

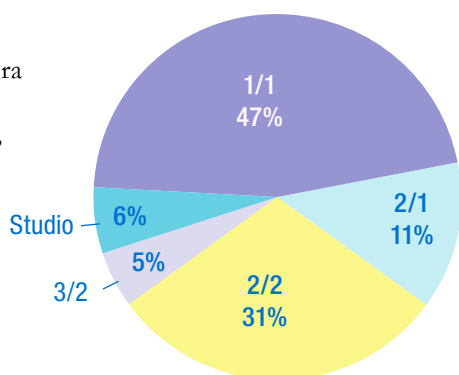
GREATER NEW ORLEANS MULTI-FAMILY REPORT

MARKET AT A GLANCE

This marks the twenty-first issue of the Greater New Orleans Multi-Family Report. The Metropolitan New Orleans Apartment market survey was conducted for the period ending April, 2013. The survey includes rental and occupancy data from 130 properties, comprised of 30,403 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

In gathering data for this Spring 2013 report we continue to see signs of a multi-family market that overall is continuing to show gains in both occupancy and rental rates.

This stability in our market has not gone un-noticed as investors/lenders continue to search for opportunities in the Metro New Orleans area.

Overall, in the eight (8) sub-markets we survey, occupancy is averaging 93%, with the majority of sub-markets reporting increases in rents over the past six (6) months from an average of \$8 - \$29/month.

The highest rent and occupancy increase was in Algiers. Over the past six (6) months, rents increased \$29. An occupancy gain of 6% was reported. This is perhaps the direct result of inventory that was offline being renovated and re-entering the market.

The Historic Center showed a modest 1% decline as a direct result of new inventory being introduced to the market.

Overall occupancy in the Historic Center is 95%. The Kenner market remains soft and reported a decline in occupancy of 4% from our findings in our Fall 2012 report. Overall occupancy in Kenner is 81%. Harahan/River Ridge reported a 1% decline in occupancy but remains strong with a 96% occupancy rate.

The Historic Center still has the highest rents in the Metro followed by St. Tammany Parish. These are also the

AVERAGE RENTAL RATES BY UNIT TYPES - SPRING 2013

Studio	1/1	2/1	2/2	3/2
\$628	\$794	\$840	\$1,025	\$1,200

UNIT MIX/RENT STATISTICS

Unit Type	% Mix	Average Sq. Ft.	Average Rent	Average Rent/SF
Studio	6%	431	\$628	\$1.46
1 Bed 1 Bath	47%	719	\$794	\$1.10
2 Bed 1 Bath	11%	948	\$840	\$0.89
2 Bed 2 Bath	31%	1,050	\$1,025	\$0.98
3 Bed 2 Bath	5%	1,328	\$1,200	\$0.90
Total	100%	866	\$884	\$1.02

UNIT INVENTORY SURVEYED

Studio	1/1	2/1	2/2	3/2
1,634	14,316	3,447	9,435	1,571

sub-markets that have the newest inventory and have been where new construction/redevelopment has been focused. Our outlook for the market over the next 24-36 months remains strong as new construction has slowed considerably. We have a rising demand with a restrained supply. We would anticipate further strengthening as the bio-medical district nears completion and more positive gains are made in creating employment opportunities.

Areas to watch are the Historic Center/Mid-City, Bywater and St. Tammany Parish.

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	\$1,291	851	\$1.52	95%
Garden Apartments Jefferson	\$826	835	\$0.99	93%
St. Tammany	\$1,010	985	\$1.03	93%
Orleans - Algiers & East New Orleans	\$709	880	\$0.80	91%
Overall	\$884	866	\$1.02	93%

GREATER NEW ORLEANS APARTMENT CONSTRUCTION ACTIVITY

The Greater New Orleans Apartment market is experiencing a period of stability with a sustained growth in occupancy and rents it has not seen in more than a decade. Today market rate occupancies are at 93% and average rents are \$1.02. Combined with historic low interest rates and associated financing costs, apartment owners are experiencing exceptional returns.

Given the strength of our market one would anticipate substantial construction activity. This is not the case, as only 234 units are currently under construction (see chart below). Three of the properties are located in the Historic Center which boasts an amazing 95% occupancy rate at average rents over \$1.50 psf. The American Paint Building (36 units), Merchants Lofts (38 units) and 511 Marigny (49 units) are all now leasing with many units already pre-leased or occupied. The other property in this survey is the 112 unit second phase of Brookstone Park in Covington. This phase is also located in a strong submarket and should be complete by the end of the year.

