

# The Analyst

ST. TAMMANY CORPORATION'S ECONOMIC RESEARCH PUBLICATION

Q1 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.

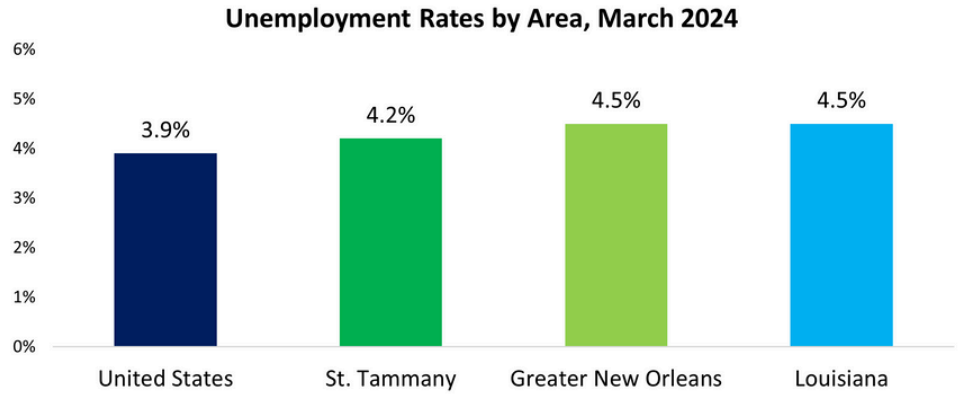
This report covers data made available by the first quarter of 2024. Data for St. Tammany Parish is compared with the Greater New Orleans region, the state of Louisiana, and the nation. Throughout this report the Greater New Orleans region is measured using the New Orleans-Metairie, LA metropolitan statistical 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 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

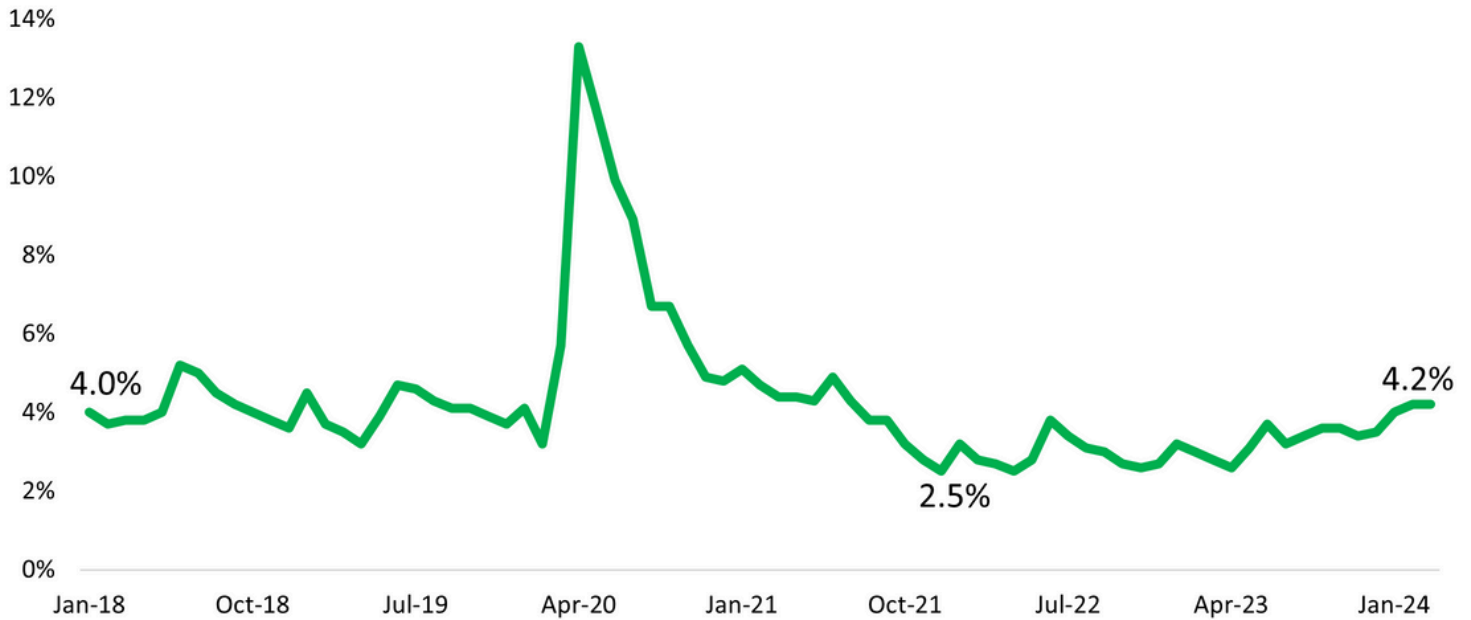
The graph below shows the historical unemployment rate in St. Tammany Parish from January 2018 to March 2024. In the recovery from the COVID-19 pandemic, the Parish experienced historic lows of 2.5 percent unemployment in December 2021. By March 2024, the rate had increased to 4.2 percent.



This rise in unemployment is not a true cause for concern – it still 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.

This 4.2 percent unemployment rate is still lower than the Greater New Orleans and Louisiana averages, but slightly higher than the national average.

