



ITHACA COLLEGE

Department of Economics

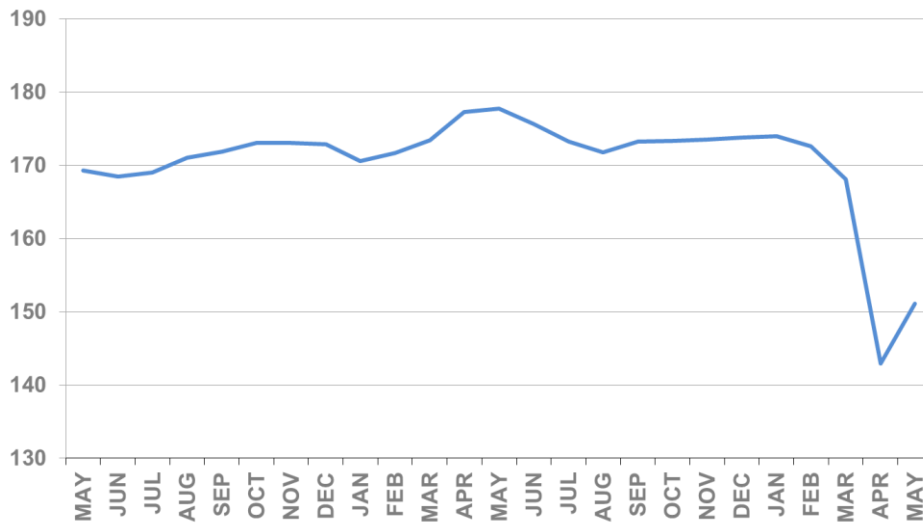


Ithaca Business Index

May 2020

The Ithaca Business Index recovered a bit in May from the Covid-19 shut down. The index, which monitors business activity, increased 5.7 percent. An uptick in retail sales led the way. Gains in employment, the labor force, and hours worked helped the cause. Help wanted advertising held steady. The only indicator to contract was home sales. Nevertheless, the index was down 15.0 percent compared to May 2019.

Ithaca Business Index
MAY 2018 - MAY 2020



The number of jobs in the Ithaca metropolitan area jumped by 1,300 to a level of 55,200 in May. 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, improved to 8.1 percent from 10.8 percent in April. Comparable unemployment rates for New York State and the nation are 14.5 percent and 13.3 percent, respectively.

The size of Ithaca's labor force increased by 2,000 persons to a level of 49,422. 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.

Retail sales in Ithaca popped 22.9 percent in May, coming in at \$118.4 million. However, that amount is 31.0 percent less than May 2019. The high water mark for retail sales was exactly a year ago at \$171.2 million. That was when 4,900 jobs were in retailing. In May 2020 Ithaca's retail sector hosted 3,200 jobs.

The average work week in Ithaca ticked up to 34.6 hours from 32.5 hours in April. This figure is indeed an average that includes both full and part-time employees in the private sector. Compared to May 2019, the average work week was 7.3 percent longer.

Home sales in Ithaca sagged 7.4 percent in May. This is a minor change for this volatile indicator. Compared to May 2019 home sales were down 25.9 percent. The median home's price increased significantly over the course of the year to \$273,000 from \$256,100.

Help wanted advertising inched forward 1.7 percent in May. Compared to May 2019, help-wanted advertising was down 65.6 percent. This is an unusually large change, even for this volatile indicator. Declines in help wanted advertising may signal bad news ahead for the job market.

Sector	Change (from last month)	Change (from last year)
Employment	▲ 2.4 %	▼ 13.2 %
Labor Force	▲ 4.2 %	▲ 1.2 %
Retail Sales	▲ 22.9 %	▼ 31.0 %
Avg Weekly Hrs at Work	▲ 6.5 %	▲ 7.3 %
Home Sales	▼ 7.4 %	▼ 25.9 %
Help Wanted Advertising	▲ 1.7 %	▼ 65.6 %
Ithaca Business Index	▲ 5.7 %	▼ 15.0 %

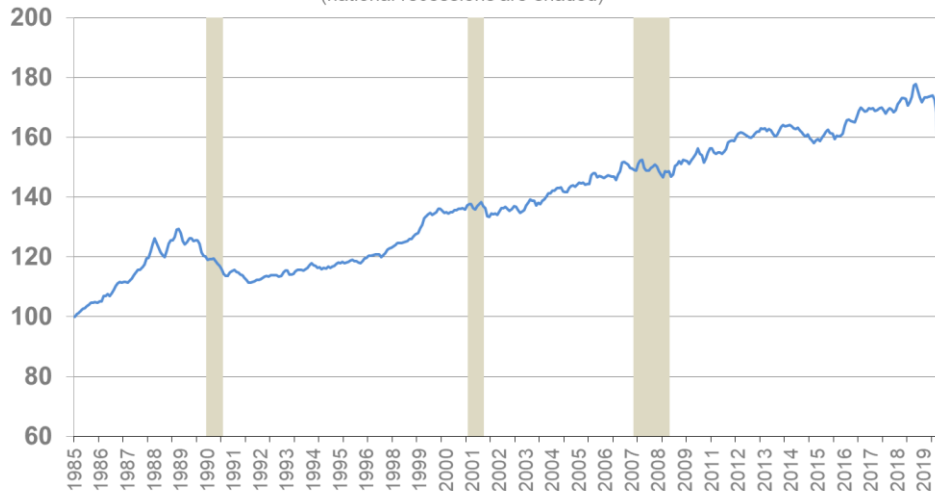
The data for May reflect the cautious and slight re-opening of Ithaca's economy. June is expected to show more gains as the economy opened further by meeting Phase Two and Three guidelines.

Economic activity is expected to level off at about 10 percent below normal throughout the summer months. Significant threats to the regional economy crop up in the fall. Decisions about K-12 education will affect the labor force in several ways. Higher education will face reduced revenue and higher expenses. The decisions made in response to these challenges will have profound effects on Ithaca's economy. A 10 percent reduction in jobs in higher education would reduce economic activity in Ithaca by anywhere from 4-8 percent.

Ithaca Business Index

JAN 1985 to MAY 2020

(national recessions are shaded)



In January 1985 the Ithaca Business Index stood at 100.00. In May 2020 the Index reads 151.09. This means that the Tompkins County economy has grown 51.09 percent in those 425 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.

Ithaca's economy had been expanding since the summer of 2015 with growth rates of 3.7 percent in 2017, 0.6 percent in 2018, and 2.0 percent in 2019. The all-time high for the Ithaca Business Index is 177.70, its reading in May 2019.