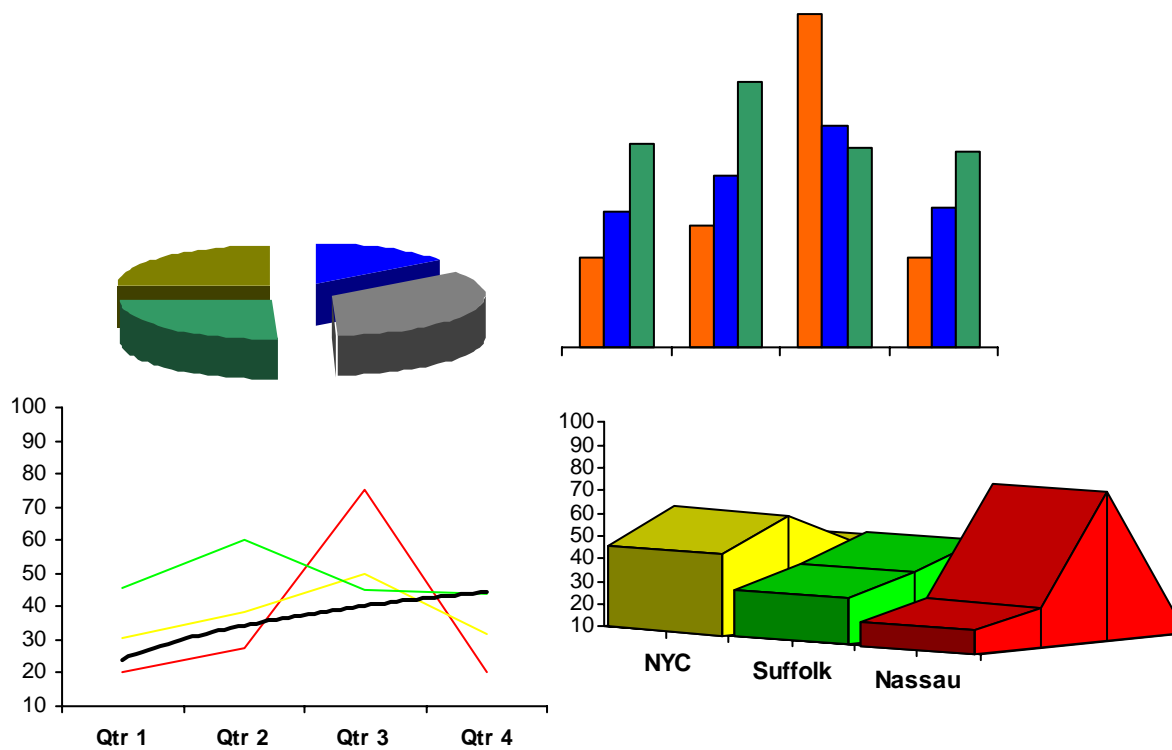




# NASSAU COUNTY LEGISLATURE

## Office of Legislative Budget Review

### Nassau County Economic Indicators



April 2004




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BUDGET REVIEW

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**Inter-Departmental Memo**

To: Hon. Lisanne Altmann, Chairperson  
Member of the Budget Review Committee

From:  Eric C. Naughton, Director  
Legislative Budget Review

Date: April 30, 2004

Re: April 2004 Economic Report

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Attached is a copy of the Office of Legislative Budget Review's monthly economic report. This report is intended to assist the Legislature in making policy decisions and in assessing budgetary forecasts. From time to time it will be modified to include data that relates to specific events. The data presented is the most current as of the date of circulation and is the most geographically relevant.

cc: Hon. Howard Weitzman, County Comptroller  
Sharon Commissiong, Majority Counsel  
Mike Deegan, Minority Counsel  
Mark Young, Budget Director  
Richard Luke, Executive Director, NIFA  
Dan McCloy, Special Assistant Minority  
Sal Guajardo, Majority Finance  
Ed Ward, Special Assistant to Minority  
Art Gianelli, Deputy County Executive  
Carol Trottere, Majority Press Secretary  
Marilyn Gottlieb, Director of Legislative Affairs  
Bill Geier, Clerk of the Legislature

## April 2004 Monthly Economic Report

The economy gained momentum this March. All areas surveyed recorded increases. More residents were employed, more non-agricultural jobs were available, more houses sold, consumer confidence increased, retail sales rose and consumer prices escalated. Dampening the economic gains was the rising price of gasoline.

