

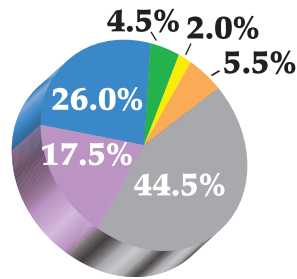
Greater New Orleans Multi-Family Report

Market At A Glance

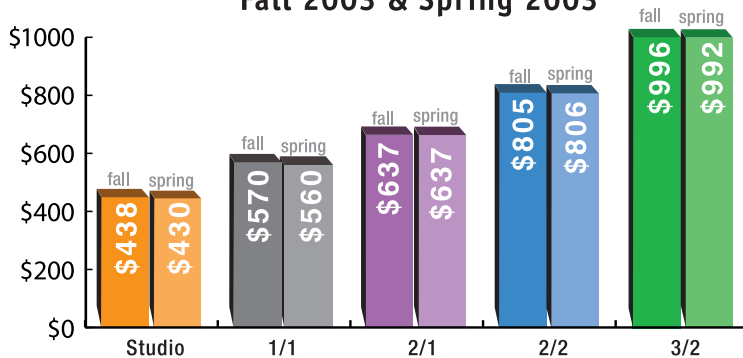
The sixth in a continuing series of New Orleans Apartment Market surveys was conducted for the period ending November, 2003. The survey includes 98 large properties in eight submarkets. The survey focused on market rate properties which are well managed and maintained covering a wide age spectrum. The average survey property has 250 units and is 21 years old. Properties were selected from a comprehensive multi-family data base of over 273 properties containing 47,500 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 Fall 2003 & Spring 2003



OVERALL MARKET RENT & OCCUPANCY (Table 1)

Construction Type/Parish	Average Rent	Average Sq. Ft.	Rent/Sq. Ft.	Occupancy Rate
New Orleans Historic Center				
Orleans	\$1,005	892	\$1.13	93.0%
Garden Apartments				
Jefferson	\$626	833	\$0.75	95.6%
St. Tammany	\$688	951	\$0.72	94.2%
Orleans	\$529	823	\$0.65	93.1%
Overall	\$657	847	\$0.78	94.4%

Survey Trends

	Change from Spring 2003	Change from Fall 2003
Market Occupancy	↔	↔
Net Absorption	↔	↔
Rental Rates	↔	↔
Construction Activity	↑	↑

The New Orleans Apartment Market for large professionally managed properties remains stable. Limited new construction has allowed the market to absorb most of its inventory of vacant new units. Over the past two years, apartment rents are essentially unchanged and occupancy rates have stayed in the 93-95% range. However, significant non-monetary concessions have been observed in many submarkets. Concessions include reduced security deposits, application fees and, in some cases, reduced rent.

The New Orleans Historic Center market area has stabilized as the market corrected the short term imbalance caused by new inventory in 2001-2002. Occupancy rates decreased slightly from 93.5% to 93% over the last six months. Average rental rates remained unchanged at \$1,005 mo/\$1.13 per square foot (psf). Unlike other submarkets in the Metro Area, few concessions were noted in the New Orleans Historic Center. With average rents of \$1.13 psf, which is 40-50% higher than rates achieved at new garden apartments in suburban areas, the Historic Center remains favorable for continued development.

Garden Apartment rental rates in Jefferson, St. Tammany and Orleans Parishes are stable. A modest improvement was observed in Orleans rental rates from \$.63 to \$.65 psf. Rental rates in St. Tammany and Jefferson were flat at \$.72 and \$.75 psf respectively.

While an increased number of new units will enter the market over the next six months this may be offset by condominium conversions in both urban and suburban markets. Owners remain optimistic the existing stable market conditions will continue.

UNIT MIX/RENT STATISTICS

Unit Type	% Mix	Average Sq. Ft.	Average Rent	Average Rent/SF
Studio	5.1%	451	\$438	\$0.97
1 Bed 1 Bath	47.9%	708	\$570	\$0.80
2 Bed 1 Bath	9.5%	919	\$637	\$0.69
2 Bed 2 Bath	27.5%	1028	\$805	\$0.78
3 Bed 2 Bath	3.0%	1383	\$996	\$0.73
Totals	100.0%	847	\$657	\$0.78

Greater New Orleans Apartment Construction and Sales Summary



A changing suburban development pattern can be observed in the New Orleans Metro area. Since land availability for traditional garden apartments is scarce in East Jefferson, St. Tammany has become the focus for new multi-family development of six metro area properties

now under development, four are in St. Tammany. Ground breaking is also anticipated at one or two additional sites in St. Tammany during the first quarter of 2004.

