

Selected Economic Highlights for 2013

Dec. 30, 2013

The Economic Year in Review — Since January 2008, Louisiana's employment performance has been significantly better than the South and the nation. Louisiana's unemployment rate in 2013 remained below the South and U.S., just as it has every month since early 2008.

Louisiana had its best year for business development in the last six years, securing more retained jobs, more new jobs, and more capital investment than in any of the previous five years. Louisiana announced dozens of company expansions or relocations in 2013, launching projects that will result in about 27,000 new jobs and \$26.4 billion in new capital investment, along with hundreds of millions in new sales for small businesses across Louisiana. Noteworthy examples include AAR Corp.'s 750-job aircraft maintenance, repair, and overhaul (MRO) operation in Lake Charles; Bell Helicopter's 115-job assembly facility in Lafayette, which will be Louisiana's first modern-era aircraft assembly facility; CB&I's relocation of 400 professional jobs around the country to Baton Rouge; Rain CII's 71-job corporate headquarters relocation from Houston to Covington; Gulf Coast Spinning's 307-job manufacturing facility in Bunkie; Lockheed Martin's 166-job LNG tank manufacturing operation at NASA's Michoud Assembly Facility in New Orleans; and IBM's 800-job technology center in downtown Baton Rouge, which already has catalyzed a sharp jump in enrollment in LSU's computer science program. Additionally, Louisiana's film/television industry experienced an all-time record level of economic activity.

Additionally, a variety of national publications recognized Louisiana's continued economic development progress in 2013. *Chief Executive* magazine reported that CEOs nationwide ranked Louisiana as the most-improved state for business over the past four years, with Louisiana improving 33 spots since 2009 to now rank No. 11. *Site Selection* magazine ranked Louisiana No. 6 in its business climate report, while *Area Development* magazine ranked Louisiana No. 6 among the Top States for Doing Business. *Business Facilities* ranked Louisiana No. 4 for the Best Business Climate in America, as well as No. 1 in the U.S. for state workforce development programs, highlighting LED FastStart® as the nation's top program for the fourth consecutive year. In every national business climate ranking, Louisiana stands higher today than it ever did prior to 2008.

As the U.S. economy emerges from an era of lethargic national growth, Louisiana will be well positioned in 2014 to secure a healthy share of the nation's new business investment projects. Moreover, Louisiana's economy will experience significant job growth from projects announced over the last few years that are still ramping up. In the year ahead, business retention, small business development, recruitment of new growth industries, customized workforce solutions, attraction of foreign direct investment (FDI), 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 economic performance has exceeded that of nearly every other Southern state and the vast majority of the U.S.

- Louisiana ranks No. 6 nationally and No. 2 in the South for employment growth since January 2008.
- Louisiana is one of only 17 states in the U.S. (excluding D.C.) that have experienced employment gains since January 2008.
- Since January 2008, the U.S. has shed 0.9 percent of its jobs and the South overall has experienced a slight decline in employment. Louisiana's employment is up 1.7 percent during that same period of time.
- Louisiana's employment grew by 20,500 jobs from November 2012 to November 2013, marking the 29th consecutive month of year-over-year employment growth in our state.
- Since January 2008, Louisiana has added 50,800 private-sector jobs. With a private-sector job growth rate of 3.2 percent during that time period, our state ranks fourth best in the nation (excluding D.C.) and second best in the South.
- Louisiana has experienced 39 consecutive months of year-over-year, private-sector job growth.
- Louisiana's unemployment rate has remained below that of the South and the U.S. every month since the beginning of the national recession. Louisiana's unemployment rate was 6.3 percent in November 2013, below the 6.6 percent Southern average and 7.0 percent national average.
- According to the U.S. Census, Louisiana's population growth rate over the past six years through July 1, 2013, was about 15.5 percent faster than that of the U.S. overall.
- Louisiana's real estate markets have remained strong. For example, according to CoreLogic, the percentage of outstanding mortgages that were foreclosed upon in Louisiana stood at 1.7 percent in October 2013, which was below the U.S. rate of 2.2 percent
- The 2013 Kauffman Index of Entrepreneurial Activity ranks Louisiana among the Top 10 states with the highest rate of entrepreneurial activity, with 400 of 100,000 adults each month creating a new business in Louisiana during 2012 – up from 265 of 100,000 adults in 2008.
- The U.S. Chamber Enterprising States 2013 report ranked Louisiana No. 8 in the country in overall economic performance with strong job and income growth. Louisiana also ranked as the No. 1 exporting state in the U.S., placing second in all four export measures.
- According to the U.S. Census Bureau Foreign Trade Division, for the 5-year period ending in 2012 (latest available data), Louisiana's export growth (107 percent) more than tripled the growth of U.S. exports (35 percent).
- Net Loans and Leases of Louisiana's 142 FDIC-insured institutions were up 6.8 percent over the year at the end of September 2013, compared to the nation's growth of 3.4 percent.
- Total Assets of Louisiana's 142 FDIC-insured institutions were up 4.3 percent over the year at the end of September 2013, compared to the nation's growth of 2.6 percent.
- Reported this year by the BEA, per-capita personal income in Louisiana grew by nearly \$1,500 (3.7 percent) from 2011 to 2012, ranking No. 16 in the U.S. for growth.

