

The Analyst

ST. TAMMANY CORPORATION'S ECONOMIC RESEARCH PUBLICATION

Q1 2022
Economic Trends Report



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 first quarter of 2022, a time when the ongoing pandemic and economic recovery continued to shape 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.



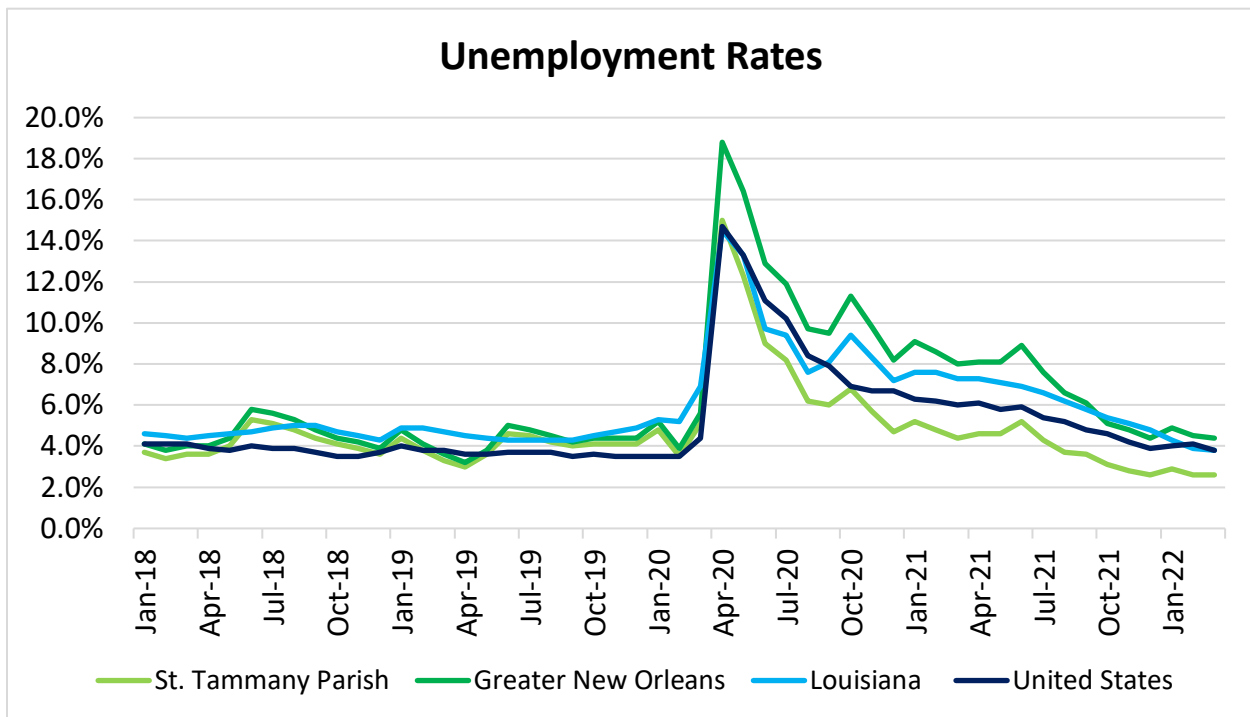
NORTHSHORE

Thank you to Metairie Bank Northshore for supporting this edition of *The AnalyST* through their investment in *THRIVE2023*, 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. In Q1, St. Tammany has stayed well below the natural rate—at 2.6% at the end of Q1.
- Historically, St. Tammany has usually had lower unemployment rates than the state, metro, and nation, a trend that continues through Q1 2022.
- The graph below shows the local, state, and national unemployment trend from 2018 until the end of Q1 2022.
- St. Tammany’s December 2021 unemployment rate was previously the lowest unemployment rate since before the pandemic began (February 2020), and the lowest in recorded history at 2.6%. After a slight increase in January and February, March’s rate tied December’s record.
- A low unemployment rate could contribute to inflation and reduced productivity. Additionally, the labor market could reach a point where each new job added does not create enough productivity to cover its cost, resulting in an output gap.

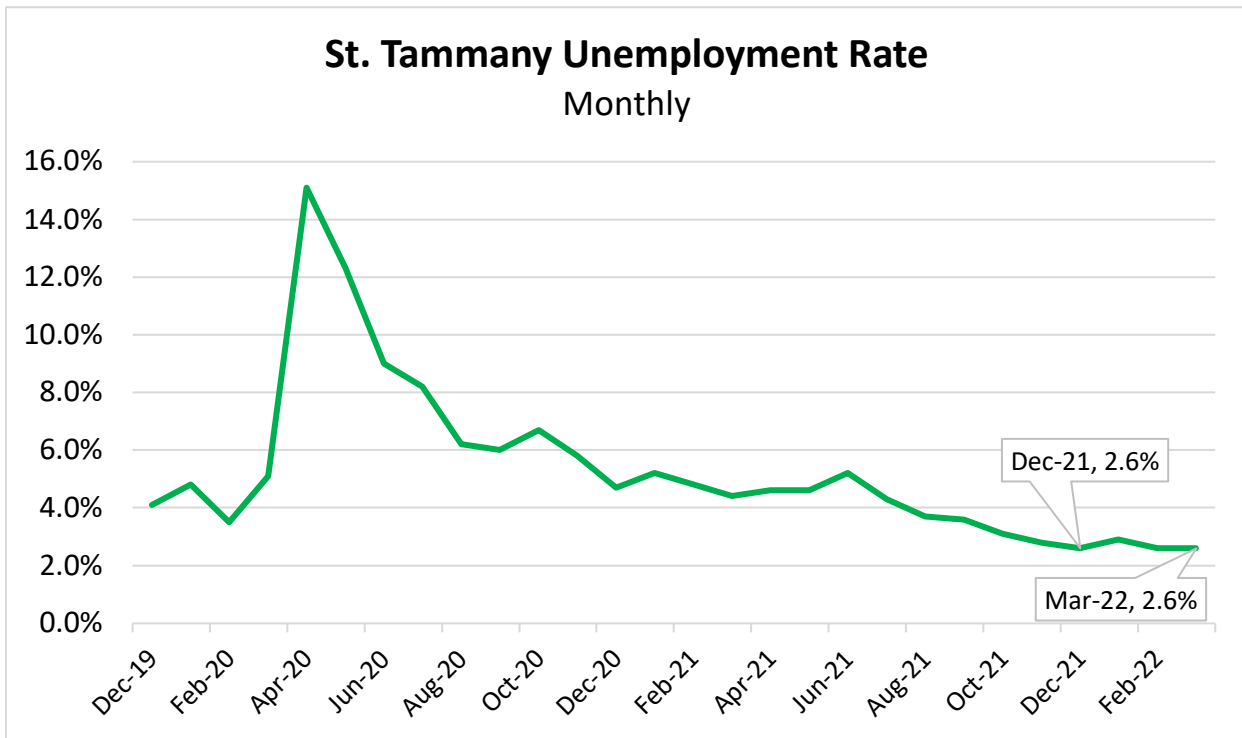
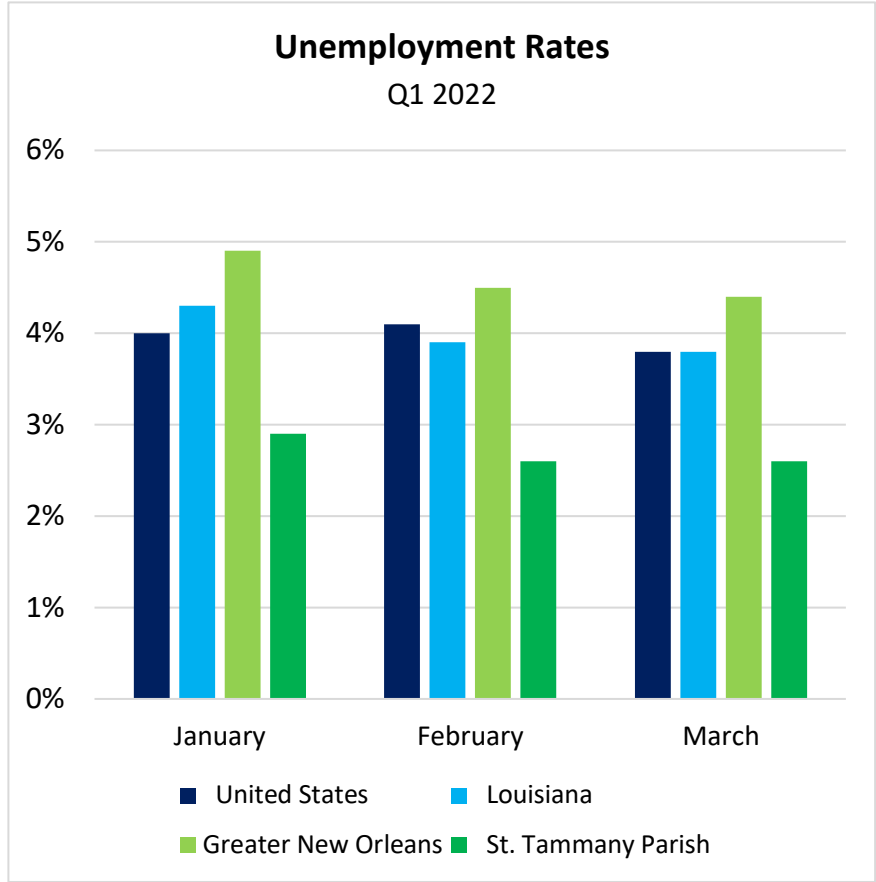


