



GREATER NEW ORLEANS

MULTI-FAMILY REPORT

25TH SPECIAL EDITION



MARKET AT A GLANCE



This marks the twenty-fifth issue of the Greater New Orleans Multi-Family Report. The Metropolitan

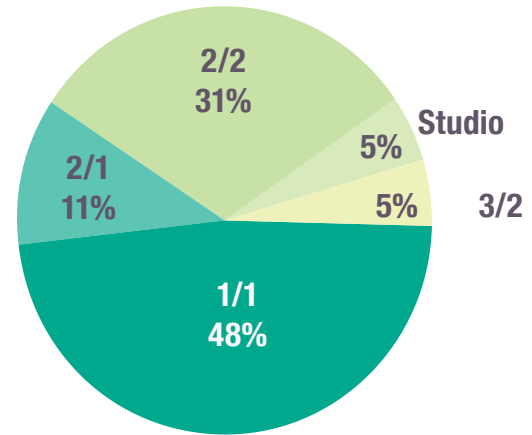
New Orleans apartment market survey was conducted for the period ending May, 2015. The survey includes rental and occupancy data from 134 properties, comprised of 31,580 units located in eight submarkets.

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

Studio	1/1	2/1	2/2	3/2
1,718	14,818	3,598	9,858	1,588

UNIT INVENTORY SURVEYED



AVERAGE RENTAL RATES BY UNIT TYPES - SPRING 2015

Studio	1/1	2/1	2/2	3/2
\$674	\$839	\$872	\$1,086	\$1,241

UNIT MIX/RENT STATISTICS

Unit Type	% Mix	Average Sq. Ft.	Average Rent	Average Rent/SF
Studio	5%	434	\$674	\$1.55
1 Bed 1 Bath	48%	717	\$839	\$1.17
2 Bed 1 Bath	11%	951	\$872	\$0.92
2 Bed 2 Bath	31%	1,050	\$1,086	\$1.03
3 Bed 2 Bath	5%	1,337	\$1,241	\$0.93
Totals	100%	868	\$933	\$1.08

SURVEY TRENDS

This issue of the Greater New Orleans Multi-Family Market Report not only takes a look at the current state of the market, but also provides a look back at the evolution of our market since our first issue in 2001. As we reviewed the current data on the market for this issue, we noticed how things have changed but in so many ways remained the same.

As the historical chart on the last page of this report will show, our multi-family market has predominately enjoyed occupancy levels of 92%+. This is a statistic that few markets can claim.

Current overall average occupancy in the eight submarkets we survey is 94% which is where it was in our Fall 2014 report. Average rents are \$933/month, \$1.08/square foot.

The highest rents in the metro are being reported in the Historic Center at an average of \$1,414 or \$1.64/square foot. Newer market rate developments in the Historic Center are obtaining rents “north” of \$2.00/square foot. The rents on “market rate” developments are necessary to justify the increase in construction costs and operating expenses in these urban areas.

The highest suburban rents are being reported in Harahan/River Ridge, as well as, East and West St. Tammany Parish. Like the Historic Center, this is where the majority of new market rate suburban communities are being developed. Average rents in these markets are in the \$973 - \$1,021/month range, with 94% occupancy for St. Tammany and 98% for Harahan/River Ridge.

The affordable market is being served by the New Orleans East and Algiers submarkets. Both of these communities have approximately 4,500 units, with rents averaging \$736/month. Occupancy continues to firm up and is now at 94%.

Our findings show the Kenner submarket to have an overall occupancy of 85%. It should be noted that the market clearly has some strong performing assets with occupancy levels of 95%+; however, several communities are experiencing substantially higher vacancy levels which impact the overall statics.

Overall, there are 1,446 multi-family units under construction primarily in the Historic Center and St. Tammany Parish.

Investor interest in the market remains strong for both existing acquisitions and new development opportunities.

The lack of land in which to develop, coupled with strong demand, should continue to keep occupancy levels stable.

By Larry G. Schedler, CCIM

OVERALL MARKET RENT & OCCUPANCY

Location (Parish)	Average Rent	Average Sq. Ft.	Rent/Sq. Foot	Occupancy Rate
New Orleans Historic Center	\$1,414	860	\$1.64	94%
Garden Apartments Jefferson	\$874	837	\$1.04	94%
St. Tammany	\$1,021	987	\$1.03	94%
Orleans – Algiers & East New Orleans	\$736	879	\$0.88	94%
Overall	\$933	868	\$1.08	94%

GREATER NEW ORLEANS APARTMENT CONSTRUCTION ACTIVITY



Interest in building new apartments in New Orleans has reached the highest levels seen during the 25

issues of this report dating back to 2001. If not for high construction costs and geographic barriers to entry, actual units under construction would also be at an all-time high. The continuing combination of high occupancy, increasing rents and low financing costs make this a very attractive market. New Orleans is now commanding the attention of developers and investors beyond Louisiana and will continue to do so for the foreseeable future.

