

**WELCOME TO
TRENDS 2016**

Real Estate Finance Trends 2016

Speaker

- **Brian S. Andrews - Real Estate Research Institute at LSU**

Inspirations

- **Kenny Hodges - Assurance Financial Group**
- **Tommy Kehoe – Eustis Commercial Mortgage**
- **Jim Purgerson, CCIM – Citizen’s Bank & Trust**
- **Brian Calendar – Whitney Bank**
- **Members of the Student Real Estate Association at LSU**

Last Year's Focus

- Interest Rates
- Attitudes of the lenders
- Residential finance
- Spotlight on New Programs

This Year's Focus

- Interest Rates
- Attitudes of the REGULATORS
- Residential CHALLENGES
- Commercial REALITIES

Jamie Woodwell

Mortgage Bankers Association's Vice President of Commercial Real Estate Research

During 2015, commercial and multifamily mortgage debt grew by the largest amount since the series began in 2007;



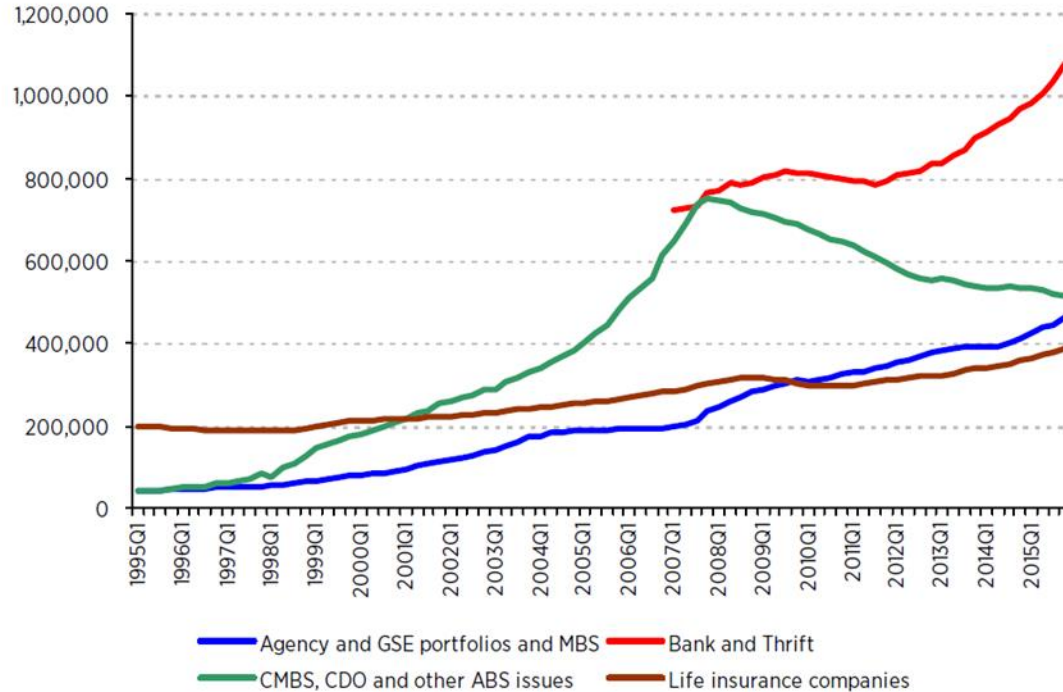
COMMERCIAL AND MULTIFAMILY MORTGAGE DEBT OUTSTANDING

Total Commercial and Multifamily Mortgage Debt Outstanding,
by Selected Sector by Quarter

(\$millions)

MBA

MORTGAGE BANKERS ASSOCIATION



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*Multifamily mortgage debt
grew at the fastest pace
since that series began in
1993;*



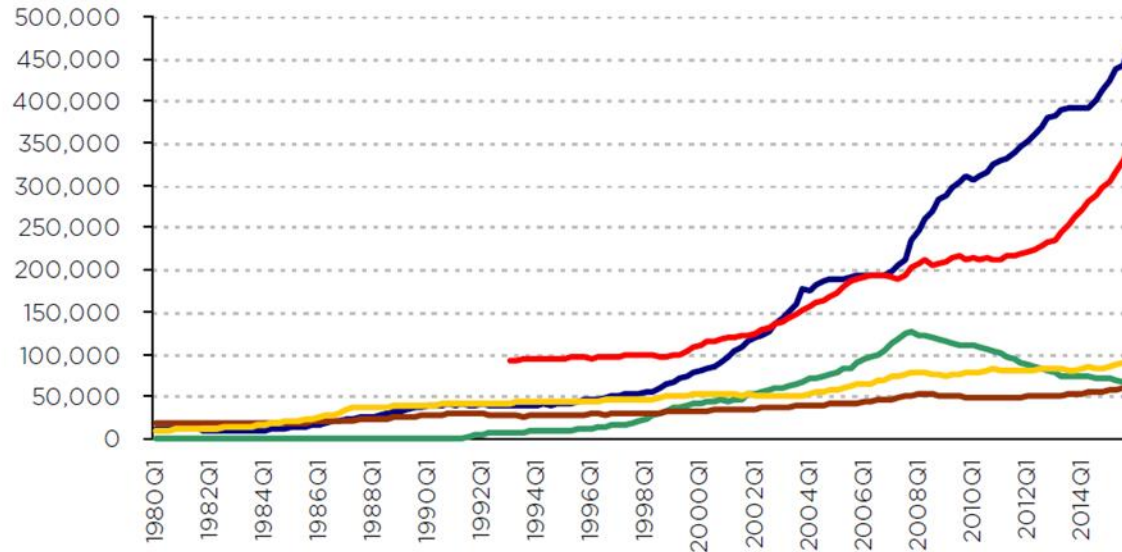
MBA

MORTGAGE BANKERS ASSOCIATION

MULTIFAMILY MORTGAGE DEBT OUTSTANDING

Total Multifamily Mortgage Debt Outstanding, by Selected Sector
by Quarter

(\$millions)



- Agency and GSE portfolios and MBS
- Bank and Thrift
- CMBS, CDO and other ABS issues
- Life insurance companies
- State and local government

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Mortgage Bankers Association's Vice President of Commercial Real Estate Research

The amount of commercial and multifamily mortgage debt held in agency and GSE portfolios and MBS, and on bank balance sheets, grew more than in any previous year on record.



COMMERCIAL AND MULTIFAMILY MORTGAGE DEBT OUTSTANDING

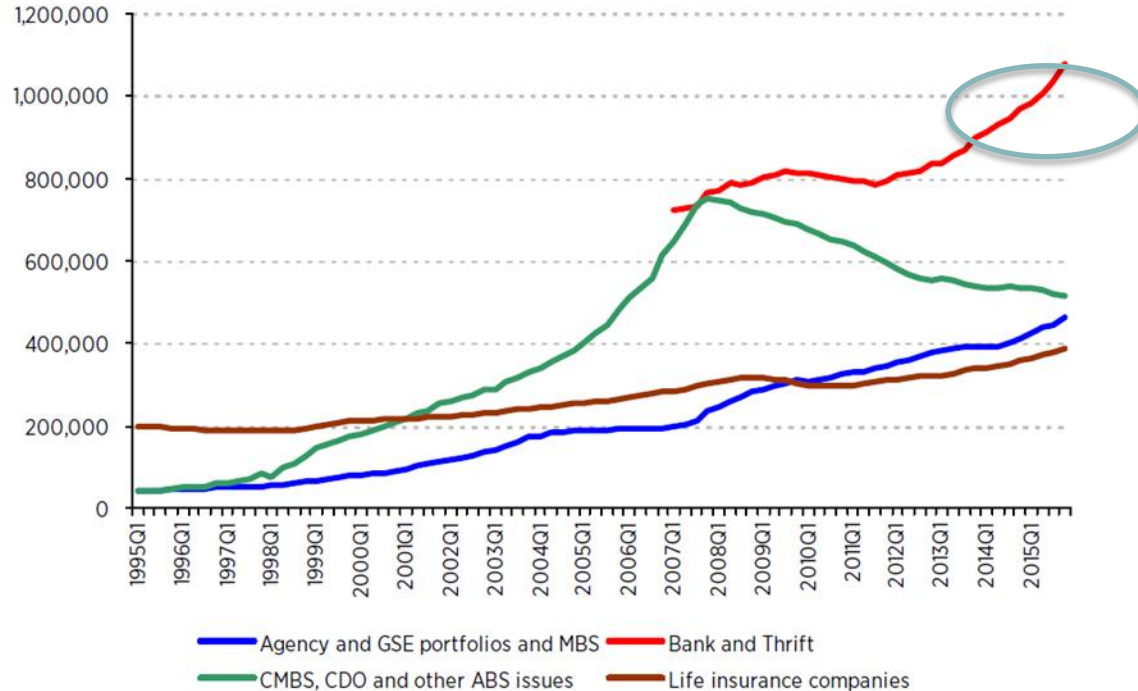
Total Commercial and Multifamily Mortgage Debt Outstanding,
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MORTGAGE BANKERS ASSOCIATION

Bank Debt is growing at an
unsustainable rate.



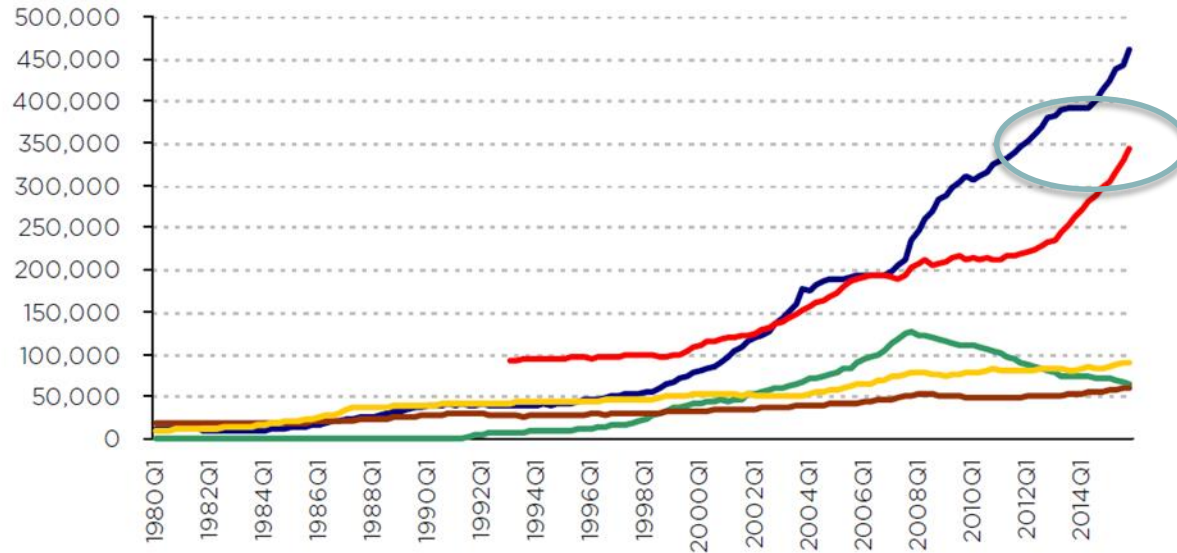


MORTGAGE BANKERS ASSOCIATION

MULTIFAMILY MORTGAGE DEBT OUTSTANDING

Total Multifamily Mortgage Debt Outstanding, by Selected Sector
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- Agency and GSE portfolios and MBS
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These are also potentially unsustainable rates of growth



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While 2015 marked many new records, recent market and regulatory changes have the potential to impact the availability of commercial and multifamily mortgage debt during 2016



Lending by Banks Surged 4Q2015

- Multifamily loans continued to increase at the fastest pace quarter to quarter, going up 4.6% to \$15 billion from third quarter 2015 to the year-end total of \$344 billion.
- Non-residential commercial real estate lending totals jumped by \$25 billion (3.6%) to \$733 billion during the same timeframe.
- Construction and development loan totals jumped by \$8.88 billion (3.3%) to \$275 billion.

Lending by Banks Surged 4Q2015

- The asset quality of CRE loans on bank books also continued to improve.
- Delinquent CRE loan balances declined for a 22nd consecutive quarter. At year-end, total delinquent CRE loans on the nation's banks' books equaled \$19.8 billion, down 5.5% from the third quarter of 2015.
- At the last peak of the CRE markets, delinquent CRE loans totaled \$27.6 billion.

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CRE Lending by Banks Surged in Fourth Quarter

*Economic, Regulatory
Headwinds May Slow
Lending Pace in 2016*

Enter the Regulators



Interagency Statement on Prudent Risk Management for Commercial Real Estate Lending – Dec 2015

- *Financial institutions with weak risk-management practices and high CRE credit concentrations are exposed to a greater risk of loss and failure.*
- *The agencies' examination and industry outreach activities have revealed an easing of CRE underwriting standards.*

Interagency Statement on Prudent Risk Management for Commercial Real Estate Lending – Dec 2015

- *Financial institutions should maintain underwriting discipline and exercise prudent risk-management practices that identify, measure, monitor, and manage the risks arising from their CRE lending activity.*
- *The agencies' review of CRE lending activities will focus on financial institutions' implementation of the prudent principles in applicable guidance relative to identifying, measuring, monitoring, and managing concentration risk in CRE lending activities.*

Supervisory Expectations for Financial Institutions

- *During 2016, supervisors from the banking agencies will continue to pay special attention to potential risks associated with CRE lending.*
- *When conducting examinations that include a review of CRE lending activities, the agencies will focus on financial institutions' implementation of the prudent principles in the Concentration Guidance as well as other applicable guidance relative to identifying, measuring, monitoring, and managing concentration risk in CRE lending activities.*

Supervisory Expectations for Financial Institutions

- *In particular, the agencies will focus on those financial institutions that have recently experienced, or whose lending strategy plans for, substantial growth in CRE lending activity, or that operate in markets or loan segments with increasing growth or risk fundamentals.*

Supervisory Expectations for Financial Institutions

- *The agencies may ask financial institutions found to have inadequate risk management practices and capital strategies to develop a plan to identify, measure, monitor, and manage CRE concentrations, to reduce risk tolerances in their underwriting standards, or to raise additional capital to mitigate the risk associated with their CRE strategies or exposures.*

So What?

Some banks in our area ...

- *May be under regulatory pressure to reduce CRE concentrations*
- *Might have to tighten underwriting and/or increase pricing*

**Banks who have not been active in CRE
might be able to pick up some business.**

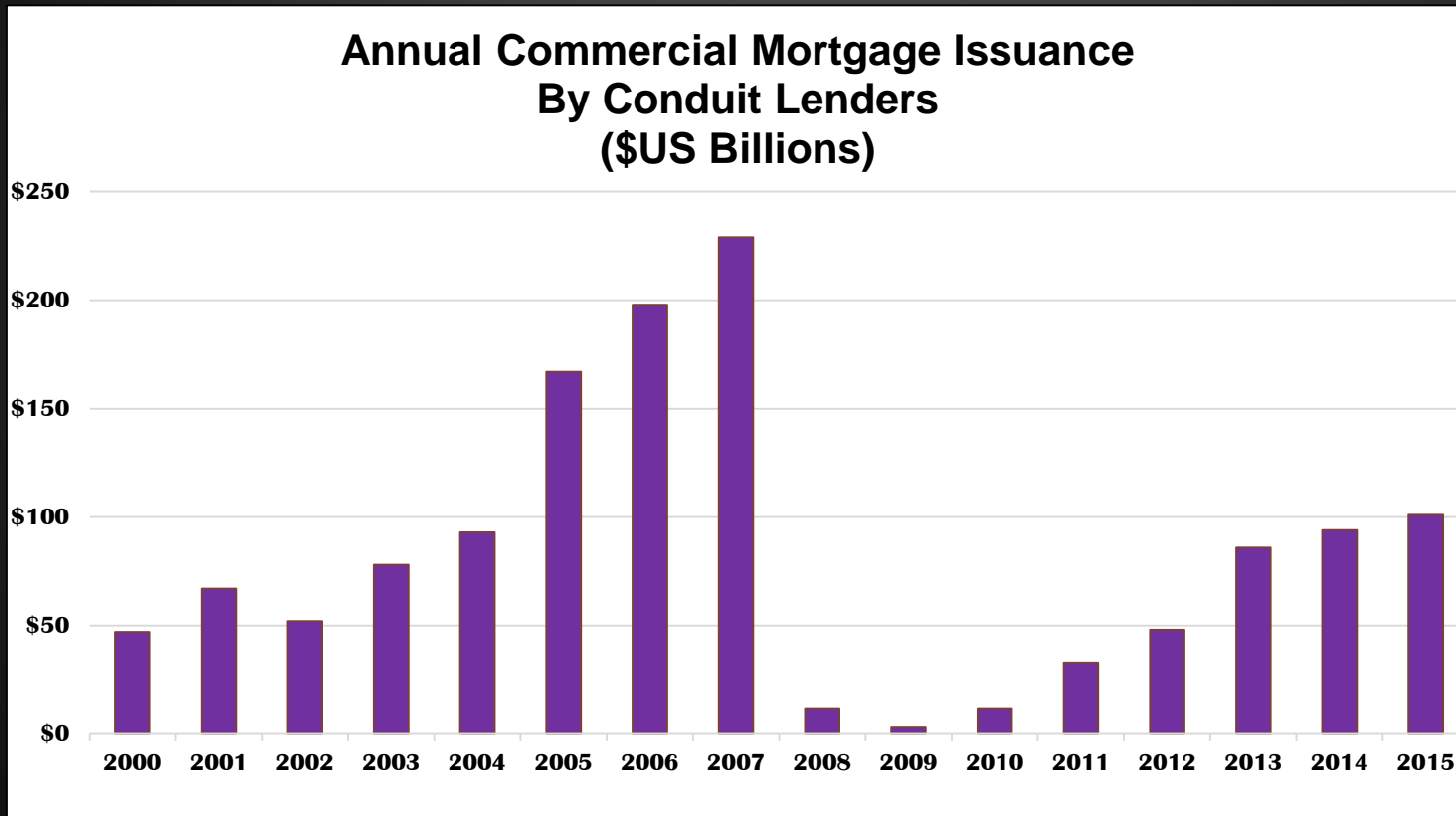
Wall Street Lending – Conduit, CMBS



Wall Street Lending – Conduit, CMBS

- Totaled over \$101 billion for the year versus \$94 billion in the previous year
- Another record year since the credit market crash in 2008.

Wall Street Lending – Conduit, CMBS



Wall Street Lending – Conduit, CMBS

According to the Mortgage Bankers Association:

- A series of market and regulatory changes have limited liquidity in the CMBS market in recent quarters.
- Coupled with upcoming reductions in the outstanding balance of CMBS and regulations that will fundamentally change elements of the market infrastructure, *the availability of mortgage debt from the CMBS market could face significant pressure.*



- **Several new regulations have either gone into effect or will go into effect in 2016 that greatly impact CMBS.**
- **The pending regulation that is the biggest issue hanging over the market right now is risk retention.**



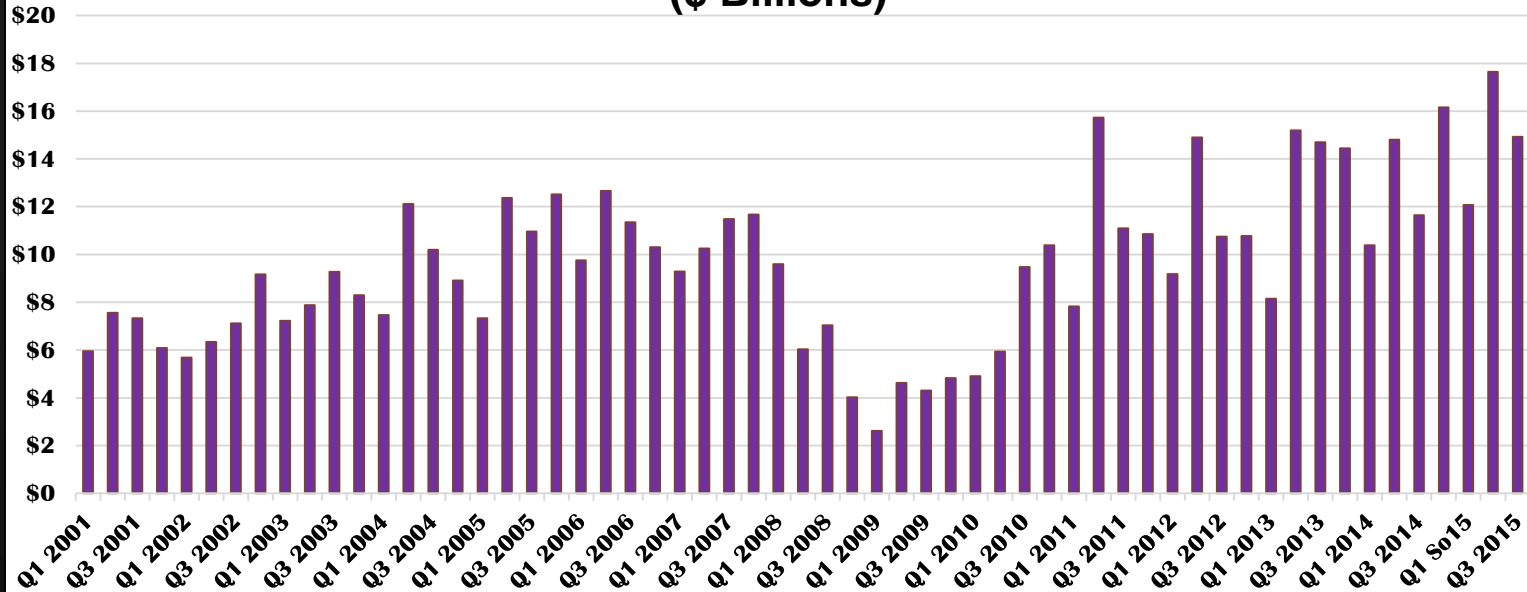
- **Starting in late 2016, CMBS issuers will have to retain a 5% slice of every new deal they issue, or designate someone else to take on that risk.**
- **The bottom line to this structure is higher interest rates on loans, making CMBS “less competitive than it currently is when compared to other financing options such as insurance companies and banks.”**

Life Insurance Companies

- Slow and steady and ready to lend
- Still have the lowest rates on low leverage deals

Life Insurance Companies

Quarterly Commercial Mortgage Commitments
By Life Insurance Companies
(\$ Billions)



- Life insurers are continuing to provide fairly conservative, low-leverage loans and are cautious about doing deals in secondary and tertiary markets, but they will probably have the lowest rates around if it is a good quality asset and a good quality location with good sponsorship.
- There is still a good pace of transaction activity occurring, and refinancing demand is also expected to remain strong for the next few years.

- For the most part, life company lenders are focusing on the four core sectors of office, industrial, retail and multifamily, as well as doing deals in the primary metropolitan regions.
- While 2016 is expected to be another strong production year, most life insurers remain focused on managing risks, particularly in some property sectors and geographic areas that may be nearing the peak.

Interest Rate Review



Interest Rate Review

- Rates are low.

Lender Attitudes – *What Do They Want?*



Focus on Residential



The Trouble With TRID



TILA RESPA Integrated Disclosures

According to the American Bankers Association,

- More than 75 percent of the 548 bankers surveyed said the new rules have delayed closings, with an average delay of eight days.
- One-fourth of the respondents said the regulations have caused them to eliminate loan products including some adjustable rate mortgages, home-equity loans and payment options.

TILA RESPA Integrated Disclosures

According to the American Bankers Association,

- 25 percent of respondents said they raised their fees to consumers because of the rules.
- 94 percent of bankers surveyed support extending the grace period, which forgives bank mistakes with the new forms as long as the bank acted in good faith.

TILA RESPA Integrated Disclosures

“It’s clear from this survey and our discussions with bankers that TRID compliance remains a significant concern,” said Bob Davis, ABA executive vice president.

“Consumers are seeing the greatest impact due to increased loan costs, fewer choices and delayed closings – and that’s not what this rule was intended to do.”

Baton Rouge Multifamily Trends 2016

Presented by:

Craig A. Davenport, MAI

Cook, Moore & Associates

www.CookMoore.com

cdavenport@cookmoore.com



What Will Be Presented?

- Factors affecting Rental Housing Demand
- Trends in Rents & Vacancies
- Recent & Pending Construction of Apartments
- Recent Sales of Apartment Complexes
- Projections for 2016-2017

Baton Rouge Economic Factors

- Oil prices have plummeted over the past year, as have the associated tax revenues to the State of Louisiana...and some projects have been delayed
- A huge (up to \$2.0 billion) state budget deficit looms large, as the largest employer in the Baton Rouge area is state government. Substantial spending (i.e., job) cuts at LSU and in various state agencies are highly probable. This could soften net job growth in the area.
- Cuts to TOPS ?????

Baton Rouge Employment Trends

February 2016 job counts (most recent available) for the Baton Rouge metro area were up 7,100 (2.1%) from February 2015 (and up 2,200 jobs from previous month).

Of the 7,100 new jobs, roughly 4,700 were in the construction sector

State and Local Government lost 2,000 jobs over previous year

Louisiana Economic Outlook (Loren Scott) indicated that Baton Rouge will add 8,900 jobs in 2016 and an additional 6,200 jobs in 2017; **Construction jobs will peak in 2016**

Unemployment in Baton Rouge is 4.8% (down from 5.7% a year ago, and down from 5.3% a month ago), while the unemployment rate for the State of Louisiana is 5.8%.

Population Trends

According to the U.S. Census figures, the population increase for East Baton Rouge Parish from 2000 to 2010 was 27,310 people (6.6%)

| Change from 2010 - 2014 | | | |
|-------------------------|---|------|--------------|
| East Baton Rouge | ↑ | 1.3% | 5,864 people |
| Ascension | ↑ | 9.2% | 9,834 people |
| Livingston | ↑ | 6.0% | 7,711 people |

* 2014 figures (most recent available)

Baton Rouge Apartment Rental Data

Let's Get to the Rental Data

Fall 2015 / Winter 2016 Survey is the BIGGEST EVER !!!!!

Complexes surveyed



Full Data Set 190 complexes containing over 33,100 units

Matched Sample 113 complexes

Large Complexes 73 complexes
(200+ units)

Historical Apartment Rental Trends

The Baton Rouge Apartment market has historically experienced annual 1% to 3% rent growth with a few exceptions

| Time Period | Trend | |
|---------------------------|--|------------------|
| 1995 – 2010 |  1% to 3% | Annually |
| Spring 2005 – Spring 2006 |  10% | Katrina Effect |
| 2010 - 2011 | Flat | Katrina Hangover |

Matched Data Set (113 Complexes)

| Date | Avg Rent/SF | Trend | Vacancy | |
|-----------|----------------|-------|--------------|--------------|
| Fall 2012 | \$0.908 | ↑ | 0.60% | 5.00% |
| Fall 2013 | \$0.925 | ↑ | 1.87% | 5.40% |
| Fall 2014 | \$0.943 | ↑ | 1.95% | 5.52% |
| Fall 2015 | \$0.936 | ↓ | 0.74% | 5.67% |

Rentals for a matched sample of 113 complexes decreased 0.74% from Fall 2014 to Fall 2015. **First time in the history of our survey that rents have decreased!**

Vacancies for this 113-property sample were reported at 5.67% which has steadily been increasing since the Fall 2012 survey

Apartment Rental & Vacancy Trends

The matched sample rents don't take into consideration concessions – roughly 20% of complexes were reporting some type of concessions

Most common concessions reported:

- One month free rent
- Gift Cards - \$100 to \$500 (even for renewals)

These stats suggest that we are seeing the impact of the vast amount of apartment construction within the Baton Rouge area over the past couple of years.

Units Built 2006-2015 & Under Construction

| | Total Completed 2006 - 2013* | Total Completed 2015 | Under Construction 2016 | Total 2006 - 2016 |
|-------------------------------|---------------------------------|-------------------------|----------------------------|----------------------|
| Conventional | 3,946 | 550 | 1,930 | 6,426 |
| Upscale Student | 1,218 | 826 | 663 | 2,707 |
| Affordable Housing (LIHTC) | 1,773 | 155 | 336 | 2,264 |
| Total # of Units | 6,937 | 1,531 | 2,929 | 11,397 |
| Units per year | 867 | | | 1,036 |

*Only one 50-unit affordable complex completed in 2014

Units Built

2006-2013 vs. 2015-2016

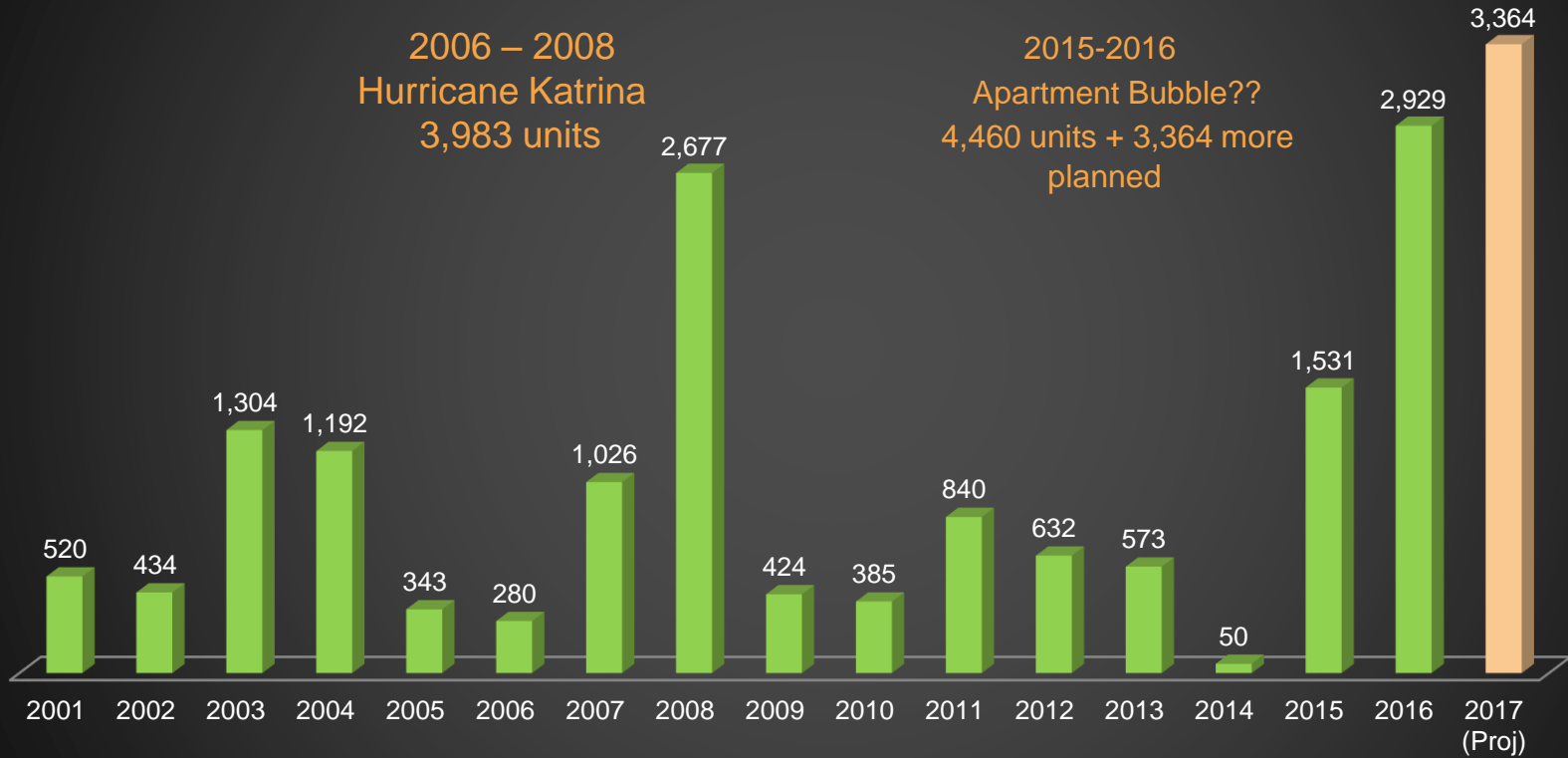
| | Total Completed 2006 - 2013* | Completed 2015 and U. C. 2016 | Total 2006-2016 |
|-------------------------------|---------------------------------|----------------------------------|--------------------|
| Conventional | 3,946 | 2,480 | 6,426 |
| Upscale Student | 1,218 | 1,489 | 2,707 |
| Affordable Housing (LIHTC) | 1,773 | 491 | 2,264 |
| Total # of Units | 6,937 | 4,460 | 11,397 |
| Units per year | 867 | 2,230 | 1,036 |

Units Proposed for 2017 - 2018

| | Proposed - Likely | Proposed – Less Likely | Total Proposed |
|----------------------------|-------------------|------------------------|----------------|
| Conventional | 1,097 | 1,398 | 2,495 |
| Upscale Student | 0 | 455 | 455 |
| Affordable (LIHTC) Housing | 86 | 328 | 414 |
| Total | 1,183 | 2,181 | 3,364 |

| | Proposed - Likely | Proposed – Less Likely | Total Proposed |
|-----------------------|-------------------|------------------------|----------------|
| Total Units 2015-2017 | 5,643 | | 7,824 |
| without Student Units | 4,154 | | 5,880 |

Number of Units Completed/Proposed 2001-2017



What can Property Managers/Owners do?

- Current Tenants – Lock them in now
- New Tenants – Concessions – Get them in the door and lock in for longer terms
- Repairs – Now is the time to make repairs. Interest rates are still low
- Upgrade Amenities – Complexes will have to compete on amenities
- What else????

May Be Time for a Name Change??



Completed Complexes for 2015

Conventional Complexes Completed in 2015

| Name | Address | # of Units |
|---------------------------------|----------------------------|------------|
| The District | Perkins Road near Pollard | 312 |
| Terraces of Perkins Rowe | Perkins Rowe | 88 |
| IBM Towers | 525 Lafayette Street (CBD) | 85 |
| 440 on Third | 440 Third Street (CBD) | 65 |
| Total Conventional Units | | 550 |



**525 Lafayette
in the CBD**

525
LAFAYETTE

525 Lafayette in the CBD

525 Lafayette in the CBD



525 Lafayette in the CBD



Student Complexes Completed in 2015

| Name | Address | # of Units | # of Beds |
|----------------------------|---------------------------|------------|--------------|
| The Exchange | 449 Ben Hur Road | 304 | 898 |
| Stirling Burbank | 4194 Burbank at W. Parker | 235 | 696 |
| The Standard | West Chimes at Alaska St | 287 | 847 |
| Total Student Units | | 826 | 2,441 |



Sterling Burbank

Sterling Burbank



Sterling Burbank



Affordable Complexes Completed in 2015

| Name | Address | # of Units |
|-------------------------------|-----------------------------|------------|
| Windsor Court | LA Highway 74 (St. Gabriel) | 120 |
| Burberry Estates | 8178 Innovation Park Dr | 35 |
| Total Affordable Units | | 155 |

Windsor Court



Burberry Estates



Trends in New BR Construction

New construction is a mix between garden-style walk-up versus main entryway with interior corridors and elevators

Efficient floorplans (minimal hallways)

Extensive Tech Features

Finishes have leveled off, so complexes are competing with extensive common area amenity packages

Extensive Common Area Amenities



University House





**Sterling
Burbank**





**Sterling
Burbank**

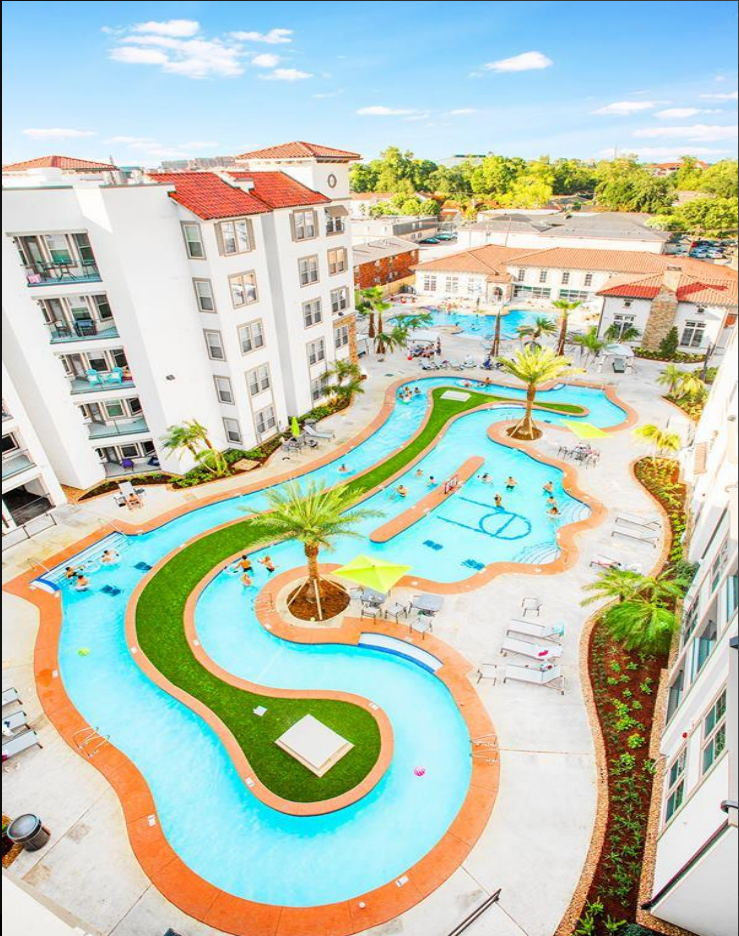


Large, Full-Service Fitness Centers



**Sterling
Burbank**

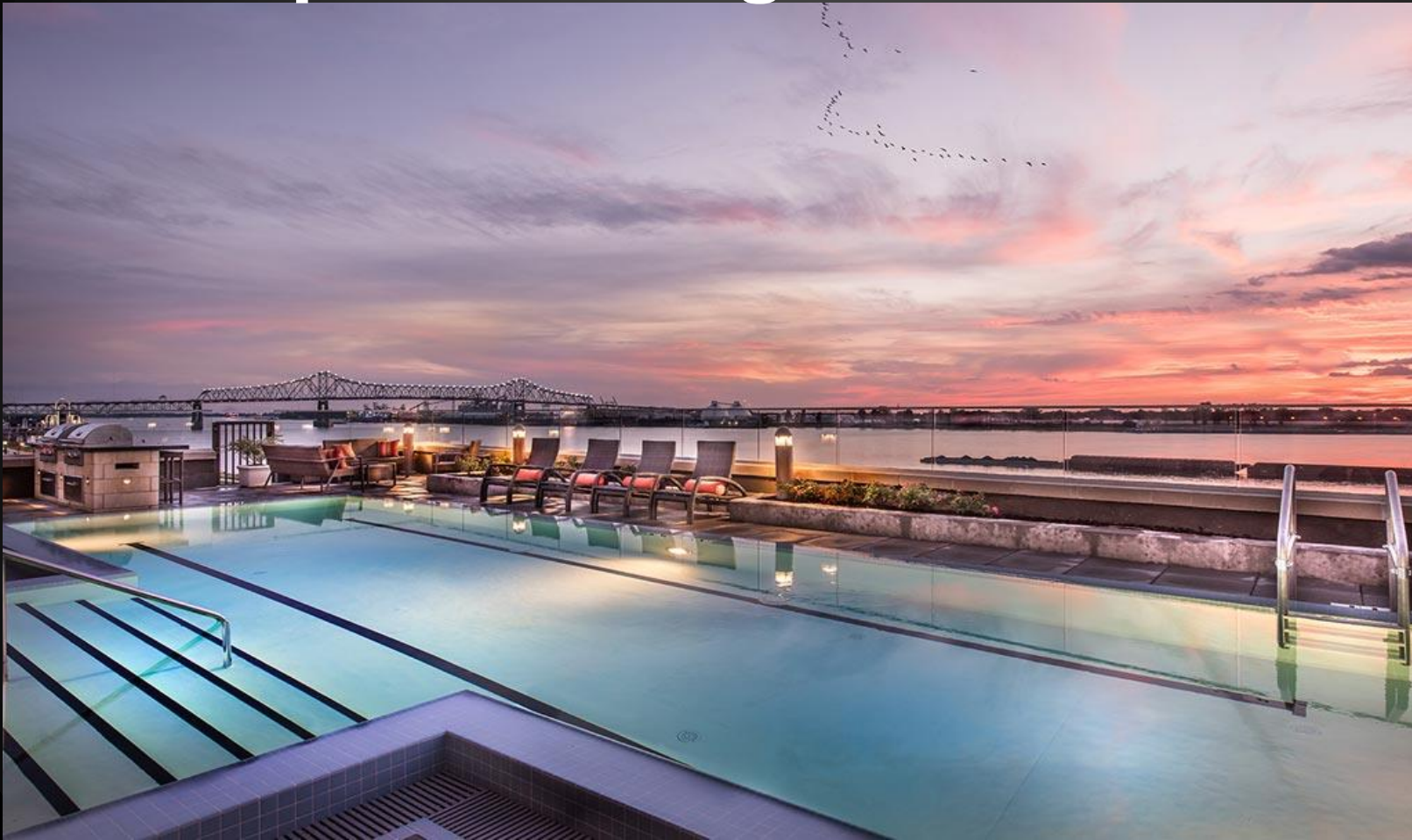
Outdoor Amenities – Lazy River



**Sterling
Burbank**



Rooftop Swimming Pool



525
Lafayette

Trends in New National Construction

➤ Urban is In

- Baton Rouge CBD
 - 150 units completed in 2015
 - 165 units to be completed in 2016
 - 160 units proposed for 2017-2018

➤ Amenities arms race is far from over

Fitness Centers with Yoga Classes, Personal Trainers, Smoothie Bars
Amenities are getting more lavish

Baton Rouge - Golf Simulator (University House), Lazy River (Sterling Burbank) and Bike Storage Areas (525 Lafayette)

525 Lafayette in the CBD



Trends in New National Construction

- Pet Friendly (Dog) units
First floor units w/Ceramic tile floors; Fenced Backyards
- Software integration – Property Tour Apps, Online payment systems, etc.
- Upgraded High-Speed Internet and Wireless Signal / Fiber Optics
- Live/Work Spaces – Units and Common Areas (conference rooms, strong common area wifi, and upgraded business centers).

525 Lafayette in the CBD



Apartments Under Construction for 2016 - 2017

Complexes Under Construction for 2016-2017

Conventional – Baton Rouge

| Name | Address | # of Units |
|----------------------------|------------------------------------|------------|
| The Addison | The Grove Parkway | 139 |
| The Onyx | 100 Third Street (CBD) | 28 |
| Commerce Building | 333 Laurel Street (CBD) | 93 |
| One Maritime | 101 France Street (CBD) | 19 |
| Beauregard Quarters | Napoleon at America Street (CBD) | 25 |
| Columns at Long Farm | Jefferson Hwy at Barringer Foreman | 276 |
| Tapestry Park on Jefferson | Jefferson Hwy near Bocage | 124 |

Complexes Under Construction for 2016-2017

Conventional - Baton Rouge

| Name | Address | # of Units |
|--------------------------------|------------------------------|--------------|
| Ivy Park – Phase II | Jones Creek Road | 60 |
| Bayonne at Southshore | Stanford Avenue at LSU Lakes | 240 |
| River House | Nicholson Drive at Oklahoma | 224 |
| Total Baton Rouge Units | | 1,228 |

Complexes Under Construction for 2016-2017

Conventional - Surrounding Parishes

| Name | Address | # of Units |
|-----------------------------|---|------------|
| Audubon Apartments | LA Highway 64 (Zachary) | 182 |
| Creekside Crossing | 30100 Walker Road (Walker) | 168 |
| Manchac Lake | Airline at Bayou Manchac (Prairieville) | 272 |
| Sugar Mill – Phase II | 6795 Belle Vale Drive (Addis) | 80 |
| Total Suburban Units | | 702 |

Complexes Under Construction for 2016-2017

Affordable Complexes

| Name | Address | # of Units |
|-------------------------------|--------------------------------|------------|
| Cypress Springs Elderly | Hooper Road east of Plank Road | 144 |
| Port Royal | Airline Hwy near Hanks Drive | 192 |
| Total Affordable Units | | 336 |

Complexes Under Construction for 2016-2017

Student Complexes

| Name | Address | # of Units | # of Beds |
|----------------------------|-----------------------|------------|--------------|
| Wildwood of BR | Burbank at Ben Hur | 204 | 628 |
| Arlington Townhomes | Ben Hur Road | 179 | 732 |
| Park 7 | West Parker at Dodson | 280 | 745 |
| Total Student Units | | 663 | 2,105 |

Let's expound on these figures !!!!

Student Complex Recap

| | # of Units | # of Beds |
|--|--------------|--------------|
| Total Student Units Under Construction 2016 – 2017 | 663 | 2,105 |
| Total Student Units Completed 2015 | 826 | 2,441 |
| Total Student Units Completed 2015 – 2017 | 1,489 | 4,546 |

In 2010, LSU's Fall enrollment reached a 10-year low of 27,962± students, however, since that time, Fall enrollment has steadily increased to 31,527± students in Fall 2015 (roughly 3,565 students over a 5-year span).

| | # of Units | # of Beds |
|--|--------------|--------------|
| Total Student Units Completed 2010 – 2014 | 936 | 2,973 |
| Total Student Units Completed 2010-2017 | 2,425 | 7,619 |

The Cottages

The Woodlands

The Exchange

Arlington
Townhomes

Wildwood of BR

Ben
Hur
Drive

**Sterling
Burbank**

LSU

Park 7

**383 Loft
and Flats**

**East
Boyd
Avenue**



Proposed Complexes for 2016 - 2017

Apartment Complexes Proposed for 2017-2018

Student Complexes

| Name | Address | # of Units | # of Beds |
|----------------------------|------------------------------|------------|--------------|
| The Summit | Nicholson Drive near Burbank | 455 | 1,296 |
| | | | |
| | | | |
| Total Student Units | | 455 | 1,296 |

18-Story Tower Adjacent to Southgate Towers with 1, 2, 3, 4 and 6-Bedroom Units

Upscale Complexes Proposed for 2017-2018

Baton Rouge

| Name | Address | # of Units |
|--------------------------------|--|------------|
| Park Rowe | Perkins Rowe | 334 |
| Lofts at 6C | 6 th Avenue at Convention (CBD) | 144 |
| 342 Lafayette | 342 Lafayette Street (CBD) | 16 |
| Greens at Millerville | Millerville at I-12 (Northwest Quad) | 320 |
| Lakeside Villas – Phase II | Millerville at I-12 (Southeast Quad) | 144 |
| Highland Club – Phase III | 17505 Jefferson Highway | 39 |
| Total Baton Rouge Units | | 997 |

Apartment Complexes Proposed for 2017-2018

Baton Rouge Suburbs

| Name | Address | # of Units |
|-----------------------------|--|--------------|
| Palms at Juban Lakes | Buddy Ellis Road (Denham) | 180 |
| Livingston Apts | Pete's Hwy at Cook Rd (Denham) | 272 |
| Zachary Parkside – Phase II | LA Highway 964 (Zachary) | 40 |
| Village at Magnolia Trace | McHugh Road (Zachary) | 156 |
| University Club Centre | LA Hwy 30 at Bayou Manchac (St. Gabriel) | 160 |
| Silver Oaks | Airline near Germany Rd (Duplessis) | 280 |
| Edenborne | LA Hwy 44 at I-10 (Gonzales) | 200 |
| Shoecreek | Sullivan Road (Central) | 210 |
| Total Suburban Units | | 1,498 |

Apartment Complexes Proposed for 2017-2018

Affordable Complexes

| Name | Address | # of Units |
|-------------------------------|---------------------------------|------------|
| Nicholson Place | W. Roosevelt and W. Garfield | 40 |
| River South | 1667 Highland Road | 46 |
| Meadows at Nicholson | Nicholson Drive at Gardere Lane | 228 |
| The Elysian – Phase II | Spanish Town Road | 100 |
| Total Affordable Units | | 414 |

Units Proposed for 2017 - 2018

| | Proposed - Likely | Proposed – Less Likely | Total Proposed |
|----------------------------|-------------------|------------------------|----------------|
| Conventional – Baton Rouge | 677 | 320 | 997 |
| Conventional - Suburbs | 420 | 1,078 | 1,498 |
| Upscale Student | 0 | 455 | 455 |
| Affordable (LIHTC) Housing | 86 | 328 | 414 |
| Total | 1,183 | 2,181 | 3,364 |

- Units proposed for CBD of Baton Rouge, Zachary, Gonzales, Denham Springs, St. Gabriel, Duplessis, and Central
- NO ONE IS IMMUNE FROM THE NEW / PROPOSED CONSTRUCTION

Market Summary

- The Baton Rouge market has absorbed the 6,937+ apartments and 2,000+ condos built from when Katrina hit (in August 2005) through 2013. Very few units were completed in 2014 (50), but a wave of construction is underway. Roughly 1,531+ units were completed in 2015 and 2,929+ units are under construction for 2016.
- Approximately 4,460 units have been built or are under construction in 2015 – 2016. This is more than 2½ times the amount of apartment units that the BR area has historically been able to absorb over such a period.
- With this vast amount of construction in a short amount of time, a glut could result.

Market Summary

- Continued job growth is critical to continue population growth. If all of the jobs expected do not materialize (or if job cuts resulting from the state's budget crisis dilute the job growth from the any sector), we could see higher vacancies and/or lower rentals (with more concessions).
- Declining oil prices are a major wildcard in projecting job growth locally
- Rents have **DECREASED** in our survey for the first time ever and vacancy rates have continued to increase (currently 5.7%, which is lower than historical norms of 6% to 7%).
- We are starting to see the effects of the vast amount of apartment construction that has occurred over the past several years.

