

The analysis presented in this report was completed prior to the COVID-19 outbreak in the United States and therefore the forecast estimates do not take into account the economic and housing market impacts of the actions taken to limit contagion of the virus. At this time, the duration and depth of the economic disruption are unclear, as are the extent and effectiveness of government policies to counteract the disruption. HUD will continue to monitor market conditions in the HMA and provide an updated report/addendum in the future.

# COMPREHENSIVE HOUSING MARKET ANALYSIS

## Lake Charles, Louisiana

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

As of October 1, 2019



**PD&R**

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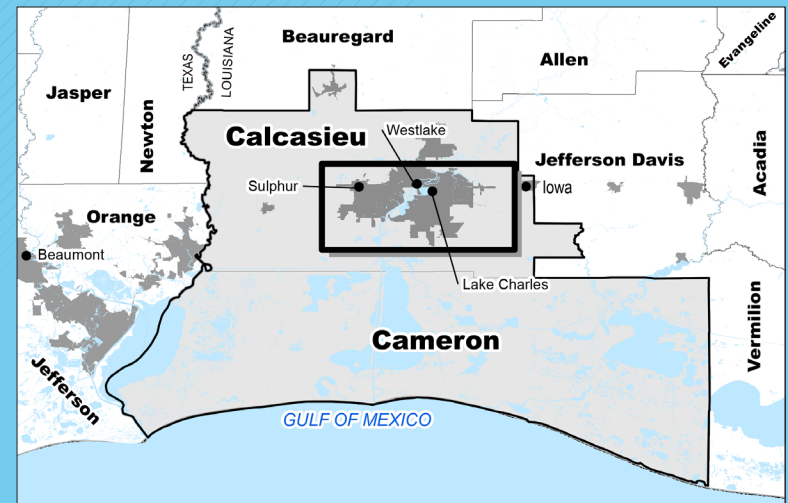


# Executive Summary

## Housing Market Area Description

The Lake Charles Housing Market Area (HMA) is coterminous with the Lake Charles, LA Metropolitan Statistical Area (MSA), defined as Calcasieu and Cameron Parishes in southwestern Louisiana. Due to the proximity of the HMA to the Gulf of Mexico and natural gas pipeline infrastructure, petrochemical refining and exporting is the primary industry in the HMA. In addition, the HMA is a regional hub for casino gaming, consumer services, and retail shopping.

The current HMA population is estimated at 218,000.



### 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



**Stable:** Nonfarm payrolls in the Lake Charles HMA increased 0.7 percent during the 12 months ending September 2019.

Job growth has slowed significantly from the 2011-through-2018 economic expansion when jobs increased an average of 3.6 percent annually. Job growth is expected to average 1.0 percent a year during the 3-year forecast period; petrochemical manufacturing companies are expected to build large-scale manufacturing facilities, which will increase the number of construction and manufacturing jobs in the HMA.

### Sales Market



**Balanced:** The average number of home sales increased nearly 12 percent during the 12 months ending September 2019.

Sales housing market conditions are currently balanced in the HMA, compared with soft conditions in April 2010. The current sales vacancy rate is estimated at 1.2 percent, down from 1.4 percent in 2010. Demand is estimated for 1,825 new homes during the next 3 years. Demand is expected to increase slightly in the second and third years of the forecast period because of anticipated net in-migration. The 260 homes currently under construction will satisfy some of the demand during the forecast period.

### Rental Market



**Slightly soft:** Vacancy in the apartment market has increased since the third quarter of 2018.

The rental housing market in the HMA is currently slightly soft, with an estimated rental vacancy rate of 7.0 percent; that rate is down from 11.9 percent in 2010, when conditions were soft. Apartment market conditions are soft, with a vacancy rate of 7.9 percent during the third quarter of 2019, compared with 5.8 percent in the third quarter of 2018 (RealPage, Inc.). During the forecast period, the approximately 1,025 units currently under construction are expected to more than meet the estimated 800 units of demand.

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### 3-Year Housing Demand Forecast

	Sales Units	Rental Units
<b>Lake Charles HMA</b>		
<u>Total Demand</u>	1,825	800
<u>Under Construction</u>	260	1,025

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of October 1, 2019. The forecast period is October 1, 2019, to October 1, 2022.

Source: Estimates by the analyst



# Economic Conditions

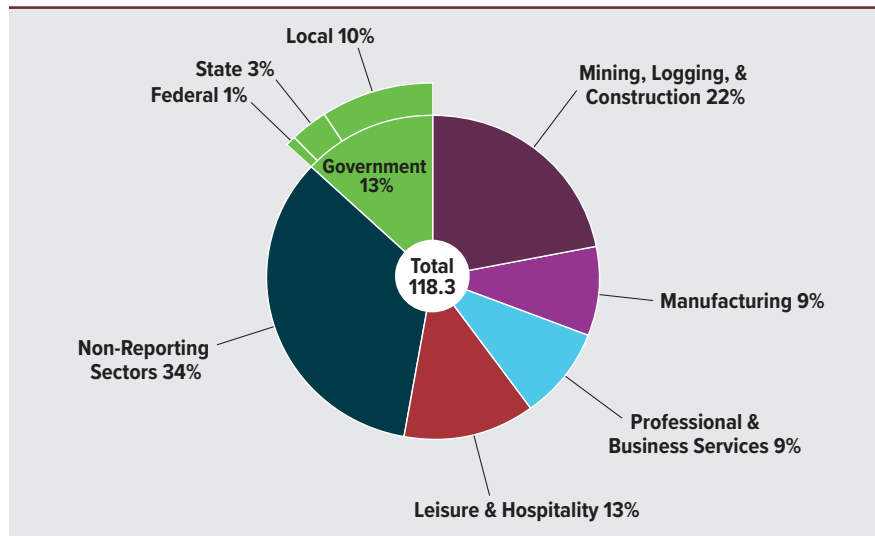
## Largest sector: Mining, Logging, & Construction

The construction subsector has accounted for 61 percent of all job growth in the HMA since 2010.

