



THE BATON ROUGE AREA CHAMBER'S
2018 ECONOMIC OUTLOOK



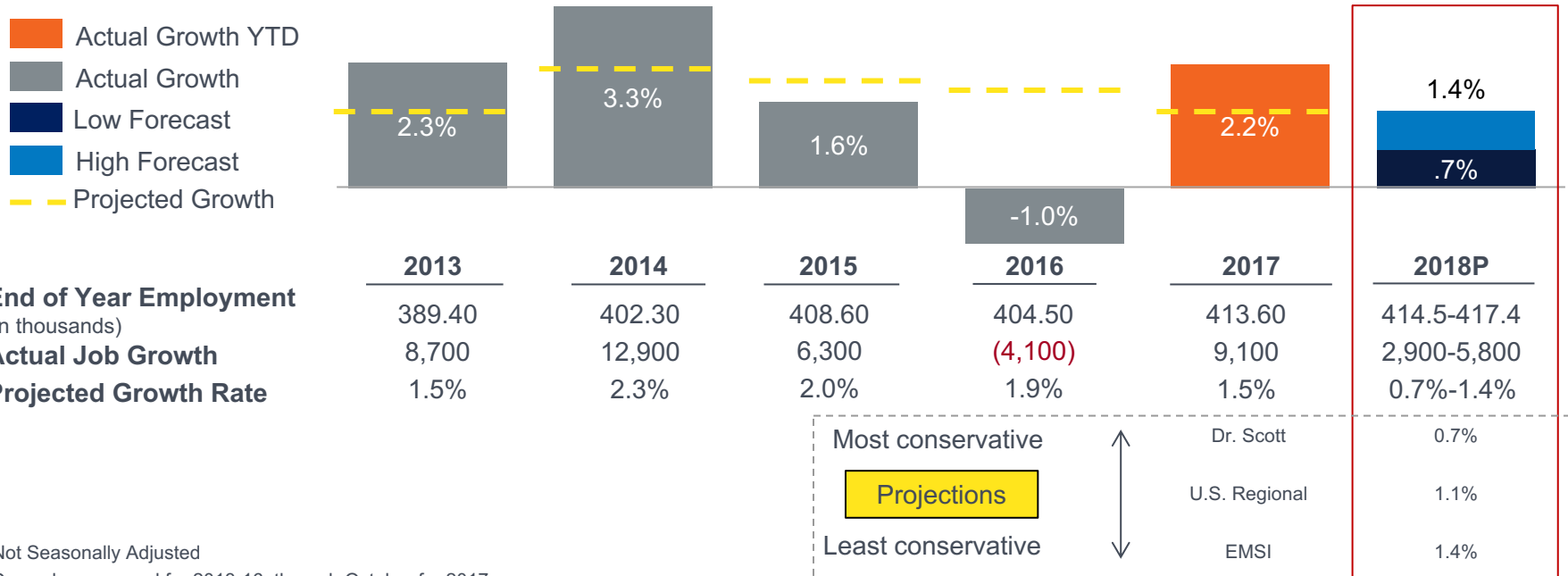
Baton Rouge Area Chamber®

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Projected Job Growth

Baton Rouge is projected to increase employment by 1.1% in 2018, which translates into approximately 4,500 new jobs

Percentage change in nonfarm jobs*



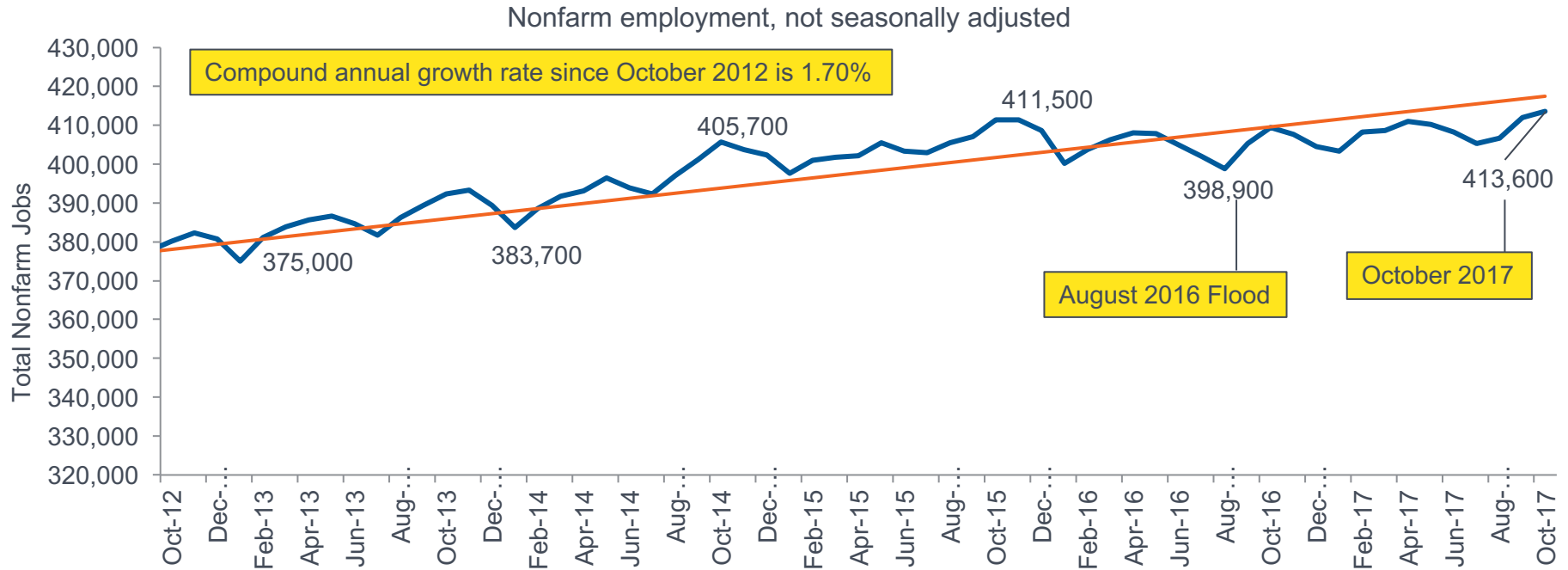
*Not Seasonally Adjusted

*December year end for 2013-16; through October for 2017

Source: BLS; Loren Scott's Louisiana Economic Outlook; U.S. Regional; Economic Modeling Systems Incorporated; BRAC analysis