Source: Louisiana Workforce Commission



Unemployment

- The graph below shows the historical unemployment rate in St. Tammany Parish, spanning from late 2019 through Q1 2022. The graph to the right shows the unemployment rates at each level throughout Q1 2022.
- Following its all-time peak in April 2020 at 15.1%, St. Tammany’s unemployment rate saw a steady, downward trend toward pre-pandemic levels through 2021. This trend has continued into Q1 of 2022.
- After a slight rise in January, levels in Q1 remained low and the end of Q1 reported a tie with December’s record-breaking low.

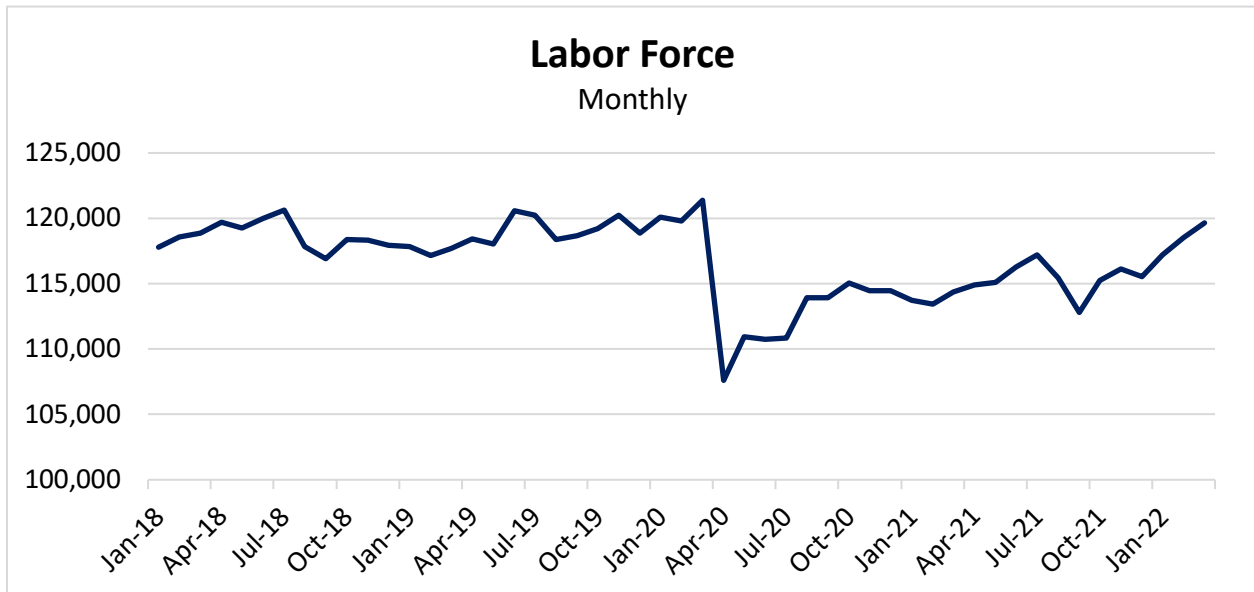
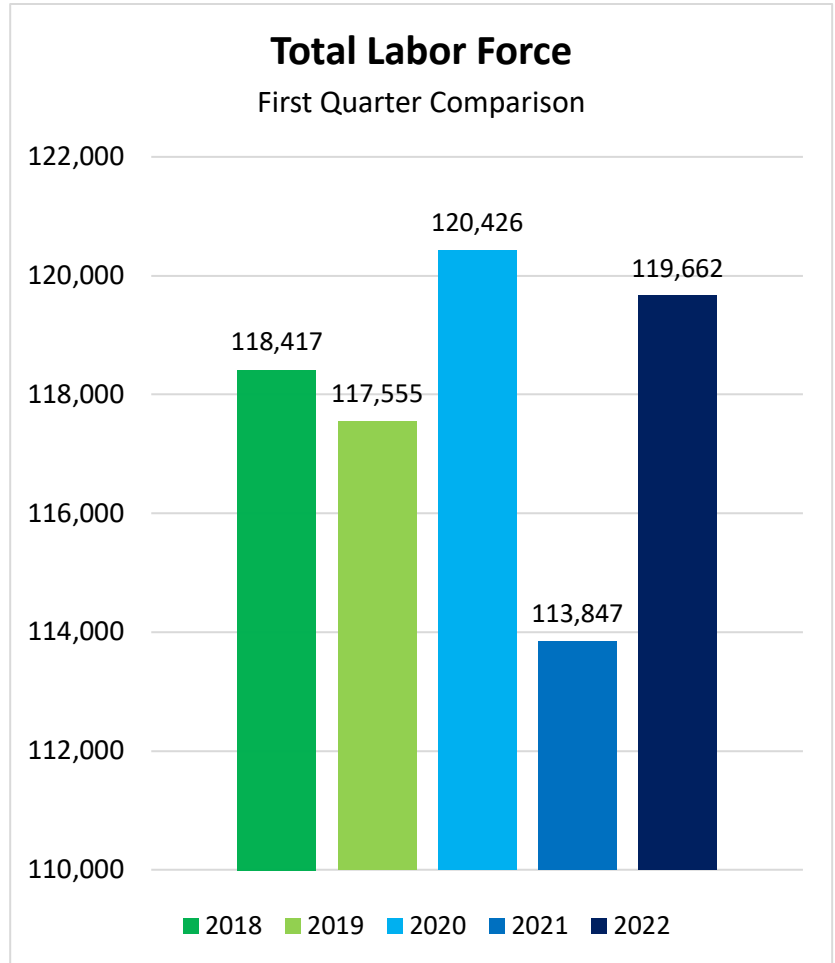


Source: Louisiana Workforce Commission



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 Q1 2022, St. Tammany’s labor force had **119,662 active participants**.
- The graphs show St. Tammany’s near full recovery to pre-pandemic levels. Q1 2022 workforce data showed less than a thousand fewer active participants compared to Q1 2020.
- LWC estimates that in March 2022 the New Orleans Metropolitan Area had 550,000 jobs. During the month of March, the New Orleans Metro Area lost 900 jobs but had added about 14,700 jobs throughout the year.