### Local Area Employment Figures

<b>Comparison of Employment Statistics</b>					
<b>figures in thousands</b>					
	<u>3/04</u>	<u>2/04</u>	<u>3/03</u>	<u>Change from</u> <u>Prior Month</u>	<u>Change from</u> <u>Prior Year</u>
<b><u>Nassau</u></b>					
<b>Employed</b>	683.4	679.8	683.3	0.5%	0.0%
<b>Unemployed</b>	30	30.1	26.8	-0.3%	11.9%
<b>Unemployment rate</b>	4.2%	4.2%	3.8%	0.0%	10.5%
<b><u>Suffolk</u></b>				<b><u>Change from</u></b> <b><u>Prior Month</u></b>	<b><u>Change from</u></b> <b><u>Prior Year</u></b>
<b>Employed</b>	726	722.1	725.9	0.5%	0.0%
<b>Unemployed</b>	38.5	40.3	34.5	-4.5%	11.6%
<b>Unemployment rate</b>	5.0%	5.3%	4.5%	-5.7%	11.1%
<b><u>NYC</u></b>				<b><u>Change from</u></b> <b><u>Prior Month</u></b>	<b><u>Change from</u></b> <b><u>Prior Year</u></b>
<b>Employed</b>	3,391.0	3,356.0	3,391.0	1.0%	0.0%
<b>Unemployed</b>	299.0	310.0	322.0	-3.5%	-7.1%
<b>Unemployment rate</b>	8.1%	8.5%	8.9%	-4.7%	-9.0%
<b><u>Nation</u></b>				<b><u>Change from</u></b> <b><u>Prior Month</u></b>	<b><u>Change from</u></b> <b><u>Prior Year</u></b>
<b>Employed</b>	137,691.0	137,384.0	136,783.0	0.2%	0.7%
<b>Unemployed</b>	8,834.0	8,770.0	9,018.0	0.7%	-2.0%
<b>Unemployment rate</b>	6.0%	6.0%	6.3%	0.0%	-4.8%

Source: New York State Department of Labor

March 2004 was a strong employment month from both a regional and national vantage point. From a monthly perspective, all areas surveyed saw increases in the number of residents employed and the labor force. All regional areas surveyed also saw declines in the number of unemployed residents.

From an annual perspective, the Long Island employment market saw its labor force increase. The number of employed residents was unchanged while the number of unemployed rose, indicating that the rate of job creation was slower than the rate of growth of the labor force.

New York City was the only area surveyed to experience a decline in its labor force from this time last year. In New York City, the number of employed residents was unchanged from last year while its number of unemployed fell. Taken together these forces led to an annual decrease in its unemployment rate.

Throughout the nation, there are more residents employed and less residents unemployed than at this time last year. National job-creation kept pace with labor force growth, since the national unemployment rate fell.

