

# SOUTHWEST LOUISIANA ECONOMIC INDICATORS

College of Business  
McNeese State University  
Dr. Mitchell Adrian, Dean

H.C. Drew Center for Economic  
Development Information Services  
Dr. Douglas W. McNeil, Director

February 16, 2009

<http://www.mcneese.edu/drewecon>

## Annual Real Estate Review

The regional real estate market can be divided into five major categories—single family homes, condominiums, multi-family homes, commercial real estate, and vacant land. Regional statistics comparing each category of sales in 2008 with 2007 are provided by the **Southwest Louisiana Association of Realtors**.

### Single Family Home Sales

Single family home sales accounted for almost 79% of the total dollar volume of all real estate transactions reported in 2008. The table below shows that 1,552 single family homes sold in the year 2008—10.8% fewer than the 1,740 sold in the previous year. The average sales price for single family homes fell by a very modest 2.1%—to \$149,149 in 2008 from \$152,300 in 2007. The combination of fewer homes sold at slightly lower prices resulted in a 12.7% decline in the dollar volume of single family home sales in 2008.<sup>1</sup>

**Single Family Home Statistics, Southwest Louisiana, Annual Comparisons**

	<u>2008</u>	<u>2007</u>	<u>Change</u>
<b>New Listings</b>	2,181	2,185	-0.2%
<b>Number Sold</b>	1,552	1,740	-10.8%
<b>Dollar Volume of Sales</b>	\$231,478,759	\$265,001,760	-12.7%
<b>Average Sales Price</b>	\$149,149	\$152,300	-2.1%
<b>Average Days on Market</b>	129	124*	

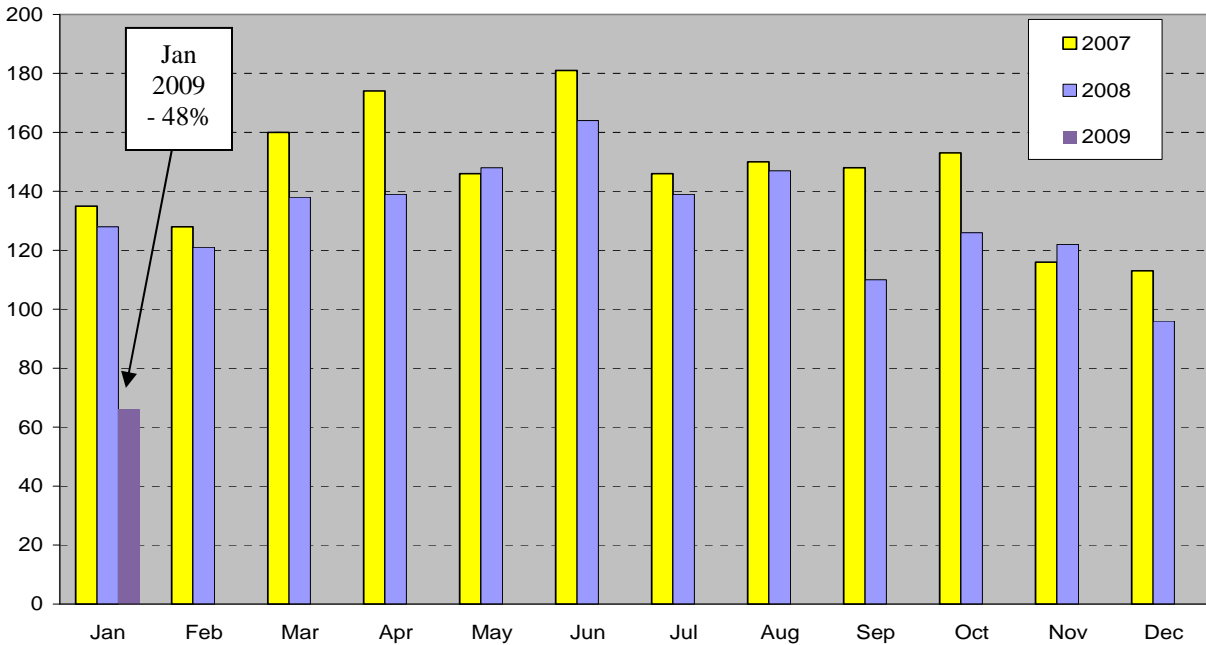
\* All 2007 estimates revised 1/1/2009 except “days on market” estimate which is from 1/1/2008.

