

HUD PD&R Housing Market Profiles

Baton Rouge, Louisiana



Quick Facts About Baton Rouge

- **Current sales market conditions: balanced.**
- **Current rental market conditions: slightly soft.**
- **IBM recently announced that it will open a technology center in downtown Baton Rouge that will create 800 new jobs by 2016.**



By Tim McDonald | As of April 1, 2013

Overview

The Baton Rouge metropolitan area, which consists of nine parishes in southeast Louisiana, is bisected by the Mississippi River. The city of Baton Rouge, in East Baton Rouge Parish, is the state capital and second largest city in Louisiana. Baton Rouge is also home to Louisiana State University (LSU), which enrolls 29,500 students and has an annual economic impact of more than \$1.3 billion on the local economy (LSU Division of Economic Development and Forecasting).

- The population of the metropolitan area has grown since April 1, 2010, at an average annual rate of 6,100, or 0.8 percent, to reach an estimated 820,800 as of April 1, 2013.
- The population of the metropolitan area was 735,500 during July 2005, before Hurricane Katrina made landfall near the metropolitan area in August 2005. The population increased by 36,400, or nearly 5 percent, to 771,900 by July 2006.
- Population growth averaged 8,000 people, or 1 percent, annually from 2006 through 2009 because of increased net in-migration and increased net natural change (resident births minus resident deaths).
- The city of Baton Rouge, with a population of approximately 230,000, accounted for nearly 28 percent of the population of the metropolitan area as of April 1, 2013.



Nonfarm payrolls by sector in the Baton Rouge area

	3 Months Ending		3-Month Change (2012-13)	
	March 2012 (thousands)	March 2013 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	371.0	379.5	8.5	2.3
Goods-producing sectors	67.2	73.2	6.0	8.9
Mining, logging, and construction	40.9	46.2	5.3	13.0
Manufacturing	26.3	27.0	0.7	2.7
Service-providing sectors	303.9	306.3	2.4	0.8
Wholesale and retail trade	53.8	53.9	0.1	0.2
Transportation and utilities	12.2	12.1	-0.1	-0.8
Information	4.9	5.3	0.4	8.2
Financial activities	17.1	17.1	0.0	0.0
Professional and business services	43.4	46.2	2.8	6.5
Education and health services	50.4	50.6	0.2	0.4
Leisure and hospitality	34.0	34.9	0.9	2.6
Other services	12.5	12.4	-0.1	-0.8
Government	75.5	73.9	-1.6	-2.1

Source: U.S. Bureau of Labor Statistics

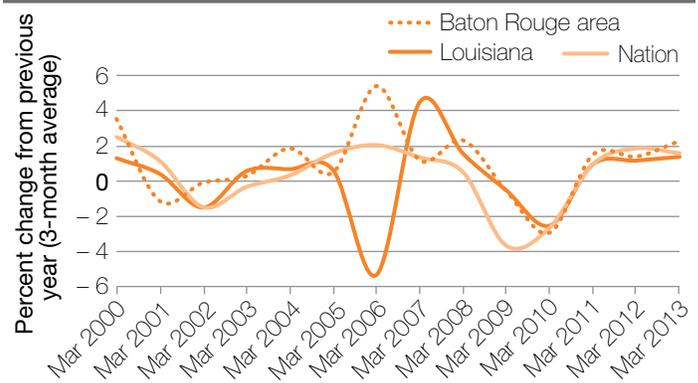
Economic Conditions

During the first quarter of 2013, economic conditions in the Baton Rouge metropolitan area continued to improve. Nonfarm payroll jobs have increased since 2011 and are currently growing at a greater rate than the national average.

During the first quarter of 2013—

- Nonfarm payrolls averaged 379,500 jobs, an increase of 8,500 jobs, or nearly 2.3 percent, compared with the number of jobs recorded during the same quarter in 2012.
- Nonfarm payrolls were 0.6 percent less than the all-time peak of 382,000 jobs recorded during the fourth quarter of 2012.
- Job growth was strongest in the construction subsector, which increased by 5,700 jobs, or nearly 14.6 percent, to 44,800 jobs compared with the number of jobs recorded during the first quarter of 2012.
- The unemployment rate for the metropolitan area averaged 6.1 percent, down from 7.0 percent during the first quarter of 2012.

