



THE BATON ROUGE AREA CHAMBER'S 2023



ECONOMIC OUTLOOK



Baton Rouge Area Chamber®

Economic Development Wins

16 WINS

627 NEW JOBS

\$2.6 B CAPITAL INVESTMENTS

Notable Projects:



Origin Materials

\$1 billion CapEx for biomass manufacturing facility (Ascension)



Honeywell

Double production capacity of Honeywell's Solstice[®] chemical solvent (EBR)



Ferrara

Emergency vehicle apparatus manufacturing expansion w/ 105 new jobs (Livingston)

Policy Wins



Dedicated \$1 billion for a new Mississippi River Bridge via the state legislature through various funding streams

drive

minority business accelerator
powered by ExxonMobil

Launched the Drive Minority Business Accelerator powered by ExxonMobil - inaugural class of 11 businesses employing 258 FTEs



Created a Computer Science Advisory Commission to expand K-12 access to computer science education



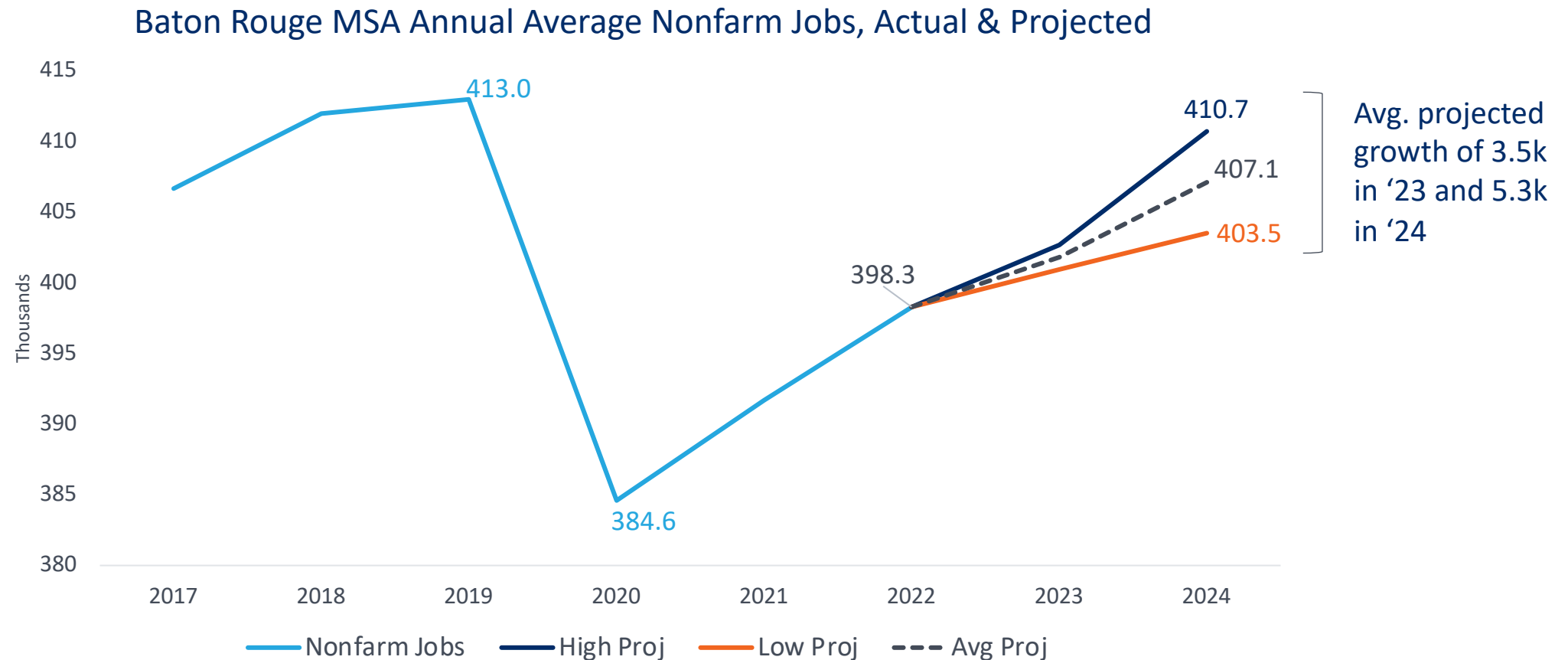
Improved Louisiana college students' ability to transfer credits between in-state institutions



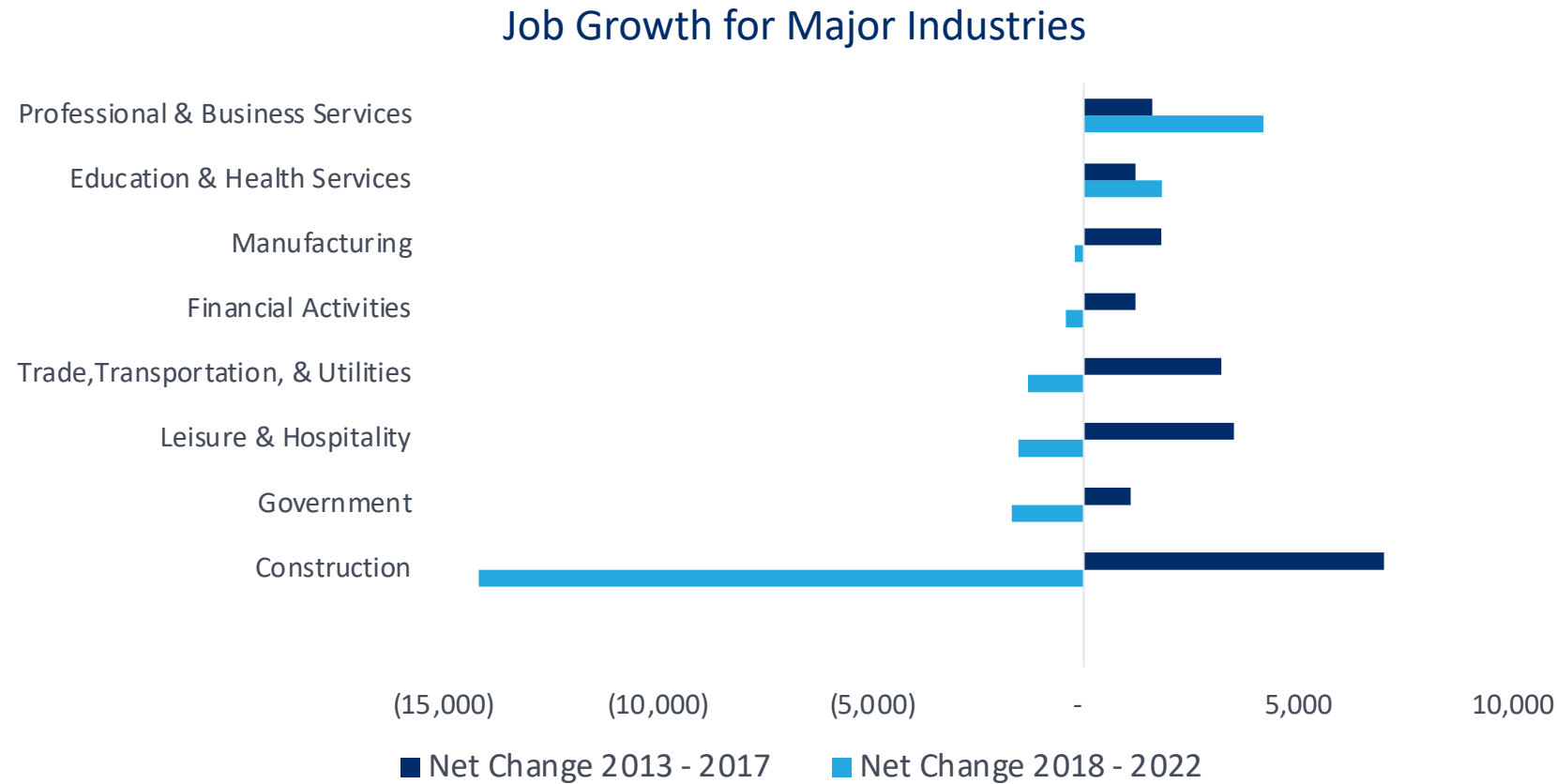
Enhanced engagement on local job platforms