Continued Job Growth

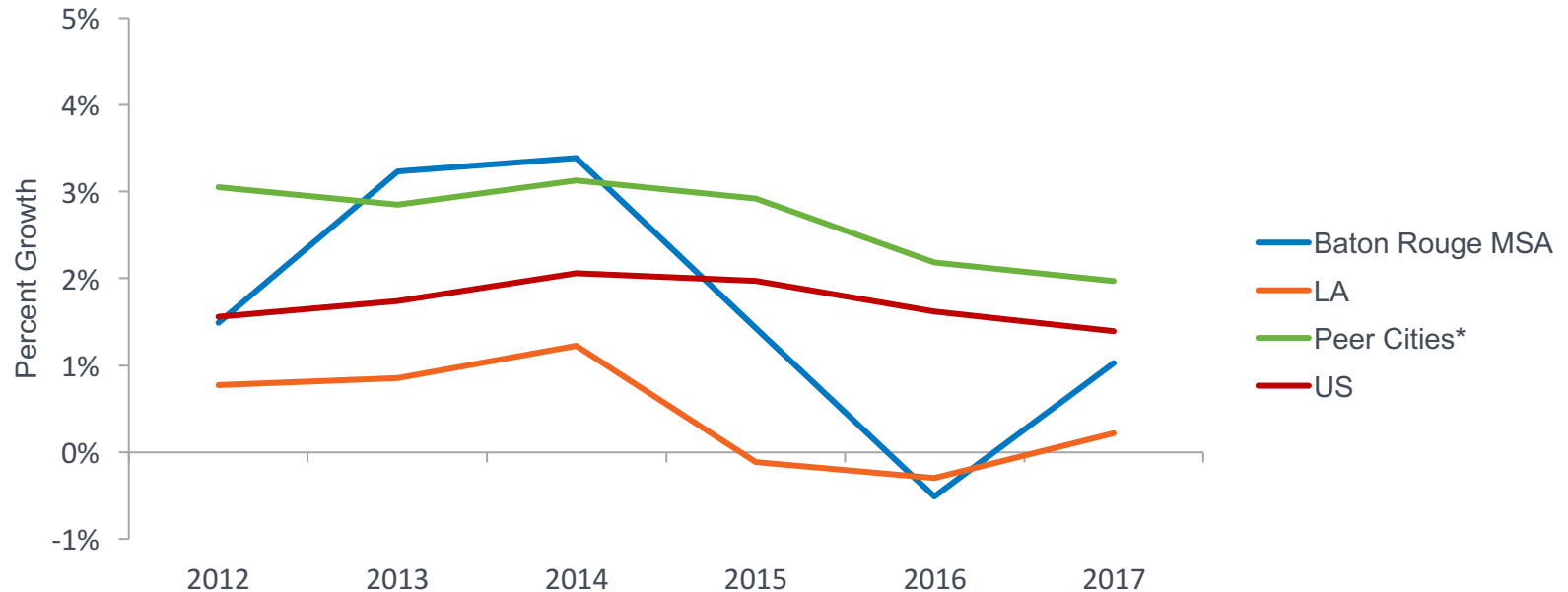
Regional employment **growth continues** despite a downturn caused by the 2016 flood



Job Growth Comparison

Regional employment growth **outperformed** that of the United States so far in 2017

Nonfarm employment, not seasonally adjusted (percent change, measured October to October)

