

SOUTHWEST LOUISIANA ECONOMIC INDICATORS

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Real Estate Indicators: Stronger than Last Year

Summary statistics provided by the Southwest Louisiana Association of Realtors indicate that 132 single family homes sold in September of 2007—an increase of nearly 12% over the number sold in the same month of 2006. The average price of single family home sales in Southwest Louisiana rose to \$146,946 in September of 2007 from \$138,373 a year earlier—an increase of 6.2%. Both of these factors contributed to the 18.8% increase in the dollar volume of single family home sales. The number of new listings of single family homes was about 1.5 times greater than the number sold, a drop from about 1.6 times greater in September of 2006.

Southwest Louisiana Single Family Home Summary Statistics

<u>Monthly Comparisons</u>	<u>Sept 2007</u>	<u>Sept 2006</u>	<u>% Change</u>
New Listings	202	193	4.7%
Number Sold	132	118	11.9%
Volume of Sales, million	\$19.4	\$16.3	18.8%
Average Sales Price	\$146,946	\$138,373	6.2%
<u>Year-to-Date Comparisons</u>	<u>Jan-Sept 2007</u>	<u>Jan-Sept 2006</u>	<u>% Change</u>
New Listings	2,008	1,763	13.9%
Number Sold	1,345	1,291	4.2%
Volume of Sales, million	\$204.9	\$183.3	11.8%
Average Sales Price	\$152,329	\$141,947	7.3%

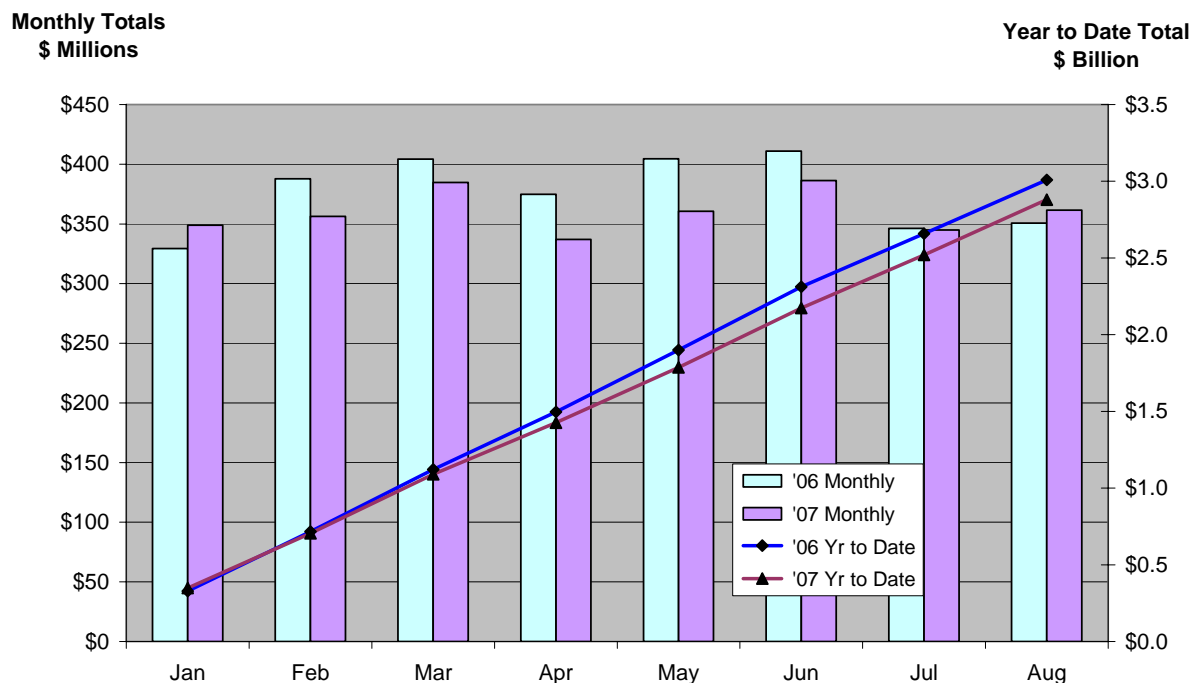
Year-to-date comparisons of single family home real estate activities also show positive trends in Southwest Louisiana. Compared to the first nine months of 2006, the January through September period of 2007 registered a 4.2% increase in the number of single family homes sold, a 7.3% increase in the average sales price, and an 11.8% increase in the dollar volume of sales. The ratio of new listings to number sold increased slightly.

In stark contrast to the Southwest Louisiana real estate market, nationwide the average price of a single family home fell by 3.8%—from \$267,700 in September of 2006 to \$257,400 in September of 2007. Over the same period, the number of existing single family home sales throughout the country dropped by nearly 20%.

