

Nassau County Economic Indicators

June 2003



**Office of Legislative Budget Review
Nassau County Legislature**




ERIC C. NAUGHTON
DIRECTOR
OFFICE OF LEGISLATIVE
BUDGET REVIEW

NASSAU COUNTY LEGISLATURE
ONE WEST STREET
MINEOLA, NEW YORK 11501
(516) 571-6292

Inter-Departmental Memo

To: Hon. Lisanne Altmann, Chairperson
Budget Review Committee

From: Eric C. Naughton,  Director
Legislative Budget Review

Date: June 23, 2003

Re: Economic Report

Attached is a copy of the Office of Legislative Budget Review's monthly economic report. The data included is the most current as of the date of issuance. Secondly, the data is the most geographically relevant. That is, it is as specific as possible to Nassau County.

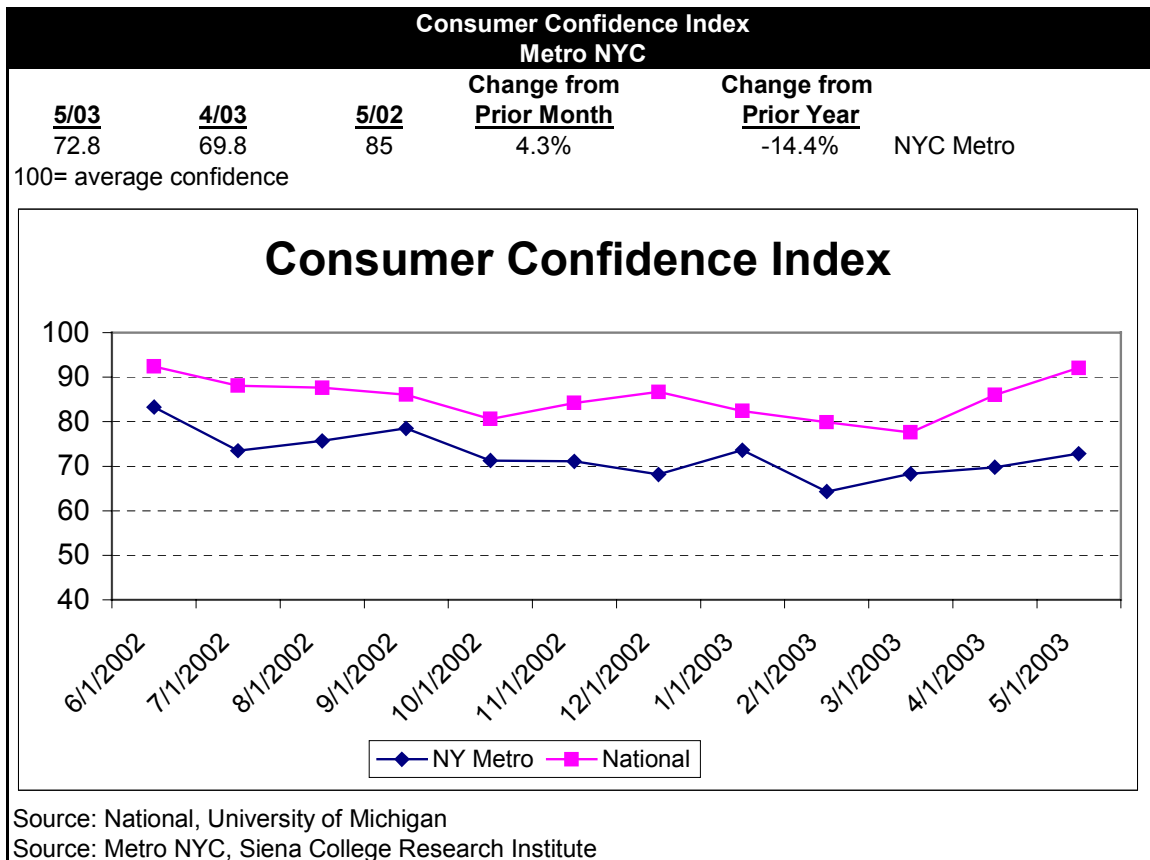
cc: Hon. Howard Weitzman, County Comptroller
Sharon Commissiong, Majority Counsel
Mike Deegan, Minority Counsel
Mark Young, Budget Director
Joah Sapphire, Majority Finance
Dan McCloy, Special Assistant to Minority
Rich Luke, NIFA, Executive Director
Art Gianelli, Deputy County Executive

