

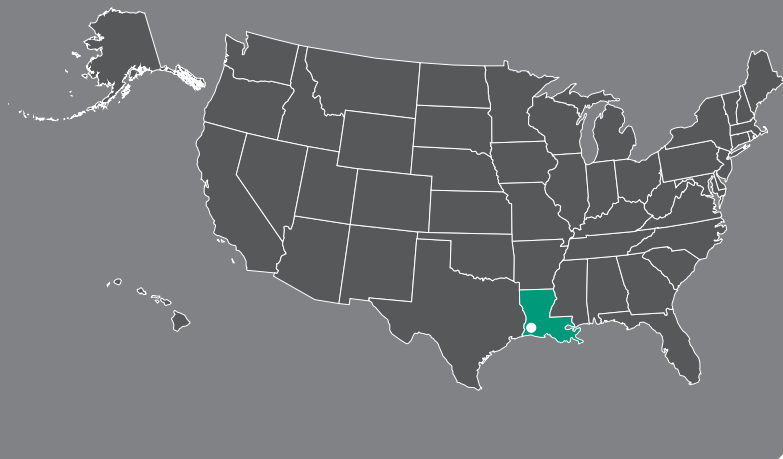
HUD PD&R Housing Market Profiles

Lake Charles, Louisiana



Quick Facts About Lake Charles

- **Current sales market conditions: balanced**
- **Current rental market conditions: slightly soft**
- **The metropolitan area is one of the largest casino and gaming regions in Louisiana, attracting many tourists from neighboring states and contributing more than \$36 million to the local economy.**



By Alexander Flowers | As of April 1, 2023

Overview

The Lake Charles Metropolitan Statistical Area (hereafter, Lake Charles metropolitan area) is in the southwest corner of Louisiana along the eastern border of Texas. The metropolitan area is coterminous with Calcasieu and Cameron Parishes. The metropolitan area is a center for liquid natural gas production and petroleum refinement, with large-scale construction projects devoted to expanding facilities in the area. Large employers in the metropolitan area include companies in oil and gas maintenance and regulation, such as Versa Integrity Group and Sun Industrial Group with more than 1,000 employees each, and refinement entities, such as the Citgo Petroleum Corporation. The metropolitan area is also home to chemical manufacturing facilities, such as Sasol Chemicals and Westlake Corporation, that create metallic alloys and plastics. In addition to energy-related products and refinement, the metropolitan area is home to a number of casinos and entertainment resorts, including the L'Auberge Casino Resort and Golden Nugget Lake Charles. The metropolitan area expanded strongly from 2014 through 2017 due to an increase in industrial construction projects

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that attracted workers to the area. However, because of the coronavirus pandemic, the devastation of Hurricanes Laura in August 2020 and Delta in October 2020, and a number of construction projects ending, the population in the region has declined significantly since 2020.

- As of April 1, 2023, the population of the metropolitan area is estimated at 205,600, representing an average annual decrease of 5,600, or 2.6 percent, since April 2020. Net out-migration averaged 5,650 people annually during the same period.

Economic Conditions

Economic conditions in the Lake Charles metropolitan area are weak. During the first quarter of 2023, nonfarm payrolls in the metropolitan area totaled 95,500 jobs, or 16 percent below the average of 113,800 jobs during the fourth quarter of 2019, before the pandemic. A significant ongoing decline in the mining, logging, and construction sector since 2018 contributed to strong net out-migration and population decline and reduced nonfarm payroll levels. Economic expansion was robust from the third quarter of 2021 through the first quarter of 2022 but has slowed during the past year as recovery from the COVID-19-related shutdowns has moderated. Of the three employment sectors that added jobs during the first quarter of 2023, only the government sector had a higher rate of growth compared with the first quarter of 2022.

