



Lafayette, Louisiana

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of August 1, 2010



Housing Market Area



The Lafayette Housing Market Area (HMA) is composed of two parishes, Lafayette and St. Martin, in south-central Louisiana. The principal city of Lafayette is located in Lafayette Parish, approximately 55 miles west of Baton Rouge. The HMA is home to the University of Louisiana at Lafayette (UL Lafayette), the leading employer in the area.

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Summary

Economy

During the 12 months ending July 2010, nonfarm payrolls in the Lafayette HMA decreased by 2.9 percent compared with a decrease of 0.8 percent during the 12 months ending July 2009. During the next 3 years, job growth is expected to average 0.1 percent annually, with gains led by the education and health services and the government sectors, which grew by more than 2 percent each during the 12 months ending July 2010. Additional employment data for the HMA appear in Table DP-1 at the end of this report.

Sales Market

Sales housing market conditions in the HMA are balanced to tight, with a current owner vacancy rate of 1.0 percent. During the 3-year forecast period, anticipated employment and population gains are expected to generate demand for 3,675 new market-rate sales housing units and an additional 200 mobile homes. The 230 units currently under construction will satisfy a portion of this demand (see Table 1). In addition, a portion of the estimated 9,400 other vacant units in the HMA may come back on the market and satisfy some of the demand.

Rental Market

The rental housing market in the HMA is currently balanced to soft, with an estimated overall rental vacancy rate of 7 percent, unchanged from a year earlier, but down from 10.4 percent in 2000. Average apartment rents have increased during the past 2 years as a result of approximately 450 higher priced Class A units entering the market. During the forecast period, demand is estimated for 850 new rental units and will be met partially by the 100 units currently under construction (see Table 1).

Table 1. Housing Demand in the Lafayette HMA, 3-Year Forecast, August 1, 2010 to August 1, 2013

	Lafayette HMA	
	Sales Units	Rental Units
Total Demand	3,875	850
Under Construction	230	100

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Total sales demand includes an estimated demand for 200 mobile homes. Units under construction as of August 1, 2010. A portion of the estimated 9,400 other vacant units in the HMA will likely satisfy some of the forecast demand.

Source: Estimates by analyst

Economic Conditions

The Lafayette HMA economy suffered a significant loss in jobs during the 12 months ending July 2010 following growth from 2005 through 2008. During the 12 months ending July 2010, total nonfarm payrolls decreased by 4,400 jobs, or 2.9 percent, to 146,100 compared with a decrease of 1,300 jobs, or 0.8 percent, during the 12-month period ending July 2009 (see Table 2).

The HMA did not experience direct damage from Hurricanes Katrina and Rita in 2005; however, many

people and companies relocated to the HMA from New Orleans and other affected coastal areas. Between 2005 and 2008, after the hurricanes damaged and destroyed coastal areas of Louisiana, the number of jobs in the HMA increased by an average of 4,700 a year; between 2000 and 2004, only 330 jobs were added annually. A significant number of companies relocated to Lafayette after the hurricanes occurred, which had a large effect on the economy of the HMA. Most of the job increases occurred in three sectors: the mining, logging, and construction sector added about 7,700 jobs, or 39 percent; the professional and business services sector added approximately 1,650 jobs, or 11.5 percent; and the leisure and hospitality sector added 850 jobs, or 6.2 percent. During the 12 months ending July 2010, the unemployment rate averaged 5.9 percent compared with the 4.4-percent rate recorded a year earlier. Figure 1 illustrates trends in the labor force, resident employment, and unemployment rate in the HMA from 1990 through 2009.

