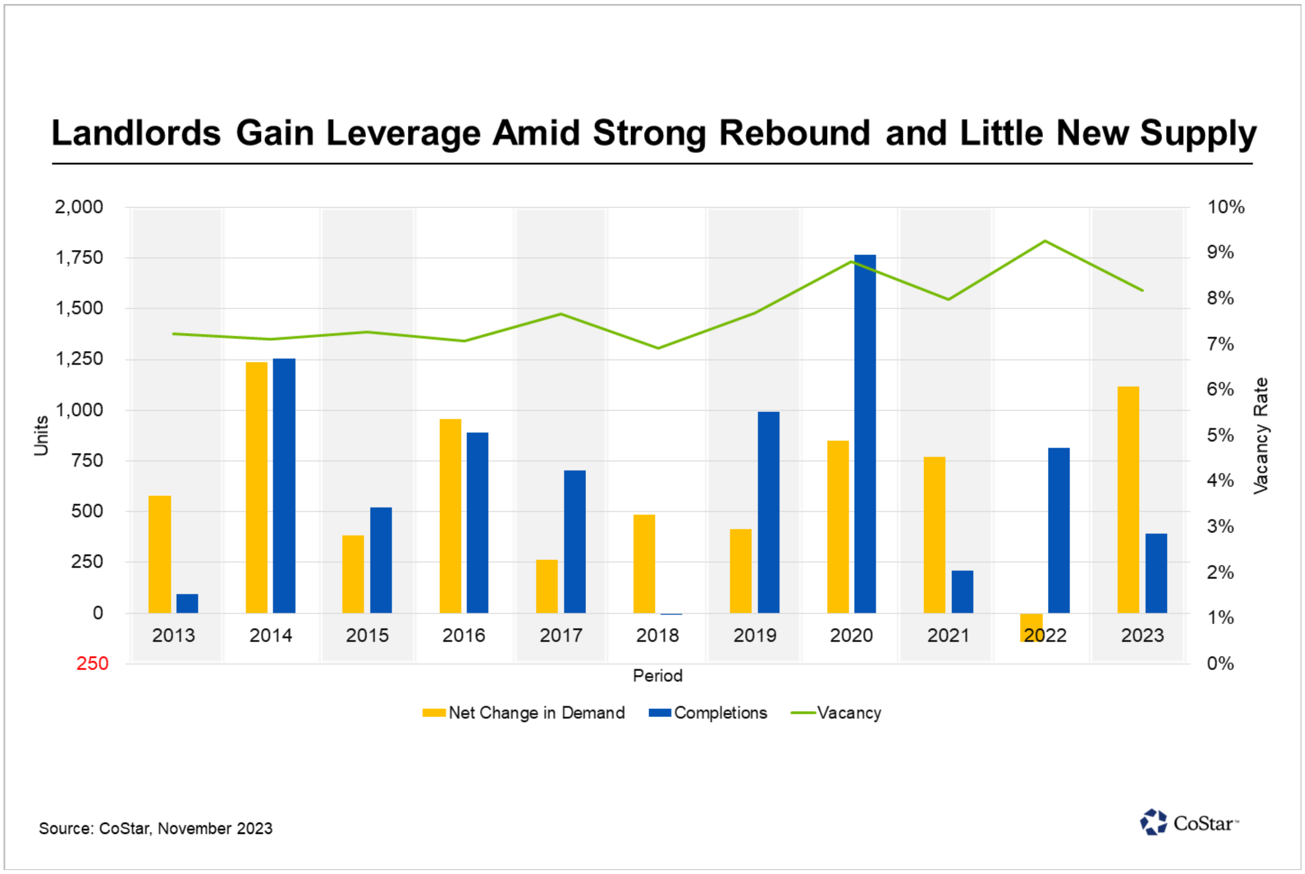
CoStar™

COSTAR INSIGHT

# Renter Demand in New Orleans' Multifamily Market on Pace for Strongest Year Since 2014

Mid-Priced Properties Driving the Strongest Demand




By Itziar Aguirre
CoStar Analytics

November 3, 2023 | 2:49 P.M.

New Orleans' multifamily market is on pace to end 2023 on a strong note. Total annual absorption, or the net change in the number of occupied units, this year is anticipated to reach a nine-year high.

The market is on track to absorb more than 1,100 apartment units this year, the largest tally since 2014, and nearly double its 10-year annual average of 578 units. Contrary to last year, when demand was primarily led by the higher quality and pricier four- and five-star-rated properties, this year it has been the mid-level three-star-rated apartments that are driving demand. Year to date, demand in this segment has been one of the strongest on record.

According to market participants, the number of evictions is also lower compared to last year. Additionally, the local labor market has continued to improve. As of the latest jobs report for September, New Orleans added 2,900 new jobs through the first nine months of the year, the strongest performance since 2007 during this same period.

The Fairlane, a three-star, 86-unit low-rise in Covington, Louisiana, has been a bellwether for recent market performance in new apartments. It opened in April, and by October it had reached an occupancy of 90%, with the only concession offered was $500 off the first month of rent.

Apartment property owners have also benefitted from much fewer new units being added in the market, which has received roughly half of the amount of new supply this year compared to last year. Total construction starts have declined for the past four consecutive years and this year, the number of construction starts is on pace to be the lowest since 2015. This supply-demand imbalance has helped compress the vacancy rate, which as of the beginning of the fourth quarter stands at 8.2%, below its long-term average of 8.8%.

Looking ahead, the New Orleans multifamily market is expected to see a six-year low of new supply in 2024. Should strong employment numbers and demand for rental apartments continue, the supply-demand imbalance will likely continue next year.

## RELATED RESULTS

New Orleans Nearly Doubles Its 10-Year Average in Job Gains Through November

Despite Office Market Uncertainty, Demand Holds Steady in New Orleans Suburbs

New Orleans Posts Three-Year High in Job Losses During First Half of 2023

New Orleans' Office Market Appears Healthy Based on Past Performance

Investors Dial Back Dealmaking in New Orleans During First Half of the Year

Higher Cost of Borrowing Slows New Orleans' Investment Multifamily Market

Have Hotel Rates in New Orleans Reached Their Peak?

Despite January Losses, Baton Rouge Remains Firmly Above Pre-Pandemic Employment Levels

Economic Uncertainty Could Stymie New Orleans’ Employment Recovery