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Economics expert foresees more local growth

by Joan Davis

Despite a slow recovery in New Orleans and an overall housing slump across the nation, an economic forecast predicts Tangipahoa Parish will continue to see significant growth in business and industry through 2009.

Loren Scott, a professor emeritus of economics at Louisiana State University and one of the authors of the forecast, predicts Tangipahoa Parish's employment rate will continue to rise through 2007-08, largely driven by the influx of Katrina evacuees who will stay and commute to jobs in New Orleans.

Population growth in Tangipahoa since Katrina is 6.6 percent, he said.

Scott was the guest speaker for an economic forum held Friday at Tope La Catering and sponsored by Florida Parishes Bank.

Employment numbers by commuting Tangipahoa Parish residents will show up on the books for New Orleans, but their dollars are being spent here, contributing to local economies in the retail and service sectors, he said.

Tangipahoa Parish is a "bedroom" community for commuters, but also parish efforts to court business and industry here have been successful, he said. Scott particularly noted the efforts of the Tangipahoa Economic Development Foundation.

He gave as example Intralox LLC, which is being built near the Hammond airport to manufacture modular plastic conveyor belts used in food processing. The workforce at that facility is projected to employ 50 initially and eventually 400.

Other signs of growth include the Army Air Guard Helicopter Battalion headquarters being built at the airport, Do Ran Seapak in Independence and Stock Building Supply in Hammond.

Add to those and numerous other businesses announcing relocation to Tangipahoa a \$130 million new mall, and Tangipahoa becomes a standout in the non-metropolitan areas of the state for growth, Scott said.

The only negative sign locally, he said, is the downsizing of Sanderson Farms, largely because of a labor shortage exacerbated statewide since the hurricanes.

While the economic forecast predicted 75,000 new jobs statewide in the coming two years, reaching an all-time high employment record sometime in 2008, rural parishes will on the average experience a healthy 6,800 new jobs in 2008 and 6,200 new jobs in 2009, increases of 1.8 and 1.6 percent, respectively.

The housing slump, especially declining home prices, is not a problem spread evenly across the country, he said. Some houses that sat on the market for four months from 2002 to 2006 are now on the market an average of 7 1/2 months to 10 months. Areas like Pensacola, Fla., have 55 months worth of condos sitting on the market.

One reason for concern about the bursting of the housing bubble is the loss of personal wealth caused by the dip in home values and the "contagion" effect as it bleeds over into other economic sectors, like tourism and travel.

Housing overvaluation inevitably puts a stop on consumer spending as equity shrinks, Scott said, but the housing crisis is mainly focused in the upper midwest, California, Florida, Nevada, Maine and Massachusetts, due to varied factors.

Global Insights estimates that for every 5 percent decline in home prices, \$1 trillion in household wealth disappears. According to the same report, for every \$1 in household wealth, consumers liquidate about six cents through mortgage equity withdrawals and spend it.

Louisiana is not one of the states affected by steep overvaluation of properties, he said. And despite a small rise in interest rates recently, the rate on a 30-year fixed mortgage is still relatively low by historical standards, he said, lower by far than a high of 16 percent in the early 1980s and even 9 percent in 1975, so those who can secure fixed-rate mortgage loans will continue to strive for the American dream of home ownership.

With all the new businesses coming into the parish bringing new people, evacuees deciding to stay and work locally or commute, and a new mall set to open in 2008 bring new jobs and money, the housing market in Tangipahoa will stabilize, enjoying a good share of the growth projected overall for the state, despite storms just two years ago that cost the state in excess of \$200 billion and a loss of 61,000 jobs.