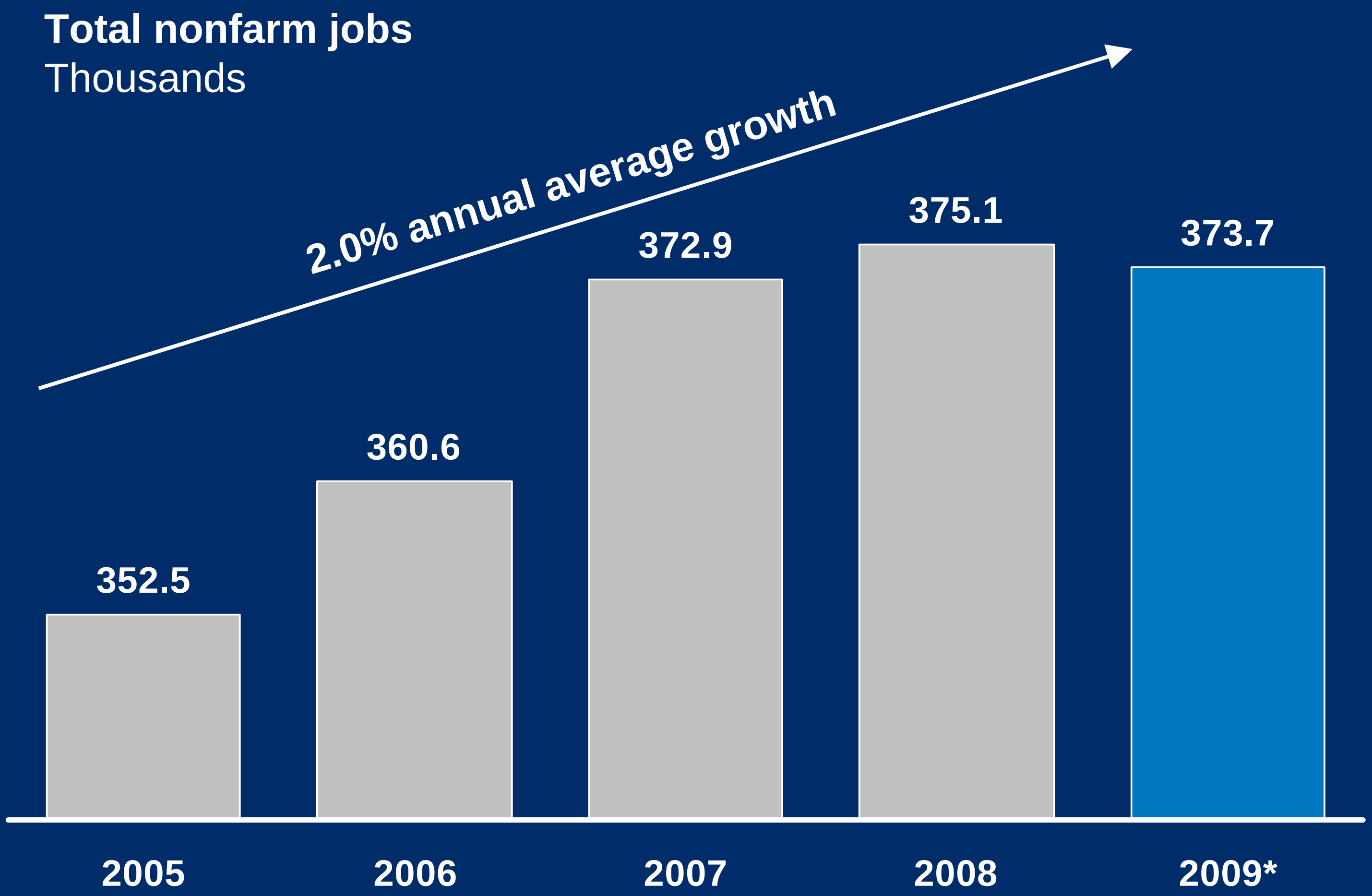
Baton Rouge Area Chamber's
2009 Economic Forum

Presented by

LaPorte Sehrt Romig Hand
CERTIFIED PUBLIC ACCOUNTANTS

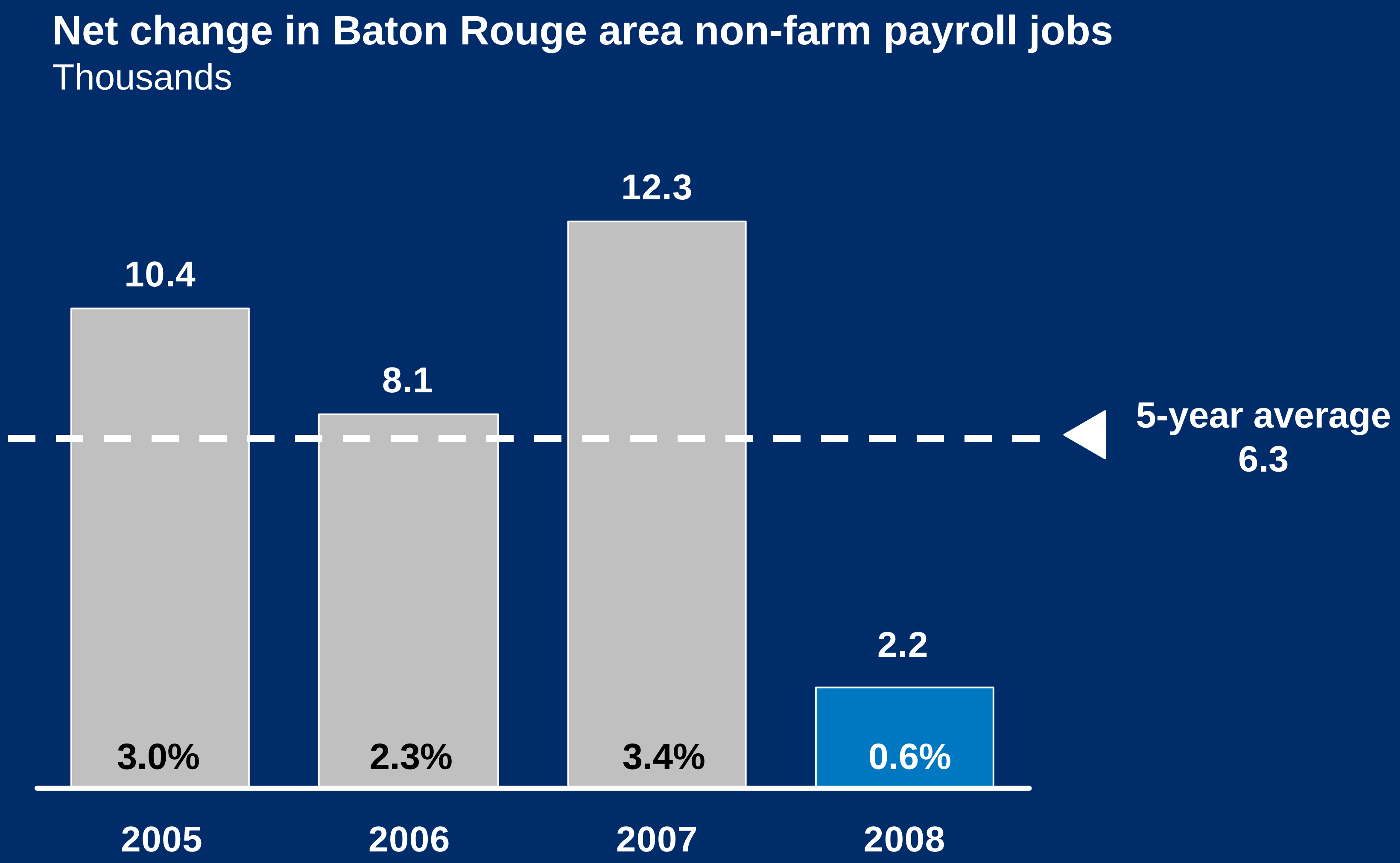
TOTAL BATON ROUGE MSA EMPLOYMENT SLOWS 2008-2009



* 2009 is through September average total nonfarm employment

Source: Louisiana Workforce Commission

BATON ROUGE AREA FARES WELL DURING RECESSION

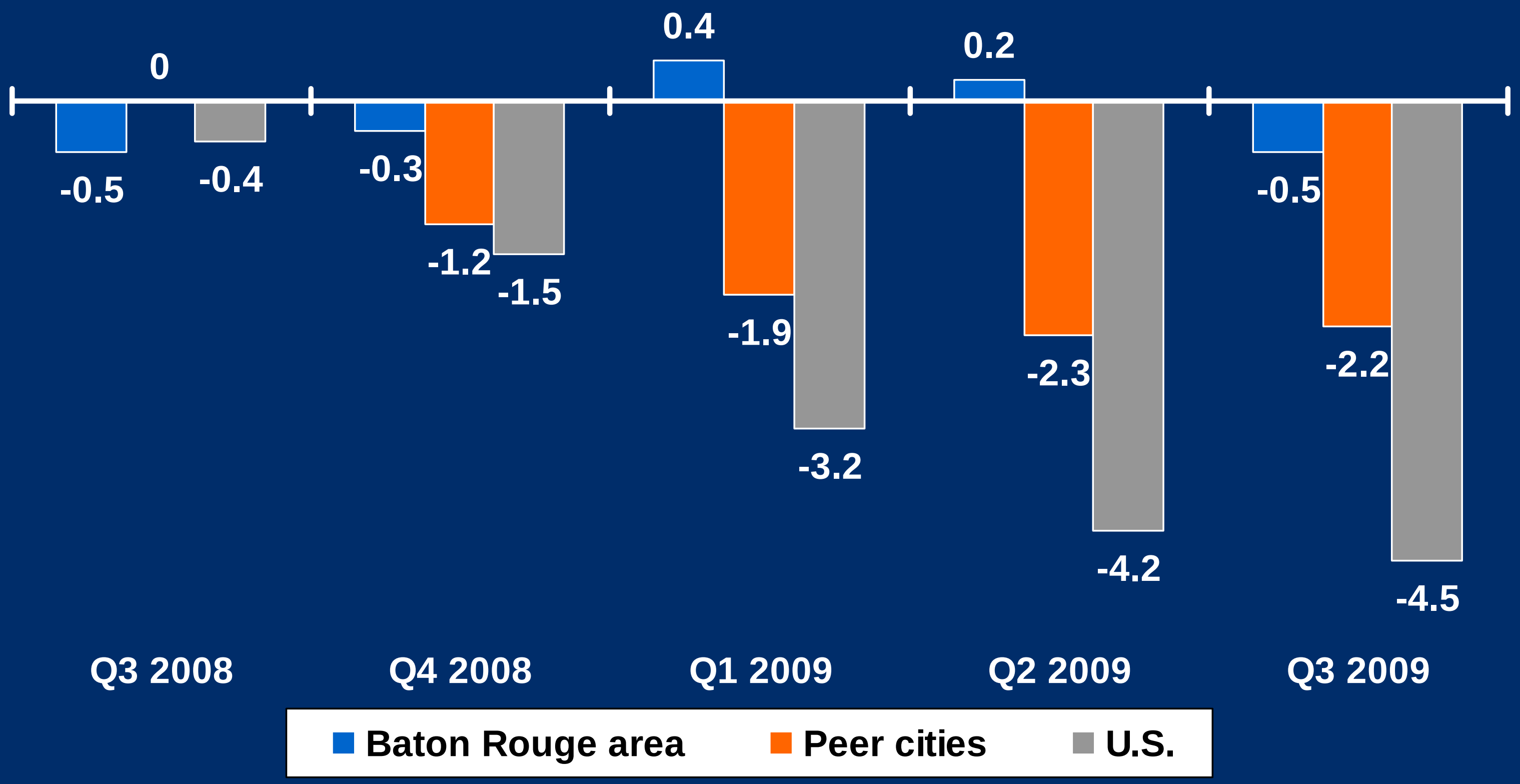


Source: Louisiana Workforce Commission

BATON ROUGE AREA JOB GROWTH OUTPACES PEERS* DURING 2009

Baton Rouge area average nonfarm job growth

Percentage nonfarm job growth by quarter

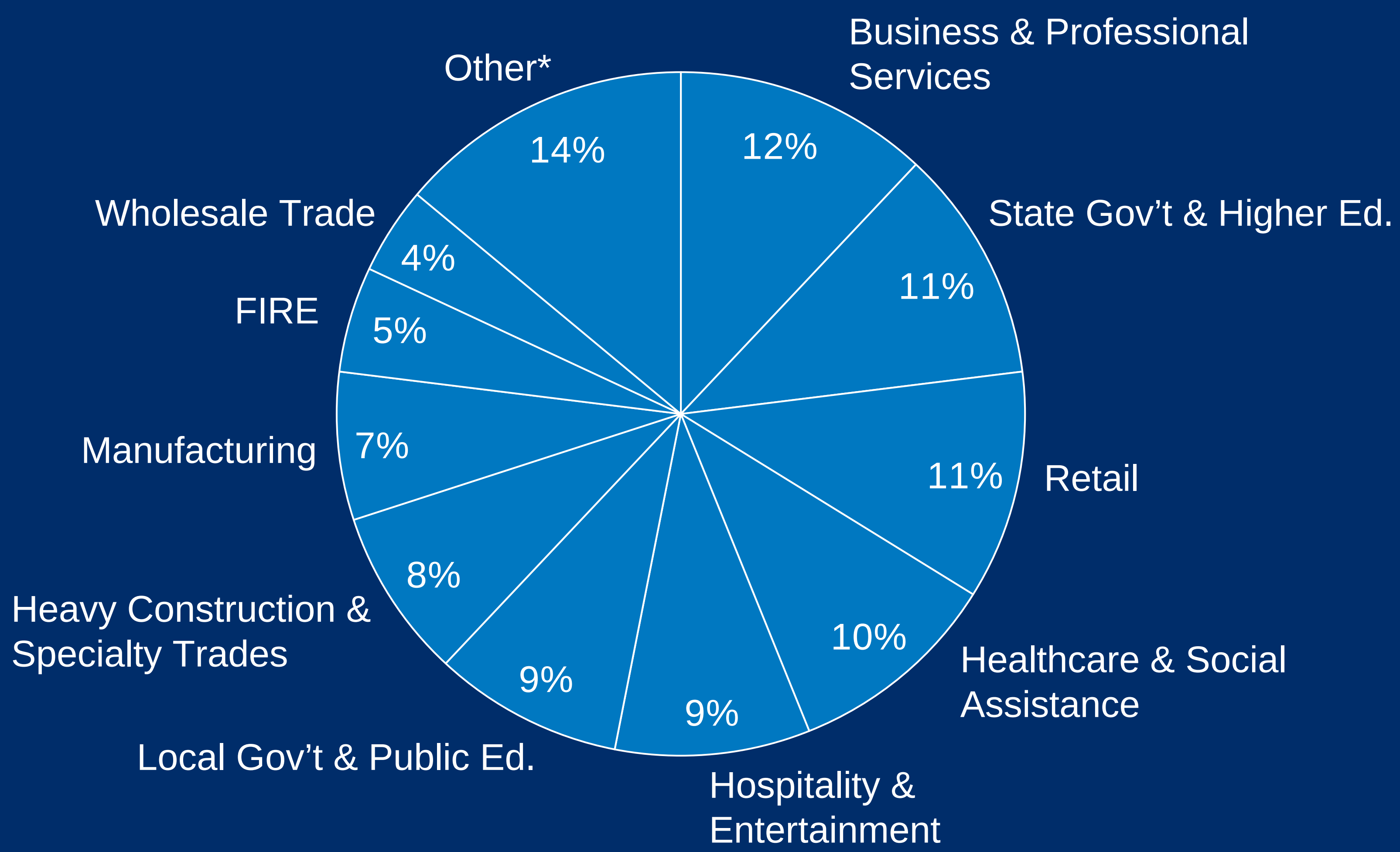


* Peer cities include: Austin, Birmingham, Jackson, Little Rock, Memphis, Mobile, Nashville, and Raleigh