With a strong market and anticipated regional job growth, conditions are ideal for new development. We anticipate several properties will break ground this year in the Historic



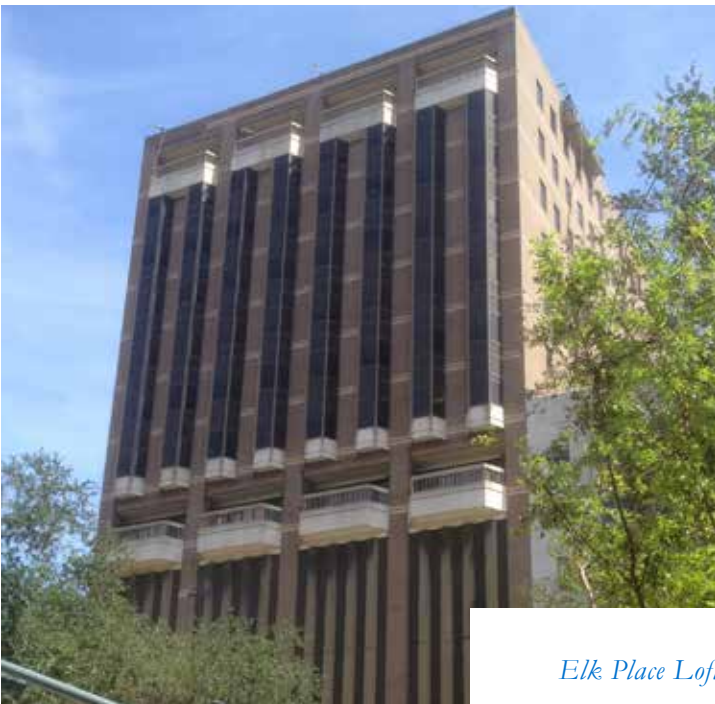
*The Garage at
848 Carondelet, Rendering*

Center. Three important developments are very close to being finalized.

The first of these is the Elk Place Lofts being developed by Elk Place, LLC, a Wampold Enterprises company. Elk Place Lofts is located at 144 Elk Place in the heart of the Central Business District of New Orleans. The building was originally built in 1973 and is a 16-story high-rise building. The lower floors will consist of 10,000 square feet of retail space, and 194 parking spaces. The upper floors will be converted into 96 up-scale apartment units. Ground breaking on the renovations are scheduled for July, with units available in the Spring of 2014.

A second anticipated development of an existing building is The Garage, a historic redevelopment of an old car dealership located at 848 Carondelet. This warehouse district location is close to the new Rouse Grocery and the St. Charles Avenue streetcar line. It will be a mixed-use development with 65 residential units, 15,000 sf of commercial and 113 parking spaces. The property is being developed by Wisznia Architecture & Development who also developed Union Lofts, The Maritime and The Saratoga.

Another significant development scheduled to break ground in June is South Market. South Market will transform several large downtown surface parking lots into a large mixed-



Elk Place Lofts

NEW CONSTRUCTION OF MARKET RATE & MIXED INCOME PROPERTIES

Property Name	Developer	Units	Location	Completion
511 Marigny	Julian Doerr Mutter	48	New Orleans (Historic Center)	Now Leasing
American Paint Building	American Paint Building LLC	36	New Orleans (Historic Center)	Now Leasing
Merchant Lofts	MK Development	38	New Orleans (Historic Center)	Now Leasing
Brookstone Park Phase II	PPQ Development	112	Covington (St. Tammany)	December, 2013
Totals	4 projects	234		



No.	Project Name	Location	Units	Date Sold	Price/Unit
A	Tori Manor Apartments	Gulfport, MS	44	March 2013	\$ 53,184
B	Carlyle Apartments	Gretna, LA	288	February 2013	\$ 62,760
C	Parc Fontaine Apartments	Algiers	702	December 2012	\$ 39,174
D	Regency Club Apartments	Baton Rouge, LA	312	December 2012	\$ 64,913

use development. It will be constructed in four phases and is being developed by The Domain Companies. The first phase, located on Girod Street between the new Hyatt and Rouse Grocery, will consist of 209 market rate units plus a parking garage and is scheduled to be completed in October, 2014.

Several CBD buildings are also under consideration for renovation/conversion. Their large size increases the difficulty in putting together the debt and equity but market strength should aid the process. We anticipate more announcements as the new University Medical Center and VA Hospitals get closer to opening.

