

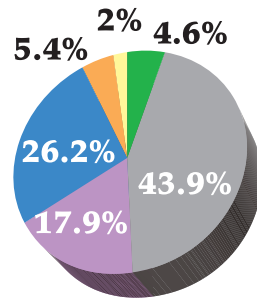
# Greater New Orleans Multi-Family Report

## Market At A Glance

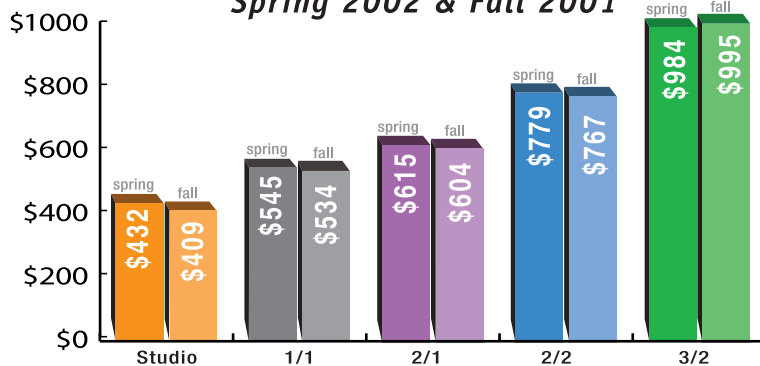
The 3<sup>rd</sup> in a continuing series of New Orleans Apartment Market surveys was conducted for the period ending May 1, 2002. The survey includes 105 large properties in eight submarkets. The survey focused on market rate properties which are well managed and maintained covering a wide age spectrum. These units were selected from a comprehensive multi-family data base of over 47,000 units maintained by J.M. Madderra & Company, Inc. and Larry G. Schedler & Associates, Inc

## UNIT INVENTORY

Unit Type	No. of Units
Studio	2,355
1 Bed 1 Bath	19,092
2 Bed 1 Bath	7,762
2 Bed 2 Bath	11,385
3 Bed 2 Bath	2,008
Other	848



## AVERAGE RENTAL RATES BY UNIT TYPE Spring 2002 & Fall 2001



## OVERALL MARKET RENT & VACANCY (Table 1)

Construction Type/Parish	Average Rent	Average Sq. Ft.	Rent/Sq. Ft.	Occupancy Rate
New Orleans Historic Center Orleans	\$956	896	\$1.07	86.0%
Garden Apartments Jefferson	\$594	833	\$0.71	94.8%
St. Tammany	\$657	953	\$0.69	91.9%
Orleans	\$528	821	\$0.64	95.4%
Overall	\$635	849	\$0.75	93.2%

## Survey Statistics

	Spring 2002	Fall 2001	Change
Number of Properties	105	105	NC
Total Units Surveyed	25,099	24,740	+359
Average Number of Units Per Property	239	236	+3
Average Year Built	1983	1983	NC
Average Sq. Ft.	849	844	+5
Average Monthly Rent	\$635	\$621	+\$14
Rent/Sq. Ft.	.75	.74	+.01
Average Occupancy Rate:	93.2%	94.5%	<1.3%>

New Orleans Area has not been immune to the nationwide recession. In the past six months, New Orleans Area apartments as a whole have seen no rental increases and a modest decline in occupancy. Compared with the Fall 2001 survey, rents for the area show a .01 increase per square foot, which is not statistically significant when adjusted for new inventory. Average monthly rent of units surveyed is \$635 per unit, and \$0.75 PSF. While a sizable premium continues to be paid for prime apartments in New Orleans Historic Center over other sub-markets, rents have declined from \$1.15 PSF to \$1.07 PSF. Occupancy also dipped from 91.7% to 86% in this sub-market. This decline was expected due to the completion of two major projects in the last six months, which increased inventory in the survey group by 20%. Until the new units are absorbed, this sub-market will remain under pressure.

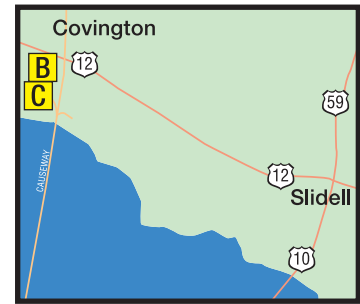
Garden apartment rental rates in Jefferson, St. Tammany and Orleans appear stable. Jefferson Parish continues to have the area's highest garden apartment rates. St. Tammany appears to be approximately 5% lower than Jefferson Parish. Orleans garden apartments (Algiers and Eastern New Orleans) continue to show modest increases and remain the areas most affordable apartments.

The decline in overall occupancy rates observed last fall continues. Current occupancy is 93.2%, which is down from 94.5% reported in the Fall 2001 survey. This is a result of new inventory and slower than anticipated absorption. New Orleans occupancy rates compare favorably with a national occupancy rate of 9.1% reported by NAHB for the first quarter of 2001.

