

The Analyst

ST. TAMMANY CORPORATION'S ECONOMIC RESEARCH PUBLICATION

*Q2 2024 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 suite. 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.

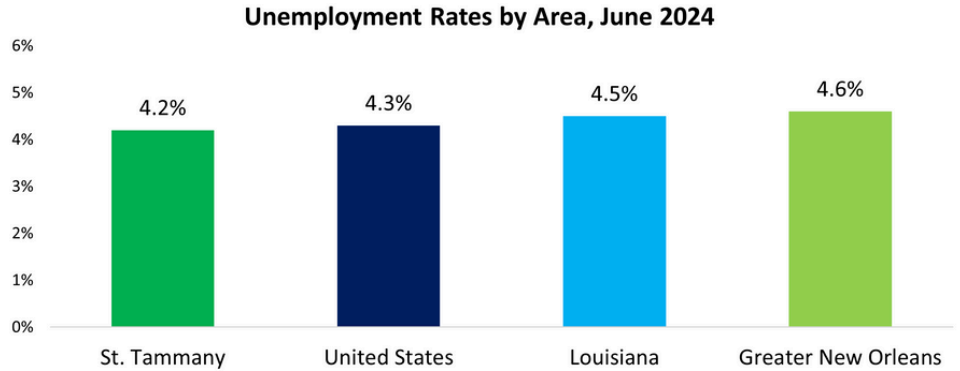
This report covers data made available by the second quarter of 2024. Data for St. Tammany Parish is compared with the Greater New Orleans region, the state of Louisiana, and the nation. Throughout this report the Greater New Orleans region is measured using the New Orleans-Metairie, LA metropolitan statistical area (MSA). St. Tammany Parish was removed from this MSA in 2023 to create the Slidell-Mandeville-Covington MSA by the Office of Management and Budget. However, the sources used in this report, such as the Bureau of Labor Statistics and Lightcast, are still using the older version of the New Orleans MSA that includes St. Tammany.

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

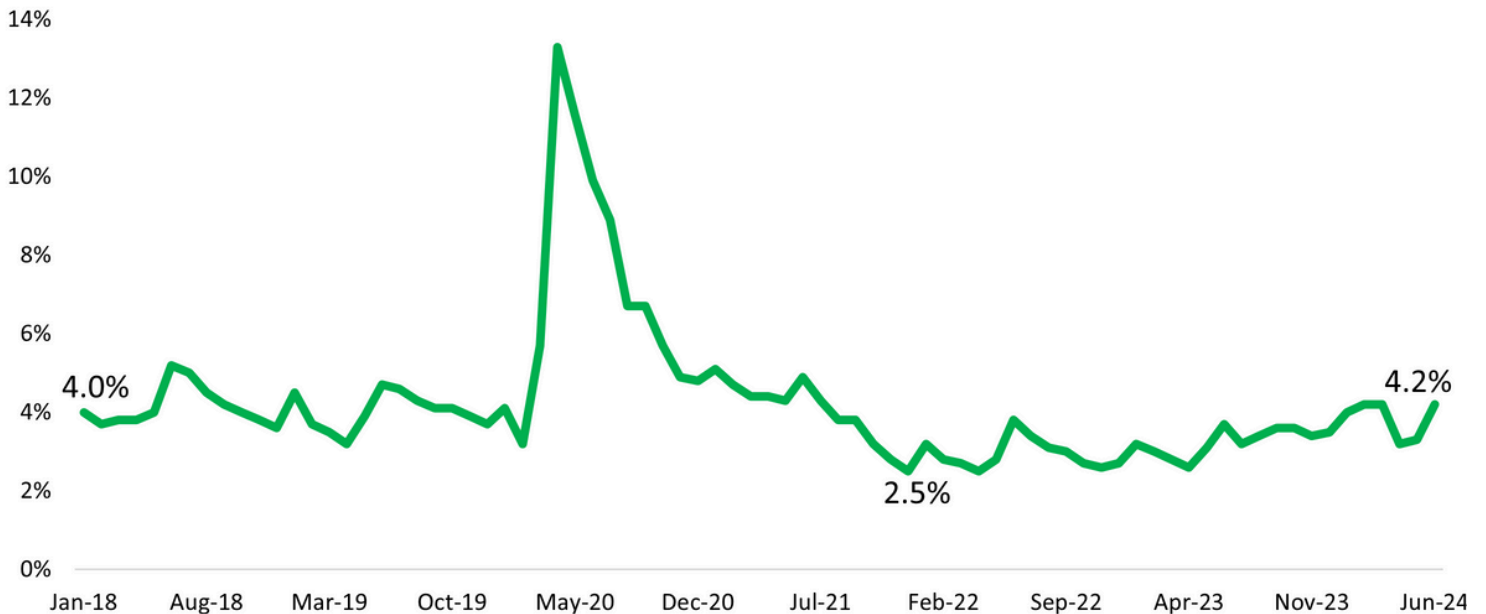
The graph below shows the historical unemployment rate in St. Tammany Parish from January 2018 to June 2024. In the recovery from the COVID-19 pandemic, the Parish experienced historic lows of 2.5 percent unemployment in December 2021. Unemployment has slowly risen since this time. In Q2 of 2024, unemployment dipped in April and May but by June the rate returned to 4.2 percent.



This 4.2 percent unemployment rate is still lower than the Greater New Orleans, state, and national averages.

This unemployment rate falls within the natural rate of unemployment (between 3.5 and 4.5 percent) and implies there are more people participating in the labor force and looking for work. The recent increase in the national unemployment is likely to trigger the Federal Reserve to reduce the funds rate, to keep the economy growing.

