

MAURICE CHALMERS  
DIRECTOR  
OFFICE OF LEGISLATIVE  
BUDGET REVIEW



**NASSAU COUNTY LEGISLATURE**  
1550 FRANKLIN AVENUE, ROOM 126  
MINEOLA, NEW YORK 11501  
(516) 571-6292

**Inter-Departmental Memo**

To: Hon. Howard J. Kopel, Chairman Budget Review Committee  
All Members of the Nassau County Legislature

From: Maurice Chalmers, Director  
Office of Legislative Budget Review

A handwritten signature in blue ink, appearing to be "M. Chalmers", is written over the "From:" line.

Date: August 24, 2016

Re: Mid-Year 2016 Economic Report

---

Attached is a copy of the Office of Legislative Budget Review's (OLBR) Mid-Year 2016 economic report. It utilizes Moody's Analytics current forecast and incorporates OLBR's insights. This report is being circulated to assist the Legislature in making policy decisions and in assessing budgetary or planning forecasts. The data included is the most current as of the date of issuance. Additionally, the data is the most geographically relevant.



# OFFICE OF LEGISLATIVE BUDGET REVIEW

## The Regional and National Economic Forecast for 2016 to 2020

August 2016

The Office of Legislative Budget Review, (OLBR), has received Moody’s Analytics August 2016 forecast of significant Nassau County economic variables. OLBR has compiled, analyzed and depicted Moody’s current economic forecast for planning and forecasting purposes. Throughout the report, OLBR presents the forecast and provides its insights.

The national economy has been growing at a positive pace. During the April to June 2016 quarter, real US gross domestic product (GDP) grew at a 1.2% annual rate according to the US Commerce Department.<sup>1</sup> Looking forward, economists expect national economic growth to average above 2 percent in the second half of 2016.<sup>2</sup>

Locally, according to Moody’s Analytics, Nassau’s economy grew 0.7% from 2014 to 2015 and 2.8% from the fourth quarter 2015 to the second quarter 2016. The Nassau economic growth was broad based. From an annual perspective, New York State (NYS) Department of Labor figures show 0.8% more residents are employed and there are 0.9% more non-farm jobs. Siena College’s Research Institute found that regional consumer confidence has grown 4.0% from the prior year. Moreover, Multiple

Listing Service of Long Island figures show a 17.6% annual increase in home sales.

Table 1 details the current Moody’s Analytics forecast for Nassau County’s major economic indices from 2016 to 2020.

**Table 1**

2016 to 2020 Nassau County Economic Forecast					
Forecast Annual Growth Rates*					
	2016	2017	2018	2019	2020
GCP	4.4%	1.5%	1.6%	1.1%	1.0%
Personal Income	3.5%	4.3%	5.3%	3.9%	2.6%
Employed	2.3%	-0.2%	-0.2%	0.0%	0.0%
Unemployed	-7.8%	0.0%	-5.0%	2.2%	6.3%
Unemployment %	3.9%	3.9%	3.7%	3.8%	4.0%
Non Farm Jobs	0.8%	0.8%	1.1%	0.9%	0.4%
New Mortgages	9.1%	4.1%	4.3%	-2.2%	-1.8%
Mrt Refinances	12.2%	-43.5%	-86.3%	-18.6%	48.4%
Retail Sales	1.2%	6.0%	4.5%	3.5%	2.6%
Median Home Sale Price	2.8%	1.6%	-0.3%	0.2%	1.8%
Regional CPI	0.7%	2.7%	3.5%	3.5%	3.1%

\*Unemployment % Details Annual Average  
Source: Moody’s Economy.com

Looking forward, Moody’s Analytics currently expects the local economy to move in a positive direction for all years surveyed. Moody’s current forecast has Nassau’s Gross County Product (GCP) growing 4.4% in 2016, 1.5% in 2017, 1.6% in 2018, 1.1% in 2019, and 1.0% in 2020.

