2018

Long Island Economic Survey & Opinion Poll

AVZ
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Long Island Business News
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Wow, it’s certainly been a year full of hot topics in the economy, the news, politics, and the world. Social Media played a huge role in giving us instant 24/7 news. Whether it was a report, a tweet, a photo or a video gone viral, we found ourselves constantly connected throughout the world. Here on Long Island, our headlines included steady job growth, a stronger commercial and residential housing market, an increase in consumer spending, growth in retail sales and the results of who won at the polls in November. All in all, our results show a steady economic optimism from business owners.

It’s hard to believe so many years have passed since our first survey. Included in this booklet are the results of our 24th Annual Long Island Economic Survey and Opinion Poll. The time has flown by and we are humbled by the support and generosity of our prestigious sponsors, all those who took the time to respond to our survey and the countless business men and women who are the very heartbeat of our region. We are so proud to be working in and serving this community and we are immensely grateful for the trust our clients, friends and business associates place in us. You are the reason we want to make this survey bigger and better year after year.

We appreciate your interest in our questionnaire and survey results, but most importantly your ongoing commitment to the Long Island business community. We hope you will find this data beneficial as it reflects the experiences of our local business owners, who are the foundation upon which our Long Island economy is built.

Highlights
➢ The National economic confidence rating hit an all-time high of 7.2.
➢ The Long Island economic confidence rating increased to 6.7.
➢ 69% of respondents realized an increase in revenue in 2017.
➢ 94% increased prices for products or services in 2017.
➢ 37% of respondents increased headcount in 2017.
➢ 42% of businesses have job openings that are hard to fill.
➢ 38% of respondents believe Technology has the greatest potential for growth here on LI.
➢ 48% of respondents feel financially prepared for retirement.
➢ 65% of respondents predicted we would see major tax reform.
➢ 19% of respondents predict the Patriots will once again win the Super Bowl (ugh!).

We are continually grateful that our survey is used as a reference tool for countless business men and women throughout Long Island. As you read through this data, we hope you feel as optimistic about the future as many of our respondents appear to feel.

Once again, thank you so much for your participation and we welcome your comments or feedback as we move to create a more valuable survey for you each year. Next year will be the 25th anniversary of our survey and we hope you will join us for a big celebration. Best wishes for growth and success in 2018.
The results of the 2018 Long Island Economic Survey and Opinion Poll were compiled by AVZ. An electronic survey was sent out to Long Island business men and women in mid-October 2017. The survey was closed mid-November and the responses were tabulated at that time.

Over half (54%) of the respondents maintain their business operations in Suffolk County, over one-quarter (27%) are in Nassau County, with 12% having facilities in both locations and 7% elsewhere: in locales such as Queens, NY, Houston, TX, Fairfield, CT and internationally as well.

An overwhelming majority (86%) have been in business for more than 10 years and 56% have operated for over 30 years.

Over three-quarters of our respondents (78%) reported total employee headcount of less than 250, with almost two-thirds (60%) employing less than 50 people.
Our respondents represent a very diverse cross section of industries. Almost one-third of the respondents (30%) categorized their industry as “Other”. They represent industries such as Marketing, Communications, Pharmaceuticals, Not for Profit, and Government business sectors.

Privately held businesses represent over three quarters (79%) of the respondents.

Economic Confidence Ratings

We asked “On a scale of 1-10 with 10 being the most confident, rate your confidence in the National economy”.

This is the thirteenth consecutive year we measured the National economic confidence rating. Our results show confidence on a National level has reached an all-time high with a 7.2 rating.

“The president’s tax reform will allow us to hire new personnel.”

“Although the markets are doing very well, I believe at any given moment it could suffer a significant decline (based largely on world events and our country’s reaction to same).”

“Am generally confident in the US economy. Tax uncertainty as well as skyrocketing insurance costs are major concerns.”
We asked “On a scale of 1-10 with 10 being the most confident, rate your confidence in the Long Island economy”.

We have been charting this rating since the inception of our survey in 1995. Confidence in the Long Island economy is slightly less optimistic than the National economy with a rating of 6.7 which is up from 6.3 last year. Long Island confidence has not yet returned to the 7.2 level which was seen in the years 1999 and 2000.

CONFIDENCE IN THE LONG ISLAND ECONOMY

“Consumer confidence on Long Island is strong. The business sector, especially manufacturing has performed well.”