St. Tammany Parish Unemployment Rate



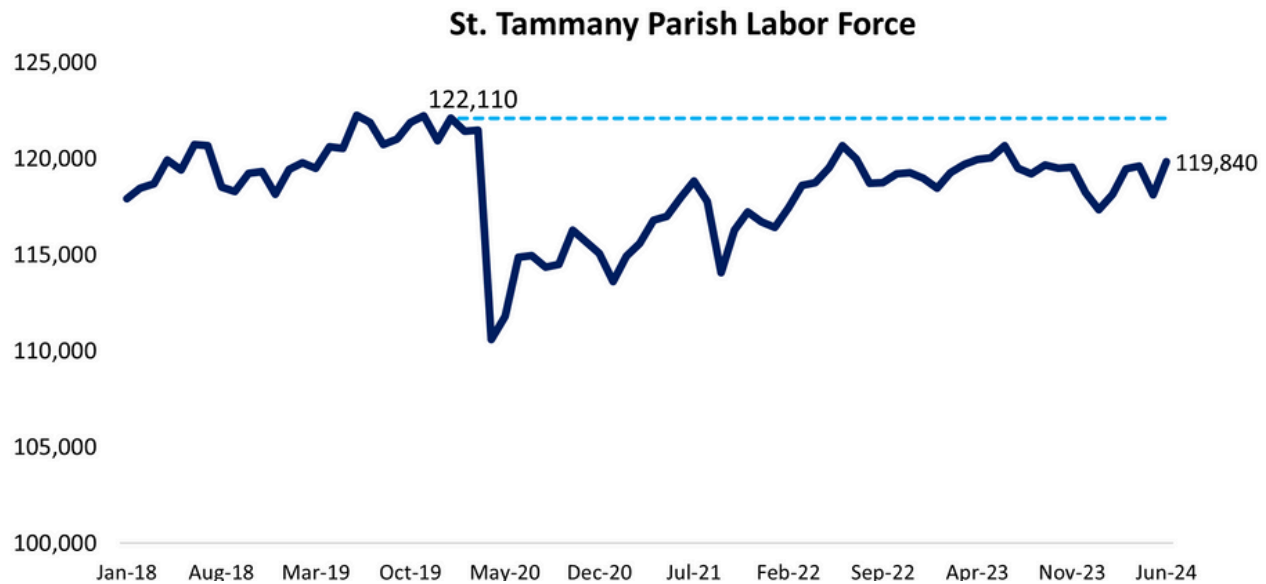
Source: Bureau of Labor Statistics



Labor Force

The labor force is defined as the number of working-age people who are either employed or unemployed and actively seeking employment. In June 2024, the Bureau of Labor Statistics measured 119,840 St. Tammany residents participating in the labor force.

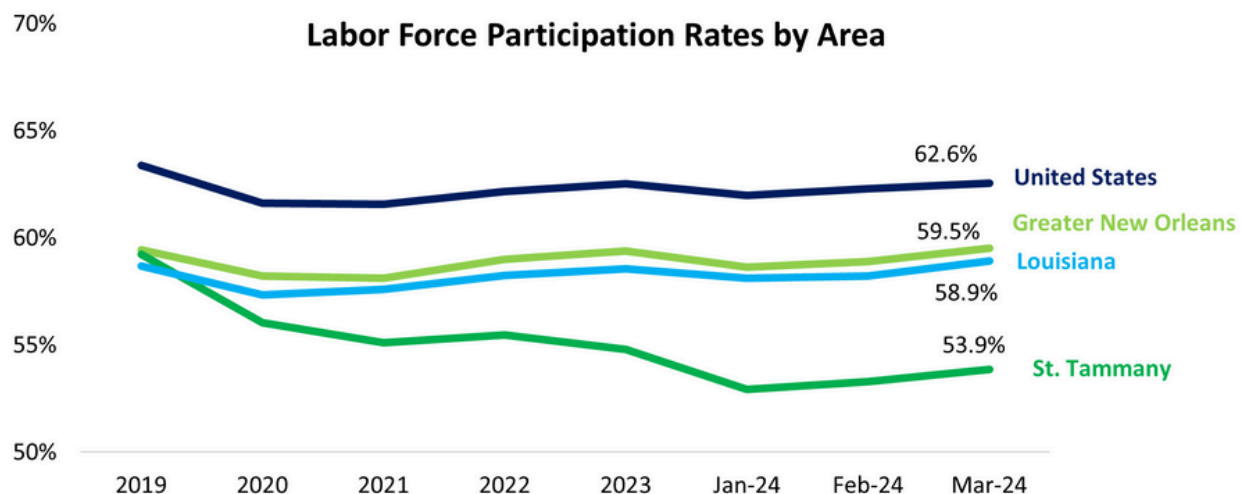
This most recent data point of labor force size for the Parish was 2,270 lower than the level of 122,110 in January 2020 before the start of the COVID-19 pandemic.



The decline in St. Tammany's labor force is a result of less residents participating. The working-age population in the labor force (labor force participation rate) for the Parish was 53.9 percent in March 2024. This is a drop of over five percentage points since 2019.

St. Tammany Parish's labor force participation rate did trend upward from January 2024 to March 2024 by a percentage point.

Back in 2019, St. Tammany Parish had a similar labor force participation rate as the state and the Greater New Orleans area but has dropped below these other areas in recent years.