The mining, logging, and construction sector decreased by 1,550 jobs, or more than 6 percent, during the 12 months ending July 2010,

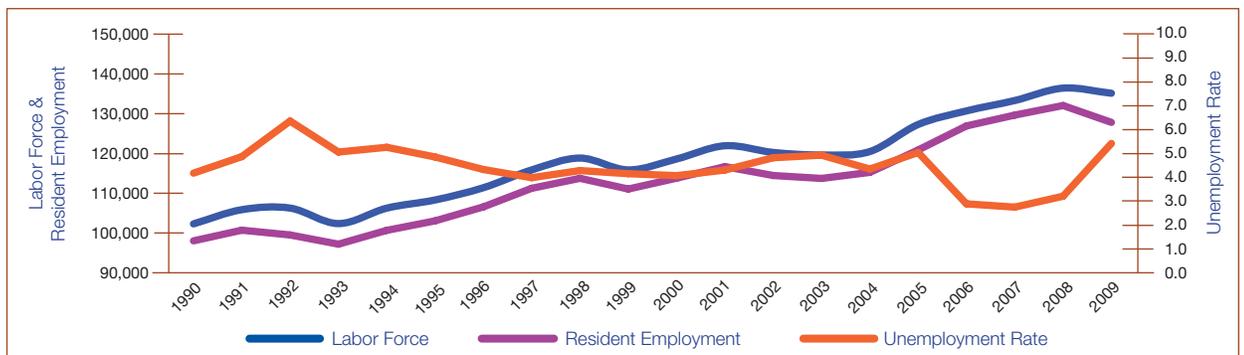
Table 2. 12-Month Average Nonfarm Payroll Jobs in the Lafayette HMA, by Sector

	12 Months Ending July 2009	12 Months Ending July 2010	Percent Change
Total Nonfarm Payroll Jobs	150,500	146,100	- 2.9
Goods Producing	33,500	30,975	- 7.5
Mining, Logging, & Construction	23,500	21,950	- 6.6
Manufacturing	10,000	9,025	- 9.8
Service Providing	117,000	115,150	- 1.6
Wholesale & Retail Trade	25,450	24,500	- 3.7
Transportation & Utilities	4,100	3,700	- 9.8
Information	3,000	2,700	- 10.0
Financial Activities	8,300	8,050	- 3.0
Professional & Business Services	17,200	16,350	- 4.9
Education & Health Services	21,400	21,850	2.1
Leisure & Hospitality	15,050	15,050	0.0
Other Services	4,950	5,000	1.0
Government	17,550	17,950	2.3

Notes: Based on 12-month averages through July 2009 and July 2010. Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

Figure 1: Trends in Labor Force, Resident Employment, and Unemployment Rate in the Lafayette HMA, 1990 to 2009