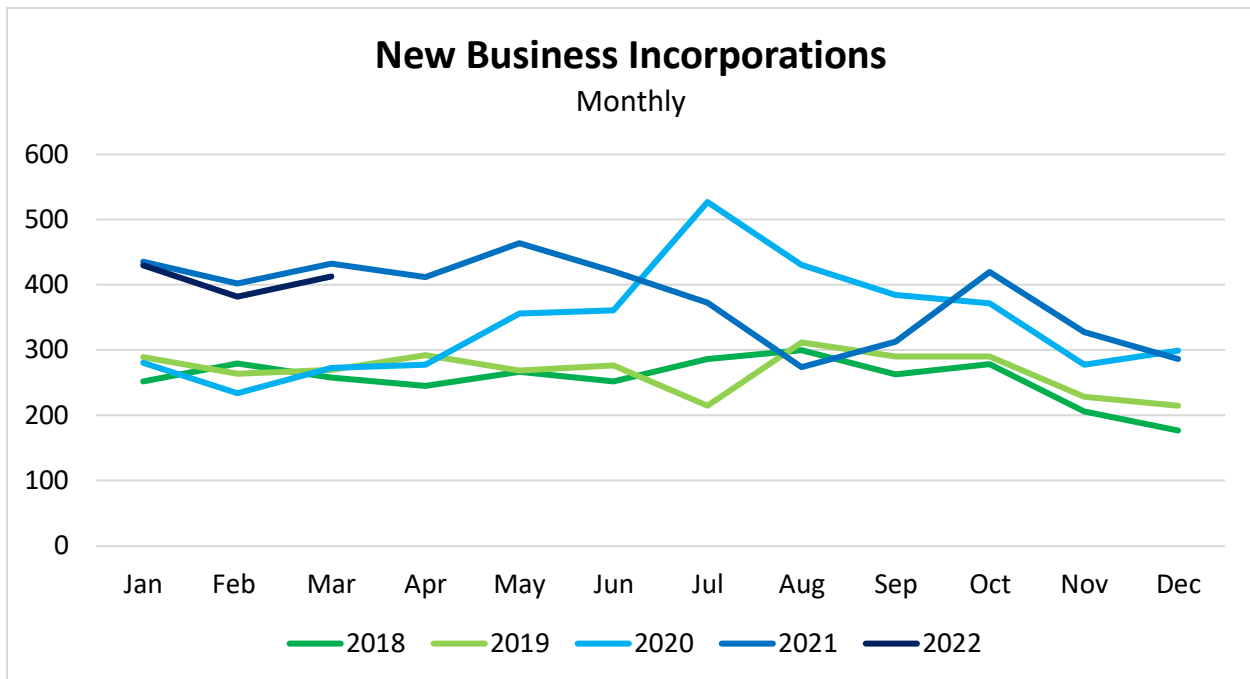
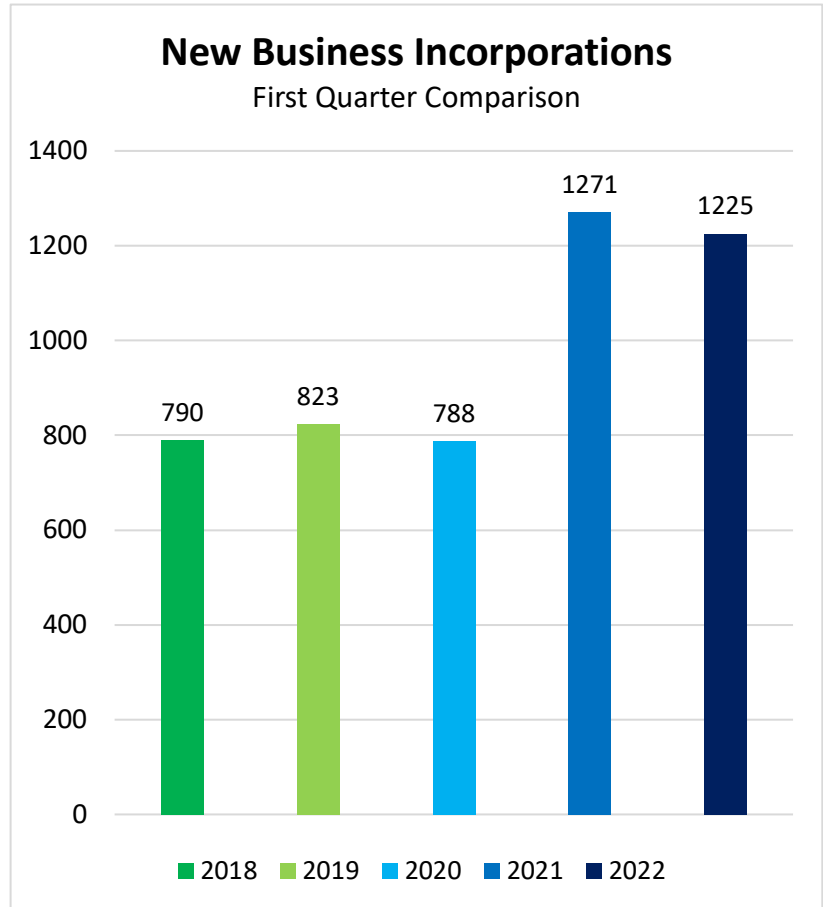


Source: Louisiana Workforce Commission



New Business Incorporations

- There was an average of **82 new filings per week** in St. Tammany during Q1 2022, compared to 2021's weekly average of 91.
- March saw a total of 413 new filings; however, January recorded the most in Q1 with 430 new filings.
- The spike in new business incorporation filings shown from Q1 2020 through Q1 2022 may indicate many people's desires to work for themselves or work from home. Note that there is usually a lag in job creation as business filings are not necessarily a direct indicator for the start of business operations or hiring workers.



