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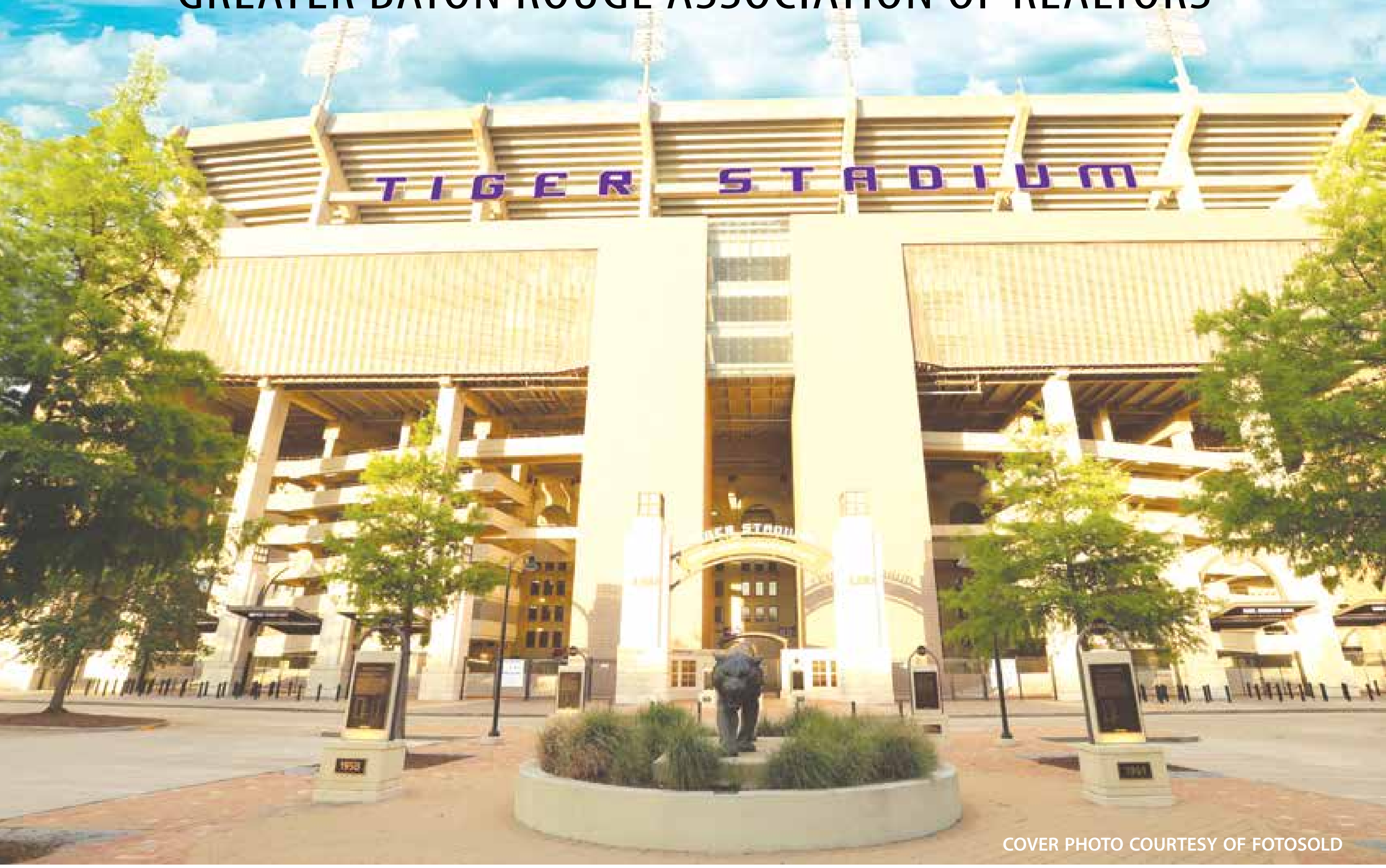

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FOR OVER 30 YEARS,

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,2020!

2020

CHAIRMAN

WELCOME TO YOUR 2020 TRENDS

THE BEST REAL ESTATE SEMINAR IN LOUISIANA!

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The Greater Baton Rouge area's real estate community has come together, even though delayed, to help to educate you, the professionals that represent real estate, banking, financing, and the general public in our ever-changing TRENDS in the real estate market. This year is no different.

The past eight (8) months have been a trying time for all, and the Commercial Investment Division Board of Directors, along with the GBRAR, has done its best to keep you informed and updated. I hope this finds you and your family in good health. The 2020 TRENDS in real estate seminar will give you information for the past year and touch on the current state of the market since the pandemic touched all of the lives in one way or another.

As your 2020 Trends Chairperson and past CID President, I would first like to thank and recognize all of the individuals and company sponsors that donated their time and effort to make this one the most informational efforts joined in one space. They have compiled information, data, and statistics that will aid you in all sectors of the Real Estate world. The big six (6) are; Finance, Industrial, Multi-Family, Office, Residential, and Retail. This well-compiled information will benefit all persons related to Real Estate, Buyers, Sellers, Owners, Developers and Financial entities and assist them in traversing the market with a knowledge base that will be provided by our speakers today.

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 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.

Our population in the Baton Rouge Metro area has risen to just over 830,000. These persons will need financing, homes, and places to work. The individuals that will be presenting to you today are very knowledgeable in their specific areas of Real Estate. Thank you to all of the presenters.

Our incoming Chairman of the TRENDS in Real Estate Seminar for 2021 will be David Vercher with Keller Williams Commercial, and current CID President. I want to welcome David and look forward to another exciting year for real estate in Baton Rouge!

CONTENTS

MULTI-FAMILY

BATON ROUGE APARTMENT MARKET INTRODUCTION & SUMMATION

The data and analyses presented in this study were compiled in January and February 2020. At that time, the far-reaching effects to be generated by the COVID-19 (Coronavirus) global pandemic had not been (and have yet to be) fully realized. The temporary (and, in some cases, potentially permanent) impact on the local and regional area's economy, job market, housing market, etc. (all of which can directly affect the demand for, and pricing of, real estate in a specific locale), is expected to be profound.

MULTI-FAMILY TRENDS COMMITTEE

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The magnitude and longevity of the recessionary period likely to result (a temporary decline in the demand for real estate often occurs during recessionary cycles), and the ultimate impact on demand and pricing for any real estate segment, cannot yet be gauged. Any projections of such would be highly speculative. It is reasonable to expect an eventual shift toward a new point of equilibrium, once the pandemic is resolved, after which domestic and global economies are expected to stabilize, and governmental entities should inevitably initiate and enact restorative and mitigatory efforts. This study does not reflect consideration of the pandemic, as it is based on data compiled prior to the COVID-19 outbreak.

The Spring 2020 rental and occupancy figures for the Baton Rouge area apartment market continue to reflect a declining trend. Substantial construction of new apartments throughout the region in 2017-2020 has produced the adverse effect we anticipated and feared. We have observed both declining occupancies and declining economic rents, with further declines expected.

The Spring 2017 figures were atypically strong (97%+ occupancy, 4% rent increase). They were bolstered by a surge of demand generated by households displaced in August 2016 by the region's historic flooding (which damaged thousands of structures in the area) and a temporary reduction in the rental inventory (due to flood-damaged apartment and rental house units). As expected, this anomalous circumstance subsided as displaced homeowners restored and returned to their

homes. The 2018 statistics correspondingly (and understandably) reflected rising vacancies, declining rentals and increasing concessions. The wave of new construction over the past 3 years has push rentals further downward, while vacancies have continued to rise.

Data collected and analyzed each year (most recently in January-February 2020) regarding apartment rentals and vacancies by Cook, Moore, Davenport & Associates (CMDA), 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 rose to 10.05% (based on our survey of 229 apartment complexes), which is up from the 2017 (immediately post-flood) 2%, and higher than historical norm of 6%, while quoted rentals in our matched set of 187 complex have declined roughly 2% from 2018 levels (down to $1.04/sf from an average of $1.06/sf in 2018 and $1.09/sf in 2017). Concessions ("move-in specials," which often include a rent-free month) have also become much more common (42% of the complexes surveyed are offering some form of concession).

Job growth (which drives population growth, which drives incremental demand for apartments) has improved in recent months, and may help with absorption of the substantial income supply of units. The metro area gained 7,700 jobs in the 12-month period that ended December 2019, up from the 3,700 jobs gained in the preceding 12 months, and a substantial improvement over the 400 jobs lost in 2017.

Apartment vacancies are rising, while market conditions are expected to get even 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 2020 and 2021. Apartment owners and managers in certain submarkets should continue to brace for competitive pressures (and concessionary measures) as these new units fight to capture market share.

Apartment vacancies in the region hovered around 5% to 6% from 2012 to early-2016. The Great Flood of 2016 temporarily changed the market dynamics (short-term anomaly, with vacancies dropping to 2% in early 2017), however, with substantial new supply entering the market, vacancies have swollen to historical highs. In the 30+ years since this survey was first assembled (in 1989), we have not seen citywide vacancies average this high.

We have analyzed two sets of rental data, which differ by composition and number of properties included. The matched dataset consists of 187 complexes, with a smaller matched sample of 77 larger (200+ unit) complexes also analyzed. Quoted rentals for the 187-complex matched sample decreased 2% from 2018 to 2019 (over a 12-month period), and remained flat in 2019-20. The reported vacancy rate for the matched sample in 2020 is 10.25% (note that this figure excludes consideration of any newly-built units in initial lease-up, nor does it reflect the impact of concessions and giveaways on economic rents).

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 in the decade following when Hurricane Katrina hit on August 29, 2005 (major event that drove local housing demand) through the end of 2014.

The average number of units absorbed each year (for that decade) was 867±.

- ❑ 1,531± units were built (completed) in 2015
- ❑ 1,296± units were built (completed) in 2016
- ❑ 1,136± units were built (completed) in 2017
- ❑ 2,282± units were built (completed) in 2018
- ❑ 1,577± units were built (completed) in 2019
- ❑ 1,020± units are under construction for (or have been delivered thus far in) 2020
- ❑ 2,700± units are proposed for construction in 2021-2022;
- ❑ Of the proposed units (those not yet under construction), we consider 1,773± units to be more likely to be built than the remaining 927± proposed units.
- ❑ The total new rental supply (built or currently under construction) for 2015-2020 will be 8,842 units, which will equate to 1,474± units per year over a 6-year span. This is roughly 70% greater than the pace of construction for the preceding decade (including the post-Katrina "boom").
- ❑ The total new rental supply (built or currently under construction) for 2018-2020 will be 4,879± units, which will equate to 1,626± units per year over a 3-year span.
- ❑ It is notable that construction costs for apartments locally are reported to have materially risen in recent years, though the cost of construction financing (mortgage interest rates) has fallen to near historic lows. 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 8,458 apartment units built in 2015-2019, the Baton Rouge area=s long-term population would normally need to increase by 70,000± people (which is materially more than the long-term 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 submarkets, so a state of oversupply in certain submarkets has resulted. This could (and likely will) eventually have, and appears to already be generating, an adverse impact on the existing rental housing stock in other submarkets.
- ❑ The vast majority of the new units have been "upscale, Class A," oriented toward the higher end of the rental scale. As such, existing Class A properties have felt the brunt of the competitive pressures from the incoming supply. Their competitive adjustments are expected to eventually forced rental adjustments by the Class B properties, who then will (and have) put

pricing pressure on Class C properties. Nobody is bullet-proof. These competitive conditions have been steadily increasing, as new units have generated new competitive pressures. We expect concessions and other competitive measures to become even more commonplace in 2020-2021.

❑ 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 generated and 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, but job growth has waned. The area remains positioned to prosper long-term, but the population growth necessary to support absorption of so many units in such a short period can unlikely be generated. The depth of the area's incremental demand for rental housing will certainly continue to be strongly tested in 2020-2021.

❑ 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 2,229 of the 6,242 units (35.7%) built in 2016-2018 (no student units were built in 2019, nor are any under construction for completion in 2020) 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 net number of student-oriented beds added since 2010 (a total of 9,595 beds added, including those completed in 2018 in the Nicholson Gateway project) substantially exceeding the increase in enrollment at LSU (1,863 student increase 2010-19), an oversupply of student-oriented units has resulted. Vacancies for complexes in the 70820 Zip Code (the area immediately south of LSU) are at 15.3%. We expect this oversupply of student-oriented units to generate a ripple effect, adversely affecting other segments of the local market. In addition, starting in the Fall of 2018, LSU began requiring all freshmen (with some exemptions) to live on-campus. LSU estimates that a net increase of 1,300± students now live on-campus due to this change, which has put further stress on the LSU off-campus student housing market. In March 2020, LSU announced that upperclassmen will no longer have the option to live in traditional dorm-style units. Upperclassmen will only have the option to live in apartment-style units on-campus. As these are priced higher than dorm-style units, the propensity for upperclassmen to move off-campus (especially to those complexes within walking distance of campus) will likely increase, potentially helping to reduce the high vacancy rates in off-campus apartments.

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 has been experiencing a boom in apartment construction since 2015. Very few of the new complexes offer standard, mid-grade apartment units. The vast majority of the new rental housing supply over the past 20± years has been oriented toward either more affluent tenants (either conventional residents or LSU students), or lower-income households.



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

Apartment Complexes Completed/Under Construction in 2019-2020 in the Baton Rouge MSA

Complex Name	Location	# Units	Completed	Comments		
Completed 2019						
The Heron	6th Avenue (CBD)	144	2019	Upscale Tower		
Highland Club - Phase III	17505 Jefferson Highway	39	2019	Upscale/Luxury Units		
Electric Depot - Phase I	1509 Government Street	16	2019	Upscale/Luxury Units		
Citiscape at Essen - Phase II	Mancuso Lane	83	2019	Upscale/Luxury Units		
Legacy at Gonzales	Veterans Blvd (Gonzales)	212	2019	Upscale/Luxury Units		
Silver Oaks	Airline Hwy at Germany Rd (Gonzales)	300	2019	Upscale/Luxury Units		
Preserve at Dutchtown	LA Highway 73 (Gonzales)	16	2019	Upscale/Luxury Units		
Sawgrass Point	Veterans Blvd (Gonzales)	272	2019	Upscale/Luxury Units		
Parc at Denham Phase II	31050 LA Highway 16 (Denham)	143	2019	Upscale/Luxury Units		
Meadows at Nicholson	Nicholson Drive at Gardere Lane	204	2019	Affordable housing units		
The Elysian - Phase II	1120 Spanish Town Road	100	2019	Affordable housing units		
Peaks of Baton Rouge	North Bon Marche Drive	48	2019	Elderly LIHTC Tax Credit Property		
				Conventional	**Student**	**Affordable**
Total Completed in 2019		**1,577**		1,225	0	352
Under Construction 2020						
Royal Palms	10245 Airline Highway @ I-12	126	2020	Upscale/Luxury Units - 5/20		
The Domain @ MidCity	4501-4659 North Boulevard	59	2020	Upscale/Luxury Units - 10/20		
Chase Suites	5522 Corporate Boulevard	80	2020	Conversion of Former Hotel		
Oak Grove Townhomes	LA Highway 42 (Prairieville)	88	2020	Upscale/Luxury Units		
Shoecreek	Sullivan Rod (Central)	210	2020	Upscale/Luxury Units		
Sugar Mill - Phase III (Addis)	Belle Vale Drive (Addis)	72	2020	Upscale/Luxury Units		
Sweetwater	LA Highway 1 (Addis)	276	2020	Upscale/Luxury Units		
Hollywood Heights	4065 Hollywood Street	45	2020	Affordable - Scattered Site		
Hollywood Acres	3901 Hollywood Street	45	2020	Affordable - Scattered Site		
Cypress River Lofts	Oklahoma and Duane Street	19	2020	Affordable Housing Units		
				Conventional	**Student**	**Affordable**
Total Under Construction 2020		**1,020**		911	0	109
Total Completed or Under Construction		**2,597**		2,136	0	461

Apartment Complexes Announced (But Not Yet Under Construction) for 2020 - 2021 in the Baton Rouge MSA

Complex Name	Location	# Units	Expected Completion	Comments		
Proposed Apartments 2021 - Likely						
Mansions in Park - Phase II	Perkins Road	144	2021	Upscale/Luxury Units		
Electric Depot - Phase II	1509 Government Street	100	2021	Upscale/Luxury Units		
Lofts at Dawson Creek	Picardy Drive and Summa Avenua	144	2021	Upscale/Luxury Units		
Rouzan	Rouzan - Perkins Road	280	2021	Upscale/Luxury Units		
River House Office Bldg	Nicholson Drive	42	2021	Upscale/Luxury Units		
Conway Plantation	LA Highway 44 (Gonzales)	280	2021	Upscale/Luxury Units		
The Vue on Parker	West Parker/Gourier/Janet Avenue	132	2021	Upscale/Luxury Units		
Drakes Landing	North Ardenwood Blvd	216	2021	Affordable Housing Units		
Valencia Park	Spanish Town Park at North 13th Street	122	2021	Affordable Housing Units - VOA		
The Elysian - Phase III	1092 Spanish Town Road	42	2021	Mixed-Income Units		
The Cypress at Gardere	501 Gardere Lane	99	2021	Affordable Elderly Units - next to LSA Building		
Ardendale Apts	North Ardenwood Blvd	172	2022	Affordable Housing Units - $29.5 M Grant		
				Conventional	**Student**	**Affordable**
Total Proposed 2021 Likely		**1,773**		990	132	651
Proposed Apartments 2021 - Less Likely						
Chase South Tower	451 Florida Street (CBD)	150	2021	Upscale/Luxury Units in CBD		
Water Campus Apts	200 Water Street	20	2021	Upscale/Luxury Units		
Parker District	Burnett Street (St Francisville)	155	2021	Upscale/Luxury Units		
The Summit	Nicholson Drive near Burbank Dr	455	2021	Upscale - Student Units		
Southern University	Southern University Campus	147	2021	Upscale - Student Units - On Campus		
				Conventional	**Student**	**Affordable**
Total Proposed 2021 Less Likely		**927**		325	602	0
Total Proposed/Announced 2021		**2,700**		1,315	734	651
Total Built, Underway & Proposed Likely		**4,370**		3,126	132	1,112
Total Built, Underway & Proposed - All		**5,297**		3,451	734	1,112

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.

III. Apartment Rent & Vacancy Statistics

On the following pages are presented tables summarizing the figures compiled from the LSU/CMDA apartment surveys performed in early 2020.

Table 1
2020 - Full Data Set Statistics

	Number of Complexes by Data SetN							umber of Units by Data Set						
Data Set	0BR Units	1BR Units	2BR Units	3BR Units	4BR Units	5BR Units	Total # of Complexes	0BR Units	1BR Units	2BR Units	3BR Units	4BR Units	5BR Units	Total Units
All Complexes2	4	195	215	137	38	42	29	4431	2,4481	6,7724	,560	1,4251	96	35,844
Large Complexes9		74	77	55	15	27	72	38	8,111	10,0932	,463	851	143	21,899
Matched Sample	21	158	177	120	34	41	87	2488	,174	11,092	2,9821	,010	1482	3,654

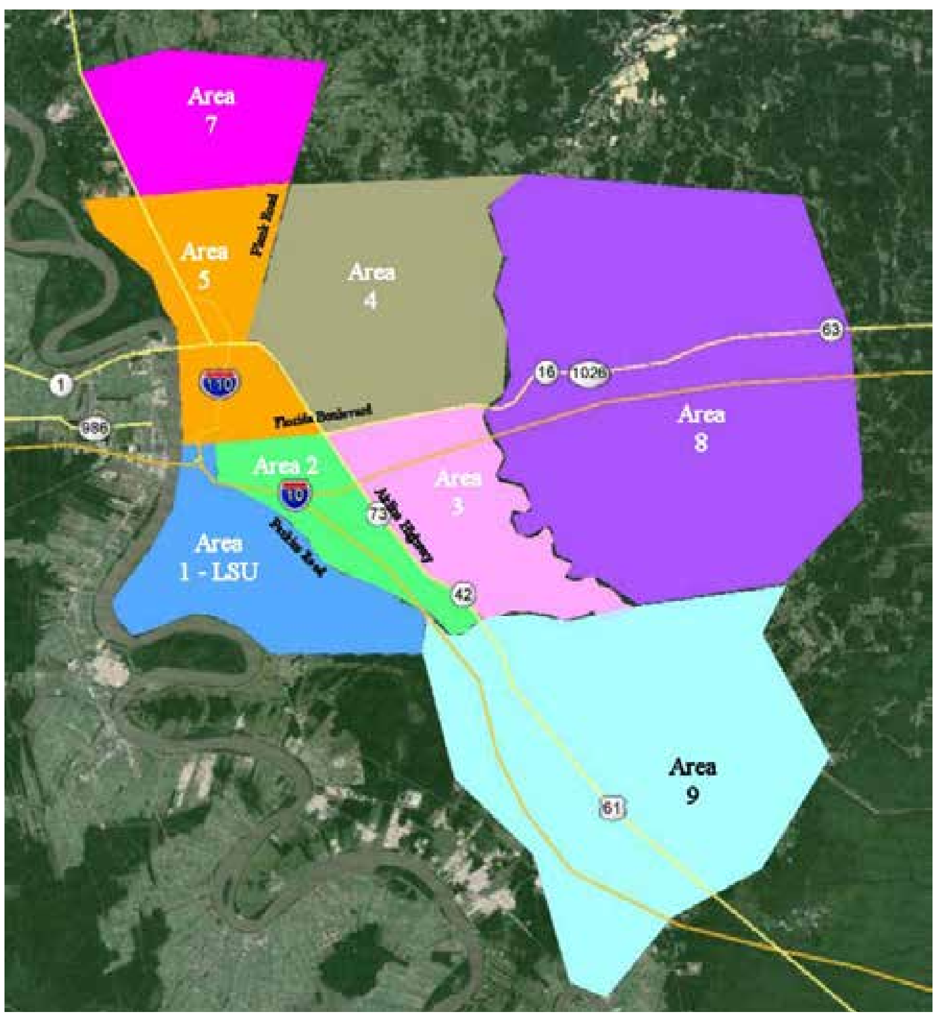

Table 2

Apartment Data by Area for Large Complexes (2020 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	77	$690	$861	$1,028	$1,277	$2,087	$1.46	$1.18	$0.99	$0.99	$1.32	$1.07	16.81%	9.44%	10.81%	12.55%	13.16%	10.78%
1	23	$815	$990	$1,167	$1,639	$2,202	$1.73	$1.35	$1.15	$1.28	$1.36	$1.26	26.92%	13.06%	15.96%	18.63%	14.14%	15.56%
2	13	$645	$962	$1,137	$1,379	$1,021	$1.42	$1.27	$1.03	$0.88	$0.68	$1.07	12.24%	9.93%	11.17%	11.49%	25.00%	10.81%
3	24	-	$802	$946	$1,085	$1,093	-	$1.08	$0.90	$0.86	$0.81	$0.95	-	5.96%	7.12%	6.91%	3.33%	6.59%
4	4	$525	$638	$710	$905	-	$1.05	$0.91	$0.72	$0.69	-	$0.77	0.00%	24.21%	19.54%	9.47%	-	20.21%
5	5	$529	$637	$821	$918	-	$1.27	$1.04	$0.95	$0.82	-	$1.02	11.82%	6.48%	2.20%	0.71%	-	4.47%
7	1	-	$1,097	$1,385	$1,560	-	-	$1.21	$1.16	$1.05	-	$1.15	-	11.54%	12.50%	26.92%	-	15.00%
8	3	-	$811	$915	$1,051	-	-	$1.07	$0.86	$0.82	-	$0.89	-	6.67%	14.09%	26.52%	-	14.49%
9	4	-	$933	$1,206	$1,444	-	-	$1.21	$1.05	$1.04	-	$1.09	-	6.25%	6.61%	7.32%	-	6.57%

Table 3

Apartment Data by Area (2020 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	229	$680	$829	$978	$1,213	$1,958	$1.47	$1.17	$0.96	$0.97	$1.29	$1.04	12.19%	9.44%	9.79%	11.05%	12.14%	10.05%
1	68	$686	$1,081	$1,246	$1,615	$2,147	$1.63	$1.35	$1.14	$1.30	$1.35	$1.26	14.01%	12.18%	13.75%	18.39%	13.46%	14.08%
2	42	$604	$943	$1,081	$1,250	$1,225	$1.51	$1.24	$0.97	$0.89	$0.81	$1.04	10.00%	10.13%	9.17%	9.68%	11.11%	9.63%
3	47	$638	$779	$911	$1,051	$1,198	$1.34	$1.07	$0.88	$0.83	$0.81	$0.93	7.32%	6.41%	7.70%	7.82%	3.33%	7.19%
4	16	$525	$613	$716	$846	-	$1.05	$0.93	$0.76	$0.71	-	$0.80	0.00%	15.11%	14.22%	6.39%	-	13.74%
5	31	$528	$628	$755	$891	-	$1.25	$0.99	$0.84	$0.80	-	$0.90	12.10%	8.13%	6.10%	4.51%	-	6.77%
7	3	-	$1,070	$1,355	$1,540	-	-	$1.24	$1.19	$1.10	=	$1.18	-	9.26%	9.52%	18.68%	-	11.21%
8	12	-	$818	$1,034	$1,081	$1,165	-	$1.09	$0.85	$0.82	$0.65	$0.87	-	8.43%	9.44%	11.65%	0.00%	9.75%
9	10	-	$879	$1,039	$1,383	-	-	$1.20	$1.00	$0.98	-	$1.04	-	6.12%	5.85%	6.08%	-	5.96%

Table 4

Apartment Data by Zip Code (2020 Full Data Set)

			Average Rent		Vacancy
Zip Code	Number of Complexes	Number of Units	per Unit	per Sq. Ft.	Total
70726	8	1,183	$929	$0.88	10.57%
70737	8	997	$1,043	$0.98	5.42%
70785	3	236	$1,079	$0.88	12.71%
70791	4	520	$1,212	$1.11	10.00%
70801	4	113	$1,513	$1.61	12.39%
70802	15	1,920	$1,247	$1.46	7.76%
70805	9	874	$672	$0.94	11.21%
70806	24	3,008	$788	$0.86	6.38%
70807	3	444	$1,082	$1.31	5.63%
70808	19	3,252	$1,066	$1.21	14.54%
70809	25	4,679	$1,027	$1.03	9.81%
70810	8	1,611	$1,067	$1.04	18.06%
70814	4	541	$689	$0.79	5.73%
70815	18	2,577	$759	$0.83	12.96%
70816	35	7,816	$872	$0.93	7.19%
70817	5	881	$1,089	$1.02	7.60%
70820	28	3,850	$1,413	$1.26	15.19%
70836	2	331	$1,246	$1.47	5.74%

Table 5
Apartment Data by Area
2017 - 2020 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
		2020	$697	$831	$979	$1,207	$1,990	$1.49	$1.16	$0.95	$0.97	$1.31	**$1.04**	11.67%	9.15%	10.11%	11.90%	12.68%	**10.25%**
All	187	2019	$704	$823	$981	$1,206	$2,029	$1.50	$1.15	$0.96	$0.97	$1.34	**$1.04**	8.06%	8.02%	9.33%	10.46%	16.50%	**9.42%**
		2018	$700	$826	$981	$1,228	$2,164	$1.49	$1.16	$0.96	$0.99	$1.43	**$1.06**	8.66%	6.31%	7.33%	9.86%	14.06%	**7.75%**
		2017	$716	$853	$1,028	$1,255	$2,170	$1.53	$1.19	$1.00	$1.01	$1.43	**$1.09**	1.68%	2.31%	2.65%	3.36%	5.22%	**2.76%**
		2020	$770	$934	$1,121	$1,596	$2,070	$1.63	$1.36	$1.14	$1.30	$1.35	**$1.26**	14.08%	12.33%	13.76%	18.23%	13.46%	**14.18%**
1	56	2019	$760	$883	$1,113	$1,573	$2,123	$1.61	$1.29	$1.13	$1.28	$1.38	**$1.25**	8.74%	11.17%	13.31%	17.50%	17.49%	**13.94%**
		2018	$751	$918	$1,141	$1,647	$2,281	$1.58	$1.34	$1.16	$1.34	$1.48	**$1.31**	12.25%	8.84%	9.98%	15.92%	13.61%	**11.38%**
		2017	$791	$920	$1,199	$1,717	$2,292	$1.67	$1.35	$1.22	$1.39	$1.49	**$1.35**	2.45%	2.36%	3.00%	5.48%	5.41%	**3.55%**
		2020	$631	$908	$1,040	$1,170	$1,118	$1.51	$1.23	$0.97	$0.88	$0.81	**$1.03**	10.00%	10.29%	9.28%	9.67%	11.11%	**9.74%**
2	40	2019	$703	$909	$1,037	$1,205	$1,067	$1.69	$1.23	$0.97	$0.90	$0.77	**$1.03**	2.86%	6.25%	7.24%	8.17%	5.56%	**6.91%**
		2018	$682	$909	$1,032	$1,201	$1,025	$1.64	$1.23	$0.96	$0.90	$0.74	**$1.03**	1.43%	5.34%	6.89%	6.16%	1.85%	**6.11%**
		2017	$704	$935	$1,097	$1,233	$1,066	$1.69	$1.27	$1.02	$0.93	$0.77	**$1.08**	1.43%	1.27%	1.21%	1.38%	3.70%	**1.27%**
		2020	$653	$770	$900	$1,013	-	$1.34	$1.06	$0.86	$0.78	-	**$0.92**	7.32%	6.04%	7.78%	10.50%	-	**7.34%**
3	40	2019	$641	$783	$917	$1,026	-	$1.31	$1.08	$0.88	$0.79	-	**$0.93**	12.20%	7.51%	9.03%	7.09%	-	**8.26%**
		2018	$701	$773	$905	$1,027	-	$1.44	$1.06	$0.87	$0.80	-	**$0.92**	7.32%	4.82%	5.67%	6.85%	-	**5.45%**
		2017	$623	$835	$953	$1,033	-	$1.28	$1.15	$0.91	$0.80	-	**$0.98**	0.00%	2.21%	3.00%	4.70%	-	**2.81%**
		2020	$525	$624	$714	$785	-	$1.05	$0.91	$0.74	$0.71	-	**$0.79**	0.00%	15.33%	13.97%	6.39%	-	**13.59%**
4	13	2019	$525	$629	$730	$784	-	$1.05	$0.92	$0.76	$0.71	-	**$0.80**	100.00%	8.02%	7.78%	7.76%	-	**7.92%**
		2018	$550	$617	$714	$764	-	$1.10	$0.90	$0.74	$0.70	-	**$0.78**	0.00%	8.45%	5.99%	3.79%	-	**6.64%**
		2017	$550	$629	$739	$757	-	$1.10	$0.92	$0.77	$0.69	-	**$0.80**	0.00%	1.86%	1.40%	1.42%	-	**1.57%**
		2020	$497	$658	$799	$852	-	$0.97	$1.01	$0.85	$0.80	-	**$0.90**	7.14%	4.65%	6.81%	4.69%	-	**5.64%**
5	22	2019	$497	$655	$776	$808	-	$0.97	$1.00	$0.83	$0.76	-	**$0.88**	7.14%	6.31%	6.73%	4.32%	-	**6.33%**
		2018	$487	$642	$757	$815	-	$0.95	$0.98	$0.81	$0.76	-	**$0.87**	4.76%	6.41%	7.52%	7.13%	-	**7.70%**
		2017	$466	$625	$745	$753	-	$0.91	$0.96	$0.80	$0.71	-	**$0.84**	0.00%	4.45%	4.70%	2.06%	-	**4.07%**
		2020	-	$1,080	$1,358	$1,560	-	-	$1.21	$1.16	$1.05	-	**$1.15**	-	11.54%	12.50%	26.92%	-	**15.00%**
7	1	2019	-	$1,080	$1,358	$1,603	-	-	$1.21	$1.16	$1.08	-	**$1.15**	-	4.81%	5.77%	17.31%	-	**7.69%**
		2018	-	$1,026	$1,315	$1,570	-	-	$1.15	$1.12	$1.06	-	**$1.11**	-	3.85%	3.85%	13.46%	-	**5.77%**
		2017	-	$1,026	$1,315	$1,570	-	-	$1.15	$1.12	$1.06	-	**$1.11**	-	11.54%	7.69%	0.00%	-	**7.69%**
		2020	-	$832	$958	$1,078	$1,495	-	$1.11	$0.87	$0.83	$0.78	**$0.88**	-	8.71%	10.10%	11.84%	0.00%	**10.30%**
8	10	2019	-	$827	$976	$1,097	$1,390	-	$1.10	$0.89	$0.85	$0.72	**$0.90**	-	8.71%	9.22%	9.74%	0.00%	**9.24%**
		2018	-	$836	$958	$1,090	$1,560	-	$1.11	$0.87	$0.84	$0.81	**$0.89**	-	4.56%	5.93%	10.53%	0.00%	**6.91%**
		2017	-	$825	$1,036	$1,139	$1,560	-	$1.10	$0.94	$0.88	$0.81	**$0.94**	-	2.90%	2.78%	1.84%	0.00%	**2.54%**
		2020	-	$890	$1,122	$1,326	-	-	$1.12	$0.99	$0.99	-	**$1.02**	-	4.51%	6.64%	6.42%	-	**5.98%**
9	5	2019	-	$916	$1,118	$1,329	-	-	$1.15	$0.99	$1.00	-	**$1.02**	-	6.56%	4.93%	6.42%	-	**5.61%**
		2018	-	$918	$1,135	$1,365	-	-	$1.15	$1.00	$1.02	-	**$1.04**	-	5.33%	8.35%	11.01%	-	**7.80%**
		2017	-	$992	$1,138	$1,429	-	-	$1.25	$1.00	$1.07	-	**$1.07**	-	2.05%	2.14%	1.83%	-	**2.07%**

Table 6
Apartment Data by Area for Larger Complexes
2017 - 2020 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
		2020	$734	$854	$1,019	$1,276	$2,133	$1.49	$1.17	$0.98	$0.99	$1.35	**$1.06**	17.95%	9.46%	11.30%	14.11%	13.95%	**11.21%**
All	70	2019	$772	$857	$1,031	$1,312	$2,192	$1.57	$1.17	$0.99	$1.02	$1.39	**$1.08**	9.62%	8.33%	9.78%	11.89%	19.05%	**9.98%**
		2018	$766	$855	$1,027	$1,325	$2,338	$1.55	$1.17	$0.99	$1.03	$1.48	**$1.09**	3.21%	6.36%	7.49%	9.89%	14.54%	**7.81%**
		2017	$760	$894	$1,088	$1,368	$2,327	$1.54	$1.23	$1.05	$1.06	$1.48	**$1.14**	1.92%	2.65%	3.04%	3.34%	5.14%	**3.06%**
		2020	$895	$935	$1,142	$1,610	$2,188	$1.73	$1.32	$1.14	$1.28	$1.36	**$1.25**	26.92%	13.32%	16.25%	18.63%	14.14%	**15.80%**
1	22	2019	$890	$931	$1,163	$1,669	$2,260	$1.72	$1.32	$1.16	$1.32	$1.41	**$1.28**	11.54%	11.84%	14.66%	17.81%	19.80%	**15.01%**
		2018	$904	$947	$1,185	$1,711	$2,431	$1.75	$1.34	$1.18	$1.36	$1.52	**$1.33**	5.13%	7.70%	9.50%	15.89%	13.11%	**10.72%**
		2017	$876	$946	$1,226	$1,775	$2,417	$1.70	$1.34	$1.22	$1.41	$1.51	**$1.35**	3.85%	2.35%	2.83%	4.79%	5.13%	**3.36%**
		2020	$645	$963	$1,118	$1,193	$1,021	$1.42	$1.27	$1.03	$0.88	$0.68	**$1.07**	12.24%	9.93%	11.17%	11.49%	25.00%	
2	13	2019	$775	$959	$1,116	$1,258	$1,021	$1.71	$1.26	$1.03	$0.93	$0.68	**$1.08**	4.08%	5.95%	5.95%	8.06%	4.17%	**6.20%**
		2018	$745	$960	$1,097	$1,267	$1,021	$1.64	$1.27	$1.01	$0.93	$0.68	**$1.07**	2.04%	6.34%	7.31%	6.25%	0.00%	**6.66%**
		2017	$775	$1,003	$1,216	$1,311	$999	$1.71	$1.33	$1.12	$0.97	$0.66	**$1.15**	0.00%	1.15%	1.04%	1.21%	0.00%	**1.09%**
		2020	-	$771	$917	$1,028	-	-	$1.06	$0.87	$0.79	-	**$0.93**	-	5.82%	7.21%	10.98%	-	**6.86%**
3	21	2019	-	$780	$937	$1,043	-	-	$1.07	$0.89	$0.80	-	**$0.95**	-	7.24%	9.63%	8.59%	-	**8.51%**
		2018	-	$772	$923	$1,047	-	-	$1.06	$0.88	$0.81	-	**$0.93**	-	4.60%	5.47%	4.30%	-	**5.02%**
		2017	-	$845	$992	$1,071	-	-	$1.16	$0.94	$0.82	-	**$1.01**	-	2.21%	3.40%	4.06%	-	**2.91%**
		2020	$525	$640	$717	$871	-	$1.05	$0.91	$0.72	$0.69	-	**$0.77**	-	24.21%	19.54%	9.47%	-	**20.21%**
4	4	2019	$525	$648	$748	$886	-	$1.05	$0.92	$0.75	$0.70	-	**$0.79**	-	10.09%	9.39%	13.68%	-	**10.16%**
		2018	$550	$637	$729	$866	-	$1.10	$0.91	$0.73	$0.69	-	**$0.78**	-	10.95%	8.81%	6.90%	-	**9.40%**
		2017	$550	$682	$790	$866	-	$1.10	$0.97	$0.79	$0.69	-	**$0.83**	-	3.46%	1.92%	1.15%	-	**2.40%**
		2020	$447	$681	$891	$932	-	$0.90	$1.06	$1.00	$0.82	-	**$1.04**	-	2.87%	2.62%	0.77%	-	**2.73%**
5	3	2019	$447	$667	$829	$800	-	$0.90	$1.04	$0.93	$0.70	-	**$0.98**	-	7.53%	4.76%	2.31%	-	**6.22%**
		2018	$426	$655	$807	$743	-	$0.86	$1.02	$0.90	$0.65	-	**$0.95**	-	11.47%	11.43%	3.08%	-	**11.56%**
		2017	$417	$620	$791	$748	-	$0.84	$0.97	$0.89	$0.66	-	**$0.93**	-	13.62%	10.95%	4.62%	-	**10.36%**
		2020	-	$1,080	$1,358	$1,560	-	-	$1.21	$1.16	$1.05	-	**$1.15**	-	11.54%	12.50%	26.92%	-	**15.00%**
7	1	2019	-	$1,080	$1,358	$1,603	-	-	$1.21	$1.16	$1.08	-	**$1.15**	-	4.81%	5.77%	17.31%	-	**7.69%**
		2018	-	$1,026	$1,315	$1,570	-	-	$1.15	$1.12	$1.06	-	**$1.11**	-	3.85%	3.85%	13.46%	-	**5.77%**
		2017	-	$1,026	$1,315	$1,570	-	-	$1.15	$1.12	$1.06	-	**$1.11**	-	11.54%	7.69%	0.00%	-	**7.69%**
		2020	-	$810	$901	$1,007	-	-	$1.07	$0.86	$0.82	-	**$0.89**	-	6.67%	14.09%	26.52%	-	**14.49%**
8	3	2019	-	$800	$918	$1,064	-	-	$1.06	$0.88	$0.87	-	**$0.91**	-	8.33%	7.27%	16.67%	-	**9.18%**
		2018	-	$797	$888	$1,037	-	-	$1.06	$0.85	$0.85	-	**$0.88**	-	3.89%	5.23%	14.39%	-	**6.52%**
		2017	-	$763	$942	$1,082	-	-	$1.01	$0.90	$0.88	-	**$0.91**	-	2.78%	2.95%	3.79%	-	**3.06%**
		2020	-	$936	$1,169	$1,331	-	-	$1.12	$1.00	$1.00	-	**$1.03**	-	4.41%	6.43%	6.48%	-	**5.87%**
9	3	2019	-	$968	$1,164	$1,334	-	-	$1.16	$1.00	$1.00	-	**$1.03**	-	7.35%	4.76%	3.70%	-	**5.33%**
		2018	-	$984	$1,191	$1,371	-	-	$1.18	$1.02	$1.03	-	**$1.06**	-	6.37%	7.86%	11.11%	-	**7.92%**
		2017	-	$1,069	$1,192	$1,436	-	-	$1.28	$1.02	$1.08	-	**$1.09**	-	1.47%	1.90%	1.85%	-	**1.78%**

