

Baton Rouge Multifamily Trends 2019

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Baton Rouge Employment Trends

- February 2019 job counts (most recent available) for the Baton Rouge metro area were up 2,500 from February 2018.
- Unemployment in Baton Rouge is 4.0% (up from 3.9% a year ago), while the unemployment rate for the State of Louisiana is 4.4%.
- Louisiana Economic Outlook (Loren Scott) projects that Baton Rouge will add 6,000 jobs in 2019 and an additional 8,100 jobs in 2020.

Baton Rouge Employment Trends

- Baton Rouge Health District is expanding with new OLOL Children's Hospital, new Ochsner Hospital at High Grove and expansions at Baton Rouge General
- Petro-chemical industry – wrapping up Industrial construction with \$15.8 billion of the reported \$18.9 billion completed; \$3.1 billion still to come
- Baton Rouge doesn't like Acronyms – First it was TOPS, then COA and now ITEP

Baton Rouge Apartment Rental Data

2019 Rental Survey

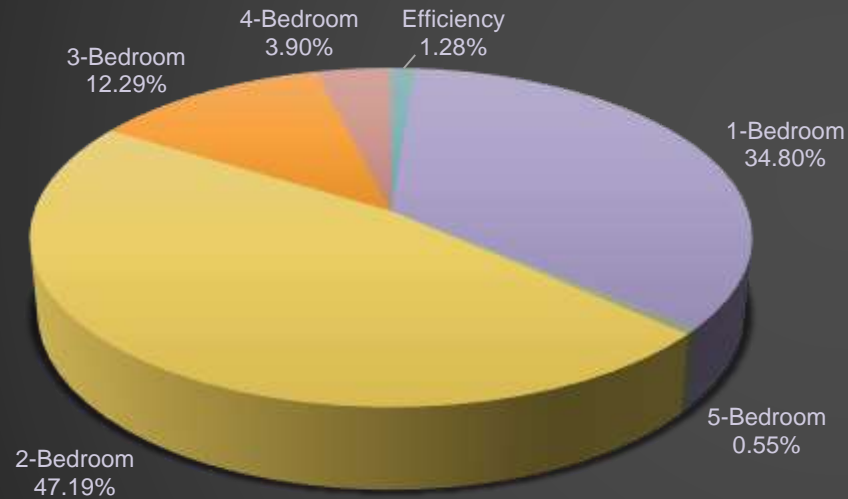
Complexes surveyed

Full Data Set **230+ complexes containing roughly 36,000 units**

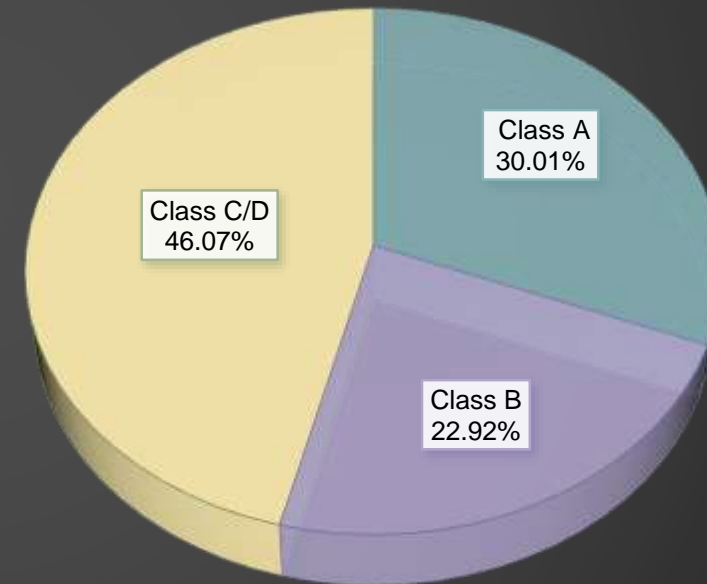
Matched Sample **175+ complexes containing roughly 23,000 units**

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 (177 Complexes)