Source: Louisiana Workforce Commission; Bureau of Labor Statistics

2008 BATON ROUGE AREA JOB DISTRIBUTION BY INDUSTRY SECTOR

Percent of total 2008 job distribution by industry sector

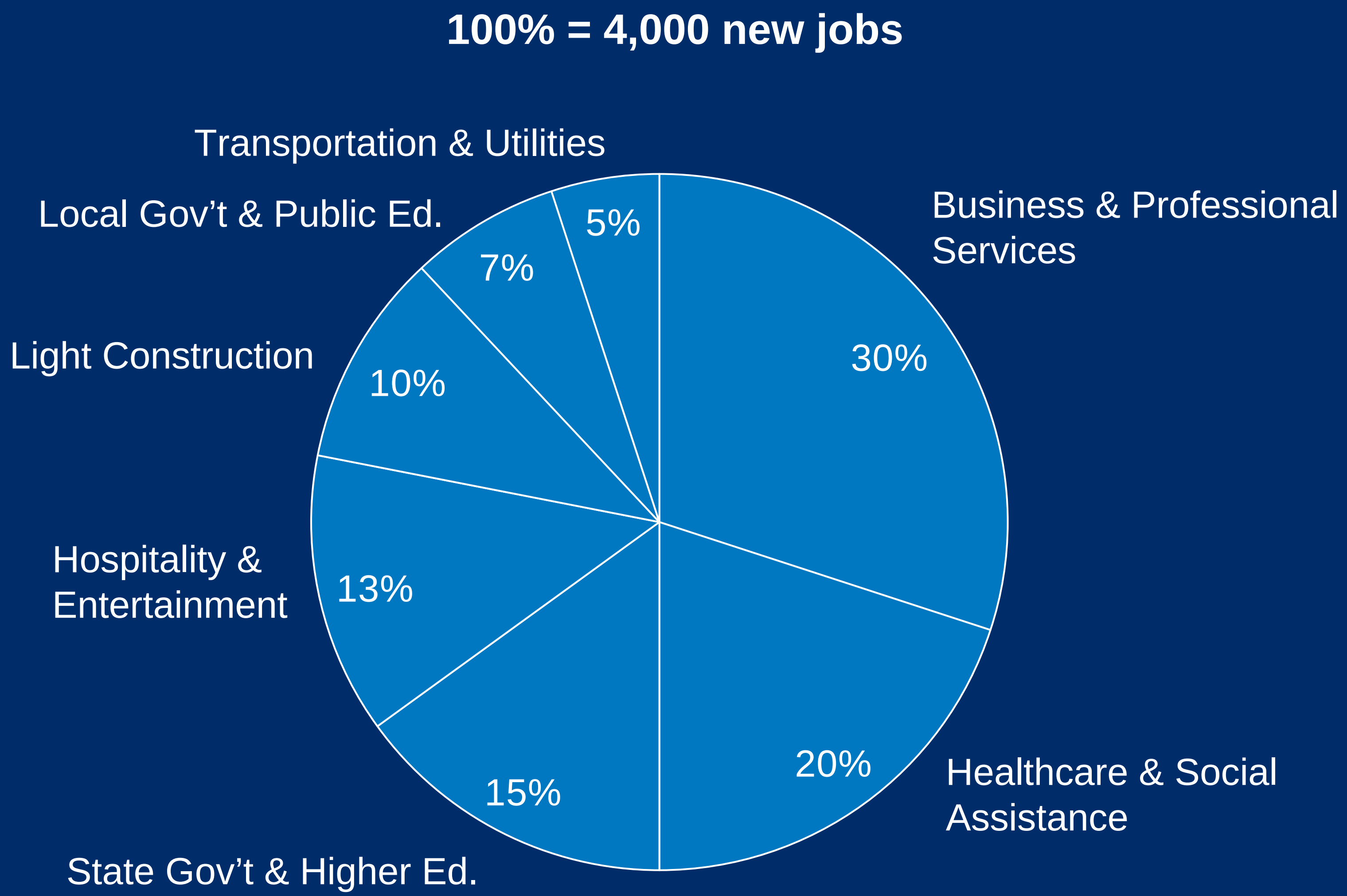


* Other includes light construction and transportation & utilities

Source: Louisiana Workforce Commission

2008 BATON ROUGE AREA JOB GROWTH BY INDUSTRY SECTOR

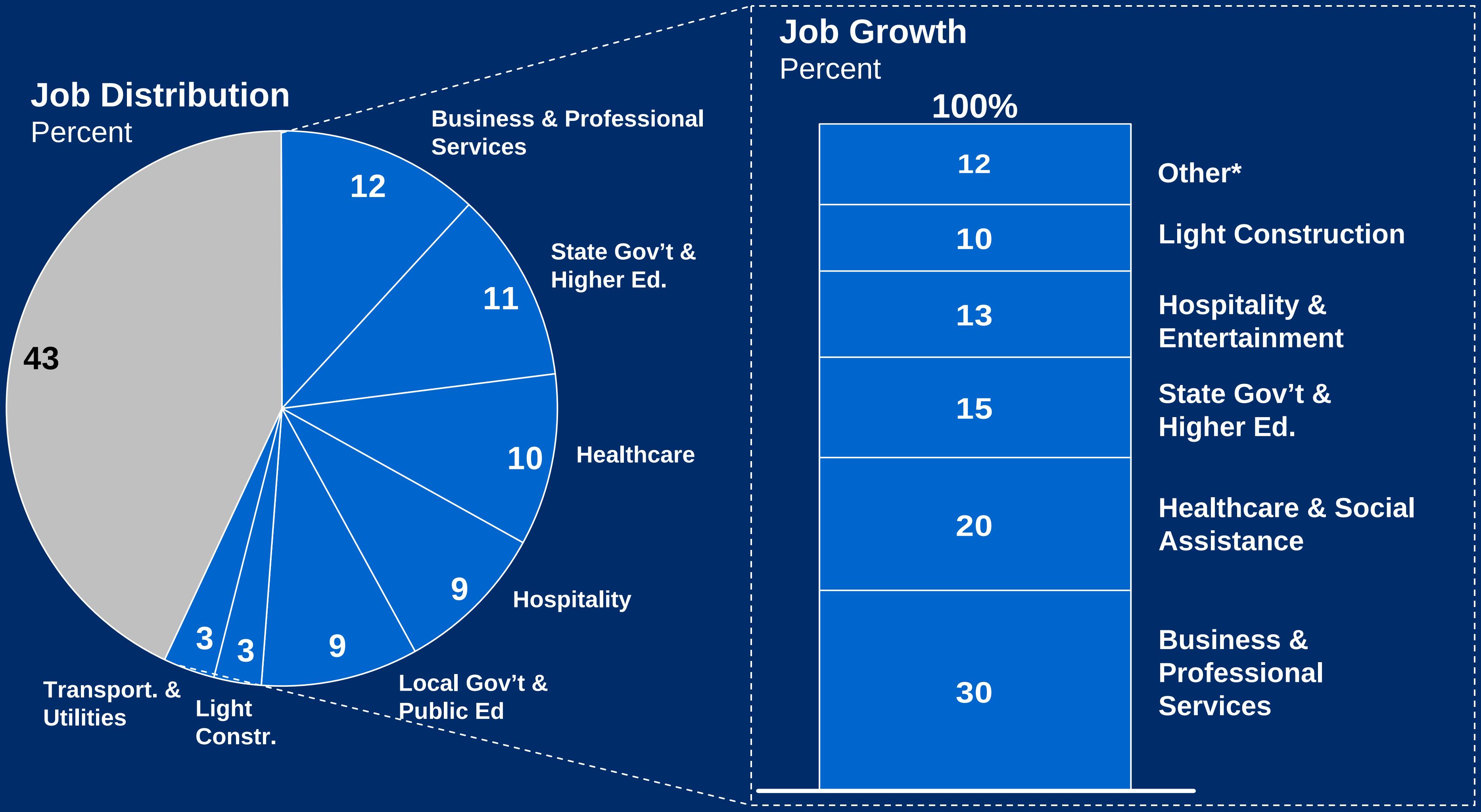
Percent of total 2008 job growth by industry sector



Source: Louisiana Workforce Commission

2008 JOB DISTRIBUTION VS. JOB GROWTH FOR TOP INDUSTRY SECTORS

Percent of total 2008 job distribution and growth

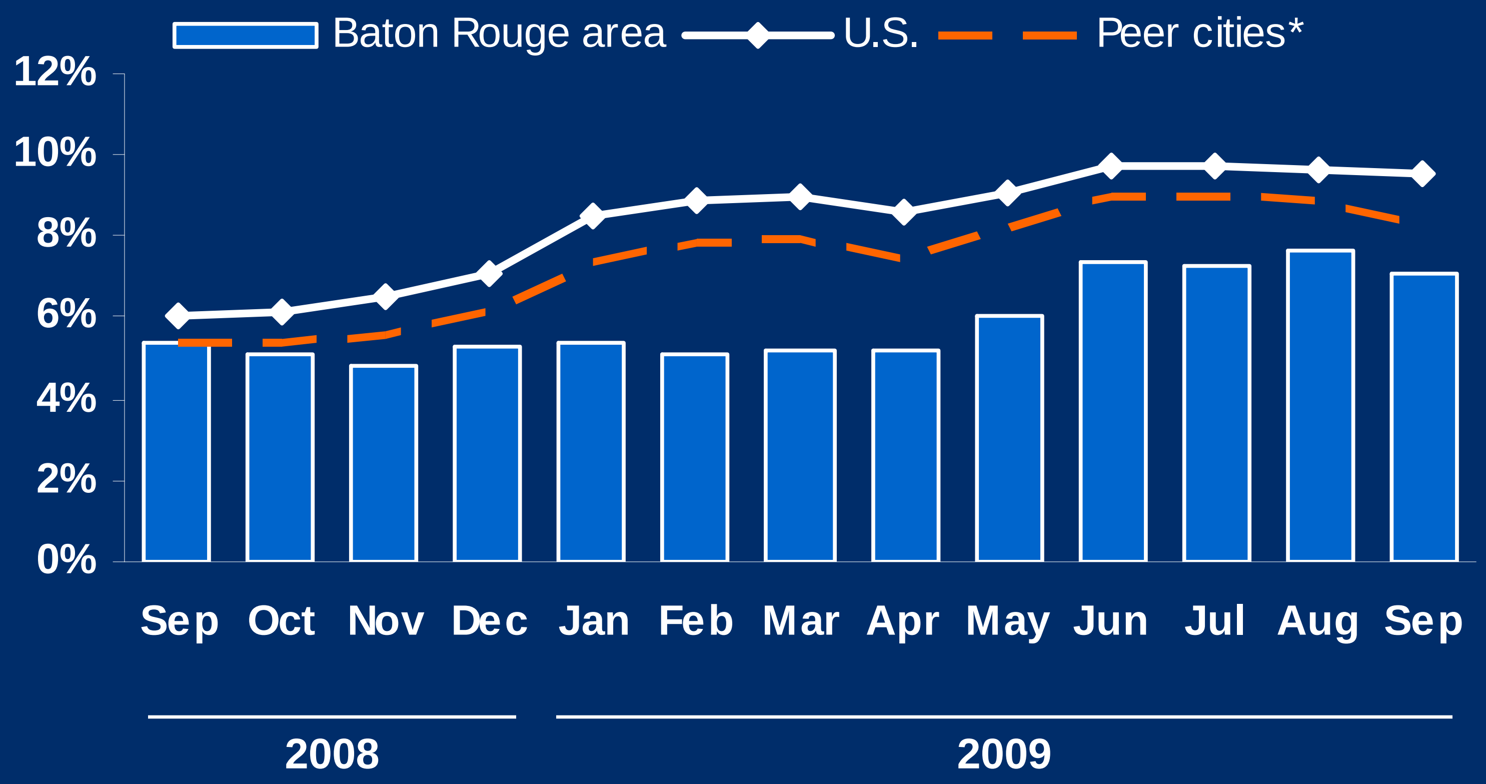


Seven sectors made up just 57% of total job distribution for the Baton Rouge area, but accounted for 100% of the total job growth for the MSA in 2008.

* Other includes local government & public education and transportation & utilities

Source: Louisiana Workforce Commission

BATON ROUGE AREA UNEMPLOYMENT REMAINS BELOW U.S. AND PEER CITIES* AVERAGES



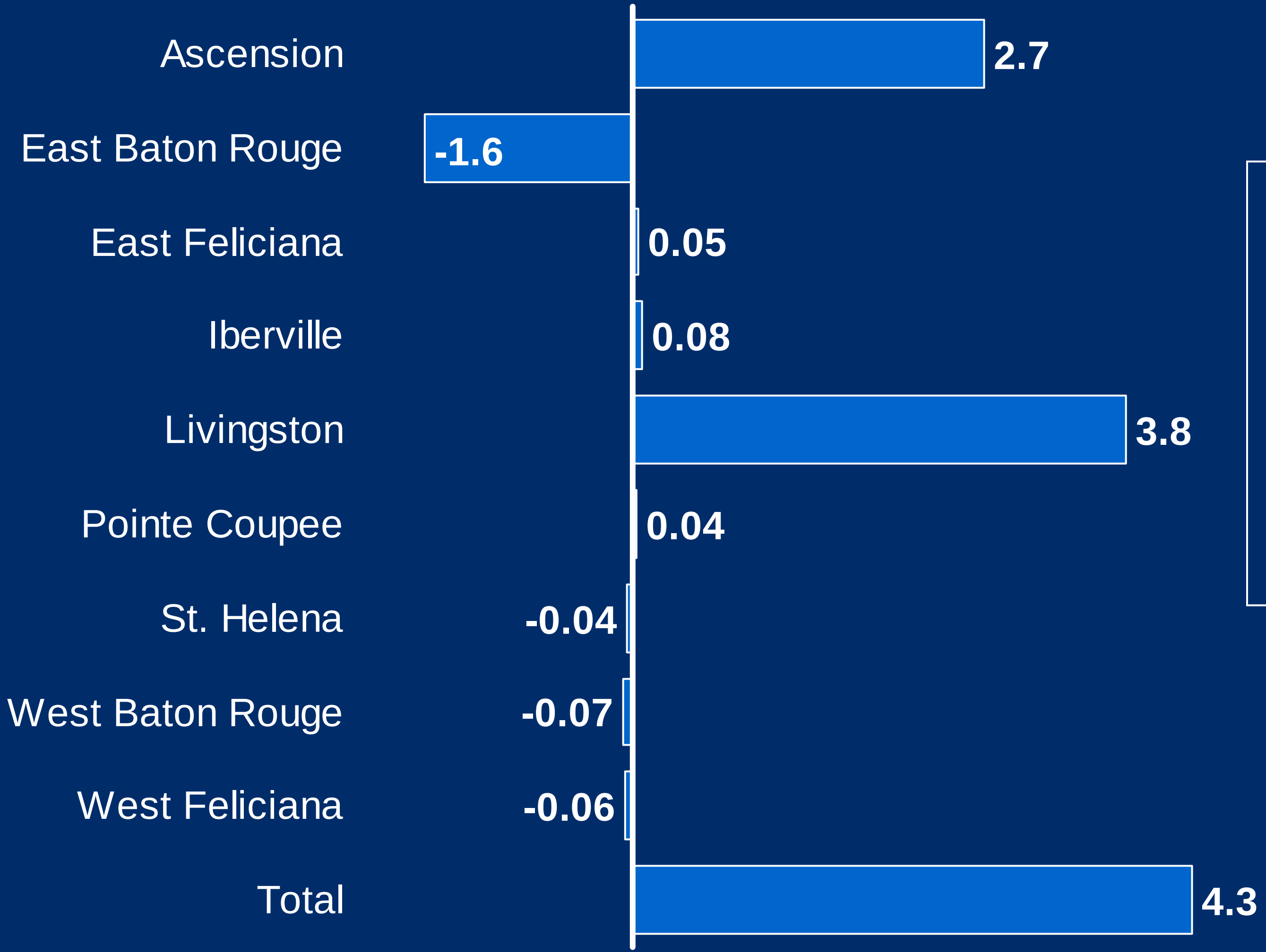
* Peer cities include: Austin, Birmingham, Jackson, Little Rock, Memphis, Mobile, Nashville, and Raleigh

