Louisiana Gets $960 Million In Non-Residential Contracts

Louisiana's non-residential new contracts for commercial, industrial, institutional and public works construction industry delivered a $960 million Christmas lift to the state in the form of new contracts awarded to member firms of the Associated General Contractors of Louisiana, according to reports from member firms of the AGC. Through September were running 45 percent ahead of 1980's record pace. Overall, the industry posted a 23 percent gain for the first nine months of 1981. Based on a January-September monthly average of $80 million in the value of building permits, and no apparent slackening in activity through the fourth quarter, the $960 million figure for the year seems assured.

Those are the highlights of the current Commercial-Industrial (C-I) Construction Index compiled by AGC La. and the University of New Orleans Center for Economic Development.

An additional feature of the index program is trend analysis of monthly expenditures by contractors for payrolls, purchases of monthly expenditures by contractors for payrolls, purchases of materials and supplies, and services needed to fulfill construction contracts. The index indicates that spending by contractors in December 1981 reached a six-year record high.

"This is a remarkable performance for the C-I construction industry in Louisiana in a month which may come to be recognized as the bottom of the current nationwide recession," said Joseph T. Donnelly, who was elected president of AGC La. in December. "It is clear that energy-related industrial construction across the southern tier of parishes and hotel-office building in the major cities are responsible for this unprecedented performance."

Within the private sector, industrial, office and commercial construction each increased by nearly 10 percent during 1981 compared with 1980. Hotel-motel construction statewide accelerated seven-fold over 1980's pace. Among privately funded construction, medical, educational, recreational and other categories all declined while religious facilities showed a slight increase.

"The most disturbing trend continues to be the decline in public works construction, particularly for educational and medical facilities," said Donnelly. "Behind the statistics, it is all too apparent that the people who will be attracted here by industrial and commercial growth will substantially increase the populations of our schools and hospitals. We're just not building to meet that increased demand."

New contract awards to AGC member firms during the third quarter of 1981 showed East Baton Rouge and Jefferson parish to be major percentage gainers within the state's metropolitan areas with monthly increases of 42% and 47%, respectively. Other metro area parish recording substantial gains for the period were Calcasieu, 30%; Orleans, 22%, and Lafayette, 10%. Very large percentage increases were reported for St. Mary and Ascension parishes, but on relatively low volume. Rapides Parish, alone among metro areas, reported a decrease in new contract awards during the third quarter.

Building permit figures collected by the U.S. Department of Commerce, while varying somewhat in degree, basically trace the same pattern of increases-decreases in new contract activity across the state. Among northern-tier parishes, Ouachita and Caddo posted significant increases in new contract awards of 53% and 20%, respectively. Bossier Parish was a large gainer, but on low volume.