## St. Tammany Parish Unemployment Rate



Source: Bureau of Labor Statistics

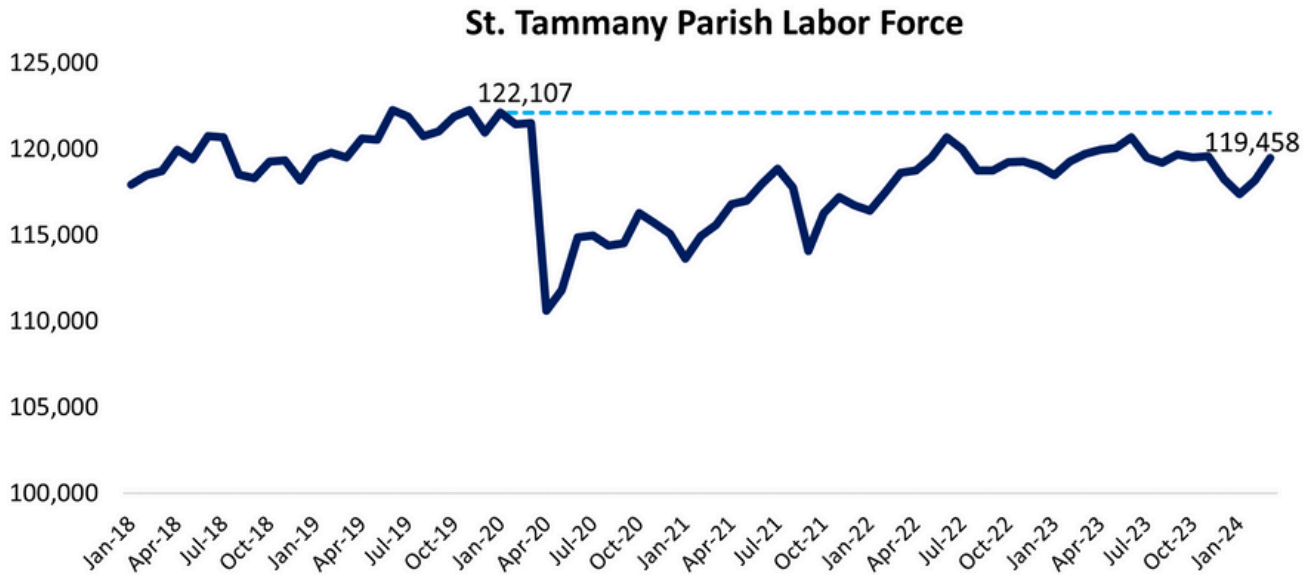




# Labor Force

The labor force is defined as the number of working-age people who are either employed or unemployed and actively seeking employment. In March 2024, the Bureau of Labor Statistics measured 119,358 St. Tammany residents participating in the labor force.

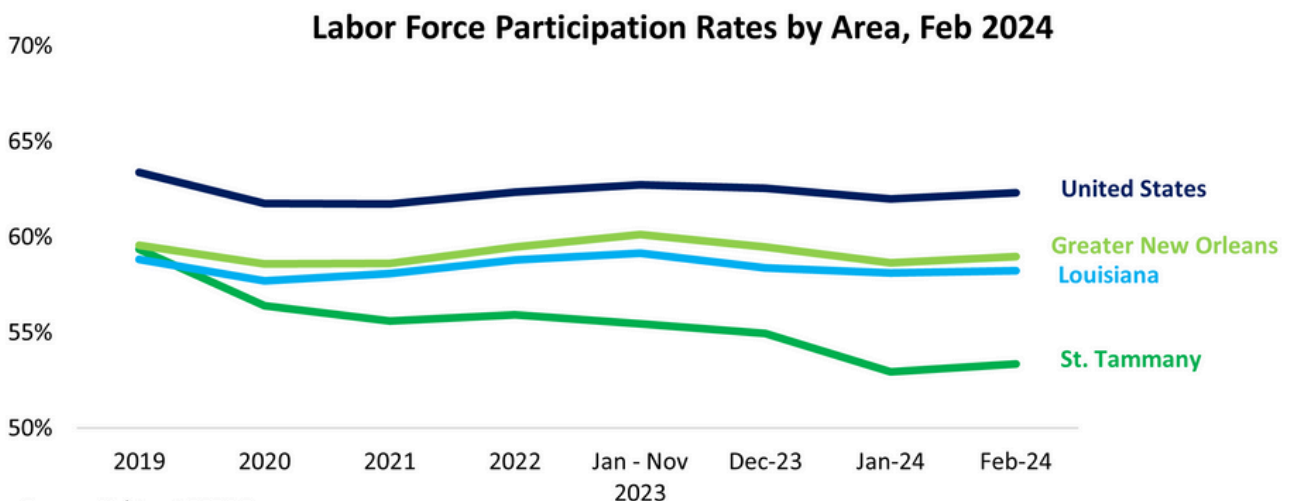
This most recent data point of labor force size for the Parish was 2,649 lower than the level of 122,107 in January 2020 before the start of the COVID-19 pandemic.



The decline in St. Tammany’s labor force is a result of less residents participating. The working-age population in the labor force (labor force participation rate) for the Parish was 53.4 percent in February 2024. This is a drop of 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.

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

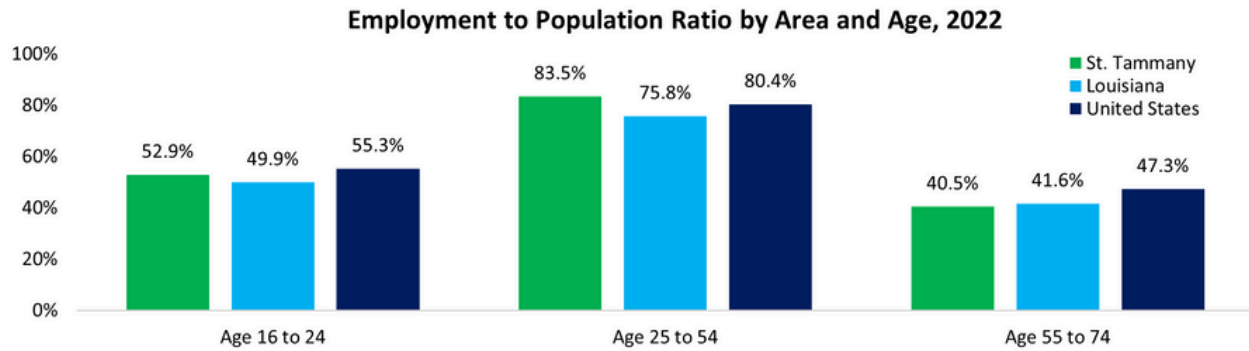


Source: Bureau of Labor Statistics and Lightcast 2024.2



# 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 because if labor force participation rates are high and unemployment rates are low then the EPOP value will be high.

