

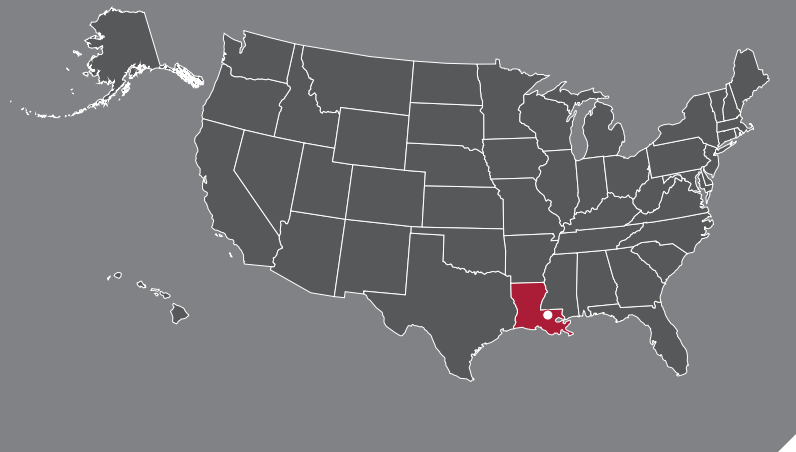
HUD PD&R Housing Market Profiles

Baton Rouge, Louisiana



Quick Facts About Baton Rouge

- **Current sales market conditions: balanced**
- **Current apartment market conditions: slightly soft**
- **During the 2021–22 fiscal year, the Baton Rouge campus of Louisiana State University (LSU) had an economic impact of approximately \$2.27 billion and supported approximately \$774 million in earnings in the state of Louisiana (LSU).**



By Nancy Smith | As of September 1, 2023

Overview

The Baton Rouge metropolitan area in southeast Louisiana is coterminous with the Baton Rouge, LA Metropolitan Statistical Area and includes Ascension, East Baton Rouge, East Feliciana, Iberville, Livingston, Pointe Coupee, St. Helena, West Baton Rouge, and West Feliciana Parishes. The principal city of Baton Rouge is home to the state capital and the flagship campus of LSU. The primary industry in the metropolitan area is petrochemical refining and exporting, partly due to the numerous natural gas pipelines in or near the metropolitan area. The industry also benefits from the Mississippi River, which flows through the metropolitan area and provides deepwater access to the Gulf of Mexico from the Port of Greater Baton Rouge, located in West Baton Rouge Parish. Two of the largest employers in the metropolitan area, Turner Industries Group, LLC and Exxon Mobil Corporation, employ people in the petrochemical industry. Turner Industries Group, LLC is a diversified industrial contractor headquartered in the city of Baton Rouge, and Exxon Mobil Corporation has five manufacturing facilities located within 14 miles of the Port of Greater Baton Rouge, four of which are in the city of Baton Rouge.

- As of September 1, 2023, the population of the Baton Rouge metropolitan area is estimated at 856,200, representing an

continued on page 2



continued from page 1

average increase of 1,950, or 0.2 percent, annually since April 2020. During this period, approximately 75 percent of the population growth was from net natural change, which averaged 1,475 people each year, with net in-migration accounting for the remaining 25 percent of population growth.

- By comparison, the metropolitan area population increased by 2,675, or 0.3 percent, annually from July 2015 to April 2020 (U.S. Census Bureau decennial census count and population estimates as of July 1, with estimates by the analyst). All the population growth during this period was attributed to net natural change, which averaged 3,775 people annually and was partially offset by net out-migration, averaging 1,100 people each year.

- As of July 1, 2022, the populations of East Baton Rouge, Livingston, and Ascension Parishes accounted for an estimated 53, 17, and 15 percent of the total population of the metropolitan area (U.S. Census Bureau population estimates as of July 1). Of the three parishes, the population of Livingston Parish grew the most from April 2020 to July 2022, increasing by an average of 2,725, or 1.9 percent, each year. By comparison, the population of East Baton Rouge Parish declined during the same period by an average of 2,775, or 0.6 percent, each year.

