THE UNIVERSITY of NEW ORLEANS

METROPOLITAN REPORT

Economic Indicators for the New Orleans Area

DIVISION OF BUSINESS AND ECONOMIC RESEARCH

Volume 22, No. 3 | Review of the 1st Quarter 2011 through the 1st Quarter 2012 | May 2012

HIGHLIGHTS

- During the first quarter of 2012, the national economy grew at an annual rate of 1.9%. While this is down from the 3.0% growth rate in the October-December quarter of last year, first-quarter growth was still higher than the 1.7% rate of growth for all of 2011.

- Approximately 2 million jobs were added across the U.S., reflecting an increase of 1.5% over the year. Employment in the New Orleans MSA also grew by 1.5% over the year, bringing in over 7,800 local jobs.

- The national unemployment rate declined from 9.0% in the first half of 2011 to 8.3% in early 2012. The New Orleans MSA rate decreased slightly over the year to 7.2% from 7.5%. While it is up from 6.7% in the last quarter of 2011, unemployment in New Orleans remains less than the national average.

- Nationwide, initial unemployment claims decreased 9.2% over the year and 5.4% since the last quarter of 2011. Like the downward trend in claims throughout the U.S., first-quarter 2012 initial claims in New Orleans fell 10.7% over the year and 8.9% over the previous quarter.

- Industries with the strongest employment gains in the New Orleans area over the past year include professional and business services and leisure and hospitality. Employment increased by 6.3% (4,300 jobs) in the professional and business services sector and by 4.2% (3,000 jobs) in the leisure and hospitality sector.

- The most substantial job losses in the New Orleans area occurred in construction (3,200 jobs), financial activities (1,400 jobs), and manufacturing of transportation equipment (1,300 jobs).

- Over the last year, the New Orleans MSA population grew by 0.6% (8,000 new residents). With approximately 1.2 million current residents, total population in the New Orleans area stands at about 87.5% of the pre-Katrina population.

- Tourism in the New Orleans MSA continues to improve each year. 8.75 million visitors came to the New Orleans area in 2011, marking a 5.5% increase over the 8.29 million visitors who came in 2010. Visitor spending also rose by 3.6%, increasing from $5.5 billion in 2010 to $5.7 billion in 2011.

- Motor vehicle sales increased 2.1% over the last year in the New Orleans MSA. Sales in the local market for motor vehicles appear to be returning to pre-Katrina levels, with the latest figures reaching 94.2% of those observed immediately prior to the storm.

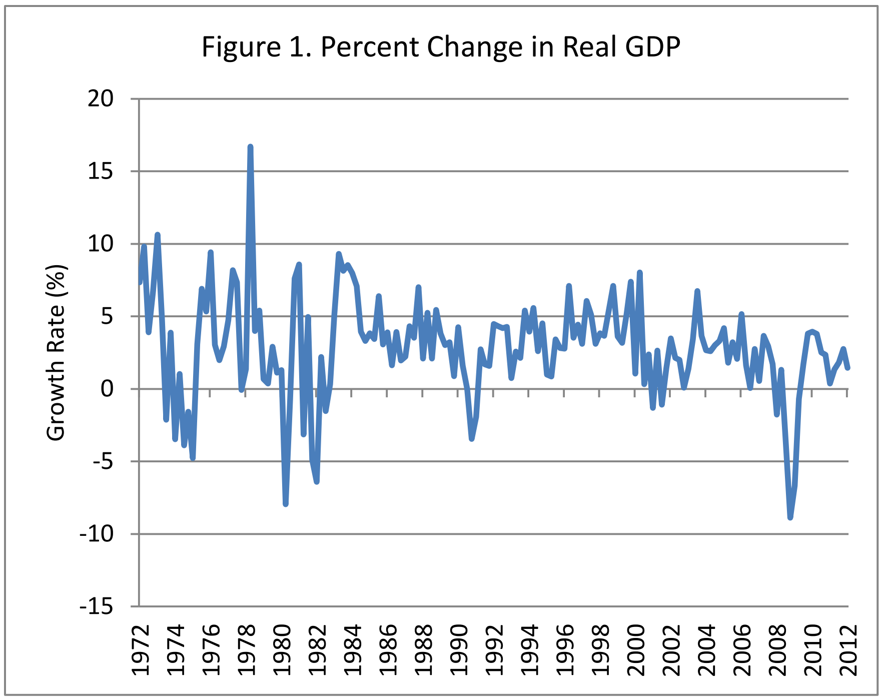
OVERVIEW

Economic indicators are reported and analyzed over the last five calendar quarters using the latest data through the first quarter of 2012. All percent changes in quarterly activity reflect differences with respect to the previous quarter (2011 Q4) and the same quarter in the prior year (2011 Q1) for U.S. economic indicators as well as those for New Orleans-Metairie-Kenner Metropolitan Statistical Area (MSA). Note, reported changes in employment between 2011 and 2012 are higher than previous-year trends due to changes in data collection procedures which began in 2011. The latest available data on economic indicators for individual parishes within the New Orleans MSA are from the third quarter of 2011, and comparisons are made to the previous quarter (2011 Q2) and the same period of the previous year (2010 Q3).

THE NATIONAL ECONOMY

The United States economy has shown modest signs of recovery over the past year. During the first quarter of 2012, the economy grew at an annual rate of 1.9%. While this is down from the 3.0% growth rate in the October-December quarter of last year, first-quarter growth was still higher than the 1.7% rate of growth for all of 2011.

Real GDP growth in the first quarter of 2012 was 2.1% over the same quarter of last year and 0.5% over the previous quarter. As shown in Figure 1, while the economy continues to maintain increases in GDP since the 2008 recession, growth has declined slightly from a rate of around 4.0% in early 2010.

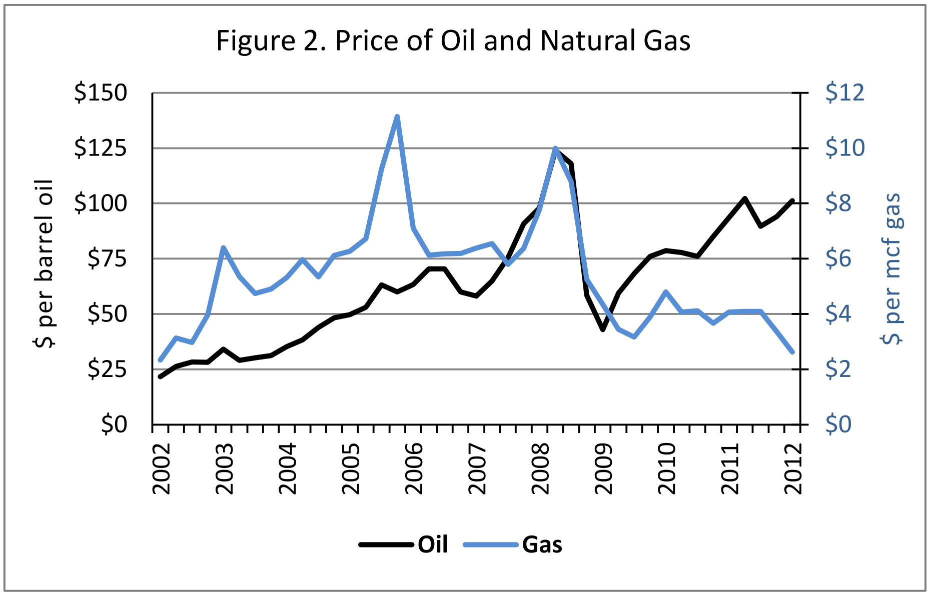


Employment increased by 1.5% from first quarter 2011 to 2012, which translates to approximately 2 million jobs added across the U.S. over the past year. Initial unemployment claims decreased 9.2% over the year and 5.4% since the last quarter of 2011. The national unemployment rate declined from 9.0% in the first half of 2011 to 8.3% in early 2012.

Employment in construction has rebounded slightly, up 1.6% in the first quarter of 2012 over the same period in 2011. Housing starts increased by 19.6% over the year and 3.4% percent compared to the last quarter of 2011. Mortgage rates have fallen one percentage point over the past year from 4.9% to 3.9%.

Americans expressed a more positive outlook on the U.S. economy in the first quarter of 2012. According to a Gallup poll, respondents rated the current economy and their perceptions of the economy's direction more favorably in early-2012 than in mid-2011; the Gallup Economic Confidence Index increased by 52 percentage points from August 2011 to March 2012. Similarly, the consumer confidence index reached a recent high of 70.8 in February 2012, an increase of 56% over a low point of 45.2 in August of last year. However, the index took a slight dip in March to 69.5 and has continued its decline into the second quarter. The index fell from 68.7 in April to 64.9 in May, reflecting the most significant decline in consumer confidence since October 2011.

Oil and Gas



Indicators for the oil and gas industry continue to be incredibly volatile (Figure 2). Oil prices averaged $101 per barrel in the first quarter of 2012, a 7.7% increase over the average price of $94 in the last quarter of 2011. Alternately, there has been a substantial decline in natural gas prices over the past year (35.4%) and since the last quarter of 2011 (22.0%). Excessive supply, outpacing demand in the market for natural gas, has been pushing prices downward. The U.S. rig count increased 16.7% to 2,003 in the first quarter of 2012, up from 1,716 in the same period of 2011.

