THE BATON ROUGE AREA CHAMBER'S 2019

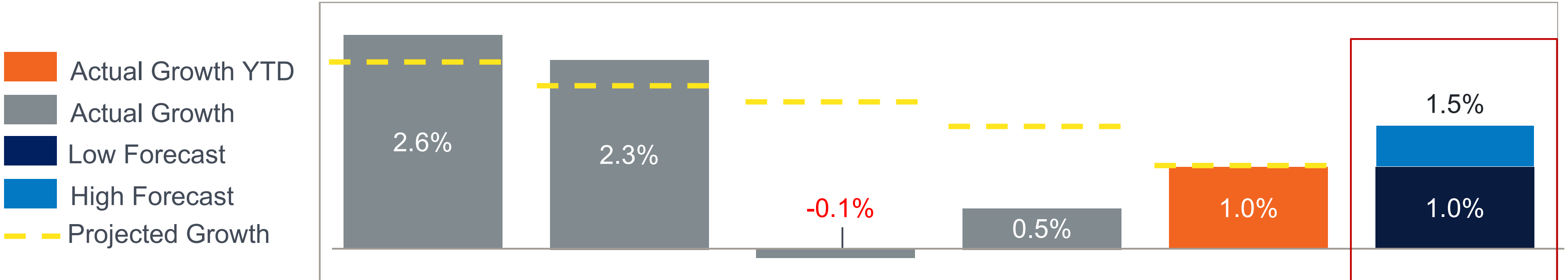
ECONOMIC OUTLOOK

Baton Rouge Area Chamber®

Projected Job Growth

Baton Rouge is projected to increase employment by 1.3% in 2019, which translates into approximately 5,100 new jobs

Percentage change in nonfarm jobs*



	2014	2015	2016	2017	2018	2019P
Annual Employment** (in thousands)	395.8	404.9	404.7	406.6	410.6	414.7-416.8
Actual Job Growth	10,075	9,050	(242)	1,908	3,992	4,100-6,200
Projected Growth Rate	2.3%	2.0%	1.9%	1.5%	1.1%	1.0%-1.5%

Most conservative	Moody's	1.0%
Projections	EMSI	1.3%
Least conservative	Dr. Scott	1.5%

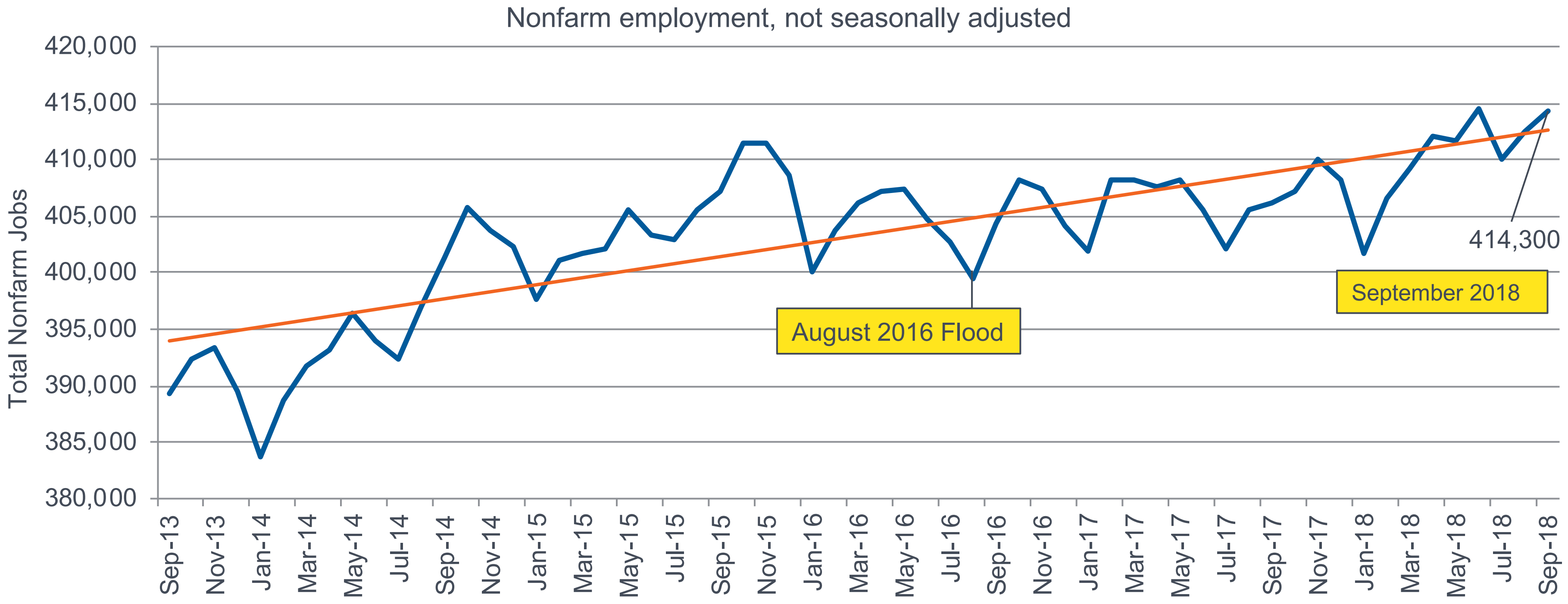
*Not Seasonally Adjusted

**Average annual monthly employment; average through October for 2018

Source: Bureau of Labor Statistics; Loren Scott's Louisiana Economic Outlook; Moody's; Economic Modeling Systems Incorporated; BRAC analysis

