COMPREHENSIVE HOUSING MARKET ANALYSIS

New Orleans, Louisiana

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of October 1, 2013

Housing Market Area

The New Orleans Housing Market Area (HMA) is near the mouth of the Mississippi River in southeastern Louisiana. The HMA, which is coterminous with the New Orleans-Metairie-Kenner, LA Metropolitan Statistical Area, comprises seven parishes—Jefferson, Orleans, Plaquemines, St. Bernard, St. Charles, St. John the Baptist, and St. Tammany. For purposes of this analysis, the HMA is divided into three submarkets—the Jefferson Parish submarket; the Orleans Parish submarket, which is coterminous with the city of New Orleans; and the Remainder submarket, which consists of the remaining parishes. Demographic, employment, and housing data for the HMA appear in Table DP-1 at the end of this report.

Summary

Economy

The economy in the New Orleans HMA has struggled to recover from the national recession, which ended in June 2009, and the effects of Hurricane Katrina, which made landfall in 2005. Nonfarm payrolls during the 12 months ending September 2013 averaged 533,200 jobs, up by 5,100, or 1.0 percent, from a year earlier. Current payrolls in the HMA remain nearly 13 percent less than the pre-Hurricane Katrina payroll level. During the next 3 years, nonfarm payrolls are expected to increase an average of less than 1.0 percent annually.

Sales Market

Repaired and rebuilt homes reentering the sales housing market, tight mortgage lending standards, and moderating population growth during the past 2 years contributed to soft sales market conditions throughout the HMA. During the 3-year forecast period, demand is expected for 10,200 new homes (Table 1). The 550 homes currently under construction and a portion of the 40,000 other vacant units in the HMA that might come back on the market will satisfy some of the forecast demand.

Rental Market

Rental housing market conditions in the HMA have fluctuated greatly since Hurricane Katrina made landfall in 2005 because of swings in both demand and available supply. Rental market conditions are currently soft but improved compared with conditions in April 2010. During the forecast period, demand is expected for approximately 3,200 new rental units in the HMA (Table 1). The 900 units currently under construction will satisfy some of that demand.

Market Details

Table 1. Housing Demand in the New Orleans HMA, 3-Year Forecast, October 1, 2013, to October 1, 2016

	New Orleans HMA		Jefferson Parish Submarket		Orleans Parish Submarket		Remainder Submarket	
	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units
Total demand	10,200	3,205	0	0	4,675	2,775	5,525	430
Under construction	550	900	100	100	150	500	300	300

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of October 1, 2013. A portion of the estimated 40,000 other vacant units in the HMA will likely satisfy some of the forecast demand.

Source: Estimates by analyst

Economic Conditions

The effects of Hurricane Katrina on the economy of the New Orleans HMA were unprecedented and resonate more than 8 years later. Nonfarm payrolls during the 12 months ending August 2005, when Hurricane Katrina made landfall, averaged 611,200 jobs, but during the 12 months ending August 2006 payrolls declined by 147,800 jobs, or 24.2 percent. Economic recovery in the HMA, fueled by more than $120 billion in government investment, began in earnest in May 2007 and continued until July 2009. During this period, nonfarm payrolls increased by an average of 11,200 jobs, or 2.2 percent, annually to reach 523,500 jobs, or 86 percent of the pre-Hurricane Katrina payroll level. Leading job growth were the education and health services, government, and leisure and hospitality sectors, which recorded average annual increases of 4,000, 3,200, and 2,100 jobs, or 6.2, 4.2, and 3.3 percent, respectively. By comparison, national payrolls declined an average of 1.2 percent annually during the same period as the country experienced a recession that lasted from December 2007 through June 2009.

Although rebuilding efforts in the HMA buffered the local economy from the brunt of the effects of the recent national recession, nonfarm payrolls declined from August 2009 through January 2011, with an average decrease of 2,500 jobs, or 0.5 percent, annually. By comparison, national payrolls declined an average of 1.7 percent annually during the same period. Job losses in the HMA during this period were greatest in the manufacturing sector, which declined by an average of 2,300 jobs, or 6.5 percent, partly the result of the discontinuation of shipbuilding for the U.S. Navy at the Huntington Ingalls Industries, Inc. shipyard in the city of Avondale in the Jefferson Parish submarket. Since October 2010, approximately 4,300 of the 5,000 Huntington Ingalls employees working at the Avondale shipyard have been laid off as a result. A portion of nonfarm payroll losses from August 2009 through January 2011 was offset by gains in the education and health services sector, which increased by an average of 2,600 jobs, or 2.2 percent, annually. The reopening of several medical facilities damaged by Hurricane Katrina contributed to job growth in this sector.

Since early 2011, economic conditions in the HMA have consistently improved, increasing by an average of 4,900 jobs, or 0.9 percent, annually. During the 12 months ending September 2013, nonfarm payrolls increased by 5,100, or 1.0 percent, to 533,200 jobs compared with nonfarm payrolls a year earlier (Table 2). Current payroll levels remain 12.8 percent less than the number of jobs recorded during the 12 months ending August 2005, when Hurricane Katrina made landfall. The sector with the greatest numerical gain during the 12 months ending September 2013 was the professional and business services sector, which increased by 2,500 jobs, or 3.6 percent, to 71,600 jobs compared with the number of jobs recorded a year earlier. Nearly one-half of the gains in this sector occurred in the payroll services industry, partly because of increased demand stemming from payroll service needs of a growing motion picture and video industry. A combined 71 feature movies and television series were filmed in the city of New Orleans in 2012 and 2013 (New Orleans Mayor's Office of Cultural Economy). During the 12 months ending September 2013, the number of jobs more than doubled in the payroll services and the motion picture and video industries, to 2,450 and 2,475 jobs, respectively.

The mining, logging, and construction sector had the highest rate of growth during the 12 months ending September 2013 at 4.2 percent, with the addition of 1,600 jobs. Payrolls in the construction subsector increased by 1,100 jobs, or 3.6 percent, to 32,000. Gains were partly the result of increased hiring stemming from numerous ongoing projects in both the public and private sectors. Construction is under way at several hospitals, including the new University Medical Center (UMC), near downtown New Orleans. The $1.2 billion UMC facility is slated for completion in 2015 and will have an estimated annual economic impact of $1.26 billion (New Orleans Chamber of Commerce). UMC is expected to employ 19,700 workers at an average salary of $96,000 when complete (New Orleans Chamber of Commerce). During the 12 months ending September 2013, job increases also occurred in the education and health services sector, which increased by 1,400, or 1.8 percent, to 79,000 jobs. Contributing to gains in this sector was the hiring of nearly 2,000 employees at Louisiana Children's Medical Center in June 2013.

The education and health services sector is the second largest sector in the HMA and includes the largest employer in the HMA, Ochsner Health System (Table 3). Tulane University employs 10,400 workers and is the second largest private employer and third largest employer overall. The wholesale and retail trade sector is the largest sector in the HMA, with 81,900 jobs, and the leisure and hospitality

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

	12 Months Ending		Absolute Change	Percent Change
	September 2012	September 2013		
Total nonfarm payroll jobs	528,100	533,200	5,100	1.0
Goods-producing sectors	68,700	70,000	1,300	1.9
Mining, logging, & construction	38,500	40,100	1,600	4.2
Manufacturing	30,200	29,800	– 400	– 1.3
Service-providing sectors	459,400	463,200	3,800	0.8
Wholesale & retail trade	80,700	81,900	1,200	1.5
Transportation & utilities	25,600	25,100	– 500	– 2.0
Information	8,600	8,500	– 100	– 1.2
Financial activities	26,600	26,900	300	1.1
Professional & business services	69,100	71,600	2,500	3.6
Education & health services	77,600	79,000	1,400	1.8
Leisure & hospitality	75,600	76,500	900	1.2
Other services	18,200	18,200	0	0.0
Government	77,400	75,400	– 2,000	– 2.6

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through September 2012 and September 2013.