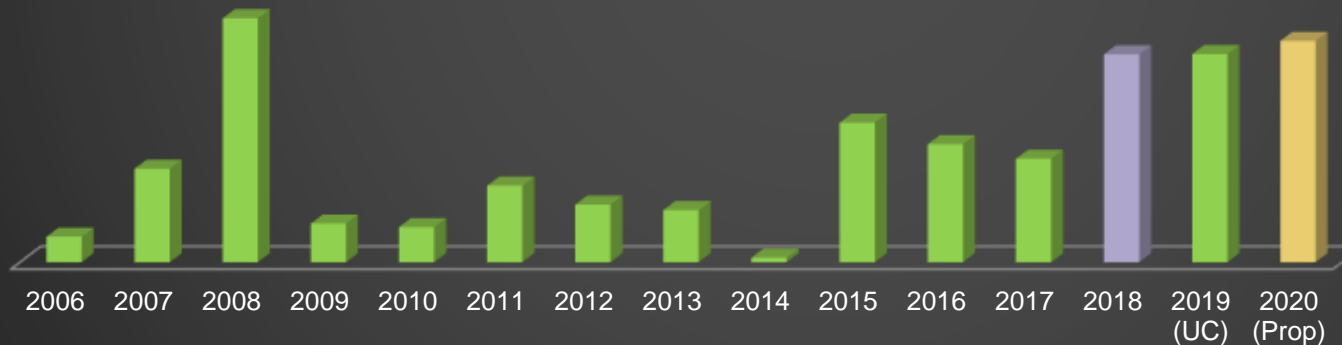
Date	Avg Rent/SF	Trend		Vacancy
2015 Survey	\$1.04	↑	2.05%	5.97%
2016 Survey	\$1.04	Flat	0.00%	6.21%
2017 Survey	\$1.08	↑	3.85%	2.67%
2018 Survey	\$1.04	↓	3.70%	7.62%
2019 Survey	\$1.02	↓	1.92%	9.34%

Flood

Matched Data Set (177 Complexes)

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2016 Survey	\$1.04	Flat	0.00%	6.21%
2018 Survey	\$1.04	Flat	0.00%	7.62%
2019 Survey	\$1.02	↓	-1.92%	9.34%

Rents were effectively flat from 2015 – 2018 and dropped roughly 2% in 2019



Matched Data Set (177 Complexes)

- Full Data Set (of 234 complexes) is reporting 9.54% Vacancy, which means there are roughly 3,429± vacant units in the market
- Significant concessions were found in the regional market, with roughly 42% of the complexes offering concessions (last year, roughly 40% were offering concessions)
- In 2016, only 20% of complexes were reporting concessions

Submarket Analysis (Matched Sample)

Submarket	Avg Rent/SF	Rent Change Since 2018	Vacancy 2018	Vacancy 2019
Baton Rouge – Class A	\$1.20	-1.6%	6.6%	9.2%
Central Business District (CBD)	\$1.60	+3.2%	10.0%	7.5%
LSU By-the-Bed Complexes	\$1.45	-5.8%	16.2%	19.3%
LSU Standard Complexes	\$1.03	-7.2%	11.2%	11.1%

- LSU On-Campus Housing is roughly 3.0% vacant; Nicholson Gateway has a waitlist for Fall 2019

Construction Class Analysis (Matched Sample)

Class	Avg Rent/SF	Rent Change Since 2018
Class A	\$1.28	-3.8%
Class B	\$1.02	-1.0%
Class C/D	\$0.84	+0.0%

Vacancy 2016	Vacancy 2018	Vacancy 2019
5.8%	10.2%	12.4%
6.0%	7.8%	8.2%
6.7%	5.9%	8.0%

- Class A and Class B markets saw drop in rents and increases in vacancy since 2016.
- Vacancies in all classes have risen; No one is immune.

Completed Complexes for 2018

Conventional Complexes - Completed in 2018

Name	Address	# of Units
The Elias (CBD)	141 Napoleon Street	25
Bayonne at Southshore	900 Stanford Avenue	240
Park Rowe Village	10201 Park Rowe Avenue	334
Lakeside Villas – Phase II	2455 Weldwood Drive	144
The Palms at Juban Lakes	11020 Buddy Ellis Road (Denham)	144
Springs at Juban Crossing	10077 Juban Crossing Blvd (Denham)	272
Manchac Lake	17950 Airline Highway (Prairieville)	272
Total Conventional Units		1,431



