

# NEW ORLEANS: CHALLENGES AND OPPORTUNITIES

4<sup>th</sup> Annual Economic and Real Estate Forecast

New Orleans Metropolitan Association of Realtors  
And  
Loyola University

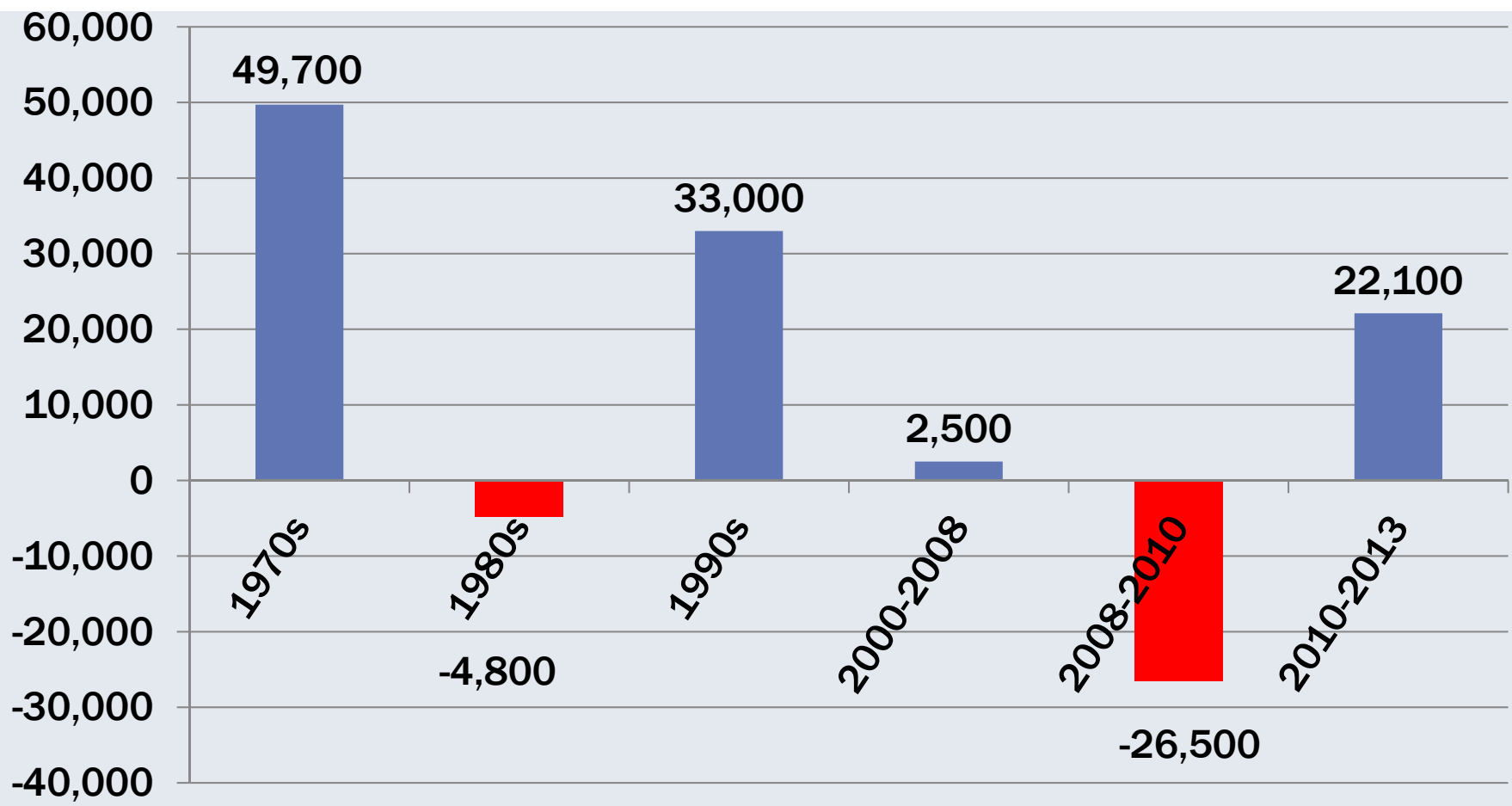
Presented by  
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Louisiana State  
University