Continued Job Growth

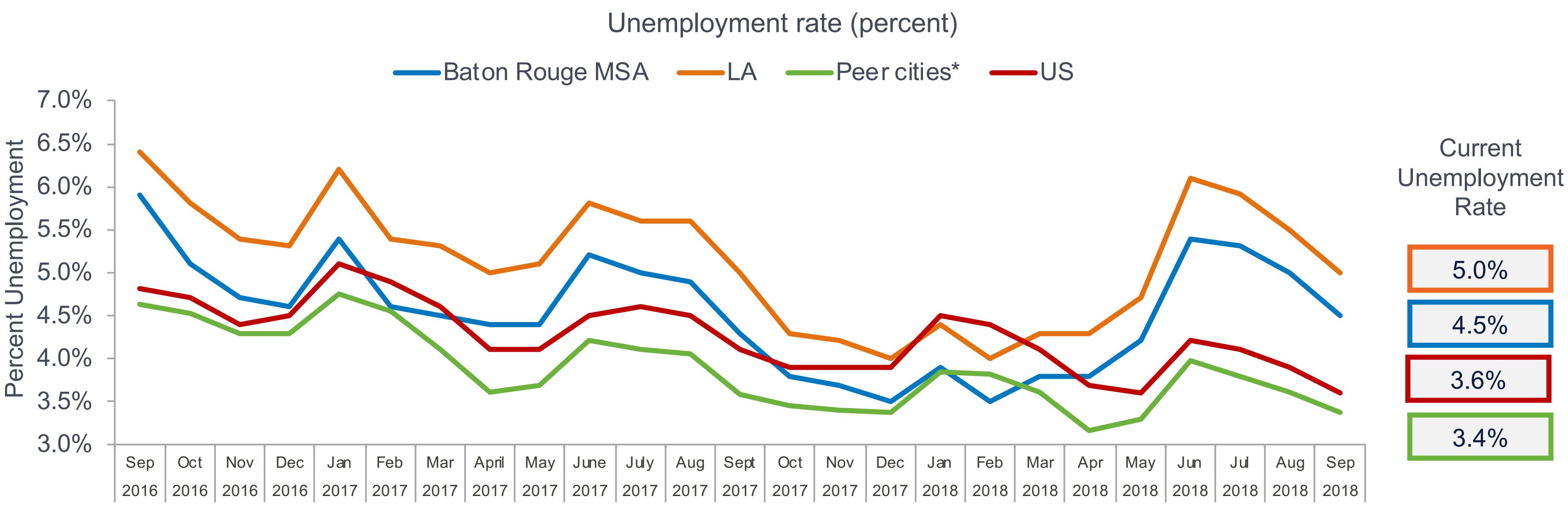
Regional employment is slightly ahead of trendline



Source: Bureau of Labor Statistics; BRAC analysis

Regional Unemployment

Capital Region unemployment is **lower** than it is at the state and national level

