

Economic Conditions

Nonfarm payrolls in the Lafayette HMA totaled 157,600 jobs during the 12 months ending August 2013, an increase of 3,100 jobs, or 2.0 percent, compared with the number of jobs recorded during the 12 months ending August 2012. The local economy has fully recovered from the modest employment downturn that occurred in 2009 and 2010, during which time payrolls declined by a total of 4,400 jobs, to 147,600 jobs. Job losses during that time were concentrated primarily in the mining, logging, and construction sector and were a result of a temporary contraction of the local oil and gas industry.

The HMA has benefited from the recent boom in oil and gas exploration. Located in an oil-rich area and not far from the Gulf Coast, the HMA is a preferred spot to locate oil and gas service firms, oil and gas equipment fabricators, and oil and gas extraction firms exploring southern Louisiana and the Gulf of Mexico. The more than 35 companies in the oil and gas industry that are located in the HMA employ about 13,300 people. The mining, logging, and construction sector includes Schlumberger Limited and Wood Group PSN Limited, the second and third largest employers in the HMA, with 2,000 and 1,900 employees, respectively (Table 2).

Many people and a significant number of companies from New Orleans and other coastal areas that were damaged by Hurricanes Katrina and Rita in 2005 relocated to the Lafayette HMA, which did not experience direct damage from the hurricanes. The companies that relocated to the HMA after the hurricanes occurred have had a significant effect on the economy of the HMA. From 2005 through 2008, the number of jobs in the HMA increased by an average of 4,700 a year; from 2000 through 2004, the number of jobs in the HMA increased by only 330 annually. Most of the job growth from 2005 through 2008 occurred in the mining, logging, and construction sector, which added an average of 4,300 jobs annually. The sector lost 1,050 jobs annually during 2009 and 2010 but added 1,100 jobs a year during 2011 and 2012. Figure 1 shows sector growth in the HMA from 2000 to the current date.

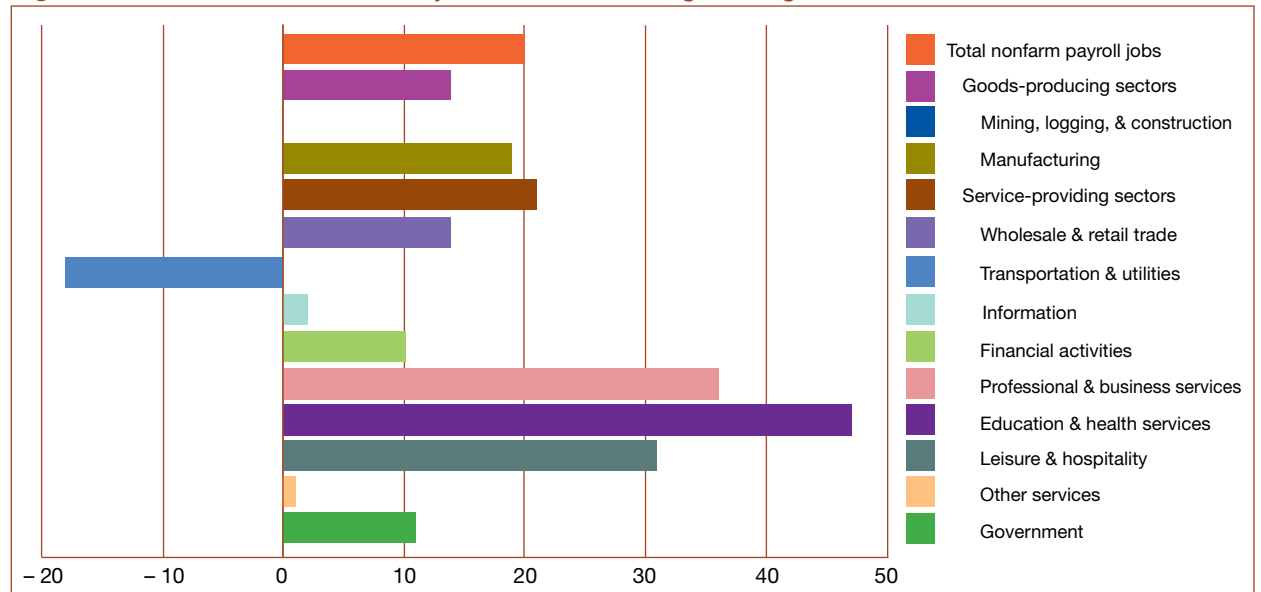
During the 12 months ending August 2013, job gains were highest in the leisure and hospitality and the professional and business services sectors, which increased by 1,000 and 900 jobs, or 6.4 and 5.1 percent, respectively (Table 3). The growth in the leisure and hospitality sector was primarily because of increases in the accommodation and food services industry, which added about 510 jobs. The professional, scientific, and technical services industry added about 530 jobs to the professional and business services sector during the 12 months ending August 2013. The only sectors to lose jobs were the information and government sectors, which declined by 100 and 300 jobs, or 4.0 and 1.7 percent, respectively. Although nonfarm payrolls in the government sector declined, UL Lafayette enrolled

