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LONG ISLAND ECONOMIC SURVEY & OPINION POLL



Long Island
BusinessNEWS
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It's so hard for us to believe that we are celebrating the 25th anniversary of our survey this year. From the very beginning we wanted to create a survey that was meaningful and would be of value to all the business men and women who, each and every day, strive to make Long Island a better place to live and work. Over the years we have refined the survey and the delivery of this data to you. While some of our questions remain the same, we have polled countless topics that range from economics to politics to entertainment to transportation to real estate and on and on and on. Your participation and the requests we receive for this data has served to inspire us to continue providing this information to you. This year we have seen the birth of the #MeToo movement, a contentious Supreme Court nomination, a Facebook scandal, an historic meeting with North Korea, an American actress who became a Princess, the divide between Republicans and Democrats grow even wider and a stock market that is experiencing significant volatility. Notwithstanding all this, confidence in the local and National economies are at record levels and business appears to be booming.

What is most surprising to us, however, is how the time has flown by. 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 look forward to receiving this information each year. 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.

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 a record high of 7.5.
- The Long Island economic confidence rating is also at its highest level of 7.2.
- 77% of respondents realized an increase in revenue in 2018.
- 95% increased prices for products or services in 2018.
- 43% of respondents increased headcount in 2018.
- 32% of business owners have experienced substantial employee turnover.
- 40% of respondents believe Health Care has the greatest potential for growth here on LI.
- 52% of respondents feel financially prepared for retirement.
- 23% of respondents predict the Rams will win the Super Bowl – I think they may be right!

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. Best wishes for growth, success, good health and happiness in 2019.



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DEMOGRAPHICS

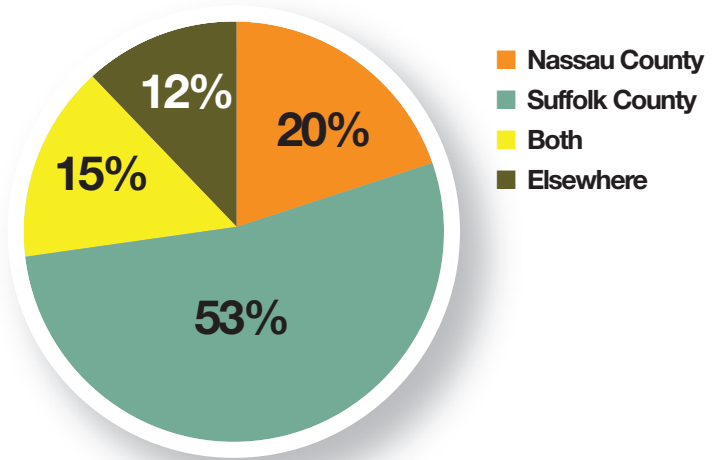
The results of the 2019 Long Island Economic Survey and Opinion Poll were compiled by AVZ. An electronic survey was sent out to Long Island business men and women in mid-October 2018. The survey was closed mid-November and the responses were tabulated at that time.

Over half (53%) of the respondents maintain their business operations in Suffolk County, 20% are in Nassau County, with 15% having facilities in both locations and 12% elsewhere; in places like Virginia, NYC, Florida, Rockland County, Fairfield, CT and Internationally as well.

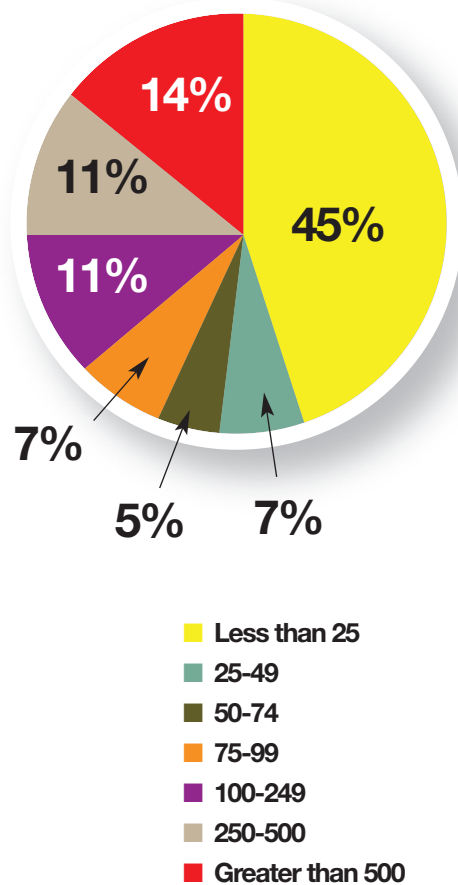
An overwhelming majority (88%) have been in business for more than 10 years and 59% have operated for over 30 years.

Three-quarters of our respondents (75%) reported total employee headcount of less than 250, with over half (52%) employing less than 50 people.

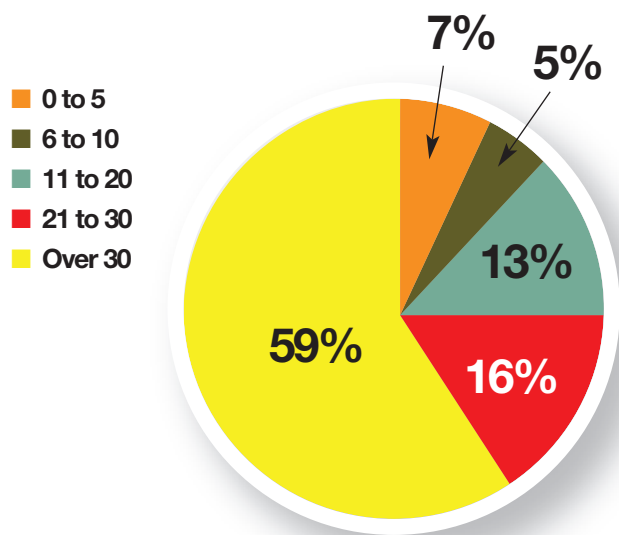
WHERE IS YOUR PRINCIPAL PLACE OF BUSINESS??



HOW MANY EMPLOYEES DO YOU HAVE?



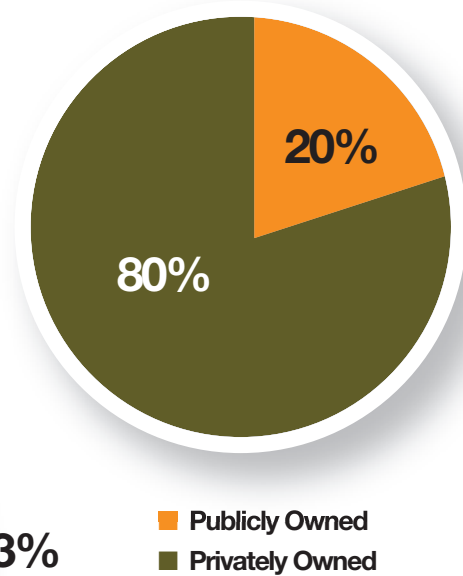
HOW MANY YEARS HAS YOUR COMPANY BEEN IN BUSINESS??



Our respondents represent a very diverse cross section of industries. Over one-third of the respondents (35%) categorized their industry as “Other”. They represent industries such as Government, Insurance, Facility Services, EMS, Sports, Hospitality and Renewable Energy.

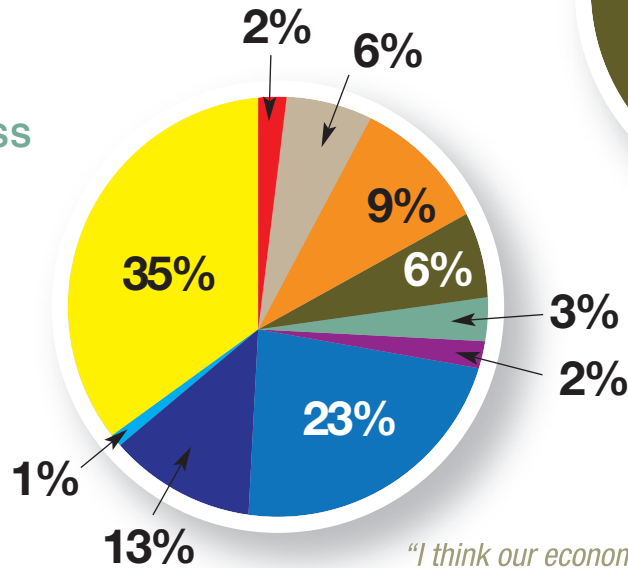
Privately held businesses represent 80% of the respondents.

IS YOUR BUSINESS PUBLICLY OR PRIVATELY OWNED?



TYPE OF BUSINESS

- Health Care
- Manufacturing
- Distribution
- Technology
- Construction
- Retail
- Professional Services
- Other Services
- Tourism
- Other



“I think our economy is strong, but since we are all reliant on the global economies and the geopolitical environment, in a very volatile world, we can't be overconfident.”

