Trends in Nonfarm Employment

Total nonfarm employment trends for the Lake Charles MSA\(^1\) are shown in the chart that follows—annually from 2005 through 2009, as well as monthly from January through August 2010. Average annual nonfarm employment grew by 4,600 jobs between 2005 and 2008. From a peak employment of 94,500 jobs in 2008, the trend turned sharply negative in 2009 when average annual employment dropped to 90,700—a loss of 3,800 jobs.

The Lake Charles economy continued shedding jobs through January 2010. The negative trend reversed in February when 1,000 jobs were added. In five of the most recent seven months, the regional economy has added jobs or remained stable. Employment figures for August 2010 show 2,200 jobs added since the trough in January; and 1,100 more jobs compared to the same month in the previous year. The over-the-month downtick in August employment was due to a loss of 300 public sector jobs. Trends in seven major categories of nonfarm employment are shown in the charts that follow.

---

\(^1\) The Lake Charles MSA includes both Calcasieu and Cameron Parishes.
**Natural resources employment** includes extraction of oil and natural gas, as well as logging. Employment in these occupations reached a peak of 1,500 jobs in 2007-2008. While it dropped by 200 jobs in 2009, it has subsequently remained stable despite the federal moratorium placed on deepwater drilling in the Gulf. These occupations account for less than two percent of total nonfarm employment in the region, but they generate an average weekly wage of $1,565 which is well above the average for all occupations in the region ($832).

In the wake of Hurricane Rita, employment in **construction** occupations rose by 1,700 jobs to reach a peak of 10,600 in 2007. By January of 2010, 2,200 construction jobs had evaporated. Since that time construction employment has remained fairly stable and in August totaled 8,600 jobs. At the peak, construction jobs accounted for about 11% of total nonfarm employment with an average weekly wage of $1,160.
Manufacturing employment fluctuated up and down by 300 jobs between 2005 and 2009, providing at peak about 10% of total nonfarm employment. During the most recent eight months manufacturing employment has held fairly steady at 8,400 jobs. The average weekly wage for manufacturing jobs is $1,480.

Trade, transportation, and utilities occupations include wholesale and retail trade, transportation, warehousing and utilities. Employment in these occupations expanded to a peak of 18,000 jobs in 2007 and then lost 1,000 jobs by 2009. After dropping another 400 jobs in early 2010, employment in these sectors has returned to 17,000. At peak, these occupations generated about 19% of total nonfarm employment. The average weekly wage is $452 for retailing jobs, $1,053 for wholesaling jobs, and $855 for transportation and warehousing jobs.
Professional and business services occupations include legal, accounting, architectural, engineering, management, administration and support services. After rising by 1,200 jobs from 2005 to 2008, employment in these occupations dropped by 1,300 in 2009 and has recently stabilized at 6,800 jobs. At peak these occupations generated 9% of total nonfarm employment.

Leisure and hospitality occupations include entertainment, gaming, accommodation and food services. For a short time when the L’Auberge du Lac Casino and Hotel facility opened in May of 2005, joining the Harrah’s and Isle of Capri Riverboat Casinos, these occupations provided 12,900 jobs. Roughly 1,000 jobs were lost when Hurricane Rita destroyed one of Harrah’s riverboats and that casino/hotel operation closed permanently. Subsequently the sector has grown by about 200 jobs to employ 12,100 in August 2010. These occupations currently account for about 13% of nonfarm employment. The average weekly wage is $564 for arts, entertainment and recreation, and $351 for accommodation and food services.
Federal, state, and local government activities generated 14,600 jobs in the Lake Charles MSA in 2005—up by 400 jobs from the beginning of the decade. In the two years after Hurricane Rita, 400 more public sector jobs were added. In 2008, government activities employed an additional 1,100 to reach 16,100. After expanding by another 200 jobs 2009, and reaching a peak of 16,700 jobs in May, public sector employment dropped back to 15,800 jobs in August 2010.

Of the 15,800 public sector jobs in the Lake Charles MSA, 11,200 were generated by local governmental bodies, 3,800 by the state government, and 800 by the federal government. Compared to the year 2005, current local government employment has grown by 1,100 jobs, state government employment has declined by 100 jobs, and federal government employment has increased by 100 jobs. To view continuously updated trends in annual and monthly nonfarm employment, access the H.C. Drew Center web page—www.mcneese.edu/drewecon.

### Trends in Total Wages Paid

Trends in the total dollar amount of wages paid in Calcasieu Parish reflect not only changes in number of people employed, but also changes in hours worked and average weekly wages. Evidence of the national recession reaching Calcasieu Parish can be found in the second quarter of 2009 when total wages paid for covered employment fell by nearly $28 million (3.3%) compared to the second quarter of 2008—see chart that follows. While average weekly wages remained stable between the second quarter of 2009 and the same quarter of 2008, covered employment fell by almost 3.4% (2,979 jobs).

