



ITHACA COLLEGE

Department of Economics

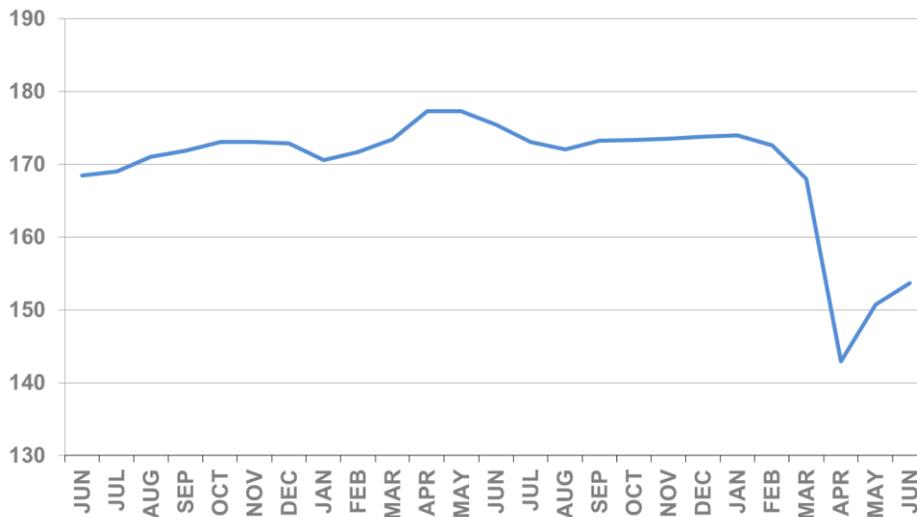


Ithaca Business Index

June 2020

In June, the Ithaca Business Index sits more than 12 percent below pre-Covid levels. The index, which monitors business activity, increased 2.0 percent to a level of 153.69 from a revised mark of 150.74 in May. Gains in employment and retail sales were enough to offset declines in hours worked and home sales. The size of the labor force and help wanted advertising held steady. The index was down 12.4 percent compared to its level in June 2019.

Ithaca Business Index
JUN 2018 - JUN 2020



The number of jobs in the Ithaca metropolitan area jumped by 4,500 to a level of 59,600 in June. 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, remained at 8.1 percent. Comparable unemployment rates for New York State and the nation are 15.7 percent and 11.1 percent, respectively.

The size of Ithaca's labor force increased by 800 persons to a level of 50,033. 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 another 17.3 percent in June after surging 18.7 percent in May, coming in at \$134.7 million. However, that amount is 17.1 percent less than June 2019. In June, there were 3,700 jobs in Ithaca's retail sector. That figure is down from 4,900 jobs in June 2019.

The average work week in Ithaca fell to 33.3 hours from 34.5 hours in May. This figure is indeed an average that includes both full and part-time employees in the private sector. Compared to June 2019, the average work week was 4.7 percent longer.

Home sales in Ithaca sagged 21.4 percent in June. A change of this magnitude is not unusual for this volatile indicator. Compared to June 2019 home sales were down 31.1 percent. The median home's price increased over the course of the year to \$273,000 from \$260,000.

Help wanted advertising inched forward 5.4 percent in June. Compared to June 2019, help-wanted advertising was down 56.8 percent. This is an unusually large change, even for this volatile indicator. Changes in help wanted advertising may foretell changes for the job market in the months ahead.

Sector	Change (from last month)	Change (from last year)
Employment	▲ 8.2 %	▼ 6.1 %
Labor Force	▲ 1.6 %	▲ 2.3 %
Retail Sales	▲ 17.3 %	▼ 17.1 %
Avg Weekly Hrs at Work	▼ 3.5 %	▲ 4.7 %
Home Sales	▼ 21.4 %	▼ 31.1 %
Help Wanted Advertising	▲ 5.4 %	▼ 56.8 %
Ithaca Business Index	▲ 2.0 %	▼ 12.4 %

The data for June continue to reflect the cautious re-opening of Ithaca's economy. It will be instructive to see if the gains continue into July and August. As was pointed out in last month's report:

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 JUN 2020

(national recessions are shaded)



In January 1985 the Ithaca Business Index stood at 100.00. In June 2020 the Index reads 153.69. This means that the Tompkins County economy has grown 53.69 percent in those 426 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 severely curtailed economic activity throughout the world and in Ithaca. The all-time high for the Ithaca Business Index is 177.31, its reading in April 2019.