

Baton Rouge Multifamily Trends 2018

Presented by:

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The messenger
requests that he
please not be shot.

Baton Rouge Employment Trends

February 2018 job counts (most recent available) for the Baton Rouge metro area were down 2,100 from February 2017.

State Government lost 1,200 jobs over previous year and Construction lost 6,500 jobs over the previous year. Leisure and Hospitality was up 2,700 jobs.

Petro-chemical industry – wrapping up Industrial construction (most current construction projects will wrap up by end of 2018)

Temporary workers in region due to Flood are now significantly fewer



Baton Rouge Employment Trends

Louisiana Economic Outlook (Loren Scott) indicated that Baton Rouge will add 2,900 jobs in 2018 and an additional 3,300 jobs in 2019;

Construction jobs peaked in 2016

Unemployment in Baton Rouge is 3.5% (down from 4.6% a year ago), while the unemployment rate for the State of Louisiana is 4.0%.

Projections from 2 years ago

- Actual Rents will Decrease and Vacancy Rates will Increase
- Concessions will Increase
- We expect vacancies to be higher next year (and the next)
- We were wrong with those projections due to the Flood of 2016, which had a short-term effect on our rental market

Baton Rouge Apartment Rental Data

2018 Rental Survey

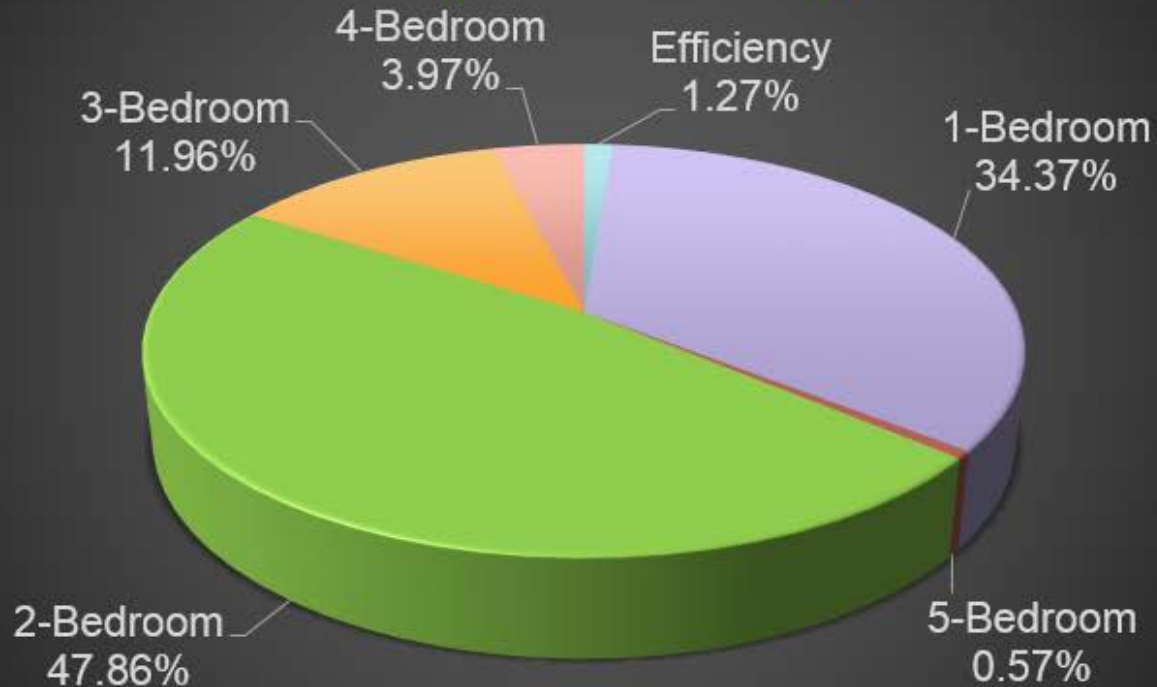
Complexes surveyed

Full Data Set **220+ complexes containing roughly 35,000 units**

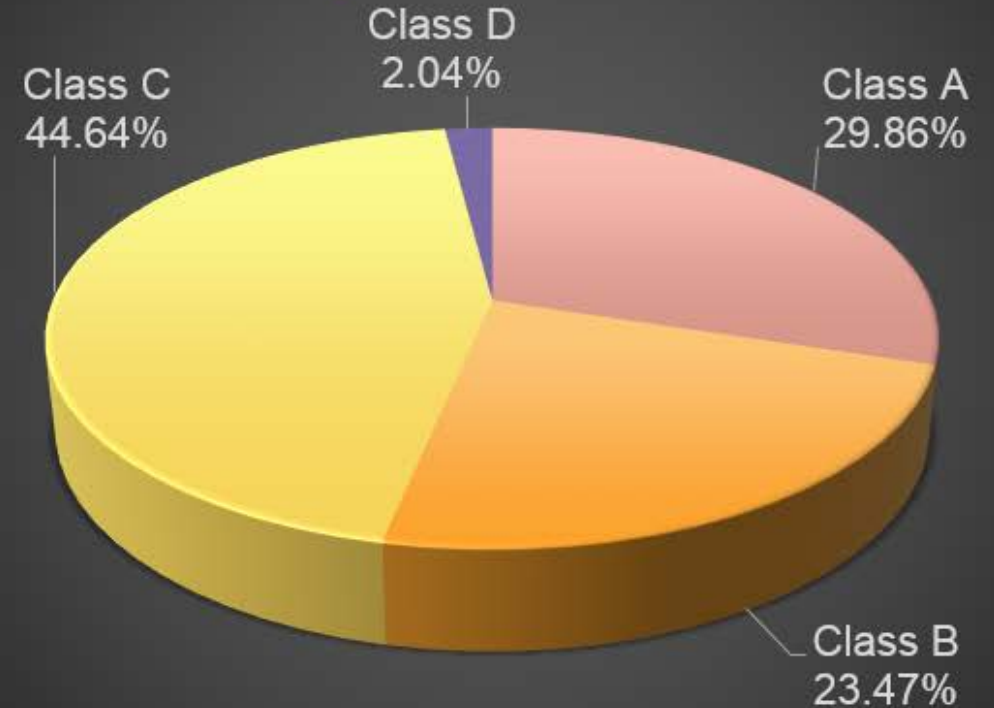
Matched Sample **140+ complexes containing roughly 21,000 units**

Rental Survey – Full Data Set Stats

Units by Bedroom Type



Units by Construction Class



Historical Apartment Rental Trends

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

Time Period	Trend		
Spring 2005 – Spring 2006	↑	10%	Katrina Effect
2010 - 2011	↑	Flat	Katrina Hangover
2017	↑	4%	Flood of 2016

Matched Data Set (141 Complexes)

Date	Avg Rent/SF		Trend	Vacancy
2014 Survey	\$0.97	↑	2.05%	4.75%
2015 Survey	\$0.99	↑	2.06%	5.97%
2016 Survey	\$1.00	Flat	0.00%	5.69%
2017 Survey	\$1.04	↑	4.00%	2.11%
2018 Survey	\$1.00	↓	3.85%	6.53%

- Significant concessions were found in the regional market, with roughly 40% of the complexes offering concessions
- In 2016, only 20% of the complexes were reporting concessions

Submarket Analysis (Matched Sample)

Submarket	Avg Rent/SF	Rent Change Since 2016	Vacancy 2016	Vacancy 2018
Central Business District (CBD)	\$1.54	+1.1%	3.3%	10.0%
LSU By-the-Bed Complexes	\$1.54	-7.1%	9.8%	16.2%
LSU Standard Complexes	\$1.13	+3.8%	8.2%	11.2%

- Both CBD and LSU By-the-Bed markets have a significant amount of new construction entering their respective markets in 2018.
- LSU On-Campus Housing is roughly 12.6% vacant

Construction Class Analysis (Matched Sample)

Class	Avg Rent/SF	Rent Change Since 2016	Vacancy 2016	Vacancy 2018
Class A	\$1.24	-5.2%	4.8%	8.1%
Class B	\$1.00	+4.2%	5.3%	6.2%
Class C/D	\$0.84	+3.8%	6.5%	5.8%

Class A market saw drop in rents, while older properties all saw increases in rents. This trend is expected to continue into 2018-2019.

Completed Complexes for 2017

Conventional Complexes - Completed in 2017

Name	Address	# of Units
Tapestry Long Farm	16333 Columns Way	276
Tapestry Bocage	7857 Jefferson Highway	124
River House	101 River House Place	224
Zachary Parkside – Phase II	20051 Old Scenic Hwy	40
Total Conventional Units		664

River House on Nicholson





River House



River House



River House

Student Complexes Completed in 2017

Name	Address	# of Units	# of Beds
Park Place Baton Rouge	222 East Boyd Drive	280	745
Total Student Units		280	745



Park Place on East Boyd



Park Place



Park Place



Park Place



Park Place



Park Place

Affordable Complexes Completed in 2017

Name	Address	# of Units
Port Royal	6454 Airline Highway	192
Total Affordable Units		192



Port Royal



Port Royal



**Port
Royal**



Port Royal



Port Royal



Trends in Regional Apartment Market

- Additional Phases of existing developments – Infill sites
(1 built, 4 under construction and 4 proposed)
- Premiums, Premiums, Premiums
Upgrade Premiums, Appliance Premiums, Trash Premiums,
Pest Control Premiums, Reserved Parking Premiums, etc.

1 Complex was charging 9 different Premiums

Trends in Regional Apartment Market

- Revenue Management Systems – Roughly 15% of the complexes surveyed are using some type of RMS (Rent Maximizer, Yield Star, etc.)
- Extensive amenity packages on newer properties and
Older properties are upgrading amenity packages

Extensive Common Area Amenities



**Clubhouses,
Gamerooms,
Lounges**

Extensive Common Area Amenities



**Outdoor
Amenities**

Extensive Common Area Amenities



**Rooftop
Amenities**

Extensive Common Area Amenities



**Large Workout
Areas,
Yoga Rooms**

Extensive Common Area Amenities



**Golf
Simulator**

Other National Apartment Trends

Apartment Trends



**Fingerprint
Scanners**

Apartment Trends



**Package
Lockers**

Apartments Under Construction for 2018 - 2019

Complexes Under Construction for 2018-2019

Conventional – Baton Rouge

Name	Address	# of Units
The Elias	Napoleon at America (CBD)	25
Lofts at 6C	6 th Avenue (CBD)	144
Park Rowe	Perkins Rowe Road	334
Bayonne at Southshore	Stanford Ave at LSU Lakes	240
Lakeside Villas – Phase II	Millerville Rd at Interstate 12	144
Highland Club – Phase III	17505 Jefferson Highway	39
Electric Depot – Phase I	1509 Government Street	16
Total Baton Rouge Units		942

Complexes Under Construction for 2018-2019

Conventional - Surrounding Areas

Name	Address	# of Units
Shoecreek	Sullivan Road (Central)	210
The Palms at Juban Lakes	11020 Buddy Ellis Rd (Denham)	144
Springs at Juban Crossing	10077 Juban Crossing (Denham)	272
Manchac Lake	Airline at Bayou Manchac (Prairieville)	272
Silver Oaks	Airline Hwy at Germany Rd (Prairieville)	300
Legacy at Gonzales	Veterans Blvd (Gonzales)	212
Conway Plantation	LA Highway 44 (Gonzales)	280
Total Suburban Units		1,690

Upscale Complexes in Ascension Parish

Name	# of Units
Lakeside Oaks at Dutchtown	252
Village at Fountain Lake	240
Mansions at Ivy Lake	240
Total Upscale Units	732

Name	# of Units
Manchac Lakes (2018)	272
Legacy at Gonzales (2019)	212
Silver Oaks (2019)	300
Conway Plantation (2019)	280
Total New Units Under Construction	1,064
Sawgrass Point (2019)	272
Total U.C. and Planning Stages	1,336

- Three upscale complexes completed in 2005-2008; None completed since then
- In 2018, 1,064± units are under construction with 272± additional units on the way, for a total number of upscale units in Ascension Parish of 2,068± by end of 2019

Complexes Under Construction for 2018-2019

Affordable Complexes

Name	Address	# of Units
Meadows at Nicholson	Nicholson Drive at Gardere Lane	228
River South Scattered Site	1667 Highland Rd and Various Sites	46
The Elysian – Phase II	1120 Spanish Town Road	100
Total Affordable Units		374

Nicholson Gateway Project



- **28-Acre Site on Nicholson Drive Across from Tiger Stadium**
- **1,525 new upper-class and graduate beds**
- **38,000 square feet of retail space**
- **10,000 square feet of University Recreation Space**
- **1,625 new parking spaces**



Nicholson Gateway



Nicholson Gateway

Complexes Under Construction for 2018

Student Complexes

Name	Address	# of Units	# of Beds
Nicholson Gateway	Nicholson Drive at LSU	761	1,525
The Retreat – Phase II	2000 Brightside Drive	44	44
Total Student Units		805	1,569

LSU On Campus Residences			# of Beds
Spruce Hall	Completion – Fall 2018		421

Two other Residence Hall (694 beds) completed in 2014 and 2015

Kirby Smith Hall (577 beds) will be demolished in 2018 and Cedar Hall (405 beds) will be built on the same site for a net loss of 172 beds

Student Complex Recap

LSU ENROLLMENT	# of Students
Fall 2010	28,771
Fall 2017	30,863
Enrollment Growth from 2010 – 2017	2,092

Total Student Beds Completed (net)	# of Beds
2010 – 2014	3,337
2015 – 2017 (net)	3,760
Total Student Beds 2010 – 2017	7,097
2018 (Under Construction)	1,990
Total Student Beds 2010-2018 (net)	9,087

- Fall enrollment has steadily decreased over the last several years from 31,527± students in Fall 2015 to 31,414± students in Fall 2016, to 30,863± students in Fall 2017 (loss of 664± students or a decrease of 2.1%)
- The construction figures take into account the 1,116± beds that were demolished on the Nicholson Gateway site (former married student housing units)

Other Factors Affecting Student Complexes

- In Fall 2018, all LSU Freshmen will be required to live on campus (with a few exceptions) – Expected net increase of 1,300± students living on campus next year
- Uncertainty of TOPS scholarship program
- Shadow (condo) rental market

Proposed Complexes for 2018 - 2019

Apartment Complexes Proposed for 2018-2019

Student Complexes

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

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

Upscale Complexes Proposed for 2018-2019

Baton Rouge

Name	Address	# of Units
Lafayette House	342 Lafayette Street (CBD)	20
Citiscaple at Essen – Phase II	Mancuso Lane	83
Mansions in the Park – Phase II	Perkins Road	144
Electric Depot – Phase II	1509 Government Street	120
Royal Palms	10245 Airline Highway @ I-12	126
Lofts at Dawson Creek	Picardy Drive and Summa Ave	144
Pelican Lakes	Pelican Lake Drive	345
Total Baton Rouge Units		982

Apartment Complexes Proposed for 2018-2019

Baton Rouge Suburbs

Name	Address	# of Units
Sawgrass Point	Veterans Blvd (Gonzales)	272
Sweetwater Point	LA Highway 1 (Addis)	276
Parc at Denham – Phase II	LA Highway 16 (Denham Springs)	143
Total Suburban Units		691

Apartment Complexes Proposed for 2018-2019

Affordable Complexes

Name	Address	# of Units
Peaks of Baton Rouge	North Bon Marche Drive	48
Cypress at Gardere	Gardere South of Highland	99
Cypress River Lofts	Oklahoma Street	15
Total Affordable Units		162

Units Built 2006-2018 & Under Construction

	Total Completed 2006 - 2013*	Total Completed 2015 – 2017	Under Construction 2018
Conventional	3,946	1,983	2,632
Upscale Student	1,218	1,489	805
Affordable Housing (LIHTC)	1,773	491	374
Total # of Units	6,937	3,963	3,811
Units per year	867		

*Only one 50-unit affordable complex completed in 2014

Units Built

2006-2013 vs. 2015-2018

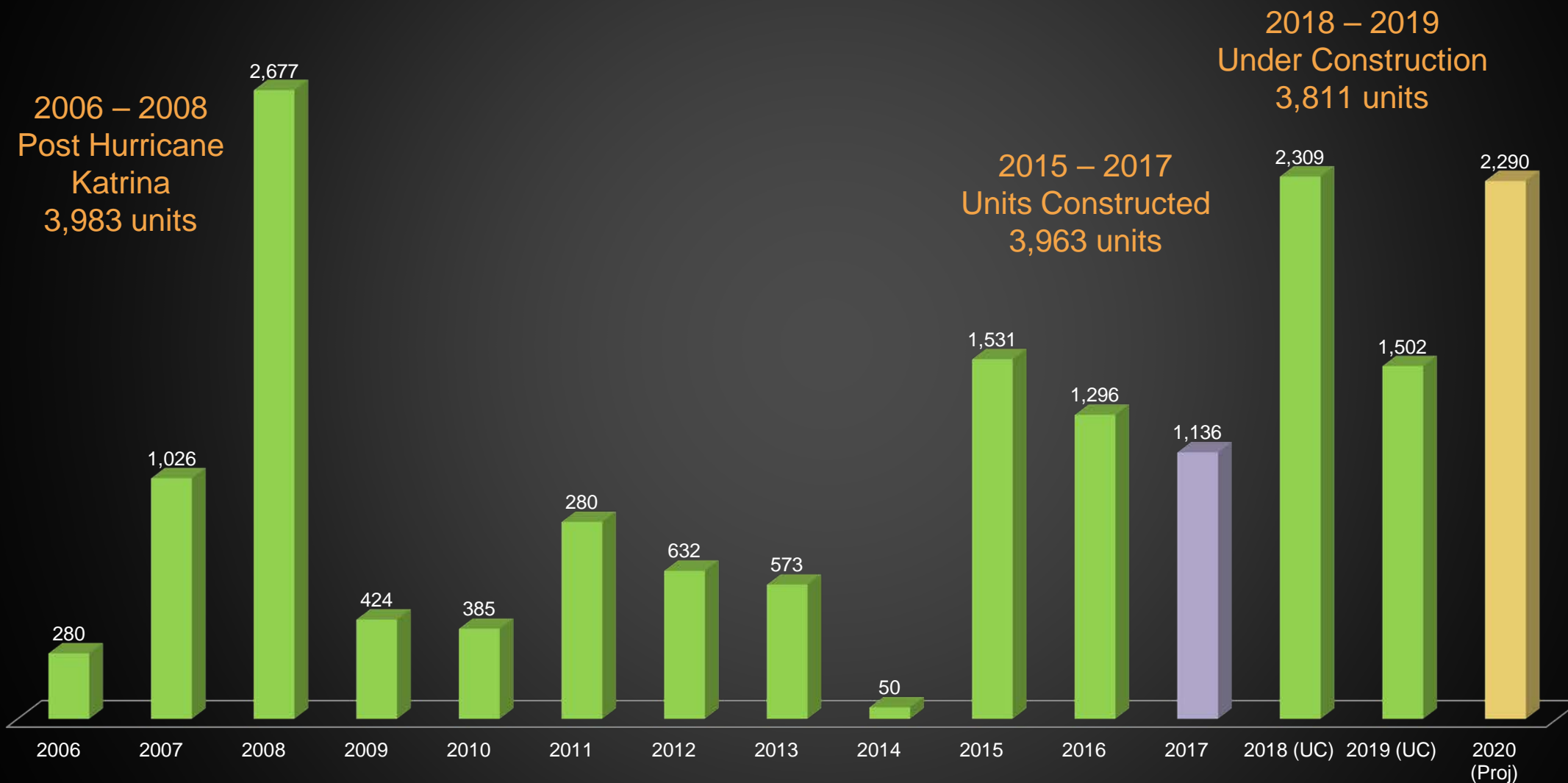
	Total Completed 2006 - 2013*	Completed 2015 - 2017 and U. C. 2018	Total 2006-2018
Conventional	3,946	4,615	8,561
Upscale Student	1,218	2,294	3,512
Affordable Housing (LIHTC)	1,773	865	2,638
Total # of Units	6,937	7,774	14,711
Units per year	867	1,944	1,132

Units Proposed for 2019 - 2020

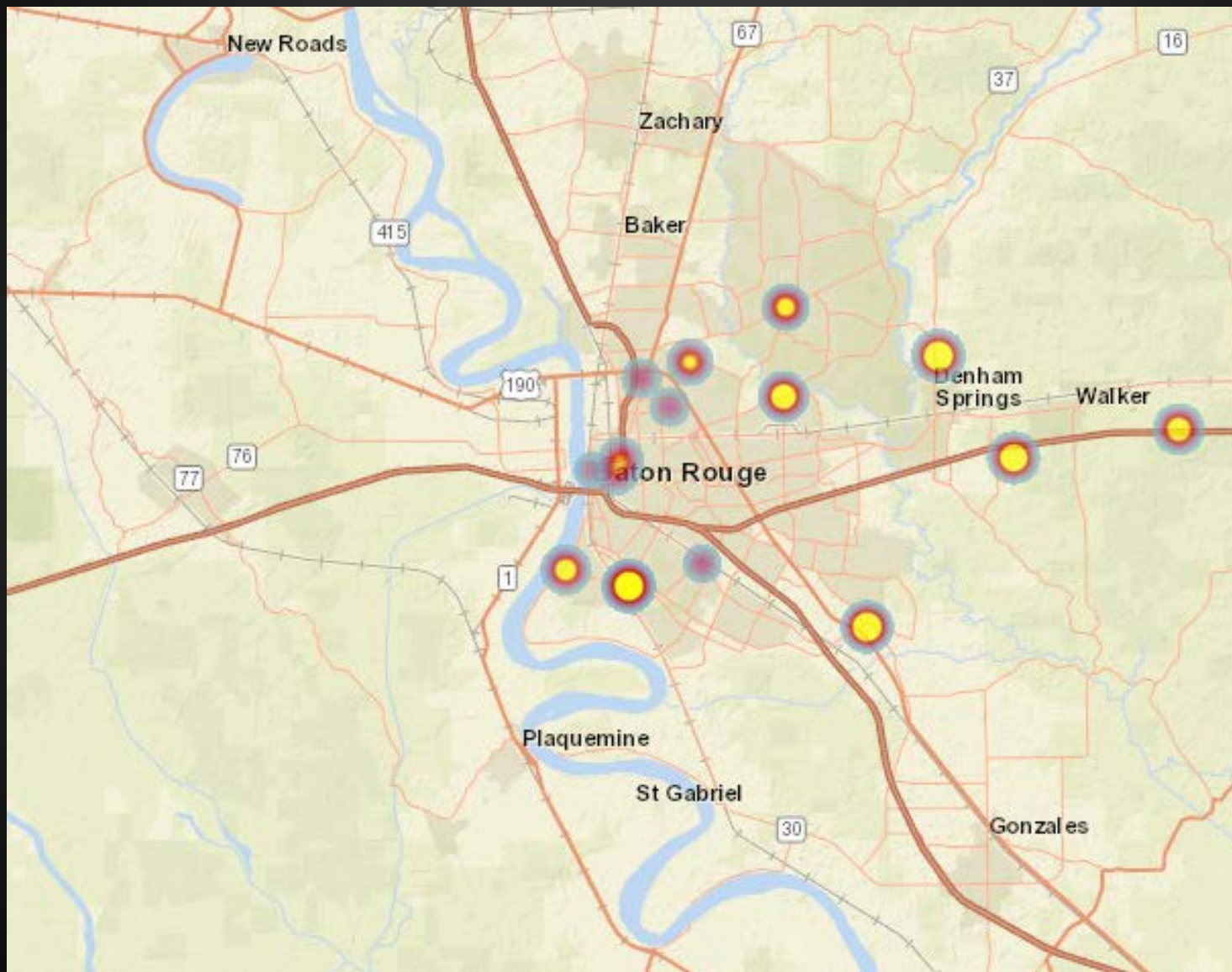
	Proposed - Likely	Proposed – Less Likely	Total Proposed
Conventional – Baton Rouge	838	144	982
Conventional - Suburbs	548	143	691
Upscale Student	455	0	455
Affordable (LIHTC) Housing	48	114	162
Total	1,889	401	2,290

➤ NO ONE IS IMMUNE TO THE NEW / PROPOSED CONSTRUCTION

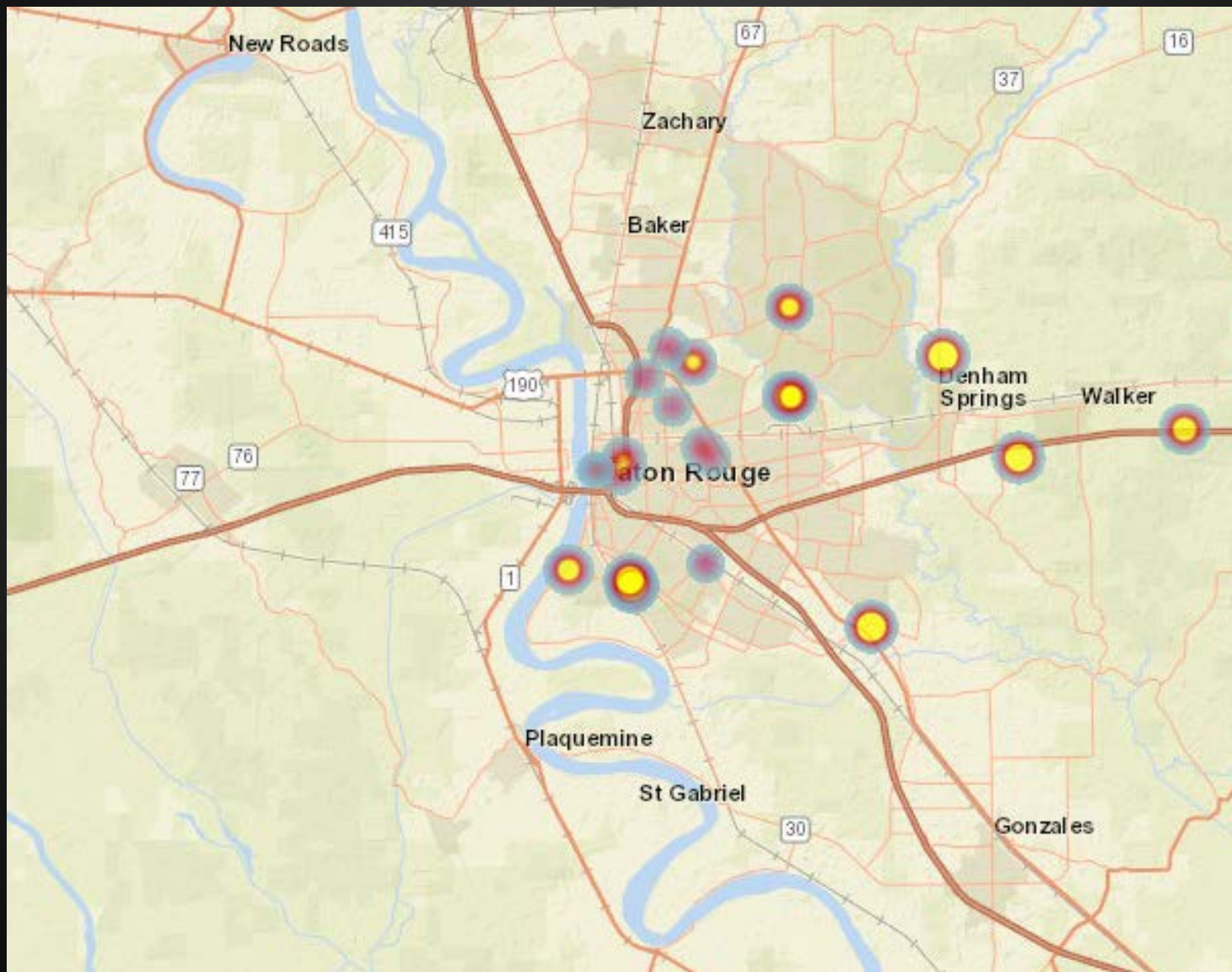
Number of Units Completed/Proposed 2006-2020



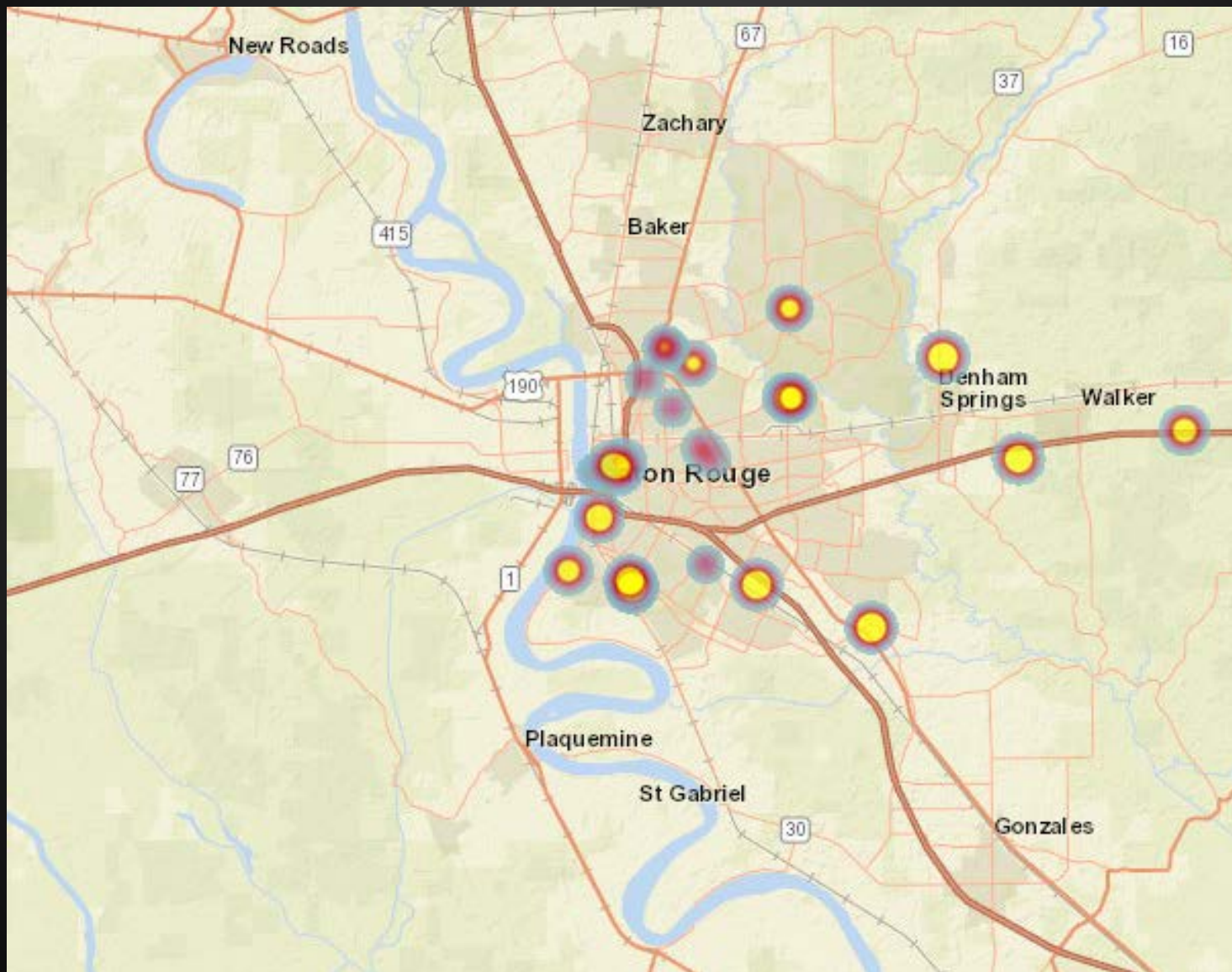
Apartments Completed in 2009 - 2011



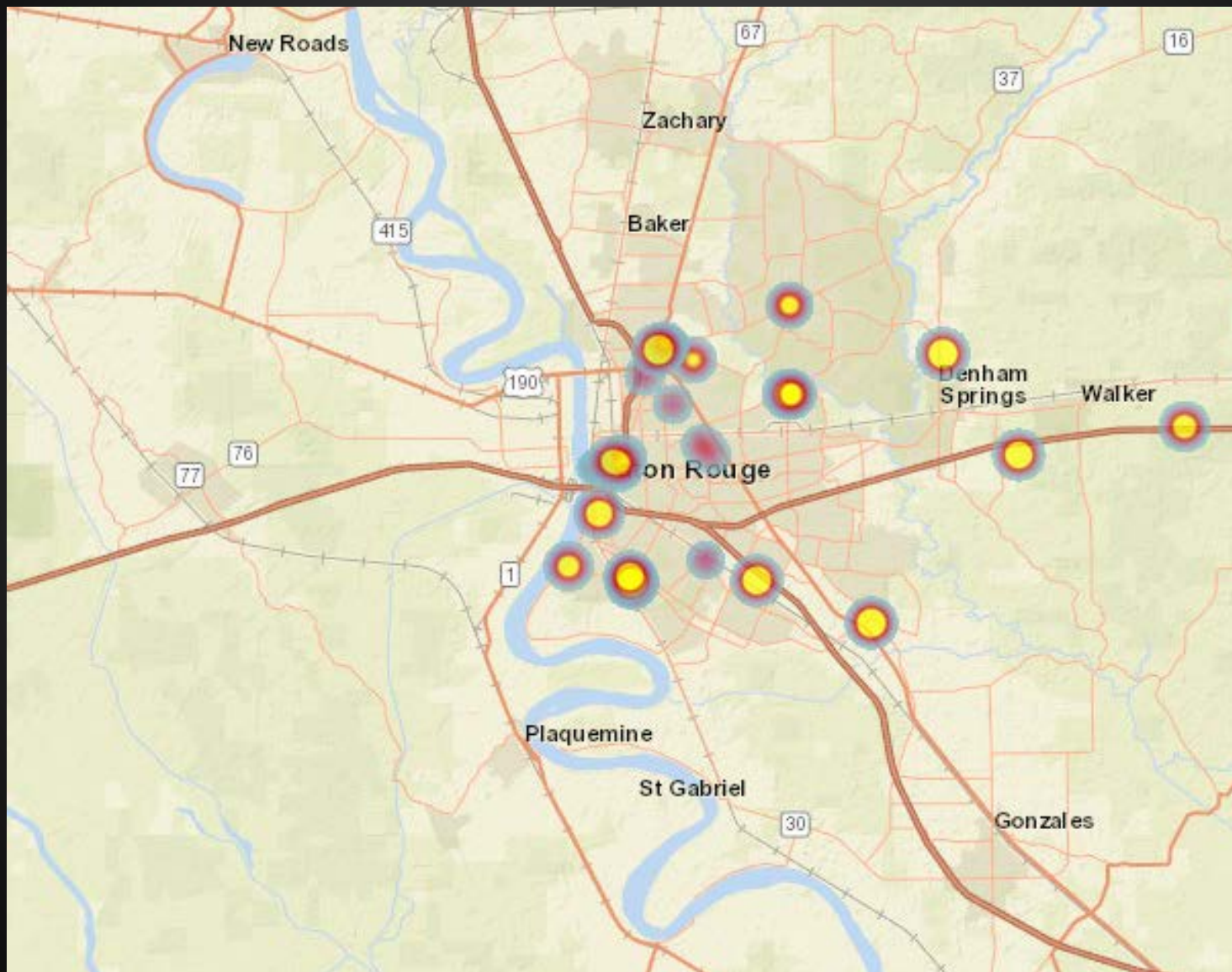
Apartments Completed in 2009 - 2012



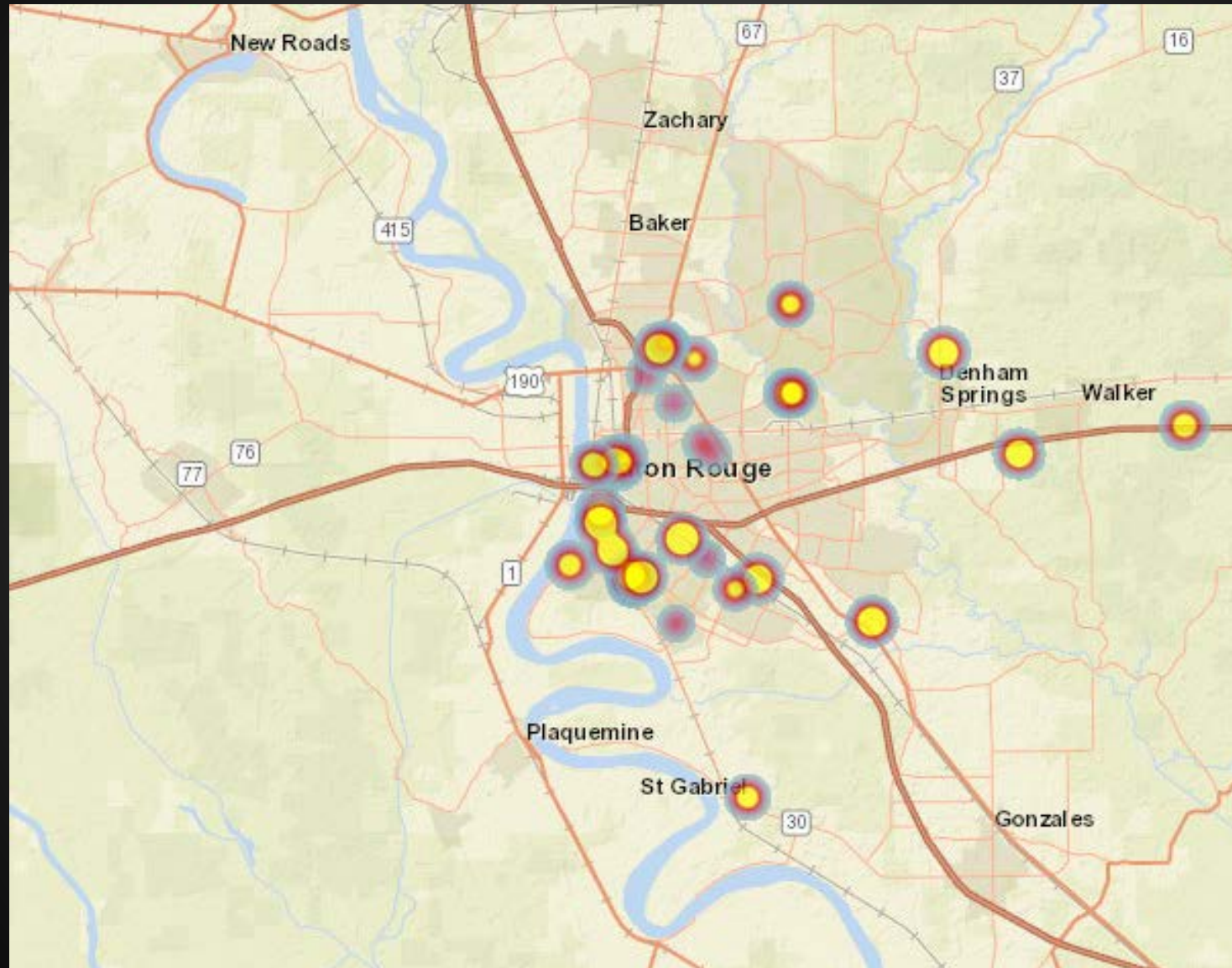
Apartments Completed in 2009 - 2013



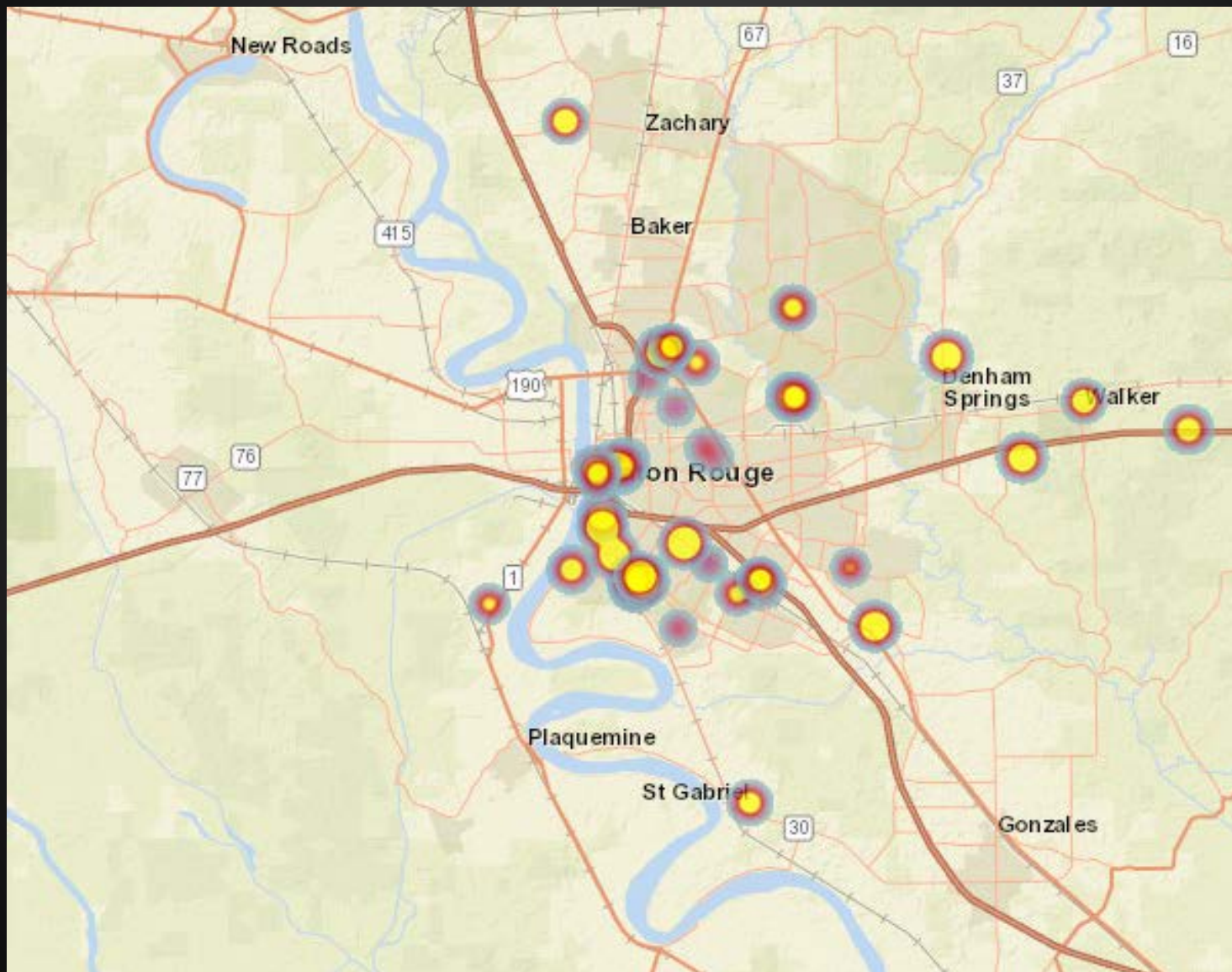
Apartments Completed in 2009 - 2014



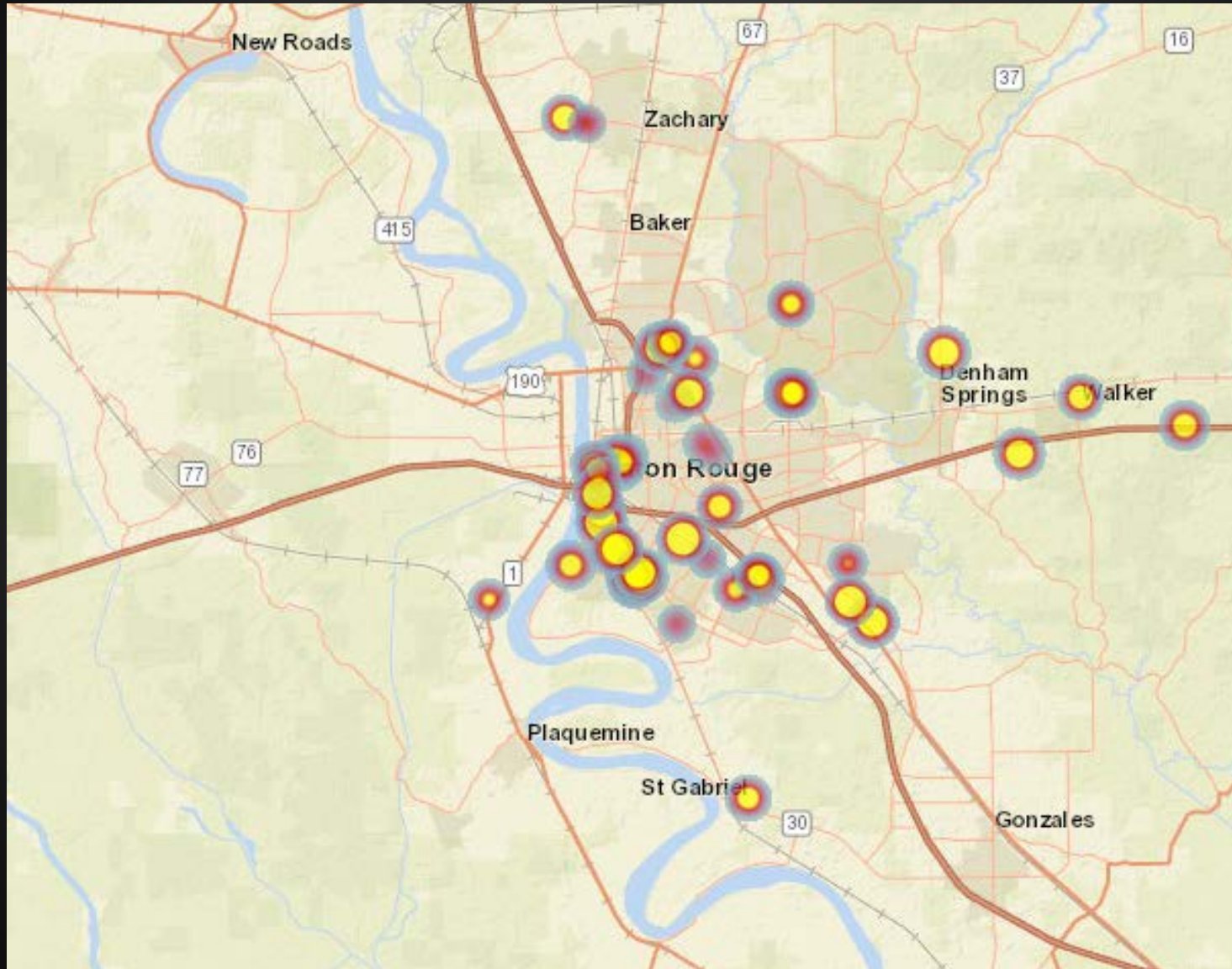
Apartments Completed in 2009 - 2015



Apartments Completed in 2009 - 2016

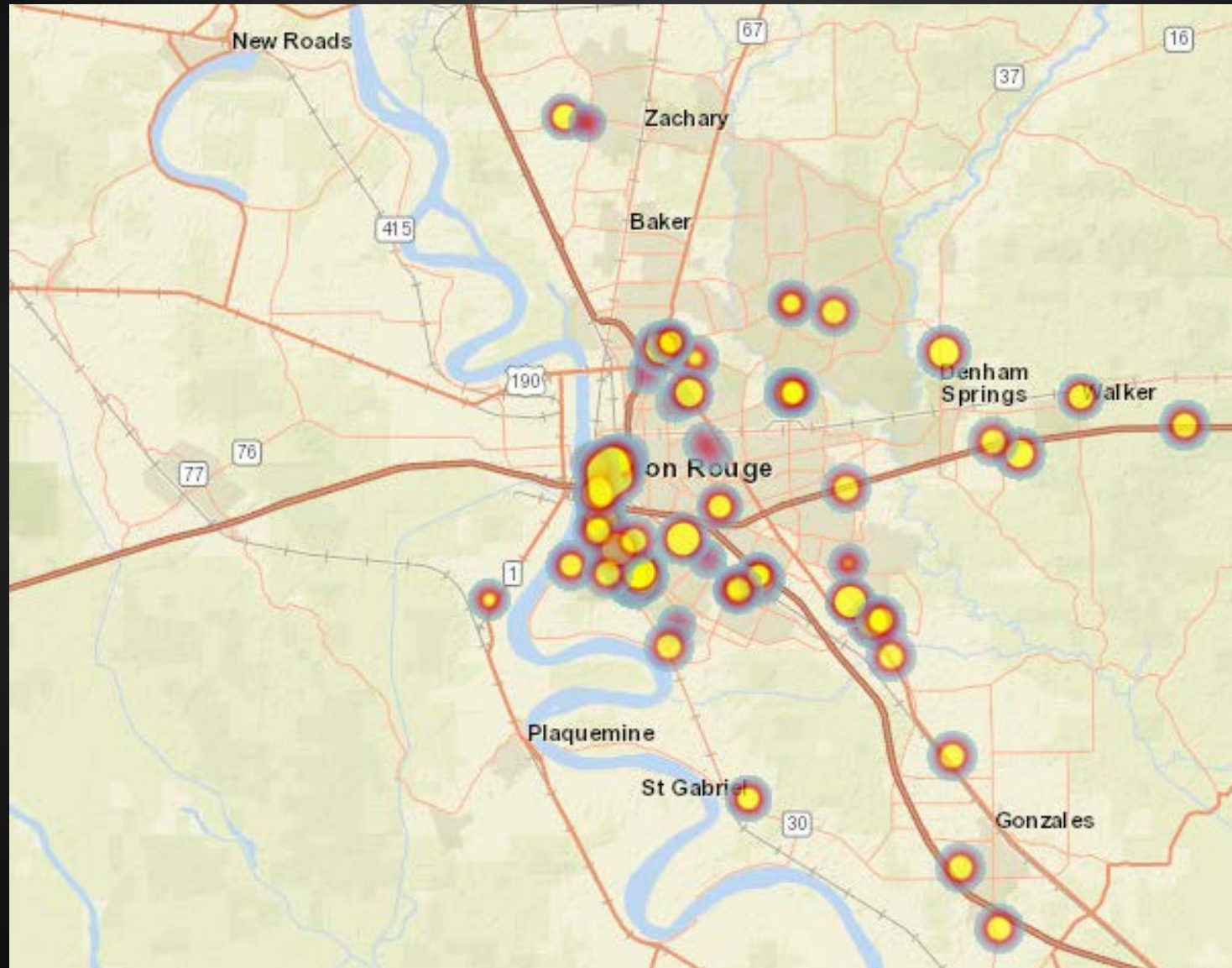


Apartments Completed in 2009 - 2017

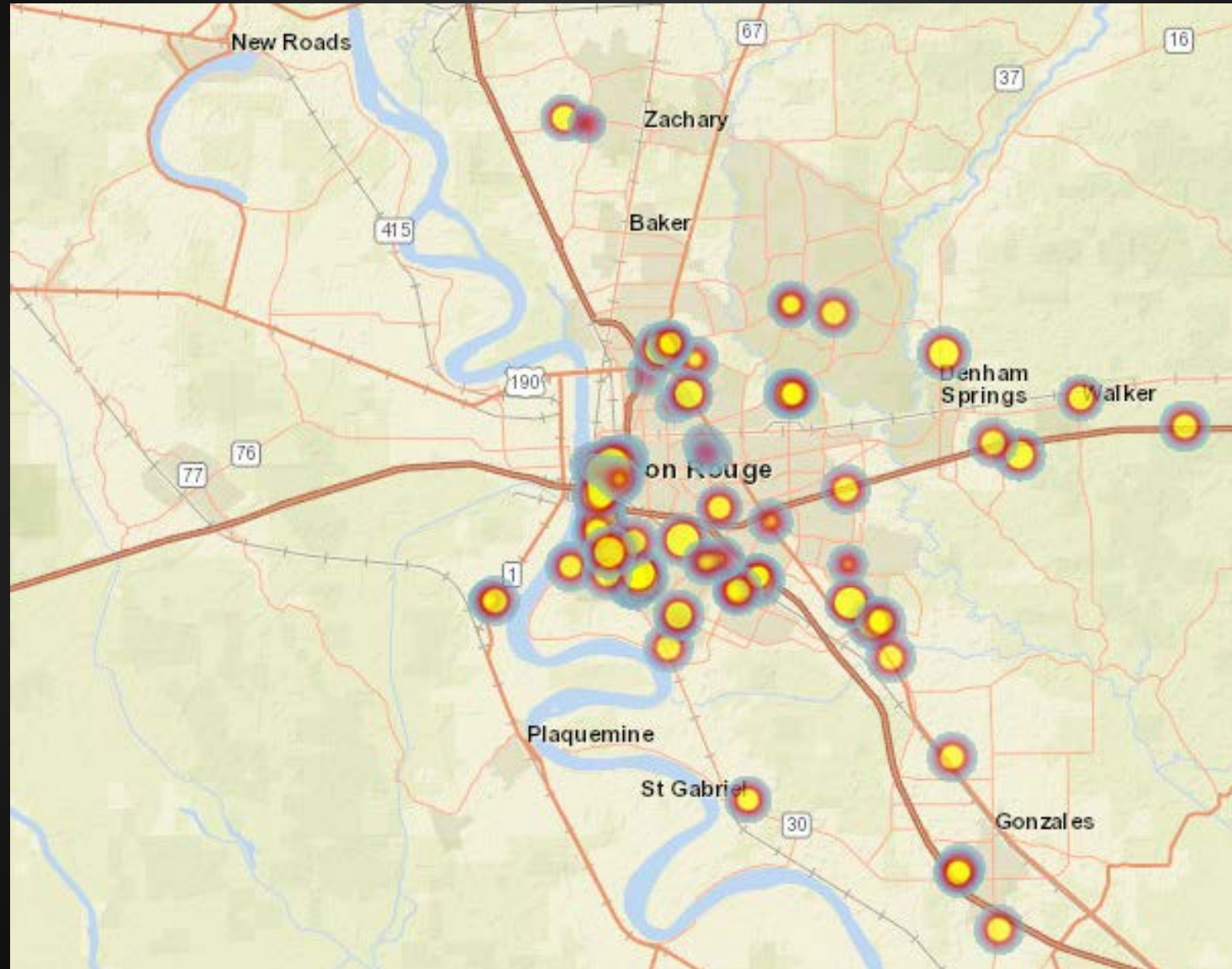


**See Any Areas
With No New
Construction??**

Apartments Completed in 2009 – 2017 Plus Under Construction 2018



Completed in 2009 – 2017 Plus U.C. 2018 Plus Planned 2019-2020



Baton Rouge Apartment Sales for 2017

Trends Capsule – 2017 Apartment Sales

38 Apartment Complexes Sold
Totaling Roughly \$367,350,000

- Only accounts for 40+ unit complexes

Student Apartment Sale 2017