**Nassau-Suffolk Nonagricultural Employment**

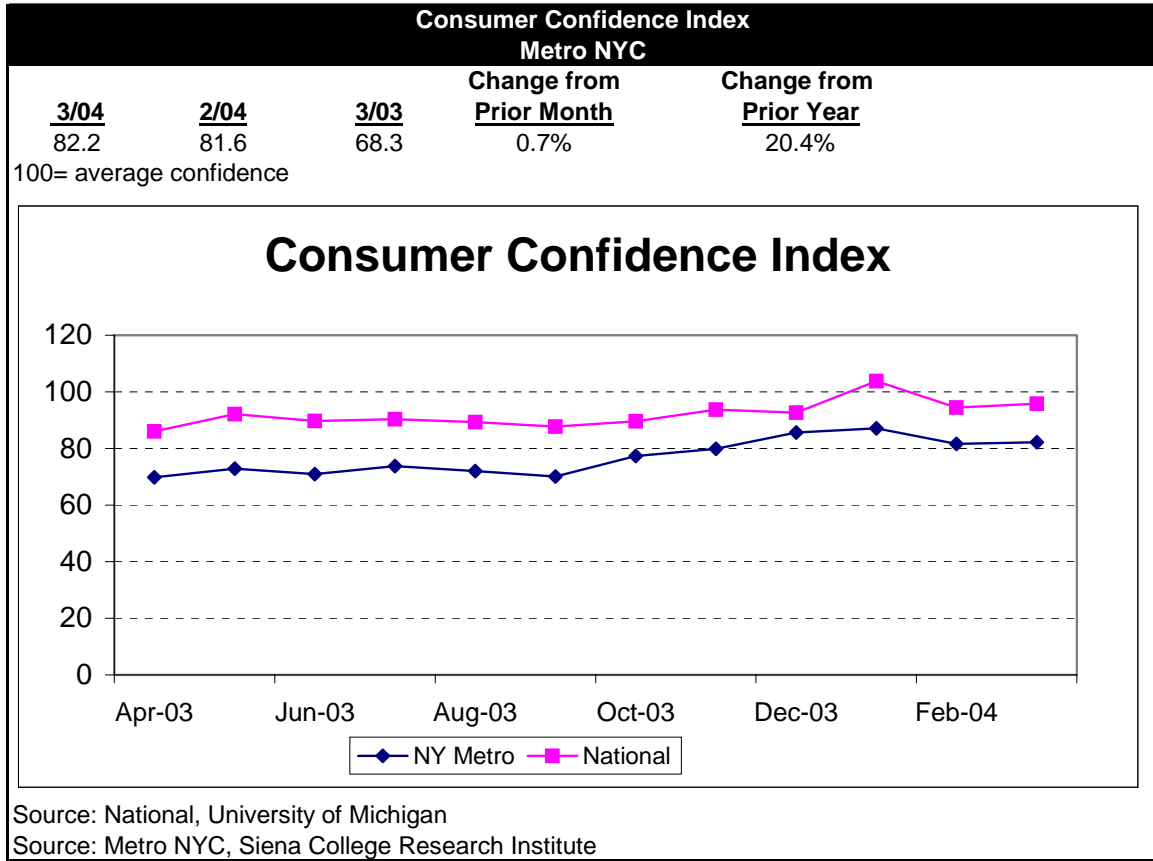
<b>Nonagricultural Employment Nassau-Suffolk Area figures are in thousands</b>					
	<b><u>3/04</u></b>	<b><u>2/04</u></b>	<b><u>3/03</u></b>	<b><u>Change from Prior Month</u></b>	<b><u>Change from Prior Year</u></b>
Natural Resources, Construction & Mining	60.5	58.3	59.6	3.8%	1.5%
Manufacturing	86.4	86.2	88.8	0.2%	-2.7%
Wholesale Trade	73.5	73.0	72.7	0.7%	1.1%
Retail Trade	158.7	156.8	156.4	1.2%	1.5%
Transportation, Warehousing & Utilities	35.9	35.7	36.2	0.6%	-0.8%
Information	28.3	27.6	29.5	2.5%	-4.1%
Financial Activities	83.4	82.9	81.7	0.6%	2.1%
Professional & Business Services	149.4	147.3	148.7	1.4%	0.5%
Educational & Health Services	198.2	195.5	194.0	1.4%	2.2%
Leisure & Hospitality	86.0	83.5	84.5	3.0%	1.8%
Other Services	50.6	50.6	49.9	0.0%	1.4%
Government	206.0	204.6	204.0	0.7%	1.0%
Total	1,216.9	1,202.0	1,206.0	1.2%	0.9%
Source: NYS Department of Labor					

In March 2004, the Long Island region added 14,900 non-agricultural jobs from the prior month and 10,900 non-agricultural jobs from this time last year.

From a monthly perspective, the area surpassed the 1% growth rate indicative of a healthy economy. The job gains were widespread, no sectors saw declines from a monthly perspective. The greatest monthly gains were in the Natural Resources, Construction and Mining sector. Trailing the construction sector in terms of monthly job gains were the Leisure & Hospitality and Information sectors. The gains seen in the Leisure & Hospitality sector were significant since it was one the industries hardest hit by September 11<sup>th</sup>. Moreover, the employment statistics correlate with the most recent beige book report of the Federal Reserve Bank which found a 16% increase in Manhattan hotel occupancy rates and a 5% increase in Manhattan hotel average room rates.<sup>1</sup> Growth in the tourism industry is significant for County Hotel / Motel tax collections.