## Primary Local Economic Factors

Among reporting sectors, the mining, logging, and construction sector is the largest in the HMA, followed by the government and the leisure and hospitality sectors (Figure 1). The HMA is the economic hub for southwest Louisiana, with people commuting from Allen, Beauregard, and Jefferson Davis Parishes for health care, banking, legal services, and retail shopping. The Port of Lake Charles, located on the Calcasieu River in Calcasieu Parish, provides access

**Figure 1. Share of Nonfarm Payroll Jobs in the Lake Charles HMA, by Sector**



Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Non-Reporting sectors are Education & Health Services, Financial Activities, Information, Other Services, Trade, and Transportation & Utilities. Based on 12-month averages through September 2019. Source: U.S. Bureau of Labor Statistics

to the Gulf of Mexico. The port has been the epicenter for exporting locally produced goods from southwest Louisiana since the mid-1800s, when lumber from local sawmills was shipped to Mexico and Europe. Currently, the Port of Lake Charles serves as the gateway to the Gulf of Mexico for the global exportation of petrochemical products that are manufactured in the HMA.

Since 2013, the expansion of the petrochemical industry in the HMA has been the catalyst for growth in the mining, logging, and construction sector. Most of those jobs have been for the construction of industry-related facilities. Energy companies have been building large facilities in the HMA to convert natural gas to liquified natural gas (LNG) and other secondary products—such as plastics—to be exported globally. Construction of these facilities and supporting infrastructure, such as storage facilities and energy transfer stations, are multimillion- to multibillion-dollar projects. Companies hire many temporary construction workers and professional staff, such as engineers, to do the work. Building these facilities can take between 3 to 5 years, employing several thousand people during peak construction. Once facilities have been built, production begins and permanent employees are hired; the number of manufacturing jobs is always less than the number of temporary construction jobs required during the peak construction phase. Cheniere Energy, Inc., Lotte Chemical USA Corporation, and Sempra Energy have built production facilities since 2012; other companies are also currently building facilities in the HMA.

The leisure and hospitality sector has been the second-largest service-providing sector in the HMA since at least 2000, only behind the government sector. Visitors to the HMA include people traveling for business and for the second largest industry in the HMA, casino gambling. Located close to Texas, casinos in the HMA have attracted visitors predominantly from the cities of Beaumont and Houston. Two large casino-based resorts, the Golden Nugget Lake Charles Hotel & Casino and the L'Auberge Casino Resort Lake Charles, are in the top 10 major employers in the HMA (Table 1); the resorts employ 1,514 and 1,300 employees, respectively. The city of Lake Charles is planning to begin construction in 2020 on the \$20 million Port Wonder development, which is expected to revitalize the waterfront area and attract tourists.

**Table 1. Major Employers in the Lake Charles HMA**

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Lake Charles Memorial Health System	Education & Health Services	2,108
Westlake Chemical Corporation	Manufacturing	1,700
Turner Industries Group, LLC	Mining, Logging, & Construction	1,650
Golden Nugget, LLC, Golden Nugget Lake Charles Hotel & Casino	Leisure & Hospitality	1,514
L'Auberge Casino Resort Lake Charles	Leisure & Hospitality	1,300
Sasol Limited	Manufacturing	1,084
CHRISTUS Ochsner St. Patrick Hospital	Education & Health Services	1,042
Citgo Petroleum Corporation	Manufacturing	1,032
Calcasieu Parish Sheriff's Office	Government	896
City of Lake Charles, Louisiana	Government	802

Note: Excludes local school districts.

Source: Southwest Louisiana Economic Development Alliance

## Current Conditions—Nonfarm payrolls

Although the economy in the HMA has improved each year since 2011, nonfarm payroll growth has slowed considerably compared with the 3.9-percent growth rate during the 2011-through-2017 period. During the 12 months ending September 2019, nonfarm payrolls increased by 800 jobs, or 0.7 percent, to 118,300 (Table 2). The slower growth is due in part to the completion of two large petrochemical facilities since late 2018, which contributed to the decline of 800 jobs in the mining, logging, and construction sector in the HMA during the same period. All the job growth during the 12 months ending September 2019 occurred in the service-providing sectors. One-half of the growth was in the professional and business services sector, followed by the government and the leisure and hospitality sectors, which expanded by 400, 300, and 100 jobs, or 3.8, 1.9, and 0.7 percent, respectively.

## Current Conditions—Unemployment

The unemployment rate averaged 3.6 percent during the 12 months ending September 2019, down from the average rate of 3.8 percent a year earlier

**Table 2. 12-Month Average Nonfarm Payroll Jobs (1,000s) in the Lake Charles HMA, by Sector**

	12 Months Ending September 2018	12 Months Ending September 2019	Absolute Change	Percentage Change
<b>Total Nonfarm Payroll Jobs</b>	<b>117.5</b>	<b>118.3</b>	<b>0.8</b>	<b>0.7</b>
<b>Goods-Producing Sectors</b>	<b>37.6</b>	<b>36.9</b>	<b>-0.7</b>	<b>-1.9</b>
Mining, Logging, & Construction	27.1	26.3	-0.8	-3.0
Manufacturing	10.6	10.5	-0.1	-0.9
<b>Service-Providing Sectors</b>	<b>79.9</b>	<b>81.4</b>	<b>1.5</b>	<b>1.9</b>
Wholesale & Retail Trade	NR	NR	NR	NR
Transportation & Utilities	NR	NR	NR	NR
Information	NR	NR	NR	NR
Financial Activities	NR	NR	NR	NR
Professional & Business Services	10.4	10.8	0.4	3.8
Education & Health Services	NR	NR	NR	NR
Leisure & Hospitality	15.3	15.4	0.1	0.7
Other Services	NR	NR	NR	NR
Government	15.5	15.8	0.3	1.9

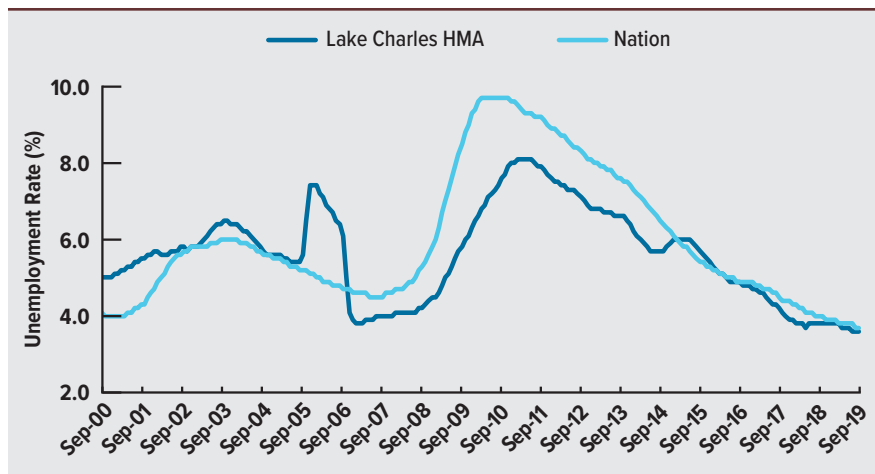
NR = Non-reporting.