---

2 Covered employment refers to jobs covered by Louisiana Employment and Security Law. The most recent available data is for the fourth quarter 2009.
The negative trend continued in the third quarter of 2009 when total wages paid fell by nearly $59 million (7%) compared to the third quarter of 2008. Comparisons between the third quarter of 2009 and the third quarter of 2008 indicate that average weekly wages fell by about 3% (to $727 from $750) and covered employment was down by nearly 4% (3,440 jobs).

In the fourth quarter 2009 (the most recent period for which data is available), total wages paid fell by nearly $97 million (10.2%) compared to the fourth quarter 2008. Comparisons between the fourth quarter of 2009 and the fourth quarter of 2008 indicate that average weekly wages fell by about 6% (to $783 from $832) and covered employment was down by nearly 5% (4,079 jobs).

Notice the pattern. The initial impact of the recession resulted in lower employment, but average weekly wages remained stable. As the recession persisted, both average weekly wages and employment declined.

**Negative Multiplier Effects**

When a new business comes to the area we are often reminded that the newly created jobs will generate additional payroll, additional spending and additional jobs with a “multiplier effect”. The initial increase in jobs, wages and salaries leads to increased spending in the local economy for food, clothing, automobiles, housing, furniture, etc. The additional spending at local businesses in turn allows them to expand employment and salaries, which in turn induces multiple rounds of increased spending, income, and employment throughout the economy.

Often unmentioned is the fact that multiplier effects also work in a negative direction. As businesses close down or cut back on employment and spending, the direct loss of jobs, wages and salaries also leads to a multiple negative impact on income, spending and other employment throughout the local economy. Evidence of this is found in taxable spending trends since the second quarter of 2009.
The decline in total wages paid in the second quarter of 2009 correlates with the first evidence of a decline in taxable spending in Calcasieu Parish. Compared to the same period one year earlier, total taxable spending fell by 7.8% ($88.6 million) in the second quarter of 2009, again by 7.8% ($83.2 million) in the third quarter of 2009, and then by a whopping 26% ($333.9 million) in the fourth quarter of 2009.

As employment began to stabilize and slowly rise during 2010, the decline in taxable spending has also moderated. Compared to the same periods in 2009, total taxable spending fell by 8.4% ($95.1 million) in the first quarter of 2010, and by 6.6% ($69.5 million) in the second quarter of 2010. The most recent data for taxable spending in Calcasieu Parish includes July (when taxable spending rose by 7%) and August (when taxable spending was down by 2%) compared to the same months in the previous year.

The moderating monthly percentage decline in 2010 taxable spending is shown in the chart that follows. The dark blue bars show that, compared to the same period in 2009, taxable spending in January 2010 was 21.8% lower. Year-to-date spending was down by: 15.4% through February, 8.4% through March, 6.3% through April, … , and most recently down by “only” 5.3% in the January through August period.

Some of the statistical appearance of “catching up” in more recent months is simply because spending in the same months of 2009 was also lagging significantly. When compared with the same periods in 2008, the most recent full year of fairly consistent economic growth, the light blue bars in the chart show 2010 spending was down by: 18.5% in January, 12.9% through February, … , and most recently down by 9.8% in the January through August period. By either comparison, the “deficit” in 2010 spending has diminished.
Same month taxable spending comparisons for 2008, 2009, and through August 2010 are shown in the chart that follows. In view of the exceptionally weak fourth quarter of 2009, it is conceivable that taxable spending in the remainder of 2010 will continue catching up to the year-end total for 2009. In view of the exceptionally strong fourth quarter of 2008, taxable spending by year-end 2010 is unlikely to return to levels reached before the great recession.

The year-to-date weakness in spending is widespread. It extends across eight of the eleven categories of total taxable spending as shown in the chart below.
Gaming Trends at Riverboats and Racetrack

Trends in Calcasieu Parish gaming activity can be measured by changes in the adjusted gross receipts generated at the L’Auberge du Lac and Isle of Capri riverboat casinos near Lake Charles and the slot machines at the Delta Downs racetrack casino near Vinton. Adjusted gross receipts (AGR) refers to the difference between “dollars paid-in, and dollars paid-out”.

Adjusted Gross Receipts—Calcasieu Riverboats and Delta Downs Slots
January through August, 2006–2010

Compared to the January through August period in the previous year, AGR increased by 9.8% ($38.7 million) in 2007, 3.1% ($13.3 million) in 2008, and by 3.1% ($14 million) in 2009. The trend reversed in 2010.