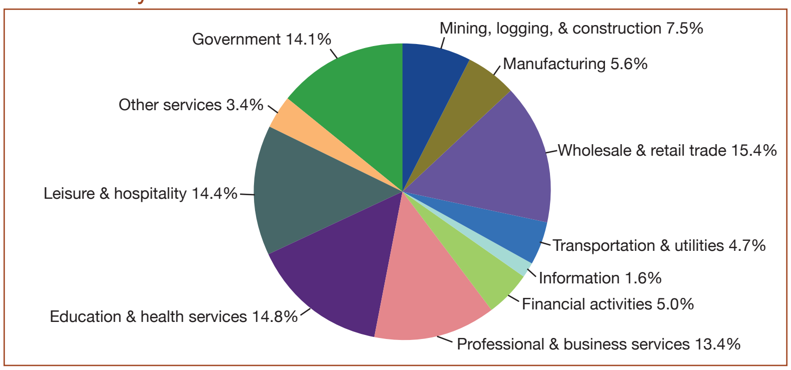
Source: U.S. Bureau of Labor Statistics

Table 3. Major Employers in the New Orleans HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Ochsner Health System	Education & health services	14,000
LSU Health Sciences Center—New Orleans	Government	12,900
Tulane University	Education & health services	10,400
United States Postal Service	Government	5,000
East Jefferson General Hospital	Education & health services	3,700
Acme Truck Line, Inc.	Transportation & utilities	3,200
University of New Orleans	Government	3,100
Caesars Entertainment Corporation	Leisure & hospitality	2,700
New Orleans Police Department	Government	2,200
St. Tammany Parish Sherriff's Office	Government	2,000

Note: Excludes local school districts.
Sources: Employers; local chambers of commerce

Figure 1. Current Nonfarm Payroll Jobs in the New Orleans HMA, by Sector



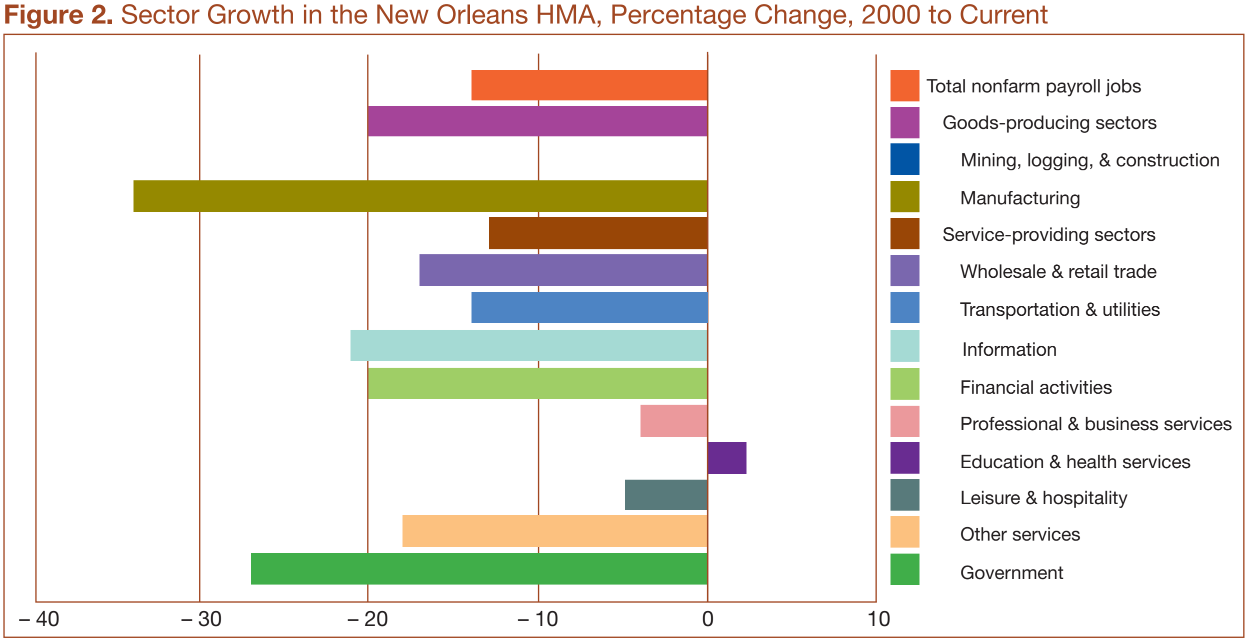
Note: Based on 12-month averages through September 2013.
Source: U.S. Bureau of Labor Statistics

sector is the third largest sector, with 76,500 (Figure 1). Figure 2 shows the percentage change in nonfarm payrolls by sector, from 2000 to current. The Jefferson Parish submarket accounts for 37 percent of the total number of jobs in the HMA, followed by the Orleans Parish submarket, with 35 percent, and then by the Remainder submarket, with 28 percent (Bureau of Labor Statistics).

The 12-month average unemployment rate is currently 6.5 percent, down from 6.9 percent a year earlier. Figure 3 shows trends in the labor force, resident employment, and the unemployment rate from 2000 through 2012.

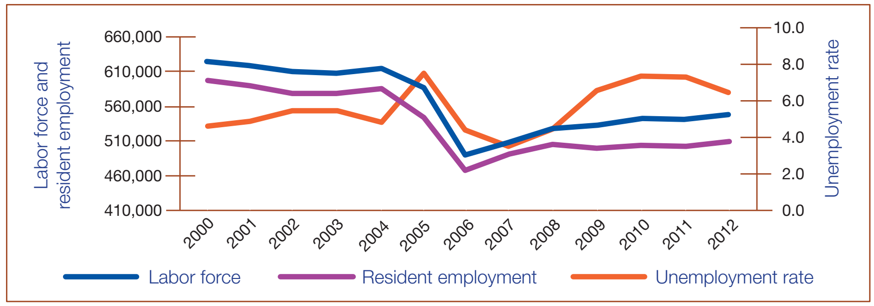
During the next 3 years, nonfarm payrolls are expected to increase by an average of 0.8 percent annually. Job growth is expected to be steady through the 3-year forecast period and led by the education and health services and the mining, logging, and construction sectors.

Figure 2. Sector Growth in the New Orleans HMA, Percentage Change, 2000 to Current



Notes: Based on 12-month averages through September 2013. During this period, employment in the mining, logging, and construction sector showed no net change.
Source: U.S. Bureau of Labor Statistics

Figure 3. Trends in Labor Force, Resident Employment, and Unemployment Rate in the New Orleans HMA, 2000 Through 2012



Source: U.S. Bureau of Labor Statistics

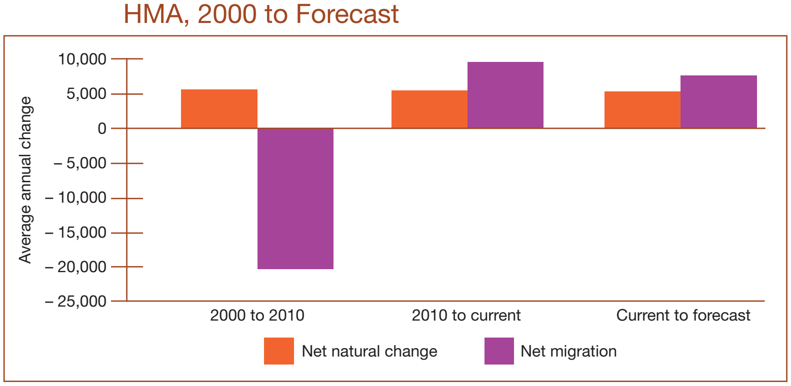
Population and Households

Hurricane Katrina, which made landfall in August 2005, caused significant damage to the New Orleans HMA; an estimated 180,000 housing units were severely damaged or destroyed (32 percent of the housing stock), and 400,000 residents were displaced (29 percent of the population). More than 8 years later, the recovery from this widespread destruction is still ongoing. In addition, an estimated 40,700 occupied housing units were damaged in the wake of Hurricane Isaac, which made landfall in August 2012. Of the total number of occupied homes damaged, about 3,800 homes were seriously damaged or destroyed. The impact from Hurricane Isaac was greatest in St. John the Baptist Parish, where one-eighth of all occupied homes were severely damaged or destroyed.

The current population of the HMA is estimated at approximately 1.22 million, representing an average increase of 14,900, or 1.3 percent, annually since 2010, with nearly two-thirds of population growth the result of net in-migration (Figure 4). The current population of the HMA remains more than 10 percent less than the pre-Hurricane Katrina population level of 1.37 million recorded in July 2005. The city of New Orleans (the Orleans Parish submarket) has the largest population in the HMA, an estimated 377,900, followed by Metairie, a Census Designated Place in the Jefferson Parish submarket, with a population of 139,000. The city of Kenner, also in the Jefferson Parish submarket, is the third largest community, with an estimated population of 67,000.

The population of the Jefferson Parish submarket is an estimated 433,800, increasing by an average of only 360, or 0.1 percent, annually since 2010.

Figure 4. Components of Population Change in the New Orleans HMA, 2000 to Forecast



Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analyst

Net out-migration has occurred in the submarket at an average pace of about 1,350 people annually since 2010. Between 2000 and 2010, net out-migration occurred in the submarket every year except 2007, when rebuilding efforts in the Orleans Parish submarket resulted in an influx of contractors and construction workers to the Jefferson Parish submarket.

Since 2010, the return of residents displaced by Hurricane Katrina to the Orleans Parish submarket, as a result of continuing recovery efforts and renewed job opportunities, contributed to an estimated average annual population increase of 9,725 people, or 2.7 percent, in the submarket. Net in-migration accounted for more than 80 percent of the population growth during this period. The population of the submarket remains nearly 24 percent less than the population as of July 2005.