Table 7
Apartment Data by Zip Code
2017 - 2020 Matched Sample Data Set

Zip Code	Number of Complexes	Number of Units	Period	Average Rent per Unit	Average Rent per Sq. Ft.	Vacancy Total
70807	3	444	2020	$1,082	$1.31	5.63%
			2019	$1,055	$1.28	11.94%
			2018	$1,035	$1.25	25.23%
			2017	$1,027	$1.25	19.37%
70808	17	3,124	2020	$1,077	$1.21	14.53%
			2019	$1,049	$1.18	13.51%
			2018	$1,081	$1.22	10.00%
			2017	$1,073	$1.21	2.02%
70809	23	4,501	2020	$1,016	$1.02	9.98%
			2019	$1,025	$1.03	6.73%
			2018	$1,022	$1.03	6.11%
			2017	$1,079	$1.08	1.29%
70810	8	1,611	2020	$1,067	$1.04	18.06%
			2019	$1,078	$1.05	12.04%
			2018	$1,098	$1.07	5.83%
			2017	$1,165	$1.13	1.55%
70814	4	541	2020	$689	$0.79	5.73%
			2019	$694	$0.79	3.70%
			2018	$682	$0.78	4.81%
			2017	$682	$0.78	0.18%
70815	14	2,277	2020	$763	$0.82	13.22%
			2019	$756	$0.81	9.49%
			2018	$722	$0.78	5.24%
			2017	$718	$0.77	2.42%
70816	30	6,577	2020	$857	$0.93	7.28%
			2019	$869	$0.95	8.49%
			2018	$870	$0.95	6.19%
			2017	$922	$1.01	2.89%
70817	4	605	2020	$959	$0.89	7.93%
			2019	$1,024	$0.95	3.64%
			2018	$953	$0.88	4.13%
			2017	$1,001	$0.93	1.16%

Apartment Data by Zip Code
2017 - 2020 Matched Sample Data Set

Zip Code	Number of Complexes	Number of Units	Period	Average Rent per Unit	Average Rent per Sq. Ft.	Vacancy Total
70726	6	1,011	2020	$951	$0.90	11.47%
			2019	$951	$0.90	9.79%
			2018	$938	$0.89	6.92%
			2017	$1,001	$0.95	2.87%
70737	4	796	2020	$1,093	$1.02	6.16%
			2019	$1,099	$1.03	4.90%
			2018	$1,117	$1.05	7.29%
			2017	$1,150	$1.08	2.14%
70785	3	236	2020	$1,079	$0.88	12.71%
			2019	$1,164	$0.95	13.56%
			2018	$1,159	$0.94	11.44%
			2017	$1,229	$1.00	2.97%
70791	2	316	2020	$1,176	$1.05	12.34%
			2019	$1,183	$1.06	6.33%
			2018	$1,147	$1.02	4.75%
			2017	$1,147	$1.02	6.33%
70801	4	107	2020	$1,513	$1.61	12.39%
			2019	$1,528	$1.63	8.85%
			2018	$1,513	$1.62	12.15%
			2017	$1,603	$1.72	0.00%
70802	11	1,561	2020	$1,261	$1.46	7.69%
			2019	$1,141	$1.32	12.04%
			2018	$1,231	$1.43	11.27%
			2017	$1,380	$1.60	2.70%
70805	4	499	2020	$677	$0.89	6.20%
			2019	$640	$0.84	4.80%
			2018	$619	$0.82	4.01%
			2017	$610	$0.81	2.00%
70806	20	2,509	2020	$812	$0.86	6.66%
			2019	$806	$0.86	6.06%
			2018	$797	$0.85	5.58%
			2017	$802	$0.85	1.04%

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Table 8
Apartment Data by Select Submarkets (2020 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	229	$680	$829	$978	$1,213	$1,958	$1.47	$1.17	$0.96	$0.97	$1.29	$1.04	12.19%	9.44%	9.79%	11.05%	12.14%	10.05%
ASCA	5	-	$933	$1,206	$1,445	-	-	$1.21	$1.05	$0.98	-	$1.08	-	6.25%	6.61%	6.12%	-	6.42%
BRA	22	-	$1,079	$1,304	$1,506	-	-	$1.36	$1.14	$1.07	-	$1.22	-	8.80%	10.97%	11.65%	-	9.91%
CBD	8	-	$1,366	$1,837	$2,560	-	-	$1.57	$1.51	$1.77	-	$1.55	-	9.93%	12.90%	33.33%	-	11.67%
LSUA	17	$916	$1,118	$1,361	$1,911	$2,297	$2.08	$2.03	$1.47	$1.46	$1.37	$1.46	14.74%	17.97%	13.11%	19.58%	13.56%	15.89%
LSUB	17	$655	$752	$883	$1,165	$1,415	$1.68	$1.11	$0.96	$1.01	$0.99	$1.02	18.75%	9.69%	13.94%	19.13%	12.20%	12.75%

Table 9
2020 - Full Data Set Statistics by Class

Construction Class	Number of Complexes	Number of Units	Avg Rent/ Unit	Avg Rent/ Sq.Ft.	% Vacant
A	57	11,120	$1,355	$1.29	11.7%
B	47	8,898	$986	$1.00	9.1%
C/D	125	15,826	$759	$0.86	9.3%

Table 10
Apartment Data by Class
2017 - 2020 Matched Sample Data Set

				Average Rent		Vacancy Rate
Construction Class	Number of Complexes	Number of Units	Period	per Unit	per Sq. Ft.	Total
A	49	10,001	2020	$1,359	$1.28	12.15%
			2019	$1,360	$1.28	12.44%
			2018	$1,404	$1.32	10.32%
			2017	$1,474	$1.39	3.00%
B	43	8,139	2020	$973	$1.00	9.77%
			2019	$976	$1.00	8.18%
			2018	$986	$1.01	7.77%
			2017	$1,001	$1.03	3.56%
C/D	94	13,295	2020	$765	$0.86	8.91%
			2019	$766	$0.86	7.88%
			2018	$756	$0.85	5.85%
			2017	$777	$0.87	2.09%

OFFICE

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EXECUTIVE OVERVIEW - *Where Did Everyone Go?*

For several years now our committee has been reporting some concerning trends related to the office sector in the Greater Baton Rouge Area, most resulting from the rise of garden office space, engineering companies remaining in other states, and the overall trend of companies shrinking their footprints by increasing efficiency. There are other components to this vacancy issue plaguing the capital region, the most recent and obvious being the ongoing concerns and economic downturn resulting from the Coronavirus pandemic. Unfortunately, the sum of all the reasons has never looked more damaging than on this year's survey, particularly in the Class B/C sector.

OFFICE TRENDS COMMITTEE

Ty Gose, CCIM, SIOR
Trends Speaker
NAI Latter & Blum

Jonann Stutzman
NAI Latter & Blum

Gary Black
Wampold Companies

Michael Cashio, CCIM,
NAI Latter & Blum

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With positive absorption reported in the majority of other metros for 2019 and healthy market indicators going into 2020, we are left with the simple question: "Is Baton Rouge a poor place to do business?" Office is a very good indicator of economic health, as more office equates to more jobs, more jobs equates to more disposable income, and disposable income equates to more buying power for houses, steaks, cars or clothes. Since we first started presenting the Office trends report in 2015, our overall occupancy rate for office in the capital region has been on a downward slide. This runs counter to what would be expected during one of the longest periods of economic prosperity in American history.

The issues are far larger and deep-rooted than an office committee can answer; however, the downward occupancy trend over the last 5 years has us asking macro questions relative to how well Louisiana competes against our neighbors.

Office Condo – Garden Office

There is some good news; Office Condos continue to absorb in a healthy manner, increasing its overall reported occupancy rate by 2% from 2018. Inventory also increased by roughly 170,000 square feet, therefore, we show a positive absorption across the board of nearly 190,000 square feet. This is great news and an indicator that small business is filling the void left by Corporate America in Baton Rouge. Another point to note is that Office Condo now makes up 20% of our overall dataset and Class A Office Condos now consists of over 26% of the Class A market overall. This is a trend that will continue throughout Baton Rouge especially around sections of town with high densities of upper-end residential development.

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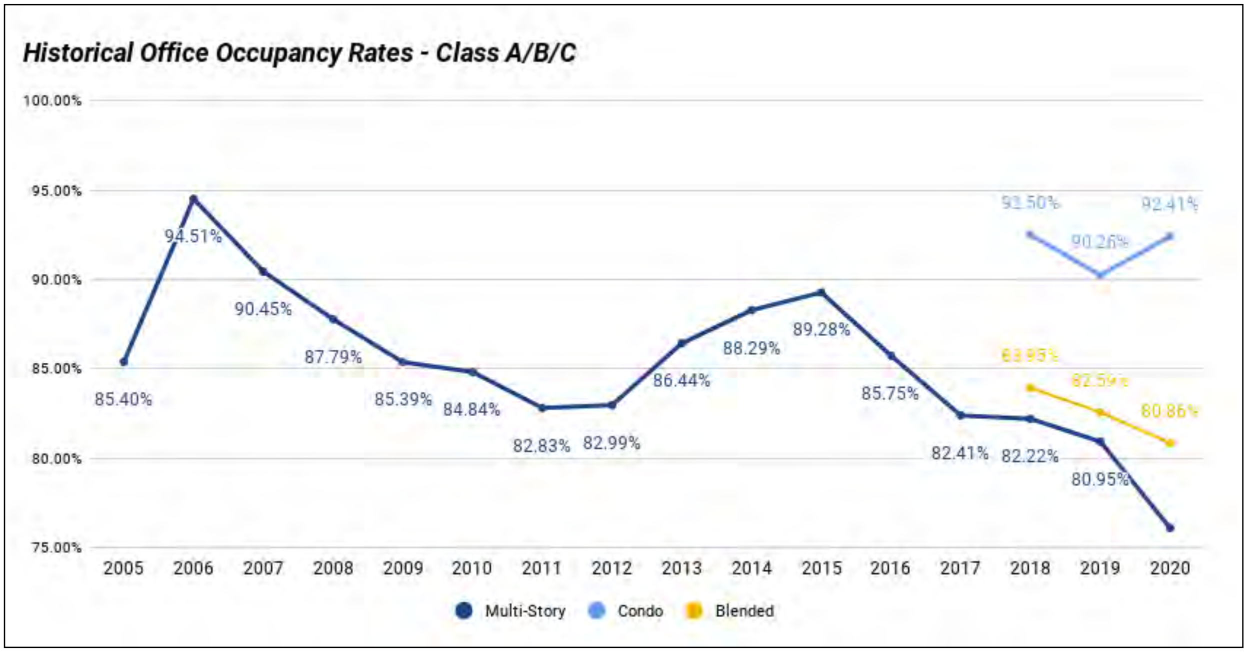
New Construction

Several condo projects announced last year have commenced construction with several buildings in each development. Since 170,000 square feet was added to the inventory in 2019, Garden Office has been the silver lining against the backdrop of stagnant multistory activity. The Mercantile is 80% completed, a project announced in early 2018 along Bluebonnet, and The Metro on Jefferson Hwy and has gone vertical along with Perkins Eight, near Pecue.

What's interesting to note is new construction Garden Office is now in many cases just as expensive to lease as existing multistory inventory. Rates for new construction start around \$22-\$23 per RSF with a CAM charge ranging from \$1.00 - \$2.50 per RSF depending on the project. New Construction Class A multistory buildings start around \$28.00 per RSF all-in and go up; however, numerous multistory buildings that have been updated have year-one rentals starting around \$22.00 - \$24.00 per RSF. Part of the reason for the surge in popularity of Garden Office appears to be due to the convenience of drive up office space as well as having the opportunity to own their building.



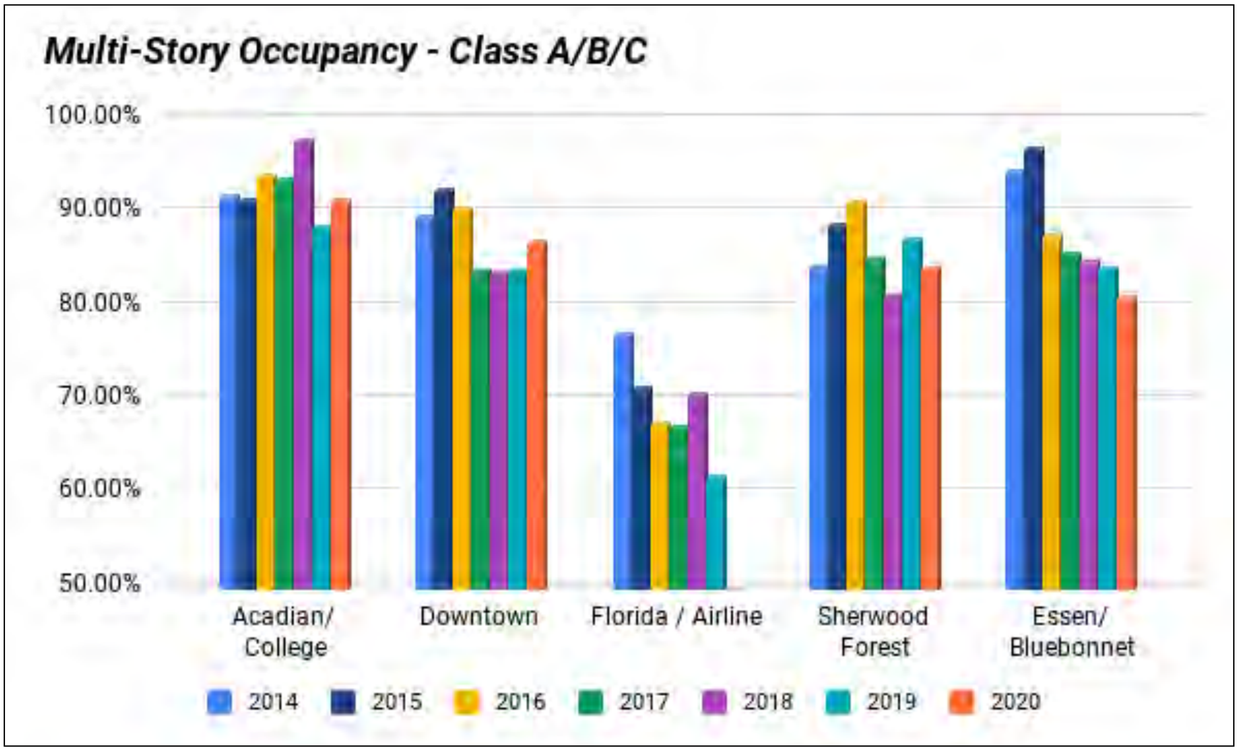
Office Leasing Activity 2019

Several large deals took place in 2019 that moved the needle in two submarkets in particular. Downtown led with the Jones Walker lease of roughly 50,000 RSF. That deal in conjunction with several others in the 15,000 RSF range moved the Class A occupancy up nearly 1% in 2019. It is worth noting that roughly 30,000 RSF of vacant space was removed from the downtown dataset due to River House converting its office component to multifamily. Additionally, Chase South Tower is converting much of the former Albemarle space into condos resulting in roughly another 150,000 RSF from the inventory.

The Jones Walker move left a void in the Essen submarket, which has also been plagued with sublease space. Despite the high number of sublease space, the Essen submarket has absorbed a couple percentage points of occupancy to reach 85.69% for Class A multistory. The submarket does continue to carry a

148,000 RSF sublease number which equates to another 7% of inventory available at discounted rates. Acadian/College dropped a couple of percentage points in 2019 as normal turnover has been slower to backfill, however it remains the healthiest submarket at 92% overall. Last year, Sherwood Forest had an occupancy bounce that we attributed to Florida/Airline tenants moving further south to better inventory; however, the overall options due to the softness of the market have allowed Sherwood tenants to move into newer buildings along the Essen and Bluebonnet corridor. Overall Class A occupancies in Sherwood dropped one point to 86.36%.

Large-block open space designed for engineers, back office and call centers has been the hardest hit. This is most evident in the submarket that encompasses the majority of this space, Florida/Airline. Class B/C spaces in this submarket are made up of inventory like Bon Carre and the Direct General building. Florida/Airline overall has dropped to 38.53% occupancy levels, which is actually an artificially higher rate due to the removal of two obsolete buildings as noted in the data set. For example, using last year's dataset, the occupancy would have been 31%. Once again, these occupants consist of large engineering, state offices, and data centers that have either downsized or moved to other states in recent years.



Office Sales Activity

There were several sales worth mentioning in 2019. The three most high-profile were the 4000 Sherwood Building, 8282 Goodwood Blvd and Jacobs Plaza on Essen. Two of the sales, Goodwood and Jacobs were owner-occupant or assemblage sales, making investor value difficult to derive. The Sherwood sale was a true third-party sale that penciled in just over $100 per RSF – roughly the same price per square foot as the last time it sold in 2013.

The Goodwood sale closed for roughly $5,000,000 or $61 per RSF. Owner-occupant sales are increasingly becoming the preferred method for owners of multistory buildings whose buildings require significant CAPEX. Again, it was not an arm's length transaction so the price per square foot may have accounted for other factors as well.

9181 Interline Ave also sold last year to a vendor that will be constructing a VA facility. The building will be completely gutted after paying $24 per RSF for the 82,000 SF building. The majority of multistory sales over the last couple years have been geared towards owner-occupants. Look for this trend to continue.

New Construction

On the multistory front very little new construction buildings were delivered in 2019 outside of several garden office buildings and 1200 Brickyard Lane. Commercial Properties continues to chip away at the Water Campus development with the addition of the 90,000 square foot office building.

A majority of completions for the year were medical office in nature with all three major medical hospital systems adding additional space as noted in last year's report.

Wampold Companies will begin its renovations on the former Chase South Tower in 2020 as well as the Louisiana Realtor's Association kicking off their 17,000 RSF building located at 861 Main St.

Chase South Tower Rendering

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1200 Brickyard Lane

Louisiana Association of Realtors Building

On the office condo side, several projects announced in 2019 are still underway:

- **Drusilla Office Park** located at Drusilla and Interline - Total 30,000 sq ft
- **Goodwood Office Park** located at Jefferson Near Town Center - Total 18,000 sq ft - 5,000 sq ft remaining
- **Long Farm Village** located on Airline at Baringer Foreman - Building 1 Roughly 12,000 sq ft with potential to add another 100,000 sq ft
- **Mercantile by Dantin and Bruce** on Bluebonnet near Izzo's will have a total of 39,000 sq ft of buildings - Under construction with 20% remaining
- **Hide Park** on Bluebonnet next to Ironstone will have 23,500 sq ft of planned garden office - 10,000 sq ft remaining
- **Westminster Office Park** on Jefferson Hwy across from the Business Report office will house 32,000 sq ft - 11,000 sq ft remaining
- 10235 Jefferson now known as **Metro Office Park** is also planned along Jefferson near Bluebonnet. This development totals 42,000 sq ft of garden style office and is now under construction. - 24,000 sq ft remaining
- **Baringer Block** - 44,055 sq ft total with 45% complete
- **Perkins 8** - Recent Office park announced on Perkins near Highland - 26,220 sq ft total

Mercantile

The Metro

Perkins 8

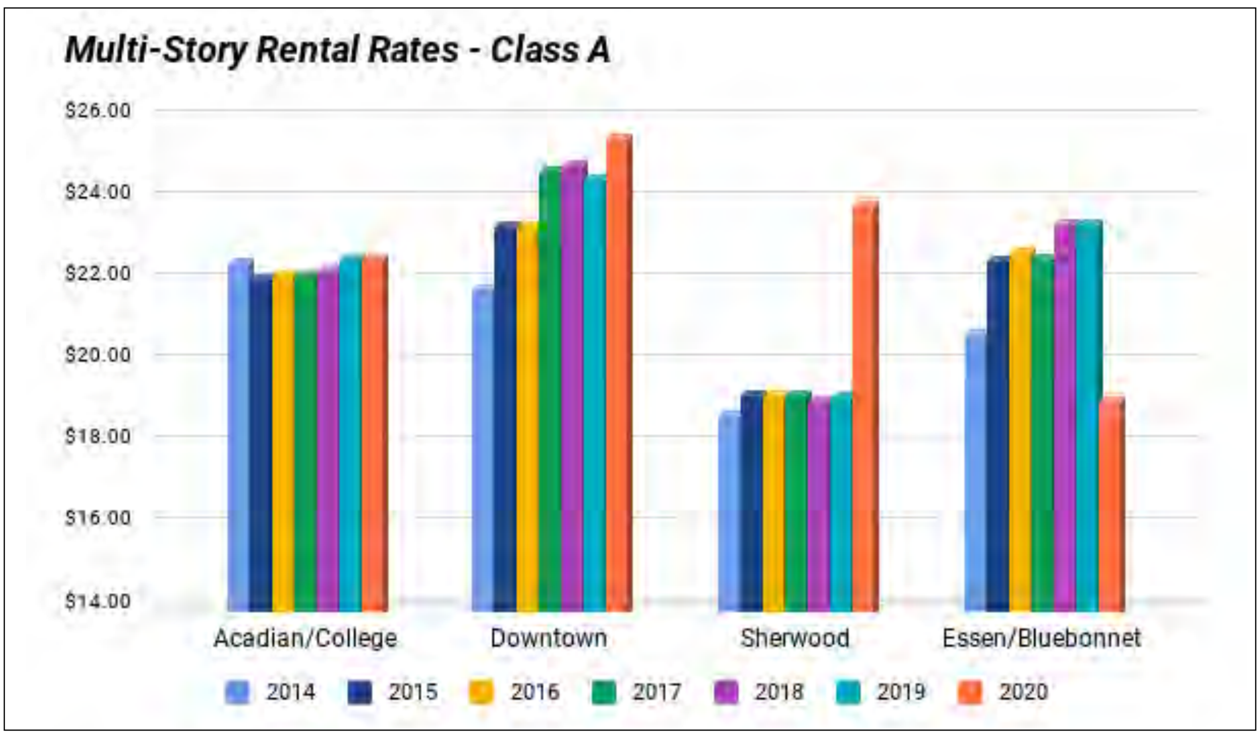
Baton Rouge Office Market – April 2020 Forecast

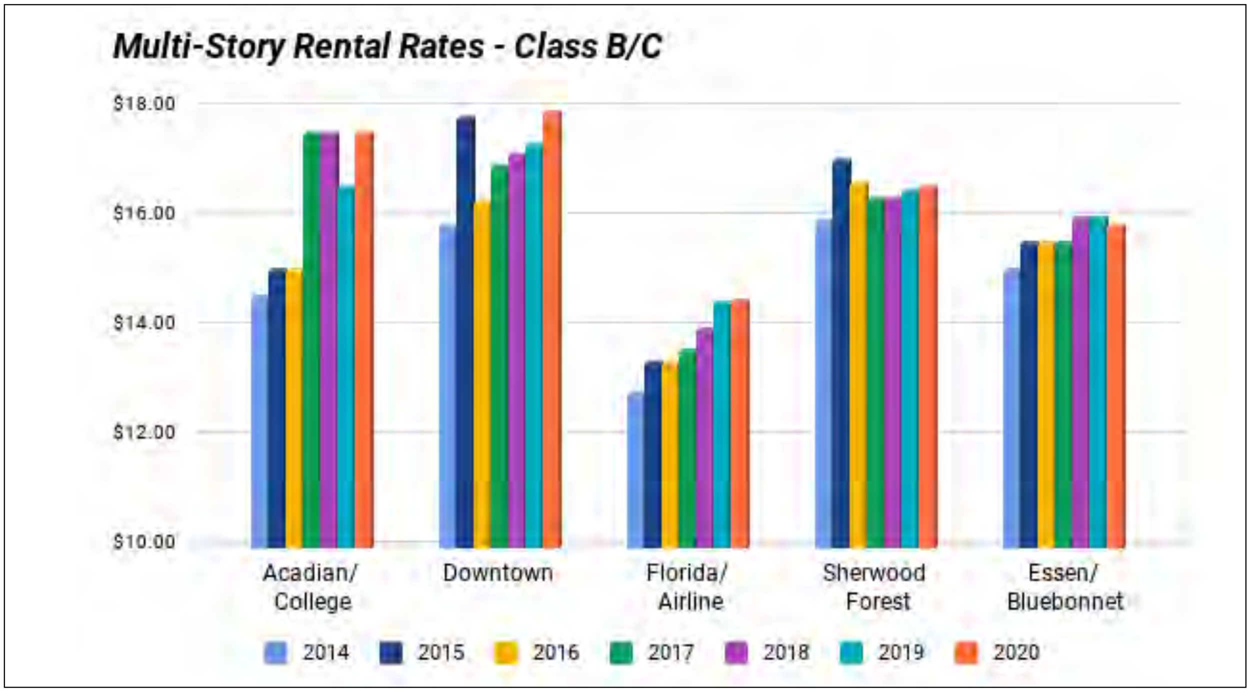
At the time of this publication it has become evident there will be a major disruption in the Baton Rouge office market associated with COVID-19. Prior to the disruption, our office committee was forecasting the continued slow, downward overall trend in Office, with minimal changes to Class A multistory and steady growth in Garden Office. For years, our team has been looking for a spark or an indicator that would lead us to believe that Baton Rouge office, especially in the larger block space, would make a comeback. However, with little or no economic incentives to lure those larger users to Louisiana, there is little indication large block space leasing will be anything but few and far between. .

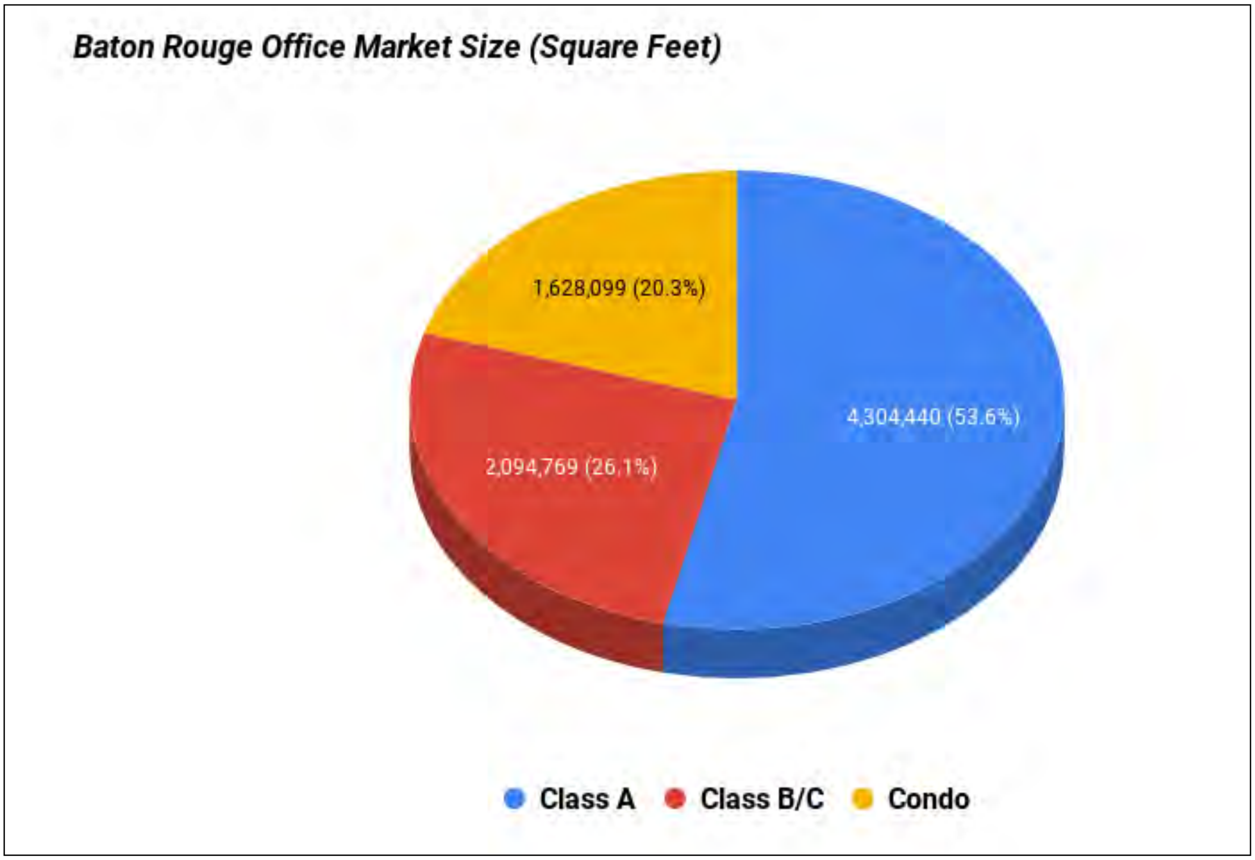
We predict that Class B/C will continue to struggle, putting increasing pressure on Class A office to be competitive from a rental and Tenant Improvement standpoint. That being said, our team believes the current Class A multistory inventory to remain stabilized for the long-term as rental rates prohibit new competition from entering the market.

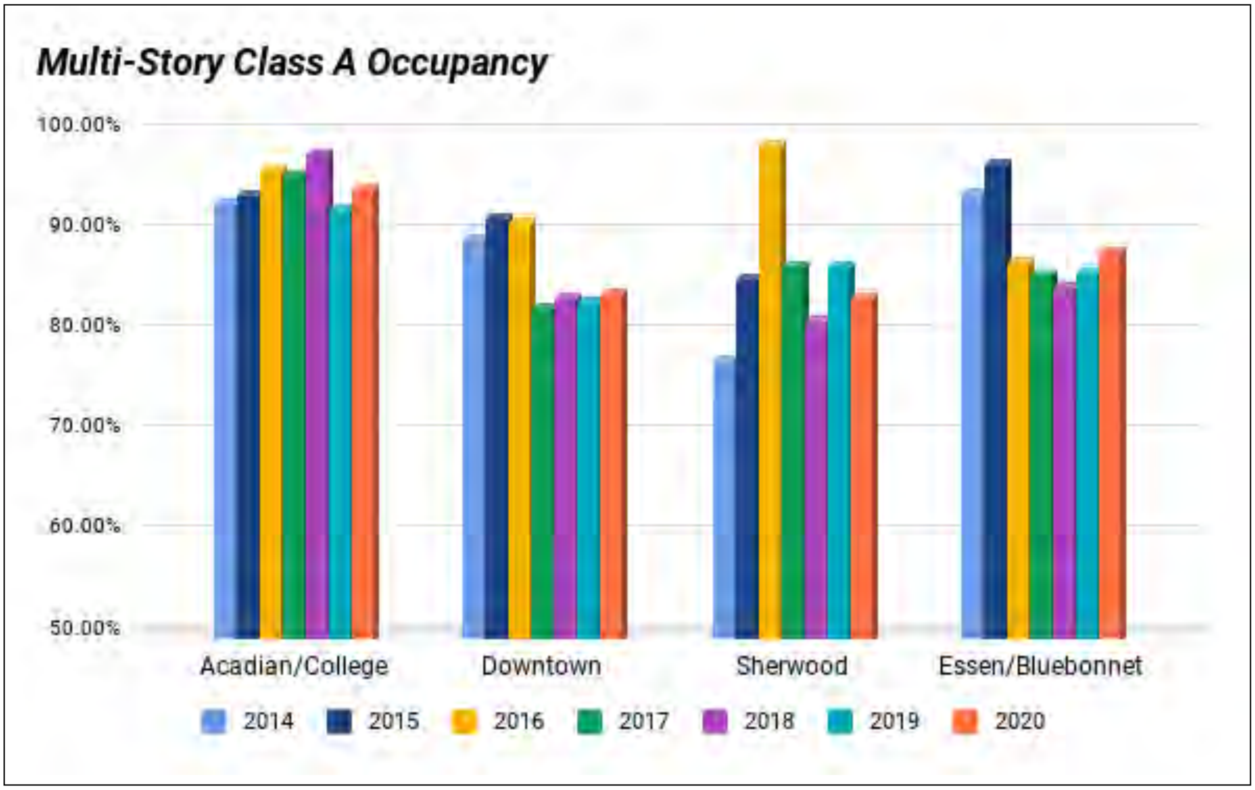
Office and Industrial are our best index for market health, and Louisiana has severely slanted towards the Industrial sector for a long time, leaving corporate America to do their talking with their feet. Below are companies that have moved or downsized in recent years which, in total, equates to about 1,000,000 square feet of office space: Capital One, Chase, Albemarle, CB&I, APTIM, CDI, State Farm, Amedysis.

For the first time since our survey began, the market supply shrank last year due to the removal of several obsolete buildings and a couple multifamily conversions. Total inventory equaled 8.027 MM RSF down from 8.27 MM RSF, a reduction of 243,000 RSF.