June 2003 Economic Indicators Report

The local economy continued on its road to recovery this month. The region continued to add jobs to its payrolls, more residents found employment, and core consumer prices experienced a modest increase, dampening fears of deflation. The housing market was the only exception. It experienced softening which some attributed to the unusually cool and wet spring.

The Regional Economy

Consumer Confidence Index



Consumer confidence in the metropolitan region rose for the third month in a row, climbing 4.3% from last month. From an annual perspective, consumer confidence in the metropolitan region is down. Nationally, consumer confidence rose approximately 7.1% from last year. The increased confidence was evident in U.S. retail sales that increased 0.1% this May.¹

¹ "Retail Sales Edge Up", CNNmoney.com, June 12, 2003.

Local Area Employment Figures

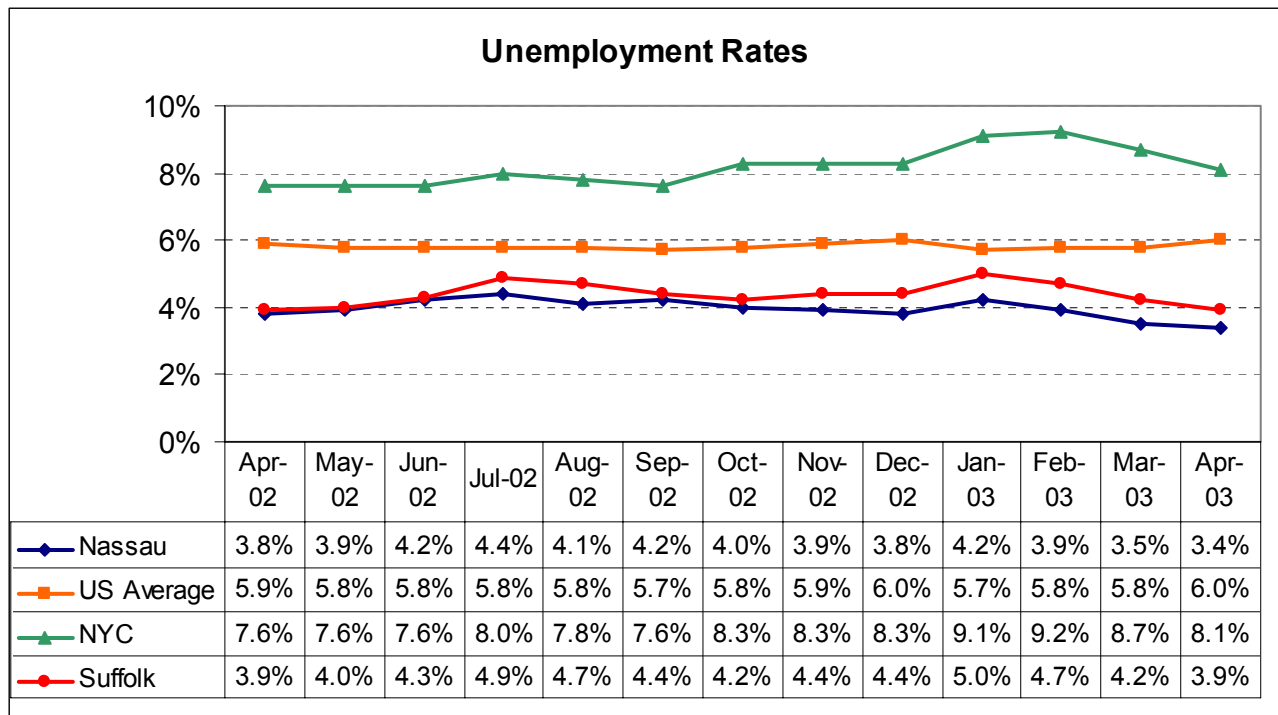
Comparison of Employment Statistics figures in thousands					
<u>Nassau</u>	<u>4/03</u>	<u>3/03</u>	<u>4/02</u>	<u>Change from Prior Month</u>	<u>Change from Prior Year</u>
Employed	692.4	686.9	681.6	0.8%	1.6%
Unemployed	24.3	25.2	26.8	-3.6%	-9.3%
Unemployment rate	3.4%	3.5%	3.8%	-2.9%	-10.5%
<u>Suffolk</u>	<u>4/03</u>	<u>3/03</u>	<u>4/02</u>	<u>Change from Prior Month</u>	<u>Change from Prior Year</u>
Employed	731.2	725.4	719.8	0.8%	1.6%
Unemployed	29.8	32.1	29.2	-7.2%	2.1%
Unemployment rate	3.9%	4.2%	3.9%	-7.1%	0.0%
<u>NYC</u>	<u>4/03</u>	<u>3/03</u>	<u>4/02</u>	<u>Change from Prior Month</u>	<u>Change from Prior Year</u>
Employed	3,378.1	3,362.1	3,438.2	0.5%	-1.7%
Unemployed	296.6	320.1	282.4	-7.3%	5.0%
Unemployment rate	8.1%	8.7%	7.6%	-6.9%	6.6%
<u>Nation</u>	<u>4/03</u>	<u>3/03</u>	<u>4/02</u>	<u>Change from Prior Month</u>	<u>Change from Prior Year</u>
Employed	137,687	137,348	136,196	0.2%	1.1%
Unemployed	8,786	8,445	8,567	4.0%	2.6%
Unemployment rate	6.0%	5.8%	5.9%	3.4%	1.7%