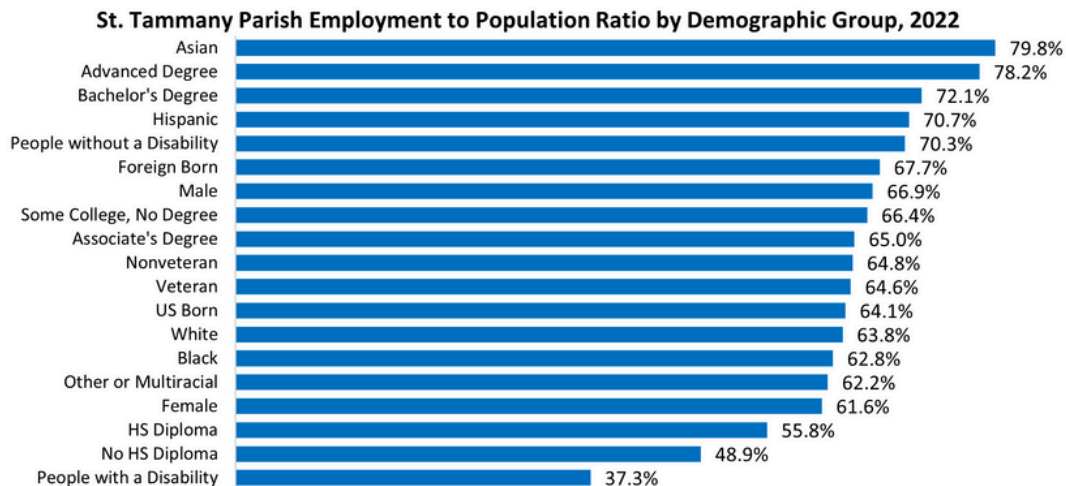


Source: EL calculations based on US Census Bureau microdata

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 age 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 in the Parish is likely from the retirement of older workers. Nationally, it is estimated that an additional two to three million workers over the age 55 decided to retire early.

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 limiting women from participating in the workforce.



Source: EL calculations based on US Census Bureau microdata

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

Source: US Census Bureau Microdata

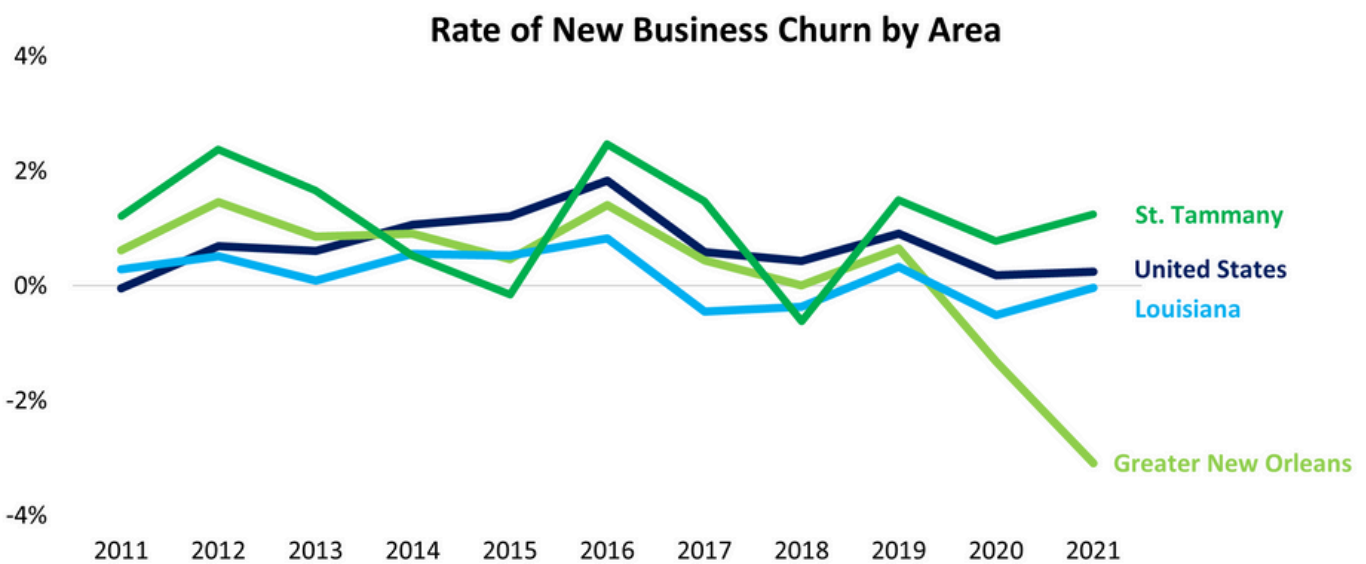
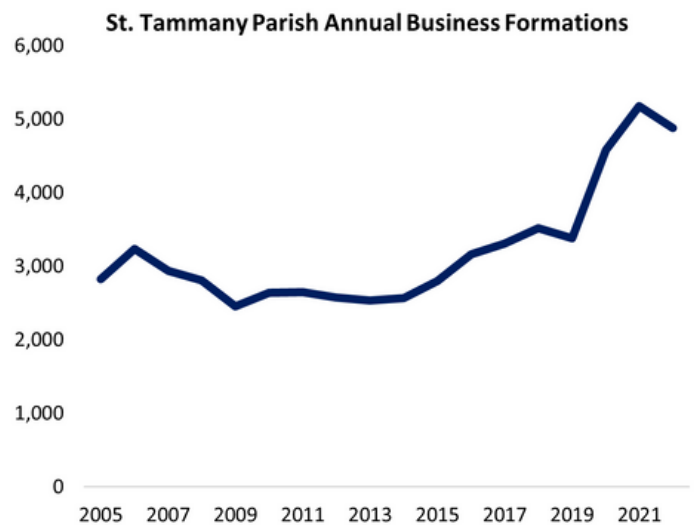
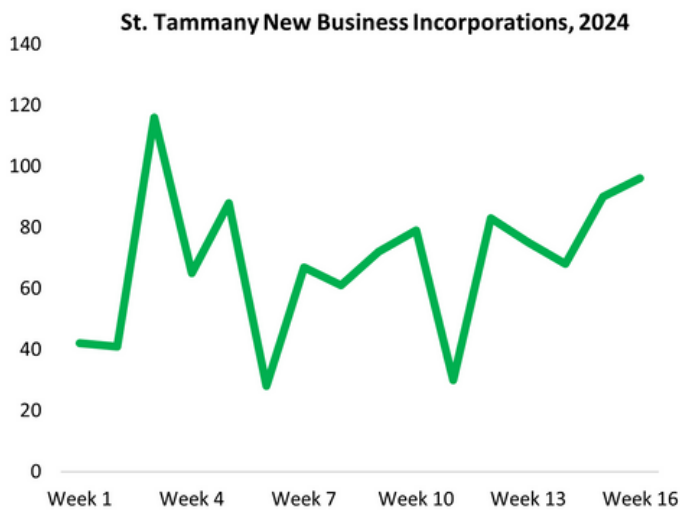


# New Business Incorporations

Available data shows there was an average of 67 new business incorporation filings per week in St. Tammany in Q1 2024. There were 1,005 total new business incorporations in the parish in the first three months of 2024.