Job growth in the Baton Rouge area is currently outpacing the national rate of job growth.



Source: U.S. Bureau of Labor Statistics

Largest employers in the Baton Rouge area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Turner Industries Group, LLC	Manufacturing	9,025
Louisiana State University system	Government	5,600
The Shaw Group Inc.	Mining, logging, and construction	4,225

Note: Excludes local school districts.

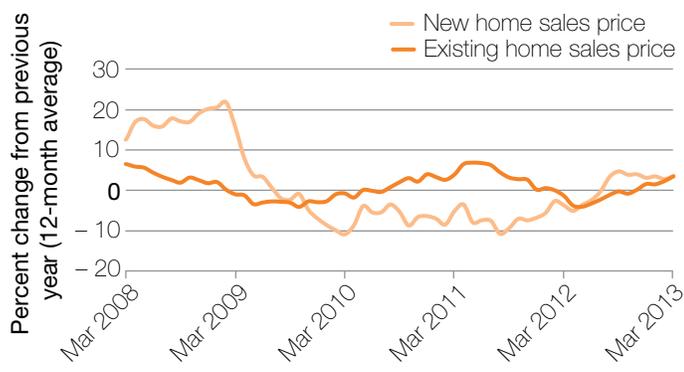
Source: Baton Rouge Area Chamber of Commerce



Sales Market Conditions

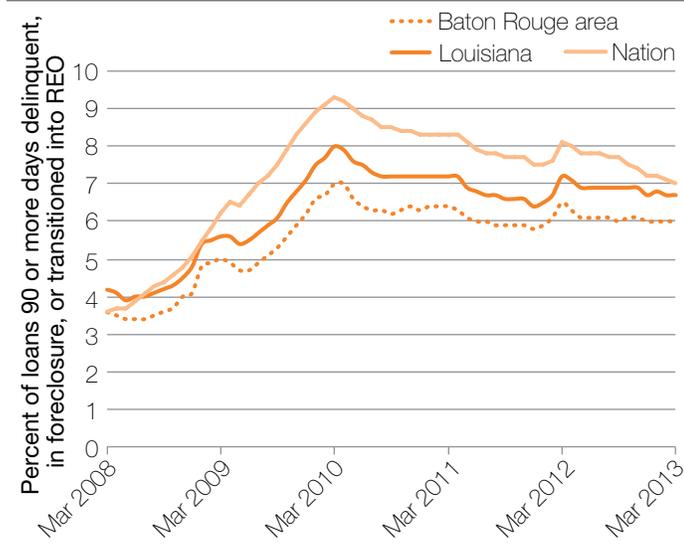
Strong economic growth contributed to improved sales housing market conditions from the start of 2012, when sales market conditions were slightly soft in the Baton Rouge metropolitan area. The sales market is currently balanced, with an estimated overall vacancy rate of 1.5 percent, down from 1.8 percent in April 2010. During the 12 months ending March 2013, 5,800 new and existing homes sold, an increase of 500 homes, or 10 percent, and the average sales price of new and existing homes increased \$6,950, or 3 percent, to \$209,500 compared with the corresponding figures 1 year earlier.

Average sales prices for new and existing homes in the Baton Rouge area started to increase in 2012.



Note: Includes single-family homes, townhomes, and condominiums.
Source: Hanley Wood, LLC

The distressed loan rate in the Baton Rouge area declined to 5.8 percent from 6.1 percent a year ago.