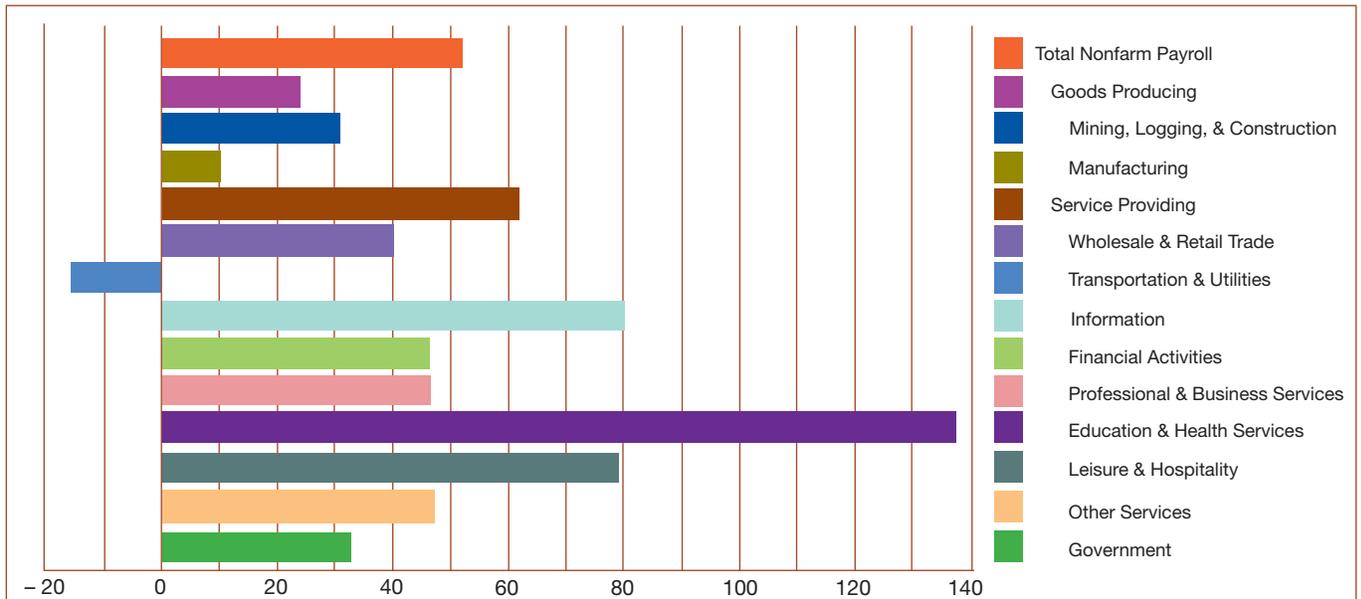
Source: U.S. Bureau of Labor Statistics

partially because of the Gulf oil spill that occurred April 30, 2010, and the moratorium on drilling operations that followed. After Hurricanes Katrina and Rita occurred in 2005, between 2006 and 2007, the number of jobs in the mining subsector increased by approximately 1,100, or 8 percent, annually because of the companies that relocated to the HMA. By 2008, the number of jobs started declining and continued to do so when the companies returned to New Orleans and other coastal areas. The manufacturing sector decreased by 975 jobs, or approximately 10 percent, during the 12 months ending July 2010. In 2006, the number of manufacturing jobs peaked when 900 jobs were added, but it has since declined. Of the service-providing sectors, the wholesale and retail

trade sector had the largest number of losses, declining by 950 jobs, or about 4 percent, to 24,500. Declines in the professional and business services sector were significant as well, with job losses totaling 850, or about 5 percent, during the 12 months ending July 2010. Figure 2 illustrates employment sector changes in the HMA from 1990 to the current date.

The HMA serves as a regional medical center for south-central Louisiana, with more than 15 percent of jobs in the HMA in the education and health services sector (see Figure 3). During the 12 months ending July 2010, the education and health services sector added 450 jobs, an increase of about 2 percent, primarily as a result of expansions at a number of medical facilities. Construction has begun

Figure 2. Sector Growth in the Lafayette HMA, Percentage Change, 1990 to Current

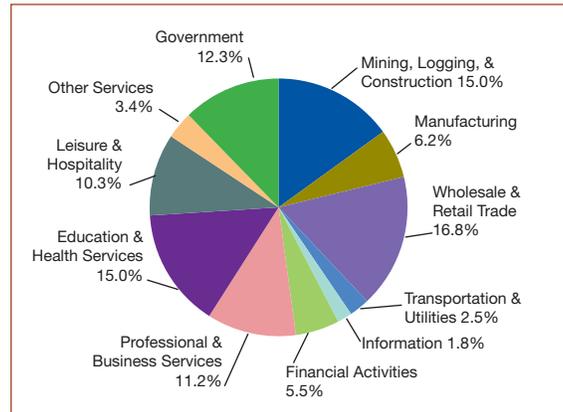


Note: Current is based on 12-month averages through July 2010.

Source: U.S. Bureau of Labor Statistics

on the new \$200 million Lourdes Hospital located in Lafayette, which is expected to be completed in July

Figure 3. Current Nonfarm Payroll Jobs in the Lafayette HMA, by Sector



Note: Based on 12-month averages through July 2010.

Source: U.S. Bureau of Labor Statistics

Table 3. Major Employers in the Lafayette HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
University of Louisiana at Lafayette	Government	1,900
Wal-Mart Stores, Inc.	Wholesale & Retail Trade	1,800
Lafayette General Medical Center	Education & Health Services	1,775
Island Operating Company, Inc.	Mining, Logging & Construction	1,400
University Medical Center at Lafayette	Education & Health Services	1,300
Acadian Ambulance & Air Med Services	Healthcare & Transportation	1,300
Our Lady of Lourdes Regional Medical Center	Education & Health Services	1,275
Stuller, Inc.	Manufacturing	1,250
Regional Medical Center of Acadiana	Education & Health Services	1,125
Mac-Laff Inc.	Leisure & Hospitality	1,100

Note: Based on 12-month averages through July 2010.