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 2022, St. Tammany Parish had 4,880 new employer business formations. This is slightly lower than the year before, 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



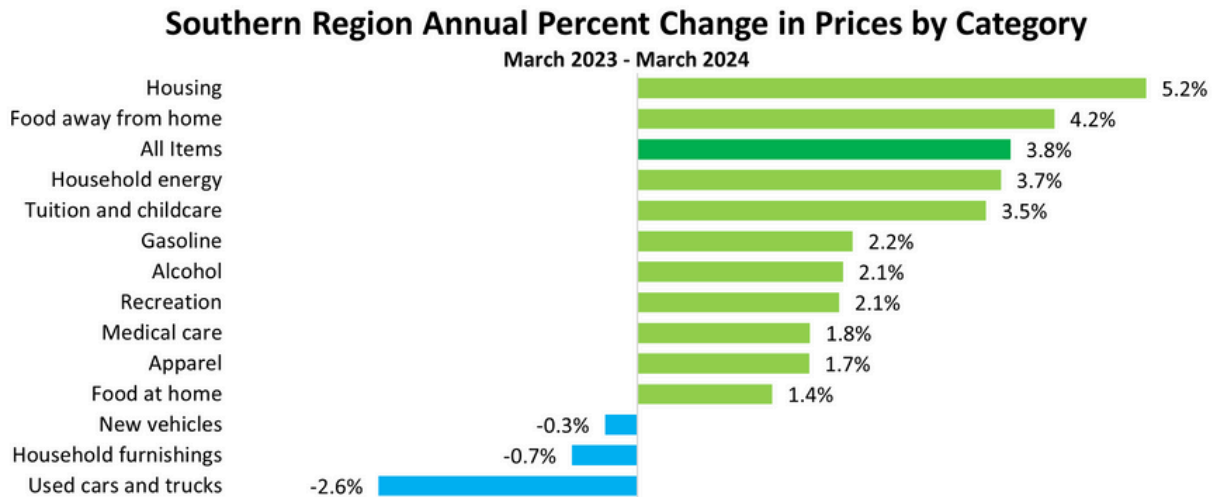
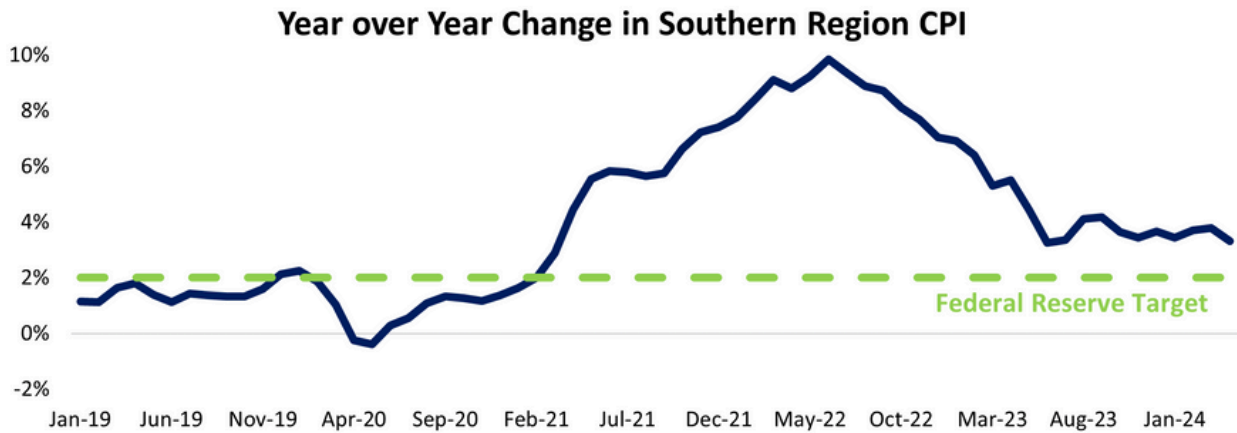
# Inflation

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 global supply chain bottlenecks, very low interest rates, higher demand during and after COVID, and foreign conflicts affecting gas prices.

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 and have averaged around 3.6 percent for the last few months. This is still above the target rate of 2 percent.

From March 2024 to April 2024, the year over year inflation rate dropped from 3.8 percent to 3.3 percent. If this trend continues, the Federal Reserve is expected to begin dropping interest rates later this year which can help stimulate housing and commercial real estate sectors of the economy.

Supply chain disruptions due to global conflicts and weather events continue to contribute to inflation, as does a deficit in housing and childcare supply.