The housing market is expected to be a source of strength in 2016 with new mortgages increasing 9.1% and median prices rising 2.8%.

According to Moody’s Analytics, mortgage refinancings are expected to increase 12.2% in

<sup>1</sup> Mutikani, Lucia, “U.S. Growth Lackluster as Firms Run Down Inventories”, [Reuters.com](http://Reuters.com), July 29, 2016.

<sup>2</sup> Same as above.

2016. Global economic uncertainty has caused a recent decline in interest rates which is resulting in an increase in refinancing volume. Valley National Bank has attributed the recent refinancing boom to those seeking to reduce the term of their interest and / or get rid of their mortgage sooner rather than later.<sup>3</sup>

Resident employment is projected to grow 2.3% in 2016.

In 2016, personal income growth is expected to exceed consumer price growth by 2.8 percentage points. Hence, on a real basis individuals will have more income available and greater buying power.

The major areas of concern for 2016 are regional real income growth, the status of the retail industry and global economic growth. Given that current NYS and U.S. Labor Department figures show that regional price growth has exceed regional wage growth, OLBR finds that Moody's 2016 real personal income growth forecast of 2.8% may be optimistic.

Additionally, e-commerce shopping is having a substantial impact on the retail landscape. A detailed look at retail sales data reveals that much of the growth over the last ten years has been from the online component. E-commerce sales as a percentage of total retail sales has tripled from 2.5% in the first quarter of 2006 to 7.8% in the first quarter of 2016; moreover, annual e-commerce sales grew by 15.2% over the same time period. This is assumed to translate into decreased sales tax collections.<sup>4</sup> This trend has also resulted in layoffs and store closings. According to U.S. government

statistics, nearly 13,000 jobs have been lost nationwide at clothing and clothing accessory stores in the past three months. Credit Suisse analysts estimated in April that this could be the worst year for retail layoffs since 2010.<sup>5</sup> According to the Real Estate Board of New York, cautious retailers and an oversupply of space has resulted in a drop in retail rents in 10 of the top 17 Manhattan corridors.<sup>6</sup>

Lastly, William C. Dudley, President of the New York Federal Reserve Bank, recently called for caution in rising U.S. short-term interest rates because global interest rates have declined and the weakness in the rest of the world poses a risk to domestic growth.<sup>7</sup>

### Consumption

Real GDP is a measure of the goods and services provided within an economy. When it increases, it indicates that more goods and services are being provided and therefore, more jobs and personal income are being generated.

Nationally, according to the Commerce Department, June 2016 national retail sales rose 0.4% from the previous month. The retail sales growth was attributed to strong sales on nondurable goods which offset a drop in auto sales.<sup>8</sup>

The current Moody's Analytics forecast shows retail sales are expected to be positive for the remainder of 2016 and 2017. Table 2 details Moody's current forecast for Nassau County personal income, GCP and retail sales. All variables forecast are expected to register

<sup>3</sup> Solnik, Claude, "Refinancing...Again", Long Island Business News, July 25, 2016.

<sup>4</sup> LIBN Staff, "Rizzo: E-Commerce is Changing LI's Retail Landscape", Long Island Business News, June 6, 2016.

<sup>5</sup> La Monica, Paul R., "Layoffs in Aisle 4! Retailers are Big Job Killers", www.money.cnn.com, June 8, 2016.

<sup>6</sup> Weiss, Lois, "Landlords Lower Rent to Keep their Stores Full", NY Post.com, May 24, 2016.

<sup>7</sup> Schwartz, Nelson, D., "Strong Job Gains, for Second Month, Reframe Economic Outlook", The New York Times, August 5, 2016.

<sup>8</sup> The Associated Press, "US Consumer Spending Grew a Solid 0.4% in June", Long Island Business News, August 2, 2016.

# The Regional and National Economic Survey and Forecast 2016 – 2020

positive annual growth rates in 2016 and 2017 as well.