Taxable Sales Indicators: Mostly Lower Than Last Year

The year-to-date total taxable sales in Calcasieu Parish from January through August of 2007 were about 4.3% below the total for the first eight months of 2006. The shortfall amounts to about \$128 million (illustrated by the gap between the lines in the chart that follows). If not reversed, this trend also means lower sales tax revenues for some governmental entities in the parish. Compared to the same months in 2006, taxable sales in 2007 were lower in six of the first eight months (illustrated by bars in the chart). One of the two exceptions occurred in the month of August—perhaps signaling a rebound in future spending?

Total Taxable Sales in Calcasieu Parish



The decline in spending during the first eight months of 2007 extended across seven of eleven categories of taxable sales in Calcasieu Parish—see table below. The biggest percentage decreases were in motor vehicle sales (-15.7%), building material sales (-10.8%), and general merchandise stores (-7.6%). On the plus side, the 7.9% increase in furniture sales is consistent with strong local real estate indicators and counter cyclical to national trends in both sectors.

Lower Spending:	% Change	Higher Spending:	% Change
Motor Vehicles	-15.7%	Apparel	+0.4%
Building Materials	-10.8%	Food	+4.7%
General Merchandise	-7.6%	Furniture	+7.9%
Manufacturing	-5.3%	Utilities*	+94.6%
Automotive	-3.5%		
Misc. Services & Gaming	-2.9%		
Misc. Sales	-2.6%		
Total Taxable Sales	-4.3%		

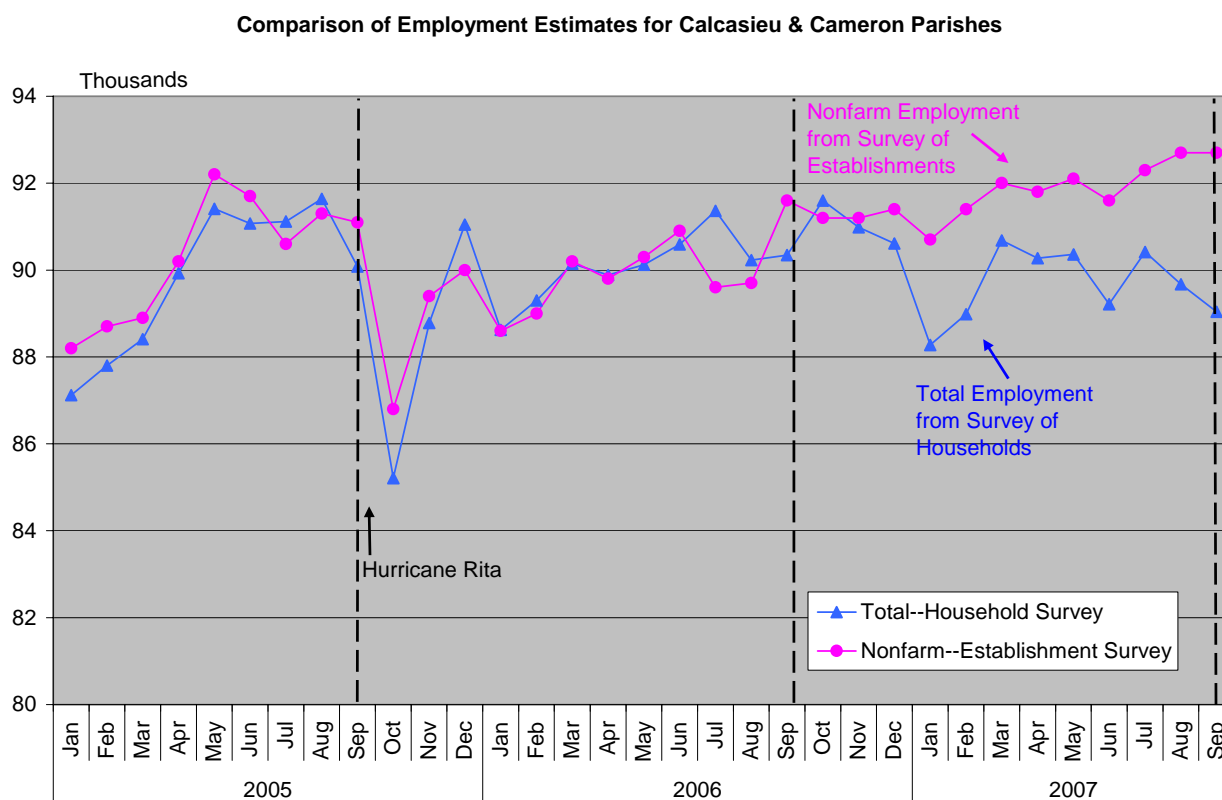
* Large % change, but modest change in dollar amount.