Downtown continues to command the greatest interest for new market rate developments. Of the nine properties listed on the chart below under construction, seven are located downtown. Domain

Companies is now under construction of The Beacon at South Market (124 units). The Beacon is Phase 2 of South Market which also includes the recently completed and leased The Paramount (209 units).

Two other major downtown properties finishing construction and under lease up are The Strand (192 units) and Four Winds (260 units). These two properties are located in the same sub-market directly across Baronne Street from one another. They will be joined by Belmont Commons (91 units) which is the second phase of the 925 Common Apartments and The California Building (155 units) scheduled for completion later this year.

A number of smaller but significant downtown properties are also coming on line. These include The Howard (15 units) and Factors Row (49 units) which are important additions to our growing inventory of historic office buildings being repurposed as residential. Not listed but also significant is the ongoing re-development of the Iberville Housing Development (900+ affordable units) and the surrounding neighborhood in a

NEW CONSTRUCTION OF MARKET RATE & MIXED INCOME PROPERTIES

Property Name	Developer	Units	Location	Completion
The Beacon at South Market (O'Keefe and Girod)	The Domain Companies	124	New Orleans (Historic Center)	Early 2016
The California Building (1111 Tulane Avenue)	III Tulane Partners, LLC	155	New Orleans (Historic Center)	Spring 2015
The Strand (225 Baronne)	HRI Properties	192	New Orleans (Historic Center)	Now Leasing
Four Winds (210 Baronne)	Kailas Companies	260	New Orleans (Historic Center)	Now Leasing
Belmont Commons (Phase II) (925 Common)	Belmont Commons, LLC	91	New Orleans (Historic Center)	Late 2015
Factors Row (401-405 Carondelet)	Corporate Realty	49	New Orleans (Historic Center)	Dec. 2015
The Howard (833 Howard Avenue)	delaTour Holding, LLC	15	New Orleans (Historic Center)	Now Leasing
Bella Ridge Apartments (1101 Dickory Avenue)	Favrot & Shane Companies	264	Jefferson Parish (Harahan, River Ridge)	Now Leasing
Springs of Fremaux At Town Center (111 Town Center Parkway)	Continental Properties, Inc.	296	Slidell (St. Tammany)	Late 2015
Totals	9	1,446		



From left to right: Factors Row, Springs of Fremaux at Town Center, The Beacon at South Market (Day & Night), Four Winds

joint venture between HRI and HUD which will transform the last of the city's "old generation" housing projects.

The suburbs also have generated interest in new construction. The area's largest apartment owner, Favrot & Shane Companies, has recently finished construction on Bella Ridge (264 units) in Jefferson. The Springs of Fremaux at Town Center (296 units) in Slidell is under construction with initial occupancy anticipated in the last quarter of 2015. Many other sites are under consideration in East and West St. Tammany but have been delayed primarily by construction costs. It is anticipated that some of these sites should break ground in 2015.

Overall, there are 1,446 market rate units under construction or initial lease-up in the New Orleans Metro Area. As mentioned above, this excludes potentially hundreds of units in smaller properties spread throughout the Historic Center. The pace of new construction should be maintained or grow as the fundamentals of the apartment market are strong and pointing upward.



By J. Mark Madderra

GREATER NEW ORLEANS APARTMENT SALES SUMMARY



The multi-family market is clearly one of the brightest sectors of the commercial real estate market. Since our first issue of this report in 2001, approximately 22,426 units have transferred ownership in the Metro, this represents approximately 50% of our total multi-family inventory.

Interest in the market has always been strong; however, as the positive news about the stability of our multi-family market spreads, investors are continuing to search for acquisition opportunities. There is some reluctance on the part of sellers as they weigh the pros and cons of a sale versus a refinance. Many sales now require the assumption of existing debt as most owners

have taken advantage of the historically low interest rate environment we have been in.

Many of these loans cannot be paid off due to high pre-payment penalties. In many cases these assumptions require larger amounts of equity and interest rates of approximately 100-150 basis points higher than the current market rates.

