

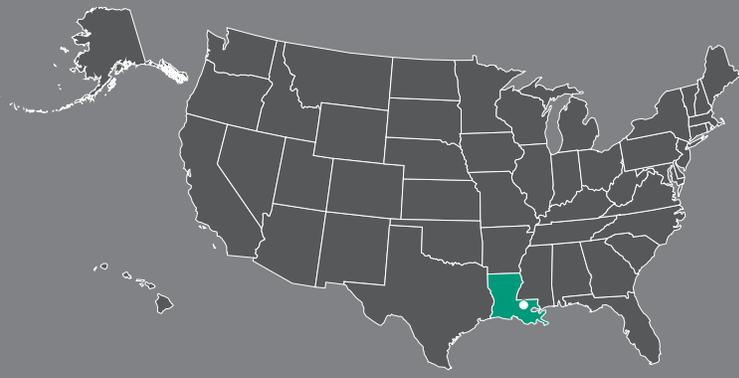
HUD PD&R Housing Market Profiles

Baton Rouge, Louisiana



Quick Facts About Baton Rouge

- **Current sales market conditions: balanced**
- **Current apartment market conditions: soft**
- **Exxon Mobil Corporation has a relatively large presence in the Baton Rouge metropolitan area manufacturing sector, with eight facilities, including the fifth largest refinery in the nation (U.S. Energy Information Administration). The refinery employs over 3,050 full-time and contract employees with an annual payroll of approximately \$273 million (Exxon Mobil Corporation 2018 Fact Sheet).**



By Nancy Smith | As of April 1, 2020

Overview

The Baton Rouge, LA Metropolitan Statistical Area (hereafter, the Baton Rouge metropolitan area), includes nine parishes in southeast Louisiana and is bisected by the Mississippi River. Although the largest nonfarm payroll sector in the Baton Rouge metropolitan area is government, more than 26 percent of job growth from 2012 through 2019 has been in construction jobs due to many large-scale expansions at local petrochemical facilities. The principal city, Baton Rouge, in East Baton Rouge Parish, is the state capital and the second largest city in Louisiana. Baton Rouge is home to Louisiana State University (LSU), which had an economic impact of more than \$1.8 billion on the local economy in 2018 (Economics and Policy Research Group, LSU). The university enrolled 31,750 students and employed 5,150 faculty and staff during the 2019 fall semester (LSU Fall Facts 2019).

- As of April 1, 2020, the population of the Baton Rouge metropolitan area is estimated at 834,200, which represents an average increase of 3,175 people, or 0.4 percent, annually since 2010.
- There are two distinct periods of population growth in the Baton Rouge metropolitan area. From 2010 to 2015,

continued on page 2



continued from page 1

net in-migration averaged 800 people annually, contributing to an average annual population growth of 5,300, or 0.7 percent. Since 2016, the population has slowed significantly and declined by an average of 720 people, or 0.1 percent annually, with net out-migration averaging 4,325 people per year.

Economic Conditions

The economy of the Baton Rouge metropolitan area began to recover from the effects of the national recession during 2011, and nonfarm payrolls surpassed pre-recession levels by 2013. Total nonfarm payrolls grew by an average of 2.4 percent annually from 2013 through 2015, as construction of industrial facilities in the metropolitan area increased. In 2016, total nonfarm payrolls fell by 200 jobs, relatively unchanged from 2015. The small decline was partly due to both slower growth in the mining, logging, and construction sector, as the construction of large-scale industrial facilities were completed, and temporary job loss resulting from a catastrophic flood that occurred in August 2016. From 2017 through 2018, as the area recovered from the flood, nonfarm payrolls increased by an average of 3,800 jobs, or 0.9 percent, with more than one-half of the job growth occurring in the construction subsector, largely a result of rebuilding efforts.