Labor Market Indicators: Divergent Employment Estimates for 2007

There are two official estimates of employment each month by the U.S. Department of Labor. One estimate of “total employment” comes from a survey of households. This survey of households includes farm as well as non-farm workers, the self-employed, and domestic helpers. Another estimate of “nonfarm employment” comes from a survey of establishments which is often referred to as the payroll survey. It includes all persons on the payroll of nonfarm businesses, nonprofit groups, and government entities. Farm workers, the self-employed, and domestic help are excluded from the establishment survey.

While one might presume that the estimate of “total employment” from the household survey always exceeds the estimate of “nonfarm employment” from the establishment survey, this may not be the case. Those who are working at more than one job will be counted as employed only once in the household survey, but multiple job holders may be counted more than once as each employer in the establishment survey reports their jobs.

The two employment surveys usually track each other fairly closely. This was the case for Calcasieu and Cameron Parishes throughout most of 2005 and 2006—as illustrated in the chart below. Since January of 2007, however, the two estimates appear to be on divergent trajectories with “nonfarm employment” trending upward and “total employment” trending downward.



Both estimates suggest that employment in the regional labor market peaked shortly before Hurricane Rita hit in late September of 2005. Both estimates also suggest that the rebound in employment after the hurricane was fairly rapid and sustained through late 2006.

How one views the local recovery since that time depends on which employment estimate is used for comparison purposes—see table below. The estimate of “nonfarm employment” indicates Calcasieu and Cameron Parishes have gained about 1,600 jobs in the two years since the hurricane. The estimate of “total employment” indicates job losses of about 1,040 over that same period of time.

Employment Estimate	Sept 2005	Sept 2006	Sept 2007	Change From	
				2005-2006	2005-2007
Nonfarm (Employer Survey)	91,100	91,600	92,700	+ 500	+1,600
Total (Household Survey)	90,081	90,346	89,041	+265	-1,040

Estimates of “non-farm employment” are generally more widely reported and accepted locally. But those who believe Hurricane Rita had a particularly devastating and long lasting impact on small businesses might buttress their view with the declining “total employment” estimates from the household survey which includes the self-employed.

Non-farm Employment by Type

Employment estimates for several categories of nonfarm employment are available for Calcasieu and Cameron Parishes. Unfortunately the reported sub-categories do not sum to total nonfarm employment, so it is impossible to determine exactly where the estimated job gains and losses occurred—see table below.

Nonfarm Employment	Sept 2005	Sept 2006	Sept 2007	Change From Sept	
				2005-2006	2005-2007
Nat Res & Mining	1,300	1,300	1,200	0.0	- 100
Construction	8,700	10,500	10,600	+ 1,800	+1,900
Manufacturing	9,100	9,100	9,100	0.0	0.0
Trade, Trans, Utilities	17,200	17,600	17,600	+ 400	+ 400
Profess & Bus Services	7,200	7,200	7,700	0.0	+ 500
Leisure & Hospitality	14,200	12,000	12,700	- 2,200	-1,500
Government	14,300	14,500	15,300	+ 200	+1,000
Total*	91,100	91,600	92,700	+ 500	+1,600

* Categories of nonfarm employment do not sum to total.

Information which is available indicates a big portion of the job gains came from construction jobs (+1,900) and government jobs (+1,000), and a big portion of the job losses occurred in the leisure and hospitality category (-1,500). The latter losses are most likely associated with the demise of Harrah’s Riverboat Casino and Hotel as a result of the hurricane. Eventually many of these jobs should be recovered with expansions underway at the L’Auberge du Lac Casino complex, and the transfer of one Harrah’s license to the new Sugarcane Bay Casino facility (scheduled to open near L’Auberge in 2009).

Non-farm Employment Forecast for 2008 and 2009

The *Louisiana 2008-2009 Economic Outlook* report was released in October of 2007 by its authors—Dr. Loren Scott, Dr. James Richardson, and Dr. Dek Terrell of Louisiana State University.¹ According to the report, the Lake Charles metropolitan area should gain 1,300 jobs in 2008 and another 1,500 jobs in 2009—growth rates of 1.4% and 1.6%.

The forecast of 2,800 new jobs over the next two years assumes that the foundation for future growth will be provided by construction activities such as the new Sugarcane Bay Resort casino, LNG projects, expansions at Westlake Chemicals and the Chennault International Airpark, and a \$1.4 billion synthetic gas manufacturing plant on property owned by the Port of Lake Charles.

This ***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.

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¹ Copies of the entire *Louisiana Economic Outlook: 2008-2009*, can be obtained for \$75 from the Division of Economic Development and Forecasting, E.J. Ourso College of Business, Louisiana State University, Baton Rouge, Louisiana.