Table 2. Major Employers in the Lafayette HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Lafayette General Medical Center	Education & health services	2,000
Schlumberger Limited	Mining, logging, & construction	2,000
Wood Group PSN Limited	Mining, logging, & construction	1,900
University of Louisiana	Government	1,900
Wal-Mart Stores, Inc.	Wholesale & retail trade	1,700
Baker Hughes Incorporated	Professional & business services	1,500
Our Lady of Lourdes Regional Medical Center	Education & health services	1,425
WHC Inc.	Mining, logging, & construction	1,400
Island Operating Company, Inc.	Professional & business services	1,250
Stuller, Inc.	Manufacturing	1,200

Note: Excludes local school districts.

Source: Lafayette Economic Development Authority

Figure 1. Sector Growth in the Lafayette HMA, Percentage Change, 2000 to Current

Notes: Current is based on 12-month averages through August 2013. During this period, jobs in the mining, logging, and construction sector showed no net change.

Source: U.S. Bureau of Labor Statistics

Table 3. 12-Month Average Nonfarm Payroll Jobs in the Lafayette HMA, by Sector

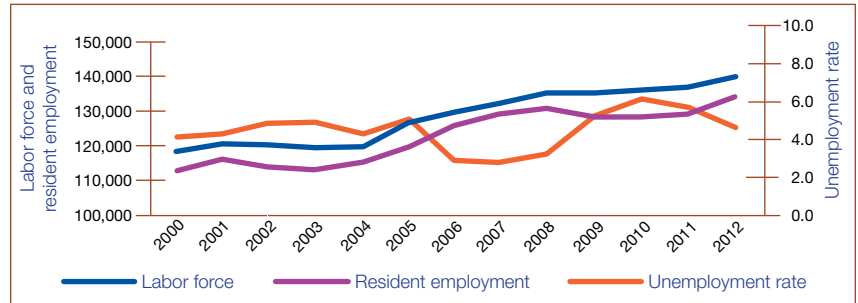
	12 Months Ending August 2012	12 Months Ending August 2013	Absolute Change	Percent Change
Total nonfarm payroll jobs	154,500	157,600	3,100	2.0
Goods-producing sectors	35,000	35,700	700	2.0
Mining, logging, & construction	24,000	24,200	200	0.8
Manufacturing	11,000	11,400	400	3.6
Service-providing sectors	119,600	122,000	2,400	2.0
Wholesale & retail trade	26,000	26,200	200	0.8
Transportation & utilities	3,700	3,900	200	5.4
Information	2,500	2,400	-100	-4.0
Financial activities	8,800	8,900	100	1.1
Professional & business services	17,800	18,700	900	5.1
Education & health services	23,300	23,700	400	1.7
Leisure & hospitality	15,700	16,700	1,000	6.4
Other services	4,600	4,600	0	0.0
Government	17,200	16,900	-300	-1.7

