



Beige Book reports modest growth, resulting from holiday shopping season

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Through the end of 2007, the nation's economy boasted modest growth. Tourism and wage increases propelled regional economies, as a nationwide strengthening of the commercial real estate market has eased investors' concerns.

The new Beige Book Report, a regularly released anecdotal report prepared by the Federal Reserve and named for the color of its cover, also revealed weakness in the auto industry and favorable agricultural conditions.

Here are some of the specific findings from the Beige Book, by district:

District 1-Boston: Economic experts in New England report mixed results from the end of 2007 and approach 2008 with uncertainty, preparing for an even slower 2008. Retailers cite strong sales, however, and project further growth. Manufacturers foresee more wage increases as compared to 2007, but the residential market is still sluggish.

District 2-New York: The empire state and its surrounding area recovered from a slower year-end with positive business results in early January. N.Y.C., of course, is a pocket of strength for the region with both tourism and real estate dominating the economy. Bankers report weakening loan demand, aggravated by tightening credit standards and a receding residential real estate market, palpable everywhere but N.Y.C.

District 3-Philadelphia: Sources in the third district are upbeat about business activity - holiday shopping was stronger than the previous year, and manufacturers saw more orders. Bank lending is also rising and wage increases are moderate. Still, commercial building and leasing has slowed, the region is plagued by higher fuel prices and health care benefits costs are up.

District 4-Cleveland: Rising prices in the midwest have not slowed manufacturing output, although little upward movement in wages has been noted. Experts in the midwest are reporting growth, albeit at a slower pace. Employment levels remain largely unchanged, as staffing firms report more job openings. Once again, residential building is slow.

District 5-Richmond: The fifth district is undergoing decelerating in retail sales and residential market activity. Still, tourism has picked up and agricultural conditions are increasingly favorable. Housing activity is slowing and inventory is not moving, but wage growth has remained steady.

District 6-Atlanta: Down south, experts are cautiously optimistic, thanks to a rise in tourism and decent holiday retail sales. Residential real estate is still weak, but discounting by home builders has helped move some inventory. Demand for skilled workers is high while prices are increasing. Crop production is hampered due to drought conditions in Alabama, Georgia and Tennessee.

District 7-Chicago: Expansion in the seventh district is evident, due in part to heightened manufacturing output and consumer spending. Labor market conditions were mixed, while wage and cost pressures remain the same. Farmers see demand for soybean rather than corn, even though

both crops' prices are increasing.

District 8-St. Louis: Characterizing a nationwide trend, the eighth district enjoys a strong commercial market, while residential real estate is lagging. Across the district, there is modest progress in all sectors, and retail sales this holiday season are higher than last year. Manufacturing activity softened but there is expansion in the services sector.

District 9-Minneapolis: The ninth district boasts improvements in a wide array of sectors, including consumer spending, tourism, services, manufacturing, energy, mining, commercial construction, and agriculture. Weakening reports still plague the district's residential market and employment reports are mixed. Wage increases are moderate and prices for fuel and steel are on the rise.

District 10-Kansas City: Experts in district ten reported more modest growth, and like most of the country, commercial real estate is faring much better than its residential counterpart. Manufacturing, energy and agriculture remains robust and holiday shopping results are "acceptable." Wage pressures decreased, but more firms expect to hire in the coming months.

District 11-Dallas: In Dallas, the economy has decelerated because of slowing home construction, higher energy prices, and concern over the credit market. The strong energy industry may act as a stimulus and the service sector is still faring well. Home real estate markets and construction continue to soften, and retail sales are weaker.

* District 12-San Francisco: The west coast's economic expansion was propelled by agricultural output, manufacturing and wages. Price increases occurred across the board, particularly in food and energy. The declining housing market continues to stunt growth, but the strength on the commercial side is noteworthy.

As we reflect on the year's economy, there is reason for cautious optimism. The power of the consumers has never been more evident, as their confidence can rapidly shift a region's economic landscape. Here's to upbeat shoppers opening their wallets in 2008!

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