

# Becoming the Economic Center of Louisiana: A Work in Progress



Baton Rouge Area **Chamber**

*Leading Economic Development  
in the Baton Rouge Area*

## LAST YEAR (2006) WAS ONE OF OUR BEST EVER

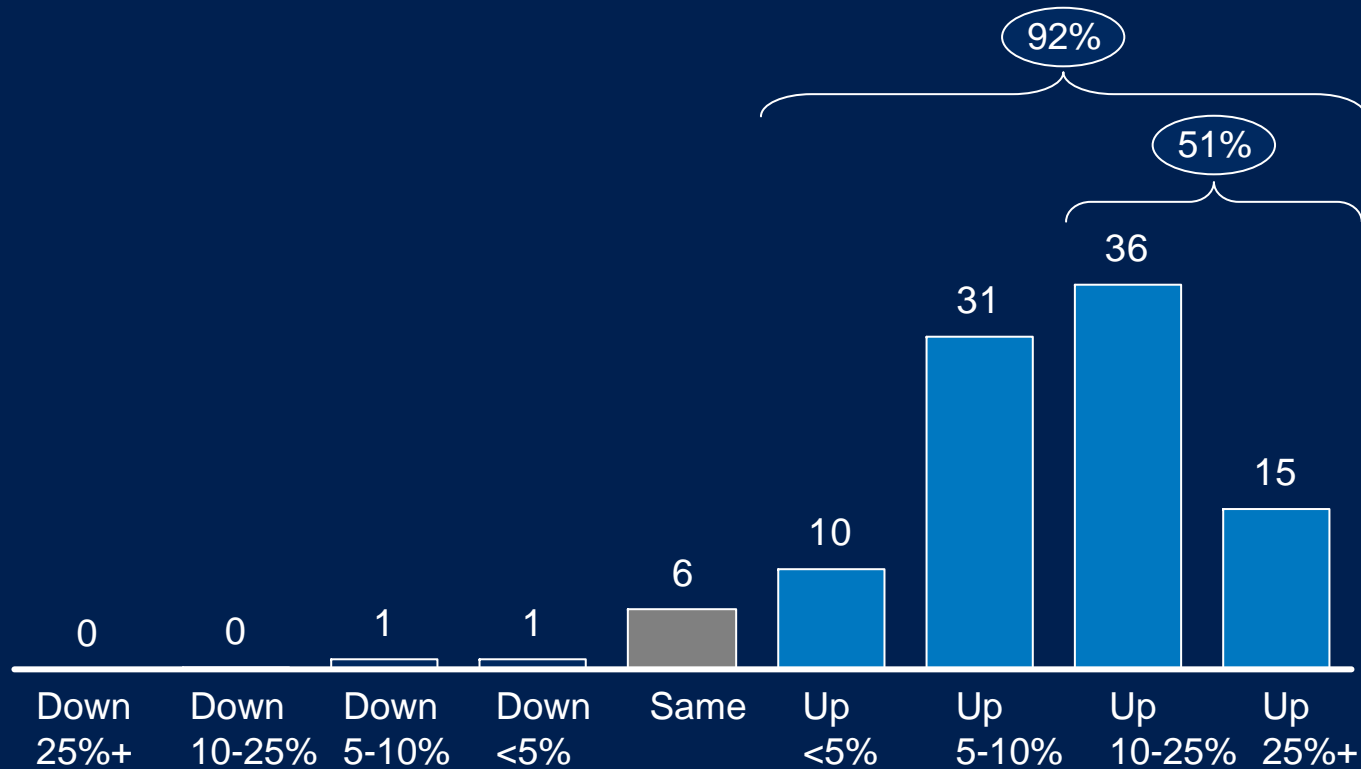
- Roughly 10,000 new jobs in the MSA, including solid job growth in every parish
- Unemployment approaching 3%
- Natural gas prices moderating
- Very strong refining markets
- Real estate market bucking national trends
- Over \$10 billion in new projects under way or announced
- State/regional tax revenues well above pre-Katrina levels
- ...but also steep inflation in construction/labor costs

**1,000,000** people by 2015?

It could happen . . .