During the 3 months ending March 2020—

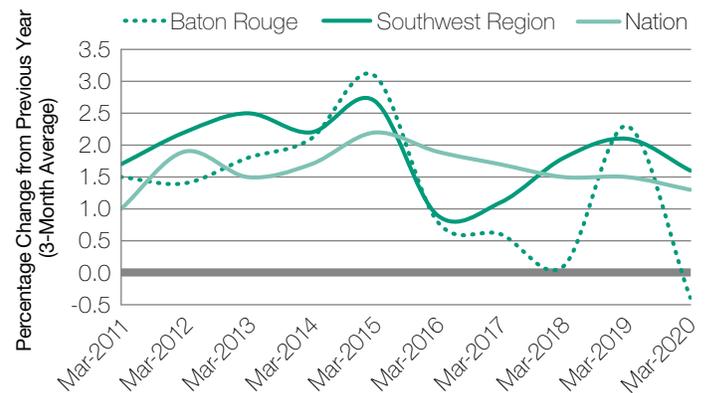
- Nonfarm payrolls averaged 414,200 jobs, a decline of 1,700 jobs, or 0.4 percent, compared with nonfarm payrolls during the same period a year earlier. By comparison, the metropolitan area added 9,300 jobs, a 2.3-percent gain, during the 3 months ending March 2019, compared with nonfarm payrolls during the same period in 2018.

- As of July 1, 2019, the populations of East Baton Rouge, Livingston, and Ascension Parishes accounted for an estimated 53, 17, and 15 percent of the total population of the metropolitan area, respectively, and the remaining six parishes accounted for 15 percent (U.S. Census Bureau population estimates as of July 1).

- Seven of the 11 nonfarm payroll sectors declined. The mining, logging, and construction and trade sectors lost the most jobs, decreasing by 3,200 and 2,100 jobs, or 5.8 and 3.8 percent, respectively, compared with a year earlier.

continued on page 3

Total nonfarm payroll growth in the Baton Rouge metropolitan area exceeded the rates of growth for the nation and Southwest region in March 2019 and then quickly declined.



Source: U.S. Bureau of Labor Statistics

Four sectors in the Baton Rouge metropolitan area increased during the 3 months ending March 2020.

	3 Months Ending		Year-Over-Year Change	
	March 2019 (Thousands)	March 2020 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	415.9	414.2	-1.7	-0.4
Goods-Producing Sectors	85.7	82.1	-3.6	-4.2
Mining, Logging, & Construction	55.4	52.2	-3.2	-5.8
Manufacturing	30.2	29.9	-0.3	-1.0
Service-Providing Sectors	330.2	332.1	1.9	0.6
Wholesale & Retail Trade	55.4	53.3	-2.1	-3.8
Transportation & Utilities	16.0	15.9	-0.1	-0.6
Information	5.2	5.0	-0.2	-3.8
Financial Activities	18.4	18.9	0.5	2.7
Professional & Business Services	48.7	49.5	0.8	1.6
Education & Health Services	53.7	53.5	-0.2	-0.4
Leisure & Hospitality	39.4	42.9	3.5	8.9
Other Services	17.1	17.2	0.1	0.6
Government	76.4	75.9	-0.5	-0.7
Unemployment Rate	4.0%	4.8%		

Note: Numbers may not add to totals due to rounding.

Source: U.S. Bureau of Labor Statistics



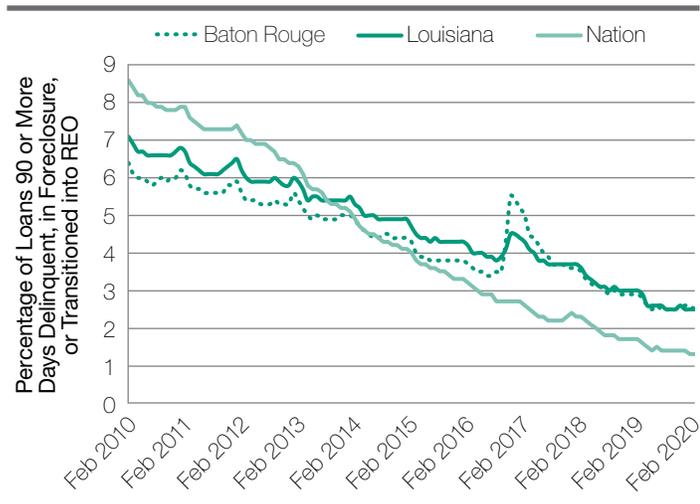
continued from page 2

- Job growth in the leisure and hospitality sector nearly offset the total job loss in the goods-producing sectors. The leisure and hospitality sector added the most jobs and grew at a faster rate than any other sector, with an increase of 3,500 jobs, or 8.9 percent, compared with a year earlier.
- The unemployment rate averaged 4.8 percent, up from 4.0 percent a year earlier. For comparison, the unemployment rate for the nation averaged 4.1 percent, unchanged from a year earlier.