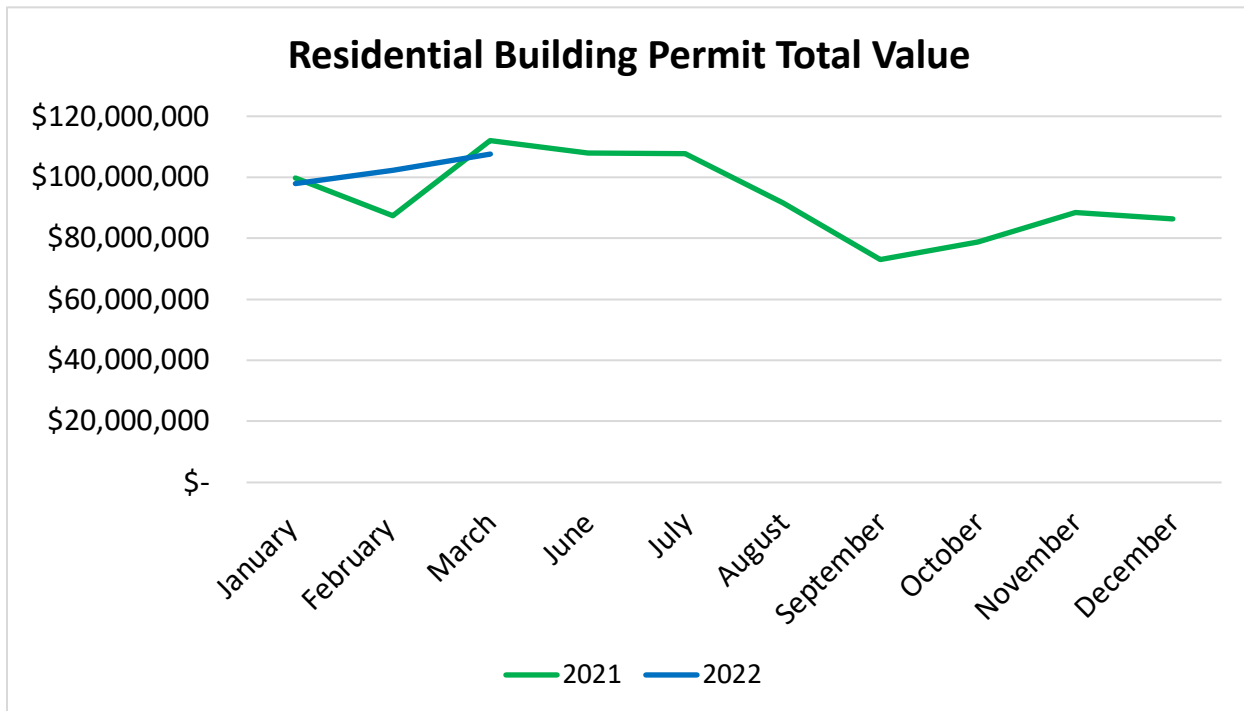
Source: Louisiana Secretary of State



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 *table* below depicts the values for residential permits within the New Orleans Metropolitan Area through Q1. The *graph* below compares Q1 permit data for this year to 2021.
- At the end of Q1, data for the year shows residential permits have averaged at \$246,764 with an estimated total permit value of \$307,348,000.

Month	Value	Units	Average
Jan-22	\$97,643,000	393	\$ 248,455
Feb-22	\$ 102,208,000	419	\$ 243,933
Mar-22	\$ 107,617,000	434	\$ 247,965
2022 Totals	\$307,468,000	1246	\$246,764



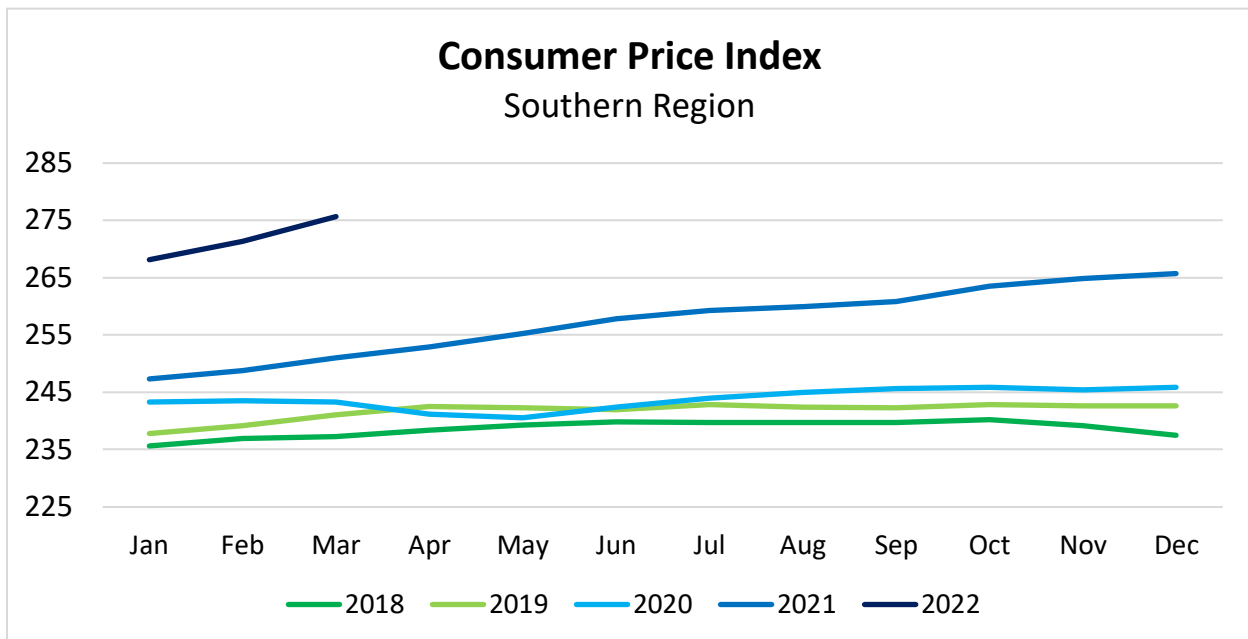
Source: U.S. Census Bureau



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 Southern region is comprised of Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia.
- The graph below shows that year after year since 2018, prices have continued to inflate at varying rates each subsequent year is higher than the last (with the exception of the pandemic-induced recession). The second quarter of 2021 showed the highest CPIs each month to date, increasing **9.8%** 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

