

The Analyst

ST. TAMMANY CORPORATION'S ECONOMIC RESEARCH PUBLICATION

Q3 2024 *Economic Trends Report*

Introduction

Welcome to St. Tammany Corporation's 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 third 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-Hammond, LA-MS combined statistical area. This includes the newly created Slidell-Mandeville-Covington, LA metropolitan statistical area (MSA), New Orleans MSA, and Bogalusa micropolitan statistical area. Previous versions of this report used the former New Orleans MSA that included St. Tammany parish. In 2023, the Office of Management and Budget created the Slidell-Mandeville-Covington MSA, separating St. Tammany Parish from the New Orleans MSA. This change aimed to better reflect the economic interconnectivity and unique growth dynamics of St. Tammany Parish within its local region.

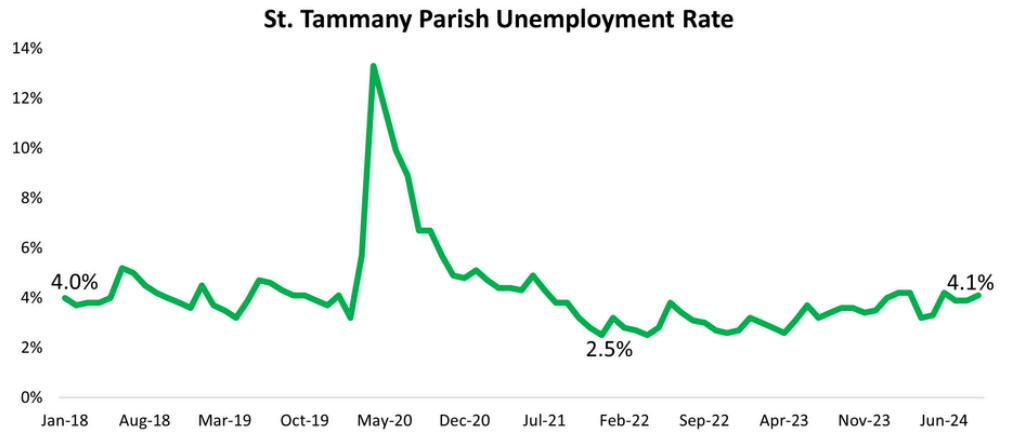
Special thanks to our contract research advisors Economic Leadership, LLC, who provided economic analysis and data collection. Staff contributors included Timothy Billiot, Kyle Buckley, Ashley Llewellyn, and Chris Masingill.

Through our publication of the quarterly economic trends reports, and other necessary 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

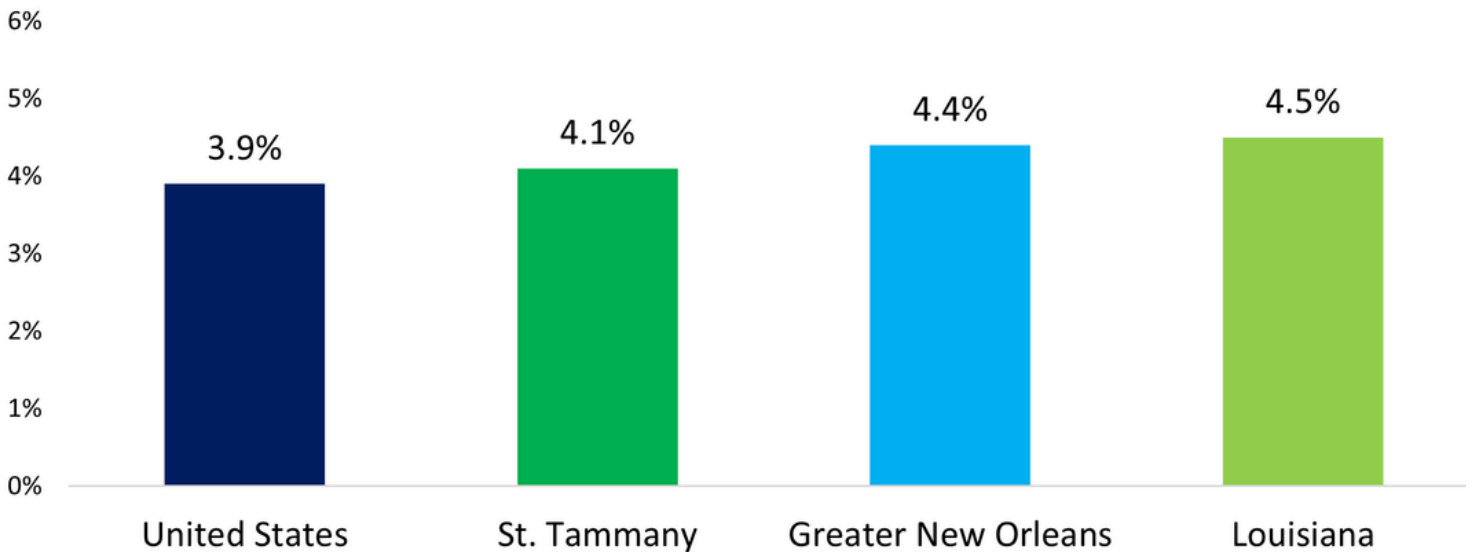
The graph to the right shows the historical unemployment rate in St. Tammany Parish from January 2018 to September 2024. In the recovery from the COVID-19 pandemic, the Parish experienced historic lows of 2.5 percent unemployment in December 2021. **Unemployment has slowly risen back on par with pre-pandemic levels.** In Q3 of 2024, unemployment dipped in July and August but **by September the rate increased slightly to 4.1 percent.**



This 4.1 percent unemployment rate is still lower than the Greater New Orleans and state averages. St. Tammany's rate moved higher than the national average during this month.

This unemployment rate falls within the natural rate of unemployment, typically ranging between 3.5 and 4.5 percent. This range represents a level of unemployment that is expected in a healthy economy, accounting for normal job transitions and other market factors. The Federal Reserve has reduced the funds rate twice in the 3rd quarter to stimulate growth. This policy is designed to promote growth and maintain full employment while controlling future inflation.

