

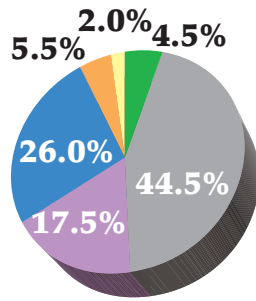
# Greater New Orleans Multi-Family Report

## Market At A Glance

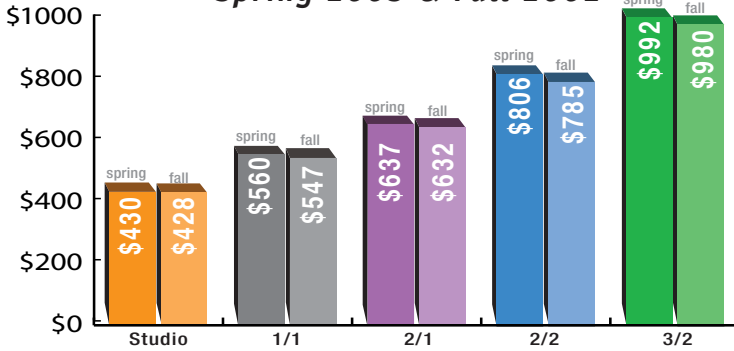
The 5th in a continuing series of New Orleans Apartment Market surveys was conducted for the period ending May 1, 2003. The survey includes 102 large properties in eight submarkets. The survey focused on market rate properties which are well managed and maintained covering a wide age spectrum. These units were selected from a comprehensive multi-family data base of over 48,000 units maintained by Madderra & Cazalot and Larry G. Schedler & Associates, Inc.

### UNIT INVENTORY

Unit Type	No. of Units
Studio	2,350
1 Bed 1 Bath	19,600
2 Bed 1 Bath	7,650
2 Bed 2 Bath	11,450
3 Bed 2 Bath	2,000
Other	850



### AVERAGE RENTAL RATES BY UNIT TYPE Spring 2003 & Fall 2002



### OVERALL MARKET RENT & VACANCY

Location/Parish	Average Rent	Average Sq. Ft.	Rent/Sq. Ft.	Occupancy Rate
New Orleans Historic Center Orleans	\$1,013	901	\$1.12	93.5%
Garden Apartments Jefferson	\$615	833	\$0.74	95.1%
St. Tammany	\$675	951	\$0.71	94.1%
Orleans	\$522	823	\$0.63	93.2%
<b>Overall</b>	<b>\$652</b>	<b>849</b>	<b>\$0.77</b>	<b>94.4%</b>

## Survey Trends

	Change from Spring 2002	Change from Fall 2002
Market Occupancy	↔	↔
Net Absorption	↑	↑
Rental Rates	↔	↔
Construction Activity	↑	↔

The New Orleans Apartment Market continues to remain stable as limited new construction has allowed the market to absorb most of its inventory of vacant new units. Over the past 18 months, apartment rents are essentially unchanged and occupancy rates have stayed in the 93-95% range. However, significant variations have been observed in specific submarkets.

The New Orleans Historic Center has seen significant improvement. Occupancy rates increased from 89.7% to 93.5% over the last six months. Average rental rates increased from \$966 mo/\$1.07 psf to \$1,013 mo/\$1.12 psf over the same period. The survey increase in both rents and occupancy is a direct result of the successful lease-up of the Saulet Apartments. The 703-unit Saulet Apartments is the largest new apartment development built in New Orleans in 30 years. This property leased up at average rents of \$1.30 psf, which is 40-50% higher than rates achieved at new garden apartments in suburban areas. The combination of high rents and apparent market depth points to a favorable condition for continued development.