Source: New York State Department of Labor

Nassau County's employment figures continue to escalate. April 2003 saw 5,500 County residents find employment, the third straight month of employment increases. Simultaneously, the number of unemployed residents fell by 900. Taken together, both forces, contributed to the 2.9% decline in the County's unemployment rate. The encouraging job growth helped facilitate the regional increase in consumer confidence.

New York City and Suffolk County's labor markets also strengthened this month. In percentage terms Nassau and Suffolk saw the greatest monthly and annual increases in employed residents. However, all the local areas saw the number of employed grow, the number of unemployed fall and the unemployment rate decrease.

The National labor market picture was not as pretty. It too witnessed an increase in the number of individuals employed. However, the number of unemployed individuals also rose, resulting in an increased national unemployment rate. The national unemployment rate reached 6.0%, its highest point since December 2002. The changes in the unemployment rates of the areas surveyed are detailed on the next page.



Source: New York State Department of Labor

Nassau-Suffolk Nonagricultural Employment

Nonagricultural Employment Nassau-Suffolk Area figures are in thousands					
	<u>4/03</u>	<u>3/03</u>	<u>4/02</u>	<u>Change from Prior Month</u>	<u>Change from Prior Year</u>
Natural Resources, Construction & Mining	62.7	59.2	63.1	5.9%	-0.6%
Manufacturing	87.4	87.6	92.5	-0.2%	-5.5%
Wholesale Trade	71.2	71.2	71.6	0.0%	-0.6%
Retail Trade	158.1	159.1	155.4	-0.6%	1.7%
Transportation, Warehousing & Utilities	35.6	36.2	36.9	-1.7%	-3.5%
Information	32.2	31.8	32.7	1.3%	-1.5%
Financial Activities	83.1	82.6	82.4	0.6%	0.8%
Professional & Business Services	150.9	148.1	152.5	1.9%	-1.0%
Educational & Health Services	189.6	190.4	187.1	-0.4%	1.3%
Leisure & Hospitality	88.5	83.1	86.6	6.5%	2.2%
Other Services	51.3	51.7	49.4	-0.8%	3.8%
Government	201.2	199.5	200.3	0.9%	0.4%
Total	1,211.8	1,200.5	1,210.5	0.9%	0.1%

Source: NYS Department of Labor

The Long Island region added 11,300 new jobs to its nonagricultural payrolls this month. Not only did this represent a monthly increase, but also an annual increase. The Long Island region had 1,300 more jobs this April than April 2002.

