



2009 Baton Rouge Industrial Market Overview

Presented by:
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2009 Industrial Trends Committee

- Todd Pevey, MPA, Chairman – MIE Properties
- Marc Barker, CCIM, SIOR, Chairman – NAI Latter & Blum
- Branden Barker – Latter & Blum Property Management
- Brent Garrett – Beau Box Commercial Real Estate
- Scott Guidry, CCIM – Sealy & Falgoust
- Jonathan Starns – Donnie Jarreau Real Estate
- David Lakvold, MAI, SRA, The Lakvold Group, L.L.C.



1st Half 2008 Industrial Committee



2nd Half 2008 Industrial Committee





General Review 1st Half 2008

1. Call activity remained strong
2. Absorption rates at “normal” levels
3. Vacancy rates @ “normal” levels
4. New Construction & development at record levels



General Review for 2ND Half 2008

1. Activity slows down, especially November & December
2. Deals beginning to take longer than "normal" (as in last year)
3. Many tenants attempting to downsize or lower rent for longer Lease Terms
4. National & international companies downsizing, merging, or becoming insolvent

General Inventory Data

INDUSTRIAL INVENTORY STATISTICS

MEMO	2007	2008	% DIFF.
TOTAL INVENTORY	23,478,276 S.F.	24,756,914 S.F.	5.45%
VACANT S.F.	2,032,172 S.F.	3,411,426 S.F.	67.88%
OCCUPIED S.F.	21,446,104 S.F.	21,345,488 S.F.	(00.30)%
VACANT %	8.66%	13.78%	59.12%
NET ABSORPTION	386,483 S.F.	(100,616) S.F.	(126.03) %
UNDER CONSTRUCTION	662,371 S.F.	89,095 S.F.	(34.23)%



