

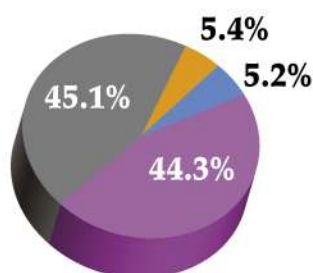
# Greater New Orleans Multi-Family Report

## Market At A Glance

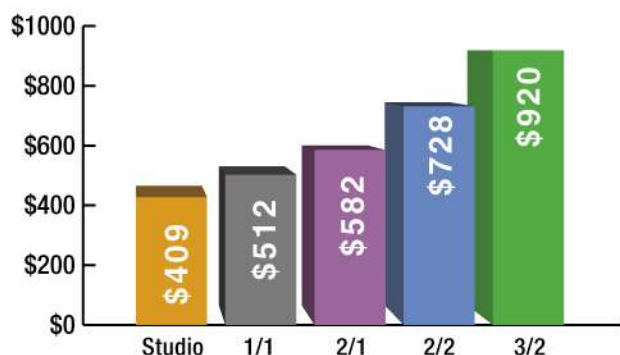
A statistical survey of 105 large properties, in the New Orleans Apartment Market, was conducted for the period ending May 1, 2001. The survey focused on market rate properties which are well managed and maintained covering an age spectrum of 50 years (1952-2001). These units were selected from a comprehensive multi-family data base of over 45,000 units maintained by J.M. Madderra & Company, Inc. and Larry G. Schedler & Associates, Inc.

## UNIT INVENTORY

	No. of Units
Studio	2,254
1 Bed	18,993
2 Bed	18,674
3 Bed	2,055



## AVERAGE RENTAL RATES BY UNIT TYPE



## OVERALL MARKET RENT & VACANCY (Table 1)

Construction Type/Parish	Average Rent	Average Sq. Ft.	Rent/Sq. Ft.	Vacancy Rate
New Orleans Historic Center				
Orleans	\$947	882	\$1.07	4.3%
Garden Apartments				
Jefferson	\$584	830	\$0.70	3.7%
St. Tammany	\$622	947	\$0.66	7.4%
Orleans	\$488	818	\$0.60	4.7%
Overall	\$594	839	\$0.71	5.0%

## Survey Statistics

Number of Properties:	105
Total Units Surveyed:	24,041
Average Number of Units Per Property:	236
Average Occupancy Rate:	95.0%
Smallest Property:	24
Largest Property:	1,058
Earliest Year Built:	1952
Latest Year Built:	2001
Average Year Built:	1983

New Orleans Area apartments continue to enjoy moderate rental increases with stable occupancy. Interviews and statistical information available indicate a moderate growth in rents for the New Orleans area of 2% over the prior 12 months. Average monthly rent is \$594 per unit, or \$0.71 per square foot. This survey indicates that a significant premium is paid in the market place for historic and well located urban properties (see Table 1). New Orleans Historic Center properties are located in the Warehouse District, Mid City, Downtown and the St. Charles Avenue Corridor of New Orleans, and have an average monthly rent of \$947 per unit, or \$1.07 per square foot.

Jefferson Parish continues to attain significantly higher garden apartment rents than other parts of the city. Average garden apartment rents range from a high of \$.70 per square foot in Jefferson to a low of \$.60 per square foot in Orleans.

