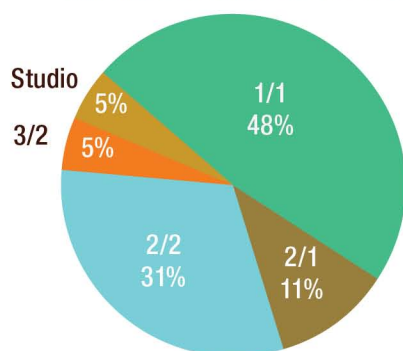


GREATER NEW ORLEANS MULTI-FAMILY REPORT

MARKET AT A GLANCE

This marks the twenty-third issue of the Greater New Orleans Multi-Family Report. The Metropolitan New Orleans Apartment market survey was conducted for the period ending April, 2014. The survey includes rental and occupancy data from 131 properties, comprised of 31,118 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 strengthening we have seen in the Metro New Orleans Multi-Family Market over the past five (5) years continues. It is clearly one of the brightest sectors of the Commercial Real Estate Market here.

Occupancy and rental rates continue to be strong with all but one of the eight (8) sub-markets we track reporting an occupancy level less than 90%. The other sub-markets have occupancy of 91%-96%. The Historic Center continues to enjoy the highest rents in the market at an average of \$1,379/month with an occupancy of 96%. It should be noted that with the constant construction activity in this sub-market, inventory is absorbed as soon as it comes on-line.

The highest suburban rents are once again being reported in East and West St. Tammany Parish. As we have noted in previous issues, this is where our new "market rate" suburban inventory exists. This survey shows average rents of \$1,034, with average occupancy of 94%. St. Tammany Parish boasts some of the highest household income levels in the state which makes market rate development economically feasible. Given the employment growth and availability of land we feel this area will see additional development over the next 36-48 months.

The most affordable rents in the Metro are in Eastern New Orleans at \$709/month, the market's occupancy rate is at 91%, unchanged from our Fall, 2013 survey. We are confident that as the infrastructure continues to be rebuilt in the area, we will see an increase in rental rates as well as occupancy. Affordable rents are also available in Algiers at \$733/month.

Currently there are 1,021 units under construction in the metro with the majority of units coming on line in the Historic Center.

AVERAGE RENTAL RATES BY UNIT TYPES - SPRING 2014

Studio	1/1	2/1	2/2	3/2
\$653	\$825	\$861	\$1,047	\$1,211

UNIT MIX/RENT STATISTICS

Unit Type	% Mix	Average Sq. Ft.	Average Rent	Average Rent/SF
Studio	5%	431	\$653	\$1.52
1 Bed 1 Bath	48%	719	\$825	\$1.15
2 Bed 1 Bath	11%	947	\$861	\$0.91
2 Bed 2 Bath	31%	1,050	\$1,047	\$1.00
3 Bed 2 Bath	5%	1,325	\$1,211	\$0.91
Total	100%	865	\$909	\$1.05

UNIT INVENTORY SURVEYED

Studio	1/1	2/1	2/2	3/2
1,634	14,817	3,490	9,557	1,620

In the next 12-18 months the downtown inventory will increase by 848 units, a 22% increase in supply. A further testament to the acceptance and strength of our urban "in-fill" market.

Favort & Shane Companies is developing the 264 unit Bella Ridge Apartments in Harahan, which will be one of the first new major multi-family developments on the East Bank of Jefferson Parish in over ten (10) years.

The demand by investors for multi-family acquisitions in the metro and throughout the Gulf South is very strong. Investors continue to take notice of our improving economy, quality of life and limited ability to add significant inventory to the market. These factors will continue to strengthen our rental market. We anticipate metro conveyances will only be limited by the availability of suitable acquisition opportunities.

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	\$1,379	851	\$1.62	96%
Garden Apartments Jefferson	\$844	834	\$1.01	94%
St. Tammany	\$1,034	985	\$1.05	94%
Orleans - Algiers & East New Orleans	\$724	886	\$0.82	92%
Overall	\$909	865	\$1.05	94%

GREATER NEW ORLEANS APARTMENT CONSTRUCTION ACTIVITY

The increase in construction activity in the Greater New Orleans area reported in our last issue continues to expand. Most of this activity is focused in the “new” CBD Residential District. In total 5 properties are under construction in the metro area totaling 1,021 units. Four of the five are located in the CBD within a few blocks of each other.

