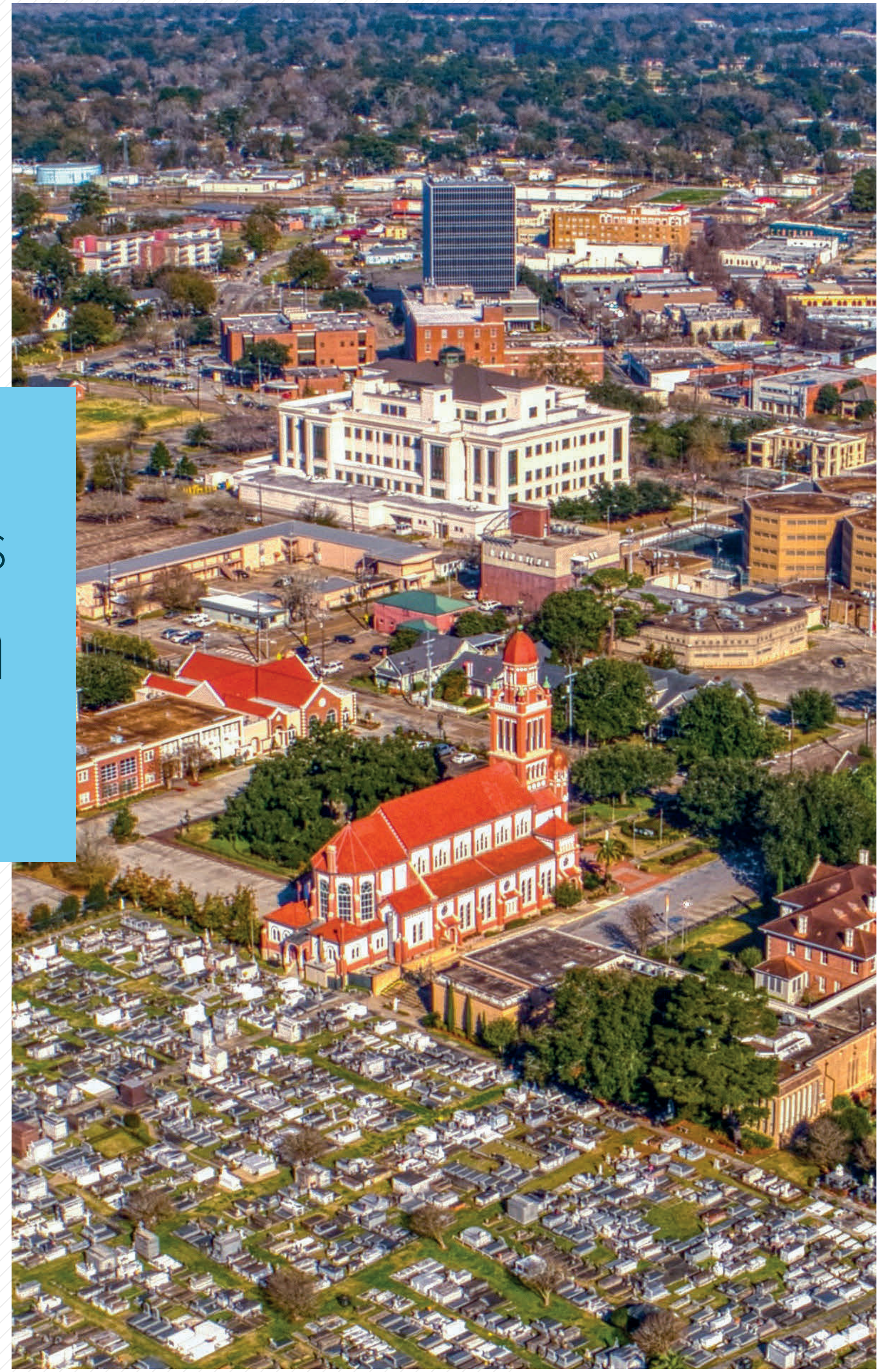
COMPREHENSIVE HOUSING MARKET ANALYSIS

Lafayette, Louisiana



U.S. Department of Housing and Urban Development,
Office of Policy Development and Research

As of January 1, 2022

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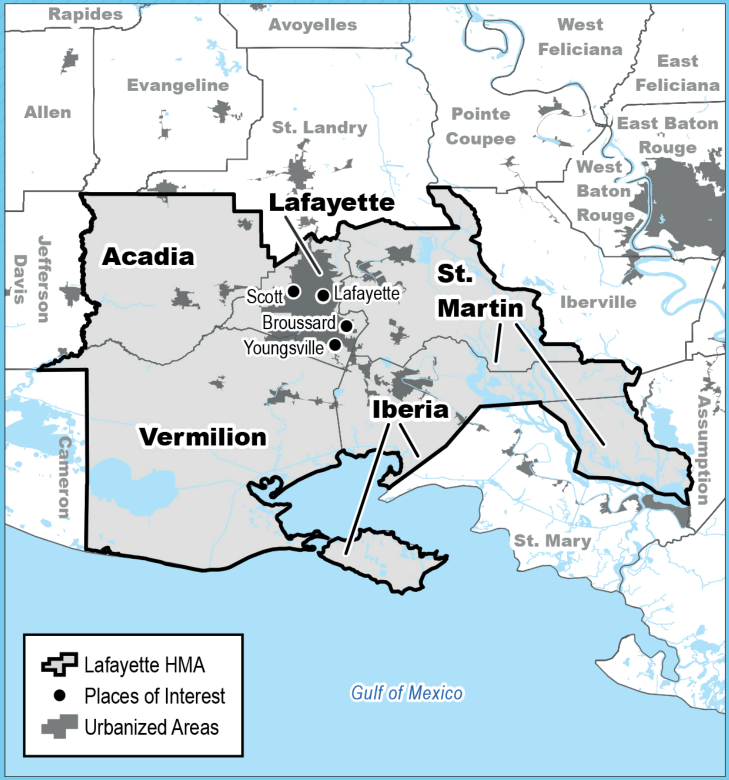
Executive Summary

Housing Market Area Description

The Lafayette Housing Market Area (HMA) is coterminous with the Lafayette, LA Metropolitan Statistical Area (MSA), which includes five parishes: Acadia, Iberia, Lafayette, St. Martin, and Vermilion. The HMA is located in an oil-rich area of south-central Louisiana close to the offshore energy industry infrastructure in the Gulf of Mexico. Although the HMA has historically relied on oil extraction and related activities for high paying jobs, other industries added jobs in recent years.

The current population of the HMA is estimated at 479,500.

The HMA is part of the socioeconomic region referred to as the Acadiana region, the center of Cajun culture, named after the people who were expelled from the Acadian region of Canada and migrated to the region during the 1700s. The principal city of Lafayette, located in Lafayette Parish, is the economic hub for the region. The HMA is home to the University of Louisiana at Lafayette (UL). The university is known for its nursing program, which received the National League for Nursing Center of Excellence in Nursing Education designation in 2020 (University of Louisiana at Lafayette).



Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R's Market-at-a-Glance tool.
Additional data for the HMA can be found in this report's supplemental tables.
For information on HUD-supported activity in this area, see the Community Assessment Reporting Tool.

Market Qualifiers

Economy

Weak, but Improving: During 2021, nonfarm payrolls in the Lafayette HMA averaged 191,600, an increase of 600 jobs, or 0.3 percent, compared with 2020.

Job loss in the Lafayette HMA due to the countermeasures implemented to slow the spread of COVID-19 was severe; 23,100 jobs were lost during March and April 2020, and only 59 percent of those jobs had been recovered through December 2021 (not seasonally adjusted). During 2021, nonfarm payrolls increased in 6 of the 11 sectors, led by an increase of 2,200 jobs, or 6.9 percent, in the education and health services sector. During the 3-year forecast period, nonfarm payrolls are expected to increase at an average annual rate of 1.0 percent, with growth expected in both goods-producing and service-providing sectors.