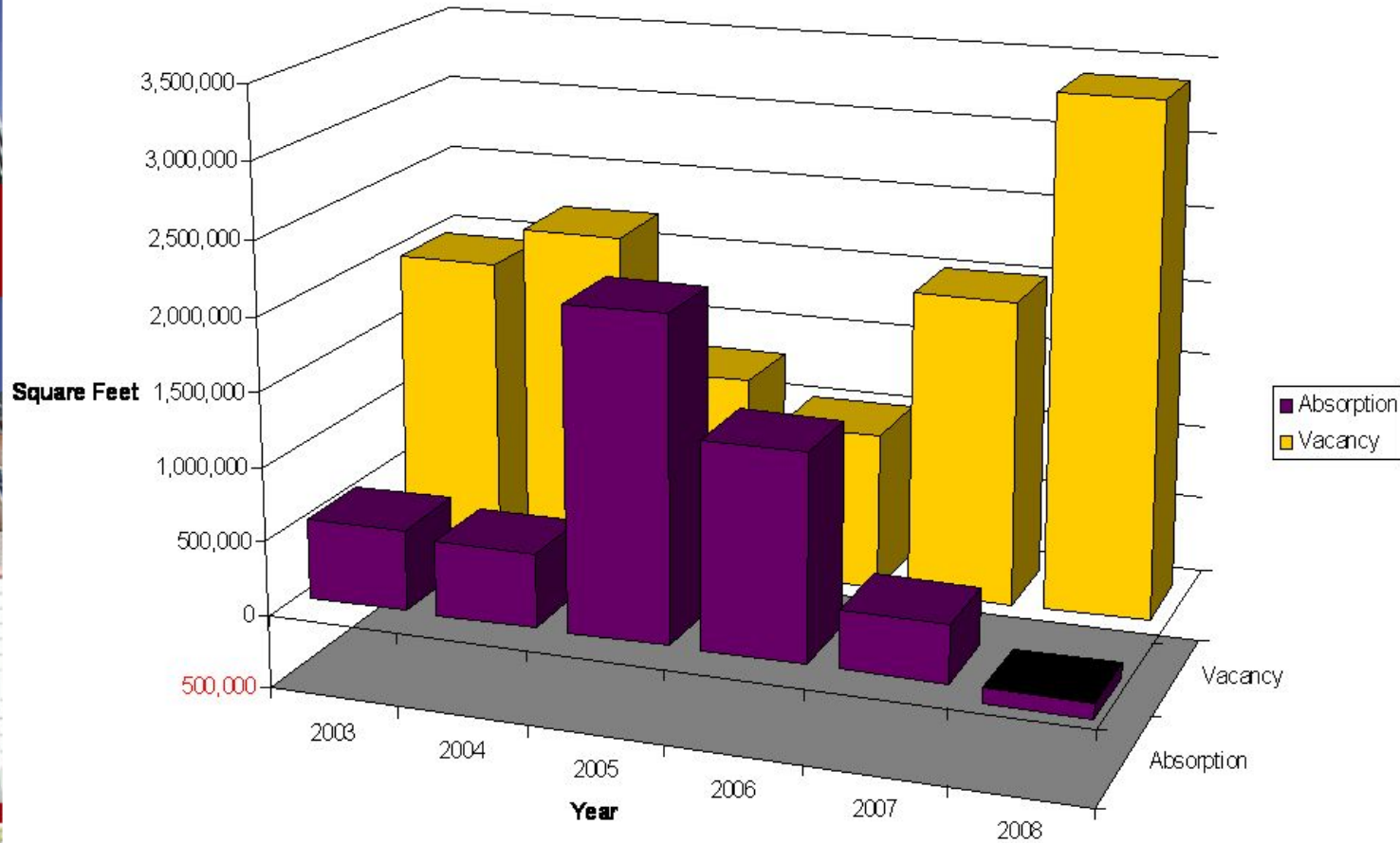
NEW Industrial Vacancy 2008

1. Exxon vacates approximately 500,000 SF
2. Fraenkel vacates approximately 275,000 SF
3. Coca-Cola vacates approximately 375,000 SF