Source: Louisiana Workforce Commission; Bureau of Labor Statistics

RECENT POPULATION GROWTH

Recent U.S. Census estimates indicate that the number of permanent residents in the Baton Rouge area grew by about 4,300 residents (0.64%) from 2007-2008

2007-08 population growth (thousands)



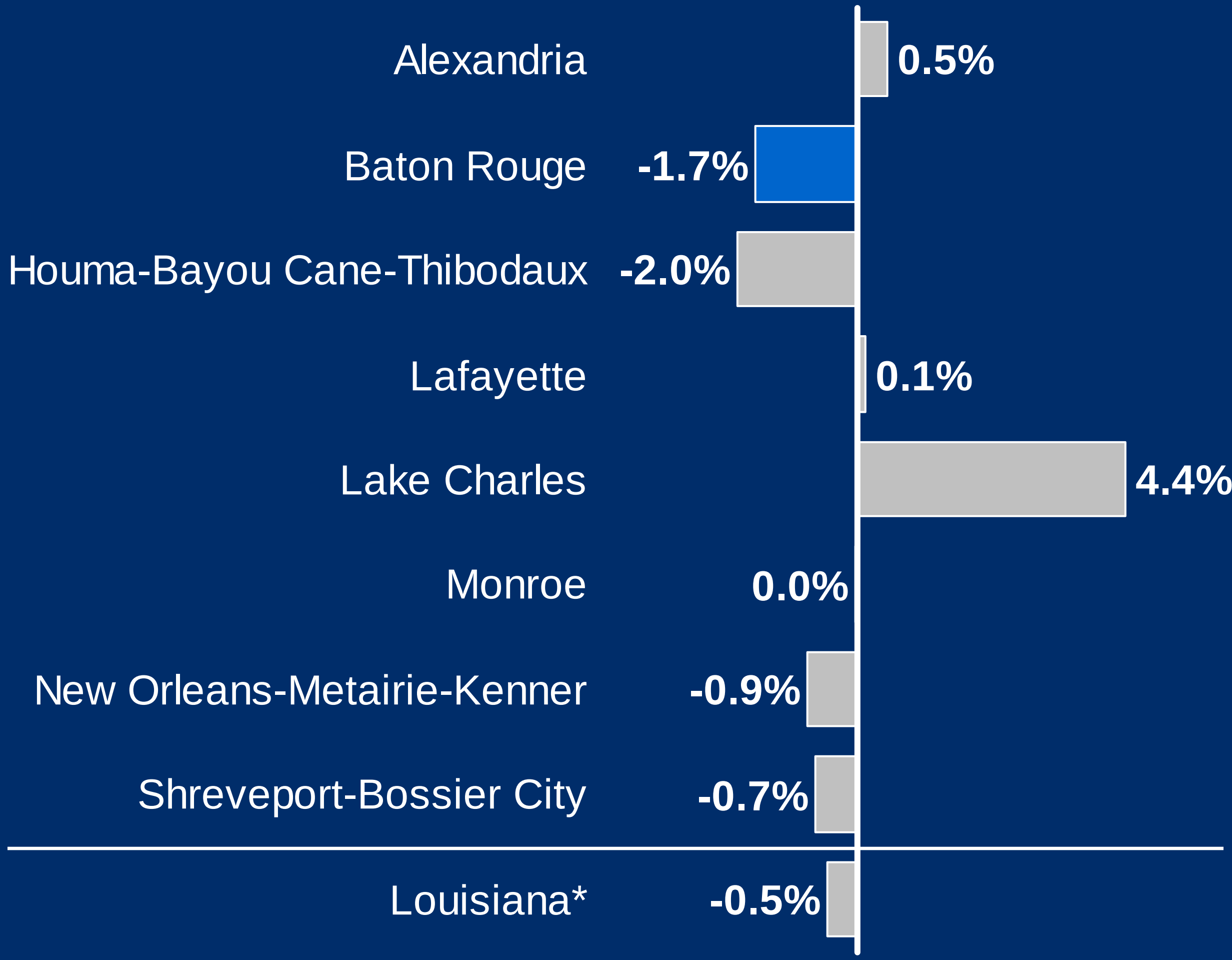
- **57% of growth occurred in Livingston**
- **40% occurred in Ascension**
- **East Baton Rouge lost 1,600 or 0.4%**

Source: American Community Survey, 2008

LOUISIANA EXPERIENCES OUTMIGRATION OF COLLEGE GRADUATES*

State outmigration of college graduate population, 2007-2008

Percent of college-educated population 25 or older



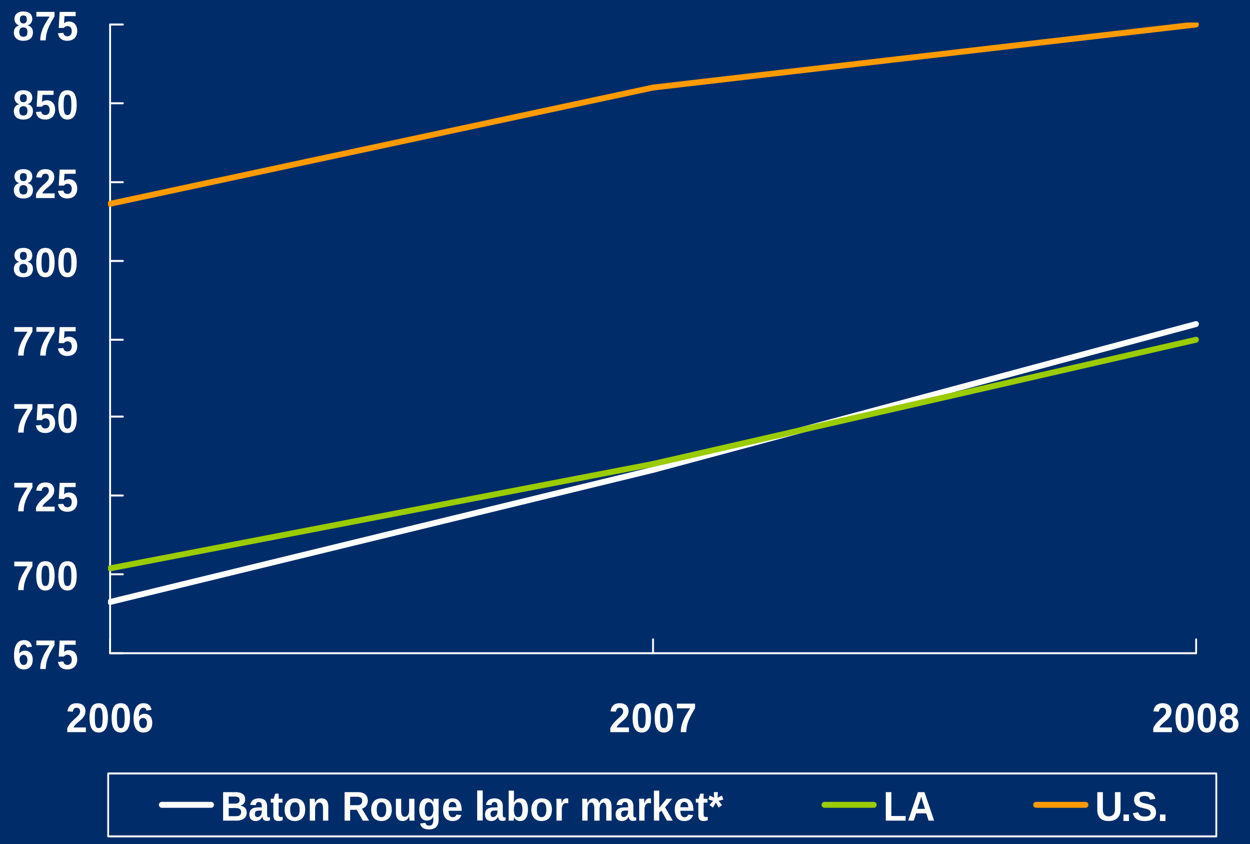
- **25.1% of the population (age 25+) in Baton Rouge is college educated, the highest in LA**
- **Net change:**
  - **- Baton Rouge: -2,065**
  - **- Lake Charles: 1,124**
  - **- New Orleans: -1,150**

* State percentage is not sum of MSA percentages

Source: Dr. Troy Blanchard, LSU; American Community Survey, 2008

AVERAGE WEEKLY WAGE IN BATON ROUGE LABOR MARKET* CONTINUES TO GROW

Average weekly wage



- **The average weekly wage in the Baton Rouge area grew 6.4% in 2008 to $780**
- **The state average grew 5.4% in 2008 to $775**

* Baton Rouge labor market represents Regional Labor Market Area 2, which includes the nine-parish MSA and Tangipahoa and Washington parishes.

Source: Louisiana Workforce Commission; Bureau of Labor Statistics

TOP OCCUPATIONS WITH JOB VACANCIES IN Q2 2008

Job vacancies by occupational group in Baton Rouge Regional Labor Market Area

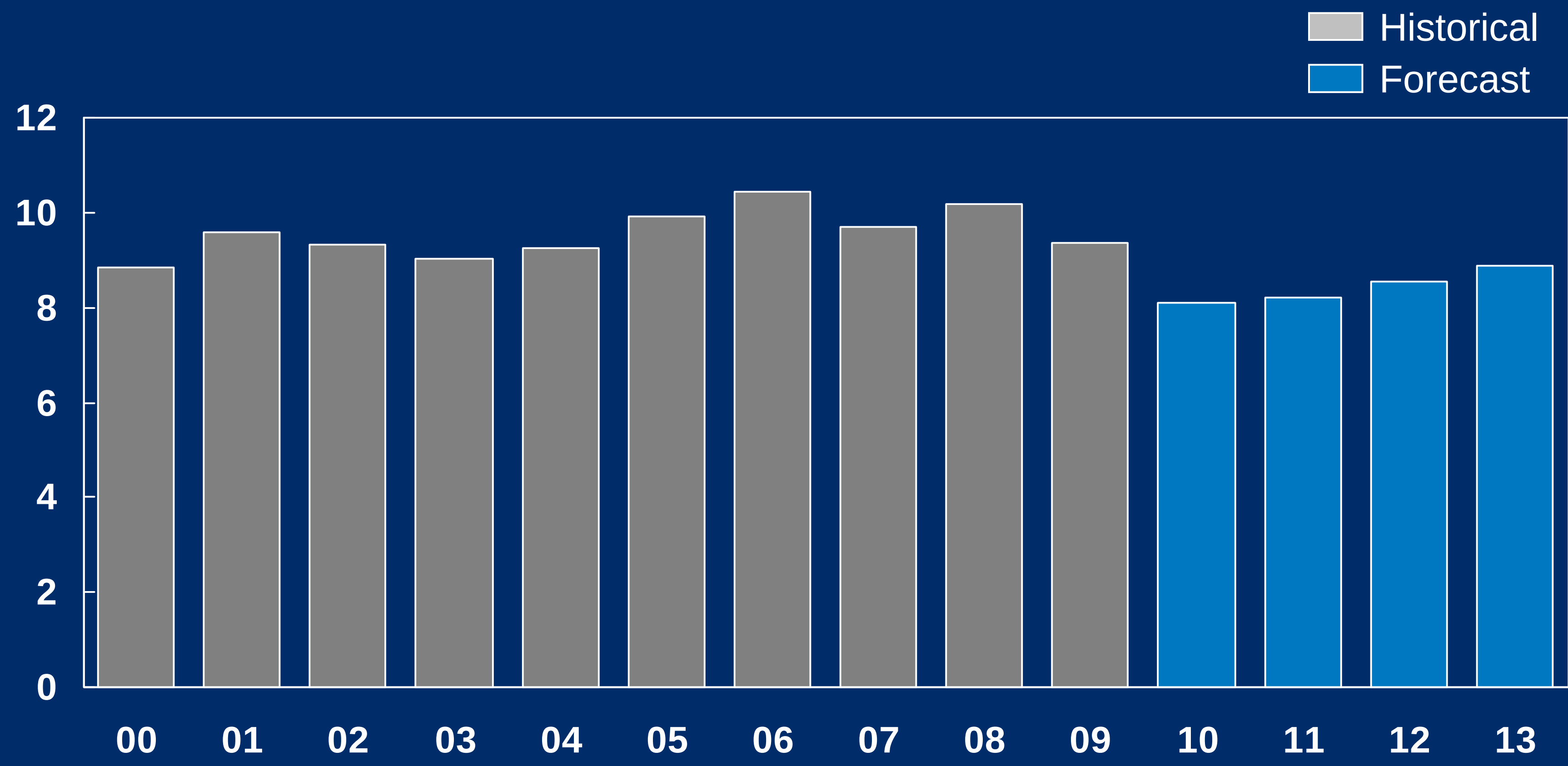
Total missing payroll* between $149.6 million and $299.2 million

* Estimates based on 20 hours/week part-time and 40 hours/week full-time

Source: Louisiana Workforce Commission

INFLATION-ADJUSTED STATE REVENUE TREND (FY 2000-FY 2013)

State general fund revenue less dedicated funds (billions of 2008 dollars)



Reduced state revenue estimates in the next 1-3 years are attributable to:

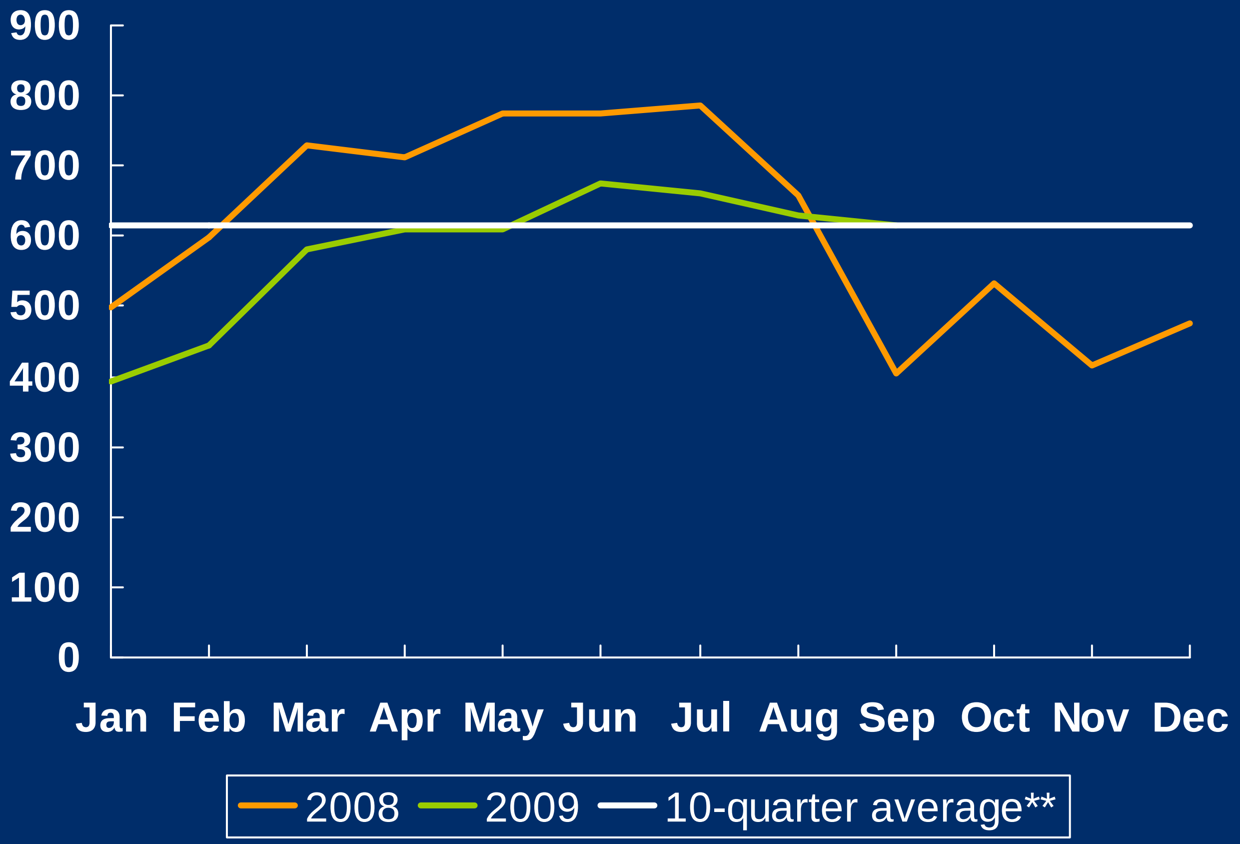
1. Phase-out of taxes on businesses and individuals
2. Uncertainty of oil prices and national economic recovery