Sales Market

Slightly Tight: New and existing home sales prices increased 11 percent during 2021, with existing home sales prices increasing more rapidly than new home sales prices.

The sales housing market in the HMA is currently slightly tight, with an estimated vacancy rate of 1.0 percent, down from 1.5 percent in 2010, when conditions were soft. During 2021, new home sales increased 24 percent to 1,500, and existing home sales increased 16 percent to 8,125 (CoreLogic, Inc.). During the next 3 years, demand is estimated for 5,975 new homes. The 820 homes under construction will satisfy some of that demand in the first year of the forecast period.

Rental Market

Balanced: The apartment market has tightened since the fourth quarter of 2017, when market conditions were soft.

The overall rental housing market is balanced, with a current rental vacancy rate estimated at 7.0 percent, down from 9.1 percent in 2010. The apartment market is balanced, with a vacancy rate of 6.2 percent during the fourth quarter of 2021, down from 6.4 percent a year earlier, whereas the average apartment rent increased 12 percent to $961 (CoStar Group). During the forecast period, demand is estimated for 720 new rental units. The 580 units currently under construction are expected to satisfy most of that demand.

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3-Year Housing Demand Forecast

		Sales Units	Rental Units
Lafayette HMA	Total Demand	5,975	720
	Under Construction	820	580

Notes: Total demand represents the estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of January 1, 2022. The forecast period is January 1, 2022, to January 1, 2025.
Source: Estimates by the analyst

Economic Conditions

Largest Sector: Education and Health Services

Due to fewer job losses in 2020 and greater job growth in 2021, the education and health services sector surpassed the wholesale and retail trade sector to become the largest sector in the Lafayette HMA.

Primary Local Economic Factors

Although the number of jobs in the goods-producing sectors, which include oil extraction and related industries, declined since the mid-2010s, those sectors continue to include high paying jobs and indirectly support the largest service-providing sectors. The education and health services sector, the retail and wholesale trade sector, and the government sector are the largest payroll sectors in the HMA; they contribute 49 percent of total nonfarm payroll jobs in the HMA. The education and health services sector accounts for 34,000 jobs (Table 1), or 18 percent of nonfarm payrolls in the HMA (Figure 1). This sector includes the top two major employers in Lafayette Parish, Ochsner Lafayette General Medical Center and Our Lady of Lourdes Regional Medical Center (Table 2). The retail and wholesale trade sector, the second largest payroll sector, accounts for 33,800 jobs in the HMA. The government sector is the third largest sector in the HMA, partly due to UL, which had an economic impact of $492 million in Lafayette Parish during 2015 (University of Louisiana at Lafayette).

Table 1. 12-Month Average Nonfarm Payroll Jobs (1,000s) in the Lafayette HMA, by Sector

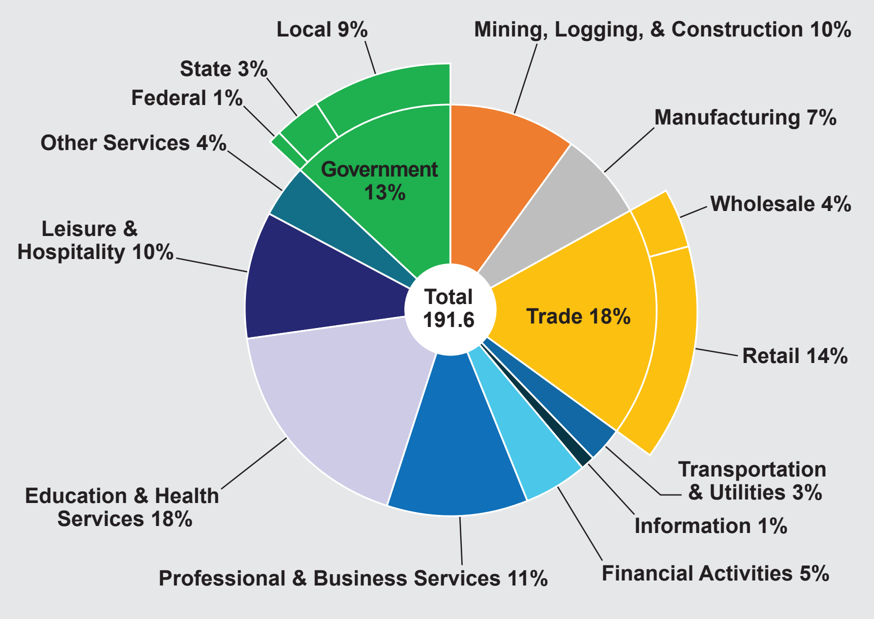
	12 Months Ending December 2020	12 Months Ending December 2021	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	191.0	191.6	0.6	0.3
Goods-Producing Sectors	34.6	32.8	-1.8	-5.2
Mining, Logging, & Construction	20.1	19.4	-0.7	-3.5
Manufacturing	14.5	13.4	-1.1	-7.6
Service-Providing Sectors	156.4	158.8	2.4	1.5
Wholesale & Retail Trade	33.6	33.8	0.2	0.6
Transportation & Utilities	6.1	6.2	0.1	1.6
Information	2.1	2.1	0.0	0.0
Financial Activities	10.4	10.1	-0.3	-2.9
Professional & Business Services	21.1	21.6	0.5	2.4
Education & Health Services	31.8	34.0	2.2	6.9
Leisure & Hospitality	18.5	19.2	0.7	3.8
Other Services	6.6	6.8	0.2	3.0
Government	26.2	25.0	-1.2	-4.6

Notes: Based on 12-month averages through December 2020 and December 2021. Numbers may not add to totals due to rounding. Data are in thousands.
Source: U.S. Bureau of Labor Statistics

Current Conditions and the Impact of COVID-19 on Nonfarm Payrolls in the HMA

Since May 2020, the economy in the Lafayette HMA recovered 59 percent of the 23,100 nonfarm payroll jobs lost during March and April 2020 (not seasonally adjusted)—a 2-month period that coincided with the national recession. The payroll sectors most affected during those 2 months were those with jobs

Figure 1. Share of Nonfarm Payroll Jobs in the Lafayette HMA, by Sector



Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through December 2021.
Source: U.S. Bureau of Labor Statistics

that cannot easily be done remotely. During the recession, 9 of the 11 payroll sectors lost jobs, with the largest declines in the leisure and hospitality sector and the retail and wholesale trade sector; the financial activities sector and the information sector remained unchanged. By the end of 2020, all nonfarm payroll sectors had lost jobs, with the total number of jobs falling by 14,200, or 6.9 percent, during the year. Partly offsetting some of the losses in the mining, logging, and construction sector and the information sector were employers that continued to add jobs during the pandemic. Jobs in the mining, logging, and construction sector, which fell by 2,800, or 12.2 percent, during 2020, were partially offset by the construction of an Amazon.com, Inc. fulfillment center and the Westfield Fluid Controls manufacturing facility. SchoolMint, Inc., an education software company, added 178 jobs, which partly offset some of the job losses in the information sector.

During 2021, gains in the service-providing sectors more than offset losses in the goods-producing sectors, and nonfarm payrolls in the HMA increased by 600 jobs, or 0.3 percent, to 191,600, compared with a year ago. Job gains were greatest in the education and health services sector which increased by 2,200, or 6.9 percent, during 2021. The education and health services sector recovered all of the 3,000 jobs lost during the brief recession in 2020 and is the only payroll sector in the HMA to surpass prepandemic job levels of February 2020. This increase is partly due to the expansion of the health care and social assistance industry, which increased by 1,600 jobs, or 5 percent, during 2021. The leisure and hospitality sector and the professional and business services sector increased by 700 and 500 jobs, or 3.8 and 2.4 percent, respectively, compared with a year earlier. The government sector fell by 1,200 jobs, or 4.6 percent, mostly because local government payrolls fell due to budget shortfalls. Jobs in the goods-producing sectors fell by 1,800, or 5.2 percent, during 2021, compared with the decline of 4,500 jobs, or 11.5 percent, during 2020, when the global demand for oil and oil production activities in the HMA fell. Although the goods-producing sectors lost jobs during 2021, losses in the manufacturing sector were partially offset by the opening of Safe Source Direct, a personal protective equipment manufacturing facility that hired 1,220 people, and Kibberia Foods, a commercial food manufacturing company, expected to hire up to 100 employees.