Total space = 1,150,000 SF



Vacancy & Absorption



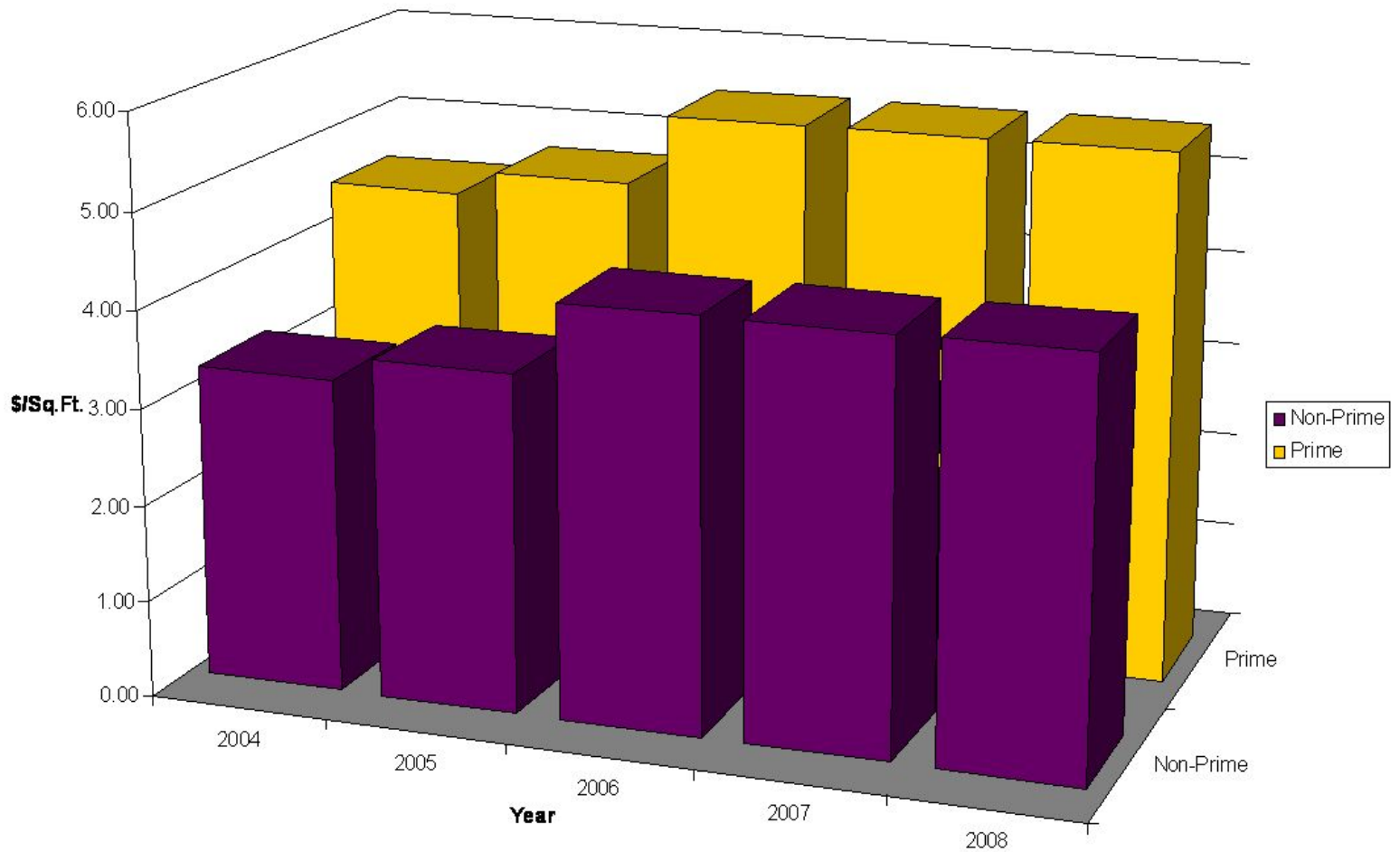


Prime & Non-Prime Land Values

1. 1st Half of 2008 - remained at all time highs





2. 2nd Half of 2008 – remained mostly the same as 1st half of 2008; some distress deals available in the market.