Park Rowe Village



Park Rowe Village



Park Rowe Village



Park Rowe Village



Park Rowe Village



Park Rowe Village



**Bayonne at
Southshore**



**Bayonne at
Southshore**



**Bayonne at
Southshore**



**Bayonne at
Southshore**



**Bayonne at
Southshore**



**Bayonne at
Southshore**

Student Complexes Completed in 2018

Name	Address	# of Units	# of Beds
The Retreat – Phase II	2000 Brightside Drive	44	44
Spruce Hall (LSU)	Spruce Lane		421
Nicholson Gateway (LSU)	3650 Nicholson Drive	761	1,525
Total Student Units		805	1,990



**Nicholson
Gateway**



**Nicholson
Gateway**



**Nicholson
Gateway**



**Nicholson
Gateway**



**Nicholson
Gateway**



Nicholson Gateway



**Nicholson
Gateway**

Affordable Complexes Completed in 2018

Name	Address	# of Units
River South SS	1667 Highland Road and Various Other Sites	46
Total Affordable Units		46



River
South



**River
South**



**River
South**



**River
South**



**River
South**

Trends in Regional Apartment Market

- Revenue Management Systems – Roughly 19% of the complexes surveyed are using some type of RMS (Rent Maximizer, Yield Star, etc.); This is up from 15% last year.
- Renovations – Many properties are undergoing upgrades or renovations to become more competitive
- Home Automation – Front door locks, lights, A/C systems can be controlled with smart phone or from main office

Trends in Regional Apartment Market

- More abundant and nicer outdoor amenities – Covered cabanas, outdoor grills and TVs, Dog parks, etc.
- Premiums, Premiums, Premiums
 - Upgrade Premiums, Appliance Premiums, Valet Trash Premiums, Pest Control Premiums, Reserved Parking Premiums, etc.



