

# **Nassau County Economic Indicators**

**July 2003**



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



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**Inter-Departmental Memo**

To: Hon. Lisanne Altmann, Chairperson  
Budget Review Committee

From: Eric C. Naughton  Director  
Legislative Budget Review

Date: July 23, 2003

Re: Economic Report

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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.

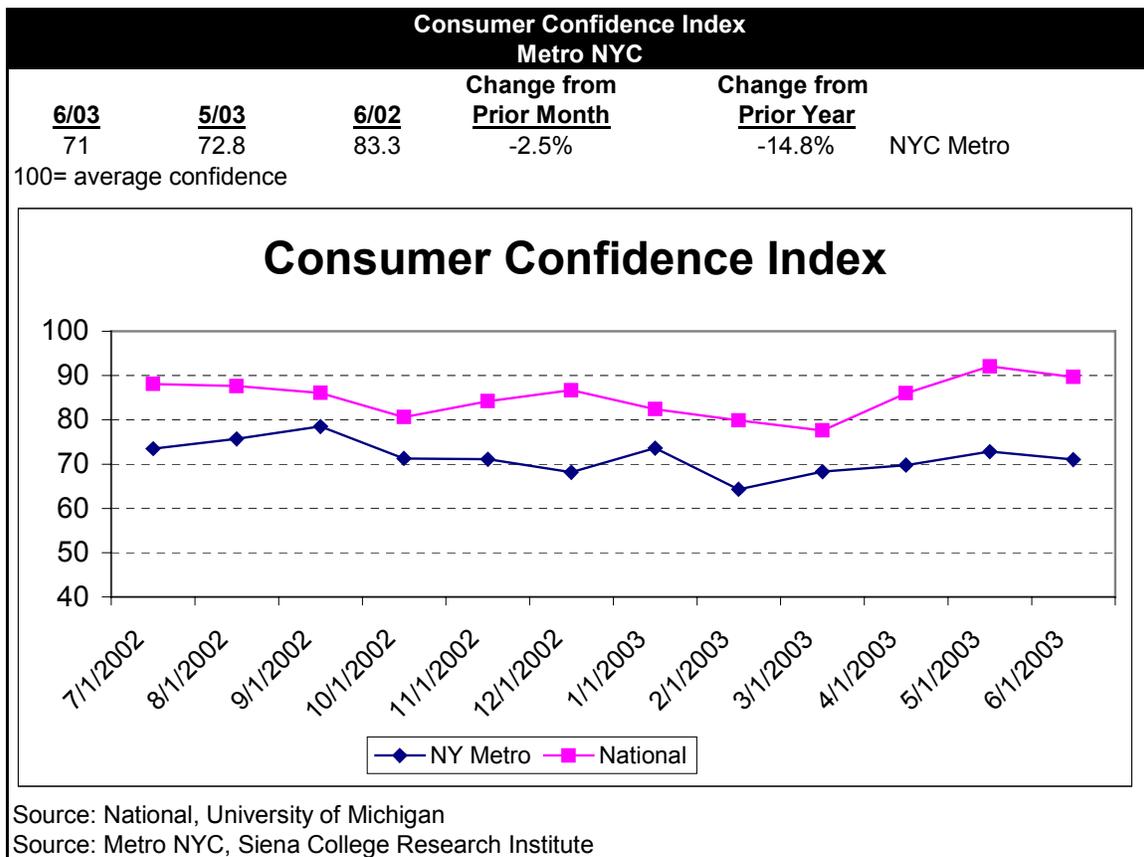
cc: Hon. Howard Weitzman, County Comptroller  
Sharon Commissiong, Majority Counsel  
Mike Deegan, Minority Counsel  
Mark Young, Budget Director  
Joah Sapphire, Majority Finance  
Dan McCloy, Special Assistant to Minority  
Rich Luke, NIFA, Executive Director  
Art Gianelli, Deputy County Executive

## July 2003 Economic Indicators Report

The regional economy was mixed this month. Aside from job growth in most sectors, all other indicators revealed some softening. Regional consumer confidence fell, most prices increased marginally, the number of residential houses sold fell and outside of New York City, unemployment rates rose. The economy seems to be in a standstill. Not much ground was lost, but not much was gained.