Source: Louisiana Revenue Estimating Committee; LA Department of Revenue

SINGLE-FAMILY RESIDENTIAL TRENDS HAVE IMPROVED OVER 2009

Baton Rouge area* home sales

Units sold



- **Baton Rouge area home sales rose 41.7% during the first two quarters of 2009**
- **During Q3, there has been a 6% slowdown in home sales from the market's peak in June 2009**

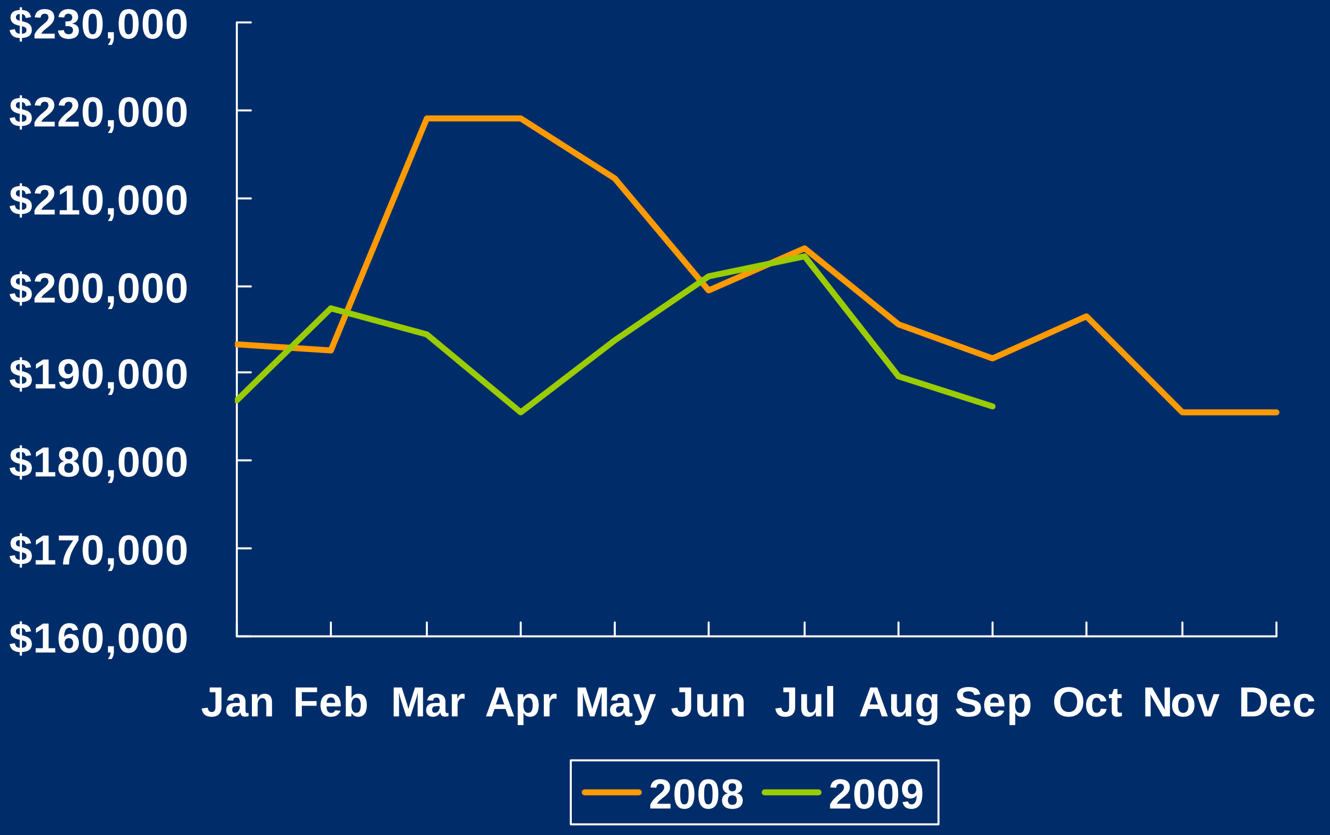
* Baton Rouge area includes Ascension, East Baton Rouge, and Livingston parishes

** Average includes Q4 2007 through Q3 2009

Source: MLS; GBRAR

LOCAL RESIDENTIAL REAL ESTATE PRICES SHOW SLIGHT DECLINE

Baton Rouge area* average home sales price



- **2009 average home sales price through September in the Baton Rouge area decreased 4.9% from 2008 average**
- **Decrease attributed to lower value transactions of first time homebuyers with federal tax credit**

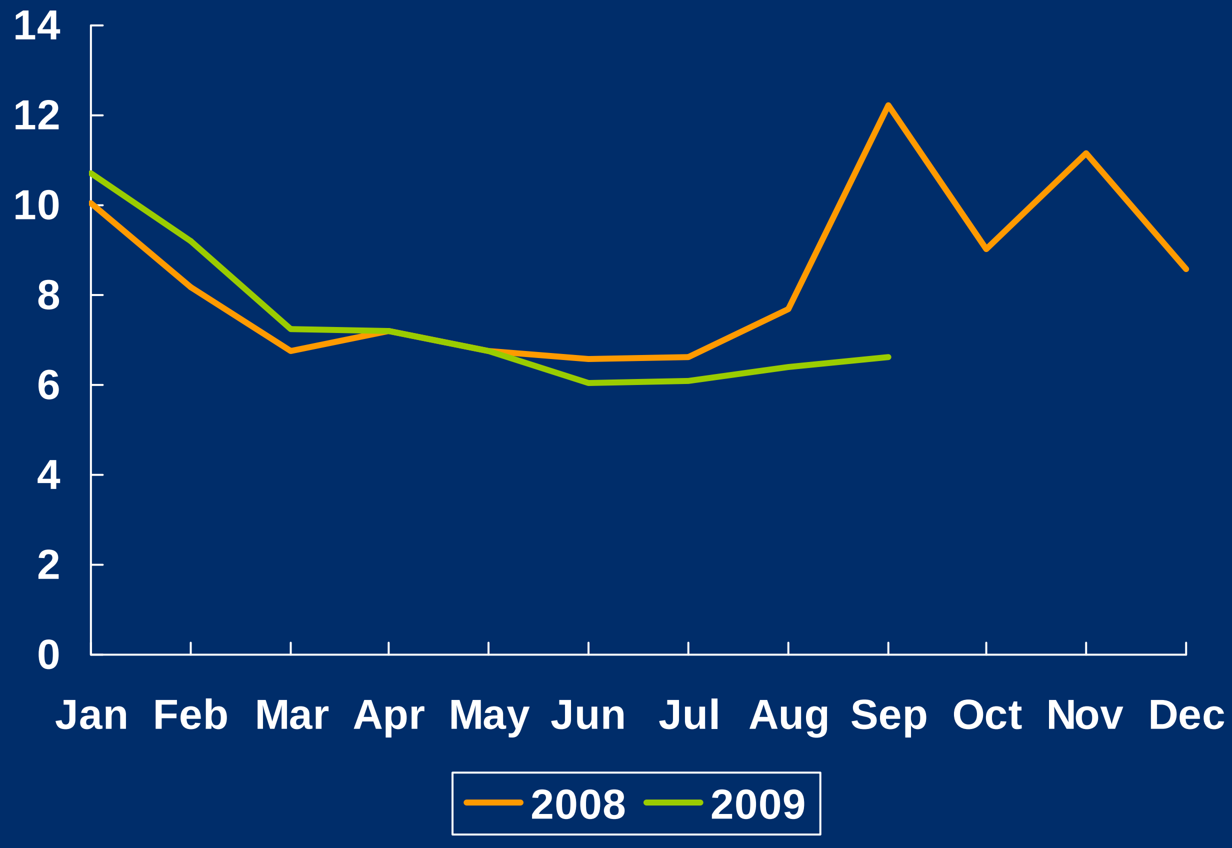
* Baton Rouge area includes Ascension, East Baton Rouge, and Livingston parishes

Source: MLS; GBRAR

BATON ROUGE AREA* MONTHS INVENTORY DECLINES IN 2009

Baton Rouge area average home sales

Months inventory



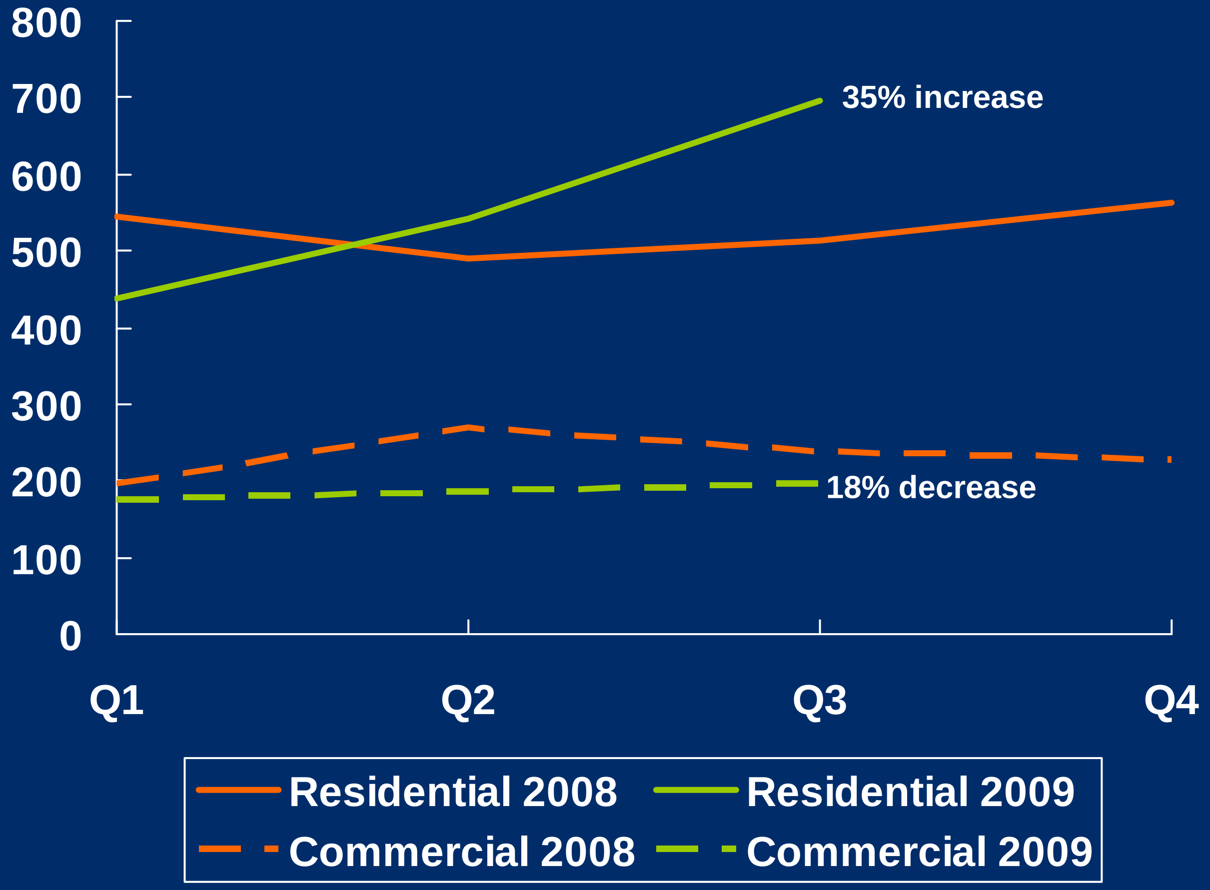
- **Local housing activity increased in the beginning of 2009**
- **Q4 activity in 2008 was drastically affected by the national economic situation**

* Baton Rouge area includes Ascension, East Baton Rouge, and Livingston parishes

Source: MLS; GBRAR

RESIDENTIAL PERMITTING IN EAST BATON ROUGE PARISH IS INCREASING IN 2009

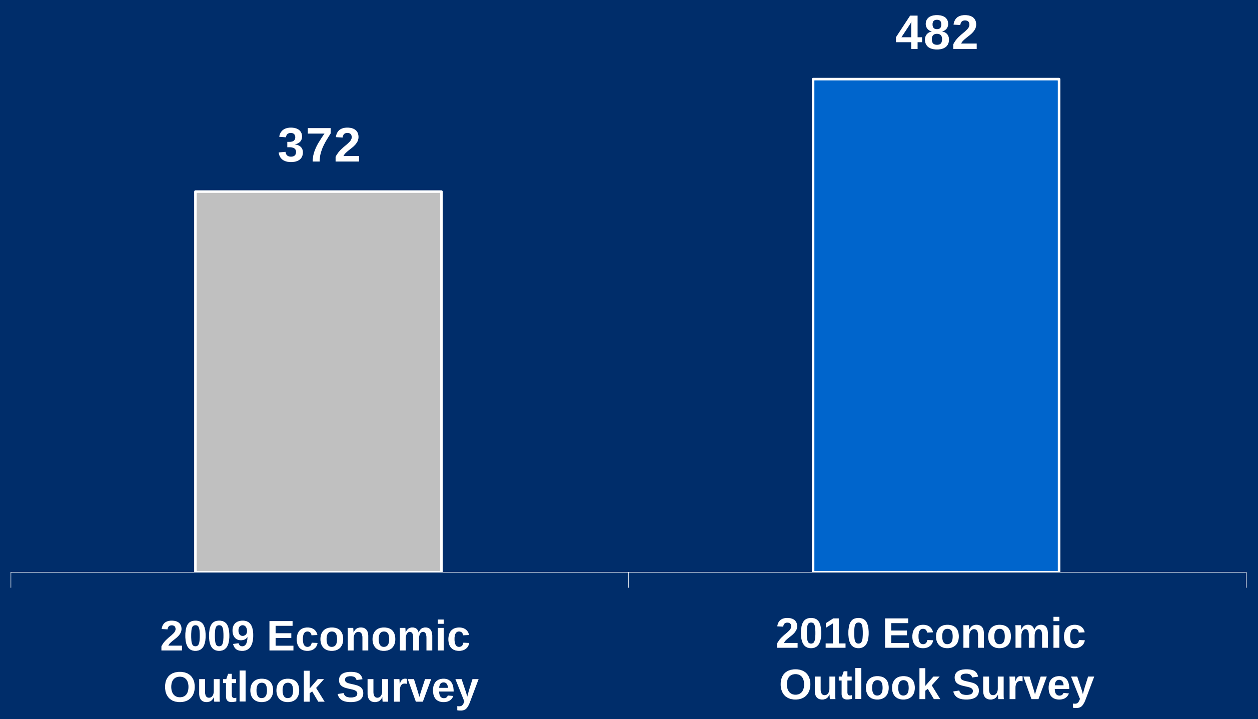
New East Baton Rouge residential and commercial units permitted



