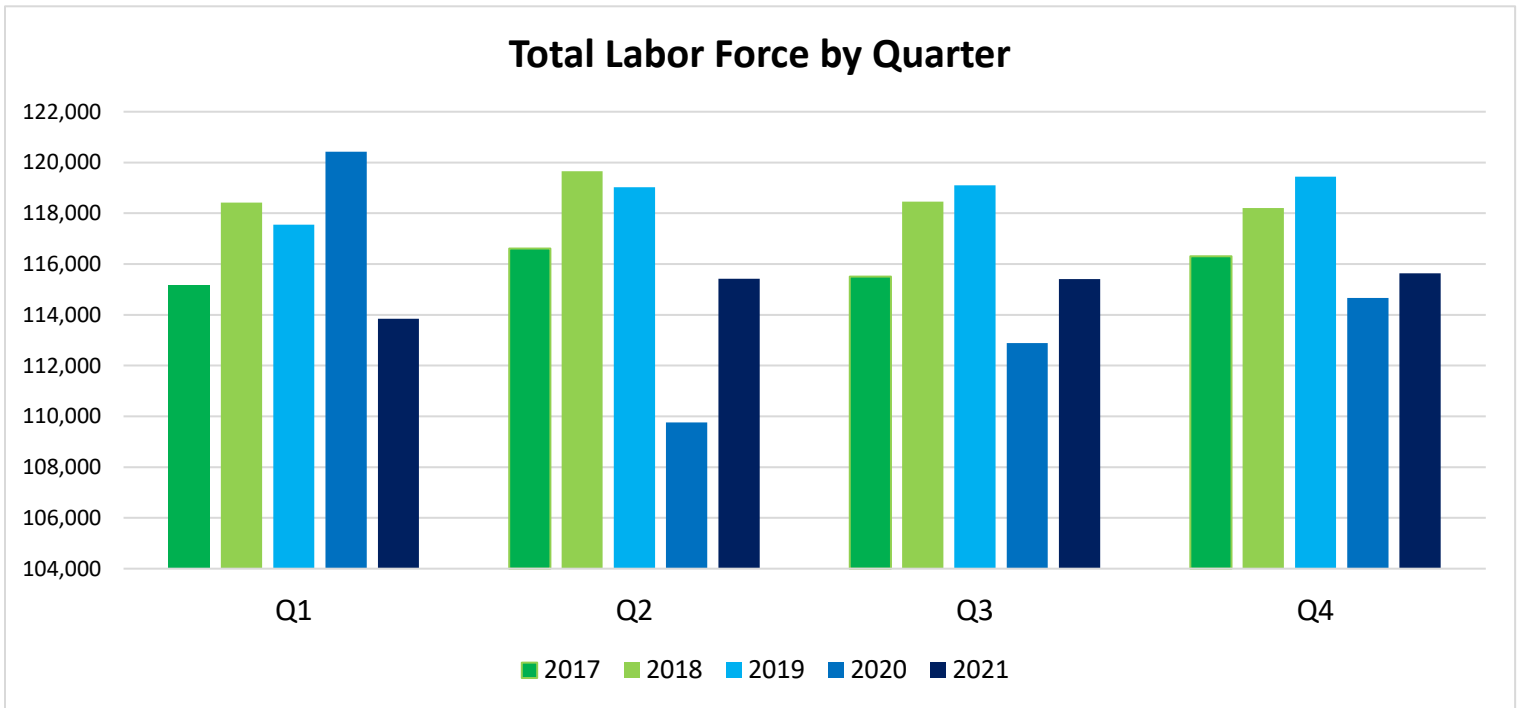


Source: Louisiana Workforce Commission



Labor Force

- Louisiana Workforce Commission (LWC) defines labor force as the share of the working-age population who are either employed or unemployed and actively seeking employment.
- According to data from the LWC, during Q3 2021, St. Tammany’s labor force had 115,143 active participants and rose to 115,639 in Q4 2021.
- In the graph below, both the highest and the lowest labor force numbers were shown during the first half of 2020. The third and fourth quarters of 2021 showed progress in building back St. Tammany’s labor force numbers, but they are still about 4,800 lower than the high point in Q1 2020.