Unemployment Rates by Area, Sept 2024



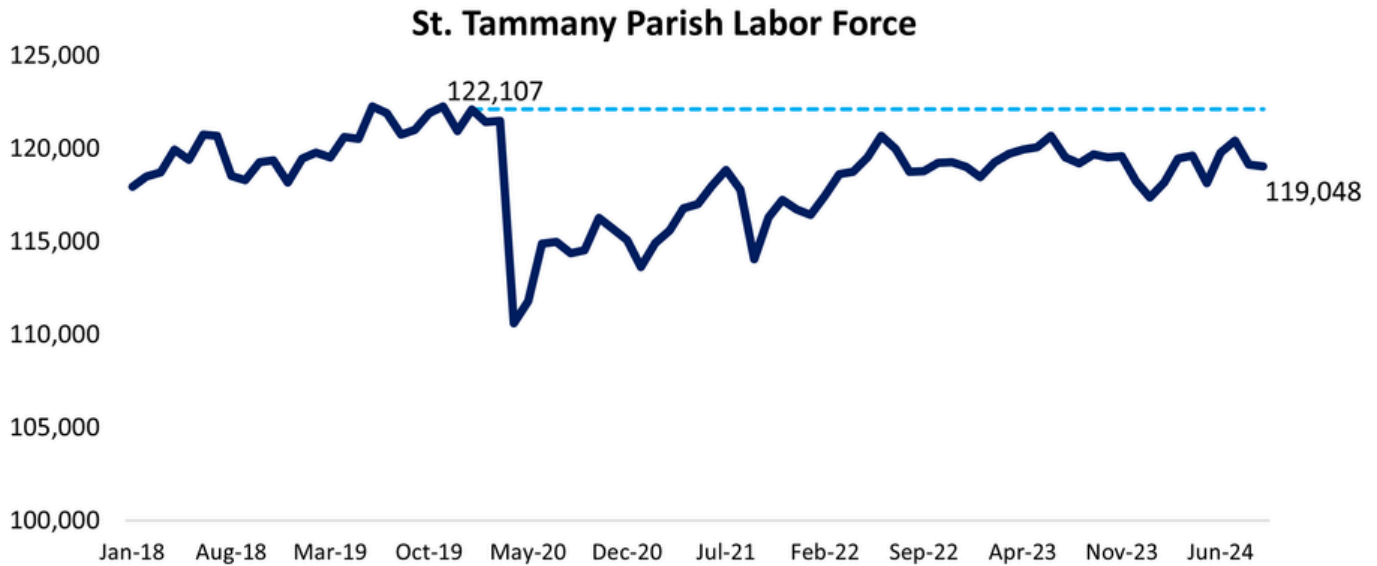
Source: Bureau of Labor Statistics



Labor Force

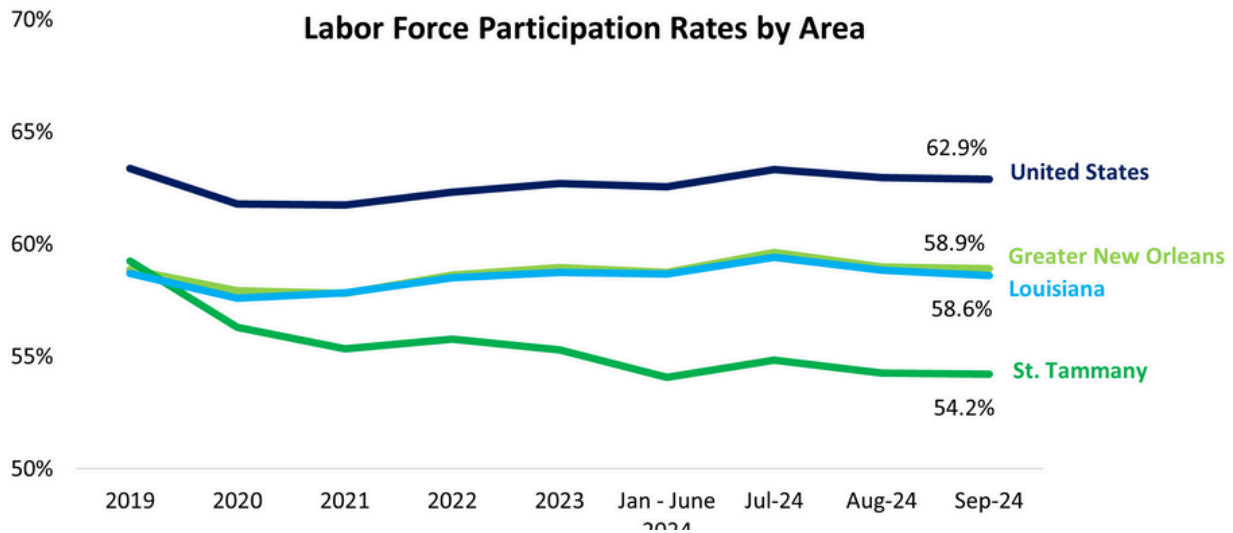
The labor force is defined as the number of working-age people who are either employed or unemployed and actively seeking employment. In September 2024, the Bureau of Labor Statistics measured 119,048 St. Tammany residents participating in the labor force.

This most recent data point of **labor force size** for the Parish **was 3,059 lower than the level of 122,107 in January 2020** before the start of the COVID-19 pandemic.



The decline in St. Tammany's labor force is a result of fewer residents participating. The working-age population in the labor force (**labor force participation rate**) for the Parish was **54.2 percent** in September 2024. **This shows a drop of over five percentage points since 2019.**

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. The region has lower rates compared to the national average.