Two sales worth noting are the Botanica Apartments (228 units) in Mandeville and the Belmont Apartments (271 units) in Metairie. Botanica was built in 1999 and was sold by a Florida-based investment group to Key Real Estate of New Orleans. The Belmont was sold by a lender to a Tennessee based 501(c)3 corporation and was financed with rated tax exempt bonds.

We anticipate modest sales activity in the Metro for the remainder of this year, with the majority occurring in the last quarter of 2015. This slowdown will be driven by a lack of supply not of demand.

By Larry G. Schedler, CCIM

LOCAL/REGIONAL MULTI-FAMILY SALES

Project Name	Location	Units	Date Sold	Price/Unit
Belmont Apartments	Metairie, LA	271	February 2015	\$43,986/unit
Botanica Apartments	Mandeville, LA	228	June 2015	\$112,938/unit

SNAPSHOT BY SUBMARKET

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*	\$994	\$1,265	\$1,654	\$1,621	\$1,911	\$1,414	94%
B. Eastern New Orleans	-----	\$639	\$732	\$760	\$977	\$719	94%
C. Algiers	\$615	\$700	\$785	\$866	\$1,039	\$765	94%
JEFFERSON							
D. Gretna, Harvey, Terrytown	\$648	\$749	\$850	\$928	\$1,082	\$841	96%
E. Metairie	\$616	\$768	\$930	\$1,053	\$1,298	\$838	93%
F. Harahan, River Ridge	\$669	\$887	\$1,065	\$1,173	\$1,117	\$1,000	98%
G. Kenner	\$597	\$761	\$948	\$1,005	----	\$852	85%
H. ST. TAMMANY	----	\$860	\$943	\$1,123	\$1,275	\$1,021	94%