Table 2. Major Employers in the Lafayette HMA

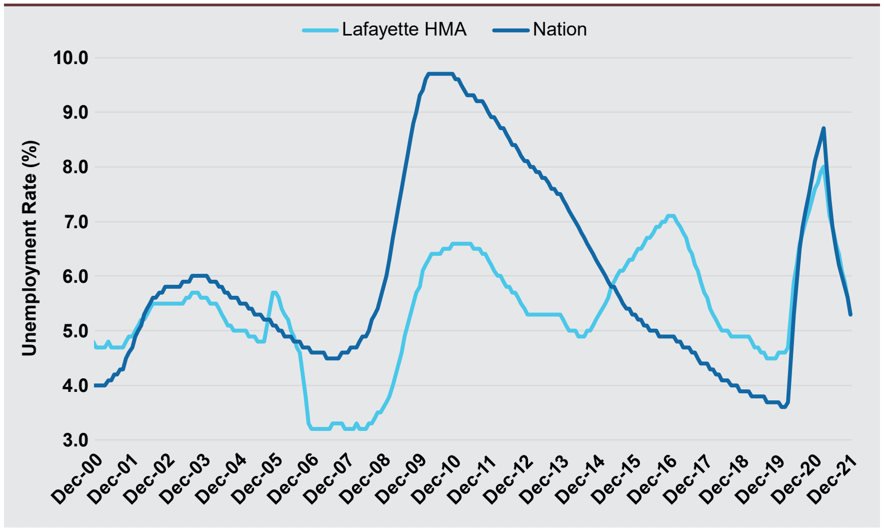
Name of Employer	Nonfarm Payroll Sector	Number of Employees
Ochsner Lafayette General Medical Center	Education & Health Services	4,078
Our Lady of Lourdes Regional Medical Center	Education & Health Services	2,800
Lafayette Consolidated Government	Government	2,500
University of Louisiana at Lafayette	Government	2,426
WHC Energy Services	Mining, Logging, & Construction	1,505
Walmart Inc.	Wholesale & Retail Trade	1,165
Stuller, Inc.	Manufacturing	1,061
Lafayette Parish Government	Government	1,031
Superior Energy Services*	Mining, Logging, & Construction	834
Expro Group Holdings N.V.*	Mining, Logging, & Construction	809

Notes: Data are for Lafayette Parish. Excludes local school districts. *Data as of 2018.
Source: Lafayette Economic Development Authority, 2020–2021

Current Conditions—The Unemployment Rate

The unemployment rate in the HMA averaged 5.3 percent during 2021, down from the average rate of 7.6 percent during 2020 and from the recent average peak of 8.0 percent during the 12 months ending March 2021 (Figure 2). By comparison, the unemployment rate in the nation averaged 5.3 percent during 2021, down from an average of 8.1 percent during 2020.

Figure 2. 12-Month Average Unemployment Rate in the Lafayette HMA and the Nation



Note: Based on the 12-month moving average.
Source: U.S. Bureau of Labor Statistics

Economic Periods of Significance

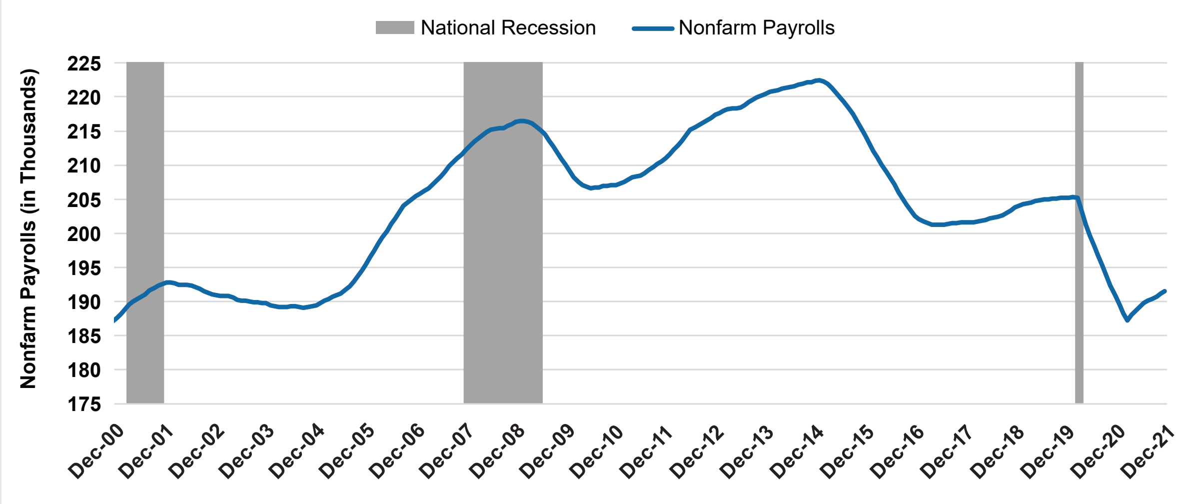
2001 Through 2008

After falling from 2002 through 2004, nonfarm payroll job growth was strong from 2005 through 2008—a period when the offshore oil industry was rebuilding from damage sustained from Hurricanes Katrina and Rita during the 2005 hurricane season. Following an increase in nonfarm payrolls in 2001, nonfarm payrolls fell by an average of 1,100 jobs, or 0.6 percent, annually to 189,400 jobs in 2004, as the energy industry in the HMA contracted (Figure 3). Nonfarm payrolls in the HMA rose by an average of 6,700 jobs, or 3.4 percent, annually from 2005 through 2008 to 216,300 jobs. During this period, nonfarm payrolls rose as demand for goods and services increased, in part from people relocating from the New Orleans MSA to the HMA following Hurricane Katrina. Jobs in the HMA also rose as a result of the recovery efforts and repair of the energy infrastructure in the Gulf of Mexico that was damaged by Hurricanes Katrina and Rita. From 2005 through 2008, the mining, logging, and construction sector and the manufacturing sector rose by respective averages of 1,800 and 900 jobs, or 5.6 and 5.8 percent, annually.

2009 Through 2010

Nonfarm payrolls began to fall in 2009, and jobs declined by an average of 4,600 jobs, or 2.1 percent, annually from 2009 through 2010 as a result of the national recession. The decline was widespread across most payroll sectors; the mining, logging, and construction sector accounted for 50 percent of all jobs lost during that period. Despite oil prices trending upward during 2009, the mining, logging, and construction sector fell by an average of 2,300 jobs, or 6.3 percent, annually, with most of the jobs lost in the mining and logging subsector. The education and health services and the government sectors were the only sectors to add jobs during this period.

Figure 3. 12-Month Average Nonfarm Payrolls in the Lafayette HMA



Note: 12-month moving average.
Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

2011 Through 2014

The HMA recovered from the economic contraction partly because oil production increased from 2011 through 2014. During this period, nonfarm payrolls increased by an average of 3,800 jobs, or 1.8 percent, annually, to 222,300 jobs by 2014, with 47 percent of the job growth from the goods-producing sectors. Job growth was strongest in the manufacturing sector and the professional and business services sector; they increased by averages of 1,200 and 800 jobs, or 6.8 and 3.8 percent, annually. Only two sectors lost jobs during this period. The government sector lost the most jobs, declining by an average of 500, or 1.7 percent, annually, with 60 percent of the loss from the local government subsector. The information sector fell by an average of 100 jobs, or 2.4 percent annually, partially offset by increases of 400 and 245 jobs at CGI Inc. and Perficient, Inc., respectively, in 2014.