The number of new listings of single family homes in 2008 remained almost the same as in 2007. Consequently the ratio of the number of new listings to the number of sold listings rose slightly. As might be expected, the “average number of days on the market” lengthened—to 129 days in 2008 from 124 days in 2007.

The two charts on the following page track the most recent monthly changes in the regional market for single family homes as compared to the same month a year ago. The first chart shows that only 66 homes sold January of 2009, a decline of over 48% from the 128 single family homes sold in January of 2008.

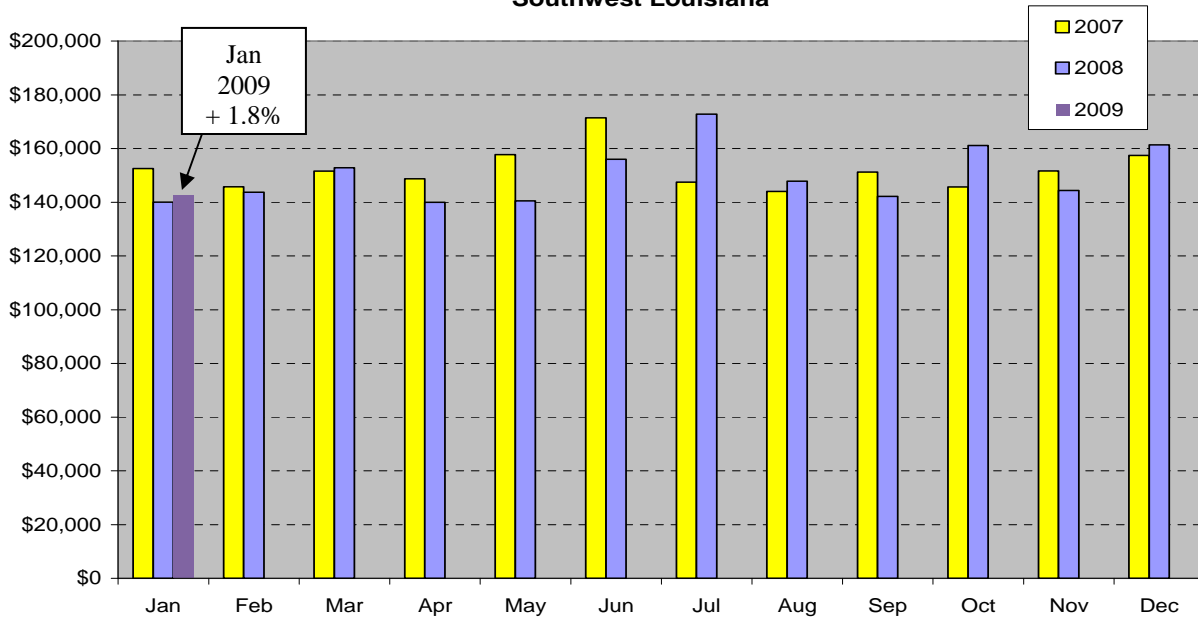
<sup>1</sup> By comparison, nationwide in 2008 the number of single family homes sold dropped by about 12%, and the average sale price fell by about 9% (to \$242,100 in 2008 from \$266,200 in 2007).

**Number of Single Family Homes Sold  
Southwest Louisiana**



Surprisingly, however, the next chart shows that the January 2009 average sales price actually rose by 1.8%—to \$142,544 from \$140,057 in January 2008. Average sales prices were higher in five of the most recent seven months—July, August, October and December of 2008, as well as January of 2009. The combined effect of about half as many single family homes sold in January at an only slightly higher average price, was a 47.5% decline in the total dollar volume of single family homes sold in January of 2009 compared to the same month in 2008.

**Average Price for Single Family Homes Sold  
Southwest Louisiana**



The January plunge in the number of single family homes sold is the most dramatic evidence to date that Southwest Louisiana is not immune to the national recession and credit crisis which have received so much publicity since September 2008. As a consequence, one close observer of the local market indicates the number of “under contract” transactions declined in the October through December period, and then picked up again in January.

The result could be several more months of lower real estate sales as potential home buyers weigh generally positive news about the local economy against the uncertainties associated with months of unprecedented negative news about the national and international economy, and developing news from Baton Rouge about problems with the state economy and attendant budget cuts that are projected to curtail regional health care spending at Moss Regional Hospital and higher education spending at Sowell Community College and McNeese State University.