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

REPORT REFLECTIONS 2001 - 2015

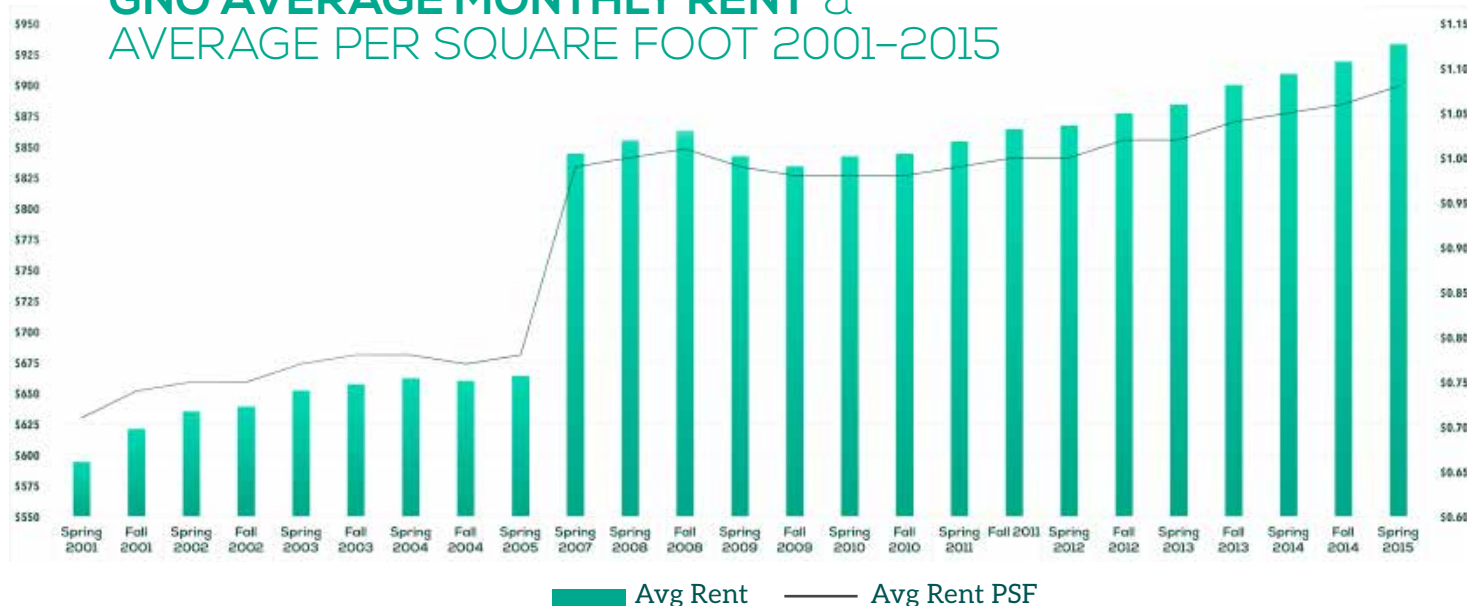


The Greater New Orleans Multi-Family Report was created by industry professionals to provide an overview and snapshot in time of key components in the New Orleans Metropolitan multi-family market. Our goal is to deliver the results of our non-scientific bi-annual surveys to all who are interested in our market. We would like to take this opportunity to thank the countless multi-family professionals that have assisted us by providing data for our reports since its first issue in 2001. The years have brought many challenges, changes and advances to the Greater New Orleans multi-family market, we reflect on these in this our 25th report.

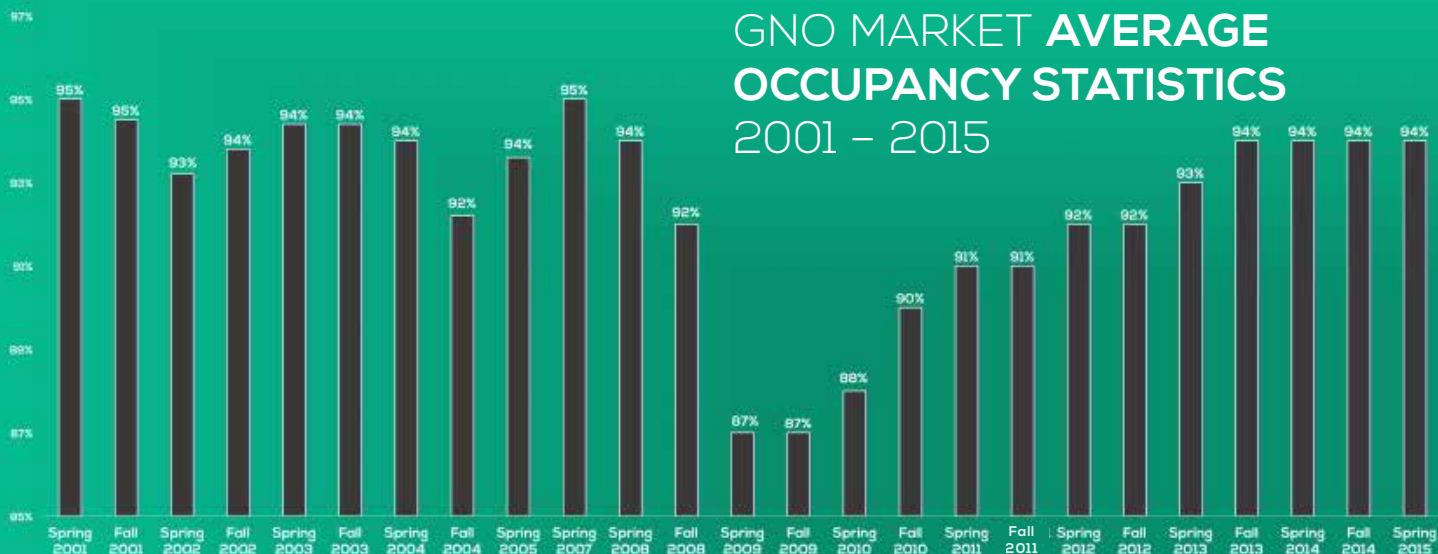
Taking a departure from our normal “back page” statistics we thought it would be informative to summarize the vast amount of data we have accumulated over the years of producing our reports into comprehensive charts, facts and observations about the Greater New Orleans Multi-Family Market as illustrated below.