2015 Through 2017

Economic conditions in the HMA weakened from 2015 through 2017 as oil prices fell and remained at generally low levels during the period. Nonfarm payrolls fell by an average of 6,900 jobs, or 3.2 percent, annually from 2015 through 2017, to 201,600 jobs by 2017. Approximately 83 percent of the jobs lost were from the goods-producing sectors with much of the job loss related to oilfield mining and extraction activities and energy industry fabrication manufacturing jobs. As the number of nonfarm payrolls in the HMA fell during this period, residents began to leave the HMA, which exacerbated the job decline as demand for goods and services in the HMA fell. The service-providing payroll sectors fell by an average of 1,300 jobs, or 0.8 percent, annually, with the greatest losses occurring in the professional and business services and the financial activities sectors, which fell by averages of 1,000 and 500 jobs, or 4.6 and 4.3 percent, respectively, a year. During this period, only the education and health services and the government sectors added jobs; those sectors rose by respective averages of 600 and 400 jobs, or 1.9 and 1.4 percent, annually, partly due to job expansions in the health care and social assistance industries and state and local government.

2018 Through 2019

Following 2 years of weak economic conditions, nonfarm payrolls in the HMA trended upward. Nonfarm payrolls increased by an average of 1,800 jobs, or 0.9 percent, annually during this period, with 72 percent of the growth occurring in the service-providing sectors. The education and health services sector increased by an average of 700 jobs, or 2.2 percent, annually. Part of that growth was attributed to additional medical services available to the community following the completion of expansion projects at several Ochsner Health hospitals. During this period, CGI Inc. hired an additional 400 employees, helping offset jobs lost in the information sector, which declined by 100 jobs, or 2.0 percent, annually.

Forecast

During the 3-year forecast period, nonfarm payrolls in the Lafayette HMA are expected to increase at an average rate of 1.0 percent annually. Job growth is expected to be greatest during the first year of the forecast, partly due to strong job gains in the transportation and utilities sector, as demand for e-commerce goods continues to rise and the Amazon.com, Inc. fulfillment center is completed. In addition, the construction of the Louisiana Solar Energy Lab at UL is expected to commence in January 2022 and is expected to be completed by August 2022. Road infrastructure projects totaling more than $190 million are expected to contribute to construction-related jobs during the forecast period.

Population and Households

Current Population: 479,500

Since 2019, net out-migration has slowed, and the population of the Lafayette HMA has grown by an average of 630 annually, with all of the growth occurring from net natural change.

Population Trends

As of January 1, 2022, the estimated population of the Lafayette HMA is 479,500, representing an average increase of 1,100, or 0.2 percent, annually since April 2010 (Table 3). That population growth rate is notably slower than the average population increase of 4,175, or 0.9 percent, annually from 2000 to 2010, boosted by in-migration following Hurricane Katrina in 2005. The population of the HMA rose by an average 3,300, or 0.8 percent, from 2001 to 2005, when net in-migration averaged 430 people annually (Figure 4). Due to Hurricane Katrina, however, many people from the New Orleans MSA relocated to the HMA from 2005 through 2006; the population increased by 10,800 people, or 2.5 percent. From 2006 to 2008, the population of the HMA rose by an average of 4,175, or 0.9 percent, annually. Although a large portion of residents displaced by Hurricane Katrina returned to the New Orleans MSA during this period, net in-migration continued because of strong economic growth. Despite economic conditions fluctuating from 2009 to 2015, population growth was relatively steady. Beginning in 2015, economic conditions in the HMA weakened, and the population fell by an average of 1,600, or 0.3 percent, annually, with out-migration averaging 3,900 people a year through 2019. The population of the HMA has increased slowly since 2019, rising by an average 630, or less than 1 percent, annually; all the

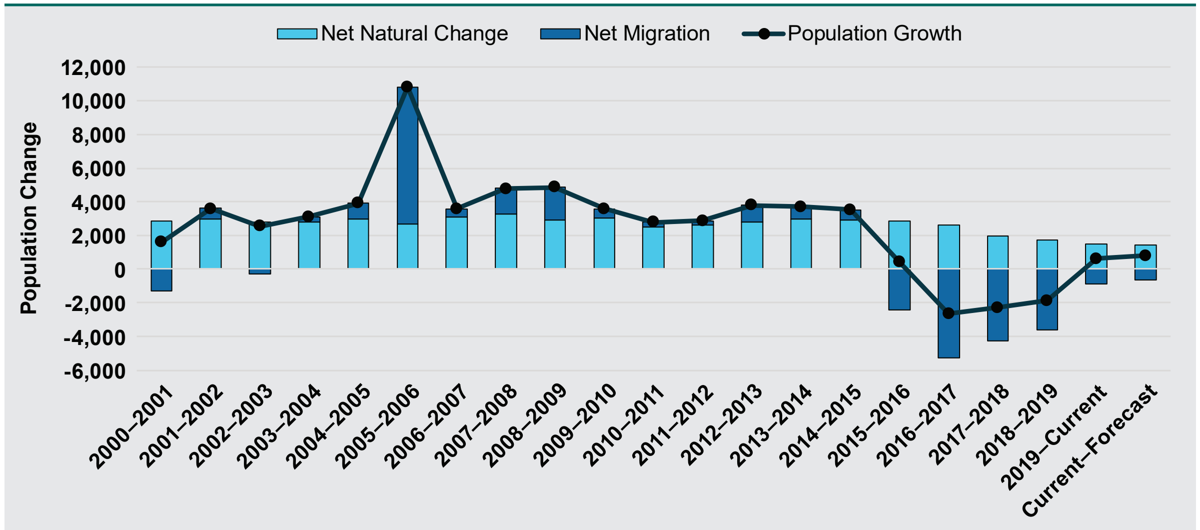
Table 3. Lafayette HMA Population and Household Quick Facts

Population Quick Facts		2010	Current	Forecast
	Population	466,750	479,500	482,000
	Average Annual Change	4,175	1,100	820
	Percentage Change	0.9	0.2	0.2

Household Quick Facts		2010	Current	Forecast
	Households	177,751	190,600	194,400
	Average Annual Change	2,175	1,100	1,250
	Percentage Change	1.3	0.6	0.7

Notes: Average annual changes and percentage changes are based on averages from 2000 to 2010, 2010 to current, and current to forecast. The forecast period is from the current date (January 1, 2022) to January 1, 2025.
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by the analyst

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



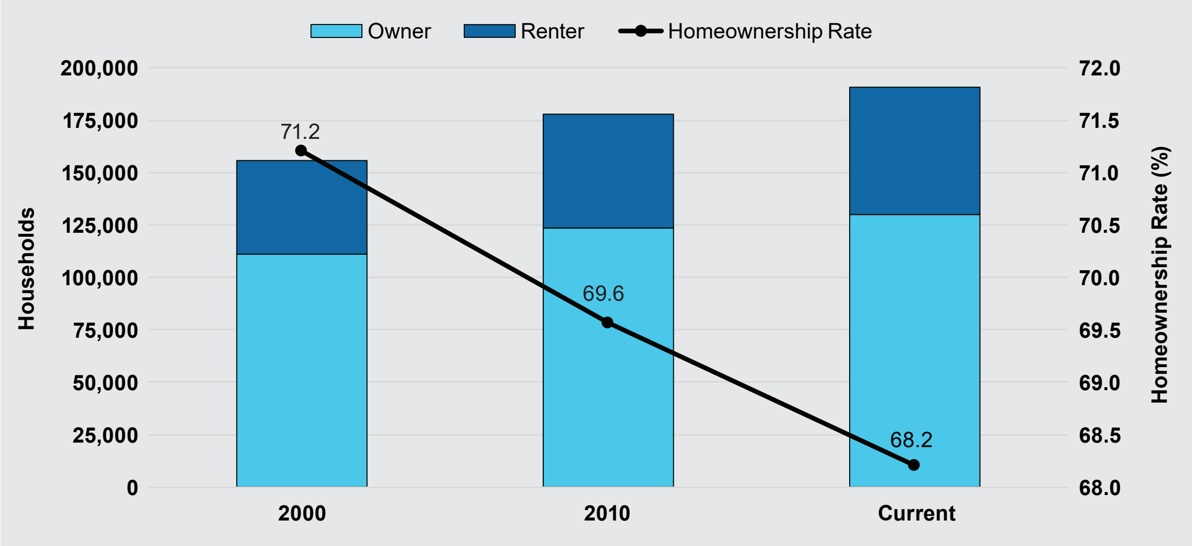
Notes: Data displayed are average annual totals. The forecast period is from the current date (January 1, 2022) to January 1, 2025.
Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

growth was due to an average net natural change of 1,500 people annually.

