



# The 2021 Mid-Year Residential Real Estate Market

*How “crazy” is our market?*

*How long will it last?*

*What might the “new normal” look like?*

**July 11, 2021**

*This representation is based in whole or in part on data supplied by the REALTOR Association of Acadiana Multiple Listing Service. Neither the Board nor its MLS guarantees or is in any way responsible for its accuracy. Data maintained by the Board may not reflect all real estate activity in the marketplace.*



MARKET  
SCOPE  
CONSULTING, LLC

# *How Crazy is our market?*



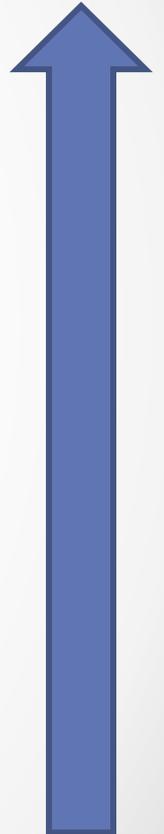
"Remember that optimistic, slightly crazy, throw a dart at the wall forecast? We beat it."

  
**Joe Manausa**  
Real Estate  
[www.manausa.com](http://www.manausa.com)



# CRAZY GOOD!.....Enjoy It!

- Number of Home Sales - Acadiana Region +35%
- Number of Home Sales – Lafayette Parish +40%
- Number of Home Sales – Outside Lafayette Parish +25%
- Dollar Volume of Home Sales – Acadiana Region +55%
- Dollar Volume of Home Sales – Lafayette Parish +56%
- Dollar Volume of Home Sales – Outside Lafayette Parish +50%





# The Acadiana Residential Real Estate Report

January – June 2021





# A Record Setting Month for Acadiana Home Sales!

June 2021: 762  
 June 2020: 584  
 % change: +30.5%

**Outside Lafayette Parish:**

June 2021: 277  
 June 2020: 218  
 % change: +27.1%

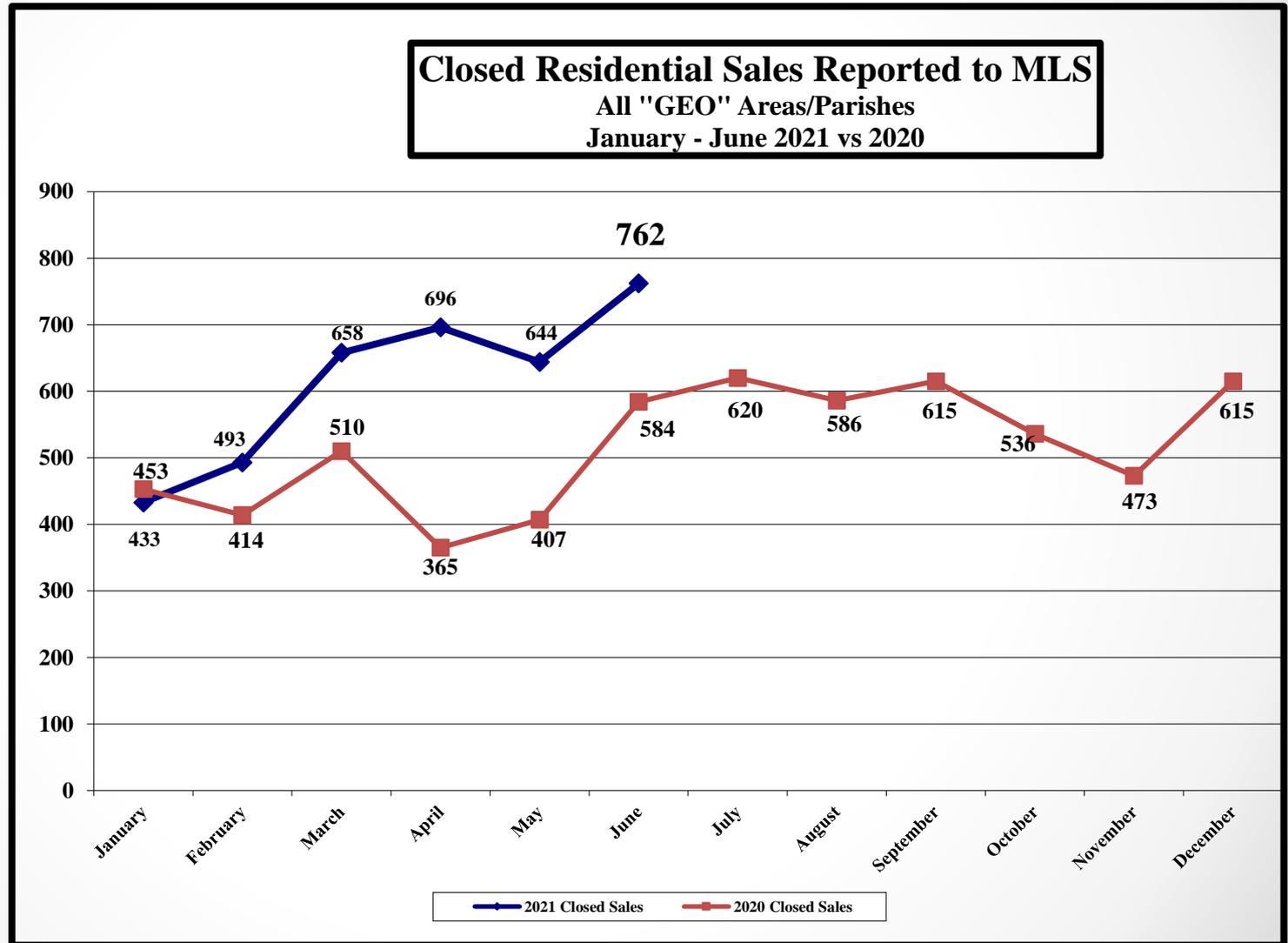
% change from May: +18.3%

**Cumulative totals:**

Jan – June: 3,686  
 Jan – June: 2,733  
 % change: +34.9%

**Outside Lafayette Parish:**

Jan – June: 1,255  
 Jan – June: 1,002  
 % change: 25.3%



June 2021: 485  
June 2020: 366

% change: +32.5%

Existing Home Sales:

June 2021: 394  
June 2020: 291

% change: +35.4%

New Construction Sales:

June 2021: 91  
June 2020: 75

% change: +21.3%

% change from May: +8.5%

Cumulative totals:

Jan – June: 2,431  
Jan – June: 1,731

% change: +40.4%

Existing Home Sales:

Jan – June: 1,863  
Jan – June: 1,332

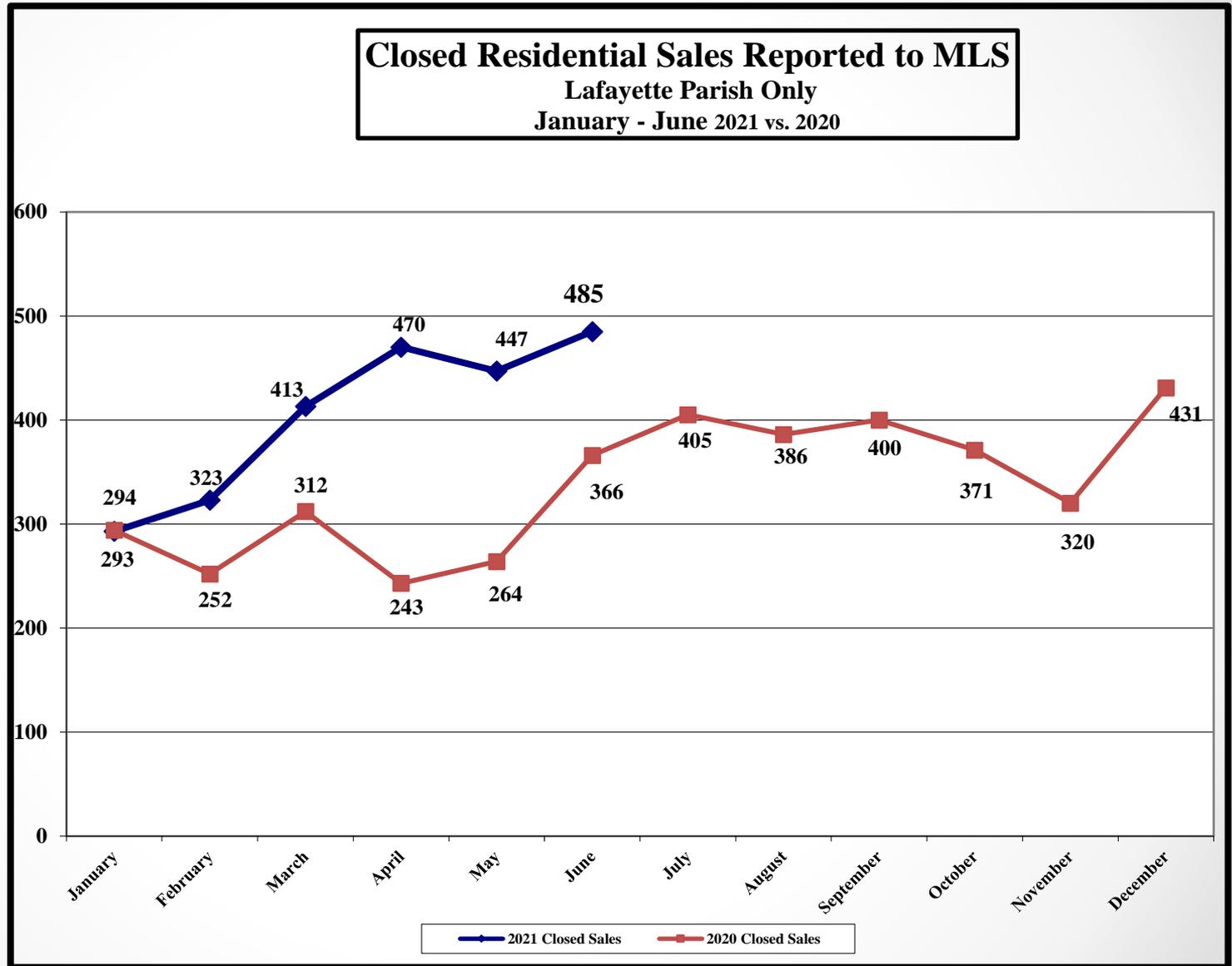
% change: 39.9%

New Construction Sales:

Jan – June: 568  
Jan – June: 399

% change: 42.4%

# Lafayette Parish Too!



# Days on Market Down Dramatically!



## Lafayette Parish:

2021 Average Days on Market:

44 days

2020 Average Days on Market:

82 days

- 38 Days



# Record Month in Dollar Volume of Home Sales!

June '21 \$ Volume: \$177,575,532  
 June '20 \$ Volume: \$116,803,398

% change: +52.0%

% change from May: +22.2%

Outside Lafayette Parish:

June '21 \$ Volume: \$50,476,478  
 June '20 \$ Volume: \$33,488,679

% change: +50.7%

Cumulative totals:

YTD 2021: \$833,284,111  
 YTD 2020: \$538,510,899

% change: +54.7%

'21 Avg. Sale Price: \$226,067  
 '20 Avg. Sale Price: \$197,040

% change: +14.7%

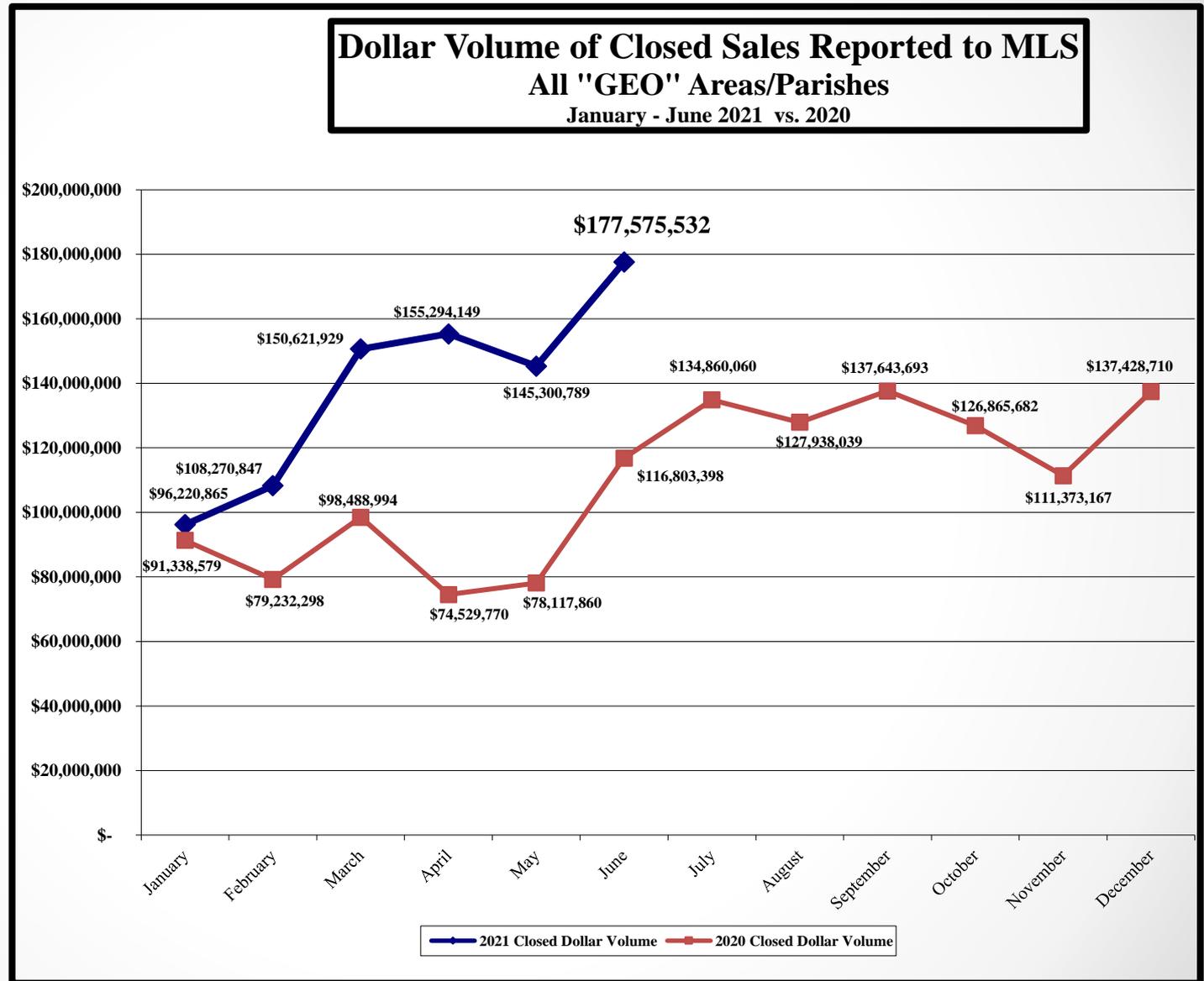
'21 Median Sale Price: \$202,500  
 '20 Median Sale Price: \$180,000

% change: +12.5%

Outside Lafayette Parish:

YTD '21: \$217,313,003  
 YTD '20: \$144,876,005

% change: +50.0%



June '21 \$ Volume: \$125,926,654  
June '20 \$ Volume: \$ 83,314,719

# Lafayette Parish Sets Record Too!

% change: +51.2%

% change from May: +11.1%

## Cumulative totals:

YTD 2021: \$614,798,708  
YTD 2020: \$393,634,894

% change: +56.2%

'21 Avg. Sale Price: \$253,525  
'20 Avg. Sale Price: \$227,403

% change: +11.5%

'21 Median Sale Price: \$219,855  
'20 Median Sale Price: \$198,000

% change: +11.1%

## Existing Homes:

YTD '21: \$465,599,287  
YTD '20: \$288,327,420

% change: +61.5%

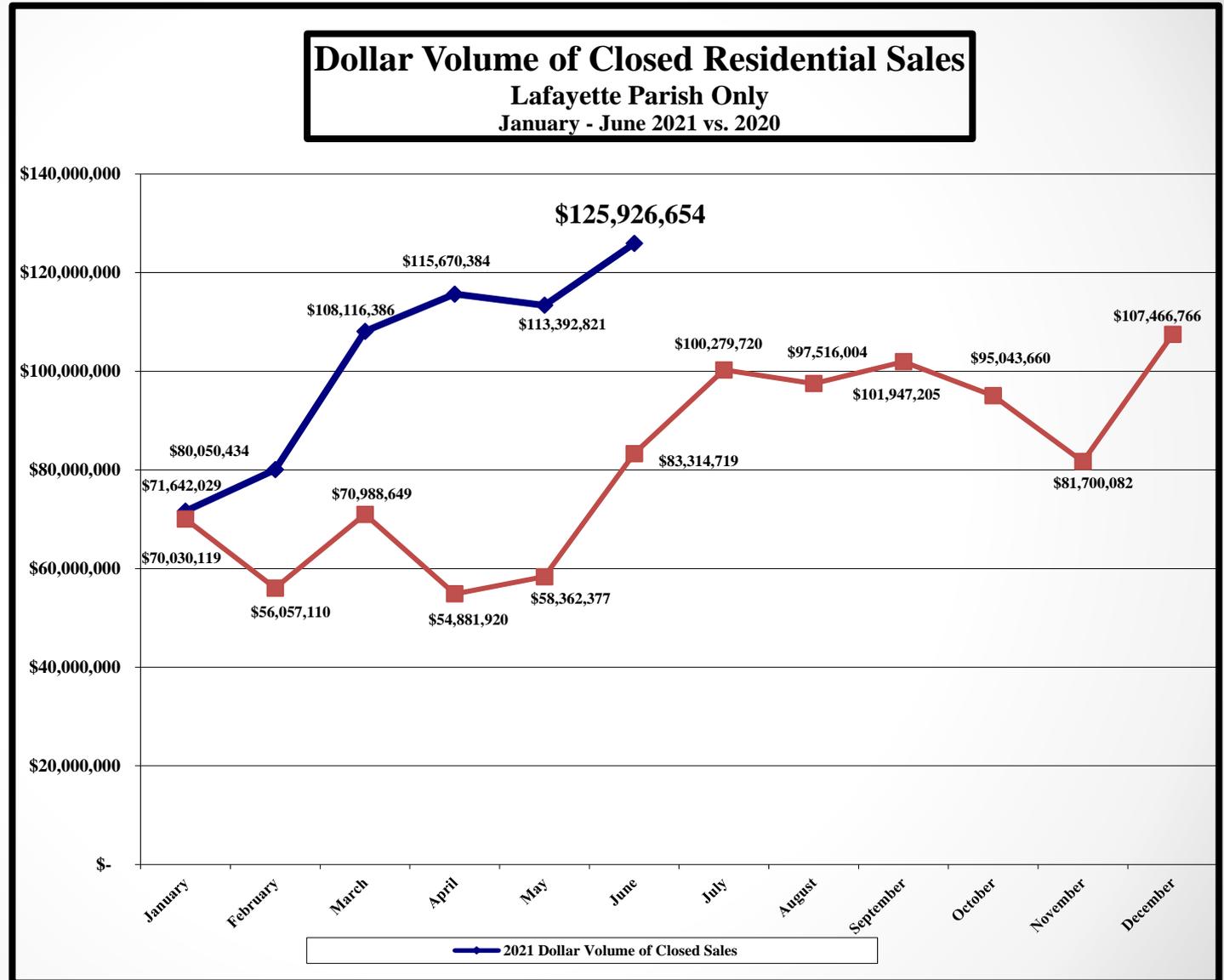
'21 Avg. Sale Price: \$250,591  
'20 Avg. Sale Price: \$227,403

% change: +15.8%

'21 Median Sale Price: \$210,000  
'20 Median Sale Price: \$188,000

% change: +11.7%

**New Construction Dollar  
Volume: +41.7%**



# In Lafayette Parish, not all price ranges are performing equally

## Total Sales Reported

January – June 2021 versus January – June 2020

Lafayette Parish's mid-year home sales below \$150,000 were basically flat as compared to 2020, declining by .8%.

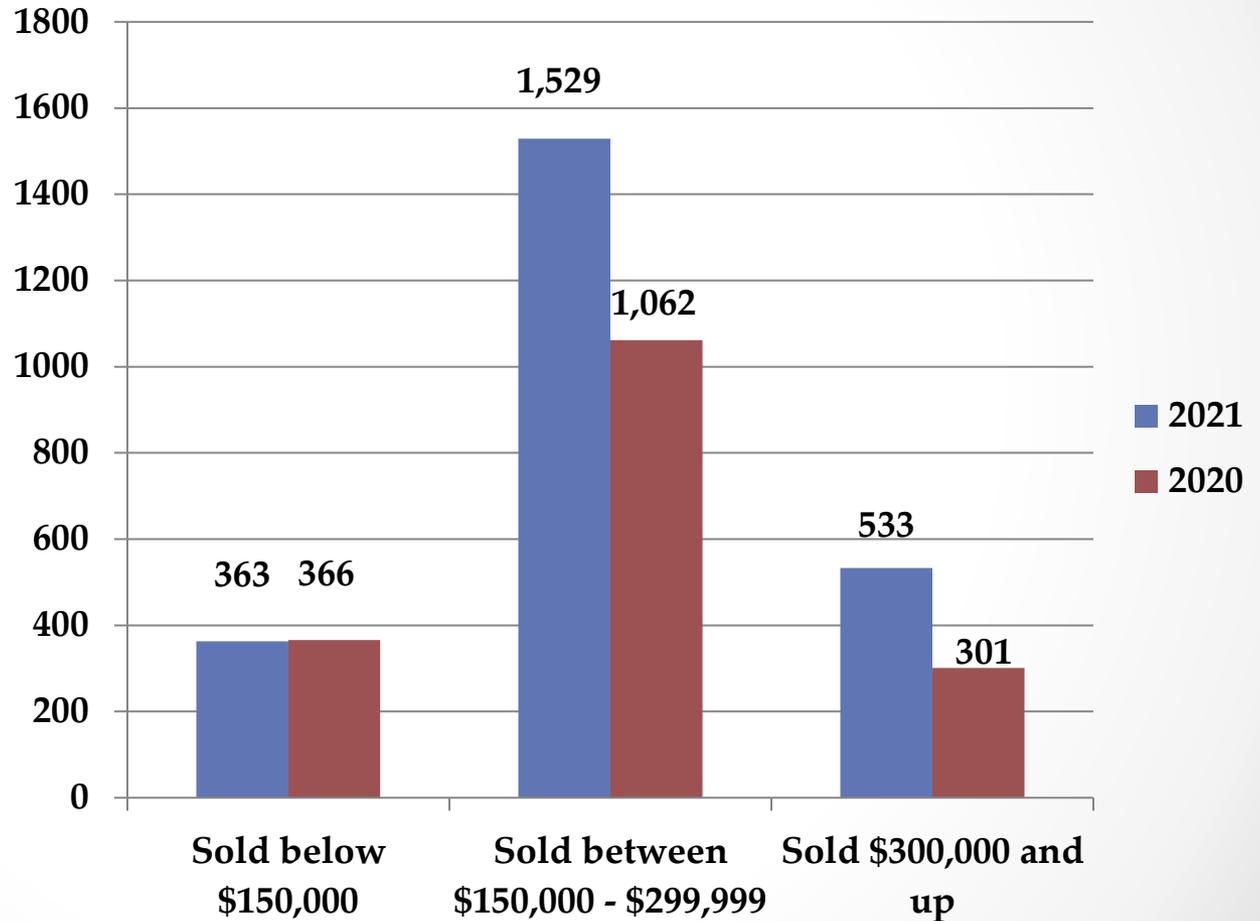
This price range made up 15% of the total parish home sales reported through mid-year.