Sterling Burbank 4194 Burbank Drive

Date	December 20, 2017
Price	\$ 62,000,000
\$/SF	\$232.37
\$/Unit	\$263,830

Class A Apartment Sale 2017



Gates at Citiplace 2500 Gates Circle

Date	August 3, 2017
Price	\$ 59,645,000
\$/SF	\$ 155.46
\$/Unit	\$ 161,640

Womack Portfolio Sale 2017



Kean Place
Crestworth
Rose Garden
Evangeline Place
Sycamore Court

Date	May 2017
Reported Price	\$3,054,000
\$/SF	\$20.20
\$/Unit	\$25,664

- Five Properties in Northern Baton Rouge With a Total of 119 Units

NOLA Developers - Melrose East Portfolio



Cabana Gardens
Cezanne Square
Degas Manor
Bon Carre' Court

Date	January 2018
Reported Price	\$10,642,400
\$/SF	\$44.65
\$/Unit	\$34,100

- Five Properties in Melrose East Containing a Total of 312 units

Property Sales 2017 – Baton Rouge

Name	Address	# of Units	\$/SF	\$/Unit
Cypress Lakes	7200 Cypress Lake Blvd	314	\$118.57	\$139,490
Cobblestone	5431 Essen Lane	191	\$75.59	\$79,963
Live Oak Trace	7615 Magnolia Beach (DS)	264	\$96.18	\$100,600
Siegen Oaks	10125 Siegen Lane	44	\$79.37	\$84,090
Aspen Place	2202 North Lobdell Blvd	117	\$61.46	\$52,990
Pelican Bay	2121 North Lobdell Blvd	152	\$63.46	\$54,275
Springtree	30600 LA Hwy 16 (DS)	72	\$30.61	\$31,250

Property Sales 2017 – Baton Rouge

Name	Address	# of Units	\$/SF	\$/Unit
St. Jean	16441 S. Harrell's Ferry	624	\$46.70	\$53,285
Suburban Apts	6515 Hanks Drive	139	\$21.34	\$15,150
Ned Apts	Various Units on Ned Ave	52	\$36.50	\$21,540
Willow View	8069 Ned Avenue	26	\$35.45	\$20,925
Bengal Court	1413 Jim Taylor Dr	30	\$25.51	\$26,667
Magnolia Trace	11585 N. Harrell's Ferry	245	\$35.22	\$34,694
Copper Ridge	2080 N. Lobdell Blvd.	313	\$36.26	\$30,351

Summary and Conclusions

Market Summary

- Rents -Down from last year; Flat for last 3 surveys (excluding 2017)
Class A – down 5.21%; Class B/C/D increased
- Concessions – 40% of properties currently offering concessions
- Vacancy - 6.53% for the matched sample of complexes
7.87% for the full data set.
- Construction – A lot of units built and/or under construction

Projections from 2 years ago

- Actual Rents will Decrease and Vacancy Rates will Increase
- Concessions will Increase
- We expect vacancies to be higher next year (and the next)

Projections for 2018 - 2019

- Rents will continue to decline and vacancies will continue to increase (especially in certain segments of the market - primarily due to new supply entering market)
- We expect concessions to continue, if not increase

Projections for 2018 - 2019

- Need to keep an eye on certain submarkets
 - LSU student market
 - Ascension Parish market with 4 complexes under construction and 1 proposed, totaling 1,336± additional units
- It is still a Seller's market – few properties for sale
 - Baton Rouge is attractive to national investors for certain property types

Thanks to....

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