Moving into the second quarter of 2012, crude oil prices have fallen. As a result, the U.S. Energy Information Administration (EIA) lowered its forecast of the average regular gasoline retail price to $3.79 per gallon for the summer season running through September. While consumers did benefit as gas prices declined 2.6% in April, consumer spending elsewhere tapered off in comparison to February and March.

Table 1. U.S. Business Indicators - Quarterly, 2011:1-2012:1

	2011:1	2011:2	2011:3	2011:4	2012:1	Percentage Change 2011:4 to 2012:1	Percentage Change 2011:1 to 2012:1
GDP – Nominal ($Bill) – Annual Rate*	14,868	15,013	15,176	15,319	15,462	0.9	4.0
GDP – Real (2000$Bill) – Annual Rate*	13,228	13,272	13,332	13,429	13,502	0.5	2.1
Personal Income ($Bill) – Annual Rate*	12,847	12,955	13,057	13,162	13,282	0.9	3.4
Total Non-farm Employment (Mill Jobs)	131	131	132	132	133	0.5	1.5
Housing Starts (Thou) – Annual Rate	582	572	615	673	696	3.4	19.6
Unit Automobiles Sales (Mill) – Annual Rate	13.0	12.1	12.5	13.4	13.7	2.1	5.8
Unemployment Rate (%)*	9.0	9.0	9.1	8.7	8.3	-0.4	-0.7
Initial Unemployment Claims per week*	406,769	425,539	413,539	390,143	369,231	-5.4	-9.2
Consumer Price Index-Urban (1982-84=100)*	222.1	224.5	226.2	227.0	228.3	0.6	2.8
Industrial Production Index (2007=100)*	89.7	89.7	90.8	91.9	92.0	0.1	2.6
Prime Interest Rate (%)	3.3	3.3	3.3	3.3	3.3	0.0	0.0
Mortgage Interest Rate (%)	4.9	4.7	4.3	4.0	3.9	-0.1	-0.9
Trade Weighted Value of $ (2005=100)	85.7	83.0	83.2	86.3	86.9	0.7	1.3
Value of Imports ($Bill) – Annual Rate	2,176	2,257	2,252	2,273	2,303	1.3	5.8
Value of Exports ($Bill) – Annual Rate	1,431	1,474	1,497	1,496	1,527	2.1	6.7
Merchandise Trade Balance ($Bill) – Annual Rate	-745.1	-783.9	-755.3	-776.4	-775.8	-0.1	4.1
Crude Oil Price ($ per barrel)	93.5	102.2	89.7	94.0	101.2	7.7	8.2
Natural Gas Price ($ per 1,000 cft)	4.1	4.1	4.1	3.4	2.6	-22.0	-35.4
U.S. Rig Count	1,716	1,826	1,944	2,010	2,003	-0.4	16.7

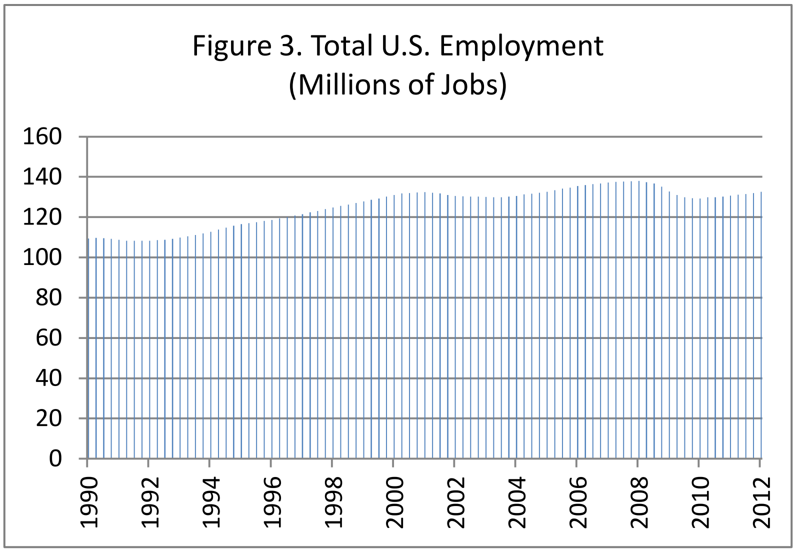
** Seasonally adjusted*
Percentage changes may not be exact due to rounding

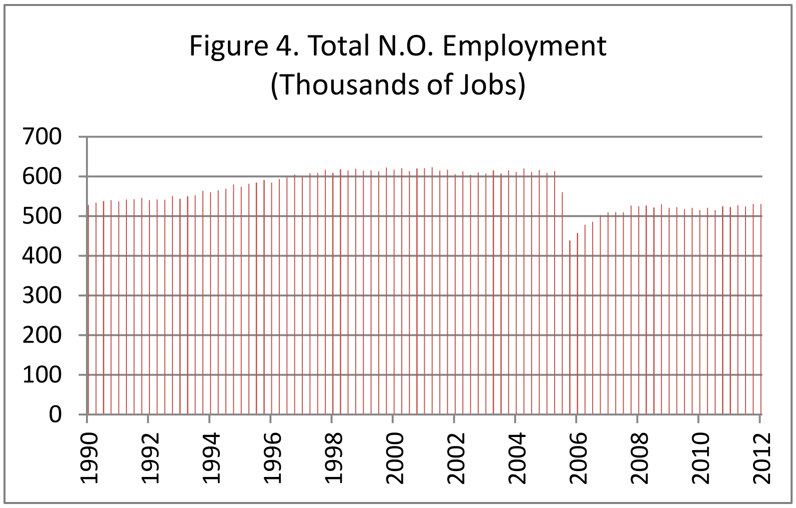
THE NEW ORLEANS AREA ECONOMY

Overview

The New Orleans economy has had an encouraging year, with total employment increasing slightly by 1.5%. Over 7,800 jobs were added in the New Orleans area over the last year. Substantial job losses in some industries, such as construction and manufacturing of transportation equipment, were offset by employment gains in other industries, such as information and educational services. While the overall employment gains in New Orleans were flat from fourth-quarter 2011 to first-quarter 2012, the gradual upward trend over the past year parallels that of the nation (Figures 3 and 4).

The unemployment rate in the New Orleans area has decreased slightly to 7.2% from 7.5% in the first quarter of last year. While it is up from 6.7% in the last quarter of 2011, unemployment in New Orleans remains less than the national average of 8.3%. Like the downward trend in initial unemployment claims throughout the U.S., first-quarter 2012 initial claims in New Orleans fell 10.7% over the year and 8.9% over the previous quarter.





Changes in the Last Year

Following the U.S. recession, year-over-year employment gains in the New Orleans MSA had been slipping but now appear to be trending up slightly. In 2007, during a strong year of the post-Katrina recovery, employment was growing about 7.0% in each quarter over the respective quarter from the year before. In 2008, employment growth slipped to about 3.0%. In the first quarter of 2011, job growth was 1.0% over the previous year, a favorable increase over the lack of employment growth since 2008. Now, New Orleans has managed to hold onto the slight job growth from last year along with a slight increase from 1.0% to 1.5% growth over the past two years.

Industries with the strongest employment gains in the New Orleans area over the past year include professional and business services and leisure and hospitality. Employment increased by 4.2% in the leisure and hospitality industry over last year, with about 2,800 new jobs in the food services and drinking places sector and 200 new jobs in the accommodation sector. In the professional and business services industry, 4,300 jobs were added over the past year, where the highest increase occurred within the administrative support and waste services sector. Approximately 2,200 jobs were added in this sector, a 7.5% increase over last year. The number of jobs in company management