## 2007 BUSINESS REVENUE GROWTH FORECAST\*

Percentage of respondents in a survey of regional business leaders\*\*



- 92% of business leaders expect revenue growth in 2007 (vs. 80% in 2006)
- Over 50% of business leaders forecast growth >10%

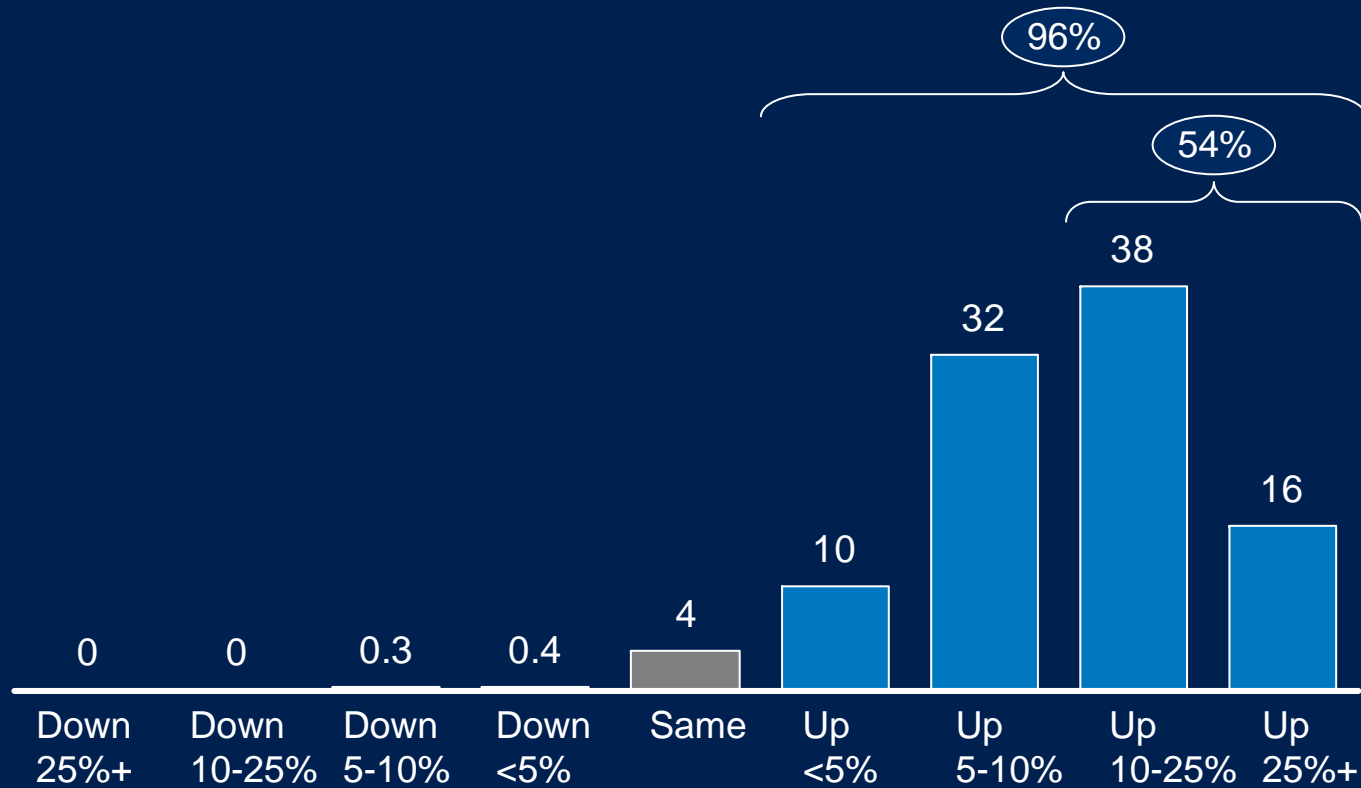
\* Estimated growth in 2007 company revenues vs. 2006 company revenues

\*\* Survey administered Dec 15, 2006 through Jan 15, 2007; based on 684 responses

Source: 2007 Baton Rouge Area Economic Outlook Survey; BRAC analysis

## 3-YEAR BUSINESS REVENUE GROWTH OUTLOOK\*

Percentage of respondents in a survey of regional business leaders\*\*



- A vast majority (96%) of business leaders believe growth will continue beyond 2007

\* Estimated annual growth in company revenues over the 2007-09 time frame

\*\* Survey administered Dec 15, 2006 through Jan 15, 2007; based on 684 responses