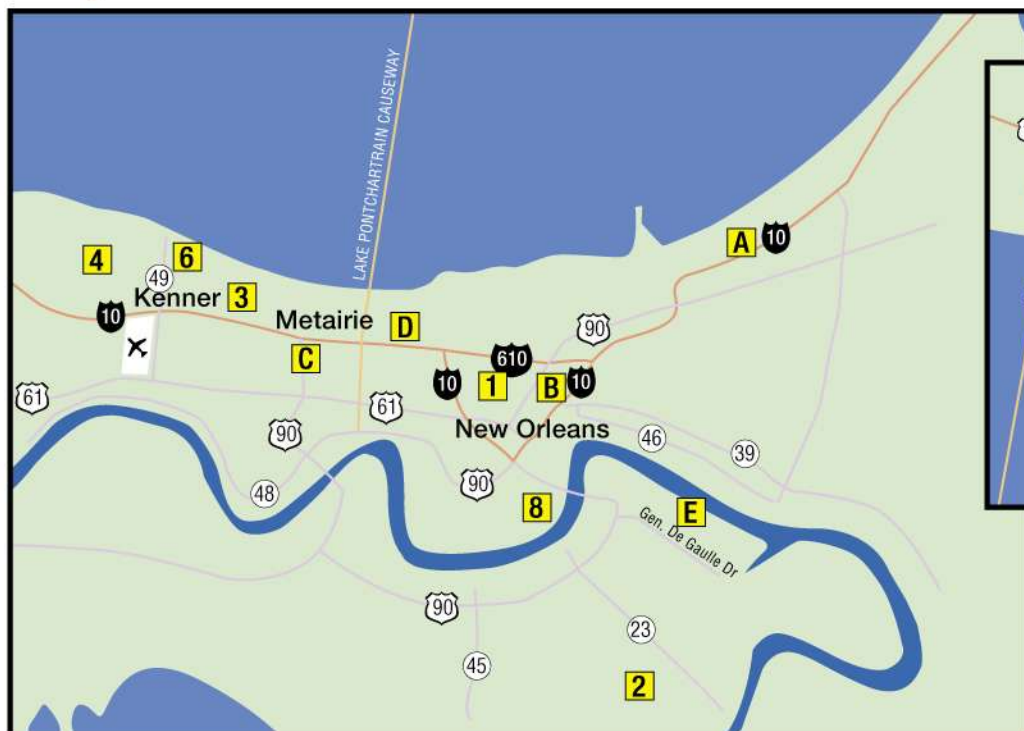
Overall vacancy rates are approximately 5% with Jefferson Parish reporting the lowest vacancy 3.7%, and St. Tammany the highest 7.4%. The higher St. Tammany vacancy rate reflects a significant increase in inventory relative to the size of the market.

## UNIT MIX/RENT STATISTICS

Unit Type	% Mix	Average Sq. Ft.	Average Rent	Average Rent/SF
Studio	5.4%	451	\$409	\$0.91
1 Bed 1 Bath	46.9%	700	\$512	\$0.73
2 Bed 1 Bath	11.3%	917	\$582	\$0.63
2 Bed 2 Bath	26.2%	1019	\$728	\$0.71
3 Bed 2 Bath	2.6%	1391	\$920	\$0.66
Totals	100.0%	839	\$594	\$0.71



# Greater New Orleans Apartment Construction and Sales Summary



The New Orleans Area has seen a significant increase in apartment construction activity with eight major projects currently under construction. These projects will add approximately 1,925 units to area inventories. Of particular note are two high end Urban projects in New Orleans. Saulet and American Can will contain 971 units, or 50% of the total new units currently under construction. This marks the first time in 10 years that Orleans Parish will add more new units than Jefferson Parish.

Additional projects are anticipated to break ground by the 4th quarter of 2001. These include new communities in Covington, Slidell and River Ridge.  
by: Mark Madderra

## Properties Under Construction

No.	Project Name	Location	Units	Developer
1	American Can	N.O. Historic Center	268	HRI
2	Calypso Bay Apartments	Gretna	260	Shadowlake
3	Gallery Apartments	Metairie	36	Favrot & Shane
4	The Lakes of Chateau Estates N.	Kenner	246	Favrot & Shane
5	The Mansions of Spartan Trace	Slidell	112	Spartan Trace, LLC
6	Pelican Bay Apartments	Metairie	72	Favrot & Shane
7	Pelican Pointe Apartments	Slidell	226	Bryan Companies
8	Saulet Apartments	New Orleans	703	Greystar

During the past eighteen (18) months, a modest amount of transfers of apartment communities in Metro New Orleans have taken place. There were five (5) sales between December of 1999 and May 2001 and prices have ranged from \$19,000/unit to \$61,000/unit.

