

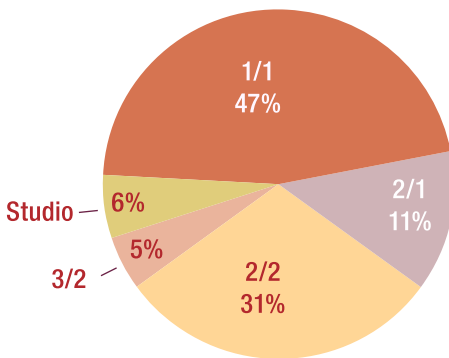
# GREATER NEW ORLEANS MULTI-FAMILY REPORT

## MARKET AT A GLANCE

This marks the twenty-second issue of the Greater New Orleans Multi-Family Report. The Metropolitan New Orleans Apartment market survey was conducted for the period ending October, 2013. The survey includes rental and occupancy data from 130 properties, comprised of 30,423 units located in eight submarkets. The survey focused on market rate properties which are well managed and fully operational covering a wide age spectrum.

Properties were selected from a comprehensive database of over 300 communities. This database is maintained by Madderra & Cazalot, Larry G. Schedler & Associates, Inc. and The Multi-Family Advisory Group, LLC.

UNIT INVENTORY SURVEYED



## SURVEY TRENDS

The Metro New Orleans multi-family market is continuing to strengthen and once again shows increases in occupancy and rental rates. The dynamics of the market have never been better due to an increasing demand with a constrained supply.

Overall, the eight (8) sub-markets we track are reporting an occupancy of 94% with average rents of \$900/month (\$1.04/square foot).

The highest rental increases are reported in the Historic Center where average rents increased \$38/month from our Spring, 2013 report. It should be noted that the Historic Center enjoys the highest rent in the New Orleans Metro with average rents of \$1,329/month, it is also the sub-market that has seen the greatest amount of construction activity as older office buildings are being converted to multi-family.

Other sub-markets with noteworthy increases in rental rates include Metairie at \$22/month, Kenner \$18 and Harahan/River Ridge at \$15.

All eight (8) sub-markets reported occupancy levels of at least 90% with half reporting levels of 95%+ (Historic Center, Metairie, Harahan/River Ridge and St. Tammany).

The most affordable rents in the market are Eastern New Orleans at \$708/month and Algiers at \$740/month. Obviously there is a need for affordable market rents as both of these sub-markets are respectively 91% and 92% occupied.

Unlike the past few years where the majority of construction activity was of tax credit and mixed income developments, the activity now is of market rate properties. Currently there are 777 units under

## AVERAGE RENTAL RATES BY UNIT TYPES - FALL 2013

Studio	1/1	2/1	2/2	3/2
\$641	\$814	\$853	\$1,036	\$1,197

## UNIT MIX/RENT STATISTICS

Unit Type	% Mix	Average Sq. Ft.	Average Rent	Average Rent/SF
Studio	6%	431	\$641	\$1.49
1 Bed 1 Bath	47%	719	\$814	\$1.13
2 Bed 1 Bath	11%	947	\$853	\$0.90
2 Bed 2 Bath	31%	1,049	\$1,036	\$0.99
3 Bed 2 Bath	5%	1,326	\$1,197	\$0.90
Total	100%	865	\$900	\$1.04

## UNIT INVENTORY SURVEYED

Studio	1/1	2/1	2/2	3/2
1,634	14,316	3,458	9,443	1,572

construction. These developments are in St. Tammany Parish, the Historic Center and Harahan/River Ridge, these sub-markets report some of the highest rents and occupancy in the metro.

The capital markets are continuing to take note of the trends in our market with major institutional investors focused on acquisitions here. This trend is highlighted by two (2) recent sales, the American Can Apartments and the Esplanade at City Park Apartments, both conveyances had major institutional investors.

Going forward we anticipate the Metro New Orleans Multi-Family Market to remain strong.

*By Larry G. Schedler, CCIM*

## OVERALL MARKET RENT & OCCUPANCY

Location (Parish)	Average Rent	Average Sq. Ft.	Rent/Sq. Ft.	Occupancy Rate
New Orleans Historic Center	\$1,329	851	\$1.56	96%
Garden Apartments Jefferson	\$855	836	\$1.02	95%
St. Tammany	\$1,008	985	\$1.02	96%
Orleans - Algiers & East New Orleans	\$720	880	\$0.82	91%
Overall	\$900	865	\$1.04	94%

## GREATER NEW ORLEANS APARTMENT CONSTRUCTION ACTIVITY

The Greater New Orleans Apartment market is beginning to see a significant increase in construction activity. Five new market rate properties are now under construction in each of the three highest rent submarkets including New Orleans Historic Center, St. Tammany Parish and East Jefferson. Several others are anticipated to break ground soon.

