

Selected Economic Highlights for 2010

Jan. 3, 2011

The Economic Year in Review: Since January 2008, Louisiana's job performance has been better than any other Southern state, and Louisiana has added jobs at a faster rate than the South and U.S. since the official end of the national recession in June 2009. Despite facing a growing list of federal policy challenges, as well as the BP Deepwater Horizon oil spill, Louisiana's economy continued to outperform the South and U.S. in 2010. Louisiana's unemployment rate in 2010 remained well below the South and U.S., just as it has every month since early 2008. Louisiana again produced a record year for business development, securing game-changing wins, such as Nucor Corp.'s iron and steel facility and Globalstar Inc.'s corporate headquarters relocation from Silicon Valley, as well as several projects in Louisiana's new target industry sectors, including digital media and green energy. In fact, dozens of companies announced expansions or relocations in 2010, launching projects that will create more than 18,800 new jobs, \$5.5 billion in new capital investment, \$58 million per year in new, state tax revenues and billions of dollars in new sales for small businesses. Finally, a variety of national publications recognized Louisiana's economic development progress in 2010, ranking Louisiana "State of the Year," Louisiana Economic Development as the second best state economic development organization in the U.S., LED FastStart as the best state workforce training program in the U.S., and Louisiana's business climate as the most improved in the U.S.

As the national economy looks to continue its recovery in 2011, Louisiana is well-positioned to secure a large share of new business investment projects in the U.S. Moreover, Louisiana's economy will experience significant job growth from projects announced in 2008, 2009 and 2010. In the year ahead, business retention, small business development, cultivation of new growth industries and customized workforce development solutions will remain top priorities for LED.

Outperforming the U.S. and the South

Since January 2008, Louisiana's job performance has exceeded that of any other Southern state, and Louisiana has added jobs at a faster rate than the South and U.S. since the official end of the national recession in June 2009.

- Louisiana's nonfarm employment grew by 23,100 jobs from November 2009 to November 2010, marking the sixth consecutive month of year-over-year employment growth in our state. Over the past 12 months, Louisiana's job growth rate was nearly 90 percent faster than the U.S. and about 40 percent faster than the South.
- Louisiana's unemployment rate has remained well below the South and the U.S. every month since the beginning of the national recession. Louisiana's unemployment rate was 8.2 percent in November 2010, well below the 9.2 percent Southern average and 9.8 percent national average.
- Manpower Inc.'s Employment Outlook Survey determined that Louisiana's statewide employment outlook is the nation's best for the first quarter of 2011.

- The U.S. Census found that Louisiana's population grew by more than 157,000 from July 1, 2007 to April 1, 2010, a growth rate about 50 percent faster than the U.S. over that time period. This ranks Louisiana as the 17th fastest-growing state in the U.S. over the last three years, which can be attributed in large part to Louisiana's economic performance during the same time period.
- Louisiana's growth rate for the goods and services it produced in 2009 was fifth best in the nation, according to a report by the U.S. Bureau of Economic Analysis.
- DailyBeast.com ranked Louisiana third best out of 25 "Boom States" for high projected employment growth (17.1 percent by 2018), real employment growth over the past three years and low unemployment rates.
- Louisiana's real estate markets have remained strong, especially in contrast to real estate markets in other Southern states and the U.S. According to RealtyTrac, Louisiana had the 16th lowest foreclosure rate in the nation for the third quarter of 2010.
- The U.S. Chamber of Commerce named Louisiana the best U.S. export performer for 2009, based on four separate measures of export activity.
- FDIC data revealed Louisiana's 157 banks and thrifts reported a 17.2 percent increase in net loans and leases since the beginning of the national recession (through the third quarter of 2010), compared to the national decline of 8.4 percent. Louisiana's banks also had higher asset growth than the U.S. (25.6 percent versus 2.7 percent) during the same time period. From the second quarter of 2010 to the third quarter of 2010, Louisiana's assets grew by 1.9 percent, compared to the nation's growth of 1.2 percent.