In the January through August period of 2010 the combined AGR from the Lake Charles riverboat casino operations and the slots at the Delta Downs racetrack totaled $432 million—$219.5 million from the L’Auberge du Lac Riverboat Casino, $95.1 million from the two Isle of Capri Riverboat Casinos, and $117 million from slots at the Delta Downs Racetrack. The combined total was down by 6% ($27.8 million) from the amount generated in the same eight month period of 2009.

Each of the three major gaming operations in Calcasie u Parish registered a decline in AGR from the January through August period in 2009. Over the five year comparison period, this was the first time for either the L’Auberge du Lac Casino or Delta Downs slots to experience a decline in gaming activity.
Port of Lake Charles Shipment Trends

Comparison of year-to-date shipments for the first nine months of 2007, 2008, 2009, and 2010 through the facilities owned-by or leased-from the Port of Lake Charles are shown in the chart below. The chart does not include shipments through privately-owned facilities in the Lake Charles Harbor and Terminal District. \(^3\)

<table>
<thead>
<tr>
<th>Cargo Type</th>
<th>Jan-Sep 2007</th>
<th>Jan-Sep 2008</th>
<th>Jan-Sep 2009</th>
<th>Jan-Sep 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Breakbulk-Other</td>
<td>430,564</td>
<td>457,858</td>
<td>568,974</td>
<td>677,681</td>
</tr>
<tr>
<td>Breakbulk-Paper</td>
<td>126,691</td>
<td>147,256</td>
<td>139,114</td>
<td>31,872</td>
</tr>
<tr>
<td>Breakbulk-Container</td>
<td>5,213</td>
<td>2,838</td>
<td>1,662</td>
<td>0</td>
</tr>
<tr>
<td>Breakbulk-Bagged</td>
<td>174,413</td>
<td>291,125</td>
<td>350,504</td>
<td>336,684</td>
</tr>
<tr>
<td>Bulk</td>
<td>8,397,495</td>
<td>3,766,473</td>
<td>3,445,141</td>
<td>4,030,622</td>
</tr>
</tbody>
</table>

Year-to-date through September 2010, total shipments increased by almost 13% from the same nine month period in 2009. In terms of tonnage, almost 80% of the shipments are accounted for by bulk cargo—primarily petroleum coke, liquefied natural gas, limestone, and barite. In the most recent comparison period, bulk shipments were up by about 17%. This more an offset tonnage declines for bagged goods, lumber, and paper products.

Track both monthly and year-to-date shipments through the Port of Lake Charles on the Drew Center web page: [www.mcneese.edu/drewecon](http://www.mcneese.edu/drewecon).

---

\(^3\) Information on shipments through privately owned port facilities in the Lake Charles Harbor and Terminal District has not been available since Hurricane Rita hit the area in 2005.
Real Estate Trends

Information on the regional real estate market is provided by the Southwest Louisiana Association of Realtors. Single family home sales account for almost 81% of the total dollar volume of all real estate transactions reported in the first nine months of 2010. Same month comparisons of single family home sales in September of 2009 and 2010, as well as year-to-date (January through September) comparisons are shown in the table.

| Single Family Home Real Estate Trends, SW LA Association of Realtors |
|-----------------|----------------|----------------|-----------------|----------------|
| New Listings     | 192       | 168       | 14.3%  | 2,007         | 1,455         | 37.9%  |
| Sales            | 109       | 116       | -6.0%  | 970           | 1,016         | -4.5%  |
| Average Sales Price | $149,272 | $145,997 | 2.2%   | $148,679      | $147,819      | 0.6%   |
| Dollar Volume of Sales | $16,270,657 | $16,935,630 | -3.9% | $144,218,618 | $150,184,333 | -4.0% |

The 109 single family homes sold in September 2010 were on the market for an average of 127 days. The 116 single family homes sold in September 2009 were on the market an average of 130 days. The average price for single family homes sold was $149,272—up by 2.2% from an average of $145,997 in September 2009.

For the entire January through September period, new listings of single family homes were up by 37.9 compared to the same nine month period in 2009. The number of single family homes sold was down by 4.5% and the average sales price was up of 0.6%.

The average sales price for a single family home in Southwest Louisiana continues to be quite moderate in comparison to the nationwide and southern regional averages. In August 2010 the average sales price for existing single family homes nationwide was $230,100 (up by 3.3% from August 2009). For the southern region of the country the average sales price was $205,200 (up 1.87% from August 2009)—www.realtor.org.

A Look Forward

Estimates by the National Bureau of Economic Research indicate that the “great national recession” began in December 2007. As noted earlier, the full force of the recession did not hit Southwest Louisiana until 2009.