**Table 2**

Nassau County Consumption Growth by Quarter				
	2016			
	Q1	Q2	Q3	Q4
GCP	1.44%	1.30%	0.88%	0.42%
Total Personal Income	0.89%	0.92%	0.93%	0.96%
Retail Sales	-0.02%	0.32%	0.92%	1.51%
	2017			
	Q1	Q2	Q3	Q4
GCP	0.14%	0.08%	0.21%	0.40%
Total Personal Income	1.01%	1.10%	1.24%	1.35%
Retail Sales	1.78%	1.77%	1.54%	1.21%

Source: Moody's Economy.com

According to the most recent Siena Research Institute's (SRI) Consumer Sentiment Report, in June 2016 the metro NYC consumer confidence overall index fell 0.6% from March 2016 and increased 4.0% from June 2015. According to Dr. Lonnstrom, the founding director of SRI, consumer buying plans were up and each of the five major purchases continue to exceed their historic average. At over 8% for homes and over 30% for furniture, we should expect those related markets to be active this summer and fall.<sup>9</sup>

Hence, positive employment and job growth is giving households the confidence and motivation to make purchases. Recent evidence suggests that savings and debt may be the means used to facilitate these purchases. In June 2016, the national savings rate slipped to 5.3% from 5.5% in May 2016. The June 2016 figures was the lowest rate seen since March 2015.<sup>10</sup> Additionally, the Federal Reserve found that total borrowing increased by \$18.6 billion in the U.S. in May 2016 after a \$13.4 billion increase

in April 2016. The increase was seen in credit cards, auto loans and student loans.<sup>11</sup>

## Labor Market

Nassau's labor market moved forward in June 2016. According to NYS Department of Labor figures, compared to June 2015, the number of employed residents grew by 0.8% or 5,300. This is significant as the employment growth occurred while the labor force grew 0.01%. That means that the annual 0.8 percentage point drop in Nassau's unemployment rate is due to residents obtaining jobs rather than individuals ceasing their job searches and dropping out of the labor force.

According to experts, another indication of an improving Long Island labor market is the fact that college graduates are finding it easier to get jobs soon after leaving school. Hofstra University figures show that 90.0% of their 2014 college graduates are employed. At Farmingdale State the college graduate employment rate is listed at 75.0% for full-time work and 14.0% for part-time work.<sup>12</sup>

## Non-Farm Jobs

From an annual perspective, Long Island job growth was positive in June 2016. According to New York State Department of Labor figures, total non-farm jobs increased by 0.9% compared to June 2015. As of June 2016, there were 12,100 new non-farm jobs created compared to the prior year.

The highest job growth occurred in the Education and Health Services sector, 8,300 more jobs. The second highest job growth was in the Leisure and Hospitality sector which recorded an annual increase of 3,500 jobs.

<sup>9</sup> Siena Research Institute, "Quarterly New York State Index of Consumer Sentiment including Gas and Food Analysis", Siena College Research Institute, July 6, 2016.

<sup>10</sup> The Associated Press, "US Consumer Spending Grew at a Solid 0.4% in June", Long Island Business News, August 2, 2016.

<sup>11</sup> The Associated Press, "Consumer Borrowing Increases Jumped Again in May", Long Island Business News

<sup>12</sup> Siford, Rachel, "College Grad Finding it Easier to Land Jobs", Long Island Business News, August 3, 2016.

## The Regional and National Economic Survey and Forecast 2016 – 2020

Meanwhile, the largest decline was in the Retail Trade sector which lost 5,200 jobs from an annual perspective.

Nassau County is expected to generate positive total non-farm job growth from 2016 to 2020. Table 3 details projected Nassau County job growth by sector. In 2016, only the Retail Trade sector is expected to lose jobs. Moreover, from a five years perspective, the Retail Trade sector is the only sector forecast to register a decline in jobs. Since overall retail sales volume is projected to increase (Table 2), this implies that retail sales are expected to be made with less employees.