Source: Department of Public Works Inspection Division

THERE WERE THIRTY PERCENT MORE RESPONSES FOR THE 2010 ECONOMIC CLIMATE SURVEY COMPARED TO THE 2009 SURVEY

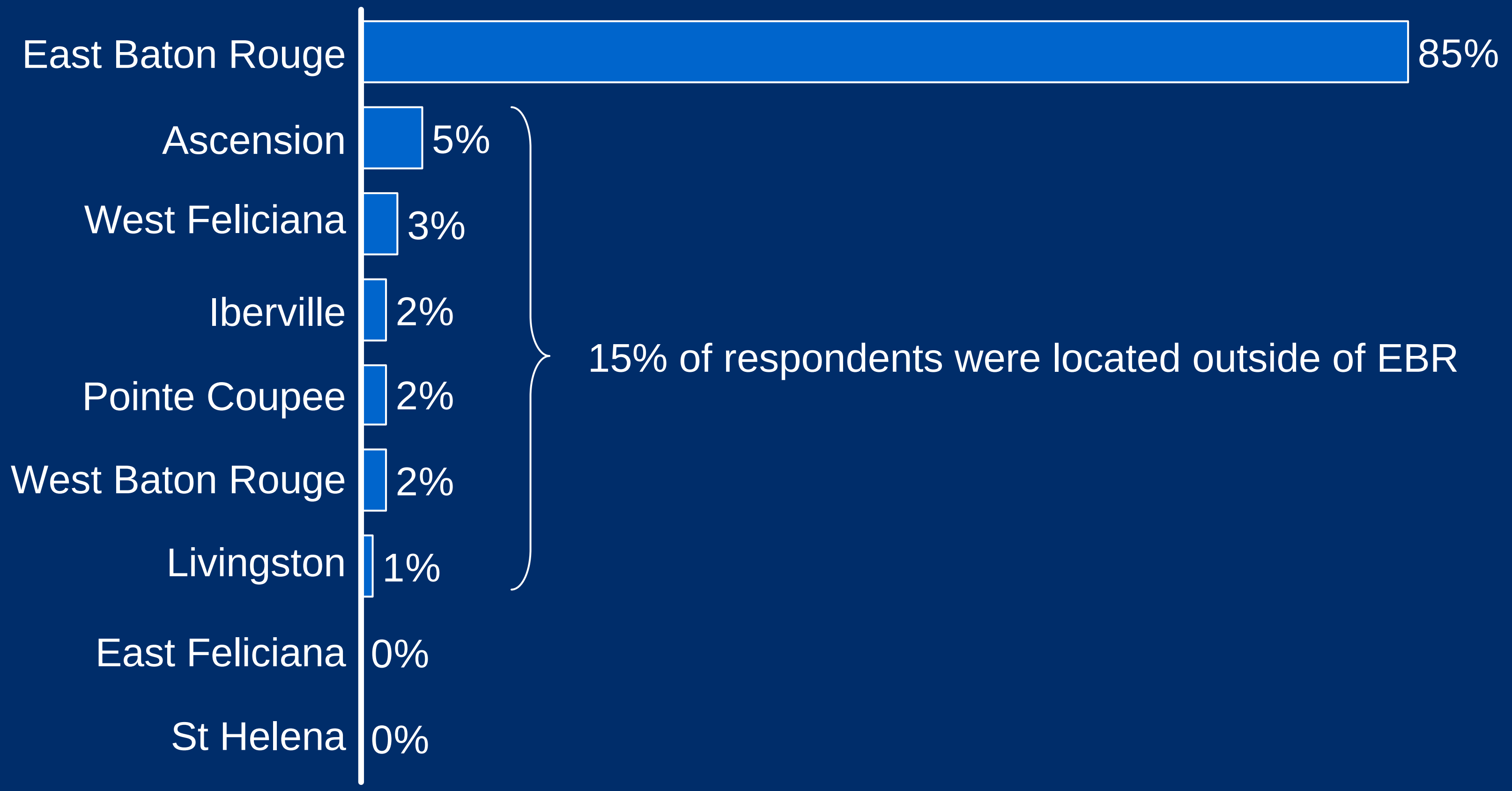
Number of respondents in a survey of regional business leaders*



* The 2009 Economic Outlook survey was conducted in December 2008 through January 2009; the 2010 Economic Outlook survey was conducted in September 2009 through October 2009

MOST RESPONDENTS WERE FROM EAST BATON ROUGE PARISH

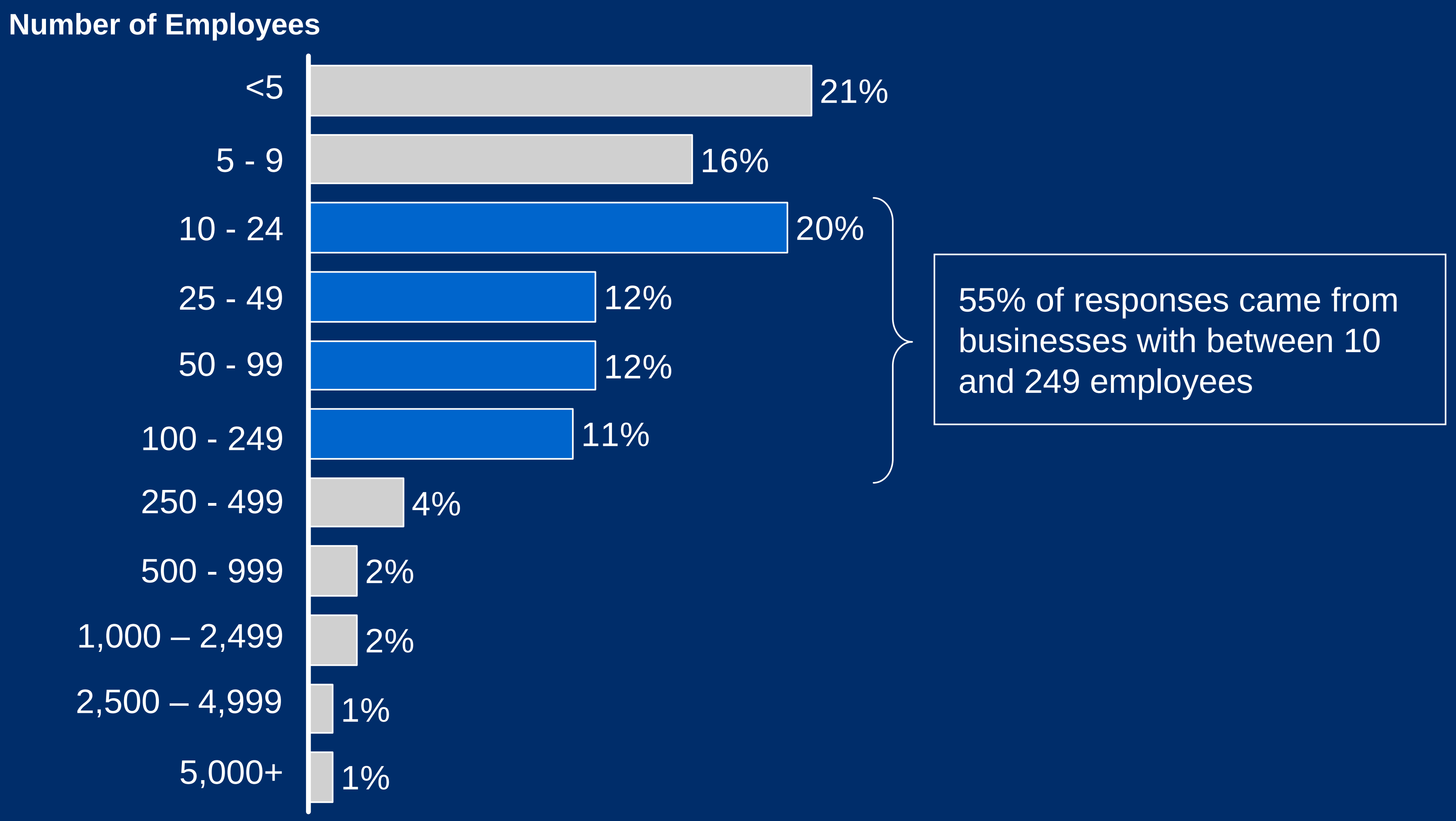
Percentage of respondents in a survey of regional business leaders*



* Percentages may not sum to 100 due to rounding

MOST RESPONDENTS WERE SMALL TO MID-SIZED BUSINESSES

Percentage of respondents in a survey of regional business leaders*



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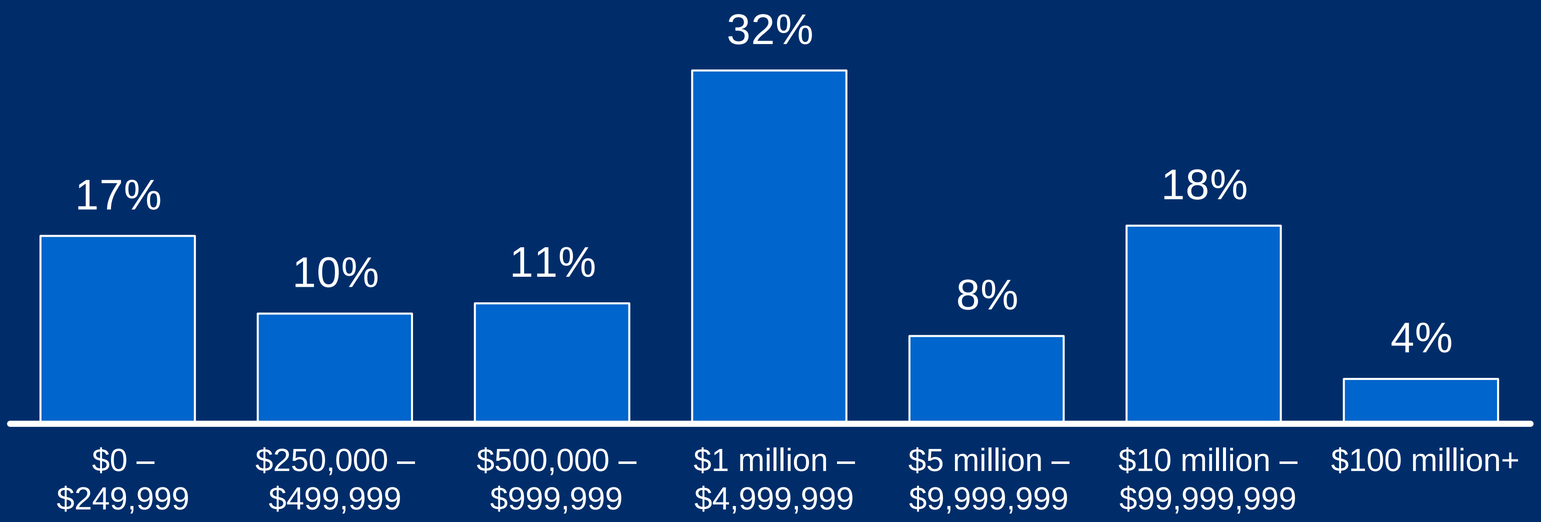
RESPONDENTS WERE WELL-DISTRIBUTED ACROSS ALL BUSINESS REVENUE LEVELS

Percentage of respondents in a survey of regional business leaders*



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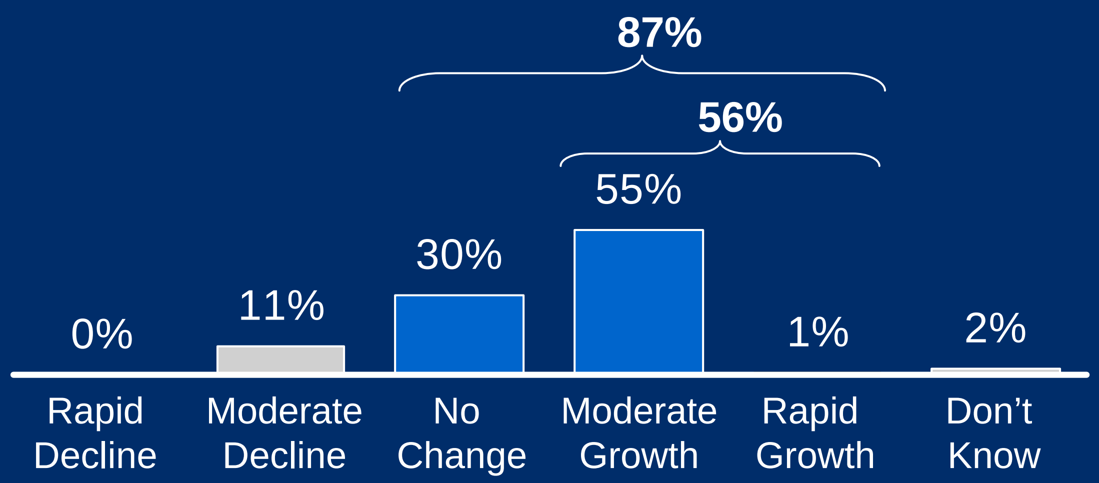
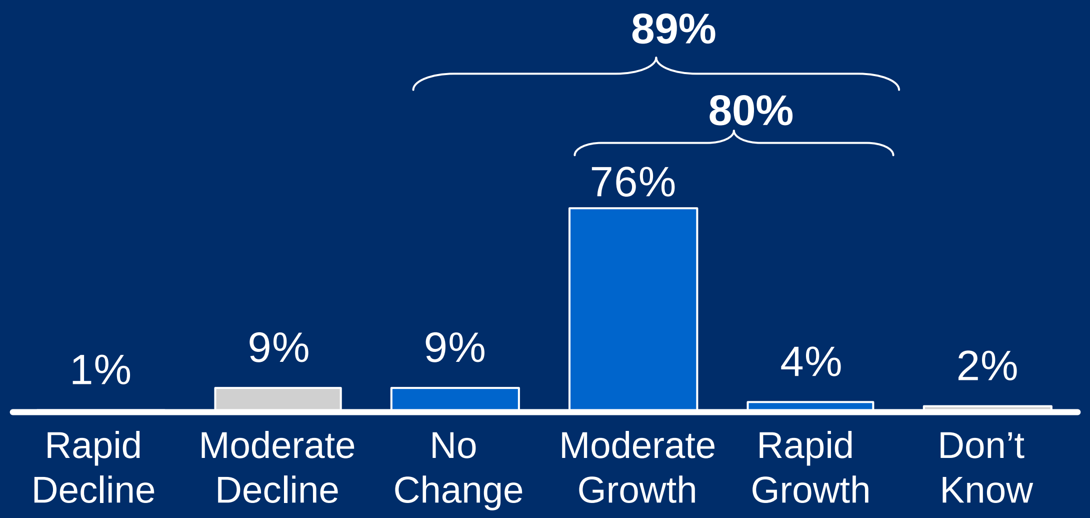
BATON ROUGE AREA ECONOMIC GROWTH FORECAST