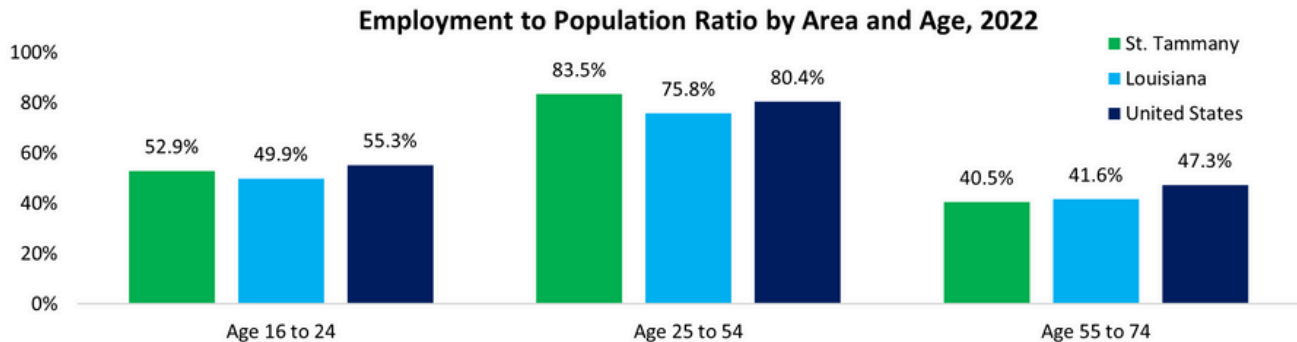


Source: Bureau of Labor Statistics and Lightcast 2024.3



Employment to Population Ratio

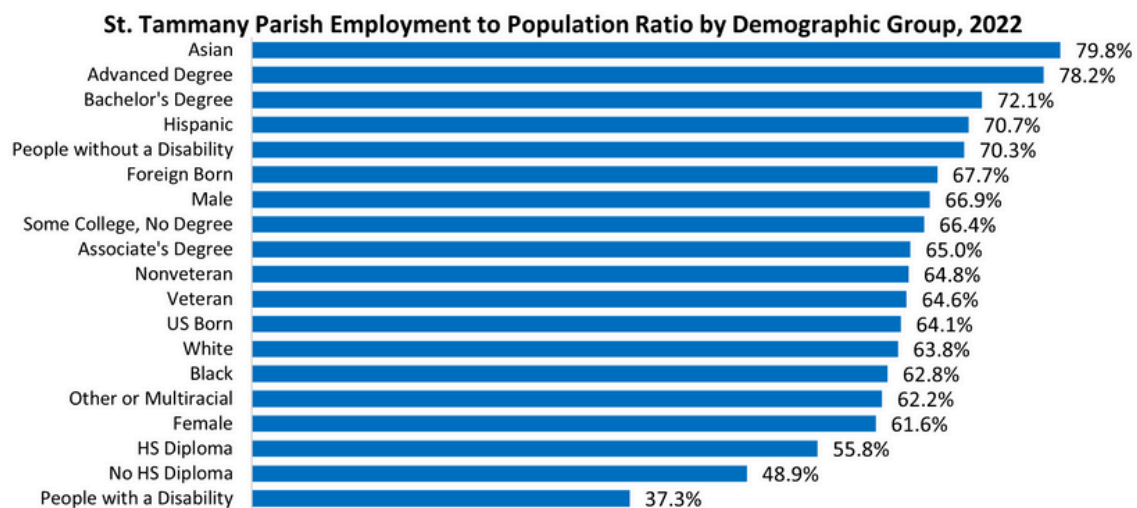
The employment-to-population ratio (EPOP) is a useful measurement for evaluating economic participation of demographic groups. EPOP is a comprehensive assessment of the population that is actively employed. If labor force participation rates are high and unemployment rates are low then the EPOP value will be high.



EPOP data for smaller geographic regions is only available through the US Census Bureau, which is updated annually. The most recent data for 2022 revealed that St. Tammany Parish had high levels of employment compared to the state and national averages for the prime-age demographic group (age 25 to 54).

St. Tammany Parish had lower rates of employment for young and older workers. The EPOP for workers aged 55 to 74 was 40.5 percent. This value was lower than the value for Louisiana and United States. Some of the drop in labor force and the labor force participation rate in the Parish is likely from the retirement of older workers. Nationally, it is estimated that an additional two to three million additional workers over the age of 55 decided to retire early during and just after the COVID pandemic.

Determining the EPOP for other demographic groups highlights community members who are less likely to be working. Individuals with lower levels of education, women, and people with a disability were the demographic groups with the lowest EPOPs in the parish. Childcare availability and affordability may be one cause limiting women from participating in the workforce.



Only the population age 16 to 74 was considered in the calculation for each demographic group

Source: US Census Bureau Microdata

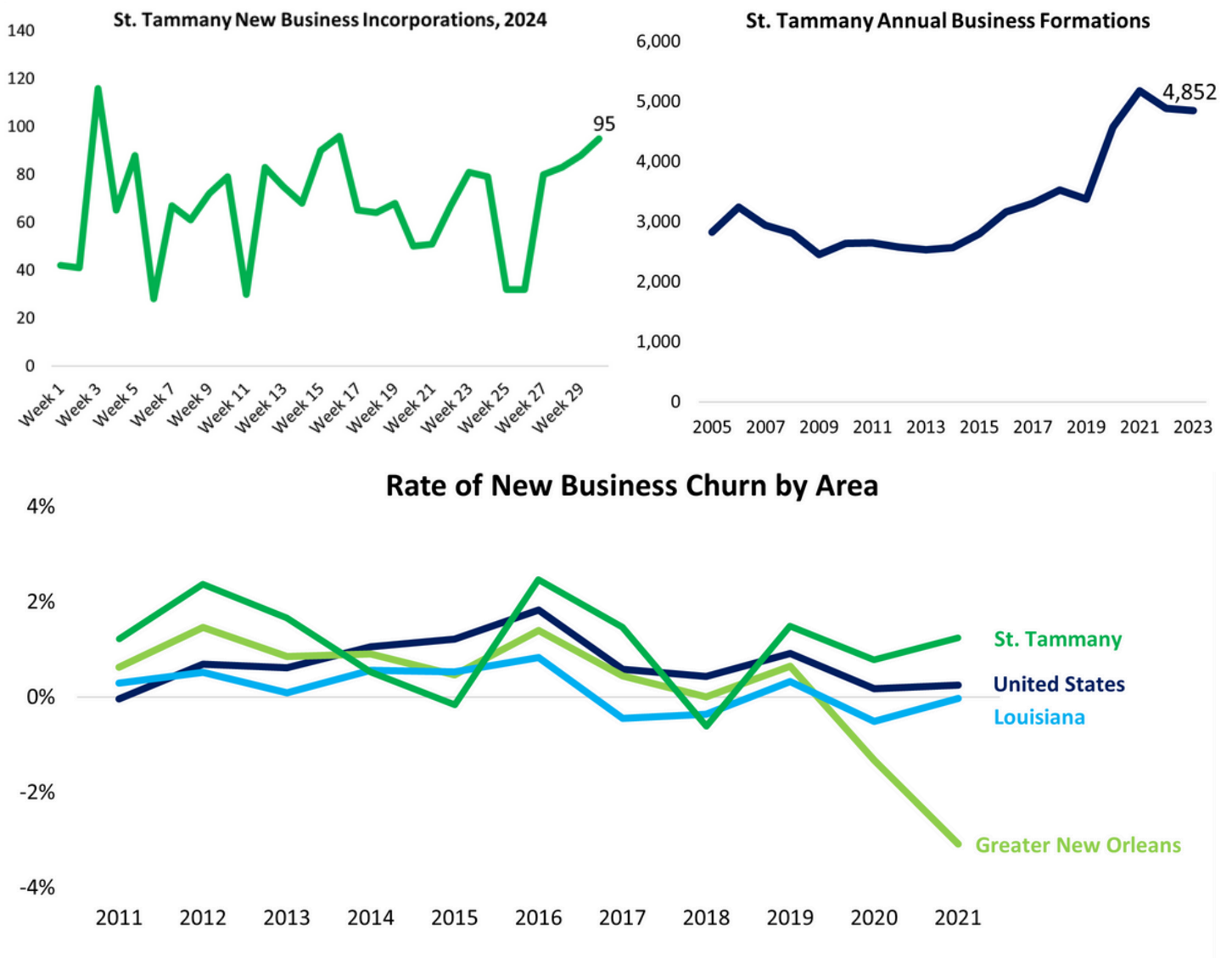


New Business Incorporations

Available data shows there was an average of **69 new business incorporation filings per week** in St. Tammany in Q2 2024. There were 1,031 total new business incorporations in Q2, this level was higher than the Q1 total of 1,005 incorporations. There were 378 incorporations in the month of June. This is the highest monthly total of the year to date.

The US Census Bureau collects annual data on the number of applications for Employer Identification Number (EIN). This helps track new companies that are likely to have a payroll. In 2023, St. Tammany Parish had 4,850 new employer business formations. This is slightly lower than the two preceding years, but new business formations remain elevated above pre-pandemic levels.

The Census Bureau also tracks the dynamism in an economy, the rate of firm births minus the rate of firm deaths. This highlights whether the churn of businesses in a region is positive or negative. St. Tammany Parish has historically had positive levels of business churn and often at rates higher than the region, state, and national averages.