### **Condominium Sales**

The table below indicates the changes in condominium sales from 2007 to 2008. The numbers involved are too small to attach much significance to the percentage changes. Condominium sales accounted for an insignificant share of the total dollar volume of real estate transactions in Southwest Louisiana—about two-tenths of one percent in 2008

#### **Condominium Statistics for Southwest Louisiana, Annual Comparisons**

	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>Change</u></b>
<b>New Listings</b>	26	4	550.0%
<b>Number Sold</b>	8	5	60.0%
<b>Volume of Sales</b>	\$637,100	\$441,000	44.5%
<b>Average Sales Price</b>	\$79,638	\$88,200	-9.7%
<b>Average Days on Market</b>	105	101*	

\* All 2007 estimates revised 1/1/2009 except “days on market” estimate which is from 1/1/2008.

### **Multi-Family Home Sales**

Multi-family home sales also account for a very small share of the total dollar volume of real estate sales in Southwest Louisiana—a little over 2%. The table below shows the number of sales changed very little from 2007 to 2008, but the average price (and therefore the dollar volume of sales) dropped sharply. While the percentage changes are large, the actual numbers involved are relatively small.

#### **Multi-Family Home Statistics for Southwest Louisiana, Annual Comparisons**

	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>Change</u></b>
<b>New Listings</b>	115	67	71.6%
<b>Number Sold</b>	34	37	-8.1%
<b>Volume of Sales</b>	\$6,773,160	\$11,433,598	-40.8%
<b>Average Sales Price</b>	\$199,211	\$309,016	-35.5%
<b>Average Days on Market</b>	105	114*	

\* All 2007 estimates revised 1/1/2009 except “days on market” estimate which is from 1/1/2008.

## **Commercial Real Estate Sales**

Commercial real estate sales accounted for almost 7% of the total dollar volume of real estate sales in Southwest Louisiana in 2008. It should be kept in mind that this category of sales is probably not very homogenous. Perhaps the most significant statistic in the table below is the 50% increase in the dollar volume of commercial real estate sold in 2008.

### **Commercial Real Estate Statistics for Southwest Louisiana, Annual Comparisons**

	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>Change</u></b>
<b>New Listings</b>	135	131	3.1%
<b>Number Sold</b>	56	51	9.8%
<b>Volume of Sales</b>	\$19,832,196	\$13,174,475	50.5%
<b>Average Sales Price</b>	\$354,146	\$258,323	37.1%
<b>Average Days on Market</b>	254	249*	

\* All 2007 estimates revised 1/1/2009 except "days on market" estimate which is from 1/1/2008.

## **Vacant Land Sales**

Vacant land sales accounted for nearly 12% of the total dollar volume of real estate sales in Southwest Louisiana in 2008. Vacant land is also a category that lacks homogeneity—so comparisons must be made with caution. There was a nearly 28% decline in the total dollar volume of land sales in 2008.

### **Vacant Land Statistics for Southwest Louisiana, Annual Comparisons**

	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>Change</u></b>
<b>New Listings</b>	1,083	747	45.0%
<b>Number Sold</b>	333	426	-21.8%
<b>Volume of Sales</b>	\$34,448,236	\$47,768,357	-27.9%
<b>Average Sales Price</b>	\$103,448	\$112,132	-7.7%
<b>Average Days on Market</b>	301	343*	

\* From initial 2007 statistics, revised statistics not available.

## **Grand Totals--All Real Estate Sales**

The grand totals for all five categories of real estate sales in Southwest Louisiana are shown in the table that follows.