Homes selling between \$150,000 - \$299,999 have increased by 44% as compared to 2020's mid-year total.

This price range comprised 63% of all Lafayette Parish home sales reported through June.

In the \$300,000+ price range, reported home sales increased by 77% over 2020.

This price segment comprised 22% of the parish's total reported home sales.



# Lafayette Parish Existing Home Sales Reported

January – June 2021 versus January – June 2020

Lafayette Parish's 2021 mid-year existing home sales **below \$150,000** decreased by 1.6% as compared to mid-year 2020.

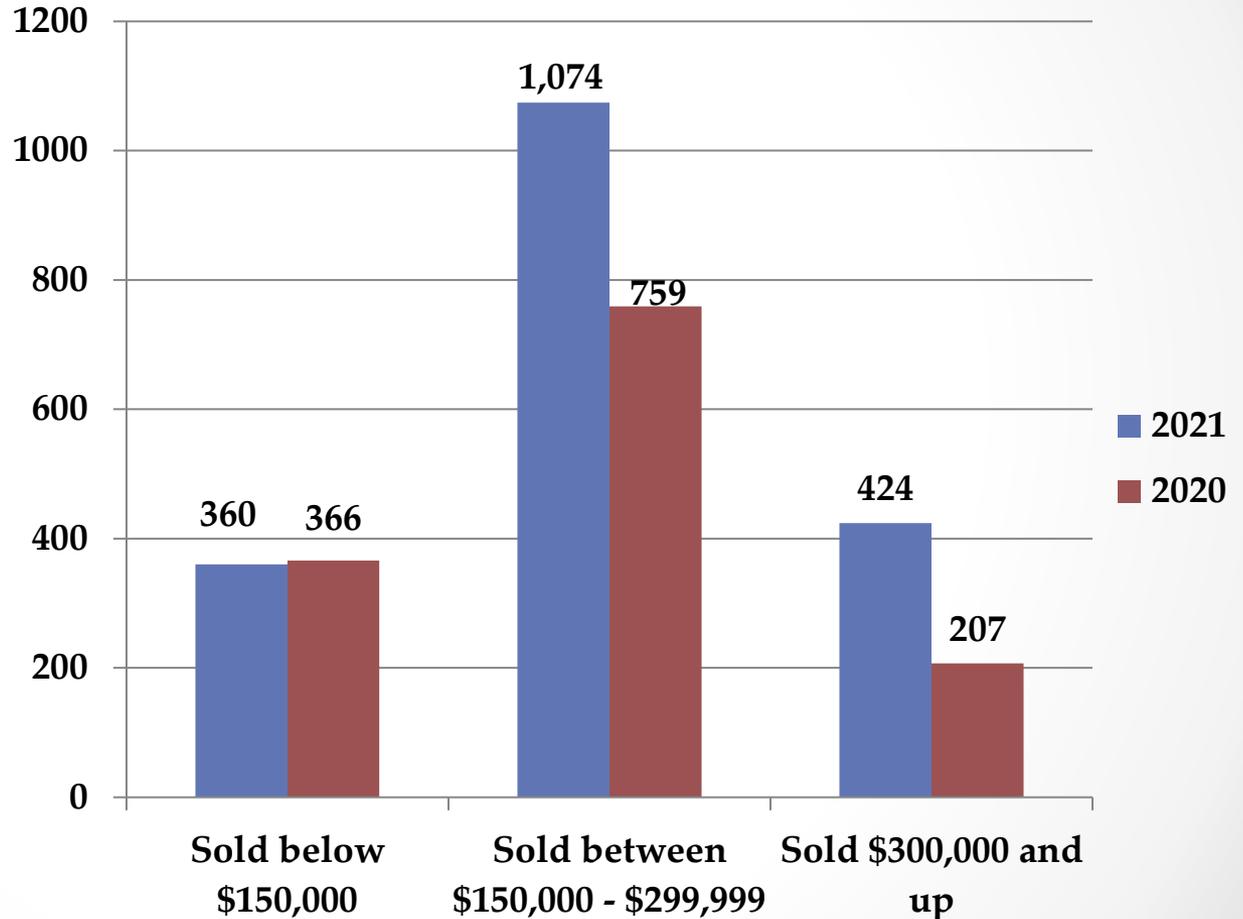
This price range made up 19% of the total parish existing home sales reported for mid-year.

Existing homes selling between **\$150,000 - \$299,999** in 2020 increased by 41.5% as compared to mid-year 2020's total.

This price range comprised 58% of all Lafayette Parish existing home sales reported.

In the **\$300,000 and up** price range, Lafayette Parish's reported existing home sales increased by 105% over 2020.

This price segment comprised 23% of the parish's total reported existing home sales.





# Lafayette Parish New Home Sales

January – June 2021 versus January – June 2020

Lafayette Parish's mid-year 2021 new home sales **below \$150,000** increased by 50% over 2020, although the numbers for both years are negligible.

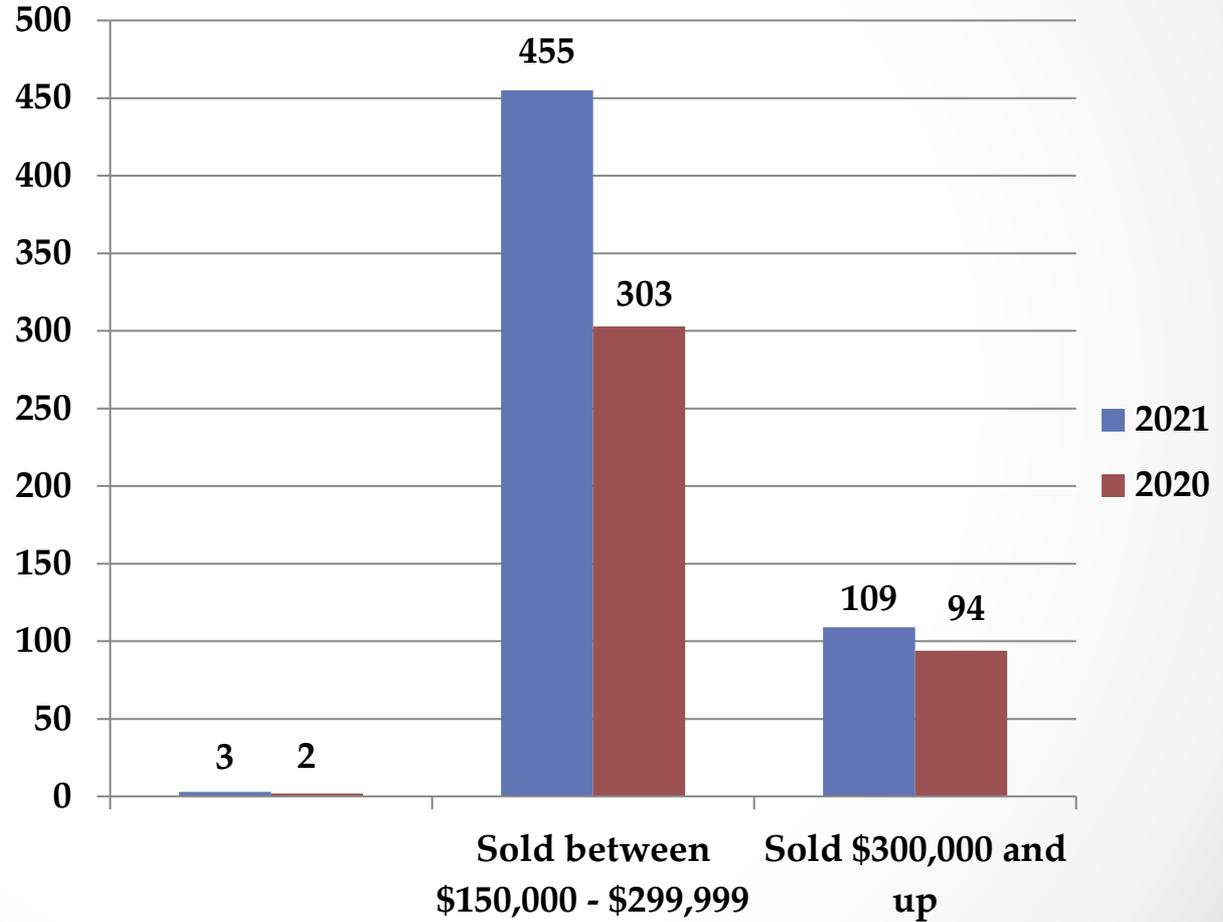
This price range made up 0.5% of the parish's new construction sales reported through June.

New homes selling between **\$150,000 - \$299,999** through mid-year 2021 have increased by 50% as compared to mid-year 2020's total.

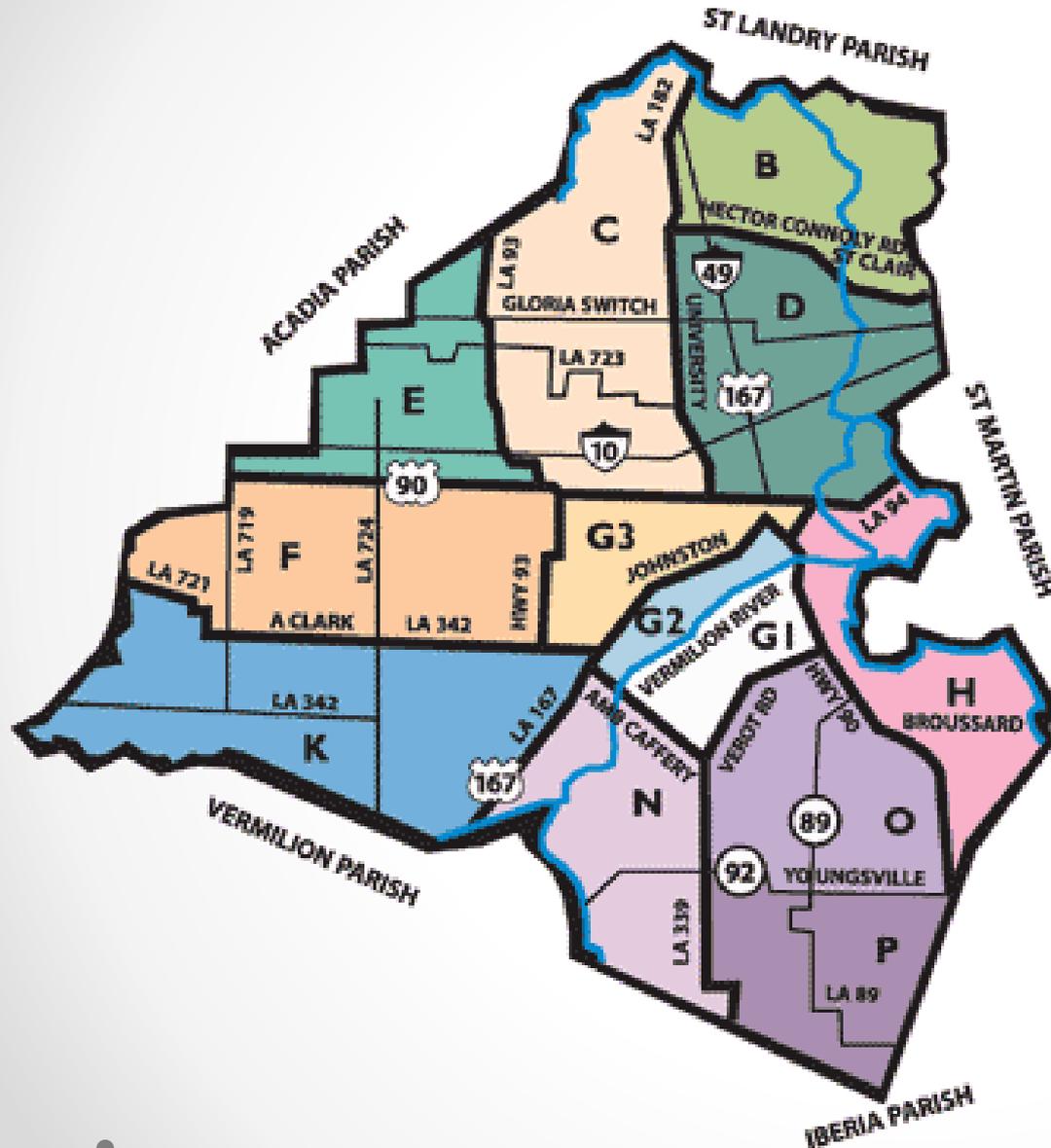
This price range comprised 80.3% of all Lafayette Parish new home sales reported in 2020.