## UNIT MIX/RENT STATISTICS

Unit Type	% Mix	Average Sq. Ft.	Average Rent	Average Rent/SF
Studio	5.3%	452	\$432	\$0.96
1 Bed 1 Bath	46.8%	705	\$545	\$0.77
2 Bed 1 Bath	9.8%	923	\$615	\$0.67
2 Bed 2 Bath	27.6%	1029	\$779	\$0.76
3 Bed 2 Bath	3.1%	1377	\$984	\$0.71
Totals	100.0%	849	\$635	\$0.75

# Greater New Orleans Apartment Construction and Sales Summary



Over the previous six months, 600 units have been added to area inventories. Two recently completed properties, Saulet and Pelican Bay along with the partially completed Lakes of Chateau Estates North and Palmetto Creek have approximately 500 new units available for occupancy.

A number of new projects planned for construction starts in the 1st quarter have been delayed or dropped. These include new communities in Covington, Slidell, and East and West Jefferson. As a result, new unit inventory over the next 12 months should be significantly less than the approximately 2000 new units added over the last 18 months. This should allow time for new unit inventory to be absorbed.

Construction is well underway on the military housing at Belle Chasse Naval Air Station with the first units scheduled for occupancy this summer. This includes major renovations to 416 existing units and new construction of 519 units. Calypso Bay will begin construction in June, but is not anticipated to have units available for occupancy until 2003. These two projects represent the first new apartment properties constructed on the "westbank" since 1986.

By: J. Mark Madderra

No.	Project Name	Location	Units	Developer
<b>Properties Under Construction</b>				
1	Calypso Bay <sup>a</sup>	Gretna	289	Shadowlake
2	The Lakes of Chateau Estates N.	Kenner	246	Favrot & Shane
3	Palmetto Creek	River Ridge	216	Favrot & Shane
<b>Properties Completed in 2002 Year-To-Date</b>				
4	Pelican Bay	Kenner	72	Favrot & Shane
5	Saulet Apartments	New Orleans	703	Greystar

<sup>a</sup> site work complete; construction start due to begin June 1, 2002

**Multi-family sales in Metro New Orleans since the last issue of this report (Fall 2001)** have been modest. The sale of the Carrollton Parc Apartments in Mid-City to local investors represents the transfer of a 1970's vintage property in an area that has a very limited inventory of garden apartment communities.

The sale of the Carriage House Apartments and the Parkview Apartments in Mandeville reflect prices that are at the upper end of what metro area apartment communities have historically sold for. These sales reinforce the desirability of the St. Tammany Market and the potential that investors see for further rent growth. The Carriage House Apartments were originally developed as condominiums and are all three bedroom units.

Demand for multi-family acquisitions is as strong as ever. In fact, properties that we are currently involved in marketing are receiving an unprecedented level of interest from both local and national investors. The modest sales over the past few months has been due to lack of inventory rather than a lack of interest in the market. The strongest segment of this demand has been for "B" and "C" grade apartment communities not only in Metro New Orleans, but Baton Rouge and Lafayette as well.

By: Larry G. Schedler, CCIM

## Properties Sold

No.	Project Name	Location	Units	Date Sold	Price/Unit
A	Carrollton Parc Apartments	New Orleans	326	04/2002	\$19,939
B	Carriage House Apartments	Mandeville	24	03/2002	\$55,625
C	Parkview Apartments	Mandeville	60	02/2002	\$41,667
<b>Select Regional Multi-Family Sales (Baton Rouge, Lafayette &amp; Gulfport)</b>					
	Plantation Apartments	Gulfport, MS	240	12/2001	\$46,000
	Kingston Point Apartments	Baton Rouge	155	08/2001	\$28,684
	Landing Apartments	Lafayette	346	03/2001	\$30,058
	Sablechase at Sherwood Apartments	Baton Rouge	208	12/2000	\$30,889
	Brightside Crossing Apartments	Baton Rouge	252	11/2000	\$92,033