“Cost of living is too high to sustain young people in this market.”

“High taxes possible tax reform would hurt long island hard.”
Revenue

“Investment spending by business is growing and consumer spending is higher this year vs. 2016.”

What is the actual revenue growth experienced by your company during 2017?

This year, we saw a big increase in respondents who realized an increase in revenue of more than 5% (44% this year vs. 35% last year). One-quarter of respondents (25%) experienced a one to five percent growth in revenue. There was a substantial decrease (12% this year versus 18% in 2016) who reported actual 2017 revenue to be less than the prior year. It appears that business is booming on Long Island.

How does your revenue projection for 2018 compare to the actual revenue experienced by your company during 2017?

With regard to 2018, 68% of respondents are forecasting some increase in revenue versus 67% last year. Only 9% (versus 11% a year ago) expect revenue to be less in 2018 and slightly more respondents (23% this year versus 22% last year) project revenue to remain unchanged in 2018.
During the past 12 months, what was the average price increase (or decrease) of your products or services?

We saw far fewer respondents decreasing prices this year. Dramatically down from last year, only 6% of respondents decreased prices versus 14% in 2016. An increase in prices above 4% was set by 20% of respondents in 2017 versus only 11% in 2016.

“Long Island needs to step up and become leaders in manufacturing, clean energy, food production & processing health & medical innovation and transportation solutions.”

How does your projected net income for 2017 compare to your actual net income for 2016?

We saw an increase over last year, with more than half (54%) of the respondents (versus 49% in 2016) projecting 2017 net income to be higher than 2016. Only 30% projected no change.
Employment Outlook

Respondents indicated that 37% experienced an increase in headcount for 2017. Respondents who saw a decline in headcount were considerably lower this year (14% versus 21% in 2016). This is just another indication of a growing economy here on Long Island.

What changes to headcount did you make in 2017?

The unemployment rate remains at historic lows. Good jobs are available to folks with talent.

“I think the future for employees need to include remote work.”

“...remote work.”
Have you seen a substantial change in your employee turnover in 2017?

The large majority of respondents (83%) did not experience a substantial turnover in their workforce in 2017. In fact, this is the first year since we began asking this question that the employee turnover rate has decreased. Fewer respondents (17%) experienced substantial employee turnover this year, as compared to 2016 (22%).

“Best technical workforce but decreasing due to the high cost of living here.”

“Employees have many more options available to them – we need to stay on the cutting edge of salaries, benefits and work force initiatives.”

What are your plans for headcount in 2018?

Looking forward to 2018, many more firms (43% in 2018 versus 37% in 2017) anticipate hiring additional employees. Half of our respondents (51%) plan to keep their workforce number steady, with 6% anticipating a decrease in headcount.
Annual Raises

“Do you have job openings that are hard to fill?”

The majority of respondents (58%) are finding qualified candidates to staff job openings. Of those who are having difficulty, Middle Management (14%) and Laborers (14%) are the job vacancies that employers are finding hardest to fill.

“"The overall economy has some backbone. There seem to be shifts in regions and in areas of business that have resulted in what feels like slower growth in obvious business and interesting upticks in newer business - but not enough to offset locally.""

Annual Raises

“The cost of staying competitive with benefits is becoming cost-prohibitive, which effects salaries, raises, bonuses.”

During the past 12 months, what was the average annual raise granted to your employees?

This year, there was a slight decrease to 81% (versus 83% a year ago) in annual raises in the zero to four percent range. Respondents with employees who received raises above five percent increased to 13%. It is interesting to note that there are still firms (6% of respondents) who found it necessary to decrease salaries.
An overwhelming 90% of respondents believe that employers should be required to pay men and women the same salary for the same job.

In response to the above question are you male or female?

“We don’t need more government control. Men and women, if doing the same work, should get the same pay.”

“Salary should be performance based only, not on gender.”
The respondents apparently find value in having their businesses operate on Long Island. The results show an overwhelming majority, 98% will either stay in their current location or move to another facility on Long Island.

Are you planning to relocate any operations in 2018?

The respondents apparently find value in having their businesses operate on Long Island. The results show an overwhelming majority, 98% will either stay in their current location or move to another facility on Long Island.

“We are leaving. The cost of operating here has finally reached the tipping point. Minimum wage increases have pushed our hand. We are relocating our business to the Carolinas where they appreciate business and the tax structure is reasonable.”