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

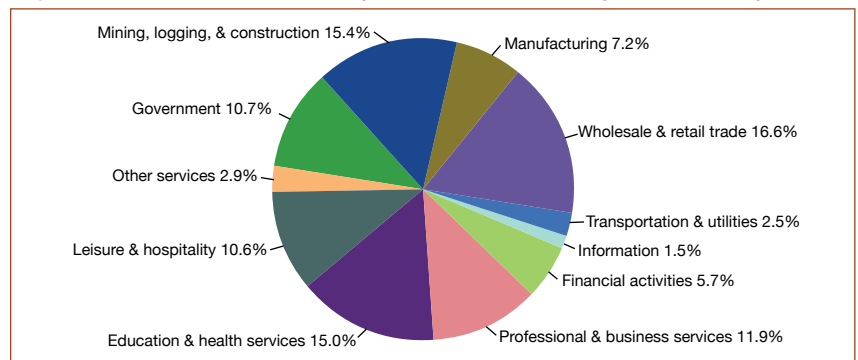
Source: U.S. Bureau of Labor Statistics

approximately 16,400 students and employed about 1,900 faculty and staff, and it had a \$726 million economic effect in the Lafayette HMA (UL Lafayette estimates). The unemployment rate during the 12 months ending August 2013 averaged 4.7 percent, decreasing from 5.2 percent a year earlier (Figure 2).

The HMA serves as a healthcare center for the south-central Louisiana region, with 15 percent of jobs in the HMA in the education and health services sector (Figure 3). During the 12 months ending August 2013, the education and health services sector added 400 jobs, an increase of 1.7 percent, primarily as a result of

Figure 2. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Lafayette HMA, 2000 Through 2012

Source: U.S. Bureau of Labor Statistics

Figure 3. Current Nonfarm Payroll Jobs in the Lafayette HMA, by Sector

Note: Based on 12-month averages through August 2013.

Source: U.S. Bureau of Labor Statistics

expansions at a number of medical facilities. Lafayette General Medical Center, the largest private employer in the HMA, with 2,000 employees, invested \$51.5 million in 2011 to expand its emergency department and add a new surgical platform. Construction of the \$25.7 million Park Place Surgical Hospital on the campus of Our Lady of Lourdes Regional Medical Center is expected to be complete in the spring of 2014. The Schumacher Group, a healthcare resource company that recently completed a \$16.7 million expansion of its headquarters in the city of Lafayette, is expected to add 150 jobs in 2014.

Job growth is expected to continue during the 3-year forecast period, with stronger growth in each successive year. During the forecast period, nonfarm payrolls are expected to increase by an average of 3,150 jobs, or 2.0 percent,

annually. Growth is expected to continue in the mining, logging, and construction and the education and health services sectors.

Oil and gas exploration projects valued at more than \$19.5 million are under way in the HMA. Plains Exploration & Production Company started construction on a 120,000-square-foot warehouse and administrative offices in Broussard. The facility will support new deepwater operations and will add 600 jobs to the company's present workforce of 220 employees. Advanced Integrated Services Inc. is also undergoing an expansion that will generate 70 new jobs in Youngsville. Forum Energy Technologies in St. Martin Parish will complete its production plant that manufactures onshore and offshore drilling equipment in early 2014, creating 125 jobs during the forecast period.

