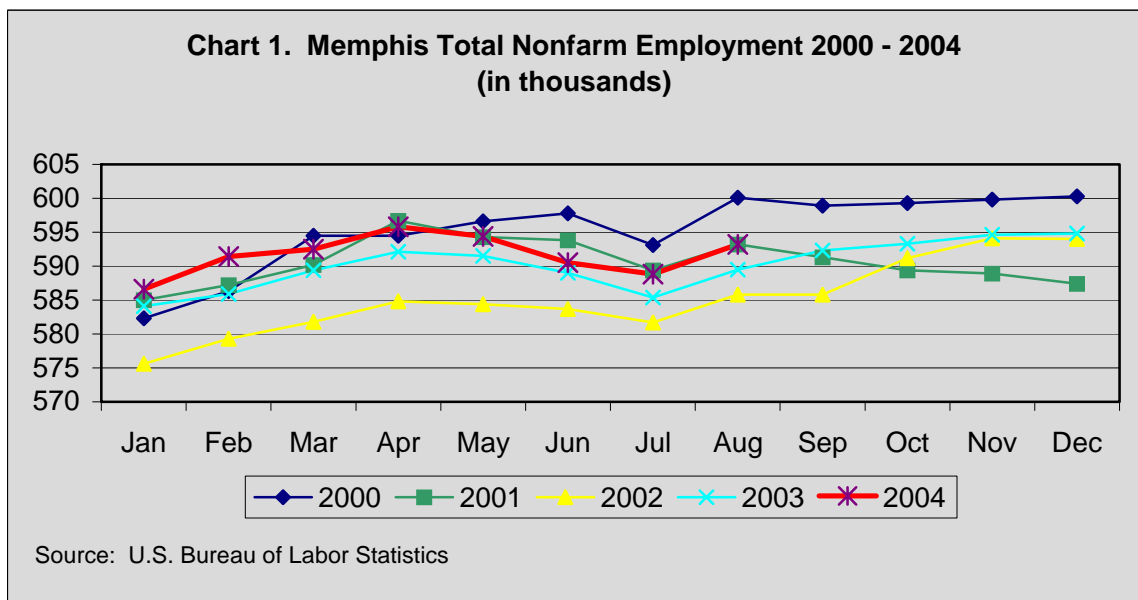


THE MEMPHIS ECONOMY – SEPTEMBER 2004

*Jeff Wallace, Sr. Research Associate
Sparks Bureau of Business & Economic Research
The University of Memphis*

- The first four months of 2004 were positive for the local employment situation. As shown in Chart 1, while current Total Nonfarm employment in the Memphis MSA is stronger than it was in 2003, it is still below the pre-recession employment levels of 2000. Noticeably, the employment picture seemed to soften during the months of May and June, coinciding with the second quarter weak spot recently discussed by Alan Greenspan.



- Table 1 shows that with few exceptions most sectors of the Memphis MSA's economy grew during the first eight months of 2004.
- Particularly strong in the first eight months were the Professional and Business Services sector and the Leisure & Hospitality sector with August 2004 levels of employment up 1.9 and 3.3 percent (year-over-year), respectively.
- Particularly weak (in terms of employment) was the Manufacturing sector, which is continuing on its long-term downward slide. August 2004 employment in manufacturing was 1.9 percent below August 2003 levels of employment.

Table 1. Memphis Metropolitan Statistical Area Economy at a Glance, January - July 2004