- BR Works: >75k page views, >10k job posting views since start
- Handshake: 1.2k new businesses registered between 2021 & 2022

Baton Rouge will continue its jobs rebound in the coming years, though a return to prepandemic job numbers may take awhile



Job losses are concentrated in the construction industry, but there is reason for optimism in the sector

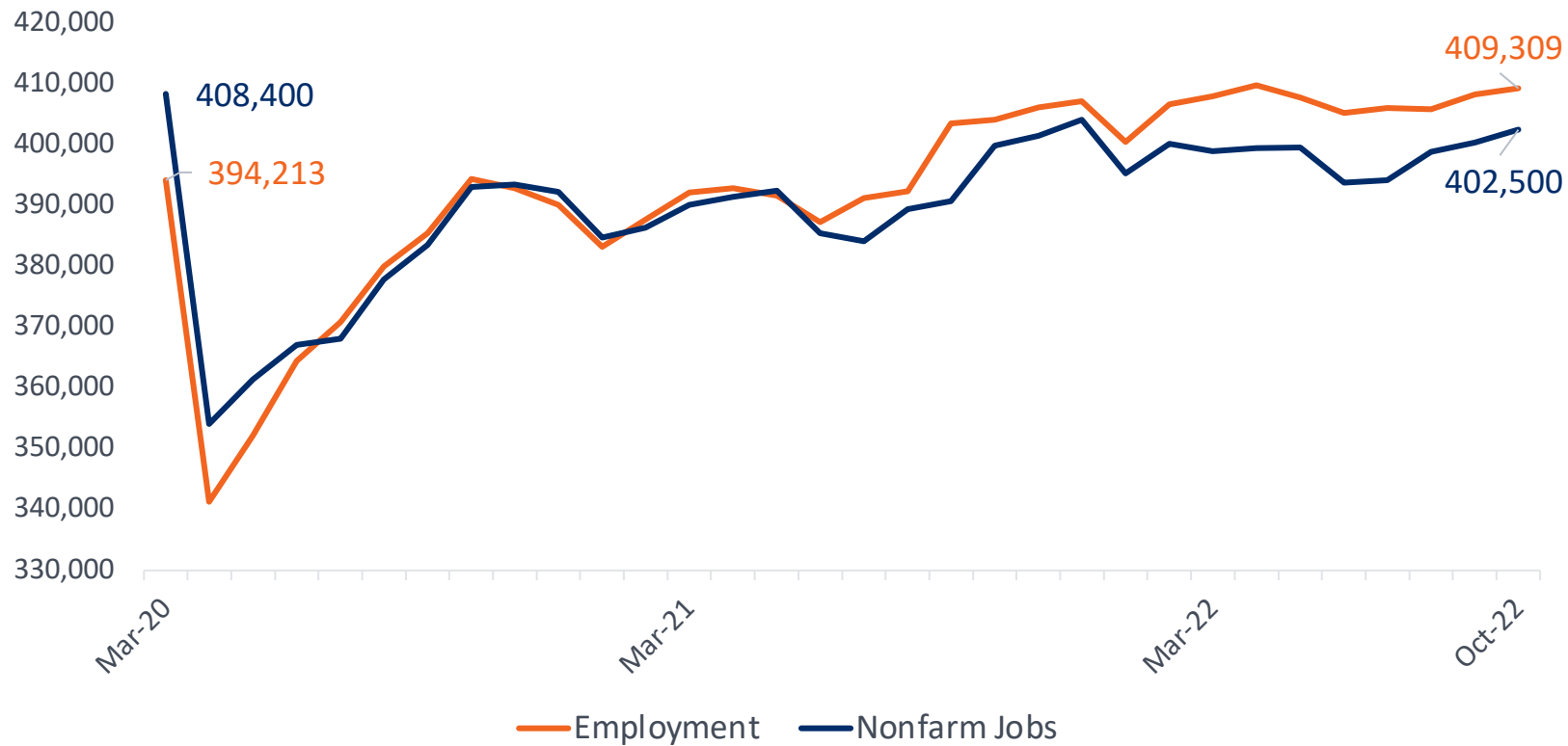


Dr. Loren C. Scott's three reasons for optimism:

1. \$11 billion in announced projects that have not yet issued an FID
2. "Engineering firms jammed with front-end engineering work"
3. "Construction firms swamped by bid-prep demands"

Despite fewer jobs, more people are working in the Capital Region

Employment vs. Nonfarm Jobs



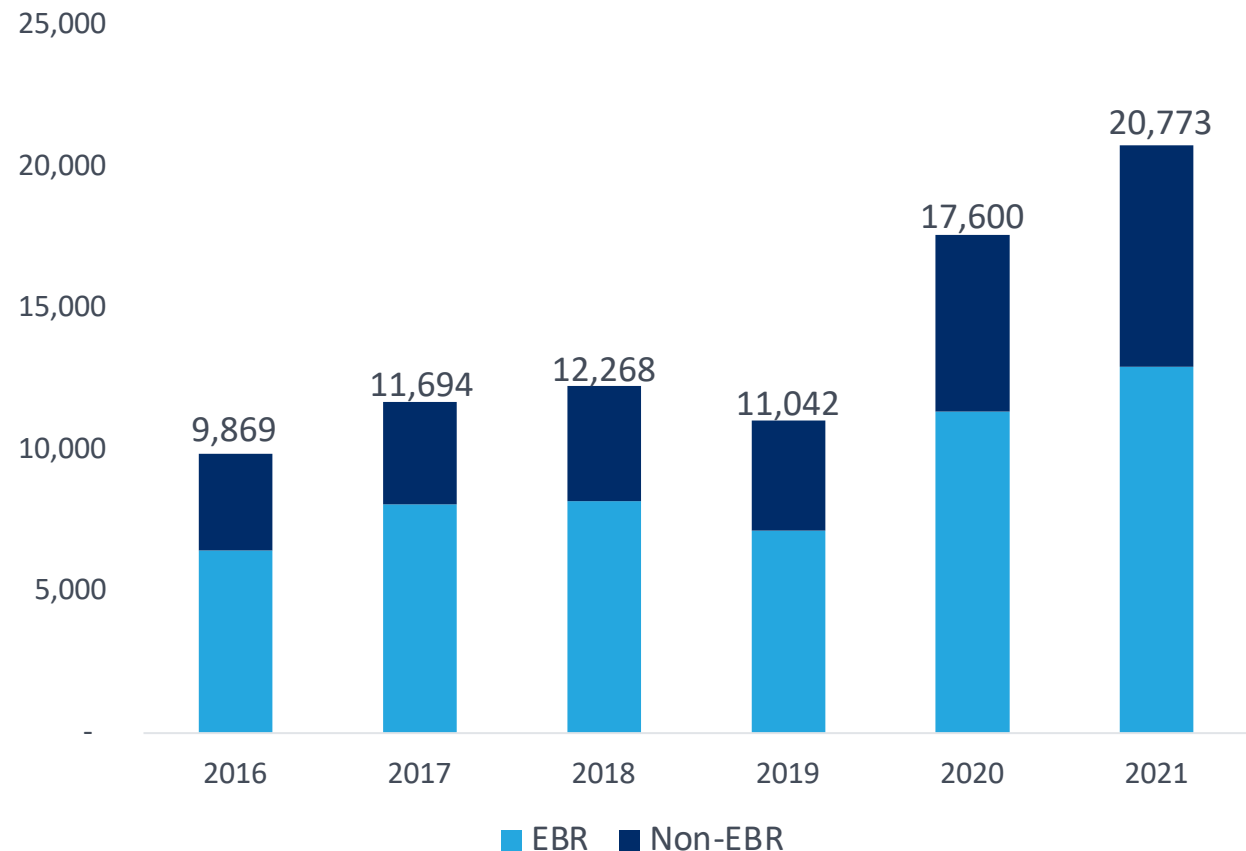
Reasons for shift between jobs & employment:

- Self-employment
- Remote work
- Fewer second jobs/consolidation of positions

Business applications have nearly doubled since 2019; all Capital Region parishes are in the top quartile for growth nationally