In the **\$300,000 and up** price range, Lafayette Parish's reported new home sales increased by 16% over 2020.

This price segment was 19.2% of the parish's total reported mid-year new home sales.



# Where Are Lafayette Parish Homes Selling?



## South Lafayette (Areas N, O and P):

1,099 sales in 2021 vs. 799 in 2020 – increase of 37.6%. (N: +72.2%, O: +30.1%, P: +19.7%).

\$315,151,644 in 2021 dollar volume of sales vs. \$214,415,415 in 2020 – a 47.0% increase.

South Lafayette comprised 45.2% of total sales and 51.2% of the total \$ volume reported in Lafayette Parish for mid-year 2021.

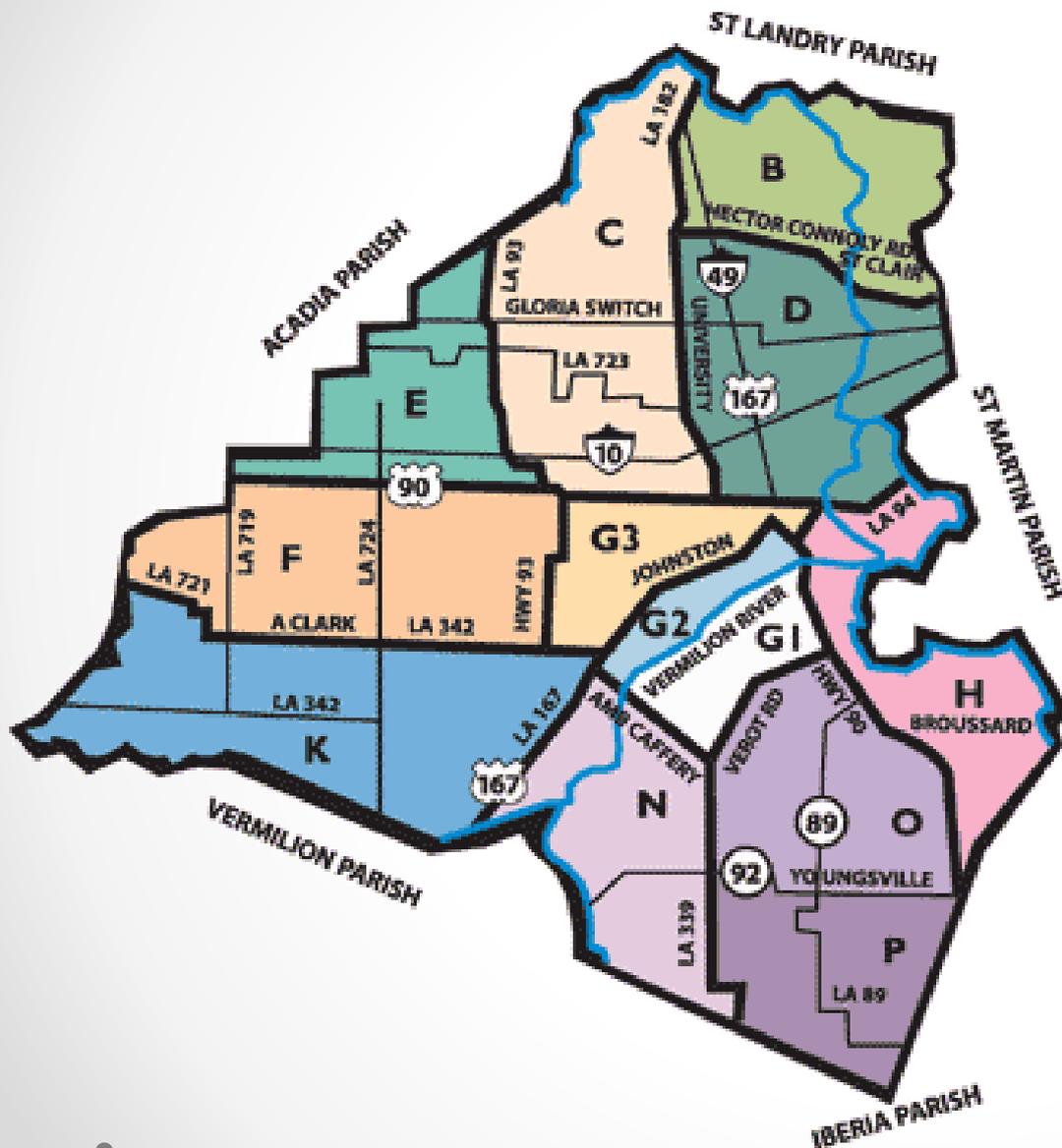
## Central Lafayette (Areas G1, G2 and G3):

- 577 sales in 2021 vs. 371 in 2020 – a 55.5% increase. (G1: +36.5%, G2: +56.4%, G3: +64.2%).

- \$146,128,847 in 2021 dollar volume vs. \$78,161,081 in 2020 – an 87.0% increase.

- Central Lafayette comprised 23.7% of all Lafayette Parish home sales reported and 23.7% of the total dollar volume.

# Where Are Lafayette Parish Homes Selling? (continued)



## Lafayette North (Areas B,C,D,E):

- 480 sales in 2021 vs. 375 in 2020 – a 28.0% increase (B: +73.3%, C: +23.9%, D: +27.1%, E: +30.0%).
- \$94,217,568 in 2021 dollar volume vs. \$63,216,948 in 2020 – a 49.0% increase.
- Lafayette North comprised 19.7% of all Lafayette Parish home sales reported and 15.3% of the total dollar volume .

## West Lafayette (Areas F and K):

- 222 sales in 2021 vs. 144 in 2020 – increase of 54.2% (F: +54.3%, K: +54.1%).
- \$47,052,949 in 2021 dollar volume vs. \$28,819,455 in 2020 – 63.3% increase.
- Lafayette West comprised 9.1% of total sales and 7.6% of the total \$ volume reported.

## East Lafayette (Area H)

- 50 sales in 2021 vs. 42 in 2020 – increase of 19.1%.
- \$12,713,600 in 2021 dollar volume vs. \$9,021,995 in 2020 – 40.9% increase.
- 2.2% of total sales/2.2% of total \$ volume.

# What About Inventory?



Following national trends, both new listings and active listings in Acadiana relative to demand are at their lowest levels since the 1990's.

This begs the question:

Is our crazy market caused by an emerging era of dwindling supply or is it a function of a transitory uptick in demand?



# ‘Dire’ Market Needs National Strategy

A “once in a generation” response is needed to address the decades of underinvestment and underbuilding in the housing market, according to a report released on Wednesday by the National Association of REALTORS® and the Rosen Consulting Group. The nation has faced a shortfall of 5.5 million to 6.8 million housing units since 2001.

The report, [Housing Is Critical Infrastructure: Social and Economic Benefits of Building More Housing](#), highlights the causes of housing shortages and offers potential solutions for federal and local level policymakers.

“There is a strong desire for homeownership across this country, but the lack of supply is preventing too many Americans from achieving that dream,” said Lawrence Yun, NAR’s chief economist. “It’s clear from the findings of this report and from the conditions we’ve observed in the market over the past few years that we’ll need to do something dramatic to close this gap.”

The report calls America’s housing stock situation “dire,” with a chronic shortage of affordable and available homes to support the nation’s population. “A severe lack of new construction and prolonged underinvestment [have led] to an acute shortage of available housing ... to the detriment of the health of the public and economy,” the report notes “The scale of underbuilding and the existing demand-supply gap is enormous ... and will require a major national commitment to build more housing of all types.”

Policy recommendations outlined in the report call for lawmakers to remove construction barriers that could help incentivize new development. Earlier this year, NAR also released a separate report, [State and Local Policy Strategies to Advance Housing Affordability](#), which recommended that lawmakers pursue solutions through fiscal policy measures, policies aimed at increasing the supply of housing, and zoning and permitting policy reform.

Source:

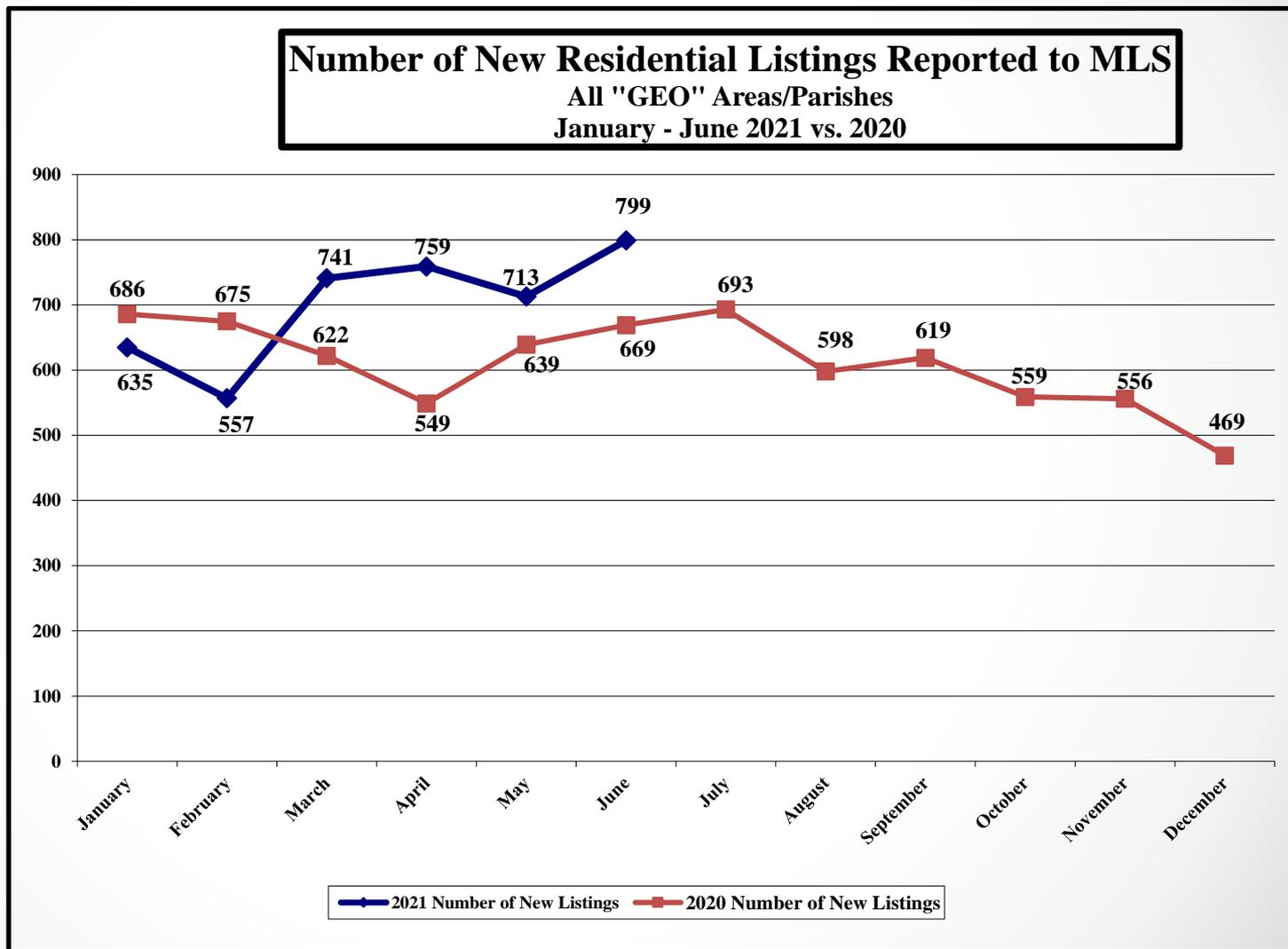
[“Housing Is Critical Infrastructure: Social and Economic Benefits of Building More Housing,”](#) National Association of REALTORS® (June 16, 2021)



# New Listings Are Up

The mid-year count of new listings taken as of July 11<sup>th</sup>, show 4,204 new listings taken versus 3,842 new listings taken as of mid-year 2020 – an increase of 9.4%.