**Premium
Parking**



**Premium
Parking**

Other National Apartment Trends

Apartment Trends



Humphreys & Partners Architects

Apartment Trends



**Package
Lockers**

Apartment Trends



Apartment Trends

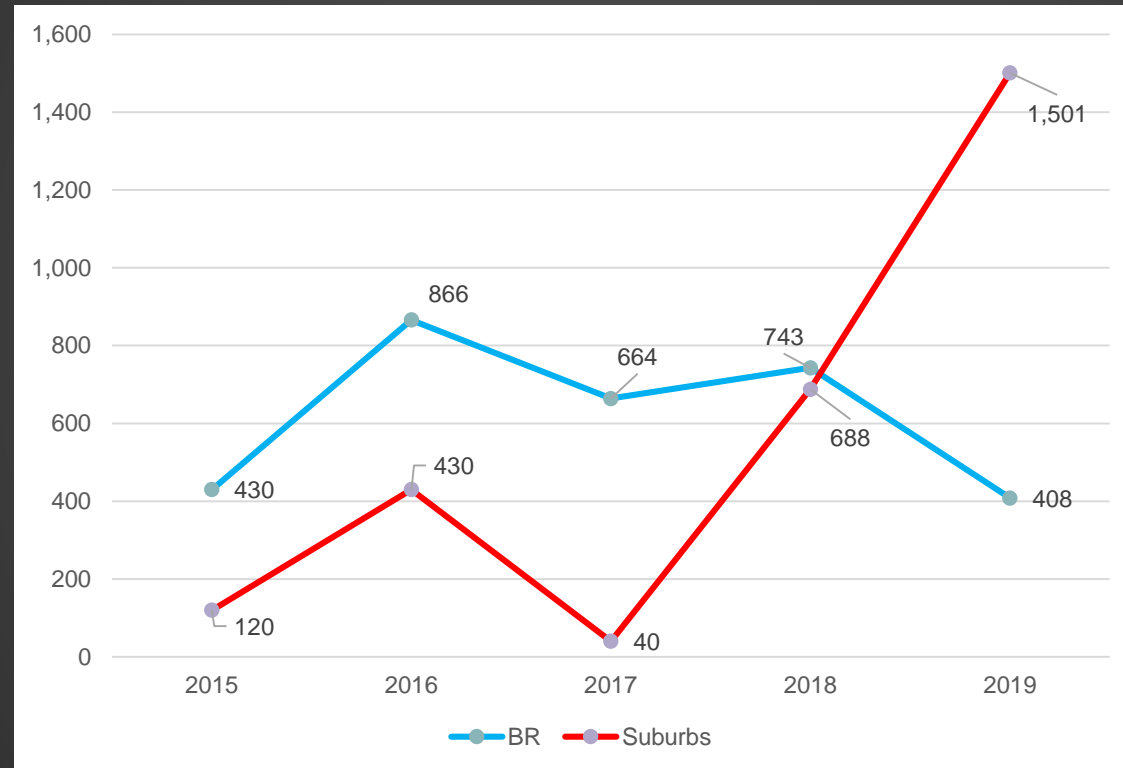


Apartments Under Construction for 2019 - 2020

Complexes Under Construction for 2019-2020 Conventional – Baton Rouge

Name	Address	# of Units
Electric Depot – Phase I	1509 Government Street	16
The Heron	6 th Avenue (CBD)	144
Highland Club – Phase III	17505 Jefferson Highway	39
Citiscap at Essen – Phase II	5010 Mancuso Lane	83
Royal Palms	10245 Airline Highway	126
Total Baton Rouge Units		408

Baton Rouge versus Suburb Construction 2015-2019



Complexes Under Construction for 2019-2020

Conventional - Surrounding Areas

Name	Address	# of Units
Shoecreek	Sullivan Road (Central)	210
The Parc at Denham Phase II	31050 LA Highway 16 (Denham)	143
Sweetwater Point	LA Highway 1 (Addis)	276
Sugar Mill – Phase III	Belle Valle Drive (Addis)	72
Preserve at Dutchtown	LA Highway 73 (Dutchtown)	16
Silver Oaks	Airline Hwy at Germany Rd (Prairieville)	300
Legacy at Gonzales	Veterans Blvd (Gonzales)	212
Sawgrass Point	Veterans Blvd (Gonzales)	272
Total Suburban Units		1,501

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 (2005-2008)	732

- A total of 732 units were completed from 2005-2008

Name	# of Units
Manchac Lakes (2018)	272
Silver Oaks (2019)	300
Preserve at Dutchtown (2019)	16
Sawgrass Point (2019)	272
Legacy at Gonzales (2019)	212
Total New Units Built/Under Construction	1,072
Conway Plantation (2020)	280
Oak Grove Townhomes (2020)	88
Total U.C. and Planning Stages	1,440

- A total of 1,440 ± units were built, are under construction, or are in the planning stages for Ascension Parish from 2018 to the end of 2020.

Complexes Under Construction for 2019-2020

Affordable Complexes

Name	Address	# of Units
Meadows at Nicholson	Nicholson Drive at Gardere Lane	228
Peaks of Baton Rouge	North Bon Marche Drive	48
The Elysian – Phase II	1120 Spanish Town Road	100
Total Affordable Units		376

Complexes Under Construction for 2019

Student Complexes – On LSU Campus

LSU On Campus Residences		# of Beds
Cedar Hall	Completion – Fall 2019	405

Two other Residence Hall (694 beds) were completed in 2014 and 2015 and Spruce Hall (421 beds) was completed in Fall 2018

Several other dorms being renovated on campus now

Kirby Smith Hall (577 beds) will be demolished in Summer 2019

Complexes Under Construction for 2019

Student Complexes – Off Campus

No new off-campus student apartments are currently under construction

Name	Address	# of Units	# of Beds
Ion of Baton Rouge	740 West Chimes Street	287	847

Ion of Baton Rouge (The Standard/University House) will be returning to the market in 2019 after being closed for 2018



**The Standard/
University
House/
Ion of Baton
Rouge**



**The Standard/
University
House/
Ion of Baton
Rouge**

Student Complex Recap

LSU ENROLLMENT	# of Students
Fall 2010	28,771
Fall 2018	30,061
Enrollment Growth from 2010 – 2018	1,290

Total Student Beds Completed (net)	# of Beds
2010 – 2014	3,337
2015 – 2018 (net)	5,750
Total Student Beds 2010 – 2018	9,087
2019 (Under Construction)	405
Kirby Smith Demo (Summer 2019)	-557
Total Student Beds 2010-2019 (net)	8,935

- On-campus Fall enrollment peaked in Fall 2015 with 31,076± students and dropped to 30,850± students in Fall 2016, to 30,099± students in Fall 2017 to 30,061 ± students in Fall 2018 (loss of 1,015± students or a decrease of 3.3% from Fall 2015)
- 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 were required to live on campus (with a few exceptions) – On-campus housing is 97% occupied and Nicholson Gateway has a waiting list
- TOPS scholarship program