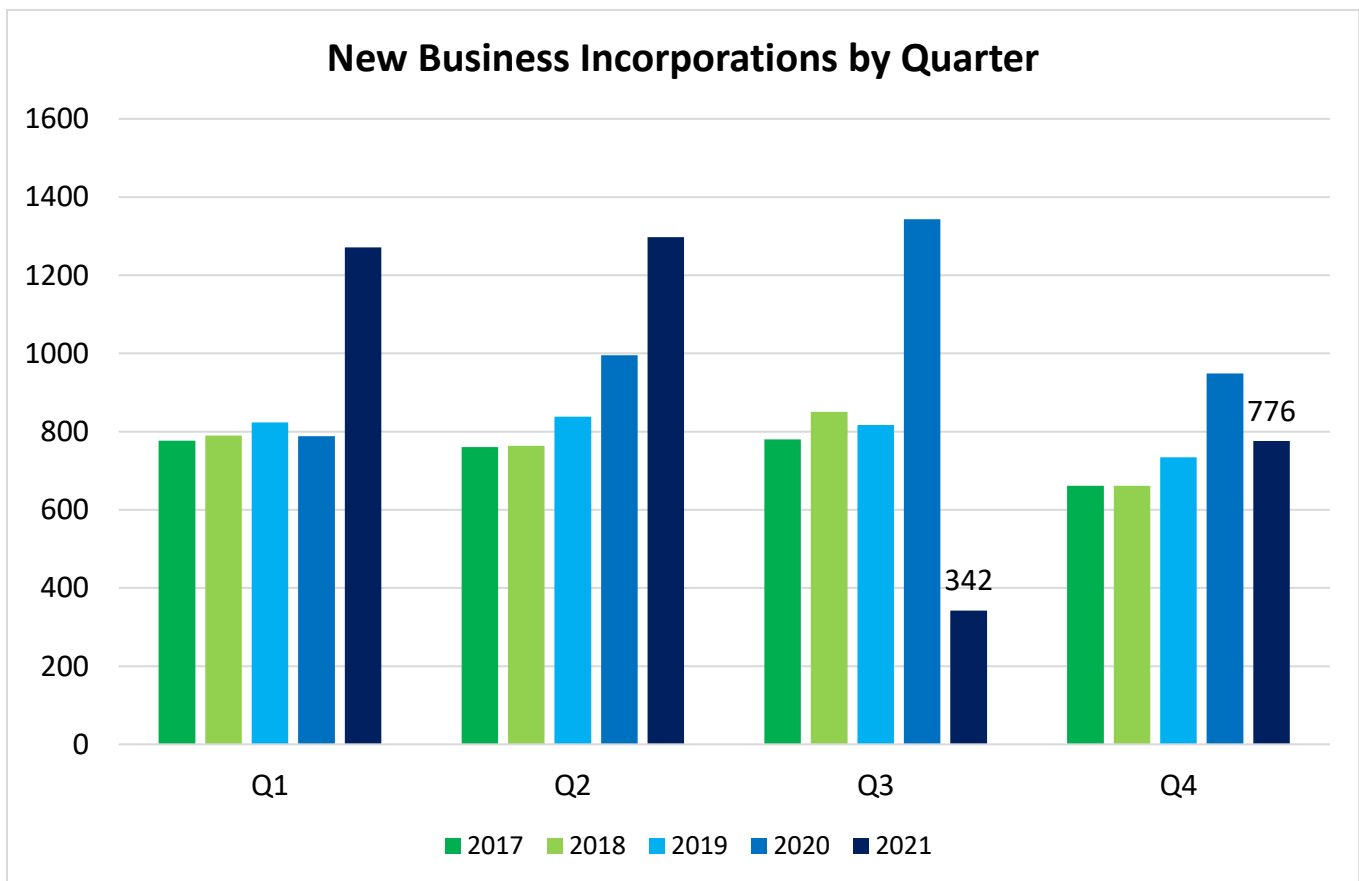


Source: Louisiana Workforce Commission



New Business Incorporations

- Available data shows that there was an average of **68 new filings per week** in Q3 2021. However, this lower-than-average number could be due to a lack of data accessible; therefore, the numbers for Q3 new business incorporations may not accurately illustrate the current economy in St. Tammany Parish.
- There was an average of **65 new filings per week** in Q4 2021. This data seems more consistent with previous years' trends; however, there are still unreported data at the state level, which means this could be an incomplete picture of the current startup economy in St. Tammany Parish.
- The spike in new business incorporation filings shown from Q2 2020 through Q2 2021 may indicate many people's desires to work for themselves, there is usually a lag in job creation as business filings are not necessarily a direct indicator for start of business operations or hiring workers.



