



ITHACA COLLEGE

Department of Economics

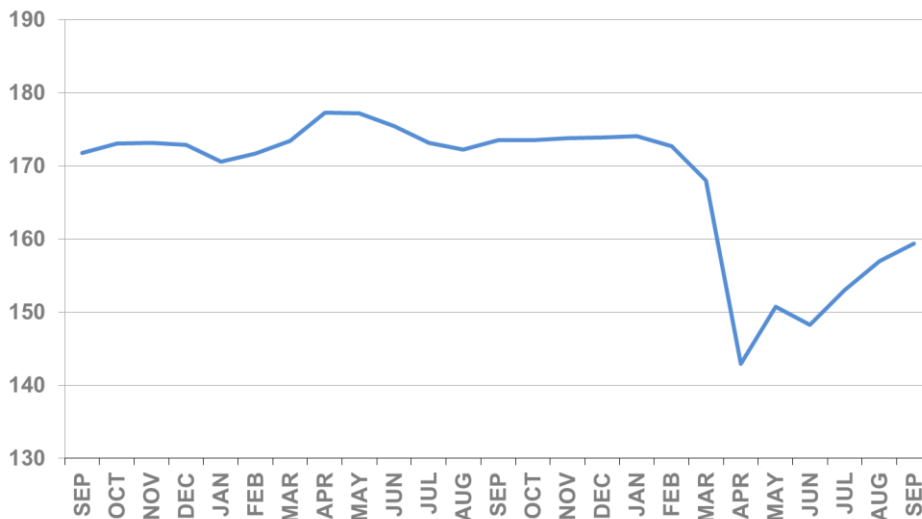
Ithaca Business Index



September 2020

The Ithaca Business Index rallied 1.5 percent in September to a level of 159.41 from a revised mark of 157.02 in August. The gain is solely attributed to a jump in home sales. Losses in employment, labor force participation, retail sales, and hours worked held the index back. Compared to September 2019 economic activity was down 8.2 percent.

Ithaca Business Index
SEP 2018 - SEP 2020



The number of jobs in the Ithaca metropolitan area fell by 1,200 in September after climbing by 1,000 in August. This brings the number of jobs to 60,300. All the figures in this report are seasonally adjusted so that any month can be compared to any other without regard to seasonal factors. However, some experts contend that the seasonal adjustment process is not appropriate given Covid's influence on the economy. Nevertheless, the Bureau of Labor Statistics reports that Ithaca's seasonally adjusted unemployment rate fell to 4.4 percent in September from 6.9 percent in August. Comparable unemployment rates for New York State and the nation in September 2020 are 9.7 percent and 7.9 percent, respectively.

The size of Ithaca's labor force decreased by 2,300 persons to a level of 49,500. 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. Decreases in the labor force imply shrinking economic potential.

Retail sales in Ithaca edged downward by 1.8 percent in September to \$141 million. The volume of retail sales was down 13.8 percent from a year ago. Employment in Ithaca's retail sector was 800 jobs less than normal.

The average work week in Ithaca shortened 3.5 percent to 32.5 hours from 33.7 hours in August. This figure is indeed an average that includes both full and part-time employees in the private sector. Compared to September 2019, average weekly hours worked was lower by 30 minutes.

Home sales in Ithaca soared 72.3 percent in September. This is a major move even for this volatile indicator. Compared to September 2019 home sales were down 0.8 percent. At least part of the explanation for the big jump was the exceptionally low number of sales in August. In any event, the median home's price appreciated markedly over the course of the year to \$297,750 from \$232,500.

Help wanted advertising held steady from August to September. However, compared to September 2019, help wanted advertising was down 44.6 percent. Changes in help wanted advertising may foretell actual changes in employment in the months ahead.

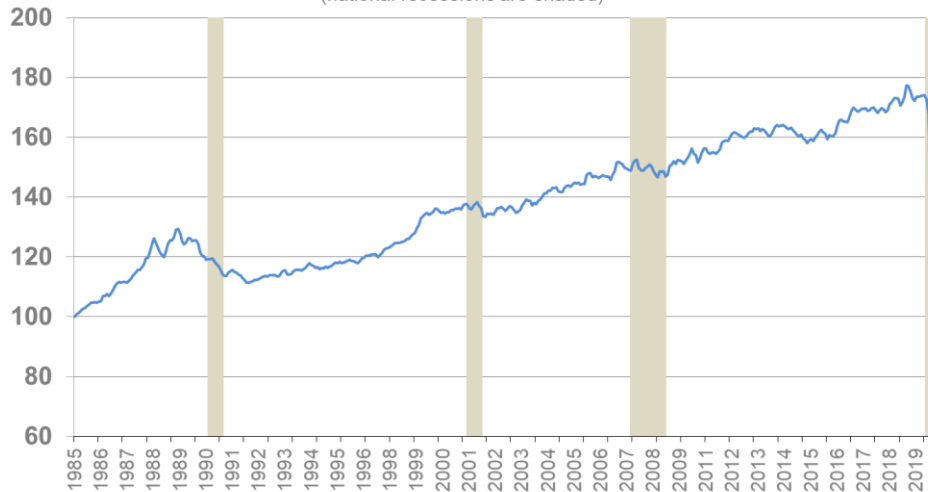
Sector	Change (from last month)	Change (from last year)
Employment	▼ 2.0 %	▼ 5.5 %
Labor Force	▼ 4.4 %	▲ 0.7 %
Retail Sales	▼ 1.8 %	▼ 13.8 %
Avg Weekly Hrs at Work	▼ 3.5 %	▼ 0.7 %
Home Sales	▲ 72.3 %	▼ 0.8 %
Help Wanted Advertising	▲ 1.5 %	▼ 44.6 %
Ithaca Business Index	▲ 1.5 %	▼ 8.2 %

In the past five months, Ithaca's economy bounced about halfway back from the Covid low of April 2020. Given how our major industries – higher education and health care – are performing, the regional economy is expected to hover at 8 to 10 percent below normal for the rest of year.

Ithaca Business Index

JAN 1985 to SEP 2020

(national recessions are shaded)



In January 1985, the Ithaca Business Index stood at 100.00. In September 2020, the Index reads 159.41. This means that the Tompkins County economy has grown 59.41 percent in those 429 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 Covid-19 pandemic has curtailed economic activity throughout the world and in Ithaca. Currently, Ithaca's economy is operating at about 8 percent below normal. The all-time high for the Ithaca Business Index is 177.30, its reading in April 2019.