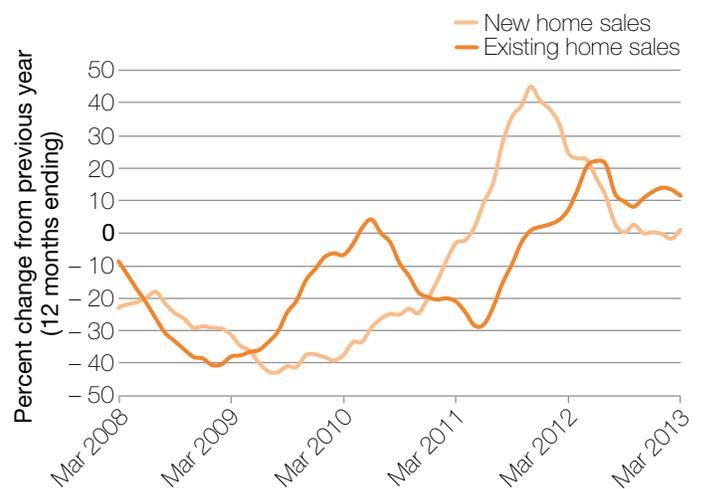


REO = Real Estate Owned.
Source: LPS Applied Analytics

- During the 12 months ending March 2013, existing single-family home sales increased by 500, or 12 percent, to 4,950 sales, and the average sales price of existing homes was \$208,100, an increase of \$6,900, or about 3 percent, from a year earlier.
- New home sales remained relatively unchanged during the 12 months ending March 2013, at 860 homes, an increase of 10 homes sold, or 1 percent, compared with the increase of 170 homes, or 25 percent, recorded during the 12 months ending March 2012.
- The average sales price of a new home in the metropolitan area during the 12 months ending March 2013 was \$217,300, an increase of \$7,400, or nearly 4 percent.

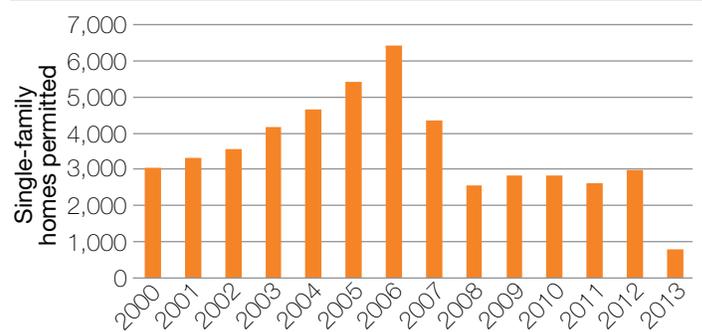
continued on page 4

New and existing home sales in the Baton Rouge area were up during 2012.



Note: Includes single-family homes, townhomes, and condominiums.
Source: Hanley Wood, LLC

Single-family building permitting in the Baton Rouge area increased slightly during 2012.



Note: Includes data through March 2013.
Source: U.S. Census Bureau, Building Permits Survey



continued from page 3

- The rate of distressed loans in the metropolitan area was 5.8 percent in March 2013, down from 6.1 percent a year earlier and less than the state and national averages of 6.6 and 7.0 percent, respectively (LPS Applied Analytics).

In response to improving sales market conditions, builders increased new home construction activity during the 3 months ending March 2013 compared with activity during the same 3 months during 2012.

- Homebuilding activity, as measured by the number of single-family homes permitted, increased by 80 homes, or slightly more than 11 percent, to 790 homes permitted during the first quarter of 2013 relative to a year ago (preliminary data).

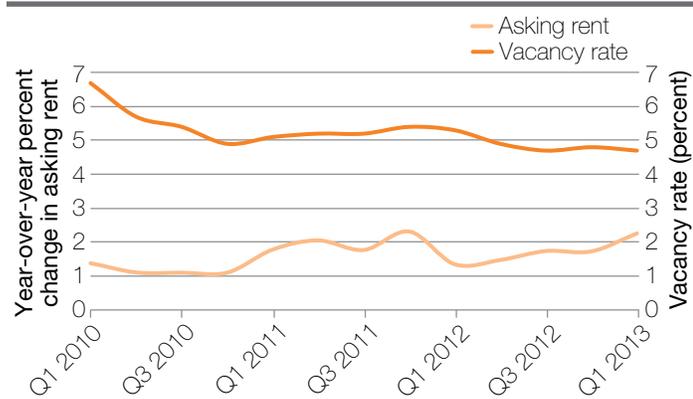
Rental Market Conditions

The Baton Rouge metropolitan area rental housing market is currently slightly soft but has been improving since the beginning of 2012, with an estimated current overall vacancy rate of 7.7 percent.

