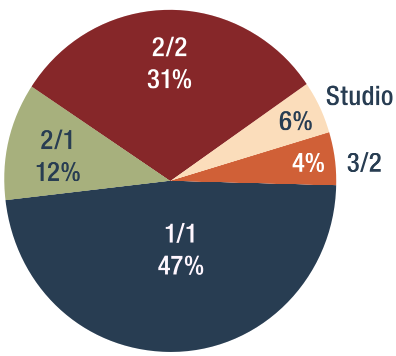
GREATER NEW ORLEANS
MULTI-FAMILY REPORT

MARKET AT A GLANCE

This marks the twenty-sixth issue of the Greater New Orleans Multi-Family Report. The Metropolitan New Orleans apartment market survey was conducted for the period ending October, 2015. The survey includes rental and occupancy data from 138 properties, comprised of 32,108 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 & Head, Larry G. Schedler & Associates, Inc. and The Multi-Family Advisory Group, LLC.

UNIT INVENTORY SURVEYED



AVERAGE RENTAL RATES BY UNIT TYPES - FALL 2015

Studio	1/1	2/1	2/2	3/2
$725	$885	$905	$1,129	$1,243

UNIT MIX/RENT STATISTICS

Unit Type	% Mix	Average Sq. Ft.	Average Rent	Average Rent/SF
Studio	6%	434	$725	$1.67
1 Bed 1 Bath	47%	724	$885	$1.22
2 Bed 1 Bath	12%	952	$905	$0.95
2 Bed 2 Bath	31%	1,053	$1,129	$1.07
3 Bed 2 Bath	4%	1,337	$1,243	$0.93
Totals	**100%**	**869**	**$971**	**$1.12**

UNIT INVENTORY SURVEYED

Studio	1/1	2/1	2/2	3/2
1,824	15,015	3,812	9,860	1,597

SURVEY TRENDS

The Metro New Orleans multi-family market continues to show strength and stability. In the eight (8) submarkets we track only one reported occupancy of less than 90%. This is not a new phenomena, rather a continuation of the market conditions we have seen over the past decade. The equilibrium between supply and demand remains in sync throughout the New Orleans Metro with positive absorption of the inventory that is being brought on line. The lack of land and suitable development sites in Metro New Orleans should continue to assure investors/lenders of the stability and resiliency of the market.

Overall the metro occupancy level is at 93% with average reported rental rates at $971 ($1.12/square foot). The three submarkets reporting the highest rents in the Metro continue to be in the Historic Center ($1,442/month) Harahan/River Ridge ($1,116/month) and St. Tammany Parish ($1,047/month). The Metairie/East Jefferson market has the highest concentration of garden apartments in the Metro with average reported rents of $864/month. Kenner reports average rents of $875/month. Owners on the West Bank of Jefferson Parish are reporting average rents of $851/month. The most affordable inventory of market rate properties are in Eastern New Orleans and Algiers with average rents of $713 and $783 respectfully.

New construction continues to be focused on the Historic Center as well as St. Tammany Parish. Both of these submarkets are prime candidates for new market rate developments as the residents have the household incomes that are necessary to justify the cost of new construction.

The Historic Center has been the epicenter of our urban infill market consisting almost exclusively of mid to high rise developments. Previously, units that were brought on line were from the redevelopment of older office buildings. With the inventory of buildings being depleted, we should see increased activity of ground up mixed use developments with retail tenants on the first floor and residential on the upper floors.

The lack of available sites in the CBD and warehouse district have encouraged developers to expand their "footprint" to areas such as Bywater, Mid-City and Central City. These submarkets are enjoying a renaissance and we would anticipate this trend to continue.

The demand for multi-family acquisitions remains strong; however, actual conveyances have been modest. Owners are reluctant to sell as their ability to find replacement assets are difficult due to the competition in the market.

The abundance of capital and the desire to increase their portfolios is driving investors to consider other markets in the Gulf South primarily along the I-10 corridor from Lake Charles, LA to Mobile, AL.

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	$1,442	854	$1.69	94%
Garden Apartments Jefferson	$920	840	$1.10	93%
St. Tammany	$1,047	987	$1.06	95%
Orleans – Algiers & East New Orleans	$740	893	$0.83	92%
Overall	$971	869	$1.12	93%

GREATER NEW ORLEANS **APARTMENT CONSTRUCTION** ACTIVITY

Generally positive information on the New Orleans Metro area apartment market continues to stimulate interest in new construction. With apartment occupancies at 93% in the high growth submarkets combined with positive unit absorption and rent growth, announcements of several new properties breaking ground are anticipated in early 2016.