Unlike the early and mid 1990's, none of these sales were of communities in need of significant rehabilitation. The inventory of rehab properties has, for the most part been sold and repositioned by the "value added" investor who has opted to refinance rather than sell.

The transfers that have occurred are to investors who are seeking stabilized operations that can provide immediate and continuous return on their equity investment. They hope to "add value" by rental increases, management efficiency and the implementation of modest rehabilitation and upgrades to unit interiors and community amenities.

by: Larry G. Schedler, CCIM

## Properties Sold

No.	Project Name	Location	Units	Date Sold	Price/Unit
A	Huntington Park Apartments	East New Orleans	160	12/28/1999	\$23,906
B	Park Esplanade Apartments	N.O. Historic Center	437	02/24/2000	\$61,327
C	Belle Oaks Apartments	Metairie	102	04/28/2000	\$23,775
D	Magnolia Ridge Apartments	Metairie	375	10/02/2000	\$36,667
E	Marsailles Apartments	Algiers	87	05/07/2001	\$18,965



# Rents by Unit Type, Age & Property Class

**Key:**

New Orleans Historic Center



Orleans



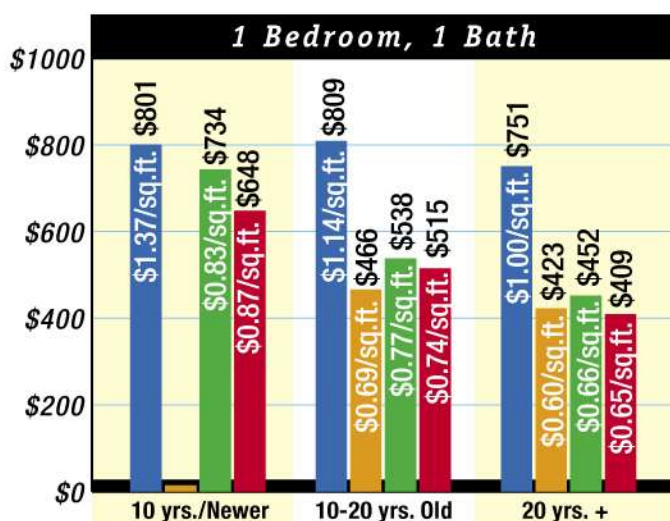
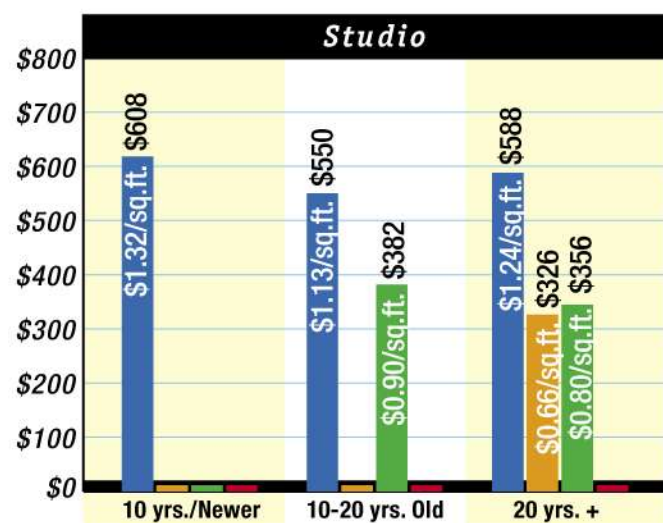
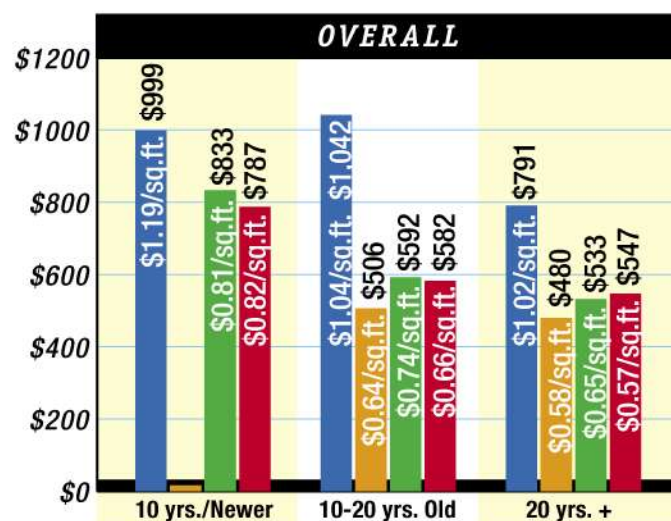
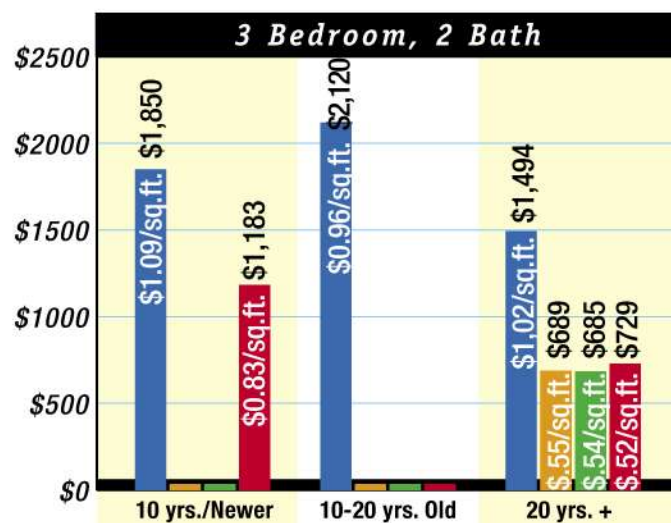
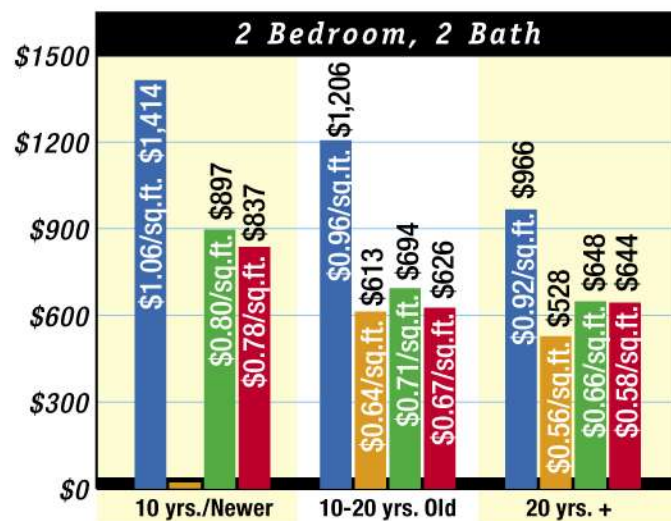
Jefferson



St. Tammany

Apartment rents vary dramatically based upon the age and location of the property. Newer properties (10yrs/Newer) command rents which are 50%-70% higher than older properties in the same neighborhood. For example, the average monthly rent for a 1 Bedroom/1 Bath apartment less than 10yrs old in Jefferson Parish is \$734 (\$.83/sq.ft.). A well maintained 20 yr. old/1 bedroom unit in Jefferson averages \$452 (\$.66/sq.ft.). This represents a 62% premium that renters are willing to pay for a new apartment 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, 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.