The greatest monthly increase occurred in the Leisure & Hospitality supersector, where 5,400 jobs were added from last month. The Natural Resource, Construction, and Mining supersector added 3,500 new jobs from last month. All other supersectors experienced marginal job increases or decreases from last month.

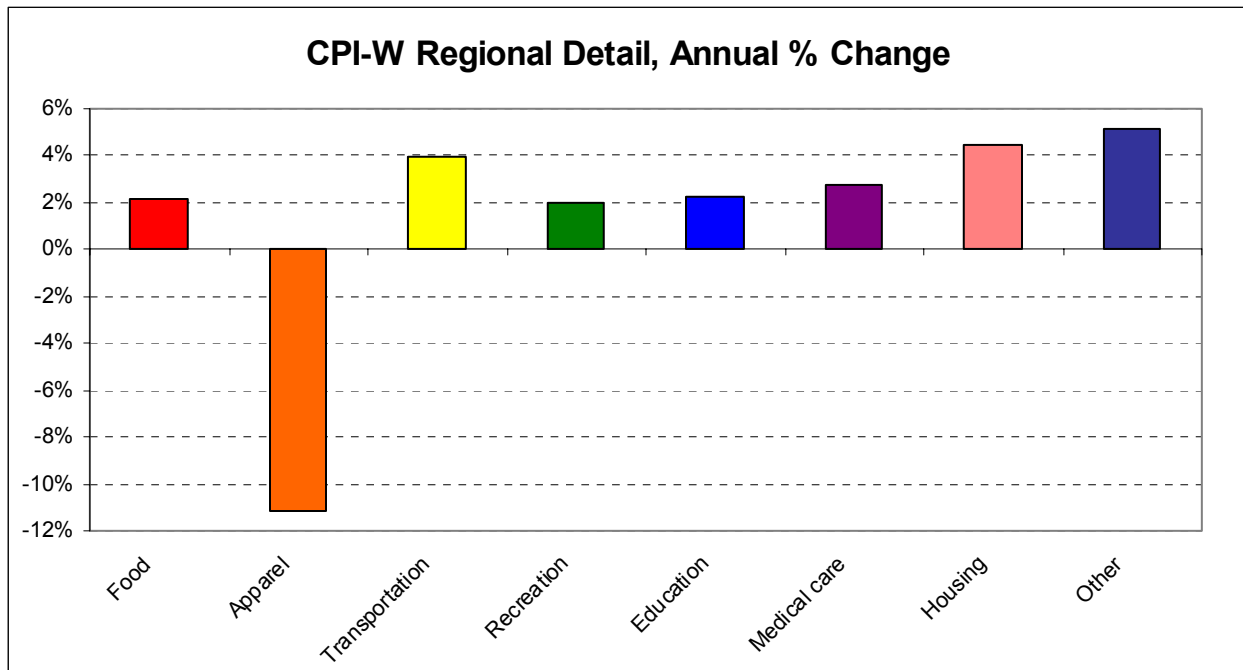
From an annual perspective, the Other Services supersector added the most jobs to its payroll. Following the Other Services supersector in terms of job gains was the Leisure & Hospitality supersector. Within the Leisure & Hospitality supersector, the Food Services and Drinking Places sector experienced the largest job increase by adding 1,400 jobs to its payroll from last year's level.