At this time, Metro New Orleans has 5 market rate apartment properties under construction or initial lease-up, totaling 715 units (see chart below). Of these 5 properties 4 are located in the downtown area. Domain Companies is well underway with The Beacon at South Market (124 units). Other downtown properties include Belmont Commons (91 units), The California Building (155 units) and Factors Row (49 units). The only other regional market rate apartment property under construction/lease up is the Springs of Fremaux at Town Center located in Slidell.

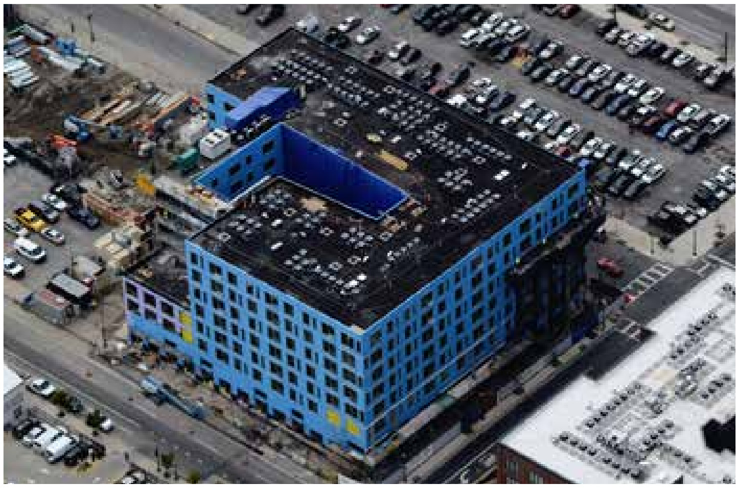
High growth submarkets like the Bywater continues to fuel developer interest in new apartments. The proposal to construct a 260 unit mixed use development in Bywater is one of many examples of apartment communities designed to meet the market for today's renter. This property to be named Via Latrobe is being developed by Sean Cummings and will be located across Chartres Street from The Rice Mill Lofts which Mr. Cummings also developed. This site will offer a walkable community adjacent to the recently opened "Crescent Park" on the riverfront.

Development sites in high demand areas are difficult to identify. As a result many of the new projects will be smaller in scale. East Jefferson has the largest concentration of market rate apartments in the Metro Area but has no significant units under construction. Additionally, the Metro area has a scarcity of land available for multi-family development. Only St. Tammany Parish has large sites permitted for the construction of new garden apartments with over 200 units.

In conclusion, New Orleans remains a viable market for new apartment construction. With changing market demographics and an aging apartment inventory, renters continue to be drawn to new updated properties in targeted submarkets.