# Apartment Information by Submarket

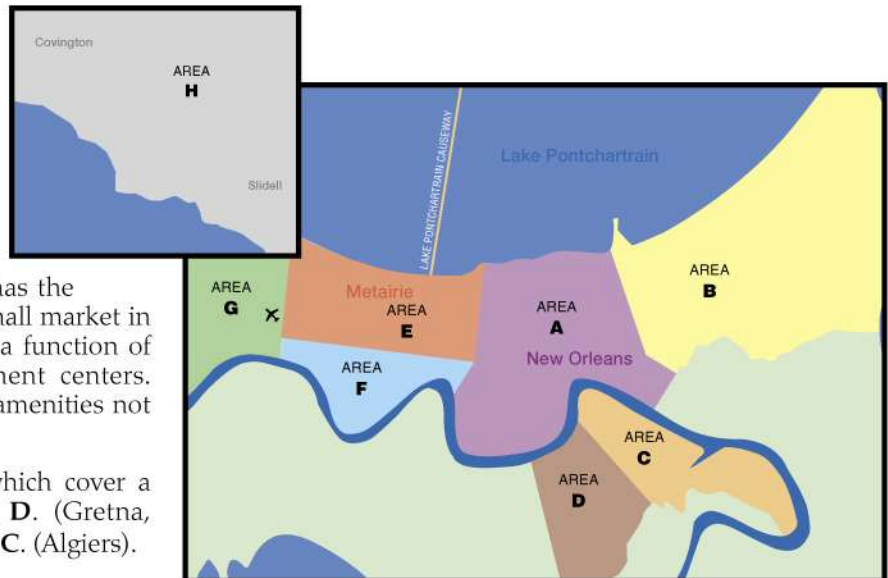
AREA	0/1	1/1	2/1	2/2	3/2	Average Monthly Rent	Vacancy Rate
<b>ORLEANS</b>							
A. Historic Center*	\$588	\$749	\$740	\$1,047	\$1,847	\$897	4.4%
B. Eastern New Orleans	---	\$434	\$543	\$542	\$689	\$492	4.7%
C. Algiers	\$326	\$444	\$581	\$574	\$600	\$484	4.6%
<b>JEFFERSON</b>							
D. Gretna, Harvey, Terrytown	\$392	\$483	\$517	\$633	\$664	\$548	1.5%
E. Metairie	\$374	\$464	\$585	\$626	\$717	\$519	4.6%
F. Harahan, River Ridge	\$425	\$573	\$743	\$749	---	\$658	2.4%
G. Kenner	\$357	\$500	\$590	\$771	---	\$596	6.0%
<b>H. ST. TAMMANY</b>	---	\$578	---	\$767	\$871	\$666	7.4%

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

The highest average garden apartment rent achieved within the eight New Orleans submarkets, identified above, are in **F.** (Harahan, River Ridge) \$658, and **H.** (St. Tammany) \$666. This reflects the newer apartment inventory in these submarkets as well as the demographic profile of renters which reflects higher income levels.

The **A.** (Historic Center in Orleans Parish) has the market's highest rents. This is a relatively small market in terms of total units, and the high rents are a function of location near employment and entertainment centers. Many properties also feature view and unit amenities not typically available in garden apartments.

All other submarkets have average rents which cover a narrow range between \$548 a month in **D.** (Gretna, Harvey and Terrytown), and \$484 a month in **C.** (Algiers).



## Contributors:

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Prudential Advisor for Louisiana and Mississippi

J. M. Madderra & Company, Inc. offers full-service mortgage banking throughout the state of Louisiana. Since its founding in 1992, the firm has originated more than \$1 billion of income-producing loans and equities while leading the market in commercial/multifamily placement.

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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 and Mississippi. The firm over the past sixteen years, has successfully handled the sale of over 15,000 units. The firm represents conventional, institutional and non-profit clients.

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The MultiFamily Advisory Group L.L.C. is a Louisiana based consulting firm specializing exclusively in apartment operations. The firm provides a broad range of services to apartment owners, managers, lenders and regulators. Services can be individualized to a particular property or an entire portfolio.

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