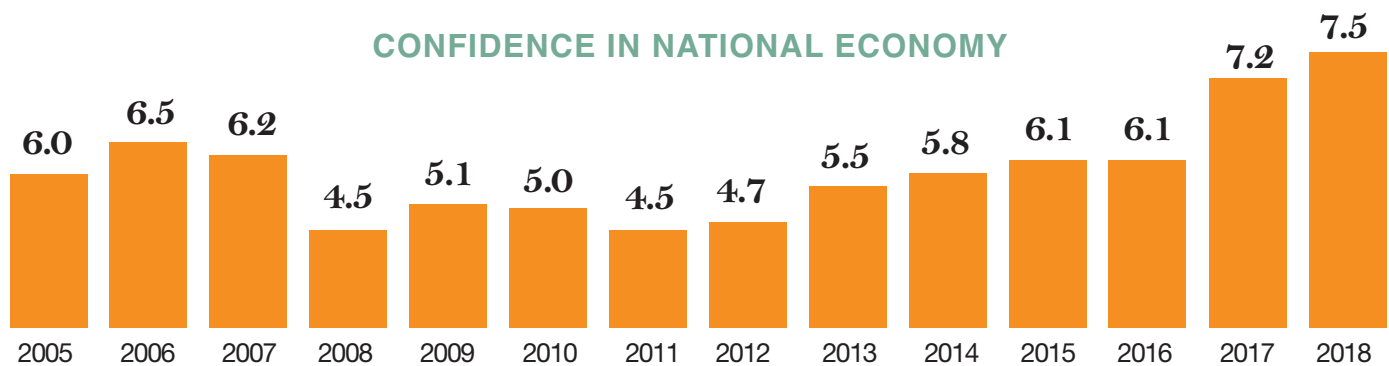
“Like everyone else, I'm waiting for the other shoe to drop...”

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 fourteenth 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 7.5 rating up from 7.2 last year.

CONFIDENCE IN NATIONAL ECONOMY

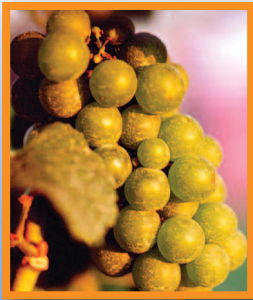
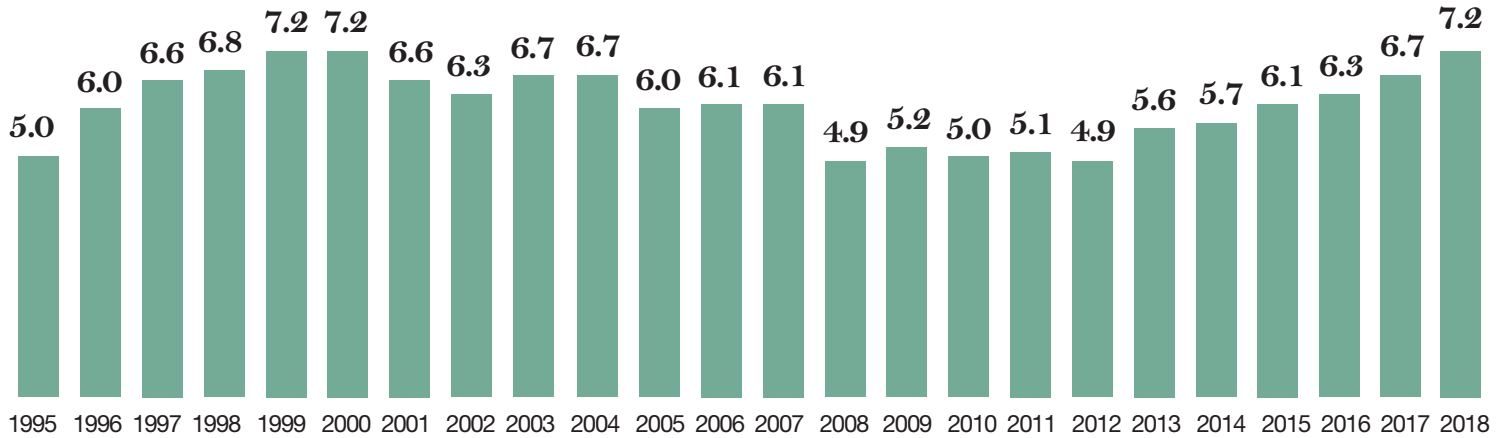




We asked “On a scale of 1-10 with 10 being the most confident, rate your confidence in the Long Island economy”.

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 rating with a 7.2, which is up from 6.7 last year. It is important to note that this 7.2 rating is the highest ever reported and matches our 1999 and 2000 confidence levels.

CONFIDENCE IN THE LONG ISLAND ECONOMY



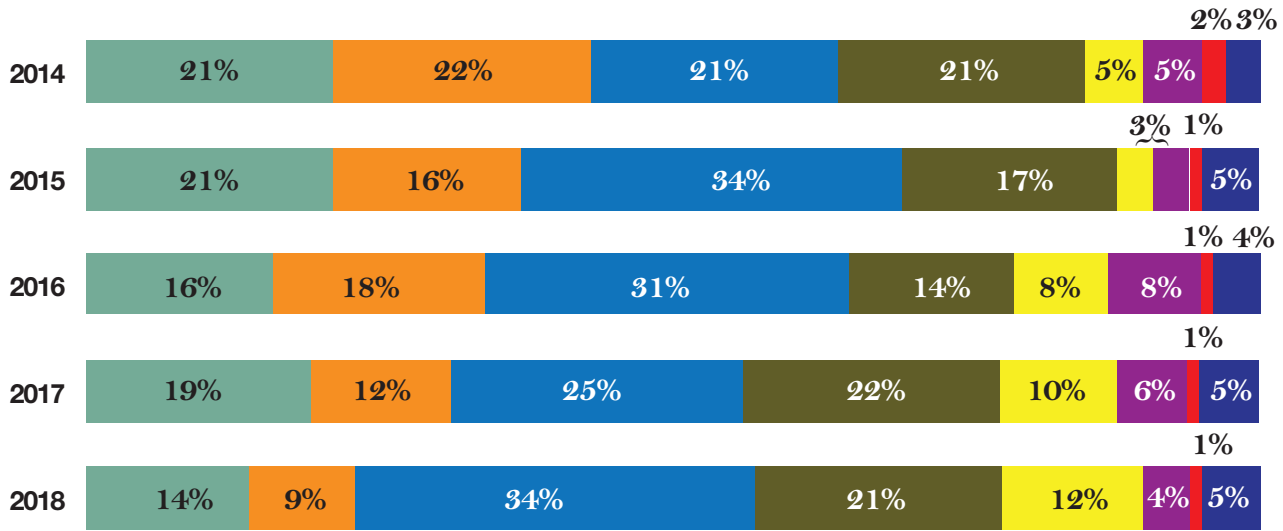
“Long Island is still struggling to keep businesses from leaving due to the high cost of living.”

“Some of the mayors of our walk-through towns have shown us how to attract and retain a nice mix of millennials through seniors.”



“Things looking better each day.”

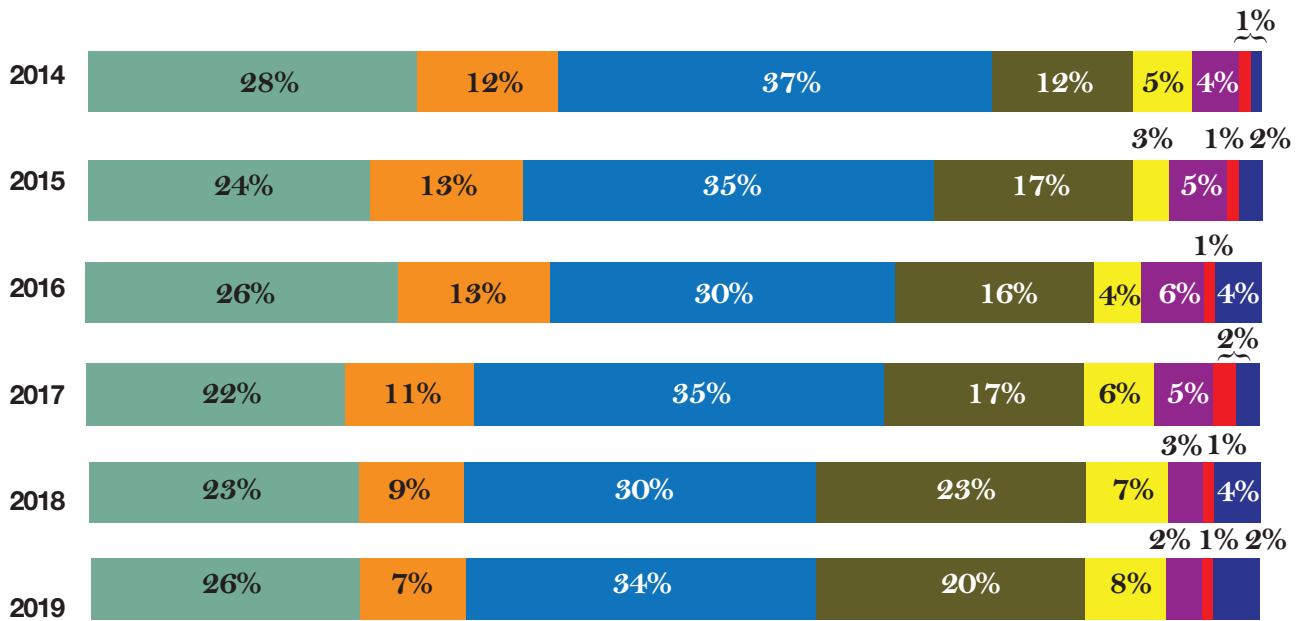
REVENUE



What is the actual revenue growth experienced by your company during 2018?