By J. Mark Madderra



South Market
Phase I, Rendering

GREATER NEW ORLEANS SALES SUMMARY

Over the past six (6) months since our Fall 2012 report there were two multi-family transactions that warrant mentioning, both of these conveyances were on the West Bank. In December 2012, Parc Fontaine (702 units) in Algiers was sold to a Memphis based 501(c)3 organization. The property was sold for \$27,500,000 and was financed with S+P rated tax exempt bonds. Parc Fontaine was built in the late 1960's and consists of multi-family rental units, as well as condominiums. In February 2013, the Carlyle Apartments (288 units) in Gretna was sold for \$18,075,000 to a private consortium of west coast investors. The Carlyle was developed in the mid 1980's and was financed by Freddie Mac. Investors from all over the country have taken note of the strength and stability of the New Orleans Metro market and continue to search for opportunities here. Many are frustrated by the lack of available properties. Many owners have resisted the urge to sell due to the cash flow they are realizing in light of the below market interest rate environment we are experiencing. Regionally, demand remains strong as well in Lake Charles, Lafayette, Baton Rouge and the Mississippi Gulf Coast.

By Larry G. Schedler, CCIM

“ Investors from all over the country have taken note of the strength and stability of the New Orleans Metro market... ”

APARTMENT INFORMATION BY SUBMARKET RENT & OCCUPANCY COMPARISON

Results of our Spring 2013 survey reflect that the majority of the eight submarkets in the metropolitan New Orleans apartment market are continuing to firm up rent and occupancy figures. With the exception of one submarket, reported occupancy levels were in the 90% – 96% range.

Sizeable average monthly rent gains were reported in the Historic Center, Algiers and Metairie, while areas such as Eastern New Orleans and the West bank of Jefferson Parish reported decreases in average monthly rent but increases in overall occupancy. St. Tammany Parish reported negligible rent change but higher occupancy as new product was absorbed in to the market and concessions dwindle.

The Kenner market continued to decline in both rent and occupancy levels, much of this can be attributed to demographic market shifts, single family home rentals and large multifamily owners holding units off the market for various reasons. East bank Jefferson Parish garden apartments in Metairie, Harahan and River Ridge remained stable.

By: Cheryl M. Short

	Average Monthly Rent	Average Occupancy	Occupancy	Rent
HISTORIC CENTER			↓ 1%	↑ \$24
Spring 2013	\$1,291	95%		
Fall 2012	\$1,267	96%		
EASTERN NEW ORLEANS			↑ 4%	↓ \$15
Spring 2013	\$698	90%		
Fall 2012	\$713	86%		
ALGIERS			↑ 6%	↑ \$29
Spring 2013	\$727	95%		
Fall 2012	\$698	89%		
GRETNA, HARVEY, TERRYTOWN			↑ 3%	↓ \$6
Spring 2013	\$810	95%		
Fall 2012	\$816	92%		
METAIRIE			↓ 2%	↑ \$15
Spring 2013	\$761	94%		
Fall 2012	\$746	96%		
HARAHAN, RIVER RIDGE			↓ 1%	↑ \$8
Spring 2013	\$939	96%		
Fall 2012	\$931	97%		
KENNER			↓ 4%	↓ \$8
Spring 2013	\$813	81%		
Fall 2012	\$821	85%		
ST. TAMMANY			↑ 4%	↑ \$1
Spring 2013	\$1,010	93%		
Fall 2012	\$1,009	89%		

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*	\$926	\$1,153	\$1,279	\$1,528	\$1,745	\$1,291	95%
B. East New Orleans	---	\$612	\$728	\$740	\$943	\$698	90%
C. Algiers	\$590	\$656	\$804	\$817	\$1,030	\$727	95%
JEFFERSON							
D. Gretna, Harvey, Terrytown	\$612	\$722	\$782	\$887	\$1,042	\$810	95%
E. Metairie	\$560	\$699	\$871	\$914	\$1,230	\$761	94%
F. Harahan, River Ridge	\$613	\$820	\$997	\$1,125	\$1,080	\$939	96%
G. Kenner	\$572	\$718	\$894	\$970	---	\$813	81%
H. ST. TAMMANY	---	\$863	\$1,034	\$1,105	\$1,298	\$1,010	93%

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

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Larry G. Schedler & Associates, Inc.
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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.
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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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