Construction projects from area petrochemical plant expansions, home building and renovation, and city-parish road and sewerage system improvements appear to be driving an upswing in the local economy. Many area business people — from hotel managers and restaurateurs to equipment rental company managers and retailers — reported last week that year-to-date revenues are significantly higher than last year and have exceeded projections.

The spirited business pace and declining unemployment rate seem to have lifted spirits and loosened purse strings of both businesses and consumers in the first half of 1990, the business managers said. Yet, some fear that the recovery will stall when the construction ends.

"I can see three, four, maybe five good years before we go to a lull," said Bob Hicks, general manager of Southern Equipment Inc.

 Said Grady Taylor, president of Taylor Office Supply Co., Inc.: "Is there really any substance to the growth? I'm a little pessimistic."

Construction activity is directly responsible for Southern Equipment's 35 percent increase in revenues compared to a year ago, Hicks said. "The petrochemical plants are turning money loose for construction," he said. "Whenever they start adding on, it helps the equipment rental business."

Besides industrial expansion, "there is a lot of new commercial work... and a lot of road work and new sewer lines going down," Hicks said.

"It's not like eight to 10 years ago when we had the boom, but it's better than the past couple of years and it looks like it will be this way the next few years," Hicks said.

Meanwhile, area hotels have filled up and stayed full this year largely due to industry traffic, said Claire Major, general manager of Residence Inn by Marriott and president of the Baton Rouge Hotel/Motel Association.

"Our business is doing great," Major said. "Our industry is doing great."

Managers of nine area hotels polled last week reported occupancy rate increases of 8 to 21 percent over last year, with year-to-date occupancy averaging 72 percent among the nine, Major said.

For all area inns, the occupancy rate probably ranges from the mid- to high-60 percent, she said.

"I don't think we're doing anything differently," Major said. "I truly think that these companies — mainly the petrochemical companies — are doing better corporate

Andy Cypel, Baton Rouge, was not expecting any job losses in his company, Southern Equipment Inc., after the presses stop rolling. The company has 30 employees, he said, and "I don't foresee any layoffs anywhere in the company."

"It's really hard to predict what's going to come next year," he said. "We're not counting on any growth in the near future."

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business.”
At Residence Inn, which specializes
in clients who stay for extended
periods, some guests are involved
with plant expansion projects, she
said. “If not expansion, it may be sales,
management support, or technical
support for projects,” Major said. “A
lot are relocating with the petrochemical
companies.”
Major said she is encouraged by
signs that people are moving in and
unemployment is declining.
The low jobless rate is evident to
employers by the resulting worker
shortage, she said.
“It is extremely hard to find people —
everything from entry-level jobs to
management,” Major said.
Yet Major said she worries that
some of the state’s glaring problems — a
poor education system, stalled
tax reform, the negative image
conveyed by the recent Legislature
and the local area’s unkempt and
dilapidated appearance — will hinder
efforts to attract new business for
growth.
“People look at us hard when they
come in,” Major said. “Those are the
things that concern me.”
Taylor at Taylor Office Supply said
he fears that the economic growth is
shallow and still overly dependent on
the petrochemical industry.
Revenues at his company are 20
percent higher than last year, Taylor
said.
But that increase may be due to its
grabbing a greater share of the
market pie, not because the pie has
grown significantly, he said.
The plants are doing better but the
small and non-industrial accounts are
not,” Taylor said.
Institutions, primarily hospitals,
and industry are active, he said.
“We have a design department with
designers,” Taylor said. “They
can’t keep up right now. And our
budget furniture is doing
wonderfully. But the middle stuff, the
toilet stuff our middle businesses would
buy, that furniture business is off.”
Small businesses — those with 25
or fewer employees — seem to stay
slow on the uptake of the current
recovery, Taylor said.
Despite the concerns, some area
business people have noticed a
growing optimism and confidence
among consumers of big-ticket items,
such as new cars and homes.
Business has been “excellent” this
year at Duplessis Cadillac Inc., said
sales manager Richard Baggett.
“Our business is up 72 percent for
the year,” he said. “I would say the
economy picking up has everybody’s
attitude turned around.”
The dealership’s clients include
professionals — entrepreneurs,
attorneys and doctors — and,
“believe it or not, a ton of blue-collar
workers,” Baggett said.
Sales to blue-collar workers are a
recent phenomenon, probably driven
by price increases in other luxury
makes while Cadillac’s prices have
remained steady, he said.
“General optimism” in the
marketplace also seems to have
stimulated spending in the real estate
industry, said Mark Bennett,
president of C.J.-Brown Realtors.
“It’s been terrific,” Bennett said.
“Basically, the past April, May and
June, we’ve had record months. They
are the best we’ve ever had — that’s
in terms of the number of units sold
dollar volume of real estate sold.”
People who had put off building,
buying or moving to a larger house
have been moving ahead with those
plans this year, Bennett said.
Also, numerous new developments
have been submitted for approval by
the city-parish planning commission,
he said.
“That wasn’t happening a year
going,” Bennett said.
“Where are you going to look for a
lot of smaller development,” he said.
People are going to do a little more
research before they bite off more
than they can chew.”

Filings now range from 30-90 lots
compared to earlier years, when
subdivision plans would include 200
or 300 lots, he said.
Developers are more cautious after
being burned in the economic
downturn of the mid-1980s, Bennett
said.
“But it also has to do with a more
sensible, thorough approach to
subdivision development,” he said.
Bennett predicted stable, moderate
growth in the area’s economy for the
next year.
“I believe, if the state can conquer
some of the troublesome issues, like
education and taxes, if those issues
can be addressed, and we can make
significant steps forward in those
areas, I believe the potential for the
next two or three years is very good,”
he said.