Prime & Non-Prime Land Values

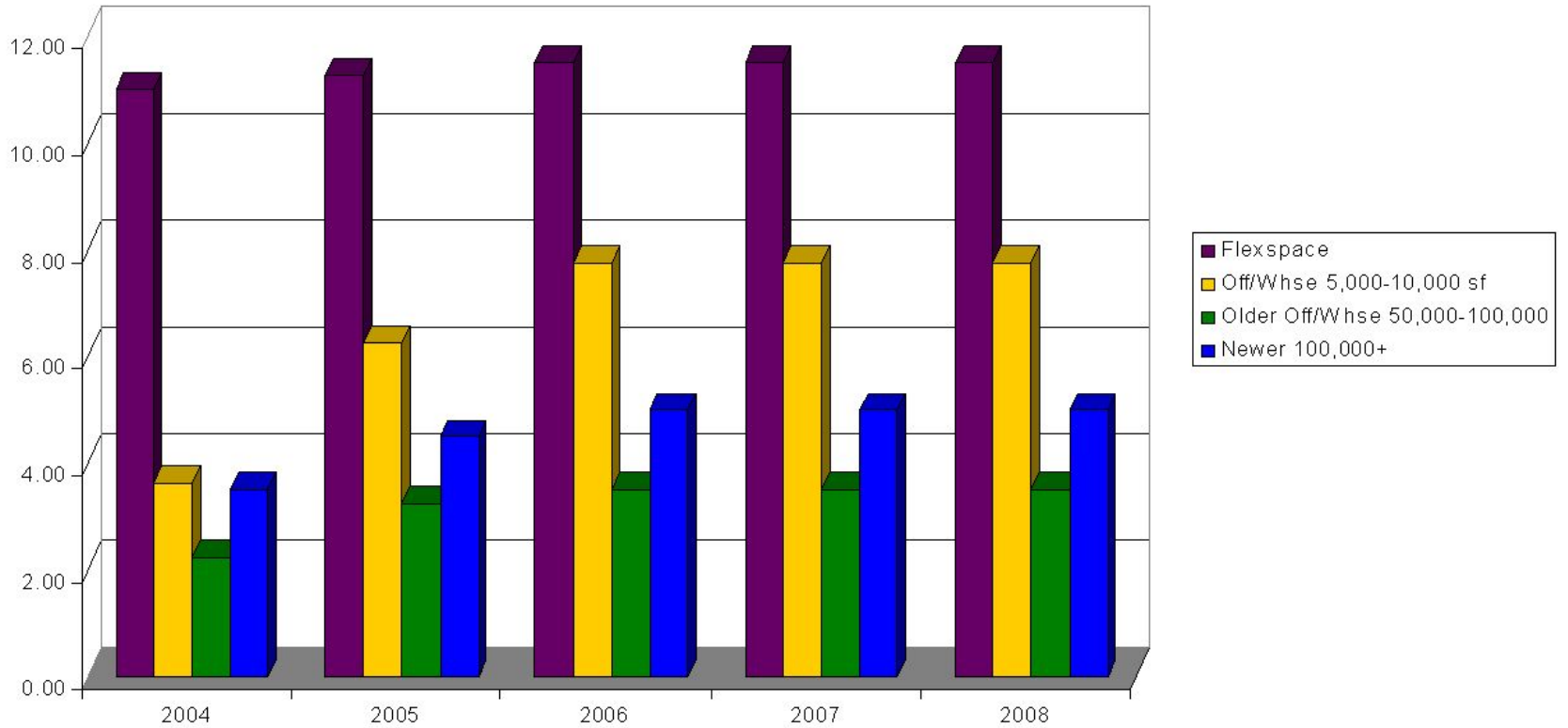




2008 Lease Rates

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- Flex Space: The lease rates have remained the same over the past 12 months. Lease rates average between \$11-\$12 per sq. ft., net.
 - Office/Warehouse (5k-10k sq. ft.): The average lease rate for this product type is \$7.50-\$8.00 per sq. ft., net. Buildings in this category that offer dock high access have retrieved a premium.
 - Older Warehouse (50,000-100,000 sq. ft.): Lease rates average \$3-\$4 per sq. ft., net. These buildings have been able to attract tenants with lower lease rates and negotiable terms. Some older warehouses leasing \$2.00 sq. ft. to \$2.50 sq. ft. as vacancies increase.
 - New Warehouse (50,000 sq. ft. plus): Lease rates average \$5.00 per sq. ft., net
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2008 Lease Rates



PERMITS & HOME SALES

EAST BATON ROUGE PARISH BUILDING PERMITS

MEMO	2007	2008	% DIFF.
EBR PERMITS (NUMBER)	27,312	24,838	(9.06) %
EBR PERMIT (\$)	\$1,068,749,146	\$666,743,993	(37.61)%
EBR PERMIT FEES (\$)	\$8,681,517	\$7,616,985	(12.26)%