During the first quarter of 2013—

- The apartment market in the metropolitan area was balanced, with an estimated vacancy rate of 4.7 percent, down from 5.3 percent in the first quarter of 2012 (Reis, Inc.).
- The average apartment rent in the metropolitan area was \$770, an increase of \$20, or more than 2 percent, from the first quarter of 2012.
- The average apartment rent by number of bedrooms was \$650, \$825, and \$975 for one-, two-, and three-bedroom apartments, respectively.

Since the beginning of 2012, the apartment vacancy rate in the Baton Rouge area has been declining, coupled with increasing rents.



Source: Reis, Inc.

- East Baton Rouge Parish issued permits for 250 homes, accounting for more than 32 percent of all homes permitted in the metropolitan area during the first quarter of 2013.
- Livingston and Ascension Parishes, which account for 16 and 13 percent, respectively, of the metropolitan area's population, permitted 480 homes, or nearly 61 percent of all single-family homes permitted during the first quarter of 2013.
- Two single-family developments are beginning construction in Ascension Parish. Pelican Crossing has 200 home sites with prices ranging from \$210,000 to \$450,000, and Moss Pointe has 90 home sites with prices ranging from \$270,000 to \$350,000.

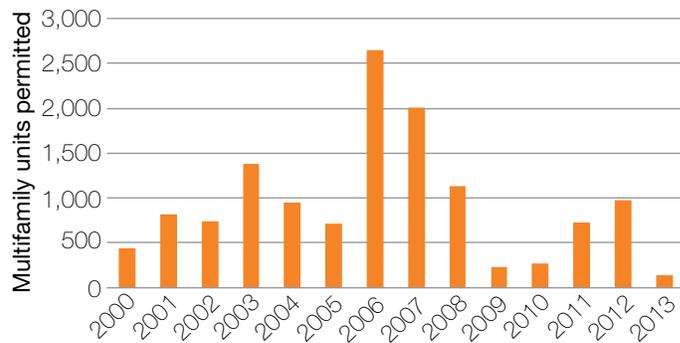
- Nearly 30 percent of all renter households in the metropolitan area resided in single-family homes compared with the 32 percent of all renter households who resided in single-family homes as of April 2000 (2010 American Community Survey).
- LSU students living off campus accounted for nearly 8 percent of all renter households in the metropolitan area.

Multifamily construction activity, as measured by the number of multifamily units permitted, has increased significantly during the past 2 years as builders responded to improving rental market conditions.

- Based on preliminary data, during the first quarter of 2013, 140 multifamily units were permitted, down 10 units compared with the number permitted during the first quarter of 2012.

continued on page 5

Multifamily building in the Baton Rouge area in 2012 was above the pre-Hurricane Katrina average of 840 units permitted annually from 2000 through 2005.



Note: Includes data through March 2013.

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



continued from page 4

- Based on preliminary data, 1,075 multifamily units were permitted during the 12 months ending March 2013, an increase of 165 units, or 18 percent, from the 910 units permitted during the 12 months ending March 2012.
- Multifamily building permitting has increased significantly from the 240 units permitted annually during 2009 and 2010, but it remains much less than the 1,850 units permitted annually from 2006 through 2008 in response to the large in-migration of people after Hurricane Katrina occurred.
- Currently, 350 units in the metropolitan area are in the final planning stage and expected to come on line during the next 3 years (CB Richard Ellis).
- The 291-unit Woodlands of Baton Rouge opened in August 2012 to provide housing to LSU students.
- The Elysian, a 100-unit, mixed-use affordable housing development, is nearing completion. When complete, it will consist of one-, two-, and three-bedroom units targeting residents with incomes at or below 60 percent of the Area Median Income.