HRI Properties is converting the formerly vacant 30 story office building at 225 Baronne into 192 market rate apartments, a 188 room hotel and a 356 space public parking garage. HRI continues to be a local leader in adaptive reuse of historic buildings in our city. This is their third residential property in the CBD Residential District. They first developed Gravier Place 15 years ago and followed it up with the highly successful redevelopment of the Hibernia Tower completed in 2013. The targeted completion date for 225 Baronne is early 2015.

Directly across the street from 225 Baronne the Kailas Companies are redeveloping 210 Baronne. Originally built in 1927, this iconic historic building will retain the office space used on floors 1-5 and add 261 apartments on floors 6-19. It is anticipated that the first units will be available in 2014 with most units coming on line in 2015.

In close proximity to these two new historic rehabs are the two previous reported projects of 144 Elk (96 units) and Paramount at South Market (209 units). Both properties are progressing as anticipated with units available for occupancy in the middle and late 2014. These properties along with the anticipated 91 unit expansion of Belmont Commons will add 848 units to the CBD Residential District and will more than double the inventory of units available to lease. Several other adaptive reuse projects are also under consideration in this neighborhood. The CBD Residential District map shows the concentration of new apartment development (existing, and under construction) in an area roughly bounded by Poydras, Carondelet, Canal and Loyola.

The only other major apartment development under construction in the metro area is Bella Ridge (264 units) located in the Elmwood area of Jefferson Parish. Favrot & Shane Companies anticipate the first building will be available later in 2014 with a completion date in 2015. Several projects are under consideration in western St. Tammany but none have broken ground. Activity levels in other areas of New Orleans are limited by moratoriums, land availability or low rents limiting viability.

By J. Mark Madderra



CBD Residential District - Legend

■ Existing ▲ Under Construction



225 Baronne
Rendering

NEW CONSTRUCTION OF MARKET RATE & MIXED INCOME PROPERTIES

Property Name	Developer	Units	Location	Completion
144 Elk	Elk Place, LLC Mike Wampold	96	New Orleans (Historic Center)	Fall, 2014
The Paramount at South Market (Phase I)	The Domain Companies	209	New Orleans (Historic Center)	September, 2014
225 Baronne	HRI Properties	192	New Orleans (Historic Center)	2015
210 Baronne	Kailas Development	260	New Orleans (Historic Center)	2014-2015
Bella Ridge Apartments	Favrot & Shane Companies	264	Jefferson Parish (Harahan, River Ridge)	2014-2015
Totals	5 projects	1,021		



Legend ▲ New Market Rate Construction ● New Orleans Area Sale

LOCAL/REGIONAL MULTI-FAMILY SALES

Project Name	Location	Units	Date Sold	Price/Unit
Gates on Manhattan Apartments	Harvey, LA	276	May, 2014	\$50,725
Belle Oak Apartments	Metairie, LA	120	April, 2014	\$38,333
Castlebrook Apartments	Baton Rouge, LA	264	March, 2014	\$60,038
Gulf Pointe Apartments	Gulfport, MS	120	February, 2014	\$29,866
Grande View Apartments	Biloxi, MS	240	January, 2014	\$46,458
The Cove Apartments	New Orleans, LA	300	December, 2013	\$36,667

GREATER NEW ORLEANS SALES SUMMARY

The demand for multi-family acquisitions continues to be strong for properties throughout Metro New Orleans and the Gulf South. Active buyers are looking to build a portfolio along the I-10 corridor from Lake Charles, Louisiana to Mobile, Alabama. Collectively, these markets have an inventory of approximately 150,000 units. Investors are always seeking operating efficiencies, as a result a portfolio along the Gulf South helps alleviate the scarcity of product issue that is so prevalent in small Gulf Coast communities.

Since our Fall, 2013 report, there have been six (6) conveyances that are worth noting. The most recent sale is the Gates of Manhattan Apartments in Harvey on Manhattan Blvd. In April, 2014, Belle Oak Apartments were sold, this sale is noteworthy as we normally do not see a great deal of sales activity in the Metairie sub-market. The past six (6) months also saw the sale of the Castlebrook Apartments in Baton Rouge, which like New Orleans continues to be one of the strongest markets in the state. There were also two (2) sales on the Mississippi Gulf Coast as well as the sale of The Cove Apartments in Eastern New Orleans which represents only the

second sale of a rehabbed asset in that sub-market since Hurricane Katrina in 2005.