Baton Rouge Apartment Sales for 2015



Student Apartment Sales 2015



University Edge

650 W. McKinley Street

| | |
|---------|------------------|
| Date | January 30, 2015 |
| Price | \$32,500,040 |
| \$/SF | \$169.24 |
| \$/Unit | \$221,088 |

Student Apartment Sales 2015



The Standard

740 W. Chimes Street

| | |
|---------|------------------|
| Date | October 15, 2015 |
| Price | \$108,596,840 |
| \$/SF | \$321.68 |
| \$/Unit | \$378,386 |

Highest \$/Unit Apartment Sale in Baton Rouge History

Property Sales 2015 - 2016 – Baton Rouge

| Name | Address | # of Units | \$/SF | \$/Unit |
|----------------------|-----------------------|------------|---------|-----------|
| Oaks of Kingsbridge | 11888 Longridge Ave | 342 | \$45.03 | \$43,129 |
| Boardwalk (Denham) | 8275 Vincent Road | 264 | \$83.59 | \$90,225 |
| Juban Court (Denham) | 8429 Florida Blvd | 83 | \$69.36 | \$108,434 |
| Hawthorne Heights | 2136 N. Lobdell Blvd | 248 | \$12.91 | \$11,694 |
| Spires of Sherwood | 11888 Old Hammond Hwy | 124 | \$38.65 | \$38,623 |
| Highland Plantation | 5151 Highland Road | 420 | \$62.61 | \$57,798 |
| Oakleigh | 11580 Perkins Road | 312 | \$83.38 | \$73,237 |
| The Zone | 2000 Brightside Lane | 200 | \$50.95 | \$44,250 |

Property Sales 2015 – Baton Rouge

| Name | Address | # of Units | \$/SF | \$/Unit |
|----------------|---------------------|------------|---------|----------|
| Sherwood Park | 13045 Florida Blvd. | 102 | \$19.39 | \$15,000 |
| Little Vegas | 1740 N. Harco Drive | 20 | \$51.25 | \$30,750 |
| Siegen Oaks | 10125 Siegen Lane | 44 | \$55.77 | \$59,091 |
| Pied Piper | 4546 Alvin Dark Ave | 38 | \$45.93 | \$23,595 |
| Concord Condos | 3030 Congress Blvd. | 53 | \$45.32 | \$43,679 |

Property Sales 11/14 – 3/16 – Melrose East

| Name | Address | # of Units | \$/SF | \$/Unit |
|------------------------------|--------------------|------------|---------|--------------------|
| Shiloh | 6869 Rembrandt Ave | 14 | \$46.43 | \$29,286 |
| Bon Carre' Court | Multiple Addresses | 172 | \$20.56 | \$16,279 |
| | 985 Monet Drive | 20 | \$37.51 | \$29,475 |
| Degas Manor | 763 Monet Drive | 72 | \$34.28 | \$27,083 |
| | 6907 Goya Ave | 6 | \$38.10 | \$26,667 |
| | 6962 Titian Ave | 10 | \$36.81 | \$27,900 |
| | 1042 Monet Drive | 8 | \$30.10 | \$21,250 |
| Titian/Jackson Square | 6777 Rembrandt Ave | 52 | \$9.55 | \$6,250 |
| | 6773 Titian Ave | 10 | \$30.00 | \$22,500 |
| Monet Townhomes (11/14) | 1084 Monet Drive | 28 | \$45.93 | \$23,595 |
| 10 Complexes Totaling | | 392 | | \$7,760,000 |

Projections for 2016 - 2017

- Actual Rents will continue to decrease
- Economic rents (net of concessions) will also continue to decrease as concessions are expected to continue/increase.
- We expect vacancies to be higher next year (and the next), as the incoming supply is gradually absorbed.
- Some submarkets may fare better than others, although everyone will be affected by the vast amount of apartment construction in the region
- It is still a Seller's market – few properties for sale

Thanks to....

D. Wesley Moore, II, MAI, CCIM and Abby McMasters with Cook, Moore & Associates Appraisers

The Multifamily Group with Latter & Blum Realtors

Laura White & Beth Miles with Latter & Blum Property Management

Chad & Boyce Rigby with Stream Realty

The LSU Real Estate Research Institute

Alex Cook with the Greater Baton Rouge Board of Realtors

Contact Information

Craig Davenport, MAI
Cook, Moore & Associates

www.CookMoore.com

cdavenport@cookmoore.com





LITTLE VILLAGE

LITTLE VILLAGE

BATON ROUGE INDUSTRIAL MARKET

Presented by:

Scot Guidry, CCIM

Mike Falgoust & Associates Commercial Real Estate

AND

Mathew Laborde, CCIM

Beau Box Commercial Real Estate

INDUSTRIAL COMMITTEE MEMBERS

Todd Pevey, MPA

MIE Properties

Brent Garrett, CCIM, SIOR

Beau Box Commercial Real Estate

Branden Barker, CCIM, CPM

NAI Latter & Blum

Ryan Greene, CCIM

NAI Latter & Blum

Mike Mooring, MAI

The Lakvold Group

Walt Ketchings

NAI Latter & Blum

Scot Guidry, CCIM

Mike Falgoust & Associates Commercial Real Estate

David Lakvold, MAI, SRA

The Lakvold Group

Mathew Laborde, CCIM

Beau Box Commercial Real Estate

Clinton Shepard

NAI Latter & Blum

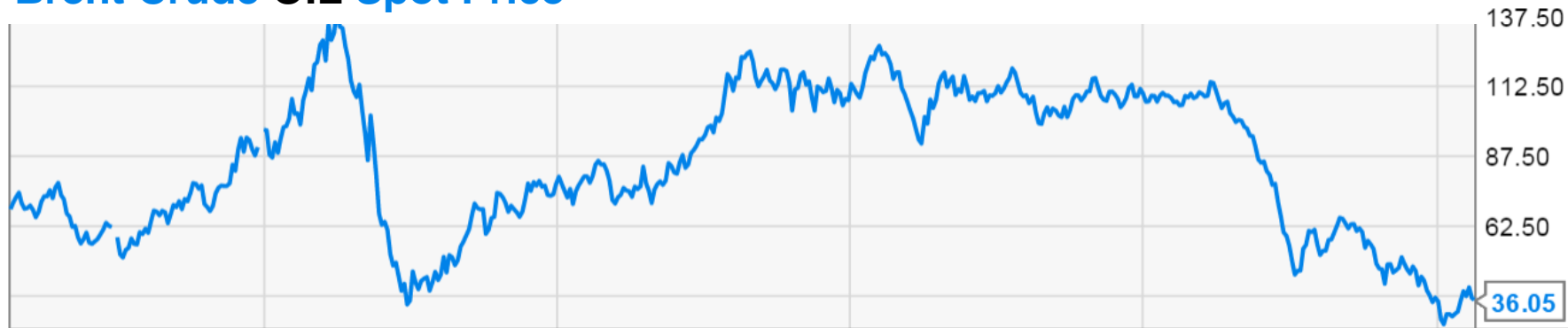
STUDY AREA (BATON ROUGE MSA)



Image Source: Baton Rouge Area Chamber and LEO, LLC

OIL & NATURAL GAS PRICES (Past 10 Years)

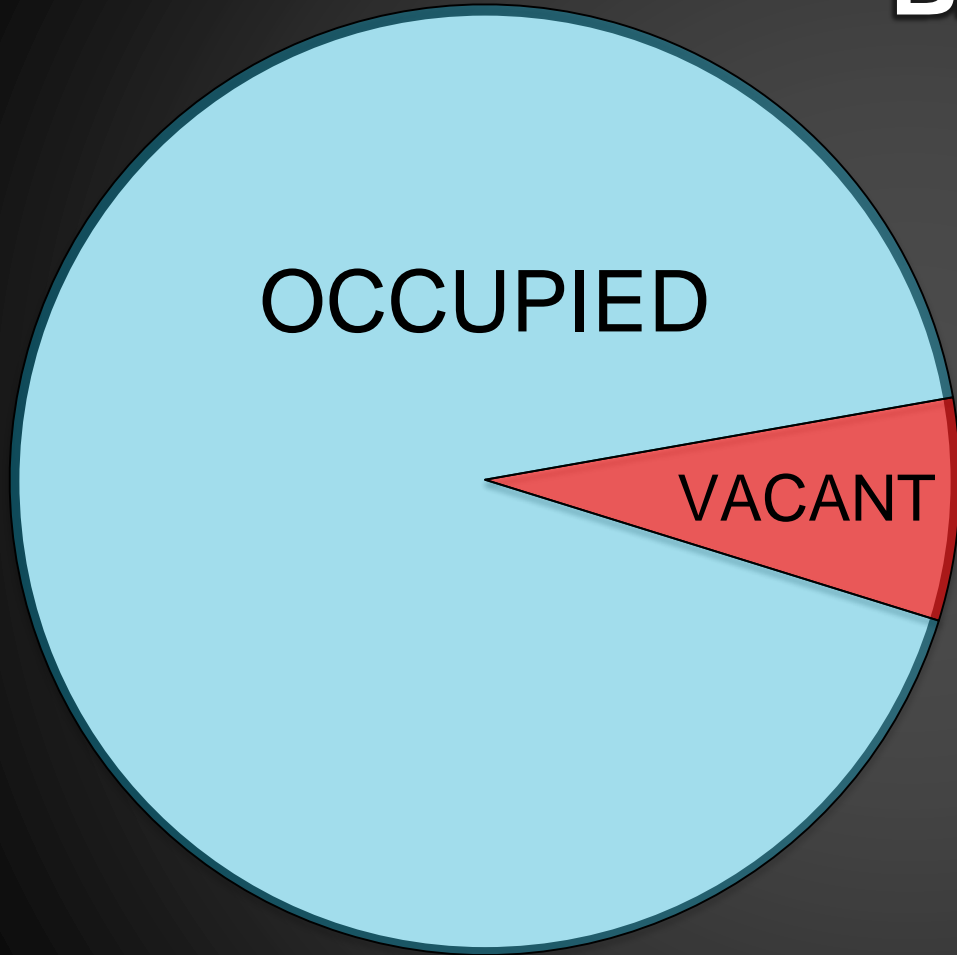
Brent Crude OIL Spot Price



Henry Hub NATURAL GAS Spot Price

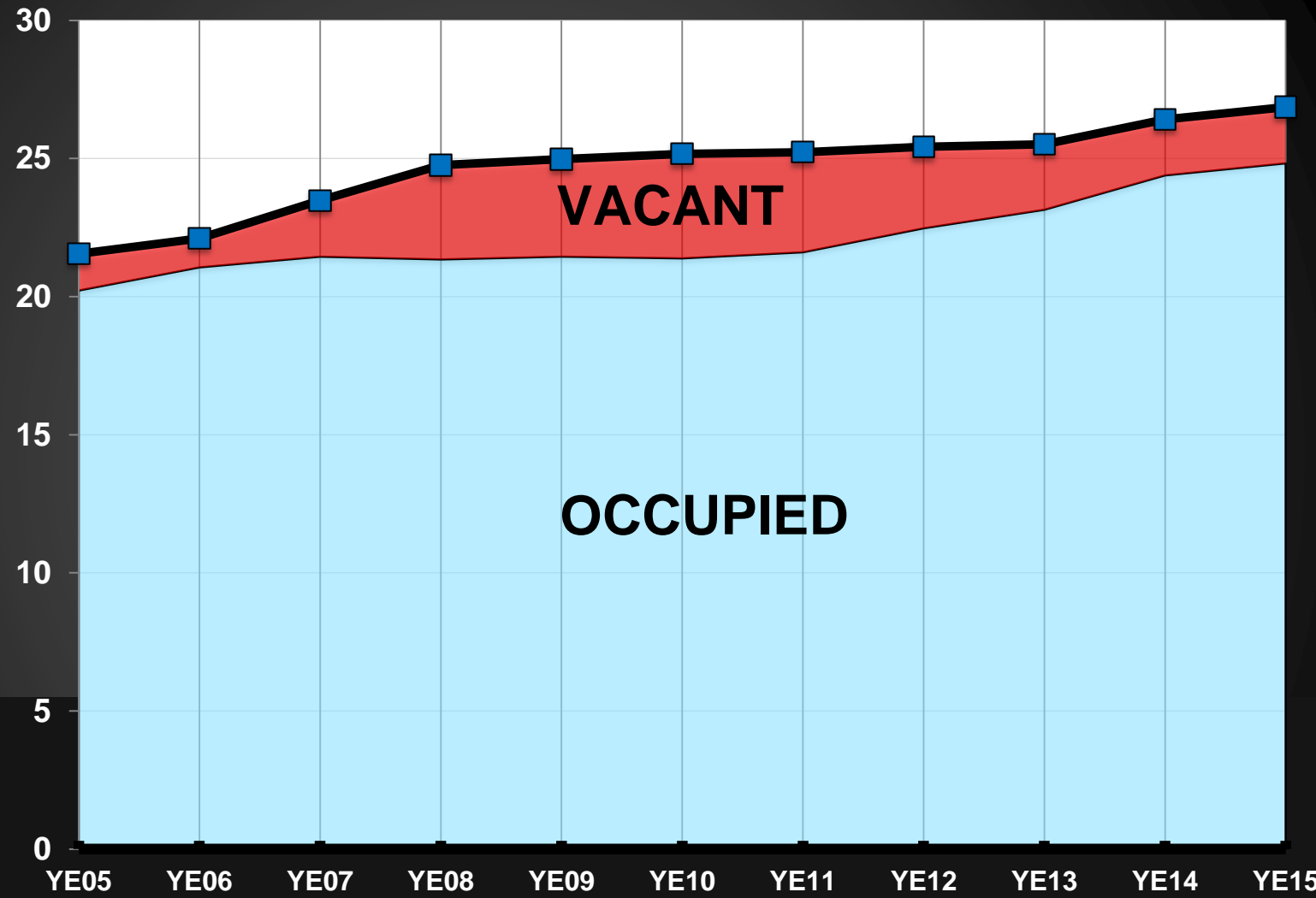


BATON ROUGE MSA INDUSTRIAL MARKET



**26.86 MILLION
SQUARE FEET**

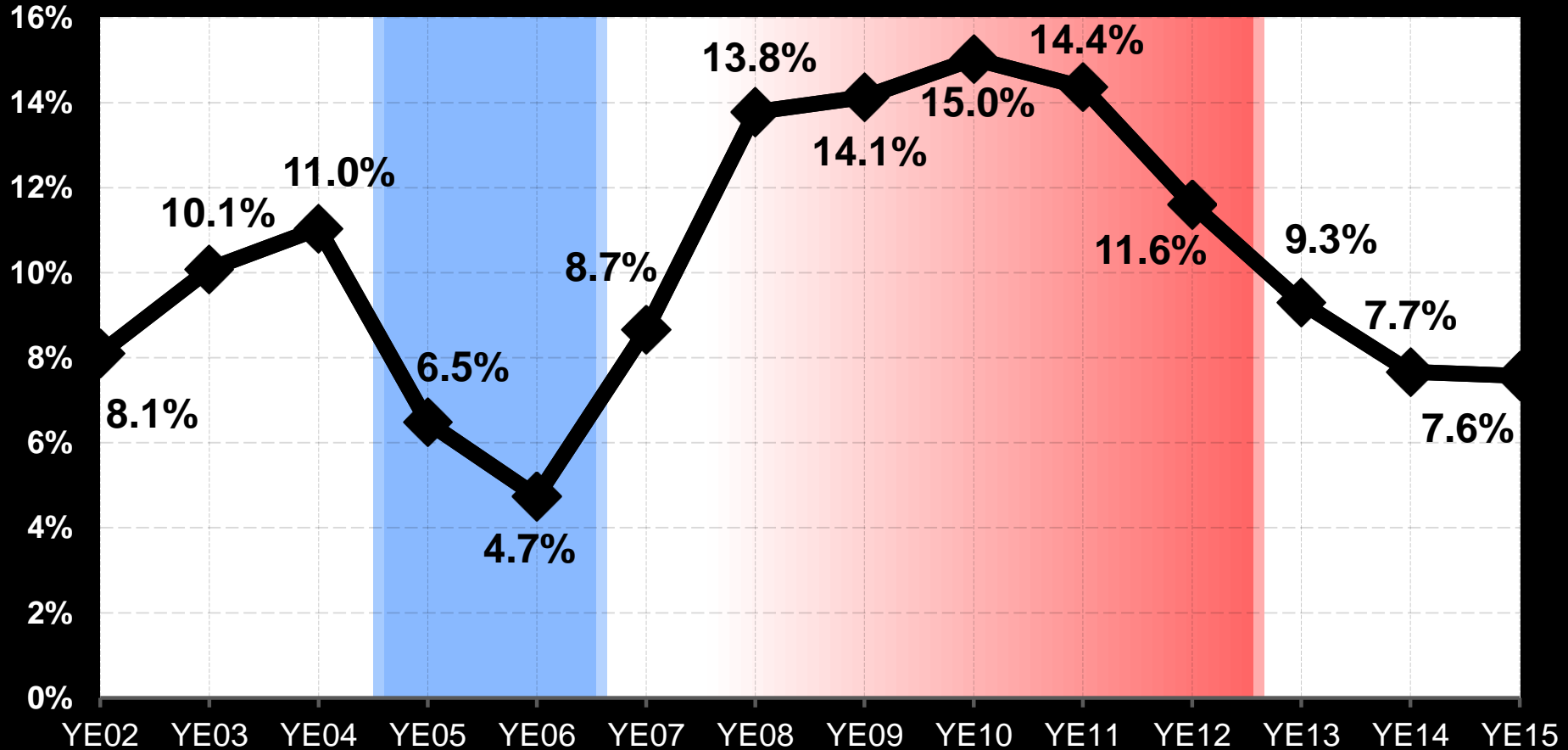
**Total
Inventory
(Millions of
Square Feet)**



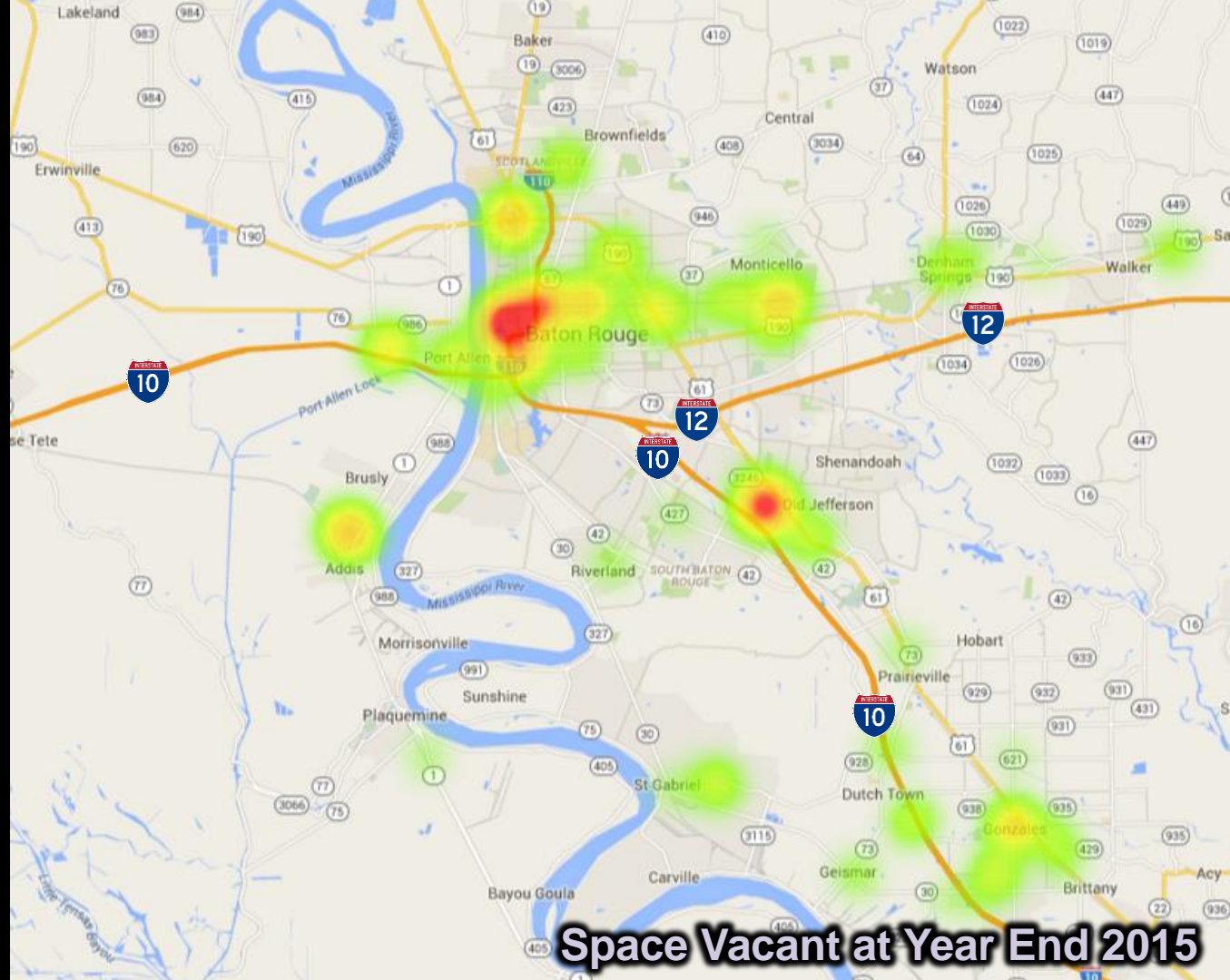
VACANCY RATE

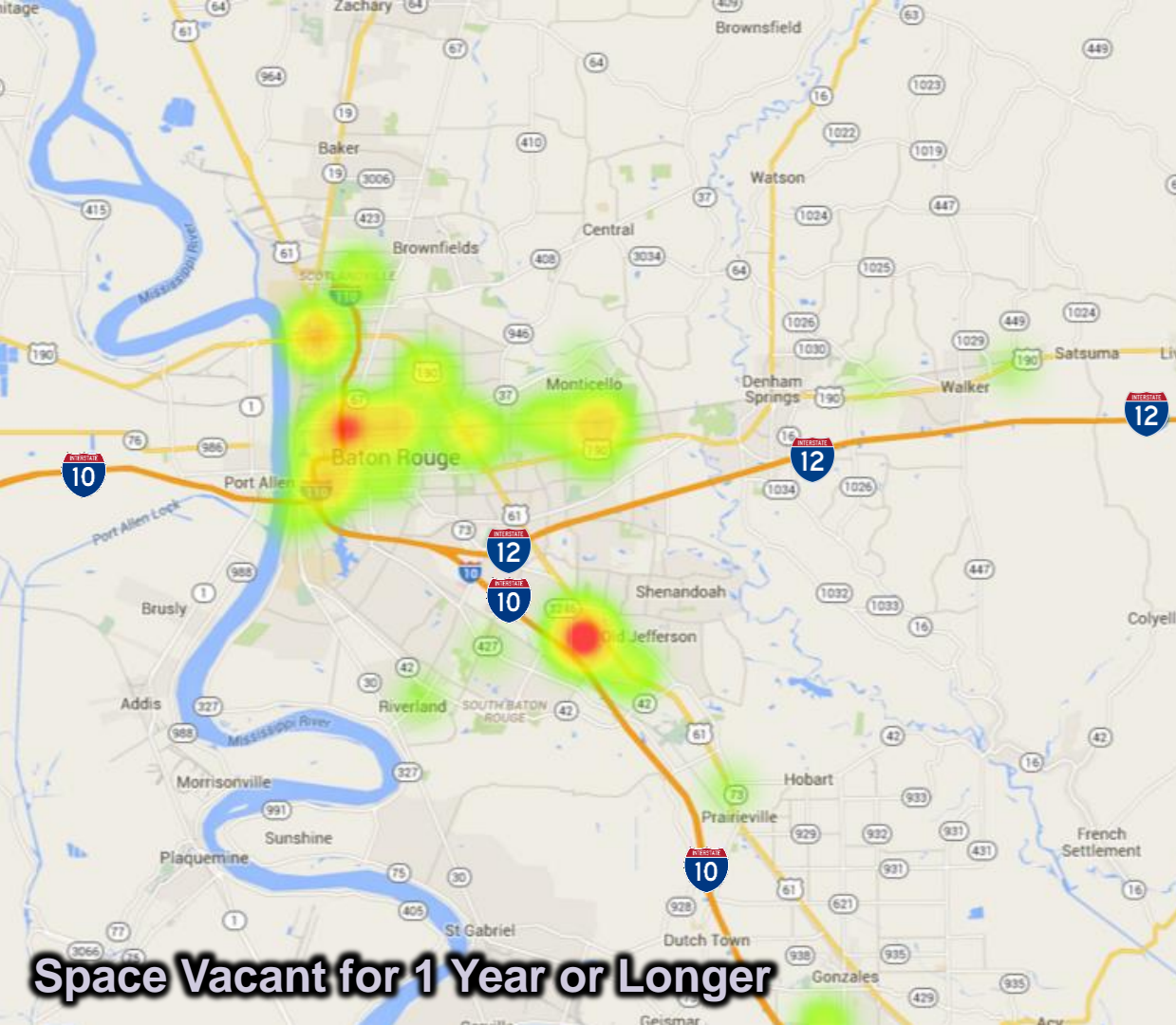
KATRINA EFFECT

ECONOMIC RECESSION EFFECT



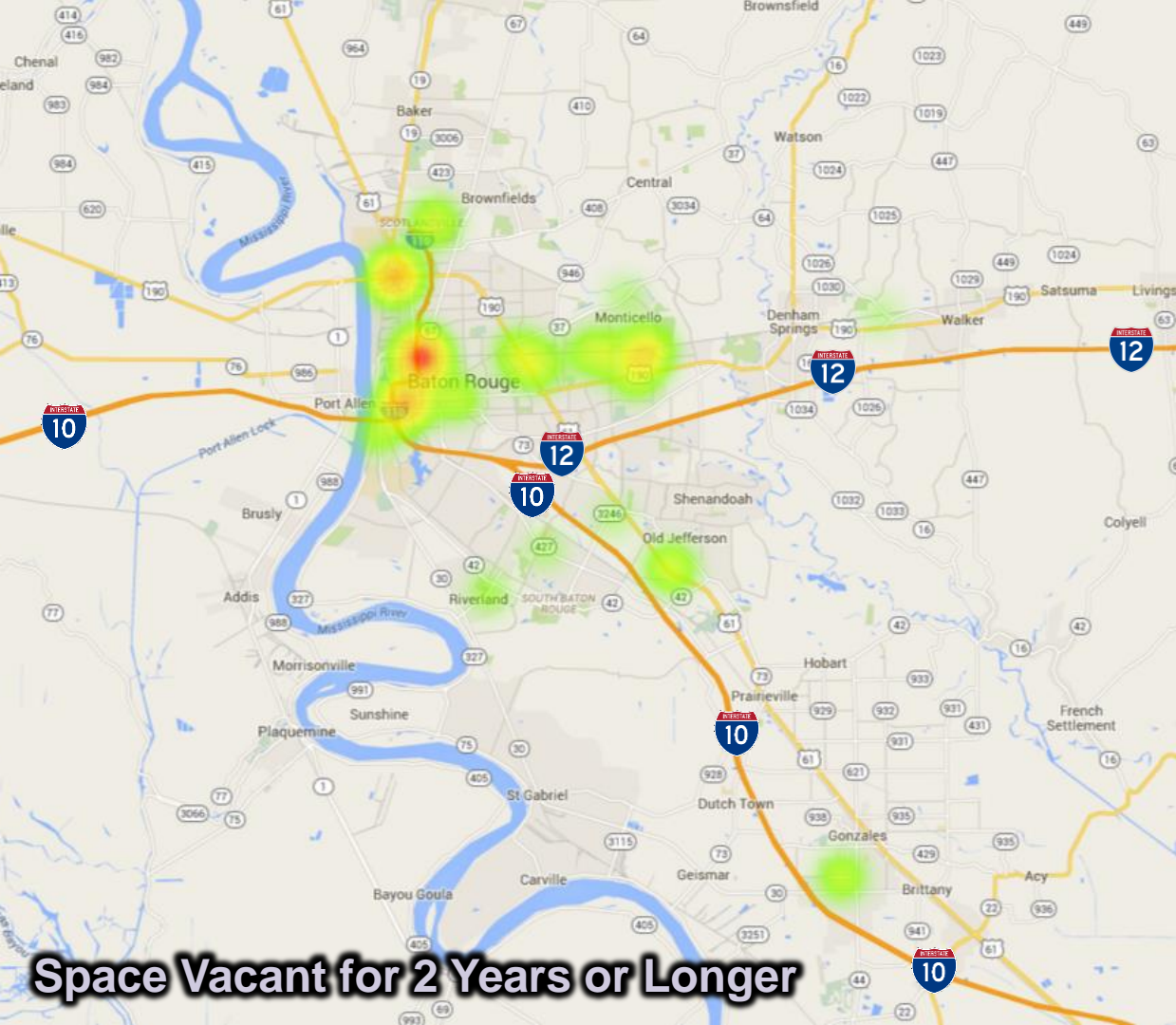
WHERE IS THE VACANCY?





**WHERE
IS
THE
PERSISTENT
VACANCY?**

Space Vacant for 1 Year or Longer



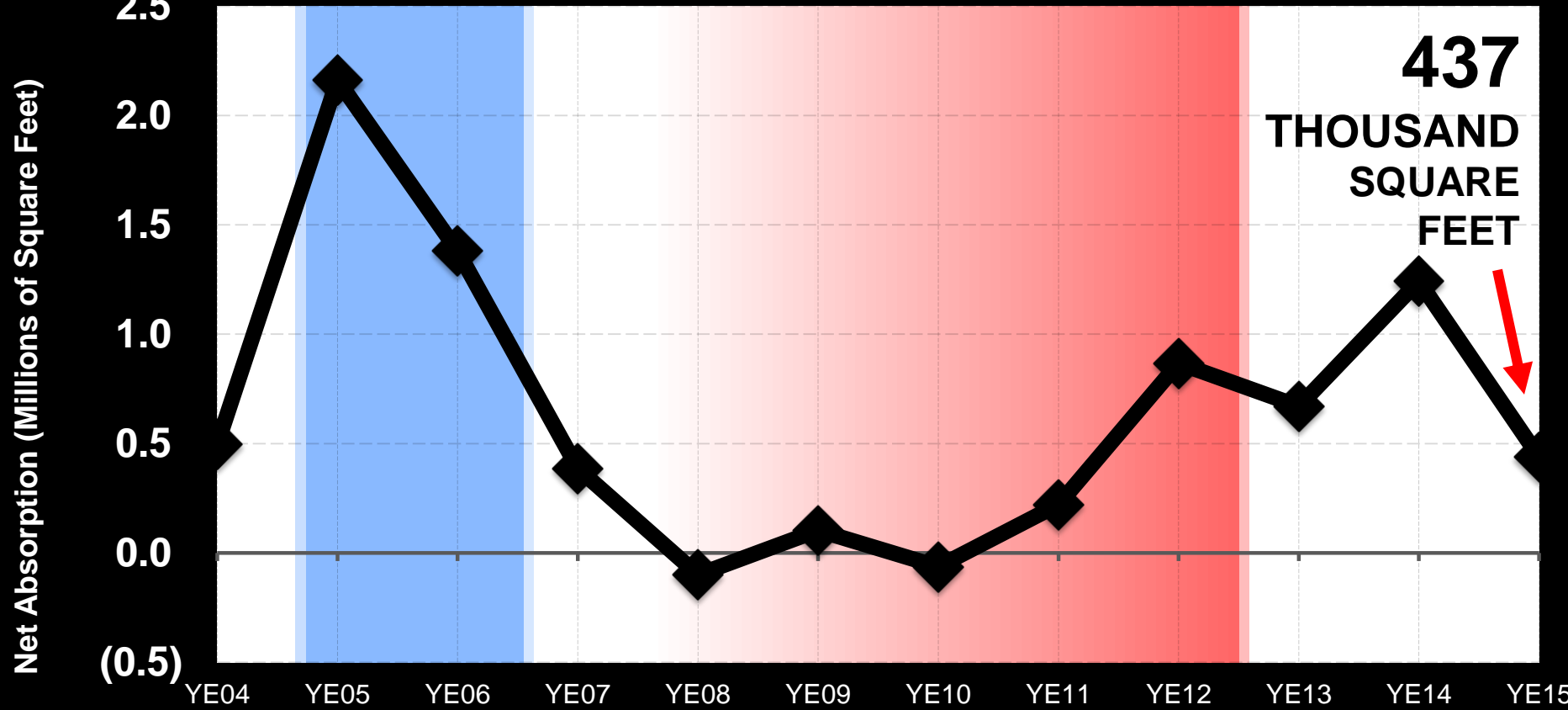
**WHERE
IS
THE
PERSISTENT
VACANCY?**

Space Vacant for 2 Years or Longer

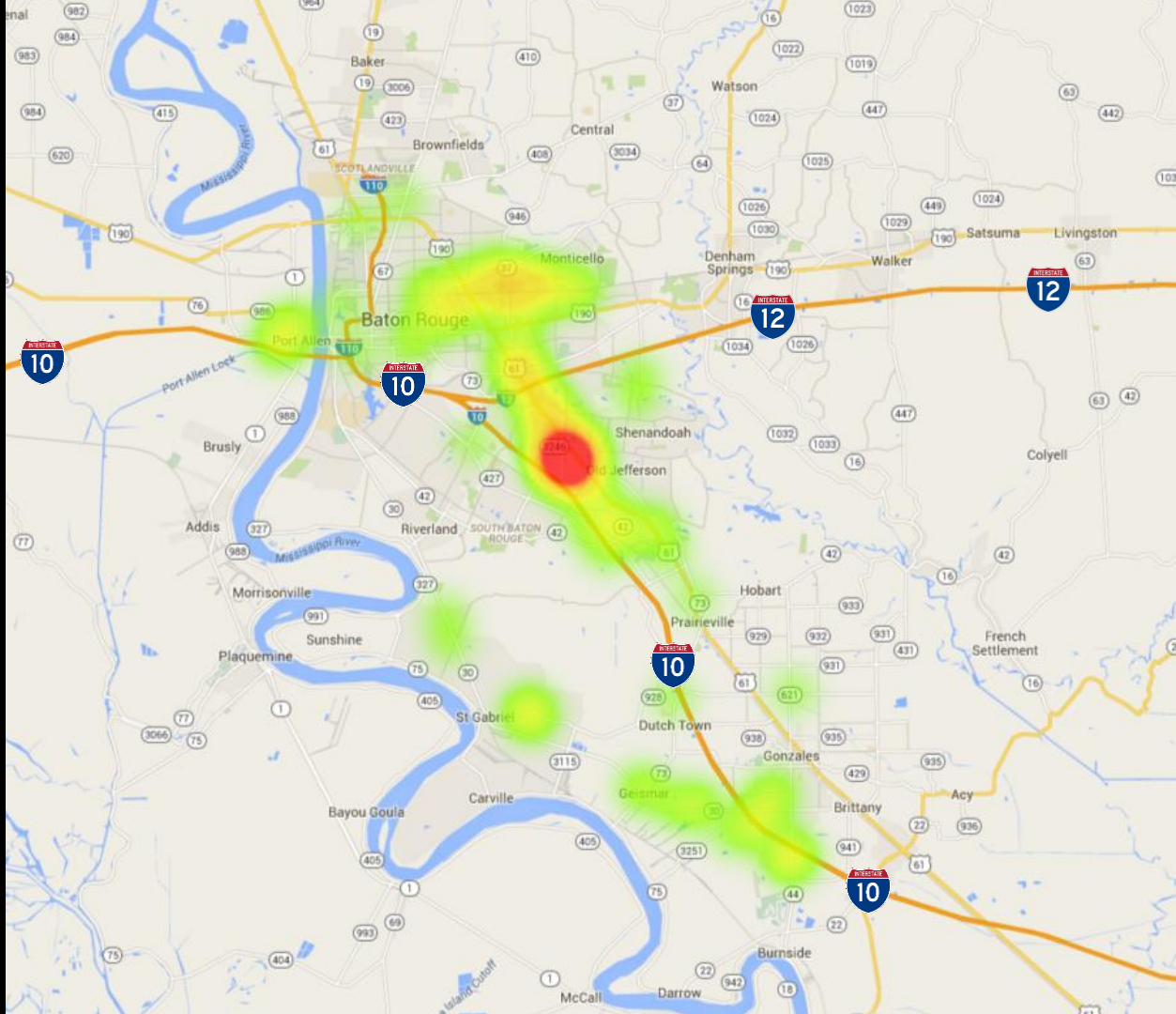
NET ABSORPTION

KATRINA EFFECT

ECONOMIC RECESSION EFFECT



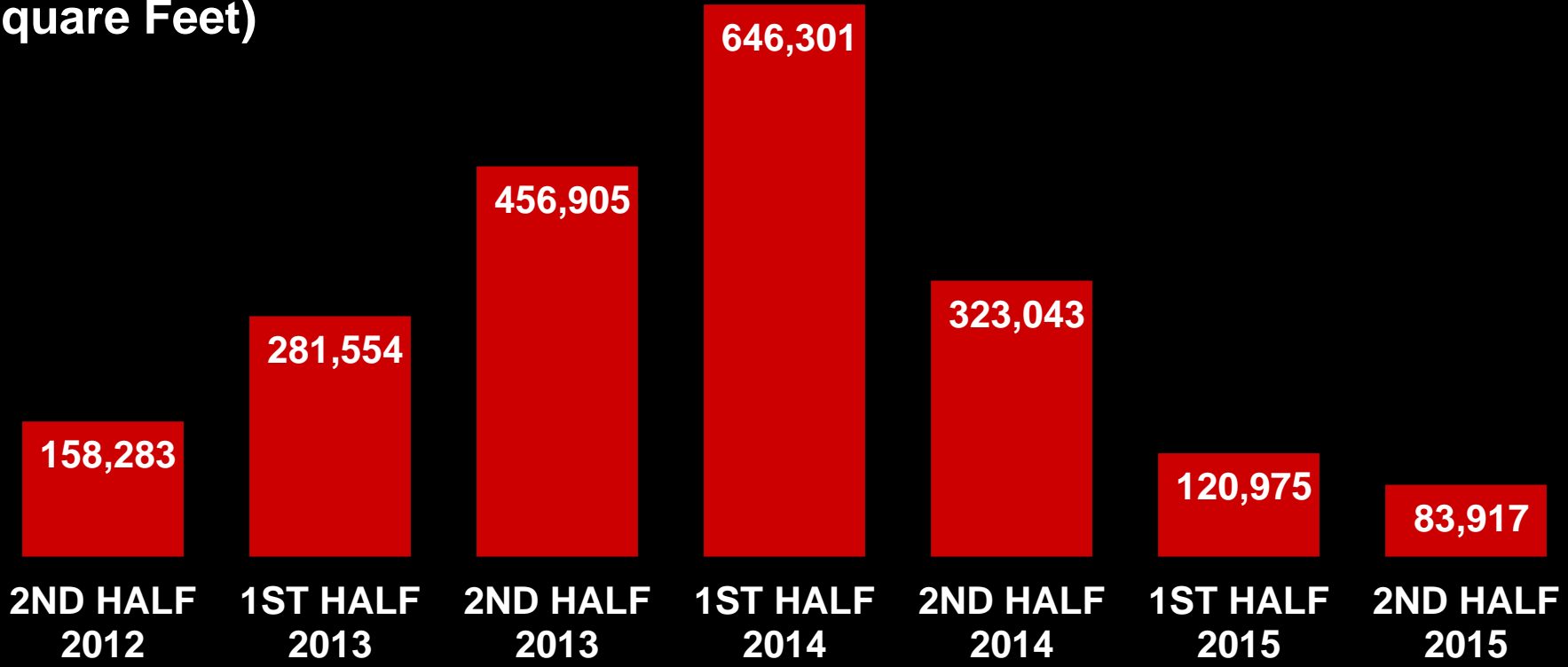
**WHERE
ARE THE
DEALS
BEING
MADE?**



NEW CONSTRUCTION

Industrial Permits Issued

(Square Feet)



*Permit data from East Baton Rouge, West Baton Rouge, and Ascension Parishes only.

SAMPLE INDUSTRIAL LEASE RATES

| Product Type ¹ | Size (SF) | Lease Rate Range (/SF) | Lease Type |
|---------------------------|----------------|------------------------|------------|
| Flex Space ² | 5,000 - 15,000 | \$8.00 - \$12.00 | Net |
| Office Warehouse Older | 5,000 - 15,000 | \$3.50 - \$4.50 | Net |
| Office Warehouse New | 5,000 - 15,000 | \$8.50 - \$9.50 | Net |
| Bulk Warehouse Older | 20,000+ | \$3.00 - \$4.50 | Net |
| Bulk Warehouse New | 20,000+ | \$5.50 - \$7.00 | Net |

¹ Excludes laydown yard area

² Multi-tenant, tilt wall construction with a minimum office/warehouse ratio of 20/80

SAMPLE INDUSTRIAL LAND PRICES

| DESIRABILITY | East Baton Rouge (SALE PRICE /SF) | West Baton Rouge (SALE PRICE /SF) | Ascension (SALE PRICE /SF) |
|-----------------------|--|--|---------------------------------------|
| PRIME LAND | \$7.00 - \$8.50 | \$2.00 - \$3.00 | \$4.00 - \$5.00 |
| NON-PRIME LAND | \$3.00 - \$4.00 | \$0.75 - \$2.00 | \$2.00 - \$3.00 |

¹ Based on land tracts consisting of 2–10 Acres

NOTICEABLE TRENDS

- The Vacancy Rate stabilized YOY virtually unchanged.
- Local economy remained healthy despite depressed oil prices
- Third & fourth quarter, concerns rose over the continued depressed oil prices
- Rental rates remained healthy but not increasing
- Yearend concerns of global economic concerns and financial distress began to dampen business moods.
- The strong dollar and weak commodity markets negatively affect our base chemical manufacturers.
- There were less multi-million dollar announcements but they continue to be announced
- Expanding medical-hospital corridors will bode well for the local economy.
- Increased demand for office-warehousing with stabilized material storage yards.
- US industrial markets net absorption one of the strongest on record, registering at 238.6 msf.
- US demand for industrial space expected to cool down.
- The gas to liquids-LNG projects coming online in SW Louisiana are facing a souring and less profitable global trade market. They're large scale long range projects but expensive too.
- Regional industrial service centers continue to consolidate facilities under "one roof".
- Rarely do any of the talking heads successfully predict where the price of oil or gas will go. Nobody can really say.
- Oil exporting terminals will grow a new industry.
- Quality income properties will trade at low CAP rates due to strong demand.