Parish	2-year Growth %	Top % of all US counties for 2-year growth
St. Helena Parish	233%	1%
Iberville Parish	157%	4%
West Baton Rouge Parish	144%	5%
Pointe Coupee Parish	135%	6%
East Feliciana Parish	104%	11%
Ascension Parish	99%	12%
East Baton Rouge Parish	81%	18%
West Feliciana Parish	71%	23%
Livingston Parish	71%	23%

Capital Region Annual Business Applications

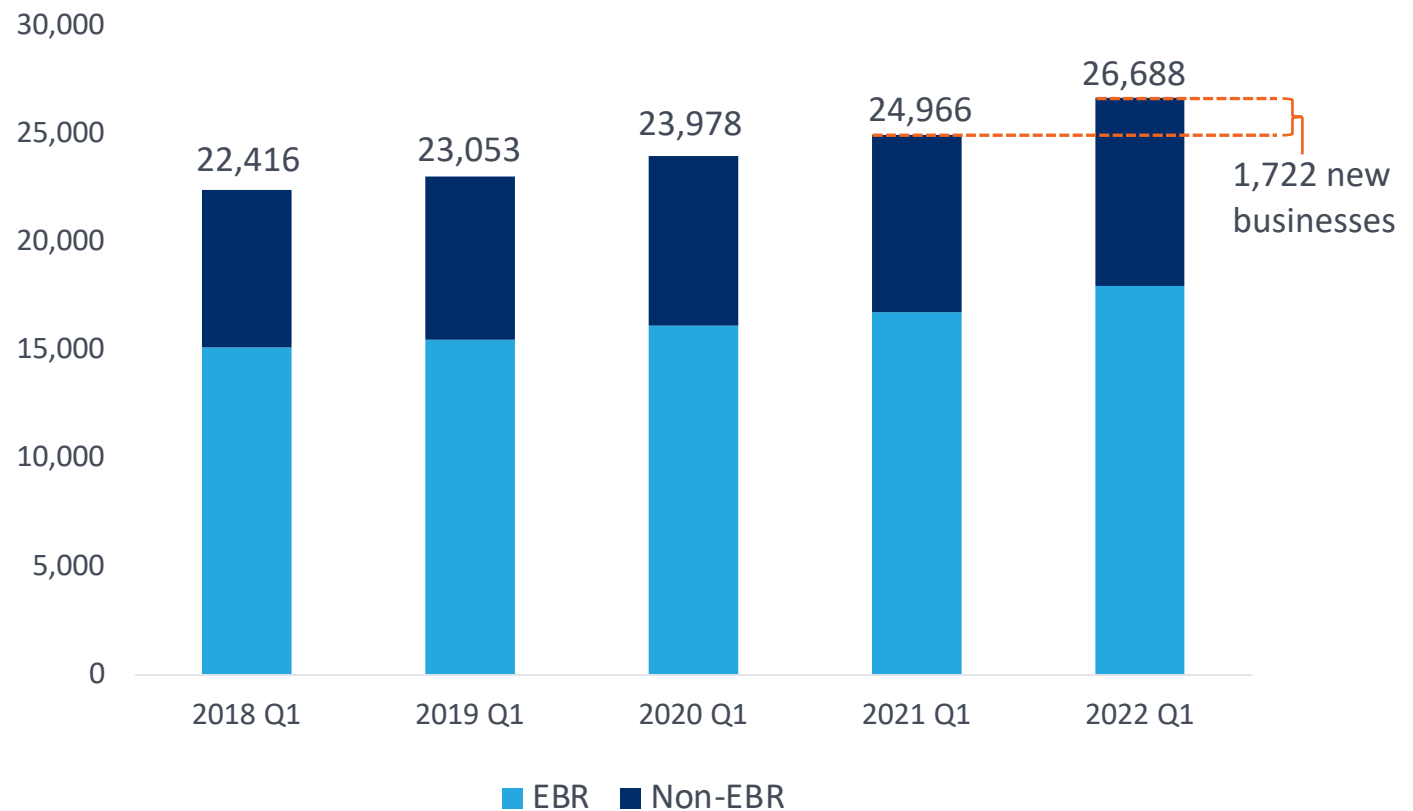


Source: US Census Bureau Business Formation Statistics; BRAC Analysis

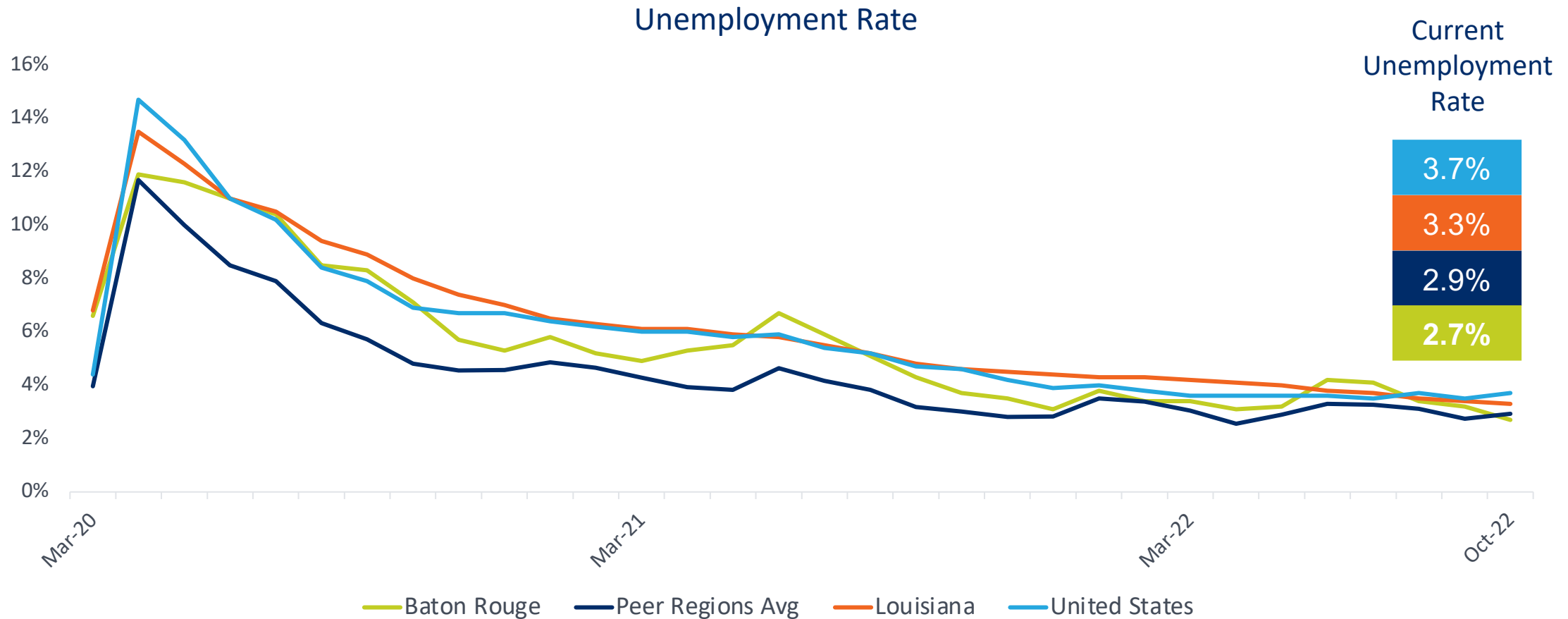
There were 2,700 new businesses established in the Capital Region in the last two years

Parish	Establishment Growth 2018 - 2022	Establishment Growth 2020 - 2022
United States	15%	9%
Capital Region	19%	11%
Ascension	23%	14%
East Baton Rouge	19%	11%
East Feliciana	13%	10%
Iberville	8%	4%
Livingston	26%	14%
Pointe Coupee	6%	2%
St. Helena	9%	-2%
West Baton Rouge	9%	6%
West Feliciana	17%	10%