In 2016, the strongest job growth, above 2.0%, is expected to occur in the Leisure and Hospitality and Education and Health sectors. Over the next five years the Leisure and Hospitality and Professional and Business Services sectors are projected to record job growth above 8.0%.

**Table 3**

Nassau County Annual Job Growth By Sector, 2016 to 2020						
	2016	2017	2018	2019	2020	5 Yr.
Construction	1.3%	2.1%	3.4%	0.7%	-0.9%	6.7%
Education & Health	2.5%	0.5%	0.9%	1.3%	0.9%	6.0%
Financial Activities	1.6%	0.9%	0.8%	0.7%	0.3%	4.3%
Government	0.9%	0.7%	0.5%	0.4%	0.4%	2.8%
High Tech	0.2%	2.5%	1.9%	1.6%	0.9%	7.2%
Leisure and Hospitality	2.7%	1.9%	2.0%	1.5%	0.8%	9.0%
Professional and Business Service	0.7%	2.7%	2.7%	1.9%	0.7%	8.7%
Retail Trade	-3.0%	-0.6%	0.0%	0.0%	-0.3%	-3.9%
<b>Total Non-Farm Jobs</b>	<b>0.8%</b>	<b>0.8%</b>	<b>1.1%</b>	<b>0.9%</b>	<b>0.4%</b>	<b>3.9%</b>

### Housing

Multiple Listing Service of Long Island (MLSIL) figures show that 2016 has been a strong housing year in Nassau County. On a year to date basis, through June 2016, 5,639 transactions have closed, a 15.9% increase from the first half of 2015. Moreover, demand was sufficient to allow more sales to close at higher prices. On average, through the first half of 2016, median monthly prices increased 5.0% compared to the first half of 2015's average.

According to Jonathan Miller, a principal with real estate appraisal firm Miller Samuel, the current robust Long Island housing demand is attributable to out-priced buyers from the New York City market. That coupled with historically low interest rates is creating the current housing demand which is expected to continue in the second half of 2016.<sup>13</sup>

From a monthly perspective, June 2016 was a significant month as the number of sales increased 38.5% coupled with a 6.7% increase in median sale prices. Table 4 details the actual MLSIL figures.

**Table 4**

Nassau County Housing Actuals					
2016 Current					
	Jun-15	May-16	Jun-16	Mthly %	Yrly %
Closed Home Sales	1,047	889	1,231	38.5%	17.6%
Median Sale Price	440,000	450,000	480,000	6.7%	9.1%
2016 Pending					
	Jun-15	May-16	Jun-16	Mthly %	Yrly %
Median Contract Price	465,000	460,000	485,000	5.4%	4.3%

Source: Multiple Listing Service of Long Island, Zone Activity Report

The home price appreciation is expected to enable home owners to gain equity and come out from underwater. To the extent that residents can tap into this equity to make taxable purchases, County sales tax collections will be positively impacted.

Looking forward, Table 5 depicts Moody's current Nassau County housing market forecast by quarter. Moody's envisions positive new mortgage growth throughout 2016 and 2017. Mortgage refinances are expected to decline in the second half of 2016 and throughout 2017 as interest rates are expected to rise. Median sale prices are expected to increase through the third quarter of 2017. (see Table 1 for annual growth rates).

<sup>13</sup> Winzelberg, David, "Home Run", Long Island Business News, July 15, 2016.