Consumer Price Indexes

Consumer Price Indexes New York-Northern Jersey-Long Island, NY-NJ-CT-PA region					
	<u>5/03</u>	<u>4/03</u>	<u>5/02</u>	<u>Change from Prior Month</u>	<u>Change from Prior Year</u>
US City, CPI-W	179.4	179.8	175.8	-0.2%	2.0%
CPI-W	191.7	191.8	186.4	-0.1%	2.8%
Medical	305.6	303.7	297.4	0.6%	2.8%
Housing	200.2	200.0	191.7	0.1%	4.4%
Gasoline (all types)	123.3	129.1	112.8	-4.5%	9.3%

Source: Bureau of Labor Statistics

Nationally, energy prices continued to decline in May 2003. Without the declining energy prices, the core-CPI recorded a 0.3% increase from last month. This was the greatest monthly increase in the core-CPI since August 2002. From an annual perspective, prices throughout the nation are up 2.0%. The larger than expected increase in the core-CPI has helped to quell some of the deflation fears detailed in last month's report.

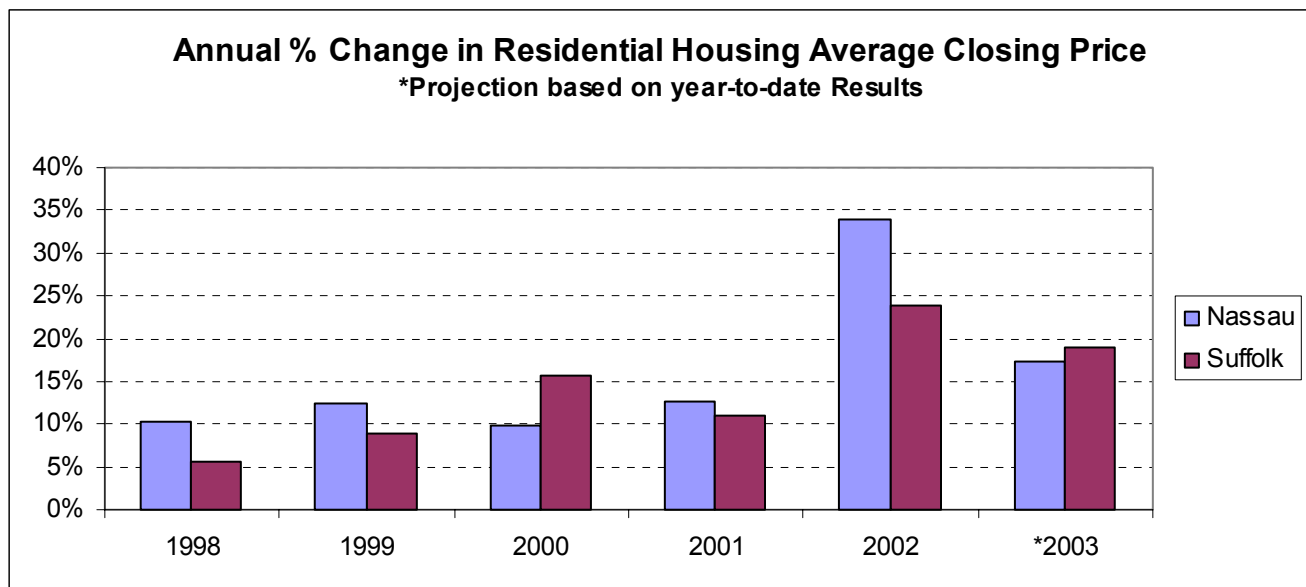


Regionally, overall prices fell 0.1% from last month and are up 2.8% from last year. From a monthly perspective, declines in the apparel and education & communications categories offset the increases seen in all the other categories. The chart above details the annual price changes seen in the metropolitan region by category. The price of apparel has fallen by 11.1% from this time last year. It is the only category that experienced an annual decline in its price-level. The change in the price of gasoline (all types) is reflected in the transportation category.

Residential Housing Market

April 2003 Multiple Listing Service of Long Island (MLS LI) data shows that although Nassau County property values continue to appreciate, the local residential housing market softened this month. The National Association of Home Builders attributed the softening in the Northeastern housing market to the unseasonably cool and wet May.² Softening was seen in the rate of increase of home values, residential inventories and number of actual transactions closed.