### The Regional Economy

#### Consumer Confidence Index



June 2003 metropolitan consumer confidence fell 2.5% from last month and 14.8% from this time last year. The national index similarly fell 2.6% from last month. Dr. Douglas Lonnstrom, Siena Research Institute Director, described consumer confidence as being in a holding pattern. He states, “We seem unable to sustain any broad upward trend across all sectors of the economy....The consumer is in a confused state of mind right now.”<sup>1</sup> This confused state of mind is evident in the Commerce Department’s June retail sales data. Just as consumer confidence was falling, retail sales rose in June 0.5%. Analysts attributed the increase to pent up demand since April and May retail sales were weak.<sup>2</sup>

<sup>1</sup> Lonnstrom, Douglas, “New York State Consumer Confidence Up, Barely”, Siena Research Institute, July 11, 2003.

<sup>2</sup> “Retail Sales Gain Tops Forecasts”, CNNMoney.com, July 15, 2003.

## Local Area Employment Figures

<b>Comparison of Employment Statistics figures in thousands</b>					
<b><u>Nassau</u></b>	<b><u>5/03</u></b>	<b><u>4/03</u></b>	<b><u>5/02</u></b>	<b><u>Change from Prior Month</u></b>	<b><u>Change from Prior Year</u></b>
<b>Employed</b>	695.4	692.9	685.2	0.4%	1.5%
<b>Unemployed</b>	26.9	24.6	28.1	9.3%	-4.3%
<b>Unemployment rate</b>	3.7%	3.4%	3.9%	8.8%	-5.1%
<b><u>Suffolk</u></b>	<b><u>5/03</u></b>	<b><u>4/03</u></b>	<b><u>5/02</u></b>	<b><u>Change from Prior Month</u></b>	<b><u>Change from Prior Year</u></b>
<b>Employed</b>	734.3	731.8	723.6	0.3%	1.5%
<b>Unemployed</b>	29.7	30.1	30.1	-1.3%	-1.3%
<b>Unemployment rate</b>	3.9%	3.9%	4.0%	0.0%	-2.5%
<b><u>NYC</u></b>	<b><u>5/03</u></b>	<b><u>4/03</u></b>	<b><u>5/02</u></b>	<b><u>Change from Prior Month</u></b>	<b><u>Change from Prior Year</u></b>
<b>Employed</b>	3,367.5	3,378.3	3,442.0	-0.3%	-2.2%
<b>Unemployed</b>	284.5	296.6	282.9	-4.1%	0.6%
<b>Unemployment rate</b>	7.8%	8.1%	7.6%	-3.7%	2.6%
<b><u>Nation</u></b>	<b><u>5/03</u></b>	<b><u>4/03</u></b>	<b><u>5/02</u></b>	<b><u>Change from Prior Month</u></b>	<b><u>Change from Prior Year</u></b>
<b>Employed</b>	137,738	137,487	136,383	0.2%	1.0%
<b>Unemployed</b>	9,358	8,998	8,469	4.0%	10.5%
<b>Unemployment rate</b>	6.4%	6.1%	5.8%	4.9%	10.3%

Source: New York State Department of Labor

No regional trends could be deduced from this month's employment data. Each region analyzed seems to have different forces at work on it.