The current population of the Remainder submarket is estimated at 408,400, representing an increase of 4,850, or 1.2 percent, annually since 2010, with net in-migration comprising 64 percent of the population growth. Of the parishes in the Remainder submarket, St. Tammany Parish recorded the most population growth, increasing by an estimated 2,250 people, or 1.2 percent, to 243,700 people. The city of Slidell, with an estimated population of 28,000, is the most populous city in the Remainder submarket. Hurricane Katrina recovery efforts in St. Bernard Parish have contributed to an average annual population increase of 1,775 people, or 4.7 percent, to an estimated 42,100 people, or 59 percent of the population in July 2005, before Hurricane Katrina made landfall. Since 2010, population growth in Plaquemines, St. Charles, and St. John the Baptist Parishes combined averaged 250 people, or 0.2 percent, annually, to a current population of 122,600. Recovery efforts in these parishes have resulted in the return of nearly all the estimated 80,000 residents displaced by Hurricane Isaac, which damaged more than one-third of the occupied housing units.

Between April 2000 and July 2005, the HMA population increased by an average of 9,250, or 0.7 percent, annually, to nearly 1.37 million. During the same period, population growth occurred in each of the submarkets. The population of the Jefferson Parish submarket recorded only a slight increase of an average of 210, or 0.0 percent, annually, to 456,600. In the Orleans Parish submarket, the population increased by an average of 1,825, or 0.4 percent, annually to reach 494,300. The population in the Remainder submarket increased by an average of 7,200, or 1.8 percent, annually, to 414,200. More than one-half of gains that occurred in the HMA during this period were in St. Tammany Parish, where the population increased by an average of 5,050, or 2.5 percent, annually, to 217,400, mostly as a result of an influx of homebuyers from other parishes within the HMA.

After Hurricane Katrina, the HMA population had decreased by an estimated 346,800, or 25.4 percent, by July 2006, to an estimated 1.02 million. The greatest population declines occurred in the Orleans Parish submarket, where damage to homes and businesses was greatest. The population of the submarket decreased during this period by 264,100, or 53.4 percent. Damage in portions of the Jefferson

Parish submarket resulted in net out-migration of more than 31,000 people, and the population of the submarket decreased by 30,300, or 6.6 percent. The Remainder submarket population declined by 52,400, or 12.6 percent, during the same period. Proportionally, the adverse impacts caused by Hurricane Katrina were felt most in St. Bernard Parish, where the population decreased from 71,300 in July 2005 to 16,550 in July 2006, representing a 76.8-percent decline. Homes in Plaquemines Parish were also damaged, causing the population to decline 24.5 percent. St. Charles and St. John the Baptist Parishes, in the western portion of the Remainder submarket, were the least impacted by Hurricane Katrina and recorded population growth of 3.5 and 4.4 percent, respectively. Although homes were also damaged in portions of St. Tammany Parish, the effects were localized in the southern and eastern sections of the parish, and an influx of displaced residents from the Orleans Parish submarket and from St. Bernard Parish to unaffected portions of the parish contributed to a 2.7-percent population increase.

Between July 2006 and April 2010, a considerable rebuilding effort occurred throughout the HMA. Repaired and replaced homes, businesses, infrastructure, schools, and hospitals prompted many displaced residents to return to the HMA, resulting in the population increasing by an average of 39,900, or 3.7 percent, annually and returning to about 90 percent of the pre-Hurricane Katrina population level. Gains in population during this period were greatest in the Orleans Parish submarket and in St. Bernard Parish, in the Remainder submarket, where the greatest portions of residents were displaced and consequently the greatest recovery efforts occurred. In the Orleans Parish submarket, the population increased during this period by an average of 30,300, or 11.3 percent, annually, to 343,800, or nearly 70 percent of the pre-Hurricane Katrina population level. The population of St. Bernard Parish increased by an average of 5,150, or 22.9 percent, to 35,900, or about one-half of pre-Hurricane Katrina population level. During the same period, the population of the Jefferson Parish submarket increased moderately, by an average of 1,675, or 0.4 percent, annually, to 432,600, and population growth in the Remainder submarket overall occurred at an average annual increase of 7,900 people, or 2.1 percent, to a population of 391,400.

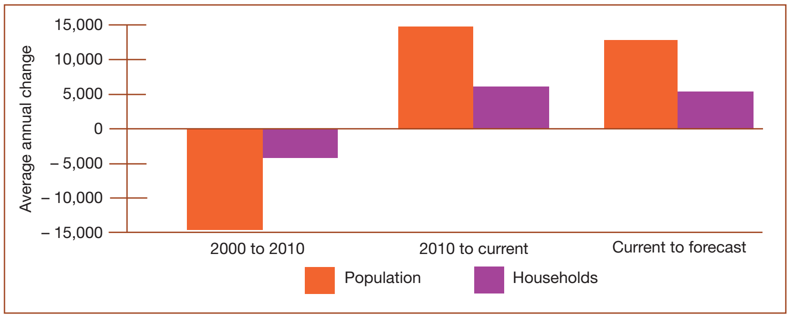
From 2000 to 2010, the number of households decreased in the HMA by an average of 4,350, or 0.9 percent, annually, primarily because of housing inventory losses that occurred as a result of damage caused by Hurricane Katrina. In the Orleans Parish submarket, the number of households decreased by an average of 4,600, or 2.8 percent, annually. The number of households in the submarket as of July 2006 was approximately 73,500, representing a 55-percent decrease from a year earlier (American Community Survey). Reflecting recovery efforts, the number of households in the submarket increased by an average of 18,300 households, or 19.2 percent, annually from 2006 to 2010. Household growth outpaced population growth during this period partly as a result of an influx of construction workers and contractors drawn to the submarket by reconstruction efforts. In addition, extensive damage to schools and hospitals in the submarket delayed the return of displaced families because of insufficient medical and education infrastructure. As a result of Hurricane Katrina, 850 schools were damaged in the Orleans Parish submarket, of which 40 were destroyed, and more than two-thirds of acute-care hospitals were destroyed (Louisiana Recovery Authority). The percentage of one-person households in the submarket increased from 31 percent in 2000 to 36 percent in 2010, reflecting the effect of damaged schools and infrastructure caused by Hurricane Katrina (U.S. Census Bureau).

The number of households in the Jefferson Parish submarket declined from 2000 to 2010 by an average of 660 households, or 0.4 percent, annually. By contrast, the number of households in the Remainder submarket increased by an average of 920 households, or 0.7 percent, annually. Household growth in the Remainder submarket during this period was the result of a significant increase in the number of households in St. Tammany Parish of 1,825 households, or 2.4 percent, annually. Household growth in St. Tammany Parish during this period reflected an influx of displaced residents after Hurricane Katrina, primarily from the Orleans Parish submarket and from St. Bernard Parish, and a significant increase in appeal to homebuyers from the Orleans Parish and Jefferson Parish submarkets from 2000 through 2006.

Since 2010, the number of households in the HMA has increased by an average of 5,925 households, or 1.3 percent, to a current estimated level of 475,900, representing about 90 percent of the estimated number of pre-Hurricane Katrina households. The Jefferson Parish submarket comprises the greatest portion of households in the HMA, with an estimated 170,100 households, up 130, or 0.1 percent, from 2010. The number of households in the Orleans Parish submarket increased by an average of 4,000 households, or 2.7 percent, annually, to 156,200, and the number of households in the Remainder submarket increased by an average of 1,825, or 1.2 percent, annually, to 149,700 households. Since April 2010, tight lending standards and weak consumer confidence in the sales housing market have contributed to a decrease in homeownership rates in all three submarkets. The percentage of owner households in the HMA decreased from 63.3 percent in 2010 to the current level of 61.6 percent. By contrast, the homeownership rate increased by 1.8 percentage points between 2000 and 2010. Among the submarkets, the Remainder submarket has the highest homeownership rate, at 76.7 percent, followed by the Jefferson Parish submarket, with a rate of 62.1 percent. The Orleans Parish submarket, where owner households account for only 46.5 percent of total households, has the lowest homeownership rate in the HMA.