Source: Louisiana Secretary of State and US Census Bureau



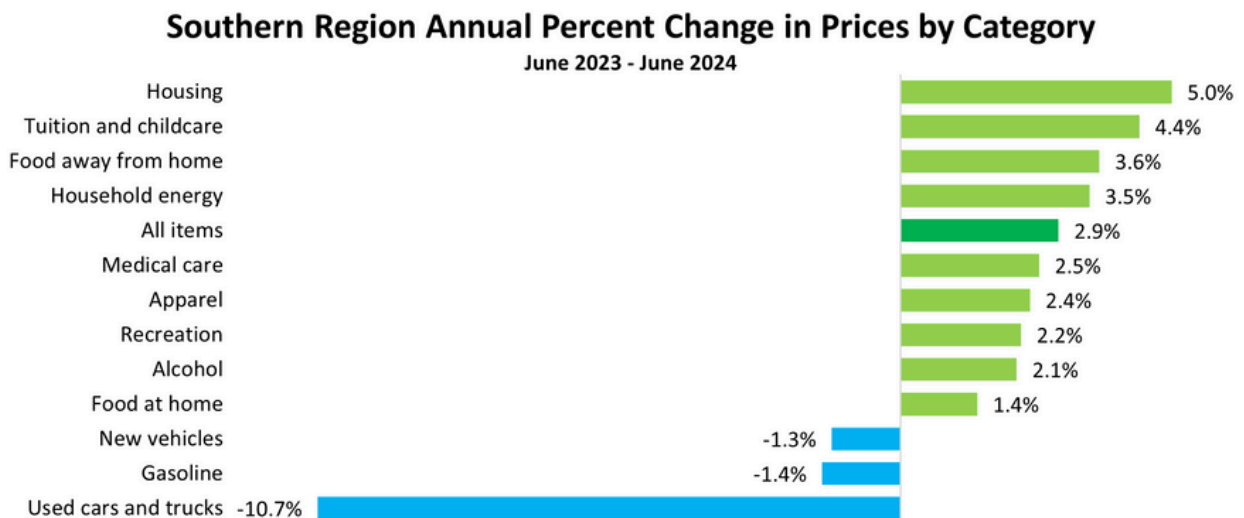
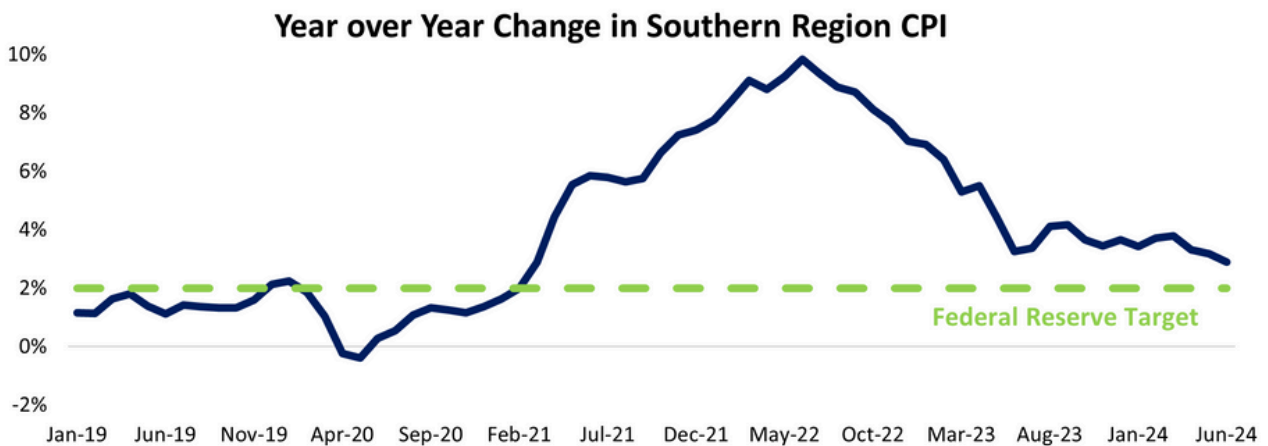
Inflation

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. CPI is measured regionally, and Louisiana is part of the Southern region. The Southern CPI, like the rest of the US, experienced a sharp rise in inflation in 2021 and 2022. This was due to multiple factors including significant federal stimulus to counter the pandemic-induced recession, global supply chain bottlenecks, very low interest rates, higher demand during and after COVID, and foreign conflicts affecting trade.

The Federal Reserve took action to combat inflation by raising interest rates 11 times between March 2022 and July 2023. Inflation rates in the Southern region have come down but still sit slightly above the target rate of 2 percent.

From June 2023 to June 2024, the year over year inflation rate was 2.9 percent in the Southern region. If this encouraging trend continues, the Federal Reserve is expected to begin dropping interest rates in September which can help stimulate the housing and commercial real estate sectors of the economy.

In the last year, the deficit in housing and childcare supply led to the highest rates of inflation. There have been some price reductions in vehicles and gasoline, particularly used cars.



