

BR will receive large part of N.O. economy

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This story by Ned Randolph first appeared in The Baton Rouge Advocate.

The devastation of losing Louisiana's largest economic and population center and the movement of displaced businesses and thousands of evacuees from New Orleans to Baton Rouge will have a profound impact on this area's economic fabric.

The Baton Rouge area population has skyrocketed. The Red Cross said at one point 47,000 evacuees occupied local shelters. All of the region's 8,000 hotel rooms are booked. And roughly 4,000 apartments have been rented by arriving evacuees.

In addition, an undetermined number of people are staying in independent shelters or with families and friends. Others are snapping up houses that are for rent or sale.

Hampton Grunewald, executive assistant to Mayor-President Kip Holden, said the population growth is apparent.

"Ten minute drives are taking a lot longer," Grunewald said.

By some estimates, between 100,000 and 300,000 people will be permanently displaced – a concern for New Orleans area officials looking to the future.

"I'm not worried about the people who go to Baton Rouge or Lafayette. I'm worried about those that leave the state," said Mark Drennen, president and chief executive officer of Greater New Orleans Inc. which promotes economic development for the 10-parish region.

For whatever time New Orleans remains shut down, there will be a tremendous economic shift.

"The New Orleans Metro area accounts for about a third of the state's economy," said Tim Ryan, an economist and chancellor of the University of New Orleans.

Drennen, who has set up at the Baton Rouge Area Foundation, said that, for the next few months, the capital city will act as a staging area for New Orleans and Baton Rouge business leaders to make a plan to rebuild New Orleans.

"We're looking at six months or more before people can move back to their original neighborhoods," "" said Al Martinez-Fonts with the Office of Homeland Security in Washington, D.C.

Already, some local companies are gearing up for the rebuild.

For example, The Shaw Group Inc., an engineering, fabrication and construction company, has been in contact with the Federal Emergency Management Agency and other governmental agencies about mobilizing recovery efforts.

Shaw has put out a call for subcontractors and craftsmen who could apply for work under Shaw Constructors Inc.'s primary contractor status.

Baton Rouge is becoming a home for many displaced law firms and other businesses or agencies.

For example, New Orleans law firms Adams and Reese and **McGlinchey Stafford** have expanded their existing presence here.

The Baton Rouge metropolitan area has about 15,000 or 16,000 total businesses.

New Orleans' metro area is roughly double that, said Stephen Moret, president and chief executive officer of the Chamber of Greater Baton Rouge.

"Most of the retail establishments will not relocate," he said. But law firms and other service sector companies can.

"It's certainly in the hundreds, probably in the thousands that will temporarily relocate to Baton Rouge or someplace else," he said.

"Smaller businesses or those owned by a single individual have to make their payroll every month from what they generate. There's a great sense of urgency to get their business up and running again or in many cases to stay in business," Moret said.

In addition to that payroll, some displaced workers here could continue drawing on salary or will get unemployment money that will be spent here.

"Instead of supplying money to grocery stores in New Orleans, they will do it in Hammond or Lake Charles or wherever people might be," UNO's Ryan said.

J.H. Campbell Jr., president and chief executive officer of Associated Grocers in Baton Rouge, said last week his company now is dealing with a profound population shift in its market.

Associated Grocers distributes products to more than 250 independent member grocery stores in Louisiana, Mississippi and Texas.

As a result of the population shift, Baton Rouge's housing stock is filling rapidly.

On Friday alone, 87 Baton Rouge area houses were put under contract, according to the Realtors association's multiple-listing services.

“All the traditional apartment rental space is totally gone,” the chamber’s Moret said. “Pretty soon, we’ll start seeing people advertising rooms.”