

SOUTHWEST LOUISIANA ECONOMIC INDICATORS

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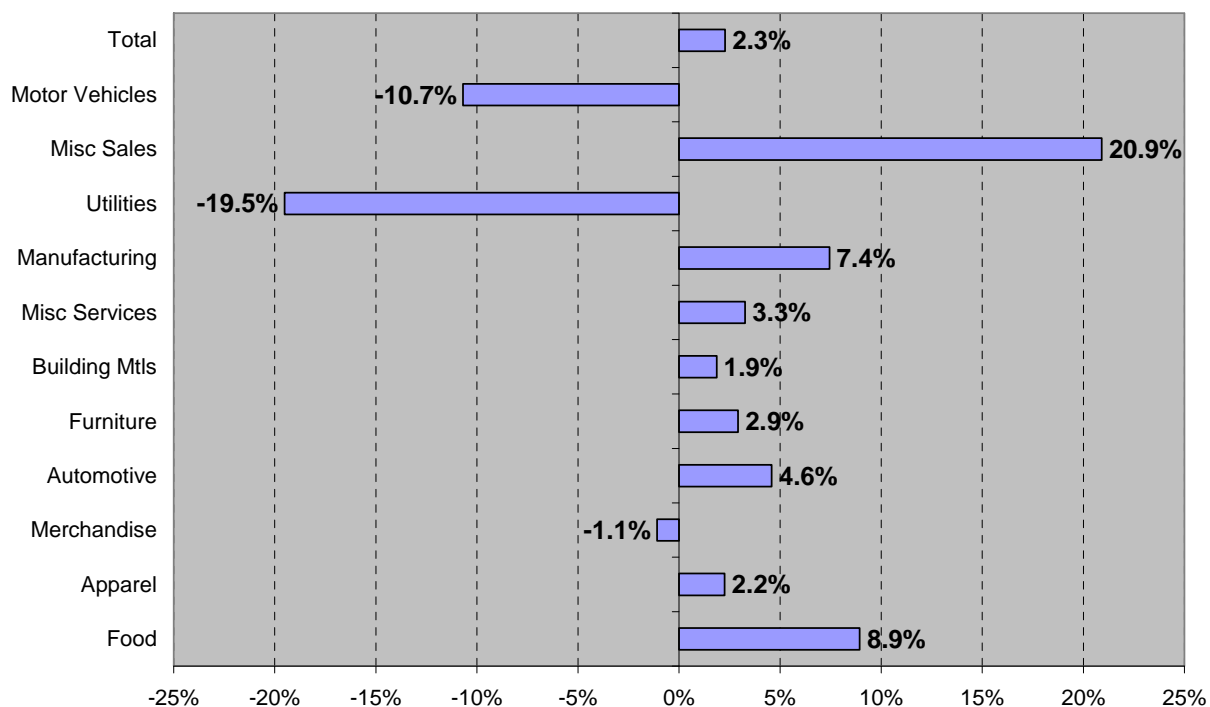
December 15, 2008

<http://www.mcneese.edu/drewecon>

Taxable Sales—Calcasieu Parish

Cumulative total taxable sales in Calcasieu Parish from January through October 2008 exceeded \$3.7 billion. This figure outpaced sales in the same period of 2007 by nearly \$83 million—or 2.3% as shown in the chart below.

**Year-to-Date Taxable Sales for January through October
Percent Change from 2007 to 2008**



The increase in taxable sales extended across eight out of eleven categories of sales including food, apparel, automotive, furniture, building materials, miscellaneous services, manufacturing, and miscellaneous sales. During the first ten months of 2008 only three categories of taxable sales declined—merchandise, utilities, and new and used motor vehicles.