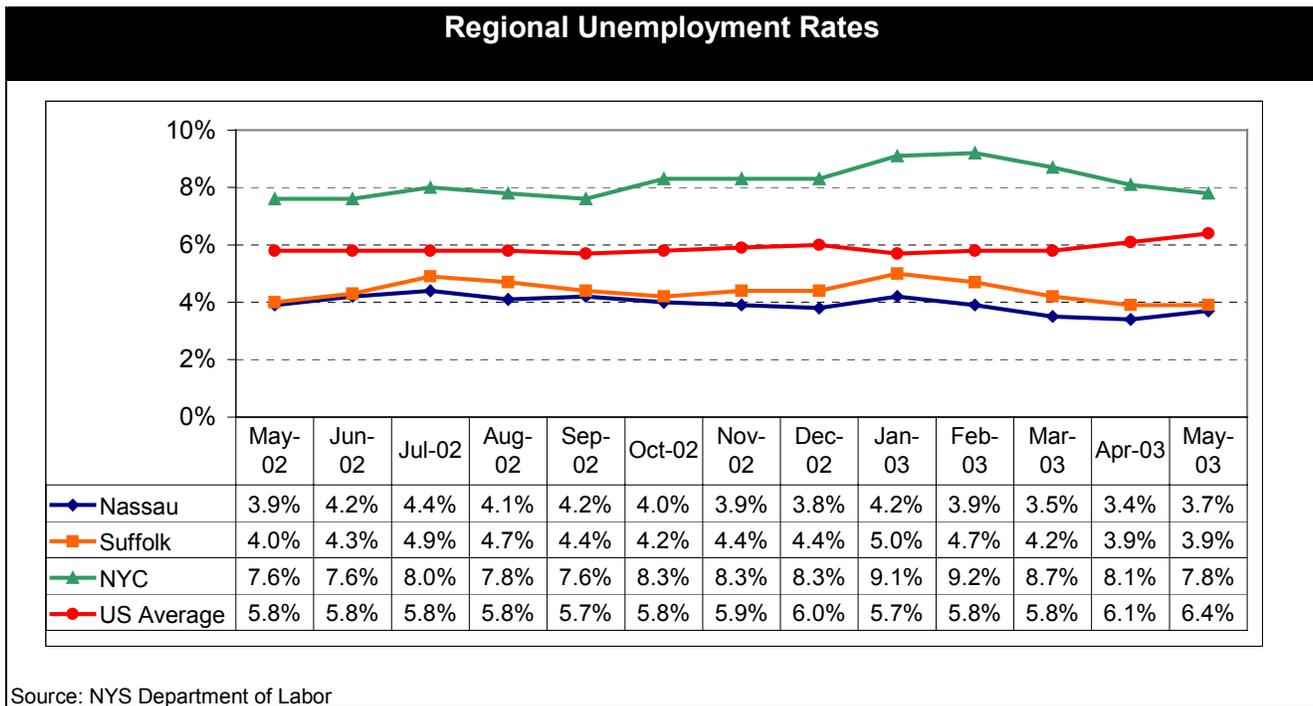
Some May 2003 Nassau County employment figures were positive. Within the County 2,500 residents found employment from last month. Moreover, the past few months of job gains has contributed to growth in the County labor force. Nassau's labor force grew 0.65% from last month. Labor force growth is considered a sign of a healthy economy. However, both the number of unemployed residents and the unemployment rate rose from last month. These indicators are still lower than this time last year. The increase seen in the number of Nassau County unemployed residents as well as the rise in the County's unemployment rate are not necessarily negative signs. As mentioned above the past few months of non-farm job gains could have encouraged more individuals to enter the labor market thereby increasing the number of unemployed residents and unemployment rate.

Suffolk County's May 2003 employment figures were positive. The number of employed residents grew from both a monthly and annual perspective, its labor force increased from last month, and the

number of its residents who are unemployed actually fell from both last month and last year. All these forces together resulted in a constant unemployment rate from last month.

New York City was the only area surveyed which saw a decline in its labor force from last month. The number of residents employed decreased from the previous month as did the number of residents unemployed. Taken together, these forces resulted in an unemployment rate decline from last month. However, compared to this time last year, New York City’s unemployment rate and number of unemployed residents have increased.

The National labor market’s monthly picture resembled that of Nassau County. It saw growth in both its residents employed, residents unemployed and unemployment rate. Comparing the data to this time last year also reveals growth in all indices.