### **Grand Total Statistics for All Southwest Louisiana Real Estate, Annual Comparisons**

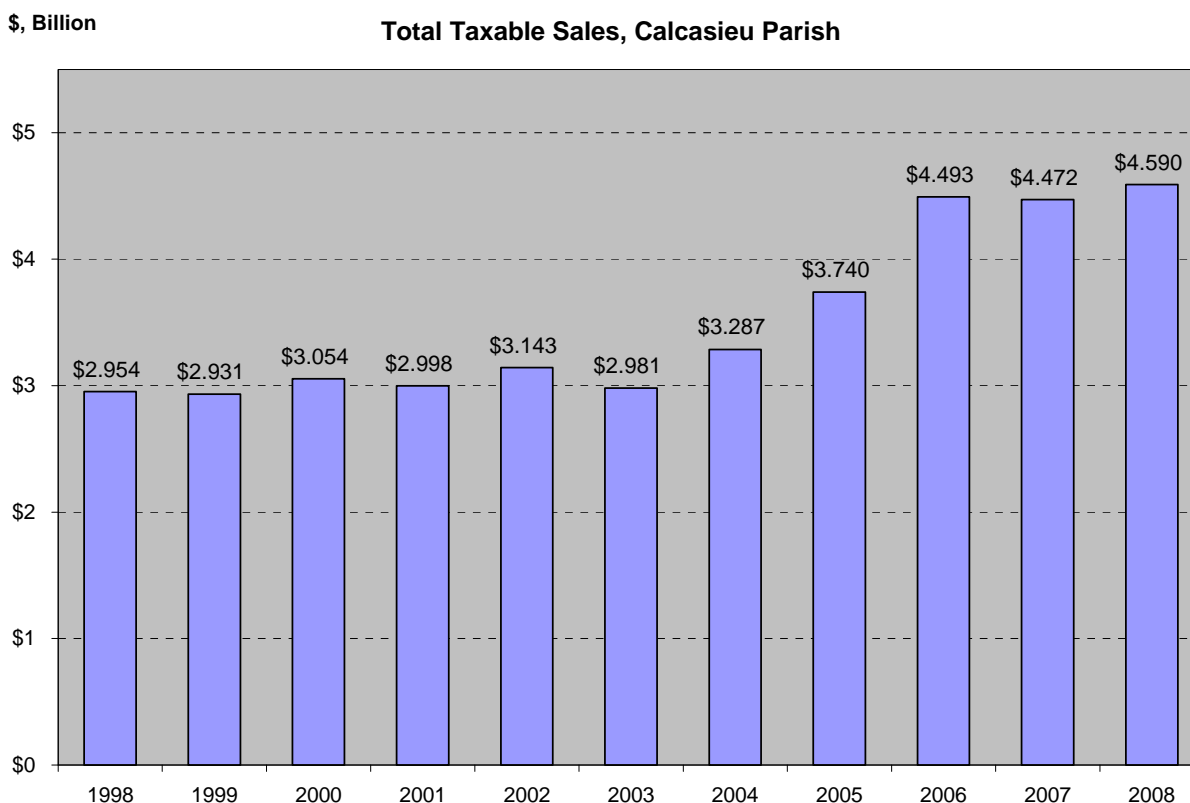
	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>Change</u></b>
<b>New Listings</b>	3,540	3,134	13.0%
<b>Number Sold</b>	1,983	2,259	-12.2%
<b>Volume of Sales</b>	\$293,169,451	\$337,819,190	-13.2%
<b>Average Sales Price</b>	\$147,841	\$149,544	-1.1%

The total dollar volume of all real estate sales declined to \$293 million in 2008 from nearly \$338 million in 2007—a decrease of about 13%.

## Annual Taxable Sales Review

Transactions subject to the Calcasieu Parish sales and use tax rose to a record \$4.59 billion in the year 2008. The growth in taxable sales in 2008 from 2007 was about \$118 million or about 2.6% in nominal terms.<sup>2</sup>

The following chart tracks taxable spending from 1998 through 2008. It illustrates how taxable sales (spending) plateaued near the \$3 billion level from 1998 through 2003, began rising in 2004, and were spurred sharply higher in 2005 and 2006 as a result of recovery spending in the aftermath of Hurricane Rita.



The chart also shows that spending plateaued again in 2006 near the \$4.5 billion level, and there was no comparable surge in recovery spending in 2008 following Hurricanes Gustav and Ike for a number of reasons.