During the first quarter of 2023—

- Nonfarm payrolls declined by 200 jobs, or 0.2 percent, from a year prior compared with a gain of 2,900 jobs, or

- The population of the metropolitan area grew by an average of 4,300 people, or 2.0 percent, from July 2014 through July 2017, with net in-migration averaging 3,375 and accounting for 79 percent of total population growth (U.S. Census Bureau population estimates as of July 1, with estimates by the analyst).
- Calcasieu Parish, which includes the city of Lake Charles, is the most populous parish in the metropolitan area, with an estimated 202,400 residents, or 98 percent of the population (U.S. Census Bureau, Vintage 2022 Population Estimates).

3.1 percent, in the first quarter of 2022 as the economy rebounded slightly following the COVID-19 pandemic.

- The mining, logging, and construction sector declined by 1,900 jobs, or 13 percent, from a year ago to 12,500 jobs and is continuing the trend that began during the first quarter of 2018, as several large-scale industrial construction projects have been completed.
- An increase in the leisure and hospitality sector of 500 jobs, or 4.1 percent, to 12,600 jobs offset some of the job decline in other sectors. Gains in the sector were a deceleration from the previous year when 1,200 jobs were added as casinos and entertainment venues reopened.
- The unemployment rate was 3.3 percent, down from 3.6 percent a year ago and below the national rate of 3.8 percent. The unemployment rate reached a peak of 12.5 percent during the second quarter of 2020.

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During the first quarter of 2023, nonfarm payrolls in the Lake Charles metropolitan area increased in the government, the leisure and hospitality, and the manufacturing sectors.

	3 Months Ending		Year-Over-Year Change	
	March 2022 (Thousands)	March 2023 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	95.7	95.5	-0.2	-0.2
Goods-Producing Sectors	25.0	23.3	-1.7	-6.8
Mining, Logging, & Construction	14.4	12.5	-1.9	-13.2
Manufacturing	10.6	10.9	0.3	2.8
Service-Providing Sectors	70.7	72.1	1.4	2.0
Professional & Business Services	9.6	9.4	-0.2	-2.1
Leisure & Hospitality	12.1	12.6	0.5	4.1
Government	13.6	13.9	0.3	2.2
Non-Reporting Sectors	35.4	36.2	0.8	2.3
Unemployment Rate	3.6%	3.3%		

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

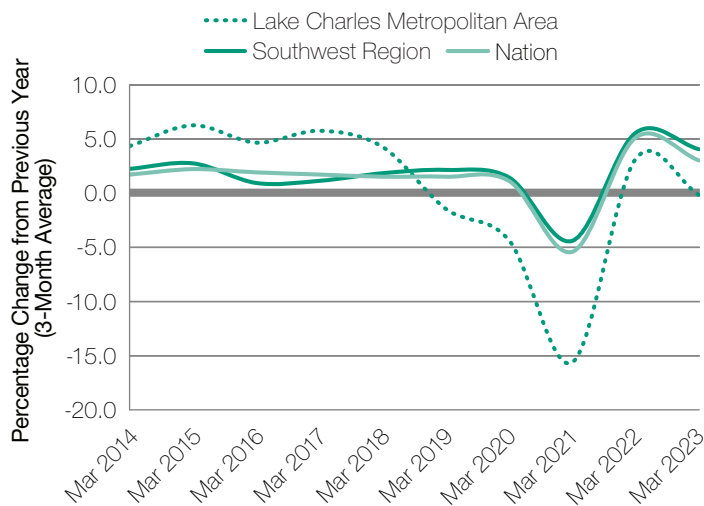
Source: U.S. Bureau of Labor Statistics



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Although the leisure and hospitality sector has grown for 2 consecutive years, the sector has yet to recover to the prepandemic level (as measured by the fourth quarter of 2019).

Nonfarm payrolls in the Lake Charles metropolitan area began to decline rapidly in late 2018 and continued through the first quarter of 2021, a combined effect of the completion of wide-scale construction projects and the onset of the COVID-19 pandemic.