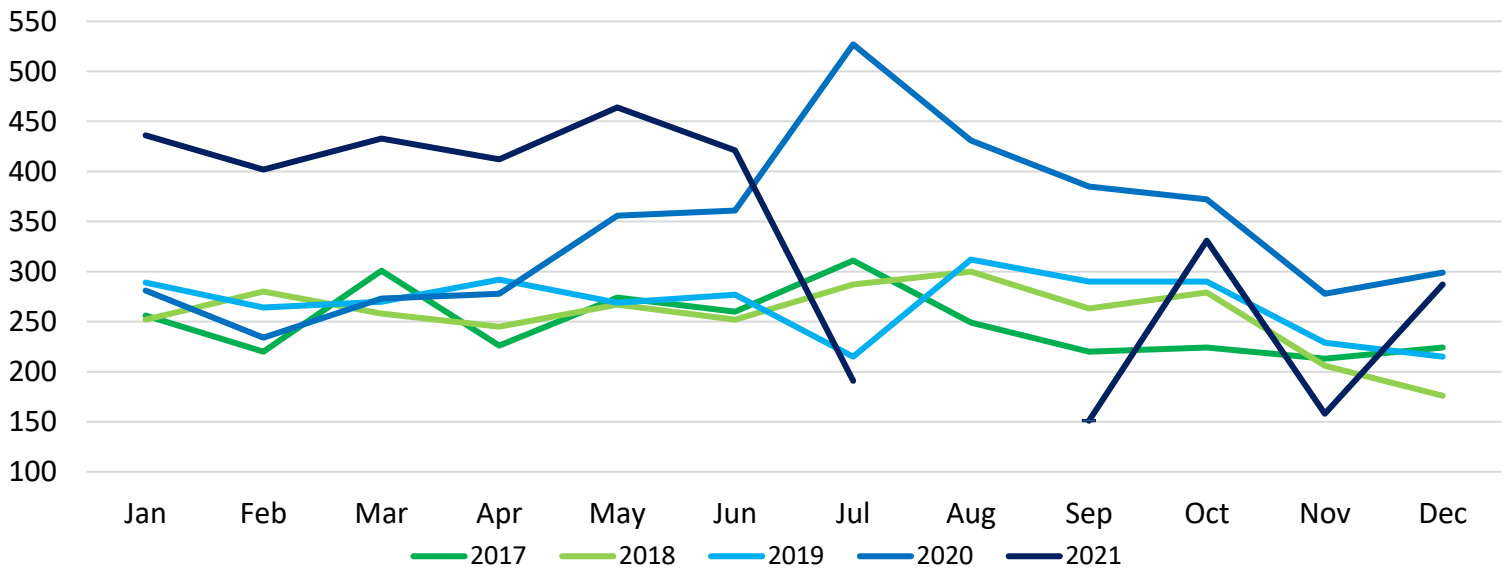
Source: Louisiana Secretary of State



New Business Incorporations

- The lower-than-average new business incorporations shown are likely due to the gap in reporting at the state level. This gap could be due to multiple factors, including operational interruptions caused by Hurricane Ida. For this reason, the monthly numbers for new business incorporations in Q3 and Q4 may not accurately represent the current business startup landscape in St. Tammany Parish.

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 December, commercial permits averaged at \$1.53 million, and residential permits averaged at \$246,581.

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
July	\$22,360,000	5	\$4,472,000
August	\$8,590,000	7	\$1,227,143
September	\$1,250,000	3	\$416,667
October	\$13,860,000	9	\$1,540,000
November	\$980,000	2	\$490,000
December	\$1,140,000	2	\$570,000
Total	\$75,170,000	49	\$1,530,000

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
July	\$63,370,000	294	\$215,544
August	\$11,590,000	50	\$231,800
September	\$27,310,000	113	\$241,681
October	\$32,880,000	164	\$200,488
November	\$29,280,000	103	\$284,272
December	\$32,250,000	105	\$307,143
Total	\$440,890,000	1,788	\$246,581