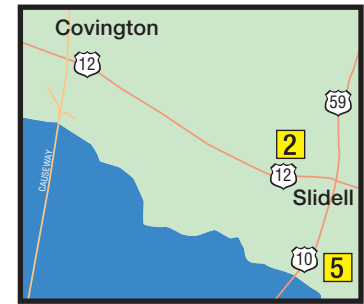
Garden Apartment rental rates in Jefferson, St. Tammany and Orleans are stable. A modest improvement was observed in Jefferson from \$.72 to \$.74 psf. Rental rates in St. Tammany and Orleans (Algiers and Eastern New Orleans) were flat with some downward pressure observed at \$.71 and \$.63 psf respectively.

Occupancy rates increased in this survey to 94.4%. This increase was a direct result of the strong performance of the New Orleans Historic Center submarket. The broad market for Garden Apartments was unchanged. As a limited number of new units will enter the market over the next six months, there is optimism among owners interviewed that the market will remain stable in the face of a weak national and regional economy.

### UNIT MIX/RENT STATISTICS

Unit Type	% Mix	Average Sq. Ft.	Average Rent	Average Rent/SF
Studio	5.1%	452	\$430	\$0.95
1 Bed 1 Bath	47.6%	708	\$560	\$0.79
2 Bed 1 Bath	9.6%	924	\$637	\$0.69
2 Bed 2 Bath	27.3%	1031	\$806	\$0.78
3 Bed 2 Bath	3.1%	1380	\$993	\$0.71
<b>Totals</b>	<b>100.0%</b>	<b>849</b>	<b>\$652</b>	<b>\$0.77</b>

# Greater New Orleans Apartment Construction and Sales Summary



**M**ulti-family sales in Metro New Orleans since the last issue of this report (Fall 2002) have been modest with only one major sale being consummated. This however should not be considered as a sign that owners are not interested in selling. The converse is actually the case. The number of properties currently under contract, or being put on the market, is greater than what we have experienced in the past five years.

The most recent sale, Shadow Ridge located in Metairie, created a unique turn-around in a very desirable submarket which typically does not have rehab opportunities. The property sold for \$7,100,000 to a local entrepreneurial group who has successfully undertaken other similar projects in the Metairie and Westbank Market. The property was sold with a 75% occupancy and will require a significant interior and exterior rehabilitation.

The inventory of pending sales is from every major submarket of the metro area. These pending transactions are generally assets that have been upgraded and are being sold with existing long term financing in place. As the National Apartment Market has shown a slowdown in occupancy and rental rates, the stability of our market has caught the attention of national and regional investors. These trends have not gone unnoticed as the demand by outside investors has never been stronger.

**By: Larry G. Schedler, CCIM**

No.	Project Name	Location	Units	Developer
<b>Properties Under Construction</b>				
1	Calypso Bay	Gretna	289	Shadowlake
2	Greenbriar Estates	Slidell	144	Sizeler Property Investors
3	Palmetto Creek	River Ridge	216	Favrot & Shane
4	Belle Chasse Naval Air Station*	Belle Chasse	519	Patrician
5	Mansions on the Lake	Slidell	234	Gross Investments

\* Military Housing

**A**bsorption patterns of new apartments in the New Orleans area is mixed. While the high end urban properties led by the Saulet Apartments (703 units) have exceeded expectations, absorption of high-end garden apartments in suburban markets is slow. Fortunately, East Jefferson has fewer than 100 additional new units to be added over the next six months. West Jefferson, St. Tammany and Orleans Urban will see some new units come online over the next six months but not a significant number. Overall, fewer than 300 units will be added to inventory over the next six months.

Construction is currently underway at five sites in the metro area. This includes ongoing construction at Palmetto Creek (River Ridge), Belle Chasse Naval Air Station (Belle Chasse), Calypso Bay (Gretna) and Greenbriar Estates (Slidell) and ground breaking at Mansions on the Lake (Slidell). Unit availability is not anticipated at Calypso Bay and Greenbriar Estates until late 2003. The Mansions on the Lake should be available for occupancy in 2004.