Table 2. New Orleans Metropolitan Employment – Quarterly, 2011:1-2012:1

	2011:1	2011:2	2011:3	2011:4	2012:1	Percentage Change 2011:4 to 2012:1	Percentage Change 2011:1 to 2012:1
Total Nonfarm Employment	522,433	527,000	524,300	530,267	530,267	0.0	1.5
Natural Resources and Mining	7,433	7,000	6,800	6,800	6,700	-1.5	-9.9
Construction	31,067	31,967	31,167	28,933	27,833	-3.8	-10.4
Manufacturing	31,400	31,100	31,033	31,433	30,667	-2.4	-2.3
Durable Goods	15,233	14,833	14,733	14,867	14,533	-2.2	-4.6
Transportation Equipment	7,333	6,833	6,633	6,567	6,033	-8.1	-17.7
Nondurable Goods	16,167	16,267	16,300	16,567	16,133	-2.6	-0.2
Chemical Manufacturing	4,733	4,833	4,933	5,000	4,933	-1.3	4.2
Wholesale Trade	22,867	22,567	22,767	23,300	23,200	-0.4	1.5
Retail Trade	57,967	58,267	57,300	57,933	57,867	-0.1	-0.2
Food and Beverage Stores	8,567	8,533	8,567	8,633	8,633	0.0	0.8
General Merchandise Stores	12,867	13,267	12,900	13,233	12,700	-4.0	-1.3
Transport, Warehousing, and Util.	25,000	25,267	25,267	25,567	25,400	-0.7	1.6
Information	7,367	7,933	7,633	7,533	8,100	7.5	10.0
Financial Activities	26,400	26,233	25,067	25,167	25,000	-0.7	-5.3
Depository Credit (banking)	5,800	5,700	5,700	5,700	5,700	0.0	-1.7
Professional and Business Services	67,733	68,300	68,367	70,133	72,033	2.7	6.3
Professional, Scientific, Technical	29,833	29,567	29,367	29,933	31,333	4.7	5.0
Management of Companies	8,267	8,300	8,367	8,600	8,833	2.7	6.9
Admin. Support/Waste Mgmt	29,633	30,433	30,633	31,600	31,867	0.8	7.5
Health Care and Social Assistance	55,433	56,033	57,467	57,533	58,367	1.4	5.3
Hospitals	17,533	17,667	18,100	18,100	17,967	-0.7	2.5
Ambulatory Health Care	21,100	21,200	21,400	21,467	22,167	3.3	5.1
Educational Services	19,667	20,067	19,333	21,700	20,967	-3.4	6.6
Leisure and Hospitality	71,467	73,400	72,267	73,000	74,433	2.0	4.2
Arts, Entertainment, and Rec.	9,433	9,700	9,800	9,567	9,433	-1.4	0.0
Accommodation	13,167	13,433	12,967	13,200	13,367	1.3	1.5
Food Services and Drinking Places	48,867	50,267	49,500	50,233	51,633	2.8	5.7
Other Services	17,867	18,167	18,133	18,333	18,133	-1.1	1.5
Government	80,767	80,700	81,700	82,900	81,567	-1.6	1.0
Federal Government	12,500	12,600	12,600	12,467	12,200	-2.1	-2.4
State Government	19,133	18,767	18,567	19,367	18,600	-4.0	-2.8
Local Government	49,133	49,333	50,533	51,067	50,767	-0.6	3.3
Unemployment Rate (%)	7.5	7.2	7.5	6.7	7.2	0.5	-0.3
Unemp Claims per week – Initial	853	1,008	956	837	762	-8.9	-10.7
Unemp Claims per week - Continued	11,249	10,513	11,711	10,434	9,573	-8.2	-14.9

services increased to 8,833 from 8,267 over the past year, a 6.9% increase. In professional, scientific, and technical services, there was a 5.0% increase from 29,833 to 31,333 jobs.

Job losses in the New Orleans area were most notable in construction, financial activities, and manufacturing of transportation equipment. The construction industry experienced a loss of over 3,200 jobs, a 10.4% loss over last year. A 5.3% annual decline in employment related to financial activities resulted in 1,400 fewer jobs. Likewise, employment in manufacturing of transportation equipment fell 17.7% over the year, resulting in 1,300 jobs lost.

Government employment in New Orleans had an overall increase of 1.0% over the year. This increase resulted from roughly 1,600 jobs added in local government. However, many Jefferson schools are set to close this year, which will reduce the number of local government jobs for the next academic year. Otherwise, 300 federal jobs and 500 state jobs were lost over the past year. Proposals for the House budget have included furloughs for state workers and elimination of current government job vacancies. Even though senators are rejecting such cuts, including those for health care services and public colleges, current Senate proposals would still require layoffs across state agencies. As the state legislature finalizes budget decisions over the second quarter, it appears that reductions in government jobs will follow later in the year.

About 700 jobs were lost in manufacturing, a 2.3% decrease over last year. Some layoffs have resulted from phasing out the shuttle program at NASA's Michoud Assembly Facility; however, other companies are offsetting some of these losses at the facility. Blade Dynamics projected 600 new jobs would be created by 2015 from its use of the facility to manufacture blades for wind turbines. Still, additional job losses in manufacturing are on the horizon as the Avondale shipbuilding facility is set to close in 2013. The few shipyard employees who remain are being laid off as they complete work on two Navy ships currently under construction.

On a more positive note, some closure-related job losses will remain in New Orleans for the short-term until decisions are finalized. The Loyola Avenue processing facility was on track to close this year; however, federal intervention has postponed USPS plans to close the facility. Over 800 expected layoffs were spared as deliberation over post office closings continue.

Other industries experienced moderate growth in the New Orleans area over the past year. In health care and social assistance, an increase of 5.3% brought over 2,900 jobs to area hospitals and ambulatory health care; the upcoming completion of the VA hospital will bolster further growth in this sector. Employment in educational services increased 6.6% over the year, creating 1,300 jobs in the New Orleans area. In the leisure and hospitality industry, there were nearly 3,000 additional jobs over last year, largely due to a 5.7% increase within the food services and drinking places sector.

A recent announcement from Costco Wholesale Corporation indicates additional jobs on the horizon. Costco will be investing $40 million in a new warehouse facility this year. The store is expected to open in 2013, bringing in as many as 200 new jobs to the New Orleans area.

Unemployment

The overall labor market appears tighter in the New Orleans area than in the nation as a whole (Figure 5). Unemployment rates have fallen slightly over the past year, both nationally and in the New Orleans area. The national rate started at 9.0% in the first quarter of 2011 and declined to 8.3% by the same period this year, with only one increase between the second and third quarters of 2011. The New Orleans MSA rate has been more volatile over the past year, decreasing from 7.5% to 7.2% over the year, but increasing between the second and third quarters of 2011 and between the last quarter of 2011 and first quarter of this year. Local initial and continued unemployment claims decreased 10.7% and 14.9%, respectively, over the year. The decrease in unemployment rate and reduction of unemployment claims may indicate that some people are exiting the labor force as job growth remains low in the area. Despite some increases over the past year, the unemployment rate in the New Orleans metro area has consistently remained below the national average since after Katrina.

Figure 5. Unemployment Rate (%)

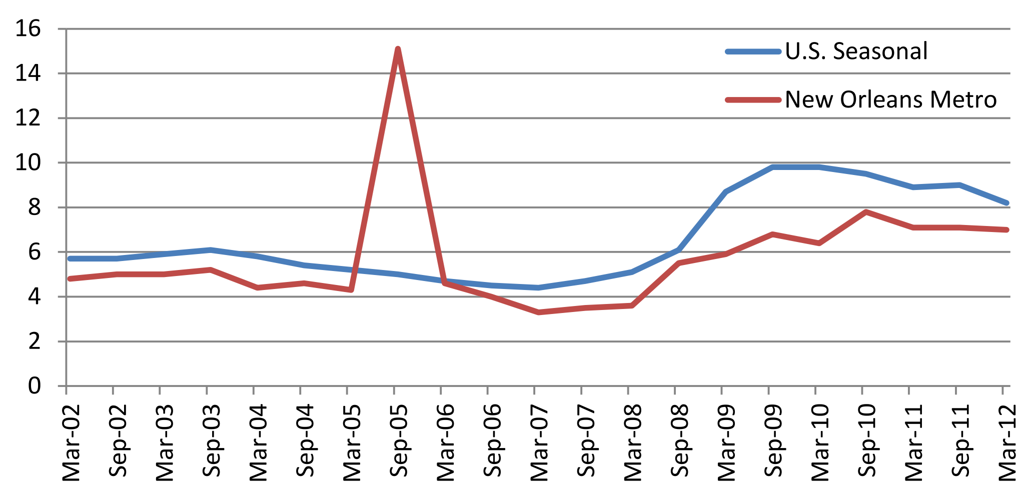
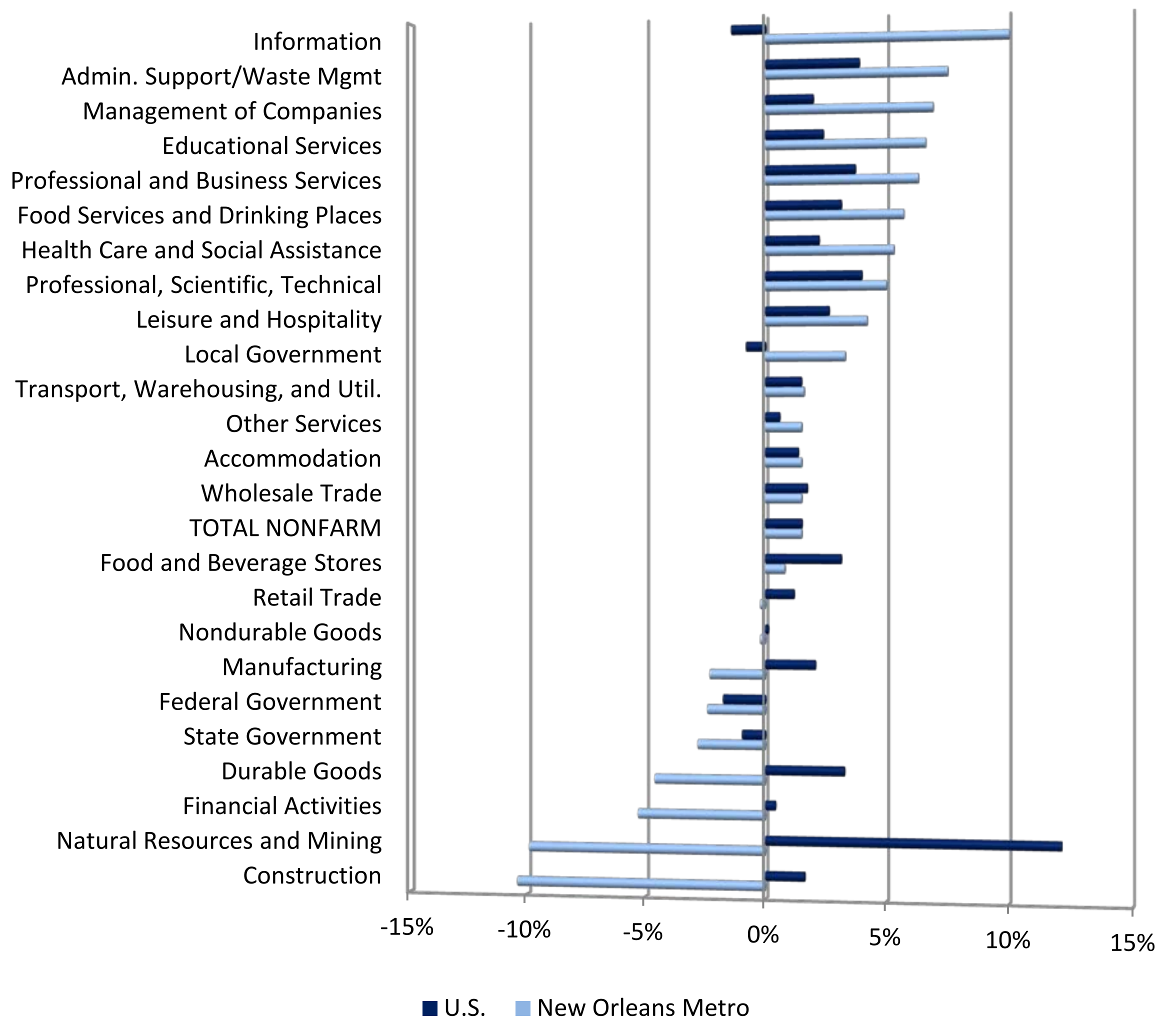