Louisiana advances in the national rankings

For decades, Louisiana traditionally landed near the bottom of many significant national economic rankings, but that historical trend changed in the past six years. Louisiana has moved up substantially in every national business climate ranking since January 2008. By 2013, a growing number of publications indicated Louisiana is the most improved state for business in the U.S.

- Since 2008, 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*.
- Three national business climate rankings (*Area Development*, *Business Facilities* and *Site Selection*) now place Louisiana among the Top 10 states in the U.S. for business.
- In 2013, *Business Facilities* ranked Louisiana No. 4 in the nation for Best Business Climate. Louisiana also ranks No. 2 for Economic Growth Potential.
- LED FastStart® ranked as the nation's No. 1 state workforce training program in the *Business Facilities* 2013 rankings, marking the fourth straight year Louisiana has led the nation in the workforce category.
- *Area Development* magazine ranked Louisiana No. 6 overall in the U.S. in its 2013 Top States for Doing Business, a survey of leading site-selection consultants. Louisiana ranked No. 3 in the U.S. for Overall Business Environment, No. 4 for Cooperative State Government, No. 2 for Incentive Programs, No. 2 for Renewed Consideration Post-Recession, No. 3 for Most Favorable Regulatory Environment, No. 4 for Speed of Permitting, No. 5 for Competitive Labor Costs, and No. 4 for Cost of Doing Business.
- In 2013, *Site Selection* ranked Louisiana's business climate No. 6 in the nation. Louisiana moved up from No. 7 in *Site Selection's* 2012 business climate ranking, and 2013 marks the state's fourth consecutive year in the Top 10. Just four years ago, Louisiana ranked No. 25.
- Pollina Corporate Real Estate ranked Louisiana's business climate No. 14 in its 2013 rankings report, up 26 spots since 2008 – the largest improvement of any state in the past five years. Additionally, Louisiana tied for best-performing state economic development agency.
- Louisiana was recognized by *Southern Business & Development* as Co-State of the Year for 2013, representing the fourth time in five years that the magazine designated Louisiana as State or Co-State of the Year in the South.
- Louisiana ranked No. 11 in *Chief Executive* magazine's ranking of the 2013 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 now stands at the state's highest-ever position in the ranking and has improved 33 spots since 2009, showing the greatest improvement of any state in the U.S. over the past four years.
- In three prominent national business climate rankings of states – *Chief Executive*, Pollina Corporate Real Estate and *Forbes* – Louisiana has moved up an average of 23 spots since 2008.

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. For example:

- **Acadiana Region.** *Area Development* magazine ranked Lafayette the No. 1 city in the U.S. for economic and job growth. According to *fDI* (Foreign Direct Investment) magazine's 2013-14 American Cities of the Future, Lafayette ranked No. 7 overall among the Top 10 Small American Cities of the Future and No. 1 among small American cities in the category of fDi Strategy, a ranking based on a city's current strategy for foreign direct investment promotion.
- **Bayou Region.** *Area Development* magazine ranked the Houma-Bayou Cane-Thibodaux MSA as the No. 25 mid-sized city in its Leading Locations for 2013. Commerce Bank, based in Houma, was included as one of the top performing community banks by the Independent Community Bankers of America.
- **Capital Region.** *Business Facilities* named Baton Rouge the top-ranked metro for Economic Growth Potential in its annual rankings report. Baton Rouge also earned top honors from *Southern Business & Development*, being named its Major Market of the Year, while Ascension Parish drew a Special Recognition Award from the magazine as the parish or county within a metro area that generated the most impressive job-creation results across the South. The Baton Rouge Area Chamber was named by *Site Selection* magazine as one of the top eleven regional economic development groups in the nation.
- **Central Region.** Sutherland Global Services in Alexandria – for its business process outsourcing and technology management center – received one of 15 national Community Impact Awards, part of *Trade & Industry Development's* eighth Annual CiCi Awards in 2013. *Forbes* ranked Alexandria among the Top 25 places to retire in 2013, due to its warm climate, above-average air quality, Milken Institute ranking for successful aging, cost of living, and median home price of \$136,000.
- **Northeast Louisiana.** Myriant Technologies, with its major bio-based succinic acid facility in Lake Providence, was selected for a Red Herring Top 100 North America Award, honoring the most innovative companies in technology and life science. In December, Myriant gained further recognition as a Red Herring Global 100 Award winner.
- **Northwest Louisiana.** Benteler Steel/Tube in Shreveport was included in the 10 "Top Deals in North America" by *Site Selection* magazine. Benteler's investment also received one of 15 national Corporate Investment Awards, part of *Trade & Industry Development's* eighth Annual CiCi Awards in 2013. Louisiana Tech University was ranked in the Top 25 nationally by AdvisorOne for providing its graduates the best return on investment, and according to PayScale.com, Louisiana Tech ranks first in the state for recent graduates' average starting salaries.
- **Southeast Louisiana.** *fDi* magazine's 2013-14 American Cities of the Future ranked New Orleans No. 6 overall in the Top 10 Mid-Sized American Cities of the Future list and No. 4 in economic potential for Top 10 Mid-Sized American Cities. Bloomberg.com ranked New Orleans No. 2 as a Top American Boomtown. *Governing* magazine noted New Orleans was the fastest-growing city in the nation between 2010 and 2012. *Forbes* ranked New Orleans No. 3 in the nation for Big Cities Winning the Battle for Information Jobs. *Southern Business & Development* ranked New Orleans No. 2 for Major Market of the Year. A report by the Brookings Institution ranked New Orleans No. 3 among U.S. metro areas for the share of jobs in science, technology, engineering and math available to people without a bachelor's degree. Mandeville was named a Google eCity, recognized as having the strongest online business community in the state. *Business Facilities* ranked New Orleans No. 1 in the nation for being the Logistics Leader in ports.
- **Southwest Louisiana.** *Southern Business & Development* magazine ranked Lake Charles No. 2 for Mid-Market of the Year. The magazine also highlighted Lake Charles as one of "Ten Shining Examples of Economic Development That's Working in the South." Southwest Louisiana Economic Development Alliance was named by *Site Selection* magazine as one of the top eleven regional economic development groups in the nation.

Louisiana bucks national trends with job, investment growth

As the national economy slowly emerges from recession, dozens of companies contributed to Louisiana's rapidly growing economy in 2013, committing thousands of new jobs and billions in new capital investment.

- Working with its local and regional partners, LED secured 67 major project wins in 2013, including 49 expansion or retention projects and 18 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, digital media, and software development.
- Together, these projects are projected to retain about 18,000 jobs and create about 8,370 new direct jobs and 18,625 new indirect jobs, for a total of about 27,000 new jobs, as well as \$26.4 billion in new capital investment.
- As these projects are executed, they will result in hundreds of millions of dollars in new sales for Louisiana small businesses, as well as about \$85 million per year in new state tax revenue.
- The totals above exclude the direct support LED provided to thousands of Louisiana small businesses in 2013, including more than 1,700 small businesses served by LED's Small Business Services team and nearly 10,000 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. 4, 2013, LED and LSBDC efforts generated approximately 1,281 new jobs, retained 415 jobs and helped launch 171 new businesses representing \$55.4 million in debt and equity investment for Louisiana small businesses. These services also generated an estimated increase in sales of more than \$34 million, representing a more than 100 percent increase from the prior year as a result of LED and LSBDC activities.
- During 2013, the LSBDC network participated in the LED State Trade and Export Promotion (STEP) Program working with existing firms to assess their interest in international trade and referring 88 businesses into the program.
- In 2013, LED's Office of Entertainment Industry Development oversaw an all-time record year for television and movie production in Louisiana, with film companies submitting audited expenditures of nearly \$810 million in 2013, a 12.7 percent increase over last year.
- LED's Live Performance incentive program supported the historic reopening of the Saenger Theatre in New Orleans following a \$52 million renovation, while the Sound Recording incentive program supported the opening of Louisiana's largest recording studio in 2013, the 14,000-square-foot Esplanade Studios in the historic New Orleans neighborhood of Tremé.