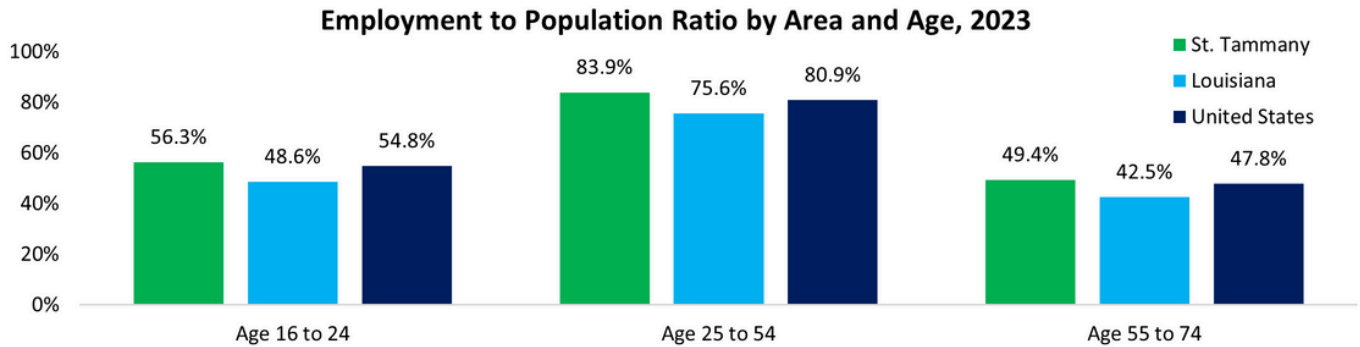


Source: Bureau of Labor Statistics and Lightcast 2024.4



Employment to Population Ratio

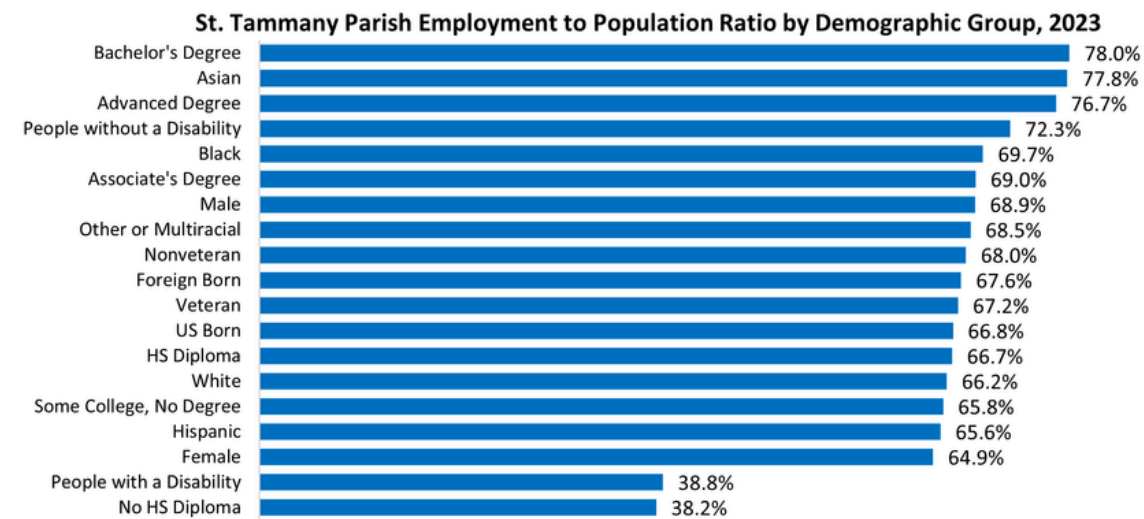
The employment-to-population ratio (EPOP) is a useful measurement for evaluating economic participation of demographic groups. EPOP is a comprehensive assessment of the population that is actively employed. If labor force participation rates are high and unemployment rates are low then the EPOP value 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 2023 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 49.4 percent, much lower than the rate for the prime age population. **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. People with less than an associate's degree offer an opportunity for expanding the labor force size.



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

Source: US Census Bureau Microdata

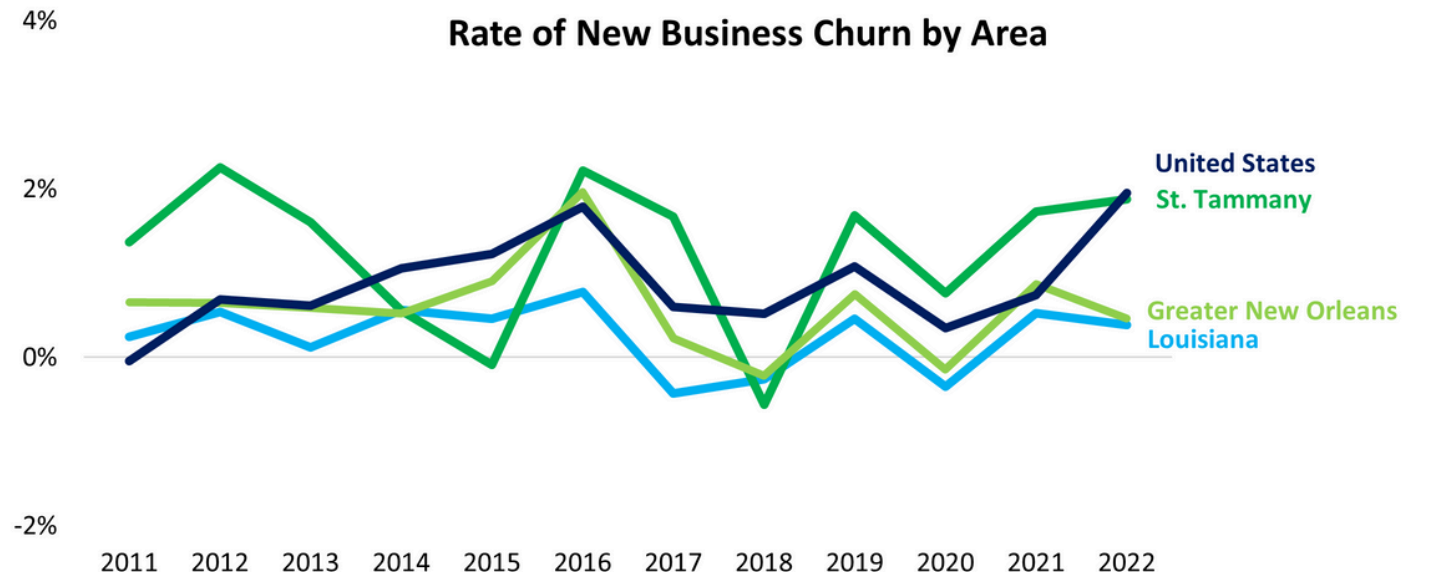
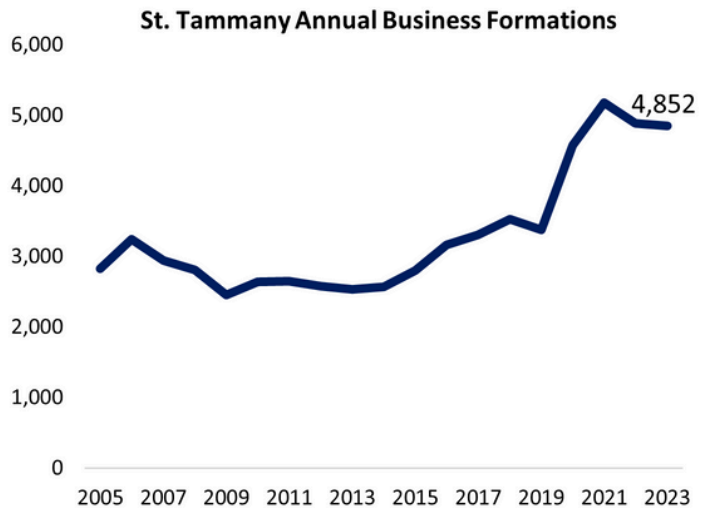
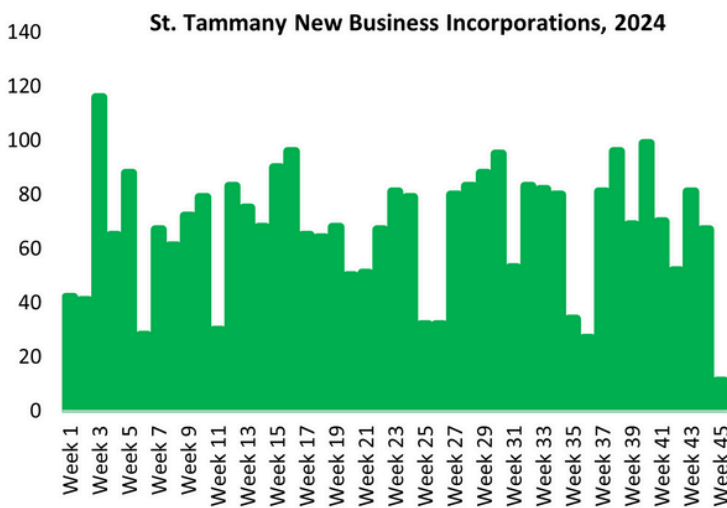