The categories of taxable sales reported in the chart are defined as follows:

- **Food** — Grocery stores, fruit/vegetable markets, meat/seafood markets, restaurants and cafes, nightclubs, lounges, package liquor stores, egg/poultry dealers, bakeries, etc.
- **Apparel**— Clothing, millinery, accessory, specialty shops, shoe stores.
- **Merchandise** — Department, dry goods, variety, drug, feed & seed, hardware, farm implements, general merchandise, pawn shops, etc.
- **Automotive** — Automotive dealers, auto parts, accessories, motorcycle, aircraft, marine and mobile home dealers, service stations, repair shops, tire and battery dealers.
- **Furniture** — New and used furniture, household appliances, store and office equipment, hotel, motel, restaurant and institutional suppliers, medical and dental equipment and suppliers.
- **Building Materials** — Building and construction contractors, lumber, paint and wallpaper stores, heavy equipment.
- **Miscellaneous Services** — Hotel, motels, hospitals, rental and leasing of tangible personalty, bowling alleys, laundry, cleaning and alterations, machine shops and fabrications, and gaming industry.
- **Manufacturing** — Petrochemical refineries, beverage bottlers, sand and gravel quarries, manufacturing not otherwise indicated.
- **Utilities** — Railroads, pipelines, telephone and telegraph, motor freight lines, bus lines, cable communications.
- **Miscellaneous** — Book stores, music stores, salvage yards, photographers, tobacco shops, florists/nurseries, funeral homes, itinerant vendors.
- **Motor Vehicles** — Sales reported by office of motor vehicles of new and used cars and other categories of transportation which require titling and/or registration.

It is noteworthy that total taxable sales during the month of October were over 11% higher than sales in the same month a year ago. This was a big reversal from the September comparison when sales were 12% lower than in the same month in 2007.¹ At least part of the dip in September sales can be attributed to disruptions associated with Hurricanes Gustav and Ike—when many residents of the parish evacuated and many businesses were closed. Some of the increase in October could be delayed September spending, but the increase is still quite remarkable in view of what was happening in the national economy at this time.² If the October surge in spending continues through November and December, 2008 could turn out to be a much better year than anticipated.

During the month of October 2008 the categories of sales registering increases compared to the same month a year ago were food (+6.3%), apparel (+9.5%), automotive (+125%), furniture (+5.4%), miscellaneous services (+5.2%), manufacturing (29.5%), miscellaneous sales (+103.9%). Categories that declined relative to October of 2007 were merchandise (-5.2%), building materials (-0.8%), utilities (-1.6%), and motor vehicles (-18.7%).

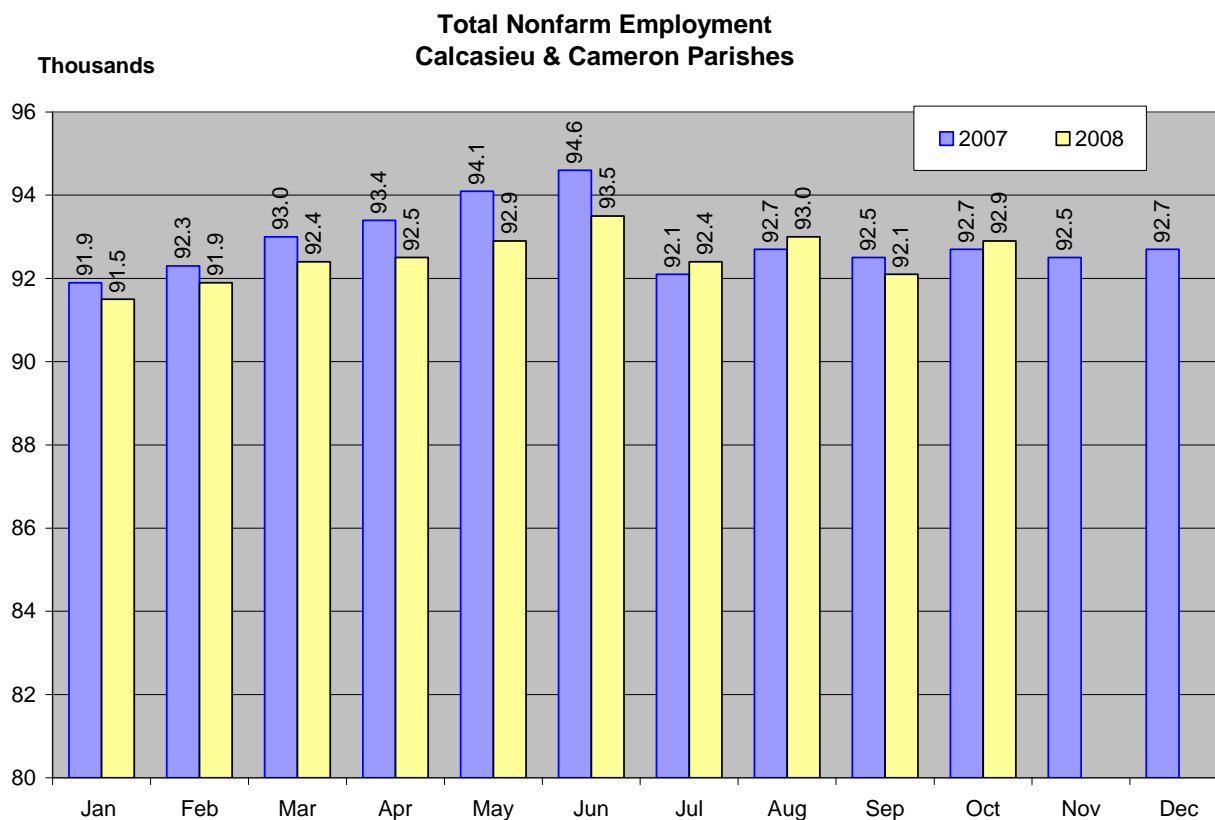
More extensive graphics illustrating recent trends in monthly and year-to-date taxable sales in Calcasieu Parish can be accessed on the H.C. Drew Center web page at www.mcneese.edu/drewecon.