This year, we saw a very slight decline in respondents who realized an increase in revenue of more than 5% (43% this year vs.44% last year). We saw a big increase in respondents who experienced a one to five percent growth in revenue (34% this year vs. 25% last year). There was a substantial decrease (9% this year vs. 12% in 2017) in respondents who reported actual 2018 revenue to be less than the prior year. It appears that business is booming on Long Island.

■ No Change ■ Less Than Prior Year ■ 1-5% ■ 6-10% ■ 11-15% ■ 16-20% ■ 21-25% ■ Greater Than 25%

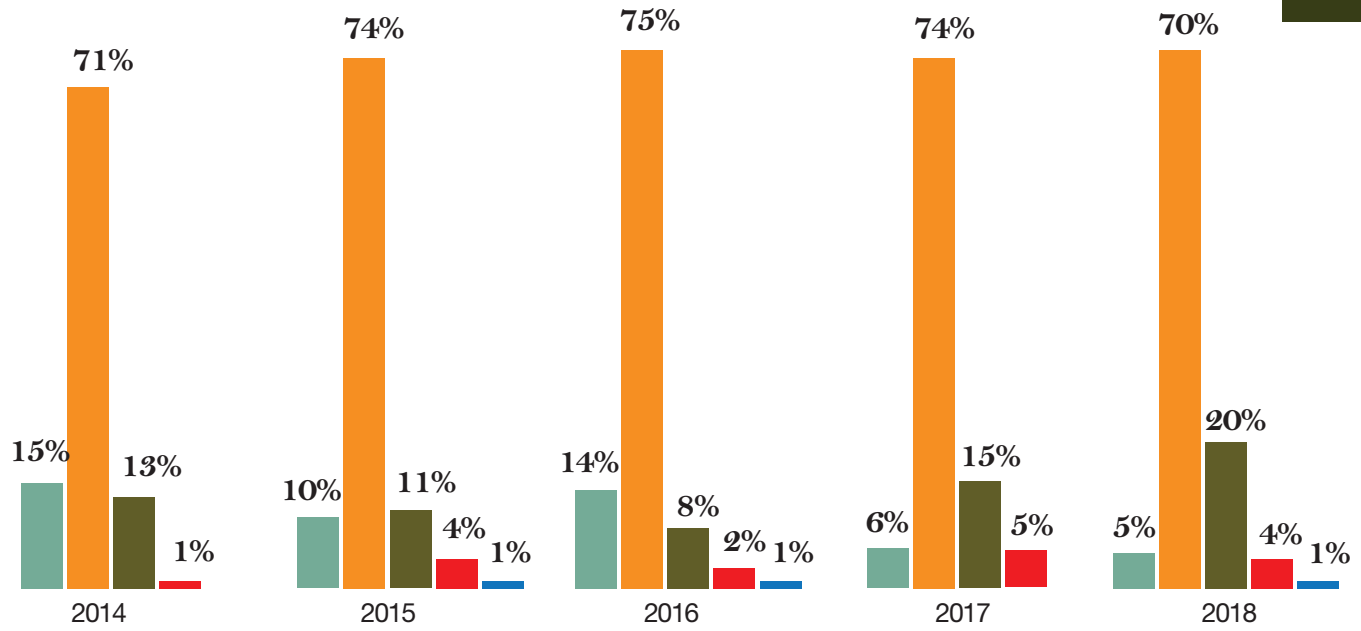


How does your revenue projection for 2019 compare to the actual revenue experienced by your company during 2018?

Regarding 2019, 67% of respondents are forecasting some increase in revenue. Only 7% (versus 9% a year ago) expect revenue to be less in 2019 and slightly more respondents (26% this year versus 23% last year) project revenue to remain unchanged in 2019.



PRICES AND PROFITS



During the past 12 months, what was the average price increase (or decrease) of your products or services?

Trending down each year since 2016, less respondents are decreasing prices year over year. Only 5% of respondents decreased prices in 2018. An increase in prices above 4% was set by a quarter of all respondents (25% vs. 20% last year).

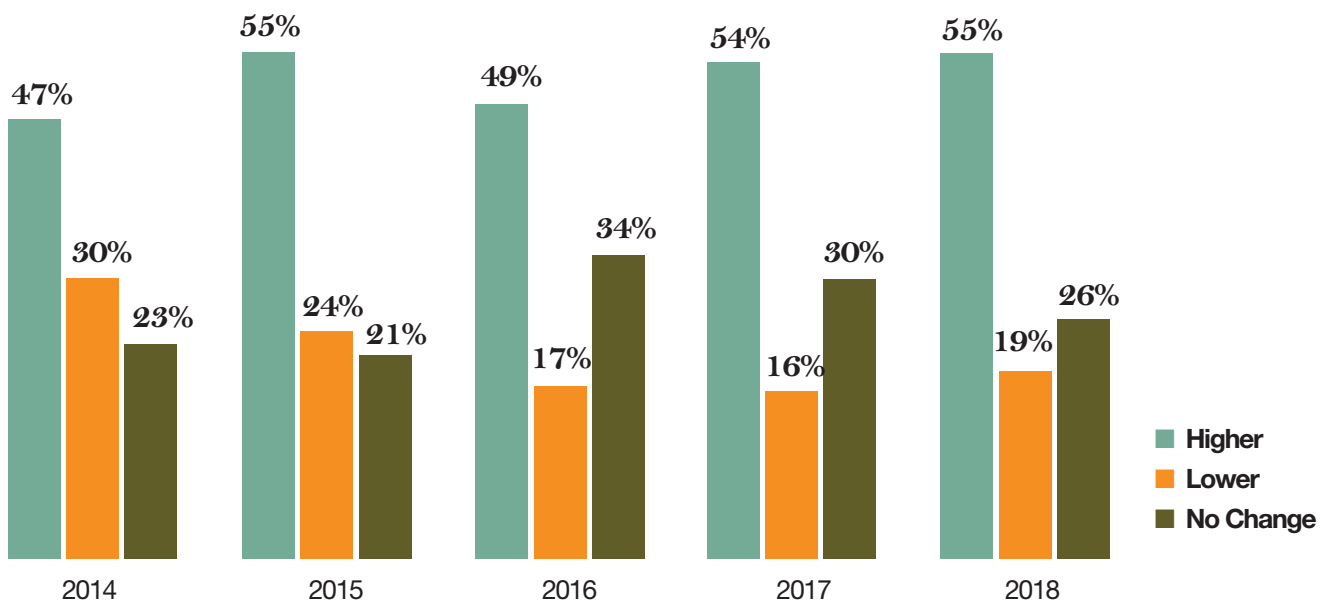
- Decrease
- 0-4%
- 5-9%
- 10-14%
- Greater than 15%



"Prices are increasing!"

"As price increases filter through to the consumer, growth may dampen, and the market may respond accordingly."

"Optimism is tempered by fear of rising costs in 2019 due to trade tariffs."



How does your projected net income for 2018 compare to your actual net income for 2017?

We saw a slight increase over last year, with more than half (55%) of the respondents (versus 54% in 2017) projecting 2018 net income to be higher than 2017. Only 26% projected no change.



“Tax change may leave less \$ in pockets of individuals but hopefully offset with corporate & small business higher discretionary spending & investment.”



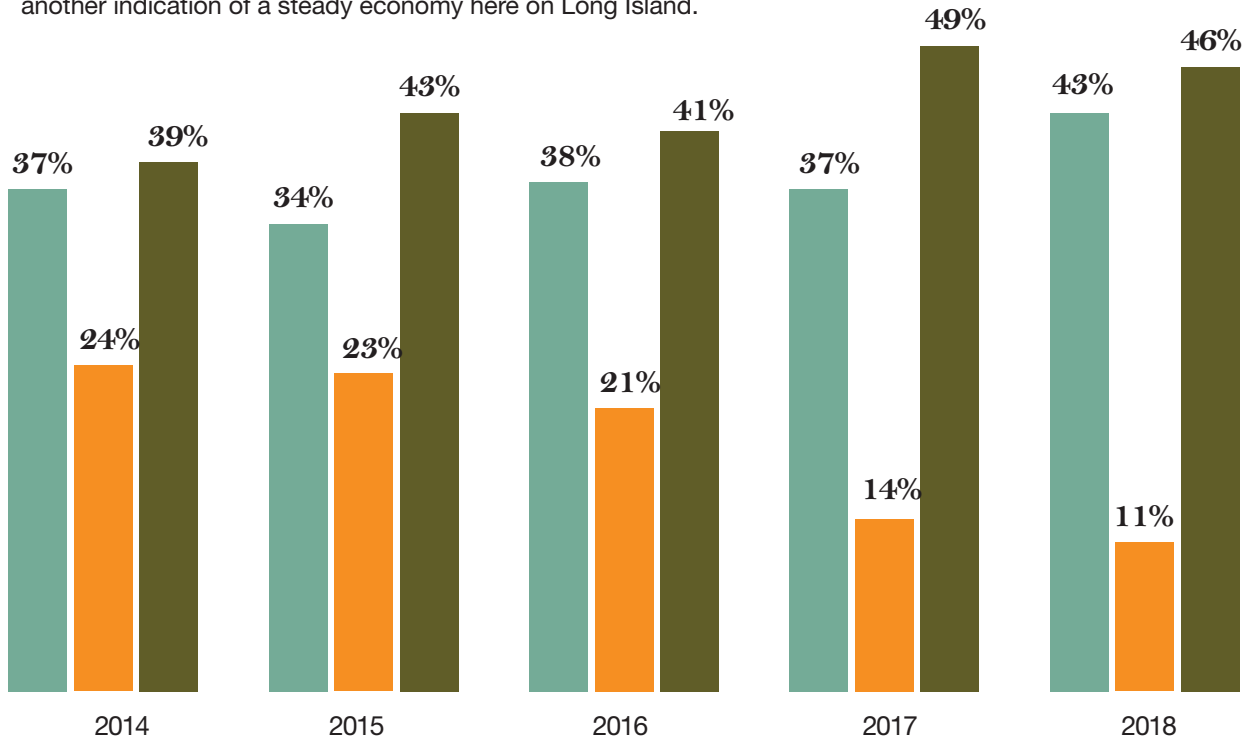


EMPLOYMENT OUTLOOK

What changes to headcount did you make in 2018?