Economic Conditions

Economic conditions in the Baton Rouge metropolitan area are strong, but job growth slowed during the past year because the economy transitioned to expansion following the recovery of jobs lost due to the impact of the COVID-19 pandemic in August 2022 (monthly data, not seasonally adjusted). As of the 3 months ending August 2023, nonfarm payrolls increased year over year by 13,300 jobs, or 3.3 percent, to 420,000 jobs. By comparison, as of the 3 months ending August 2022, payrolls increased by 15,800 jobs, or 4.0 percent, annually. Strong job growth contributed to current payrolls being 2.8 percent above the level during the 3 months ending August 2019, the most recent corresponding period before the pandemic. For context, in 2020, payrolls in the metropolitan area fell by 27,300 jobs, or 6.6 percent, to 385,800 jobs due to the countermeasures to slow the spread of COVID-19.

As of the 3 months ending August 2023—

- The goods-producing sectors increased 10.4 percent, a faster pace than the service-providing sectors, which increased 1.6 percent. The mining, logging, and construction and the manufacturing sectors increased by 6,200 and 1,600 jobs, or 13.2 and 5.5 percent, respectively, compared with a year ago.
- The education and health services and the professional and business services sectors added the most jobs among the service-providing sectors, increasing by 2,600 and 1,900 jobs, or 4.5 and 3.6 percent, respectively.
- The government sector, the largest payroll sector in the metropolitan area, accounted for approximately 16 percent of all nonfarm payroll jobs. Due to a decline in the local government

continued on page 3

As of the 3 months ending August 2023, nonfarm payrolls in the Baton Rouge metropolitan area were up in 6 of 11 sectors from a year ago.

| | 3 Months Ending | | Year-Over-Year Change | |
|----------------------------------|----------------------------|----------------------------|-------------------------|---------|
| | August 2022 (Thousands) | August 2023 (Thousands) | Absolute (Thousands) | Percent |
| Total Nonfarm Payrolls | 406.7 | 420.0 | 13.3 | 3.3 |
| Goods-Producing Sectors | 76.2 | 84.1 | 7.9 | 10.4 |
| Mining, Logging, & Construction | 47.0 | 53.2 | 6.2 | 13.2 |
| Manufacturing | 29.2 | 30.8 | 1.6 | 5.5 |
| Service-Providing Sectors | 330.5 | 335.9 | 5.4 | 1.6 |
| Wholesale & Retail Trade | 54.2 | 53.6 | -0.6 | -1.1 |
| Transportation & Utilities | 18.1 | 17.9 | -0.2 | -1.1 |
| Information | 6.0 | 5.7 | -0.3 | -5.0 |
| Financial Activities | 18.7 | 19.8 | 1.1 | 5.9 |
| Professional & Business Services | 52.9 | 54.8 | 1.9 | 3.6 |
| Education & Health Services | 57.3 | 59.9 | 2.6 | 4.5 |
| Leisure & Hospitality | 38.2 | 39.6 | 1.4 | 3.7 |
| Other Services | 15.8 | 15.5 | -0.3 | -1.9 |
| Government | 69.4 | 69.1 | -0.3 | -0.4 |
| Unemployment Rate | 3.9% | 3.4% | | |

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

Source: U.S. Bureau of Labor Statistics

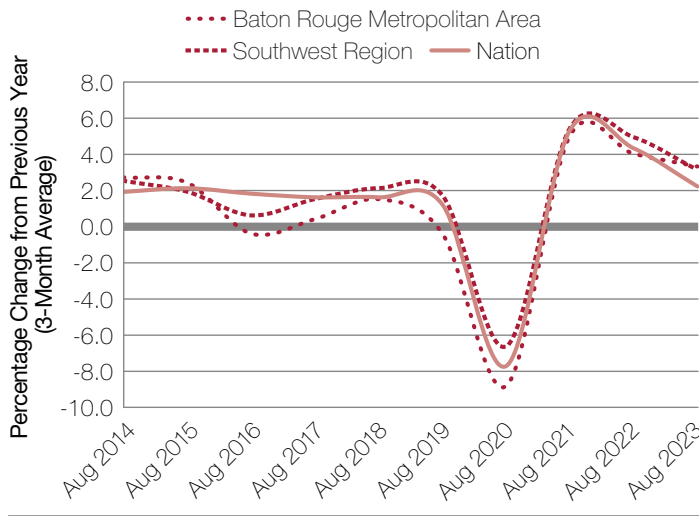


continued from page 2

subsector jobs, the government sector fell by 300 jobs, or 0.4 percent, compared with the 3 months ending August 2022.

- The unemployment rate averaged 3.4 percent, down from 3.9 percent a year ago and below the 5.7-percent rate from

As of the 3 months ending August 2023, nonfarm payrolls in the Baton Rouge metropolitan area grew at a faster rate than the Southwest region and the nation compared with a year ago.