Multi-Story Rental Rates - Class B/C
$18.00
$16.00
$14.00
$12.00
$10.00
Acadian/ College
Downtown
Florida/ Airline
Sherwood Forest
Essen/ Bluebonnet
2014
2015
2016
2017
2018
2019
2020


Baton Rouge Office Market Size (Square Feet)
1,628,099 (20.3%)
4,304,440 (53.6%)
2,094,769 (26.1%)
Class A
Class B/C
Condo


Multi-Story Class A Occupancy
100.00%
90.00%
80.00%
70.00%
60.00%
50.00%
Acadian/College
Downtown
Sherwood
Essen/Bluebonnet
2014
2015
2016
2017
2018
2019
2020

SUMMARY

Office Market By Area • Class A Buildings • 4 4 2020

ACADIAN / COLLEGE

	BUILDING	CLASS	SQUARE FEET	OCCUPIED	OCCUPANCY RATE	RATE	SUBLEASE
1	Acadian Centre	A	74,589	57,729	77.40%	$21.00	0
2	CitiPlace Centre I (Hancock Bank Building @ CitiPlace)	A	82,023	80,245	97.83%	$23.00	0
3	CitiPlace Centre II	A	31,516	28,162	89.36%	$22.00	0
4	CitiPlace Centre III (The Bancorp Bank Center @ CitiPlace)	A	42,659	42,659	100.00%	$23.00	4,387
5	Acadia Trace	A	121,000	121,000	100.00%	$20.00	0
6	Corporate Atrium	A	76,447	69,051	90.33%	$21.00	0
7	Corporate Center	A	48,000	48,000	100.00%	$22.50	0
8	Republic Finance	A	27,000	27,000	100.00%	$24.00	0
9	2370 Towne Centre	A	66,000	66,000	100.00%	$24.50	0
10	5551 Corporate	A	52,142	45,272	86.82%	$24.00	0
	TOTALS		621,376	585,118	94.16%	$22.50	4,387

DOWNTOWN

	BUILDING	CLASS	SQUARE FEET	OCCUPIED	OCCUPANCY RATE	RATE	SUBLEASE
1	One American Place	A	333,306	306,879	92.07%	$22.00	4,706
2	Riverside North Tower	A	207,572	145,300	70.00%	$22.50	0
3	Chase South Tower	A	147,100	79,012	53.71%	$21.50	0
4	City Plaza	A	166,473	161,479	97.00%	$23.50	0
5	II City Plaza	A	255,344	255,344	100.00%	$30.00	27,211
6	La Cap Building	A	75,000	53,128	70.84%	$22.00	0
7	Water Campus	A	89,320	41,679	46.66%	$34.00	0
8	IBM	A	140,651	140,651	100.00%	$28.00	0
9	Water Campus 2.0 (REMOVED)	-	-	-	-	-	-
10	River House (REMOVED)	-	-	-	-	-	-
	TOTALS		1,414,766	1,183,472	83.65%	$25.44	31,917

ESSEN / BLUEBONNET

	BUILDING	CLASS	SQUARE FEET	OCCUPIED	OCCUPANCY RATE	RATE	SUBLEASE
1	Essen Center	A	113,000	15,702	13.90%	$21.00	0
2	Jefferson Brentwood	A	63,625	61,004	95.88%	$23.50	0
3	I United Plaza	A	94,204	94,204	100.00%	$24.00	0
4	II United Plaza	A	197,010	187,160	95.00%	$24.00	0
5	III United Plaza	A	60,389	40,042	66.31%	$22.00	0
6	IV United Plaza	A	71,547	47,547	66.46%	$24.00	0
7	V United Plaza	A	58,365	56,762	97.25%	$22.00	0
8	VII United Plaza	A	58,000	58,000	100.00%	N/A	0
9	VIII United Plaza	A	57,932	57,932	100.00%	$24.00	0
10	IX United Plaza	A	97,000	97,000	100.00%	N/A	0
11	XII United Plaza	A	154,000	154,000	100.00%	$24.00	0
12	Bluebonnet Centre	A	71,656	69,640	97.19%	$22.00	0
13	Louisiana School Employee Retirement	A	112,253	112,253	100.00%	N/A	0
14	Jacobs Plaza	A	192,600	192,600	100.00%	N/A	0
15	Aptim	A	240,000	240,000	100.00%	N/A	140,000
16	Perkins Rowe	A	126,328	110,569	87.53%	$28.00	0
17	7290 Bluebonnet	A	152,000	0	0.00%	$21.00	0
18	Advocate Building	A	53,000	53,000	100.00%	$25.50	7,800
19	@Highland	A	54,000	38,309	70.94%	$28.00	0
	TOTALS		2,026,909	1,685,724	83.17%	$23.79	147,800

SHERWOOD FOREST

	BUILDING	CLASS	SQUARE FEET	OCCUPIED	OCCUPANCY RATE	RATE	SUBLEASE
1	4000 S. Sherwood Office Building	A	78,183	74,909	95.81%	$19.95	A
2	Investar Tower	A	57,486	55,267	96.14%	$17.50	A
3	Westfork Building	A	105,720	81,721	88.00%	$19.51	A
	TOTALS		241,389	211,897	87.78%	$18.99	

TOTAL

# of Buildings	AREA	CLASS	SQUARE FEET	OCCUPIED	OCCUPANCY RATE	RATE	SUBLEASE
10	ACADIAN/COLLEGE	A	621,376	585,118	94.16%	$22.50	4,387
9	DOWNTOWN	A	1,414,766	1,183,472	83.65%	$25.44	31,917
19	ESSEN/BLUEBONNET	A	2,026,909	1,685,724	83.17%	$23.79	147,800
3	SHERWOOD FOREST	A	241,389	211,897	87.78%	$18.99	0
41	TOTALS		4,304,440	3,666,211	85.17%	$22.68	184,104

SUMMARY

Office Market By Area • Class B/C Buildings • 4 4 2020

ACADIAN / COLLEGE

	BUILDING	CLASS	SQUARE FEET	OCCUPIED	OCCUPANCY RATE	RATE	SUBLEASE
1	5615 Corporate	B	56,916	41,827	73.49%	$18.00	0
2	5420 Corporate	B	30,663	17,859	58.24%	$17.00	0
	TOTALS		87,579	59,686	68.15%	$17.50	0

DOWNTOWN

	BUILDING	CLASS	SQUARE FEET	OCCUPIED	OCCUPANCY RATE	RATE	SUBLEASE
1	Renaissance East	B	172,000	172,000	100.00%	$12.76	0
2	Renaissance West (REMOVED)	B	-	-	-	-	-
3	Roumain Building	B	32,997	32,997	100.00%	$16.00	0
4	Taylor Building	B	30,000	27,000	90.00%	$15.00	0
5	339 Florida	B	44,524	44,524	100.00%	$16.00	0
6	525 Florida St. (Kinko's Building)	B	30,000	30,000	100.00%	$17.50	0
7	Cordova Square	B	20,000	17,575	87.88%	$21.00	0
8	500 Laurel Street	B	28,000	28,000	100.00%	$27.00	0
	TOTALS		357,521	352,096	98.48%	$17.89	0

FLORIDA / AIRLINE

	BUILDING	CLASS	SQUARE FEET	OCCUPIED	OCCUPANCY RATE	RATE	SUBLEASE
1	Alpha Building (8282 Goodwood)	B	30,209	25,335	83.87%	$11.51	0
2	Mid City Tower (REMOVED)	B	-	-	-	-	-
3	Mid City Plaza (4962 Florida)	B	31,975	31,975	100.00%	$10.00	0
4	10225 Florida (REMOVED)	B	-	-	-	-	-
5	Bon Carre	B	712,970	289,307	40.58%	$20.00	0
6	Direct General - 15151 Florida	B	124,463	0	0.00%	$16.25	0
	TOTALS		899,617	346,617	38.53%	$14.44	0

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SHERWOOD FOREST							
	BUILDING	CLASS	SQUARE FEET	OCCUPIED	OCCUPANCY RATE	RATE	SUBLEASE
1	11000 Mead	B	51,878	19,072	36.76%	$19.00	0
2	3029 Sherwood	B	36,000	16,023	44.51%	$13.00	0
3	Sherwood II	B	26,637	16,773	62.97%	$16.00	0
4	Sherwood Oaks Office Park	B	101,157	87,772	86.77%	$16.00	0
5	Sherwood Plaza Business Park	B	61,000	54,900	90.00%	$15.00	0
6	10719 Airline	B	37,500	37,500	100.00%	$17.50	0
7	3854 American Way	B	119,945	119,945	100.00%	$16.50	0
8	Security National	B	45,378	45,378	100.00%	$18.50	0
9	Sherwood Tower	B	76,584	59,559	77.77%	$17.00	0
	TOTALS		556,079	456,923	82.17%	$16.50	0
ESSEN / BLUEBONNET							
	BUILDING	CLASS	SQUARE FEET	OCCUPIED	OCCUPANCY RATE	RATE	SUBLEASE
1	7414 Perkins Road	B	72,145	46,173	64.00%	$15.50	0
2	Essen Crossing	B	56,538	28,466	50.35%	$16.00	0
3	7434 Perkins	B	20,290	9,192	45.30%	$13.75	0
4	Essen Business Park	B	45,000	20,746	46.10%	$18.00	0
	TOTALS		193,973	104,577	53.91%	$15.81	0
TOTAL							
# of Bldgs	AREA	CLASS	SQUARE FEET	OCCUPIED	OCCUPANCY RATE	RATE	SUBLEASE
2	ACADIAN/COLLEGE	B	87,579	59,686	68.15%	$17.50	0
7	DOWNTOWN	B	357,521	352,096	98.48%	$17.89	0
4	FLORIDA/AIRLINE	B	899,617	346,617	38.53%	$14.44	0
9	SHERWOOD FOREST	B	556,079	456,923	82.17%	$16.50	0
4	ESSEN/BLUEBONNET	B	193,973	104,577	53.91%	$15.81	0
26	TOTALS		2,094,769	1,319,898	63.01%	$16.43	0

SUMMARY
Office Of Class A Office Condos By Area

#	AREA	CLASS	SQUARE FEET	OCCUPIED	OCCUPANCY RATE	RATE
6	PERKINS	A	81,748	78,951	96.58%	$20.04
3	HIGHLAND	A	73,707	62,493	84.79%	$19.75
10	JEFFERSON HWY	A	265,893	235,181	88.45%	$20.75
4	SIEGEN	A	103,511	99,295	95.93%	$17.08
14	BLUEBONNET	A	345,431	320,023	92.64%	$19.91
7	SHERWOOD FOREST	A	141,805	123,501	87.09%	$15.80
4	O'NEAL	A	92,149	82,653	89.69%	$14.25
48	TOTALS		1,104,244	1,002,097	90.75%	$18.23

SUMMARY
Office Of Class B/C Office Condos By Area

#	AREA	CLASS	SQUARE FEET	OCCUPIED	OCCUPANCY RATE	RATE
2	PERKINS	B/C	85,962	81,362	94.65%	$14.00
3	ESSEN	B/C	49,346	49,346	100.00%	$12.51
3	JEFFERSON	B/C	178,592	168,158	94.16%	$15.75
2	SIEGEN	B/C	62,554	62,554	100.00%	$16.92
1	BLUEBONNET	B/C	10,749	7,749	72.09%	$15.00
4	SHERWOOD	B/C	111,239	108,971	97.96%	$13.31
2	S HARRELL'S FERRY	B/C	25,413	24,247	95.41%	$13.00
17	TOTALS		523,856	502,387	95.90%	$14.36

SUMMARY
Multistory Office For Class A & B/C Buildings

	AREA	CLASS	SQUARE FEET	OCCUPIED	OCCUPANCY RATE	RATE	SUBLEASE
1	ACADIAN/COLLEGE	A & B/C	708,955	644,804	90.95%	$20.00	9,725
2	DOWNTOWN	A & B/C	1,772,287	1,535,568	86.64%	$20.70	31,917
3	FLORIDA/AIRLINE	A & B/C	899,617	346,617	38.53%	$14.44	0
4	SHERWOOD FOREST	A & B/C	797,468	668,820	83.87%	$17.74	0
5	ESSEN/BLUEBONNET	A & B/C	2,220,882	1,790,301	80.61%	$19.80	151,765
	TOTALS		6,399,209	4,986,110	77.92%	$18.54	193,407

Historical Occupancy Trend: Multistory Buildings

AREA	CLASS	OCCUPANCY % Spring 2016	OCCUPANCY % Spring 2017	OCCUPANCY % Spring 2018	OCCUPANCY % Spring 2019	OCCUPANCY % Spring 2020
ACADIAN/ COLLEGE	A & B/C	93.66%	93.32%	97.55%	88.27%	90.95%
DOWNTOWN	A & B/C	90.09%	83.56%	83.30%	83.45%	86.64%
FLORIDA/ AIRLINE	A & B/C	67.21%	66.77%	70.38%	61.38%	38.53%
SHERWOOD FOREST	A & B/C	90.74%	84.78%	80.90%	86.80%	83.87%
ESSEN/ BLUEBONNET	A & B/C	87.26%	85.27%	84.40%	83.83%	80.61%
TOTALS		85.75%	82.41%	82.22%	80.95%	76.12%

SUMMARY

Office Condos For Class A & B/C Buildings • 4 4 20

# of Office Parks	Area	CLASS	SQUARE FEET	OCCUPIED	OCCUPANCY RATE	RATE
8	PERKINS	A & B/C	167,710	160,313	95.59%	$17.02
6	HIGHLAND/ESSEN	A & B/C	123,053	111,839	90.89%	$16.13
13	JEFFERSON	A & B/C	444,485	403,339	90.74%	$18.25
6	SIEGEN	A & B/C	166,065	161,849	97.46%	$17.00
15	BLUEBONNET	A & B/C	356,180	327,772	92.02%	$17.45
11	SHERWOOD FOREST	A & B/C	253,044	232,472	91.87%	$14.56
6	O'NEAL / S HARRELL'S FERRY	A & B/C	117,562	106,900	90.93%	$13.63
65	TOTALS	A & B/C	1,628,099	1,504,484	92.41%	$16.29

Historical Occupancy Trend: Office Condos

#	CONDOS	CLASS	OCCUPANCY % Spring 2018	OCCUPANCY % Spring 2019	OCCUPANCY % Spring 2020
8	PERKINS	A & B/C	97.88%	96.17%	96.58%
6	JEFFERSON	A & B/C	95.45%	90.88%	84.79%
13	SHERWOOD FOREST	A & B/C	90.49%	85.62%	88.45%
6	BLUEBONNET	A & B/C	96.54%	96.88%	95.93%
15	SIEGEN	A & B/C	95.50%	95.85%	92.64%
11	HIGHLAND / ESSEN	A & B/C	79.16%	67.29%	87.09%
6	O'NEAL / S HARRELL'S FERRY	A & B/C	NA	79.95%	89.69%
65	TOTALS	A & B/C	92.50%	87.52%	90.75%

Total Blended Office Market - Spring 2020

PROPERTY TYPE	TOTAL SF	OCCUPIED SF	OCCUPANCY
Multistory	8,027,308	6,490,594	80.86%
Condo	1,628,099	1,504,484	92.41%
TOTAL	9,655,407	7,995,078	82.80%

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EXECUTIVE OVERVIEW - *Everything Changed*

During the 2004 Boxing Day Tsunami in Sumatra, Indonesia, there was an heroic story of an orphanage director who woke up early that morning and looked out of his window. As he opened the curtains and looked to the east over the ocean, he could see a wall of water moving in their direction. In a mad rush, he gathered all of the kids from the orphanage into a small boat. He knew he could not outrun the water and so in a moment of clarity, he decided to head right toward the wall of water. With a small engine and boat at full capacity, the chances of the full boat making it over the wall of water were small at best. As he approached the wave, he began to pray and floored the small engine. Halfway up the wall, he could feel the boat slowing down, so he prayed harder. Miraculously the boat topped the wave and made it to the other side without a single person dying from the orphanage. As they looked back over the water rushing to shore, they realized EVERYTHING CHANGED!

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COVID-19 Outbreak World Map per Capita

The Trifecta

In early March of this year, everything changed. The week of March 10, news of the first case of the COVID-19 reported in New Orleans was released. Also, that week OPEC decided to not stim the production of their oil supplies thus sending the oil markets into a plummet. The following week, the Governor gave the order for a Shelter in Place for workers to stay home from their jobs. This Health, Oil, and Economic crisis is the worst trifecta our country has seen in the last century. What will be

the lasting impact of these crises? We do not know. However, we do know that life before March of 2020 will look as starkly different as a clear to muddy water change in the Gulf on a clear crisp day. We live in the greatest country in the world and in the greatest state (yes, even better than our very proud neighbor to the west but we just don't talk about as much). We have survived hurricanes, floods, and economic crises before, but this month of rip tides churning through our state and economy will put us to the test.

If you are sitting in this room in August and you made it through the COVID-19 Crisis as a Landlord, Developer, or Broker, congratulations you made it over the Tsunami wave! However, writing a report on the real estate market right now would be like writing a history of Sumatra while trying to pray and will your boat over the wave that is hitting. So, in complete honesty and transparency, we have no idea how this is going to impact our market, and we will see you in August.

Local Inventory Report

MEMO	YE 2018	YE 2019
TOTAL INVENTORY	29,786,799 SF	30,638,840 SF
VACANT SPACE	2,166,879 SF	1,833,529 SF
OCCUPIED SPACE	27,619,920 SF	28,805,311 SF
VACANCY RATE	7.27%	5.98%
NET ABSORPTION	78,882 SF	986.982 SF
SPACE UNDER CONSTRUCTION AT YEAR END	369,649 SF	149,178 SF

Mixed Messages

Our current report reflects the LAST YEAR of activity. The reality of the industrial real estate market will change per the above-mentioned crisis that is currently taking place. However, over the last year, the local market proved to be stronger than what was anticipated by the committee. Both in what was observed in the market and in discussion amongst committee members, the expectation was that there would be an increase in the vacant square footage and vacancy rate year over year. Surprisingly, the data didn't support those suppositions. Leasing activity and volume felt slower, for lease signs seemed to be everywhere, and notable deals were few and far between but the data proved a different reality. The vacancy rate decreased from 7.27% in 2018 to 5.98% in 2019 and there was a decrease in vacant inventory by 333,350 SF. This is likely attributed to the large amount of space under construction at 2018-year end (369,649 SF) most of which was being built by owner occupants or by developers with tenants in place, and a couple of larger square footage distribution center leases that were signed in the first half of 2019. Much of the leasing activity observed appears to be from existing tenants within the market that have leases up for renewal. Typically, these tenants explore the market, consider other space options, submit proposals, and then leverage an offer from a prospective landlord against their existing one for better renewal terms. While this is typical for the industry, it was noticeable that there was a lack of new businesses and tenants from outside of the market expanding into the market. As a result, leasing activity was more of a shuffling of existing tenants than it was a net gain of industrial tenants and businesses into the market.

Vacancy Trends

Of the 1,833,529 SF of vacant industrial space in the Baton Rouge MSA, nearly 70% or 1,275,253 SF is in East Baton Rouge Parish. A further analysis reveals that 855,675 SF of vacancy exists north of the I-10/I-12 corridor in East Baton Rouge. That accounts for two-thirds of the total vacancy in the Parish and 46.67% of the total industrial vacancy across the nine parish MSA. Of the 419,578 SF that is vacant in East Baton Rouge Parish, south of the I-10/I-12 corridor, 70,592 SF or nearly 17% is flex space located on Industriplex Blvd. This space is almost entirely built out as office space with little to no warehouse. These buildings wouldn't be considered functionally obsolete, but considerable TI dollars are needed to make them leasable to meet current tenant space requirements. It is the opinion of the committee that the long-term vacancy observed in flex buildings is a better indicator of weak office demand.

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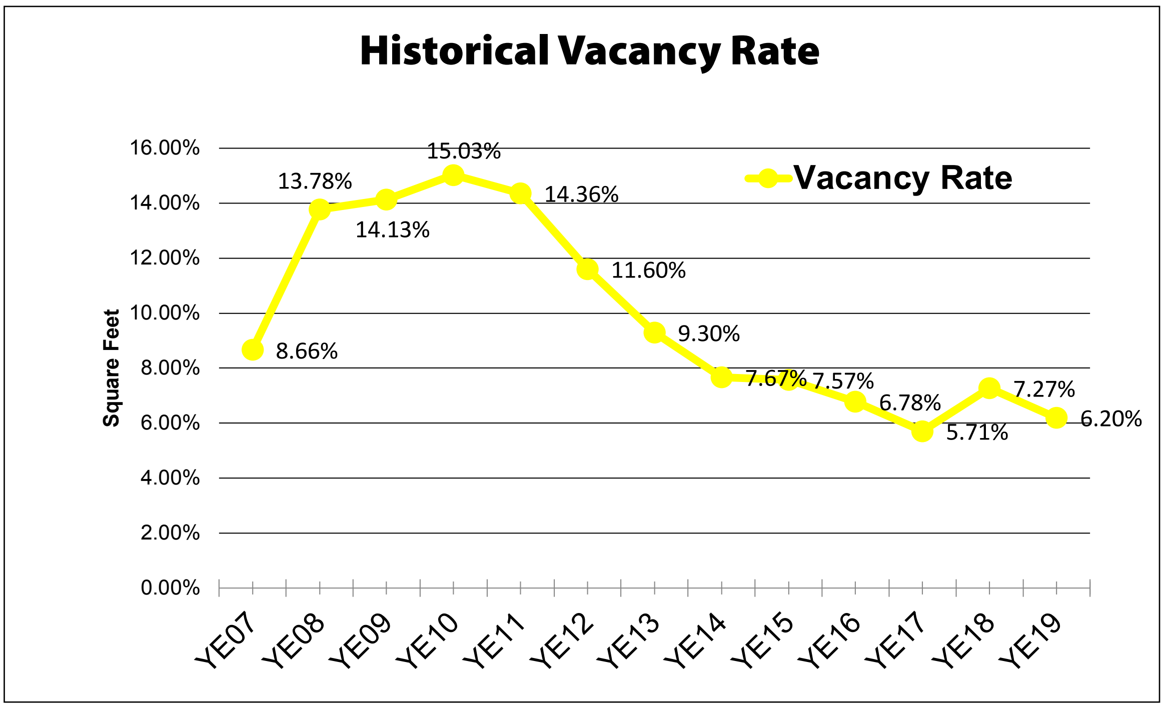
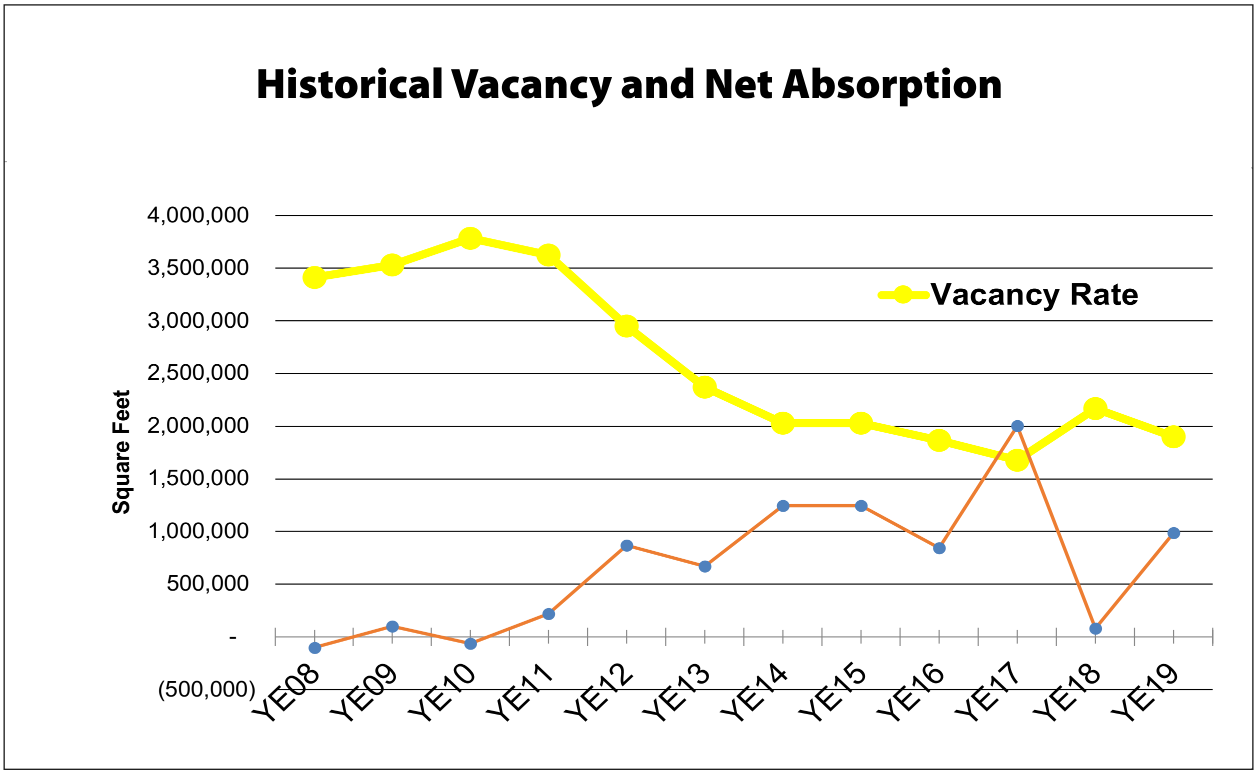
Conversely, a property subtype within the industrial sector that is nearly impossible to find is existing distribution center space over 50,000 SF. Demand from third party logistics companies and last mile delivery servicers has been strong for this product type over the last several years. As e-commerce continues to grow so will demand for distribution center space. The Covid-19 crisis has further amplified the importance of supply chain logistics and the increasing need to ship, receive, and distribute goods efficiently. This trend has not gone unnoticed by local and national developers. Currently, there are eight proposed or build-to-suit distribution facilities being offered on the market, ranging from 50,000 SF – 800,000 SF and totaling 2,886,000 SF. The challenge is the construction timelines for these projects often don't align with the tenant's delivery date expectations.



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



Summary

Over the last year, vacancy rates decreased and continue to remain low as a result of limited speculative development in addition to several large owner-occupied or build-to-suit developments. Rental rates have remained stable throughout the market making new construction margins and return tighter with increased land costs and construction costs. There is limited demand for flex space but significant demand for distribution center space. Overall, the Baton Rouge Industrial real estate market continues to be healthy. HOWEVER, the results of the most recent COVID-19 Crisis and impending economic crisis loom largely unknown. The results of the immediate impact will become clearer over the coming weeks and months. In the meantime, the committee's hope and prayer is that you stay safe and sane through these crises!

2019 RESIDENTIAL RECAP

Executive Summary

Residential markets in most sectors have been healthy over the last three to five years. Total dollar volume reported to the Greater Baton Rouge Multiple Listing Service shows increasing sales volume and median home prices in most segments studied. Inventory of homes, as exhibited by months of supply, has risen but still stays within 3 to 6 months in most markets, meaning that most markets have no more than a 6 months' supply of homes at current absorption rates. The median time a home stays on the market has hovered around the 20 to 35-day mark, and; although that has risen from 2017 levels, it is still acceptable and represents a healthy residential market. Because the data set ends on December 31, 2019, it is not impacted by the COVID 19 pandemic or the 2 trillion dollar stimulus package, nor does it take into consideration the drop in the price of crude oil to below $30.00 per barrel, all of which is likely to have an impact on the market moving forward.

Market Study Overview

The data studied includes all sales reported to the Greater Baton Rouge Area Multiple Listing Service, which includes East Baton Rouge, West Baton Rouge, Livingston, Ascension, Iberville, Pointe Coupee, East Feliciana, and West Feliciana Parishes. Sales reported to MLS represent over 80% of the residential real estate transactions in the Baton Rouge MSA. The study included nearly 2.6 billion dollars in sales reported by over 3,500 members and affiliates. The study applies to market data from January of 2015 to January of 2020. Some of the graphs presented extend into March of 2020, but the data analyzed is as of January of 2015 to January of 2020. Data will be presented on the entire multiple listing service area (those parishes noted above), East Baton Rouge, Ascension and Livingston Parishes. Those three parishes were studied because they offer the largest amount of data available and represent the largest segment of sales reported to MLS. The study focuses on Total Dollar Volume, Median Sale Prices, Months' Supply, and Median Days on Market, along with permitting data

RESIDENTIAL TRENDS COMMITTEE

TOM COOK, MAI
TRENDS *Speaker*
Cook, Moore, Davenport & Associates

Dollar Volume

Dollar Volume has risen steadily since 2015. In 2015, there were about 2.15 billion in sales reported to MLS. That number has increased steadily to about 2.565 billion in 2019. Dollar volume for all sales reported increased 21.28% over the 5 years studied. New Home sales volume was also studied. In 2015, total sales volume reported was about 475 million. By 2019 that number had risen to about 575 million. New home sales make up about 22.5% of the total sales volume.

Increases in dollar volume were also experienced in East Baton Rouge. From the beginning of 2015 to the end of 2019, total dollar volume in EBR increased by over 14%. The increase in dollar volume can be attributed to the higher

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sale price segment of the market: those homes selling over $177,000. Sales of all homes priced below $89,000 actually decreased by over 37%, while homes in the $89,000 to $177,000 price range decreased by almost 12%. The same was true for new homes in the same price range. New home sales priced at $89,000 were nonexistent in the sample, meaning there was not enough data to study. New homes in the $89,000 to $177,000 price range were over 52% in dollar volume. Homes priced between $177,000 and $275,000 fell over 24%. Those loses were made up in the increased sales volume of homes selling for $275,000 or more, which increased by over 42%. The decrease in dollar volume is likely due to the lack of product available in the lower price ranges. The largest loss exhibited by the new home sale price range of $89,000 to $177,000 of 52% represents a market segment that has virtually no inventory.

Ascension Parish also exhibited similar patterns. Total sales volume in all price ranges grew by 26.37% over the last 5 years, and new home sales increased by 27%. Lower priced home sales volume decreased in Ascension. The largest loss is represented in the $135,000 to $209,000 price range of over 64%. The new home volume in Ascension priced less than $135,000 did not have enough data to register in the study. This phenomenon is likely due to a lack of inventory of new stock available priced less than $209,000.

In Livingston Parish, dollar volume increased by 56% from January of 2015 to December of 2019. Total sales in Livingston rose to about 120 million in 2019 from about 82.5 million in 2015. Livingston also registered no new sales in the new home price range of $85,000 or less. New home sales volume in the $85,000 to $162,000 price range fell almost 74% from its high.

The high dollar residential market experienced increases also. All home sales over $1,000,000 increased by 34.25%, while new home sales over $1,000,000 increased by over 1,000%. Dollar volume of new home sales over $1,000,000 rose from about $1,100,000 to almost $12,000,000.

A grid representing Dollar Volume Changes from January 1st 2015 to December 31st 2019 follows:

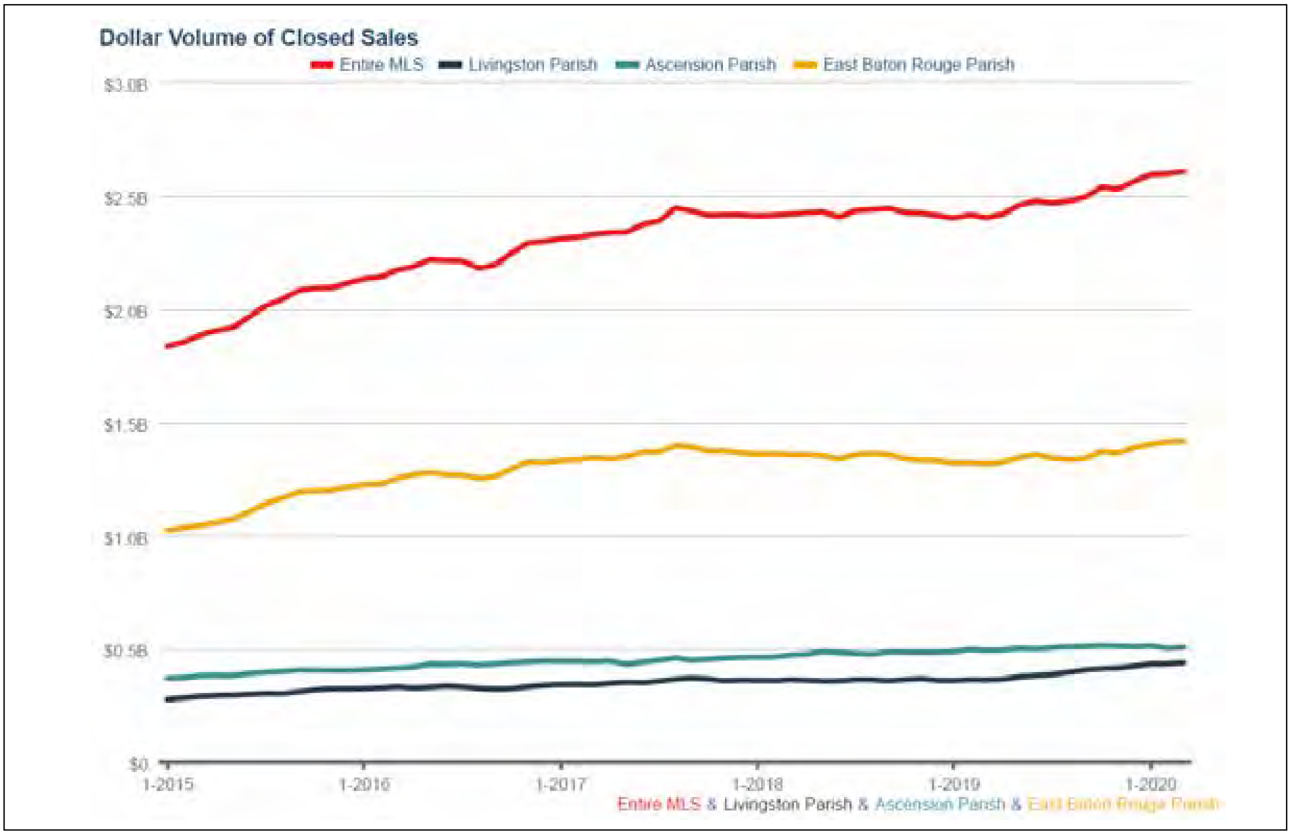
DOLLAR VOLUME CHANGES FROM JANUARY 1ST 2015 — DECEMBER 31ST 2019

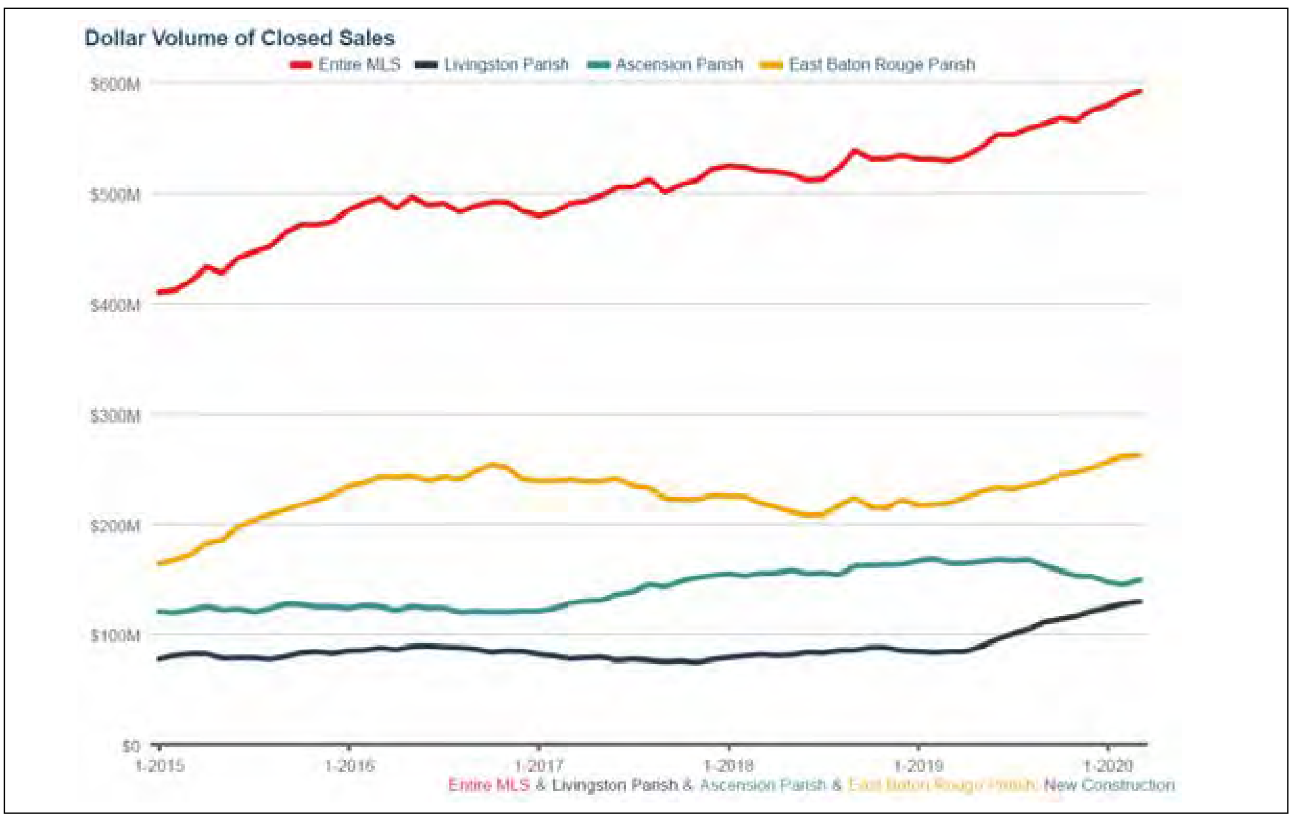
Entire MLS						Change from Low
	2015	2016	2017	2018	2019	or Peak to 2019
All Sales All Price Ranges	$2,115,878,940	$2,300,954,659	$2,417,919,496	$2,414,750,605	$2,566,063,304	21.28%
Sale Price $93,999 or Less	$62,252,448	$81,824,617	$84,700,701	$63,646,235	$54,865,652	-35.22%
Sale Price $94,000 to $177,999	$484,401,917	$490,163,411	$488,584,855	$439,629,470	$421,313,669	-14.05%
Sale Price $178,000 to $261,999	$653,043,117	$713,191,225	$780,499,650	$786,141,124	$831,918,931	25.08%
$262,000 or More	$916,181,458	$1,015,775,406	$1,064,134,260	$1,125,333,776	$1,257,965,052	37.31%
New Homes Entire MLS						
All Sales All Price Ranges	$473,883,739	$483,498,025	$521,466,471	$533,912,148	$575,102,897	21.36%
Sale Price $93,999 or Less	$0	$0	$90,000	$0	$89,000	NA
Sale Price $94,000 to $177,999	$66,173,476	$61,855,933	$56,805,815	$30,407,584	$26,928,664	-59.31%
Sale Price $178,000 to $261,999	$210,715,955	$193,915,512	$243,218,618	$219,183,628	$232,879,577	20.09%
$262,000 or More	$196,994,308	$227,636,580	$221,441,039	$284,320,936	$315,205,656	60.01%
EBR Parish All Homes						
All Sales All Price Ranges	$1,216,286,711	$1,323,938,986	$1,367,141,904	$1,332,855,326	$1,390,464,960	14.32%
Sale Price $88,999 or Less	$33,627,183	$48,128,325	$47,354,938	$33,749,494	$30,166,884	-37.32%
Sale Price $89,000 to $176,999	$235,534,547	$246,919,432	$250,442,210	$235,948,850	$220,938,338	-11.78%
Sale Price $177,000 to $274,999	$369,374,336	$393,196,343	$412,567,056	$408,608,680	$415,602,351	12.52%
$275,000 or More	$577,750,645	$635,694,886	$656,244,556	$648,867,895	$722,994,500	25.14%
EBR New Home Sales						
All Sales All Price Ranges	$226,191,615	$240,272,603	$225,714,115	$221,884,831	$250,630,311	10.80%
Sale Price $88,999 or Less	$0	$0	$0	$0	$0	NA
Sale Price $89,000 to $176,999	$8,948,351	$11,121,365	$9,493,697	$2,834,900	$5,334,000	-52.04%
Sale Price $177,000 to $274,999	$97,819,747	$95,740,247	$101,781,850	$85,252,493	$82,017,931	-24.10%
$275,000 or More	$119,423,517	$133,410,991	$114,437,568	$133,797,438	$163,278,380	42.68%