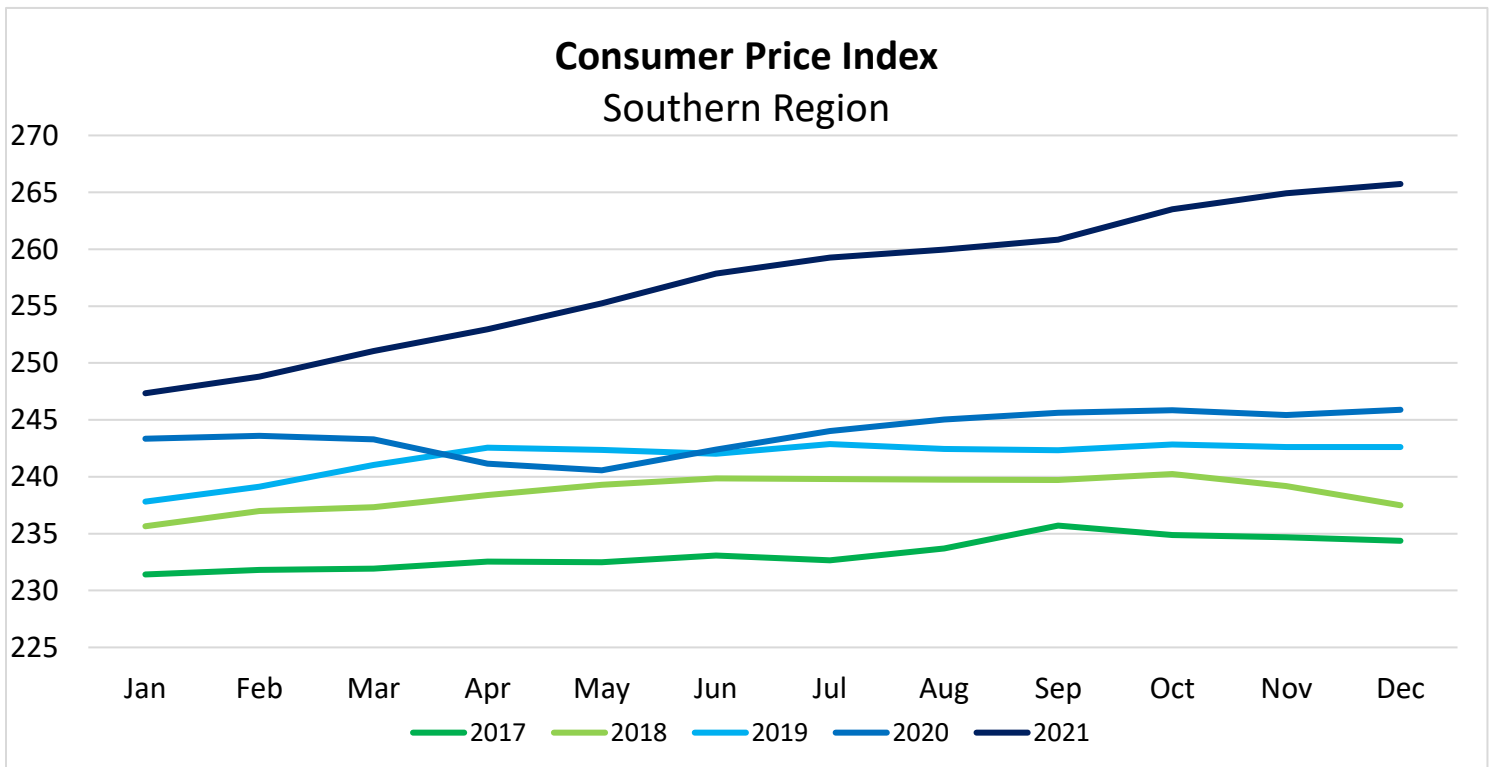
Source: New Orleans CityBusiness



Consumer Price Index

Southern Region

- The Consumer Price Index (CPI) is calculated by the Bureau of Labor Statistics and 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 below 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 pandemic-induced recession). The fourth quarter of 2021 showed the highest CPIs each month to date, increasing **8.1%** from the previous year, which is the highest rate of inflation in more than 40 years, or since 1980.
- Inflation has been rising due to multiple factors, including supply-chain bottlenecks, extraordinarily high demand as the COVID-19 pandemic eases, and year-over-year comparisons of when the economy was struggling to reopen in the early months of the crisis.

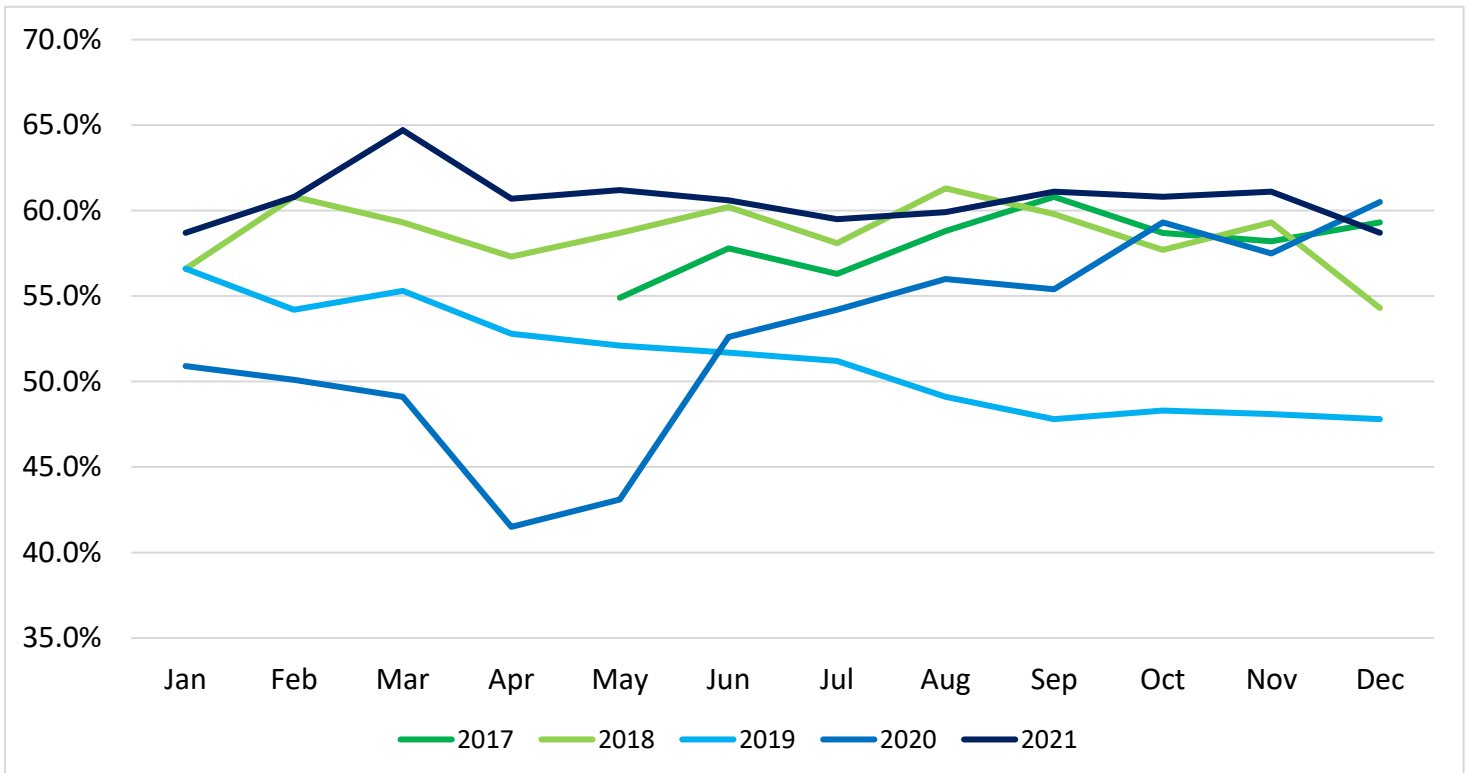


Source: U.S. Bureau of Labor Statistics



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.
- Historically, St. Tammany Parish has shown growth in the manufacturing economy, consistently showing a PMI score above 50 from 2017 until July 2019. In August 2019, our manufacturing industries hit a decline, that worsened during the pandemic, until about June 2020, where we have been having growth again to present.
- During Q3 2021, commodities in short supply included aluminum products, electronic components, plastic products, rubber-based products, and semiconductors.
- During Q4 2021, commodities in short supply included aluminum and aluminum products, electronic components, epoxy, and steel products.