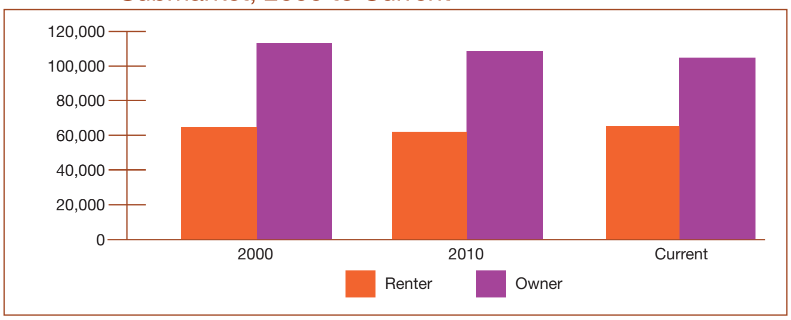
During the next 3 years, the HMA population is expected to increase by an average of 13,000, or 1.1 percent, annually, with net in-migration accounting for nearly 60 percent of the growth. The population growth in the Jefferson Parish submarket is expected to reflect recent trends and to average 330 people, or 0.1 percent, annually. As a result of recovery efforts and the number of returning displaced residents diminishing, the population growth of the Orleans Parish submarket is expected to slow to an average

Figure 5. Population and Household Growth in the New Orleans HMA, 2000 to Forecast



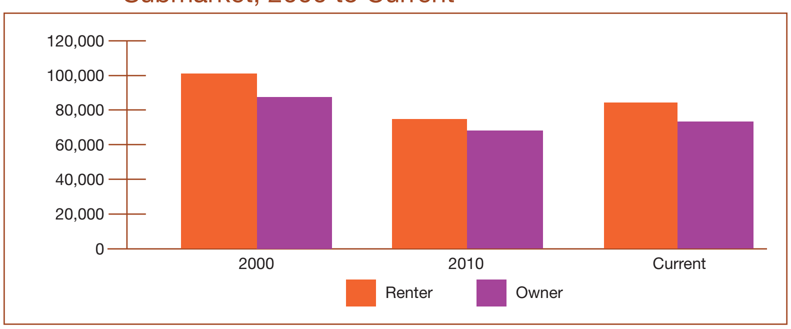
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analyst

Figure 6. Number of Households by Tenure in the Jefferson Parish Submarket, 2000 to Current



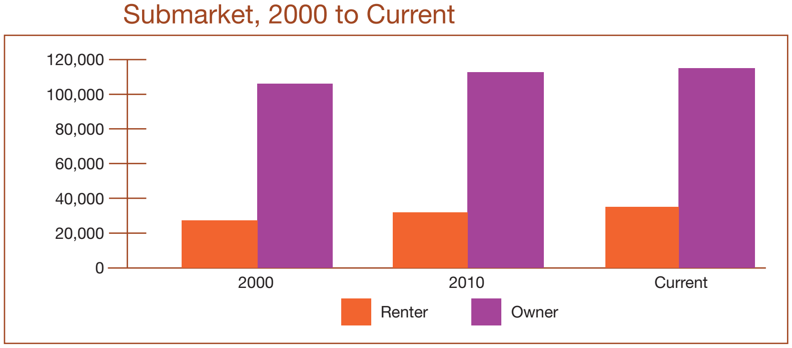
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Figure 7. Number of Households by Tenure in the Orleans Parish Submarket, 2000 to Current



Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Figure 8. Number of Households by Tenure in the Remainder Submarket, 2000 to Current



Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

of 7,725 people, or 2.0 percent, annually. The population in the Remainder submarket is expected to increase by an estimated 4,775, or 1.2 percent, annually, representing a rate unchanged compared with population growth since 2010. The number of households in the HMA is expected to increase by an average of 5,300 households, or 1.1 percent, annually during the 3-year forecast period, with growth occurring mostly in the Orleans Parish submarket, where the number of households is forecast to increase by 3,200, or 2.0 percent, annually. In the Jefferson Parish submarket, the number of households is expected to increase by an average of 130, or 0.1 percent, annually. The number of households in the Remainder submarket is expected to increase by an average of 1,925 households, or 1.3 percent, annually. Figure 5 shows population and household growth from 2000 to the forecast date, and Figures 6, 7, and 8 show the number of households by tenure in the three submarkets.

Housing Market Trends

Sales Market—Jefferson Parish Submarket

Hurricane Katrina damaged more than 56,000 owner-occupied homes in the Jefferson Parish submarket in August 2005, which was more than one-half of the existing 2005 owner-occupied inventory. In addition, Hurricane Isaac damaged approximately 9,500 owner-occupied homes in the submarket in August 2012. In part as a result of numerous government-sponsored programs, including the federally funded Road Home program, nearly all the homes in the submarket damaged by these disasters have been repaired.

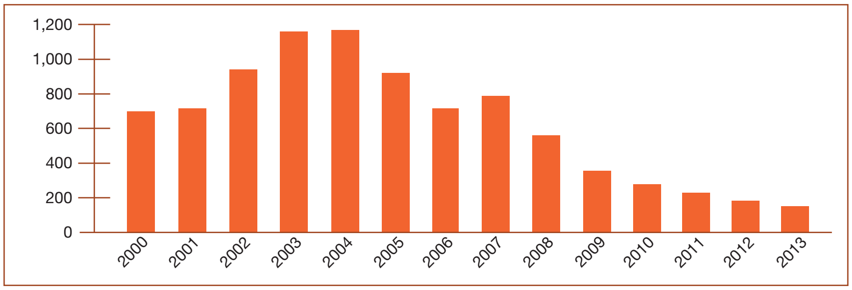
Sales housing market conditions in the Jefferson Parish submarket are currently soft, with an estimated owner vacancy rate of 2.9 percent, up from 2.2 percent in 2010. Net out-migration and negligible increases in the population and the number of households since 2010 have contributed to soft sales market conditions. During the 12-month period ending September 2013, new and existing home sales (including single-family homes, townhomes, and condominiums) increased by 300 homes, or 6 percent, to 5,150 compared with the number sold a year earlier, and the average price increased by $11,400, or nearly 8 percent, to $163,000 (CoreLogic, Inc.). New home sales in the submarket increased by 55 homes, or 85 percent, to 120. New home sales volume during the 12 months ending September 2012, however, represented an 8-year low. New home sales peaked from 2005 through 2007, averaging 700 new home sales annually. REO (Real Estate Owned) sales and short sales have accounted for about one-fourth of total sales since 2010 compared with approximately 4 percent of total sales before 2010 and approximately 12 percent from 2007 through 2009. As of September 2013, 7.9 percent of mortgages were 90 or more days delinquent, were in foreclosure, or transitioned into REO compared with 9.1 percent of mortgages a year earlier (Black Knight Financial Services, Inc.). The average number of days homes were listed for sale (days on the market, or DOM) during the 12 months ending September 2013 was 86 compared with 92 DOM a year earlier (Gulf South Real Estate Information Network, Inc. [GSREIN]).

The number of home sales averaged 6,350 annually from 2000 through 2005 (CoreLogic, Inc.). By comparison, home sales peaked at 11,000 homes during the 12 months ending November 2006, 15 months after Hurricane Katrina made landfall, primarily because of increased demand stemming from in-migration of displaced Orleans Parish submarket and St. Bernard Parish residents. From 2007 through 2011, home sales declined by an average of 1,250, or 16 percent, annually to 4,525, partly the result of home rebuilding efforts in the Orleans Parish submarket and in St. Bernard Parish, which resulted in competitive home sales prices for prospective homebuyers. Tightened mortgage lending standards leading to an increased preference to rent also contributed to the decline in home sales in the Jefferson Parish submarket.

Because of increased home sales during the 12 months ending September 2013, new construction of single-family homes, as measured by the number of single-family homes permitted, totaled 250 homes, up from190 during the preceding 12 months. Since 2010, an average of 240 single-family homes have been permitted annually compared with an average of 600 permitted annually from 2006 through 2009. Single-family home construction peaked from 2002 through 2004, averaging 1,100 homes permitted annually. New single-family home construction in the submarket is nearly entirely a result of infill in existing neighborhoods. Figure 9 shows the number of single-family homes permitted in the Jefferson Parish submarket.

Additional homes should not be constructed during the 3-year forecast period to prevent prolonged soft market conditions (Table 1). The number of owner-occupied households is expected to decline, and an estimated 3,150 vacant homes are currently available for sale and need to be absorbed. Table DP-2 at the end of this report presents the Jefferson Parish submarket data profile.

Figure 9. Single-Family Homes Permitted in the Jefferson Parish Submarket, 2000 to 2013

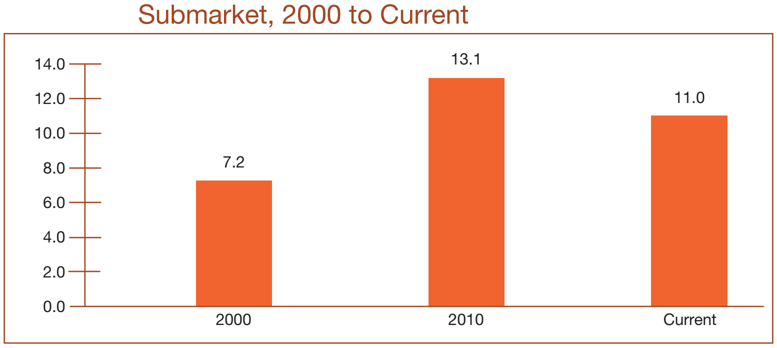


Notes: Includes townhomes. Includes data through September 2013.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Rental Market—Jefferson Parish Submarket

Rental housing market conditions in the Jefferson Parish submarket have improved since 2010 but remain soft, with a current overall rental vacancy rate estimated at 11.0 percent compared with the rate of 13.1 percent recorded in April 2010. The average apartment vacancy rate during the third quarter of 2013 was 6.1 percent, down from 7.1 percent a year earlier and 10.1 percent in the spring of 2010 (Reis, Inc.). The average apartment rent during the third quarter of 2013 increased nearly 2 percent, to $840, from a year earlier. Small rental properties (one- to four-unit structures), which are estimated to account for more than one-half of the total number of rental units in the submarket, typically have higher vacancy rates than surveyed apartments. An increased propensity to rent, stemming from tighter lending standards in the sales housing market, has contributed to decreasing rental vacancy rates in the submarket since 2010. Figure 10 shows rental vacancy rates in the submarket.