Proposed Complexes for 2019 - 2020

Apartment Complexes Proposed for 2019-2020

Student Complexes - Likely

Name	Address	# of Units	# of Beds
Southern University	Southern University Campus	147	
Total Student Units		147	

On campus housing being built in conjunction with the Alumni Center

Upscale Complexes Proposed for 2019-2020 Baton Rouge - Likely

Name	Address	# of Units
Mansions in the Park – Phase II	Perkins Road	144
Electric Depot – Phase II	1509 Government Street	220
Lofts at Dawson Creek	Picardy Drive and Summa Ave	144
Total Baton Rouge Units		508

Construction costs are increasing, making it more difficult to build new units in this market

Apartment Complexes Proposed for 2019-2020 Baton Rouge Suburbs

Name	Address	# of Units
Oak Grove Townhomes	LA Highway 42 (Prairieville)	88
Conway Plantation	LA Highway 44 (Gonzales)	280
Total Suburban Units		368

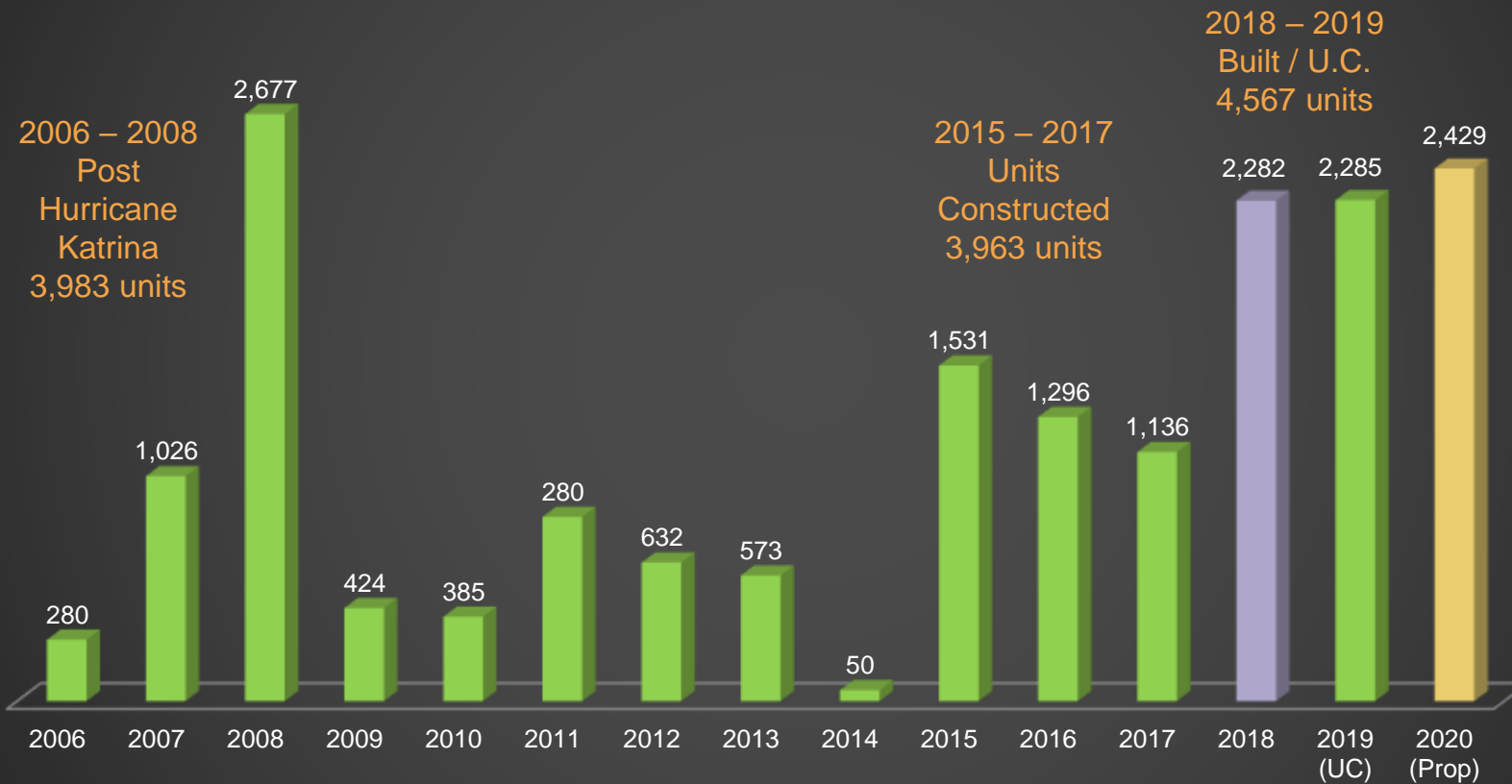
Apartment Complexes Proposed for 2019-2020