Sales Market Conditions

Sales housing market conditions in the Baton Rouge metropolitan area are currently balanced, with an estimated vacancy rate of 1.6 percent, down from 1.8 percent in April 2010. As of March 2020, the metropolitan area had 4.4 months of for-sale inventory available, up from 3.7 months a year ago (CoreLogic, Inc.). As of February 2020, 2.5 percent of home loans in the metropolitan area were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into real estate owned (REO) status, down from 2.9 percent a year earlier; both the state and metropolitan area were nearly double the national rate of 1.3 percent. Total home sales in the metropolitan area, including new and existing single-family homes, townhomes, and condominiums, increased by 220, or 2 percent, to 12,600 homes during the 12 months ending March 2020, compared with a year earlier (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). During the same period, the average total home sales price increased by \$6,325, or 3 percent, to \$230,000, from a year earlier.

The rate of seriously delinquent mortgages and REO properties in the Baton Rouge metropolitan area has mirrored the statewide rate since mid-2017.



REO = real estate owned.
Source: CoreLogic, Inc., with adjustments by the analyst

Largest Employers in the Baton Rouge Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Turner Industries Group LLC	Manufacturing	11,500
Louisiana State University System	Government	6,250
Exxon Mobil Corporation	Manufacturing	6,000

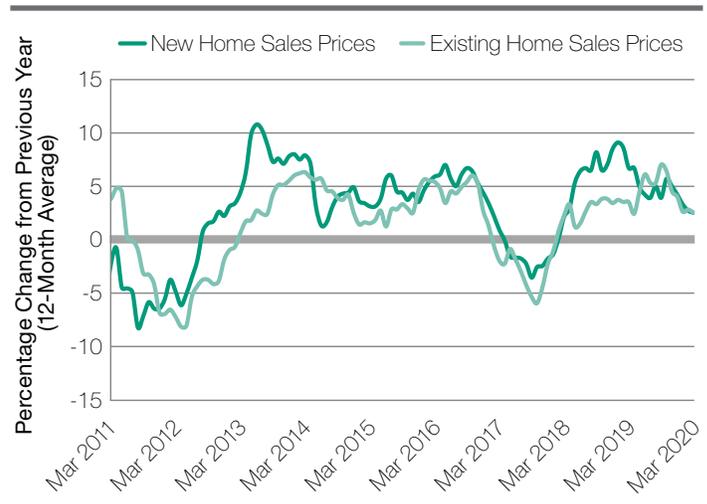
Note: Excludes local school districts.
Source: Baton Rouge Area Chamber

During the 12 months ending March 2020—

- The average sales price of a new home was \$284,100, up \$6,925, or a 3-percent increase compared with a year ago (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). From 2016 through 2018, average new home sales prices increased by 4 percent annually, and since at least 2005, peaked at \$286,400 in 2019.
- New home sales, which accounted for 16 percent of all home sales in the metropolitan area, increased to 2,025 homes, up 180 homes, or nearly 10 percent, from the previous 12-month period.
- The average sales price for an existing home was \$219,700, up \$5,375, or nearly 3 percent, compared with the average sales price from a year ago. The average existing home sales price rose by \$7,675, or 4 percent, annually, from 2018 through 2019, following a decrease of 2 percent in 2017.

continued on page 4

Average new home sales prices in the Baton Rouge metropolitan area generally increased faster than the average existing home sales prices from mid-2017 through March 2019.