	Jan 2004	Feb 2004	Mar 2004	Apr 2004	May 2004	June 2004	July 2004	Aug 2004(P)
Labor Force Data								
Civilian Labor Force (1)	577.6	581.7	583.9	581.8	583.6	593.8	590.2	N/A
Employment (1)	543.4	549.4	551.3	551	553.8	559.8	558.5	N/A
Unemployment (1)	34.2	32.3	32.6	30.8	29.8	34.0	31.7	N/A
Unemployment Rate (2)	5.9	5.5	5.6	5.3	5.1	5.7	5.4	N/A
Nonfarm Wage and Salary Employment								
Total Nonfarm (3)	586.6	591.4	593.2	595.8	594.5	590.9	588.8	593.2
12-month % change -- Total Nonfarm	0.4	0.9	0.6	0.6	0.5	0.3	0.6	0.6
Construction (3)	23.9	24.1	24.4	25.2	25.8	26.0	26.0	26.0
12-month % change -- Construction	2.6	3.4	3.4	3.3	3.6	3.6	2.8	1.6
Manufacturing (3)	50	50.1	50.2	50.2	50.3	50.6	50.7	50.7
12-month % change -- Manufacturing	-2	-2.3	-2.1	-2.3	-2.1	-1.9	-1.7	-1.9
Trade, Transportation, and Utilities (3)	167.3	166.1	167.9	167.4	167.6	167.4	167.8	167.5
12-month % change -- TTU	-0.3	-0.2	0.4	-0.2	-0.1	-0.3	-0.1	-0.5
Information (3)	9.5	9.5	9.4	9.4	9.4	9.4	9.3	9.5
12-month % change -- Information	0	0	0	-3.1	-2.1	-1.1	1.1	1.1
Financial Activities (3)	32.5	32.5	32.5	32.5	32.6	32.6	32.5	32.1
12-month % change -- Financial Activities	1.9	1.9	1.2	1.2	1.2	1.2	0.9	0.0
Professional & Business Services (3)	72.2	73.1	73.1	74.1	73.7	73.6	73.4	73.9
12-month % change -- PBS	0.6	2.1	2	1.9	0.7	0.4	0.4	1.9
Educational & Health Services (3)	68.9	69.4	69.6	69.5	69.2	68.7	69.0	68.8
12-month % change -- EHS	1.2	1.3	1.5	2.1	1.3	0.9	1.6	0.6
Leisure & Hospitality (3)	51.5	52	53	54.2	54.8	56.5	56.7	56.8
12-month % change -- Leisure & Hospitality	2.8	2.8	2.5	2.5	2.4	2.4	3.3	3.3
Other Services (3)	23.8	23.8	23.9	24	24	24.2	24.2	24.1
12-month % change -- Other Services	0.4	0	-0.8	-0.4	-0.4	-0.4	-0.8	-0.4
Government (3)	87	90.8	89.2	89.3	87.1	81.9	78.8	83.8
12-month % change -- Government	0.1	2.1	-0.6	0.4	0.6	0.1	-0.1	1.8

Footnotes:

(P) Preliminary

(1) Number of persons, in thousands, not seasonally adjusted.

(2) In percent, not seasonally adjusted

(3) Number of jobs, in thousands, not seasonally adjusted.

Data extracted on: September 20, 2004

Source: U. S. Bureau of Labor Statistics

- Local home sales are on track for another record year, as shown in Table 2.

Table 2. Home Sales in Memphis			
	August Comparisons		
	2003	2004	% Change
Total Home Sales	1,330	1,577	18.6
Median Sales Price	\$137,000	\$136,000	-0.7
Average Sales Price	\$162,700	\$167,500	3.0
Year-to-Date Sales	9,912	11,506	16.1
Year-to-Date Sales Volume	\$1.5 billion	\$1.9 billion	26.7
Active Listings	8,341	8,652	3.7

Source: Memphis Area Association of Realtors Multiple Listing Service.

- The threat of rising mortgages (even though they are not yet rising) may be driving some of the sales. Still no sign of a slowdown in housing.

Other Local Factors of Interest

- An effort is underway in the U.S. Congress to permit residents of states without an earned income tax to deduct state sales taxes on their federal tax returns. The bill has passed the House of Representatives but not the Senate. If this effort succeeds it will have a positive impact on Tennessee residents and businesses, similar to a tax cut.
- Hino Motors broke ground recently on its new auto parts plant in Marion, Arkansas. When opened in 2006, the plant will employ nearly 300 persons. Hino is a major supplier to Toyota. The location of Hino near Memphis could result in even more parts suppliers locating in the Memphis area.
- A new \$900 million casino-resort has been approved for Tunica County. The new resort, known as Myriad Botanical Resort, will feature a water park and an indoor, climate-controlled golf course. If successful, the resort may employ more than 3,000 persons and could add to the area's ability to draw in visitors from outside of the Memphis area. The opening is planned for Fall 2006.
- The recent opening of the FedEx Forum in downtown Memphis is expected to provide a boost to the downtown area, especially around Beale Street. Additionally, downtown Memphis is growing as a residential area with schools and shopping options to support local residents.