Over the next 12 months, East Jefferson will see the completion of Palmetto Creek. The four St. Tammany properties under construction are Greenbriar Estates, Villa du Lac, Mandeville Lake and The Park at Covington. These properties will add approximately 600 units over the same period. The only other significant garden apartment community under construction is the luxury Calypso Bay property in Gretna, who's first units will be available in the first quarter of 2004.

New multi-family developments are under consideration for the Warehouse District and Downtown. One 133 unit property has been announced for Annunciation Street in the Warehouse District called The Metal Works Apartments with construction anticipated to begin in early 2004. The redevelopment of the St. Thomas Housing Project is also scheduled to begin in early 2004.

By: J. Mark Madderra

No.	Project Name	Location	Units	Developer
Properties Under Construction				
1	Calypso Bay	Gretna	289	Shadowlake
2	Palmetto Creek	River Ridge	216	Favrot & Shane
3	Greenbriar Estates	Slidell	144	Sizeler Property Investors
4	Villa du Lac	Slidell	234	Genard Gross
5	Mandeville Lake	Mandeville	112	Crosby Development
6	The Park at Covington	Covington	264	Park Covington, LLC

Since the last issue of this report (Spring 2003), multi-family sales in Metro New Orleans have been very active. The majority of sales (75%) were on the Westbank with the remaining 25% in New Orleans East. Total dollar value was \$66,000,000 for the transfer of 2,434 units, approximately 5% of the Metro New Orleans inventory. All of the multi-family conveyances were to out of state investors with the exception of the Willows Apartments, which was acquired by the Finance Authority of New Orleans.

Five of the conveyances involved the assumption of existing loans (Chenault Creek I & II, Cedarwood, Colonial Trace, Summerfield and Maple Leaf Apartments).

The Willows and Maple Leaf Apartments will require significant rehabilitation, whereas the Colonial Trace, Summerfield and Oakwood Village will only require moderate rehabilitation. The Baywood and Cedarwood Apartments were owned by a publicly traded REIT who packaged these assets and sold them in a portfolio. Colonial Trace and Summerfield were sold in tandem, as well.

Demand for multi-family acquisitions in Metro New Orleans remains strong with demand exceeding the supply. Investors are overlooking the average age of our inventory (25 years +), and are attracted to the market due to the barriers of entry (lack of available land) for new properties, and the fact that capitalization rates are still 100-200 basis points (1-2%) higher than what they are seeing in other parts of the country. The impediments to new construction have kept the equilibrium between

Selected Regional Multi-Family Sales (Biloxi & Mobile)

Project Name	Location	Units	Date Sold	Price/Unit
Royal Gulf Apartments	Biloxi, MS	144	08/2003	\$37,847
Hill Crest Apartments	Mobile, AL	140	09/2003	\$28,571

Properties Sold

No.	Project Name	Location	Units	Date Sold	Price/Unit
A	Willows	New Orleans East	263	08/2003	\$15,969
B	Chenault Creek I&II	New Orleans East	584	08/2003	\$33,904
C	Cedarwood	Gretna	226	10/2003	\$30,973
D	Baywood	Gretna	226	10/2003	\$46,460
E	Colonial Trace	Algiers	241	10/2003	\$21,458
F	Summerfield	Harvey	232	10/2003	\$21,458
G	Maple Leaf	Algiers	442	11/2003	\$20,814
H	Oakwood Village	Terrytown	220	11/2003	\$23,636

supply and demand in sync and as a result occupancy rates are higher than what other parts of the country are experiencing.

As the demand for multi-family acquisitions increases, investors who have historically sought property exclusively in Metro New Orleans are now expanding their geographic parameters to include properties throughout the Gulf South. Investors seem to have an increased appetite for properties along the I-10 corridor from Lake Charles, Louisiana through Mobile, Alabama. Total multi-family inventory along this corridor totals approximately 125,000 units.

The profile of buyers, with some exceptions for new Class "A" properties, continues to be entrepreneurial regional investors as opposed to large institutional buyers. Demand for multi-family acquisitions should remain strong throughout the first two quarters of 2004.