Capital Region Business Establishments

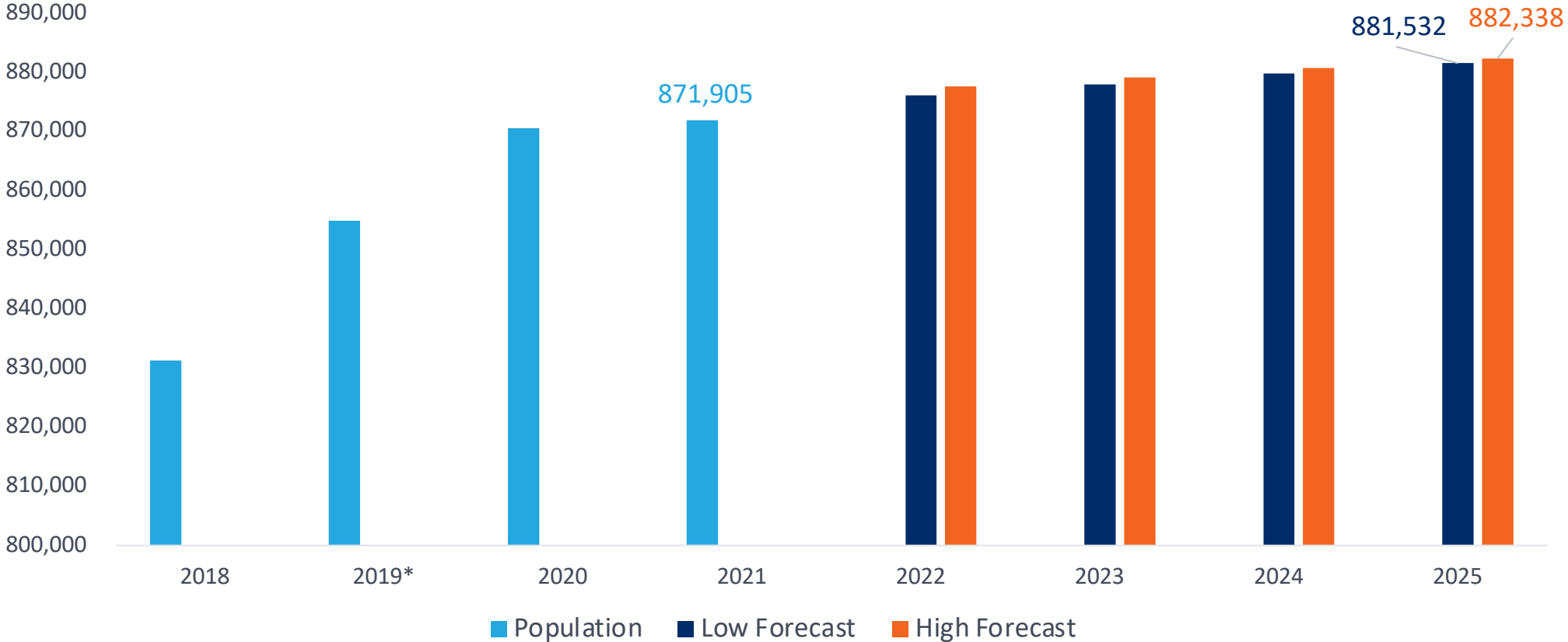


Job openings are abundant, leading to historically low unemployment rates over the past year



Modest population growth projected through 2025

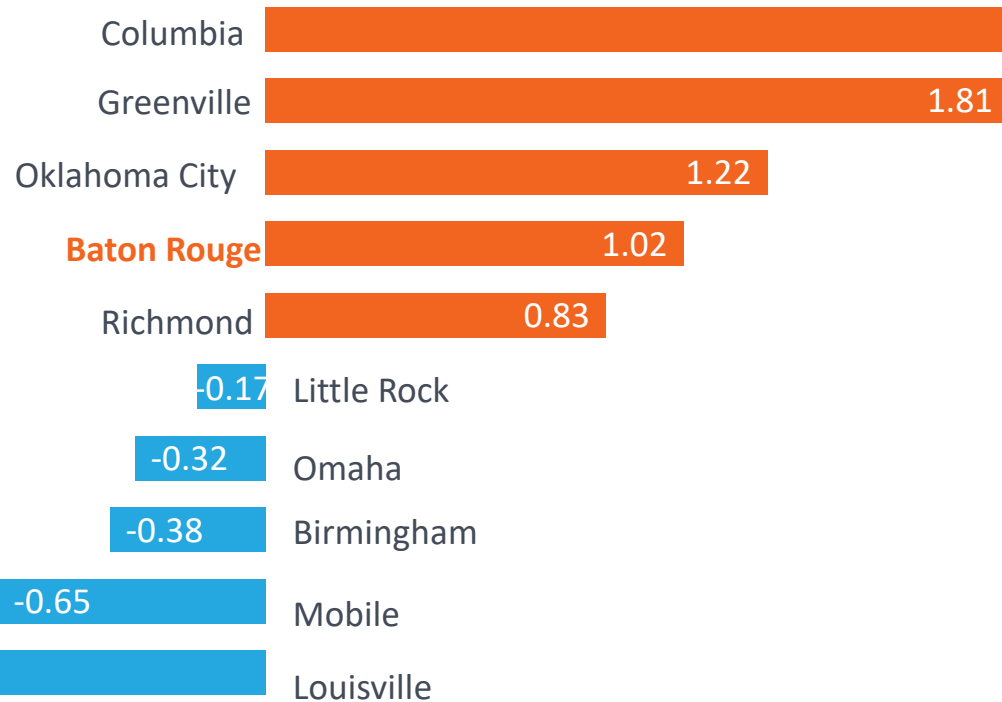
Baton Rouge MSA Population, Actual & Projected



*2019 marks the first year in which Assumption Parish, which was added to the Baton Rouge MSA in late 2018, had its population included in Baton Rouge MSA population estimates
Source: US Census; American Community Survey; ESRI Site To Do Business; Lightcast Economic Modeling; BRAC Analysis

Net migration is rapidly improving, rivals some of our top peer metros, capping off three straight positive years

Net Migration Per 100 Residents

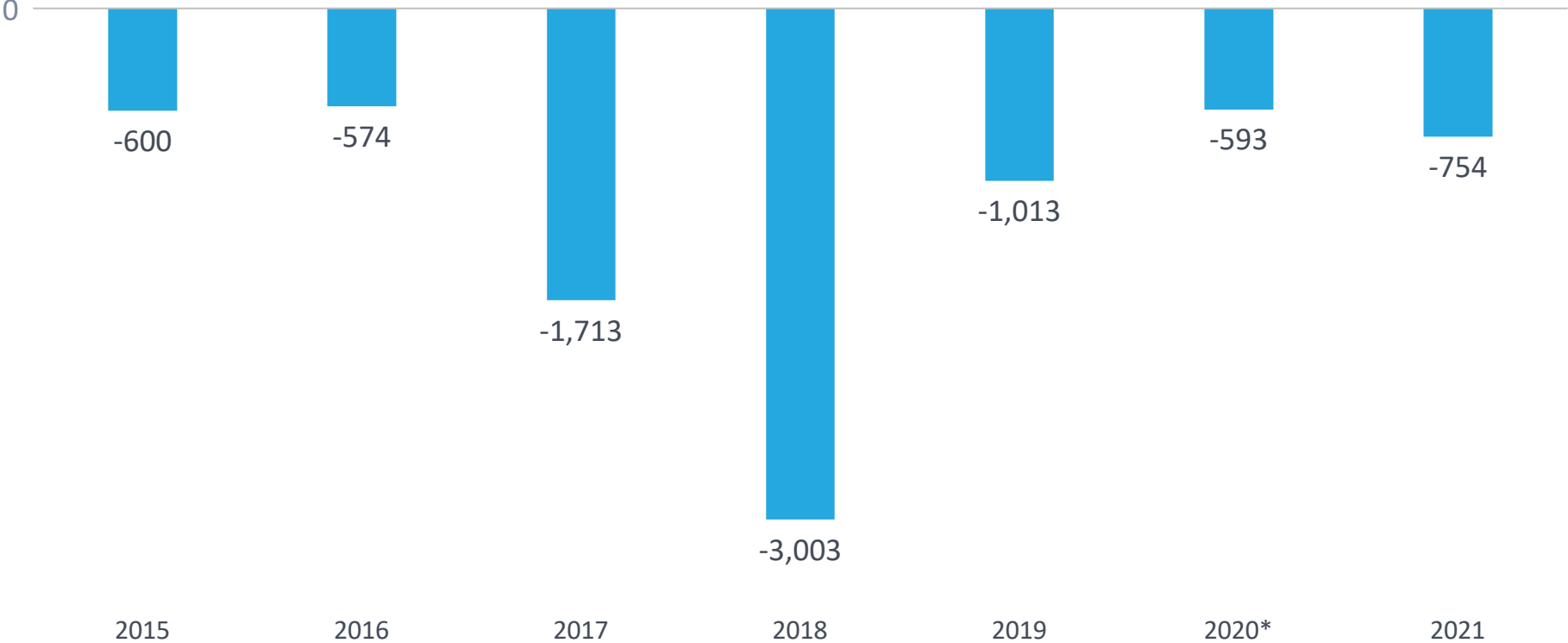


Year	Total moving in	Total moving out	Net
2021	51,607	42,749	8,858
2020	43,747	42,877	870
2019	40,678	38,560	2,118
2018	35,704	42,320	-6,616
2017	44,716	45,599	-883