Figure 6. Employment Growth in New Orleans vs. U.S.
1st Qtr 2012 over 1st Qtr 2011



New Orleans vs. the U.S.

The overall rate of employment growth in the New Orleans metropolitan area was similar to that of the nation over the past year, both increasing by 1.5% in total employment from first-quarter 2011 to the same period this year. Figure 6 illustrates the contrast in employment growth across sectors of employment between the U.S. and New Orleans.

The number of jobs in construction declined 10.4% in the New Orleans area, while the U.S. as a whole had a 1.6% increase in construction-related employment. Similarly, a substantial number of jobs in natural resources and mining were lost in the New Orleans area even though there were job gains in this sector throughout the U.S.; New Orleans experienced a 9.9% loss while employment in the U.S. increased by 12.1%. Drilling precautions within the Gulf of Mexico resulting from the 2010 BP oil spill explain some of this discrepancy between MSA and national employment trends in this sector.

Employment in the durable goods manufacturing sector declined 4.6% in the New Orleans area over the past year. During the same period, durable goods employment grew 3.3% in the U.S. as a whole. Jobs related to financial activities decreased by 5.3% in New Orleans, while the nation's jobs in this sector remained steady, increasing slightly by 0.4%.

Nationwide, government jobs have decreased at the federal, state, and local levels. The nation lost 1.8% of its jobs at the federal level, while New Orleans had a larger decrease of 2.4%. Similarly, nationwide government employment at the state level declined 1.0%, and New Orleans had a loss of 2.8% in state government jobs. At the local level, government jobs decreased slightly by 0.8% nationwide, while New Orleans experienced a 3.3% increase. With the current focus on reconciling budget deficits, government employment at all levels will likely remain flat or decline in the future.

Employment growth in the New Orleans area outpaced nationwide employment growth in several sectors, such as administrative support and waste management, educational services, and leisure and hospitality. For instance, New Orleans had a 7.5% increase of employment in administrative support and waste management services, while nationwide employment grew by only 3.9%. In the information industry, New Orleans experienced its highest rate of job growth at 10.0% over last year, while the nation lost jobs at an annual rate of 1.4%.

Table 3. New Orleans Metropolitan Economic Indicators– Quarterly, 2011:1-2012:1

	2011:1	2011:2	2011:3	2011:4	2012:1	Percentage Change 2011:4 to 2012:1	Percentage Change 2011:1 to 2012:1
Crude Oil Price ($ per barrel)	93.5	102.2	89.7	94.0	101.2	7.7	8.2
Natural Gas Price ($ per 1,000 cft)	4.1	4.1	4.1	3.4	2.6	-22.0	-35.4
Louisiana Rig Count	171	171	164	154	147	-4.7	-14.5
Louisiana Oil Production (Thou bbls)	18,317	18,526	18,639	19,820	19,658	-0.8	7.3
Louisiana Natural Gas Production (Bill cub ft)	682	749	792	825	833	0.9	22.1
Foreign Trade (Thou short tons)	8,495	9,227	7,491	8,013	8,440	5.3	-0.6
Imports (Thou short tons)	3,532	5,027	3,859	3,232	2,866	-11.3	-18.9
Exports (Thou short tons)	4,964	4,200	3,631	4,781	5,575	16.6	12.3
Air Freight Cargo (Short tons)	14,034	13,476	12,628	13,296	13,298	0.0	-5.2
Hotel Sales ($Mill)[1]	185.6	279.0	214.8	181.9	227.7	25.2	22.7
Convention Room Nights (Thou)	239.0	402.8	193.8	254.4	369.6	45.3	54.6
Deplanements (Thou)	1,039.6	1,165.4	989.2	1,087.9	1,069.8	-1.7	2.9
Total Gambling Revenues ($Mill)	153.2	150.3	144.0	138.1	154.9	12.2	1.1
Riverboat Casino Revenues ($Mill)	65.1	63.1	61.1	57.9	63.3	9.2	-2.8
Harrah's Casino Revenues ($Mill)	88.1	87.2	82.8	80.1	91.6	14.4	4.0
Construction Contracts Awarded ($Mill)[2]	502.8	299.2	854.8	1,344.2	304.1	-77.4	-39.5
Residential ($Mill)	212.4	160.9	208.5	180.5	172.2	-4.6	-18.9
Non-Residential ($Mill)	290.4	138.3	646.3	1,163.7	131.9	-88.7	-54.6
Non-building ($Mill)	183.9	73.7	109.6	120.1	74.3	-38.2	-59.6
Construction Contracts in Progress ($Mill)[2]	2,344.4	2,232.9	2,612.3	3,512.4	3,287.7	-6.4	40.2
Residential ($Mill) WIP	559.8	542.8	581.8	549.9	556.9	1.3	-0.5
Non-Residential ($Mill) WIP	1,784.6	1,690.1	2,030.5	2,962.5	2,730.8	-7.8	53.0
Non-building ($Mill) WIP	6,893.6	6,809.8	4,619.8	4,117.0	4,093.4	-0.6	-40.6
Housing Starts	1,189	758	1,071	894	743	-16.9	-37.5
Population (Thou)	1,179	1,182	1,182	1,184	1,187	0.2	0.6
Total Personal Income ($Bill) [3]	14.1	13.2	13.1	13.9	14.3	2.6	1.4
Per Capita Personal Income ($)[3] -Ann Rate	45,329	45,627	45,926	46,015	46,103	0.2	1.7
Average weekly wage (7 parish area)	901	875	898	n/a	n/a	n/a	n/a
Taxable Sales - excluding Motor Vehicle Sales($Mill)[4]	2,891	3,045	2,880	3,037	n/a	n/a	n/a
Motor Vehicle Sales ($Mill) [5]	421	445	445	402	430	6.9	2.1

1 – Hotel sales include Orleans and Jefferson Parishes only
2 – Construction figures are supplied by McGraw Hill Construction, Dodge
3 – Due to lag in data, current quarter of personal income and per capita income are preliminary estimates
4 – Taxable sales shown do not include Plaquemines and Jefferson parishes
5 – Motor vehicle sales are for all 7 parishes.