¹ The 12% decline in September has been revised from the 19% drop originally reported in the Southwest Louisiana Economic Snapshot, November 12, 2008.

² Retail sales nationwide grew less than one-tenth of one percent in October.

Nonfarm Employment—Lake Charles MSA

Nonfarm employment in the Lake Charles Metropolitan Statistical Area including Calcasieu and Cameron Parishes rose by 200 jobs over the year between October 2008 and the same month in 2007—see chart below. Year-over-year same month comparisons indicate current year employment was higher in just three of the last ten months—July, August, and October.



The month-to-month gain in nonfarm employment from September and October of 2008 was 800 jobs—roughly 400 more jobs in construction, 200 more jobs in government, 100 more jobs in retail trade, and 100 more jobs in professional and business services.

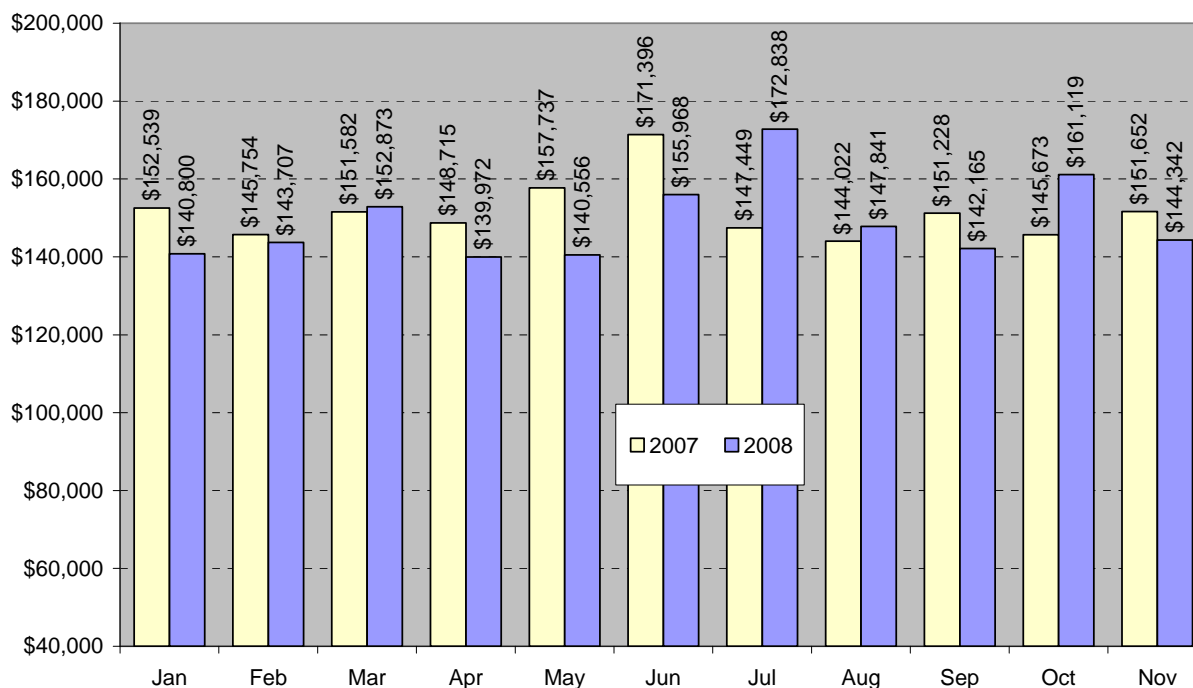
In the five-parish area of Southwest Louisiana the October unemployment rate was highest in Allen Parish (6.3%) and lowest in Jefferson Davis Parish (4.1%). The unemployment rate was 4.8% in Calcasieu Parish, 5.1% in Cameron Parish, and 5.6% in Beauregard Parish. The Louisiana statewide unemployment rate was 5.5% and the United States national unemployment rate was 6.5%.