(1.50) (1.00) (0.50) - 0.50 1.00 1.50 2.00 2.50 3.00 3.50

While net migration is up, we still struggle to retain our young talent

Net Migration to BR, Individuals Age 25-44



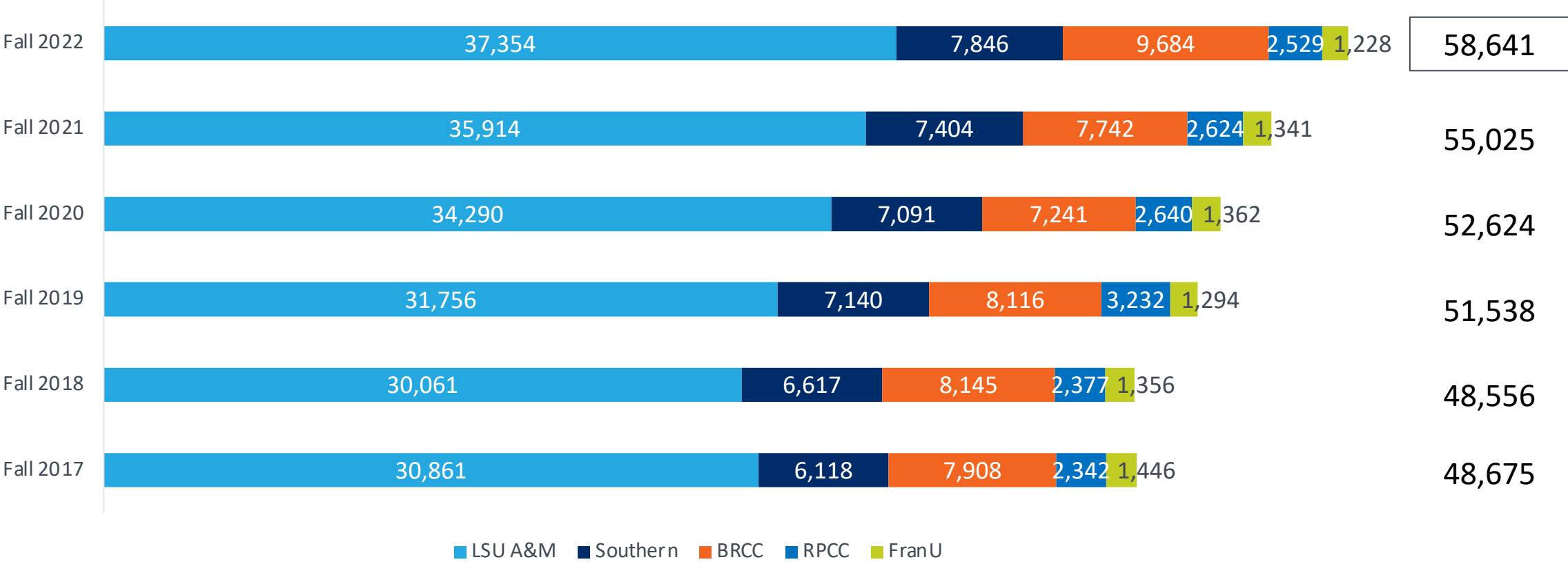
Age	2021 Net Migration
25 to 29	-2,500
30 to 34	-303
35 to 39	1,218
40 to 44	831

*2020 uses ACS 5-year estimates; all other years use ACS 1-year estimates
 Source: American Community Survey; BRAC Analysis

Retaining our record number of higher ed students is key to growing our workforce

Fall Enrollment by year*

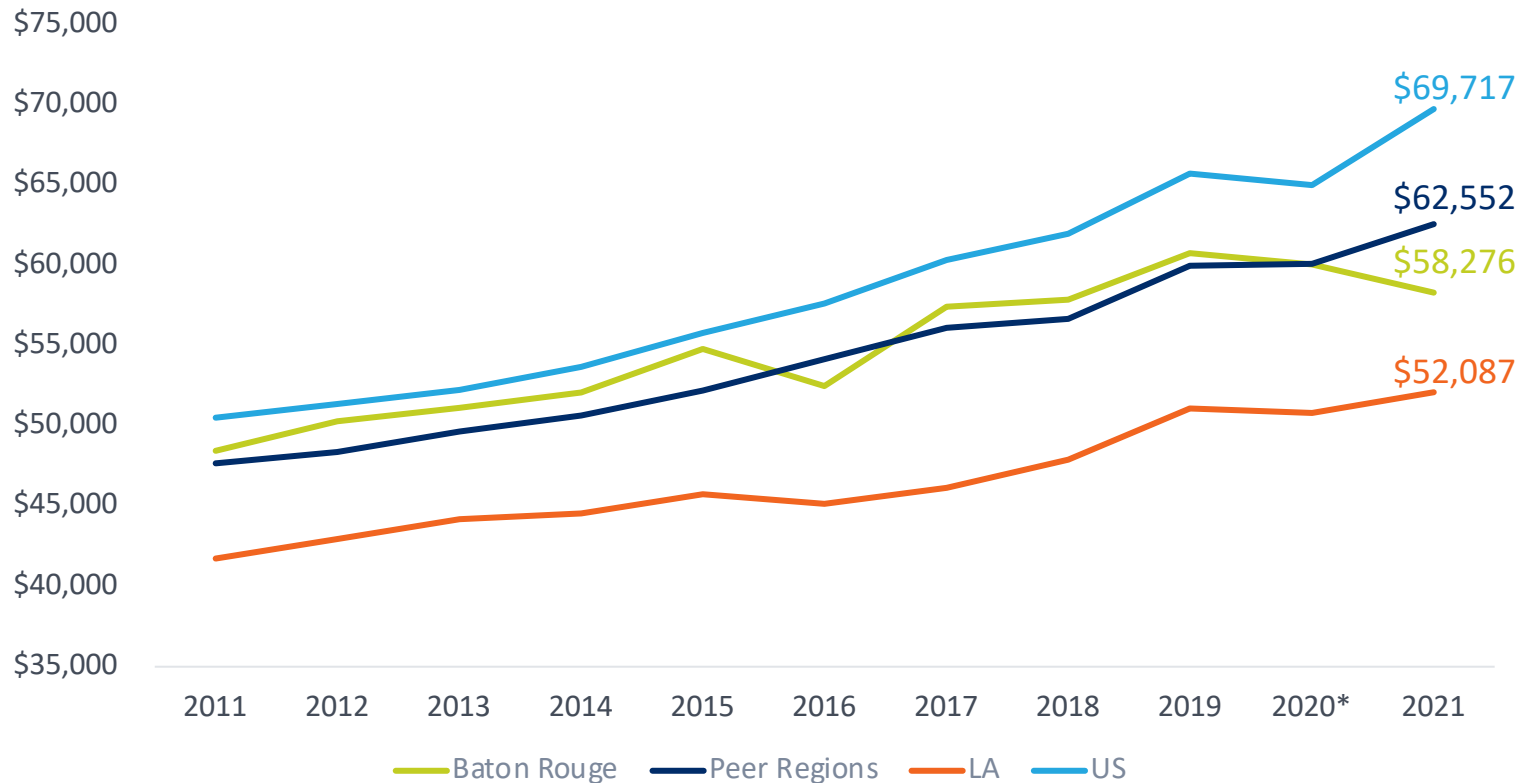
Total



*Non-finalized numbers
 Source: Louisiana State University; Southern University; Baton Rouge Community College; River Parishes Community College; Franciscan University