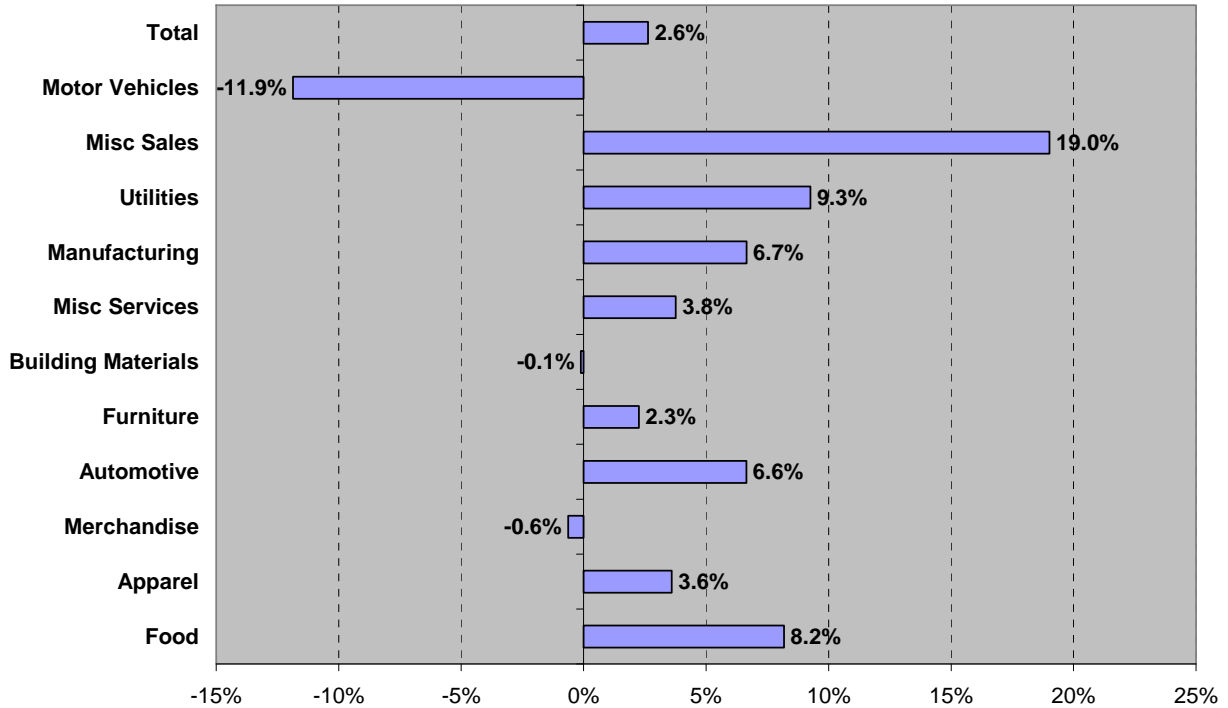
Compared to Rita, property damages from the 2008 hurricanes were not nearly as severe or widespread in most parts of Calcasieu Parish. For those with damage, revised insurance deductibles placed a larger share of repair and rebuilding costs directly on property owners.

The percent changes in eleven major categories of taxable sales are shown in the chart that follows. Eight of the eleven categories of taxable sales increased—miscellaneous sales, utilities, food, manufacturing, automotive, miscellaneous services, apparel, and furniture. Only one

<sup>2</sup> This is about 1.2% below the national inflation rate which preliminary estimates for 2008 place at 3.8%.

category declined significantly—motor vehicles. Two other categories dropped by less than 1%—building materials and merchandise.