Source: Bureau of Labor Statistics



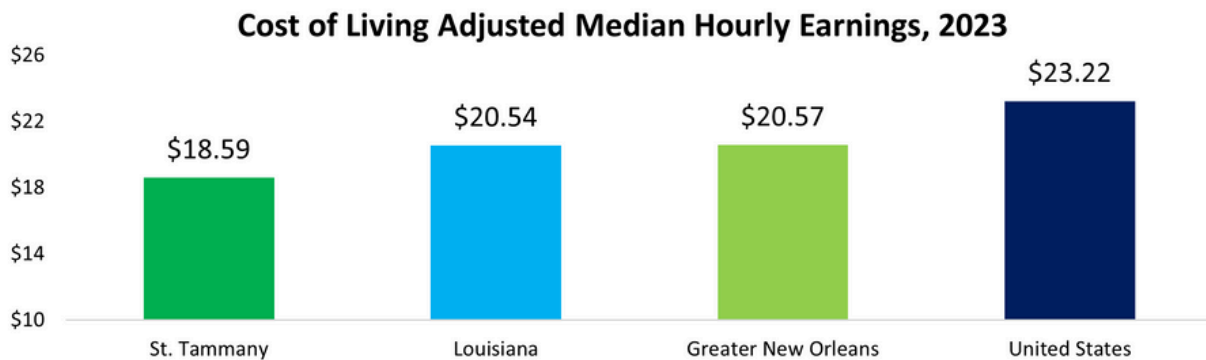
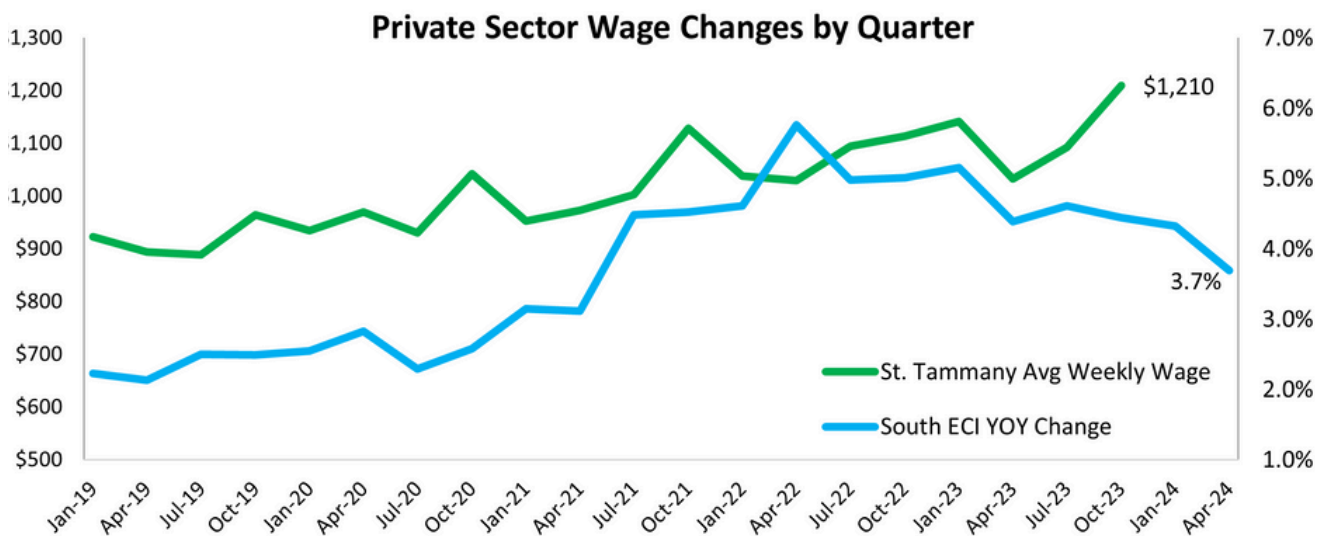
Wages

Another one of the many causes of persistent inflation has been the upward pressure on wages from high demand and low supply of labor in many industries. The Bureau of Labor Statistics measures the change in hourly labor cost to employers over time that accounts for differences in occupation types and hours worked. This Employer Cost Index (ECI) helps examine changes in compensation over time.

The ECI for private sector workers in the Southern Region grew by 3.7 percent from Q2 of 2023 to Q2 2024. This rate is slowing down from the peak of 5.8 percent in Q2 of 2022 but remains elevated above pre-pandemic levels. In Q2 of 2024 there was another 0.6 percentage point drop in the Southern ECI.

Increases in wages can be difficult for business with thinner margins but helpful to workers in a region who now have more money to spend. The average weekly wage for St. Tammany's workers has seen gains in recent years. The most recent data from Q4 of 2023 found that private sector workers in St. Tammany Parish were averaging about \$1,210 weekly in wages. Increases are typical in the 4th quarter of the year. Data at the parish level is not seasonally adjusted.

Data that accounts for the cost of living of a geographic region, allows for the comparison of earnings across areas. The adjusted earnings in St. Tammany are almost \$2 below the New Orleans and Louisiana averages and \$4.60 below the national average. A key contributor to regional earnings differences is the industry and occupational makeup of the regional economy.

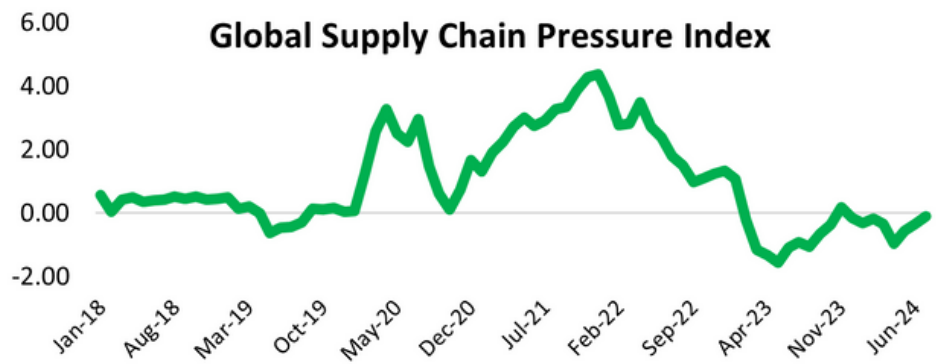


Source: Bureau of Labor Statistics and Lightcast 2024.3



Manufacturing Industry

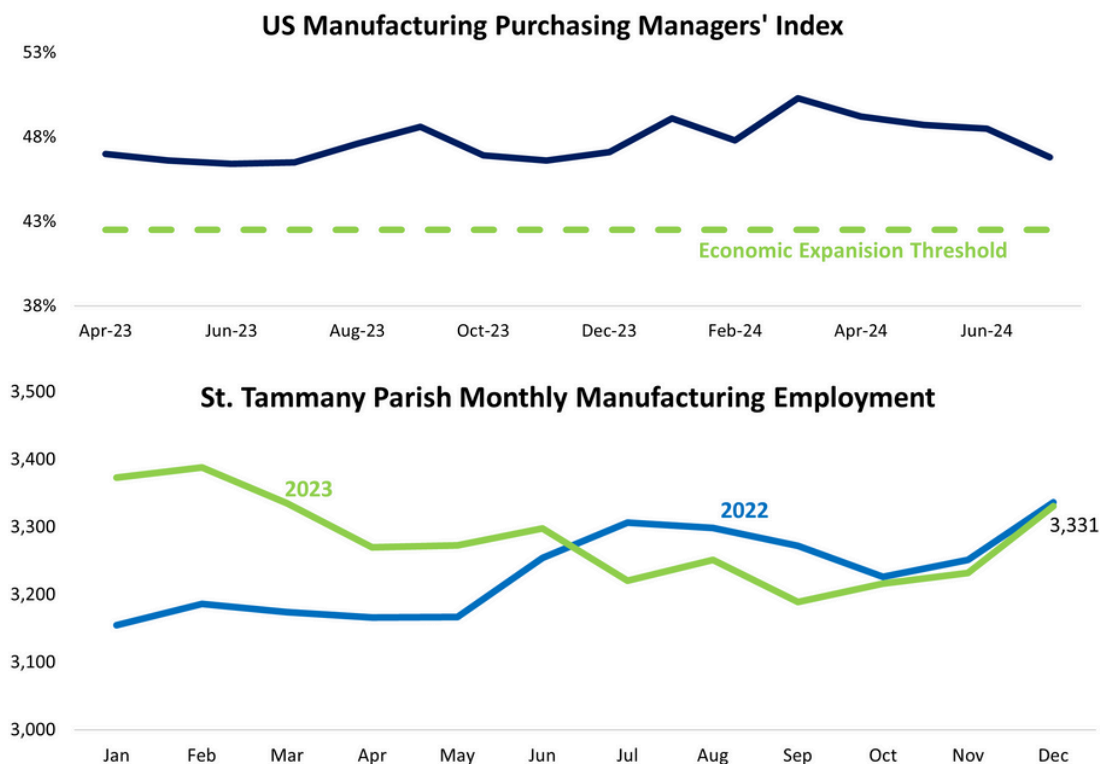
The Institute for Supply Management (ISM) produces an index of manufacturing activity based on a monthly survey of purchasing managers from more than 300 manufacturing firms across the country. The Manufacturing Purchasing Managers' Index (PMI) includes factors like business activity, new orders, employment, inventory, backlogs, international trade, and prices.