Notes: Based on 12-month averages through September 2018 and September 2019. Numbers may not add to totals due to rounding. Data are in thousands. Non-reporting sectors are Education & Health Services, Financial Activities, Information, Other Services, Trade, and Transportation & Utilities.

Source: U.S. Bureau of Labor Statistics

(Figure 2). For comparison, the national unemployment rate declined from an average rate of 4.0 percent during the 12 months ending September 2018 to 3.7 percent during the 12 months ending September 2019. The unemployment rate decreased in the HMA primarily because the labor force decreased by 130 people, or 0.1 percent. The unemployment rate in the HMA increased 1.8 percentage points to 7.4 percent in 2005. That increase was due to a rise in the number of unemployed people from the disruption in the local economy during the immediate aftermath of Hurricane Rita in 2005. The 12-month average unemployment rate peaked during 2011 at 8.1 percent.

**Figure 2. 12-Month Average Unemployment Rate in the Lake Charles HMA and the Nation**



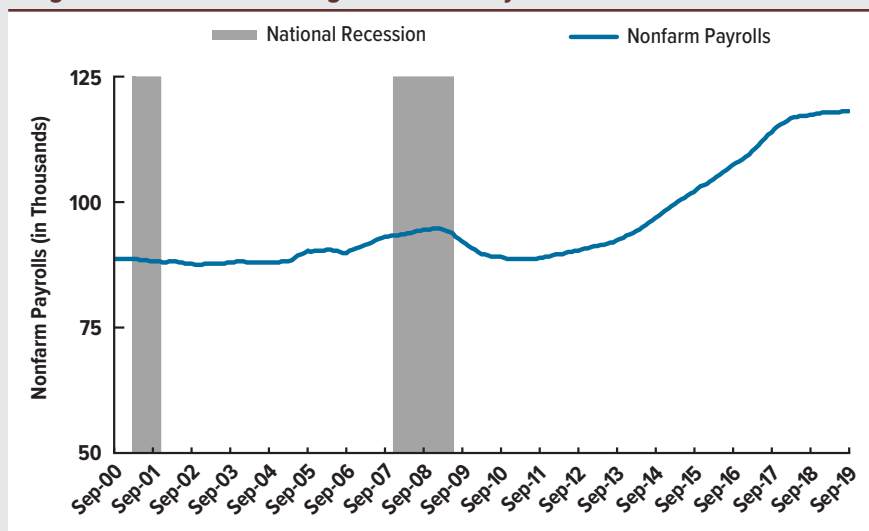
Note: Based on the 12-month moving average.  
Source: U.S. Bureau of Labor Statistics

## Economic Periods of Significance

### 2001 through 2010

Nonfarm payrolls in the HMA declined from 2001 through 2004 by an average of 100 jobs, or 0.1 percent, annually (Figure 3). The mining, logging, and construction sector and the manufacturing sector, which declined annually by averages of 500 jobs each, or 4.3 and 4.8 percent, respectively, led net losses during this period. From 2005 through 2008, nonfarm payrolls expanded by 1,600 jobs, or 1.8 percent, annually to 94,600 in 2008. Nearly 38 percent of the net job growth in the HMA between 2005 and 2008 occurred in the mining, logging, and construction sector, which expanded by 600 jobs, or 5.1 percent, annually, and most of the jobs were in the construction subsector. Many of the new construction jobs were related to home construction as the HMA rebuilt from the destruction caused by Hurricane Rita in 2005. Starting in 2009, job loss from the national recession affected the economy in the HMA, and nonfarm

**Figure 3. 12-Month Average Nonfarm Payrolls in the Lake Charles HMA**



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

payrolls declined by 3,000 jobs, or 3.2 percent, annually to 88,600 jobs in 2010. This decline was widespread across most employment sectors except for the government sector, which increased by 100 jobs, or 0.9 percent, annually during that period.

### 2011 through 2017

The economy expanded and nonfarm payrolls increased by 3,900 jobs, or 3.9 percent, annually, from 2011 through 2017. Job growth was strongest in the mining, logging, and construction sector, which increased by an average of 2,500 jobs, or 16.6 percent, annually as the number of construction jobs rose. That number increased largely due to expansions in the petrochemical industry. During this period, 10 petrochemical companies began building facilities with capital investments in excess of \$40 billion in the HMA (Southwest Louisiana Business Alliance). Four companies have completed petrochemical

construction projects since 2013 and have commenced operations. Westlake Chemical Corporation, which employs 1,700 people, is one of those companies and is the second-largest employer in the HMA. In addition, seven companies began construction of infrastructure related to the petrochemical industry, including the \$300 million TC Energy Corporation Cameron Access pipeline improvement project that will transport natural gas to the Cameron LNG, LLC export facility. Construction jobs were also supported by 23 other service-providing developments that commenced during the period, ranging from the \$14.5 million expansion of the Lake Charles Memorial Health System emergency department to the \$13.4 million expansion of Farmers Rice Milling Company.

The leisure and hospitality sector was the second-fastest-growing sector in the HMA. From 2011 through 2017, payrolls increased by an average of 500 jobs, or 3.9 percent, annually. Job growth in the sector was partly due to the opening of the 740-room Golden Nugget Hotel & Casino in late 2014 and an expansion of the casino in 2017 that added a 300-room tower.