By J. Mark Madderra

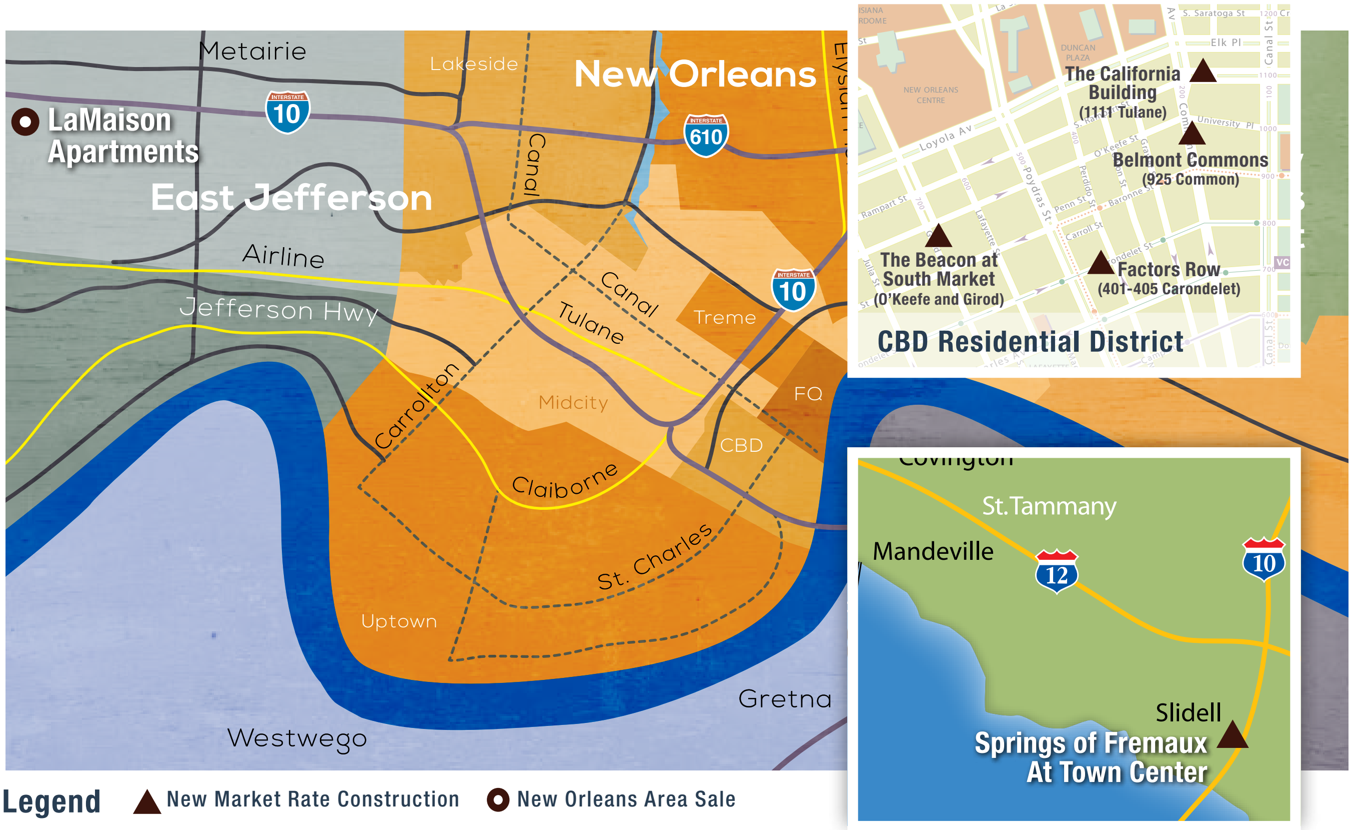
The Beacon at South Market



NEW CONSTRUCTION OF MARKET RATE & MIXED INCOME PROPERTIES*

Property Name	Developer	Units	Location	Completion
The Beacon at South Market	The Domain Companies	124	New Orleans (Historic Center)	Early 2016
The California Building	1111 Tulane Partners, LLC	155	New Orleans (Historic Center)	Late 2015
Belmont Commons	Belmont Commons, LLC	91	New Orleans (Historic Center)	Late 2015
Factors Row	Corporate Realty	49	New Orleans (Historic Center)	Dec. 2015
Springs of Fremaux At Town Center	Continental Properties, Inc.	296	Slidell (St. Tammany)	Now Leasing
Totals	**5**	**715**		

* See locations on following page



GREATER NEW ORLEANS **SALES SUMMARY**

The demand by investors to acquire existing multi-family properties remains strong. The strength and stability of the market coupled with historically low interest rates is attracting investors from all over the country. Unlike other markets, economic and geographic factors of Greater New Orleans limit the amount of new inventory, therefore providing investors/ lenders with additional confidence in the long term stability and viability of the market.

As we have discussed in previous issues, the amount of sales activity in Metro New Orleans is primarily limited by a lack of inventory, as well as an ownership profile of predominately long term holders.

Through the years we have seen an increase in investor interest for not only Metro New Orleans but the entire Gulf Coast Region from Lake Charles, Louisiana through Mobile, Alabama. This geographic "footprint" offers investors a large supply of inventory and the ability to acquire a critical mass of similar properties.

We anticipate a modest amount of conveyances in Metro New Orleans over the next six (6) months and heightened activity in the Gulf Coast Region.

Investors are closely monitoring the markets with high concentrations of oil/gas employment specifically Houma, Lafayette and Lake Charles. Thus far we have not seen a significant decrease in investor interest in these markets rather more cautious financial underwriting.

