



ITHACA COLLEGE

Department of Economics

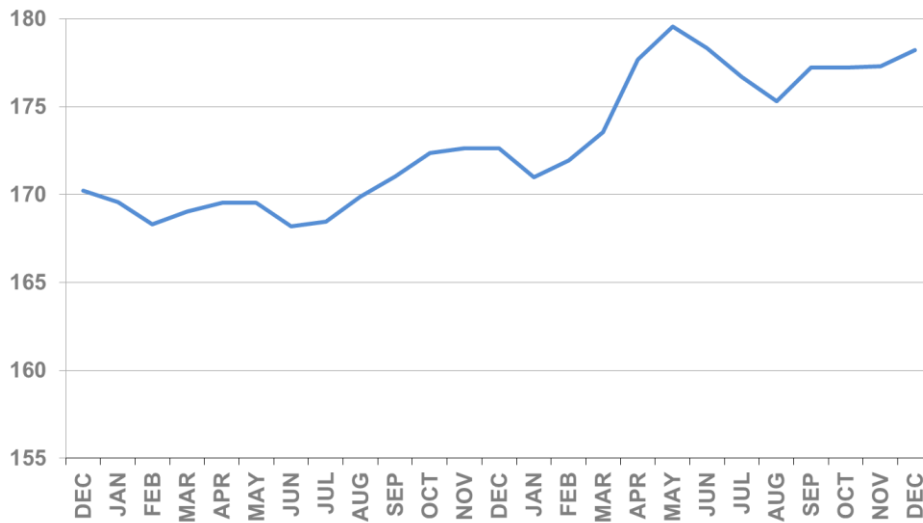


Ithaca Business Index

December 2019

The Ithaca Business Index improved 0.5 percent in December to a level of 178.22 from a revised mark of 177.29 in November. Moderate increases in employment, the labor force, retail sales, and help wanted advertising pushed the index higher. Home sales and average hours worked held back the gains. Compared to December 2018 the index was up 3.2 percent.

Ithaca Business Index
DEC 2017 - DEC 2019



The number of jobs in the Ithaca metropolitan area increased by 200 to a level of 67,400 in December. All the figures in this report are seasonally adjusted so that any month can be compared with any other without regard to seasonal factors. Ithaca's unemployment rate was 3.5 percent, unchanged from a month earlier. The comparable unemployment rates for New York State and the nation were 4.0 percent and 3.5 percent, respectively.

The size of Ithaca's labor force increased by 100 persons to a level of 51,500. Anyone residing in Ithaca with a part-time or full-time job is in the labor force. In addition, anyone residing in Ithaca without a job, but actively seeking employment, is also included in the labor force. A larger labor force means more economic potential.

Ithaca's retail sector improved modestly in December. Sales volume rose 1.3 percent to \$161 million. Compared to December 2018 sales volume was up 1.5 percent. Add 2 percent inflation to that and holiday retail sales were up 3.5 percent in December – about what was expected. Ithaca's retailers hired 200 seasonal workers in December.

The average work week in Ithaca shortened slightly to 33.0 hours from 33.1 hours in November. This figure is indeed an average that includes both full and part-time employees in the private sector. Compared to December 2018, the average work week was about 12 minutes longer. A longer work week is a sign of increased economic activity.

Home sales in Ithaca slipped 7.7 percent in November. This is a minor change for this volatile indicator. Comparing December 2019 to December 2018, home sales were down 22.9 percent. The median home's price climbed over the course of the year to \$231,750 from \$217,000.

Help wanted advertising was 19.2 percent higher in December than the previous month. Compared to December 2018, help-wanted advertising was up 57.4 percent. These are not unusual changes for this volatile indicator. The number of job postings for several online sites for Ithaca are considered.

| Sector | Change (from last month) | Change (from last year) |
|--------------------------------|-----------------------------|----------------------------|
| Employment | ▲ 0.3 % | ▲ 3.5 % |
| Labor Force | ▲ 0.2 % | ▲ 1.8 % |
| Retail Sales | ▲ 1.3 % | ▲ 1.5 % |
| Avg Weekly Hrs at Work | ▼ 0.3 % | ▲ 0.6 % |
| Home Sales | ▼ 7.7 % | ▼ 22.9 % |
| Help Wanted Advertising | ▲ 19.2 % | ▲ 57.4 % |
| Ithaca Business Index | ▲ 0.5 % | ▲ 3.2 % |

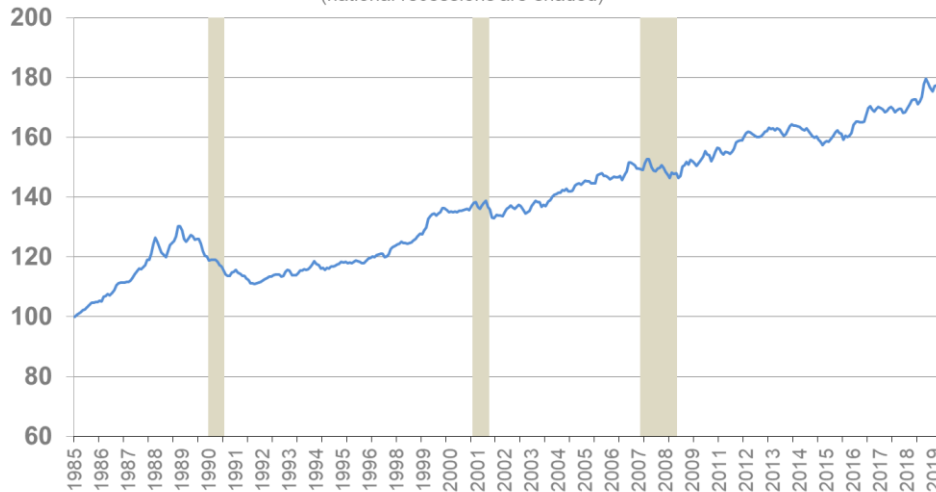
After climbing nicely for the first half of 2019, the Ithaca Business Index has merely held steady the past six months. Still, it was a very good year for the local economy. The Ithaca Business Index shows economic growth of 3.6 percent over the course of the year.

Aside from 2017 when the economy expanded by 3.8 percent, the last year to show more than 3.0 percent growth was 1999. Let's buy the Champagne but not uncork it just yet. Annual data revisions occur every year at this time and in the past those revisions have sometimes changed the previous perception.

Ithaca Business Index

JAN 1985 to DEC 2019

(national recessions are shaded)



In January 1985 the Ithaca Business Index stood at 100.00. In December 2019 the Index reads 178.22. This means that the Tompkins County economy has grown 78.22 percent in those 420 months.

From 1985 until 1988, the Ithaca metro region grew at a rapid clip. The average annual growth rate was 5.4 percent. The Ithaca Business Index reached a peak of 130.34 in March 1989. A recession brought the Index down to a level of 110.98 in May 1992. This 36-month slide was much longer and more severe than the national recession which lasted only 8 months. Since then, the County economy has recovered, but annual growth rates of 1.5 percent are more typical these days.

There was a less severe version of the Great Recession here in Ithaca that started in May 2008 and ended in July 2009. The most recent recession began in March 2014 and ended in March 2015. There was no national recession during this time, but economic activity in Ithaca fell 0.2 percent in 2014 and 1.4 percent in 2015.

The Ithaca economy has been expanding since the summer of 2015. The Ithaca economy grew 2.2 percent in 2016, 3.8 percent in 2017, and 0.3 percent in 2018. The all-time high for the Ithaca Business Index is 179.58, its reading in May 2019.