New Business Incorporations

Available data shows there was an average of **66 new business incorporation filings per week** in St. Tammany in Q3 2024. There were 985 total new business incorporations in Q3, this level was slightly lower than the Q1 and Q2 levels. There was a slowdown of only 11 incorporations in the 5th week of September that negatively impacted Q3 numbers.

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. **New data for 2022 shows that St. Tammany Parish has greater levels of business churn than the region and the state since 2019.**



Source: Louisiana Secretary of State and US Census Bureau



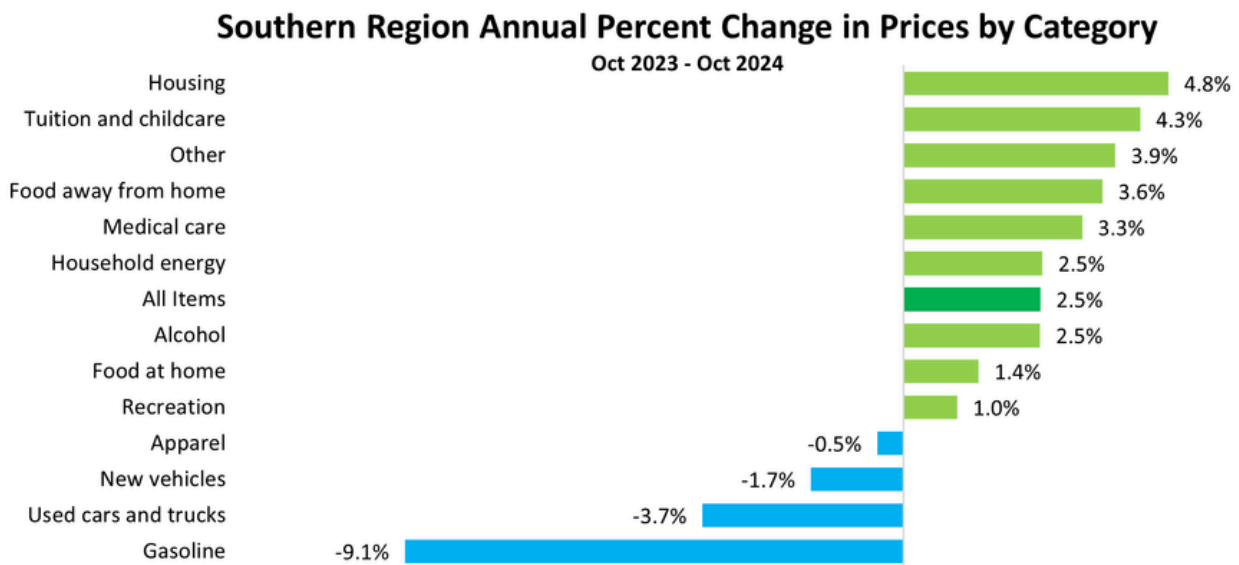
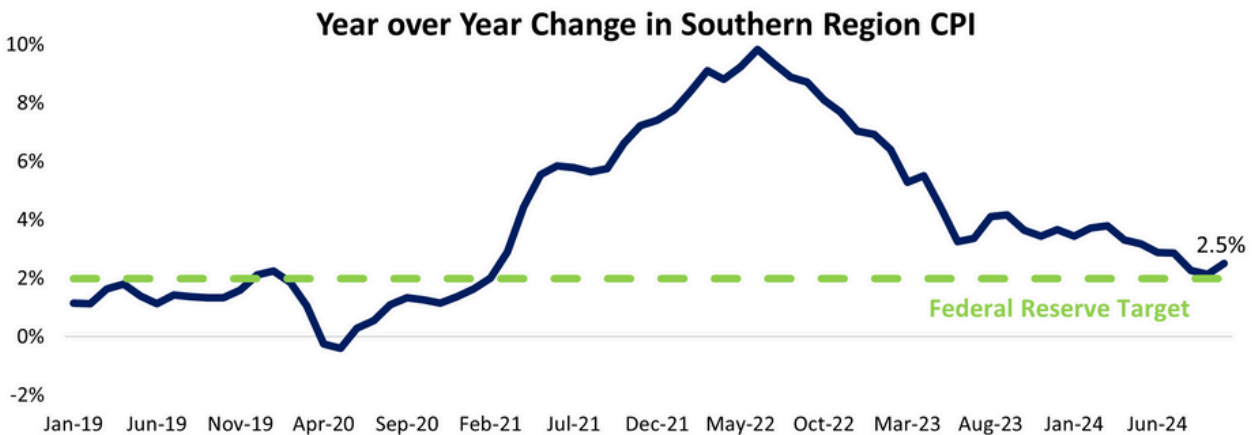
Inflation

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. **Year over year inflation rates in the Southern region went as low as 2.1 percent in September 2024 before ticking up slightly in October.**

The Federal Reserve, believing it had controlled inflation close enough to its target, **dropped interest rates twice this quarter which can help stimulate the housing and commercial real estate sectors of the economy.** Most prices continue to rise just not at the high rates experienced a few years ago.