COMAR

LIVINGSTON PARISH



COMAR DR

FLORIDA BLVD / US-190

US-190 CORRIDOR

LIVINGSTON PARISH

**COMAR
INDUSTRIAL
PARK**



FLORIDA BLVD / US-190



FROST & I-12

LIVINGSTON PARISH



FROST & I-12

LIVINGSTON PARISH



S FROST RD

HWY 30 CORRIDOR

ASCENSION PARISH



HWY 30 CORRIDOR

ASCENSION PARISH



HWY 30

HWY 30 CORRIDOR

ASCENSION PARISH



GATEWAY DR

HWY 30

W. ORICE ROTH

GONZALES



CABELA'S



HWY 30

TANGER

W. ORICE ROTH RD

W. ORICE ROTH

GONZALES

TANGER



W. ORICE ROTH RD



AIRLINE MANCHAC

EBR PARISH

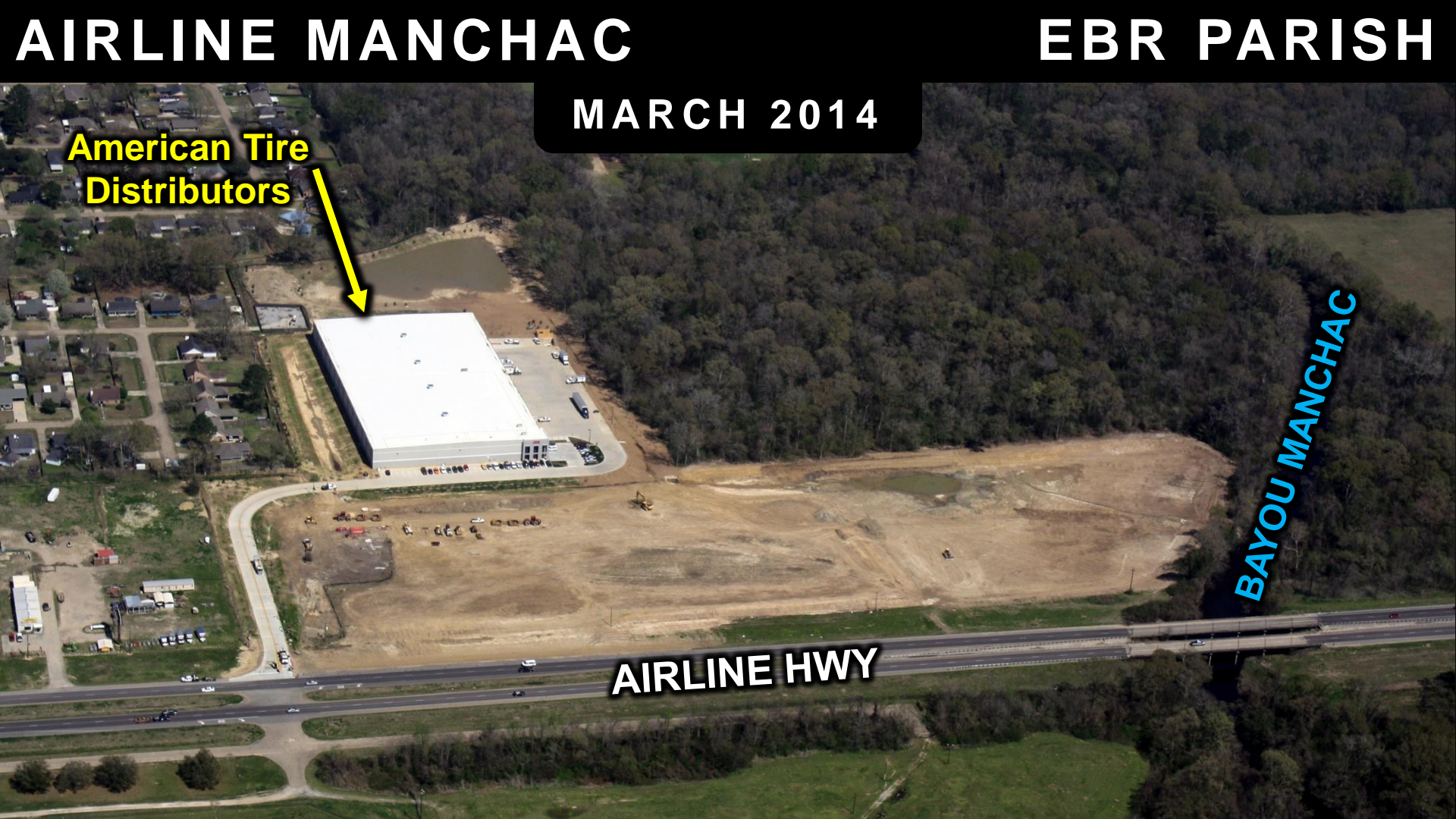
MARCH 2014

**American Tire
Distributors**



BAYOU MANCHAC

AIRLINE HWY



AIRLINE MANCHAC

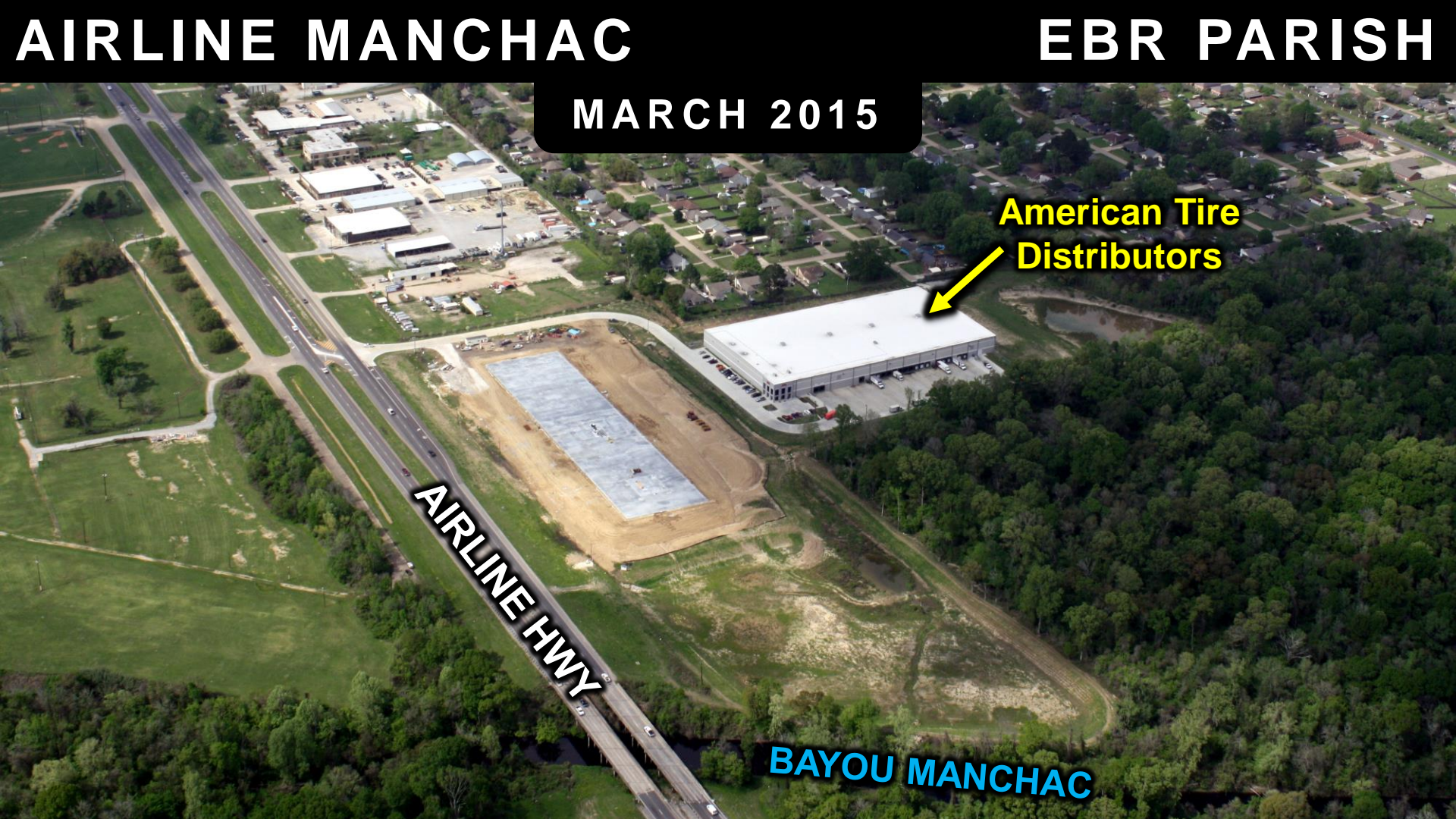
EBR PARISH

MARCH 2015

**American Tire
Distributors**

AIRLINE HWY

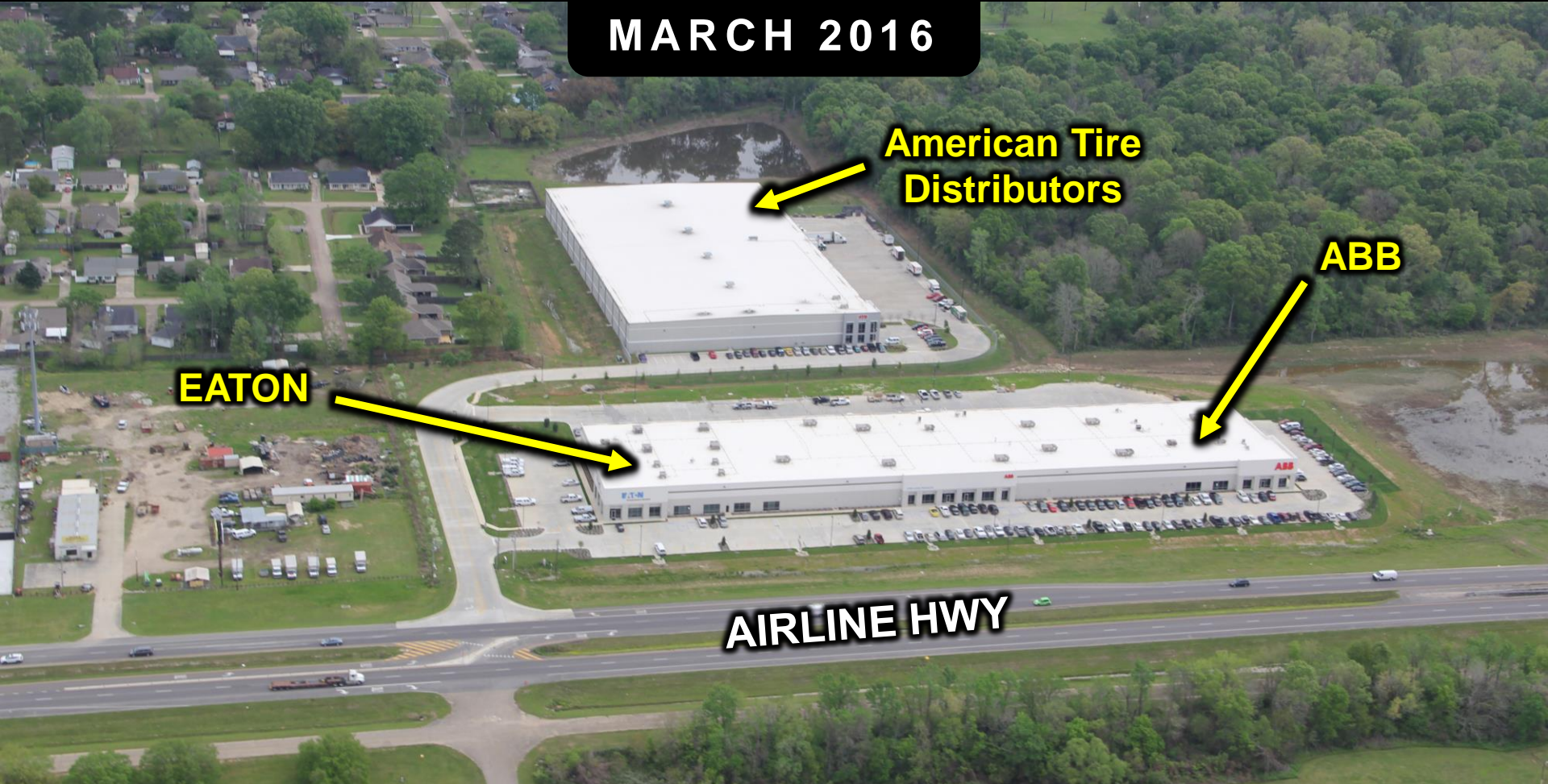
BAYOU MANCHAC



AIRLINE MANCHAC

EBR PARISH

MARCH 2016



American Tire Distributors

EATON

ABB

AIRLINE HWY

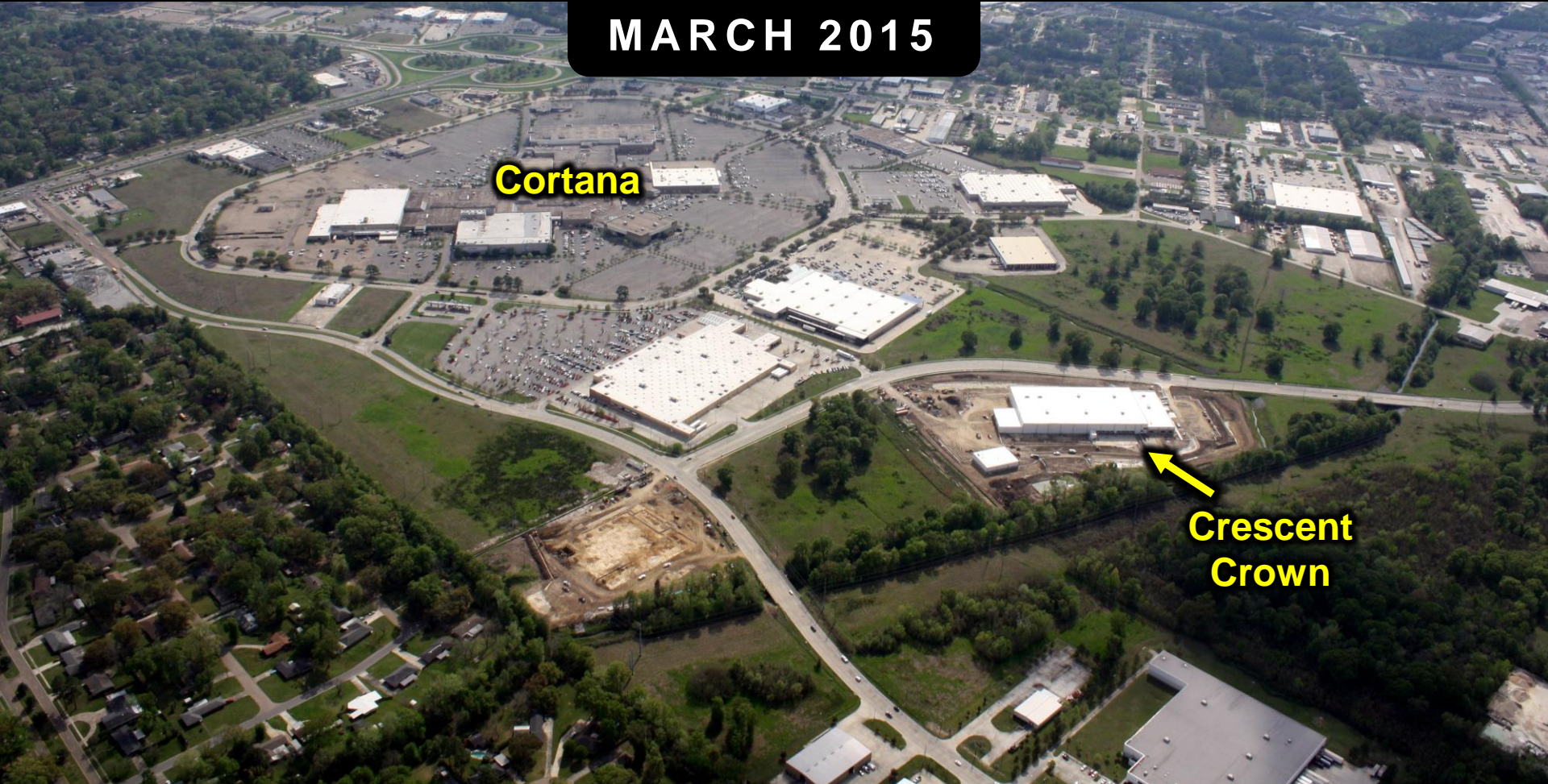
CRESCENT CROWN

BATON ROUGE

MARCH 2015

Cortana

**Crescent
Crown**



CRESCENT CROWN

BATON ROUGE

MARCH 2016



Cortana

Unifirst

**Crescent
Crown**

PATRIOT PARK

BATON ROUGE



AIRLINE HWY

PATRIOT DR

LA-1 / POPLAR GROVE

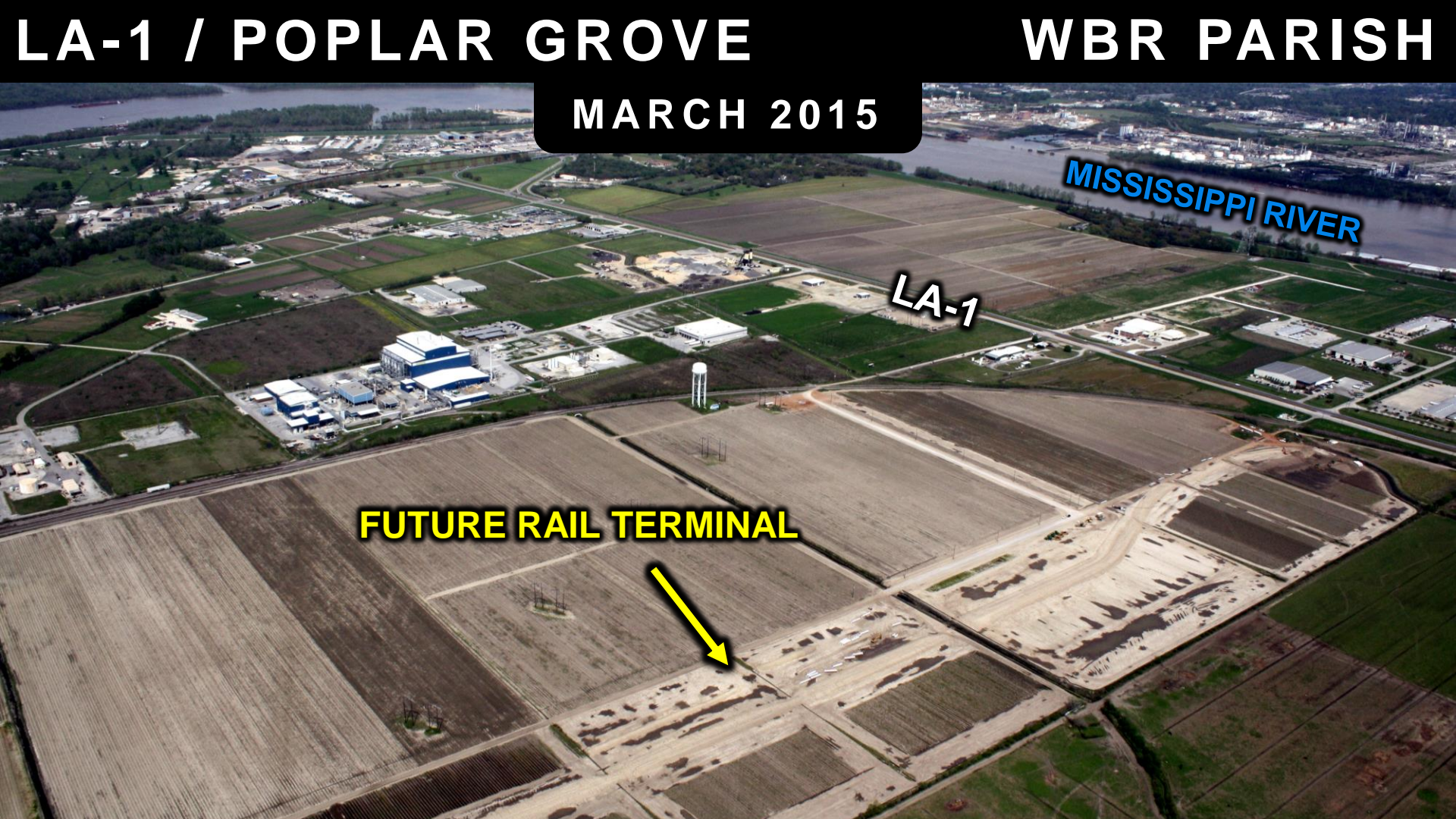
WBR PARISH

MARCH 2015

MISSISSIPPI RIVER

LA-1

FUTURE RAIL TERMINAL



LA-1 / POPLAR GROVE

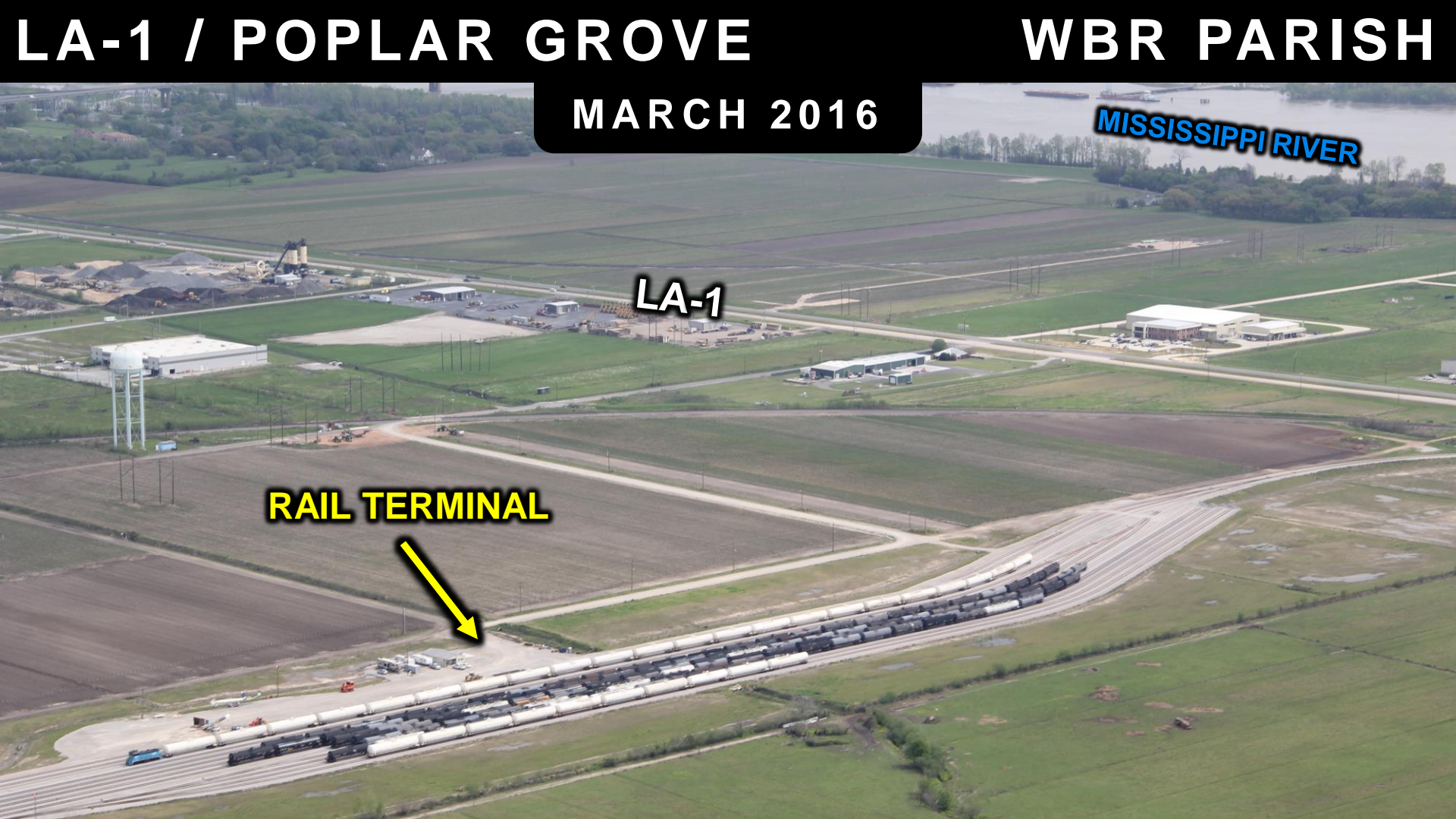
WBR PARISH

MARCH 2016

MISSISSIPPI RIVER

LA-1

RAIL TERMINAL



WESTPORT

WBR PARISH



LA-1

CINCLARE DR

**INTERSTATE
10**

WESTPORT

WBR PARISH



CINCLARE DR



FORECAST

The fundamentals of the oil and gas market indicate a prolonged low price for oil and gas.

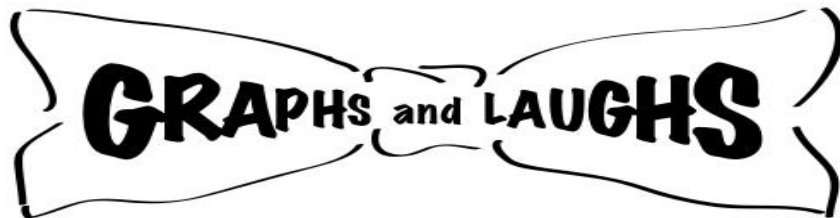
On the global side, the volume of commodities across all industries continue to be produced and mined at increasing amounts while the trading values are at distressing numbers respective to how they're priced. The differential between the price of oil and gas are currently too closely priced for the gas and oil exporters to be as profitable as they estimated just a few years ago. The strong dollar continues to make export trade for US companies less competitive. Locally, while the climate is not as robust as during the recent boom years, we do not expect a dramatic shift in either direction although the vacancy rate may tick up slightly. We are somewhat insulated by some of the pitfalls seen in other areas because this is a capital city MSA. However, this year one of our largest employers, state government, is in a financial downward spiral and the tax and infrastructure incentive packages that are responsible for partially bringing our area these multi-million-billion dollar expansions, appear to be in question.

There should be enough ongoing work to keep the market stable through the first half of the year but expect some of the frontend industries, as in example pipe and steel fabrication to feel a slowdown until the next wave of industrial projects are released. Construction numbers will be greater than 2015 due the three Livingston projects alone (Epic Pipe, Martin Brower and beverage distribution center) which were not permitted by the end of 2015 (450,000± square feet).

Vacancy rates will likely remain flat. The market may be tipping slightly toward a tenant's market. Quality income producing investment product will trade at low CAP rates despite the potential of increased interest rates due to the lack of availability and strong demand and volatility in the stock market.

The Economy Improves!

$$\text{GDP} = C + I + G + (X - M)$$

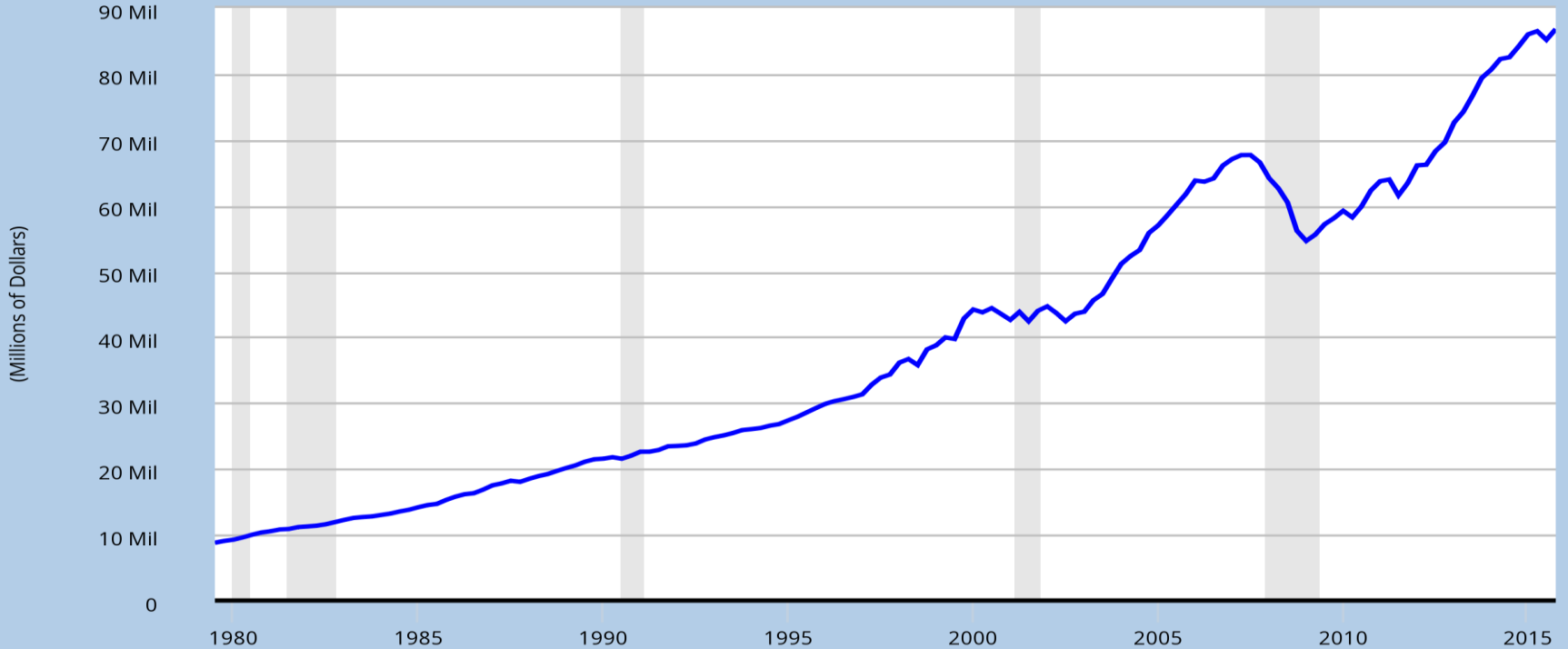


Households are Repairing their Balance Sheets

Trillions in Net Worth Recovered, at a New Record Level



— Households and nonprofit organizations; net worth, Level



Source: Board of Governors of the Federal Reserve System (US)

research.stlouisfed.org

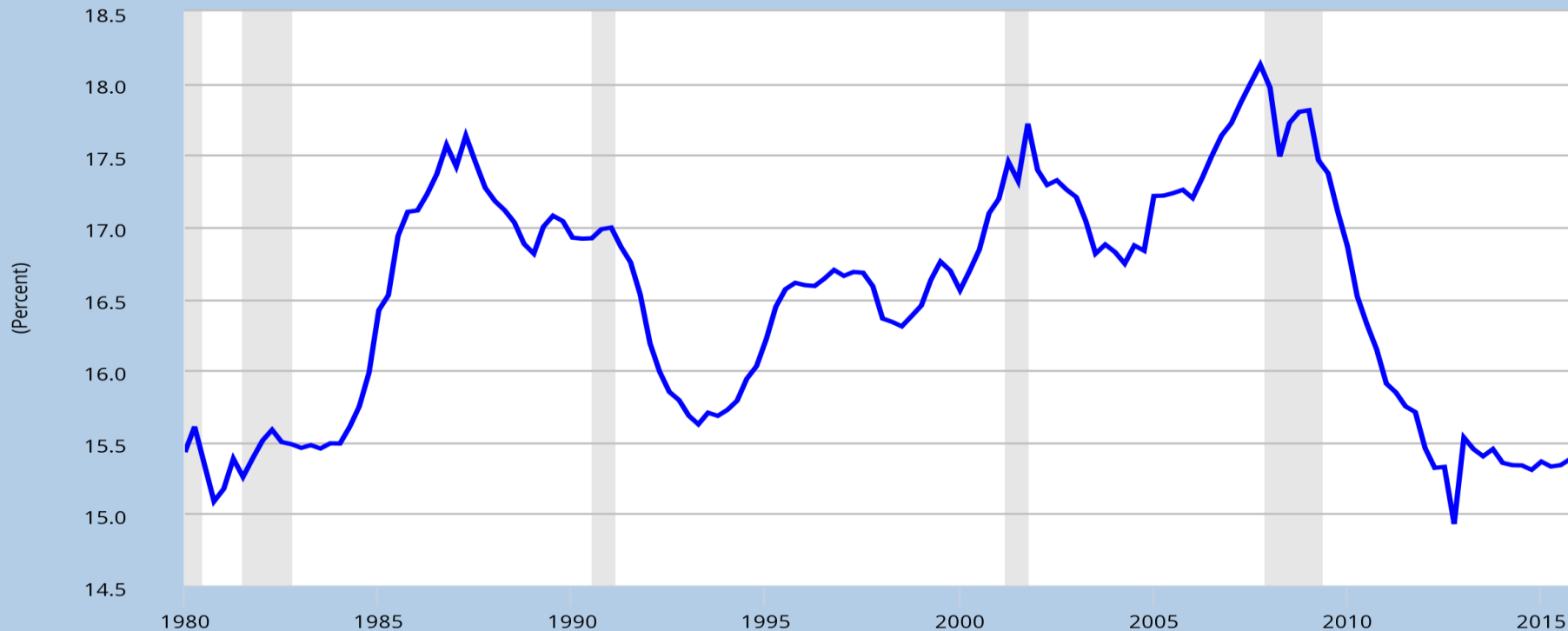
myf.red/g/3Ktv

Households are Repairing their Balance Sheets

More Income to Spend Elsewhere



Household Financial Obligations as a percent of Disposable Personal Income



Source: Board of Governors of the Federal Reserve System (US)

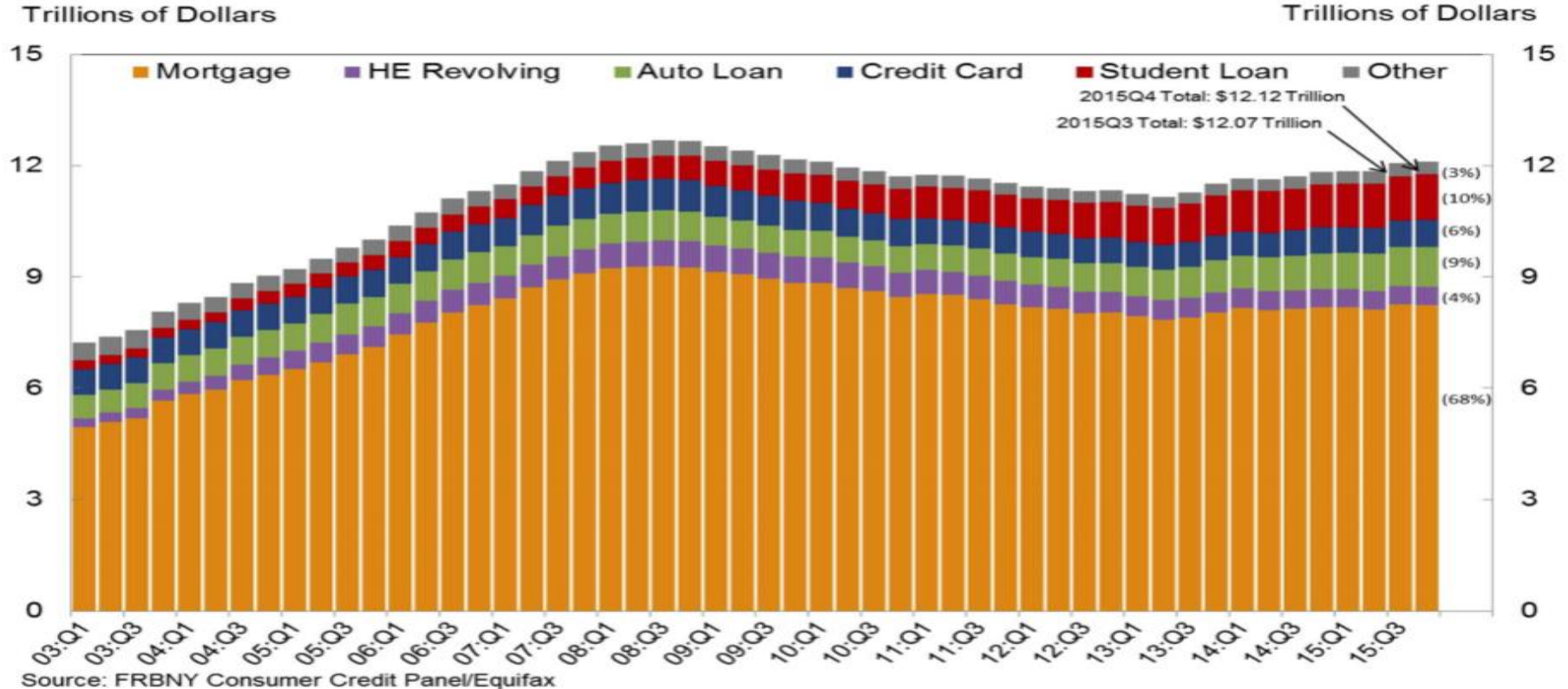
research.stlouisfed.org

myf.red/g/3YI4

Households Deleveraging is Done!!!!!!

Lack of income growth hurts, but debt is growing once again. Down 6.5% from peak

Total Debt Balance and its Composition

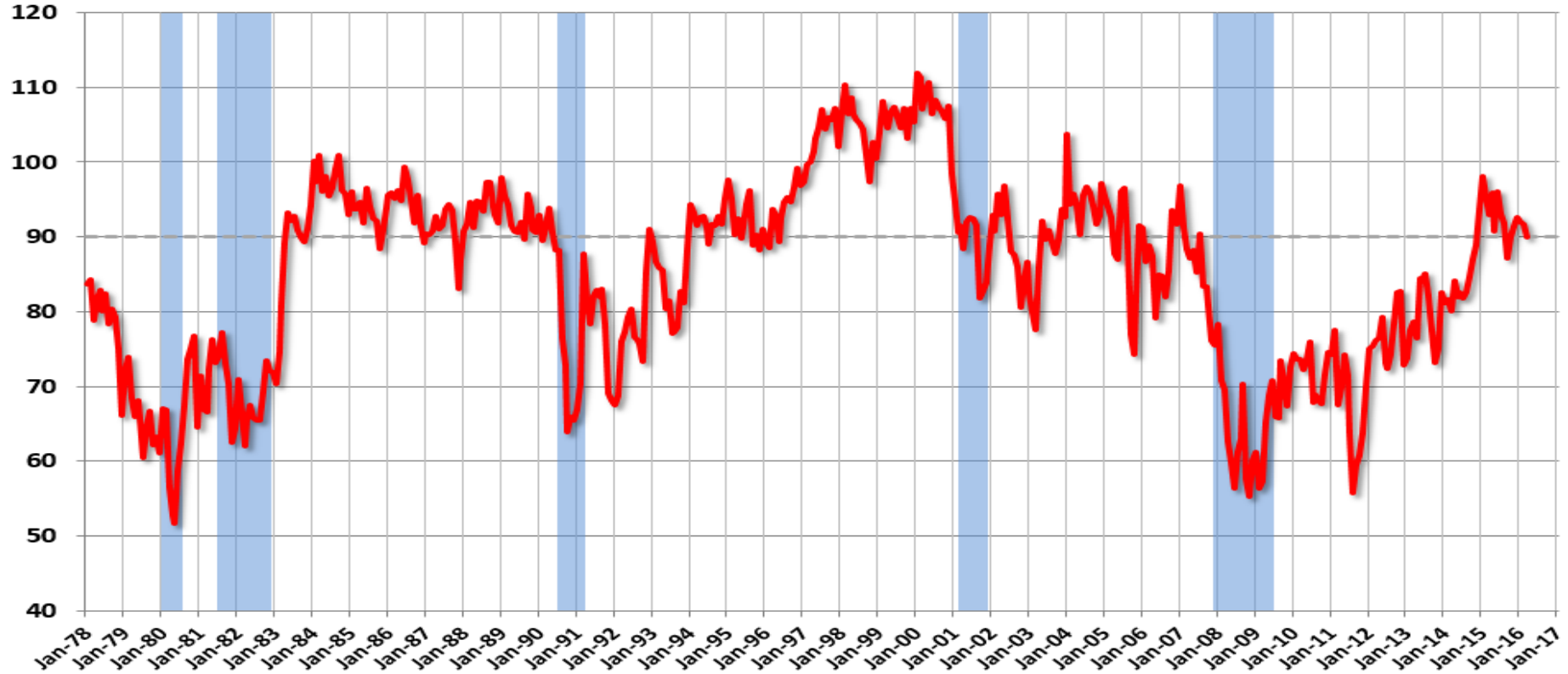


Consumer Confidence is In a Good Place

Index is holding up relatively well.

University of Michigan Consumer Sentiment

Recession Current University of Michigan: Consumer Sentiment

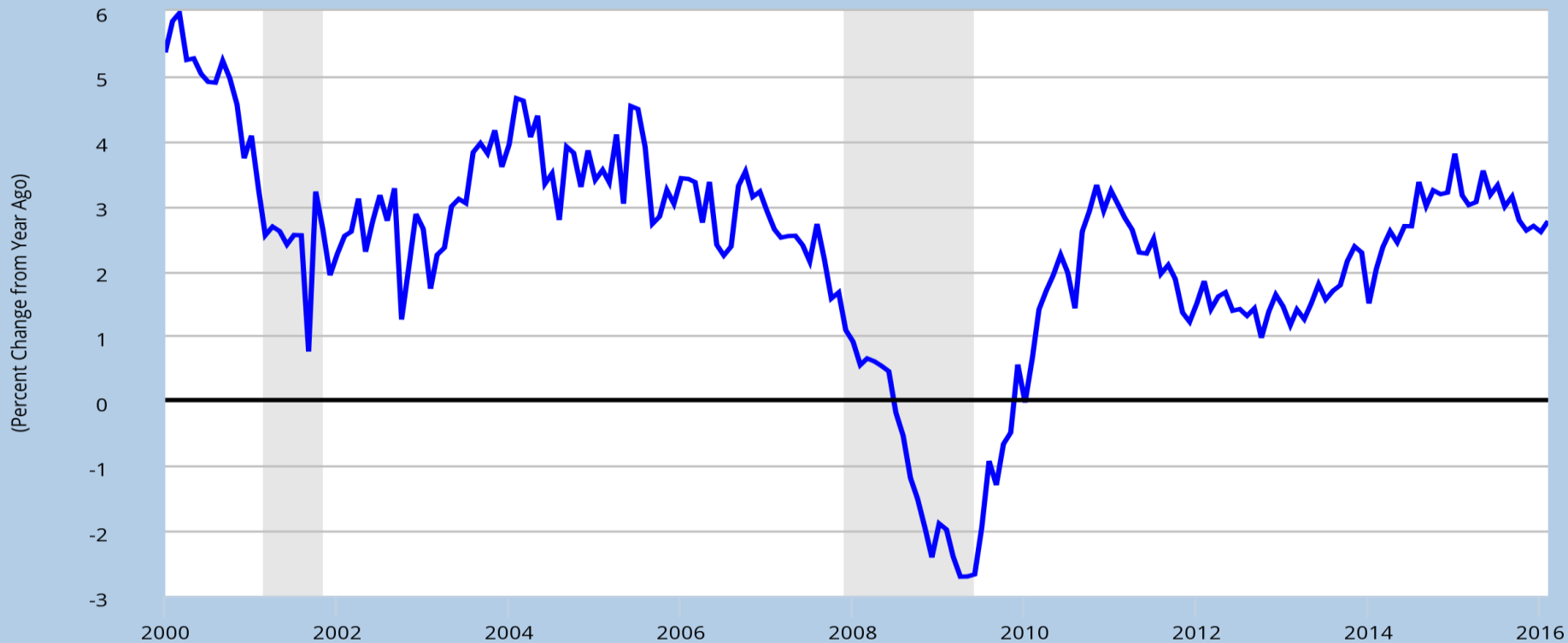


Annual Y-o-Y Percent Change in PCE

Steadily improving growth since early 2012. A bit of weakness of late.



— Real Personal Consumption Expenditures



Source: US. Bureau of Economic Analysis

research.stlouisfed.org

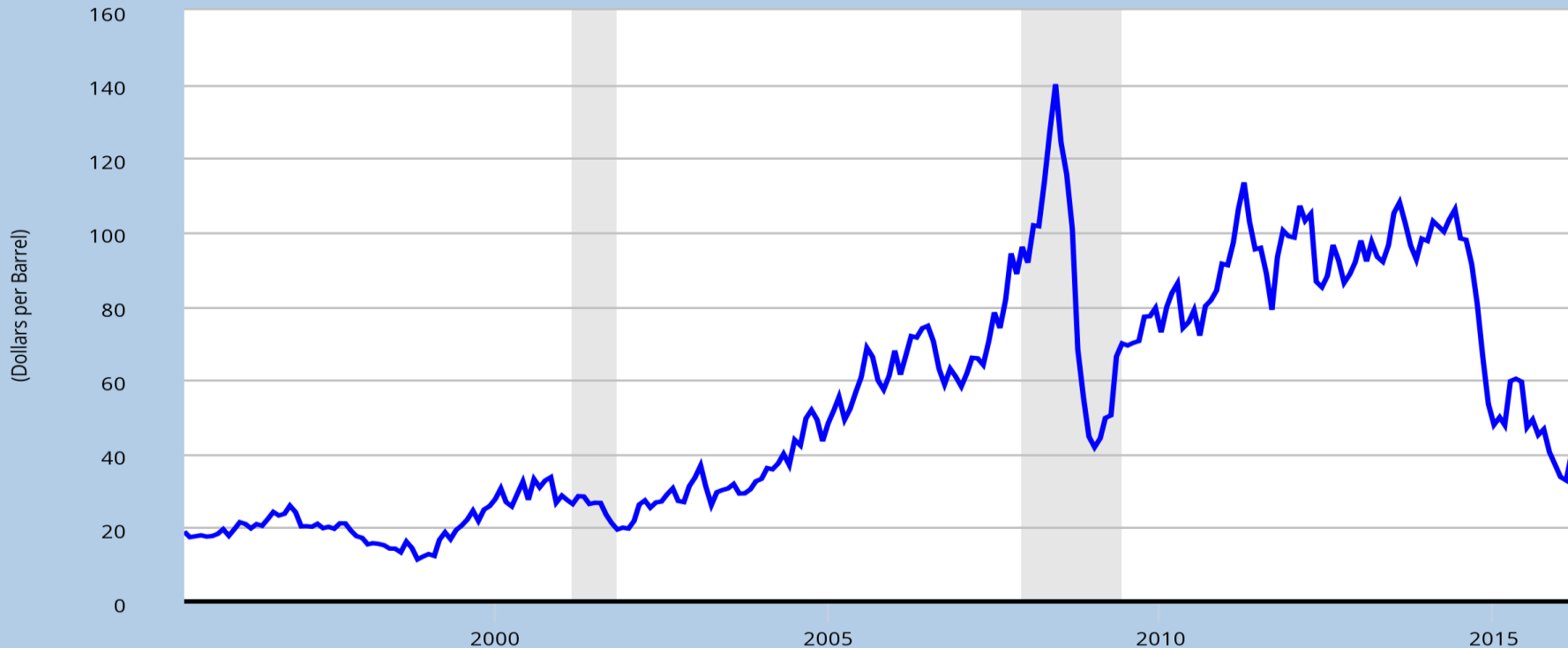
myf.red/g/3YfM

Oil Prices are a Huge Wildcard

But cheaper oil is a huge benefit, and cheaper is better, but only in the long-run



— Crude Oil Prices: West Texas Intermediate (WTI) - Cushing, Oklahoma



Source: US. Energy Information Administration

research.stlouisfed.org

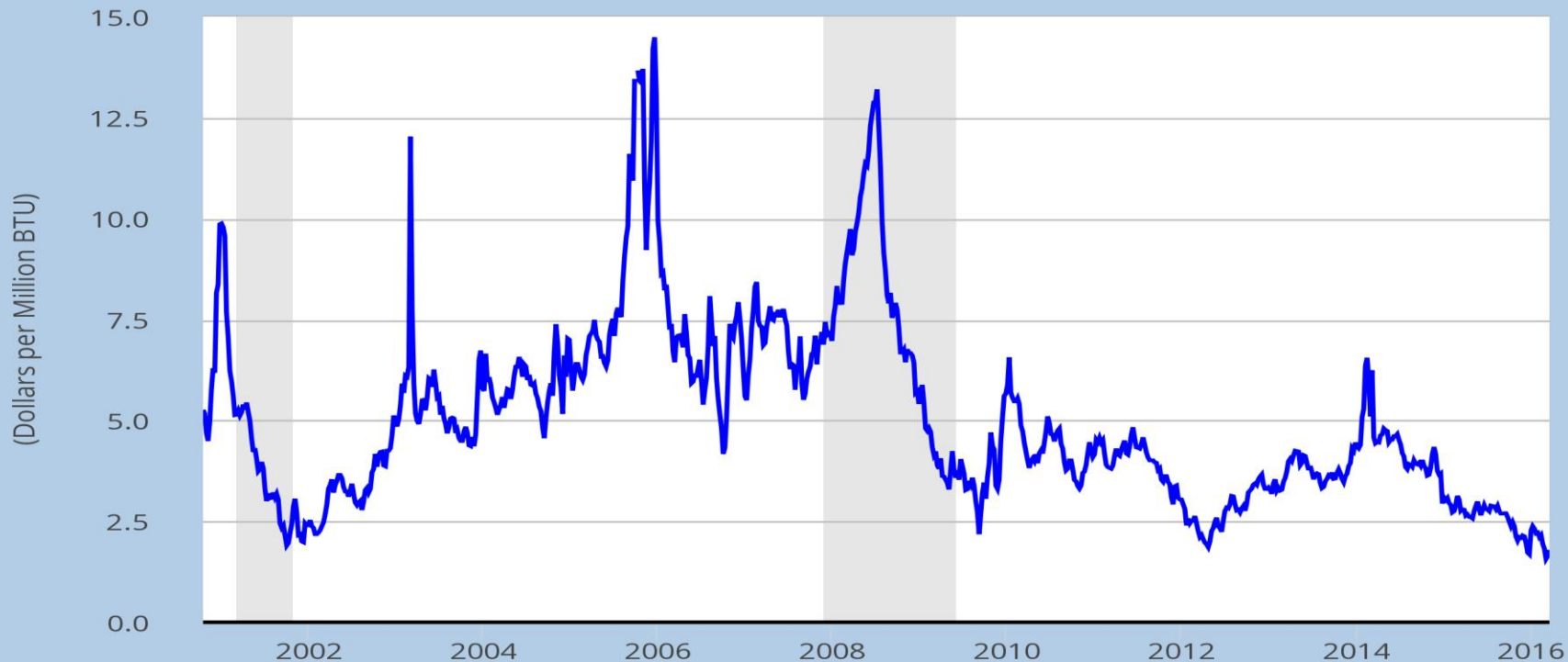
myf.red/g/3WzM

The Ying and Yang of Natural Gas Prices

One CF is (roughly) equal to 1,020 BTU's

FRED 

— Henry Hub Natural Gas Spot Price



Source: US. Energy Information Administration
research.stlouisfed.org

myf.red/g/3YHV

Oil Prices are a Huge Wildcard

Number of all rigs (oil & gas) is down 75% from the peak

US OIL RIG COUNT



SOURCE: Baker Hughes

BUSINESS INSIDER

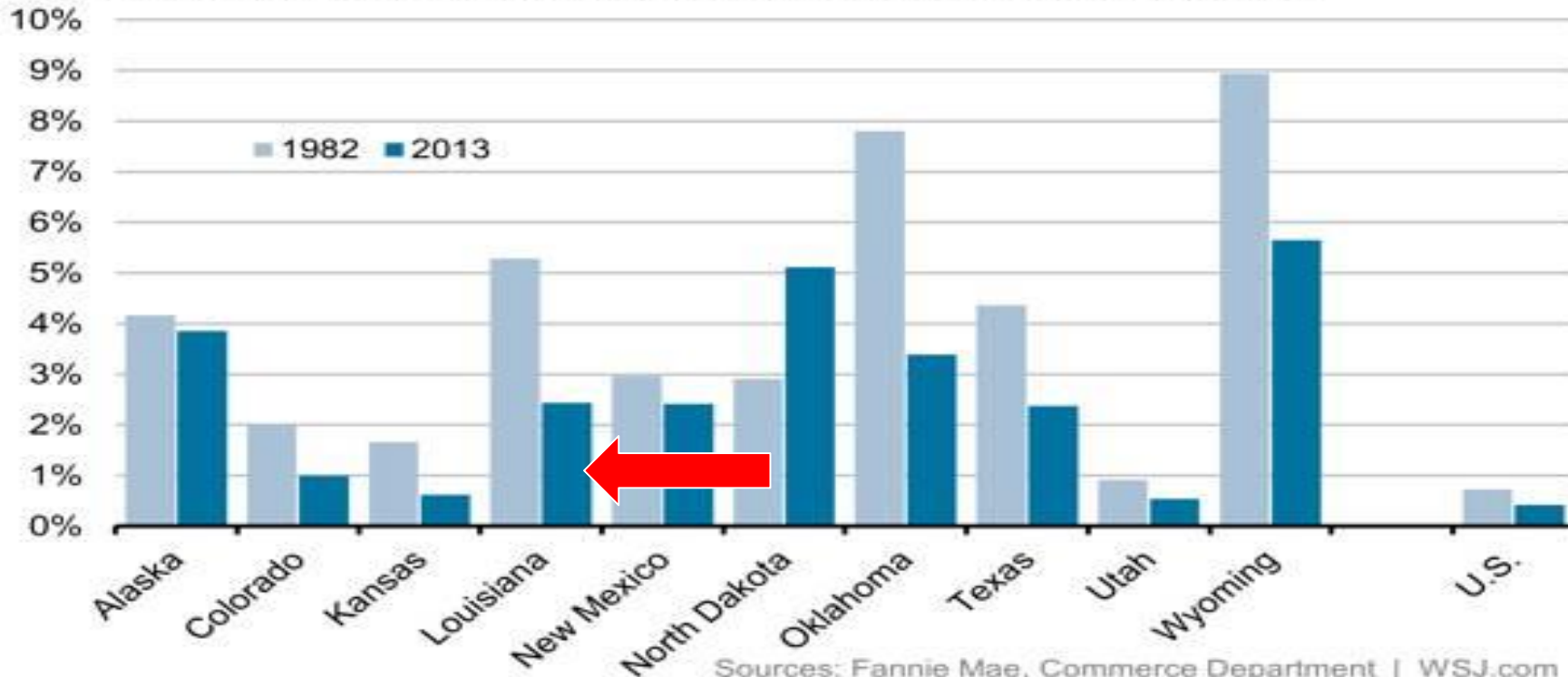
Energy is Particularly Important to ND and WY

Oil and Gas Payrolls are a huge percentage of total payrolls. ND is only behind WY.

LA and TX have diversified. UI payouts have risen 115% in ND since Q414

Drilling Work

Oil and gas industry direct payroll employment as a share of total payrolls



Oil is Painfully Important to North Dakota

Oil and Gas Payrolls are a huge percentage of total payrolls. WY is close behind
LA and TX have diversified. UI payouts have risen 115% in ND since Q414

Predicted employment response from declining oil & gas rigs

| State | Change in rig counts (January 2015-March 2016) | % Change in rig counts (January 2015-March 2016) | Short run decline in employment | Long run decline in employment | Long run job loss as a share of total employment |
|--------------|--|--|---------------------------------|--------------------------------|--|
| Texas | -614 | -73% | 19,955 | 121,265 | -1.21% |
| Oklahoma | -139 | -67% | 4,518 | 27,453 | -2.09% |
| North Dakota | -136 | -81% | 4,420 | 26,860 | -7.25% |
| New Mexico | -84 | -83% | 2,730 | 16,590 | -2.60% |
| Louisiana | -63 | -58% | 2,048 | 12,443 | -0.75% |
| Colorado | -49 | -74% | 1,593 | 9,678 | -0.46% |
| Wyoming | -47 | -84% | 1,528 | 9,283 | -4.29% |
| Pennsylvania | -37 | -70% | 1,203 | 7,308 | -0.14% |
| Ohio | -34 | -74% | 1,105 | 6,715 | -0.14% |
| Utah | -23 | -100% | 748 | 4,543 | -0.39% |

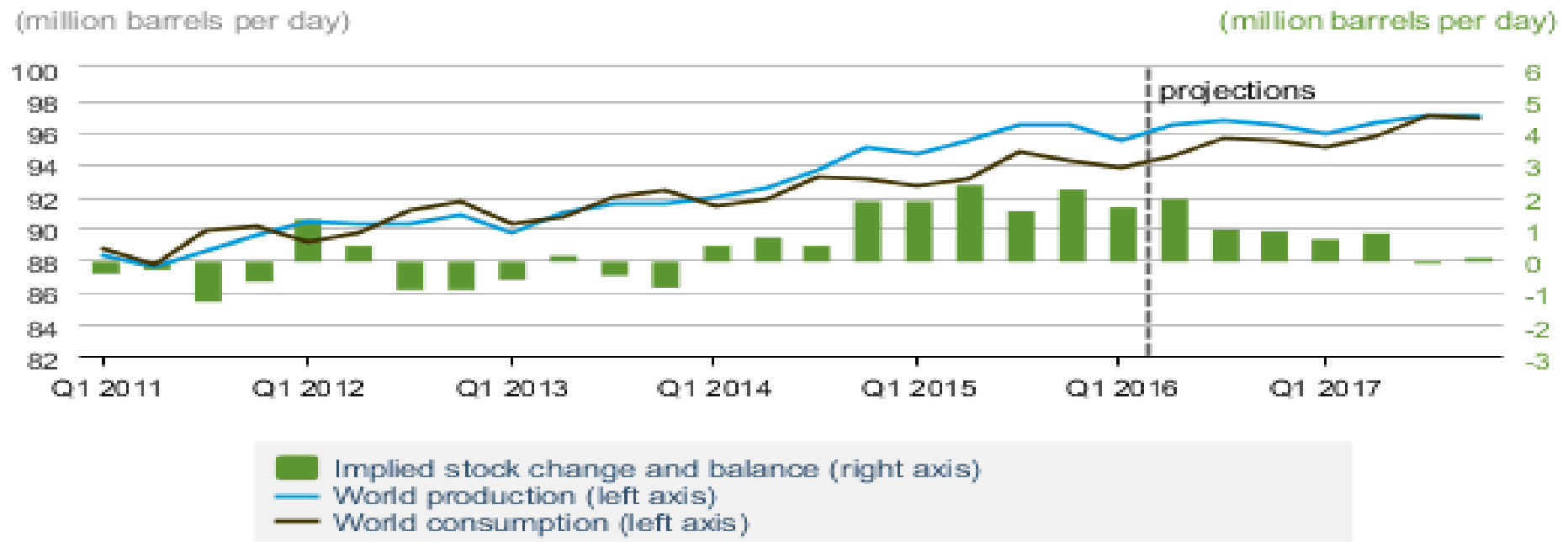


Source: *Brookings Analysis of employment impact of active rigs data developed by Mark Agerton and Others, "Employment Impacts of Upstream Oil and Gas Investment in the United States," (Rice University, 2014), and Jason Brown, "The Response of Employment to Changes in Oil and Gas Exploration and Drilling," (Federal Reserve Bank of Kansas City, 2015).*

Global Production Does Not Increase or Decrease

By late 2017 or early 2018 supply equals demand.....Maybe!