Percentage of respondents in a survey of regional business leaders*

2010 Outlook



2010 - 2012 Outlook



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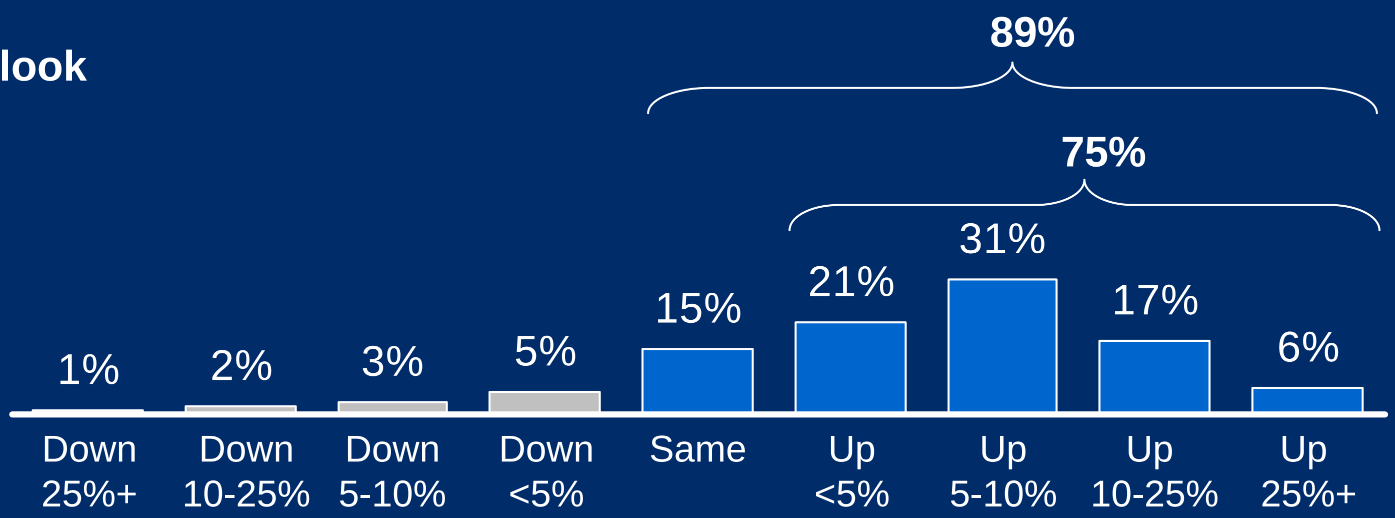
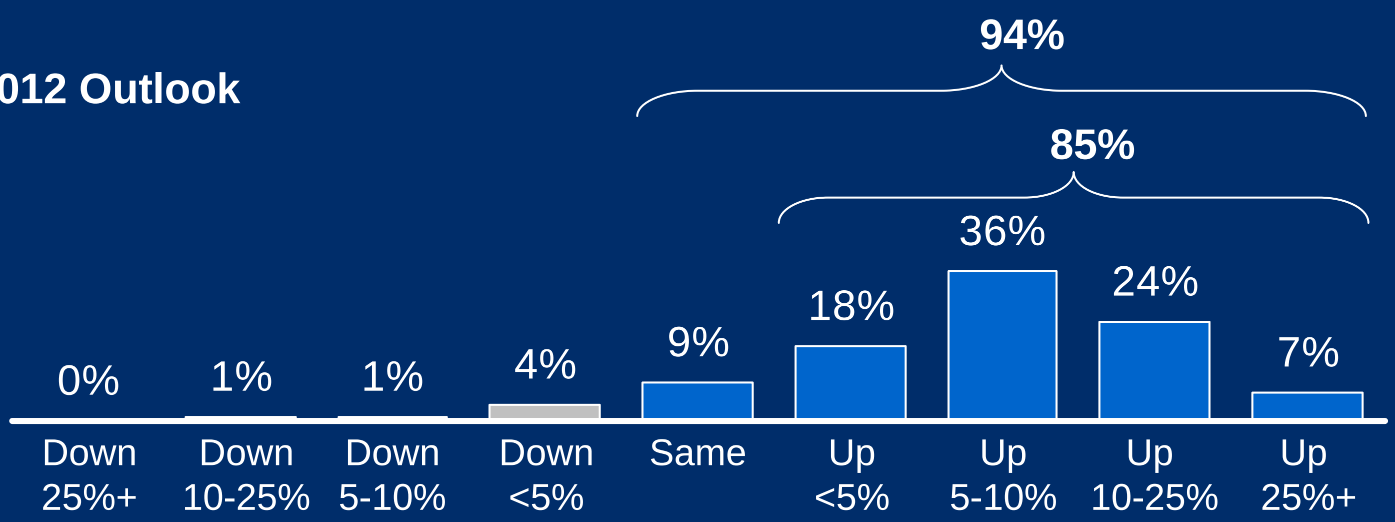
BUSINESS REVENUE GROWTH FORECAST

Percentage of respondents in a survey of regional business leaders*

2010 Outlook



2010 – 2012 Outlook



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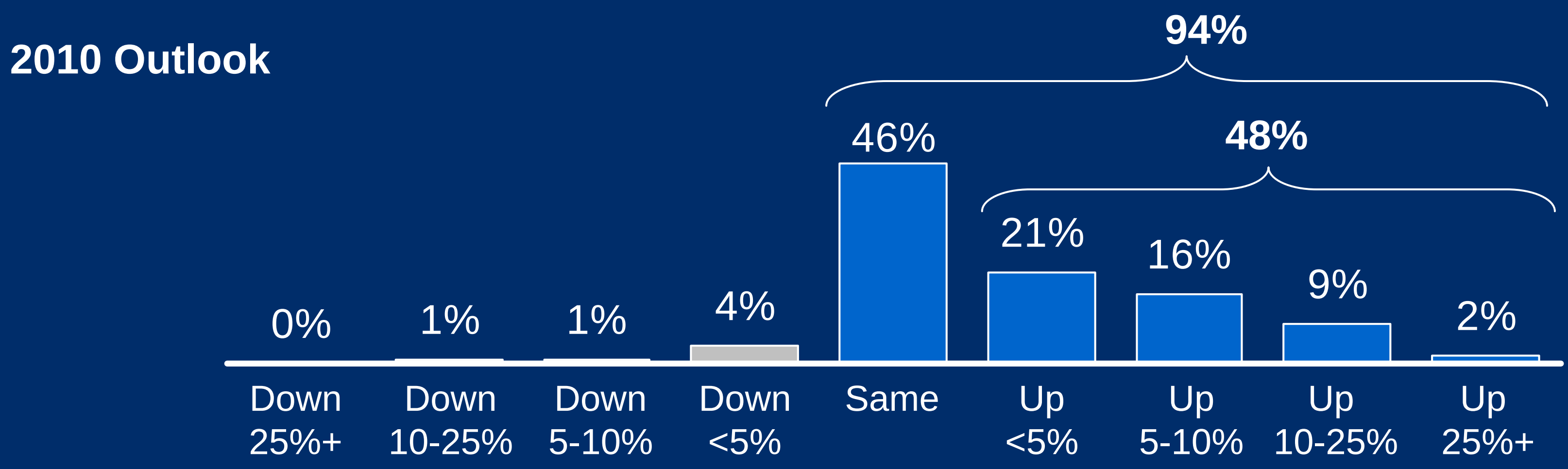
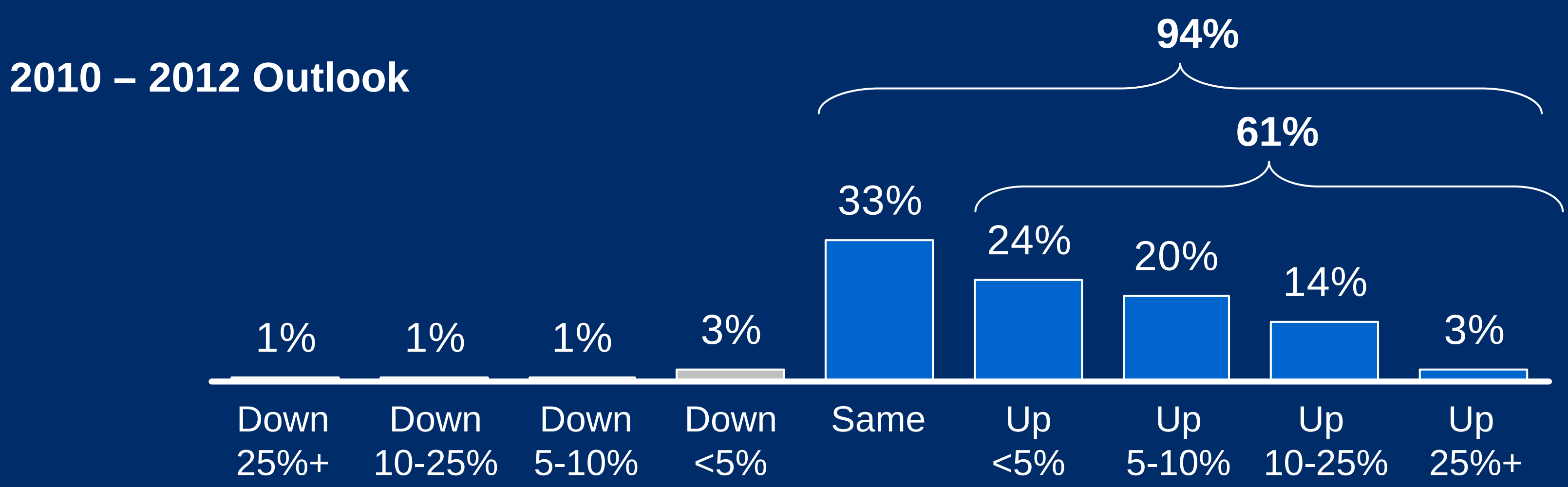
EMPLOYMENT GROWTH FORECAST

Percentage of respondents in a survey of regional business leaders*

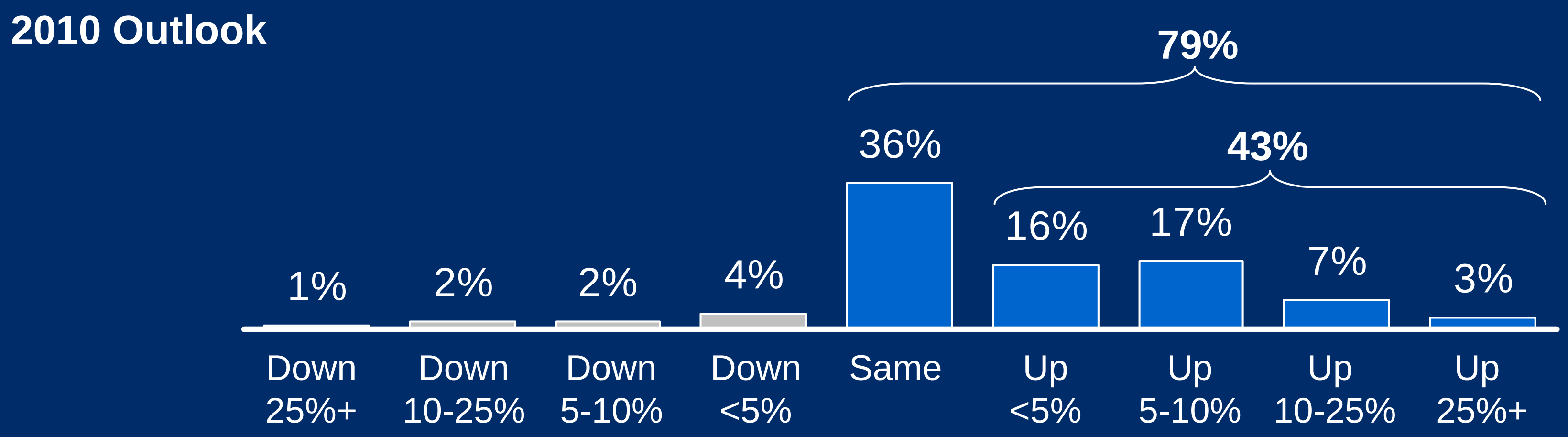


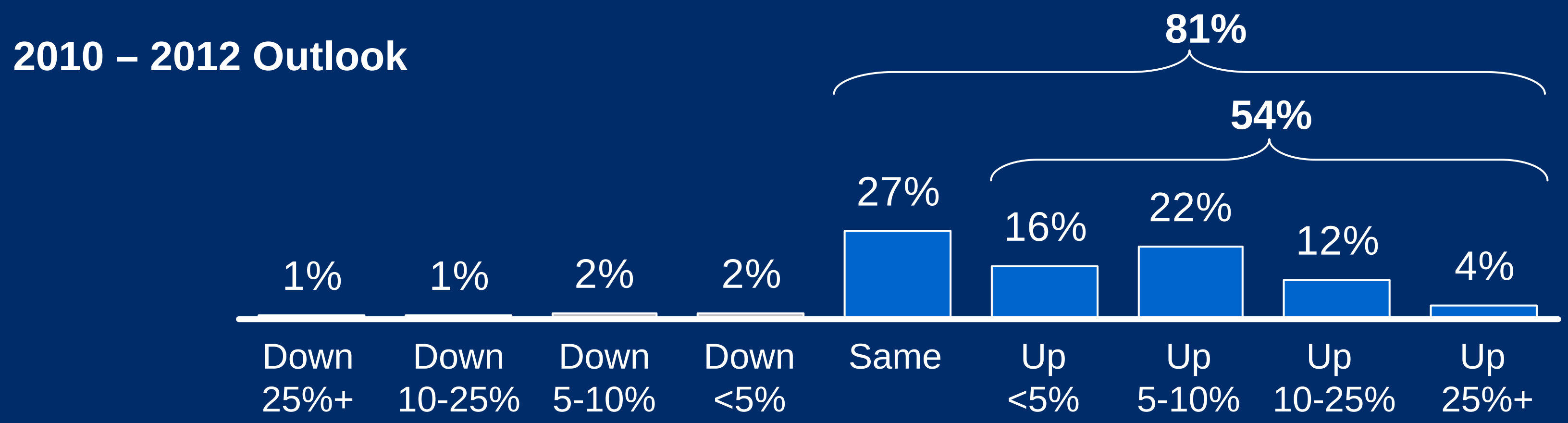


* Percentages may not sum to 100 due to rounding

CAPITAL EXPENDITURE GROWTH FORECAST*

Percentage of respondents in a survey of regional business leaders**



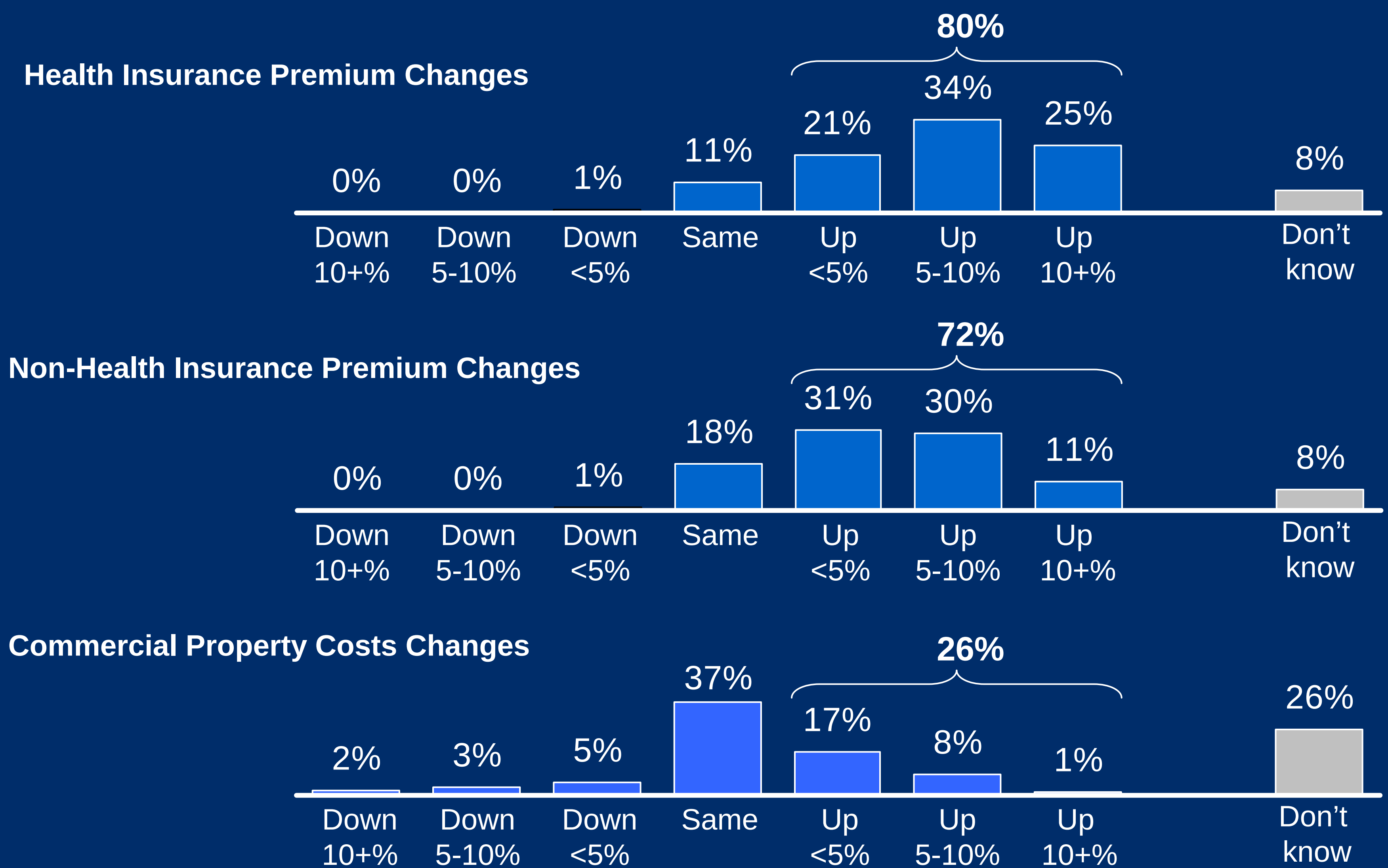


* 12 percent of survey respondents indicated this question was "not applicable" to their business