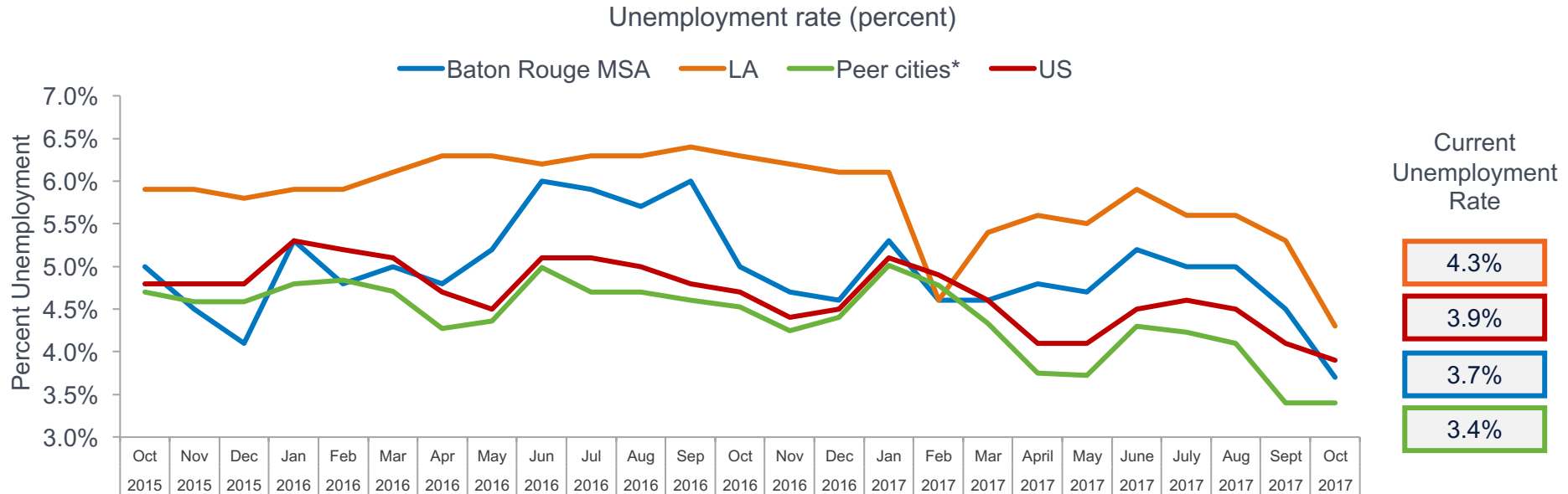


*Peer cities include average of: Austin, Birmingham, Columbia, Louisville, Oklahoma City, Mobile, Nashville, and Raleigh

Source: Bureau of Labor Statistics; BRAC analysis

Regional Unemployment

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



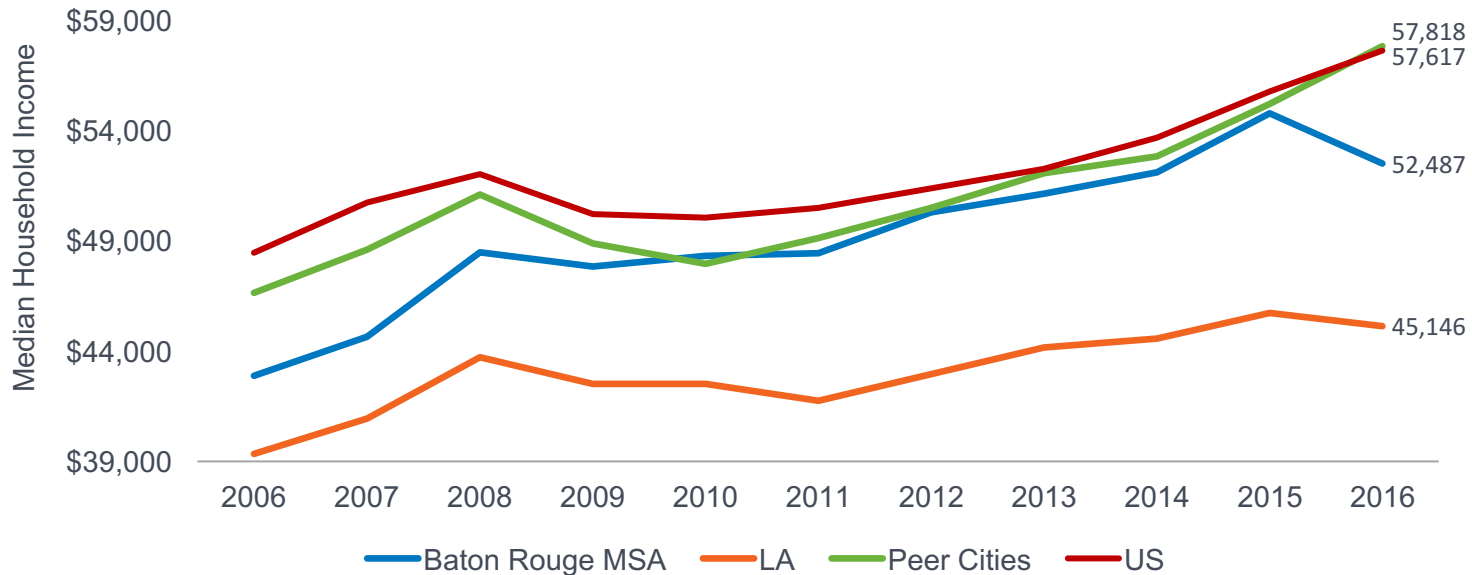
*Peer cities include: Austin, Birmingham, Columbia, Louisville, Oklahoma City, Mobile, Nashville, and Raleigh

Source: Bureau of Labor Statistics; BRAC analysis

Income Growth

Baton Rouge MSA household incomes **fell** for the first time since 2009

Median Household Income 2006-2016



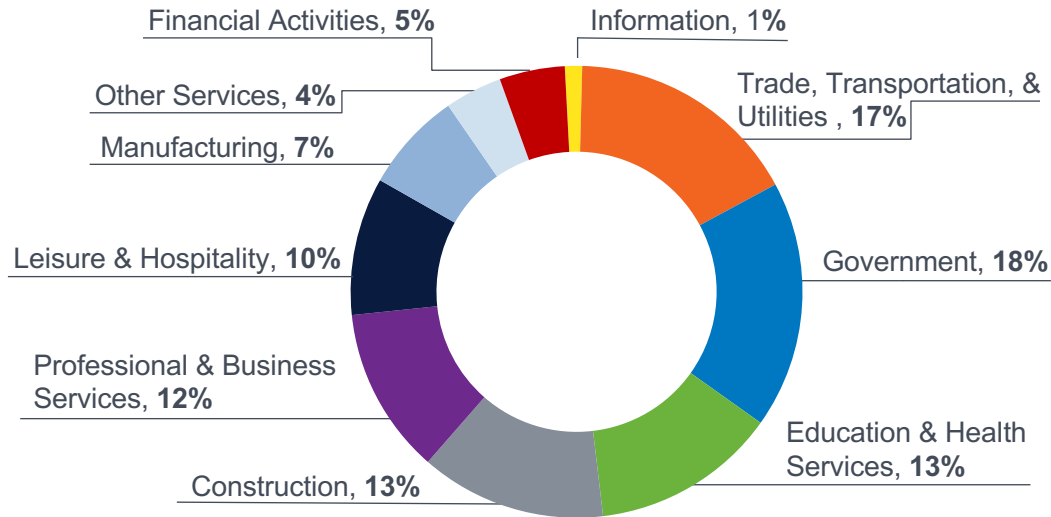
BR's 22% increase in median household income is greater than the U.S.'s 19% and LA's 15%. Peer cities' experienced a 24% rise over the same time period.