Source: U.S. Bureau of Labor Statistics

2 years ago. Resident employment increased more quickly than the labor force, resulting in a decline in unemployment.

Although the primary industry in the metropolitan area is petrochemical refining and exportation, the metropolitan area is a regional hub for health care and benefits from the growth in the education and health services sector. The education and health services sector has been the second largest nonfarm payroll sector in the metropolitan area since recovering all jobs lost because of the impact of COVID-19 in 2021 when nonfarm payrolls in the sector slightly exceeded 2019 levels by 100 jobs, or less than 1 percent. Expansions at Baton Rouge General Medical Center (BRG) have supported jobs in the education and health services sector. In 2021, the BRG Regional Burn Center, a designated hazmat response hospital, opened expanded facilities that included more patient beds, and in 2023, BRG opened the Louisiana Center for Bariatrics, a treatment center that specializes in obesity medicine.

Largest Employers in the Baton Rouge Metropolitan Area

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

Note: Excludes local school districts.

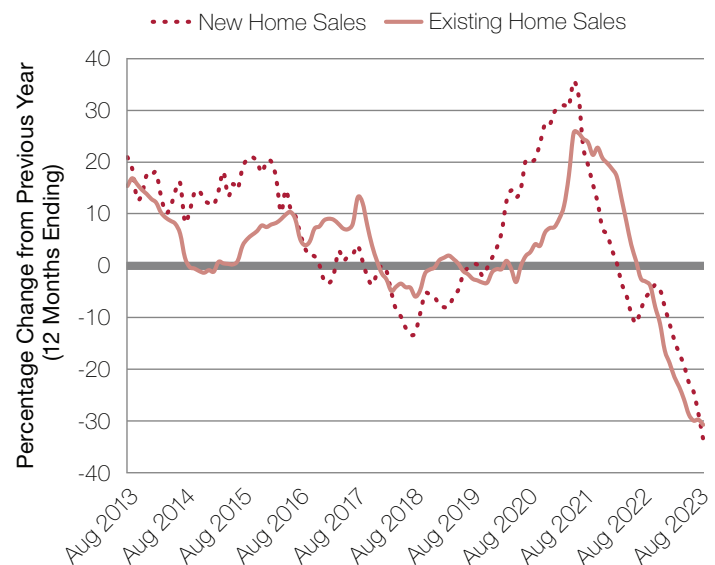
Source: Baton Rouge Area Chamber, 2020

Sales Market Conditions

Sales housing market conditions in the Baton Rouge metropolitan area are balanced, with an estimated vacancy rate of 1.7 percent, which is unchanged from April 2020. New and existing home sales in the metropolitan area decreased by 5,900, or 31 percent, to 13,000 homes sold during the 12 months ending August 2023, compared with a 4-percent decrease a year earlier. Increasing mortgage interest rates contributed to the decline in home sales during the past 2 years. Home sales in the metropolitan area reached a recent high during the 12 months ending February 2022, when 20,000 homes were sold, representing a 14-percent increase from a year earlier. As of August 2023, the metropolitan area had 2.7 months of for-sale inventory available, up slightly from 2.5 months a year ago (Redfin, a national real estate brokerage). As of August 2023, 1.9 percent of home loans in the metropolitan area were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into real estate owned (REO) status, down from 2.5 percent a year earlier (CoreLogic, Inc.). The percentage of seriously delinquent mortgages and REO properties in the metropolitan area reached a recent peak of 5.9 percent from August 2020 through February 2021, when weak economic conditions from the COVID-19 pandemic made it more difficult for many homeowners to stay current on mortgage payments, and a large number of home mortgages were in forbearance.

continued on page 4

The number of new and existing home sales decreased in the Baton Rouge metropolitan area during the 12 months ending August 2023; however, existing home sales decreased at a slightly slower pace than new home sales.



Note: Sales are for single-family homes, townhomes, and condominiums.