In a dramatic increase over last year 43% of respondents experienced an increase in headcount for 2018. Respondents who saw a decline in headcount were lower this year (11% versus 14% in 2017). This is just another indication of a steady economy here on Long Island.

“Ability to retain labor force on LI poses a significant challenge for employers.”

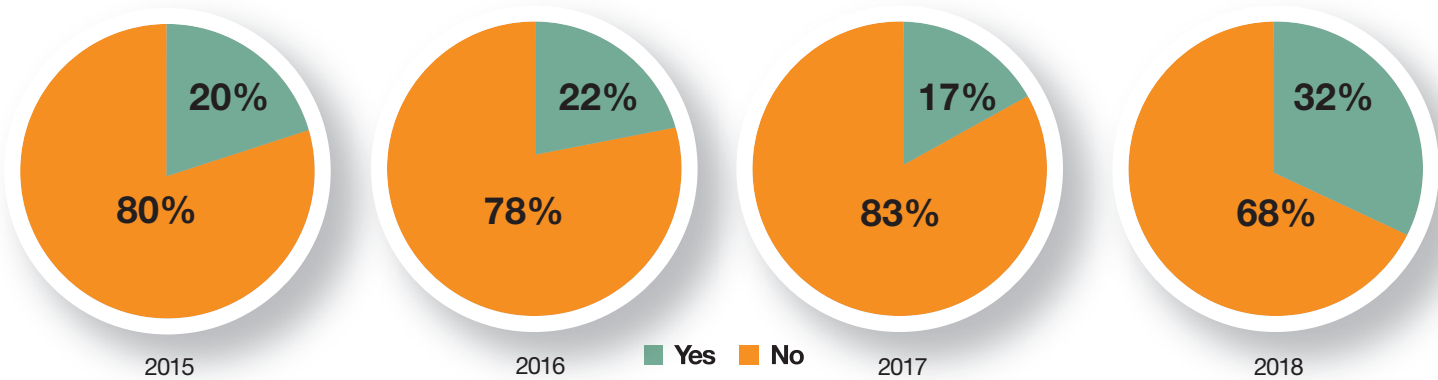


“I believe the Long Island economy will continue to be healthy based on strong earnings and low unemployment.”

■ Increased ■ Decreased ■ No Change

Have you seen a substantial change in your employee turnover in 2018 due to the strong job market and low unemployment rates?

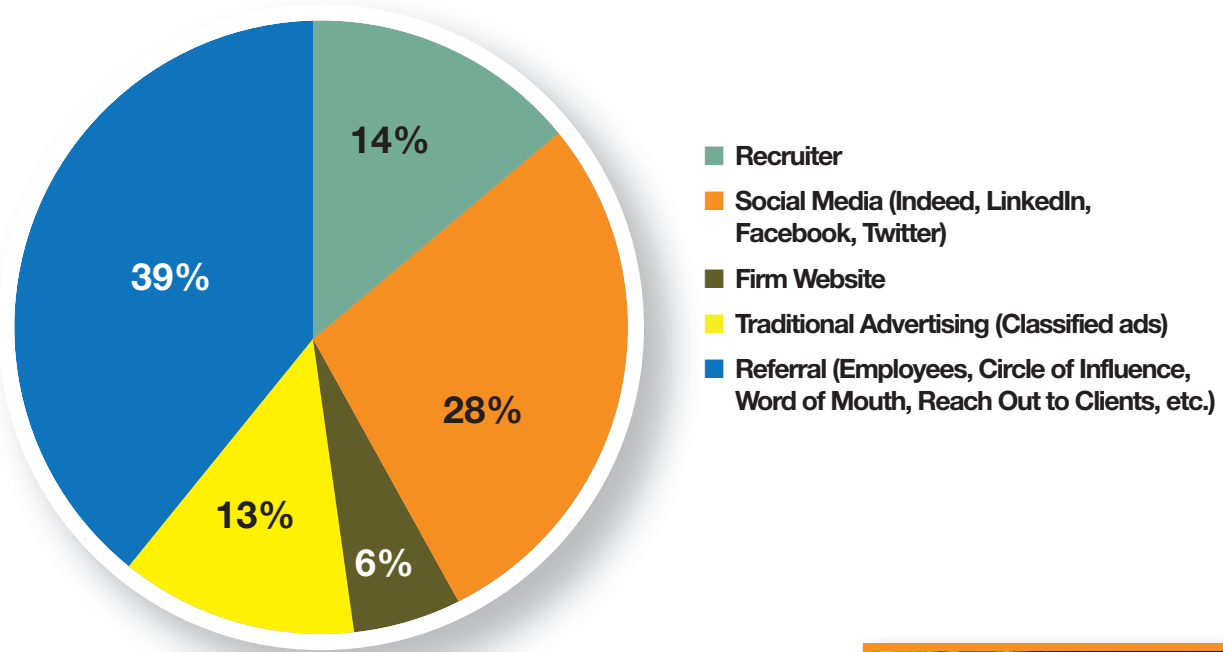
Almost twice as many respondents (32% in 2018 vs. 17% in 2017) experienced a substantial turnover in their workforce. Far fewer respondents (68% vs. 83%) experienced no employee turnover this year.





If so, how are you recruiting qualified candidates to fill the void left by those employees who are leaving? (check all that apply)

Referrals appear to be the most popular option (39% of respondents) for finding new employees. It comes as no surprise, that Social Media is the second most popular recruiting option with 28% of all respondents.



"We have full-employment on Long Island. Even the Temp Services are having a hard time finding qualified candidates."



"We have thrived here and plan to continue. My concern for the future is the loss of jobs through technology and the workforce not embracing the changes."

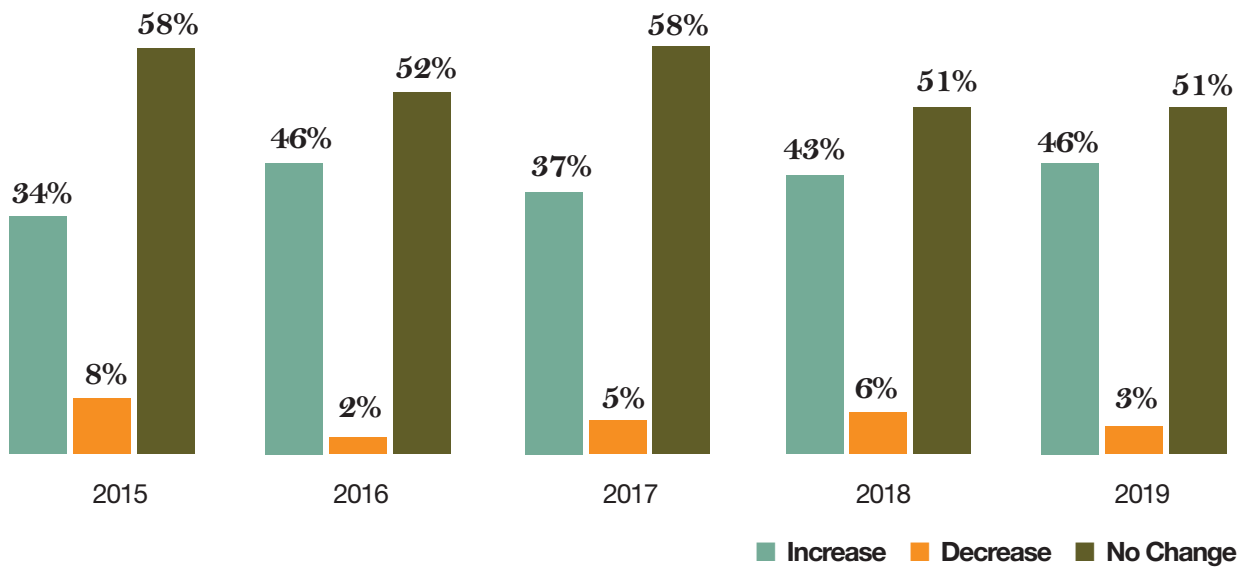


"Our business is growing but it is getting tougher to find people to fill the positions."