# The Regional and National Economic Survey and Forecast 2016 – 2020

**Table 5**

Nassau County Housing Forecast by Quarter				
2016	Q1	Q2	Q3	Q4
	New Mortgages	1.45%	0.68%	0.56%
Refinances	2.61%	-1.36%	-5.15%	-9.03%
Median Sale Price	0.61%	0.55%	0.55%	0.55%
2017	Q1	Q2	Q3	Q4
	New Mortgages	0.99%	1.21%	1.43%
Refinances	-12.97%	-17.59%	-23.87%	-32.09%
Median Sale Price	0.48%	0.34%	0.14%	-0.05%

Source: Moody's Economy.com

High rental costs / income potentials may also be a factor contributing to the robust Nassau County home sales. According to a recent Long Island Index report, the median monthly rent of a one bedroom apartment in Nassau was \$1,709. In Suffolk County that figure was \$1,470, in Northern New Jersey that cost was \$1,180 and in Westchester a one bedroom rents for a median monthly price of \$1,376.<sup>14</sup>

In the Commercial Real Estate market, Newmark Grubb Knight Frank second quarter 2016 figures show that Long Island's overall office vacancy rate declined to a seven year low of 10.8%. The office demand was said to be driven by the healthcare sector.<sup>15</sup>

## Prices

The Consumer Price Index (CPI) is a measure of the average change in the prices of goods and services purchased by households over time. According to the U.S. Bureau of Labor Statistics, rising gasoline, and medical care costs across the Country pushed consumer prices up 0.2% in June. The Core Index, which excludes volatile energy prices, was also up 0.2% in June<sup>16</sup>.

<sup>14</sup> McDermott, Maura, "Shortages, High Rents Attract LI Apartment Building Investors", [Newsday.com](#), July 1, 2016.

<sup>15</sup> Winzelberg, David, "RE-awakening", [Long Island Business News](#), August 1, 2106.

<sup>16</sup> U.S. Bureau of Labor Statistics, "Consumer Price Index Summary," [Bureau of Labor Statistics](#), July 15, 2015.

Regional consumer prices were up 0.3% in June from the prior month and 1.0% from the prior year. The Bureau of Labor statistics attributed the increase to escalating energy and shelter costs<sup>17</sup>.

The Bureau of Labor Statistics does not account for economic or governmental differences within a regional data set. Long Island's CPI is calculated based on data points from Nassau, Suffolk, New York, Northern New Jersey, Connecticut, and Pennsylvania. As such, Long Island's CPI could be much higher than the growth reported by the BLS. For example, the BLS does not account for the different gasoline delivery methods utilized in Long Island and Northern New Jersey. Northern Jersey has access to inexpensive gasoline due to the number of refineries in the state, while Nassau and Suffolk Counties have some of the Country's most expensive gasoline because the supply must be trucked in from off of the Island.

**Table 6**

Regional Consumer Price Forecast by Quarter				
	Q1	Q2	Q3	Q4
2016	-0.35%	0.44%	0.62%	0.54%
2017	0.67%	0.78%	0.77%	0.84%
2018	0.89%	0.93%	0.93%	0.90%
2019	0.88%	0.85%	0.82%	0.77%
2020	0.76%	0.76%	0.76%	0.76%

Source: Moody's Economy.com

Looking forward, regional consumer prices are expected to rise from 2016 to 2020. The

<sup>17</sup> U.S. Bureau of Labor Statistics, New York-New Jersey Information Office, "Consumer Price Index, New York-Northern New Jersey-June 2015", Bureau of Labor Statistics, New York-New Jersey Information Office, July 15, 2016.

## The Regional and National Economic Survey and Forecast 2016 – 2020

quarterly forecast for regional consumer prices for this period is shown in Table 6.

As seen in Table 1, from an annual perspective, regional prices are expected to rise 0.7% in 2016, 2.7% in 2017, 3.5% in 2018, 3.5% in 2019, and 3.1% in 2020.

Also in Table 1, Moody's expects personal income growth to outpace the regional CPI growth rate from 2016 to 2019. In 2020 regional price growth is expected to exceed personal income growth. This means that income will not keep pace with inflation in 2020 and residents will be left with less purchasing power.

### **Sales Tax Predictors**

In the current Adopted 2016 Budget, excluding inter-fund revenues, sales tax revenue accounts for approximately 38.1% of the County's five Major Funds revenue, making it an important revenue to monitor and forecast. Common predictors of sales tax growth are GCP, personal income growth, consumer price growth, and resident employment levels.