A manufacturing PMI score above 42.5 percent usually corresponds with expansion in the overall national economy. The US economy has maintained this threshold in PMI but the measure has fallen for the fourth consecutive month. The year-over-year growth rate from July 2023 to July 2024 was just 0.6 percent.

A measure of global supply chain pressure found that the supply chain index was stressed to about 4 standard deviations from the historical average at the height of the pandemic. This global stress has waned and the index for July 2024 was equal to the normal standard deviation.

In St. Tammany Parish, manufacturing employment experienced gains during most months of 2022, but began to dip in the summer of 2023. In the final quarter of 2023 manufacturing jobs in parish began to grow again. The year-over-year change from Dec 2022 to Dec 2023 was -0.2 percent.



Source: Federal Reserve Bank of New York, Institute for Supply Management, and Lightcast 2024.3



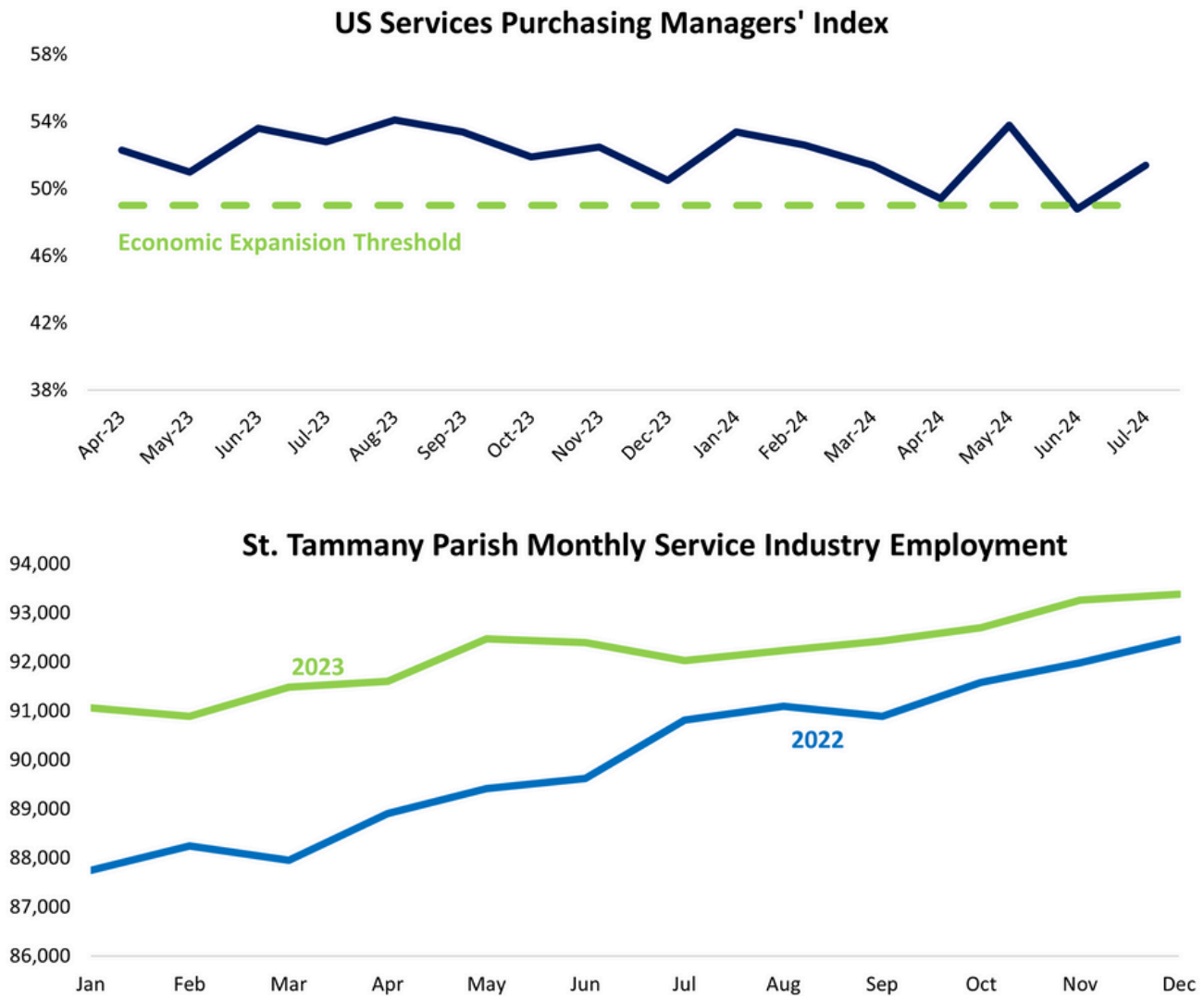
Service Industry

The ISM also produces a similar index of services industries. Nearly all industries except manufacturing are included in this index.

For the service industries, a PMI score above 49 percent usually corresponds with expansion in the overall national economy. The US economy had been maintaining this threshold, but the June 2024 value fell below this threshold. However, services fared better in July with a score of 51.4.

The year-over-year change rate in Services PMI from July 2023 to July 2024 was -2.7 percent.

Jobs in the service industry (non-manufacturing industries) in St. Tammany grew steadily throughout 2022. Throughout 2023, services employment increased albeit at a slower rate. The year-over-year employment change from Dec 2022 to Dec 2023 was 1.0 percent.



Source: Institute for Supply Management and Lighthcast 2024.3



Building Permits

Tracking the values and volumes of building permits is helpful in assessing the rate of the community's growth. When the number and value of building permits increases this indicates a competitive market.

The number of new private sector housing units permitted in St. Tammany Parish was 288 in Q2 of 2024. This was 58 units higher than the Q2 level of the previous year.