DOLLAR VOLUME CHANGES FROM JANUARY 1ST 2015 — DECEMBER 31ST 2019

Ascension Parish All Homes						
All Sales All Price Ranges	$406,031,253	$447,679,615	$464,071,849	$486,610,472	$513,085,425	26.37%
Sale Price $134,999 or Less	$18,379,932	$16,974,799	$18,605,203	$14,226,357	$11,985,839	-34.79%
Sale Price $135,000 to $208,999	$122,063,851	$124,943,266	$125,049,719	$98,657,053	$105,080,414	-15.97%
Sale Price $209,000 to $285,999	$117,756,130	$131,902,980	$150,507,125	$174,376,387	$173,806,766	47.60%
$286,000 or More	$147,831,340	$173,858,570	$169,909,802	$199,350,675	$222,212,406	50.32%
Ascension Parish New Homes Sales						
All Sales All Price Ranges	$124,736,765	$120,644,878	$153,125,985	$163,061,362	$152,223,947	27.00%
Sale Price $134,999 or Less	$391,800	$132,000	$134,900	$115,000	$0	NA
Sale Price $135,000 to $208,999	$39,457,814	$34,279,526	$48,956,535	$21,796,270	$17,429,145	-64.40%
Sale Price $209,000 to $285,999	$41,575,124	$35,126,838	$52,208,735	$66,207,049	$57,359,619	38.76%
$286,000 or More	$43,312,027	$51,238,514	$51,825,815	$74,943,043	$77,435,183	44.07%
Livingston Parish All Homes						
All Sales All Price Ranges	$324,186,691	$339,075,472	$363,460,333	$362,601,058	$425,055,465	23.73%
Sale Price $84,999 or Less	$7,790,642	$10,008,065	$14,726,542	$9,792,276	$6,905,693	-53.35%
Sale Price $85,000 to $161,999	$103,300,927	$89,668,643	$85,683,427	$83,303,694	$72,078,490	-27.32%
Sale Price $162,000 to $285,999	$107,294,479	$123,871,028	$127,083,088	$131,418,692	$151,735,494	41.42%
$215,000 or More	$107,294,479	$123,871,028	$127,083,088	$131,418,692	$151,735,494	41.42%
Livingston Parish New Home Sales						
All Sales All Price Ranges	$82,440,368	$84,513,448	$77,044,112	$84,988,474	$120,910,264	56.00%
Sale Price $84,999 or Less	$0	$0	$0	$0	$0	0.00%
Sale Price $85,000 to $161,999	$21,858,179	$15,785,435	$12,972,349	$8,297,685	$5,735,142	-73.76%
Sale Price $162,000 to $285,999	$39,595,115	$41,087,984	$34,926,298	$33,789,873	$46,285,419	27.00%
$215,000 or More	$20,987,074	$27,640,029	$29,145,465	$42,900,916	$68,889,703	228.25%
High Dollar Residential Entire MLS						
All Homes $1,000,000 and More	$47,173,000	$58,643,250	$59,074,650	$61,129,814	$63,329,575	34.25%
New Homes $1,000,000 and More	$1,073,000	$2,407,500	$7,891,500	$13,569,636	$11,930,000	1012%

Graphic representation of total dollar volume in the categories studied follows:





Median Sale Price

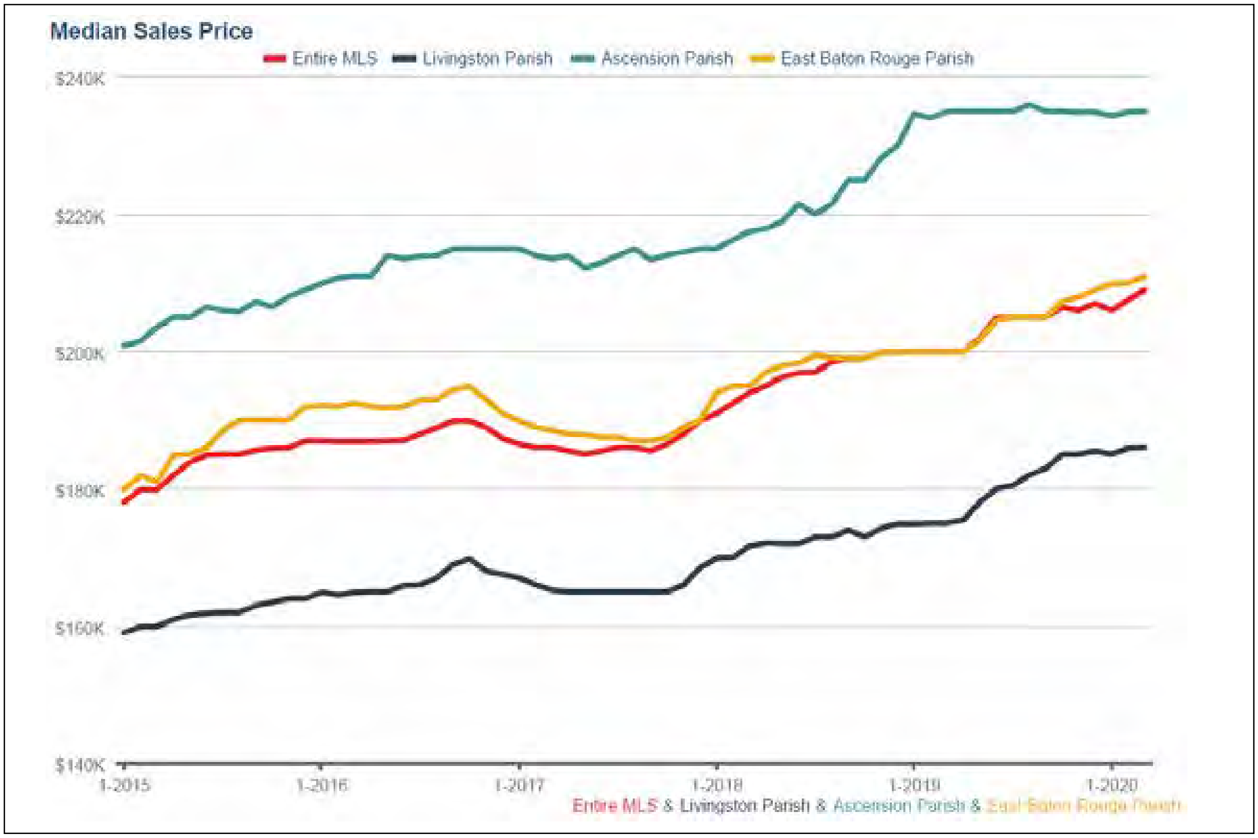
Median sale prices are those prices that fall within the middle of the data set; one half of the homes sell below this price and the other half sell above this price. The study used median sale price indications rather than the average price. Median price better represents the typical home within an area because it is not affected by the extreme low and high prices that might skew the average price up or down.

Median home prices in all segments studied showed increases of between 8.85% and 22.28%. The median sale price of new homes grew higher than all homes combined in every category. The gains that stand out most are those new home sale median prices in Livingston and Ascension Parishes. The median price of new homes in Livingston and Ascension both grew by over 20% from January of 2015 to the end of 2019. Median new home prices rose in Ascension from about $220,000 in 2015 to $265,000 by the end of 2020. This annualized increase of 4% outpaces the existing home increase of closer to 2%. Newer homes are becoming more expensive in Ascension and Livingston as new housing stock below the $200,000 price range is limited.

A grid representing Median Prices in all categories follows:

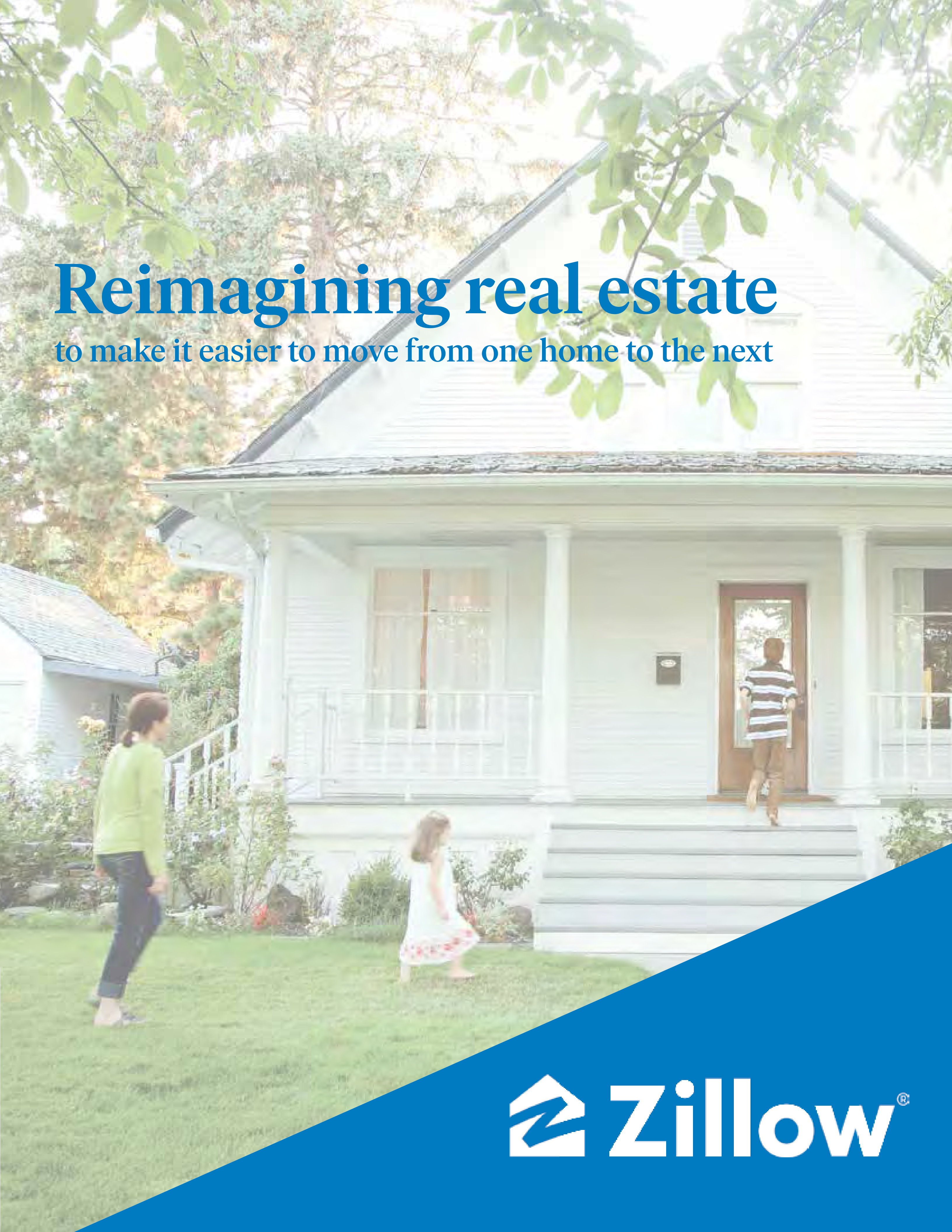
Median Sale Price	2015	2016	2017	2018	2019	Change from 2015 to 2019
Entire MLS	$187,000	$187,330	$189,900	$199,900	$207,000	10.70%
New Homes Entire MLS	$218,045	$221,745	$216,241	$238,000	$247,185	13.36%
EBR Parish All Homes	$192,000	$191,000	$190,000	$199,900	$209,000	8.85%
EBR New Home Sales	$240,740	$248,450	$237,500	$250,970	$272,133	13.04%
Ascension Parish All Homes	$209,000	$215,000	$215,000	$230,000	$234,900	11.03%
Ascension Parish New Homes Sales	$219,143	$236,203	$215,764	$257,500	$265,000	20.93%
Livingston Parish All Homes	$164,000	$167,500	$168,500	$174,900	$185,500	13.11%
Livingston Parish New Home Sales	$173,900	$179,715	$184,295	$200,000	$212,638	22.28%

Graphic representation of the numerical data follows:



Reimagining real estate

to make it easier to move from one home to the next



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Months' Supply

Months' supply is a fairly accurate indication of absorption of homes at current sale rates. As long as absorption of homes remains relatively constant, the months of supply of homes for sale can provide a good indication of how long it takes to absorb homes that are on the market in different categories.

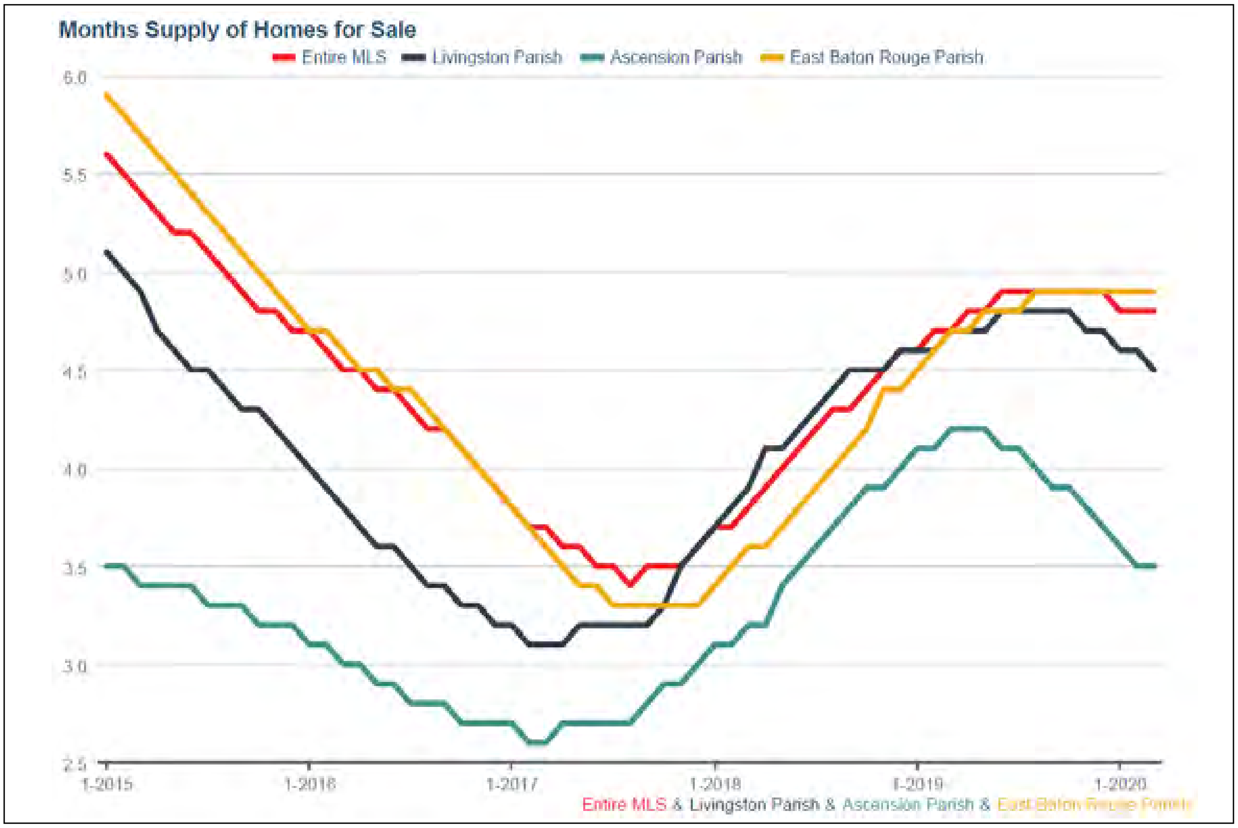
Studied were months of supply in price ranges for the geographic areas previously noted. The study analyzed changes from the peak and low to 2019. For example, the lowest month's supply for the entire MLS was 3.6 months in 2017. Month's supply reported for 2019 was 4.9, so the increase from the low point in 2017 to present was 36.11%. The high month's supply for the entire MLS was 4.6 in 2018, and that rose by 4.23% to 4.9% by the end of 2019. The grid may be a little confusing because it does not compare 2015 to 2019, but rather compares the low and peak to 2019. Every category had an increase in months of supply, except the small change of 7.5% in Ascension Parish in the all home sale category, where the months of supply went from 4 to 3.7.

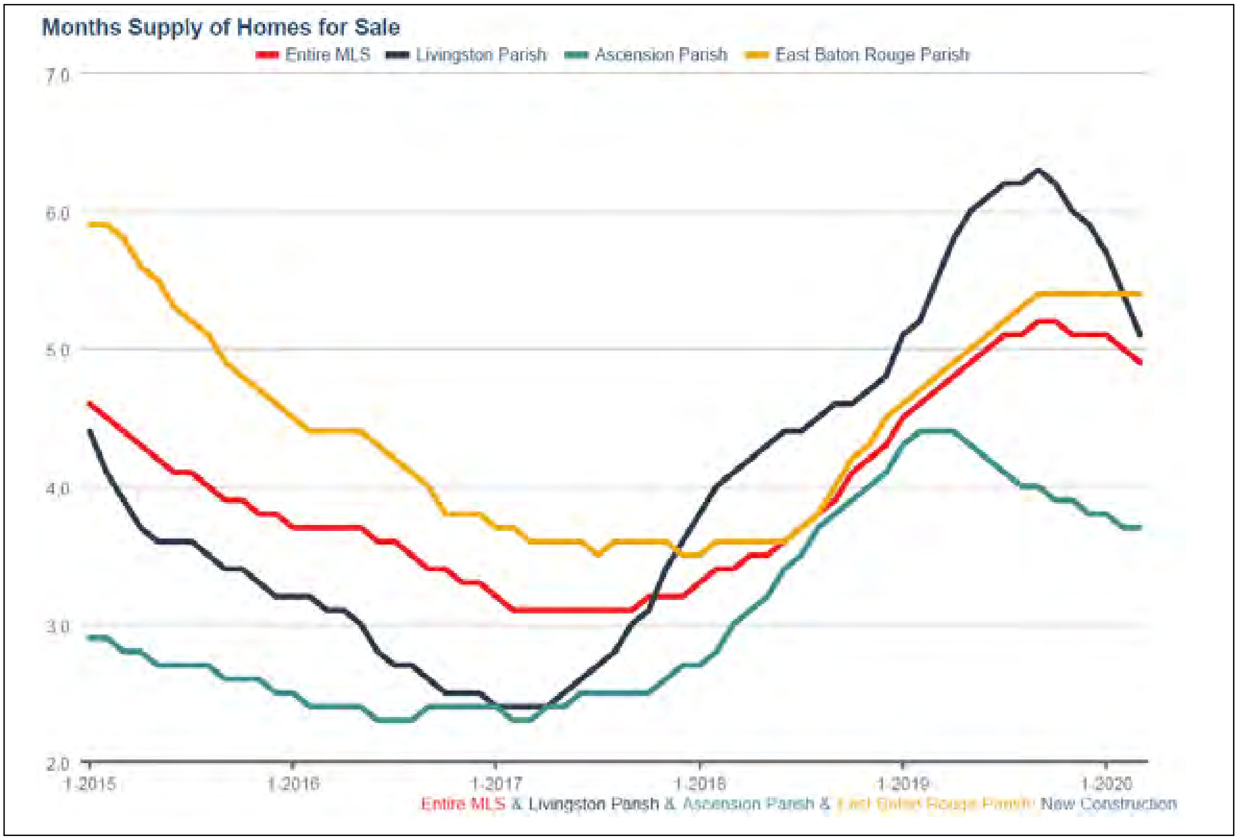
The increase of months' supply in every category would tend to support growing inventory, a slowing sale rate, or potentially a combination of both. The percentage increases from the low of the previous five years may be somewhat deceiving. Most market participants would agree that an average month's supply ranging from around 4 months to 5 months still represents a healthy market. Therefore, although inventory may be increasing, the months of supply does not seem to indicate cause for concern among market participants.

Months' Supply is illustrated numerically on the following grid:

Months' Supply All Price Ranges	2015	2016	2017	2018	2019	Change from Low to 2019	Change from High to 2019
Entire MLS	4.7	3.9	3.6	4.6	4.9	36.11%	4.23%
New Homes Entire MLS	3.8	3.3	3.2	4.3	5.1	59.38%	18.61%
EBR Parish All Homes	4.8	3.9	3.3	4.4	4.9	48.49%	2.08%
EBR New Home Sales	4.6	3.8	3.5	4.5	5.4	54.29%	17.39%
Ascension Parish All Homes	3.2	2.7	3	4	3.7	37.04%	-7.50%
Ascension Parish New Homes Sales	2.5	2.4	2.7	4.1	3.8	37.04%	7.32%
Livingston Parish All Homes	4.1	3.2	3.6	4.6	4.7	46.88%	2.17%
Livingston Parish New Home Sales	3.2	2.5	3.6	4.8	5.9	136.00%	22.92%
High Dollar Homes $1,000,000 or More	17.3	17.2	15.6	20.5	20.3	30.13%	1.61%

The numeric figures are represented graphically below:





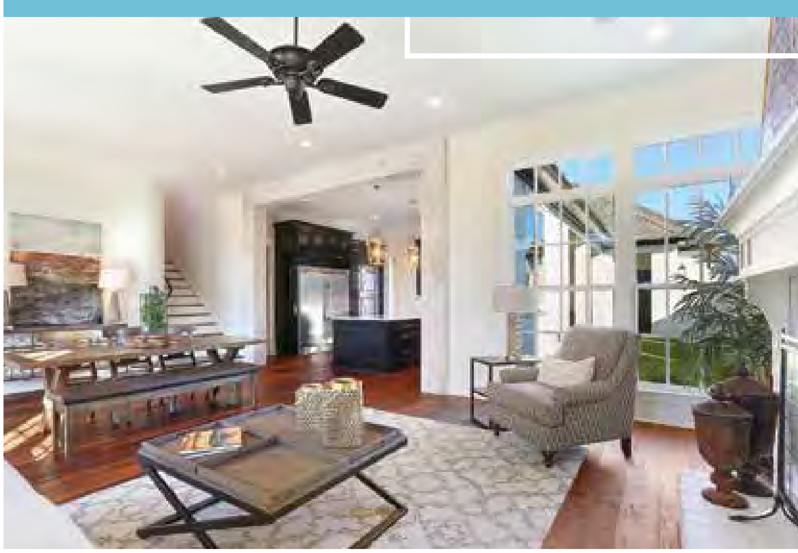
Median Days on Market

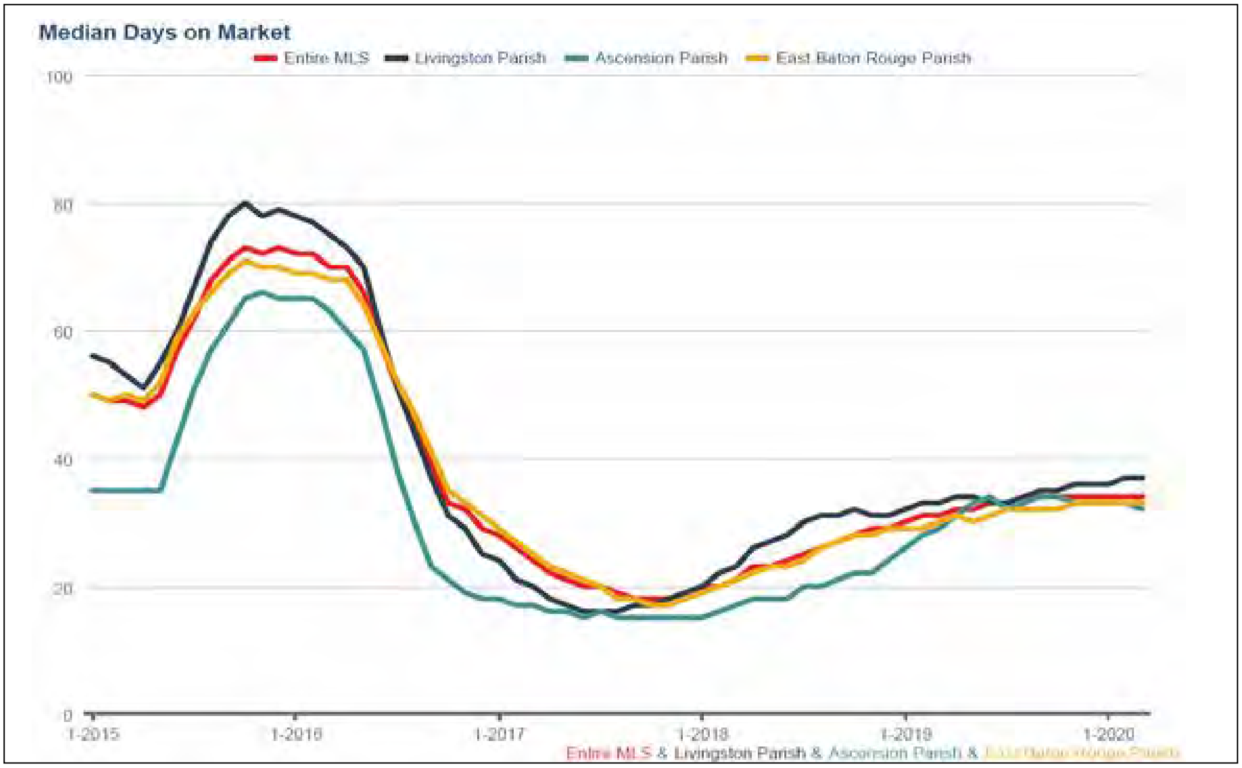
Another indicator of the strength or weakness of the market is the amount of time it takes to sell a home. That data is exhibited in the Median Days on Market. Most market participants would agree that 30 to 60 days is an acceptable marketing time period to generate a contract for purchase. In 2019, the median days on market for the entire MLS were 34. That was down from its high in 2015 of 73 days by 49.32%. All of the other categories fell very close to median days on market indication of around 30,with the exception of high dollar homes $1,000,000, which had a median days on market of 75, and Livingston Parish new home category of 55 median days on market.

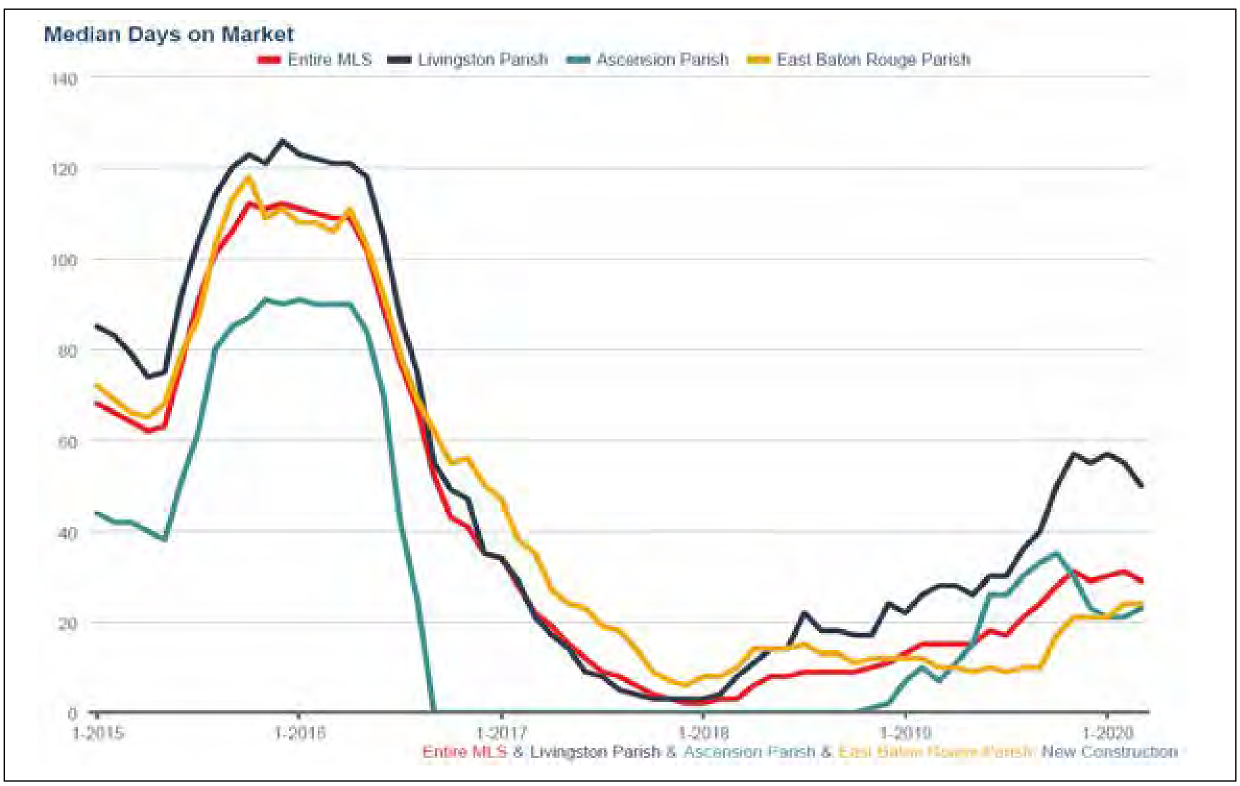
The study compared change from the low of the preceding 4 years to 2019, and the high of the preceeding 5 years to 2019. As with the months of supply indication, the percentage increases or decreases can be deceptive. Percentage increases and decreases can be very high when, for example, the median days on market for new homes reported to the entire MLS was 2 in 2017 and rose to 29 in 2019, which represents a 1350% increase. A median days on market indication of 29 still represents a strong market. The data accumulated from 2017 indicated several segments showing homes were marketed and sold very quickly, some two days or less, which was unusual for any market segment.

Median Days on Market is illustrated numerically on the following grid:

Median Days on Market	2015	2016	2017	2018	2019	Change from Low to 2019	Change from High to 2019
All Price Ranges							
Entire MLS	73	29	19	29	34	78.95%	-49.32%
New Homes Entire MLS	112	35	2	11	29	1350.00%	-65.18%
EBR Parish All Homes	70	31	18	29	33	83.33%	-52.86%
EBR New Home Sales	111	50	6	12	21	250.00%	-81.08%
Ascension Parish All Homes	65	18	15	24	33	120.00%	-49.23%
Ascension Parish New Homes Sales	90	0	0	2	23	NA	-74.44%
Livingston Parish All Homes	79	25	19	31	36	89.47%	-54.43%
Livingston Parish New Home Sales	126	35	3	24	55	1733.33%	-56.35%
High Dollar Homes $1,000,000 or More	130	29	81	43	74	155.17%	-43.08%




Median Days on Market
Entire MLS
Livingston Parish
Ascension Parish
East Baton Rouge Parish
100
80
60
40
20
0
1-2015
1-2016
1-2017
1-2018
1-2019
1-2020
Entire MLS & Livingston Parish & Ascension Parish &


Median Days on Market
Entire MLS
Livingston Parish
Ascension Parish
East Baton Rouge Parish
140
120
100
80
60
40
20
0
1-2015
1-2016
1-2017
1-2018
1-2019
1-2020
Entire MLS & Livingston Parish & Ascension Parish &
New Construction

Permitting Data

Included in the residential study is an analysis of building permit data. Total single family permits for the Baton Rouge MSA in 2019 was 3,569, and permit applications for new construction of residential use properties has hovered between 3,450 and 3,550 for the last 5 years. The highest number of permits taken out for residential construction over the last 5 years was in 2017, when 3,856 permits were obtained.

The U.S. Census Bureau provides the following information with regard to and for the entire Baton Rouge, LA MSA:

	Baton Rouge MSA	
	New Single Family Homes	
Year	**Permits**	**Change**
2015	3463	
2016	3402	-15.40%
2017	3586	-15.19%
2018	3509	13.17%
2019	3569	-2.10%

Limited data is available for building permits issued in most parishes except East Baton Rouge. Open Data BR provides very detailed data on single family permits taken out. East Baton Rouge had a total of 934 single family permits taken out in 2019, which was down slightly from 2018 when 954 permits were obtained. Permit levels have fluctuated from a low in 2017 of 843 to a high of 1,175 in 2015. Open Data BR provided the following permitting data.

	EBR Permit Data	
	New Single Family Homes	
Year	**Permits**	**Change**
2015	1175	
2016	994	-15.40%
2017	843	-15.19%
2018	954	13.17%
2019	934	-2.10%

The information from Open Data lists permits issued by subdivision and zip code. The three Zip Code areas with the most permits issued were in the southern section of the city. The 70820 area, which is bordered by the Mississippi River, Highland Road, and Gardere Lane, had 233 permits issued. The 70810 zip code, which adjoins 70820 to the west, had 151 permits issued. The 70817 zip code, bordered by the Amite River on the East, Airline Hwy and Stumberg Lane on the West, and Bayou Fountain on the South, had 127 permits for new construction. There were a total of 954 permits issued in East Baton Rouge, and 511, or 53%, were issued to development in the southeast section of the parish. New construction is overwhelmingly taking place in the southeast section of the city.

The following is a list of subdivisions and permits obtained for new single family construction:

Subdivision Name	Total Permits	Builder
Fields Creek	21	Stafford
Fieldstone	23	Alvarez
Hickory Creek	23	DSLD
Hunters Trace	69	DSLD
Lake Villas	98	DSLD
Pellican Estates	88	DR Horton
Preserve at Harveston	40	Dupree, Pike, Colby, Watson
Rouzan	63	Level Homes
Spring Gardens	30	DSLD
Willows at Bayou Fountain	48	Alvarez
Stone Lake Village	31	Lancaster

Summary

Most market indicators seem to point toward a healthy residential market. Dollar Volume and Median prices are rising, and inventory and the time period a home stays on the market have been relatively stable. Last year, the median sale price for all sales reported to MLS rose to $207,000, its highest level in five years. New home prices also increased, all while the months of supply and median days on market remained relatively stable. Permit data would suggest steady growth and existing market conditions should continue into the foreseeable future. This data studies the residential market from January of 2015 to December of 2019 and does not take into account the COVID 19 pandemic. The severity of the pandemic and the speed of the recovery will likely have an impact on the residential market moving forward. Another factor that will have an impact on the residential market is the fall in oil and gas prices that began in early 2020. The price of crude oil has fallen to less than $30 per barrel, and that will also impact the market if the low price holds for an extended period of time, as the Baton Rouge economy is strongly influenced by the price of oil. Only time will tell how those phenomenons will impact the housing market.

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COMMUNITIES ...on the move

Guide To Your Next Move

Americana | Engquist Development

- Location: Zachary, Louisiana
- Total Lots: 24 (Phase 1) 81 (Phase 5B)
- Home Size: 1,600 SF to 3,000 SF
- Home Price Range: High $200s to Low $400s
- Market Date: Currently for Sale
- Phase 5B is NOW SELLING!
- Additional Features/Amenities: The Villages at Americana now leasing with one building almost completely occupied. Bistro Byronz, Walk-On's, LIT Pizza are all open for business, and the Kidz Karousel Early Childhood Development is NOW OPEN!

Arbor Walk | DSLDHomes

- Location: Denham Springs
- Total Lots: 120
- Price Range lots/home price: $157,990 - $208,990
- Home Size/Living Area: Total Area 1,795 SF – 2,616 SF; Living Area 1,307 SF – 2,072 SF
- Additional Features/Amenities: Three ponds for homeowners to enjoy, along with a Community playground with covered pavilion. Located in Livingston Parish School District (Ranked Top 3 in State), cose proximity to Juban Crossing for Shopping, Dining, and Entertainment, near the Denham Springs Antique Village. Energy efficient homes with tons of features that come standard.

Bellacosa | D.R. Horton

- Location: Jones Creek Road between S. Harrells Ferry Rd. and Coursey Blvd. in Baton Rouge
- Total lots: 108 (phase 1)
- Lot Sizes: 50 x 120
- Home Sizes: 1,596 – 2,768 living area
- Home Price Range: Starting in the $230,000s
- Features: Ponds, playground, pool and amenity center, sidewalks, curb and gutter, and community green spaces.

Belle Savanne at Dutchtown | Level Homes

- Location: Geismar, Louisiana
- Lot Count: 284
- Home size: 1,700 SF to 3,200 SF
- Price Range: Starting at $260,000
- Market Date: Now Selling
- Additional Features/Amenities: The Community Pool is NOW OPEN. Phase 1 is sold out, and Phase 2 is more than 50% sold, with 45 contracts in 2019 and 2020.

Bent Tree Court | Kevin Nguyen/ Rusty Golden, LeJardin Development, *Developer / Builder*

- Location: Parcel 21, The Country Club of Louisiana
- Total Lots: 6
- Price Range of Lots/ Home Prices: Lots are not for sale, $800,000+
- Home Size/ Living Area: 2400+
- Presold Lots: 2
- New specs starting in June, 2020
- Additional Features: Architect, Matthew Savoie, has designed a 6 home concept using his experience on 30-A, Rosemary Beach and Alys Beach homes. The "little or no maintenance" courtyard living is blended with Bermudan styling, thus creating a modern upscale choice for homeowners who wants a new look, less square footage and better use of space. Lushly landscaped front and interior courtyards will complete the look of this new CCLA private enclave.

Brookstone | DSLDHomes

- Location: Prairieville, LA (Intersection of Parker Road and Braud Road)
- Total Lots: 85
- Price Range lots/home price: $219,990 - $274,990
- Home Size/Living Area: Total Area 2,082 SF – 3,142 SF; Living Area 1,538 SF – 2,397 SF
- Additional Features/Amenities: Two Community Ponds along with two separate Common Areas for Homeowners to enjoy. This community is the best of country living with city conveniences. Located in the heart of Prairieville , but only 10 minutes outside of Baton Rouge. With Brookstone being in a great school district and its prime location in Prairieville, it will be one of the top places to live in Ascension Parish! Prairieville Primary, Prairieville Middle , and Dutchtown High are the highest- ranked schools in the area. Energy efficient homes with tons of features that come standard.