Figure 10. Rental Vacancy Rates in the Jefferson Parish Submarket, 2000 to Current

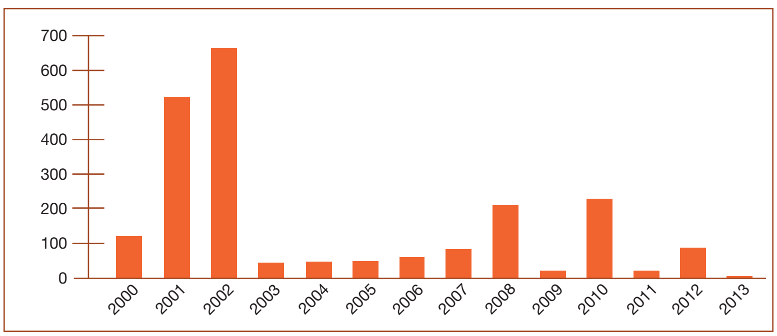


Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Rental market conditions have fluctuated greatly during the period since Hurricane Katrina made landfall. Conditions tightened significantly, with market-rate apartment occupancy levels nearing 100 percent and rents increasing 30 percent, within a 2-month period after Hurricane Katrina because an of estimated 12,000 rental units that sustained damage and an influx of displaced residents and recovery-related workers. The construction of new rental supply, primarily in other submarkets within the New Orleans HMA, along with repaired existing apartments and small rental properties coming back on line contributed to increasing vacancy rates from 2007 through the spring 2010. During this period, the apartment vacancy rates steadily increased from an average rate of 3.7 percent in 2007 to a rate of 10.1 percent by the first quarter of 2010.

No multifamily construction, as measured by the number of multifamily units permitted, occurred during the 12 months ending September 2013 compared with the 80 units permitted a year earlier. Since 2000, only 2,125 multifamily units have been permitted, of which 150 were for-sale condominium units. Multifamily construction activity peaked from 2001 through 2002, when an average of 590 units were permitted annually. From 2003 through 2011, an average of 80 units were permitted annually (Figure 11). Construction began in October 2013 on the 264-unit Bella Ridge Apartments, in the city of River Ridge, 10 miles west of downtown New Orleans. A portion of the units at Bella Ridge is expected to be available for rent by mid-2014, with rents ranging from $1,495 to $1,595 for one-bedroom units and from $1,895 to $1,995 for two-bedroom units. When complete, the project will comprise the greatest number of market-rate units built in the submarket in a given year since 2002.

Figure 11. Multifamily Units Permitted in the Jefferson Parish Submarket, 2000 to 2013



Notes: Excludes townhomes. Includes data through September 2013.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

All the demand for additional market-rate rental units during the 3-year forecast period is likely to be met by rental units currently under construction and the estimated 7,950 vacant units currently available for rent. No additional units should be constructed during the forecast period to avoid prolonged soft market conditions (Table 1).

Sales Market—Orleans Parish Submarket

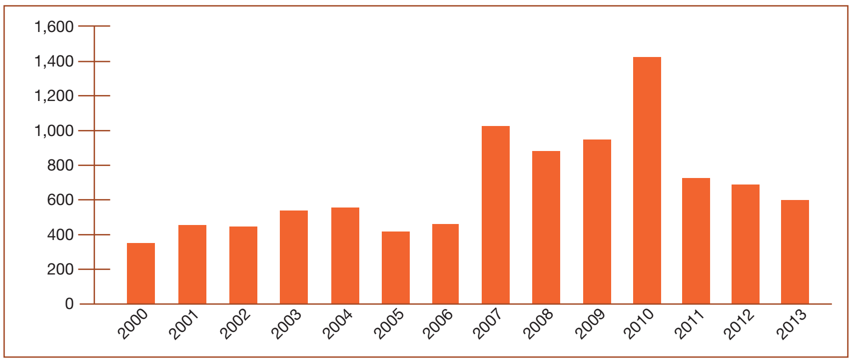
The sales housing market in the Orleans Parish submarket has not entirely recovered from the effects of Hurricane Katrina, although it has made great strides. More than 105,300 owner-occupied homes were damaged by Hurricane Katrina, of which more than 50,000 homes were severely damaged or completely destroyed. Homeowners have either repaired or rebuilt an estimated 47,000 homes using funds from the Road Home. Many homes remain uninhabitable and abandoned, however, despite the demolition of more than 24,000 homes since 2005, 4,000 of which have been demolished since 2010. Efforts by the city of New Orleans and the New Orleans Redevelopment Authority to mitigate blight in the submarket are ongoing via numerous homebuyer incentive and neighborhood redevelopment programs.

Sales market conditions in the Orleans Parish submarket remain soft, with an owner vacancy rate of 3.5 percent (Table DP-3), improved compared with a rate of 4.6 percent in 2010 but still greater than the 2.2-percent rate recorded in 2000. Government-funded efforts, including those of the Road Home, have resulted in a portion of repaired homes becoming available for sale. During the 12-month period ending September 2013, new and existing home sales (including single-family homes, townhomes, and condominiums) increased by 230 homes, or more than 5 percent, to 4,475 compared with the number sold a year earlier, and the average price increased by $38,200, or 20 percent, to $230,300 (CoreLogic, Inc.). Improved economic conditions and continued household growth contributed to increased home sales in the submarket. New home sales increased in the submarket by 30 homes, or 38 percent, to 110 homes and represented more than 2 percent of total home sales. The average price for new homes increased by $36,600, or 13 percent, to $317,000 during the same period. Investor purchases accounted for approximately 19 percent of total sales during the 12 months ending September 2013, representing a slight increase from 18 percent a year earlier (CoreLogic, Inc.). Investor purchases comprised an average of 17 percent of total sales from 2000 through 2011, ranging from 11 percent in 2009 to 23 percent in 2004 and 2005.

The average DOM during the 12 months ending September 2013 was 84 compared with 89 DOM a year earlier (GSREIN). Condominium sales, which historically comprise approximately 10 percent of total home sales in the Orleans Parish submarket, declined during the 12 months ending September 2013 by 125 units, or nearly 30 percent, to 300, and the average price decreased by $19,250, or 7 percent, to $256,500 during the same period (Metrostudy, A Hanley Wood Company). Local sources indicate that many existing condominium developments are currently advertising units as both for sale and for lease because of extended listing periods. Distressed sales (including single-family homes, townhomes, and condominiums) accounted for about 13 percent of total sales during the 12 months ending September 2013, down from 15 percent a year earlier. As of September 2013, 8.3 percent of mortgages were 90 or more days delinquent, were in foreclosure, or transitioned into REO compared with 9.7 percent of mortgages a year earlier (Black Knight Financial Services, Inc.).

New and existing home sales in the Orleans Parish submarket averaged an estimated 3,100 homes annually from 2000 through July 2005. During the 12 months ending August 2006, approximately 2,400 new and existing homes sold. The relatively fewer home sales during this period reflected significant damage to existing homes and infrastructure. By December 2007, home sales had increased to 7,200 homes as a result of recovery efforts and the subsequent return of displaced residents. Of the total number of homes sold during this period, only 100 were new construction sales. From 2008 through September 2012, home sales steadily declined by an average of 620, or 11 percent, annually, to 4,250. Factors contributing to the decline in home sales during this period include tightened mortgage lending standards and consequently an increased preference to rent among residents. Also contributing to decreasing home sales were job decreases from mid-2009 through early 2011 and moderating population and household growth. New home sales during this period accounted for less than 2 percent of total sales. New and existing home prices increased from 2008 through September 2012 by an average of $8,250, or 5 percent, annually, to $192,100. Contributing to increased home prices during this period was the relatively high cost of construction material used to repair and rebuild damaged homes and additional home rebuilding costs associated with meeting new government flood elevation standards.