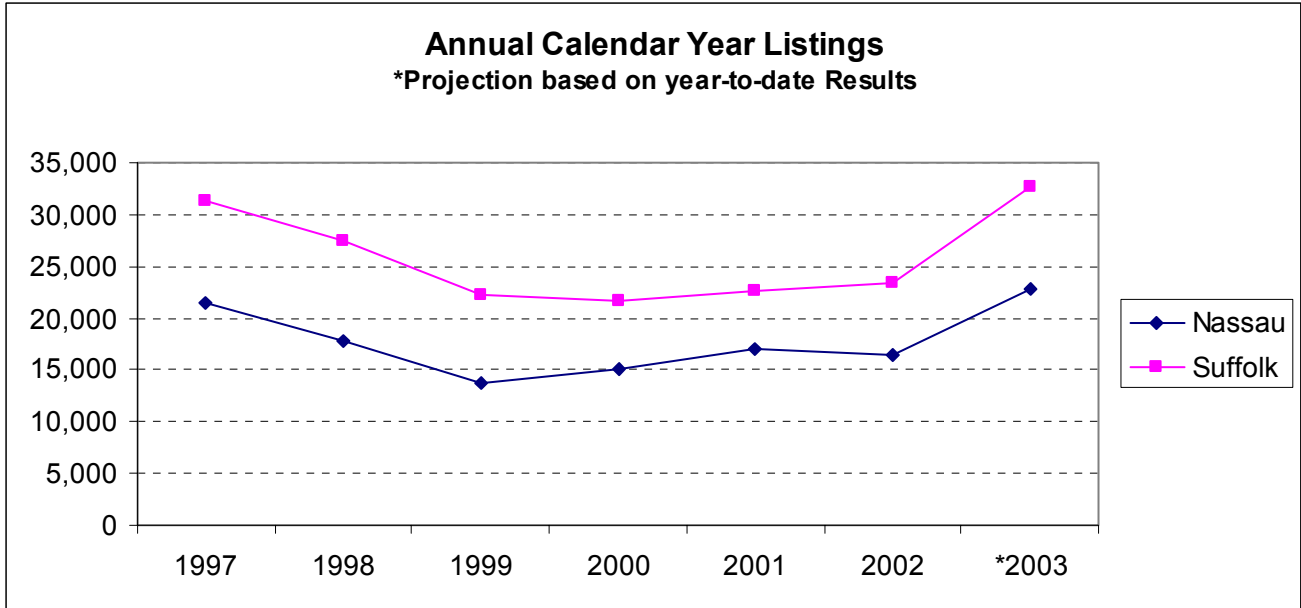
April 2003's projected annual average sale price for a house in Nassau County was \$504,408.86. This represents an annual increase of 17.3%, down 1.7% from last month's 19% projection. As the chart below details, this is the first time since 2000 that the annual appreciation in Nassau County housing is less than that of Suffolk County. However, 17.3% annual appreciation is still sizeable by historical standards.



A slowdown was also seen in the year-to-date number of actual sales closed in Nassau County. Through April 2003 there were 2,321 transactions closed in Nassau County. That is 2.1% less than at this time last year. Over the same time period, the number of sales closed in Suffolk County is up by 3.6%.

Lastly, inventory levels continue to rise in both Nassau and Suffolk Counties. Projected annual inventory levels are greater than they were in 1997. Compared to inventory levels in 2002, the number of listings in Nassau County is up 38%. In Suffolk County the number of listings is up 39% from last year. The chart on the next page details the annual number of listings for both Nassau and Suffolk counties.

² Duhigg, Charles, "3 Economic Reports Point to Improvement", Washingtonpost.com, June 18, 2003.



Conclusion

Several promising signs were seen this month. The area continued on last month’s path of adding jobs and finding employment for County residents. This is very important for the future growth of the local economy and County revenue streams. Especially since signs were apparent that the current main driver of the local economy, the housing market, has slowed down. The increase seen in the core-CPI is also meaningful since it indicates that our economy may be able to avoid a period of deflation.