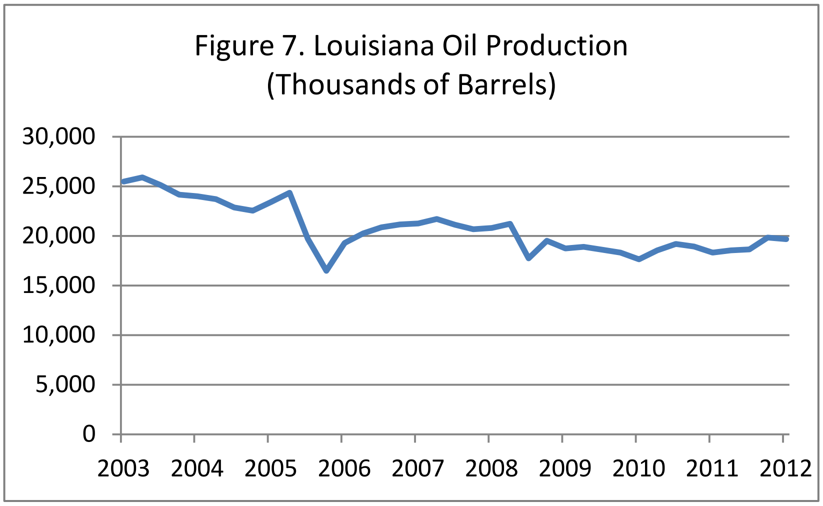
Oil & Gas Production

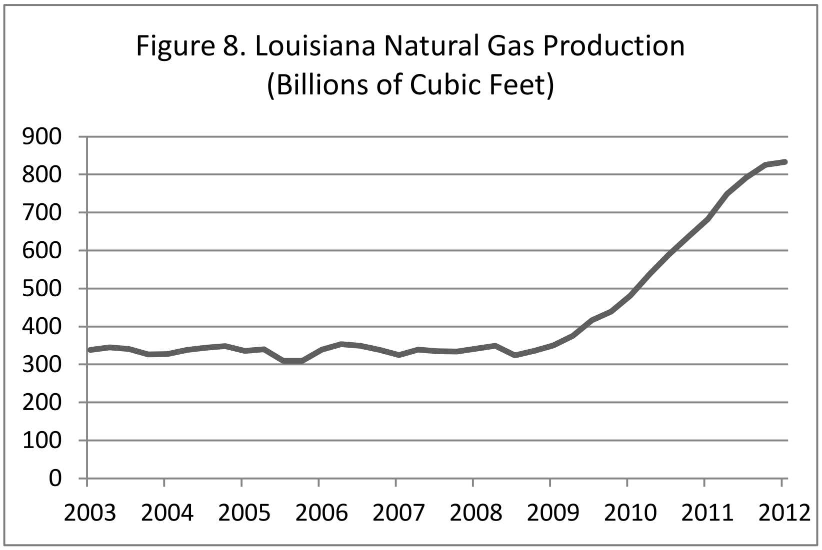
Production of oil and natural gas in Louisiana provides a number of jobs for residents of the New Orleans area and generates revenues that benefit the local economy. In the past year, oil production increased by 7.3%, while it decreased slightly by 0.9% over last quarter. Oil production has been gradually trending upward since a recession-related drop in 2008. Current oil production is now at about 80% of the production level observed prior to Katrina.

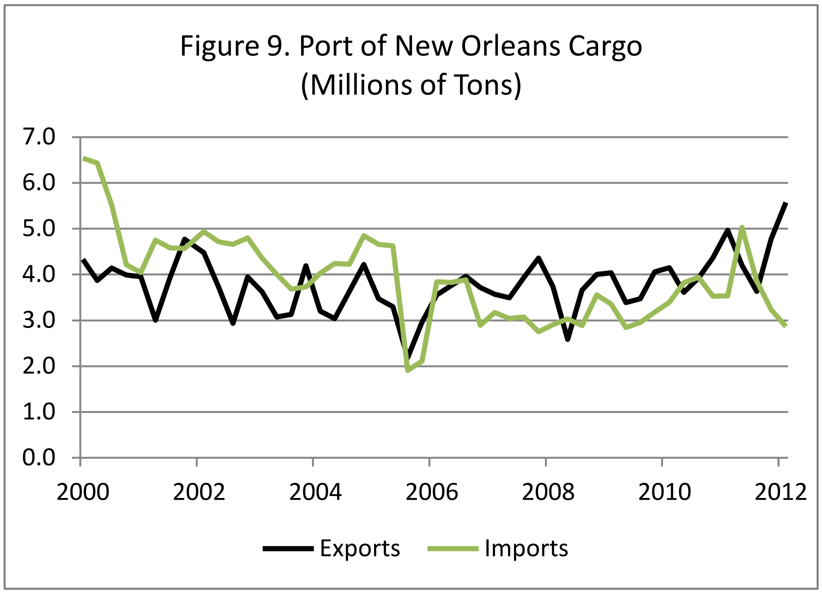
In contrast to modest supply increases in oil production over the past few years, there has been a sharp increase in the production of natural gas. Production was up 22.1% in the first three months of 2012 in comparison to the same period last year. While natural gas production was relatively stable in the years before and after Katrina, a steep upward trend emerged in 2009. Annual increases of 38% and 42% occurred over 2009 and 2010, respectively. As natural gas prices have declined and a mild winter season has kept demand for gas low, experts have noted the usual laws of supply and demand are not operating as expected in the industry. Many producers, like the Haynesville Shale in northern Louisiana, continue to drill due to three-year lease agreements that will expire if they discontinue drilling. New means of extracting natural gas from shale rock formations has also been a contributing factor to the shock in supply.

Port

Foreign trade tonnage at the Port of New Orleans was roughly the same in first-quarter 2012 compared to the same quarter a year ago, decreasing only slightly







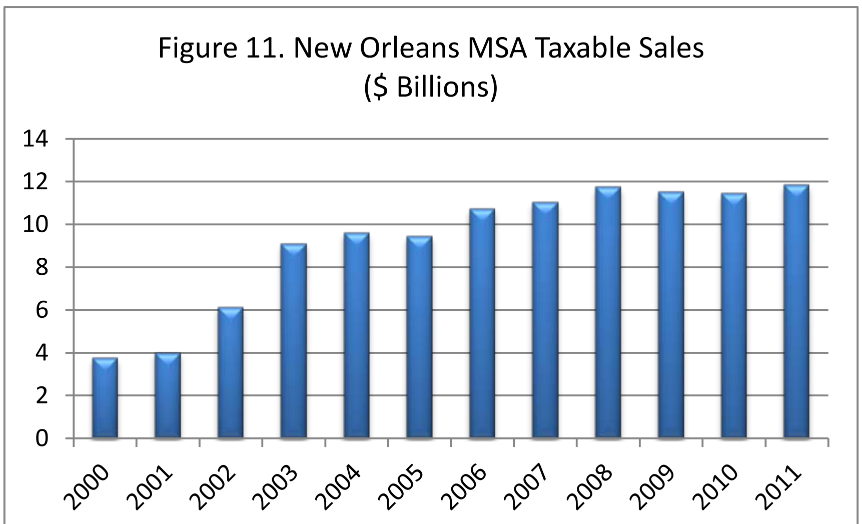
by 0.6%. Over the past year, exports from the port increased at a rate of 12.3%, while imports declined by 18.9%. While these trade indicators are quite volatile from quarter to quarter, the port has been exporting more and importing less in comparison to levels common 10 years ago (Figure 9).

For the nation as a whole, the U.S. dollar has increased in value by 1.3% over last year. In addition, dollar values of imports and exports from U.S. foreign trade exceeded those of last year. In the first quarter of 2012, the value of U.S. exports increased 6.7% over the same period in 2011; similarly, imports increased in value at an annual rate of 5.8%.

Gaming

New Orleans area casinos continue to generate a substantial stream of revenues for the local economy. In the last year, total casino revenues in the New Orleans area increased by 1.1%. While revenues from the two riverboat casinos fell 2.8% over the year, Harrah's increased its revenues from $88.1 million to $91.6 million, a 4.0% gain over the year.

Admissions at New Orleans area casinos exceeded 2 million in the first quarter of 2012. Counts were up from 1.8 million in the previous quarter, explaining the latest uptick in revenues during the initial part of 2012. Current revenue levels are lower than those observed between a post-Katrina spike in 2006 through the recession of 2008 (Figure 10); on average, quarterly revenues have hovered just above $140 million since the dip in 2008. Current revenue levels still remain higher than those observed over a decade ago.



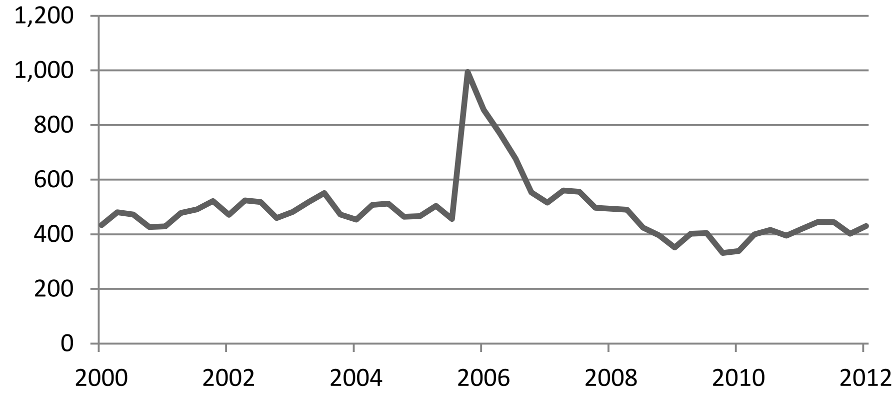
Note. Reflects non-motor vehicle sales from five of the seven New Orleans MSA parishes (Plaquemines and Jefferson data not available).

Retail

Discretionary spending in the New Orleans MSA has remained buoyant since the 2008 national recession. Estimated sales of taxable items, excluding motor vehicles, increased by 6.4% from 2007 to 2008 (Figure 11). In the subsequent year, there was a slight decline in taxable sales of 2.0%, followed by a 0.6% drop in 2010. In 2011, taxable sales amounted to $11.9 billion, an increase of 3.4% over the previous year; this latest annual estimate represents a 23.3% gain in taxable sales since pre-Katrina.