From an annual view point, the Long Island region has 0.9% more jobs than it did last year. Nine of the twelve sectors have seen annual increases. The largest annual increases were in the Educational & Health Services sector. The largest decline was in the Information sector.

**Consumer Confidence Index**



In March 2004, consumer confidence both regionally and nationally rose slightly from a monthly perspective. The Siena College Research Institute attributed the slight gain to mixed economic news,

<sup>1</sup> “Federal Reserve Districts, Second District – New York”, The Beige Book, The Federal Reserve Board, April 21, 2004.

that high-energy prices and a flat stock market were dampening the effect of job gains.<sup>2</sup> The regional index fell short of the national by 13.6 points and was 20.4% greater than at this time last year.

Heightened consumer confidence coupled with increased tax refunds contributed to a better than expected rise in retail sales. According to the Commerce Department, March 2004 retail sales were up 1.8% from this time last year. Economists had expected total sales to increase by 0.7%. Analysts attributed the better than expected increase to be a function of increased tax refunds.<sup>3</sup> As of April 9, 2004, the average tax refund was up 5% or \$102 from the prior year.<sup>4</sup>

### Consumer Price Indexes

Consumer Price Indexes					
New York-Northern Jersey-Long Island, NY-NJ-CT-PA region					
	<u>3/04</u>	<u>2/04</u>	<u>3/03</u>	<u>Change from Prior Month</u>	<u>Change from Prior Year</u>
US City, CPI-U	187.4	186.2	184.2	0.6%	1.7%
Regional CPI-U	203.4	201.1	197.1	1.1%	3.2%
Core CPI-U (All Items less energy)	211.1	208.5	204.0	1.2%	3.5%
Medical	317.2	314.5	303.3	0.9%	4.6%
Housing	214.6	212.4	207.6	1.0%	3.4%
Gasoline (all types)	136.1	131.4	131.9	3.6%	3.2%

Source: Bureau of Labor Statistics, figures are not seasonally adjusted

Prices escalated both regionally and nationally in March from both a monthly and an annual perspective. Monthly and annual regional price gains outpaced those experienced nationally.

The chart on the next page details the annual regional and national price changes by sector. All sectors increased regionally. U.S. Bureau of Labor Statistics analysts considered the sizeable annual increase in the regional price of apparel a function of the fact that spring and summer seasonal goods were introduced this past month at the high-end of the price range. In contrast, during the previous year these items were introduced at clearance prices, thereby causing the annual price change to be large. This increase led to the regional Core CPI-U to be greater than the regional All-Items CPI-U.

Trailing the apparel sector in terms of annual price growth were the medical, food, other and housing categories.

Fueling the price increase seen in the transportation category, was the appreciation recorded in the price of gasoline. The national price for regular self-serve gasoline has risen 31.5 cents per gallon since December 19, 2003. Analysts attributed this rise to strengthening crude oil prices and U.S. demand. Further straining the price of gasoline are the new environmental standards. Analysts expect gasoline prices to rise even further in the short term as a result of these forces.<sup>5</sup>