"Vocational education is needed for all manufacturing companies located on the Island for machinists."

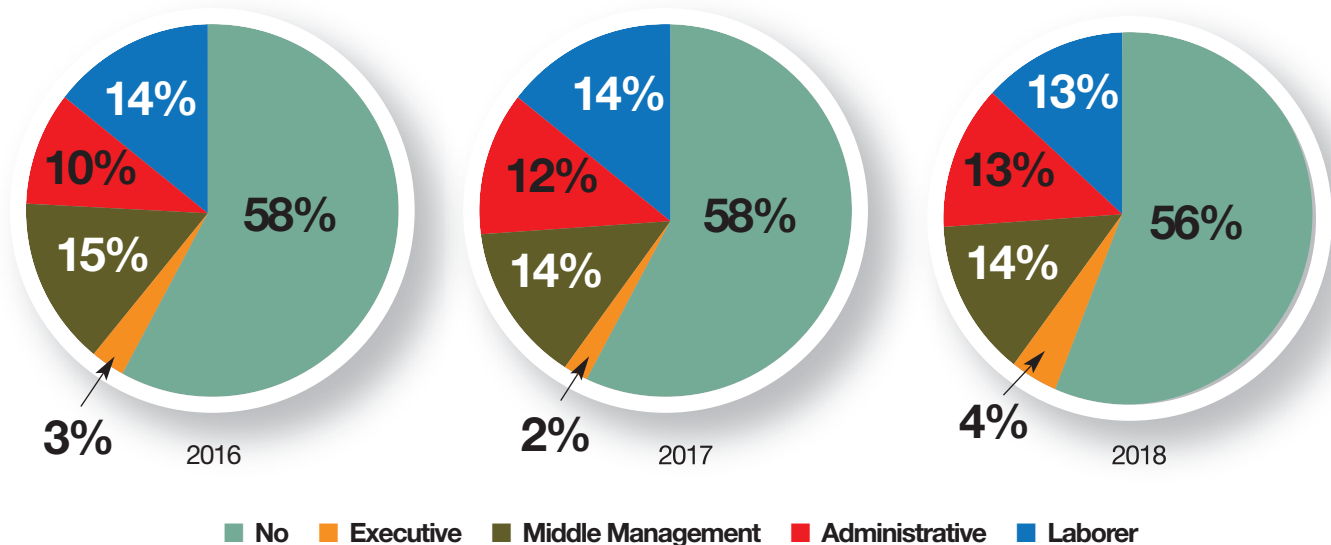
What are your plans for headcount in 2019?

Looking forward to 2019, slightly more firms (46% in 2019 versus 43% in 2018) anticipate hiring additional employees. Almost half of our respondents (51%) plan to keep their workforce number steady, with only 3% anticipating a decrease in headcount.



Do you have job openings that are hard to fill?

Most respondents (56%) are finding qualified candidates to staff job openings. Of those who are having difficulty, Middle Management positions (14%) are the job vacancies that employers are finding hardest to fill.





“Minimum wage increases are putting pressure to raise other wages marginally above minimums.”

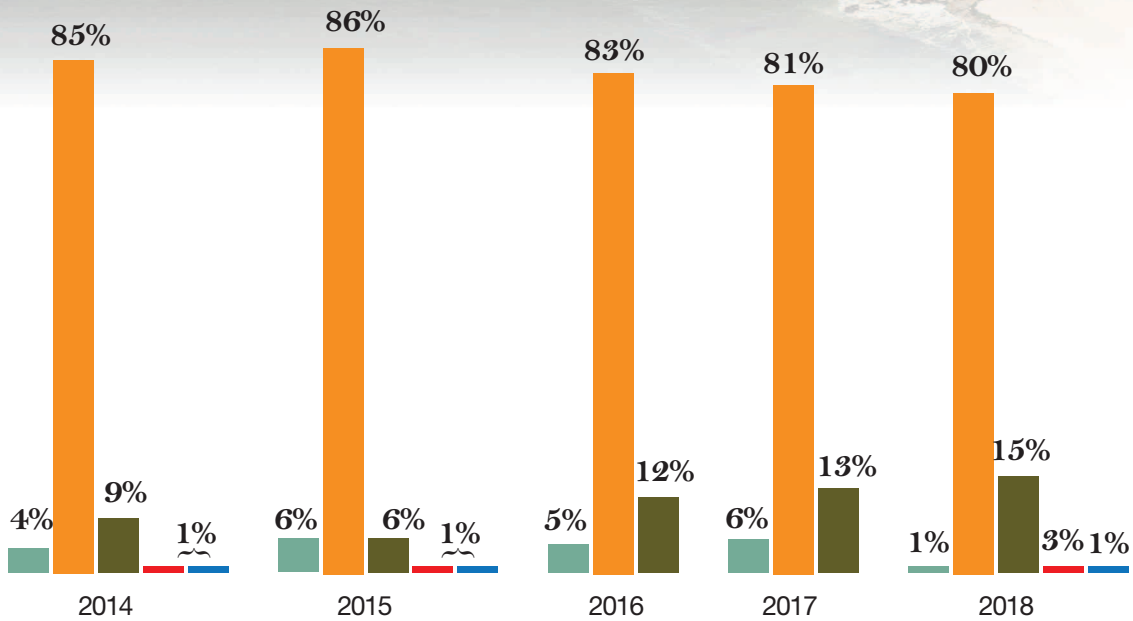


“Millennial workforce movement puts a strain not only on efficiency but on wages and benefits that are constantly increasing.”



“Incentives should be given to store owners to somehow reduce property taxes and rent in order to facilitate more upstanding operations and room for additional employment/wages.”

ANNUAL RAISES



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

This year, there was a slight decrease to 80% (versus 81% a year ago) in annual raises in the zero to four percent range. Respondents with employees who received raises above five percent increased to 19%. Salary increases can be a very good indication of a strong economy, which Long Island appears to be experiencing presently.

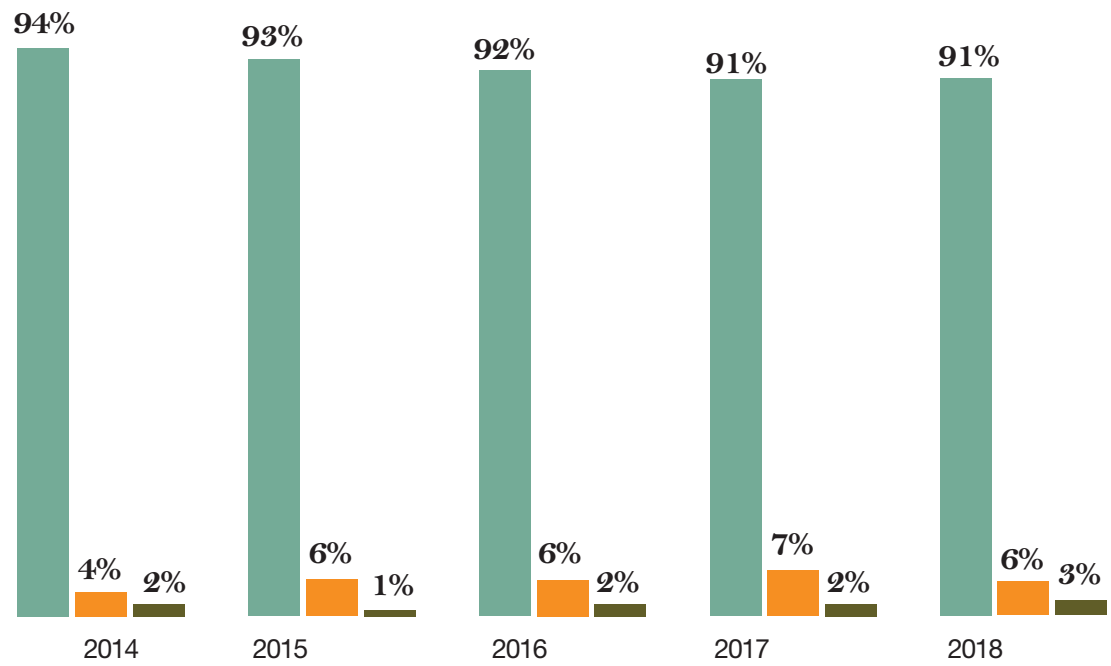
- Decreased Salaries
- 0-4%
- 5-9%
- 10-14%
- Greater Than 15%





“Long Island is still struggling to keep businesses from leaving due to the high cost of living.”

RELOCATION



Are you planning to relocate any operations in 2019?

The respondents apparently find value in having their businesses operate on Long Island. The results show an overwhelming majority, 97% will either stay in their current location or move to another facility on Long Island.

- No
- Yes, to another area of LI
- Off LI



“North Carolina, South Carolina, DC, Florida or Texas.”

“Few companies are moving to Long Island, but some are exiting.”