Regional Economy

55% of the local industry sectors **experienced employment growth** over the last year, led by the Education & Health Services and Leisure & Hospitality sectors

Over the Year Job Distribution and Growth

Job Distribution



Job Growth by Industry

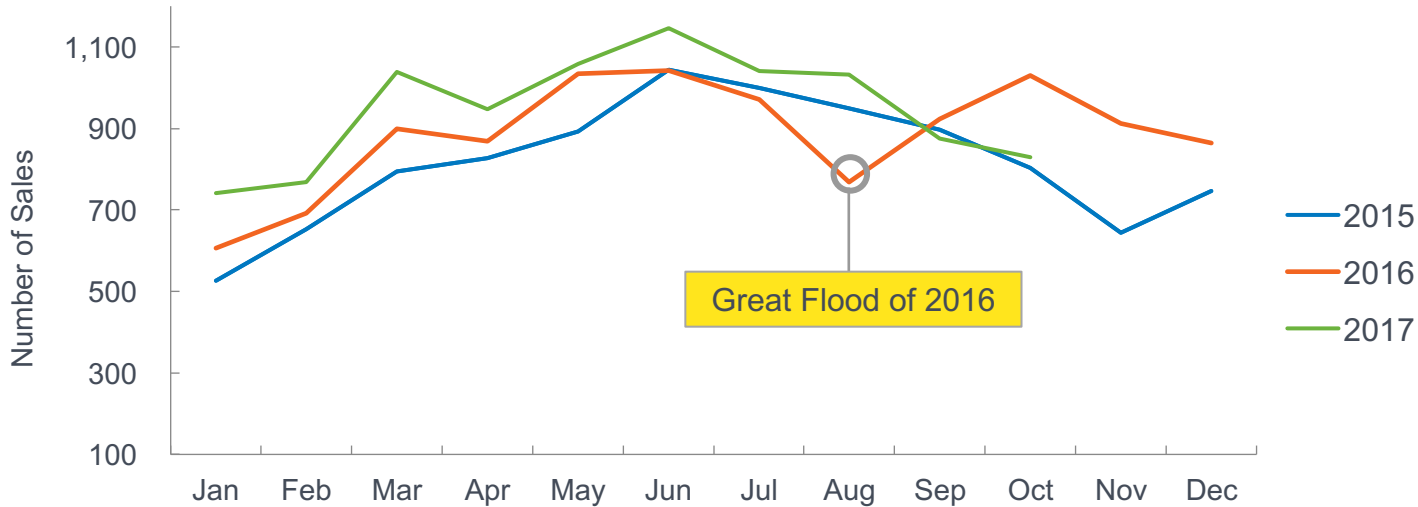
Education & Health Services	5.2%
Leisure & Hospitality	4.1%
Other Services	1.8%
Financial Services	1.6%
Construction	1.5%
Manufacturing	0.7%

*Measured October 2016 to October 2017
Source: Bureau of Labor Statistics; BRAC analysis;

Real Estate Market

The Baton Rouge Area's real estate market showed **growth** in sales and home prices over the past year

Baton Rouge Area cumulative home sales (units sold)



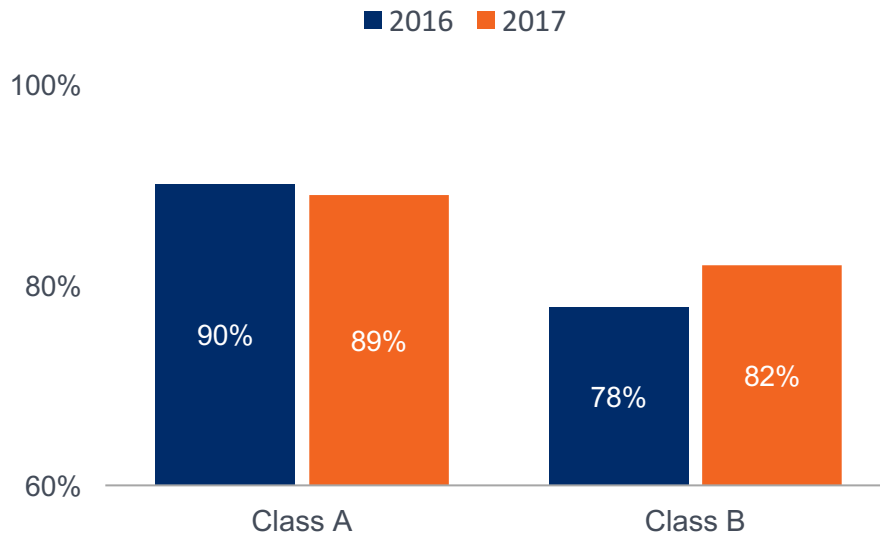
YTD 2017 closed sales are 9,475, up from YTD 2016's 8,881

The October 2017 average home sale price of \$228,658 is 8.8 percent higher than the October 2016 average

Current Office Market

The Baton Rouge Area's office occupancy rates are in line with those of our peer metros