MLS REGIONAL HOME SALES

YEAR	NUMBER OF HOME SALES
2005	11,349
2006	11,056
2007	9,508
2008	7,321



Criterion Plant



Criterion Plant



Coca-Cola Plant



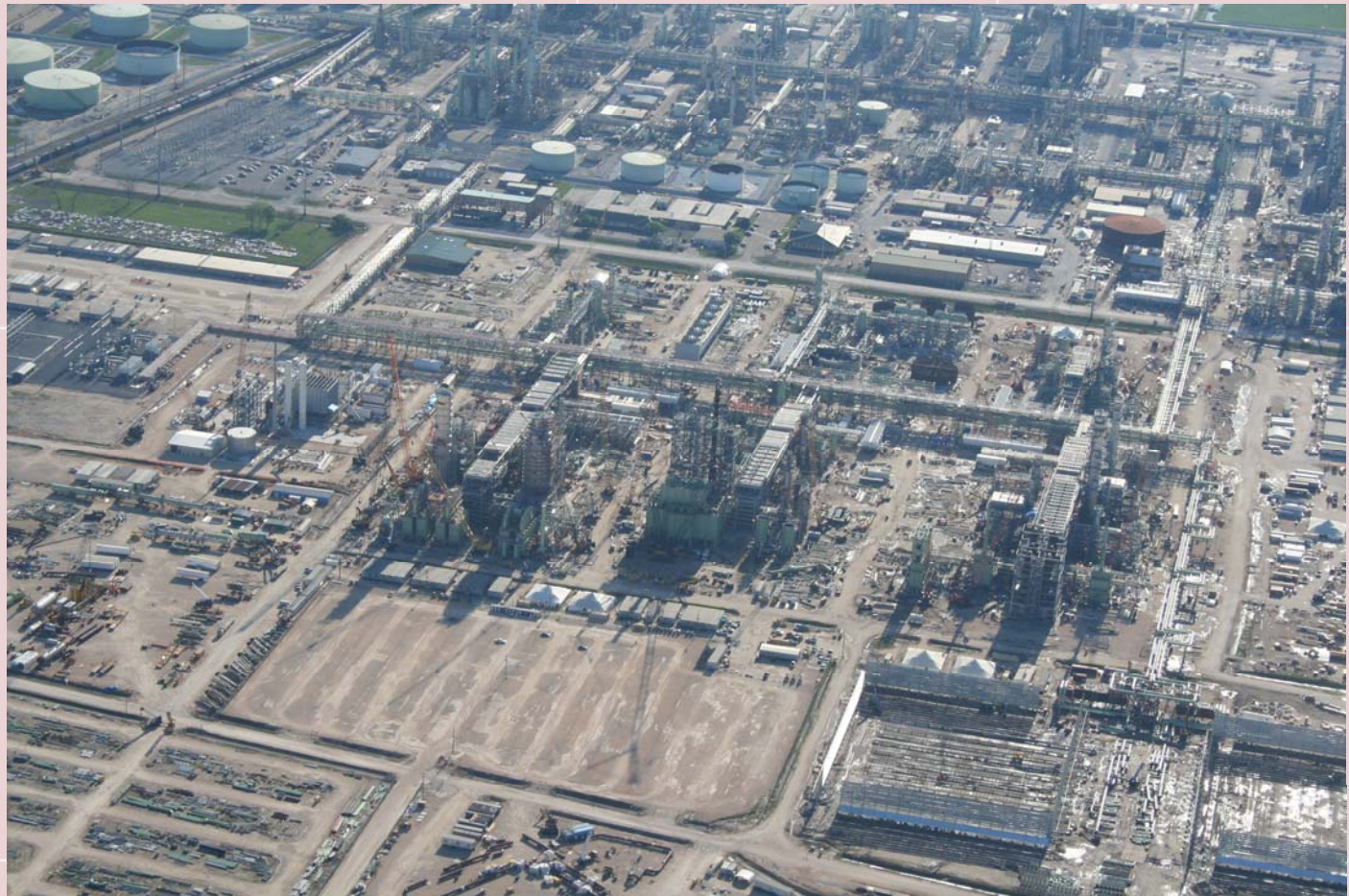
Coca-Cola Plant



Marathon Refinery



Marathon Refinery



Pelican Point Commerce Center



Pelican Point Commerce Center



“GOOD” PROJECTS 2009



~~REAL~~
SHINTECH PVC (PH II)

- EXXONMOBIL \$550M CLEAN DIESEL
- DYNAMIC FUELS BEGINS CONSTRUCTION
- CRITERIUM ALUMINUM
- BUCKHEAD BUSINESS PARK/ PATRIOT PARK/ COMMERCE POINTE

~~MAYBE NOT SO REAL~~
GOVERNMENT
STIMULUS

- BATON ROUGE LOOP
- NUCOR STEEL MILL
- CARGO AIRPORT



“BAD” PROJECTS 2009

- WESTLAKE CHEMICAL PLANT IDLES \$300M ETHYLENE PLANT
- DOW CHEMICAL LAYOFFS (260 LAYOFFS LOCALLY)
- AIR PRODUCTS (1,300 JOBS NATIONWIDE)
- BASF – FLEX HOUR CUTBACKS



2009 Forecast

- Bulk warehouse market to remain relatively weak due to the overabundance of space. Likely that bulk rates will drop.
- Construction permits at all time low due to the end of the GO-ZONE Incentives. As a result, construction prices likely to drop.
- Potential Presidential administration stimulus to help employ some contractors because of new infrastructure projects.
- Not much speculative development due to financing hurdles and weak market.
- Continue to see mergers, downsizing & insolvency
- Vacancy rates and Absorption rates remain the same thru 2009; this will begin to head back in the right direction in 2010.

RESULTS OF FORECAST



The end...