The H.C Drew Center web page provides more extensive graphics illustrating trends in the components of nonfarm employment in the Lakes Charles MSA estimated from a survey of employers. It also provides graphics of total employment, unemployment, and the unemployment rate estimated from a survey of households in for each of the five parishes. See www.mcneese.edu/drewecon.

Real Estate Activity

Statistics provided by the Southwest Louisiana Association of Realtors indicate that the average sales price of single family homes sold in November 2008 was \$144,342—about 4.8% below the average sales price in November 2007. Same month comparisons, shown in the chart below, indicate that the average sales price was higher in four of the first eleven months of 2008—March, July, August, and October.

**Average Price for Single Family Homes Sold
Calcasieu Parish**



The cumulative year-to-date average sales price for single family homes sold in this eleven month period was \$148,269—only 2.4% below the January through November average sales price of \$151,652 in 2007.

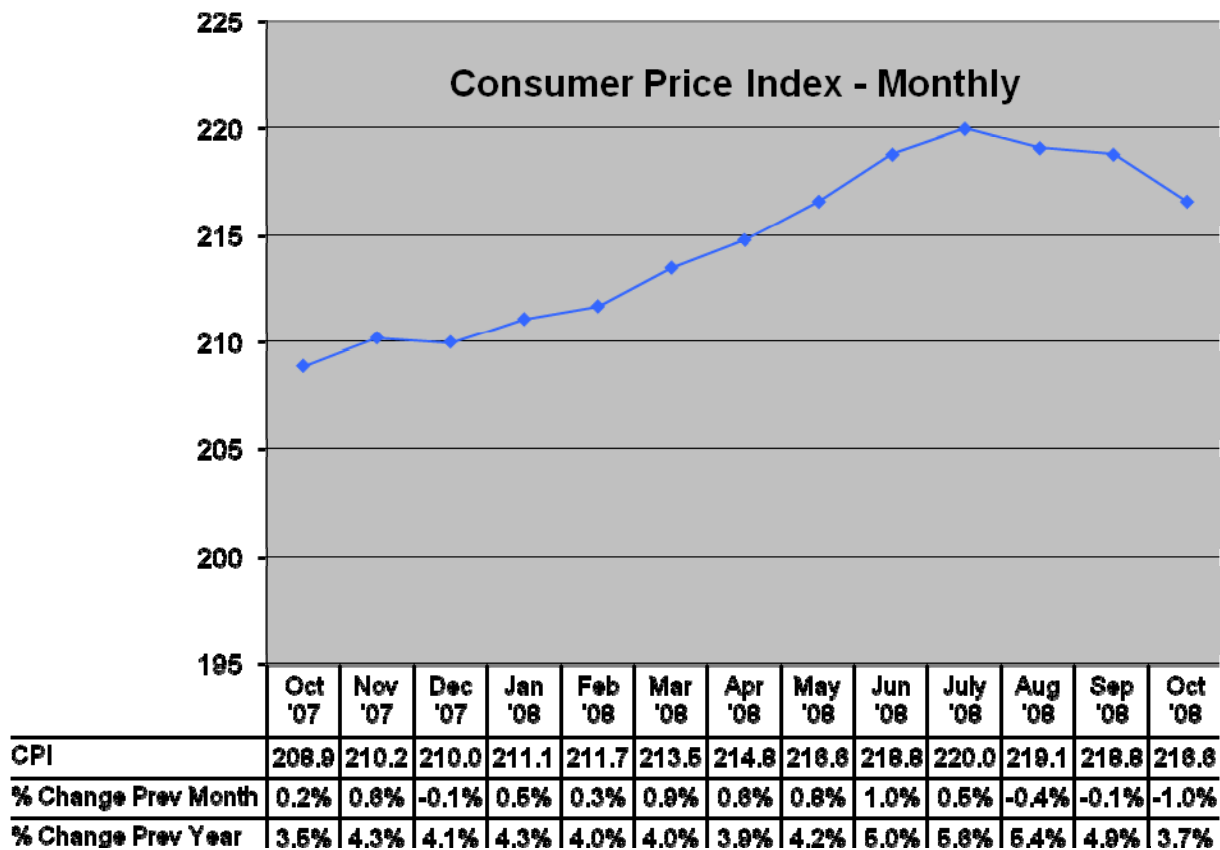
Single family homes sold totaled 114 in November 2008—almost identical to the 116 sold in the same month of 2007. Year-to-date through November the number of single family homes sold was 1,459—10.4% fewer than in that eleven month period of 2007.