Within the last year, **housing and childcare continue to experience high inflation due to limited supply.** The goods experiencing price declines like gasoline and vehicles have benefited from stabilization in the global supply chain.



Source: Bureau of Labor Statistics



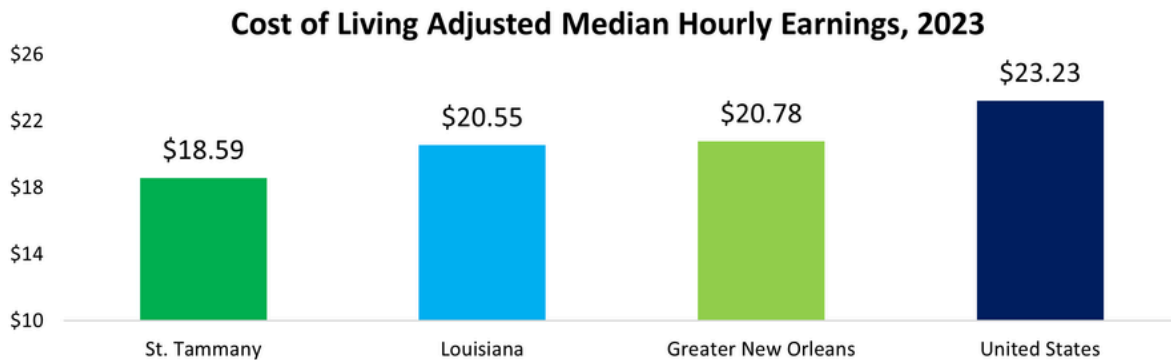
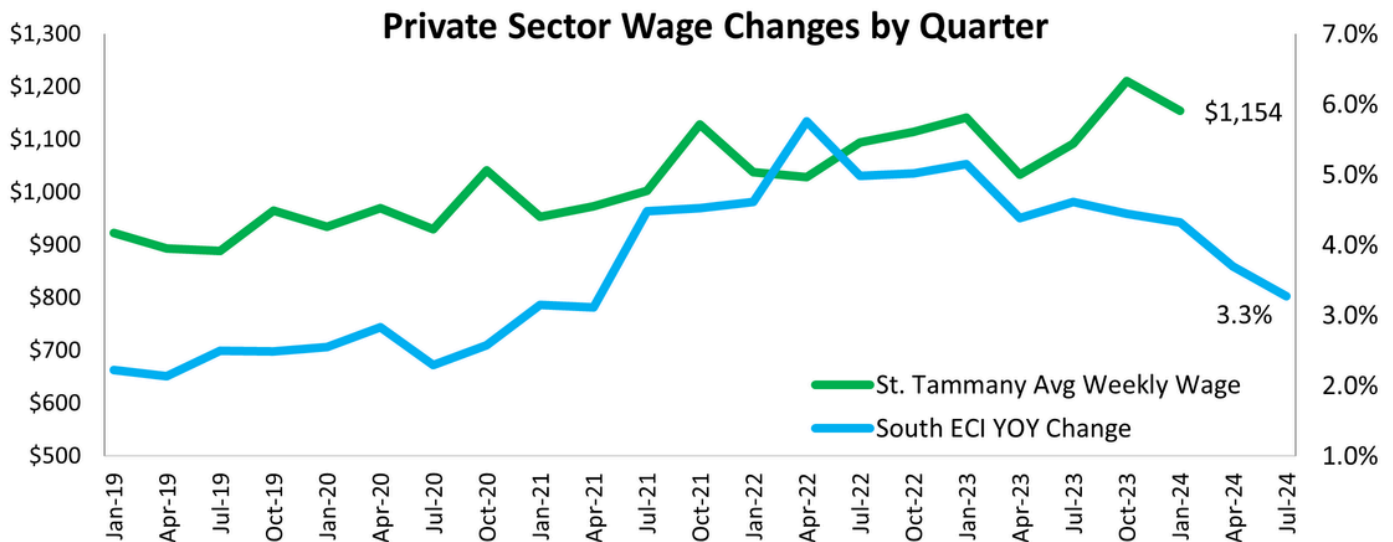
Wages

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 continued to renormalize. From Q3 of 2023 to Q3 2024, the year-over-year change rate was 3.3 percent. This rate is slowing down from the peak of 5.8 percent in Q2 of 2022. In Q3 of 2024 there was another 0.4 percentage point drop in the Southern ECI change rate.

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 Q1 of 2024 found that private sector workers in St. Tammany Parish were averaging about \$1,154 weekly in wages. Small decreases in Q1 are typical from the 4th quarter of the previous 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 over \$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.

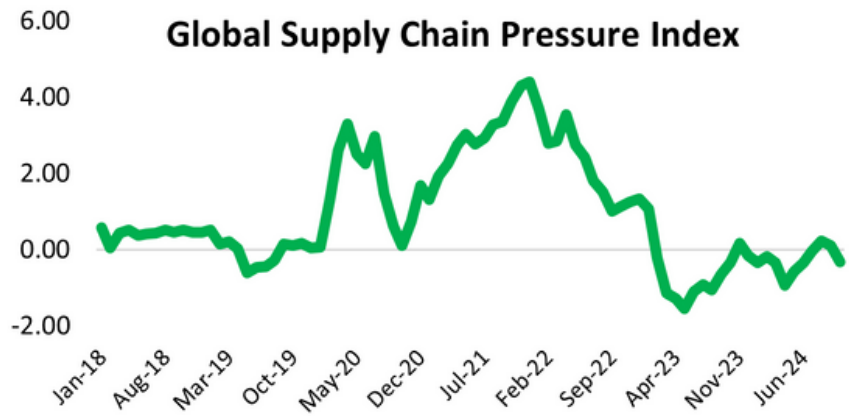


Source: Bureau of Labor Statistics and Lightcast 2024.4



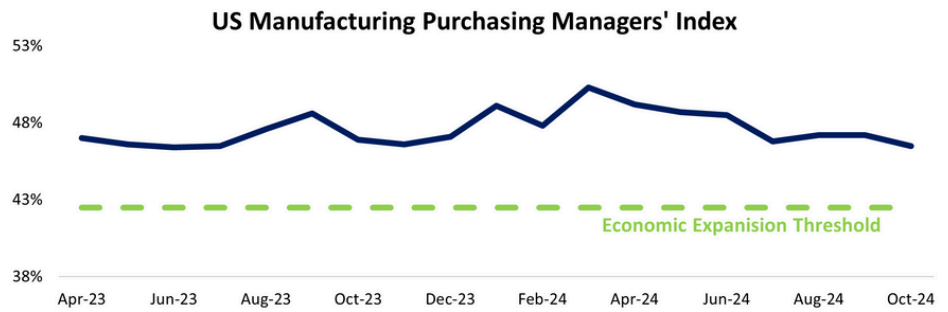
Manufacturing Industry

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.