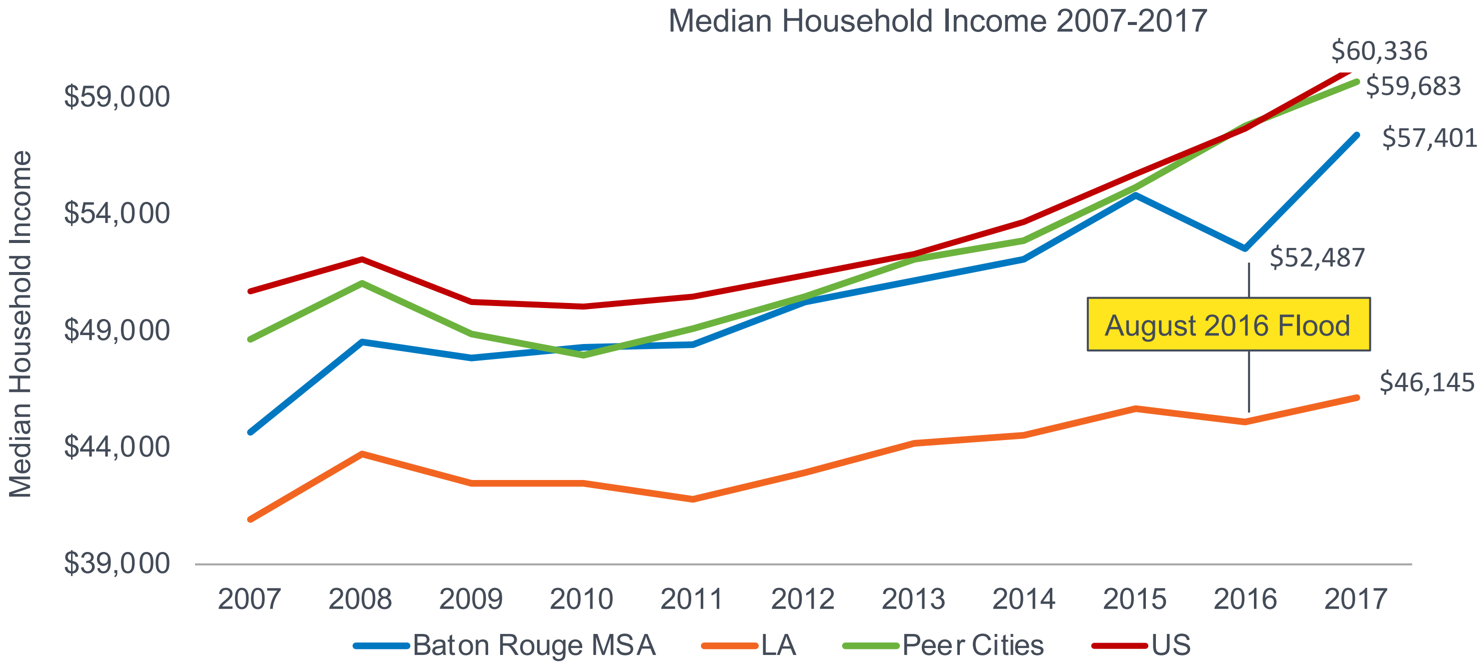


*Peer cities include: Austin, Birmingham, Columbia, Louisville, Oklahoma City, Mobile, Nashville, and Raleigh

Source: Bureau of Labor Statistics; BRAC analysis

Income Growth

Baton Rouge MSA household incomes **rebounded** after falling in 2016



Growth (2007-2017)	
BR MSA	29%
Peer Cities	23%
US	19%
LA	13%

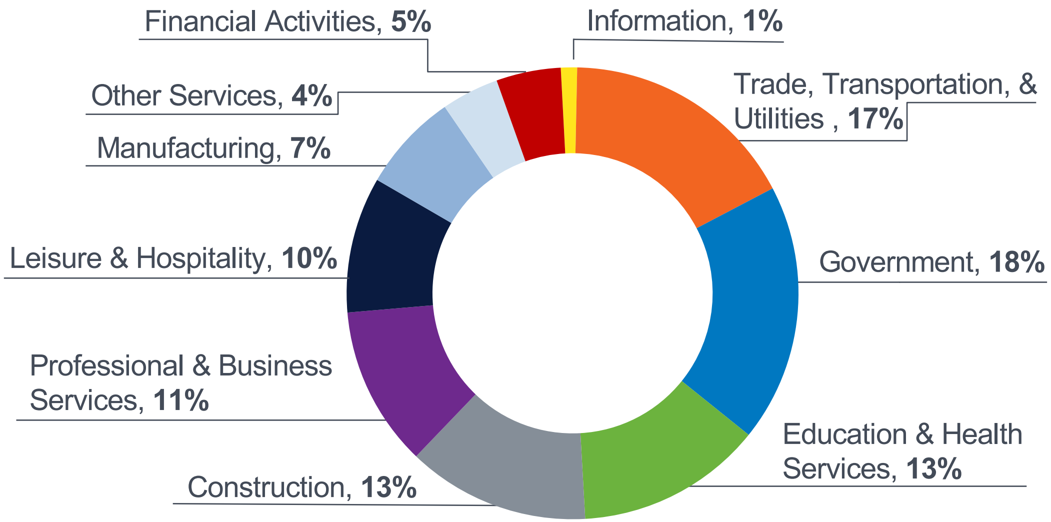
Source: Note all numbers adjusted for inflation, U.S. Census Bureau; BRAC analysis

Regional Economy

82% of the local industry sectors **experienced employment growth** over the last year, led by the Construction and Education & Health Services sectors