Household Trends

As of January 1, 2022, an estimated 190,600 households reside in the HMA, reflecting an average annual increase of 1,100 households, or 0.6 percent, since 2010. By comparison, the number of households increased by an average of 2,175, or 1.3 percent, a year from 2000 to 2010. Currently, an estimated 68.2 percent of households are homeowners, down from 69.6 percent in 2010 (Figure 5). The homeownership rate in the HMA declined during much of the period since 2000, with a slightly less pronounced decline in the 2010s compared with the previous decade.

Figure 5. Households by Tenure and Homeownership Rate in the Lafayette HMA



Note: The current date is January 1, 2022.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by the analyst

Forecast

The pace of population growth in the Lafayette HMA is expected to remain relatively modest during the forecast period. The population is expected to reach 482,000 by January 1, 2025, reflecting average annual growth of 820, or 0.2 percent. That growth rate is higher than the estimated 2019-to-current rate of 630, or 0.1 percent, annually, as the HMA continues to recover jobs lost from the recession of early 2020. All the population growth will be due to net natural change, with net out-migration slowing to an average of 630 people annually. Household growth is expected to average 1,250, or 0.7 percent, annually, reaching 194,400 households in the HMA by the end of the forecast period.

Home Sales Market

Market Conditions: Slightly Tight

During 2021, total home sales increased 17 percent, with new home sales increasing at a faster pace than existing home sales.

Current Conditions

The sales housing market in the Lafayette HMA is slightly tight, with an estimated sales vacancy rate of 1.0 percent (Table 4), down from 1.5 percent in April 2010, when the market was soft because of the housing market downturn and the corresponding period of job losses in the HMA. During 2021, total home sales, including new and existing homes, increased 17 percent to 9,625 homes sold, compared with 2020 (CoreLogic, Inc.). During the same period, the average home sales price, including new and existing homes, increased 11 percent to $207,600.

Existing Home Sales and Prices

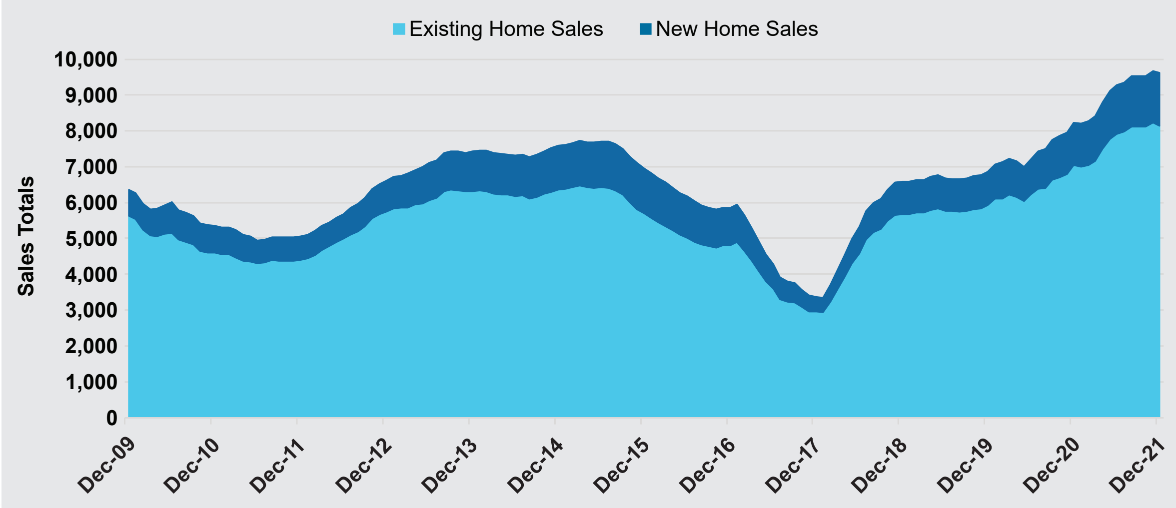
The number of existing home sales, which includes resale sales, real estate owned (REO) home sales, and short sales, fluctuated from 2009 through 2017 before trending upward since 2018. From 2009 through 2011, existing home sales averaged 4,875 homes sold each year before increasing an average of 13 percent annually from 2012 through 2014 to 6,375 homes sold (Figure 6). As economic conditions weakened and the population in the HMA declined, existing home sales fell starting in 2015, by an average of 23 percent annually to 2,950 homes sold in 2017. Although the population of the HMA continued to fall from 2018 through 2019, existing home sales rose and averaged 5,800 homes sold each year because of growth in nonfarm payroll jobs and low mortgage interest rates. The economy in the HMA contracted

Table 4. Home Sales Quick Facts in the Lafayette HMA

		Lafayette HMA	Nation
Home Sales Quick Facts	**Vacancy Rate**	1.0%	NA
	Months of Inventory	NA	1.1
	Total Home Sales	9,625	6,887,000
	1-Year Change	17%	7%
	New Home Sales Price	$255,800	$458,700
	1-Year Change	3%	17%
	Existing Home Sales Price	$198,800	$368,500
	1-Year Change	12%	11%
	Mortgage Delinquency Rate	3.4%	2.0%

NA = data not available.
Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending December 2021. Months of inventory and mortgage delinquency data are as of December 2021. The current date is January 1, 2022.
Sources: Vacancy rate—estimates by the analyst; months of inventory; HMA home sales and prices—CoreLogic, Inc.; National home sales and prices—National Association of REALTORS® and Census Bureau/HUD

Figure 6. 12-Month Sales Totals by Type in the Lafayette HMA



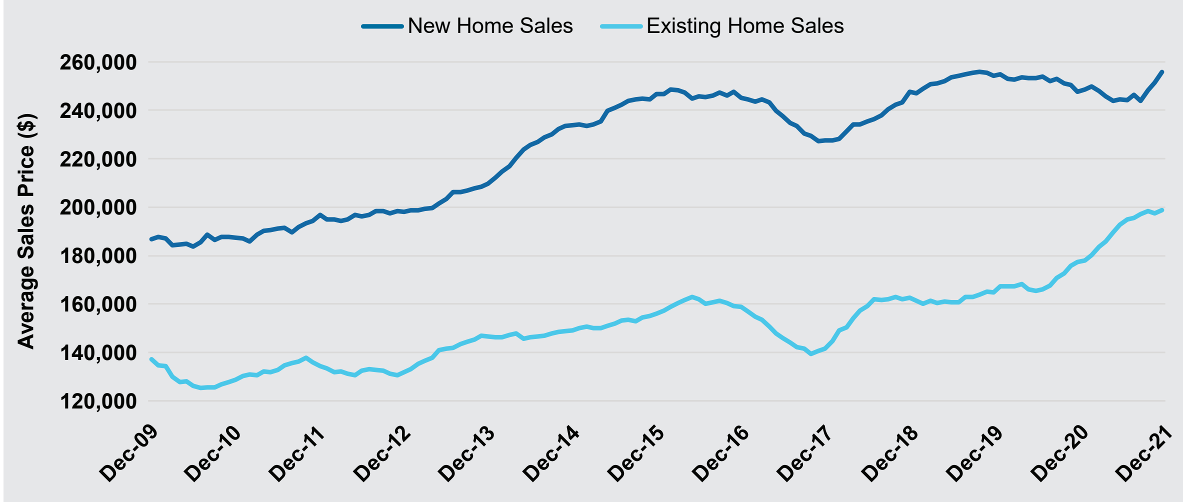
Source: CoreLogic, Inc., with adjustments by the analyst severely due to the recession in early 2020, but demand for existing homes increased, partly because mortgage interest rates fell to the lowest rates since Freddie Mac began tracking them in 1971. Existing home sales increased an average of 17 percent a year in 2020 and 2021.