Source: U.S. Bureau of Labor Statistics

2011. It is uncertain how many jobs will be created when the facility is completed. Lafayette General Medical Center, the second largest private employer in the area, with 1,775 employees, is undergoing a \$75 million renovation of its main facility, which will result in nearly 200 additional beds by the end of 2011. Wholesale and retail trade is the largest sector in the HMA, with approximately 17 percent of the jobs. The largest employer in this sector is Wal-Mart Stores, Inc., employing about 1,800 workers (see Table 3).

UL Lafayette is the leading employer and remains a stabilizing force in the HMA economy. The university enrolls approximately 16,400 students and employs about 2,100 faculty and staff. According to university estimates, UL Lafayette has a total spending effect of \$755 million annually in Louisiana and a \$726 million economic effect in the Lafayette HMA. The education and health services and the government sectors are expected to contribute to most of the estimated nonfarm payroll growth during the forecast period, which is expected to increase at an average of just 0.1 percent annually.

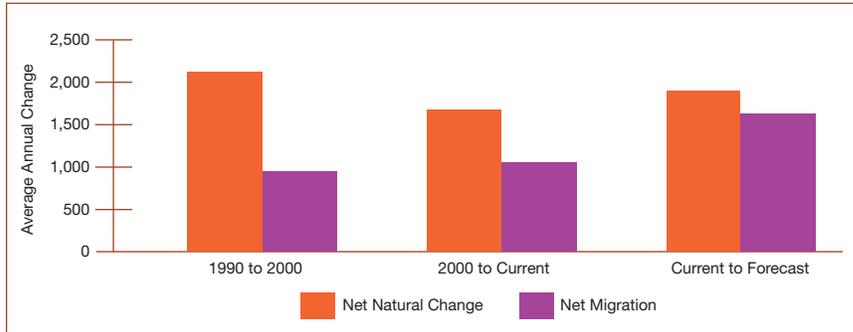
Population and Households

The population of the Lafayette HMA is currently estimated at 266,900. Between July 2005 and July 2007, the population increased by an estimated 5,400, or 0.9 percent, annually, of which an average of about 2,900 was from net in-migration,

primarily as a result of Hurricane Katrina, which forced people out of their damaged and destroyed homes in other parts of the state. Figure 4 shows components of population change in the HMA from 1990 to the forecast date.

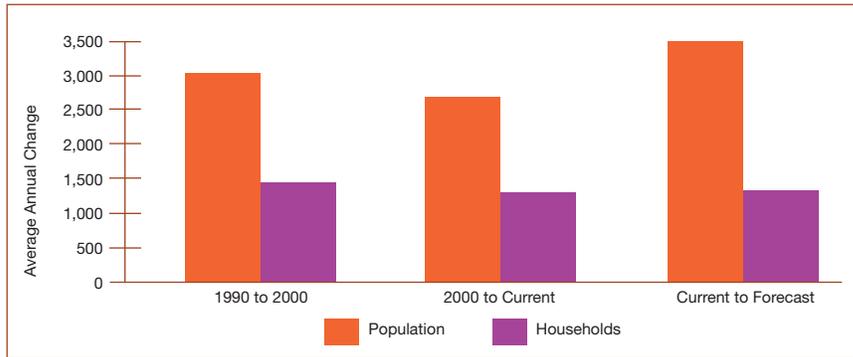
During the 1990s, the population of the HMA increased by an average of 3,025 a year, or 1.4 percent. Net in-migration during that decade

Figure 4. Components of Population Change in the Lafayette HMA, 1990 to Forecast



Sources: 1990 and 2000–1990 Census and 2000 Census; current and forecast—estimates by analyst

Figure 5. Population and Household Growth in the Lafayette HMA, 1990 to Forecast



Sources: 1990 and 2000–1990 Census and 2000 Census; current and forecast—estimates by analyst