By comparison, the nationwide average sales price for existing homes in October 2008 was \$223,500, down 11.9% from the same month in 2007.

More extensive graphics on the number of single family homes sold in Calcasieu Parish, the dollar volume of single family homes sold, and new listings are shown on the H.C. Drew Center web page—see www.mcneese.edu/drewecon.

Consumer Price Index

The consumer price index for all urban consumers in the U.S. declined in October for the third consecutive month. This moderated the annual rate of inflation to 3.7%, down from a peak of 5.6% in July.



There is no time-series of cost of living data for the Lake Charles MSA that is comparable to the U.S. Consumer Price Index—which is compiled by the U.S. Bureau of Labor Statistics and shown in the chart above.

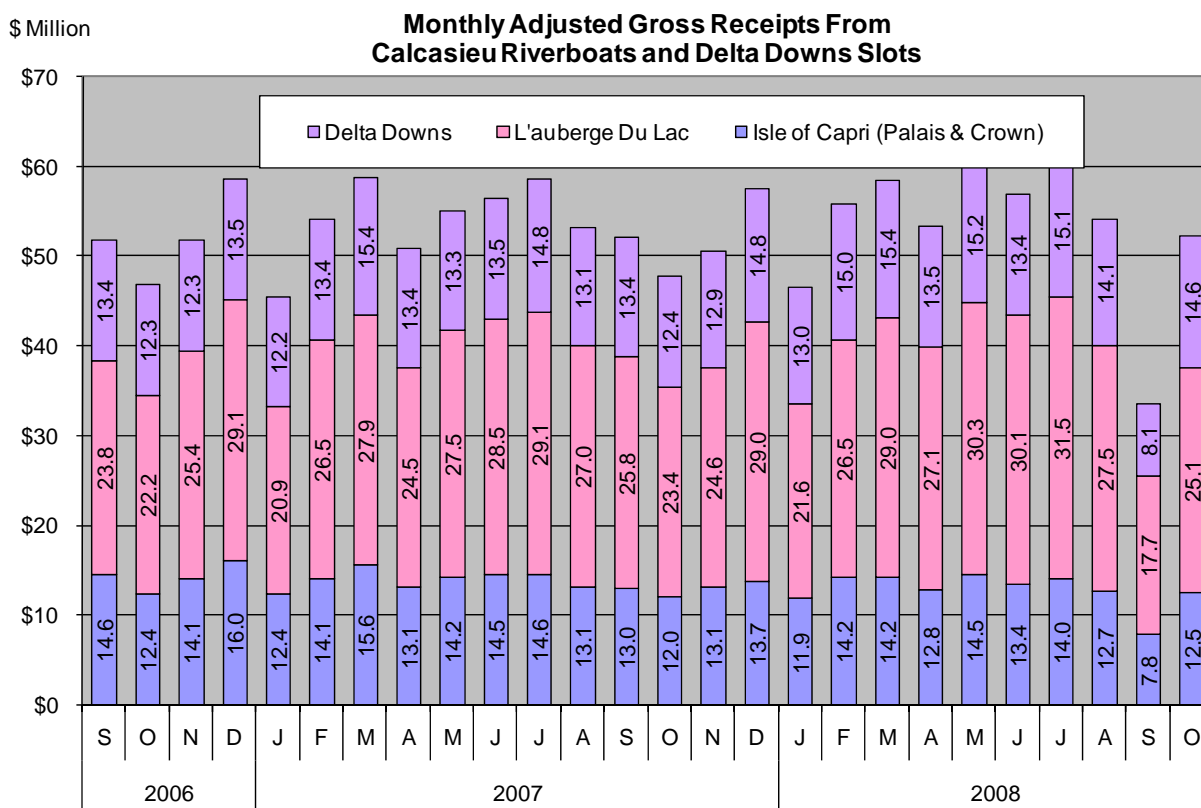
The Southwest Louisiana Economic Development Alliance, in cooperation with the Council for Community and Economic Research, compiles the Lake Charles component of the “ACCRA Cost of Living Index”. This index compares the cost of living in Lake Charles with 318 other urban areas in the U.S. The average index value for all participating cities is adjusted to a value of 100 for each quarterly sample.³

