



ITHACA COLLEGE

Department of Economics



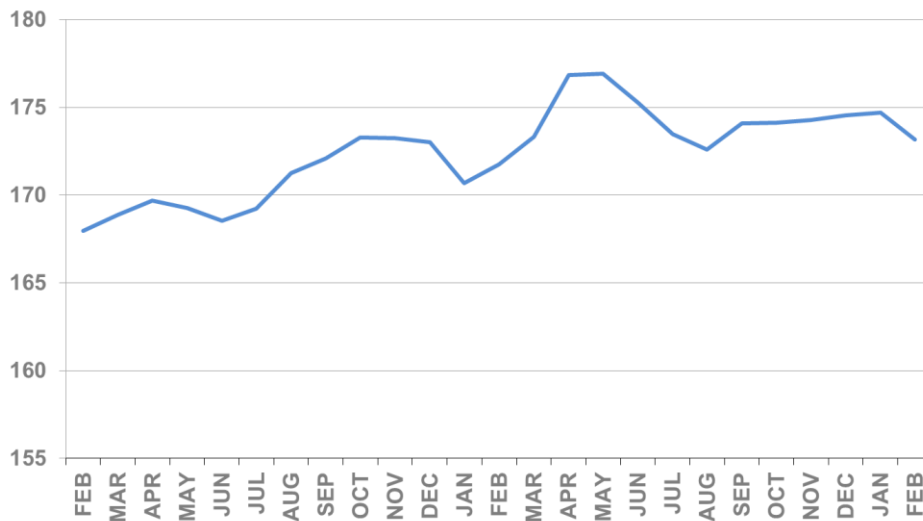
Ithaca Business Index

February 2020

The Ithaca Business Index slumped 0.9 percent in February to a level of 173.18 from a revised mark of 174.53 in January. Hours worked increased, but five other indicators fell moderately. Compared to February 2019 the index was up 2.5 percent.

Ithaca Business Index

FEB 2018 - FEB 2020



The number of jobs in the Ithaca metropolitan area decreased by 100 to a level of 63,600 in February. 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 3.4 percent, down from 3.5 percent last month. Some may wonder how employment can decrease and the unemployment rate can fall at the same time. The explanation is that the size of the labor force decreased so that the percentage unemployed is lower.

The size of Ithaca's labor force decreased by 300 persons to a level of 51,000. 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 smaller labor force means less economic potential.

Retail sales in Ithaca were down slightly in February. Sales volume fell 0.6 percent bringing total sales to \$162 million. Compared to January 2019 sales volume was up 0.3 percent. The retail sector lost 100 workers in February as Ithaca's retailers trimmed staff.

The average work week in Ithaca lengthened to 32.5 hours from 31.5 hours in January. This figure is indeed an average that includes both full and part-time employees in the private sector. Compared to February 2019, the average work week was shorter by a few minutes.

Home sales in Ithaca sagged 10.3 percent in February. This is a moderate change for this volatile indicator. Comparing February 2020 to February 2019, home sales were off 3.4 percent. The median home's price fell slightly over the course of the year to \$204,893 from \$206,250.

Help wanted advertising was down in February by 20.3 percent. Compared to January 2019, help-wanted advertising was down 27.9 percent. These are not unusual changes for this volatile indicator but declines in help wanted advertising can signal the future direction of employment.

Sector	Change (from last month)	Change (from last year)
Employment	▼ 0.2 %	▼ 2.5 %
Labor Force	▼ 0.6 %	▲ 0.3 %
Retail Sales	▼ 0.7 %	▲ 0.3 %
Avg Weekly Hrs at Work	▲ 3.1 %	▼ 0.7 %
Home Sales	▼ 10.3 %	▼ 3.4 %
Help Wanted Advertising	▼ 20.3 %	▼ 27.9 %
Ithaca Business Index	▼ 0.9 %	▲ 0.8%

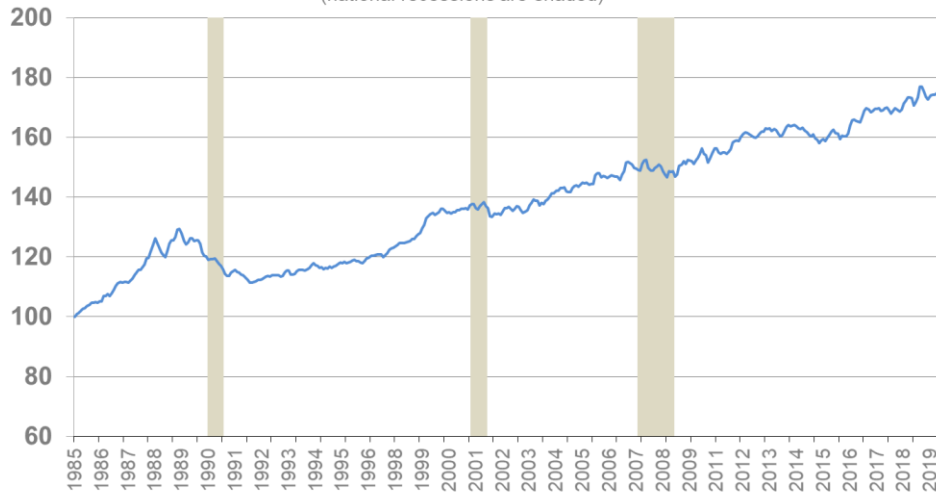
Unlike the figures reported here, the data for March should reflect some, but not all, the effects of social distancing. The service sector can, and must, react quickly to a halt in sales. Other industries, such as higher education, can be more deliberate. Our local economy is not recession-proof. We know this from the 1989-1991 episode when higher education was hit by declines in federally-funded research.

Economists have no experience with an economic shock as abrupt and pervasive as social distancing. College towns are especially vulnerable, but the damage will be limited if students can return for the fall semester. Ithaca's health services sector is prominent and should hold up well during this time. But total output will fall, which means incomes will shrink. Lives and livelihoods will be impacted. This loss is in addition to the direct impact on people who experience the virus firsthand.

Ithaca Business Index

JAN 1985 to FEB 2020

(national recessions are shaded)



In January 1985 the Ithaca Business Index stood at 100.00. In February 2020 the Index reads 173.18. This means that the Tompkins County economy has grown 73.18 percent in those 422 months.

From 1985 until 1988, the Ithaca metro region grew at a rapid clip. The average annual growth rate was 6.0 percent. The Ithaca Business Index reached a peak of 129.25 in April 1989. A recession brought the Index down to a level of 111.32 in February 1992. This 34-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 April 2008 and ended in July 2009. The most recent recession began in April 2014 and ended in March 2015. There was no national recession during this time, but economic activity in Ithaca stalled in the latter half of 2014 and fell 1.5 percent in 2015.

The Ithaca economy has been expanding since the summer of 2015. The Ithaca economy grew 3.7 percent in 2017, 0.7 percent in 2018, and 2.1 percent in 2019. The all-time high for the Ithaca Business Index is 176.91, its reading in May 2019.