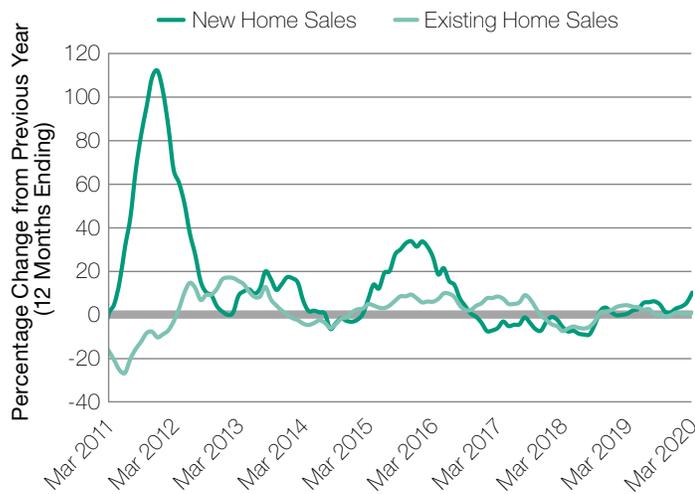
Note: Prices are for single-family homes, townhomes, and condominiums.
Source: Metrostudy, A Hanley Wood Company, with adjustments by the analyst



continued from page 3

- Existing home sales (including single-family homes, townhomes, and condominiums) totaled 10,575, an increase of 50 homes, or less than 1 percent, compared with the average number of existing homes sold a year ago (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). Average existing home sales rose by nearly 100, or 1 percent annually, from 2018 through 2019, following a decrease of 3 percent in 2017.

New home sales have outpaced existing home sales during the past year.



Note: Sales are for single-family homes, townhomes, and condominiums. Source: Metrostudy, A Hanley Wood Company, with adjustments by the analyst

Single-family home construction, as measured by the number of single-family homes permitted, has fluctuated during the past 5 years, increasing by an average of 40 permits, or 1 percent, annually from 2015 through 2019.

- The number of single-family homes permitted during the 12 months ending March 2020 totaled 3,550, relatively

Apartment Market Conditions

The apartment market in the Baton Rouge metropolitan area is currently soft due to increased apartment construction and net out-migration, which occurred during the latter half of the 2010 decade. Multifamily structures with five or more units, typically apartments, made up approximately 35 percent of renter-occupied units in the metropolitan area in 2018 (American Community Survey 1-year data).

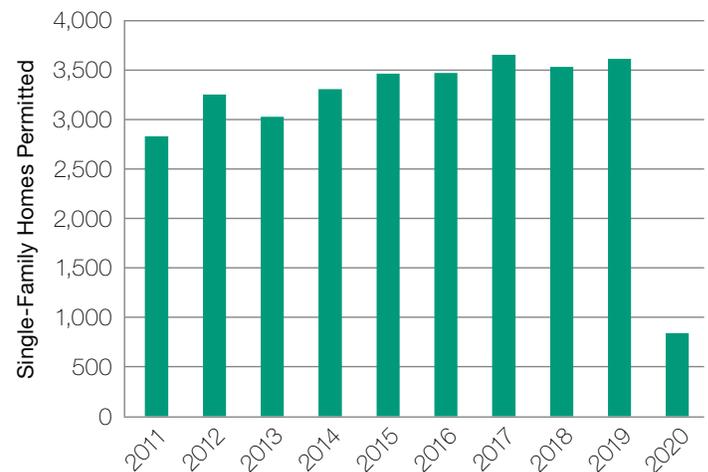
During the first quarter of 2020—

- The apartment vacancy rate for the metropolitan area rose to 10.1 percent, compared with 9.3 percent during the first quarter of 2019 (Reis, Inc.). The vacancy rate has generally

unchanged from the previous 12-month period (preliminary data, with adjustments by the analyst) and above the average of 3,475 annually from 2014 through 2017.

- In 2017, DSLD Homes began construction of the Hunter's Trace subdivision located in the city of Baton Rouge, with 261 single-family homes planned at buildout, and it is nearly 90 percent complete. Homes are currently priced between \$229,000 and \$272,000.
- The masterplan subdivision, Conway, located in the city of Gonzales, began construction in September 2018, with 950 single-family homes planned at buildout and prices starting at \$300,000. Currently, 35 homes have been built and 22 are under contract.

Single-family home permitting in the Baton Rouge metropolitan area increased in 2017 following the flood of 2016 but remained significantly lower than the peak level of 6,875 in 2006.



Note: Includes preliminary data from January 2020 through March 2020. Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst

increased since the first quarter of 2017, a result of increased apartment development from 2015 through 2018 coupled with strong net out-migration beginning in 2016, as large-scale industrial construction developments were completed.