** Percentages may not sum to 100 due to rounding

MOST EXPECT INSURANCE COSTS TO INCREASE BUT COMMERCIAL PROPERTY COSTS TO REMAIN STEADY OR INCREASE SLIGHTLY

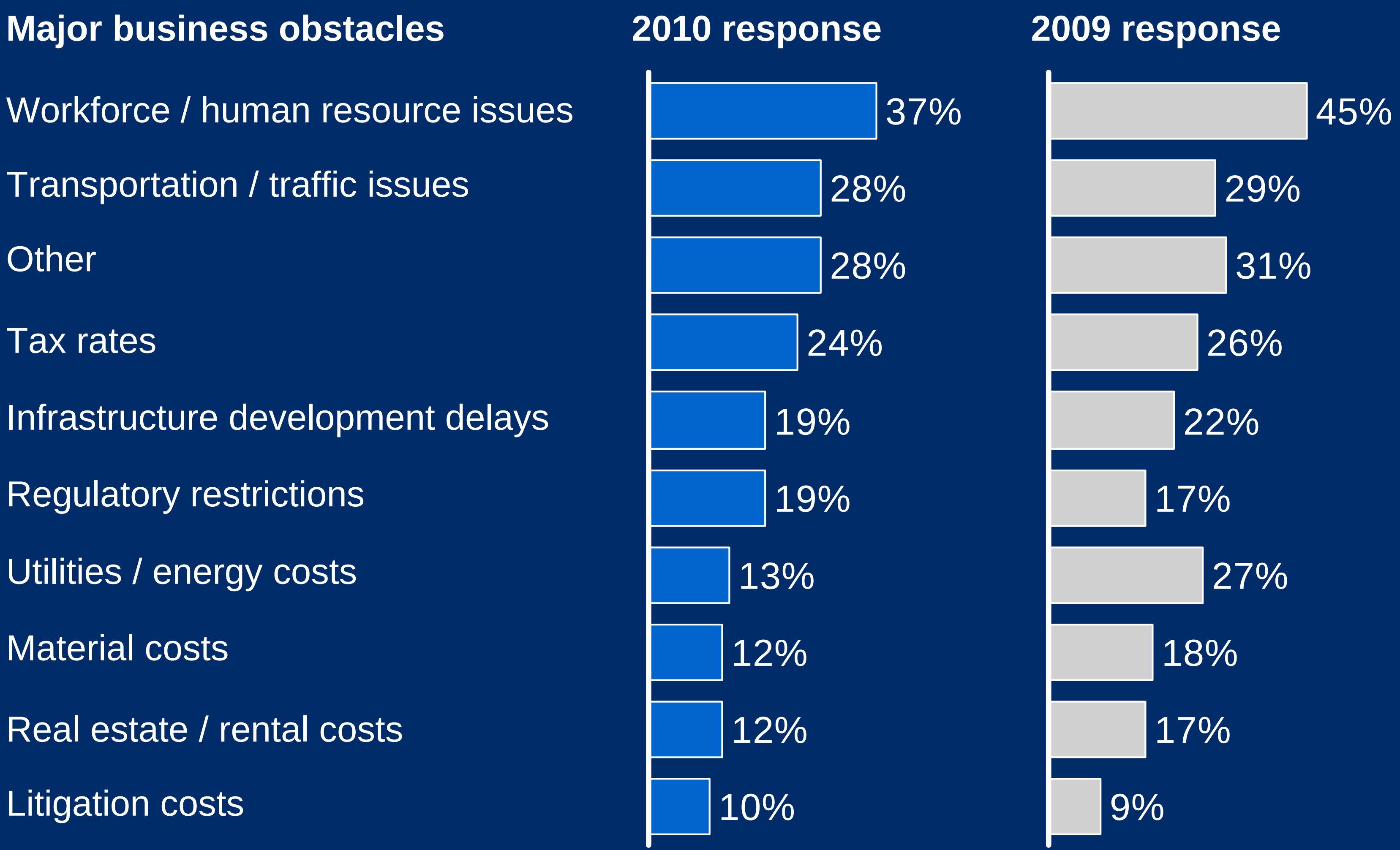
Percentage of respondents in a survey of regional business leaders*



* Percentages may not sum to 100 due to rounding

WORKFORCE ISSUES AND TRANSPORTATION REMAIN TOP BUSINESS CONCERNS OF AREA BUSINESS LEADERS

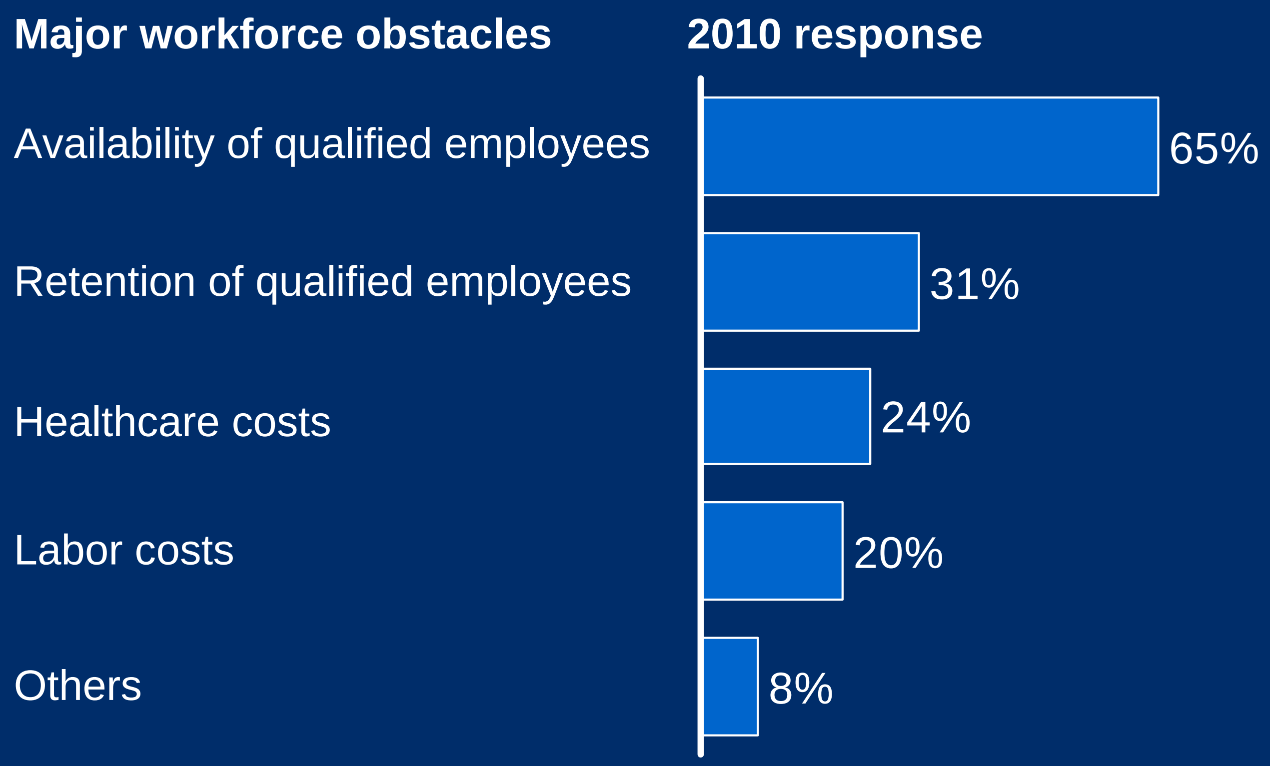
Percentage of respondents in a survey of regional business leaders*



* Respondents were allowed to choose multiple answers

AVAILABILITY OF QUALIFIED EMPLOYEES REMAINS THE TOP WORKFORCE OBSTACLE FOR THE PAST FOUR YEARS

Percentage of respondents in a survey of regional business leaders*



* Respondents were allowed to choose multiple answers

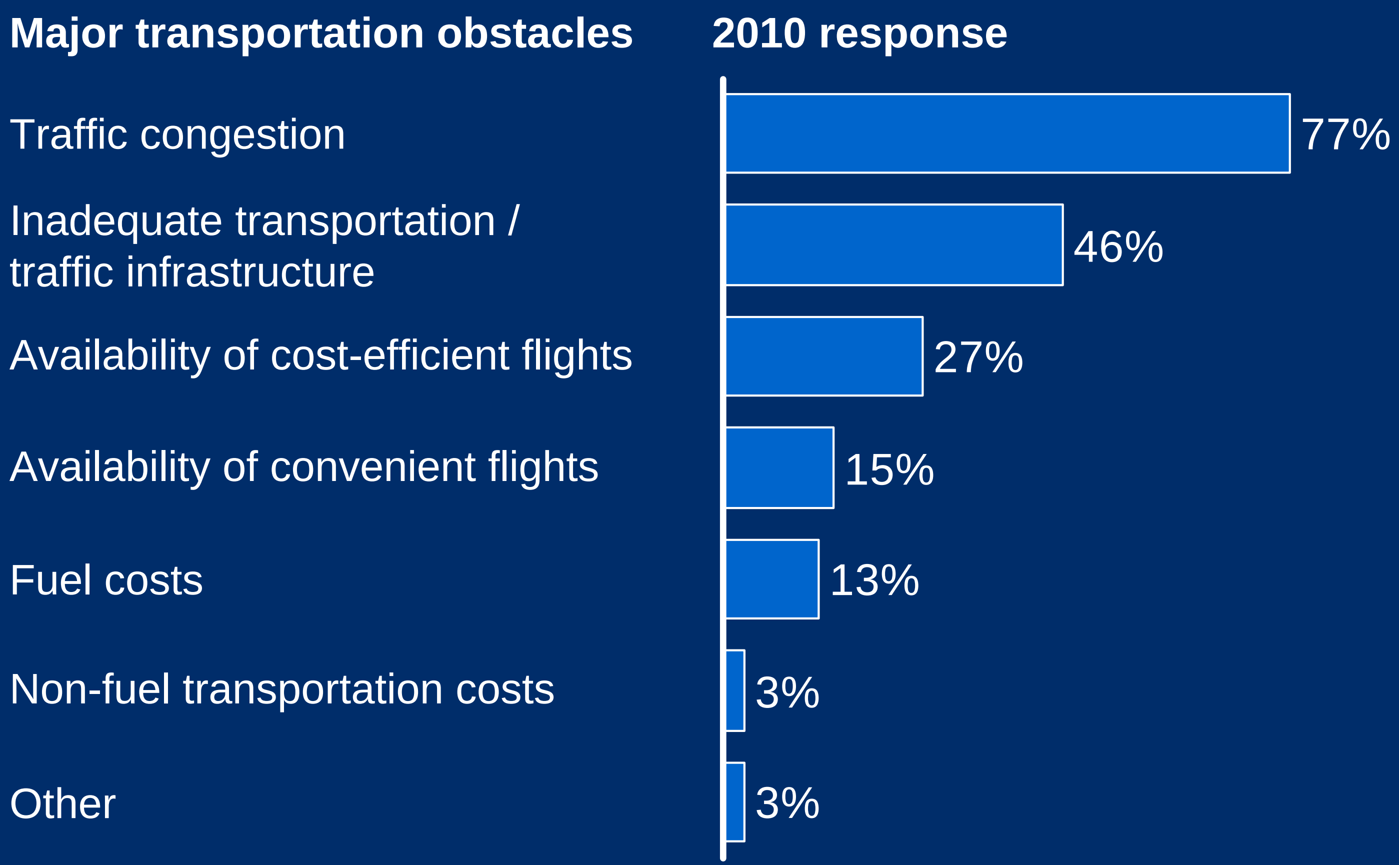
TOP CONCERNS OF AREA BUSINESS LEADERS ON AVAILABILITY OF QUALIFIED WORKFORCE IS A NEW QUESTION FOR 2010

Percentage of respondents in a survey of regional business leaders*

* Respondents were allowed to choose multiple answers

TRAFFIC CONGESTION REMAINS THE TOP TRANSPORTATION CONCERN OF AREA BUSINESS LEADERS

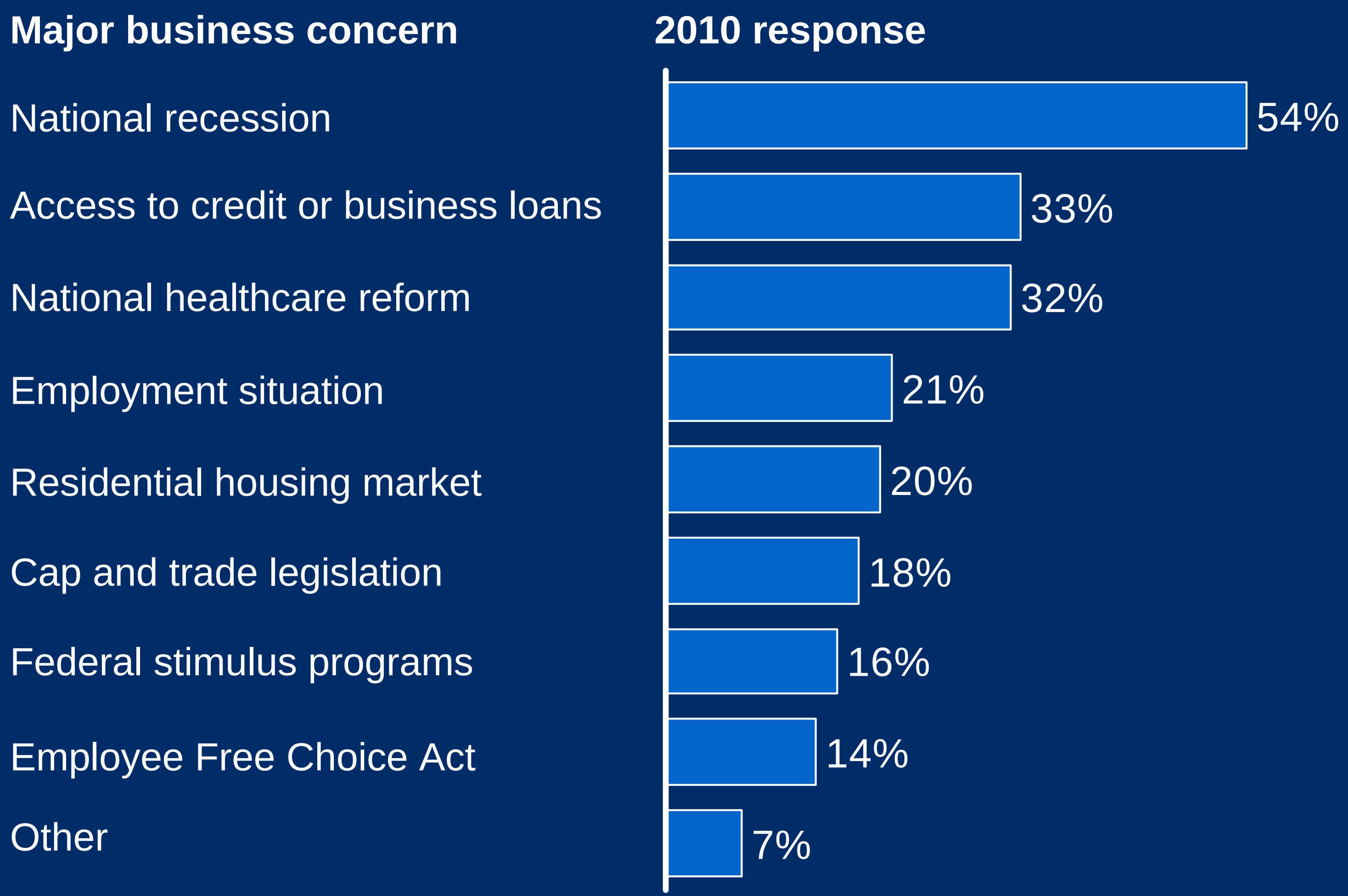
Percentage of respondents in a survey of regional business leaders*