-by: Larry G. Schedler, CCIM

Rents by Unit Type, Age & Property Class

Key:

New Orleans Historic Center



Orleans



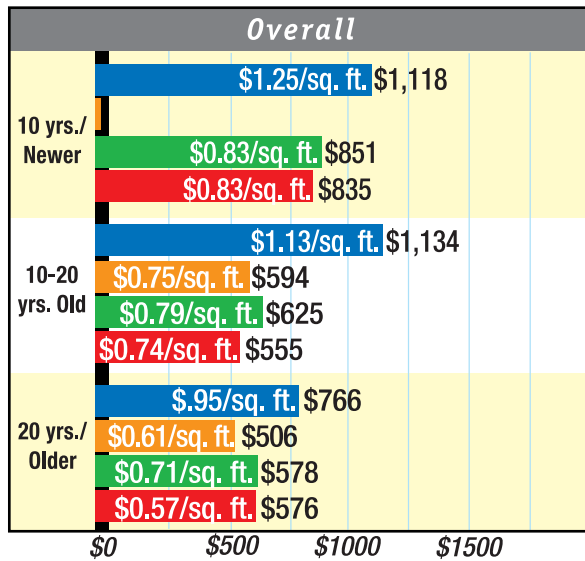
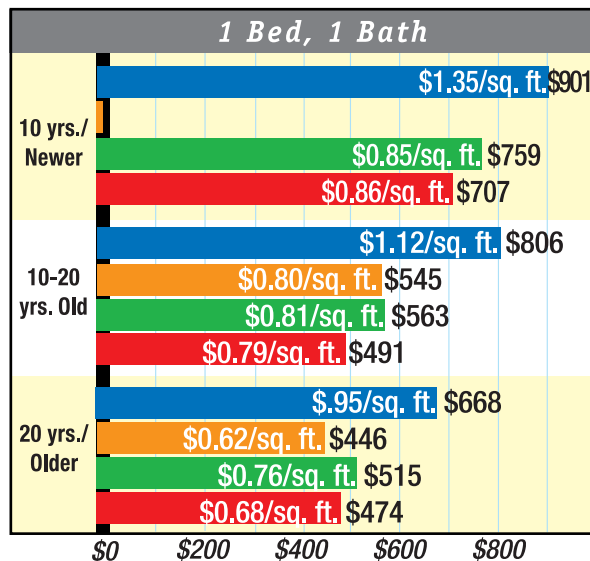
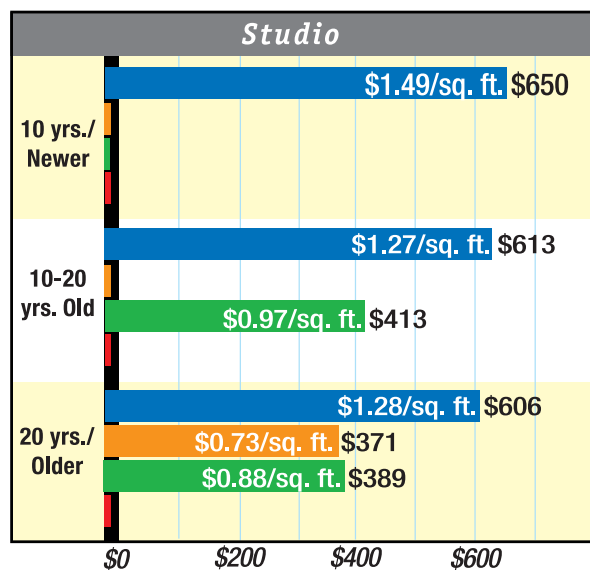
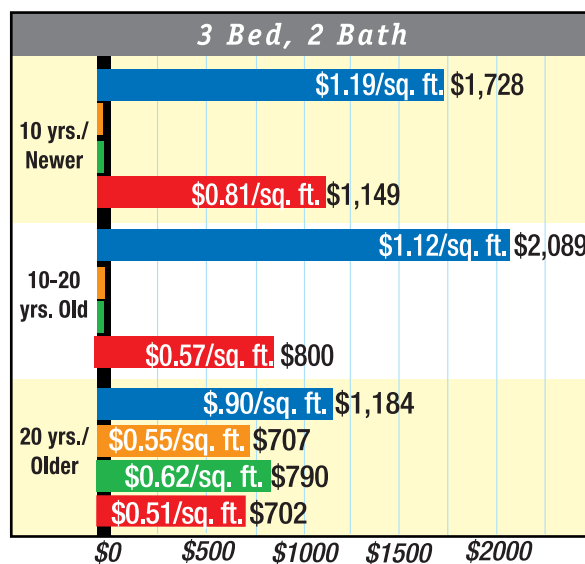
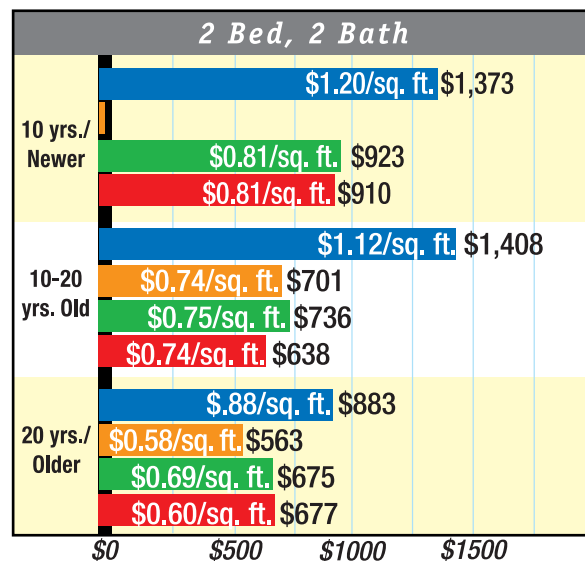
Jefferson