The current Moody's regional forecast includes positive annual growth for all of these variables in 2016. Moreover, the 2016 forecast for personal income growth exceeds the forecast for consumer prices, resulting in increased consumer purchasing power. These forecasts should positively impact County sales tax collections and enable the County to reach the 2016 budget.

Individuals require both the means and motivation to make a purchase. Siena Research Institute's survey of New Yorker buying plans reveals that the motivation to make a major purchase over the next six months is increasing. Table 7 shows that New Yorkers' overall buying plans have increased 13.7% from the prior quarter and 13.4% from the prior year.

This should positively impact 2016 sales tax collections.

**Table 7**

New York State Buying Plans					
	Jun-16	Mar-16	Jun-15	Qtrly	Yrly
Car/Truck	17.6	15.8	18.9	11.4%	-6.9%
Consumer Electronics	43.1	39.7	36.6	8.6%	17.8%
Furniture	31.0	25.4	26.3	22.0%	17.9%
Home	8.4	6.3	7.0	33.3%	20.0%
Home Improvement	21.9	20.1	18.8	9.0%	16.5%
<b>Total</b>	<b>122.0</b>	<b>107.3</b>	<b>107.6</b>	<b>13.7%</b>	<b>13.4%</b>

Source: Siena Research Institute

Taxable sales by industry data available from the NYS data portal reveals that over the past three sales tax years, the retail trade sector has represented 59.0% of all Nassau County taxable sales. As such it is important to monitor that sector. Table 8 provides an itemization of the retail trade sector by sub-sector.

**Table 8**

Nassau County Retail Trade, Taxable Sales (Sales Tax Years 13-14 to 15-16)	
Sub-Sector	3 Year Average
Motor Vehicle and Parts Dealers	21.3%
Clothing and Clothing Accessories Stores	14.5%
General Merchandise Stores	14.0%
Gasoline Stations	9.8%
Food and Beverage Stores	8.7%
Building Material and Garden Equipment and Supplies Dealers	7.4%
Miscellaneous Store Retailers	5.1%
Nonstore Retailers	5.0%
Furniture and Home Furnishings Stores	4.6%
Electronics and Appliance Stores	3.7%
Health and Personal Care Stores	3.2%
Sporting Goods, Hobby, Musical Instrument, and Book Stores	2.6%
<b>Grand Total</b>	<b>100.0%</b>

Source: New York State Department of Taxation & Finance

According to Wall Street Journal, Market Data Center figures, U.S. total light vehicle sales have increased 1.3% year-to-date (YTD) through July 2016. The increase is attributable to greater truck sales since total car sales are down 7.7% YTD through July 2016. Looking forward, LMC Automotive expects 2016 US vehicle sales to be 0.3% lower than last years' record of 17.5 million vehicles sold.<sup>18</sup>

<sup>18</sup> Woodall, Bernie, "U.S. Auto Sales may not Set New High in 2016 After All: Forecasters", [Reuters.com](http://Reuters.com), June 24, 2016.

## The Regional and National Economic Survey and Forecast 2016 – 2020

The clothing and clothing accessories stores sub-sector is in transition. According to industry experts, department stores have been struggling with stiff competition from online and off-price retailers.<sup>19</sup> Layoffs have been announced by Ralph Lauren, Macy's, Nordstrom and Walmart. The Gap, Sears and J.C. Penney have announced plans to shut stores.<sup>20</sup> Macy's also plans to close 100 stores.<sup>21</sup> Pacific Sunwear and Aeropostale have filed for bankruptcy while Sports Authority is going out of business.<sup>22</sup>

According to analysts, the only sector to announce more layoffs this year than the retail sector is the energy sector. The energy sector layoffs have been attributed to the low crude prices.<sup>23</sup> New York State Energy Research and Development Authority (NYSERDA) figures show that over the past twelve months, downstate regular motor gasoline prices have fallen 22.1%. On a YTD basis, prices are down 18.3%.