Source: U.S. Bureau of Labor Statistics

The leisure and hospitality sector is largely composed of the casino and gaming industry, capitalizing on its proximity to the border and drawing customers from neighboring Texas, where gambling is illegal. Many of the casinos, such as the L'Auberge Casino Resort and Golden Nugget Lake Charles, are among the top employers in the region, with more than 1,000 employees each. An additional casino, the Isle of Capri Riverboat, was shuttered following heavy damage from Hurricanes Laura and Delta, combined with a reduced number of visitors partly due to the coronavirus pandemic. However, the casino recently rebranded as the Horseshoe Lake Charles Hotel and Casino and opened on land at the end of 2022, with plans to add 700 new jobs to the metropolitan area at full capacity, aiding recovery.

Largest Employers in the Lake Charles Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Lake Charles Memorial Health System	Education & Health Services	1,000+
L'Auberge Casino Resort	Leisure & Hospitality	1,000+
Westlake Corporation	Manufacturing	1,000+

Note: Excludes local school districts.

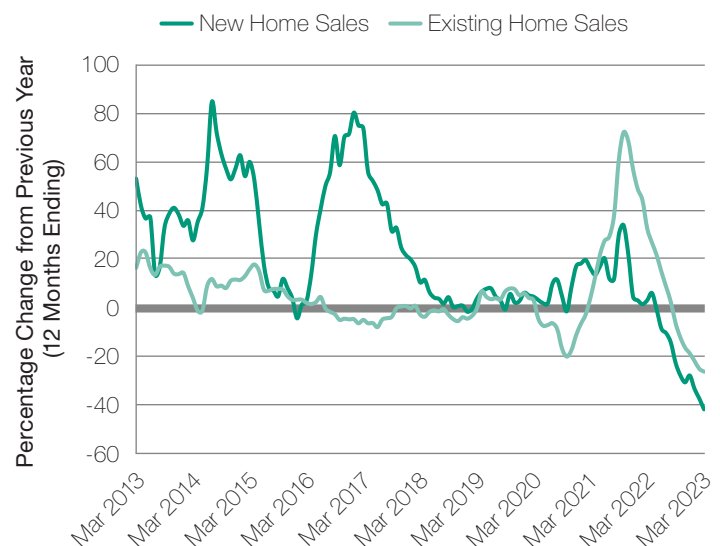
Source: Southwest Louisiana Economic Development Alliance

Sales Market Conditions

The sales housing market in the Lake Charles metropolitan area is currently balanced with an estimated vacancy rate of 1.5 percent, up from 1.4 percent in April 2010. Market conditions have tightened during the past 2 years because single-family homes damaged or destroyed in the natural disasters of 2020 affected the available inventory of homes for sale. As a result, home sales and home sales prices increased, although strong levels of net out-migration tempered demand. However, conditions eased slightly in the past 6 months, as home sales have declined to levels akin to prepandemic figures in the face of increasing interest rates and a continuously declining population. Total home sales declined by 1,550, or 28 percent, to 3,900 homes sold during the 12 months ending March 2023 from a year prior, and the average home price increased by \$330, or 0.2 percent (CoreLogic, Inc.). Partially a result of the COVID-19 pandemic, the percentage of home loans in the metropolitan area that were seriously delinquent or had transitioned into real estate owned status rose sharply during 2020, in line with Louisiana and national trends, and reached a peak of 9.8 percent in December 2020. The rate

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New home sales accelerated in 2021 before decelerating in 2022 to the lowest number of sales since 2016.



Note: Includes single-family homes, townhomes, and condominiums.

Source: CoreLogic, Inc., with adjustments by the analyst

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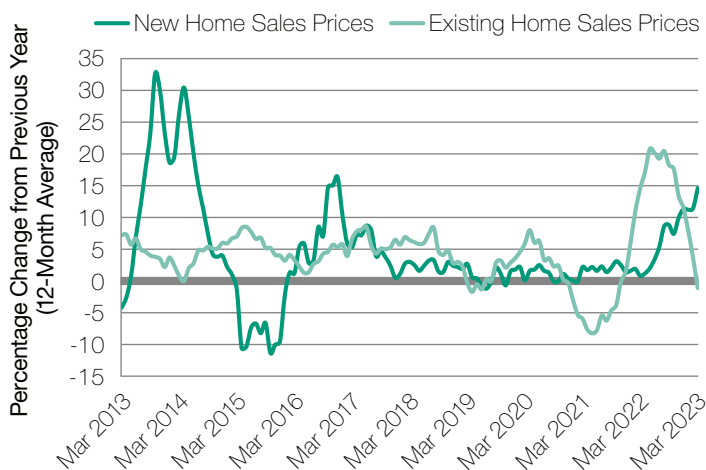
in the metropolitan area has since declined to 2.4 percent as of March 2023 but remains above prepandemic levels. By comparison, the respective rates for Louisiana and the nation were 2.3 and 1.1 percent during March 2023, below prepandemic levels.