St. Tammany

Apartment rents vary dramatically based upon the age and location of the property. Newer properties (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/1Bath apartment less than 10 yrs old in St. Tammany Parish is \$707 (\$0.86/sq.ft.). A well maintained one bedroom unit in St. Tammany over 20 yrs old averages \$474 (\$0.68/sq.ft.). This represents a 49% premium (\$233 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.



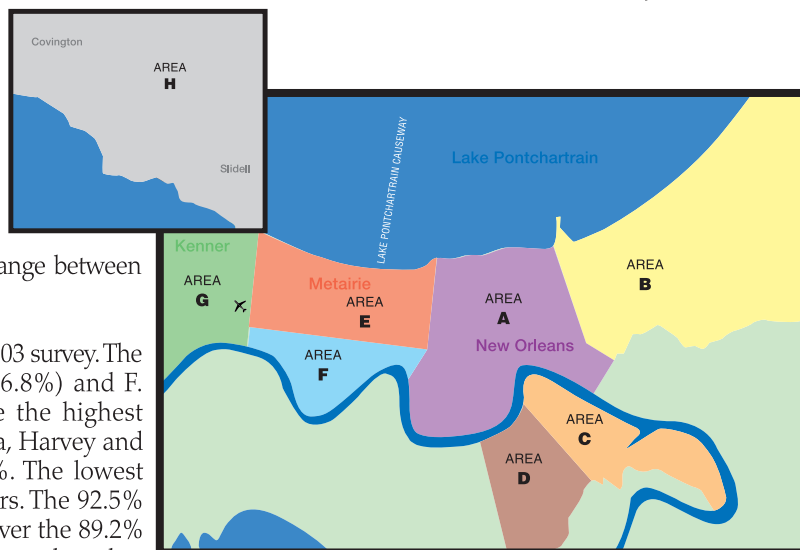
Apartment Information by Submarket

AREA	0/1	1/1	2/1	2/2	3/2	Average Monthly Rent	Occupancy Rate
ORLEANS							
A. Historic Center*	\$607	\$817	\$1,028	\$1,217	\$1,567	\$1,005	93.0%
B. Eastern New Orleans	---	\$483	\$643	\$597	\$687	\$545	93.9%
C. Algiers	\$371	\$465	\$573	\$604	\$779	\$511	92.0%
JEFFERSON							
D. Gretna, Harvey, Terrytown	\$404	\$590	\$561	\$691	\$787	\$615	95.8%
E. Metairie	\$407	\$513	\$649	\$656	\$795	\$567	96.8%
F. Harahan, River Ridge	\$435	\$589	\$784	\$793	---	\$688	96.1%
G. Kenner	\$392	\$550	\$632	\$791	---	\$636	62.5%
H. ST. TAMMANY	---	\$609	\$481	\$797	\$883	\$688	94.2%

*Includes the Warehouse District, Garden District, Mid City and Downtown.

The A. Historic Center 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 (\$688) and H. St. Tammany (\$688). While locational factors benefit these markets, the higher rents also reflect the higher percentage of new units in these submarkets. All of the other submarkets have average rents which cover a range between \$636 month in G. Kenner and \$511 month in C. Algiers.

Overall occupancy rates are unchanged from the Spring 2003 survey. The strongest occupancy rates are found in E. Metairie (96.8%) and F. Harahan/River Ridge (96.1%) which historically have the highest occupancy rates in the region. West Jefferson (D. Gretna, Harvey and Terrytown) also reports high occupancy rates at 95.8%. The lowest occupancy rates are reported in G. Kenner and C. Algiers. The 92.5% occupancy rate in Kenner is a significant improvement over the 89.2% occupancy rate reported in the Spring. Algiers at 92% showed modest improvement as the military housing in Belle Chase was completed and occupied.



Contributors:



The Multi-family Advisory Group, LLC provides consulting services exclusively to the apartment industry. 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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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 over the past twenty-one (21) years, has successfully handled the sale of over 21,500 units. The firm represents conventional, institutional and non-profit clients.

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