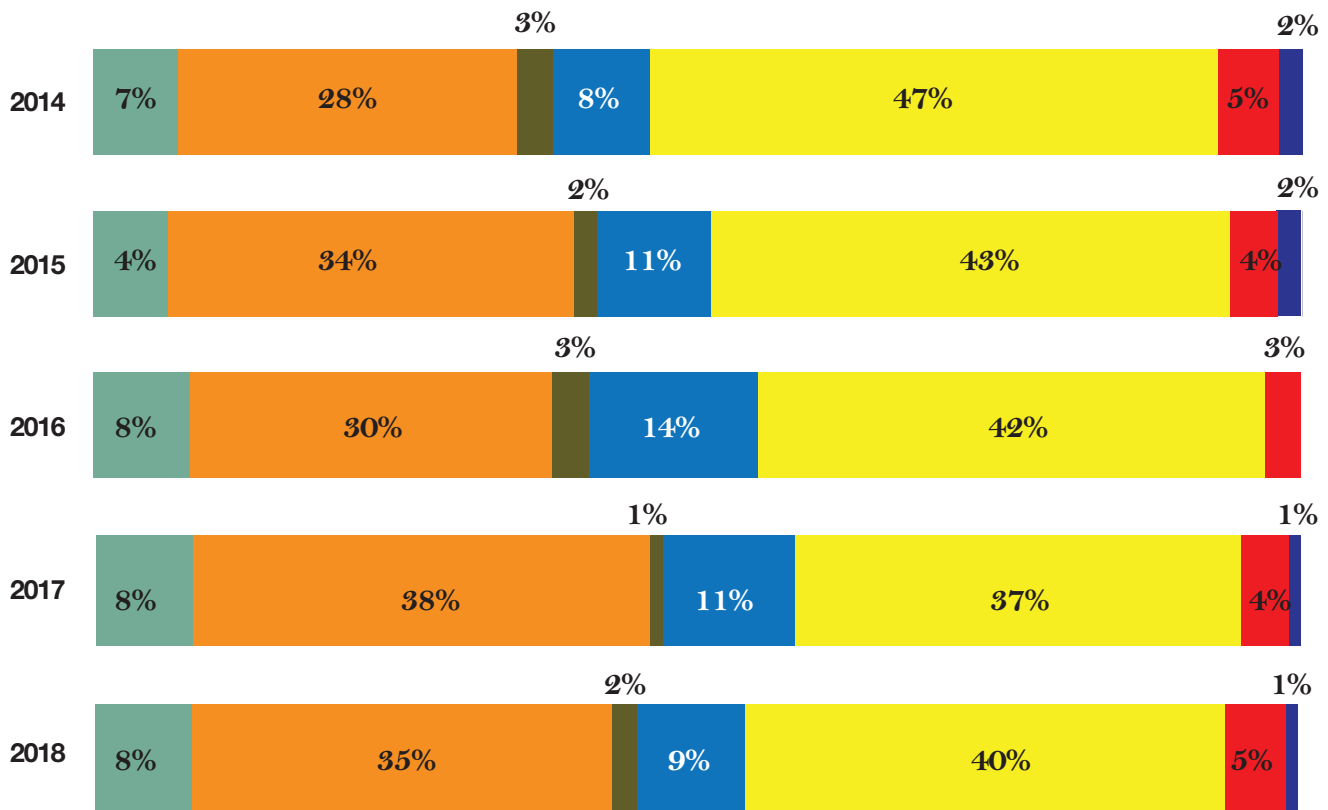


"Definite growth in jobs and hotel construction."



"The vocational schools are needed for all the trade industries where there is a shortage of electricians, plumbers, etc."

GROWTH INDUSTRIES



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

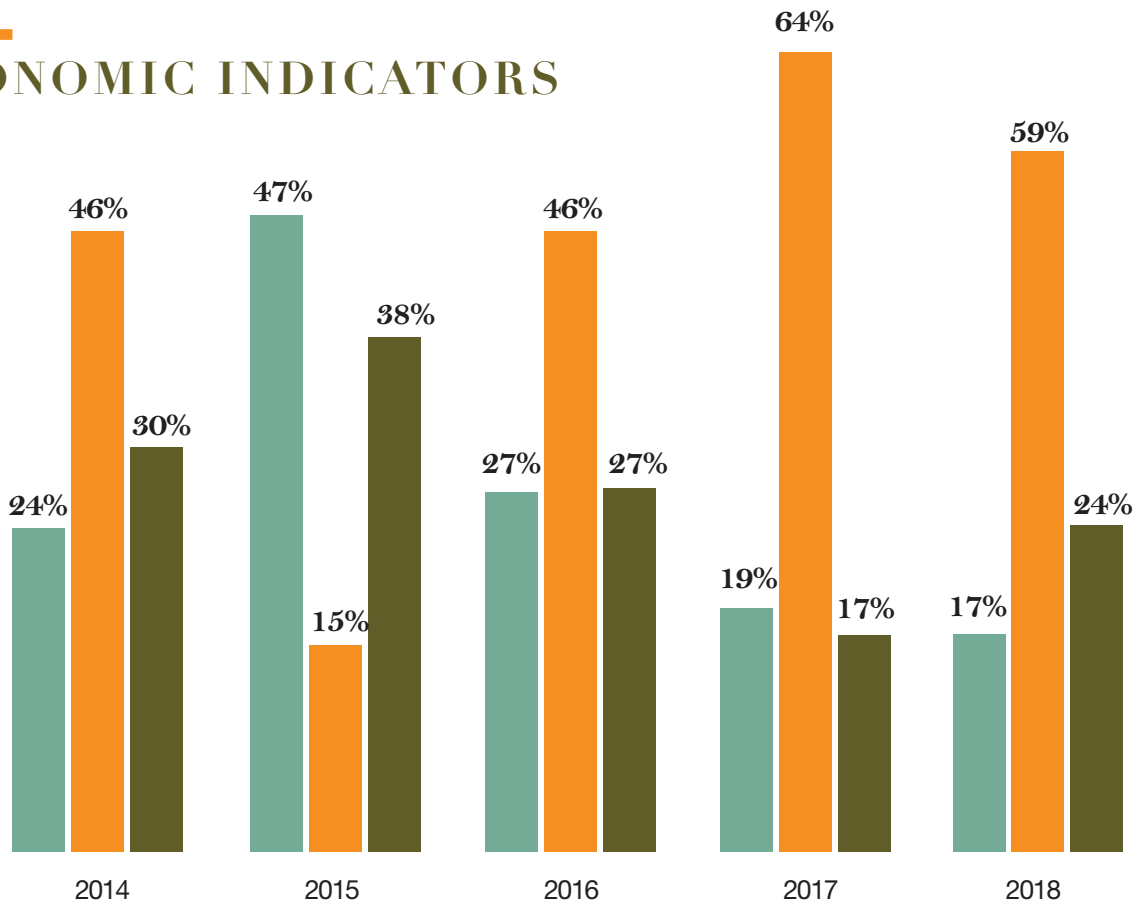
After slipping to second place last year, Health Care has once again taken the number one spot with 40% of our respondents indicating this is the industry with the greatest potential for growth on Long Island. Technology has, once again, moved into the second position as reported by 35% of the respondents.

- Tourism
- Technology
- Retail
- Services
- Health Care
- Manufacturing
- Other



"Haves and Have-Nots on Long Island. The Income-Gap continues to grow."

ECONOMIC INDICATORS



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

Even with all the volatility we have seen over the last few months with the stock market, 59% of respondents believe stocks will continue to rise in 2019. Only 24% believe stock prices will decline and 17% predict they will remain the same.

- Same
- Up
- Down

"The Equity Market have risen too quickly."



"Overall the economy seems strong but political tension puts much downward pressure on future certainty."



"While the economy is doing well. I feel that many of the factors that contributed to the Great Recession have not been addressed."



"Unless I don't out live my money."



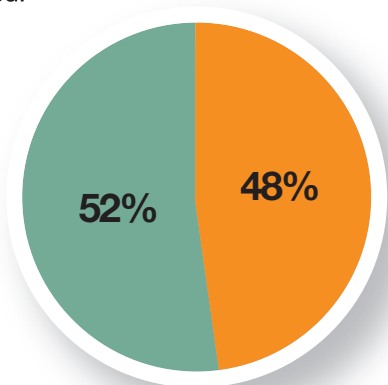
RETIREMENT

"I plan as best I can but still don't feel "prepared" for it.."

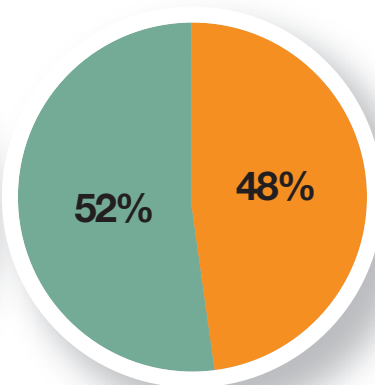
Do you feel financially prepared for retirement?

In a total reversal over last year, more than half (52%) of all respondents feel they are financially prepared for retirement; while 48% believe they are not prepared.