Sales of motor vehicles reached an all-time low in the New Orleans MSA during the fourth quarter of 2009. Since then, motor vehicle sales have been moving upward while not yet reaching pre-Katrina levels (Figure 12). A significant spike in sales after Katrina stemmed from the need to replace thousands of flooded cars; the local market then trended downward until early 2010. In the first quarter of 2012, local automobile sales increased 6.9% over the previous quarter and 2.1% over the same period last year. Sales in the local market for motor vehicles appear to be returning to pre-Katrina levels, with the latest figures reaching 94.2% of sales observed immediately prior to the storm.

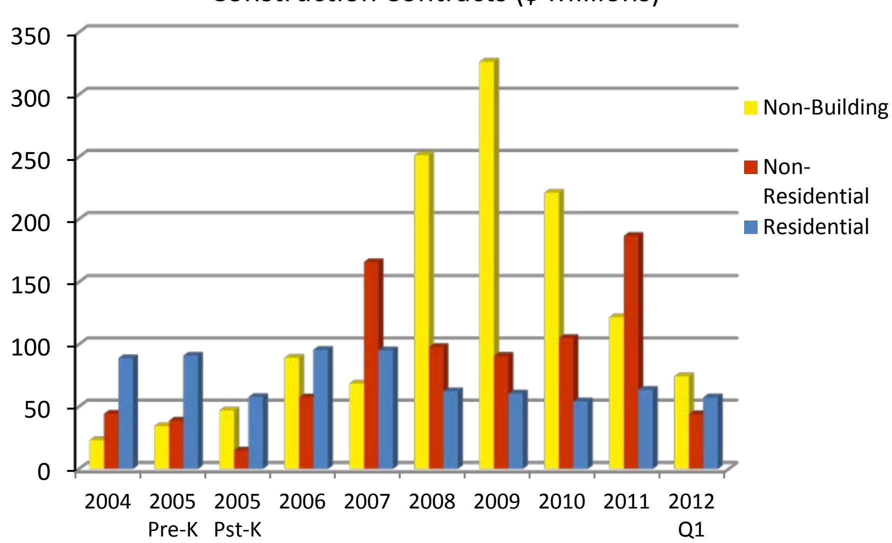
Figure 12. New Orleans MSA Motor Vehicle Sales ($ Millions)



Construction

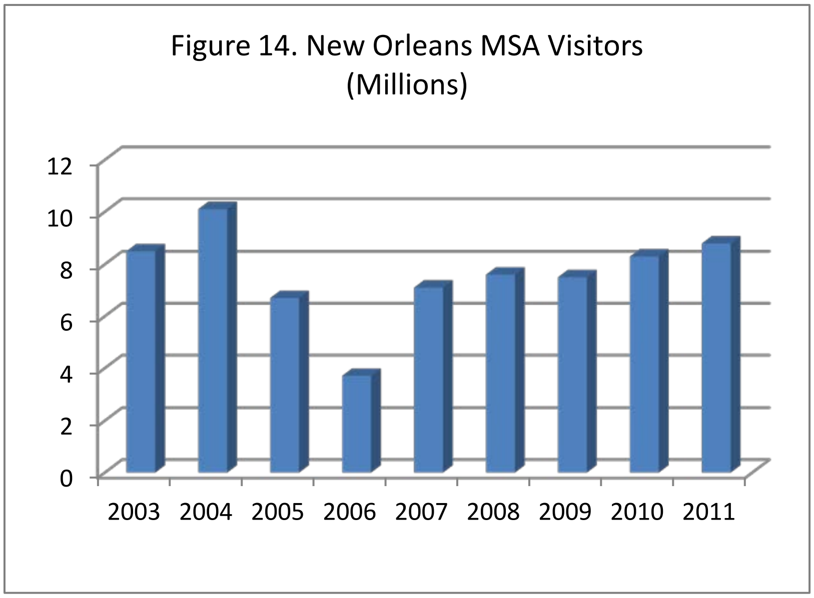
The New Orleans MSA construction industry has been driven primarily by non-residential and non-building contracts since 2007; in prior years, residential contracts represented a larger proportion of the local construction market. In 2007, non-residential construction activity, which includes the construction of commercial buildings and refineries, dominated the local construction market due to a large expansion at Bayou Steel. From 2008 through 2010, non-building construction, such as roads, bridges and flood control projects, generated higher-valued contracts, on average, than other types of construction activity. In 2011, non-residential contracts represented a higher share of the market due to high-budget projects such as the expansion of the Valero oil refinery in St. Charles parish.

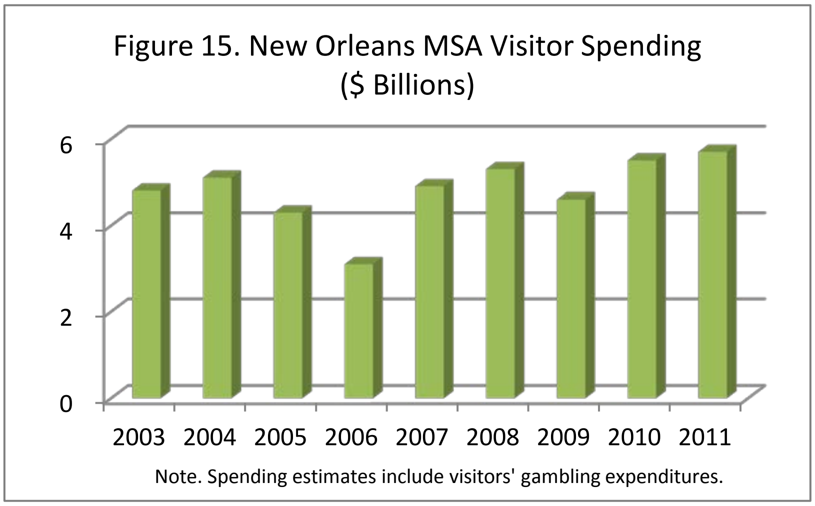
Figure 13. New Orleans MSA Average Monthly Construction Contracts ($ Millions)

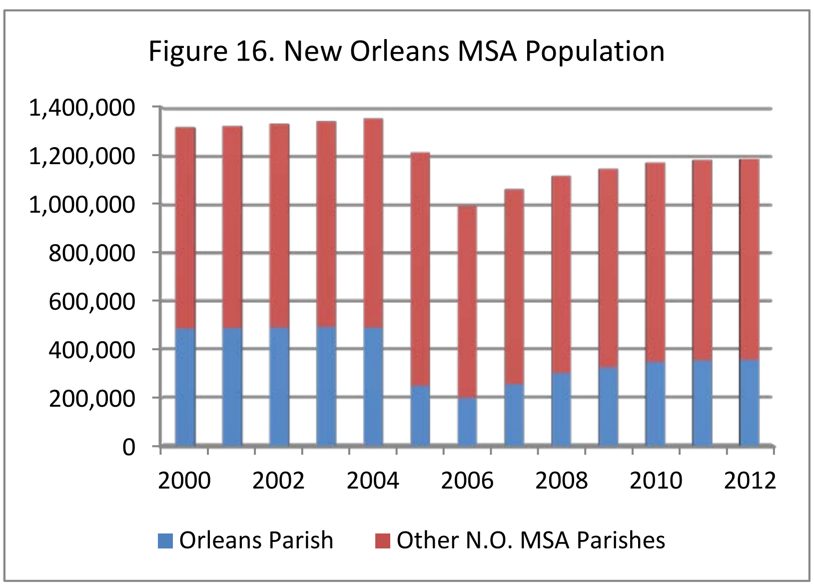


Note. Data supplied by McGraw Hill Construction, Dodge.

Comparing first-quarter values from 2011 and 2012, contract awards have declined across all three construction categories. Non-building and non-residential contract awards fell by 59.6% and 54.6%, respectively; while not as substantial, awards for residential contracts declined by 18.9% over the year. It should be noted that cash-based residential construction, which was common post-Katrina, is not included in any of the reported figures.







Tourism

In 2011, the New Orleans tourism industry continued to attract more visitors than the previous year, a trend that has persisted since 2007. About 8.75 million visitors came to the New Orleans area in 2011, marking a 5.5% increase over the 8.29 million visitors who came in 2010 (Figure 14). In first-quarter 2012, hotel sales were up 22.7% over the same period last year; airport traffic also increased by 2.9% over last year.

Since 2009, visitor spending in the New Orleans metropolitan area has been on the rise (Figure 15). In 2010, spending estimates were up 20.0% over 2009 figures, an increase from $4.6 billion to $5.5 billion. Visitor spending rose slightly in 2011, increasing by 3.6% over 2010 to $5.7 billion. Greater visitor spending in the New Orleans metropolitan area results in additional tourism-related employment opportunities for local residents. Between 2009 and 2010, roughly 9,000 tourism-related jobs were added; by 2011, another 1,000 jobs were generated in the local tourism industry.

Population

Since 2006, the population has been steadily increasing in the New Orleans MSA. Over the past year, the population grew by 0.6% (8,000 new residents). With approximately 1.2 million residents in the first quarter of 2012, the current population estimate stands at 87.5% of the pre-Katrina population; as a result of migration to suburban areas since Katrina, a greater proportion of the population now resides outside of Orleans parish. The population in Orleans parish is 72.5% of what it was prior to Katrina, while the current population in other New Orleans MSA parishes has reached 96.1% of its respective pre-Katrina population.