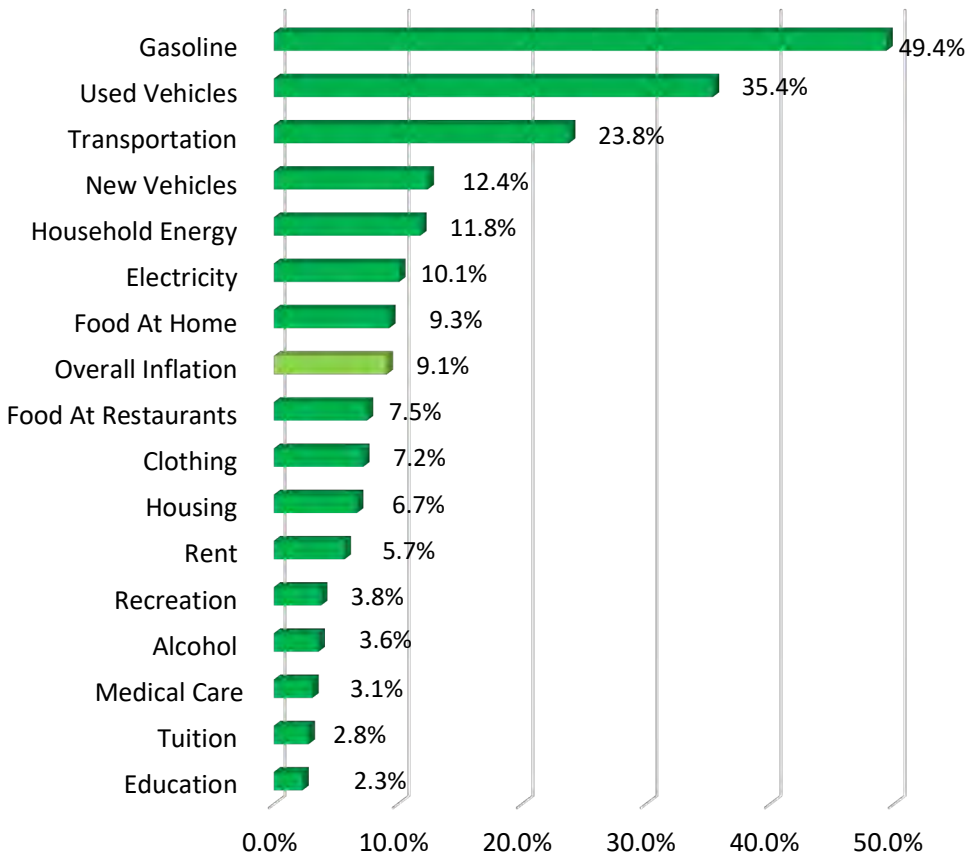


Inflation

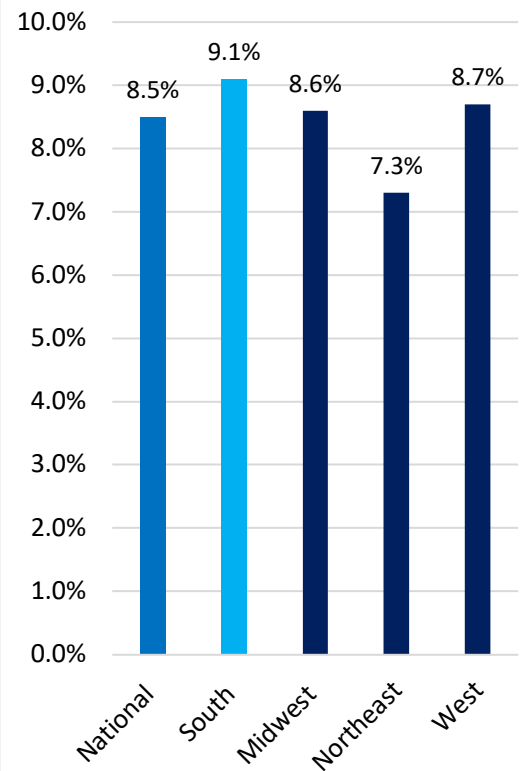
Southern Region

- The Consumer Price Index (CPI), calculated by the Bureau of Labor Statistics, also measures inflation through price changes in expenditure categories.
- The graph below provides a visual of the percent price changes from March 2021 to March 2022 in different expenditure categories.
- The Bureau of Labor Statistics reported that March 2022 saw a 1.4% increase in prices from the previous year.
- The Southern Region has the highest 12-month increase out of all regions and exceeded the national average of 8.5%.

March 2022 12-Month Percent Change in Price of Consumer Goods
Southern Region



March Percent Change
By Region

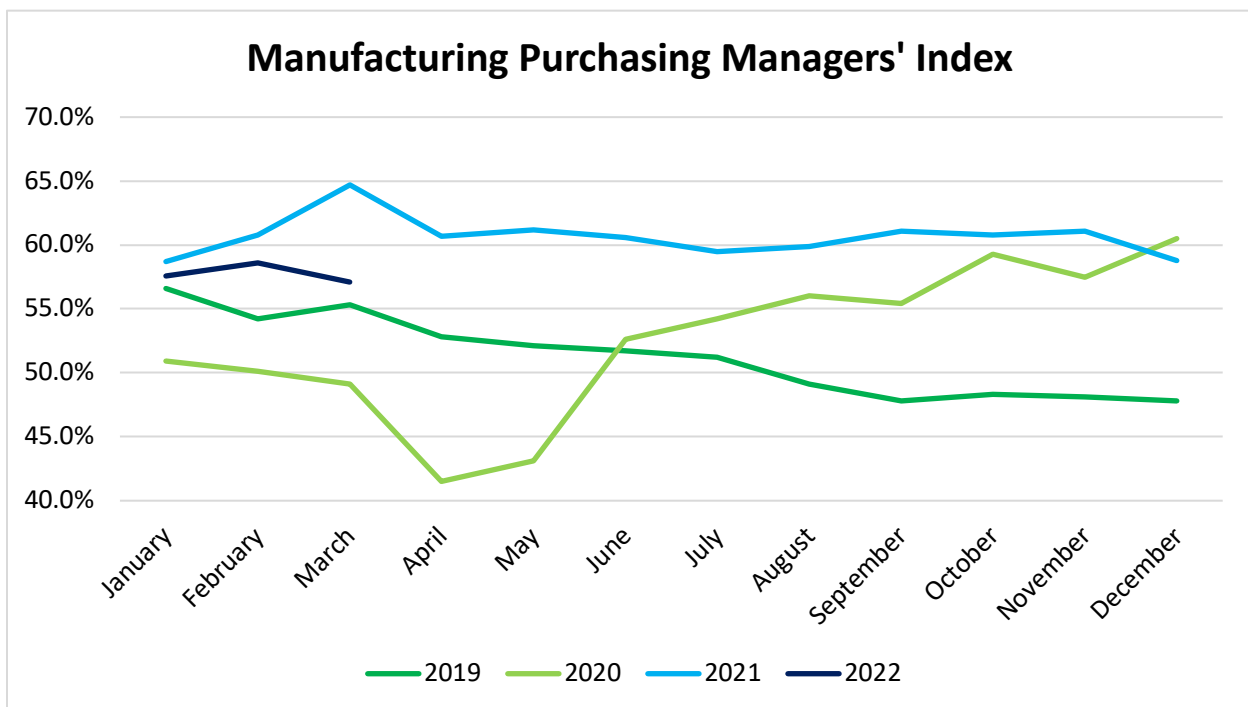


Source: U.S. Bureau of Labor Statistics



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, St. Tammany's manufacturing industries saw a decline that was exacerbated during the early pandemic, until mid-2020, after which the PMI again began to increase.
- Q1 2022's average score of 57.8% shows a slight decrease from Q1 2021's average of 61.4%.
- During Q1 2022, commodities in short supply included aluminum, aluminum products, electrical components, electronic components, fabricated metal products, lumber, plastic resins, power supplies, semiconductors, and steel.