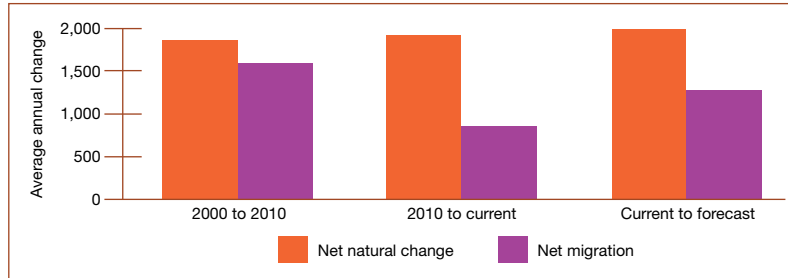
Population and Households

The estimated population of the Lafayette HMA is currently 283,300. Approximately 81 percent of the population in the HMA resides in

Lafayette Parish. Since 2010, the population of the HMA has increased by approximately 2,800, or 1.0 percent, annually. From July 2006 through July 2009, the population increased annually by an estimated 3,675, or 1.4 percent, after growing by 8,525, or 3.4 percent, in 2005, as a result of relocations to the HMA from New Orleans and other parts of the state because of the damage caused by Hurricanes Katrina and Rita. By comparison, the population increased by an average of 2,500 annually from 2001 through 2004. Net in-migration averaged 1,700 people annually, or 30 percent of population growth, from July 2006 through July 2009 but has declined to an average of 870 people annually, or 45 percent of population growth, since 2010. By comparison, net in-migration averaged 990 people annually from 2001 through 2004. Figure 4 shows the components of population change in the HMA from 2000 to the forecast date.

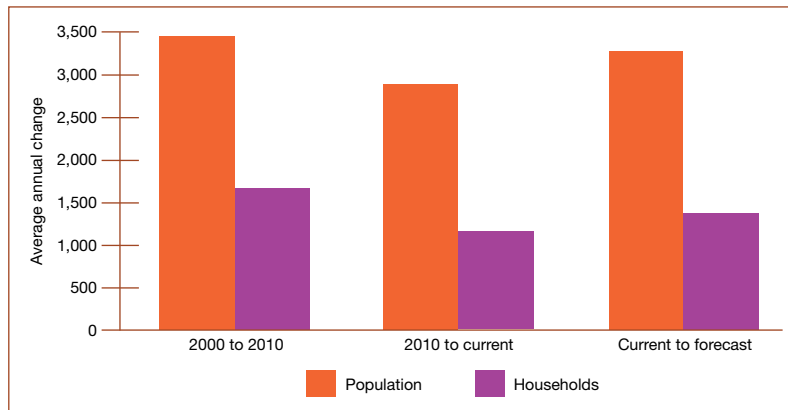
An estimated 110,250 households reside in the HMA, an increase of 1,175, or 1.1 percent, annually since 2010 (Figure 5). The number of households in the HMA increased by 1,675, or 1.7 percent, annually, from 89,550 households in 2000 to 106,250 households in 2010. The homeownership rate in the HMA declined from 2000 to 2010, from 69.0 to 67.7 percent (Figure 6). The homeownership rate has declined slightly since 2010 and is currently estimated at 67.4 percent. Two factors have contributed to the recent decline in the homeownership rate: (1) lending institutions have tightened requirements for potential homebuyers, and (2) more new households have become renters, which is also the case nationally.

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



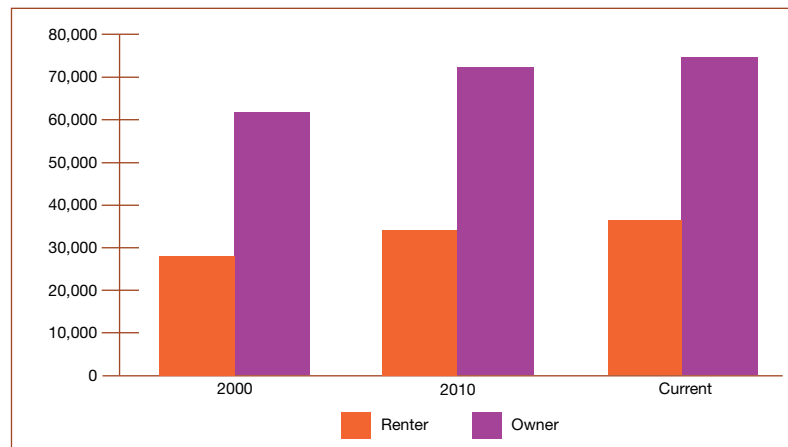
Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

