

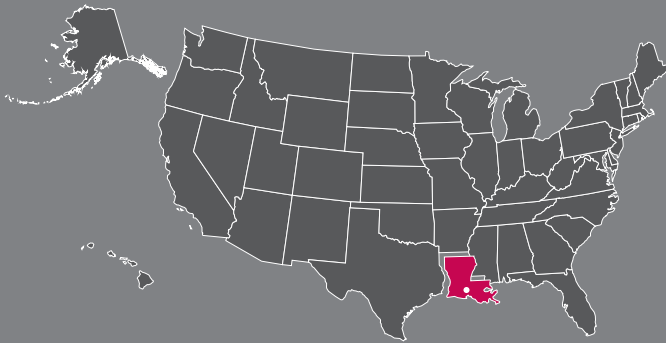
HUD PD&R Housing Market Profiles

Lafayette, Louisiana



Quick Facts About Lafayette

- **Current sales market conditions: balanced.**
- **Current rental market conditions: slightly soft.**
- **Current apartment market conditions: balanced.**
- **Plains Exploration & Production Company announced that they will expand their Gulf of Mexico petroleum operations during the next 5 years, creating more than 600 jobs in the Lafayette metropolitan area.**



By Elizabeth Oduor | As of July 1, 2013

Overview

The Lafayette metropolitan area, which consists of Lafayette and St. Martin Parishes, is in south-central Louisiana, approximately 60 miles west of Baton Rouge. The city of Lafayette, in Lafayette Parish, is the fourth largest in the state. The University of Louisiana at Lafayette (UL Lafayette), which enrolls 16,700 students, has an annual economic impact of more than \$720 million on the economy of the metropolitan area (UL Lafayette data).

- As of July 1, 2013, the population was estimated at 282,700, an increase of 2,750, or 1.0 percent, annually since April 1, 2010; 81 percent of the population resides in Lafayette Parish.
- From July 2005 to July 2007, the population of the metropolitan area increased by an estimated 5,400, or 0.9 percent, annually, including average annual in-migration of about 2,900 people, primarily in households displaced by Hurricane Katrina in 2005.
- From 2008 through 2009, average net in-migration averaged 2,125 people annually, primarily people displaced by Hurricanes Ike (2008) and Gustave (2008). Since 2010, net in-migration has averaged 830 people annually.



The leisure and hospitality and the professional and business services sectors led nonfarm payroll growth in the Lafayette area.

	3 Months Ending		Year-Over-Year Change	
	June 2012 (thousands)	June 2013 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	157.0	158.5	1.5	1.0
Goods-producing sectors	36.5	36.2	-0.3	-0.7
Mining, logging, and construction	25.2	24.6	-0.6	-2.5
Manufacturing	11.3	11.6	0.4	3.3
Service-providing sectors	120.5	122.3	1.8	1.5
Wholesale and retail trade	26.0	26.2	0.2	0.8
Transportation and utilities	3.7	3.8	0.1	2.7
Information	2.5	2.3	-0.2	-8.0
Financial activities	8.8	8.9	0.1	1.1
Professional and business services	17.9	18.7	0.8	4.7
Education and health services	23.5	23.7	0.3	1.1
Leisure and hospitality	16.3	17.2	0.9	5.5
Other services	4.6	4.6	-0.1	-1.4
Government	17.3	17.0	-0.3	-1.9
	(percent)	(percent)		
Unemployment rate	5.0	5.3		

Note: Numbers may not add to totals because of rounding.
Source: U.S. Bureau of Labor Statistics

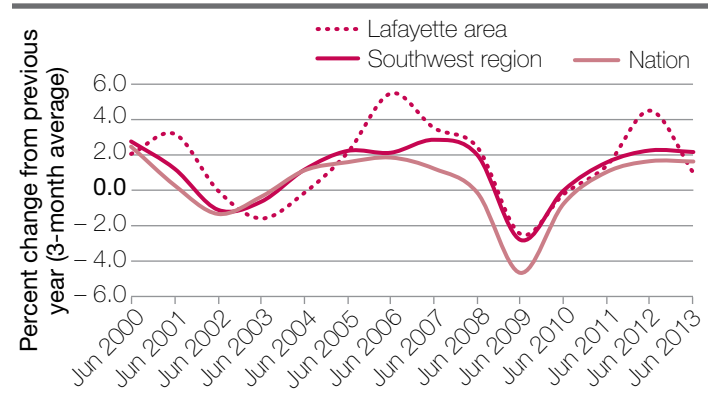
Economic Conditions

During the second quarter of 2013, economic conditions in the Lafayette metropolitan area continued to improve. Nonfarm payrolls in the metropolitan area have increased since 2010, but the growth rate slowed considerably during the past year.