Source: Bureau of Labor Statistics



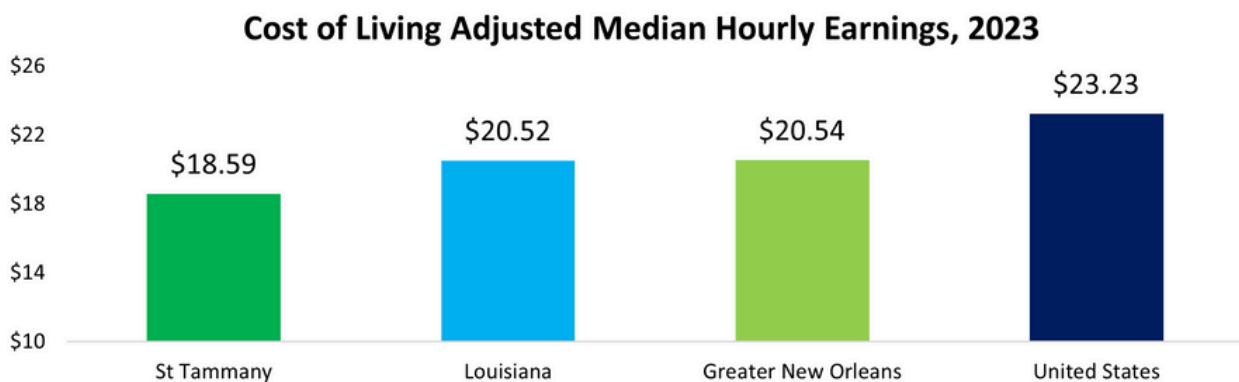
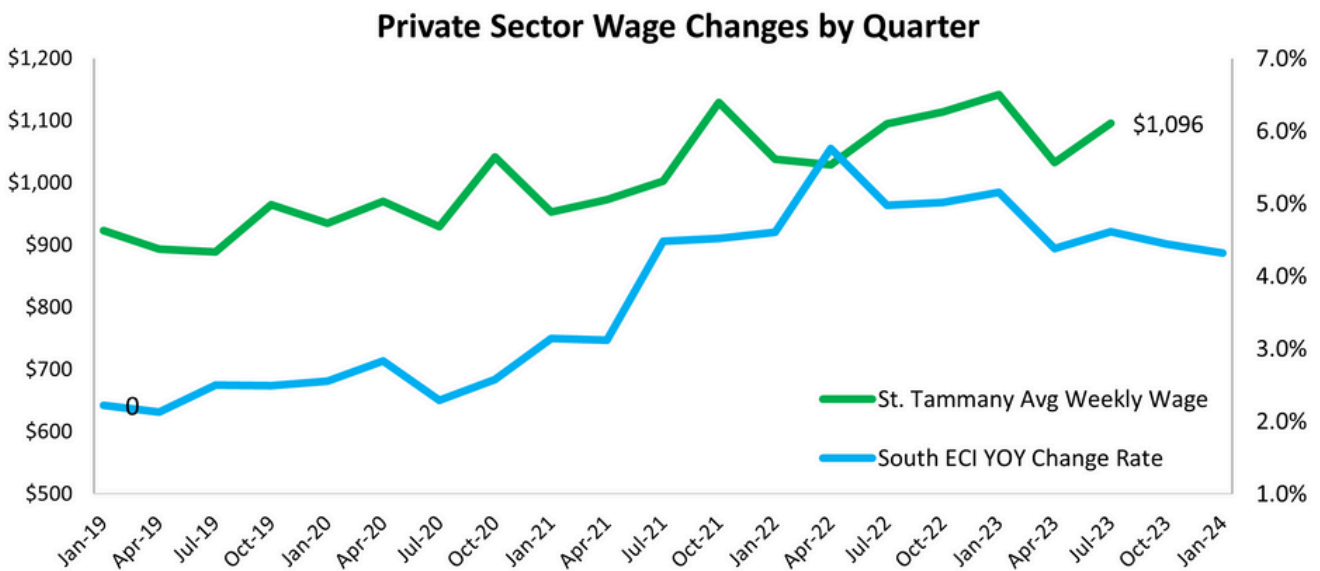
# Wages

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 4.3 percent from Q1 of 2023 to Q1 2024. This rate is slowing down from the peak of 5.8 percent in Q2 of 2022 but remains elevated above pre-pandemic levels.

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 Q3 of 2023 found that private sector workers in St. Tammany Parish were averaging about \$1,096 weekly in wages.

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 about \$2 below the New Orleans and Louisiana averages and \$4.60 below the national average.



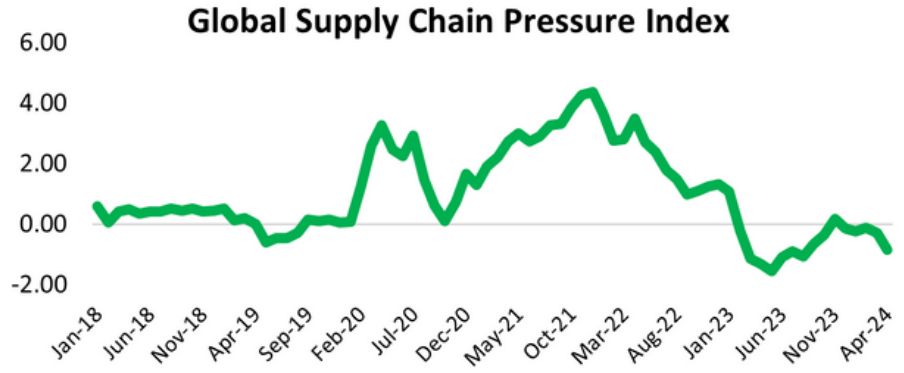
Source: Bureau of Labor Statistics and Lightcast 2024.2





# 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.

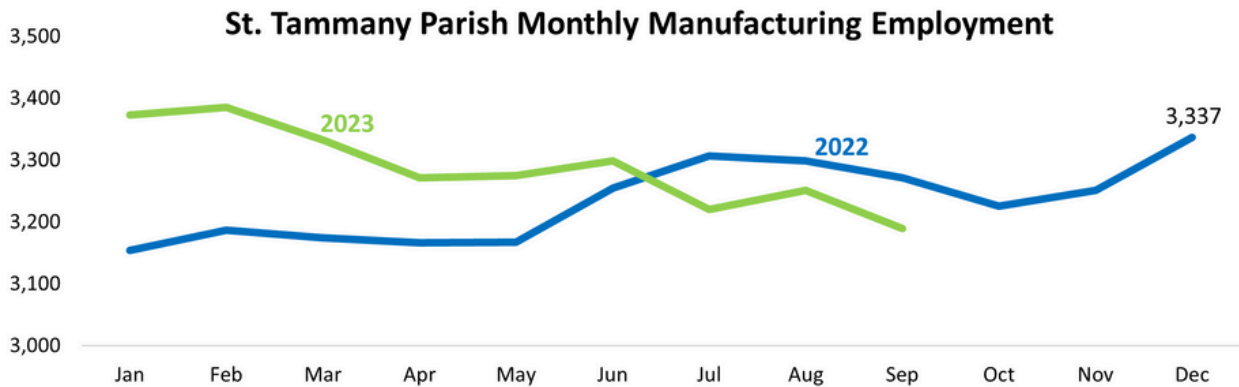
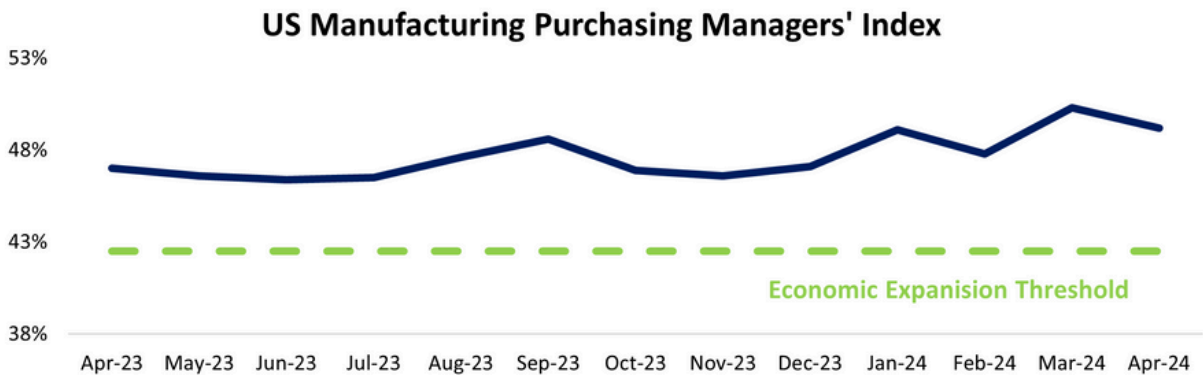


Source: Federal Reserve Bank of New York

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 and the year-over-year growth rate from April 2023 to April 2024 was 4.7 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 April 2024 was less than one standard deviation from the norm.