# Rents by Unit Type, Age & Property Class

**Key:**

New Orleans Historic Center



Orleans



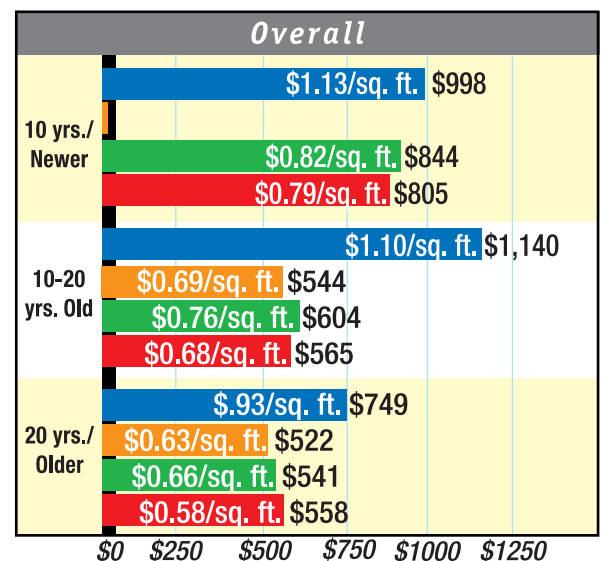
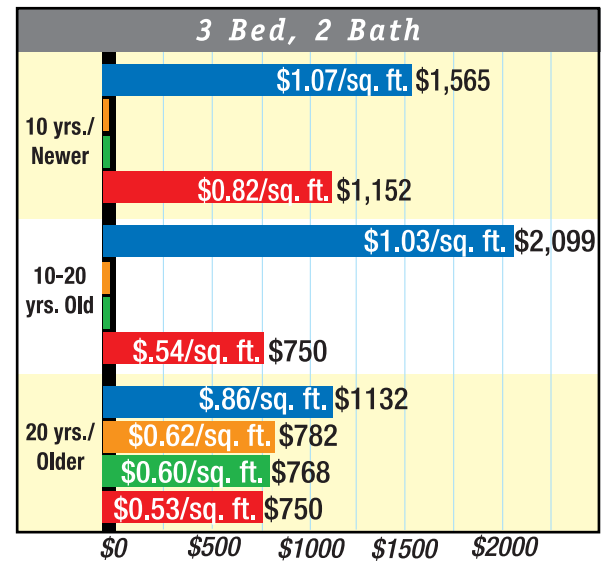
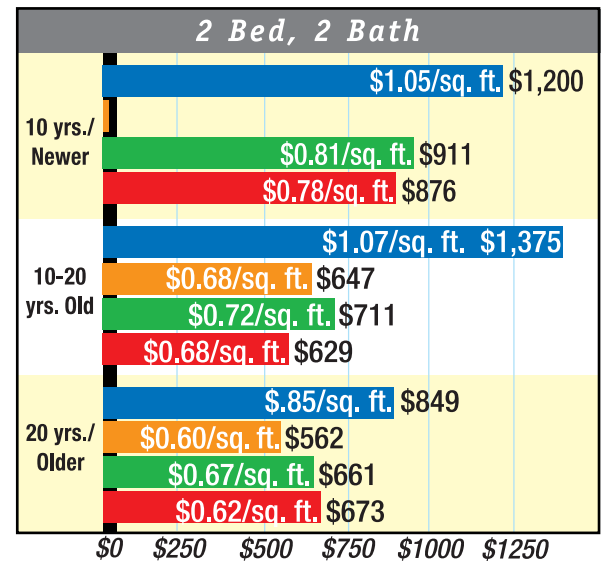
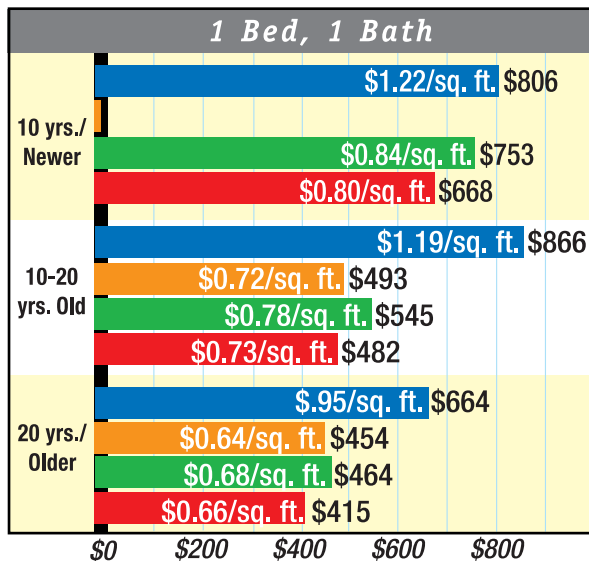
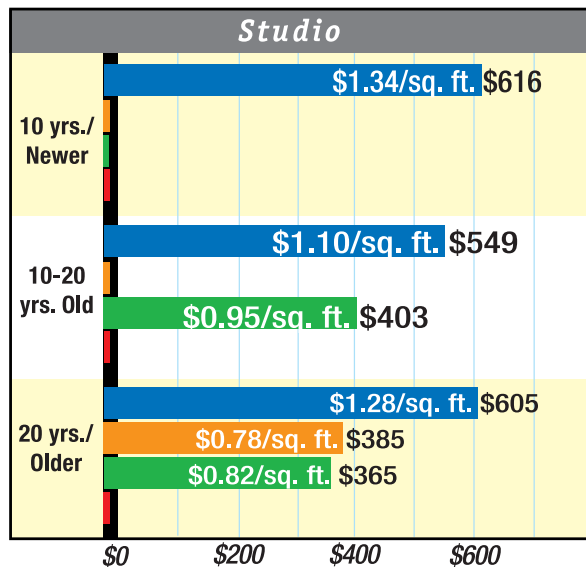
Jefferson



St. Tammany

Apartment rents vary dramatically based upon the age and location of the property. Newer properties (10 yrs./Newer) command rents which are 50%-70% 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 Jefferson Parish is \$753 (\$0.84/sq.ft.). A well maintained 1 bedroom unit in Jefferson over 20 yrs old averages \$464 (\$0.68/sq.ft.). This represents a premium that renters are willing to pay for 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, 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.