Over the Year Job Distribution and Growth

Job Distribution



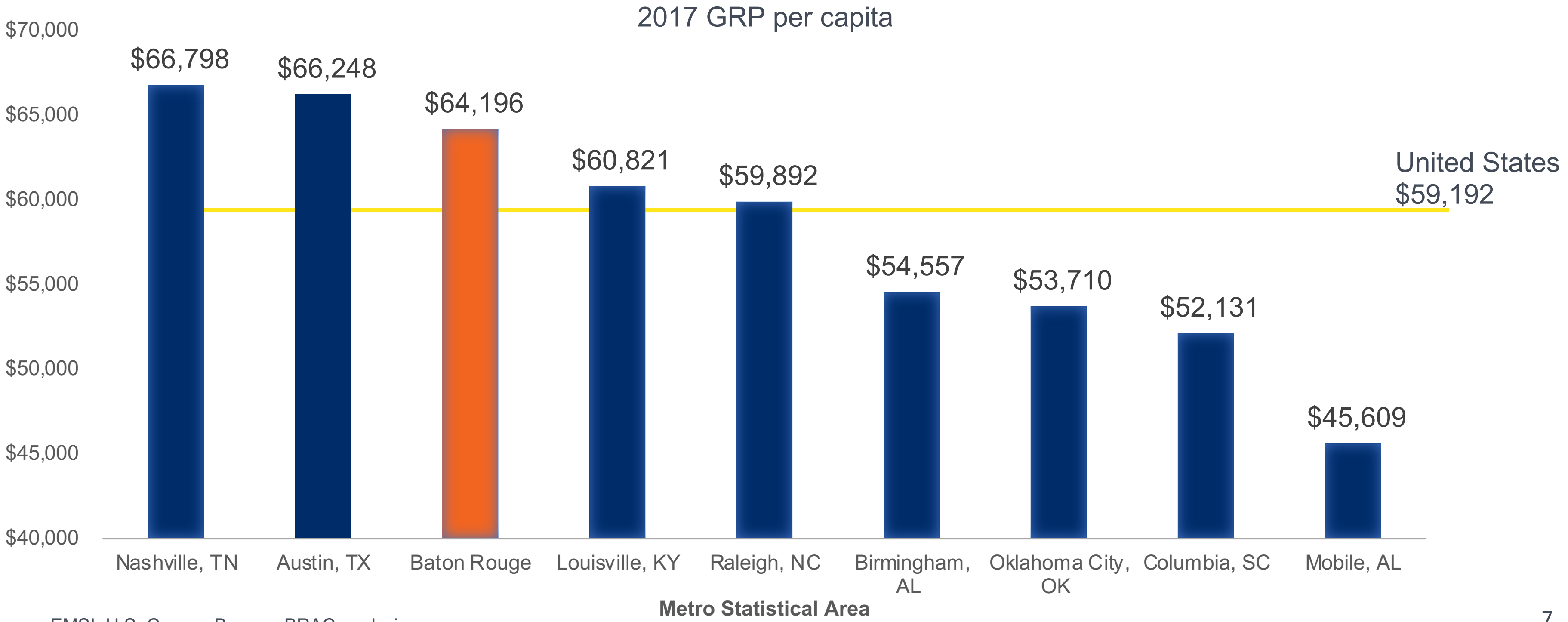
Job Growth by Industry

Construction	7.6%
Education & Health Services	4.0%
Other Services	2.4%
Financial Services	2.1%
Professional & Business Services	1.5%
Manufacturing	0.7%

*Measured September 2017 to September 2018
Source: Bureau of Labor Statistics; BRAC analysis

GRP Per Capita

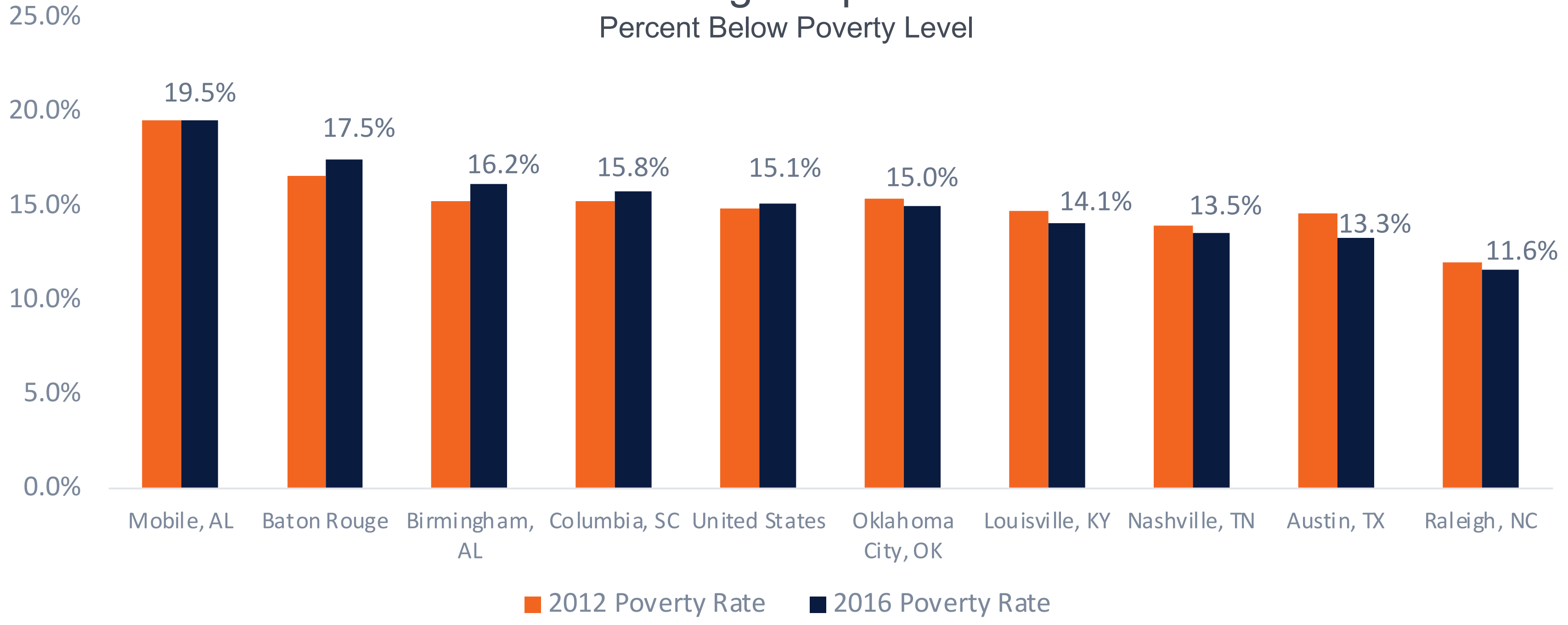
The Baton Rouge Area's gross regional product per capita **outperforms** most of our peer cities



