



Economist: Next two to four months will be difficult; relief measure running out unless more aid comes

BY TIMOTHY BOONE | Staff writer - Dec 8, 2020

A financial bridge and protections have been in place for the first seven months of the coronavirus pandemic, thanks to several relief bills passed by Congress. Now those measures are winding down and 25% of households are behind on their mortgage or rent.

The next two to four months will be rough until a vaccine for the coronavirus gets introduced, and steps need to be taken to provide a bridge for homeowners, renters and local governments, an economist said Tuesday.

“There’s a lot of damage that can be done between now and March,” said KC Conway, chief economist for the CCIM Institute, a professional organization for the commercial real estate industry. “We all have to focus and buckle down. Cities, states and counties need to look at their budgets and tighten down so they can make it to March and April.” Conway was one of the speakers at a virtual Statewide Economic Development Summit, sponsored by Entergy and hosted by the Regional Economic Development Alliance of Louisiana, made up of chamber and economic development organizations around the state. The summit is set to conclude Thursday.

Conway said a bridge was in place for the first seven months of the pandemic, thanks to several relief bills passed by Congress. Now those measures are winding down and 25% of households are behind on their mortgage or rent. “What’s going to happen to the owners? What’s going to happen to the lenders?” said Jay Olshonsky, president and CEO of NAI Global, who was on the same panel discussion.

More than 100 cities and counties could face bankruptcy as a result of the pandemic, which has devastated sales tax collections and dried up the tourism and convention industries that cities such as New Orleans, Las Vegas and Orlando depend upon. Conway and Olshonsky said they are concerned financial stress could cause the loss of infrastructure needed to support the travel and

transportation industry. They note that in some cities, convention centers have been turned into field hospitals for coronavirus patients.

Louisiana is in an especially bad spot, because the state was hit by a series of devastating hurricanes. That could hurt banks and cause property and casualty insurance companies to pull out of the state, they said.

Despite the challenges, Louisiana has a good foundation for the future. The state is well-positioned to do more business with Mexico.

And in another discussion during the summit, panelists said the state is well-positioned for onshoring, as businesses move manufacturing operations out of China and back to the U.S.

Rosemary Coates, of the Reshoring Institute, a nonprofit that supports businesses looking to manufacture in the U.S., said a recent study found 70% of people prefer to buy products made in America. Eighty percent of those who had a preference for American-made products said they would pay more for those items.

Coates said there's been an "uptick in sophistication" with manufacturers no longer being concerned with chasing the countries where it's the cheapest to make goods. Now, they're thinking about supply chain issues.

Louisiana is a good place for high-value manufacturing jobs, Coates said. Housing prices are low and the state has good training programs.

John Boyd, a corporate site selector, said the aerospace industry is something Louisiana should focus on. There's been a move to bring those industries back to the U.S. to make it easier to do business with the federal government.

"There are a lot of exciting new opportunities, with new avionics, new composite materials," he said.