## Nassau-Suffolk Nonagricultural Employment

<b>Nonagricultural Employment Nassau-Suffolk Area figures are in thousands</b>					
	<u>5/03</u>	<u>4/03</u>	<u>5/02</u>	<u>Change from Prior Month</u>	<u>Change from Prior Year</u>
Natural Resources, Construction & Mining	65.7	62.3	64.6	5.5%	1.7%
Manufacturing	86.0	87.3	92.2	-1.5%	-6.7%
Wholesale Trade	71.5	71.2	71.9	0.4%	-0.6%
Retail Trade	158.8	158.2	156.8	0.4%	1.3%
Transportation, Warehousing & Utilities	36.1	35.6	37.0	1.4%	-2.4%
Information	32.3	31.9	32.9	1.3%	-1.8%
Financial Activities	83.8	83.1	82.5	0.8%	1.6%
Professional & Business Services	151.6	151.1	154.0	0.3%	-1.6%
Educational & Health Services	190.4	190.6	187.2	-0.1%	1.7%
Leisure & Hospitality	94.6	88.8	92.4	6.5%	2.4%
Other Services	51.5	51.5	49.9	0.0%	3.2%
Government	201.8	201.1	200.5	0.3%	0.6%
<b>Total</b>	<b>1,224.1</b>	<b>1,212.7</b>	<b>1,221.9</b>	<b>0.9%</b>	<b>0.2%</b>

Source: NYS Department of Labor

The Nassau-Suffolk region continues to enjoy job growth. This month the area added 11,400 jobs from last month and 2,200 jobs from this time last year. From last month, jobs were added to almost all areas. Only the Manufacturing and Educational & Health Services supersectors experienced job losses. The greatest monthly gains were in the Leisure & Hospitality and Natural Resources, Construction & Mining supersectors.

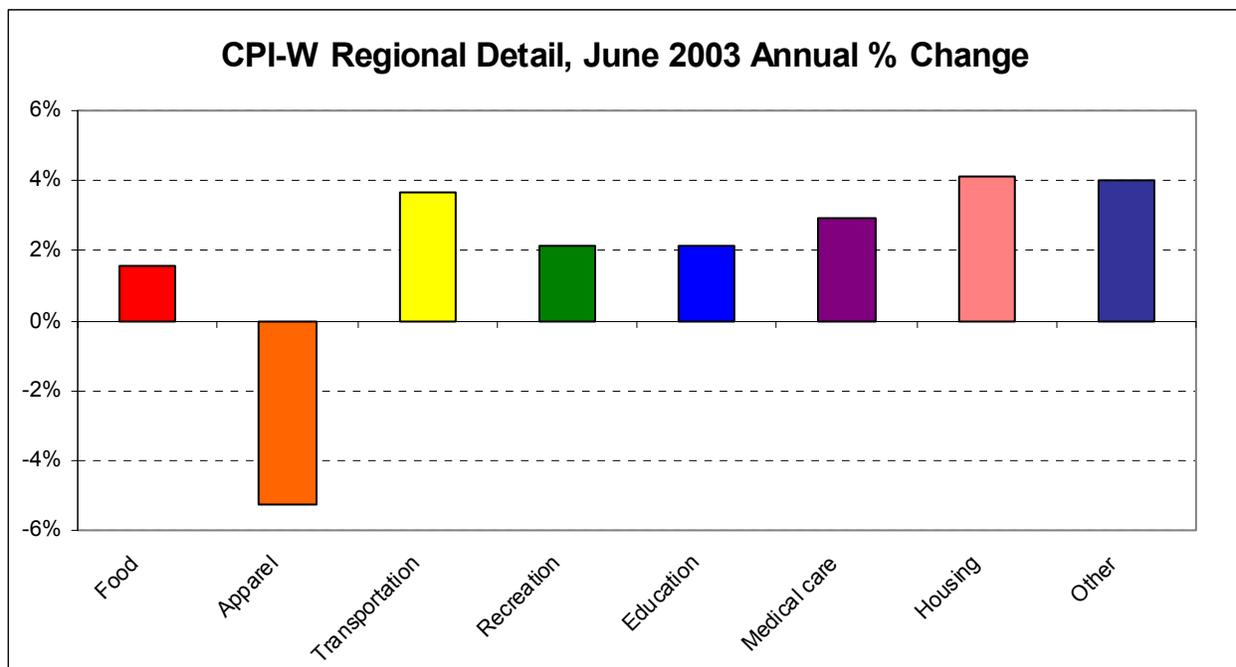
Compared to this time last year, the Manufacturing and Transportation, Warehousing & Utilities supersectors witnessed the greatest declines. The Other Services and Leisure & Hospitality supersectors have seen the largest annual job growth. The large job growth seen in the Leisure & Hospitality supersector is evenly distributed between the Accommodation and Food Services and Food Services and Drinking Places sectors.