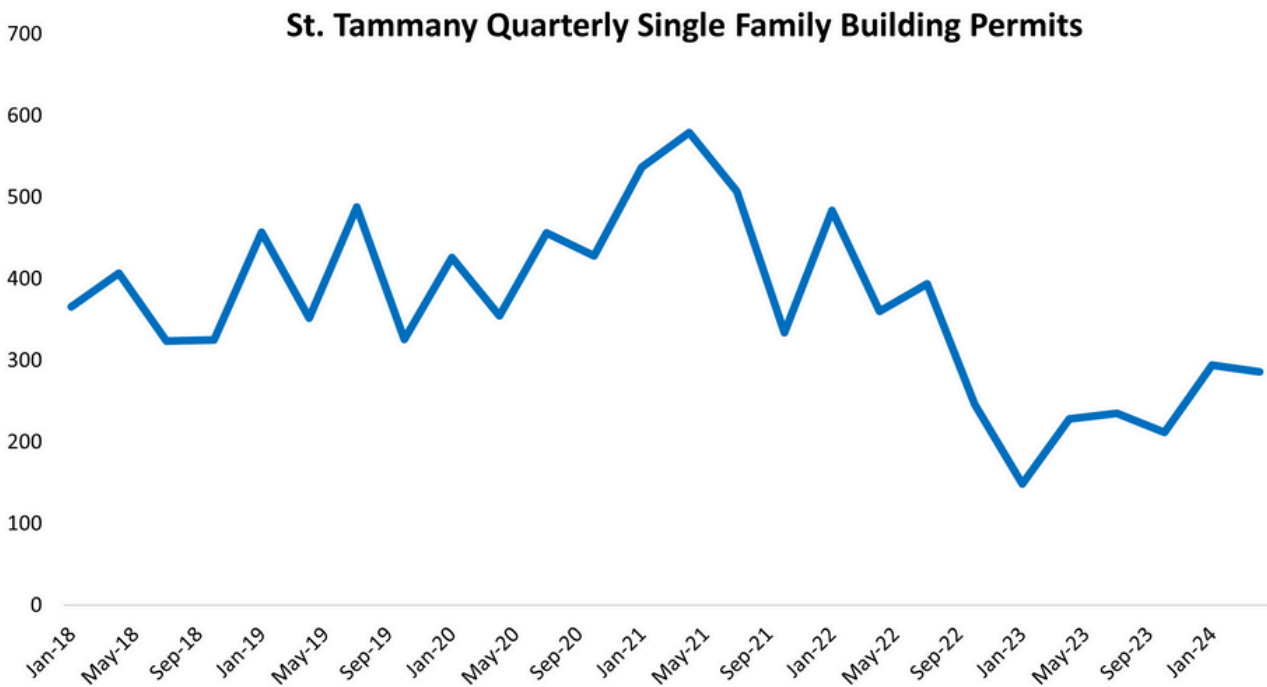
The table to the right shows the values for these permits. In Q2 of 2024 residential units in St. Tammany Parish had an average value of \$309,900 per unit. Almost all these units were single family permits.

The number of units permitted in Q2 2024 is down just 13 units from the previous quarter. The average value per unit declined slightly, 0.3 percent, from the first to second quarter.

Building units in the parish declined in 2022 likely due to high interest rates dampening investment but building has been trending upwards in 2024.

St. Tammany Parish New Private Sector Housing Permits

Month	Value	Units	Average
Apr-24	\$27,015,000	87	\$310,520
May-24	\$27,743,000	103	\$269,350
Jun-24	\$34,492,000	98	\$351,960
Q2 2024 Totals	\$89,250,000	288	\$309,900



Source: US Census Bureau and HUD SOCDS Building Permits Database



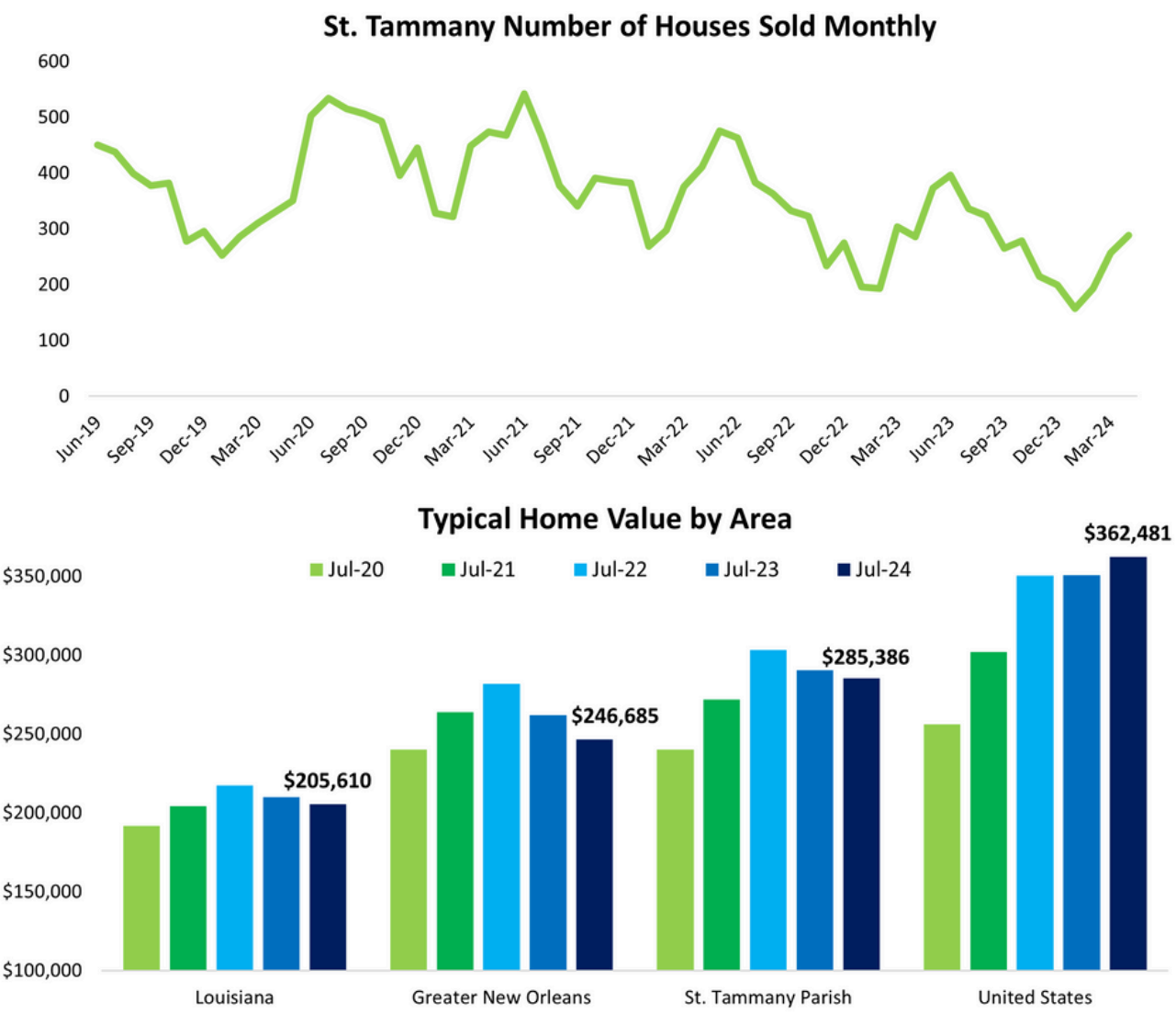
Residential Real Estate Market

In July 2024, 322 sales closed on residential properties in St. Tammany Parish. This was a 4 percent decrease from the previous year. The inventory of homes for sale increased in the last year from 1,001 properties to 1,473, a 47 percent increase.