Incomes have not kept up with national trends, likely due to delayed job recovery in the high-paying construction sector

Median Household Income



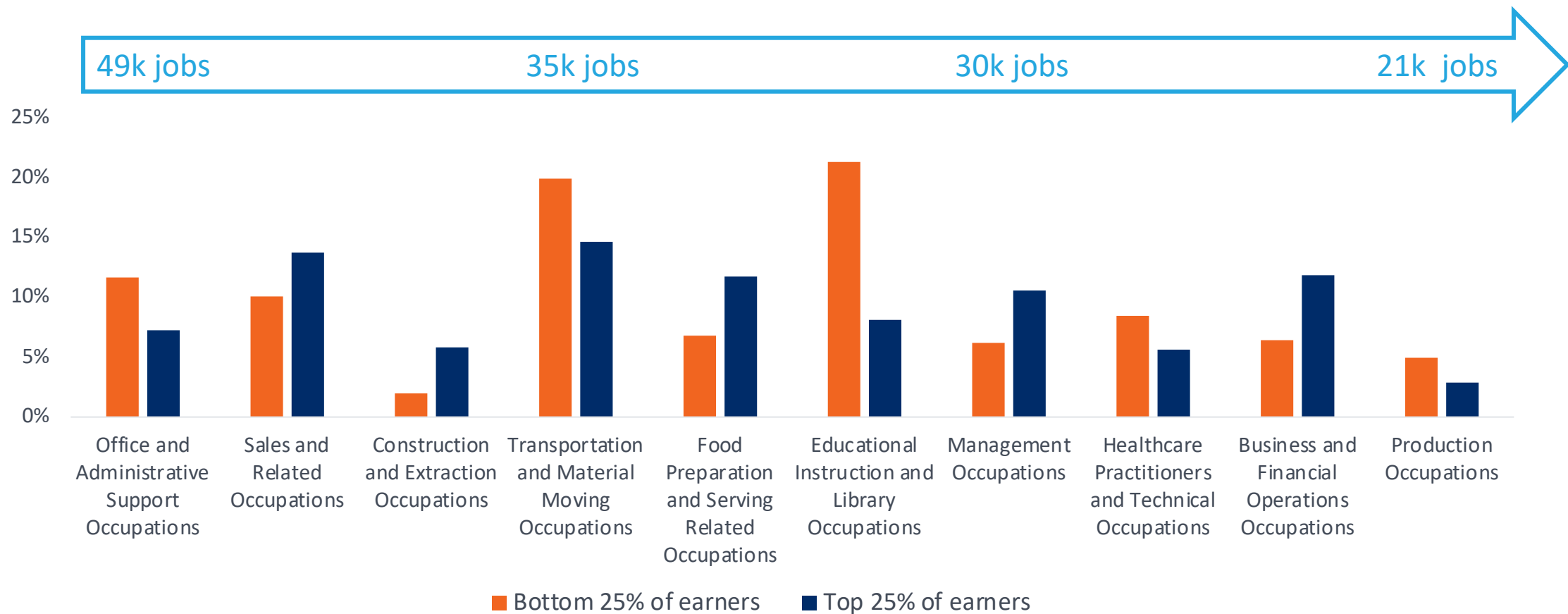
*2020 uses ACS 5-year estimates; all other years use ACS 1-year estimates
 Source: American Community Survey; Lightcast Economic Modeling; BRAC Analysis

Major Baton Rouge Industries

Industry	Average earnings per job	% of regional unemployment
Manufacturing	\$124,985	7%
Management of Companies and Enterprises	\$108,155	1%
Professional, Scientific, and Technical Services	\$87,518	6%
Construction	\$74,250	19%
Transportation and Warehousing	\$68,158	5%
Government	\$67,059	3%
Healthcare and Social Assistance	\$66,418	11%
Educational Services	\$42,417	3%
Retail Trade	\$40,457	9%
Accommodation and Food Services	\$23,468	10%

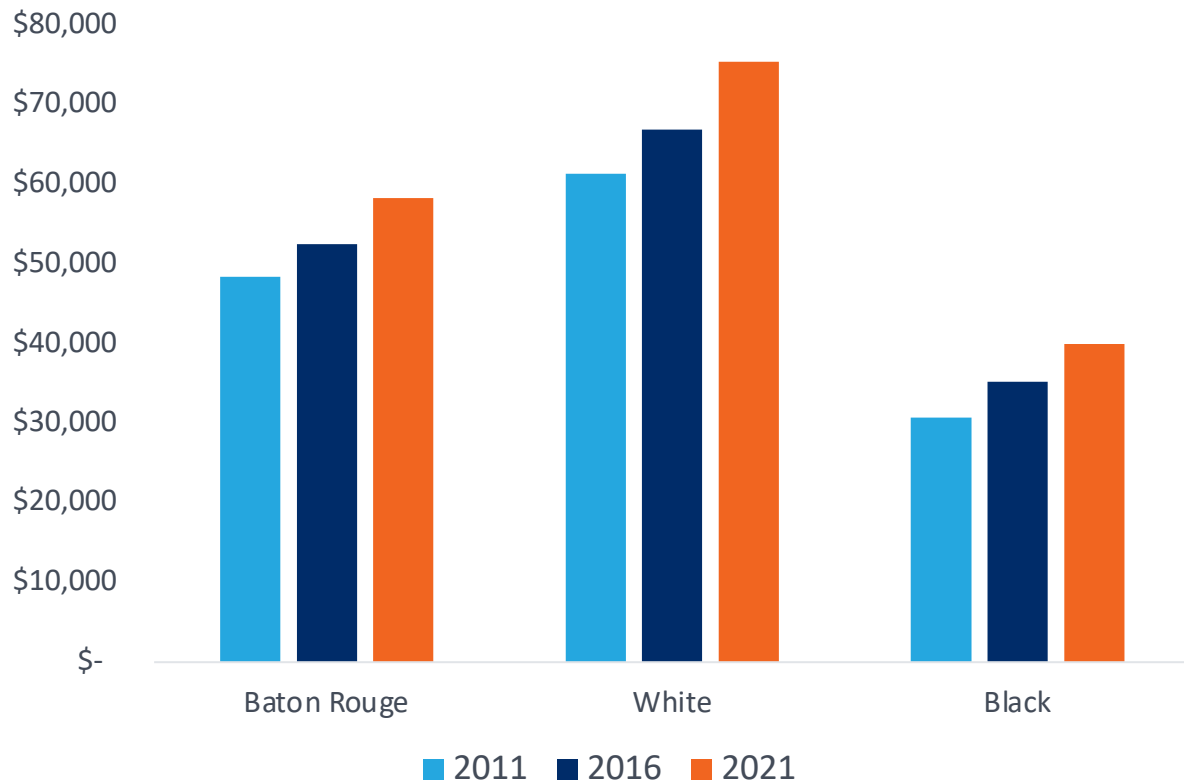
Wages are rising for earners at the top and bottom of the income spectrum

Percent Wage Growth for Major Occupations, 2019 - 2021



Incomes are growing faster for Black households in the region, but significant disparities remain