PARISH DATA

The 7-parish area defined as the New Orleans-Metairie-Kenner Metropolitan Statistical Area contains Jefferson, Orleans, Plaquemines, St. Bernard, St. Charles, St. John the Baptist and St. Tammany parishes. St. James used to be considered part of the New Orleans MSA. However, in 2003, due to changes in commuting patterns, St. James Parish was removed from the New Orleans MSA by the federal Office of Management and Budget. St. James is still included in the metro area for reporting of average wage data.

Data for individual parishes in the New Orleans MSA are given in Tables 4 and 5. Labor data available for individual parishes take longer to be released than metropolitan area statistics. Due to these reporting lags, this report includes data from third-quarter 2011 for individual parishes, and comparisons are made to the previous quarter (2011 Q2) and the same period of the previous year (2010 Q3).

Jefferson

Roughly 1,200 net jobs were lost in Jefferson parish between the third quarters of 2010 and 2011. The largest employment loss occurred in the administrative, support, and waste management sector, with over 1,100 layoffs. Meanwhile, there was a 3.4% annual gain in retail trade employment, bringing about 900 new jobs to the area. The average weekly wage increased by $44, a 5.3% increase over the previous year. Awarded residential construction contracts increased substantially over the year from $9.5 million to $29.8 million.

Orleans

Total employment in Orleans parish grew by 2.7% over the year. The greatest employment gain (9.8%) occurred within the accommodation and food services sector, where 2,800 new jobs were added. Average weekly wages remained relatively flat (0.8% increase), while total earnings within the parish increased by $70 million (3.4%) over the year. Motor vehicle sales increased considerably, from $82.1 million to $96.9 million (18.0% increase).

St. Bernard

Within St. Bernard parish, 300 construction-related jobs were lost, a 14.2% decline in employment over the previous year. This loss was offset by employment gains in accommodation and food services (130 jobs) and transportation and warehousing (70 jobs). In-progress residential contracts increased from $6.7 million to $47.4 million over the year; awarded non-residential contracts also increased to $34.4 million from $11.5 million.

St. Charles

Overall employment increased by 1.8% in St. Charles parish over the year, driven primarily by additional jobs in construction (360 jobs) and accommodation and food services (200 jobs). Awarded non-residential construction contracts reached $250 million in the third quarter of 2011, up from $5.7 million the previous year; similarly, non-residential contracts in progress were up to $278 million from $21 million. Improved construction activity in St. Charles resulted from an expansion of the Valero oil refinery, slated for completion in early 2013.

St. John the Baptist

Employment over the year decreased by about 2.5% in St. John the Baptist parish. Greatest losses were in the manufacturing (240 jobs) and administrative, support, and waste management (190 jobs) sectors. Despite a downward trend in employment, average weekly wages went up roughly $40 from $842 in 2010; initial unemployment claims also fell by 10.0%, from 688 to 619.

St. Tammany

St. Tammany parish posted the highest annual percentage gain in employment over the year (3.3%), resulting in a net gain of nearly 2,500 jobs. Sectors with the most improvement included accommodation and food services, with 650 new jobs, followed by retail trade (550 jobs) and professional and technical services (300 jobs). Total earnings within the parish went up by 5.3%, increasing from $738 million to $778 million over the year.

Plaquemines

Total employment moved slightly upward in Plaquemines parish by an annual rate of 1.4% (net gain of 200 jobs). Roughly 270 jobs were added in construction, while almost 250 were lost in administrative, support, and waste management services. There were substantial year-over-year gains in non-residential construction contracts. Awarded contracts increased from $39 million to $138 million, and in-progress contracts were up to $230 million from $66 million the previous year.

Table 4: Quarterly Jefferson, Orleans, St. Bernard, and St. Charles Parishes' Concurrent Economic Indicators, 2010:3-2011:3

	Jefferson			Percentage Chg		Orleans			Percentage Chg		St. Bernard			Percentage Chg		St. Charles			Percentage Chg	
	2010:3	2011:2	2011:3	Last Qtr	Last Year	2010:3	2011:2	2011:3	Last Qtr	Last Year	2010:3	2011:2	2011:3	Last Qtr	Last Year	2010:3	2011:2	2011:3	Last Qtr	Last Year
Total Employment[1]	192,769	192,920	191,614	-0.7	-0.6	168,341	172,720	172,890	0.1	2.7	11,013	10,985	10,931	-0.5	-0.7	22,569	23,679	22,967	-3.0	1.8
Agriculture/Fishing	29	25	29	14.7	-1.1	20	35	36	0.9	81.4	-	-	-	-	-	-	-	-	-	-
Mining	1,907	1,875	1,874	0.0	-1.7	3,237	2,996	2,739	-8.6	-15.4	22	21	22	3.2	-1.5	91	95	104	9.1	13.5
Utilities	1,370	1,334	1,299	-2.6	-5.2	924	908	900	-0.8	-2.5	111	110	112	1.8	0.3	894	893	874	-2.2	-2.2
Construction	14,274	14,451	14,064	-2.7	-1.5	5,342	5,576	5,644	1.2	5.7	2,106	1,846	1,807	-2.1	-14.2	2,939	3,717	3,303	-11.1	12.4
Manufacturing	13,608	12,846	13,111	2.1	-3.7	4,859	4,187	4,486	7.1	-7.7	1,385	1,260	1,243	-1.3	-10.2	4,320	4,291	4,329	0.9	0.2
Wholesale Trade	10,880	10,923	10,942	0.2	0.6	3,902	3,892	4,001	2.8	2.5	400	422	408	-3.2	2.0	1,641	1,678	1,678	0.0	2.2
Retail Trade	27,097	28,154	28,015	-0.5	3.4	11,929	12,359	12,231	-1.0	2.5	1,386	1,455	1,435	-1.4	3.5	1,669	1,687	1,614	-4.3	-3.3
Transport & Warehousing	8,368	8,472	8,458	-0.2	1.1	7,835	8,322	8,249	-0.9	5.3	606	649	675	4.0	11.4	1,778	1,775	1,852	4.3	4.1
Information	2,593	2,435	2,439	0.2	-5.9	3,728	4,295	3,418	-20.4	-8.3	18	17	17	2.0	-5.6	129	139	129	-7.2	0.3
Finance and Insurance	7,921	7,886	8,139	3.2	2.8	5,424	5,479	5,383	-1.7	-0.7	112	126	127	0.3	12.8	243	233	241	3.4	-0.5
Real Estate and Rental	3,606	3,721	3,692	-0.8	2.4	2,270	2,456	2,469	0.5	8.8	67	64	68	6.8	2.0	153	148	155	5.2	1.5
Profess. & Tech. Svcs	10,032	10,348	10,115	-2.2	0.8	14,269	14,437	14,888	3.1	4.3	152	162	149	-8.0	-2.2	777	733	742	1.2	-4.5
Mgmt. of Enterprises	2,805	2,901	2,931	1.0	4.5	3,330	3,366	3,333	-1.0	0.1	105	77	91	18.7	-13.1					
Admin. & Waste Svcs	14,835	14,109	13,710	-2.8	-7.6	9,322	9,554	9,317	-2.5	-0.1	419	454	436	-4.0	3.9	1,628	1,557	1,325	-14.9	-18.6
Educational Services	-	-	-	-	-	19,853	20,338	20,592	1.2	3.7	-	-	-	-	-	-	-	-	-	-
Health & Soc. Assist.	30,447	30,024	30,182	0.5	-0.9	20,792	21,127	21,236	0.5	2.1	626	636	664	4.3	6.0	1,586	1,652	1,645	-0.5	3.7
Arts/Entertainment	4,715	4,629	4,737	2.3	0.5	4,749	4,624	4,854	5.0	2.2	113	120	122	1.1	7.4	215	169	273	61.4	27.3
Accommodation & Food	18,036	18,349	18,165	-1.0	0.7	28,492	31,116	31,298	0.6	9.8	1,078	1,203	1,211	0.7	12.4	946	1,086	1,143	5.2	20.7
Other Services	5,251	5,479	5,398	-1.5	2.8	4,940	5,094	5,122	0.6	3.7	275	253	238	-5.8	-13.3	263	273	271	-0.7	3.0
Public Administration	6,609	6,287	6,264	-0.4	-5.2	12,853	12,217	12,366	1.2	-3.8	824	849	846	-0.4	2.7	815	802	782	-2.5	-4.1
Total Earnings ($Mill)	2,081	2,069	2,178	5.3	4.7	2,022	2,103	2,092	-0.5	3.4	120	117	121	3.1	0.5	312	337	327	-3.1	4.8
Avg. Weekly Wage	830	825	874	5.9	5.3	924	937	931	-0.6	0.8	842	822	852	3.6	1.2	1,062	1,095	1,094	-0.1	3.0
Est. Population (Thou)	432.4	432.9	432.9	0.0	0.1	347.9	353.5	353.7	0.1	1.7	36.8	36.2	36.3	0.4	-1.1	52.8	53.1	53.2	0.0	0.8
Unemployment Rate (%)	7.3	6.8	6.9	0.1	-0.4	10.1	8.6	9.4	0.8	-0.7	7.8	7.9	8.0	0.1	0.1	7.4	6.7	6.8	0.1	-0.5
Unemployment Claims (Initial)	5,181.0	5,214.0	4,915.0	-5.7	-5.1	378.1	366.5	357.3	-2.5	-5.5	4.0	5.0	4.0	-20.0	0.0	479.0	544.0	457.0	-16.0	-4.6
Unemployment Claims (Continued)	5,253.8	4,316.3	4,581.8	6.2	-12.8	5,079.2	3,529.8	4,371.1	23.8	-13.9	3.0	1.9	0.9	-52.0	-69.2	554.8	419.4	460.0	9.7	-17.1
Construction Contracts:																				
Res. ($Mil)[2]	9.5	23.5	29.8	26.8	213.7	73.9	55.4	102.2	84.5	38.3	3.5	30.6	2.7	-91.2	-22.9	11.7	8.7	11.8	35.6	0.9
Res. In-Progress($Mil)	37.1	63.1	75.6	19.8	103.8	222.1	182.3	235.6	29.2	6.1	6.7	50.0	47.4	-5.2	607.5	39.6	41.5	36.9	-11.1	-6.8
Non-Res. ($Mil)[2]	26.9	40.8	25.4	-37.7	-5.6	253.6	59.6	126.7	112.6	-50.0	11.5	3.0	34.4	1,047	199.1	5.7	3.5	250.3	7,051.4	4,291.2
Non-Res. In- Progress ($Mill)	310.6	309.7	244.8	-21.0	-21.2	831.6	975.0	948.8	-2.7	14.1	127.7	112.9	117.0	3.6	-8.4	21.0	27.7	278.0	903.6	1,223.8
Taxable Sales ($Mill)	1,591.7	-	-	-	-	1,205.7	1,415.0	1,255.5	-11.3	4.1	237.1	153.5	163.9	6.7	-30.9	318.3	410.2	410.6	0.1	29.0
Motor Vehicle Sales ($Mill)	153.3	172.5	163.7	-5.1	6.8	82.1	89.1	96.9	8.7	18.0	11.9	10.0	10.1	0.6	-15.1	21.6	25.3	24.3	-3.8	12.7