Figure 6. Number of Households by Tenure in the Lafayette HMA, 1990 to Current



Sources: 1990 and 2000–1990 Census and 2000 Census; current—estimates by analyst

accounted for about 30 percent of the population gain; the remainder of the growth came from net natural change (resident births minus resident deaths). Since 2000, population in the HMA has increased by approximately 2,700, or 1.1 percent, annually, with net in-migration accounting for approximately 38 percent. Population is expected to increase at an average of 3,500, or 1.3 percent, annually during the next 3 years. By August 1, 2013, the total population is projected to be 277,400. Figure 5 shows population and household growth in the HMA. Additional demographic and housing data for the HMA appear in Table DP-1 at the end of this report.

Since 2000, the number of households has increased by 1,300, or 1.4 percent, annually to a current estimate of 102,900 (see Figure 6). During the forecast period, the number of households is expected to increase by 1,325, or 1.3 percent, annually, to reach approximately 106,900 by August 1, 2013.

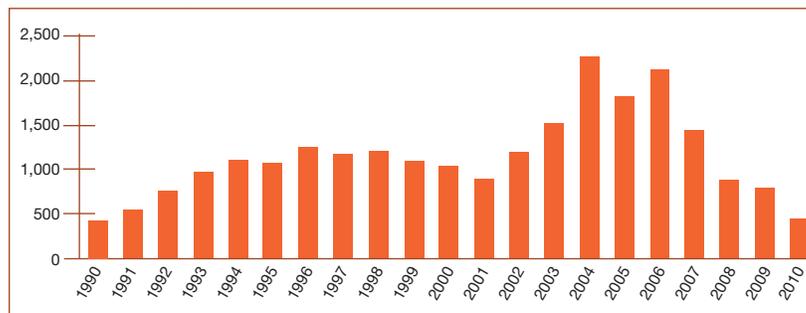
Housing Market Trends

Sales Market

The sales housing market in the Lafayette HMA is balanced to tight with a current sales vacancy rate of 1.0 percent, down slightly from the 1.3-percent rate recorded by the 2000 Census. According to Van Eaton & Romero REALTORS®, during the 12 months ending July 2010, 2,375 new and existing attached and single-family homes were sold, up 8 percent from the 2,200 homes sold a year earlier. Existing home sales peaked in 2007, when nearly 2,775 homes were sold in the HMA. During the 12 months ending July 2010, the average sales price decreased by more than 3 percent to \$187,800 compared with the average price of \$194,500 for the 12 months ending July 2009. The decline in average price contrasts with an annual increase of nearly 6 percent between 2006 and 2008. According to Lender Processing Services Mortgage Performance Data, as of July 2010, 6 percent of loans in the HMA were classified as 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), which was 0.5 percent above the rate recorded in July 2009.

The sales market tightened immediately following Hurricanes Katrina and Rita in 2005, when an influx of people evacuated hurricane-affected areas and moved to the HMA. Market conditions became balanced by 2007 because most of the hurricane evacuees had left the area and higher construction levels provided additional needed homes. From 2004 to 2006, an average of 2,050 single-family homes were permitted each year, compared with the 1,150 that were permitted annually from 2000 through 2003. Since 2007, an average of about 1,000 single-family homes have been permitted annually. Based on preliminary data, new home construction, as measured by the number of single-family building permits issued, increased in the HMA from 600 homes during the 12 months ending July 2009 to 700 homes in the 12-month period ending July 2010, a 17-percent increase. Currently, new home construction is concentrated in the southern and southeastern areas of Lafayette Parish in the municipalities of Broussard and Youngsville. Two newer subdivisions, Sawgrass Park and Audubon Plantation, will have a total of about 230 homes. Sawgrass Park will have 190 homes, with prices ranging from \$170,000 to \$190,000, all of which will be completed by the beginning of 2011. Audubon Plantation, which is expected to have 40 homes, with prices starting at \$300,000, just recently started construction. Figure 7 shows the number of single-family building permits issued in the HMA from 1990 through July 2010.