The New Orleans Historic Center has two major properties under construction. These are The Paramount at South Market and Elk Place Lofts. Both are located in downtown New Orleans.

The Paramount at South Market is a new construction mixed use development which will include 209 units, a parking garage and retail. Located on Girod Street between the new Hyatt Hotel and Rouses Grocery, Paramount has an anticipated completion date of October, 2014. Domain Companies is the developer with Carl E. Woodward serving as the General Contractor and Humphreys & Associates as the architect.

Elk Place Lofts being developed by Elk Place, LLC, a Wampold Enterprises company. Elk Place Lofts is located at 144 Elk Place in the heart of the Central Business District of New Orleans. The building was originally built in 1973 and is a 16-story high-rise building. The lower floors will consist of 10,000 square feet of retail space, and 194 parking spaces. The upper floors will be converted into 96 up-scale apartment units with completion and occupancy scheduled for Spring 2014.

We anticipate several other new construction starts in the New Orleans downtown market over the next 6 months. Projects



*The Paramount at South Market  
Rendering*

under consideration include The Garage at 849 Carondelet by Marcel Wisznia and a redevelopment of 225 Baronne building by HRI. Both involve the conversion of Historic Buildings to meet the growing housing demand in the urban center.

Favrot & Shane Companies, Inc. have started construction on their newest development, Bella Ridge Apartments located just off of Dickory in the Elmwood Business Area. This 264 unit property will be the first large multi-family development constructed on the Eastbank of Jefferson Parish in 10 years. This gated community will cater to high end residents featuring 1 and 2 bedrooms. Construction has just started with initial occupancy planned for the 2nd quarter of 2014.

St. Tammany is also seeing interest in new construction. In addition to the previously reported Phase II of Brookstone Park (112 units), The Retreat at Canterbury (48 units) is under construction in Slidell. It is being developed by Herman & Kittle. Two other properties have been announced but are not yet under construction in the Covington area. These are Reagan Crossing (244 units) and Faubourg St. John (244 units) both of which are to be located on the north side of Covington.

The five properties under construction in the New Orleans Metro area will add 777 units to the market. We estimate that announced projects not yet under construction may increase this number to over 1,200 units by the end of 2013.

*By J. Mark Madderra*



*Bella Ridge Apartments  
Rendering*

### NEW CONSTRUCTION OF MARKET RATE & MIXED INCOME PROPERTIES

Property Name	Developer	Units	Location	Completion
▲ Elk Place Lofts	Elk Place, LLC Mike Wampold	144	New Orleans (Historic Center)	Spring, 2014
▲ The Paramount at South Market	The Domain Companies	209	New Orleans (Historic Center)	October, 2014
▲ Bella Ridge Apartments	Favrot & Shane Companies	264	Jefferson Parish (Harahan, River Ridge)	2014-2015
▲ Brookstone Park Phase II	PPQ Development	112	Covington (St. Tammany)	Now Leasing
▲ The Retreat at Canterbury	Herman & Kittle	48	Slidell (St. Tammany)	Now Leasing
<b>Totals</b>	<b>5 projects</b>	<b>777</b>		



Project Name	Location	Units	Date Sold	Price/Unit
● Esplanade at City Park Apartments	New Orleans, LA	441	November, 2013	\$121,315
● American Can Apartments	New Orleans, LA	268	October, 2013	Not Disclosed
Diamond Lakes Apartments	Lafayette, LA	312	July, 2013	\$67,006
Live Oak Trace Apartments	Denham Springs, LA	264	July, 2013	\$60,227
Bandywood Apartments	Pascagoula, MS	104	July, 2013	\$18,798

## GREATER NEW ORLEANS SALES SUMMARY



*American Can Company  
Apartments*



*The Esplanade  
at City Park*

The positive trends we have seen in occupancy and rental rates have not gone unnoticed. As a result, we have seen an influx in interest from not only local and regional investors but institutional investors as well. The trend for opportunities is not restricted to New Orleans alone but the entire Gulf South from Lake Charles to Mobile, Alabama.

The two (2) most noteworthy local sales include the 268 unit American Can Company Apartments and the Esplanade at City Park Apartments (441 units) which was sold in the mid \$50,000,000 range in November. Both of these conveyances had an institutional partner and highlight not only the interest in Metro New Orleans but specifically the Mid-City sub-market. The proximity of these assets to the bio-medical district was a major factor in the investment community's interest in these offerings.