* Respondents were allowed to choose multiple answers

THE NATIONAL RECESSION CONTINUES TO BE THE TOP NATIONAL TREND OF CONCERN FOR AREA BUSINESS LEADERS

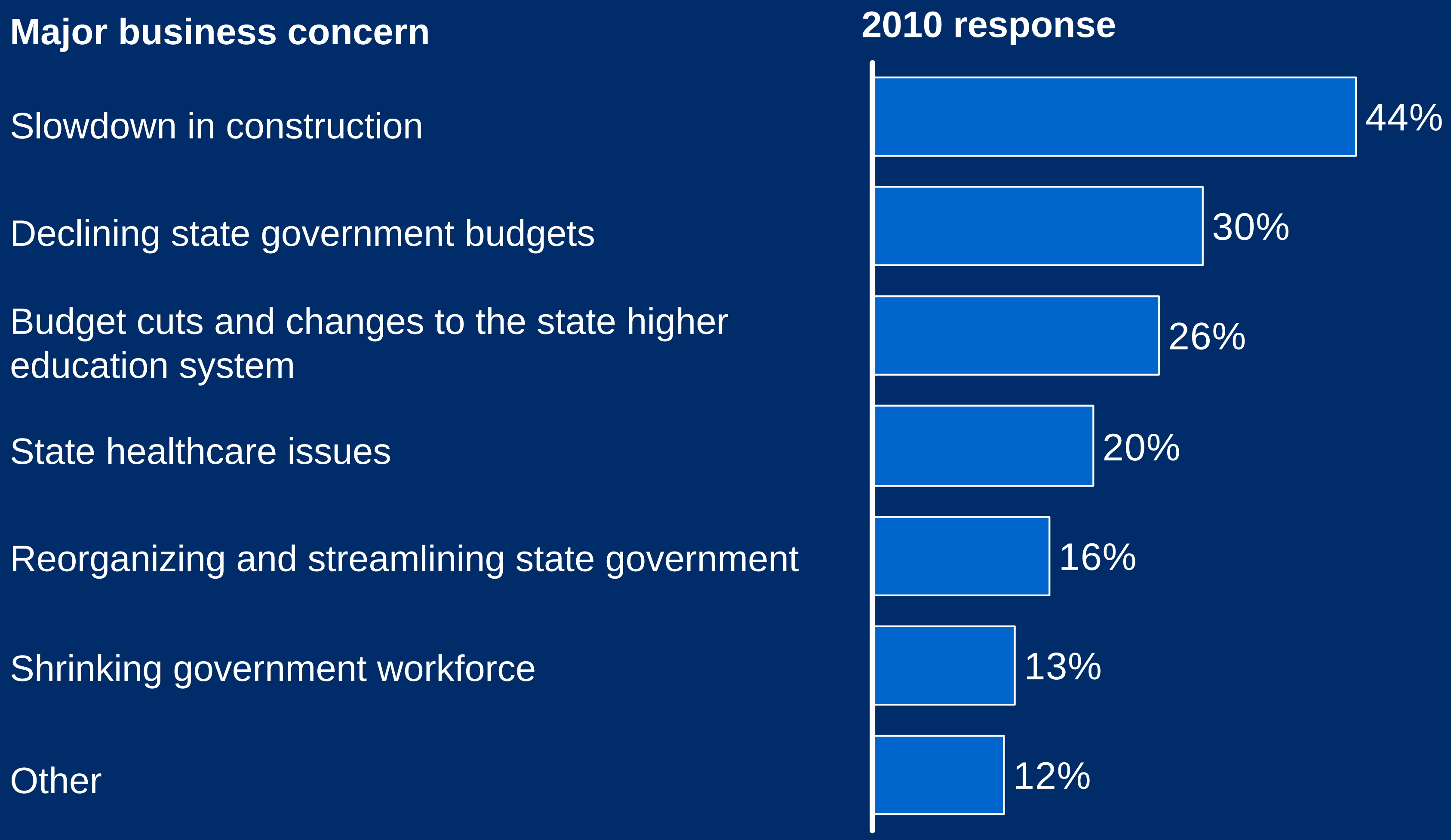
Percentage of respondents in a survey of regional business leaders*



* Respondents were allowed to choose multiple answers

CONSTRUCTION SLOWDOWNS ARE THE TOP STATEWIDE TREND OF CONCERN FOR AREA BUSINESS LEADERS

Percentage of respondents in a survey of regional business leaders*



* Respondents were allowed to choose multiple answers

IMPACT OF 2010 GLOBAL AND NATIONAL ECONOMIC TRENDS ON THE BATON ROUGE AREA

2010 global/national trend	Impact on the BR area	Comment
• U.S. economy (GDP) will recover, but high US unemployment levels will persist	↑	• Improved consumer optimism expected to accelerate BR area growth; private sector growth in US; swing factor is US unemployment effects
• Dollar remains stable against euro; down against Asian currencies	↑	• Local exporters remain competitive, especially due to global growth
• U.S. economic and regulatory policy affecting business investment confidence	↔	• Increased concerns about health reform, cap and trade, energy policy, and tax policy may moderate the benefits of low capital borrowing costs
• Oil prices remain stable or grow slightly; natural gas prices expected to remain stable or slightly increase	↔	• Energy sector gains are seen as dependent on federal tax policy on energy • Petrochemical industry maintains product competitiveness
• Global growth markets pushing demand overall	↑	• Increasing exports to meet global demand could boost LA and BR trade, including chemical and petrochemical

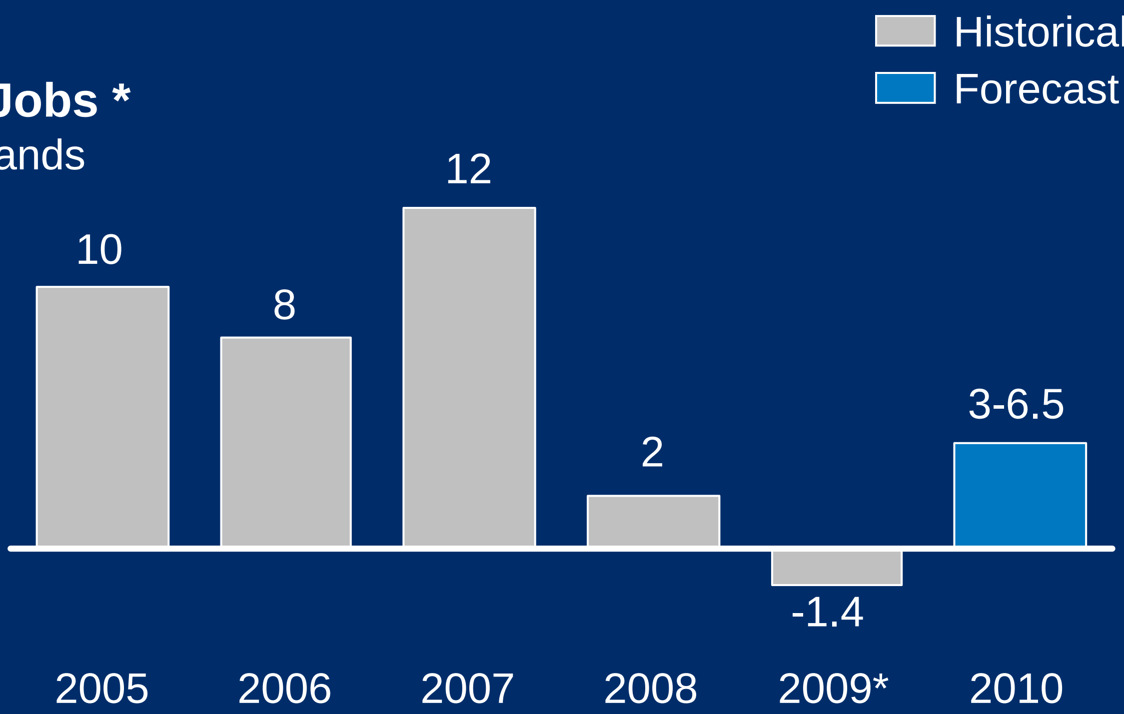
Source: Selected national and international economic analyses; BRAC analysis

BATON ROUGE AREA JOB GROWTH FORECASTS

Growth drivers

- Business and Professional Services as a continuing growth industry
- Hospitality and Entertainment expansions
- Improving national economy
- Development of digital media for sector growth

New Jobs *
Thousands



1 – 2%

	2005	2006	2007	2008	2009*	2010
Total BR area jobs Thousands	352	360	373	375	373*	376-380

* Job numbers for 2009 are through the third quarter

Source: Louisiana Workforce Commission; BRAC analysis

2010 JOB GROWTH FORECASTS BY INDUSTRY SECTOR

	Net new jobs Low	Net new jobs High	Job growth Percent	
Healthcare & Social Assistance	1,000	1,050	2.5-3	• Strong and growing demand for healthcare services
Business & Professional Services	500	1,500	1-3	• Continued strong growth trend
Hospitality & Entertainment	350	650	1 -2	• Spread of dining, bars, hotels through region
Industrial Construction / Specialty Trades	300	500	1-1.5	• Backlog remains but begins to taper off
Transportation & Utilities	200	275	1.5-2	• High demand and activity will drive growth
Finance, Insurance, and Real Estate	150	250	1-1.5	• Residential housing and finance demand increase as national economy improves
Information	50	200	1-4	• Efforts to attract digital media bear fruit
Manufacturing	0	200	0-1	• Expansion of several plants move forward; few operational closures expected
Retail	(100)	500	0-1	• Slowdown due to reduced consumer spending
Light Construction	(175)	0	(2)-0	• Residential/commercial new builds slow
Other	800	1250	0.5-1	• Continued general health of regional businesses
Baton Rouge area	**3,075**	**6,375**	**1-2**	

Source: Louisiana Workforce Commission; BRAC analysis

SEVERAL "SWING FACTORS" COULD IMPACT JOB GROWTH RELATIVE TO 2010 BRAC FORECASTS

Factor	Impact on job growth	Comment
• U.S. economic recession (employment, consumer spending, business investment)	↔	Improved output will build national consumer demand; BR area industries will look to effects on local demand and global markets
• Improved hiring in high-demand industries • Petrochemical • Information/DM	↑	Economic development project wins increase hiring trends, bolstered by new workforce programs; lower input costs, improved confidence, and increasing demand will push employment and investment
• Go Zone capacity	↑	Go Zone bond capacity of $1.2B in Jan 2010; if financing is available, could spur new construction
• Construction market outlook	↔	Completion of some major industrial projects will affect Louisiana; new road and industrial construction may moderate BR area outlook
• State government funding • Medicaid cost increases • Gov't employment • Higher education cuts • Stimulus disappears	↓	State budget shortfalls expected to affect employment and thread challenges across multiple sectors for at least two years

Source: BRAC analysis

THINGS TO WATCH BY PARISH

Ascension

- Dynamic Fuels has completed work on $150MM plant that will make biofuels out of chicken fat
- BASF's $80MM expansion will create 250 construction jobs, 12 permanent jobs

East Baton Rouge

- Novolyte Technologies has received a $20.6MM grant to manufacture lithium batteries
- Work on I -10/I-12 split to Siegen Lane
- Woman's Hospital is planning on moving forward with $300MM project
- Sewer & Green Light construction
- Nicholson development - $40MM
- King Hotel construction is $27MM project

East Feliciana

- Planning development of an air park with estimated investment of $1.5MM
- HBO to continue filming in January 2010 for "True Blood"
- School performance scores showing impressive gains

Iberville

- SNF, a French-owned company, is opening a $362MM manufacturing facility that will employ over 500 people with an average of 250 construction jobs throughout 5 years
- Shintech's $1.9B expansion

Livingston

- Our Lady of the Lake will break ground on another facility adding 800 employees over the next 2 years
- Bercen Inc. relocated corporate HQ employing 20
- North Oaks – Livingston Parish Medical Complex will create 100 healthcare jobs, $32MM capital investment

Pointe Coupee

- Evolved Industries expands
- John James Audubon bridge expected to open in 2010

St. Helena

- Southland Steel plant expansion of 35 jobs, $1.5MM capital investment
- New technical school is in development

West Baton Rouge

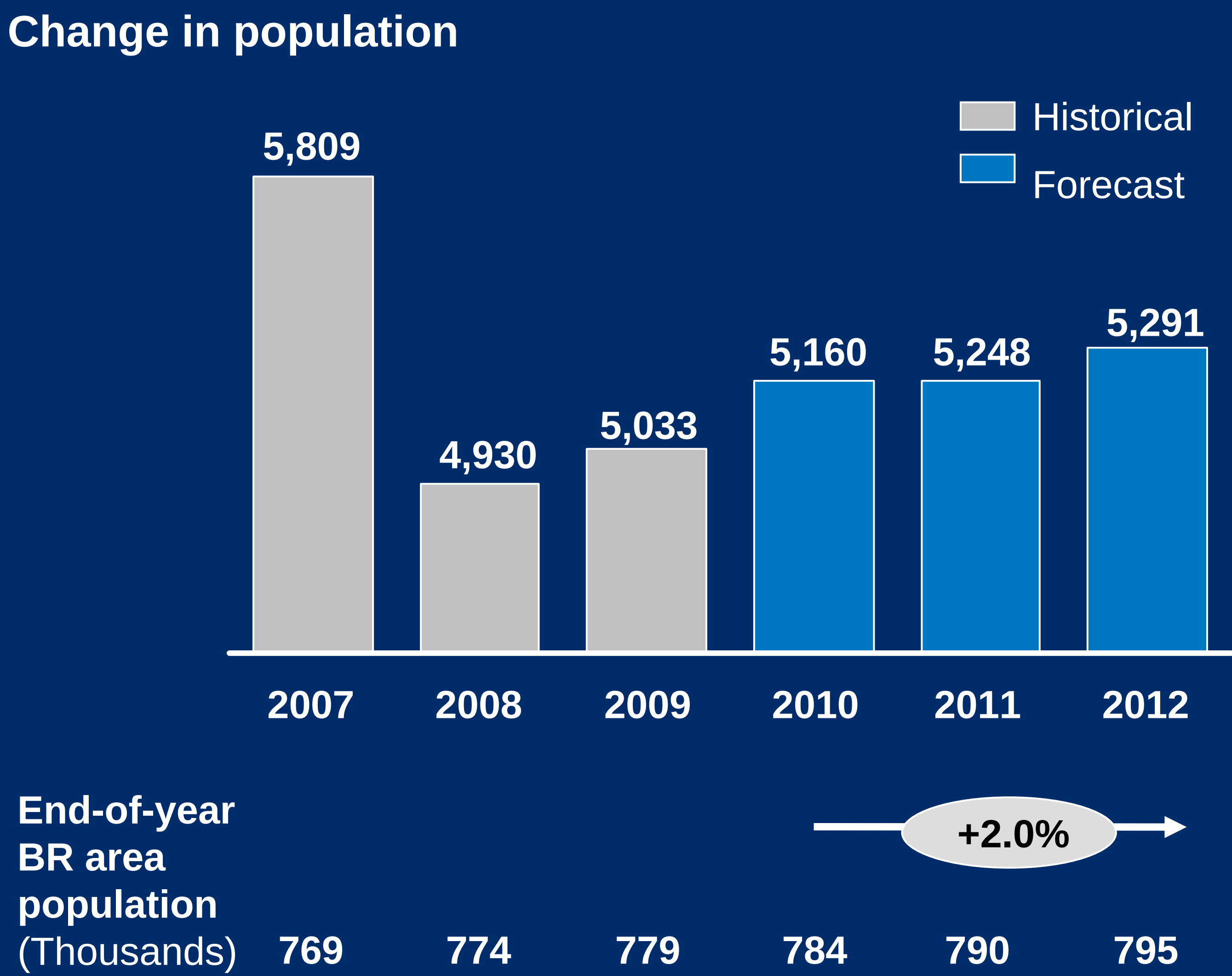
- Criterion Catalyst will complete its expansion
- Mammoet expansion at the Port of GBR expected to double employment

West Feliciana

- Renew has opened a paper mill and will employ 200 workers at full capacity
- John James Audubon bridge expected to open in 2010

BATON ROUGE AREA POPULATION GROWING AT TRADITIONAL LEVELS

Population growth for 2010-12 should moderate to pre-Hurricane Katrina levels



Source: Dr. Troy Blanchard, LSU; BRAC analysis