Median Household Income

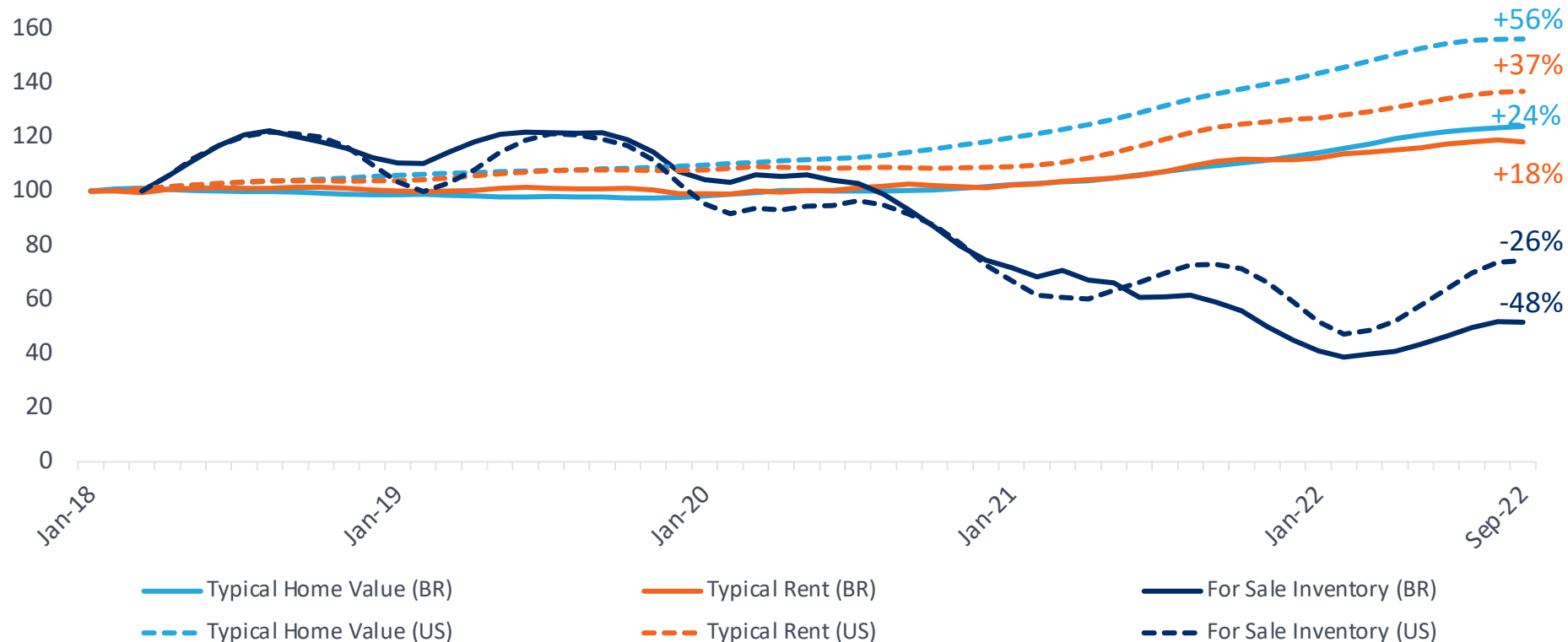


Household Income Growth, by race

	5Y Growth		10Y Growth	
	Net	Percentage	Net	Percentage
Overall	\$5,789	11%	\$9,835	20%
White	\$5,528	8%	\$14,044	23%
Black	\$4,440	13%	\$9,189	30%

While the Capital Region's housing stock is depleting more quickly than the national average, housing prices are not spiking as high

Home Values, Rents, & For-Sale Inventory Indexed to 2018*
(Baton Rouge and US Avg)



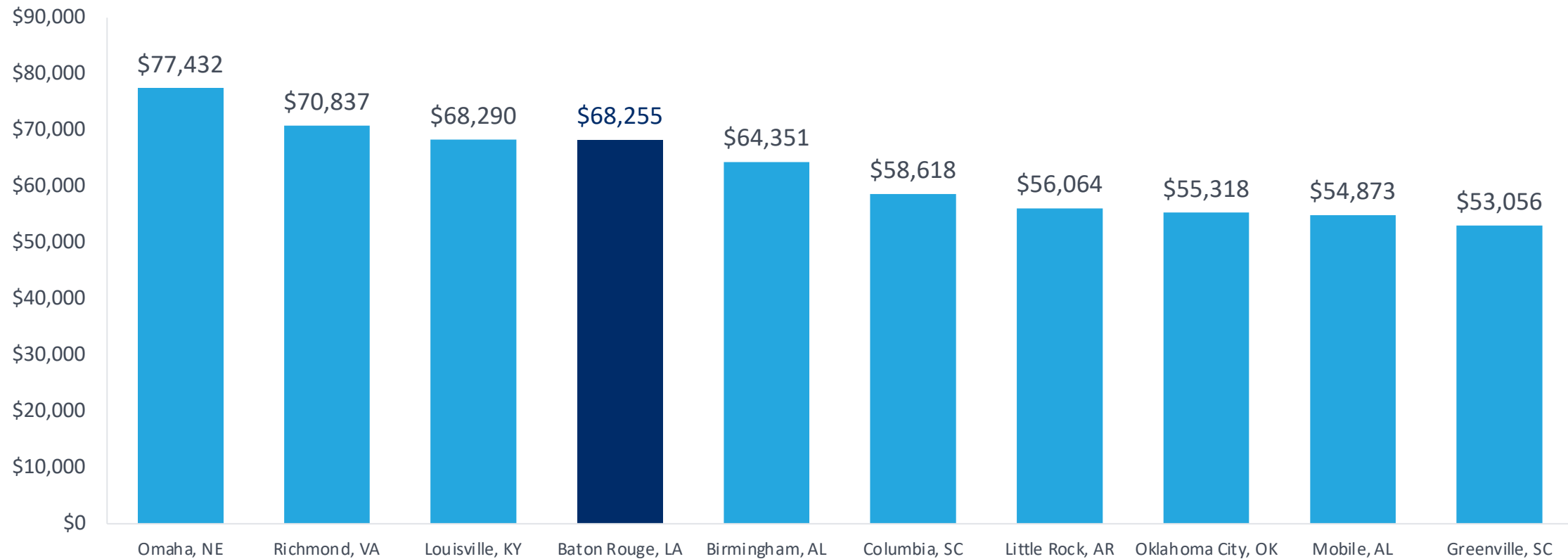
% change since 2018

	Baton Rouge	US Avg
Typical Home Value	24%	56%
Typical Rent	18%	37%
For Sale Inventory	-48%	-26%

*Home values and rents indexed to January 2018; for sale inventory indexed to March 2018
Source: Zillow; BRAC Analysis