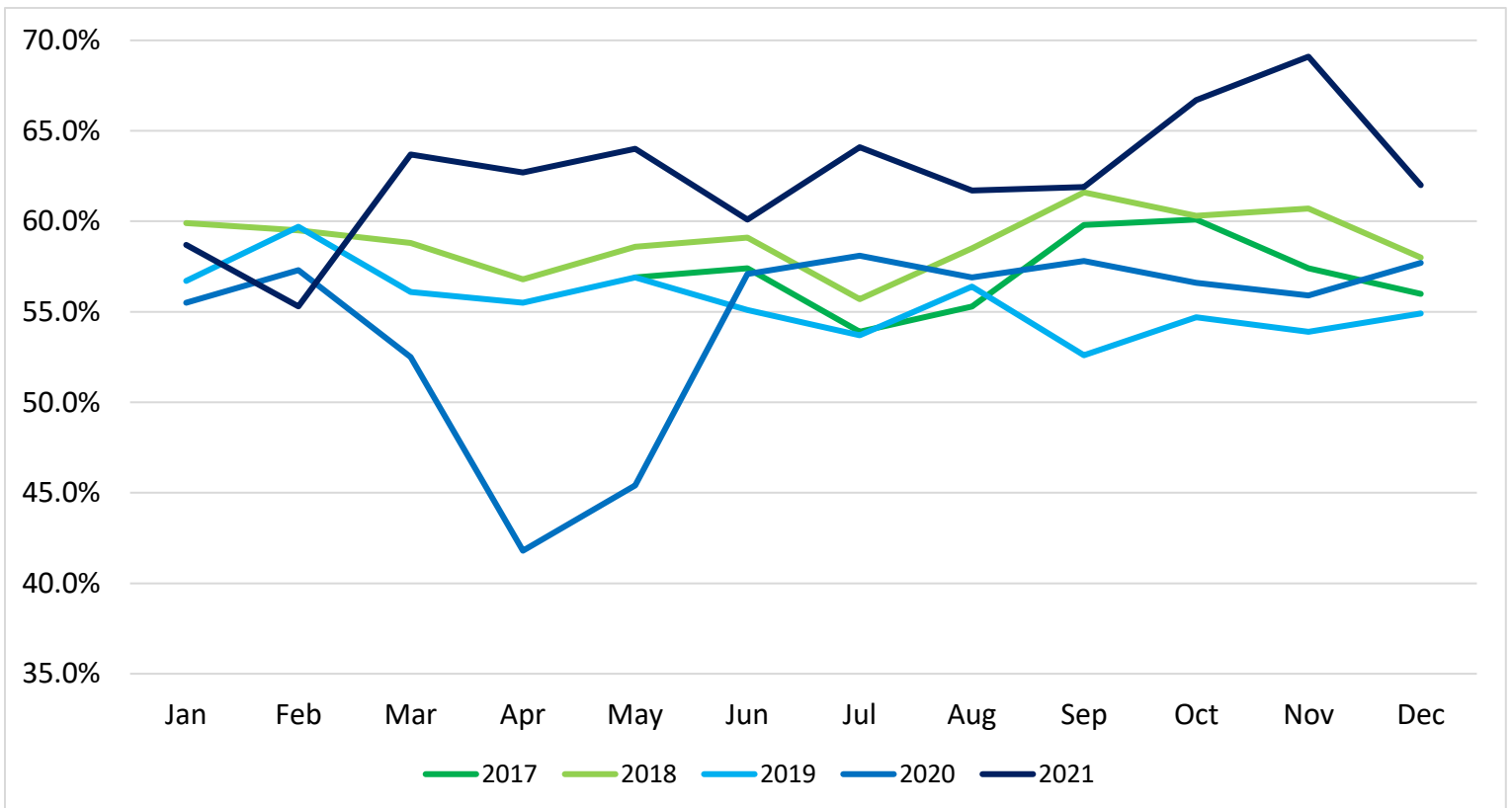


Source: Institute for Supply Management



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.
- Historically, St. Tammany Parish's service industry has shown overall growth over the years. Our score typically hovers in the 55-60 range. The only time it has ever seen a sharp decline, below a score of 50, was during the beginning of the pandemic, but by June 2020, it quickly jumped back within its average once more, if not doing better than average, as seen in 2021.
- During Q3 2021, commodities in short supply included blood collection tubes, chicken, contractors, temporary labor, generators, and truck drivers.
- During Q4 2021, commodities in short supply included COVID-19 test kits, HVAC equipment, full-time and temporary labor, and vehicles.