During the 12 months ending March 2023—

- New home sales totaled 390 in the metropolitan area, down 270 homes, or 41 percent, from the 660 homes sold during the 12 months ending March 2022 (CoreLogic, Inc., with adjustments by the analyst), which is a decline of 450, or 46 percent, from the all-time peak of 720 in the 12 months ending October 2021. Increasing prices and rising interest rates have hindered demand.
- Existing home sales totaled 3,500, a decrease of 1,275 homes sold, or 27 percent, from the previous 12 months, as net out-migration and population decline in the metropolitan area limited demand. Existing home sales reached an all-time high of 4,950 during the 12 months ending November 2021.
- The average sales price for a new home was \$272,700, up \$34,800, or 15 percent, from the 12 months ending March 2022, which is the largest numerical increase in the average new home sales price since the 12 months ending June 2014.
- The average sales price for an existing home was \$182,100, a decrease of \$2,075, or 1.1 percent, from a year ago. By comparison, existing home prices increased by \$23,350, or 15 percent, during the 12 months ending March 2022.

The construction of sales units in the metropolitan area, as measured by single-family permitting, has continued the trend

Existing home sales price growth accelerated in late 2021 but has decelerated since 2022, and prices are currently flat, whereas new home sales prices have accelerated since 2022.



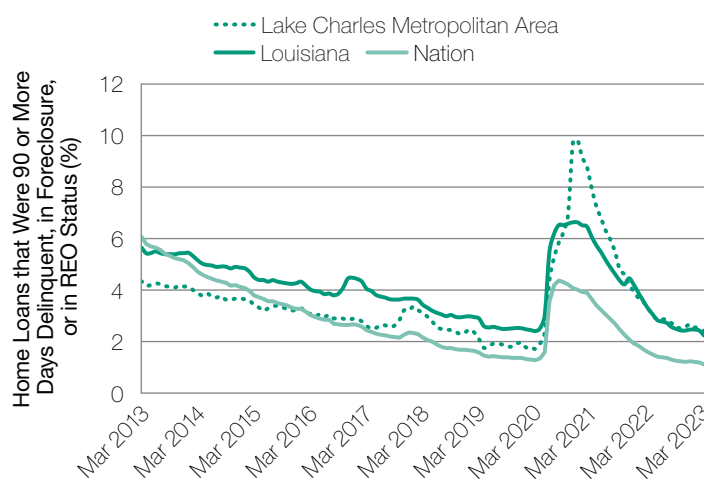
Note: Includes single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc., with adjustments by the analyst

of decline after the recent peak of 1,100 in 2020. As net out-migration increased strongly in the metropolitan area and thousands of construction workers left the region, the annual number of single-family homes permitted fell below the average of 1,075 homes permitted annually from 2017 through 2020.

- The number of single-family homes permitted declined by 75, or 8 percent, to 820 during the 12 months ending

