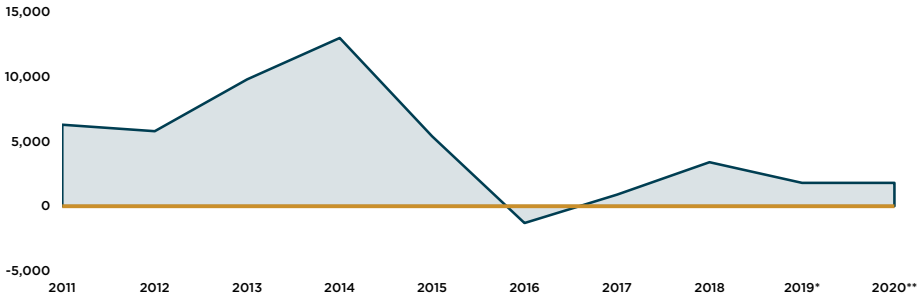
BATON ROUGE

BERKADIA

2019 REVIEW

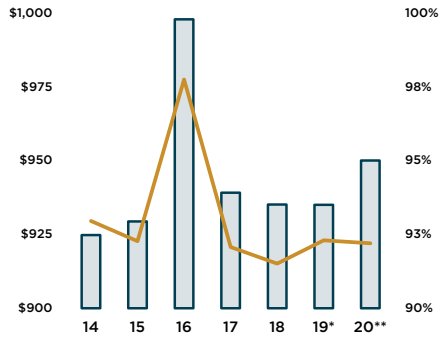
Employment in Baton Rouge increased 0.4% in 2019, driven by 2.7% job growth in the trade, transportation, and utilities sector. These 1,900 hires reflected Baton Rouge's status as a top metro for infrastructure investment, particularly with regard to improving public transportation. This effort has made the metro friendly to new multifamily development. Developers brought 795 apartment units online in 2019, including 336 units at the Silver Oaks development in the South Baton Rouge/ Gonzales submarket. The additions were part of a 3,500-unit construction boom that began in 2016 following a contraction in multifamily supply due to flood recovery. Residents absorbed 1,124 units since the start of 2019, nearly twice the number of units absorbed the year prior, thanks in part to median household income rising 3.2%, and occupancy improved 80 basis points to 92.3%. Apartment operators slowed rent growth in 2019 to support occupancy. Annual rent change was flat, keeping effective rent at $935 per month.

EMPLOYMENT CHANGE



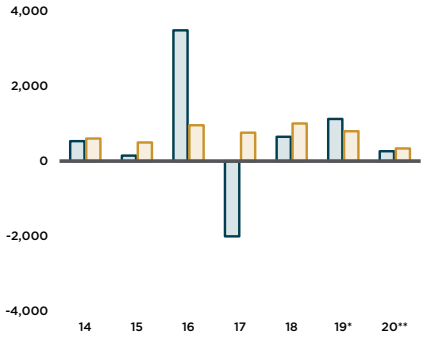
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



*Estimate; **Forecast | Source: Berkadia, Axiometrics

ABSORPTION AND DELIVERIES



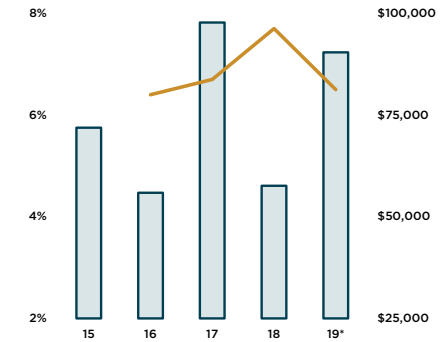
*Estimate; **Forecast | Source: Berkadia, Axiometrics

2019 PERFORMANCE HIGHLIGHTS

EMPLOYMENT CHANGE	UNEMPLOYMENT RATE	OCCUPANCY
1,800	4.0%	92.3%
▲0.4% YOY	▼40 BPS YOY	▲80 BPS YOY

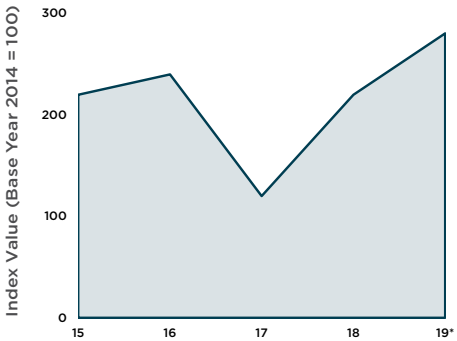
EFFECTIVE RENT	ABSORPTION	CONSTRUCTION
$935	1,124 Units	795 Units
0.0% YOY		▼20.8% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, CoStar Group

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, CoStar Group

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
832,100	328,400	$56,258	19.9%
YE 2019 ▲0.1% YOY	YE 2019 ▲0.8% YOY	YE 2019 ▲3.2% YOY	YE 2019 ▼70 BPS YOY

2020 PREVIEW

In the Baton Rouge metro, job growth in 2020 is forecast to match the hiring activity that took place in 2019. Employers are expected to expand payrolls by 1,800 workers, a year-over-year gain of 0.4%. Corporate relocations and expansions are expected to be among the largest drivers of job growth this year. Exxon Mobil Corporation announced a half-billion-dollar expansion to its plant in north Baton Rouge that will last through 2021. Likewise, Formosa Plastics Corp. began a $332 million plant expansion that is scheduled through 2022. These and other developments will help boost the metro's manufacturing and construction sectors through 2020. Spurred on by consistent hiring activity and the projected median household income increase of 2.8%, effective rent in Baton Rouge is expected to grow 1.6% by the end of 2020 to $950 per month. Developers are expected to pull back on new deliveries, and this decision should allow residents more time to absorb the latest wave of multifamily stock. As a result, 339 apartment units are scheduled to come online this year and renters in Baton Rouge are expected to occupy 262 additional units. Supply side pressure will be a factor in the metro's lagging occupancy, which is forecast to fall 10 basis points to 92.2%.

Data and images pertaining to employment, income, permits, population, rents, single-family housing, and occupancy are year-end figures. Absorption, construction, and apartment sales figures are full-year totals. Numbers for 2019 are estimated values, while 2020 figures are forecast projections. Apartment market data criteria and methodologies vary by market.