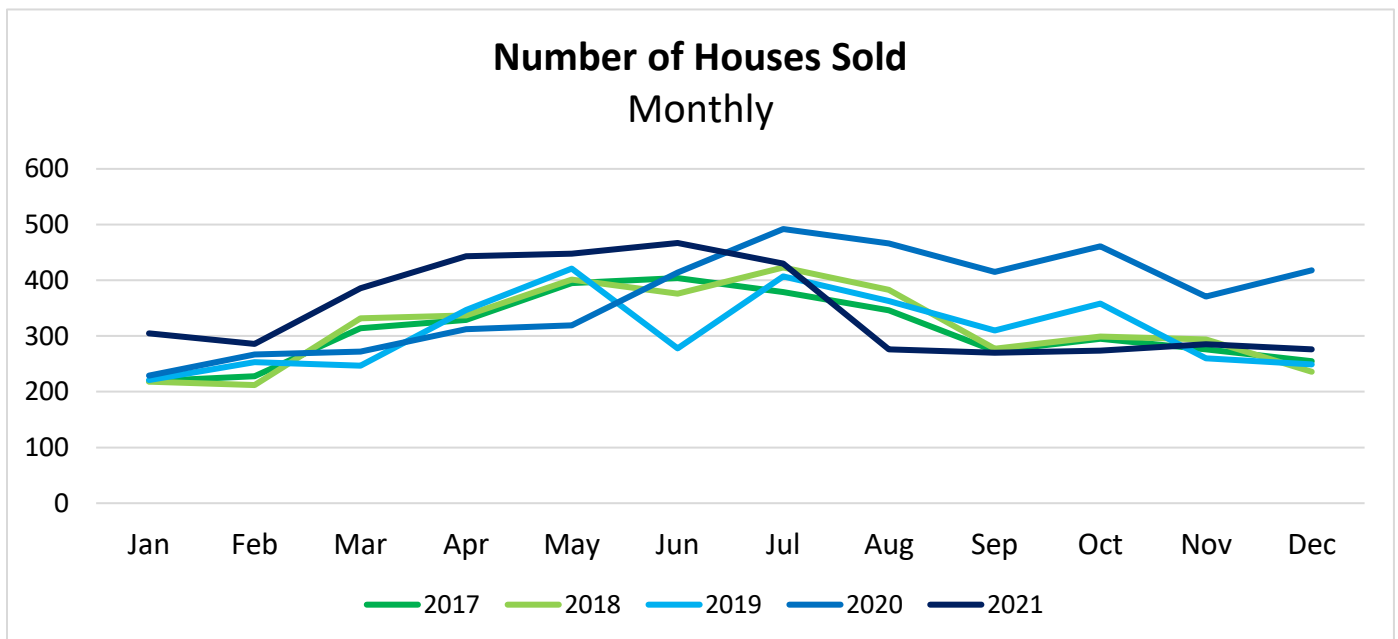
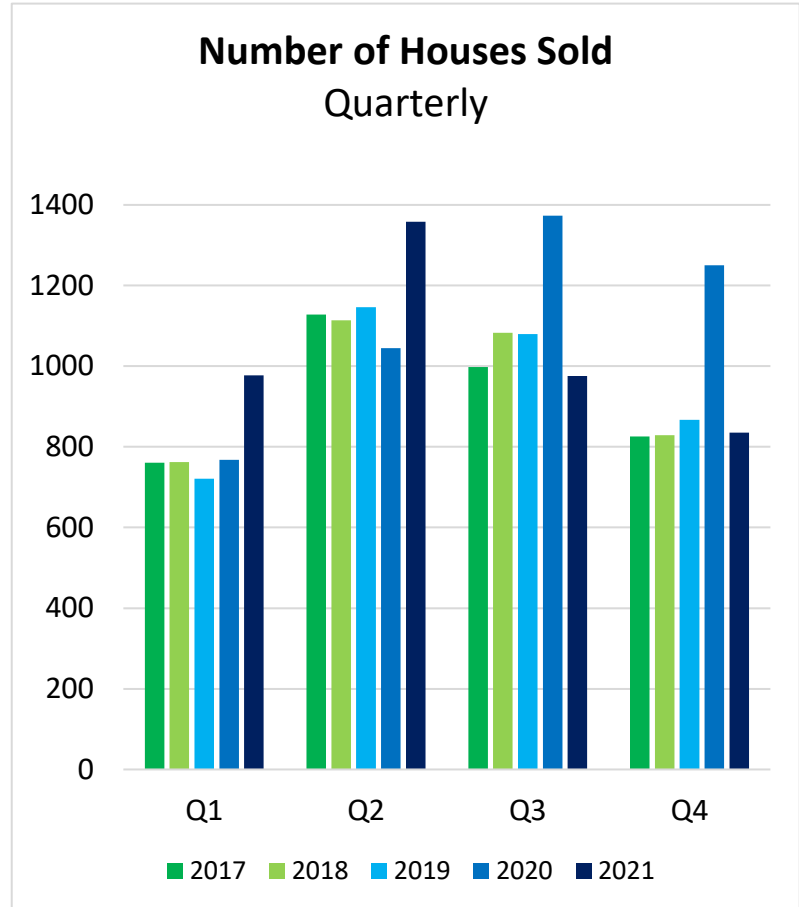
Source: Institute for Supply Management



Housing

Residential Real Estate

- The graphs to the right and below show changes in home sale volumes over time in St. Tammany.
- In Q3 and Q4 2021, there were **976** and **835** homes sold, respectively.
- Overall, there was a decrease in the number of homes sold locally during the latter half of 2021, not because of a lack of demand, but rather, because of prices that are unaffordable for many as well as a shortage of supply.



