

Selected Economic Highlights for 2011

Dec. 15, 2011

The Economic Year in Review: Since January 2008, Louisiana's employment performance has been significantly better than the South, and Louisiana has added jobs at a faster rate than the South and the U.S. since the official end of the national recession in June 2009. Louisiana's unemployment rate in 2011 remained well below the South and U.S., just as it has every month since early 2008.

Louisiana registered a record year for business development wins in 2011, securing game-changing projects that include Fortune 500 CenturyLink's headquarters expansion in Monroe; Gameloft's major game development studio in New Orleans; Ronpak's establishment of new manufacturing operations in Shreveport; multibillion-dollar expansions announced by Cheniere Energy and Sasol Ltd. in Southwest Louisiana; Schumacher Group's headquarters expansion in Lafayette; the Sundrop Fuels announcement of a biofuel refinery in Alexandria; and the Electronic Arts expansion of its global quality assurance center in Baton Rouge on the LSU campus. Louisiana announced dozens of company expansions or relocations in 2011, launching projects that are projected to create more than 20,500 new jobs, \$18 billion in new capital investment and \$55 million per year in new state tax revenue, along with hundreds of millions in new sales for small businesses across Louisiana.

Finally, a variety of national publications recognized Louisiana's remarkable economic development progress in 2011, ranking Louisiana "State of the Year," declaring Louisiana Economic Development as the best-performing state economic development agency in the U.S., and judging LED FastStart as the best state workforce training program in the U.S. Notably, Louisiana climbed to its highest ranking ever in every national ranking of state business climates, including multiple designations as a Top 10 business climate.

As the national economy seeks sustained growth in 2012, Louisiana will be 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 stemming from projects announced in 2008 through 2011. In the year ahead, business retention, small business development, recruitment of new growth industries, customized workforce solutions and cultivation of attractive development sites will remain top priorities for LED.

Louisiana outperforms the U.S. and the South

Since January 2008, Louisiana's job performance has exceeded that of nearly every 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 44,200 jobs from October 2010 to October 2011, marking the 13th consecutive month of year-over-year employment growth in our state. Over the past 12 months, Louisiana's job-growth rate more than doubled that of the South and the U.S.

- 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 7.0 percent in October 2011, well below the 9.0 percent Southern average and 9.0 percent national average.
- The U.S. Census Bureau recently reported that Louisiana experienced its fourth consecutive year (2007-2010) of population in-migration, which largely was the result of the state's economic performance during that time period.
- The U.S. Census Bureau found that Louisiana's population grew by more than 168,600 from July 1, 2007 to July 1, 2010, a growth rate about 43 percent faster than the U.S. over that time period. This performance ranks Louisiana as the 14th fastest-growing state in the U.S. over the past three years, which can be attributed in large part to Louisiana's economic performance during the same time period.
- Since January 2008, the U.S. has shed 4.7 percent of its jobs and the South overall has seen employment decline by 4.3 percent. Louisiana's employment is actually up slightly during that same period of time.
- Louisiana's growth rate for the goods and services it produced in 2010 was the third-best rate in the nation, according to data from the U.S. Bureau of Economic Analysis.
- According to the Kauffman Index of Entrepreneurial Activity, Louisiana ranks among the top five states with the highest rate of entrepreneurial activity. The 2011 report showed that 460 out of 100,000 adults each month created a new business in Louisiana during 2010.
- In its 2011 economic outlook report, the American Legislative Exchange Council ranked Louisiana's economic outlook 15th out of 50 states.
- 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 CoreLogic, the percentage of outstanding mortgages that were foreclosed upon in Louisiana stood at 2.5 percent in July 2011, which was below the U.S. rate of 3.4 percent. Moreover, CoreLogic's Home Price Index data through June 2011 shows that the state's 12-month growth in housing prices was the 12th-highest among all states.
- The U.S. Chamber Enterprising States 2011 report ranked Louisiana as the No. 1 exporting state in the U.S., ranking in the Top 5 in all four export measures.
- FDIC data revealed Louisiana's 150 banks and thrifts reported an 8.8 percent *increase* in net loans and leases since the beginning of the national recession (through the third quarter of 2011), compared to the national *decline* of 7.3 percent. During the same period, assets of Louisiana's banks grew 21.2 percent versus a decline of 0.2 percent for the U.S.

Louisiana advances in the national rankings

Louisiana traditionally landed near the bottom of many significant national economic rankings, but this historical trend was reversed in the last four years. Louisiana has moved up in every national business

climate ranking since January 2008. By 2011, a growing number of publications indicated Louisiana is the most improved state for business in the U.S.