Camelia Cove | DSLD Homes

- Location: Gonzales
- Total Lots: 36
- Price Range lots/home price: $194,990 - $234,990
- Home Size/Living Area: Total Area 1,968 SF – 2,871 SF; Living Area 1,422 SF – 2,130 SF
- Additional Features/Amenities: Pond with walking track for homeowners to enjoy, and Camellia Cove's location is great for people who want out of the city, but still need quick accessibility I-10. Close proximity to Tanger Outlets for dining, shopping and entertainment, as well as close proximity to Lamar Dixon Expo Center which host 1000's of events each year. Energy efficient homes with tons of features that come standard.

Guide To Your Next Move

Cypress Bend | DSLDHomes

- Location: Intersection of Airline Highway and Old Hammond Highway in Baton Rouge
- Total Lots: 72
- Price Range lots/home price: $215,990 - $252,990
- Home Size/Living Area: Total Area 2,082 SF – 2,560 SF; Living Area 1,538 SF – 2,020 SF
- Development: Currently Online
- Additional Features/Amenities: A community pond for homeowners to enjoy, along with easy access to family fun and shopping in the Baton Rouge area. Energy efficient homes with tons of features that come standard.

Fairview Gardens | DSLDHomes

- Location: Zachary
- Total Lots: 323
- Price Range lots/home price: $192,990 - $264,990
- Home Size/Living Area: Total Area 2,123 SF – 3,260 SF; Living Area 1,514 SF – 2,217 SF
- Additional Features/Amenities: Gorgeous community entrance, lighted sidewalks, neighborhood lake, and located in the #1 School System in the State! Easy access to a vast array of outdoor activities, including a walking trail, biking trails, golf, and other sporting activities. Conveniently located near dining, shopping, entertainment, medical facilities, YMCA, LA Art and Science Museum, and the Baton Rouge Zoo. Close proximity to several major employers, Including Exxon, Georgia Pacific, River Bend, and Lane Memorial Hospitalto name a few. Energy efficient homes with tons of features that come standard.

Fieldstone Park second filing | Alvarez Construction

- Location: Off Staring Lane
- Total Lots: 45 5 sold 91 lots in community
- Home Sizes: 1660-2311 living area
- Lot Sizes: 45x112
- Home Price Range: starting in the $246,000's
- Features: Gated community, modern farmhouse architecture, sidewalks, curb and gutter, and neighborhood green spaces.

Fiero Street Townhomes | Ryan Temple and Johnny Fife, Chris Ingram Builders, RHH Architects,

Developer / Builder

- Location: Corner of Fiero Street and Christian Street
- Total Lots: 14
- Price Range of Home Prices: $369,000-$379,000
- Home Size/ Living Area: 1750sf
- PreSold lots: 2
- Available units: 12
- Additional Features: 14 two-bedroom upscale townhomes with a large shared green space, gazebo and grilling area. The two-story units will feature an enclosed one-car garage, large master suite, open concepts and balconies. The 1,752 square-foot units will feature a light, neutrally colored facade utilizing maintenance free exterior construction material. The buildings were designed to reinforce the scale of the existing neighborhood while presenting a contemporary image. This is a great example of a thoughtfully designed infill project for Baton Rouge. This location has organically grown to become the premier walkable neighborhood in Baton Rouge, with shopping, restaurants, pubs, City Park and the LSU lakes all within a five-minute walk.

Germany Oaks | D.R. Horton

- Location: Germany Rd.(Hwy 931) in Prairieville
- Total lots: 76
- Lot Sizes: 60 x 140
- Home Sizes: 2,093– 3,168 living area
- Home Price Range: Starting in the $280,000s
- Features: Pond with fountain, playground, sidewalks, and community green spaces.

Hidden Lake Estates | DSLD Homes

- Location: Denham Springs
- Total Lots: 72
- Price Range lots/home price: $189,990 - $258,990
- Home Size/Living Area: Total Area 2,082 SF – 3,493 SF; Living Area 1,538 SF – 2,750 SF
- Additional Features/Amenities: Four separate ponds for homeowners to enjoy, with designated greenspace areas

Long Farm Village | Russell Mosely

Developer

- Location: Baton Rouge
- A 237 acre master planned community with a mix of retail, office, multi-family, detached single family, senior living and more than 40 acres of parks/green space.
- Antioch Road has been re-aligned and extended from Old Jefferson to Airline Hwy through Long Farm Village; new signalized intersections at Airline Highway and Old Jefferson
- Rouses grocery open, 55,000 square foot store; 9350 sq. ft. retail building completed (tenants: Starbucks, Five Guys, AT&T, Pacific Dental Services); 9450 sq. ft. retail building completed (tenants: Orangetheory Fitness, Massage Envy, Avatar Nail Salon); 9750 sq. ft. retail building completed (tenants: Home Bank, Wildwood Pizza, Modern Acupuncture); Main Squeeze Juice Company (fresh pressed juices and smoothies) and Zaxby's restaurant open for business

- 276 upscale multi-family units complete; developer is Arlington Properties (Birmingham, AL)
- 160 residential lots completed; more than 110 homes either completed or under construction
- Construction on the 3rd residential filing (39 lots) was completed in January, 2019. Lot prices average $134,000. Long Farm Road was extended to Antioch Road during this construction.
- Home prices range from $450,000 to $750,000; custom home plans designed by local architects
- A nursing home with more than 100 beds will be built between Long Farm Road and Old Jefferson Highway. Time frame for construction is still to be determined, but expected to begin within 2 years.
- Overall project will eventually have more than 300 detached single family homes, more than 1100 total housing units (including detached single family, townhome, multi-family, senior living), and up to 690,000 square feet of retail, office or mixed-use space.
- A 6,500 sq. ft. multi-tenant office building is currently under construction. It's expected to be complete in September, 2020.
- **Amenities:** Pool/Clubhouse; Paved walks around residential Phases 1, 2 and 3 including 2 lakes, providing a walking loop. Privacy brick wall (roughly 2,380 ft.) along Jefferson Hwy. A park, benches and a bike rack are installed and a mail kiosk is constructed for use of homeowners in Phases 2 and 3. An athletic field has been built behind the clubhouse/pool. This can be used by the residents for playing sports, flying kites, etc. As other residential phases of Long Farm are developed, additional parks and trails will be installed.

Materra | Engquist Development

- Baton Rouge, near Woman's Hospital
- Lot Count: 148 in Phase 1
- Home size: 1,200 SF to 3,200+ SF
- Price Range: Starting in $290s
- Market Date: Under Construction; Pre-Registration
- Additional Features/Amenities: Traditional Neighborhood Living. The BASIS Charter School now open! Phase 1 homes slated for availability in Q1 2021. This TND has Community Clubhouse & Pool, Outdoor Fitness, Walking Trails, and a Children's Playground with Parks & Open Green Space

Nickens Lake | DSLD Homes

- Location: Denham Springs
- Total Lots: 120
- Price Range lots/home price: $207,990 - $288,990
- Home Size/Living Area: Total Area 2,235 SF – 3,493 SF; Living Area 1,613 SF – 2,750 SF
- Development: Currently Online
- Additional Features/Amenities: Four separate common areas for homeowners to enjoy. Proposed School Site at the Front of the Community. Located in Livingston Parish School District (Ranked Top 3 in State). Close proximity to Juban Crossing for Shopping, Dining, and Entertainment, as well as the Denham Springs Antique Village. Energy efficient homes with tons of features that come standard.

Reserve at Eden Heights | Alvarez Construction

- Project Type: Detached Single-Family
- Location: Livingston Parish, Louisiana
- Number of Lots: 72
- Current Status: Preliminary Plats pending city approval

Rouzon | Engquist Development

- Location: Baton Rouge, Louisiana off Perkins Road
- Total Lots: Approx. 400 SFR lots
- Home Size: 1,500 SF to 3,000+ SF
- Home Price Range: High $400s to $1M+
- Completed Homes: 100+ occupied
- Market Date: Currently for Sale
- The Cottages at Rouzan — Starting at $416,900
- Neighborhood Homes — Starting at $499,900
- Custom Homes — Starting in the Mid $700s
- Additional Features/Amenities: Sprouts Grocery Store NOW OPEN! New Neighborhood Library coming soon. The Bridge to Perkins Road is now open, Silo Farm is now under construction, and the Community Clubhouse and Pool ALMOST COMPLETE; Grand Opening Q2 2020

Spring Lake | D.R. Horton

- Location: Walker area of Livingston Parish off Hwy 447
- Total lots: 133
- Lot Sizes: 64 x 125
- Home Sizes: 1,596– 2,768 living area
- Home Price Range: Starting in the $200,000s
- Features: Lakes, playground, pool and amenity center, curb and gutter, and community green spaces.

The Cove at Oak Hills | Alvarez Construction

- Project Type: Detached Single-Family
- Location: Livingston Parish, Louisiana
- Number of Lots: 109
- Current Status: Preliminary Plats pending city approval

The Preserve at Harveston Part 3 A&B

John Fetzer and Mike Wampold

Developer

- Location: Bluebonnet Blvd., EBR Parish
- Number of Lots: Part 3A:74 lots
- Homes sales to date 27, 14 pending home sales and 2 Letters of Intent to purchase homes since opening in October, 2017.
- Part 3B will open in early 2019 and has 34 lots
- Lot Price Range: Part 3A - $82,500 to $90,000, Part 3B - $90,000 to $125,000
- Lot Size: 45 to 65 x 150'
- Home Size: 2,000 to 3,000 Sq.Ft.
- Home Price Range: $429,000 to $700,000
- Additional Features: Preservation Garden, Harveston's first community garden, opened in March, 2018. 60 raised beds are available for home-owner rentals. Local organic farmer, Grant Guidroz, offers professional help and support. Five acres w/ 50 live oaks private park, walking trails, clubhouse and pool area with outdoor cooking pavilion, and playground area

Sugar Mill Plantation | DSLD Homes

Developer

- Location: Denham Springs –
- Total Lots: 72
- Price Range lots/home price: $189,990 - $258,990
- Home Size/Living Area: Total Area 2,082 SF – 3,493 SF; Living Area 1,538 SF – 2,750 SF
- Additional Features/Amenities: 18 separate ponds for homeowners to enjoy. Designated greenspace areas, located in highly ranked West Baton Rouge School District. Construction of new schools – Caneview (Grades K-8) and Brusly High School (Grades 9-12). Located just minutes from Baton Rouge, the town of Addis and the surrounding area is a thriving family-friendly community with gr owing job opportunities in businesses and industries along the river. Energy efficient homes with tons of features that come standard.

Villas at White Oak | Alvarez Construction

Developer

- Project Type: Detached Single-Family
- Location: Baton Rouge, Louisiana
- Number of Lots: 39 Lots
- Current Status: Sitework

Willows at Bayou Fountain Phase 4 |

Alvarez Construction

Developer

- Location: Off Burbank Drive and Siegen Lane
- Total Lots: 59 in new phase Presold: 5 161 total lots in community
- Home Sizes: 1761-2407 living area
- Lot Sizes: 50 x 120
- Home Price Range: starting in the $288,000's
- Features: Central lake setting, sidewalks, curb and gutter, and neighborhood green spaces.

Woodstock | Alvarez Construction

Developer

- Project Type: Detached Single-Family
- Location: Baton Rouge, Louisiana
- Number of Lots: 213
- Current Status: City Approved, site work.

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Ste. A

PRAIRIEVILLE

15615 Airline Hwy.
Ste. B

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EXECUTIVE OVERVIEW

The Greater Baton Rouge area retail market has continued its trend of strong occupancy numbers, and for the fifth year in a row, shopping center occupancy remained above 90%, signaling a healthy retail real estate market. Overall, online sales in our industry continue to grow, but tenants have now learned to adapt to these changing times. Shopping center lineups have been altered to fit the omni-channel retailer as well.

RETAIL TRENDS COMMITTEE

Charlie Colvin, CCIM
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As recently as 10 years ago, it was normal to see soft goods, electronics, and sporting goods stores in nearly every regional shopping center. There has now been a shift to boutique grocery, restaurant, medical, service, and fitness retailers. Many landlords are finding this diversification much less volatile, and lenders agree. Traditional retailers are finding ways to reach customers remotely, whether it be from online sales, deliveries, or social media, and those retailers that continue to evolve are having the most success.

In the Baton Rouge area, although occupancy is strong, we have seen a reduction in announcements of new projects or new construction this past year, mainly just the continued construction of existing, previously announced projects. Nicholson Gateway has added a new Austin-based restaurant called Torchy's Tacos, Arlington Marketplace is reportedly working on adding a movie concept, and Rouzan is set to announce multiple new tenants to its lineup. Most of this retail growth continues to be in anchored shopping centers, those that provide some type of draw from a large anchor tenant, such as a grocery store.

It's no surprise that well-located anchored shopping centers are still trending higher when it comes to rental rates and occupancy as these larger centers are providing the necessary traffic for smaller tenants to succeed. Tenants are still willing to pay higher rates for "A" sites and those that are searching for larger spaces have negotiating leverage on their side. Discount (Ollie's), Medical (Ochsner/OLOL/Baton Rouge General), and Fitness (Planet Fitness) are still among the tenants that have aggressive growth strategies locally.

A Survey of Shopping Centers in Baton Rouge: Spring 2020

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 2020. 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 this is the best indicator of what "small shop" space is actually leasing for. Our survey tracks rental rates on a high-low basis, with an average rental rate for each property calculated based on the data gathered. We break out anchored spaces, whose lower rental rates skew the rental rates downward. We have surveyed the retail properties consistently now for nine years enabling us to track accurate trends in rental rates and vacancies.

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 data provided.

- 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 rental rates, any additional reimbursements paid by tenants (generally for common area maintenance (CAM), taxes and insurance) are added to each shopping center's average rental to arrive at a total average rental.

- 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 minimum 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 2020 Retail Survey

- Attempts were made to contact 134 shopping centers in East Baton Rouge, Ascension and Livingston Parishes, with responses obtained from 132 shopping centers.

- Excluding the lifestyle centers, a total of 8,403,893 square feet of leasable space was surveyed, with 763,576 square feet (9.09%) reported to be vacant. This vacancy rate is slightly lower than the 9.33% reported in the 2019 survey, and reverses the trend over the last two years.

- Average Total Collections (rent and expense reimbursements) for non-anchor space were \$19.60/square foot, which reflects a significant increase in rental rates from the 2019 survey (\$17.90) surpassing the highest level surveyed in the past five (5) years.

- Please note that 4 Shopping Centers were removed from the survey because they had been converted to non-retail use or are considered functionally obsolete, having the most direct impact on Area 2

Analysis by Vacancy Rate

The overall vacancy rate has decreased slightly to 9.09% from 9.33% in spring of 2019, but is still higher than the vacancy rate of 8.80% in Spring 2018. 62% of surveyed centers in Spring 2018, 57% in 2019, and 58% in 2020 reported vacancy

rates of 10% or less. The number of centers reporting vacancies over 50% decreased from 5% to 2% from the Spring 2019 to the Spring of 2020, which reverts back to the historical average of 2-3% from 2016-2018. 30% of the surveyed centers reported vacancies of 10.01% to 25% (down slightly from 31% in Spring 2019), while 10% reported vacancies of 25.01% to 50% (showing a slight increase from 8% in Spring 2019).

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 the Commercial Investment Division (CID) of the Greater Baton Rouge Association of Realtors and definitions used by the Urban Land Institute (ULI) and International Council of Shopping Centers (ICSC). 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 50,000 square feet. These are often called Power Centers.

S44% of the surveyed centers are considered to be Convenience Centers, though only 12% (1,0141,060 square feet) of the surveyed leasable space is located in these centers. 36% of the surveyed centers are considered to be Neighborhood Centers, which contain 30% (2,486,649 square feet) of the surveyed leasable space. 17% of the surveyed centers are considered to be Community Centers, which contain 34% (2,858,491 square feet) of the surveyed leasable space. 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 (12.98%), while Regional Centers continue to have a very low vacancy rate (less than 1%). Unanchored Convenience Centers have a vacancy rate of 9.93%, while Community Centers have a vacancy rate of 10.91%.

The highest collections for non-anchor space were noted in Regional Centers ($24.25/square foot). The lowest average collections were noted in Neighborhood Centers ($17.72/square foot).

Analysis by Age

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

The category of new centers is based on centers built in 2006 or later. We now have fourteen years of data that we are collecting from "newer" shopping centers. Consisting of 1,174,641 square feet, they have a vacancy rate at 4.31%, and have the highest rental rate at $28.07square foot.

The second set of shopping centers consists of 26 properties 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 in population as well as retail footprint. These 26 centers report a Spring 2020 vacancy rate of 8.42%, which is a slight increase over the 8.21% Vacancy rate reported in 2019. 36.89% of the space is anchor space and average total collections for non-anchor space are $23.20/ square foot.

The next set of shopping centers consists of 11 centers constructed between 1995 and 1999. These centers report a Spring 2020 vacancy rate of 2.69%, which is slightly higher than the Spring 2019 vacancy rate of 2.23%. These properties are located in some of the most desirable locations in our area. 56.75% of the space is anchor space and average total collections for non-anchor space are $21.21/square foot, showing a increase over the 2019 level.

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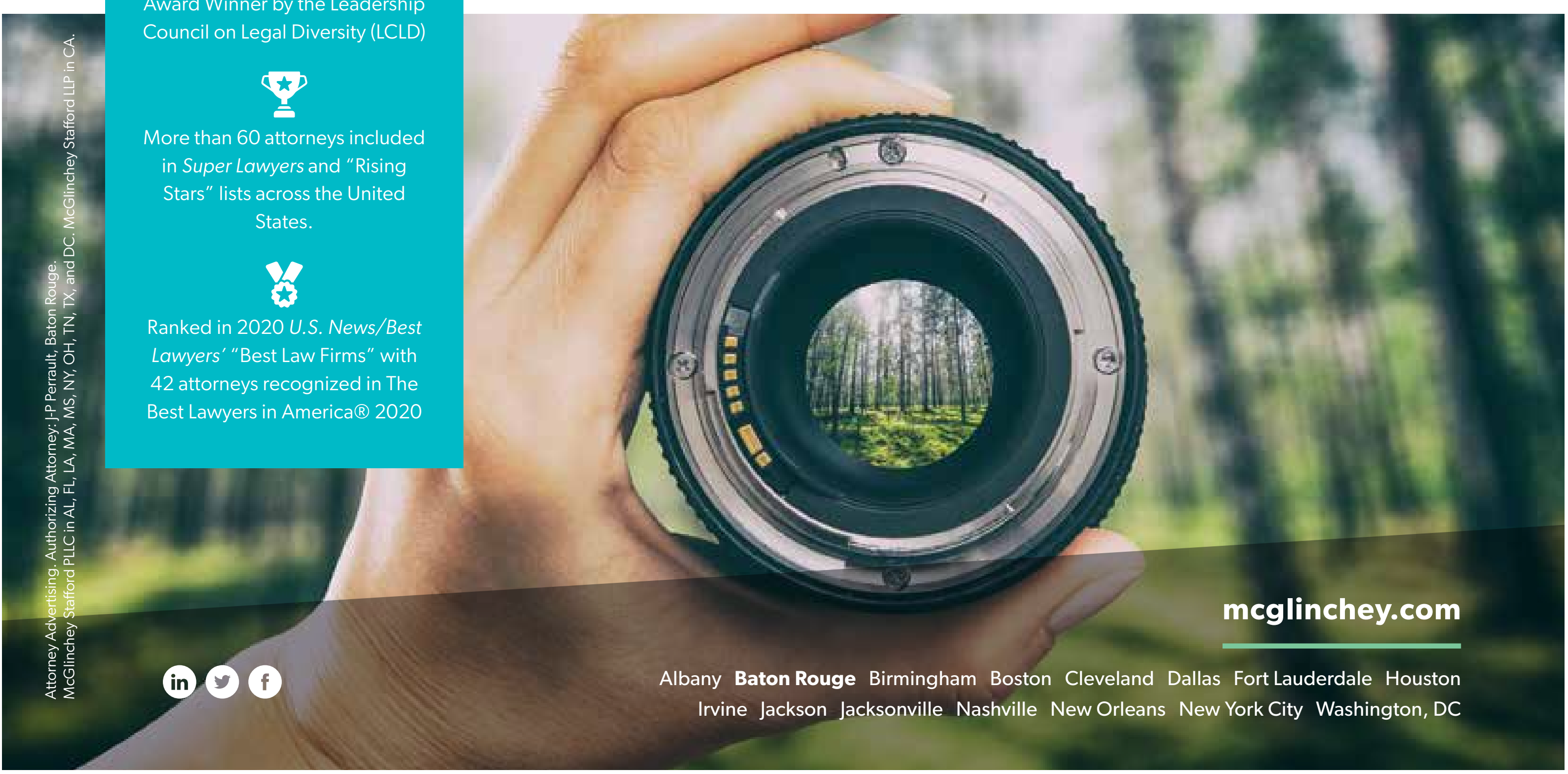

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20 surveyed shopping centers were constructed between 1985 and 1995. These centers report a Spring 2020 vacancy of 8.10%, which is significantly higher from the Spring 2019 vacancy rate of 4.62%. 45.59% of the space is anchor space and average total collections for non-anchor space are $18.53/square foot.

11 surveyed shopping centers were constructed between 1980 and 1984. These centers report a Spring 2020 vacancy rate of 15.03%, which is down slightly from the Spring 2019 vacancy rate of 15.84%. 42.07% of the space is anchor space and average total collections for non-anchor space are $15.20/square foot.

30 surveyed shopping centers (representing 29% of the surveyed leasable space and 43% of the vacant space) were constructed before 1980. These centers report a Spring 2020 vacancy rate of 13.49%, down from the from the Spring 2019 vacancy rate of 15.15%. 25.27% of the space is anchor space and average total collections for non-anchor space are $15.01/square foot, an increase from the 2019 levels.

The lowest rentals and highest vacancy are noted in the shopping centers built before 1985. These centers represent 34% of the surveyed shopping centers, 38% of the surveyed leasable space and 58% 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 the Greater Baton Rouge area are and are defined as follows:

Juban Square, Livingston Parish

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- **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
- **Area 6** – Ascension Parish
- **Area 7** – Livingston Parish

The highest average non-anchor collections ($25.12/square foot) and the lowest vacancy rate (4.06%) is noted in Area 1, while Area 3 continues to report the lowest total non-anchor collections ($13.35/square foot) and Area 2 reports the highest vacancy rate (18.36%). Area 7 is Livingston Parish and includes only 2 responding centers (both non-anchored), while Area 1 contains many of the more desirable 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 vacancy in anchored centers are noted in Area 1 (3.04%), while the highest is noted in Area 3 (19.94%), overtaking Area 2 which had previously had the highest vacancy rate. The highest collections for anchored centers are noted in Area 1 ($24.16/square foot) and the lowest collections are noted in Area 3 ($10.46/square foot).

The lowest vacancies in unanchored centers are noted in Area 1 (7.08%), while the highest vacancies are noted in Area 2 (21.95%). The highest collections for unanchored centers are noted in Area 1 ($26.32/square foot) and the lowest collections are noted in Area 4 ($12.37/square foot).

Summary & Future Forecast

Of the almost 8,500,000 square feet of leasable space represented in our sample (not including lifestyle centers and malls), only 9.09% is reported as vacant. This represents one of our healthiest retail markets since we've been conducting this survey. Most landlords we spoke to were dealing with only one vacancy and they blamed visibility or parking issues for not having their center 100% leased – problems that we normally see with busy shopping centers.

Our market, as well as most of the national market, has continued to successfully adapt to the ever changing omni-channel retailer as we've now seen new shopping centers being developed for more social interaction and more focused on the health-conscious shopper. We'll continue to see a strategy of developing shopping centers with a story, and there remains a growing trend of leasing to local tenants as opposed to a full national line-up.

We would be remiss if we didn't mention the current situation with the corona virus. Our retail market, the national market, and the economy were firing on all cylinders through February 2020 – and then the world changed in an instant, and so did the retail market. Although all of our landlord interviews and surveys were completed pre-corona, if we were to make those same calls today, it would be a complete 180. The retail market is completely upside down right now, with massive

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temporary closures and layoffs underway, with permanent ones to follow.

Our jobs are now being consumed with Landlord, Tenant, and Lender negotiations, and in most instances, we have successfully bridged the gap to provide rent relief to those restaurants/retailers/services, while keeping landlords and lenders at bay. The rent concessions have been skewed towards the tenants that are not experiencing normal sales especially the ones that aren't legally able to be open for business. This pandemic will have the lingering effects on the travel, hospitality, and retail industries.

Leasing, selling, and managing retail shopping centers in the future will be forever changed, and it is our belief that it will be six months before leasing and selling returns to life.

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 2020	70	58%	-6	5,704,881	68%	-343,374	113,274	15%	26,284	45.43%
	Spring 2019	76	57%	-6	6,048,255	68%	-427,529	86,990	10%	-10,040	43.24%
	Spring 2018	82	62%	5	6,475,784	73%	94,361	97,030	12%	1,017	42.38%
	Spring 2017	77	64%	-4	6,381,423	75%	126,303	96,013	14%	-43,219	43.79%
	Spring 2016	81	66%		6,255,120	73%		139,232	18%		42.59%
10.01% to 25%	Spring 2020	36	30%	-5	1,831,564	22%	-162,366	287,849	38%	-3,060	21.89%
	Spring 2019	41	31%	11	1,993,930	22%	697,961	290,909	35%	94,421	27.38%
	Spring 2018	30	23%	4	1,295,969	15%	121,411	196,488	25%	16,457	32.41%
	Spring 2017	26	22%	0	1,174,558	14%	-114,780	180,031	26%	-25,978	28.74%
	Spring 2016	26	21%		1,289,338	15%		206,009	27%		16.78%
25.01% to 50%	Spring 2020	12	10%	2	629,150	7%	122,247	205,735	27%	41,612	21.03%
	Spring 2019	10	8%	-6	506,903	6%	-337,523	164,123	20%	-133,457	24.17%
	Spring 2018	16	12%	2	844,426	9%	148,664	297,580	38%	37,960	23.66%
	Spring 2017	14	12%	1	695,762	8%	-41,668	259,620	38%	18,177	17.30%
	Spring 2016	13	11%		737,430	9%		241,443	32%		22.87%
Over 50%	Spring 2020	3	2%	-3	238,298	3%	-164,272	156,718	21%	-136,332	34.02%
	Spring 2019	6	5%	2	402,570	4%	123,990	293,050	35%	101,305	17.92%
	Spring 2018	4	3%	1	278,580	3%	65,000	191,745	24%	40,000	28.19%
	Spring 2017	3	3%	0	213,580	3%	-75,508	151,745	22%	-23,400	36.77%
	Spring 2016	3	2%		289,088	3%		175,145	23%		50.34%
Total	Spring 2020	121		-12	8,403,893		-547,765	763,576		-71,496	38.15%
	Spring 2019	133		1	8,951,658		56,899	835,072		52,229	37.49%
	Spring 2018	132		12	8,894,759		429,436	782,843		95,434	38.71%
	Spring 2017	120		-3	8,465,323		-105,653	687,409		-74,420	39.35%
	Spring 2016	123			8,570,976			761,829			37.27%

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 2020	53	44%	-8	1,041,060	12%	-172,292	103,353	14%	-38,563	9.93%	-1.77%	19,643	-248	3.36%	$19.86
	Spring 2019	61	46%	2	1,213,352	14%	50,577	141,916	17%	12,848	11.70%	0.60%	19,891	183	4.20%	$19.07
	Spring 2018	59	45%	9	1,162,775	13%	203,212	129,068	16%	35,064	11.10%	1.30%	19,708	517	0.00%	$18.75
	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%		968,912	11%		93,068	12%		9.61%		19,378		0.00%	$17.64
Neighborhood Center (30,001 to 100,000 SF)	Spring 2020	44	36%	-4	2,486,649	30%	-367,782	322,739	42%	-84,759	12.98%	-1.30%	56,515	-2,952	29.82%	$17.72
	Spring 2019	48	36%	0	2,854,431	32%	117,322	407,498	49%	25,381	14.28%	0.32%	59,467	2,444	27.95%	$15.54
	Spring 2018	48	36%	3	2,737,109	31%	226,224	382,117	49%	16,884	13.96%	-0.59%	57,023	1,226	28.11%	$15.44
	Spring 2017	45	38%	-5	2,510,885	30%	-347,442	365,233	53%	59,037	14.55%	3.83%	55,797	-1,370	27.45%	$16.09
	Spring 2016	50	41%		2,858,327	33%		306,196	40%		10.71%		57,167		27.55%	$14.98
Community Center (100,001 to 250,000 SF)	Spring 2020	20	17%	0	2,858,491	34%	-7,691	311,792	41%	43,156	10.91%	1.53%	142,925	-384	38.16%	$19.61
	Spring 2019	20	15%	-1	2,866,182	32%	-111,000	268,636	32%	7,218	9.37%	0.59%	143,309	1,538	39.78%	$17.62
	Spring 2018	21	16%	0	2,977,182	33%	0	261,418	33%	50,948	8.78%	1.71%	141,771	0	42.27%	$17.07
	Spring 2017	21	18%	2	2,977,182	35%	251,138	210,470	31%	-113,248	7.07%	-4.81%	141,771	-1,705	43.30%	$17.22
	Spring 2016	19	15%		2,726,044	32%		323,718	42%		11.88%		143,476		40.39%	$17.53
Regional Center (Over 250,000 SF)	Spring 2020	4	3%	0	2,017,693	24%	0	18,837	2%	1,815	0.93%	0.09%	504,423	0	66.35%	$24.25
	Spring 2019	4	3%	0	2,017,693	23%	0	17,022	2%	6,782	0.84%	0.34%	504,423	0	67.75%	$24.26
	Spring 2018	4	3%	0	2,017,693	23%	0	10,240	1%	-7,462	0.51%	-0.37%	504,423	0	67.75%	$23.56
	Spring 2017	4	3%	0	2,017,693	24%	0	17,702	3%	-21,145	0.88%	-1.05%	504,423	0	60.93%	$23.32
	Spring 2016	4	3%		2,017,693	24%		38,847	5%		1.93%		504,423		60.93%	$21.78
Total (Excluding Lifestyle Centers)	Spring 2020	121		-12	8,403,893		-547,765	763,576		-71,496	9.09%	-0.24%	69,454	2,148	38.15%	$19.60
	Spring 2019	133		1	8,951,658		56,899	835,072		52,229	9.33%	0.53%	67,306	-4,606	37.49%	$17.90
	Spring 2018	132		12	8,894,759		429,436	782,843		95,434	8.80%	0.68%	71,912	2,403	38.71%	$17.73
	Spring 2017	120		-3	8,465,323		-105,653	687,409		-74,420	8.12%	-0.77%	69,509	20	39.35%	$17.19
	Spring 2016	123			8,570,976			761,829			8.89%		69,489		37.27%	$17.73
Lifestyle Centers	Spring 2020	3		0	1,010,122		25,000	103,250		25,924	10.22%	2.37%	336,707	8,333	4.55%	$35.23
	Spring 2019	3		1	985,122		170,000	77,326		21,326	7.85%	0.98%	328,374	-79,187	4.67%	$34.92
	Spring 2018	2		0	815,122		0	56,000		-2,000	6.87%	-0.25%	407,561	0	5.64%	$36.47
	Spring 2017	2		-1	815,122		-170,000	58,000		-31,409	7.12%	-1.96%	407,561	79,187	4.67%	$35.70
	Spring 2016	3			985,122			89,409			9.08%		328,374		4.67%	$39.24

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 2020	23	19%	0	1,174,641	14%	121,383	50,652	7%	12,375	4.31%	0.68%	51,071	5,277	36.18%	$28.07
	Spring 2019	23	17%	1	1,053,258	12%	28,124	38,277	5%	-14,924	3.63%	-1.56%	45,794	-803	35.13%	$25.72
	Spring 2018	22	17%	5	1,025,134	12%	115,212	53,201	7%	14,140	5.19%	0.90%	46,597	-6,928	32.68%	$25.54
	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%		891,890	10%		18,663	2%		2.09%		55,743		37.56%	$24.60
2000-2005	Spring 2020	26	21%	-1	1,356,332	16%	-22,231	114,140	15%	979	8.42%	0.21%	52,167	1,109	36.89%	$23.20
	Spring 2019	27	20%	0	1,378,563	15%	-2,610	113,161	14%	37,557	8.21%	2.73%	51,058	-97	38.35%	$22.90
	Spring 2018	27	20%	1	1,381,173	16%	14,000	75,604	10%	-13,921	5.47%	-1.07%	51,155	-1,429	36.82%	$22.35
	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%		1,362,526	16%	1,362,526	77,929	10%		5.72%		52,405		33.29%	$21.99
2000 or Later	Spring 2020	49	40%	-1	2,530,791	30%	98,970	164,792	22%	13,354	6.51%	0.28%	51,653	3,017	36.56%	$25.51
	Spring 2019	50	38%	1	2,431,821	27%	25,514	151,438	18%	22,633	6.23%	0.87%	48,636	-472	36.95%	$24.13
	Spring 2018	49	37%	6	2,406,307	27%	129,212	128,805	16%	219	5.35%	-0.29%	49,108	-3,848	35.06%	$23.76
	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%		2,254,416	26%		96,592	13%		4.28%		53,677		34.98%	$22.99
1995-1999	Spring 2020	11	9%	-1	1,166,065	14%	-21,320	31,324	4%	4,805	2.69%	0.45%	106,006	7,057	56.75%	$21.21
	Spring 2019	12	10%	0	1,187,385	14%	0	26,519	3%	1,472	2.23%	0.12%	98,949	0	55.73%	$20.31
	Spring 2018	12	10%	1	1,187,385	14%	25,500	25,047	3%	5,897	2.11%	0.46%	98,949	-6,677	55.73%	$20.08
	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%		1,166,065	14%		24,920	3%		2.14%		106,006		56.75%	$20.32
1985-1994	Spring 2020	20	17%	-1	1,475,230	18%	-27,500	119,554	16%	50,189	8.10%	3.49%	73,762	2,203	45.59%	$18.53
	Spring 2019	21	17%	0	1,502,730	18%	0	69,365	9%	2,678	4.62%	0.18%	71,559	0	45.16%	$18.08
	Spring 2018	21	17%	1	1,502,730	18%	27,500	66,687	9%	-9,539	4.44%	-0.73%	71,559	-2,203	48.95%	$17.77
	Spring 2017	20	17%	-1	1,475,230	18%	-27,838	76,226	10%	2,846	5.17%	0.29%	73,762	2,187	49.86%	$18.39
	Spring 2016	21	17%		1,503,068	18%		73,380	10%		4.88%		71,575		39.79%	$17.15
1980-1984	Spring 2020	11	9%	-3	773,570	9%	-316,412	116,268	15%	-56,366	15.03%	-0.81%	70,325	-7,531	42.07%	$15.20
	Spring 2019	14	12%	0	1,089,982	13%	59,600	172,634	23%	31,220	15.84%	2.11%	77,856	4,257	37.99%	$12.52
	Spring 2018	14	12%	1	1,030,382	12%	89,224	141,414	19%	21,123	13.72%	0.94%	73,599	1,202	44.49%	$12.25
	Spring 2017	13	11%	-2	941,158	11%	-148,696	120,291	16%	-143,225	12.78%	-11.40%	72,397	-260	44.23%	$12.12
	Spring 2016	15	12%		1,089,854	13%		263,516	35%		24.18%		72,657		42.06%	$12.03
Before 1980	Spring 2020	30	25%	-6	2,458,055	29%	-281,685	331,638	43%	-83,478	13.49%	-1.66%	81,935	5,831	25.27%	$15.01
	Spring 2019	36	30%	0	2,739,740	33%	-28,215	415,116	54%	-3,774	15.15%	0.02%	76,104	-784	25.67%	$13.97
	Spring 2018	36	30%	3	2,767,955	33%	158,000	418,890	55%	75,734	15.13%	1.99%	76,888	-2,202	26.87%	$13.73
	Spring 2017	33	27%	-1	2,609,955	31%	52,382	343,156	45%	39,735	13.15%	1.28%	79,090	33,867	27.92%	$14.23
	Spring 2016	34	28%		2,557,573	30%		303,421	40%		11.86%		45,223		26.88%	$13.56
Total	Spring 2020	121		-12	8,403,893		-547,765	763,576		-71,496	9.09%	-0.24%	69,454	2,148	38.15%	$19.60
	Spring 2019	133		1	8,951,658		56,899	835,072		52,229	9.33%	0.53%	67,306	-4,606	37.49%	$17.90
	Spring 2018	132		12	8,894,759		429,436	782,843		95,434	8.80%	0.68%	71,912	2,403	38.71%	$17.73
	Spring 2017	120		-3	8,465,323		-105,653	687,409		-74,420	8.12%	-0.77%	69,509	20	39.35%	$17.19
	Spring 2016	123			8,570,976			761,829			8.89%		69,489		37.27%	$17.73