Source: EMSI; U.S. Census Bureau; BRAC analysis

Poverty Rate

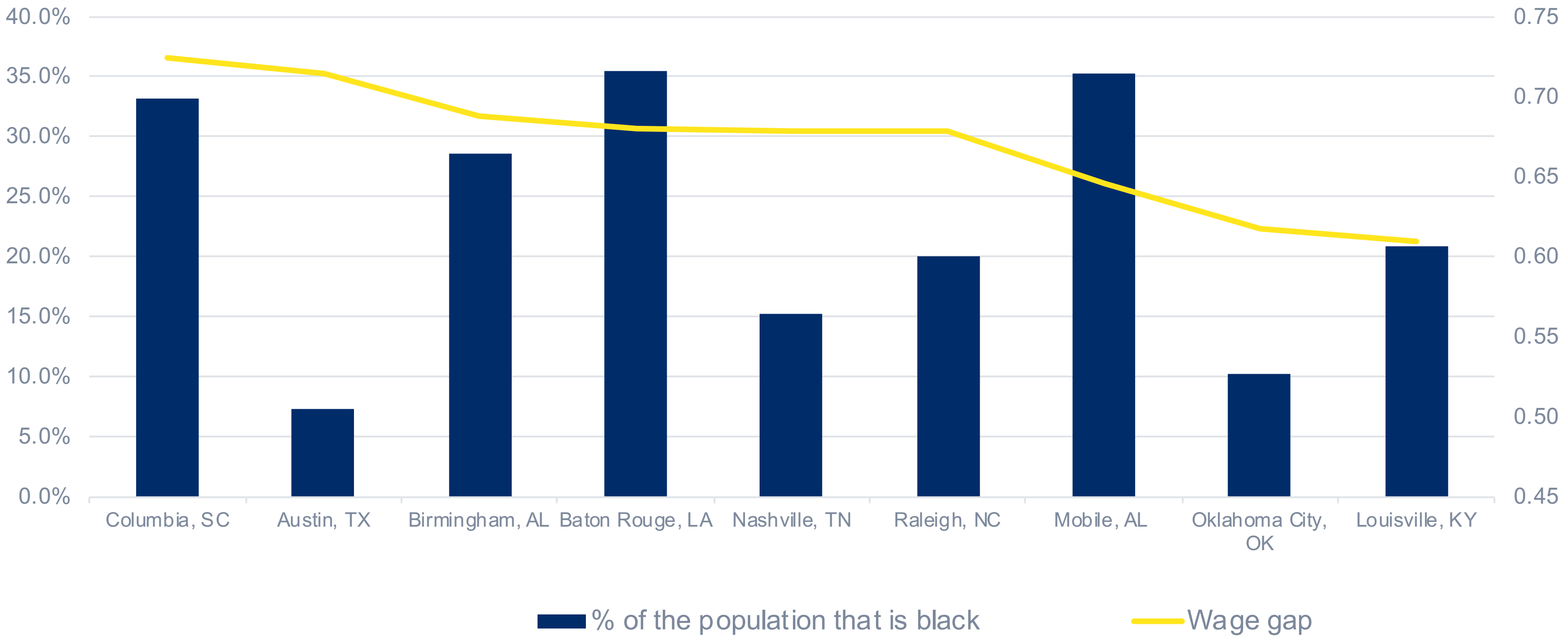
The Baton Rouge Area has the **second highest poverty** rate among our peer cities