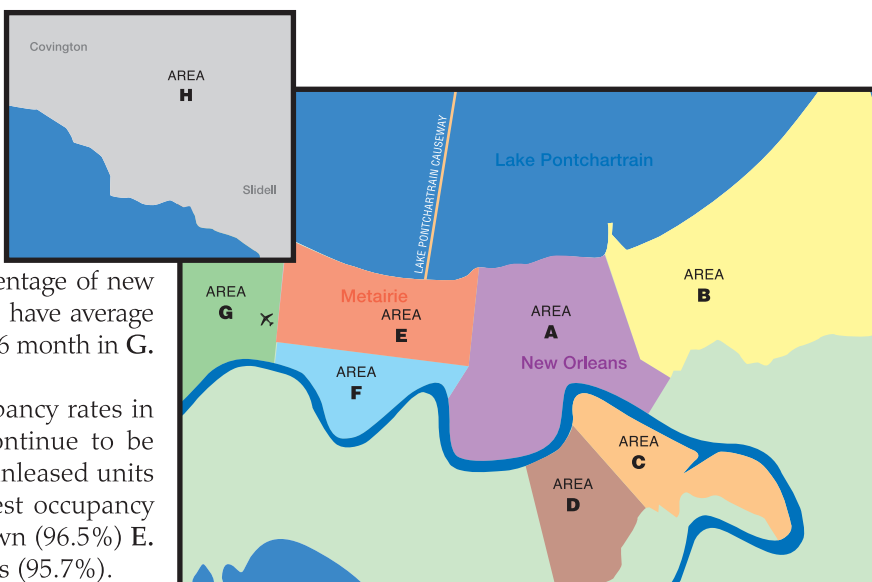
# Greater New Orleans Apartment Information by Submarket

AREA	0/1	1/1	2/1	2/2	3/2	Average Monthly Rent	Occupancy Rate
<b>ORLEANS</b>							
A. Historic Center*	\$602	\$788	\$932	\$1,138	\$1,497	\$956	86.0%
B. Eastern New Orleans	---	\$455	\$600	\$573	\$702	\$527	95.7%
C. Algiers	\$385	\$478	\$567	\$575	\$690	\$511	94.4%
<b>JEFFERSON</b>							
D. Gretna, Harvey, Terrytown	\$393	\$504	\$546	\$663	\$762	\$566	96.5%
E. Metairie	\$396	\$484	\$607	\$639	\$776	\$539	96.3%
F. Harahan, River Ridge	\$425	\$576	\$752	\$766	---	\$667	93.8%
G. Kenner	\$367	\$510	\$601	\$777	---	\$606	92.1%
<b>H. ST. TAMMANY</b>	---	\$554	\$482	\$762	\$891	\$657	91.9%

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

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 (\$667) and H. St. Tammany (\$657). 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 narrow range between \$606 month in G. Kenner and \$511 month in C. Algiers.

As indicated in the Fall 2001 Report, occupancy rates in A. Historic Center and H. St. Tammany continue to be lower than the market average due to new unleased units added to the existing inventory. The strongest occupancy rates are found in D. Gretna, Harvey, Terrytown (96.5%) E. Metairie (96.3%) and B. Eastern New Orleans (95.7%).



## Contributors:



The MultiFamily Advisory Group LLC provides consulting services exclusively to the apartment industry. The principals of the firm have in excess of 20 years experience in apartment operations. Owners, managers and lenders have relied on the firm for a wide range of specialized consulting services over the years.

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Prudential Advisor for Louisiana and Mississippi

J. M. Madderra & Company, Inc. offers full-service mortgage banking throughout the Gulf South. Since its founding in 1992, the firm has originated more than \$1 billion of income-producing loans and equities. The firm has expanded its capabilities with the opening of a new Dallas office operating under Madderra & Cazalot. The firm acts as a real estate advisor for Prudential Financial and Key Bank.

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Larry G. Schedler & Associates, Inc. specializes in the sale of multi-family properties throughout Louisiana and Mississippi. The firm over the past seventeen years, has successfully handled the sale of over 17,500 units. The firm represents conventional, institutional and non-profit clients.

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