**Annual Percent Change in Taxable Sales by Category  
from 2007 to 2008 in Calcasieu Parish**

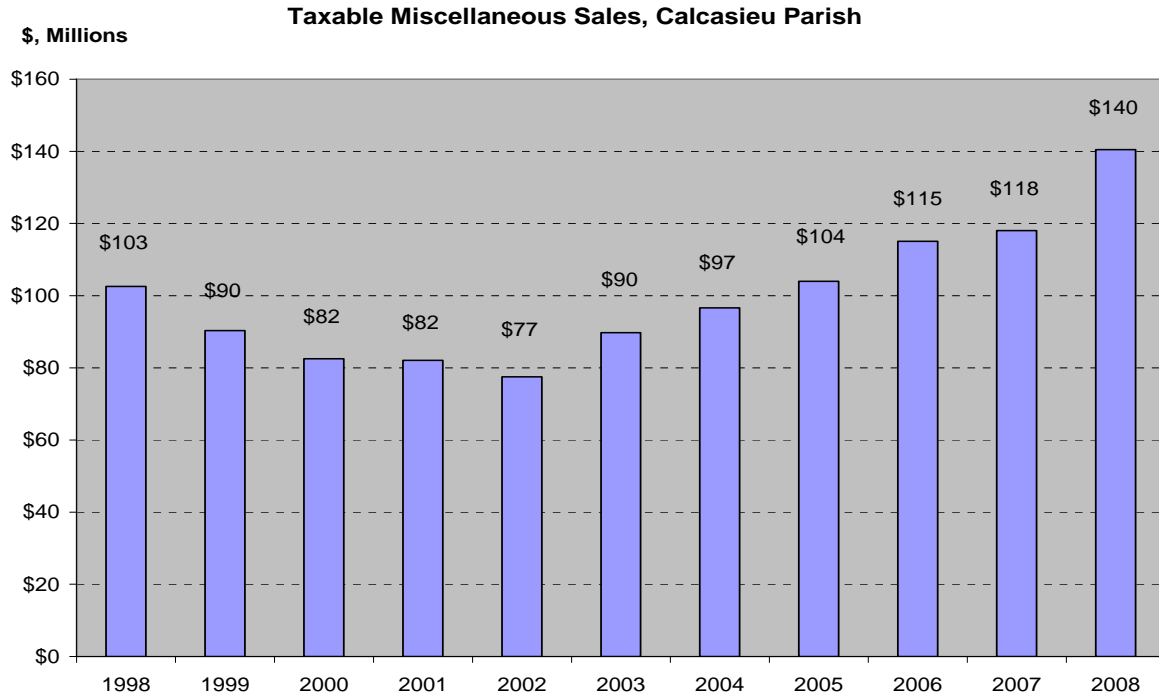


The 11.9% decline in motor vehicle sales was part a national trend in 2008. Over the last two years, vehicle sales have dropped by \$100 million in Calcasieu Parish (see chart below).

**Taxable Motor Vehicle Sales, Calcasieu Parish**



Bucking national trends was a 19% increase in the miscellaneous sales category including book stores, music stores, salvage yards, photographers, tobacco shops, florists, nurseries, funeral homes, and itinerate vendors. This category includes many small businesses and it is evident from the following chart that 2008 growth topped every annual gain in the most recent ten years.



Confirming the absence of an immediate post-Gustav/Ike surge in spending comparable to the Rita surge in 2005 and 2006 is the small one-tenth of one percent decline in sales of building materials in 2008. Sales of building materials declined slightly in both 2007 and 2008.



Local media reports about the impact of the credit crisis and national recession on Southwest Louisiana have ranged from speculation about a plunge in holiday season spending, to reports of record turnout for “Black Friday” sales. The following chart compares same month spending for the last three years.



The only two months in 2008 when total taxable spending dipped significantly below spending in the same month of the previous year were August and September—the months most impacted by Hurricanes Gustav and Ike. Spending in October, November, and December of 2008 topped spending in the same months of both 2006 and 2007.

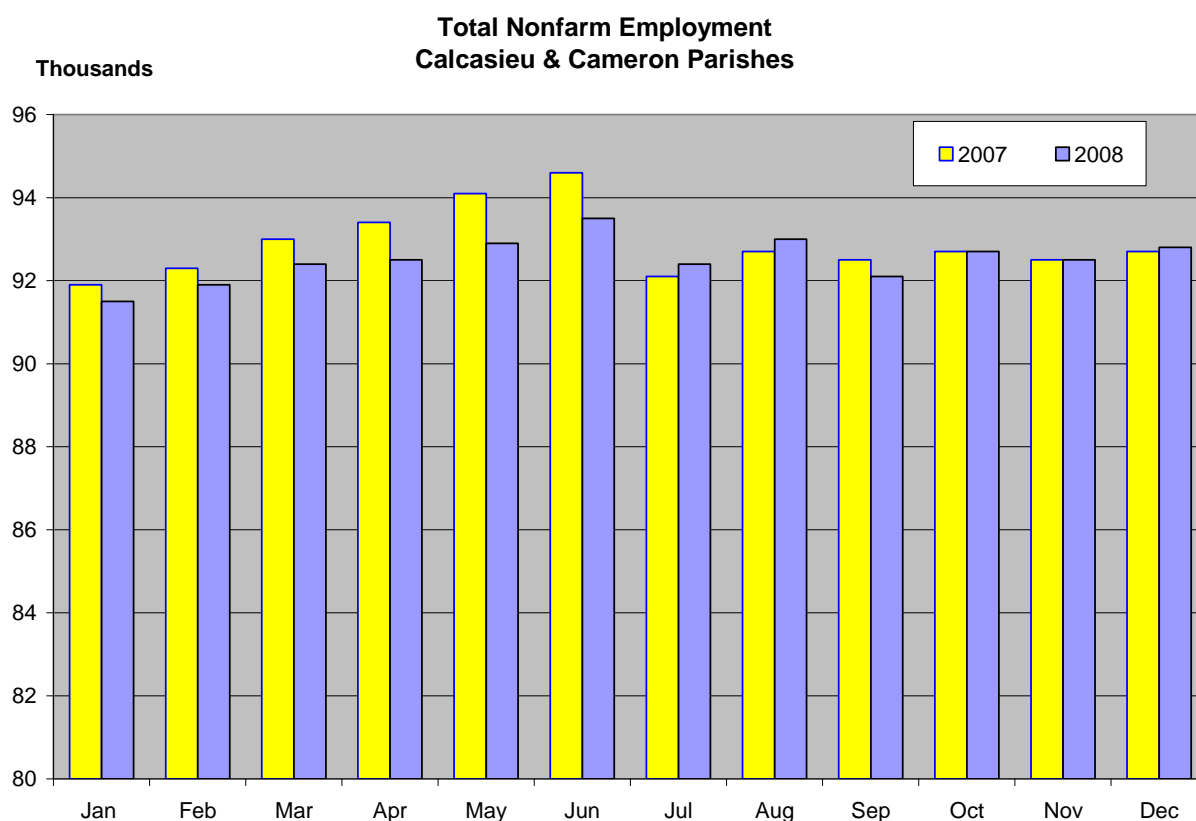
Monthly and annual changes in each of the eleven categories of taxable spending from can be tracked on our web page: [www.mcneese.edu/drewecon](http://www.mcneese.edu/drewecon).