For the second quarter of 2008 the “composite index value” for Lake Charles was 90.5. The Lake Charles index was 92.2 for grocery items, 90.9 for housing, 83.3 for utilities, 97.0 for transportation, 89.9 for health care, and 89.6 for miscellaneous goods and services.

³ Consequently the ACCRA Cost of Living Index cannot be used for time series comparisons.

Riverboat and Racetrack Casinos in Calcasieu Parish

Adjusted gross receipts from gaming activities at the Isle of Capri and L'auberge du Lac riverboat casinos and from slots at the Delta Downs Racetrack over the last 26 months are shown below. Adjusted gross receipts (AGR) means the difference between dollars taken in and dollars paid out in winnings to patrons.



Adjusted gross receipts in October of 2008 were \$25.1 million for the L'auberge facility, \$12.5 million for the two Isle of Capri riverboat casinos combined, and \$14.6 million for the slots at the Delta Downs racetrack.

After taking a sharp dip in September due to disruptions associated with Hurricanes Gustav and Ike, adjusted gross receipts for these Calcasieu-based gaming operations rebounded quickly in October. In October the combined L'auberge and Isle riverboats share of the statewide total riverboat AGR rebounded to 26%. This was up from the dip to 22% in September, and comparable to their October 2007 market share.

Of the thirteen licensed riverboats in the State of Louisiana, the L'auberge facility in Lake Charles had the highest October adjusted gross receipts. Of the four licensed racetracks in the State, the Delta Downs racetrack near Vinton had the highest October adjusted gross receipts from slots.

Summary

The most recent data available suggests that the economy in Southwest Louisiana is performing much better than the national economy. Through the month of October, employment in the Lake Charles MSA continued to increase. At the national level nonfarm employment dropped by 320,000 jobs in October and another 533,000 jobs were lost in November.

Taxable sales in Calcasieu Parish rose significantly in October—to the highest monthly total reported in October in the last three years. Nationwide, retail and food services sales grew by less than one-tenth of one percent in October.

Single family homes in Calcasieu Parish cost significantly less than the national average. Single family home sales and prices have declined very modestly compared to last year.

Comparative indexes suggest the cost of living in the Lake Charles MSA is below the average for 318 urban areas across the U.S. However, this does not necessarily mean that the cost of living in this area has not increased due to the effects of Hurricanes Rita, Gustav and Ike, as well as other factors.

Lake Charles riverboat gaming operations rebounded in October from a significant drop in September associated with Hurricanes Gustav and Ike. A similar pattern occurred with revenues from slots at the Delta Downs racetrack.

The *Southwest Louisiana Economic Indicators* report is distributed electronically through the **H.C. Drew Center for Economic Development Information Services** in the College of Business at McNeese State University in Lake Charles, Louisiana. Visit our webpage for more detailed information depicting recent economic trends in Southwest Louisiana—including Calcasieu, Cameron, Allen, Beauregard, and Jefferson Davis Parishes.

<http://www.mcneese.edu/drewecon>

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