Figure 12. Single-Family Homes Permitted in the Orleans Parish Submarket, 2000 to 2013



Notes: Includes townhomes. Includes data through September 2013.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Orleans Parish Submarket, October 1, 2013, to October 1, 2016

Price Range ($)		Units of Demand	Percent of Total
From	To		
100,000	199,999	840	18.0
200,000	299,999	1,300	28.0
300,000	399,999	1,075	23.0
400,000	499,999	940	20.0
500,000	599,999	330	7.0
600,000	699,999	140	3.0
700,000	and higher	45	1.0

Note: The 150 homes currently under construction and a portion of the estimated 25,050 other vacant units in the submarket will likely satisfy some of the forecast demand.
Source: Estimates by analyst

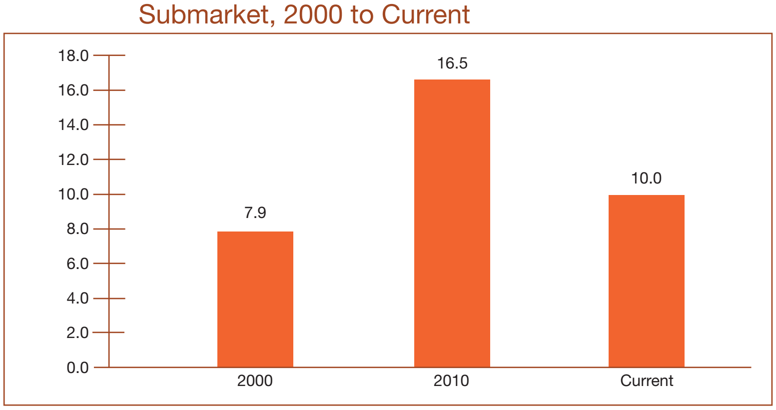
A rise in new home sales volume and average price during the 12 months ending September 2013 in the Orleans Parish submarket contributed to an increase in new construction of single-family homes, as measured by the number of single-family homes permitted. In the submarket, 780 single-family homes were permitted compared with the 630 permitted a year earlier (preliminary data). From 2000 through 2005, an average of 460 single-family homes were permitted annually. From 2008 through 2010, the number of single-family homes permitted reached a decade high, averaging 1,075 annually as a result of home rebuilding efforts. New home construction in the submarket is primarily infill residential development in existing neighborhoods. Figure 12 shows the number of single-family homes permitted in the submarket.

Demand is expected for 4,675 new homes during the next 3 years (Table 1). The 150 homes currently under construction and the current supply of vacant available units are expected to satisfy most of the sales demand during the first year of the 3-year forecast period. A portion of the estimated 25,050 other vacant units may reenter the market and satisfy some of the forecast demand. New homes priced from $200,000 through $399,999 are expected to be in greatest demand. Table 4 shows estimated demand for new sales housing by price range.

Rental Market—Orleans Parish Submarket

As a result of Hurricane Katrina, an estimated 68,000 occupied rental units, or about two-thirds of the total number of renter units, were damaged in the Orleans Parish submarket. Of those units damaged, more than one-half were destroyed. Because of the shock in the rental supply, occupancy rates neared 100 percent and rents spiked more than 60 percent by 2006. Since that time, significant efforts have been made toward the repair or replacement of market-rate and subsidized rental housing by way of both private funds and several government-sponsored programs. Economic and Market Analysis Division (EMAD) research indicates that nearly all pre-Hurricane Katrina renter inventory, including small rental properties, is expected to reenter the rental housing market because the properties have either been repaired or rebuilt. As of October 1, 2013, an estimated 20,000 rental apartment units had been built or rebuilt through government-sponsored programs, and about one-half of the total units built are intended for tenants who meet certain income limits. In addition, approximately 11,500 units in small rental properties were repaired or rebuilt via the Small Rental Property Program (SRPP), which is affiliated with the Road Home, and the remainder were repaired through private resources, including insurance. Despite the resulting increased supply, rents remained high in part because of substantial increases in construction material and labor costs in the submarket and increased expenses to maintain and insure properties. The average cost to insure rental apartments in the city of New Orleans was more than $550 per unit, or four times pre-Hurricane Katrina rates (National Apartment Association).

Figure 13. Rental Vacancy Rates in the Orleans Parish Submarket, 2000 to Current



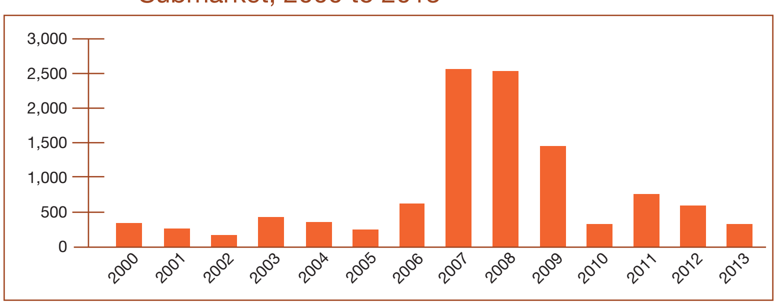
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Rental market conditions in the Orleans Parish submarket have improved since 2010 but currently remain soft. The overall rental vacancy rate decreased from a rate of 16.5 percent in April 2010 to a current rate of an estimated 10.0 percent. Figure 13 shows rental vacancy rates in the submarket. Apartment market conditions in the submarket improved to balanced; the average apartment vacancy rate during the third quarter of 2013 was 7.1 percent, down from 7.8 percent a year earlier and 13.5 percent in the spring of 2010 (Reis, Inc.). Small rental properties, which account for more than an estimated two-thirds of the total number of rental units in the submarket, typically maintain higher vacancy rates than surveyed apartments. Employment and population growth and increased preferences to rent contributed to the decrease in the average vacancy rate during the past year. The average apartment rent during the third quarter of 2013 increased 1.0 percent, to $935, from a year earlier. The current average apartment rent in the submarket represents a 33-percent increase since 2004. Average rents during the third quarter of 2013 per the number of bedrooms were $700, $920, and $1,150 for one-, two-, and three-bedroom units, respectively. Apartment market conditions in the New Orleans central business district (CBD) are currently tight. During the third quarter of 2013, the average vacancy rate was 4.1 percent, up from 3.5 percent a year earlier, and the average rent increased 5 percent, to

$1,285 (Reis, Inc.). Relatively higher rents and lower vacancy rates in the CBD reflect comparatively strong demand stemming from proximity to employment centers and entertainment venues. The topography of the CBD, where the average elevation is 3.0 feet above sea level, compared with that of the parish overall, with an average elevation of 1.5 feet below sea level, has also drawn residents.

Multifamily construction, as measured by the number of multifamily units permitted, totaled 320 units in the Orleans Parish submarket during the 12 months ending September 2013, down from 600 units permitted during the same period a year earlier (preliminary data). From 2000 through 2006, an average of 340 multifamily units were permitted annually. By comparison, an average of 2,175 multifamily units were permitted annually from 2007 through 2009, partly as a result of government-sponsored construction opportunities. Approximately 500 market-rate apartment units are under construction in the submarket. Currently under construction is the Paramount at South Market apartments, which is in the CBD. Slated for completion in the fall of 2014, the $48 million project is expected to include 209 units. Rents at the Paramount at South Market are expected to range from $1,365 to $2,840 per month for one-bedroom units and from $1,930 to $2,470 per month for two-bedroom units. Several mixed income communities are also currently under way in the submarket. Construction is under way at the Iberville housing development, a $600 million, mixed-income project partly funded via the U.S. Department of Housing and Urban Development's Choice Neighborhoods program. Construction of Phases I and II at Iberville, 1 mile north of the CBD, began in September 2013 and is expected to be complete by early 2015. When complete, Phases I and II will include 227 mixed-income rental units, 81 public housing units, 49 workforce housing units, and 97 market-rate units. Figure 14 shows the number of multifamily units permitted in the submarket from 2000 to 2013.

Figure 14. Multifamily Units Permitted in the Orleans Parish Submarket, 2000 to 2013



Notes: Excludes townhomes. Includes data through September 2013.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Demand for 2,775 new market-rate rental units is expected during the 3-year forecast period (Table 1). Demand is expected to be the strongest for one-bedroom units, with monthly rents ranging from $755 to $1,154, and for two-bedroom units, with monthly rents ranging from $935 to $1,334. The 500 new rental units currently under construction will satisfy part of the demand. Table 5 shows estimated demand for new market-rate rental housing in the submarket, categorized by rent level and number of bedrooms.

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Orleans Parish Submarket, October 1, 2013, to October 1, 2016

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand
635 or more	25	755 to 954	510	935 to 1,134	430	1,175 to 1,374	20
		955 to 1,154	360	1,135 to 1,334	310	1,375 to 1,574	20
		1,155 to 1,354	150	1,335 to 1,534	120	1,575 or more	40
		1,355 to 1,554	150	1,535 to 1,734	120		
		1,555 to 1,754	150	1,735 to 1,934	120		
		1,755 or more	150	1,935 or more	120		
Total	25	Total	1,450	Total	1,225	Total	85

Notes: Numbers may not add to totals because of rounding. The 500 units currently under construction will likely satisfy some of the estimated demand.