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 2020	39	32%	1	3,427,992	41%	130,883	139,131	18%	42,114	4.06%	1.12%	87,897	1,131	46.43%	$25.12
	Spring 2019	38	29%	0	3,297,109	37%	437	97,017	12%	-22,339	2.94%	-0.68%	86,766	11	47.47%	$24.24
	Spring 2018	38	29%	4	3,296,672	37%	95,037	119,356	15%	-15,645	3.62%	-0.60%	86,755	-7,411	46.59%	$23.72
	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%	34	3,201,845	37%	3,201,845	96,842	13%	96,842	3.02%	3.02%	94,172	94,172	46.25%	$23.04
Area 2 (North of I-10 & South/West of Airline)	Spring 2020	17	14%	-5	1,038,126	12%	-192,501	190,635	25%	-41,918	18.36%	-0.53%	61,066	5,128	13.32%	$17.01
	Spring 2019	22	17%	0	1,230,627	14%	-37,184	232,553	28%	32,825	18.90%	3.14%	55,938	-1,690	16.17%	$15.21
	Spring 2018	22	17%	1	1,267,811	14%	85,000	199,728	26%	11,266	15.75%	-0.18%	57,628	1,304	14.43%	$15.75
	Spring 2017	21	18%	-1	1,182,811	14%	-85,000	188,462	27%	23,368	15.93%	1.42%	56,324	-1,304	16.85%	$15.47
	Spring 2016	22	18%	22	1,267,811	15%	1,267,811	165,094	22%	165,094	14.51%	14.51%	57,628	57,628	17.42%	$14.84
Area 3 (North of Choctaw & North/East of Airline)	Spring 2020	11	9%	-3	673,065	8%	-217,699	117,025	15%	-33,464	17.39%	0.49%	61,188	-2,438	30.49%	$13.35
	Spring 2019	14	11%	0	890,764	10%	0	150,489	18%	31,780	16.89%	3.57%	63,626	0	29.32%	$10.89
	Spring 2018	14	11%	1	890,764	10%	89,314	118,709	15%	19,479	13.33%	0.95%	63,626	1,969	30.56%	$10.58
	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%	14	890,764	10%	890,764	226,675	30%	226,675	25.45%	25.45%	63,626	63,626	30.56%	$10.48
Area 4 (South of Choctaw & East of Airline)	Spring 2020	32	26%	-2	2,413,070	29%	-199,747	230,605	30%	-43,191	9.56%	-0.92%	75,408	-1,440	45.50%	$16.12
	Spring 2019	34	26%	1	2,612,817	29%	146,990	273,796	33%	30,286	10.48%	0.60%	76,848	2,126	43.50%	$14.93
	Spring 2018	33	25%	6	2,465,827	28%	158,803	243,510	31%	85,598	9.88%	3.03%	74,722	-10,723	47.48%	$15.27
	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%	32	2,407,242	28%	2,407,242	222,006	29%	222,006	9.22%	9.22%	75,226	75,226	41.08%	$14.40
Area 5 (Zachary)	Spring 2020	8	7%	0	221,390	3%	0	22,807	3%	2,486	10.30%	1.12%	27,674	0	23.57%	$18.19
	Spring 2019	8	6%	0	221,390	2%	-52,096	20,321	2%	-28,628	9.18%	-8.72%	27,674	-6,683	23.57%	$18.05
	Spring 2018	8	6%	0	273,486	3%	0	48,949	6%	700	17.90%	0.26%	34,357	171	29.83%	$14.90
	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%	7	162,486	2%	162,486	10,343	1%	10,343	6.37%	6.37%	23,212	23,212	19.69%	$17.67
Area 6 (Ascension Parish)	Spring 2020	12	10%	-3	555,719	7%	-68,701	53,823	7%	3,877	9.69%	1.69%	46,310	4,682	21.74%	$18.01
	Spring 2019	15	11%	0	624,420	7%	124	49,946	6%	6,836	8.00%	1.09%	41,628	8	22.77%	$17.89
	Spring 2018	15	11%	0	624,296	7%	0	43,110	6%	-1,264	6.91%	-0.20%	41,620	0	31.91%	$17.42
	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%	12	566,297	7%	566,297	33,369	4%	33,369	5.89%	5.89%	47,191	47,191	35.18%	$17.49
Area 7 (Livingston Parish)	Spring 2020	2	2%	0	74,531	1%	0	9,550	1%	-1,400	12.81%	-1.88%	37,266	0	0.00%	$20.38
	Spring 2019	2	2%	0	74,531	1%	0	10,950	1%	1,469	14.69%	1.97%	37,266	0	0.00%	$20.96
	Spring 2018	2	2%	0	74,531	1%	0	9,481	1%	-4,700	12.72%	-6.31%	37,266	0	0.00%	$20.96
	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%	2	74,531	1%	74,531	7,500	1%	7,500	10.06%	10.06%	37,266	37,266	0.00%	$21.33
Total	Spring 2020	121		-12	8,403,893		-547,765	763,576		-71,496	9.09%	-0.24%	69,454	2,148	38.15%	$19.60
	Spring 2019	133		1	8,951,658		56,899	835,072		52,229	9.33%	0.53%	67,306	-4,606	37.49%	$17.90
	Spring 2018	132		12	8,894,759		429,436	782,843		95,434	8.80%	0.68%	71,912	2,403	38.71%	$17.73
	Spring 2017	120		-3	8,465,323		-105,653	687,409		-74,420	8.12%	-0.77%	69,509	20	39.35%	$17.19
	Spring 2016	123			8,570,976			761,829			8.89%		69,489		37.27%	$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

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	14	36%	2,560,910	75%	77,782	56%	3.04%	182,922	62.16%	$24.16
	Unanchored	25	64%	867,082	25%	61,349	44%	7.08%	34,683	0.00%	$26.32
	Total	39		3,427,992		139,131		4.06%	87,897	46.43%	$25.12
Area 2 (North of I-10 & South/West of Airline)	Anchored	5	29%	463,252	45%	64,460	34%	13.91%	92,650	29.85%	$15.24
	Unanchored	12	71%	574,874	55%	126,175	66%	21.95%	47,906	0.00%	$18.02
	Total	17		1,038,126		190,635		18.36%	61,066	13.32%	$17.01
Area 3 (North of Choctaw & North/East of Airline)	Anchored	5	45%	462,522	69%	92,213	79%	19.94%	92,504	44.36%	$10.46
	Unanchored	6	55%	210,543	31%	24,812	21%	11.78%	35,091	0.00%	$16.87
	Total	11		673,065		117,025		17.39%	61,188	30.49%	$13.35
Area 4 (South of Choctaw & East of Airline)	Anchored	16	50%	1,988,877	82%	177,086	77%	8.90%	124,305	55.21%	$17.83
	Unanchored	16	50%	424,193	18%	53,519	23%	12.62%	26,512	0.00%	$12.37
	Total	32		2,413,070		230,605		9.56%	75,408	45.50%	$16.12
Area 5 (Zachary)	Anchored	2	25%	102,535	46%	9,717	43%	9.48%	51,268	50.89%	$15.83
	Unanchored	6	75%	118,855	54%	13,090	57%	11.01%	19,809	0.00%	$19.20
	Total	8		221,390		22,807		10.30%	27,674	23.57%	$18.19
Area 6 (Ascension Parish)	Anchored	3	25%	333,572	60%	25,850	48%	7.75%	111,191	36.21%	$16.85
	Unanchored	9	75%	222,147	40%	27,973	52%	12.59%	24,683	0.00%	$19.13
	Total	12		555,719		53,823		9.69%	46,310	21.74%	$18.01
Total	Anchored	45	37%	5,911,668	70%	447,108	59%	7.56%	131,370	54.24%	$19.19
	Unanchored	76	63%	2,492,225	30%	316,468	41%	12.70%	32,792	0.00%	$20.07
	Total	121		8,403,893		763,576		9.09%	69,454	38.15%	$19.60

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

REAL ESTATE FINANCE OVERVIEW

The Economy and Prospects For The Future

At the time of this writing the members of the TRENDS Finance Committee are self-quarantined in hermetically sealed bunkers under tons of concrete at locations across the globe. By the time that we are able to able to emerge from our bunkers and prognosticate whether or not there will be six more weeks of COVID-19 mandated hibernation, the financial markets may (and quite likely will be) significantly different that reported at this date. Our intent is to report financial results as of the end of 2019 and pass on the best analysis of knowledgeable parties doing their best to make sense of historically complex times plus suggestions for going forward as of March/April 2020. Compiling and writing this overview has been somewhat like painting the exterior of an airplane while in flight with an uncertain flight plan and who knows where we will land, but we are confident in the quality of our sources and the data/opinions presented.

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THE ECONOMY and PROSPECTS FOR THE FUTURE

General (Adapted from *United States Economic Forecast 1st Quarter 2020* by Dr. Daniel Bachman, published March 30, 2020 in **Deloitte Insights**)

Dr. Bachman starts his paper with the following statement:

"The coronavirus outbreak is driving changes to the US economy so quickly as to make forecasting even more challenging than usual. But we can pin down both short- and long-term ways in which this shock is affecting the economy."

He then gives an introduction to his analysis as follows:

"EXTERNAL shock" is a technical-sounding term that economists use to describe a random event that disturbs the economy. Wars are external shocks; so are earthquakes … and diseases. COVID-19 is an external shock that has the potential to upend the trajectory of the economy. How things turn out depends largely on the response of economic policymakers and public health authorities—and the nature of that response is changing hourly.

Before the outbreak of the novel coronavirus, the US economy looked to be doing moderately well—our baseline was for growth, albeit fairly slow growth. There were some weaknesses: Manufacturing had been in a funk for about a year, international trade had stopped growing, and business investment was falling. But the glide path to a soft landing was in sight.

Then came the novel coronavirus SARS-COV-2, and its associated disease COVID-19. The initial impact on the US economy—just after it showed up in China—appeared to be muted: Supply chain impacts would affect some companies, for sure, but the overall impact on the United States was unlikely to be large. That forecast crumbled as the disease spread out of Asia, and the number of cases started to climb. From February to March—within one month—the average 2020 real GDP forecast from a Wall Street Journal panel of forecasters fell from 1.8 percent to 1.3 percent.

Dr. Bachman says that the shock is affecting the US economy in four ways as of March 30, 2020:

- **First, the global economy was already experiencing a sudden, significant downturn.** The initial supply chain problems from China will likely be multiplied as other countries experience outbreaks of the disease. US producers have not yet felt the full impact of the China shutdown, but the next few months may see significant interruptions of activity related to breaks in the global supply chain.

- **Second, the global decline in commodity prices—particularly oil prices—will likely reduce investment spending in the United States.** Mining—mainly oil and gas extraction—accounted for 5 percent of private investment spending in 2018 (the last year available). The oil price war between Russia and Saudi Arabia will probably drive investment in this sector down substantially, reducing demand for manufactured goods such as pipes and machinery. In 2015–16, a similar decline in oil prices drove the entire manufacturing sector into decline. The impact now on an already weak US manufacturing sector is likely to be significant.

- **Third, even under relatively benign assumptions about the future course of the illness, US GDP growth will likely plunge in the first quarter, and very likely fall further in the second quarter.** The somewhat spontaneous adoption of social-distancing measures that picked up in the second week of March may reduce the speed of the spread of the disease—and will very likely be reflected in reduced economic activity. The steep decline we are already seeing in sectors such as travel, leisure, and hospitality—and the decline in durable goods purchases and factory production—will push demand and GDP into a tailspin. Reports of mass layoffs suggest that unemployment numbers will jump as well.

- **Fourth, financial markets have experienced a crash.** There is no more appropriate word for it. The headline-grabbing equity market decline is itself probably not a huge problem. In 2000–01, financial markets continued to function well even as equity markets declined substantially. The larger problem now is in corporate debt markets, particularly those that issued riskier debt. The current recovery has seen an unusually high share of lower-rated corporate debt. A larger-than-usual share of companies are likely to feel the squeeze of fixed interest payments as revenues fall, and defaults will likely rise. Credit spreads—the difference between the yield on highly rated corporate debt and low-rated corporate debt—spiked in March. That could create knock-on effects as financial market institutions start to be concerned about their counterparties in short-term credit markets. The Fed has been willing—and has taken extraordinary steps—to provide as much liquidity as the market needs, but even under the best of circumstances, credit will be harder to get, and the cost of capital higher.

COMMERCIAL REAL ESTATE FINANCE

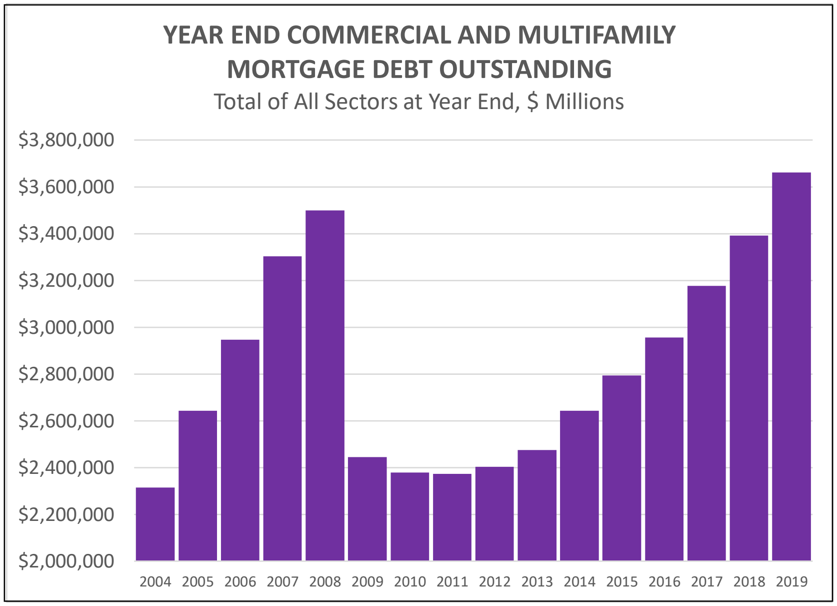
From the Mortgage Bankers Association's Q4 2019 Commercial/Multifamily Mortgage Debt Outstanding quarterly report

Mortgage Originations - Commercial and multifamily borrowing and lending hit a new high during the fourth quarter of 2019, surpassing the previous record from the second quarter of 2007. A pullback in lending by Fannie Mae and Freddie Mac suppressed multifamily borrowing during the quarter, but growth for most other property types made up the difference. Initial indications are that 2019 set new records, with double-digit growth in mortgage bankers originations, as well as new highs in originations for banks and life insurance companies.
A rise in originations for industrial, office and health care properties led the overall increase in commercial/multifamily lending volumes when compared to the fourth quarter of 2018. There was a 67 percent year-over-year increase in the dollar volume of loans for industrial properties, a 33 percent increase for health care properties, a 29 percent increase for office properties, and a 13 percent increase for retail properties. Multifamily property loan originations decreased 4 percent, and hotel property lending fell 25 percent.

Among investor types, the dollar volume of loans originated for Commercial Mortgage Backed Securities (CMBS) increased year-over-year by 81 percent, 13 percent for commercial bank portfolio loans, and 9 percent for life insurance companies. The dollar volume of Government Sponsored Enterprises (GSEs - Fannie Mae and Freddie Mac) loans decreased 30 percent compared to the fourth quarter of 2018.

Mortgage Debt Outstanding - In 2019, the amount of mortgage debt backed by commercial and multifamily properties grew by the largest annual amount since before the Global Financial Crisis. Every major capital source increased their holdings, and some by double digits. Continuing the recent trend, the growth in multifamily mortgage debt outpaced that of other property types. Looking ahead, a key question will be how the coronavirus and related economic shocks will affect the market's momentum in 2020. At this point it is still too early to tell.s

The level of commercial/multifamily mortgage debt outstanding at the end of 2019 was $248 billion (7.3 percent) higher than at the end of 2018. Total mortgage debt outstanding in the final three months of 2019 rose by 2.1 percent ($75.0 billion) compared to last year's third quarter, with all four major investor groups increasing their holdings. Multifamily mortgage debt grew by $30.4 billion (2.0 percent) to $1.53 trillion during the fourth quarter, and by $116.7 billion (8.2 percent) for the entire year.

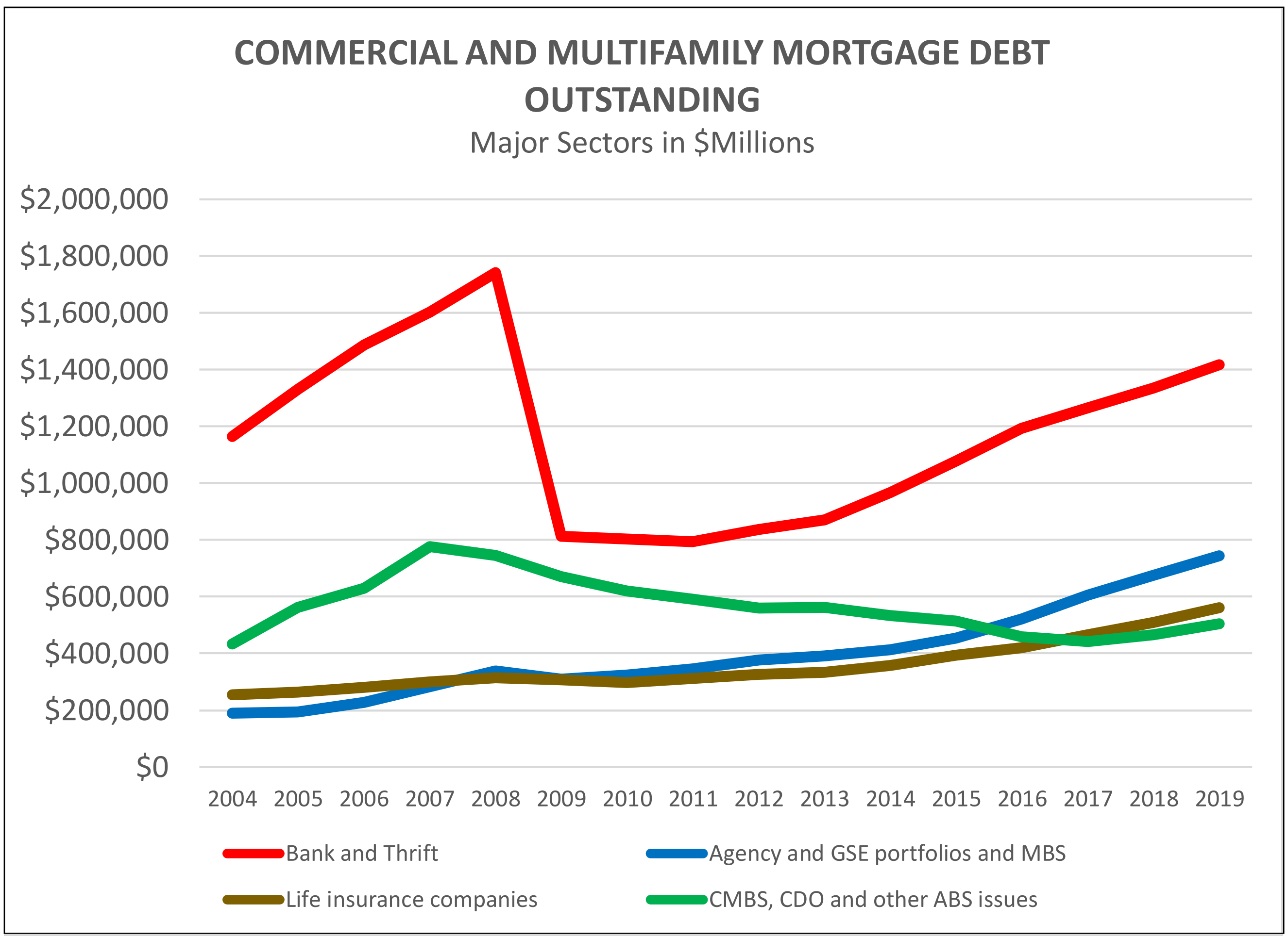


Source: Mortgage Bankers Association Commercial/Multifamily Data Books

In the fourth quarter of 2019, CMBS, CDO and other ABS issues saw the largest rise in dollar terms in their holdings of commercial/multifamily mortgage debt, with an increase of $23.1 billion (4.8 percent). Commercial banks increased their holdings by $21.5 billion (1.5 percent), agency and GSE portfolios and MBS increased their holdings by $16.1 billion (2.2 percent), and finance companies saw the largest decrease at $117 million (0.4 percent) The $30.5 billion rise in multifamily mortgage debt outstanding between the third and fourth quarters of 2019 represented a 2.0 percent increase. In dollar terms, agency and GSE portfolios and MBS saw the largest increase, at $16.1 billion (2.2 percent), in their holdings of multifamily mortgage debt. Commercial banks increased their holdings of multifamily mortgage debt by $6.7 billion (1.5 percent). CMBS, CDO and other ABS issues increased holdings by 9.5 percent to $4.1 billion. Private pension funds saw the largest decline (7.2 percent) in their holdings, by $65 million.

The level of commercial/multifamily mortgage debt outstanding at the end of 2019 was $248 billion (7.3 percent) higher than at the end of 2018, according to the Mortgage Bankers Association's (MBA) latest Commercial/Multifamily Mortgage Debt Outstanding quarterly report published on March 31, 2020.

MBA's report found that total mortgage debt outstanding in the final three months of 2019 rose by 2.1 percent ($75.0 billion) compared to last year's third quarter, with all four major investor groups increasing their holdings. Multifamily mortgage debt grew by $30.4 billion (2.0 percent) to $1.53



Source: Mortgage Bankers Association Commercial/Multifamily Data Books

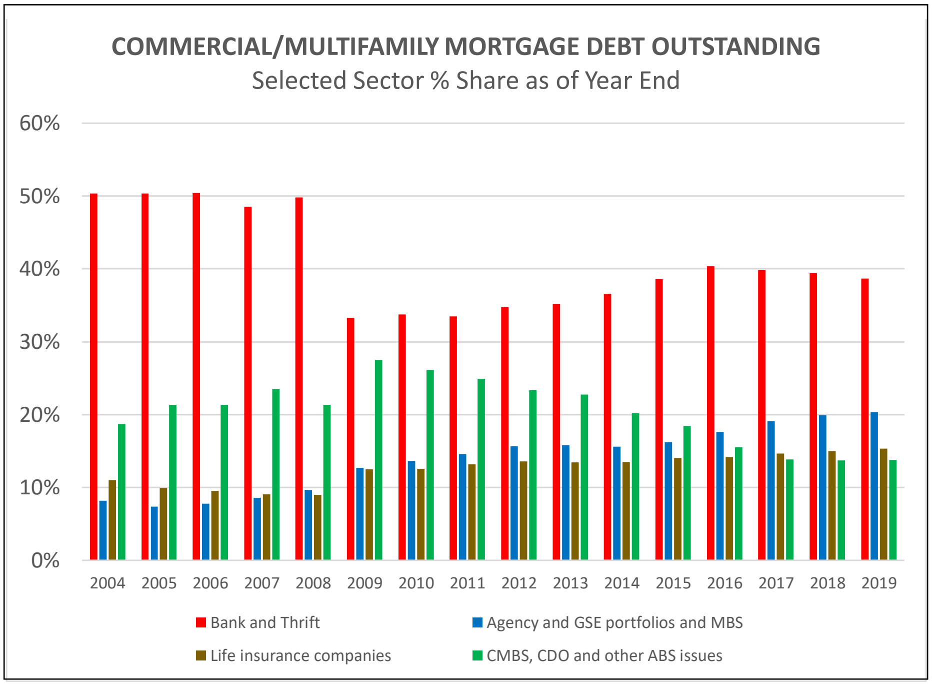
trillion during the fourth quarter, and by $116.7 billion (8.2 percent) for the entire year.

"In 2019, the amount of mortgage debt backed by commercial and multifamily properties grew by the largest annual amount since before the Global Financial Crisis," said Jamie Woodwell, MBA's Vice President of Commercial Real Estate Research. "Every major capital source increased their holdings, and some by double digits. Continuing the recent trend, the growth in multifamily mortgage debt outpaced that of other property types."

Added Woodwell, "Looking ahead, a key question will be how the coronavirus and related economic shocks will affect the market's momentum in 2020. At this point it is still too early to tell."

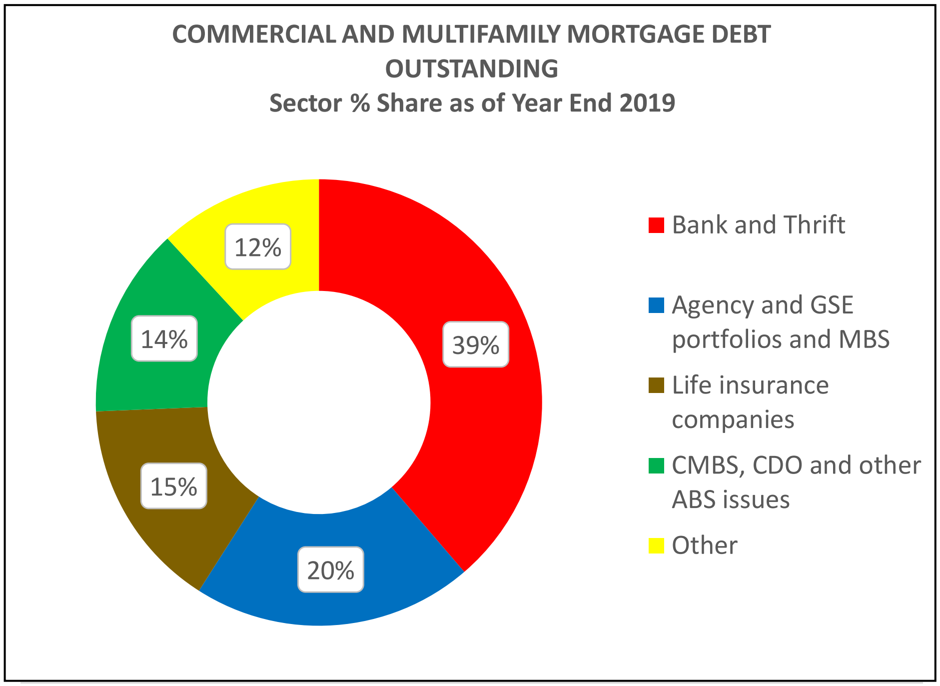
The four major investor groups are: bank and thrift; commercial mortgage backed securities (CMBS), collateralized debt obligation (CDO) and other asset backed securities (ABS) issues; federal agency and government sponsored enterprise (GSE) portfolios and mortgage backed securities (MBS); and life insurance companies.

MBA's analysis summarizes the holdings of loans or, if the loans are securitized, the form of the security. For example, many life insurance companies invest both in whole loans for which they hold the mortgage note (and which appear in this data under "Life Insurance Companies"), and in CMBS, CDOs and other ABS for which the security issuers and trustees hold the note (and which appear here under CMBS, CDO and other ABS issues).

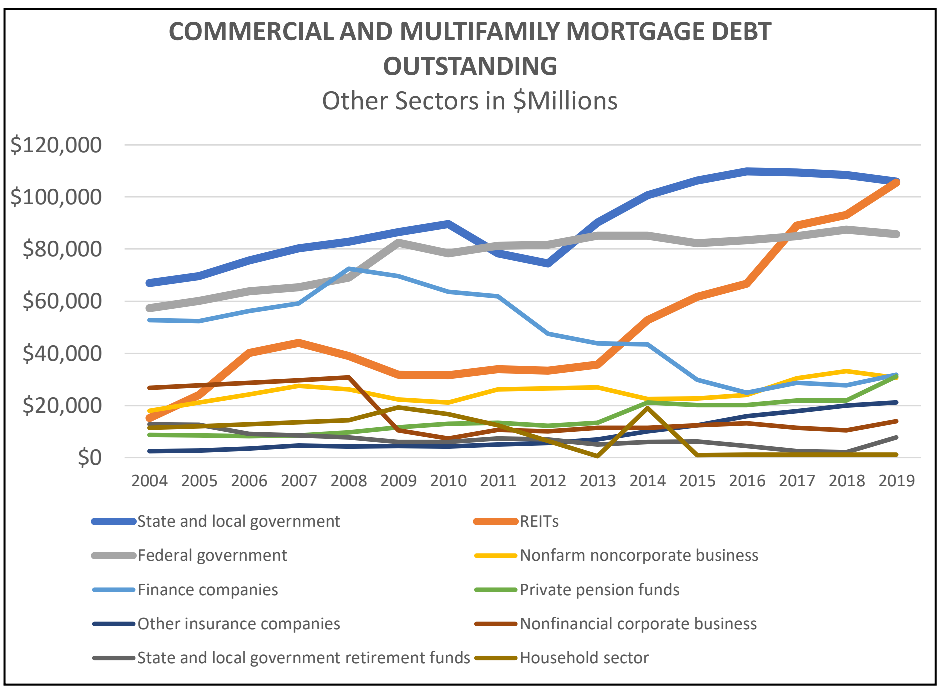


Source: Mortgage Bankers Association Commercial/Multifamily Data Books

Commercial banks continue to hold the largest share (39 percent) of commercial/multifamily mortgages at $1.4 trillion. Agency and GSE portfolios and MBS are the second largest holders of commercial/multifamily mortgages, at $744 billion (20 percent of the total). Life insurance companies hold $561 billion (15 percent), and CMBS, CDO and other ABS issues hold $504 billion (14 percent).



Source: Mortgage Bankers Association Commercial/Multifamily Data Books



Source: Mortgage Bankers Association Commercial/Multifamily Data Books

The other or non-major sectors together represent 11.9% of the total mortgage debt outstanding and it is interesting to note that REIT's have been steadily increasing their share and dollar outstandings for several years now. They have a long way to go before they catch up to the major sectors – if they catch up at all – but it will be interesting to specifically track this capital source going forward.

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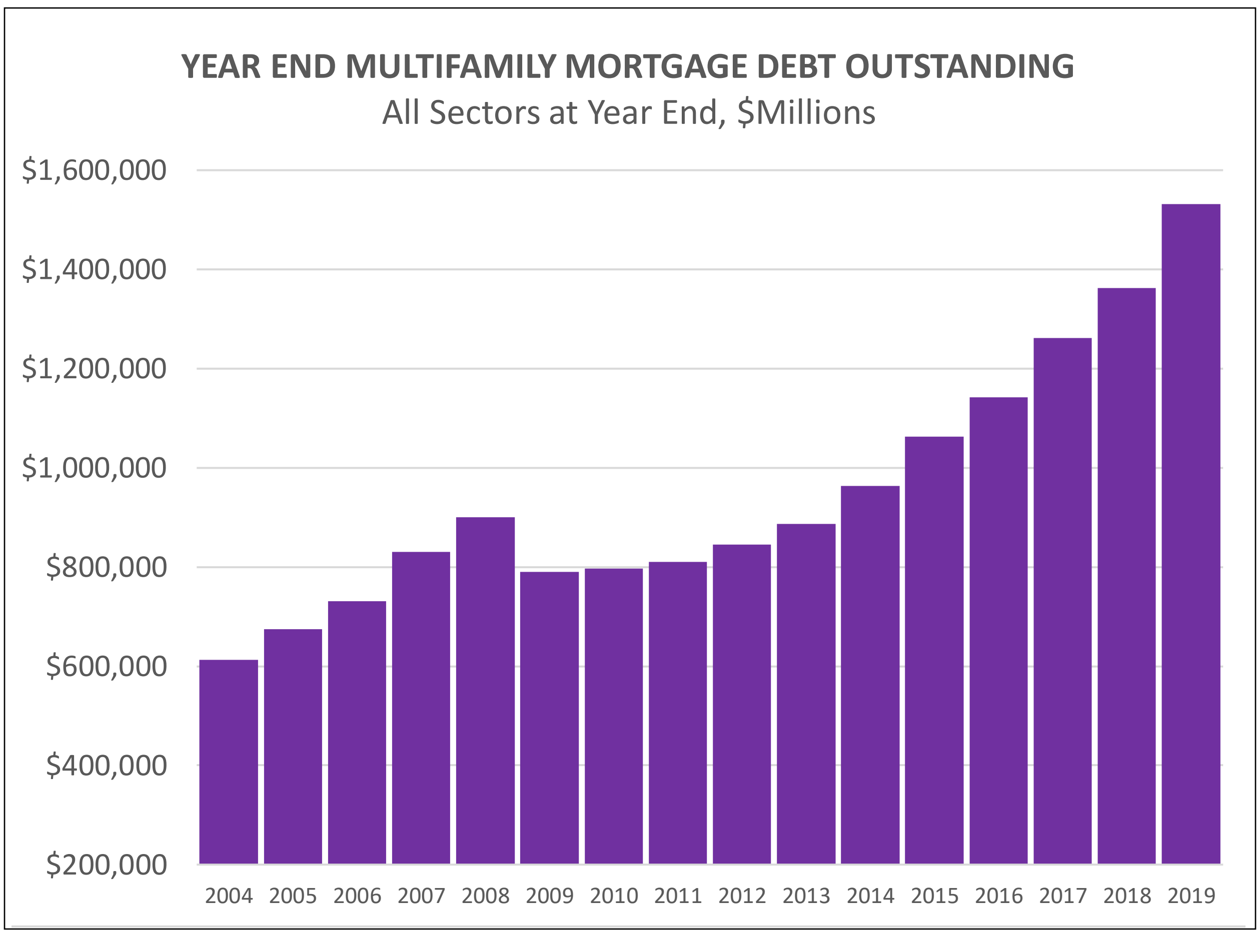
The Multifamily Sector

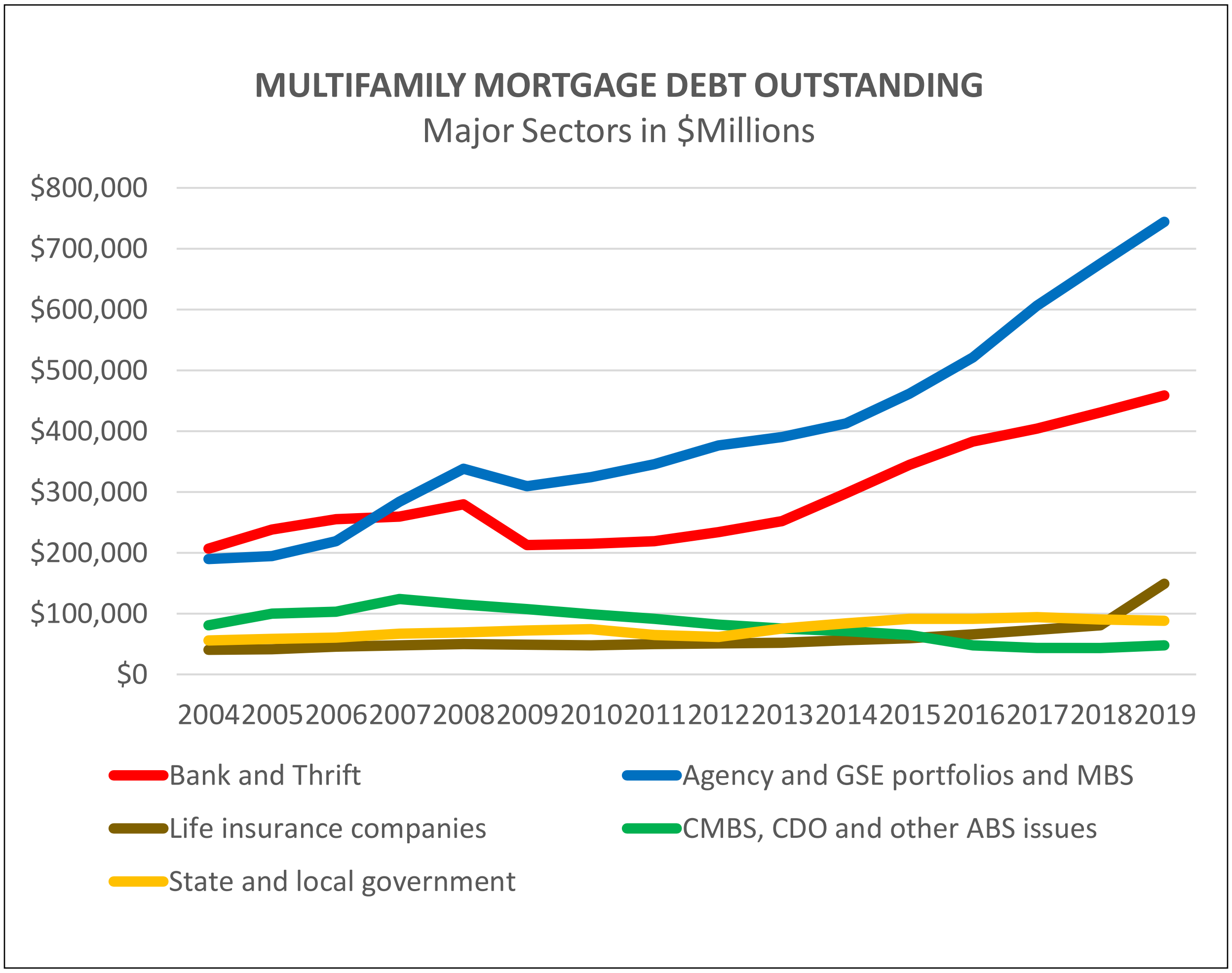
Multifamily mortgage debt grew by $30.4 billion (2.0 percent) to $1.53 trillion during the fourth quarter, and by $116.7 billion (8.2 percent) for the entire year.

Multifamily investments are considered the safest of the major commercial real estate food groups and there is a lot of capital chasing deals, both on the debt side and the equity side. According to CBRE, multifamily lending is projected to rise due to an expected increase in financing opportunities. Whether that happens in our markets depends on what we hear from our local multifamily experts.

Given recent increases to their lending caps, Fannie Mae and Freddie Mac will likely maintain their market share in 2020, and other lenders will likely increase their multifamily volumes as well based on lending opportunities.