## Consumer Price Indexes

Consumer Price Indexes New York-Northern Jersey-Long Island, NY-NJ-CT-PA region					
	<u>6/03</u>	<u>5/03</u>	<u>6/02</u>	<u>Change from Prior Month</u>	<u>Change from Prior Year</u>
US City, CPI-W	179.6	179.4	175.9	0.1%	2.1%
CPI-W	191.9	191.7	186.5	0.1%	2.9%
Medical	306.7	305.6	297.9	0.4%	3.0%
Housing	201.2	200.2	193.2	0.5%	4.1%
Gasoline (all types)	119.7	123.3	111.7	-2.9%	7.2%

Source: Bureau of Labor Statistics

Most prices across the Nation showed modest gains from last month and have increased 2.1% from this time last year. The same is true of regional prices. Except for the price of gasoline in the New York, New Jersey, Connecticut, and Pennsylvania region, most prices are up marginally from last month with greater increases from an annual perspective.

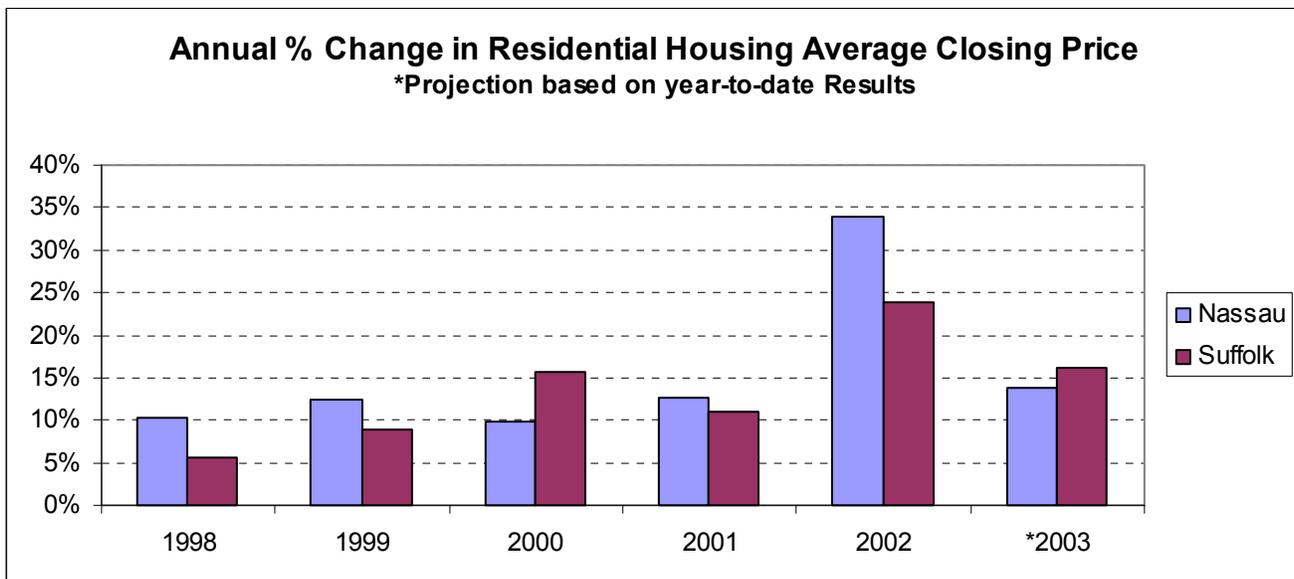


The chart above details the annual percentage change in the eight categories that comprise the overall consumer price index. Prices in the apparel industry are down approximately 5.3% from this time last year. All other categories have experienced price increases. The greatest increase has been in the cost of housing which is up approximately 4.1% from last year. Following housing in terms of price increases is the category other that is up 4.0% from this time last year.

## Residential Housing Market

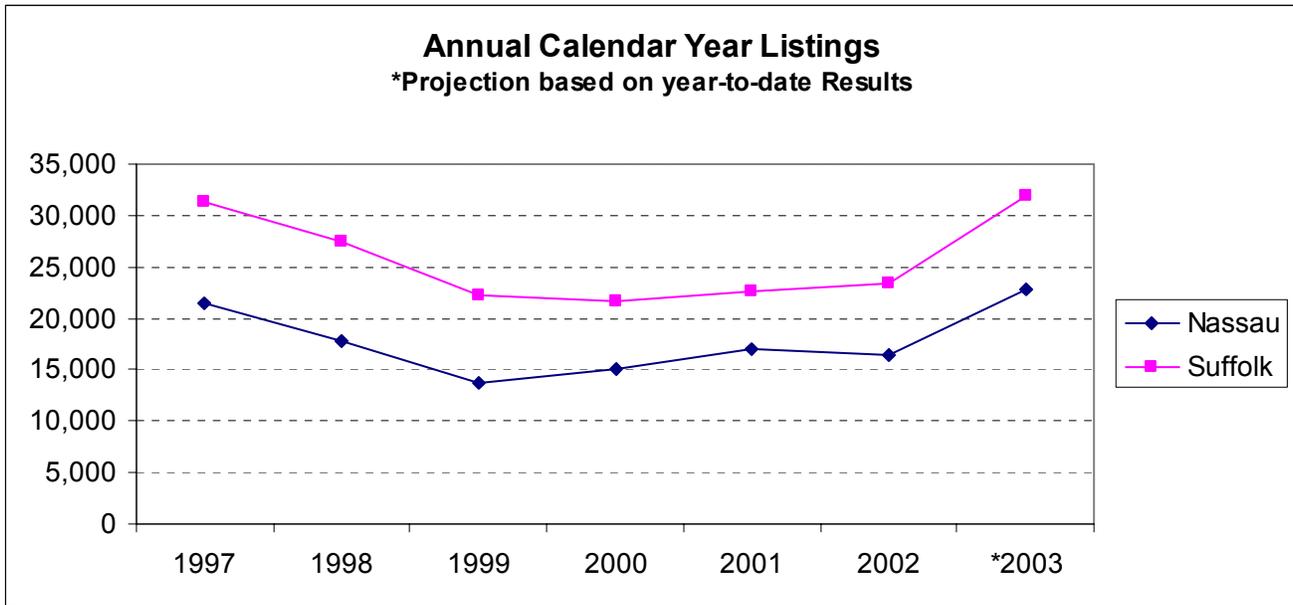
May 2003 Multiple Listing Service of Long Island (MLS LI) data reveals that although Nassau County property values continue to appreciate, the local residential housing market softened this month. Softening was seen in the rate of increase of home sale prices, residential inventories and number of actual transactions closed. Additionally, the softening in Nassau's housing market is occurring at a greater pace than that witnessed in Suffolk County.

The projected annual average sale price based on May 2003 home sale price data fell to \$489,028, after two months of being above \$500,000. This projected annual average represents a 13.8% appreciation from 2002's level. On a monthly basis, May 2003's average closing price was \$444,537, 2.87% greater than May 2002's level. Both the projected annual and monthly average closing price appreciation rates in Nassau County were lower than those of Suffolk County. Suffolk's May 2003 average closing price was 7.21% greater than May 2002. Moreover, Suffolk's 2003 projected annual average closing price is 16.2% greater than 2002's annual average.



The year-to-date number of real estate transactions closed in Nassau County in 2003 fell 3.89% from this time last year. The opposite was true in Suffolk County, where the year-to-date number of closed transactions is up 1.48%. These figures indicate that Nassau's housing market is slowing at a greater pace than Suffolk's housing market.

Lastly, inventory levels continue to escalate in both Nassau and Suffolk Counties. May 2003's residential inventory level in Nassau County is up 44.9% from May 2002's level. In Suffolk County residential inventory levels are up 41.24%. The chart on the next page details the projected annual inventory levels based on year-to-date listings. The chart shows that inventory levels in the region remain at seven-year highs.



**Conclusion**

No clear economic trends can be discerned this month. Some monthly indicators were positive, revealing growth. However, some monthly indicators fell reversing gains from previous months. Hopefully in the future, the current job growth and recent federal interest rate and tax cuts will provide enough stimuli for the economy to begin a continuous and prolonged growth spurt.