An additional threat to County sales tax collection growth is the fact that wage growth has been sluggish and there is evidence that consumers are using savings and debt to complete their purchases. If households decide to reverse course and increase savings, sales tax collections would decline.

### **Lodging Industry**

Just before Memorial Day, local tourism officials set high summertime expectations for

Long Island's travel and leisure industry, citing the strong economy and inexpensive gasoline prices.<sup>24</sup> As the figures in Table 9 indicate, Nassau County's lodging industry is on track to meet expectations.

**Table 9**

Year	First Half Average Occupancy Rate	First Half Average Daily Rate
2012	68.57%	\$128.56
2013	81.45%	\$142.52
2014	73.65%	\$140.04
2015	74.63%	\$139.85
2016	77.40%	\$143.11

Source: Long Island Convention & Visitors' Bureau

Over the first half of FY 16, the average daily rate is up 2.3%, from \$139.85 in the first half of FY 15 to \$143.11 this year. The average occupancy rate grew 2.8 percentage points during this time, from 74.63% last year to 77.40% in the first half of FY 16. Excluding FY 13, the growth in average daily rate and average occupancy rate over the first half of FY 16 is the strongest in four years. Lodging statistics in FY 13 were inflated because the federal government sheltered a number of County residents displaced by Superstorm Sandy in local hotels and motels.

To date, demand seems to be strong even as rates have risen without dampening occupancy levels. The growth in each measure bodes well for the County on two fronts. First, the uptick in occupancy and rental rates supports Moody's forecast for 2.7% growth this year in hospitality and leisure employment. Second, the lodging industry's performance so far has put the County on pace to meet its \$4.6 million hotel/motel tax budget.

<sup>19</sup> Ramakrishnan, Sruthi, "Macy's to Close 100 Stores, Despite Profit Beat", [Foxnews.com](http://Foxnews.com), August 11, 2016.

<sup>20</sup> LaMonica, Paul R., "Layoffs in Aisle 4! Retailers are Big Job Killers", [CNN/Money.com](http://CNN/Money.com), June 8, 2016.

<sup>21</sup> Ramakrishnan, Sruthi, "Macy's to Close 100 Stores, Despite Profit Beat", [Foxnews.com](http://Foxnews.com), August 11, 2016.

<sup>22</sup> LaMonica, Paul R., "Layoffs in Aisle 4! Retailers are Big Job Killers", [CNN/Money.com](http://CNN/Money.com), June 8, 2016.

<sup>23</sup> Same as above.

<sup>24</sup> Tom Incantalupo, Newsday, "Healthy economy, low gas prices to boost LI summer tourism", May 20, 2016.



# The Regional and National Economic Survey and Forecast 2016 – 2020

## **Conclusion**

Both the national and local economies have moved forward to date in 2016. The growth was broad based with the labor, residential housing, and tourism markets all registering positive annual economic activity.

The momentum was felt by consumers whose confidence levels throughout the metropolitan area were up 4.0% from the prior year.

Moody's current economic forecast projects continued positive economic growth as measured by GCP till 2020.

There are risks to the forecast. Household are expected to contend with higher interest rates, increased consumer prices, and sluggishly rising wages. Additionally, the Federal Reserve puts the risk of a negative quarter of real U.S. GDP at 15.3% for the remainder of 2016 and 18.0% for the first half of 2017.<sup>25</sup>

Moreover, global economic weakness and the increasing use of e-commerce, especially in the retail sector, could dampen local economic growth.

*Prepared by:  
The Office of Legislative Budget Review*

*Maurice Chalmers, Director  
Helen M. Carlson, Deputy Director  
Deirdre K. Calley, Assistant Director  
Tyler Barbieri, Legislative Report Specialist*

---

<sup>25</sup> Research Department, Federal Reserve Bank of Philadelphia, "Survey of Professional Forecasters", Federal Reserve Bank of Philadelphia, May 13, 2016.