### 2018 through Current

Nonfarm payroll growth in the HMA started to moderate in 2018 when nonfarm payrolls increased by 2,300 jobs or 2.0 percent, because growth in the construction subsector slowed. Mostly due to the completion of two

petrochemical projects since late 2018, nonfarm payrolls in the mining, logging, and construction sector decreased by 800 jobs, or 3.0 percent, to 26,300 jobs during the 12 months ending September 2019. Nonfarm payrolls were down from a gain of 2,000 jobs, or 8.0 percent, during the 12 months ending September 2018. Although the mining, logging, and construction sector lost jobs, the sector continues to be the largest in the HMA, with 22 percent of all payroll jobs. Eight large-scale petrochemical developments are currently underway and contribute to construction jobs in the HMA. In January 2018, Entergy Louisiana, LLC, began construction on a combined-cycle power plant that will add an estimated 700 jobs during peak construction and 31 permanent jobs when construction is completed. In May 2018, Phillips 66 Corporation started construction on an expansion project that is expected to add 500 jobs at peak construction and 2 permanent jobs when the unit is operational. In 2019, Venture Global LNG began construction on the Calcasieu Pass LNG facility that will employ 1,500 people at peak construction and 130 people when the facility is operational. Cheniere began an expansion project on the Sabine Pass LNG facility in 2019 that is expected to employ 1,500 people during construction and 68 people when it is operational. Since late 2018, two large construction projects—the Sasol Limited ethane cracker and the Lotte Westlake Chemical Complex—have begun operations, employing 800 and 250 people, respectively.

### Employment Forecast

During the 3-year forecast period, nonfarm payrolls are expected to increase by an average of 870 jobs, or 1.0 percent, a year. Currently, 13 large-scale construction projects are in planning, with expected capital expenditures totaling more than \$15 billion. Two projects are expected to begin construction soon. The Port Wonder community development project for the city of Lake

Charles and the \$30 billion Tellurian, Inc., Driftwood LNG project are expected to begin in 2020. The Driftwood LNG facility is expected to be operational and add an estimated 250 permanent jobs in 2023. Construction of the two LNG projects that began in 2019 is expected to continue. Job growth is anticipated to accelerate during the second and third years of the forecast period as more construction projects are funded.



# Population and Households

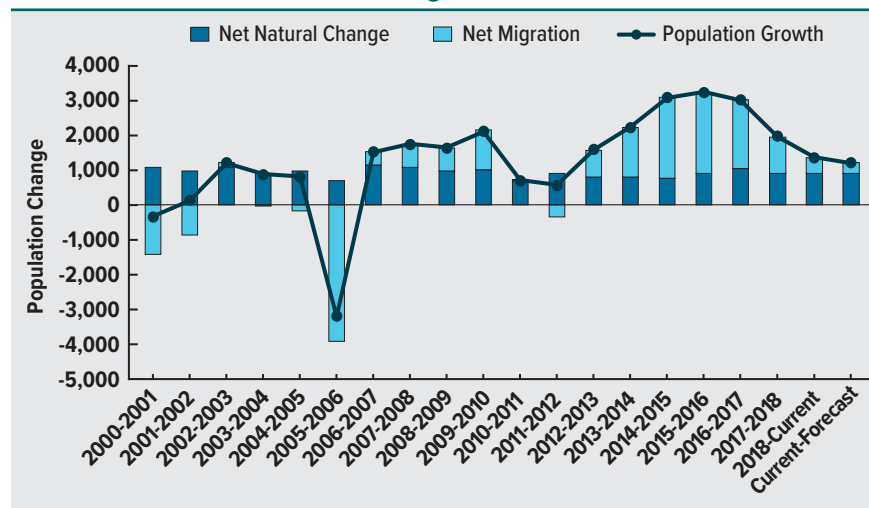
Current population: 218,000

Net in-migration peaked in the HMA from 2015 to 2016 partly, due to growth in the economy.

## Population Trends

As of October 1, 2019, the estimated population of the Lake Charles HMA is 218,000, representing an average increase of 1,950, or 0.9 percent, annually since April 2010 (Table 3). The most recent population growth rate is three times greater than the average population increase of 600, or 0.3 percent, annually from 2000 to 2010, partly due to out-migration resulting from Hurricane Rita. Net out-migration averaged 490 people annually between 2000 and 2005 (Figure 4). After Hurricane Rita, which made landfall in 2005, many people were displaced from their homes, leading to net out-migration of 3,900 people from 2005 to 2006 and a population decline of 3,200 people, or 1.6 percent. From 2006 to 2009, the HMA recovered from Hurricane Rita; net in-migration averaged 580 people annually, contributing to an average annual population

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



Notes: Net natural change and net migration totals are average annual totals over the time period. The forecast period is from the current date (October 1, 2019) to October 1, 2022. Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

growth of 1,650, or 0.8 percent. Net in-migration averaged 1,100 from 2009 to 2010 as people continued to move to the HMA in response to economic growth that occurred from 2004 through 2008. Population rose by 2,125, or 1.1 percent, during the period. Due to the economic downturn in the HMA during 2009 and 2010, net out-migration of 150 people per year occurred from 2010 to 2012; that migration slowed the rate of population growth to an average of 660 people, or 0.3 percent. Due to increased job growth, the population in the HMA grew by an average of 2,650 people, or 1.3 percent, annually, with net in-migration averaging 1,775 people per year from 2012 to 2017. Net migration peaked from 2015 to 2016, averaging 2,350 people annually, partly because of expansions in the petrochemical and the casino gaming industries. Due to moderated economic growth in the HMA beginning in 2018, population growth has slowed, resulting in an estimated net in-migration of 470 people since 2018 and an average population growth of 1,375, or 0.6 percent, annually.

Table 3. Lake Charles HMA Population and Household Quick Facts

	2010	Current	Forecast	
<b>Population Quick Facts</b>	<b>Population</b>	199,607	218,000	221,700
	Average Annual Change	600	1,950	1,225
	Percentage Change	0.3	0.9	0.6
<b>Household Quick Facts</b>	<b>Households</b>	76,571	83,450	85,000
	Average Annual Change	440	720	520
	Percentage Change	0.6	0.9	0.6

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 (October 1, 2019) to October 1, 2022. Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by the analyst





## Household Trends and Tenure

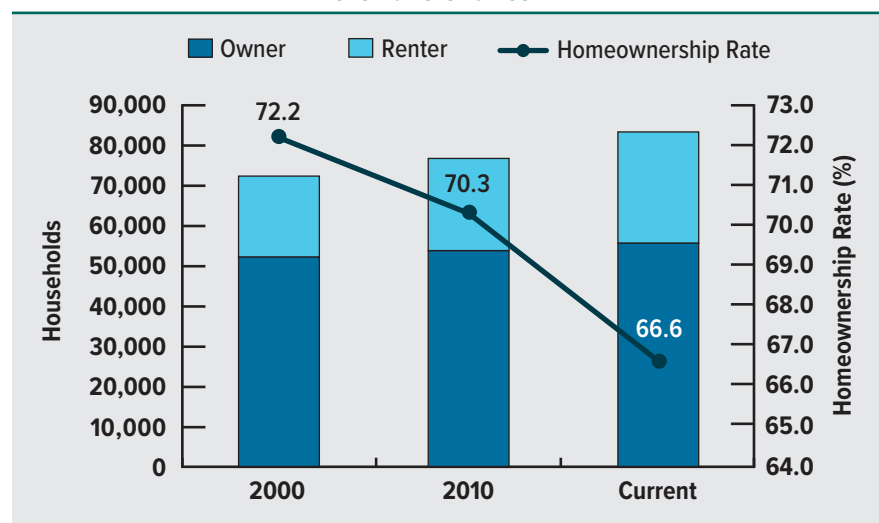
As of October 1, 2019, an estimated 83,450 households reside in the HMA, reflecting an average annual increase of 720 households, or 0.9 percent, since 2010. By comparison, households increased by an average of 440, or 0.6 percent, a year from 2000 to 2010. Currently, an estimated 66.6 percent of households, or 55,600, are homeowners (Figure 5). Although the homeownership rate has been

falling since 2000, the decline has been more prevalent since 2010 when the homeownership rate was 70.3 percent. The decline is due to a greater preference to rent, partly stemming from the increase in temporary petrochemical-industrial workers who have been living in the HMA since 2013.

## Forecast

Population growth in the Lake Charles HMA is expected to continue during the 3-year forecast period, with the population reaching 221,700 by October 1, 2022, reflecting average annual growth of 1,225 or 0.6 percent; that growth rate is lower than the estimated 2010-to-current rate of 1,950, or 0.9 percent annually, because of moderate economic growth. Approximately 26 percent of the growth will come from net in-migration, due to employment opportunities, compared with 55 percent of the growth from net in-migration from 2010 to current. Household growth is expected to average 520, or 0.6 percent, annually, reaching 85,000 households in the HMA by the end of the forecast period.

**Figure 5. Households by Tenure and Homeownership Rate in the Lake Charles HMA**



Note: The current date is October 1, 2019.  
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by the analyst

# Home Sales Market Conditions

## Sales Market—Balanced

The number of homes sold and the average home sales price increased during the 12 months ending September 2019.

## Current Conditions

Home sales market conditions in the Lake Charles HMA are currently balanced. The home sales vacancy rate is currently estimated at 1.2 percent (Table 4). That rate is down from 1.4 percent in 2010, when the market was slightly soft because of the housing market downturn and the corresponding period of job losses in the HMA. The inventory of available homes for sale was 5.0 months in September 2019—up from 4.7 months in September 2018 and well below the peak of 8.2 months in July 2011 (CoreLogic, Inc.). During the 12 months ending September 2019, total home sales, which includes new and existing

homes, increased 12 percent to 3,325 (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). During the same period, the average home sales price, which includes new and existing homes, increased 2 percent to \$201,300.

## New Home Sales and Prices

As the economy in the HMA slowly expanded following the recession, housing market conditions began to improve, and new home sales averaged 80 homes sold annually from 2011 through 2013. In response to greater in-migration because of expansions in the petrochemical and casino gaming industries, new home sales increased by an average of 85 homes a year from 2014 through 2016, averaging 230 homes sold each year. As in-migration and job growth continued, the number of new home sales increased by an average of 70 homes a year from 2017 through 2018, averaging 490 a year. Approximately 520 new homes sold in the HMA during the 12 months ending September 2019, up 2 percent from the number of homes sold during the previous 12 months (Figure 6).

**Table 4. Home Sales Quick Facts in the Lake Charles HMA**

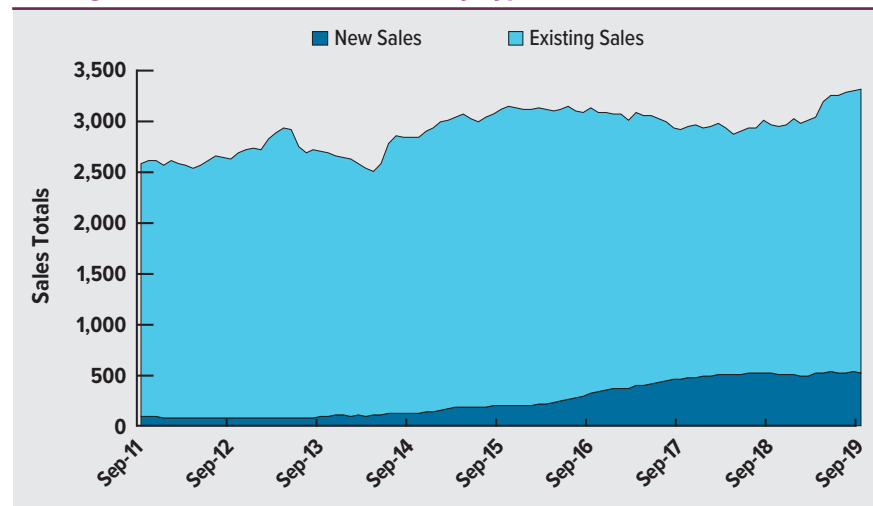
	Lake Charles HMA	Nation
<b>Vacancy Rate</b>	1.2%	NA
<b>Months of Inventory</b>	5.0	3.3
<b>Total Home Sales</b>	3,325	5,693,000
1-Year Change	12%	0%
<b>New Home Sales Price</b>	\$241,400	\$411,600
1-Year Change	2%	-1%
<b>Existing Home Sales Price</b>	\$193,900	\$309,700
1-Year Change	3%	2%
<b>Mortgage Delinquency Rate</b>	1.8%	1.4%

NA = data not available.

Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending September 2019; months of inventory and mortgage delinquency data are as of September 2019. The current date is October 1, 2019.

Sources: Months of inventory and mortgage delinquency—CoreLogic, Inc., with adjustments by the analyst; home sales and prices—Metrostudy, A Hanley Wood Company, with adjustments by the analyst

**Figure 6. 12-Month Sales Totals by Type in the Lake Charles HMA**



Source: Metrostudy, A Hanley Wood Company, with adjustments by the analyst



New home sales prices have fluctuated since 2011 and peaked in 2016 due to the growing economy in the HMA (Figure 7). The average new home sales price in 2011 was \$170,400; the price increased by an average of 14 percent annually during 2012 and 2013 as the economy improved in the HMA. Prices moderated from 2014 through 2015 and then peaked in 2016 at \$247,100 as demand for new homes increased. New home sales prices fell by an average of 1 percent annually from 2017 through 2018 as homebuilders offered additional new homes priced under \$250,000 in the HMA. During the 12 months ending September 2019, 48 percent of new home sales in the HMA were priced between \$200,000 and \$249,999, and the average new home sales price was \$241,400, up 2 percent from the previous 12 months.