Figure 5. Population and Household Growth in the Lafayette 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 Lafayette HMA, 2000 to Current



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

During the 3-year forecast period, population and household growth are expected to surpass the rates recorded since 2010 because of the anticipated economic expansion. The population is expected to increase by an average of 3,275, or 1.1 percent, annually

during the next 3 years. By September 1, 2016, the total population is projected to be 293,100. The number of households is expected to grow by 1,375, or 1.2 percent, annually to reach approximately 114,400 households by September 1, 2016.

Housing Market Trends

Sales Market

The sales housing market in the Lafayette HMA has remained balanced since 2007 after tightening briefly in 2005 and 2006 immediately after Hurricanes Katrina and Rita occurred. The sales vacancy rate is estimated at 1.5 percent, down from 1.7 percent in April 2010. Approximately 4,525 new and existing homes (including single-family homes, townhomes, and condominiums) sold during the 12 months ending August 2013, an increase of 800 homes, or 21 percent, compared with the number sold during the 12 months ending August 2012 (Van Eaton & Romero REALTORS®). Home sales are 46 percent higher than the average of 3,125 homes sold from 2009 through 2011. The average sales price of a home was approximately \$195,900 during the 12 months ending August 2013, down \$1,025, relatively unchanged compared with the average sales price during the 12 months ending August 2012. The current home sales price is 5 percent less than the peak price of \$207,000 recorded in 2008 but is 13 percent more than the average sales price of \$173,700 recorded from 2009 through 2011.

During the 12 months ending August 2013, REO (Real Estate Owned) home sales totaled 310, which represents about 7 percent of total sales, down 3 percent from the 320 REO sales, or 9 percent of total sales during the 12 months ending August 2012. The average sales price of an REO home was \$119,400 during the 12 months ending August 2013, up more than 3 percent from the average price of \$115,600 during the 12 months ending August 2012. The number of home loans in the Lafayette HMA that were 90 or more days delinquent, were in foreclosure, or transitioned into REO represented 3.4 percent of total home loans in August 2013, down from 4.2 percent in August 2012 (Black Knight Financial Services, Inc.). The rate of distressed mortgages in the HMA remains below the state and national average of 5.9 percent each.

Single-family homebuilding activity, as measured by the number of single-family homes permitted, increased by about 420, to 1,300 homes permitted during the 12 months ending August 2013, a 48-percent increase compared with the number permitted during

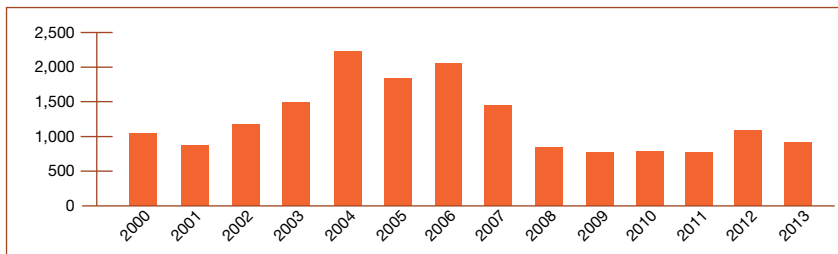
the 12 months ending August 2012. The current level of single-family construction is 36 percent lower than it was during the peak years of 2004 through 2006, when permitting averaged 2,025 homes annually. By comparison, from 2007 through 2011, the number of single-family homes permitted declined to an average of 910 homes annually. Figure 7 shows the number of single-family homes permitted by year since 2000.