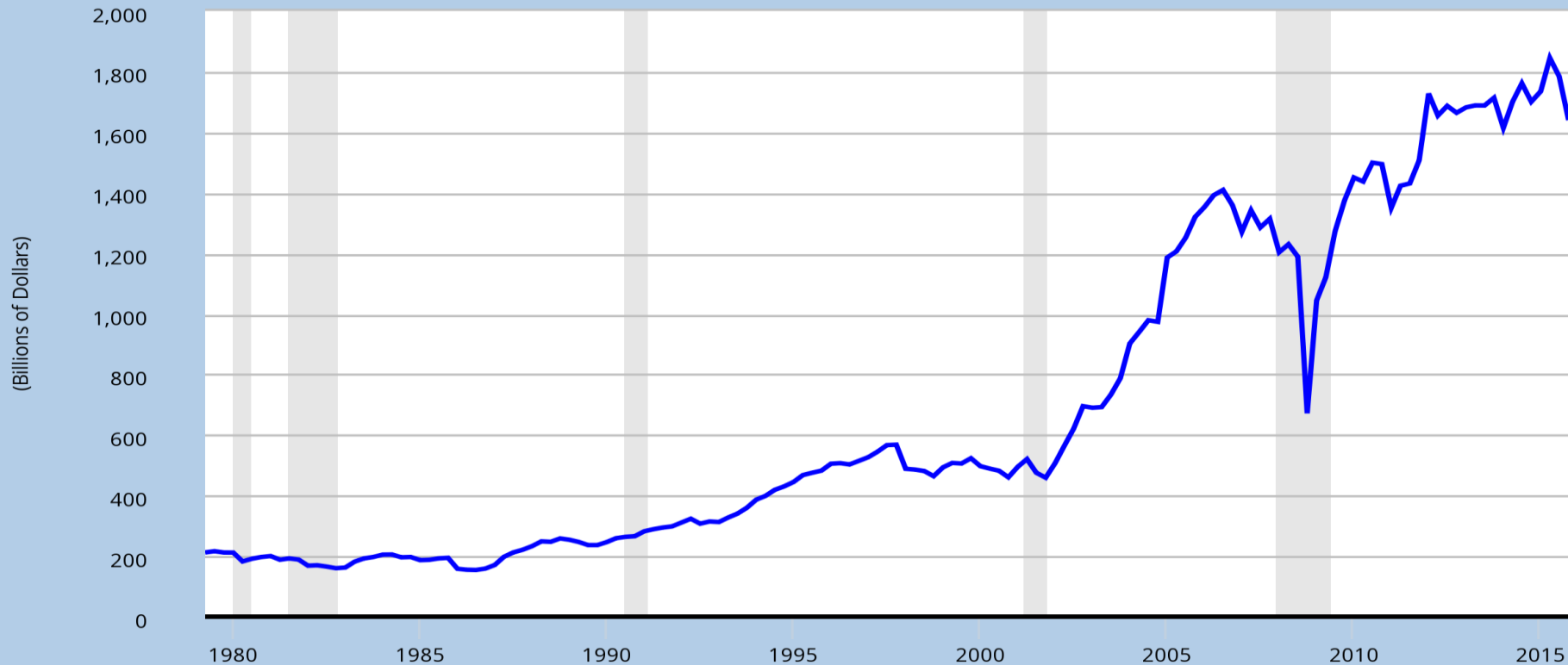
World Liquid Fuels Production and Consumption Balance



Corporate Profits Grew Rapidly but have Stopped



— Corporate Profits After Tax (without IVA and CCAdj)



Source: US. Bureau of Economic Analysis

research.stlouisfed.org

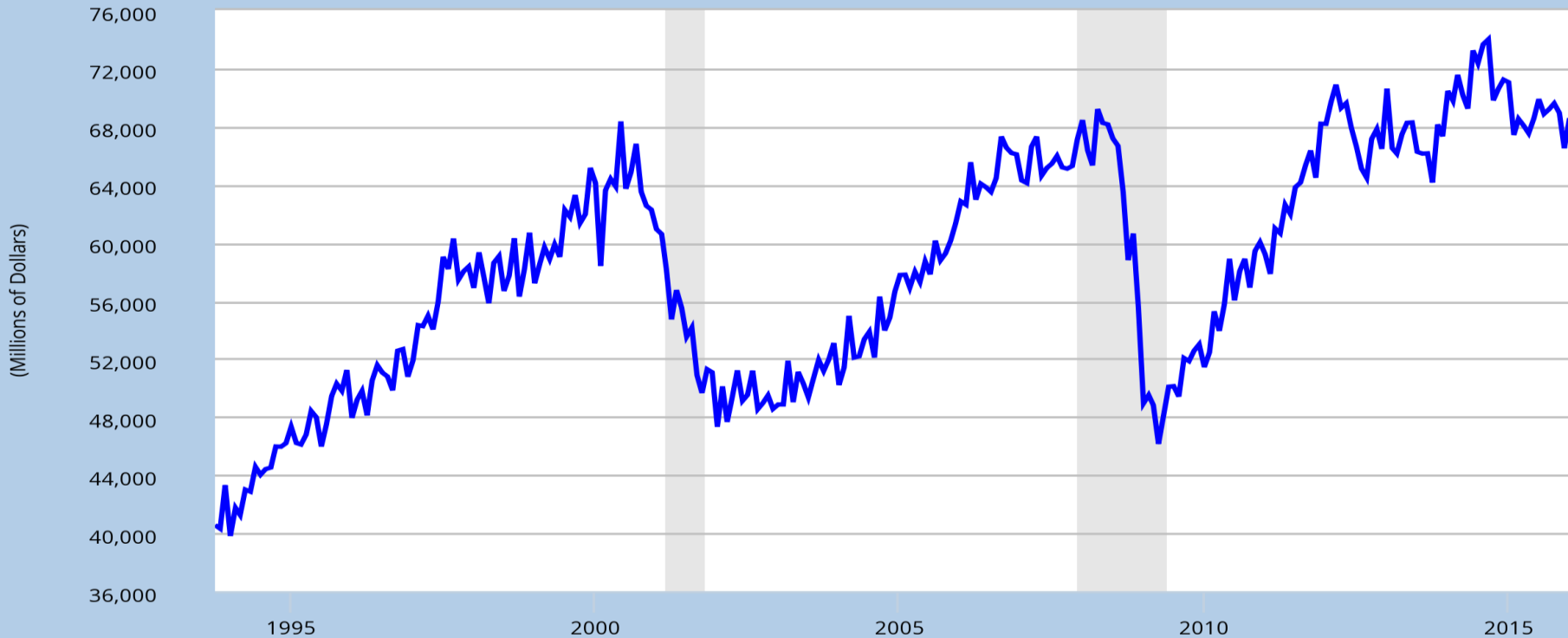
myf.red/g/3XaL

OK. Now, Look at Capital Goods Orders!

Minus Defense and Aircraft



— Manufacturers' New Orders: Nondefense Capital Goods Excluding Aircraft



Source: US. Bureau of the Census

research.stlouisfed.org

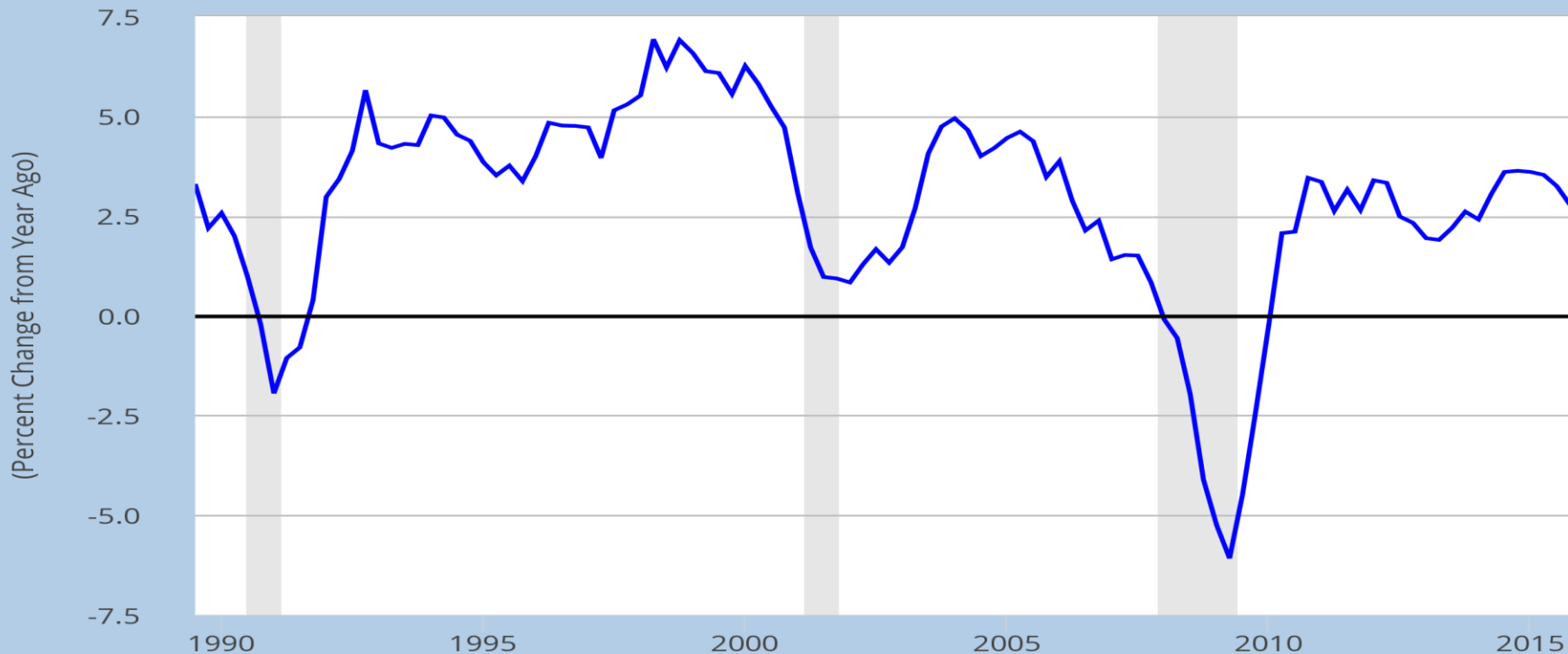
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Y-o-Y % Change in Real Final Sales to Domestic Buyers

Measures spending and investment by U.S. businesses and households, strips out government spending, inventory swings and exports. Steady if undramatic growth at 3.25%.



— Real Final Sales to Private Domestic Purchasers

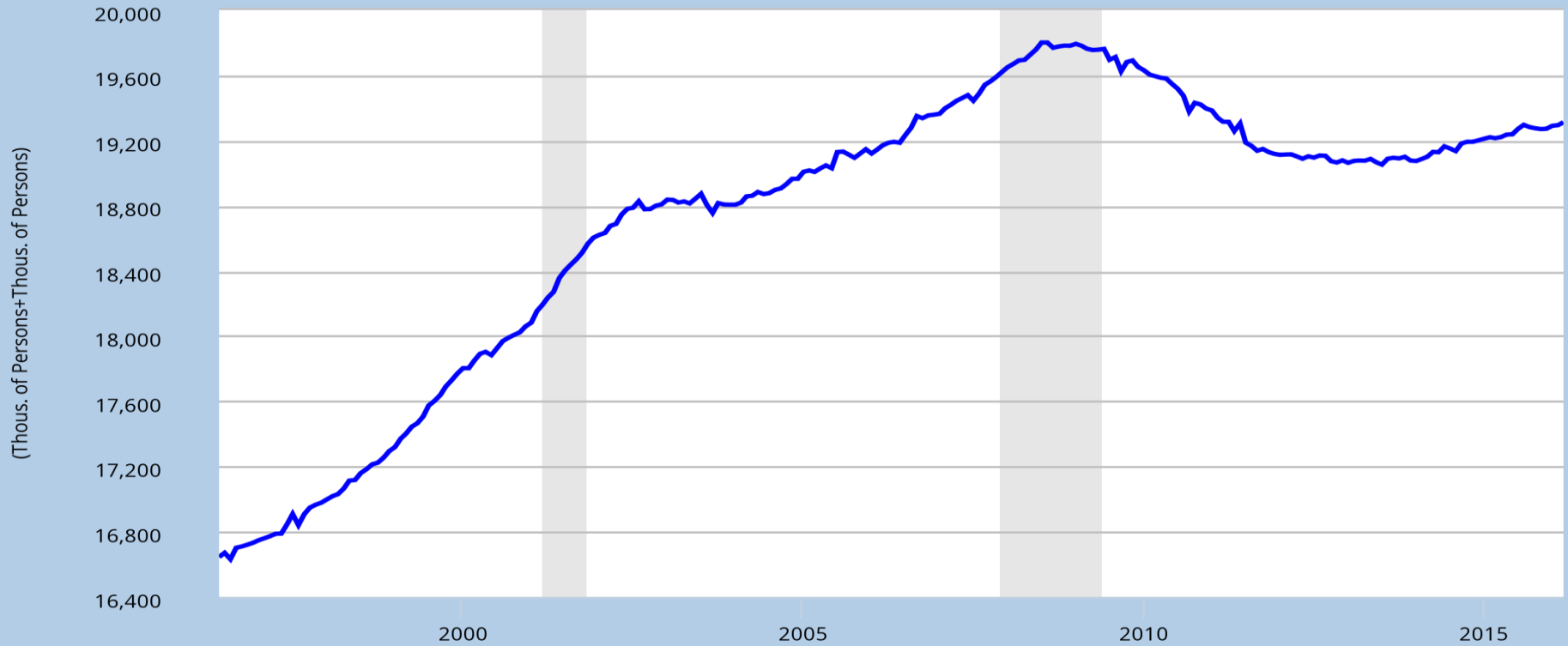


More of Us are Working in State and Local Government!

Employment is again rising



— All Employees: Government: Local Government+All Employees: Government: State Government

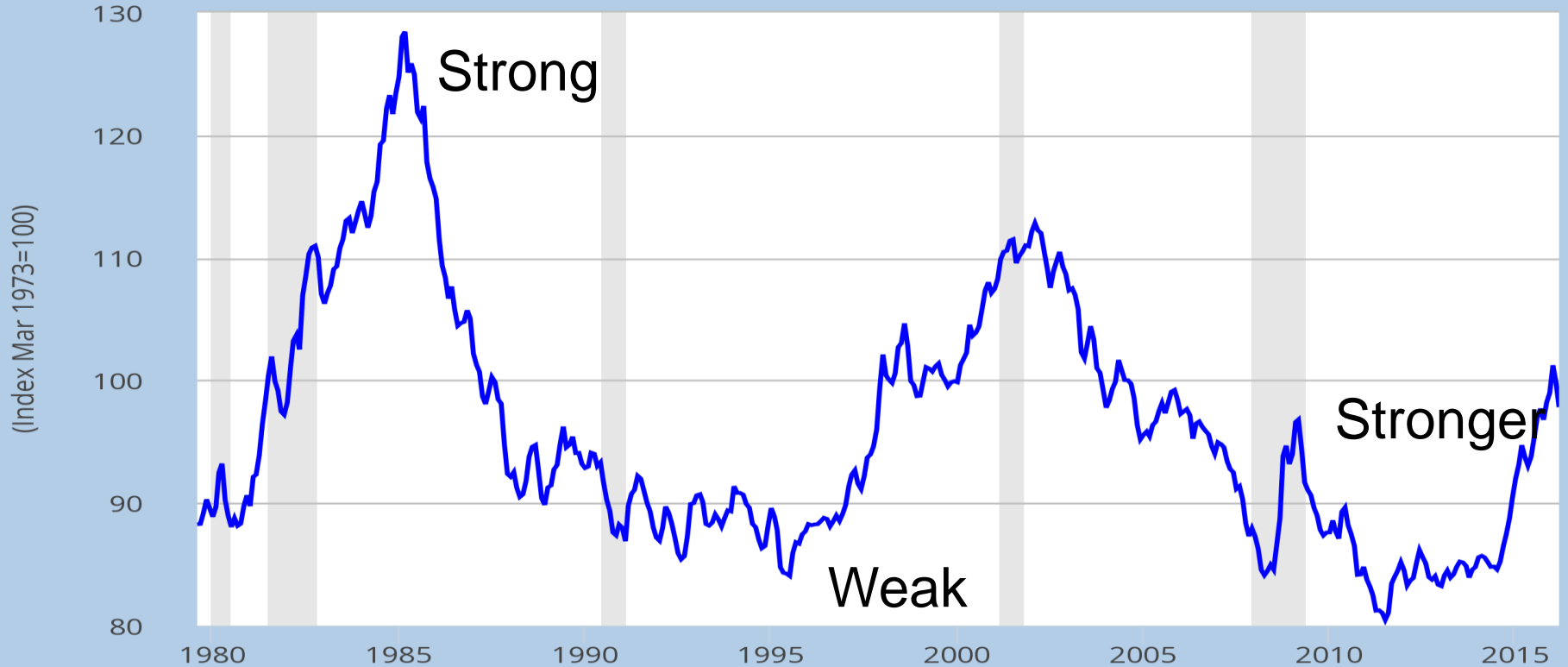


The Dollar is Strengthening Against all Currencies

It will hurt employment growth but will reduce inflation

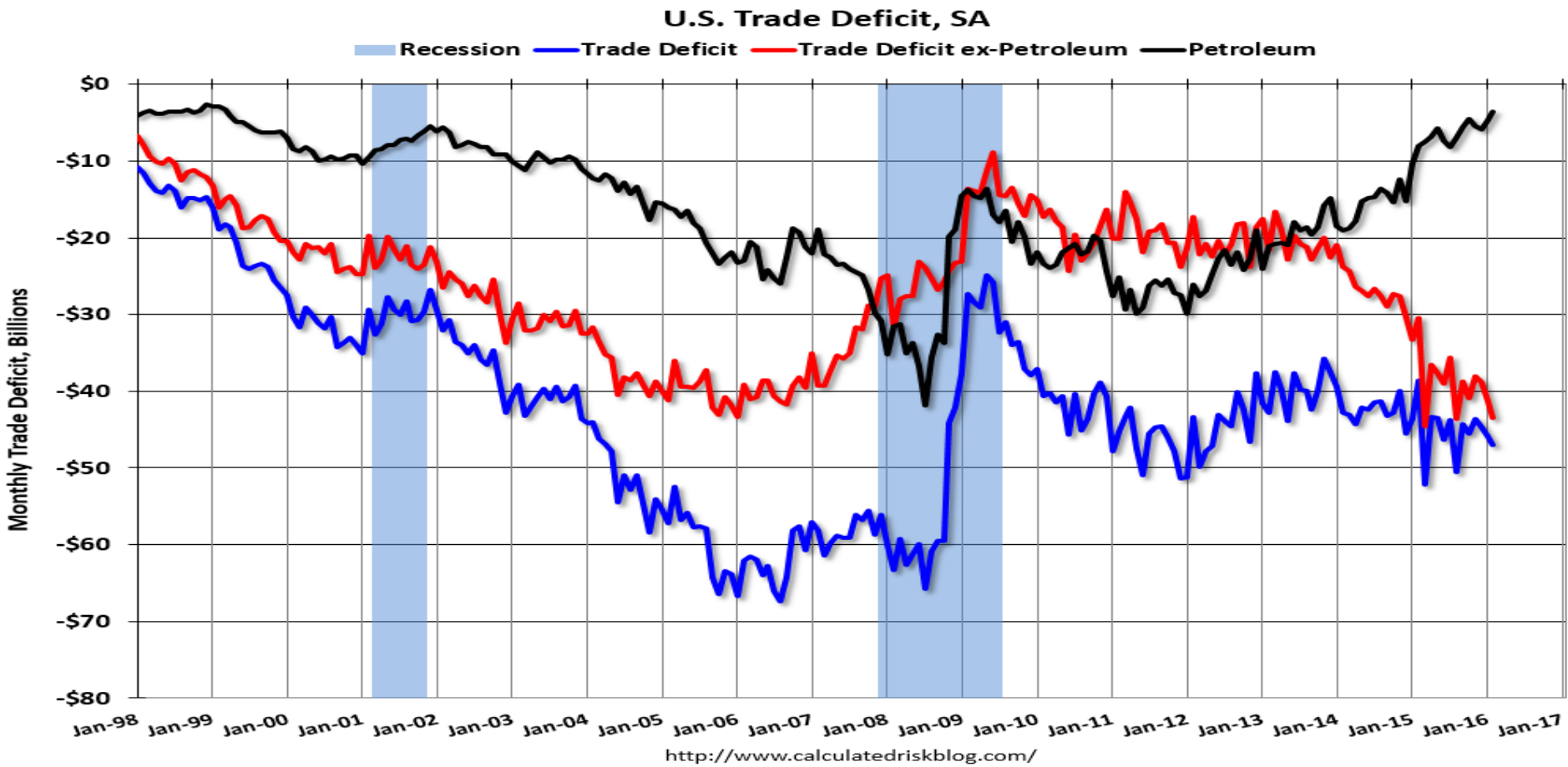


— Real Trade Weighted U.S. Dollar Index: Broad



The Trade Deficit is Improving

But, only because of oil and outside of oil it is worsening

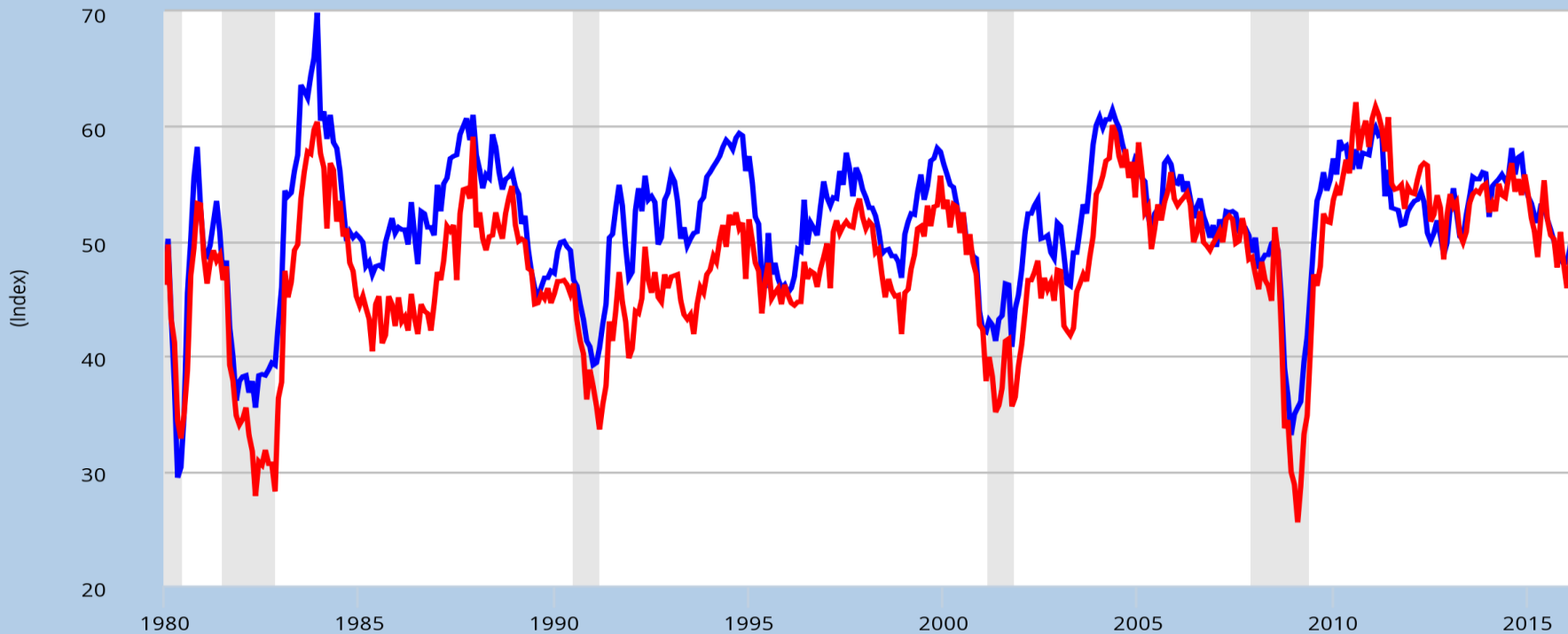


ISM Numbers are Generally Weaker of Late

Weak oil, a strong dollar and weak exports are hurting the index. Out of Recession!



— ISM Manufacturing: PMI Composite Index©
— ISM Manufacturing: Employment Index©

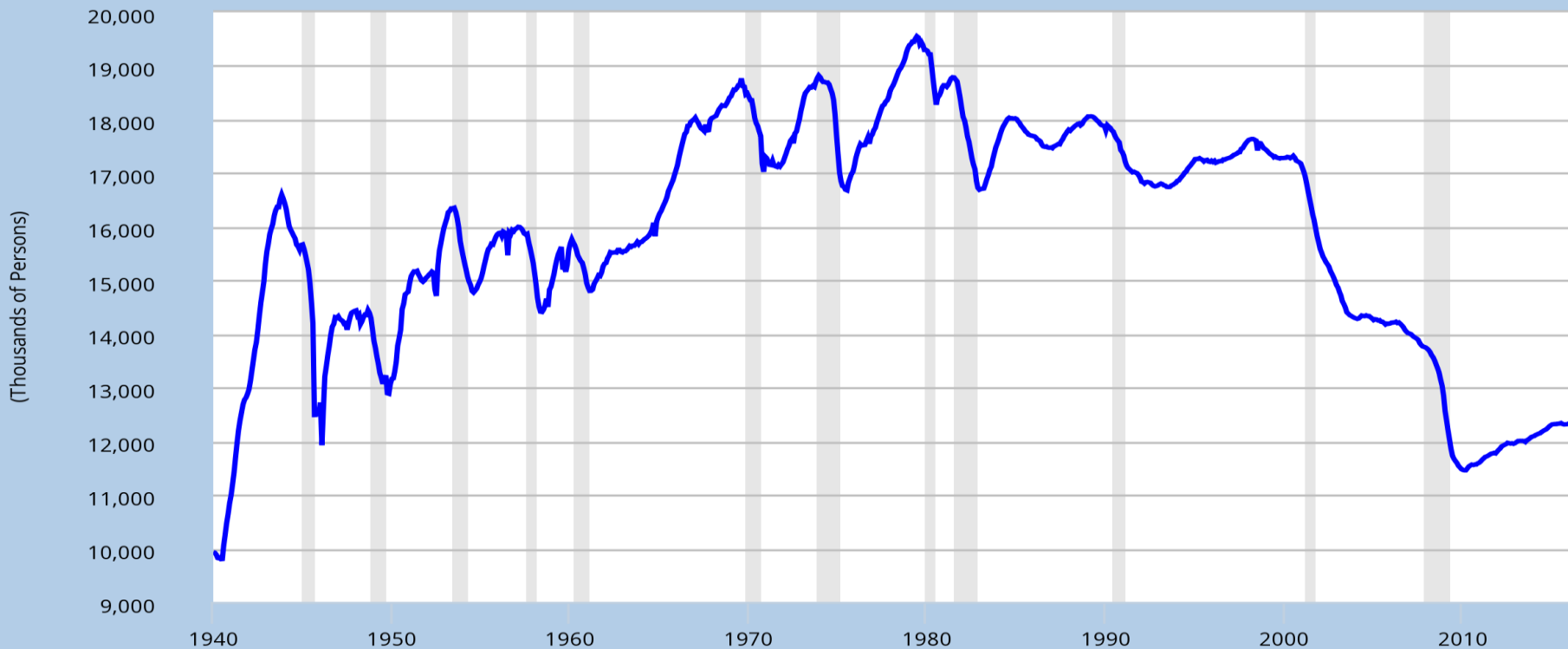


Manufacturing Employment is Climbing Again

Or is it flattening out?



— All Employees: Manufacturing



Source: US. Bureau of Labor Statistics

research.stlouisfed.org

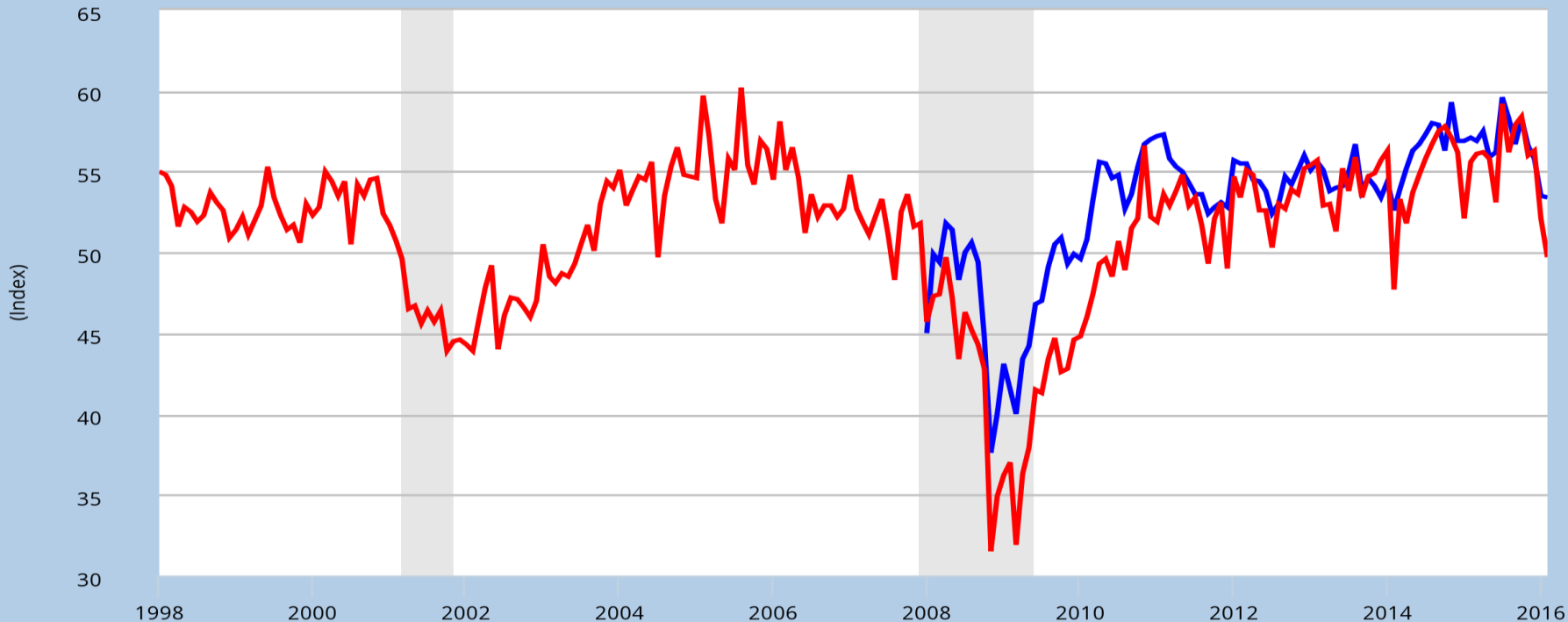
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ISM Non-Manufacturing Numbers are Falling!

Service sector is holding up exceptionally well



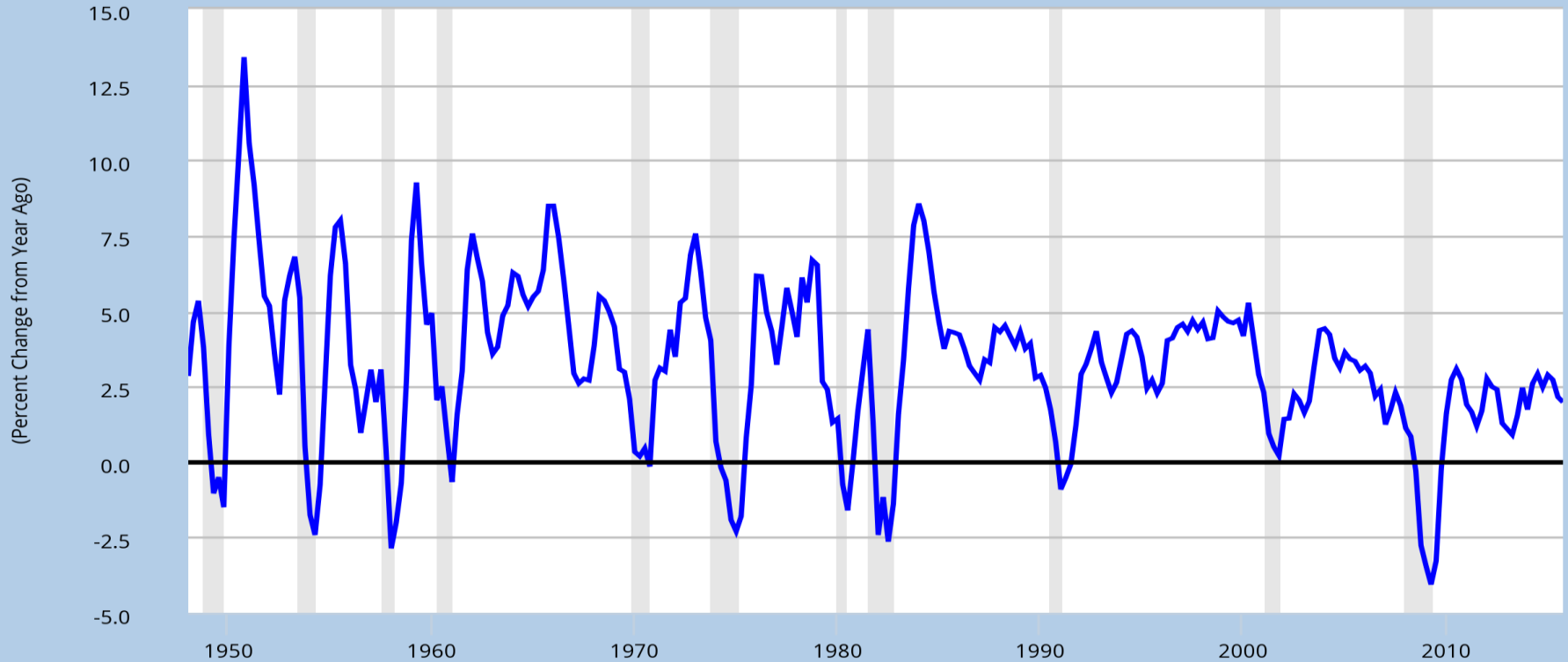
— ISM Non-manufacturing: NMI Composite Index[©]
— ISM Non-manufacturing: Employment Index[©]



Annual Y-o-Y Percent Change in GDP



— Real Gross Domestic Product



Source: US. Bureau of Economic Analysis

research.stlouisfed.org

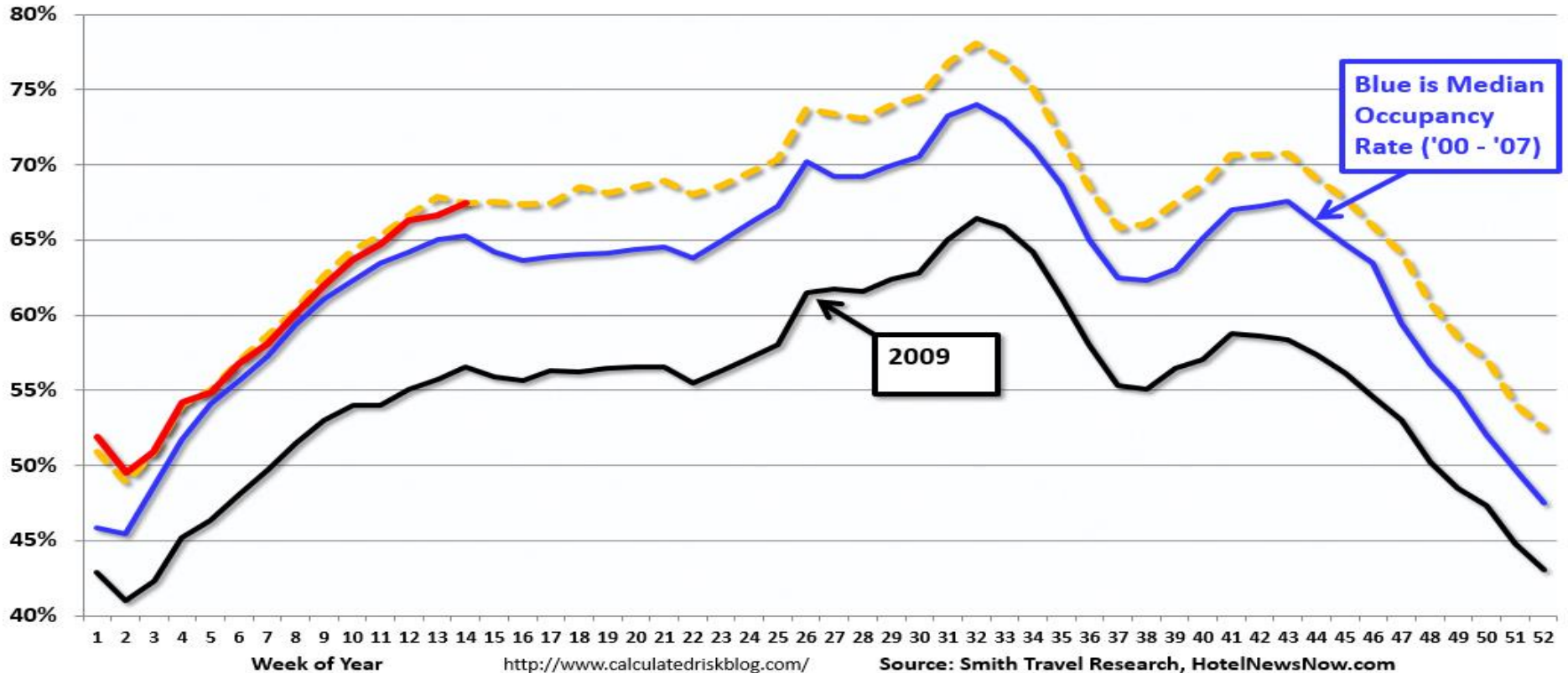
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As Have Hotel Occupancy Rates!

Occupancy is superb as is the ADR and the RevPAR

Hotel Occupancy Rate by Week of Year (4 week moving average)

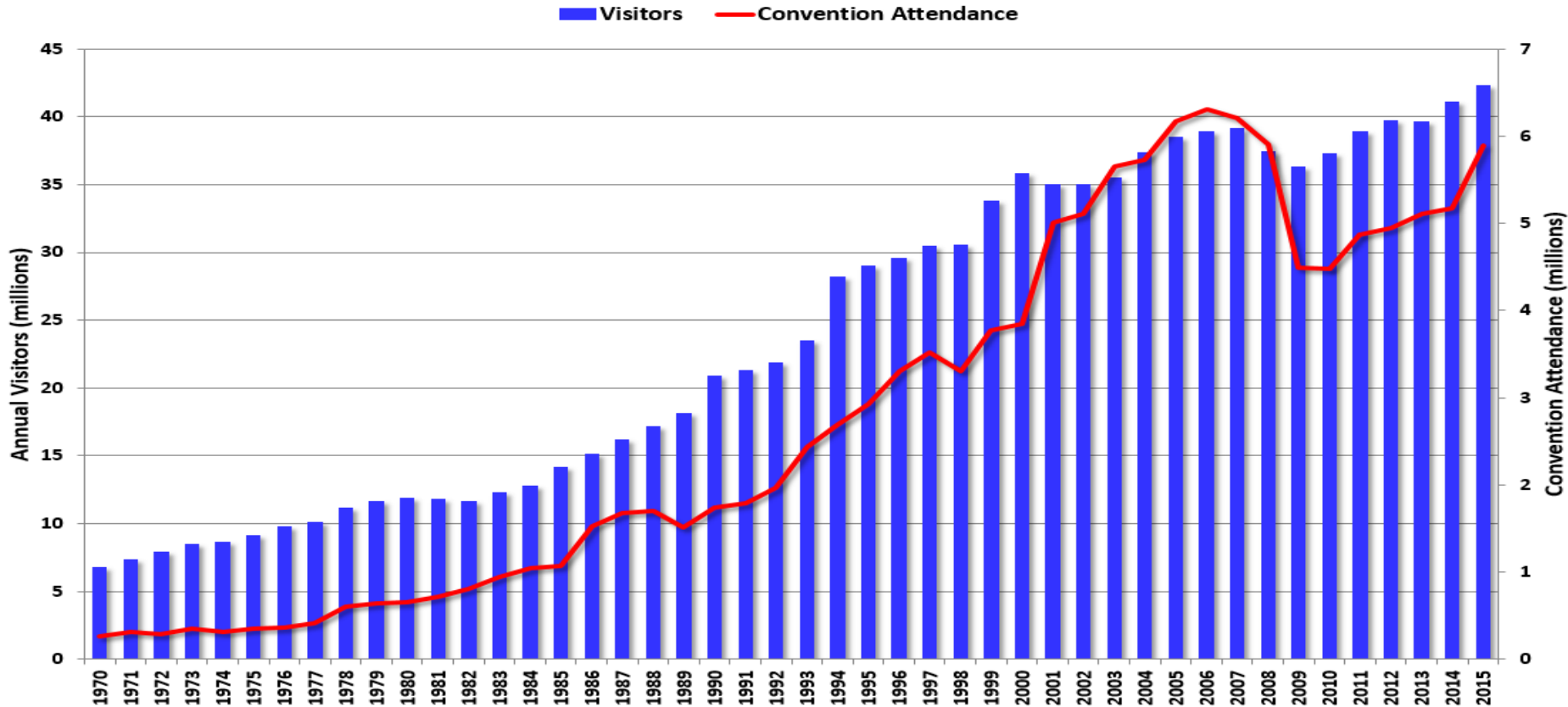
— 2009 — Median (2000-2007) - - - 2015 — 2016



As has Las Vegas

The gamblers are back, the conventioners a bit less so. Housing related?

Las Vegas Visitors



Labor Markets:

They're on the mend

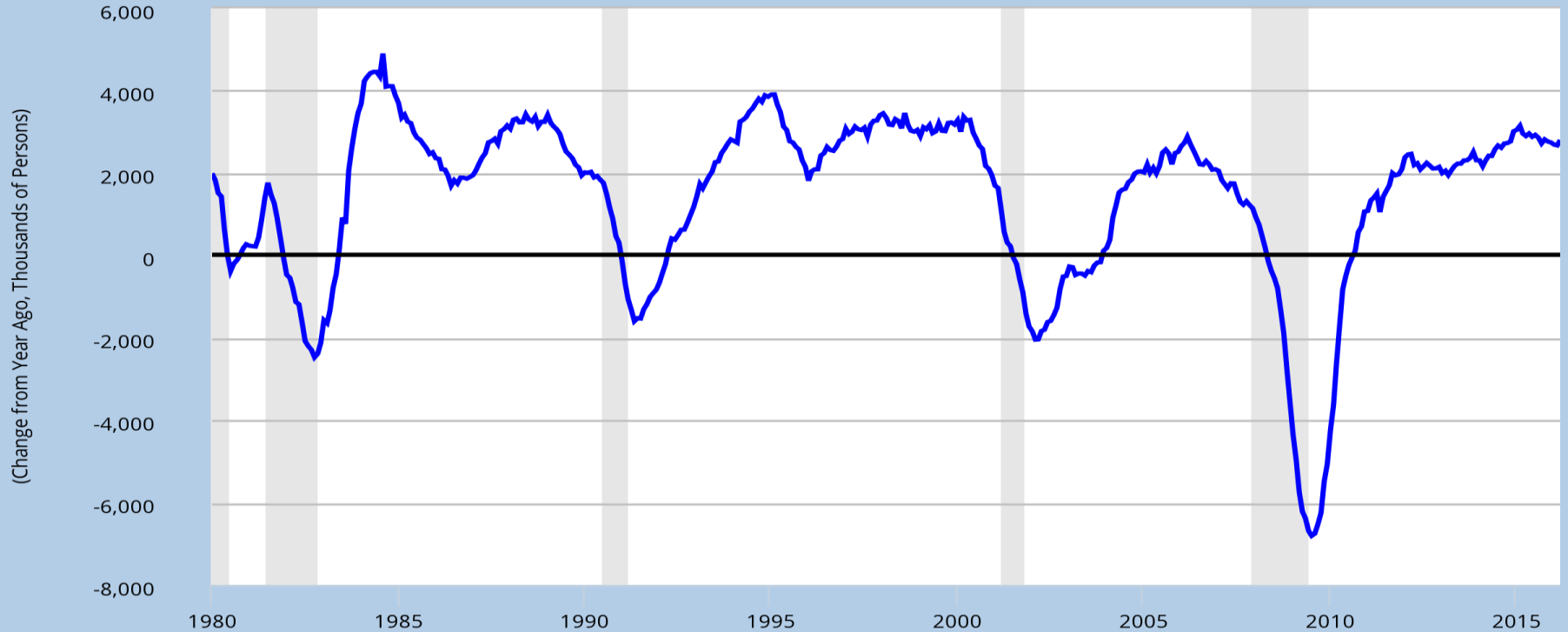


Historical Job Growth

Y-o-Y Total Employment Change



— All Employees: Total Nonfarm Payrolls



Source: US. Bureau of Labor Statistics

research.stlouisfed.org

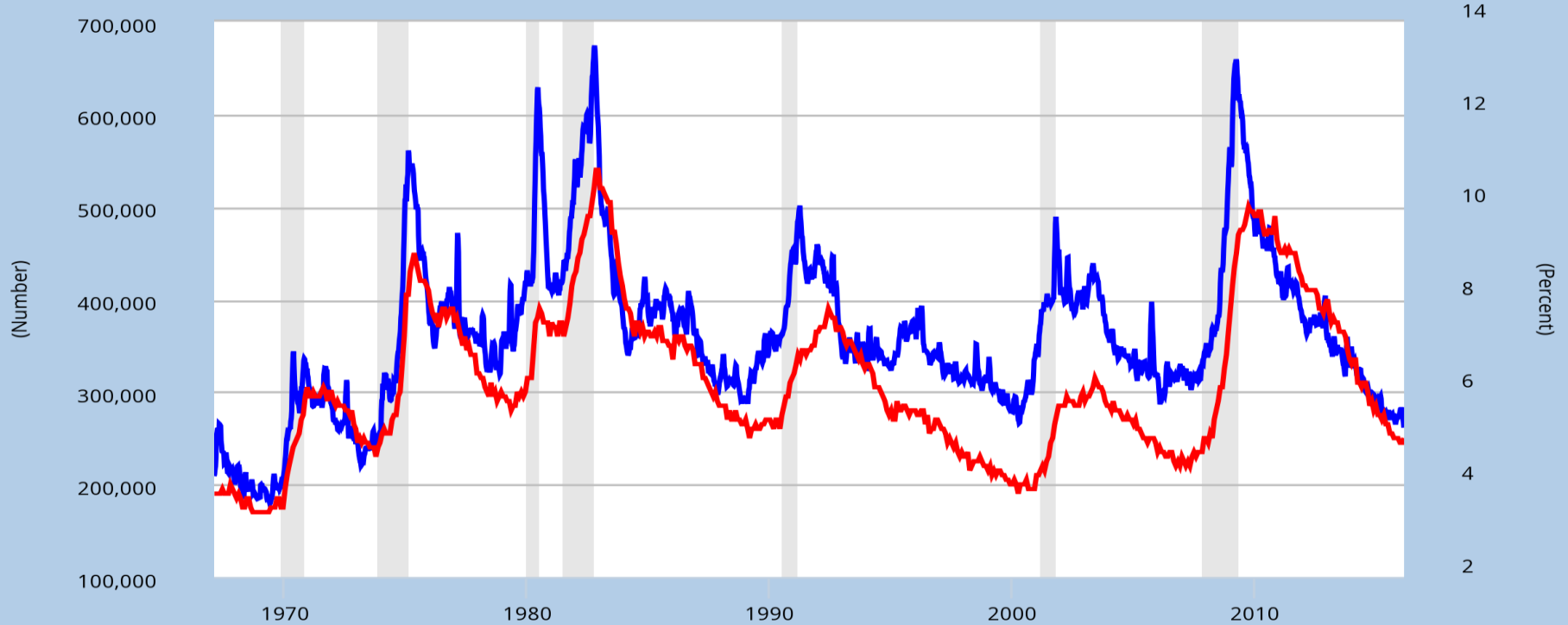
myf.red/g/413T

STEADY Labor Market Improvement: Involuntary Separation

Long Term Trends: 1967-2015



— 4-Week Moving Average of Initial Claims (left)
— Civilian Unemployment Rate (right)

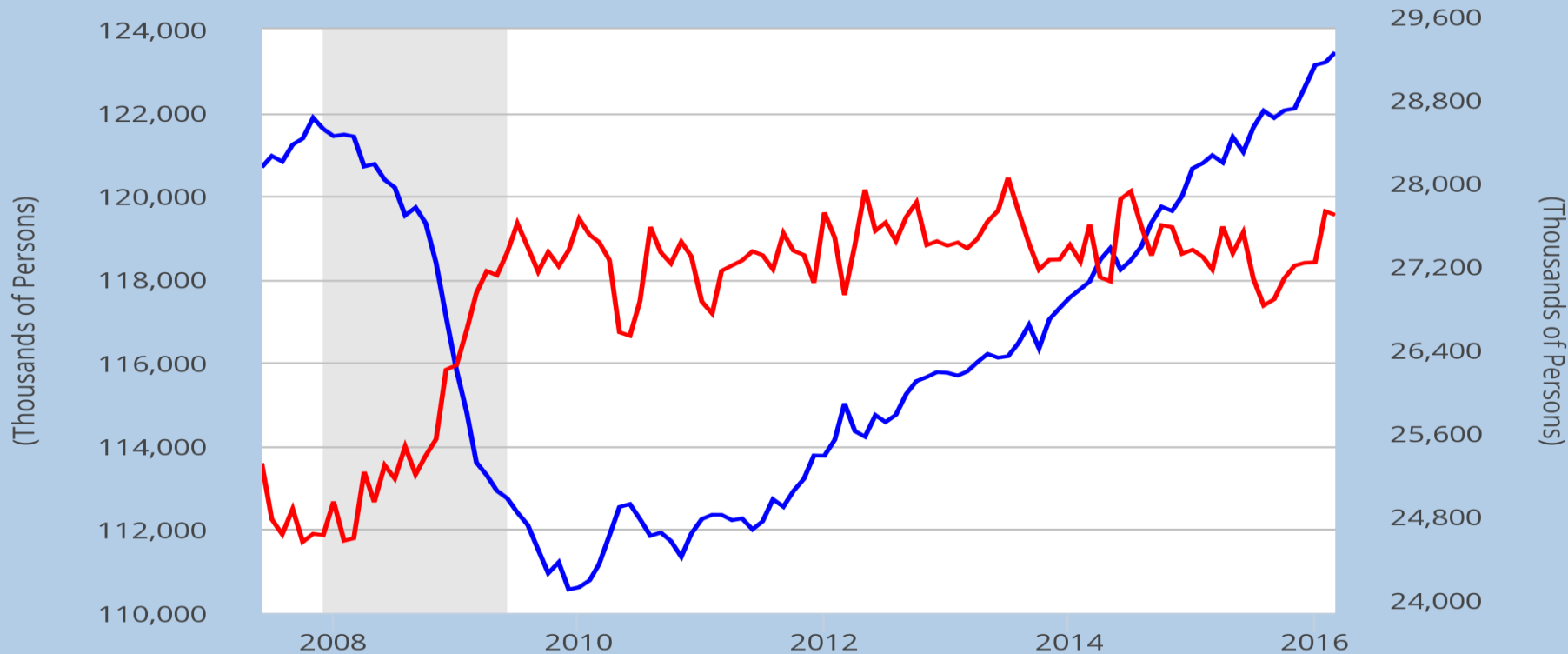


Full-time Vs. Part-Time Employment Growth

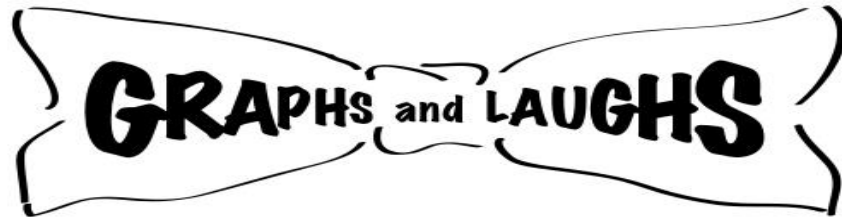
Full-time has almost recovered and will soon hit a new record, part-time is not growing.