Figure 7. Single-Family Building Permits Issued in the Lafayette HMA, 1990 to 2010



Notes: Includes only single-family units. Includes data through July 2010.

Source: U.S. Census Bureau, Building Permits Survey

During the 3-year forecast period, demand is estimated for 3,675 new homes in the HMA. A portion of this demand will be met by the 250 homes currently under construction. In addition, demand is estimated for 200 mobile homes during the forecast period. Prices are estimated to start at \$30,000 for new mobile homes

and at \$100,000 for new single-family homes. Table 4 illustrates the estimated demand for new market-rate sales housing in the HMA by price range. Builders should also be aware that an estimated 9,400 other vacant units are in the HMA. A portion of these units will likely come back on line and satisfy some of the forecast demand.

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Lafayette HMA, August 1, 2010 to August 1, 2013

Price Range (\$)		Units of Demand	Percent of Total
From	To		
100,000	149,999	550	15.0
150,000	199,999	735	20.0
200,000	249,999	630	17.1
250,000	299,999	480	13.1
300,000	349,999	400	10.9
350,000	399,999	330	9.0
400,000	449,999	290	7.9
450,000	and higher	260	7.1

Note: Excludes mobile homes.

Source: Estimates by analyst

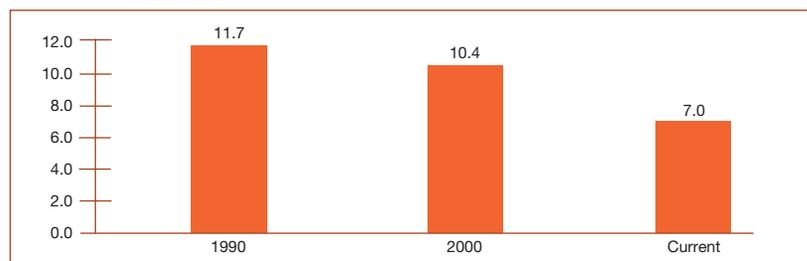
Rental Market

The rental housing market in the Lafayette HMA is balanced to soft, with an estimated overall vacancy rate of 7 percent, unchanged from a year earlier but down from 10.4 percent in 2000 (see Figure 8). Conditions in the apartment market are better than in the overall rental market. According to the Acadiana Apartment Association, in the 12 months ending July 2010, the apartment vacancy rate is

balanced, with an estimated vacancy rate of 5 percent, down from 6 percent a year earlier. In the 12 months ending July 2010, average rents in the area were \$615 for a one-bedroom unit, \$730 for a two-bedroom unit, and \$940 for a three-bedroom unit. During the past 2 years, average apartment rents increased by 2 percent for one-bedroom units, remained unchanged for two-bedroom units, and increased by 4 percent for three-bedroom units.

Multifamily construction activity, as measured by the number of units permitted, totaled 70 units in the HMA during the 12 months ending July 2010, based on preliminary data, down from the 95 permitted during the previous 12 months. An average of 140 units was permitted annually from 2000 to 2004. Following

Figure 8. Rental Vacancy Rates in the Lafayette HMA, 1990 to Current



Sources: 1990 and 2000–1990 Census and 2000 Census; current—estimates by analyst

Housing Market Trends
 Rental Market *Continued*

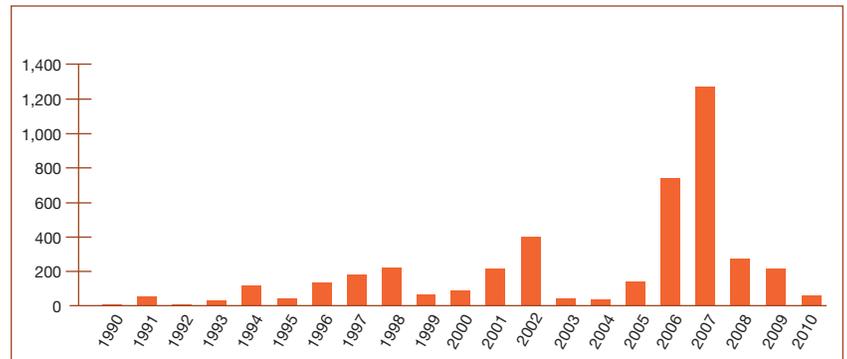
Hurricanes Katrina and Rita in 2005, multifamily production increased in response to the influx of evacuees. From 2005 through 2008, the number of multifamily units permitted averaged 1,525 a year. According to the McGraw-Hill Construction Pipeline database, since 2000, 95 percent of all multifamily permits have been for rental use. Recent market-rate developments include Plantation Crossing, a 216-unit complex that was completed at the end of 2009, and Ansley Walk, a recently opened 242-unit community. The rents at both projects start at \$775 for one-bedroom units, \$950 for two-bedroom units, and \$1,150 for three-bedroom units. Figure 9 illustrates the number

