

SOUTHWEST LOUISIANA ECONOMIC INDICATORS

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First Quarter 2005, No. 1

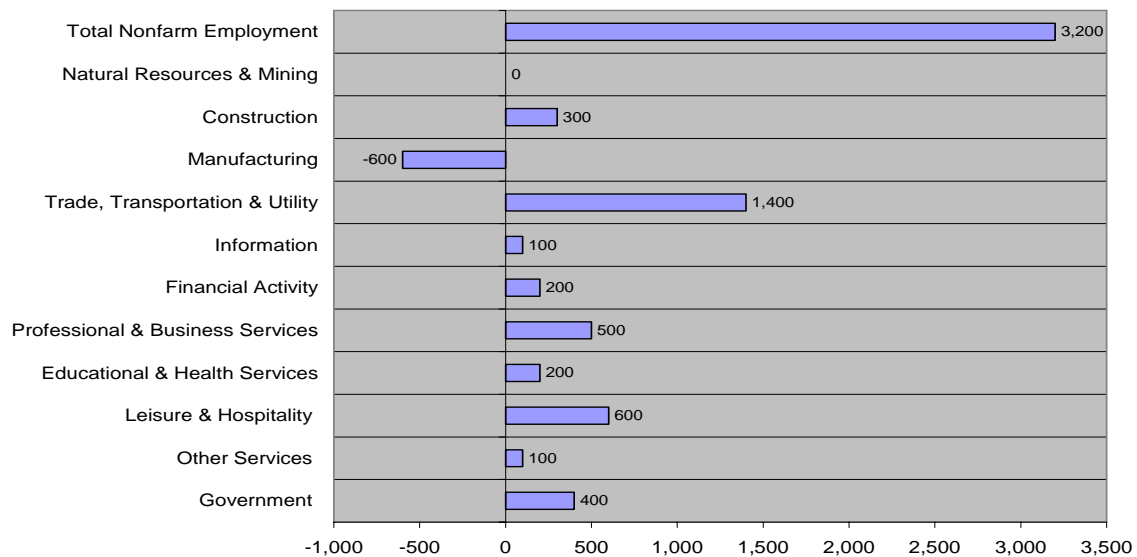
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Trends in employment and taxable sales indicate that the regional economy of Southwest Louisiana closed out 2004 on a much stronger note than was the case in 2003. At least one forecast predicts that the Lake Charles MSA will be the fastest growing MSA in the State of Louisiana during the next two years—see the H.C. Drew Center Webpage.

Employment Comparisons

Total nonfarm employment in the Lake Charles Metropolitan Statistical Area¹ expanded by 3,200 jobs in December of 2004 compared to the same month in 2003. The chart below shows how various categories of employment increased or decreased over the 12 month period. The employment gains were broad based with the biggest increases occurring in trade, transportation and utilities (+1,400 jobs), leisure and hospitality (+600 jobs), and professional and business services (+500 jobs). Of the 1,400 jobs gained in the category of trade, transportation and utilities, 1,000 jobs were generated in retail trade and 400 jobs were generated in transportation, warehousing, and utilities. Only one category of employment registered employment losses—manufacturing (-600 jobs).²

**Changes in Employment in Lake Charles MSA
from December 2003 to December 2004**



¹ The Lake Charles Metropolitan Statistical Area (MSA) currently includes all of Calcasieu Parish.

² Monthly and annual trends in each of the categories of employment shown in the chart above can be viewed on the H.C. Drew Center Webpage.

The December 2004 unemployment rate for the Lake Charles MSA was 4.8%. This is in comparison to the statewide Louisiana unemployment rate of 5.6% and the U.S. unemployment rate of 5.4% for the same period.