Demand is particularly strong for acquisitions in in-fill urban locations, downtown and in Mid-City. During the remainder of the year we anticipate the transfer of 4-5 garden apartment communities.

By Larry G. Schedler, CCIM



APARTMENT INFORMATION BY SUBMARKET RENT & OCCUPANCY COMPARISON

The results of our Spring, 2014 market survey confirmed a strong, tightening rental market for the New Orleans Metro Area. Each of the eight sub-markets surveyed reported gains in either occupancy or overall average rental rates. Rent specials, concessions and other enticements were offered in select areas but were not prevalent throughout the market.

The Historic Center which includes the Central Business District, Warehouse District, Mid City, St. Charles Avenue and the French Quarter reported stabilized occupancy and the largest average monthly rent gain of any sub-market for many reporting cycles. Renters have responded in a positive manner to the numerous market rate apartments being offered. Developers continue to add to the supply with a wide range of rental options.

St. Tammany Parish recorded the second highest overall monthly rent gain for this reporting period however with a slight drop of overall occupancy. This is mostly attributed to new product being absorbed in to the Western St. Tammany market.

Traditional garden apartment communities in Metairie, Gretna, Harvey, Terrytown, Harahan and River Ridge all surveyed stable or increased occupancy levels and increases in overall average monthly rental rates. Algiers reported a slight increase in occupancy with a decline of overall monthly rent. Kenner reported a negligible average monthly rent decrease. It should be noted that several properties in the Kenner sub-market have consistently posted occupancy rates of 96%+, therefore the averages are not indicative of all of the properties in the Kenner submarket. We were unable to compare occupancy statistics from our previous report as the Fall, 2013 information on Kenner was unavailable.

By: Cheryl M. Short

	Average Monthly Rent	Average Occupancy	Occupancy	Rent
HISTORIC CENTER			Same	↑ \$50
Spring 2014	\$1,379	96%		
Fall 2013	\$1,329	96%		
EASTERN NEW ORLEANS			Same	↑ \$1
Spring 2014	\$709	91%		
Fall 2013	\$708	91%		
ALGIERS			↑ 2%	↓ \$7
Spring 2014	\$733	94%		
Fall 2013	\$740	92%		
GRETN, HARVEY, TERRYTOWN			Same	↑ \$4
Spring 2014	\$823	95%		
Fall 2013	\$819	95%		
METAIRIE			↑ 2%	↑ \$5
Spring 2014	\$788	97%		
Fall 2013	\$783	95%		
HARAHAN, RIVER RIDGE			↑ 1%	↑ \$12
Spring 2014	\$966	96%		
Fall 2013	\$954	95%		
KENNER				↓ \$1
Spring 2014	\$830	84%		
Fall 2013	\$831			
ST. TAMMANY			↓ 2%	↑ \$26
Spring 2014	\$1,034	94%		
Fall 2013	\$1,008	96%		

SUBMARKET	Studio	1 Bedroom/ 1 Bath	2 Bedroom/ 1 Bath	2 Bedroom/ 2 Bath	3 Bedroom/ 2 Bath	Average Monthly Rent	Average Occupancy Rate
ORLEANS							
A. Historic Center*	\$970	\$1,264	\$1,266	\$1,612	\$1,858	\$1,379	96%
B. East New Orleans	---	\$624	\$750	\$748	\$969	\$709	91%
C. Algiers	\$581	\$658	\$798	\$835	\$1,038	\$733	94%
JEFFERSON							
D. Gretna, Harvey, Terrytown	\$627	\$731	\$827	\$895	\$1,044	\$823	95%
E. Metairie	\$590	\$733	\$896	\$938	\$1,218	\$788	97%
F. Harahan, River Ridge	\$619	\$854	\$1,033	\$1,138	\$1,110	\$966	96%
G. Kenner	\$579	\$744	\$898	\$979	---	\$830	84%
H. ST. TAMMANY	----	\$884	\$957	\$1,131	\$1,312	\$1,034	94%

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

CONTRIBUTORS



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. The Multi-Family Advisory Group, LLC | Cheryl M. Short | Ph: 504.836.5227 | cheryl@larryschedler.com



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