## Nonfarm Employment

A monthly household survey provides the following estimates of the unemployment rate in December 2008—6.9% for Allen Parish, 5.6% for Beauregard Parish, 4.8% for Calcasieu Parish, 4.7% for Cameron Parish and 4.1% for Jefferson Davis Parish. The statewide unemployment rate was 5.9% and the nationwide unemployment rate was 7.2%.

A monthly business establishment survey provides estimates of nonfarm employment in the Lake Charles MSA (Calcasieu and Cameron Parishes).<sup>3</sup> The following chart shows that in December of 2008, nonfarm employment for the Lake Charles MSA was relatively stable and growing slightly in both “month-to-month” as well as “same-month-a-year-ago” comparisons.

<sup>3</sup> A monthly survey of business establishments to estimate nonfarm employment is not conducted for Allen, Beauregard, and Jefferson Davis Parishes.



Trends in nonfarm employment for the Lake Charles MSA and labor force trends (total employed, unemployed, and the unemployment rate) in each of the five parishes and can be tracked on our web page as new data becomes available from the household and business establishment surveys— [www.mcneese.edu/drewecon](http://www.mcneese.edu/drewecon).

### **Projected Additional Employment Generating Activities**

While it is not realistic to think the national recession will bypass Southwest Louisiana, several large projects are expected to help stabilize regional employment and income in 2009 and beyond. Many of the most notable projects are located on property leased from the **Port of Lake Charles**.