New home construction currently is concentrated in the southern and southeastern areas of Lafayette Parish in the municipalities of Broussard and Youngsville. Several new single-family

housing subdivisions are under development in the HMA (Coldwell Banker Pelican Real Estate). These subdivisions include Grand Pointe in the southern part of the city of Lafayette, where 30 of 70 planned homes are complete. Homes at Grand Pointe range in size from approximately 1,650 to 2,900 square feet and in price from \$257,400 to \$533,200. At the Fortune Hills development in Youngsville, 58 of the planned 103 homes are built. These homes range in size from about 1,700 to 2,225 square feet and range in price from \$232,100 to \$308,600. Jordan Estates, in Broussard, is a new development that is expected to include 100 homes, of which 55 are built. New home sales prices in this subdivision range from \$199,900 to \$253,900 and sizes range from 1,550 to 1,880 square feet.

During the 3-year forecast period, demand is estimated for 4,125 new homes in the HMA, which includes an estimated demand for 200 mobile homes (Table 1). The 470 homes currently under construction will meet a portion of this demand. Demand is expected to be greatest in the \$150,000-to-\$179,999 price range. Prices are estimated to start at \$50,000 for new mobile homes and at \$120,000 for new single-family homes. Table 4 lists the estimated demand for new market-rate sales housing in the HMA by price range. Builders should also be aware that an estimated 4,925 other vacant units are in the HMA and that a portion of these units will likely come back on line and satisfy some of the forecast demand.

Figure 7. Single-Family Homes Permitted in the Lafayette HMA, 2000 to 2013



Notes: Includes townhomes. Includes data through August 2013.

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

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Lafayette HMA, September 1, 2013, to September 1, 2016

Price Range (\$)		Units of Demand	Percent of Total
From	To		
120,000	129,999	590	15.0
130,000	139,999	590	15.0
140,000	149,999	790	20.0
150,000	179,999	980	25.0
180,000	199,999	390	10.0
200,000	249,999	350	9.0
250,000	299,999	120	3.0
300,000	and higher	120	3.0

Notes: The 470 homes currently under construction and a portion of the estimated 4,925 other vacant units in the HMA will likely satisfy some of the forecast demand. Excludes mobile homes.

Source: Estimates by analyst

Rental Market

The rental housing market in the Lafayette HMA is currently soft but improving. As of September 1, 2013, the overall rental vacancy rate, which includes single-family homes, mobile homes, and apartment units, is estimated at 8.0 percent, down slightly from 8.5 percent in April 2010 (Figure 8). Apartment market conditions are balanced and better than the overall rental market. Apartments account for approximately 35 percent of all rental units in the HMA; the remainder of the rental stock primarily consists of single-family homes and mobile homes. During the third quarter of 2013, the apartment vacancy rate in the HMA was 6.1 percent, down slightly from 6.3 percent in the third quarter of 2012 (Reis, Inc.). The average apartment rent in the HMA increased more than 3 percent, to about \$820, during the third quarter

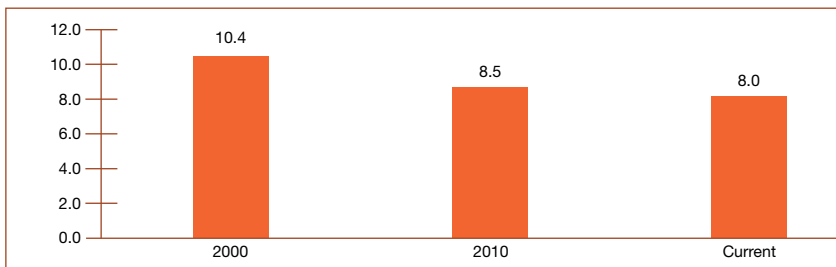
of 2013. Apartment rents averaged \$590 for a one-bedroom unit, \$700 for a two-bedroom unit, and \$1,140 for a three-bedroom unit.

Multifamily construction activity, as measured by the number of units permitted, increased slightly in the past year. During the 12 months ending August 2013, approximately 140 multifamily units were permitted in the HMA compared with the 130 units permitted during the previous 12-month period. An average of 160 units were permitted annually from 2000 to 2004. After Hurricanes Katrina and Rita in 2005, multifamily production increased in response to the influx of evacuees. From 2005 through 2008, the number of multifamily units permitted averaged 570 a year, and then, from 2009 through 2011, the number of units permitted declined to an average of 120 annually (Figure 9).