In St. Tammany Parish, manufacturing employment experienced gains during most months of 2022, but began to dip in 2023. The year-over-year change from Sept 2022 to Sept 2023 was -2.5 percent.



Source: Federal Reserve Bank of New York, Institute for Supply Management, and Lighcast 2024.2



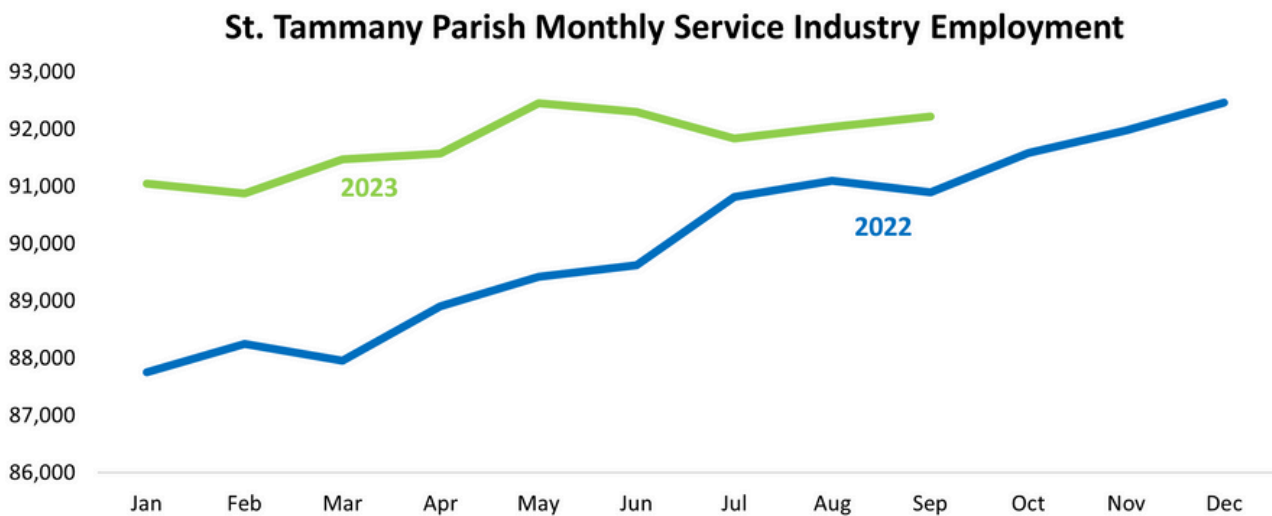
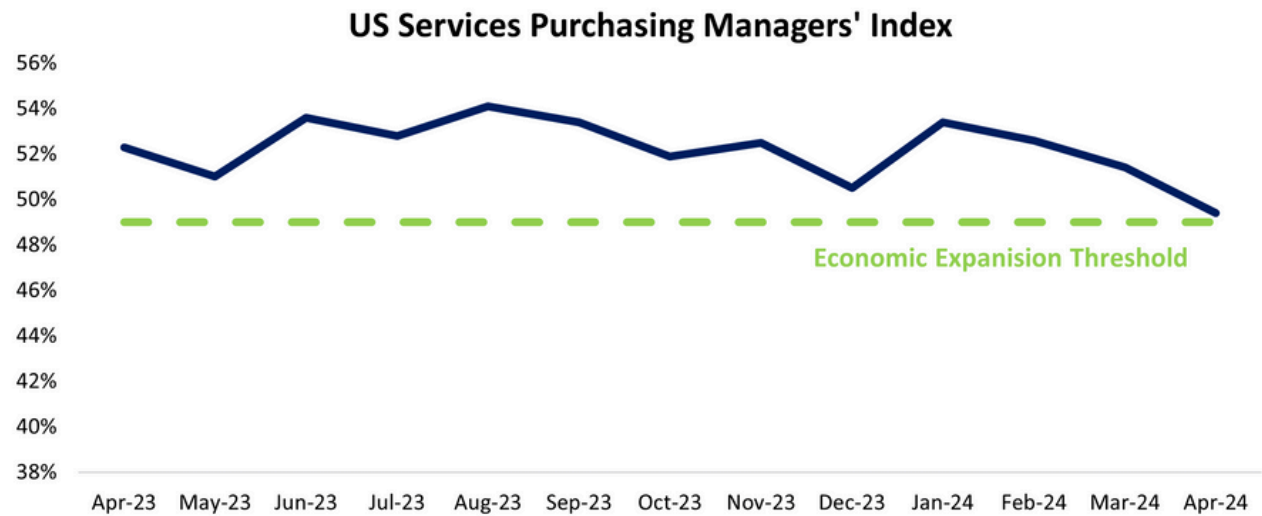
# Service Industry

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 has maintained this threshold in PMI but has experienced declines in PMI in recent months.

The year-over-year change rate in Services PMI from April 2023 to April 2024 was -5.5 percent.

Jobs in the service industry (non-manufacturing industries) in St. Tammany grew steadily throughout 2022, in 2023, employment increased at a slower rate. The year-over-year employment change from Sept 2022 to Sept 2023 was 1.5 percent.



Source: Institute for Supply Management and Lighthcast 2024.2



# 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 table to the right shows the values for the New Orleans area in the first quarter of 2024. During this time, 519 private sector residential units were permitted averaging a value of \$337,310 per unit.