October 2014

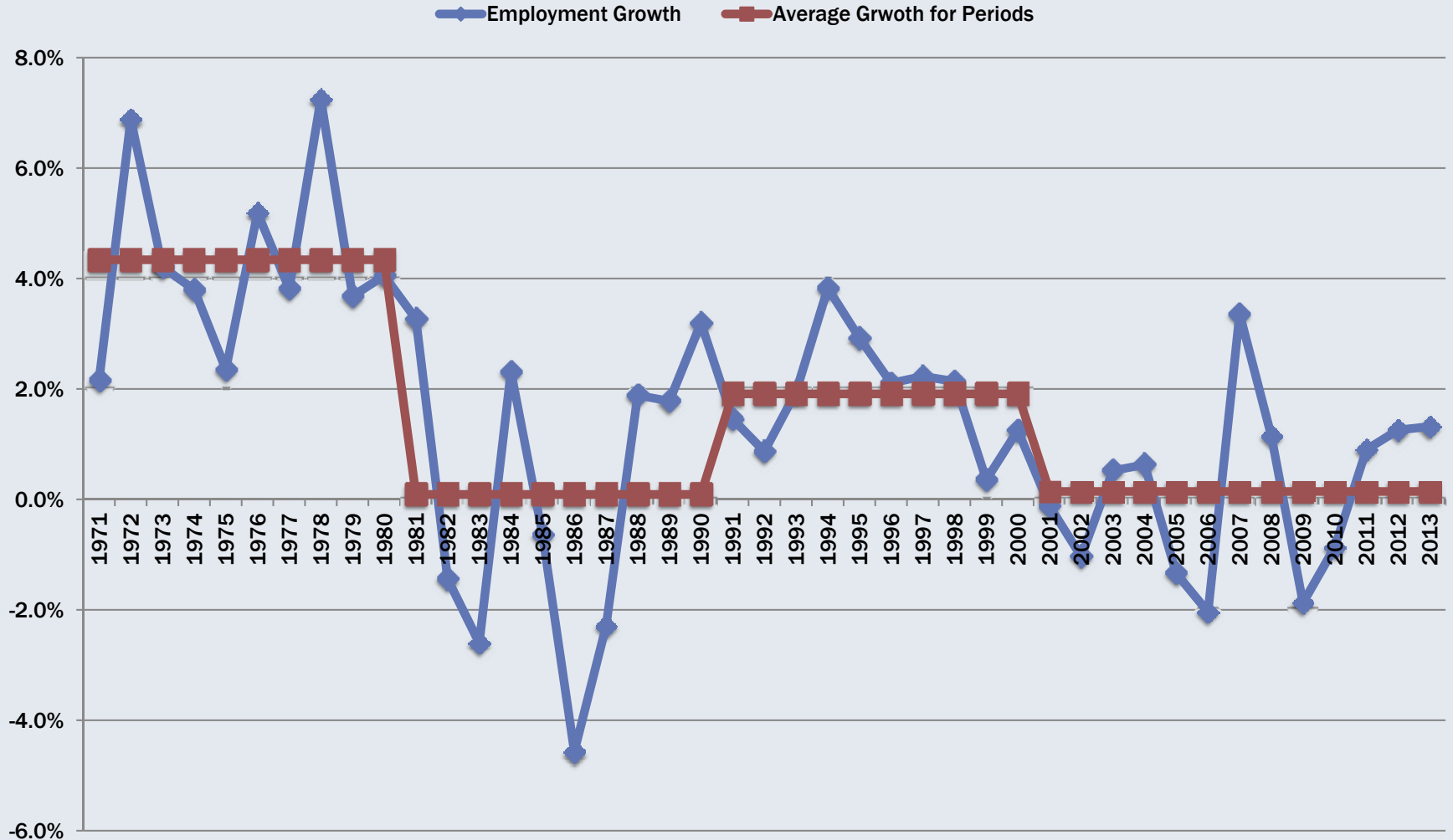
# START WITH STATE OF LOUISIANA

- We divide the past 45 years into decades and then smaller time dimensions
- 1970s---oil, oil, and more oil—a boom for Louisiana
- 1980s—every boom has a bust
- 1990s—a ten year expansion nationally and locally
- The 2000s—must be divided into several time dimensions
  - From 2000 to 2008—nationally very marginal growth; Louisiana had its Katrina/Rita and then the recovery
  - 2008-2010—the financial meltdown—a major national event affecting all states but with varying degrees of pain
  - 2010 through 2013, the recovery—relatively slow but now picking up some speed

# HISTORICAL PERSPECTIVE: STATE EMPLOYMENT CHANGES PER YEAR



# ANNUAL EMPLOYMENT COMPARED TO AVERAGE GROWTH FOR DECADES



# HISTORICAL PERSPECTIVE

## MSA EMPLOYMENT GAINS OR LOSSES PER YEAR

MSAs/Rural Parishes	1990s	2000-2008	2008-2010	2010-2013
Alexandria	1,005	870	-1,790	-260
Baton Rouge	8,020	4,450	-5,620	6,880
Houma-Thibodaux	1,990	2,460	-2,500	2,380
Lafayette	3,560	2,500	-2,140	3,930
Lake Charles	1,530	750	-3,010	1,290
Monroe	1,690	80	-1,170	710
New Orleans	8,610	-11,300	-3,170	7,420
Shreveport-Bossier	3,480	1,220	-1,970	-1,320
Rural Parishes	3,080	1,440	-5,040	1,060
State	33,000	2,470	-26,400	22,100

# LOUISIANA PROJECTIONS

How  
Accurate are  
the  
projections?

Are here ten  
year  
projections?

# LOUISIANA PROJECTIONS BASED ON

- **Continuing growth of U.S. Economy**
  - National unemployment rate just dipped below 6.0%
  - Increasing national employment by over 200,000 jobs per month
