



ITHACA COLLEGE

Department of Economics



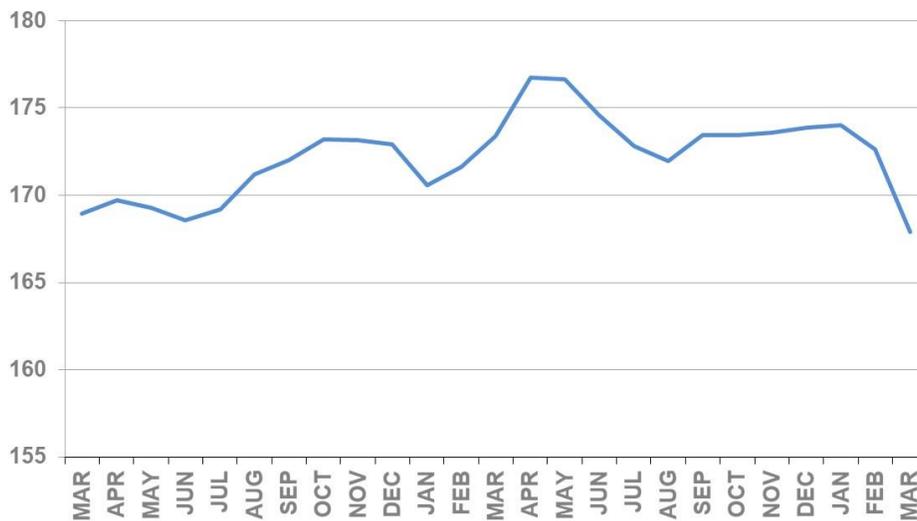
Ithaca Business Index

March 2020

The Ithaca Business Index sank 2.8 percent in March to a level of 167.88 from a revised mark of 172.65 in February. Hours worked increased, but five other indicators declined. Compared to March 2019 the index was down 3.2 percent.

Ithaca Business Index

MAR 2018 - MAR 2020



The number of jobs in the Ithaca metropolitan area decreased by 100 to a level of 63,500 in March. 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 3.6 percent compared to 4.5 percent in New York state and 4.4 percent in the nation. The survey for the employment data was conducted in the second week of March. The full force of the COVID-19 shut down will be reflected in the April numbers.

The size of Ithaca's labor force decreased by 768 persons to a level of 48,668. 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 significantly in March. Sales volume fell 13.8 percent lowering total sales to \$139 million. Compared to March 2019 sales volume was down 13.2 percent. The retail sector lost 300 workers in March.

The average work week in Ithaca lengthened to 32.9 hours from 32.7 hours in March. This figure is indeed an average that includes both full and part-time employees in the private sector. Compared to March 2019, the average work week was half and hour longer.

Home sales in Ithaca sagged 11.5 percent in March. This is a moderate change for this volatile indicator. Comparing March 2020 to February 2019, home sales were off 18.5 percent. The median home's price fell significantly over the course of the year to \$208,000 from \$262,000.

Help wanted advertising shriveled 33.1 percent in March. Compared to March 2019, help-wanted advertising was down 51.4 percent. These are unusually large changes, 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	▼ 0.2 %	▼ 2.8 %
Labor Force	▼ 1.6 %	▼ 3.4 %
Retail Sales	▼ 13.8 %	▼ 13.2 %
Avg Weekly Hrs at Work	▲ 0.6 %	▲ 1.5 %
Home Sales	▼ 11.5 %	▼ 18.5 %
Help Wanted Advertising	▼ 33.1 %	▼ 51.4 %
Ithaca Business Index	▼ 2.8 %	▼ 3.2%

The data for March reflected some, but hardly 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. Indeed, the full effect on Ithaca's economy depends on students being able to return in late August.

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. In that case, Ithaca's economy will experience a recession, not a depression.

Ithaca Business Index

JAN 1985 to MAR 2020

(national recessions are shaded)



In January 1985 the Ithaca Business Index stood at 100.00. In March 2020 the Index reads 167.88. This means that the Tompkins County economy has grown 67.88 percent in those 423 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 had been expanding since the summer of 2015. The Ithaca economy grew 3.7 percent in 2017, 0.7 percent in 2018, and 1.8 percent in 2019. The all-time high for the Ithaca Business Index is 176.75, its reading in April 2019.