New Projects are under consideration in St. Tammany including a 168-unit lakefront development in Slidell and a 260-unit property in Covington. Other new properties are under consideration for the warehouse district and downtown. A 133-unit property has been announced for Annunciation Street in the warehouse district to be called The Metal Works Apartments. Construction is scheduled to begin on The Metal Works before the end of 2003.

**By: J. Mark Madderra**

## Properties Sold

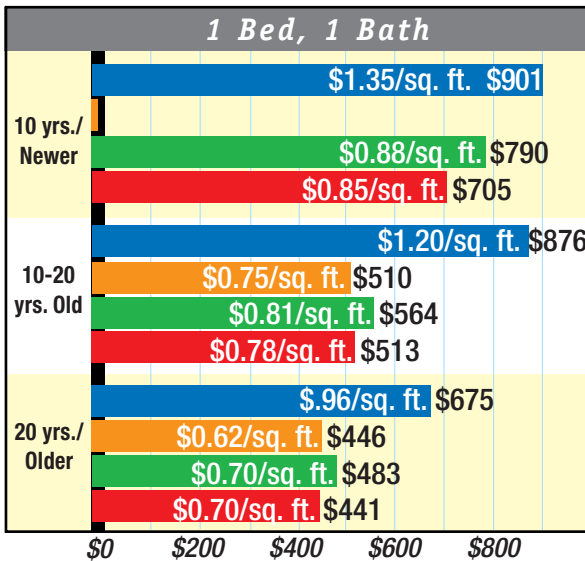
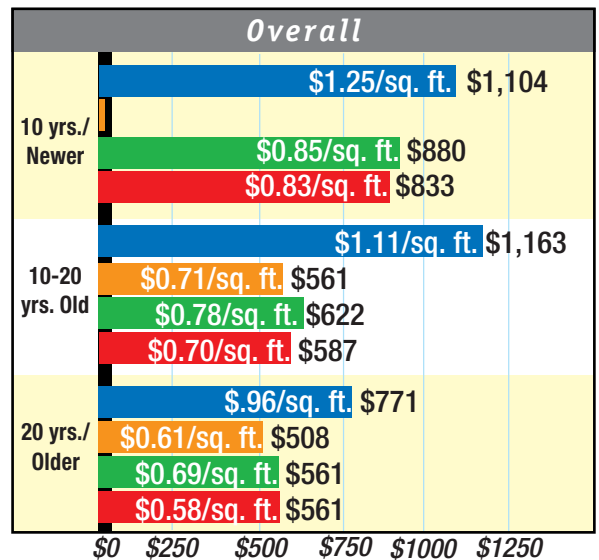
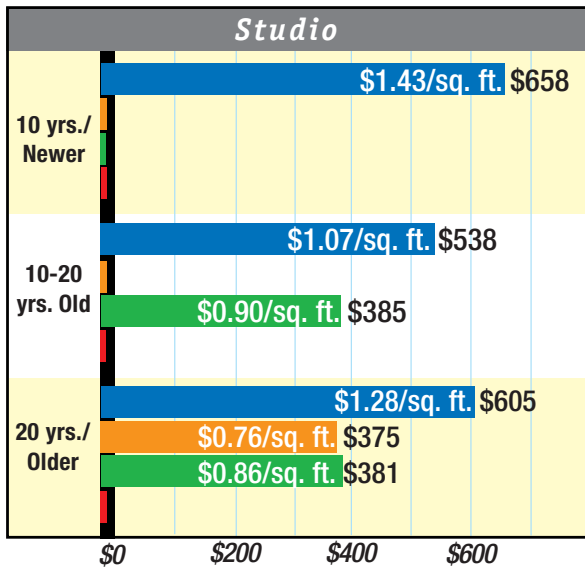
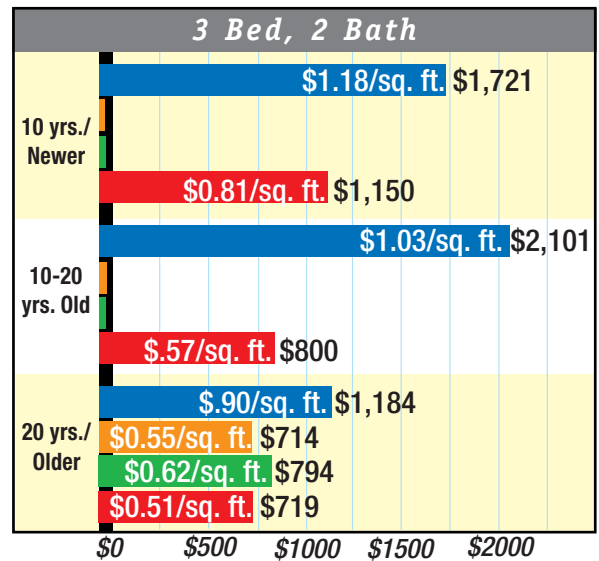
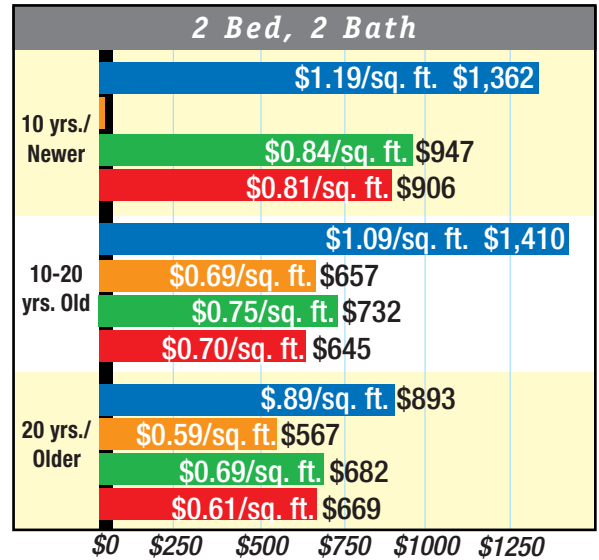
No.	Project Name	Location	Units	Date Sold	Price/Unit
A	Shadow Ridge Apartments	Metairie	291	02/2003	\$24,398
<b>Select Regional Multi-Family Sales (Baton Rouge, Lafayette &amp; Gulfport)</b>					
	Oakleigh Apartments	Baton Rouge	296	05/2003	\$43,243