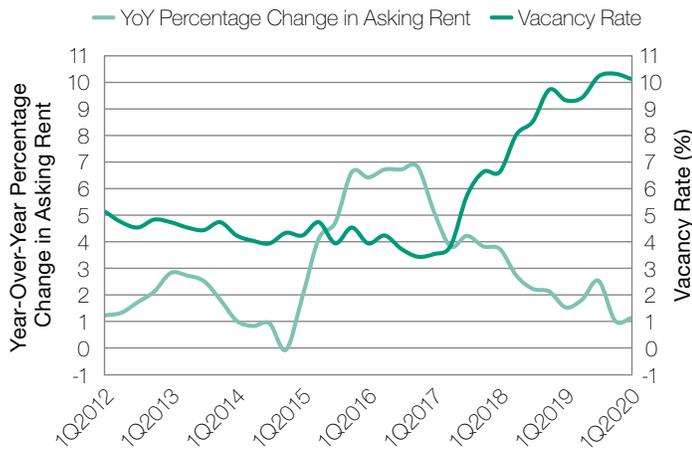
- The average apartment rent in the metropolitan area was \$944, up \$10, or 1 percent, from a year earlier. By comparison, the average apartment rent increased 6 percent annually from 2015 through 2017.
- The average asking apartment rents by number of bedrooms in the metropolitan area were \$833, \$987, and \$1,167 for one-, two-, and three-bedroom units, respectively.

continued on page 5



continued from page 4

Rent growth has slowed as vacancy rates have increased since the fourth quarter of 2016.



1Q = first quarter. YoY = year-over-year.
Source: Reis, Inc.

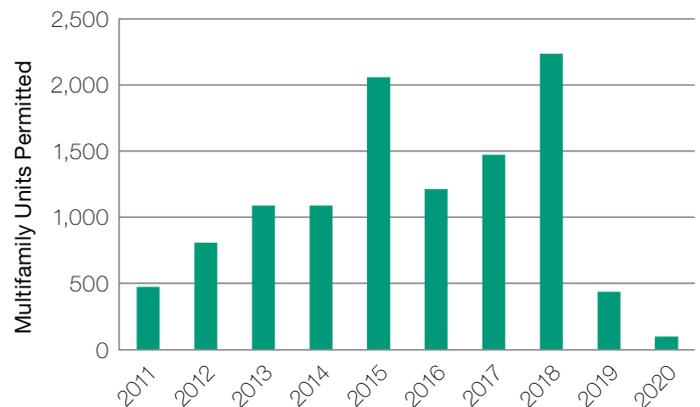
- Class B/C apartments are outperforming the overall apartment market in the metropolitan area. The average apartment vacancy rate for Class B/C apartments in the metropolitan area was 7.9 percent, and the average rent was \$782 (Reis, Inc., with adjustments by the analyst).

Multifamily construction activity in the Baton Rouge metropolitan area, as measured by the number of multifamily units permitted, declined significantly in 2019 as developers responded to high vacancy rates.

- During the 12 months ending March 2020, the number of multifamily units permitted totaled an estimated 430 units during the 12 months ending March 2020, 76 percent less than the 1,800 units permitted a year earlier (preliminary data, with adjustments by the analyst).

- After averaging 970 units a year from 2010 through 2014, multifamily permitting increased to an average of 1,775 units a year from 2015 through 2018. By comparison, an average of 1,375 units were permitted each year from 2000 through 2009.
- The 212-unit Legacy at 2020 opened in May 2019 in the city of Gonzales, with one-, two-, and three-bedroom units ranging from 748 to 1,411 square feet, and monthly rents ranging from \$1,035 to \$1,975.
- All of the estimated 860 apartment units currently under construction are located in East Baton Rouge Parish. The 210-unit Reserve at Shoe Creek is under construction and expected to be completed in 2020. When complete, the apartment development will offer one-, two-, and three-bedroom units ranging from 649 to 1,506 square feet. Monthly rents are not currently available.

Multifamily permitting in the Baton Rouge metropolitan area reached high levels in 2015 and 2018 but has since declined.



Note: Includes preliminary data from January 2020 through March 2020.
Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst