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OF THE GREATER BATON ROUGE ASSOCIATION OF REALTORS®

2017 ANNUAL SEMINAR

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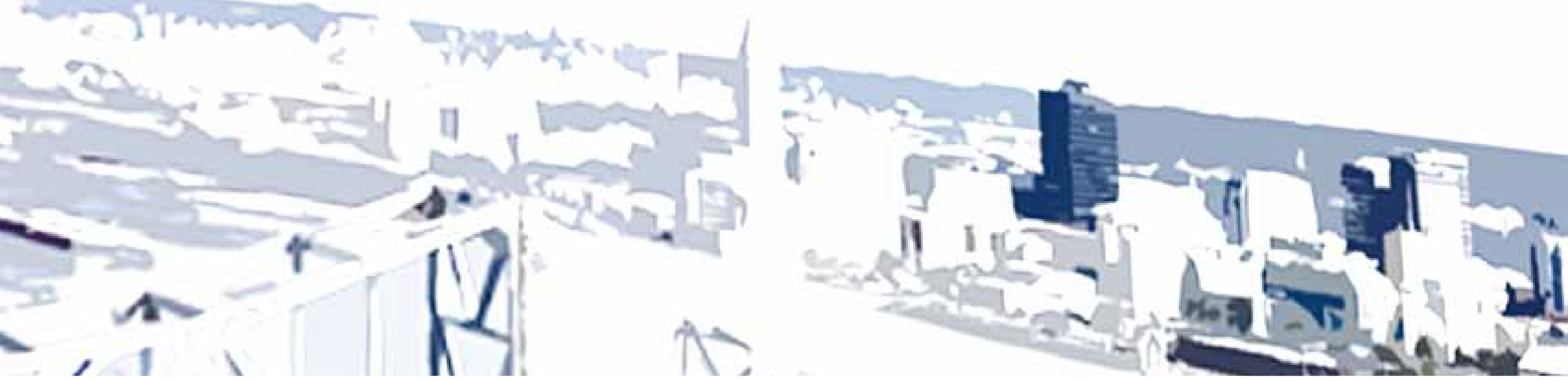
For over 30 years, the **Commercial Investment Division** (CID) has had a mission to bring the individuals and companies within the commercial real estate industry in the Greater Baton Rouge area closer together to share information and knowledge so that all can prosper and better serve their clients and customers.

Welcome to Trends, 2017!



CHAIRMAN TRENDS

Sean McDonald, MAI
Chairman **2017** TRENDS

Thank you for your participation in the 2017 TRENDS in Real Estate Seminar.

CID: YOUR EXPERTS IN COMMERCIAL REAL ESTATE

Thank you for participating in the 2017 TRENDS in Real Estate Seminar.

Once again, the Baton Rouge and surrounding real estate community have come together in cooperation to educate our professional peers and associates, including the general public, regarding the ever-changing and evolving trends of our local real estate market. We have an opportunity if only for four hours, to meet and greet, discuss business and enjoy each other's company.

As 2017 Chair of TRENDS and 2016 President of the Commercial Investment Division (CID) of the Baton Rouge Board of Realtors, I would like to thank and commend all those individuals and companies that volunteered their time and efforts over the last year compiling the vast amounts of data and information contained in these TRENDS presentations. This highly regarded statistical data provides the reader with a clear picture of current trends and forecasts in six (6) distinct market sectors: office, industrial, multi-family, retail, residential, and finance. The TRENDS effort has consistently over the years provided a valuable service benefitting buyers, sellers, owners, developers and financial institutions by giving each the necessary information they seek and require to make the very decisions that promote and enhance the growth of our industry.

The Commercial Investment Division of the Greater Baton Rouge Board of Realtors will continue to coordinate TRENDS to benefit all. Providing information, insight, and forecasting of market trends in the various sectors is our goal. We will endeavor to support the volunteer committee members who pool their resources and spend hours emailing and calling making repeated requests for current information on the properties contained in the data set. We will continue to work closely with the hard-working individuals in the LSU Department of Finance and LSU Real Estate Research Institute, whose participation and contribution to our annual effort is highly valued and appreciated.

The Baton Rouge metro area now has a projected population of over 825,000 people. It is our responsibility as real estate professionals to dream and create a future Baton Rouge that provides people from all walks of life the opportunity for education, employment, happiness, fulfillment, and safety. Let's continue to work together to build a future for all to live, love, work and play.

Our incoming Chair for 2018 TRENDS will be current CID President ,Lynn Daigle with NAI/Latter & Blum, and. I would like to welcome Lynn and look forward to another exciting year for real estate in Baton Rouge!

Sincerely,

CONTENTSTRENDS

2017 FINANCE TRENDS COMMITTEE

Brian S. Andrews , CMB
TRENDS *Speaker*
The Real Estate Research Institute at LSU's E.J. Ourso College of Business

COMMERCIAL REAL ESTATE FINANCE

FROTHY, SOAPY, BUBBLY?

"Although a 'bubble' in home prices for the nation as a whole does not appear likely, there do appear to be, at a minimum, signs of froth in some local markets where home prices seem to have risen to unsustainable levels." -

Alan Greenspan, June 9, 2005

Sometimes we really cannot see the forest for the trees. Or the bubbles for the froth. This reference to then-Federal Reserve Chairman Greenspan's testimony before the Joint Economic Committee, U.S. Congress on June 9, 2005 concerning the residential housing market is not necessarily a suggestion that the nationwide commercial real estate (CRE) industry is currently in a bubble situation. Not necessarily, but we have completed yet another year of continued growth in CRE mortgage portfolios and real estate prices have continued to rise. There appears to be a lot of cash still chasing CRE deals, though the faces of the institutions holding that cash are beginning to change. Add to that a deck full of wildcards in Washington D.C. and the potential for changes in tax codes, banking regulations, and interest rates, and we might be headed towards either continued good times or maybe something different.

Froth? Bubbles? Splish, splash, we might just jump back in the bath. Bobby Darin. Look it up.

The Mortgage Bankers Association came out with their evaluation of 2016 in their March 21, 2017 news release titled Commercial/Multifamily Mortgage Debt Ends Year Strong, Despite CMBS Decline. Key points taken directly from the release are as follows:

- The level of commercial/multifamily mortgage debt outstanding increased by $46.0 billion in the fourth quarter of 2016, as three of the four major investor groups increased their holdings. That is a 1.6 percent increase over the third quarter of 2016. On a year-over-year basis, the amount of mortgage debt outstanding at the end of 2016 was $162.0 billion higher than at the end of 2015, an increase of 5.8 percent.

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- Total commercial/multifamily debt outstanding rose to $2.96 trillion at the end of the fourth quarter. Multifamily mortgage debt outstanding rose to $1.14 trillion, an increase of $27.3 billion, or 2.4 percent, from the third of quarter of 2016.

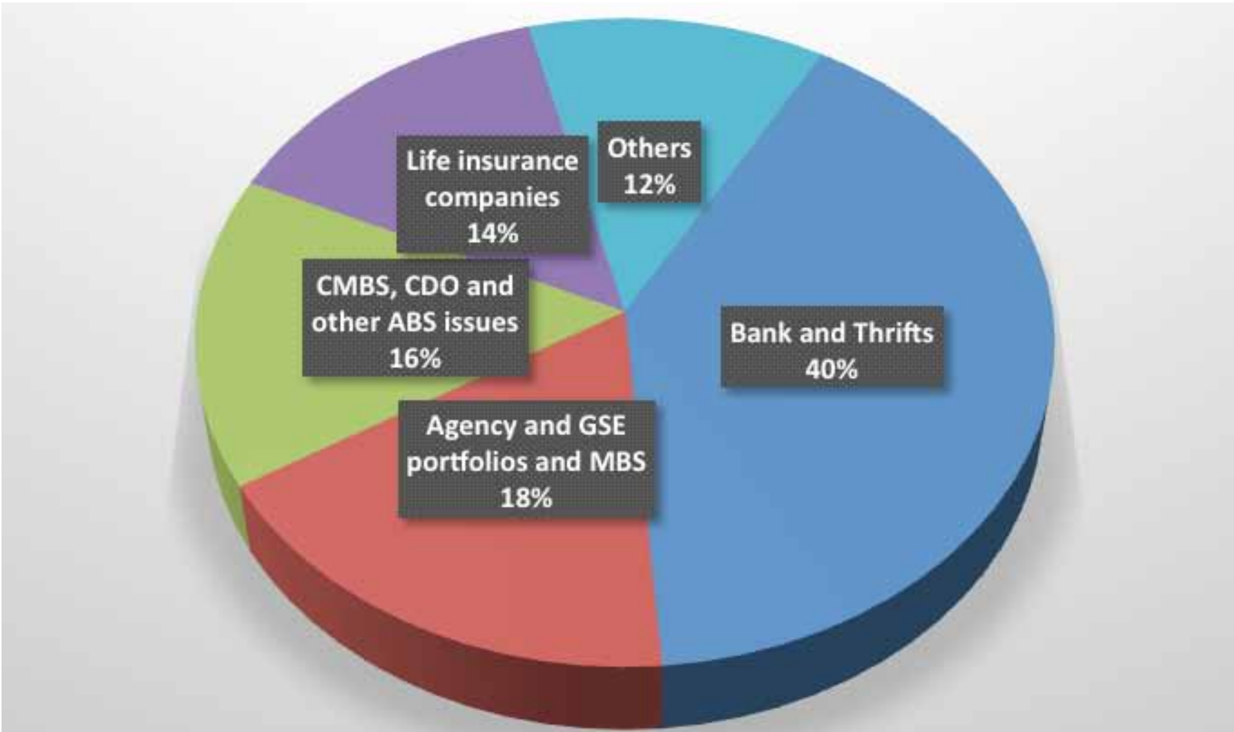
- "Commercial and multifamily mortgage debt outstanding grew roughly in line with property values in 2016," said Jamie Woodwell, MBA's Vice President of Commercial Real Estate Research. "With property values up eight percent, the amount of mortgage debt outstanding grew six percent. Looking just at multifamily properties, an 11 percent increase in property values was met with a ten percent increase in mortgage debt."

- "After years of property prices outpacing mortgage debt growth, we expect the two to move in concert going forward. During the recession, property prices declined by roughly 40%. Because debt is 'stickier' and outstanding loan balances don't automatically adjust to changes in prices, MDO remained stable. In the years since, prices bounced back and now exceed their pre-recession levels, while MDO - which hadn't declined - rose at a much slower pace. The ratio between the two is now back to where it was before the recession," Woodwell continued.

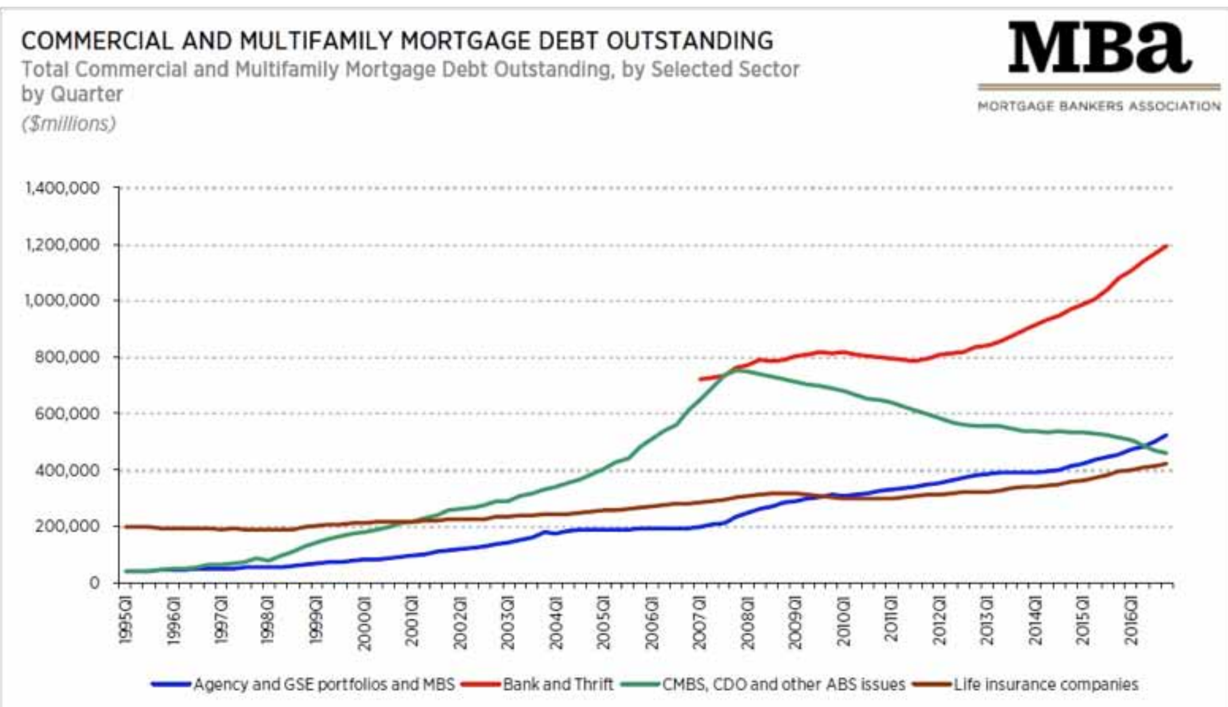
- Commercial banks continue to hold the largest share of commercial/multifamily mortgages, $1.2 trillion, or 40 percent of the total. Agency and GSE portfolios and MBS are the second largest holders of commercial/multifamily mortgages, holding $521 billion, or 18 percent of the total. CMBS, CDO and other ABS issues hold $459 billion, or 16 percent of the total, and life insurance companies hold $420 billion, or 14 percent of the total. Many life insurance companies, banks and the GSEs purchase and hold CMBS, CDO and other ABS issues. These loans appear in the "CMBS, CDO and other ABS" category. second largest holders of commercial/multifamily mortgages, holding $515 billion, or 18.2 percent of the total. Agency and GSE portfolios and MBS hold $461 billion, or 16.3 percent of the total, and life insurance companies hold $386 billion, or 13.7 percent of the total. Many life insurance companies, banks and the GSEs purchase and hold CMBS, CDO and other ABS issues. These loans appear in the CMBS, CDO and other ABS categories.

Total commercial/ multifamily debt outstanding rose to $2.96 trillion at the end of the fourth quarter. Multifamily mortgage debt outstanding rose to $1.14 trillion, an increase of $27.3 billion, or 2.4 percent, from the third of quarter of 2016.

COMMERCIAL & MULTIFAMILY MORTGAGE DEBT OUTSTANDING
By Investor Group, Fourth Quarter 2016



Source: Mortgage Bankers Association, Commercial/Multifamily Real Estate Mortgage Debt Outstanding Q4 2016



Source: MBA, Federal Reserve Board of Governors, Wells Fargo Securities, LLC, Intex Solutions, Inc. and FDIC

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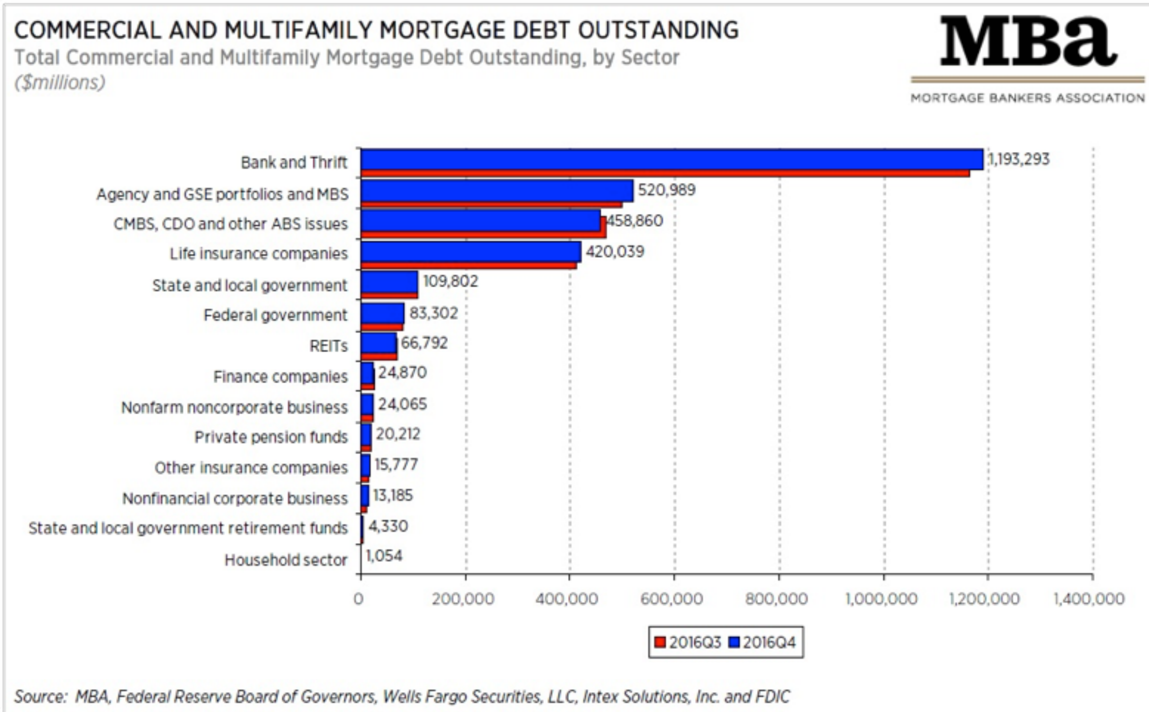
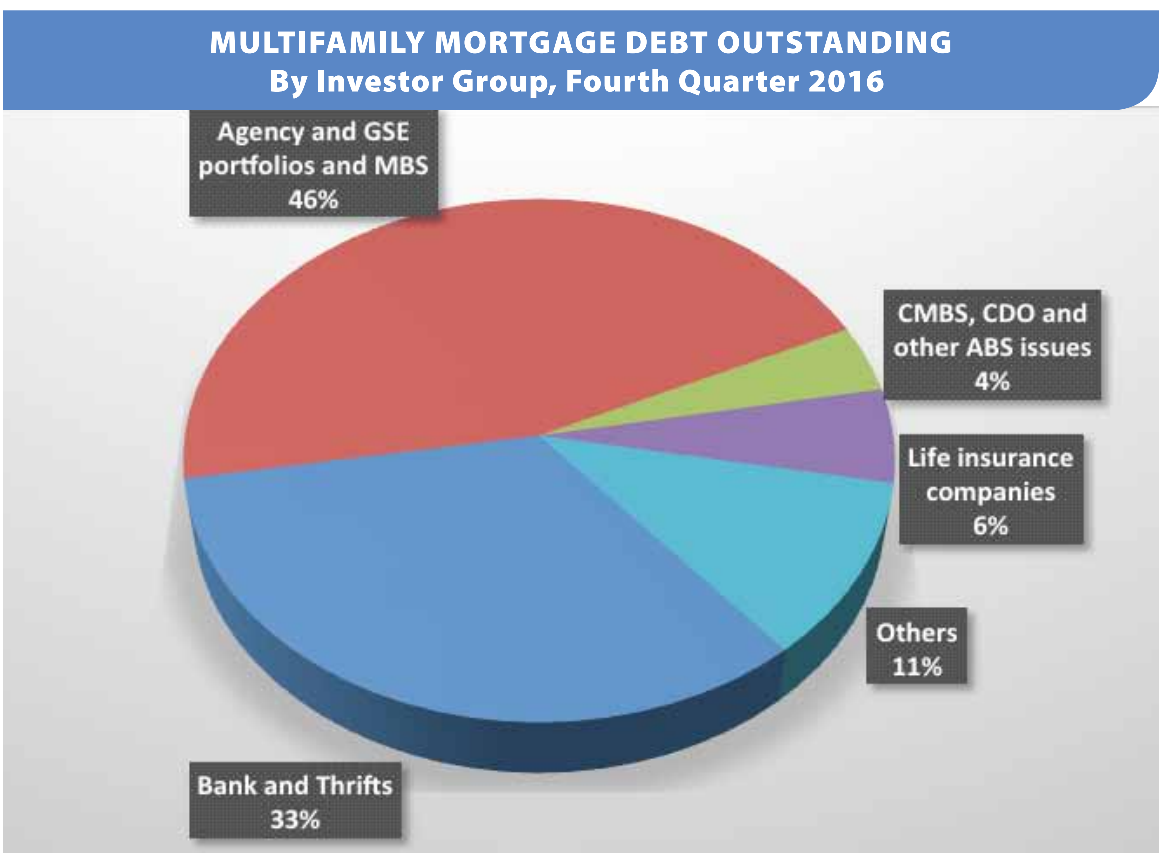


Multifamily lending continues to be the most popular property loan type among the major food groups. The agencies hold the largest amount of total outstandings, followed by banks and thrifts.



Source: Mortgage Bankers Association, Commercial/Multifamily Real Estate Mortgage Debt Outstanding Q4 2016

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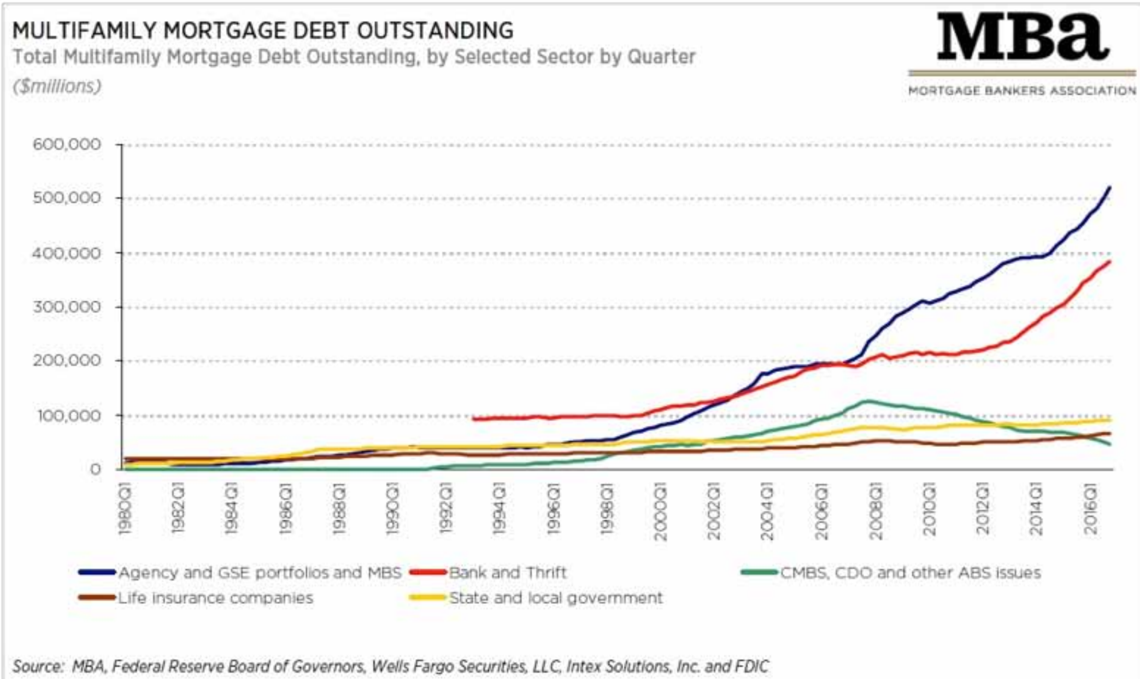

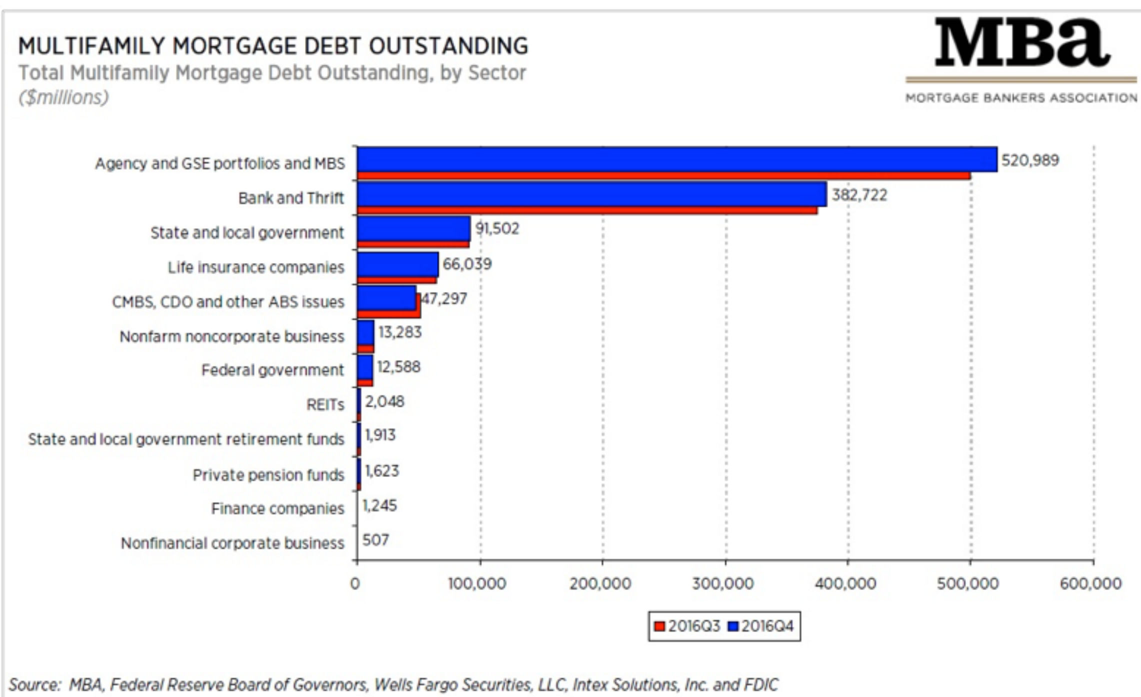

New Loan Origination

The fourth quarter of 2016 was a barnburner, according to research by CBRE.

- The CBRE Lending Momentum Index, which tracks the pace of U.S. commercial loan closings, reached a value of 266 in Q4 2016—the highest level on record. This represented a 37 percent increase from the Q3 2016 level, as well as from the prior year.

- "The commercial real estate lending market has shown its resilience throughout the course of the year, which made for a stellar end of 2016. Life companies and several other capital sources have stepped in as attractive options for borrowers as banks continue to tighten their underwriting standards. We expect this momentum to carry into the early part of 2017 as we wait to learn more about the policies put in place by the new administration," said Brian Stoffers, global president, debt and structured finance, capital markets, CBRE.

- Life insurance companies led all other major lenders in Q4 2016 and increased their share of loans closed by CBRE Capital Markets, accounting for more than 34 percent of non-agency commercial loan closings. This is up from 25 percent in Q3 2016 and above the 23 percent share recorded in Q4 2015.

- After a strong start during the first half of the year, bank lending continued to cool. Banks accounted for 27.7 percent of loan volume in Q4 2016, compared with a 42.7 percent share a year earlier. Many key bank interest rates and spreads have not been materially affected by the recent increases in Treasury rates. However, bank construction lending remains limited and banks are still affected by stiff regulatory oversight.

- While commercial mortgage–backed securities (CMBS) conduit lenders increased their closings in Q4 2016, they continued to lag other major lending groups by a considerable margin. CMBS lenders accounted for 13.5 percent of non-agency lending volume in Q4, up slightly from their 11.5 percent share recorded a year earlier. Overall industry-wide, CMBS production was down in 2016 as issuers grappled with a poor spread environment early in the year and with ongoing regulatory issues, including risk retention.

- The "other" lender category, which includes real estate investment trusts (REITs), private lenders, pension funds, and finance companies, continues to provide a significant amount of bridge, permanent loan, and construction financing, filling the gap left by banks. They accounted for 24 percent of non-agency lending volume in Q4 2016, up from 14.5 percent in Q3 2016.

Bank Lending

At this time last year, CoStar's Mark Heschmeyer proclaimed that **"CRE Lending by Banks Surged in Fourth Quarter"** followed by the observation that "the $1.85 trillion year-end 2015 total CRE loans outstanding compares to $1.63 trillion at the last peak of the CRE markets at the end of June 2007." Heschmeyer's subtitle was "Economic, Regulatory Headwinds May Slow Lending Pace in 2016," meaning that regulatory agencies were to be the ones to slow down the growth. He alluded to an interagency regulatory statement issued in December 2015 to "highlight prudent risk-management practices from existing guidance that regulated financial institutions should apply in the management of their commercial real estate lending activity."

The statement, which applied to institutions of all sizes, had four basic highlights:

- 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.
- 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.

Regulators were aware of the significant growth and the easing of underwriting standards in 2016 and promised to take actions to slow the concentrations of real estate lending at banks.

But that might not have happened.

Heschmeyer's update in March 2017 was titled **"Banks Up Pace of Construction Lending for Second Consecutive Year, Raising Concerns for Regulators,"** followed by the subtitle "Two-Year Trend Expected to Continue through 2017." He noted that "the construction and development (C&D) lending category for U.S. banks was once again the most rapidly growing loan category in 2016, following a year of outsized lending growth in 2015. Bank's C&D lending surged almost 14% in 2016, topping 13% growth in 2015." Other key points included:

- C&D lending among banks remained strong despite a slowdown in many other lending categories, particularly in the second half of the year. Growth slowed considerably for many other lending categories, notably residential mortgages, auto and commercial and industrial (C&I).

- After posting the largest percentage lending upsurge in this category during 2016 of 58%, overseas banks with US branches appear to be backing off making loans in this category this year, decreasing their holdings in this category in 2017 to pre-2016 levels.
- US-based banks posted a 12% lending increase, with that growth unevenly split between large and small banks - 8% growth in C&D lending vs. 15% growth respectively.
- Even with the surge in lending over the past two years, C&D exposure for the bank industry remains below pre-2008 financial crisis levels, KBRA added. For all banks, C&D loans represented 3.4% of total loans as of year-end 2016 compared with a peak level of 8.4% as of year-end 2007.
- Regulatory scrutiny of C&D and commercial real estate (CRE) exposure appears to have intensified over the last year with regulators reiterating "guidance" on total concentrations. Regulators are carefully reviewing underwriting, stress testing and monitoring practices, as well as reiterating regulatory guidance on C&D and CRE concentrations.
- The FDIC is particularly concerned for small community banks. In fact, the FDIC Community Bank Study showed that, over a 26-year period, such small community institutions specializing in CRE lending had a failure rate of 2.25 times that of the average community bank

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Conduit Lending *(compiled from public and private sources)*

CMBS issuance dropped from around $95 billion in 2015 to around $63 billion in 2016, and much of that in the second half. CMBS accounted for only around 8% of all commercial real estate loans originated in 2016.

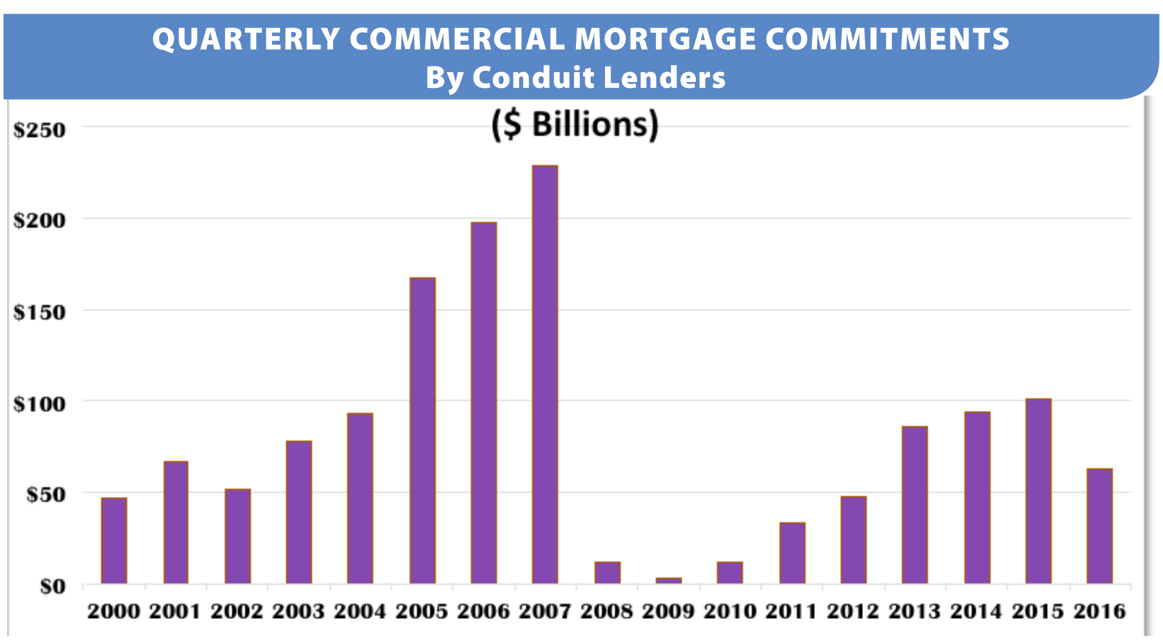
The so-called "wall of maturities" among CMBS loans will hit during the first-half of 2017 ($70 billion of CMBS will mature during the first half of 2017), and then CMBS refinancing will fall in the second half of 2017, as pending maturities drop significantly, and stay there for several years.

Risk retention rules, introduced as part of the Dodd-Frank Wall Street Consumer and Protection Act and having officially taken effect on Dec. 24, 2016, now require CMBS originators to retain a 5 percent interest in transactions they originate. Concerns persist that risk retention may further compound the conduit market's struggles going forward.

Morningstar Credit Ratings issued a "flat" forecast for the CMBS sector heading into 2017, but risk retention and interest rate volatility still "are not supportive for the market at all," according to Lea Overby, the managing director of structured finance research at Morningstar. "Banks had a lot of difficulty issuing deals [in 2016]," she said. "The conduit market improved toward the end of [2016], no doubt, but it will be interesting to see how it changes [this] year."

Research firm Trepp also forecasted CMBS issuances to be roughly flat, at around $70 billion, in 2017. Trepp Senior Managing Director Manus Clancy said that he is "cautiously optimistic" that risk retention "won't have as big of an impact as people think"—though, like other conduit market observers, he noted that lenders will "ask for more returns in order to take the commitment, and that will raise the cost of borrowing."

According to CBRE research, risk retention requirements could see CMBS loan pricing jump 15 to 25 basis points in 2017, while some market watchdogs anticipate an even greater increase.



Non-Traditional Non-Bank Lenders

Whether the cause is heightened regulation, including recently implemented Basel III rules governing high volatility commercial real estate (HVCRE) loans, or simply traditional bank lenders proving themselves more selective over the course of this current cycle, another financing trend that's expected to continue in 2017 is the rise of nontraditional, non-bank lenders.

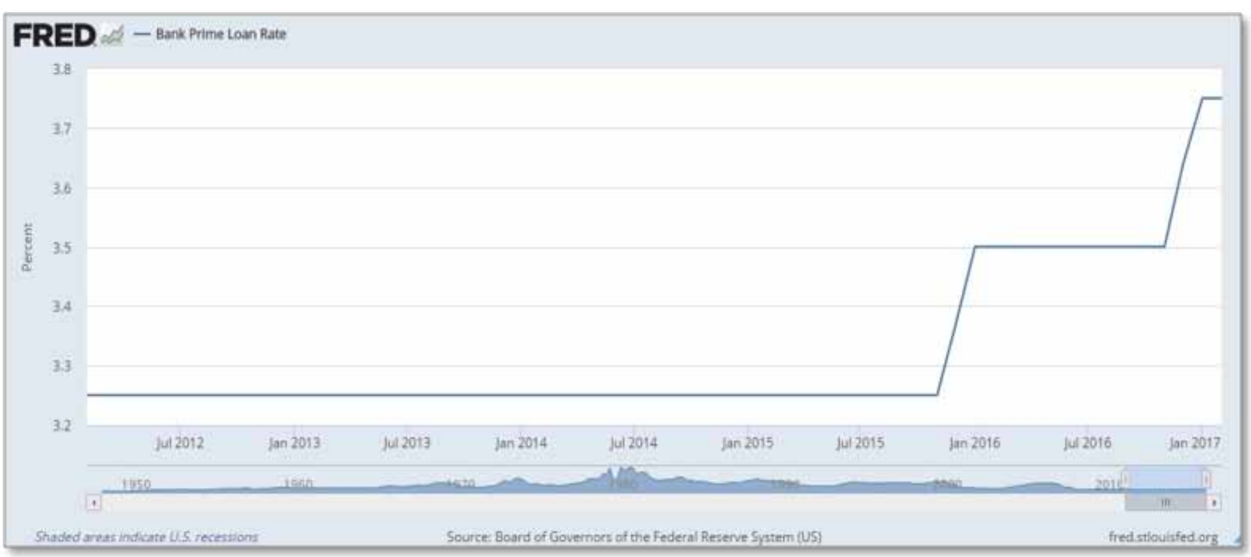
Debt funds, mortgage real estate investment trusts and even other real estate investment and development firms have played an increasing role in the market—particularly in helping borrowers finance shorter-term deals with riskier profiles, such as construction loans.

"We have an optimistic view on the opportunity for us as a non-bank lender," Dennis Schuh, the chief originations officer of Starwood Property Trust, said of his company's role in the commercial real estate financing market. "The bank market has pulled back, as far as their credit and risk appetite. They're the largest financing segment of commercial real estate, so if they pull back a little, that creates a big opportunity for other financing sectors."

The non-bank, non-insurance, non-CMBS sector of the market has usually accounted for around 20 percent of total lending volume in recent times, according to CBRE research, and is only expected to play a bigger part moving forward as traditional lenders face capital constraints. These challenges have hit the construction financing market, in particular, with bank and nontraditional lenders increasingly teaming up to provide developers with the capital required for projects.

Interest Rate Index Update

Floating Rate Indexes - One more time in early 2017, the Federal Reserve increased the Prime Rate from 3.50% to the current 3.75% level. As of March 2017, it is likely that the Fed will increase the rates twice more by year end in increments of 25 basis points each time.



Source: Board of Governors of the Federal Reserve System (US), Bank Prime Loan Rate [MPRIME], retrieved from FRED, Federal Reserve Bank of St.Louis https://research.stlouisfed.org/fred2/series/MPRIME/

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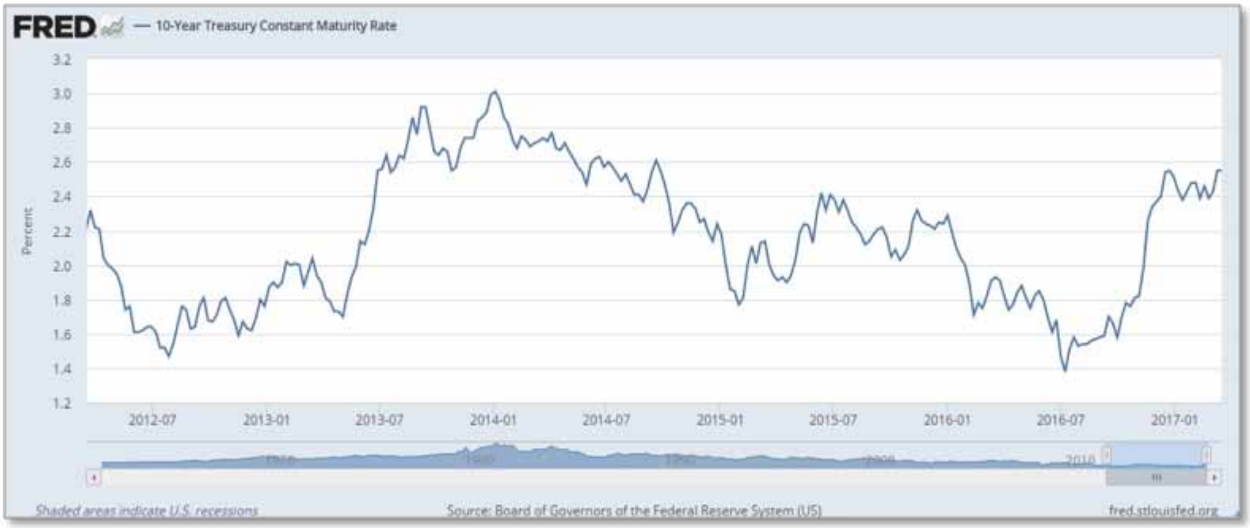
Put in terms of long range history the rate increases may seem minor, but they will have an impact on project profitability.

Source: Board of Governors of the Federal Reserve System (US), Bank Prime Loan Rate [MPRIME], retrieved from FRED, Federal Reserve Bank of St.Louis https://research.stlouisfed.org/fred2/series/MPRIME/

Long Term Fixed Rate Indexes – The benchmark 10-Year US Treasury rate ended 2016 at 2.51%, up from 2.2% at the end of 2015.



Source: Board of Governors of the Federal Reserve System (US), 10-Year Treasury Constant Maturity Rate [DGS10], retrieved from FRED, Federal Reserve Bank of St. Louis https://research.stlouisfed.org/fred2/series/DGS10/

It is important to view the 10-year UST in a longer context to again see that the current level is extremely low as compared to a 50-year history.

Source: Board of Governors of the Federal Reserve System (US), 10-Year Treasury Constant Maturity Rate [DGS10], retrieved from FRED, Federal Reserve Bank of St. Louis https://research.stlouisfed.org/fred2/series/DGS10/

FINANCE TRENDS

LENDER PREFERENCE UPDATE

RealtyRates.com 1st Quarter 2017 Investor Survey of permanent lenders shows the following preferences of property types (as of the fourth quarter of 2016):

RealtyRates.com INVESTOR SURVEY - 1st Quarter 2017*
PROPERTY DESIRABILITY MATRIX

	Preferred agressively seeking	Cautionary will consider	Rejecting but ... ... may consider
Apartments	All Types		
Golf		Private	Public-Privately Owned
		Public-Municipal	
		Semi-Private	
Healthcare/Senior Housing	Independent Living	Congregate Care	Acute Care
	Assisted Living	Independent Living	Nursing Homes
Industrial	Warehouse	Flex/Showroom	Heavy Manufacturing
	Bulk Distribution		
Lodging	Limited Service	Full Service	
		Golf/Gaming/Resort	
Mobile Home/RV Parks	Retirements & Family MH Parks	RV Parks/Campgrounds	
Office	Medical	CBD	
		Suburban	
Restaurants		All Types	
Retail	Grocery Anchored Centers	Unanchored Strip Centers	Malls/Outlet Malls
	Free Standing Credit/Franchised	Convenience Stores/Gas Stations	
		Big Box/Power Centers	
Self-Storage		All Types	
Special Purpose		Schools/Daycare Centers	Churches
		Public Assembly Facilities	Marinas/Recreational Facilities
		Parking Garages	

* 4th Quarter 2016 Data

Changes in Major Property Types from 2016:

- **Apartments** - None; apartments are still highly sought assets nationally, though student housing might be a challenge locally as supply increases and the question of state budget support continues
- **Industrial** - None
- **Lodging** - None
- **Office** - CBD desirability has shifted from Preferred to Cautionary nationally. Locally CBD office will benefit from synergies created by increased residential and focused economic development
- **Retail** – Free Standing Credit/Franchised has jumped from Rejecting to Preferred nationally, but heavy emphasis is on "Credit." Unanchored Strip Centers shifted to Preferred but location is key.

William "Billy" D. LEACH

Attorney at Law

- **1998,** graduated from University of Southern Mississippi–B.S. in Political Science, minor in English
- **2001,** graduated from Paul M. Hebert Law Center, Louisiana State University
- **2001,** began working at Professional Title of Louisiana, under the direction of Mr. Richard P. Reina
- **2003,** purchased Professional Title of Louisiana from Richard P. Reina

Billy is married to Dr. Lauren Ardoin Leach, who is the owner of Walker Family Dentistry in Walker, LA. They have two son, Kyle Alexander Leach and Ryan William Leach. Billy enjoys golf, tennis, triathlons, reading John Grisham and Tom Clancy books, watching political tv shows and LSU Sports.

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Denham Springs native, William "Billy" Leach, began his career at Professional Title in 2001. For over 15 years, Billy has worked with various institutions and real estate professionals in the Livingston, East Baton Rouge, Ascension and other surrounding parishes. He has built a strong foundation of honesty and integrity that clients and real estate professionals trust.

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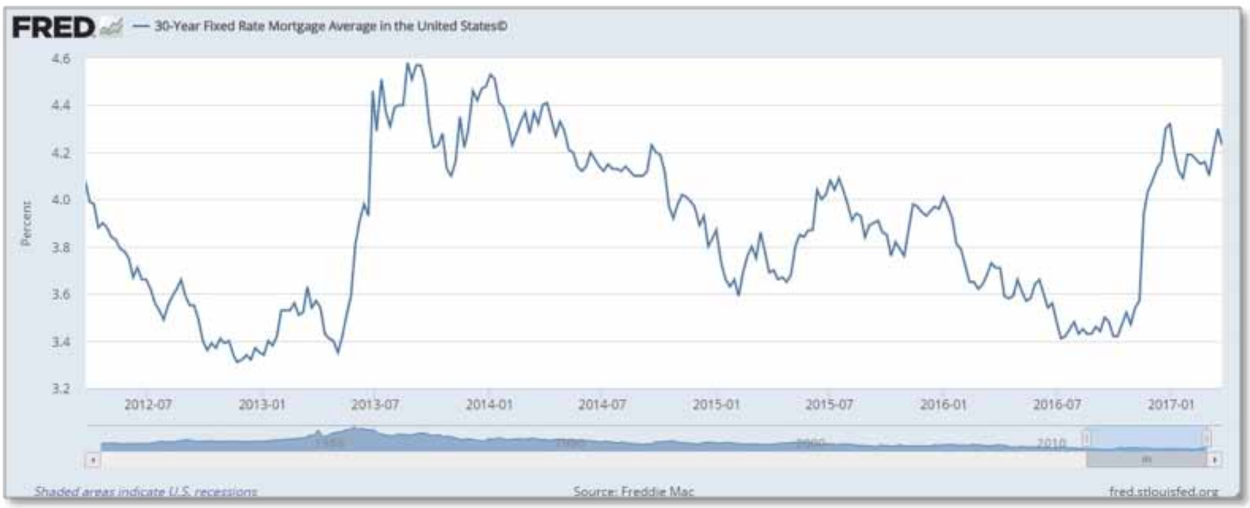
Conventional Mortgage Rates

Mortgage rates on single family residences were trending downward but jumped at the end of 2016 as the Federal Reserve clarified monetary policy goals.



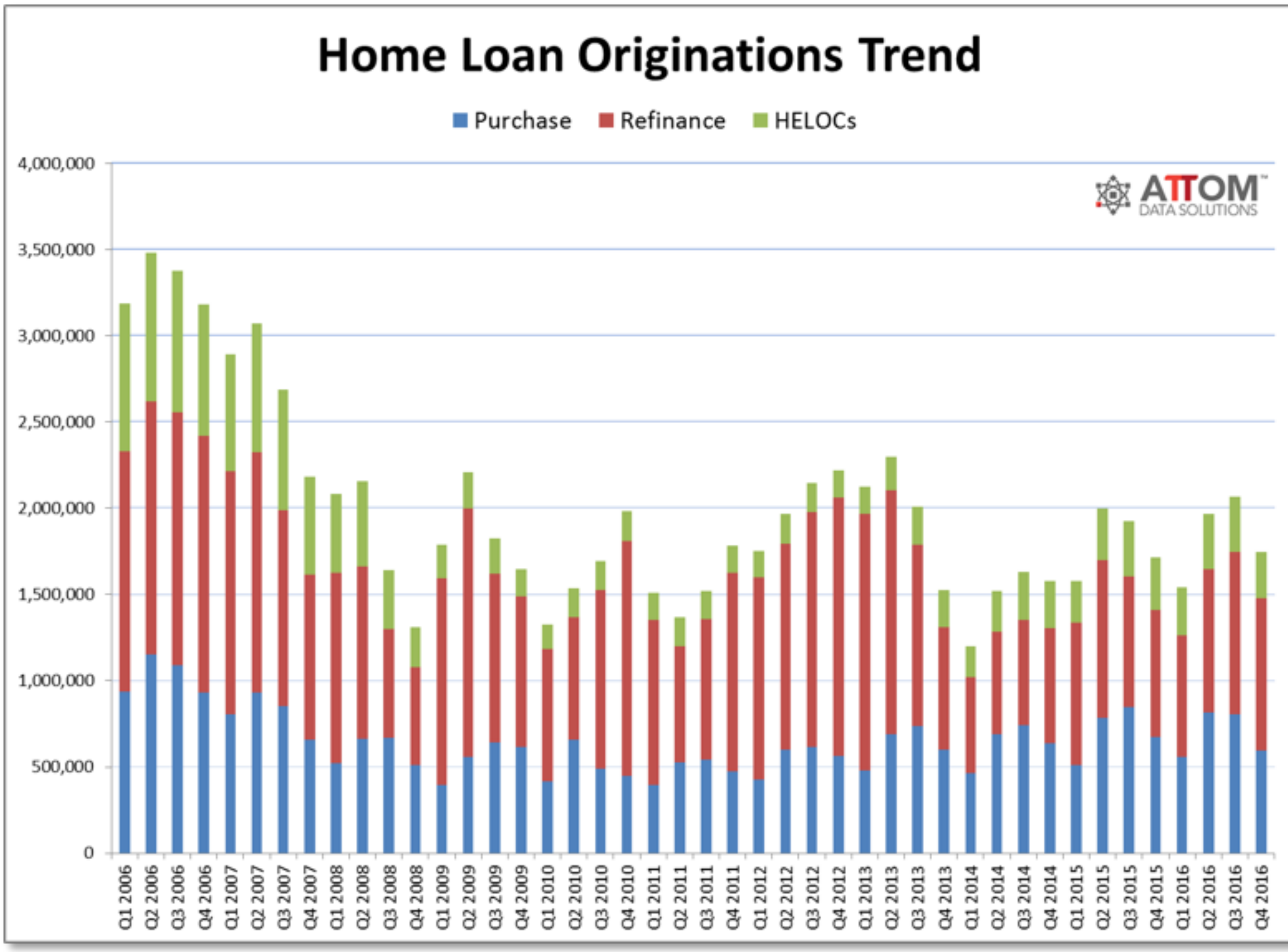
Source: Board of Governors of the Federal Reserve System (US)

Again, a longer history reveals a different perspective on how low current rates truly are.

Source: Board of Governors of the Federal Reserve System (US), 30-Year Conventional Mortgage Rate© [MORTG], retrieved from FRED, Federal Reserve Bank of St. Louis https://research.stlouisfed.org/fred2/series/MORTG/

Residential Mortgage Originations

A March 2, 2017 article in RealtyTrac titled **"U.S. Home Refinance Originations Post 20 Percent Annual Increase in Q4 2016 Even as Purchase Originations Decline"** included the subtitle *"Non-Bank Share of Purchase Loans Increasing, Traditional Bank Share Decreasing; VA Loan Share Pulls Back from Record High; FHA Loan Share Down to Two-Year Low".* Both issues are key to the current market.



According to the RealtyTrac article and using information from ATTOM Data Solutions, more than 1.7 million (1,748,177) loans were originated on U.S. residential properties (1 to 4 units) in the fourth quarter of 2016, down 15 percent from the previous quarter but still up 2 percent from a year ago. More than 7.3 million loans were originated in 2016, up 2 percent from 2015 to the highest total since 2013. Total dollar volume of loan originations in the fourth quarter increased 8 percent from a year ago to more than $461 billion ($461,291,961,501).

"Refinance originations continued to post strong numbers compared to a year ago in the fourth quarter even as purchase originations decreased on a year-over-year basis for the second consecutive quarter," said Daren Blomquist, senior vice president at ATTOM Data Solutions. "The increase in refinance originations is surprising given the rising interest rates in the fourth quarter, but many homeowners may have been trying to lock in still relatively low interest rates before those interest rates rose further.

"On the other hand, rising interest rates did seem to have a chilling effect on home buyers using financing, as evidenced not only by the drop in purchase loan originations but also a corresponding rise in the share of cash buyers, drop in FHA buyer share and a rise in the average down payment percentage in the fourth quarter compared to the previous quarter," Blomquist added. "For the year, the median down payment for loans secured by single family homes and condos was 6.0 percent of the median sales price nationwide, the lowest down payment percentage since 2012, but still close to twice the 3.3 percent in 2006 during the last housing boom."

"The increase in refinance originations is surprising given the rising interest rates in the fourth quarter, but many homeowners may have been trying to lock in still relatively low interest rates before those interest rates rose further."

Non-Banks Gaining Share

The article identified the top two purchase loan originators in Q4 2016 as so-called non-banks Quicken Loans (14,678) and Caliber Home Loans (12,075) followed by Wells Fargo (10,826) and Fairway (9,149) and JP Morgan Chase (7,994). Among the top five purchase loan originators, the three non-banks all saw year-over-year increases in purchase loan originations: Quicken up 4 percent; Caliber Home Loans up 21 percent; and Fairway up 19 percent. Meanwhile the two traditional big banks in the top five both posted year-over-year decreases in purchase loan activity in Q4 2016: Wells Fargo down 5 percent; and JP Morgan Chase down 15 percent.

The shift from bank origination dominance hit a tipping point in the third quarter of 2016, when banks accounted for less than half of the mortgage dollars extended to borrowers during the third quarter—the first quarter that banks, credit unions and other depository institutions have fallen below that threshold in more than 30 years, according to Inside Mortgage Finance. According to a November 2, 2016 Wall Street Journal article, "Independent mortgage lenders have come close to the 50% mark before, but they haven't topped it in recent history, even in the run-up to the housing bust, making this a notable moment for the most important consumer-credit market."

The WSJ article made two more observations:

- The shift reflects banks' aversion to risk, especially in the mortgage market, which has left an opening for independent lenders among home buyers with lower credit scores. Banks also remain fearful of legal and regulatory threats that have cost them tens of billions of dollars in mortgage-related fines and settlements in recent years.

- The independent firms aren't taking on the same sorts of risky loans that prevailed before the crisis. But their growing role does give rise to potential new dangers. Chief among them is whether nonbanks have enough funds to weather a significant economic downturn in which missed payments on mortgages spike. Many of the loans these lenders are originating are effectively guaranteed by the U.S. government, meaning that in the worst-case scenario taxpayers could be on the hook.

The latter issue was perfectly illustrated by a quote in the article. "We are not taking on credit risk—the loss is borne by [government] agencies," said Bob Walters, chief economist at Quicken Loans. "As long as there is a government guarantee, that is a powerful leveling factor that keeps the flow of funds going."

In other words, as long as it's not our problem, it's not our problem.

MULTIFAMILY TRENDS

2017 MULTI-FAMILY TRENDS COMMITTEE

Craig Davenport, MAI
TRENDS *Speaker*
Cook, Moore & Associates

Abby McMasters
Cook, Moore & Associates

Aimee Blount
Cook, Moore & Associates

D. Wesley Moore, II, MAI, CCIM
Cook, Moore & Associates

Laura White & Beth Miles
Latter & Blum Property Mgmt

Chad & Boyce Rigby
Stream Realty

2017 BATON ROUGE APARTMENT MARKET INTRODUCTION & SUMMATION

The 2017 statistics for the Baton Rouge area apartment market are atypically strong (97%+ occupancy), bolstered by a surge of demand generated by households displaced in August 2016 by the region's historic flooding (which damaged as many as 150,000 structures in the Baton Rouge area) and a temporary reduction in the rental inventory (due to flood-damaged apartment and rental house units). This anomalous circumstance will eventually subside, as most displaced homeowners will gradually restore and return to their homes. In the interim, however, short-term demand for apartments remains quite strong, and concessions are rare.

Job growth (which drives population growth, which drives incremental demand for apartments) continues in the Baton Rouge area, but at a materially slower pace than in preceding years. The metro area added 2,500 jobs (0.6% growth) in the 12-month period that ended January 2017. That figure is down from the 9,100 jobs added during the preceding 12-month period (and as many as 12,000 jobs added in earlier years).

Vacancies are near historic lows, but market conditions are likely to get far more competitive over the next 12 to 24 months, as a historically significant number of units under construction (and planned) will be delivered to the market in 2017. Apartment owners and managers in certain sub-markets should brace for increases in competitive pressures (and concessionary measures) as these new units fight to capture market share at the same time that displaced single-family homeowners gradually restore their flood-damaged houses, and move back home.

Data collected and analyzed each year (most recently in January-February 2017) regarding apartment rentals and vacancies by Cook, Moore & Associates (CMA), in conjunction with the LSU Real Estate Research Institute, the CID of GBRAR and the Baton Rouge Apartment Association (BRAA), indicate that apartment vacancies in the Baton Rouge area over the past 12± months dropped to under 3% (based on our survey of 195 apartment complexes) from historical norms (6%), while quoted rentals have risen slightly more than 5% from early-2016 levels.

Prior to Katrina, the Baton Rouge Apartment Association was reporting city-wide vacancies at 8%. A similar figure (6%) was reported in the LSU/CMA Spring 2005 report (Pre-Katrina). For roughly 3 years following the arrival of Hurricane Katrina (August 29, 2005), both survey sources were reporting less than 1% vacancy market-wide. Vacancies rose in 2008-11 (as a result of a post-Katrina construction boom) to as high as 7%, but declined to almost 5% in 2012-14 before returning to 6% in early 2016, with the rising trend in vacancies having been attributable to numerous new units entering the market. The Great Flood of 2016 changed the market dynamics.

We analyzed two sets of rental data, which differ by composition and number of properties included. The matched data set consists of 113 complexes, with a smaller matched sample of 47 larger (200+ unit) complexes also analyzed. **Quoted rentals for the 113-complex matched sample increased 5.2% from 2016 to 2017 (over a 12-month period). The reported vacancy rate for the matched sample was only 2.16%** (note that this figure excludes consideration of any newly-built units in initial lease-up). The figures for the matched sample of units provide indicators of the short-term impact of the August 2016 flooding (though not necessarily historic norms).

A bulleted summary of our key observations & expectations is provided:

- ❑ The supply of rental units in the Baton Rouge MSA has grown substantially since 2005. Relevant stats include:

- ❑ 6,937± new apartment units were completed from when Katrina hit on August 29, 2005 through the end of 2014 (with only 50 of those units actually built in 2014). The average number of units absorbed each year (through 2013) was 867±.

- ❑ 1,531± units were built (completed) in 2015

- ❑ 1,296±units were built (completed) in 2016

- ❑ 3,056± units are under construction for (or have been delivered thus far in) 2017-18

- ❑ 2,741± units are proposed for construction in 2018-19;

- ❑ Of the proposed units, we consider 1,146± units to be more likely to be built than the remaining 1,595± proposed units.

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- The total new rental supply (built or currently under construction) for 2016-17 will be 4,352± units, which will equate to 2,176± units per year over a 2-year span.

- A significant number of apartment units were damaged during the August 2016 flood. Our survey identified 30 larger complexes with a sum of 2,603 units damaged by the flood waters. This equates to roughly 8% of the inventory of units historically included in our survey. It is likely that many (if not all) of these units will eventually be restored (roughly 1,817 units of those tallied remain offline), but the process may take years.

- It is notable that construction costs for apartments locally are reported to have materially risen in recent years (as the availability of skilled construction workers had already diminished prior to The Great Flood of 2016 due to the large industrial projects underway; the damaged caused by the flood has amplified the shortage of skilled construction workers), and the cost of construction financing has risen (with 2 interest rate bumps by the Fed in recent months). It remains probable that some of the announced projects (those listed on the following pages, as well as others still on the drawing board) will not be built in the short-term (some will likely be tabled until such time that conditions are more strongly supportive of construction feasibility).

- The basic mechanics of housing demand are as follows: the national and local norm has historically been roughly 2.75 people per household, so, if the population grows by 1,000 people, we should need to have roughly 360 additional housing units to satisfy the incremental demand created. As roughly 33% of the local households have historically been renters, roughly 120 of those 360 units (per 1,000 residents) need to be rental units. To absorb the 4,352 new apartment units completed in 2016-17, the Baton Rouge area=s long-term population would normally need to increase by more than 38,000± (which is more than the population increase that resulted from Hurricane Katrina), though other factors like the need to replace physically or functionally obsolete units (termed "depletion"), the ever-shrinking average household size (this stat has been getting smaller for years, and fewer people per household means the more housing units can be needed to satisfy the demand per 1,000 residents), and displaced former homeowners that opt (or have no choice but) to remain in apartments could all have offsetting effects. The number of households in certain segments of the Baton Rouge area (such as the LSU student market) has not grown sufficiently to need the number of units being added to the supply in those sub-markets, so a state of oversupply in certain sub-markets may result. This could eventually have an adverse impact on the existing rental housing stock in other sub-markets, though such conditions do not appear to be imminent (forestalled by the temporary spike in demand resulting from the August floods).

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- In Spring 2008, we expected the local apartment market to become highly concessionary by the end of 2008, particularly in the Class A sub-market. While it took a while longer for the ripple to surface, by latter 2009 we began to see "free month and a free TV" ß (or other similarly structured) concessions offered at a number of the properties. As the vast majority of the new units were upscale, the Class A properties felt the brunt of the competitive pressures from the incoming supply. Their competitive adjustments in 2009-10 appear to have eventually forced rental adjustments by the Class B properties, who then put pricing pressure on Class C properties. Nobody is bullet-proof. These competitive conditions appear to have subsided in 2012-13, but started to return in 2015-16, as new units brought new competitive pressures. Everything changed following the August 2016 floods, but this spike in demand is likely to prove short-lived (i.e., lasting 1-2 years, where new apartment units tend to last for many more years). We expect concessions to become more commonplace again by 2018.

- The critical factors that will ultimately drive the long-term demand for, and absorption of, additional housing units in the Baton Rouge area are the number of jobs that can be retained locally (where the jobs go, the population will follow) and the ability of our infrastructure (roads, schools, governing bodies) to accommodate this growth and maintain the character and marketability of the Baton Rouge region as a place to live. Baton Rouge has positive dynamics, with moderately strong job growth expected over the next few years. The area remains positioned to prosper. The depth of the area's incremental demand for rental housing, however, will likely be tested by 2018.

- **Potentially the biggest wild card in gauging the balance of supply and demand (and making projections) for rental housing in the Baton Rouge region will be the amount of federal disaster relief assistance that ultimately makes its way into the hands of local property owners.** The Road Home program that was established following Hurricane Katrina had a notable effect on the capacity of affected homeowners in New Orleans (and other affected areas) to rebuild and return to their homes (or find replacements). With roughly $1.3 billion of federal assistance currently approved (though these funds are to be allocated between the areas affected by the August 2016 floods and areas of North Louisiana that experienced flooding in early-2016), and more assistance being requested, it remains likely that some form of "Road Home-esque" assistance funding will make its way through the politically-charged administrative processes, and eventually be provided to displaced homeowners. It may take 6 to 12 months for that to occur, and the households receiving assistance may then need another 6 to 12 months to restore their homes. The full process (and the residual shift in demand for rental units) could drag out over years. The longer it takes, the more apartment owners will benefit, as occupancies and rentals will be more likely to remain strong (at least, in the short run).

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- A substantial portion of the units built since 2010 have been oriented toward LSU students (typically leased "by the bed" and/or built near the LSU campus), with 1,424 of the 4,352 units (33%) built in 2016-17 falling in the "student-oriented" category. The demand for student rentals has, in part, been historically buoyed by the state-funded TOPS program, which subsidizes tuition costs and, indirectly, facilitates the leasing of apartment units by students that might otherwise not be able to afford to do so. With the TOPS program in flux (it was only 60% funded for Spring 2017) and the net number of student-oriented beds added since 2010 (a total of 9,042 beds added, including those under construction in the Nicholson Gateway project) substantially exceeding the increase in enrollment at LSU (3,452 student increase 2010-16), an oversupply of student-oriented units appears to be imminent. This is likely to eventually generate a ripple effect, adversely affecting other segments of the local market.

On the following pages will be presented synopses of new multifamily residential construction projects and tables illustrating historical rental/vacancy trends. For more detailed discussions and/or information, please call us (we provide professional consulting services) or go to **www.CookMoore.com** or **www.BatonRougeTrends.net.**

II. NEW APARTMENT CONSTRUCTION

Baton Rouge experienced a recovery period in apartment construction from 1995 to 2005. During this period, a total of 6,800± rental units (excluding " for sale" condos) were built in Baton Rouge. An additional 6,937± new apartment units were completed from when Katrina hit on August 29, 2005 through the end of 2014 (with only 50 of those units actually built in 2014). The average number of units absorbed each year (2006 through 2013) was 867±. Very few of those new complexes offered standard, mid-grade apartment units (i.e., virtually all were oriented toward "niche" markets, such as students or lower-income households). The vast majority of the new supply over the past 20± years has been oriented toward either more affluent tenants (either conventional residents or LSU students), or lower-income households.

In 2015, 1,531± units were built (completed), while 3,109± units are now under construction (for 2016/17 deliveries) and an additional 3,184± units are proposed for construction by the end of 2017. The total new rental supply for 2015-17 could exceed 7,800± units, which would equate to roughly 2,600± units per year over a 3-year span (if all of the planned units are completed by the end of 2017). The total new rental supply (built or currently under construction) for 2015-16 will be 4,640± units, which will equate to 2,320± units per year over this 2-year span.

Not included in these counts (or on the lists of proposed complexes that follow) are apartments that have been outlined for numerous mixed-use developments in the Baton Rouge area, including the River District and Nicholson Gateway projects along Nicholson Drive (1,800+ units planned), the Conway Plantation development in Gonzales (200+ units planned), Rouzan on Perkins Road (200+ units planned), River Park (Pete Clement has plans for apartments in his master design) and others. Until specific plans are announced for these (site plan approval requests submitted), these units remain speculative and, thus, have not been included in our pipeline supply analyses.

The new apartment complexes built, underway and/or planned in Baton Rouge area are listed on the following pages:

Apartment Complexes Completed in 2016 in the Baton Rouge MSA

Complex Name	Location	# Units	Expected Completion	Comments		
Completed 2016						
The Addison	The Grove Parkway	139	2016	Upscale/Luxury Units		
The Onyx	100 Third Street (CBD)	28	2016	Upscale/Luxury Units		
Commerce Building	333 Laurel St (CBD)	93	2016	Upscale/Luxury Tower Units		
Audubon Apts	LA Hwy 64 (Zachary)	182	2016	Upscale/Luxury Units		
Cypress Springs Elderly	Hooper Road east of Plank	144	2016	Affordable housing units		
Creekside Crossing	30100 Walker Road (Walker)	168	2016	Upscale/Luxury Units		
Sugar Mill Phase II	6795 Belle Vale Drive (Addis)	80	2016	Upscale/Luxury Units - Addition to Phase I		
Ivy Park - Phase II	Jones Creek Road near Tiger Bend	60	2016	Upscale/Luxury Units - Addition to Phase I		
One Maritime	101 France St (CBD)	19	2017	Upscale/Luxury Units		
Wildwood of BR	Burbank at Ben Hur	204	2016	Upscale Student Units		
Arlington Townhomes	Ben Hur Road south of Burbank Dr	179	2016	Upscale Student Units		
				Conventional	**Student**	**Affordable**
Total Completed in 2016		**1,296**		769	383	144

Apartment Complexes Under Construction 2017-2018 in the Baton Rouge MSA

Complex Name	Location	# Units	Expected Completion	Comments		
Under Construction 2017 - 2018						
Columns at Long Farm	Jefferson Hwy at Barringer Foreman	276	2017	Upscale/Luxury Units		
Tapestry Park on Jefferson	Jefferson Hwy by Panera Bread	124	2017	Upscale/Luxury Units		
Manchac Lake Apartments	Airline at Bayou Manchac (Prairieville)	272	2017	Upscale/Luxury Units		
Beauregard Quarters	Napoleon at America (CBD)	25	2017	Upscale/Luxury Units		
Bayonne at Southshore	Stanford Avenue	240	2017	Upscale - Replacing 122 Demolished Units		
River House	Nicholson Drive at Oklahoma	224	2017	Upscale/Luxury Units		
Port Royal	Airline near Hanks Road	192	2017	Affordable housing units		
Park Rowe	Perkins Rowe Development	334	2017	Upscale/Luxury Units		
Zachary Parkside - Phase II	LA Hwy 964 (Zachary)	40	2017	Upscale/Luxury Units - Addition to Phase I		
Lofts at 6C	6th Avenue (CBD)	144	2018	Upscale Tower		
Lakeside Villas Phase II	Millerville at I-12 (Southeast Quadrant)	144	2018	Upscale/Luxury Units - Addition to Phase I		
Park 7 Apartments	W. Parker at Dodson	280	2017	Upscale Student Units		
Nicholson Gateway	Nicholson Drive at Skip Bertman	761	2018	Upscale Student Units on LSU Campus		
				Conventional	**Student**	**Affordable**
Total Under Construction 2017		**3,056**		1,823	1,041	192
Total Completed or Under Construction		**4,352**		2,592	1,424	336

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Apartment Complexes Announced (but not yet under construction) for 2017-18 in the Baton Rouge MSA

Complex Name	Location	# Units	Expected Completion	Comments		
Proposed Apartments 2017 - 2018 - Likely						
342 Lafayette	342 Lafayette Street (CBD)	16	2018	Upscale/Luxury Units		
Nicholson Place	W. Roosevelt at W. Garfield	40	2018	Affordable housing units		
River South	1667 Highland Road	46	2018	Affordable housing units		
Palms at Juban Lakes	Buddy Ellis Road (Denham)	180	2018	Upscale/Luxury Units		
Highland Club - Phase III	17505 Jefferson Highway	39	2018	Upscale/Luxury Units - Addition to Phase I		
Parc at Denham Phase II	31050 LA Highway 16 (Denham)	143	2018	Upscale/Luxury Units - Addition to Phase I		
Meadows at Nicholson	Nicholson Drive at Gardere Lane	228	2018	Affordable housing units		
Shoecreek	Sullivan Rod (Central)	210	2018	Upscale/Luxury Units		
Mansions in Park - Phase II	Perkins Road	144	2018	Upscale/Luxury Units		
The Elysian - Phase II	Spanish Town Road near Acadian	100	2018	Affordable housing units - Addition to Phase		
				Conventional	**Student**	**Affordable**
Total Proposed 2017 - 2018 Likely		**1,146**		732	0	414
Proposed Apartments 2017 - 2018 - Less Likely						
Edenborne	LA Hwy 44 at I-10 (Gonzales)	200		Upscale/Luxury Units		
Villages at Magnolia Trace	McHugh Road (Zachary)	156		Upscale/Luxury Units		
Legacy at Gonzales	Veterans Blvd (Gonzales)	212		Upscale/Luxury Units		
Conway Plantation	LA Highway 44 (Gonzales)	300		Upscale/Luxury Units		
Cypress Square	Veterans Blvd (Gonzales)	272		Upscale/Luxury Units		
The Summit	Nicholson Drive near Burbank Dr	455		Upscale - Student Units		
				Conventional	**Student**	**Affordable**
Total Proposed 2017 - 2018 Less Likely		**1,595**		1,140	455	0
Total Proposed/Announced 2017 - 2018		**2,741**		1,872	455	414
Total Built, Underway & Proposed		**7,093**		4,464	1,879	750

Not included in the preceding lists may be additional properties (in the planning and/or financing stages) for which the site has not been purchased, site plan approval has not been granted and/or plans have not been publicly announced. As construction of new units cannot occur without site plan approval and the process of acquiring such approval is highly political and speculative (as can be the site acquisition process), inclusion of such properties in a traditional "pipeline" analysis would be inappropriate.

MULTIFAMILY TRENDS

APARTMENT RENT & VACANCY STATISTICS

On the following pages are presented tables summarizing the figures compiled from the LSU/CMA apartment surveys performed in early 2017. **Note the addition this year of Areas 7 (Zachary), 8 (Livingston Parish) and 9 (Ascension Parish) to the survey results:**

TABLE 1
2017 - FULL DATA SET STATISTICS

	Number of Complexes by Data Set						Number of Units by Data Set					
Data Set	0BR Units	1BR Units	2BR Units	3BR Units	4BR Units	Total # of Complexes	0BR Units	1BR Units	2BR Units	3BR Units	4BR Units	Total Units
All Complexes	21	163	183	121	34	195	358	11,118	15,431	4,023	1,505	32,631
Matched Sample	15	101	106	75	16	113	164	5,994	7,588	1,848	276	15,870
Large Complexes	7	68	71	51	13	71	156	7,491	9,619	2,085	798	20,292

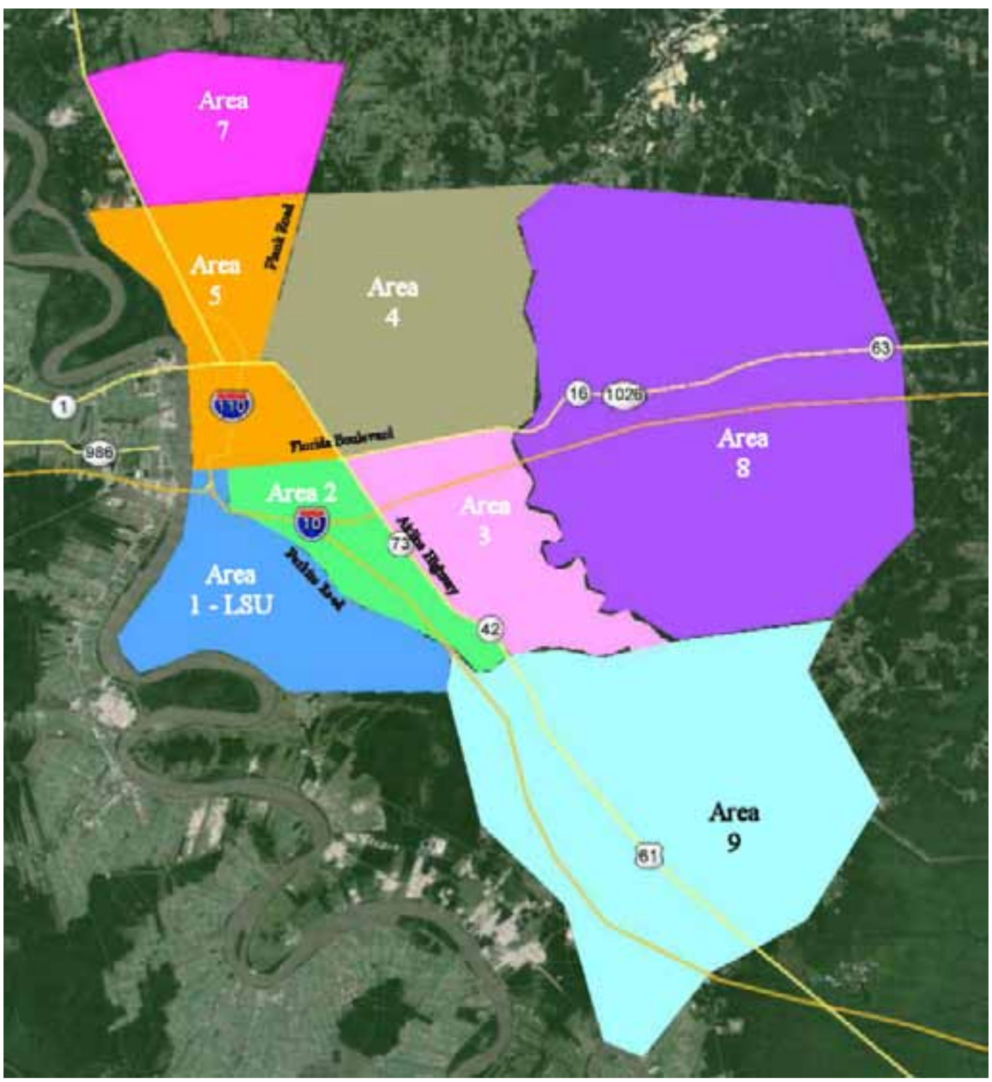

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TABLE 2
Apartment Data by Area (2017 Full Data Set)

		Average Rent					Average Rent per Sq.Ft.						Vacancy Rate					
Area	Total Complexes	0 BR	1 BR	2 BR	3 BR	4 BR	0 BR	1 BR	2 BR	3 BR	4 BR	Total	0 BR	1 BR	2 BR	3 BR	4 BR	Total
All	195	$716	$836	$1,014	$1,228	$2,122	$1.52	$1.18	$0.99	$0.98	$1.43	$1.08	1.68%	2.32%	2.57%	3.50%	5.18%	2.75%
1	60	$757	$986	$1,323	$1,696	$2,261	$1.65	$1.32	$1.21	$1.28	$1.48	$1.32	2.45%	2.28%	2.83%	5.30%	5.30%	3.42%
2	39	$620	$964	$1,101	$1,281	$1,287	$1.69	$1.28	$1.03	$0.97	$0.87	$1.10	1.43%	1.29%	1.25%	1.48%	6.67%	1.32%
3	41	$622	$821	$940	$1,038	$936	$1.28	$1.15	$0.92	$0.80	$0.67	$0.98	0.00%	2.21%	2.91%	4.61%	0.00%	2.76%
4	12	$550	$590	$713	$805	-	$1.10	$0.88	$0.75	$0.67	-	$0.77	0.00%	1.78%	1.57%	1.54%	-	1.64%
5	26	$472	$607	$743	$786	$946	$0.91	$0.98	$0.80	$0.70	$1.11	$0.84	0.00%	4.78%	4.59%	2.89%	4.24%	4.29%
7	1	-	$1,047	$1,343	$1,570	-	-	$1.15	$1.12	$1.06	-	$1.11	-	11.54%	7.69%	0.00%	-	7.69%
8	10	-	$864	$1,179	$1,152	$1,560	-	$1.10	$0.93	$0.88	$0.81	$0.93	-	2.90%	2.01%	1.84%	0.00%	2.10%
9	5	-	$988	$1,081	$1,347	-	-	$1.25	$1.00	$1.07	-	$1.07	-	2.05%	2.14%	1.83%	-	2.07%

TABLE 3
Apartment Data by Area for Large Complexes (2017 Full Data Set)

		Average Rent					Average Rent per Sq.Ft.						Vacancy Rate					
Area	Total Complexes	0 BR	1 BR	2 BR	3 BR	4 BR	0 BR	1 BR	2 BR	3 BR	4 BR	Total	0 BR	1 BR	2 BR	3 BR	4 BR	Total
All	71	$760	$879	$1,077	$1,332	$2,327	$1.52	$1.21	$1.03	$1.03	$1.48	$1.12	1.92%	2.60%	2.88%	3.45%	5.14%	2.97%
1	23	$835	$988	$1,263	$1,789	$2,412	$1.66	$1.32	$1.22	$1.25	$1.48	$1.31	3.85%	2.29%	2.62%	4.70%	4.96%	3.21%
2	12	$775	$1,018	$1,247	$1,498	-	$1.71	$1.34	$1.14	$1.05	-	$1.20	0.00%	1.19%	1.13%	1.33%	-	1.16%
3	22	-	$849	$985	$1,088	$936	-	$1.16	$0.94	$0.83	$0.67	$1.01	-	2.21%	3.28%	3.91%	0.00%	2.83%
4	3	$550	$633	$757	$887	-	$1.10	$0.90	$0.75	$0.65	-	$0.77	0.00%	4.27%	2.44%	1.41%	-	2.89%
5	3	$410	$528	$717	$720	$2,080	$0.84	$0.97	$0.89	$0.66	$1.56	$0.93	0.00%	13.62%	10.95%	4.62%	8.33%	10.36%
7	1	-	$1,047	$1,343	$1,570	-	-	$1.15	$1.12	$1.06	-	$1.11	-	11.54%	7.69%	0.00%	-	7.69%
8	3	-	$760	$942	$1,114	-	-	$1.01	$0.90	$0.88	-	$0.91	-	2.78%	1.76%	3.79%	-	2.19%
9	3	-	$1,130	$1,189	$1,466	-	-	$1.28	$1.02	$1.08	-	$1.09	-	1.47%	1.90%	1.85%	-	1.78%

TABLE 4
Apartment Data by Zip Code (2017 Data Set)

Zip Code	Number of Complexes	Number of Units	Average Rent per Unit	Average Rent per Sq. Ft.	Vacancy Total
70726	6	1,311	$992	$0.94	2.21%
70737	4	796	$1,150	$1.08	2.14%
70785	3	236	$1,229	$1.00	2.97%
70791	2	316	$1,147	$1.02	6.33%
70801	4	107	$1,603	$1.72	0.00%
70802	12	1,646	$1,333	$1.56	2.73%
70805	5	547	$602	$0.88	4.02%
70806	23	2,823	$779	$0.84	0.99%
70807	3	444	$1,027	$1.25	19.37%
70808	17	3,119	$1,072	$1.21	2.02%
70809	23	4,501	$1,079	$1.08	1.29%
70810	9	1,738	$1,117	$1.10	1.44%
70814	4	541	$682	$0.78	0.18%
70815	14	2,269	$718	$0.77	2.42%
70816	30	6,577	$922	$1.01	2.89%
70817	4	605	$1,001	$0.93	1.16%
70820	23	3,713	$1,578	$1.38	6.01%
70836	2	331	$1,301	$1.55	1.21%

TABLE 5
Apartment Data by Area
2014 - 2017 Matched Sample Data Set

Area	Number of Complexes	Time Period	Average Rent 0 BR	Average Rent 1 BR	Average Rent 2 BR	Average Rent 3 BR	Average Rent 4 BR	Average Rent per Sq.Ft. 0 BR	Average Rent per Sq.Ft. 1 BR	Average Rent per Sq.Ft. 2 BR	Average Rent per Sq.Ft. 3 BR	Average Rent per Sq.Ft. 4 BR	Average Rent per Sq.Ft. Total	Vacancy Rate 0 BR	Vacancy Rate 1 BR	Vacancy Rate 2 BR	Vacancy Rate 3 BR	Vacancy Rate 4 BR	Vacancy Rate Total
All	113	2017	$678	$824	$978	$1,108	$1,508	$1.40	$1.15	$0.96	$0.89	$1.17	**$1.01**	2.47%	1.72%	2.20%	3.02%	4.27%	**2.16%**
		2016	$637	$773	$928	$1,064	$1,520	$1.32	$1.08	$0.91	$0.86	$1.18	**$0.96**	7.41%	4.70%	6.33%	7.44%	11.56%	**5.96%**
		2015	$617	$775	$917	$1,068	$1,588	$1.28	$1.09	$0.90	$0.86	$1.23	**$0.96**	6.17%	5.40%	6.04%	7.00%	3.02%	**5.85%**
		2014	$592	$760	$900	$1,054	$1,593	$1.23	$1.06	$0.88	$0.85	$1.23	**$0.94**	6.58%	4.69%	4.63%	4.46%	9.55%	**4.75%**
1	30	2017	$736	$837	$1,055	$1,282	$1,634	$1.52	$1.19	$1.08	$1.09	$1.27	**$1.13**	4.42%	1.80%	2.40%	3.59%	4.55%	**2.49%**
		2016	$676	$791	$950	$1,222	$1,664	$1.40	$1.13	$0.97	$1.03	$1.29	**$1.05**	7.96%	5.00%	7.46%	9.14%	11.52%	**7.04%**
		2015	$662	$807	$972	$1,242	$1,738	$1.37	$1.15	$0.99	$1.05	$1.35	**$1.08**	8.85%	5.26%	5.37%	10.60%	2.73%	**5.82%**
		2014	$643	$783	$961	$1,213	$1,740	$1.33	$1.12	$0.98	$1.03	$1.35	**$1.06**	8.85%	4.43%	5.25%	6.85%	10.91%	**5.55%**
2	32	2017	$761	$949	$1,102	$1,328	$1,312	$1.68	$1.27	$1.01	$0.97	$0.87	**$1.08**	1.89%	1.39%	1.29%	1.59%	14.29%	**1.40%**
		2016	$712	$911	$1,024	$1,277	$1,064	$1.57	$1.22	$0.94	$0.93	$0.70	**$1.02**	1.89%	3.70%	4.59%	7.17%	7.14%	**4.53%**
		2015	$697	$900	$1,037	$1,295	$1,064	$1.54	$1.20	$0.95	$0.94	$0.70	**$1.02**	0.00%	5.72%	5.56%	4.78%	0.00%	**5.46%**
		2014	$636	$885	$1,003	$1,275	$1,233	$1.40	$1.18	$0.92	$0.93	$0.81	**$1.00**	5.66%	3.85%	3.80%	3.34%	0.00%	**3.77%**
3	29	2017	$623	$826	$946	$1,041	$939	$1.28	$1.14	$0.92	$0.81	$0.67	**$0.97**	0.00%	2.15%	3.04%	4.73%	0.00%	**2.83%**
		2016	$620	$755	$961	$1,020	$916	$1.27	$1.04	$0.93	$0.79	$0.65	**$0.95**	7.32%	5.17%	5.45%	4.16%	0.00%	**5.20%**
		2015	$566	$759	$900	$996	$916	$1.16	$1.05	$0.87	$0.77	$0.65	**$0.92**	7.32%	4.04%	4.61%	4.45%	8.33%	**4.38%**
		2014	$563	$752	$889	$996	$896	$1.16	$1.04	$0.86	$0.78	$0.64	**$0.90**	2.44%	4.64%	4.33%	4.59%	0.00%	**4.46%**
4	7	2017	$550	$571	$676	$786	-	$1.10	$0.84	$0.68	$0.61	-	**$0.72**	0.00%	0.24%	1.31%	0.90%	-	**0.85%**
		2016	$520	$554	$643	$758	-	$1.04	$0.81	$0.65	$0.59	-	**$0.69**	0.00%	2.38%	2.06%	0.00%	-	**1.97%**
		2015	$520	$531	$613	$733	-	$1.04	$0.78	$0.62	$0.57	-	**$0.66**	0.00%	3.57%	3.56%	1.80%	-	**3.38%**
		2014	$525	$517	$590	$712	-	$1.05	$0.76	$0.60	$0.55	-	**$0.64**	0.00%	3.81%	3.94%	2.70%	-	**3.76%**
5	15	2017	$431	$570	$647	$760	$745	$0.84	$0.89	$0.75	$0.70	$0.62	**$0.77**	0.00%	1.65%	1.98%	2.15%	0.00%	**1.83%**
		2016	$417	$527	$608	$709	$714	$0.81	$0.83	$0.70	$0.65	$0.59	**$0.72**	14.29%	6.32%	14.47%	12.23%	16.67%	**11.23%**
		2015	$409	$536	$613	$721	$775	$0.80	$0.84	$0.71	$0.66	$0.65	**$0.73**	5.71%	10.99%	16.45%	10.30%	4.76%	**12.83%**
		2014	$394	$511	$612	$713	$755	$0.77	$0.80	$0.71	$0.66	$0.63	**$0.72**	5.71%	8.52%	6.99%	3.01%	4.76%	**6.58%**

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TABLE 6
Apartment Data by Area for Larger Complexes
2014 - 2017 Matched Sample Data Set

			Average Rent					Average Rent per Sq.Ft.						Vacancy Rate					
Area	Number of Complexes	Time Period	0 BR	1 BR	2 BR	3 BR	4 BR	0 BR	1 BR	2 BR	3 BR	4 BR	Total	0 BR	1 BR	2 BR	3 BR	4 BR	Total
		2017	$691	$876	$1,046	$1,209	$1,519	$1.43	$1.20	$1.01	$0.94	$1.13	**$1.06**	2.48%	1.67%	2.31%	3.34%	2.87%	**2.17%**
All	47	2016	$655	$818	$990	$1,159	$1,770	$1.36	$1.12	$0.95	$0.90	$1.32	**$1.01**	10.74%	4.89%	6.48%	8.70%	17.24%	**6.26%**
		2015	$648	$822	$971	$1,169	$1,721	$1.34	$1.12	$0.93	$0.91	$1.28	**$1.00**	6.61%	5.02%	6.24%	8.70%	4.60%	**6.00%**
		2014	$617	$812	$958	$1,162	$1,738	$1.28	$1.11	$0.92	$0.91	$1.29	**$0.99**	4.13%	3.96%	3.96%	4.04%	4.02%	**3.97%**
		2017	$777	$872	$1,086	$1,322	$1,562	$1.54	$1.20	$1.08	$1.08	$1.17	**$1.13**	6.98%	1.97%	2.74%	4.24%	3.09%	**2.68%**
1	15	2016	$734	$819	$951	$1,243	$1,833	$1.46	$1.13	$0.95	$1.02	$1.37	**$1.04**	18.60%	4.71%	6.80%	8.69%	18.52%	**6.80%**
		2015	$730	$839	$982	$1,274	$1,781	$1.45	$1.15	$0.98	$1.04	$1.33	**$1.06**	13.95%	4.97%	5.11%	8.69%	4.32%	**5.52%**
		2014	$731	$817	$983	$1,249	$1,800	$1.45	$1.12	$0.98	$1.02	$1.34	**$1.05**	0.00%	4.08%	5.22%	5.30%	4.32%	**4.70%**
		2017	$775	$1,015	$1,251	$1,445	-	$1.71	$1.34	$1.14	$1.05	-	**$1.20**	0.00%	1.19%	1.13%	1.33%	-	**1.16%**
2	12	2016	$725	$970	$1,141	$1,378	-	$1.60	$1.28	$1.04	$1.00	-	**$1.12**	0.00%	3.14%	4.11%	7.98%	-	**4.07%**
		2015	$710	$957	$1,163	$1,414	-	$1.56	$1.27	$1.06	$1.03	-	**$1.13**	0.00%	5.93%	6.23%	7.18%	-	**6.12%**
		2014	$645	$955	$1,125	$1,418	-	$1.42	$1.26	$1.03	$1.03	-	**$1.11**	6.12%	3.35%	3.05%	3.72%	-	**3.30%**
		2017	-	$834	$976	$1,068	$939	-	$1.15	$0.93	$0.81	$0.67	**$0.99**	-	1.89%	2.99%	4.30%	0.00%	**2.62%**
3	16	2016	-	$758	$1,009	$1,048	$916	-	$1.05	$0.96	$0.80	$0.65	**$0.97**	-	5.87%	6.23%	5.06%	0.00%	**5.96%**
		2015	-	$762	$921	$1,018	$916	-	$1.05	$0.88	$0.78	$0.65	**$0.93**	-	3.69%	4.76%	4.81%	8.33%	**4.31%**
		2014	-	$757	$913	$1,027	$896	-	$1.05	$0.87	$0.78	$0.64	**$0.92**	-	3.88%	3.38%	3.29%	0.00%	**3.58%**
		2017	$550	$589	$686	$798	-	$1.10	$0.83	$0.66	$0.63	-	**$0.70**	-	0.68%	1.20%	0.00%	-	**0.87%**
4	2	2016	$520	$584	$666	$794	-	$1.04	$0.82	$0.65	$0.63	-	**$0.68**	-	2.72%	0.80%	0.00%	-	**1.30%**
		2015	$520	$572	$649	$786	-	$1.04	$0.80	$0.63	$0.62	-	**$0.67**	-	4.08%	4.40%	3.17%	-	**4.12%**
		2014	$525	$553	$616	$764	-	$1.05	$0.78	$0.60	$0.60	-	**$0.64**	-	7.48%	5.60%	3.17%	-	**5.86%**
		2017	$417	$488	$619	$748	-	$0.84	$0.69	$0.66	$0.66	-	**$0.67**	-	1.17%	1.28%	4.62%	-	**1.87%**
5	2	2016	$417	$479	$610	$729	-	$0.84	$0.68	$0.65	$0.64	-	**$0.66**	-	11.11%	22.44%	26.15%	-	**19.97%**
		2015	$417	$483	$602	$729	-	$0.84	$0.69	$0.64	$0.64	-	**$0.65**	-	14.62%	25.64%	27.69%	-	**22.31%**
		2014	$397	$459	$599	$705	-	$0.80	$0.65	$0.63	$0.62	-	**$0.64**	-	5.85%	3.85%	3.08%	-	**4.37%**

TABLE 7
Apartment Data by Zip Code
2014 - 2017 Matched Sample Data Set

Zip Code	Number of Complexes	Number of Units	Period	Average Rent per Unit	Average Rent per Sq. Ft.	Vacancy Total
70802	3	537	2017	$938	$1.31	1.12%
			2016	$915	$1.28	7.08%
			2015	$915	$1.28	1.12%
			2014	$880	$1.23	7.20%
70805	4	447	2017	$602	$0.82	4.92%
			2016	$536	$0.73	6.71%
			2015	$520	$0.71	11.63%
			2014	$508	$0.70	11.63%
70806	15	2,042	2017	$798	$0.85	1.08%
			2016	$743	$0.79	11.36%
			2015	$758	$0.81	12.14%
			2014	$740	$0.79	5.34%
70808	11	2,116	2017	$863	$1.03	2.03%
			2016	$810	$0.97	4.30%
			2015	$838	$1.00	4.40%
			2014	$823	$0.98	3.26%
70809	21	4,445	2017	$1,081	$1.09	1.30%
			2016	$1,027	$1.03	4.25%
			2015	$1,020	$1.02	5.49%
			2014	$999	$1.00	3.91%
70810	8	1,611	2017	$1,165	$1.13	1.55%
			2016	$1,036	$1.01	5.52%
			2015	$1,132	$1.10	6.02%
			2014	$1,049	$1.02	3.79%
70815	10	1,823	2017	$699	$0.74	2.14%
			2016	$673	$0.71	6.80%
			2015	$661	$0.70	4.77%
			2014	$641	$0.68	4.06%
70816	22	5,044	2017	$914	$1.00	2.91%
			2016	$906	$0.99	4.42%
			2015	$863	$0.95	4.28%
			2014	$863	$0.94	5.02%
70817	3	571	2017	$1,015	$0.94	1.23%
			2016	$921	$0.85	3.33%
			2015	$987	$0.91	3.50%
			2014	$947	$0.88	4.20%
70820	12	1,657	2017	$1,113	$1.22	4.71%
			2016	$1,066	$1.16	12.19%
			2015	$1,034	$1.13	9.11%
			2014	$1,070	$1.17	8.27%

INDUSTRIALTRENDS

2017 INDUSTRIAL TRENDS COMMITTEE

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EXECUTIVE SUMMARY

"Global Conditions & The Effects on Our Market"

After a decline in 2015, the 2016 net absorption of 844,813 square feet of heavy commercial to industrial space within the greater Baton Rouge industrial market indicates growth and represents a number that should be considered satisfactory when compared to past years, even if the 408,000± sf constructed for and absorbed by Epic Piping and Pepsi in Livingston Parish were taken out. The 593,973± sf in new construction placed into commerce in 2016 made up 70% of the 2016 absorption. Past year absorption comparisons are, 671,127 sf (2013), 1,243,592 sf (2014) 437,273 sf (2015). Vacancy ended the year at 6.78%, a drop of 1% from the previous year, a number not seen in over 11 years (2005 – 6.48%). The big construction hits came from four super deals, which accounted for 1,735,000 square feet added to inventory or under construction in 2016 (Dow Chemical warehouse = 1,185,000 sf alone). Other than the four projects noted above, new construction was modest.

Nationally, the news is good. "Industrial warehouse demand not slowing down as we enter 2017," Jones Lang LaSalle IP, Inc.

Nationally, the news is good. "Industrial warehouse demand not slowing down as we enter 2017," Jones Lang LaSalle IP, Inc. The vacancy rate ended the year at a record low, 5.6%.

Industrial Inventory Statistics

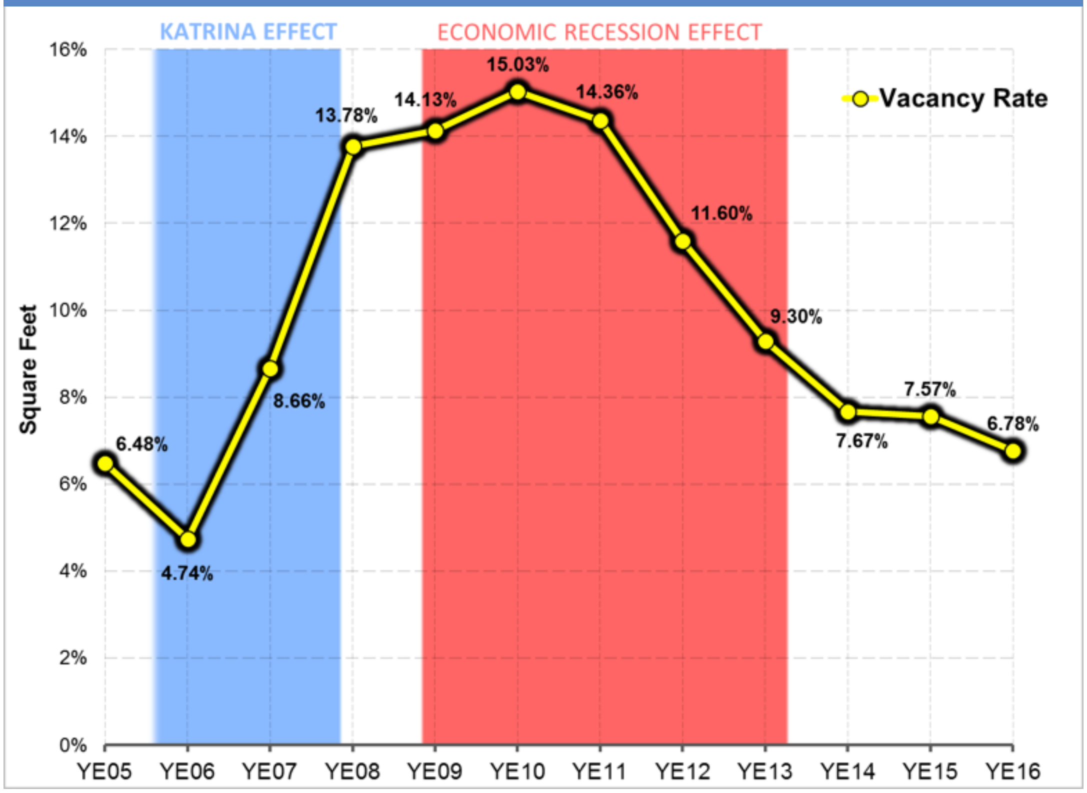
MEMO	YE 2015	YE 2016
TOTAL INVENTORY	26,859,437 SF	27,563,147 SF
VACANT SPACE	2,033,422 SF	1,866,520 SF
OCCUPIED SPACE	24,825,995 SF	25,670,808 SF
VACANCY RATE	7.57%	6.78%
NET ABSORPTION	437,273 SF	844,813 SF
SPACE UNDER CONSTRUCTION AT YEAR END	83,917 SF	1,528,226 SF

The **numbers cited in this report represent office-warehouse, distribution and manufacturing properties have 5,000 square feet of gross building area or greater.** Only land sales used for industrial purposes were used to cite the range of values.

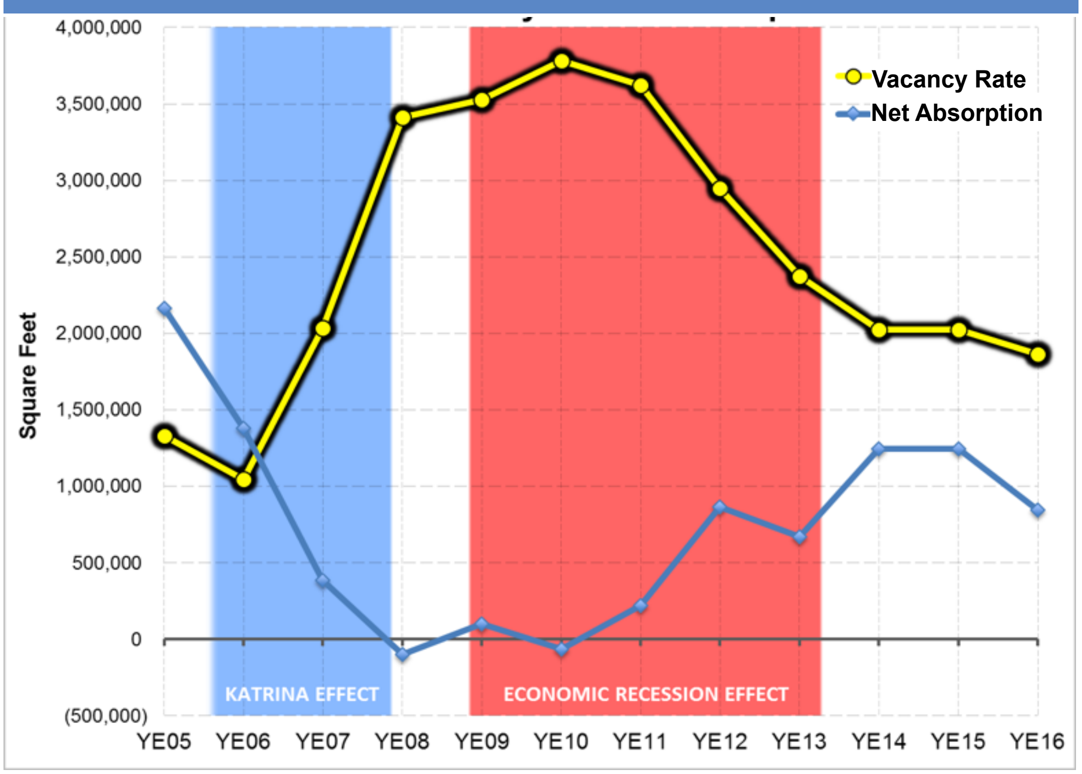
Locally, the news was not always good. The year started with budget shortfalls at the State level, with local economists declaring that Louisiana was in a recession, the mid-summer protests and police shootings in Baton Rouge, followed by the "Great Flood" in August. In the past, major events significantly shaped the course of our industrial market, both positively and negatively. Specifically, Hurricane Katrina (2004), the national recession (2008), the petro-chem construction boom (started 2010) and the downward spiral of the oil & gas industry (started 2014). The market appeared to be stalled out, or at best tepid growth Q1-Q2 2016, likely the result of business and industry uncertainty as to how the State budget and revamped incentive/tax packages would impact them. The flood, while not a devastating or direct impact on industrial properties for the most part, effected the market temporarily as it displaced housing where much of the labor market resides. Industry confidence received it's biggest boost in Q4-2016 as a result of the Trump presidential election, who is perceived as friendly to heavy industry and the oilfield. 2016 was an emotional rollercoaster.

INDUSTRIAL TRENDS

Historical Vacancy Rate



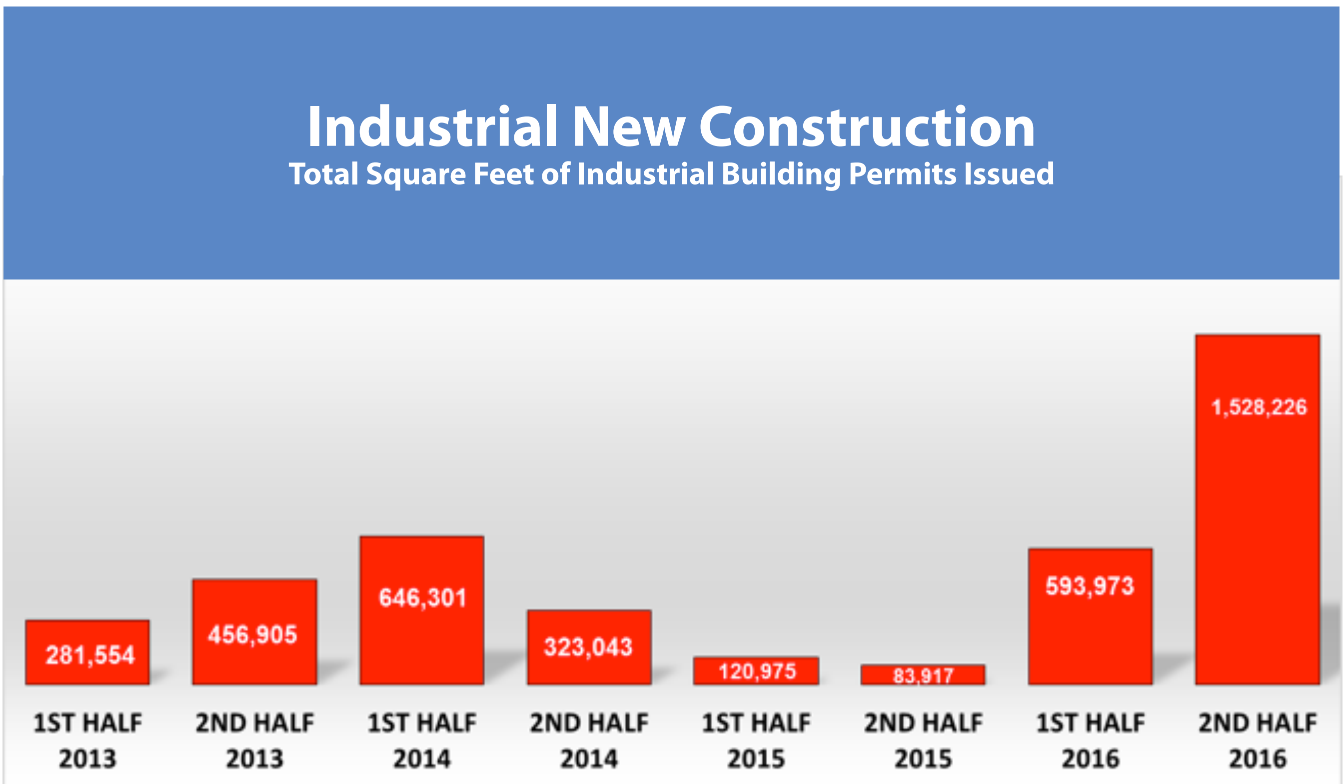
Historical Vacancy and Net Absorption



INDUSTRIAL TRENDS

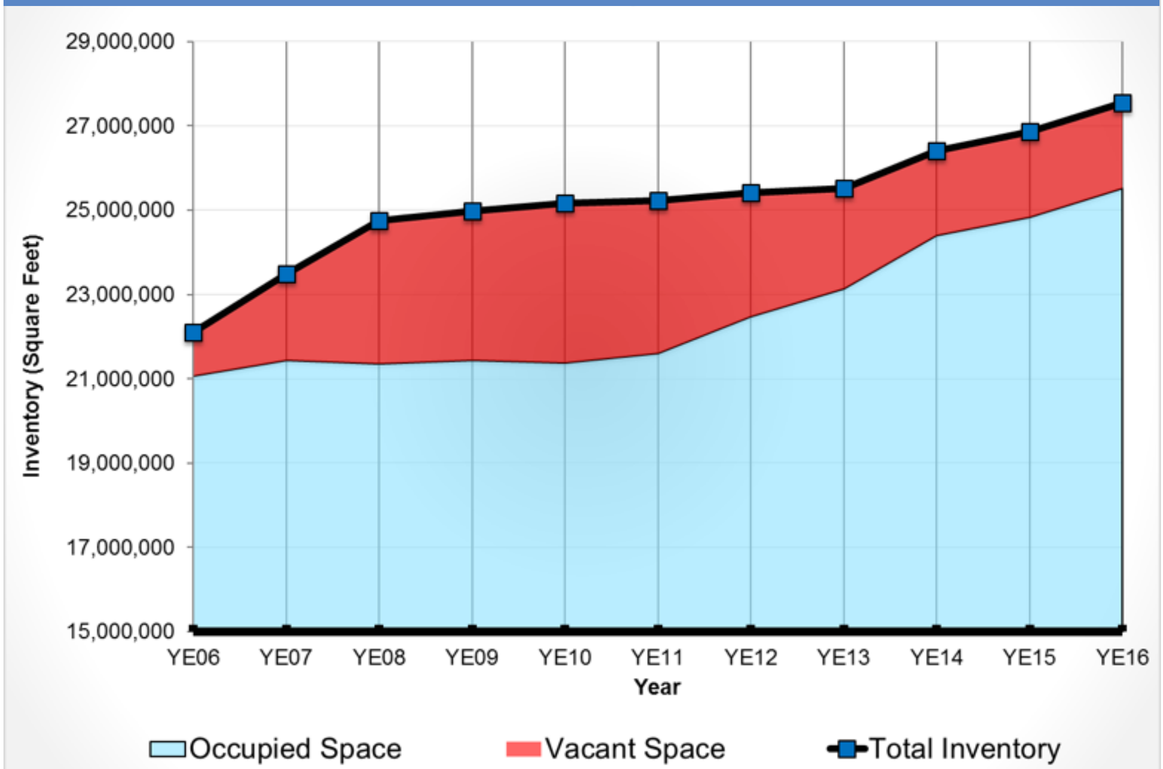
CONSTRUCTION

In keeping with past years, speculative building was limited to a small group of office-warehouse buildings measuring in the 5,000 to 20,000 square foot range. Most of these are located in the Hwy. 30/Gonzales market, with less in East Baton Rouge, Iberville and Livingston Parishes. There was not one building above 5,000 square feet permitted by West Baton Rouge Parish.



Four new construction projects made up approximately 82% of the 2,121,599± square feet in permitted projects in Baton Rouge MSA, namely 140,000 SF Pepsi distribution center, 142,000 SF Martin Brower, 268,000 SF Epic Piping, and 1,185,000 SF Dow Chemical warehouses. The remainder, 393,254 square feet, was primarily project driven for owner-occupants and as stated, a few speculative builds. Construction cost remains high and skilled labor remains slightly problematic.

Industrial Inventory Breakdown



Industrial Lease Rates

The numbers remained mostly unchanged YOY. New construction for speculative space was modest which results in less stress on rental rates for landlords holding existing space. New projects for build-to-suit are leasing on the upper end of the market, typically $9.50/sf NNN as construction cost did not soften. Material pricing saw increases toward the end of 2016 and the flood in August 2016 stressed the labor market for trade workers lured by contractors who "potentially" will pay higher wages for the reconstruction of flooded properties. There was a small percent of the entire inventory of office-warehousing that flooded in 2016, however, to date, there is no evidence that the rental rate for these properties decreased. Many are in older industrial areas of East Baton Rouge Parish, along and north of Florida Blvd. and some areas of I-12. Re-letting or a normal lease up time is consistent with six months marketing time. Non bulk-warehouses with an office component of 30%+ of the total square feet may take longer. Demand for existing properties with stabilized yard (1-5 acres) remained high, especially in Ascension Parish.

INDUSTRIAL TRENDS

Sample Building Lease Data[1]			
Product Type	**Size (SF)**	**Lease Rate Range (/SF)**	**Lease Type**
Flex Space[2]	5,000 -15,000	\$7.25 - \$8.50	Net Net Net
Office Warehouse Older	5,000-15,000+	\$3.25 - \$4.25	Net
Office Warehouse New	5,000-15,000+	\$8.50 - \$9.50	Net Net Net
Bulk Warehouse Older	20,000+	\$1.95 - \$3.00	Net
Bulk Warehouse New	20,000+	\$5.50 - \$7.00	Net

2 Multi-tenant, tilt wall construction with a minimum office/warehouse ratio of 20/80. Some of these properties have converted warehouse space to larger portions with office build-outs per new tenant requirement; however, while less desirable once vacant and for lease, the rates with a larger office component will be higher.

OFFICE-WAREHOUSE SALE PRICES

Low interest rates, high construction/permitting and land costs, and a lack of inventory for sale kept pricing stable throughout the year, trending now for the past three years. There were 86 improved sales matching the criteria in this report in 2016, an uptick from the 50 in 2015. When the functional obsolete and "special use" properties are taken out of consideration, the average sale price for properties in fair condition, with adequate parking, but without excess land remained in these ranges:

- Product size 5,000 – 25,000+ sf – growth areas of East Baton Rouge, West Baton Rouge, Ascension, Iberville & Livingston parishes: \$82 - \$87 per square foot.
- Product size 5,000 – 25,000+ sf – older inventory/20+ years, all areas, \$25-\$30 per square foot.
- Pricing for industrial storage 50,000+ sf – older inventory 20 years, \$18-\$24 per square foot.

Sample Building Lease Data[1]			
	East Baton Rouge (/SF)	**West Baton Rouge (/SF)**	**Ascension (/SF)**
PRIME	\$7.00 - \$8.50	\$2.00 - \$3.00	\$4.00 - \$5.00
NON-PRIME	\$3.00 - \$4.00	\$0.75 - \$2.00	\$2.00 - \$3.00

[1]Based on land tracts consisting of 2 – 10 Acres

2016 NOTICEABLE TRENDS

- The first half of the year was flat and a hang-over from the end of 2015.
- Activity, generally speaking, sparked in Q4.
- Local and State industrial incentives still in question to new applicants.
- The Vacancy Rate is trending down just like it has every year since a high of 15% in 2010.
- National vacancy rate drops again, 5.6%.
- Company mergers continue at all levels, locally-nationally-internationally.
- Oil prices consistently rose throughout the year. February low \$28±/barrel to December \$53±/barrel.
- Natural Gas consistently rose after the first quarter and throughout the year. Henry Hub pricing, March low \$1.60/mmbtu to \$3.34/mmbtu in December.
- Industrial commodity pricing rising just like energy (oil/gas), coal, metals etc. rose throughout the year.
- Companies servicing the petro/chemical market typically want stabilized laydown yards.
- The wave of major cap-ex industrial projects in our market were winding down.
- Larger specialty crane served shops, i.e. steel and pipe fabrication shops experienced low demand.
- And once again…quality income properties will trade at low CAP rates due to strong demand, when you can find them!

INDUSTRIAL TRENDS

2016 NOTEWORTHY MAJOR PROJECTS ANNOUNCED

Estimated/Rounded Affecting the Greater Baton Rouge MSA Marketplace

- Occidental Chemical - $145 million, Ascension (U)
- Shell Chemical - $717 million, Ascension (U)
- SE Tylose - $420 million, Iberville (U)
- Honeywell - $723 million, East Baton Rouge (U)
- Shintech - $1.4 billion, Iberville (U)
- Dow Chemical – 1.06 billion, Iberville (U)
- Yuhuang Chemical - $1.85 billion methanol complex, St. James Parish (A)
- Formosa Petrochemicals - $9.4 billion industrial complex, downstream chemicals, St. James Parish (A)

2017 FORECAST
The Office Warehouse Market

The desire to pump cash into our market should continue to grow. The dearth of available properties meeting typical investor or owner occupant demand for sale and any net leased properties won't keep pace which will keep pricing at current levels and cap rates low. There is a limited supply of vacant lots in commercial/industrial parks available for sale. Pricing for lots in approved developments will receive strong interest and sales in East Baton Rouge and Ascension parishes. Less in West Baton Rouge and Livingston parishes.

There are a few forecasted mega projects announced with one poised to start in 2017 pending permits. Most notable is Formosa Plastics Group's $9.4 billion to build a petro-chemical plant in St. James parish. Expect capital expenditures for industrials should continue for the next few years. These generate multiple jobs outside of the plants and will expand service company needs here.

According to the Wall Street Journal, nearly 20 states have raised or recalculated gas-taxes to gain money to fund aging roads and bridges.

Expect a robust "turn-around" with area plants throughout the year. These keep valve, pipe, environmental and flow technology companies busy and bulk haulers running.

Traffic will remain problematic for everyone, petro-chemical included. It's a hot topic with local politicians and advocates but turning to a gas tax is not unique to Louisiana. According to the Wall Street Journal, nearly 20 states have raised or recalculated gas-taxes to gain money to fund aging roads and bridges. Another 12 more are considering introducing it in upcoming legislation. But we are unique in the need to reroute traffic around Baton Rouge and across the Mississippi. These cap-ex projects being considered here are long term plays and getting employees to work is a part of the decision making process moving forward.

Beware of hype from prognosticators with claims about oil and gas numbers -either up or down. It's currently trending in the right direction, but small oil & gas companies that utilizing fracking can mobilize quickly and get inventory numbers up just as quickly which may keep pricing in check. The majors require higher values to do the big projects.

There may be a few large players shifting around, but the forecast is for a mild but steady growth with minimal change to vacancy throughout the year.

2017 RETAIL TRENDS COMMITTEE

Jonathan Walker, CCIM
TRENDS *Speaker*
Maestri-Murrell, Inc.

Charlie Colvin, CCIM
Beau Box Commercial Real Estate

Donato Mucciacciaro
SVN | Graham, Langlois & Legendre, LLC

Austin Earhart
Beau Box Commercial Real Estate

Justin Langlois, CCIM
SVN | Graham, Langlois & Legendre, LLC

Sean McDonald, MAI
Cook, Moore, & Associates

Ransom Pipes, CCIM
Maestri-Murrell, Inc.

Evan Scroggs, CCIM
Latter & Blum, Inc.

Matthew Shirley, CCIM
Saurage Rotenberg

Dottie Tarleton, CCIM
Stirling Properties

Colin Smith
Kurz and Hebert

OVERVIEW

Despite the flood of 2016, the Baton Rouge area retail market remained strong, with both occupancy and rental rates staying high. Although our best year in terms of overall numbers was 2015, the last three years have outperformed trends of the last fifteen years. With vacancy hanging below 10% for 36 consecutive months, we can assume that demand for retail space has now outpaced supply. We've seen this come to fruition in the way of new development. From Gonzales to Zachary and everywhere in between, new ground-up developments are beginning to take shape, creating new retail pockets for tenants to locate. These new developments continue to be non-speculative and normally contain an anchor tenant. These anchors help alleviate risk, make attracting smaller tenants easier, and allows lenders to provide more flexible terms to the borrower. For now, the good news of our retail market has overshadowed local retail closures, the lasting effects of the flood, and the continued low price of oil.

A SURVEY OF SHOPPING CENTERS IN BATON ROUGE
SPRING 2017

This report was prepared from data collected from e-mail and telephone surveys of shopping center managers, leasing agents, and owners conducted by members of the Baton Rouge TRENDS in Real Estate Retail Committee. Surveys were conducted in February and March 2017. Extensive independent verification was not provided, however quoted rents and/or vacancies that appeared out of the ordinary were checked.

DESCRIPTION OF THE ANALYSIS

Once again our survey included breaking down data for anchored and non-anchored spaces. Our committee believes that this is the best indicator of what "small shop" space is actually leasing for. Previous surveys reflected rental rates collected on a high-low basis, with an average rental rate for each property calculated based on the high-low indicators. This caused anchored centers (with typically lower rentals for the large spaces) to significantly skew the rental figures. This is now the seventh year of breaking out the anchor spaces in the rental survey and we feel we are able to track an accurate "trend" in the rental rates.

The shopping center survey analysis is structured as follows:

- Suites over 15,000 square feet are considered to be anchor spaces.
- Rental rates for non-anchor spaces are collected on a high-low basis, with an average rental rate for each property calculated based on the high-low indicators.
- The rentals indicated are reflective of varying lease terms, with some shopping centers requiring expense reimbursements from tenants in addition to base rentals and some shopping centers requiring no additional reimbursements. To arrive at consistent rentals, any additional reimbursements paid by tenants (generally for common area maintenance (CAM), taxes and insurance) are added to each shopping center's calculated average rental to arrive at a total average rental.

RETAIL TRENDS

- Attempts to survey each shopping center are made each year, however, due to turnover in management and/or ownership, results for each shopping center are not available every year. Comparison of the total surveyed leasable space and number of shopping centers indicated in each time period should not be taken as an indication of new construction and/or demolition, but as an indication of properties for which data was provided.
- Only shopping centers of over 15,000 square feet of leasable space are included in the survey. Numerous small strip centers throughout the Baton Rouge area are excluded from the analysis due to the minimal size requirement for the survey.
- Baton Rouge's two enclosed malls, the Mall of Louisiana and Cortana Mall, are excluded from the survey. Also excluded are our three lifestyle centers - Towne Center, The Boulevard at the Mall of Louisiana, and Perkins Rowe. Due to the large size of these properties and significantly higher rentals collected for mall spaces and lifestyle centers compared to standard multi-tenant retail spaces, these properties have historically caused significant skewing of the vacancy and average rental results when included in past reports.
- Analyses are performed by Vacancy Rate (Table 1), Size/Type (Table 2), Age (Table 3), Location (Table 4) and both Location and Type (Table 5).

Summary of Spring 2017 Retail Summary

- Attempts were made to contact 132 shopping centers in East Baton Rouge, Ascension and Livingston Parishes, with responses obtained from 120 shopping centers.
- Excluding the lifestyle centers, a total of 8,465,323 square feet of leasable space was surveyed, with 687,409 square feet (8.12%) reported to be vacant. This vacancy rate is lower than the 8.89% reported in the 2016 survey, and just a bit higher than our record of 7.95% reported in the 2015 survey.
- Average Total Collections (rent and expense reimbursements) for non-anchor space were $17.73/square foot, which reflects a slight increase in rental rates from the 2016 survey ($17.19) and matched our high rental rate of $17.73 in 2015.

Analysis by Vacancy Rate

The overall vacancy rate has decreased slightly to 8.12% from 8.89% in Spring of 2016 and only a slight increase from the low vacancy of 7.95% in Spring 2015. 66% of surveyed centers in Spring 2015 and 2016 and 64% of surveyed centers in 2017 reported vacancy rates of 10% or less. Only 3% of centers reported vacancies over 50% in Spring 2017, which is a great testament to health of our market. 22% of the surveyed centers reported vacancies of 10.01% to 25% (up from 21% in Spring 2016), while 12% reported vacancies of 25.01% to 50% (up 1% from Spring 2016 and 2015).

Analysis by Size/Type

Table 2 contains the analysis by shopping center size/type. The surveyed shopping centers are categorized based on discussions with local leasing agents in cooperation with CID and the Greater Baton Rouge Association of REALTORS and definitions used by the Urban Land Institute and International Council of Shopping Centers. The shopping center types are as follows:

- Convenience Centers (under 30,000 square feet) typically provide for the sale of convenience goods and personal services without having a standard anchor space.
- Neighborhood Centers (30,001 to 100,000 square feet) typically provide for the sale of convenience goods and personal services with a grocery anchor space.
- Community Centers (100,001 to 250,000 square feet) typically provide clothing, hardware, and appliances, in addition to convenience goods and personal services. Typically, these are built around a small department, variety, or discount store.
- Regional Centers (over 250,000 square feet) typically provide general merchandise, furniture and home furnishings, as well as services and recreational facilities. These larger centers are often built around one or two full-line department stores that are generally larger than 100,000 square feet. These are often called Power Centers.

42% of the surveyed centers are considered to be Convenience Centers, though only 11% (959,563 square feet) of the surveyed leasable space is located in these centers. 38% of the surveyed centers are considered to be Neighborhood Centers, which contain 30% (2,510,885 square feet) of the surveyed leasable space. 18% of the surveyed centers and 35% of the surveyed leasable space (2,977,182 square feet) are considered to be Community Centers, while 3% of the surveyed centers and 24% of the surveyed leasable space (2,017,693 square feet) are considered to be Regional Centers.

The highest vacancies are noted in the Neighborhood Centers (14.55%), while Regional Centers continue to have a very low vacancy rate (0.88%). Unanchored Convenience Centers have a vacancy rate of 9.80%, while Community Centers have a vacancy rate of 7.07%.

The highest collections for non-anchor space were noted in Regional Centers ($23.32/ square foot). The lowest average collections were noted in Neighborhood Centers ($16.09/ square foot).

Analysis by Age

Table 3 contains the analysis by age, with the shopping centers categorized based on the year of their construction.

In 2013 we began looking at newer centers that were built in 2006 or later. We now have ten years of data we can gather from newer product. Consisting of 909,922 square feet, they have a vacancy rate at 4.29%, and have the highest rental rate at $24.73/square foot.

The second set of shopping centers consists of 26 properties that have been constructed from 2000 - 2005. Livingston and Ascension Parishes, as well as the City of Central have been included in the past few surveys. All of these markets have continued to grow their retail base. The 26 newer centers report a Spring 2017 vacancy rate of 6.55%, which is close to the Spring 2016 vacancy rate of 5.72%. 33.18% of the space is anchor space and average total collections for non-anchor space are $21.96/square foot.

The next set of shopping centers consists of 11 centers constructed between 1995 and 1999. These centers report a Spring 2017 vacancy rate of 1.65%, which is slightly better than the Spring 2016 vacancy rate of 2.14% and Spring 2015 vacancy of 2.18%. These consist of some of the more well located real estate in our area. 56.96% of the space is anchor space and average total collections for non-anchor space are $20.06/square foot.

20 surveyed shopping centers were constructed between 1985 and 1995. These centers report a Spring 2017 vacancy of 5.17%, which is up from the Spring 2016 vacancy rate of 4.88%. 49.86% of the space is anchor space and average total collections for non-anchor space are $18.39 per square foot.

13 surveyed shopping centers were constructed between 1980 and 1984. These centers report a Spring 2017 vacancy rate of 12.78%, which is down from the Spring 2016 vacancy rate of 24.18%, and lower than the Spring 2015 vacancy rate of 17.70%. 44.23% of the space is anchor space and average total collections for non-anchor space are $12.12/square foot – a huge drop in rent from newer retail.

33 surveyed shopping centers (representing 31% of the surveyed leasable space and 50% of the vacant space) were constructed before 1980. These centers report a Spring 2017 vacancy rate of 13.55%, up from the Spring 2016 vacancy rate of 11.86% and the Spring 2015 vacancy rate of 12.71%. 27.92% of the space is anchor space and average total collections for non-anchor space are $14.23/square foot.

The lowest rentals and highest vacancy are noted in the shopping centers built before 1985. These centers represent 39% of the surveyed shopping centers, 42% of the surveyed leasable space and 25.93% of the total vacant space.

Analysis by Geographic Area

Table 4 contains the Analysis by Geographic Area. The Geographic Areas used in this survey for shopping centers in Baton Rouge are long-standing and are defined as follows:

- **Area 1** – South of Interstates 10 and 12 and west of Airline Highway
- **Area 2** – North of Interstates 10 and 12 and south and west of Airline Highway – also includes shopping centers along Plank Road between Airline Highway and Hooper Road.
- **Area 3** – North of Choctaw Drive and Airline Highway, excluding Zachary and Plank Road shopping centers between Airline Highway and Hooper Road
- **Area 4** – South of Choctaw Drive and east of Airline Highway – also includes shopping centers along Airline Highway between Interstate 12 and Florida Boulevard
- **Area 5** – Zachary (surveyed beginning in 2008)
- **Area 6** – Ascension Parish (surveyed beginning in 2010)
- **Area 7** – Livingston Parish (surveyed beginning in 2010)

The highest average non-anchor collections ($23.30/square foot) are noted in Area 1 and the lowest vacancy rate (4.22%) is noted in Area 1, while Area 3 reports the lowest total non-anchor collections ($10.41/square foot) and Area 7 reports the highest vacancy rate (19.03%). Area 7 is Livingston Parish and includes only 2 responding centers (both non-anchored), while Area 1 contains many of the newer retail corridors in Baton Rouge (along Bluebonnet Boulevard, Siegen Lane, and Perkins Road).

Analysis by Geographic Area and Type

Table 5 presents a breakdown of responses from anchored and unanchored centers in each of the geographic areas. The lowest vacancies in anchored centers are noted in Area 1 (3.77%) and Area 6 (4.37%), while the highest is noted in Area 5 (26.75%) – due to a redevelopment of a center in Zachary. The highest collections for anchored centers are noted in Area 1 ($21.02/square foot) and the lowest collections are noted in Area 3 ($8.62/square foot).

The lowest vacancies in unanchored centers are noted in Area 1 and 5 (5.55%), while the highest vacancies are noted in Area 2 (14.03%). The highest collections for unanchored centers are noted in Area 1 ($25.89/square foot) and the lowest collections are noted in Area 3 ($12.08/square foot).

Summary

Of the 8.46 million square feet of leasable space represented in our sample (not including lifestyle centers and malls), 8.12% is reported as vacant. This represents a slight decrease in vacancy from last Spring's vacancy rate of 8.89%. To give us an idea of how good the last few years have been, even the good vacancy numbers from the 2012–2014 surveys landed between 9.0% and 10.5%. As in years past, larger shopping centers continue to enjoy low vacancy rates and demand higher rental rates, proving that retailers feed off of traffic generated by other larger retailers. For our market, as well as most of the national market, continued new development will progress, and the evolution of the big box will continue to evolve as e-commerce steadily out paces brick and mortar sales.

TABLE 1
Shopping Centers by Vacancy Rate
(Excluding Lifestyle Centers)

Facility Vacancy Rate	Period	Number of Responding Centers	Percent of Total Responding	Change from Previous Period	Total Surveyed Leasable Space	Percent of Total Responding	Change from Previous Period	Total Vacant Space	Percent of Total Responding	Change from Previous Period	Percent Anchor Space
10% or Less	Spring 2017	77	64%	-4	6,381,423	75%	126,303	96,013	14%	-43,219	43.79%
	Spring 2016	81	66%	4	6,255,120	73%	-157,379	139,232	18%	8,214	42.59%
	Spring 2015	77	66%	3	6,412,499	76%	594,769	131,018	20%	12,283	42.77%
	Spring 2014	74	61%	-5	5,817,730	69%	-336,087	118,735	13%	10,274	41.96%
	Spring 2013	79	64%		6,153,817	71%		108,461	13%		40.46%
10.01% to 25%	Spring 2017	26	22%	0	1,174,558	14%	-114,780	180,031	26%	-25,978	28.74%
	Spring 2016	26	21%	1	1,289,338	15%	198,320	206,009	27%	42,040	16.78%
	Spring 2015	25	21%	1	1,091,018	13%	48,534	163,969	25%	12,368	12.26%
	Spring 2014	24	20%	3	1,042,484	12%	145,418	151,601	17%	20,031	17.60%
	Spring 2013	21	17%		897,066	10%		131,570	15%		23.02%
25.01% to 50%	Spring 2017	14	12%	1	695,762	8%	-41,668	259,620	38%	18,177	17.30%
	Spring 2016	13	11%	0	737,430	9%	37,032	241,443	32%	-2,174	22.87%
	Spring 2015	13	11%	-5	700,398	8%	-528,468	243,617	36%	-153,453	21.15%
	Spring 2014	18	15%	-2	1,228,866	14%	-28,849	397,070	44%	-21,898	30.67%
	Spring 2013	20	16%		1,257,715	15%		418,968	49%		29.91%
Over 50%	Spring 2017	3	3%	0	213,580	3%	-75,508	151,745	22%	-23,400	36.77%
	Spring 2016	3	2%	1	289,088	3%	79,276	175,145	23%	45,141	50.34%
	Spring 2015	2	2%	-4	209,812	2%	-181,159	130,004	19%	-102,706	47.85%
	Spring 2014	6	5%	1	390,971	5%	80,893	232,710	26%	41,080	42.75%
	Spring 2013	5	4%		310,078	4%		191,630	23%		71.18%
Total	Spring 2017	120		-3	8,465,323		-105,653	687,409		-74,420	39.35%
	Spring 2016	123		6	8,570,976		157,249	761,829		93,221	37.27%
	Spring 2015	117		-5	8,413,727		-66,324	668,608		-231,508	37.14%
	Spring 2014	122		-2	8,480,051		-136,625	900,116		50,687	37.37%
	Spring 2013	124			8,616,676		8,616,676	849,429		849,429	37.35%

TABLE 2
Shopping Centers by Size / Type
(Excluding Lifestyle Centers)

Shopping Center Type	Period	Number of Responding Centers	Percent of Total Responding	Change from Previous Period	Total Surveyed Leasable Space	Percent of Total Responding	Change from Previous Period	Total Vacant Space	Percent of Total Responding	Change from Previous Period	Vacancy Rate	Change from Previous Period	Average Center Size	Change from Previous Period	Percent Anchor Space	Non-Anchor Collections (Rent + Reimb.) in $/SF
Convenience Center (30,000 SF & Under)	Spring 2017	50	42%	0	959,563	11%	-9,349	94,004	14%	936	9.80%	0.19%	19,191	-187	0.00%	$17.96
	Spring 2016	50	41%	3	968,912	11%	70,314	93,068	12%	-723	9.61%	-0.83%	19,378	259	0.00%	$17.64
	Spring 2015	47	40%	-3	898,598	11%	-65,380	93,791	14%	-30,089	10.44%	-2.41%	19,119	-161	0.00%	$17.36
	Spring 2014	50	41%	0	963,978	11%	-16,343	123,880	14%	13,363	12.85%	1.58%	19,280	-326	0.00%	$17.41
	Spring 2013	50	40%		980,321	11%		110,517	13%		11.27%		19,606		0.00%	$17.59
Neighborhood Center (30,001 to 100,000 SF)	Spring 2017	45	38%	-5	2,510,885	30%	-347,442	365,233	53%	59,037	14.55%	3.83%	55,797	-1,370	28.11%	$16.09
	Spring 2016	50	41%	5	2,858,327	33%	327,420	306,196	40%	62,216	10.71%	1.07%	57,167	925	27.45%	$14.98
	Spring 2015	45	38%	-2	2,530,907	30%	-154,538	243,980	36%	-99,479	9.64%	-3.15%	56,242	-895	27.55%	$14.29
	Spring 2014	47	39%	-2	2,685,445	32%	-86,010	343,459	38%	14,066	12.79%	0.90%	57,137	577	27.13%	$13.71
	Spring 2013	49	40%		2,771,455	32%		329,393	39%		11.89%		56,560		26.21%	$13.77
Community Center (100,001 to 250,000 SF)	Spring 2017	21	18%	2	2,977,182	35%	251,138	210,470	31%	-113,248	7.07%	-4.81%	141,771	-1,705	42.27%	$17.22
	Spring 2016	19	15%	-2	2,726,044	32%	-240,485	323,718	42%	26,891	11.88%	1.87%	143,476	2,213	43.30%	$17.53
	Spring 2015	21	18%	0	2,966,529	35%	10,794	296,827	44%	-105,710	10.01%	-3.61%	141,263	514	40.39%	$17.62
	Spring 2014	21	17%	0	2,955,735	35%	-34,272	402,537	45%	14,501	13.62%	0.64%	140,749	-1,632	40.96%	$18.00
	Spring 2013	21	17%		2,990,007	35%		388,036	46%		12.98%		142,381		38.86%	$16.12
Regional Center (Over 250,000 SF)	Spring 2017	4	3%	0	2,017,693	24%	0	17,702	3%	-21,145	0.88%	-1.05%	504,423	0	67.75%	$23.32
	Spring 2016	4	3%	0	2,017,693	24%	0	38,847	5%	4,837	1.93%	0.24%	504,423	0	60.93%	$21.78
	Spring 2015	4	3%	0	2,017,693	24%	142,800	34,010	5%	3,770	1.69%	0.07%	504,423	35,700	60.93%	$22.41
	Spring 2014	4	3%	0	1,874,893	22%	0	30,240	3%	8,757	1.61%	0.47%	468,723	0	65.57%	$22.41
	Spring 2013	4	3%		1,874,893	22%		21,483	3%		1.15%		468,723		70.91%	$20.59
Total (Excluding Lifestyle Centers)	Spring 2017	120		-3	8,465,323		-105,653	687,409		-74,420	8.12%	-0.77%	71,912	2,403	39.35%	$17.73
	Spring 2016	123		6	8,570,976		157,249	761,829		93,221	8.89%	0.94%	69,509	20	37.27%	$17.19
	Spring 2015	117		-5	8,413,727		-66,324	668,608		-231,508	7.95%	-2.67%	69,489	-49	37.14%	$17.73
	Spring 2014	122		-2	8,480,051		-136,625	900,116		50,687	10.61%	0.76%	69,538	-163	37.37%	$16.85
	Spring 2013	124			8,616,676			849,429			9.86%		69,701		37.35%	$15.95
Lifestyle Centers	Spring 2017	2		-1	815,122		-170,000	58,000		-31,409	7.12%	-1.96%	407,561	79,187	5.64%	$35.70
	Spring 2016	3		0	985,122		0	89,409		205	9.08%	0.02%	328,374	0	4.67%	$39.24
	Spring 2015	3		1	985,122		170,000	89,204		11,950	9.06%	-0.42%	328,374	-79,187	4.67%	$41.39
	Spring 2014	2		-1	815,122		-160,433	77,254		9,213	9.48%	2.50%	407,561	82,376	5.64%	$41.36
	Spring 2013	3			975,555			68,041			6.97%		325,185		4.72%	$42.31

TABLE 3
Shopping Centers by Age
(Excluding Lifestyle Centers)

Year of Construction or Rehab	Period	Number of Responding Centers	Percent of Total Responding	Change from Previous Period	Total Surveyed Leasable Space	Percent of Total Responding	Change from Previous Period	Total Vacant Space	Percent of Total Responding	Change from Previous Period	Vacancy Rate	Change from Previous Period	Average Center Size	Change from Previous Period	Percent Anchor Space	Non-Anchor Collections (Rent + Reimb.) in $/SF
2006 or Later	Spring 2017	17	14%	1	909,922	11%	18,032	39,061	6%	20,398	4.29%	2.20%	53,525	-2,218	36.82%	$24.73
	Spring 2016	16	13%	0	891,890	10%	-31,846	18,663	2%	-1,275	2.09%	-0.07%	55,743	-1,991	37.56%	$24.60
	Spring 2015	16	14%	2	923,736	11%	59,847	19,938	3%	-5,475	2.16%	-0.78%	57,734	-3,972	36.27%	$24.49
	Spring 2014	14	11%	-3	863,889	10%	-22,657	25,413	3%	-11,210	2.94%	-1.19%	61,706	9,556	38.78%	$26.06
	Spring 2013	17	14%		886,546	10%		36,623	4%		4.13%		52,150		37.79%	$22.44
2000-2005	Spring 2017	26	22%	0	1,367,173	16%	4,647	89,525	13%	11,596	6.55%	0.83%	52,584	179	33.18%	$21.96
	Spring 2016	26	21%	2	1,362,526	16%	52,000	77,929	10%	11,283	5.72%	0.63%	52,405	-2,200	33.29%	$21.99
	Spring 2015	24	21%	-3	1,310,526	16%	-70,647	66,646	10%	-19,959	5.09%	-1.18%	54,605	3,450	34.61%	$21.96
	Spring 2014	27	22%	0	1,381,173	16%	0	86,605	10%	27,387	6.27%	1.98%	51,155	0	32.84%	$21.40
	Spring 2013	27	22%		1,381,173	16%		59,218	7%		4.29%		51,155		40.08%	$19.77
2000 or Later	Spring 2017	43	36%	1	2,277,095	27%	22,679	128,586	19%	31,994	5.65%	1.36%	52,956	-721	34.63%	$23.03
	Spring 2016	42	34%	2	2,254,416	26%	20,154	96,592	13%	10,008	4.28%	0.41%	53,677	-2,180	34.98%	$22.99
	Spring 2015	40	34%	-1	2,234,262	27%	-10,800	86,584	13%	-25,434	3.88%	-1.11%	55,857	1,099	35.30%	$23.09
	Spring 2014	41	34%	-3	2,245,062	26%	-22,657	112,018	12%	16,174	4.99%	0.76%	54,758	3,219	35.13%	$23.09
	Spring 2013	44	35%		2,267,719	26%		95,844	11%		4.23%		51,539		39.19%	$20.84
1995-1999	Spring 2017	11	9%	0	1,161,885	14%	-4,180	19,150	3%	-5,770	1.65%	-0.49%	105,626	-380	56.96%	$20.06
	Spring 2016	11	9%	1	1,166,065	14%	27,580	24,920	4%	114	2.14%	-0.04%	106,006	-7,843	56.75%	$20.32
	Spring 2015	10	8%	-1	1,138,485	13%	115,220	24,806	4%	-3,128	2.18%	-0.55%	113,849	20,825	58.13%	$20.04
	Spring 2014	11	9%	0	1,023,265	12%	-6,320	27,934	4%	-6,955	2.73%	-0.66%	93,024	-575	64.67%	$20.75
	Spring 2013	11	9%		1,029,585	12%		34,889	5%		3.39%		93,599		64.27%	$20.27
1985-1994	Spring 2017	20	17%	-1	1,475,230	17%	-27,838	76,226	11%	2,846	5.17%	0.29%	73,762	2,187	49.86%	$18.39
	Spring 2016	21	18%	1	1,503,068	18%	27,500	73,380	11%	12,916	4.88%	0.78%	71,575	-2,203	39.79%	$17.15
	Spring 2015	20	17%	0	1,475,568	17%	120,037	60,464	9%	-17,593	4.10%	-1.66%	73,778	6,001	40.53%	$17.86
	Spring 2014	20	17%	0	1,355,531	16%	-127,648	78,057	11%	8,283	5.76%	1.05%	67,777	-6,382	41.08%	$17.27
	Spring 2013	20	17%		1,483,179	18%		69,774	10%		4.70%		74,159		34.20%	$16.53
1980-1984	Spring 2017	13	11%	-2	941,158	11%	-148,696	120,291	17%	-143,225	12.78%	-11.40%	72,397	-260	44.23%	$12.12
	Spring 2016	15	13%	3	1,089,854	13%	215,500	263,516	38%	108,761	24.18%	6.48%	72,657	-206	42.06%	$12.03
	Spring 2015	12	10%	-3	874,354	10%	-215,500	154,755	23%	-118,723	17.70%	-7.39%	72,863	206	42.45%	$12.56
	Spring 2014	15	13%	0	1,089,854	13%	0	273,478	40%	-2,364	25.09%	-0.22%	72,657	0	42.06%	$11.99
	Spring 2013	15	13%		1,089,854	13%		275,842	40%		25.31%		72,657		42.06%	$12.04
Before 1980	Spring 2017	33	28%	-1	2,609,955	31%	52,382	343,156	50%	39,735	13.15%	1.28%	79,090	33,867	27.92%	$14.23
	Spring 2016	34	28%	-1	2,557,573	30%	-133,485	303,421	44%	-38,578	11.86%	-0.85%	45,223	-31,664	26.88%	$13.56
	Spring 2015	35	29%	0	2,691,058	32%	-75,281	341,999	50%	-66,630	12.71%	-2.06%	76,887	-2,151	26.21%	$13.11
	Spring 2014	35	29%	1	2,766,339	33%	20,000	408,629	59%	35,549	14.77%	1.19%	79,038	-1,737	25.42%	$13.08
	Spring 2013	34	28%		2,746,339	32%		373,080	54%		13.58%		80,775		25.56%	$12.80
Total	Spring 2017	120		-3	8,465,323		-105,653	687,409		-74,420	8.12%	-0.77%	71,912	2,403	39.35%	$17.73
	Spring 2016	123		6	8,570,976		157,249	761,829		93,221	8.89%	0.94%	69,509	20	37.27%	$17.19
	Spring 2015	117		-5	8,413,727		-66,324	668,608		-231,508	7.95%	-2.67%	69,489	-49	37.14%	$17.73
	Spring 2014	122		-2	8,480,051		-136,625	900,116		50,687	10.61%	0.76%	69,538	-163	37.37%	$16.85
	Spring 2013	124			8,616,676			849,429			9.86%		69,701		37.35%	$15.95

TABLE 4
Shopping Centers by Geographic Area
(Excluding Lifestyle Centers)

Geographic Area	Period	Number of Responding Centers	Percent of Total Responding	Change from Previous Period	Total Surveyed Leasable Space	Percent of Total Responding	Change from Previous Period	Total Vacant Space	Percent of Total Responding	Change from Previous Period	Vacancy Rate	Change from Previous Period	Average Center Size	Change from Previous Period	Percent Anchor Space	Non-Anchor Collections (Rent + Reimb.) in $/SF
Area 1 (South of I-10 & West of Airline)	Spring 2017	34	28%	0	3,201,635	38%	-210	135,001	20%	38,159	4.22%	1.19%	94,166	-6	46.26%	$23.30
	Spring 2016	34	28%	3	3,201,845	37%	54,320	96,842	13%	1,742	3.02%	0.00%	94,172	-7,361	46.25%	$23.04
	Spring 2015	31	26%	-2	3,147,525	37%	85,700	95,100	14%	2,317	3.02%	-0.01%	101,533	8,750	47.05%	$22.64
	Spring 2014	33	27%	-1	3,061,825	36%	35,940	92,783	10%	17,507	3.03%	0.54%	92,783	3,786	48.37%	$23.03
	Spring 2013	34	27%		3,025,885	35%		75,276	9%		2.49%		88,997		52.25%	$21.08
Area 2 (North of I-10 & South/West of Airline)	Spring 2017	21	18%	-1	1,182,811	14%	-85,000	188,462	27%	23,368	15.93%	2.91%	56,324	-1,304	16.85%	$15.47
	Spring 2016	22	18%	1	1,267,811	15%	18,515	165,094	22%	-16,218	13.02%	-1.49%	57,628	-1,852	17.42%	$14.84
	Spring 2015	21	18%	0	1,249,296	15%	-9,888	181,312	27%	-1,120	14.51%	0.02%	59,480	-481	16.87%	$14.71
	Spring 2014	21	17%	-1	1,259,184	15%	-31,500	182,432	20%	14,680	14.49%	1.49%	59,961	1,294	15.03%	$14.76
	Spring 2013	22	18%		1,290,684	15%		167,752	20%		13.00%		58,667		14.73%	$14.49
Area 3 (North of Choctaw & North/East of Airline)	Spring 2017	13	11%	-1	801,450	9%	-89,314	99,230	14%	-127,445	12.38%	-13.07%	61,657	-1,969	28.70%	$10.41
	Spring 2016	14	11%	2	890,764	10%	168,500	226,675	30%	110,563	25.45%	9.37%	63,626	3,437	30.56%	$10.48
	Spring 2015	12	10%	-2	722,264	9%	-168,500	116,112	17%	-75,073	16.08%	-5.39%	60,189	-3,437	25.60%	$10.36
	Spring 2014	14	11%	1	890,764	11%	20,000	191,185	21%	6,055	21.46%	0.20%	63,626	-3,356	30.56%	$11.03
	Spring 2013	13	10%		870,764	10%		185,130	22%		21.26%		66,982		31.26%	$10.64
Area 4 (South of Choctaw & East of Airline)	Spring 2017	27	23%	-5	2,307,024	27%	-100,218	157,912	23%	-64,094	6.84%	-2.38%	85,445	10,219	49.39%	$15.46
	Spring 2016	32	26%	1	2,407,242	28%	-61,000	222,006	29%	-8,597	9.22%	-0.12%	75,226	-4,395	41.08%	$14.40
	Spring 2015	31	26%	0	2,468,242	29%	148,644	230,603	34%	-80,388	9.34%	-4.06%	79,621	4,795	41.20%	$14.87
	Spring 2014	31	25%	1	2,319,598	27%	-112,648	310,991	35%	-8,937	13.41%	0.25%	74,826	-6,249	40.74%	$14.13
	Spring 2013	30	24%	30	2,432,246	28%	2,432,246	319,928	38%	319,928	13.15%	13.15%	81,075	81,075	40.39%	$14.27
Area 5 (Zachary)	Spring 2017	8	7%	1	273,486	3%	111,000	48,249	7%	37,906	17.64%	11.28%	34,186	10,974	29.98%	$14.38
	Spring 2016	7	6%	1	162,486	2%	18,300	10,343	1%	-3,706	6.37%	-3.38%	23,212	-819	19.69%	$17.67
	Spring 2015	6	5%	-2	144,186	2%	-152,050	14,049	2%	-41,305	9.74%	-8.94%	24,031	-12,999	22.19%	$17.59
	Spring 2014	8	7%	0	296,236	3%	0	55,354	6%	-12,077	18.69%	-4.08%	37,030	0	27.68%	$13.93
	Spring 2013	8	6%		296,236	3%		67,431	8%		22.76%		37,030		27.01%	$14.01
Area 6 (Ascension Parish)	Spring 2017	15	13%	3	624,296	7%	57,999	44,374	6%	11,005	7.11%	1.22%	41,620	-5,571	31.91%	$17.41
	Spring 2016	12	10%	-2	566,297	7%	-41,386	33,369	4%	7,337	5.89%	1.61%	47,191	3,785	35.18%	$17.49
	Spring 2015	14	12%	1	607,683	7%	29,770	26,032	4%	-17,675	4.28%	-3.28%	43,406	-1,049	32.78%	$17.23
	Spring 2014	13	11%	-2	577,913	7%	-48,417	43,707	5%	12,945	7.56%	2.65%	44,455	2,700	34.47%	$17.10
	Spring 2013	15	12%		626,330	7%		30,762	4%		4.91%		41,755		17.91%	$15.64
Area 7 (Livingston Parish)	Spring 2017	2	2%	0	74,531	1%	0	14,181	2%	6,681	19.03%	8.96%	37,266	0	0.00%	$21.33
	Spring 2016	2	2%	0	74,531	1%	0	7,500	1%	2,100	10.06%	2.82%	37,266	0	0.00%	$21.33
	Spring 2015	2	2%	0	74,531	1%	0	5,400	1%	1,050	7.25%	1.41%	37,266	0	0.00%	$21.33
	Spring 2014	2	2%	0	74,531	1%	0	4,350	0%	1,200	5.84%	1.61%	37,266	0	0.00%	$21.23
	Spring 2013	2	2%	2	74,531	1%	74,531	3,150	0%	3,150	4.23%	4.23%	37,266	37,266	0.00%	$20.78
Total	Spring 2017	120		-3	8,465,323		-105,653	687,409		-74,420	8.12%	-0.77%	71,912	2,403	39.35%	$17.73
	Spring 2016	123		6	8,570,976		157,249	761,829		93,221	8.89%	0.94%	69,509	20	37.27%	$17.19
	Spring 2015	117		-5	8,413,727		-66,324	668,608		-231,508	7.95%	-2.67%	69,489	-49	37.14%	$17.73
	Spring 2014	122		-2	8,480,051		-136,625	900,116		50,687	10.61%	0.76%	69,538	-163	37.37%	$16.85
	Spring 2013	124			8,616,676			849,429			9.86%		69,701		37.35%	$15.95

Note: Airline Hwy Shopping Centers between I-12 and Florida Blvd Interchange are included in Area 4, Plank Rd Shopping Centers south of Hooper Rd are included in Area 2

TABLE 5
Shopping Centers by Geographic Area and Type
(Excluding Lifestyle Centers)

Geographic Area	Property Type	Number of Responding Centers	Percent of Total Responding (In Area)	Total Surveyed Leasable Space	Percent of Total Responding (In Area)	Total Vacant Space	Percent of Total Responding (In Area)	Vacancy Rate	Average Center Size	Percent Anchor Space	Non-Anchor Collections (Rent + Reimb.) in $/SF
Area 1 (South of I-10 & West of Airline)	Anchored	12	35%	2,397,593	75%	90,280	67%	3.77%	199,799	61.77%	$21.02
	Unanchored	22	65%	804,042	25%	44,721	33%	5.56%	36,547	0.00%	$25.89
	Total	34		3,201,635		135,001		4.22%	94,166	46.26%	$23.30
Area 2 (North of I-10 & South/West of Airline)	Anchored	7	33%	611,190	52%	108,252	57%	17.71%	87,313	32.61%	$17.36
	Unanchored	14	67%	571,621	48%	80,210	43%	14.03%	40,830	0.00%	$14.10
	Total	21		1,182,811		188,462		15.93%	56,324	16.85%	$15.47
Area 3 (North of Choctaw & North/East of Airline)	Anchored	5	38%	506,106	63%	60,441	61%	11.94%	101,221	45.46%	$8.62
	Unanchored	8	62%	295,434	37%	38,789	39%	13.13%	36,929	0.00%	$12.08
	Total	13		801,450		99,230		12.38%	61,657	28.70%	$10.41
Area 4 (South of Choctaw & East of Airline)	Anchored	14	52%	1,955,721	85%	114,695	73%	5.86%	139,694	58.26%	$16.70
	Unanchored	13	48%	351,303	15%	43,217	27%	12.30%	27,023	0.00%	$12.59
	Total	27		2,307,024		157,912		6.84%	85,445	49.39%	$15.46
Area 5 (Zachary)	Anchored	2	25%	156,000	57%	41,735	86%	26.75%	78,000	52.56%	$8.02
	Unanchored	6	75%	117,486	43%	6,514	14%	5.54%	19,581	0.00%	$18.39
	Total	8		273,486		48,249		17.64%	34,186	29.98%	$14.38
Area 6 (Ascension Parish)	Anchored	3	20%	338,547	54%	14,800	33%	4.37%	112,849	58.84%	$15.21
	Unanchored	12	80%	285,749	46%	29,574	67%	10.35%	23,812	0.00%	$18.48
	Total	15		624,296		44,374		7.11%	41,620	31.91%	$17.41
Total	Anchored	43	36%	5,965,157	70%	430,203	63%	7.21%	138,725	55.84%	$17.14
	Unanchored	77	64%	2,500,166	30%	257,206	37%	10.29%	32,470	0.00%	$18.36
	Total	120		8,465,323		687,409		8.12%	71,912	39.35%	$17.73

Note: Airline Hwy Shopping Centers between I-12 and Florida Blvd Interchange are included in Area 4, Plank Rd Shopping Centers south of Hooper Rd are included in Area 2
Both Livingston Parish responding centers are un-anchored

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Park Rowe Village - Fall 2017

336 Class A Luxury Apartment Homes located in Perkins Rowe feature a unique urban village lifestyle. Live within walking distance to shopping, dining and first-class entertainment. Designer details, lush courtyards, generous living spaces and resort-style community amenities round out this exciting community coming in Fall 2017.

Waterview at Sugar Mill Pond - Youngsville, LA
Developed 10 Retail Spaces & 168 Apartments

Shoppes at Bellemead - Shreveport, LA
Development, Leasing and Management

Boulders on Fern - Shreveport, LA
Multi-Family Development and Management

CSRA, Inc. - Bossier City, LA
Program Management Services & FFE Installation

Walmart Neighborhood Markets in Louisiana
Land Brokerage

Pierremont Mall, Line Avenue, Shreveport, LA
Leasing Services and Property Management

Our Regional Presence

We are proud to provide Property Managment and Leasing Services for Acadian Village in Baton Rouge along with our partner Venture Commercial out of Dallas, Texas. This premier shopping center joined our distinguished portfolio in 2016. A few others are highlighted above.

Baton Rouge, LA

2016 OFFICE TRENDS COMMITTEE

Ty Gose, CCIM - **TRENDS *Speaker***
NAI Latter & Blum

Jonann Stutzman
NAI Latter & Blum

Branon W. Pesnell, CCIM, SIOR
Beau Box Commercial

Gary Black
Wampold Companies

EXECUTIVE OVERVIEW

In last year's Office report, 2016 was forecast to be a flat year for office leasing activity. Twelve months later, the data has proven the accuracy of the forecast. A number of changes in the Baton Rouge office market created large shifts in occupancy rates, primarily in the Class A segment, in large part due to the fact that Class A space makes up over 4 million of the nearly 7 million square feet of total office space in Baton Rouge. The primary themes from 2016 include low energy prices, new state and federal government administrations for the first time in 8 years, tenants moving into owner-occupied or state-owned real estate and new office construction adding inventory during a flat year.

Low Energy Prices

Although not as dependent on oil as some of Baton Rouge's sister markets, sustained lower oil prices have driven commodity prices down, negatively affecting our petrochemical industry and related professional office users. The downward pressure on oil prices, combined with the uncertainty that accompanies a change in State administration facing a major budget shortfall, has resulted in several petrochemical expansion projects being tabled and smaller maintenance and upgrade projects being delayed. Petrochem projects are the lifeblood of Baton Rouge's engineering firms. When projects are delayed or deferred, engineering groups are forced to put office space back on the market. In Q3 2016 there was roughly 180,000 square feet of sub-lease space on the market, mostly derived from engineering firms. This was a large increase from the roughly 45,000 square feet of sub-lease space Q3 2015. The flip side to the large amount of sub-lease space availability is that one or two engineering contracts could ramp up office requirements just as quickly.

New Construction / Tenant Relocations

In 2015, the IBM and Advocate buildings became operational in the market, resulting in large blocks of vacancy in their previous spaces at Essen Centre and 7290 Bluebonnet. Both vacancies (+/-150,000 sq ft) remain available for lease at this time. Several garden-style office developments near Town Center had positive absorption in 2016, which continues to display the trend of smaller tenant's desire for drive-up garden product. In 2016, the first phase of The Water Campus went into service, adding roughly 102,000 square feet of office space to the market. The net effect was the relocation of various existing downtown tenants whose resulting vacancies have not yet been fully backfilled. In 2017, River House and @Highland will add approximately 80,000 square feet of additional space to the market. Pre-leasing at these new projects has begun. In years of relative market strength, these additions would be considered a sign of good, sustainable growth; however, in a flat year they only exacerbate the existing vacancy problems currently experienced in the market.

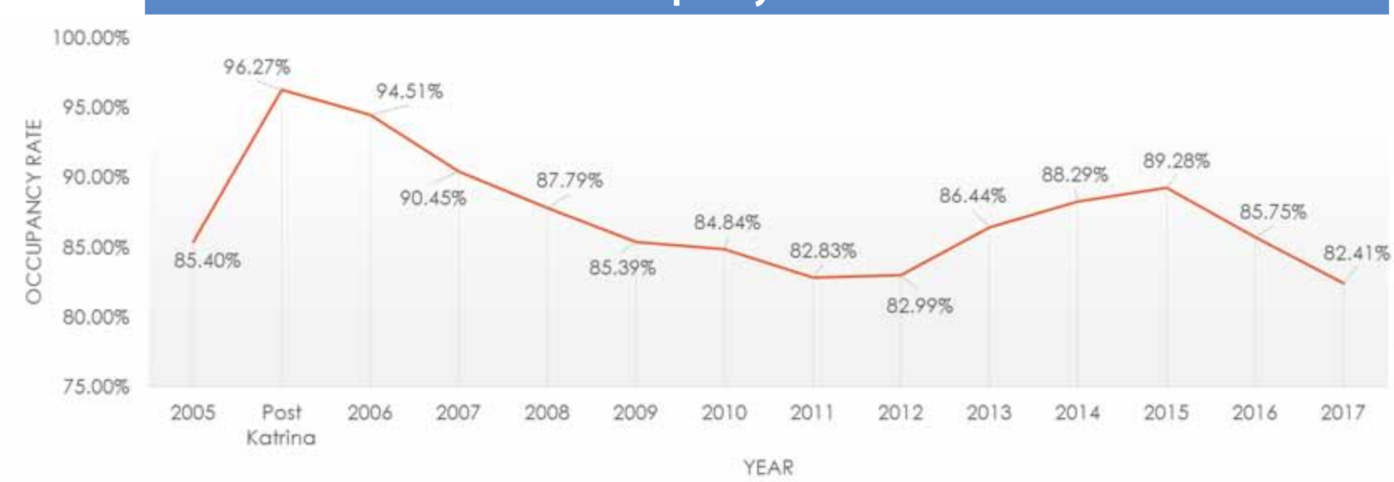
The Great Flood

Despite the massive effect the flood had on Multi-Family and Single-Family sectors, very few office buildings were impacted so there is little to report. Typically, there would be a surge in office leasing activity similar to what we saw post Katrina and Gustav; however, last year's flood had very little impact on office vacancies for more than 6 months. In many cases, temporary office trailers were installed on-site while reconstruction occurred. Several 6-9 month leases were signed for temporary space, while emergency responders were absorbed into existing FEMA leased office buildings or warehouse buildings. In either case, 6 month leases were enough to handle the relief efforts.

The Good News

Activity for first quarter of 2017 has been solid. There is optimism in the real estate industry nationwide, as well as, in the local petrochemical world, which bodes well for engineers and the office market in general. In order to achieve real growth, Baton Rouge must add businesses and new industry to the existing tenant mix; however, several large engineering contracts could quickly and positively change the landscape of the overall office sector.

Historical Occupancy Rates — Class A/B/C



OFFICE TRENDS

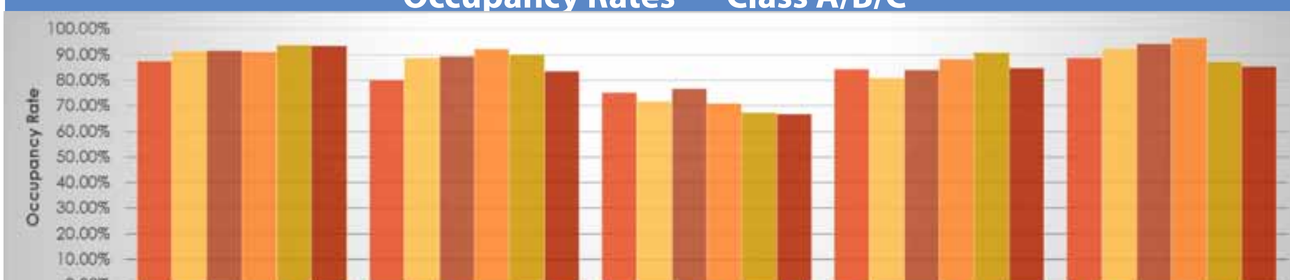
Office Leasing Activity

Slower activity throughout 2016 accompanied by large blocks of available office space has slightly altered the negotiating dynamics indicative of the market. In early 2016, there were only five large blocks of office space over 20,000 square feet available in the city for Class A users. By the fourth quarter, there were over a dozen options. All sub-markets outside of the Acadian/Corporate corridor are beginning to experience negotiations inclined to favor the tenant over the landlord. In competitive sub-markets like the CBD and Sherwood, brokers are reporting reduced rates, as well as, free rent to attract new tenants. Despite slower activity, TI allowances have remained near healthy market levels in the range of $1.50-$2.50 per square foot per year of lease term which is about a $.50 increase.

Occupancy rates dropped from 85.75% in Q1 2016 to 82.41% in Q1 2017. Three sub-markets held steady: Corporate/Acadian, Essen/Bluebonnet and Florida/Airline; whereas CBD and Sherwood had significant drops. The CBD's drop can partially be attributed to The Water Campus coming online and the subsequent vacancies left in its wake. Sherwood, which is a major engineering corridor, showed signs of a slowing petrochemical market.

However, activity in 2017 has shown positive increases over 2016. Brokers are reporting more frequent calls and listing traffic from tenants who are motivated to move rather than simply shop the market. This is believed to be partly due to pent up demand from tenants who postponed a move after the flood in 2016, as well as, tenants waiting to discover the outcome of the US presidential election. Despite all the controversy surrounding the new president, it seems his administration has turned Baton Rouge business and industry bullish.

Occupancy Rates — Class A/B/C



	Acadian/ College	Downtown	Florida / Airline	Sherwood Forest	Essen/ Bluebonnet
2012	87.33%	80.24%	75.22%	84.38%	88.70%
2013	91.45%	88.87%	71.73%	80.84%	92.44%
2014	91.50%	89.30%	76.62%	83.97%	94.15%
2015	91.01%	92.06%	70.97%	88.31%	96.62%
2016	93.66%	90.09%	67.21%	90.74%	87.26%
2017	93.32%	83.56%	66.77%	84.78%	85.27%

2012 2013 2014 2015 2016 2017

Office Sales Activity / New Construction

There was very little activity in the way of notable office sales in 2016 although several new buildings were completed and/or commenced construction. The Advocate Building completed construction of a roughly 50,000 square foot building on Reiger Road adjacent to their circulation plant. The building was constructed entirely as an owner-occupant building with the ability to lease available suites in the future at their discretion.

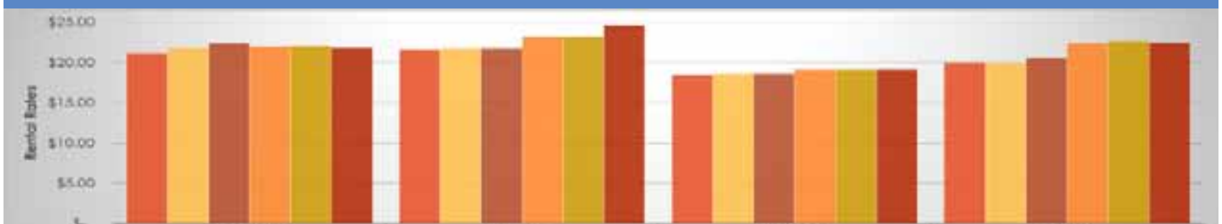
OFFICE TRENDS

The long awaited River House broke ground in mid-2016 and is nearing completion on a mixed-use development that also includes apartments and retail. The office component includes 34,000 square feet and is located adjacent to The Water Campus, just south of 1010 Nic and Downtown. Delivery is slated for June 1, 2017. The project is a steel and brick building designed to complement some of the existing architecture in the area.

Just south of Downtown, The Water Campus went into service in 2016 and houses several research authorities. This project will eventually total 30 acres with numerous buildings. Phase 1 was just over 102,000 square feet.

@Highland, the first phase of a four building, mixed-use development also broke ground in 2016 and is slated to deliver space mid-2017. Located on Bluebonnet at Highland Road, the first building in Phase I includes 54,000 square feet and will feature a restaurant, as well as, as LED lighting wrapping the building, VOIP phone systems and next generation technology features.

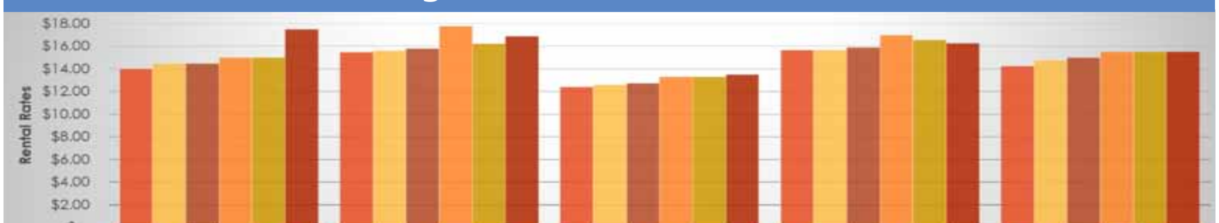
Average Rental Rates — Class A



	Acadian/ College	Downtown	Sherwood Forest	Essen/ Bluebonnet
2012	$21.19	$21.67	$18.50	$20.04
2013	$21.83	$21.75	$18.65	$19.96
2014	$22.39	$21.75	$18.65	$20.63
2015	$22.00	$23.29	$19.15	$22.42
2016	$22.10	$23.29	$19.15	$22.65
2017	$21.85	$24.63	$19.13	$22.46

2012 2013 2014 2015 2016 2017

Average Rental Rates — Class B & C



	Acadian/ College	Downtown	Florida/ Airline	Sherwood Forest	Essen/ Bluebonnet
2012	$14.00	$15.45	$12.42	$15.67	$14.25
2013	$14.50	$15.61	$12.58	$15.67	$14.75
2014	$14.50	$15.81	$12.75	$15.89	$15.00
2015	$15.00	$17.78	$13.29	$17.00	$15.50
2016	$15.00	$16.24	$13.29	$16.56	$15.50
2017	$17.50	$16.89	$13.50	$16.28	$15.50

2012 2013 2014 2015 2016 2017

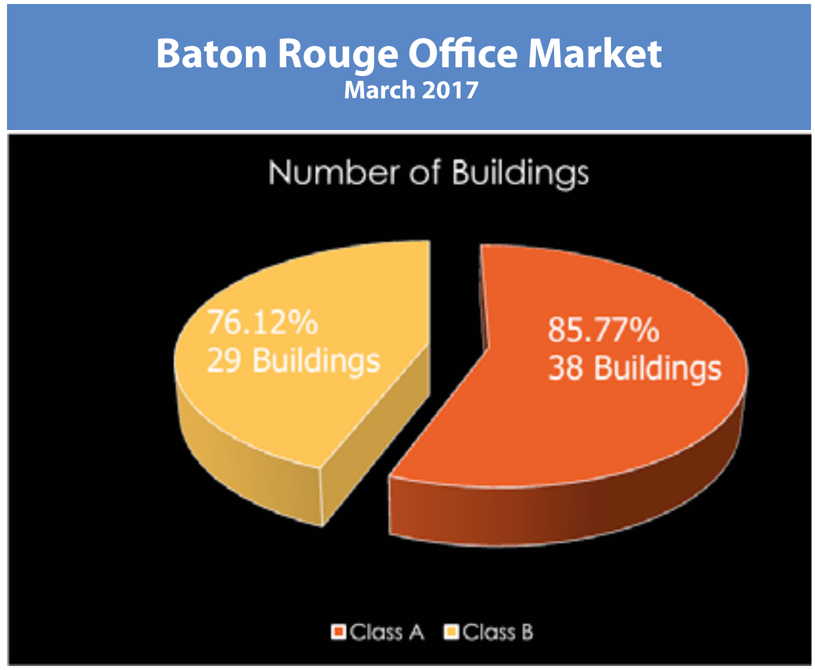
Forecast

Local Brokers believe Baton Rouge will see an uptick in leasing activity through 2017. Optimistic markets, along with several recent announcements from the Petrochemical sector are all signs that 2017 will see increased growth. We believe positive absorption will occur during the year due to existing engineering companies capitalizing on the industrial growth expected in the near term, as well as, the ancillary businesses that serve these industries.

OFFICE TRENDS

OFFICE MARKET OCCUPANCY

The Baton Rouge office market totals approximately 6.6 million square feet of Class A & B/C space. Surveys were conducted on thirty-eight Class A buildings totaling approximately 4.4 million square feet, and twenty nine class B/C buildings totaling approximately 2.3 million square feet. Average rental rates and occupancy rates for the individual buildings and submarkets surveyed are shown on the following spreadsheets.



Summary of Office Market By Area

Class A Buildings - 3/28/2017

ACADIAN / COLLEGE

	BUILDING	CLASS	SQUARE FEET	OCCUPIED	OCCUPANCY RATE	RATE	SUBLEASE	6 MONTHS PENDING
1	Acadian Centre	A	74,589	74,589	100.00%	$21.00	0	0
2	CitiPlace Centre I (Hancock Bank Building @ CitiPlace)	A	82,023	78,541	95.75%	$23.00	0	0
3	CitiPlace Centre II	A	31,516	31,516	100.00%	$22.00	0	0
4	CitiPlace Centre III (The Bancorp Bank Center @ CitiPlace)	A	42,659	42,659	100.00%	$23.00	0	0
5	Acadia Trace	A	121,000	121,000	100.00%	$20.00	0	0
6	Corporate Atrium	A	76,447	69,668	91.13%	$20.00	0	0
7	Corporate Center	A	48,000	39,360	82.00%	$22.00	0	0
8	Republic Finance	A	27,000	18,000	66.67%	$24.00	0	0
9	2370 Towne Centre	A	66,000	66,000	100.00%	$22.50	32,719	0
10	5551 Corporate	A	52,142	52,142	100.00%	$21.00	0	0
			621,376	**593,475**	**95.51%**	**$21.85**	**32,719**	**0**

DOWNTOWN

	BUILDING	CLASS	SQUARE FEET	OCCUPIED	OCCUPANCY RATE	RATE	SUBLEASE	6 MONTHS PENDING
1	One American Place	A	333,306	279,197	83.77%	$22.00	0	0
2	Riverside North Tower	A	207,572	151,553	73.01%	$23.00	0	0
3	Chase South Tower	A	333,000	213,425	64.09%	$20.00	60,460	0
4	City Plaza	A	166,473	123,678	74.29%	$22.00	0	0
5	II City Plaza	A	255,344	248,194	97.20%	$28.50	21,146	0
6	La Cap Building	A	75,000	75,000	100.00%	$21.50	0	0
7	Water Campus	A	102,000	102,000	100.00%	$30.00	0	0
8	IBM	A	140,651	134,384	95.54%	$30.00	0	0
			1,613,346	**1,327,431**	**82.28%**	**$24.63**	**81,606**	**0**

ESSEN / BLUEBONNET

	BUILDING	CLASS	SQUARE FEET	OCCUPIED	OCCUPANCY RATE	RATE	SUBLEASE	6 MONTHS PENDING
1	Essen Center	A	113,000	25,937	22.95%	$22.00	0	0
2	Jefferson Brentwood	A	63,625	63,625	100.00%	$21.00	0	0
3	I United Plaza	A	94,204	78,499	83.33%	$23.00	0	0
4	II United Plaza	A	197,010	169,135	85.85%	$23.00	0	0
5	III United Plaza	A	60,389	52,902	87.60%	$23.00	0	0
6	IV United Plaza	A	71,547	67,969	95.00%	$24.00	0	0
7	V United Plaza	A	58,365	58,365	100.00%	$22.00	0	0
8	VII United Plaza	A	58,000	58,000	100.00%	N/A	0	0
9	VIII United Plaza	A	57,932	57,932	100.00%	$23.00	0	0
10	IX United Plaza	A	97,000	97,000	100.00%	$19.50	0	0
11	XII United Plaza	A	154,000	145,256	94.32%	$23.00	0	0
12	Bluebonnet Centre	A	71,656	71,656	100.00%	$24.00	0	0
13	Louisiana School Employee Retirement	A	112,253	111,123	98.99%	N/A	0	0
14	Jacobs Plaza	A	192,600	192,600	100.00%	N/A	0	0
15	Shaw	A	240,000	240,000	100.00%	N/A	0	0
16	Perkins Rowe	A	126,328	125,065	99.00%	$24.50	0	0
17	7290 Bluebonnet	A	152,000	25,622	16.86%	$20.00	0	0
			1,919,909	**1,640,686**	**85.46%**	**$22.46**	**0**	**0**

SHERWOOD FOREST

	BUILDING	CLASS	SQUARE FEET	OCCUPIED	OCCUPANCY RATE	RATE	SUBLEASE	6 MONTHS PENDING
1	4000 S. Sherwood Office Building	A	78,183	67,933	86.89%	$19.95	0	0
2	Court Plaza	A	57,486	57,342	99.75%	$18.95	0	0
3	2900 Westfork	A	105,720	83,391	78.88%	$18.50	0	0
			241,389	**208,666**	**86.44%**	**$19.13**	**0**	**0**

TOTAL

# of Buildings	AREA	CLASS	SQUARE FEET	OCCUPIED	OCCUPANCY RATE	RATE	SUBLEASE	6 MONTHS PENDING
10	ACADIAN/COLLEGE	A	621,376	593,475	95.51%	$21.85	32,719	0
8	DOWNTOWN	A	1,613,346	1,327,431	82.28%	$24.63	81,606	0
17	ESSEN/BLUEBONNET	A	1,919,909	1,640,686	85.46%	$22.46	0	0
3	SHERWOOD FOREST	A	241,389	208,666	86.44%	$19.13	0	0
38			**4,396,020**	**3,770,258**	**85.77%**	**$22.02**	**114,325**	**0**

Summary of Office Market By Area

Class B/C Buildings

3/28/2017

ACADIAN / COLLEGE

	BUILDING	CLASS	SQUARE FEET	OCCUPIED	OCCUPANCY RATE	RATE	SUBLEASE	6 MONTHS PENDING
1	5615 Corporate	B	56,916	38,114	66.97%	$19.00	0	0
2	5420 Corporate	B	30,663	29,987	97.80%	$16.00	0	0
			87,579	**68,101**	**77.76%**	**$17.50**	**0**	**0**

DOWNTOWN

	BUILDING	CLASS	SQUARE FEET	OCCUPIED	OCCUPANCY RATE	RATE	SUBLEASE	6 MONTHS PENDING
1	Renaissance East	B	172,000	172,000	100.00%	$12.76	0	0
2	Renaissance West	B	50,000	0	0.00%	$13.00	0	0
3	Gras Town Plaza	B	29,300	28,500	97.27%	$16.75	0	0
4	Roumain Building	B	32,997	32,997	100.00%	$16.00	0	0
5	Taylor Building	B	30,000	29,600	98.67%	$15.50	0	0
6	339 Florida	B	44,524	44,524	100.00%	$16.00	0	0
7	525 Florida St. (Kinko's Building)	B	30,000	30,000	100.00%	$15.00	0	0
8	Cordova Square	B	20,000	20,000	100.00%	$20.00	0	0
9	500 Laurel Street	B	28,000	28,000	100.00%	$27.00	0	0
			436,821	**385,621**	**88.28%**	**$16.89**	**0**	**0**

FLORIDA / AIRLINE

	BUILDING	CLASS	SQUARE FEET	OCCUPIED	OCCUPANCY RATE	RATE	SUBLEASE	6 MONTHS PENDING
1	Alpha Building (8281 Goodwood)	B	30,209	30,209	100.00%	$14.00	0	0
2	Mid City Tower	B	79,491	52,465	66.00%	$17.00	0	0
3	Mid City Plaza (4962 Florida)	B	31,975	31,975	100.00%	$10.00	0	0
4	10255 Florida	B	90,898	0	0.00%	$10.00	0	0
5	1900 Lobdell	B	53,000	53,000	100.00%	$10.50	0	0
6	Bon Carre	B	712,970	527,575	74.00%	$17.00	0	0
7	Direct General - 15151 Florida	B	140,000	64,970	46.41%	$16.00	0	0
			1,138,543	**760,194**	**66.77%**	**$13.50**	**0**	**0**

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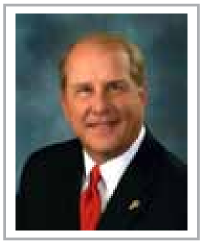

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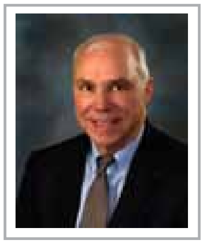

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PROPERTY OVERVIEW

Building was built as Direct General Insurance Call Center Space. Direct General occupies a portion of the space. Owner is motivated and aggressive to make a good deal and properly multi-tenant the building.

FIRST FLOOR: 14,000+- Sq. Ft. available that is built out very nicely as open call-center space. Modular cubicle units could be included in the negotiations for the space.

SECOND FLOOR: 61,220+- Sq. ft. that is in shell condition (bathrooms built out), and Landlord is prepared to build to suit. For the right tenant, Owner will consider demising a space as small as 7,500 Sq. Ft. (Subject to Architect/Fire Marshall review).

PROPERTY SUMMARY

AVAILABLE SF:	14,000 - 75,220 SF
LEASE RATE:	$16.50 - 18.00 SF/yr (Gross Lease/Full Service; Gross)
BUILDING SIZE:	142, 479 SF
BUILDING CLASS:	B
YEAR BUILT:	2008

PROPERTY HIGHLIGHTS

- Building was constructed in 2008
- Open Space
- 5.53:1,000 Parking Ratio
- Back-up Generators for entire building.
- Available land to add more parking or build additional improvements if needed.

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Summary of Office Market By Area

Class B/C Buildings

3/28/2017

SHERWOOD FOREST

	BUILDING	CLASS	SQUARE FEET	OCCUPIED	OCCUPANCY RATE	RATE	SUBLEASE	6 MONTHS PENDING
1	11110 Mead	B	51,878	38,144	73.53%	$19.00	0	0
2	CJ Brown Plaza	B	36,000	18,000	50.00%	$13.00	0	0
3	Sherwood II	B	25,673	20,332	79.20%	$15.00	0	0
4	Sherwood Oaks Office Park	B	101,157	76,566	75.69%	$15.00	0	0
5	Sherwood Plaza Business Park	B	61,000	43,743	71.71%	$15.00	0	0
6	10719 Airline	B	37,500	37,500	100.00%	$17.50	0	0
7	3854 American Way	B	119,945	119,945	100.00%	$16.50	0	0
8	Security National	B	45,378	45,378	100.00%	$18.50	0	0
9	Sherwood Tower	B	77,702	67,930	87.42%	$17.00	0	
			556,233	**467,538**	**84.05%**	**$16.28**	**0**	**0**

ESSEN / BLUEBONNET

	BUILDING	CLASS	SQUARE FEET	OCCUPIED	OCCUPANCY RATE	RATE	SUBLEASE	6 MONTHS PENDING
1	7414 Perkins Road	B	72,145	68,538	95.00%	$15.00	0	0
2	Essen Crossing	B	52,669	34,233	65.00%	$16.00	0	0
			124,814	**102,771**	**82.34%**	**$15.50**	**0**	**0**

TOTAL

# of Buildings	AREA	CLASS	SQUARE FEET	OCCUPIED	OCCUPANCY RATE	RATE	SUBLEASE	6 MONTHS PENDING
2	ACADIAN/COLLEGE	B	87,579	68,101	77.76%	$17.50	0	0
10	DOWNTOWN	B	436,821	385,621	88.28%	$16.89	0	0
6	FLORIDA/AIRLINE	B	1,138,543	760,194	66.77%	$13.50	0	0
9	SHERWOOD FOREST	B	556,233	467,538	84.05%	$16.28	0	0
2	ESSEN/BLUEBONNET	B	124,814	102,771	82.34%	$15.50	0	0
29			**2,343,990**	**1,784,225**	**76.12%**	**$15.93**	**0**	**0**

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Baton Rouge 6 - Warehouse
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SUMMARY OF OFFICE MARKET BY AREA
CLASS A & B/C BUILDINGS
3/28/2017

	AREA	CLASS	SQUARE FEET	OCCUPIED	OCCUPANCY RATE	RATE	SUBLEASE	PENDING
1	ACADIAN/COLLEGE	A & B/C	708,955	661,576	93.32%	$19.68	32,719	0
2	DOWNTOWN	A & B/C	2,050,167	1,713,052	83.56%	$19.45	81,606	0
3	FLORIDA/AIRLINE	A & B/C	1,138,543	760,194	66.77%	$13.50	0	0
4	SHERWOOD FOREST	A & B/C	797,622	676,204	84.78%	$17.71	0	0
5	ESSEN/BLUEBONNET	A & B/C	2,044,723	1,743,457	85.27%	$18.98	0	0
			6,740,010	5,554,483	82.41%	$17.86	114,325	0

OCCUPANCY TREND

CLASS	OCCUPANCY % Spring 2010	OCCUPANCY % Spring 2011	OCCUPANCY % Spring 2012	OCCUPANCY % Spring 2013	OCCUPANCY % Spring 2014	OCCUPANCY % Spring 2015	OCCUPANCY % Spring 2016	**OCCUPANCY % Spring 2017**
A & B/C	93.42%	87.64%	87.33%	91.45%	91.50%	91.01%	93.66%	**93.32%**
A & B/C	84.23%	81.55%	80.24%	88.79%	89.30%	92.06%	90.09%	**83.56%**
A & B/C	68.75%	72.33%	75.22%	71.73%	76.62%	70.97%	67.21%	**66.77%**
A & B/C	82.98%	80.97%	84.38%	80.84%	83.97%	88.31%	90.74%	**84.78%**
A & B/C	93.69%	89.70%	88.70%	92.44%	94.15%	96.62%	87.26%	**85.27%**
	84.84%	82.83%	82.99%	86.42%	88.29%	89.28%	85.75%	**82.41%**

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EXECUTIVE SUMMARY

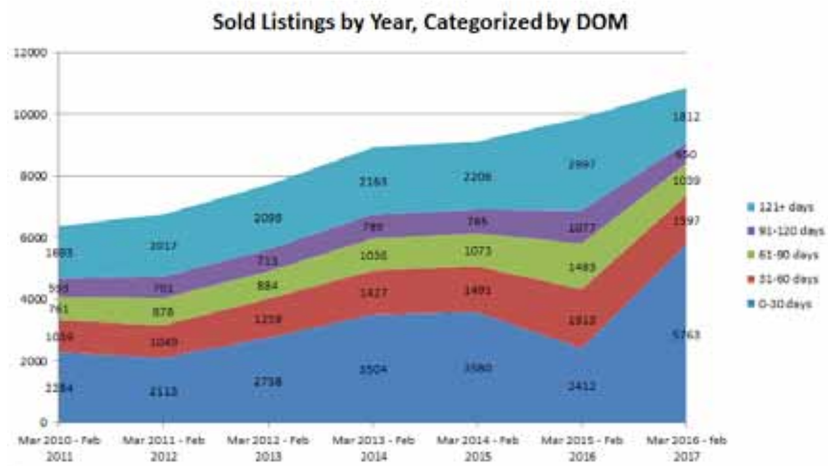
Residential markets in most sectors showed an increase in sales volume in 2016. The total sales volume for the Greater Baton Rouge area increased by 10.16%. The average sales price remained relatively stable, decreasing by nearly 3% after the 2.69% increase in 2015 and 7.01 percent increase in 2014. In many ways, it is impossible to talk about 2016 without mentioning the catastrophic August flood . The 2016 August flood's impact on the market is inescapable, and will be a factor for months, if not years, to come. It is entirely plausible the 2016 flood will bear mentioning in terms of the housing impact in much the same way as 2005's Hurricane Katrina.

Regardless, there was enough inventory not flooding and market conditions remain at least somewhat predictable. The greater Baton Rouge area was already seeing inventory shortages well before the August, 2016 floods. In many ways the flood heightened this, either removing some homes from the market entirely, or forcing buyers to consider their priorities and narrow their searches to either include or exclude "as is" property. Either way, inventory became and remains further tightened for buyers. In many ways the market is reacting accordingly and the well-priced properties are getting multiple, and full price offers within days of coming on the market. The market is acting as expected for an inventory shortage.

Velocity

Months supply of inventory can be a bit misleading in our current market. Months supply of inventory gives the average amount of time it would take to sell all of the inventory on the market assuming market conditions stayed the same. Folks in the real estate industry use this number to gauge market conditions, among other things. Around five months is considered "normal" or "neutral." A higher number means buyers have the advantage in the market (more supply than demand) and a lower number means sellers typically have the upper hand (more demand than supply). The traditional means of calculating months supply divides the number of homes for sale by the number of homes sold. For example, if 60 homes were on the market and ten sold that month, there would be a six month supply.

Here's where things get interesting in the greater Baton Rouge housing market.



Historically, this easy math for months supply has been in play. In 2010, there was about 9.03 months supply. Supply steadily dropped since then - until the August 2016 flood. After an initial period of transactions being put on hiatus while flood impacted owners figured out their next step, the number of new listings, closed sales, and pending transactions all went up, rapidly, while days on market and inventory went down precipitously. In fact, the number of days on market went down so rapidly, that it skewed the months supply of inventory. For reference in 2010, roughly 35 percent of homes sold within the first thirty days they were listed. By 2015, that percentage had dropped to roughly 25 percent. After the August 2016 flood, a whopping 53 percent of all sales happened within the first thirty days of listing. Simply put, supply is spending less than a month on the market, and sales are happening so fast that the months supply of iInventory figure can't keep up. The velocity of the market has taken off, leaving the months supply of inventory figure behind. There is still value in months supply, but if the value seems out of line with the corresponding low days on market and inventory figures, market velocity is useful to help make sense of the situation.

The graph above represents sold listings by year, as categorized by days on market.

Hot Market

The Realtor.com Market Hotness Index demonstrates how local areas are experiencing fast moving supply and rising demand. Using proprietary insights on buyer activity and the most comprehensive data on active inventory, the analysis breaks down demand and supply dynamics to rank metro areas, counties and zip codes relative to the rest of the country. From large metropolitan areas driving growth to hyper-local areas experiencing housing booms, the report provides a dynamic and interactive view of the ranking.

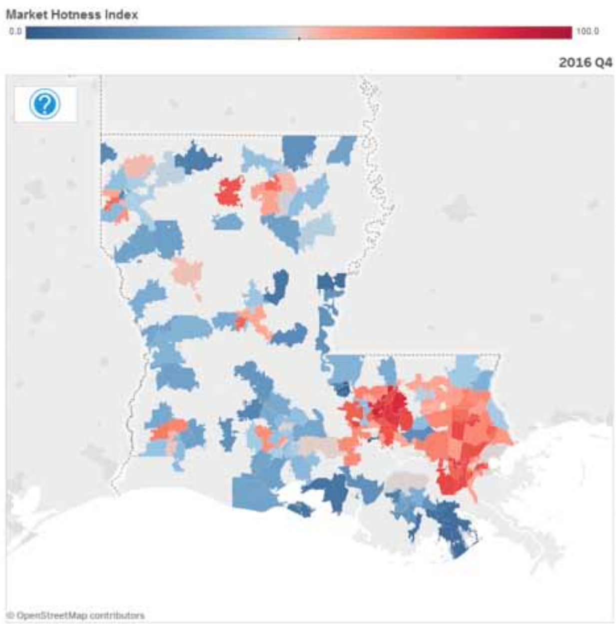
Source: research.realtor.com

The fourth quarter of 2016 was good for Baton Rouge metro area home sales. As the realtor.com graphic on the next page shows, nearly all of the Baton Rouge metro area was "hot," and in fact, the five hottest zip codes in the state were all in the Baton Rouge metro area. This isn't entirely surprising, as inventory newly released by the August 2016 flood was just coming on the market during this time. The protracted low inventory, further squeezed by widespread flooding in late summer, in combination with much of the inventory coming online in Q4 2016 being "flooded-gutted" and priced accordingly, lead to a quickly moving market, in which average days on market plummeted (see chart "Sold Listings by Year, Categorized by DOM").

RESIDENTIAL TRENDS

Breaking the metro area down, the zip codes that realtor.com identified as the hottest were also some of the ones that had the most flood damaged homes. 70814 and 70815 took the number one and two hot spots list, and had 4,971 and 3,433 affected structures respectively according to Baton Rouge City-Parish GIS data. This trend doesn't hold true across the board; however, 70811 is realtor.com's third hottest zip code in the metro area but it only posted 1,951 flood affected structures according to the same City-Parish report. While flood recovery does act as catalyst to a market with squeezed inventory, it's not the only factor at play here. Certainly, continued low interest rates and the relatively strong local economy play their part as well.

This graphic below indicates the relative market "hotness" in Louisiana broken down by zip code. SOURCE: REALTOR.COM

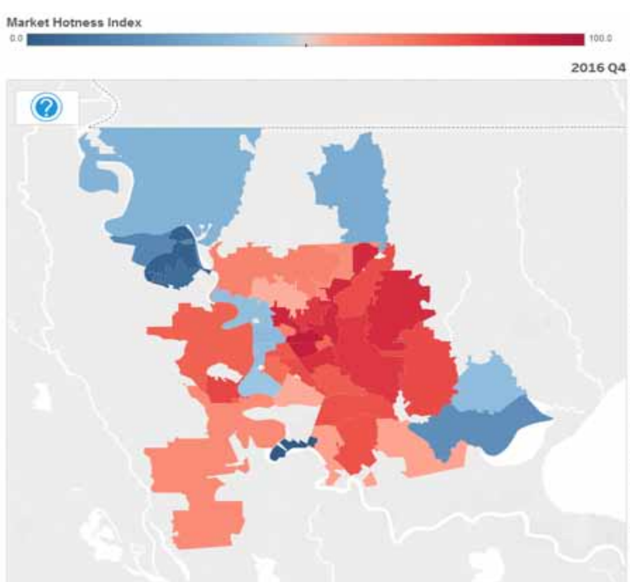


realtor.com

2016 Q4

Rank Overall	Zip Code	Zipname	Rank CBSA	Rank County	
464	70814	Baton Rouge, LA	1	1	93.43
666	70815	Baton Rouge, LA	2	2	91.81
1005	70811	Baton Rouge, LA	3	3	89.13
1103	70739	Greenwell Springs, LA	4	4	88.44
1233	70785	Walker, LA	5	1	87.49
1445	70001	Metairie, LA	1	1	85.90
1479	70816	Baton Rouge, LA	6	5	85.68
1659	70003	Metairie, LA	2	2	84.65
1726	70726	Denham Springs, LA	7	2	84.22
1728	70056	Gretna, LA	3	3	84.20
1752	70115	New Orleans, LA	4	1	83.99
1787	70818	Baton Rouge, LA	8	6	83.80
1811	70119	New Orleans, LA	5	2	83.69
1834	70113	New Orleans, LA	6	3	83.55
2214	70125	New Orleans, LA	7	4	81.13
2338	70710	Addis, LA	9	1	80.49
2349	70123	New Orleans, LA	8	4	80.41
2393	70065	Kenner, LA	9	5	80.15
2408	70002	Metairie, LA	10	6	80.05
2438	70070	Luling, LA	11	1	79.95
2444	70118	New Orleans, LA	12	5	79.92
2491	70448	Mandeville, LA	13	1	79.62
2520	70754	Livingston, LA	10	3	79.44
2569	70005	Metairie, LA	14	7	79.20
2593	70072	Marrero, LA	15	8	79.03
2609	70706	Denham Springs, LA	11	4	78.95
2642	70809	Baton Rouge, LA	12	7	78.78
2807	70122	New Orleans, LA	16	6	77.97
2817	70043	Chalmette, LA	17	1	77.93
2831	70769	Prairieville, LA	13	1	77.85
2925	70737	Gonzales, LA	14	2	77.33
2986	71270	Ruston, LA	1	1	76.90

The graphic below indicates the relative market "hotness" in metro Baton Rouge broken down by zip code.
SOURCE: REALTOR.COM



realtor.com

2016 Q4

Rank Overall	Zip Code	Zipname	Rank CBSA	Rank County	
464	70814	Baton Rouge, LA	1	1	93.43
666	70815	Baton Rouge, LA	2	2	91.81
1005	70811	Baton Rouge, LA	3	3	89.13
1103	70739	Greenwell Springs, LA	4	4	88.44
1233	70785	Walker, LA	5	1	87.49
1479	70816	Baton Rouge, LA	6	5	85.68
1726	70726	Denham Springs, LA	7	2	84.22
1787	70818	Baton Rouge, LA	8	6	83.80
2338	70710	Addis, LA	9	1	80.49
2520	70754	Livingston, LA	10	3	79.44
2609	70706	Denham Springs, LA	11	4	78.95
2642	70809	Baton Rouge, LA	12	7	78.78
2831	70769	Prairieville, LA	13	1	77.85
2925	70737	Gonzales, LA	14	2	77.33
3115	70806	Baton Rouge, LA	15	8	76.16
3265	70817	Baton Rouge, LA	16	9	75.32
3568	70767	Port Allen, LA	17	2	73.77
3855	70819	Baton Rouge, LA	18	10	72.30
4121	70808	Baton Rouge, LA	19	11	71.07
5029	70812	Baton Rouge, LA	20	12	66.60
5278	70791	Zachary, LA	21	13	65.33
5654	70764	Plaquemine, LA	22	1	63.31
5734	70770	Pride, LA	23	14	62.77
6794	70734	Geismar, LA	24	3	57.42
6960	70774	Saint Amant, LA	25	4	56.59
7272	70810	Baton Rouge, LA	26	15	54.91
7377	70714	Baker, LA	27	16	54.31
9758	70820	Baton Rouge, LA	28	17	42.34
10254	70807	Baton Rouge, LA	29	18	39.71
10349	70462	Springfield, LA	30	5	39.13
10353	70802	Baton Rouge, LA	31	19	39.12
10617	70805	Baton Rouge, LA	32	20	38.09

RESIDENTIAL TRENDS

Market Overview

The data studied includes all the sales reported to the greater Baton Rouge Multiple Listing Service, including East Baton Rouge, West Baton Rouge, Livingston, Ascension, Iberville, Pointe Coupee, East Feliciana and West Feliciana Parishes. This study applies to market data analyzed from 2004 to 2016 on a 12-month basis from March 1st to February 28th; therefore, when 2016 is referenced below, it means March 1, 2016 through February 28, 2017.

An analysis of the data taken from the Greater Baton Rouge Multiple Listing Service indicates that there were over $2.3 billion in sales in 2016 submitted by a membership of over 2,700 agents who reported a total 10,861 of single family homes, townhomes, and condominium sales. This was up from the 9,572 sales in the previous year, revealing a gain of 13% in total sales, and a rise of 10% in total sales volume. Despite the average sale price dropping by nearly 3% in 2016, the market largely experienced increases in both the number of sales and in value. This upward trend in volume came despite a marked decline in inventory. Inventory dropped nearly 10 percent to 2,713. The decrease in both inventory and the average sales price is to be blamed at least in part on the August 2016 flood, as afterward already squeezed inventory was removed from the marketplace and a significant number of available homes were priced for their "as is" or "flooded-gutted" condition.

The table below depicts changes from 2004 to 2016 throughout the Greater Baton Rouge Multiple Listing Service

TOTAL GREATER BATON ROUGE MLS

Year	Total Number of Sales	% Change	Total Sales $ Volume	% Change	Average List Price	% Change	Average Sales Price	% Change	Average DOM	% Change	Current Inventory	% Change	Months Inventory	% Change
Mar-04 - Feb-05	8,829		$1,290,699,582		$149,288		$146,188		84		3,770		5.12	
Mar-05 - Feb-06	11,826	33.94%	$1,969,387,901	52.58%	$169,545	13.57%	$166,530	13.91%	77	-8.33%	4,067	7.88%	4.12	-19.53%
Mar-06 - Feb-07	10,761	-9.01%	$2,033,258,350	3.24%	$192,408	13.48%	$188,946	13.46%	65	-15.58%	3,669	-9.79%	4.09	-0.73%
Mar-07 - Feb-08	9,316	-13.43%	$1,836,278,393	-9.69%	$201,627	4.79%	$197,110	4.32%	145	123.08%	4,925	34.23%	6.34	55.01%
Mar-08 - Feb-09	7,093	-23.86%	$1,430,661,986	-22.09%	$207,434	2.88%	$201,700	2.33%	95	-34.48%	4,928	0.06%	8.33	31.39%
Mar-09 - Feb-10	6,878	-3.03%	$1,313,225,284	-8.21%	$196,876	-5.09%	$190,931	-5.34%	94	-1.05%	4,275	-13.25%	7.45	-10.56%
Mar-10 - Feb-11	6,341	-7.81%	$1,235,680,205	-5.90%	$201,364	2.28%	$194,871	2.06%	90	-4.26%	4,772	11.63%	9.03	21.21%
Mar-11 - Feb-12	6,742	6.32%	$1,284,029,425	3.91%	$196,980	-2.18%	$190,452	-2.27%	104	15.56%	4,809	0.78%	8.55	-5.32%
Mar-12 - Feb-13	7,693	14.11%	$1,483,695,016	15.55%	$198,997	1.02%	$192,862	1.27%	123	18.27%	4,397	-8.57%	6.85	-19.88%
Mar-13 - Feb-14	8,870	15.30%	$1,768,174,544	19.17%	$205,164	3.10%	$199,343	3.36%	86	-30.08%	4,260	-3.12%	5.76	-15.91%
Mar-14 - Feb-15	8,859	-0.12%	$1,889,718,973	6.87%	$212,764	3.70%	$213,310	7.01%	83	-3.49%	3,323	-22.00%	4.50	-21.88%
Mar-15 - Feb-16	9,572	8.05%	$2,096,454,938	10.94%	$225,002	5.75%	$219,042	2.69%	76	-8.43%	3,012	-9.36%	3.10	-31.11%
Mar-16 Feb-17	10,861	13.47%	$2,309,503,403	10.16%	$234,900	4.40%	$212,641	-2.92%	66	-13.16%	2,713	-9.93%		

Major Market Segments

The greater Baton Rouge market is dominated by three parishes: East Baton Rouge, Livingston, and Ascension. Nearly 91% of the sales reported to Multiple Listing Service (MLS) took place in these three parishes. Each market segment was analyzed separately.

East Baton Rouge Parish

East Baton Rouge experienced similar trends compared to the total greater Baton Rouge market, as would be expected by the largest share of the MLS. Based on the 5,994 sales that took place in 2016 and the 5,255 sales in 2015, the total number of sales rose by 10.38% in 2016. List prices rose from $237,105 in 2015 to $262,286 in 2016. Average sales prices fell from $229,800 to $222,338 during the same period. This runs counter to the rule of supply and demand. Inventory dropped 15.13 percent to 1,430 units. Like the market area as a whole, the condition of the homes during September-February 2017 accounts for the flouting of supply and demand. A number of homes went on the market "as is" or "flooded gutted" and therefore had a lower than typical sales price that was appropriate for their condition. The sharp decrease in days on market also supports this in part. The time taken to sell a home in East Baton Rouge was analyzed, and the market reflected a decrease of 14.29%, from 77 days in 2015 to 66 days in 2016. Cash buyers acting after the flood could help account for this decline.

The table below depicts changes from 2004 through 2017 in East Baton Rouge Parish

EAST BATON ROUGE PARISH

Year	Total Number of Sales	% Change	Total Sales $ Volume	% Change	Average List Price	% Change	Average Sales Price	% Change	Average DOM	% Change	Current Inventory	% Change	Months Inventory	% Change
Mar-04 - Feb-05	5,498		$817,363,785		$152,113		$148,665		77		1,987		4.33	
Mar-05 - Feb-06	7,121	29.52%	$1,208,001,107	47.79%	$172,938	13.69%	$169,639	14.11%	70	-9.09%	2,221	11.78%	3.74	-13.63%
Mar-06 - Feb-07	6,404	-10.07%	$1,210,603,571	0.22%	$192,874	11.53%	$189,038	11.44%	62	-11.43%	2,132	-4.01%	4.00	6.95%
Mar-07 - Feb-08	5,547	-13.38%	$1,106,992,598	-8.56%	$204,532	6.04%	$199,566	5.57%	70	12.90%	2,731	28.10%	5.91	47.75%
Mar-08 - Feb-09	4,299	-22.50%	$905,193,107	-18.23%	$216,757	5.98%	$210,558	5.51%	89	27.14%	2,762	1.14%	7.71	30.46%
Mar-09 - Feb-10	3,928	-8.63%	$775,286,555	-14.35%	$204,409	-5.70%	$197,374	-6.26%	93	4.49%	2,385	-13.65%	7.28	-5.58%
Mar-10 - Feb-11	3,514	-10.54%	$717,630,533	-7.44%	$211,855	3.64%	$204,220	3.47%	85	-8.60%	2,594	8.76%	8.85	21.57%
Mar-11 - Feb-12	3,645	3.73%	$735,068,059	2.43%	$209,336	-1.19%	$201,664	-1.25%	104	22.35%	2,705	4.28%	8.90	0.56%
Mar-12 - Feb-13	4,264	16.98%	$862,050,249	17.27%	$209,438	0.05%	$202,169	0.25%	97	-6.73%	2,513	-7.10%	7.07	-20.56%
Mar-13 - Feb-14	4,797	12.50%	$1,003,405,592	16.40%	$216,018	3.14%	$209,173	3.46%	87	-10.31%	2,371	-5.65%	5.93	-16.12%
Mar-14 - Feb-15	4,819	0.46%	$1,098,078,563	9.44%	$223,563	3.49%	$227,864	8.94%	84	-3.45%	1,897	-19.99%	4.72	-20.40%
Mar-15 - Feb-16	5,255	9.05%	$1,207,373,690	9.95%	$237,586	6.27%	$229,800	0.85%	77	-8.33%	1,685	-11.18%	3.20	-32.20%
Mar-16 Feb-17	5,994	14.06%	$1,332,698,395	10.38%	$258,748	8.91%	$222,338	-3.25%	66	-14.29%	1,430	-15.13%		

Ascension Parish

Low inventory has been a factor in the Ascension Parish housing market since 2014, when the area dipped solidly into seller's territory, but persistently low inventory was not enough to stymie the market in 2016. In fact, Ascension Parish actually posted an increase in current inventory for the first time since 2010. 2016 brings inventory up 15.82 percent to 410 units. This is undoubtedly still in seller's market territory, but it is a step in the right direction. Total volume of sales was also up compared to 2015. There was a 10.72 percent gain to just over $445 million. The total number of sales was also up, 11.95 percent to 1,911. The area's days on market continues to show the pressure on buyers; however, dropping 30.99 percent to only 49 days. The saying that "buyers who sleep on it, won't sleep in it" is definitely proving true in Ascension Parish. The prices moved down. Average list price was down 0.94 percent to $236,711 and average sales price was down 1.10 percent to $232,897. That is the least difference between asking and purchase price of any of the major areas in the MLS, and on average sellers got 98.38 percent of what they asked, indicating that homes in Ascension were selling very close to asking price.

The table below indicates market data for Ascension Parish from March 2004 through February 2017.

ASCENSION PARISH

Year	Total Number of Sales	% Change	Total Sales $ Volume	% Change	Average List Price	% Change	Average Sales Price	% Change	Average DOM	% Change	Current Inventory	% Change	Months Inventory	% Change
Mar-04 - Feb-05	1,478		$243,736,913		$166,564		$164,909		93		760		6.17	
Mar-05 - Feb-06	2,173	47.02%	$406,712,030	66.87%	$188,750	13.32%	$187,166	13.50%	83	-10.75%	715	-5.92%	3.95	-35.98%
Mar-06 - Feb-07	2,017	-7.18%	$433,309,000	6.54%	$216,927	14.93%	$214,828	14.78%	64	-22.89%	646	-9.65%	3.84	-2.78%
Mar-07 - Feb-08	1,582	-21.57%	$355,204,922	-18.03%	$227,549	4.90%	$224,529	4.52%	84	31.25%	858	32.82%	6.54	70.31%
Mar-08 - Feb-09	1,208	-23.64%	$257,911,924	-27.39%	$218,626	-3.92%	$213,503	-4.91%	96	14.29%	899	4.78%	8.99	37.46%
Mar-09 - Feb-10	1,291	6.87%	$261,866,502	1.53%	$207,339	-5.16%	$202,840	-4.99%	95	-1.04%	738	-17.91%	6.85	-23.80%
Mar-10 - Feb-11	1,225	-5.11%	$248,666,451	-5.04%	$207,636	0.14%	$202,993	0.08%	89	-6.32%	802	8.67%	7.85	14.60%
Mar-11 - Feb-12	1,342	9.55%	$268,271,085	7.88%	$204,595	-1.46%	$199,903	-1.52%	98	10.11%	756	-5.74%	6.76	-13.89%
Mar-12 - Feb-13	1,453	8.27%	$291,753,619	8.75%	$204,748	0.07%	$200,793	0.45%	95	-3.06%	616	-18.52%	5.08	-24.85%
Mar-13 - Feb-14	1,734	19.34%	$367,675,371	26.02%	$215,364	5.18%	$212,038	5.60%	71	-25.26%	542	-12.01%	3.75	-26.18%
Mar-14 - Feb-15	1,719	-0.87%	$374,070,454	1.74%	$220,664	2.46%	$217,609	2.63%	63	-11.27%	457	-15.68%	3.19	-14.93%
Mar-15 - Feb-16	1,707	-0.70%	$401,960,356	7.46%	$238,965	8.29%	$235,477	8.21%	71	12.70%	354	-22.54%	1.80	-43.57%
Mar-16 Feb-17	1,911	11.95%	$445,067,463	10.72%	$236,711	-0.94%	$232,897	-1.10%	49	-30.99%	410	15.82%		

Livingston Parish

Livingston has long offered more affordable housing in the metro area. The average sales price in 2016 was $171,501 compared to $222,338 in East Baton Rouge and $232,897 in Ascension the same year. As the parish with the greatest impact from the August 2016 flood, it is likely prices will remain suppressed for at least a few months as the area works to recover from the widespread and devastating flooding. Prices should rebound to preflood levels, if not higher, as homes are remodeled and return to the market. In the meantime, the higher density of "flooded-gutted" or "as is" properties will have a significant impact on area average list and sales prices. In 2016, both of these were down compared to 2015. Average list price was down 3.10 percent to $175,426 and average sales price was down 3.72 percent to $171,501. Days on market showed flood impact as well. While in previous years, Livingston has exhibited some of the slowest market conditions within the greater Baton Rouge area , the significant flood impact in August 2016 resulted in a nearly 20 percent drop in days on market to 54 days in 2016. What the long term effect of such widespread flooding will be, of course, remains to be seen, and many factors will impact what happens, including insurance and regulatory requirements.

The table below reflects market data for Livingston Parish from March 2004 to February 2017

LIVINGSTON PARISH

Year	Total Number	% Change	Total Sales $ Volume	% Change	Average List Price	% Change	Average Sales Price	% Change	Average DOM	% Change	Current Inventory	% Change	Months Inventory	% Change
Mar-04 - Feb-05	1,346		$165,382,884		$124,601		$122,869		87		648		5.78	
Mar-05 - Feb-06	1,826	35.66%	$254,330,556	53.78%	$141,432	13.51%	$139,282	13.36%	88	1.15%	686	5.86%	4.51	-21.97%
Mar-06 - Feb-07	1,624	-11.06%	$261,130,630	2.67%	$163,292	15.46%	$160,794	15.44%	67	-23.86%	509	-25.80%	3.77	-16.41%
Mar-07 - Feb-08	1,542	-5.05%	$253,910,318	-2.77%	$167,582	2.63%	$164,662	2.41%	68	1.49%	834	63.85%	6.51	72.68%
Mar-08 - Feb-09	1,134	-26.46%	$188,309,494	-25.84%	$170,020	1.45%	$166,057	0.85%	106	55.88%	820	-1.68%	8.72	33.95%
Mar-09 - Feb-10	1,241	9.44%	$200,250,427	6.34%	$164,612	-3.18%	$161,362	-2.83%	89	-16.04%	770	-6.10%	7.44	-14.68%
Mar-10 - Feb-11	1,092	-12.01%	$174,313,810	-12.95%	$163,339	-0.77%	$159,628	-1.07%	100	12.36%	879	14.16%	9.65	29.70%
Mar-11 - Feb-12	1,141	4.49%	$172,614,557	-0.97%	$155,868	-4.57%	$151,283	-5.23%	102	2.00%	824	-6.26%	8.66	-10.26%
Mar-12 - Feb-13	1,253	9.82%	$193,015,398	11.82%	$157,925	1.32%	$154,042	1.82%	100	-1.96%	737	-10.56%	7.05	-18.59%
Mar-13 - Feb-14	1,511	20.59%	$248,144,508	28.56%	$168,465	6.67%	$164,225	6.61%	89	-11.00%	748	1.49%	5.94	-15.74%
Mar-14 - Feb-15	1,677	10.99%	$284,684,211	14.73%	$173,483	2.98%	$169,758	3.37%	88	-1.12%	585	-21.79%	4.18	-29.63%
Mar-15 - Feb-16	1,787	6.56%	$318,300,658	11.81%	$181,037	4.35%	$178,120	4.93%	67	-23.86%	440	-24.79%	2.50	-40.19%
Mar-16 Feb-17	2,000	11.92%	$343,002,818	7.76%	$175,426	-3.10%	$171,501	-3.72%	54	-19.40%	425	-3.41%		

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NEW HOME SALES: GREATER BATON ROUGE

Analysis of new home sales in the Greater Baton Rouge market was also preformed based on sales price. The new home market was subdivided into homes ranging in price from $100,000 to $224,999; $225,000 to $299,999; $300,000 to $399,999; as well as $400,000 and over. Overall, homes in all four categories did significantly better than the rest of the market, despite the decrease in volume and price compared to 2015.

New Homes Sales $100,000 to $224,999

While the total number of sales in the lower priced, new home market decreased very slightly from 2015, down seven units to 1,030, a 0.68 percent decline from the year before, the total volume of sales was up slightly, with a 0.81 percent increase to $191.3 million. Most of the difference in volume and total sales appears in the 1.56 percent increase in asking price to $186,034, with an average sales price increase of 1.49 percent to $185,805. These are relatively minor changes, and this segment of the market appears to be doing quite well. The biggest difference was that buyers at this price point had to act quickly, as days on market decreased 44.35 percent to 64 days. Inventory in this segment fell 25.44 percent to 170 units.

The table below represents changes from March 2004 to February 2017 in the $100,000 to $224,999 price range.

NEW HOME SALES $100,000 to $224,999 (Greater Baton Rouge)

Year		Total Number	% Change	Total Sales $ Volume	% Change	Average List Price	% Change	Average Sales Price	% Change	Average DOM	% Change	Current Inventory	% Change	Months Inventory	% Change
Mar-04 -	Feb-05	1,567		$241,321,829		$153,828		$154,002		97		724		5.54	
Mar-05 -	Feb-06	2,219	41.61%	$359,290,086	48.88%	$161,581	5.04%	$161,915	5.14%	103	6.19%	872	20.44%	4.71	-14.98%
Mar-06 -	Feb-07	2,060	-7.17%	$351,065,021	-2.29%	$170,480	5.51%	$170,419	5.25%	94	-8.74%	849	-2.64%	4.94	4.88%
Mar-07 -	Feb-08	1,410	-31.55%	$244,929,451	-30.23%	$174,118	2.13%	$173,708	1.93%	99	5.32%	1026	20.85%	8.73	76.72%
Mar-08 -	Feb-09	879	-37.66%	$153,085,337	-37.50%	$176,147	1.17%	$174,158	0.26%	144	45.45%	758	-26.12%	10.34	18.44%
Mar-09 -	Feb-10	1,071	21.84%	$180,634,221	18.00%	$169,493	-3.78%	$168,659	-3.16%	119	-17.36%	528	-30.34%	5.91	-42.84%
Mar-10 -	Feb-11	1,110	3.64%	$185,569,011	2.73%	$167,637	-1.10%	$167,179	-0.88%	91	-23.53%	586	10.98%	6.33	7.11%
Mar-11 -	Feb-12	1,076	-3.06%	$184,493,569	-0.58%	$172,350	2.81%	$171,462	2.56%	110	20.88%	539	-8.02%	6.01	-5.06%
Mar-12 -	Feb-13	1,068	-0.74%	$186,287,439	0.97%	$174,742	1.39%	$174,426	1.73%	110	0.00%	434	-19.48%	4.87	-18.97%
Mar-13 -	Feb-14	1,161	8.71%	$207,323,965	11.29%	$177,910	1.81%	$177,435	1.73%	91	-17.27%	386	-11.06%	3.98	-18.28%
Mar-14 -	Feb-15	1,053	-9.30%	$191,623,661	-7.57%	$181,378	1.95%	$181,978	2.56%	99	8.79%	243	-37.05%	2.77	-30.40%
Mar-15 -	Feb-16	1,037	-1.52%	$189,844,043	-0.93%	$183,182	0.99%	$183,070	0.60%	115	16.16%	228	-6.17%	4.54	63.90%
Mar-16	Feb-17	1,030	-0.68%	$191,379,661	0.81%	$186,034	1.56%	$185,805	1.49%	64	-44.35%	170	-25.44%		

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RESIDENTIAL TRENDS

New Home Sales $225,000 to $299,999

The mid-price range, new home sales were a bit soft compared to 2015. There were 497 total sales, representing a 7.62 decline from 2015. Total sales volume was also down, dropping 6.19 percent to $128.5 million. These declines could well be explained by a lack of inventory; you can't sell what isn't there. Inventory was down to just 94 units in this price point, a 34.72 percent drop from 2015's 144 units. Buyers felt the pressure and days on market dropped 37.88 percent to 82 days. Only individual list and sales prices were up in this segment. Average list price climbed 1.62 percent to $258,755 and average sales price ticked up 1.55 percent to $258,518. The lack of inventory most likely explains the slight increase in prices as well as the decrease in total sales.

The table below represents changes from March 2004 to February 2017 in the $225,000 to $299,999 price range

NEW HOME SALES $225,000 to $299,999 (Greater Baton Rouge)

Year			Total Number	% Change	Total Sales $ Volume	% Change	Average List Price	% Change	Average Sales Price	% Change	Average DOM	% Change	Current Inventory	% Change	Months Inventory	% Change
Mar-04	-	Feb-05	332		$85,773,558		$258,213		$258,354		132		173		6.25	
Mar-05	-	Feb-06	456	37.35%	$118,067,991	37.65%	$258,816	0.23%	$258,921	0.22%	107	-18.94%	187	8.09%	4.92	-21.28%
Mar-06	-	Feb-07	616	35.09%	$157,614,821	33.49%	$255,518	-1.27%	$255,868	-1.18%	85	-20.56%	298	59.36%	5.80	17.89%
Mar-07	-	Feb-08	555	-9.90%	$142,818,326	-9.39%	$259,950	1.73%	$257,330	0.57%	128	50.59%	430	44.30%	9.29	60.17%
Mar-08	-	Feb-09	365	-34.23%	$94,158,944	-34.07%	$260,610	0.25%	$257,969	0.25%	161	25.78%	414	-3.72%	13.61	46.50%
Mar-09	-	Feb-10	348	-4.66%	$89,520,779	-4.93%	$257,243	-1.29%	$254,672	-1.28%	151	-6.21%	226	-45.41%	7.79	-42.76%
Mar-10	-	Feb-11	215	-38.22%	$55,594,769	-37.90%	$260,660	1.33%	$258,580	1.53%	133	-11.92%	145	-35.84%	8.09	3.85%
Mar-11	-	Feb-12	231	7.44%	$58,698,672	5.58%	$254,684	-2.29%	$254,106	-1.73%	138	3.76%	129	-11.03%	6.70	-17.18%
Mar-12	-	Feb-13	284	22.94%	$72,917,701	24.22%	$257,746	1.20%	$256,752	1.04%	126	-8.70%	147	13.95%	6.21	-7.31%
Mar-13	-	Feb-14	378	33.10%	$97,002,350	33.03%	$256,823	-0.36%	$254,663	-0.81%	103	-18.25%	144	-2.04%	4.57	-26.41%
Mar-14	-	Feb-15	444	17.46%	$113,725,081	17.24%	$255,685	-0.44%	$256,137	0.58%	99	-3.88%	160	11.11%	4.32	-5.47%
Mar-15	-	Feb-16	538	21.17%	$136,954,853	20.43%	$254,622	-0.42%	$254,562	-0.61%	132	33.33%	144	-10.00%	3.73	-13.66%
Mar-16		Feb-17	497	-7.62%	$128,483,661	-6.19%	$258,755	1.62%	$258,518	1.55%	82	-37.88%	94	-34.72%		

New Homes Sales $300,000 to $399,999

Homes in the $300,000 to $399,999 range posted the biggest decline in overall sales and total sales volume of any of the price segments analyzed. The total number of sales dropped 11.30 percent to 212 compared to 2015's 239. The total sales volume dropped 12.24 percent to $72.9 million. As with the $225,000-$300,000 price point, an inventory shortage may explain part of this decline. However, supply was not as limited in the higher price point as the lower. Inventory was down 13.0 percent to 87 units, compared to 2015's 100 units in this price range. This is also the only price range analyzed that posted a drop in both average list and sales prices. Average list price declined 1.24 percent to $344,303 and average sales price dropped 1.06 to $344,310. Average days on market declined 21.71 percent to 101 days.

The table below represents changes from March 2004 to February 2017 in the $300,000 to $399,999 price range.