Source: CoreLogic, Inc.

continued from page 3

During the 12 months ending August 2023—

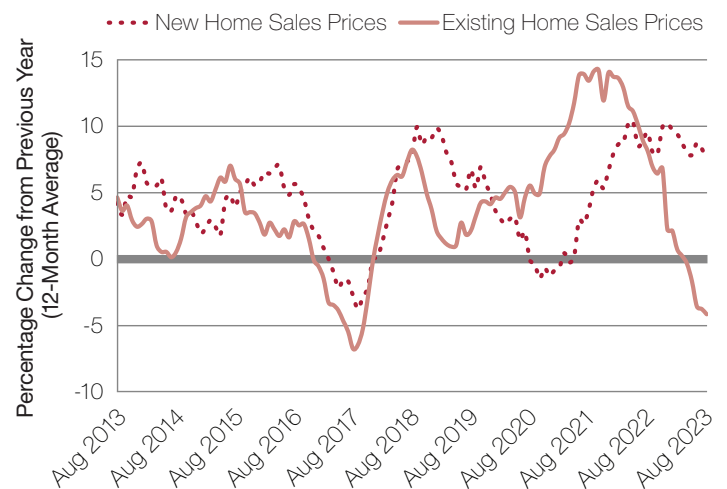
- New home sales decreased nearly 34 percent to 1,900 homes, compared with a decline of approximately 6 percent a year earlier. The average price for a new home increased 7 percent to \$334,800, compared with a 10-percent increase a year earlier. New home sales in the metropolitan area increased an average of 3 percent a year from 2016 through 2020 before rising 6 percent to approximately 2,975 homes in 2021.
- Existing home sales, which include resales and distressed sales, decreased nearly 31 percent to 11,100 homes, compared with an approximately 3-percent decrease a year earlier. The average price for existing homes decreased 4 percent to \$238,300, compared with an 8-percent increase a year earlier. Existing home sales fluctuated from 2016 through 2020 but increased an average of 3 percent annually during the period before rising 20 percent in 2021.
- Resales decreased by nearly 4,950 homes, or nearly 32 percent, to 10,750, compared with a decline of 3 percent a year earlier. The average price for a resale home fell 4 percent to \$240,800, compared with an 8-percent increase a year earlier.
- Distressed home sales accounted for 3 percent of existing home sales, which was up from 2 percent a year earlier. Short sales decreased by approximately 65 homes, or 30 percent, to 150 homes, and the average sales price increased 14 percent

to nearly \$205,000. REO sales increased by approximately 70 homes, or 51 percent, to 200 homes, and the average sales price decreased nearly 21 percent to approximately \$132,300.

Single-family homebuilding activity, as measured by the number of single-family homes permitted and estimates by the analyst, declined by 600, or 16 percent, to 3,175 homes during the 12 months ending August 2023. That decrease was due to a significant decline in demand for new homes in response to rapidly increasing mortgage interest rates. By comparison, single-family

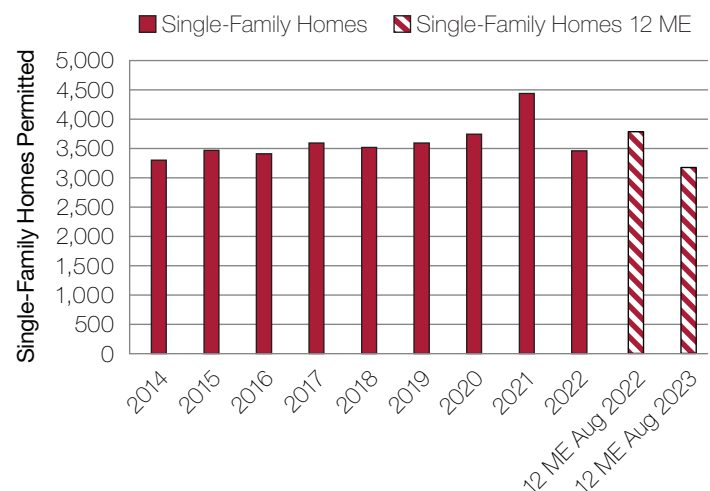
continued on page 5

Following a period of slowing price growth from late 2021 through early 2023, the average existing home sales price in the Baton Rouge metropolitan area declined each month since April 2023.



Note: Prices are for single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc.

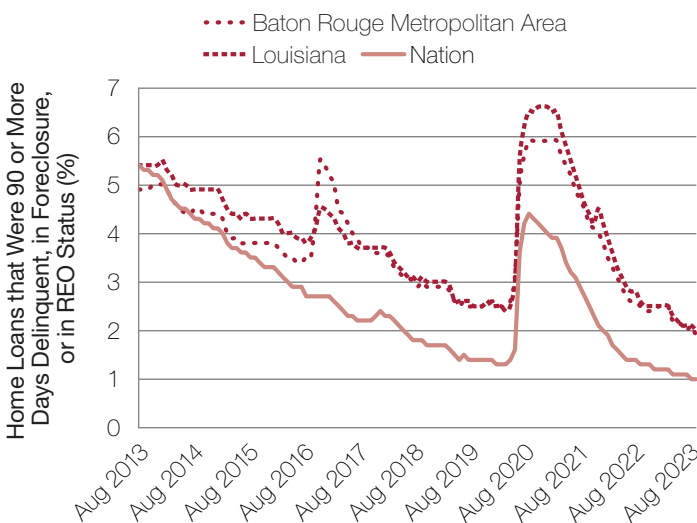
The number of single-family homes permitted in the Baton Rouge metropolitan area has declined since reaching a recent peak in 2021.