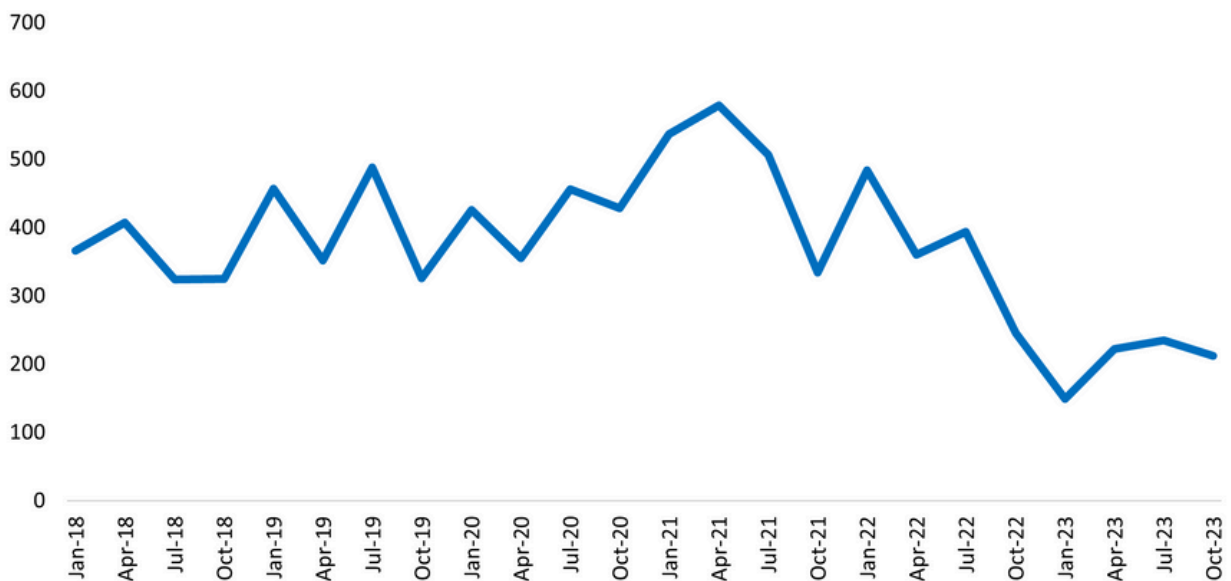
The total value of permits and the number of units in Q1 2024 is down from the previous year (Q1 2023), but the average value per unit has increased 46 percent in this same time period.

Data on the number of units permitted in St. Tammany Parish is available up to the end of 2023. In Q4 of 2023, 212 residential permits were granted. All of these permits were for single family houses. The recent decline in permits is likely due to high interest rates dampening investment and housing churn.

New Orleans Combined Statistical Area  
New Private Sector Housing Permits

Month	Value	Units	Average
Jan-24	\$95,021,000	228	\$416,760
Feb-24	\$41,794,000	154	\$271,390
Mar-24	\$38,249,000	137	\$279,190
<b>2024 Totals</b>	<b>\$175,064,000</b>	<b>519</b>	<b>\$337,310</b>

St. Tammany Quarterly Single Family Building Permits



Source: US Census Bureau and HUD SOCDs Building Permits Database



# Residential Real Estate Market

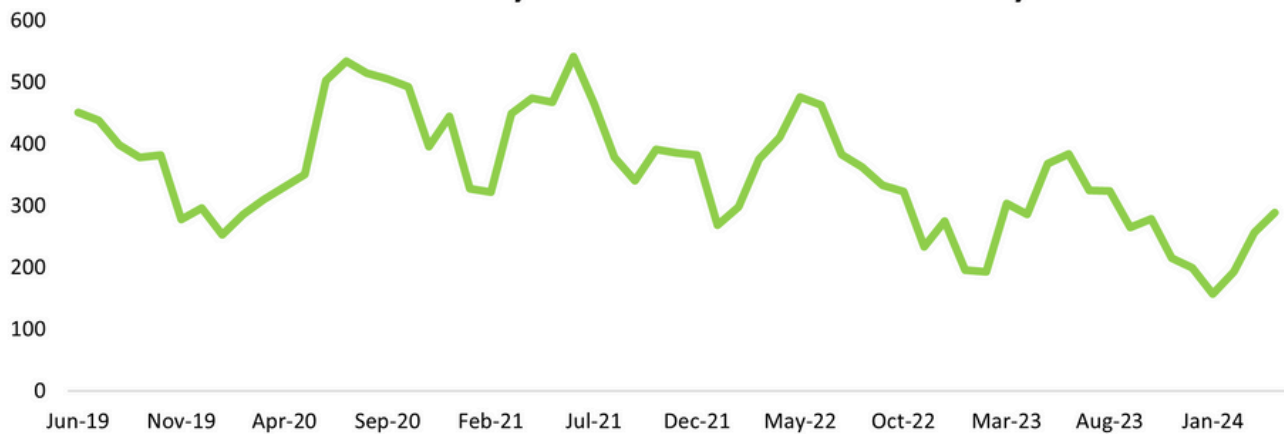
In April 2024, 289 sales closed on residential properties in St. Tammany Parish. This was a 1 percent increase from the previous year. The inventory of homes for sale also increased in the last year from 944 properties to 1,232, a 30.5 percent increase.

The average number of days on the market in the Parish has also risen from 39 days to 62 days from April 2023 to April 2024.

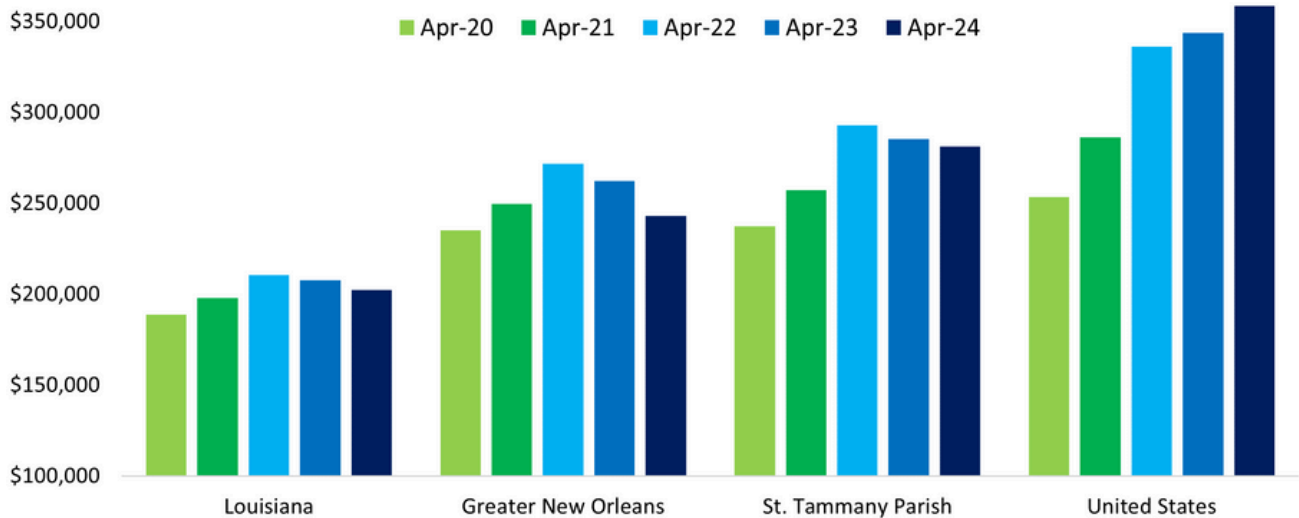
Zillow uses their data on all homes in a region, not just recent sales, to determine the typical value for a home in each region. This value for St. Tammany was \$281,210 for April 2024. This is higher than the typical values for the Greater New Orleans area and the state overall.