During the second quarter of 2013—

- Nonfarm payrolls averaged 158,500 jobs, an increase of 1,500 jobs, or 1.0 percent, compared with the number of jobs recorded during the same quarter in 2012.
- The most significant gains were in the leisure and hospitality, professional and business services, and manufacturing sectors, which were up 900, 830, and 370 jobs, or 5.5, 4.7, and 3.3 percent, respectively, from the second quarter of 2012. The food services and drinking places subsector added approximately 300 jobs, leading gains in the leisure and hospitality sector.
- The most significant job losses occurred in the mining, logging, and construction sector, which lost 600 jobs, or 2.5 percent, because of a 1,000-job decline in the mining and logging subsector.
- The average unemployment rate increased to 5.3 percent from 5.0 percent during the second quarter of 2012, because the labor force increased more than employment.

Nonfarm payrolls in the Lafayette area have increased since 2010.



Note: Nonfarm payroll jobs.
Source: U.S. Bureau of Labor Statistics

Largest employers in the Lafayette area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Lafayette General Medical Center	Education and health services	2,000
Schlumberger	Mining, logging, and construction	1,990
Wood Group Production Services	Mining, logging, and construction	1,900

Note: Excludes local school districts.
Source: Lafayette Economic Development Authority



Sales Market Conditions

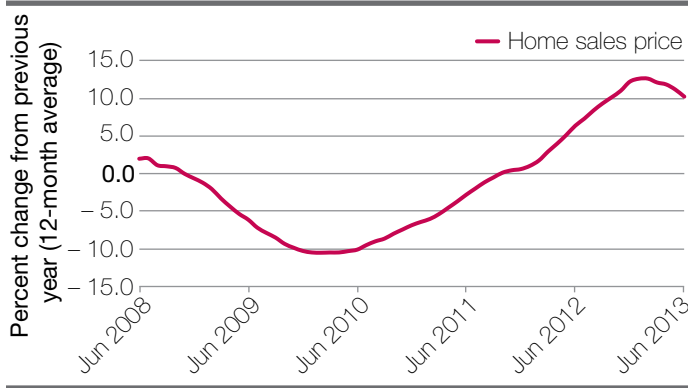
The sales housing market in the Lafayette metropolitan area is currently balanced, with an estimated vacancy rate of 1.6 percent, improved from 1.7 percent in 2010. During the 12 months ending June 2013, both the number and average price of new and existing single-family home sales increased. The percentage of homes in the metropolitan area that were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned) decreased steadily during the past 2 years. The current rate for distressed loans of 3.6 percent is down from 4.2 percent a year ago and significantly less than the state and national rates of 6.1 and 6.3 percent, respectively (LPS Applied Analytics).

During the 12 months ending June 2013 (data from Van Eaton & Romero REALTORS®)—

- New and existing home sales totaled 4,350, up 720 homes sold, or 20 percent, from the 3,625 homes sold during the previous 12-month period and 67 percent more than the average of 2,600 homes sold annually from 2007 through 2008.
- The average home sales price was \$197,000, up nearly 11 percent compared with the average price recorded during the same period the previous year but down nearly 3 percent from the peak of about \$203,000, recorded from 2007 through 2008.

continued on page 4

Home sales price increases in the Lafayette area slowed during the past 6 months.



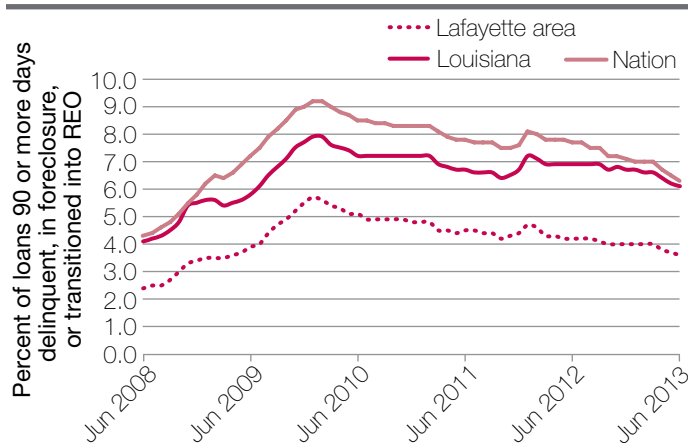
Note: Average prices in June for single-family homes. Source: Van Eaton & Romero REALTORS®

Home sales increased in the Lafayette area in the past 18 months.



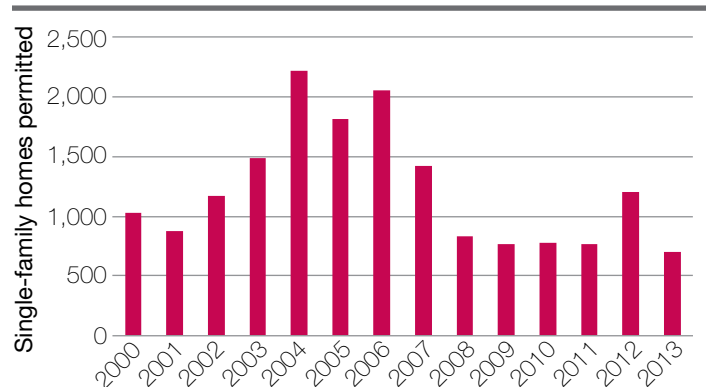
Note: Includes sales of single-family homes, townhomes, and condominiums. Source: Van Eaton & Romero REALTORS®

The Lafayette area had a lower rate of distressed loans than the state or nation.