of multifamily permits issued in the HMA from 1990 through July 2010.

The 16,400 students at UL Lafayette, about 6 percent of the HMA population, have a significant effect on the rental market. About 15,000 students are estimated to live off campus and represent about 15 percent of the occupied rental units in the HMA.

During the forecast period, the estimated demand for 850 market-rate rental-housing units will be partially met by the 100 rental units currently under construction (see Table 1). Table 5 shows estimated demand for new market-rate rental housing in the HMA categorized by rent level and number of bedrooms.

Figure 9. Multifamily Building Permits Issued in the Lafayette HMA, 1990 to 2010



Notes: Includes all multifamily units in structures with two or more units. Includes data through July 2010.

Source: U.S. Census Bureau, Building Permits Survey

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Lafayette HMA, August 1, 2010 to August 1, 2013

One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
700 to 899	180	900 to 1,099	180	1,100 to 1,299	40
900 to 1,099	80	1,100 to 1,299	100	1,300 to 1,499	55
1,100 to 1,299	50	1,300 to 1,499	50	1,500 to 1,699	25
1,300 to 1,499	40	1,500 to 1,699	40	1,700 to 1,899	10
Total	350	Total	370	Total	130

Source: Estimates by analyst

Data Profile

Table DP-1: Lafayette HMA Data Profile, 1990 to Current

	1990	2000	Current	Average Annual Change (%)	
				1990 to 2000	2000 to Current
Total Resident Employment	98,022	113,786	127,300	1.5	1.2
Unemployment Rate (%)	4.2	4.1	5.8		
Nonfarm Payroll	96,300	128,600	146,100	2.9	1.3
Total Population	208,740	239,086	266,900	1.4	1.1
Total Households	75,045	89,536	102,900	1.8	1.4
Owner Households	48,728	61,822	69,600	2.4	1.2
Percent Owner (%)	64.9	69.0	67.6		
Renter Households	26,317	27,714	33,300	0.5	1.8
Percent Renter (%)	35.1	31.0	32.4		
Total Housing Units	85,023	98,367	115,500	1.5	1.6
Owner Vacancy Rate (%)	2.3	1.3	1.0		
Rental Vacancy Rate (%)	11.7	10.4	7.0		
Median Family Income	\$33,800	\$36,300	\$59,160	0.7	5.0

Notes: Median family incomes are for 1989, 1999, and 2009. Employment data represent annual averages for 1990, 2000, and the 12 months through July 2010.

Sources: Estimates by analyst; U.S. Census Bureau; U.S. Department of Housing and Urban Development

Data Definitions and Sources

1990: 4/1/1990—U.S. Decennial Census

2000: 4/1/2000—U.S. Decennial Census

Current date: 8/1/2010—Analyst's estimates

Forecast period: 8/1/2010–8/1/2013—Analyst's estimates

Demand: The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

Other Vacant Units: In HUD's analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as "other" vacant by the Census Bureau.

For additional data pertaining to the housing market for this HMA, go to www.huduser.org/publications/pdf/CMARtables_LafayetteLA_11.pdf.

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This analysis has been prepared for the assistance and guidance of the U.S. Department of Housing and Urban Development (HUD) in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by HUD's Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to www.huduser.org/publications/econdev/mkt_analysis.html.