The average number of days on the market in the Parish has also risen from 41 days to 57 days from July 2023 to July 2024.

Zillow develops their data based on all homes in a region, not just recent sales, to determine the typical value for a home in each region. This value for St. Tammany was \$285,390 for July 2024. This is higher than the typical values for the Greater New Orleans area and the state overall.

The year over year change for typical home value dropped in the parish by 1.7 percent, this was less of a drop than experienced at the metro and state level, but the US average increased by 3.3 percent for this same timeframe.



Source: New Orleans Metropolitan Association of Realtors and Zillow Research

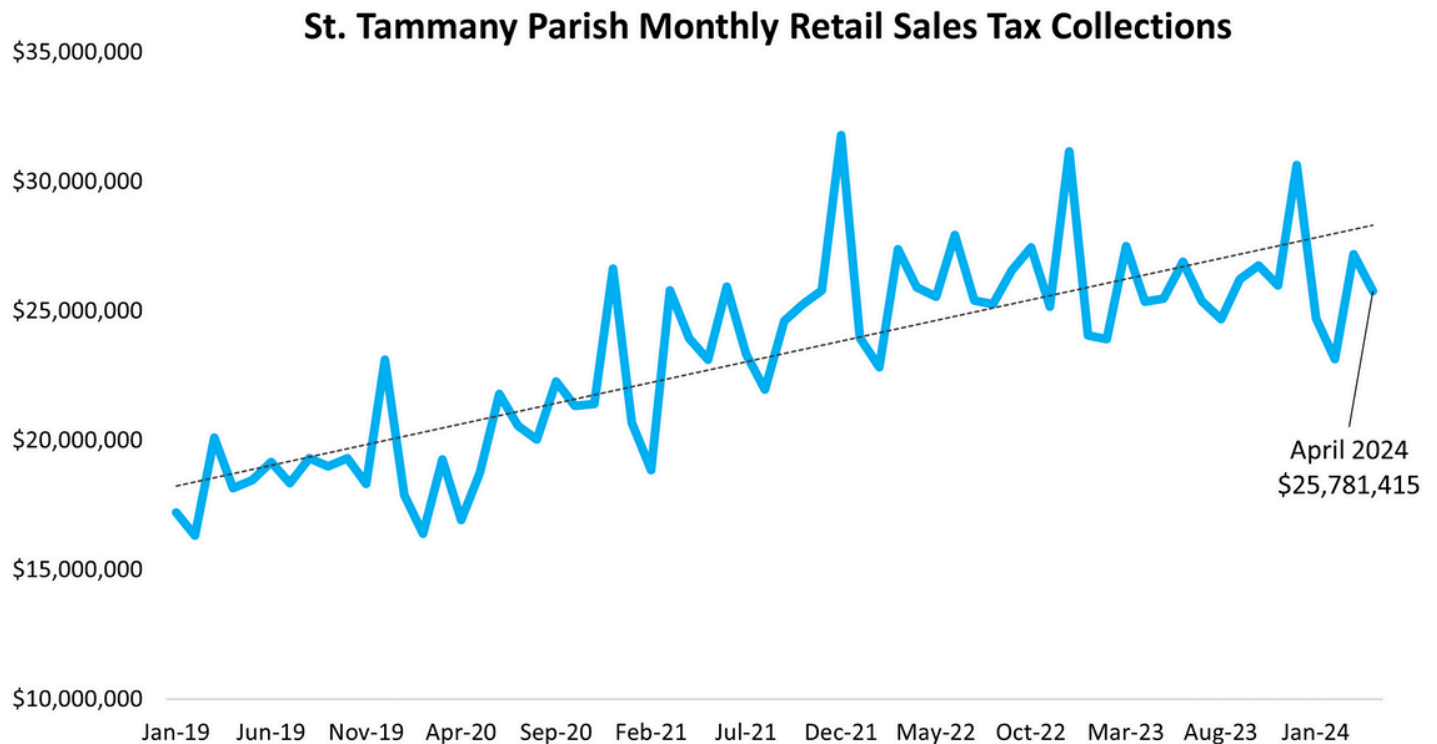


Retail Sales Tax

The graph below shows the total amount of sales tax collected within the parish from January 2018 through the end of April 2024. This provides insight into consumer spending in the parish and the amount of sales tax revenue that will be available for the local government. St. Tammany Parish will collect about half of these total amounts while the other half goes to the state and municipalities.

Retail sales tax collections peaked in December 2021 at \$31.8 million as the economy was reopening after COVID-19 and interest rates were still low. The data suggests that as inflation increased, the economy tightened, and that regional spending flattened but did not decline dramatically.

The latest retail sales tax collections data from April 2024 was \$25.8 million. This is a 1.7 percent increase from the level in April 2023.



Source: St. Tammany Parish Sheriff's Office



Key Takeaways

- The national unemployment rate has increased in recent months, increasing fears of a recession. This indicates that the Federal Reserve is likely to reduce interest rates at their next meeting in September. Meanwhile, **St. Tammany Parish's unemployment rate has not pushed above 4.2 percent in 2024 and remains below the metro, state, and national rates.**
- **Inflation is getting closer to achieving the two percent year-over-year target.** The price of some goods, like used cars, have even fallen in the last year. Prices for some essential goods like housing, food away from home, energy bills, and childcare remain sticky.
- US consumers have continued to spend despite the difficult pricing conditions. Parish retail sales data suggest that consumers are continuing to spend money, but the pace of growth has slowed. **April 2024 sales were up 1.7 percent from the previous year.**
- **The St. Tammany real estate market is showing resilience.** The number of homes sold has declined in the last two years, but properties in the Parish have retained their value from the housing boom during the pandemic compared with the state and metro average. Residential building permit data has increased in recent months, and this should help the construction sector.
- **Regional wage growth continues to come down to more sustainable levels that should not negatively impact inflation goals.** The earnings of workers in St. Tammany are rising, but the median earnings in the Parish remains lower than potential earnings in New Orleans, elsewhere in Louisiana, and the national average.
- **An encouraging trend was the Parish's labor force participation rate increasing in 2024 after a few years of decline.** Rates in St. Tammany Parish are still below the regional, state, and national averages. Demographic data suggests that prime-age participation is strong, but younger and older residents are less likely to be in the labor force.



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