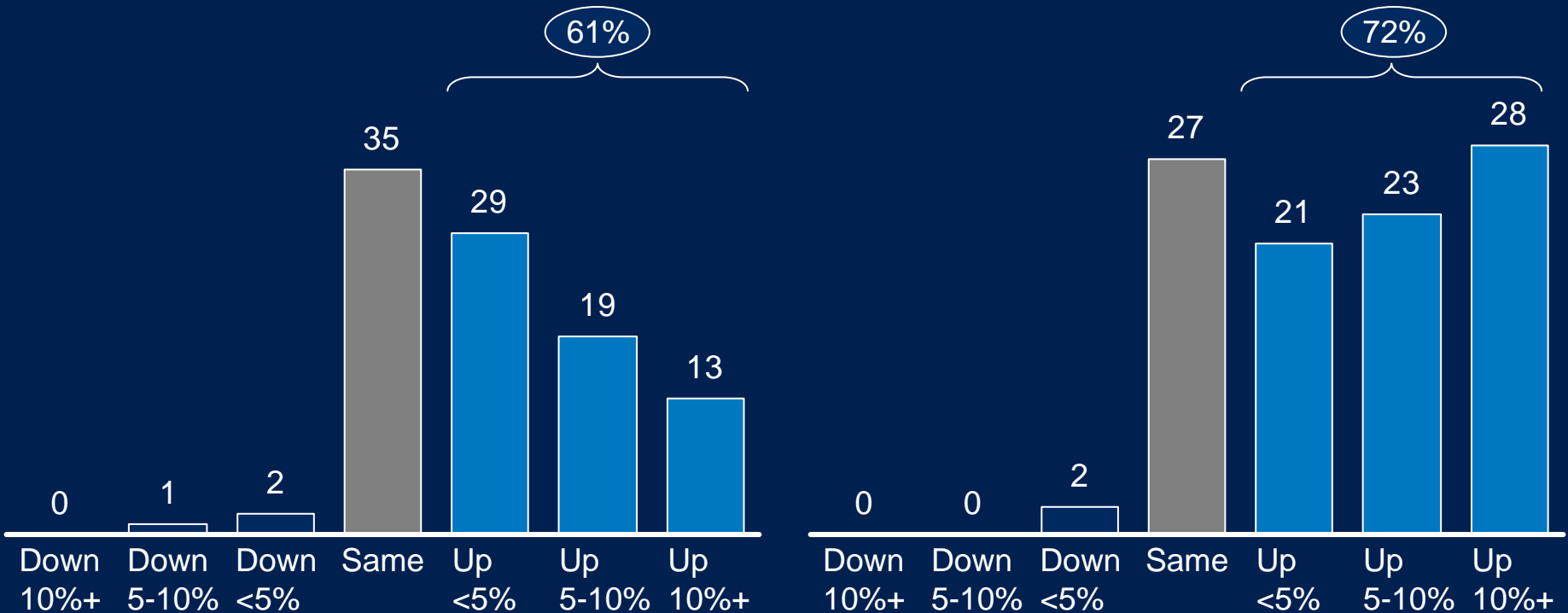
Source: 2007 Baton Rouge Area Economic Outlook Survey; BRAC analysis

## JOB GROWTH OUTLOOK

Percentage of respondents in a survey of regional business leaders

### 2006 job growth outlook\*

### 2007 job growth outlook\*\*



- Business leaders are more optimistic in 2007 than in 2006 (72% predict job growth in 2007 vs. 61% in 2006)
- Over 25% of business leaders project 2007 job growth >10%