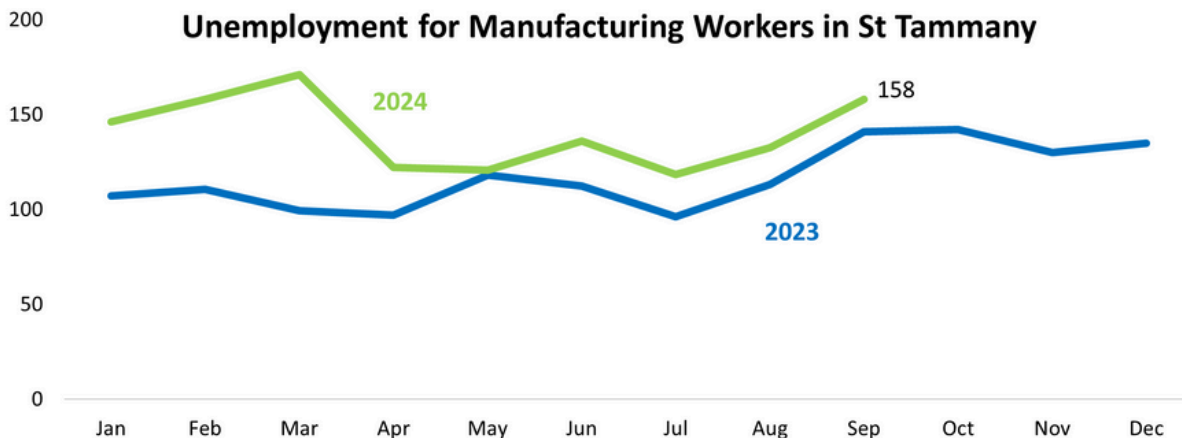


A manufacturing PMI score above 42.5 percent usually corresponds with expansion in the overall national economy. The US economy continues to maintain this threshold in PMI. **The PMI score increased in August 2024 to 47.2 percent but declined in October to one of its lowest scores over the last 19 months.**

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. The index for October 2024 indicated less stress to the global system.



In St. Tammany Parish, manufacturing unemployment has been on the rise in recent months. **In September 2024, there were 158 workers with experience in manufacturing that were out of work. Unemployment numbers in manufacturing have generally been higher than those in 2023 in the parish.**



Source: Federal Reserve Bank of New York, Institute for Supply Management, and Lightcast 2024.4



Service Industry

The ISM also produces a similar index of services industries. **The ISM defines the service industry as all industries except manufacturing.**

For these 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 except for a dip in June 2024. **The PMI score has been rising since then and reached 56 percent in October 2024.**

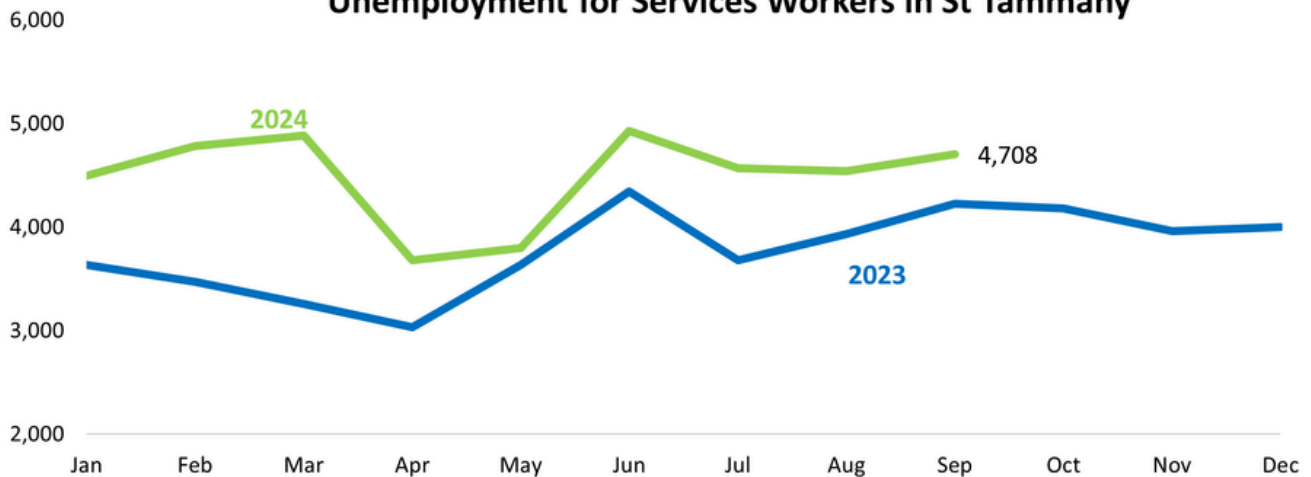
The **year-over-year change rate in Services PMI** from October 2023 to October 2024 was a **7.9 percent increase**.

Jobs in the service industry (non-manufacturing industries) in St. Tammany have grown steadily in recent years. Data also indicates that unemployment is also rising in these sectors. Unemployment for workers with experience in service industries in the third quarter of 2024 is only slightly above the previous year.

US Services Purchasing Managers' Index



Unemployment for Services Workers in St Tammany



Source: Institute for Supply Management and Lighcast 2024.4



Building Permits

Tracking the values and volumes of building permits is helpful in assessing the rate of the community's growth and where housing demand is focused. 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 264 in Q3 of 2024. This was 24 and 37 units lower than Q2 and Q1 levels respectively.