- **Financial market stability**
  - We want Janet Yellen to be a Great FED Chairman of the Board
- **Stock market hovers in 16,000 to 17,000 range (D-J averages)**
- **Energy markets**
  - Oil prices in the \$90 range
  - Natural gas prices less than \$5 per MCF
  - Ratio of oil prices to natural gas prices remaining in the 20 to 1 range—very crucial for gas to liquid natural gas investments
- **No major disasters**

# EVALUATING PAST PROJECTIONS

Forecast Made in <u>October</u> of each year	Forecasts Made for year in which projections are being made and two years beyond					
	2011	2012	2013	2014	2015	2016
2011	17,000	13,700	14,800	LA Economy had lost 52,000 jobs in 2009 and 2010—and not much to base higher growth on		
2012		23,900	22,700	27,500	Oil and gas picking up; tourism in NO picked up; under-estimated 2013 surge	
2013	Projections for 2014/15 based on investments in LC/BR/NO		23,900	34,200	33,600	
2014	Quick pick-up in employment did not occur in 2014; projections for 2015 and 2016 are predicated on increased activity in LC/BR/NO			20,400	Estimating growth of 30,000 to 35,000 jobs per year	



# LOUISIANA ECONOMIC OUTLOOK, EMPLOYMENT ESTIMATES FROM **OCTOBER 2013**

MSA	2013	2014	2015
Louisiana	1,949,500	1,983,700 	2,017,300
Alexandria	62,700	63,000	63,400
Baton Rouge	381,500	394,000	403,200
Houma/Thibodaux	97,100	99,700 	102,300
Lafayette	157,800	159,900 	161,900
Lake Charles	93,700	97,000 	101,500
Monroe	76,900	77,100	77,300
<b>New Orleans</b>	<b>533,900</b>	<b>538,900</b> 	<b>544,900</b>
Shreveport/Bossier	175,500	176,400 	177,500
Rural Parishes	370,400	377,700 	385,300