Affordable Complexes - Likely

Name	Address	# of Units
Drakes Landing	North Ardenwood Blvd	216
Harding Place	Plank Road	192
Valencia Park	Spanish Town Rd at North 13 th Street	122
Total Affordable Units		530

Smiley Heights Development – East Baton Rouge Housing Authority wants to add 500+ apartment units on their Ardendale campus with a \$30 million grant from HUD (currently 1 of 4 finalists for this grant)

Number of Units Completed/Proposed 2006-2020



Units Built 2006-2013 vs. 2015-2019

	Total Completed 2006 - 2013*	Completed 2015 - 2018 and U. C. 2019	Total 2006-2019
Conventional	3,946	5,323	9,269
Upscale Student	1,218	2,294	3,512
Affordable Housing	1,773	913	2,686
Total # of Units	6,937	8,530	15,467
Units per year	867	1,760	1,190

Baton Rouge Apartment Sales for 2018

Apartment Sales Volume (40+ unit complexes)

2017 - 38 Apartment Complexes Sold
Totaling Roughly \$367,350,000

2018 - 25 Apartment Complexes Sold
Totaling Roughly \$241,869,100

In 2018, there were 5 portfolio sales containing 15 of the 25 properties sold

Apartment Sales

- Most complexes over 150 units were purchased by out of state investors, while most complexes under 150 units were purchased by local or regional investors

Student Apartment Sale 2018



Wildwood

5959 Burbank Drive

Date	March 30, 2018
Price	\$ 56,500,000
\$/SF	\$156.06
\$/Unit	\$276,961

Class B Apartment Sale 2018



Oakleigh 11580 Perkins Road	
Date	July 26, 2018
Price	\$ 28,750,000
\$/SF	\$ 96.49
\$/Unit	\$ 97,128

Park East / Bellemont Portfolio Sale 2018



Park East I Park East II Bellemont Victoria I Bellemont Victoria II

Date	November 7, 2018
Price	\$34,250,000
\$/SF	\$58.34
\$/Unit	\$50,073

- Four Properties in Northern Baton Rouge With a Total of 684 Units

Class B Apartment Sale 2019



21 South at Parkview 4944 S. Sherwood Forest Blvd	
Date	February 20, 2019
Price	\$ 20,000,000
\$/SF	\$ 89.77
\$/Unit	\$ 75,758

Property Sales 2018 – Baton Rouge

Name	Address	# of Units	\$/SF	\$/Unit
Cobblestone	5431 Essen Lane	191	\$75.59	\$79,963
Greenwell Plaza	8820 Greenwell Springs Rd	298	\$47.94	\$39,430
Lone Oak	8235 Greenwell Springs Rd			
Magnolia Grove	3303 Lone Oak Dr			
Summer Grove	12020 Florida Blvd	80	\$62.16	\$43,750
Siegen Calais	8363 Siegen Lane	144		\$52,083
St. Theresa Elderly	3620 Winbourne Ave	88	\$49.76	\$40,909
Cherry Creek	1710 N Harco Dr	330	\$54.79	\$49,848
Magnolia Crossing	2824 S Burnside (Gonzales)	104	\$51.86	\$57,692

Summary and Conclusions

Market Summary

- Rents -Down 2% from last year; Flat for 3 years prior to that (excluding 2017)
- Concessions – 42% of properties currently offering concessions
- Vacancy - 9.34% for the matched sample of complexes
9.54% for the full data set.
- Construction – A lot of units have been built and there are still a lot of units under construction

Projections from last year

- 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 ✓
- Need to keep an eye on certain submarkets
 - LSU student market ✓
 - Ascension Parish market ✗

Projections for 2019 - 2020

With 2,285 \pm units currently under construction:

- 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
- Need to keep an eye on certain submarkets
 - LSU student market (especially with Ion of BR coming back online)
 - Ascension Parish market (with 3 new complexes coming online)
 - Affordable market (significant new and planned construction)

Projections for 2019 - 2020

- 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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