Moving up in the national rankings of states

Louisiana traditionally has been listed near the bottom of many significant national economic rankings, but this historical trend has begun to reverse over the last three years. In fact, Louisiana has moved up in almost every major economic and business climate ranking since 2008. In 2010, a growing number of publications indicated Louisiana is the most improved state for business in the U.S.

- *Business Facilities* magazine named Louisiana its 2010 "State of the Year" based on its strong business climate, business-friendly tax environment and overall business development success. *Business Facilities* Editor-in-chief Jack Rogers said, "We were particularly impressed with the diversity of Louisiana's strategy for developing high-growth sectors, including digital media, alternative energy, advanced manufacturing and modular nuclear power plant components."
- *Site Selection* magazine ranked Louisiana ninth best in its 2010 "Business Climate Ranking," which represented Louisiana's highest placement in the ranking to date. Louisiana's 16-spot improvement from its 2009 ranking of 25th was the best of any state in the U.S.
- Pollina Corporate Real Estate named Louisiana the most improved state for business in the U.S., due to the state's performance in Pollina's "Top 10 Pro-business States" ranking over the past two years. Specifically, Louisiana jumped to 20th in 2010, up from 27th in 2009 and 40th in 2008.

- *Business Facilities* magazine recognized LED FastStart as the nation's top state workforce training program. *Business Facilities* Editor-in-chief Jack Rogers said, "Louisiana has established the gold standard for workforce training solutions ... Louisiana is far ahead of the curve with a fully integrated program that works in partnership with higher education."
- *Southern Business & Development* magazine named Louisiana "Co-state of the Year" for the second year in a row, noting that Louisiana attracted more significant business investment and job-creating projects per capita than any other state in the South.
- *Site Selection* magazine named LED the second best performing state economic development agency in the U.S., representing LED's first appearance in the top 10.
- Louisiana experienced significant gains in the Pacific Research Institute's Tort Liability Index for 2010. Specifically, Louisiana jumped from 29th in 2008 to 11th in 2010, based on the outcomes of its state tort system.
- Louisiana jumped from 18th in 2008 to eighth in 2009 (latest available data) on the Kauffman Index of Entrepreneurial Activity, with a rate of 430 entrepreneurs out of every 100,000 state residents.

Moving up in the national rankings of cities and regions

As Louisiana has begun a steady climb up the major national business climate and economic rankings, its cities and regions are also garnering more positive national attention.

- **Northwest Louisiana.** The Milken Institute's Best-Performing Cities Index ranked Shreveport-Bossier, La., 34th out of the 200 largest metros in 2010, due to job growth, income growth and high-tech GDP growth. *Newsweek* listed The Louisiana School for Math, Science & the Arts in Natchitoches, La., among 20 top-performing schools in the U.S. on its Challenge Index, due to the school's rigorous admission standards and quality of its student body. *Forbes* and *NewGeography.com* named Shreveport the 12th best mid-size city for job growth in the U.S. *MovieMaker* magazine named Shreveport the third best city in the nation for independent filmmaking.
- **Northeast Louisiana.** *Southern Business & Development* magazine named Monroe, La., the "Small Market of the Year," and *SB&D* also named Franklin Farm in Holly Ridge, La., one of "10 Sites in the South that will eventually land 'The Big One'." *Trade and Industry Development* magazine placed ConAgra Foods Lamb Weston near Delhi, La., (500 to 600 new, direct jobs) among the top 15 new, corporate investment projects announced in the U.S., and *Trade and Industry Development* also recognized the Foster Farms project in Farmerville, La., as one of the top 15 in the country for community impact. Monroe tied for 10th place among tier-three metropolitan areas in *Site Selection* magazine's Governor's Cup ranking for its performance.
- **Central Region.** *Expansion Solutions* magazine named the Central Louisiana Economic Development Alliance one of the top five economic development organizations in support of defense industries. The Milken Institute's Best-Performing Cities Index ranked Alexandria, La., 56th out of the 124 smallest metros. Alexandria was recognized by *BusinessInsider.com* as being one of the 20 "Best Cities for Finding a Job" based on its low unemployment rates.