Occupancy Rates by Class



City	Occupancy Rate*
Birmingham	84.0%
South	85.6%
Columbia	87.0%
U.S. Average	87.7%
Baton Rouge	89.0%
Nashville	90.1%
Little Rock	91.6%
Raleigh-Durham	92.6%

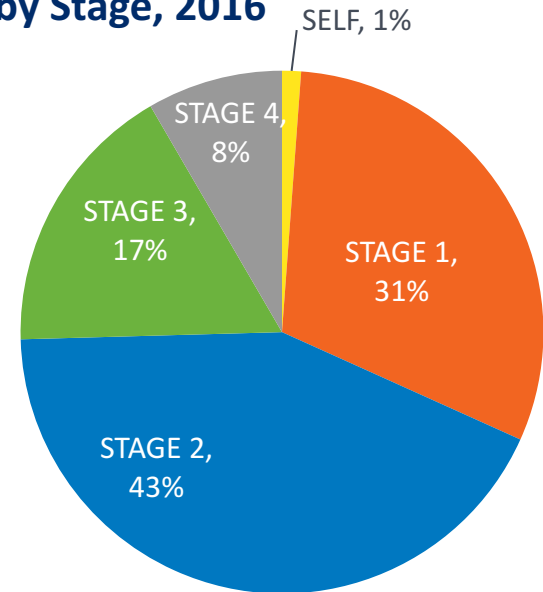
*Average Downtown and Suburban class A office occupancy rates
Source: Colliers International Q3 2017 U.S. Office Market Outlook Report; BRAC interviews

Business Growth Rate

The Capital Region experienced a **growth** of 32% in its number of businesses from 2011-2016

	2011	2016	Change	% Change
Number of Businesses	45,892	60,738	14,846	32%
All Jobs	435,058	555,283	120,255	28%
Self Employed (1)	5,226	6,501	1,275	24%
Stage 1 (2-9)	122,540	169,731	47,191	39%
Stage 2 (10-99)	187,676	237,807	50,131	27%
Stage 3 (100-499)	72,758	94,676	21,918	30%
Stage 4 (500+)	46,858	46,578	(280)	(1%)

Jobs by Stage, 2016

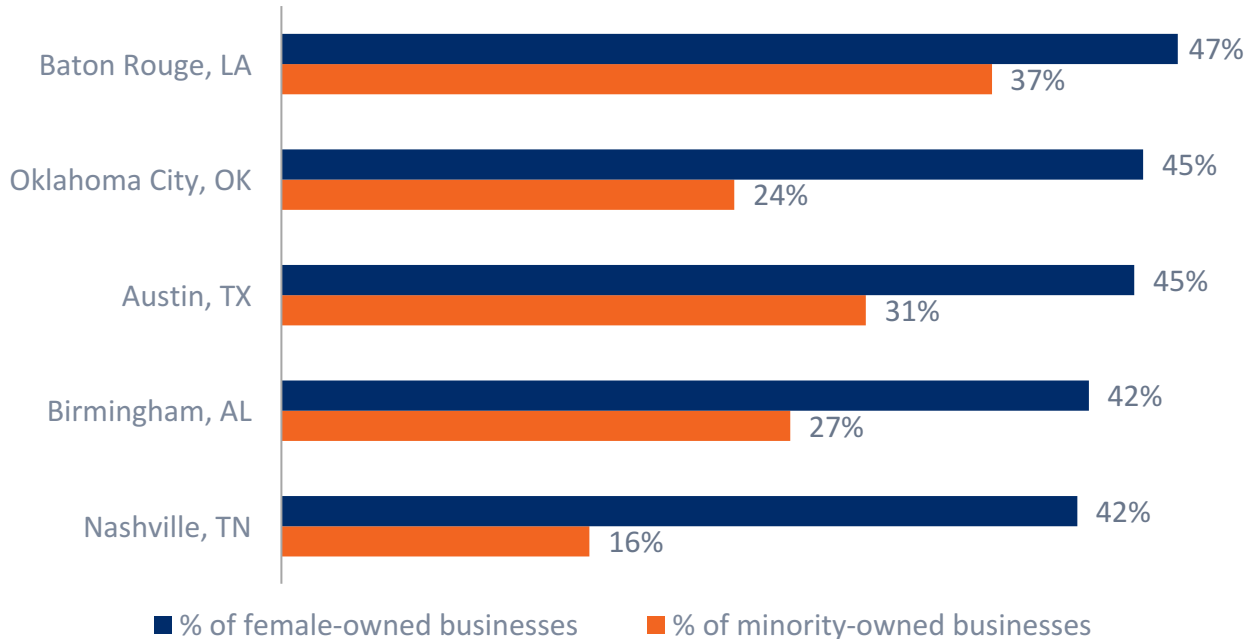


*Total number of jobs in region, not total number of employed persons
 Source: youreconomy.org, BRAC analysis

Diversity in Business Ownership

The Baton Rouge Area has a **higher percentage** of businesses that are female/minority owned than peer cities

Percentage of female and minority owned businesses as a percentage of total firms*