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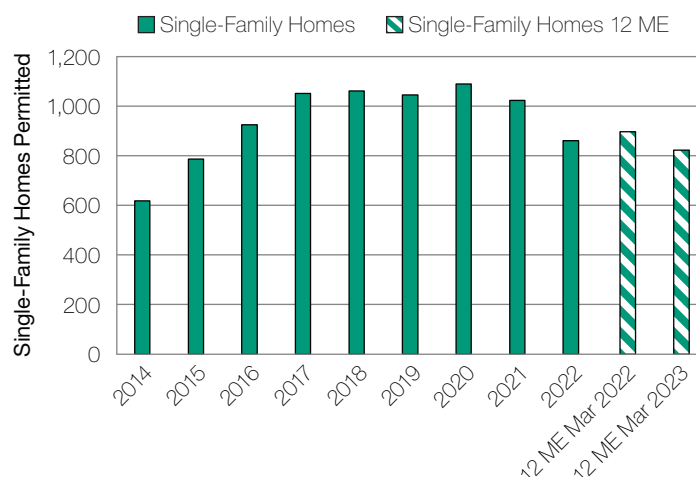
The percentage of home loans 90 or more days delinquent, in foreclosure, or recently transitioned to REO status in the Lake Charles metropolitan area rose sharply following the onset of COVID-19, rising continuously before beginning to decline in 2021.



REO = real estate owned.

Source: CoreLogic, Inc., with adjustments by the analyst

Single-family permitting in the Lake Charles metropolitan area increased from 2014 through 2017 and averaged 1,050 units permitted annually from 2018 through 2021 before declining in 2022.



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

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March 2023 from the previous year (preliminary data, with estimates by the analyst).

- A total of 260 homes, or 32 percent of all single-family units completed in the metropolitan area during the 12 months ending March 2023, were built in the city of Lake Charles, down from 320 homes, or 35 percent, during the 12 months prior. By comparison, during the same period, 290 homes, or 53 percent of all single-family units completed, were in rural, unincorporated areas of Calcasieu Parish.

Rental Market Conditions

The overall rental market in the Lake Charles metropolitan area is currently slightly soft, with an estimated 8.0 percent vacancy rate, down from 11.9 percent in 2010. The apartment market in the metropolitan area is currently soft but improving after a significant softening from 2019 through 2021, as many large-scale industrial construction projects ended and construction workers began leaving the area en masse. Total absorption in the 12 months ending March 2023 was 230 units, up from 50 units a year prior, as several multifamily units damaged in Hurricanes Delta and Laura began to come back online (CoStar Group).

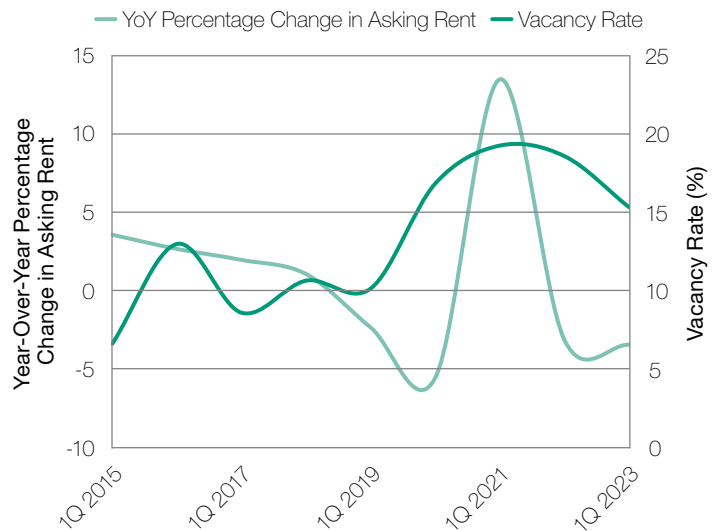
During the first quarter of 2023—

- The apartment vacancy rate in the metropolitan area averaged 15.3 percent, down from 18.6 percent during the same quarter a year earlier. The apartment vacancy rate rose from 8.6 percent during the first quarter of 2017 to 19.2 percent during the first quarter of 2021.
- The average vacancy rates by bedroom size in the metropolitan area were 16.1, 15.8, and 16.1 percent for one-, two-, and three-bedroom units, respectively, down from 20.4, 19.1, and 20.4 percent during the first quarter of 2022.
- Apartment asking rents in the metropolitan area averaged \$1,007, a decrease of \$35, or 3 percent, from \$1,042 a year prior. This rate of decline is relatively unchanged from the annual rent decrease in the first quarter of 2022, which declined by \$33, or 3 percent.
- One-bedroom apartments in the metropolitan area had the largest rent decline from the first quarter of 2022, down \$43, or 5 percent, to \$890.