- Employed, Usually Work Full Time (left)
- Employed, Usually Work Part Time (right)



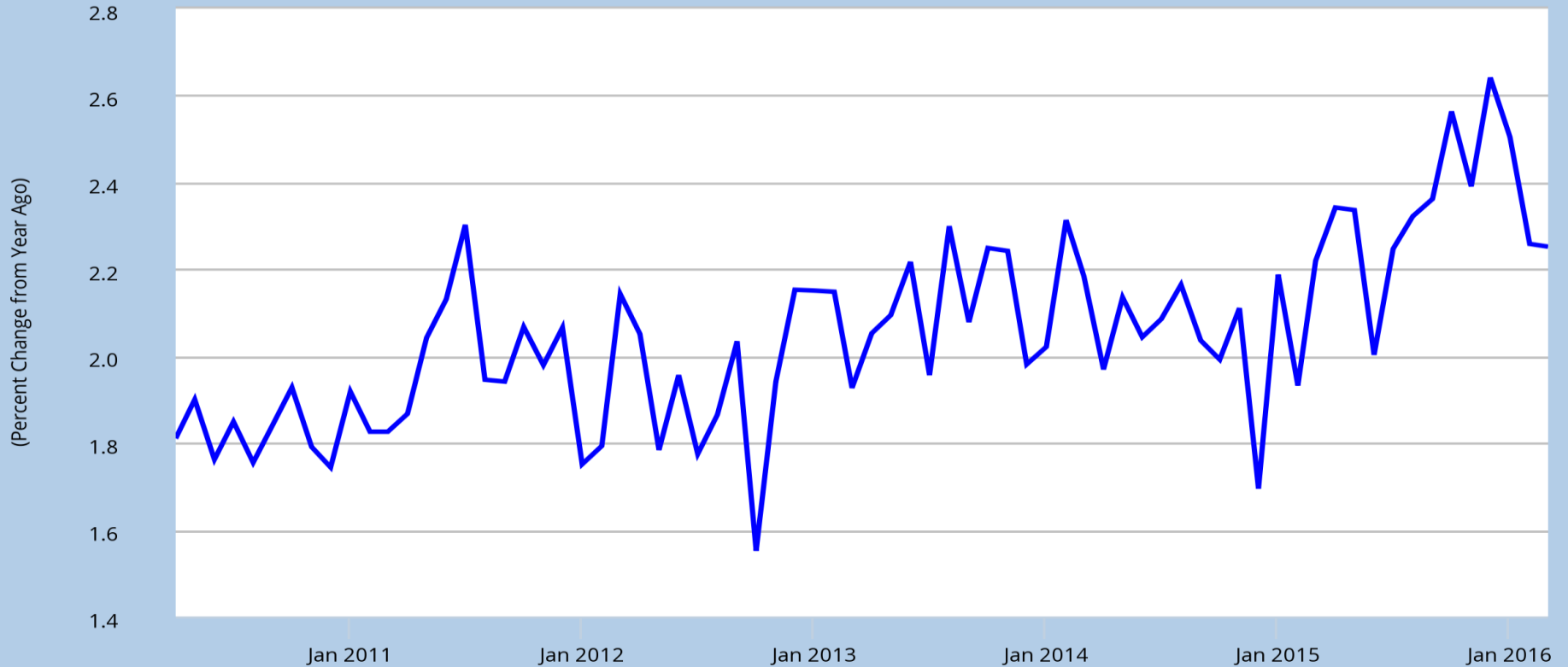
Wages are Stagnant, but...



Y-o-Y Percent Change in Hourly Earnings



— Average Hourly Earnings of All Employees: Total Private



Source: US. Bureau of Labor Statistics

research.stlouisfed.org

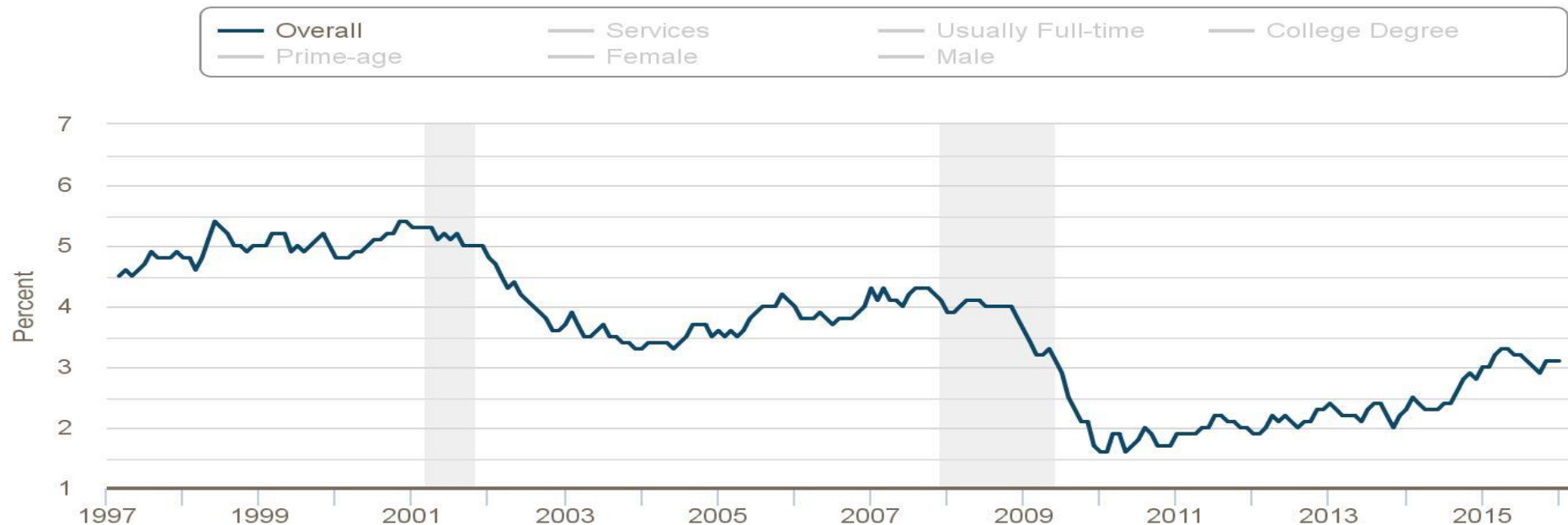
myf.red/g/418U

Changes in Median Wage Growth Looks Good!

of those continuously full-time employed

Hourly Wage Tracker

three-month moving average of median wage growth



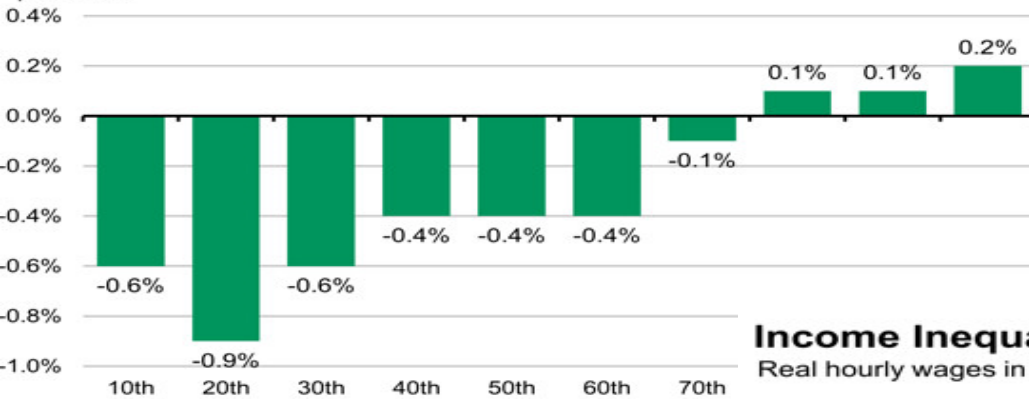
Source: Current Population Survey, Bureau of Labor Statistics and Author's Calculations



Income Inequality by Hourly Wage

Less Cash Every Hour (Except for Top Earners)

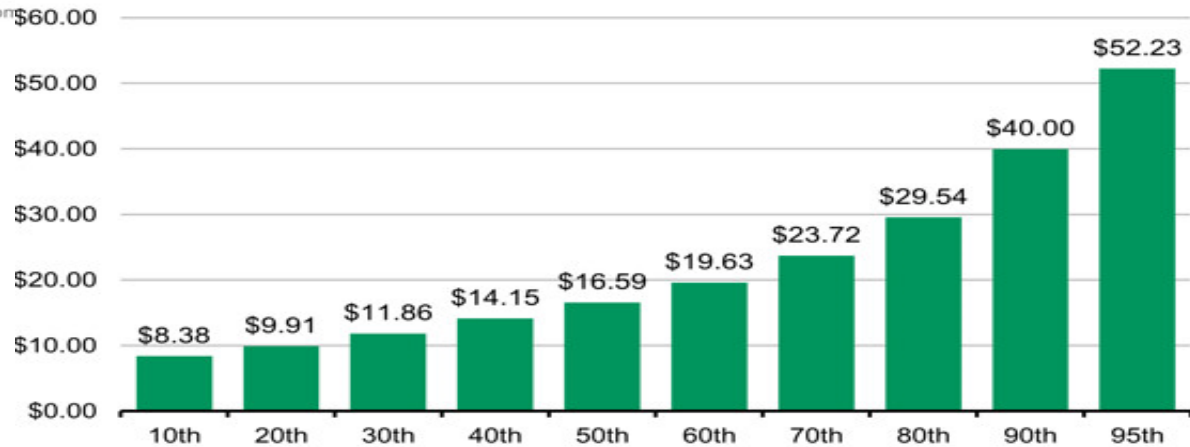
Annualized percent change in real hourly wages between 2007 and 2014, by wage percentile



Income Inequality, Hour by Hour

Real hourly wages in first half of 2014, by wage percentile

Source: Economic Policy Institute



Source: Economic Policy Institute | WSJ.com

Inflation?

What Inflation!

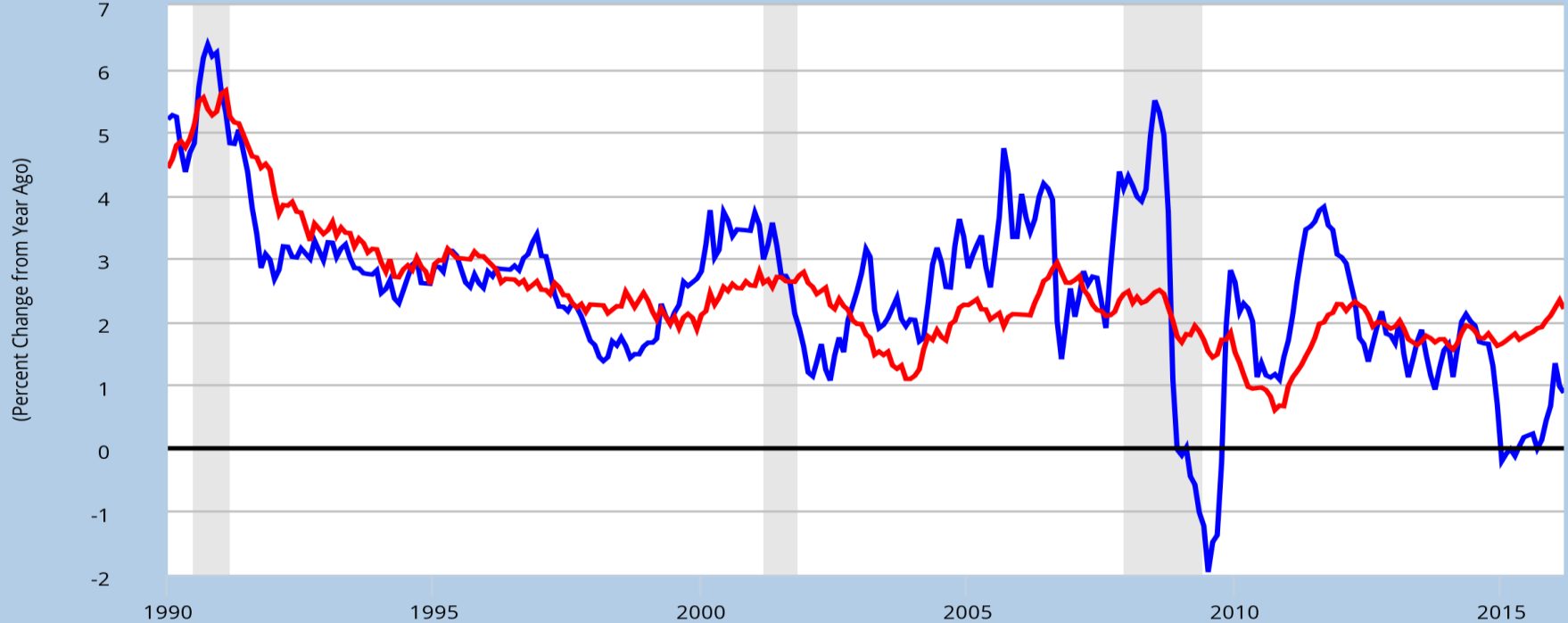


Consumer Price Index: Inflation is Starting

But, it appears to be starting to rise.



- Consumer Price Index for All Urban Consumers: All Items
- Consumer Price Index for All Urban Consumers: All Items Less Food and Energy

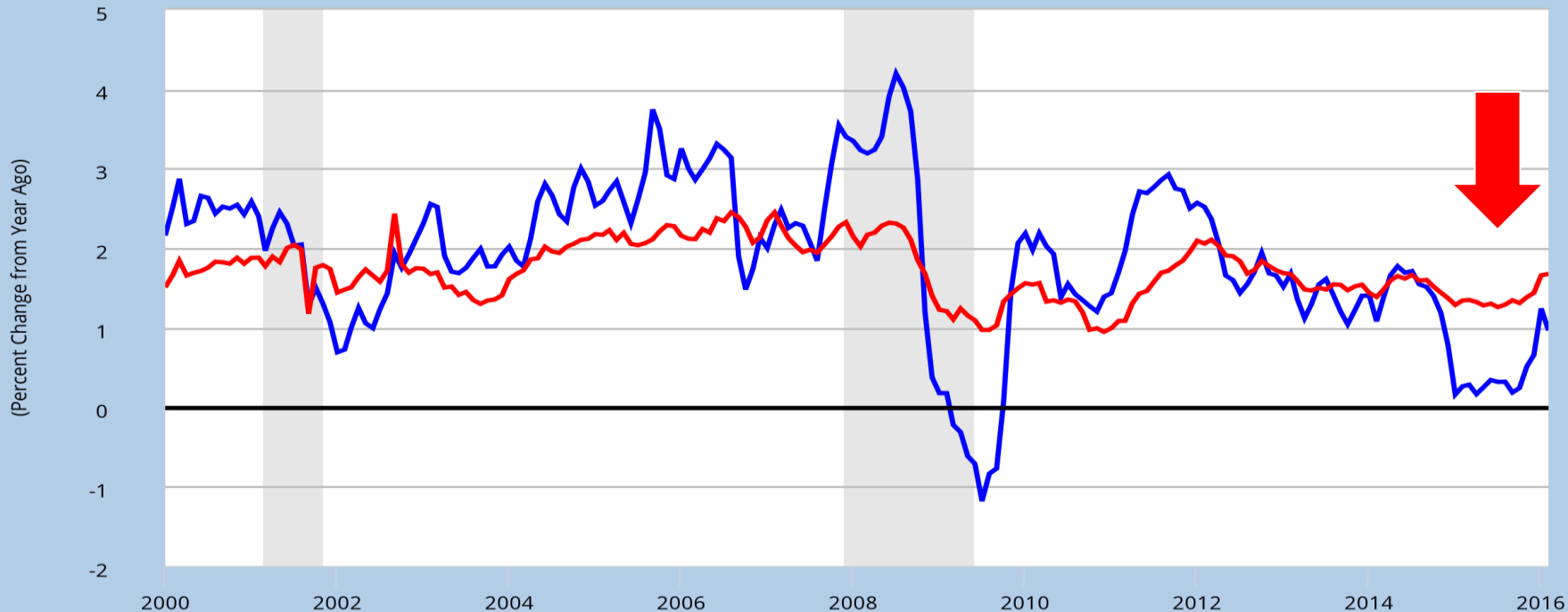


Core PCE Price Index: No Inflation Anywhere!!

It is not declining anymore! This is important.

FRED 

— Personal Consumption Expenditures: Chain-type Price Index
— Personal Consumption Expenditures Excluding Food and Energy (Chain-Type Price Index)



Federal Reserve Behavior

- Rates will rise **very**

S---L---O---W---L---Y

Federal Reserve Behavior

It's all about the pace, and the pace is very slow.

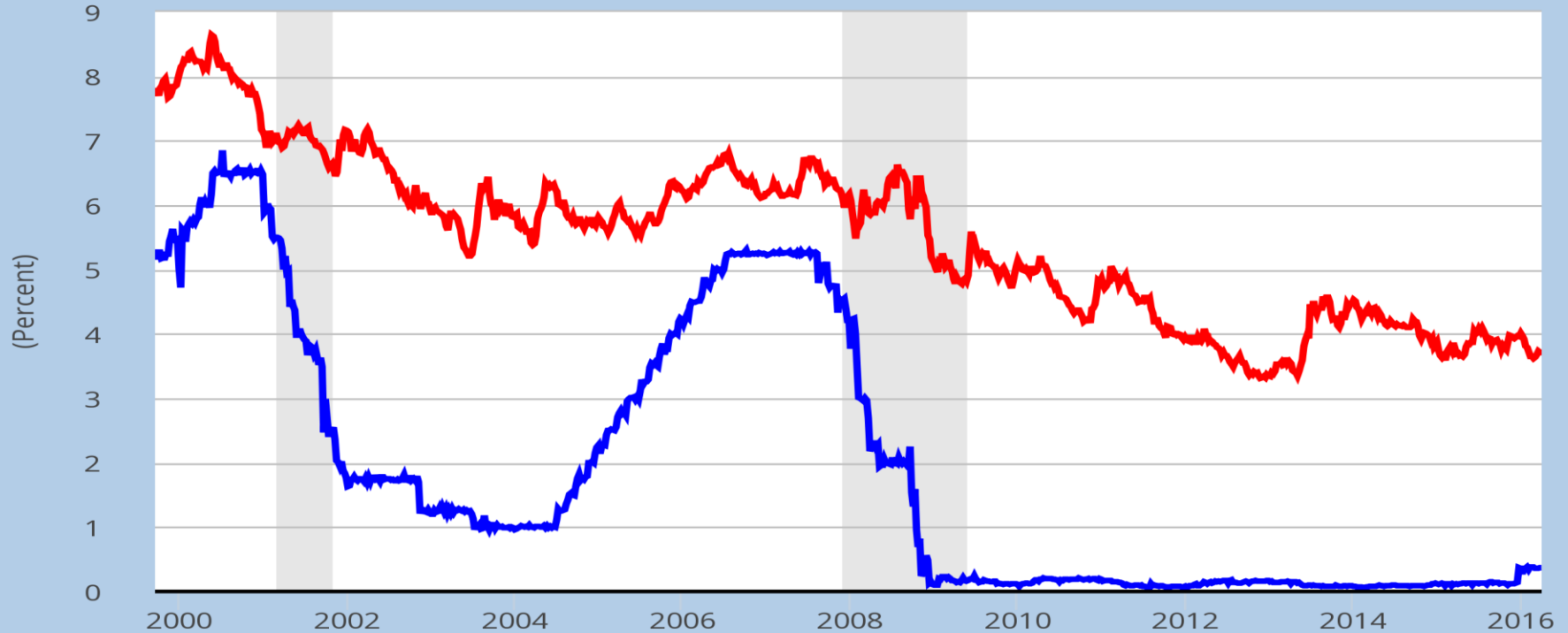
- 60% chance of a 0.25% rate hike in June
- By 12/31/16: 0.875%. (30-yr @4.1%) (90% Prob.)
- By 12/31/17: 1.875%. (30-yr @4.5%)
- By 12/31/18: 3.00%
- By 2019 rates reach 3.25%, the neutral rate

Fed Funds and 30-Yr Mortgage Rates

The relationship is a very weak one



- Effective Federal Funds Rate
- 30-Year Fixed Rate Mortgage Average in the United States©



Housing?

It's Improving but In Fits
and Starts!

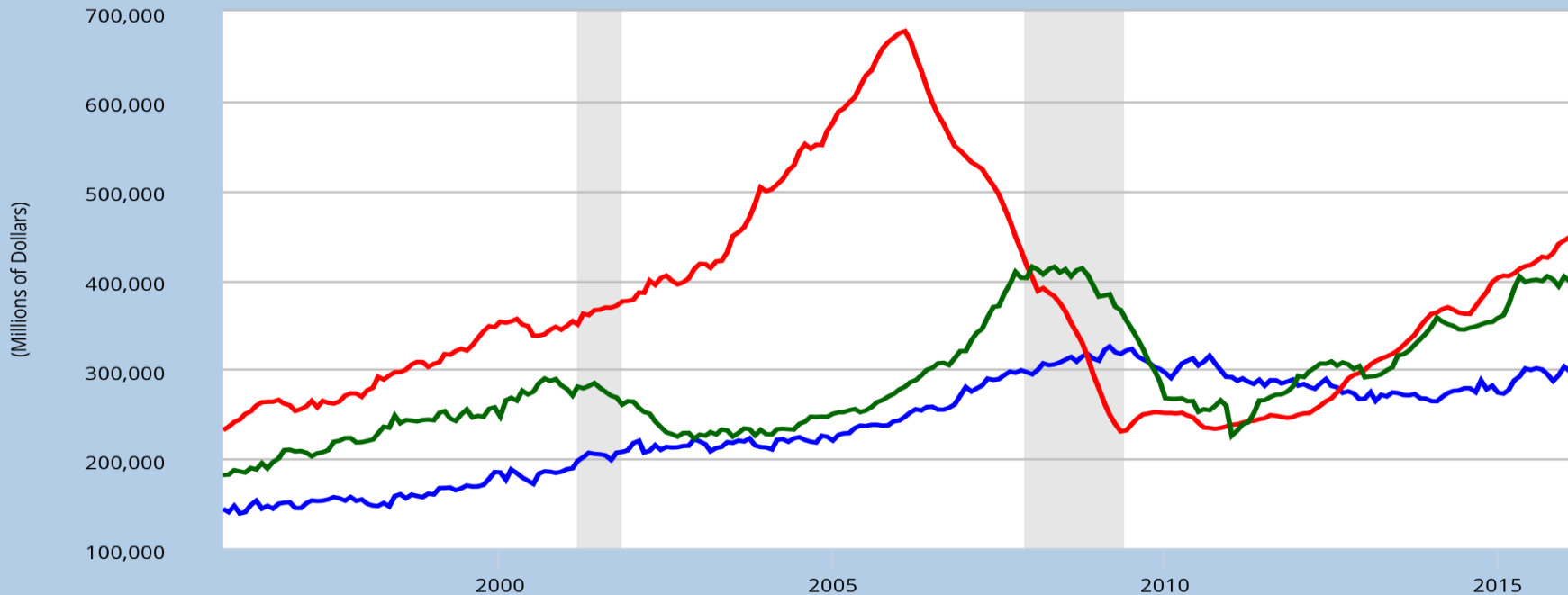


Residential Fixed Investment Slowly Rises!

Up 10.4% Y-o-Y. Non residential is down 4%, Public is down 9%, Residential is down 34%



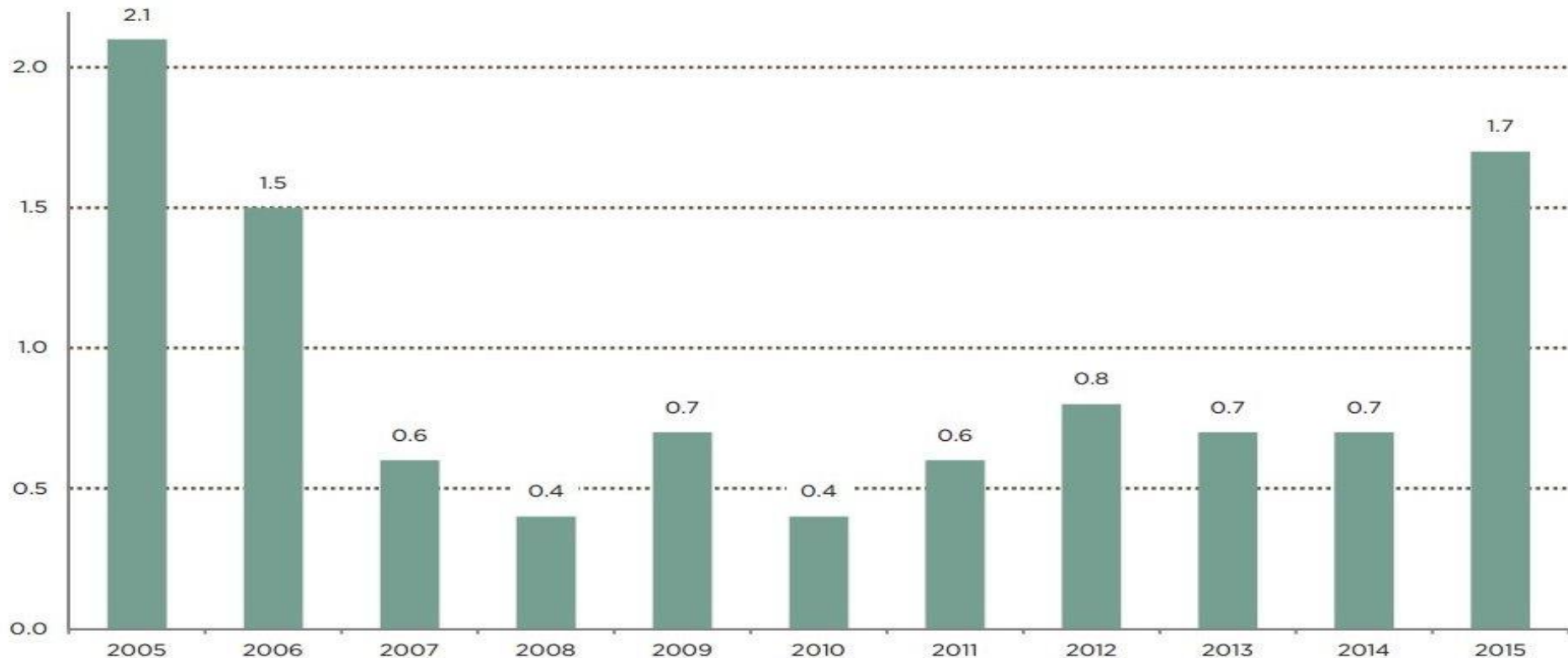
- Total Public Construction Spending
- Total Private Construction Spending: Residential
- Total Private Construction Spending: Nonresidential



Household Formation is Finally on the Move

EXHIBIT 2. HOUSEHOLD FORMATION ACCELERATES IN 2015

Annual Household Growth (Net Change, in Millions)



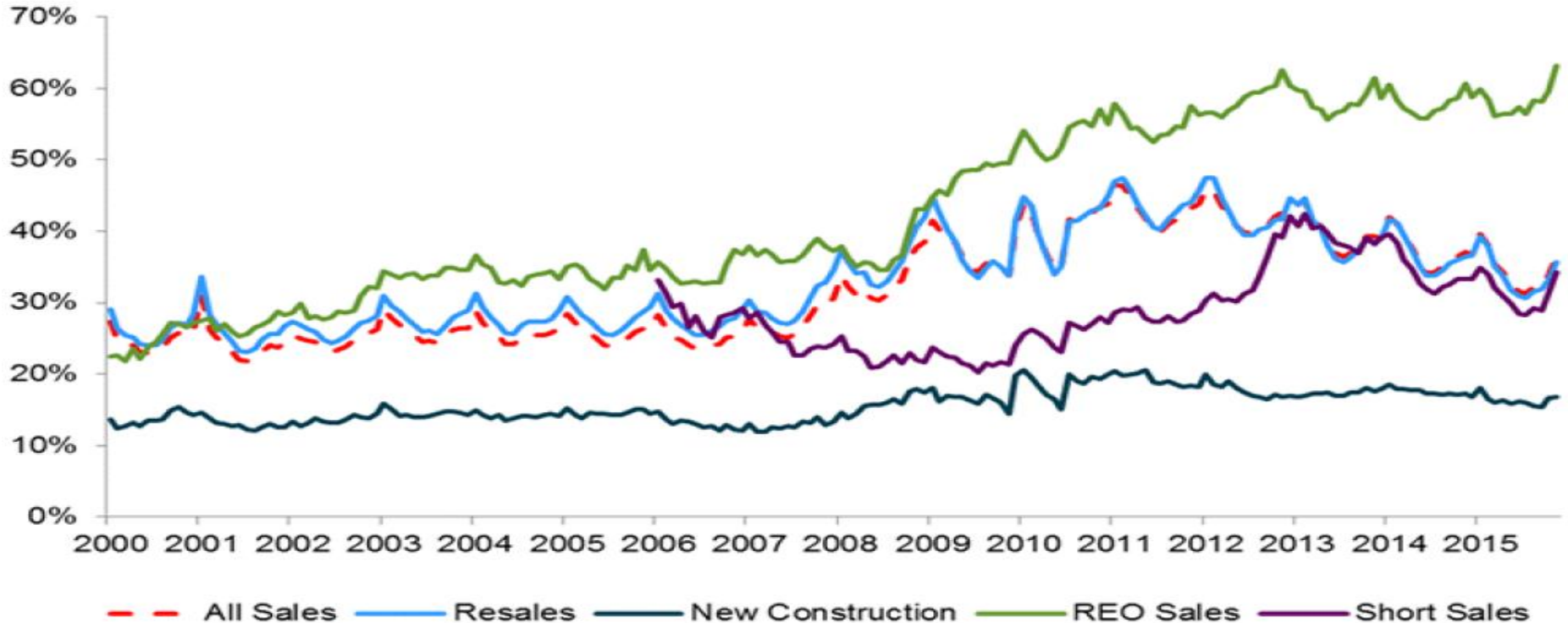
Source: U.S. Census Bureau, Housing Vacancy Survey, net change in number of households, January-to-June compared with same period in prior year.

Cash Sales are Down from Peak

Cash sales were 34.9 in 8/14, now just 31.7%. Resales are 80% of all sales. Historically cash sales are 25%. Peak was over 46.5% in 1/11. By 7/17 we get to normal.

Figure 1: Cash Sales Share by Sale Type

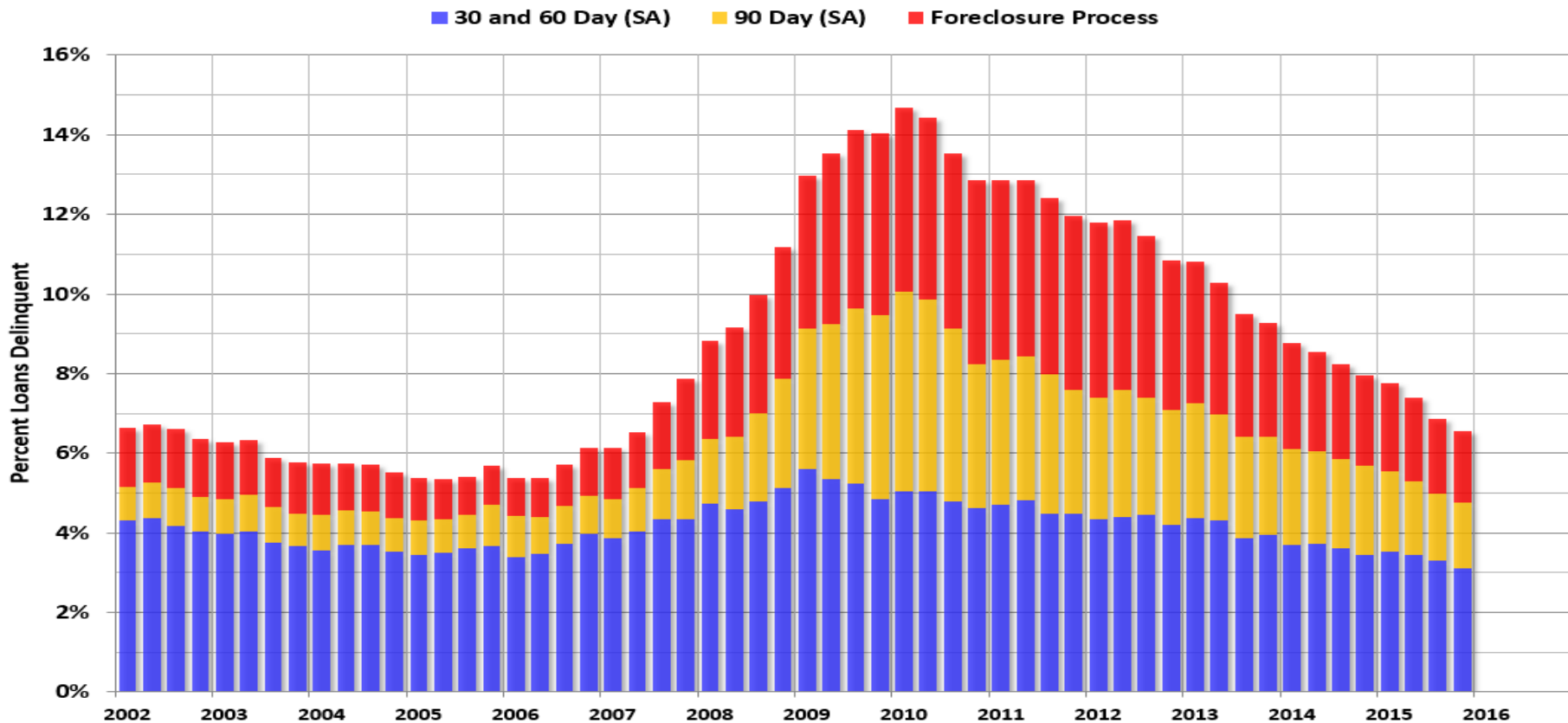
Cash Sales Percent



Delinquencies & Foreclosures Continue Falling

30 and 60 day delinquencies are back to normal!

Mortgage Delinquencies and Foreclosures by Period Past Due, All Loans



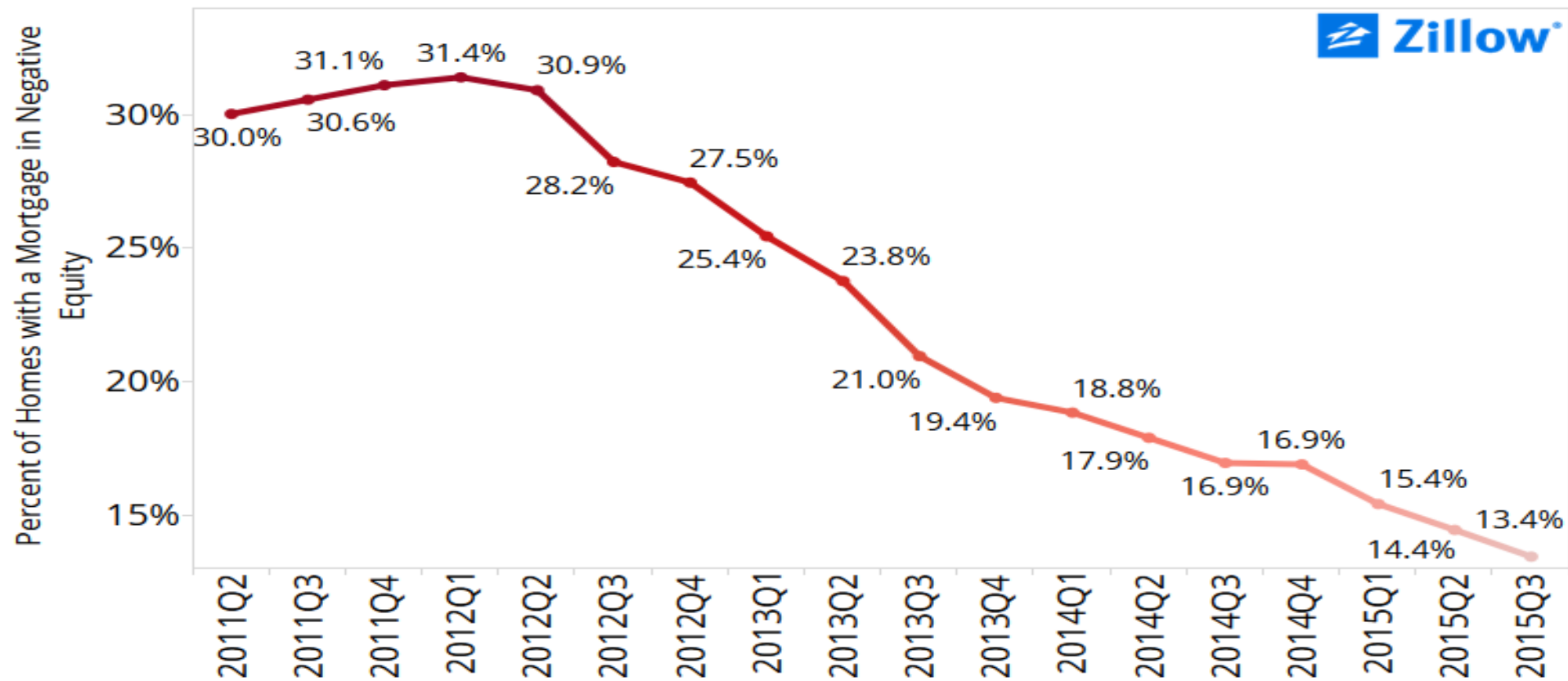
Source: MBA

<http://www.calculatedriskblog.com/>

Negative Equity is Less and Less of a Problem

Percent of Loans in Negative Equity Situation

Figure 1: Negative Equity Time Series (United States)

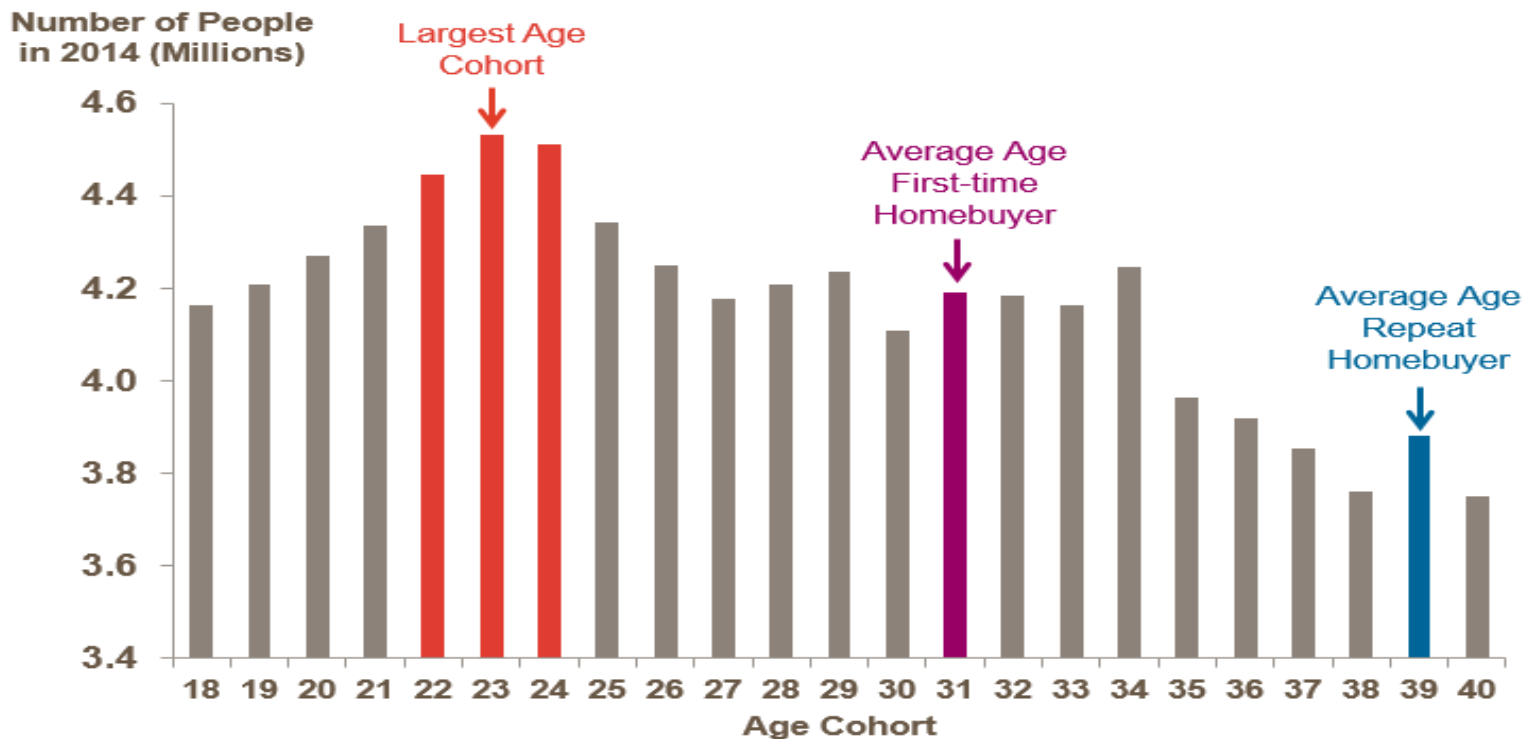


Demographics Will Start to Really Help

Beginning to approach the Peak. Chase Millennials, move-up buyers and Boomers



Exhibit 1: Large Demographic Tailwind Has Arrived



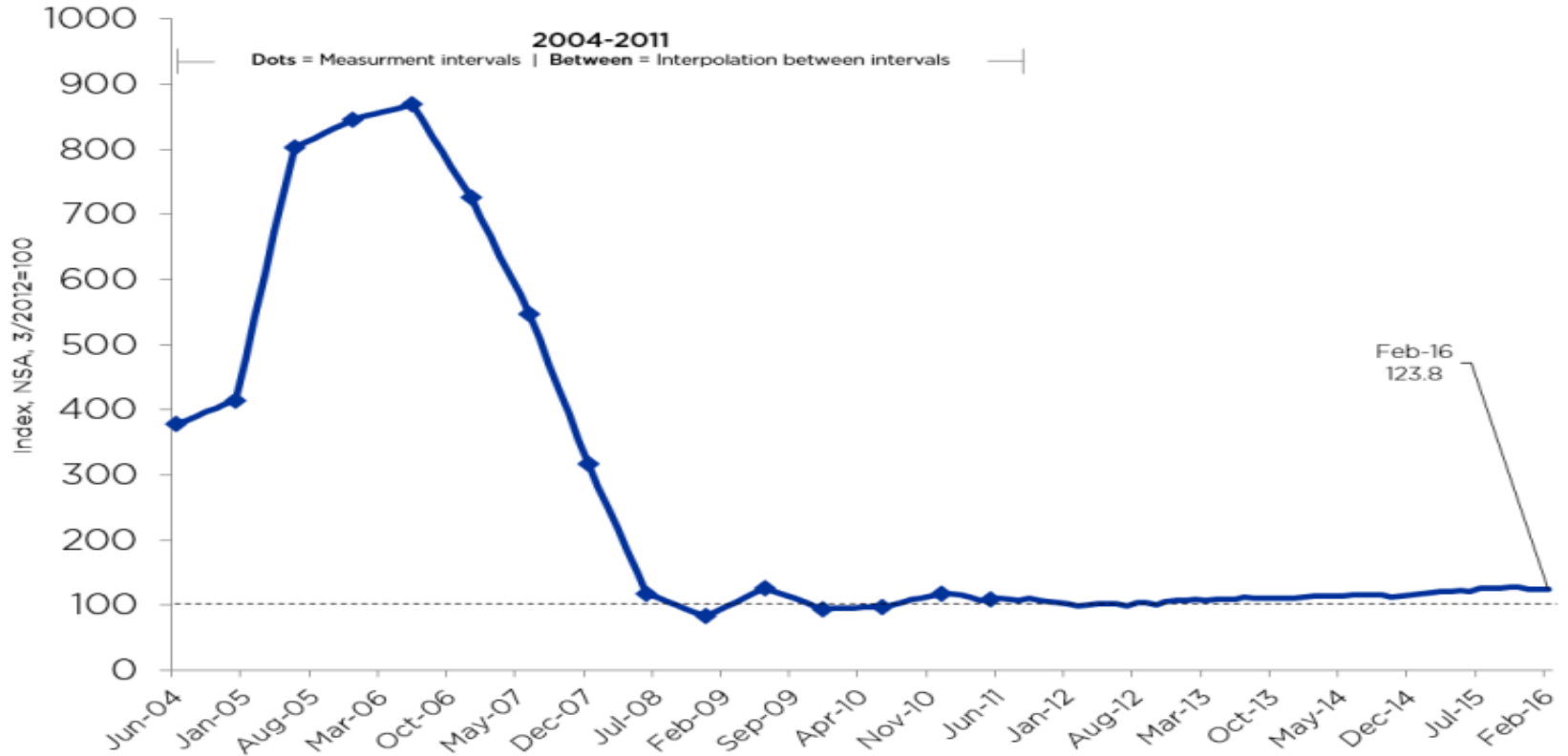
Source: U.S. Census Bureau, Population as of July 1, 2014

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Credit is Generally Very Hard to Get

But it is getting easier, not much easier but.....easier

Mortgage Credit Availability Index (NSA, 3/2012 = 100)
Expanded Historical Series



Change in Wealth by Median Household 2003 -2013



\$87,992

Median household net worth,
2003
(Figures adjusted for inflation)

\$56,335

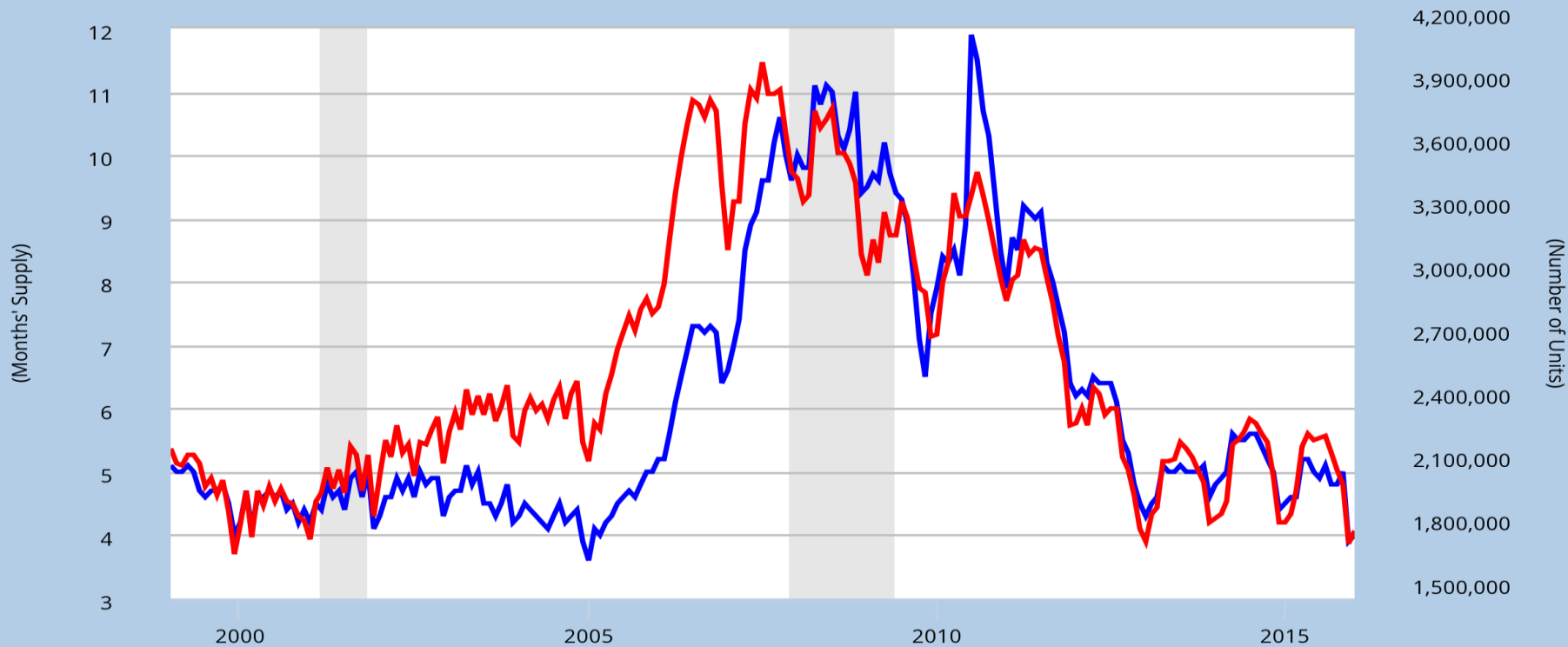
Median household net worth,
2013

Existing Home Inventory and Duration Move Together!