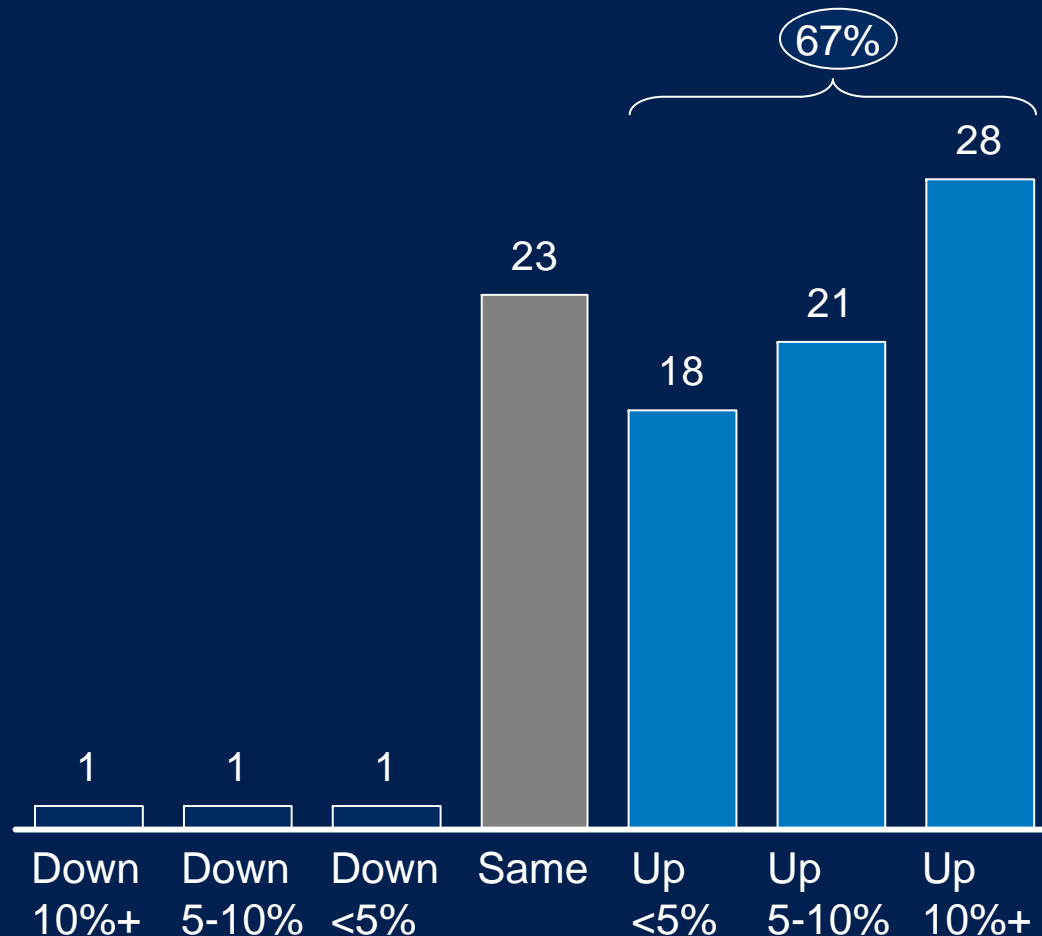
\* Projected job growth at the company during 2006 (2006 outlook survey); based on 798 responses

\*\* Projected job growth at the company during 2007 (2007 outlook survey); based on 684 responses

Source: 2006 Baton Rouge Area Economic Outlook Survey; 2007 Baton Rouge Area Economic Outlook Survey; BRAC analysis

## 2007 BUSINESS CAPITAL EXPENDITURE OUTLOOK\*

Percentage of respondents in a survey of regional business leaders\*\*



- Most (67%) business leaders expect their capital spending to increase in 2007
- Major capital projects anticipated over the next three years include:
  - Shintech plant (\$1B)
  - EBR Green Light road projects + sewer program (~\$1B total)
  - Audubon bridge (\$400MM) and other state road projects
  - Possible Shaw biodiesel development (\$1B)
  - Possible Synfuel development (\$5B)

\* Estimated growth in company capital expenditures in 2007 vs. 2006 (7% of those surveyed did not respond)

\*\* Survey administered Dec 15, 2006 through Jan 15, 2007; based on 684 responses

Source: 2007 Baton Rouge Area Economic Outlook Survey; Louisiana Economic Outlook 2007-08; BRAC analysis

# TOP 10 CONCERNS OF AREA BUSINESS LEADERS

Percentage of respondents in a survey of regional business leaders\*



**Top 2007 concerns identified by area business leaders:**

- Finding qualified employees
- Traffic congestion
- Labor costs

\* 2006 survey based on 798 responses; 2007 survey based on 684 responses

## BRAC ECONOMIC PREDICTIONS FOR 2007

- Moderating interest rates
- Growing industrial construction backlog
- Relatively stable natural gas prices
- Healthy state and local tax revenues
- Solid growth in new-home starts (especially multi-family)
- Robust confidence levels among business leaders
- Open positions in many firms
- G.O. Zone incentives
- Job growth of up to 13,000 (more than in 2006); at least 7,000
- Top new job sectors include business services, healthcare, and industrial services / heavy construction
- Population growth of 15-20,000
- Very low unemployment = continued labor market pressure
- Every parish likely will do well in 2007, but for different reasons
- Solid job growth will continue through 2008 and likely 2009