Louisiana supports existing businesses

LED's No. 1 priority in 2013 continued to be its business retention and expansion efforts. Owing to this focus and the performance of LED's Business Expansion and Retention Group, a wide spectrum of Louisiana companies committed to stay and grow in Louisiana during 2013. Some selected examples follow:

- Canada-based Methanex Corp. announced the second of two methanol plants that will be relocated from Chile to Geismar, La., creating a combined capital investment of \$1.1 billion that will result in more than 1,300 new direct and indirect jobs and produce an estimated 2,500 construction jobs. The project ushers in a new wave of U.S. methanol production in response to more plentiful shale-sourced natural gas.

- Axiall Corp., the newly merged union of Georgia Gulf Corp. and PPG's chemicals business, announced the selection of Louisiana for a potential \$3 billion investment in new ethylene and related derivatives facilities, with the project representing more than 2,400 new direct and indirect jobs.
- Gulf Coast Spinning Company LLC announced a \$130 million capital investment in Bunkie, where its cotton-spinning textile project represents the second phase of an affiliated mill that opened in 2009 in Jefferson Davis Parish. The new mill project will result in 307 new direct jobs and an estimated 722 new indirect jobs, with construction starting in mid-2014.
- Building upon an existing \$3 billion investment in Iberville and West Baton Rouge parishes, Shintech Inc. announced plans to complete an additional \$500 million capital investment to boost its chlor-alkali, vinyl chloride monomer (VSM) and polyvinyl chloride (PVC) capacity. The project, to be completed by mid-2015, will result in 54 new direct and indirect jobs while retaining 270 existing employees.
- Teleperformance, the world's largest provider of customer support solutions, announced a 740-job expansion of its Shreveport customer contact center that will increase total employment at the site to 2,000. In addition, the Teleperformance expansion will result in an estimated 637 new indirect jobs, for a total of more than 1,370 new jobs across the state's Northwest Region.
- National Oilwell Varco will make a \$23 million capital investment in a new drilling technology facility in New Iberia. NOV will retain 1,793 existing employees in the state with the project, which will result in more than 150 new jobs.
- Dow Chemical Company announced a more than \$1 billion capital investment to build a pair of polyolefin plants – one for producing next-generation synthetic rubber and one for producing high-performance polyethylene – while also upgrading its ethylene capacity at the company's Plaquemine site. The project will retain 1,380 existing workers while resulting in more than 540 new jobs.
- Newpark Resources Inc. will invest \$41.1 million to expand its Carencro manufacturing facility, doubling its capacity to produce composite mats for drill-site construction and other applications. The project includes a new research and development center and will result in more than 100 new jobs while retaining 270 existing Newpark employees in the state.
- Crest Industries announced a \$15 million capital investment to build a galvanizing facility near Hammond that will serve electrical utility and petrochemical customers. The Pineville-based company will retain 559 existing employees in Louisiana with the manufacturing project that will result in 165 new jobs.
- In Pineville, The Hayes Companies announced a \$3 million capital investment in its manufacturing division, leading the steel fabricator to create 75 new jobs in a project that will result in 89 new indirect jobs and that retains 135 existing employees.
- Deepwater oil and gas growth spurred Danos to select Gray, La., near Houma, as the site of its new corporate headquarters. The \$30 million expansion also includes a new manufacturing facility to be built in coastal Louisiana. Combined, the projects will create 426 new direct jobs over the next five years and result in an additional 871 new indirect jobs, for a total of nearly 1,300 new jobs in Louisiana.

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 2013:

- Bell Helicopter, following a multistate site-selection competition, selected Lafayette Regional Airport as the location for a new assembly facility to produce its new SLS helicopter. The project represents the first modern-era aircraft assembly project in Louisiana and will result in more than 250 new direct and indirect jobs, an \$11.4 million company investment in equipment and tooling, and a significant addition to the state's growing aerospace industry.
- Leveraging Louisiana's favorable forestry resources, Cool Planet Energy Systems announced a \$168 million capital investment to develop three groundbreaking micro-refineries in Alexandria and Natchitoches. The biomass-to-gasoline refineries will result in nearly 500 new direct and indirect jobs.
- AAR Corp. announced a new 750-employee Maintenance, Repair and Overhaul (MRO) facility for aircraft services at Chennault International Airport in Lake Charles. The aerospace and defense contractor, which has seen sales triple in the past decade, will partner with the State of Louisiana in creating an Aircraft MRO Center of Excellence at SOWELA Technical Community College.
- Lockheed Martin, a longtime aerospace contractor at NASA's Michoud Assembly Facility, will diversify its operations at the New Orleans site by manufacturing cryogenic tanks for liquefied natural gas, or LNG, projects. Along with a \$3 million capital investment, the project will result in more than 400 new direct and indirect jobs.