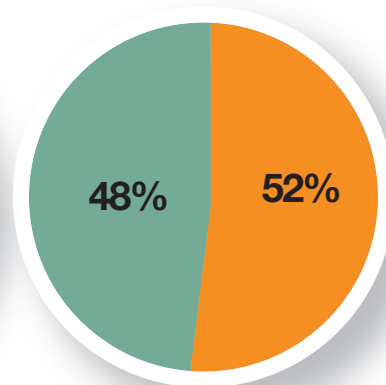
■ No
■ Yes



2016



2017



2018

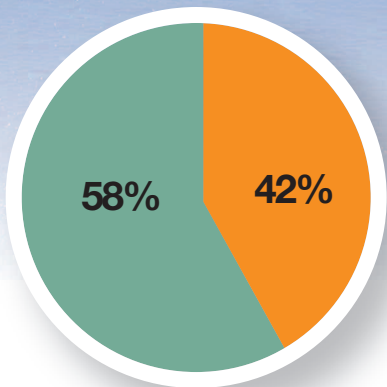
*"Still unsure of the cost of healthcare in the future.
Taxes on LI make it difficult to stay."*



“Need to work until I can't anymore. While we have tried to prepare the market volatility keeps moving the goal posts.”

“If all goes well, I will have the freedom of full retirement, but I feel I will work part time to stay busy regardless.”

“Just get something part time for fun and to keep my brain active.”



2018

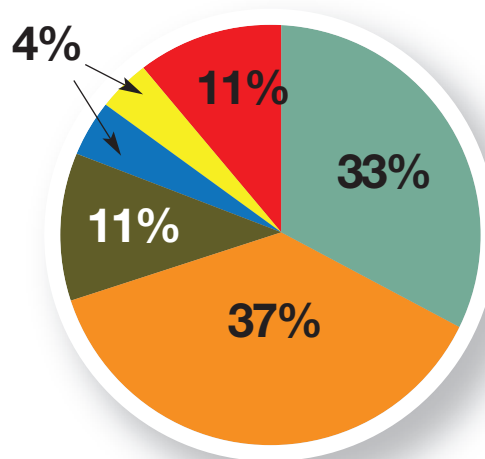
Are you planning on a normal full-time retirement?

Less than half of all respondents (42%) are planning on a normal full retirement.

- No
- Yes

“As a business owner I plan a more phased retirement with hours in the office diminishing over time.”

Of the 58% who are not planning on a normal full-time retirement, over one-third (37%) will continue working on a part-time basis, with another one-third (33%) who plan on working full-time beyond their normal Social Security retirement age.



If not, will you?

- Continue working full-time beyond your normal Social Security retirement age
- Continue working on a part-time basis
- Consult
- Open your own business
- Other
- No response

2018

“I will always be working.”



REAL ESTATE

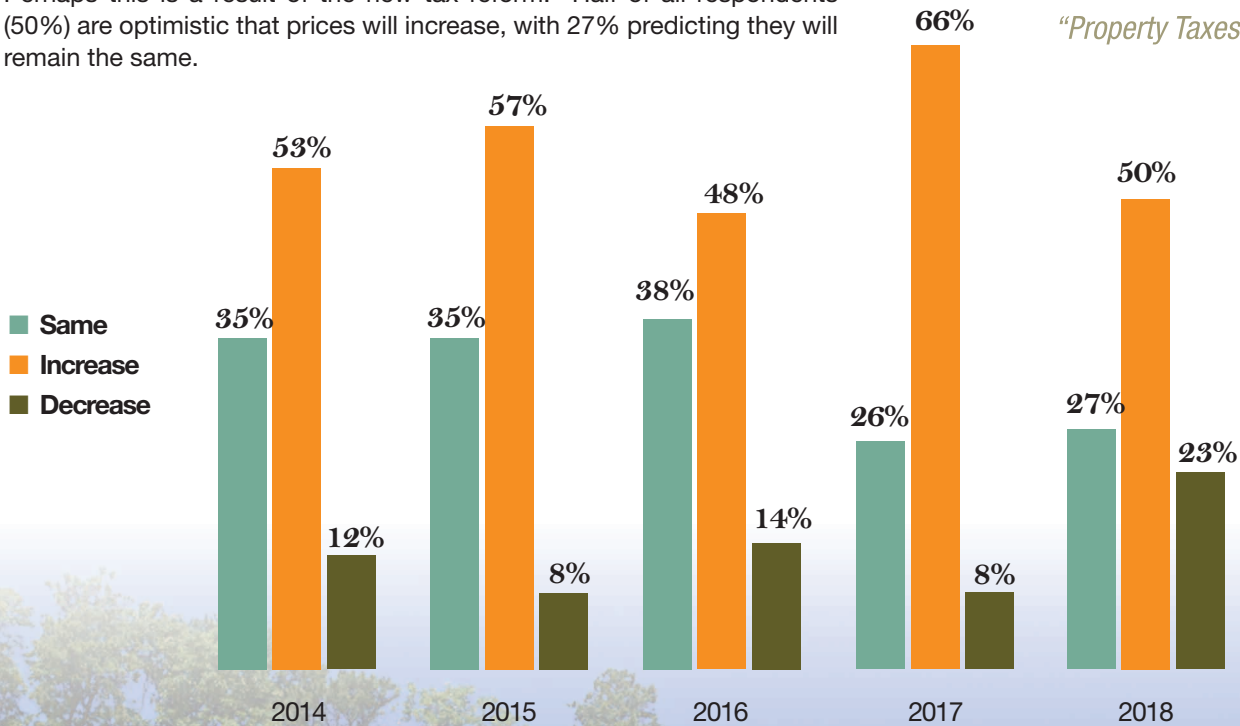
"I am feeling the surge of confidence in the real estate market. It is expected to begin to stabilize over the next 12-18 months becoming normalized."

What do you project will happen to residential real estate prices on Long Island in the coming year?

Dramatically up from last year, almost one-quarter of all respondents (23% vs. 8% last year) believe residential real estate prices will decrease. Perhaps this is a result of the new tax reform. Half of all respondents (50%) are optimistic that prices will increase, with 27% predicting they will remain the same.

"Long Island is a landlord's paradise."

"Property Taxes are an issue."



"My biggest concern is we live in the 2 most expensive counties in this country and it is going to be very hard for our children to stay here."



"I feel after many file their 2018 tax returns under the new tax laws, there will be a larger supply of homes for sale than there have been in the last 15 years."

"The new federal tax laws will hurt LI Real Estate."



"Economic conditions will stay strong, younger buyers will not stay along with those in retirement mode."



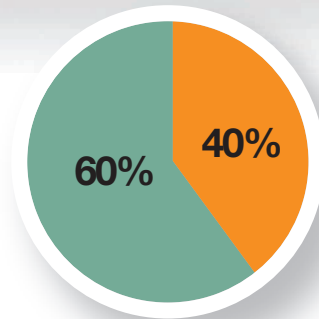
"The residential home building industry is very strong on Long Island as a result of the increasing need for rental and mixed-use projects."

Are you concerned that the value of your house will decrease as a result of the new tax reform?

A large portion of our respondents (40%) believe that the new tax reform will have a negative impact on the value of their home.

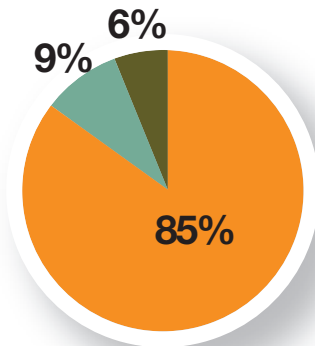
2018

- Yes
- No



As a result of the new tax reform, will you?

- Do nothing
- Downsize
- Relocate (if so, to where)?



While the new tax reform is of concern to 40% of our respondents, 85% of them say they will do nothing and remain in their home. Of the 15% that will either downsize or relocate, most will leave Long Island for the Carolina's, Florida or perhaps from Nassau to Suffolk County.

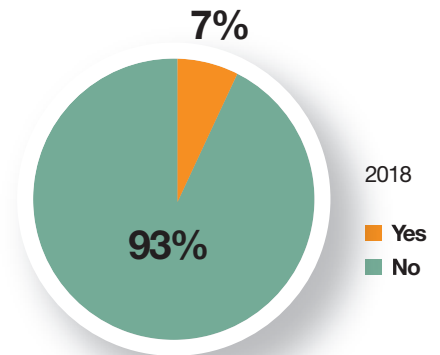


"The ENTIRE health care system in our country is broken. From insurance companies to hospitals to doctors to pharma. Something is very wrong when one gets a \$64,000 hospital bill for 36 hours in a facility for an appendectomy."

CURRENT EVENTS & ISSUES

Should health insurers be allowed to deny coverage to individuals who have a pre-existing condition?

The clear majority of respondents (93%) do not believe that anyone with a pre-existing medical condition should be denied health insurance.

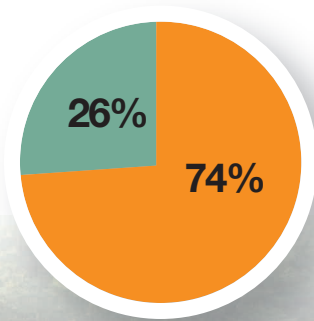


"Everyone is born with a pre-existing condition. It's called genetics."

"Depends on the circumstance."

2018

Yes
No



Should the government prevent "mega mergers" of corporations that could potentially control a large percentage of market share within its industry? (e.g. Time Warner & ATT; Warner-Lambert & Pfizer; etc.)