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2014–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

The percentage of home loans 90 or more days delinquent, in foreclosure, or recently transitioned to REO status in the Baton Rouge metropolitan area in August 2023 was 0.1 percentage point below the rate for the state of Louisiana and 0.9 percentage point above the rate for the nation.



REO = real estate owned.
Source: CoreLogic, Inc.



continued from page 4

homebuilding activity increased 4 percent during the 12 months ending August 2022, when demand for new homes decreased partly because mortgage interest rates began rising in March 2022. An estimated 1,675 homes are currently under construction.

- Homebuilding activity averaged 3,625 units permitted each year from 2018 through 2020 before rising to a recent peak of 4,425 units permitted in 2021, when demand for new homes was strong.
- Nearly 86 percent of the single-family homes permitted during the 12 months ending August 2023 were in

Ascension, East Baton Rouge, and Livingston, the three most populous parishes of the metropolitan area.

- In East Baton Rouge Parish, construction is underway at The Lakes at Harveston community in the southern portion of the city of Baton Rouge. Bardwell Homes recently began building a portion of the homes in the development, with 31 homes planned at buildout. Four homes are currently underway, with prices ranging from \$599,900 for a three-bedroom, two-and-one-half-bathroom home to \$689,900 for a four-bedroom, three-bathroom home.

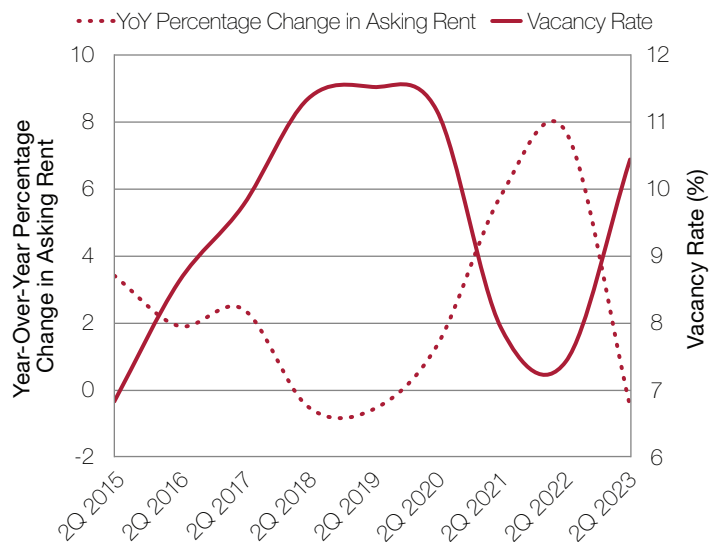
Apartment Market Conditions

Apartment market conditions in the Baton Rouge metropolitan area are slightly soft. Market conditions softened during the past year partly because increased apartment construction contributed to new apartment units entering the market and the absorption of apartment units declined. The average apartment vacancy rate increased 3.0 percentage points to 10.4 percent as of the second quarter of 2023, compared with the second quarter of 2022. During the same period, the average asking rent in the metropolitan area was \$1,129, down by \$6, or nearly 1 percent, from the second quarter of 2022.

As of the second quarter of 2023—

- Apartment vacancy rates in all of the 11 CoStar Group-defined market areas within the Baton Rouge metropolitan area increased from a year earlier. The lowest apartment vacancy rate was 5.8 percent in the West Feliciana Parish market area, up from 5.5 percent a year earlier. The 0.3-percentage point increase in the market area was the smallest increase in the metropolitan area. The highest vacancy rate was 16.2 percent in the North Baton Rouge Parish market area, up 7.6 percentage points from a year earlier, which represented the greatest vacancy rate increase among the 11 market areas.
- Despite rising apartment vacancy rates throughout the metropolitan area, the average asking apartment rent rose in 6 of the 11 market areas. The greatest average asking apartment rent increase occurred in the Outlying East Baton Rouge Parish market area, where the average asking rent was \$1,532, up by \$53, or nearly 4 percent, from a year earlier. The asking apartment rent decreased the most in the West Baton Rouge Parish market area, where the average asking apartment rent was \$1,055, down by \$207, or approximately 16 percent, from a year earlier.
- The Pointe Coupee Parish market area had the lowest asking apartment rent of \$404, and the Outlying East Baton Rouge Parish market area had the highest asking apartment rent of \$1,532.