New listings reported from parishes other than Lafayette Parish as of mid-year were 1,405 versus 1,388 for the same period in 2020 – an increase of only 1.2%

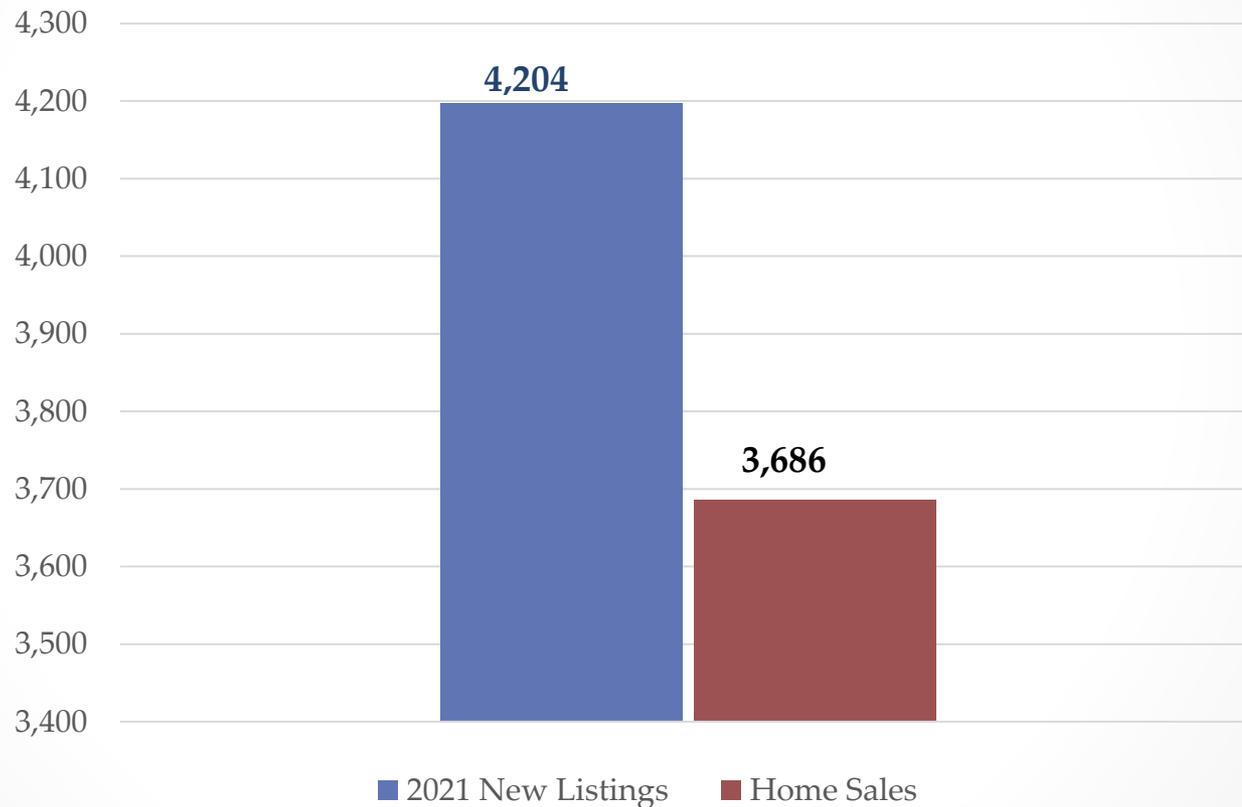




## Mid-year Ratio of New Listings to Sales Lowest Since 1998

Although the number of new listings reported to the MLS through June are up by nearly 9.5%, the 1.14 ratio of sales to new listings is the lowest since 1998.

Can our market sustain this without some drastic government intervention as suggested by NAR?



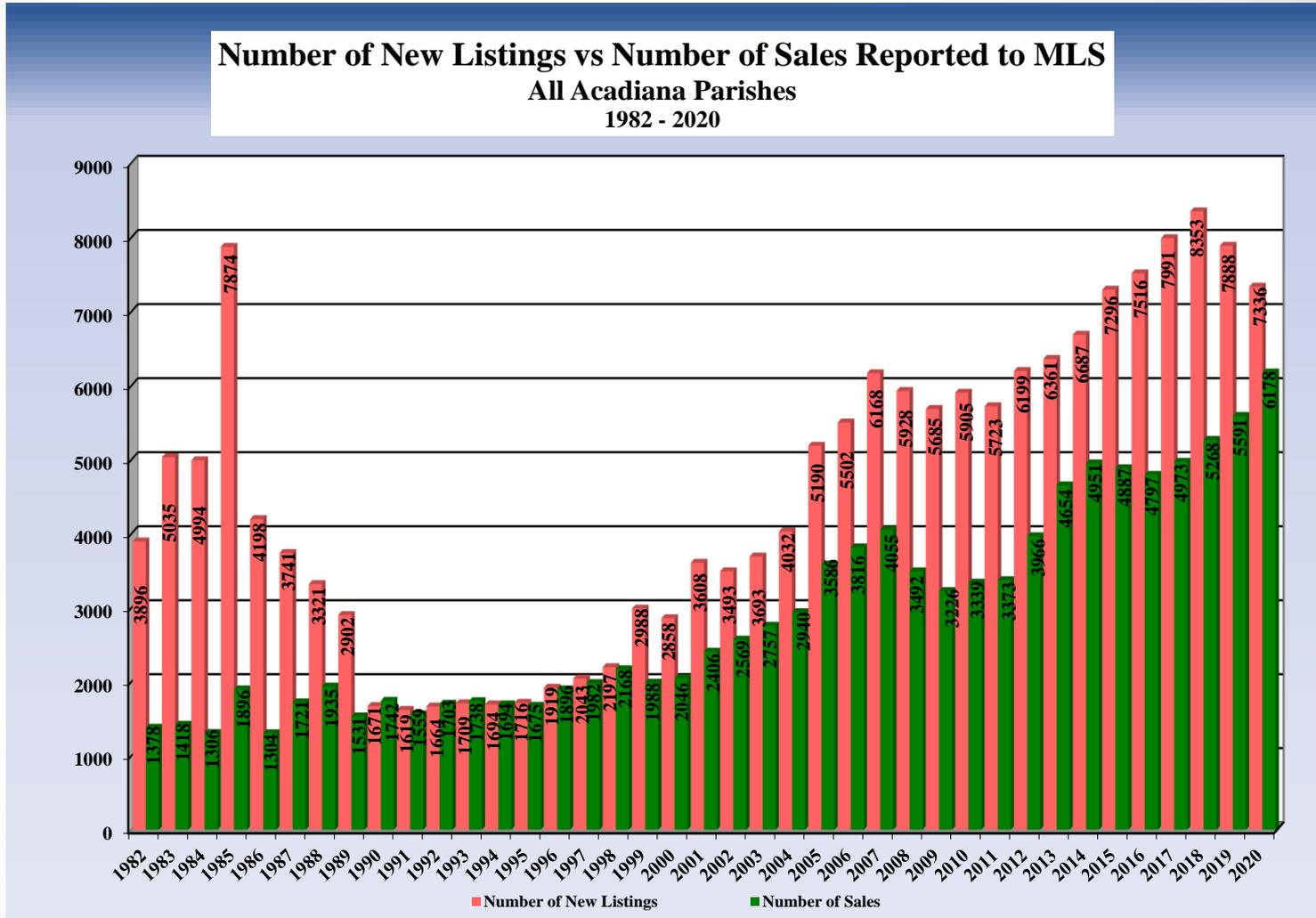
# Yes, it can!

Over the past 40+ years, our residential market has dealt with major fluctuations in the number of new listings coming on the market.

In all cases, corrections to any anomalies have occurred over time without the implementation of any special government intervention beyond the Fed's interest rate and quantitative easing policies which have arguably provided mixed results.

## Avg. Ratio Sales/New Listings:

- 1982 – 1989: 2.9:1
- 1990 – 1999: 1.0:1
- 2000 – 2009: 1.5:1
- 2010 – 2019: 1.6:1
- 2020 – 2021: 1.2:1