Forecasts from Louisiana Economic Outlook, October 2013

# LOUISIANA ECONOMIC PRELIMINARY ESTIMATES, 2014-2016

MSA	2014	2015-2016, jobs per year	Projected growth rate
Louisiana	1,971,400	30,000 to 35,000	1.5% to 1.8%
Alexandria	62,500	500	<1.0%
Baton Rouge	394,000	7,880 to 9,800	2.0% to 2.5%
Houma/ Thibodaux	101,500	2,500	2.0% to 2.5%
Lafayette	161,000	3,500	2.0% to 2.5%
Lake Charles	95,000	4,000 to 5,700	4.0% to 6.0%
Monroe	78,800	500	<1.0%
<b>New Orleans</b>	<b>553,000</b>	<b>8,300 to 11,000</b>	<b>1.5% to 2.0%</b>
Shreveport/ Bossier	171,500	1,500	<1.0%
Rural Parishes	351,000	2,000	<1.0%

Preliminary Estimates Prepared by Dr. Jim Richardson

# LONG-TERM EMPLOYMENT PROJECTIONS, LED/LWC (INCLUDES SOLE PROPRIETORS)

State/Regional Labor Market	2012	2022	Average Annual Growth Rate
State	2,000,000	2,260,000	1.3%
Alexandria	115,280	127,390	1.1%
Baton Rouge	445,150	513,760	1.5%
Houma-Thibodaux	105,000	122,840	1.7%
Lafayette	291,070	330,170	1.3%
Lake Charles	121,390	142,700	1.8%
Monroe	116,770	128,850	1.0%
New Orleans	562,360	620,950	1.0%
Shreveport-Bossier	247,820	277,630	1.2%

Forecasts Generated by LED, LWC, and LSU Division of Economic Research with knowledge of activities in Baton Rouge and Lake Charles

# NEW ORLEANS

Drivers  
and  
Limitation  
s

# ECONOMIC DRIVERS

- **BioDistrict—HISTORIC OPPORTUNITY—TEN YEAR PROJECT**
  - University Medical Center, 424 bed hospital opening Spring 2015
  - VA Hospital, 240 bed hospital opening early 2016
  - Estimated close to 3,000 net new jobs in healthcare industry
- **Tourist Industry—BASIC BUT ABSOLUTELY ESSENTIAL**
  - Approaching 10 million visitors spending almost \$7 billion
  - Substantial leisure tourist business—close to 75%
  - Major efforts to enhance flight opportunities
  - Promotional campaign for conventions and leisure tourist
- **High Tech—WILL NOT TRANSFORM NEW ORLEANS OVERNIGHT, BUT MUST KEEP WORKING AT IT**
  - GE Capital
  - 4<sup>th</sup> Source Moving Headquarters to Kenner
  - Performance Software in New Orleans

# ECONOMIC DRIVERS

- **Industrial expansion—LONG STANDING INDUSTRIES**
  - Over \$10 billion of announced industrial projects
  - Include major investments by Marathon, Petroplex International, TCI Plastics at Port of New Orleans, Nucor for next phases of iron production plant
- **Public Construction—A MAJOR SOURCE OF INVESTMENT IN NEW ORLEANS SINCE KATRINA—GRADUALLY SLOWING DOWN**
  - Port of New Orleans
  - U.S. Army Corps of Engineers
  - Louis Armstrong International Airport
  - Public Schools System

# NEW ORLEANS PROJECTIONS



# CHALLENGES AND OPPORTUNITIES

1. BIO-DISTRICT
2. TOURIST MARKET
3. HIGH TECH
4. DO NOT FORGET OLD FAITHFULS  
(PORTS AND PLANTS)

OUR JOB:  
TAKE  
ADVANTAGE  
OF THEM



# NEW ORLEANS: CHALLENGES AND OPPORTUNITIES

Thank you for Invitation!!!

QUESTIONS???

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