Over the next six (6) months we will see the transfer of several garden apartment communities. The immediate period thereafter; however, will see modest activity as there will be a scarcity of available properties.

*By Larry G. Schedler, CCIM*

*“ Investors from all over the country have taken note of the strength and stability of the New Orleans Metro market... ”*



# APARTMENT INFORMATION BY SUBMARKET RENT & OCCUPANCY COMPARISON

Our Fall 2013 survey showed continued growth and stabilization in the majority of the eight Metro – New Orleans submarkets. Seven of the eight submarkets reported increased overall monthly rental rates. Occupancy levels increased /decreased ever so slightly signaling an equilibrium between supply and demand.

The Historic Center once again boasts the highest overall monthly rental rate and tied St. Tammany Parish with a 96% overall occupancy rate. St. Tammany Parish is absorbing new inventory with negligible rent decreases.

Further firming up of monthly rent and occupancy levels continued across the Metro- New Orleans apartment market with Metairie posting the highest overall monthly rent gain for a suburban market. The remaining sub-markets of Eastern New Orleans, Algiers, Gretna, Harvey, Terrytown, Harahan, River Ridge and Kenner reflected demand for their product with increased rents as well.

*By: Cheryl M. Short*

	Average Monthly Rent	Average Occupancy	Occupancy	Rent
<b>HISTORIC CENTER</b>			↑ 1%	↑ \$38
Fall 2013	\$1,329	96%		
Spring 2013	\$1,291	95%		
<b>EASTERN NEW ORLEANS</b>			↑ 1%	↑ \$10
Fall 2013	\$708	91%		
Spring 2013	\$698	90%		
<b>ALGIERS</b>			↓ 3%	↑ \$11
Fall 2013	\$740	92%		
Spring 2013	\$727	95%		
<b>GRETNA, HARVEY, TERRYTOWN</b>			Same	↑ \$9
Fall 2013	\$819	95%		
Spring 2013	\$810	95%		
<b>METAIRIE</b>			↑ 1%	↑ \$22
Fall 2013	\$783	95%		
Spring 2013	\$761	94%		
<b>HARAHAN, RIVER RIDGE</b>			↓ 1%	↑ \$15
Fall 2013	\$954	95%		
Spring 2013	\$939	96%		
<b>KENNER</b>			**	↑ \$18
Fall 2013	\$831	Not		
Spring 2013	\$813	Reported		
<b>ST. TAMMANY</b>			↑ 3%	↓ \$2
Fall 2013	\$1,008	96%		
Spring 2013	\$1,010	93%		

\*\*An average for the Kenner sub-market was not computed due to limited participation in the survey by owners. It should however be noted that those owners who did, reported an average occupancy of 95%

SUBMARKET	Studio	1 Bedroom/ 1 Bath	2 Bedroom/ 1 Bath	2 Bedroom/ 2 Bath	3 Bedroom/ 2 Bath	Average Monthly Rent	Average Occupancy Rate
<b>ORLEANS</b>							
A. Historic Center*	\$920	\$1,217	\$1,266	\$1,555	\$1,763	\$1,329	96%
B. East New Orleans	---	\$616	\$741	\$748	\$964	\$708	91%
C. Algiers	\$621	\$669	\$814	\$833	\$1,038	\$740	92%
<b>JEFFERSON</b>							
D. Gretna, Harvey, Terrytown	\$619	\$736	\$781	\$896	\$1,046	\$819	95%
E. Metairie	\$580	\$725	\$898	\$923	\$1,249	\$783	95%
F. Harahan, River Ridge	\$617	\$828	\$1,022	\$1,131	\$1,090	\$954	95%
G. Kenner	\$582	\$740	\$921	\$979	---	\$831	**
<b>H. ST. TAMMANY</b>	---	\$856	\$1,040	\$1,115	\$1,274	\$1,008	96%

\* Includes French Quarter, Warehouse District, St. Charles Avenue Corridor, Mid City, and Downtown.

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**Larry G. Schedler & Associates, Inc.**  
Multifamily Acquisitions and Dispositions

**Larry G. Schedler & Associates, Inc.** specializes in the sale of multi-family properties throughout Louisiana, Mississippi and Alabama. The firm has successfully handled the sale of over 30,000 units. The firm represents conventional, institutional and non-profit clients.  
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**The Multi-Family Advisory Group, LLC** provides consulting services exclusively to the apartment industry. Owners, managers and lenders rely on the firm for a wide range of specialized consulting services. As a service of Larry G. Schedler & Associates, Inc. the Multi-Family Advisory Group, LLC provides survey data used in preparing the Greater New Orleans Multi-Family Report.  
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