Source: Mortgage Bankers Association Commercial/Multifamily Data Books



Source: Mortgage Bankers Association Commercial/Multifamily Data Books

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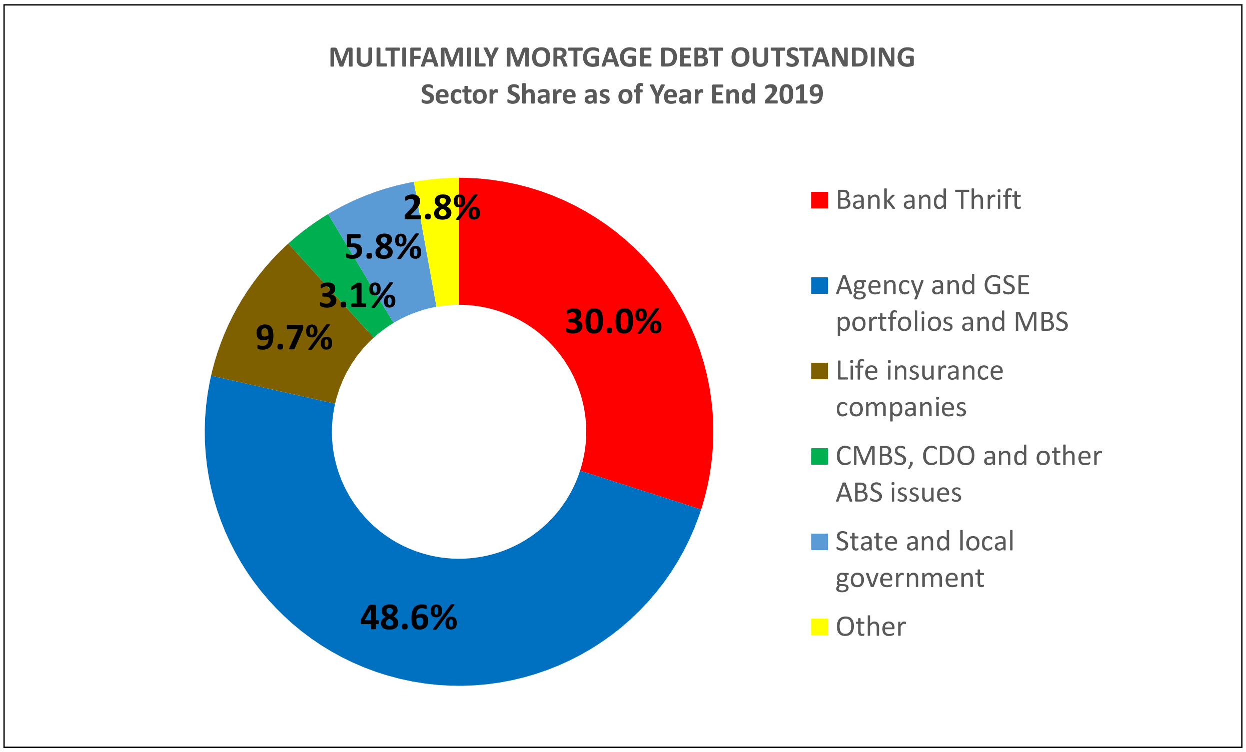


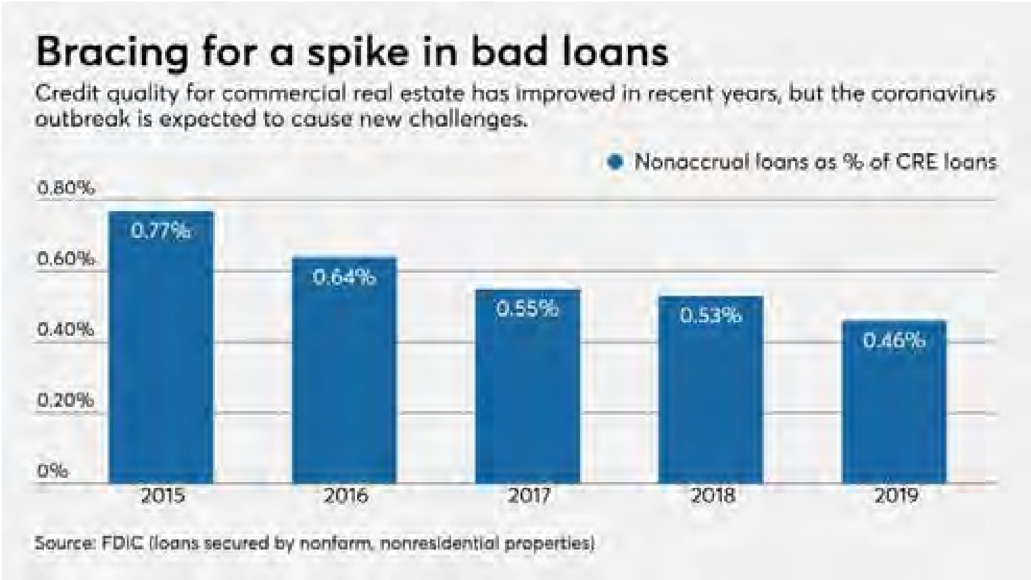
Source: Mortgage Bankers Association Commercial/Multifamily Data Books

THE LENDERS

Bank Lending

Banks have always been and will always be the major source for acquisition, development, and construction financing, even with the onset of nonbank competitors. The immediate issue is not what they have done in the past, but how the COVID-19 pandemic will impact bank lending in the chaotic present and the uncertain near-term future. Jim Dobbs of American Banker discussed the impact of the disease in his March 30, 2020 article, "Will coronavirus permanently change CRE lending?"

- High vacancies are hurting hotels, while closed retail outlets are poised to cause headaches for malls and shopping centers. Offices could struggle over the long run as more Americans work remotely and employers decide they can get by with less space. Those developments are apt to cause near-term credit issues and long-term adjustments in the CRE business.
- A recent Trepp analysis of 12,500 CRE loans held by U.S. banks determined that industry loss rates could jump from less than 1% in 2019 to 2.5% five years from now Anderson said the bulk of that hit would come this year and in 2021. "There could be a lot of pain," said Matthew Anderson, a managing director at Trepp.
- The hotel industry faces the grimmest outlook. Trepp estimated a 35% default rate and a 13% expected loss.
- The biggest concerns focus on declining rents and rising vacancies, which would crimp property owners' revenue and their ability to pay their loans, Anderson said. Multifamily apartment buildings and industrial properties should fare better, Trepp found, though their loss rates will also rise substantially. "There are still a lot of unknowns, and hopefully this is a short-term event, but even in the near term we're going to see some relatively awful numbers," Anderson said.
- Industry observers anticipate severe credit



quality challenges and mounting charge-offs. The U.S. almost certainly will descend into a substantial recession in the second quarter, said Stephen Scouten, an analyst at Piper Sandler. While banks, in general, are well capitalized and capable of absorbing near-term loan losses, Scouten said the pandemic could overwhelm some lenders if the economy struggles beyond this year. "Do charge-offs increase for one quarter or six quarters?" Scouten said. "That's a very big question right now."

- The immediate economic damage inflicted by the pandemic will "amount to a bloodbath" in the second quarter in terms of gross domestic product, said Kevin Cummings, chairman and CEO of the $26.7 billion-asset Investors Bancorp. The Short Hills, N.J., company is a prominent retail and hotel lender in the New York area. "We're looking at everything very closely," he said. Cummings, however, said he is optimistic that emergency federal government action — notably the $2 trillion stimulus package passed last week that included hundreds of billions of dollars in low-cost loans and other aid for businesses — will blunt the impact and help the economy recover later this year. "I'm not downplaying this — it's unprecedented what we're experiencing as a country," Cummings said. "But it's time to step up, and we're going to see aggressive public-private partnerships to get us through this."
- Cummings also said that, unlike in the 2008 financial crisis, when banks were blamed for the recession, lenders entered this year with plenty of capital and a relatively positive relationship with regulators and lawmakers. For instance, the stimulus effort includes nearly $350 billion for low-cost Small Business Administration loans that the government will guarantee but banks and other private lenders will originate. Regulatory restrictions are also easing to help banks provide immediate relief to affected clients. The agencies "have told banks — in no uncertain terms — that they are to work with impacted borrowers," the research team at D.A. Davidson wrote in a note to clients. That assistance includes forbearance, fee waivers and delays on foreclosures.

Life Insurance Company Lending (Adapted from various writings produced by NorthMarq)

The general message from institutional investors of all types is that they have more money, not less, to deploy in commercial real estate this year. This has resulted in an incredible amount of capital chasing too few real estate transactions. With a supply of capital that feels practically bottomless, the competitive landscape has intensified, and commercial real estate borrowers are the clear beneficiaries as lenders offer the best terms we have seen during the current (and long-lasting) cycle of economic expansion. The life insurance company lending market, which also is traditionally the most conservative source of capital, provides the best examples of how aggressive lenders have become in the first quarter of 2020.

10-year fixed life company rates dip below three percent - Life insurance companies are widely known for providing the most competitive interest rates available in the marketplace, traditionally because they seek relatively low-risk lending opportunities; however, the interest rates offered by life insurance companies during the first weeks of 2020 are notably low. Long-term (more than 10 years) fixed-rate life insurance capital has officially dipped below 3% for conservative lending opportunities (those with loan to value of 50% or less) on quality assets.

Increased prepayment flexibility - Historically, permanent lenders that offer long-term fixed interest rates often required rigid equations for calculating prepayment penalties, so borrowers have become accustomed to a tradeoff whereby in exchange for securing long-term interest rate certainty, prepayment flexibility is sacrificed. In an effort to win business in 2020, the life insurance company market is offering some of the most flexible prepayment options yet. For example, a few life insurance companies have extended the "open windows" whereby a loan can be paid off without penalty at the end of the loan term to 24 months (whereas six- to 12-month "open" periods previously were considered generous). Additionally, a few life insurance companies are offering completely "open" prepayment terms from Day One of their loan terms in exchange for a 1% origination fee at closing. Another example of increased prepayment flexibility is a life insurance company that is offering a fixed 1% prepayment penalty beginning in the second year of a 10-year loan term (or beginning in the fifth year of a 15-year loan term).

Higher leverage "stretch senior" loans - It is hard enough for lenders to win quality business in 2020, but it is even harder to win lending opportunities on highly coveted property types such as multifamily and industrial. Accordingly, one of the ways life insurance companies are becoming more aggressive is by offering "stretch senior" loan programs, whereby they will lend at significantly higher LTV ratios compared to their historic comfort levels. (The life insurance company market is notorious for seeking 65% LTV or less.) Because these higher-leverage loans still are nonrecourse despite their added risk, life companies want to make sure borrowers have significant "skin in the game," so they tend to be most aggressive in quoting stretch senior loans for acquisitions (compared to refinances) where no 1031 exchange dollars are being used. This is because they find comfort in "fresh cash" being invested ahead of the life insurance company's loan. Through these stretch senior programs, life insurance companies are able to lend up to 75% LTV for industrial assets and 80% LTV for multifamily properties.

Balance sheet alternatives to commercial mortgage-backed security - In an effort to deploy more capital, and at slightly higher yields, numerous life insurance companies are investing money in discretionary funds that make commercial real estate loans (separate from the normal loan origination generated through their own in-house personnel). These discretionary funds lend on higher-risk opportunities relative to typical life insurance company lending standards while providing diversification to the participating life companies (since investment funds are pooled and

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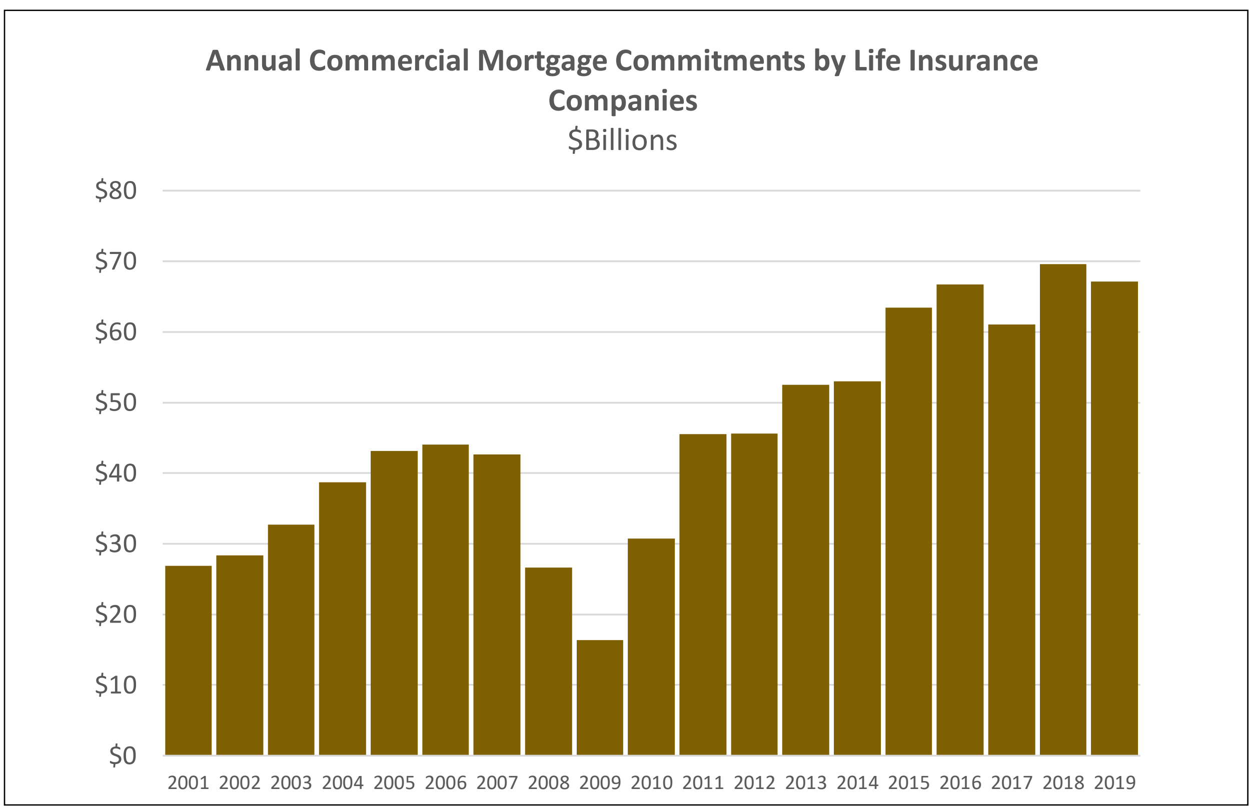
invested across multiple transactions). These discretionary funds are valuable to borrowers because they provide a balance sheet alternative for loan requests with higher-risk profiles that might normally require mortgage-backed security lenders and at interest rates similar to that of typical life company lending. These loans remain on the balance sheet of the discretionary fund lender and the lender retains all major servicing decisions.

Life companies target transitional assets - Life insurance companies have been making nonrecourse bridge loans for transitional assets for several years now in an effort to generate yield premiums; however, they are becoming increasingly competitive in a few notable ways. First, for transitional assets in core locations, life insurance companies have started competing in the debt fund space, lending at significantly higher leverage than previously comfortable, but without the high interest rates required by debt funds. The overall result to borrowers is the availability of debt fund type leverage at life insurance company type pricing. More specifically, in some cases, life insurance companies now are lending up to 75% loan to cost (and up to 80% loan to cost for highly desired property types in core locations) with credit spreads ranging in the 200s over one-month Libor.

Fixed-rate bridge lending is another way life insurance companies are differentiating themselves. Historically, most bridge loans come with floating interest rates (one-month Libor is the usual index), and while borrowers are permitted to buy Libor caps in the bond market to hedge their interest rate risk, the process can be complex. Further, the near-term transition from Libor to the secured overnight financing rate has created uncertainty and discomfort in the market. Borrowers who secure fixed-rate financing eliminate both interest rate risk and the risk surrounding the transition from Libor to SOFR, and some life insurance companies have the ability to offer this alternative.



Source: Mortgage Bankers Association Commercial/Multifamily Data Books

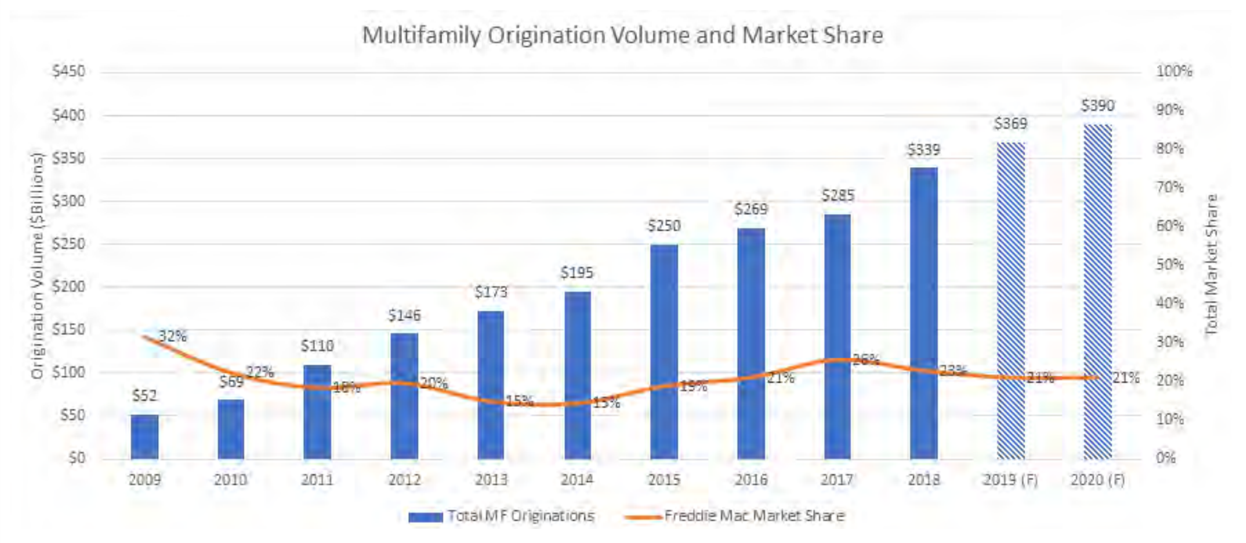
GSE Lending

Fannie Mae provided more than $70 billion in financing to support the multifamily market in 2019, the highest volume in the history of its Delegated Underwriting and Servicing (DUS®) program.

Fannie Mae's Green mortgage-backed securities (MBS) issuances increased 13 percent to $22.8 billion in 2019, totaling $75 billion since the program's inception in 2010. Fannie Mae Green MBS can be backed by green certified properties or properties targeting a significant reduction in energy or water consumption.

Fannie Mae broadened the sources of liquidity available to the market in 2019 with its Multifamily Credit Risk Transfer (MCRT) program, which mitigates credit risk by transferring a portion of its risk to reinsurers and investors and increasing the role of private capital in the multifamily market.

In 2019, Freddie Mac's total Optigo® production volume was $78.4 billion, including $500 million in LIHTC Equity Investments. This represents about 21% of the overall multifamily origination market, which is right in line with average market share throughout the past decade.

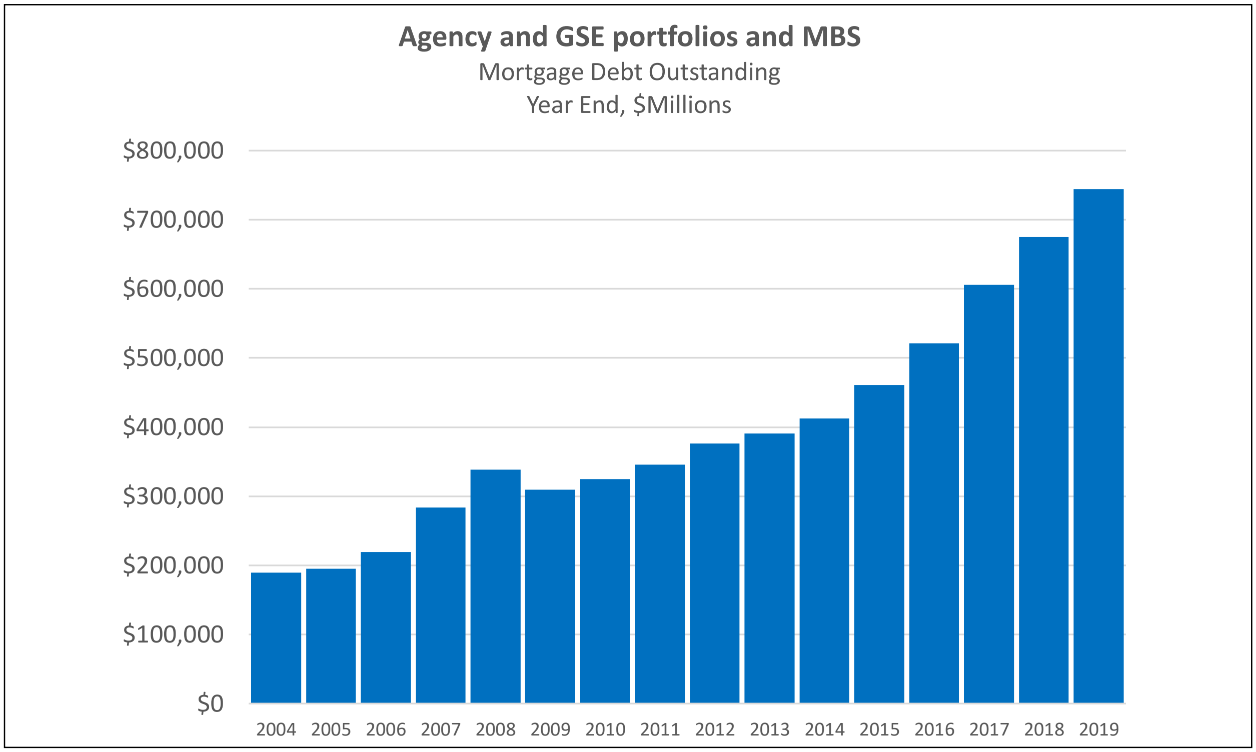


That 2019 volume breaks out across Freddie Mac's Optigo® offerings as follows:

- Their Targeted Affordable Housing business set a new record, financing $10.1 billion in volume for these rent-restricted properties. That's a 25% increase from the record set in 2018.
- The Small Balance Loan (SBL) business had another strong year with $6.7 billion in volume. This figure includes SBL structured transactions completed by the TAH group. Roughly 93% of these units were affordable to households that earn at or below 100% area median income.
- The Green Advantage® program, which provides incentives to reduce energy and water consumption and lower tenant utility bills posted $15.0 billion in volume.
- Seniors Housing Loans (including seniors' apartments) saw an uptick in volume to $5.4 billion. 84% of the units financed were affordable to seniors earning area median income or less.

Since Q4 of 2019, Freddie Mac has been operating under a new volume cap structure, which allows for $100 billion in production over five quarters. Taking their fourth quarter volume and current market trends into account, Freddie Mac Multifamily is set to maintain its market share in 2020, with approximately $82.5 billion in volume remaining within the current cap.

Along with the new structure is a requirement that a minimum of 37.5% of business volume be "mission-driven," which consists of what was formerly called "uncapped," minus their Green Advantage volume.



Source: Mortgage Bankers Association Commercial/Multifamily Data Books

CMBS and CDO Lending

Domestic, private-label CMBS issuance totaled $96.7 billion last year, topping 2018's volume by 27.1 percent and marking the heaviest year of issuance since the Great Financial Crisis.

Last year's fourth quarter saw a staggering $38.5 billion of issuance, or 40 percent of the year's total. A big chunk of that took place in November, when $14.6 billion of deals priced. Last month, meanwhile, saw $11.5 billion of issuance.

Single-borrower deals played a big role in issuance during the latest quarter, as 28 such deals totaling $21.4 billion priced. That amounted to 46 percent of the year's total single-borrower issuance, which was skewed by a $5.6 billion deal that priced in early December that provided some of the funding for Blackstone Group's $18.7 billion purchase of 179 million square of industrial space from Global Logistic Properties.

Domestic, Private-Label CMBS Issuance

	2019			2018			
Deal Type	# of Deals	Volume ($MM)	Market Share (%)	# of Deals	Volume ($MM)	Market Share (%)	YoY Change (%)
Conduit	52	49,153.96	50.81	44	40,151.02	52.75	22.42
Single-borrower	84	46,355.04	47.92	75	35,662.57	46.86	29.98
Other	4	1,231.50	1.27	2	297.26	0.39	314.28
Total	140	96,740.50		121	76,110.85		

Source: Trepp

Conduit issuance totaled $49.2 billion last year, topping 2018's issuance by a whopping 22.4 percent. Separately, 29 collateralized loan obligations totaling $19.2 billion priced during the year. That was up 33 percent from 2018's $14.2 billion of issuance.

CMBS issuance in 2019 was driven by continued low interest rates. The 10-year Treasury, against which most 10-year loans are benchmarked, was priced to yield 2.66 percent at the start of the year. After a brief and slight increase, it consistently declined, hitting a low of 1.47 percent in August, and ended the year at 1.83 percent. At the same time, loan spreads, or the risk premiums lenders use to price their loans, had declined as bond market conditions remained stable and securitizing loans stayed profitable. So, the weighted average coupon of conduit deals, which started the year near 5 percent, ended 2019 at less than 4 percent, with some deals having a WAC of as low as 3.5 percent.

The CMBS business was developed primarily to provide long-term financing for middle-market properties. The data show that most lenders that participate in the sector do just that in that the average securitized loan last year had a balance of $32.7 million. But some contributors' numbers are skewed by their activity in the large-loan business.

The average loan that Credit Suisse contributed to CMBS had a balance of $94.7 million. While it contributed 35 loans with a balance of $952 million, for an average loan size of $27.2 million, to four conduit deals under the CSAIL Commercial Mortgage Trust shelf, it contributed 4.2 large loans, with a balance of $2.8 billion, to six single-borrower transactions. Those included its share of a $1.4 billion loan, securitized through Credit Suisse Mortgage Securities Corp., 2019-ICE4, against a portfolio of 64 cold-storage facilities owned by Lineage Logistics.

The most-active lenders with the smallest average loan size include Ladder Capital Finance, with an $11.4 million average; Rialto Mortgage Finance, with a $12 million average; and Starwood Mortgage Finance, with a $12.9 million average.

Prospects for 2020 through the first two months of the year were bright and market participants were looking for most records to be set. COVID-19 put an end to that.

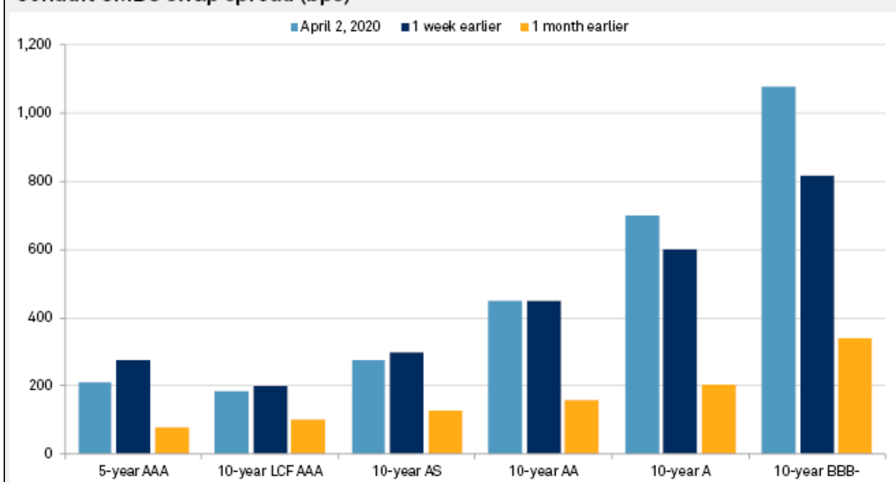
Investors are now shunning several types of commercial mortgage-backed securities, especially lower-rated bonds and those linked to shopping malls and hotels, as borrowers seek debt relief in the fallout from the coronavirus pandemic.

With most commercial real estate lending on hold and a dearth of buyers for existing mortgage bonds, some observers now expect CMBS issuance volume to decline significantly for the full year. That marks a reversal from the early months of 2020, when private-label U.S. real estate securitizations, including collateralized loan obligations, rose 34% year over year.

Following 2019 — the strongest year for U.S. CMBS issuance since the last financial crisis — market participants were expecting significant growth in 2020. Trepp LLC Senior Managing Director Manus Clancy expected roughly 8% to 10% full-year growth at the start of 2020. "Now, it wouldn't shock anybody if we were to see issuance drop 30% to 40%," he said.

Price volatility has increased significantly, particularly for lower rated bonds tied to worrisome property sectors.

Conduit CMBS swap spread (bps)



Data as of April 2, 2020.
CMBS = commercial mortgage-backed securities; LCF = last cash flow
Source: J.P. Morgan

If you cannot sell a commercial mortgage backed security, you will stop purchasing commercial mortgages. And if the purchase of commercial mortgages stops, originators will stop making new loans on commercial real estate and will be subject to risk on their existing portfolios.

The Federal Reserve established a new program on March 23, 2020 called the Term Asset-Backed Securities Loan Facility (TALF) to support the flow of credit to consumers and businesses. The TALF will enable the issuance of asset-backed securities (ABS) backed by student loans, auto loans, credit card loans, loans guaranteed by the Small Business Administration (SBA), and certain other assets.

Responding to the lack of purchasers for commercial mortgage backed securities and realizing the harm to the industry if conditions did not change, the Federal Reserve announced on April 9, 2020 that it would support the commercial real estate industry by including real estate assets in TALF:

To support further credit flow to households and businesses, the Federal Reserve will broaden the range of assets that are eligible collateral for TALF. As detailed in an updated term sheet, TALF-eligible collateral will now include the triple-A rated tranches of both outstanding commercial mortgage-backed securities and newly issued collateralized loan obligations. The size of the facility will remain $100 billion, and TALF will continue to support the issuance of asset-backed securities that fund a wide range of lending, including student loans, auto loans, and credit card loans.

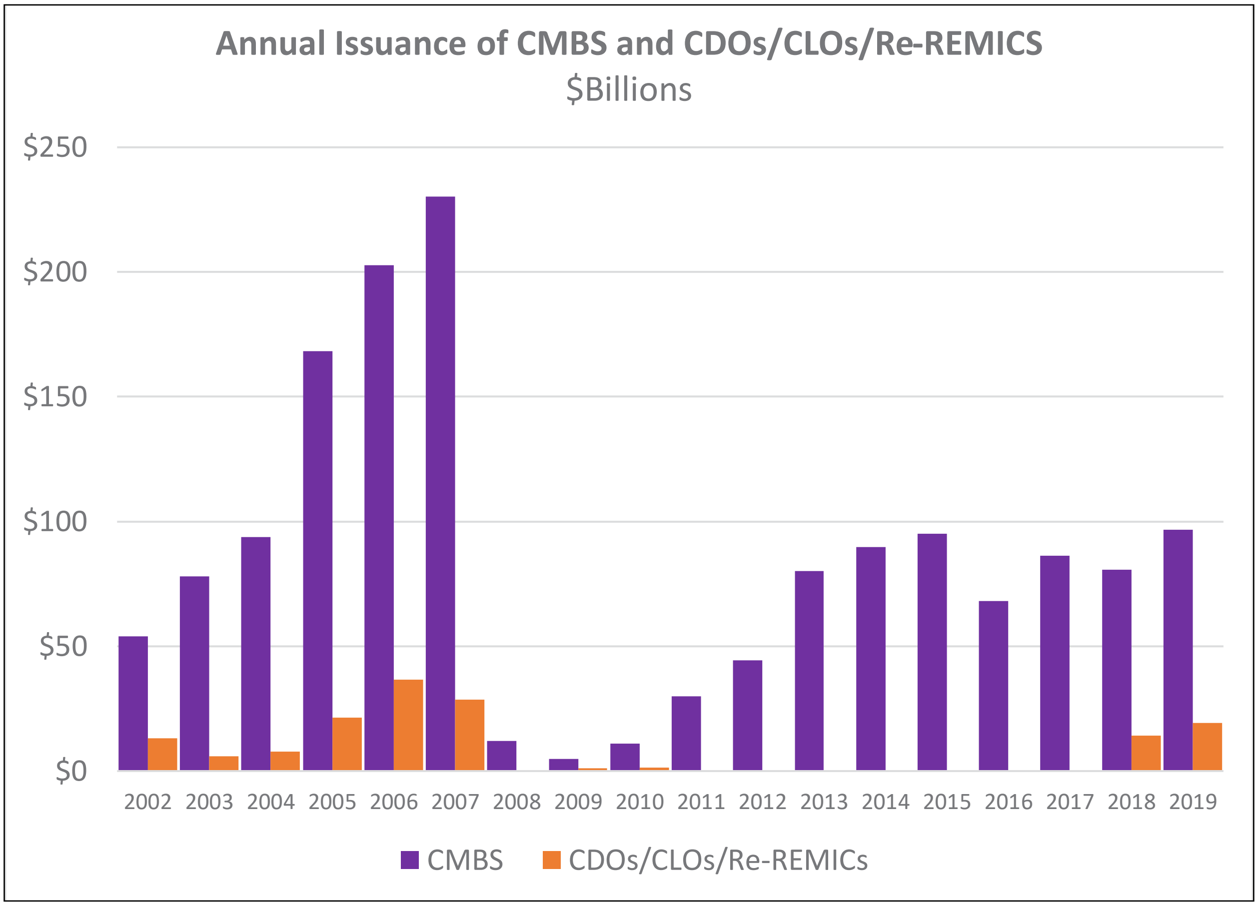
The details had not been established at the time of this writing but definitions are expected to be broadly consistent with the defined terms used for purposes of the TALF established in 2008.

The industry has reacted positively to the move. MBA President and CEO Robert D. Broeksmit, CMB, released the following statement regarding the Federal Reserve's announcement:

"MBA applauds the Federal Reserve for announcing its intent to include outstanding private-label CMBS AAA securities in its Term Asset-Backed Securities Loan Facility (TALF) program, which was re-established on March 23 to provide more liquidity to securities markets.

"This decision protects borrowers by stabilizing commercial mortgage markets more broadly and helps ensure lenders can continue to finance properties - particularly in small and mid-sized markets across the country, where numerous small businesses employ millions of Americans."

Adapted from *United States Economic Forecast 1st Quarter 2020* by Dr. Daniel Bachman, published March 30, 2020 (Deloitte Insights).



Source: Mortgage Bankers Association Commercial/Multifamily Data Books

Interest rates are always the least certain part of any forecast. Interest rate movements (like stock prices) depend on news. And the news has been driving interest rates both down and up. How could that be? Risk-free interest rates, like those on Treasury bonds, have been driven down to record lows. That reflects investors' desire to hold assets of an entity which they know won't default. But interest rates on riskier assets—especially high-yield corporate bonds—have been driven up. Prior to the COVID-19 outbreak, investors were looking for return, and the high-yield bonds delivered that return. But many of the companies that issued those high-yield bonds are about to experience steep declines in revenues. Can they repay? Investors are beginning to wonder. That's why they are dumping those bonds.

But the Fed has made the immediate prospect for short-term rates clear: They will be very low. The Fed is most likely not trying to stimulate economic activity through low interest rates. That would be difficult, particularly since the COVID-19 outbreak is not going to be offset by more consumer and business purchases of durable goods and investment structures and equipment. What's more important is keeping credit markets from simply stopping. Businesses that need cash, and households that wish to purchase big-ticket items rely on functioning financial markets. Lower interest rates are one part of the Fed's formula to keep financial markets working. Beyond them, the Fed is rolling out other measures as necessary. These include (as of mid-March) a renewal of quantitative easing (purchasing long-term bonds), a lending program to keep the commercial paper market functioning, and a lending program to help keep primary dealers afloat.

The Fed's actions highlight the short-term financial risks to the economy. Unavoidably, the COVID-19 outbreak will create a downturn. But the size of that downturn may depend critically on whether financial markets continue to function—or freeze up. In 2008, the freezing up of financial markets helped to make the recession particularly deep. The Fed—and everybody else—would like to prevent this from happening again.

Long-term interest rates remain very low by historical standards. This is a global problem, with a substantial number of countries—including economic powerhouses such as Germany and Japan—paying negative interest rates. This has made a standard way of thinking about "normal" interest rates obsolete. It used to be a kind of rule of thumb that, in the medium term, a full-employment economy would see a spread of about 200 basis points between the short- and long-term rates. Previous Deloitte forecasts assumed that the Fed would raise short-term rates to the 2.5 percent or even 3.0 percent level, above the targeted 2.0 percent rate of inflation. That argued for the key long-term rate in the forecast—the 10-year Treasury note yield—to move to 4.5 or 5.0 percent.

This is becoming very unlikely over the next few years. The current baseline assume that long-term US interest rates settle in at an equilibrium rate of around 3.0 percent during the five-year forecast horizon. This is lower than we previously forecast, and lower than historical experience would suggest.

However, it's hard to argue with the current state of financial markets—including falling long-term risk-free interest rates and (at such low rates) low demand for funds to finance investment projects over the past several years.

Financial markets

	History						Forecast					
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Federal funds rate	0.13	0.14	0.39	0.97	1.78	2.16	0.42	0.13	0.13	0.75	1.56	1.63
Yield on 10-year Treasury bill	2.54	2.14	1.84	2.33	2.91	2.14	1.22	1.56	1.99	2.50	3.39	3.59
Interest rate on 30-year fixed-rate mortgage	4.17	3.85	3.65	3.99	4.54	3.94	3.59	3.40	3.45	4.22	5.25	5.45
Net household wealth (US$ trillions)	88	91	97	105	106	119	92	101	110	101	97	96

Sources: Historical data: US government agencies and Oxford Economics.
Forecast: Deloitte, using the Oxford Global Economic Model.