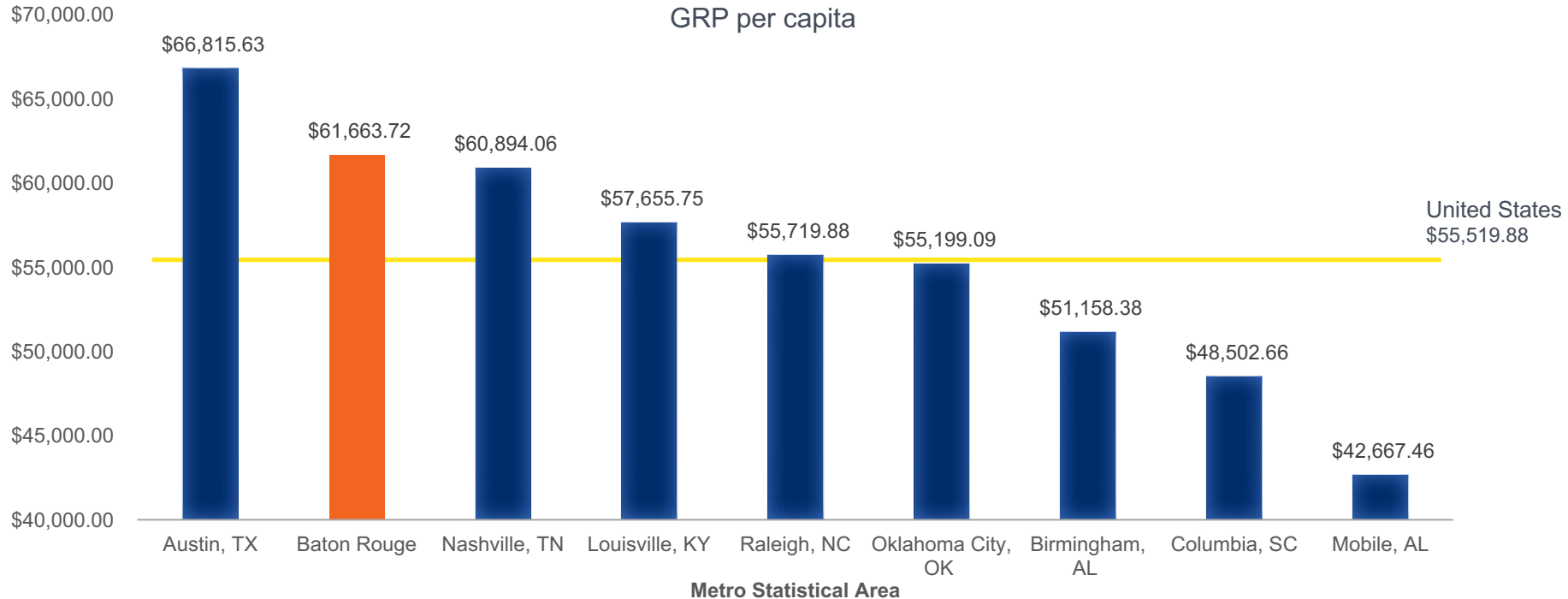


Between 2007 and 2012, the percentage of minority-owned businesses as a percentage of total businesses in the region increased by 9.5%

However, during that same period, the percentage of female-owned businesses fell by 1%

2016 GRP Per Capita

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

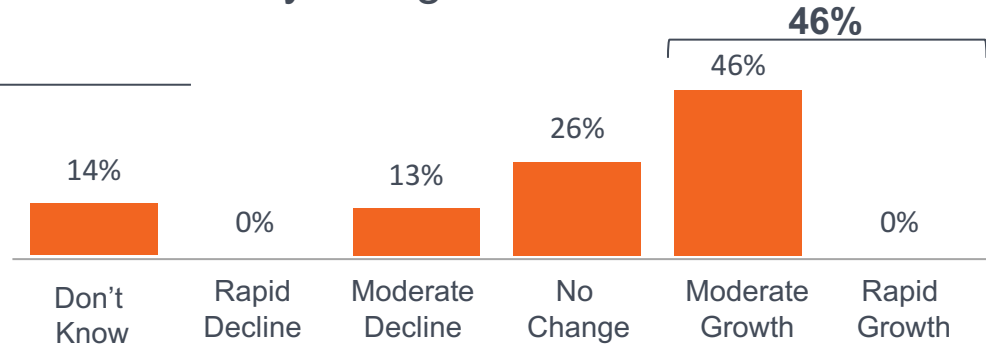


2018 Forecasts

Percentage of respondents in a survey of regional business leaders*

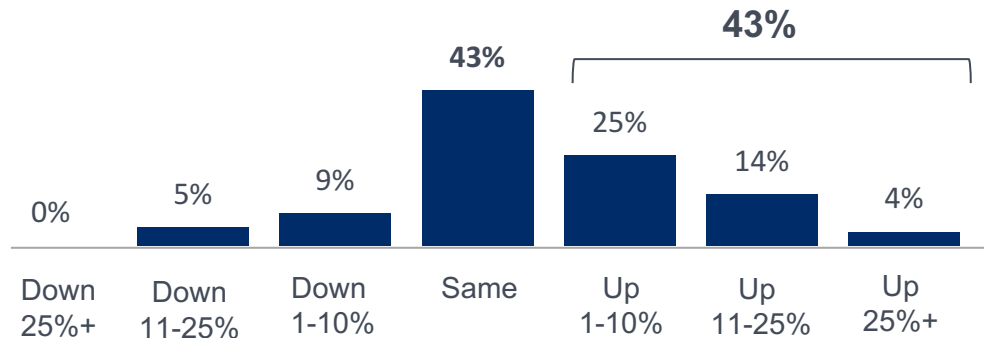
ECONOMIC GROWTH FORECAST

57% expected market growth in 2017



EMPLOYMENT GROWTH FORECAST

39% planned to increase hiring in 2017



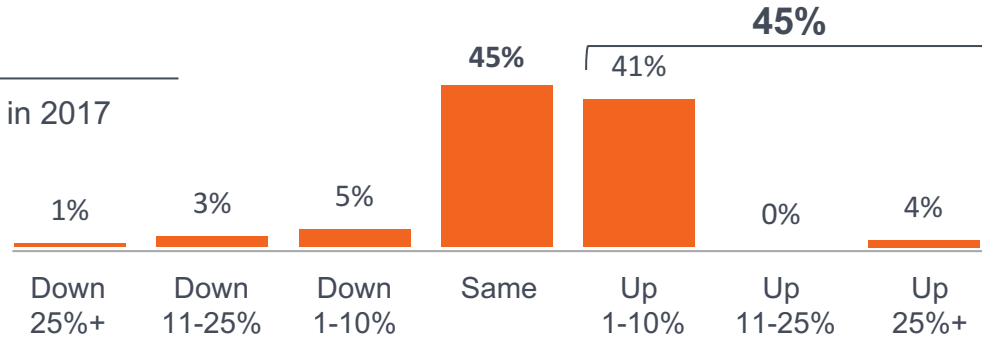
*Percentages may not sum to 100 due to rounding