# Avg. Sale Price Performance Over Four Decades

## Average Sale Price:

1982-1989: \$92,470 - \$65,004

% chg. - '82-'89: -29.7%

Avg./year: -3.7%

1990-1999: \$71,062- \$123,840

% chg. - '90-'99: +74.3%

Avg./year: +7.4%

2000-2009: \$124,283 - \$169,863

% chg. - '00-'09: +26.8%

Avg./year: +02.7%

2010-2019: \$173,187 - \$193,825

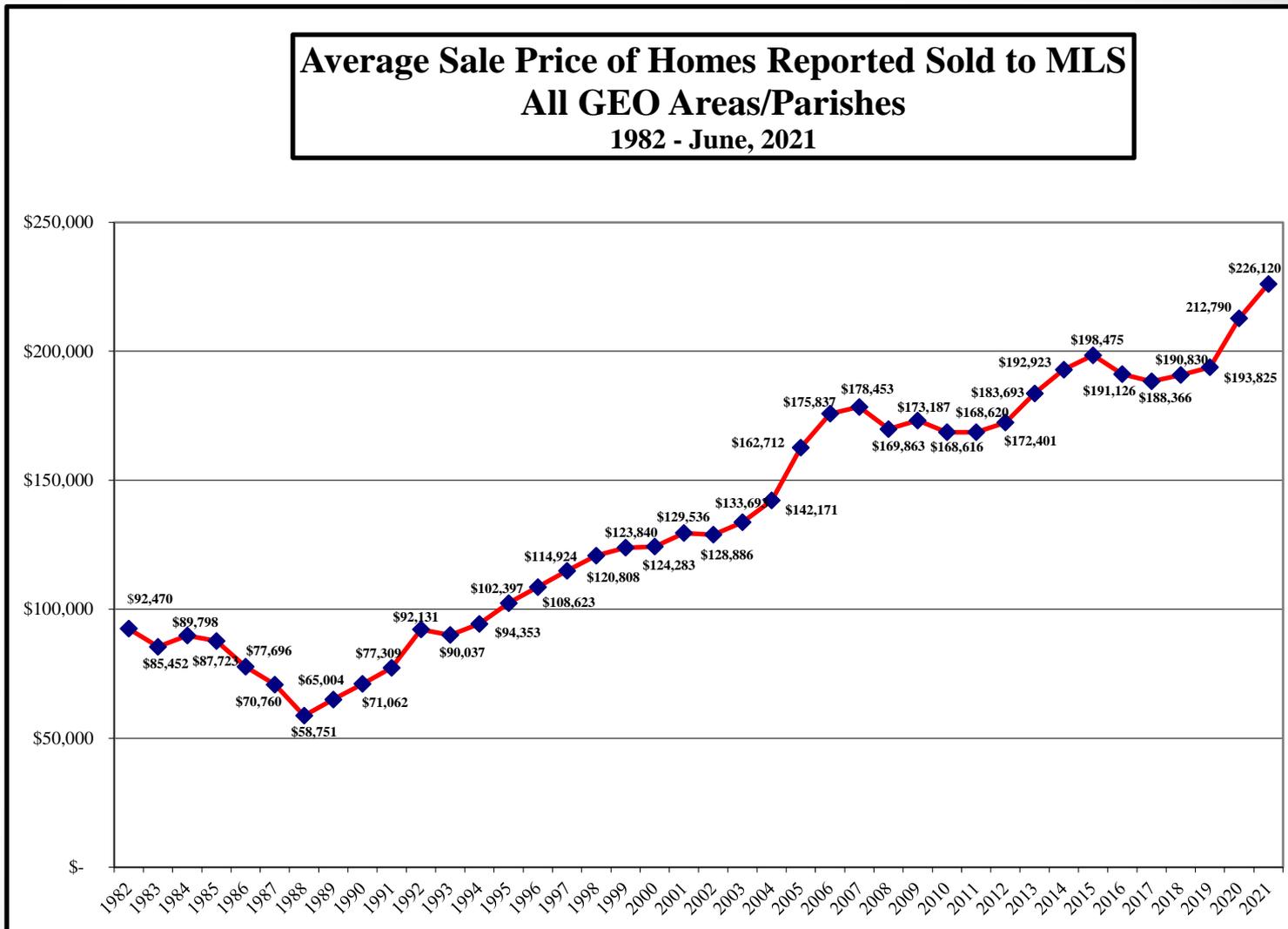
% chg. - '10-19: +10.7%

Avg./year: +1.1%

2020-June 2021:

\$217,790 – \$226,048

% change: +03.8%





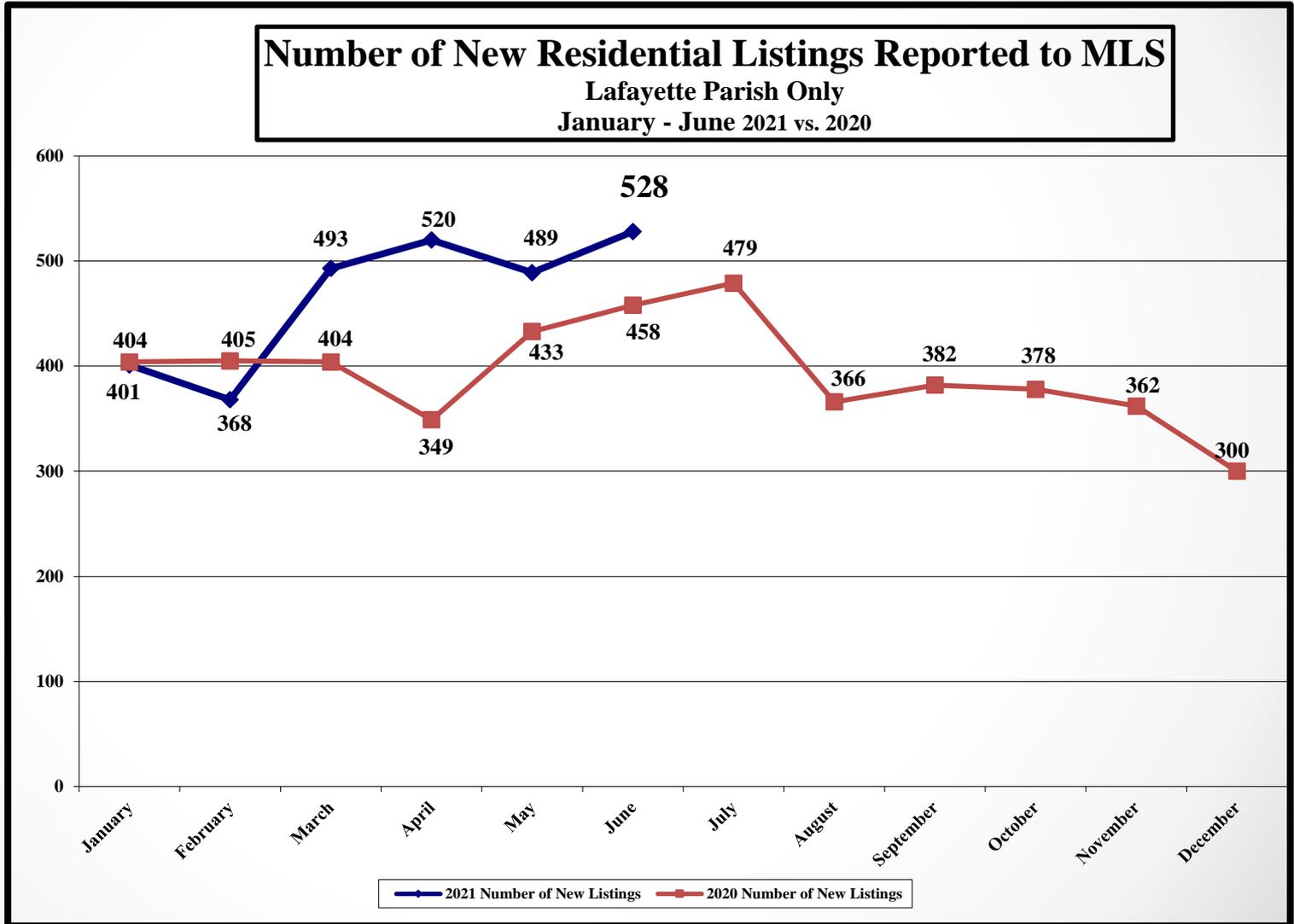
# Lafayette Parish New Listings

After a falling-off of 5.1% in the first two months of the year, the pace of new listings in the past four months have outperformed 2020 by 23.5%.

Cumulatively, the number of new listings taken through June are +14.1% as compared to last year.

Existing homes are up by 11.3%

New construction listings are up by 23.5%.





# Overall Supply Levels are Low in Comparison to Demand

Mid-year 2021 ended with a ratio of **1.15** new listings coming on the market for every closed sale reported.

The ratio for 2020 was 1.17:1

The ratio for 2019 was 1.37:1.

The ratio for 2018 was 1.51:1.

The ratio for 2017 was 1.52:1.

The ratio for 2016 was 1.47:1.

The ratio for 2015 was 1.39:1.

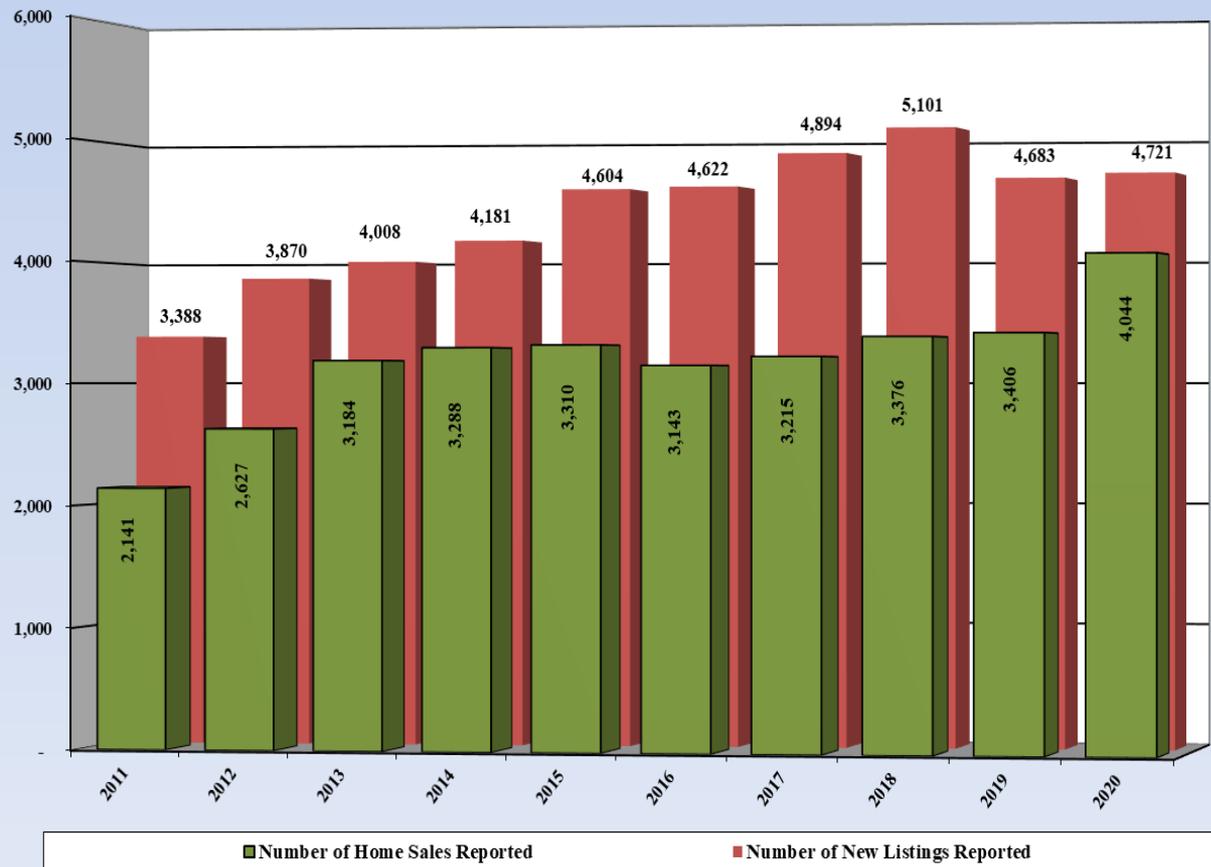
The ratio for 2014 was 1.27:1.

The ratio for 2013 was 1.26:1.

The ratio for 2012 was 1.47:1.

The ratio for 2011 was 1.58:1

Lafayette Parish Number of Home Sales Reported vs. Number of New Listings Reported to MLS  
2011 - 2020

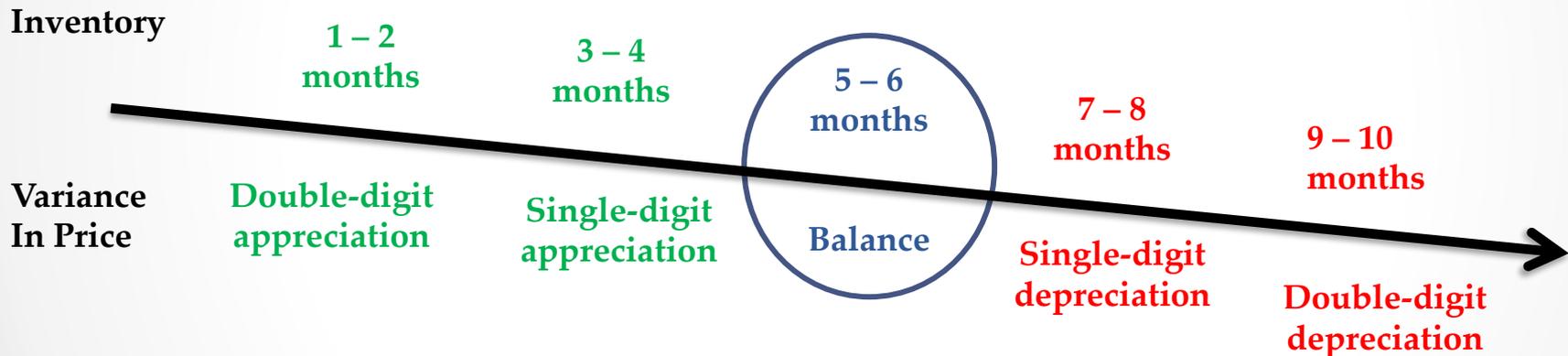


# Lack of listing inventory = Increased prices

Although many factors affect pricing, in an overheated market, decreased inventory becomes a key driver

## How do I determine the direction of prices in my market?

Although there are no steadfast rules to determine future pricing, months supply of inventory (total inventory divided by the number of houses sold per month) is a great guideline.