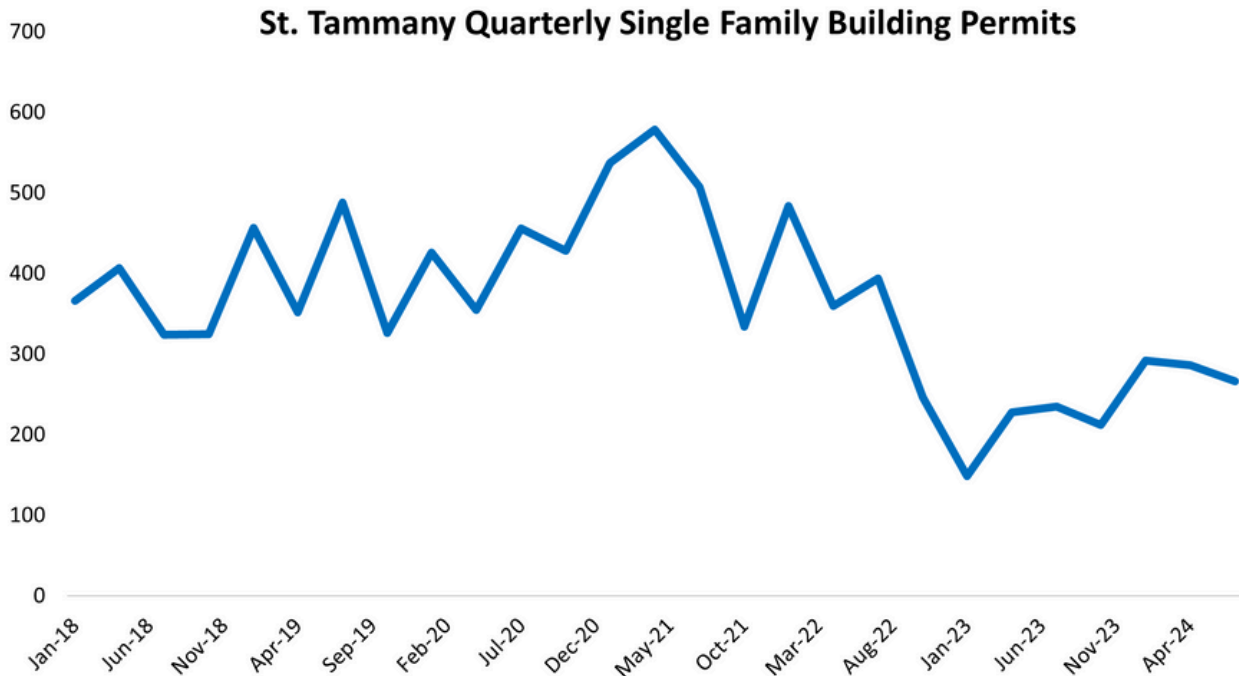
While the number of units slowed in Q3, the average value of these permits increased by almost \$50,000 from the previous quarter. Almost all these units were single family permits.

The number of units permitted in first three quarters of 2024 are higher than the levels in 2023. This low point was likely due to high interest rates dampening investment.

The construction sector may be responding to a better financing environment in the wake of two rate cuts in Q3 by the Federal Reserve.

St. Tammany Parish New Private Sector Housing Permits

Month	Value	Units	Average
Jul-24	\$33,576,000	93	\$361,000
Aug-24	\$33,315,000	94	\$354,400
Sep-24	\$28,088,000	77	\$364,800
Q3 2024 Totals	\$94,979,000	264	\$359,800



Source: US Census Bureau and HUD SOCDS Building Permits Database



Residential Real Estate Market

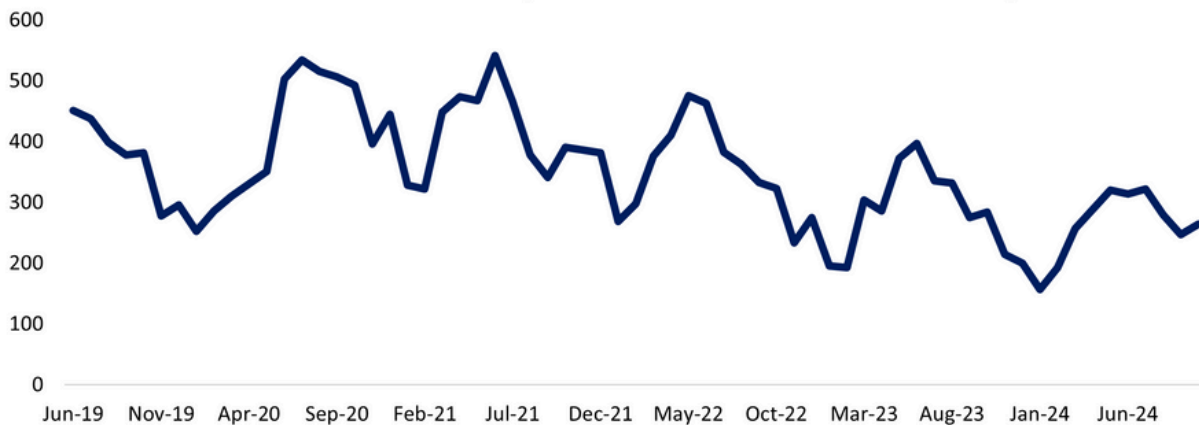
In October 2024, 264 sales closed on residential properties in St. Tammany Parish. This was a 7 percent decrease from the previous year. The inventory of homes for sale increased in the last year from 1,137 properties to 1,424, a 25 percent increase.

The average number of days on the market in the Parish has also risen from 52 days to 62 days from October 2023 to October 2024. **The increase in supply combined with the lower demand has helped stabilize housing prices in the parish, helping keep the parish an affordable place to live.**

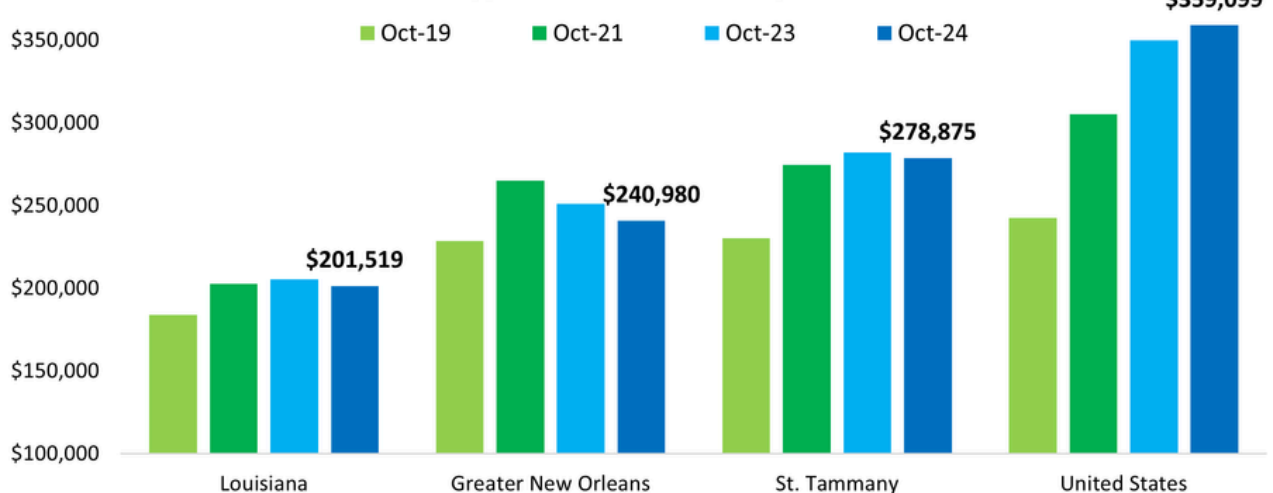
Zillow develops their data based on all homes in a region, not just recent sales, to determine the typical value for a home in each region. **This value for St. Tammany was \$278,875 for October 2024. This is higher than the typical values for the Greater New Orleans area and the state overall.**