Every 300K change in units equals 1 month of inventory

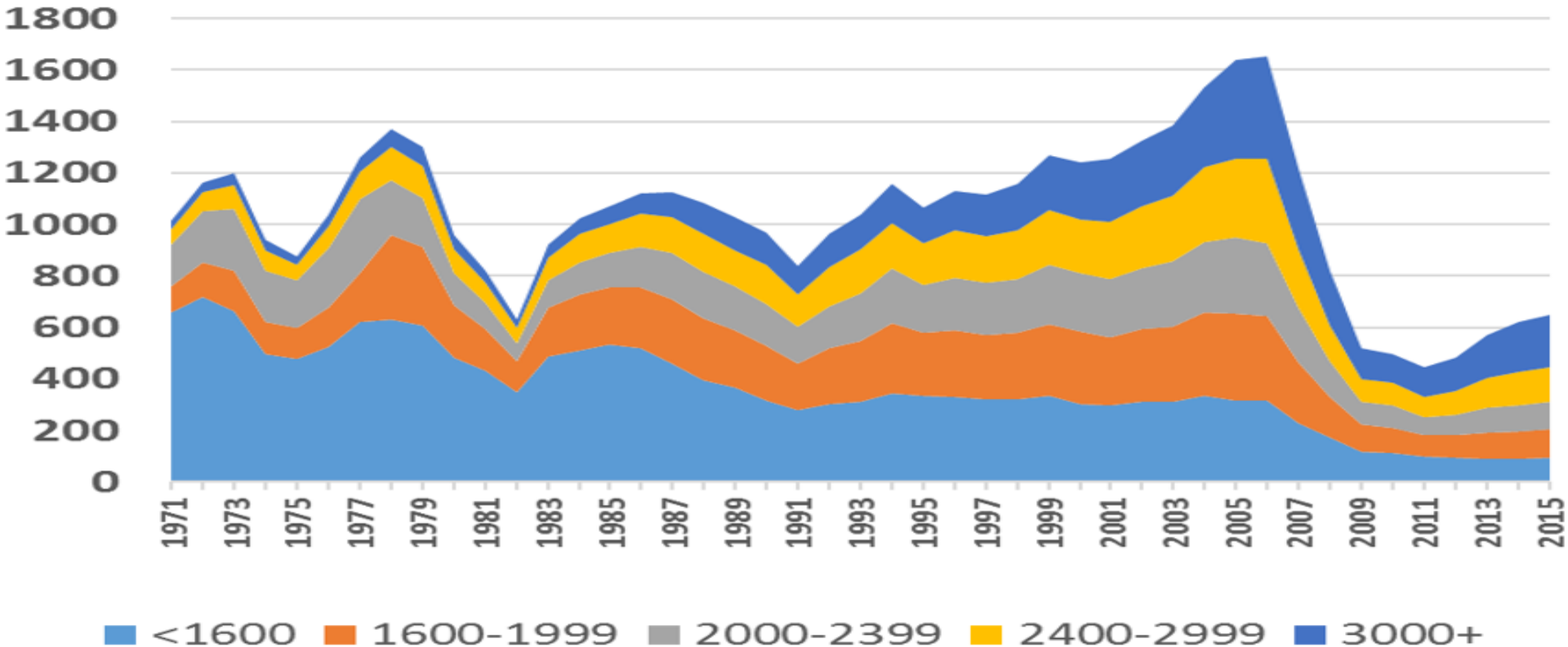


— Existing Home Sales: Months Supply© (left)
— Existing Home Sales: Housing Inventory© (right)



Bigger Houses Continue to Get Built

Single Family Housing Completions by Square Feet of Floor Area (Completions in thousands of units)



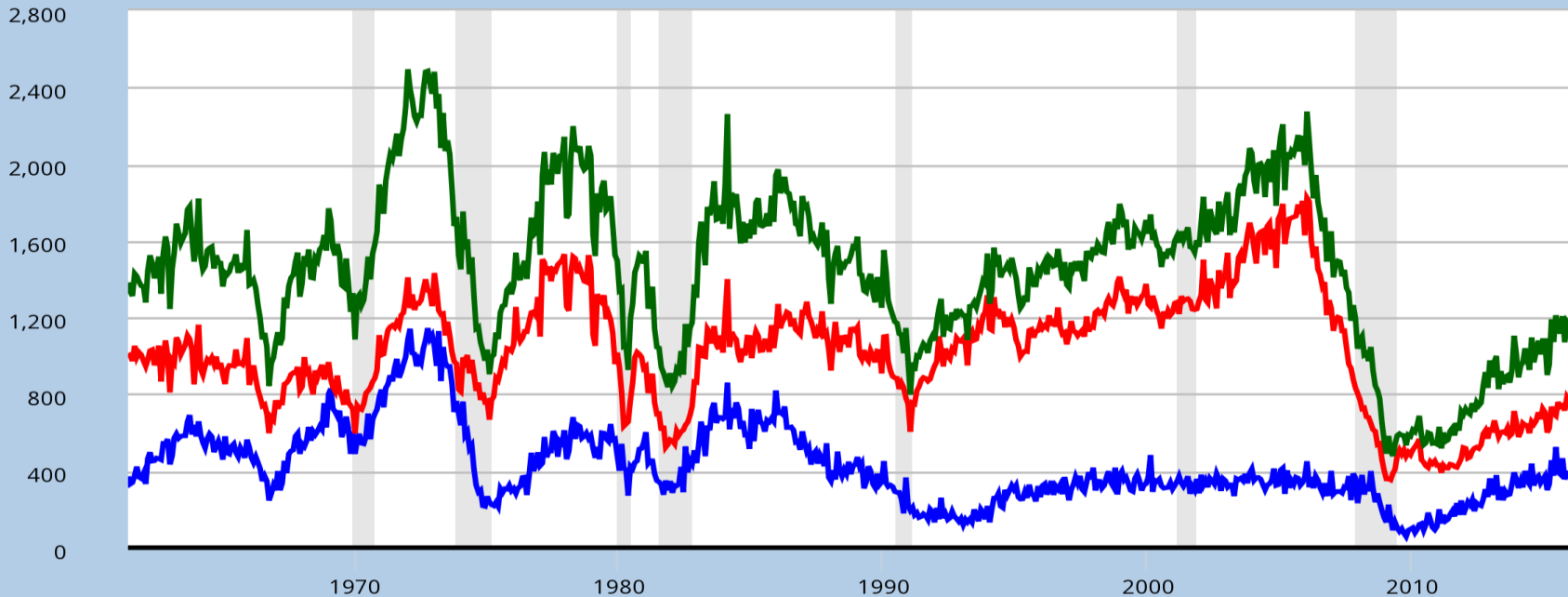
Single-Family and Multifamily Starts – Beginning a Recovery

Lack of lots, gun shy lenders and high prices.



- Housing Starts: Total: New Privately Owned Housing Units Started-Privately Owned Housing Starts: 1-Unit Structures
- Privately Owned Housing Starts: 1-Unit Structures
- Housing Starts: Total: New Privately Owned Housing Units Started

(Thous. of Units-Thous. of Units), (Thousands of Units)

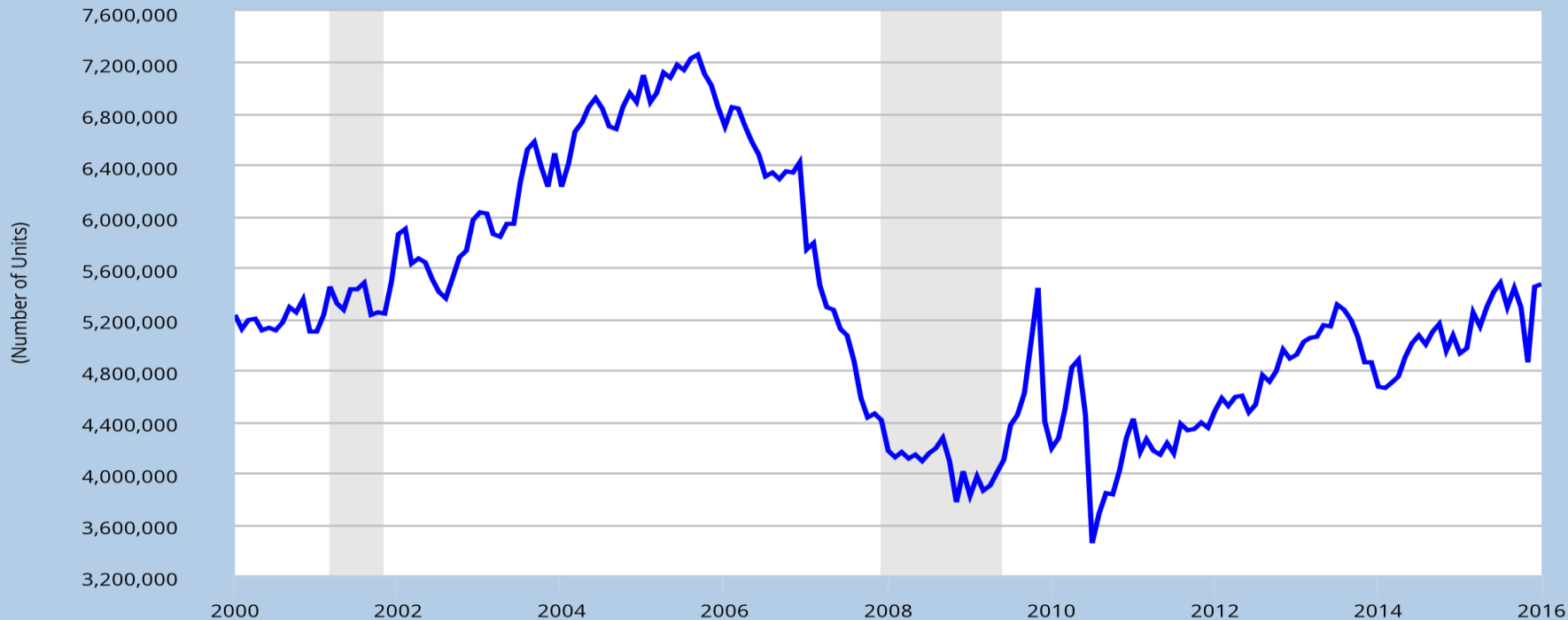


Existing Home Sales

1st-time buyers remain largely MIA. Distressed sales are just 6% of total. Where is inventory?
TRID was the reason for the 14% November decline.



Existing Home Sales©



Source: National Association of Realtors

research.stlouisfed.org

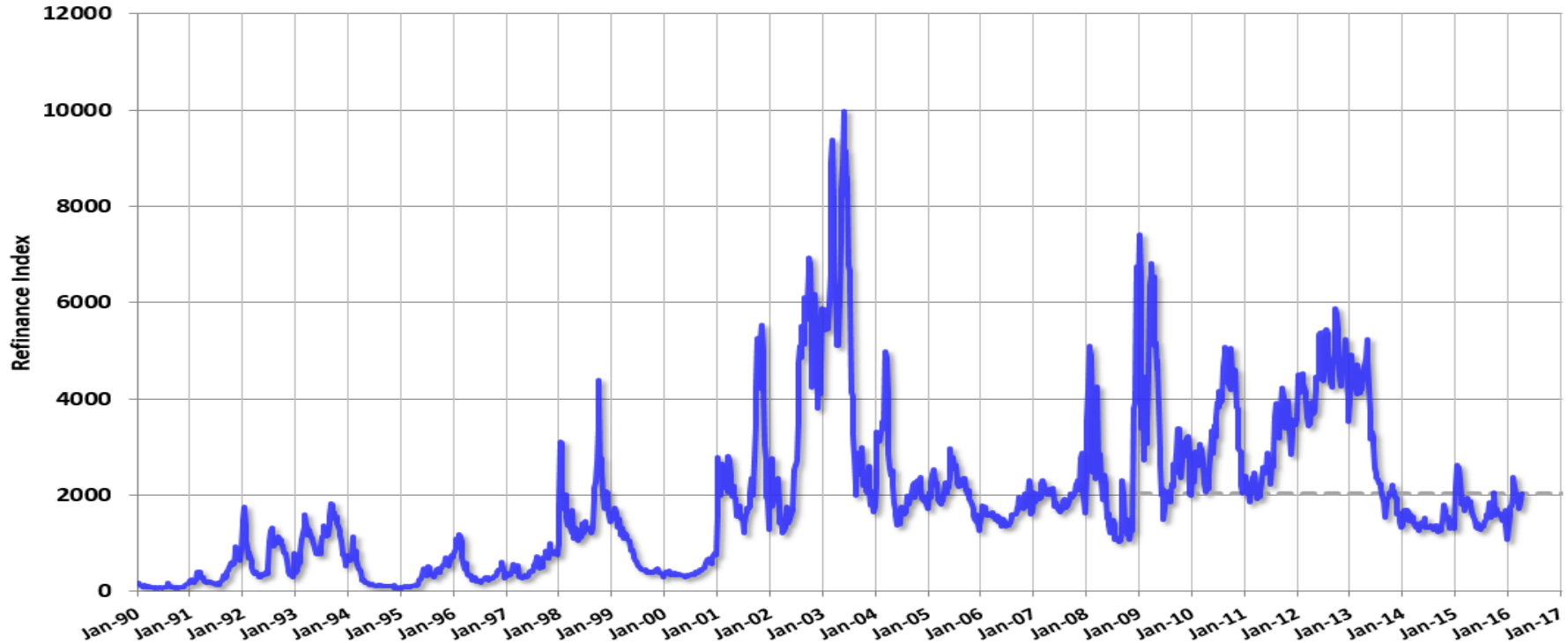
myf.red/g/3yFO

Refinance Activity is Quite Flat!

2016 refi activity falls from \$750 billion to \$525 billion. Share falls from 45% to 35%
2015 was 3rd worst refi year since 2000.

MBA Refinance Applications Index

-- Current — Refinance Index



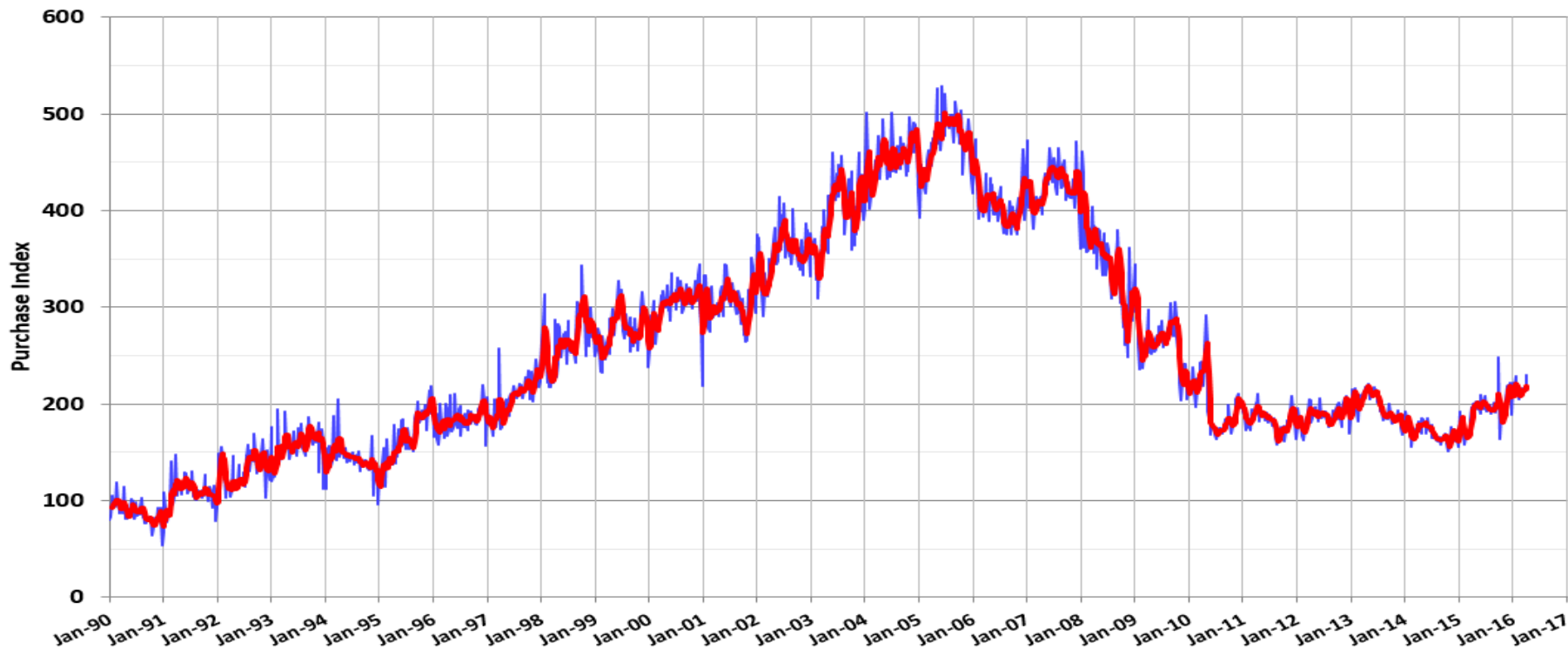
MBA Mortgage Purchase Apps – Rise Steadily

1st time applications are up 24% Y-o-Y, at level of the late 1990s!

10% rise in purchase applications in 2016 from \$875 billion in 2015 to \$960 billion

MBA Purchase Applications Index

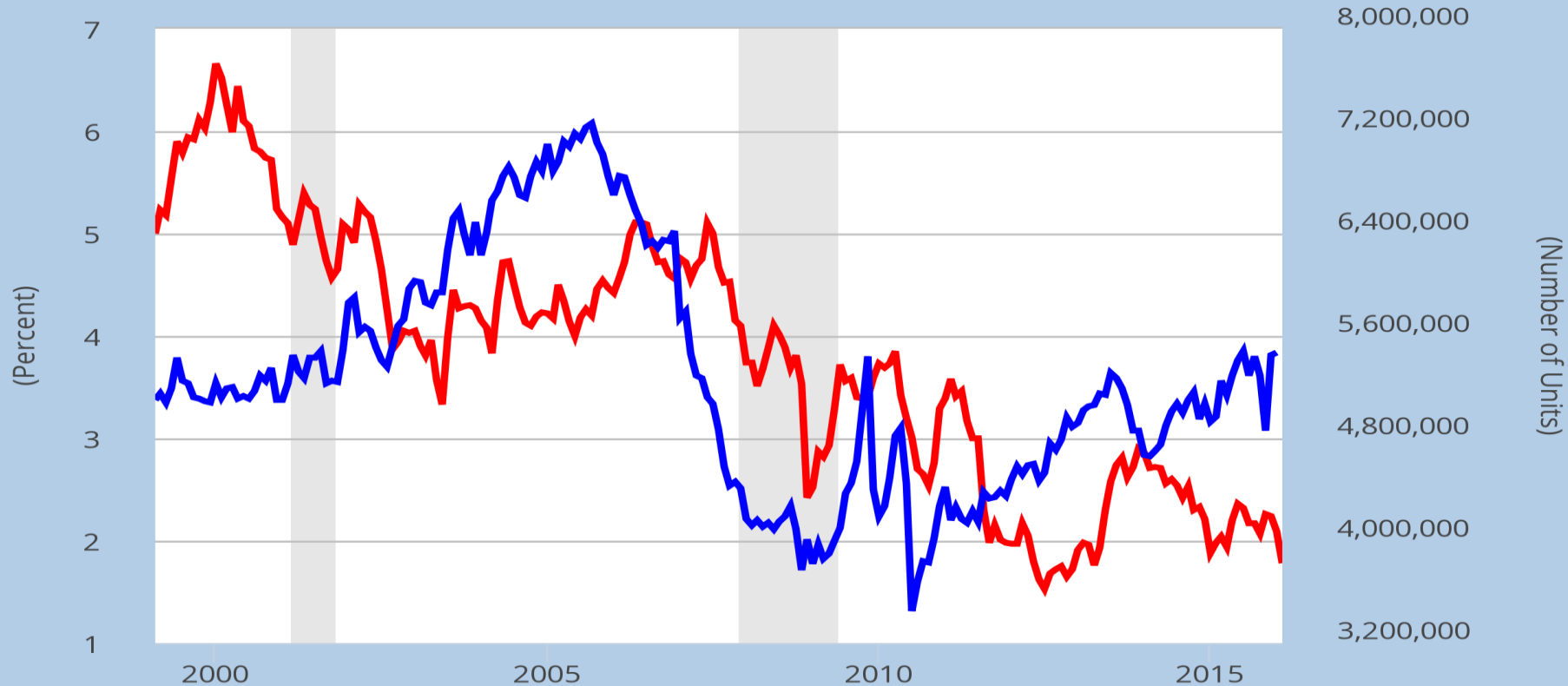
Purchase Index 4 Week Moving Average



Housing Sales and Interest Rates Are Not Related!



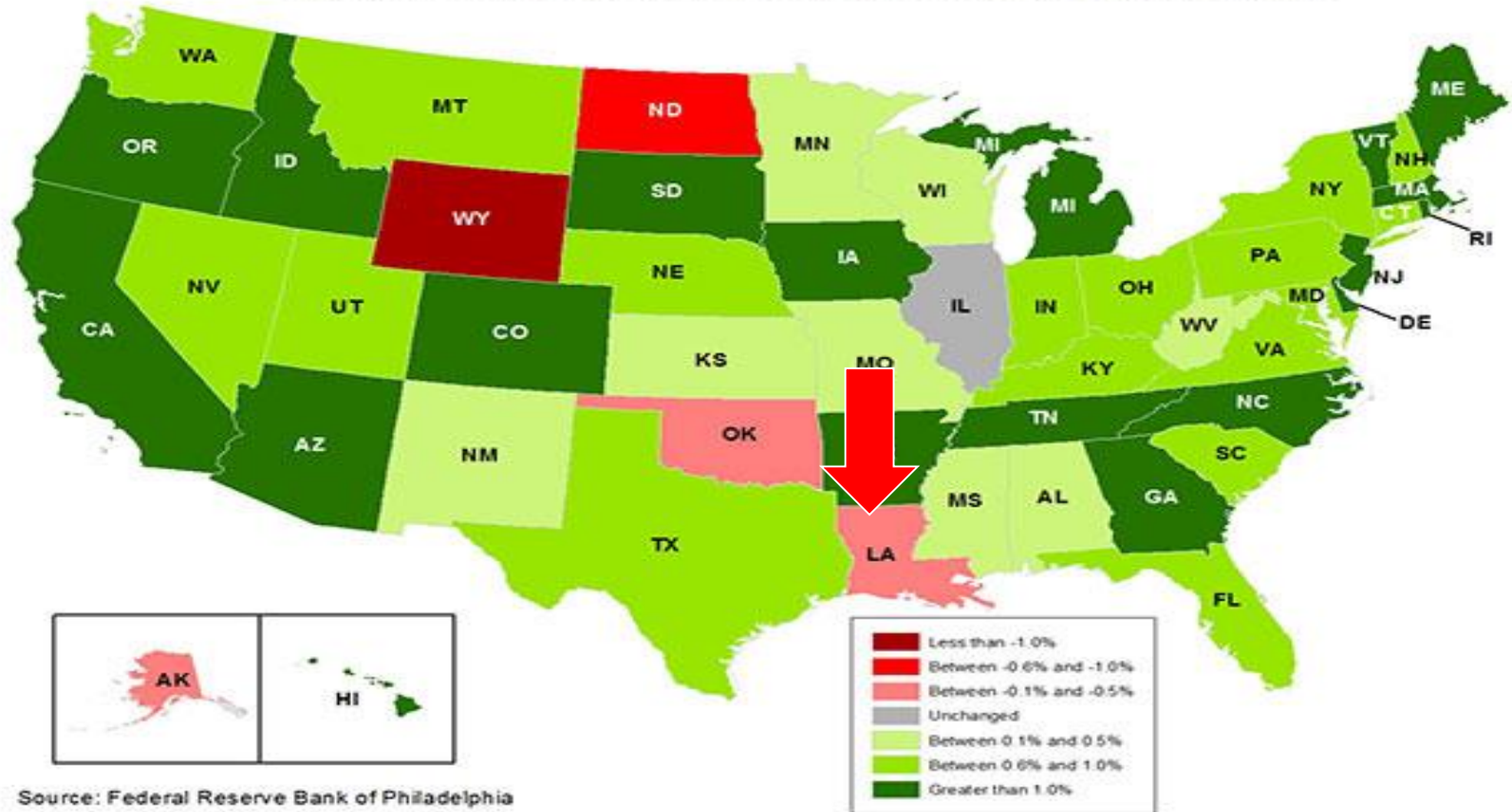
— 10-Year Treasury Constant Maturity Rate (left)
— Existing Home Sales© (right)



**What About
Things Here?**

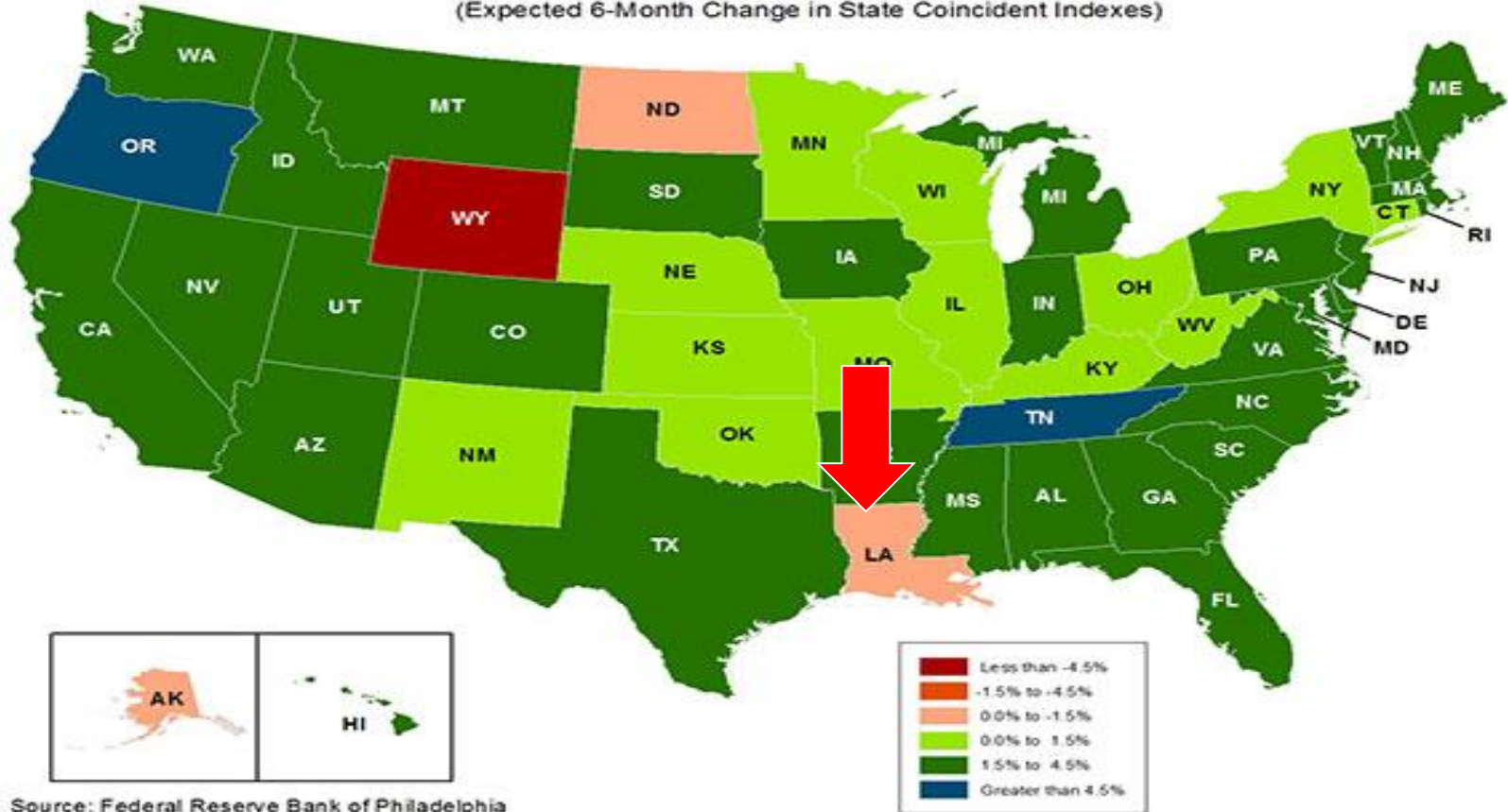
Things May Not Be Great, But they Are O.K.

January 2016 State Coincident Indexes: Three-Month Change



The Future Looks Slightly Weak

January 2016 State Leading Indexes
(Expected 6-Month Change in State Coincident Indexes)



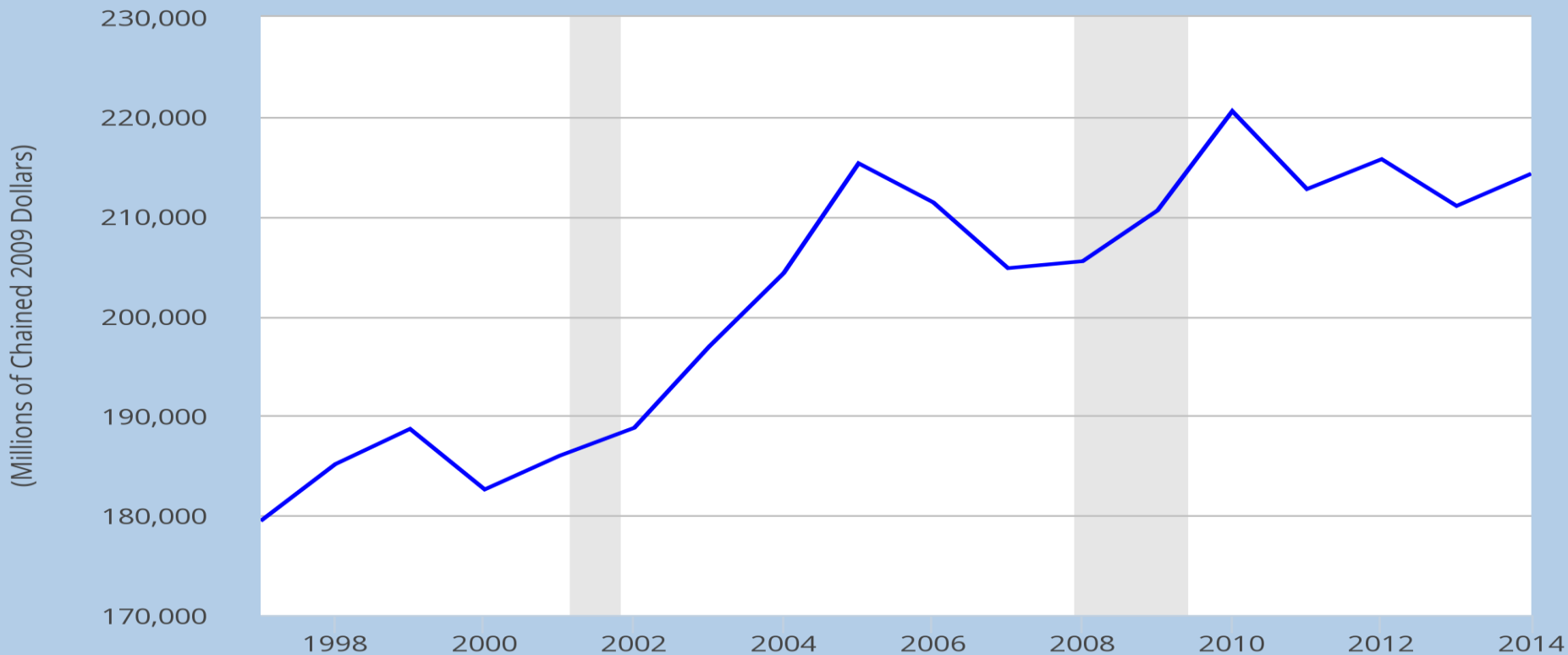
Source: Federal Reserve Bank of Philadelphia

State of Louisiana Real GSP

Is flat. The declining oil price is not helping.



— Real Total Gross Domestic Product for Louisiana

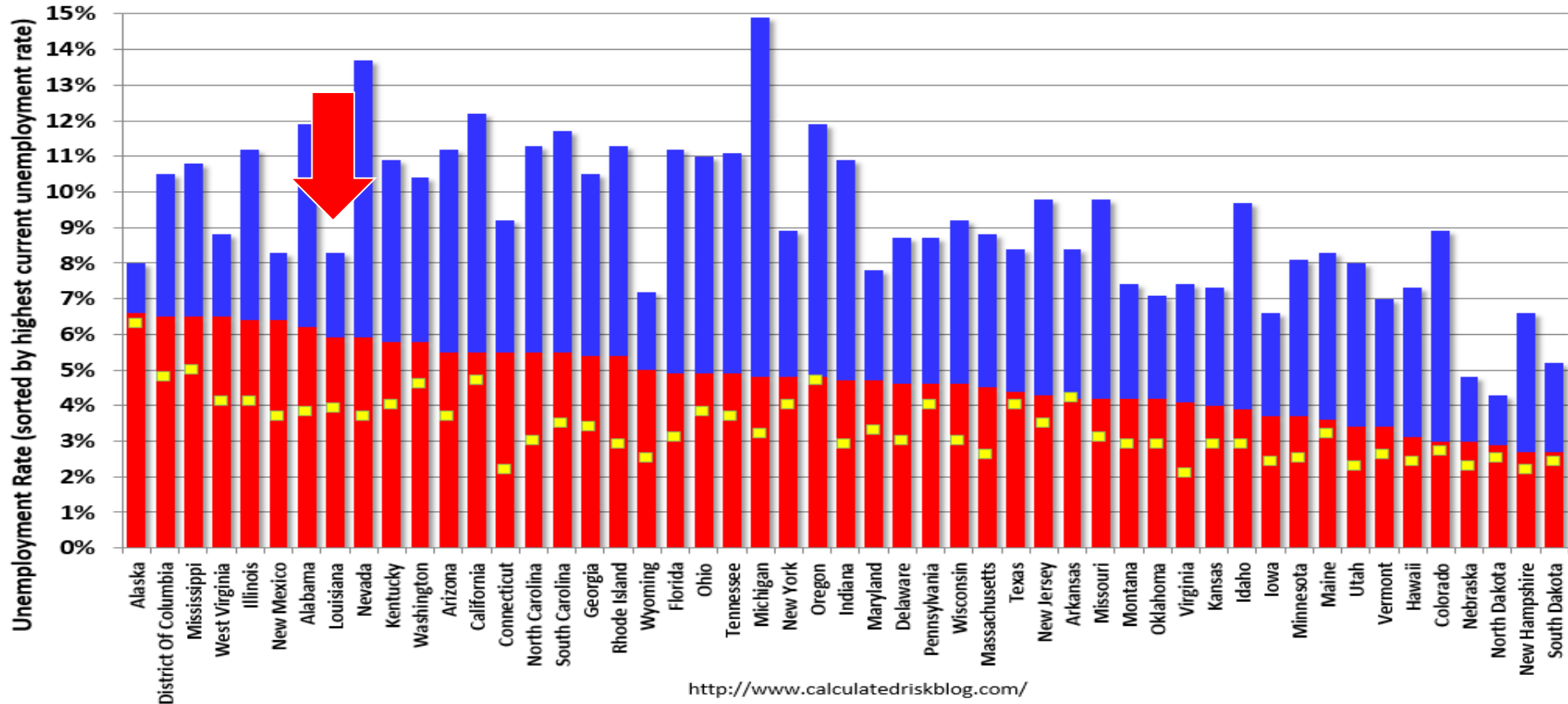


State Unemployment Rates

Significant differences exist: However, unemployment is below 7% everywhere!

State Unemployment Rate: Current Rate and Max for 2007 Recession

■ Current ■ Recession Max ■ Lowest since 1976

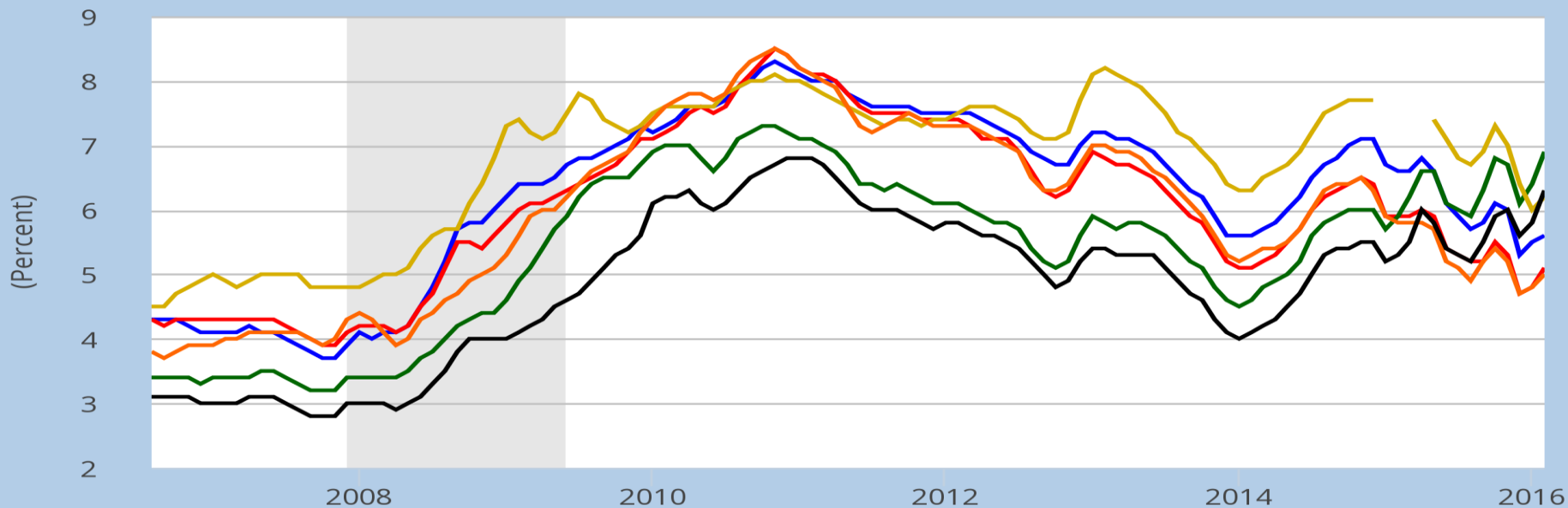


Unemployment Rates In Louisiana's Biggest MSAs

Unemployment rates in Houma and Lafayette are rising and declining elsewhere. No surprise.



- Unemployment Rate in New Orleans-Metairie, LA (MSA)
- Unemployment Rate in Baton Rouge, LA (MSA)
- Unemployment Rate in Lafayette, LA (MSA)
- Unemployment Rate in Shreveport-Bossier City, LA (MSA)
- Unemployment Rate in Lake Charles, LA (MSA)
- Unemployment Rate in Houma-Thibodaux, LA (MSA)

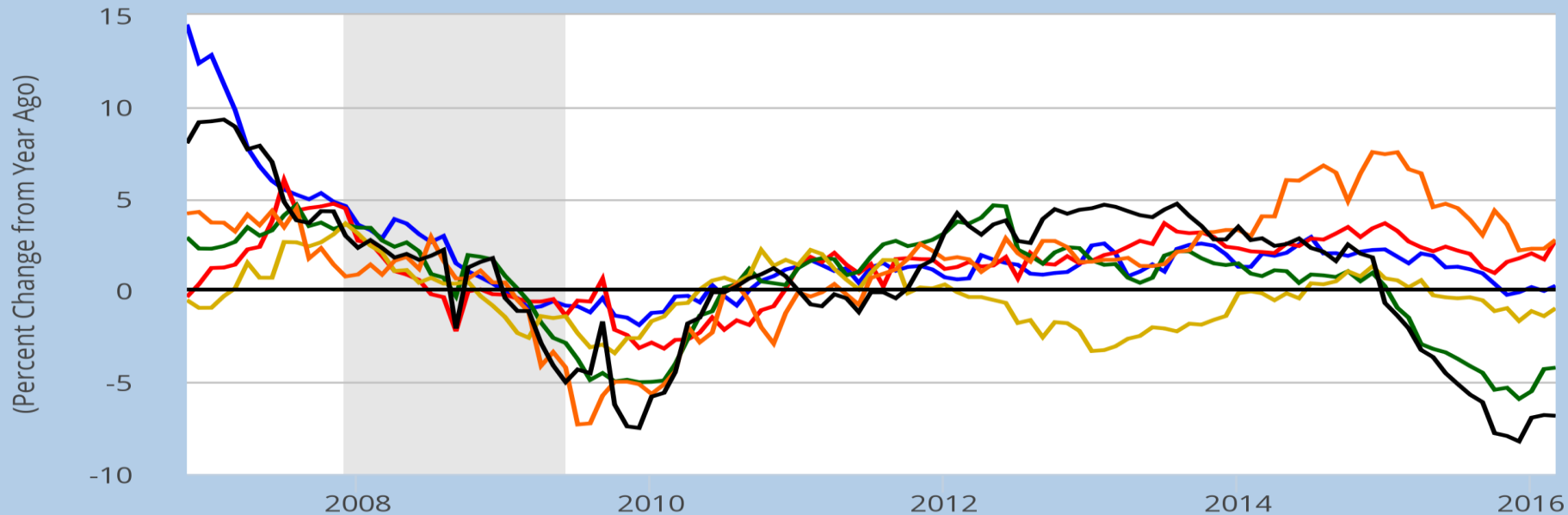


Payroll Growth Rates Vary Dramatically

The oil patch is weak as is Shreveport. Lake Charles & Baton Rouge are tops, NOLA weakens



- All Employees: Total Nonfarm in New Orleans-Metairie, LA (MSA)
- All Employees: Total Nonfarm in Baton Rouge, LA (MSA)
- All Employees: Total Nonfarm in Lafayette, LA (MSA)
- All Employees: Total Nonfarm in Shreveport-Bossier City, LA (MSA)
- All Employees: Total Nonfarm in Lake Charles, LA (MSA)
- All Employees: Total Nonfarm in Houma-Thibodaux, LA (MSA)

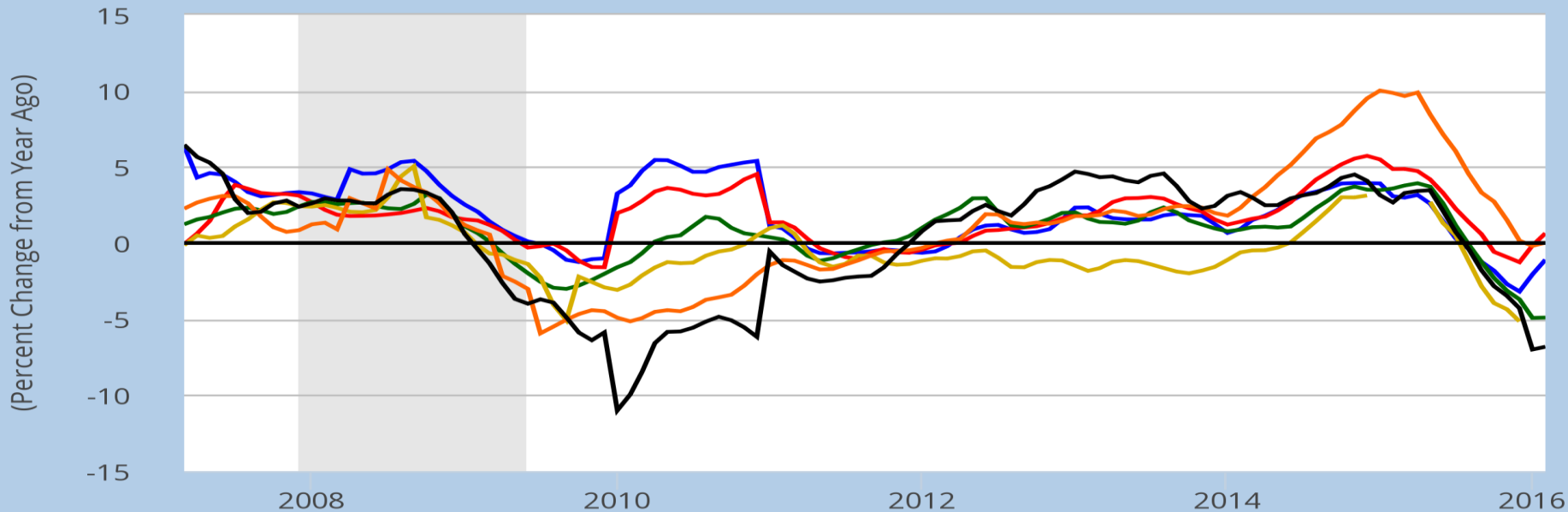


Labor Force Growth Rates are Challenged

The oil patch & Shreveport are weak. Lake Charles and Baton Rouge are good, NOLA is OK



- Civilian Labor Force in New Orleans-Metairie, LA (MSA)
- Civilian Labor Force in Baton Rouge, LA (MSA)
- Civilian Labor Force in Lafayette, LA (MSA)
- Civilian Labor Force in Shreveport-Bossier City, LA (MSA)
- Civilian Labor Force in Lake Charles, LA (MSA)
- Civilian Labor Force in Houma-Thibodaux, LA (MSA)

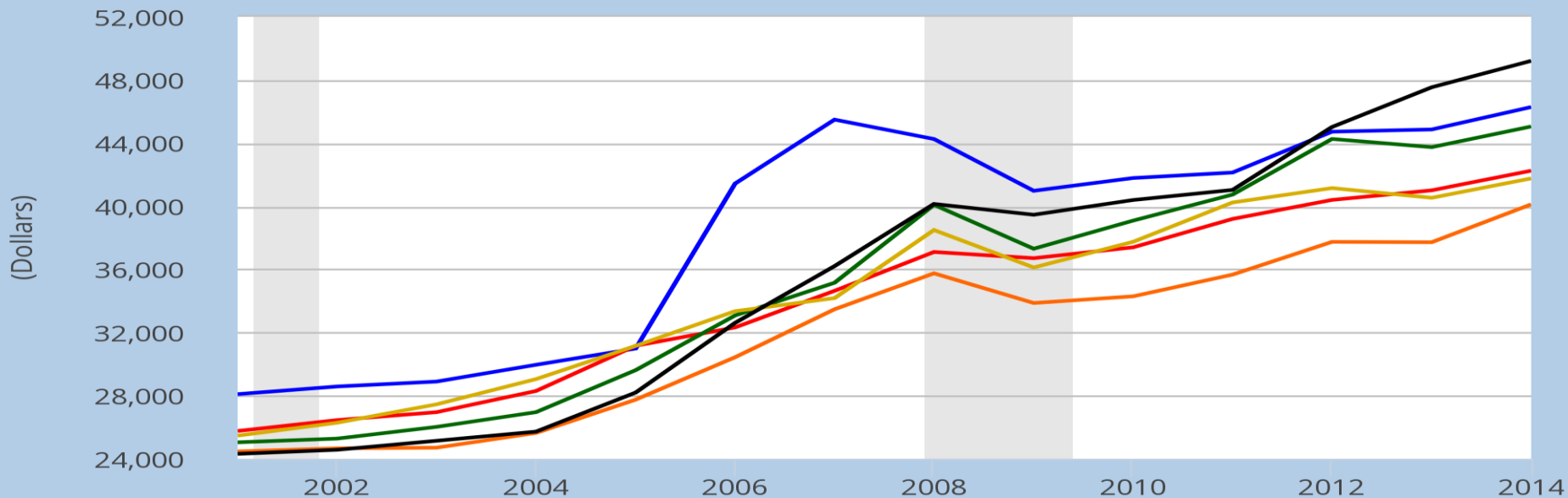


Per Capita Personal Income Around Louisiana

NOLA is now higher than ever, Houma had a great run; elsewhere income growth is fine

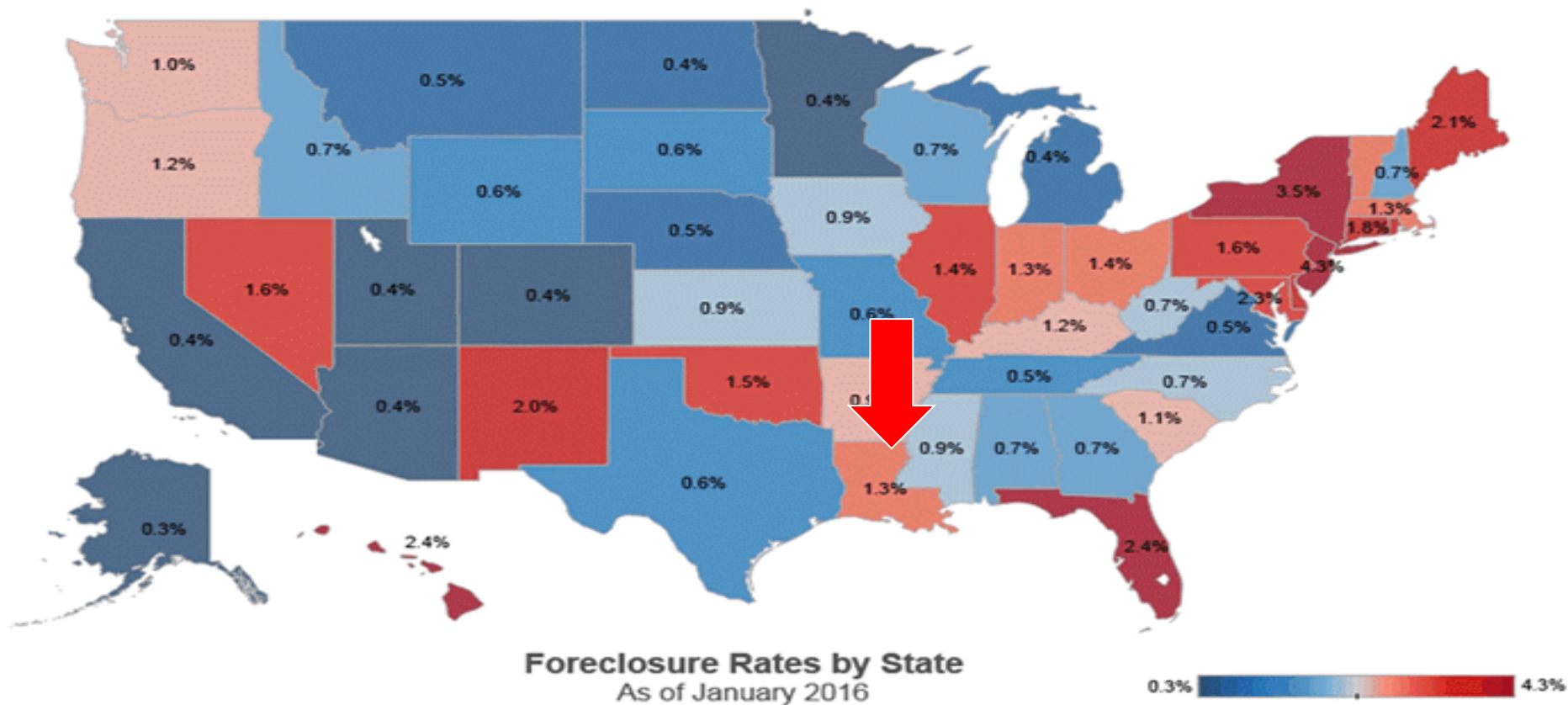


- Per Capita Personal Income in New Orleans-Metairie-Kenner, LA (MSA)
- Per Capita Personal Income in Baton Rouge, LA (MSA)
- Per Capita Personal Income in Lafayette, LA (MSA)
- Per Capita Personal Income in Shreveport-Bossier City, LA (MSA)
- Per Capita Personal Income in Lake Charles, LA (MSA)
- Per Capita Personal Income in Houma-Bayou Cane-Thibodaux, LA (MSA)



Let's Do this Without A Lawyer, Thank You!