Taxable Sales Comparisons

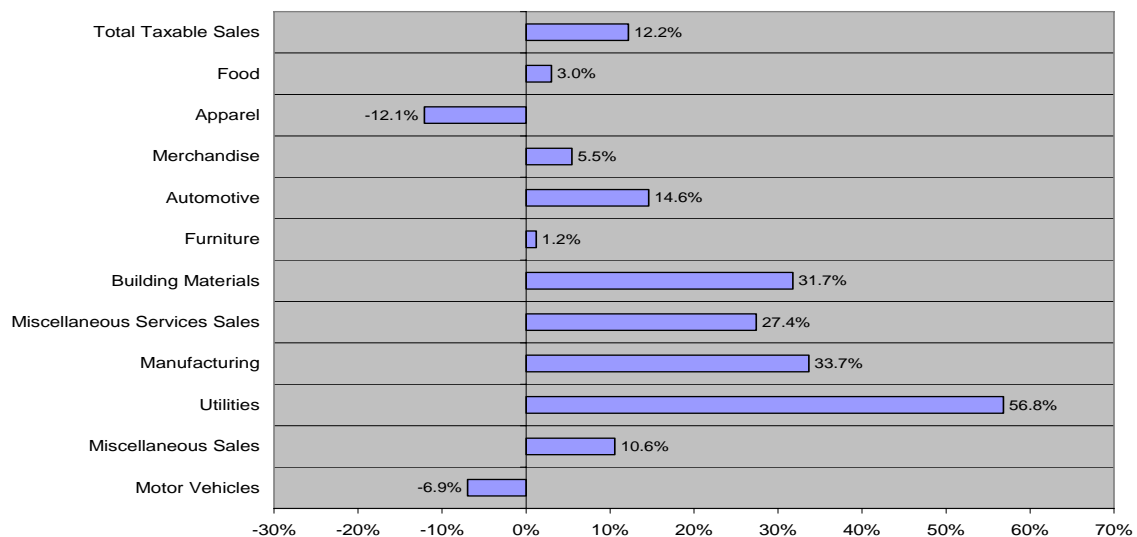
With expanded employment in the Lake Charles Metropolitan Statistical Area, it is not surprising that total taxable sales during the first eleven months of 2004 outpaced sales in the same period last year. From January through November of 2004, total taxable sales in Calcasieu Parish were over \$2.9 billion dollars. This exceeds taxable sales for the same eleven month period of 2003 by over 12%, a very impressive trend.

Following lackluster activity in the months of May (+3%), June (-1%) and July (+4%), there was a dramatic increase in total taxable sales in August (+28%) and September (+20%) in comparison to sales in the same months of the previous year. For both October and November of 2004 the increase was a more moderate 12% over the same months in 2003.

Complete sales data for 2004 are not yet available. However, barring some unanticipated dip in sales for December, it seems likely that total taxable sales during 2004 will outpace sales for 2003 (which was a down year for taxable sales in Calcasieu Parish), and also surpass sales figures for 2002 (which was a record year).

The graph below shows how various categories of taxable sales increased or decreased over the January through November period in 2004 compared to the same eleven month period in 2003. The largest increases occurred in the categories of utilities (+57%), manufacturing (+34%), building materials (+32%), and miscellaneous services including gaming (+27%). Only two categories of sales lagged behind the trends for last year—apparel (-12%), and motor vehicles (-7%).

**Calcasieu Parish Year-To-Date Taxable Sales for January through November
Percentage Change from 2003 to 2004**



Before cracking open the champagne to celebrate a booming local economy, however, a more sobering interpretation of the data may explain why many local retailers reported experiencing only a slightly better in year in 2004 than in 2003. When taxable sales in the categories of building materials, utilities, and manufacturing are netted out, sales in all other categories rose by a much more modest 5.4%. This is less than half the rate of increase for total taxable sales and about two-and-one-half percentage points above the overall rate of inflation. Why net out taxable sales for building materials, utilities, and manufacturing when gauging the impact on the local economy? These categories of taxable sales are more likely to include items covered under “use taxes” levied on goods purchased outside the area—and thus are less likely to represent spending locally. The latter precautionary note, however, does not alter the fact that the economy of Southwest Louisiana staged a solid recovery in 2004 and appears poised to continue moving forward in 2005.³

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Descriptions of the categories of sales included in the chart above are 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 personality, 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.

³ More detailed monthly and annual trends for each of the categories of taxable sales reported in the chart above can be found on the H.C. Drew Center Webpage.

The *Southwest Louisiana Economic Indicators Reports* are 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.

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