- **Southwest Louisiana.** The Milken Institute's Best-Performing Cities Index ranked Lake Charles, La., 51st out of the 124 smallest metros, up from 52nd in 2009. Lake Charles was recognized by BusinessInsider.com as being one of the 20 "Best Cities for Finding a Job" based on its low unemployment rates. *Southern Business & Development* magazine named Lake Charles one of 10 "Aerospace Cluster Markets in the South You May Not Know About."
- **Acadiana Region.** The Milken Institute's Best-Performing Cities Index ranked Lafayette, La., 11th out of the 200 largest metros in 2010, due to job growth, income growth and high-tech GDP growth. DailyBeast.com ranked Lafayette as one of the 20 most recession-proof cities in the U.S., based on growth in overall employment, per-capita personal income and gross metropolitan product. *Forbes* and NewGeography.com named Lafayette the eighth best mid-size city for job growth.
- **Capital Region.** A survey released by Manpower Inc. in December 2010 found that Baton Rouge, La., is expected to have the nation's strongest job market in the first quarter of 2011. The Milken Institute's Best-Performing Cities Index ranked Baton Rouge 26th out of the 200 largest metros in 2010, due to job and income growth. According to Equifax, Baton Rouge is one of 15 cities with the lowest number of small business bankruptcies. DailyBeast.com ranked Baton Rouge fourth as one of the 20 most recession-proof cities in the U.S. NewGeography.com and *Forbes* named Baton Rouge the second best mid-size city for job growth, up from ninth in 2009. Portfolio.com ranked Baton Rouge the 10th best city in the U.S. for young adults, and second among the nation's 100 largest metros on small business vitality.
- **Bayou Region.** The Milken Institute's Best-Performing Cities Index ranked Houma-Thibodaux, La., 31st out of the 124 smallest metros, due to job growth, income growth and high-tech GDP growth. The Houma-Thibodaux area was recognized by BusinessInsider.com as one of the "20 Best Cities for Finding a Job," based on its low unemployment rates. PMI's Housing Market Risk Index issued during the fourth quarter of 2010 forecast the Houma-Thibodaux MSA to have minimal risk of experiencing housing price declines through mid-2012, while 42 percent of the nation's MSAs are in the elevated-to-high-risk category.
- **Southeast Louisiana.** The Nucor Corp. project in St. James Parish earned the Bronze Award in *Business Facilities* magazine's "Economic Development Deal of the Year" competition. The Receivables Exchange, a firm based in New Orleans, won the *Wall Street Journal's* 2010 Technology Innovation award for e-commerce. *Newsweek* magazine and Kaplan named Tulane in its list of "The 25 Best Schools for Do-Gooders." New Orleans topped the Thomas B. Fordham Institute's list of best cities for school reform. *Southern Business & Development* magazine awarded New Orleans an honorable mention in the "Large Market of the Year." Benjamin Franklin High School in New Orleans made *Newsweek's* list of the best high schools in the country.

Bucking national trends: a strong year for business investment and job creation

While the national economy continued to struggle in 2010, dozens of companies said "yes" to Louisiana, committing thousands of new jobs and billions in new capital investment.

- Working with its local and regional partners, LED secured 53 major project wins in 2010, including 35 expansion or retention projects and 18 new projects. These projects were in Louisiana's traditional industries, such as chemical manufacturing and agribusiness, as well as projects in new growth industries, such as green manufacturing and digital media.

- Altogether these projects will retain more than 9,600 jobs, create more than 5,800 new direct jobs and 13,000 new indirect jobs, for a total of more than 18,800 new jobs, as well as \$5.5 billion in new capital investment.
- Once these projects are fully executed, they will result in billions in new sales for Louisiana small businesses, as well as more than \$58 million per year in new, state tax revenue.
- The totals above exclude the direct support LED provided to thousands of small businesses in 2010, including nearly 1,800 small businesses served by LED's Small and Emerging Business Development Program, nearly 14,000 small businesses and individuals served by the Louisiana Small Business Development Center Network, or LSBDC, with increased funding support from LED. Through October/November 2010, LED and LSBDC efforts alone generated approximately 1,300 new jobs, 230 new businesses and approximately \$43 million in capital investment for small businesses.