Louisiana attracts corporate office investments

As Louisiana's economic competitiveness continued to improve, more companies made major corporate office investments in the state, including moving headquarters operations to Louisiana. Below are some examples of the companies that announced major corporate office expansions in Louisiana during 2013:

- IBM announced a major 800-job technology center in Baton Rouge that will provide quantitative-intense business solutions to the company's domestic customers. As a \$55 million urban development to be anchored by IBM is under construction in the state's capital, the company has begun operations at a temporary Baton Rouge office with more than 100 employees. Meanwhile, computer science enrollment by incoming freshman at LSU's College of Engineering leaped 60 percent in the fall 2013 semester in anticipation of future IBM employment opportunities.
- Rain CII Carbon LLC – a leading manufacturer of calcined petroleum coke, an essential element in making aluminum – announced it will relocate its headquarters from greater Houston to Covington, La., resulting in more than 140 new direct and indirect jobs in Louisiana. Salaries for the 71 new direct jobs will average more than \$102,000 per year, plus benefits. The company will retain 156 existing jobs and make a \$65 million capital investment in its plant operations located in Chalmette, Norco, Gramercy and Lake Charles.
- CB&I, which completed its acquisition of The Shaw Group in early 2013, grew its presence at Shaw's former Baton Rouge operations by announcing a 400-job expansion of its Government Solutions operating group. CB&I will consolidate the 400 professional jobs from out-of-state locations to CB&I Plaza and a new Towne Center at Cedar Lodge corporate office in Baton Rouge. The project will result in more than 800 new direct and indirect jobs for the Capital Region.
- Houston-based Plains Exploration & Production Company, known as PXP, announced an \$18 million capital investment in Lafayette to build a new administrative office and logistics facility that will support its growing deepwater oil and gas operations in the Gulf of Mexico. The project will retain 71 existing employees while resulting in 220 new direct and 528 new indirect jobs.

- Wingspan Portfolio Advisers established its first major financial center in Louisiana by acquiring the JPMorgan Chase home mortgage finance center in Monroe. Wingspan, ranked No. 23 on the 2013 *Inc.* 500 list of America's fastest-growing private firms, will retain approximately 400 former Chase employees while investing \$2 million to renovate the seven-floor office. The project will result in more than 1,100 new jobs in Northeast Louisiana over the next decade.
- Jogler LLC, a Houston-based manufacturer of precision instruments for process industries, announced the relocation of its headquarters and manufacturing operations from Texas to Baton Rouge. The company will establish its operations in a 17,000-square-foot Industriplex Boulevard facility, and the project will result in more than 135 new direct and indirect jobs.
- Pelican Energy Consultants announced the retention and expansion of its Madisonville, La., headquarters after considering a move to Texas. The energy engineering services firm, which currently employs 158 people in greater New Orleans, will create 195 new direct jobs, and the project will result in an estimated 280 new indirect jobs, for a total of more than 470 new jobs in the Southeast Region of Louisiana. Salaries for the new direct jobs will average \$90,000, plus benefits, as Pelican Energy Consultants expands its global oil-and-gas engineering services.

The year ahead: enhancing Louisiana's economic edge

Against the backdrop of a U.S. economy with limited growth, Louisiana reached new heights for economic development performance in 2013, increasing its recruitment of new jobs (up more than 12 percent, to about 27,000) and its attraction of new capital investment (up more than 18 percent, to \$26.4 billion) over the already strong performance of 2012.

In the coming year, LED will pursue targeted initiatives for 2014 that enhance Louisiana's economic competitiveness; retain Louisiana's existing economic-driver firms; support Louisiana's small businesses; cultivate attractive development sites; offer world-class, customized workforce solutions, and partner with LCTCS to address growing industrial craft labor training needs; ramp up efforts to secure more FDI; and recruit new growth industries to Louisiana. LED also will continue its aggressive efforts to position Louisiana to benefit from the advent of low, stable natural gas prices more than any other state in the U.S.

Although a robust U.S. jobs recovery remains elusive, Gov. Bobby Jindal, the Louisiana Legislature and LED will continue working with the state's business community in 2014 to build upon Louisiana's economic advances, ensuring the state continues to outperform the U.S. and the South.