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



Source: Metrostudy, A Hanley Wood Company, with adjustments by the analyst

### Existing Home Sales and Prices

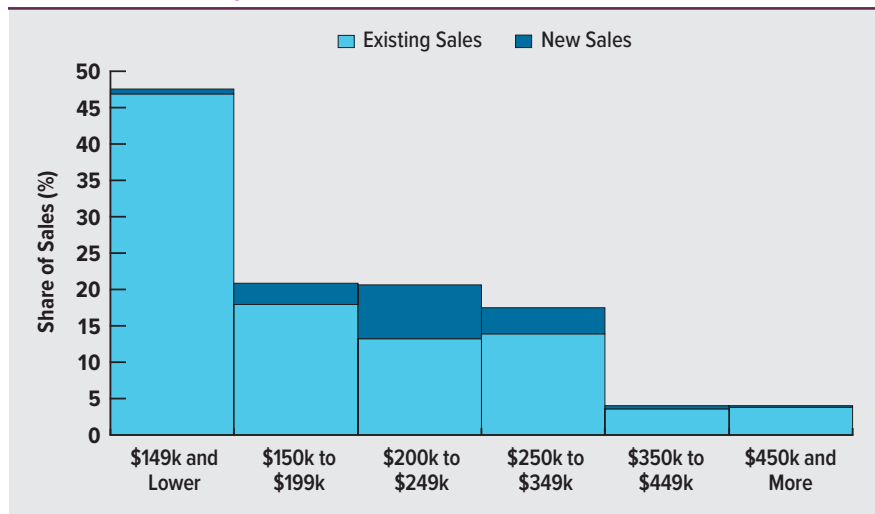
The number of existing home sales (including regular resale and real estate owned [REO] home sales) has fluctuated since 2011. From 2011 through 2013,

existing home sales averaged 2,575 homes, annually, due in part to investors purchasing single-family homes and converting them to rental properties (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). During this period, absentee-owner sales, which are primarily investment or second-home purchases, accounted for nearly 32 percent of total sales, compared with 16 percent in 2005 and higher than the average of 31 percent from 2014 through 2018. The number of REO sales in the HMA peaked at 320 in 2011 and accounted for nearly 13 percent of total existing sales. As the economy in the HMA expanded, existing home sales increased by 190, or 7 percent, annually, from 2014 through 2015; regular resales increased 8 percent and REO sales decreased by 7 percent. Sales peaked at 2,925 in 2015, with regular resales accounting for 93 percent of existing sales. From 2016 through 2018, the number of existing homes sales fell by 130, or 5 percent annually; the number decreased mostly because regular resales declined by 110 sales annually as home prices increased and net in-migration to the HMA slowed. Existing home sales totaled 2,800 in the HMA during the 12 months ending September 2019, up 14 percent from the previous 12-month period, with regular resale properties accounting for 95 percent of total existing home sales.

Due to the expanding economy in the HMA, annual existing home sales prices have generally trended upward at a moderate pace since 2011, when the average price was \$133,400. Existing home sales prices increased from 2012 through 2014 by an average of 9 percent annually. In 2015, the sales price of existing homes declined by 2 percent because the price of regular resale homes fell by nearly 2 percent. From 2016 through 2018, existing home prices increased by 4 percent annually and peaked in 2018 at \$191,200. The price increase during this period is attributed to both regular resale home prices and REO prices rising 4 and 7 percent, to \$194,100 and \$125,400, respectively. The average sales price of an existing home was \$193,900 during the 12 months ending September 2019, up nearly 3 percent from the previous 12 months ending September 2018. During that time, 47 percent of existing homes sold were priced at \$149,999 and lower (Figure 8), with regular resale homes averaging \$196,700.



**Figure 8. Share of Sales by Price Range During the 12 Months Ending September 2019 in the Lake Charles HMA**



Note: New and existing sales include single-family homes, townhomes, and condominium units.  
Source: Metrostudy, A Hanley Wood Company, with adjustments by the analyst

## REO Sales and Delinquent Mortgages

As of September 2019, approximately 1.8 percent of all mortgage loans in the HMA were seriously delinquent or had transitioned to REO status; that rate was down from 2.5 percent in September 2018 and below the peak of 9.1 percent in December 2005 (CoreLogic, Inc.), which occurred during the aftermath of Hurricane Rita. The statewide rate of seriously delinquent home loans and REO properties peaked at 12.2 percent in both November and December 2005, which was significantly higher than the nationwide peak of 8.6 percent in both January and February 2010.

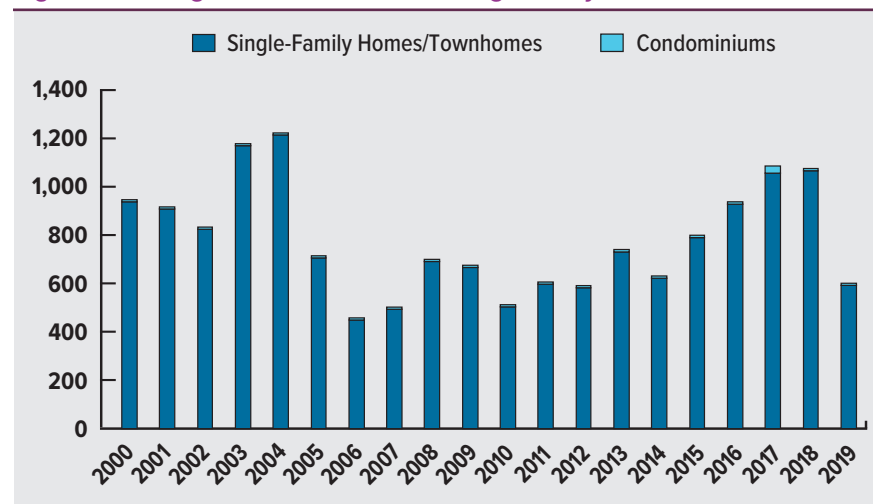
## Sales Construction Activity

Homebuilders responded to increased competition from regular resales, resulting in a recent decrease in sales housing construction activity, as measured by the number of building permits issued for sales housing, including single-family homes, townhomes, and condominiums. Homebuilding activity declined nearly

20 percent to 850 in the HMA during the 12 months ending September 2019, compared with the number of homes permitted a year earlier.