Source: U.S. Census Bureau, ACS 5-year estimates; BRAC analysis

Diversity and Income

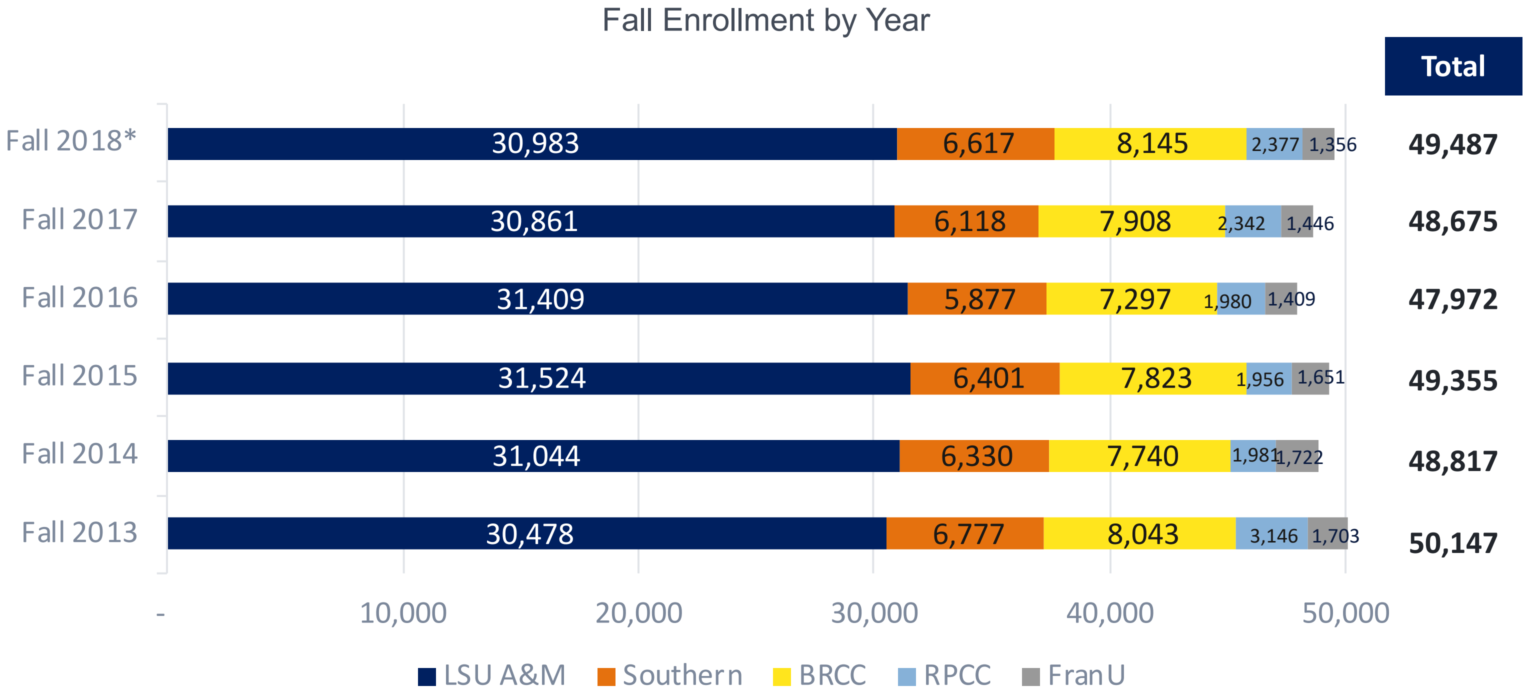
The Baton Rouge Area has a larger black population than its peer cities, but still suffers from similar racial income inequality



Source: U.S. Census Bureau; BRAC analysis

College Enrollment

College enrollment is **down** slightly since 2013 in the Capital Region



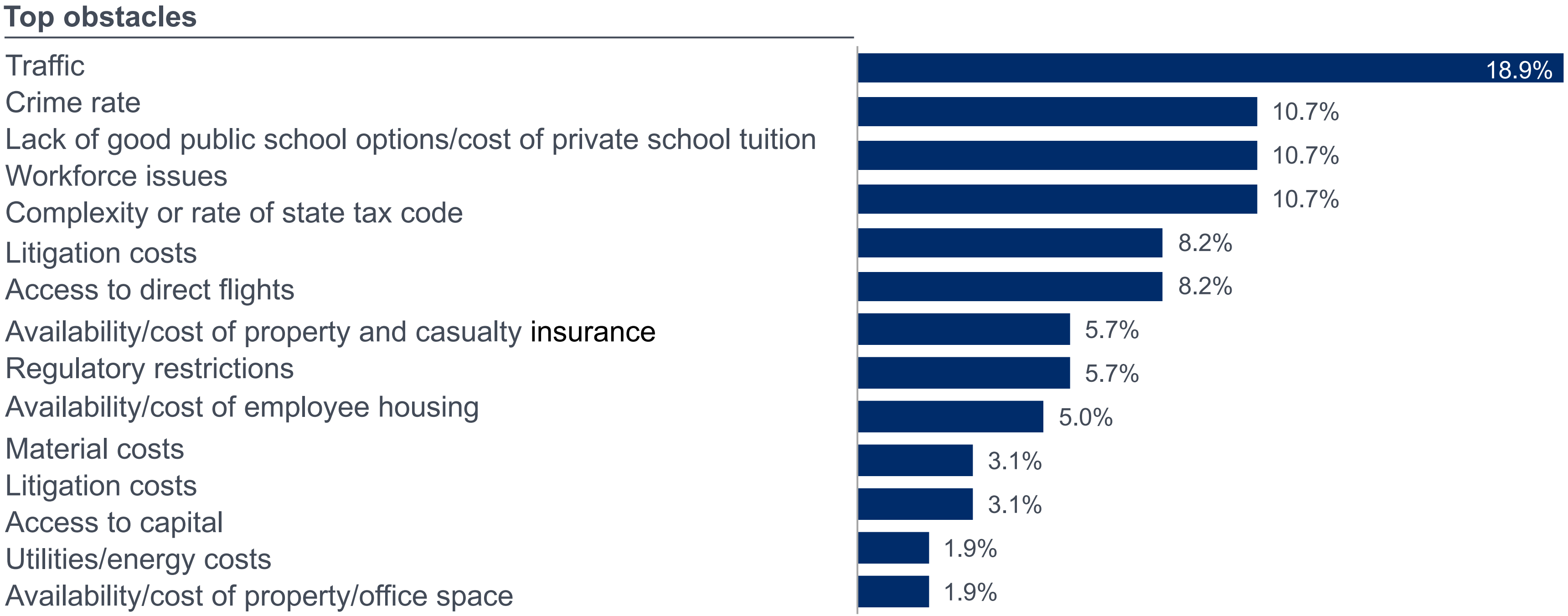
* Non-finalized numbers

Source: National Center for Education Statistics; BRAC analysis

Obstacles for Businesses

Traffic has been the top **obstacle** for businesses in the Capital Region since 2015