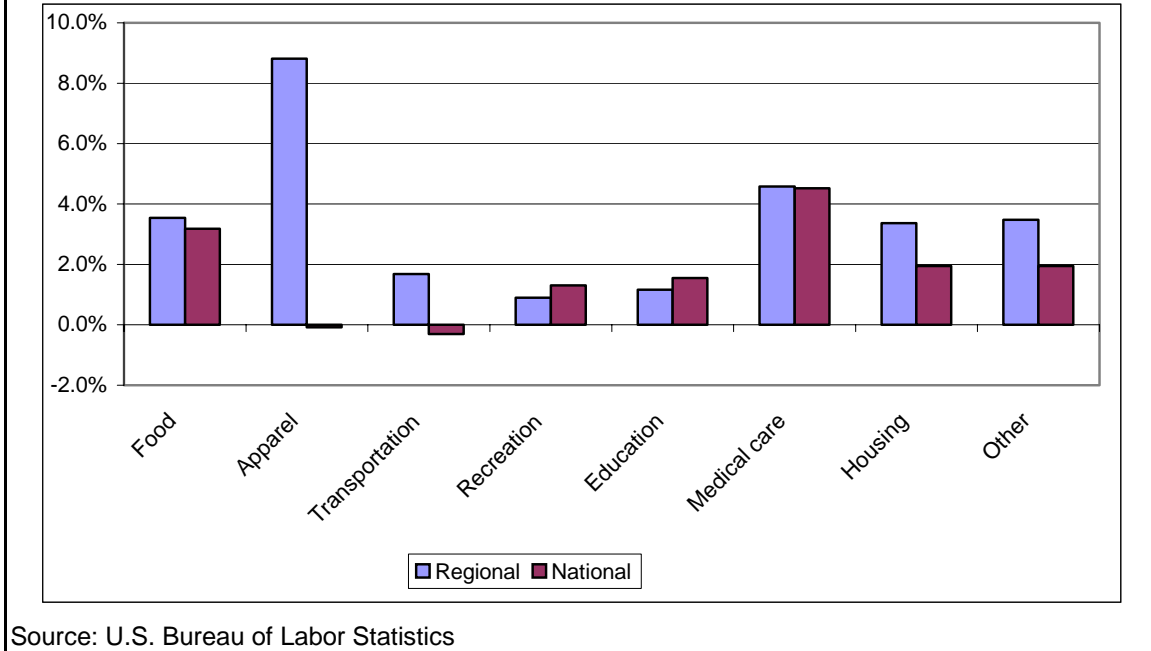
<sup>2</sup> “NYS Consumer Confidence Hold Steady in March, Nearly 15 Points Below Nation”, Siena College Research Institute, April 15, 2004.

<sup>3</sup> Bhatnagar, Parija, “Buy Now, Sit Later”, CNN/Money.com, April 13, 2004.

<sup>4</sup> Block, Sandra and Barbara Hagenbaugh, “Tax Refunds aren’t as Hefty as Expected”, USAToday.com, April 14, 2004.

<sup>5</sup> “Gas Prices Keep Rising”, CNN/Money.com, April 11, 2004.

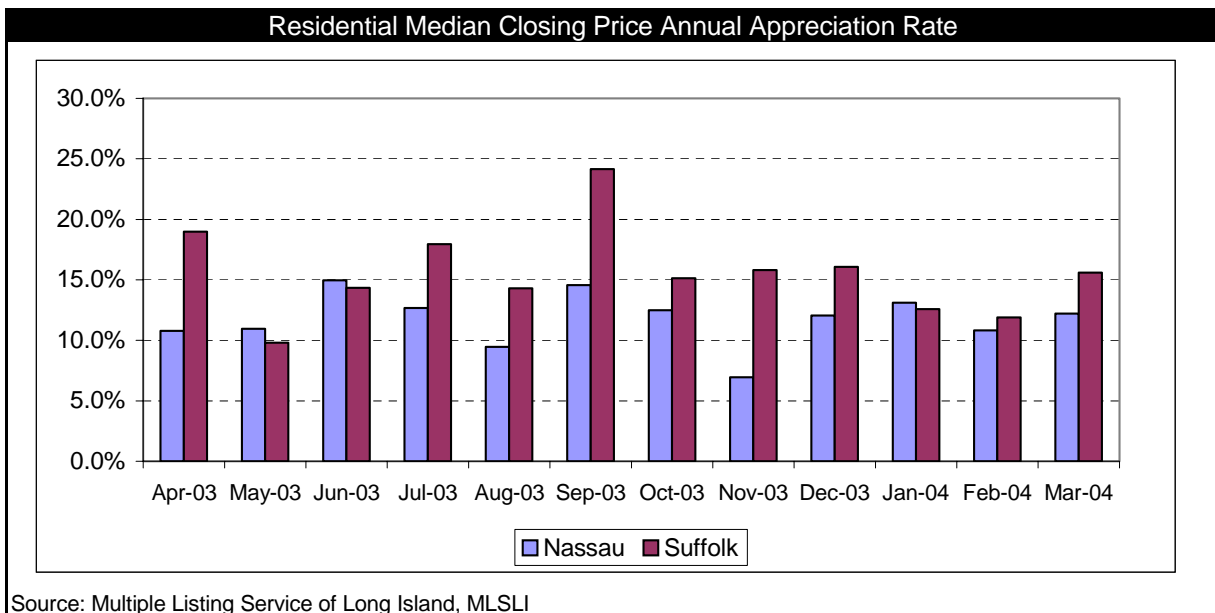
**CPI-U Regional vs. National Annual Percentage Changes**  
March 2004