The year over year change for typical home value dropped in the parish by 1 percent, this was less of a drop experienced in the metro and state level, but US average increased by 4 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





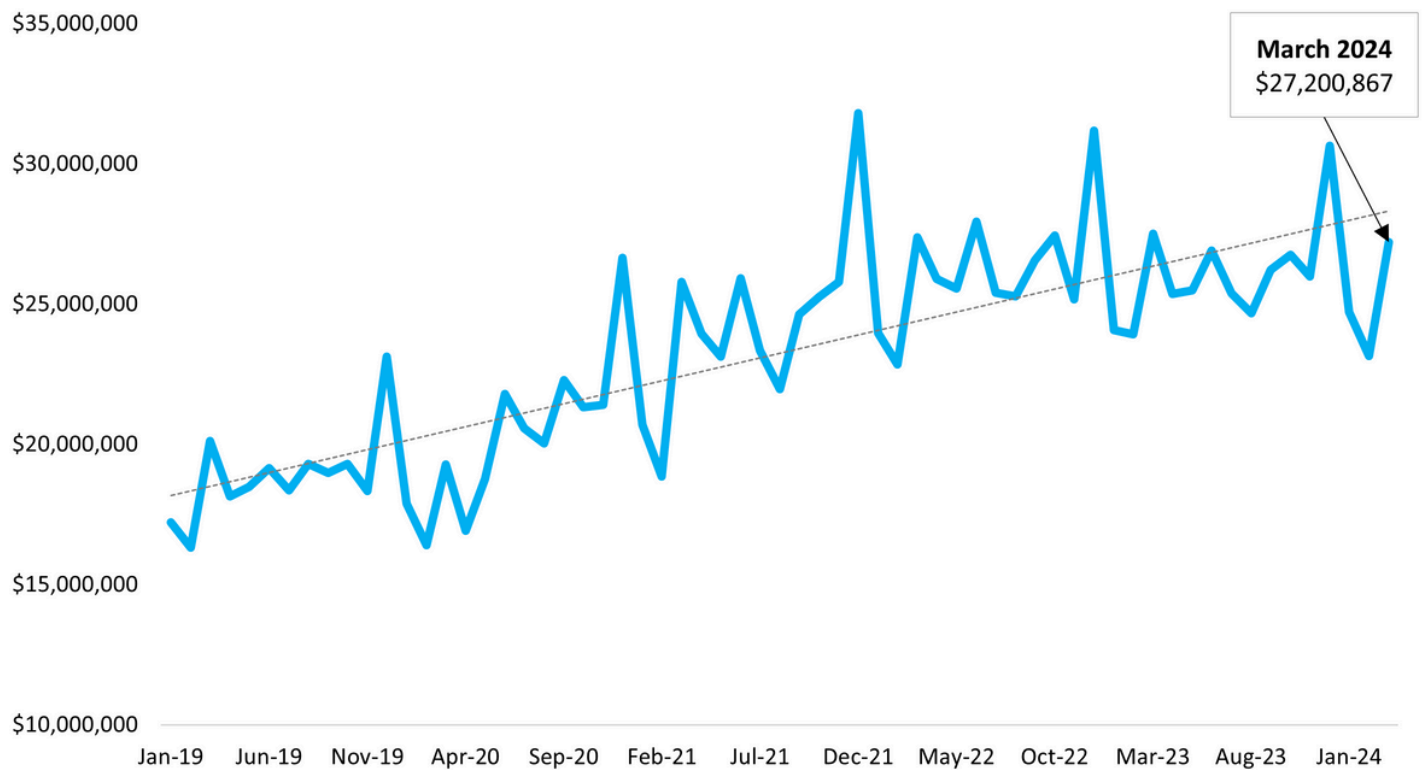
# Retail Sales Tax

The graph below shows the total amount of sales tax collected within the parish from 2018 through the end of Q1 2024. This provides insight into consumer spending in the parish and the amount of 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 March 2024 was \$27.2 million. This is a 1.1 percent decline from the level in March 2023.

### St. Tammany Parish Monthly Retail Sales Tax Collections



Source: St. Tammany Parish Sheriff's Office



# Key Takeaways

The past few years have created many external pressures on the global economy. Within a short time, the economic focus shifted from stimulating and reopening the economy after COVID to pushing the brakes on inflation and trying to achieve a soft landing that did not spark a recession. Nationally, the Federal Reserve has not yet managed to land near their two percent inflation target, but it has curtailed inflation without triggering a recession. The data from this report show this to also be the case for the St. Tammany economy.

The rate of inflation in the region has come down significantly. The price of some goods, like furniture and used cars, have fallen in the last year. Other goods like housing, food away from home, energy bills, and childcare are retaining higher rates and preventing the Federal Reserve from meeting their targets.

Unemployment in the Parish ticked up some after the Federal Reserve began raising interest rates to combat inflation. The unemployment rate in the parish is still within the natural rate of unemployment and is lower than the New Orleans region and Louisiana averages.

The data also suggests that the St. Tammany real estate market is weathering the strain of higher interest rates. 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. Residential building permit data shows slower supply, but these levels have been stable for several months.

One area of concern is the labor force has not returned to its full pre-pandemic strength. The rate of labor force participation in St. Tammany has been declining in recent years. Data suggests that prime-age participation is strong, but younger and older residents are less likely to be in the labor force.

Wages earned by St. Tammany's workers are rising, but the median earnings in the Parish remains lower than potential earnings in New Orleans, elsewhere in Louisiana, and the national average.

Regional retail sales data suggest that consumers in the parish are moderating their spending on discretionary goods as inflation continues to grow above targets. Retail sales tax collections in the last twelve months have been almost the same as the preceding 12 months. Further improvement to inflation would likely result in more spending and growth in local tax revenues.



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