# Rents by Unit Type, Age & Property Class



Apartment rents vary dramatically based upon the age and location of the property. Newer properties (10 yrs/newer) command rents which are significantly higher than older properties in the same neighborhood. For example, the average monthly rent for a 1 Bedroom/1 Bath apartment less than 10 yrs old in Jefferson Parish is \$790 (\$0.88/sq.ft.). A well maintained one bedroom unit in Jefferson over 20 yrs old averages \$483 (\$0.70/sq.ft.). This represents a 60% premium (\$307 a month) that renters are willing to pay for new apartments with the associated amenities.

A significant rent premium is paid by renters in the Historic Center of New Orleans. This includes properties in the French Quarter, CBD, Warehouse District, Mid-City, and the St. Charles Avenue corridor. These units are shown separately on the tables from other Orleans Parish properties, as they represent a distinct though relatively small market.



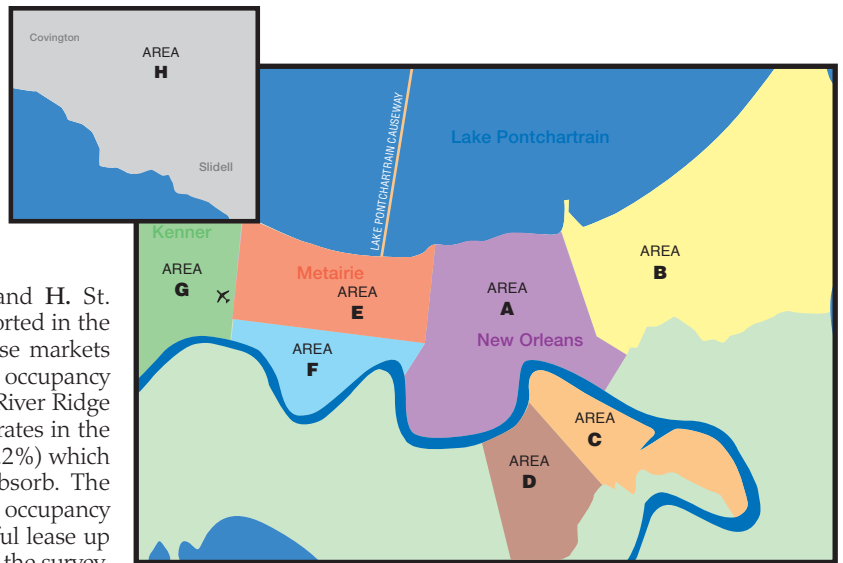
# Greater New Orleans Apartment Information by Submarket

AREA	0/1	1/1	2/1	2/2	3/2	Average Monthly Rent	Occupancy Rate
<b>ORLEANS</b>							
A. Historic Center*	\$605	\$838	\$1,222	\$1,222	\$1,568	\$1,012	93.5%
B. Eastern New Orleans	---	\$463	\$624	\$586	\$704	\$532	94.8%
C. Algiers	\$375	\$466	\$569	\$597	\$700	\$510	91.5%
<b>JEFFERSON</b>							
D. Gretna, Harvey, Terrytown	\$403	\$514	\$557	\$692	\$789	\$581	94.9%
E. Metairie	\$380	\$506	\$635	\$656	\$802	\$557	97.9%
F. Harahan, River Ridge	\$435	\$598	\$798	\$799	---	\$695	97.3%
G. Kenner	\$383	\$537	\$628	\$794	---	\$628	89.22%
<b>H. ST. TAMMANY</b>							
	---	\$589	\$473	\$780	\$875	\$675	94.1%

\* includes properties in the French Quarter, CBD, Warehouse District, Mid-City and the St. Charles Avenue Corridor

The Historic Center (A) in Orleans Parish has the market's highest rents by a significant margin due to location factors and special amenities. The highest average garden apartment rent achieved in the eight New Orleans submarkets we identified are in F. Harahan, River Ridge (\$695) and H. St. Tammany (\$675). While locational factor benefits these markets, the higher rents also reflect the percentage of new units in inventory. All of the other submarkets have average rents which cover a range between \$628 month in G. Kenner and \$510 month in C. Algiers.

Reported occupancy rates in A. Historic Center and H. St. Tammany improved significantly over the numbers reported in the Fall 2002 as three new apartment communities in those markets are nearing stabilized occupancy levels. The strongest occupancy rates are found in E. Metairie (97.9%) and F. Harahan/River Ridge (97.3%) which historically have the highest occupancy rates in the region. The lowest occupancy rates are in G. Kenner (89.2%) which still has a significant inventory of new units to absorb. The significant increase in the A. Historic Center (93.5%) occupancy rate since the Fall 2002 report is a result of the successful lease up of the Saulet Apartments which is the largest property in the survey.



## Contributors:

**Larry G Schedler & Associates, Inc.**  
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Larry G. Schedler & Associates, Inc. specializes in multi-family properties throughout Louisiana, Mississippi and Alabama. The firm over the past twenty one (21) years, has successfully handled the sale of over 20,500 units. The firm represents conventional, institutional, and non-profit clients.

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The MultiFamily Advisory Group, LLC provides consulting services exclusively to the apartment industry. The principals of the firm have in excess of 22 years experience in apartment operations. Owners, managers and lenders operating in Louisiana have relied on the firm for a wide range of specialized consulting services over the years.

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**Madderra & Cazalot**  
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