1– The number of jobs and corresponding wages for establishments subject to unemployment insurance taxation. Notable exclusions are employees of very small businesses (under 4 employees), self-employed persons and salespersons on commission-only bases.
2– Construction figures are supplied by McGraw Hill Construction, Dodge.

Table 5: Quarterly St. John, St. Tammany, and Plaquemines Parishes' Concurrent Economic Indicators, 2010:3-2011:3

	St. John					St. Tammany					Plaquemines				
				Percentage Chg					Percentage Chg					Percentage Chg	
	2010:3	2011:2	2011:3	Last Qtr	Last Year	2010:3	2011:2	2011:3	Last Qtr	Last Year	2010:3	2011:2	2011:3	Last Qtr	Last Year
Total Employment[1]	15,248	15,199	14,875	-2.1	-2.4	74,572	77,311	77,043	-0.3	3.3	14,702	14,712	14,902	1.3	1.4
Agriculture/Fishing	49	39	42	7.6	-13.6	117	108	105	-2.5	-10.2	37	45	46	1.5	24.3
Mining	394	496	499	0.6	26.6	577	594	644	8.5	11.7	1,213	1,124	1,185	5.4	-2.4
Utilities	180	173	151	-12.5	-16.3	351	360	354	-1.7	0.8	348	358	360	0.7	3.3
Construction	1,201	1,365	1,328	-2.7	10.6	4,497	4,616	4,641	0.5	3.2	1,229	1,551	1,500	-3.3	22.1
Manufacturing	2,835	2,801	2,596	-7.3	-8.4	3,038	3,195	3,183	-0.4	4.8	2,140	2,003	2,084	4.1	-2.6
Wholesale Trade	593	638	638	0.0	7.6	3,354	3,555	3,573	0.5	6.6	745	820	812	-1.0	9.1
Retail Trade	1,704	1,721	1,657	-3.7	-2.8	11,530	12,075	12,078	0.0	4.8	564	552	566	2.6	0.4
Transport & Warehous.	841	878	925	5.4	10.0	2,269	2,313	2,366	2.3	4.3	2,094	2,104	2,139	1.7	2.2
Information	138	139	143	3.1	4.1	840	986	953	-3.3	13.5	-	7	7	0.0	-
Finance and Insurance	519	514	509	-1.0	-1.8	2,515	2,592	2,587	-0.2	2.9	94	94	95	0.4	0.4
Real Estate and Rental	132	152	152	-0.2	14.9	927	857	861	0.5	-7.1	713	687	715	4.0	0.3
Profess. & Tech. Svcs	298	341	317	-6.8	6.5	3,868	4,134	4,165	0.8	7.7	485	472	475	0.6	-2.0
Mgmt. of Enterprises	206	214	215	0.5	4.5	1,166	1,209	1,248	3.3	7.1	50	-	-	-	-
Admin. & Waste Svcs	1,020	815	830	1.9	-18.6	2,811	2,837	2,816	-0.7	0.2	975	626	731	16.7	-25.1
Educational Services	-	-	-	-	-	-	-	-	-	-	1,056	1,091	1,056	-3.2	0.0
Health & Soc. Assist.	1,395	1,357	1,362	0.4	-2.4	14,195	13,957	14,187	1.7	-0.1	434	446	425	-4.6	-1.9
Arts/Entertainment	292	191	199	4.2	-31.9	1,604	1,523	1,622	6.5	1.1	49	52	55	5.1	12.2
Accommodation & Food	1,127	1,121	1,133	1.1	0.5	8,913	9,715	9,569	-1.5	7.4	775	837	797	-4.8	2.9
Other Services	314	301	287	-4.8	-8.7	1,906	2,071	2,087	0.7	9.5	160	210	252	20.3	57.4
Public Administration	825	812	796	-2.1	-3.6	3,114	3,147	3,138	-0.3	0.8	1,531	1,614	1,578	-2.2	3.1
Total Earnings ($Mill)	167	193	170	-12.0	2.1	738	738	778	5.4	5.3	202	204	213	4.4	5.4
Avg. Weekly Wage	842	979	881	-10.0	4.6	762	734	776	5.7	1.8	1,056	1,065	1,098	3.1	4.0
Est. Population(Thou)	45.8	46.1	46.1	0.0	0.6	234.6	235.6	235.7	0.1	0.5	23.1	24.3	24.3	0.0	5.2
Unemployment Rate (%)	10.8	9.4	9.5	0.1	-1.3	6.0	5.8	5.8	0.0	-0.2	6.2	7.1	6.8	-0.3	0.6
Unemployment Claims (Initial)	688.0	677.0	619.0	-8.6	-10.0	1,699.0	1,706.0	1,635.0	-4.2	-3.8	145.0	195.0	147.0	-24.6	1.4
Unemployment Claims (Continued)	854.3	616.1	652.1	5.8	-23.7	1,725.2	1,453.6	1,490.4	2.5	-13.6	120.5	176.2	154.7	-12.2	28.3
Construction Contracts:															
Res. ($Mil)[2]	10.6	11.2	11.4	1.8	7.5	66.3	29.4	49.4	68.0	-25.5	2.4	2.1	1.2	-42.9	-50.0
Res. In-Progress($Mil)	15.7	26.7	28.3	6.0	80.3	155.9	165.2	152.4	-7.7	-2.2	3.5	14.0	5.6	-60.0	60.0
Non-Res. ($Mil)[2]	2.2	3.0	0.7	-76.7	-68.2	24.4	9.5	70.5	642.1	188.9	39.3	18.9	138.3	631.7	251.9
Non-Res. In- Progress ($Mill)	17.5	32.3	33.0	2.2	88.6	243.1	133.3	179.4	34.6	-26.2	66.0	99.2	229.5	131.4	247.7
Taxable Sales ($Mill)	206.0	191.8	216.7	13.0	5.2	789.0	874.3	833.3	-4.7	5.6	-	-	-	-	-
Motor Vehicle Sales ($Mill)	18.6	18.5	16.7	-9.9	-10.3	106.8	109.2	113.5	4.0	6.3	22.1	20.5	19.4	-5.0	-12.1

1– The number of jobs and corresponding wages for establishments subject to unemployment insurance taxation. Notable exclusions are employees of very small businesses (under 4 employees), self-employed persons and salespersons on commission-only bases.
2– Construction figures are supplied by McGraw Hill Construction, Dodge.

METROPOLITAN REPORT:
Economic Indicators for the New Orleans Area

Published by the Division of Business and Economic Research
College of Business Administration
University of New Orleans
New Orleans, Louisiana 70148
Telephone 504.280.6240

Dr. John A. Williams, Interim Dean
Dr. Janet F. Speyrer, Associate Dean for Research
Maria J. Ortiz, Tourism Research Analyst
Fred W. Sakon, Applied Economist

Marius Mihai, Student Research Assistant
Karen Brakel, Assistant to the Associate Dean for Research

Send address changes to kbrakel@uno.edu

Division of Business and Economic Research
University of New Orleans
Lakefront, New Orleans, LA 70148

Forwarding and Return Postage Guaranteed
Address Correction Requested