- Over the past few years, Louisiana has moved up significantly in every national ranking of state business climates, including those published by *Area Development*, Beacon Hill Institute, *Business Facilities*, *Chief Executive*, CNBC, *Forbes*, Pollina Corporate Real Estate and *Site Selection*.
- Louisiana now stands at its highest-ever position on every national ranking of state business climates. Three of those national rankings (*Area Development*, *Business Facilities* and *Site Selection*) now rank Louisiana among the Top 10 states in the U.S. for business.
- For the third straight year, *Southern Business & Development* magazine recognized Louisiana as State of the Year or Co-State of the Year in the South. In 2011, Louisiana stood alone after being named Co-State of the Year in 2009 and 2010 with Tennessee.
- *Business Facilities* ranked Louisiana No. 2 in the nation for Economic Growth Potential and No. 7 among U.S. states for Best Business Climate, both new highs for Louisiana.
- LED FastStart™ ranked as the nation's No. 1 state workforce training program in the *Business Facilities* 2011 rankings, the same as last year.
- *Area Development* magazine ranked Louisiana No. 6 in the U.S. in its 2011 ranking of Top States for Doing Business, a survey of leading site-selection consultants on which U.S. states are most attractive for business investment. Louisiana ranked No. 3 for states that are leading the economic recovery, No. 4 for states with the best workforce development programs, and No. 4 for states with the best overall business environment.
- In 2011, *Site Selection* ranked the Louisiana business climate No. 7 in the nation – the state's highest ranking ever by the magazine. The overall business climate ranking improved Louisiana's standing from No. 9 in 2010 and No. 25 in 2009.
- Pollina Corporate Real Estate ranked Louisiana's business climate No. 18, up 22 spots since 2008. Louisiana now stands at No. 2 in the U.S. (up from No. 10 in 2010) for incentives and economic development agency performance.
- Louisiana ranked No. 3 in the *Site Selection* Governor's Cup Awards with 347 new business location projects. Additionally, Louisiana's per capita ranking jumped from ninth in 2009 to first in the U.S. for 2010 rankings that were released in 2011.
- Louisiana improved 14 spots in *Chief Executive* magazine's rank of the 2011 Best and Worst States for Business, where hundreds of the nation's top business leaders ranked states on business climate factors, such as taxes and workforce quality, and selected the best and worst states for business overall. Louisiana moved up to 27th from 41st in 2010 (40th excluding Washington, D.C.), and now stands at the state's highest-ever position in the ranking.
- In three prominent, national business climate rankings of states – *Chief Executive*, Pollina Corporate Real Estate and *Forbes* – Louisiana has moved up an average of 20 spots since 2008.

- *Site Selection* ranked Louisiana Economic Development the highest-performing state economic development agency in the country in its Competitiveness Awards, which recognizes excellence on the part of state-level economic development groups.

Louisiana cities and regions climb the rankings

As Louisiana steadily climbs the national business climate and economic rankings, its cities and regions also are commanding positive national attention.

- **Acadiana Region.** RelocateAmerica named Lafayette to its Top 100 Places to Live in 2011, based on housing, economic health, safety and community input. The U.S. Metro Economies Report published by the U.S. Conference of Mayors ranked Lafayette 41st (of more than 360 metros) for average annual growth (2000-2010). *Southern Business & Development* named Lafayette a “true digital media hotspot” in the South where digital media firms have clustered and rapidly grown. The Business Journals On Numbers analyzed per capita income growth for 366 U.S metros, and Lafayette ranked No. 11 for the decade (2000-2010).
- **Bayou Region.** Houma ranked No. 1 for per capita income growth (an average 6.38 percent a year from 2000-2010) among 366 U.S. metros analyzed by The Business Journals On Numbers. Houma-Bayou Cane-Thibodaux placed 5th in the nation in *Site Selection's* Top 10 Metro Areas/Tier Two list for business development projects. The U.S. Metro Economies Report ranked the Houma area 16th in the U.S. for average annual growth (2000 to 2010).
- **Capital Region.** Baton Rouge ranked No. 10 in The Business Journals On Numbers analysis of qualities that appeal to job seekers in their 20s and early 30s (65 U.S. metros with 800,000 or more people were studied). RelocateAmerica ranked Baton Rouge among the Top 100 Places to Live in 2011, based on housing, economic health, safety and community input. *Southern Business & Development* named Baton Rouge a “true digital media hotspot” where digital media firms have clustered and rapidly grown. In *Site Selection's* New Plant Database, Baton Rouge ranked No. 1 for cities under 1 million, with 78 economic development wins in 2010. *Southern Business & Development* gave Baton Rouge high honorable mention as a Major Market of the Year.
- **Central Region.** Alexandria ranked 15th-best in a new study by The Business Journals On Numbers that analyzed per capita income growth from 2000 to 2010 for 366 U.S. metros. Central Louisiana Technical College (Alexandria) ranked among the top U.S. campuses in *Community College Week* magazine's 2011 Top 100 Associate Degree Producers. In *Site Selection's* New Plant Database, Alexandria placed No. 6 in the Top 10 Metro Areas/Tier Three list for project wins.
- **Northeast Louisiana.** Monroe ranked 43rd of 366 U.S. metros in per capita income growth for the decade ending 2010, according to The Business Journals On Numbers study. *Trade & Industry Development* magazine recognized DG Foods in Bastrop as one of the Top 15 economic development projects in the U.S. for Community Impact in its sixth annual Corporate Investment and Community Impact, or CiCi, Awards. *Southern Business & Development* magazine awarded Monroe an honorable mention in its Small Market of the Year category, helping Louisiana win the 2011 State of the Year honor in the South. Monroe won the category in 2010.
- **Northwest Louisiana.** The U.S. Metro Economies Report ranked Shreveport 19th (of more than 360 metros) for the growth rate of its Real Gross Metropolitan Product. In *Site Selection*