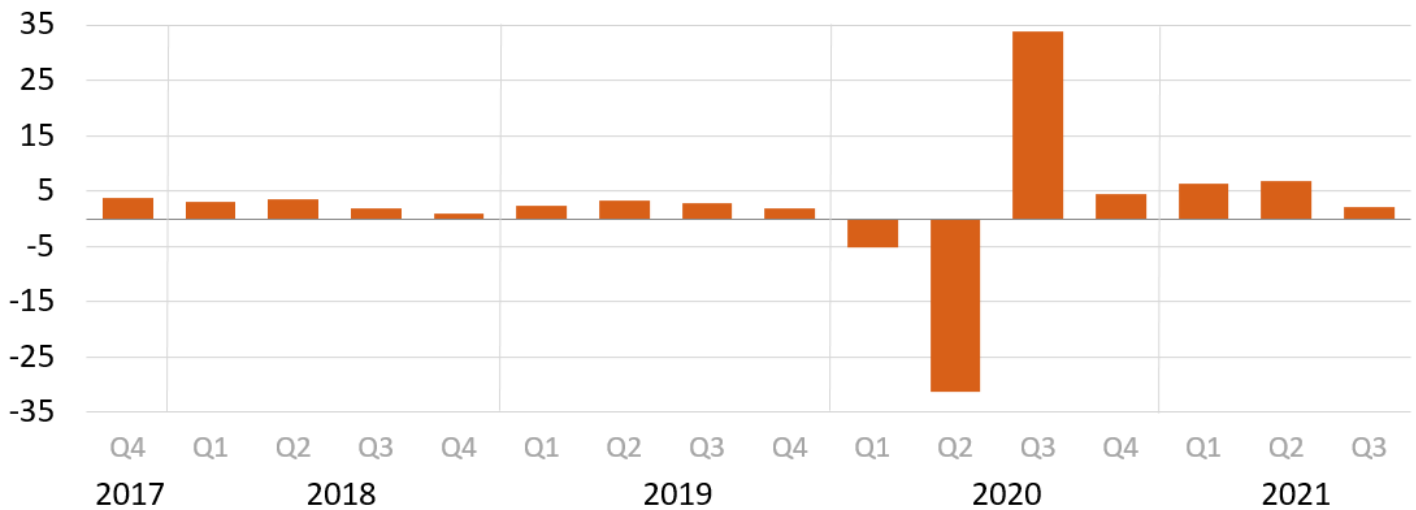
Source: Stirling Properties



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 2.3% during Q3 2021.
- In Louisiana, GDP decreased at an annual rate 2.7%, which is below the national average.
- Q4 2021 GDP numbers are scheduled to be released at the end of Q1 2022.

Real GDP: Percent change from preceding quarter



U.S. Bureau of Economic Analysis

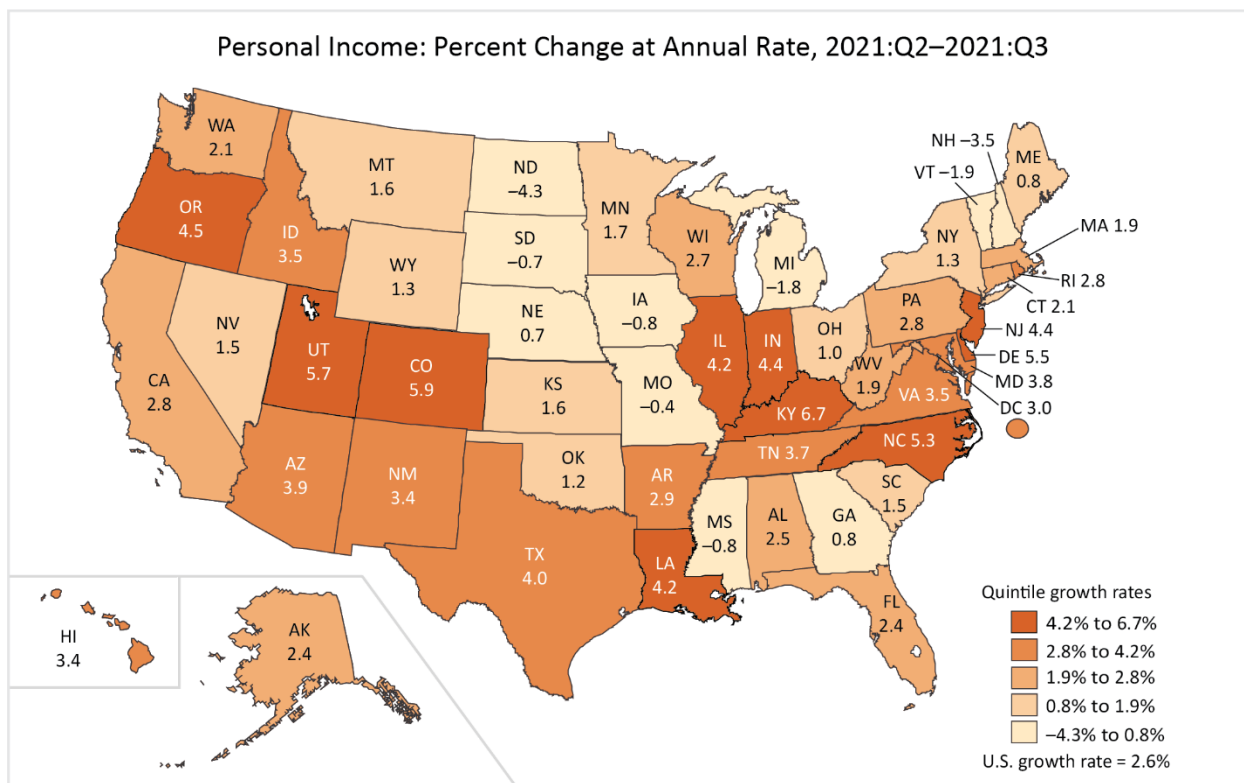
Seasonally adjusted at annual rates

Source: U.S. Bureau of Economic Analysis



Personal Income

- Nationally, personal income increased 2.6% at during Q3 2021 compared to Q3 2020, after decreasing the prior quarter.
- Personal income in Louisiana increased 4.2% in Q3 2021, which was above the national average. Louisiana was one of only 10 states that saw incomes increase more than four percent.
- Reasons for the increases in the majority of the states included increases in earnings and property income offsetting the decrease in transfer receipts.
- Q4 2021 personal income numbers are scheduled to be released at the end of Q1 2022.



