



ITHACA COLLEGE

Department of Economics

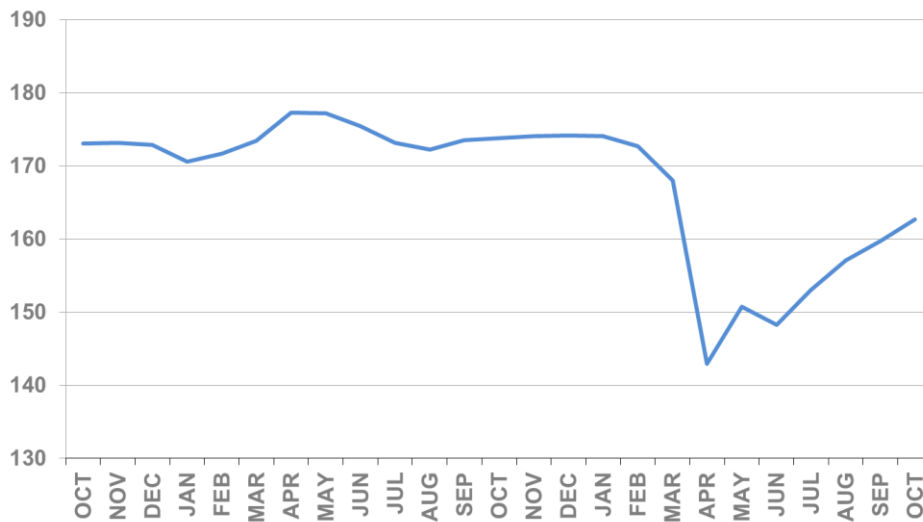


Ithaca Business Index

October 2020

The Ithaca Business Index moved higher by 1.8 percent in October to a level of 162.71 from a revised mark of 159.75 in September. Gains in retailing, hours worked, home sales, and helped wanted advertising drove the index upward. The number of jobs and the size of the labor force fell slightly. Compared to October 2019 economic activity was down 6.4 percent.

Ithaca Business Index
OCT 2018 - OCT 2020



The number of jobs in the Ithaca metropolitan area fell by 200 in October after a drop of 700 in September. This brings the total number of jobs to 60,600. All the figures in this report are seasonally adjusted so that any month can be compared to any other without regard to seasonal factors. Rising from a low of 53,900 in April, the number of jobs is more than halfway back to pre-Covid levels. The unemployment rate was 4.4 percent in October. Comparable unemployment rates for New York State and the nation are 9.6 percent and 6.9 percent, respectively.

The size of Ithaca's labor force decreased by 1,000 persons to a level of 48,600. 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 inched upward by 2.1 percent in October to \$146 million. The volume of retail sales was down 10.8 percent from a year ago. Employment in Ithaca's retail sector was 800 jobs less than normal.

The average work week in Ithaca expanded 4.0 percent to 33.9 hours from 32.6 hours in September. This figure is indeed an average that includes both full and part-time employees in the private sector. Compared to October 2019, average weekly hours worked was up 3.4 percent.

Home sales in Ithaca increased 3.8 in October after soaring 73 percent in September. The market for homes is red hot due to low mortgage rates. Buyers can borrow more with the low rates and then offer higher bids for homes. The median home's price appreciated to \$277,330 from \$251,500 in October 2019.

Help wanted advertising increased by 15.1 percent in October. However, compared to October 2019, help wanted advertising was down 35.4 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	▼ 0.3 %	▼ 5.0 %
Labor Force	▼ 2.0 %	▼ 1.2 %
Retail Sales	▲ 2.1 %	▼ 10.8 %
Avg Weekly Hrs at Work	▲ 4.0 %	▲ 3.4 %
Home Sales	▲ 3.8 %	▲ 20.2 %
Help Wanted Advertising	▲ 15.1 %	▼ 35.4 %
Ithaca Business Index	▲ 1.8 %	▼ 6.4 %

In the past six months, Ithaca's economy recovered more than half the losses from the Covid low of April 2020. However, the trajectory of the recovery is flattening. 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 until the pandemic abates.

Ithaca Business Index

JAN 1985 to OCT 2020

(national recessions are shaded)



In January 1985, the Ithaca Business Index stood at 100.00. In September 2020, the Index reads 162.71. This means that the Tompkins County economy has grown 62.71 percent in those 430 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.