NEW HOME SALES $300,000 to $399,999 (Greater Baton Rouge)

Year		Total Number	% Change	Total Sales $ Volume	% Change	Average List Price	% Change	Average Sales Price	% Change	Average DOM	% Change	Current Inventory	% Change	Months Inventory	% Change
Mar-04 -	Feb-05	94		$32,073,968		$339,783		$341,212		117		57		7.27	
Mar-05 -	Feb-06	205	118.09%	$69,223,193	115.82%	$338,348	-0.42%	$337,674	-1.04%	120	2.56%	127	122.81%	7.43	2.20%
Mar-06 -	Feb-07	316	54.15%	$108,119,310	56.19%	$342,077	1.10%	$342,149	1.33%	108	-10.00%	184	44.88%	6.98	-6.06%
Mar-07 -	Feb-08	252	-20.25%	$86,132,747	-20.34%	$344,073	0.58%	$341,796	-0.10%	147	36.11%	248	34.78%	11.80	69.05%
Mar-08 -	Feb-09	158	-37.30%	$54,802,832	-36.37%	$351,115	2.05%	$346,853	1.48%	175	19.05%	181	-27.02%	13.74	16.44%
Mar-09 -	Feb-10	90	-43.04%	$30,763,182	-43.87%	$349,730	-0.39%	$341,813	-1.45%	141	-19.43%	122	-32.60%	16.26	18.34%
Mar-10 -	Feb-11	64	-28.89%	$21,978,309	-28.56%	$349,572	-0.05%	$343,411	0.47%	155	9.93%	79	-35.25%	14.81	-8.92%
Mar-11 -	Feb-12	73	14.06%	$24,683,359	12.31%	$340,678	-2.54%	$338,128	-1.54%	134	-13.55%	76	-3.80%	12.49	-15.67%
Mar-12 -	Feb-13	100	36.99%	$34,145,394	38.33%	$343,029	0.69%	$341,453	0.98%	136	1.49%	71	-6.58%	8.52	-31.79%
Mar-13 -	Feb-14	137	37.00%	$46,813,287	37.10%	$341,967	-0.31%	$341,702	0.07%	94	-30.88%	74	4.23%	6.48	-23.94%
Mar-14 -	Feb-15	171	24.82%	$59,423,453	26.94%	$347,784	1.70%	$347,505	1.70%	108	14.89%	83	12.16%	5.82	-10.19%
Mar-15 -	Feb-16	239	39.77%	$83,172,501	39.97%	$348,628	0.24%	$348,002	0.14%	129	19.44%	100	20.48%	2.39	-58.93%
Mar-16	Feb-17	212	-11.30%	$72,993,782	-12.24%	$344,303	-1.24%	$344,310	-1.06%	101	-21.71%	87	-13.00%		

New Home Sales $400,000 and Above

The luxury market consisting of homes priced at $400,000 continues to gain strength in our market area. Total sales in this price range were up for the fifth year in a row. 2016 posted 170 sales for a 10.39 percent gain over 2015's 154 sales in this price range. Total sales volume increased 11.43 percent to $90.8 million. In this market segment average sales and list prices were basically flat compared to 2015. Average list price was up 0.65 percent to $535,351 and average sales price was up 0.94 percent to $534,638. As in other segments of the new home market, days on market declined, showing a 29.49 percent drop to 110 days. This is the only price segment analyzed that indicated an increase in inventory. Current inventory climbed 13.13 percent to 112 units. The luxury market looks to be growing at a healthy pace in the Greater Baton Rouge market area.

The table below represents changes from March 2004 to February 2017 in the $400,000 and above range.

NEW HOME SALES $400,000 and Above (Greater Baton Rouge)

Year	Total Number	% Change	Total Sales $ Volume	% Change	Average List Price	% Change	Average Sales Price	% Change	Average DOM	% Change	Current Inventory	% Change	Months Inventory	% Change
Mar-04 - Feb-05	53		$28,887,317		$542,385		$545,043		138		55		12.45	
Mar-05 - Feb-06	115	116.98%	$68,086,016	135.70%	$595,572	9.81%	$592,052	8.62%	142	2.90%	84	52.73%	8.76	-29.64%
Mar-06 - Feb-07	119	3.48%	$70,765,574	3.94%	$595,855	0.05%	$594,668	0.44%	123	-13.38%	138	64.29%	13.91	58.79%
Mar-07 - Feb-08	156	31.09%	$92,870,730	31.24%	$597,691	0.31%	$595,325	0.11%	149	21.14%	286	107.25%	22.00	58.16%
Mar-08 - Feb-09	213	36.54%	$123,759,396	33.26%	$590,107	-1.27%	$581,030	-2.40%	170	14.09%	260	-9.09%	14.64	-33.45%
Mar-09 - Feb-10	80	-62.44%	$46,446,627	-62.47%	$617,938	4.72%	$580,582	-0.08%	222	30.59%	184	-29.23%	27.60	88.52%
Mar-10 - Feb-11	48	-40.00%	$30,261,118	-34.85%	$654,063	5.85%	$630,439	8.59%	217	-2.25%	91	-50.54%	22.75	-17.57%
Mar-11 - Feb-12	45	-6.25%	$27,737,662	-8.34%	$636,949	-2.62%	$616,392	-2.23%	128	-41.01%	62	-31.87%	16.53	-27.34%
Mar-12 - Mar-13	56	24.44%	$31,239,450	12.62%	$568,295	-10.78%	$557,847	-9.50%	141	10.16%	65	4.84%	13.92	-15.79%
Mar-13 - Feb-14	87	55.36%	$46,029,649	47.34%	$532,653	-6.27%	$489,900	-12.18%	130	-7.80%	64	-1.54%	8.82	-36.64%
Mar-14 - Feb-15	107	22.99%	$54,989,877	19.47%	$514,814	-3.35%	$513,924	4.90%	107	-17.69%	71	10.94%	7.96	-9.75%
Mar-15 - Feb-16	154	43.93%	$81,567,721	48.33%	$531,903	3.32%	$529,660	3.06%	156	45.79%	99	39.44%	1.55	-80.53%
Mar-16 Feb-17	170	10.39%	$90,888,614	11.43%	$535,351	0.65%	$534,638	0.94%	110	-29.49%	112	13.13%		

RESIDENTIAL TRENDS

Condominium / Townhouse Market

Condominiums and townhouses are defined by the Greater Baton Rouge MLS as any residential structure with an attached wall. This study included only those sales reported to the Greater Baton Rouge MLS, and include the entire market area during the same time period as the other market sectors analyzed, March 2004 through February 2017. It is worth noting that often this type of housing is sold by the developer directly, and those sales are not reported in the MLS. That said, there was still a 22.24 percent increase in the number of condos and townhomes sold in the MLS for a total of 918 in 2016. This increase was enough to lift the total sales volume 19.43 percent to $136.0 million, even as average sales price declined 2.30 percent to $148,190. The average list price in this segment also declined, dropping 2.10 percent to $153,694. Like other segments of the market, there was a notable decrease in days on market. Condos and townhomes spent 20.81 percent less time for sale in 2016 compared to 2015, a total of 118 days. Current inventory shrank 20.81 percent to 373 units.

The table below represents changes from March 2004 to February 2017 in the attached residential housing market

Condominium / Townhouse (Greater Baton Rouge)

Year	Total Number	% Change	Total Sales $ Volume	% Change	Average List Price	% Change	Average Sales Price	% Change	Average DOM	% Change	Current Inventory	% Change	Months Inventory	% Change
Mar-04 - Feb-05	685		$71,343,730		$105,657		$104,151		80		407		7.12	
Mar-05 - Feb-06	1,248	82.19%	$149,391,417	109.40%	$121,314	14.82%	$119,704	14.93%	93	16.25%	625	53.56%	6	-15.73%
Mar-06 - Feb-07	1,330	6.57%	$187,447,775	25.47%	$142,696	17.63%	$140,938	17.74%	94	1.08%	832	33.12%	7.5	25.00%
Mar-07 - Feb-08	1,245	-6.39%	$191,185,387	1.99%	$155,739	9.14%	$153,562	8.96%	88	-6.38%	1,112	33.65%	10.71	42.80%
Mar-08 - Feb-09	872	-29.96%	$171,279,382	-10.41%	$199,414	28.04%	$196,421	27.91%	117	32.95%	964	-13.31%	13.26	23.81%
Mar-09 - Feb-10	650	-25.46%	$95,542,250	-44.22%	$151,631	-23.96%	$146,988	-25.17%	149	27.35%	770	-20.12%	14.21	7.16%
Mar-10 - Feb-11	503	-22.62%	$75,054,738	-21.44%	$154,973	2.20%	$149,214	1.51%	106	-28.86%	678	-11.95%	16.17	13.79%
Mar-11 - Feb-12	487	-3.18%	$68,374,521	-8.90%	$146,888	-5.22%	$140,399	-5.91%	150	41.51%	643	-5.16%	15.84	-2.04%
Mar-12 - Feb-13	583	19.71%	$87,908,404	28.57%	$157,525	7.24%	$150,786	7.40%	171	14.00%	579	-9.95%	11.91	-24.81%
Mar-13 - Feb-14	574	-1.54%	$88,197,638	0.33%	$160,134	1.66%	$153,654	1.90%	137	-19.88%	589	1.73%	12.31	3.36%
Mar-14 - Feb-15	669	16.55%	$94,663,500	7.33%	$189,300	18.21%	$141,500	-7.91%	119	-13.14%	505	-14.26%	13.2	7.23%
Mar-15 - Feb-16	751	12.26%	$113,906,017	20.33%	$156,995	-17.07%	$151,672	7.19%	149	25.21%	471	-6.73%	7.52	-43.03%
Mar-15 Feb-16	918	22.24%	$136,038,790	19.43%	$153,694	-2.10%	$148,190	-2.30%	118	-20.81%	373	-20.81%		

The Flood of August 2016

While there has been a lot of attention to the effect of "flooded-gutted" homes on the area real estate market, it is important to keep in mind that those will be a rather short lived trend. Most of those homes will be purchased, rebuilt and remodeled, with a relatively number of them re-entering the marketplace. This is already starting to happen, and the relatively few available for analysis indicate a good prognosis for the market. Rebuilt home values in greater Baton Rouge are significantly higher than their pre-flood values. Properties in neighborhoods such as O'Neal Place are selling for 30% higher on average. Currently, the sold prices are lagging behind current under-contract prices, making the meeting of value very difficult for appraisers, despite multiple offers in many cases.

Using data from 84 sales, 61 (73%) were positive and sold on average for $9 per square foot more than the pre-flood median sold price per square foot. Twenty three sales (27%) were negative, selling for $6 per square foot less than the pre-flood median sold price per square foot. The average closing took 53 days on average. However, early 2017 numbers show that this time is improving, with an average marketing time is 36 days.

Due to the limited supply of both rentals and homes for sale, buyers in early 2017 have little context in which to calculate what homes were worth in early 2016. However, they do not seem to care. Per recently reviewed contracts, homes are selling within hours of being on the market and at full asking price. One agent reported that their rebuilt listing in Sherwood Forest received 12 offers within 24 hours of being listed.

This activity looks to be the case in subdivisions including, but not limited to, O'Neal Place (70816), Old Jefferson (70817), Pecan Creek (70817), Antioch Villa (70817), Shadow Springs (70726), Brown Heights in Baker, and Carmel Acres in Central.

Conclusion

The Greater Baton Rouge housing market appears stable compared to 2015, and shows solid growth over previous years. The year of 2016 was interesting, like 2005, in that a weather event—in this case the August 2016 flood—greatly impacted the market as Hurricane Katrina did in 2005. The impact of this flooding may be long lasting, and the full effect may not be known for one or two years, or perhaps more. Real estate professionals, including brokers, agents, appraisers, lenders and others, are keeping an eye on the market, using data and analytics to assist in housing those who have been affected. At the time of press, prices appear lower, on average, than 2015, but it is likely that those numbers are skewed due to many damaged ("flooded and gutted") homes being sold "as-is." Early indications from renovated and rebuilt homes are that prices will rebound and perhaps even surpass typical preflood prices. The low number of days on market and high list-to-sales ratios seem to indicate that the market is very strong in the Greater Baton Rouge area.

RESIDENTIAL TRENDS

A QUARTERLY RETROSPECTIVE OF RESIDENTIAL IN 2016

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2016 Residential Year in Review: Q1

Negative housing headlines should be read with calm or skepticism, not alarm. National housing trends, like the steady rise in home prices, and the decline in inventory should certainly be observed with care, but tracking wider economic conditions is also necessary.

Home sales have generally been slower during the first few months of 2016 compared to 2015 and other recent years.

Although it's true that sales prices have been steadily rising across the nation while inventory continues to shrink, negative housing news should be received with calm at this juncture. With fewer homes for sale, it's difficult to increase sales totals in year-over-year comparisons.

Prices are seemingly not so high as to stall the market completely. Demand is present but an abundance of choice is not, and therein lies the rub.

Pending Sales increased 17.2 percent from Quarter 1, 2015 to 2862 for the quarter. Closed Sales increased 8.2 percent from Quarter 1, 2015 to 2,132 for the quarter. Inventory is still a concern, but sales have remained up.

The number of homes for sale was down compared to this time last year. Inventory levels market-wide decreased 14.9 percent to 3,272 units. Sellers need to list in order for the market to achieve a better balance.

Prices were up compared to last year at this time. The Median Sales Price increased 0.3 percent to $183,500. A seller's market is expected to remain in place for the entirety of 2016. As long as sellers hold the keys, prices are likely to increase.

Months' supply of inventory was down 22.4 percent to 3.8 months. When prices increase and supply is low, more seller activity and even new construction tend to occur. The fact that this has not yet happened is why the market has been what it is for the last couple of years.

Percent of List Price Received at Sale rose to 97.6 percent since last year.


RESIDENTIAL

RESIDENTIAL TRENDS

Sales momentum is slow, but this has not been unexpected. Buyers want to get into the market, but unlike the rising-price sales environment of ten years ago, people are not diving headlong into risky mortgages or uncomfortable situations.

This carefulness should be celebrated, not feared. Even as employment figures remained positive, wages increased and mortgage rates hover around all-time lows, consumers were holding for the right deal.

2016 Residential Year in Review: Q2

Halfway through 2016, residential real estate markets are performing as predicted at the beginning of the year.

Sales and prices have been going up in most areas, while the number of homes for sale and total months' supply of inventory have been going down.

Meanwhile, many sellers have been getting a higher percentage of their asking price, and supply continues to struggle to meet demand.

The message may be repetitive, but it is largely positive.

Pending Sales increased 9.2 percent from the 2nd Quarter of 2015 to 3,069 for the quarter. Closed Sales increased 4.6 percent from the 2nd Quarter of 2015 to 2,888 for the quarter. Sales performed well and are expected to stay positive for the summer months and quite possibly into fall.

The number of homes for sale was down compared to this time last year. Inventory levels market-wide decreased 15.1 percent to 3,384 units. Higher inventory is still needed to see the busiest time of the year for home sales all the way through to the end.

Prices were up compared to last year at this time. The Median Sales Price increased 2.1 percent to $194,000. Sellers continue to have an edge in an environment of affordable lending but fewer homes to choose from.

Months' supply of inventory was down 22.0 percent to 3.9 months. Buyers are showing a willingness to pay what they need to get a piece of homeownership, and the ongoing decline in months' supply of homes for sale is proof that demand remains high.

Percent of List Price Received at Sale rose to 98.0 percent since last year.

The national unemployment rate recently dropped 0.3 percent to 4.7 percent, but some states felt more of a pinch in their own figures. Similarly, the low inventory situation is showing signs of strain in markets where there are few homes for purchase.

With an interest rate increase still in the cards this year, combined with the American political landscape and global economic events, a cooldown could occur by winter.

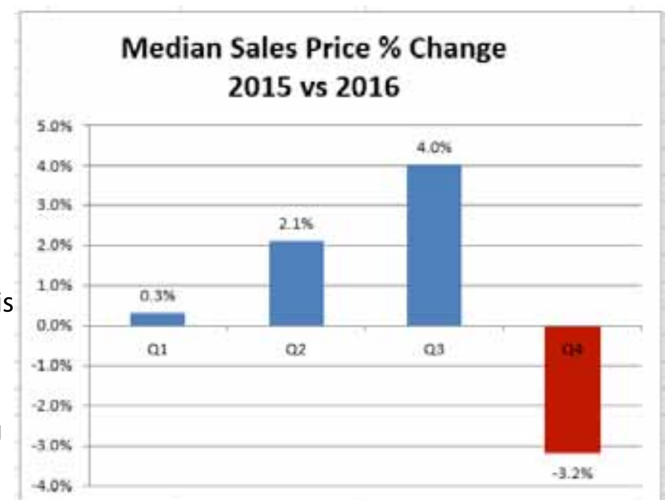
2016 Residential Year in Review: Q3

As anticipated at the outset of the year, demand has remained high through the first three quarters of 2016, propping up sales and prices despite heavy reductions in inventory and months of supply across the country.

With rental prices and employment opportunities in a consistent climb, year-over-year increases in home buying are probable for the rest of the year but not guaranteed.

The flooding that hit the Greater Baton Rouge market area in mid-August certainly shows up in the home sales reports. While the impact on the third quarter is slight, the impact of the flooding is going to be evident in home sales statistics for many months in the future, and quite possibly in ways that are surprising. An event like this is unprecedented in our market and exactly what its impact will be remains to be seen.

Pending Sales increased 10.3 percent from the 3rd Quarter of 2015 to 3,845 for the quarter. Closed Sales decreased 8.5 percent from the 3rd Quarter of 2015 to 2,603 for the quarter. Sales decreased compared to last years' total at this time, which is an impressive feat in an environment of low inventory.



The number of homes for sale was down compared to this time last year. Inventory levels market-wide decreased 18.1 percent to 3,197 units. Increasing the number of homes for sale relative to last year would be a great thing in a market with a prevailing trend of low inventory.

Prices were up compared to last year at this time. The Median Sales Price increased 4.0 percent to $195,044. Higher prices are fundamentally driven by higher demand in combination with fewer options to choose from.

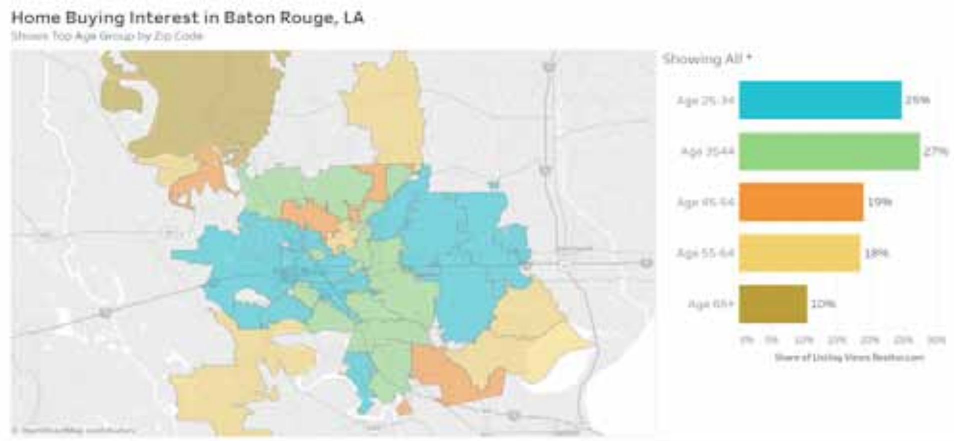
Months' supply of inventory was down 25.0 percent to 3.6 months. It is pretty common to see sales prices rise in combination with fewer months of supply.

Percent of List Price Received at Sale remained flat at 97.7 percent since compared to last year.

RESIDENTIAL TRENDS

In general, today's demand is driven by three factors:

1). Millennials are reaching prime home-buying age
2). Growing families are looking for larger homes
3). Empty nesters are downsizing.



The graphic above shows home buying interest in Baton Rouge by age and zip code. A full 52 percent of the home buying searches are performed by people under the age of 44.
Source: research.realtor.com

However, intriguingly low interest rates often prompt refinancing instead of listing, contributing to lower inventory.

Recent studies have also shown that short-term rentals are keeping a collection of homes off the market.

2016 Residential Year in Review: Q4

Most of 2016 offered the same monthly housing market highlights. The number of homes for sale was drastically down in year-over-year comparisons, along with days on market and months of supply. Meanwhile, sales and prices were up in most markets.

Unemployment rates were low, wages improved and, as the year waned, we completed a contentious presidential election and saw mortgage rates increase, neither of which are expected to have a negative impact on real estate in 2017.

As both sales delayed by, and prompted by, the flood move through the process, Pending Sales increased 33.6 percent from December 2015 to 2,672 for the quarter. Closed sales increased 28.1 percent from December 2015 to 2,806 for the quarter. Sales performed well in year-over-year comparison, right through to the end of the year. This bodes well for the start of 2017.

The flooding has exacerbated existing low inventory trends. The number of homes for sale was down compared to this time last year. Inventory levels market-wide decreased 21.1 percent to 2,804 units. Falling inventory is nothing new to avid housing market watchers, and the trend was once again alive and well during this reporting period.

Prices were down compared to last year at this time. This is also partially due to the flood, as "flooded-gutted" homes hit the market. The median sales price decreased 3.2 percent to $179,000. Additionally, price decreases are common during the winter months, and this is not usually something to become alarmed about.

Months' supply of inventory was down 30.2 percent to 3.0 months. Measurements of supply by month or quarter show decline when inventory is lower.

Percent of List Price Received at Sale fell to 96.4 percent since last year.

The overwhelming feeling about prospects in residential real estate for the immediate future is one of optimism.

Real estate professionals across the nation are expressing that they are busy as ever.

There are certainly challenges in this market such as continued low inventory and higher competition for those fewer properties, but opportunities abound for creative and diligent people prepared to put in the necessary amount of work.

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American Phase 4A and 4D | Developer: **Level Homes**

- **Phase 4A will feature 10 larger lots**
  - Approximately 65' x 125'
  - **2400 sf. and 3200 sf.**
  - Prices from the mid $300s - low $400's.
  - Ready for construction around May, 2017
- **Phase 4D Features**
  - 25 lots - Range size from 40' to 55' wide by 125' deep
  - Ready for construction around October 2017.
  - 1800 sf. and 2600 sf.
  - Prices from high $200's - mid $300's
- YMCA Health Club (On site)
  - Olympic sized pool, children's splash pool and 8 tennis courts
- Additonal Features:
  - Easy access to Walk On's , Bistreau Byronz , other commercial / retail spaces.

Conway | Developer: **Southern Lifestyle Development, Robert Daigle, Prescott BaileyHomes**

- Location: LA Hwy 44 and I-10 in Gonzales, Ascension Parish
- Proposed Number of Lots: 951 Single Family
  - Phase 1 is 347 lots, 249 lots are under contract
- Lot Price Range: $44,000 to $175,000
- Townhouse Lots: 25' to 55' wide with rear alleys. Front load lots: 60' to 80' wide
- Home Size: 1,500 to 4,000 Sq.Ft.
- Home Price Range: $250,000 to $800,000
- Projected Completion Date: June 2017
- Additonal Features:
  - Town Square with outdoor pavilion
  - Gym and pool planned also, 46 acres of lakes, multiple commercial buildings proposed to be restaurants / medical users and offices.

Copper Mill *(New Filing)* | Developer: **Level Homes**

- 35 lot driving range development
- The "straights"
- Lot size – 70 X120
- Single family homes 1860- 3210 sq ft
- Starting in the $270's
- 8th filing

Greystone Golf and Country Club | Developer: **Derk Lockhart**

- Location: Off of Wax Rd in the Heart of Denham Springs in Livingston Parish, just minutes from the new Juban Crossing
- Sixth filing - started the summer of 2016
- 60 lot total: Located on the golf course or one of the many lakes
- Living square footage varies with each filing and lot size
- Prestwick Garden Homes began in the summer 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 - built throughout
- includes a clubhouse, pool, playground, basketball courts, fitness center, tennis courts and many other amenities

Hunter's Trace | Developer: **Dantin Bruce**

- Location: Burbank Drive, East Baton Rouge Parish
- Proposed Number of Lots: Total 261 - 1st filing: 90, 2nd Filing: 90, 3rd Filing: 81
- Lot Price Range Price Range: $60,000 to $70,000
- Lot Size: 50' X 120'
- Home Size: 1,200 to 1,800 Sq.Ft.
- Home Price Range: $225,000 - $275,000
- Projected Completion Date: 1st Filing complete, and sold 2nd Filing October 2017
- All Lots presold to DSLD

Ironwood | Developer: **Alvarez Construction**

- Location: LA Hwy 42 and LA Hwy 930, Ascension Parish
- Proposed Number of Lots: 135
- Lot Price Range Price Range: $50,000 - $60,000
- Lot Size: 50' X 120' some 60' X 125'
- Home Size: 1,800 – 2,300 Sq.Ft.
- Home Price Range: $256,000 - $280,000
- Building homes on all 135 lots and has about 9 reservations

The Magnolia Springs St. Gabriel

Developer: **C & P Investments, Builders Cape Construction, LLC of Plaquemine, LA**

- Location: Magnolia Springs Parkway, St. Gabriel
- NO FLOODING (Aug., 2016) in or around.
- Mixed single family residences / new construction of dual-unit townhomes
- 3 BR/ 2 Ba - Average lot size of 115 x 45, minimum of 1,300 sq. ft.
- New home prices range from $149,900 to $210,000
- Nearly at full occupancy
- 4 townhome floorplans - 1,062 sf. -1,206 sf, 2BR/2BA or 3BR/2BA options.
- Monthly leases : $1,095 - $1,215 per month

The Preserve at Harveston | Developer: **John Fetzer III and Mike Wampold**

- Location: Bluebonnet Blvd., EBR Parish
- Proposed Number of Lots: 115 Total, Filing 3A: 74 lots, Filing 3B will have 41 lots
- Lot Price Range Price Range: Filing 3A - $80,000 to $90,000, Filing 3B - $89,000 to $110,000
- Lot Size: 45 to 70 x 150'
- Home Size: 2,000 to 3,000 Sq.Ft.
- Home Price Range: $420,000 to $500,000
- Additonal Features:
  - 15 acres w/ 50 live oaks private park, walking trails, clubhouse and pool
  - Latest amenity : Community garden consisting of 50 raised garden beds centrally located for residents to grow their own vegetables. Lots have not been offered to the public, but 65 prospective purchasers have submitted their names on a waiting list
- 4 townhome floorplans: 1,062 sf. - 1,206 sf. 2BR/2BA or 3BR/2BA options.
- Monthly leases: $1,095 and $1,215 per month

Settlement at Shoe Creek Part 3

Developer: **Southern Lifestyle Development, Robert Daigle, Prescott Bailey**

- Location: Sullivan Road / Central Thruway in Central
- Proposed Number of Lots: 479 - First Phase is 114 Lots (81 under contract)
- Lot Price Range Price Range: $44,000 to $92,500
- Lot Size: Townhouse Lots are 25' to 50' wide with rear alleys. Front load lots are 60' to 100' wide
- Home Size: 1,500 to 4,000 Sq.Ft.
- Home Price Range: $250,000 to $800,000
- Projected Completion Date: Early 2018
- Additional Features:
  Town Square, outdoor pavilion, gym and pool planned also. Numerous parks and green spaces. Phase one: 210 apartments and 28,000 square feet of retail/office buildings. Occupants to include CC's Coffee, Pour Wine Bar, Romacelli Restaurant, PCP Urgent Care, CJ Brown Realtors.

University Club Plantation, Scholar

Developer: **University Club Development, Sinclair Kouns**

- Location: University Club, East Baton Rouge Parish
- Proposed Number of Lots: Total 117- 57 in First Filing
- Lot Price Range Price Range: $140,000 to $250,000
- Lot Size: 80' X 160' some 100' X 250'
- Home Size: 3,000 Sq.Ft. minimum
- Home Price Range: $550,000 - $900,000
- Projected Completion Date: June, 2017
- Twenty Lots - presold / largest lots with $250,000 waterfront views
- Taking reservations

ValhallaPointe | Developer: **Dantin Bruce**

- Location: Highland Road at Pecue Lane, EBR Parish
- Proposed Number of Lots: 20
- Lot Price Range Price Range: $365,000
- Lot Size: One Half Acre Lots
- Home Size: 4,000+ Sq.Ft.
- Home Price Range: $1,000,000 and up
- Projected Completion Date: Spring of 2017
- 5 lots presold

Willows at Bayou Fountain | Developer: **Alvarez Construction**

- Location: Highland & Bluebonnet, East Baton Rouge Parish
- Proposed Number of Lots: 54 Lots, First Filing, Future Filings proposed
- Lot Price Range Price Range: $50,000 - $60,000
- Lot Size: 50' X 120'
- Home Size: 1,800 – 2,100 Sq.Ft.
- Home Price Range: $275,000 - $325,000
- Projected Completion Date: Summer 2017
- Alvarez Construction will build homes on all 54 lots

Bienvenue Development, Scott Bardwell

Hill Top

- Location: Bennett and Lee, Southdowns Subdivision, East Baton Rouge Parish
- Proposed Number of Lots: 5
- Lot Price Range Price Range: Won't be sold as lots only as improved with homes
- Lot Size: 75' x 300'
- Home Size: 3,000 to 5,000 Sq.Ft.
- Home Price Range: $700,000+
- Projected Completion Date: Spring of 2018

Magnolia Square, Highland District, Second Filing

- Location: Magnolia Square off Lovett Road, Central
- Proposed Number of Lots: 46
- Lot Price Range Price Range: $80,000 to $100,000
- Lot Size: 60' to 70' x 140'
- Home Size: 2,200 to 3,000 Sq.Ft.
- Home Price Range: $400,000 to $600,000
- Projected Completion Date: Spring of 2018
- One Half Acre Lots sloping to the Bayou. Homes built exclusively by Bardwell Construction

Vintage Place

- Location: Jones Creek at Tiger Bend, East Baton Rouge Parish
- Proposed Number of Lots: 41 Courtyard Homes
- Lot Price Range Price Range: No lots sold, only improved properties
- Lot Size: Courtyard development - 41 lots on 6.5 acres
- Home Size: 1,600 to 1,900 Sq.Ft.
- Home Price Range: $250,000 to $300,000
- Projected Completion Date: December 2017
- Access to BREC Walking Park, catered to first-time homebuyer and those wanting to downsize.

DSLD Subdivisions / Properties / Communities

Lake Villas

- Ben Hur Road near Burbank Drive
- 191 planned lots
- Summer 2017

Lakeside Terrace

- Hwy 42 near Hwy 933
- 150 planned lots
- Beginning of 2018

Nickens Lake

- 4H Club Road (Hwy 1032) near Hillon Hood Rd
- 110 planned lots
- Summer 2017

Belle Savanne

- 105 acre development located on Hwy 73 in Prairieville next to Dutchtown High School
- There will be a total of 285 lots which will be developed in 3 phases
- Lots will range from 53' wide to 75 feet wide with depths of 125' long to 180' long
- We will build front load product on the 53' lots and J load product on the 60'+ lots
- Home sizes will range in square footage from 1600 to 3200 sq. ft. and will likely range in price from the low 200's to high 300's.
- The community will feature multiple several common areas and parks, as well as 2 lakes that are roughly 5 acres apiece
- Home construction should begin toward the end of 2017 or early 2018

Pelican Crossing

- 132 acre development located on Hwy 44 in Gonzales across from Pelican Point
- There will be a total of xxx lots which will be developed in multiple phases
- Lots will range from 53' wide to 75 feet wide with depths of 125' long to 180' long
- We will build front load product on the 53' lots and J load product on the 60'+ lots
- Home sizes will range in square footage from 1600 to 3200 sq. ft. and will likely range in price from the low 200's to high 300's.
- Home construction should begin toward the end of 2017

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