The year over year change for typical home value dropped in the parish by 1.2 percent, this was less of a drop than experienced at the metro and state level, but the US average increased by 2.6 percent for this same timeframe.

St. Tammany Number of Houses Sold Monthly



Typical Home Value by Area



Source: New Orleans Metropolitan Association of Realtors and Zillow Research



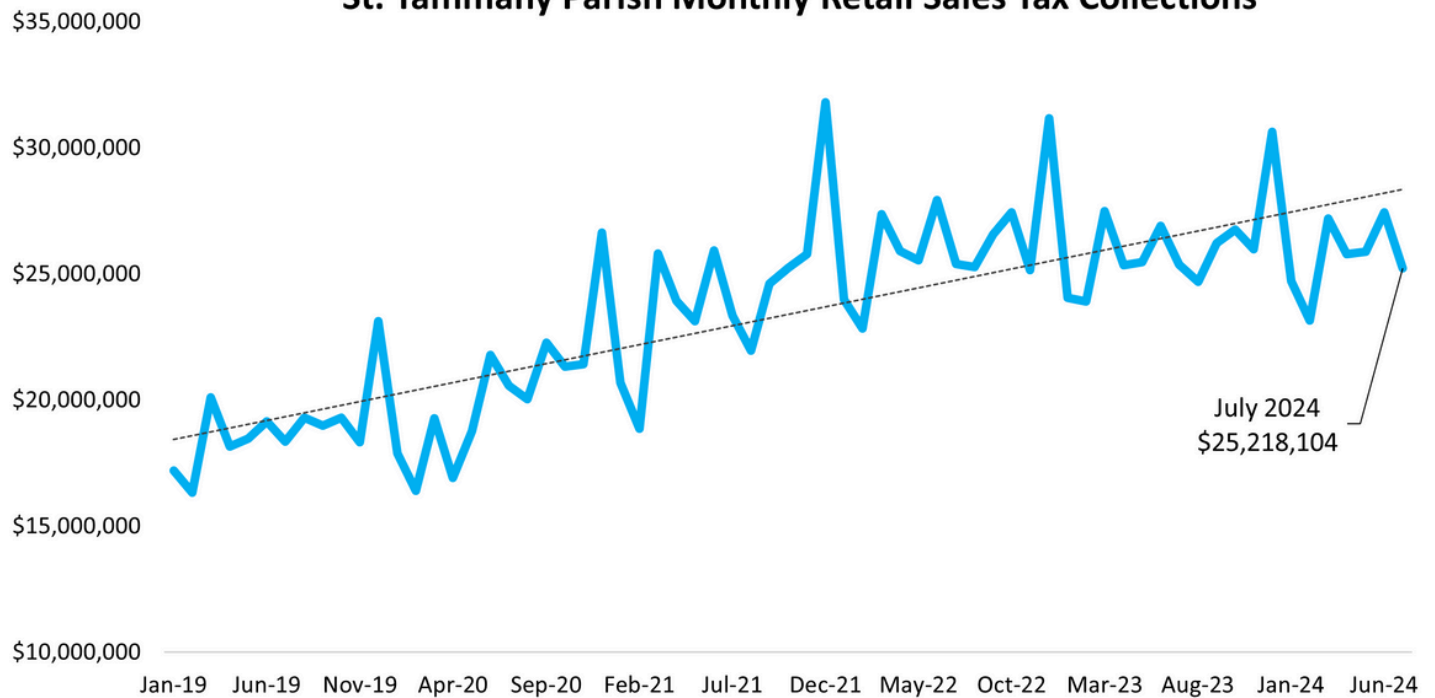
Retail Sales Tax

The graph below shows the total amount of sales tax collected within the parish from January 2018 through the end of July 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 July 2024 was \$25.2 million. This is a 0.6 percent decrease from the level in July 2023. Collections have held stable in the last year. Consumer spending may tick upward as consumers feel more secure about inflation remaining low and their wages continue to rise.

St. Tammany Parish Monthly Retail Sales Tax Collections



Source: St. Tammany Parish Sheriff's Office



Key Takeaways

- The Federal Reserve reduced the deferral funds rate twice in the third quarter of 2024. As a result, interest rates are trending down. 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. **If monetary and fiscal policy continue to be growth minded, St. Tammany is likely to continue to experience lower levels of unemployment.**
- **Entrepreneurship in the parish continues to be strong, and new business formation levels remain elevated.** St. Tammany has added more business than businesses have closed each year from 2019 to 2022.
- Inflation is hovering just above the two percent year-over-year target. The **price of some goods, like used cars and gasoline, have even fallen** in the last year. **Prices for some essential goods like housing, food away from home, energy bills, and childcare remain higher** than normal.
- Wage growth rates in the region are moderating back to pre-pandemic levels. **This means workers should be increasing their earnings at rates higher than the rise in prices. This stabilization also helps moderate employer's costs.**
- While housing prices increased early in the pandemic in St. Tammany Parish, the housing market is much more stable and not experiencing dramatic increases like other parts of the country. **This helps the area remain an affordable option for existing and potential workers.** Home values have been steadied by continued building and manageable demand.
- Parish retail sales data, and thus tax collections, have remained relatively flat in recent months, reflecting stable consumer spending. **The average consumer has been wary of inflation, and it will be important to continue to monitor spending as inflation has continued to stabilize.**
- Labor force participation rates in St. Tammany Parish are still below the regional, state, and national averages. **Demographic data suggests that participation is strong among the most educated, but people with lower levels of education have some of the lowest levels of employment in the parish.**



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