The number of homes permitted vacillated from 2000 through 2012 due to changes in the economy of the HMA and the disruption of building activity following Hurricane Rita (Figure 9). From 2000 through 2002, building permits averaged 890 annually, as the economy in the HMA contracted slightly. In 2003 and 2004, permitting increased, averaging 1,200 units permitted each year as the economy expanded. Because of massive out-migration in 2005, as people fled Hurricane Rita and the subsequent shift of construction resources to building repair activity that occurred during the aftermath of the storm, building permits fell by an average of 240, or 26 percent, annually from 2005 through 2007. From 2008 through 2012, construction was steady and averaged 610 units permitted per year. As the economy expanded from 2013 through 2017, building permits increased by an average of 100, or 13 percent a year.

**Figure 9. Average Annual Sales Permitting Activity in the Lake Charles HMA**



Notes: Includes single-family homes, townhomes, and condominiums. Data for 2019 are through September 2019.  
Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2017—final data and estimates by the analyst; 2018 and 2019—preliminary data and estimates by the analyst



## New Construction

Although new home construction is occurring throughout the HMA, most new subdivisions are concentrated in the cities of Lake Charles and Sulphur, with limited new construction occurring in the cities of Iowa and Westlake. Located in the city of Lake Charles, the masterplan subdivision of MorganField has been under construction since 2015; at buildout, MorganField will have eight neighborhoods and approximately 1,675 homes. The Cove at MorganField neighborhood is being built by DSLD Homes, LLC, with 76 homes planned at buildout; currently, 13 homes have been completed, 18 homes are under construction, and 7 lots are for sale. Homes are currently priced between \$214,000 and \$293,000. In 2018, D.R. Horton, Inc., began construction of the Pinehurst at West Trace community in the city of Westlake, within The National Golf Club of Louisiana. The community includes 56 homes planned at buildout that are currently priced between \$190,000 and \$270,000. The subdivision is nearly completed, with 55 homes sold and 1 home under contract. Beginning in January 2020, D.R. Horton, Inc., will start construction on the Jubilee at West Trace,

located next to the Pinehurst at West Trace. Initially, 25 homes will be for sale, and 100 homes priced between \$200,000 and \$270,000 are planned at buildout.

## Forecast

During the next 3 years, demand is expected for an estimated 1,825 new homes in the HMA (Table 5). The 260 single-family homes currently under construction will satisfy a portion of the estimated demand during the forecast period. Most of the demand will be for new homes priced under \$300,000. Demand is expected to rise each year of the forecast, as growth in the petrochemical industry continues.

**Table 5. Demand for New Sales Units in the Lake Charles HMA During the Forecast Period**

Sales Units	
<b>Demand</b>	1,825 Units
<b>Under Construction</b>	260 Units

Note: The forecast period is from October 1, 2019, to October 1, 2022.

Source: Estimates by the analyst



# Rental Market Conditions

## Rental Market—Slightly soft

The apartment market vacancy rate increased from the third quarter of 2018 because of moderating growth in the petrochemical industry that led to lower levels of in-migration to the HMA.

## Current Conditions and Recent Trends

The overall rental market (which includes single-family rental homes, mobile homes, and apartments) in the Lake Charles HMA is currently slightly soft, due to soft conditions in the apartment market. The overall estimated vacancy rate of 7.0 percent (Table 6) is down from 11.9 percent in April 2010 when conditions were soft. The decline in the overall vacancy rate during this period was primarily due to the expansion of the petrochemical industry and continued renter household growth; the number of renter households has increased an average of 2 percent a year since April 2010. From 2010 through 2018, the estimated number of renter-occupied single-family homes in the HMA increased 29 percent to 10,800 and currently constitutes 40 percent of all occupied rental

units in the local rental market (2018 American Community Survey 1-year data). Meanwhile, the estimated number of occupied apartment units increased by 2,600, or 57 percent, from 2010 through 2018, so the apartment rental market is estimated to be 27 percent of all occupied rental units in the HMA, up from 24 percent in 2010.

Currently the apartment market is soft. Vacancy rates rose during the past year as a large number of apartment units began to come online, a result of the record level of permitting toward the end of 2017. In addition, some professional migrant workers moved away from the HMA because two large scale petrochemical construction projects were completed, which further compounded the increase in rental vacancy rates. During the third quarter of 2019, the apartment vacancy rate in the HMA was 7.9 percent, up 2.1 percentage points from the third quarter of 2018 (Figure 10), when the market was balanced (RealPage, Inc.). Two apartment complexes are currently in lease-up, adding more than 450 new units to the apartment supply. Apartment rents decreased 9 percent from \$1,087 during the third quarter of 2018 to \$986 during the third quarter of 2019; those rates contrast with apartment rent growth of 5 percent annually in the HMA from the third

**Table 6. Rental and Apartment Market Quick Facts in the Lake Charles HMA**

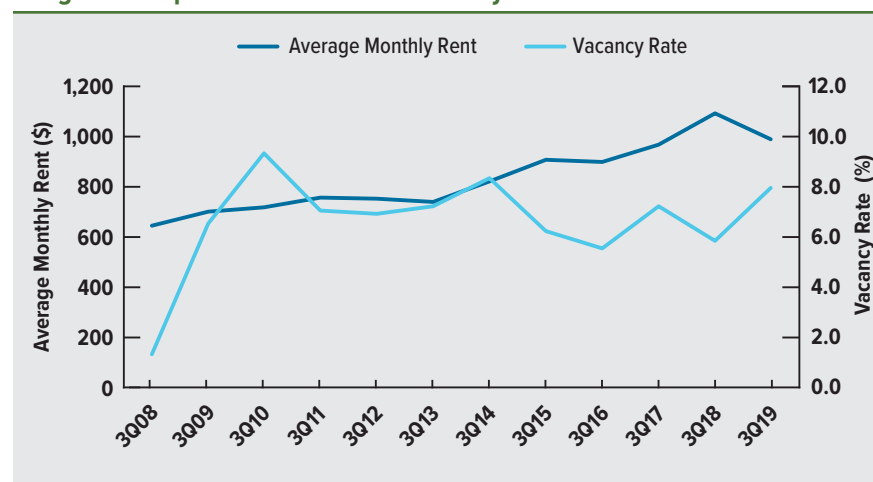
	2010 (%)	Current (%)
<b>Rental Market Quick Facts</b>		
Rental Vacancy Rate	11.9	7.0
<b>Occupied Rental Units by Structure</b>		
Single-Family Attached & Detached	43.6	40.2
Multifamily (2–4 Units)	17.7	22.1
Multifamily (5+ Units)	23.6	26.5
Other (Including Mobile Homes)	15.1	11.2
<b>Apartment Market Quick Facts</b>	<b>Current</b>	<b>YoY Change</b>
Apartment Vacancy Rate	7.9	36.2
Average Rent	\$986	-9.3

YoY = year-over-year.