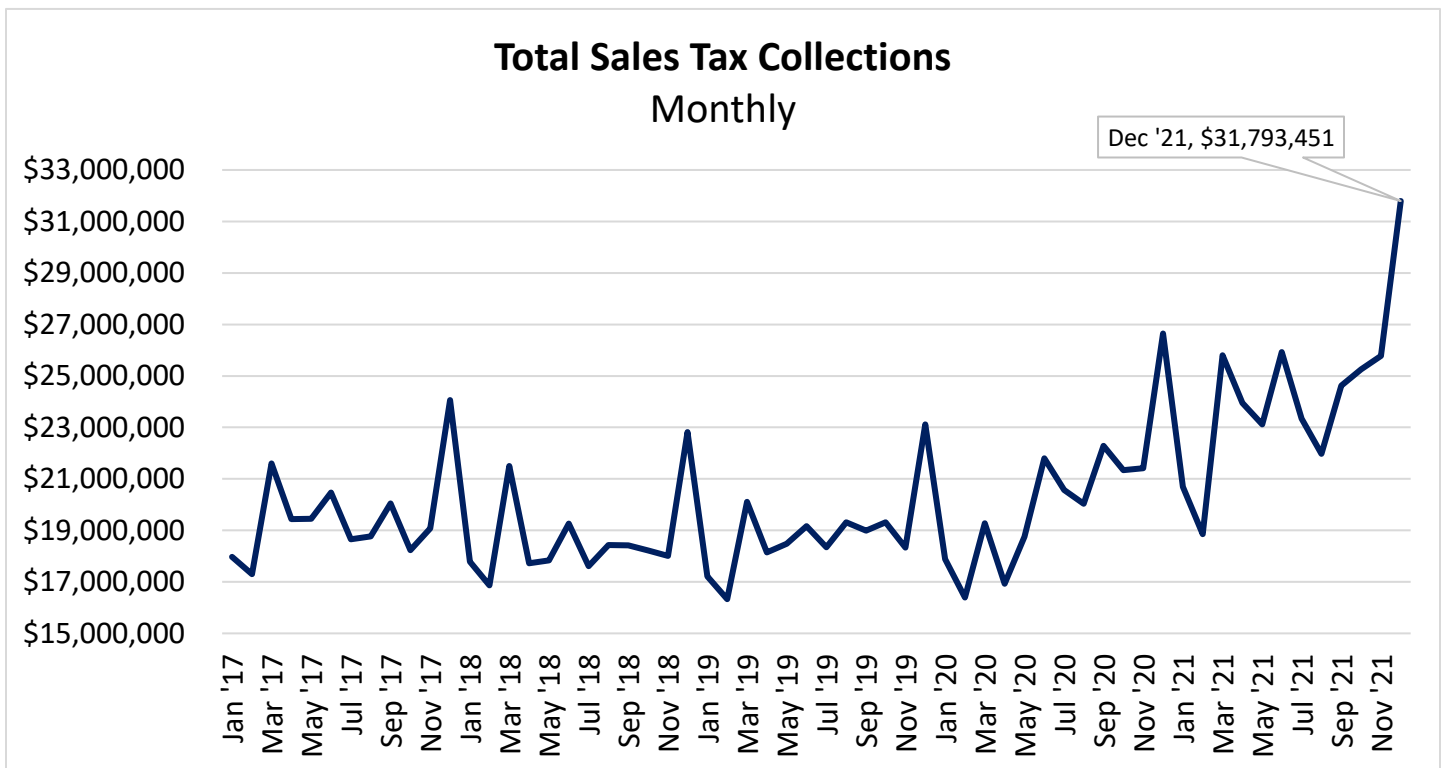
U.S. Bureau of Economic Analysis

Source: U.S. Bureau of Economic Analysis



Retail Sales Tax

- The below graph shows the total amount of sales tax collected within the parish each month.
- December 2021 showed the highest sales tax collections on record, \$31.8 million. In fact, through the second half of 2021, sales tax collections were **26% higher** than the average for the second halves of previous years.
- The increase in local sales taxes collected could be linked to inflation rates increasing and supply chain issues resulting in higher prices for consumer goods.



Source: St. Tammany Parish Sheriff's Office



Key Takeaways

- St. Tammany Parish has consistently shown unemployment rates lower than the region, state, and nation, with December 2021 showing the lowest unemployment rate on record at 2.6%. The extraordinarily low unemployment rate is connected to local businesses' reported labor struggles and the fact that there are still about 4,800 fewer workers in our local labor force compared to before the pandemic affected our economy in Q1 2020.
- St. Tammany Parish has seen 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 be sold at higher-than-average prices.
- The rapid rate of inflation is a nationwide issue causing drastic price increases for consumer goods, including food, housing, and medical care, which puts a strain on consumers' budgets. During the fourth quarter of 2021, inflation increased 8.1% compared to the fourth quarter of the 2020, which is the highest rate of inflation in more than 40 years, or since 1980.
- Inflation has also resulted in higher local sales tax collection numbers in St. Tammany Parish, with total sales tax collections in the second half of 2021 increasing 26% compared to previous years' averages.





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