Diverse industry mix makes Baton Rouge productive relative to peers

Regional GDP Per Capita, 2022





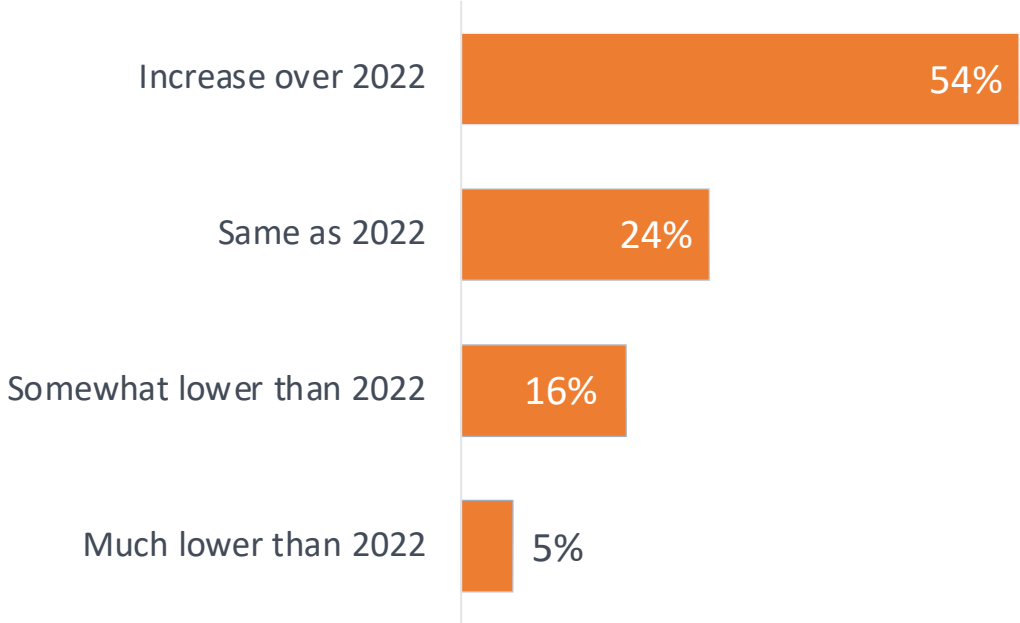
SURVEY SLIDES



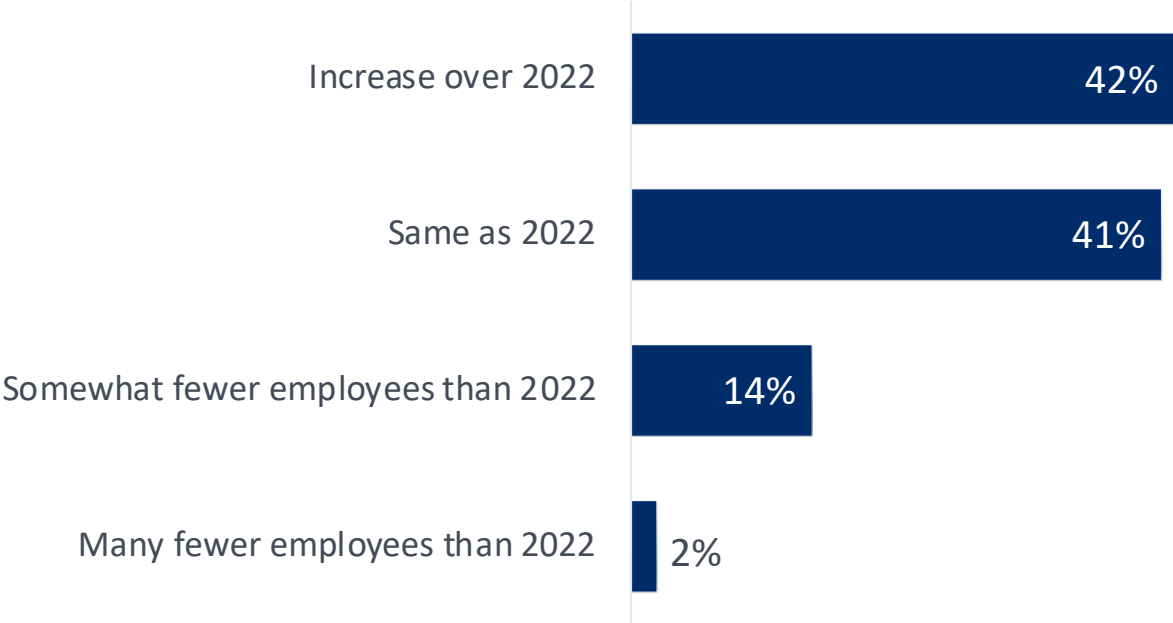
Business leaders are optimistic heading into 2023

Percentage of respondents in a survey of regional business leaders

2023 Revenue Expectations



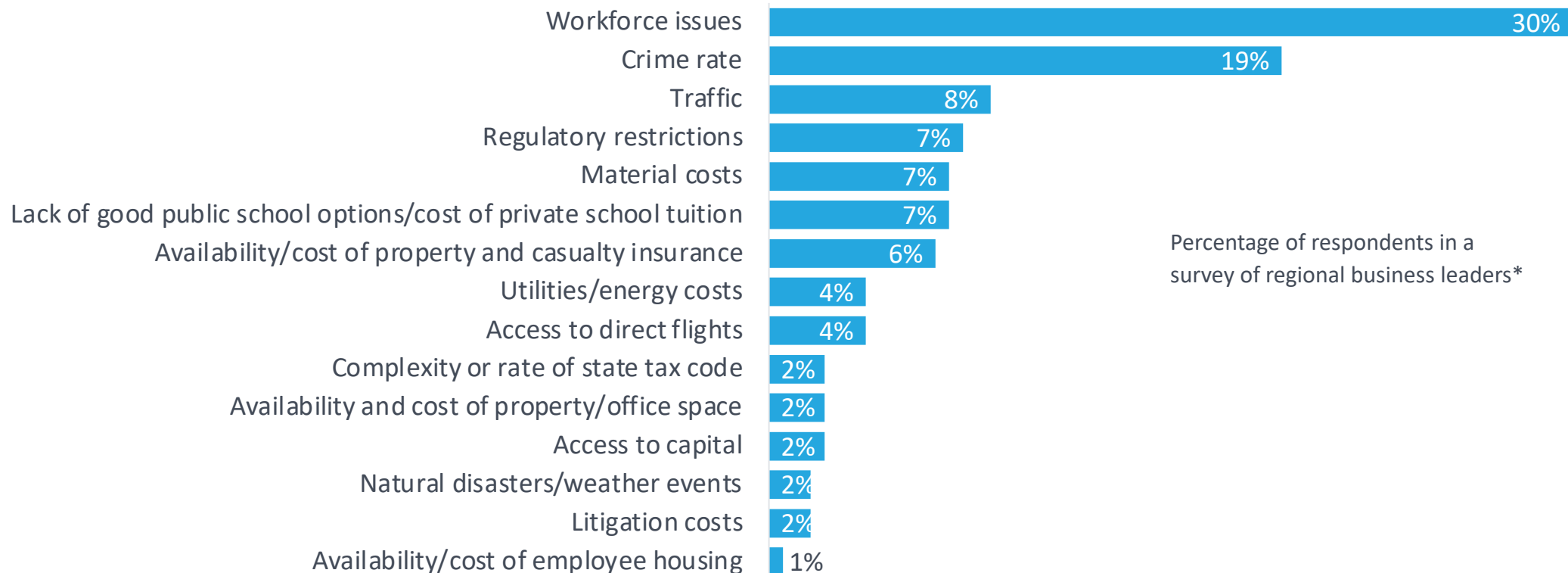
2023 Employment Expectations



Source: BRAC Economic Outlook Survey, Oct. 10 – 28, 2022

Workforce issues are top of mind for the third consecutive year, and crime jumped up two spots from last year

Responses to the question *“Which one of the following obstacles is having a significant negative impact on your business?”*



*Survey Respondents were allowed to select one obstacle
Source: BRAC Economic Outlook Survey , Oct. 10 – 28, 2022

A lack of talent with requisite experience is the top concern of area business leaders regarding workforce issues, but rising salaries are a growing concern too

Ranking		2023 Available Workforce Obstacles	% of survey respondents citing this as an obstacle*
1	↑	Lack of Talent with Requisite Experience (#2 in '22)	49%
2	↓	Too Few Applicants (#1 in '22)	42%
3	↑	Rising Salary Costs Within Your Industry (#7 in '22)	38%
4	↑	Losing Candidates/Employees to Other Markets (#6 in '22)	32%
5	↓	Applicants with Salary Expectations Above Industry Standard (#3 in '22)	30%
6	↓	Lack of Talent with Education or Credentials (#2 in '22)	30%
7	↓	Candidates Lacking Soft Skills (#4 in '22)	23%
8	↓	Employee Health Care Costs/Benefits (#5 in '22)	22%

*Survey respondents could select up to five obstacles
Source: BRAC Economic Outlook Survey , Oct. 10 – 28, 2022

Transportation infrastructure remains the top statewide issue of concern

Ranking		2023 Statewide Trends	% of survey respondents citing this as an obstacle*
1	=	Transportation Infrastructure (No Change)	48%
2	=	Tax Structure and Tax Code (No Change)	35%
3	↑	State Government Effectiveness (#4 in '22)	30%
4	↑	State Legal Climate and Tort Reform (#6 in '22)	29%
5	↑	K-12 Education Reform and Performance (#10 in '22)	27%
6	↑	Auto Insurance (#7 in '22)	27%
7	↓	State Economic Development Efforts (#3 in '22)	22%
8	=	State Health Care Issues/Health Insurance (No Change)	18%
9	NEW	State Higher Education System/TOPS (N/A)	14%
10	↓	State Regulatory Environment (e.g., DNR, DHH, DEQ, etc.) (#9 in '22)	11%

*Survey respondents could select up to five obstacles
Source: BRAC Economic Outlook Survey , Oct. 10 – 28, 2022

Key Takeaways

Capital Region's entrepreneurial spirit is strong with 38,000+ new business applications and 2,700+ new establishments in the last two years

The construction sector, responsible for most of the region's job losses, is poised for a big year in 2023

Migration is up overall, and better retaining our record number of college students is important for growing our economy

Business leaders are optimistic heading into the new year, but workforce issues continue to impede greater growth