Source: Estimates by analyst

Sales Market—Remainder Submarket

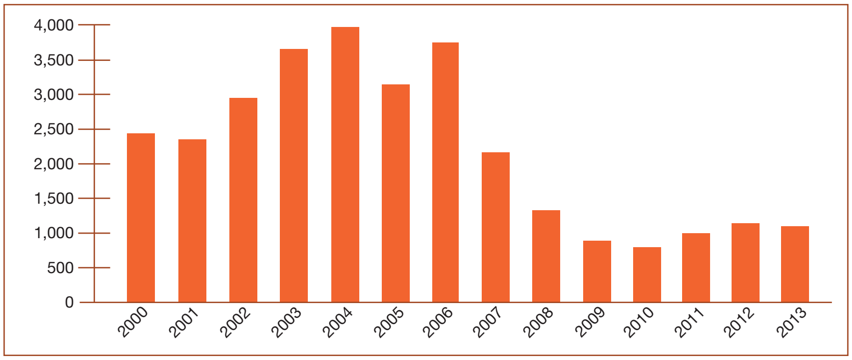
The sales housing market in the Remainder submarket has not entirely recovered from the effects of Hurricanes Katrina and Isaac. More than 73,400 owner-occupied homes were damaged by Hurricane Katrina, of which 14,000 homes were either severely damaged or completely destroyed. Plaquemines and St. Bernard Parishes incurred losses of 2,900 and 9,800 homes, or 41 and 52 percent of owner-occupied units, respectively. A relatively smaller portion of homes sustained severe damage in St. Tammany Parish—approximately 1,200 homes, or 2 percent of owner-occupied homes. In 2012, Hurricane Isaac damaged an additional 14,500 owner-occupied homes in the submarket, 1,800 of which were severely damaged or destroyed. The greatest number of severely damaged owner-occupied homes occurred in St. John the Baptist Parish, with 1,200 homes, or 10 percent of owner-occupied units. Approximately 28,000 owner-occupied homes have been rebuilt or repaired in the submarket since 2006 using funds provided by the Road Home, and most of the remaining damaged homes have been repaired through private funding. The exception is in St. Bernard Parish, where the number of occupied single-family homes remains much less than pre-Hurricane Katrina levels, and only about one-half the number of homes lost or damaged have been replaced or repaired, in part because nearly one-half of displaced homeowners have opted not to return to the parish to rebuild. Efforts to mitigate blight in St. Bernard Parish have included nearly 9,000 government-sponsored demolitions. Approximately 2,500 cleared lots have been sold via the Lot Next Door program, which provides adjacent property owners the opportunity to purchase lots for uses other than new home construction.

The sales market in the Remainder submarket is currently soft, with an owner vacancy rate of 2.0 percent, down from 2.4 percent in 2010. New and existing home sales (including single-family homes, townhomes, and condominiums) increased during the 12 months ending September 2013 by 75 homes, or more than 1 percent, to 5,500 homes, and the average price increased by $15,200, or 9 percent, to $189,900 (CoreLogic, Inc.). Home sales activity in St. Tammany Parish during the 12 months ending September 2013 accounted for 79 percent of home sales in the submarket, whereas the number of owner households in St. Tammany Parish represents only an estimated 62 percent of the owner households in the submarket. St. Bernard and St. Charles Parishes each accounted for 10 percent of total home sales during the 12 month ending September 2013, and only a combined 1 percent of home sales in the submarket occurred in Plaquemines and St. John the Baptist Parishes. St. Tammany Parish home sales increased by 500 homes, or 13 percent, to 4,350, and the average price increased by $6,700, or 3 percent, to $203,700. By contrast, new and existing home sales declined by a combined 430, or 27 percent, in the remaining parishes within the Remainder submarket, partly the result of widespread damage to homes, schools, and infrastructure caused by Hurricane Isaac. Average home prices in the submarket currently range from $90,200 in St. Bernard Parish to $229,100 in St. John the Baptist Parish. As of September 2013, 6.0 percent of home loans in the submarket were 90 or more days delinquent, were in foreclosure, or transitioned into REO, an improvement from 7.2 percent a year earlier (Black Knight Financial Services, Inc.).

Slightly tight sales market conditions prevailed in the Remainder submarket during the first 6 years of the past decade, partly because of submarket's increased appeal drawing homebuyers from the Jefferson Parish and Orleans Parish submarkets. From 2000 through 2006, new and existing home sales increased by an average of 1,950 sales, or 30 percent, annually, to a peak level of 14,850, and the average sales price for homes increased by an average of $8,500, or 6 percent, annually, to $182,300. Home sales activity in St. Tammany Parish followed a similar pattern, with annual sales and sales prices increasing an average of 30 and 6 percent, respectively. Home sales gains in St. Tammany Parish, which accounted for 80 percent of total home sales in the Remainder submarket from 2000 through 2006, resulted from increased appeal to homebuyers primarily from the Jefferson Parish and Orleans Parish submarkets (IRS migration data; local sources). Relaxed mortgage lending standards, combined with population growth, also contributed to increased home sales during this period. Home sales in the Remainder submarket declined from 2007 through September 2012 by an average of 1,650, or 16 percent, annually, to 5,425. During the same period, the average home sales price declined by an average of $1,325, or less than 1 percent, annually, to $174,700. Declines in sales and average price were the result of steadily worsening sales market conditions because of a combination of factors, including increased propensity to rent, tightening mortgage lending standards, and moderating job growth. Increased competition from the Orleans Parish submarket sales market also contributed to the decreasing number of sales in the Remainder submarket in 2007 because construction activities were focused on rebuilding efforts.

Home builders responded to stronger home sales demand in the Remainder submarket during the 12 months ending September 2013, resulting in increased single-family homebuilding activity, as measured by the number of homes permitted. The number of single-family homes permitted increased by 300 homes, or 27 percent, to 1,400 homes during the 12 months ending September 2013 compared with the 1,100 single-family homes permitted a year earlier (preliminary data). Single-family homebuilding in St. Tammany Parish, which increased by 250 homes, or 27 percent, to 1,150 homes, accounted for most of the home construction in the submarket during this period. Single-family homebuilding activity in the submarket was strongest from 2004 through 2006, when an average of 3,625 single-family homes were permitted annually. Homebuilding decreased from 2007 through 2011, when the number of single-family homes permitted averaged 1,225 annually as home builders responded to declining home sales. Figure 15 shows the number of single-family homes permitted in the submarket from 2000 to 2013.

Figure 15. Single-Family Homes Permitted in the Remainder Submarket, 2000 to 2013



Notes: Includes townhomes. Includes data through September 2013.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

During the 3-year forecast period, demand is expected for an estimated 5,525 new homes (Table 1). Approximately 67 percent of forecast demand is for homes priced between $150,000 and $299,999. Table 6 shows the estimated demand for new homes by price range. The 300 homes currently under construction and a portion of the estimated 7,575 other vacant units in the submarket will satisfy some of the demand. Table DP-4 at the end of this report presents the Remainder submarket data profile.

Table 6. Estimated Demand for New Market-Rate Sales Housing in the Remainder Submarket, October 1, 2013, to October 1, 2016

Price Range ($)		Units of Demand	Percent of Total
From	To		
110,000	149,999	440	8.0
150,000	199,999	2,100	38.0
200,000	249,999	1,600	29.0
250,000	299,999	720	13.0
300,000	399,999	440	8.0
400,000	499,999	170	3.0
500,000	and higher	55	1.0

Note: The 300 homes currently under construction and a portion of the estimated 7,575 other vacant units in the submarket will likely satisfy some of the forecast demand.

Source: Estimates by analyst

Rental Market—Remainder Submarket

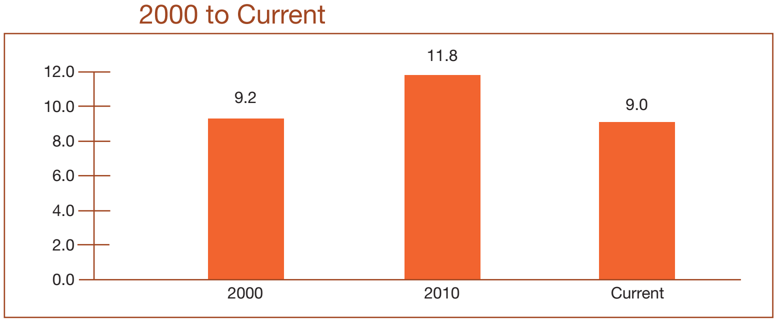
As a result of Hurricane Katrina, an estimated 17,500 occupied rental units were damaged in the Remainder submarket. St. Tammany, St. Bernard, and Plaquemines Parishes sustained damage to 9,200, 6,200, and 2,100 units, respectively. Of those units damaged in the Remainder submarket, approximately 5,600 units were severely damaged or destroyed. Hurricane Isaac damaged an additional 3,450 renter-occupied units, 1,550 of which sustained significant damage or were destroyed. In St. John the Baptist Parish, approximately 1,400 renter-occupied housing units (consisting nearly entirely of single-family rental units) sustained damage. More than 800 renter-occupied homes, or one-fourth of the total number of renter-occupied homes in the parish, were severely damaged. EMAD research indicates nearly all damaged rental inventory, including small rental properties, have reentered the rental housing market, including approximately 2,000 units in small rental properties which were repaired or rebuilt via SRPP.