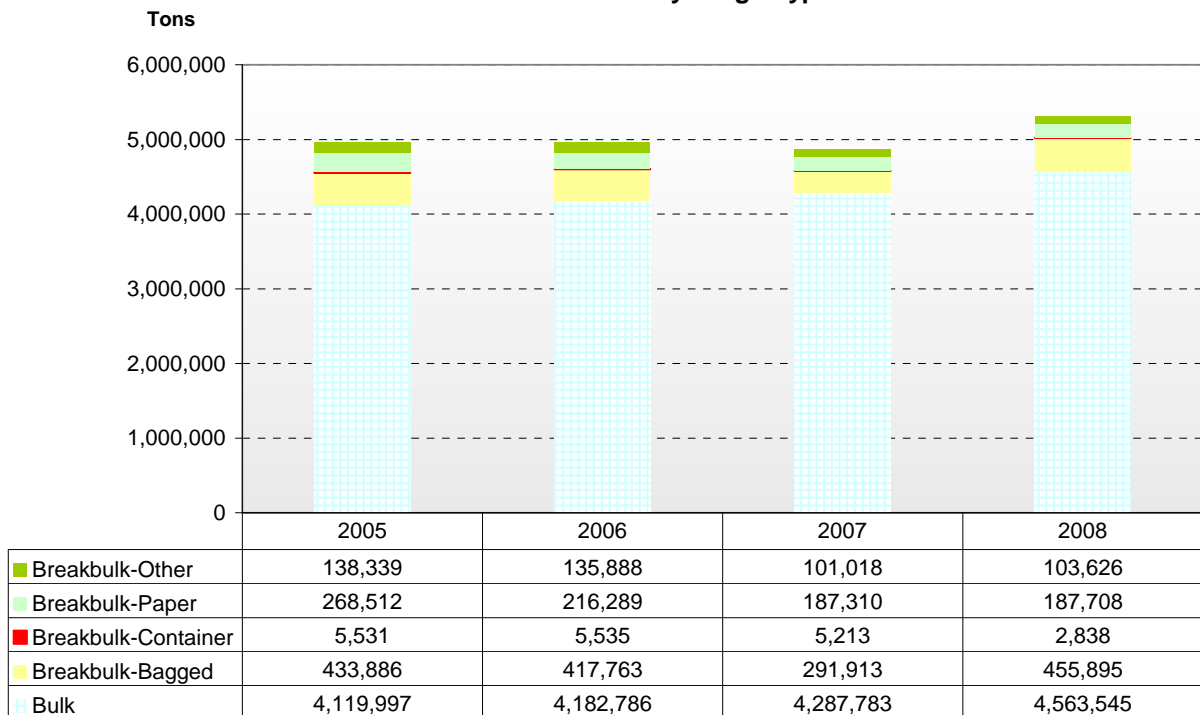
- **Global Modular Solutions, LLC**—Site work is under way for a joint venture between the Shaw Group and Westinghouse to construct a new \$115 million manufacturing facility that will produce modules for building nuclear power plants. Global Modular Solutions is expected to generate 1,400 permanent jobs with an average salary of \$50,000.
- **Lake Charles Cogeneration**—An estimated \$1.6 billion will be invested to build a gasification facility that will utilize petroleum coke to produce “synthetic natural gas” and industrial gasses and chemicals for sale to utility and industrial companies located throughout Louisiana. This project will create 3,000 jobs during construction and 150 permanent jobs.

- **Sugarcane Bay**—Pinnacle Entertainment will construct a new Caribbean-themed, upscale casino and resort near its L’Auberge du Lac Hotel and Casino. Sugarcane Bay will include a 30,000 square-foot riverboat casino, a 400-room hotel, a 3,000-seat arena, and another 18-hole golf course. The proposed \$350 million project will create more than 2,000 construction jobs and 2,000 permanent jobs. Pinnacle recently announced it is seeking a 90-day extension on the project from the State Gaming Control Board because the company wants to wait for credit markets get better.
- **Sempra LNG Terminal**—Construction began in 2003 on Sempra Energy’s \$750 million liquefied natural gas terminal near Hackberry. It is scheduled to commence operations this summer and provide 75-85 permanent jobs.

### Port of Lake Charles Shipments

In addition to the economic development projects listed above, tonnage figures for some of the more traditional cargo shipping activities operated by the Port of Lake Charles from 2005 through 2008 are summarized by the following chart. The chart does not include shipments through privately owned port facilities in the Lake Charles Harbor and Terminal District or shipments through facilities leased from (but not operated by) the Port of Lake Charles.

**Shipments Through Facilities Operated by the Port of Lake Charles by Cargo Type\***



\* Does not include shipments through privately-owned or privately-operated port facilities.

Tonnage shipped through facilities operated by the Port of Lake Charles increased by 9% in 2009. The biggest percentage increase occurred in bulk tonnage and bagged tonnage.

The *Southwest Louisiana Economic Indicators* report is distributed electronically through the **H.C. Drew Center for Economic Development Information Services** in the College of Business at McNeese State University in Lake Charles, Louisiana.

Visit our webpage for more detailed information depicting recent economic trends in Southwest Louisiana—including Calcasieu, Cameron, Allen, Beauregard, and Jefferson Davis Parishes.

<http://www.mcneese.edu/drewecon>

To add or remove your address from our e-mail distribution list, reply to [DrewEconDev@McNeese.edu](mailto:DrewEconDev@McNeese.edu) or contact the Center Director and editor, Douglas W. McNeil, at (337) 475-5560. If you received this e-mail from an address other than the one indicated above, you are not currently on our mailing list.