Although the average sales price for an existing home fluctuated during the 2010s, it generally trended upward. Starting in 2009, the average sales price for an existing home fluctuated but trended downward by an average of 3 percent annually to $131,900 in 2012 (Figure 7). The existing home sales price increased by an average of 5 percent annually from 2013 through 2016 to $158,900, before falling 11 percent in 2017, when demand for existing homes was very low. Demand for existing homes has increased since 2018; the average existing home sales price increased by an average of $11,900, or 8 percent, annually through 2020 before increasing at a faster pace during 2021. During 2021, the average existing home sales price in the HMA increased 12 percent from a year ago to a new high of $198,800, up from an increase of 8 percent during 2020.

New Home Sales and Prices

New homes sales generally followed the existing home sales trends in the HMA. New home sales were relatively low from 2009 through 2011, averaging 720 homes sold annually before increasing an average of 23 percent annually from 2012 through 2014 to 1,225 homes sold.

Figure 7. 12-Month Average Sales Price by Type of Sale in the Lafayette HMA



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

As economic conditions in the HMA weakened and net out-migration from the HMA occurred, new home sales moderated during 2015 before falling an average of 42 percent annually from 2016 through 2017 to 430 homes sold. Due to strengthening economic conditions and low mortgage interest rates, new home sales more than doubled in 2018 before moderating in 2019, when new home sales increased 2 percent to 940 homes sold. During 2020, new home sales increased 28 percent due to the low supply of existing homes available for sale and rising demand during the COVID-19 pandemic. During 2021, new home sales increased by 24 percent, or 290 home sales, to 1,500 homes sold.

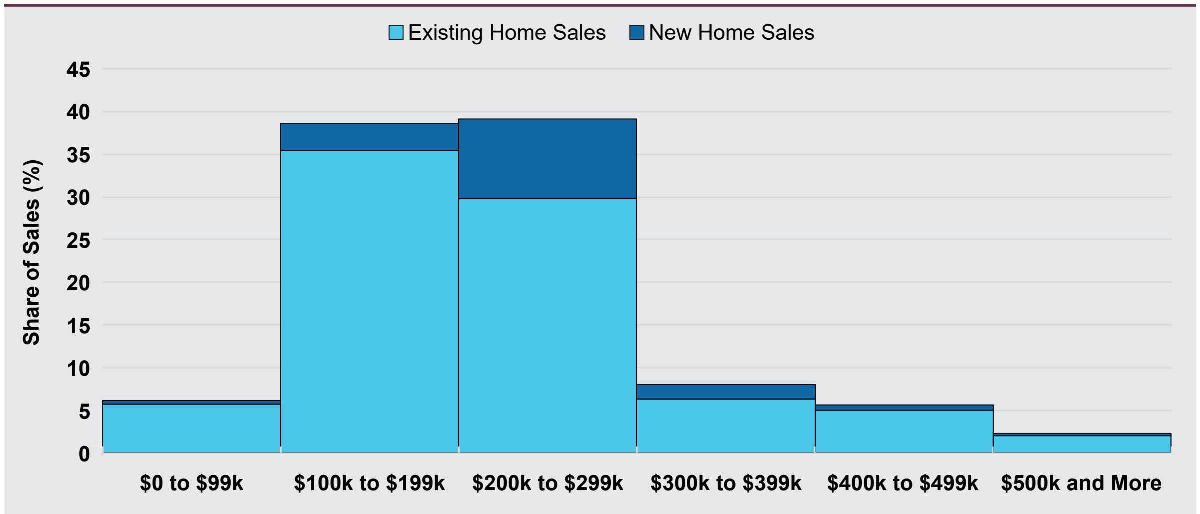
After falling in 2009, the average new home sales price increased from 2010 through 2015 before fluctuating from 2016 through 2021. Starting in 2010, demand for new homes in the HMA increased, and the average new home sales price rose by an average of 5 percent annually to $246,700 in 2015. Despite economic conditions weakening in the HMA, the average new home sales price declined by only 1 percent during 2016 before adjusting to the economic slowdown in the HMA and falling 7 percent to $227,400 in 2017. During the next 2 years, as demand for new homes in the HMA began to increase, the average new home sales price rose an average of 6 percent annually to $254,200 in 2019. The average new home sales price fell to $247,600 during 2020 before rising 3 percent to $255,800 during 2021. During 2021, it is estimated that 60 percent of new homes sold were in the $200,000 to $299,999 price range (Figure 8).

Delinquent Mortgages and REO Properties

The percentage of seriously delinquent mortgages and (REO) properties in the Lafayette HMA increased from 2.4 percent in April 2020 to 6.3 percent in December 2020 (CoreLogic, Inc.). In December 2021, 3.4 percent of home loans in the HMA were seriously delinquent or in REO status, down by 2.9 percentage points from a year earlier. By comparison, the national percentage of seriously delinquent mortgages and REO properties was 2.0 percent in December 2021, down from 4.0 percent a year earlier.

The share of seriously delinquent mortgages and REO properties in the HMA during 2020 was higher than the previous high of 5.5 percent in January 2010, which was caused by the national recession and foreclosure crisis that began in the late 2000s. In 2020, a portion of mortgage borrowers were impacted by the pandemic-induced economic downturn, and many participated in mortgage forbearance programs that were provided for under the $2.2 trillion Coronavirus Aid, Relief, and Economic Security (CARES) Act. There was a significant increase in the percentage of mortgages that were 90 days or more delinquent, whereas the number of foreclosures and REO properties declined as a result of the increase in mortgage forbearances. In December 2020, the number of mortgages 90 or more days delinquent was up 230 percent year-over-year, whereas foreclosures and REO properties were down 33 and 70 percent, respectively. During 2021, the rate of seriously delinquent mortgages and REO properties declined because the number of mortgages 90 or more days delinquent significantly declined, while the number of foreclosures and REO properties fell at a slower pace. In December 2021, the number of mortgages 90 or more days delinquent was down 43 percent year-over-year, foreclosures were down 17 percent, and REO properties were down 5 percent.

Figure 8. Share of Overall Sales Price Ranges During the 12 Months Ending December 2021 in the Lafayette HMA



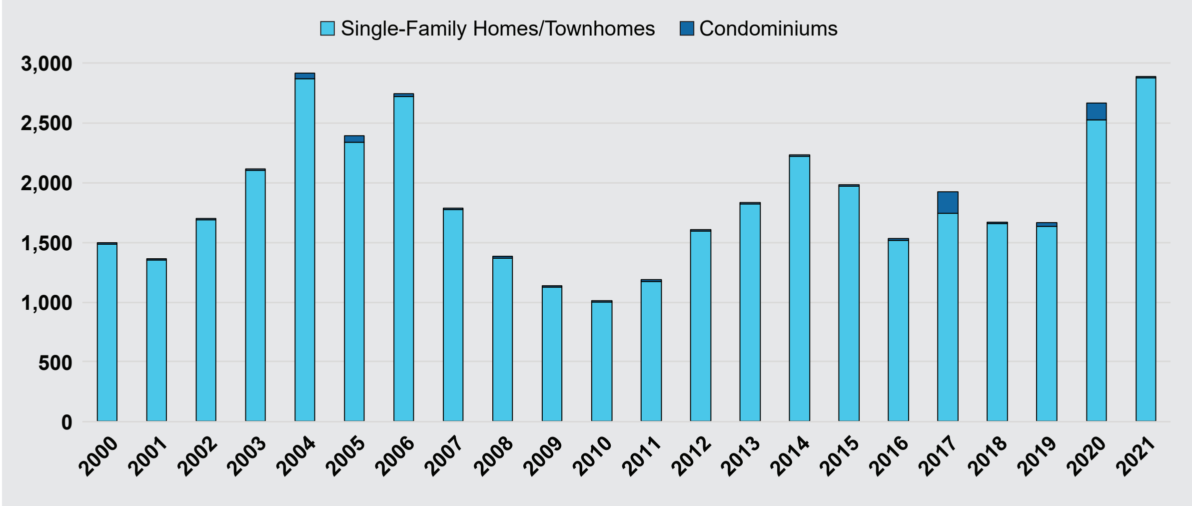
Note: New and existing sales include single-family homes, townhomes, and condominium units.
Source: Estimates by the analyst