## JOB GROWTH FORECASTS BY INDUSTRY SECTOR

	2007 outlook			Comments
	Net new jobs*		Job growth	
	Low	High	Percent	
Business and Financial Services	1,500	2,400	3-4	<ul style="list-style-type: none"> <li>• Strong demand for professional workforce; commercial expansion throughout region</li> </ul>
Healthcare	1,000	1,800	3-5	<ul style="list-style-type: none"> <li>• High demand for healthcare services nationally</li> </ul>
Industrial Services/ Heavy Construction	1,250	1,750	4-6	<ul style="list-style-type: none"> <li>• Start of several new facility builds and expansions</li> </ul>
Real Estate/ Light Construction	1,000	1,500	7-10	<ul style="list-style-type: none"> <li>• Strong commercial + multi-family builds</li> </ul>
State Government	600	1,300	1-3	<ul style="list-style-type: none"> <li>• Increased revenues and rebuild activity</li> </ul>
Hospitality	700	1,200	2-4	<ul style="list-style-type: none"> <li>• Spread of dining, bars, hotels through region</li> </ul>
Retail	300	800	1-2	<ul style="list-style-type: none"> <li>• Opening/renovation of several retail centers</li> </ul>
Local Government	100	500	0-2	<ul style="list-style-type: none"> <li>• Population-related service increases</li> </ul>
Manufacturing	(250)	250	(1)-1	<ul style="list-style-type: none"> <li>• Continued process automation will limit growth</li> </ul>
Other	800	1,500	1-3	<ul style="list-style-type: none"> <li>• Expansion of service sector and emerging industries</li> </ul>
<b>BR Area</b>	<b>7,000</b>	<b>13,000</b>	<b>2-4</b>	

\* May not sum exactly due to rounding

Source: U.S. Department of Labor; BRAC analysis

## JOB GROWTH FORECASTS BY PARISH

	2007 outlook			Comments
	Net new jobs*		Job growth Percent	
	Low	High		
E Baton Rouge	5,000	9,500	2-3	• Healthcare, business and financial services, state, hospitality, industrial services, and construction
Ascension	650	1,000	2-4	• Industrial services, retail, restaurants, construction, and education
Livingston	500	800	2-4	• Manufacturing, retail, restaurants, and construction
Iberville	300	650	2-4	• Industrial services, manufacturing, construction
W Baton Rouge	250	400	2-4	• Industrial services, retail, real estate, and construction
W Feliciana	75	200	1-3	• Tourism and service industry
Pointe Coupee	75	200	1-3	• Waterway improvements, construction
E Feliciana	75	200	1-3	• Industrial services and local government projects
St. Helena	50	100	3-6	• Manufacturing, construction, and gaming
<b>BR Area</b>	<b>7,000</b>	<b>13,000</b>	<b>2-4</b>	

\* May not sum exactly due to rounding

Source: U.S. Department of Labor; BRAC analysis

## SELECTED THINGS TO WATCH BY PARISH

### East Baton Rouge

- Ongoing Green Light roads project and \$500MM sewer rehabilitation project
- Thousands of new multi-family units under construction

### Livingston

- Significant retail space expansion through Bass Pro shopping center (concrete in by Q1) and Juban Crossing urban retail development start

### Ascension

- Synfuel coal gasification facility decision (potentially \$5B)
- Cabela's retail center completion in Q3 2007
- Continued population growth; home construction and commercial development

### Iberville

- Construction of \$1B Shintech plant
- Rapid new home absorption at University Club South (St. Gabriel) and The Island

### Pointe Coupee

- \$400MM MS River bridge between New Roads and St. Francisville

### West Baton Rouge

- New home construction including Riverview TND and speculative builds in the northern part of parish

### East Feliciana

- Warehouse development pending off Highways 61 and 66
- Introduction of metal manufacturer and modular housing company

### West Feliciana

- Nearly \$400MM in state road projects including Highway 61 widening near MS River Bridge project
- Filming of five motion pictures

### St. Helena

- Various public improvements including roads and courthouse renovations

## BRAC'S TOP PRIORITIES IN 2007

### Jobs

1. Execute an aggressive, targeted business recruitment, retention, and expansion program to secure 1,000 new high-paying jobs

### Education

2. Develop a five-year strategic action plan for increasing student achievement in Baton Rouge area public schools

### Workforce

3. Complete a comprehensive regional workforce analysis, including recommendations for addressing current and projected labor shortages

### Roads

4. Support increased state funding for transportation, as well as innovative opportunities to accelerate new road capacity (e.g., toll roads)

### R&D

5. Aggressively pursue increased funding for the Pennington Biomedical Research Center, especially the \$25MM Clinical Research Building

### LSU

6. Actively support the LSU Flagship Agenda by creating a business case and financing strategy to achieve it over the next 15-20 years

### Ethics

7. Assemble a statewide coalition of business organizations to push for our state to move from the bottom to the top in governmental ethics laws

### Small biz

8. Design and implement a web-based Small Business Resource Center to help area businesses navigate permitting/licensing processes and better access local/state assistance programs