Recent developments include Joie De Vivre, a 73-unit complex that was completed and opened in October 2012. The rents at this project are subsidized and income restricted. One multifamily development currently under construction in the HMA is Waterview at Sugar Mill Pond in Youngsville. The 160-unit complex is expected to be complete by late 2015, and rents are expected to start at \$1,050 for one-bedroom units and \$1,250 for two-bedroom units.

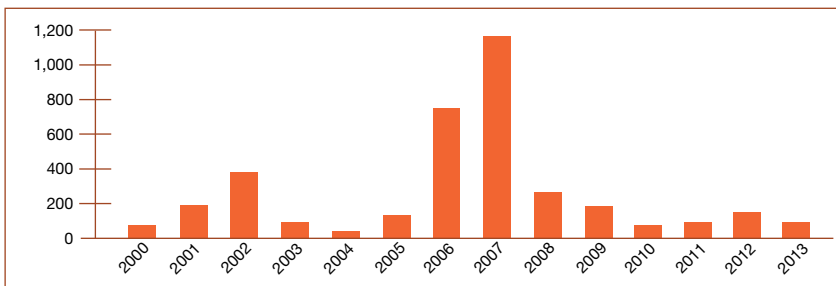
The 16,400 students at UL Lafayette, about 6 percent of the HMA population, have a significant effect on the rental market. An estimated 15,000 students live off campus and represent about 15 percent of the renter households in the HMA.

Figure 8. Rental Vacancy Rates in the Lafayette HMA, 2000 to Current



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

Figure 9. Multifamily Units Permitted in the Lafayette HMA, 2000 to 2013



Notes: Excludes townhomes. Includes data through August 2013.

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

Housing Market Trends

Rental Market *Continued*

During the forecast period, the 160 units currently under construction will partially meet the estimated demand for 380 market-rate rental housing units (Table 1). Demand is expected to begin in the third year

of the forecast period. Table 5 shows estimated demand for new market-rate rental housing in the HMA categorized by rent level and number of bedrooms.

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Lafayette HMA, September 1, 2013, to September 1, 2016

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
855 to 1,054	120	1,050 to 1,249	120	1,200 to 1,399	80
1,055 or more	10	1,250 to 1,449	15	1,400 or more	15
		1,450 or more	15		
Total	130	Total	150	Total	95

Notes: Numbers may not add to totals because of rounding. The 160 units currently under construction will likely satisfy some of the estimated demand.

Source: Estimates by analyst

Data Profile

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

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total resident employment	113,786	128,401	135,900	1.2	2.2
Unemployment rate	4.1%	6.1%	4.7%		
Nonfarm payroll jobs	131,900	147,600	157,600	1.1	2.5
Total population	239,086	273,738	283,300	1.4	1.0
Total households	89,536	106,243	110,250	1.7	1.1
Owner households	61,822	71,875	74,350	1.5	1.0
Percent owner	69.0%	67.7%	67.4%		
Renter households	27,714	34,368	35,900	2.2	1.3
Percent renter	31.0%	32.3%	32.6%		
Total housing units	98,367	115,597	119,500	1.6	1.0
Owner vacancy rate	1.3%	1.7%	1.5%		
Rental vacancy rate	10.4%	8.5%	8.0%		
Median Family Income	\$34,400	\$57,500	\$61,200	5.3	2.1

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through August 2013. Median Family Incomes are for 1999, 2009, and 2012.

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: 9/1/2013—Analyst’s estimates
Forecast period: 9/1/2013–9/1/2016—Analyst’s estimates

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_LafayetteLA_14.pdf.

Contact Information

Elizabeth A. Oduor, Economist
Fort Worth HUD Regional Office
817–978–9413
elizabeth.a.oduor@hud.gov

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.