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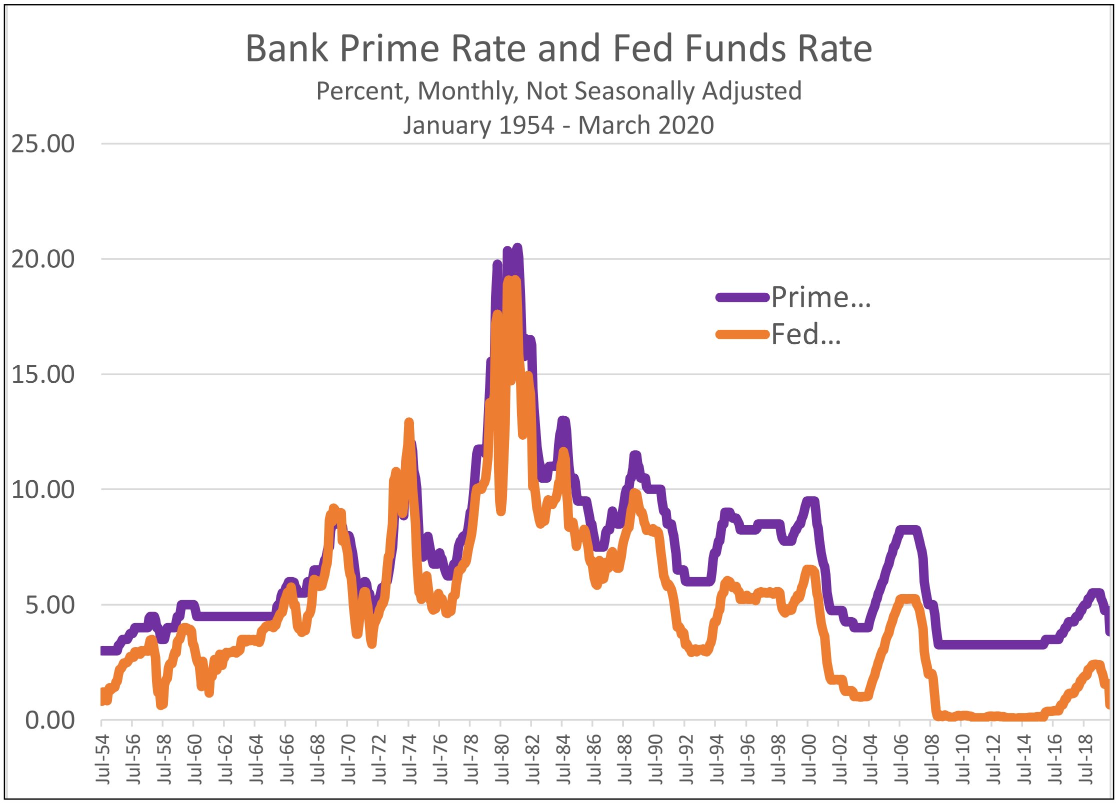
Short Term Rate Indices

Short Term Rate Indices

On March 15, 2020, the Federal Reserve issued the regularly scheduled Federal Open Market Committee (FOMC) statement which included the following commentary on federal funds:

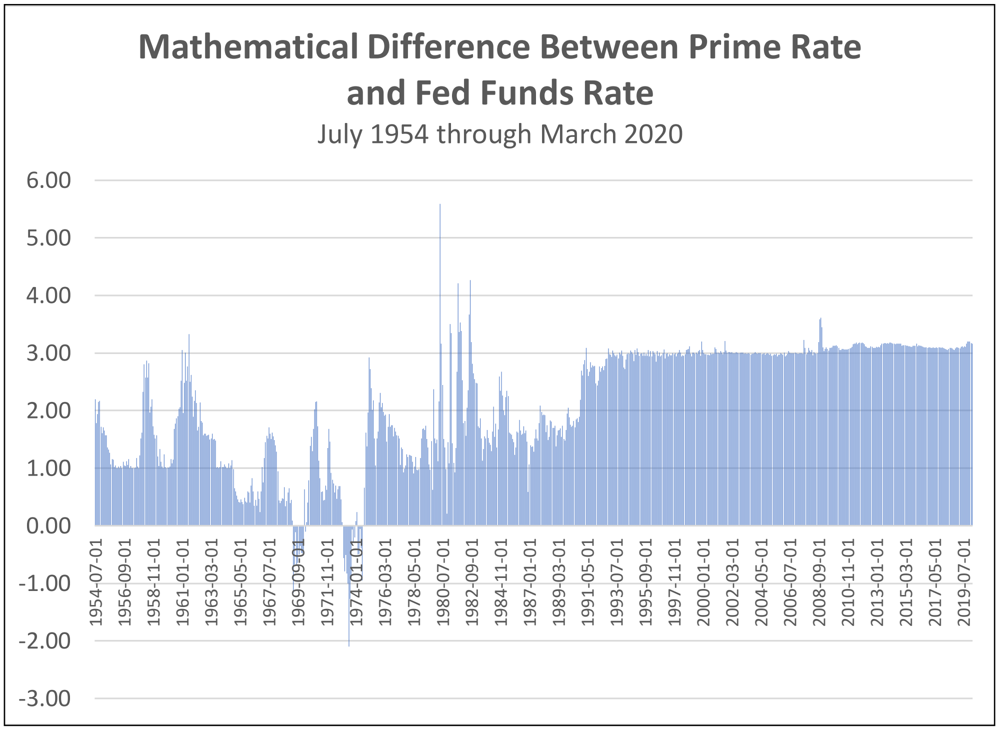
Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. The effects of the coronavirus will weigh on economic activity in the near term and pose risks to the economic outlook. In light of these developments, the Committee decided to lower the target range for the federal funds rate to 0 to 1/4 percent. The Committee expects to maintain this target range until it is confident that the economy has weathered recent events and is on track to achieve its maximum employment and price stability goals. This action will help support economic activity, strong labor market conditions, and inflation returning to the Committee's symmetric 2 percent objective.

To give some historical perspective of what a low federal funds rate means for prime rate-based lending, we look at the relationship between those two rates over 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/

For the past thirty years there has been almost a lock-step relationship between the two rates with Prime averaging about 300 basis points over the federal funds rate.



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/

If this relationship holds going forward, the Deloitte projections would imply a prime rate of 3.25% for the remainder of 2020 and maybe even lower in 2021 and 2022.

Goodbye LIBOR

(From "Time to Test: Surveying Post-Libor Options for Banks" by Paul Noring, Managing Director at Berkley Research Group in Washington, DC; published in the March 2020 issue of *ABA Banking Journal*)

The clock is ticking down to the end of 2021, when the London Interbank Offered Rate is no longer guaranteed to be available as a reference rate. With Libor underpinning close to $200 trillion in financial contracts in the United States alone (and more globally), global regulators and banks alike have been eager to find replacements for Libor that can serve as a suitable benchmark rate across all major currencies.

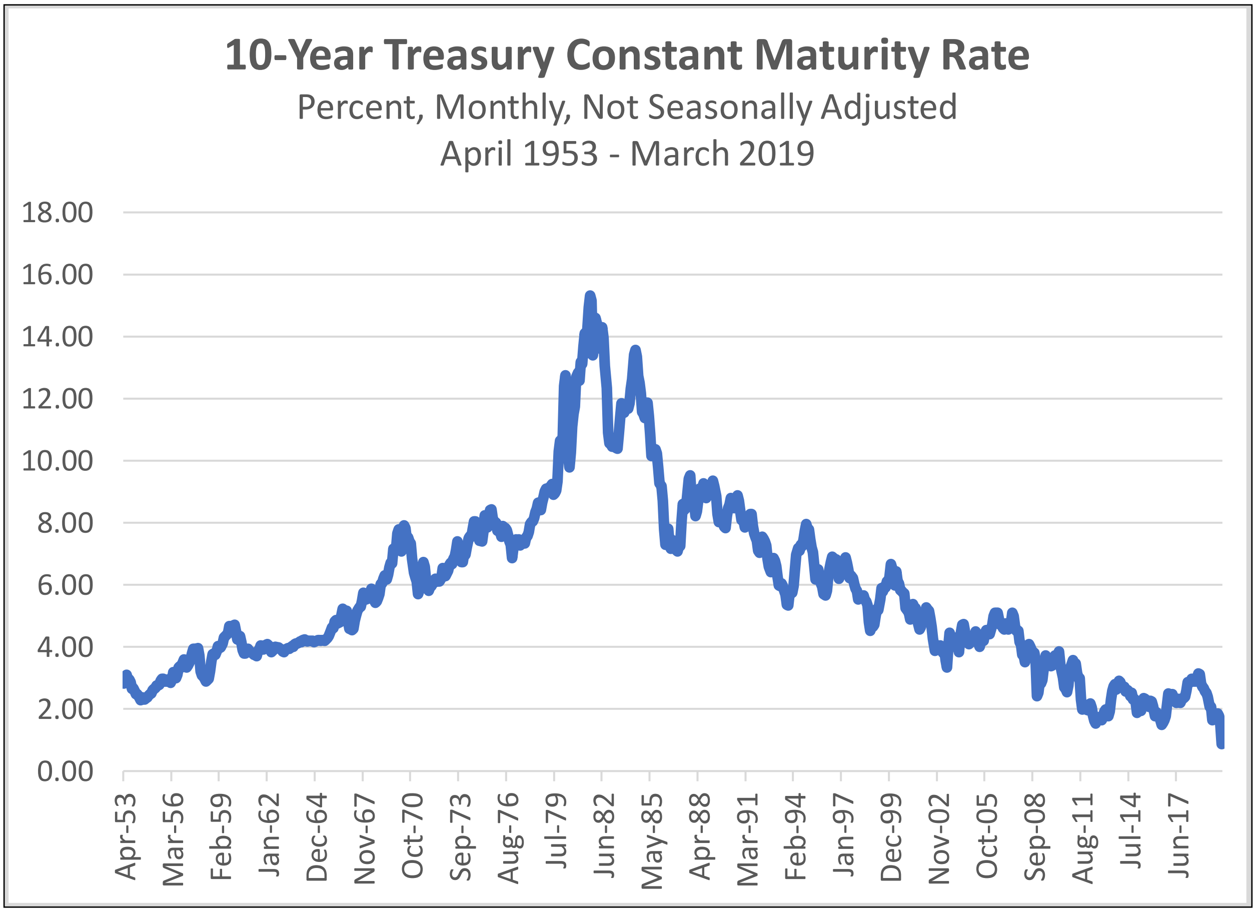
In the U.S., the Alternative Reference Rate Committee—a group of market participants convened by the Federal Reserve—has selected the Secured Overnight Financing Rate as its preferred Libor heir, and the ARRC is currently creating resources and fallback language to help banks understand the new rate and transition their contracts to SOFR. Getting there by Jan. 1, 2022, will require a herculean effort to ensure a smooth transition.

In the meantime, market participants may find that other alternative benchmarks suit their needs better for certain products. Now is the time for banks to analyze the reference rate scene and begin making their transition plans.

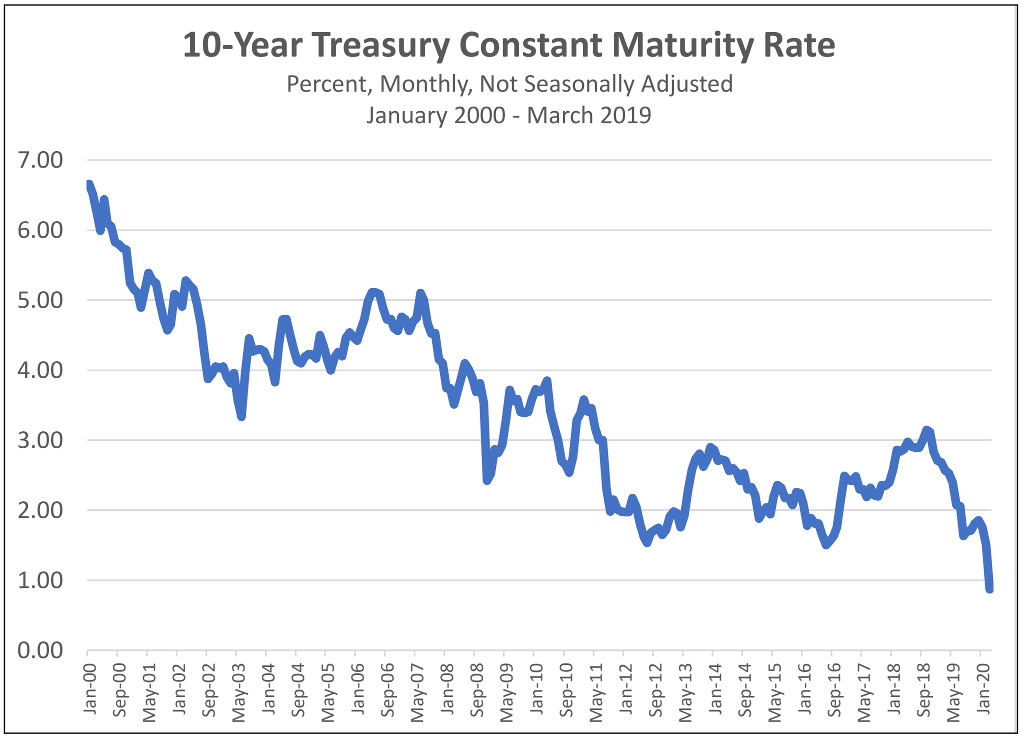
With global regulators remaining adamant that banks should plan for a Libor cessation after 2021, two things are crystal clear about the replacement rate for commercial and consumer loans. First, many market participants are looking for a dynamic credit spread to ensure the safety and soundness of all but the largest U.S. banks; and second, it must be a forward-looking rate, as there is absolutely no way all commercial and consumer loan systems and processes can be changed in time to avoid material operational issues. Since time is of the essence, any existing and new working groups formed to study this issue should not delay. With emergent alternatives besides SOFR, market participants should start or expand their testing of the waters with actual transactions tied to these alternative rates.

Long Term Rate Indices

At the time of this writing the yields on the benchmark 10-Year Constant Maturity Treasury Rate were at all-time lows. Lowest ever. At least not lower since 1953 when the easily accessed records started keeping up with rates. Bottom line: long term rate indices are low. Dang low.



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/DGS10/

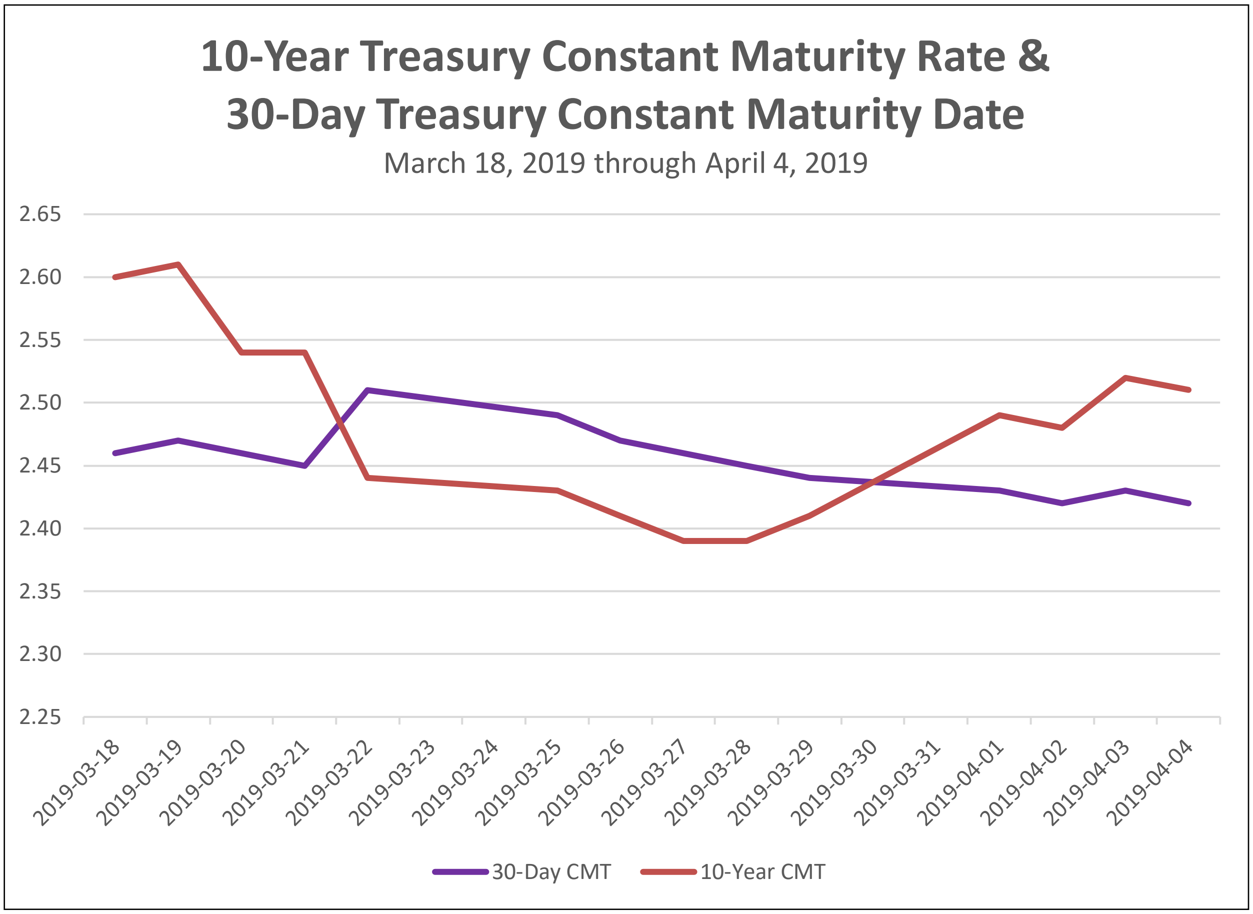


Source: Board of Governors of the Federal Reserve System (US), Bank Prime Loan Rate [MPRIME], retrieved from FRED, Federal Reserve Bank of St. Louis https://research.stlouisfed.org/fred2/series/DGS10/

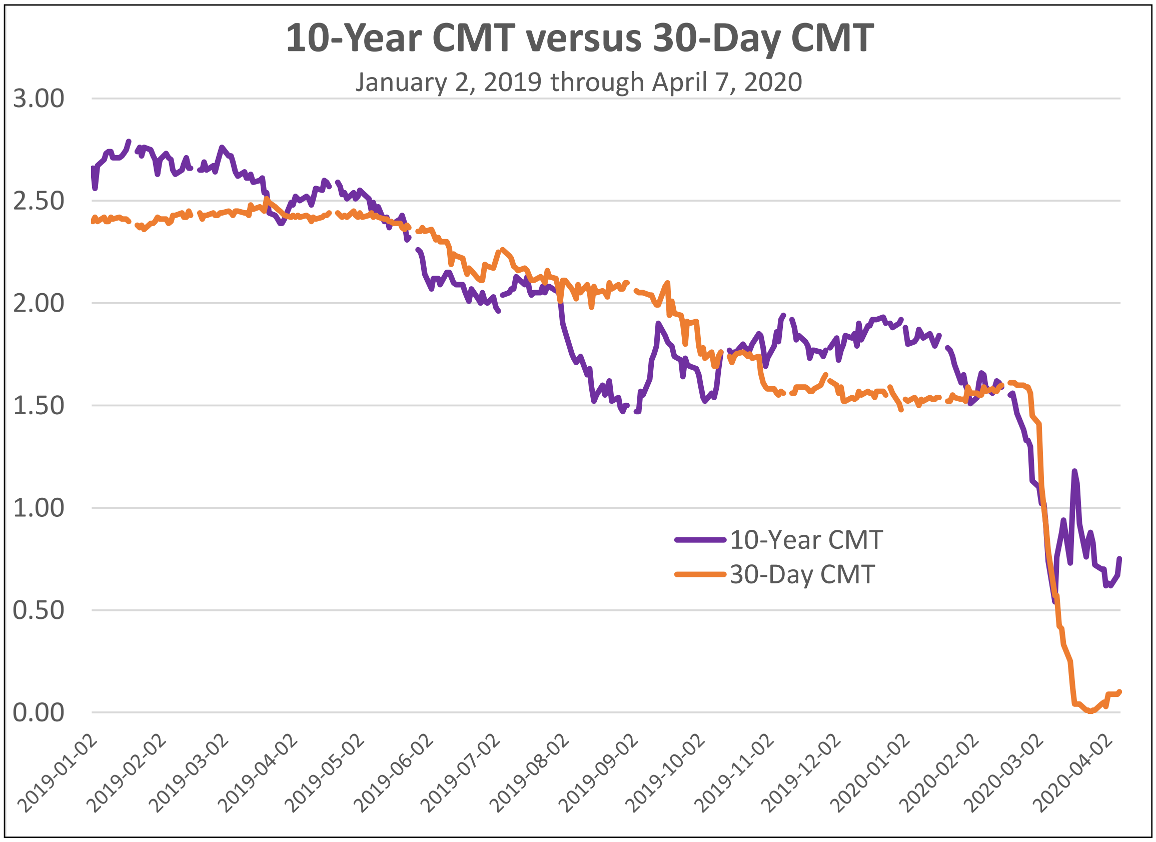
And What About that Inverted Yield Curve?

Last year we noticed a minor blip where the Yield Curve inverted, meaning that short-term rates were higher than long-term rates, a rare condition because we would normally expect to see long-term rates higher than short-term rates. The big buzz surrounding an inverted curve is that many economists feel they are harbingers of recession. And history sort of proves them right.

Our observation last year was that the inversion of March, 2019 was a short term condition that might or might not have implied a coming recession but that "there is clearly not enough data in a six day trend to hang one's hat on that prediction."



Well, we have a little more data now, complicated by the COVID-19 impact on the economy and the flight to quality from stocks to bonds.


10-Year CMT versus 30-Day CMT
January 2, 2019 through April 7, 2020
3.00
2.50
2.00
1.50
1.00
0.50
0.00
10-Year CMT
30-Day CMT
2019-01-02
2019-02-02
2019-03-02
2019-04-02
2019-05-02
2019-06-02
2019-07-02
2019-08-02
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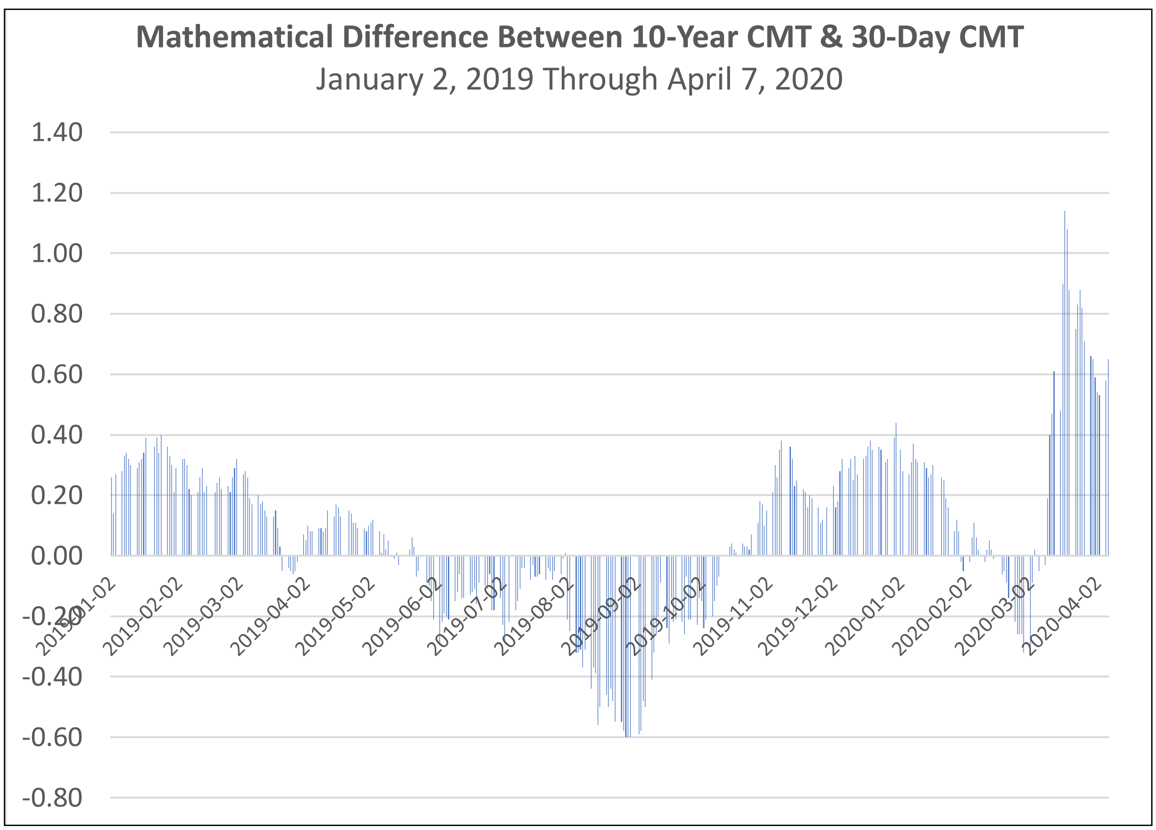
2020-03-02
2020-04-02


Mathematical Difference Between 10-Year CMT & 30-Day CMT
January 2, 2019 Through April 7, 2020
1.40
1.20
1.00
0.80
0.60
0.40
0.20
0.00
-0.20
-0.40
-0.60
-0.80
2019-01-02
2019-02-02
2019-03-02
2019-04-02
2019-05-02
2019-06-02
2019-07-02
2019-08-02
2019-09-02
2019-10-02
2019-11-02
2019-12-02
2020-01-02
2020-02-02
2020-03-02
2020-04-02

Here is how Evie Lu of Barron's saw the situation as of March 20, 2020:

For most of last year, investors heard warnings of a "yield curve inversion ," with economists and Wall Street strategists referring to the bond-market phenomenon—when long-term Treasury yields fall below short-term yields—as a recession harbinger.

The curve has since moved back to positive territory, but is now steepening, a signal that investors should watch. While an inverted yield curve could signal a recession to come in the next 12 to 24 months, a sudden steepening of the curve following an inversion—like what's happening now—almost always happens just before or during U.S. recessions. A steepening yield curve has preceded the three most recent recessions.

A sudden steepening of the yield curve following an inversion almost always happens just before or during U.S. recessions. To understand why, it's important to know what drives the shape of the yield curve.

The gap between long-term bond yields and short-term yields flattens—and sometimes even inverts—for two possible reasons: The short end is rising faster than the long end, or the long end is falling faster than the short end.

When short-term yields rise, it's usually driven by interest-rates increases from the Federal Reserve, or expectations that the central bank would do so. This was the case from 2015 to 2018.

When the yield curve inverted in August 2019 , however, it was because of the declining long end, as the 10-year Treasury yields fell at breakneck speed from 2.00% to 1.50% within a month to reach below the two-year yields.

The inversion triggered a host of alarms across Wall Street because falling long-term yields usually indicate slower economic growth or lower expectations for future inflation. Historically, a recession usually follows one to two years after the yield curve inverts.

Similarly, the yield curve steepens for two possible reasons as well: The long end is rising faster than the short end, or the short end is falling faster than the long end.

When investors expect accelerating inflation and stronger economic growth, the long-term bond yields rise as investors demand higher rates to make up for the lost value of their lending due to inflation.

But this is not what we are seeing now. When the yield curve is steepening at the pace it has over the past weeks, it's almost always driven by sudden moves from the Federal Reserve. The central bank—seeing signs of an impending slowdown—typically cut the target interest rates to boost borrowing, which would drive the short-term Treasury yields sharply down, forming a steepening curve.

While recessions are almost always preceded by a steepening yield curve, not every instance of yield curve steepening leads to an economic downturn. During the successful precautionary rate cuts in 1995 and 1998, for example, the re-steepened yield curve did not lead to a recession. But many other times, the Fed was already behind the curve when it took action to cut rates.

The central bank started cutting rates last year in anticipation of an economic slowdown, with the upper bound of the federal-funds target rate lowering from 2.50% in July to 1.75% in October.

As the coronavirus epidemic swept across the U.S. and world this past month, the Fed slashed rates again through two unscheduled announcements in a bid to support the disrupted economy. The target rate was reduced by 0.5 percentage point on Mar. 3 to a range of 1.00% to 1.25%, and then by another 1 percentage point on Mar. 15 to a range of 0.00% to 0.25% . Treasury yields have been falling since late

February as market participants were anticipating the rate cuts amid coronavirus fears.

What's driving the yield curve steepening over the past week, however, seems to be the potential trillion-dollar fiscal stimulus to help ease the economic pain caused by the coronavirus. While applauded by many, the stimulus package has made bond investors wary of the federal government's rising deficit and its eventual need to auction even more Treasuries.

Traders sold long-term bonds in anticipation of a glut in debt supply, which could cause bond prices to fall and their yields to rise. The 10-year Treasury yield jumped from 0.569% on Mar. 5 to 1.015% as of Thursday, after declining for nearly fourth months.

At the same time, the two-year yields remained pressured at a seven-year low of 0.388%.

As a result, the spread between the two has steepened sharply from 0.111 percentage points on Feb. 27 to 0.675 percentage points as of Thursday. That's the highest level in more than two years.

All of these conditions are pointing to a high probability of an imminent recession. After all, whether it's steepening or flattening, the yield curve needs to be moving for the right reason.

It is pretty clear at this point that we are facing hard times ahead for the balance of 2020 and into the following years. Whether those hard times are a result of COVID-19 or other fundamental weaknesses in our economy that pre-date COVID-19 might seem irrelevant to those suffering, but we have to keep an open mind to come up with the proper fixes. Much more on the inverted yield curve and a possible recession to come.

RESIDENTIAL REAL ESTATE FINANCE

According to Deloitte's Dr. Bachman, the national housing market was picking up some steam before the outbreak hit. Housing construction appeared on an upward trajectory in the last few months of 2019 and in early 2020, prompting Deloitte to be a bit more optimistic about housing in the short run. Construction activity may be a bit soft in the next few months because of supply chain and labor shortages. But the immediate fundamentals still look positive, and social distancing may have a smaller impact on the construction sector than on some others.

However, Bachman remains a bit more pessimistic in the medium term. He created a simple model of the market based on demographics and reasonable assumptions about the depreciation of the housing stock, and it suggests that housing starts are likely to settle into the 1.1–1.2 million range. In the baseline forecast, the housing sector stagnates as the economy weakens in the next year or two and then stabilizes for the forecast's remaining years.

Housing remains a smaller share of the economy than it was before the Great Recession, and that's to be expected. In some ways, it has been a relief to see the sector return to "normalcy." But with slowing population growth, housing is highly unlikely to be a major generator of growth for the US economy in the medium and long run.

Some folks reacted to last year's slowing housing market with alarm, remembering something about how the last recession was connected to a housing problem. It's certainly not a happy sight, especially for anybody in the home construction business. But a construction decline didn't cause the last recession: Construction began subtracting from GDP growth in the fourth quarter of 2005, two years before the recession, and GDP growth remained healthy. It was housing finance that ultimately created the crisis, not housing itself. Today, housing accounts for just under 4.0 percent of GDP, down from about 6.0 percent in 2005. The sector simply isn't large enough to cause a recession—unless, once again, huge hidden bets on housing prices come to light.

COVID-19 impact on Residential Financing - The ability of current homeowners to pay their mortgages has an impact on the ability of potential homeowners to find purchase money mortgages for new homes. Higher default rates make lenders and mortgage investors nervous about continued lending and a temporary layoff or reduction in Gross Monthly Income (GMI) can stop a loan closing in its

FIGURE 2

Housing

	History						Forecast					
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Real investment in private housing	3.8	10.2	6.5	3.5	-1.5	-1.5	-33.7	0.4	43.2	8.6	0.6	0.8
Housing starts (millions)	1.00	1.11	1.18	1.21	1.25	1.30	0.87	0.83	1.17	1.25	1.24	1.24
Stock of houses (millions)	134.4	135.3	136.3	137.3	138.5	139.6	140.6	141.2	142.1	143.3	144.4	145.5
30-year fixed mortgage rate (percent)	4.2	3.9	3.6	4.0	4.5	3.9	3.6	3.4	3.4	4.2	5.2	5.5

Sources: Historical data: US government agencies and Oxford Economics.
Forecast: Deloitte, using the Oxford Global Economic Model.

Deloitte Insights | deloitte.com/insights tracks. Layer on top of that the inability of appraisers to gain access to homes and difficulties with title companies completing their procedures and you have a financing system in crisis. And let's not forget the devastating impact that a flood of foreclosed properties has on home prices in a real estate market.

On April 3, 2020, the federal financial institution regulatory agencies and the state financial regulators issued a joint policy statement providing needed regulatory flexibility to enable mortgage servicers to work with struggling consumers affected by the COVID-19 emergency. The actions announced by the agencies inform servicers of the agencies' flexible supervisory and enforcement approach during the COVID-19 pandemic regarding certain communications to consumers required by the mortgage servicing rules. The policy statement and guidance issued will facilitate mortgage servicers' ability to place consumers in short-term payment forbearance programs such as the one established by the CARES Act.

Under the CARES Act, borrowers in a federally backed mortgage loan experiencing a financial hardship due, directly or indirectly, to the COVID-19 pandemic, may request forbearance by making a request to their mortgage servicer and affirming that they are experiencing a financial hardship during the COVID–19 pandemic. In response, servicers must provide a CARES Act forbearance, that allows borrowers to defer their mortgage payments for up to 180-days and possibly longer.

Availability of Residential Mortgage Financing – Home purchasers will find more difficulty in securing new financing, significant differences in loan programs (private label versus GSEs), difficulty in finding non-conforming financing, and interest-rate volatility. Here is what Kathleen Howley of HousingWire wrote on April 10, 2020:

Standards for home loans are tightening by the hour as companies like United Wholesale Mortgage, the nation's largest wholesale lender, beef up rules to ward off early defaults from people losing jobs because of the COVID-19 pandemic.

"I get as many as 10 emails a day from companies announcing new overlays – mostly for re-verification of employment," said Mark Goldman, a loan officer with C2 Financial in San Diego. "All the lenders want to make sure borrowers are still working and still have cash flow."

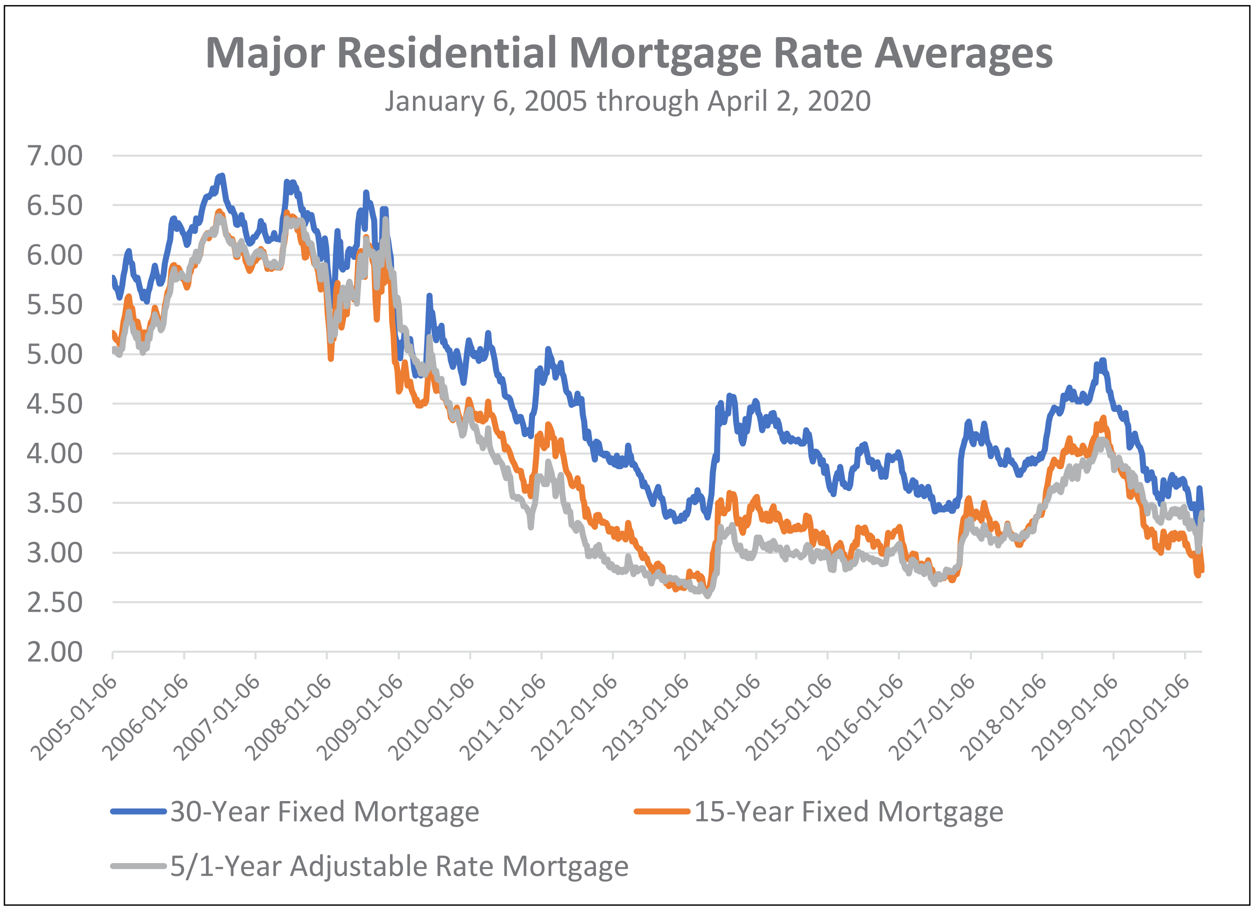
Almost 14 million Americans have filed for unemployment in the last two weeks after businesses were closed and workers told to stay at home by states scrambling to reduce the spread of COVID-19. That record number doesn't include people who lost their jobs and have been unable to get through to overwhelmed state employment offices to make a benefit claim.

As lenders tightened standards, an index measuring the availability of mortgage credit in March crashed to the lowest level since June 2015, led by a pull-back in jumbo and non-QM lending, the Mortgage Bankers Association said in a Thursday report.
MBA's Mortgage Credit Availability Index fell 16% led by a 24% plunge in jumbo and non-QM mortgages. A drop in the index means rules are stricter and mortgages are harder to get.

So far, the hit hasn't been as bad for mortgages backed by Fannie Mae and Freddie Mac. The index measuring the availability of conforming loans dipped 2.7%.

But that doesn't mean lenders aren't being more careful with those loans. Many now require re-verification of employment within 24 hours of closing, and some are asking borrowers to sign an affidavit saying they have not been notified of a pending layoff or income reduction.

Conventional Mortgage Rates



Source: Board of Governors of the Federal Reserve System (US), retrieved from FRED, Federal Reserve Bank of St. Louis

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