Percentage of respondents in a survey of regional business leaders*



*Respondents were allowed to choose multiple answers

Workforce Perceptions

Candidates with unrealistic salary expectations is the **top concern** of area business leaders

Ranking by respondents in a survey of regional business leaders*

Ranking		2019 Available Workforce Obstacles	2018 Available Workforce Obstacles
1	↑	Unrealistic Salary Expectations	Candidates Lacking "Soft" Skills
2	↓	Candidates Lacking "Soft" Skills	Lack Of Requisite Education/Experience
3	=	Losing Talented Employees To Other Markets	Losing Talented Employees To Other Markets
4	↓	Lack Of Requisite Education/Experience	Unrealistic Salary Expectations
5	↑	Too Few Applicants	Challenges With Out-of-state Recruitment
6	=	Retiring Workforce	Retiring Workforce
7	↑	Finding Employees Who Can Pass Drug Screening Tests and/or Remain Drug Free	Finding Experienced Managers
8	↓ ↑	Finding Experienced Managers High Turnover	Finding Employees Who Can Pass Drug Screening Tests and/or Remain Drug Free
9	↓	Challenges With Out-of-state Recruitment	High Turnover

*Respondents were allowed to choose multiple answers

Statewide Concerns

Transportation infrastructure is the **top statewide issue** of concern

Ranking by respondents in a survey of regional business leaders*

Ranking		2019 Statewide Trends	2018 Statewide Trends
1	=	Transportation Infrastructure	Transportation Infrastructure Tax Structure and Tax Code
2	New	State Budget Uncertainty	State Economic Development Efforts
3	↕	State Legal Climate and Tort Reform Tax Structure and Tax Code	Insurance
4	↓	Insurance	K-12 Education Reform and Performance
5	↑	State Government Effectiveness	State Higher Education System
6	↓	State Economic Development Efforts	State Health Care Issues
7	↓	K-12 Education Reform and Performance State Health Care Issues	Tax Incentives
8	↓	State Higher Education System	State Incentives
9	↑	State Regulatory Environment	State Government Effectiveness

*Respondents were allowed to choose multiple answers

National/International Issues

Health care reform/regulations is the **top national and international concern** for the second consecutive year

Ranking of respondents in a survey of regional business leaders*

Ranking		2019 National & International Trends	2018 National & International Trends
1	=	Health Care Reform / Regulations	Health Care Reform / Regulations
2	↑	Federal Reserve Policy	Federal Tax Code
3	↑	Price of Oil	Slow Pace of Economic Recovery
4	↑	Stock Market Performance	Price of Oil
5	New	Elimination of Federal Regulations Tariffs/Trade War	New Financial Regulations Federal Reserve Policy
6	↕	Home Prices And Values Federal Tax Code	Federal Government Gridlock
7	↑	Federal Budget Deficit	Home Prices And Values
8	=	Federal Transportation / Infrastructure Budget	Federal Transportation / Infrastructure Budget The Availability of Credit
9	↓	The Availability of Credit	Federal Budget Deficit Outsourcing

*Respondents were allowed to choose multiple answers

Economic Trends

Impact of global and national economic trends in the Baton Rouge Area

2018-2019 Trends	Impact	Comments
Tariffs/Trade War with China	↓	Agriculture and metal manufacturers have been hurt by lowered international demand and higher prices triggered by economic protectionism
Divided federal government	↔	Regulatory environment likely to remain lax; gridlock may equate to stability. Infrastructure bill possible.
Low natural gas prices	↑	Inexpensive and plentiful natural gas prices have spurred a series of expansion announcements, and this trend is projected to continue
Rising interest rates	↔	Post-recession stability has led to the Federal Reserve raising interest rates; this increases the cost of loans for things like cars and mortgages, but allows savers to earn more on their deposits

Source: Louisiana Economic Outlook 2019-20; Moody's; BRAC analysis

Projected Growth

2019 job growth forecasts for Baton Rouge Regional Labor Market by select industry sectors

	Net New Jobs		Job	
	Low	High	Job Growth	Comments
Construction	50	1,485	0.1–2.6%	A resurgence of industrial construction projects in 2019 is expected to yield job growth
Arts, Entertainment, and Recreation	58	110	1.0–1.6%	The majority of occupations in this industry are not projected to gain or lose more than seven jobs over the year
Finance and Insurance	135	138	0.9–1.1%	Insurance sales agents are projected to gain the most net new jobs
Manufacturing	329	483	1.0–1.3%	Welders are projected to gain the most net new jobs
Professional & Business Services	419	499	1.7–2.3%	Gains spurred by growth in accountants and auditors, paralegals and legal assistants, and computer user support specialists
Retail Trade	510	635	1.0–1.2%	Retail salespersons are projected to gain the most net new jobs
Health Care and Social Assistance	542	1,434	0.9–2.6%	Personal care aides and registered nurses are the health care positions with the highest projected growth
Total	**2,043**	**4,784**		

*The Baton Rouge Regional Labor Market consists of the 9-parish Capital Region plus Tangipahoa Parish and Washington Parish.
Source: EMSI Projections; Louisiana Workforce Commission Projections, Baton Rouge Region; Louisiana Economic Outlook; BRAC analysis