A normalized or balanced market has five to six months of inventory.

If 100 houses sell a month there should be 500 to six hundred houses in active inventory. Based on this principle, if you have one to two months of inventory, double-digit appreciation is likely to occur. Lack of supply will cause potential buyers to clamor over the few homes that are for sale, which in turn drive prices higher.

On the other end of the spectrum, when there is a nine-month inventory or greater, this abundance of supply tends to flatten or decrease prices since there simply aren't enough buyers to support the number of homes for sale.

Source: REALTOR® Magazine

# What was Lafayette Parish's Overall Number of Month's Supply at the end of June 2021?

# 1.3 months

That's significantly **down from the 3.6 months supply at the end June 2020**, and substantially below the established market equilibrium range of 5-6 months.



## Number of Sales/Number of Month's Supply by Price Range Lafayette Parish Under \$150,000

<u>Price Range</u>	<u>Number of Sales Reported</u>	<u># of Active Listings (06/30/21)</u>	<u>Number of Month's Supply</u>
\$19,999 OR UNDER	02	-0-	----
\$20,000 - \$29,999	04	01	1.5
\$30,000 - \$39,999	12	03	1.5
\$40,000 - \$49,999	13	01	0.5
\$50,000 - \$59,999	20	-0-	----
\$60,000 - \$69,999	22	02	0.5
\$70,000 - \$79,999	17	02	0.7
\$80,000 - \$89,999	26	02	0.5
\$90,000 - \$99,999	29	10	2.1
\$100,000 - \$109,999	23	05	1.3
\$110,000 - \$119,999	34	07	1.2
\$120,000 - \$129,999	38	10	1.6
\$130,000 - \$139,999	54	10	1.1
\$140,000 - \$149,999	71	08	0.7
<b>TOTALS:</b>	<b>365</b>	<b>61</b>	<b>1.0 months</b>

15.0% of all sales reported in Lafayette Parish fell into this price range. Sales under \$150,000 were down 0.3% from mid-year 2020. The number of active listings in this price range comprised 11.7% of the total number of active listings on the market as of June 30, 2021. These 61 active listings were 63% less than the number of active listing reported at mid-year 2020. Last year the number of months supply in this price range was 2.7 months.



## Number of Sales/Number of Month's Supply by Price Range Lafayette Parish

### \$150,000 - \$299,999

<u>Price Range</u>	<u>Number of Sales Reported</u>	<u># of Active Listings (06/30/21)</u>	<u>Number of Month's Supply</u>
\$150,000 - \$159,999	75	04	0.3
\$160,000 - \$169,999	94	12	0.8
\$170,000 - \$179,999	108	10	0.6
\$180,000 - \$189,999	150	13	0.5
\$190,000 - \$199,999	141	14	0.6
\$200,000 - \$219,999	288	23	0.5
\$220,000 - \$239,999	263	42	1.0
\$240,000 - \$259,999	148	17	0.7
\$260,000 - \$279,999	147	38	1.6
\$280,000 - \$299,999	120	29	1.5
<b>TOTALS:</b>	<b>1,534</b>	<b>202</b>	<b>0.8 months</b>

63.0% of all sales reported in Lafayette Parish fell into this price range. Sales between \$150,000 - \$299,999 were up by 43.9% from mid-year 2020. The number of active listings in this price range comprised 38.9% of the total number of active listings on the market as of June 30, 2021. These 202 active listings were 60.24% less than the number of active listing reported at mid-year 2020. **Last year the number of months supply in this price range was 2.9 months.**



## Number of Sales/Number of Month's Supply by Price Range Lafayette Parish \$300,000 and up

<u>Price Range</u>	<u>Number of Sales Reported</u>	<u># of Active Listings (06/30/21)</u>	<u>Number of Month's Supply</u>
\$300,000 - \$349,999	153	30	1.2
\$350,000 - \$399,999	121	42	2.1
\$400,000 - \$449,999	72	24	2.0
\$450,000 - \$499,999	49	33	4.0
\$500,000 - \$549,999	38	21	3.3
\$550,000 - \$599,999	25	13	3.1
\$600,000 - \$699,999	28	17	3.6
\$700,000 - \$799,999	20	14	4.2
\$800,000 - \$899,999	11	18	9.8
\$900,000 - \$999,999	04	06	9.0
\$1,000,000 and Over	12	39	19.5
<b>TOTALS:</b>	<b>533</b>	<b>257</b>	<b>2.9 months</b>

22.0% of all sales reported in Lafayette Parish fell into this price range. Sales \$300,000 and up increased by 77.1% from mid-year 2020. The number of active listings in this price range made up 49.4% of the total number of active listings on the market as of June 30, 2021. These 257 active listings were 30.7% less than the number of active listing reported at mid-year 2020. **Last year the number of months supply in this price range was 7.7 months.**



So, how crazy is our market?  
Your thoughts?

# Looking Forward...

## How long will this last?





# Pending Sales Velocity Remains Strong

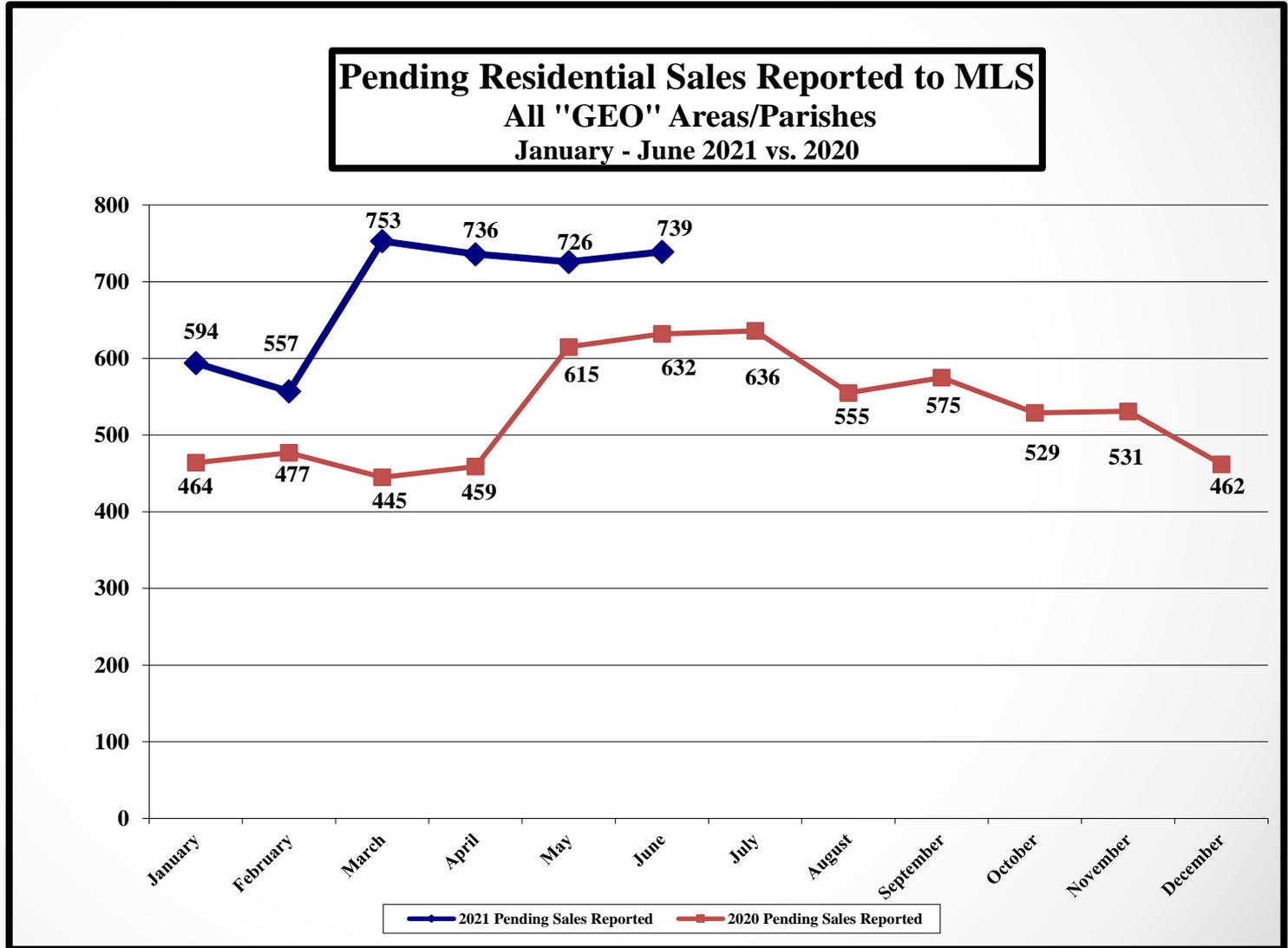
Based on MLS data as of July 9<sup>th</sup>:

June contract signings, considered a barometer of sales that will take place in the next 30-60 days, were 16.9% ahead of where they were in June 2020.

Pending sales reported from outside Lafayette Parish were up by 23.2% from June a year ago.

The June Pending Sale numbers taken on July 9<sup>th</sup> will be adjusted downward as contracts fall through.

A fallout rate of 3-5% has been typical in our current market which will likely flatten the final June number somewhere close to May's level.