Sales Construction Trends

New home construction activity, as measured by the number of single-family homes, townhomes, and condominiums permitted, was stronger during the 2000s than during the 2010s to current, partly because of the impact of the housing boom in the HMA and the economic and population growth that resulted from the 2005 hurricane season. From 2002 through 2006, an average of 2,375 homes were permitted annually (Figure 9); during the period, economic conditions in the HMA were strong, and net in-migration peaked. As net in-migration slowed, new home construction slowed, and the average number of homes permitted declined to 1,575 homes from 2007 through 2008. Homebuilding slowed further, to an average of only 1,075 homes permitted from 2009 through 2010, as net in-migration continued to slow and as foreclosures increased in the HMA. Beginning in 2011, as economic conditions improved and the HMA recovered from the housing crisis, demand for homes slowly increased, and an average of 1,700 homes were permitted annually through 2014. Despite weakening economic conditions and net out-migration from the HMA, an average of 1,825 homes were permitted annually from 2015 through 2017. New home construction slowed to an average of 1,675 homes annually from 2018 through 2019 before increasing to an average of 2,775 a year from 2020 through 2021.

Although new homes are being built throughout the HMA, new home construction has been prevalent in Lafayette Parish, notably in the cities of Broussard, Lafayette, Scott, and Youngsville, and in areas of St. Martin and Vermilion Parishes, close to the Lafayette Parish line. DSLD Homes began construction at the Talon Estates subdivision in the city of Broussard in April 2019, with 88 three-bedroom, two-bathroom homes planned at buildout, with starting prices ranging from $232,990 to $250,990. Currently, 87 homes have been sold. One home at Talon Estates is under construction and for sale.

Figure 9. Annual Sales Permitting Activity in the Lafayette HMA



Sources: U.S. Census Bureau, Building Permits Survey; 2000–2020 final data and estimates by the analyst; 2021—preliminary data and estimates by the analyst

Forecast

During the next 3 years, demand is expected for an estimated 5,975 homes in the Lafayette HMA (Table 5). The 820 homes currently under construction will satisfy a portion of the estimated demand during the forecast period. Demand is expected to be highest during the first year of the forecast period, when job growth is greatest.

Table 5. Demand for New Sales Units in the Lafayette HMA During the Forecast Period

	Sales Units
Demand	5,975 Units
Under Construction	820 Units

Note: The forecast period is from January 1, 2022, to January 1, 2025.
Source: Estimates by the analyst

Rental Market

Market Conditions: Balanced

The number of rental units permitted has been relatively low during the past 3 years, allowing the market to come into balance.

Current Conditions and Recent Trends

Rental housing market conditions in the Lafayette HMA are currently balanced, with an estimated rental vacancy rate of 7.0 percent, down from 9.1 percent in 2010, when the market was soft (Table 6). Single-family rental homes make up a large portion of the rental market in the HMA. From 2015 through 2019, 45.5 percent of the occupied rental stock were single-family rental homes, whereas 26.3 percent were in structures with five or more units, typically apartments (2015–2019 American Community Survey 5-year data). During the fourth quarter of 2021, the apartment market in the HMA was balanced, with a vacancy rate of 6.2 percent (Figure 10), down from 6.4 during the same period a year earlier (CoStar Group).

Single-Family Rental Market

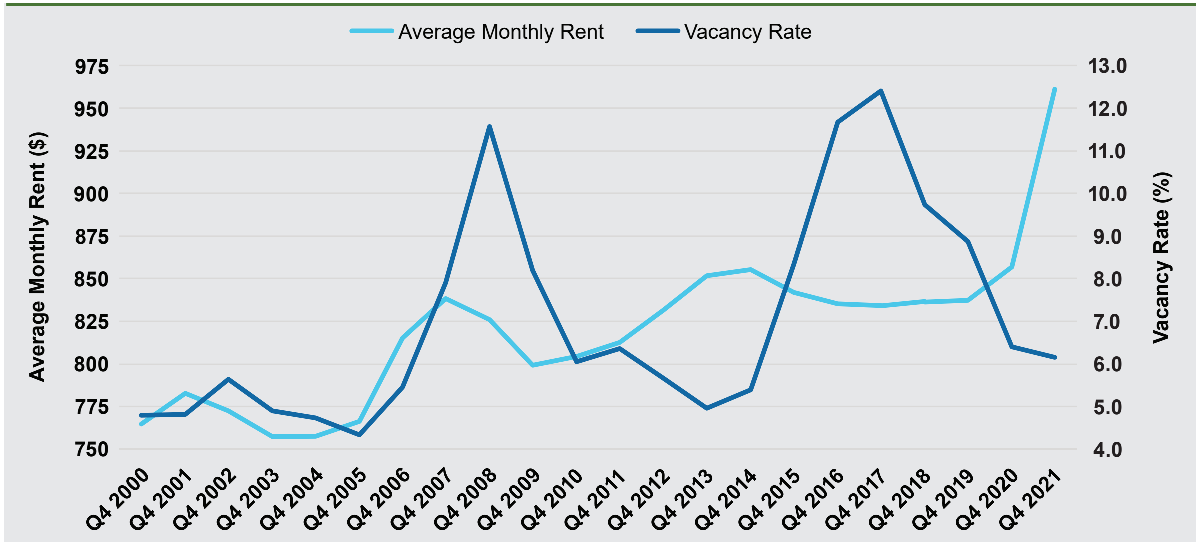
Approximately 94 percent of the occupied single-family rental stock in the HMA are detached single-family homes, and 6 percent are attached homes. Since 2013, the monthly average single-family vacancy rate for professionally managed

Table 6. Rental and Apartment Market Quick Facts in the Lafayette HMA

		2010 (%)	Current (%)
Rental Market Quick Facts	Rental Vacancy Rate	9.1	7.0
		2006-10 (%)	2015-19 (%)
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	43.3	45.5
	Multifamily (2–4 Units)	16.5	14.6
	Multifamily (5+ Units)	26.0	26.3
	Other (Including Mobile Homes)	14.2	13.6
		Q4 2021	YoY Change
Apartment Market Quick Facts	Apartment Vacancy Rate	6.2	-0.2
	Average Rent	$961	12%

Q4 = fourth quarter. YoY= year-over-year.
Notes: The current date is January 1, 2022. Percentages may not add to 100 due to rounding.
Sources: 2010 vacancy rate—2010 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2006-10 and 2015-19 American Community Survey, 5-year data; apartment data—CoStar Group

Figure 10. Apartment Rents and Vacancy Rates in the Lafayette HMA



Q4 = fourth quarter.
Source: CoStar Group

detached homes has fluctuated by 1.1 percentage points, ranging from 2.7 to 3.8 percent (CoreLogic, Inc.). The average single-family vacancy rate for professionally managed detached homes was 3.6 percent in November 2021, down 0.2 of a percentage point from November 2020; the average rent for a detached single-family home increased 10 percent, to $0.92 per square foot, compared with a year earlier. In November 2021, rents for professionally managed detached homes averaged $950, $1,285, $1,625, and $1,921 for one-, two-, three-, and four-bedroom homes, respectively.