magazine, Shreveport-Bossier City placed 4th on the Top 10 Metro Areas/Tier Two list for major business development projects. *Forbes* ranked Shreveport No. 1 in the nation for the metro's low cost of doing business, and No. 7 among mid-sized cities for job growth. Additionally, *Forbes* ranked Shreveport-Bossier City No. 3 in a list of top cities for information jobs in the U.S. *The Daily Beast's* second annual list of best cities for recent college graduates ranked Shreveport 20th in the U.S.

- **Southeast Louisiana.** *Southern Business & Development* awarded New Orleans its Major Market of the Year in a tie with Charlotte, N.C. The magazine singled out St. James Parish for a Special Recognition Award as the parish/county within a metro area that recorded the most impressive job-creation results in the South. The Nucor project in St. James Parish earned a Bronze Award in the *Business Facilities* Economic Development Deal of the Year competition. Creative Cities International ranked New Orleans No. 10 on its Vitality Index, which measures cultural, creative and community assets. *Forbes* named New Orleans the No. 1 city for information jobs, with a 39 percent annual job gain in the information sector. *Forbes* also named New Orleans No. 2 among the best big cities for all jobs.
- **Southwest Louisiana.** Lake Charles ranked No. 1 on the Top 10 Metro Areas/Tier Three list in *Site Selection* magazine. The U.S. Metro Economies Report ranked Lake Charles 11th in the U.S. for average annual growth (2000-2010). *Southern Business & Development* ranked Lake Charles as Mid-Market of the Year, helping Louisiana win the magazine's 2011 State of the Year honor in the South. CNN Money ranked Lake Charles as one of the 25 best places to retire in America, citing low costs and ample amenities.

Louisiana bucks national trends with job, investment growth

While the national economy continued to struggle in 2011, 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 40 major project wins in 2011, including 24 expansion or retention projects and 16 new projects. The wins occurred in Louisiana's traditional industries, such as chemical manufacturing and agribusiness, as well as in new growth industries, such as clean tech and digital media.
- Together, these projects are projected to retain more than 8,400 jobs and create more than 5,600 new direct jobs and 14,900 new indirect jobs, for a total of more than 20,500 new jobs, as well as \$18 billion in new capital investment.
- As these projects are executed, they are projected to result in hundreds of millions of dollars in new sales for Louisiana small businesses, as well as more than \$55 million per year in new state tax revenue.
- The totals above exclude the direct support LED provided to thousands of Louisiana small businesses in 2011, including more than 1,300 small businesses served by LED's Small and Emerging Business Development program and nearly 13,000 small businesses and individuals served by the Louisiana Small Business Development Center network, or LSBDC, with sustained funding support from LED.

- From Jan. 1 through Dec. 6, 2011, LED and LSBDC efforts generated approximately 1,120 new jobs, retained 1,125 jobs and helped launch 176 new businesses representing \$119 million in debt and equity investment for Louisiana small businesses.