Supporting Louisiana's existing businesses

LED's top priority in 2010 continued to be its business retention and expansion efforts. Due to this focus and the work of LED's Business Expansion and Retention Group, a variety of Louisiana companies committed to stay and grow in Louisiana during 2010. Following are a few selected examples.

- Taking advantage of customized workforce training from LED FastStart, Aeroframe Services announced it will dramatically expand its presence at Chennault International Airport, creating at least 300 new direct jobs and 360 new indirect jobs.
- TraceSecurity Inc., a Baton Rouge-based high-tech firm, announced it will relocate two of its key operating divisions, software development and national sales, from Dallas and San Diego to Baton Rouge. The relocation will create 45 new direct jobs and 72 indirect jobs. TraceSecurity's high-tech workforce in Baton Rouge is more than doubling within two years as a result of the relocations and planned expansion.
- Folgers, a subsidiary of The J. M. Smucker Co., a Fortune 500 company, announced it will expand two existing coffee production facilities in Orleans Parish and its distribution center in St. Tammany Parish. This project will create 120 new direct jobs, 381 new indirect jobs and retain 450 existing jobs.
- Sasol Ltd. announced it will construct the world's first commercial, ethylene tetramerization unit at its facility in Lake Charles, generating \$175 million in new capital investment, while retaining 350 existing jobs and creating 36 new direct jobs and 240 new indirect jobs.
- Taking advantage of LED's Retention and Modernization Program, Georgia-Pacific announced it will invest more than \$300 million to modernize its Port Hudson, La., mill, helping retain 1,000 existing jobs.
- The Receivables Exchange, based in New Orleans, closed on \$17 million in Series-C funding led by Bain Capital Ventures and other leading venture capital firms. The funding will enable the company to create 60 new direct jobs and 74 new indirect jobs.

Cultivating new growth opportunities

LED's top priority is retaining and growing Louisiana's existing companies, as well as cultivating new growth opportunities that will diversify the state's economy and accelerate its economic growth. Following are a few selected examples from 2010.

- Blade Dynamics Ltd. announced it will manufacture advanced wind turbine blades and wind turbine components at the Michoud Assembly Facility in New Orleans. With investment funding from Dow Venture Capital and American Superconductor Corp., Blade Dynamics's green manufacturing project will create 600 new direct jobs and 970 new indirect jobs.
- Nucor Corp. announced one of the largest industrial projects in Louisiana's history. The multiphase iron and steel project in St. James Parish could generate \$3.4 billion capital investment, as well as 1,250 new direct jobs and 4,800 new indirect jobs.
- NEW Customer Service Companies Inc. announced it will create 200 new, home-based customer care representative positions in Central Louisiana.
- Leading high-tech satellite telecommunications company, Globalstar Inc., announced the relocation of its corporate headquarters to Covington, La., from Milpitas, Calif. The company will create more than 500 new direct jobs, which will result in the creation of approximately 800 new indirect jobs, for approximately 1,300 new direct and indirect jobs in Louisiana.

The year ahead: maintaining Louisiana's economic outperformance

While the slow national economic recovery and a growing list of federal policy obstacles continue to impede Louisiana's economic growth, our state is well-positioned to secure significant new business investment in 2011. Additionally, LED is pursuing targeted initiatives to increase Louisiana's economic competitiveness, retain existing economic driver firms, support small business development and cultivate new growth industries.

While economic indicators in the U.S. improved in 2010, a robust national jobs recovery is still in development. Gov. Bobby Jindal, the Louisiana Legislature and LED will continue working with the state's business community to ensure Louisiana again outperforms the South and the U.S. in 2011.