**Residential Housing Market**

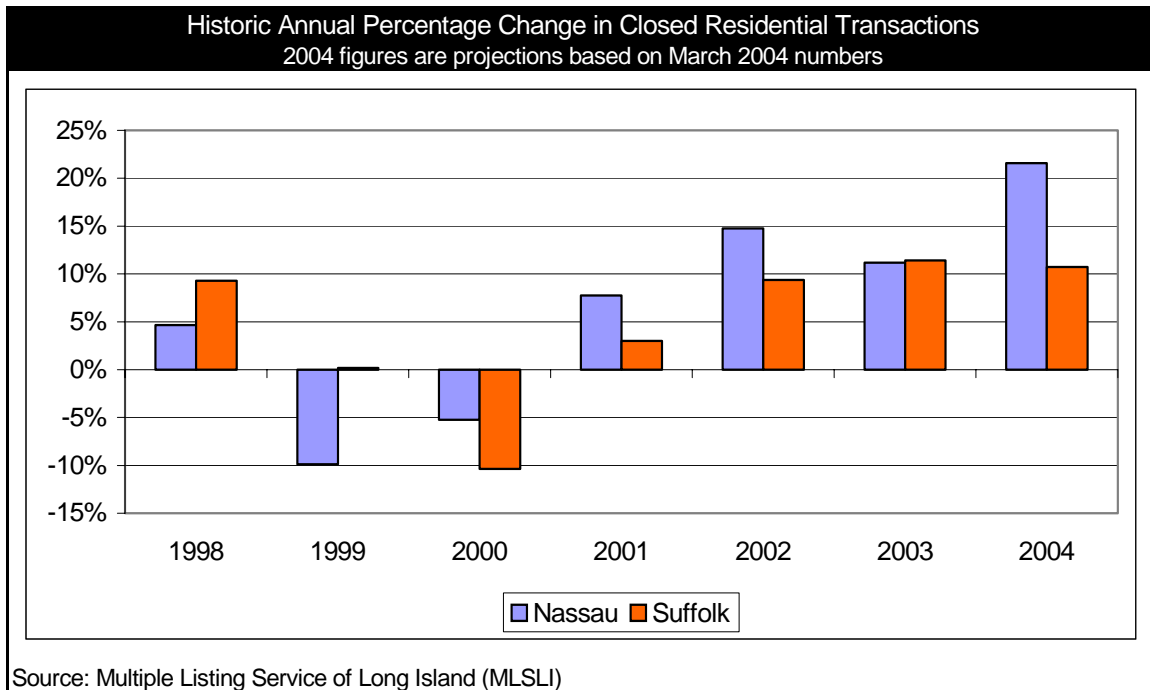
Nassau’s residential housing market strengthened this month. All housing indicators showed appreciation. Nassau County residential listings were up 3.3% from this time last year, average closing prices were up 9.3% from the prior year, median closing prices increased 12.2% from this time last year and total closed transactions rose 21.6% from last year.

Suffolk County’s market also exhibited strengthening, yet the number of residential listings in Suffolk is down 6.4% from this time last year. The chart below details the annual changes seen in median home sale prices for both Nassau and Suffolk over the past twelve months.



If current trends continue, Nassau County residential home values will rise 14.8% in 2004 and Suffolk County residential home values will increase 11.9%.

The greatest amount of growth is occurring in the number of closed transactions. March 2004 marked the seventh month in a row in which the number of closed transactions in Nassau grew by more than 20% on an annual basis. If current trends continue, Nassau will end the year with an increase in closed transactions of 21.6%. Such an increase would be the greatest increase seen in Nassau during the past seven years.



The increase seen in the number of closed transactions in Nassau as well as in home price appreciation will positively increase both County revenues and consumer purchases. County Clerk fees increase in tandem with the number of closed real estate transactions. Additionally, strong home price appreciation allows for more cash-out mortgage refinancings which support consumer spending.

### **Conclusion**

The economy picked up speed this month. The growth was well balanced in that it occurred in all sectors. Great strides were made in the labor market, the housing market was a source of strength, and the hospitality industry seems to be on an upswing. If the economy continues to move forward at this pace for roughly six months it would signal the end of the “jobless” recovery.