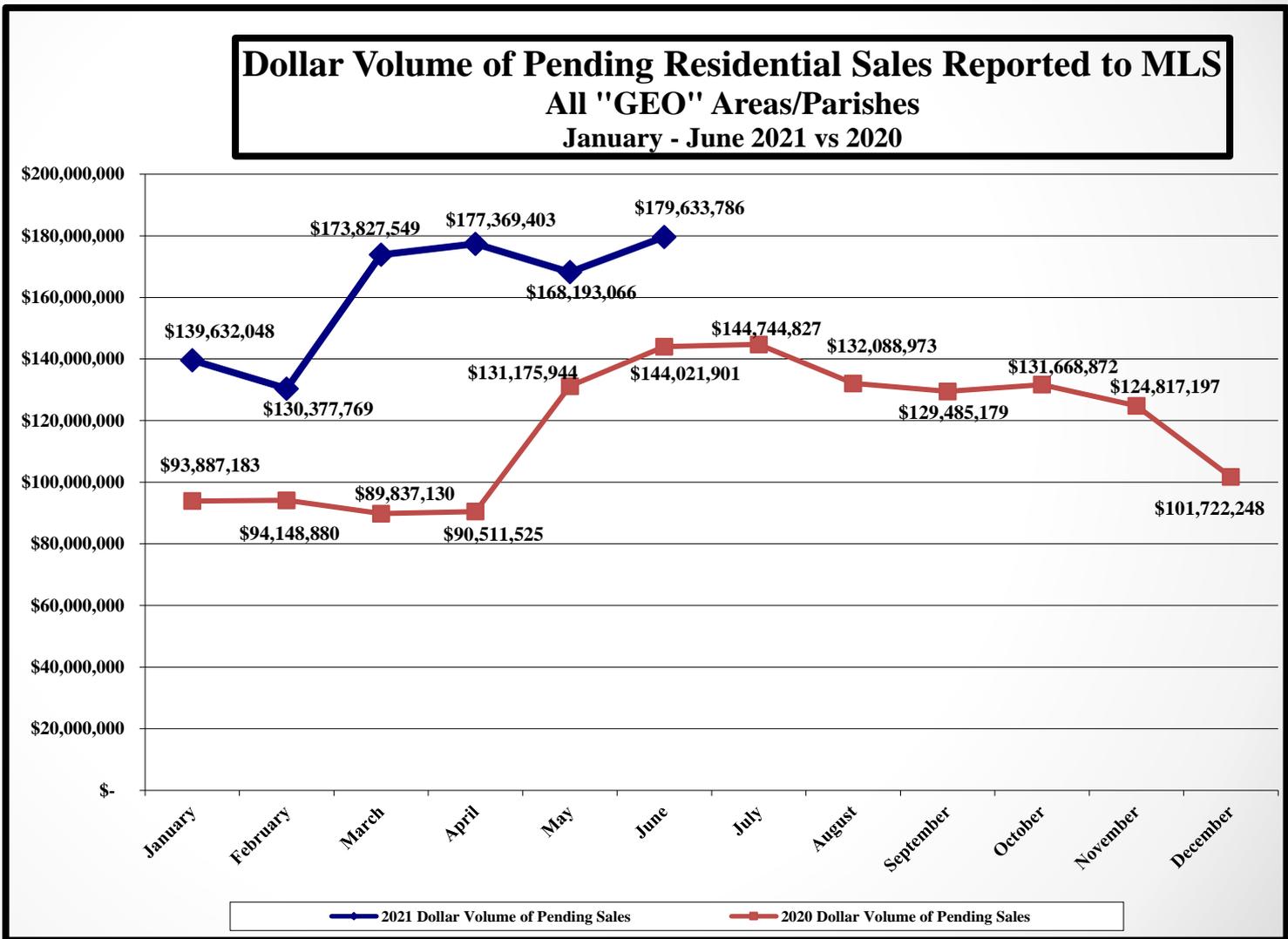




# Pending Sales \$ Volume Also Strong

June's pending sale dollar volume was 24.7% ahead of where it was in June 2020 and 6.8% ahead of May's tally.

This supports the proposition that the current low interest rate environment is not only spurring housing demand, but it is also incentivizing buyers to leverage the purchasing power that these low rates provide.



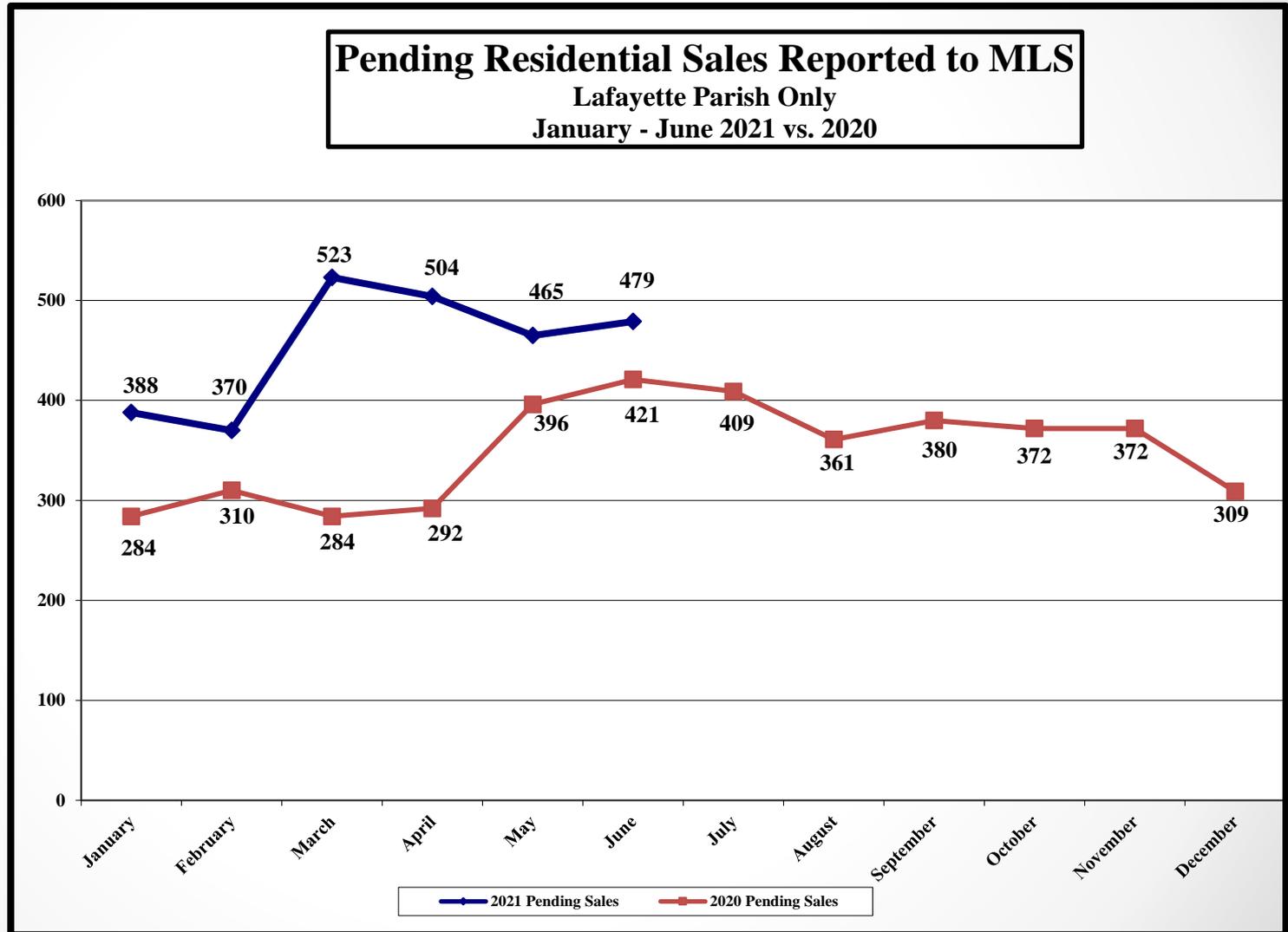


# Lafayette Parish Pending Sales Velocity Also Strong

June contract signings reported from Lafayette Parish were 13.7% ahead of where they were in June 2020.

Pending sales of existing homes increased by 23.6% from June a year ago, while contracts signed on newly constructed homes declined by 12.1% from June of 2020.

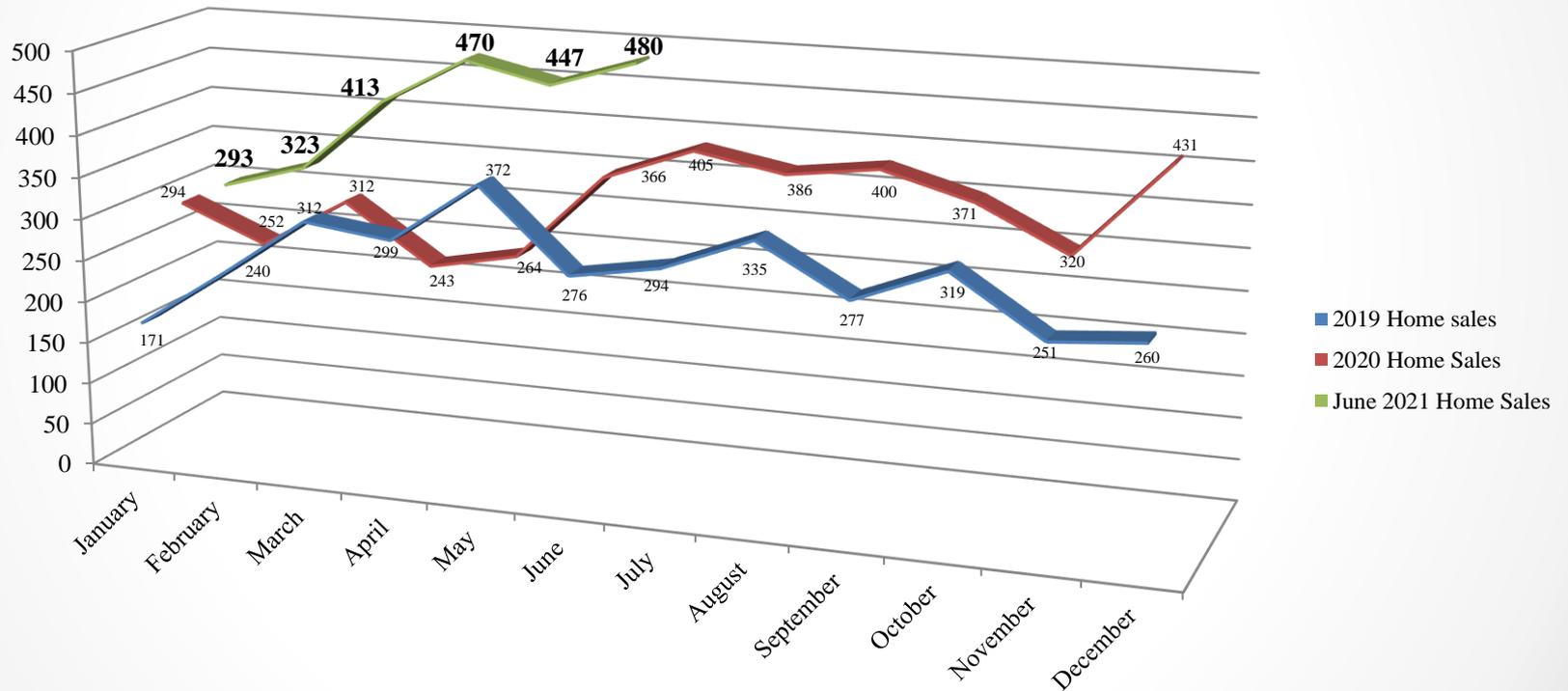
Year-to-date pending sales for existing homes in Lafayette Parish are up by 35.4% and up 43.3% for new construction.





# Looking Forward...

Lafayette Parish MLS Monthly Home Sales 2019 - June, 2021



Expect the market to continue to outperform last years post-lockdown boom ending the year setting new records in both sales and dollar volume.



# Challenges to be mindful of ...

- Inflation/Interest rates

The biggest threat to our continued growing market momentum is interest rates. Each percentage point increase in rates, decreases a buyer's borrowing power by approximately 12%.

From May 2020 – May 2021 the price index for personal-consumption expenditures (PCE) rose 3.9% while the consumer-price index jumped 5%.

The Fed has been dismissive of concern, describing the uptick in inflation above their forecasted 1.4-1.7% they predicted in June of 2020 for 2021. At it's meeting this past month, the Fed adjusted it's 2021 estimated inflation band to 3.1-3.5%, still thought by many economists to be too low.

Certainly, a case can be made that the Fed is underestimating the inflation risks for the remainder of 2021. The Fed's latest verdict on inflation relies on inflationary pressures being markedly weaker in the last seven month of the year than they were in the first five months. That seems debatable. *Source: Wall Street Journal*

- Changing work-from-home rules

Would-be homebuyers are dropping out of deals thanks to suddenly changing work-from-home policies that are re-tethering Americans closer to their offices now that new cases of the COVID virus are beginning to subside, according to an article in *Inman News*.

And while not everyone who banked on the longevity of remote work is being forced to move closer to the office, people are hoping a rise in reversals may ease the strain on inventory and soften competition.



# Challenges to be mindful of ...

- Sellers may have to re-learn how to negotiate

Instead of what would be a leisurely open house on a Sunday afternoon, today, sellers are faced with a long line of buyers and their agents, eager to sneak the first peek.

In this crazy market, with so much demand, does it even make sense for a seller to bother doing anything — like, entertain repairs, keep their homes in tip-top shape or indulge in negotiations?

In short, as we transition out of the COVID-19 pandemic, how much have the rules changed for sellers and how much and how quickly will that change if any major component of demand lessens? Sellers and their agents may have to rethink strategies dealing with things such as: No inspection/repair, no appraisal, escalation clauses, prepping and staging investments, occupancy after closing.

## Any others that you can think of?



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**THANK YOU!**