By: Cheryl M. Short

GNO AVERAGE MONTHLY RENT & AVERAGE PER SQUARE FOOT 2001-2015

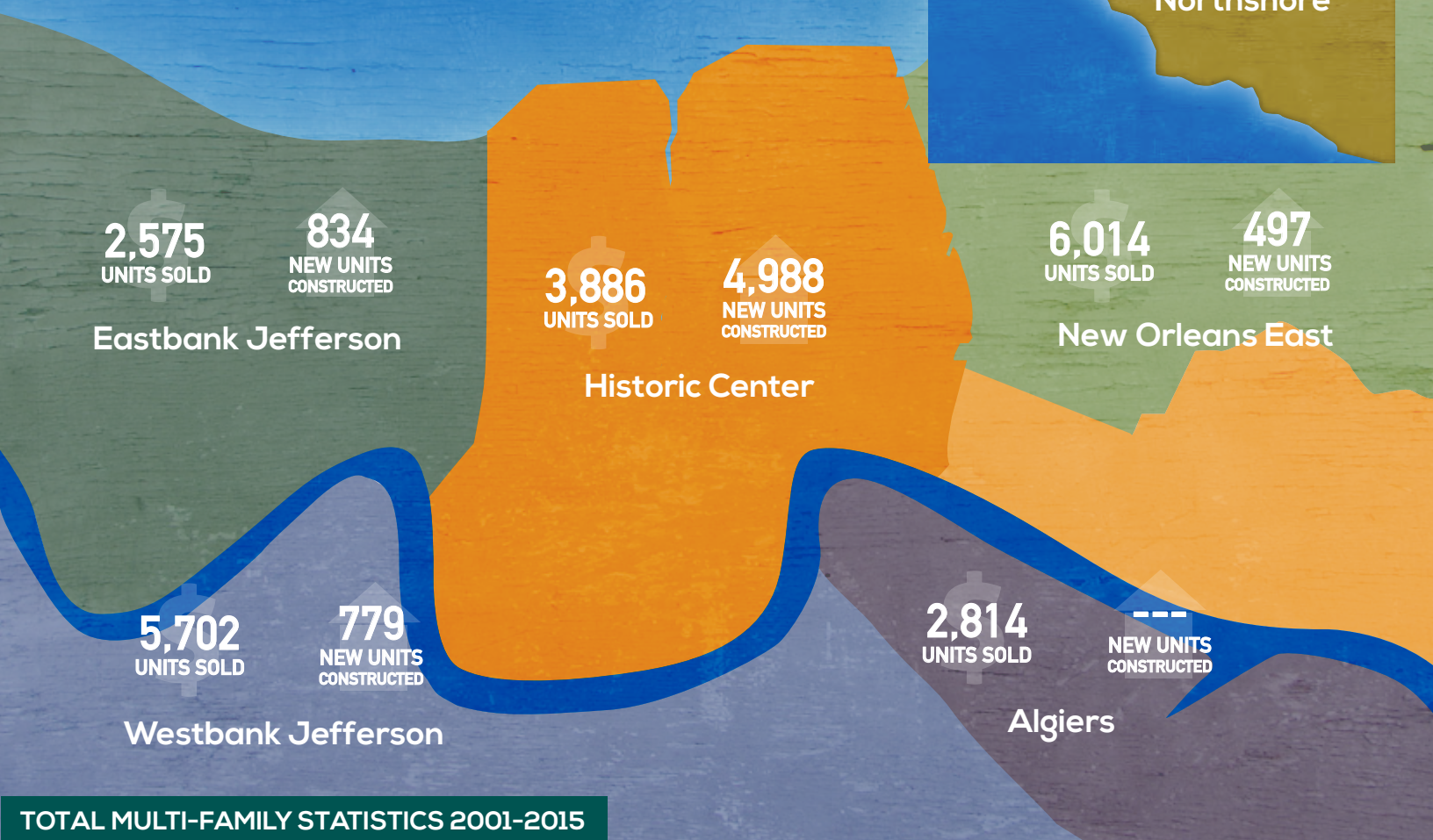


GNO MARKET AVERAGE OCCUPANCY STATISTICS 2001 - 2015



REFLECTIONS CONTINUED

NEW CONSTRUCTION AND SALES ACTIVITY BY SUB-MARKET 2001-2015



TOTAL MULTI-FAMILY STATISTICS 2001-2015

22,402
TOTAL UNITS SOLD

10,464
TOTAL NEW UNITS CONSTRUCTED

\$985,960,277
TOTAL SALES BY DOLLAR AMOUNT

CONTRIBUTORS

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Multifamily Acquisitions and Dispositions

Larry G. Schedler & Associates, Inc. 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 32,000 units. The firm represents conventional, institutional and non-profit clients. **Larry G. Schedler & Associates, Inc** | Ph: 504.836.5222 | www.larryschedler.com



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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Madderra & Cazalot offers mortgage banking services specializing in multi-family properties throughout the Gulf South. Since its founding in 1992, the firm has originated more than \$4 billion of income-producing loans and equities. The firm has expanded its capabilities with offices in Dallas and New Orleans. The firm acts as a real estate advisor for Prudential Financial and as a correspondent for other prominent national lenders. **Madderra & Cazalot.** | Ph. 504.835.6900 | www.maddcaz.com

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