As of the second quarter of 2023, the average apartment rent declined, and the average apartment vacancy rate increased in the Baton Rouge metropolitan area compared with a year ago.



2Q = second quarter. YoY = year-over-year.
Source: CoStar Group

- Student households accounted for an estimated 6 percent of renter-occupied units in the metropolitan area (estimates by the analyst). The vacancy rate for college student apartments in the metropolitan area was 10.9 percent, up from 7.8 percent a year earlier. College student apartments typically lease by the bedroom; the average rent per bed was \$689 during the second quarter of 2023, up nearly 8 percent from a year earlier.

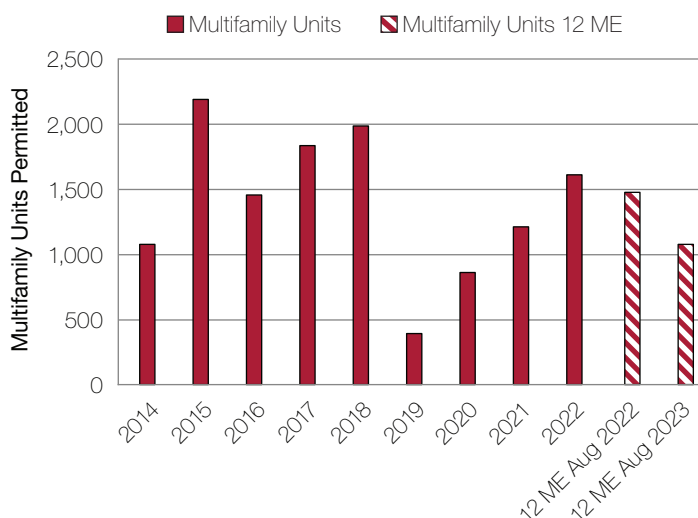
Multifamily construction activity in the Baton Rouge metropolitan area, as measured by the number of units permitted and analyst estimates, has fluctuated since 2014, ranging from a high of 2,200 units permitted in 2015 to a low of 390 units permitted in 2019.

continued on page 6

continued from page 5

- Builders decreased production during the past year as apartment market conditions shifted from balanced to slightly soft. During the 12 months ending August 2023, the number of multifamily units permitted totaled an estimated 1,075, down 27 percent from 1,475 units permitted a year earlier (preliminary data, with adjustments by the analyst).
- By contrast, multifamily permitting increased each year from 2020 through 2022, averaging 1,225 units permitted annually, as builders responded to falling apartment vacancy rates from 2020 through 2022 and balanced market conditions during 2021 and 2022.
- An estimated 1,550 multifamily units are currently under construction in the metropolitan area, most of which are in structures with five or more units in the city of Baton Rouge.
- The 300-unit Reserve at Howell Place development in the city of Baton Rouge is under construction and expected to be complete in February 2024. The development opened the first of 13 buildings for occupancy in June 2023, offering one-, two-, three-, and four-bedroom units with rents starting at \$815, \$1,003, \$1,150, and \$1,291, respectively.

Multifamily construction activity in the Baton Rouge metropolitan area declined during the past year in response to increased vacancies and declining rents.



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2014–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Terminology Definitions and Notes

A. Definitions

| | |
|--------------------------------|---|
| Building Permits | Building permits do not necessarily reflect all residential building activity. 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. |
| Distressed Sales | Short sales and real estate owned (REO) sales. |
| Existing Home Sales | Includes resales, short sales, and REO sales. |
| Home Sales/Home Sales Prices | Includes single-family home, townhome, and condominium sales. |
| Net Natural Change | Resident births minus resident deaths. |
| Resales | These are home closings that have no ties to either new home closings (builders) or foreclosures. They are homes that were previously constructed and sold to an unaffiliated third party. |
| Seriously Delinquent Mortgages | Mortgages 90 or more days delinquent or in foreclosure. |

B. Notes on Geography

| | |
|----|---|
| 1. | The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018. |
|----|---|