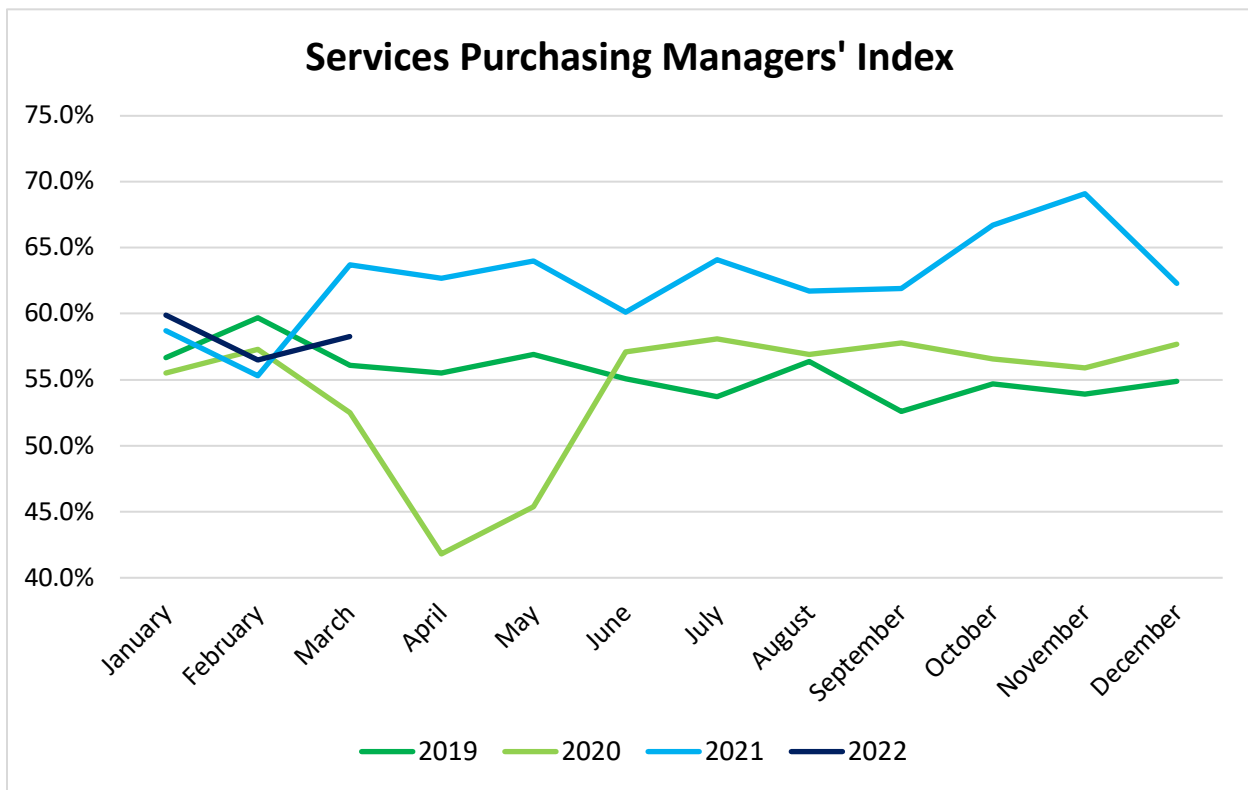


Source: Institute for Supply Management



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 2021 showed recovery of our score in an above average range.
- Q1 2022's average score of 58.2% is consistent with Q1 2021's average of 59.2%
- During Q1 2022, commodities in short supply included blood collection tubes, computer chips, computers and peripherals, construction materials, electronic components, IV tubing, labor, packaging, plastic pipe, and printers.



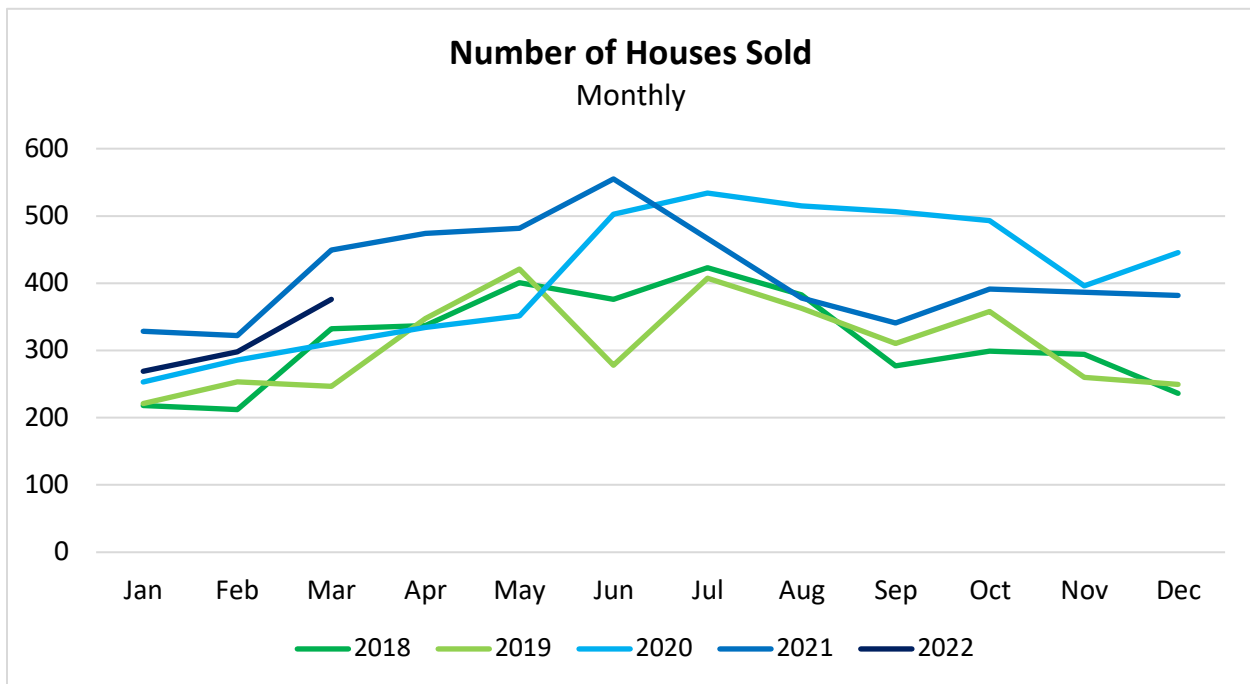
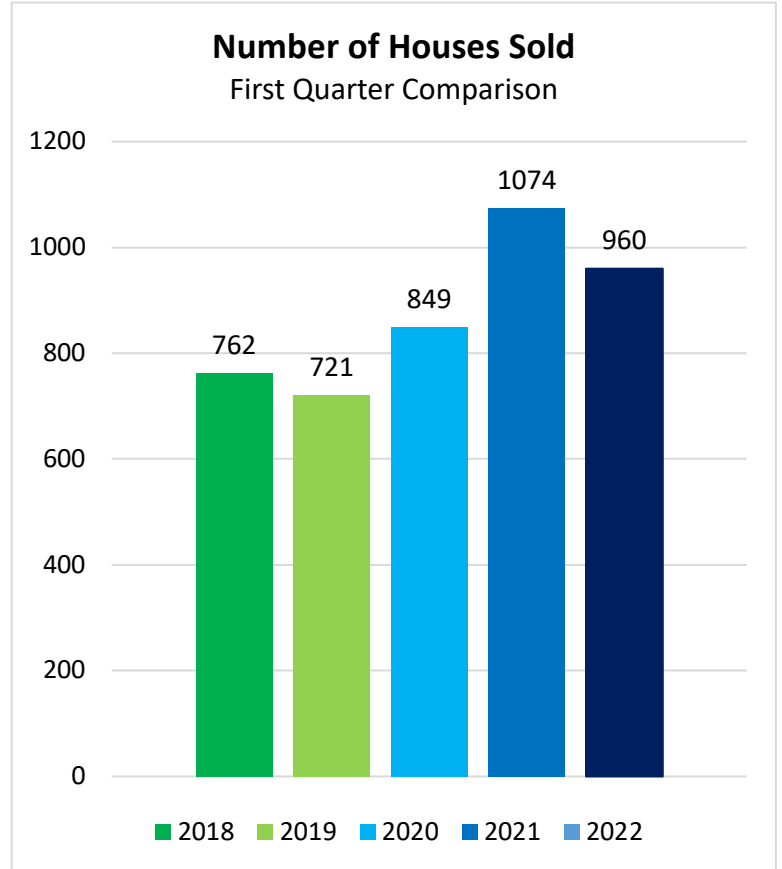
Source: Institute for Supply Management



Housing

Residential Real Estate

- The graphs to the right and below show changes in home sale volumes over time in St. Tammany.
- In Q1 2022, there were 960 homes sold, compared to 1074 homes sold in Q1 2021.
- Overall, there was a slight decrease in the number of homes sold locally during Q1 of 2022 as compared to the same time last year.
- Nationally, the number of existing homes sold dropped 2.7% in March. However, home prices continue to rise.
- Laurence Yun, the National Association of Realtors' Chief Economist, reports that the housing market is seeing the impact of sharp rises in mortgage rates. Increasing inflation rates are also causing buyers' purchasing power to take a hit.



