



ITHACA COLLEGE

Department of Economics



Ithaca Business Index

January 2020

The Ithaca Business Index improved 0.3 percent in January to a level of 175.03 from a revised mark of 174.63 in December. Increases in retail sales and home sales drove the index higher. Employment, the labor force, hours worked, and help wanted advertising declined modestly. Compared to January 2019 the index was up 2.5 percent.

Ithaca Business Index
JAN 2018 - JAN 2020



The number of jobs in the Ithaca metropolitan area decreased by 100 to a level of 64,200 in January. 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 3.8 percent and 3.5 percent, respectively.

The size of Ithaca's labor force decreased by 200 persons to a level of 51,300. 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 up in January. Sales volume rose 0.4 percent bringing total sales to \$162 million. Compared to January 2019 sales volume was up 0.9 percent. The retail sector lost 200 workers as holiday sales staff were let go. Nevertheless, sales were robust for this month of the year.

The average work week in Ithaca shortened slightly to 32.0 hours from 32.5 hours in December. This figure is indeed an average that includes both full and part-time employees in the private sector. Compared to January 2019, the average work week was almost an hour shorter. A shorter work week is a sign of decreased economic activity.

Home sales in Ithaca vaulted 30.6 percent in January. This is a significant, but not unusual, change for this volatile indicator. Comparing January 2020 to January 2019, home sales were up 62.7 percent. The median home's price climbed over the course of the year to \$235,000 from \$196,000.

Help wanted advertising was down in January by 16.9 percent. Compared to January 2019, help-wanted advertising was up 28.5 percent. These are not unusual changes for this volatile indicator. The number of job postings at several online sites for Ithaca are considered.

Sector	Change (from last month)	Change (from last year)
Employment	▼ 0.2 %	▼ 1.4 %
Labor Force	▼ 0.4 %	▲ 1.1 %
Retail Sales	▲ 0.4 %	▲ 0.9 %
Avg Weekly Hrs at Work	▼ 1.8 %	▼ 2.7 %
Home Sales	▲ 30.6 %	▲ 62.7 %
Help Wanted Advertising	▼ 16.9 %	▲ 28.5 %
Ithaca Business Index	▲ 0.3 %	▲ 2.5 %

The data revisions that occur each year at this time significantly changed our perspective on Ithaca's economic performance in 2019. The revision that mattered most concerned the employment figures from the Department of Labor. Their estimate of the number of jobs in Ithaca was reduced by about 2,500. It looked like economic growth was going to be above 3.0 percent in 2019. Now it looks like Ithaca's economy grew by 2.0 percent last year.

Economists only have opinions about what to expect going forward in these trying times. Almost certainly there will be a national, and a local, recession. How bad those will be and what the recoveries might look like is very uncertain.

Ithaca Business Index

JAN 1985 to JAN 2020

(national recessions are shaded)



In January 1985 the Ithaca Business Index stood at 100.00. In January 2020 the Index reads 175.03. This means that the Tompkins County economy has grown 75.03 percent in those 421 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 2.0 percent in 2019. The all-time high for the Ithaca Business Index is 176.91, its reading in May 2019.