Louisiana supports existing businesses

LED's top priority in 2011 continued to be its business retention and expansion efforts. Due to this focus and the performance of LED's Business Expansion and Retention Group, a variety of Louisiana companies committed to stay and grow in Louisiana during 2011. Some selected examples follow:

- Fortune 500 telecommunications firm CenturyLink announced its second major headquarters expansion in two years in Monroe, with the 2011 project announcement generating nearly 800 new headquarters jobs, an expected \$30 million capital investment, and an estimated 1,200 new indirect jobs. Combined with a 2009 project, CenturyLink will grow its direct headquarters employment more than 60 percent to nearly 3,000 jobs by 2016. The company agreed to remain headquartered in Louisiana at least through 2020.
- Cheniere Energy, based in Houston, announced an anticipated \$6.5 billion investment to begin building in 2012 a natural gas liquefaction facility at its Sabine Pass terminal in Southwest Louisiana. The project would lead to 148 new direct jobs and 77 retained jobs while resulting in nearly 600 indirect jobs in the region. Cheniere would tap Louisiana's abundant shale natural gas to ship liquefied natural gas exports to global customers.
- Schumacher Group announced a headquarters expansion producing 600 new direct jobs in the next five years, growing its Lafayette employment to nearly 1,000. Louisiana convinced the emergency medicine management firm to grow headquarters staff in-state rather than in regional hubs, such as Dallas, Houston and Atlanta. An estimated 1,400 new indirect jobs will result.
- Shreveport-based Libbey Glass announced a \$9 million plant modernization, retaining more than 800 direct jobs and supporting an estimated 1,500 indirect jobs in Northwest Louisiana. The 525,000-square-foot manufacturing plant will make major renovations to a glassmaking furnace.
- Ormet Corp. reopened an alumina refinery idled since 2006 and filled 250 jobs within four months at its Ascension Parish site on the Mississippi River. A \$21 million capital investment accompanied the restart, and the project will result in an estimated 1,000 new indirect jobs.
- Halliburton announced a \$65 million new manufacturing facility in Lafayette to produce machined components for the energy industry. The project will create 150 new direct jobs and result in an estimated 350 new indirect jobs. Another 250 construction workers will be employed during the building of the 200,000-square-foot facility.
- Bradken Engineered Products announced an \$18 million capital investment to expand its Amite steel foundry, retaining 179 jobs, creating 171 new direct jobs and resulting in an estimated 223 new indirect jobs.
- Maritime International of Broussard announced the creation of 90 new jobs by moving its production of harbor protection systems from China to its home base in Louisiana. An \$8 million capital investment will result in an estimated 150 new indirect jobs.

Louisiana cultivates new growth opportunities

LED complements the retention and growth of Louisiana's existing companies by cultivating new growth opportunities that diversify the state's economy and accelerate its economic growth. Below are examples of how LED captured these new growth opportunities in 2011:

- Gameloft, a leading digital game company based in France, announced the establishment of a major game development studio in New Orleans that will employ approximately 150 professionals in the digital media industry – one of Louisiana's targeted growth sectors.
- Sasol Ltd. announced a planned \$10 billion gas-to-liquids refinery near Lake Charles that would create 850 new direct jobs and result in an estimated 4,000 new indirect jobs. The project would produce premium fuels and related products by tapping Louisiana's rapidly growing supply of affordable natural gas from shale reserves.
- Sundrop Fuels Inc. announced it will build a \$450 million biofuels refinery near Alexandria, using wood waste resources from Central Louisiana to produce the world's first renewable green gasoline that is immediately adaptable to existing pumps, pipelines and engines. The project will create 150 new direct jobs and result in an estimated 1,150 new indirect jobs.
- Ronpak Inc., a New Jersey manufacturer of quality consumer packaging, announced its first major expansion in a generation and selected Shreveport as the site of a new \$17 million facility with 175 new direct jobs leading to an estimated 500 new indirect jobs.
- The Receivables Exchange in New Orleans received a significant equity investment from NYSE Euronext, with the NYSE making The Receivables Exchange and its Corporate Receivables Program available to potential sellers, including all New York Stock Exchange listed companies. The announcement expanded the high-growth firm's innovative auction model in the corporate accounts receivables market.
- In Baton Rouge, Electronic Arts Inc. announced an expansion of its North American Test Center for video games. The world's leading video game maker will expand a 400-job quality assurance site to 600 jobs after moving into LSU's new Louisiana Digital Media Center in late 2012.

The year ahead: enhancing Louisiana's economic edge

Against the backdrop of a stagnant U.S. economy, Louisiana continues to outperform the nation and the South. What's more, Louisiana achieved record economic development gains in 2011 despite a growing list of federal policy hurdles.

In the year ahead, LED will pursue targeted initiatives to enhance Louisiana's economic competitiveness; retain Louisiana's existing economic driver firms; support Louisiana's small businesses; cultivate attractive development sites; and recruit new growth industries to Louisiana.

While some nationwide economic indicators improved slightly in 2011, a robust U.S. jobs recovery remains elusive. In 2012, Gov. Bobby Jindal, the Louisiana Legislature and LED will continue working with the state's business community, building on Louisiana's economic advances and ensuring that the state once again outperforms the South and the U.S.