Figure 3 – Foreclosure Inventory Rate by State



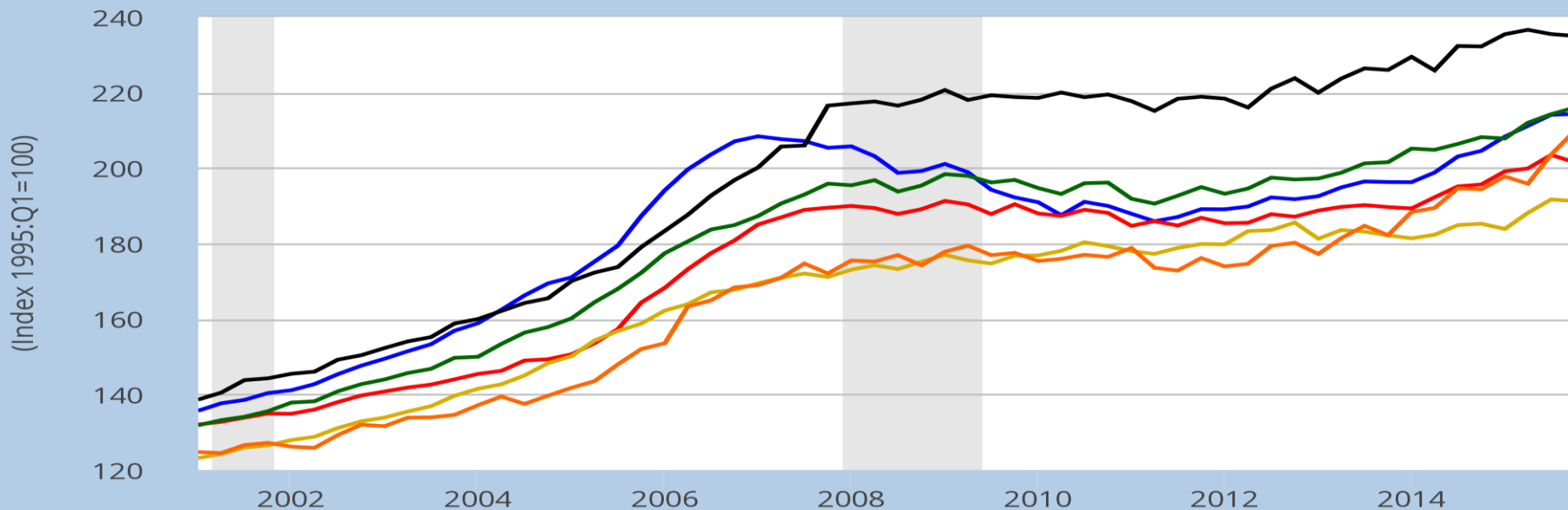
Source: CoreLogic Market Trends

House Prices Around Louisiana

Everywhere prices are above their prior peak. Houma is unique in that prices never fell.



- All-Transactions House Price Index for New Orleans-Metairie, LA (MSA)
- All-Transactions House Price Index for Baton Rouge, LA (MSA)
- All-Transactions House Price Index for Lafayette, LA (MSA)
- All-Transactions House Price Index for Shreveport-Bossier City, LA (MSA)
- All-Transactions House Price Index for Lake Charles, LA (MSA)
- All-Transactions House Price Index for Houma-Thibodaux, LA (MSA)

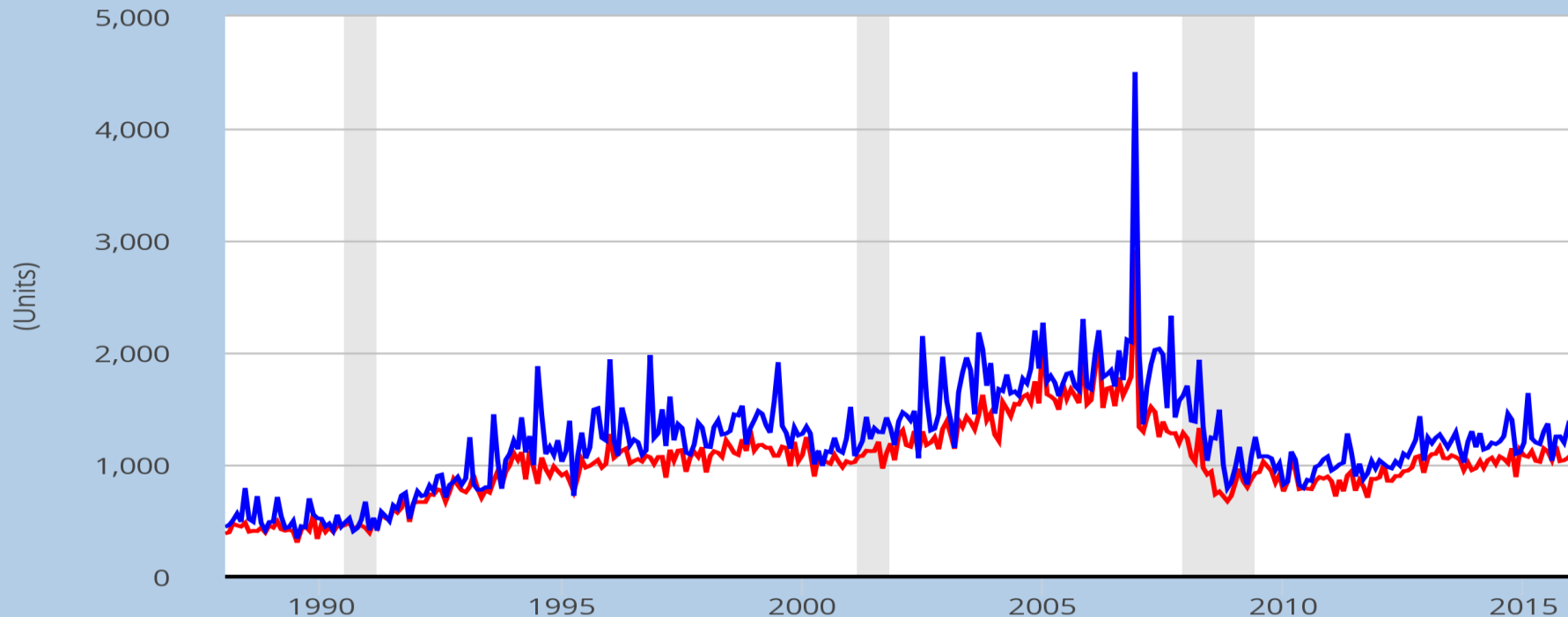


Louisiana Housing Starts

Single-family activity is weak, multifamily activity is at its normal level.



- New Private Housing Units Authorized by Building Permits: 1-Unit Structures for Louisiana
- New Private Housing Units Authorized by Building Permits for Louisiana



ANY QUESTIONS?

Elliot F. Eisenberg, Ph.D.

Cell: 202.306.2731

elliott@graphsandlaughs.net

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Thank YOU all very very much!



Real Estate Office Trends 2016

Branon Pesnell, CCIM, SIOR – Beau Box Commercial Real Estate
Jonann Stutzman – NAI Latter & Blum Commercial Real Estate
Gary Black – Wampold Companies

SIOR Commercial Real Estate Index

Fourth Quarter 2015 Results

SIOR Index measures 10 variables pertinent to the performance of U.S. industrial and office markets (balanced market is signified by 100 points)

- SIOR market experts commented on Fourth Quarter 2014 conditions The SIOR Index continued its rise from fourth quarter 2014, gaining 6.5 points, from 116.30 to **122.8**.
- The office market sub-index recorded growth, rising 6.0 points to **112.9**, up from 106.9 in the fourth quarter of 2014.
- These results put the CREI above a “balanced market threshold” of 100 points for 7 consecutive quarters and the highest since 4th quarter 2007.
- The South Region posted the highest index value of 127.3, up from 118.10 in 2014.

Source: Society of Industrial & Office Realtors



Baton Rouge Office Market

2016 Executive Summary

- Occupancy decreased from 89.28 in 2015 to 85.75 in 2016
- Rental rates remained flat
- Large blocks of space have been difficult to locate, but options are starting to appear
- Amount of sublease space may begin to increase
- A few new developments underway
- Unstable oil prices and State budget crisis have slowed local/state economy

Baton Rouge Office Market

March 2016

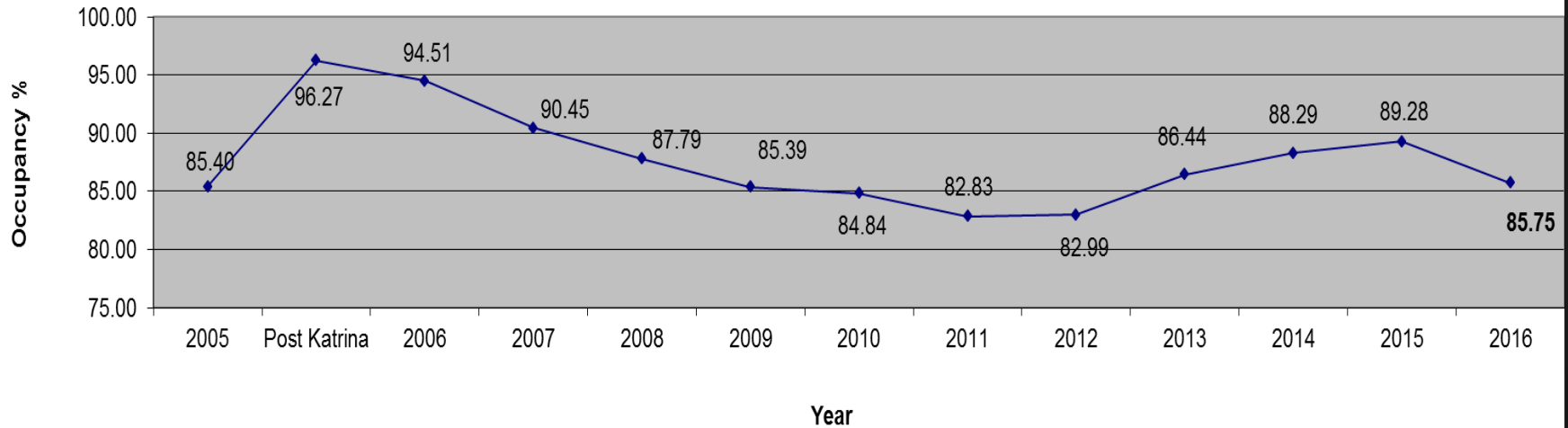
Class B – 2,344,690 Total Square Feet



Class A – 4,294,020 Total Square Feet

Baton Rouge Office Market Historical Occupancy

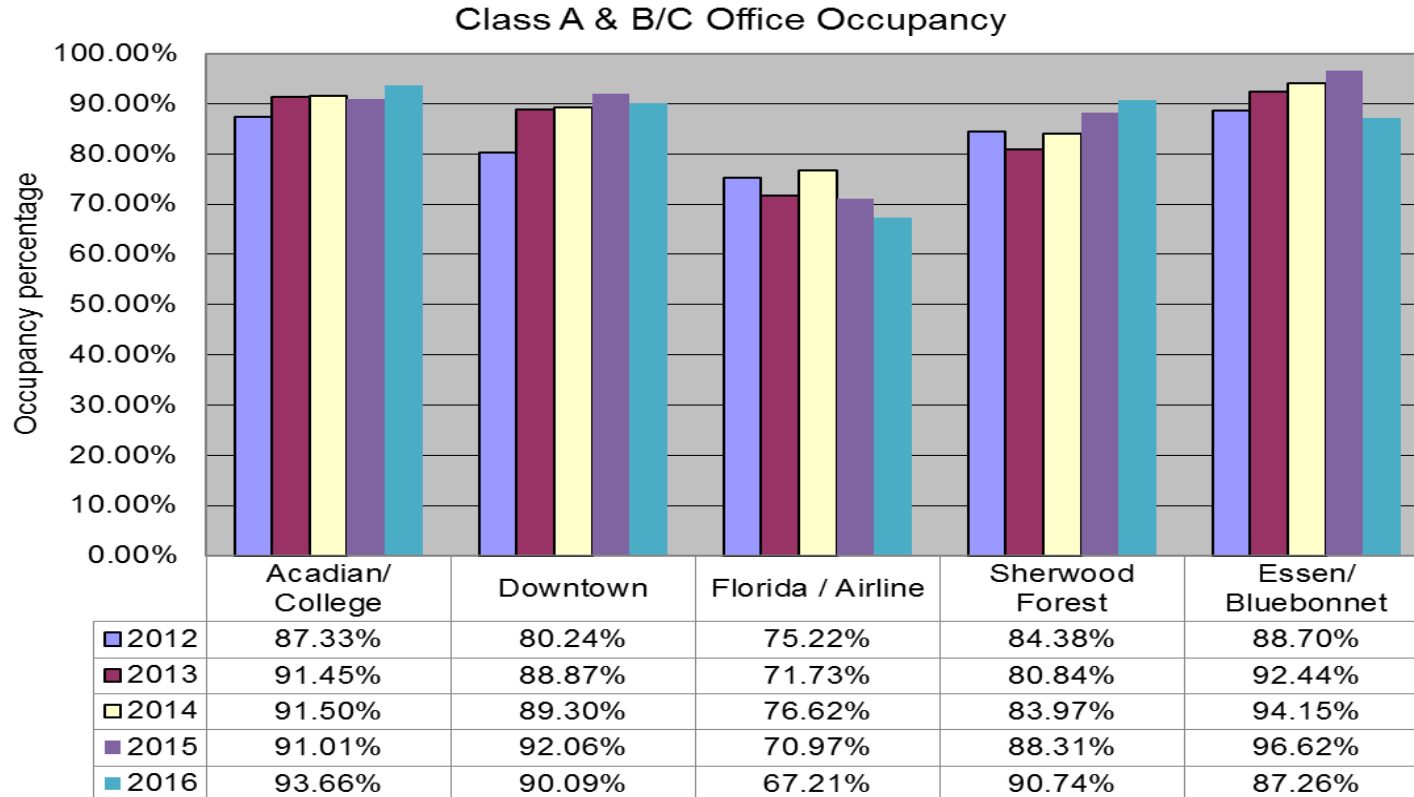
Baton Rouge Office Market Occupancy



Baton Rouge Office Market

Class A & B Occupancy

Spring 2016 Market Occupancy
85.75%

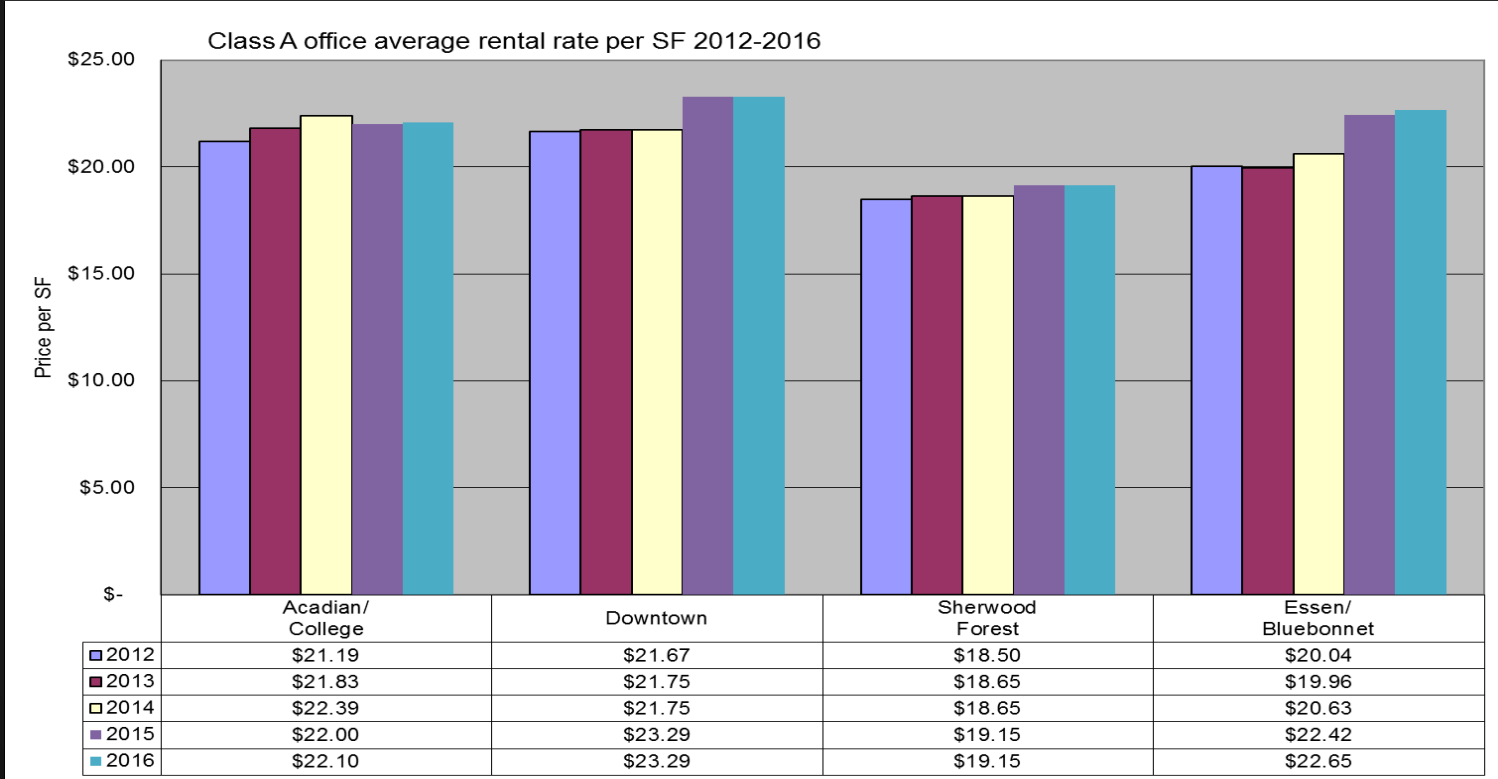


Baton Rouge Office Market

Class A Rental Rates

Spring 2016

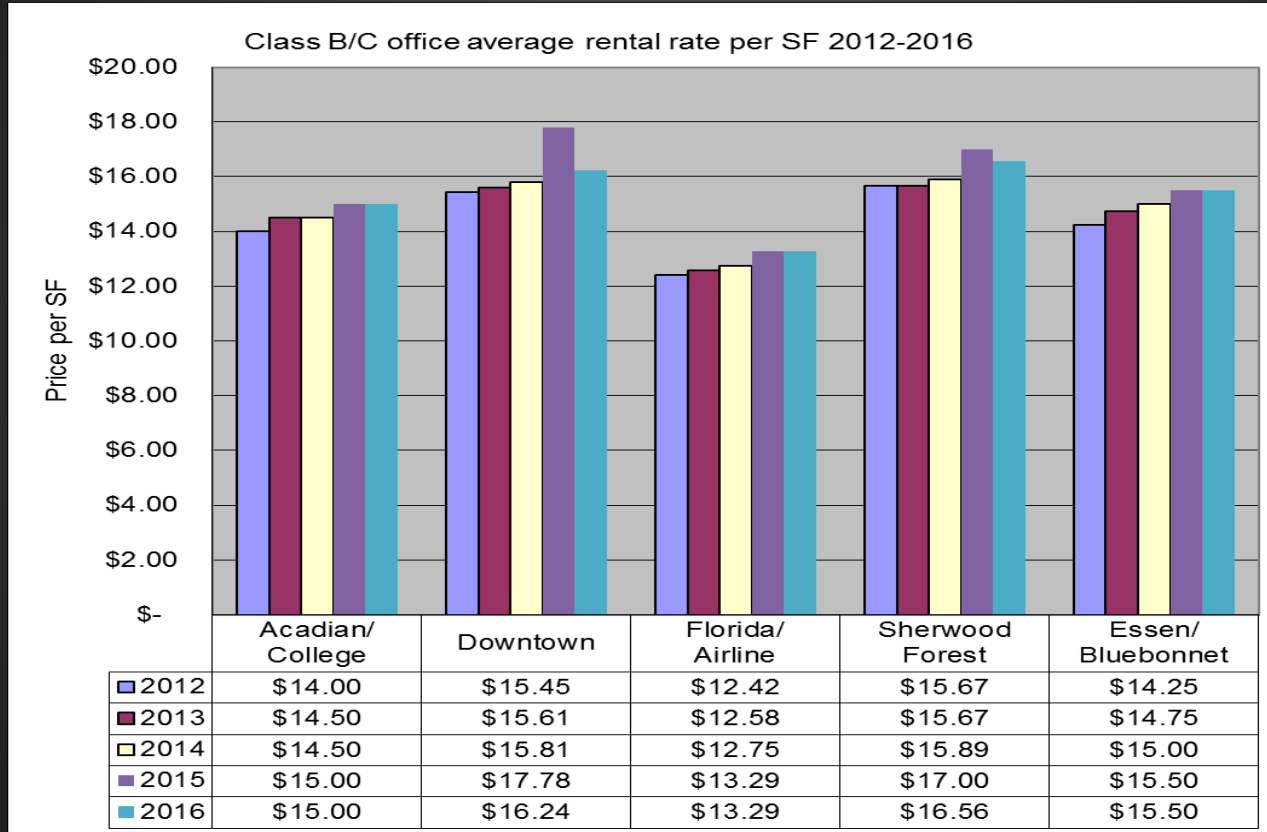
Class A Average - \$21.80 PSF



Baton Rouge Office Market

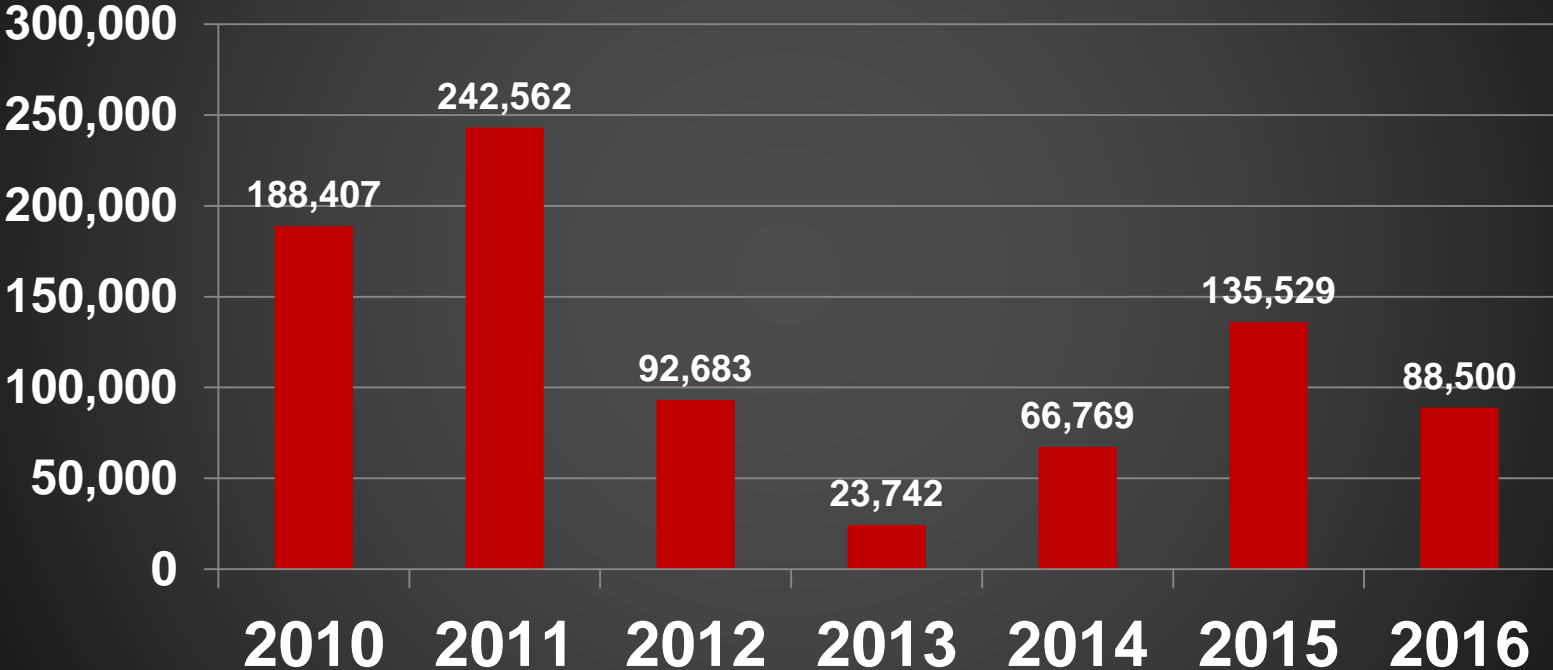
Class B Rental Rates

Spring 2016
Class B Average - \$15.32 PSF



Sublease Factor

Sublease SF



2015 Market Trends – Forecast

What Office Trends Team Predicted for 2015

- ❖ **Look for continued market improvement, but at a slower pace than 2014.**
- ❖ **Depending on oil/gas prices, industrial projects in the petrochemical sector will continue to be a strong factor in the market for office space from engineering and construction related firms**
- ❖ **Development activity will increase due to low supply**
- ❖ **Rental rates will level off as sublease space becomes more of a factor and options open up in the market.**
- ❖ **Market occupancy will rise to 91% by 2015**

Pulse of the Office Market

What Baton Rouge Area Brokers Are Reporting in 2016

- ❖ **Overall market activity has been down from 2015**
 - Brokers reporting fewer showings
 - Spaces are sitting on the market for longer periods
 - CBD has seen the least activity
- ❖ **Market outlook is flat until oil prices stabilize and state budget fears are calmed**
 - General economic uncertainty in the local/state market
 - Slow down in industrial market has stalled some office transactions
- ❖ **Tenant concessions remain low**
 - Landlords still have the upper hand in negotiations
 - Good Class A options are still hard to locate
- ❖ **Demand for open, efficient floor plans still high**
 - A few large block spaces are coming to market
 - Parking still a major concern for several area buildings

Pulse of the Office Market

What Baton Rouge Area Brokers Are Reporting in 2015

- ❖ **Investment sales activity slowed in 2015**
 - Lack of available properties
- ❖ **Construction/New Development is moderate**
 - New Garden Office Developments underway
 - ❑ 6700 Jefferson
 - ❑ City Farm
- ❖ **Redevelopment projects & market movers**
 - 500 Laurel Street
 - Water Campus
 - Long Farm
 - Nicholson ?

Notable Sales 2015-2016



2370 Towne Center
\$15.4 Million
65,000 SF
2 floors
March 2014



4000 Sherwood
\$8.15 Million
78,000 SF
6 floors
January 2015



Sherwood Oaks
\$7.5 Million
43,000 SF
2 Floors
March 2015

Notable Office Developments

Water Campus



- ❖ **1.8 Million Square Feet of Commercial Space / 35 Acre multi-use office, retail, and residential development**
- ❖ **Currently advertising for lease at \$32.00/sq.ft.**
- ❖ **Two buildings under construction for Louisiana Coastal Protection and Restoration Authority (67,000 SF) & LSU Center for River Studies (37,000 SF)**
- ❖ **One building will be under construction soon for the Water Institute of the Gulf (36,000 SF)**
- ❖ **Two multi-tenant office buildings designed 80,000 SF and 70,000 SF that can accommodate a wide variety of users**
- ❖ **Will create 60,000 +/- SF of Class A vacancy in the CBD with the relocation of CPRA and TWIG**



Baton Rouge
Area Foundation

CPRT
COMMUNITY PARTNERS FOR REALITY TODAY

Master Plan

THE
WATER
CAMPUS



THE
WATER
CAMPUS
BUILDING 6A



Baton Rouge
Area Foundation



ANTUNOVICH ASSOCIATES
ARCHITECTURE · PLANNING · INTERIOR DESIGN

July 29, 2015



Notable Office Development



Offices at City Farm (3,200 – 18,000 SF)

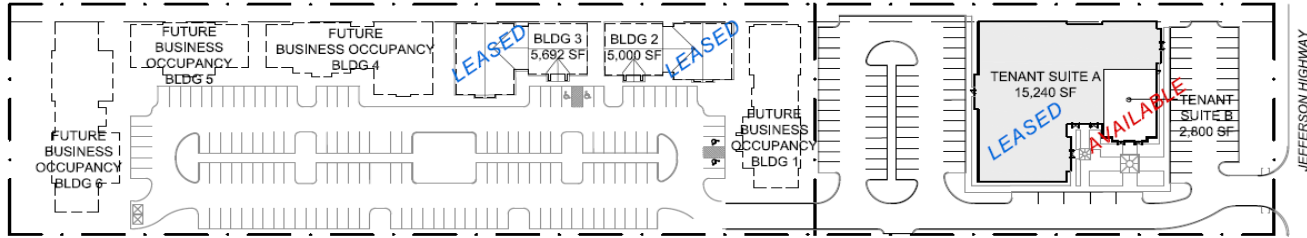


6700 Jefferson (1,500 – 17,000 SF)

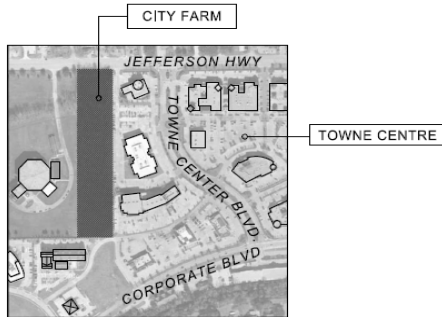


CITYFARM

08.24.15



SCALE 1"=70'-0"

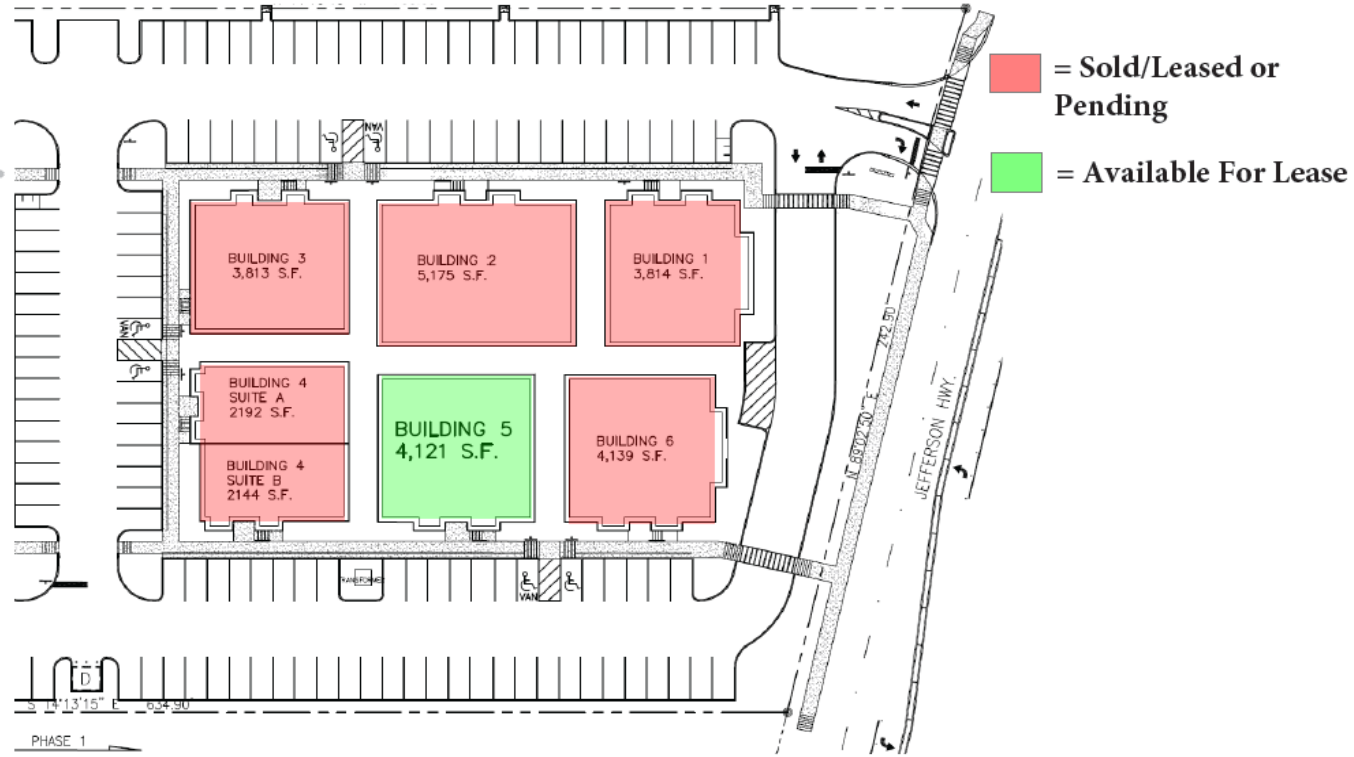


VICINITY MAP

DANTIN & BRUCE
DEVELOPMENT



6700 Jefferson Hwy., Baton Rouge, LA



Notable Office Developments

500 Laurel



Forecast for Commercial Office Space for 2016 – “Milton Says”



- ❖ Market will remain flat in 2016 due to unstable oil prices and slow state economy.
- ❖ Development activity will be slow due to decreased demand and limited availability of good land options
- ❖ Rental rates will remain flat and landlord concessions will increase to boost activity
- ❖ Market occupancy will remain at 85%

Residential Real Estate Trends 2016

Richard C. Haase, President

C.J. Brown, REALTORS... A Latter & Blum, Company

Historically, housing leads
us into a recession and
historically, housing leads
us out of recessions.

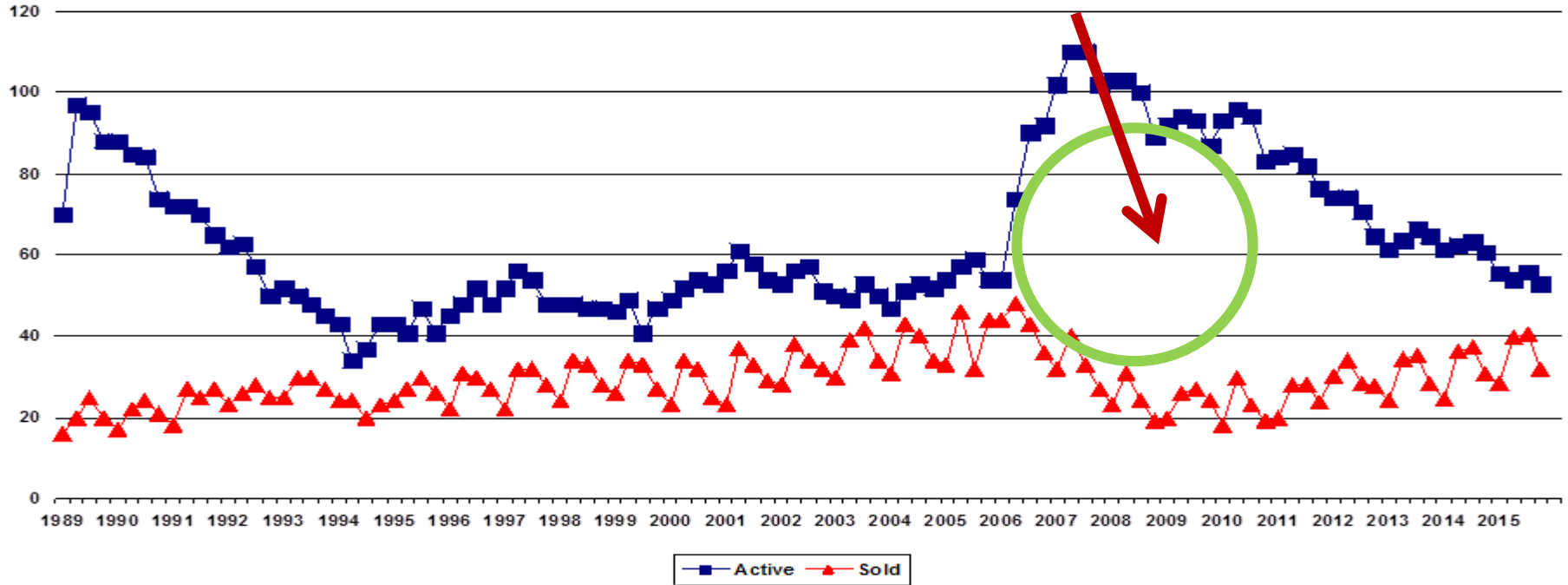
Residential Markets

Active Inventory vs. **Sold** Inventory

Buyers Market or Sellers Market

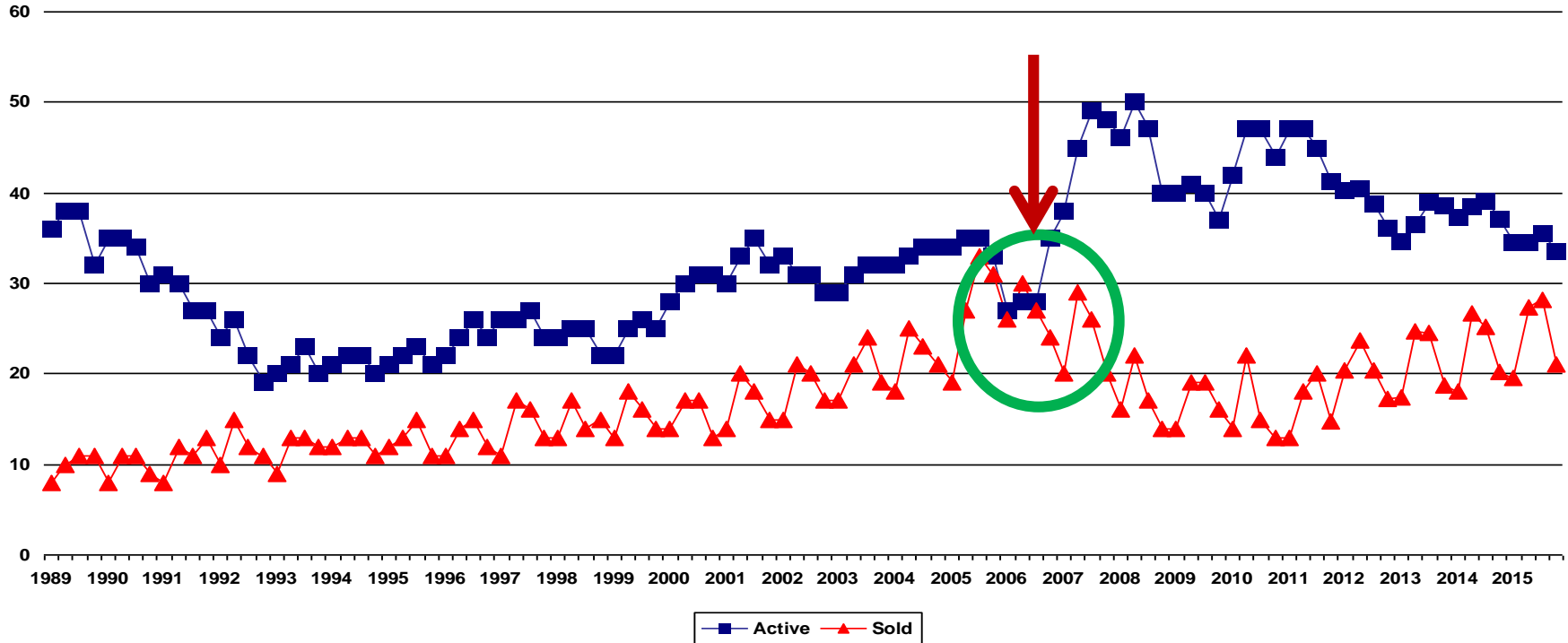
Sellers – Under 3 Months
Buyers – Over 6 Months

Greater New Orleans Area Single Family- Active Listings vs. Sold Listings Jan. 1989 – Dec. 2015



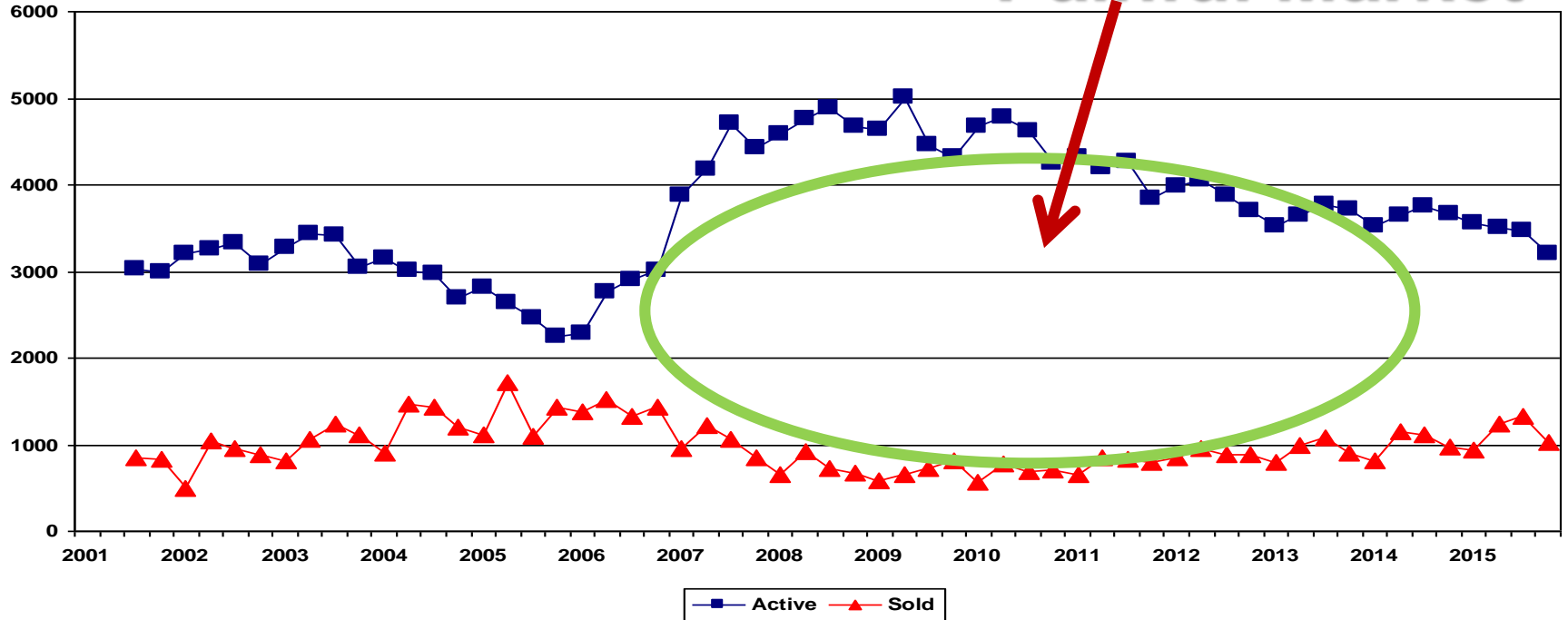
Greater Baton Rouge Area Single Family- Active Listings vs. Sold Listings Jan. 1989 thru Dec. 2015

Seller's Market



Mississippi Gulf Coast Area Single Family- Active Listings vs. Sold Listings Jul. 2001 thru Dec. 2015

Painful Market



Understanding where the
market is headed...

Let's check the typical
market phases...

Typical Phases of Real Estate Market

Phase I - PEAK

Unit Sales Increasing 

Prices Increasing 

Inventory Decreasing 

Typical Phases of Real Estate Market

Phase I - PEAK

Unit Sales Increasing 

Prices Increasing 

Inventory Decreasing 

Phase II CORRECTION

Unit Sales Decreasing 

Prices Increasing 

Inventory Increasing 

Typical Phases of Real Estate Market

Phase I - PEAK

Unit Sales Increasing 

Prices Increasing 

Inventory Decreasing 

Phase II CORRECTION

Unit Sales Decreasing 

Prices Increasing 

Inventory Increasing 

Phase III TROUGH

Unit Sales Decreasing 

Prices Decreasing 

Inventory Increasing 

Typical Phases of Real Estate Market

Phase I - PEAK

Unit Sales Increasing 

Prices Increasing 

Inventory Decreasing 

Phase II CORRECTION

Unit Sales Decreasing 

Prices Increasing 

Inventory Increasing 

Phase III TROUGH

Unit Sales Decreasing 

Prices Decreasing 

Inventory Increasing 

Phase IV RECOVERY

Unit Sales Increasing 

Prices Decreasing 

Inventory Decreasing 

GBR Real Estate Market – 2015 (last year)

Phase I - PEAK

Unit Sales Increasing 

Prices Increasing 

Inventory Decreasing 

Phase II CORRECTION

Unit Sales Decreasing 

Prices Increasing 

Inventory Increasing 

Phase III TROUGH

Unit Sales Decreasing 

Prices Decreasing 

Inventory Increasing 

Phase IV RECOVERY

Unit Sales Increasing 

Prices Decreasing 

Inventory Decreasing 

GBR Real Estate Market – 2016 (this year)

Phase I - PEAK

Unit Sales Increasing ↑

Prices Increasing ↑

Inventory Decreasing ↓

Phase II CORRECTION

Unit Sales Decreasing ↓

Prices Increasing ↑

Inventory Increasing ↑

Phase III TROUGH

Unit Sales Decreasing ↓

Prices Decreasing ↓

Inventory Increasing ↑

Phase IV RECOVERY

Unit Sales Increasing ↑

Prices Decreasing ↓

Inventory Decreasing ↓

GNO Real Estate Market – 2016 (this year)

Phase I - PEAK

Unit Sales Increasing 

Prices Increasing 

Inventory Decreasing 

Phase II CORRECTION

Unit Sales Decreasing 

Prices Increasing 

Inventory Increasing 

Phase III TROUGH

Unit Sales Decreasing 

Prices Decreasing 

Inventory Increasing 

Phase IV RECOVERY


Unit Sales Increasing 

Prices Decreasing 

Inventory Decreasing 

How long has GBR been in a
pure Peak Market pattern?