Notes: The current date is October 1, 2019. Percentages may not add to 100 due to rounding.

Sources: 2010 and 2018 American Community Survey, 1-year data; RealPage, Inc.

**Figure 10. Apartment Rents and Vacancy Rates in the Lake Charles HMA**



3Q = third quarter.

Source: RealPage, Inc.



quarter of 2008 through the third quarter of 2017, despite variations in market conditions. Apartment market conditions have ranged from very tight in the third quarter of 2008—with a vacancy rate of 1.3 percent—to soft in the third quarter of 2010—with a vacancy rate of 9.3 percent.

## Rental Construction Activity

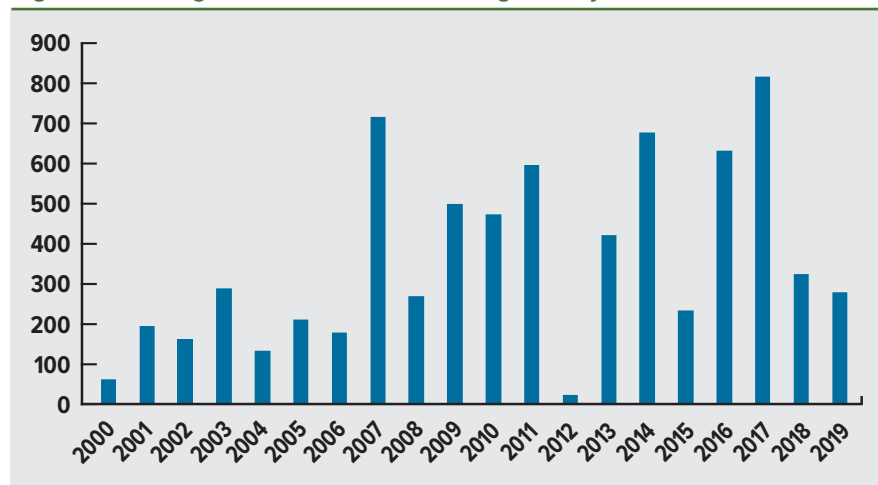
Builders adjusted to softening market conditions by decreasing the number of rental units permitted during the past 12 months. Rental construction activity in the Lake Charles HMA, as measured by the number of rental units permitted, totaled 360 units during the 12 months ending September 2019, compared with 450 units permitted a year earlier (preliminary data, with adjustments by the analyst). Rental construction activity since 2000 has fluctuated significantly, averaging 200 units permitted a year from 2001 through 2006 before reaching a peak of 720 units by 2007 as rebuilding increased after Hurricane Rita (Figure 11). Construction

declined to 270 units in 2008 before rising to an average of 490 units annually during 2009 and 2010 in response to increasing net migration to the HMA. Rental construction activity rose to 600 units in 2011 before dropping 96 percent to 25 units by 2012 because previous developments were underway or in lease-up. From 2013 through 2017, the number of permits increased by an average of 160 units, or 104 percent, annually. Rising demand stemming from job growth and net in-migration, combined with an increase in preference to rent, contributed to the generally strong rental construction during this period. Rental construction activity fell by 490 units, or 60 percent, in 2018 in response to substantially slowing growth in the HMA economy.

## Recently Constructed Rental Properties

Two new apartment complexes began lease-up in 2019. The 288-unit Encore at Power Center is a 12-building apartment community on the east side of the city of Lake Charles that opened in August 2019. The first building was completed in September 2019, with an additional six buildings expected to be completed by December 2019. The completion of the entire community is expected by January 2020. Rents, including current concessions, at Encore at Power Center range from \$920 to \$1,150 for one-bedroom units, \$1,127 to \$1,300 for two-bedroom units, and \$1,350 to \$1,525 for three-bedroom units. Located less than a mile from The National Golf Club of Louisiana, in the city of Westlake, the 180-unit Villa Westlake Apartments is a luxury apartment complex that began lease-up in September 2019. Rents range from \$1,160 to \$1,180 for one-bedroom units, \$1,310 to \$1,330 for two-bedroom units, and \$1,710 to \$1,720 for three-bedroom units. The 270-unit Erdace Apartments is in downtown Lake Charles and is currently under construction. The four-story apartment building will offer market-rate studio, one-, and two-bedroom units for general occupancy. The property is expected to open in early 2020. Monthly rents have not been announced.

**Figure 11. Average Annual Rental Permitting Activity in the Lake Charles HMA**



Notes: Includes apartments and units intended for rental occupancy. Data for 2019 are through September 2019. Sources: U.S. Census Bureau, Building Permits Survey; 2000–2017 final data and estimates by the analyst; 2018 and 2019 preliminary data and estimates by the analyst



## Forecast

During the 3-year forecast period, demand is estimated for 800 new rental units (Table 7). Demand is expected to increase slightly in the second and third years of the forecast period because of anticipated net in-migration. All the demand is expected to be met by the 1,025 units currently under construction, of which 780 units are in developments with mortgages insured by the Federal Housing Administration.

**Table 7. Demand for New Rental Units in the Lake Charles HMA During the Forecast Period**

Rental Units	
<b>Demand</b>	800 Units
<b>Under Construction</b>	1,025 Units

Note: The forecast period is October 1, 2019, to October 1, 2022.

Source: Estimates by the analyst





# Terminology Definitions and Notes

## A. Definitions

<b>Building Permits</b>	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.
<b>Demand</b>	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.
<b>Forecast Period</b>	10/1/2019–10/1/2022—Estimates by the analyst
<b>Home Sales/ Home Sales Prices</b>	Includes single-family home, townhome, and condominium sales.
<b>Rental Market/ Rental Vacancy Rate</b>	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.
<b>Seriously Delinquent Mortgages</b>	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.
Cover Photo	iStock

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