Projected Growth

All parishes are expected to experience **job growth**, led by Iberville and Ascension

	Net New Jobs	Job Growth	Pop. Growth	Comments
Ascension	1,639	3.3%	1.5%	Highest growth in construction, accommodation and food services, and manufacturing
East Baton Rouge	1,785	0.6%	0.1%	Significant gains in health care and social assistance
East Feliciana	23	0.4%	-0.4%	No industry is projected to gain more than 20 jobs
Iberville	789	4.3%	-0.2%	Significant gains in construction accounts for much of this growth
Livingston	942	2.9%	0.9%	Largest gains in retail trade and accommodation and food services, highest percent growth in information
Pointe Coupee	68	1.1%	-0.2%	Largest increase in health care and social assistance
St. Helena	25	1.3%	-0.5%	No industry is projected to gain or lose more than 10 jobs
West Baton Rouge	231	1.7%	1.1%	Manufacturing is projected to experience solid gains
West Feliciana	91	1.6%	0.0%	No industry is projected to gain or lose more than 30 jobs

Source: EMSI 2019 Projections; BRAC analysis

Metro Migration

The Baton Rouge Area experienced positive net migration in 2016, but lags behind several peers

MSA	Net Migration
Austin, TX	29,192
Columbia, SC	19,412
Nashville, TN	15,977
Oklahoma City, OK	8,278
Raleigh, NC	7,360
Baton Rouge, LA	3,942
Birmingham, AL	-68
Mobile, AL	-3,990
Louisville, KY-IN	-4,379

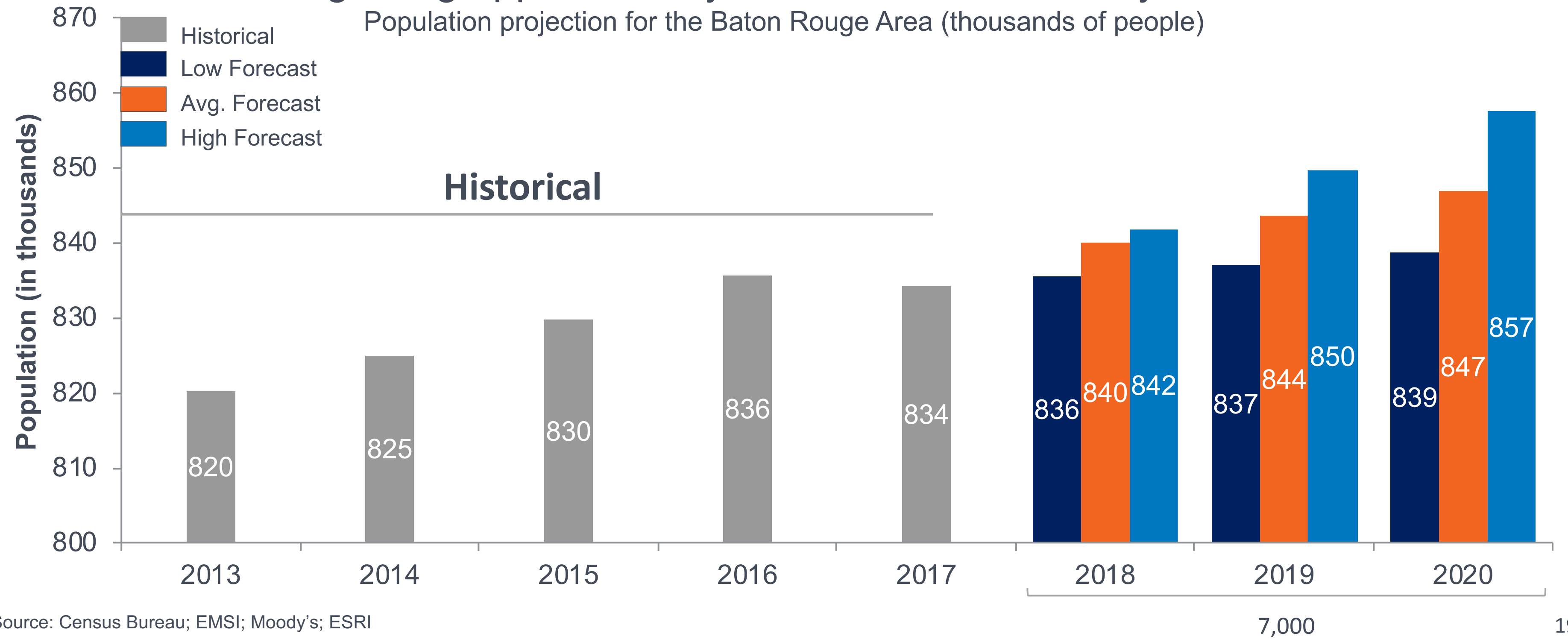
Top 3 MSAs	In-Migration
New Orleans	6,324
Houston	1,543
Lafayette	1,434

Top 3 MSAs	Out-Migration
New Orleans	4,190
Hammond	2,007
Houston	1,903

Source: U.S, Census Bureau; BRAC analysis

Population Growth

Local **population growth** is projected to continue, with the Baton Rouge Area gaining approximately 7,000 new residents by 2020



Source: Census Bureau; EMSI; Moody's; ESRI