Average annual nonfarm employment in the Lake Charles MSA grew by 1,200 jobs (1.3%) in 2008 to reach a peak of 94,500, and then fell by 3,800 jobs (4%) in 2009. Nonfarm employment “bottomed out” in January 2010 at 87,000 jobs. In five of the most recent seven months the Lake Charles economy added jobs or remained stable. The most recent estimate of 90,000 jobs in August is 2,200 more than at the January trough, but it is still 4,500 jobs below the 2008 peak.

A slow, but continuing recovery of jobs in the Lake Charles MSA is predicted by the recently released Louisiana Economic Outlook: 2011-2012. The report forecasts the addition of 800 jobs in each of the next two years. This amounts to a growth rate of 0.9% in each year.

---

4 The Louisiana Economic Outlook: 2011-2012 was released in Lake Charles on October 6, 2010 by its authors—Dr. Loren Scott, Dr. James Richardson, and Dr. M. Dek Terrell. It is published by the Division of Economic Development, E.J. Ourso College of Business, Louisiana State University, Baton Rouge.
The report cites a number of diverse projects as the basis for the job growth forecast.\(^5\)

- **Shaw Modular Solutions**: This unit of Shaw has spent $120 million to construct a new facility to manufacture modular components for nuclear power plants. The firm has already hired about 150 workers, should add 600-800 more over 2011-12, and ultimately support a 1,200-person workforce.

- **Aeroframe**: This firm had dropped from 475 employees down to 250 during the Great Recession. By the end of this year, the firm plans to be back up to about 650, then add 150 more in 2011, and another 200 in 2012.

- **Petrochemical plant maintenance**: A recent survey by the Lake Charles Industrial Alliance indicates the next two years will be big ones for turnaround work at the refineries and chemical plants in the area. Projections are for $400.4 million in 2011 and $800.3 million in 2012—significant bumps compared to the last couple of years.

- **Northrop Grumman**: This firm recently received a maintenance contract for KC10 aircraft, which will boost its workforce by 200. Most of the hiring will be done in 2010.

- **Highway construction projects** underway or scheduled in the Lake Charles MSA total $187.2 million over 2010-12.

- **Chenier Energy** has a $220 million expansion underway that will be completed in late 2011.

- **Lake Charles Memorial Hospital** is constructing a $20 million project scheduled for completion in mid-2012.

The forecast of 1,600 additional jobs over the next two years is not nearly sufficient to restore nonfarm employment to levels reached in 2007 or 2008. However, the report also cites a number of projects near final approval that could boost employment in the Lake Charles MSA above the forecast estimates.\(^6\)

- **Leucadia** is a proposed $1.8 million synthetic natural gas plant that would be the largest single capital project in southwest Louisiana history. Leucadia would create 150 jobs paying in the $65,000-$75,000 range.

- **IFG** is a funding group that invests in infrastructure projects and is in the process of getting permits to build a grain elevator at the Port of Lake Charles. The first stage would involve a $50 million investment and hire about 25-40 people.

- **Rain CII Carbon** has recently received approval for bonds and permitting to build an $80 million gasification plant using petroleum coke from nearby refineries.

- **Dynamic Industries**, which employs about 500 in the Lake Charles area, has several bids out that if successful could increase its workforce by 700 people. One bid is for a huge natural gas clearing module for Prudhoe Bay in Alaska. The project is so large that it would start in 2010 but not end until 2015.

To the list of hopeful possibilities one might add pending proposals to return one of the former Harrah’s riverboat casino licenses to the Lake Charles area, as well as various pending proposals for lakefront and downtown redevelopment.

---

\(^5\) Ibid.

\(^6\) Ibid.
Southwest Louisiana Economic Indicators Reports are distributed electronically through the H.C. Drew Center for Economic Development Information Services in the College of Business at McNeese State University, Lake Charles, Louisiana.

Visit our webpage: [http://www.mcneese.edu/drewecon](http://www.mcneese.edu/drewecon)
- To view recent Southwest Louisiana Economic Indicator Reports
- To view recent Southwest Louisiana Economic Snapshot Reports
- To view graphic representations from our data base, continuously updated as more current information becomes available. Our data base focuses on recent economic trends in the five-parish area known as Southwest Louisiana including Calcasieu, Cameron, Allen, Beauregard and Jefferson Davis Parishes, as well as the Lake Charles, Louisiana Metropolitan area.

To add or remove your address from our e-mail distribution list:
- Reply to [DrewEconDev@McNeese.edu](mailto:DrewEconDev@McNeese.edu), or
- Contact Editor and Center Director—Dr. Douglas W. McNiel at (337) 475-5560 or Database Manager—Leo Geng at (337) 475-5564.

If you received this e-mail from an address other than the one indicated above, you are not currently on our mailing list.

Financial Support for the H.C. Drew Center for Economic Development is provided by the H.C. Drew Endowment for Economic Development and the McNeese State University College of Business—Dr. Mitchell Adrian, Dean (337) 475-5514.