Key Indicators From 2010 - 2016

- Unit Sales
from 6,341 to 9,572  51% (40%)
- Average Sales Price
- Months of Available Inventory




Key Indicators From 2010 - 2016

- Unit Sales
from 6,341 to 9,572 ↑ 51% (40%)
- Average Sale Price
from \$194,871. to \$219,042 ↑ 12.4% (9.5%)
- Months of Available Inventory

Key Indicators From 2010 - 2016

- Unit Sales
from 6,341 to 9,572 ↑ 51% (40%)
- Average Sale Price
from \$194,871. to \$219,042 ↑ 12.4% (9.5%)
- Months of Available Inventory
from 9.3 to 3.1 ↓ 67% (49%)

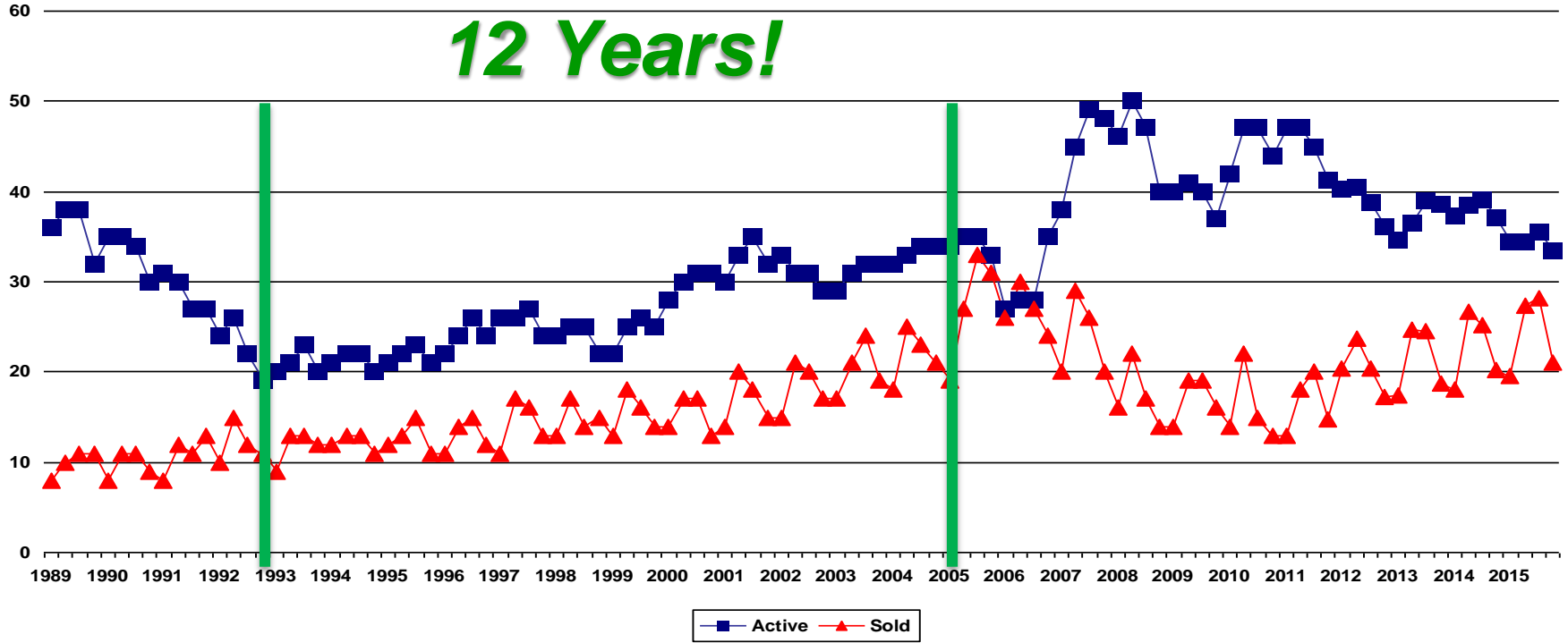
Key Indicators From 2010 - 2016

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- Months of Available Inventory
from 9.3 to 3.1  67%

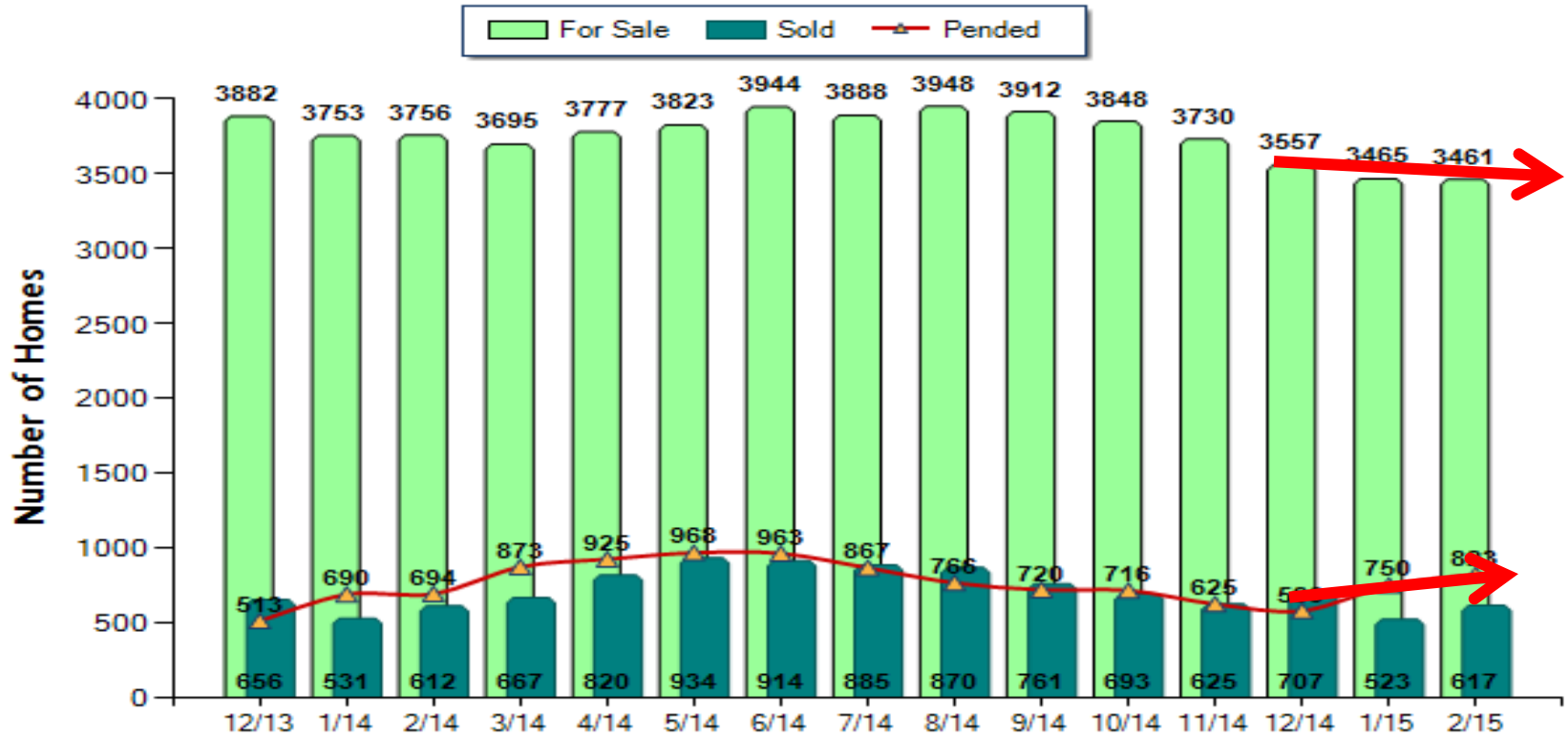
Classic Peak Market patterns
historically last 5 -7 years.

We have just completed
our 7th year
in the peak pattern!




Previous Peak Market 12 Years!



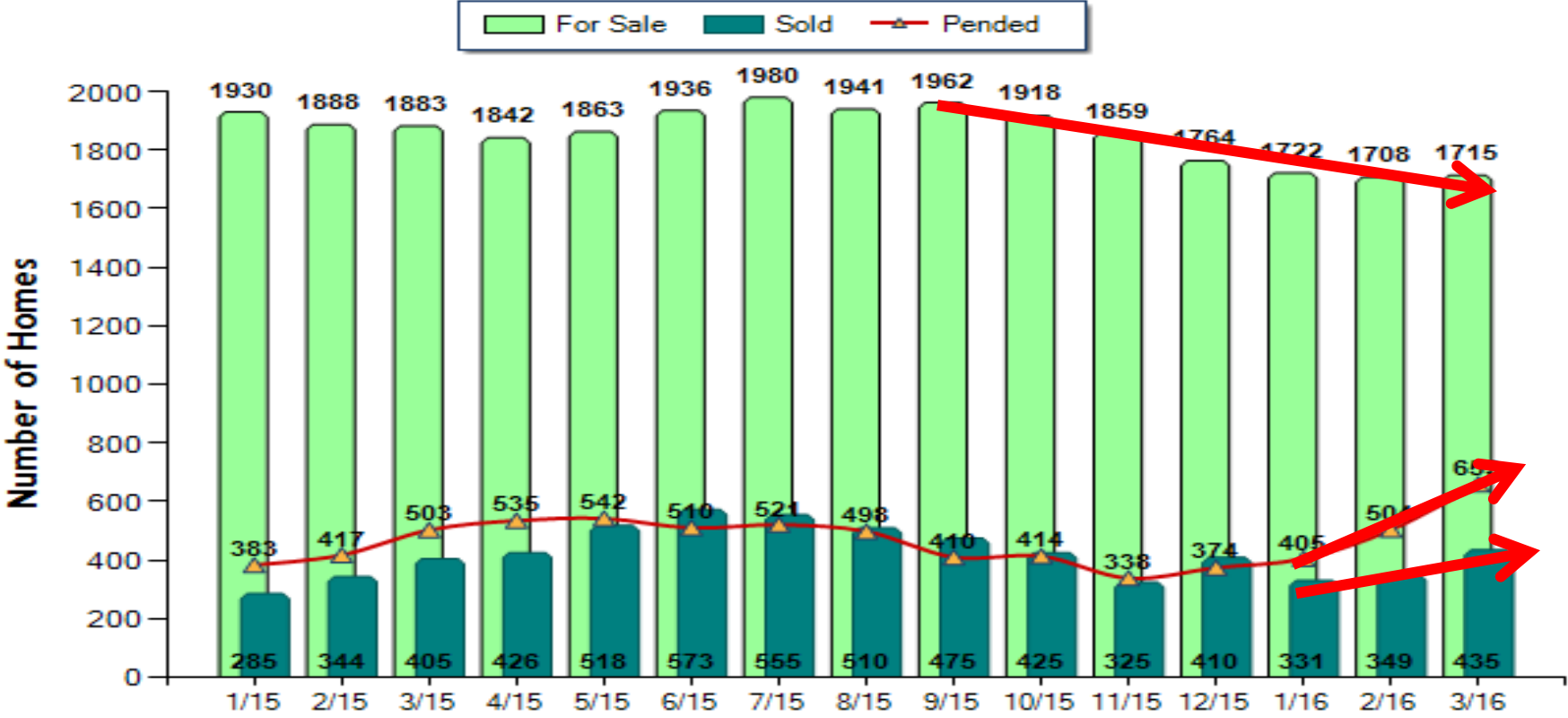
Greater Baton Rouge



GBR key indicators past 90 days...

- Closed Sales  7%
- Pended Sales  20%
- Standing Available Inventory
3.1 Months  10.1%
- 31% Absorption Pended (24%)




East Baton Rouge



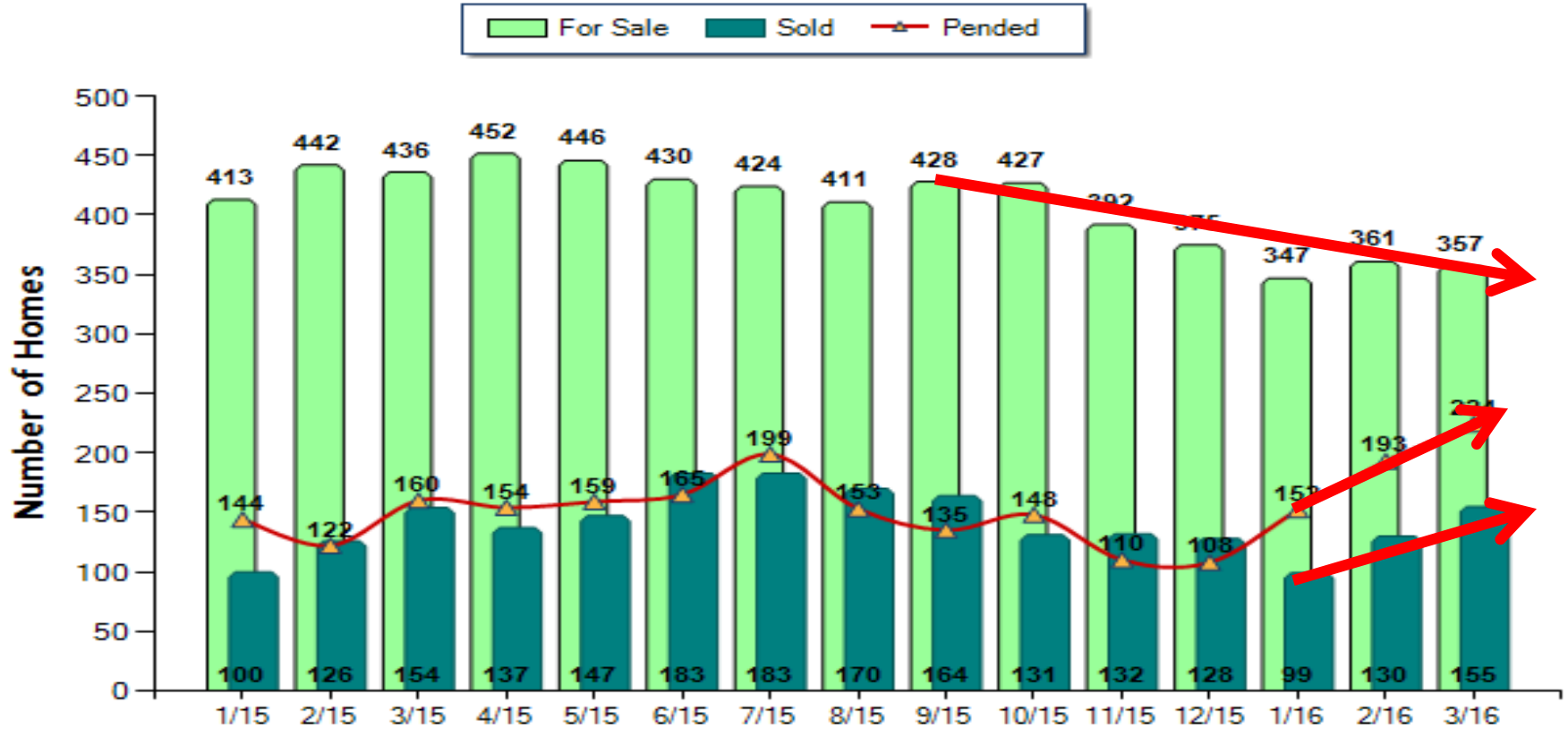
Source: LATTER & BLUM Research Division

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EBR key indicators past 90 days...

- Closed Sales  8%
- Pended Sales  20%
- Standing Available Inventory
3.9 Months  10%
- 38% Absorption Pended (24%)

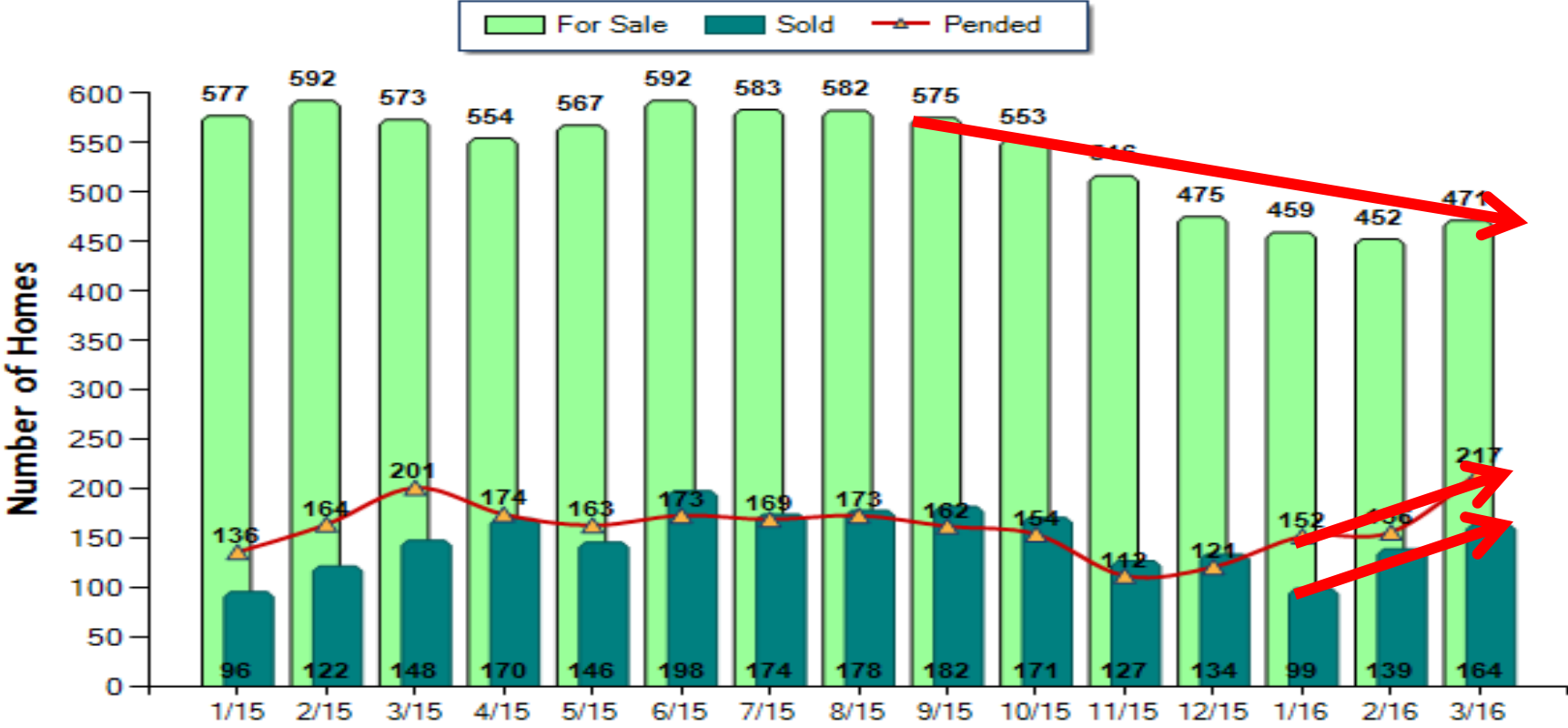
Ascension



Ascension key indicators past 90 days...

- Closed Sales  1%
- Pended Sales  33%
- Standing Avail Inventory
1.6 Months  17.5%
- 62% Absorption Pended (28%)




Livingston



Source: LATTER & BLUM Research Division

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Livingston key indicators past 90 days...

- Closed Sales  5%
- Pended Sales  10%
- Standing Available Inventory
2.2 months  20%
- 46% Absorption Pended (30%)

What follows now depends
greatly on the macro market
conditions...

What We Are Watching 2016/2017...

Consumer Confidence

- **Jobs - 2015 & 2016 layoffs**
- **Oil & Gas Prices**
- **State is on new ground economically – tax increases**

What We Are Watching 2016/2017...

CEO Confidence - Future business climate

- Weak economic recovery, flat manufacturing, sales, increased terrorism, oil & gas
- State is on new ground economically – tax increases

What We Are Watching 2016/2017...

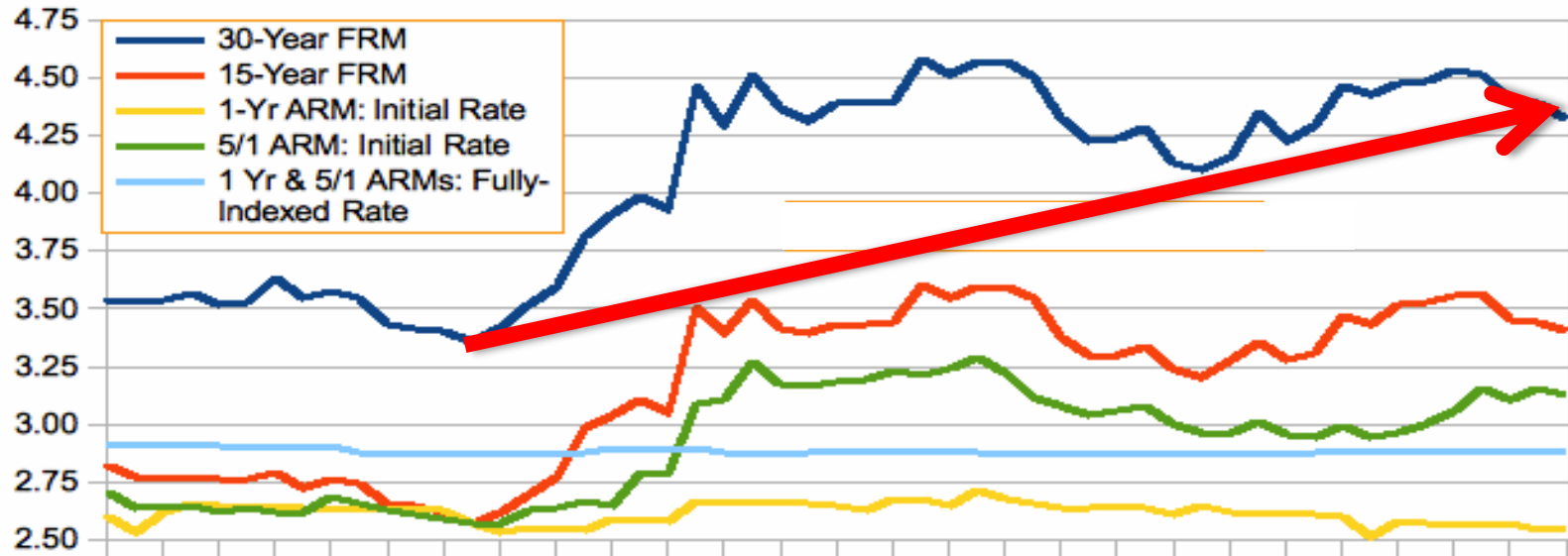
Louisiana Taxation Slowdown

- State is on new ground economically
- Tax increases – income, sales, etc...
- Tuition liabilities

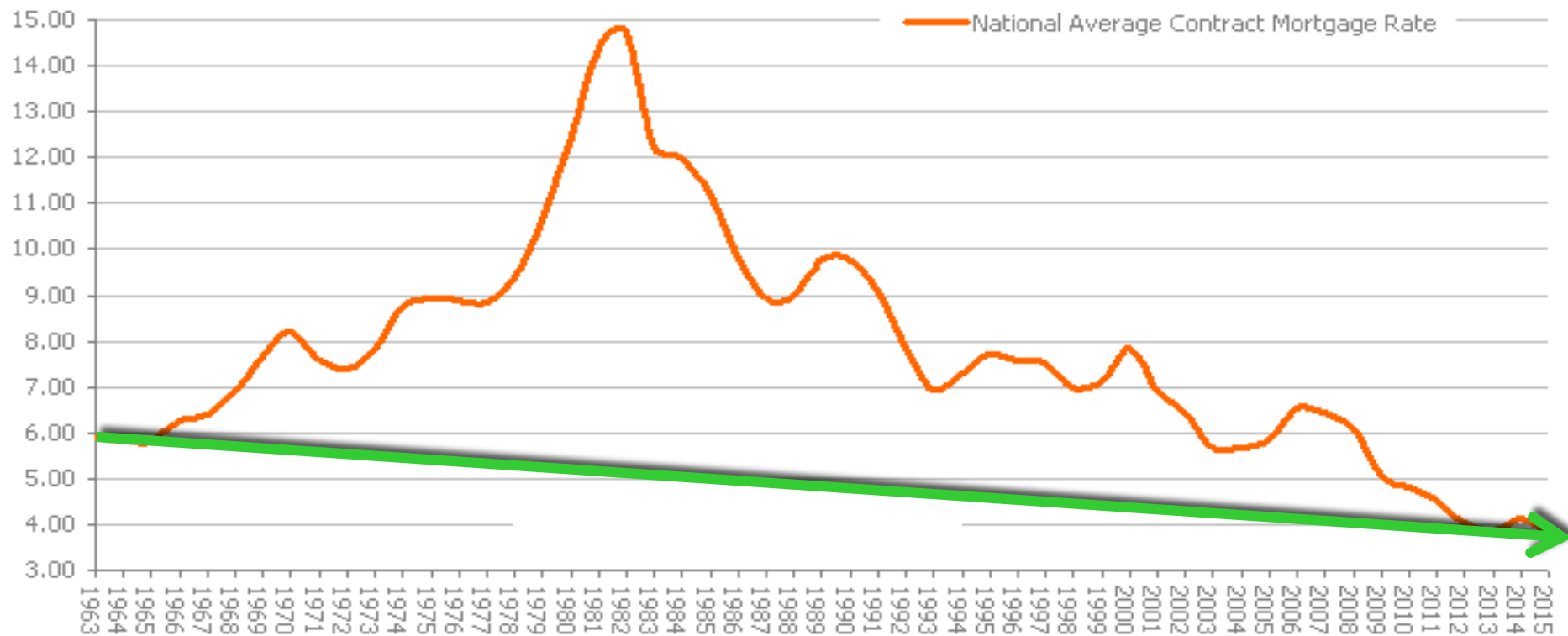
What We Are Watching 2016/2017...

Mortgage Interest Rates

Mortgage Rates Trend – Past 18 Months



Mortgage Rates Trend – 30 years



What We Are Watching 2016/2017...

Mortgage Interest Rates

- **The Fed**
- **It's not rate; it's “the increase” that matters**

Mortgage Rates – Nominal Increase Big Impact

***3.5% to “only” 5% is a 42% increase in cost of financing...
And still be significantly below
30 year rolling average home
Mortgage Rate.***

3.5% to “only” 6% is a 71% increase!

What We Are Watching 2016/2017...

Inventory Burn Off Continues

2016 – 2,970

2015 - 3,461

2014 - 3,756

2013 - 3,669

2012 - 3,919

2011 - 4,339

C. J. Brown View – Very Bullish

- Threats - jobs, mtg rates, MID, inventory shortages
- Opportunities - 1st time buyers, pent up demand, household formations
- Non-events - GSE reform & election

C. J. Brown Forecast

- **Closed sales volume up 6%**
- **50% from units**
- **50% from price increases**

Thank You!

Rick Haase, President
C.J. Brown, REALTORS®
a Latter & Blum, Company
rhaase@latterblum.com
(504) 251-3757



Communities on the Move 2106

TRENDS Panelist

Cathy Cusimano, ABR, ePRO, GRI

C.J. Brown, REALTORS®

Americana

- **Location - Zachary is located 10 miles north of Baton Rouge and 70 miles northwest of New Orleans**
- **#1 schools - Zachary's public schools have ranked number 1 in the state for 11 consecutive years**
- **Houses starting at \$249,900.00 to over \$400k and lot prices range from \$40,000-\$100,000**
- **Walk ons starting - April 2016 with an estimated completion of February 2017:
Size of restaurant 6,128 sq. ft**
- **CPRT to begin construction on Americana Commercial development on June 2016 to provide 10,000 sq. ft of commercial space and 30 apartment units per building. (Two buildings total)**
- **Provident Resources Group Inc will start construction on a \$20 million senior living project in the spring of 2016. Total of 67,593 sq. ft that includes a total of 90 Units, 48 Assisted living and 42 memory care units on a tract of 4.325 acres**
- **YMCA is a huge amenity - 29,000 sq. ft. of interior conditioned space on 5.25 acres**







Enjoy the Americana
DOG PARK



Conway

- **Developer: Southern Lifestyle Development – Robert Daigle, Prescott Bailey**
- **Location: Gonzales, La – Hwy 44 – Exit 179. A quarter mile south of the I10**
- **350 acre mixed use community comprised of apartments, town homes, cottages and estate size homes as well as office and retail**
- **950 homes, 450 apartments, 200,000 square feet of office and retail space**
- **Phase one is 347 single family homes – over 100 lots already under contract**
- **Lot sizes range from 25' town home lots, 35'-55' rear alley load lots, 60-80' front loaded lots**
- **Lot prices range from \$42,500 to \$175,000**
- **Phase one groundbreaking is scheduled for June 1st, 2016, lots will be ready to build on fall of 2017**
- **Town square with outdoor pavilion for concerts and other events, as well as a gym and pool planned in phase one. 46 acres of lakes with jogging/bike trails. Numerous parks and green spaces.**
- **Multiple commercial buildings are currently being designed for restaurants, medical users and offices**



TOWN CORE

- 1. VILLAGE CENTER
- 2. MAIN PLAZA
- 3. PONDS
- 4. WALKING TRAILS
- 5. PARKS
- 6. POOL



CONWAY
GONZALES, LOUISIANA





LeByane



Coursey Cove

- **Developed by Alvarez Construction**
- **Located off Coursey Boulevard and Market Street**
- **Total of 107 lots**
- **Lots Size 50x120**
- **Home Prices start at \$230,000**
- **Will start home construction April**
- **20 lots are presold**
- **Features:** This single-family residential community off Coursey Blvd. features 107 homes in a courtyard design neighborhood boasting architectural brick finishes, sidewalks, curb and gutter, and neighborhood green spaces.

COURSEY -COVE-



COURSEY -COVE-



A community exclusively built by Alvarez Construction



ALVAREZ
CONSTRUCTION

Continuing a policy of constant research and improvement, Alvarez Construction reserves the right to price, plan or specification change without notice or prior obligation.



Carlos Alvarez Owner/Broker
13909 Lexington Park Dr. 225.293.2800 Ph
Baton Rouge, LA 70816 225.293.2880 Fax
Each Office is Independently Owned and Operated
Seller is a Licensed Real Estate Agent

Greystone Golf and Country Club

- **Location: Off of Wax Rd in the Heart of Denham Springs in Livingston Parish, just minutes from the new Juban Crossing**
- **Five filings with another to start in the summer of 2016**
- **Sixth filing will have a total of 60 lots all located on the golf course or one of the many lakes.**
- **Living square footage varies with each filing and lot size**
- **Prestwick Garden Homes will begin in the spring of 2016**
- **The Prestwick filing includes 21 lots, with homes to be built between 1800-3000 sq. ft. with prices starting at approximately \$325,000**
- **Custom & Speculative Homes are currently being built throughout the subdivision**
- **The subdivision includes a clubhouse, pool, playground, basketball courts, fitness center, tennis courts and many other amenities**







Lexington Park

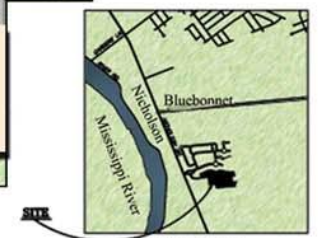
- **Developed by Alvarez Construction**
- **Total of 280 Homes**
- **Located off Nicholson adjoining Lexington Estates**
- **First Phase 80 2nd phase 75 homes Homes**
- **Lots Size 35 feet zero lot line homes**
- **Home Prices start at \$230,000**
- **Separate access From Lexington Estates**
- **Phase 1 is sold out and only 30 lots available in phase 2**
- **Joint Club House with Lexington Estates, Work out area, Tennis Court, Pool Splash Park , \$600,000 allocated**
- **Adjoins the larger development which includes club house, pool, etc.**



Carlos Alvarez Owner/Broker
 13909 Lexington Park Dr.
 Baton Rouge, LA 70810
 225.293.2800 Ph
 225.293.2880 Fax
 Each Office is Independently Owned and
 Operated Seller is Licensed Realestate Agent



Lexington Park Phase 2
 Development and Single Family Homes by
 Alvarez Construction, Inc.
 18235 YMCA Plaza Blvd STE 200
 Baton Rouge, La 70816
 Phone: 225.293.4545
 Fax: 225.293.4344



Continuing a policy of constant research and improvement, Alvarez Construction Company, LLC. reserves the right of price, plan, or specification change without notice or prior obligation.





9147 9148 9149 9150 9151 9152 9153
9154 9155 9156 9157 9158 9159 9160



Long Farm Village

- **Developer: Russell Mosely; Co-Developer for Single Family: Hardy Swyers**
- **Rouses grocery under construction; 55,000 square foot store (expected opening is August of this year); Zaxby's restaurant under construction**
- **Antioch Road has been re-aligned and extended from Old Jefferson to Airline Hwy through Long Farm Village; new signalized intersections at Airline Highway and Old Jefferson**
- **9300 sq. ft. retail building currently under construction**
- **276 upscale multi-family units under construction; developer is Arlington Properties; expected opening summer of 2016**
- **121 residential lots either completed or under construction; 7 approved local builders: Bardwell Homes (Scott Bardwell), Cotten Custom Homes (Gerald Cotten), Distinctive Homes by Watson (Tyler Watson) Geaux Green Construction (Glenn Riley), Meridian Homes (Brian Aucoin), Rabalais Homes (Steve Rabalais) and Schramm Construction, L.L.C. (Nick Schramm) Approximately 50 homes either completed or under construction; home prices range from \$350,000 to \$550,000**
- **237 acre master planned community with a mix of retail, office, multi-family, detached single family, senior living, YMCA and more than 40 acres of parks/green space**



LONG FARM
VILLAGE
Established 2012





Billiu St. Long Farm Rd.



Magnolia Springs St.Gabriel

- **Developers: C & P Investments and the Builders are Cape Construction, LLC of Plaquemine, LA**
- **Located on Magnolia Springs Parkway. Accessed off of River Road, 1 mile from Highway 3115, in the Carville community, township of St. Gabriel**
- **Comprised of mixed single family residences and new construction of dual-unit townhouse**
- **First filing was approved in 2012 for 104 of homes and 80 townhouse 22 new constructed homes; 17 homes have been sold or are under contract**
- **New homes are all based on 3BR / 2 BA, an average lot size of 115 x 45, and a minimum of 1,300 sq. ft.**
- **New home prices range from \$141,900 to \$197,000**
- **The Magnolia Meadows townhomes are under construction and will be available for lease in May, 2016**
- **There are 4 floorplans to chose from, ranging from 1,062 sq. ft. to 1,206 sq. Ft, and offer either 2BR/2BA or 3BR/2BA options.**
- **Monthly leases will range between \$1,095 and \$1,195 per month**



Magnolia
Springs



MAGNOLIA  SPRINGS
ST. GABRIEL







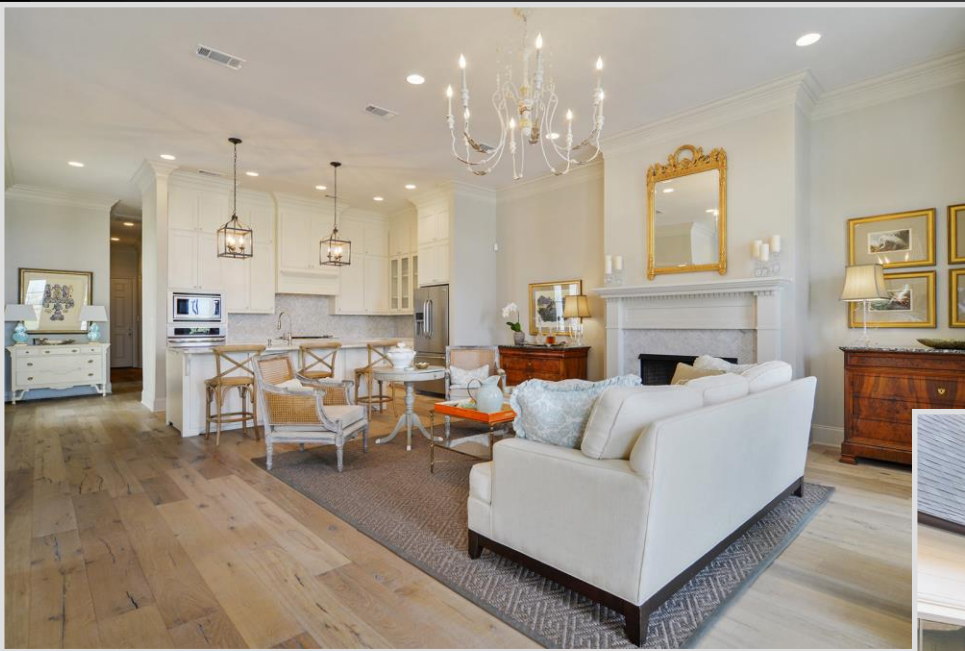
The Preserve at Harveton

- Developed by John Fetzer and Mike Wampold
- Located just 7 minutes from LSU, off Bluebonnet near Nicholson Drive
- 2014 Winner of Good Growth Award for Outstanding Subdivision
- Almost 100 resident-homeowners and 33 more custom homes in various stages of completion
- Lots: Only 34 remaining lots in Parts 1 and 2
- Part 3A consisting of 74 additional lots coming in the fall of 2016
- Front load lots, rear lane accessed lots and townhome lots available
- Townhomes from the \$360s and Homes from \$390s
- Community assets
 - Spacious Al Jones designed Club House, swimming pool, spa, fitness center and cooking pavilion
 - Over three miles of jogging, walking and biking trails
 - Sidewalks throughout the community
 - Lakes, bridges, and aerating fountains
 - Large park with grove of massive live oaks
- Four model homes by our Harveton Builder Group open daily from 1 to 6 p.m.



THE PRESERVE
AT HARVESTON







Rouzan

- **Developer: Tommy Spinosa**
- **Original TND approved in 2008**
- **120 acres with 3,200 linear feet of Perkins Road frontage**
- **550 Residential lots with vibrant mixed-use Center**
- **70 lots sold; 225 currently underway (98 pre-sold)**
- **Lot Sizes range from 2,500 sf to 7,000 sf**
- **Prices range from \$75,000 to \$200,000**
- **Strict Architectural control**
- **Amenities to include: Community Garden, trails, parks, streams, pools, bridges, shops, cafes, groves of trees, old farm silos, the occasional object of art...and so much more**

A wooden sign with a dark, textured background and a light-colored wooden border is mounted on a white brick wall. The word "ROUZAN" is written in a stylized, light-colored font. The background is slightly blurred, showing some green foliage on the right side.

ROUZAN



Rue Venelle

Arrowhead DRIVE

ONE WAY
←

1811

1812

1813



Veranda at University Club

- **Developed by: Bardwell Homes / Scott Bardwell**
- **Location: Center of U Club, across street from new pool and workout facility**
- **Phase I under construction; 10 homes under construction**
- **Homes square footage range from 2100 to 3200 square feet**
- **New home price range from \$390,000 to \$575,000**
- **Kenneth Brown exclusive interior designer**
- **Variety of classic styles with porches and strict architectural control**

The Veranda at University Club



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Veranda
AT UNIVERSITY CLUB





The Village at Magnolia Square:

- **Developers:** Jimmy Nunnally and Steele Pollard – Scott Bardwell developing and building in the new Highland District phase with 43 lots
- **Location:** Lovett Road in Central
- **510 lots in total, currently completed 4 phases of residential lot construction and two phases of commercial retail construction; 8 homes currently under construction**
- **Lots range in size from 40' x 125' to 91' x 220'. Both rear and front loaded**
- **Current lot prices range from \$69,500 to \$107,000**
- **Retail tenants include renowned Stab's Steak and Seafood and Avant Tous Day Spa as well as 7 other retailers and professional firms**
- **Home prices range from upper \$200's to over \$2 million**
- **Home square footage ranges from 1,800 square feet to over 10,000 square feet**
- **All home sites are out of flood zone**
- **Located in top ranked Central School District**
- **Amenities include multiple parks and green spaces, a new pool and pavilion, walking trails and a 5.5 acre stocked lake**



HIGHLAND DISTRICT

at MAGNOLIA SQUARE



Village at Magnolia Square has a new filing called The Highland District at Magnolia Square.

- 43 Homesites Available
- Lots are 65' – 80' in width
- Homes will have traditional styles including front porches
- Home Prices Starting at \$350,000

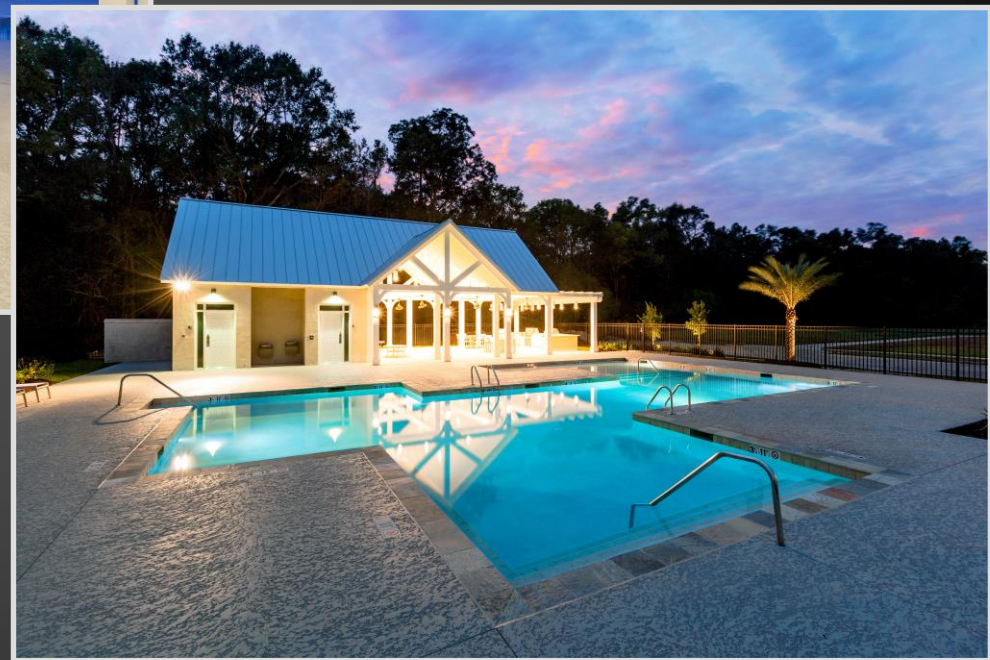


**Purchase a lot direct from
Scott Bardwell (225) 924-4058**

or work with an approved builder in the Village at Magnolia Square to design your home.

BardwellHomes.com





Baton Rouge Retail Trends 2016

Presented by:

Jonathan D. Walker, CCIM

Committee Members: Charlie Colvin, Austin Earhart, Wade Greene, Sean McDonald, Dottie Tarleton, Colin Smith, Justin Langlois, Ransom Pipes, Evan Scroggs, Matthew Shirley

Special Thanks To: Herb Gomez, Jill Sylvest, Jonann Stutzman, Ken Damann, Mallory Morgan

Unicorn Zone



2016 Shopping Center Survey

- Total Area Surveyed: ~8,600,000 sq/ft
- Number of Centers: 123
- Average Rent: \$17.19/ft - down from 17.73/ft
- Overall Vacancy Rate: 8.89%, up from 7.95%
- National Vacancy Rate: 8.0%

Who/What is driving Retail?

Millennials love physical stores: Report



Publish Date: March 31, 2016

Are Millennials (ages 21–33) doing the bulk of their shopping online? Hardly. According to a survey of roughly 800 consumers by iModerate Research Technologies, 82 percent of the Millennials group said

Omni-Channel Retailing

- **Brick and mortar buying online retailers**
- **E-tailers opening up brick and mortar stores**
- **Online retailers paying sales tax now**
- **Evolution of the Big Box**







45

SLOW PROGRESSION OF RETAIL









ROUZAN





RIVERHOUSE







RETAIL ELEVATION
NICHOLSON DRIVE

RIVER HOUSE
RIVER HOUSE PARTNERS, L.L.C.

FEB. 27, 2009 BATON ROUGE, LOUISIANA HPA # 08521

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 drawing for general information and measurements.



HUMPHREYS & PARTNERS ARCHITECTS, L.P.
 5339 Alpha Road, Suite 300 • Dallas, TX 75242 • (972) 331-5636 • (972) 331-2939
www.humphreys.com • marketing@humphreys.com
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RIVER HOUSE

RIVER HOUSE PARTNERS, L.L.C.

FEB. 27, 2009

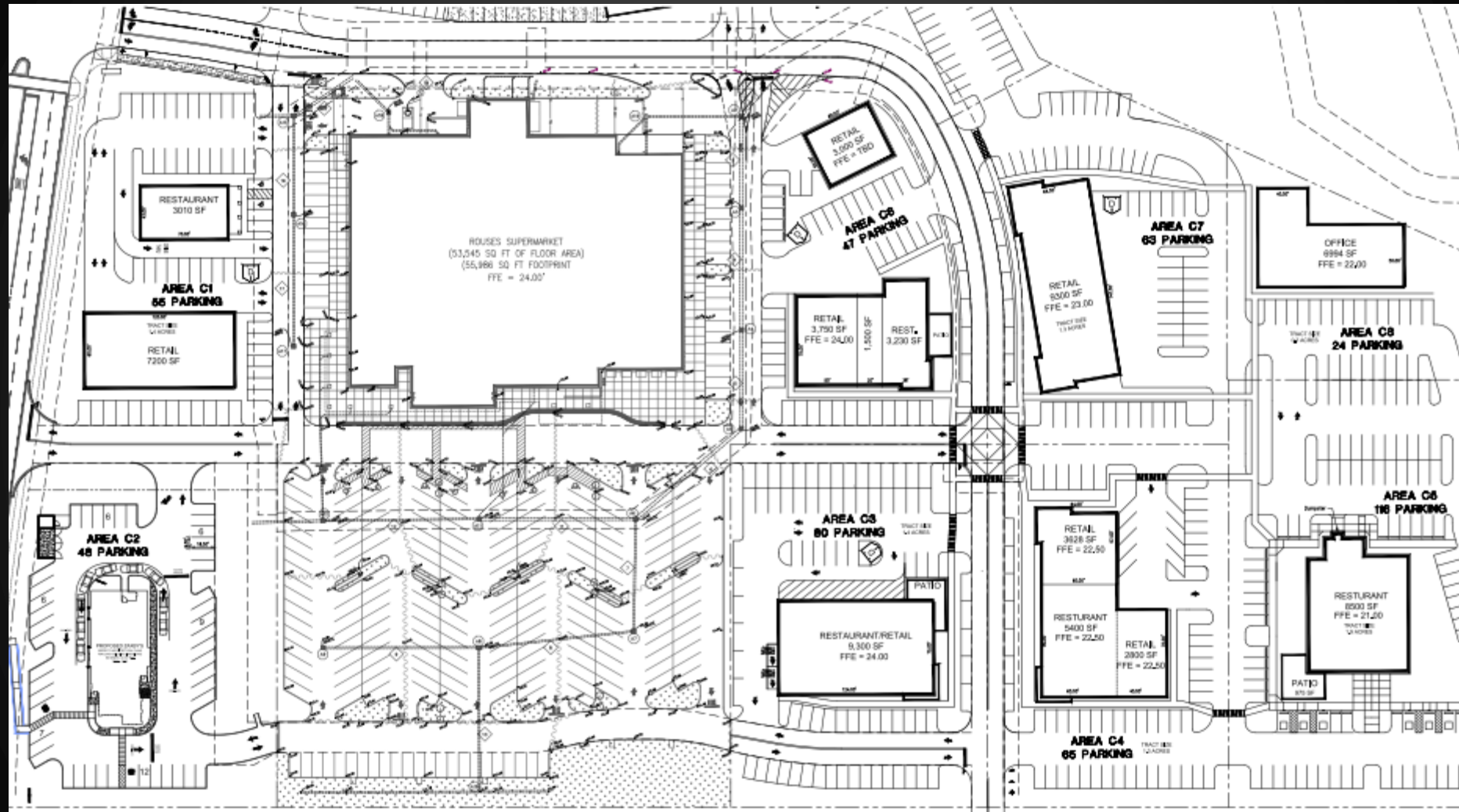
BATON ROUGE, LOUISIANA

HPA # 08521

LONG FARM







RESTAURANT
3010 SF

AREA C1
55 PARKING

RETAIL
7200 SF

ROUSES SUPERMARKET
(53,545 SQ FT OF FLOOR AREA)
(55,986 SQ FT FOOTPRINT
FFE = 24.00')

RETAIL
3,090 SF
FFE = 18.0

AREA C6
47 PARKING

RETAIL
3,790 SF
FFE = 24.00

REST.
1,500 SF
3,230 SF

AREA C7
63 PARKING

RETAIL
8300 SF
FFE = 23.00

OFFICE
8994 SF
FFE = 22.00

AREA C8
24 PARKING

AREA C3
80 PARKING

RESTAURANT/RETAIL
9,300 SF
FFE = 24.00

PATIO

AREA C7
63 PARKING

RETAIL
3828 SF
FFE = 22.90

RESTAURANT
5400 SF
FFE = 22.50

RETAIL
2800 SF
FFE = 22.50

AREA C8
116 PARKING

RESTAURANT
8900 SF
FFE = 21.00

PATIO

AREA C4
65 PARKING

ESPLANADE MALL





WILLOWGROVE



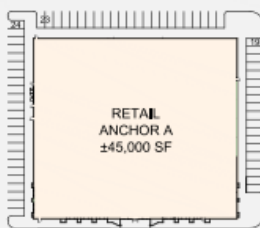


MILLERVILLE

APARTMENT
300 UNITS
(UNDER CONTRACT)
±16.99 ACRES

AUTO-DEALER
(UNDER CONTRACT)
8.74 ACRES

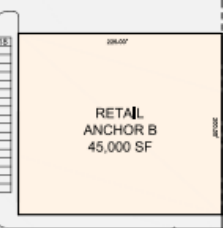
MILLERVILLE GREENS BLVD.



317 PARKING SPACES



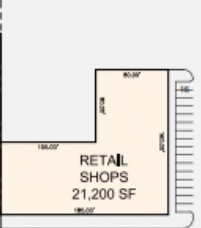
RETAIL ANCHOR A
PARCEL
16.24 ACRES



283 PARKING SPACES



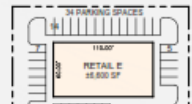
RETAIL ANCHOR B
PARCEL
16.25 ACRES



110 PARKING SPACES



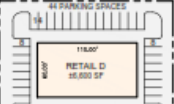
RETAIL SHOPS
PARCEL
16.13 ACRES



54 PARKING SPACES



RETAIL E
PARCEL
10.75 ACRES



44 PARKING SPACES



RETAIL D
PARCEL
10.77 ACRES

RETAIL B
PARCEL
11.00 ACRES

RETAIL C
PARCEL
13.54 ACRES



72 PARKING SPACES



RETAIL A
PARCEL
11.09 ACRES

ROW DEDICATION
PARCEL
14.32 ACRES



TM

BUC-EE'S





JUBAN CROSSING











CORTANA



MALL OF LOUISIANA



DEVELOPMENTS TO WATCH





Developments to Watch

- Gateway 12 Shopping Center
- Burbank / Lee
- Gonzales – Conway Plantation
- Central – Shoe Creek







Walmart
Save money. Live better.



What we Learned

- **I was right**
- **Retail developments take a long time**
- **Keep an eye on our local economy**

Jonathan D Walker, CCIM



Committee Members: Charlie Colvin, Austin Earhart, Wade Greene, Sean McDonald, Dottie Tarleton, Colin Smith, Justin Langlois, Ransom Pipes, Evan Scroggs, Matthew Shirley

**Special Thanks To: Jill Sylvest, Herb Gomez, Ken Damann
Mallory Morgan**