Rental market conditions in the Remainder submarket are currently soft, with an overall rental vacancy rate of 9.0 percent, down from 11.8 percent in April 2010. Renters comprise only about 23 percent of total households in the submarket, with more than one-half of these households in St. Tammany Parish, by far the most populous of the five parishes in the submarket. Units in small rental properties comprise an estimated two-thirds of rental inventory in the submarket. Units in small rental properties comprise approximately 61 percent of rental inventory in St. Tammany Parish and comprise a combined 80 percent of rental units in the remaining four parishes. Figure 16 shows rental vacancy rates in the Remainder submarket.

Apartment market conditions in St. Tammany Parish are currently tight. The apartment vacancy rate in St. Tammany Parish was 4.0 percent in the fall of 2013, down significantly from 11.0 and 9.0 percent a year earlier and in the spring of 2010, respectively (Greater New Orleans Multi-Family Report). The relatively high apartment vacancy rate during the fall of 2012 was the result of newly constructed apartment units coming on line, the majority of which have been absorbed. Population and job growth and an increased propensity to rent contributed to declining apartment vacancy rates in St. Tammany Parish during the past year. The average rent during the fall of 2013 was $1,010, unchanged from a year earlier. Similarly to the Jefferson Parish and Orleans Parish submarkets, apartment rents in St. Tammany Parish have increased significantly from pre-Hurricane Katrina levels. The average rent in St. Tammany Parish was $760 in the spring of 2005. Apartment market conditions have fluctuated significantly since the spring of 2005. The apartment rental vacancy rate declined from 14.0 percent in the spring of 2005 to 4.0 percent a year later because of increased demand from an influx of displaced residents and decreased supply stemming from damage caused by Hurricane Katrina. Rates remained low in St. Tammany Parish through 2007 but climbed to 13.0 percent by the fall of 2011, in part because of increased supply stemming from new apartment construction and from increased competition from the Orleans Parish submarket rental market as repaired units came on line.

Multifamily construction, as measured by the number of multifamily units permitted, increased to 310 units in the Remainder submarket during the 12 months ending September 2013 compared with the 50 units permitted a year earlier (preliminary data). Multifamily permitting peaked from 2010 through 2011, when an average of 590 units were permitted annually. Except for 130 condominium units, multifamily construction since 2000 has consisted entirely of renter units.

Figure 16. Rental Vacancy Rates in the Remainder Submarket, 2000 to Current

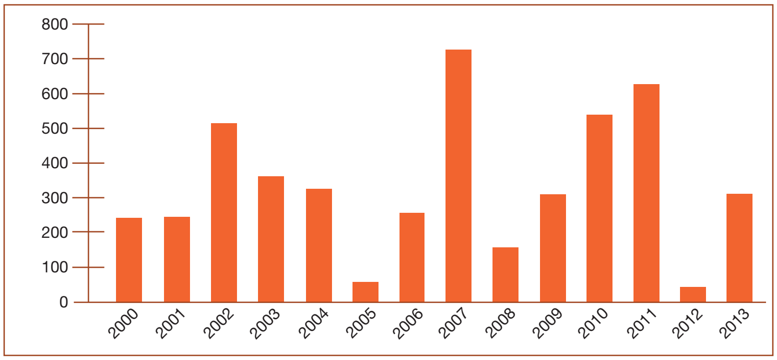


Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Approximately 300 market-rate apartment units are under construction, including 112 units at the second phase of the Brookstone Park Apartment Homes in the city of Covington in St. Tammany Parish. The project is slated for completion by the spring of 2014. Rents at Brookstone Park range from $830 to $1,000 for one-bedroom units, range from $1,100 to $1,300 for two-bedroom units, and are $1,430 for three-bedroom units. Figure 17 shows the number of multifamily units permitted in the Remainder submarket from 2000 to 2013.

Demand for an estimated 430 new market-rate rental units is expected during the 3-year forecast period (Table 1). The 300 units currently under construction will meet a portion of this demand. Demand is expected to be strongest for one- and two-bedroom units. Table 7 shows estimated demand for new market-rate rental housing in the submarket, categorized by rent level and number of bedrooms.

Figure 17. Multifamily Units Permitted in the Remainder Submarket, 2000 to 2013



Notes: Excludes townhomes. Includes data through September 2013.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 7. Estimated Demand for New Market-Rate Rental Housing in the Remainder Submarket, October 1, 2013, to October 1, 2016

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand
800 or more	15	830 to 1,029	55	1,050 to 1,249	45	1,250 or more	15
		1,030 to 1,229	55	1,250 to 1,449	45		
		1,230 to 1,429	55	1,450 to 1,649	45		
		1,430 or more	55	1,650 or more	45		
Total	15	Total	210	Total	190	Total	15

Notes: Numbers may not add to totals because of rounding. The 300 units currently under construction will likely satisfy some of the estimated demand.
Source: Estimates by analyst

Data Profiles

Table DP-1. New Orleans HMA Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	2010 to Current
Total resident employment	596,489	502,638	511,100	– 1.7	0.6
Unemployment rate	4.7%	7.3%	6.5%		
Nonfarm payroll jobs	617,700	519,100	533,200	– 1.7	1.0
Total population	1,316,510	1,167,764	1,220,000	– 1.2	1.3
Total households	498,587	455,146	475,900	– 0.9	1.3
Owner households	306,674	288,234	293,100	– 0.6	0.5
Percent owner	61.5%	63.3%	61.6%		
Renter households	191,913	166,912	182,800	– 1.4	2.6
Percent renter	38.5%	36.7%	38.4%		
Total housing units	548,629	538,239	544,800	– 0.2	0.3
Owner vacancy rate	1.6%	2.9%	2.7%		
Rental vacancy rate	7.9%	14.4%	10.2%		
Median Family Income	$40,400	$59,800	$60,300	4.0	0.2

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through September 2013. Median Family Incomes are for 1999, 2009, and 2013.

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

Table DP-2. Jefferson Parish Submarket Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	2010 to Current
Total population	455,466	432,552	433,800	– 0.5	0.1
Total households	176,234	169,647	170,100	– 0.4	0.1
Owner households	112,549	108,044	105,700	– 0.4	– 0.6
Percent owner	63.9%	63.7%	62.1%		
Rental households	63,685	61,603	64,400	– 0.3	1.3
Percent renter	36.1%	36.3%	37.9%		
Total housing units	187,907	189,135	188,500	0.1	– 0.1
Owner vacancy rate	1.2%	2.2%	2.9%		
Rental vacancy rate	7.2%	13.1%	11.0%		

Note: Numbers may not add to totals because of rounding.

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

Table DP-3. Orleans Parish Submarket Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	Average Annual Change (%) 2010 to Current
Total population	484,674	343,829	377,900	– 3.4	2.7
Total households	188,251	142,158	156,200	– 2.8	2.7
Owner households	87,589	68,003	72,650	– 2.5	1.9
Percent owner	46.5%	47.8%	46.5%		
Rental households	100,662	74,155	83,500	– 3.0	3.4
Percent renter	53.5%	52.2%	53.5%		
Total housing units	215,091	189,896	193,200	– 1.2	0.5
Owner vacancy rate	2.2%	4.6%	3.5%		
Rental vacancy rate	7.9%	16.5%	10.0%		

Note: Numbers may not add to totals because of rounding.
Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Table DP-4. Remainder Submarket Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	Average Annual Change (%) 2010 to Current
Total population	376,370	391,383	408,400	0.4	1.2
Total households	134,102	143,341	149,700	0.7	1.2
Owner households	106,536	112,187	114,800	0.5	0.7
Percent owner	79.4%	78.3%	76.7%		
Rental households	27,566	31,154	34,900	1.2	3.3
Percent renter	20.6%	21.7%	23.3%		
Total housing units	145,631	159,208	163,100	0.9	0.7
Owner vacancy rate	1.5%	2.4%	2.0%		
Rental vacancy rate	9.2%	11.8%	9.0%		

Note: Numbers may not add to totals because of rounding.
Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
2010: 4/1/2010—U.S. Decennial Census
Current date: 10/1/2013—Analyst's estimates
Forecast period: 10/1/2013–10/1/2016—
Analyst's estimates

The metropolitan statistical area definition in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated December 1, 2009, and does not reflect changes defined by the OMB Bulletin dated February 28, 2013.

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 the U.S. Department of Housing and Urban Development's (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.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.

For additional data pertaining to the housing market for this HMA, go to www.huduser.org/publications/pdf/CMARtables_NewOrleansLA_14.pdf.

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This analysis has been prepared for the assistance and guidance of 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/portal/ushmc/chma_archive.html.