2018 Forecasts

Percentage of respondents in a survey of regional business leaders*

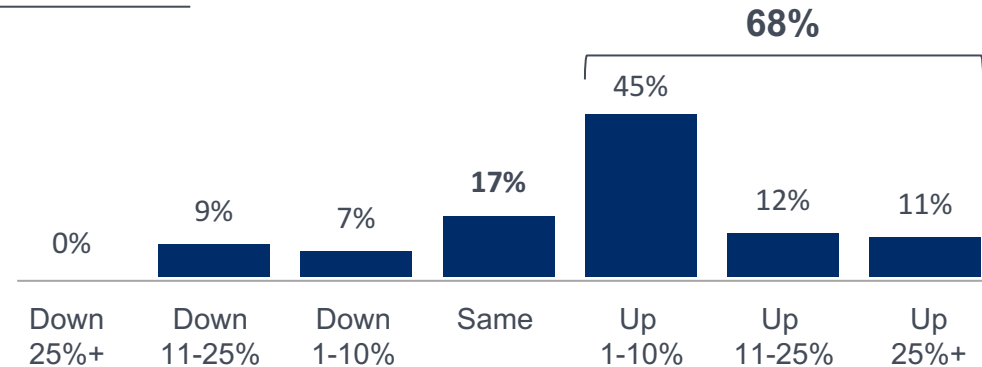
CAPITAL EXPENDITURE FORECAST

32% planned to increase capital expenditures in 2017



BUSINESS REVENUE FORECAST

55% expected increased revenue in 2017



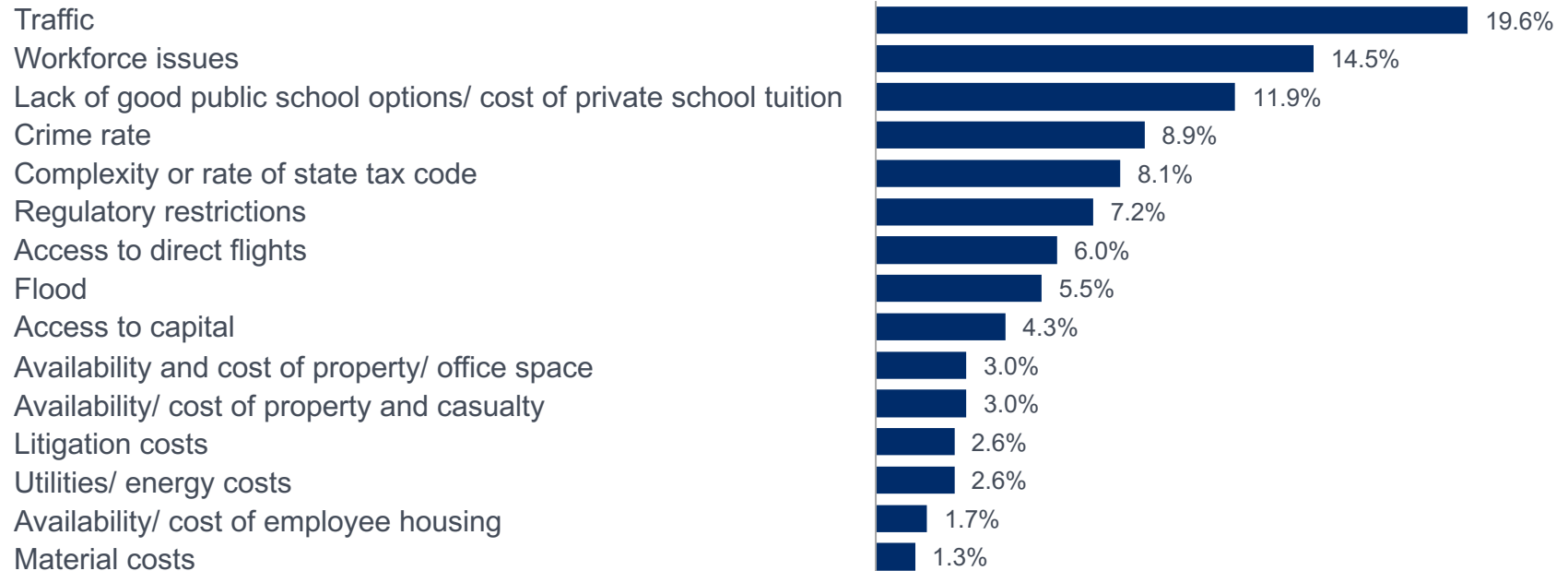
*Percentages may not sum to 100 due to rounding

Obstacles for Businesses

Traffic, workforce, education, and the crime rate are the top **obstacles** for businesses in the Capital Region