Almost three-quarters of all respondents (74%) believe the government should not allow "mega mergers" that could potentially monopolize industry market shares.

"We need to encourage small business more and not create these huge monopolies that leave the consumer stranded."

"Unless they are able to prove that such a merger is in the best interests of the public."

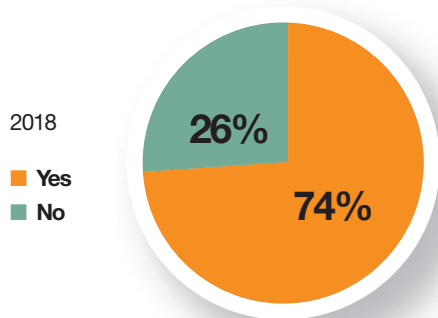
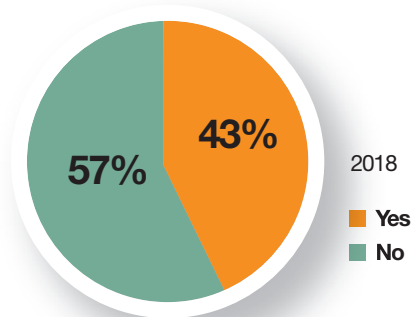




Presently anyone born after 1960 will reach their normal retirement age at 67 years old. Should the government raise the normal retirement age for Social Security?

While over half of all respondents (57%) believe the present Social Security normal retirement age schedule should not be revised; 43% believe it is too low and should be raised.

“One can always choose to work longer, and we need to make room for younger generations. Also, after 45+ years of working it's time to enjoy if possible.”



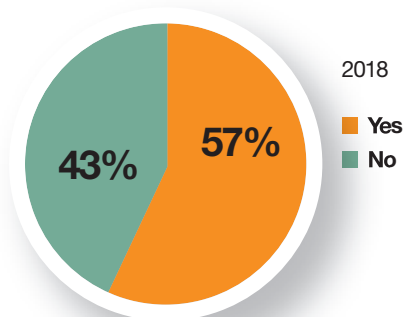
Should sports betting become legal in New York?

Almost three-quarters (74%) believe we should legalize sports betting in New York. Many respondents commented that since it is happening now anyway, New York stands to gain much revenue from legalized betting and it will also create jobs.

“Lots of state revenue up for grabs if legalized.”

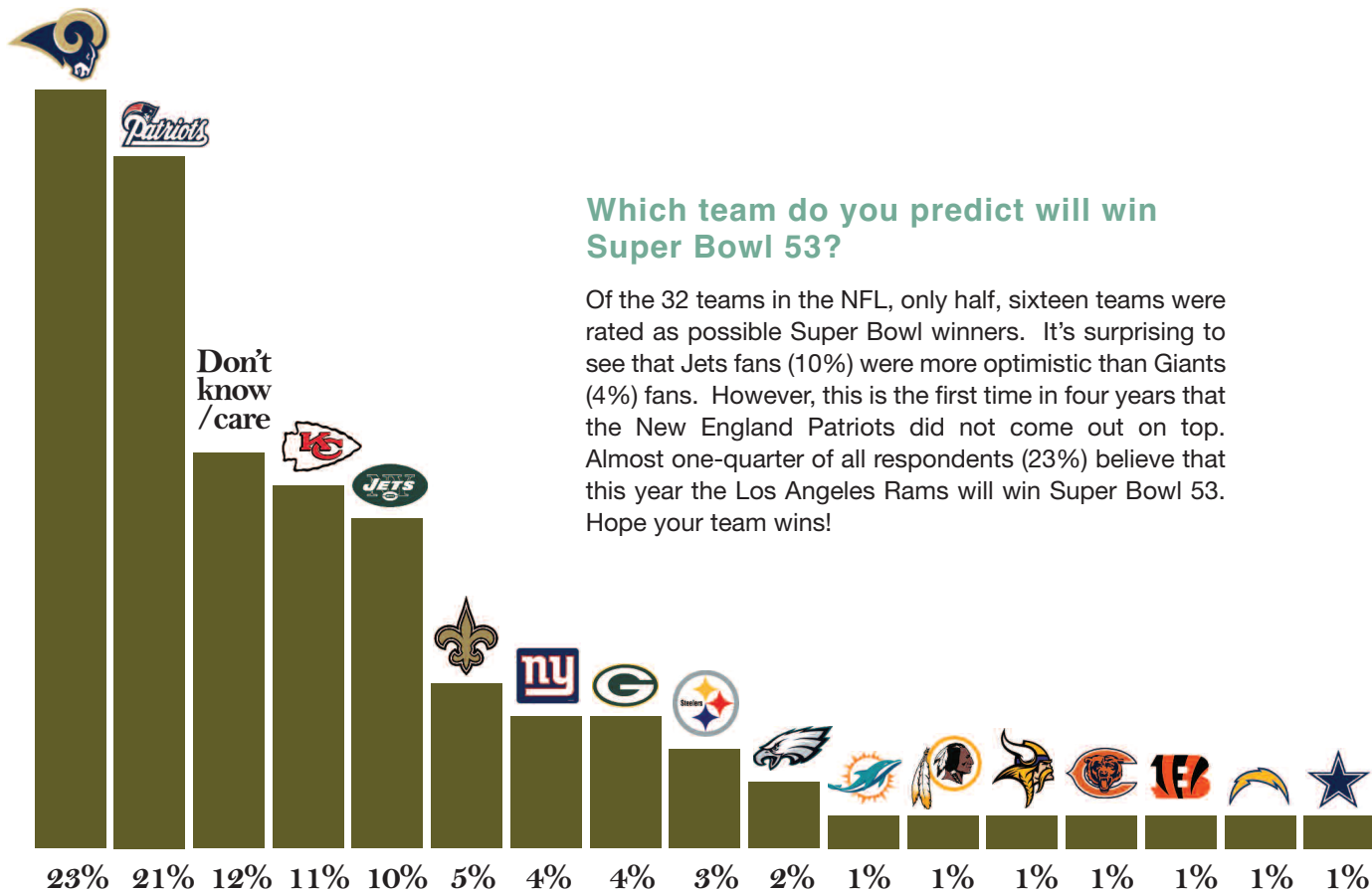
Should New York legalize marijuana?

Over half of all respondents (57%) believe New York should legalize marijuana. However, many comments centered around the government putting in place strict guidelines and control over its distribution. A consensus exists that there is much revenue to be made by passing legislation that legalizes the use of marijuana for recreational use.



“For medical purposes, but never for recreational use.”

JUST FOR FUN



Which team do you predict will win Super Bowl 53?

Of the 32 teams in the NFL, only half, sixteen teams were rated as possible Super Bowl winners. It's surprising to see that Jets fans (10%) were more optimistic than Giants (4%) fans. However, this is the first time in four years that the New England Patriots did not come out on top. Almost one-quarter of all respondents (23%) believe that this year the Los Angeles Rams will win Super Bowl 53. Hope your team wins!



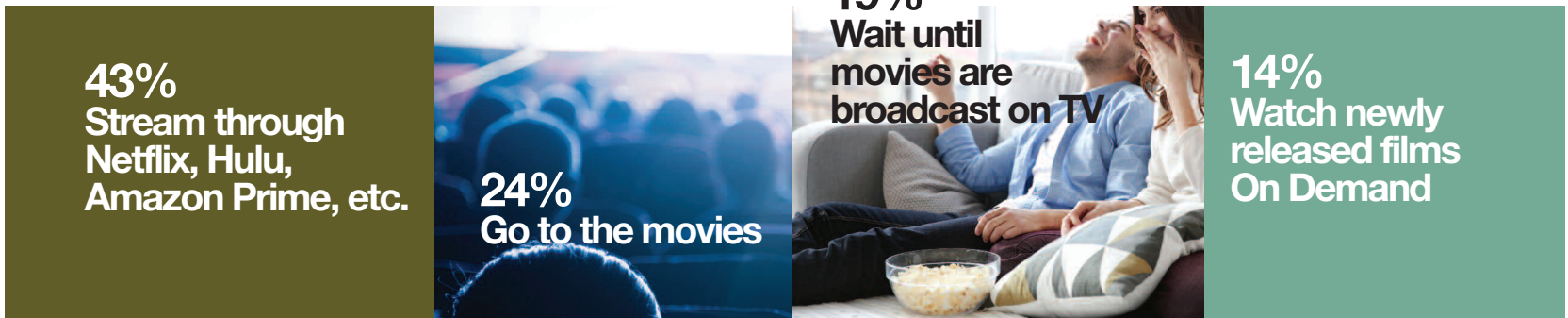
How do you keep up with current events?

As evidenced by the decline in print publications, 59% of all respondents keep up with current events via an electronic platform, either online or through social media. Only 37% use the more traditional outlets of print, radio and television.



Do you prefer to –

Once again, technology far exceeds watching movies in traditional ways. The majority (43%) of respondents view movies through a streaming service. However, almost one-quarter (24%) still like to go to the movies to see new releases.





Editor & Writer

Annette Esposito
Marketing Director
AVZ

*Page Layout
& Design*

Mike Albano
Creative Director

Photography

Jim Lennon
Photographer
Jim Lennon
Photography, Inc.

Printer

Official Offset Corp.



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