Apartment Market

Apartment market conditions ranged from balanced to very soft since the fourth quarter of 2000. After fluctuating during the early 2000s, the apartment vacancy rate fell from 5.6 percent during the fourth quarter of 2002 to 4.3 percent during the fourth quarter of 2005—a period when displaced residents from the New Orleans MSA temporarily relocated to the HMA following Hurricane Katrina. By the fourth quarter of 2006, the apartment vacancy rate rose to 5.4 percent in the HMA as people returned to the New Orleans MSA. The apartment vacancy rate continued to rise to a peak of 11.6 percent during the fourth quarter of 2008, as new apartment units entered the market, a result of the record level of rental permitting during 2007. From the fourth quarter of 2008 through the fourth quarter of 2013, the apartment vacancy rate trended downward, falling by 6.6 percentage points to 5.0 percent as apartment units were absorbed and many owner households shifted to renter status. The rate of economic growth in the HMA began to slow, and the apartment vacancy rate increased to 5.4 percent, during the fourth quarter of 2014. The apartment vacancy rate continued to rise to 12.4 percent during the fourth quarter of 2017, when the apartment market was very soft because of weak economic conditions that led to net out-migration from the HMA. Fewer people leaving the HMA, and the continued preference to rent, contributed to the apartment vacancy rate falling each year since the fourth quarter of 2017. The apartment vacancy rate in the HMA was 6.2 percent during the fourth quarter of 2021, down from 6.4 percent during the same period a year earlier.

Since the early 2000s, the average apartment rent in the HMA has fluctuated, mostly due to market conditions and newer apartments entering the market. The average apartment rent increased an average of 5 percent annually from $766 in the fourth quarter of 2005 to $839 during the fourth quarter of 2007. In response to soft apartment market conditions, the average apartment rent fell an average of 2 percent annually from the fourth quarter of 2007 to $799 during the fourth quarter of 2009. During 2010, apartment rents began to rise, and the average apartment rent increased each year to $855 during the fourth quarter of 2014 as economic conditions in the HMA improved. The average apartment rent fell to $842 during the fourth quarter of 2015; it remained generally stable through 2019 despite the fluctuating economic conditions and apartment vacancy rate in the HMA as new apartment units entered the market. After increasing to $857 during the fourth quarter of 2020, as demand for apartment units increased, the average apartment rent rose 12 percent to a new high of $961 during the fourth quarter of 2021.

Rental Construction Activity

Rental construction activity in the HMA, as measured by the number of rental units permitted, has been generally lower since 2010 than during the 2000s because of slower population growth (Figure 11). Rental construction activity was greatest from 2005 through 2008, when an average of 850 units were permitted annually, as builders responded to the high rate of net in-migration as a result of the 2005 hurricane season. As the large number of units permitted during that period came online, the rental market softened, and builders pulled back on development; rental construction activity averaged 300 units permitted annually from 2009 through 2010. Rental construction activity continued at lower levels and averaged 220 units permitted annually from 2011 through 2014 as new apartment units were absorbed. As a lagged response to the improving rental market conditions, builders increased construction activity, and rental permitting averaged 460 units annually from 2015 through 2017. As economic conditions in the HMA improved, rental construction activity increased 56 percent in 2018 before falling to 290 units permitted during 2019. Rental construction activity started to rise in 2020; in 2021, it rose 31 percent to approximately 450 units permitted.

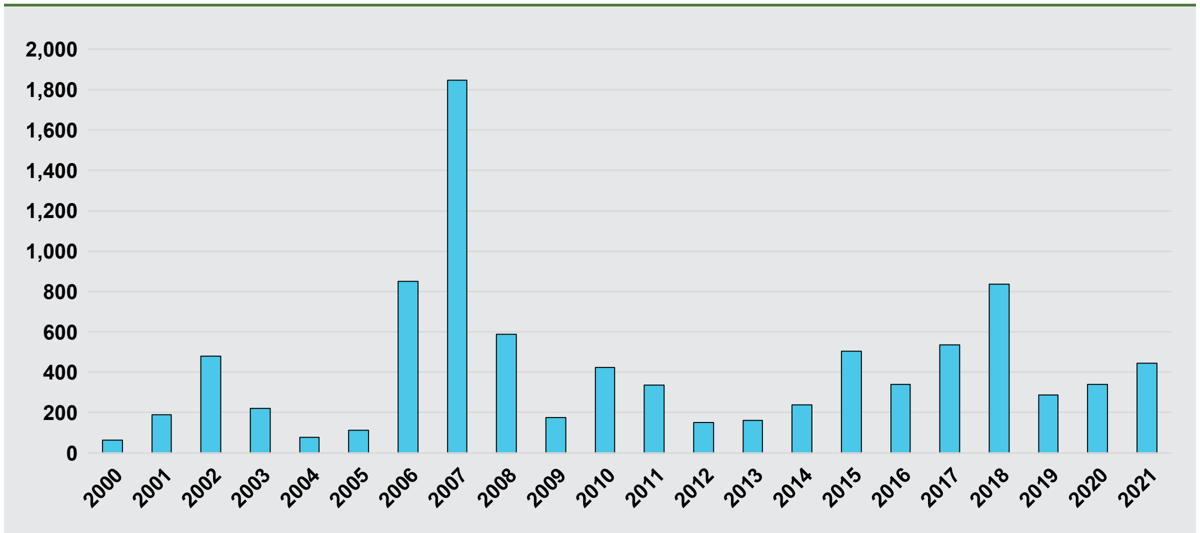
Recent Apartment Developments

The majority of recent apartment construction has been in the city of Lafayette, although the 164-unit Sugar Mill Villas in the city of Youngsville was completed in late 2021. The development is a market-rate property with rents starting at $1,275, $1,525, and $1,750 for one-, two, and three-bedroom units. In the northern portion of the city of Lafayette, the 84-unit Arbours at Lafayette began construction in April 2021. When complete, the affordable development will offer units with asking rents ranging from 20 to 80 percent of the area median income.

Forecast

During the forecast period, demand is estimated for 720 new rental units in the Lafayette HMA (Table 7). Demand is expected to increase in the second and third years of the forecast period as homeownership in the HMA moderates. The 580 units currently under construction are expected to satisfy demand through the second year of the forecast period.

Figure 11. Annual Rental Permitting Activity in the Lafayette HMA



Note: Includes apartments and units intended for rental occupancy.
Sources: U.S. Census Bureau, Building Permits Survey; 2000–2020 final data and estimates by the analyst; 2021—preliminary data and estimates by the analyst

Table 7. Demand for New Rental Units in the Lafayette HMA During the Forecast Period

Rental Units	
Demand	720 Units
Under Construction	580 Units

Note: The forecast period is January 1, 2022, to January 1, 2025.
Source: Estimates by the analyst

Terminology Definitions and Notes

A. Definitions

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, estimates this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.
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.
Existing Home Sales	Include resale sales, short sales, and REO sales.
Forecast Period	1/1/2022–1/1/2025—Estimates by the analyst.
Home Sales/ Home Sales Prices	Includes single-family, townhome, and condominium sales.
Housing Boom	The years of strong homebuilding and home sales activity that boosted the economy before the national recession that began in late 2007.
Net Natural Change	Resident births minus resident deaths.

Rental Market/ Rental Vacancy Rate	**Includes apartments and other rental units such as single-family, multifamily, and mobile homes.**
Resale Sales	**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+ 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.**
2.	**Urbanized areas are defined using the U.S. Census Bureau's 2010 Census Urban and Rural Classification and the Urban Area Criteria.**

C. Additional Notes

1.	**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.**
2.	**The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. 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.**

D. Photo/Map Credits

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