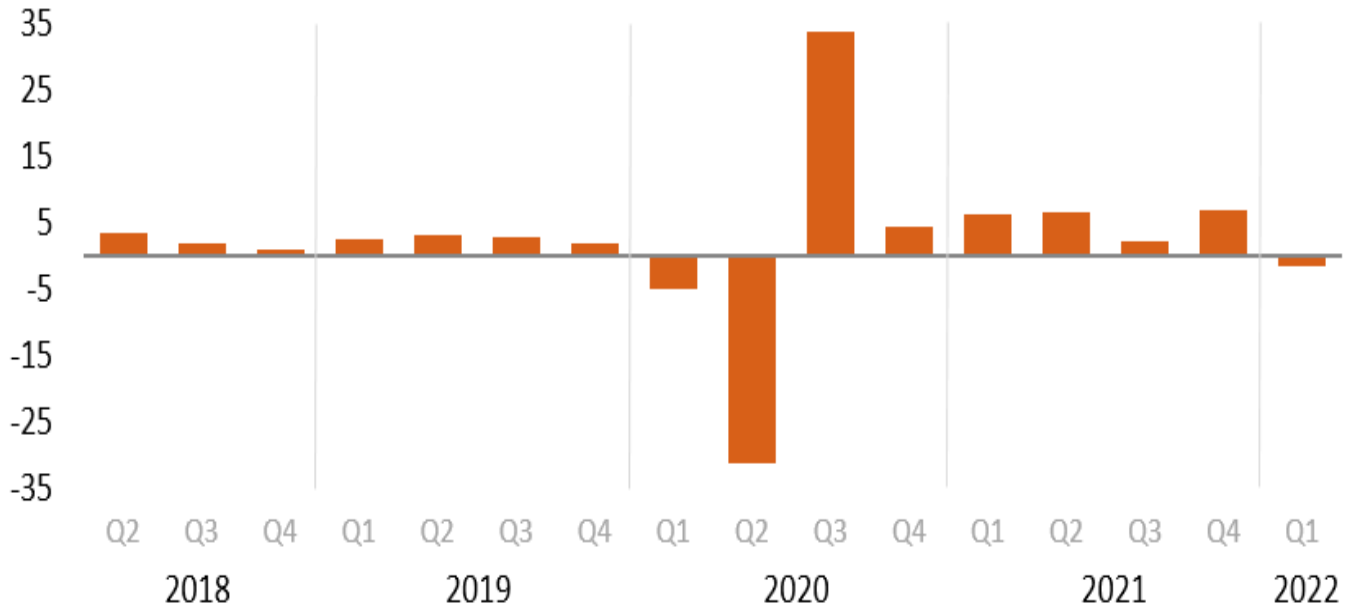
Source: New Orleans Metropolitan Association of Realtors



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.
- In the United States, real gross domestic product (GDP), which is GDP adjusted for inflation, **decreased** at a national annual rate of **1.6%** during Q1 2022, as shown in the graph below.
- In Louisiana, GDP **decreased** at an annual rate **4.3%**, which is well below the national average.
- During Q1 2022:
 - St. Tammany's gross regional product (GRP), which measures the size of a regional economy, was about **\$12 billion**.
 - Louisiana's GDP was about **\$271.5 billion**.
 - The United States' GDP was about **\$24.4 trillion**.

Real GDP: Percent change from preceding quarter



U.S. Bureau of Economic Analysis

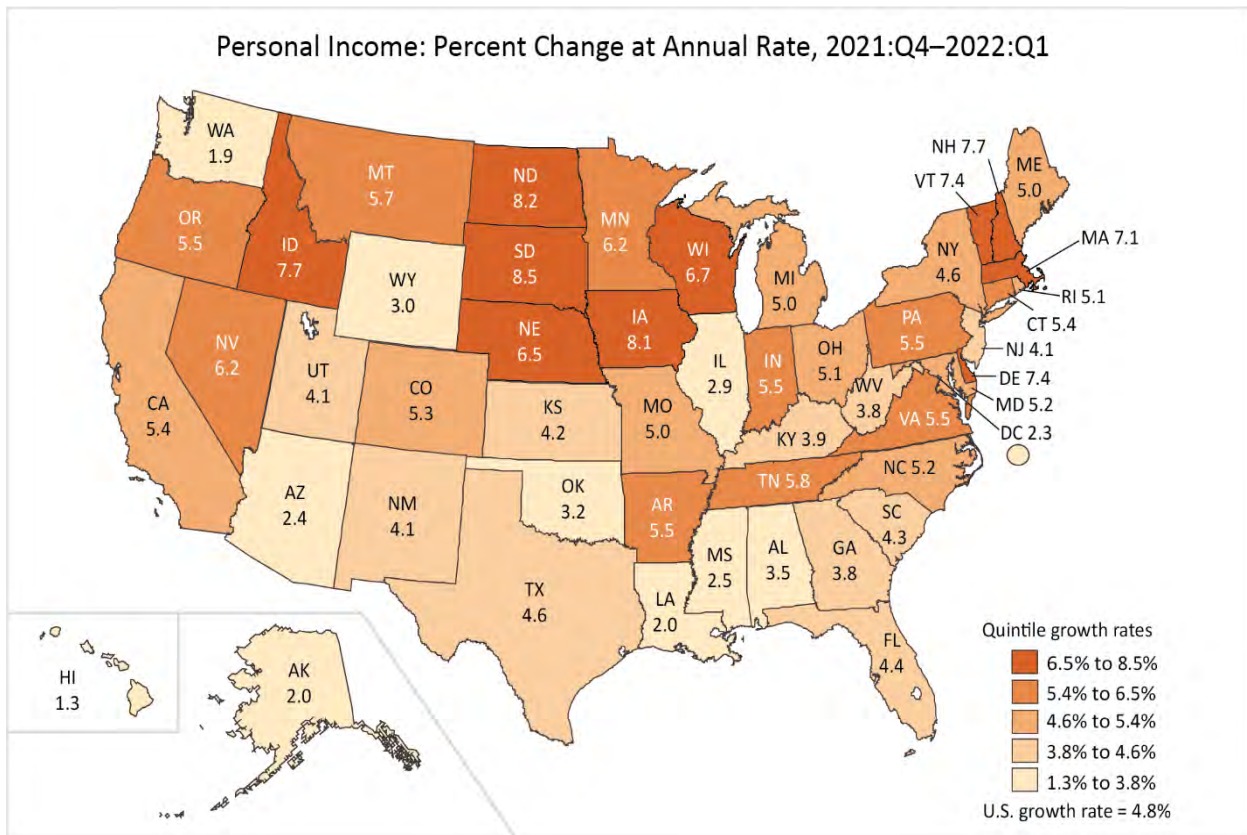
Seasonally adjusted at annual rates

Source: U.S. Bureau of Economic Analysis



Personal Income

- Nationally, personal income increased 4.8% during Q1 2022 compared to Q4 2021.
- Personal income in Louisiana increased 2.0% in Q1 2022, which was below the national average. Louisiana was one of 19 states that saw incomes increase less than 4.8%.
- Reasons for the increases in all states included increases in earnings and property income (dividends, interest, and rent), offsetting the decrease in transfer receipts.
- Earnings increased in 23 of the 24 industries that BEA studies quarterly. The growth in industries including professional, scientific, and technical services; construction; and administrative and support and waste management and remediation services is attributed to the overall growth in earnings.