Percentage of respondents in a survey of regional business leaders*

Top obstacles



*Respondents were allowed to choose multiple answers

Workforce Perceptions

Lack of “soft skills” remains the **top concern** of area business leaders

Ranking by respondents in a survey of regional business leaders*

Ranking		2018 Available Workforce Obstacles	2017 Available Workforce Obstacles
1	=	Candidates Lacking "Soft" Skills	Candidates Lacking "Soft" Skills
2	↑	Lack Of Requisite Education/Experience	Unrealistic Salary Expectations
3	=	Losing Talented Employees To Other Markets	Losing Talented Employees To Other Markets
4	↓	Unrealistic Salary Expectations	Lack Of Requisite Education/Experience
5	↑	Challenges With Out-of-state Recruitment	Finding Employees Who Can Pass Drug Screening Tests and/or Remain Drug Free
6	↑	Retiring Workforce	Challenges With Out-of-state Recruitment
7	↑	Finding Experienced Managers	High Turnover
8	↓	Finding Employees Who Can Pass Drug Screening Tests and/or Remain Drug Free	Retiring Workforce
9	↓	High Turnover	Too Few Applicants

*Respondents were allowed to choose multiple answers

Statewide Concerns

Transportation infrastructure and tax structure and tax code are the **top statewide issues** of concern
 Ranking by respondents in a survey of regional business leaders*

Ranking		2018 Statewide Trends	2017 Statewide Trends
1	= ↑	Transportation Infrastructure Tax Structure and Tax Code	Transportation Infrastructure
2	↑	State Economic Development Efforts	Tax Structure and Tax Code
3	↑	Insurance	Declining Government Budgets
4	↑	K-12 Education Reform and Performance	Insurance
5	↑	State Higher Education System	State Economic Development Efforts
6	↑	State Health Care Issues	K-12 Education Reform and Performance
7	↑	Tax Incentives	State Higher Education System
8	↑	State Incentives	State Government Effectiveness
9	↓	State Government Effectiveness	Tax Incentives

*Respondents were allowed to choose multiple answers

National/International Issues

Health care reform/ regulations has climbed to

top national and international concern

Ranking of respondents in a survey of regional business leaders*

Ranking		2018 National & International Trends	2017 National & International Trends
1	↑	Health Care Reform / Regulations	Slow Pace of Economic Recovery
2	↑	Federal Tax Code	Health Care Reform / Regulations
3	↓	Slow Pace of Economic Recovery	Price of Oil
4	↓	Price of Oil	A Politically-divided Federal Government
5	↑	New Financial Regulations Federal Reserve Policy	Federal Tax Code
6	↓	Federal Government Gridlock	Federal Transportation / Infrastructure Budget
7	↑	Home Prices And Values	The Availability of Credit
8	↓	Federal Transportation / Infrastructure Budget The Availability of Credit	New Financial Regulations
9	↑	Federal Budget Deficit Outsourcing	Home Prices And Values

*Respondents were allowed to choose multiple answers








Economic Trends

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

2017-2018 Trends	Impact	Comments
Continuing federal tax reform efforts	↑	A cut in corporate tax rates may lead to increased capital investment locally
Lack of action by administration on trade agreement renegotiations	↔	Economic protectionism would hurt metropolitan areas reliant on imports/exports, such as Baton Rouge
Low oil and natural gas prices	↔	Inexpensive and plentiful natural gas will continue to leave Louisiana well-positioned to continue to capture capital investment from energy manufacturers
National healthcare reform efforts	↓	The state has more than 140,000 residents on exchange healthcare plans, most of which will see rate increases averaging from 12 to 36 percent in 2018

Projected Growth

2018 job growth forecasts for Baton Rouge Area by select industry sectors

	Net New Jobs		Job Growth	Comments
	Low	High		
 Professional & Business Services	730	926	1.4–2.0%	Gains spurred by growth in accountants and auditors, as well as in waste management services
 Health Care and Social Assistance	1,147	1,158	1.2–2%	Registered nurses, personal care aides, and nursing assistants are the health care positions with the highest projected growth
 Retail Trade	479	613	1–1.2%	Retail salespersons, cashiers, and stock clerks account for the majority of projected net new jobs
 Construction	1,059	2,118	2–4%	Although economic modeling agencies project growth, local economists are wary due to completion of existing industrial projects with few new projects to backfill regionally
 Arts, Entertainment, and Recreation	114	219	2–4%	No single occupation is projected to gain or lose more than nine jobs over the year
 Manufacturing	442	483	1–1.5%	Welders, machinists, and team assemblers are projected to gain the most net new jobs
 Finance and Insurance	(55)	178	0–1.4%	Insurance sales agents are projected to gain the most net new jobs, while tellers account for much of the projected job losses
Total	3,916	5,695		

Projected Growth

Net job growth is expected to continue in all parishes,
led by Ascension and West Baton Rouge

	Net New Jobs	Job Growth	Pop. Growth	Comments
Ascension	1,673	4%	2%	Highest growth in construction, manufacturing, and retail trade
East Baton Rouge	2,602	1%	0%	Significant gains in construction and health care and social assistance, highest percent growth in information technology
East Feliciana	15	0%	0%	Largest gains in healthcare and social assistance; highest growth in wholesale trade and educational services
Iberville	395	3%	0%	Significant gains in construction accounts for much of this growth
Livingston	804	3%	1%	Largest gains in retail trade and accommodation and food services
Pointe Coupee	85	1%	0%	Significant increase in retail trade and health care and social assistance
St. Helena	29	2%	(1%)	Manufacturing is projected to experience the largest gains
West Baton Rouge	436	3%	1%	Transportation and warehousing, construction, and manufacturing are all projected to experience solid gains
West Feliciana	27	1%	0%	Highest growth seen in accommodation and food services and retail trade

Population Growth

Local **population growth** is projected to continue, with the Baton Rouge Area gaining approximately 7,000 new residents by 2019

Population projection for the Baton Rouge Area (thousands of people)