“LI still lacks infrastructure improvements to essential services especially water, sewage, electric which hurts the economy locally.”

“Too expensive for business.”
Growth Industries

Which industry do you feel has the greatest potential for growth on Long Island?

For the first time since 2013 Technology appears to be the industry with the greatest potential for growth here on Long Island with 38% of respondents placing it in the number one spot. Health Care moved back to the second position as reported by 37% of the respondents.

“Long Island economy is based on tourism, and retail. No longer is LI manufacturing or distribution. It is more service oriented.”

“We need to bring big businesses back to LI to help with employment & the economy…”
“Despite low unemployment and inflation, I believe the national economy remains very fragile and subject to vagaries of both the stock market and political climate. Also, the consumer is increasing their debt levels, albeit nothing like 2006-08.”

**Economic Indicators**

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“Overall, economic activity continues to expand at a modest rate (under 3%).”

“The current administration is eliminating burdensome regulations and is projecting an optimistic economy.”

Where do you think the S&P 500 index will go over the coming year?

It appears many more respondents are still very optimistic about where the stock market index will go over the coming year. Almost two-thirds of all respondents (64%) believe the stock market will go up versus only 46% last year. The remaining respondents were almost equally split with 19% believing there will be no change and 17% predicting a market decline in 2018.
More than half (52%) of all respondents do not feel financially prepared for retirement. While 48% believe they are prepared, many added comments that they need to continue to work as they will never feel prepared or are fearful of another stock market correction/recession which would have a devastating effect on their “nest egg.”
What do you project will happen to residential real estate prices on Long Island in the coming year?

There seems to be a great deal of optimism this year versus last year that real estate prices will go up (66% in 2017 versus 48% in 2016). Slightly more than one-quarter (26%) believe that there will be no change, with only 8% anticipating that prices will go down.

“Don’t know what will happen if the proposed tax reform is passed.”

“How much higher can we go?”

“Long Island is still a great place to live. We have excellent schools, beautiful beaches and towns of all sizes, and are close to culture of every type. However, it is definitely not a place for someone to thrive if they are unable to find a well-paying job.”

“New York in general just costs too much to live here, and worry about our children moving forward.”
Current Events & Issues

Do you have a cyber security plan in place in the event you experience an attack on your systems?

Over three-quarters of all respondents (77%) have put a cyber security plan in place to guard against any internal attacks.

Have your systems ever been breached?

There were a fair amount of respondents (17%) who have experienced a cyber security breach to their systems. Luckily the vast majority (83%) have not been subjected to this threat.

“Reduce the government waste and redundancy.”

Should the government make cuts to public spending in order to reduce our 20 trillion dollar national debt?

While an overwhelming majority (79%) believes the government should make cuts to public spending in order to reduce our national debt there is little consensus on how this should be accomplished as evidenced by the quotes on this page.

Do you think we will see any major tax reform in the coming year?

It is important to understand that this question was answered during October or November. Even when we were not sure of what was going to happen with tax reform; almost two-thirds of all respondents (65%) anticipated legislation being approved on major tax reform in the coming year.

Should the United States build a wall along the southern border?

The majority of our respondents (59%) do not feel we should build a wall along our southern border. However, of that 59% the majority commented that something needs to be done to prevent illegal immigration.

“The world is so volatile; I think we need to be over-prepared for any possible uprising.”

“There needs to be budget line item shifts towards spending on more incentives for business to grow.”

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Just For Fun

Of the 32 teams in the NFL, nineteen were rated as possible Super Bowl winners. Of course, eternally optimistic New York fans (Jets and Giants combined) make up 16% of our responses. But once again, for the third year in a row the New England Patriots are the overwhelming favorite to win with 19% of respondents believing they will go all the way. Here’s a fun fact: last year 41% of respondents predicted the champion Patriots would win Super Bowl 51. Hope your team wins!

Which team do you predict will win Super Bowl 52?

Don't know / care

21% 19% 14% 11% 9% 5% 4% 4% 3% 2% 2% 1% 1% 1% .5% .5% .5% .5%
If you could spend time away from home in the warm weather where would you prefer to do this?

Upstate New York and “Other” places were the two favorite choices for warm weather getaways; “Other” places as close as Cape Cod and as far away as Iceland were mentioned. The North Fork and The Hamptons are neck and neck for summer fun destinations.