REO = Real Estate Owned. Source: LPS Applied Analytics

Single-family home permitting has averaged less than 1,000 homes annually in the Lafayette area since 2008.



Note: Includes preliminary data from January 2013 through June 2013. Source: U.S. Census Bureau, Building Permits Survey

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In response to improving sales market conditions, builders increased new home construction activity during the 12 months ending June 2013 compared with the level of activity during the 12 months ending June 2012.

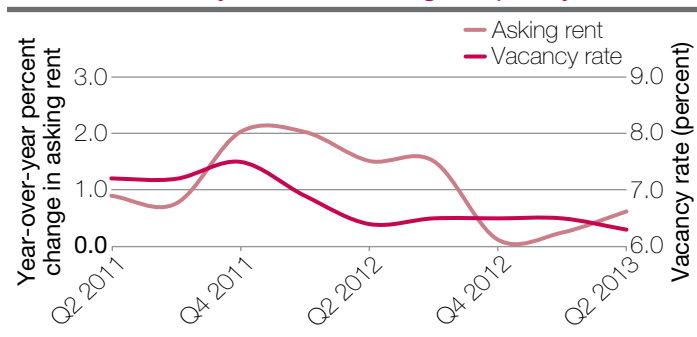
- Homebuilding activity, as measured by the number of single-family homes permitted, increased by about 500 homes, or more than 50 percent, to approximately 1,275 homes permitted during the 12 months ending June 2013 relative to a year earlier (preliminary data).

Rental Market Conditions

The rental housing market in the Lafayette metropolitan area is slightly soft but has been improving since the beginning of 2012.

- The current estimated overall rental vacancy rate (which includes renter-occupied single-family homes, mobile homes, and apartment units) was 7.0 percent as of July 1, 2013, down from 8.5 percent in April 2010. Apartments represent approximately 35 percent of the rental housing inventory.
- The apartment market in the metropolitan area is balanced. In the second quarter of 2013, the apartment vacancy rate was 6.3 percent, down from 7.2 percent a year earlier, and the average monthly rent was approximately \$810, an increase of 3.1 percent from the second quarter of 2012 (Reis, Inc.).
- The estimated 15,000 UL Lafayette students who live off campus represent about 15 percent of the occupied rental units in the metropolitan area.

Apartment rents increased less than 1 percent, but vacancy rates remained steady at more than 6 percent, in the Lafayette area during the past year.



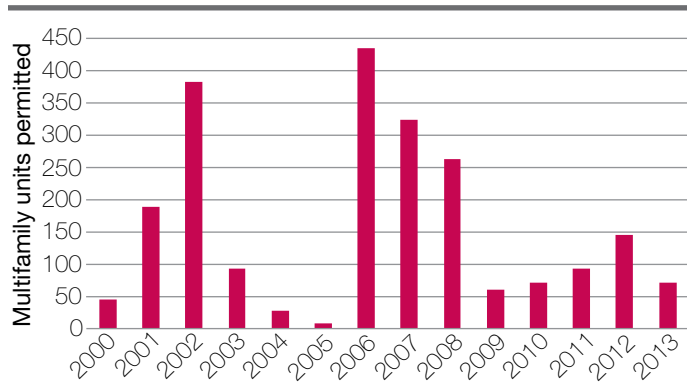
Source: Reis, Inc.

- Single-family home construction activity in the metropolitan area remains less than the average level from 2004 through 2007, when 1,875 homes were permitted annually.
- Two single-family developments under construction in the metropolitan area are the 110-home Highland Ridge, with prices starting at \$160,000 for a 1,300-square-foot home, and the 76-home Arrowwood, with prices ranging from \$140,000 to \$180,000.

Multifamily construction activity, as measured by the number of multifamily units permitted, increased modestly in the past year as builders responded to improving apartment market conditions.

- During the 12 months ending June 2013, 150 multifamily units were permitted, an increase of 30 units from the 120 units permitted during the 12 months ending June 2012 (preliminary data).
- Multifamily building permitting increased from the average of 75 units permitted annually from 2009 through 2011 but remains much less than the average of 340 units permitted annually from 2006 through 2008 to account for the significant in-migration of people displaced by Hurricane Katrina.
- An additional 195 units that are in the final planning stage are expected to come on line in the metropolitan area during the next 2 years.
- The 73-unit Joie De Vivre Apartments, which opened in October 2012 in Lafayette, is an income-restricted complex.

Multifamily building activity began to increase in the Lafayette area in 2012.



Note: Includes preliminary data from January 2013 through June 2013. Source: U.S. Census Bureau, Building Permits Survey