By Larry G. Schedler, CCIM

> *"We anticipate a modest amount of conveyances in Metro New Orleans over the next six months and heightened activity in the Gulf Coast Region"*

LOCAL/REGIONAL MULTI-FAMILY SALES

Project Name	Location	Units	Date Sold	Price/Unit
LaMaison Apartments	Metairie, LA	176	July, 2015	$58,239
Palms Apartments	Gulfport, MS	240	Oct. 2015	$44,583
South Point Apartments	Lafayette, LA	384	Aug. 2015	$57,487
Spires of Sherwood	Baton Rouge, LA	124	Nov. 2015	$38,623
Arbors at Hillcrest	Mobile, AL	280	Sept. 2015	$60,000
The Standard (Student Housing)	Baton Rouge, LA	287	Oct. 2015	$378,397

APARTMENT INFORMATION BY SUBMARKET RENT & OCCUPANCY COMPARISON

Our Fall, 2015 survey of rent by floor plan type and overall occupancy rates reflects consistently strong submarket activity. Rental rates in many of the submarkets reflect new product being introduced at higher monthly rental rates. It should also be noted that newer more sophisticated monthly rent pricing practices are being used by owners / operators. Our findings show that occupancy levels fluctuated ever so slightly or remained the same.

The Historic Center maintained a respectable occupancy level while absorbing new units all while achieving an overall monthly rental increase of $28.00 from our last reporting cycle. This area is in a growth mode with developers offering numerous rental choices never seen before in our Metro New Orleans apartment market. The market is responding favorably and continues to absorb the new inventory that is being introduced to the market.

The only two other submarkets affected by new development are St. Tammany and Harahan, River Ridge. Results of our survey of St. Tammany show both occupancy and rent growth with the second highest occupancy level of all submarkets and average overall rent increase of $26.00. Harahan/River Ridge has the highest overall occupancy of all eight submarkets, 97% and posted rent increases in all floor plan types largely due to new product being introduced to the market.

Both the east and west bank of Jefferson Parish reported strong occupancy levels and overall monthly rent level gains of $10.00 per month in Gretna, Harvey and Terrytown. The Metairie market showed a monthly increase of $26.00.

The Kenner market remained the same in occupancy level however reflected an increase in overall monthly rent levels. Eastern New Orleans was the only submarket to report a decrease in both occupancy and rental rates we survey. The average monthly rent decreased by $6.00 and the market occupancy dropped 3% overall.

By: Cheryl M. Short

	Average Monthly Rent	Average Occupancy
HISTORIC CENTER		
Spring 2015	$1,414	94%
Fall 2015	$1,442	94%
EASTERN NEW ORLEANS		
Spring 2015	$719	94%
Fall 2015	$713	91%
ALGIERS		
Spring 2015	$765	94%
Fall 2015	$783	94%
GRETNA, HARVEY, TERRYTOWN		
Spring 2015	$841	96%
Fall 2015	$851	95%
METAIRIE		
Spring 2015	$838	93%
Fall 2015	$864	94%
HARAHAN, RIVER RIDGE		
Spring 2015	$1,000	98%
Fall 2015	$1,116	97%
KENNER		
Spring 2015	$852	85%
Fall 2015	$875	85%
ST. TAMMANY		
Spring 2015	$1,021	94%
Fall 2015	$1,047	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
ORLEANS							
A. Historic Center*	$1,026	$1,302	$1,756	$1,645	$1,921	$1,442	94%
B. Eastern New Orleans	-----	$632	$737	$748	$957	$713	91%
C. Algiers	$636	$714	$839	$882	$1,038	$783	94%
JEFFERSON							
D. Gretna, Harvey, Terrytown	$664	$740	$827	$945	$1,084	$851	95%
E. Metairie	$621	$800	$976	$1,076	$1,333	$864	94%
F. Harahan, River Ridge	$732	$1,021	$1,128	$1,301	$1,153	$1,116	97%
G. Kenner	$657	$760	$1,069	$1,029	----	$875	85%
H. ST. TAMMANY	----	$884	$962	$1,162	$1,265	$1,047	95%

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

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Madderra, Cazalot & Head offers mortgage banking services specializing in multi-family properties throughout the Gulf South. Since our founding in 1992, our principals have originated more than $6 billion of income-producing loans and equities. We have expanded our capabilities with offices in Dallas, New Orleans and Atlanta. We act as a real estate advisor for Prudential Financial and as a correspondent for other prominent national lenders. **Madderra, Cazalot & Head | Ph. 504.835.6900 | www.maddcazhead.com**

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 35,000 units. The firm represents conventional, institutional and non-profit clients.
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THE MULTIFAMILY ADVISORY GROUP, L.L.C.
MultiFamily Consulting and Advisory Services

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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