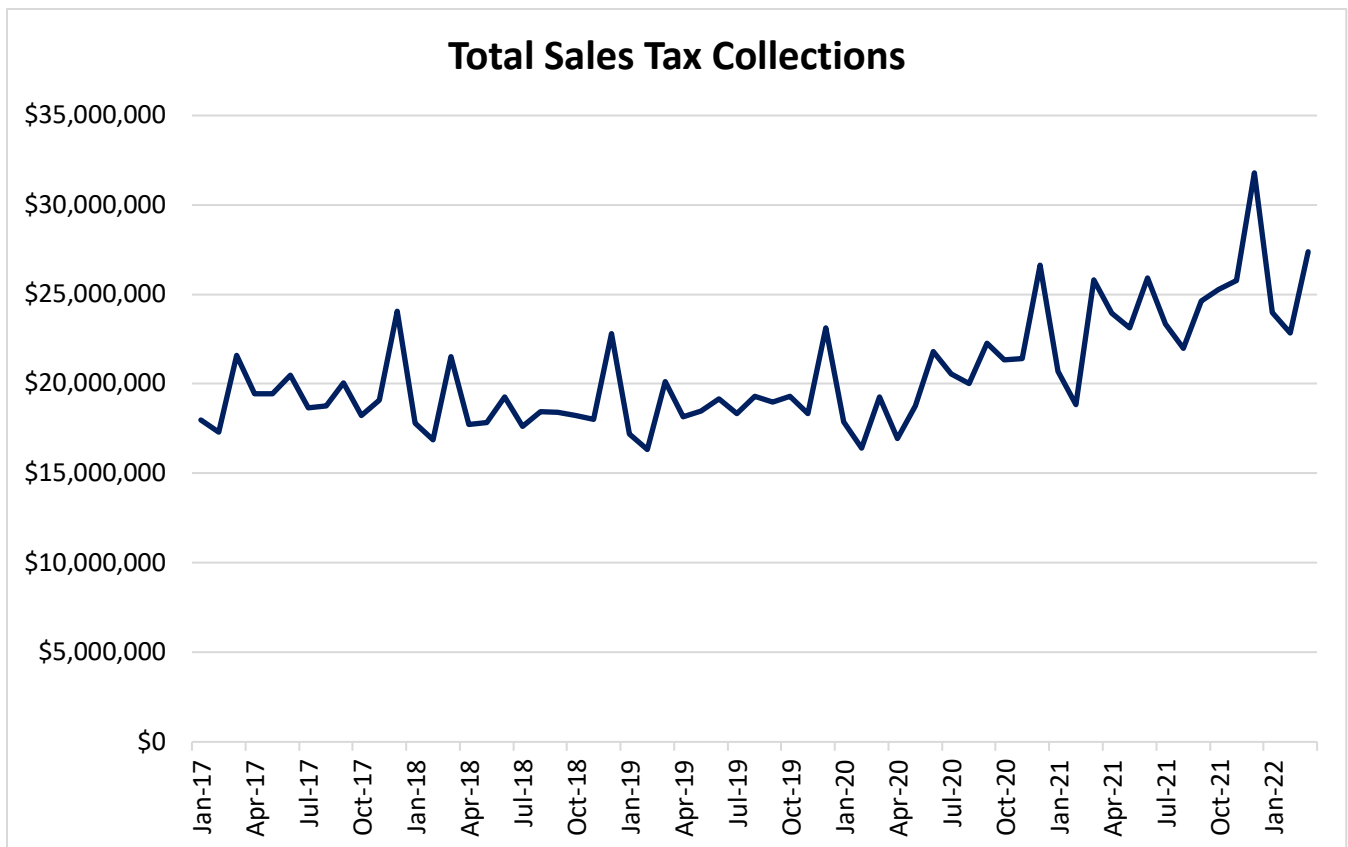
U.S. Bureau of Economic Analysis

Source: U.S. Bureau of Economic Analysis



Retail Sales Tax

- The graph below shows the total amount of sales tax collected in St. Tammany Parish each month from 2017 through Q1 2022.
- December 2021 showed the **highest sales tax collections on record**, \$31.8 million. Early 2022 saw a sharp drop in collection of almost \$10 million in January. March 2022 has had the highest collection of the year so far, \$27.4 million.
- The total amount of sales tax collected from Q1 was \$74,190,402.
- Even with the decrease following December 2021, Q1 2022's collections have remained consistent, if not exceeding, pre-pandemic levels. However, this could change moving forward if the rising rate of inflation causing consumers to cautiously withhold their spending.



Source: St. Tammany Parish Sheriff's Office



Key Takeaways

- St. Tammany Parish has consistently shown unemployment rates lower than the region, state, and nation. St. Tammany has also consistently had the lowest unemployment rate of the parishes in the New Orleans Metropolitan Area. March 2022's unemployment rate is tied as the lowest unemployment rate on record for the parish at 2.6%.
- St. Tammany saw a 5.1% increase in labor force from Q1 2021 to Q1 2022, an almost full recovery of active labor force participants to pre-pandemic levels in Q1 2022. St. Tammany's total labor force is 119,662 as of the end of Q1 2022. St. Tammany's labor force has now only decreased .63%, showing a 99.4% recovery.
- St. Tammany Parish has seen a slight decrease in the number of residential real estate properties sold. In addition, data has indicated an 8.1% increase in median sales price as of March 2022 compared to March 2021. March's median listing price in St. Tammany Parish is \$280,000.
- Louisiana fell below the national average in GDP growth. The gross domestic product growth rate for Q1 2022, compared to Q1 2021, decreased 1.6% nationally. Louisiana saw a 4.3% decrease—this percent change ranks Louisiana 45th in the nation at the conclusion of Q1.
- Louisiana also fell below the national average for personal income. According to the U.S. Bureau of Labor Statistics, wages and salaries in the southern region averaged \$24.95 per hour. Nationally, however, wages and salaries averaged \$27.19 per hour. The Bureau of Economic Analysis ranks Louisiana 48th in personal income at the end of Q1.
- At the end of Q1 2022, inflation hit 8.5% nationally, the highest year-over-year increase in inflation since 1981. The biggest contributing factors to this sharp rise were the increase of gas prices following the invasion of Ukraine and the continuing pandemic-related supply-chain issues and shortages.





ST. TAMMANY CORPORATION

The Economic Development Organization for St. Tammany



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NORTHSHORE

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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 rendered in a large, bold, sans-serif font with a green-to-blue gradient. The letters "A" and "I" in "STATS" are stylized to incorporate a network diagram consisting of white circular nodes connected by thin blue lines.

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The Analyst

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