Multifamily construction activity in the metropolitan area, as measured by the number of units permitted and estimates by the analyst, increased during the past year following a 2-year period of little permitting, as many of the multifamily units that Hurricanes Laura and Delta damaged reentered the market

- Several construction projects are ongoing throughout the metropolitan area, including Five Treasures, a collection of single-family homes in Lake Charles with three- and four-bedrooms ranging between \$284,900 and \$305,900; Cypress Trace, a subdivision in Moss Bluff with three-, four-, and five-bedroom homes ranging between \$218,000 and \$323,000; and Sawgrass at West Trace, a community in Westlake with three-, four-, and five-bedroom homes ranging between \$250,000 and \$350,000.

The apartment vacancy rate and change in asking rent peaked in 2021 in the Lake Charles metropolitan area partly due to damage from Hurricanes Laura and Delta.



1Q = first quarter. YoY = year-over-year.
Source: CoStar Group

and the population of the metropolitan area declined. During the 12 months ending March 2023, 340 multifamily units were permitted in the metropolitan area, the highest annual total since 2019 and a significant increase from the 40 units permitted during the 12 months ending March 2022 (preliminary data).

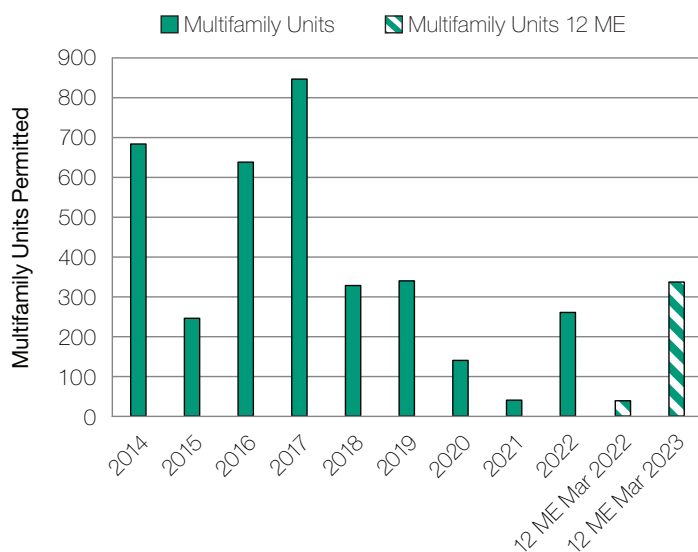
- Multifamily permitting increased in the metropolitan area each year from 250 units in 2015 to a peak of 850 units permitted in 2017 in response to the large levels of in-migration and increasing population, partly due to increased industrial construction. As construction projects ended and a series of natural disasters contributed to a shrinking population and a large level of net out-migration, multifamily permitting fell by 200 units annually from 2017 to a low of 40 in 2021.

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- An estimated 290 apartment units are currently under construction in the metropolitan area, all in the city of Lake Charles.
- Recent developments include Woodring Apartments, a mixed-income, 130-unit apartment community that broke ground in the summer of 2023, with an anticipated completion date of summer 2024. The community will accept Section 8 vouchers, and approximately 90 units will have income restrictions, with the remaining units offered at market-rate rents.
- A number of apartment complexes are currently under renovation following Hurricanes Laura and Delta in late 2020 and are currently in the process of opening at partial capacity, including the Prien Lake Reserve, a 198-unit apartment development with one-, two-, and three-bedroom units offered at \$830, \$933, and \$1,145 per month, respectively, and Acadian Oaks, a 51-unit complex with one-, two-, and three-bedroom units with average monthly rents at \$869, \$981, and \$1,227, respectively.

Multifamily permitting in the Lake Charles metropolitan area peaked in 2017, and a prolonged period of reduced permitting has occurred since 2018.



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.
Existing Home Sales	Includes resales, short sales, and real estate owned sales.
Home Sales/Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Rental Vacancy Rate	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.
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.
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